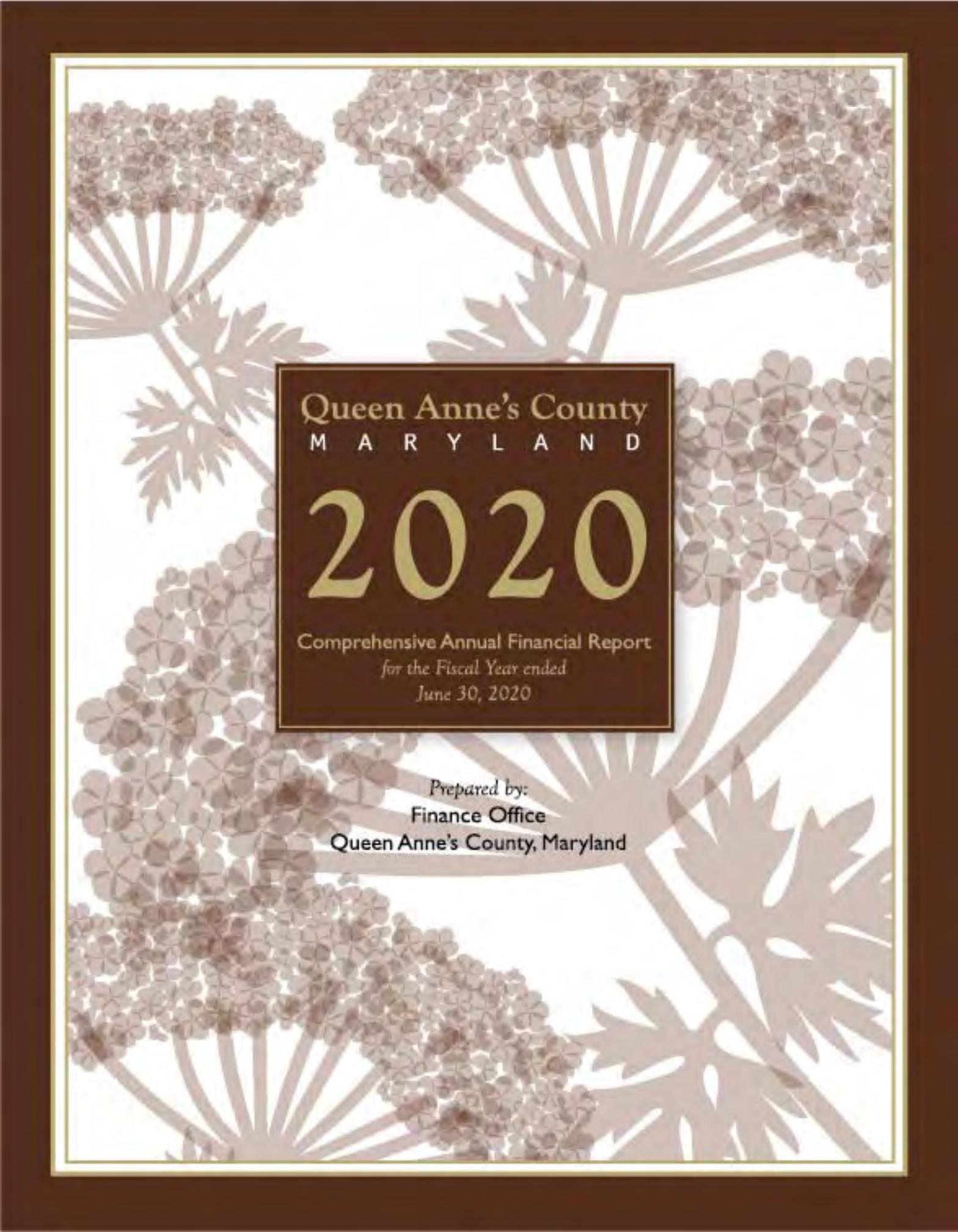
The cover features a repeating pattern of Queen Anne's lace flowers in a light beige color against a dark brown background. A central dark brown rectangle contains the title text in gold. The text is centered and reads: "Queen Anne's County" in a serif font, "M A R Y L A N D" in a spaced-out sans-serif font, "2020" in a large serif font, and "Comprehensive Annual Financial Report" in a serif font, followed by "for the Fiscal Year ended" and "June 30, 2020" in smaller serif fonts.

Queen Anne's County
M A R Y L A N D

2020

Comprehensive Annual Financial Report
for the Fiscal Year ended
June 30, 2020

The cover features a repeating pattern of Queen Anne's lace flowers in a light beige color against a white background. A dark brown rectangular box is centered on the page, containing the title and year in gold and white text. The entire design is framed by a thin gold border.

Queen Anne's County
M A R Y L A N D

2020

Comprehensive Annual Financial Report
*for the Fiscal Year ended
June 30, 2020*

Prepared by:
Finance Office
Queen Anne's County, Maryland

**QUEEN ANNE'S COUNTY, MARYLAND
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FISCAL YEAR ENDED JUNE 30, 2020
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**QUEEN ANNE'S COUNTY, MARYLAND
COMPREHENSIVE ANNUAL FINANCIAL REPORT
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Introductory Section





Queen
Anne's
County

OFFICE OF BUDGET, FINANCE AND INFORMATION TECHNOLOGY

The Liberty Building
107 North Liberty Street
Centreville, Maryland 21617

Telephone: (410) 758-4064
Fax: (410) 758-3036

County Commissioners:

James J. Moran, At Large
Jack N. Wilson Jr., District 1
Stephen Wilson, District 2
Philip L. Dumenil, District 3
Christopher M. Corchiarino, District 4

County Administrator: Todd R. Mohn
Director, Budget, Finance and IT: Jonathan R. Seeman
Chief Treasury Officer: Jeffrey A. Rank
Information Technology Manager: Megan DelGaudio

January 19, 2021

The Board of County Commissioners and
The Citizens of Queen Anne's County, Maryland

FORMAL TRANSMITTAL OF THE COMPREHENSIVE ANNUAL FINANCIAL REPORT (CAFR)

State law requires that all general-purpose governments publish a complete set of financial statements presented in conformity with accounting principles generally accepted in the United States of America (GAAP) and audited in accordance with auditing standards generally accepted in the United States of America by a firm of licensed certified public accountants. Pursuant to that requirement, we hereby issue the comprehensive annual financial report of Queen Anne's County, Maryland for the fiscal year ended June 30, 2020.

This report consists of management's representations concerning the finances of Queen Anne's County. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in the report. To provide a reasonable basis for making these representations, the management of Queen Anne's County has established a comprehensive internal control framework that is designed both to protect the government's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of Queen Anne's County's financial statements in conformity with Generally Accepted Accounting Principles (GAAP). Because the cost of internal controls should not outweigh their benefits, Queen Anne's County's comprehensive framework of internal controls has been designed to provide a reasonable, rather than absolute, assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

Queen Anne's County's financial statements have been audited by TGM Group LLC, a firm of licensed certified public accountants. The goal of the independent audit is to provide reasonable assurance that the financial statements of Queen Anne's County, for the fiscal year ended June 30, 2020, are free of material misstatement. The independent audit involves examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that Queen Anne's County's financial statements for the fiscal year ended June 30, 2020, are fairly presented in conformity with GAAP. The independent auditors' report is presented as the first component of the financial section of this report.

The independent audit of the financial statements of Queen Anne's County is part of a broader, federally mandated, "Single Audit" designed to meet the special needs of federal grantor agencies. The standards governing Single Audit engagements require the auditor to report not only on the fair presentation of the financial statements, but also on the audited government's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards. These reports are available in Queen Anne's County's separately issued Single Audit report.



GAAP requires that management provide a narrative introduction, overview, and analysis, entitled Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. Queen Anne's County's MD&A can be found immediately following the report of the independent auditor.

PROFILE OF THE GOVERNMENT

Queen Anne's County is situated on the Eastern Shore of Maryland. It is bordered to the north by Kent County, to the east by the State of Delaware, to the south by Caroline and Talbot counties, and to the west by the Chesapeake Bay. Access to the western shore of Maryland is provided by the Chesapeake Bay Bridge. The County is 373 square miles in area and has approximately 52,597 citizens. The County seat is located in Centreville. The County Commissioners of Queen Anne's County are empowered to levy a property tax on both real and personal properties located within its boundaries.

Queen Anne's County was formed in 1706 and is governed by a five-member Board of County Commissioners. County code provides that one Commissioner be elected purely at large; the remaining four Commissioners must reside in specific districts, but are elected at large. The Commissioners operate under Maryland's Code Home Rule form of government. Both the executive and legislative functions of the County are vested with the Board of County Commissioners.

Queen Anne's County provides a full range of services including public safety (police, volunteer fire protection, emergency services, detention center, and animal control), highways and streets, solid waste, planning and zoning, economic development, culture and recreation, education, libraries, and general administrative services. In conjunction with the State, the County also operates services related to general community health and social services. In addition, the County operates a water and wastewater utility, an airport, a golf course, and public landings and marinas.

BUDGETARY CONTROLS

The annual budget serves as the foundation for the County's financial and budgetary controls to ensure compliance with legal provisions embodied in the annual appropriation resolution approved by the County Commissioners. The County budget is comprised of the budget message, current revenue and expense budgets and the capital budget and capital program. Activities of the general fund, certain special revenue funds, and the enterprise funds are included in the current budget.

The current operating budget includes appropriations for the full range of basic services. These services include county administration, public safety, education, public works, community services, parks, debt and other agencies. The capital budget includes funds to construct major governmental facilities such as the Detention Center renovation, roads, schools, and water and sewer infrastructure. Capital projects usually take more than a year to complete, unlike the operating budget which covers only a year.

The budget process begins each Fall when the County departments receive budget preparation instructions for the capital budget which is then followed by instructions for the operating budget. The budget preparation is directed by the Director of Budget, Finance, and Information Technology. After a thorough review of the departmental requests, a County Administrator's proposed budget is submitted to the County Commissioners in March. The County Commissioners then conduct a series of public hearings and work sessions to review the proposed budget. After its review, the County Commissioners finalize the budget and set tax rates, fees and charges needed to generate enough revenue to balance the budget. The budget must be adopted by the County Commissioners on or before the last day of the month of the fiscal year currently ending, although the Commissioners typically adopt the budget at the end of May.

The Office of Budget, Finance, and Information Technology is responsible for budgetary control. The appropriated budgets are prepared at the fund, function (e.g., public safety), and department (e.g., Detention Center) level. Expenditures/expenses may not legally exceed appropriations, based on the level at which they were adopted. For the General Fund, annual expenditure budgets are legally adopted at the departmental level. For all other Governmental Funds, for which annual budgets are adopted, expenditure budgets are legally adopted at the fund level. Budgets for

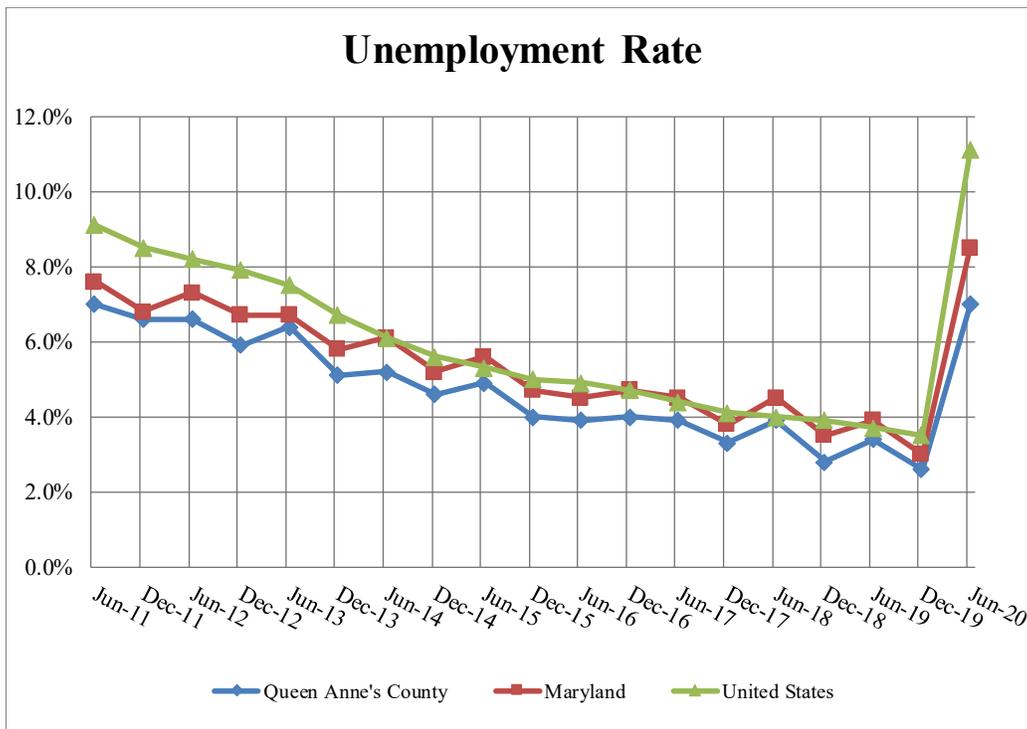
the General Capital Projects Fund and the Roads Capital Projects Fund reflect multi-year appropriations at the individual project level.

Department Heads may make transfers of appropriations within a department of up to \$10,000 with the approval of the County Administrator. Transfers of appropriations or appropriation of new revenues in excess of \$10,000 require the approval of the County Commissioners. Budget to actual comparisons are provided in this report for individual governmental funds for which an appropriated annual budget has been adopted. The budget comparisons for the General Fund are presented as part of the Required Supplementary Information portion of this report. For non-major funds with appropriated annual budgets, budget to actual comparisons are presented in the Supplementary Information subsection of this report.

ECONOMIC OUTLOOK AND CONDITION

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

The unemployment rate for Queen Anne’s County is typically below the state and national averages, as shown in the chart below. The June 2020 rate for the County was 7.0%, compared to the state’s rate of 8.5% and the U.S.’s rate of 11.1%. The fiscal year 2020 average rate for the County was 4.4%. The increase in the unemployment rate for fiscal year 2020 was the result of the COVID-19 pandemic.



LOCAL ECONOMY

The local employment base is somewhat limited and centers on several stable manufacturers, as well as the agriculture, maritime, construction, retail, leisure, and hospitality industries. The three largest employers are governmental units, including the County, the Board of Education, and Chesapeake College. There is a small, but growing, base of specialty manufacturers. In addition, the County’s proximity to the Western Shore enables about 60% of the workforce to commute to locations outside the County, primarily to higher paying jobs in the Baltimore and Washington areas.

Property, income, recordation, and transfer tax revenue all increased when comparing current year to prior year for governmental funds. Property taxes increased in fiscal year 2020 by 1.5% to \$71.7 million due to an increase in assessable base. Property tax revenue is projected to increase by 0.4% into fiscal year 2021 with revenue projected to

be approximately \$298 thousand above the 2020 fiscal year level. Local income tax is the County's other main revenue source. Income tax collections increased by 11.3% in fiscal year 2020, from \$55.3 million in fiscal year 2019 to \$61.5 million in fiscal year 2020 as a result of increased employment, capital gains and wages.

Recordation tax improved in fiscal year 2020 with an increase of 5.9% over fiscal year 2019, from \$6.0 million in fiscal year 2019 to \$6.3 million in fiscal year 2020. In addition to an increase in recordation tax revenue, the transfer tax revenue also increased in fiscal year 2020 by 9.1%, from \$2.1 million in fiscal year 2019 to \$2.3 million in fiscal year 2020. Both the recordation and transfer tax revenue increases are a direct result of the continued improvement in the housing market and recent development in the County.

LONG TERM FINANCIAL PLANNING

Rainy Day Fund – Ordinance No. 12-21 was adopted in January 2013 for the purpose of establishing and maintaining a Rainy Day Fund for contingencies of an emergency nature; requiring annual reports on such fund balance; providing for the appropriation of such funds to meet emergency needs; and requiring surplus revenues be used to maintain the Rainy Day Fund at a set minimum amount. Beginning in fiscal year 2017, County Ordinance No. 16-24 changed the minimum amount of the rainy day fund to 8% (previously 7%) of the following year's budgeted general fund operating revenues, as recommended by the Spending Affordability Committee. The County funded the Rainy Day Fund with the required amount of \$11,197,210 in fiscal year 2020.

Revenue Stabilization Fund (Previously "Special Fund") – Resolution No. 14-05 was adopted in March 2014 for the purpose of establishing and maintaining a Special Fund to set aside certain general funds of the County for certain unanticipated projects, initiatives, and other one-time expenses. Resolution No. 16-99 was adopted in December 2016 for the purpose of renaming the "Special Fund" to the Revenue Stabilization Fund and revising the maximum amount of such fund. The maximum amount of the Revenue Stabilization Fund shall not exceed 5% of budgeted general fund operating revenues and the transfer to the General Fund shall only be made after the requirements of the Rainy Day Fund have been met. The County funded the Revenue Stabilization Fund with \$998,256 in fiscal year 2020. The current balance of the Revenue Stabilization Fund is \$6,998,256.

Spending Affordability Committee – Ordinance No. 15-11 was adopted in November 2015 for the purpose of establishing a committee to provide recommendations and projections for the upcoming budget year. Specifically, the Committee is charged to review in detail the status and projections of revenues and expenditures for the County for the next budget year and subsequent five years; to review future County revenue levels and consider the impact of economic factors such as changes in personal income and assessable base growth; and to review future expenditure levels with consideration of County long-term obligations and any pressure for growth in costs.

The Committee's recommendations help determine general expenditure guidelines based on projected revenue, and the amount of new County debt authorization for the upcoming fiscal year. The Committee recommends policy changes primarily regarding budgeting, debt, and fund balance. This Committee also assesses the County's ability to repay bond debt, determines debt capacity using several debt measures, and provides general guidance regarding future capital budgets.

Capital Projects - The County Commissioners' six-year capital program, starting with fiscal year 2021, prioritizes capital expenditures over these years to meet the County's needs. The six-year program totals \$200.2 million and includes: \$45.8 million for various Sanitary District projects (includes the Southern Kent Island Sewer Service at \$33.1 million); \$31.3 million for Roads Board capital projects (includes \$12.3 million for asphalt overlays); \$24.2 million for Administration and General Services (includes \$12.1 million for building the YMCA) \$22.1 million for the Detention Center (almost entirely for the Detention Center renovation); \$15.9 million for various school related projects (includes \$8.0 million for the Board of Education Administration building) \$12.9 million for Parks; \$12.4 million for the Department of Emergency Services; and \$11.0 million for the Bay Bridge Airport;

FINANCIAL POLICIES

Bond Ratings - The financial policies and management practices of Queen Anne's County were recognized by three major rating agencies. Fitch Rating Service issued a AAA bond rating, Moody's issued a rating of Aa1, and Standard & Poor's also issued a AAA rating.

Debt Management Policy – In calendar year 2013, the County adopted Resolution 13-04, which revised the County’s Local Debt Policy. In accordance with this policy, the Director of Budget, Finance, and Information Technology is responsible for following certain procedures to ensure that debt limits established by the Policy are not exceeded. A key element of the Policy is that prior to the issuance of any new bonded indebtedness, the Director must certify that existing and new General Obligation Debt will not exceed (1) 2.5% of the total taxable assessable base and (2) \$3,000 per capita. This policy also stipulates that although there is some flexibility as to the acceptable percentage of debt service to general fund expenditures, and no absolute limit has been established by the rating agencies or the Government Finance Officers Association, anything above 12% of total general fund expenditures would be a cause to carefully monitor debt service. In addition to the debt management policy, the Spending Affordability Committee recommended that the limit of debt service to general fund expenditures should be limited to 10% and the County Commissioners have adopted that as a limit.

For fiscal year 2020, Queen Anne’s County general obligation debt was 1.6% of the total taxable assessable base, and the per capita debt measurement was \$2,643. The debt service was 9.2% of the general fund expenditures for the year. All thresholds are well below the policy limits.

Fund Balance Policy – Resolution 12-21 was adopted in calendar year 2012 for the purpose of establishing criteria in which year end fund balances can be used. There are five purposes for which using fund balance is permitted: (1) paygo for items/projects in the County Capital Improvement Plan, (2) as a supplement to the Rainy Day Fund if it is underfunded, (3) to pay down existing debt, (4) reserved for future non-operating expenses related to fiscal emergencies, and (5) as one time non-recurring expenditures of capital or non-capital items.

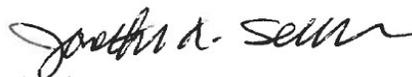
AWARDS AND ACKNOWLEDGMENTS

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Queen Anne’s County, Maryland for its comprehensive annual financial report (CAFR) for the fiscal year ended June 30, 2019. The Certificate of Achievement is a prestigious national award that recognizes conformance with the highest standards for preparation of state and local government financial reports. In order to be awarded a Certificate of Achievement, the County must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. Queen Anne’s County, Maryland has received a Certificate of Achievement for the last twenty-one consecutive years (fiscal years 1999-2019). We believe our current comprehensive annual financial report continues to conform to the Certificate of Achievement program requirements, and we are submitting it to GFOA to determine its eligibility for another certificate.

The preparation of the comprehensive annual financial report was made possible by the dedicated service of the entire staff of the finance office. Each member of the department has my sincere appreciation for the contributions made in preparation of this report. Special recognition is given to members of the Audit Team: Nichole Hepfer, who is the principal staff member responsible for preparing the report, Justine Franzen, Teresa Ward, and Karen Rodgers. Their dedication and professionalism in the preparation of Queen Anne’s County financial statements has resulted in consistently accurate and transparent financial reporting.

Respectfully submitted,



Jonathan R. Seeman
Director of Budget, Finance and Information Technology





Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**Queen Anne's County
Maryland**

For its Comprehensive Annual
Financial Report
For the Fiscal Year Ended

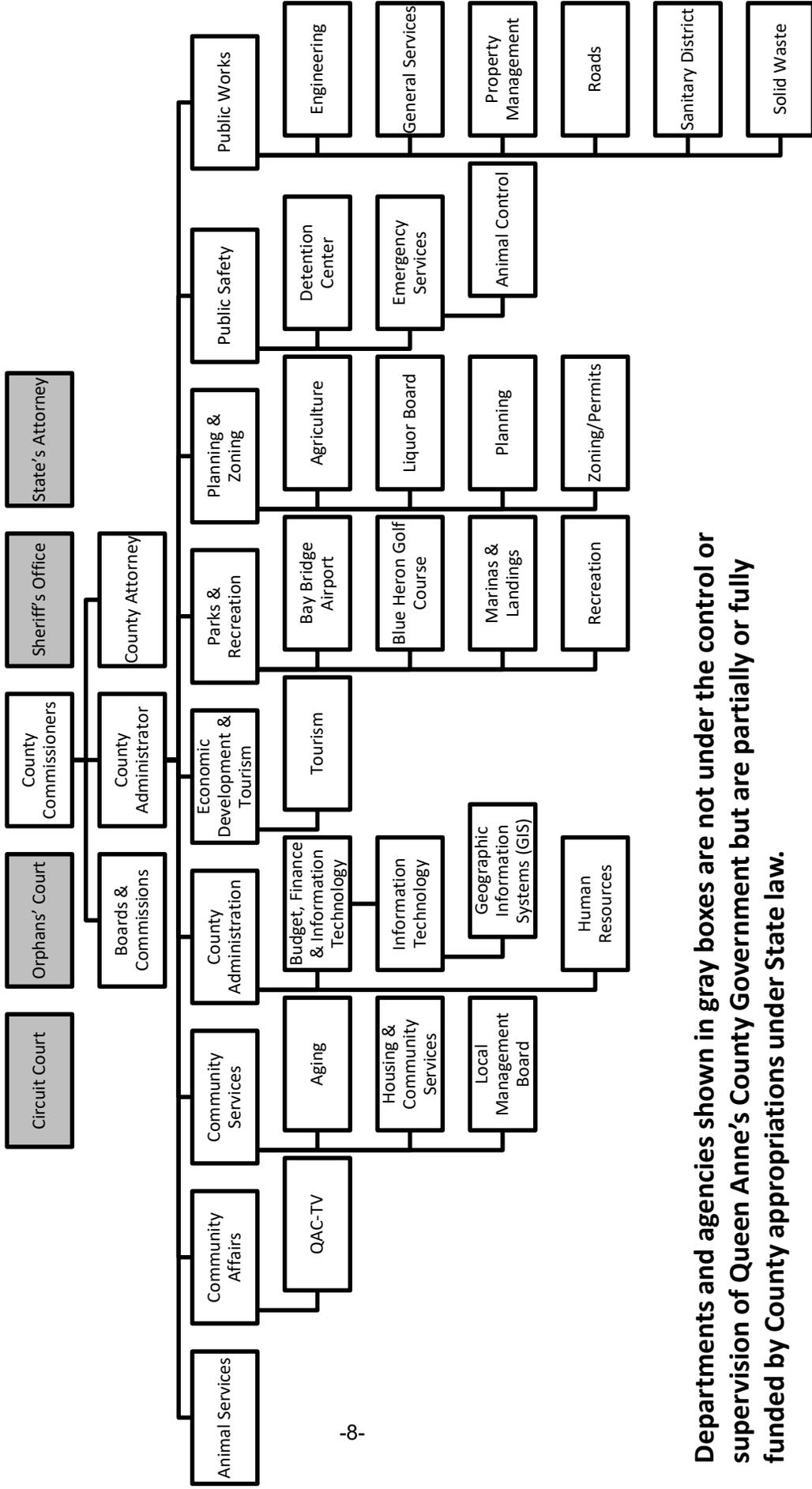
June 30, 2019

Christopher P. Morill

Executive Director/CEO

Queen Anne's County Government Organizational Chart

Queen Anne's County Voters



Departments and agencies shown in gray boxes are not under the control or supervision of Queen Anne's County Government but are partially or fully funded by County appropriations under State law.

- Board of Education
- Board of Elections
- Chesapeake College
- Health Department
- QAC Free Library
- Soil Conservation
- University of MD Extension

**QUEEN ANNE’S COUNTY, MARYLAND
GOVERNMENTAL ORGANIZATION
CERTAIN ELECTED AND OTHER OFFICIALS
AS OF JUNE 30, 2020**

CERTAIN ELECTED OFFICIALS

County Commissioners	James J. Moran, At Large Jack N. Wilson, Jr., District 1 Stephen Wilson, District 2 Philip L. Dumenil, District 3 Christopher M. Corchiarino, District 4
State’s Attorney	Lance G. Richardson, Esq.
Sheriff	Raymond G. Hofmann

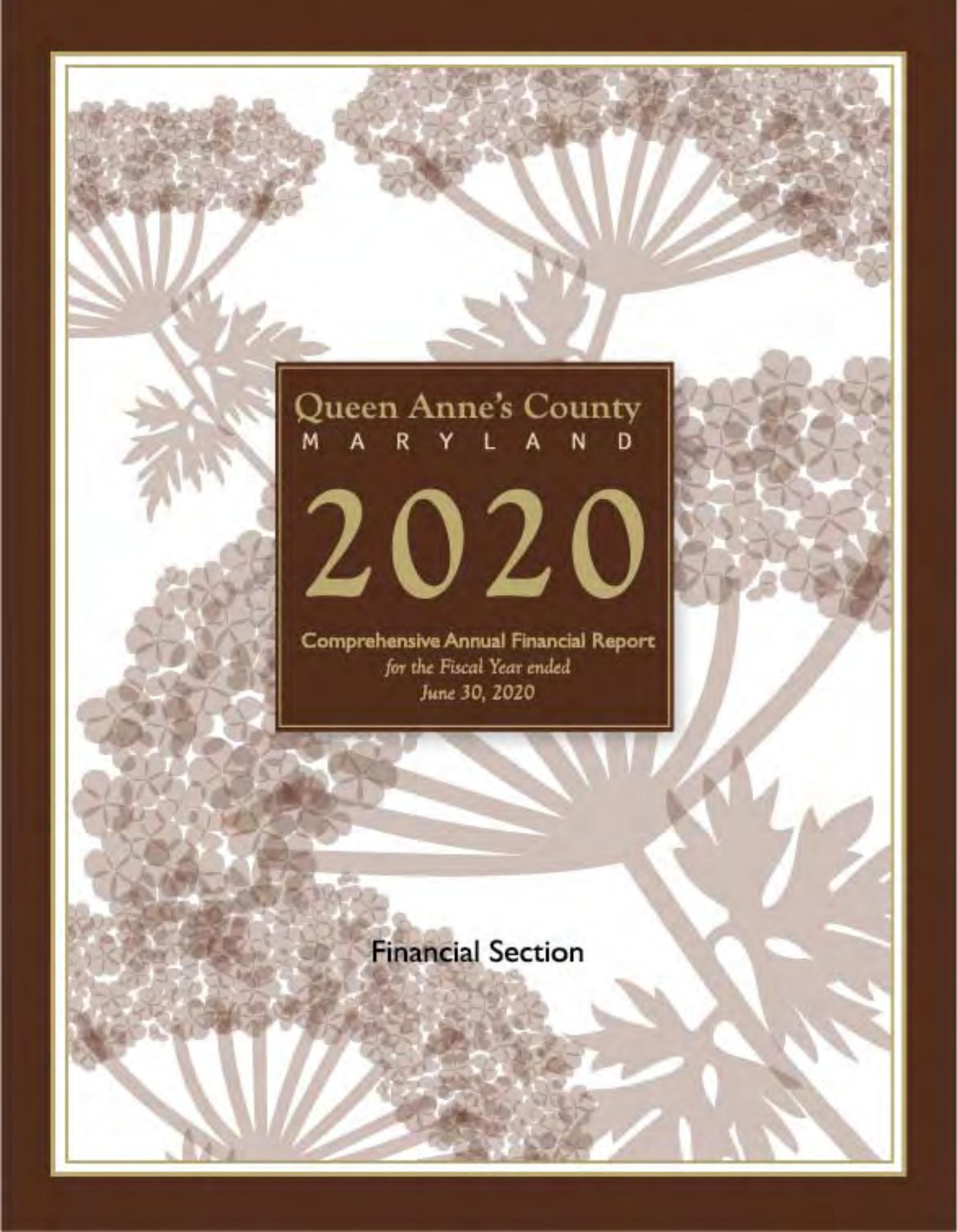
CERTAIN DEPARTMENT HEADS AND OTHER OFFICIALS

County Administrator	Todd R. Mohn	
Director of Public Works	Alan Quimby, P.E.	
Director of County Administration	Todd R. Mohn	
Director of Planning and Zoning*	E. Michael Wisnosky	
Director of Community Services	Catherine R. Willis	
Director of Budget, Finance and Information Technology*	Jonathan R. Seeman	
Chief Treasury Officer	Jeffrey Rank	
County Attorney	Patrick E. Thompson, Esq.	
<u>Independent Auditor</u> TGM Group LLC Certified Public Accountants Salisbury, Maryland	<u>Bond Counsel</u> McKennon, Shelton & Henn, LLP Baltimore, Maryland	<u>Financial Advisor</u> Public Advisory Consultants Baltimore, Maryland

* E. Michael Wisnosky retired and Amy Moredock was named the Director of Planning and Zoning in October 2020.

*Jonathan R. Seeman will be retiring effective February 1, 2021.



The cover features a repeating pattern of Queen Anne's lace flowers in a light beige color against a white background. A dark brown rectangular box is centered on the page, containing the title and year in gold and white text. The entire design is framed by a thin gold border.

Queen Anne's County
M A R Y L A N D

2020

Comprehensive Annual Financial Report
*for the Fiscal Year ended
June 30, 2020*

Financial Section

INDEPENDENT AUDITORS' REPORT

County Commissioners of
Queen Anne's County
Centreville, Maryland

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Queen Anne's County, Maryland (the "County") as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the component unit financial statements of the Queen Anne's County Free Library. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Queen Anne's County Free Library, is based solely upon the reports of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

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

Other Matters

Required Supplementary Information

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

Other Information

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

The other supplementary 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. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other supplementary information is fairly stated in all material respects in relation to the basic financial statements as a whole.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 15, 2021, on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the County's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "YHM Group LLC". The signature is written in a cursive, flowing style.

Salisbury, Maryland
January 15, 2021



Management's Discussion and Analysis

Introduction

This section of the Comprehensive Annual Financial Report of Queen Anne's County, Maryland (the County) presents a narrative overview and analysis of the financial activities of Queen Anne's County Government for the fiscal year ended June 30, 2020. We encourage readers to consider the discussion and analysis along with the other information in this report, including the transmittal letter, basic financial statements, and the notes to the financial statements.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to Queen Anne's County Government's basic financial statements. The County's basic financial statements are comprised of three components:

- Government-Wide Financial Statements
- Fund Financial Statements
- Notes to the Financial Statements

This report also contains other required and non-required supplementary information in addition to the basic financial statements themselves.

Government-Wide financial statements: The *government-wide financial statements* are designed to provide readers with a broad overview of Queen Anne's County Government's finances, in a manner comparable to a private sector business.

The *statement of net position* presents information on all of Queen Anne's County Government's assets and liabilities, with the difference between the two reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position and condition of Queen Anne's County Government is improving or declining.

The *statement of activities* presents information showing how the government'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*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g. uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of Queen Anne's County Government that are principally supported by taxes and intergovernmental revenue (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*).

The *governmental activities* of Queen Anne's County Government include general government, public safety, public works, health, social services, education, library, conservation of natural resources, and economic and community development. The *business-type activities* of Queen Anne's County Government include water and sewer services, an airport, a golf course, and public landings and marinas.

The government-wide financial statements include not only Queen Anne's County Government itself (known as the *primary government*), but also legally separate component units. Queen Anne's County Government has the following discretely presented component units: Queen Anne's County Board of Education and the Queen Anne's County Free Library. Financial information for these *component units* is reported separately from the financial information presented for the primary government itself. The government-wide financial statements can be found in the basic financial statements section 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. Queen Anne’s County Government, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of Queen Anne’s County Government can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds. Fund financial statements can be found throughout this report, as listed in the table of contents.

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* available at the end of the fiscal year. Such information may be useful in evaluating a government’s near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government’s near-term financing decisions. Both the balance sheet and the statement of revenues, expenditures, and changes in fund balances for governmental funds provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*. These two reconciliations begin with *governmental fund* financial data; describe all transactions that are added or subtracted to yield *governmental activities*; and end with *governmental activities* financial data. These reconciliations can be found within this report, as listed in the table of contents.

Queen Anne’s County maintains three types of governmental funds: the general fund, a variety of special revenue funds, and five capital project funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for all governmental funds. Fund type is identified for each fund.

Queen Anne’s County adopts an annual appropriated budget for its general fund (includes the roads board); school, fire, and parks impact fee capital projects funds; and the following special revenue funds: department of aging, housing and community services, grants fund, economic development incentive, BRIDGE fund, community partnerships for children, law library, inmate welfare, agricultural transfer, rural legacy, dredging special assessments, and Kent Narrows. A budgetary comparison statement has been provided for each of these funds, which can be found within this report, as listed in the table of contents.

Proprietary funds: Queen Anne’s County maintains *enterprise funds* to report the same functions presented as *business-type activities* in the government-wide financial statements. Queen Anne’s County Government uses enterprise funds to account for its water and sewer services, airport, golf course, and public landings and marinas. The basic proprietary fund financial statements can be found within this report, as listed in the table of contents.

Fiduciary funds: Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support Queen Anne’s County Government’s own programs. The County acts as a fiduciary for two trust and five agency funds. The accounting used for fiduciary funds is much like that used for proprietary funds except that the agency funds report only assets and liabilities and do not report net assets or changes therein. The basic fiduciary fund financial statements can be found within this report, as listed in the table of contents.

Notes to the financial statements: The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found within this report, as listed in the table of contents.

Government-wide Financial Analysis

Statement of Net Position

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

<u>Summary of Net Position</u>	<u>Governmental Activities</u>		<u>Business Type Activities</u>		<u>Total</u>	
	2020	2019	2020	2019	2020	2019
Current and Other Assets	\$ 132,910,759	\$ 114,236,045	\$ 43,420,777	\$ 37,222,731	\$ 176,331,536	\$ 151,458,776
Capital Assets	180,791,100	181,658,454	121,339,499	118,044,330	302,130,599	299,702,784
Total Assets	313,701,859	295,894,499	164,760,276	155,267,061	478,462,135	451,161,560
Total Deferred Outflows of Resources	8,495,121	8,075,641	720,473	738,797	9,215,594	8,814,438
Noncurrent liabilities	220,110,368	216,472,932	45,574,349	43,105,229	265,684,717	259,578,161
Other liabilities	11,416,367	9,806,608	1,621,510	1,994,221	13,037,877	11,800,829
Total Liabilities	231,526,735	226,279,540	47,195,859	45,099,450	278,722,594	271,378,990
Total Deferred Inflows of Resources	5,383,218	5,222,543	12,721,010	12,667,589	18,104,228	17,890,132
Net position:						
Net investment in capital assets	114,252,313	115,143,089	86,939,502	85,916,730	201,191,815	201,059,819
Restricted amounts	19,844,181	18,962,289	2,037,318	2,234,440	21,881,499	21,196,729
Unrestricted amounts (deficit)	(48,809,467)	(61,637,321)	16,587,060	10,087,649	(32,222,407)	(51,549,672)
Total Net Position	\$ 85,287,027	\$ 72,468,057	\$ 105,563,880	\$ 98,238,819	\$ 190,850,907	\$ 170,706,876

The County's total current and other assets increased by \$24.9 million, or 16.4 percent, to \$176.3 million. The County's total assets and deferred outflows of resources exceeded its total liabilities and deferred inflows of resources at the close of fiscal year 2020 by \$190.9 million.

Net position is divided into three categories: net investment in capital assets; restricted amounts; and unrestricted amounts. By far the largest portion, \$201.2 million, of the County's total net position reflects its investment in capital assets (e.g. land, buildings, machinery and equipment, vehicles, and infrastructure), less any related and outstanding debt used to construct or acquire those assets. The County uses these capital assets to provide services to citizens; consequently, they are *not* available for future spending. Although the County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay the debt must be provided from other sources since the capital assets themselves cannot be used to liquidate these liabilities.

It is important to note that, although counties in the State of Maryland issue debt for the construction of schools, the school buildings are owned by each county's Board of Education. Ownership reverts to the county government only if the local Board determines a building is no longer needed for educational purposes. Therefore, while the County's financial statements include outstanding debt related to Board of Education capital assets, those statements do not include the capital assets funded by the debt. Debt outstanding for the Board of Education amounted to \$55.8 million at June 30, 2020. Absent the effect of this relationship, the County would have reported a positive unrestricted amount of \$23.6 million on its government-wide financial statements, rather than the negative unrestricted net assets of \$32.2 million reported herein. For a multi-year view of this calculation, see the Footnote presented in Table 1 of the Statistical Section.

An additional \$21.9 million of the County's total net position represents resources that are subject to restrictions on how they may be used. For governmental activities, this amount includes: \$11.7 million related to general government services; \$3.0 million for economic/community development; \$3.7 million for public safety; and \$1.5 million for conservation of natural resources. For business-type activities, this amount includes \$2.0 million restricted to meet Sanitary District debt covenants.

At the end of the current fiscal year, Queen Anne's County Government reports positive balances in two out of three categories of net position, both for the government as a whole, as well as for its separate governmental activities. Business-type activities reports positive balances in all net position categories.

Statement of Activities

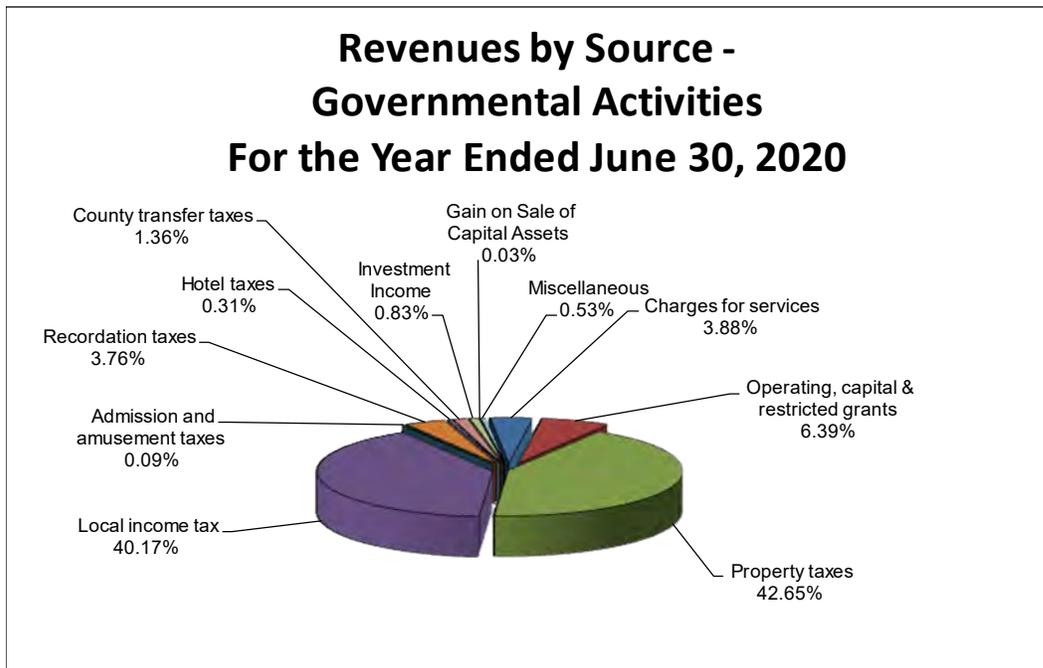
The following table summarizes changes in net position for governmental and business-type activities during the year:

Summary of Changes in Net Position	Governmental Activities		Business Type Activities		Total	
	2020	2019	2020	2019	2020	2019
Revenues:						
Program revenues:						
Charges for services	\$ 6,536,797	\$ 6,505,479	\$ 14,835,575	\$ 11,376,269	\$ 21,372,372	\$ 17,881,748
Operating grants and contributions	6,545,553	5,453,618	2,647,049	2,133,701	9,192,602	7,587,319
Capital grants and contributions	4,218,687	4,348,637	1,974,341	3,626,906	6,193,028	7,975,543
General revenues:						
Property taxes	71,874,566	70,670,569	-	-	71,874,566	70,670,569
Local income tax	67,698,447	57,728,293	-	-	67,698,447	57,728,293
Other local taxes						
Admission and amusement taxes	150,153	155,913	-	-	150,153	155,913
Recordation taxes	6,339,183	5,986,660	-	-	6,339,183	5,986,660
Hotel taxes	530,601	650,613	-	-	530,601	650,613
County transfer taxes	2,283,527	2,093,502	-	-	2,283,527	2,093,502
Investment income	1,393,017	1,772,464	589,126	550,691	1,982,143	2,323,155
Gain on sale of capital assets	44,343	25,823	17,876	33,100	62,219	58,923
Miscellaneous	900,976	979,201	907,830	865,732	1,808,806	1,844,933
Total Revenues	168,515,850	156,370,772	20,971,797	18,586,399	189,487,647	174,957,171
Expenses:						
Governmental Activities:						
General government	17,299,695	16,493,064	-	-	17,299,695	16,493,064
Public safety	31,445,313	31,231,182	-	-	31,445,313	31,231,182
Public works	15,045,105	19,118,090	-	-	15,045,105	19,118,090
Parks & recreation *	7,780,241	-	-	-	7,780,241	-
Health	2,176,263	1,865,300	-	-	2,176,263	1,865,300
Social services	4,940,431	5,804,131	-	-	4,940,431	5,804,131
Education	66,848,496	62,579,905	-	-	66,848,496	62,579,905
Libraries	1,916,365	1,858,711	-	-	1,916,365	1,858,711
Conservation of natural resources	1,423,080	2,696,971	-	-	1,423,080	2,696,971
Economic and Community development	2,281,480	1,808,000	-	-	2,281,480	1,808,000
Interest and fiscal charges	4,391,332	4,712,864	-	-	4,391,332	4,712,864
Business-type Activities:						
Water and sewer	-	-	11,602,537	11,232,955	11,602,537	11,232,955
Airport	-	-	968,205	1,434,031	968,205	1,434,031
Golf course	-	-	541,335	584,718	541,335	584,718
Public landings and marinas	-	-	683,738	1,342,308	683,738	1,342,308
Total Expenses	155,547,801	148,168,218	13,795,815	14,594,012	169,343,616	162,762,230
Increase in Net Position before Transfers	12,968,049	8,202,554	7,175,982	3,992,387	20,144,031	12,194,941
Transfers in (out)	(149,079)	(1,341,011)	149,079	1,341,011	-	-
Increase in Net Position	12,818,970	6,861,543	7,325,061	5,333,398	20,144,031	12,194,941
Net Position, prior year	72,468,057	65,606,514	98,238,819	92,905,421	170,706,876	158,511,935
Net Position - current year	\$ 85,287,027	\$ 72,468,057	\$ 105,563,880	\$ 98,238,819	\$ 190,850,907	\$ 170,706,876

* In fiscal year 2019, Parks was included in Public Works and Recreation was included in Social Services.

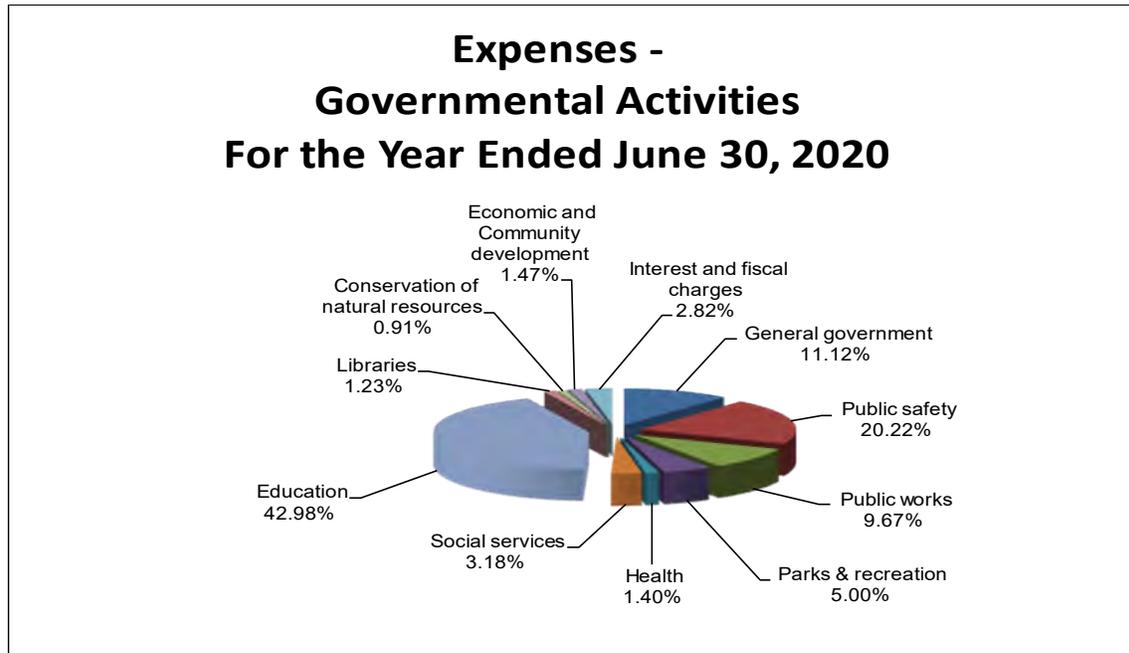
Governmental activities:

Revenues for governmental activities were \$168.5 million for fiscal year 2020. The following chart depicts revenues by source for governmental activities:



- Taxes comprise the largest source of County revenue, totaling \$148.9 million (88.3 percent) of total revenue for fiscal year 2020. Of that amount, property and local income tax together yielded \$139.6 million (82.8 percent) of all revenue. Each County sets its own property and income tax rates, within parameters established by the State. For fiscal year 2020, the County’s property tax rate remained constant at \$.8471 per \$100 of assessed value of real property, based on full cash value of that property. The County’s local income tax rate was set at 3.2 percent, effective January 1, 2012 and thereafter. There is no local sales tax in the State of Maryland.
- Charges for services, totaling \$6.5 million, reflect fees charged to County citizens. These primarily support education (\$1.6 million or 24.4 percent), general government (\$1.5 million or 23.1 percent), public safety (\$1.4 million or 21.1 percent), parks and recreation (\$823 thousand or 12.6 percent) and public works (\$817 thousand or 12.5 percent).
- Operating grants and contributions, totaling \$6.5 million, reflect grants from Federal and State agencies that support specific County programs. Programs that benefitted the most were: social services (\$2.3 million or 34.7 percent), public safety (\$1.7 million or 25.9 percent), and public works (\$1.2 million or 18.9 percent).
- Capital grants and contributions, totaling \$4.2 million, reflect contributions from Federal and State agencies, as well as developers. Programs that benefitted the most were: parks and recreation (\$2.2 million or 53.0 percent), conservation of natural resources (\$832 thousand or 19.7 percent) and general government (\$520 thousand or 12.3 percent).

Expenses for all governmental activities were \$155.5 million for fiscal year 2020. The following chart depicts expenses by function for governmental activities:



As noted in the chart above and the table below, by far the County’s largest program and highest priority is education, with expenses totaling \$66.8 million (43.0 percent). The following table summarizes costs and program-related revenues for the same programs in order of priority, yielding net service costs:

Net Cost of Governmental Activities	Expenses		Program-Related Revenues		Net Cost of Services	
	2020	2019	2020	2019	2020	2019
Education	\$ 66,848,496	\$ 62,579,905	\$ 1,593,200	\$ 1,318,609	\$ (65,255,296)	\$ (61,261,296)
Public Safety	31,445,313	31,231,182	3,189,484	2,753,662	(28,255,829)	(28,477,520)
General Government	17,299,695	16,493,064	2,459,074	2,966,703	(14,840,621)	(13,526,361)
Public Works	15,045,105	19,118,090	2,096,354	4,293,239	(12,948,751)	(14,824,851)
Parks & Recreation *	7,780,241	-	3,097,214	-	(4,683,027)	-
Social Services	4,940,431	5,804,131	2,709,699	2,387,208	(2,230,732)	(3,416,923)
Economic and Community Development	2,281,480	1,808,000	962,258	205,300	(1,319,222)	(1,602,700)
Conservation of Natural Resources	1,423,080	2,696,971	1,086,179	2,339,954	(336,901)	(357,017)
Other	8,483,960	8,436,875	107,575	43,059	(8,376,385)	(8,393,816)
Total	\$ 155,547,801	\$ 148,168,218	\$ 17,301,037	\$ 16,307,734	\$ (138,246,764)	\$ (131,860,484)

* In fiscal year 2019, Parks was included in Public Works and Recreation was included in Social Services.

Of the total cost of \$155.5 million for governmental activities, \$17.3 million (11.1 percent), of those costs were covered by program-related revenues paid by individuals and external governmental entities. Of these outside entities, individuals who benefited directly from County programs were charged user fees of \$6.5 million, while governments and other organizations that benefited indirectly from these programs contributed operating grants of \$6.5 million and capital grants of \$4.2 million.

County taxpayers paid for most of the remaining \$138.2 million in net program costs, through a variety of County taxes, for a total of \$148.9 million. Net program costs of services provided to the public, in order of net cost, were: \$65.3 million for education; \$28.3 million for public safety; \$14.8 million for general government; \$12.9 million for public works; \$4.7 million for parks and recreation; \$2.2 million for social services; \$1.3 million for economic and community development; \$337 thousand for conservation of natural

resources; and \$8.4 million for other services. See Changes in Net Position and General Fund Budgetary Highlights for further details.

Changes in net position: Government-wide revenues, less expenses, plus/minus transfers in/out, yield changes in net position. During fiscal year 2020, governmental activities increased the County's net position overall by \$12.8 million, compared to an increase of \$6.9 million in fiscal year 2019. The following discussion explains changes in net position relative to the prior fiscal year.

Revenues for governmental activities increased by \$12.1 million (7.8 percent). The following key revenues changed, when compared to the prior fiscal year:

- Income taxes increased by \$10.0 million (17.3 percent), from \$57.7 million in fiscal year 2019 to \$67.7 million in fiscal year 2020. This increase was the result of an increase of \$6.3 million in receipts from the State for the County's portion of the income tax collections. The remaining increase resulted from an increase in the County's portion of the income tax reserve held by the State of Maryland.
- Property taxes increased by \$1.2 million (1.7 percent), from \$70.7 million in fiscal year 2019 to \$71.9 million in fiscal year 2020 due to an increase in property assessments.
- Operating grants and contributions increased by \$1.1 million (20.0 percent), from \$5.5 million in fiscal year 2019 to \$6.5 million in fiscal year 2020. The entire increase is the result of grant funding provided by the Federal Government to assist the County in navigating through the COVID-19 pandemic.

Expenses for governmental activities increased by \$7.4 million (5.0 percent) and transfers out to business-type activities decreased by \$1.2 million. Key positive and negative expense changes, in order of relative importance, are:

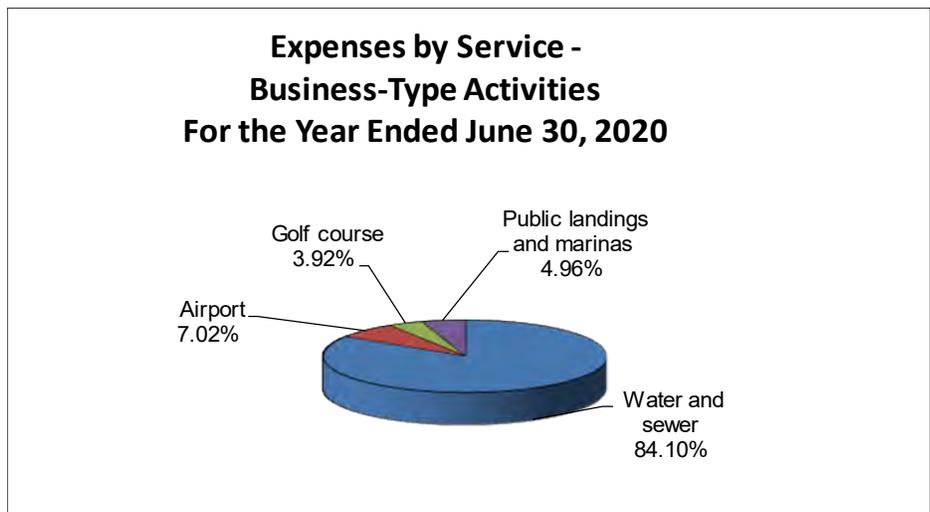
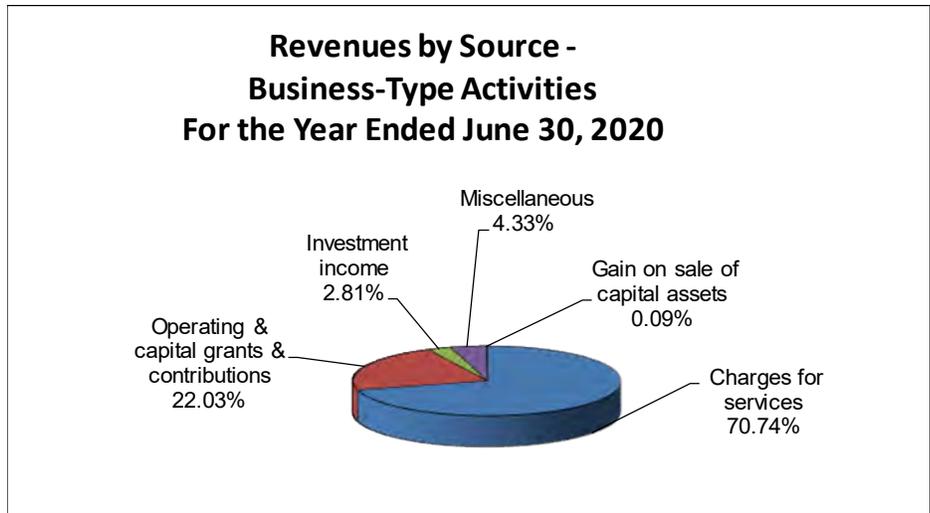
- Education increased by \$4.3 million (6.8 percent). Of this increase, \$2.6 million resulted from an increase in funding to the Board of Education. The remaining increase resulted from additional funding for school related capital projects, such as the Kent Island High School energy management system and fire alarm, building upgrades and priority assessments, and equipment and vehicles.
- Parks & Recreation had total expenses of \$7.8 million in fiscal year 2020. Prior to fiscal year 2020, Parks was included in Public Works and Recreation was included in Social Services. Beginning in fiscal year 2020, Parks & Recreation is separated out. The total increase in fiscal year 2020 was \$1.4 million, which resulted from expenses for the turf fields.
- Public Works decreased by \$4.1 million (21.3%). In fiscal year 2019, Public Works included expenses totaling \$5.5 million for Parks which are not included in the current year. Therefore, the net change in Public Works would be an increase of \$1.4 million. Of this increase, \$521 thousand relates to assets that were donated to external entities, which didn't occur in fiscal year 2019. Another \$550 thousand of the total increase resulted from renovations and improvements to the Liberty building, transfer stations, and miscellaneous projects.
- General Government increased by \$807 thousand (4.9 percent), mainly as a result of an increase of \$529 thousand in depreciation expense. This increase was due to the new County Courthouse which resulted in multiple new assets of which depreciation began in fiscal year 2020. In addition, expenses for other post-employment benefits (OPEB) increased by \$306 thousand due to increased funding to the OPEB Trust.
- Conservation of Natural Resources decreased by \$1.3 million (47.2 percent) due to decreases in easement acquisitions in fiscal year 2020. A total of \$152 thousand was spent on easements in fiscal year 2020, compared to \$2.1 million spent in fiscal year 2019. Generally, the timing of easement

purchases is affected by the evaluation process of the identified land, as well as the availability of State funds.

