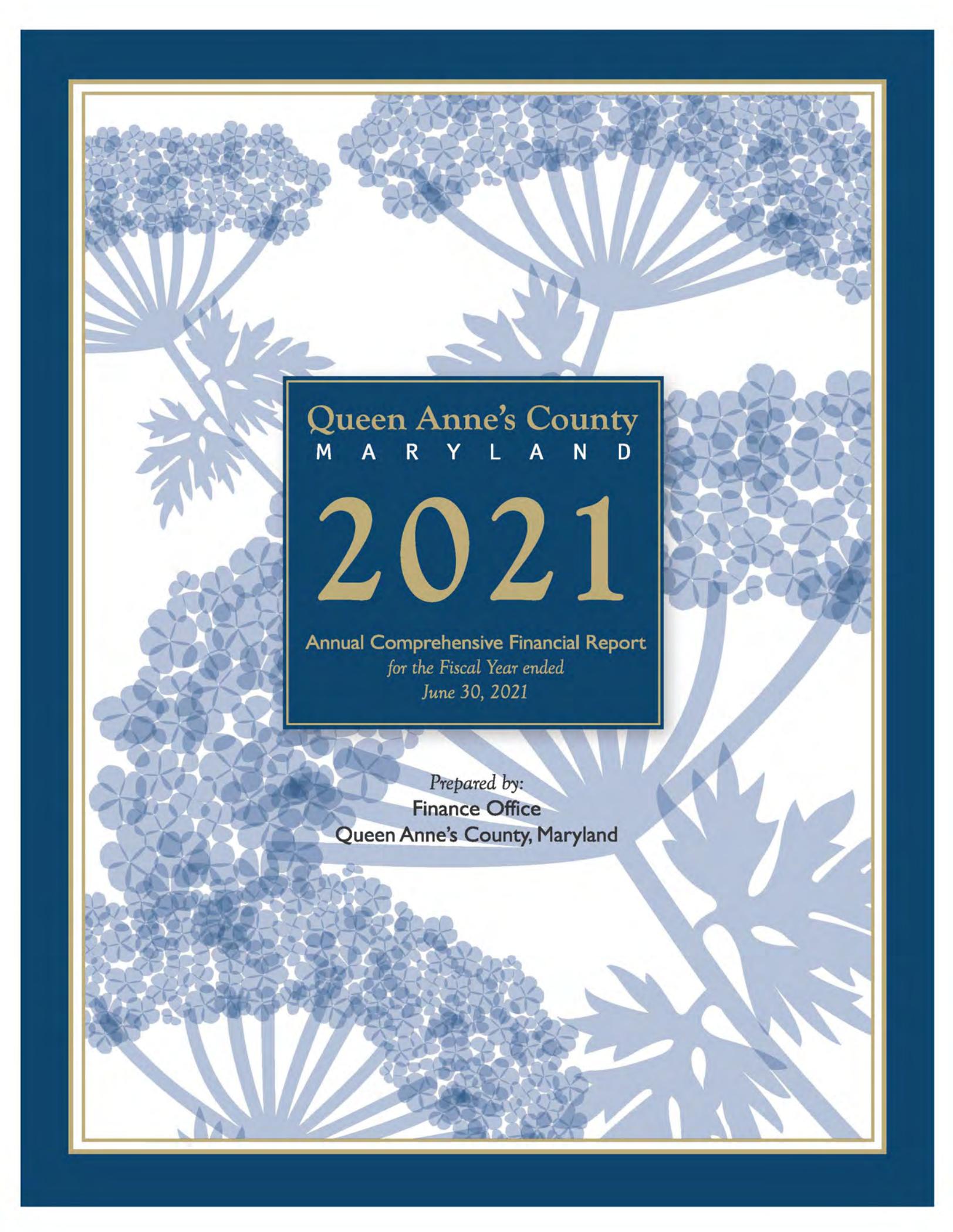
The background of the cover features a large, faint, light blue watermark of the Queen Anne's County Seal. The seal is a circular emblem with a central sunburst, surrounded by a ring of leaves and a border of small flowers. The entire cover is framed by a thin gold border.

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

2021

Annual Comprehensive Financial Report
for the Fiscal Year ended
June 30, 2021



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

2021

Annual Comprehensive Financial Report
for the Fiscal Year ended
June 30, 2021

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

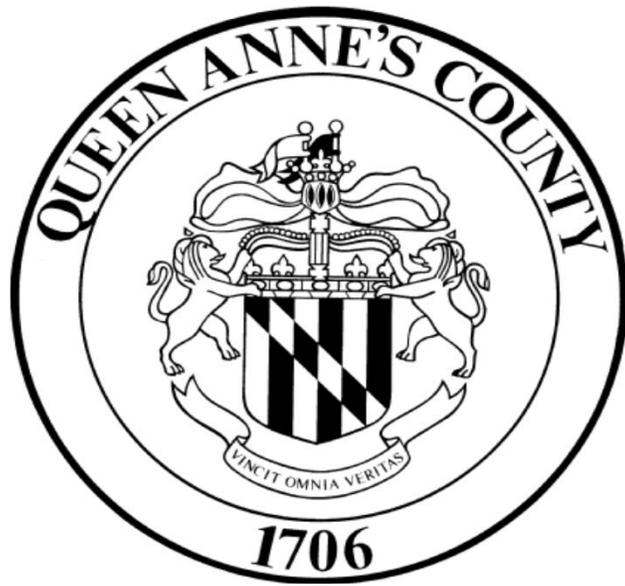
QUEEN ANNE'S COUNTY, MARYLAND
ANNUAL COMPREHENSIVE FINANCIAL REPORT
FISCAL YEAR ENDED JUNE 30, 2021
TABLE OF CONTENTS

| | <u>Page(s)</u> |
|---|----------------|
| <u>INTRODUCTORY SECTION</u> | |
| Letter of Transmittal | 1-5 |
| Certificate of Achievement for Excellence in Financial Reporting | 7 |
| Organization Chart | 8 |
| Certain Elected and Other Officials | 9 |
| <u>FINANCIAL SECTION</u> | |
| Independent Auditor's Report | 11-13 |
| Management's Discussion and Analysis (required supplementary information) | 15-30 |
| BASIC FINANCIAL STATEMENTS | 31 |
| Government-Wide Financial Statements | |
| Statement of Net Position | 32-33 |
| Statement of Activities | 34-35 |
| Governmental Fund Financial Statements | |
| Balance Sheet | 36 |
| Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position | 37 |
| Statement of Revenues, Expenditures and Changes in Fund Balances | 38 |
| Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities | 39 |
| Enterprise Fund Financial Statements | |
| Statement of Net Position | 40-41 |
| Statement of Revenues, Expenses, and Changes in Net Position | 42-43 |
| Statement of Cash Flows | 44-45 |
| Fiduciary Fund Statements | |
| Statement of Fiduciary Net Position | 46 |
| Statement of Changes in Fiduciary Net Position | 47 |
| Notes to Financial Statements | 49-121 |
| REQUIRED SUPPLEMENTARY INFORMATION | 123 |
| Maryland State Retirement and Pensions Systems | |
| Schedule of the Proportionate Share of the Net Pension Liability | 124 |
| Schedule of Contributions | 124 |
| Actuarial Assumptions - Pension Plan | 125 |
| Other Post-Employment Benefits (OPEB) Trust | |
| Schedule of Changes in the Net OPEB Liability | 126 |
| Schedule of Actual Employer Contribution as a Percentage of Covered-Employee Payroll | 127 |
| Actuarial Assumptions - OPEB Plan | 127 |
| Length of Service Awards Program (LOSAP) | |
| Schedule of Changes in the Net LOSAP Liability | 128 |
| Notes to the Required Supplemental Information (LOSAP) | 129 |
| Budgetary Comparisons for General Fund | 129 |
| General Fund | |
| Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual | 130-132 |

**QUEEN ANNE'S COUNTY, MARYLAND
ANNUAL COMPREHENSIVE FINANCIAL REPORT
FISCAL YEAR ENDED JUNE 30, 2021
TABLE OF CONTENTS (CONTINUED)**

| <u>FINANCIAL SECTION (CONTINUED)</u> | <u>Page(s)</u> |
|---|----------------|
| COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES (OTHER SUPPLEMENTARY INFORMATION) | 134 |
| Non-Major Governmental Funds | 135-137 |
| Combining Balance Sheet | 138-140 |
| Combining Statement of Revenues, Expenditures, and Changes in Fund Balances | 142-144 |
| Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budgetary Basis | 146-153 |
| Non-Major Enterprise Funds | 155-156 |
| Combining Statement of Net Position | 157 |
| Combining Statement of Revenues, Expenses, and Changes in Net Position | 158 |
| Combining Statement of Cash Flows | 159 |
| Fiduciary Funds | 160-161 |
| Other Post-Employment Benefit Trust Fund | |
| Combining Statement of Fiduciary Net Position | 162 |
| Combining Statement of Changes in Fiduciary Net Position | 163 |
| Custodial Funds | |
| Statement of Fiduciary Net Position | 164 |
| Statement of Changes in Fiduciary Net Position | 165 |
| Community Partnerships for Children Special Revenue Fund | 166 |
| Combining Balance Sheets - By Grantor | 167 |
| Schedule of Revenues, Expenditures, and Changes in Fund Balances - By Community Partnership Agreements (CPA) and Non-Community Partnership Agreements (Non-CPA) | 168-170 |
| Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budgetary Basis | 172-173 |
| <u>STATISTICAL SECTION (UNAUDITED)</u> | 175 |
| Table | |
| 1 Net Position by Component - Government-Wide | 176-177 |
| 2a Changes in Net Position - Government-Wide | 178-181 |
| 2b General Tax Revenues - Governmental Activities | 182 |
| 3 Fund Balances - Governmental Funds | 183 |
| 4 Changes in Fund Balances - Governmental Funds | 184-185 |
| 5 Assessed Value of Taxable and Exempt Property | 187 |
| 6a Real Property Tax Rates - County Direct Rate | 188 |
| 6b Real Property Tax Rates - County Special Taxing Districts | 189 |
| 6c Real Property Tax Rates - Overlapping Governments - Towns | 190-191 |
| 7 Ten Highest Commercial Property Taxpayers | 192 |
| 8 Property Tax Levies and Collections | 193 |
| 9 Ratios of Outstanding Debt by Type | 194 |
| 10 Ratios of General Bonded Debt Outstanding | 195 |
| 11 Computation of Net Direct and Overlapping Debt | 197 |
| 12a Computation of Legal Debt Margin | 198-199 |
| 12b Computation of Local Debt Limit | 200-201 |
| 13 Principal Employers | 202 |
| 14 Demographic Statistics | 203 |
| 15 County Government Employees - Full-Time Equivalents | 204 |
| 16 County Government Employees - Full-Time Only by Function | 205 |
| 17 Operating Indicators by Function | 206 |
| 18 Capital Asset Statistics by Function | 207 |

Introductory Section





*Queen
Anne's
County*

OFFICE OF BUDGET AND FINANCE

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: Nichole L. Hepfer
Chief Treasury Officer: Jeffrey A. Rank*

February 19, 2022

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

FORMAL TRANSMITTAL OF THE ANNUAL COMPREHENSIVE FINANCIAL REPORT (ACFR)

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 annual comprehensive financial report of Queen Anne's County, Maryland for the fiscal year ended June 30, 2021.

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 UHY LLP, 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, 2021, 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, 2021, 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 52,177 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 and Finance. 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.

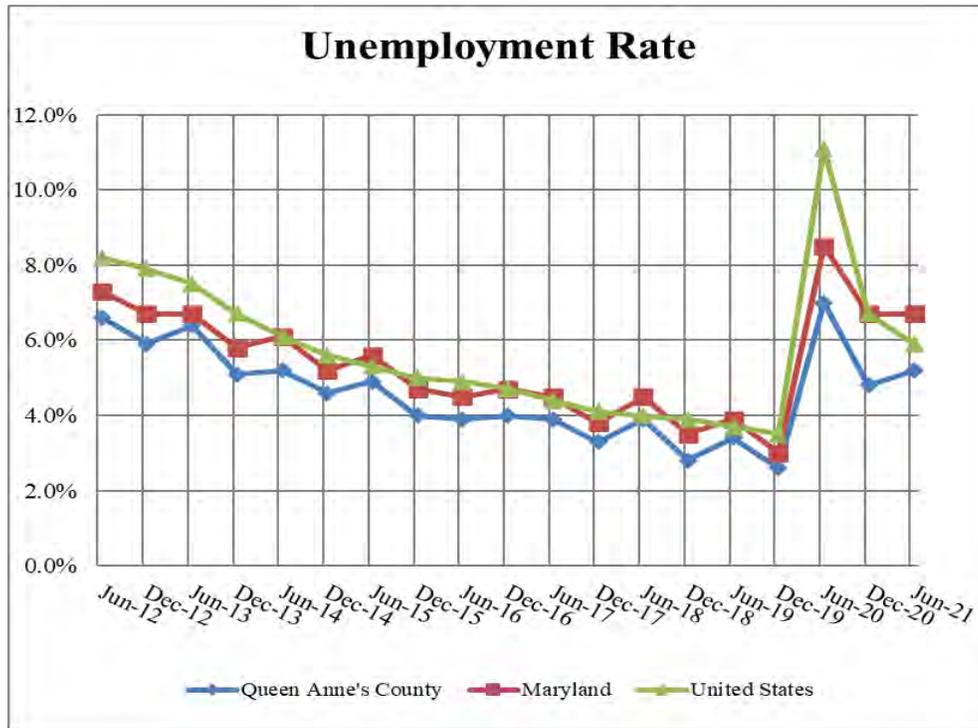
The Office of Budget and Finance is responsible for budgetary control. The appropriated budgets are prepared at the fund, function (e.g., public safety), and department (e.g., Detention Center) level. Expenditures/expenses may not legally exceed appropriations, based on the level at which they were adopted. 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 2021 rate for the County was 5.2%, compared to the state’s rate of 6.7% and the U.S.’s rate of 5.9%. The fiscal year 2021 average rate for the County was 5.0%. The decrease in the unemployment rate for fiscal year 2021 was the result of recovery from the COVID 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 2021 by 4.3% to \$74.8 million due to an increase in assessable base. Local income tax is the County’s other main revenue source. Income tax collections increased by 10.5% in fiscal year 2021, from \$61.5 million in fiscal year 2020 to \$68.0 million in fiscal year 2021 as a result of increased employment, capital gains and wages.

Recordation tax improved in fiscal year 2021 with an increase of 73.1% over fiscal year 2020, from \$6.3 million in fiscal year 2020 to \$11.0 million in fiscal year 2021. In addition to an increase in recordation tax revenue, the transfer tax revenue also increased in fiscal year 2021 by 75.2%, from \$2.3 million in fiscal year 2020 to \$4.0 million in fiscal year 2021. Both the recordation and transfer tax revenue increases are a result of the strong housing market resulting from high demand and low interest rates.

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 \$12,194,588 in fiscal year 2021.

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 \$623,362 in fiscal year 2021. The current balance of the Revenue Stabilization Fund is \$7,621,618.

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 2022, prioritizes capital expenditures over these years to meet the County’s needs. The six-year program totals \$238.4 million and includes: \$60.5 million for various school related projects (includes \$35.0 million for the Centreville Middle School and \$17.0 million for the Central Office); \$39.5 million for various Sanitary District projects (includes the Southern Kent Island Sewer Service at \$25.8 million); \$33.1 million for Roads Board capital projects (includes \$12.6 million for asphalt overlays); \$30.8 million for the Detention Center (almost entirely for the Detention Center renovation); \$20.6 million for Administration and General Services (includes \$5.6 million for Historic Courthouse); \$16.6 million for Parks; \$10.3 million for the Bay Bridge Airport; and \$9.2 million for the Department of Emergency Services;

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 and Finance, 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 2021, Queen Anne's County general obligation debt was 1.67% of the total taxable assessable base, and the per capita debt measurement was \$2,785. The debt service was 8.3% 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 annual comprehensive financial report (ACFR) for the fiscal year ended June 30, 2020. 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 annual comprehensive financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

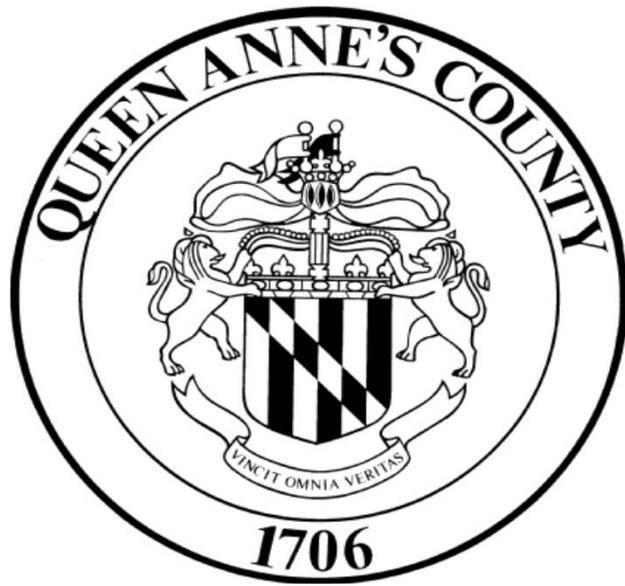
A Certificate of Achievement is valid for a period of one year only. Queen Anne's County, Maryland has received a Certificate of Achievement for the last twenty-two consecutive years (fiscal years 1999-2020). We believe our current annual comprehensive financial report continues to conform to the Certificate of Achievement program requirements, and we are submitting it to GFOA to determine its eligibility for another certificate.

The preparation of the annual comprehensive 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: Justine Franzen, who is the principal staff member responsible for preparing the report, Karen Rodgers and Lisa Taylor. 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,



Nichole L. Hepfer
Director of Budget and Finance





Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**Queen Anne's County
Maryland**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2020

Christopher P. Morill

Executive Director/CEO

**QUEEN ANNE’S COUNTY, MARYLAND
GOVERNMENTAL ORGANIZATION
CERTAIN ELECTED AND OTHER OFFICIALS
AS OF JUNE 30, 2021**

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
Director of Planning and Zoning
Director of Community Services

Alan Quimby, P.E.
Amy Moredock
Catherine R. Willis

Director of Budget and Finance
Director of IT
Chief Treasury Officer

Nichole Hepfer
Brian Riley
Jeffrey Rank

County Attorney

Patrick E. Thompson, Esq.

Independent Auditor

UHY LLP*
Certified Public Accountants
Salisbury, Maryland

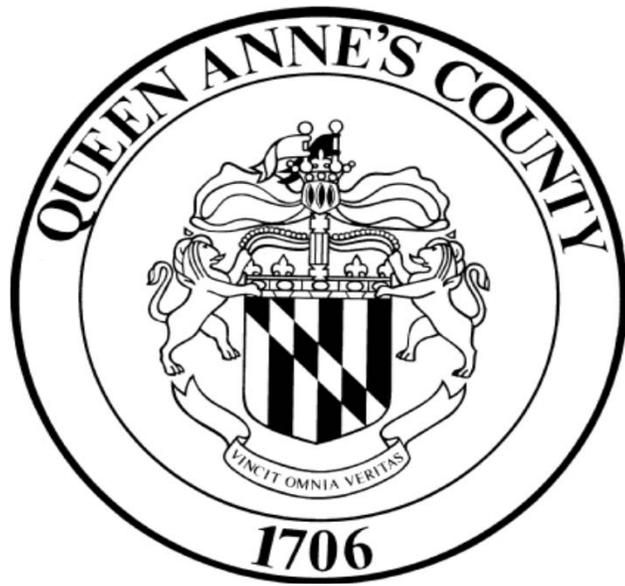
Bond Counsel

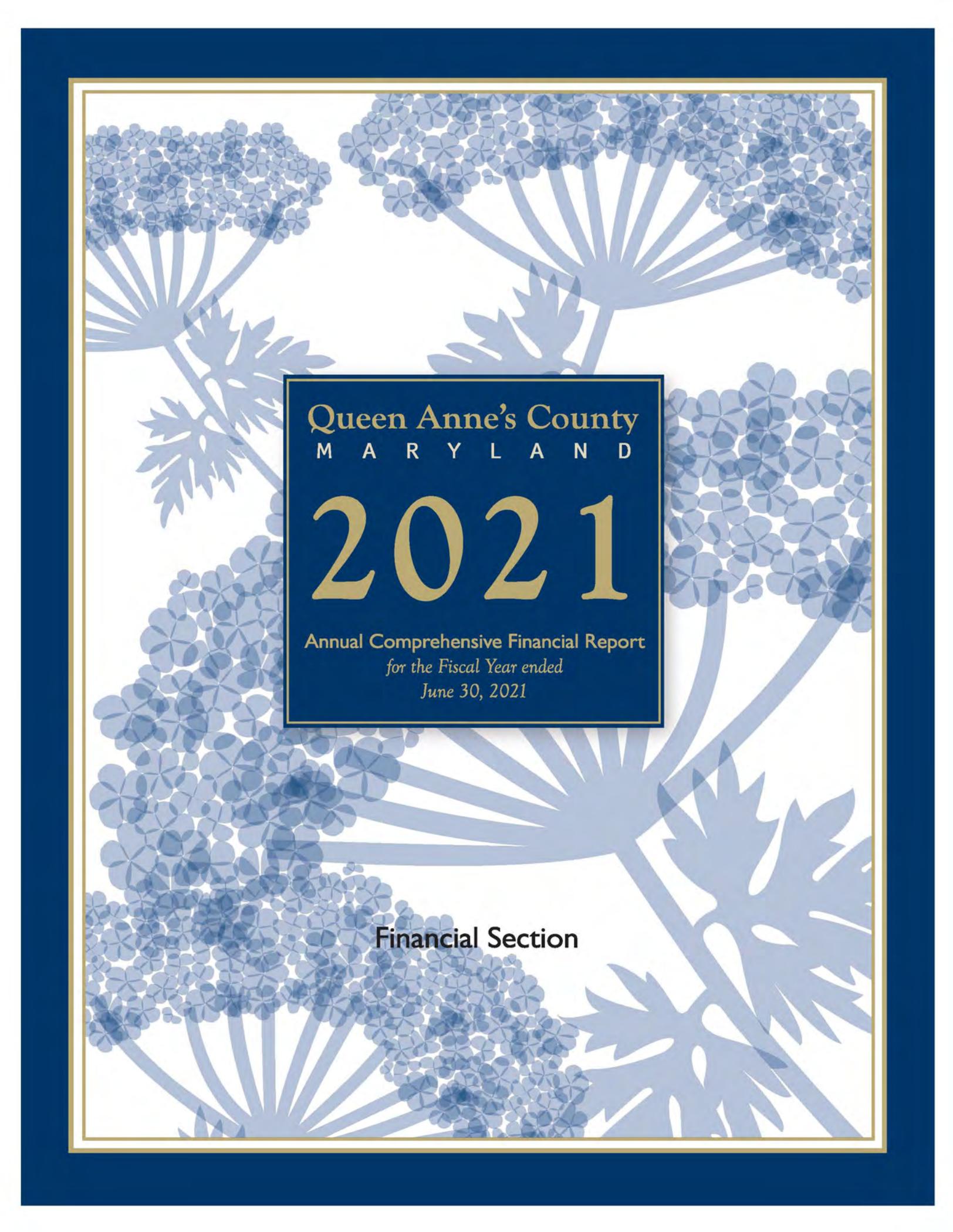
McKennon, Shelton
& Henn, LLP
Baltimore, Maryland

Financial Advisor

Davenport & Company LLC
Towson, Maryland

**Effective January 1st, 2022 TGM Group, LLC merged with UHY LLP*





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

2021

Annual Comprehensive Financial Report
*for the Fiscal Year ended
June 30, 2021*

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, 2021, 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 Board of Education (the "Board") or the Queen Anne's County Free Library (the "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 Board and 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, 2021, 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.