- Social Services decreased by \$864 thousand which is almost entirely related to Recreation which was included in Social Services in fiscal year 2019 but separated out in fiscal year 2020.
- Transfers out to business-type activities decreased by \$1.2 million due to a transfer of \$975 thousand from the General Capital Projects Fund to the Sanitary District in fiscal year 2019. No such transfer occurred in fiscal year 2020.

Business-type activities:

Revenues, transfers in, and expenses for business-type activities were \$21.0 million, \$149 thousand, and \$13.8 million, respectively, for fiscal year 2020. The following two charts depict revenues by source and expenses by service for business-type activities:



Business-type activities increased the County's net position altogether by \$7.3 million in fiscal year 2020, which is \$2.0 million more than the prior year's increase of \$5.3 million. The fiscal year 2020 change in net position resulted primarily from:

- Operating revenues before transfers increased by \$2.4 million (12.8 percent), from \$18.6 million in fiscal year 2019 to \$21.0 million in fiscal year 2020, for all business-type activities. Charges for services increased by \$3.5 million, mainly due to increased allocation fees in the Sanitary District resulting from the Four Seasons and Bay Bridge Cove developments. Operating grants and contributions increased by \$513 thousand. The net increase can be broken down as follows: \$2.0 million increase in the Sanitary District resulting from grant funding for the Southern Kent Island (SKI) sewer system, \$628 thousand decrease in the Bay Bridge Airport resulting from the timing of various capital projects and an \$867 thousand decrease in Public Landings due to the timing of the Kent Narrows Dredging project. Capital grants and contributions decreased by \$1.7 million primarily due to a decrease in funding for the Four Seasons development, resulting from the timing of the development.
- Transfers in to business-type activities decreased by \$1.2 million, mainly due to a transfer of \$975 thousand from the General Capital Projects Fund to the Sanitary District in fiscal year 2019, as mentioned above in the section on governmental expenses.

Financial Analysis of the Government's Funds

As noted earlier, Queen Anne's County Government uses fund accounting to ensure and demonstrate compliance with finance related legal requirements. Detailed financial data based on the government's fund accounting can be found in the governmental fund statements in this report.

Governmental Funds: The focus of Queen Anne's County Government's *governmental funds* is to provide information on near term inflows, outflows, and balances of spendable resources. Such information is useful in assessing Queen Anne's County Government's near-term financing requirements. In particular, *unassigned fund balance* may serve as a useful measure of a government's net resources available for spending at the end of a fiscal year.

As of the end of the current fiscal year, Queen Anne's County Government's governmental funds reported combined ending fund balances of \$101.2 million, compared to \$89.7 million for the prior year. Approximately 15.7 percent of this total (\$15.9 million) constitutes *unassigned fund balance*, which is available for spending. The total *unassigned fund balance* of \$15.9 million is comprised of \$15.9 million of positive unassigned fund balance for the general fund, reduced by negative unassigned fund balances of \$24 thousand in the non-major governmental funds. Additional detail on the negative unassigned balances can be found in Note 16 of this report.

The *nonspendable fund balance* of \$2.4 million, at 2.4 percent of the total fund balance, is not available for spending and includes amounts related to inventory and prepaid items. *Restricted fund balance* of \$29.8 million (29.5 percent) includes amounts that can be spent only for specific purposes stipulated by external sources or legal restrictions. Included in the restricted fund balance is \$11.2 million for the rainy day fund.

Committed fund balance of \$28.3 million (27.9 percent) represents those amounts that can be used only for the specific purposes of the government's highest level of decision-making authority. Included in the committed fund balance is \$7.0 million for the revenue stabilization fund.

The remaining \$24.8 million of fund balance (24.5 percent) constitutes *assigned fund balances*. These amounts are intended to be used by the government for the specific purposes of each fund.

The General Fund is the chief operating fund of Queen Anne's County Government. At the end of the current fiscal year, the General Fund had a total fund balance of \$41.1 million, which is an increase of \$6.0 million

from the fiscal year 2019 balance of \$35.1 million. The increase resulted mainly as a result of expenditures and other financing uses being less than final budgetary appropriations by \$5.8 million due to efficiencies realized by various departments.

Of the total \$41.1 million in fund balance, \$15.9 million is unassigned, meaning that there are no constraints on how the funds can be spent. Beginning in fiscal year 2017, County Ordinance No. 16-24 changed the minimum amount of the rainy day fund to 8.0 percent (previously 7.0 percent) of budgeted general fund operating revenues as recommended by the Spending Affordability Committee. As a result of that Ordinance, \$11.2 million of rainy day funds are included in the General Fund's restricted fund balance of \$14.7 million for fiscal year 2020. The remaining fund balance is comprised of \$2.4 million in nonspendable, \$7.0 million in committed, and \$1.1 million of assigned.

For further explanations of General Fund revenues and expenditures, see the General Fund Budgetary Highlights section of this MD&A.

The General Capital Projects Fund accounts for all capital projects related to governmental funds, except those accounted for in the Roads Capital Projects Fund, which is discussed below.

As of June 30, 2020, the General Capital Projects Fund has a total fund balance of \$33.6 million, compared to \$31.2 million at the end of the prior fiscal year. The \$33.6 million in total fund balance is comprised of \$10.3 million in restricted fund balance, mainly for unspent bond proceeds, \$2.7 million of fund balance committed for specific projects, and \$20.6 million of assigned fund balance. The increase in General Capital Projects fund balance resulted from the transfer in from the General Fund, which will be used to fund future capital projects.

The Roads Capital Projects Fund accounts for financial resources used for the construction of County Road infrastructure, as well as other large multi-year projects that relate to capital assets.

As of June 30, 2020, the Roads Capital Projects Fund has a total fund balance of \$2.9 million, compared to \$3.0 million at the end of the prior fiscal year. Of this total \$2.9 million fund balance, \$2.4 million has been assigned to fund ongoing projects, while \$571 thousand has been contributed by local developers and is committed to fund specific infrastructure improvements.

Proprietary funds: Queen Anne's County Government's enterprise fund statements provide the same type of information found in the government-wide financial statements, but in more detail. Also, *due to/due from other funds* are combined in the government-wide statements and reported as Internal Balances between governmental and business-type activities, which net to zero.

Total *unrestricted net position* of the Sanitary District Enterprise Funds at the end of fiscal year 2020 amounted to \$18.4 million, which is \$6.6 million more than the prior year. This increase resulted from increased allocation fees for two County developments and from increased grant revenue. Net investment in capital assets also increased by \$1.3 million. In addition, the restricted amount for capital projects decreased by \$975 thousand, due to the timing of the Four Seasons development.

Total net position of the Sanitary District amounted to \$84.6 million at the end of fiscal year 2020, which increased by \$7.6 million when compared to the prior year.

The *unrestricted net position* of the Bay Bridge Airport Enterprise Fund at year end amounted to negative \$1.4 million, reflecting an increase of \$48 thousand. The investment in capital assets for the Bay Bridge Airport decreased by \$251 thousand in the current fiscal year.

Total net position of the Bay Bridge Airport amounted to \$15.0 million at the end of fiscal year 2020, which is a decrease of \$203 thousand from the prior year amount of \$15.2 million.

A discussion of Enterprise Fund capital assets and long-term debt can be found in those sections presented later in this MD&A.

General Fund Budgetary Comparisons

The County adopts an operating budget for the General Fund as of July 1 each year and amends that budget throughout the year in response to actual expenditures. The Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual can be found as part of Required Supplemental Information, which is located after the Notes. The Schedule reports original and final budgets, as well as the variance between actual expenditures and final budgets.

Original to Final Budget Comparisons: The final expenditure budget for the General Fund, including transfers out, totaled \$150.6 million. Amendments increased spending authority by \$6.2 million during fiscal year 2020, when compared to the original budget of \$144.4 million.

Major components of these expenditure budget increases are as follows:

- Budgeted Transfers Out to General Capital Projects increased by \$5.5 million during the year. There are several capital projects in which the County plans to move aggressively on and will rely on fund balance available in the General Capital Projects fund to cover a portion of the costs.
- Budgeted Public Works increased by \$357 thousand, mainly as a result of the addition of Animal Services which was budgeted at \$249 thousand.
- Budgeted Public Safety increased by \$301 thousand, due to miscellaneous increases in the Sheriff's Office, the Detention Center, and Emergency Services.

Budget to Actual Comparisons: Actual revenues for the General Fund, including other financing sources and before appropriated fund balance were more than final budgetary estimates by \$645 thousand. Actual expenditures, and other financing uses, were less than final budgetary appropriations by \$5.8 million. The net effect of these two disparities was a positive variance of actual to final budget of \$6.5 million.

The most noteworthy differences between final budgeted amounts and actual amounts are summarized as follows:

Revenues:

- Local Income Tax revenue was \$1.1 million more than the final budget (1.8 percent) due to increased wages and capital gains.
- Transfers In were \$1.2 million less than the final budget (100 percent), as a result of transfer in from School Impact fees not being made in the fiscal year. Management determined that it was more advantageous to leave the funds in the Impact Fee Fund in anticipation of future Board of Education projects.

Expenditures:

- Final Budgeted Salaries and Benefits were \$40.7 million for the year, while actual costs were \$39.2 million. They were underspent at year-end by \$1.5 million (3.8 percent). The Sheriff's Office was underspent by \$742 thousand, Parks department by \$465 thousand, and the Roads department by \$221 thousand. This was due to the number of vacant positions during the fiscal year and the lapsed funds associated with the recruitment of staff.

- Final Budgeted Other Operating Charges were \$109.8 million for the year, while actual costs were \$105.5 million. These costs were lower than budget at year end by \$4.3 million (3.9 percent). Operating Charges include contracted services, supplies, other charges, debt service, and transfers out.
 - Contracted Services were underspent by \$873 thousand, with the largest savings realized by the Detention Center (\$320 thousand), Emergency Services (\$94 thousand), and Information Technology (\$86 thousand).
 - Supplies were underspent by \$336 thousand, largely due to savings by Roads (\$119 thousand) and Solid Waste (\$92 thousand).
 - Other Charges were underspent by \$1.9 million. Savings were realized in Insurance (\$349 thousand), Contingency (\$185 thousand), General Services (\$137 thousand), and Intergovernmental (\$130 thousand). In addition, the health department realized savings of \$292 thousand, which represents the unspent portion of their allocation that was returned to the County in fiscal year 2020. The remaining savings for other charges were spread throughout the General Fund.
 - Debt Service was underspent by \$558 thousand, which resulted from savings realized with the refunding of the 2009 bonds.
 - Transfers Out were underspent by \$589 thousand, due to savings realized by the Department of Aging (\$224 thousand), Housing and Community Services (\$105 thousand) and the Golf Course Enterprise Fund (\$194 thousand), which allowed these departments to forgo this portion of their appropriation.

Capital Assets and Debt Administration

Capital assets: Queen Anne’s County Government’s investment in capital assets for its governmental and business-type activities as of June 30, 2020 amounted to \$302.1 million (net of accumulated depreciation). This investment in capital assets includes land and land improvements, intangible rights, construction in progress, buildings, improvements other than buildings, infrastructure, autos, machinery, and equipment.

Capital asset activities, net of depreciation, are summarized as follows:

Capital Assets, Net of Depreciation	<u>Governmental Activities</u>		<u>Business Type Activities</u>		<u>Total</u>	
	2020	2019	2020	2019	2020	2019
Land and Land Improvements	\$ 86,326,959	\$ 86,448,217	\$ 15,632,770	\$ 15,632,770	\$ 101,959,729	\$ 102,080,987
Intangible Rights - Easements	821,819	821,819	6,140	6,140	827,959	827,959
Construction in Progress	7,232,179	27,161,399	13,354,715	9,480,284	20,586,894	36,641,683
Buildings	51,584,860	31,614,518	6,056,202	6,302,427	57,641,062	37,916,945
Improvements other than Buildings	7,085,899	7,340,954	8,444,025	8,977,762	15,529,924	16,318,716
Infrastructure	9,586,115	9,973,515	68,556,560	67,965,145	78,142,675	77,938,660
Auto, Machinery, and Equipment	18,153,269	18,298,032	9,289,087	9,679,802	27,442,356	27,977,834
Total	\$ 180,791,100	\$ 181,658,454	\$ 121,339,499	\$ 118,044,330	\$ 302,130,599	\$ 299,702,784

Queen Anne’s County’s total investment in capital assets for the current fiscal year, net of depreciation, increased by 0.8 percent, or \$2.4 million. Of this amount, governmental investment in capital assets decreased by \$867 thousand, while business-type investment in capital assets increased by \$3.3 million.

Changes in the County’s capital assets, with depreciation shown separately, are summarized as follows. Note that completed projects that were reclassified from construction in progress (CIP) to other asset accounts during the year net to zero and are reported in the same column.

Governmental Activities					
Changes in Capital Assets	2019	Additions	Transfers	Retirements	2020
Land and Land Improvements	\$ 86,448,217	\$ -	\$ -	\$ (121,258)	\$ 86,326,959
Intangible Rights - Easements	821,819	-	-	-	821,819
Construction in Progress	27,161,399	1,954,630	(21,788,423)	(95,427)	7,232,179
Buildings	48,363,268	491,194	21,394,321	(709,176)	69,539,607
Improvements other than Buildings	11,019,917	175,738	-	-	11,195,655
Infrastructure	19,236,142	-	-	-	19,236,142
Auto, Machinery, and Equipment	37,885,909	2,429,103	394,102	(1,311,053)	39,398,061
Total Assets before depreciation	230,936,671	5,050,665	-	(2,236,914)	233,750,422
Less Depreciation	(49,278,217)	(5,105,993)	-	1,424,888	(52,959,322)
Total Assets after depreciation	\$ 181,658,454	\$ (55,328)	\$ -	\$ (812,026)	\$ 180,791,100

Business-Type Activities					
Changes in Capital Assets	2019	Additions	Transfers	Retirements	2020
Land and Land Improvements	\$ 15,632,770	\$ -	\$ -	\$ -	\$ 15,632,770
Intangible Rights - Easements	6,140	-	-	-	6,140
Construction in Progress	9,480,284	3,878,391	-	(3,960)	13,354,715
Buildings	16,165,829	27,200	-	-	16,193,029
Improvements other than Buildings	15,126,030	-	-	-	15,126,030
Infrastructure	103,161,225	2,681,960	-	-	105,843,185
Auto, Machinery, and Equipment	25,625,633	285,151	-	(54,159)	25,856,625
Total Assets before depreciation	185,197,911	6,872,702	-	(58,119)	192,012,494
Less Depreciation	(67,153,581)	(3,573,573)	-	54,159	(70,672,995)
Total Assets after depreciation	\$ 118,044,330	\$ 3,299,129	\$ -	\$ (3,960)	\$ 121,339,499

Noteworthy capital asset events during the current fiscal year for governmental activities included the following:

- Land decreased by \$121 thousand due to the donation of the Downes' Building and Christ Church.
- Construction in Progress (CIP) decreased by a net amount of \$19.9 million. The following factors contributed to this increase:

Major additions to Construction in Progress totaling \$2.0 million include: (a) Design and site work for the Cross County Connector Trail (\$1.2 million); (b) Kent Island Library expansion (\$248 thousand); (c) ERP software (\$147 thousand); (d) Information Technology fiber network construction (\$130 thousand); (e) Emergency Services improvements (\$116 thousand); (f) Detention Center renovations (\$95 thousand); (g) Senior Center security system (\$29 thousand); (h) Chesapeake Heritage Visitor's Center renovations (\$22 thousand); and (i) Parks and Recreation pavilion and concession improvements (\$17 thousand).

Costs reclassified from Construction in Progress totaling \$21.8 million include: (a) New Courthouse (\$21.7 million); (b) Parks and Recreation general improvements (\$59 thousand); and (c) Information Technology phone system (\$27 thousand).

Retirements from Construction in Progress of \$95 thousand include write-offs of costs incurred in the renovation of the Chesapeake Heritage Visitor's Center due to a portion of the project not resulting in an asset.

- Buildings increased by a net amount of \$21.2 million. The following factors contributed to this increase:

Major additions to Buildings totaling \$491 thousand include: (a) Construction and site work for the new Courthouse (\$301 thousand); (b) 4-H Park restroom renovation (\$109 thousand); and (c) Animal Control resinous flooring (\$81 thousand).

Costs reclassified from Construction in Progress totaling \$21.4 million include: (a) Construction and site work for the new Courthouse (\$21.3 million) and (b) 4-H Park restroom renovations (\$54 thousand).

Retirements from Buildings totaling \$709 thousand include: (a) Donation of Christ Church (\$683 thousand) and (b) Donation of Downes' Building (\$26 thousand).

- Improvements other than buildings increased by \$176 thousand due to: (a) Sidewalks at the new Courthouse (\$74 thousand); (b) Transfer site improvements (\$53 thousand); (c) Parks and Recreation paving (\$39 thousand); and (d) 4-H Park improvements (\$10 thousand).
- Auto, Machinery and Equipment increased by a net amount of \$1.5 million. The following factors contributed to this net increase:

Major additions to Auto, Machinery and Equipment totaled \$2.4 million and included departmental vehicles and equipment replacement for the following: (a) Roads (\$394 thousand); (b) Sheriff's Office (\$338 thousand); (c) Aging (\$331 thousand); (d) Emergency Services (\$329 thousand); (e) Parks and Recreation (\$269 thousand); (f) Information Technology (\$244 thousand); (g) Solid Waste (\$188 thousand); (h) Detention Center (\$137 thousand); (i) General Services (\$91 thousand); (j) Circuit Court (\$49 thousand); (k) Economic Development (\$24 thousand); and (l) Planning and Zoning (\$11 thousand).

Costs reclassified from Construction in Progress totaling \$394 thousand included machinery and equipment for the following: (a) Circuit Court (\$367 thousand) and (b) Information Technology (\$27 thousand).

Retired assets of \$1.3 million included the following, the majority of which were fully depreciated: (a) Emergency Services vehicles and equipment sold or discarded (\$696 thousand); (b) Sheriff's Office vehicles and equipment sold or discarded (\$221 thousand); (c) Circuit Court equipment sold or discarded (\$138 thousand); (d) Solid Waste vehicles and equipment sold or discarded (\$71 thousand); (e) Planning and Zoning equipment sold or discarded (\$43 thousand); (f) Public Works vehicles and equipment sold or discarded (\$38 thousand); (g) Information Technology equipment sold or discarded (\$26 thousand); (h) Aging vehicles discarded (\$25 thousand); (i) QACTV equipment discarded (\$22 thousand); (j) Animal Control equipment discarded (\$16 thousand); (k) Parks and Recreation equipment sold (\$12 thousand); and (l) General Services equipment discarded (\$6 thousand).

Noteworthy capital asset transactions during the current fiscal year for business-type activities included the following:

- Construction in Progress increased by a net amount of \$3.9 million. The following factors contributed to this increase:

Major additions to Construction in Progress totaling \$3.9 million include: (a) planning, design and construction work for the Southern Kent Island (SKI) sewer system (\$3.8 million); (b) Environmental Assessment for the Bay Bridge Airport (\$66 thousand); and (c) equipment for the Sanitary department that was not paid in full nor delivered prior to year-end (\$42 thousand).

Retirements from Construction in Progress of \$4 thousand include write-offs of costs incurred in the Public Landings Chesapeake Heritage Visitors Center Bulkhead project due to the project not resulting in an asset.

- Buildings increased by \$27 thousand resulting from improvements at a Sanitary collection station.
- Infrastructure increased by \$2.7 million resulting from various water and sewer infrastructure, of which \$2.0 million was contributed by commercial developers to be maintained by the County. The remaining \$707 thousand related to infrastructure for the Four Seasons development.
- Auto, Machinery and Equipment increased by a net amount of \$231 thousand. The following factors contributed to this increase:

Major additions totaling \$285 thousand included: (a) New sewer pumps, well pumps and other sanitation equipment (\$199 thousand); (b) Public Landings vehicles and trailers (\$45 thousand); and (c) Sanitary District vehicles (\$41 thousand).

Retired assets of \$54 thousand included Sanitary District equipment and vehicles sold or discarded.

Additional information on the County’s capital assets can be found in Note 6 of this report.

Long-term debt: At the end of the current fiscal year, Queen Anne’s County Government had total bonded debt, loans, capital leases, other post-employment benefit obligations, net pension liability, LOSAP (Volunteer Fireman Pension Plan Length of Service Award Program), and compensated absence obligations of \$265.7 million for its governmental and business-type activities.

The full faith, credit and unlimited taxing power of the County are irrevocably pledged to the levy and collection of taxes in order to provide for the payment of principal and interest due on the bonded debt.

Of this \$265.7 million in debt, \$45.6 million is considered to be self-supporting, in that obligations of the County’s enterprise funds will be funded through charges and assessments related to the operations of those funds. In addition, the Sanitary District’s Debt Service Fund holds total assets of \$2.0 million, which are restricted to payment of the Sanitary District’s subsequent year’s debt. See Note 10 for restricted assets and subsequent year debt service obligations.

Debt activities are summarized as follows:

<u>Outstanding Debt</u>	Governmental Activities		Business Type Activities		Total	
	2020	2019	2020	2019	2020	2019
Bonds, Notes, and Premiums	\$ 137,289,000	\$ 137,083,402	\$ 34,408,250	\$ 32,144,767	\$ 171,697,250	\$ 169,228,169
Other Post-Employment Benefit Obligation	44,880,492	43,482,396	8,227,553	8,027,801	53,108,045	51,510,197
Net Pension Liability	26,959,651	26,508,985	2,523,666	2,528,455	29,483,317	29,037,440
LOSAP Liability	8,048,034	6,669,736	-	-	8,048,034	6,669,736
Compensated Absences	2,933,191	2,728,413	414,880	404,206	3,348,071	3,132,619
Total Long-term Debt	\$ 220,110,368	\$ 216,472,932	\$ 45,574,349	\$ 43,105,229	\$ 265,684,717	\$ 259,578,161

During the 2020 fiscal year, the County’s total net debt increased by \$6.1 million (2.4 percent). Of this amount, governmental debt increased by \$3.6 million (1.7 percent), while business-type debt increased by \$2.5 million (5.7 percent). In fiscal year 2020, the County issued the public facilities bonds of 2020 totaling \$9.0 million and public facilities refunding bonds totaling \$15.3 million. The Sanitary District continued borrowing funds through the Maryland Water Quality Administration for the Southern Kent Island (SKI) project. The total amount borrowed for this project in fiscal year 2020 was \$3.4 million. In addition, the total other post-employment benefit obligations increased by \$1.6 million, the net pension liability increased by \$446 thousand, the LOSAP liability increased by \$1.4 million, and compensated absences increased by \$215 thousand. Offsetting these increases and decreases were changes in accruals, plus the County’s repayment of

existing debt in accordance with established repayment schedules for bonds, notes, and capital lease agreements.

Additional information on the County's long-term debt can be found in Note 9 of this report.

The public local laws of Queen Anne's County limit the amount of general obligation debt to no more than \$8.0 million, beyond any bonded indebtedness of the County. Currently, approximately \$7.2 million of this authority is available. All other debt has been authorized under specific legislation. Additional information on the computation of the legal debt margin can be found in Table 12 of the Statistical Section of this report.

During fiscal year 2020, Queen Anne's County Government received "AAA" bond ratings from both Fitch Rating Service and Standard & Poor's and an "Aa1" bond rating from Moody's.

Economic Factors and Next Year's Budget and Rates

The following economic factors were considered in preparing Queen Anne's County Government's operating and capital budgets for the 2021 fiscal year:

- Property assessments are projected to increase by 6.2 percent over the previous year, based on State Assessment Office values used to compute the Constant Yield rate.
- Income tax revenue was projected at \$52.4 million for the 2021 budget.

The following are a few of the highlights from the fiscal year 2021 budget:

- Other Post-Employment Benefits shall continue to be funded in accordance with the approved ten-year plan;
- The Board of Education will be funded at Maintenance of Effort in fiscal year 2021; and
- The County's property and income tax rates remained the same.

Requests for information

This financial report is designed to provide a general overview of Queen Anne's County Government's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Queen Anne's County Finance Office, 107 N. Liberty Street, Centreville, Maryland 21617. This report can also be found on the County's website, <http://www.qac.org> (see Government, Departments, Budget, Finance, and IT, Accounting section, Link to 2020 Comprehensive Annual Financial Report (CAFR)).

Basic Financial Statements

QUEEN ANNE'S COUNTY, MARYLAND
STATEMENT OF NET POSITION
JUNE 30, 2020

	PRIMARY GOVERNMENT		
	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
ASSETS			
Equity in Pooled Cash and Investments	\$ 72,357,925	\$ 15,058,749	\$ 87,416,674
Cash and Cash Equivalents	-	-	-
Taxes Receivable (Net)	1,148,227	-	1,148,227
Accounts and Loans Receivable (Net)	7,785,225	680,471	8,465,696
Special Assessments (Net)	841,297	-	841,297
Internal Balances	1,798,165	(1,798,165)	-
Due from Primary Government	-	-	-
Due from Other Governments	28,392,269	72,731	28,465,000
Inventories	1,167,645	713,763	1,881,408
Prepaid Items	1,233,019	-	1,233,019
Endowment Fund	-	-	-
Restricted Assets:			
LOSAP Plan Assets	3,349,625	-	3,349,625
Equity in Pooled Cash and Investments	14,837,362	16,228,847	31,066,209
Accounts Receivable (Net)	-	36,469	36,469
Special Assessments Receivable (Net)	-	12,427,912	12,427,912
Capital Assets:			
Nondepreciable Assets	94,380,957	28,993,625	123,374,582
Depreciable Assets, Net	86,410,143	92,345,874	178,756,017
Total Assets	<u>313,701,859</u>	<u>164,760,276</u>	<u>478,462,135</u>
DEFERRED OUTFLOWS OF RESOURCES			
Other Post-Employment Benefit Obligation	1,816,424	267,957	2,084,381
Pension Benefits	4,590,231	444,263	5,034,494
LOSAP Benefits	1,423,550	-	1,423,550
Deferred Charge on Refunding	664,916	8,253	673,169
Total Deferred Outflows of Resources	<u>8,495,121</u>	<u>720,473</u>	<u>9,215,594</u>
LIABILITIES			
Accounts Payable and Other Current Liabilities	4,221,337	1,040,576	5,261,913
Accrued Interest Payable	1,730,999	141,042	1,872,041
Due to Component Units	282,566	-	282,566
Due to Other Governmental Agencies	404,584	-	404,584
Unearned Revenue	4,776,881	248,994	5,025,875
Escrow Deposits	-	190,898	190,898
Noncurrent Liabilities:			
Due within One Year	9,972,618	1,345,102	11,317,720
Due in More than One Year	210,137,750	44,229,247	254,366,997
Total Liabilities	<u>231,526,735</u>	<u>47,195,859</u>	<u>278,722,594</u>
DEFERRED INFLOWS OF RESOURCES			
Other Post-Employment Benefit Obligations	14,115	2,143	16,258
Pension Benefits	3,129,172	293,484	3,422,656
LOSAP Benefits	456,284	-	456,284
Deferred Inflows related to Refundings	73,601	2,922	76,523
Deferred Assessments	841,297	12,422,461	13,263,758
Deferred Fees	868,749	-	868,749
Total Deferred Inflows of Resources	<u>5,383,218</u>	<u>12,721,010</u>	<u>18,104,228</u>
NET POSITION			
Net Investment in Capital Assets	114,252,313	86,939,502	201,191,815
Amounts Restricted for:			
General Government	11,650,145	-	11,650,145
Economic/Community Development	2,988,522	-	2,988,522
Public Safety	3,697,558	-	3,697,558
Conservation of Natural Resources	1,504,574	-	1,504,574
Social Services	3,382	-	3,382
Debt Service	-	2,037,318	2,037,318
Capital Projects	-	-	-
Other Purposes	-	-	-
Unrestricted Amounts (Deficit)	(48,809,467)	16,587,060	(32,222,407)
Total Net Position	<u>\$ 85,287,027</u>	<u>\$ 105,563,880</u>	<u>\$ 190,850,907</u>

The accompanying notes to the basic financial statements are an integral part of this statement.

QUEEN ANNE'S COUNTY, MARYLAND
STATEMENT OF NET POSITION
JUNE 30, 2020

(CONTINUED)

COMPONENT UNITS	
BOARD OF EDUCATION	FREE LIBRARY
\$ -	\$ -
15,158,079	814,050
-	-
294,666	10,490
-	-
-	-
329,774	-
1,684,844	-
33,102	-
78,644	28,981
-	169,468
-	-
-	-
-	-
-	-
7,879,023	29,850
149,475,668	1,314,900
174,933,800	2,367,739
25,943,134	261,422
736,335	-
-	-
-	-
26,679,469	261,422
11,055,128	185,349
-	-
-	-
-	-
920,881	9,813
-	-
366,253	-
232,755,703	835,814
245,097,965	1,030,976
19,151,866	-
457,007	-
-	-
-	-
-	-
-	-
19,608,873	-
155,598,255	1,344,750
-	-
-	-
-	-
-	-
-	-
188,114	-
51,486	18,100
(218,931,424)	235,335
\$ (63,093,569)	\$ 1,598,185

The accompanying notes to the basic financial statements are an integral part of this statement.

QUEEN ANNE'S COUNTY, MARYLAND
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2020

	PRIMARY GOVERNMENT				
	EXPENSES	CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	TOTAL REVENUE
PRIMARY GOVERNMENT					
Governmental Activities					
General Government	\$ 17,299,695	\$ 1,509,985	\$ 428,812	\$ 520,277	\$ 2,459,074
Public Safety	31,445,313	1,379,621	1,697,018	112,845	3,189,484
Public Works	15,045,105	817,088	1,233,626	45,640	2,096,354
Parks & Recreation	7,780,241	822,605	37,060	2,237,549	3,097,214
Health	2,176,263	-	-	-	-
Social Services	4,940,431	72,840	2,273,959	362,900	2,709,699
Education	66,848,496	1,593,200	-	-	1,593,200
Library	1,916,365	-	-	107,575	107,575
Conservation of Natural Resources	1,423,080	136,458	117,820	831,901	1,086,179
Economic/Community Development	2,281,480	205,000	757,258	-	962,258
Interest and Fiscal Charges	4,391,332	-	-	-	-
Total Governmental Activities	155,547,801	6,536,797	6,545,553	4,218,687	17,301,037
Business-type Activities					
Water and Sewer	11,602,537	13,873,082	2,541,550	1,974,341	18,388,973
Airport	968,205	24,130	95,052	-	119,182
Golf Course	541,335	399,603	-	-	399,603
Public Landings and Marinas	683,738	538,760	10,447	-	549,207
Total Business-type Activities	13,795,815	14,835,575	2,647,049	1,974,341	19,456,965
Total Primary Government	\$ 169,343,616	\$ 21,372,372	\$ 9,192,602	\$ 6,193,028	\$ 36,758,002
COMPONENT UNITS					
Board of Education	\$ 134,118,934	\$ 1,141,449	\$ 22,105,107	\$ 6,068,398	\$ 29,314,954
Free Library	2,517,827	4,374	453,565	-	457,939
Total Component Units	\$ 136,636,761	\$ 1,145,823	\$ 22,558,672	\$ 6,068,398	\$ 29,772,893
General Revenues					
Local Property Tax					
Local Income Tax					
Other Local Taxes					
Admission and Amusement Taxes					
Recordation Taxes					
Hotel Taxes					
County Transfer Taxes					
Grants and Contributions Not Restricted to Specific Programs					
Investment Income					
Gain on Sale of Capital Assets					
Miscellaneous					
Transfers In (Out)					
Total General Revenues and Transfers					
Change in Net Position					
Net Position - Beginning of Year					
Net Position - End of Year					

The accompanying notes to the basic financial statements are an integral part of this statement.

QUEEN ANNE'S COUNTY, MARYLAND
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2020

(CONTINUED)

NET (EXPENSE) REVENUE AND CHANGES IN NET POSITION					
GOVERNMENTAL ACTIVITIES	PRIMARY GOVERNMENT		COMPONENT UNITS		
	BUSINESS-TYPE ACTIVITIES	TOTAL	BOARD OF EDUCATION	FREE LIBRARY	
\$ (14,840,621)	\$ -	\$ (14,840,621)	\$ -	\$ -	
(28,255,829)	-	(28,255,829)	-	-	
(12,948,751)	-	(12,948,751)	-	-	
(4,683,027)	-	(4,683,027)	-	-	
(2,176,263)	-	(2,176,263)	-	-	
(2,230,732)	-	(2,230,732)	-	-	
(65,255,296)	-	(65,255,296)	-	-	
(1,808,790)	-	(1,808,790)	-	-	
(336,901)	-	(336,901)	-	-	
(1,319,222)	-	(1,319,222)	-	-	
(4,391,332)	-	(4,391,332)	-	-	
(138,246,764)	-	(138,246,764)	-	-	
-	6,786,436	6,786,436	-	-	
-	(849,023)	(849,023)	-	-	
-	(141,732)	(141,732)	-	-	
-	(134,531)	(134,531)	-	-	
-	5,661,150	5,661,150	-	-	
\$ (138,246,764)	\$ 5,661,150	\$ (132,585,614)	\$ -	\$ -	
\$ -	\$ -	\$ -	\$ (104,803,980)	\$ -	
-	-	-	-	(2,059,888)	
-	-	-	(104,803,980)	(2,059,888)	
71,874,566	-	71,874,566	-	-	
67,698,447	-	67,698,447	-	-	
150,153	-	150,153	-	-	
6,339,183	-	6,339,183	-	-	
530,601	-	530,601	-	-	
2,283,527	-	2,283,527	-	-	
-	-	-	87,976,332	2,080,839	
1,393,017	589,126	1,982,143	66,232	7,775	
44,343	17,876	62,219	-	-	
900,976	907,830	1,808,806	254,374	14,747	
(149,079)	149,079	-	-	-	
151,065,734	1,663,911	152,729,645	88,296,938	2,103,361	
12,818,970	7,325,061	20,144,031	(16,507,042)	43,473	
72,468,057	98,238,819	170,706,876	(46,586,527)	1,554,712	
\$ 85,287,027	\$ 105,563,880	\$ 190,850,907	\$ (63,093,569)	\$ 1,598,185	

The accompanying notes to the basic financial statements are an integral part of this statement.

QUEEN ANNE'S COUNTY, MARYLAND
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2020

	MAJOR FUNDS			NON-MAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
	GENERAL FUND	GENERAL CAPITAL	ROADS CAPITAL		
ASSETS					
Cash and Cash Equivalents	\$ 29,401,304	\$ 18,564,978	\$ 2,919,494	\$ 21,472,149	\$ 72,357,925
Prepaid Items	1,233,019	-	-	-	1,233,019
Receivables					
Taxes Receivable (Net)	1,147,482	-	-	745	1,148,227
Accounts and Loans Receivable	297,441	828,553	3,027	6,656,204	7,785,225
Special Assessments (Net)	-	-	67,125	774,172	841,297
Due from Other Governments	23,194,806	89,851	-	1,382,735	24,667,392
Due from Other Funds	896,040	1,128,732	-	-	2,024,772
Inventory	1,167,645	-	-	-	1,167,645
Restricted					
Restricted LOSAP Plan Assets	3,349,625	-	-	-	3,349,625
Restricted Equity in Pooled Cash	-	14,837,362	-	-	14,837,362
Total Assets	<u>\$ 60,687,362</u>	<u>\$ 35,449,476</u>	<u>\$ 2,989,646</u>	<u>\$ 30,286,005</u>	<u>\$ 129,412,489</u>
LIABILITIES					
Accrued Liabilities	\$ 1,808,334	\$ 1,560,465	\$ -	\$ 471,395	\$ 3,840,194
Due to Other Funds	-	-	-	226,607	226,607
Due to Component Units	-	282,566	-	-	282,566
Due to Other Governmental Agencies	-	-	-	404,584	404,584
Unearned Revenue	823,832	48,655	-	3,904,394	4,776,881
Total Liabilities	<u>2,632,166</u>	<u>1,891,686</u>	<u>-</u>	<u>5,006,980</u>	<u>9,530,832</u>
DEFERRED INFLOWS OF RESOURCES					
Unavailable Income Taxes	16,454,512	-	-	-	16,454,512
Unavailable Property Taxes	409,437	-	-	-	409,437
Unavailable Inter-County Bonds Receivable	106,618	-	-	-	106,618
Unavailable Benefit Assessments	-	-	67,125	774,172	841,297
Unavailable Fees	-	-	-	868,749	868,749
Total Deferred Inflows	<u>16,970,567</u>	<u>-</u>	<u>67,125</u>	<u>1,642,921</u>	<u>18,680,613</u>
FUND BALANCES					
Nonspendable	2,400,664	-	-	-	2,400,664
Restricted	14,711,547	10,277,373	-	4,844,411	29,833,331
Committed	6,998,256	2,680,215	570,966	18,045,648	28,295,085
Assigned	1,099,170	20,600,202	2,351,555	770,178	24,821,105
Unassigned	15,874,992	-	-	(24,133)	15,850,859
Total Fund Balances	<u>41,084,629</u>	<u>33,557,790</u>	<u>2,922,521</u>	<u>23,636,104</u>	<u>101,201,044</u>
Total Liabilities, Deferred Inflows and Fund Balances	<u>\$ 60,687,362</u>	<u>\$ 35,449,476</u>	<u>\$ 2,989,646</u>	<u>\$ 30,286,005</u>	<u>\$ 129,412,489</u>

The accompanying notes to the basic financial statements are an integral part of this statement.

QUEEN ANNE'S COUNTY, MARYLAND
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
JUNE 30, 2020

Total Fund Balance - Governmental Funds **\$ 101,201,044**

Amounts reported for Governmental activities in the Statement of Net Position are different because:

Receivables not included in the governmental funds because they relate to debt.

A portion of the County's 2014 Bond offering related to debt issued on behalf of Chesapeake College. Although Queen Anne's County will submit the payments to the lender for the bonds, there are five Counties total that will share the expense of the debt service for the Chesapeake College project. A receivable is booked in Government-Wide in order to offset the debt recorded on the books related to the portion of the Chesapeake College project that the other Counties are responsible for.

ADD Accounts Receivable - Related to Chesapeake College Debt 3,724,877

Capital assets used in governmental fund activities are not current financial resources and therefore are not reported in the funds.

Capital Assets	233,750,422	
Accumulated depreciation	(52,959,322)	180,791,100

Revenues that are deferred in the governmental funds because they do not provide current financial resources are recognized as revenues in the Statement of Activities.

Property Taxes deferred in governmental funds	409,437	
Income Taxes deferred in governmental funds	16,454,512	
Loans receivable deferred in governmental funds	106,618	16,970,567

Long-term liabilities related to governmental fund activities are not due and payable in the current period and therefore are not reported in the funds.

Accrued Interest Payable (1,730,999)

Liability for Retirement Incentive and Employee Contracts (381,143)

Long-Term Liabilities Due within One Year		
Accrued Compensated Absences	(1,700,895)	
Bonds and Notes Payable	(8,271,723)	(9,972,618)

Long-Term Liabilities Due in More than One Year		
Other Post-Employment Benefit Obligation	(44,880,492)	
Net Pension Liability	(26,959,651)	
Net LOSAP Liability	(8,048,034)	
Accrued Compensated Absences	(1,232,296)	
Bonds and Notes Payable	(129,017,277)	(210,137,750)

Deferred Inflows and Outflows		
Deferred Inflows- Other Post-Employment Benefit Obligations	(14,115)	
Deferred Inflows - Maryland State Pension	(3,129,172)	
Deferred Inflows - LOSAP	(456,284)	
Deferred Inflows - Refunding	(73,601)	
Deferred Outflows- Other Post-Employment Benefit Obligations	1,816,424	
Deferred Outflows - Maryland State Pension	4,590,231	
Deferred Outflows - LOSAP	1,423,550	
Deferred Charge On Refunding	664,916	4,821,949

Total Net Position - Governmental Activities **\$ 85,287,027**

The accompanying notes to the basic financial statements are an integral part of this statement.

QUEEN ANNE'S COUNTY, MARYLAND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2020

	MAJOR FUNDS			NON-MAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
	GENERAL FUND	GENERAL CAPITAL	ROADS CAPITAL		
REVENUES					
Taxes					
Local Property Tax	\$ 71,645,066	\$ -	\$ -	\$ 37,323	\$ 71,682,389
Local Income Tax	61,547,651	-	-	-	61,547,651
Admission and Amusement Taxes	150,153	-	-	-	150,153
Recordation Taxes	6,147,087	-	-	192,096	6,339,183
Hotel Taxes	530,601	-	-	-	530,601
County Transfer Taxes	2,283,527	-	-	-	2,283,527
State Shared Taxes	1,074,473	-	-	117,820	1,192,293
Franchise Fee	485,727	-	-	-	485,727
Licenses and Permits	543,912	53,678	-	-	597,590
Intergovernmental	1,615,025	3,219,767	-	4,671,627	9,506,419
Charges for Current Services	2,645,061	24,860	34,881	2,615,663	5,320,465
Fines and Forfeitures	63,843	590	-	68,582	133,015
Investment Income	950,612	226,788	35,555	180,062	1,393,017
Donations	94,342	19,045	-	29,988	143,375
Miscellaneous	718,574	76,113	-	106,289	900,976
Total Revenues	<u>150,495,654</u>	<u>3,620,841</u>	<u>70,436</u>	<u>8,019,450</u>	<u>162,206,381</u>
EXPENDITURES					
Current					
General Government	9,333,134	596,103	-	119,261	10,048,498
Public Safety	25,838,244	835,536	-	974,243	27,648,023
Public Works	10,021,870	739,476	1,864,640	123,878	12,749,864
Parks & Recreation	4,513,241	2,440,825	-	41,774	6,995,840
Health	2,147,035	-	-	-	2,147,035
Social Services	177,746	161,029	-	4,174,867	4,513,642
Education	61,552,866	5,351,991	-	-	66,904,857
Library	1,889,225	1,942	-	-	1,891,167
Conservation of Natural Resources	564,732	-	-	910,840	1,475,572
Economic/Community Development	745,860	-	-	1,361,816	2,107,676
Intergovernmental	562,056	-	-	-	562,056
Miscellaneous	5,308,680	-	-	-	5,308,680
Capital Outlay	-	4,397,079	393,716	172,209	4,963,004
Debt Service					
Principal	8,552,788	-	-	71,816	8,624,604
Debt Issuance Costs	-	316,027	-	-	316,027
Interest and Fiscal Charges	4,219,976	456,979	-	-	4,676,955
Total Expenditures	<u>135,427,453</u>	<u>15,296,987</u>	<u>2,258,356</u>	<u>7,950,704</u>	<u>160,933,500</u>
Excess of Revenues Over (Under) Expenditures	<u>15,068,201</u>	<u>(11,676,146)</u>	<u>(2,187,920)</u>	<u>68,746</u>	<u>1,272,881</u>
OTHER FINANCING SOURCES (USES)					
Issuance of Debt	-	6,841,935	2,158,065	-	9,000,000
Other Financing Source - Proceeds of Refunding Bonds	-	14,682,184	-	-	14,682,184
Bond Premiums	-	3,654,843	-	-	3,654,843
Other Financing Use - Principal on Refunded Debt	-	(17,043,453)	-	-	(17,043,453)
Proceeds of Capital Asset Disposals	30,607	297	-	45	30,949
Insurance Proceeds	11,311	15,000	-	9,450	35,761
Transfers In	225,251	5,932,603	-	3,532,620	9,690,474
Transfers Out	(9,310,064)	(73,739)	-	(455,750)	(9,839,553)
Other Financing Sources (Uses)	<u>(9,042,895)</u>	<u>14,009,670</u>	<u>2,158,065</u>	<u>3,086,365</u>	<u>10,211,205</u>
Net Increase (Decrease) in Fund Balances	6,025,306	2,333,524	(29,855)	3,155,111	11,484,086
Fund Balances, July 1	<u>35,059,323</u>	<u>31,224,266</u>	<u>2,952,376</u>	<u>20,480,993</u>	<u>89,716,958</u>
Fund Balances, June 30	<u>\$ 41,084,629</u>	<u>\$ 33,557,790</u>	<u>\$ 2,922,521</u>	<u>\$ 23,636,104</u>	<u>\$ 101,201,044</u>

The accompanying notes to the basic financial statements are an integral part of this statement.

QUEEN ANNE'S COUNTY, MARYLAND
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2020

Change in Fund Balances - Total governmental funds, per Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds **\$ 11,484,086**

Amounts reported for governmental activities in the Statement of Activities are different because:

Governmental funds report capital outlay as expenditures. However, in the Statement of Activities, the cost of capital assets is allocated over the estimated useful lives of those assets through an annual depreciation charge. The differences are as follows:

Current year additions of capital assets	5,050,665	
Current year disposals of capital assets	(812,026)	
Depreciation expenses recorded in the Statement of Activities	<u>(5,105,993)</u>	
Net Change in Capital Assets		(867,354)

Receivables not included in the governmental funds because they relate to debt.

A portion of the County's 2014 Bond offering related to debt issued on behalf of Chesapeake College. Although Queen Anne's County will submit the payments to the lender for the bonds, there are five Counties that will share the expense of the debt service for the Chesapeake College project. A receivable is booked in Government-Wide in order to offset the debt recorded on the books related to the portion of the Chesapeake College project that the other Counties are responsible for.

Change in bond receivable related to 2014 bonds (196,159)

Liability for retirement incentive

As part of the retirement incentives offered in fiscal year 2018, retirees were given a certain period of health insurance at no cost, rather than the normal premium. The maximum period of no cost health insurance was five years. The liability for the benefit offered to the retirees is included in the government-wide statements and adjusted each year until the benefit period is over.

As part of an employee contract of a past employee, the County is responsible for a death benefit of \$250,000 plus inflation. This liability will remain until the payment is made.

Change in liability for the retirement incentive and employee contracts (256,443)

A portion of the County's 2009 Bond offering was issued using Build America Bonds. As an incentive to use these bonds, the Federal government offered an interest reimbursement grant, which offsets the County's debt service for interest expense. Therefore, at year end, a receivable was booked for the interest reimbursement due, but not yet received. Due to the refunding of the 2009 Bonds, the County did not receive this reimbursement in fiscal year 2020.

Change in bond interest reimbursement receivable - Build America Bond (77,847)

Revenues that are earned but not collected within sixty days after the end of the fiscal year are not considered to

be "available" to meet current cash requirements and are deferred in the Governmental Funds to the following year. However, these revenues are recognized in the Statement of Activities. The amount by which this type of deferred inflows increased or (decreased) relative to the prior year is as follows:

Change in Property Tax Deferred Inflows	192,177
Change in Income Tax Deferred Inflows	6,150,796

Issuance of long-term debt (e.g., bonds, notes, and capital leases) provides current financial resources

to Governmental Funds, while repayment of principal due for long-term debt consumes current resources. In the Statement of Net Position, issuing debt increases long term liabilities, while repayment reduces those liabilities.

Retirements and repayments made on long term debt	27,131,429	
Proceeds of debt	(27,337,027)	
College reimbursement received	(221,841)	
County's allocation to College for debt	56,361	
Deferred Refunding Costs	<u>(211,377)</u>	
		(582,455)

Some accrued expenses, reported in the Statement of Activities, do not require the use of current financial resources and are not reported as expenditures in the Governmental Funds.

Change in:		
Accrued Interest Payable		(2,590)
Accrued Other Post Employment Benefit Obligation		(1,398,096)
Net pension liability - Maryland State Pension		(450,666)
Net LOSAP Liability		(1,378,298)
Accrued Compensated Absences		(204,778)
Deferred outflow of resources - Other Post-Employment Benefit Obligations		347,214
Deferred outflow of resources - Maryland State Pension		(630,509)
Deferred outflow of resources - LOSAP		914,152
Deferred inflow of resources - Other Post-Employment Benefit Obligations		4,743
Deferred inflow of resources - Maryland State Pension		(141,817)
Deferred inflow of resources - LOSAP		(13,585)
Deferred inflow of resources - Refundings		(73,601)

Change in Net Position - governmental activities, per Statement of Activities **\$ 12,818,970**

The accompanying notes to the basic financial statements are an integral part of this statement.

QUEEN ANNE'S COUNTY, MARYLAND
STATEMENT OF NET POSITION
ENTERPRISE FUNDS
JUNE 30, 2020

<u>ASSETS</u>	SANITARY DISTRICT		
	SEWER OPERATIONS	WATER OPERATIONS	RESTRICTED FUND
<u>Current Assets</u>			
Unrestricted			
Equity in Pooled Cash	\$ 8,636,244	\$ 5,589,816	\$ -
Accounts Receivable (Net)	398,037	186,455	-
Due from Other Governments	-	-	-
Inventories	676,984	-	-
Restricted			
Restricted Equity in Pooled Cash	-	-	14,196,980
Restricted Accounts Receivable (Net)	-	-	36,469
Total Current Assets	9,711,265	5,776,271	14,233,449
<u>Noncurrent Assets</u>			
Restricted			
Special Assessments Receivable (Net)	-	-	1,272,191
Capital Assets			
Capital Assets	127,161,364	31,947,131	-
Less Accumulated Depreciation	(51,584,017)	(11,444,082)	-
Total Capital Assets, Net of Depreciation	75,577,347	20,503,049	-
Total Noncurrent Assets	75,577,347	20,503,049	1,272,191
Total Assets	85,288,612	26,279,320	15,505,640
<u>DEFERRED OUTFLOWS OF RESOURCES</u>			
Other Post-Employment Benefit Obligation	199,957	56,310	-
Pension Benefits	306,459	89,581	-
Deferred Charge on Refunding	-	-	-
Total Deferred Outflows of Resources	506,416	145,891	-
<u>LIABILITIES</u>			
<u>Current Liabilities</u>			
Payable from Unrestricted Assets			
Accounts Payable	872,172	99,064	-
Accrued Interest Payable	111,301	-	-
Escrow Deposits	173,798	-	-
Due to Other Funds	-	-	-
Unearned Revenue	245,640	-	-
Current Portion of Compensated Absences	150,181	49,932	-
Current Portion of Bonds/Notes Payable	943,404	-	-
Total Current Liabilities	2,496,496	148,996	-
<u>Noncurrent Liabilities</u>			
Payable from Unrestricted Assets			
Compensated Absences	108,806	36,175	-
Other Post-Employment Benefit Obligation	5,889,060	1,740,443	-
Net Pension Liability	1,749,453	508,104	-
Bonds/Notes Payable	30,988,965	-	-
Total Noncurrent Liabilities	38,736,284	2,284,722	-
Total Liabilities	41,232,780	2,433,718	-
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Pension Benefits	202,581	59,205	-
Other Post-Employment Benefit Obligation	1,600	450	-
Bond Refundings	-	-	-
Unavailable Water and Sewer Assessments	-	-	1,272,191
Total Deferred Inflows of Resources	204,181	59,655	1,272,191
<u>NET POSITION</u>			
Net Investment in Capital Assets	43,644,978	20,503,049	-
Amounts Restricted for:			
Debt Service	-	-	-
Unrestricted Amounts (Deficit)	713,089	3,428,789	14,233,449
Total Net Position	\$ 44,358,067	\$ 23,931,838	\$ 14,233,449

The accompanying notes to the basic financial statements are an integral part of this statement.

QUEEN ANNE'S COUNTY, MARYLAND

STATEMENT OF NET POSITION

ENTERPRISE FUNDS

JUNE 30, 2020

(CONTINUED)

SANITARY DISTRICT		BAY BRIDGE AIRPORT	NON-MAJOR ENTERPRISE FUNDS	TOTAL PRIMARY GOVERNMENT ENTERPRISE FUNDS
DEBT SERVICE FUND	TOTAL			FUNDS
\$ -	\$ 14,226,060	\$ 42,500	\$ 790,189	\$ 15,058,749
-	584,492	22,475	73,504	680,471
-	-	59,601	13,130	72,731
-	676,984	34,015	2,764	713,763
2,031,867	16,228,847	-	-	16,228,847
-	36,469	-	-	36,469
2,031,867	31,752,852	158,591	879,587	32,791,030
11,155,721	12,427,912	-	-	12,427,912
-	159,108,495	23,571,256	9,332,743	192,012,494
-	(63,028,099)	(5,548,136)	(2,096,760)	(70,672,995)
-	96,080,396	18,023,120	7,235,983	121,339,499
11,155,721	108,508,308	18,023,120	7,235,983	133,767,411
13,187,588	140,261,160	18,181,711	8,115,570	166,558,441
-	256,267	2,392	9,298	267,957
-	396,040	12,508	35,715	444,263
-	-	7,225	1,028	8,253
-	652,307	22,125	46,041	720,473
-	971,236	11,586	57,754	1,040,576
-	111,301	21,424	8,317	141,042
-	173,798	17,100	-	190,898
-	-	1,104,599	693,566	1,798,165
-	245,640	-	3,354	248,994
-	200,113	12,505	27,962	240,580
-	943,404	100,891	60,227	1,104,522
-	2,645,492	1,268,105	851,180	4,764,777
-	144,981	9,060	20,259	174,300
-	7,629,503	279,750	318,300	8,227,553
-	2,257,557	69,682	196,427	2,523,666
-	30,988,965	1,589,912	724,851	33,303,728
-	41,021,006	1,948,404	1,259,837	44,229,247
-	43,666,498	3,216,509	2,111,017	48,994,024
-	261,786	8,141	23,557	293,484
-	2,050	19	74	2,143
-	-	462	2,460	2,922
11,150,270	12,422,461	-	-	12,422,461
11,150,270	12,686,297	8,622	26,091	12,721,010
-	64,148,027	16,339,542	6,451,933	86,939,502
2,037,318	2,037,318	-	-	2,037,318
-	18,375,327	(1,360,837)	(427,430)	16,587,060
\$ 2,037,318	\$ 84,560,672	\$ 14,978,705	\$ 6,024,503	\$ 105,563,880

The accompanying notes to the basic financial statements are an integral part of this statement.

QUEEN ANNE'S COUNTY, MARYLAND
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
ENTERPRISE FUNDS
FOR THE YEAR ENDED JUNE 30, 2020

	SANITARY DISTRICT		
	SEWER OPERATIONS	WATER OPERATIONS	RESTRICTED FUND
<u>OPERATING REVENUES</u>			
Charges for Services	\$ 6,232,603	\$ 2,659,386	\$ 4,867,981
Intergovernmental	90,000	-	1,899,951
Material Sales	-	21,735	-
Miscellaneous Revenues	84,043	147,923	-
Total Operating Revenues	<u>6,406,646</u>	<u>2,829,044</u>	<u>6,767,932</u>
<u>OPERATING EXPENSES</u>			
Cost of Sales and Services			
Collection	3,147,022	-	-
Distribution	-	367,199	-
Treatment	1,389,408	1,270,047	-
Shop	177,571	78,374	-
Airport	-	-	-
Recreation	-	-	-
Total Cost of Sales and Services	<u>4,714,001</u>	<u>1,715,620</u>	<u>-</u>
Administration and Inspection	1,104,183	562,164	-
Other Post-Employment Benefit Contributions	111,898	31,187	-
Pension Liability Adjustment	46,692	13,651	-
Depreciation	2,268,567	678,443	-
Total Operating Expenses	<u>8,245,341</u>	<u>3,001,065</u>	<u>-</u>
Operating Income (Loss)	<u>(1,838,695)</u>	<u>(172,021)</u>	<u>6,767,932</u>
<u>NON-OPERATING REVENUES (EXPENSES)</u>			
Investment Income	106,037	104,434	256,471
Interest Expense	(356,131)	-	-
Gain (Loss) on Disposal of Capital Assets	17,876	-	-
Total Non-Operating Revenues (Expenses)	<u>(232,218)</u>	<u>104,434</u>	<u>256,471</u>
Income (Loss) Before Contributions and Transfers	<u>(2,070,913)</u>	<u>(67,587)</u>	<u>7,024,403</u>
Capital Contributions, Fees and Grants	<u>759,434</u>	<u>1,214,907</u>	<u>-</u>
<u>TRANSFERS</u>			
Transfers In	1,059,710	-	-
Transfers Out	(5,000)	(5,000)	(1,051,067)
Net Transfers In (Out)	<u>1,054,710</u>	<u>(5,000)</u>	<u>(1,051,067)</u>
Change in Net Position	(256,769)	1,142,320	5,973,336
Total Net Position - Beginning of Year	<u>44,614,836</u>	<u>22,789,518</u>	<u>8,260,113</u>
Total Net Position - End of Year	<u>\$ 44,358,067</u>	<u>\$ 23,931,838</u>	<u>\$ 14,233,449</u>

The accompanying notes to the basic financial statements are an integral part of this statement.

QUEEN ANNE'S COUNTY, MARYLAND
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
ENTERPRISE FUNDS
FOR THE YEAR ENDED JUNE 30, 2020

(CONTINUED)

SANITARY DISTRICT			NON-MAJOR ENTERPRISE FUNDS	TOTAL PRIMARY GOVERNMENT ENTERPRISE FUNDS
DEBT SERVICE FUND	TOTAL	BAY BRIDGE AIRPORT		
\$ 113,112	\$ 13,873,082	\$ 24,130	\$ 938,363	\$ 14,835,575
551,599	2,541,550	95,052	10,447	2,647,049
-	21,735	170,665	43,001	235,401
-	231,966	414,194	26,269	672,429
<u>664,711</u>	<u>16,668,333</u>	<u>704,041</u>	<u>1,018,080</u>	<u>18,390,454</u>
-	3,147,022	-	-	3,147,022
-	367,199	-	-	367,199
-	2,659,455	-	-	2,659,455
-	255,945	-	-	255,945
-	-	442,729	-	442,729
-	-	-	1,031,804	1,031,804
-	6,429,621	442,729	1,031,804	7,904,154
-	1,666,347	-	-	1,666,347
-	143,085	1,321	5,060	149,466
-	60,343	1,847	5,319	67,509
-	2,947,010	431,254	154,221	3,532,485
<u>-</u>	<u>11,246,406</u>	<u>877,151</u>	<u>1,196,404</u>	<u>13,319,961</u>
<u>664,711</u>	<u>5,421,927</u>	<u>(173,110)</u>	<u>(178,324)</u>	<u>5,070,493</u>
121,810	588,752	374	-	589,126
-	(356,131)	(91,054)	(24,709)	(471,894)
-	17,876	-	(3,960)	13,916
<u>121,810</u>	<u>250,497</u>	<u>(90,680)</u>	<u>(28,669)</u>	<u>131,148</u>
<u>786,521</u>	<u>5,672,424</u>	<u>(263,790)</u>	<u>(206,993)</u>	<u>5,201,641</u>
<u>-</u>	<u>1,974,341</u>	<u>-</u>	<u>-</u>	<u>1,974,341</u>
1,051,067	2,110,777	60,963	98,116	2,269,856
(1,059,710)	(2,120,777)	-	-	(2,120,777)
<u>(8,643)</u>	<u>(10,000)</u>	<u>60,963</u>	<u>98,116</u>	<u>149,079</u>
777,878	7,636,765	(202,827)	(108,877)	7,325,061
<u>1,259,440</u>	<u>76,923,907</u>	<u>15,181,532</u>	<u>6,133,380</u>	<u>98,238,819</u>
<u>\$ 2,037,318</u>	<u>\$ 84,560,672</u>	<u>\$ 14,978,705</u>	<u>\$ 6,024,503</u>	<u>\$ 105,563,880</u>

The accompanying notes to the basic financial statements are an integral part of this statement.

QUEEN ANNE'S COUNTY, MARYLAND
STATEMENT OF CASH FLOWS
ENTERPRISE FUNDS
FOR THE YEAR ENDED JUNE 30, 2020

	SANITARY DISTRICT		
	SEWER OPERATIONS	WATER OPERATIONS	RESTRICTED FUND
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>			
Receipts from customers and users	\$ 6,377,137	\$ 2,635,421	\$ 4,838,109
Receipts from other operating sources	174,043	169,658	1,899,951
Receipts from bond interest reimbursement - Build America Bond	-	-	-
Payments to suppliers	(2,402,336)	(1,116,720)	-
Payments to employees and on behalf of employees	(3,811,434)	(1,197,947)	-
Net Cash Provided by Operating Activities	<u>337,410</u>	<u>490,412</u>	<u>6,738,060</u>
<u>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</u>			
Transfers in from other funds	1,059,710	-	-
Receipts from interfund loans	-	-	-
Transfers to other funds	(5,000)	(5,000)	(1,051,067)
Principal paid on interfund loans	-	-	-
Net Cash Provided (Used) by Noncapital Financing Activities	<u>1,054,710</u>	<u>(5,000)</u>	<u>(1,051,067)</u>
<u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</u>			
Proceeds from the disposition of capital assets	17,876	-	-
Principal paid on capital debt	(934,063)	-	-
Proceeds from the sale of bonds	-	-	-
Premium on the sale of bonds	-	-	-
Receipts from state loan	3,446,676	-	-
Interest paid on capital debt	(341,256)	-	-
Acquisition and construction of capital assets	(4,005,986)	(740,270)	-
Net Cash (Used) by Capital and Related Financing Activities	<u>(1,816,753)</u>	<u>(740,270)</u>	<u>-</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Net Cash Provided by Investing Activities - Investment Income	<u>106,037</u>	<u>104,434</u>	<u>256,471</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(318,596)	(150,424)	5,943,464
Balances - Beginning of the year	<u>8,954,840</u>	<u>5,740,240</u>	<u>8,253,516</u>
Balances - End of the year	<u>\$ 8,636,244</u>	<u>\$ 5,589,816</u>	<u>\$ 14,196,980</u>
<u>Reconciliation of operating income (loss) to net cash provided by operating activities</u>			
Operating income (loss)	\$ (1,838,695)	\$ (172,021)	\$ 6,767,932
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:			
Depreciation	2,268,567	678,443	-
Effect of changes in operating assets and liabilities:			
Accounts receivable, net	(63,936)	(23,965)	(29,872)
Special assessments receivable, net	-	-	(208,536)
Operating grants receivable	-	-	-
Build America Bonds Interest receivable	-	-	-
Inventories and Prepaid Expenses	57,838	-	-
Vendor accounts payable	(461,748)	(34,444)	-
Compensated absences	8,324	(2,439)	-
Other Post-Employment Benefit Obligation	111,898	31,187	-
Pension Obligation	46,692	13,651	-
Escrow deposits payable	6,957	-	-
Deferred revenue collected in advance	201,513	-	208,536
Net Cash Provided by Operating Activities	<u>\$ 337,410</u>	<u>\$ 490,412</u>	<u>\$ 6,738,060</u>
<u>Noncash investing, capital and financing activities:</u>			
Donation of capital assets (infrastructure) by developers	<u>\$ 759,434</u>	<u>\$ 1,214,907</u>	<u>\$ -</u>

The accompanying notes to the basic financial statements are an integral part of this statement.

QUEEN ANNE'S COUNTY, MARYLAND
STATEMENT OF CASH FLOWS
ENTERPRISE FUNDS
FOR THE YEAR ENDED JUNE 30, 2020

(CONTINUED)

SANITARY DISTRICT			BAY BRIDGE AIRPORT	NON-MAJOR ENTERPRISE FUNDS	TOTAL PRIMARY GOVERNMENT ENTERPRISE FUNDS
DEBT SERVICE FUND	TOTAL				
\$ 107,661	\$ 13,958,328	\$ 16,335	\$ 908,152	\$ 14,882,815	
551,599	2,795,251	790,995	148,587	3,734,833	
-	-	504	2,682	3,186	
-	(3,519,056)	(357,473)	(668,810)	(4,545,339)	
-	(5,009,381)	(152,101)	(372,396)	(5,533,878)	
<u>659,260</u>	<u>8,225,142</u>	<u>298,260</u>	<u>18,215</u>	<u>8,541,617</u>	
1,051,067	2,110,777	60,963	98,116	2,269,856	
-	-	-	693,566	693,566	
(1,059,710)	(2,120,777)	-	-	(2,120,777)	
-	-	(53,204)	(625,313)	(678,517)	
<u>(8,643)</u>	<u>(10,000)</u>	<u>7,759</u>	<u>166,369</u>	<u>164,128</u>	
-	17,876	-	-	17,876	
-	(934,063)	(217,511)	(699,827)	(1,851,401)	
-	-	92,167	490,649	582,816	
-	-	18,378	97,832	116,210	
-	3,446,676	-	-	3,446,676	
-	(341,256)	(99,835)	(39,834)	(480,925)	
-	(4,746,256)	(65,623)	(45,395)	(4,857,274)	
-	(2,557,023)	(272,424)	(196,575)	(3,026,022)	
<u>121,810</u>	<u>588,752</u>	<u>374</u>	<u>-</u>	<u>589,126</u>	
772,427	6,246,871	33,969	(11,991)	6,268,849	
1,259,440	24,208,036	8,531	802,180	25,018,747	
<u>\$ 2,031,867</u>	<u>\$ 30,454,907</u>	<u>\$ 42,500</u>	<u>\$ 790,189</u>	<u>\$ 31,287,596</u>	
\$ 664,711	\$ 5,421,927	\$ (173,110)	\$ (178,324)	\$ 5,070,493	
-	2,947,010	431,254	154,221	3,532,485	
-	(117,773)	(7,995)	(29,776)	(155,544)	
165,186	(43,350)	-	-	(43,350)	
-	-	111,084	68,870	179,954	
-	-	504	2,682	3,186	
-	57,838	11,915	1,755	71,508	
-	(496,192)	(81,027)	(13,679)	(590,898)	
-	5,885	2,267	2,522	10,674	
-	143,085	1,321	5,060	149,466	
-	60,343	1,847	5,319	67,509	
-	6,957	200	-	7,157	
(170,637)	239,412	-	(435)	238,977	
<u>\$ 659,260</u>	<u>\$ 8,225,142</u>	<u>\$ 298,260</u>	<u>\$ 18,215</u>	<u>\$ 8,541,617</u>	
<u>\$ -</u>	<u>\$ 1,974,341</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,974,341</u>	

The accompanying notes to the basic financial statements are an integral part of this statement.

QUEEN ANNE'S COUNTY, MARYLAND
STATEMENT OF FIDUCIARY NET POSITION
PRIVATE PURPOSE TRUST, OTHER POST-EMPLOYMENT BENEFIT TRUST, AND AGENCY FUNDS
JUNE 30, 2020

	PRIVATE PURPOSE TRUST FUND	OTHER POST-EMPLOYMENT BENEFIT TRUST FUND	AGENCY FUNDS
	TAX SALE DEPOSITS		
ASSETS			
Cash and Cash Equivalents	\$ 52,788	\$ 1,505,273	\$ 909,586
Investments, at Fair Value			
Debt Securities	-	2,121,318	-
Fixed Income Fund	-	393,502	-
Mutual and Global Funds	-	4,394,083	-
International	-	1,267,194	-
Total Investments	-	8,176,097	-
 Total Assets	 52,788	 9,681,370	 \$ 909,586
LIABILITIES			
Accrued Expenses	-	9,005	\$ -
Due to Other Governments	-	161,760	289,794
Deposits and Escrows	-	-	619,792
 Total Liabilities	 -	 170,765	 \$ 909,586
NET POSITION			
Held in Trust	\$ 52,788		
Restricted for Other Post-Employment Benefits		\$ 9,510,605	

The accompanying notes to the basic financial statements are an integral part of this statement.

QUEEN ANNE'S COUNTY, MARYLAND
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
PRIVATE PURPOSE TRUST AND OTHER POST-EMPLOYMENT BENEFIT TRUST FUND
FOR THE YEAR ENDED JUNE 30, 2020

	PRIVATE PURPOSE TRUST FUND
	TAX SALE DEPOSITS
ADDITIONS	
Total Additions - Tax Sale Collections in Excess of Tax Due	\$ 6,484
DEDUCTIONS	
Distributions to Property Holders	29,809
Change in Fiduciary Net Position	(23,325)
NET POSITION HELD IN TRUST	
Net Position-Beginning of Year	76,113
Net Position-End of Year	\$ 52,788

	OTHER POST-EMPLOYMENT BENEFIT TRUST FUND
ADDITIONS	
CONTRIBUTIONS	
Employers	\$ 5,385,607
Members	838,500
Total Contributions	6,224,107
Investment Earnings	
Interest	158,022
Net Decrease in the Fair Value of Investments	(324)
Total Investment Gain	157,698
Less Investment Expenses	(3,849)
Net Investment Gain	153,849
Total Additions	6,377,956
DEDUCTIONS	
Claims Paid	4,407,208
Administrative Expenses	30,359
Total Deductions	4,437,567
Change in Fiduciary Net Position	1,940,389
NET POSITION RESTRICTED FOR OTHER POST-EMPLOYMENT BENEFITS	
Net Position-Beginning of Year	7,570,216
Net Position-End of Year	\$ 9,510,605

The accompanying notes to the basic financial statements are an integral part of this statement.

QUEEN ANNE'S COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
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QUEEN ANNE'S COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the County conform to accounting principles generally accepted in the United States of America (GAAP) applicable to local government entities. The following is a summary of significant policies.

A. REPORTING ENTITY

Queen Anne's County, Maryland (the County) was founded in 1706. The County is governed by five Commissioners who are elected to serve four-year terms. This board assumes responsibilities conferred upon them by the Maryland General Assembly under Code Home Rule and provides the following services: public safety, public facility/infrastructure maintenance and improvements, sanitation, health and social services, education, recreation and culture, library, conservation of natural resources, economic and community development, and general administrative services.

As required by GAAP, these financial statements present the primary government and its component units, which are entities for which the primary government is considered financially accountable. The decision to include a potential component unit in the financial reporting entity was made by applying the criteria set forth in the Government Accounting Standards Board (GASB) Statements No. 14 and 39. Blended component units, although separate entities, are in substance, part of the government's operations. However, each discretely presented component unit is reported in a separate column in the government-wide financial statements (see note below for descriptions) to emphasize that it is legally separate from the government.

Blended Component Units

The Queen Anne's County Sanitary District serves citizens of the government and is governed by a board comprised of the government's elected Commissioners. The rates for user charges and bond issuance authorizations are approved by the Board of Commissioners and the legal liability for the general obligation portion of the District's debt remains with the government. The Sanitary District is reported as an enterprise fund.

The Queen Anne's County Roads Board serves all the citizens of the government and is governed by a board comprised of the government's elected Commissioners. All operations of the Roads Board are approved by the Board of Commissioners and the legal liability for any debt remains with the government. The Roads Operating Fund is included in with the General Fund.

Discretely Presented Component Units

Component units are legally separate entities that are included in the County's reporting entity because of the significance of their operating or financial relationships with the County. The criteria for including organizations as component units within the County's reporting entity include whether:

- the organization is legally separate
- the County Commissioners appoint a voting majority of the organization's board
- the County Commissioners have the ability to impose their will on the organization
- the organization has the potential to impose a financial benefit/burden on the County
- the organization is fiscally dependent on the County

Based on the application of these criteria, the following organizations are considered component units of Queen Anne's County Government. Their financial data is discretely presented in separate columns in the government-wide financial statements. Both discretely presented component units have a June 30 year end.

The Board of Education of Queen Anne's County is a five-member body responsible for the operation of Queen Anne's County Schools. Beginning with the November 2008 election, the members were elected by the County voters. The Board of Education is a component unit of Queen Anne's County, Maryland by virtue of the Board's fiscal dependency on the County through the County's responsibility for levying taxes, issuing debt, and its budgetary control over the Board of Education.

The Queen Anne's County Free Library is a component unit of the Queen Anne's County Government by virtue of the Library's fiscal dependency on the County. The County levies taxes and approves the Library's budget. The Library Board of Trustees governs the Library. Vacancies on the Board of Trustees are filled by vote of the remaining members of that Board.

QUEEN ANNE'S COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

A. REPORTING ENTITY (CONTINUED)

Discretely Presented Component Units (continued)

Complete financial statements of the discretely presented component units can be obtained from their respective administrative offices listed below:

**Board of Education of
Queen Anne's County**
202 Chesterfield Avenue
Centreville, MD 21617

**Queen Anne's County
Free Library**
121 S. Commerce Street
Centreville, MD 21617

Joint Venture

The operation of the Midshore Regional Landfill is considered a joint venture of the County. Disclosure of the County's participation in this joint venture is presented in Note 18.

Complete financial statements can be obtained at the joint ventures' administrative office listed below:

Maryland Environmental Service
259 Najoles Road
Millersville, Maryland 21108

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

Government-Wide Financial Statements – The government-wide financial statements report information on all of the non-fiduciary activities of the Primary Government and its component units. Since, by definition, assets of fiduciary funds are held for the benefit of a third party (other local governments, private parties, etc.) and cannot be used to address activities or obligations of the County, these funds are not incorporated into the government-wide statements.

Interfund activity within the primary government's governmental activities and business-type activities has been eliminated from the government-wide statements. Interfund services provided and used are not eliminated in the process of consolidation. Residual balances between the governmental and business-type categories are presented on the Statement of Net Position as "Internal balances".

Governmental activities of the Primary Government, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

Statement of Net Position – This statement is designed to display the financial position of the reporting entity as of year-end. Governments report all capital assets, including infrastructure, in the government-wide Statement of Net Position and report depreciation expense, the cost of "using up" capital assets, in the Statement of Activities. Net position is divided into three categories: 1) net investment in capital assets; 2) restricted amounts; and 3) unrestricted amounts. *Net Investment in capital assets* consists of capital assets, net of accumulated depreciation, and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those capital assets. *Restricted amounts* are assets for which constraints are placed due to restrictions that are either (1) externally imposed by creditors, grantors, contributors, or laws and regulations of the government, or (2) imposed by law through constitutional provisions or enabling legislation. *Unrestricted amounts* consist of net assets that do not meet the definition of restricted or invested in capital assets.

QUEEN ANNE'S COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (CONTINUED)

Statement of Activities – This statement demonstrates the degree to which the direct expenses of a given function for the fiscal year are offset by program revenues. Therefore, this statement reflects both the gross and net costs per functional category (general government; public safety; public works; health; social services; education; library; conservation of natural resources; and economic/community development) that are otherwise supported by general revenues. Direct expenses (including depreciation) are those that are clearly identifiable with a specific function. Program revenues include: 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. The operating grants and contributions column includes operating-specific and discretionary (either operating or capital) grants, while the capital grants and contributions column reflects capital-specific grants. Taxes and other items not properly included among program revenues are reported as general revenues. The County does not allocate indirect expenses.

Fund Financial Statements – Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

In the fund financial statements, financial transactions and accounts of the County are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise assets, liabilities, fund balance/net assets, revenues, and expenditures/expenses.

Governmental Fund Budget-to-Actual Comparison Statements – Demonstrating compliance with the legally adopted budget is an important component of government's accountability to the public. The County provides a budget-to-actual comparison of the General Fund as part of the required supplementary information section located after the Notes to the basic financial statements. A budget-to-actual comparison is provided for the General Fund on a departmental level as required supplementary information, and for all non-major governmental funds with legally adopted budgets in the supplementary information section.

The County and many other governments revise their original budgets over the course of the year for a variety of reasons; the County's amended budget is reflected in a separate column in the budget-to-actual comparison statements. Variances are calculated based on final budgets.

C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION

Measurement Focus and Basis of Accounting

Full Accrual Basis Financial Statements – The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year in which they are levied. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met. Capital assets and related depreciation are recorded in these statements, as well as debt, accrued compensated absences, other post-employment benefits, and other accruals.

Modified Accrual Basis Financial Statements – Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting.

QUEEN ANNE'S COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION (CONTINUED)

Revenues are recorded as soon as they are susceptible to accrual (i.e., when they are both measurable and available). Revenues are considered to be available when they are collectible within the current period, or soon enough thereafter to pay liabilities of the current period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures are recorded only when payment has matured and is due. Similarly, expenditures related to claims, judgments, compensated absences, and other post-employment benefits are recorded only to the extent that they are expected to be liquidated with expendable available financial resources. Capital assets, and related depreciation, as well as long-term liabilities are not recorded in these statements.

In applying the susceptible to accrual concept to income taxes (distributed by the State), property taxes, and inter-governmental revenues other than grants, the County defines "available" as received within 60 days after year-end.

In the State of Maryland, the State has assumed responsibility for the collection of all income taxes and for distributing those collections to the respective counties. The counties set their individual tax rates within limits provided by State law. However, collection and pursuit of delinquent taxes are the responsibility of the State. The County records estimated receivables relating to income taxes when the underlying income is earned. Amounts not received within 60 days are reported as deferred inflows of resources. At year-end, deferred revenue relating to income taxes primarily includes the final fiscal year distribution (which is normally received in September after the fiscal year-end) and amounts related to late filers, delinquent returns and audits, and unallocated withholding, all of which are not received within the County's availability period. Most deferred inflows are expected to be received from the State within the next fiscal year; however, collections related to delinquent returns and audits as well as unallocated withholding may not be remitted to the County for several years.

In applying the susceptible to accrual concept to operating and capital grants, which are classified with intergovernmental revenues in the fund financial statements, the County records receivables when the applicable eligibility requirements including time requirements are met. Related revenues are recognized to the extent that cash is expected to be received within one year of year-end. Resources received before the eligibility requirements are met are reported as unearned revenue.

Licenses and permits, charges for services, and miscellaneous revenues (except earnings on investments) are generally recorded as revenues when received in cash during the year. At year-end, receivables are recorded for significant amounts due. If such amounts are received in cash after year-end within the County's 60-day availability period, they are recognized as revenue. Benefit assessment receivables not billed at year end are reported as deferred inflows of resources.

Fiduciary Funds – The County's trust fund financial statements are reported using the economic resources measurement focus and accrual basis of accounting, as is used by proprietary funds. Agency funds report only assets and liabilities; they do not report changes in net position. Therefore, agency funds are reported using the accrual basis of accounting to recognize receivables and payables. Activity during the year is accounted for as additions to and deductions from asset and liability accounts (for Agency Funds) and Net Position (for Private Purpose and Other Post-Employment Benefit Trust Funds). Since fiduciary funds are, by their very nature, independent of the County, they are omitted from all government-wide statements.

Financial Statement Presentation - The County reports the following major governmental and proprietary funds, as well as fiduciary funds.

QUEEN ANNE'S COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION (CONTINUED)

General Fund – This fund is the general operating fund of the County. It is used to account for all financial resources except those required or recommended, by GAAP, to be accounted for in another fund.

Capital Projects Funds –

General Capital Projects - This fund accounts for financial resources to be used for the acquisition or construction of major capital facilities, as well as other large multi-year projects that relate to capital assets, that are financed from general governmental resources.

Roads Capital Projects - This fund accounts for financial resources to be used for the construction of County Road infrastructure, as well as other large multi-year projects that relate to capital assets, that are financed from grants received from State and Federal Governments, Highway User Tax funds, and general governmental resources.

Non-Major Governmental Funds – There are nineteen non-major governmental funds, which are used to account for and report the proceeds of specific revenue sources. Included in the nineteen non-major governmental funds are sixteen special revenue funds and three capital project funds.

Major Enterprise Funds - Enterprise Funds are used to account for those activities of the Primary Government that are financed and operated in a manner similar to private business enterprises in that all costs and expenses, including depreciation, are recovered primarily or partially through user charges. The Sanitary District Funds are intended to be self-supporting as a whole, while the Airport is intended to be only partially self-supporting. The County reports the following major enterprise funds:

Sanitary District -

Sewer Operations - This fund is used to account for the operation of the sewer system serving approximately 8,264 customers.

Water Operations - This fund is used to account for the operation of the water supply system serving approximately 4,671 customers.

Restricted Fund - This fund is used to account for the proceeds of sewer and water capacity charges (one-time allocation fees) and is used to fund capital and debt service expenses.

Debt Service Fund - This fund is used to account for the collection of special benefit assessments, and financial resources from other sources, to fund debt associated with construction of water and sewer facilities in accordance with debt covenants.

Bay Bridge Airport – This fund is used to account for the operation of the County's airport that serves small, private aircraft.

QUEEN ANNE'S COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION
(CONTINUED)

Non-Major Enterprise Funds – Non-major Enterprise Funds account for activities which are commercial in nature and are primarily or partially intended to be self-supporting. The County has two non-major enterprise funds, neither of which is meant to be fully self-supporting. These funds include the Golf Course and Public Landings and Marinas.

Fiduciary Funds – Fiduciary Funds are used to report assets held in a trustee or agency capacity for entities other than the County. The County reports the following fiduciary fund types:

Private-Purpose Trust Fund – This fund accounts for an arrangement under which monies received at tax sale, in excess of taxes due, are legally held in trust for property owners who have not been located within a legally-defined time frame.

Other Post-Employment Benefit Trust Fund – This fund accounts for the funding of retiree benefit plans of Queen Anne's County and other participating agencies, which are the Queen Anne's County Board of Education and Queen Anne's County Free Library. Other agencies and political subdivisions have the right to participate in this Trust Fund also, as an investment vehicle for their Other Post-Employment Benefit Plan through the pooling of investment resources.

Agency Funds - These funds are used to account for assets held in a purely custodial capacity where the County receives, temporarily invests, and remits such resources to individuals, private organizations or other governments. These monies include escrow deposits for tax ditches, zoning deposits, state and town tax collections, motor vehicle administration deposits, and abandoned property.

Certain amounts in the prior years' financial statements have been reclassified to conform to the current year's presentation.

The financial statements of the County have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to local government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial principles. The most significant of the County's accounting policies are described below.

In the process of aggregating data for the Statement of Net Position and the Statement of Activities, some amounts reported as interfund activity and balances in the funds should be eliminated or reclassified. As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. The effect of interfund services provided and used between functions has not been eliminated in the Statement of Activities, since to do so would distort the direct costs and program revenues reported for the various functions concerned.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the enterprise funds are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

QUEEN ANNE'S COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. ASSETS, LIABILITIES, AND NET POSITION OR EQUITY

1) **Cash and Investments**

Cash and Cash Equivalents – For Statement of Cash Flows reporting purposes, the County has defined “cash equivalents” as short-term, highly liquid investments that are both readily convertible to known amounts of cash and so near their maturity that they present an insignificant risk of changes in value because of changes in interest rates. Generally, only investments with maturities of three months or less at time of purchase meet this definition. The balance sheet classification for “cash and cash equivalents” in the Statement of Cash Flows includes the following: “Equity in pooled cash and investments,” “Cash and cash equivalents,” and “Restricted Equity in pooled cash and investments.”

2) **Receivables and Payables**

Due To/From Other Funds and Internal Balances – Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the year are current and are referred to as “due to/from other funds.” On the Statement of Net Position, these balances are referred to as “internal balances” and are reported as positive and negative “assets” that net to zero for the primary government as a whole.

Trade Accounts Receivable – Trade and other receivables are shown net of an allowance for uncollectible accounts. The allowance for uncollectible accounts is calculated based on historical collection data and, in some cases, specific account analysis.

3) **Inventories, Prepaids, and Other Assets**

Inventories consisting of materials, parts and supplies are recorded at cost and determined by the first-in, first-out method. Inventories held for resale are reported at lower of cost or market and also determined by the first-in, first-out method. For budgetary purposes, the cost is recorded as an expenditure at the time individual inventory items are purchased (purchase method). The consumption method is used for financial reporting purposes whereby expense is recognized as the items are used (consumed). Reported inventories are equally offset by a fund balance reserve. Inventories in the Proprietary Funds are also recorded using the consumption method.

Prepaid items are payments made to vendors for services that will benefit periods beyond the end of the fiscal year.

4) **Capital Assets**

Capital assets, which include property, plant, equipment, intangibles, and infrastructure assets (e.g. roads, bridges, curbs and gutters, streets and sidewalks, drainage systems, lighting systems, and similar items) are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. The County defines capital assets as assets with an initial, individual cost of \$5,000 or more and an estimated useful life in excess of one year. Such assets are valued at cost where historical records are available and at estimated historical cost where no historical records exist. Donated capital assets, donated works of art and similar items, and capital assets received in a service concession arrangement are recorded at acquisition value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value or functionality of the asset, or materially extend asset lives, are not capitalized.

Land and other inexhaustible assets such as intangible property easements and other land usage rights are capitalized but not depreciated, as these assets are expected to have indefinite useful lives.

QUEEN ANNE'S COUNTY, MARYLAND
 NOTES TO BASIC FINANCIAL STATEMENTS
 JUNE 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. ASSETS, LIABILITIES, AND NET POSITION OR EQUITY (CONTINUED)

4) Capital Assets (continued)

Major outlays for capital assets and improvements are capitalized as the projects are constructed. Interest is capitalized on proprietary fund assets acquired with tax-exempt debt. The amount of interest to be capitalized is calculated by offsetting interest expense, incurred from the date of the borrowing until completion of the project, with interest earned on invested proceeds over the same period. Capital projects that are under construction and not yet ready for their intended use at year-end are classified as "construction in progress" (CIP).

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings and structures	20 - 50
Improvements other than buildings	15 - 50
Infrastructure	20 - 50
Machinery and equipment	5 - 20
Office furniture, fixtures and equipment	5 - 15
Vehicles	7 - 10

5) Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statement of financial position will report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources until that time.

6) Other Post-Employment Benefit Obligation (OPEB)

Primary Government – The Queen Anne's County post-employment benefit plan provides medical insurance benefits to retirees and their eligible dependents. The Plan's financial information is prepared based on full accrual accounting. Expenses are recognized on the accrual basis as retirees' insurance costs are incurred. Typically, OPEB liabilities are liquidated in the following governmental funds: the General Fund, Department of Aging, Housing and Community Services, and Community Partnerships for Children. OPEB liabilities are also liquidated in the following enterprise funds: Sanitary Sewer, Sanitary Water, Bay Bridge Airport, Golf Course, and Public Landings and Marinas. Additional details regarding other post-employment benefits can be found in Notes 9 and 14.

In both the government-wide and enterprise funds, liability for other post-employment benefits is adjusted at the end of the fiscal year. For the year ended June 30, 2020, the net other post-employment benefit obligation amounted to \$53,108,045, including both governmental (\$44,880,492) and business-type activities (\$8,227,553).

Component Unit - Board of Education – For the year ended June 30, 2020, the net other post-employment benefit obligation for the Board of Education amounted to \$224,997,744.

Component Unit – Free Library – For the year ended June 30, 2020, the net other post-employment benefit obligation for the Library amounted to \$835,814.

QUEEN ANNE'S COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. ASSETS, LIABILITIES, AND NET POSITION OR EQUITY (CONTINUED)

7) **Net Pension Liability**

Primary Government – The Queen Anne's County government participates in the Maryland State Retirement and Pension Systems. Beginning in fiscal year 2015, the County was required to report the net pension liability associated with this system. Typically, pension liabilities are liquidated in the following governmental funds: the General Fund, Department of Aging, Housing and Community Services, and Community Partnerships for Children. Pension liabilities are also liquidated in the following enterprise funds: Sanitary Sewer, Sanitary Water, Bay Bridge Airport, Golf Course, and Public Landings and Marinas. Additional details regarding retirement benefits can be found in Notes 9 and 12. For the year ended June 30, 2020, the net pension liability amounted to \$29,483,317, including both governmental (\$26,959,651) and business-type activities (\$2,523,666).

Component Unit - Board of Education – For the year ended June 30, 2020, the net pension liability for the Board of Education amounted to \$5,209,719.

8) **Volunteer Fireman Pension Plan Length of Service Award Program (LOSAP)**

Primary Government – The LOSAP is a single-employer defined benefit length of service award program that covers all volunteer members of the County's Fire and EMS Commission. The County began recording the net LOSAP liability associated with this benefit in fiscal year 2019 with the implementation of Governmental Accounting Standards Board's Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That are Not Within the Scope of GASB Statement 68*. Additional details regarding LOSAP benefits can be found in Notes 9 and 15. For the year ended June 30, 2020, the net LOSAP liability amounted to \$8,048,034, entirely in governmental activities.

9) **Compensated Absences**

Primary Government – The County's policy is to pay employees for any unused vacation time, up to a maximum of 65 days, upon termination of employment. Compensated absences are reported in governmental funds only if they have matured, such as payments upon termination of employment, vacation, and compensatory time paid as they are used during the year. Such time is paid as regular wages. Compensated absences are reported in enterprise funds as they are accrued. In the government-wide statements, the liability for compensated absences is adjusted at the end of each fiscal year to current salary costs. Accumulated unpaid leave of the County amounted to \$3,348,071 at June 30, 2020, including both governmental (\$2,933,191) and business-type activities (\$414,880).

Component Unit - Board of Education – Accumulated unpaid annual leave is accrued when earned in the Unrestricted Current Expense Fund using the modified accrual basis of accounting. In fiscal year 1992, the Board adopted the practice of paying for any unused vacation time, up to the maximum number of days that employees can carry over from one year to the next, upon termination of employment. Maximum number of days varies from 20 to 30 days, depending on classification. Liabilities for compensated absences are inventoried at the end of each fiscal year and adjusted to current salary costs. Accumulated compensated absences as of June 30, 2020 amounted to \$1,158,057. Because payment of sick leave is contingent upon employees' future illness or retirement, the Board of Education expects its commitment to provide sick leave to be met during the normal course of activities over the working lives of its present employees. Any accumulated unused sick leave at retirement will ultimately be taken into consideration and paid through retirement benefits by the State of Maryland.

10) **Long-Term Obligations**

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statements of net assets. Bond premiums are deferred and amortized over the life of the bonds using the bonds outstanding method. Bonds payable in the proprietary fund financial statements and noncurrent liabilities in the government-wide financial statements are reported net of the applicable bond premium or discount. Bond issuance costs are reported in the period in which they have been incurred.

QUEEN ANNE'S COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. ASSETS, LIABILITIES, AND NET POSITION OR EQUITY (CONTINUED)

10) Long-Term Obligations (continued)

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as expenditures. When debt is refunded in an advance refunding, payments to the Bond Refunding Agent and associated bond issuance costs are reported as other financing uses. When debt is refunded in a current refunding, the principal on refunded debt is reported as other financing uses.

11) Net Position/Fund Equity

In the government-wide financial statements, the County has reported an unrestricted net deficit of \$32,222,407. This deficit is due to the fact that the County issues general obligation bonded debt for purposes of capital construction on behalf of the Queen Anne's County Board of Education. The capital assets constructed with the proceeds of this debt are reported on the financial statements of Queen Anne's County Board of Education. This amount is also classified as net investment in capital assets in the Board of Education column of the Component Units section of the County's government-wide Statement of Net Position. Since the Board of Education is not authorized to borrow funds, they do not have any debt.

Since the issuance of such debt has not resulted in capital assets owned by the Primary Government, the effect of this debt is reflected in a deficit balance in unrestricted net assets in the Governmental Activities column of the government-wide Statement of Net Position. At June 30, 2020, the County has reported outstanding general obligation debt related to assets held by the Board of Education amounting to \$55,846,036 (of which \$52,760,851 has been spent and the remaining \$3,085,185 relates to unspent bond proceeds). Absent the effect of this relationship, the County would have reported unrestricted net assets of governmental activities in the amount of \$23,623,629.

The County reports a portion of its net position in its government-wide financial statements as restricted. In this context, restricted means that, as of June 30, 2020, this portion of net position was restricted for a particular purpose either by external parties; by provision of the County Charter; or by enabling legislation. Net position restricted by enabling legislation represents legislative restrictions that a party external to the government can compel the government to honor. For the County, such amounts represent primarily accumulated net position attributed to revenue streams that are restricted for specified purposes in the County Code. This generally includes the Rainy Day Fund, Capital Projects Fund impact fee collections and developer exactions on hand for outside entities; restricted amount for special revenue funds; and ending restricted net assets of the Sanitary District and other enterprise funds. Such amounts, which are restricted in the government-wide Statement of Net Position, are as follows at year-end:

<u>Restricted Amounts</u>	
Governmental activities	\$ 19,844,181
Business-type activities:	
Debt Service	<u>2,037,318</u>
Total Restricted Amounts	<u>\$ 21,881,499</u>

Note that unspent bond proceeds of \$9,989,150 are included in restricted fund balance for the General Capital Projects Fund. At the Government-Wide level, the unspent bond proceeds are offset by the liability.

QUEEN ANNE'S COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. ASSETS, LIABILITIES, AND NET POSITION OR EQUITY (CONTINUED)

11) Net Position/Fund Equity (continued)

In the fund financial statements, fund balances of governmental funds are classified as follows:

Nonspendable – amounts that cannot be spent either because they are not in a spendable form or because they are legally or contractually required to be maintained intact. Nonspendable fund balances for the County include inventory and prepaid items.

Restricted – amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.

Committed – amounts that can be used only for specific purposes determined by a formal action of the Queen Anne's County Commissioners. The Commissioners are the highest level of decision-making authority for the County. Commitments may be established, modified, or rescinded only through formal actions such as a County Ordinance approved by the County Commissioners.

Assigned – amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes. The assignment of funds rests with the County Commissioners. In addition, GASB 54 requires all positive residual amounts in special revenue funds to be reported as assigned.

Unassigned – all other spendable amounts; however, the General Fund is the only fund permitted to have a positive unassigned fund balance. Negative unassigned fund balances may occur in other governmental funds.

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

12) Property Tax

The County's real property tax is levied each July 1 on the assessed values certified as of that date for all taxable real property located in the County. The levy functions as a lien against the property. Assessed values are established by the Maryland State Department of Assessments and Taxation at estimated market value. A revaluation of all property is required to be completed every three years. Taxes are then billed to property owners and collected by the County. Property represented by delinquent taxes is sold at a public auction in May of the following calendar year, with title transferring after foreclosure proceedings have been completed. For fiscal year 2020, the County did not hold a public auction for delinquent taxes due to guidelines regarding the COVID-19 pandemic.

For small businesses that meet certain criteria and also principal residences, an installment plan is offered whereby total tax is paid in two equal installments. The first installment is due by September 30. Beginning October 1, a 1% penalty is charged on the first day of each month that the installment remains unpaid. This 1% penalty is based on the amount of the first installment only. The second installment is due by December 31. Beginning January 1, the 1% penalty would then include all outstanding balances. The County accepts partial payments.

For non-principal residences, payment is due in full by September 30. Beginning October 1, a penalty is charged for each month that taxes remain unpaid. For new construction, completed and assessed between July 1 and December 31, a supplementary tax is levied equal to half of the full-year levy. Payment in full is due by March 31. Beginning April 1, a penalty is charged for each month that taxes remain outstanding.

QUEEN ANNE'S COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. ASSETS, LIABILITIES, AND NET POSITION OR EQUITY (CONTINUED)

12) Property Tax (continued)

Real and personal property taxes are levied at rates enacted by the County Commissioners in the annual budget on the assessed value as determined by the Maryland Department of Assessments and Taxation. The rates of levy cannot exceed the constant yield rate furnished by the Maryland Department of Assessments and Taxation without public notice and only after public hearings. The County tax rate for the fiscal year ended June 30, 2020 was \$0.8471 per \$100 of assessed value.

E. NEW ACCOUNTING PRONOUNCEMENTS

GASB Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*, was effective for periods beginning after June 15, 2018, and later. This primary objective of this Statement is to provide temporary relief to governments and other stakeholders in light of the COVID-19 pandemic by postponing the effective dates of certain provisions in Statements and Implementation Guides that first became effective or are scheduled to become effective for periods beginning after June 15, 2018, and later.

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

GASB Statement No. 84, *Fiduciary Activities* and GASB Statement No. 90, *Majority Equity Interests*.

NOTE 2 - BUDGETS AND BUDGETARY ACCOUNTING

Pursuant to the Code of Public Local Laws of Queen Anne's County, the County Commissioners adopt an annual operating budget and real property tax rate prior to July 1 each year. This action, taken after public hearings, provides the spending authority for the fiscal year beginning on July 1. Unexpended and unencumbered appropriation authority expires the following June 30, except in the case of Capital Projects where appropriations lapse only upon completion or cancellation of each project by the County Commissioners. The appropriated budgets are prepared at the fund, function, and departmental level. Expenditures/expenses may not legally exceed appropriations, based on the level at which they were adopted. For the General Fund, annual expenditure budgets are legally adopted at the departmental level. For all other Governmental Funds, for which annual budgets are adopted, expenditure budgets are legally adopted at the fund level.

QUEEN ANNE'S COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 2 - BUDGETS AND BUDGETARY ACCOUNTING (CONTINUED)

During the fiscal year, the Commissioners may adopt supplemental appropriations. For the year ended June 30, 2020, supplemental appropriations were as follows:

Supplemental Appropriations	Original Budget	Final Budget	Increase
General Fund - expenditures and transfers	\$ 144,373,465	\$ 150,556,449	\$ 6,182,984
Special Revenue Funds that adopt annual budgets			
Non-Major Funds that adopt annual budgets -			
Department of Aging - expenditures	\$ 2,973,502	\$ 3,170,048	\$ 196,546
Housing & Community Services - expenditures and transfers	1,710,869	1,893,912	183,043
Grants Fund - expenditures	586,412	4,100,675	3,514,263
Economic Development Incentive- expenditures	-	258,063	258,063
BRIDGE Fund - transfers	-	215,200	215,200
Community Partnerships for Children - expenditures	1,094,434	1,159,418	64,984
Agricultural Transfer - expenditures	250,000	1,000,000	750,000
Rural Legacy - expenditures	-	2,029,259	2,029,259
Total Special Revenue Funds that adopt annual budgets	\$ 6,615,217	\$ 13,826,575	\$ 7,211,358

All final budgets are presented as amended. The County Administrator may approve budget amendments of \$10,000 or less throughout the year. Amendments greater than \$10,000 require the approval of the County Commissioners.

Annual operating budgets are legally adopted for the General Fund (includes the Roads Board) and the following non-major governmental funds: Department of Aging, Housing and Community Services, Grants Fund, Economic Development Incentive, BRIDGE Fund, Community Partnerships for Children, Law Library, Inmate Welfare, Agricultural Transfer, Rural Legacy, Dredging Special Assessments, Kent Narrows, School Impact Fees Capital Projects, Fire Company Impact Fees Capital Projects, and Parks and Recreation Impact Fees Capital Projects. Proprietary Fund budgets are adopted for management control only and include all enterprise funds. Budgets are adopted using the same method of accounting as that used for Fund reporting purposes.

Budgets for the General Capital Projects Fund and the Roads Capital Projects Fund reflect multi-year appropriations at the individual project level. Expenditures may not legally exceed appropriations at that level and appropriations lapse at the completion or cancellation of individual projects. Since these capital projects funds do not adopt an annual budget per project, a Statement of Revenues, Expenditures, and Changes in Fund Balances on a budget-to-actual basis is not presented for these funds.

No General Fund departments exceeded their legally adopted expenditure budgets for the year ended June 30, 2020. However, salary reversions are budgeted as a lump sum negative \$1,124,856, but actual amounts are realized in the individual departments and are not reported as a lump sum in the reversions activity.

QUEEN ANNE'S COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 3 – CASH, INVESTMENTS AND INVESTMENT INCOME

A. DEPOSITS AND INVESTMENTS

PRIMARY GOVERNMENT AND FIDUCIARY FUNDS

Deposits are maintained in a variety of financial institutions. Statutes authorize the County to invest in obligations of the United States Government, Federal government agency obligations, secured time deposits in Maryland banks, bankers' acceptances, the Maryland Local Government Investment Pool, money market mutual funds, commercial paper and repurchase agreements secured by direct government or agency obligations.

At year-end, the County Primary Government had deposits of \$53,500,167 with local banks (carrying value \$58,947,743). Of those balances, \$501,009 was insured by federal depository insurance (FDIC). The uninsured balances were fully collateralized by securities placed with the respective banks' escrow agents and held in the County's name.

Of these options, the County participates in the Maryland Local Government Investment Pool (MLGIP), which provides all local government units of the state with a safe investment vehicle for short-term investment of funds. The State Legislature created MLGIP with the passage of Article 95 Section 22G, of the Annotated Code of Maryland. PNC Financial manages the MLGIP, under administrative control of the State Treasurer. A MLGIP Advisory Committee of current participants reviews the activities of the Fund on a quarterly basis and provides suggestions to enhance the pool. The MLGIP portfolio is managed in a manner consistent with the Securities and Exchange Commission's Rule 2a-7 of the Investment Company Act of 1940. Standard and Poors rates the MLGIP as AAAM. The fair value of the pool is the same as the value of the pool shares. At June 30, 2020, the County had investments in MLGIP of \$59,535,140, which are recorded at cost, which approximates fair value.

As of June 30, 2020, the County's investments (excluding investments held for retiree health benefits), for both custodial and credit risk purposes, consisted solely of shares in the MLGIP. This investment is not deemed to have either risk and is in conformity with the County's policy relating to minimal credit risk of investments.

The majority of the Retiree Health Trust investments are invested in the Maryland Association of Counties Pooled OPEB Trust (MACO Trust). The MACO Trust is administered by Davenport & Company LLC, and is a wholly-owned instrumentality of its members. The following eleven members who are the active sole contributors to the Trust consist of the following: Allegany, Queen Anne's, Talbot County, City of Annapolis, College of Southern Maryland, Town of Bel Air, Talbot County Board of Education, St. Mary's County Metropolitan Commission, Harford Community College, Harford County Public Library, and LaVale Sanitary Commission.

The assets of the Trust are managed by a Board of Trustees and consist of U.S. Treasury obligations, U.S. government agencies, corporate and foreign bonds, municipal obligations, taxable fixed income securities, mutual funds, global funds, and international equity securities.

Cash and cash equivalents for the MACO Trust include an investment in a money market mutual fund. At June 30, 2020, the weighted average maturity (WAM) for the Trust's money market mutual fund investment was 40 days. At June 30, 2020, the short-term rating of the money market mutual fund was AAAM by Standard & Poor's.

The main objectives of the Trust's investment policy are the protection of investment principal, maximizing investment income through diversification while assuring financial liquidity. The policy allows for investment in U.S. and Non-U.S. equities, corporate, government, or government agency bonds, non-U.S. bonds, Real Estate and Limited Partnerships.

QUEEN ANNE'S COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 3 – CASH, INVESTMENTS AND INVESTMENT INCOME (CONTINUED)

A. DEPOSITS AND INVESTMENTS (CONTINUED)

PRIMARY GOVERNMENT AND FIDUCIARY FUNDS (CONTINUED)

The Trust categorizes its fair value measurements with the fair value hierarchy established by U.S. GAAP. The hierarchy is based on the valuation inputs used to measure the fair value of the asset and 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). The three levels of the fair value hierarchy are described below:

- Level 1 – Valuations based on unadjusted quoted prices for identical assets or liabilities in active markets;
- Level 2 – Valuations based on quoted prices for similar assets or liabilities in active markets or identical assets or liabilities in less active markets, such as dealer or broker markets; and
- Level 3 – Valuations derived from valuation techniques in which one or more significant inputs or significant value drivers are unobservable, such as pricing models, discounted cash flow models and similar techniques not based on market, exchange, dealer or broker-traded transactions.

Transactions are recorded on the trade date. Realized gains and losses are determined using the identified cost method. Any change in net unrealized gain or loss from the preceding period is reported in the statement of revenues, expenses and changes in net position. Dividends are recorded on the ex-dividend date. Interest is recorded on the accrual basis. Following is a description of the valuation methodologies used for assets measured at fair value.

Equity securities classified in Level 1 are valued using prices quoted in active markets for those securities. Debt securities classified in Level 2 of the fair value hierarchy are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices.

The Trust has the following recurring fair value measurements as of June 30, 2020, of which Queen Anne's County's portion was 17.9% of the total:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>June 30, 2020</u>
Investments by fair value level:				
Debt Securities				
U.S. Treasury Obligations	\$ -	\$ 1,425,655	\$ -	\$ 1,425,655
U.S. Governmental Agencies	-	2,821,704	-	2,821,704
Corporate & Foreign Bonds	-	7,027,064	-	7,027,064
Municipal Obligations	-	595,419	-	595,419
Equity and Mutual Fund Investments				
Taxable Fixed Income Funds	-	2,201,844	-	2,201,844
Mutual Funds	21,574,812	-	-	21,574,812
Global Funds	3,012,294	-	-	3,012,294
International	7,090,589	-	-	7,090,589
Total	<u>\$ 31,677,695</u>	<u>\$ 14,071,686</u>	<u>\$ -</u>	<u>\$ 45,749,381</u>

Interest rate risk is the risk that changes in market interest rates that will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The Trust's investment policy states that the duration of the portfolio should be within 6 months of the Barclays Capital Aggregate Bond Index. The Trusts' weighted average years to maturity as of June 30, 2020 was 12.3 years.

QUEEN ANNE'S COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 3 – CASH, INVESTMENTS AND INVESTMENT INCOME (CONTINUED)

A. DEPOSITS AND INVESTMENTS (CONTINUED)

PRIMARY GOVERNMENT AND FIDUCIARY FUNDS (CONTINUED)

Information about the sensitivity of the fair values of the Trust's investments to market interest rate fluctuations is provided by the following table that shows the distribution of the Trust's investments by maturity as of June 30, 2020:

	Investment Maturities (in Years)				
	Less than 1	1 - 5	6 - 10	More than 10	Total
Investments with Maturities					
U.S. Treasury Obligations	\$ -	\$ 405,756	\$ 375,510	\$ 644,389	\$ 1,425,655
U.S. Governmental Agencies	-	140,590	349,562	2,331,552	2,821,704
Corporate & Foreign Bonds	424,238	2,532,320	2,722,787	1,347,719	7,027,064
Municipal Obligations	-	308,663	148,859	137,897	595,419
Total	\$ 424,238	\$ 3,387,329	\$ 3,596,718	\$ 4,461,557	\$ 11,869,842

Credit Risk. The Trust is exposed to both market risk, the risk arising from changes in fair value, and credit risk, the risk of failure by another party to perform according to the terms of a contract. Trust assets may only be invested in investment grade bonds with a minimum rating of Baa3 by Moody's or BBB- by S&P. The Trust bears the risk of loss only to the extent of the fair value of its respective investments. At June 30, 2020 the ratings of the underlying investments of the Trust's investments were as follows:

Type	Rating					Total
	Aaa	Aa1/Aa2/ Aa3	A1/A2/A3	Baa1/Baa2/ Baa3	Not Rated	
U.S. Treasury Obligations	\$ 1,425,655	\$ -	\$ -	\$ -	\$ -	\$ 1,425,655
U.S. Governmental Agencies	58,971	-	-	-	2,762,733	2,821,704
Corporate & Foreign Bonds	414,108	872,321	2,621,678	2,776,881	342,076	7,027,064
Municipal Obligations	106,283	489,136	-	-	-	595,419
Total	\$ 2,005,017	\$ 1,361,457	\$ 2,621,678	\$ 2,776,881	\$ 3,104,809	\$ 11,869,842

The *custodial credit risk* for investments is the risk that, in the event of the failure of the counterparty (e.g. broker-dealer) to a transaction, the Trust will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The Trust's investment policy does not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments.

The Trust has all of its assets on deposit with Wilmington Trust Company in connection with its investing and cash management activities. In the event of a financial institution's insolvency, recovery of Trust assets on deposit may be limited to account insurance or other protection afforded such deposits.

The following summarizes custodial credit risk related to investments held by the custodian as of June 30, 2020, which are uninsured and unregistered as well as the interest rate range:

	<u>Fair Value</u>	<u>Interest Rate Range</u>
U.S. Treasury Obligations	\$ 1,425,655	.25 to 4.50%
U.S. Governmental Agencies	2,821,704	1.3 to 4.50%
Corporate & Foreign bonds	7,027,064	1.94 to 5.87%
Municipal Obligations	595,419	2.68 to 5.55%
Taxable Fixed Income Funds	2,201,844	N/A
Mutual Funds	21,574,812	N/A
Global Funds	3,012,294	N/A
International	7,090,589	N/A
Total	\$ 45,749,381	

QUEEN ANNE'S COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 3 – CASH, INVESTMENTS AND INVESTMENT INCOME (CONTINUED)

A. DEPOSITS AND INVESTMENTS (CONTINUED)

PRIMARY GOVERNMENT AND FIDUCIARY FUNDS (CONTINUED)

Concentration of credit risk. The following general asset allocation guidelines have been established through the Trust's investment policy.

Asset Class	Minimum	Maximum	Target
Equities	50%	70%	65%
Fixed Income	30%	50%	35%
Cash and Equivalents	0%	10%	0%

The Trust held the following investments as of June 30, 2020 that exceeded 5% of the total investment balance as of June 30, 2020:

Name	Amount
Lazard International Strategic Equity Funds	\$ 3,545,538
Transamerica TS&W International Equity Fund	3,545,051
Vanguard 500 Index Fund	7,056,805
Vanguard Mid-Cap Index Fund -Admiral Shares	3,016,555
New World Fund	3,012,295
BlackRock High Yield Bond	2,201,844
Cohen & Syeers Realty	2,494,507
Vanguard Russell 1000	6,190,044

Foreign currency risk is the risk that changes in the exchange rate of investments will adversely affect the fair value of an investment. The Trust was not exposed to Foreign Currency risk as of June 30, 2020 as the Trust did not have any investments denominated in foreign currencies.

For the year ended June 30, 2020, the annual money-weighted rate of return on investments, net of expense, was 1.74%. The money-weighted rate of return expresses investment performance, net of investment expenses, adjusted for the changing amounts actually invested.

Capital Accounts

The Trust accounts for contributions, allocations and redemptions on a per member capital account basis. The revenues, consulting and management fees, and administrative service fee are allocated pro rata to the capital accounts of each member based on committed capital. The fair value of member capital accounts is determined monthly.

Income Taxes

The Trust complies with the requirements of Section 115 of the Internal Revenue Code and is exempt from income taxes.

LOSAP Funds

The LOSAP funds are invested in a MassMutual General Investment Account (GIA). The GIA, backed by MassMutual's general assets, is designed to provide stable, guaranteed rate of return and guarantee of principal. General investment account assets are managed with reference to their associated liabilities so product specifications and obligations to clients can be met with a high degree of certainty, even when market conditions change. Investment risk management is a high priority. Strict diversification among industries and individual issuers help mitigate credit risk. Various quantitative tools and systems, as well as qualitative approaches, are used to manage interest rate risk and liquidity risk. Assets in the GIA were managed to range from 5 to 6 years. The Massachusetts Mutual Life Insurance Company (does not apply to any separate investment accounts or mutual funds offered by MassMutual or its affiliates) are rated AA+ from Standard and Poor's.

QUEEN ANNE'S COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 3 – CASH, INVESTMENTS AND INVESTMENT INCOME (CONTINUED)

A. DEPOSITS AND INVESTMENTS (CONTINUED)

PRIMARY GOVERNMENT AND FIDUCIARY FUNDS (CONTINUED)

LOSAP Funds (Continued)

If the GIA Contract is fully or partially terminated, participants will receive the liquidation value of the GIA instead of the book value (i.e., contract value), which is the value disclosed on participant statements and recorded within these financial statements. The liquidation value is determined in accordance with a formula contained in the GIA Contract and is designed to reflect the value of the assets in the general investment account. This liquidation value may be more or less than the book value of the plan's investment in the GIA Contract. This means that upon partial or full termination of the GIA Contract a participant's account balance in the GIA may be either increased or decreased.

The County's LOSAP fund GIA account balance as of June 30, 2020 is \$3,349,625 and is included in restricted LOSAP plan assets on the general fund balance sheet.

The fair value GAAP hierarchy is based on the valuation of inputs used to measure the fair value of the asset. Level 1 inputs are quoted market prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 are significant unobservable inputs. GIA is measured on recurring basis and is considered to be Level 3 as liquidation value is based on actuarial formula as defined under the terms of the contract with no observable price.

COMPONENT UNITS (BOARD OF EDUCATION AND LIBRARY)

Component Unit - Board of Education - At year-end, the carrying amount of deposits was \$15,158,079, including \$300,000 in certificates of deposit and excluding the carrying amount of fiduciary funds. At June 30, 2020, the Board had deposits of approximately \$15.8 million with local banks and the bank deposits were fully insured or collateralized.

Component Unit – Library - At year-end, the carrying amount of all bank deposits, including a \$10,500 certificate of deposit, was \$814,050 while collected bank balances were \$866,928. Of the bank balances, \$250,000 was secured by the FDIC and \$616,928 was secured by collateral held by the pledging bank's trust department but not in the Library's name.

QUEEN ANNE'S COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 3 – CASH, INVESTMENTS AND INVESTMENT INCOME (CONTINUED)

B. INVESTMENT INCOME

PRIMARY GOVERNMENT

Total investment income earned in all governmental and business-type funds was credited for use as follows:

<u>Governmental Funds</u>	<u>Investment Income</u>
Major Governmental Funds	
General Fund	\$ 950,612
General Capital Projects	226,788
Roads Capital Projects	35,555
Non-Major Governmental Funds	<u>180,062</u>
Total Investment Income	<u>\$ 1,393,017</u>
<u>Business-Type Funds</u>	
Major Enterprise Funds	
Sanitary District	\$ 588,752
Bay Bridge Airport	<u>374</u>
Total Investment Income	<u>\$ 589,126</u>

QUEEN ANNE'S COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 4 - ACCOUNTS RECEIVABLE

Receivables as of June 30, 2020 for the governmental and business-type activities are as follows:

	General	General	Roads	Non-Major	Total	Total	Total
	Capital	Capital	Capital	Governmental	Governmental	Enterprise	Governmental
	Fund	Projects	Projects	Funds	Funds	Funds	and Enterprise
							Funds
Accounts Receivable							
Receivables							
Taxes - Real Property	\$ 660,790	\$ -	\$ -	\$ -	\$ 660,790	\$ -	\$ 660,790
Taxes - Property Used for Generating Electricity	189,722	-	-	-	189,722	-	189,722
Taxes - Other	296,970	-	-	745	297,715	-	297,715
Subtotal Taxes	1,147,482	-	-	745	1,148,227	-	1,148,227
Other Accounts Receivable:							
Queen Anne's County Public Housing Authority	84,372	694,356	-	-	778,728	-	778,728
Sanitary District - User and Septage Fees	-	-	-	-	-	584,492	584,492
Board of Education	8,594	-	-	-	8,594	-	8,594
Retirees Insurance	31,641	-	-	-	31,641	-	31,641
Governmental Funds - User Fees	16,594	-	3,027	-	19,621	-	19,621
Public Landings Receivables	-	-	-	-	-	73,504	73,504
Animal Services Donation	91,789	-	-	-	91,789	-	91,789
Airport - Fuel Sales and User and Rental Fees	-	-	-	-	-	22,475	22,475
Miscellaneous Receivables	64,451	134,197	-	32,098	230,746	-	230,746
Subtotal Other Accounts Receivable	297,441	828,553	3,027	32,098	1,161,119	680,471	1,841,590
Loans Receivable	-	-	-	6,624,106	6,624,106	-	6,624,106
Subtotal Other Accounts and Loans Receivable	297,441	828,553	3,027	6,656,204	7,785,225	680,471	8,465,696
Special Assessments	-	-	67,125	774,172	841,297	-	841,297
Intergovernmental							
Income Taxes Held by State	21,949,883	-	-	-	21,949,883	-	21,949,883
Grants Receivable	331,893	89,851	-	1,382,735	1,804,479	72,731	1,877,210
Recordation Tax	567,952	-	-	-	567,952	-	567,952
State-Shared Highway User Tax	238,460	-	-	-	238,460	-	238,460
Bonds Receivable	106,618	-	-	-	106,618	-	106,618
Subtotal Intergovernmental	23,194,806	89,851	-	1,382,735	24,667,392	72,731	24,740,123
Restricted Receivables							
Accounts Receivable	-	-	-	-	-	36,469	36,469
Special Assessments	-	-	-	-	-	12,427,912	12,427,912
Subtotal Restricted Receivables	-	-	-	-	-	12,464,381	12,464,381
Total Receivables	\$ 24,639,729	\$ 918,404	\$ 70,152	\$ 8,813,856	\$ 34,442,141	\$ 13,217,583	\$ 47,659,724

The County does not have any allowance for doubtful accounts related to the above receivables.