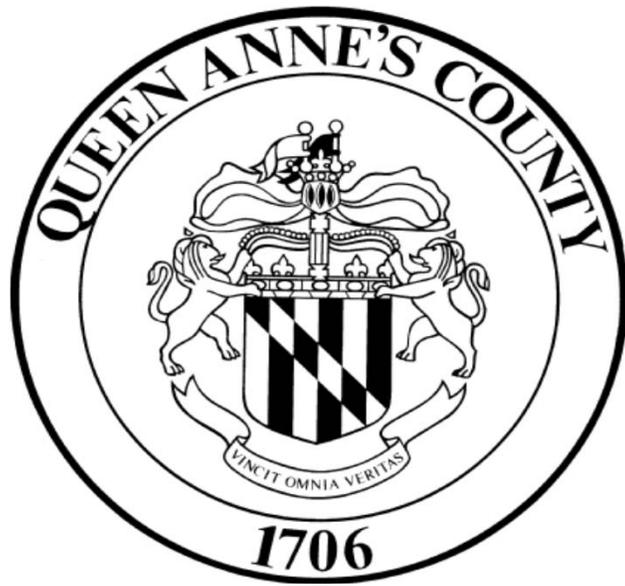
The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 18, 2022, 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.

The logo for UHY LLP is written in a stylized, cursive script. The letters 'UHY' are larger and more prominent, with 'LLP' following in a smaller, similar font.

Salisbury, Maryland
February 18, 2022



Management's Discussion and Analysis

Introduction

This section of the Annual Comprehensive 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, 2021. 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 six custodial funds. The accounting used for fiduciary funds is much like that used for proprietary funds except that the custodial 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> | |
|--------------------------------------|--------------------------------|----------------|---------------------------------|----------------|----------------|----------------|
| | 2021 | 2020 | 2021 | 2020 | 2021 | 2020 |
| Current and Other Assets | \$ 164,597,173 | \$ 132,910,759 | \$ 54,611,035 | \$ 43,420,777 | \$ 219,208,208 | \$ 176,331,536 |
| Capital Assets | 188,206,051 | 180,791,100 | 125,398,107 | 121,339,499 | 313,604,158 | 302,130,599 |
| Total Assets | 352,803,224 | 313,701,859 | 180,009,142 | 164,760,276 | 532,812,366 | 478,462,135 |
| Total Deferred Outflows of Resources | 10,082,413 | 8,495,121 | 793,303 | 720,473 | 10,875,716 | 9,215,594 |
| Noncurrent liabilities | 222,696,479 | 220,110,368 | 47,011,245 | 45,574,349 | 269,707,724 | 265,684,717 |
| Other liabilities | 9,719,669 | 11,416,367 | 2,770,112 | 1,621,510 | 12,489,781 | 13,037,877 |
| Total Liabilities | 232,416,148 | 231,526,735 | 49,781,357 | 47,195,859 | 282,197,505 | 278,722,594 |
| Total Deferred Inflows of Resources | 13,437,465 | 5,383,218 | 17,044,932 | 12,721,010 | 30,482,397 | 18,104,228 |
| Net position: | | | | | | |
| Net investment in capital assets | 116,220,059 | 114,252,313 | 88,635,207 | 86,939,502 | 204,855,266 | 201,191,815 |
| Restricted amounts | 20,883,128 | 19,844,181 | 6,322,353 | 2,037,318 | 27,205,481 | 21,881,499 |
| Unrestricted amounts (deficit) | (20,071,163) | (48,809,467) | 19,018,596 | 16,587,060 | (1,052,567) | (32,222,407) |
| Total Net Position | \$ 117,032,024 | \$ 85,287,027 | \$ 113,976,156 | \$ 105,563,880 | \$ 231,008,180 | \$ 190,850,907 |

The County's total current and other assets increased by \$42.9 million, or 24.3 percent, to \$219.2 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 2021 by \$231.0 million.

Net position is divided into three categories: net investment in capital assets; restricted amounts; and unrestricted amounts. By far the largest portion, \$204.9 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 \$56.9 million at June 30, 2021. Absent the effect of this relationship, the County would have reported a positive unrestricted amount of \$55.8 million on its government-wide financial statements, rather than the negative unrestricted net assets of \$1.1 million reported herein. For a multi-year view of this calculation, see the Footnote presented in Table 1 of the Statistical Section.

An additional \$27.2 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: \$12.6 million related to general government services; \$3.0 million for economic/community development; \$4.2 million for public safety; and \$1.1 million for conservation of natural resources. For business-type activities, this amount includes \$3.4 million restricted to meet Sanitary District debt covenants; \$1.2 million for the Bay Bridge Airport debt service; and \$1.7 million restricted to for other purposes for the Bay Bridge Airport.

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.

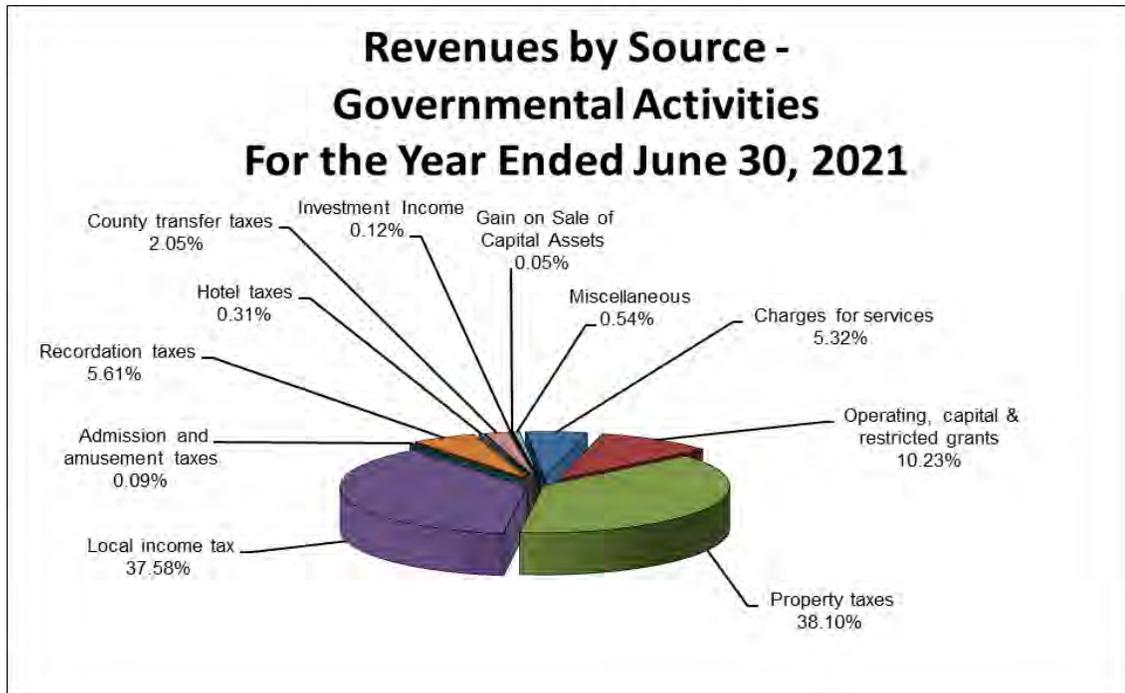
Statement of Activities

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 | |
|--|-------------------------|----------------------|--------------------------|-----------------------|-----------------------|-----------------------|
| | 2021 | 2020 | 2021 | 2020 | 2021 | 2020 |
| Revenues: | | | | | | |
| Program revenues: | | | | | | |
| Charges for services | \$ 10,391,499 | \$ 6,536,797 | \$ 13,332,332 | \$ 14,835,575 | \$ 23,723,831 | \$ 21,372,372 |
| Operating grants and contributions | 14,473,649 | 6,545,553 | 4,798,388 | 2,647,049 | 19,272,037 | 9,192,602 |
| Capital grants and contributions | 5,524,296 | 4,218,687 | 2,668,488 | 1,974,341 | 8,192,784 | 6,193,028 |
| General revenues: | | | | | | |
| Property taxes | 74,474,109 | 71,874,566 | - | - | 74,474,109 | 71,874,566 |
| Local income tax | 73,458,519 | 67,698,447 | - | - | 73,458,519 | 67,698,447 |
| Other local taxes | | | | | | |
| Admission and amusement taxes | 183,601 | 150,153 | - | - | 183,601 | 150,153 |
| Recordation taxes | 10,974,409 | 6,339,183 | - | - | 10,974,409 | 6,339,183 |
| Hotel taxes | 596,806 | 530,601 | - | - | 596,806 | 530,601 |
| County transfer taxes | 4,000,090 | 2,283,527 | - | - | 4,000,090 | 2,283,527 |
| Investment income | 239,908 | 1,393,017 | 424,983 | 589,126 | 664,891 | 1,982,143 |
| Gain on sale of capital assets | 95,687 | 44,343 | 573,500 | 17,876 | 669,187 | 62,219 |
| Miscellaneous | 1,073,180 | 900,976 | 1,189,317 | 907,830 | 2,262,497 | 1,808,806 |
| Total Revenues | 195,485,753 | 168,515,850 | 22,987,008 | 20,971,797 | 218,472,761 | 189,487,647 |
| Expenses: | | | | | | |
| Governmental Activities: | | | | | | |
| General government | 21,447,303 | 17,299,695 | - | - | 21,447,303 | 17,299,695 |
| Public safety | 33,376,832 | 31,445,313 | - | - | 33,376,832 | 31,445,313 |
| Public works | 13,898,271 | 15,045,105 | - | - | 13,898,271 | 15,045,105 |
| Parks & recreation | 6,051,585 | 7,780,241 | - | - | 6,051,585 | 7,780,241 |
| Health | 2,412,059 | 2,176,263 | - | - | 2,412,059 | 2,176,263 |
| Social services | 4,557,075 | 4,940,431 | - | - | 4,557,075 | 4,940,431 |
| Education | 66,649,935 | 66,848,496 | - | - | 66,649,935 | 66,848,496 |
| Libraries | 1,982,798 | 1,916,365 | - | - | 1,982,798 | 1,916,365 |
| Conservation of natural resources | 3,621,749 | 1,423,080 | - | - | 3,621,749 | 1,423,080 |
| Economic and Community developm | 5,262,207 | 2,281,480 | - | - | 5,262,207 | 2,281,480 |
| Interest and fiscal charges | 4,330,706 | 4,391,332 | - | - | 4,330,706 | 4,391,332 |
| Business-type Activities: | | | | | | |
| Water and sewer | - | - | 12,157,175 | 11,602,537 | 12,157,175 | 11,602,537 |
| Airport | - | - | 940,188 | 968,205 | 940,188 | 968,205 |
| Golf course | - | - | 523,435 | 541,335 | 523,435 | 541,335 |
| Public landings and marinas | - | - | 1,104,170 | 683,738 | 1,104,170 | 683,738 |
| Total Expenses | 163,590,520 | 155,547,801 | 14,724,968 | 13,795,815 | 178,315,488 | 169,343,616 |
| Increase in Net Position before Transfer | 31,895,233 | 12,968,049 | 8,262,040 | 7,175,982 | 40,157,273 | 20,144,031 |
| Transfers in (out) | (150,236) | (149,079) | 150,236 | 149,079 | - | - |
| Increase in Net Position | 31,744,997 | 12,818,970 | 8,412,276 | 7,325,061 | 40,157,273 | 20,144,031 |
| Net Position, prior year | 85,287,027 | 72,468,057 | 105,563,880 | 98,238,819 | 190,850,907 | 170,706,876 |
| Net Position - current year | \$ 117,032,024 | \$ 85,287,027 | \$ 113,976,156 | \$ 105,563,880 | \$ 231,008,180 | \$ 190,850,907 |

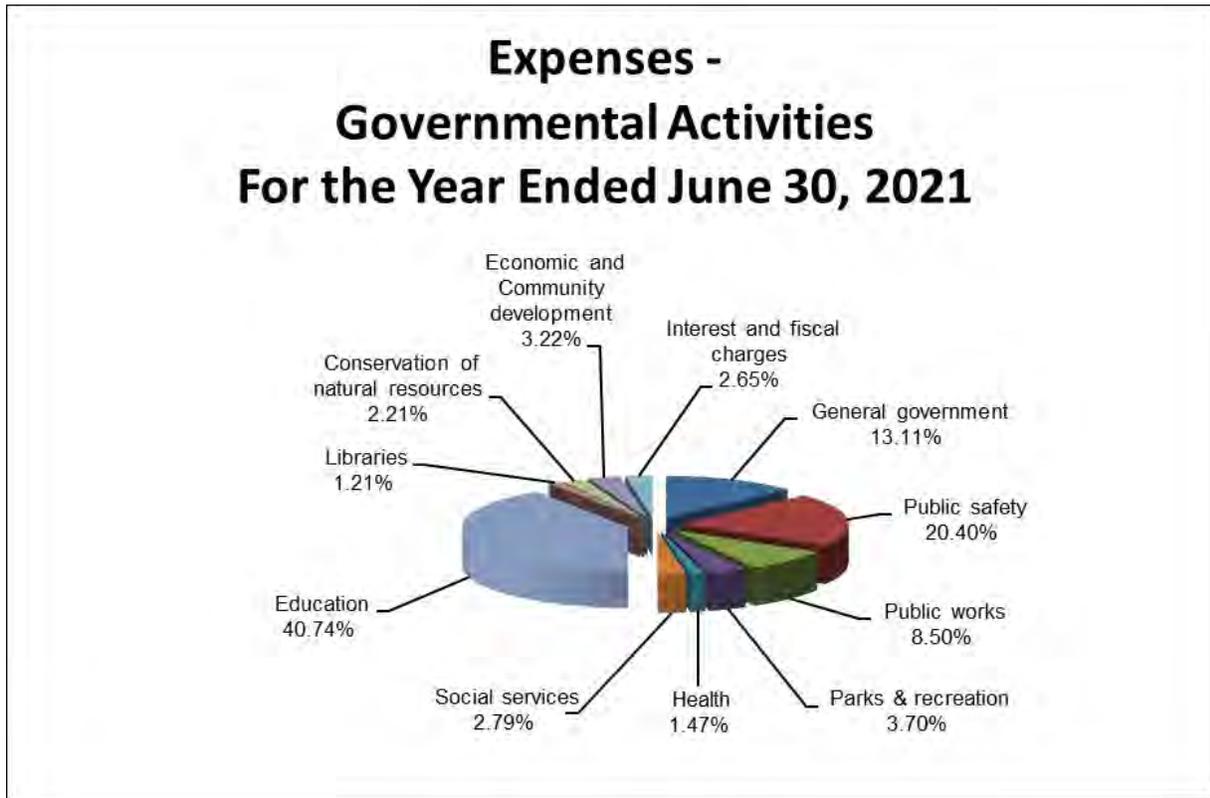
Governmental activities:

Revenues for governmental activities were \$195.5 million for fiscal year 2021. The following chart depicts revenues by source for governmental activities:



- Taxes comprise the largest source of County revenue, totaling \$163.7 million (83.7 percent) of total revenue for fiscal year 2021. Of that amount, property and local income tax together yielded \$147.9 million (75.7 percent) of all revenue. Each County sets its own property and income tax rates, within parameters established by the State. For fiscal year 2021, 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.
- Operating grants and contributions, totaling \$14.5 million, reflect grants from Federal and State agencies that support specific County programs. Programs that benefitted the most were: Economic development (\$4.0 million or 27.5 percent), public safety (\$3.6 million or 24.9 percent), general government (\$2.7 million or 18.6 percent), social services (\$2.4 million or 16.5 percent), and public works (\$1.5 million or 10.3 percent).
- Charges for services, totaling \$10.4 million, reflect fees charged to County citizens. These primarily support education (\$3.4 million or 32.6 percent), general government (\$2.0 million or 19.5 percent), public safety (\$1.8 million or 17.1 percent), public works (\$1.1 million or 10.4 percent), parks and recreation (\$1.1 or 10.2 percent), and economic development (\$865 thousand or 8.3 percent).
- Capital grants and contributions, totaling \$5.5 million, reflect contributions from Federal and State agencies, as well as developers. Programs that benefitted the most were: conservation of natural resources (\$1.6 million or 29.2 percent), public safety (\$1.4 million or 25.0 percent), general government (\$1.1 million or 19.1 percent), and the library (\$974 thousand or 17.6 percent).

Expenses for all governmental activities were \$163.6 million for fiscal year 2021. 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 \$66.6 million (40.7 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 | |
|-------------------------------------|-----------------------|-----------------------|--------------------------|----------------------|-------------------------|-------------------------|
| | 2021 | 2020 | 2021 | 2020 | 2021 | 2020 |
| Education | \$ 66,649,935 | \$ 66,848,496 | \$ 3,383,580 | \$ 1,593,200 | \$ (63,266,355) | \$ (65,255,296) |
| Public Safety | 33,376,832 | 31,445,313 | 6,755,881 | 3,189,484 | (26,620,951) | (28,255,829) |
| General Government | 21,447,303 | 17,299,695 | 5,771,395 | 2,459,074 | (15,675,908) | (14,840,621) |
| Public Works | 13,898,271 | 15,045,105 | 2,577,872 | 2,096,354 | (11,320,399) | (12,948,751) |
| Parks & Recreation | 6,051,585 | 7,780,241 | 1,618,741 | 3,097,214 | (4,432,844) | (4,683,027) |
| Social Services | 4,557,075 | 4,940,431 | 2,576,637 | 2,709,699 | (1,980,438) | (2,230,732) |
| Conservation of Natural Resources | 3,621,749 | 1,423,080 | 1,888,076 | 1,086,179 | (1,733,673) | (336,901) |
| Economic and Community Development | 5,262,207 | 2,281,480 | 4,843,515 | 962,258 | (418,692) | (1,319,222) |
| Other | 8,725,563 | 8,483,960 | 973,747 | 107,575 | (7,751,816) | (8,376,385) |
| Total | \$ 163,590,520 | \$ 155,547,801 | \$ 30,389,444 | \$ 17,301,037 | \$ (133,201,076) | \$ (138,246,764) |

Of the total cost of \$163.6 million for governmental activities, \$30.4 million (18.6 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 \$10.4 million, while governments and other organizations that benefited indirectly from these programs contributed operating grants of \$14.5 million and capital grants of \$5.5 million.

County taxpayers paid for most of the remaining \$133.2 million in net program costs, through a variety of County taxes. Net program costs of services provided to the public, in order of net cost, were: \$63.3 million for education; \$26.6 million for public safety; \$15.7 million for general government; \$11.3 million for public works; \$4.4 million for parks and recreation; \$2.0 million for social services; \$1.7 million for conservation of

natural resources; \$419 thousand for economic and community development; and \$7.8 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 2021, governmental activities increased the County's net position overall by \$31.7 million, compared to an increase of \$12.8 million in fiscal year 2020. The following discussion explains changes in net position relative to the prior fiscal year.

Revenues for governmental activities increased by \$27.0 million (16.0 percent). The following key revenues changed, when compared to the prior fiscal year:

- Operating grants and contributions increased by \$7.9 million (121.1 percent), from \$6.5 million in fiscal year 2020 to \$14.5 million in fiscal year 2021. 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.
- Income taxes increased by \$5.8 million (8.5 percent), from \$67.7 million in fiscal year 2020 to \$73.5 million in fiscal year 2021. This increase was the result of increased receipts from the State for the County's portion of the income tax collections.
- Recordation taxes increased \$4.6 million (73.1 percent), from \$6.3 million in fiscal year 2020 to \$11.0 million in fiscal year 2021. This increase is a result of rising prices and demand in the housing market.
- Charges for services increased by \$3.9 million (59.0 percent), from \$6.5 million in fiscal year 2020 to \$10.4 million in fiscal year 2021. Of this increase, \$2.2 million was the result of increased impact fees paid to fund capital improvements needed to accommodate new development. An increase of \$704 thousand was due to an increase in fee in lieu payments for new development. The remaining increase was mainly the result in the increase of permits and licenses.
- Property taxes increased by \$2.6 million (3.6 percent), from \$71.9 million in fiscal year 2020 to \$74.5 million in fiscal year 2021 due to an increase in property assessments.
- County transfer taxes increased \$1.7 million (75.2 percent), from \$2.3 million in fiscal year 2020 to \$4.0 million in fiscal year 2021. This increase is also a result of rising prices and demand in the housing market.
- Capital grants and contributions increased by \$1.3 million (31.0 percent), from \$4.2 million in fiscal year 2020 to \$5.5 million in fiscal year 2021. The main result of this increase was a capital grant received for the 911 phone system for the Department of Emergency Services for \$828 thousand.