In Fiscal Year 2014, the County issued bonds on behalf of three mid-shore counties (Dorchester, Caroline, and Talbot) in order to provide funding for the new Center for Allied Health and Athletics at Chesapeake College. Therefore, in addition to the Governmental and Enterprise Fund receivables listed above, the County also has a \$3.7 million receivable on its government-wide Statement of Net Position, which represents the collective obligation of the three aforementioned counties for funding the facility at Chesapeake College.

QUEEN ANNE'S COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 4 - ACCOUNTS RECEIVABLE (CONTINUED)

The County expects to receive all receivables listed in the table within one year, excluding the following items.

Intergovernmental receivables include bonds receivable from four other counties. In years 2000 and 2003, Queen Anne's County sold \$2,815,000 and \$710,000, respectively, of its general obligation bonds for the purpose of providing the local share of capital projects at Chesapeake College. Five counties, including Queen Anne's County, provide local support for the College. The other four counties supporting Chesapeake College reimburse Queen Anne's County for their portion of the debt service. Bonds are amortized over the 20-year life of each of the original Queen Anne's County Bonds. The current carrying value for the bonds receivable from the other four counties is \$106,618. The College bills and collects from the original five counties an amount sufficient to cover this debt service and reimburses this amount to Queen Anne's County on a semi-annual basis. In addition to the receivable related to Chesapeake College, there is also a receivable of \$3.7 million included in the Government-Wide Statement of Net Position. Details are included on the previous page.

Loans receivable in the amount of \$6,624,106 relate to the Housing and Community Services, Impact Fees, and Revolving Loan Special Revenue Funds. Loans receivable in the amount of \$5,695,438 for Housing and Community Services will be repaid when the homes are sold, in virtually all cases. These loans support housing rehabilitation and home-ownership. When the loans are repaid to the County, the funds are then loaned out again to serve the same purpose. Loans for the Revolving Loan Fund in the amount of \$59,919 are also repaid over a number of years.

The remaining loan receivable balance of \$868,749 relates to school, fire, and parks and recreation impact fees. In July 2007, the County began accepting promissory notes for impact fees, in certain situations, with the understanding that when certificate of occupancy was obtained, these notes would be paid in full. To ensure repayment, the notes attach to the property incurring the impact fee; therefore, payment will be required automatically prior to legal transfer of title.

Income taxes held by the State in the amount of \$21,949,883 have been estimated by the State as income tax due to the County. Local income tax revenue is collected by the State and distributed to the local governments throughout the year. The State's distribution of the County's share of income taxes lags behind the County's fiscal year. However, the State indicates that this is a reasonable estimate of their liability to the County and the County reports this amount in accordance with GAAP.

Special Assessments in the amount of \$841,297 represent receivables for governmental activities. Part of this amount consists of \$67,125 for assessments levied on homeowners to reimburse the County for construction or upgrade of private roads prior to their acceptance into the County Roads System. The other part of this amount consists of \$774,172 for assessments levied on homeowners relating to dredging costs. Payment of these assessments is expected over a number of years.

Restricted Special Assessments in the amount of \$12,427,912 represent restricted receivables for the Sanitary District. These receivables relate to assessments levied on homeowners for the construction of sewer and water lines, as well as for hook up costs. Only the current portion due is billed and the remaining balances are repaid over a number of years, as determined by the original agreement. As the funds are paid back, the County uses the money to repay debt.

QUEEN ANNE'S COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 5 – UNEARNED REVENUE

Governmental funds report unearned revenue in connection with resources that have been received, but unearned. At the end of the current fiscal year, the components of *unearned revenue* were reported as follows:

Governmental Funds	Unearned Revenue
General Fund	
Property Tax Deferrals	\$ 13,939
Inspection Fees Collected in Advance	809,893
Subtotal	823,832
General Capital Projects Fund	
Grant Drawdowns in Excess of Expenditures	48,655
Non-Major Governmental Funds	
Grant Drawdowns in Excess of Expenditures	3,904,394
Total Unearned Revenue	\$ 4,776,881
Business-Type Funds	
Major Enterprise Funds	
Sanitary District	
Inspection Fees	\$ 245,640
Non-Major Enterprise Funds	
	3,354
Total Unearned Revenue	\$ 248,994

QUEEN ANNE'S COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 6 – CAPITAL ASSETS

PRIMARY GOVERNMENT

Changes in the County's capital assets for governmental activities for the year ended June 30, 2020 are summarized as follows, with depreciation shown separately. Assets resulting from completed capital projects are shown in the Transfers column. Asset retirements are shown in the Decreases column.

Governmental Activities	Balance June 30, 2019	Increases	Transfers	Decreases	Balance June 30, 2020
Capital Assets, not being depreciated:					
Land	\$ 38,843,071	\$ -	\$ -	\$ (121,258)	\$ 38,721,813
Intangible Rights - Easements	821,819	-	-	-	821,819
Land Improvements	3,714,283	-	-	-	3,714,283
Construction in Progress	27,161,399	1,954,630	(21,788,423)	(95,427)	7,232,179
Land - Inexhaustible Infrastructure Improvements	43,890,863	-	-	-	43,890,863
Total Capital Assets, not being depreciated	114,431,435	1,954,630	(21,788,423)	(216,685)	94,380,957
Capital Assets, being depreciated:					
Buildings and Building Improvements	48,363,268	491,194	21,394,321	(709,176)	69,539,607
Improvements other than Buildings	11,019,917	175,738	-	-	11,195,655
Vehicles	13,634,456	841,382	-	(543,159)	13,932,679
Equipment	12,658,704	1,255,859	152,249	(237,842)	13,828,970
Furniture and Fixtures	11,592,749	331,862	241,853	(530,052)	11,636,412
Infrastructure Improvements - Depreciable	19,236,142	-	-	-	19,236,142
Total Capital Assets, being depreciated	116,505,236	3,096,035	21,788,423	(2,020,229)	139,369,465
Less Accumulated Depreciation for:					
Buildings and Building Improvements	16,748,750	1,515,345	-	(309,348)	17,954,747
Improvements other than Buildings	3,678,963	430,793	-	-	4,109,756
Vehicles	7,820,462	909,648	-	(382,639)	8,347,471
Equipment	7,716,737	773,896	-	(214,311)	8,276,322
Furniture and Fixtures	4,050,678	1,088,911	-	(518,590)	4,620,999
Infrastructure Improvements - Depreciable	9,262,627	387,400	-	-	9,650,027
Total Accumulated Depreciation	49,278,217	5,105,993	-	(1,424,888)	52,959,322
Total Capital Assets, being depreciated, net	67,227,019	(2,009,958)	21,788,423	(595,341)	86,410,143
Governmental activities Capital Assets, net	\$ 181,658,454	\$ (55,328)	\$ -	\$ (812,026)	\$ 180,791,100

QUEEN ANNE'S COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 6 – CAPITAL ASSETS (CONTINUED)

PRIMARY GOVERNMENT (CONTINUED)

Changes in the County's capital assets for business-type activities for the year ended June 30, 2020 are summarized as follows, with depreciation shown separately. Assets resulting from completed capital projects are shown in the Transfers column. Asset retirements are shown in the Decreases column.

<u>Business-Type Activities</u>	Balance June 30, 2019	Increases	Transfers	Decreases	Balance June 30, 2020
Capital Assets, not being depreciated:					
Land	\$ 13,142,176	\$ -	\$ -	\$ -	\$ 13,142,176
Land Improvements	9,500	-	-	-	9,500
Intangible Rights	6,140	-	-	-	6,140
Construction in Progress	9,480,284	3,878,391	-	(3,960)	13,354,715
Land - Inexhaustible Infrastructure Improvements	2,481,094	-	-	-	2,481,094
Total Capital Assets, not being depreciated	25,119,194	3,878,391	-	(3,960)	28,993,625
Capital Assets, being depreciated:					
Buildings and Improvements to Buildings	16,165,829	27,200	-	-	16,193,029
Improvements other than Buildings	15,126,030	-	-	-	15,126,030
Vehicles	1,739,970	86,483	-	(23,475)	1,802,978
Equipment	23,842,397	198,668	-	(30,684)	24,010,381
Furniture and Fixtures	43,266	-	-	-	43,266
Infrastructure Improvements - Depreciable	103,161,225	2,681,960	-	-	105,843,185
Total Capital Assets, being depreciated	160,078,717	2,994,311	-	(54,159)	163,018,869
Less Accumulated Depreciation for:					
Buildings and Improvements to Buildings	9,863,402	273,425	-	-	10,136,827
Improvements other than Buildings	6,148,268	533,737	-	-	6,682,005
Vehicles	1,173,045	136,594	-	(23,475)	1,286,164
Equipment	14,756,892	536,066	-	(30,684)	15,262,274
Furniture and Fixtures	15,894	3,206	-	-	19,100
Infrastructure Improvements - Depreciable	35,196,080	2,090,545	-	-	37,286,625
Total Accumulated Depreciation	67,153,581	3,573,573	-	(54,159)	70,672,995
Total Capital Assets, being depreciated, net	92,925,136	(579,262)	-	-	92,345,874
Business-Type activities Capital Assets, net	\$ 118,044,330	\$ 3,299,129	\$ -	\$ (3,960)	\$ 121,339,499

QUEEN ANNE'S COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 6 – CAPITAL ASSETS (CONTINUED)

PRIMARY GOVERNMENT (CONTINUED)

Depreciation expense was charged to functions/programs of the primary government as follows:

<u>Governmental Activities</u>	<u>Depreciation</u>
General Government	\$ 788,176
Public Safety	1,906,492
Public Works	1,460,515
Parks & Recreation	574,603
Health	21,121
Social Services	257,102
Library	25,198
Conservation of Natural Resources	32,868
Economic/Community Development	39,918
	<u>\$ 5,105,993</u>
<u>Business-Type Activities</u>	
Major Enterprise Funds:	
Sanitary District	\$ 2,947,010
Bay Bridge Airport	431,254
Non-Major Enterprise Funds	154,221
	<u>\$ 3,532,485</u>

QUEEN ANNE'S COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 6 – CAPITAL ASSETS (CONTINUED)

COMPONENT UNITS

Board of Education: Capital asset activity for the year ended June 30, 2020 is as follows:

Board of Education	Balance June 30, 2019	Increases	Transfers	Decreases	Balance June 30, 2020
Capital Assets, not being depreciated:					
Land	\$ 6,363,040	\$ -	\$ -	\$ -	\$ 6,363,040
Construction in Progress	4,753,645	1,668,381	(4,906,043)	-	1,515,983
Total Capital Assets, not being depreciated	11,116,685	1,668,381	(4,906,043)	-	7,879,023
Capital Assets, being depreciated:					
Land Improvements	5,410,966	-	-	-	5,410,966
Buildings	207,428,485	-	4,267,043	-	211,695,528
Furniture, Fixtures, and Equipment	16,959,287	320,148	639,000	(1,168,377)	16,750,058
Total Capital Assets, being depreciated	229,798,738	320,148	4,906,043	(1,168,377)	233,856,552
Less Accumulated Depreciation for:					
Land Improvements	4,601,493	116,857	-	-	4,718,350
Buildings	64,038,243	4,402,399	-	-	68,440,642
Furniture, Fixtures, and Equipment	11,234,190	1,151,173	-	(1,163,471)	11,221,892
Total Accumulated Depreciation	79,873,926	5,670,429	-	(1,163,471)	84,380,884
Total Capital Assets, being depreciated, net	149,924,812	(5,350,281)	4,906,043	(4,906)	149,475,668
Capital Assets, net	\$ 161,041,497	\$ (3,681,900)	\$ -	\$ (4,906)	\$ 157,354,691

QUEEN ANNE'S COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 6 – CAPITAL ASSETS (CONTINUED)

COMPONENT UNITS (CONTINUED)

Queen Anne's County Free Library: Capital asset activity for the year ended June 30, 2020 is as follows:

<u>Library</u>	Balance June 30, 2019	Increases	Decreases	Balance June 30, 2020
Capital Assets, not being depreciated:				
Artwork	\$ 29,850	\$ -	\$ -	\$ 29,850
Capital Assets, being depreciated:				
Books and Media	1,853,490	165,197	(144,310)	1,874,377
Building Improvements	402,207	-	-	402,207
Equipment	155,885	-	-	155,885
Total Capital Assets, being depreciated	<u>2,411,582</u>	<u>165,197</u>	<u>(144,310)</u>	<u>2,432,469</u>
Less Accumulated Depreciation	<u>1,066,412</u>	<u>181,009</u>	<u>(129,852)</u>	<u>1,117,569</u>
Total Capital Assets, being depreciated, net	<u>1,345,170</u>	<u>(15,812)</u>	<u>(14,458)</u>	<u>1,314,900</u>
Capital Assets, net	<u>\$ 1,375,020</u>	<u>\$ (15,812)</u>	<u>\$ (14,458)</u>	<u>\$ 1,344,750</u>

QUEEN ANNE'S COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 7 - INTERFUND RECEIVABLES AND PAYABLES

Interfund receivables and payables are usually used by the County to cover temporary cash deficits in individual funds until grant or similar resources are received. Occasionally, these receivables and payables are used in lieu of short-term external borrowing, such as for capital lease agreements.

The interfund and intra-entity receivables and payables consist of the following at June 30, 2020:

	Due from Fund			
Due to Fund	Non-Major Governmental	Bay Bridge Airport	Non-Major Enterprise	Total Due
General Fund	\$ 202,474	\$ -	\$ 693,566	\$ 896,040
General Capital Projects	24,133	1,104,599	-	1,128,732
 Total Due to Other Funds	 \$ 226,607	 \$ 1,104,599	 \$ 693,566	 \$ 2,024,772

Note that there is a \$47,208 reconciling item between the Board of Education and the County as of June 30, 2020 due to a timing difference for an expense incurred by the Board of Education.

Interfund receivables and payables are reported on the Statement of Net Position as Internal Balances, net of transactions between the same types of funds.

QUEEN ANNE'S COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 8 - INTERFUND TRANSFERS

Interfund transfers represent a transfer of resources from one fund to another without expectation of repayment. Usually, these transfers are undertaken to enable the receiving entity to provide services that the government has determined to be in the best interest of the County.

The transfers from the General Fund provide funding for capital projects and to fund programs in the non-major special revenue funds. Transfers from the General Fund to the enterprise funds are to pay for a portion of debt service related to an Airport project and also to provide funding to the Golf Course Fund. Transfers from General Capital Projects represent funds transferred to the Agricultural Transfer Tax fund for the purchase of an easement and other miscellaneous transfers. Transfers from Water and Sewer Sanitary District funds are to provide funding for the County mapping project. The transfers from Restricted and Debt Service Sanitary funds are to cover Sanitary related debt service.

The following interfund transfers were made during the fiscal year ended June 30, 2020:

	Transfers in Fund						
	Total Transfers Out	General Fund	General Capital Projects	Non-Major Governmental	Major Enterprise	Non-Major Enterprise	Total Transfers In
Transfers Out Fund							
General Fund	\$ 9,310,064	\$ -	\$ 5,922,603	\$ 3,229,877	\$ 60,963	\$ 96,621	\$ 9,310,064
General Capital Projects	73,739	10,051	-	62,193	-	1,495	73,739
Total Major Governmental Funds	<u>9,383,803</u>	<u>10,051</u>	<u>5,922,603</u>	<u>3,292,070</u>	<u>60,963</u>	<u>98,116</u>	<u>9,383,803</u>
Non-Major Governmental	<u>455,750</u>	<u>215,200</u>	<u>-</u>	<u>240,550</u>	<u>-</u>	<u>-</u>	<u>455,750</u>
Sanitary District - Sewer	5,000	-	5,000	-	-	-	5,000
Sanitary District - Water	5,000	-	5,000	-	-	-	5,000
Sanitary District - Restricted	1,051,067	-	-	-	1,051,067	-	1,051,067
Sanitary District - Debt Service	1,059,710	-	-	-	1,059,710	-	1,059,710
Total Major Enterprise Funds	<u>2,120,777</u>	<u>-</u>	<u>10,000</u>	<u>-</u>	<u>2,110,777</u>	<u>-</u>	<u>2,120,777</u>
Total Transfers Out	<u>\$ 11,960,330</u>	<u>\$ 225,251</u>	<u>\$ 5,932,603</u>	<u>\$ 3,532,620</u>	<u>\$ 2,171,740</u>	<u>\$ 98,116</u>	<u>\$ 11,960,330</u>

QUEEN ANNE'S COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 9 - NONCURRENT LIABILITIES

A. CHANGES IN NONCURRENT LIABILITIES

During the year ended June 30, 2020, the following changes occurred in the noncurrent liabilities of the primary government's governmental activities:

<u>PRIMARY GOVERNMENT</u>			Retirements and Repayments			
<u>Governmental Activities</u>	Balance June 30, 2019	Additions of debt		Balance June 30, 2020	Due Within One Year	Due in More than One Year
General Bonds Payable	\$ 125,123,408	\$ 23,236,594	\$ 25,049,912	\$ 123,310,090	\$ 7,177,688	\$ 116,132,402
General Bonds Payable - Related to PHA	850,357	445,590	601,591	694,356	79,414	614,942
General Bonds Payable - Related to Ches College	3,921,036	-	196,159	3,724,877	203,662	3,521,215
Notes Payable	1,098,323	-	322,734	775,589	71,816	703,773
Bond Premiums	6,090,278	3,654,843	961,033	8,784,088	739,143	8,044,945
Subtotal Governmental Activities Debt	137,083,402	27,337,027	27,131,429	137,289,000	8,271,723	129,017,277
Other Post-Employment Benefit Obligation	43,482,396	2,959,968	1,561,872	44,880,492	-	44,880,492
Net Pension Liability	26,508,985	450,666	-	26,959,651	-	26,959,651
LOSAP Liability	6,669,736	1,378,298	-	8,048,034	-	8,048,034
Compensated Absences	2,728,413	1,799,869	1,595,091	2,933,191	1,700,895	1,232,296
Total Governmental Activities Debt	<u>\$ 216,472,932</u>	<u>\$ 33,925,828</u>	30,288,392	<u>\$ 220,110,368</u>	<u>\$ 9,972,618</u>	<u>\$ 210,137,750</u>
Less College Reimbursements			(221,841)			
Total Governmental Retirements and Repayments			<u>\$ 30,066,551</u>			

The reconciliation from retirements and repayments in the above table to the total principal payments on the Statement of Revenues, Expenditures, and Changes in Fund Balance is as follows:

Retirements and Repayments	
General Bonds Payable	\$ 25,049,912
Notes Payable	322,734
LESS: Payment for Refunding	(17,043,453)
PLUS: Payment to Bond Ref Agent (PHA portion)	517,252
LESS: College Reimbursements	<u>(221,841)</u>
Total Principal Payments	<u>\$ 8,624,604</u>

The County added amounts to several bond offerings on behalf of Chesapeake College, which cannot borrow money on its own. The College reimbursed the County \$221,841 for this year's principal and interest payments.

QUEEN ANNE'S COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 9 – NONCURRENT LIABILITIES (CONTINUED)

A. CHANGES IN NONCURRENT LIABILITIES (CONTINUED)

During the year ended June 30, 2020, the following changes occurred in the noncurrent liabilities of the primary government's business-type activities:

<u>PRIMARY GOVERNMENT</u>						
<u>Business-Type Activities</u>	Balance June 30, 2019	Additions of debt	Retirements and Repayments	Balance June 30, 2020	Due Within One Year	Due in More than One Year
Golf Course	\$ 167,864	\$ -	\$ 75,871	\$ 91,993	\$ 3,835	\$ 88,158
Bay Bridge Airport	1,727,923	92,167	217,511	1,602,579	93,512	1,509,067
Public Landings and Marinas	729,412	490,649	623,956	596,105	46,888	549,217
Sanitary District	29,419,756	3,446,676	934,063	31,932,369	943,404	30,988,965
Subtotal Debt	32,044,955	4,029,492	1,851,401	34,223,046	1,087,639	33,135,407
Bond Premiums						
Golf Course	14,816	-	8,654	6,162	362	5,800
Bay Bridge Airport	80,078	18,378	10,232	88,224	7,379	80,845
Public Landings and Marinas	4,918	97,832	11,932	90,818	9,142	81,676
Subtotal Bond Premiums	99,812	116,210	30,818	185,204	16,883	168,321
Subtotal Business-Type Activities Debt	32,144,767	4,145,702	1,882,219	34,408,250	1,104,522	33,303,728
Other Post-Employment Benefit Obligation	8,027,801	199,752	-	8,227,553	-	8,227,553
Net Pension Liability	2,528,455	-	4,789	2,523,666	-	2,523,666
Compensated Absences	404,206	246,982	236,308	414,880	240,580	174,300
Total Business-Type Activities Debt	<u>\$ 43,105,229</u>	<u>\$ 4,592,436</u>	<u>\$ 2,123,316</u>	<u>\$ 45,574,349</u>	<u>\$ 1,345,102</u>	<u>\$ 44,229,247</u>

QUEEN ANNE'S COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 9 – NONCURRENT LIABILITIES (CONTINUED)

A. CHANGES IN NONCURRENT LIABILITIES (CONTINUED)

During the year ended June 30, 2020, the following changes occurred in the noncurrent liabilities of the primary government's Component Units:

<u>COMPONENT UNITS</u>	Balance June 30, 2019	Additions of new debt	Retirements and Repayments	Balance June 30, 2020	Due Within One Year	Due in More than One Year
Board of Education and Free Library						
Queen Anne's County						
Board of Education						
Compensated Absences	\$ 803,438	\$ 354,619	\$ -	\$ 1,158,057	\$ 183,009	\$ 975,048
Capital Leases	1,928,150	-	171,714	1,756,436	183,244	1,573,192
Other Post-Employment Benefit Obligation	193,804,027	31,193,717	-	224,997,744	-	224,997,744
Net Pension Liability	4,839,054	370,665	-	5,209,719	-	5,209,719
Subtotal	<u>201,374,669</u>	<u>31,919,001</u>	<u>171,714</u>	<u>233,121,956</u>	<u>366,253</u>	<u>232,755,703</u>
Free Library						
Other Post-Employment Benefit Obligation	<u>755,406</u>	<u>80,408</u>	<u>-</u>	<u>835,814</u>	<u>-</u>	<u>835,814</u>
Total Noncurrent Liabilities: Component Units	<u>\$ 202,130,075</u>	<u>\$ 31,999,409</u>	<u>\$ 171,714</u>	<u>\$ 233,957,770</u>	<u>\$ 366,253</u>	<u>\$ 233,591,517</u>

QUEEN ANNE'S COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 9 – NONCURRENT LIABILITIES (CONTINUED)

B. GENERAL OBLIGATION BONDS, NOTES, OTHER POST-EMPLOYMENT BENEFIT OBLIGATION, NET PENSION LIABILITY, AND COMPENSATED ABSENCES

PRIMARY GOVERNMENT

All general obligation bonds are valid and legally binding general obligations of Queen Anne's County and constitutes an irrevocable pledge of its full faith and credit and unlimited taxing power. Governmental bonds are payable from ad valorem taxes, unlimited as to rate or amount on all real, tangible, personal, and certain intangible property subject to taxation at full rate for local purposes in the County.

Business-type bonds, while representing general obligations of the County government, are to be paid from income earned by the related enterprise fund. Enterprise funds that have such debt are: Sewer Operations, Bay Bridge Airport, Blue Heron Golf Course, and Public Landings and Marinas.

During fiscal year 2019, the County implemented Governmental Accounting Standards Board's Statement (GASB) Statement 73, *Accounting and Financial Reporting for Pensions and Related Assets That are Not Within the Scope of GASB Statement 68*. The County's Fire and EMS Commission Pension Plan Length of Service Award Program ("LOSAP") is included in GASB 73 reporting. For governmental funds, the LOSAP obligations are reported in the government-wide statements in the public safety function. There are not any LOSAP obligations in the enterprise funds. LOSAP costs in governmental funds are charged to the General Fund. Additional information can be found in Note 15.

During fiscal year 2018, the County implemented the provisions of Governmental Accounting Standards Board (GASB) Statement 75, *Accounting and Financial Reporting for Postemployment Benefit Plans Other than Pensions*. For governmental funds, the other post-employment benefit obligations are reported in the government-wide statements in the function in which that employee usually charges their productive time. For enterprise funds, these obligations are reported in the enterprise fund in which that employee charges the majority of their productive time. Other Post-Employment Benefit Obligation costs in governmental funds are charged to the General Fund. Additional information can be found in Note 14, Other Post-Employment Benefits.

During fiscal year 2015, the County implemented the provisions of Governmental Accounting Standards Board (GASB) Statement 68, *Accounting and Financial Reporting for Pensions*. For governmental funds, the net pension liability is reported in the government-wide statements in the function in which that employee usually charges their productive time. For enterprise funds, these obligations are reported in the enterprise fund in which the employee charges the majority of their productive time. Net Pension Liability costs in governmental funds are charged to the Governmental Fund in which the employee charges their time. Additional information can be found in Note 12, Retirement Plans.

Compensated absences that mature during the fiscal year, in that they are paid when the employee takes vacation leave or upon the employee's termination, are typically liquidated from the governmental or enterprise fund in which that employee charges the majority of their productive time. They are paid as regular wages. Compensated absences that do not mature during the fiscal year are accrued at year-end as an adjustment to liability for compensated absences. For governmental funds, these adjustments are reported in the government-wide statements in the function in which that employee usually charges their productive time. For enterprise funds, these adjustments are reported in the enterprise fund in which that employee charges the majority of their productive time. In the case of grant-funded activities that disallow compensated absences as an eligible cost, they are paid as administrative wages in the same Fund. Compensated absences in governmental funds are primarily charged to the General Fund or Special Revenue Funds; they are usually not charged to Capital Projects Funds.

QUEEN ANNE'S COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 9 – NONCURRENT LIABILITIES (CONTINUED)

B. GENERAL OBLIGATION BONDS, NOTES, OTHER POST-EMPLOYMENT BENEFIT OBLIGATION, NET PENSION LIABILITY, AND COMPENSATED ABSENCES (CONTINUED)

PRIMARY GOVERNMENT (CONTINUED)

As of June 30, 2020, general obligation bonds and notes payable for governmental activities are comprised of the following, along with other post-employment benefits, net pension liability, and accrued compensated absences:

<u>Governmental Activities</u>	<u>Paying Fund</u>	<u>Interest Rate</u>	<u>Year Series Matures</u>	<u>Amount of Original Issue</u>	<u>Outstanding June 30, 2020</u>	<u>Due Within One Year</u>	<u>Due in More than One Year</u>
<u>General Obligation Bonds Payable</u>							
2011 Public Facilities	General	2.00%-4.25%	2031	\$ 21,532,570	\$ 13,922,185	\$ 1,017,463	\$ 12,904,722
2012 Refunding Bonds	General	2.00%-4.00%	2023	8,010,000	2,613,566	837,338	1,776,228
2014 Public Facilities	General	2.00%-4.00%	2034	17,590,000	12,874,106	703,908	12,170,198
2015 Public Facilities	General	3.00%-5.00%	2036	11,622,756	9,869,388	448,180	9,421,208
2015 Refunding Bonds	General	2.00%-5.00%	2027	13,521,625	9,986,244	1,239,805	8,746,439
2016 Public Facilities	General	2.00%-4.00%	2036	13,934,364	12,503,007	521,165	11,981,842
2017 Public Facilities	General	3.00%-5.00%	2037	12,600,000	11,800,000	430,000	11,370,000
2018 Public Facilities	General	3.00%-5.00%	2038	16,000,000	15,505,000	520,000	14,985,000
2019 Public Facilities	General	3.00%-5.00%	2039	11,000,000	11,000,000	350,000	10,650,000
2019 Refunding Bonds	General	4.00%-5.00%	2029	14,236,594	14,236,594	1,109,829	13,126,765
2020 Public Facilities	General	2.00%-5.00%	2040	9,000,000	9,000,000	-	9,000,000
2012 Refunding Bonds (2003 Bonds)	Due from PHA	3.50%-4.50%	2023	335,000	71,434	22,662	48,772
2015 Refunding Facilities (2006 Bonds)	Due from PHA	2.00%-3.00%	2027	240,112	177,332	22,016	155,316
2019 Refunding Facilities (2009 Bonds)	Due from PHA	4.00%-5.00%	2029	445,590	445,590	34,736	410,854
2014 Public Facilities	Due from other Counties	2.00%-4.00%	2034	4,800,000	3,724,877	203,662	3,521,215
Subtotal Bonds Payable					<u>127,729,323</u>	<u>7,460,764</u>	<u>120,268,559</u>
<u>Notes Payable</u>							
State of Maryland - Price Ck.	Spec. Rev.	0.00%	2021	625,000	24,000	24,000	-
State of Maryland - Grove Ck.	Spec. Rev.	0.00%	2034	510,617	285,942	20,425	265,517
State of Maryland - Narrows Pointe	Spec. Rev.	0.00%	2030	15,542	465,647	27,391	438,256
Subtotal Notes Payable					<u>775,589</u>	<u>71,816</u>	<u>703,773</u>
Subtotal Bonds and Notes Payable					128,504,912	7,532,580	120,972,332
Bond Premiums					<u>8,784,088</u>	<u>739,143</u>	<u>8,044,945</u>
Subtotal Governmental Activities Debt					137,289,000	8,271,723	129,017,277
Other Post-Employment Benefit Obligation					44,880,492	-	44,880,492
Net Pension Liability					26,959,651	-	26,959,651
LOSAP Liability					8,048,034	-	8,048,034
Compensated Absences					2,933,191	1,700,895	1,232,296
Total Governmental Activities					<u>\$ 220,110,368</u>	<u>\$ 9,972,618</u>	<u>\$ 210,137,750</u>

QUEEN ANNE'S COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 9 – NONCURRENT LIABILITIES (CONTINUED)

B. GENERAL OBLIGATION BONDS, NOTES, OTHER POST-EMPLOYMENT BENEFIT OBLIGATION, NET PENSION LIABILITY, AND COMPENSATED ABSENCES (CONTINUED)

PRIMARY GOVERNMENT (CONTINUED)

The annual requirements to amortize general obligation bonds and notes payable outstanding as of June 30, 2020 for governmental activities are as follows:

<u>Governmental Activities</u> Year Ending June 30,	<u>Governmental Bonds Payable</u>			<u>Governmental Notes Payable</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 7,460,764	\$ 4,624,507	\$ 12,085,271	\$ 71,816	\$ -	\$ 71,816
2022	8,098,741	4,406,619	12,505,360	47,816	-	47,816
2023	8,496,546	4,049,286	12,545,832	47,816	-	47,816
2024	7,914,420	3,674,263	11,588,683	47,816	-	47,816
2025	8,286,805	3,353,351	11,640,156	47,816	-	47,816
2026-2030	41,916,394	11,705,198	53,621,592	239,080	-	239,080
2031-2035	28,823,608	4,869,752	33,693,360	218,647	-	218,647
2036-2040	16,117,045	1,009,673	17,126,718	54,782	-	54,782
2041	615,000	6,919	621,919	-	-	-
	<u>\$ 127,729,323</u>	<u>\$ 37,699,568</u>	<u>\$ 165,428,891</u>	<u>\$ 775,589</u>	<u>\$ -</u>	<u>\$ 775,589</u>

QUEEN ANNE'S COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 9 – NONCURRENT LIABILITIES (CONTINUED)

B. GENERAL OBLIGATION BONDS, NOTES, OTHER POST-EMPLOYMENT BENEFIT OBLIGATION, NET PENSION LIABILITY, AND COMPENSATED ABSENCES (CONTINUED)

PRIMARY GOVERNMENT (CONTINUED)

General obligation bonds and notes payable outstanding as of June 30, 2020 for business-type activities are comprised of the following, as well as other post-employment benefits, net pension liability, and accrued compensated absences:

<u>Business -Type Activities</u>	Interest Rate	Year Series Matures	Amount of Original Issue	Outstanding June 30, 2020	Due Within One Year	Due in More than One Year
<u>Golf Course</u>						
2016 Public Facilities Bonds	2.00%-4.00%	2036	\$ 85,636	\$ 91,993	\$ 3,835	\$ 88,158
Bond Premiums				6,162	362	5,800
Subtotal Golf Course				98,155	4,197	93,958
<u>Bay Bridge Airport</u>						
2011 Public Facilities Bonds	2.00%-4.25%	2031	21,968	15,606	1,164	14,442
2014 Public Facilities Bonds	2.00%-4.00%	2034	964,940	776,017	42,430	733,587
2015 Public Facilities Bonds	3.00%-5.00%	2036	577,244	590,611	26,820	563,791
2015 Refunding Bonds	2.00%-5.00%	2027	173,556	128,178	15,913	112,265
2019 Refunding Bonds	4.00%-5.00%	2029	92,167	92,167	7,185	84,982
Bond Premiums				88,224	7,379	80,845
Subtotal Airport				1,690,803	100,891	1,589,912
<u>Public Landings and Marinas</u>						
2011 Public Facilities Bonds	2.00%-4.25%	2031	133,908	87,208	6,374	80,834
2015 Refunding Bonds	2.00%-5.00%	2027	24,707	18,248	2,265	15,983
2019 Refunding Bonds	4.00%-5.00%	2029	490,649	490,649	38,249	452,400
Bond Premiums				90,818	9,142	81,676
Subtotal Public Landings and Marinas				686,923	56,030	630,893
<u>Sanitary District</u>						
Maryland Water Quality-2005 Enhancement	1.00%	2027	18,252,291	6,790,511	943,404	5,847,107
Maryland Water Quality-2017 Loan	0.80%	2051	25,141,858	25,141,858	-	25,141,858
Subtotal Sanitary District				31,932,369	943,404	30,988,965
Total Business-Type Activities Debt				34,408,250	1,104,522	33,303,728
Other Post-Employment Benefit Obligation				8,227,553	-	8,227,553
Net Pension Liability				2,523,666	-	2,523,666
Compensated Absences				414,880	240,580	174,300
Total Business-Type Activities				\$ 45,574,349	\$ 1,345,102	\$ 44,229,247

QUEEN ANNE'S COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 9 – NONCURRENT LIABILITIES (CONTINUED)

B. GENERAL OBLIGATION BONDS, NOTES, OTHER POST-EMPLOYMENT BENEFIT OBLIGATION, NET PENSION LIABILITY, AND COMPENSATED ABSENCES (CONTINUED)

PRIMARY GOVERNMENT (CONTINUED)

The annual requirements to amortize business-type bonds and notes outstanding at June 30, 2020, are as follows:

Year Ending June 30,	Business-Type Bonds Payable			Business-Type Notes Payable		
	Principal	Interest	Total	Principal	Interest	Total
2021	\$ 144,235	\$ 88,943	\$ 233,178	\$ 943,404	\$ 403,201	\$ 1,346,605
2022	151,257	82,249	233,506	1,898,092	436,745	2,334,837
2023	158,453	75,220	233,673	1,915,182	398,950	2,314,132
2024	165,580	67,840	233,420	1,932,429	381,705	2,314,134
2025	173,194	60,999	234,193	1,949,832	364,302	2,314,134
2026-2030	908,607	200,232	1,108,839	6,933,236	1,443,532	8,376,768
2031-2035	526,388	58,813	585,201	5,159,553	1,112,562	6,272,115
2036-2040	62,963	1,281	64,244	5,369,263	902,850	6,272,113
2041-2045	-	-	-	5,543,153	684,614	6,227,767
2046	-	-	-	288,225	109,960	398,185
	<u>\$ 2,290,677</u>	<u>\$ 635,577</u>	<u>\$ 2,926,254</u>	<u>\$ 31,932,369</u>	<u>\$ 6,238,421</u>	<u>\$ 38,170,790</u>

C. ISSUANCE OF NEW DEBT

PRIMARY GOVERNMENT

In June 2020, Queen Anne's County issued Public Facilities Bonds of 2020 for \$9,000,000. These General Obligation Bonds carry interest rates of 2.0 to 5.0 percent and mature serially through 2040. The primary use of the bond proceeds is to provide funding for the various County facility renovations, Roads capital projects, various Board of Education projects, with minor amounts earmarked for construction of general government capital projects. Moody's Investor Service has assigned the rating of Aa1, Fitch Ratings has assigned a rating of AAA and Standard & Poor's also assigned a AAA rating to the Queen Anne's County 2020 Bonds.

In August 2019, the County issued \$15,265,000 in Public Facilities Refunding Bonds, with interest rates ranging from 4.0 to 5.0 percent. The net proceeds of \$18,157,073 (after a premium of \$3,043,749 and payments of \$151,676 in underwriting fees, insurance and other issue costs) were used to refund \$17,720,000 of outstanding Public Facilities Bonds of 2009, Series B, BAB2009B. The refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of \$76,523. This difference, reported in the accompanying financial statements as a deduction from bonds payable, is being charged to operations through the year 2030 using the effective interest method. The County completed the refunding to reduce the total debt service payments over a period of 11 years by \$2,311,198 and to obtain an economic gain (difference between the present values of the old and new debt service payments) of \$2,179,819.

In fiscal year 2017, the County began borrowing funds through the Maryland Water Quality Financing Administration for the Southern Kent Island (SKI) Sanitary Project. The total loan amount will be approximately \$32 million and funds will be disbursed as the project costs are incurred. Principal payments will begin in 2022 and the loan will be repaid over 30 years at an interest rate of 0.80%. In fiscal year 2020, the County received \$3,446,676 as part of this loan. The total received as of June 30, 2020 was \$25,141,858. At completion of the SKI project, it is anticipated that \$1,267,000 of the loan with the Maryland Water Quality Financing Administration will be forgiven and the County will not need to repay those funds. At that time, the County will clear the debt for the final amount forgiven.

**QUEEN ANNE’S COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 9 – NONCURRENT LIABILITIES (CONTINUED)

D. MUNICIPAL LEASE

PRIMARY GOVERNMENT

In January 2016, the County signed a note with SunTrust Equipment Financing & Leasing Corporation for the purchase of replacement vehicles for various County departments. The total amount of the note was \$1,215,590 and was payable over five years. This note is secured by the vehicles purchased. The first payment was made in February 2016. The annual interest rate is 2.51%. This loan was paid off in fiscal year 2020.

E. LEASE OBLIGATIONS

OPERATING LEASE – PRIMARY GOVERNMENT

In October 2009, Queen Anne’s County entered into an operating lease agreement as lessor for ground space at the Bay Bridge Airport. The Airport leased a parcel of land approximately 9,000 square feet to CSP Properties, LLC beginning in November 2009 for a term of twenty-five years, ending in fiscal year 2035. Included in the lease agreement is the requirement that the lessee, CSP Properties, LLC, construct an aircraft hangar at its sole expense, subject to certain criteria. At the end of the lease, the aircraft hangar and any improvements made to it become the sole property of the Bay Bridge Airport.

Lease revenues for the year ended June 30, 2020 amounted to \$6,105. Minimum future lease revenues are as follows:

Fiscal Year Ending June 30,	Lease Payments
2021	\$ 5,635
2022	5,710
2023	5,748
2024	5,748
2025	5,824
2026-2030	29,627
2031-2035	<u>26,513</u>
Minimum Future Rental Revenue	<u>\$ 84,805</u>

In fiscal year 2019, Queen Anne’s County entered into an agreement with the Division of Housing and Community Services (DHCS) to lease property from DHCS for \$1 per year over the 25 years.

QUEEN ANNE’S COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 9 – NONCURRENT LIABILITIES (CONTINUED)

F. LOCAL DEBT POLICY

PRIMARY GOVERNMENT

In May 2013, Queen Anne’s County adopted Resolution No. 13-04, which updated and replaced Resolution No. 09-13, to continue a local debt policy in compliance with Article 95, Section 22F of the Annotated Code of Maryland. This policy requires that the County’s Director of Budget, Finance, and Information Technology: (1) prepare a six-year capital project plan each year; (2) propose an amount to be transferred from the General Fund operating balances to the General Capital Projects Fund to serve as pay-as-you-go funding in the latter Fund, in order to lessen the need for future County debt; (3) limit the County’s non-bonded indebtedness to \$8.0 million for general operating expenses or capital improvements; and (4) certify that the sum of outstanding general bonded debt and any new general obligation debt is 2.5% or less of the total taxable assessable base and is \$3,000 or less per capita. This policy also stipulates that although there is some flexibility as to the acceptable percentage of debt service to general fund expenditures, and no absolute limit has been established by the rating agencies or the Government Finance Officers Association, anything above 12% of total general fund expenditures would be a cause to carefully monitor debt service. In addition to the debt policy, the Spending Affordability Committee recommended that the limit of debt service to general fund expenditures should be limited to 10% and the County Commissioners have adopted that as a limit.

Queen Anne’s County has complied with the above policy and has not had any violations. For calculations relating to this local debt policy, see Table 12-b in the Statistical Section of this document.

QUEEN ANNE'S COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 10 – RESTRICTED ASSETS AND LIABILITIES AND FUND BALANCES

A. RESTRICTED ASSETS AND RELATED LIABILITIES

PRIMARY GOVERNMENT

BUSINESS-TYPE ACTIVITIES

Queen Anne's County Sanitary District

Restricted Fund - The County Commissioners created a restricted fund within the Sanitary District Enterprise Fund in November of 1989 by enabling legislation. Revenue sources to the fund are sales of water and sewer allocations and interest earned on investments. Authorized uses of restricted funds are major capital expenses for repairs, construction, plant expansion, debt service, or other similar uses within the Sanitary District. To date, such funds have been used almost exclusively for debt service.

Debt Service Fund - Principal and interest payments for water and wastewater debt used to expand the service area are payable primarily from water and sewer special benefit assessments. These assessments, made at the time the expansion is ready for use, are created by enabling legislation and amortized over the same life as underlying debt. They constitute a lien on the served property and may be prepaid at any time. The amount of assessments collectable in future years is recorded as benefit assessments receivable. A portion of those assessments receivable is not due currently and is recorded as unearned revenue.

Water Quality Revolving Loan Fund debt covenants stipulate that sufficient financial resources must be available in the Debt Service Fund as of June 30 of each year to cover the subsequent year's debt service payments. If such resources are not available at that time, the covenants require that the County increase service rates, impose benefit assessments, or otherwise increase financial resources so that debt service payments are covered before they are due throughout the year.

The assets and related liabilities restricted for the above purposes at June 30, 2020 are as follows:

<u>Business -Type Activities</u>	Sanitary District		Total
	<u>Restricted</u>	<u>Debt Service</u>	
Current Restricted Assets			
Equity in Pooled Cash	\$ 14,196,980	\$ 2,031,867	\$ 16,228,847
Accounts Receivable (Net)	36,469	-	36,469
Subtotal Current Restricted Assets	<u>14,233,449</u>	<u>2,031,867</u>	<u>16,265,316</u>
Noncurrent Restricted Assets			
Special Assessments Receivable (Net)	1,272,191	11,155,721	12,427,912
LESS Deferred Inflows - Unavailable Water and Sewer Assessments	<u>(1,272,191)</u>	<u>(11,150,270)</u>	<u>(12,422,461)</u>
Net Restricted Assets	<u>\$ 14,233,449</u>	<u>\$ 2,037,318</u>	<u>\$ 16,270,767</u>

QUEEN ANNE'S COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 10 – RESTRICTED ASSETS AND LIABILITIES AND FUND BALANCES (CONTINUED)

B. RESTRICTED NET POSITION

PRIMARY GOVERNMENT

GOVERNMENTAL ACTIVITIES

Net Investment in Capital Assets for governmental activities, is calculated as follows:

<u>Governmental Activities</u>	
Total Debt excluding Compensated Absences, Pension, OPEB, and LOSAP Obligations (includes \$664,916 for deferred charge on refunding)	\$ (136,624,084)
Add back: Debt relating to Board of Education Assets	\$ 52,760,851
Add back: Unspent portion of Bond Proceeds for Board of Education debt	3,085,185
Add back: Unspent portion of Bond Proceeds for Governmental debt	6,903,965
Add back: Debt relating to Chesapeake College	5,865,352
Add back: Debt relating to PHA	694,356
Add back: Debt relating to non-capital assets (Dredging)	<u>775,588</u>
Add back debt unrelated to Capital Assets	70,085,297
Net Assets Invested in Capital Assets	<u>180,791,100</u>
Net Investment in Capital Assets	<u>\$ 114,252,313</u>

BUSINESS-TYPE ACTIVITIES

Net Investment in Capital Assets, Restricted Amounts, Unrestricted Amounts, and Net Position for business-type activities, are as follows:

<u>Business-Type Activities</u>	Sanitary District					Bay Bridge Airport	Non-Major Enterprise Funds	Total Enterprise Funds
	Sewer Operating	Water Operating	Restricted Fund	Debt Service Fund	Total Sanitary			
Capital Assets, net of Accumulated Depreciation	\$ 75,577,347	\$ 20,503,049	\$ -	\$ -	\$ 96,080,396	\$ 18,023,120	\$ 7,235,983	\$ 121,339,499
Less: Debt excluding Compensated Absences, OPEB, and Net Pension Liability	(31,932,369)	-	-	-	(31,932,369)	(1,690,803)	(785,078)	(34,408,250)
Plus: Deferred Charge on Refunding	-	-	-	-	-	7,225	1,028	8,253
Net Investment in Capital Assets	<u>43,644,978</u>	<u>20,503,049</u>	<u>-</u>	<u>-</u>	<u>64,148,027</u>	<u>16,339,542</u>	<u>6,451,933</u>	<u>86,939,502</u>
Restricted Amounts								
Debt Service	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,037,318</u>	<u>2,037,318</u>	<u>-</u>	<u>-</u>	<u>2,037,318</u>
Total Restricted Amounts	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,037,318</u>	<u>2,037,318</u>	<u>-</u>	<u>-</u>	<u>2,037,318</u>
Total Unrestricted Amounts (Deficit)	<u>713,089</u>	<u>3,428,789</u>	<u>14,233,449</u>	<u>-</u>	<u>18,375,327</u>	<u>(1,360,837)</u>	<u>(427,430)</u>	<u>16,587,060</u>
Total Net Position	<u>\$ 44,358,067</u>	<u>\$ 23,931,838</u>	<u>\$ 14,233,449</u>	<u>\$ 2,037,318</u>	<u>\$ 84,560,672</u>	<u>\$ 14,978,705</u>	<u>\$ 6,024,503</u>	<u>\$ 105,563,880</u>

QUEEN ANNE'S COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 10 – RESTRICTED ASSETS AND LIABILITIES AND FUND BALANCES (CONTINUED)

C. FUND BALANCES

PRIMARY GOVERNMENT

Governmental fund balances are composed of the following:

Governmental Funds	General Fund	General Capital	Roads Capital	Non-Major Governmental	Total Governmental Funds
Nonspendable					
Inventory	\$ 1,167,645	\$ -	\$ -	\$ -	\$ 1,167,645
Prepaid Items	1,233,019	-	-	-	1,233,019
Subtotal Nonspendable	<u>2,400,664</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,400,664</u>
Restricted					
Rainy Day Fund	11,197,210	-	-	-	11,197,210
Unspent Bond Proceeds	-	9,989,150	-	-	9,989,150
Economic and Community Development	-	-	-	2,988,522	2,988,522
Employee Benefits - LOSAP	3,349,625	-	-	-	3,349,625
Agricultural Easements	-	-	-	1,236,451	1,236,451
Impact Fees	-	247,435	-	-	247,435
Inmate Welfare	-	-	-	212,049	212,049
Critical Areas	-	-	-	262,028	262,028
Mosquito Control	70,964	-	-	-	70,964
Sheriff's Drug Task Force	-	-	-	135,884	135,884
Vehicle Acquisition	-	40,788	-	-	40,788
Dredging	-	-	-	6,095	6,095
Sheriff - Federal Confiscated Funds	1,959	-	-	-	1,959
Donor-Specified Purposes	91,789	-	-	3,382	95,171
Subtotal Restricted	<u>14,711,547</u>	<u>10,277,373</u>	<u>-</u>	<u>4,844,411</u>	<u>29,833,331</u>
Committed					
Impact Fees	-	-	-	11,440,615	11,440,615
Revenue Stabilization Fund	6,998,256	-	-	-	6,998,256
Economic Development	-	1,048,242	-	6,605,033	7,653,275
Rubble Surcharge	-	692,090	-	-	692,090
Developer Exactions	-	939,883	570,966	-	1,510,849
Subtotal Committed	<u>6,998,256</u>	<u>2,680,215</u>	<u>570,966</u>	<u>18,045,648</u>	<u>28,295,085</u>
Assigned					
Encumbrances	-	9,182,280	1,983,299	-	11,165,579
Subsequent Years' Expenditures	-	3,531,276	190,000	530,178	4,251,454
Capital Projects	-	5,929,360	178,256	-	6,107,616
Loans Receivable	-	1,957,286	-	-	1,957,286
Health Department Refund	292,488	-	-	-	292,488
Economic Development	-	-	-	240,000	240,000
Income Tax Contingency	806,682	-	-	-	806,682
Subtotal Assigned	<u>1,099,170</u>	<u>20,600,202</u>	<u>2,351,555</u>	<u>770,178</u>	<u>24,821,105</u>
Unassigned					
General Fund	15,874,992	-	-	-	15,874,992
Fire Company Impact Fees	-	-	-	(24,133)	(24,133)
Subtotal Unassigned	<u>15,874,992</u>	<u>-</u>	<u>-</u>	<u>(24,133)</u>	<u>15,850,859</u>
Total Governmental Funds Balances	<u>\$ 41,084,629</u>	<u>\$ 33,557,790</u>	<u>\$ 2,922,521</u>	<u>\$ 23,636,104</u>	<u>\$ 101,201,044</u>

QUEEN ANNE'S COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 10 – RESTRICTED ASSETS AND LIABILITIES AND FUND BALANCES (CONTINUED)

C. FUND BALANCES (CONTINUED)

PRIMARY GOVERNMENT (CONTINUED)

Encumbrances included in the General Capital and Roads Capital funds are for the following purposes:

	General Capital	Roads Capital
General Government	\$ 2,630,507	\$ -
Parks & Recreation	1,503,266	-
Economic Development	1,503,835	-
Education	737,433	-
Public Works	622,772	-
Public Safety	988,070	-
Library	1,126,876	-
Conservation of Natural Resources	8,987	-
Social Services	60,534	-
Resurfacing Contracts and Materials	-	1,584,903
Roads Construction Equipment	-	398,396
	\$ 9,182,280	\$ 1,983,299
Total Encumbrances		

NOTE 11 - RISK MANAGEMENT

The County is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. The government carries commercial insurance to cover such risks. Certain assets of the County such as roads, bridges, and other infrastructure are not insurable due to their nature.

General Insurance Coverage - The County is a participant in the Local Government Insurance Trust (LGIT), which is a consortium of Maryland local governments created to provide insurance coverage and services to Maryland local governments. The LGIT provides general liability, public officials' liability, fleet insurance, and building and property insurance to its members.

Workmen's compensation and fidelity insurance are obtained from various commercial insurance companies.

Risk Sharing - Subscribers to coverage provided by LGIT share the risk among participants of the pools. As a result, the County's annual premium requirements will be affected by the loss experience of the various insurance pools in which it participates. Also, the County may be subject to additional assessments from time to time. These amounts would be recorded as expenditures when they are probable and can be reasonably estimated. Conversely, favorable performance of certain insurance pools may result in reduced premiums.

Health Insurance - Effective with the 1996 fiscal year, the County joined together with other Eastern Shore county governments, libraries, and Boards of Education to form the Eastern Shore of Maryland Education Consortium Health Insurance Alliance (ESMEC), a public entity risk pool currently operating as a common risk management and insurance program for health insurance coverage. CareFirst BlueCross BlueShield, of Maryland, administers this program.

The agreement for formulation of the alliance provides that the pool will be self-sustaining through member premiums. In addition to the annual premiums, the pooling agreement provides for additional assessments, if needed, but not to exceed certain limits. No additional assessments were needed for fiscal year 2020 and, as of the date of this report, it is believed that there are no outstanding claims in excess of the equity of the trust.

QUEEN ANNE’S COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 11 - RISK MANAGEMENT (CONTINUED)

Effective January 2017, the County prescription plan moved to a new pharmacy benefit manager, Express Scripts, which is separate from CareFirst.

Settlements – In fiscal year 2018, the County paid out \$29,874 as a result of a settlement involving an employee. In fiscal years 2019 and 2020, settlements have not exceeded insurance coverage for any type of policy in effect.

NOTE 12 - RETIREMENT PLANS

Virtually all full and eligible part-time employees of Queen Anne’s County, Maryland, and its related agencies are covered by one of the statewide contributory pension systems of the State of Maryland.

Maryland State Retirement and Pension Systems

Organization

The State Retirement Agency is the administrator of the Maryland State Retirement and Pension System (the System). The System was established by the State Personnel and Pensions Article of the Annotated Code of Maryland to provide retirement allowances and other benefits to State employees, teachers, police, judges, legislators, and employees of participating governmental units. Responsibility for the System’s administration and operation is vested in a 15-member Board of Trustees. The System is made up of two cost-sharing employer pools: the “State Pool” and the “Municipal Pool”. The State Pool consists of State agencies, boards of education, community colleges, and libraries. The Municipal Pool consists of participating governmental units that elected to join the System. Neither pool shares in each other’s actuarial liabilities, thus participating governmental units that elect to join the System (the “Municipal Pool”) share in the liabilities of the Municipal Pool only.

The State of Maryland is the statutory guarantor for the payment of all pensions, annuities, retirement allowances, refunds, reserves, and other benefits of the System. The State is obligated to annually pay into the accumulation fund of each State system at least an amount that, when combined with the State’s accumulation funds, is sufficient to provide benefits payable under each plan during that fiscal year. The System is accounted for as one defined benefit plan as defined in accordance with accounting principles generally accepted in the United States of America. Additionally, the System is fiscally dependent on the State by virtue of the legislative and executive controls exercised with respect to its operations, policies, and administrative budget. Accordingly, the System is included in the State’s reporting entity and disclosed in its financial statements as a pension trust fund.

The System is comprised of the Teachers’ Retirement and Pension Systems, Employees’ Retirement and Pension Systems, State Police Retirement System, Judges’ Retirement System, and the Law Enforcement Officers’ Pension System (LEOPS).

The following groups of employees participate in:

<u>Employees</u>	<u>Plan</u>
Board of Education - regular employees	Employees System
Board of Education - teachers	Teachers System
Library	Teachers System
Queen Anne's County:	
Elected officials	Employees System
Sheriff's Deputies	LEOPS
Regular employees	Employees System

The System is a cost sharing multiple-employer defined benefit pension plan.

QUEEN ANNE'S COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 12 - RETIREMENT PLANS (CONTINUED)

Covered Members

Teachers' Retirement System

The Teachers' Retirement System was established on August 1, 1927, to provide retirement allowances and other benefits to teachers in the State. Effective January 1, 1980, the Teachers' Retirement System was closed to new members and the Teachers' Pension System was established. As a result, teachers hired after December 31, 1979, became members of the Teachers' Pension System as a condition of employment. On or after January 1, 2005, an individual who is a member of the Teachers' Retirement System may not transfer membership to the Teachers' Pension System.

Employees' Retirement System

On October 1, 1941, the Employees' Retirement System was established to provide retirement allowances and other benefits to State employees, elected and appointed officials and the employees of participating governmental units. Effective January 1, 1980, the Employees' Retirement System was essentially closed to new members and the Employees' Pension system was established. As a result, State employees (other than correctional officers) and employees of participating governmental units hired after December 31, 1979, became members of the Employees' Pension System as a condition of employment, while all State correctional officers and members of the Maryland General Assembly continue to be enrolled as members of the Employees' Retirement System. On or after January 1, 2005, an individual who is a member of the Employees' Retirement System may not transfer membership to the Employees' Pension System.

State Police Retirement System

The State Police Retirement System was established on July 1, 1949, to provide retirement allowances and other benefits to any police employee or cadet of the Maryland State Police.

Judges' Retirement System

The Judges' Retirement System was established on June 30, 1969, to provide retirement allowances and other benefits to for State and local, appointed, or elected judges.

The Law Enforcement Officers' Pension System (LEOPS)

The Law Enforcement Officers' Pension System (LEOPS) was established on July 2, 1990, to provide retirement allowances and other benefits for certain State and local law enforcement officers. This System includes both retirement plan and pension plan provisions which are applicable to separate portions of the System's membership. The retirement plan provisions are only applicable to those members who, on the date they elected to participate in LEOPS, were members of the Employees' Retirement System. This System's pension plan provisions are applicable to all other participating law enforcement officers.

Summary of Significant Plan Provisions

All plan benefits are specified by the State Personnel and Pensions Article of the Annotated Code of Maryland. For all individuals who are members of the Employees', Teachers', Correctional Officers' or State Police Retirement System on or before June 30, 2011, retirement allowances are computed using both the highest three years' Average Final Compensation (AFC) and the actual number of years of accumulated creditable service. For individuals who become members of the State Police Retirement System or the Correctional Officers' Retirement System on or after July 1, 2011, retirement allowances are computed using both the highest five years' AFC and the actual number of years of accumulated creditable service. For all individuals who are members of the pension systems of the State Retirement and Pension System on or before June 30, 2011, pension allowances are computed using both the highest three consecutive

QUEEN ANNE'S COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 12 - RETIREMENT PLANS (CONTINUED)

years' AFC and the actual number of years of accumulated creditable service. For any individual who becomes a member of one of the pension systems on or after July 1, 2011, pension allowances are computed using both the highest five consecutive year's AFC and the actual number of years of accumulated creditable service. Various retirement options are available under each system which ultimately determines how a retiree's benefit allowance will be computed. Some of these options require actuarial reductions based on the retiree's and/or designated beneficiary's attained age and similar actuarial factors.

The member contribution rate for members of the Teachers' Retirement Pension System and Employees' Retirement Pension System is 7% and 6% respectively, and 7% for members of the Law Enforcement Officers' Pension System. The member contribution rate for members of the Judges' Retirement System is 8%.

In addition, the benefit attributable to service on or after July 1, 2011 in many of the pension systems now will be subject to different cost-of-living adjustments (COLA) that is based on the increase in the Consumer Price Index (CPI) and capped at 2.5% or 1.0% based on whether the fair value investment return for the preceding calendar year was higher or lower than the investment return assumption used in the valuation (currently 7.40%).

A brief summary of the retirement eligibility requirements of and the benefits available under the various systems in effect during fiscal year 2019, are as follows:

Service Retirement Allowances

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

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

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

Exceptions to these benefit formulas apply to members of the Employees' Pension System, who are employed by a participating governmental unit that does not provide the 1998 or 2006 enhanced pension benefits or the 2011 reformed pension benefits. The pension allowance for those members equals 0.8% of the member's AFC up to the social security integration level (SSIL), plus 1.5% of the member's AFC in excess of the SSIL, multiplied by the number of years of accumulated creditable service. For the purpose of computing pension allowances, the SSIL is the average of the social security wage bases for the past 35 calendar years ending with the year the retiree separated from service.

QUEEN ANNE'S COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 12 - RETIREMENT PLANS (CONTINUED)

An individual who is a member of the State Police Retirement System on or before June 30, 2011, is eligible for full retirement benefits upon the earlier of attaining age 50 or accumulating 22 years of eligibility service regardless of age. An individual who becomes a member of the State Police Retirement System on or after July 1, 2011 is eligible for full retirement benefits upon the earlier of attaining age 50 or accumulating 25 years of eligibility service regardless of age. The annual retirement allowance equals 2.55% of the member's AFC multiplied by the number of years of accumulated creditable service and may not exceed 71.4% of the member's AFC.

A member of the Judges' Retirement System is eligible for full retirement benefits upon attaining age 60. The annual retirement allowance for a member with at least 16 years of accumulated creditable service equals 2/3 (66.7%) of the salary of an active judge holding a comparable position. The annual retirement allowance is prorated if the member retires with fewer than 16 years of accumulated creditable service.

A member of the Law Enforcement Officers' Pension System is eligible for full retirement benefits upon the earlier of attaining age 50 or accumulating 25 years of eligibility service regardless of age. The annual retirement allowance for a member who is covered under the retirement plan provisions equals 1/50 (2.0%) of the member's AFC multiplied by the number of years of accumulated creditable service up to 30 years, plus 1/100 (1.0%) of the member's AFC multiplied by the number of years of accumulated creditable service in excess of 30 years. For members subject to the pension provisions, full service pension allowances equal 2.0% of AFC up to a maximum of 60% (30 years of credit).

Vested Allowances

Any individual who is a member of the State Retirement and Pension System on or before June 30, 2011 (other than a judge or a legislator), and who terminates employment before attaining retirement age but after accumulating 5 years of eligibility service is eligible for a vested retirement allowance. Any individual who joins the State Retirement and Pension System on or after July 1, 2011 (other than a judge or a legislator), and who terminates employment before attaining retirement age but after accumulating 10 years of eligibility service is eligible for a vested retirement allowance. A member, who terminates employment prior to attaining retirement age and before vesting, receives a refund of all member contributions and interest.

Early Service Retirement

A member of either the Teachers' or Employees' Retirement System may retire with reduced benefits after completing 25 years of eligibility service. Benefits are reduced by 0.5% per month for each month remaining until the retiree either attains age 60 or would have accumulated 30 years of creditable service, whichever is less. The maximum reduction for a Teachers' or Employees' Retirement System member is 30%.

An individual who is a member of either the Teachers' or Employees' Pension System on or before June 30, 2011 may retire with reduced benefits upon attaining age 55 with a least 15 years of eligibility service. Benefits are reduced by 0.5% per month for each month remaining until the retiree attains age 62. The maximum reduction for these members of the Teachers' or Employees' Pension System is 42%. An individual who becomes a member of either the Teachers' or Employees' Pension System on or after July 1, 2011, may retire with reduced benefits upon attaining age 60 with at least 15 years of eligibility service. Benefits are reduced by 0.5% per month for each month remaining until the retiree attains age 65. The maximum reduction for these members of the Teachers' or Employees' Pensions System is 30%.

Members of the State Police, Judges', Law Enforcement Officers' and Local Fire and Police Systems are not eligible for early service benefits.

QUEEN ANNE'S COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 12 - RETIREMENT PLANS (CONTINUED)

Disability and Death Benefits

Generally, a member covered under retirement plan provisions who is permanently disabled after 5 years of service receives a service allowance based on a minimum percentage (usually 25%) of the member's AFC. A member covered under pension plan provisions who is permanently disabled after accumulating 5 years of eligibility service receives a service allowance computed as if service had continued with no change in salary until the retiree attained age 62. A member (other than a member of the Maryland General Assembly or a judge, both of which are ineligible for accidental disability benefits) who is permanently and totally disabled as the result of an accident occurring in the line of duty receives 2/3 (66.7%) of the member's AFC plus an annuity based on all member contributions and interest. Death benefits are equal to a member's annual salary as of the date of death plus all member contributions and interest.

Adjusted Retirement Allowances

Retirement and pension allowances are increased annually to provide for changes in the cost of living according to prescribed formula. Such adjustments for retirees are based on the annual change in the CPI. For the Teachers' and Employees' Retirement Systems (TRS/ERS) the method by which the annual COLA's are computed depends upon elections made by members who were active on July 1, 1984 (or within 90 days of returning to service, for members who were inactive on July 1, 1984) enabling the member to receive either an unlimited COLA, a COLA limited to 5% or a two part combination COLA depending upon the COLA election made by the member.

Members of the State Police Retirement System (SPRS) and Law Enforcement Officers' Pension System (LEOPS) are eligible to participate in a Deferred Retirement Option Program (DROP). For members who enter the DROP on or after July 1, 2011, the member is deemed retired and the retirement allowance is placed in an account earning 4% interest per year, compounded annually. At the end of the DROP period, the lump sum held in the DROP account is paid to the retiree. The SPRS and LEOPS members must end employment and fully retire at the end of the DROP period. The maximum period of participation is 4 years for SPRS and 5 years for LEOPS. The amount of funds held in the DROP as of June 30, 2019 and 2018, was \$21,724,997 and \$18,887,820, respectively.

However, beginning July 1, 2011, for benefits attributable to service earned on or after July 1, 2011, in all of the systems except the judges' and legislators' systems, the adjustment is capped in the lesser of 2.5% or the increase in CPI if the most recent calendar year fair value rate of return was greater than or equal to the assumed rate. The adjustment is capped at the lesser of 1% or the increase in CPI if the fair value return was less than the assumed rate of return. In years in which COLAs would be less than zero due to a decline in the CPI, retirement allowances will not be adjusted. COLAs in succeeding years are adjusted until the difference between the negative COLA that would have applied and the zero COLA is fully recovered.

Retirement allowances for legislators and judges are recalculated when the salary of an active member holding a comparable position is increased.

Net Pension Liability

Per the actuary reports dated June 30, 2019 and 2018, the components of the net pension liability of the participating employers were as follows:

QUEEN ANNE'S COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 12 - RETIREMENT PLANS (CONTINUED)

(expressed in thousands)

	2019	2018
Total Pension Liability (TPL)	\$ 74,569,030	\$ 72,808,833
Plan Fiduciary Net Position	53,943,420	51,827,233
Net Pension Liability	<u>\$ 20,625,610</u>	<u>\$ 20,981,600</u>
Ratio - Fiduciary Net Position/TPL	<u>72.34%</u>	<u>71.18%</u>

Actuarial Assumptions

The actuarial assumptions presented below for 2019 were adopted pursuant to an experience study for the period July 1, 2014 to June 30, 2018.

Inflation	In the 2019 actuarial valuation, 2.65% general, 3.15% wage. In the 2018 actuarial valuation, 2.60% general, 3.10% wage.
Salary Increases	In the 2019 actuarial valuation, 3.10% to 11.6%, including inflation. In the 2018 actuarial valuation, 3.20% to 9.10%, including inflation.
Investment Rate of Return	In the 2019 actuarial valuation, 7.40%. In the 2018 actuarial valuation, 7.45%.
Retirement Age	Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2018 valuation pursuant to an experience study of the period July 1, 2014 to July 30, 2018.
Mortality	Public Sector 2010 Mortality Tables calibrated to MSRPS experience with generational projections using MP-2018 (2-dimensional) mortality improvement scale.

Investments

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of geometric real rates of return were adopted by the Board of Trustees after considering input from the System's investment consultant(s) and actuary(s). For each major asset class that is included in the System's target asset allocation as of June 30, 2019, these best estimates are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Public Equity	37%	6.3%
Private Equity	13%	7.5%
Rate Sensitive	19%	1.3%
Credit Opportunity	9%	3.9%
Real Assets	14%	4.5%
Absolute Return	<u>8%</u>	3.0%
Total	<u>100%</u>	

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

QUEEN ANNE'S COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 12 - RETIREMENT PLANS (CONTINUED)

For the years ended June 30, 2019 and 2018, the annual money-weighted rate of return on pension plan investments, net of the pension plan investment expense, was 6.44% and 8.08%, respectively. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Discount rate

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

Sensitivity of the Net Pension Liability

Regarding the sensitivity of the net pension liability to changes in the single discount rate, the following presents the plan's net pension liability, calculated using a single discount rate of 7.40%, as well as what the plan's net pension liability would be if it were calculated using a discount rate that is 1% point lower or 1% point higher:

System	1% Decrease to 6.40%	Discount Rate 7.40%	1% Increase to 8.40%
County	\$ 42,674,151	\$ 29,483,317	\$ 18,497,015
Board of Education	7,540,548	5,209,719	3,268,434

Teachers' and Employees' Retirement Systems and Teachers' and Employees' Pension Systems

Teachers' Retirement and Pension Systems:

In accordance with Maryland Senate Bill 1301, *Budget Reconciliation and Financing Act of 2012*, the Board is required to pay the State 100% of the normal cost portion of the total pension cost for teachers. The normal cost is the portion of the total retirement benefit cost that is allocated to the current year of the employee's service. As contractually required, during fiscal year 2020, the Board contributed \$2,282,178 to the Teachers' Retirement and Pension System.

Employees' Retirement and Pension Systems:

During fiscal year 2020, the Board contributed \$549,684 to the Employees' Retirement and Pension System.

Pension Liabilities, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions

Because the State of Maryland pays the unfunded liability for the Teachers' Systems on behalf of the Board and Library, and the Board pays the normal cost for the Teachers' Systems, the Board and Library are not required to record its' share of the unfunded pension liability for the Teachers' Systems, the State of Maryland is required to record that liability. The Board is required to record a liability for the Employees' Systems.

QUEEN ANNE'S COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 12 - RETIREMENT PLANS (CONTINUED)

At June 30, 2020, the Board of Education reported a liability for its proportionate share of the net pension liability that reflected a reduction for State pension support provided to the Board. The amount recognized by the Board as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the Board were as follows:

Board's proportionate share of the net pension liability (Employees' Systems)	\$	5,209,719
State's proportionate share of the net pension liability (Teachers' Systems)		<u>58,988,379</u>
 Total	 \$	 <u>64,198,098</u>

The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The County's proportion of the net pension liability was calculated as follows by the System(s):

1. Net pension liability for the entire System was calculated. For purposes of funding the System, all calculations are determined on an actuarial basis and are completed through the development of rates based on two separate asset pools, one for employees of the State of Maryland (the State) and one for the Participating Governmental Units ("PGUs"). These pools are kept on an actuarial basis and allow for the State to fund only State employees and PGUs to fund only PGU employees. For the accounting of the System, however, the assets of the System are accounted in a single pool which is audited annually.
2. Determine the total contributions to the System by the State and PGUs, inclusive of any underfunding of contributions.
3. Based on the number of participants at each Board of Education, calculate the difference between what each Board would have contributed if they funded at the rate of all other participating governments and what the Board actually contributed. The difference between what the Board contributed and what they would have contributed if they funded at the rate of the other participating governments, is then added to the total contribution to the System, to calculate the System's adjusted contribution.
4. Calculate for each participating government, their percentage of the adjusted System contribution by dividing the total adjusted System contribution into each primary government contribution.
5. Provide each PGU its adjusted percentage of contribution and the System's net pension liability and other related amounts.

QUEEN ANNE'S COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 12 - RETIREMENT PLANS (CONTINUED)

At June 30, 2020, the County reported the following related to pensions:

	<u>COUNTY</u>	<u>BOARD OF EDUCATION</u>
Employer's proportionate (percentage) of the collective net pension liability	0.1429452%	0.0230633%
Employer's proportionate share of the collective net pension liability	\$ 29,483,317	\$ 5,209,719
Pension expense recognized by the employer for the year ended June 30, 2020	\$ 4,537,722	\$ 3,385,208
Deferred outflows of resources June 30, 2019	\$ 5,724,023	\$ 1,007,819
Year end June 30, 2019 contributions	(2,935,378)	(518,683)
Net difference between projected and actual investment earnings	606,139	107,105
Difference between expected and actual experience	-	-
Change in assumptions	-	-
Amortization of items allowed by GASB 68	(1,607,512)	(409,590)
Year end June 30, 2020 contributions	3,247,222	549,684
Deferred outflows of resources June 30, 2020	<u>\$ 5,034,494</u>	<u>\$ 736,335</u>
Deferred inflows of resources June 30, 2019	\$ 3,267,562	\$ 545,810
Net difference between projected and actual investment earnings	-	-
Difference between actual and expected experience	296,338	52,363
Change in assumptions	802,399	141,785
Amortization of items allowed by GASB 68	(943,643)	(282,951)
Deferred inflows of resources June 30, 2020	<u>\$ 3,422,656</u>	<u>\$ 457,007</u>
NPL June 30, 2019	\$ 29,037,440	\$ 4,839,054
Change in NPL factored for contributions	445,877	370,665
NPL June 30, 2020	<u>\$ 29,483,317</u>	<u>\$ 5,209,719</u>

The \$3,247,222 and \$549,684 of deferred outflows of resources resulting from the County and the Board's contributions to the Employees' Systems subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2021. Other amounts reported as deferred outflows of resources for the County will be amortized over a five-year period, as follows:

<u>June 30,</u>	<u>Deferred Outflows (Inflows)</u>
2021	\$ 16,855
2022	(848,582)
2023	(470,226)
2024	(173,385)
2025	(160,046)
<u>Total</u>	<u>\$ (1,635,384)</u>

QUEEN ANNE'S COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 12 - RETIREMENT PLANS (CONTINUED)

	Total Payroll	Covered Payroll	On-Behalf By State
County - MD Retirement and pension	\$ 33,340,106	\$ 27,669,757	\$ -
Board of Education	63,352,911	59,503,815	6,044,587
Library	1,258,415	1,258,415	185,853

Covered payroll refers to all compensation paid to active employees covered by the Systems.

Pension contributions made by the State of Maryland, on behalf of the Board of Education and the Library are recognized as both revenue and expenditure.

NOTE 13 - DEFERRED COMPENSATION PLAN

The County offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The Plan, available to all County employees, permits them to defer a portion of their salary until future years. Participation in the plan is optional. The deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency.

All amounts of compensation deferred under the plan; all property and rights purchased with those amounts; and all income attributable to those amounts, property or rights are solely the property and rights of the participants. The County has no liability for losses under the plan.

Investments are managed by the plan's administrator based on several different investment options, or combinations thereof. The choice of the investment option(s) to be used is made by each participant. The County has no management control over the assets of the plan. Accordingly, per GASB Statement No. 32, the assets of the plan are not included in these financial statements.

NOTE 14 - OTHER POST-EMPLOYMENT BENEFITS

Other Post-Employment Benefit Trust (OPEB Trust)

On June 23, 2009, the County enacted County Ordinance No. 09-12, which established a Trust entity entitled "Other Post-Employment Benefit Trust – County Commissioners of Queen Anne's County, County Commissioners of Kent County, and Participating Agencies" (OPEB Trust). The purpose of the OPEB Trust is to: (1) fund costs of health insurance and other post-employment benefits to eligible retirees of the primary government, the Queen Anne's County Board of Education, and the Queen Anne's County Free Library; (2) accumulate and invest financial resources for this purpose; (3) provide health insurance and other post-employment benefits for eligible retirees; and (4) provide related administrative services.

Other agencies and political subdivisions have the right to participate in this Trust now and in the future. Such unrelated entities may deposit funds with the Trust for investment purposes related to their OPEB plans. At June 30, 2020, funds in the amount of \$161,760 were reported as a liability of the Trust to Kent County, Maryland. Kent County is holding these assets for the benefit of their plan participants.

QUEEN ANNE’S COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 14 - OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

Other Post-Employment Benefit Trust (OPEB Trust) (Continued)

OPEB Trustees have exclusive authority to manage the assets of the Trust. The Board of Trustees consists of five members: two representing Queen Anne’s County Government; two representing the Queen Anne’s County Board of Education; and one representing Kent County. In lieu of separate financial statements for the OPEB Trust, Queen Anne’s County presents the Trust entity’s complete financial statements within this document.

In fiscal year 2015, the County Commissioners approved the County joining the MACo (Maryland Association of Counties) Pooled OPEB Investment Trust Fund. All information presented in this note on other post-employment benefits refer to the Trust entity entitled “Other Post-Employment Benefit Trust – County Commissioners of Queen Anne’s County, County Commissioners of Kent County, and Participating Agencies” (OPEB Trust). A separate Trust document for the MACo OPEB Trust can be found on the MACo website at www.mdcounties.org.

In August 2020, the “Other Post-Employment Benefit Trust – County Commissioners of Queen Anne’s County, County Commissioners of Kent County, and Participating Agencies” (OPEB Trust) was closed and all members transferred their respective funds to the MACo Pooled OPEB Investment Trust Fund.

PRIMARY GOVERNMENT

Plan Reporting

The measurement date for GASB 74 is the Employer’s fiscal year end, June 30, 2020. Plan assets (Fiduciary Net Position) are measured as of this date. The Total OPEB Liability (TOL) as of this date is based on an actuarial valuation as of January 1, 2019, with adjustments made for the one-and-a-half year difference. Adjustments include Service Cost, Interest on Total OPEB Liability, and expected benefit payments during the year. This is also known as a roll-forward.

Under GASB 74, the Net OPEB Liability (NOL) is established as the difference between the Total OPEB Liability and the Plan Fiduciary Net Position. The NOL is very much like the unfunded actuarial accrued liability that is developed for the funding valuation, with adjustments for any time between the valuation date and the measurement date.

Relevant Dates

- Valuation Date: January 1, 2019
- Measurement Date: June 30, 2020
- Reporting Date: June 30, 2020

Plan Membership

The following is a summary of the plan membership as of January 1, 2019.

Active	415
Retired	<u>172</u>
Total	<u>587</u>

Plan Description

The County’s Other Post-Employment Benefit Plan (OPEB Plan) is an agent multiple-employer defined benefit healthcare plan that covers retired employees of the primary government, the Queen Anne’s County Board of Education, and the Queen Anne’s County Free Library. The Plan was established as specified in County Ordinance No. 09-12.

Plan descriptions and actuarial assumptions for each participant are described: (1) as follows for the primary government and (2) in financial statements issued separately for all other participants.

QUEEN ANNE'S COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 14 - OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

PRIMARY GOVERNMENT (CONTINUED)

Plan description (Continued)

The County's Retiree Health Insurance Program provides medical insurance benefits to retirees and their eligible dependents. The retiree and their dependents will receive a subsidy as outlined in the tables below provided that (1) the retiree retired directly from County service with a County retirement/pension allowance, (2) has health insurance through the County prior to retirement, (3) retired with at least 15 years of County service, and (4) the retiree elects to participate upon retirement. Retirees who retire directly from County service with a County retirement/pension with less than 15 years of County service, who have health insurance through the County prior to retirement and who elect to participate upon retirement are eligible for the County's Retiree Health Insurance Program however are not eligible for a subsidy.

Medical/Drug Plan

PPO (80/20), EPO (85/15), BCA (85/15), Medicare Supplement

Eligibility

Queen Anne's County and Library employees are eligible to continue group insurance coverage after retirement provided that:

- a. Retiring employees have coverage in effect when they stop working.
- b. Retirement commences on the first of the month, following the last day they are employed.
- c. An employee must have been a permanent active employee. To receive a subsidy, must have at least 15 years of service.
- d. Eligibility for Retirement:

Non-LEOPS hired on or after 7/1/2011

- Rule of 90 (age plus service is at least 90), or
- Age 65 with 10 years of service, or
- Age 60 with 15 years of service

Non-LEOPS hired before 7/1/2011

- Age 55 with 15 years of service, or
- Age 62 with 5 years of service, or
- Age 63 with 4 years of service, or
- Age 64 with 3 years of service, or
- Age 65 with 2 years of service, or
- 30 years of service (regardless of age)

LEOPS

- Age 50 (no service requirement), or
- 25 years of service (no age requirement)

Retiree Payment

The employer subsidy is based on service, which medical plan you are enrolled in, retirement date and location.

**QUEEN ANNE'S COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 14 - OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

PRIMARY GOVERNMENT (CONTINUED)

Plan description (Continued)

Employees who retire prior to September 2, 2011 (regardless of medical plan enrolled in)

Years of Service	Subsidy Percentage
0 - 14	0.0%
15	54.0%
16	57.6%
17	61.2%
18	64.8%
19	68.4%
20	72.0%
21	75.6%
22	79.2%
23	82.8%
24	86.4%
25 or more	90.0%

Employees who retire between September 2, 2011 and August 31, 2012

Years of Service	Subsidy Percentage	
	EPO Plan	PPO Plan
0 - 14	0.0%	0.0%
15	54.0%	54.0%
16	57.6%	57.1%
17	61.2%	60.2%
18	64.8%	63.3%
19	68.4%	66.4%
20	72.0%	69.5%
21	75.6%	72.6%
22	79.2%	75.7%
23	82.8%	78.8%
24	86.4%	81.9%
25 or more	90.0%	85.0%

Employees who retire on or after September 1, 2012

Years of Service	Subsidy Percentage	
	EPO or BCA Plans	PPO Plan
0 - 14	0.0%	0.0%
15	54.0%	54.0%
16	57.1%	56.6%
17	60.2%	59.2%
18	63.3%	61.8%
19	66.4%	64.4%
20	69.5%	67.0%
21	72.6%	69.6%
22	75.7%	72.2%
23	78.8%	74.8%
24	81.9%	77.4%
25 or more	85.0%	80.0%

QUEEN ANNE'S COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 14 - OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

PRIMARY GOVERNMENT (CONTINUED)

Plan description (Continued)

Plan Changes Since Prior Valuation

There have been no changes in eligibility or cost sharing provisions since the prior valuation, which included the retiree payment changes outlined above.

Actuarial Information

Actuarial assumptions

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

- Investment Return: 6.00%, net of investment expense and including inflation
- Healthcare Trend: 6.75% initially, grading down to 4.25% ultimate

Mortality rates are based on the PUB2010G Headcount tables with Scale SSA18 applied on a generational basis. PUB2010G Headcount tables are used for those on disability, if applicable.

Changes in Actuarial assumptions

There were no changes in actuarial assumptions since the prior year, except the change in discount rate due to an updated fund availability analysis and the change to the Mortality tables.

Actuarial Methods for Determining Employer Contributions

The same economic and demographic assumptions are used for both funding and financial reporting purposes under GASB 74/75.

The Entry Age method is used for accounting/GASB purposes, therefore all of the actuarial figures within this Report are based on it. Actuarially Determined Contributions are also based on the Entry Age method, with a closed level percentage of payroll amortization of the unfunded liability (19 years remaining).

Expected Return

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimates of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each 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. This is then modified through a Monte-Carlo simulation process, by which a (downward) risk adjustment is applied to the baseline expected return.

Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2019, and the final investment return assumption, are summarized in the following table:

QUEEN ANNE'S COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 14 - OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

PRIMARY GOVERNMENT (CONTINUED)

Expected Return (Continued)

Asset Class	Long-Term Expected Real Return - Portfolio	Weight
Domestic Equity	5.75%	48%
International Funds	6.25%	13%
Fixed Income – U.S.	1.65%	33%
Global Funds	4.50%	6%
Cash Equivalents	0.40%	0%
Total Weighted Average Real Return	4.39%	100%
Plus Inflation	2.50%	
Total Return w/o Adjustment	6.89%	
Risk Adjustment	-0.89%	
Total Expected Return	6.00%	

Discount Rate

The discount rate used to measure the total OPEB liability is 5.62%. The County's funding expectations/policy is to contribute 70% of the Actuarially Determined Contribution in fiscal year 2020, then increase this percentage 10% each year until the actuarial cost is being contributed in full annually. It is expected that benefits will be paid from the trust when a 50% funding level is reached. Based on this information, we project that benefits will be financed on a pay as you go basis until 2030, then from the trust there forward.

Therefore, the expected trust return of 6.00% is blended with the 20-year Aa bond rate* of 2.45%. The blended rate is 5.62%. The prior rate was 5.66%.

*Source: Fidelity general obligation municipal bond index.

Net OPEB Liability

Sensitivity of the net OPEB liability to changes in the discount rate

The following presents the net OPEB liability of the plan, calculated using the current discount rate, as well as what the net OPEB liability would be if it were calculated using a discount rate that is 1% point lower or 1% point higher:

DISCOUNT RATE			
	1% Decrease to	Discount Rate	1% Increase to
System	4.62%	5.62%	6.62%
Net OPEB liability	64,787,221	53,108,045	43,865,081

Sensitivity of the net OPEB liability to changes in the trend rate

The following presents the net OPEB liability of the plan, calculated using the current health care trend rate, as well as what the net OPEB liability would be if it were calculated using a health care trend rate that is 1% point lower or 1% point higher:

HEALTH CARE TREND			
	1% Decrease to	Discount Rate	1% Increase to
System	3.25%	4.25%	5.25%
Net OPEB liability	42,747,644	53,108,045	66,451,476

QUEEN ANNE'S COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 14 – OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

PRIMARY GOVERNMENT (CONTINUED)

Net OPEB Liability (Continued)

Changes in the net OPEB liability are as follows:

Total OPEB Liability ("TOL")	
Service cost	\$ 1,331,424
Interest	3,344,770
Changes in benefit terms	-
Difference between expected and actual experience	-
Changes in assumptions	426,582
Benefit payments	(1,561,872)
Net change in total OPEB liability	3,540,904
Total OPEB liability - beginning of year	58,533,634
Total OPEB liability - end of year	\$ 62,074,538

Plan Fiduciary Net Position ("PFNP")	
Contributions - employer	\$ 3,378,771
Contributions - member	-
Net investment income	129,710
Benefit payments	(1,561,872)
Admin expenses	(3,553)
Other	-
Net change in plan fiduciary net position	1,943,056
Plan fiduciary net position - beginning of year	7,023,437
Plan fiduciary net position - end of year	8,966,493

Net OPEB liability ("NOL") - beginning of year	51,510,197
Net OPEB liability - end of year	\$ 53,108,045

PFNP as a % of TOL	14.4%
Covered employee payroll	25,806,124
NOL as a % of covered payroll	205.8%

QUEEN ANNE'S COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 14 - OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

PRIMARY GOVERNMENT (CONTINUED)

OPEB Expense

The amount of OPEB expense recognized in the reporting period are as follows:

Service cost	\$	1,331,424
Interest on total OPEB liability		3,344,770
Difference between expected and actual experience*		81,728
Changes in actuarial assumptions*		178,652
Employee contributions		-
Changes in benefit terms		-
Projected earnings on plan investments		(423,512)
Difference between projected and actual earnings*		57,760
Administrative expense		3,553
Other changes in fiduciary net position		-
<hr/>		
Total OPEB expense	\$	4,574,375

* - portions recognized for expense

Deferred Inflow/Outflow Summary

The deferred outflows / inflows are as follows:

	Deferred Outflows	Deferred Inflows
June 30, 2019	\$ 1,687,557	\$ (21,678)
Difference between expected and actual experience	-	-
Changes in actuarial assumptions	426,582	-
Net difference between projected and actual earnings on investments	293,802	-
Amortization of items allowed by GASB 75	(323,560)	5,420
June 30, 2020	<u>\$ 2,084,381</u>	<u>\$ (16,258)</u>

Net deferred outflows / (inflows) will be amortized as follows:

2021	\$	318,140
2022		318,141
2023		313,722
2024		319,142
2025		260,380
Thereafter		538,598
Total	\$	<u>2,068,123</u>

QUEEN ANNE'S COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 14 - OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

COMPONENT UNITS

BOARD OF EDUCATION

Plan description

The Board of Education of Queen Anne's County administers a single-employer defined benefit healthcare plan ("the Plan"). The plan provides healthcare insurance for eligible retirees and their spouses through the Board's group health insurance plan, which covers both active and retired members. The Plan does not issue a stand-alone report. Benefit provisions are based on contractual agreements with employee groups. Employees are eligible to participate in the Plan upon retirement. Participants must meet the eligibility requirements of the Maryland State Teachers' pension system described below:

For members hired before July 1, 2011, the earliest retirement eligibility is the earlier of:

- Age 55 with 15 years of service,
- Age 62 with 5 years of service,
- Age 63 with 4 years of service,
- Age 64 with 3 years of service,
- Age 65 with 2 years of service, or
- 30 years of service, regardless of age.

For members hired after July 1, 2011, the earliest retirement eligibility is the earlier of

- Rule of 90 (age plus service is at least 90),
- Age 65 with 10 years of service,
- Age 60 with 15 years of service

As of July 1, 2018, the date of the last actuarial valuation, approximately 395 retirees were receiving benefits, and 951 active employees are potentially eligible to receive future benefits.

Funding Policy

The Board pays a portion of retiree healthcare premiums based on years-of-service ranging from 5 years of service to 25+ years of service until the retiree becomes Medicare-eligible. The retiree pays the remaining premium, including the cost of eligible dependents. Pre-Medicare retirees may choose between two medical plans (a PPN plan and an EPO plan). Both plans include medical and prescription benefits. Once a participant is Medicare eligible, the participant must switch to a Medicare supplement plan, which is also packaged with a prescription plan. Retirees have the option of electing dental and vision coverage in addition to medical coverage.

Employer Contribution

Retirees receive a subsidy for their post-retirement medical insurance based on service. The subsidy requires a minimum of 5 years of service for Administration and 10 years of service for Teachers. For teachers, once ten years of service is reached, the Board covers 36% of the cost of the individual's EPO health plan. The percentage subsidized by the Board increases 3.6% per year for every year of service in excess of ten. At 25 years of service, the maximum subsidy of 90% is reached. For administrators, once five years of service is reached, the Board covers 35% of the cost of the individual's EPO health plan. The percentage subsidized by the Board increases 5.5% per year for every year of service in excess of five. At 15 years of service, the maximum subsidy of 90% is reached. Retirees with less than the minimum years of service required to receive a subsidy are allowed access to the medical coverage, but must pay 100% of the published rates. In addition, the Board is contractually obligated to pay the full cost of medical insurance for certain retired directors, superintendents, and their spouses.

QUEEN ANNE'S COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 14 - OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

COMPONENT UNITS (CONTINUED)

BOARD OF EDUCATION (CONTINUED)

Employer Contribution (Continued)

The Board also pays the cost of providing term life insurance for its retirees in varying amounts depending upon length of service and date of retirement. The benefits payable upon death are \$5,000 (fixed) for 5 to 25 years of service or \$50,000 (maximum-based on annual salary at retirement) for over 25 years of service. There is a reduction of benefit of 25% at age 70 and a benefit reduction of 33.3% at age 75 and beyond.

Net OPEB Liability

The annual OPEB expense under GASB Statement No. 75 is equal to the change in the unfunded actuarial accrued liability from the prior year's measurement date to the current year measurement date, with some of the liability changes being deferred to future years. Changes in the actuarial accrued liability due to experience gains or losses or changes in assumptions are recognized over the expected future working lifetime of all plan participants, including retirees. For the fiscal year ended June 30, 2020, the Board recognized an OPEB expense of \$16,372,572.

The Board's total OPEB liability is an amount actuarially determined in accordance with the parameters of GASB Statement No. 75. The total OPEB liability is calculated using a measurement date of June 30, 2019. Therefore, plan information for the year ended June 30, 2019 is utilized. The following table shows the components of the Board's total and net OPEB liability at June 30, 2019.

Total OPEB Liability		
Service cost	\$	8,724,099
Interest		6,965,488
Changes in benefit terms		-
Difference between expected and actual experience		(1,264,525)
Changes in assumptions		19,302,980
Benefit payments		(2,527,028)
Net change in total OPEB liability		31,201,014
Total OPEB liability - beginning of year		194,312,559
Total OPEB liability - end of year (a)	\$	225,513,573
Plan Fiduciary Net Position ("PFNP")		
Contributions - employer	\$	2,527,028
Net investment income		7,297
Benefit payments		(2,527,028)
Admin expenses		-
Net change in plan fiduciary net position		7,297
Plan fiduciary net position - beginning of year		508,532
Plan fiduciary net position - end of year (b)		515,829
Net OPEB liability - end of year (a-b)	\$	224,997,744

Payments have typically been liquated from the General Fund in prior years.

QUEEN ANNE'S COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 14 - OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

COMPONENT UNITS (CONTINUED)

BOARD OF EDUCATION (CONTINUED)

Funding Status and Funding Progress

Contributions to the plan are made as benefit payments and expenses become due. As of June 30, 2019, the plan was 0.23% funded. The total OPEB liability for benefits was \$225,513,573 and plan assets at fair value totaled \$515,829, resulting in a net OPEB liability of \$224,997,744. The covered employee payroll was \$57,590,119, and the ratio of the net OPEB liability to the covered payroll was 390.69%.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of net OPEB liability, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the net OPEB liability is increasing or decreasing over time relative to the total OPEB liability for benefits.

Additional information as of the latest actuarial valuation is as follows:

- *Measurement date* – The Board selected a June 30, 2019 measurement date for fiscal year-end 2020. The measurement date can be any date between the last day of the prior fiscal year and the last day of the current fiscal year.
- *Cost method* – This valuation uses the Entry Age Normal Funding Method calculated on an individual basis with level percentage of payroll.
- *Claims data* – Monthly paid claims, administrative expenses and enrollment for employees and retirees from February 1, 2015 through January 31, 2018 were supplied by the carrier. Claims were divided into pre and post 65 age retirees.
- *Demographic data* – Data included current medical coverage for current employees and retirees as of July 1, 2018.
- *Discount rate assumption* - Benefits are discounted based on the Bond Buyer GO 20-year Bond Municipal Bond Index, an index rate for 20-year tax exempt general obligation municipal bonds with an average rating of AA/Aa or higher. This rate was 3.13% as of June 30, 2019.
- *Health care trend* – The medical trend assumption was developed using the Society of Actuaries (SOA) Long-Run Medical Cost Trend Model. The SOA model was released in December 2007 and is updated annually. The following assumptions were used as input variables into this model:

Rate of Inflation	2.2%
Rate of growth in real income / GDP per year	1.6%
Excess medical cost growth	1.3%
Health Share of GDP Resistance Point	25.0%
Year for limiting cost growth to GDP growth	2075

- *Salary Scale* – State of Maryland salary scale assumption for teachers.

QUEEN ANNE'S COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 14 - OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

COMPONENT UNITS (CONTINUED)

BOARD OF EDUCATION (CONTINUED)

Funding Status and Funding Progress (Continued)

- *Decrement Assumptions –*

Healthy	PubT.H-2010 Mortality Table (teacher, headcount-weighted), Fully Generational, Projected using Scale MP-2018 and base year 2010
Disability	RP 2014 Disabled Mortality with Males Set Forward One Year

Sensitivity of the Net OPEB Liability

The following table presents the Board's net OPEB liability at June 30, 2019 using the discount rate of 3.13%, as well as what the net OPEB liability would be if it were calculated using a discount rate that is 1% point lower or 1% point higher than the current rate:

	<u>Discount Rate</u>		<u>Board's Net OPEB Liability</u>
1% decrease	2.13%	\$	272,401,301
Current discount rate	3.13%	\$	224,997,744
1% increase	4.13%	\$	187,875,307

The following table presents the Board's net OPEB liability at June 30, 2019 using the health care trend rate of 3.80%, as well as what the net OPEB liability would be if it were calculated using a trend rate that is 1% point lower or 1% point higher than the current rate:

	<u>Health Care Trend Rate</u>		<u>Board's Net OPEB Liability</u>
1% decrease	2.80%	\$	182,426,249
Current trend rate	3.80%	\$	224,997,744
1% increase	4.80%	\$	282,602,245

Deferred Inflows/Outflows of Resources related to OPEB

At June 30, 2020, the Board reported deferred outflows of resources and deferred inflows of resources related to the OPEB plan from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes in actuarial assumptions	\$ 22,730,716	\$ (17,713,165)
Net difference between projected and actual investment earnings on OPEB plan investments	-	(6,816)
Amortization of items allowed by GASB 75	3,212,418	(1,431,885)
Total	\$ 25,943,134	\$ (19,151,866)

**QUEEN ANNE’S COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 14 - OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

COMPONENT UNITS (CONTINUED)

BOARD OF EDUCATION (CONTINUED)

Deferred Inflows/Outflows of Resources related to OPEB (Continued)

Amounts reported as differences between projected and actual earnings on OPEB plan investments will be amortized and expensed over a closed five-year period. Amounts reported as differences between expected and actual experience will be amortized and expensed over a period equal to the average remaining service lives of all employees that are provided with other post-employment benefits through the plan. Amounts reported as changes in assumptions will be amortized and expensed over a period equal to the average remaining service lives of all employees that are provided with other post-employment benefits through the plan. Amortization expense related to net deferred inflows and outflows of resources over the next five years is expected to be as follows:

Year End June 30,		
2021	\$	682,985
2022		682,983
2023		683,167
2024		683,369
2025		684,830
Thereafter		3,373,934
	\$	6,791,268

Changes in assumptions in the most recent actuarial valuation included adjusting the discount rate to the updated index rate for 20-year tax exempt general obligation municipal bonds.

LIBRARY

Plan description

The Library participates in an agent multiple-employer defined benefit healthcare plan (“the Plan”) that covers retired employees of Queen Anne’s County, the Queen Anne’s County Board of Education, and the Library. A Trust entity was established in June 2009 entitled *Other Post- Employment Benefit Trust – County Commissioners of Queen Anne’s County, County Commissioners of Kent County, and Participating Agencies* (the “Trust”).

Unrelated agencies and political subdivisions have the right to participate in this Trust and deposit funds for investment purposes. Accordingly, funds are being held in the Trust on behalf of Kent County, Maryland for the benefit of their plan participants.

The Trust assets are managed by a Board of Trustees consisting of five members: two representing Queen Anne’s County Government, two representing Queen Anne’s County Board of Education, and one representing Kent County. In lieu of separate financial statements for the Trust, Queen Anne’s County presents the Trust entity’s complete financial statements in their Combined Annual Financial Report.

Benefits provided

The plan reimburses eligible retirees for a portion of healthcare insurance based on years-of-service ranging from \$3,000 for 15 years of service to \$4,400 for 25 plus years of service. The retiree pays the remaining premium, including the cost of eligible dependents. Participants must meet the eligibility requirements of the State Retirement and Pension System of Maryland, which are age 55 with 15 years of service, age 62 with 5 years of service, or 30 years of service (regardless of age).

QUEEN ANNE'S COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 14 - OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

COMPONENT UNITS (CONTINUED)

LIBRARY (CONTINUED)

Employees covered by benefit terms

The following is a summary of plan membership as of January 1, 2019.

Number of participants	
Active	15
Retired	6
Total	<u>21</u>

Contributions

The Library pays retiree healthcare benefits on a pay-as-you-go basis. For the year ended June 30, 2020, the Library contributed \$24,652.

Net OPEB liability

The Library's net OPEB liability was measured as of June 30, 2020, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation January 1, 2020.

Actuarial assumptions

The total OPEB liability was determined by an actuarial valuation as of January 1, 2020, using the following actuarial assumptions, applied to all periods in the measurement:

Healthcare trend – Because this is a flat dollar plan and retirees secure their own insurance, the trend is not applicable.

Mortality rates are based on PUB2010G Headcount tables with Scale SSA18 applied on a generational basis. PUB2010G Headcount Disabled tables are used for those on disability, if applicable.

There were no changes in actuarial assumptions since the prior year, except the change in discount rate due to an updated fund availability analysis and the change to the mortality tables.

Actuarial methods for determining employer contributions use the same economic and demographic assumptions for both funding and financial reporting purposes under GASB 74/75. The Entry Age method is used for accounting/GASB purposes, therefore all of the actuarial figures within this report are based on it. Actuarially Determined Contributions are based on the Entry Age method, with a closed level percentage of payroll amortization of the unfunded liability (10 years remaining).

Discount rate

The discount rate used to measure the total OPEB liability is 2.45%. There is essentially no prefunding of benefits in an OPEB trust for this plan (i.e., pay as you go), therefore the discount rate is equal to the yield on a 20-year municipal bond Aa index as of June 30, 2020. The prior rate was 3.13%.

QUEEN ANNE'S COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 14 - OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

COMPONENT UNITS (CONTINUED)

LIBRARY (CONTINUED)

Changes in the net OPEB liability

	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
Contributions - employer	\$ -	\$ 24,652	\$ (24,652)
Service cost	9,046	-	9,046
Investment income	24,513	359	24,154
Changes in assumptions	71,860	-	71,860
Benefit payments, including refunds	(24,652)	(24,652)	-
Net change in total OPEB liability	80,767	359	80,408
Net OPEB obligation, beginning of year	786,356	30,950	755,406
Net OPEB obligation, end of year	<u>\$ 867,123</u>	<u>\$ 31,309</u>	<u>\$ 835,814</u>

Sensitivity of the net OPEB liability to changes in the discount rate

The following presents the net OPEB liability of the Library, as well as what the net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current discount rate:

1% Decrease (1.45%)	\$ 953,452
Current discount rate (2.45%)	\$ 835,814
1% Increase (3.45%)	\$ 738,627

Sensitivity of the net OPEB liability to changes in the healthcare cost trend rate

Because the benefits from this plan are a fixed dollar amount based on years of services and there is no implicit subsidy (retirees secure their own health insurance), a change in assumed trend rate will not have an impact on the OPEB liability.

OPEB expense and deferred outflows of resources related to OPEB

For the year ended June 30, 2020, the Library recognized an OPEB expense of \$74,782. At June 30, 2020, the Library reported deferred outflows of resources related to the OPEB plan from the following sources:

	Deferred Outflows of Resources
Difference between expected and actual experience	\$ 47,028
Changes in actuarial assumptions	212,467
Net difference between projected and actual earnings on plan investments	1,927
	<u>\$ 261,422</u>

**QUEEN ANNE’S COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 14 - OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

COMPONENT UNITS (CONTINUED)

LIBRARY (CONTINUED)

Amounts reported as deferred outflows and deferred inflows of resources related to the OPEB plan will be recognized in expense over a period ranging from five to nine years as follows:

Year Ended June 30	Outflows
2021	\$ 42,461
2022	42,461
2023	42,086
2024	41,927
2025	41,927
Thereafter	50,560
Total	<u>\$ 261,422</u>

NOTE 15 – VOLUNTEER FIREMAN PENSION PLAN LENGTH OF SERVICE AWARD PROGRAM (LOSAP)

Plan Description

The County established the County Fire and EMS Commission Pension Plan Length of Service Award Program (“LOSAP”) in November 2004. The LOSAP is a single-employer defined benefit length of service award program that covers all volunteer members (“members”) of the County’s Fire and EMS Commission. The LOSAP has no assets accumulated in a trust that meet the criteria in GASB 73, paragraph 4. The LOSAP is funded entirely by the general fund.

Relevant dates

- Valuation date: January 1, 2019
- Measurement date: December 31, 2019
- Reporting date: June 30, 2020

An active member, upon reaching 55 years of age, is eligible to receive \$6 per month for each year of eligible service, with a \$240 maximum monthly benefit that may be earned. An inactive member that reaches 65 years of age and is vested with 5 years of service is also entitled to the same benefits (\$6/month for each year of service, maximum \$240 per month). An inactive life member with 20-plus years of service is entitled to the same benefits at 55 years old. Insured participants’ designated beneficiary shall receive the greater of \$25,000 face amount of the life insurance or the present value of the participants’ accrued benefit. Non-insured participants’ designated beneficiary shall receive the lump sum of the present value of the participants’ accrued benefit.

The participant summary as of the January 1, 2019 actuarial valuation is as follows:

Active members	276
Vested-terminated	143
Retired and beneficiaries	164
TOTAL	<u>583</u>

QUEEN ANNE'S COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 15 – VOLUNTEER FIREMAN PENSION PLAN LENGTH OF SERVICE AWARD PROGRAM (LOSAP) (CONTINUED)

Actuarial Assumptions

The total LOSAP liability was determined by an actuarial valuation as of January 1, 2019 rolled forward to December 31, 2019 using the following actuarial assumptions, applied to all periods included in the measurement.

Inflation	0.00%
Salary increases	Not Applicable
Investment rate of return	2.75%, net of pension plan investment expense, including inflation
Mortality	No pre-retirement mortality; post retirement RP2000 projected to 2030
Retirement	First eligible
Turnover	T5
Disability	None

The 2.75% discount rate is based on a 20-year AA general obligation bond rate as of December 31, 2019.

The above is a summary of key actuarial assumptions. Full description of actuarial assumptions are available in the January 1, 2019 actuarial valuation report.

Sensitivity of Total LOSAP Liability

The following presents the total LOSAP liability, calculated using single discount rate of 2.75%, as well as what the total LOSAP liability would be if it were calculated using a discount rate that is 1% point lower and 1% point higher.

	DISCOUNT RATE		
	1% Decrease to 1.75%	Discount Rate 2.75%	1% Increase to 3.75%
Net LOSAP liability	8,621,728	8,048,034	7,461,503

Total LOSAP Liability

The components of the total LOSAP liability are as follows:

	Total LOSAP Liability	Plan Fiduciary Net Position	Net LOSAP Liability
Balances at 1/1/19	\$ 6,669,736	\$ -	\$ 6,669,736
Changes for the year:			
Service cost	215,978	-	215,978
Interest	180,529	-	180,529
Changes of benefit terms	-	-	-
Differences between expected and actual experience	(78,468)	-	(78,468)
Changes of assumptions	1,280,343	-	1,280,343
Benefits payments and expenses	(220,084)	-	(220,084)
Net changes	1,378,298	-	1,378,298
Balances as of 12/31/19	\$ 8,048,034	\$ -	\$ 8,048,034

Plan fiduciary net position as a percentage of the total pension liability 0%

QUEEN ANNE'S COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 15 – VOLUNTEER FIREMAN PENSION PLAN LENGTH OF SERVICE AWARD PROGRAM (LOSAP) (CONTINUED)

LOSAP Expense

The components of LOSAP expense are as follows:

	LOSAP Expense
Service cost	\$ 215,978
Interest	180,529
Projected earnings on LOSAP Trust	-
Changes in benefit terms	-
Differences between expected and actual earnings	-
Differences between expected and actual experience	(1,912)
Changes of assumptions	303,220
Total LOSAP expense	\$ 697,815

LOSAP Deferred Outflows and Deferred Inflows of Resources

The components of LOSAP deferred outflows and deferred inflows are as follows:

	Deferred Outflows	Deferred Inflows
June 30, 2019	\$ 509,398	\$ (442,699)
Difference between expected and actual experience	-	(78,468)
Changes of assumptions	1,280,343	-
Net difference between projected and actual earnings	-	-
Amortization of items allowed by GASB 75	(366,191)	64,883
Contributions subsequent to 12/31/19	-	-
June 30, 2020	\$ 1,423,550	\$ (456,284)

Amounts reported as deferred outflows and deferred inflows will be amortized as follows:

June 30,	Deferred Outflows (Inflows)
2021	\$ 301,308
2022	301,308
2023	301,307
2024	204,968
2025	(35,407)
Thereafter	(106,218)
Total	\$ 967,266

QUEEN ANNE'S COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 16 – DEFICIT EQUITY BALANCES

The following Non-Major Governmental Funds ended the year with deficit balances in unassigned fund balance:

Capital Projects – Fire Company Impact Fees Fund

The Capital Projects – Fire Company Impact Fees Fund has a negative unassigned fund balance of \$24,133 as of June 30, 2020. This negative fund balance is the result of an overpayment to a particular fire department and will decrease over time as the incoming revenues offset the overpayment.

The following Enterprise Funds ended the year with deficit equity balances:

Bay Bridge Airport Enterprise Fund

The Bay Bridge Airport Enterprise Fund has a deficit balance in unrestricted net position of \$1,360,837 as of June 30, 2020.

Golf Course Enterprise Fund

The Golf Course Enterprise Fund has a deficit balance in unrestricted net position of \$801,356 as of June 30, 2020.

The County Commissioners established the guideline that the Enterprise Funds should be self-supporting, to the extent possible. Therefore, a variety of measures are being evaluated in order to attempt the goal of balancing the Enterprise Funds.

NOTE 17 - COMMITMENTS AND CONTINGENCIES

PRIMARY GOVERNMENT

Grants - The County and its component units are recipients of various federal and state grant and/or loan programs, which are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by these grantor agencies. If the County has not complied with the rules and regulations governing the programs, refunds of money received may be required and the collectability of any related receivable as of June 30, 2020 may be impaired. The County's management believes that there are no significant contingent liabilities that must be recorded relating to compliance with the rules and regulations governing these programs. No funds were required to be returned in fiscal year 2020.

Further, certain grants for capital projects, such as various park projects funded by the State, must be used for the intended purpose of the grant. If, at any time during the useful lives of these projects, the facilities cease to operate in their intended capacity, the County may be required to reimburse the granting agency that portion of the grant or note that is equal to the percentage of useful life remaining. The County's Management believes that no such grant reimbursements will be needed.

In fiscal year 2010, the County's Department of Housing and Community Services received a grant of \$350,000 from the Maryland Department of Housing and Community Development. This Maryland Neighborhood Conservation Initiative (NCI) Grant provided funding to be used for the acquisition and purchase of foreclosed properties for resale to qualifying homebuyers, as well as the issuance of zero percent deferred payment loans to eligible critical service workers. Per the terms of the agreement, the grantee may reuse funds for these same activities until June 30, 2013. Funds returned to the County from program participants after June 30, 2013 must be returned to the state. Therefore, this grant has been recorded as a pass-through grant, with the County contingently liable for the return of these funds to the state at some point in time after June 30, 2013. During Fiscal Year 2014, the County identified \$69,569 in funds that were required to be returned to the grantor per grant provisions. No funds were required to be returned in fiscal years 2015 thru 2020.

QUEEN ANNE'S COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 17 - COMMITMENTS AND CONTINGENCIES (CONTINUED)

PRIMARY GOVERNMENT (CONTINUED)

In accordance with the provisions of GASB Statement 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, the County has committed certain fund balances for future construction projects. In the General Capital Projects Fund, a total of \$2,680,215 has been committed, including \$1,048,242 for Economic Development, \$939,883 for site improvements pursuant to agreements with local developers, and \$692,090 for rubble surcharge. In the Roads Capital Projects Fund, \$570,966 has been contributed by developers and is committed to fund infrastructure improvements.

Income Tax Contingency - On May 18, 2015, the Supreme Court of the United States decided against the State of Maryland in *Comptroller of the Treasury of Maryland v. Wynne Et Ux*. Under state law, residents who pay income tax to another state for income earned in that other state are allowed a credit against their Maryland state income tax but not against the so-called piggy-back tax of the county or municipality where they reside. Plaintiffs argued that not granting a credit against the local income tax is a violation of the U.S. Constitution. By a 5 to 4 vote, the Supreme Court found for the plaintiffs holding generally that the state law violates what is known as the Dormant Commerce Clause. This decision means that Maryland counties, including Queen Anne's County, need to reserve funds against refund claims by certain taxpayers (particularly S corporation shareholders) dating back to Tax Year 2007. The County estimates that it needs to reserve \$806,682 against these potential claims. The County plans to use \$806,682 in existing reserves to finance such claims. The County estimates that future loss of revenues as a result of the Wynne Case will be absorbed through the normal budgeting process.

Based on the findings, Queen Anne's County reduced the receivable from the State for income taxes and the offsetting deferred inflows by the estimated fiscal impact for the County for tax years going back to 2007 which totaled \$806,682 including interest. The adjustment does not change the total fund balance for the General Fund. Since the County already received the money in income taxes in prior years, the amount of anticipated liability for the Wynne Case impact on the County is assigned in the General Fund. When the State begins taking the funds back, the County will release the amount from the assigned fund balance. The amount of anticipated liability is based on assessments provided by the Maryland Comptroller's Office and the County believes these figures to be within reason.

Under Maryland law, taxpayers are generally eligible for interest on certain tax refunds calculated at an annual rate of interest equal to the greater of (i) three percentage points above the average prime rate of interest or (ii) 13%. In 2014, the Maryland General Assembly adopted legislation that set the annual interest rate for an income tax refund that is a result of the final decision under the Wynne case to a percent equal to the average prime rate of interest. This legislation substantially lowers the interest rate on tax refunds due as a result of the Wynne decision. Further, the legislation was intended to be effective retroactively. On November 13, 2015, lawyers for Michael J. Holzheid filed a class action complaint, *Michael J. Holzheid v. Comptroller of the Treasury of Maryland, et al*, in the Circuit Court for Baltimore City challenging the state legislation. Other taxpayers may also file claims or appeals challenging the state legislation. If such claims or appeals are successful, the estimated amount of interest on refunds owed by the County would increase.

NOTE 18 – JOINT VENTURE

In 1991, the County Commissioners, in conjunction with Talbot, Caroline, and Kent Counties, entered into a regional partnership known as the Midshore Regional Landfill Joint Venture. This venture was formed to provide a long-term, solid waste management solution for the four-county area. As part of the agreement, each of the four Counties agreed to host a solid waste facility for a twenty-year period, giving the venture a total duration of eighty years. In 1991, the Midshore Regional Landfill opened in Talbot County and served the waste management needs of the four-County area for twenty years. This facility, owned and operated by the Maryland Environmental Service (MES), closed on December 31, 2010. The second Midshore facility, Midshore II, opened in Caroline County in January 2011 and is fully operational. After the facility in Caroline County reaches capacity, another landfill will be constructed in Queen Anne's County, with Kent County to follow in turn. Each County is required to, and has, set aside sufficient land to construct a landfill within their borders. The agreement expires when the last of the four landfills is closed.

QUEEN ANNE'S COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 18 – JOINT VENTURE (CONTINUED)

Queen Anne's County has a 34.45% financial interest in the Midshore Regional Landfill. If expenditures exceed revenues, the County is obligated to cover the deficiency in proportion to its financial interest; however, to date additional funding from the County has not been required nor does management anticipate it.

During fiscal year 2011, the landfill located in Talbot County, Midshore I, was closed. As of June 30, 2020, total closure and post closure costs for Midshore I was estimated at approximately \$1.3 million. Midshore II, located in Caroline County, was 27.23% filled. Closure and post closure costs for Midshore II are estimated at approximately \$16.8 million. Therefore, the total closure and post closure costs for both landfills are \$18.4 million, with approximately \$6.4 million attributable to Queen Anne's County. These costs are paid from tipping fees of acceptable waste delivered by or for the account of the counties. It is currently expected that sufficient funds will be available from landfill revenues to pay future closure and post closure costs. MES has accrued and reported a long-term liability of \$6.2 million as of June 30, 2020, determined by the estimated useful life of the landfill.

Similar to the post closure costs, each of the participating Counties is contingently liable for the debt related to the new facility, Midshore II. Midshore II was funded with project revenue bonds totaling \$25.0 million. As of June 30, 2020, \$8.6 million is attributable to Queen Anne's County in the event of a default.

Each County is required to place its municipal waste in the landfill. The facility is also available to commercial waste disposal firms at the same price per ton as charged to the County governments. Queen Anne's County paid \$357,635 in tipping fees to the facility during fiscal year 2020.