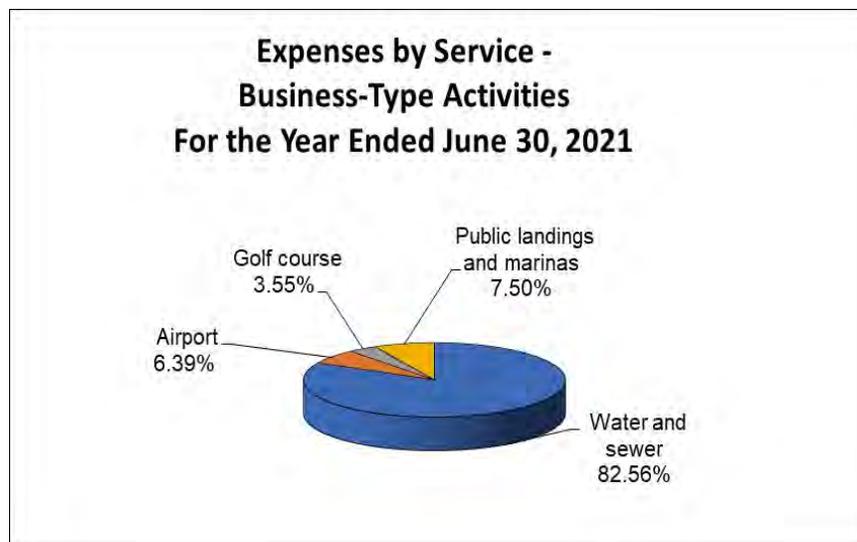
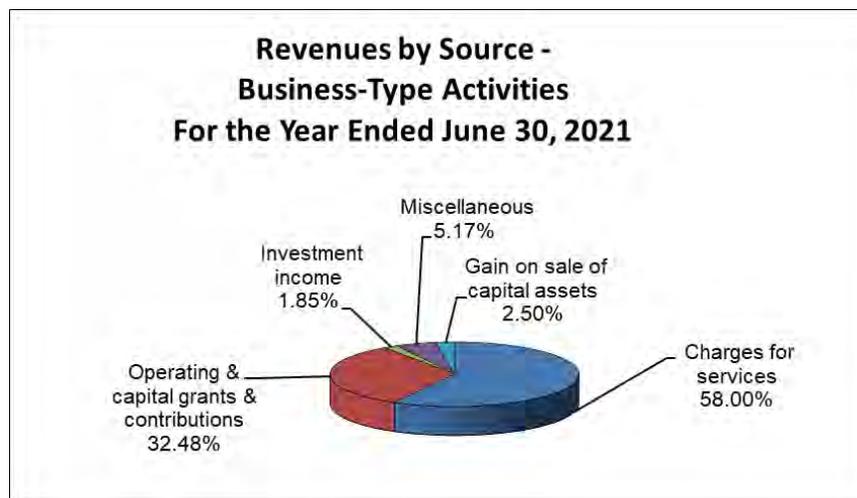
Expenses for governmental activities increased by \$8.0 million (5.2 percent). Key positive and negative expense changes, in order of relative importance, are:

- General Government increased by \$4.1 million (24.0 percent). Of this increase, \$2.1 million was related to COVID grant related expenditures, \$1.0 million was related to an increase in miscellaneous insurance and benefits, and the remaining increase of \$900 thousand was related to various general government operating activity fluctuations.
- Economic and Community Development increased by \$3.0 million (130.7 percent), mainly resulting from COVID grant related expenditures.
- Conservation of Natural Resources increased by \$2.2 million (154.5 percent), due to the increase of rural legacy easements. Generally, the timing of easements purchased is affected by the evaluation of the identified land, as well as the availability of State funds.

- Public Safety increased by \$1.9 million (6.1 percent), mainly due to an increase in expenditures related to pension and LOSAP liabilities.
- Parks & Recreation decreased by \$1.7 million (22.2 percent). In fiscal year 2020, Parks and Recreation included expenses for artificial turf and cross county connector trail capital projects that are not included in the current year.

Business-type activities:

Revenues, transfers in, and expenses for business-type activities were \$23.0 million, \$150 thousand, and \$14.7 million, respectively, for fiscal year 2021. 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 \$8.4 million in fiscal year 2021, which is \$1.1 million more than the prior year's increase of \$7.3 million. The fiscal year 2021 change in net position resulted primarily from:

- Operating revenues before transfers increased by \$2.0 million (9.6 percent), from \$21.0 million in fiscal year 2020 to \$23.0 million in fiscal year 2021, for all business-type activities. Operating grants and contributions increased by \$2.2 million, mainly due to increased intergovernmental grant funding in the Sanitary district. Charges for services decreased by \$1.5 million primarily due to a decrease in the Sanitary district restricted funds which had higher allocation fees in 2020. Capital grants and contributions increased by \$694 thousand (35.2 percent) mainly due to Sanitary District SKI development phase 2.
- Operating Expenses increased by \$929 thousand (6.7 percent), from \$13.8 million in fiscal year 2020 to \$14.7 million in fiscal year 2021, for all business-type activities. Water and sewer activities increased by \$555 thousand (4.8 percent) mainly due to administration and inspection costs. Public landings and marinas increased by \$420 thousand (61.5 percent) due to increased expenses for the Corsica River dredging project.

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 \$129.8 million, compared to \$101.2 million for the prior year. Approximately 14.9 percent of this total (\$19.3 million) constitutes *unassigned fund balance*, which is available for spending. The total *unassigned fund balance* of \$19.3 million is comprised of \$19.3 million of positive unassigned fund balance for the general fund, reduced by negative unassigned fund balances of \$20 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 \$5.8 million, at 4.4 percent of the total fund balance, is not available for spending and includes amounts related to inventory and prepaid items. *Restricted fund balance* of \$34.1 million (26.3 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 \$12.2 million for the rainy day fund.

Committed fund balance of \$33.1 million (25.5 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 \$7.6 million for the revenue stabilization fund.

The remaining \$37.5 million of fund balance (28.9 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 \$50.4 million, which is an increase of \$9.3 million from the fiscal year 2020 balance of \$41.1 million. The increase resulted mainly as a result of revenues, including other financing uses, being more than final budgetary estimates.

Of the total \$50.4 million in fund balance, \$19.3 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, \$12.2 million of rainy day funds are included in the General Fund's restricted fund balance of \$16.2 million for fiscal year 2021. The remaining fund balance is comprised of \$5.8 million in nonspendable, \$7.6 million in committed, and \$1.5 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, 2021, the General Capital Projects Fund has a total fund balance of \$46.5 million, compared to \$33.6 million at the end of the prior fiscal year. The \$46.5 million in total fund balance is comprised of \$13.5 million in restricted fund balance, mainly for unspent bond proceeds, \$3.6 million of fund balance committed for specific projects, and \$29.4 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, 2021, the Roads Capital Projects Fund has a total fund balance of \$6.4 million, compared to \$2.9 million at the end of the prior fiscal year. Of this total \$6.4 million fund balance, \$5.8 million has been assigned to fund ongoing projects, while \$553 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 2021 amounted to \$20.9 million, which is \$2.5 million more than the prior year. Net investment in capital assets also increased by \$4.2 million.

Total net position of the Sanitary District amounted to \$92.6 million at the end of fiscal year 2021, which increased by \$8.1 million when compared to the prior year.

The *unrestricted net position* of the Bay Bridge Airport Enterprise Fund at year end amounted to negative \$1.3 million, reflecting an increase of \$48 thousand. The investment in capital assets for the Bay Bridge Airport decreased by \$2.5 million in the current fiscal year. In addition, the restricted amount for other purposes increased by \$1.7 million due to land sale proceeds that are only to be used for AIP eligible projects and the restricted amount for debt service increased by \$1.2 million.

Total net position of the Bay Bridge Airport amounted to \$15.4 million at the end of fiscal year 2021, which is an increase of \$438 thousand from the prior year amount of \$15.0 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 \$161.5 million. Amendments increased spending authority by \$17.7 million during fiscal year 2021, when compared to the original budget of \$143.8 million.

Major components of these expenditure budget increases are as follows:

- Budgeted Transfers Out to General Capital Projects increased by \$12.0 million during the year and budgeted transfers out to Roads Capital Projects increased by \$3.5 million. 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 Transfers Out to the Agricultural Transfer Tax Fund increased by \$551 thousand, resulting from additional easements available and purchased during the fiscal year.

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 \$9.3 million.

Actual expenditures, and other financing uses, were less than final budgetary appropriations by \$2.1 million. The net effect of these two disparities was a positive variance of actual to final budget of \$11.4 million.

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

Revenues:

- Local Property Tax revenue was \$2.8 million more than the final budget (3.8 percent) due to a higher than anticipated increase in assessments.
- Recordation Tax revenue was \$2.6 million more than the final budget (31.7 percent), as a result of the unexpected increase in the real estate market that occurred during the COVID pandemic.
- Transfer Tax revenue was \$2.2 million more than the final budget (119.7 percent), also resulting from the real estate market.

Expenditures:

- Final Budgeted Salaries and Benefits were \$40.7 million for the year, while actual costs were \$42.4 million. They were overspent at year-end by \$1.7 million (4.3 percent). Budgeted salaries and benefits include reversions of \$2.1 million. Absent the budget for reversions, actual costs were \$393 thousand less than budget. The savings were recognized in multiple departments due to vacant positions.
- Final Budgeted Other Operating Charges were \$120.8 million for the year, while actual costs were \$117.0 million. These costs were lower than budget at year end by \$3.8 million (3.1 percent). Operating Charges include contracted services, supplies, other charges, debt service, and transfers out.

- Contracted Services were underspent by \$714 thousand, with the largest savings realized by the Detention Center (\$253 thousand), Legal (\$137 thousand), Recreation (\$75 thousand), and Emergency Services (\$64 thousand).
- Supplies were underspent by \$390 thousand, largely due to savings by Roads (\$378 thousand).
- Other Charges were underspent by \$1.6 million. Savings were realized in Benefits (\$629 thousand), Insurance (\$119 thousand), and Detention Center (\$90 thousand). The remaining savings for other charges were spread throughout the General Fund.
- Debt Service was underspent by \$158 thousand, which resulted from actual debt service for the 2020 bonds being lower than estimated.
- Transfers Out were underspent by \$938 thousand, due to savings realized by the Department of Aging (\$690 thousand), Housing and Community Services (\$112 thousand) and the Golf Course Enterprise Fund (\$76 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, 2021 amounted to \$313.6 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 | Governmental Activities | | Business Type Activities | | Total | |
|--|-------------------------|-----------------------|--------------------------|-----------------------|-----------------------|-----------------------|
| | 2021 | 2020 | 2021 | 2020 | 2021 | 2020 |
| Land and Land Improvements | \$ 86,326,959 | \$ 86,326,959 | \$ 13,383,344 | \$ 15,632,770 | \$ 99,710,303 | \$ 101,959,729 |
| Intangible Rights - Easements | 821,819 | 821,819 | 6,140 | 6,140 | 827,959 | 827,959 |
| Construction in Progress | 9,812,878 | 7,232,179 | 19,775,908 | 13,354,715 | 29,588,786 | 20,586,894 |
| Buildings | 51,969,009 | 51,584,860 | 5,781,870 | 6,056,202 | 57,750,879 | 57,641,062 |
| Improvements other than Buildings | 10,899,566 | 7,085,899 | 8,019,254 | 8,444,025 | 18,918,820 | 15,529,924 |
| Infrastructure | 9,572,977 | 9,586,115 | 69,083,222 | 68,556,560 | 78,656,199 | 78,142,675 |
| Auto, Machinery, and Equipment | 18,802,843 | 18,153,269 | 9,348,369 | 9,289,087 | 28,151,212 | 27,442,356 |
| Total | \$ 188,206,051 | \$ 180,791,100 | \$ 125,398,107 | \$ 121,339,499 | \$ 313,604,158 | \$ 302,130,599 |

Queen Anne’s County’s total investment in capital assets for the current fiscal year, net of depreciation, increased by 3.8 percent, or \$11.5 million. Of this amount, governmental investment in capital assets increased by \$7.4 million, while business-type investment in capital assets increased by \$4.1 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 | 2020 | Additions | Transfers | Retirements | 2021 |
|---|-----------------------|---------------------|-------------|---------------------|-----------------------|
| Land and Land Improvements | \$ 86,326,959 | \$ - | \$ - | \$ - | \$ 86,326,959 |
| Intangible Rights - Easements | 821,819 | - | - | - | 821,819 |
| Construction in Progress | 7,232,179 | 7,864,728 | (4,952,107) | (331,922) | 9,812,878 |
| Buildings | 69,539,607 | 1,198,555 | 722,000 | - | 71,460,162 |
| Improvements other than Buildings | 11,195,655 | 204,609 | 4,207,692 | - | 15,607,956 |
| Infrastructure | 19,236,142 | 377,605 | - | - | 19,613,747 |
| Auto, Machinery, and Equipment | 39,398,061 | 3,685,635 | 22,415 | (1,006,038) | 42,100,073 |
| Total Assets before depreciation | 233,750,422 | 13,331,132 | - | (1,337,960) | 245,743,594 |
| Less Depreciation | (52,959,322) | (5,460,087) | - | 881,866 | (57,537,543) |
| Total Assets after depreciation | \$ 180,791,100 | \$ 7,871,045 | \$ - | \$ (456,094) | \$ 188,206,051 |

Business-Type Activities

| Changes in Capital Assets | 2020 | Additions | Transfers | Retirements | 2021 |
|---|-----------------------|---------------------|-------------|-----------------------|-----------------------|
| Land and Land Improvements | \$ 15,632,770 | \$ - | \$ - | \$ (2,249,426) | \$ 13,383,344 |
| Intangible Rights - Easements | 6,140 | - | - | - | 6,140 |
| Construction in Progress | 13,354,715 | 6,529,067 | (42,250) | (65,624) | 19,775,908 |
| Buildings | 16,193,029 | - | - | - | 16,193,029 |
| Improvements other than Buildings | 15,126,030 | 111,000 | - | - | 15,237,030 |
| Infrastructure | 105,843,185 | 2,668,490 | - | - | 108,511,675 |
| Auto, Machinery, and Equipment | 25,856,625 | 691,992 | 42,250 | (206,605) | 26,384,262 |
| Total Assets before depreciation | 192,012,494 | 10,000,549 | - | (2,521,655) | 199,491,388 |
| Less Depreciation | (70,672,995) | (3,598,911) | - | 178,625 | (74,093,281) |
| Total Assets after depreciation | \$ 121,339,499 | \$ 6,401,638 | \$ - | \$ (2,343,030) | \$ 125,398,107 |

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

- Construction in Progress (CIP) increased by a net amount of \$2.6 million. The following factors contributed to this increase:

Major additions to Construction in Progress totaling \$7.9 million include: (a) Kent Island Library expansion (\$3.8 million); (b) Emergency Services renovations (\$1.5 million); (c) Emergency Services 911 phone system replacement (\$756 thousand); (d) Emergency Services COM CAD replacement (\$641 thousand); (e) Detention Center renovations (\$411 thousand); (f) Terrapin Park improvements (\$346 thousand); (g) Information Technology fiber network construction (\$245 thousand); (h) ERP software (\$91 thousand); and (i) Sheriff's Office vehicles (\$65 thousand).

Costs reclassified from Construction in Progress totaling \$5.0 million include: (a) Cross County Connector Trail (\$4.2 million); (b) New Courthouse (\$700 thousand); (c) Chesapeake Heritage and Visitor Center (\$22 thousand) and (d) Emergency Services vehicles (\$22 thousand).

Retirements from Construction in Progress of \$332 thousand include: (a) New Courthouse (\$290 thousand) and (b) Cross County Connector Trail (\$42 thousand).

- Buildings increased by a net amount of \$1.9 million. The following factors contributed to this increase:

Major additions to Buildings totaling \$1.2 million include: (a) Construction of the Emergency Services Warehouse (\$599 thousand); (b) Public Works storage building renovation (\$334 thousand); (c) Health Department improvements (\$203 thousand); and (d) Chesapeake Heritage and Visitor Center renovations (\$63 thousand).

Costs reclassified from Construction in Progress totaling \$722 thousand include: (a) Construction and site work for the new Courthouse (\$700 thousand) and (b) Chesapeake Heritage and Visitor Center (\$22 thousand).

- Improvements other than Buildings increased by a net amount of \$4.4 million. The following factors contributed to this increase:

Major additions to Improvements other than Buildings totaling \$205 thousand include: (a) 4-H Park wireless network (\$81 thousand); (b) New Courthouse alley improvements (\$70 thousand); (c) fencing at various Parks and Recreation properties (\$32 thousand); and (d) fiber network installation at the 911 Center (\$22 thousand).

Costs reclassified from Construction in Progress totaling \$4.2 million relate to the completion of the Cross County Connector Trail.

- Infrastructure increased by \$378 thousand due to improvements of various County roads.
- Auto, Machinery and Equipment increased by a net amount of \$2.7 million. The following factors contributed to this net increase:

Major additions to Auto, Machinery and Equipment totaled \$3.7 million and included departmental vehicles and equipment replacement for the following: (a) Emergency Services (\$1.7 million); (b) Sheriff's Office (\$708 thousand); (c) Parks and Recreation (\$456 thousand); (d) General Services (\$196 thousand); (e) Aging (\$138 thousand); (f) Roads (\$122 thousand); (g) Circuit Court (\$76 thousand); and (h) Information Technology (\$59 thousand).

Costs reclassified from Construction in Progress totaling \$22 thousand relate to Emergency Services vehicles.

Retired assets of \$1.0 million included the following, the majority of which were fully depreciated: (a) Aging vehicles discarded (\$306 thousand); (b) Roads vehicles and equipment sold (\$288 thousand); (c) Parks and Recreation vehicles and equipment sold or discarded (\$260 thousand); (d) Sheriff's Office vehicles sold or discarded (\$196 thousand); (e) Solid Waste equipment discarded (\$25 thousand); and (f) Detention Center equipment discarded (\$12 thousand).

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

- Land decreased by \$2.2 million resulting from the sale of a parcel of land owned by the Bay Bridge Airport.
- Construction in Progress increased by a net amount of \$6.4 million. The following factors contributed to this increase:

Major additions to Construction in Progress totaling \$6.5 million include: (a) planning, design and construction work for the Southern Kent Island (SKI) sewer system (\$6.2 million); (b) Sanitary Critical Interconnections (\$191 thousand); and (c) Runway Rehabilitation for the Bay Bridge Airport (\$155 thousand).

Costs reclassified from Construction in Progress totaling \$42 thousand included equipment for the Sanitary department.

Retirements from Construction in Progress of \$66 thousand include write-offs of costs incurred in the Bay Bridge Airport Environmental Assessment project due to the project not resulting in an asset.

- Improvements other than Buildings increased by \$111 thousand resulting from improvements at the Blue Heron Golf Course.
- Infrastructure increased by \$2.7 million resulting from various water and sewer infrastructure, of which \$1.1 million was contributed by commercial developers to be maintained by the County. The remaining \$1.6 million related to infrastructure for the Four Seasons development.
- Auto, Machinery and Equipment increased by a net amount of \$527 thousand. The following factors contributed to this increase:

Major additions totaling \$692 thousand included: (a) New sewer pumps, well pumps and other sanitation equipment (\$343 thousand); (b) Sanitary District vehicles (\$327 thousand); and (c) Bay Bridge Airport equipment (\$22 thousand).

Costs transferred from Construction in Progress totaling \$42 thousand included equipment for the Sanitary department.

Retired assets of \$207 thousand included: (a) Sanitary District equipment and vehicles sold or discarded (\$164 thousand); (b) Public Landings vehicles discarded (\$30 thousand); and (c) Blue Heron Golf Course equipment and vehicles sold or discarded (\$13 thousand).

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, OPEB (Other Post-Employment Benefits), net pension liability, LOSAP (Volunteer Fireman Pension Plan Length of Service Award Program), and compensated absence obligations of \$269.7 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 \$269.7 million in debt, \$47.0 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 \$3.4 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:

| Outstanding Debt | Governmental Activities | | Business Type Activities | | Total | |
|----------------------------|-------------------------|----------------|--------------------------|---------------|----------------|----------------|
| | 2021 | 2020 | 2021 | 2020 | 2021 | 2020 |
| Bonds, Notes, and Premiums | \$ 143,674,736 | \$ 137,289,000 | \$ 36,769,976 | \$ 34,408,250 | \$ 180,444,712 | \$ 171,697,250 |
| OPEB | 34,912,910 | 44,880,492 | 6,872,895 | 8,227,553 | 41,785,805 | 53,108,045 |
| Net Pension Liability | 31,302,931 | 26,959,651 | 2,927,232 | 2,523,666 | 34,230,163 | 29,483,317 |
| LOSAP Liability | 9,602,464 | 8,048,034 | - | - | 9,602,464 | 8,048,034 |
| Compensated Absences | 3,203,438 | 2,933,191 | 441,142 | 414,880 | 3,644,580 | 3,348,071 |
| Total Long-term Debt | \$ 222,696,479 | \$ 220,110,368 | \$ 47,011,245 | \$ 45,574,349 | \$ 269,707,724 | \$ 265,684,717 |

During the 2021 fiscal year, the County's total net debt increased by \$4.0 million (1.5 percent). Of this amount, governmental debt increased by \$2.6 million (1.2 percent), while business-type debt increased by \$1.4 million (3.2 percent). In fiscal year 2021, the County issued the public facilities bonds of 2021 totaling \$13.0 million and public facilities refunding bonds totaling \$10.9 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 2021 was \$3.4 million. In addition, the total other post-employment benefit obligations decreased by \$11.3 million, the net pension liability increased by \$4.7 million, the LOSAP liability increased by \$1.6 million, and compensated absences increased by \$297 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 \$7.3 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 2021, 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 2022 fiscal year:

- Property assessments are projected to increase by 1.6 percent over the previous year, based on State Assessment Office values used to compute the Constant Yield rate.
- Income tax revenue was projected at \$61.2 million for the 2022 budget.

The following are a few of the highlights from the fiscal year 2022 budget:

- OPEB 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 2022; 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 and Finance Accounting section, Link to 2021 Annual Comprehensive Financial Report (ACFR)).

Basic Financial Statements

QUEEN ANNE'S COUNTY, MARYLAND
STATEMENT OF NET POSITION
JUNE 30, 2021

| | PRIMARY GOVERNMENT | | |
|--|----------------------------|-----------------------------|-----------------------|
| | GOVERNMENTAL ACTIVITIES | BUSINESS-TYPE ACTIVITIES | TOTAL |
| ASSETS | | | |
| Equity in Pooled Cash and Investments | \$ 86,355,639 | \$ 16,522,051 | \$ 102,877,690 |
| Cash and Cash Equivalents | - | - | - |
| Taxes Receivable (Net) | 827,959 | - | 827,959 |
| Accounts and Loans Receivable (Net) | 7,615,221 | 722,358 | 8,337,579 |
| Special Assessments (Net) | 741,744 | - | 741,744 |
| Internal Balances | 1,595,818 | (1,595,818) | - |
| Due from Primary Government | - | - | - |
| Due from Other Governments | 36,281,693 | 23,950 | 36,305,643 |
| Inventories | 1,209,864 | 777,853 | 1,987,717 |
| Prepaid Items | 4,541,830 | - | 4,541,830 |
| Endowment Fund | - | - | - |
| Restricted Assets: | | | |
| LOSAP Plan Assets | 3,851,036 | - | 3,851,036 |
| Equity in Pooled Cash and Investments | 21,576,369 | 19,198,318 | 40,774,687 |
| Accounts Receivable (Net) | - | 3,362,798 | 3,362,798 |
| Special Assessments Receivable (Net) | - | 15,599,525 | 15,599,525 |
| Capital Assets: | | | |
| Nondepreciable Assets | 96,961,656 | 33,165,392 | 130,127,048 |
| Depreciable Assets, Net | 91,244,395 | 92,232,715 | 183,477,110 |
| Total Assets | <u>352,803,224</u> | <u>180,009,142</u> | <u>532,812,366</u> |
| DEFERRED OUTFLOWS OF RESOURCES | | | |
| OPEB | 1,372,494 | 207,624 | 1,580,118 |
| Pension Benefits | 6,026,818 | 578,603 | 6,605,421 |
| LOSAP Benefits | 2,130,703 | - | 2,130,703 |
| Deferred Charge on Refunding | 552,398 | 7,076 | 559,474 |
| Total Deferred Outflows of Resources | <u>10,082,413</u> | <u>793,303</u> | <u>10,875,716</u> |
| LIABILITIES | | | |
| Accounts Payable and Other Current Liabilities | 6,191,550 | 2,316,551 | 8,508,101 |
| Accrued Interest Payable | 1,781,949 | 146,237 | 1,928,186 |
| Due to Component Units | 479,529 | - | 479,529 |
| Due to Other Governmental Agencies | 343,857 | - | 343,857 |
| Unearned Revenue | 922,784 | 130,180 | 1,052,964 |
| Escrow Deposits | - | 177,144 | 177,144 |
| Noncurrent Liabilities: | | | |
| Due within One Year | 10,713,859 | 2,306,291 | 13,020,150 |
| Due in More than One Year | 211,982,620 | 44,704,954 | 256,687,574 |
| Total Liabilities | <u>232,416,148</u> | <u>49,781,357</u> | <u>282,197,505</u> |
| DEFERRED INFLOWS OF RESOURCES | | | |
| OPEB | 9,154,787 | 1,244,420 | 10,399,207 |
| Pension Benefits | 2,114,541 | 198,602 | 2,313,143 |
| LOSAP Benefits | 391,401 | - | 391,401 |
| Deferred Inflows related to Refundings | 196,961 | 2,385 | 199,346 |
| Deferred Assessments | 741,744 | 15,599,525 | 16,341,269 |
| Deferred Fees | 838,031 | - | 838,031 |
| Total Deferred Inflows of Resources | <u>13,437,465</u> | <u>17,044,932</u> | <u>30,482,397</u> |
| NET POSITION | | | |
| Net Investment in Capital Assets | 116,220,059 | 88,635,207 | 204,855,266 |
| Amounts Restricted for: | | | |
| General Government | 12,619,200 | - | 12,619,200 |
| Economic/Community Development | 2,986,488 | - | 2,986,488 |
| Public Safety | 4,177,488 | - | 4,177,488 |
| Conservation of Natural Resources | 1,096,570 | - | 1,096,570 |
| Social Services | 3,382 | - | 3,382 |
| Debt Service | - | 4,663,826 | 4,663,826 |
| Capital Projects | - | - | - |
| Other Purposes | - | 1,658,527 | 1,658,527 |
| Unrestricted Amounts (Deficit) | (20,071,163) | 19,018,596 | (1,052,567) |
| Total Net Position | <u>\$ 117,032,024</u> | <u>\$ 113,976,156</u> | <u>\$ 231,008,180</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, 2021

(CONTINUED)

| COMPONENT UNITS | |
|-----------------------|-----------------|
| BOARD OF EDUCATION | FREE LIBRARY |
| \$ - | \$ - |
| 20,404,504 | 1,336,002 |
| - | - |
| 125,528 | 14,053 |
| - | - |
| - | - |
| 555,377 | - |
| 1,932,957 | - |
| 61,340 | - |
| 47,227 | 27,153 |
| - | 117,792 |
| - | - |
| - | - |
| - | - |
| 7,918,202 | 29,850 |
| 144,557,051 | 1,303,340 |
| 175,602,186 | 2,828,190 |
| 38,796,499 | 221,464 |
| 1,096,825 | - |
| - | - |
| - | - |
| 39,893,324 | 221,464 |
| 12,217,319 | 309,021 |
| - | - |
| - | - |
| - | - |
| 1,351,041 | - |
| - | - |
| 195,297 | - |
| 175,006,113 | 799,914 |
| 188,769,770 | 1,108,935 |
| 98,177,219 | 35,900 |
| 325,031 | - |
| - | - |
| - | - |
| - | - |
| 98,502,250 | 35,900 |
| 150,902,061 | 1,333,190 |
| - | - |
| - | - |
| - | - |
| - | - |
| - | - |
| 202,541 | - |
| 628,520 | 12,975 |
| (223,509,632) | 558,654 |
| \$ (71,776,510) | \$ 1,904,819 |

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, 2021

| | PRIMARY GOVERNMENT | | | | |
|--|-----------------------|----------------------|------------------------------------|----------------------------------|----------------------|
| | EXPENSES | CHARGES FOR SERVICES | OPERATING GRANTS AND CONTRIBUTIONS | CAPITAL GRANTS AND CONTRIBUTIONS | TOTAL REVENUE |
| PRIMARY GOVERNMENT | | | | | |
| Governmental Activities | | | | | |
| General Government | \$ 21,447,303 | \$ 2,027,823 | \$ 2,686,609 | \$ 1,056,963 | \$ 5,771,395 |
| Public Safety | 33,376,832 | 1,772,824 | 3,603,339 | 1,379,718 | 6,755,881 |
| Public Works | 13,898,271 | 1,083,030 | 1,494,842 | - | 2,577,872 |
| Parks & Recreation | 6,051,585 | 1,058,579 | 216,861 | 343,301 | 1,618,741 |
| Health | 2,412,059 | - | - | - | - |
| Social Services | 4,557,075 | 37,025 | 2,381,707 | 157,905 | 2,576,637 |
| Education | 66,649,935 | 3,383,580 | - | - | 3,383,580 |
| Library | 1,982,798 | - | - | 973,747 | 973,747 |
| Conservation of Natural Resources | 3,621,749 | 163,971 | 111,443 | 1,612,662 | 1,888,076 |
| Economic/Community Development | 5,262,207 | 864,667 | 3,978,848 | - | 4,843,515 |
| Interest and Fiscal Charges | 4,330,706 | - | - | - | - |
| Total Governmental Activities | 163,590,520 | 10,391,499 | 14,473,649 | 5,524,296 | 30,389,444 |
| Business-type Activities | | | | | |
| Water and Sewer | 12,157,175 | 12,174,150 | 4,600,000 | 2,668,488 | 19,442,638 |
| Airport | 940,188 | 24,920 | 20,180 | - | 45,100 |
| Golf Course | 523,435 | 593,022 | - | - | 593,022 |
| Public Landings and Marinas | 1,104,170 | 540,240 | 178,208 | - | 718,448 |
| Total Business-type Activities | 14,724,968 | 13,332,332 | 4,798,388 | 2,668,488 | 20,799,208 |
| Total Primary Government | \$ 178,315,488 | \$ 23,723,831 | \$ 19,272,037 | \$ 8,192,784 | \$ 51,188,652 |
| COMPONENT UNITS | | | | | |
| Board of Education | \$ 128,200,374 | \$ 174,433 | \$ 24,427,222 | \$ 4,610,473 | \$ 29,212,128 |
| Free Library | 3,488,662 | 1,094 | 1,574,888 | - | 1,575,982 |
| Total Component Units | \$ 131,689,036 | \$ 175,527 | \$ 26,002,110 | \$ 4,610,473 | \$ 30,788,110 |
| 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, 2021

(CONTINUED)

| NET (EXPENSE) REVENUE AND CHANGES IN NET POSITION | | | | | |
|---|-----------------------------|------------------|-----------------------|-----------------|--------------|
| PRIMARY GOVERNMENT | | | COMPONENT UNITS | | |
| GOVERNMENTAL ACTIVITIES | BUSINESS-TYPE ACTIVITIES | TOTAL | BOARD OF EDUCATION | FREE LIBRARY | |
| \$ (15,675,908) | \$ - | \$ (15,675,908) | \$ - | \$ - | - |
| (26,620,951) | - | (26,620,951) | - | - | - |
| (11,320,399) | - | (11,320,399) | - | - | - |
| (4,432,844) | - | (4,432,844) | - | - | - |
| (2,412,059) | - | (2,412,059) | - | - | - |
| (1,980,438) | - | (1,980,438) | - | - | - |
| (63,266,355) | - | (63,266,355) | - | - | - |
| (1,009,051) | - | (1,009,051) | - | - | - |
| (1,733,673) | - | (1,733,673) | - | - | - |
| (418,692) | - | (418,692) | - | - | - |
| (4,330,706) | - | (4,330,706) | - | - | - |
| (133,201,076) | - | (133,201,076) | - | - | - |
| - | 7,285,463 | 7,285,463 | - | - | - |
| - | (895,088) | (895,088) | - | - | - |
| - | 69,587 | 69,587 | - | - | - |
| - | (385,722) | (385,722) | - | - | - |
| - | 6,074,240 | 6,074,240 | - | - | - |
| \$ (133,201,076) | \$ 6,074,240 | \$ (127,126,836) | \$ - | \$ - | - |
| \$ - | \$ - | \$ - | \$ (98,988,246) | \$ - | - |
| - | - | - | - | - | (1,912,680) |
| - | - | - | (98,988,246) | - | (1,912,680) |
| 74,474,109 | - | 74,474,109 | - | - | - |
| 73,458,519 | - | 73,458,519 | - | - | - |
| 183,601 | - | 183,601 | - | - | - |
| 10,974,409 | - | 10,974,409 | - | - | - |
| 596,806 | - | 596,806 | - | - | - |
| 4,000,090 | - | 4,000,090 | - | - | - |
| - | - | - | 89,373,379 | - | 2,163,204 |
| 239,908 | 424,983 | 664,891 | 41,036 | - | 49,395 |
| 95,687 | 573,500 | 669,187 | - | - | - |
| 1,073,180 | 1,189,317 | 2,262,497 | 93,003 | - | 6,715 |
| (150,236) | 150,236 | - | - | - | - |
| 164,946,073 | 2,338,036 | 167,284,109 | 89,507,418 | - | 2,219,314 |
| 31,744,997 | 8,412,276 | 40,157,273 | (9,480,828) | - | 306,634 |
| 85,287,027 | 105,563,880 | 190,850,907 | (62,295,682) | - | 1,598,185 |
| \$ 117,032,024 | \$ 113,976,156 | \$ 231,008,180 | \$ (71,776,510) | \$ - | \$ 1,904,819 |

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, 2021

| | MAJOR FUNDS | | | NON-MAJOR GOVERNMENTAL FUNDS | TOTAL GOVERNMENTAL FUNDS |
|---|-----------------|--------------------|------------------|------------------------------------|--------------------------------|
| | GENERAL FUND | GENERAL CAPITAL | ROADS CAPITAL | | |
| ASSETS | | | | | |
| Cash and Cash Equivalents | \$ 34,015,210 | \$ 24,936,494 | \$ 6,541,656 | \$ 20,862,279 | \$ 86,355,639 |
| Prepaid Items | 4,541,830 | - | - | - | 4,541,830 |
| Receivables | | | | | |
| Taxes Receivable (Net) | 827,214 | - | - | 745 | 827,959 |
| Accounts and Loans Receivable | 176,499 | 838,393 | 1,054 | 6,599,275 | 7,615,221 |
| Special Assessments (Net) | - | - | 39,149 | 702,595 | 741,744 |
| Due from Other Governments | 30,598,746 | 580,865 | - | 1,580,867 | 32,760,478 |
| Due from Other Funds | 1,261,072 | 1,069,448 | - | - | 2,330,520 |
| Inventory | 1,209,864 | - | - | - | 1,209,864 |
| Restricted | | | | | |
| Restricted LOSAP Plan Assets | 3,851,036 | - | - | - | 3,851,036 |
| Restricted Equity in Pooled Cash | - | 21,576,369 | - | - | 21,576,369 |
| Total Assets | \$ 76,481,471 | \$ 49,001,569 | \$ 6,581,859 | \$ 29,745,761 | \$ 161,810,660 |
| LIABILITIES | | | | | |
| Accrued Liabilities | \$ 3,235,894 | \$ 1,995,219 | \$ 140,113 | \$ 458,226 | \$ 5,829,452 |
| Due to Other Funds | - | - | - | 734,702 | 734,702 |
| Due to Component Units | - | 479,529 | - | - | 479,529 |
| Due to Other Governmental Agencies | - | - | - | 343,857 | 343,857 |
| Unearned Revenue | 709,690 | 31,688 | - | 181,406 | 922,784 |
| Total Liabilities | 3,945,584 | 2,506,436 | 140,113 | 1,718,191 | 8,310,324 |
| DEFERRED INFLOWS OF RESOURCES | | | | | |
| Unavailable Income Taxes | 21,927,500 | - | - | - | 21,927,500 |
| Unavailable Property Taxes | 114,331 | - | - | - | 114,331 |
| Unavailable Inter-County Bonds Receivable | 72,794 | - | - | - | 72,794 |
| Unavailable Benefit Assessments | - | - | 39,149 | 702,595 | 741,744 |
| Unavailable Fees | - | - | - | 838,031 | 838,031 |
| Total Deferred Inflows | 22,114,625 | - | 39,149 | 1,540,626 | 23,694,400 |
| FUND BALANCES | | | | | |
| Nonspendable | 5,751,694 | - | - | - | 5,751,694 |
| Restricted | 16,182,014 | 13,506,532 | - | 4,412,891 | 34,101,437 |
| Committed | 7,621,618 | 3,614,179 | 553,088 | 21,290,653 | 33,079,538 |
| Assigned | 1,525,829 | 29,374,422 | 5,849,509 | 803,049 | 37,552,809 |
| Unassigned | 19,340,107 | - | - | (19,649) | 19,320,458 |
| Total Fund Balances | 50,421,262 | 46,495,133 | 6,402,597 | 26,486,944 | 129,805,936 |
| Total Liabilities, Deferred Inflows and Fund Balances | \$ 76,481,471 | \$ 49,001,569 | \$ 6,581,859 | \$ 29,745,761 | \$ 161,810,660 |

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, 2021

Total Fund Balance - Governmental Funds **\$ 129,805,936**

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 3,521,215

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

| | | |
|--------------------------|---------------------|-------------|
| Capital Assets | 245,743,594 | |
| Accumulated depreciation | <u>(57,537,543)</u> | 188,206,051 |

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 | 114,331 | |
| Income Taxes deferred in governmental funds | 21,927,500 | |
| Loans receivable deferred in governmental funds | <u>72,794</u> | 22,114,625 |

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 (1,781,949)

Liability for Retirement Incentive and Employee Contracts (362,098)

Long-Term Liabilities Due within One Year

| | | |
|------------------------------|--------------------|--------------|
| Accrued Compensated Absences | (1,738,066) | |
| Bonds and Notes Payable | <u>(8,975,793)</u> | (10,713,859) |

Long-Term Liabilities Due in More than One Year

| | | |
|------------------------------|----------------------|---------------|
| OPEB | (34,912,910) | |
| Net Pension Liability | (31,302,931) | |
| Net LOSAP Liability | (9,602,464) | |
| Accrued Compensated Absences | (1,465,372) | |
| Bonds and Notes Payable | <u>(134,698,943)</u> | (211,982,620) |

Deferred Inflows and Outflows

| | | |
|--|----------------|-------------|
| Deferred Inflows - OPEB | (9,154,787) | |
| Deferred Inflows - Maryland State Pension | (2,114,541) | |
| Deferred Inflows - LOSAP | (391,401) | |
| Deferred Inflows - Refunding | (196,961) | |
| Deferred Outflows - OPEB | 1,372,494 | |
| Deferred Outflows - Maryland State Pension | 6,026,818 | |
| Deferred Outflows - LOSAP | 2,130,703 | |
| Deferred Charge On Refunding | <u>552,398</u> | (1,775,277) |

Total Net Position - Governmental Activities **\$ 117,032,024**

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, 2021

| | MAJOR FUNDS | | | NON-MAJOR GOVERNMENTAL FUNDS | TOTAL GOVERNMENTAL FUNDS |
|--|----------------------|----------------------|---------------------|------------------------------------|--------------------------------|
| | GENERAL FUND | GENERAL CAPITAL | ROADS CAPITAL | | |
| <u>REVENUES</u> | | | | | |
| Taxes | | | | | |
| Local Property Tax | \$ 74,732,398 | \$ - | \$ - | \$ 36,819 | \$ 74,769,217 |
| Local Income Tax | 67,985,531 | - | - | - | 67,985,531 |
| Admission and Amusement Taxes | 183,601 | - | - | - | 183,601 |
| Recordation Taxes | 10,641,852 | - | - | 332,557 | 10,974,409 |
| Hotel Taxes | 596,806 | - | - | - | 596,806 |
| County Transfer Taxes | 4,000,090 | - | - | - | 4,000,090 |
| State Shared Taxes | 1,174,931 | - | - | 111,443 | 1,286,374 |
| Franchise Fee | 473,507 | - | - | - | 473,507 |
| Licenses and Permits | 934,967 | 52,812 | - | - | 987,779 |
| Intergovernmental | 1,786,650 | 4,797,704 | - | 12,121,437 | 18,705,791 |
| Charges for Current Services | 3,074,968 | 128,730 | 27,425 | 5,557,910 | 8,789,033 |
| Fines and Forfeitures | 80,749 | 230 | - | 60,201 | 141,180 |
| Investment Income | 170,634 | 46,444 | 5,197 | 17,633 | 239,908 |
| Donations | 290 | - | - | 5,490 | 5,780 |
| Miscellaneous | 897,816 | 94,144 | - | 81,220 | 1,073,180 |
| Total Revenues | <u>166,734,790</u> | <u>5,120,064</u> | <u>32,622</u> | <u>18,324,710</u> | <u>190,212,186</u> |
| <u>EXPENDITURES</u> | | | | | |
| Current | | | | | |
| General Government | 10,247,041 | 513,220 | - | 2,210,466 | 12,970,727 |
| Public Safety | 27,067,386 | 1,076,161 | - | 1,170,858 | 29,314,405 |
| Public Works | 10,789,282 | 446,634 | 872,641 | 115,210 | 12,223,767 |
| Parks & Recreation | 4,556,265 | 484,911 | - | 216,351 | 5,257,527 |
| Health | 2,437,604 | - | - | - | 2,437,604 |
| Social Services | 180,556 | 13,542 | - | 4,100,236 | 4,294,334 |
| Education | 63,042,977 | 3,621,164 | - | - | 66,664,141 |
| Library | 1,957,600 | - | - | - | 1,957,600 |
| Conservation of Natural Resources | 598,450 | - | - | 3,074,397 | 3,672,847 |
| Economic/Community Development | 661,533 | (10,858) | - | 4,582,943 | 5,233,618 |
| Intergovernmental | 516,792 | - | - | - | 516,792 |
| Miscellaneous | 6,834,217 | - | - | - | 6,834,217 |
| Capital Outlay | - | 11,153,673 | 499,367 | 1,137,560 | 12,790,600 |
| Debt Service | | | | | |
| Principal | 7,271,609 | - | - | 71,816 | 7,343,425 |
| Debt Issuance Costs | - | 249,479 | - | - | 249,479 |
| Interest and Fiscal Charges | 4,492,461 | - | - | - | 4,492,461 |
| Total Expenditures | <u>140,653,773</u> | <u>17,547,926</u> | <u>1,372,008</u> | <u>16,679,837</u> | <u>176,253,544</u> |
| Excess of Revenues Over (Under) Expenditures | <u>26,081,017</u> | <u>(12,427,862)</u> | <u>(1,339,386)</u> | <u>1,644,873</u> | <u>13,958,642</u> |
| <u>OTHER FINANCING SOURCES (USES)</u> | | | | | |
| Issuance of Debt | - | 11,680,538 | 1,319,462 | - | 13,000,000 |
| Issuance of Refunding Bonds | - | 10,835,995 | - | - | 10,835,995 |
| Bond Premiums | - | 3,814,696 | - | - | 3,814,696 |
| Other Financing Use - Principal on Refunded Debt | - | (12,970,537) | - | - | (12,970,537) |
| Proceeds of Capital Asset Disposals | 41,099 | - | - | - | 41,099 |
| Insurance Proceeds | 102,429 | - | - | - | 102,429 |
| Transfers In | 1,833,980 | 12,010,000 | 3,500,000 | 3,125,627 | 20,469,607 |
| Transfers Out | (18,721,892) | (5,487) | - | (1,919,660) | (20,647,039) |
| Other Financing Sources (Uses) | <u>(16,744,384)</u> | <u>25,365,205</u> | <u>4,819,462</u> | <u>1,205,967</u> | <u>14,646,250</u> |
| Net Increase in Fund Balances | 9,336,633 | 12,937,343 | 3,480,076 | 2,850,840 | 28,604,892 |
| Fund Balances, July 1 | 41,084,629 | 33,557,790 | 2,922,521 | 23,636,104 | 101,201,044 |
| Fund Balances, June 30 | <u>\$ 50,421,262</u> | <u>\$ 46,495,133</u> | <u>\$ 6,402,597</u> | <u>\$ 26,486,944</u> | <u>\$ 129,805,936</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, 2021