MES has satisfied its financial assurance requirements based upon the local government financial ratio tests of the project participants as of June 30, 2020. MES expects to satisfy these requirements as of June 30, 2021 using the same criteria. Due to inflation and changes in technology, laws, and regulations, estimated closure and post closure care costs may change in the future. Financial Statements of the Landfill can be obtained from MES located at 259 Najoles Road, Millersville, MD 21108.

NOTE 19 – POLLUTION REMEDIATION OBLIGATIONS

During fiscal year 2009, the County implemented the provisions of Governmental Accounting Standards Board (GASB) Statement 49, *Accounting and Financial Reporting for Pollution Remediation Obligations*.

During a prior fiscal year, 2003, the County agreed to a voluntary Methyl Tertiary Butyl Ether (MTBE) testing program for underground fuel tanks located at the County's Department of Public Works' fuel depot. This testing program was and still is approved by the Maryland Department of Environment (MDE).

Since the testing program began in 2003, the County has incurred a total of \$448 thousand in expenses, including \$14 thousand in fiscal year 2020, to comply with the provisions of the program. Costs covered remediation work and consulting fees; the latter for testing, studies, and monitoring. Remediation efforts included demolition and removal of the existing fuel depot at the Public Works Centreville Shop; remediation of the soils via excavation; offsite controlled disposal and backfill; installation of monitoring wells; in situ chemical oxidation and dual phase extraction; attorney's fees and miscellaneous environmental consulting services.

In May 2010, MDE requested the County devise a Corrective Action Plan (CAP) to address contamination concerns at the fuel depot site. In August 2010, MDE approved the County's CAP work which included the installation of additional monitoring wells and one year of monitoring, sampling, testing and furnishing of those reports to MDE.

In December of 2014, a leak was discovered at the 10,000 gallon fuel oil UST for the office building. MDE required the removal of the tank and mitigation of the contaminated soils and ground water. The tank has been replaced with a compliant above ground 1,500 gallon fuel oil storage tank. This work was completed, including compliant disposal of

QUEEN ANNE'S COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 19 – POLLUTION REMEDIATION OBLIGATIONS (CONTINUED)

all soils by May 2015. MDE subsequently directed the County to install two additional monitoring wells and to abandon the former injection wells on-site.

During fiscal year 2020, the County and MDE met to again review the project data. Last year, MDE dictated that the County would need to install three additional monitoring wells upstream (NE) to the existing wells, soil sampling and disposal, and initial ground water sampling. These wells have been monitored quarterly by Chesapeake Geosciences for the past year. The presence of LPH in MW-2A continues to be monitored, fluctuates in depth, and currently appears to be recoverable only in minimal amounts. The County is to continue with the approved MDE monitoring program. In addition, Chesapeake Geosciences will collect samples, test and provide reports both quarterly for the new (3) wells and bi-annual for the existing (9) wells. The County will continue discussions with MDE regarding the project closeout at the end of the first year schedule associated with the new monitoring wells.

The estimated costs over the next year are not material, and thus no liability has been recorded at this time. None of these outlays met the requirements for capitalization noted in GASB Statement 49 and they were not capitalized.

Required Supplementary Information

**QUEEN ANNE'S COUNTY, MARYLAND
REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2020**

MARYLAND STATE RETIREMENT AND PENSIONS SYSTEMS

SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (as of measurement date)

Measurement Date	Employer's Proportion (Percentage) of the Collective NPL A	Employer's Proportion Share of the Collective NPL B	Employer's Covered Employee Payroll C	Proportionate Share as a Percentage of Covered Payroll (B / C)	Plan's Total Fiduciary Net Position D	Plan's Total Pension Liability E	Plan's Fiduciary Net Position as a Percentage of Total Pension Liability (D / E)
June 30, 2014	0.1038567%	\$ 18,431,162	\$ 19,929,409	92%	\$ 45,339,988,000	\$ 63,086,719,000	72%
June 30, 2015	0.1189567%	24,721,248	21,231,535	116%	45,789,840,000	66,571,552,000	69%
June 30, 2016	0.1271511%	30,000,070	23,160,758	130%	45,365,927,000	68,959,954,000	66%
June 30, 2017	0.1232988%	26,661,766	24,681,589	108%	48,987,184,000	70,610,885,000	69%
June 30, 2018	0.1383948%	29,037,440	26,088,826	111%	51,827,233,000	72,808,833,000	71%
June 30, 2019	0.1429452%	29,483,317	26,185,838	113%	53,943,420,000	74,569,030,000	72%

SCHEDULE OF CONTRIBUTIONS (as of fiscal year end)

Fiscal Year	Contractually Required Contribution A	Actual Contribution B	Contribution Deficiency (Excess) (A - B)	Employer's Covered Employee Payroll C	Actual Contribution as a Percentage of Covered Payroll (B / C)
2015	\$ 2,507,287	\$ 2,507,287	\$ -	\$ 21,231,535	12%
2016	2,477,009	2,477,009	-	23,160,758	11%
2017	2,509,551	2,509,551	-	24,681,589	10%
2018	2,759,698	2,759,698	-	26,088,826	11%
2019	2,935,378	2,935,378	-	26,185,838	11%
2020	3,247,222	3,247,222	-	27,669,757	12%

Both schedules above are presented to illustrate the requirements to show information for 10 years. However, until full 10-year trends are compiled, pension plans should present information for those years for which the information is available.

**QUEEN ANNE'S COUNTY, MARYLAND
REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2020**

MARYLAND STATE RETIREMENT AND PENSIONS SYSTEMS (CONTINUED)

ACTUARIAL ASSUMPTIONS – PENSION PLAN

Changes in Benefit Terms

There were no benefit changes during the year.

Changes in Assumptions

Discount rate changed from 7.50% to 7.40%.

Method and Assumptions used in Calculations of Actuarially Determined Contributions

Actuarial	Entry Age Normal
Amortization Method	Level Percentage of Payroll, Closed
Remaining Amortization Period	25-year closed amortization period ending June 30, 2039; 19 years remaining.
Asset Valuation Model	Five-year smoothed market (max. 120% and min 80% of the market value)
Inflation	In the 2019 actuarial valuation, 2.65% general, 3.15% wage. In the 2018 actuarial valuation, 2.60% general, 3.10% wage.
Salary Increases	In the 2019 actuarial valuation, 3.10% to 11.6%, including inflation. In the 2018 actuarial valuation, 3.20% to 9.10%, including inflation.
Investment Rate of Return	In the 2019 actuarial valuation, 7.40%. In the 2018 actuarial valuation, 7.45%.
Retirement Age	Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2018 valuation pursuant to an experience study of the period July 1, 2014 to July 30, 2018.
Mortality	Public Sector 2010 Mortality Tables calibrated to MSRPS experience with generational projections using MP-2018 (2-dimensional) mortality improvement scale.

**QUEEN ANNE'S COUNTY, MARYLAND
REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2020**

OTHER POST-EMPLOYMENT BENEFITS TRUST

The following required supplementary information relates to the OPEB plan described in Note 14. This information is intended to help users assess the system's funding status on a going-concern basis; assess progress made in accumulating assets to pay benefits when due; and make comparisons among employers.

SCHEDULE OF CHANGES IN THE NET OPEB LIABILITY

	2017	2018	2019	2020
Total OPEB Liability ("TOL")				
Service cost	\$ 1,097,813	\$ 1,130,747	\$ 1,164,669	\$ 1,331,424
Interest	2,764,491	2,985,530	3,136,157	3,344,770
Changes in benefit terms	-	-	-	-
Difference between expected and actual experience	-	-	735,549	-
Changes in assumptions	-	265,899	915,266	426,582
Benefit payments	(1,291,027)	(1,498,005)	(1,568,468)	(1,561,872)
Net change in total OPEB liability	2,571,277	2,884,171	4,383,173	3,540,904
Total OPEB liability - beginning of year	48,695,013	51,266,290	54,150,461	58,533,634
Total OPEB liability - end of year	\$ 51,266,290	\$ 54,150,461	\$ 58,533,634	\$ 62,074,538
Plan Fiduciary Net Position ("PFNP")				
Contributions - employer	\$ 2,223,474	\$ 2,731,447	\$ 3,037,243	\$ 3,378,771
Contributions - member	-	-	-	-
Net investment income	75,175	207,932	342,827	129,710
Benefit payments	(1,291,027)	(1,498,005)	(1,568,468)	(1,561,872)
Admin expenses	-	(2,452)	(39,142)	(3,553)
Other	-	-	-	-
Net change in plan fiduciary net position	1,007,622	1,438,922	1,772,460	1,943,056
Plan fiduciary net position - beginning of year	2,804,433	3,812,055	5,250,977	7,023,437
Plan fiduciary net position - end of year	\$ 3,812,055	\$ 5,250,977	\$ 7,023,437	\$ 8,966,493
Net OPEB liability ("NOL") - beginning of year	\$ 45,890,580	\$ 47,454,235	\$ 48,899,484	\$ 51,510,197
Net OPEB liability - end of year	\$ 47,454,235	\$ 48,899,484	\$ 51,510,197	\$ 53,108,045
PFNP as a % of TOL	7.4%	9.7%	12.0%	14.4%
Covered employee payroll	\$ 21,604,888	\$ 22,282,543	\$ 23,843,440	\$ 25,806,124
NOL as a % of covered employee payroll	219.6%	219.5%	216.0%	205.8%

This schedule is presented to illustrate the requirements to show information for 10 years. However, until a full 10-year trend is available, only those years for which information is available, will be presented.

**QUEEN ANNE'S COUNTY, MARYLAND
REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2020**

OTHER POST-EMPLOYMENT BENEFITS TRUST (CONTINUED)

SCHEDULE OF ACTUAL EMPLOYER CONTRIBUTION AS A PERCENTAGE OF COVERED-EMPLOYEE PAYROLL

Fiscal Year	Actuarially Determined Employer Contribution	Actual Employer Contribution	Contribution Deficiency / (Excess)	Covered Employee Payroll	Contribution as a Percent of Payroll
2011	\$ 7,256,495	\$ 835,792	\$ 6,420,703	\$ 20,439,972	4.1%
2012	7,806,661	1,508,144	6,298,517	18,903,632	8.0%
2013	9,024,000	1,668,781	7,355,219	17,640,063	9.5%
2014	9,187,000	1,692,951	7,494,049	17,953,154	9.4%
2015	4,004,722	2,066,819	1,937,903	19,064,280	10.8%
2016	4,189,564	2,121,316	2,068,248	20,650,915	10.3%
2017	3,853,839	2,223,474	1,630,365	21,604,888	10.3%
2018	3,969,454	2,731,447	1,238,007	22,282,543	12.3%
2019	4,377,119	3,037,243	1,339,876	23,843,440	12.7%
2020	4,508,433	3,378,771	1,129,662	25,806,124	13.1%

ACTUARIAL ASSUMPTIONS – OPEB PLAN

Actuarial assumptions

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

Investment Return: 6.00%, net of investment expense and including inflation

Healthcare Trend: 6.75% initially, grading down to 4.25% ultimate

Mortality rates are based on the PUB2010G Headcount tables with Scale SSA18 applied on a generational basis. PUB2010G Headcount Disabled tables are used for those on disability, if applicable.

Changes in Actuarial assumptions

There were no changes in actuarial assumptions since the prior year, except the change in discount rate due to an updated fund availability analysis.

Actuarial Methods for Determining Employer Contributions

The same economic and demographic assumptions are used for both funding and financial reporting purposes under GASB 74/75.

The Entry Age method is used for accounting/GASB purposes, therefore all of the actuarial figures within this Report are based on it. Actuarially Determined Contributions are also based on the Entry Age method, with a closed level percentage of payroll amortization of the unfunded liability (19 years remaining).

**QUEEN ANNE'S COUNTY, MARYLAND
REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2020**

LENGTH OF SERVICE AWARD PROGRAM (LOSAP)

SCHEDULE OF CHANGES IN THE NET LOSAP LIABILITY (as of measurement date)

AS OF MEASUREMENT DATE	2017	2018	2019
Total LOSAP liability ("TLL")			
Service cost	\$ 206,276	\$ 164,371	\$ 215,978
Interest cost	196,904	249,496	180,529
Changes of benefit terms	-	-	-
Differences between expected and actual experience	-	137,821	(78,468)
Changes of assumptions	578,039	(491,888)	1,280,343
Benefits payments and admin expenses	(190,420)	(220,060)	(220,084)
Net change in TLL	790,799	(160,260)	1,378,298
TLL - beginning of year	6,039,197	6,829,996	6,669,736
TLL - end of year	\$ 6,829,996	\$ 6,669,736	\$ 8,048,034

Plan fiduciary net position ("PFNP")

Contributions - employer	\$ -	\$ -	\$ -
Net investment income	-	-	-
Benefits payments	-	-	-
Administrative expense	-	-	-
Net change in PFNP	-	-	-
Total PFNP - beginning of year	-	-	-
Total PFNP - end of year	\$ -	\$ -	\$ -

Net LOSAP liability ("NLL")	6,829,996	6,669,736	8,048,034
PFNP as a % of TLL	0%	0%	0%

Covered employee payroll - *	N/A	N/A	N/A
NLL as a % of covered payroll	N/A	N/A	N/A

* - the NLL is based on volunteer hours and as such has no payroll associated.

Expected average remaining service years of all participants	6	10	5
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This schedule is presented to illustrate the requirements to show information for 10 years. However, until a full 10-year trend is available, only those years for which information is available, will be presented.

**QUEEN ANNE'S COUNTY, MARYLAND
REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2020**

LENGTH OF SERVICE AWARD PROGRAM (LOSAP) (CONTINUED)

NOTES TO THE REQUIRED SUPPLEMENTAL INFORMATION – LOSAP

The LOSAP has no assets accumulated in a trust that meet the criteria in GASB 73, paragraph 4.

Benefit changes – fiscal year

2018	None
2019	None
2020	None

Changes of assumptions – fiscal year

2018	None, other than the discount rate
2019	None, other than the discount rate
2020	None, other than the discount rate

Discount rate – measurement rate

December 31, 2017	3.31%
December 31, 2018	3.71%
December 31, 2019	2.75%

BUDGETARY COMPARISONS FOR THE GENERAL FUND

Required Supplementary Information provides budget-to-actual comparisons for the General Fund. Budgets are adopted using the same method of accounting as that used for reporting purposes, i.e. according to generally accepted accounting principles as used in the United States of America (GAAP).

QUEEN ANNE'S COUNTY, MARYLAND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2020

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
REVENUES				
Taxes				
Local Property Tax	\$ 70,332,149	\$ 71,616,949	\$ 71,645,066	\$ 28,117
Local Income Tax	55,847,412	60,471,688	61,547,651	1,075,963
Admission and Amusement Taxes	171,700	171,700	150,153	(21,547)
Recordation Taxes	5,531,750	5,531,750	6,147,087	615,337
Hotel Taxes	626,200	626,200	530,601	(95,599)
County Transfer Taxes	2,012,894	2,012,894	2,283,527	270,633
State Shared Taxes	1,166,193	1,166,193	1,074,473	(91,720)
Franchise Fee	500,000	500,000	485,727	(14,273)
Licenses and Permits	643,564	643,564	543,912	(99,652)
Intergovernmental	1,735,000	1,764,949	1,615,025	(149,924)
Bond Interest Reimbursement - Build America Bond	315,000	315,000	-	(315,000)
Charges for Current Services	2,819,000	2,819,000	2,645,061	(173,939)
Fines and Forfeitures	89,500	89,500	63,843	(25,657)
Investment Income	400,000	400,000	950,612	550,612
Donations	-	-	94,342	94,342
Miscellaneous	560,500	544,750	718,574	173,824
Total Revenues	<u>142,750,862</u>	<u>148,674,137</u>	<u>150,495,654</u>	<u>1,821,517</u>
EXPENDITURES				
GENERAL GOVERNMENT				
Legislative	475,675	479,206	403,295	75,911
Judicial				
Circuit Court	619,595	625,980	439,513	186,467
Orphan's Court	99,148	99,148	83,396	15,752
State's Attorney	1,350,207	1,369,012	1,356,567	12,445
County Administrator	212,774	241,355	237,830	3,525
Board of Elections	942,694	942,694	734,976	207,718
Finance Office	1,269,669	1,287,883	1,277,425	10,458
Human Resources	631,283	640,727	608,113	32,614
Planning and Zoning	1,982,269	2,008,237	1,841,941	166,296
Information Technology	1,656,467	1,670,791	1,580,784	90,007
QAC-TV	392,557	403,641	401,507	2,134
Legal Services	471,700	471,700	367,787	103,913
Total General Government	<u>10,104,038</u>	<u>10,240,374</u>	<u>9,333,134</u>	<u>907,240</u>
PUBLIC SAFETY				
Sheriff's Office	8,542,824	8,634,211	7,927,304	706,907
Volunteer Fire and Rescue Services	3,949,818	3,949,818	3,846,877	102,941
Detention Center	5,116,883	5,197,772	4,577,461	620,311
Emergency Services	9,908,634	10,036,973	9,486,602	550,371
Total Public Safety	<u>27,518,159</u>	<u>27,818,774</u>	<u>25,838,244</u>	<u>1,980,530</u>
PUBLIC WORKS				
Administration	625,692	634,715	577,541	57,174
Solid Waste Disposal	1,711,019	1,724,640	1,503,956	220,684
Engineering Division	715,697	726,297	716,186	10,111
Roads Division	5,157,671	5,216,587	4,777,599	438,988
General Services	2,516,188	2,531,743	2,252,538	279,205
Animal Services	-	248,900	194,050	54,850
Total Public Works	<u>10,726,267</u>	<u>11,082,882</u>	<u>10,021,870</u>	<u>1,061,012</u>

CONTINUED

QUEEN ANNE'S COUNTY, MARYLAND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2020

(CONTINUED)

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
<u>PARKS & RECREATION</u>				
Parks	\$ 4,229,220	\$ 4,287,414	\$ 3,732,317	\$ 555,097
Recreation	943,192	952,080	780,924	171,156
Total Parks & Recreation	<u>5,172,412</u>	<u>5,239,494</u>	<u>4,513,241</u>	<u>726,253</u>
<u>HEALTH AND SOCIAL SERVICES</u>				
Health Department	2,438,149	2,439,658	2,147,035	292,623
Social Services	174,298	178,805	177,746	1,059
Total Health and Social Services	<u>2,612,447</u>	<u>2,618,463</u>	<u>2,324,781</u>	<u>293,682</u>
<u>EDUCATION AND LIBRARY</u>				
Board of Education	59,491,381	59,491,381	59,491,381	-
Chesapeake College	2,061,413	2,061,513	2,061,485	28
Queen Anne's County Free Library	1,889,225	1,889,225	1,889,225	-
Total Education and Library	<u>63,442,019</u>	<u>63,442,119</u>	<u>63,442,091</u>	<u>28</u>
<u>CONSERVATION OF NATURAL RESOURCES</u>				
Cooperative Extension Service	338,328	339,294	338,570	724
Soil Conservation Service	213,144	216,997	150,227	66,770
4-H Park	84,200	84,200	75,935	8,265
Total Conservation of Natural Resources	<u>635,672</u>	<u>640,491</u>	<u>564,732</u>	<u>75,759</u>
<u>ECONOMIC AND COMMUNITY DEVELOPMENT</u>				
Economic Development	609,608	618,585	547,486	71,099
Community Affairs	206,103	229,105	198,374	30,731
Total Economic and Community Development	<u>815,711</u>	<u>847,690</u>	<u>745,860</u>	<u>101,830</u>
<u>DEBT SERVICE</u>				
School Debt Service - Principal	5,119,379	5,119,379	5,119,378	1
School Debt Service - Interest	2,198,512	2,198,512	1,891,124	307,388
County Debt Service - Principal	3,432,322	3,434,822	3,433,410	1,412
County Debt Service - Interest	2,580,329	2,577,829	2,328,852	248,977
Total Debt Service	<u>13,330,542</u>	<u>13,330,542</u>	<u>12,772,764</u>	<u>557,778</u>
<u>INTERGOVERNMENTAL</u>				
Aid to Municipalities	213,686	263,686	259,596	4,090
SDAT Costs from State	425,000	425,000	302,460	122,540
Total Intergovernmental	<u>638,686</u>	<u>688,686</u>	<u>562,056</u>	<u>126,630</u>

CONTINUED

QUEEN ANNE'S COUNTY, MARYLAND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2020

(CONTINUED)

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
<u>MISCELLANEOUS</u>				
Aid to Other Agencies	\$ 573,045	\$ 639,045	\$ 636,312	\$ 2,733
Insurance & Benefits	2,281,955	2,281,955	1,908,745	373,210
Transfer to OPEB Fund	1,816,899	1,816,899	1,816,899	-
Contingencies	1,050,000	392,599	319,639	72,960
Salary Lapse	(1,124,856)	(1,124,856)	-	(1,124,856)
Miscellaneous Non-Departmental	869,298	701,798	627,085	74,713
Total Miscellaneous	<u>5,466,341</u>	<u>4,707,440</u>	<u>5,308,680</u>	<u>(601,240)</u>
Total Expenditures	<u>140,462,294</u>	<u>140,656,955</u>	<u>135,427,453</u>	<u>5,229,502</u>
Excess of Revenues Over Expenditures	<u>2,288,568</u>	<u>8,017,182</u>	<u>15,068,201</u>	<u>7,051,019</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Proceeds of Capital Asset Disposals	-	18,000	30,607	12,607
Insurance Proceeds	-	-	11,311	11,311
Transfers In From:				
Bridge Fund	-	215,200	215,200	-
General Capital Projects	-	10,051	10,051	-
Impact Fees - School	<u>1,200,000</u>	<u>1,200,000</u>	<u>-</u>	<u>(1,200,000)</u>
Total Transfers In	<u>1,200,000</u>	<u>1,425,251</u>	<u>225,251</u>	<u>(1,200,000)</u>
Transfers Out To:				
General Capital Projects Fund	422,603	5,922,603	5,922,603	-
Department of Aging	1,772,234	1,556,739	1,332,750	223,989
Department of Housing and Community Services	840,872	848,536	743,921	104,615
Community Partnerships	426,769	440,786	396,213	44,573
Agricultural Transfer Tax	-	639,254	639,254	-
Grants Fund	11,410	49,659	32,627	17,032
Impact Fees - Fire Companies/Contingencies	90,000	90,000	85,112	4,888
Airport Enterprise Fund	59,942	60,964	60,963	1
Golf Course Enterprise Fund	<u>287,341</u>	<u>290,953</u>	<u>96,621</u>	<u>194,332</u>
Total Transfers Out	<u>3,911,171</u>	<u>9,899,494</u>	<u>9,310,064</u>	<u>589,430</u>
Total Other Financing (Uses)	<u>(2,711,171)</u>	<u>(8,456,243)</u>	<u>(9,042,895)</u>	<u>(586,652)</u>
Net Increase (Decrease) in Fund Balance	<u>\$ (422,603)</u>	<u>\$ (439,061)</u>	<u>6,025,306</u>	<u>\$ 6,464,367</u>
Fund Balance, July 1			<u>35,059,323</u>	
Fund Balance, June 30			<u>\$ 41,084,629</u>	



Combining and Individual Fund Statements and Schedules

The Combining and Individual Fund Statements and Schedules provide detailed information concerning the financial position, results of operations, and budgetary comparisons for the non-major funds, capital projects, and fiduciary funds.

Non-Major Governmental Funds

Non-Major Governmental Funds are used to account for the proceeds of specific revenue sources (other than capital projects and debt service funds) that are legally restricted to expenditures for specific purposes.

NON-MAJOR GOVERNMENTAL FUNDS

Non-major governmental funds are special revenue funds, unless otherwise noted:

Department of Aging – This fund accounts for activities funded primarily by grants to provide services for the elderly and is included in the social services function.

Housing and Community Services – This fund accounts for activities funded mostly by grants and revolving loan funds that support housing rehabilitation and home-ownership and is included in the economic and community development function.

Grants Fund – This fund accounts for activities funded by grants and is included in various governmental functions, depending on the grant.

Revolving Loan Fund – This fund accounts for activities funded by community donations and grants to promote and provide economic development loans to local businesses and is included in the economic and community development function.

Economic Development Incentive Fund – This fund accounts for activities funded with a portion of recordation taxes that support economic development in the County by attracting and investing in new and existing businesses and is included in the economic and community development function.

BRIDGE (Business Reinvestment and Infrastructure Development Grant Enterprise) Fund – This fund accounts for activities funded with a portion of recordation taxes and provides new commercial businesses funding for capital and infrastructure improvements. The BRIDGE Fund is included in the economic and community development function.

Community Partnerships for Children – This fund accounts for activities funded by grants allocated to the County that provide services for children and families and is included in the social services function.

Critical Areas – This fund accounts for activities funded by payments in lieu of performance bonds that support efforts to mitigate and preserve critical areas along the shoreline of tidal waters within the County and is included in the conservation of natural resources function.

Law Library – This fund accounts for activities funded by court fees, fines, and contributions from local attorneys to update legal reference materials housed in the courthouse and is included in the general government function.

Sheriff's Drug Task Force – This fund accounts for activities funded by drug-related forfeitures that support drug interdiction efforts by a multi-faceted task force and is included in the public safety function.

Inmate Welfare Fund – This fund accounts for activities funded by profits earned from Detention Center inmate-related services that promote the welfare of the inmates and is included in the public safety function.

Agricultural Transfer Tax – This fund accounts for activities funded primarily by the Agricultural Transfer Tax to purchase agricultural easements that preclude development and is included in the conservation of natural resources function.

Rural Legacy – This fund accounts for activities funded primarily by Maryland's Rural Legacy Program to purchase easements that preclude development and is included in the conservation of natural resources function.

Purchase of Development Rights – This fund accounts for activities funded by Queen Anne’s County to acquire easements to restrict the use of agricultural land and woodland and is included in the conservation of natural resources function.

Dredging Special Assessments – This fund accounts for activities funded by special assessment funds collected to repay loans for specific dredging and erosion projects that benefited Price’s Creek, Grove Creek, and Narrows Pointe and is included in the conservation of natural resources function.

Kent Narrows – This fund accounts for activities funded by tax revenues to improve the Kent Narrows area and is included in the economic and community development function.

Capital Projects – School Impact Fees – This fund accounts for financial resources generated by new residential construction and used for the construction of public school facilities or payment of school debt relating to such construction.

Capital Projects – Fire Company Impact Fees – This fund accounts for activities funded by impact fees specifically earmarked to enhance local volunteer fire company preparedness resulting from new construction and is included in the public safety function.

Capital Projects – Parks and Recreation Impact Fees – This fund accounts for activities funded by impact fees specifically earmarked to enhance parks and recreation and is included in the parks and recreation function.

QUEEN ANNE'S COUNTY, MARYLAND
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
JUNE 30, 2020

	DEPARTMENT OF AGING	HOUSING AND COMMUNITY SERVICES	GRANTS FUND	REVOLVING LOAN FUND	ECONOMIC DEVELOPMENT INCENTIVE	BRIDGE FUND
ASSETS						
Cash and Cash Equivalents	\$ -	\$ 2,658,509	\$ 3,525,641	\$ 500,811	\$ 357,759	\$ 85,680
Receivables						
Taxes Receivable (Net)	-	-	-	-	-	-
Accounts Receivable (Net)	2,073	9,485	4,125	10,662	-	-
Loans Receivable (Net)	-	5,695,438	-	59,919	-	-
Special Assessments (Net)	-	-	-	-	-	-
Due from Other Governments	489,132	43,330	670,287	-	-	-
Total Assets	<u>\$ 491,205</u>	<u>\$ 8,406,762</u>	<u>\$ 4,200,053</u>	<u>\$ 571,392</u>	<u>\$ 357,759</u>	<u>\$ 85,680</u>
LIABILITIES						
Accrued Liabilities	\$ 170,684	\$ 23,771	\$ 56,339	\$ -	\$ -	\$ -
Due to Other Funds	202,474	-	-	-	-	-
Due to Other Governmental Agencies	721	3,136	-	-	-	-
Unearned Revenue	-	680	3,903,714	-	-	-
Total Liabilities	<u>373,879</u>	<u>27,587</u>	<u>3,960,053</u>	<u>-</u>	<u>-</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES						
Unavailable Benefit Assessments	-	-	-	-	-	-
Unavailable Fees	-	-	-	-	-	-
Total Deferred Inflows	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Liabilities and Deferred Inflows	<u>373,879</u>	<u>27,587</u>	<u>3,960,053</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES						
Restricted	3,382	2,788,973	-	-	-	-
Committed	-	5,590,202	-	571,392	357,759	85,680
Assigned	113,944	-	240,000	-	-	-
Unassigned	-	-	-	-	-	-
Total Fund Balances	<u>117,326</u>	<u>8,379,175</u>	<u>240,000</u>	<u>571,392</u>	<u>357,759</u>	<u>85,680</u>
Total Liabilities, Deferred Inflows and Fund Balances	<u>\$ 491,205</u>	<u>\$ 8,406,762</u>	<u>\$ 4,200,053</u>	<u>\$ 571,392</u>	<u>\$ 357,759</u>	<u>\$ 85,680</u>

QUEEN ANNE'S COUNTY, MARYLAND
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
JUNE 30, 2020

(CONTINUED)

COMMUNITY PARTNERSHIPS FOR CHILDREN	CRITICAL AREAS	LAW LIBRARY	SHERIFF'S DRUG TASK FORCE	INMATE WELFARE	AGRICULTURAL TRANSFER	RURAL LEGACY	PURCHASE OF DEVELOPMENT RIGHTS
\$ 443,814	\$ 270,928	\$ 350,975	\$ 165,585	\$ 241,080	\$ 149,351	\$ 1,080,335	\$ -
-	-	-	-	-	-	-	-
1,718	-	-	-	202	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
173,221	-	-	-	-	6,765	-	-
<u>\$ 618,753</u>	<u>\$ 270,928</u>	<u>\$ 350,975</u>	<u>\$ 165,585</u>	<u>\$ 241,282</u>	<u>\$ 156,116</u>	<u>\$ 1,080,335</u>	<u>\$ -</u>
\$ 178,458	\$ 8,900	\$ 27	\$ 29,701	\$ 3,515	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
375,009	-	-	-	25,718	-	-	-
-	-	-	-	-	-	-	-
553,467	8,900	27	29,701	29,233	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
553,467	8,900	27	29,701	29,233	-	-	-
-	262,028	-	135,884	212,049	156,116	1,080,335	-
-	-	-	-	-	-	-	-
65,286	-	350,948	-	-	-	-	-
-	-	-	-	-	-	-	-
65,286	262,028	350,948	135,884	212,049	156,116	1,080,335	-
<u>\$ 618,753</u>	<u>\$ 270,928</u>	<u>\$ 350,975</u>	<u>\$ 165,585</u>	<u>\$ 241,282</u>	<u>\$ 156,116</u>	<u>\$ 1,080,335</u>	<u>\$ -</u>

CONTINUED

QUEEN ANNE'S COUNTY, MARYLAND
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
JUNE 30, 2020

(CONTINUED)

	DREDGING SPECIAL ASSESSMENTS	KENT NARROWS	CAPITAL PROJECTS			TOTAL NON-MAJOR GOVERNMENTAL
			SCHOOL IMPACT FEES	FIRE COMPANY IMPACT FEES	PARKS AND RECREATION IMPACT FEES	
ASSETS						
Cash and Cash Equivalents	\$ 2,262	\$ 198,804	\$ 10,722,271	\$ 416,491	\$ 301,853	\$ 21,472,149
Receivables						
Taxes Receivable (Net)	-	745	-	-	-	745
Accounts Receivable (Net)	3,833	-	-	-	-	32,098
Loans Receivable (Net)	-	-	688,573	104,813	75,363	6,624,106
Special Assessments (Net)	774,172	-	-	-	-	774,172
Due from Other Governments	-	-	-	-	-	1,382,735
Total Assets	\$ 780,267	\$ 199,549	\$ 11,410,844	\$ 521,304	\$ 377,216	\$ 30,286,005
LIABILITIES						
Accrued Liabilities	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 471,395
Due to Other Funds	-	-	-	24,133	-	226,607
Due to Other Governmental Agencies	-	-	-	-	-	404,584
Unearned Revenue	-	-	-	-	-	3,904,394
Total Liabilities	-	-	-	24,133	-	5,006,980
DEFERRED INFLOWS OF RESOURCES						
Unavailable Benefit Assessments	774,172	-	-	-	-	774,172
Unavailable Fees	-	-	688,573	104,813	75,363	868,749
Total Deferred Inflows	774,172	-	688,573	104,813	75,363	1,642,921
Total Liabilities and Deferred Inflows	774,172	-	688,573	128,946	75,363	6,649,901
FUND BALANCES						
Restricted	6,095	199,549	-	-	-	4,844,411
Committed	-	-	10,722,271	416,491	301,853	18,045,648
Assigned	-	-	-	-	-	770,178
Unassigned	-	-	-	(24,133)	-	(24,133)
Total Fund Balances	6,095	199,549	10,722,271	392,358	301,853	23,636,104
Total Liabilities, Deferred Inflows and Fund Balances	\$ 780,267	\$ 199,549	\$ 11,410,844	\$ 521,304	\$ 377,216	\$ 30,286,005



QUEEN ANNE'S COUNTY, MARYLAND
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NON-MAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2020

	DEPARTMENT OF AGING	HOUSING AND COMMUNITY SERVICES	GRANTS FUND	REVOLVING LOAN FUND	ECONOMIC DEVELOPMENT INCENTIVE	BRIDGE FUND
REVENUES						
Taxes						
Local Property Tax	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Recordation Taxes	-	192,096	-	-	-	-
State Shared Taxes	-	-	-	-	-	-
Intergovernmental	1,368,637	178,592	1,593,499	-	-	-
Charges for Current Services	72,840	205,000	16,558	-	-	-
Fines and Forfeitures	-	-	-	-	-	-
Investment Income	2,231	13,985	-	1,888	-	-
Donations	19,988	-	10,000	-	-	-
Miscellaneous	27,840	-	17,714	-	34,000	-
Total Revenues	1,491,536	589,673	1,637,771	1,888	34,000	-
EXPENDITURES						
Current						
General Government	-	-	113,224	-	-	-
Public Safety	-	-	530,755	-	-	-
Public Works	-	-	123,878	-	-	-
Parks & Recreation	-	-	41,774	-	-	-
Social Services	2,831,759	-	228,558	-	-	-
Conservation of Natural Resources	-	-	-	-	-	-
Economic/Community Development	-	697,513	548,166	-	81,137	-
Capital Outlay	88,166	-	84,043	-	-	-
Debt Service						
Principal	-	-	-	-	-	-
Total Expenditures	2,919,925	697,513	1,670,398	-	81,137	-
Excess of Revenues Over (Under) Expenditures	(1,428,389)	(107,840)	(32,627)	1,888	(47,137)	-
OTHER FINANCING SOURCES (USES)						
Proceeds of Capital Asset Disposals	45	-	-	-	-	-
Insurance Proceeds	9,450	-	-	-	-	-
Transfers In	1,332,750	743,921	272,627	-	-	-
Transfers Out	-	(240,000)	-	-	-	(215,200)
Other Financing Sources (Uses)	1,342,245	503,921	272,627	-	-	(215,200)
Net Increase (Decrease) in Fund Balances	(86,144)	396,081	240,000	1,888	(47,137)	(215,200)
Fund Balances, July 1	203,470	7,983,094	-	569,504	404,896	300,880
Fund Balances, June 30	\$ 117,326	\$ 8,379,175	\$ 240,000	\$ 571,392	\$ 357,759	\$ 85,680

QUEEN ANNE'S COUNTY, MARYLAND
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NON-MAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2020

(CONTINUED)

COMMUNITY PARTNERSHIPS FOR CHILDREN	CRITICAL AREAS	LAW LIBRARY	SHERIFF'S DRUG TASK FORCE	INMATE WELFARE	AGRICULTURAL TRANSFER	RURAL LEGACY	PURCHASE OF DEVELOPMENT RIGHTS
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
-	-	-	-	-	117,820	-	-
698,997	49,957	12,393	-	84,569	-	831,902	-
-	-	34,327	34,255	-	-	-	-
694	-	4,470	2,350	3,141	-	9,185	-
-	-	-	-	-	-	-	-
19,340	-	-	670	6,725	-	-	-
<u>719,031</u>	<u>49,957</u>	<u>51,190</u>	<u>37,275</u>	<u>94,435</u>	<u>117,820</u>	<u>841,087</u>	<u>-</u>
-	-	6,037	-	-	-	-	-
-	-	-	53,732	104,229	-	-	-
-	-	-	-	-	-	-	-
1,114,550	-	-	-	-	-	-	-
-	8,900	-	-	-	750,000	151,940	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>1,114,550</u>	<u>8,900</u>	<u>6,037</u>	<u>53,732</u>	<u>104,229</u>	<u>750,000</u>	<u>151,940</u>	<u>-</u>
<u>(395,519)</u>	<u>41,057</u>	<u>45,153</u>	<u>(16,457)</u>	<u>(9,794)</u>	<u>(632,180)</u>	<u>689,147</u>	<u>-</u>
-	-	-	-	-	-	-	-
396,213	-	-	-	-	701,447	550	-
-	-	-	-	-	-	-	(550)
<u>396,213</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>701,447</u>	<u>550</u>	<u>(550)</u>
694	41,057	45,153	(16,457)	(9,794)	69,267	689,697	(550)
<u>64,592</u>	<u>220,971</u>	<u>305,795</u>	<u>152,341</u>	<u>221,843</u>	<u>86,849</u>	<u>390,638</u>	<u>550</u>
<u>\$ 65,286</u>	<u>\$ 262,028</u>	<u>\$ 350,948</u>	<u>\$ 135,884</u>	<u>\$ 212,049</u>	<u>\$ 156,116</u>	<u>\$ 1,080,335</u>	<u>\$ -</u>

CONTINUED

QUEEN ANNE'S COUNTY, MARYLAND
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NON-MAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2020

(CONTINUED)

	DREDGING SPECIAL ASSESSMENTS	KENT NARROWS	CAPITAL PROJECTS			TOTAL NON-MAJOR GOVERNMENTAL
			SCHOOL IMPACT FEES	FIRE COMPANY IMPACT FEES	PARKS AND RECREATION IMPACT FEES	
REVENUES						
Taxes						
Local Property Tax	\$ -	\$ 37,323	\$ -	\$ -	\$ -	\$ 37,323
Recordation Taxes	-	-	-	-	-	192,096
State Shared Taxes	-	-	-	-	-	117,820
Intergovernmental	-	-	-	-	-	4,671,627
Charges for Current Services	50,286	-	1,593,201	330,253	200,606	2,615,663
Fines and Forfeitures	-	-	-	-	-	68,582
Investment Income	374	2,865	131,522	5,151	2,206	180,062
Donations	-	-	-	-	-	29,988
Miscellaneous	-	-	-	-	-	106,289
Total Revenues	50,660	40,188	1,724,723	335,404	202,812	8,019,450
EXPENDITURES						
Current						
General Government	-	-	-	-	-	119,261
Public Safety	-	-	-	285,527	-	974,243
Public Works	-	-	-	-	-	123,878
Parks & Recreation	-	-	-	-	-	41,774
Social Services	-	-	-	-	-	4,174,867
Conservation of Natural Resources	-	-	-	-	-	910,840
Economic/Community Development	-	35,000	-	-	-	1,361,816
Capital Outlay	-	-	-	-	-	172,209
Debt Service						
Principal	71,816	-	-	-	-	71,816
Total Expenditures	71,816	35,000	-	285,527	-	7,950,704
Excess of Revenues Over (Under) Expenditures	(21,156)	5,188	1,724,723	49,877	202,812	68,746
OTHER FINANCING SOURCES (USES)						
Proceeds of Capital Asset Disposals	-	-	-	-	-	45
Insurance Proceeds	-	-	-	-	-	9,450
Transfers In	-	-	-	85,112	-	3,532,620
Transfers Out	-	-	-	-	-	(455,750)
Other Financing Sources (Uses)	-	-	-	85,112	-	3,086,365
Net Increase (Decrease) in Fund Balances	(21,156)	5,188	1,724,723	134,989	202,812	3,155,111
Fund Balances, July 1	27,251	194,361	8,997,548	257,369	99,041	20,480,993
Fund Balances, June 30	\$ 6,095	\$ 199,549	\$ 10,722,271	\$ 392,358	\$ 301,853	\$ 23,636,104



QUEEN ANNE'S COUNTY, MARYLAND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGETARY BASIS
NON-MAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2020

	DEPARTMENT OF AGING				HOUSING AND COMMUNITY SERVICES			
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE POSITIVE (NEGATIVE)	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE POSITIVE (NEGATIVE)
REVENUES								
Taxes								
Local Property Tax	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Recordation Taxes	-	-	-	-	200,000	200,000	192,096	(7,904)
State Shared Taxes	-	-	-	-	-	-	-	-
Intergovernmental	1,047,168	1,371,043	1,368,637	(2,406)	169,997	255,376	178,592	(76,784)
Charges for Current Services	116,100	116,100	72,840	(43,260)	350,000	350,000	205,000	(145,000)
Fines and Forfeitures	-	-	-	-	-	-	-	-
Investment Income	-	-	2,231	2,231	-	-	13,985	13,985
Donations	35,000	35,000	19,988	(15,012)	-	-	-	-
Miscellaneous	3,000	3,000	27,840	24,840	-	-	-	-
Total Revenues	1,201,268	1,525,143	1,491,536	(33,607)	719,997	805,376	589,673	(215,703)
EXPENDITURES								
Current Operating Expenditures	2,973,502	3,081,882	2,831,759	250,123	1,710,869	1,653,912	697,513	956,399
Capital Outlay	-	88,166	88,166	-	-	-	-	-
Debt Service	-	-	-	-	-	-	-	-
Principal	-	-	-	-	-	-	-	-
Total Expenditures	2,973,502	3,170,048	2,919,925	250,123	1,710,869	1,653,912	697,513	956,399
Excess of Revenues Over (Under) Expenditures	(1,772,234)	(1,644,905)	(1,428,389)	216,516	(990,872)	(848,536)	(107,840)	740,696
OTHER FINANCING SOURCES (USES)								
Proceeds of Capital Asset Disposals	-	-	45	45	-	-	-	-
Insurance Proceeds	-	-	9,450	9,450	-	-	-	-
Transfers In	1,772,234	1,556,739	1,332,750	(223,989)	840,872	848,536	743,921	(104,615)
Transfers Out	-	-	-	-	-	(240,000)	(240,000)	-
Total Other Financing Sources (Uses)	1,772,234	1,556,739	1,342,245	(214,494)	840,872	608,536	503,921	(104,615)
Net Increase (Decrease) in Fund Balances	\$ -	\$ (88,166)	(86,144)	\$ 2,022	\$ (150,000)	\$ (240,000)	396,081	\$ 636,081
Fund Balances, July 1			203,470				7,983,094	
Fund Balances, June 30			<u>\$ 117,326</u>				<u>\$ 8,379,175</u>	

QUEEN ANNE'S COUNTY, MARYLAND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGETARY BASIS
NON-MAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2020
(CONTINUED)

GRANTS FUND				ECONOMIC DEVELOPMENT INCENTIVE			
ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE POSITIVE (NEGATIVE)	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE POSITIVE (NEGATIVE)
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
515,502	3,735,016	1,593,499	(2,141,517)	-	-	-	-
25,000	25,000	16,558	(8,442)	-	-	-	-
-	-	-	-	-	-	-	-
-	-	10,000	10,000	-	-	-	-
34,500	51,000	17,714	(33,286)	-	24,000	34,000	10,000
575,002	3,811,016	1,637,771	(2,173,245)	-	24,000	34,000	10,000
513,174	3,943,395	1,586,355	2,357,040	-	258,063	81,137	176,926
73,238	157,280	84,043	73,237	-	-	-	-
-	-	-	-	-	-	-	-
586,412	4,100,675	1,670,398	2,430,277	-	258,063	81,137	176,926
(11,410)	(289,659)	(32,627)	257,032	-	(234,063)	(47,137)	186,926
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
11,410	289,659	272,627	(17,032)	-	-	-	-
-	-	-	-	-	-	-	-
11,410	289,659	272,627	(17,032)	-	-	-	-
\$ -	\$ -	240,000	\$ 240,000	\$ -	\$ (234,063)	(47,137)	\$ 186,926
		-				404,896	
		\$ 240,000				\$ 357,759	

CONTINUED

QUEEN ANNE'S COUNTY, MARYLAND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGETARY BASIS
NON-MAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2020
(Continued)

	BRIDGE FUND				COMMUNITY PARTNERSHIPS FOR CHILDREN			
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE POSITIVE (NEGATIVE)	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE POSITIVE (NEGATIVE)
REVENUES								
Taxes								
Local Property Tax	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Recordation Taxes	-	-	-	-	-	-	-	-
State Shared Taxes	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	656,665	700,910	698,997	(1,913)
Charges for Current Services	-	-	-	-	-	-	-	-
Fines and Forfeitures	-	-	-	-	-	-	-	-
Investment Income	-	-	-	-	-	-	694	694
Donations	-	-	-	-	-	-	-	-
Miscellaneous	-	-	-	-	11,000	17,722	19,340	1,618
Total Revenues	-	-	-	-	667,665	718,632	719,031	399
EXPENDITURES								
Current Operating Expenditures	-	-	-	-	1,094,434	1,159,418	1,114,550	44,868
Capital Outlay	-	-	-	-	-	-	-	-
Debt Service								
Principal	-	-	-	-	-	-	-	-
Total Expenditures	-	-	-	-	1,094,434	1,159,418	1,114,550	44,868
Excess of Revenues Over (Under) Expenditures	-	-	-	-	(426,769)	(440,786)	(395,519)	45,267
OTHER FINANCING SOURCES (USES)								
Proceeds of Capital Asset Disposals	-	-	-	-	-	-	-	-
Insurance Proceeds	-	-	-	-	-	-	-	-
Transfers In	-	-	-	-	426,769	440,786	396,213	(44,573)
Transfers Out	-	(215,200)	(215,200)	-	-	-	-	-
Total Other Financing Sources (Uses)	-	(215,200)	(215,200)	-	426,769	440,786	396,213	(44,573)
Net Increase (Decrease) in Fund Balances	\$ -	\$ (215,200)	(215,200)	\$ -	\$ -	\$ -	694	\$ 694
Fund Balances, July 1			300,880				64,592	
Fund Balances, June 30			<u>\$ 85,680</u>				<u>\$ 65,286</u>	

QUEEN ANNE'S COUNTY, MARYLAND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGETARY BASIS
NON-MAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2020
(Continued)

LAW LIBRARY				INMATE WELFARE			
ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE POSITIVE (NEGATIVE)	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE POSITIVE (NEGATIVE)
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	9,950	9,950	-	(9,950)
10,000	10,000	12,393	2,393	125,000	125,000	84,569	(40,431)
15,500	15,500	34,327	18,827	-	-	-	-
-	-	4,470	4,470	-	-	3,141	3,141
-	-	-	-	-	-	-	-
-	-	-	-	22,350	22,350	6,725	(15,625)
<u>25,500</u>	<u>25,500</u>	<u>51,190</u>	<u>25,690</u>	<u>157,300</u>	<u>157,300</u>	<u>94,435</u>	<u>(62,865)</u>
25,500	25,500	6,037	19,463	148,250	148,250	104,229	44,021
-	-	-	-	20,000	20,000	-	20,000
-	-	-	-	-	-	-	-
<u>25,500</u>	<u>25,500</u>	<u>6,037</u>	<u>19,463</u>	<u>168,250</u>	<u>168,250</u>	<u>104,229</u>	<u>64,021</u>
-	-	45,153	45,153	(10,950)	(10,950)	(9,794)	1,156
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>\$ -</u>	<u>\$ -</u>	<u>45,153</u>	<u>\$ 45,153</u>	<u>\$ (10,950)</u>	<u>\$ (10,950)</u>	<u>(9,794)</u>	<u>\$ 1,156</u>
		<u>305,795</u>				<u>221,843</u>	
		<u>\$ 350,948</u>				<u>\$ 212,049</u>	

CONTINUED

QUEEN ANNE'S COUNTY, MARYLAND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGETARY BASIS
NON-MAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2020
(CONTINUED)

	AGRICULTURAL TRANSFER				RURAL LEGACY			
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE POSITIVE (NEGATIVE)	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE POSITIVE (NEGATIVE)
REVENUES								
Taxes								
Local Property Tax	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Recordation Taxes	-	-	-	-	-	-	-	-
State Shared Taxes	250,000	250,000	117,820	(132,180)	-	-	-	-
Intergovernmental	-	-	-	-	-	2,029,259	831,902	(1,197,357)
Charges for Current Services	-	-	-	-	-	-	-	-
Fines and Forfeitures	-	-	-	-	-	-	-	-
Investment Income	-	-	-	-	-	-	9,185	9,185
Donations	-	-	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-	-	-
Total Revenues	250,000	250,000	117,820	(132,180)	-	2,029,259	841,087	(1,188,172)
EXPENDITURES								
Current Operating Expenditures	250,000	1,000,000	750,000	250,000	-	2,029,259	151,940	1,877,319
Capital Outlay	-	-	-	-	-	-	-	-
Debt Service	-	-	-	-	-	-	-	-
Principal	-	-	-	-	-	-	-	-
Total Expenditures	250,000	1,000,000	750,000	250,000	-	2,029,259	151,940	1,877,319
Excess of Revenues Over (Under) Expenditures	-	(750,000)	(632,180)	117,820	-	-	689,147	689,147
OTHER FINANCING SOURCES (USES)								
Proceeds of Capital Asset Disposals	-	-	-	-	-	-	-	-
Insurance Proceeds	-	-	-	-	-	-	-	-
Transfers In	-	701,447	701,447	-	-	-	550	550
Transfers Out	-	-	-	-	-	-	-	-
Total Other Financing Sources (Uses)	-	701,447	701,447	-	-	-	550	550
Net Increase (Decrease) in Fund Balances	\$ -	\$ (48,553)	69,267	\$ 117,820	\$ -	\$ -	689,697	\$ 689,697
Fund Balances, July 1			86,849				390,638	
Fund Balances, June 30			<u>\$ 156,116</u>				<u>\$ 1,080,335</u>	

QUEEN ANNE'S COUNTY, MARYLAND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGETARY BASIS
NON-MAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2020
(Continued)

DREDGING SPECIAL ASSESSMENTS				KENT NARROWS			
ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE POSITIVE (NEGATIVE)	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE POSITIVE (NEGATIVE)
\$ -	\$ -	\$ -	\$ -	\$ 38,000	\$ 38,000	\$ 37,323	\$ (677)
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
72,191	72,191	50,286	(21,905)	-	-	-	-
-	-	-	-	-	-	-	-
-	-	374	374	-	-	2,865	2,865
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>72,191</u>	<u>72,191</u>	<u>50,660</u>	<u>(21,531)</u>	<u>38,000</u>	<u>38,000</u>	<u>40,188</u>	<u>2,188</u>
2,236	2,236	-	2,236	38,000	38,000	35,000	3,000
-	-	-	-	-	-	-	-
<u>69,955</u>	<u>69,955</u>	<u>71,816</u>	<u>(1,861)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>72,191</u>	<u>72,191</u>	<u>71,816</u>	<u>375</u>	<u>38,000</u>	<u>38,000</u>	<u>35,000</u>	<u>3,000</u>
<u>-</u>	<u>-</u>	<u>(21,156)</u>	<u>(21,156)</u>	<u>-</u>	<u>-</u>	<u>5,188</u>	<u>5,188</u>
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>\$ -</u>	<u>\$ -</u>	<u>(21,156)</u>	<u>\$ (21,156)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>5,188</u>	<u>\$ 5,188</u>
		<u>27,251</u>				<u>194,361</u>	
		<u>\$ 6,095</u>				<u>\$ 199,549</u>	

CONTINUED

QUEEN ANNE'S COUNTY, MARYLAND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGETARY BASIS
NON-MAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2020
(Continued)

	CAPITAL PROJECTS - SCHOOL IMPACT FEES			VARIANCE POSITIVE (NEGATIVE)
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	
REVENUES				
Taxes				
Local Property Tax	\$ -	\$ -	\$ -	\$ -
Recordation Taxes	-	-	-	-
State Shared Taxes	-	-	-	-
Intergovernmental	-	-	-	-
Charges for Current Services	1,200,000	1,200,000	1,593,201	393,201
Fines and Forfeitures	-	-	-	-
Investment Income	-	-	131,522	131,522
Donations	-	-	-	-
Miscellaneous	-	-	-	-
Total Revenues	1,200,000	1,200,000	1,724,723	524,723
EXPENDITURES				
Current Operating Expenditures	-	-	-	-
Capital Outlay	-	-	-	-
Debt Service	-	-	-	-
Principal	-	-	-	-
Total Expenditures	-	-	-	-
Excess of Revenues Over (Under) Expenditures	1,200,000	1,200,000	1,724,723	524,723
OTHER FINANCING SOURCES (USES)				
Proceeds of Capital Asset Disposals	-	-	-	-
Insurance Proceeds	-	-	-	-
Transfers In	-	-	-	-
Transfers Out	(1,200,000)	(1,200,000)	-	1,200,000
Total Other Financing Sources (Uses)	(1,200,000)	(1,200,000)	-	1,200,000
Net Increase (Decrease) in Fund Balances	\$ -	\$ -	1,724,723	\$ 1,724,723
Fund Balances, July 1			8,997,548	
Fund Balances, June 30			<u>\$ 10,722,271</u>	

QUEEN ANNE'S COUNTY, MARYLAND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGETARY BASIS
NON-MAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2020
(Continued)

CAPITAL PROJECTS - FIRE COMPANY IMPACT FEES				CAPITAL PROJECTS - PARKS & RECREATION IMPACT FEES			
ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE POSITIVE (NEGATIVE)	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE POSITIVE (NEGATIVE)
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
200,000	200,000	330,253	130,253	150,000	150,000	200,606	50,606
-	-	-	-	-	-	-	-
500	500	5,151	4,651	400	400	2,206	1,806
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>200,500</u>	<u>200,500</u>	<u>335,404</u>	<u>134,904</u>	<u>150,400</u>	<u>150,400</u>	<u>202,812</u>	<u>52,412</u>
290,500	290,500	285,527	4,973	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>290,500</u>	<u>290,500</u>	<u>285,527</u>	<u>4,973</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>(90,000)</u>	<u>(90,000)</u>	<u>49,877</u>	<u>139,877</u>	<u>150,400</u>	<u>150,400</u>	<u>202,812</u>	<u>52,412</u>
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
90,000	90,000	85,112	(4,888)	(150,400)	(150,400)	-	150,400
-	-	-	-	-	-	-	-
<u>90,000</u>	<u>90,000</u>	<u>85,112</u>	<u>(4,888)</u>	<u>(150,400)</u>	<u>(150,400)</u>	<u>-</u>	<u>150,400</u>
<u>\$ -</u>	<u>\$ -</u>	<u>134,989</u>	<u>\$ 134,989</u>	<u>\$ -</u>	<u>\$ -</u>	<u>202,812</u>	<u>\$ 202,812</u>
		<u>257,369</u>				<u>99,041</u>	
		<u>\$ 392,358</u>				<u>\$ 301,853</u>	



NON-MAJOR ENTERPRISE FUNDS

Non-Major Enterprise funds account for activities which are commercial in nature and are primarily or partially intended to be self-supporting. Each fund sets its rates and service charges at a level sufficient to: (1) meet all of its operating expenses; (2) provide for depreciation from wear and obsolescence of capital assets; and (3) to the extent that funds are not borrowed, finance the cost of expansion of physical facilities.

NON-MAJOR ENTERPRISE FUNDS

Non-major enterprise funds include the following funds:

Blue Heron Golf Course – This fund accounts for operation and maintenance of an 18-hole public golf course that is owned and operated by the County.

Public Landings and Marinas – This fund accounts for operation, maintenance, and major repairs of public landings, bulkheads, and public marinas. For a fee, the general public has access to these landings to launch small craft into the many waterways that surround the County and can also access the marinas for temporary mooring.

QUEEN ANNE'S COUNTY, MARYLAND
COMBINING STATEMENT OF NET POSITION
NON-MAJOR ENTERPRISE FUNDS
JUNE 30, 2020

	GOLF COURSE	PUBLIC LANDINGS AND MARINAS	TOTAL NON-MAJOR ENTERPRISE
ASSETS			
Current Assets			
Equity in Pooled Cash	\$ -	\$ 790,189	\$ 790,189
Accounts Receivable (Net)	-	73,504	73,504
Due from Other Governments	-	13,130	13,130
Inventories	2,764	-	2,764
Total Current Assets	2,764	876,823	879,587
Capital Assets			
Less Accumulated Depreciation	2,917,106	6,415,637	9,332,743
	(748,794)	(1,347,966)	(2,096,760)
Total Capital Assets, Net of Depreciation	2,168,312	5,067,671	7,235,983
Total Noncurrent Assets	2,168,312	5,067,671	7,235,983
Total Assets	2,171,076	5,944,494	8,115,570
DEFERRED OUTFLOWS OF RESOURCES			
Other Post-Employment Benefit Obligation	-	9,298	9,298
Pension Benefits	11,861	23,854	35,715
Deferred Charge on Refunding	-	1,028	1,028
Total Deferred Outflows of Resources	11,861	34,180	46,041
LIABILITIES			
Current Liabilities			
Accounts Payable	30,632	27,122	57,754
Accrued Interest Payable	1,477	6,840	8,317
Due to Other Funds	693,566	-	693,566
Unearned Revenue	3,354	-	3,354
Current Portion of Compensated Absences	8,323	19,639	27,962
Current Portion of Bonds/Notes Payable	4,197	56,030	60,227
Total Current Liabilities	741,549	109,631	851,180
Noncurrent Liabilities			
Compensated Absences	6,030	14,229	20,259
Other Post-Employment Benefit Obligation	-	318,300	318,300
Net Pension Liability	64,751	131,676	196,427
Bonds/Notes Payable	93,958	630,893	724,851
Total Noncurrent Liabilities	164,739	1,095,098	1,259,837
Total Liabilities	906,288	1,204,729	2,111,017
DEFERRED INFLOWS OF RESOURCES			
Pension Benefits	7,848	15,709	23,557
Other Post-Employment Benefit Obligation	-	74	74
Bond Refundings	-	2,460	2,460
Total Deferred Inflows of Resources	7,848	18,243	26,091
NET POSITION			
Net Investment in Capital Assets	2,070,157	4,381,776	6,451,933
Unrestricted Amounts (Deficit)	(801,356)	373,926	(427,430)
Total Net Position	\$ 1,268,801	\$ 4,755,702	\$ 6,024,503

QUEEN ANNE'S COUNTY, MARYLAND
COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
NON-MAJOR ENTERPRISE FUNDS
FOR THE YEAR ENDED JUNE 30, 2020

	GOLF COURSE	PUBLIC LANDINGS AND MARINAS	TOTAL NON-MAJOR ENTERPRISE
<u>OPERATING REVENUES</u>			
Charges for Services	\$ 399,603	\$ 538,760	\$ 938,363
Intergovernmental	-	10,447	10,447
Material Sales	43,001	-	43,001
Miscellaneous Revenues	615	25,654	26,269
Total Operating Revenues	<u>443,219</u>	<u>574,861</u>	<u>1,018,080</u>
<u>OPERATING EXPENSES</u>			
Cost of Sales and Services			
Recreation	<u>513,462</u>	<u>518,342</u>	<u>1,031,804</u>
Other Post-Employment Benefit Contributions	-	5,060	5,060
Pension Liability Adjustment	1,769	3,550	5,319
Depreciation	<u>24,483</u>	<u>129,738</u>	<u>154,221</u>
Total Operating Expenses	<u>539,714</u>	<u>656,690</u>	<u>1,196,404</u>
Operating (Loss)	<u>(96,495)</u>	<u>(81,829)</u>	<u>(178,324)</u>
<u>NON-OPERATING (EXPENSES)</u>			
Interest Expense	(1,621)	(23,088)	(24,709)
(Loss) on Disposal of Capital Assets	<u>-</u>	<u>(3,960)</u>	<u>(3,960)</u>
Total Non-Operating (Expenses)	<u>(1,621)</u>	<u>(27,048)</u>	<u>(28,669)</u>
(Loss) Before Contributions and Transfers	<u>(98,116)</u>	<u>(108,877)</u>	<u>(206,993)</u>
Transfers In	<u>98,116</u>	<u>-</u>	<u>98,116</u>
Change in Net Position	<u>-</u>	<u>(108,877)</u>	<u>(108,877)</u>
Total Net Position - Beginning of Year	<u>1,268,801</u>	<u>4,864,579</u>	<u>6,133,380</u>
Total Net Position - End of Year	<u>\$ 1,268,801</u>	<u>\$ 4,755,702</u>	<u>\$ 6,024,503</u>

QUEEN ANNE'S COUNTY, MARYLAND
COMBINING STATEMENT OF CASH FLOWS
NON-MAJOR ENTERPRISE FUNDS
FOR THE YEAR ENDED JUNE 30, 2020

	GOLF COURSE	PUBLIC LANDINGS AND MARINAS	TOTAL NON-MAJOR ENTERPRISE
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>			
Receipts from customers and users	\$ 399,168	\$ 508,984	\$ 908,152
Receipts from other operating revenues	43,616	104,971	148,587
Receipts from Build America Bond interest reimbursement	-	2,682	2,682
Payments to suppliers	(389,645)	(279,165)	(668,810)
Payments to employees and on behalf of employees	(138,700)	(233,696)	(372,396)
Net Cash Provided (Used) by Operating Activities	<u>(85,561)</u>	<u>103,776</u>	<u>18,215</u>
<u>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</u>			
Transfers from other funds	98,116	-	98,116
Receipts from interfund loans	693,566	-	693,566
Principal paid on interfund loans	(625,313)	-	(625,313)
Net Cash Provided by Noncapital Financing Activities	<u>166,369</u>	<u>-</u>	<u>166,369</u>
<u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</u>			
Principal paid on capital debt	(75,871)	(623,956)	(699,827)
Proceeds from the sale of bonds	-	490,649	490,649
Premium on sale of bonds	-	97,832	97,832
Interest paid on capital debt	(4,937)	(34,897)	(39,834)
Acquisition and Construction of Capital Assets	-	(45,395)	(45,395)
Net Cash (Used) by Capital and Related Financing Activities	<u>(80,808)</u>	<u>(115,767)</u>	<u>(196,575)</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Investment income	-	-	-
Net Cash Provided (Used) by Investing Activities	<u>-</u>	<u>-</u>	<u>-</u>
Net (decrease) in cash and cash equivalents	-	(11,991)	(11,991)
Balances - Beginning of year	-	802,180	802,180
Balances - End of year	<u>\$ -</u>	<u>\$ 790,189</u>	<u>\$ 790,189</u>
<u>Reconciliation of operating income (loss) to net cash provided (used) by operating activities</u>			
Operating income (loss)	\$ (96,495)	\$ (81,829)	\$ (178,324)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation	24,483	129,738	154,221
Changes in assets and liabilities:			
Accounts receivable, net	-	(29,776)	(29,776)
Operating grants receivable	-	68,870	68,870
Build America Bonds Interest receivable	-	2,682	2,682
Inventories and Prepaid Expenses	1,755	-	1,755
Vendor accounts payable	(17,194)	3,515	(13,679)
Compensated absences	556	1,966	2,522
Other Post-Employment Benefit Obligation	-	5,060	5,060
Net Pension Liability	1,769	3,550	5,319
Deferred revenue collected in advance	(435)	-	(435)
Net Cash Provided (Used) by Operating Activities	<u>\$ (85,561)</u>	<u>\$ 103,776</u>	<u>\$ 18,215</u>
<u>Noncash investing, capital and financing activities:</u>			
Donation of capital assets (infrastructure) by developers	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

FIDUCIARY FUNDS

Fiduciary funds account for assets held for others, in a trustee or agency capacity, which cannot be used to support other government programs.

Pension and Other Employee Benefit Trust Funds account for resources that are required to be held in trust for the members and beneficiaries of defined benefit pension plans, defined contribution plans, other post-employment benefit plans, or other employee benefit plans. The County's one Other Post-Employment Benefit (OPEB) Trust Fund accounts for retiree benefit plans and is reported as part of the Basic Financial Statements. Additional combining schedules for the OPEB Trust Fund are included in this section.

Agency Funds account for assets held by the County on behalf of individuals, private organizations, or other governments and/or funds. Additional combining schedules for the County's Agency Funds are included in this section.

OTHER POST-EMPLOYMENT BENEFIT (OPEB) TRUST FUND

The County established a Trust entity, entitled “Other Post-Employment Benefit Trust – County Commissioners of Queen Anne's County, County Commissioners of Kent County, and Participating Agencies” (OPEB Trust), to accumulate resources and account for and report retiree benefit plans for the participating agencies.

Participating agencies in the OPEB Trust Fund are as follows:

Queen Anne's County
Queen Anne's County Board of Education
Queen Anne's County Library
Kent County

AGENCY FUNDS

Agency funds are as follows:

Tax Ditch – This fund accounts for special taxing district revenues that are used to maintain drainage ditches located in parts of the County.

Zoning Deposits – This fund accounts for performance deposits required under various sections of the Zoning Ordinance.

State and Town Tax Collections – This fund accounts for collections received by the County on behalf of the State of Maryland and incorporated towns located within the County. These taxes are collected by the County along with County taxes and are then remitted to the proper jurisdiction.

Motor Vehicle Administration Deposits – This fund accounts for funds collected by the County for State vehicle registration fees.

Escheat – Abandoned Property – This fund accounts for stale-dated County payroll and disbursements checks that are voided by the County and remitted to the State after three years as abandoned property. In accordance with State statutes, these funds are available to be claimed by the original payee or they revert to the State.

QUEEN ANNE'S COUNTY, MARYLAND
COMBINING STATEMENT OF FIDUCIARY NET POSITION
OTHER POST-EMPLOYMENT BENEFIT TRUST FUND
JUNE 30, 2020

	QUEEN ANNE'S COUNTY	QUEEN ANNE'S COUNTY BOARD OF EDUCATION	QUEEN ANNE'S COUNTY LIBRARY	KENT COUNTY	TOTAL OPEB TRUST FUND
ASSETS					
Cash and Cash Equivalents	\$ 790,396	\$ 521,808	\$ 31,309	\$ 161,760	\$ 1,505,273
Investments, at Fair Value					
Debt Securities	2,121,318	-	-	-	2,121,318
Fixed Income Fund	393,502	-	-	-	393,502
Mutual and Global Funds	4,394,083	-	-	-	4,394,083
International	1,267,194	-	-	-	1,267,194
Total Investments	<u>8,176,097</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>8,176,097</u>
Total Assets	<u>8,966,493</u>	<u>521,808</u>	<u>31,309</u>	<u>161,760</u>	<u>9,681,370</u>
LIABILITIES					
Accrued Expenses	9,005	-	-	-	9,005
Due to Other Governments	-	-	-	161,760	161,760
Total Liabilities	<u>9,005</u>	<u>-</u>	<u>-</u>	<u>161,760</u>	<u>170,765</u>
NET POSITION RESTRICTED FOR OTHER POST-EMPLOYMENT BENEFITS	<u>\$ 8,957,488</u>	<u>\$ 521,808</u>	<u>\$ 31,309</u>	<u>\$ -</u>	<u>\$ 9,510,605</u>

QUEEN ANNE'S COUNTY, MARYLAND
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
OTHER POST-EMPLOYMENT BENEFIT TRUST FUND
FOR THE YEAR ENDED JUNE 30, 2020

	QUEEN ANNE'S COUNTY	QUEEN ANNE'S COUNTY BOARD OF EDUCATION	QUEEN ANNE'S COUNTY LIBRARY	TOTAL OPEB TRUST FUND
ADDITIONS				
Contributions				
Employers	\$ 3,378,770	\$ 1,982,185	\$ 24,652	\$ 5,385,607
Members	359,085	479,415	-	838,500
Total Contributions	<u>3,737,855</u>	<u>2,461,600</u>	<u>24,652</u>	<u>6,224,107</u>
Investment Earnings				
Interest	151,684	5,979	359	158,022
Net (Decrease) in the Fair Value of Investments	<u>(324)</u>	<u>-</u>	<u>-</u>	<u>(324)</u>
Total Investment Gain	<u>151,360</u>	<u>5,979</u>	<u>359</u>	<u>157,698</u>
Less Investment Expenses	<u>(3,849)</u>	<u>-</u>	<u>-</u>	<u>(3,849)</u>
Net Investment Gain	<u>147,511</u>	<u>5,979</u>	<u>359</u>	<u>153,849</u>
Total Additions	<u>3,885,366</u>	<u>2,467,579</u>	<u>25,011</u>	<u>6,377,956</u>
DEDUCTIONS				
Claims Paid	1,920,956	2,461,600	24,652	4,407,208
Administrative Expenses	<u>30,359</u>	<u>-</u>	<u>-</u>	<u>30,359</u>
Total Deductions	<u>1,951,315</u>	<u>2,461,600</u>	<u>24,652</u>	<u>4,437,567</u>
Change in Fiduciary Net Position	1,934,051	5,979	359	1,940,389
NET POSITION RESTRICTED FOR OTHER POST-EMPLOYMENT BENEFITS				
Net Position - Beginning of Year	<u>7,023,437</u>	<u>515,829</u>	<u>30,950</u>	<u>7,570,216</u>
Net Position - End of Year	<u>\$ 8,957,488</u>	<u>\$ 521,808</u>	<u>\$ 31,309</u>	<u>\$ 9,510,605</u>



The “church on the hill,” or St. Luke’s Episcopal Church, in Church Hill, is one of the oldest intact brick churches in the state having been built in 1732 at a cost of 140,000 pounds of tobacco.

QUEEN ANNE'S COUNTY, MARYLAND
STATEMENT OF ASSETS AND LIABILITIES
AGENCY FUNDS
JUNE 30, 2020

	TAX DITCH FUND	ZONING DEPOSITS	STATE & TOWN TAX COLLECTIONS	MOTOR VEHICLE ADMIN DEPOSITS	ESCHEAT - ABANDONED PROPERTY	TOTAL AGENCY FUNDS
ASSETS						
Cash and Cash Equivalents	\$ 177,559	\$ 442,233	\$ 274,516	\$ -	\$ 15,278	\$ 909,586
Total Assets	<u>\$ 177,559</u>	<u>\$ 442,233</u>	<u>\$ 274,516</u>	<u>\$ -</u>	<u>\$ 15,278</u>	<u>\$ 909,586</u>
LIABILITIES						
Due to Other Governments	\$ -	\$ -	\$ 274,516	\$ -	\$ 15,278	\$ 289,794
Deposits and Escrows	177,559	442,233	-	-	-	619,792
Total Liabilities	<u>\$ 177,559</u>	<u>\$ 442,233</u>	<u>\$ 274,516</u>	<u>\$ -</u>	<u>\$ 15,278</u>	<u>\$ 909,586</u>

QUEEN ANNE'S COUNTY, MARYLAND
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUNDS
FOR THE YEAR ENDED JUNE 30, 2020

	<u>Cash and Cash Equivalents</u>	<u>Miscellaneous Receivables</u>	<u>Total Assets</u>
<u>TAX DITCH FUND</u>			
Balance 7-1-19	\$ 170,243	\$ -	\$ 170,243
Additions	25,048	-	25,048
Deductions	(17,732)	-	(17,732)
Balance 6-30-20	<u>\$ 177,559</u>	<u>\$ -</u>	<u>\$ 177,559</u>
<u>ZONING DEPOSITS</u>			
Balance 7-1-19	\$ 419,335	\$ -	\$ 419,335
Additions	118,732	-	118,732
Deductions	(95,834)	-	(95,834)
Balance 6-30-20	<u>\$ 442,233</u>	<u>\$ -</u>	<u>\$ 442,233</u>
<u>STATE AND TOWN TAX COLLECTIONS</u>			
Balance 7-1-19	\$ 231,867	\$ -	\$ 231,867
Additions	13,527,744	-	13,527,744
Deductions	(13,485,095)	-	(13,485,095)
Balance 6-30-20	<u>\$ 274,516</u>	<u>\$ -</u>	<u>\$ 274,516</u>
<u>MOTOR VEHICLE ADMIN DEPOSITS</u>			
Balance 7-1-19	\$ -	\$ -	\$ -
Additions	192,583	-	192,583
Deductions	(192,583)	-	(192,583)
Balance 6-30-20	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<u>ESCHEAT - ABANDONED PROPERTY</u>			
Balance 7-1-19	\$ 4,253	\$ -	\$ 4,253
Additions	16,343	-	16,343
Deductions	(5,318)	-	(5,318)
Balance 6-30-20	<u>\$ 15,278</u>	<u>\$ -</u>	<u>\$ 15,278</u>
<u>TOTAL AGENCY FUNDS</u>			
Balance 7-1-19	\$ 825,698	\$ -	\$ 825,698
Additions	13,880,450	-	13,880,450
Deductions	(13,796,562)	-	(13,796,562)
Balance 6-30-20	<u>\$ 909,586</u>	<u>\$ -</u>	<u>\$ 909,586</u>

QUEEN ANNE'S COUNTY, MARYLAND
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUNDS
FOR THE YEAR ENDED JUNE 30, 2020

(CONTINUED)

Due to Other Governments	Accrued Liabilities and Deposits and Escrows	Total Liabilities
\$ -	\$ 170,243	\$ 170,243
-	25,048	25,048
-	(17,732)	(17,732)
<u>\$ -</u>	<u>\$ 177,559</u>	<u>\$ 177,559</u>
\$ -	\$ 419,335	\$ 419,335
-	118,732	118,732
-	(95,834)	(95,834)
<u>\$ -</u>	<u>\$ 442,233</u>	<u>\$ 442,233</u>
\$ 231,867	\$ -	\$ 231,867
13,527,744	-	13,527,744
(13,485,095)	-	(13,485,095)
<u>\$ 274,516</u>	<u>\$ -</u>	<u>\$ 274,516</u>
\$ -	\$ -	\$ -
192,583	-	192,583
(192,583)	-	(192,583)
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 4,253	\$ -	\$ 4,253
16,343	-	16,343
(5,318)	-	(5,318)
<u>\$ 15,278</u>	<u>\$ -</u>	<u>\$ 15,278</u>
\$ 236,120	\$ 589,578	\$ 825,698
13,736,670	143,780	13,880,450
(13,682,996)	(113,566)	(13,796,562)
<u>\$ 289,794</u>	<u>\$ 619,792</u>	<u>\$ 909,586</u>

Community Partnerships for Children

Community Partnerships for Children is reported as a Non-Major Special Revenue Fund in the County's financial statements. In lieu of preparing separate audited financial statements for the Partnership, additional schedules have been added to the County's financial statements to meet requirements of the Partnership's grantor agencies.

QUEEN ANNE'S COUNTY
COMMUNITY PARTNERSHIPS FOR CHILDREN SPECIAL REVENUE FUND
COMBINING BALANCE SHEETS
BY GRANTOR
JUNE 30, 2020 (with Summarized Totals as of June 30, 2019)

	Admin	Fed/State GOCCP GOC	Total Community Partnerships	Returned Reinvestment Fund	2020 Total	2019 Summarized Total
ASSETS						
Cash and cash equivalents	\$ 131,719	\$ 302,745	\$ 434,464	\$ 9,350	\$ 443,814	\$ 530,676
Accounts receivable	-	1,718	1,718	-	1,718	2,594
Due from State governmental agencies	-	163,720	163,720	-	163,720	108,494
Due from Federal governmental agencies	-	9,501	9,501	-	9,501	33,962
Total Assets	<u>\$ 131,719</u>	<u>\$ 477,684</u>	<u>\$ 609,403</u>	<u>\$ 9,350</u>	<u>\$ 618,753</u>	<u>\$ 675,726</u>
LIABILITIES AND FUND BALANCES						
LIABILITIES						
Accounts payable and accrued expenditures	\$ 16,256	\$ 162,202	\$ 178,458	\$ -	\$ 178,458	\$ 214,791
Due to State governmental agencies	61,353	313,656	375,009	-	375,009	351,515
Unearned revenue	-	-	-	-	-	44,828
Total Liabilities	<u>77,609</u>	<u>475,858</u>	<u>553,467</u>	<u>-</u>	<u>553,467</u>	<u>611,134</u>
FUND BALANCES						
Assigned	<u>54,110</u>	<u>1,826</u>	<u>55,936</u>	<u>9,350</u>	<u>65,286</u>	<u>64,592</u>
Total Fund Balances	<u>54,110</u>	<u>1,826</u>	<u>55,936</u>	<u>9,350</u>	<u>65,286</u>	<u>64,592</u>
Total Liabilities and Fund Balances	<u>\$ 131,719</u>	<u>\$ 477,684</u>	<u>\$ 609,403</u>	<u>\$ 9,350</u>	<u>\$ 618,753</u>	<u>\$ 675,726</u>

QUEEN ANNE'S COUNTY
COMMUNITY PARTNERSHIPS FOR CHILDREN SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BY COMMUNITY PARTNERSHIP AGREEMENTS (CPA) and NON-COMMUNITY PARTNERSHIP AGREEMENTS (NON-CPA)
FOR THE YEAR ENDED JUNE 30, 2020 (with Summarized Totals for the Year Ended June 30, 2019)

	Federal/State GOCCP/GOC						
	Administrative	CASA Start	Local Care Team	Chesapeake Helps	Healthy Fam/Home Visiting	Family Navigators	MD After School Opportunity
REVENUES							
CPA							
Intergovernmental							
GOC	\$ 68,650	\$ 55,878	\$ 25,000	\$ 45,652	\$ 66,331	\$ 42,804	\$ -
Subtotal CPA	<u>68,650</u>	<u>55,878</u>	<u>25,000</u>	<u>45,652</u>	<u>66,331</u>	<u>42,804</u>	<u>-</u>
Non-CPA							
Intergovernmental							
Federal GOCCP Youth Strategies	-	32,387	-	-	-	-	-
GOC - non-CPA	-	-	-	-	-	-	-
Other State Grant Funding	-	-	-	-	296,372	-	-
Investment Income	-	-	-	-	-	-	-
Miscellaneous	5,632	-	-	80	-	-	-
Subtotal Non-CPA	<u>5,632</u>	<u>32,387</u>	<u>-</u>	<u>80</u>	<u>296,372</u>	<u>-</u>	<u>-</u>
Total Revenues	<u>74,282</u>	<u>88,265</u>	<u>25,000</u>	<u>45,732</u>	<u>362,703</u>	<u>42,804</u>	<u>-</u>
EXPENDITURES							
CPA							
Program Contracted Services	-	-	-	36,834	-	33,270	-
Other Expenditures							
Salaries	59,995	-	21,279	-	-	-	-
Fringe Benefit Costs	5,005	-	3,721	-	-	-	-
Auditing	-	1,532	-	-	-	1,515	-
Consultants	-	-	-	1,702	-	-	-
Professional Groups	-	-	-	-	3,383	-	-
Equipment Rental	-	-	-	-	-	-	-
Postage	-	-	-	113	3	104	-
Office Supplies	-	826	-	195	1,774	922	-
Program Supplies	-	4,345	-	6,383	5,458	1,292	-
Printing and Publishing	-	-	-	-	-	-	-
Repairs and Equipment	-	-	-	-	111	1,702	-
Equipment Operation	-	-	-	-	-	-	-
Uniforms and Apparel	-	-	-	-	-	-	-
Business Travel	-	239	-	-	205	1,518	-
Subscriptions and Dues	-	-	-	-	-	-	-
Meetings & Conferences	-	2,846	-	-	-	350	-
Training	3,650	-	-	-	-	-	-
Advertising	-	-	-	425	-	76	-
Marketing/Promotions	-	-	-	-	-	-	-
Communications	-	108	-	-	1,616	855	-
Rent	-	-	-	-	-	1,200	-
Equipment	-	-	-	-	372	-	-
Other Charges	-	45,982	-	-	53,409	-	-
Subtotal CPA Expenditures	<u>68,650</u>	<u>55,878</u>	<u>25,000</u>	<u>45,652</u>	<u>66,331</u>	<u>42,804</u>	<u>-</u>
Non-CPA							
Program Contracted Services	-	32,387	-	-	296,372	-	-
Other Expenditures							
Salaries	74,431	-	-	-	-	-	-
Fringe Benefit Costs	43,521	-	-	-	-	-	-
Auditing	2,988	-	-	-	-	-	-
Consultants	9,500	-	-	-	-	-	-
Equipment Rental	2,770	-	-	-	-	-	-
Other Contracted Services	-	-	-	-	-	-	-
Postage	800	-	-	-	-	-	-
Office Supplies	2,277	-	-	-	-	-	-
Program Supplies	11,439	-	-	-	-	-	-
Business Travel	154	-	-	-	-	-	-
Subscriptions and Dues	999	-	-	-	-	-	-
Meetings & Conferences	2,000	-	-	-	-	-	-
Training	1,484	-	-	-	-	-	-
Board's Expenditures	9,996	-	-	-	-	-	-
Advertising	753	-	-	-	-	-	-
Marketing/Promotions	-	-	-	-	-	-	-
Communications	1,881	-	-	-	-	-	-
Insurance	-	-	-	-	-	-	-
Other Charges	11,139	-	-	80	-	-	209,692
Subtotal Non-CPA Expenditures	<u>176,132</u>	<u>32,387</u>	<u>-</u>	<u>80</u>	<u>296,372</u>	<u>-</u>	<u>209,692</u>
Total Expenditures	<u>244,782</u>	<u>88,265</u>	<u>25,000</u>	<u>45,732</u>	<u>362,703</u>	<u>42,804</u>	<u>209,692</u>
Excess of Revenues Over (Under) Expenditures	(170,500)	-	-	-	-	-	(209,692)
OTHER FINANCING SOURCES							
Transfers In for:							
Program Contracted Services	170,500	-	-	-	-	-	209,692
Net Increase in Fund Balances	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Fund Balances, July 1							
Fund Balances, June 30							

QUEEN ANNE'S COUNTY
COMMUNITY PARTNERSHIPS FOR CHILDREN SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BY COMMUNITY PARTNERSHIP AGREEMENTS (CPA) and NON-COMMUNITY PARTNERSHIP AGREEMENTS (NON-CPA)
FOR THE YEAR ENDED JUNE 30, 2020 (with Summarized Totals for the Year Ended June 30, 2019)

(CONTINUED)

Federal/State GOCCP/GOC			GOCCP/GOC Operating Fund Total	All Programs Subtotal	State GOC		State GOCCP Non-CPA Subtotal	Federal GOCCP Youth Strategies
Community Mentoring	Character Counts	RDEF			CPA Subtotal	Non-CPA Subtotal		
\$ 40,915	\$ -	\$ -	\$ 276,580	\$ 345,230	\$ 345,230	\$ -	\$ -	\$ -
40,915	-	-	276,580	345,230	345,230	-	-	-
-	-	-	32,387	32,387	-	-	-	32,387
-	-	25,008	25,008	25,008	-	25,008	-	-
-	-	-	296,372	296,372	-	-	-	-
-	-	-	-	-	-	-	-	-
100	13,528	-	13,708	19,340	-	-	-	-
100	13,528	25,008	367,475	373,107	-	25,008	-	32,387
41,015	13,528	25,008	644,055	718,337	345,230	25,008	-	32,387
-	-	-	70,104	70,104	70,104	-	-	-
25,360	-	-	46,639	106,634	106,634	-	-	-
2,762	-	-	6,483	11,488	11,488	-	-	-
-	-	-	3,047	3,047	3,047	-	-	-
-	-	-	1,702	1,702	1,702	-	-	-
-	-	-	3,383	3,383	3,383	-	-	-
375	-	-	375	375	375	-	-	-
-	-	-	220	220	220	-	-	-
539	-	-	4,256	4,256	4,256	-	-	-
4,826	-	-	22,304	22,304	22,304	-	-	-
157	-	-	157	157	157	-	-	-
204	-	-	2,017	2,017	2,017	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	1,962	1,962	1,962	-	-	-
-	-	-	-	-	-	-	-	-
1,547	-	-	4,743	4,743	4,743	-	-	-
2,401	-	-	2,401	6,051	6,051	-	-	-
250	-	-	751	751	751	-	-	-
2,494	-	-	2,494	2,494	2,494	-	-	-
-	-	-	2,579	2,579	2,579	-	-	-
-	-	-	1,200	1,200	1,200	-	-	-
-	-	-	372	372	372	-	-	-
-	-	-	99,391	99,391	99,391	-	-	-
40,915	-	-	276,580	345,230	345,230	-	-	-
-	-	4,264	333,023	333,023	-	4,264	-	32,387
6,262	18,488	-	24,750	99,181	-	-	-	-
2,779	1,468	-	4,247	47,768	-	-	-	-
-	-	-	-	2,988	-	-	-	-
-	-	-	-	9,500	-	-	-	-
-	-	-	-	2,770	-	-	-	-
-	-	-	-	-	-	-	-	-
-	62	-	62	800	-	-	-	-
-	-	-	-	2,339	-	-	-	-
-	-	-	-	11,439	-	-	-	-
-	-	-	-	154	-	-	-	-
-	-	-	-	999	-	-	-	-
-	590	8,000	8,590	10,590	-	8,000	-	-
-	-	-	-	1,484	-	-	-	-
-	-	-	-	9,996	-	-	-	-
-	-	-	-	753	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	1,881	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	12,744	222,516	233,655	-	12,744	-	-
9,041	20,608	25,008	593,188	769,320	-	25,008	-	32,387
49,956	20,608	25,008	869,768	1,114,550	345,230	25,008	-	32,387
(8,941)	(7,080)	-	(225,713)	(396,213)	-	-	-	-
-	-	-	-	-	-	-	-	-
8,941	7,080	-	225,713	396,213	-	-	-	-
\$ -	\$ -	\$ -	\$ -	-	-	-	-	-
				55,936	606,662	(5,612)	3,491	(25,474)
				\$ 55,936	\$ 606,662	\$ (5,612)	\$ 3,491	\$ (25,474)

CONTINUED

QUEEN ANNE'S COUNTY
COMMUNITY PARTNERSHIPS FOR CHILDREN SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BY COMMUNITY PARTNERSHIP AGREEMENTS (CPA) and NON-COMMUNITY PARTNERSHIP AGREEMENTS (NON-CPA)
FOR THE YEAR ENDED JUNE 30, 2020 (with Summarized Totals for the Year Ended June 30, 2019)

(CONTINUED)

	Other Non-CPA State Grants	Other	Total Community Partnerships Operating Funds	Returned Reinvestment Fund	2020 Total	2019 Summarized Total
REVENUES						
CPA						
Intergovernmental						
GOC	\$ -	\$ -	\$ 345,230	\$ -	\$ 345,230	\$ 322,921
Subtotal CPA	-	-	345,230	-	345,230	322,921
Non-CPA						
Intergovernmental						
Federal GOCCP Youth Strategies	-	-	32,387	-	32,387	78,688
GOC - non-CPA	-	-	25,008	-	25,008	105,060
Other State Grant Funding	296,372	-	296,372	-	296,372	296,372
Investment Income	-	-	-	694	694	-
Miscellaneous	-	19,340	19,340	-	19,340	15,746
Subtotal Non-CPA	296,372	19,340	373,107	694	373,801	495,866
Total Revenues	296,372	19,340	718,337	694	719,031	818,787
EXPENDITURES						
CPA						
Program Contracted Services	-	-	70,104	-	70,104	69,710
Other Expenditures						
Salaries	-	-	106,634	-	106,634	83,678
Fringe Benefit Costs	-	-	11,488	-	11,488	10,035
Auditing	-	-	3,047	-	3,047	390
Consultants	-	-	1,702	-	1,702	9,104
Professional Groups	-	-	3,383	-	3,383	33
Equipment Rental	-	-	375	-	375	375
Postage	-	-	220	-	220	121
Office Supplies	-	-	4,256	-	4,256	6,549
Program Supplies	-	-	22,304	-	22,304	9,021
Printing and Publishing	-	-	157	-	157	548
Repairs and Equipment	-	-	2,017	-	2,017	1,794
Equipment Operation	-	-	-	-	-	14
Uniforms and Apparel	-	-	-	-	-	507
Business Travel	-	-	1,962	-	1,962	2,534
Subscriptions and Dues	-	-	-	-	-	180
Meetings & Conferences	-	-	4,743	-	4,743	1,167
Training	-	-	6,051	-	6,051	3,020
Advertising	-	-	751	-	751	2,111
Marketing/Promotions	-	-	2,494	-	2,494	2,455
Communications	-	-	2,579	-	2,579	2,016
Rent	-	-	1,200	-	1,200	800
Equipment	-	-	372	-	372	-
Other Charges	-	-	99,391	-	99,391	116,759
Subtotal CPA Expenditures	-	-	345,230	-	345,230	322,921
Non-CPA						
Program Contracted Services	296,372	-	333,023	-	333,023	373,593
Other Expenditures						
Salaries	-	99,181	99,181	-	99,181	111,209
Fringe Benefit Costs	-	47,768	47,768	-	47,768	48,627
Auditing	-	2,988	2,988	-	2,988	2,988
Consultants	-	9,500	9,500	-	9,500	22,985
Equipment Rental	-	2,770	2,770	-	2,770	3,260
Other Contracted Services	-	-	-	-	-	78,374
Postage	-	800	800	-	800	204
Office Supplies	-	2,339	2,339	-	2,339	2,611
Program Supplies	-	11,439	11,439	-	11,439	12,000
Business Travel	-	154	154	-	154	760
Subscriptions and Dues	-	999	999	-	999	602
Meetings & Conferences	-	2,590	10,590	-	10,590	14,936
Training	-	1,484	1,484	-	1,484	2,270
Board's Expenditures	-	9,996	9,996	-	9,996	6,766
Advertising	-	753	753	-	753	751
Marketing/Promotions	-	-	-	-	-	2,865
Communications	-	1,881	1,881	-	1,881	1,810
Insurance	-	-	-	-	-	920
Other Charges	-	220,911	233,655	-	233,655	246,784
Subtotal Non-CPA Expenditures	296,372	415,553	769,320	-	769,320	934,315
Total Expenditures	296,372	415,553	1,114,550	-	1,114,550	1,257,236
Excess of Revenues Over (Under) Expenditures	-	(396,213)	(396,213)	694	(395,519)	(438,449)
OTHER FINANCING SOURCES						
Transfers In for:						
Program Contracted Services	-	396,213	396,213	-	396,213	438,449
Net Increase in Fund Balances	-	-	-	694	694	-
Fund Balances, July 1	-	(523,131)	55,936	8,656	64,592	64,592
Fund Balances, June 30	\$ -	\$ (523,131)	\$ 55,936	\$ 9,350	\$ 65,286	\$ 64,592



Queen Anne's County is located at the east end of the beautiful Chesapeake Bay Bridge.

QUEEN ANNE'S COUNTY
COMMUNITY PARTNERSHIPS FOR CHILDREN SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGETARY BASIS
FOR THE YEAR ENDED JUNE 30, 2020

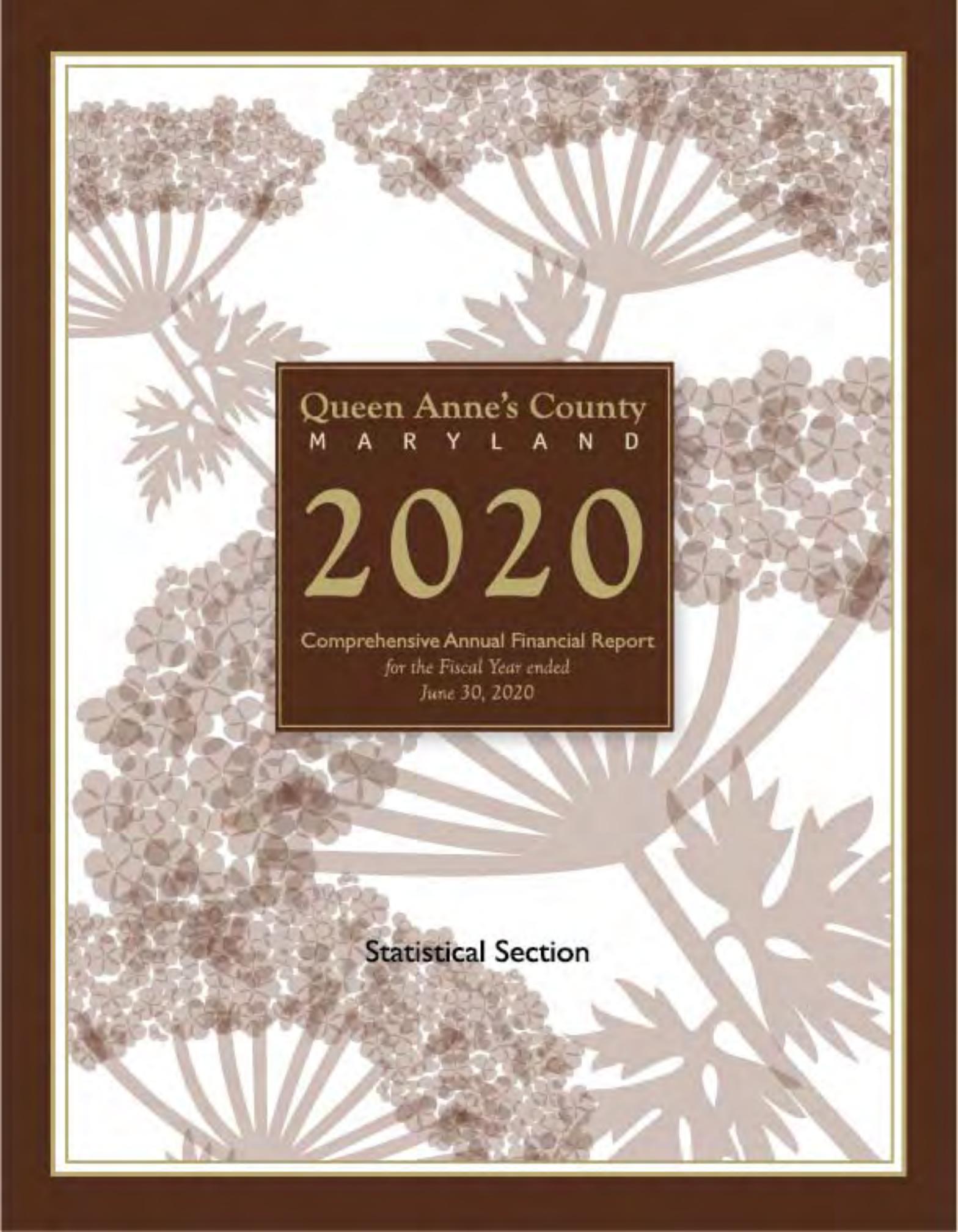
	COMMUNITY PARTNERSHIPS FOR CHILDREN				RETURNED REINVESTMENT FUND			
	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES								
Intergovernmental								
GOC - CPA and Non-CPA	\$ 360,293	\$ 404,538	\$ 370,238	\$ (34,300)	\$ -	\$ -	\$ -	\$ -
Federal GOCCP Youth Strategies	-	-	32,387	32,387	-	-	-	-
Other	296,372	296,372	296,372	-	-	-	-	-
Investment Income	-	-	-	-	-	-	694	694
Miscellaneous	11,000	17,722	19,340	1,618	-	-	-	-
Total Revenues	667,665	718,632	718,337	(295)	-	-	694	694
EXPENDITURES								
Program Contracted Services	367,224	388,850	403,127	(14,277)	-	-	-	-
Other Expenditures								
Salaries	200,395	203,843	205,815	(1,972)	-	-	-	-
Fringe Benefit Costs	66,676	67,245	59,256	7,989	-	-	-	-
Auditing	6,886	6,886	6,035	851	-	-	-	-
Consultants	16,304	16,304	11,202	5,102	-	-	-	-
Professional Groups	500	500	3,383	(2,883)	-	-	-	-
Equipment Rental	3,626	3,626	3,145	481	-	-	-	-
Postage	760	760	1,020	(260)	-	-	-	-
Office Supplies	4,752	4,752	6,595	(1,843)	-	-	-	-
Program Supplies	19,224	19,224	33,743	(14,519)	-	-	-	-
Repairs and Equipment	1,975	1,975	2,017	(42)	-	-	-	-
Printing and Publishing	1,155	1,155	157	998	-	-	-	-
Equipment Operation	120	120	-	120	-	-	-	-
Business Travel	4,749	3,610	2,116	1,494	-	-	-	-
Subscriptions and Dues	-	480	999	(519)	-	-	-	-
Meetings & Conferences	5,650	5,650	15,333	(9,683)	-	-	-	-
Training	6,150	9,800	7,535	2,265	-	-	-	-
Board's Expenditures	6,500	13,222	9,996	3,226	-	-	-	-
Advertising	1,450	2,109	1,504	605	-	-	-	-
Marketing/Promotions	1,851	1,851	2,494	(643)	-	-	-	-
Communications	3,984	3,984	4,460	(476)	-	-	-	-
Rent	1,400	1,400	1,200	200	-	-	-	-
Equipment	-	-	372	(372)	-	-	-	-
Other Charges	373,103	402,072	333,046	69,026	-	-	-	-
Total Expenditures	1,094,434	1,159,418	1,114,550	44,868	-	-	-	-
Excess of Revenues Over (Under) Expenditures	(426,769)	(440,786)	(396,213)	44,573	-	-	694	694
OTHER FINANCING SOURCES								
Transfers In for:								
Program Contracted Services	426,769	440,786	396,213	(44,573)	-	-	-	-
Net Increase in Fund Balances	\$ -	\$ -	-	\$ -	\$ -	\$ -	694	\$ 694
Fund Balances, July 1			55,936				8,656	
Fund Balances, June 30			<u>\$ 55,936</u>				<u>\$ 9,350</u>	

QUEEN ANNE'S COUNTY
COMMUNITY PARTNERSHIPS FOR CHILDREN SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGETARY BASIS
FOR THE YEAR ENDED JUNE 30, 2020
(CONTINUED)

TOTAL			
Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
\$ 360,293	\$ 404,538	\$ 370,238	\$ (34,300)
-	-	32,387	32,387
296,372	296,372	296,372	-
-	-	694	694
<u>11,000</u>	<u>17,722</u>	<u>19,340</u>	<u>1,618</u>
<u>667,665</u>	<u>718,632</u>	<u>719,031</u>	<u>399</u>
367,224	388,850	403,127	(14,277)
200,395	203,843	205,815	(1,972)
66,676	67,245	59,256	7,989
6,886	6,886	6,035	851
16,304	16,304	11,202	5,102
500	500	3,383	(2,883)
3,626	3,626	3,145	481
760	760	1,020	(260)
4,752	4,752	6,595	(1,843)
19,224	19,224	33,743	(14,519)
1,975	1,975	2,017	(42)
1,155	1,155	157	998
120	120	-	120
4,749	3,610	2,116	1,494
-	480	999	(519)
5,650	5,650	15,333	(9,683)
6,150	9,800	7,535	2,265
6,500	13,222	9,996	3,226
1,450	2,109	1,504	605
1,851	1,851	2,494	(643)
3,984	3,984	4,460	(476)
1,400	1,400	1,200	200
-	-	372	(372)
<u>373,103</u>	<u>402,072</u>	<u>333,046</u>	<u>69,026</u>
<u>1,094,434</u>	<u>1,159,418</u>	<u>1,114,550</u>	<u>44,868</u>
(426,769)	(440,786)	(395,519)	45,267
<u>426,769</u>	<u>440,786</u>	<u>396,213</u>	<u>(44,573)</u>
<u>\$ -</u>	<u>\$ -</u>	694	<u>\$ 694</u>
		<u>64,592</u>	
		<u>\$ 65,286</u>	



Callinectes sapidus (from the Greek calli- = "beautiful", nectes = "swimmer", and Latin *sapidus* = "savory") or...The Maryland Blue Crab!

The cover features a repeating pattern of Queen Anne's lace flowers in a light beige color against a white background. A dark brown rectangular box is centered on the page, containing the title and subtitle in gold and white text. The entire cover is framed by a thin gold border.

Queen Anne's County
M A R Y L A N D

2020

Comprehensive Annual Financial Report
for the Fiscal Year ended
June 30, 2020

Statistical Section

STATISTICAL SECTION

The Statistical Section, which fully incorporates information mandated by Governmental Accounting Standards Board (GASB) Statement No. 44, *Economic Condition Reporting: The Statistical Section*, presents detailed information for the primary government in the following areas, as a context for understanding what the information in the Financial Section says about the County's overall financial health:

FINANCIAL TRENDS – Information to help the reader understand how the County's financial performance and well-being have changed over time.

REVENUE CAPACITY – Information to help the reader assess the County's most significant local revenue sources – the property tax and income tax.

DEBT CAPACITY – Information to help the reader assess the affordability of the County's current levels of outstanding debt and the County's ability to issue additional debt in the future.

DEMOGRAPHIC AND ECONOMIC INFORMATION – Indicators to help the reader understand the environment within which the County's financial activities take place.

OPERATING INFORMATION – Service and infrastructure data to help the reader understand how the information in the County's financial report relates to the services the County provides and the activities it performs.

Many of these tables cover more than two fiscal years and present data from outside the accounting records. Therefore, the Statistical Section is unaudited.

QUEEN ANNE'S COUNTY, MARYLAND
 FINANCIAL TRENDS
 NET POSITION BY COMPONENT - GOVERNMENT-WIDE
 (GOVERNMENTAL AND BUSINESS-TYPE ACTIVITIES)
 LAST TEN FISCAL YEARS
 Table 1

	2011	2012	2013	2014	2015
Governmental Activities:					
Net Investment in Capital Assets	\$ 118,274,533	\$ 118,564,684	\$ 121,246,426	\$ 127,369,959	\$ 125,434,538
Restricted	22,399,514	5,982,041	15,691,080	17,616,132	20,464,486
Unrestricted (deficit) (1)	(61,193,944)	(44,686,543)	(66,089,615)	(71,169,310)	(73,475,567)
Total Governmental Activities Net Position	<u>79,480,103</u>	<u>79,860,182</u>	(2) <u>70,847,891</u>	(3) <u>73,816,781</u>	(4) <u>72,423,457</u>
Business-type Activities:					
Net Investment in Capital Assets	78,069,061	76,763,695	78,693,078	79,783,160	80,787,152
Restricted	16,821,905	3,513,948	3,176,328	3,110,033	3,061,534
Unrestricted	-	12,591,302	11,031,281	8,721,212	8,486,063
Total Business-type Activities Net Position	<u>94,890,966</u>	<u>92,868,945</u>	(2) <u>92,900,687</u>	<u>91,614,405</u>	(4) <u>92,334,749</u>
Primary Government:					
Net Investment in Capital Assets	196,343,594	195,328,379	199,939,504	207,153,119	206,221,690
Restricted	39,221,419	9,495,989	18,867,408	20,726,165	23,526,020
Unrestricted (deficit) (1)	(61,193,944)	(32,095,241)	(55,058,334)	(62,448,098)	(64,989,504)
Total Primary Government Net Position	<u>\$ 174,371,069</u>	<u>\$ 172,729,127</u>	(2) <u>\$ 163,748,578</u>	(3) <u>\$ 165,431,186</u>	(4) <u>\$ 164,758,206</u>

NOTES:

- * Government-wide net position information is reported on the accrual basis of accounting.
- * Accounting standards require that net position be reported in three components in the financial statements: net investment in capital assets, restricted; and unrestricted. Net position is considered restricted when (1) an external party, such as the state or federal government, places a restriction on how the resources may be used, or (2) enabling legislation is enacted by the County.
- * Source: Statement of Net Position

(1) In the government-wide financial statements, the County has reported negative unrestricted amounts for some years.

This is due to the fact that the County issues general obligation bonded debt for purposes of capital construction on behalf of the Queen Anne's County Board of Education. Absent the effect of this relationship, the County would have reported the following:

Government-wide unrestricted (deficit) net position would have been:

Unrestricted (deficit) net position reported above	\$ (61,193,944)	\$ (32,095,241)	\$ (55,058,334)	\$ (62,448,098)	\$ (64,989,504)
Debt issued for capital on behalf of others	<u>72,437,047</u>	<u>68,278,842</u>	<u>63,283,726</u>	<u>67,651,486</u>	<u>66,219,608</u>
County (deficit) net position absent the effect of this relationship	<u>\$ 11,243,103</u>	<u>\$ 36,183,601</u>	<u>\$ 8,225,392</u>	<u>\$ 5,203,388</u>	<u>\$ 1,230,104</u>

(2) In fiscal year 2013, the County consolidated two Enterprise funds into the General Fund. This consolidation resulted in a total net position change of \$539,220 between Governmental Activities and Business-type Activities. The FY2012 Net Position has been reclassified to show this change.

(3) FY2013 Net Position of Governmental Activities was restated in fiscal year 2014.

(4) FY2014 Net Position of Governmental and Business-Type Activities was restated in fiscal year 2015.

QUEEN ANNE'S COUNTY, MARYLAND
 FINANCIAL TRENDS
 NET POSITION BY COMPONENT - GOVERNMENT-WIDE
 (GOVERNMENTAL AND BUSINESS-TYPE ACTIVITIES)
 LAST TEN FISCAL YEARS
 Table 1

(CONTINUED)

	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
\$	123,466,319	\$ 120,249,244	\$ 114,794,226	\$ 115,143,089	\$ 114,252,313
	21,063,295	13,094,534	13,275,244	18,962,289	19,844,181
	<u>(78,567,505)</u>	<u>(67,189,342)</u>	<u>(58,025,753)</u>	<u>(61,637,321)</u>	<u>(48,809,467)</u>
	<u>65,962,109</u>	<u>66,154,436</u>	<u>70,043,717</u>	<u>72,468,057</u>	<u>85,287,027</u>
	80,909,015	86,163,078	84,386,291	85,916,730	86,939,502
	1,699,914	1,700,836	1,060,134	2,234,440	2,037,318
	<u>10,240,161</u>	<u>4,116,300</u>	<u>7,458,996</u>	<u>10,087,649</u>	<u>16,587,060</u>
	<u>92,849,090</u>	<u>91,980,214</u>	<u>92,905,421</u>	<u>98,238,819</u>	<u>105,563,880</u>
	204,375,334	206,412,322	199,180,517	201,059,819	201,191,815
	22,763,209	14,795,370	14,335,378	21,196,729	21,881,499
	<u>(68,327,344)</u>	<u>(63,073,042)</u>	<u>(50,566,757)</u>	<u>(51,549,672)</u>	<u>(32,222,407)</u>
\$	<u>158,811,199</u>	<u>\$ 158,134,650</u>	<u>\$ 162,949,138</u>	<u>\$ 170,706,876</u>	<u>\$ 190,850,907</u>
\$	(68,327,344)	\$ (63,073,042)	\$ (50,566,757)	\$ (51,549,672)	\$ (32,222,407)
	63,271,304	59,207,136	58,625,356	58,007,072	55,846,036
\$	<u>(5,056,040)</u>	<u>\$ (3,865,906)</u>	<u>\$ 8,058,599</u>	<u>\$ 6,457,400</u>	<u>\$ 23,623,629</u>

QUEEN ANNE'S COUNTY, MARYLAND
 FINANCIAL TRENDS
 CHANGES IN NET POSITION - GOVERNMENT-WIDE (GOVERNMENTAL AND BUSINESS-TYPE ACTIVITIES)
 LAST TEN FISCAL YEARS

Table 2-a

	2011	2012	2013	2014	2015
Expenses					
Governmental Activities:					
General Government	\$ 15,968,633	\$ 13,421,531	\$ 13,639,728	\$ 14,133,149	\$ 10,849,277
Public Safety	25,413,678	25,469,721	26,174,144	26,666,211	25,297,450
Public Works	9,098,949	10,373,286	11,891,013	12,365,647	14,363,603
Parks & Recreation (3)	3,090,228	-	-	-	-
Health	1,701,677	1,642,723	1,812,920	2,083,201	1,856,158
Social Services	5,001,240	4,526,166	5,560,196	5,040,139	4,775,440
Education	57,506,341	53,693,309	49,459,783	54,882,430	65,633,331
Library	1,457,336	1,302,163	1,304,076	1,336,098	1,458,348
Conservation of Natural Resources	3,811,748	2,802,337	838,775	2,395,762	587,147
Economic/Community Development	1,893,570	887,837	1,108,912	1,528,035	1,763,024
Interest and Fiscal Charges	4,078,105	4,196,072	4,042,236	3,987,943	4,039,622
Total Governmental Activities Expenses	129,021,505	118,315,145	115,831,783	124,418,615	130,623,400
Business-type Activities:					
Water and Sewer	10,905,989	10,711,211	11,783,515	11,059,306	10,412,432
Golf Course (4)	4,099,507	2,269,933	538,420	515,325	496,065
Public Landings and Marinas (5)	67,395	110,884	535,837	544,945	537,823
Airport	1,167,655	1,457,087	913,845	807,226	1,014,491
Total Business-type Activities Expenses	16,240,546	14,549,115	13,771,617	12,926,802	12,460,811
Total Primary Government Expenses	145,262,051	132,864,260	129,603,400	137,345,417	143,084,211
Program Revenues					
Governmental Activities:					
General Government					
Charges for Services	1,086,641	1,081,808	1,272,807	1,500,273	1,505,857
Operating Grants and Contributions	694,347	742,205	697,712	606,649	644,297
Capital Grants and Contributions	118,100	116,710	135,032	589,988	96,684
Total Revenue	1,899,088	1,940,723	2,105,551	2,696,910	2,246,838
Public Safety					
Charges for Services	1,090,545	1,320,647	1,387,591	1,286,945	1,244,752
Operating Grants and Contributions	1,461,080	1,113,018	1,328,493	1,081,577	1,052,666
Capital Grants and Contributions	82,885	191,223	249,594	282,139	119,118
Total Revenue	2,634,510	2,624,888	2,965,678	2,650,661	2,416,536
Public Works					
Charges for Services	872,352	1,107,426	1,636,604	1,425,012	1,275,538
Operating Grants and Contributions	546,719	488,027	624,653	712,550	527,538
Capital Grants and Contributions	901,289	541,887	1,687,783	2,221,299	80,000
Total Revenue	2,320,360	2,137,340	3,949,040	4,358,861	1,883,076
Parks & Recreation (3)					
Charges for Services	187,901	-	-	-	-
Operating Grants and Contributions	1,868	-	-	-	-
Capital Grants and Contributions	199,698	-	-	-	-
Total Revenue	389,467	-	-	-	-
Social Services					
Charges for Services	69,382	71,655	71,973	65,537	68,187
Operating Grants and Contributions	2,050,062	2,076,096	2,613,905	2,026,675	2,056,111
Capital Grants and Contributions	215,748	18,691	51,023	67,392	40,527
Total Revenue	2,335,192	2,166,442	2,736,901	2,159,604	2,164,825
Education					
Charges for Services	755,443	1,169,425	1,052,691	1,721,379	1,249,332
Operating Grants and Contributions	-	-	-	-	-
Capital Grants and Contributions	-	-	-	-	-
Total Revenue	755,443	1,169,425	1,052,691	1,721,379	1,249,332
Library					
Charges for Services	-	-	-	-	-
Operating Grants and Contributions	-	-	-	-	-
Capital Grants and Contributions	-	-	-	-	-
Total Revenue	-	-	-	-	-
Conservation of Natural Resources					
Charges for Services	75,354	98,593	63,105	73,279	72,688
Operating Grants and Contributions	1,006,138	36,872	400,193	103,892	96,195
Capital Grants and Contributions	1,923,471	998,757	-	75,820	3,637
Total Revenue	3,004,963	1,134,222	463,298	252,991	172,520
Economic/Community Development					
Charges for Services	4,236	159,492	234,100	508,000	80,558
Operating Grants and Contributions	239,893	245,143	176,216	255,100	285,344
Capital Grants and Contributions	110,561	81,867	575,440	(69,569)	-
Total Revenue	354,690	486,502	985,756	693,531	365,902
Total Governmental Activities Program Revenues	13,693,713	11,659,542	14,258,915	14,533,937	10,499,029

QUEEN ANNE'S COUNTY, MARYLAND
 FINANCIAL TRENDS
 CHANGES IN NET POSITION - GOVERNMENT-WIDE (GOVERNMENTAL AND BUSINESS-TYPE ACTIVITIES)
 LAST TEN FISCAL YEARS

Table 2-a

(CONTINUED)

	2016	2017	2018	2019	2020
\$	13,936,312	\$ 13,177,254	\$ 15,833,152	\$ 16,493,064	\$ 17,299,695
	27,525,712	27,997,262	27,130,890	31,231,182	31,445,313
	19,522,534	20,753,117	17,665,141	19,118,090	15,045,105
	-	-	-	-	7,780,241
	2,032,657	2,006,219	1,996,939	1,865,300	2,176,263
	5,300,871	5,418,152	5,152,409	5,804,131	4,940,431
	60,752,025	59,211,517	62,296,920	62,579,905	66,848,496
	1,622,848	1,710,668	1,785,580	1,858,711	1,916,365
	1,799,234	616,237	2,567,600	2,696,971	1,423,080
	3,391,547	1,860,222	2,477,129	1,808,000	2,281,480
	4,345,527	4,150,101	4,294,929	4,712,864	4,391,332
	140,229,267	136,900,749	141,200,689	148,168,218	155,547,801
	10,615,466	11,818,087	12,297,109	11,232,955	11,602,537
	505,085	540,504	509,150	584,718	541,335
	529,943	572,360	534,966	1,342,308	683,738
	966,896	1,053,899	1,077,168	1,434,031	968,205
	12,617,390	13,984,850	14,418,393	14,594,012	13,795,815
	152,846,657	150,885,599	155,619,082	162,762,230	169,343,616
	1,565,170	1,552,164	1,669,311	1,769,520	1,509,985
	582,571	563,016	660,790	716,683	428,812
	(30,000)	-	1,080,084	480,500	520,277
	2,117,741	2,115,180	3,410,185	2,966,703	2,459,074
	1,354,350	1,350,626	1,505,267	1,415,187	1,379,621
	1,088,597	1,037,879	1,294,733	1,161,505	1,697,018
	175,653	5,406	166,001	176,970	112,845
	2,618,600	2,393,911	2,966,001	2,753,662	3,189,484
	1,337,358	1,472,664	1,779,206	1,784,040	817,088
	1,029,019	980,075	822,659	1,155,251	1,233,626
	108,880	161,084	282,028	1,353,948	45,640
	2,475,257	2,613,823	2,883,893	4,293,239	2,096,354
	-	-	-	-	822,605
	-	-	-	-	37,060
	-	-	-	-	2,237,549
	-	-	-	-	3,097,214
	76,404	73,066	71,131	91,183	72,840
	1,834,000	1,893,648	2,018,289	2,120,065	2,273,959
	140,400	58,500	58,500	175,960	362,900
	2,050,804	2,025,214	2,147,920	2,387,208	2,709,699
	1,230,994	1,319,433	1,272,301	1,318,609	1,593,200
	-	-	-	-	-
	-	-	-	-	-
	1,230,994	1,319,433	1,272,301	1,318,609	1,593,200
	-	-	-	-	-
	-	-	-	-	-
	-	-	-	43,059	107,575
	-	-	-	43,059	107,575
	70,708	60,826	110,655	126,940	136,458
	68,152	186,333	131,321	94,814	117,820
	573,003	-	1,439,284	2,118,200	831,901
	711,863	247,159	1,681,260	2,339,954	1,086,179
	311,000	620,000	316,500	-	205,000
	156,804	231,360	810,319	205,300	757,258
	-	-	-	-	-
	467,804	851,360	1,126,819	205,300	962,258
	11,673,063	11,566,080	15,488,379	16,307,734	17,301,037

CONTINUED

QUEEN ANNE'S COUNTY, MARYLAND
 FINANCIAL TRENDS
 CHANGES IN NET POSITION - GOVERNMENT-WIDE (GOVERNMENTAL AND BUSINESS-TYPE ACTIVITIES)
 LAST TEN FISCAL YEARS

Table 2-a

(CONTINUED)

	2011	2012	2013	2014	2015
Business-type Activities:					
Water and Sewer					
Charges for Services	\$ 8,192,471	\$ 7,977,667	\$ 8,181,434	\$ 8,341,848	\$ 8,840,213
Operating Grants and Contributions	-	55,728	161,600	90,000	90,000
Capital Grants and Contributions	837,426	347,573	2,048,768	665,268	1,862,257
Total Revenue	9,029,897	8,380,968	10,391,802	9,097,116	10,792,470
Golf Course (4)					
Charges for Services	1,568,227	1,501,550	313,364	297,293	295,955
Operating Grants and Contributions	39,572	52,915	-	-	-
Capital Grants and Contributions	196,487	28,680	-	-	-
Total Revenue	1,804,286	1,583,145	313,364	297,293	295,955
Public Landings and Marinas (5)					
Charges for Services	84,987	102,290	440,270	423,478	423,723
Operating Grants and Contributions	16,241	14,183	42,914	36,439	43,304
Capital Grants and Contributions	588,326	78,314	18,692	-	-
Total Revenue	689,554	194,787	501,876	459,917	467,027
Airport					
Charges for Services	37,955	58,589	48,072	49,061	53,200
Operating Grants and Contributions	3,715	47,412	2,621	2,420	73,311
Capital Grants and Contributions	448,600	693,162	2,472,782	7,457	-
Total Revenue	490,270	799,163	2,523,475	58,938	126,511
Total Business-type Activities Program Revenues	12,014,007	10,958,063	13,730,517	9,913,264	11,681,963
Total Primary Government Program Revenues	25,707,720	22,617,605	27,989,432	24,447,201	22,180,992
Net (Expense) Revenue (1)					
Governmental activities	(115,327,792)	(106,655,603)	(101,572,868)	(109,884,678)	(120,124,371)
Business-type activities	(4,226,539)	(3,591,052)	(41,100)	(3,013,538)	(778,848)
Total Primary Government Net Expense	\$ (119,554,331)	\$ (110,246,655)	\$ (101,613,968)	\$ (112,898,216)	\$ (120,903,219)
General Revenues and Other Changes in Net Position					
Governmental Activities:					
Taxes (2)	\$ 96,093,533	\$ 105,693,926	\$ 107,978,036	\$ 112,123,625	\$ 116,821,607
Investment income	136,523	126,650	107,095	95,286	94,092
Gain on Sale of Capital Assets	281,158	27,627	163,426	346,765	1,098,632
Miscellaneous	711,868	1,254,255	1,051,760	877,629	1,076,893
Transfers In (Out)	(611,922)	(605,996)	(337,843)	(589,737)	(360,177)
Total Governmental Activities	96,611,160	106,496,462	108,962,474	112,853,568	118,731,047
Business-type Activities:					
Investment income	407,629	374,665	356,374	343,568	323,585
Gain on Sale of Capital Assets	-	-	-	-	-
Miscellaneous	884,772	1,127,590	855,504	793,951	815,430
Transfers In (Out)	611,922	605,996	359,277	589,737	360,177
Total Business-type Activities	1,904,323	2,108,251	1,571,155	1,727,256	1,499,192
Total Primary Government	98,515,483	108,604,713	110,533,629	114,580,824	120,230,239
Change in Net Position					
Governmental activities	(18,716,632)	(159,141)	7,389,606	2,968,890	(1,393,324)
Business-type activities	(2,322,216)	(1,482,801)	1,530,055	(1,286,282)	720,344
Total Primary Government	\$ (21,038,848)	\$ (1,641,942)	\$ 8,919,661	\$ 1,682,608	\$ (672,980)

NOTES:

* Government-wide net position information is reported on the accrual basis of accounting.