**Change in Fund Balances - Total governmental funds, per Statement of Revenues, Expenditures,
and Changes in Fund Balances of Governmental Funds** **\$ 28,604,892**

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 | 13,331,132 | |
| Current year disposals of capital assets | (456,094) | |
| Depreciation expenses recorded in the Statement of Activities | (5,460,087) | |
| Net Change in Capital Assets | | 7,414,951 |

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 | | (203,662) |
|---|--|-----------|

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 | | 19,045 |
|---|--|--------|

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 | | (295,106) |
| Change in Income Tax Deferred Inflows | | 5,472,988 |

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 | 21,264,955 | |
| Proceeds of debt | (27,650,691) | |
| College reimbursement received | (48,029) | |
| County's allocation to College for debt | 14,205 | |
| Deferred Refunding Costs | (112,518) | |
| | | (6,532,078) |

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 | | (50,950) |
| OPEB | | 9,967,582 |
| Net pension liability - Maryland State Pension | | (4,343,281) |
| Net LOSAP Liability | | (1,554,430) |
| Accrued Compensated Absences | | (270,246) |
| Deferred outflow of resources - OPEB | | (443,930) |
| Deferred outflow of resources - Maryland State Pension | | 1,436,587 |
| Deferred outflow of resources - LOSAP | | 707,153 |
| Deferred inflow of resources - OPEB | | (9,140,672) |
| Deferred inflow of resources - Maryland State Pension | | 1,014,631 |
| Deferred inflow of resources - LOSAP | | 64,883 |
| Deferred inflow of resources - Refundings | | (123,360) |

| | | |
|--|--|----------------------|
| Change in Net Position - governmental activities, per Statement of Activities | | \$ 31,744,997 |
|--|--|----------------------|

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, 2021

| <u>ASSETS</u> | SANITARY DISTRICT | | |
|--|----------------------|----------------------|----------------------|
| | SEWER OPERATIONS | WATER OPERATIONS | RESTRICTED FUND |
| Current Assets | | | |
| Unrestricted | | | |
| Equity in Pooled Cash | \$ 7,119,528 | \$ 5,882,708 | \$ - |
| Accounts Receivable (Net) | 374,640 | 195,607 | - |
| Loans Receivable | 74,132 | - | - |
| Due from Other Governments | - | - | - |
| Inventories | 738,969 | - | - |
| Restricted | | | |
| Restricted Equity in Pooled Cash | - | - | 16,513,330 |
| Restricted Accounts Receivable (Net) | - | - | 2,606,798 |
| Total Current Assets | 8,307,269 | 6,078,315 | 19,120,128 |
| Noncurrent Assets | | | |
| Restricted | | | |
| Special Assessments Receivable (Net) | - | - | 866,497 |
| Capital Assets | | | |
| Less Accumulated Depreciation | 134,786,721 | 33,869,728 | - |
| | (53,737,834) | (12,158,586) | - |
| Total Capital Assets, Net of Depreciation | 81,048,887 | 21,711,142 | - |
| Total Noncurrent Assets | 81,048,887 | 21,711,142 | 866,497 |
| Total Assets | 89,356,156 | 27,789,457 | 19,986,625 |
| DEFERRED OUTFLOWS OF RESOURCES | | | |
| OPEB | 154,036 | 44,532 | - |
| Pension Benefits | 400,216 | 116,230 | - |
| Deferred Charge on Refunding | - | - | - |
| Total Deferred Outflows of Resources | 554,252 | 160,762 | - |
| LIABILITIES | | | |
| Current Liabilities | | | |
| Payable from Unrestricted Assets | | | |
| Accounts Payable | 2,166,853 | 75,852 | - |
| Accrued Interest Payable | 118,806 | - | - |
| Escrow Deposits | 159,244 | - | - |
| Due to Other Funds | - | - | - |
| Unearned Revenue | 127,383 | - | - |
| Current Portion of Compensated Absences | 159,194 | 39,782 | - |
| Current Portion of Bonds/Notes Payable | 1,898,092 | - | - |
| Total Current Liabilities | 4,629,572 | 115,634 | - |
| Noncurrent Liabilities | | | |
| Payable from Unrestricted Assets | | | |
| Compensated Absences | 134,217 | 33,541 | - |
| OPEB | 4,858,003 | 1,475,997 | - |
| Net Pension Liability | 2,042,931 | 580,677 | - |
| Bonds/Notes Payable | 32,534,843 | - | - |
| Total Noncurrent Liabilities | 39,569,994 | 2,090,215 | - |
| Total Liabilities | 44,199,566 | 2,205,849 | - |
| DEFERRED INFLOWS OF RESOURCES | | | |
| OPEB | 947,121 | 242,958 | - |
| Pension Benefits | 136,363 | 40,383 | - |
| Bond Refundings | - | - | - |
| Unavailable Water and Sewer Assessments | - | - | 866,497 |
| Total Deferred Inflows of Resources | 1,083,484 | 283,341 | 866,497 |
| NET POSITION | | | |
| Net Investment in Capital Assets | 46,615,952 | 21,711,142 | - |
| Amounts Restricted for: | | | |
| Debt Service | - | - | - |
| Other Purposes | - | - | - |
| Unrestricted Amounts (Deficit) | (1,988,594) | 3,749,887 | 19,120,128 |
| Total Net Position | \$ 44,627,358 | \$ 25,461,029 | \$ 19,120,128 |

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, 2021

(CONTINUED)

| SANITARY DISTRICT | | | NON-MAJOR | TOTAL |
|-------------------|---------------|---------------|--------------|----------------|
| DEBT SERVICE | | BAY BRIDGE | ENTERPRISE | PRIMARY |
| FUND | TOTAL | AIRPORT | FUNDS | GOVERNMENT |
| | | | | ENTERPRISE |
| | | | | FUNDS |
| \$ - | \$ 13,002,236 | \$ 2,986,737 | \$ 533,078 | \$ 16,522,051 |
| - | 570,247 | 15,490 | 62,489 | 648,226 |
| - | 74,132 | - | - | 74,132 |
| - | - | - | 23,950 | 23,950 |
| - | 738,969 | 33,970 | 4,914 | 777,853 |
| 2,684,988 | 19,198,318 | - | - | 19,198,318 |
| 756,000 | 3,362,798 | - | - | 3,362,798 |
| 3,440,988 | 36,946,700 | 3,036,197 | 624,431 | 40,607,328 |
| 14,733,028 | 15,599,525 | - | - | 15,599,525 |
| - | 168,656,449 | 21,433,630 | 9,401,309 | 199,491,388 |
| - | (65,896,420) | (5,979,515) | (2,217,346) | (74,093,281) |
| - | 102,760,029 | 15,454,115 | 7,183,963 | 125,398,107 |
| 14,733,028 | 118,359,554 | 15,454,115 | 7,183,963 | 140,997,632 |
| 18,174,016 | 155,306,254 | 18,490,312 | 7,808,394 | 181,604,960 |
| - | 198,568 | 1,848 | 7,208 | 207,624 |
| - | 516,446 | 16,298 | 45,859 | 578,603 |
| - | - | 6,193 | 883 | 7,076 |
| - | 715,014 | 24,339 | 53,950 | 793,303 |
| - | 2,242,705 | 5,283 | 68,563 | 2,316,551 |
| - | 118,806 | 19,853 | 7,578 | 146,237 |
| - | 159,244 | 17,900 | - | 177,144 |
| - | - | 1,049,799 | 546,019 | 1,595,818 |
| - | 127,383 | - | 2,797 | 130,180 |
| - | 198,976 | 14,092 | 26,279 | 239,347 |
| - | 1,898,092 | 105,703 | 63,149 | 2,066,944 |
| - | 4,745,206 | 1,212,630 | 714,385 | 6,672,221 |
| - | 167,758 | 11,881 | 22,156 | 201,795 |
| - | 6,334,000 | 267,533 | 271,362 | 6,872,895 |
| - | 2,623,608 | 82,580 | 221,044 | 2,927,232 |
| - | 32,534,843 | 1,505,849 | 662,340 | 34,703,032 |
| - | 41,660,209 | 1,867,843 | 1,176,902 | 44,704,954 |
| - | 46,405,415 | 3,080,473 | 1,891,287 | 51,377,175 |
| - | 1,190,079 | 11,223 | 43,118 | 1,244,420 |
| - | 176,746 | 5,464 | 16,392 | 198,602 |
| - | - | 378 | 2,007 | 2,385 |
| 14,733,028 | 15,599,525 | - | - | 15,599,525 |
| 14,733,028 | 16,966,350 | 17,065 | 61,517 | 17,044,932 |
| - | 68,327,094 | 13,848,756 | 6,459,357 | 88,635,207 |
| 3,440,988 | 3,440,988 | 1,222,838 | - | 4,663,826 |
| - | - | 1,658,527 | - | 1,658,527 |
| - | 20,881,421 | (1,313,008) | (549,817) | 19,018,596 |
| \$ 3,440,988 | \$ 92,649,503 | \$ 15,417,113 | \$ 5,909,540 | \$ 113,976,156 |

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, 2021

| | SANITARY DISTRICT | | |
|---|----------------------|----------------------|----------------------|
| | SEWER OPERATIONS | WATER OPERATIONS | RESTRICTED FUND |
| <u>OPERATING REVENUES</u> | | | |
| Charges for Services | \$ 6,845,336 | \$ 2,736,665 | \$ 2,313,335 |
| Intergovernmental | 90,000 | - | 3,495,250 |
| Material Sales | - | 11,942 | - |
| Miscellaneous Revenues | 191,951 | 197,976 | - |
| Total Operating Revenues | 7,127,287 | 2,946,583 | 5,808,585 |
| <u>OPERATING EXPENSES</u> | | | |
| Cost of Sales and Services | | | |
| Collection | 3,288,538 | - | - |
| Distribution | - | 229,296 | - |
| Treatment | 1,490,366 | 1,233,916 | - |
| Shop | 208,504 | 105,273 | - |
| Airport | - | - | - |
| Recreation | - | - | - |
| Total Cost of Sales and Services | 4,987,408 | 1,568,485 | - |
| Administration and Inspection | 1,505,579 | 604,077 | - |
| OPEB | (39,615) | (10,160) | - |
| Pension Liability Adjustment | 133,503 | 27,102 | - |
| Depreciation | 2,288,500 | 724,261 | - |
| Total Operating Expenses | 8,875,375 | 2,913,765 | - |
| Operating Income (Loss) | (1,748,088) | 32,818 | 5,808,585 |
| <u>NON-OPERATING REVENUES (EXPENSES)</u> | | | |
| Investment Income | 97,451 | 79,306 | 132,701 |
| Interest Expense | (368,035) | - | - |
| Gain on Disposal of Capital Assets | 5,778 | - | - |
| Transfer of Capital Asset to Governmental Fund | (18,946) | - | - |
| Total Non-Operating Revenues (Expenses) | (283,752) | 79,306 | 132,701 |
| Income (Loss) Before Contributions and Transfers | (2,031,840) | 112,124 | 5,941,286 |
| Capital Contributions, Fees and Grants | 1,246,421 | 1,422,067 | - |
| <u>TRANSFERS</u> | | | |
| Transfers In | 1,059,710 | - | - |
| Transfers Out | (5,000) | (5,000) | (1,054,607) |
| Net Transfers In (Out) | 1,054,710 | (5,000) | (1,054,607) |
| Change in Net Position | 269,291 | 1,529,191 | 4,886,679 |
| Total Net Position - Beginning of Year | 44,358,067 | 23,931,838 | 14,233,449 |
| Total Net Position - End of Year | \$ 44,627,358 | \$ 25,461,029 | \$ 19,120,128 |

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, 2021

(CONTINUED)

| SANITARY DISTRICT | | | BAY BRIDGE AIRPORT | NON-MAJOR ENTERPRISE FUNDS | TOTAL PRIMARY GOVERNMENT ENTERPRISE FUNDS |
|----------------------|----------------------|----------------------|-----------------------|----------------------------------|---|
| DEBT SERVICE FUND | TOTAL | | | | |
| \$ 278,814 | \$ 12,174,150 | \$ 24,920 | \$ 1,133,262 | \$ 13,332,332 | |
| 1,014,750 | 4,600,000 | 20,180 | 178,208 | 4,798,388 | |
| - | 11,942 | 170,172 | 44,555 | 226,669 | |
| - | 389,927 | 537,023 | 35,698 | 962,648 | |
| <u>1,293,564</u> | <u>17,176,019</u> | <u>752,295</u> | <u>1,391,723</u> | <u>19,320,037</u> | |
| - | 3,288,538 | - | - | 3,288,538 | |
| - | 229,296 | - | - | 229,296 | |
| - | 2,724,282 | - | - | 2,724,282 | |
| - | 313,777 | - | - | 313,777 | |
| - | - | 417,623 | - | 417,623 | |
| - | - | - | 1,448,613 | 1,448,613 | |
| - | 6,555,893 | 417,623 | 1,448,613 | 8,422,129 | |
| - | 2,109,656 | - | - | 2,109,656 | |
| - | (49,775) | (469) | (1,804) | (52,048) | |
| - | 160,605 | 6,431 | 7,308 | 174,344 | |
| - | 3,012,761 | 431,380 | 154,770 | 3,598,911 | |
| - | 11,789,140 | 854,965 | 1,608,887 | 14,252,992 | |
| <u>1,293,564</u> | <u>5,386,879</u> | <u>(102,670)</u> | <u>(217,164)</u> | <u>5,067,045</u> | |
| 115,209 | 424,667 | 316 | - | 424,983 | |
| - | (368,035) | (85,223) | (18,718) | (471,976) | |
| - | 5,778 | 566,316 | 1,406 | 573,500 | |
| - | (18,946) | - | (8,250) | (27,196) | |
| <u>115,209</u> | <u>43,464</u> | <u>481,409</u> | <u>(25,562)</u> | <u>499,311</u> | |
| <u>1,408,773</u> | <u>5,430,343</u> | <u>378,739</u> | <u>(242,726)</u> | <u>5,566,356</u> | |
| - | 2,668,488 | - | - | 2,668,488 | |
| 1,054,607 | 2,114,317 | 59,669 | 127,763 | 2,301,749 | |
| (1,059,710) | (2,124,317) | - | - | (2,124,317) | |
| <u>(5,103)</u> | <u>(10,000)</u> | <u>59,669</u> | <u>127,763</u> | <u>177,432</u> | |
| 1,403,670 | 8,088,831 | 438,408 | (114,963) | 8,412,276 | |
| <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> | |
| <u>\$ 3,440,988</u> | <u>\$ 92,649,503</u> | <u>\$ 15,417,113</u> | <u>\$ 5,909,540</u> | <u>\$ 113,976,156</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, 2021

| | SANITARY DISTRICT | | |
|--|---------------------|---------------------|----------------------|
| | SEWER OPERATIONS | WATER OPERATIONS | RESTRICTED FUND |
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| Receipts from customers and users | \$ 6,735,922 | \$ 2,727,513 | \$ 2,347,006 |
| Receipts from other operating sources | 281,951 | 209,918 | 891,250 |
| Payments to suppliers | (1,030,598) | (1,193,140) | - |
| Payments to employees and on behalf of employees | (4,195,269) | (1,015,419) | - |
| Net Cash Provided by Operating Activities | <u>1,792,006</u> | <u>728,872</u> | <u>3,238,256</u> |
| CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES | | | |
| Transfers in from other funds | 1,059,710 | - | - |
| Receipts from interfund loans | - | - | - |
| Transfers to other funds | (5,000) | (5,000) | (1,054,607) |
| Principal paid on interfund loans | - | - | - |
| Net Cash Provided (Used) by Noncapital Financing Activities | <u>1,054,710</u> | <u>(5,000)</u> | <u>(1,054,607)</u> |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES | | | |
| Proceeds from the disposition of capital assets | 5,778 | - | - |
| Principal paid on capital debt | (943,404) | - | - |
| Proceeds from the sale of bonds | - | - | - |
| Proceeds from refunding of long term debt | - | - | - |
| Premium on the sale of bonds | - | - | - |
| Deferred Refunding costs on sale of bonds | - | - | - |
| Receipts from state loan | 3,443,970 | - | - |
| Increase in loans receivable | (74,132) | - | - |
| Interest paid on capital debt | (360,530) | - | - |
| Acquisition and construction of capital assets | (6,532,565) | (510,286) | - |
| Net Cash Provided (Used) by Capital and Related Financing Activities | <u>(4,460,883)</u> | <u>(510,286)</u> | <u>-</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| Net Cash Provided by Investing Activities - Investment Income | <u>97,451</u> | <u>79,306</u> | <u>132,701</u> |
| Net Increase (Decrease) in Cash and Cash Equivalents | (1,516,716) | 292,892 | 2,316,350 |
| Balances - Beginning of the year | <u>8,636,244</u> | <u>5,589,816</u> | <u>14,196,980</u> |
| Balances - End of the year | <u>\$ 7,119,528</u> | <u>\$ 5,882,708</u> | <u>\$ 16,513,330</u> |
| Reconciliation of operating income (loss) to net cash provided by operating activities | | | |
| Operating income (loss) | \$ (1,748,088) | \$ 32,818 | \$ 5,808,585 |
| Adjustments to reconcile operating income (loss) to net cash provided by operating activities: | | | |
| Depreciation | 2,288,500 | 724,261 | - |
| Effect of changes in operating assets and liabilities: | | | |
| Accounts receivable, net | 23,397 | (9,152) | 33,671 |
| Special assessments receivable, net | - | - | 405,694 |
| Operating grants receivable | - | - | (2,604,000) |
| Inventories and Prepaid Expenses | (61,985) | - | - |
| Vendor accounts payable | 1,294,681 | (23,213) | - |
| Compensated absences | 34,424 | (12,784) | - |
| OPEB | (39,615) | (10,160) | - |
| Pension Obligation | 133,503 | 27,102 | - |
| Escrow deposits payable | (14,554) | - | - |
| Deferred revenue collected in advance | (118,257) | - | (405,694) |
| Net Cash Provided (Used) by Operating Activities | <u>\$ 1,792,006</u> | <u>\$ 728,872</u> | <u>\$ 3,238,256</u> |
| Noncash investing, capital and financing activities: | | | |
| Donation of capital assets (infrastructure) by developers | <u>\$ 1,246,421</u> | <u>\$ 1,422,067</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, 2021