* Source: Statement of Activities.

- (1) Net (expense)/revenue is the difference between the expenses and program revenues of a function or program. It indicates the degree to which a function or program is supported with its own fees and program-specific grants versus its reliance upon funding from taxes and general revenues. Numbers in parentheses indicate that expenses were greater than program revenues and therefore general revenues were needed to finance that function or program. Numbers without parentheses mean that program revenues were more than sufficient to cover expenses.
- (2) See Table 2-b for detail of General Tax Revenues.
- (3) For years FY12 through FY19, Parks & Recreation governmental activities are included in public works (parks) and social services (recreation).
- (4) Prior to FY13, this section included data for the Golf Course, Recreation Programs, Public Landings, and Property Management Funds. Beginning in FY13, this section only includes Golf Course Fund data.
- (5) Prior to FY13, this section only included data for the Public Marinas Funds. Beginning in FY13, this section includes data for both Public Marinas and Public Landings, as these funds were combined to form one fund.

QUEEN ANNE'S COUNTY, MARYLAND
 FINANCIAL TRENDS
 CHANGES IN NET POSITION - GOVERNMENT-WIDE (GOVERNMENTAL AND BUSINESS-TYPE ACTIVITIES)
 LAST TEN FISCAL YEARS

Table 2-a

(CONTINUED)

2016	2017	2018	2019	2020
\$ 8,956,360	\$ 8,222,317	\$ 9,214,383	\$ 10,524,474	\$ 13,873,082
85,099	90,000	90,000	520,000	2,541,550
1,958,051	2,222,796	4,198,378	3,626,906	1,974,341
10,999,510	10,535,113	13,502,761	14,671,380	18,388,973
305,528	318,599	340,123	373,014	399,603
-	-	-	-	-
-	-	-	-	-
305,528	318,599	340,123	373,014	399,603
423,427	443,176	451,524	454,071	538,760
36,781	33,542	104,829	888,592	10,447
-	-	-	-	-
460,208	476,718	556,353	1,342,663	549,207
45,916	33,256	25,857	24,710	24,130
52,837	245,738	60,858	725,109	95,052
-	-	-	-	-
98,753	278,994	86,715	749,819	119,182
11,863,999	11,609,424	14,485,952	17,136,876	19,456,965
23,537,062	23,175,504	29,974,331	33,444,610	36,758,002
(128,556,204)	(125,334,669)	(125,712,310)	(131,860,484)	(138,246,764)
(753,391)	(2,375,426)	67,559	2,542,864	5,661,150
\$ (129,309,595)	\$ (127,710,095)	\$ (125,644,751)	\$ (129,317,620)	\$ (132,585,614)
\$ 121,011,135	\$ 123,299,031	\$ 131,444,679	\$ 137,285,550	\$ 148,876,477
174,691	444,063	978,955	1,772,464	1,393,017
161,106	53,936	87,734	25,823	44,343
949,046	2,065,465	630,895	979,201	900,976
(201,122)	(335,499)	(183,026)	(1,341,011)	(149,079)
122,094,856	125,526,996	132,959,237	138,722,027	151,065,734
320,443	361,840	439,716	550,691	589,126
-	-	-	33,100	17,876
746,167	809,211	865,879	865,732	907,830
201,122	335,499	183,026	1,341,011	149,079
1,267,732	1,506,550	1,488,621	2,790,534	1,663,911
123,362,588	127,033,546	134,447,858	141,512,561	152,729,645
(6,461,348)	192,327	7,246,927	6,861,543	12,818,970
514,341	(868,876)	1,556,180	5,333,398	7,325,061
\$ (5,947,007)	\$ (676,549)	\$ 8,803,107	\$ 12,194,941	\$ 20,144,031

QUEEN ANNE'S COUNTY, MARYLAND
FINANCIAL TRENDS
GENERAL TAX REVENUES - GOVERNMENTAL ACTIVITIES
LAST TEN FISCAL YEARS
Table 2-b

	2011	2012	2013	2014	2015
Local Property Taxes	\$ 60,070,368	\$ 65,937,415	\$ 65,591,225	\$ 64,712,683	\$ 64,672,721
Local Income Tax	30,624,679	34,028,234	35,769,303	40,899,804	44,643,870
Other Local Taxes	5,398,486	5,728,277	6,617,508	6,511,138	7,505,016
Total Taxes - Governmental Activities	<u>\$ 96,093,533</u>	<u>\$ 105,693,926</u>	<u>\$ 107,978,036</u>	<u>\$ 112,123,625</u>	<u>\$ 116,821,607</u>

	2016	2017	2018	2019	2020
Local Property Taxes	\$ 65,185,546	\$ 66,487,004	\$ 67,736,404	\$ 70,670,569	\$ 71,874,566
Local Income Tax	47,928,725	48,624,679	55,211,695	57,728,293	67,698,447
Other Local Taxes	7,896,864	8,187,348	8,496,580	8,886,688	9,303,464
Total Taxes - Governmental Activities	<u>\$ 121,011,135</u>	<u>\$ 123,299,031</u>	<u>\$ 131,444,679</u>	<u>\$ 137,285,550</u>	<u>\$ 148,876,477</u>

NOTES:

* Government-wide general tax revenue information is reported on the accrual basis of accounting.
* Source: Statement of Activities.

QUEEN ANNE'S COUNTY, MARYLAND
 FINANCIAL TRENDS
 FUND BALANCES - GOVERNMENTAL FUNDS
 LAST TEN FISCAL YEARS
 Table 3

	2011	2012	2013	2014	2015
General Fund:					
Nonspendable	\$ 4,000	\$ 555,215	\$ 626,122	\$ 480,385	\$ 687,777
Restricted	333,798	340,670	8,111,614	8,375,368	8,681,112
Committed	657,068	695,944	-	1,157,360	2,000,000
Assigned	70,000	-	1,284,657	1,284,875	2,034,875
Unassigned	4,753,656	11,207,265	5,965,003	7,123,519	7,793,085
Total General Fund	5,818,522	12,799,094	15,987,396	18,421,507	21,196,849
All Other Governmental Funds:					
Nonspendable	4,401,483	5,136,024	5,406,512	5,470,608	5,919,048
Restricted	22,065,716	12,255,292	12,724,859	21,824,970	17,794,372
Committed	1,820,818	2,054,749	3,480,382	4,097,033	4,209,177
Assigned	14,745,215	18,654,017	24,665,235	25,939,319	23,093,224
Unassigned	(172,381)	(157,828)	(135,515)	(115,800)	(108,185)
Total All Other Governmental Funds	42,860,851	37,942,254	46,141,473	57,216,130	50,907,636
Total All Governmental Funds	\$ 48,679,373	\$ 50,741,348	\$ 62,128,869	\$ 75,637,637	\$ 72,104,485

	2016	2017	2018	2019	2020
General Fund:					
Nonspendable	\$ 586,481	\$ 754,921	\$ 1,001,610	\$ 1,616,447	\$ 2,400,664
Restricted	9,002,389	10,626,394	10,999,800	14,361,899	14,711,547
Committed	3,000,000	4,000,000	5,027,897	6,000,000	6,998,256
Assigned	1,926,782	1,998,415	1,483,827	1,224,503	1,099,170
Unassigned	8,468,591	8,830,530	11,142,331	11,856,474	15,874,992
Total General Fund	22,984,243	26,210,260	29,655,465	35,059,323	41,084,629
All Other Governmental Funds:					
Nonspendable	6,146,072	7,552,462	7,583,553	-	-
Restricted	21,316,088	8,900,465	6,815,341	12,598,139	15,121,784
Committed	3,425,701	13,447,283	15,202,215	18,514,079	21,296,829
Assigned	18,029,073	16,045,167	19,618,643	23,573,581	23,721,935
Unassigned	(115,129)	(53,665)	(48,758)	(28,164)	(24,133)
Total All Other Governmental Funds	48,801,805	45,891,712	49,170,994	54,657,635	60,116,415
Total All Governmental Funds	\$ 71,786,048	\$ 72,101,972	\$ 78,826,459	\$ 89,716,958	\$ 101,201,044

NOTES:

* Fund balance information for governmental funds is reported on the modified accrual basis of accounting.
 * Source: Balance Sheet, Governmental Funds.

QUEEN ANNE'S COUNTY, MARYLAND
FINANCIAL TRENDS
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS

Table 4

	2011	2012	2013	2014	2015
Revenues					
Taxes					
Local Property Taxes	\$ 60,097,959	\$ 65,918,832	\$ 65,554,079	\$ 64,701,622	\$ 64,672,292
Local Income Taxes	29,527,496	35,969,879	39,438,906	40,326,921	42,889,715
Other Local Taxes	5,398,486	5,728,277	6,617,508	6,511,137	7,505,016
State Shared Taxes	230,401	306,235	510,726	749,366	557,834
Licenses and Permits	919,663	877,365	1,004,774	1,080,891	1,062,917
Intergovernmental	8,777,729	5,867,211	7,588,691	5,588,984	4,030,576
Bond Interest Reimbursement - Build America Bond	438,022	432,212	406,337	383,777	375,323
Charges for Current Services	3,143,846	3,908,998	4,594,240	5,357,919	4,251,835
Fines and Forfeitures	78,345	222,683	119,857	141,615	182,160
Capital Contributions - Developer	-	-	-	102,316	-
Investment Income	136,523	126,650	107,095	95,286	94,092
Donations	109,342	46,332	36,332	39,055	41,391
Miscellaneous	708,455	1,254,255	1,051,760	877,629	1,076,893
Total Revenues	109,566,267	120,658,929	127,030,305	125,956,518	126,740,044
Expenditures					
Current					
General Government (1)	10,397,457	9,171,830	9,282,310	10,649,489	8,833,255
Public Safety	21,127,321	20,985,077	21,275,229	22,266,458	23,133,608
Public Works	7,277,767	7,733,226	9,615,805	9,967,363	12,041,969
Parks and Recreation	2,521,175	-	-	-	-
Health	1,670,222	1,604,462	1,811,402	2,030,740	1,822,856
Social Services	4,098,650	3,533,022	4,051,741	3,474,886	3,602,146
Education	57,566,865	53,755,497	48,418,107	59,752,944	65,683,908
Library	1,433,725	1,277,993	1,278,228	1,310,250	1,432,500
Conservation of Natural Resources	3,872,916	2,794,262	890,480	2,363,254	565,289
Economic/Community Development	1,715,524	758,089	898,129	1,306,516	1,616,784
Miscellaneous	4,699,452	3,704,702	4,862,189	3,202,417	3,535,585
Capital Outlay	4,838,581	2,755,949	3,370,909	8,669,375	8,733,509
Debt Service					
Principal	6,964,558	7,095,307	7,069,406	7,210,561	7,444,611
Debt Issuance Costs	129,671	162,021	(94)	196,870	403,572
Interest and Fiscal Charges	3,629,426	4,116,939	3,675,628	3,501,230	3,846,823
Total Expenditures	131,943,310	119,448,376	116,499,469	135,902,353	142,696,415
Excess (Deficiency) of Revenues over (under) Expenditures	(22,377,043)	1,210,553	10,530,836	(9,945,835)	(15,956,371)
Other Financing Sources (Uses)					
Issuance of Debt	21,897,570	8,010,000	564,068	22,405,542	25,384,493
Other Financing Use - Proceeds of Refunding Bonds	-	-	-	-	-
Bond Premiums	139,136	713,235	(101)	1,118,097	1,901,240
Payments to Bond Refunding Agent	-	(8,557,455)	-	-	(14,881,834)
Other Financing Use - Debt Service - Principal	-	-	-	-	-
Proceeds of Capital Asset Disposals	582,601	47,396	308,856	458,759	1,331,608
Insurance Proceeds	99,028	11,631	20,070	61,942	57,916
Transfers In	5,386,256	9,635,881	10,851,904	5,861,261	5,079,641
Transfers Out	(6,614,521)	(10,369,909)	(11,228,409)	(6,450,998)	(6,449,845)
Total Other Financing Sources (Uses)	21,490,070	(509,221)	516,388	23,454,603	12,423,219
Special Item	-	1,360,643	-	-	-
Net Increase (Decrease) in Fund Balances	\$ (886,973)	\$ 2,061,975	\$ 11,047,224	\$ 13,508,768	\$ (3,533,152)
Debt service as a percentage of non-capital expenditures (2, 3)	8.34%	9.66%	9.54%	8.44%	8.43%

NOTES:

* Governmental fund information is reported on the modified accrual basis of accounting.

* Source: Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds

and the Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities.

(1) For all fiscal years, "General Government" includes amounts previously classified as "Miscellaneous," "Intergovernmental" and/or "Contingency."

(2) Only the principal and interest components of debt service expenditures are included in the calculation of the ratio of total debt service expenditures to noncapital expenditures.

(3) Noncapital expenditures represents Total Expenditures above, less the Net Increase in Capital Assets from the Reconciliation between the Government-Wide Statement of Activities

and the Statement of Revenues, Expenditures, and Changes in Fund Balance. Only the assets acquired (not included assets transferred or donated) from the reconciliation are used in the calculation.

QUEEN ANNE'S COUNTY, MARYLAND
 FINANCIAL TRENDS
 CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
 LAST TEN FISCAL YEARS
 Table 4

(CONTINUED)

	2016	2017	2018	2019	2020
\$	64,946,443	\$ 66,501,901	\$ 67,944,730	\$ 70,615,293	\$ 71,682,389
	46,424,552	48,578,044	51,834,189	55,282,162	61,547,651
	7,896,865	8,187,348	8,496,580	8,886,688	9,303,464
	623,256	708,566	836,677	1,171,668	1,192,293
	1,078,144	1,123,072	1,167,444	1,224,381	1,083,317
	4,696,561	3,987,308	7,539,052	8,284,699	9,506,419
	364,799	350,254	334,858	319,362	-
	4,617,730	5,114,605	5,298,701	5,088,123	5,320,465
	250,110	211,102	258,226	192,975	133,015
	-	-	-	-	-
	174,691	444,063	978,955	1,772,464	1,393,017
	45,773	60,217	57,635	31,084	143,375
	949,045	2,065,465	630,895	979,201	900,976
	<u>132,067,969</u>	<u>137,331,945</u>	<u>145,377,942</u>	<u>153,848,100</u>	<u>162,206,381</u>
	9,817,062	10,382,078	10,640,065	10,542,151	10,610,554
	23,523,103	23,866,030	25,049,431	26,804,113	27,648,023
	15,080,454	15,506,684	15,235,104	16,163,026	12,749,864
	-	-	-	-	6,995,840
	1,992,208	1,967,956	1,971,460	1,832,104	2,147,035
	3,835,730	4,013,664	4,129,134	4,377,273	4,513,642
	60,808,143	59,266,025	62,352,046	62,640,409	66,904,857
	1,597,000	1,684,820	1,765,190	1,833,513	1,891,167
	1,744,260	565,938	2,577,735	2,717,738	1,475,572
	3,188,928	1,710,899	2,433,171	1,638,265	2,107,676
	4,766,722	4,185,652	5,348,568	5,729,955	5,308,680
	11,050,384	14,591,632	12,311,551	9,323,882	4,963,004
	7,667,316	8,074,013	7,149,537	7,855,820	8,624,604
	218,799	196,150	229,894	211,447	316,027
	3,696,719	4,104,254	4,280,553	4,586,387	4,676,955
	<u>148,986,828</u>	<u>150,115,795</u>	<u>155,473,439</u>	<u>156,256,083</u>	<u>160,933,500</u>
	<u>(16,918,859)</u>	<u>(12,783,850)</u>	<u>(10,095,497)</u>	<u>(2,407,983)</u>	<u>1,272,881</u>
	15,484,639	12,775,926	16,000,000	11,000,000	9,000,000
	8,042,773	-	-	-	14,682,184
	1,650,448	618,681	908,973	1,011,998	3,654,843
	-	-	-	-	-
	(8,446,336)	-	-	-	(17,043,453)
	18,100	55,189	54,097	231,588	30,949
	153,534	12,241	39,940	3,114	35,761
	9,941,051	6,331,482	8,220,201	12,588,897	9,690,474
	<u>(10,243,787)</u>	<u>(6,693,745)</u>	<u>(8,403,227)</u>	<u>(13,929,908)</u>	<u>(9,839,553)</u>
	<u>16,600,422</u>	<u>13,099,774</u>	<u>16,819,984</u>	<u>10,905,689</u>	<u>10,211,205</u>
	-	-	-	-	-
\$	<u>(318,437)</u>	<u>\$ 315,924</u>	<u>\$ 6,724,487</u>	<u>\$ 8,497,706</u>	<u>\$ 11,484,086</u>
	<u>8.16%</u>	<u>8.99%</u>	<u>8.00%</u>	<u>8.47%</u>	<u>8.53%</u>



Queen Anne's County Courthouse in Centreville, circa 1794, first opened when George Washington was President of the United States.

QUEEN ANNE'S COUNTY, MARYLAND
REVENUE CAPACITY
ASSESSED VALUE OF TAXABLE AND EXEMPT PROPERTY
LAST TEN FISCAL YEARS

Table 5

Fiscal Year	Real Property (2)			Total Direct Tax Rate (3)	Personal Property	Total	Exempt Property	Total
	Commercial Assessed Value	Residential (1) Assessed Value	Total Assessed Value		Public Utility Assessed Value (2) (4)	Taxable Assessed Value		Taxable and Exempt Property
2011	\$ 1,625,886,760	\$ 6,054,844,995	\$ 7,680,731,755	\$ 0.7671	\$ 59,364,960	\$ 7,740,096,715	\$ 644,654,739	\$ 8,384,751,454
2012	1,485,091,345	6,139,645,414	7,624,736,759	0.8471	60,635,440	7,685,372,199	694,372,116	8,379,744,315
2013	1,567,115,297	5,990,170,828	7,557,286,125	0.8471	63,194,130	7,620,480,255	732,300,804	8,352,781,059
2014	1,540,562,905	5,935,284,963	7,475,847,868	0.8471	64,411,900	7,540,259,768	696,880,673	8,237,140,441
2015	1,526,533,795	5,971,094,589	7,497,628,384	0.8471	71,076,850	7,568,705,234	708,231,797	8,276,937,031
2016	1,536,236,637	6,015,729,665	7,551,966,302	0.8471	74,544,230	7,626,510,532	713,843,531	8,340,354,063
2017	1,578,390,091	6,136,189,107	7,714,579,198	0.8471	77,685,020	7,792,264,218	771,576,578	8,563,840,796
2018	1,619,626,376	6,277,865,272	7,897,491,648	0.8471	76,903,490	7,974,395,138	784,345,727	8,758,740,865
2019	1,668,339,027	6,485,471,694	8,153,810,721	0.8471	110,703,740	8,264,514,461	810,049,666	9,074,564,127
2020	1,796,512,410	6,587,063,708	8,383,576,118	0.8471	103,282,520	8,486,858,638	839,013,301	9,325,871,939

NOTES:

* Tax exempt property is included for purposes of calculating total assessed value, which is used on Table 12-a.

- (1) Residential real property includes single-family homes, townhouses, condominiums, and apartment dwellings. The assessed value shown above has been reduced for the Homestead Credit assessment.
- (2) Real property and personal property assessments are done every three years and every year, respectively, by the State Department of Assessments and Taxation at 100% of estimated fair value.
- (3) See Table 6-a for real property direct tax rates. Tax Rates are applied per \$100 of assessed value.
- (4) The personal property tax rate for Queen Anne's County is zero.

Source: State of Maryland, Department of Assessments and Taxation.

**QUEEN ANNE'S COUNTY, MARYLAND
REVENUE CAPACITY
REAL PROPERTY TAX RATES - COUNTY DIRECT RATE
LAST TEN FISCAL YEARS
Table 6-a**

Fiscal Year	County Direct Rate (1)
2011	\$ 0.7671
2012	0.8471
2013	0.8471
2014	0.8471
2015	0.8471
2016	0.8471
2017	0.8471
2018	0.8471
2019	0.8471
2020	0.8471

NOTES:

- * No discounts are allowed.
- * Taxes are levied as of July 1, are due by September 30, and become delinquent October 1.
- * Owner occupied properties may elect to pay on an annual basis. If no election is made, taxes are paid on a semi-annual basis with payment due by September 30 and December 31
- * Non-owner occupied properties must pay on an annual basis.
- * Interest at one percent per month is assessed on delinquent tax bills.
- * Revised tax bills based upon certifications from the State received after September 1 may be paid within thirty days without interest.
- * Delinquent taxes on real property are collected by sale.
- * Costs of tax sale, which vary, are added to the redemption.
- * Tax sale date: Third Tuesday in May.
- * The personal property tax rate for Queen Anne's County is zero.

(1) Tax Rates are applied per \$100 of assessed value.

QUEEN ANNE'S COUNTY, MARYLAND
REVENUE CAPACITY
REAL PROPERTY TAX RATES - COUNTY SPECIAL TAXING DISTRICTS
LAST TEN FISCAL YEARS
Table 6-b

Fiscal Year	Kent Narrows Commercial Management and Waterfront Improvement District
2011	\$ 0.0600
2012	0.0600
2013	0.0600
2014	0.0600
2015	0.0600
2016	0.0600
2017	0.0600
2018	0.0600
2019	0.0600
2020	0.0600

NOTES:

- * Tax rates are per \$100 of assessed value.
- * The personal property tax rate for Queen Anne's County is zero.

QUEEN ANNE'S COUNTY, MARYLAND
REVENUE CAPACITY
REAL PROPERTY TAX RATES - OVERLAPPING GOVERNMENTS - TOWNS
LAST TEN FISCAL YEARS
Table 6-c

Fiscal Year	Town of Centreville	Town of Barclay	Town of Church Hill	Town of Millington	Town of Queen Anne
2011	\$ 0.3800	\$ 0.1000	\$ 0.3400	\$ 0.2800	\$ 0.1800
2012	0.3800	0.2000	0.3400	0.2800	0.1800
2013	0.3800	0.2000	0.3400	0.2800	0.1800
2014	0.3800	0.2000	0.3400	0.2800	0.1800
2015	0.3800	0.2000	0.3400	0.2800	0.1800
2016	0.3800	0.2000	0.3400	0.2800	0.1800
2017	0.4100	0.2000	0.3400	0.2800	0.1800
2018	0.4050	0.2000	0.3400	0.2800	0.1800
2019	0.4050	0.2000	0.3400	0.2800	0.1800
2020	0.4050	0.2000	0.3400	0.2800	0.1800

NOTES:

- * Tax rates are per \$100 of assessed value.
- * The personal property tax rate for Queen Anne's County is zero.
- * Taxes collected by the County for other fiscal units, including overlapping governments, are remitted based on actual collections.

QUEEN ANNE'S COUNTY, MARYLAND
REVENUE CAPACITY
REAL PROPERTY TAX RATES - OVERLAPPING GOVERNMENTS - TOWNS
LAST TEN FISCAL YEARS
Table 6-c

(CONTINUED)

Town of Queenstown	Town of Sudlersville	Town of Templeville
\$ 0.1904	\$ 0.1670	\$ 0.3600
0.1890	0.1670	0.3600
0.1890	0.1670	0.3600
0.1890	0.1670	0.3600
0.1895	0.1670	0.3600
0.1850	0.1670	0.3600
0.1810	0.1670	0.5788
0.1773	0.1670	0.3600
0.1726	0.1670	0.3600
0.1744	0.1670	0.3600

**QUEEN ANNE'S COUNTY, MARYLAND
REVENUE CAPACITY
TEN HIGHEST COMMERCIAL PROPERTY TAXPAYERS
CURRENT FISCAL YEAR AND NINE YEARS AGO
Table 7**

For the Fiscal Year Ended June 30, 2020		
	Assessable Base	Ratio: Taxpayer Base to Total Assessable Base
Second Horizon Group Limited Partnership	\$ 73,986,533	0.87 %
KRM-Chesapeake LLC	29,424,900	0.35
Chesapeake Bay Beach Club LLC	18,272,667	0.22
Maryland General Land Co LLC	16,520,000	0.19
Great American Life Insurance Co	14,671,967	0.17
Beach Harbor Campers Co-Operative	12,910,800	0.15
Kent Towne Market LLC	13,544,234	0.16
Anne Arundel Real Estate Holding	11,651,867	0.14
Mears Point Association	11,628,367	0.14
Kent Narrows Properties	9,015,800	0.11
Total	\$ 211,627,135	2.50 %
Total Assessable Base	\$ 8,486,858,638	100.00 %

For the Fiscal Year Ended June 30, 2011		
	Assessable Base	Ratio: Taxpayer Base to Total Assessable Base
Second Horizon Group Limited Partnership	\$ 51,409,800	0.66 %
KRM Development Corporation	38,637,130	0.50
White's Heritage Partners	23,343,628	0.30
Great American Life Insurance Company	17,689,900	0.23
Beach Harbor Campers Cooperative Inc	13,653,800	0.18
Pasquale Didonato	12,546,432	0.16
Reliable Development Company	12,204,006	0.16
K. Hovnanian	11,908,826	0.15
Mears Point Association	11,310,900	0.15
Symphony Centre	10,951,000	0.14
Total	\$ 203,655,422	2.63 %
Total Assessable Base	\$ 7,740,096,715	100.00 %

Source: State of Maryland Department of Assessments and Taxation

QUEEN ANNE'S COUNTY, MARYLAND
REVENUE CAPACITY
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS
Table 8

Fiscal Year	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Original Levy		Amount	Percentage of Original Levy
2011	\$ 58,758,234	\$ 58,696,129	99.89%	\$ 55,170	\$ 58,751,299	99.99%
2012	64,549,671	64,459,862	99.86%	79,219	64,539,081	99.98%
2013	63,904,147	63,596,067	99.52%	54,255	63,650,322	99.60%
2014	63,184,321	62,834,349	99.45%	89,285	62,923,634	99.59%
2015	63,338,629	63,231,601	99.83%	68,072	63,299,673	99.94%
2016	63,799,184	63,647,404	99.76%	79,414	63,726,818	99.89%
2017	65,217,648	65,107,115	99.83%	107,783	65,214,898	99.83%
2018	66,768,776	66,721,619	99.93%	30,166	66,751,785	99.97%
2019	68,887,556	68,778,389	99.84%	42,225	68,820,614	99.90%
2020	70,825,936	70,375,695	99.36%	-	70,375,695	99.36%

NOTES:

* This table includes data for all property taxes billed applicable to all funds for Queen Anne's County, Maryland to include General, Special Revenue, and Enterprise Funds. Property taxes billed for the State of Maryland and various municipalities are excluded.

QUEEN ANNE'S COUNTY, MARYLAND
DEBT CAPACITY
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS

Table 9

Governmental Activities					Ratios		
Fiscal Year	General Obligation Bonds	Notes Payable	Capital Leases	Total Governmental Activities	Total Primary Government	Debt to Total Personal Income (1)	Outstanding Debt per Capita (1)
2011	\$ 102,791,729	\$ 1,070,632	\$ 54,089	\$ 103,916,450	\$ 124,067,449	7.20%	\$ 2,590
2012	97,127,263	889,256	-	98,016,519	116,192,021	6.95%	2,431
2013	90,092,100	1,146,755	-	91,238,855	107,497,099	6.12%	2,210
2014	107,883,563	958,156	-	108,841,719	123,479,930	6.97%	2,538
2015	112,060,053	784,785	-	112,844,838	127,774,051	6.89%	2,618
2016	118,977,909	1,913,199	-	120,891,108	134,883,606	7.24%	2,780
2017	123,519,157	1,698,425	-	125,217,582	144,731,805	7.64%	2,960
2018	132,567,304	1,417,461	-	133,984,765	162,445,781	8.39%	3,322
2019	135,985,079	1,098,323	-	137,083,402	169,228,169	8.22%	3,335
2020	136,513,411	775,589	-	137,289,000	171,697,250	7.29%	3,264

NOTES:

(1) See Table 14 for personal income and population data, which are used in calculating these ratios.

QUEEN ANNE'S COUNTY, MARYLAND
DEBT CAPACITY
RATIOS OF GENERAL BONDED DEBT OUTSTANDING
LAST TEN FISCAL YEARS

Table 10

Fiscal Year	General Bonded Debt (1)	Percentage of Total Taxable Assessable Base (2)	Per Capita (3)
2011	\$ 106,250,557	1.37%	\$ 2,218
2012	100,063,806	1.30%	2,093
2013	92,582,575	1.21%	1,903
2014	109,937,299	1.46%	2,260
2015	115,600,348	1.53%	2,369
2016	122,498,768	1.61%	2,525
2017	126,736,636	1.63%	2,592
2018	135,543,499	1.70%	2,772
2019	138,710,090	1.68%	2,733
2020	138,989,292	1.64%	2,643

NOTES:

- * General Bonded Debt includes all general obligation debt, regardless of purpose or repayment source, and other bonded debt financed with general government resources. Other debt is excluded because it is not in the form of bonds.
- (1) General Bonded Debt is comprised of both governmental and business-type activities from Table 9.
- (2) See Table 5 for taxable assessable base.
- (3) See Table 14 for population data.



*The Queen Anne's Emergency Center is open 24 hours a day, every day,
to treat people for acute illnesses, injuries and trauma as well as minor injuries.*

**QUEEN ANNE'S COUNTY, MARYLAND
DEBT CAPACITY
COMPUTATION OF NET DIRECT AND OVERLAPPING DEBT
AS OF JUNE 30, 2020
Table 11**

Name of Jurisdiction	Gross Debt
Queen Anne's County:	
County Government	
Total Net Direct Debt (1)	<u>\$ 137,289,000</u>
Towns: (2)	
Centreville (100%)	16,351,095
Millington (100%)	1,100,000
Queenstown (100%)	5,291,975
Sudlersville (100%) (3)	<u>4,648,000</u>
Total Net Overlapping Debt	<u>27,391,070</u>
Total Net Direct and Overlapping Debt	<u><u>\$ 164,680,070</u></u>

NOTES:

- (1) Net direct debt of the County includes Governmental Activities general obligation bonds, notes payable, and capital leases. See Table 9. Overlapping debt is the debt of other governmental entities located within the County that is payable in whole or in part by taxpayers of the County.
- (2) Entities are located wholly within Queen Anne's County. Debt information reported by municipalities.
- (3) FY20 gross debt could not be obtained. The amount being reported is the amount confirmed from FY19.

QUEEN ANNE'S COUNTY, MARYLAND
DEBT CAPACITY
COMPUTATION OF LEGAL DEBT MARGIN
LAST TEN FISCAL YEARS
Table 12-a

	2011	2012	2013	2014	2015
Computation of Legal Debt Margin - for Queen Anne's County Other than Debt related to the Sanitary District:					
Authorized debt limit under Title 5 (Subtitle 4) (1)	\$ 8,000,000	\$ 8,000,000	\$ 8,000,000	\$ 8,000,000	\$ 8,000,000
Authorized bonded debt under specific public laws					
Enterprise Funds, excluding Sanitary District (4)	2,340,495	2,304,876	2,160,475	2,053,736	3,540,295
General Obligation Debt (4)	102,791,729	97,127,263	90,092,100	107,883,563	112,060,053
Subtotal	<u>105,132,224</u>	<u>99,432,139</u>	<u>92,252,575</u>	<u>109,937,299</u>	<u>115,600,348</u>
Total authorized debt under Title 5 and specific public laws	113,132,224	107,432,139	100,252,575	117,937,299	123,600,348
LESS Outstanding bonds, notes payable, and capital leases (5)	124,067,449	116,192,021	107,497,099	123,479,930	127,774,051
Less: Sanitary District debt (4)	17,803,690	15,870,626	14,097,769	12,584,475	11,388,918
Subtotal	<u>106,263,759</u>	<u>100,321,395</u>	<u>93,399,330</u>	<u>110,895,455</u>	<u>116,385,133</u>
Legal Debt Margin - Other than the Sanitary District	<u>\$ 6,868,465</u>	<u>\$ 7,110,744</u>	<u>\$ 6,853,245</u>	<u>\$ 7,041,844</u>	<u>\$ 7,215,215</u>
<u>Debt related to the Sanitary District Proprietary Fund:</u>					
Total taxable assessed value (3)	\$ 7,740,096,715	\$ 7,685,372,199	\$ 7,620,480,255	\$ 7,540,259,768	\$ 7,568,705,234
Plus exempt property (3)	<u>644,654,739</u>	<u>694,372,116</u>	<u>732,300,804</u>	<u>696,880,673</u>	<u>708,231,797</u>
Total assessed value	<u>\$ 8,384,751,454</u>	<u>\$ 8,379,744,315</u>	<u>\$ 8,352,781,059</u>	<u>\$ 8,237,140,441</u>	<u>\$ 8,276,937,031</u>
Debt Limit - 6% of total assessed value (2)	\$ 503,085,087	\$ 502,784,659	\$ 501,166,864	\$ 494,228,426	\$ 496,616,222
LESS Sanitary District	17,803,690	15,870,626	14,097,769	12,584,475	11,388,918
Less: Restricted Cash and Investments in the Debt Service Fund available for payment of principal	<u>3,658,194</u>	<u>3,244,564</u>	<u>2,840,468</u>	<u>2,763,304</u>	<u>2,695,383</u>
	<u>14,145,496</u>	<u>12,626,062</u>	<u>11,257,301</u>	<u>9,821,171</u>	<u>8,693,535</u>
Legal Debt Margin - Sanitary District	<u>\$ 488,939,591</u>	<u>\$ 490,158,597</u>	<u>\$ 489,909,563</u>	<u>\$ 484,407,255</u>	<u>\$ 487,922,687</u>

NOTES:

- (1) Title 5, Subtitle 4 (1), of the Code of Public Local Laws of Queen Anne's County authorizes the County to borrow up to \$8,000,000 for general operating and capital improvement expenditures. This authority is in addition to any bonded debt authorized under specific public local laws.
- (2) Title 24, Subtitle 1, Section 24-146(A) of the Code of Public Local Laws of Queen Anne's County authorizes the County to borrow an amount not to exceed 6% of the total value of property assessed. The proceeds of such borrowings must be used for sewer and water system construction payments.
- (3) See Table 5.
- (4) See Note 9, Section B.
- (5) See Note 9.

QUEEN ANNE'S COUNTY, MARYLAND
DEBT CAPACITY
COMPUTATION OF LEGAL DEBT MARGIN
LAST TEN FISCAL YEARS
Table 12-a

(CONTINUED)

2016	2017	2018	2019	2020
\$ 8,000,000	\$ 8,000,000	\$ 8,000,000	\$ 8,000,000	\$ 8,000,000
3,520,859	3,217,479	2,976,195	2,725,011	2,475,881
118,977,909	123,519,157	132,567,304	135,985,079	136,513,411
<u>122,498,768</u>	<u>126,736,636</u>	<u>135,543,499</u>	<u>138,710,090</u>	<u>138,989,292</u>
130,498,768	134,736,636	143,543,499	146,710,090	146,989,292
134,883,606	144,731,805	162,445,781	169,228,169	171,697,250
10,471,639	16,296,744	25,484,821	29,419,756	31,932,369
<u>124,411,967</u>	<u>128,435,061</u>	<u>136,960,960</u>	<u>139,808,413</u>	<u>139,764,881</u>
<u>\$ 6,086,801</u>	<u>\$ 6,301,575</u>	<u>\$ 6,582,539</u>	<u>\$ 6,901,677</u>	<u>\$ 7,224,411</u>
\$ 7,626,510,532	\$ 7,792,264,218	\$ 7,974,395,138	\$ 8,264,514,461	\$ 8,486,858,638
<u>713,843,531</u>	<u>771,576,578</u>	<u>784,345,727</u>	<u>810,049,666</u>	<u>839,013,301</u>
<u>\$ 8,340,354,063</u>	<u>\$ 8,563,840,796</u>	<u>\$ 8,758,740,865</u>	<u>\$ 9,074,564,127</u>	<u>\$ 9,325,871,939</u>
\$ 500,421,244	\$ 513,830,448	\$ 525,524,452	\$ 544,473,848	\$ 559,552,316
10,471,639	16,296,744	25,484,821	29,419,756	31,932,369
1,120,775	947,445	1,060,045	1,259,440	2,031,867
<u>9,350,864</u>	<u>15,349,299</u>	<u>24,424,776</u>	<u>28,160,316</u>	<u>29,900,502</u>
<u>\$ 491,070,380</u>	<u>\$ 498,481,149</u>	<u>\$ 501,099,676</u>	<u>\$ 516,313,532</u>	<u>\$ 529,651,814</u>

QUEEN ANNE'S COUNTY, MARYLAND
DEBT CAPACITY
COMPUTATION OF LOCAL DEBT LIMIT
LAST TEN FISCAL YEARS
Table 12-b

	2011	2012	2013	2014	2015
Computation of Local Debt Limit, as Authorized under Article 95, Section 22F of the Annotated Code of Maryland and per criteria established by Queen Anne's County Resolution No. 13-04, as adopted May 2013.					
CALCULATION PER FIRST FINANCIAL CRITERIA:					
The sum of all outstanding and new general obligation and/or bonded debt is 2.5% or less of the total taxable assessed base.					
Total Taxable Assessed Base (1)	\$ 7,740,096,715	\$ 7,685,372,199	\$ 7,620,480,255	\$ 7,540,259,768	\$ 7,568,705,234
	2.5%	2.5%	2.5%	2.5%	2.5%
2.5% of Total Taxable Assessed Base	\$ 193,502,418	\$ 192,134,305	\$ 190,512,006	\$ 188,506,494	\$ 189,217,631
LESS Outstanding and New General Obligation Debt applicable to limit (2) (3)					
Enterprise Funds' Debt - Bonds	\$ 3,458,828	\$ 2,936,543	\$ 2,490,475	\$ 2,053,736	\$ 3,540,295
General Obligation Debt - Bonds and Notes	103,862,361	98,016,519	91,238,855	108,841,719	112,844,838
Total Outstanding and New General Obligation Debt	\$ 107,321,189	\$ 100,953,062	\$ 93,729,330	\$ 110,895,455	\$ 116,385,133
2.5% of Total Taxable Assessed Base in Excess of					
Total Outstanding and New General Obligation Debt	\$ 86,181,229	\$ 91,181,243	\$ 96,782,676	\$ 77,611,039	\$ 72,832,498
CALCULATION PER SECOND FINANCIAL CRITERIA:					
The sum of all outstanding and new general obligation and/or bonded debt is \$3,000 or less per capita.					
Total County Population (4)	47,899	47,798	48,650	48,650	48,804
\$3,000 Per Capita	\$ 3,000	\$ 3,000	\$ 3,000	\$ 3,000	\$ 3,000
	\$ 143,697,000	\$ 143,394,000	\$ 145,950,000	\$ 145,950,000	\$ 146,412,000
LESS Outstanding and New General Obligation Debt (1)	\$ 107,321,189	\$ 100,953,062	\$ 93,729,330	\$ 110,895,455	\$ 116,385,133
\$3,000 Per Capita in Excess of					
Total Outstanding and New General Obligation Debt	\$ 36,375,811	\$ 42,440,938	\$ 52,220,670	\$ 35,054,545	\$ 30,026,867

NOTES:

- (1) See Table 5 - Total Taxable Assessed Value.
- (2) See Note 9 A - Changes in Noncurrent Liabilities.
- (3) General Obligation Debt includes debt relating to the Sanitary District, because such debt is backed by the full faith and credit of the County, but excludes all capital leases, which are collateralized by the equipment purchased with such leases.
- (4) See Table 14 - Population.

In May, 2013, as described in Note 9 E, Queen Anne's County adopted Resolution No. 13-04, thereby continuing a local debt policy in compliance with Article 95, Section 22F of the Annotated Code of Maryland.

This policy requires that the County's Director of Budget, Finance and Information Technology take the following steps:

- (a) prepare a six-year capital project plan each year;
- (b) propose an amount to be transferred from the General Fund operating balance to the General Capital Projects Fund to serve as pay-as-you-go funding in the latter Fund, in order to lessen the need for future County debt;
- (c) limit the County's non-bonded indebtedness to \$8.0 million for general operating expenses or capital improvements;
- (d) certify that the sum of outstanding general bonded debt and any new general obligation debt is 2.5% or less of the total taxable assessed base and is \$3,000 or less per capita; and

This policy also stipulates that although there is some flexibility as to the acceptable percentage of debt service to general fund expenditures, and no absolute limit has been established by the rating agencies or the Government Finance Officers Association, anything above 12% of total general fund expenditures would be a cause to carefully monitor debt service.

QUEEN ANNE'S COUNTY, MARYLAND
DEBT CAPACITY
COMPUTATION OF LOCAL DEBT LIMIT
LAST TEN FISCAL YEARS
Table 12-b

(CONTINUED)

2016	2017	2018	2019	2020
\$ 7,626,510,532	\$ 7,792,264,218	\$ 7,974,395,138	\$ 8,264,514,461	\$ 8,486,858,638
2.5%	2.5%	2.5%	2.5%	2.5%
<u>\$ 190,662,763</u>	<u>\$ 194,806,605</u>	<u>\$ 199,359,878</u>	<u>\$ 206,612,862</u>	<u>\$ 212,171,466</u>
\$ 3,520,859	\$ 3,217,479	\$ 2,976,195	\$ 2,725,011	\$ 2,475,881
120,891,108	125,217,582	133,984,765	137,083,402	137,289,000
<u>\$ 124,411,967</u>	<u>\$ 128,435,061</u>	<u>\$ 136,960,960</u>	<u>\$ 139,808,413</u>	<u>\$ 139,764,881</u>
<u>\$ 66,250,796</u>	<u>\$ 66,371,544</u>	<u>\$ 62,398,918</u>	<u>\$ 66,804,449</u>	<u>\$ 72,406,585</u>
48,517	48,904	48,904	50,750	52,597
\$ 3,000	\$ 3,000	\$ 3,000	\$ 3,000	\$ 3,000
<u>\$ 145,551,000</u>	<u>\$ 146,712,000</u>	<u>\$ 146,712,000</u>	<u>\$ 152,250,000</u>	<u>\$ 157,791,000</u>
<u>\$ 124,411,967</u>	<u>\$ 128,435,061</u>	<u>\$ 136,960,960</u>	<u>\$ 139,808,413</u>	<u>\$ 139,764,881</u>
<u>\$ 21,139,033</u>	<u>\$ 18,276,939</u>	<u>\$ 9,751,040</u>	<u>\$ 12,441,587</u>	<u>\$ 18,026,119</u>

QUEEN ANNE'S COUNTY, MARYLAND
 DEMOGRAPHIC AND ECONOMIC INFORMATION
 PRINCIPAL EMPLOYERS
 CURRENT FISCAL YEAR AND NINE YEARS AGO

Table 13

For the Fiscal Year Ended June 30, 2020			
Employer	Employees	Rank	Percentage of Total County Employment
Queen Anne's County Board of Education	909	1	7.93%
Queen Anne's County Government	517	2	4.51%
Chesapeake College	445	3	3.88%
REEB Millwork	300	4	2.62%
Paul Reed Smith Guitars	255	5	2.22%
Federal Resources Supply	245	6	2.14%
S.E.W. Friel	200	7	1.74%
AZZ Enclosures	135	8	1.18%
Genesis Healthcare	135	9	1.18%
Clinton Nurseries of Md.	130	10	1.13%
Total	3,271		28.53%

For the Fiscal Year Ended June 30, 2011			
Employer	Employees	Rank	Percentage of Total County Employment
Queen Anne's County Board of Education	941	1	8.92%
Queen Anne's County Government	442	2	4.19%
S.E.W. Friel	275	3	2.61%
Paul Reed Smith Guitars	233	4	2.21%
Chesapeake College	225	5	2.13%
Safeway	180	6	1.71%
River Plantation	175	7	1.66%
Genesis Healthcare	150	8	1.42%
Harris Seafood Company	150	9	1.42%
Acme Markets	149	10	1.41%
Total	2,920		27.68%

Source: Queen Anne's County Economic Development Office; Table 15.

**QUEEN ANNE'S COUNTY, MARYLAND
 DEMOGRAPHIC AND ECONOMIC INFORMATION
 DEMOGRAPHIC STATISTICS
 LAST TEN FISCAL YEARS
 Table 14**

Fiscal Year	Population (1)	Total Personal Income (2)	Per Capita Income (3)	Unemployment Rate (3)	Average Registered Number of Pupils (4)
2011	47,899	\$ 1,722,448,040	\$ 35,960	7.20%	7,722
2012	47,798	1,672,547,616	34,992	6.50%	7,757
2013	48,650	1,757,238,000	36,120	6.40%	7,717
2014	48,650	1,771,687,050	36,417	5.10%	7,720
2015	48,804	1,854,356,784	37,996	4.90%	7,752
2016	48,517	1,862,664,664	38,392	3.90%	7,738
2017	48,904	1,894,198,632	38,733	3.80%	7,799
2018	48,904	1,936,256,072	39,593	3.90%	7,768
2019	50,750	2,058,064,750	40,553	3.70%	7,767
2020	52,597	2,353,926,138	44,754	7.00%	7,705

NOTES:

- (1) Source: Queen Anne's County Division of Land Use and Zoning
- (2) Personal income derived by multiplying population by per capita income.
- (3) Source: Maryland Department of Labor, Licensing, and Regulation - as of June.
- (4) Source: Queen Anne's County Board of Education.

QUEEN ANNE'S COUNTY, MARYLAND
OPERATING INFORMATION
COUNTY GOVERNMENT EMPLOYEES - FULL-TIME EQUIVALENTS
LAST TEN FISCAL YEARS
Table 15

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Number of Exempt Employees	26	26	28	29	30	32	35	34	32	33
Number of Full Time Employees	400	386	391	393	416	431	439	450	479	484
Number of Part Time Employees (FTE)	<u>10</u>	<u>9</u>	<u>8</u>	<u>7</u>	<u>3</u>	<u>3</u>	<u>4</u>	<u>3</u>	<u>3</u>	<u>2</u>
Total County Government Employees	<u>436</u>	<u>421</u>	<u>427</u>	<u>429</u>	<u>449</u>	<u>466</u>	<u>478</u>	<u>487</u>	<u>514</u>	<u>519</u>

NOTES:

Source: Queen Anne's County Office of Budget, Finance and Information Technology.

QUEEN ANNE'S COUNTY, MARYLAND
 OPERATING INFORMATION
 COUNTY GOVERNMENT EMPLOYEES - FULL-TIME ONLY BY FUNCTION
 LAST TEN FISCAL YEARS

Table 16

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Governmental Activities:										
General Government	77	74	82	77	81	83	87	76	75	78
Public Safety:										
Police	49	53	56	58	58	59	61	62	69	71
Fire - Emergency Management Services	64	61	64	67	71	72	73	75	82	83
Detention Center	41	42	41	41	41	41	45	41	42	43
Animal Services	10	10	6	3	3	2	2	2	2	2
Public Works	61	51	51	54	58	61	59	75	80	77
Health	1	1	1	1	1	1	1	1	1	1
Social Services	32	36	32	36	38	42	41	39	39	39
Parks	31	27	27	29	39	42	44	43	46	52
Conservation of Natural Resources	3	3	4	4	3	4	4	4	4	4
Economic/Community Development	7	3	6	2	3	6	5	10	11	9
Total Governmental Activities	<u>376</u>	<u>361</u>	<u>370</u>	<u>372</u>	<u>396</u>	<u>413</u>	<u>422</u>	<u>428</u>	<u>451</u>	<u>459</u>
Business-Type Activities:										
Sanitary District	44	45	45	46	46	46	48	51	55	53
Bay Bridge Airport	3	3	1	1	1	1	1	2	2	2
Golf	-	-	1	1	1	1	1	1	1	1
Public Landings	3	3	2	2	2	2	2	2	2	2
Total Business-Type Activities	<u>50</u>	<u>51</u>	<u>49</u>	<u>50</u>	<u>50</u>	<u>50</u>	<u>52</u>	<u>56</u>	<u>60</u>	<u>58</u>
Total Full-Time County Employees	<u>426</u>	<u>412</u>	<u>419</u>	<u>422</u>	<u>446</u>	<u>463</u>	<u>474</u>	<u>484</u>	<u>511</u>	<u>517</u>

NOTES:

- Only full-time County employees are represented in this table.
- Employees of the County's component units have been excluded from this table.

Source: Queen Anne's County Office of Budget, Finance and Information Technology.

QUEEN ANNE'S COUNTY, MARYLAND
 OPERATING INFORMATION
 OPERATING INDICATORS BY FUNCTION
 LAST TEN FISCAL YEARS
 Table 17

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Governmental Activities:										
General Government:										
Planning & Zoning:										
Number of commercial permits issued	27	99	75	51	52	50	47	55	30	49
Number of residential permits issued:										
Single Family Permits	106	119	161	133	123	84	124	145	155	173
Multi Family Permits	4	20	21	12	-	1	29	-	37	41
Renovations and Additions Permits	295	207	312	327	270	303	323	339	359	317
Total residential permits issued	<u>405</u>	<u>346</u>	<u>494</u>	<u>472</u>	<u>393</u>	<u>388</u>	<u>476</u>	<u>484</u>	<u>551</u>	<u>531</u>
Public Safety:										
Fire and Rescue:										
Number of volunteer members	689	689	689	689	683	500	400	500	450	542
Police:										
Uniformed Police Officers	55	59	61	61	64	64	64	68	69	71
Number of law violations:										
Physical arrests	1,216	848	1,144	1,239	1,055	903	914	1,097	930	854
Traffic violations	5,760	5,818	5,915	6,514	6,030	8,002	7,183	12,384	10,474	9,705
Detention Center:										
Detention Center Officers	40	38	40	41	41	39	38	42	41	41
Average yearly prison population	103	86	128	138	123	115	133	115	105	106
Public Works:										
Wastewater Treated - Daily (mgd)	1.7	1.9	2.0	2.0	2.1	2.0	2.0	2.2	2.2	2.1
Education:										
Number of Personnel										
Teachers	530	537	546	550	575	575	572	569	572	584
Administrators	37	39	39	41	40	40	38	37	37	37
Support	310	300	294	344	295	296	304	300	301	281
Other	64	47	47	37	34	34	34	34	32	7
Number of Students	7,722	7,757	7,717	7,720	7,752	7,738	7,799	7,768	7,767	7,705
Number of High School Graduates	566	598	537	605	589	532	550	552	521	590

NOTES:

Source: Various County departments.

QUEEN ANNE'S COUNTY, MARYLAND
 OPERATING INFORMATION
 CAPITAL ASSET STATISTICS BY FUNCTION
 LAST TEN FISCAL YEARS
 Table 18

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Governmental Activities:										
Public Safety:										
Fire and Rescue:										
Number of volunteer stations	10	10	9	9	9	9	9	9	9	9
Equipment:										
Engines	17	17	18	17	16	16	16	16	15	15
Tankers	9	9	9	8	8	8	8	8	7	9
Aerial Units	5	5	5	4	4	5	5	4	5	5
Rescue Units	7	7	8	6	7	6	6	5	5	7
Brush Units	8	8	8	7	7	7	7	7	7	8
Boats	5	5	5	6	6	6	6	3	4	4
Ambulance/Medic Units	17	17	17	13	14	12	13	13	11	13
Cars/Other	22	22	22	25	25	25	16	14	28	33
Police:										
Number of Stations	1	1	1	1	1	1	1	1	1	1
Number of Vehicles										
Patrol	53	62	62	68	68	71	70	70	71	81
Other	21	3	3	12	15	10	9	14	14	12
Detention Center										
Capacity	148	148	148	148	148	148	148	148	148	148
Public Works:										
County Maintained Roads and Streets										
Paved (miles)	540	540	541	543	543	540	549	549	549	550
Unpaved (miles)	12	12	12	12	12	12	12	12	12	12
County Owned Water and Wastewater Facilities										
Water										
Miles of Mains	59	59	61	62	62	64	65	67	68	69
Water Treatment Plants	11	11	11	11	11	11	11	11	11	11
Booster Stations	2	2	2	2	2	2	2	2	2	2
Wastewater										
Miles of Mains	118	118	120	121	122	128	136	151	153	154
Wastewater Treatment Plants	1	1	1	1	1	1	1	1	1	1
Wastewater Collection, Lift, and Pumping Stations	31	31	31	31	31	31	32	32	32	32
Education:										
Number of Schools										
High Schools	2	2	2	2	2	2	2	2	2	2
Middle Schools	4	4	4	4	4	4	4	4	4	4
Elementary Schools	8	8	8	8	8	8	8	8	8	8
Parks and Recreation:										
Parks	33	33	33	33	33	32	32	32	32	32
Park Acreage	2,915	2,915	2,915	2,915	2,915	2,915	2,915	3,085	3,085	3,085
Public Landings	21	21	19	20	20	19	20	20	20	20
Library:										
Number of Libraries	3	3	3	3	3	3	3	3	3	3

NOTES:
 Source: Various County departments.



The Liberty Building in Centreville, the county seat since 1794, houses some of the government operations.