(CONTINUED)

| SANITARY DISTRICT | | | | | | TOTAL PRIMARY GOVERNMENT ENTERPRISE |
|----------------------|---------------|-----------------------|----------------------------------|---------------|-------|--|
| DEBT SERVICE FUND | TOTAL | BAY BRIDGE AIRPORT | NON-MAJOR ENTERPRISE FUNDS | | FUNDS | |
| \$ 284,265 | \$ 12,094,706 | \$ 32,705 | \$ 1,143,720 | \$ 13,271,131 | | |
| 258,750 | 1,641,869 | 786,976 | 247,641 | 2,676,486 | | |
| - | (2,223,738) | (259,991) | (1,060,647) | (3,544,376) | | |
| - | (5,210,688) | (159,480) | (379,096) | (5,749,264) | | |
| 543,015 | 6,302,149 | 400,210 | (48,382) | 6,653,977 | | |
| 1,054,607 | 2,114,317 | 59,669 | 127,763 | 2,301,749 | | |
| - | - | - | 546,019 | 546,019 | | |
| (1,059,710) | (2,124,317) | - | - | (2,124,317) | | |
| - | - | (54,800) | (693,566) | (748,366) | | |
| (5,103) | (10,000) | 4,869 | (19,784) | (24,915) | | |
| - | 5,778 | 2,881,366 | 1,406 | 2,888,550 | | |
| - | (943,404) | (107,954) | (131,557) | (1,182,915) | | |
| - | - | 22,686 | - | 22,686 | | |
| - | - | 11,134 | 67,871 | 79,005 | | |
| - | - | 2,297 | 14,002 | 16,299 | | |
| - | - | (37) | (412) | (449) | | |
| - | 3,443,970 | - | - | 3,443,970 | | |
| - | (74,132) | - | - | (74,132) | | |
| - | (360,530) | (93,225) | (29,255) | (483,010) | | |
| - | (7,042,851) | (177,425) | (111,000) | (7,331,276) | | |
| - | (4,971,169) | 2,538,842 | (188,945) | (2,621,272) | | |
| 115,209 | 424,667 | 316 | - | 424,983 | | |
| 653,121 | 1,745,647 | 2,944,237 | (257,111) | 4,432,773 | | |
| 2,031,867 | 30,454,907 | 42,500 | 790,189 | 31,287,596 | | |
| \$ 2,684,988 | \$ 32,200,554 | \$ 2,986,737 | \$ 533,078 | \$ 35,720,369 | | |
| \$ 1,293,564 | \$ 5,386,879 | \$ (102,670) | \$ (217,164) | \$ 5,067,045 | | |
| - | 3,012,761 | 431,380 | 154,770 | 3,598,911 | | |
| - | 47,916 | 6,985 | 11,015 | 65,916 | | |
| (3,577,307) | (3,171,613) | - | - | (3,171,613) | | |
| (756,000) | (3,360,000) | 59,601 | (10,820) | (3,311,219) | | |
| - | (61,985) | 45 | (2,150) | (64,090) | | |
| - | 1,271,468 | (6,301) | 10,806 | 1,275,973 | | |
| - | 21,640 | 4,408 | 214 | 26,262 | | |
| - | (49,775) | (469) | (1,804) | (52,048) | | |
| - | 160,605 | 6,431 | 7,308 | 174,344 | | |
| - | (14,554) | 800 | - | (13,754) | | |
| 3,582,758 | 3,058,807 | - | (557) | 3,058,250 | | |
| \$ 543,015 | \$ 6,302,149 | \$ 400,210 | \$ (48,382) | \$ 6,653,977 | | |
| \$ - | \$ 2,668,488 | \$ - | \$ - | \$ 2,668,488 | | |

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 CUSTODIAL FUNDS
JUNE 30, 2021

| | PRIVATE PURPOSE TRUST FUND | OTHER POST-EMPLOYMENT BENEFIT TRUST FUND | CUSTODIAL FUNDS |
|---|----------------------------------|--|--------------------|
| | TAX SALE DEPOSITS | | |
| ASSETS | | | |
| Cash and Cash Equivalents | \$ 131,244 | \$ 700,075 | \$ 880,821 |
| Investments, at Fair Value | | | |
| Debt Securities | - | 3,606,810 | - |
| Fixed Income Fund | - | 621,106 | - |
| Mutual and Global Funds | - | 6,407,848 | - |
| International | - | 1,845,276 | - |
| Total Investments | - | 12,481,040 | - |
| Total Assets | <u>131,244</u> | <u>13,181,115</u> | <u>880,821</u> |
| LIABILITIES | | | |
| Accounts Payable and Other Liabilities | - | 12,420 | - |
| Due to Other Governments | - | - | 37,945 |
| Total Liabilities | <u>-</u> | <u>12,420</u> | <u>37,945</u> |
| NET POSITION | | | |
| Restricted for: | | | |
| Held in Trust | 131,244 | - | - |
| Other Post-Employment Benefits | - | 13,168,695 | - |
| Individuals, Organizations, and other Governments | - | - | 842,876 |
| Total Net Position | <u>\$ 131,244</u> | <u>\$ 13,168,695</u> | <u>\$ 842,876</u> |

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, OTHER POST-EMPLOYMENT BENEFIT TRUST, AND CUSTODIAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2021

| | PRIVATE PURPOSE TRUST FUND <u>TAX SALE DEPOSITS</u> | OTHER POST-EMPLOYMENT BENEFIT TRUST FUND <u></u> | CUSTODIAL FUNDS <u></u> |
|--|--|---|-------------------------------|
| ADDITIONS | | | |
| Contributions: | | | |
| Tax Sale Collections in Excess of Tax Due | \$ 79,149 | \$ - | \$ - |
| Employers | - | 3,612,555 | - |
| Members | - | 384,264 | - |
| Total Contributions | <u>79,149</u> | <u>3,996,819</u> | <u>-</u> |
| Investment Earnings | | | |
| Net Increase in the Fair Value of Investments | - | 1,885,733 | - |
| Interest | - | <u>430,535</u> | - |
| Total Investment Earnings | - | 2,316,268 | - |
| Less Investment Administrative Expenses | - | <u>5,652</u> | - |
| Net Investment Earnings | - | 2,310,616 | - |
| Tax Collections for Other Governments | - | - | 13,936,739 |
| Zoning Deposits | - | - | 214,928 |
| Motor Vehicle Administration | - | - | 192,583 |
| Inmate Welfare | - | - | 208,288 |
| Tax Ditch | - | - | <u>23,447</u> |
| Total Additions | <u>79,149</u> | <u>6,307,435</u> | <u>14,575,985</u> |
| DEDUCTIONS | | | |
| Distributions to Property Holders | 693 | - | - |
| Claims Paid for Other Post-Employment Benefits | - | 2,054,359 | - |
| Administrative Expenses | - | 41,582 | - |
| Withdrawal of Funds to Separate Trust | - | 553,404 | - |
| Payments of Tax to Other Governments | - | - | 13,936,739 |
| Payments of Escheat to Other Governments | - | - | 3,677 |
| Payments of Escheat to Others | - | - | 11,601 |
| Refund of Zoning Deposits | - | - | 30,031 |
| Payments to Motor Vehicle Administration | - | - | 192,583 |
| Distributions of Inmate Welfare Funds | - | - | 192,784 |
| Distributions of Tax Ditch Funds | - | - | <u>15,508</u> |
| Total Deductions | <u>693</u> | <u>2,649,345</u> | <u>14,382,923</u> |
| Net Increase in Fiduciary Net Position | 78,456 | 3,658,090 | 193,062 |
| Net Position-Beginning of Year, as restated | 52,788 | 9,510,605 | 649,814 |
| Net Position-End of Year | <u>\$ 131,244</u> | <u>\$ 13,168,695</u> | <u>\$ 842,876</u> |

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
INDEX

| Note | | |
|-------------|--|---------|
| 1 | Summary of Significant Accounting Policies | 49-60 |
| 2 | Budgets and Budgetary Accounting | 60-61 |
| 3 | Cash, Investments and Investment Income | 62-67 |
| 4 | Accounts Receivable | 68-69 |
| 5 | Unearned Revenue | 70 |
| 6 | Capital Assets | 71-75 |
| 7 | Interfund Receivables and Payables | 76 |
| 8 | Interfund Transfers | 77 |
| 9 | Noncurrent Liabilities | 78-86 |
| 10 | Restricted Assets and Liabilities and Fund Balances | 87-90 |
| 11 | Risk Management | 90-91 |
| 12 | Retirement Plans | 91-100 |
| 13 | Deferred Compensation Plan | 100 |
| 14 | Other Post-Employment Benefits | 100-115 |
| 15 | Volunteer Fireman Pension Plan Length of Service Award Program | 115-118 |
| 16 | Deficit Equity Balances | 118 |
| 17 | Commitments and Contingencies | 119 |
| 18 | Joint Venture | 120 |
| 19 | Pollution Remediation Obligations | 120-121 |
| 20 | Prior Period Restatement | 121 |

QUEEN ANNE'S COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021

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, 2021

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, 2021

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; parks and recreation; 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, 2021

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. Custodial funds report assets, liabilities, and changes in net position. 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, 2021

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 eighteen non-major governmental funds, which are used to account for and report the proceeds of specific revenue sources. Included in the eighteen non-major governmental funds are fifteen 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 9,455 customers.

Water Operations - This fund is used to account for the operation of the water supply system serving approximately 5,232 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, 2021

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 accounted 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 through August 2020. In August 2020, the combined Trust was closed. From that period on, this fund only accounts for the Queen Anne's County portion of the MACo (Maryland Association of Counties) pooled OPEB Investment Trust Fund.

Custodial Funds - These funds are used to account for deposits that are collected and held on behalf of individuals, organizations, and other governments. These monies include escrow deposits for tax ditches, zoning deposits, state and town tax collections, motor vehicle administration deposits, abandoned property, and inmate welfare funds.

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, 2021

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, 2021

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 | 5 - 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 OPEB can be found in Notes 9 and 14.

In both the government-wide and enterprise funds, the liability for OPEB is adjusted at the end of the fiscal year. For the year ended June 30, 2021, OPEB amounted to \$41,785,805, including both governmental (\$34,912,910) and business-type activities (\$6,872,895).

Component Unit - Board of Education – For the year ended June 30, 2021, OPEB for the Board of Education amounted to \$166,845,063.

Component Unit – Free Library – For the year ended June 30, 2021, OPEB for the Library amounted to \$799,914.

QUEEN ANNE'S COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021

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, 2021, the net pension liability amounted to \$34,230,163, including both governmental (\$31,302,931) and business-type activities (\$2,927,232).

Component Unit - Board of Education – For the year ended June 30, 2021, the net pension liability for the Board of Education amounted to \$5,794,422.

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, 2021, the net LOSAP liability amounted to \$9,602,464 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 \$3,644,580 at June 30, 2021, including both governmental (\$3,203,438) and business-type activities (\$441,142).

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, 2021 amounted to \$988,733. 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, 2021

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 \$1,052,567. 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, 2021, the County has reported outstanding general obligation debt related to assets held by the Board of Education amounting to \$56,855,185 (of which \$51,097,497 has been spent and the remaining \$5,757,688 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 \$55,802,618.

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, 2021, 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 | | \$ 20,883,128 |
| Business-type activities: | | |
| Debt Service | \$ 4,663,826 | |
| Other Purposes | 1,658,527 | 6,322,353 |
| Total Restricted Amounts | | \$ 27,205,481 |

Note that unspent bond proceeds of \$13,218,309 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, 2021

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 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, 2021

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, 2021 was \$0.8471 per \$100 of assessed value.

E. NEW ACCOUNTING PRONOUNCEMENTS

In fiscal year ended June 30, 2021, the County adopted the following new GASB statements:

Statement No. 84, *Fiduciary Activities*. This GASB Statement improves guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. The implementation of this Statement resulted in a prior period restatement, which details can be found in Note 20.

Statement No. 98, *The Annual Comprehensive Financial Report*. This statement establishes the term annual comprehensive financial report and its acronym ACFR. The new term and acronym replaces instances of comprehensive annual financial report and its acronym in generally accepted accounting principles for state and local governments.

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

GASB Statement No. 87, *Leases*; Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*; Statement No. 91, *Conduit Debt Obligations*, Statement No. 96, *Subscription-Based Information Technology Arrangements*, Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans – an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32*.

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, 2021

NOTE 2 - BUDGETS AND BUDGETARY ACCOUNTING (CONTINUED)

During the fiscal year, the Commissioners may adopt supplemental appropriations. For the year ended June 30, 2021, supplemental appropriations were as follows:

| <u>Supplemental Appropriations</u> | <u>Original Budget</u> | <u>Final Budget</u> | <u>Increase</u> |
|--|----------------------------|-------------------------|----------------------|
| General Fund - expenditures and transfers | \$ 143,830,540 | \$ 161,515,492 | \$ 17,684,952 |
| <u>Special Revenue Funds that adopt annual budgets</u> | | | |
| Non-Major Funds that adopt annual budgets - | | | |
| Department of Aging - expenditures | \$ 3,189,320 | \$ 3,320,903 | \$ 131,583 |
| Housing & Community Services - expenditures | 1,295,207 | 2,349,214 | 1,054,007 |
| Grants Fund - expenditures | 892,634 | 8,186,016 | 7,293,382 |
| Economic Development Incentive - expenditures | 125,000 | 210,680 | 85,680 |
| BRIDGE Fund - transfers | - | 85,680 | 85,680 |
| Community Partnerships for Children - expenditures | 1,099,703 | 1,080,969 | (18,734) |
| Agricultural Transfer - expenditures | 850,000 | 1,184,792 | 334,792 |
| Rural Legacy - expenditures | - | 2,292,285 | 2,292,285 |
| Fire Company Impact Fees - expenditures | 290,500 | 417,186 | 126,686 |
| Total Special Revenue Funds that adopt annual budgets | <u>\$ 7,742,364</u> | <u>\$ 19,127,725</u> | <u>\$ 11,385,361</u> |

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, 2021. However, salary reversions are budgeted as a lump sum negative \$2,124,856, 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, 2021

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 \$75,693,579 with local banks (carrying value \$72,669,569), all of which was covered by federal depository insurance or by collateral held by the County's agent 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, 2021, the County had investments in MLGIP of \$70,982,808, which are recorded at cost, which approximates fair value.

As of June 30, 2021, 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 members who are the active sole contributors to the Trust consist of the following: Allegany, Queen Anne's, Kent, and Talbot County, City of Annapolis, College of Southern Maryland, Town of Bel Air, Talbot and Queen Anne's County Boards of Education, St. Mary's County Metropolitan Commission, Harford Community College, Harford and Queen Anne's County Public Libraries, 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, 2021, the weighted average maturity (WAM) for the Trust's money market mutual fund investment was 28 days. At June 30, 2021, 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, 2021

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, 2021, of which Queen Anne's County's portion was 19.8% of the total:

| | <u>Level 1</u> | <u>Level 2</u> | <u>Level 3</u> | <u>Total</u> |
|------------------------------------|----------------------|----------------------|----------------|----------------------|
| Investments by fair value level: | | | | |
| Debt Securities | | | | |
| U.S. Treasury Obligations | \$ - | \$ 4,822,747 | \$ - | \$ 4,822,747 |
| U.S. Governmental Agencies | - | 1,940,627 | - | 1,940,627 |
| Corporate & Foreign Bonds | - | 10,901,129 | - | 10,901,129 |
| Municipal Obligations | - | 592,555 | - | 592,555 |
| Equity and Mutual Fund Investments | | | | |
| Taxable Fixed Income Funds | - | 3,143,931 | - | 3,143,931 |
| Mutual Funds | 26,664,236 | - | - | 26,664,236 |
| Global Funds | 5,771,200 | - | - | 5,771,200 |
| International | 9,340,472 | - | - | 9,340,472 |
| Total | <u>\$ 41,775,908</u> | <u>\$ 21,400,989</u> | <u>\$ -</u> | <u>\$ 63,176,897</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, 2021 was 9.2 years.

QUEEN ANNE'S COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021

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, 2021:

| | Investment Maturities (in Years) | | | | |
|------------------------------------|---|---------------------|---------------------|---------------------|----------------------|
| | Less than 1 | 1 - 5 | 6 - 10 | More than 10 | Total |
| Investments with Maturities | | | | | |
| U.S. Treasury Obligations | \$ - | \$ 1,959,472 | \$ 2,074,882 | \$ 788,393 | \$ 4,822,747 |
| U.S. Governmental Agencies | 18,423 | 84,104 | 374,960 | 1,463,140 | 1,940,627 |
| Corporate & Foreign Bonds | - | 3,970,025 | 5,587,485 | 1,343,619 | 10,901,129 |
| Municipal Obligations | 61,075 | 325,041 | 65,506 | 140,933 | 592,555 |
| Total | \$ 79,498 | \$ 6,338,642 | \$ 8,102,833 | \$ 3,736,085 | \$ 18,257,058 |

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, 2021 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 | \$ 4,697,388 | \$ - | \$ - | \$ - | \$ 125,359 | \$ 4,822,747 |
| U.S. Governmental Agencies | 58,020 | - | - | - | 1,882,607 | 1,940,627 |
| Corporate & Foreign Bonds | 408,975 | 897,492 | 4,250,951 | 2,697,994 | 2,645,717 | 10,901,129 |
| Municipal Obligations | 104,481 | 347,141 | - | - | 140,933 | 592,555 |
| Total | \$ 5,268,864 | \$ 1,244,633 | \$ 4,250,951 | \$ 2,697,994 | \$ 4,794,616 | \$ 18,257,058 |

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. All of the investments held by the Trust at June 30, 2021 were exposed to custodial credit risk as the investments are uninsured and unregistered.

The following tables summarizes the composition of the Trust's investment balances by type as well as the interest rate range as of June 30, 2021:

| | <u>Fair Value</u> | <u>Interest Rate Range</u> |
|----------------------------|----------------------|----------------------------|
| U.S. Treasury Obligations | \$ 4,822,747 | .25 to 4.50% |
| U.S. Governmental Agencies | 1,940,627 | 1.3 to 4.50% |
| Corporate & Foreign bonds | 10,901,129 | 1.94 to 5.87% |
| Municipal Obligations | 592,555 | 2.68 to 5.55% |
| Taxable Fixed Income Funds | 3,143,931 | N/A |
| Mutual Funds | 26,664,236 | N/A |
| Global Funds | 5,771,200 | N/A |
| International | 9,340,472 | N/A |
| Total | \$ 63,176,897 | |

QUEEN ANNE'S COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021

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, 2021 that exceeded 5% of the total investment balance as of June 30, 2021:

| Name | Amount |
|--------------------------------------|--------------|
| FULLER & THALER BEHAVIORAL SC GR R6 | \$ 4,114,891 |
| VANGUARD MID CAP INDEX FUND-ADM | 4,808,626 |
| VANGUARD RUSSELL 1000 GR-IS | 4,809,872 |
| VANGUARD 500 INDEX CL ADML | 9,684,961 |
| NEW WORLD FUND-R6 | 5,771,200 |
| LAZARD INTL STRATEGIC EQUITY FD CL-I | 4,665,054 |
| TRANSAMERICA T&W INTL EQ-IS | 4,675,418 |
| VANGUARD 500 INDEX CL ADML | 9,684,961 |
| COHEN & STEERS REALTY INCM-I | 3,245,884 |

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, 2021 as the Trust did not have any investments denominated in foreign currencies.

For the year ended June 30, 2021, the annual money-weighted rate of return on investments, net of expense, was 10.81%. 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 an Empower Retirement General Investment Account (GIA). The GIA, backed by Empower Retirement'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.

QUEEN ANNE'S COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021

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, 2021 is \$3,851,036 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 \$20,404,504, including \$300,000 in certificates of deposit and excluding the carrying amount of fiduciary funds. At June 30, 2021, the Board had deposits of approximately \$21.3 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 \$1,336,002 while collected bank balances were \$1,346,135. Of the bank balances, \$250,000 was secured by the FDIC and \$1,096,135 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, 2021

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 | \$ 170,634 |
| General Capital Projects | 46,444 |
| Roads Capital Projects | 5,197 |
| Non-Major Governmental Funds | <u>17,633</u> |
| Total Investment Income | <u><u>\$ 239,908</u></u> |
| | |
| <u>Business-Type Funds</u> | |
| Major Enterprise Funds | |
| Sanitary District | \$ 424,667 |
| Bay Bridge Airport | <u>316</u> |
| Total Investment Income | <u><u>\$ 424,983</u></u> |

QUEEN ANNE'S COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 4 - ACCOUNTS RECEIVABLE

Receivables as of June 30, 2021 for the governmental and business-type activities are as follows:

| | General Fund | General Capital Projects | Roads Capital Projects | Non-Major Governmental Funds | Total Governmental Funds | Total Enterprise Funds | Total Governmental and Enterprise Funds |
|---|----------------------|--------------------------------|------------------------------|------------------------------------|--------------------------------|------------------------------|--|
| Accounts Receivable | | | | | | | |
| Receivables | | | | | | | |
| Taxes - Real Property | \$ 180,496 | \$ - | \$ - | \$ - | \$ 180,496 | \$ - | \$ 180,496 |
| Taxes - Property Used for Generating Electricity | 581 | - | - | - | 581 | - | 581 |
| Taxes - Other | 646,137 | - | - | 745 | 646,882 | - | 646,882 |
| Subtotal Taxes | 827,214 | - | - | 745 | 827,959 | - | 827,959 |
| Other Accounts Receivable: | | | | | | | |
| Queen Anne's County Public Housing Authority | - | 614,942 | - | - | 614,942 | - | 614,942 |
| Sanitary District - User and Septage Fees | - | - | - | - | - | 570,247 | 570,247 |
| Board of Education | 25,778 | - | - | - | 25,778 | - | 25,778 |
| Retirees Insurance | 33,583 | - | - | - | 33,583 | - | 33,583 |
| Governmental Funds - User Fees | 8,019 | - | 1,054 | - | 9,073 | - | 9,073 |
| Public Landings Receivables | - | - | - | - | - | 62,489 | 62,489 |
| Tesla Refund | 11,119 | - | - | - | 11,119 | - | 11,119 |
| Detention Center Housing Reimbursement | 20,565 | - | - | - | 20,565 | - | 20,565 |
| Upper Shore Career Technology Grant | 25,000 | - | - | - | 25,000 | - | 25,000 |
| Airport - Fuel Sales and User and Rental Fees | - | - | - | - | - | 15,490 | 15,490 |
| Miscellaneous Receivables | 52,435 | 223,451 | - | 25,573 | 301,459 | - | 301,459 |
| Subtotal Other Accounts Receivable | 176,499 | 838,393 | 1,054 | 25,573 | 1,041,519 | 648,226 | 1,689,745 |
| Loans Receivable | - | - | - | 6,573,702 | 6,573,702 | 74,132 | 6,647,834 |
| Subtotal Other Accounts and Loans Receivable | 176,499 | 838,393 | 1,054 | 6,599,275 | 7,615,221 | 722,358 | 8,337,579 |
| Special Assessments | - | - | 39,149 | 702,595 | 741,744 | - | 741,744 |
| Intergovernmental | | | | | | | |
| Income Taxes Held by State | 28,204,588 | - | - | - | 28,204,588 | - | 28,204,588 |
| Grants Receivable | 326,795 | 580,865 | - | 1,580,867 | 2,488,527 | 23,950 | 2,512,477 |
| Recordation Tax | 1,554,982 | - | - | - | 1,554,982 | - | 1,554,982 |
| State-Shared Highway User Tax | 439,587 | - | - | - | 439,587 | - | 439,587 |
| Bonds Receivable | 72,794 | - | - | - | 72,794 | - | 72,794 |
| Subtotal Intergovernmental | 30,598,746 | 580,865 | - | 1,580,867 | 32,760,478 | 23,950 | 32,784,428 |
| Restricted Receivables | | | | | | | |
| Accounts Receivable | - | - | - | - | - | 3,362,798 | 3,362,798 |
| Special Assessments | - | - | - | - | - | 15,599,525 | 15,599,525 |
| Subtotal Restricted Receivables | - | - | - | - | - | 18,962,323 | 18,962,323 |
| Total Receivables | \$ 31,602,459 | \$ 1,419,258 | \$ 40,203 | \$ 8,883,482 | \$ 41,945,402 | \$ 19,708,631 | \$ 61,654,033 |

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 \$3.5 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, 2021

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 \$72,794. 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 \$3.5 million included in the Government-Wide Statement of Net Position. Details are included on the previous page.

Loans receivable in the amount of \$6,573,702 relate to the Housing and Community Services, Impact Fees, and Revolving Loan Special Revenue Funds. Loans receivable in the amount of \$5,644,749 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 \$90,922 are also repaid over a number of years.

The remaining loan receivable balance of \$838,031 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.

A loan receivable in the amount of \$74,132 relates to the Sanitary Sewer Operations Fund. In fiscal year 2021, the County contracted with the Town of Sudlersville and agreed to provide certain operation and maintenance services of the wastewater and water treatment facilities for the Town. As part of the contract, the County agreed to make up to \$100,000 available as a loan to the Town to make necessary repairs to the wastewater plants. The Town of Sudlersville shall repay the loan to the County without interest in 48 equal monthly installments commencing in February 2022.

Income taxes held by the State in the amount of \$28,204,588 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 \$741,744 represent receivables for governmental activities. Part of this amount consists of \$39,149 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 \$702,595 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 \$15,599,525 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, 2021

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 | \$ 14,183 |
| Inspection Fees Collected in Advance | 695,507 |
| Subtotal | 709,690 |
| General Capital Projects Fund | |
| Grant Drawdowns in Excess of Expenditures | 31,688 |
| Non-Major Governmental Funds | |
| Grant Drawdowns in Excess of Expenditures | 181,406 |
| Total Unearned Revenue | \$ 922,784 |
| | |
| Business-Type Funds | |
| Major Enterprise Funds | |
| Sanitary District | |
| Inspection Fees | \$ 127,383 |
| Non-Major Enterprise Funds | 2,797 |
| Total Unearned Revenue | \$ 130,180 |

QUEEN ANNE'S COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 6 – CAPITAL ASSETS

PRIMARY GOVERNMENT

Changes in the County's capital assets for governmental activities for the year ended June 30, 2021 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, 2020 | Increases | Transfers | Decreases | Balance June 30, 2021 |
|---|--------------------------|---------------------|--------------------|---------------------|--------------------------|
| Capital Assets, not being depreciated: | | | | | |
| Land | \$ 38,721,813 | \$ - | \$ - | \$ - | \$ 38,721,813 |
| Intangible Rights - Easements | 821,819 | - | - | - | 821,819 |
| Land Improvements | 3,714,283 | - | - | - | 3,714,283 |
| Construction in Progress | 7,232,179 | 7,864,728 | (4,952,107) | (331,922) | 9,812,878 |
| Land - Inexhaustible Infrastructure Improvements | 43,890,863 | - | - | - | 43,890,863 |
| Total Capital Assets, not being depreciated | 94,380,957 | 7,864,728 | (4,952,107) | (331,922) | 96,961,656 |
| Capital Assets, being depreciated: | | | | | |
| Buildings and Building Improvements | 69,539,607 | 1,198,555 | 722,000 | - | 71,460,162 |
| Improvements other than Buildings | 11,195,655 | 204,609 | 4,207,692 | - | 15,607,956 |
| Vehicles | 13,932,679 | 2,256,336 | 22,415 | (664,725) | 15,546,705 |
| Equipment | 13,828,970 | 1,289,547 | - | (341,313) | 14,777,204 |
| Furniture and Fixtures | 11,636,412 | 139,752 | - | - | 11,776,164 |
| Infrastructure Improvements - Depreciable | 19,236,142 | 377,605 | - | - | 19,613,747 |
| Total Capital Assets, being depreciated | 139,369,465 | 5,466,404 | 4,952,107 | (1,006,038) | 148,781,938 |
| Less Accumulated Depreciation for: | | | | | |
| Buildings and Building Improvements | 17,954,747 | 1,536,406 | - | - | 19,491,153 |
| Improvements other than Buildings | 4,109,756 | 598,634 | - | - | 4,708,390 |
| Vehicles | 8,347,471 | 1,050,470 | - | (577,677) | 8,820,264 |
| Equipment | 8,276,322 | 869,276 | - | (304,189) | 8,841,409 |
| Furniture and Fixtures | 4,620,999 | 1,014,558 | - | - | 5,635,557 |
| Infrastructure Improvements - Depreciable | 9,650,027 | 390,743 | - | - | 10,040,770 |
| Total Accumulated Depreciation | 52,959,322 | 5,460,087 | - | (881,866) | 57,537,543 |
| Total Capital Assets, being depreciated, net | 86,410,143 | 6,317 | 4,952,107 | (124,172) | 91,244,395 |
| Governmental activities Capital Assets, net | \$ 180,791,100 | \$ 7,871,045 | \$ - | \$ (456,094) | \$ 188,206,051 |

QUEEN ANNE'S COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021

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, 2021 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.

| Business-Type Activities | Balance June 30, 2020 | Increases | Transfers | Decreases | Balance June 30, 2021 |
|---|--------------------------|---------------------|-----------------|-----------------------|--------------------------|
| Capital Assets, not being depreciated: | | | | | |
| Land | \$ 13,142,176 | \$ - | \$ - | \$ (2,249,426) | \$ 10,892,750 |
| Land Improvements | 9,500 | - | - | - | 9,500 |
| Intangible Rights | 6,140 | - | - | - | 6,140 |
| Construction in Progress | 13,354,715 | 6,529,067 | (42,250) | (65,624) | 19,775,908 |
| Land - Inexhaustible Infrastructure Improvements | 2,481,094 | - | - | - | 2,481,094 |
| Total Capital Assets, not being depreciated | 28,993,625 | 6,529,067 | (42,250) | (2,315,050) | 33,165,392 |
| Capital Assets, being depreciated: | | | | | |
| Buildings and Improvements to Buildings | 16,193,029 | - | - | - | 16,193,029 |
| Improvements other than Buildings | 15,126,030 | 111,000 | - | - | 15,237,030 |
| Vehicles | 1,802,978 | 326,658 | - | (160,560) | 1,969,076 |
| Equipment | 24,010,381 | 365,334 | 42,250 | (46,045) | 24,371,920 |
| Furniture and Fixtures | 43,266 | - | - | - | 43,266 |
| Infrastructure Improvements - Depreciable | 105,843,185 | 2,668,490 | - | - | 108,511,675 |
| Total Capital Assets, being depreciated | 163,018,869 | 3,471,482 | 42,250 | (206,605) | 166,325,996 |
| Less Accumulated Depreciation for: | | | | | |
| Buildings and Improvements to Buildings | 10,136,827 | 274,332 | - | - | 10,411,159 |
| Improvements other than Buildings | 6,682,005 | 535,771 | - | - | 7,217,776 |
| Vehicles | 1,286,164 | 91,717 | - | (132,580) | 1,245,301 |
| Equipment | 15,262,274 | 552,057 | - | (46,045) | 15,768,286 |
| Furniture and Fixtures | 19,100 | 3,206 | - | - | 22,306 |
| Infrastructure Improvements - Depreciable | 37,286,625 | 2,141,828 | - | - | 39,428,453 |
| Total Accumulated Depreciation | 70,672,995 | 3,598,911 | - | (178,625) | 74,093,281 |
| Total Capital Assets, being depreciated, net | 92,345,874 | (127,429) | 42,250 | (27,980) | 92,232,715 |
| Business-Type activities Capital Assets, net | \$ 121,339,499 | \$ 6,401,638 | \$ - | \$ (2,343,030) | \$ 125,398,107 |

QUEEN ANNE'S COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021

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 | \$ 814,141 |
| Public Safety | 2,001,375 |
| Public Works | 1,513,346 |
| Parks & Recreation | 755,648 |
| Health | 21,121 |
| Social Services | 251,014 |
| Library | 25,198 |
| Conservation of Natural Resources | 35,613 |
| Economic/Community Development | 42,631 |
| | <u>\$ 5,460,087</u> |
| | |
| <u>Business-Type Activities</u> | |
| Major Enterprise Funds: | |
| Sanitary District | \$ 3,012,761 |
| Bay Bridge Airport | 431,380 |
| Non-Major Enterprise Funds | 154,770 |
| | <u>\$ 3,598,911</u> |

QUEEN ANNE'S COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 6 – CAPITAL ASSETS (CONTINUED)

COMPONENT UNITS

Board of Education: Capital asset activity for the year ended June 30, 2021 is as follows:

| <u>Board of Education</u> | Balance June 30, 2020 | Increases | Transfers | Decreases | Balance June 30, 2021 |
|--|--------------------------|----------------|-----------|------------|--------------------------|
| Capital Assets, not being depreciated: | | | | | |
| Land | \$ 6,363,040 | \$ - | \$ - | \$ - | \$ 6,363,040 |
| Construction in Progress | 1,515,983 | 39,179 | - | - | 1,555,162 |
| Total Capital Assets, not being depreciated | 7,879,023 | 39,179 | - | - | 7,918,202 |
| Capital Assets, being depreciated: | | | | | |
| Land Improvements | 5,410,966 | - | - | - | 5,410,966 |
| Buildings | 211,695,528 | - | - | - | 211,695,528 |
| Furniture, Fixtures, and Equipment | 16,750,058 | 721,366 | - | (296,324) | 17,175,100 |
| Total Capital Assets, being depreciated | 233,856,552 | 721,366 | - | (296,324) | 234,281,594 |
| Less Accumulated Depreciation for: | | | | | |
| Land Improvements | 4,718,350 | 105,860 | - | - | 4,824,210 |
| Buildings | 68,440,642 | 4,375,608 | - | - | 72,816,250 |
| Furniture, Fixtures, and Equipment | 11,221,892 | 1,153,349 | - | (291,158) | 12,084,083 |
| Total Accumulated Depreciation | 84,380,884 | 5,634,817 | - | (291,158) | 89,724,543 |
| Total Capital Assets, being depreciated, net | 149,475,668 | (4,913,451) | - | (5,166) | 144,557,051 |
| Capital Assets, net | \$ 157,354,691 | \$ (4,874,272) | \$ - | \$ (5,166) | \$ 152,475,253 |

QUEEN ANNE'S COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 6 – CAPITAL ASSETS (CONTINUED)

COMPONENT UNITS (CONTINUED)

Queen Anne's County Free Library: Capital asset activity for the year ended June 30, 2021 is as follows:

| Library | Balance June 30, 2020 | Increases | Decreases | Balance June 30, 2021 |
|--|--------------------------|------------------|--------------------|--------------------------|
| Capital Assets, not being depreciated: | | | | |
| Artwork | \$ 29,850 | \$ - | \$ - | \$ 29,850 |
| Capital Assets, being depreciated: | | | | |
| Books and Media | 1,874,377 | 191,661 | (272,343) | 1,793,695 |
| Building Improvements | 402,207 | - | - | 402,207 |
| Equipment | 155,885 | 7,107 | - | 162,992 |
| Total Capital Assets, being depreciated | <u>2,432,469</u> | <u>198,768</u> | <u>(272,343)</u> | <u>2,358,894</u> |
| Less Accumulated Depreciation | <u>1,117,569</u> | <u>183,094</u> | <u>(245,109)</u> | <u>1,055,554</u> |
| Total Capital Assets, being depreciated, net | <u>1,314,900</u> | <u>15,674</u> | <u>(27,234)</u> | <u>1,303,340</u> |
| Capital Assets, net | <u>\$ 1,344,750</u> | <u>\$ 15,674</u> | <u>\$ (27,234)</u> | <u>\$ 1,333,190</u> |

QUEEN ANNE'S COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021

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, 2021:

| | Due from Fund | | | |
|--------------------------|---------------------------|-----------------------|-------------------------|--------------|
| Due to Fund | Non-Major Governmental | Bay Bridge Airport | Non-Major Enterprise | Total Due |
| General Fund | \$ 715,053 | \$ - | \$ 546,019 | \$ 1,261,072 |
| General Capital Projects | 19,649 | 1,049,799 | - | 1,069,448 |
| | | | | |
| Total Due to Other Funds | \$ 734,702 | \$ 1,049,799 | \$ 546,019 | \$ 2,330,520 |

Note that there is a \$75,848 reconciling item between the Board of Education and the County as of June 30, 2021 due to a state receivable being included in Due from Primary Government on the Board of Education's financials statements.

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, 2021

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 a miscellaneous transfer to the General Fund. 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, 2021:

| | Transfers in Fund | | | | | | | Total Transfers In |
|----------------------------------|------------------------|---------------------|-----------------------------|---------------------|---------------------------|---------------------|-------------------------|-----------------------|
| | Total Transfers Out | General Fund | General Capital Projects | Roads Capital | Non-Major Governmental | Major Enterprise | Non-Major Enterprise | |
| Transfers Out Fund | | | | | | | | |
| General Fund | \$ 18,721,892 | \$ - | \$ 12,000,000 | \$ 3,500,000 | \$ 3,039,947 | \$ 59,669 | \$ 122,276 | \$ 18,721,892 |
| General Capital Projects | 5,487 | - | - | - | - | - | 5,487 | 5,487 |
| Total Major Governmental Funds | <u>18,727,379</u> | <u>-</u> | <u>12,000,000</u> | <u>3,500,000</u> | <u>3,039,947</u> | <u>59,669</u> | <u>127,763</u> | <u>18,727,379</u> |
| Non-Major Governmental | <u>1,919,660</u> | <u>1,833,980</u> | <u>-</u> | <u>-</u> | <u>85,680</u> | <u>-</u> | <u>-</u> | <u>1,919,660</u> |
| Sanitary District - Sewer | 5,000 | - | 5,000 | - | - | - | - | 5,000 |
| Sanitary District - Water | 5,000 | - | 5,000 | - | - | - | - | 5,000 |
| Sanitary District - Restricted | 1,054,607 | - | - | - | - | 1,054,607 | - | 1,054,607 |
| Sanitary District - Debt Service | 1,059,710 | - | - | - | - | 1,059,710 | - | 1,059,710 |
| Total Major Enterprise Funds | <u>2,124,317</u> | <u>-</u> | <u>10,000</u> | <u>-</u> | <u>-</u> | <u>2,114,317</u> | <u>-</u> | <u>2,124,317</u> |
| Total Transfers Out | <u>\$ 22,771,356</u> | <u>\$ 1,833,980</u> | <u>\$ 12,010,000</u> | <u>\$ 3,500,000</u> | <u>\$ 3,125,627</u> | <u>\$ 2,173,986</u> | <u>\$ 127,763</u> | <u>\$ 22,771,356</u> |

Reconciliation of interfund transfers to the Statement of Activities

| | |
|---|-------------------------|
| Governmental Funds Transfers In | 20,469,607 |
| Governmental Funds Transfers Out | (20,647,039) |
| Government-Wide Transfer In | <u>27,196</u> |
| Total Governmental Activities | <u>(150,236)</u> |
| Enterprise Funds Transfers In | 2,301,749 |
| Enterprise Funds Transfers Out | (2,124,317) |
| Reclassification of Non-Operating Expense | <u>(27,196)</u> |
| Total Business-Type Activities | <u>150,236</u> |

The above entries for \$27,196 relate to capital assets with a remaining book value transferred from Enterprise Funds to Governmental Activities.

QUEEN ANNE'S COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 9 - NONCURRENT LIABILITIES

A. CHANGES IN NONCURRENT LIABILITIES

During the year ended June 30, 2021, 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, 2020 | Additions of debt | | Balance June 30, 2021 | Due Within One Year | Due in More than One Year |
| General Bonds Payable | \$ 123,310,090 | \$ 23,835,995 | \$ 20,105,095 | \$ 127,040,990 | \$ 7,717,839 | \$ 119,323,151 |
| General Bonds Payable - Related to PHA | 694,356 | - | 79,414 | 614,942 | 83,684 | 531,258 |
| General Bonds Payable - Related to Ches College | 3,724,877 | - | 203,662 | 3,521,215 | 212,237 | 3,308,978 |
| Notes Payable | 775,589 | - | 71,816 | 703,773 | 47,816 | 655,957 |
| Bond Premiums | 8,784,088 | 3,814,696 | 804,968 | 11,793,816 | 914,217 | 10,879,599 |
| Subtotal Governmental Activities Debt | 137,289,000 | 27,650,691 | 21,264,955 | 143,674,736 | 8,975,793 | 134,698,943 |
| OPEB | 44,880,492 | - | 9,967,582 | 34,912,910 | - | 34,912,910 |
| Net Pension Liability | 26,959,651 | 4,343,280 | - | 31,302,931 | - | 31,302,931 |
| LOSAP Liability | 8,048,034 | 1,554,430 | - | 9,602,464 | - | 9,602,464 |
| Compensated Absences | 2,933,191 | 1,971,142 | 1,700,895 | 3,203,438 | 1,738,066 | 1,465,372 |
| Total Governmental Activities Debt | <u>\$ 220,110,368</u> | <u>\$ 35,519,543</u> | 32,933,432 | <u>\$ 222,696,479</u> | <u>\$ 10,713,859</u> | <u>\$ 211,982,620</u> |
| Less College Reimbursements | | | (48,029) | | | |
| Total Governmental Retirements and Repayments | | | <u>\$ 32,885,403</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 | \$ 20,105,095 |
| General Bonds Payable - PHA | 79,414 |
| Notes Payable | 71,816 |
| LESS: Payment for Refunding | (12,970,537) |
| PLUS: Refunding premium | 65,816 |
| PLUS: Bond Payment adjustment - PHA | 62,536 |
| LESS: Distributions of 2020 Bonds | (22,686) |
| LESS: College Reimbursements | (48,029) |
| Total Principal Payments | <u>\$ 7,343,425</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 \$48,029 for this year's principal and interest payments.

QUEEN ANNE'S COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 9 – NONCURRENT LIABILITIES (CONTINUED)

A. CHANGES IN NONCURRENT LIABILITIES (CONTINUED)

During the year ended June 30, 2021, 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, 2020 | Additions of debt | Retirements and Repayments | Balance June 30, 2021 | Due Within One Year | Due in More than One Year |
| Golf Course | \$ 91,993 | \$ - | \$ 3,835 | \$ 88,158 | \$ 4,017 | \$ 84,141 |
| Bay Bridge Airport | 1,602,579 | 33,820 | 107,954 | 1,528,445 | 98,219 | 1,430,226 |
| Public Landings and Marinas | 596,105 | 67,871 | 127,722 | 536,254 | 49,004 | 487,250 |
| Sanitary District | 31,932,369 | 3,443,970 | 943,404 | 34,432,935 | 1,898,092 | 32,534,843 |
| Subtotal Debt | 34,223,046 | 3,545,661 | 1,182,915 | 36,585,792 | 2,049,332 | 34,536,460 |
| Bond Premiums | | | | | | |
| Golf Course | 6,162 | - | 362 | 5,800 | 362 | 5,438 |
| Bay Bridge Airport | 88,224 | 2,297 | 7,414 | 83,107 | 7,484 | 75,623 |
| Public Landings and Marinas | 90,818 | 14,002 | 9,543 | 95,277 | 9,766 | 85,511 |
| Subtotal Bond Premiums | 185,204 | 16,299 | 17,319 | 184,184 | 17,612 | 166,572 |
| Subtotal Business-Type Activities Debt | 34,408,250 | 3,561,960 | 1,200,234 | 36,769,976 | 2,066,944 | 34,703,032 |
| OPEB | 8,227,553 | - | 1,354,658 | 6,872,895 | - | 6,872,895 |
| Net Pension Liability | 2,523,666 | 403,566 | - | 2,927,232 | - | 2,927,232 |
| Compensated Absences | 414,880 | 266,842 | 240,580 | 441,142 | 239,347 | 201,795 |
| Total Business-Type Activities Debt | <u>\$ 45,574,349</u> | <u>\$ 4,232,368</u> | <u>\$ 2,795,472</u> | <u>\$ 47,011,245</u> | <u>\$ 2,306,291</u> | <u>\$ 44,704,954</u> |

Additions of debt listed for the Bay Bridge Airport include \$22,686 in distributions of the 2020 bonds.

QUEEN ANNE'S COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 9 – NONCURRENT LIABILITIES (CONTINUED)

A. CHANGES IN NONCURRENT LIABILITIES (CONTINUED)

During the year ended June 30, 2021, the following changes occurred in the noncurrent liabilities of the primary government's Component Units:

| <u>COMPONENT UNITS</u> | Balance | Additions | Retirements | Balance | Due Within | Due in |
|---|----------------|-------------|-------------------|----------------|------------|-----------------------|
| | June 30, 2020 | of new debt | and Repayments | June 30, 2021 | One Year | More than One Year |
| Board of Education and Free Library | | | | | | |
| Queen Anne's County | | | | | | |
| Board of Education | | | | | | |
| Compensated Absences | \$ 1,158,057 | \$ - | \$ 169,324 | \$ 988,733 | \$ - | \$ 988,733 |
| Capital Leases | 1,756,436 | - | 183,244 | 1,573,192 | 195,297 | 1,377,895 |
| OPEB | 224,997,744 | - | 58,152,681 | 166,845,063 | - | 166,845,063 |
| Net Pension Liability | 5,209,719 | 584,703 | - | 5,794,422 | - | 5,794,422 |
| Subtotal | 233,121,956 | 584,703 | 58,505,249 | 175,201,410 | 195,297 | 175,006,113 |
| Free Library | | | | | | |
| OPEB | 835,814 | - | 35,900 | 799,914 | - | 799,914 |
| Total Noncurrent Liabilities: Component Units | \$ 233,957,770 | \$ 584,703 | \$ 58,541,149 | \$ 176,001,324 | \$ 195,297 | \$ 175,806,027 |

QUEEN ANNE’S COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021

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’ 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, OPEB is reported in the government-wide statements in the function in which that employee usually charges their productive time. For enterprise funds, OPEB is reported in the enterprise fund in which that employee charges the majority of their productive time. OPEB 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, 2021

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, 2021, 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> | Paying Fund | Interest Rate | Year Series Matures | Amount of Original Issue | Outstanding June 30, 2021 | Due Within One Year | Due in More than One Year |
|---|-------------------------|------------------|---------------------------|--------------------------------|---------------------------------|------------------------|---------------------------------|
| <u>General Obligation Bonds Payable</u> | | | | | | | |
| 2012 Refunding Bonds | General | 2.00%-4.00% | 2023 | \$ 8,010,000 | \$ 1,776,228 | \$ 866,230 | \$ 909,998 |
| 2014 Public Facilities | General | 2.00%-4.00% | 2034 | 17,590,000 | 12,170,199 | 733,547 | 11,436,652 |
| 2015 Public Facilities | General | 3.00%-5.00% | 2036 | 11,622,756 | 9,421,209 | 467,050 | 8,954,159 |
| 2015 Refunding Bonds | General | 2.00%-5.00% | 2027 | 13,521,625 | 8,746,439 | 1,302,764 | 7,443,675 |
| 2016 Public Facilities | General | 2.00%-4.00% | 2036 | 13,934,364 | 11,981,842 | 545,983 | 11,435,859 |
| 2017 Public Facilities | General | 3.00%-5.00% | 2037 | 12,600,000 | 11,370,000 | 455,000 | 10,915,000 |
| 2018 Public Facilities | General | 3.00%-5.00% | 2038 | 16,000,000 | 14,985,000 | 545,000 | 14,440,000 |
| 2019 Public Facilities | General | 3.00%-5.00% | 2039 | 11,000,000 | 10,650,000 | 365,000 | 10,285,000 |
| 2019 Refunding Bonds | General | 4.00%-5.00% | 2029 | 14,236,594 | 13,126,764 | 1,175,113 | 11,951,651 |
| 2020 Public Facilities | General | 2.00%-5.00% | 2040 | 9,000,000 | 8,977,314 | 284,282 | 8,693,032 |
| 2021 Public Facilities | General | 1.50%-5.00% | 2041 | 13,000,000 | 13,000,000 | - | 13,000,000 |
| 2021 Refunding Bonds | General | 1.50%-5.00% | 2030 | 10,835,995 | 10,835,995 | 977,870 | 9,858,125 |
| 2012 Refunding Bonds (2003 Bonds) | Due from PHA | 3.50%-4.50% | 2023 | 335,000 | 48,772 | 23,770 | 25,002 |
| 2015 Refunding Facilities (2006 Bonds) | Due from PHA | 2.00%-3.00% | 2027 | 240,112 | 155,316 | 23,134 | 132,182 |
| 2019 Refunding Facilities (2009 Bonds) | Due from PHA | 4.00%-5.00% | 2029 | 445,590 | 410,854 | 36,780 | 374,074 |
| 2014 Public Facilities | Due from other Counties | 2.00%-4.00% | 2034 | 4,800,000 | 3,521,215 | 212,237 | 3,308,978 |
| Subtotal Bonds Payable | | | | | <u>131,177,147</u> | <u>8,013,760</u> | <u>123,163,387</u> |
| <u>Notes Payable</u> | | | | | | | |
| State of Maryland - Grove Ck. | Spec. Rev. | 0.00% | 2034 | 510,617 | 265,517 | 20,425 | 245,092 |
| State of Maryland - Narrows Pointe | Spec. Rev. | 0.00% | 2037 | 525,318 | 438,256 | 27,391 | 410,865 |
| Subtotal Notes Payable | | | | | <u>703,773</u> | <u>47,816</u> | <u>655,957</u> |
| Subtotal Bonds and Notes Payable | | | | | 131,880,920 | 8,061,576 | 123,819,344 |
| Bond Premiums | | | | | <u>11,793,816</u> | <u>914,217</u> | <u>10,879,599</u> |
| Subtotal Governmental Activities Debt | | | | | 143,674,736 | 8,975,793 | 134,698,943 |
| OPEB | | | | | 34,912,910 | - | 34,912,910 |
| Net Pension Liability | | | | | 31,302,931 | - | 31,302,931 |
| LOSAP Liability | | | | | 9,602,464 | - | 9,602,464 |
| Compensated Absences | | | | | <u>3,203,438</u> | <u>1,738,066</u> | <u>1,465,372</u> |
| Total Governmental Activities | | | | | <u>\$ 222,696,479</u> | <u>\$ 10,713,859</u> | <u>\$ 211,982,620</u> |

QUEEN ANNE'S COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021

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, 2021 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> |
| 2022 | \$ 8,013,760 | \$ 4,556,052 | \$ 12,569,812 | \$ 47,816 | \$ - | \$ 47,816 |
| 2023 | 8,932,462 | 4,433,804 | 13,366,266 | 47,816 | - | 47,816 |
| 2024 | 8,340,372 | 4,045,717 | 12,386,089 | 47,816 | - | 47,816 |
| 2025 | 8,702,780 | 3,713,001 | 12,415,781 | 47,816 | - | 47,816 |
| 2026 | 9,070,256 | 3,340,570 | 12,410,826 | 47,816 | - | 47,816 |
| 2027-2031 | 42,305,468 | 11,153,132 | 53,458,600 | 239,080 | - | 239,080 |
| 2032-2036 | 30,006,377 | 4,460,158 | 34,466,535 | 198,222 | - | 198,222 |
| 2037-2041 | 15,155,672 | 815,113 | 15,970,785 | 27,391 | - | 27,391 |
| 2042 | 650,000 | 6,500 | 656,500 | - | - | - |
| | <u>\$ 131,177,147</u> | <u>\$ 36,524,047</u> | <u>\$ 167,701,194</u> | <u>\$ 703,773</u> | <u>\$ -</u> | <u>\$ 703,773</u> |

QUEEN ANNE'S COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021

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, 2021 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, 2021 | 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 | \$ 88,158 | \$ 4,017 | \$ 84,141 |
| Bond Premiums | | | | 5,800 | 362 | 5,438 |
| Subtotal Golf Course | | | | <u>93,958</u> | <u>4,379</u> | <u>89,579</u> |
| <u>Bay Bridge Airport</u> | | | | | | |
| 2014 Public Facilities Bonds | 2.00%-4.00% | 2034 | 964,940 | 733,587 | 44,216 | 689,371 |
| 2015 Public Facilities Bonds | 3.00%-5.00% | 2036 | 577,244 | 563,791 | 27,950 | 535,841 |
| 2015 Refunding Bonds | 2.00%-5.00% | 2027 | 173,556 | 112,265 | 16,722 | 95,543 |
| 2019 Refunding Bonds | 4.00%-5.00% | 2029 | 92,167 | 84,982 | 7,608 | 77,374 |
| 2020 Public Facilities Bonds | 2.00%-5.00% | 2040 | 22,686 | 22,686 | 718 | 21,968 |
| 2021 Refunding Bonds | 1.50%-5.00% | 2030 | 11,134 | 11,134 | 1,005 | 10,129 |
| Bond Premiums | | | | 83,107 | 7,484 | 75,623 |
| Subtotal Airport | | | | <u>1,611,552</u> | <u>105,703</u> | <u>1,505,849</u> |
| <u>Public Landings and Marinas</u> | | | | | | |
| 2015 Refunding Bonds | 2.00%-5.00% | 2027 | 24,707 | 15,983 | 2,380 | 13,603 |
| 2019 Refunding Bonds | 4.00%-5.00% | 2029 | 490,649 | 452,400 | 40,499 | 411,901 |
| 2021 Refunding Bonds | 1.50%-5.00% | 2030 | 67,871 | 67,871 | 6,125 | 61,746 |
| Bond Premiums | | | | 95,277 | 9,766 | 85,511 |
| Subtotal Public Landings and Marinas | | | | <u>631,531</u> | <u>58,770</u> | <u>572,761</u> |
| <u>Sanitary District</u> | | | | | | |
| Maryland Water Quality-2005 Enhancement | 1.00% | 2027 | 18,252,291 | 5,847,107 | 952,838 | 4,894,269 |
| Maryland Water Quality-2017 Loan | 0.80% | 2051 | 28,585,828 | 28,585,828 | 945,254 | 27,640,574 |
| Subtotal Sanitary District | | | | <u>34,432,935</u> | <u>1,898,092</u> | <u>32,534,843</u> |
| Total Business-Type Activities Debt | | | | 36,769,976 | 2,066,944 | 34,703,032 |
| OPEB | | | | 6,872,895 | - | 6,872,895 |
| Net Pension Liability | | | | 2,927,232 | - | 2,927,232 |
| Compensated Absences | | | | 441,142 | 239,347 | 201,795 |
| Total Business-Type Activities | | | | <u>\$ 47,011,245</u> | <u>\$ 2,306,291</u> | <u>\$ 44,704,954</u> |

QUEEN ANNE'S COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021

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, 2021, are as follows:

| Business-Type Activities Year Ending June 30, | Business-Type Bonds Payable | | | Business-Type Notes Payable | | |
|---|-----------------------------|-------------------|---------------------|-----------------------------|---------------------|----------------------|
| | Principal | Interest | Total | Principal | Interest | Total |
| 2022 | \$ 151,240 | \$ 81,790 | \$ 233,030 | \$ 1,898,092 | \$ 436,745 | \$ 2,334,837 |
| 2023 | 157,534 | 75,678 | 233,212 | 1,915,182 | 398,950 | 2,314,132 |
| 2024 | 164,627 | 68,317 | 232,944 | 1,932,429 | 381,705 | 2,314,134 |
| 2025 | 172,220 | 61,510 | 233,730 | 1,949,832 | 364,302 | 2,314,134 |
| 2026 | 179,745 | 54,589 | 234,334 | 1,967,394 | 346,739 | 2,314,133 |
| 2027-2031 | 844,533 | 167,657 | 1,012,190 | 5,981,373 | 1,335,685 | 7,317,058 |
| 2032-2036 | 468,625 | 40,644 | 509,269 | 5,200,830 | 1,071,285 | 6,272,115 |
| 2037-2041 | 14,333 | 515 | 14,848 | 5,403,489 | 859,895 | 6,263,384 |
| 2042-2046 | - | - | - | 5,587,498 | 639,914 | 6,227,412 |
| 2047-2051 | - | - | - | 2,596,816 | 274,654 | 2,871,470 |
| | <u>\$ 2,152,857</u> | <u>\$ 550,700</u> | <u>\$ 2,703,557</u> | <u>\$ 34,432,935</u> | <u>\$ 6,109,874</u> | <u>\$ 40,542,809</u> |

C. ISSUANCE OF NEW DEBT

PRIMARY GOVERNMENT

In April 2021, Queen Anne's County issued Public Facilities Bonds of 2021 for \$13,000,000. These General Obligation Bonds carry interest rates of 1.5 to 5.0 percent and mature serially through 2041. The primary use of the bond proceeds is to provide funding for the various County facility renovations, the Kent Island Public Library expansion, 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 2021 Bonds.

In April 2021, the County issued \$10,915,000 in Public Facilities Refunding Bonds, with interest rates ranging from 1.5 to 5.0 percent. The net proceeds of \$13,058,721 (after a premium of \$2,251,781 and payments of \$108,060 in underwriting fees, insurance and other issue costs) were used to refund \$13,000,000 of outstanding Public Facilities Bonds of 2011. The refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of \$136,742. This difference, reported in the accompanying financial statements as a deduction from bonds payable, is being charged to operations through the year 2031 using the effective interest method. The County completed the refunding to reduce the total debt service payments over a period of 10 years by \$2,422,701 and to obtain an economic gain (difference between the present values of the old and new debt service payments) of \$2,176,435.

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 2021, the County received \$3,443,970 as part of this loan. The total received as of June 30, 2021 was \$28,585,828. 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, 2021

NOTE 9 – NONCURRENT LIABILITIES (CONTINUED)

D. 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, 2021 amounted to \$5,635. Minimum future lease revenues are as follows:

| Fiscal Year Ending June 30, | Lease Payments |
|--------------------------------|-------------------|
| 2022 | \$ 5,710 |
| 2023 | 5,748 |
| 2024 | 5,748 |
| 2025 | 5,824 |
| 2026 | 5,863 |
| 2027-2031 | 29,824 |
| 2032-2035 | <u>20,453</u> |
| Minimum Future Rental Revenue | <u>\$ 79,170</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 for 25 years.

E. 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 and Finance: (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, 2021

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, 2021 are as follows:

| Business -Type Activities | Sanitary District | | Total |
|---|----------------------|---------------------|----------------------|
| | Restricted | Debt Service | |
| Current Restricted Assets | | | |
| Equity in Pooled Cash | \$ 16,513,330 | \$ 2,684,988 | \$ 19,198,318 |
| Accounts Receivable (Net) | 2,606,798 | 756,000 | 3,362,798 |
| Subtotal Current Restricted Assets | <u>19,120,128</u> | <u>3,440,988</u> | <u>22,561,116</u> |
| Noncurrent Restricted Assets | | | |
| Special Assessments Receivable (Net) | 866,497 | 14,733,028 | 15,599,525 |
| LESS Deferred Inflows - Unavailable Water and Sewer Assessments | <u>(866,497)</u> | <u>(14,733,028)</u> | <u>(15,599,525)</u> |
| Net Restricted Assets | <u>\$ 19,120,128</u> | <u>\$ 3,440,988</u> | <u>\$ 22,561,116</u> |

QUEEN ANNE'S COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021

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 \$552,398 for deferred charge on refunding) | \$ (143,122,338) |
| Add back: Debt relating to Board of Education Assets | \$ 51,097,497 |
| Add back: Unspent portion of Bond Proceeds for Board of Education debt | 5,757,688 |
| Add back: Unspent portion of Bond Proceeds for Governmental debt | 7,460,621 |
| Add back: Debt relating to Chesapeake College | 5,501,825 |
| Add back: Debt relating to PHA | 614,942 |
| Add back: Debt relating to non-capital assets (Dredging) | <u>703,773</u> |
| Add back debt unrelated to Capital Assets | 71,136,346 |
| Net Assets Invested in Capital Assets | <u>188,206,051</u> |
| Net Investment in Capital Assets | <u>\$ 116,220,059</u> |

BUSINESS-TYPE ACTIVITIES

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

| Business-Type Activities | Sanitary District | | | | Total Sanitary | Bay Bridge Airport | Non-Major Enterprise Funds | Total Enterprise Funds |
|---|----------------------------|----------------------------|----------------------------|------------------------------|---------------------------|-------------------------------|---|---------------------------------------|
| | Sewer Operating | Water Operating | Restricted Fund | Debt Service Fund | | | | |
| Capital Assets, net of Accumulated Depreciation | \$ 81,048,887 | \$ 21,711,142 | \$ - | \$ - | \$ 102,760,029 | \$ 15,454,115 | \$ 7,183,963 | \$ 125,398,107 |
| Less: Debt excluding Compensated Absences, OPEB, and Net Pension Liability | (34,432,935) | - | - | - | (34,432,935) | (1,611,552) | (725,489) | (36,769,976) |
| Plus: Deferred Charge on Refunding | - | - | - | - | - | 6,193 | 883 | 7,076 |
| Net Investment in Capital Assets | <u>46,615,952</u> | <u>21,711,142</u> | <u>-</u> | <u>-</u> | <u>68,327,094</u> | <u>13,848,756</u> | <u>6,459,357</u> | <u>88,635,207</u> |
| Restricted Amounts | | | | | | | | |
| Debt Service | - | - | - | 3,440,988 | 3,440,988 | 1,222,838 | - | 4,663,826 |
| Other Purposes | - | - | - | - | - | 1,658,527 | - | 1,658,527 |
| Total Restricted Amounts | - | - | - | 3,440,988 | 3,440,988 | 2,881,365 | - | 6,322,353 |
| Total Unrestricted Amounts (Deficit) | <u>(1,988,594)</u> | <u>3,749,887</u> | <u>19,120,128</u> | <u>-</u> | <u>20,881,421</u> | <u>(1,313,008)</u> | <u>(549,817)</u> | <u>19,018,596</u> |
| Total Net Position | <u>\$ 44,627,358</u> | <u>\$ 25,461,029</u> | <u>\$ 19,120,128</u> | <u>\$ 3,440,988</u> | <u>\$ 92,649,503</u> | <u>\$ 15,417,113</u> | <u>\$ 5,909,540</u> | <u>\$ 113,976,156</u> |

QUEEN ANNE'S COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021

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 | \$ 1,209,864 | \$ - | \$ - | \$ - | \$ 1,209,864 |
| Prepaid Items | 4,541,830 | - | - | - | 4,541,830 |
| Subtotal Nonspendable | <u>5,751,694</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>5,751,694</u> |
| Restricted | | | | | |
| Rainy Day Fund | 12,194,588 | - | - | - | 12,194,588 |
| Unspent Bond Proceeds | - | 13,218,309 | - | - | 13,218,309 |
| Economic and Community Development | - | - | - | 2,986,487 | 2,986,487 |
| Employee Benefits - LOSAP | 3,851,036 | - | - | - | 3,851,036 |
| Agricultural Easements | - | - | - | 757,719 | 757,719 |
| Impact Fees | - | 247,435 | - | - | 247,435 |
| Inmate Welfare | - | - | - | 213,444 | 213,444 |
| Critical Areas | - | - | - | 332,421 | 332,421 |
| Mosquito Control | 76,505 | - | - | - | 76,505 |
| Sheriff's Drug Task Force | - | - | - | 113,008 | 113,008 |
| Vehicle Acquisition | - | 40,788 | - | - | 40,788 |
| Dredging | - | - | - | 6,430 | 6,430 |
| Donor-Specified Purposes | 59,885 | - | - | 3,382 | 63,267 |
| Subtotal Restricted | <u>16,182,014</u> | <u>13,506,532</u> | <u>-</u> | <u>4,412,891</u> | <u>34,101,437</u> |
| Committed | | | | | |
| Impact Fees | - | - | - | 13,595,273 | 13,595,273 |
| Revenue Stabilization Fund | 7,621,618 | - | - | - | 7,621,618 |
| Economic Development | - | 1,769,133 | - | 7,695,380 | 9,464,513 |
| Rubble Surcharge | - | 768,205 | - | - | 768,205 |
| Developer Exactions | - | 1,076,841 | 553,088 | - | 1,629,929 |
| Subtotal Committed | <u>7,621,618</u> | <u>3,614,179</u> | <u>553,088</u> | <u>21,290,653</u> | <u>33,079,538</u> |
| Assigned | | | | | |
| Encumbrances | - | 8,692,602 | 1,945,042 | - | 10,637,644 |
| Subsequent Years' Expenditures | 1,525,829 | 3,271,419 | 720,000 | 563,049 | 6,080,297 |
| Capital Projects | - | 15,512,400 | 3,184,467 | - | 18,696,867 |
| Loans Receivable | - | 1,898,001 | - | - | 1,898,001 |
| Economic Development | - | - | - | 240,000 | 240,000 |
| Subtotal Assigned | <u>1,525,829</u> | <u>29,374,422</u> | <u>5,849,509</u> | <u>803,049</u> | <u>37,552,809</u> |
| Unassigned | | | | | |
| General Fund | 19,340,107 | - | - | - | 19,340,107 |
| Fire Company Impact Fees | - | - | - | (19,649) | (19,649) |
| Subtotal Unassigned | <u>19,340,107</u> | <u>-</u> | <u>-</u> | <u>(19,649)</u> | <u>19,320,458</u> |
| Total Governmental Funds Balances | <u>\$ 50,421,262</u> | <u>\$ 46,495,133</u> | <u>\$ 6,402,597</u> | <u>\$ 26,486,944</u> | <u>\$ 129,805,936</u> |

QUEEN ANNE'S COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021

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:

| | <u>General Capital</u> | <u>Roads Capital</u> |
|-------------------------------------|----------------------------|--------------------------|
| General Government | \$ 2,773,739 | \$ - |
| Parks & Recreation | 1,792,443 | - |
| Economic Development | 1,546,304 | - |
| Education | 1,180,765 | - |
| Public Works | 375,921 | - |
| Public Safety | 417,362 | - |
| Library | 345,816 | - |
| Conservation of Natural Resources | 151,563 | - |
| Social Services | 108,689 | - |
| Resurfacing Contracts and Materials | - | 1,170,326 |
| Roads Construction Equipment | - | 774,716 |
| | <u>8,692,602</u> | <u>1,945,042</u> |
| Total Encumbrances | \$ 8,692,602 | \$ 1,945,042 |

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 2021 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, 2021**

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 years 2019, 2020 and 2021, 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. Currently, the System has 153 participating employers in addition to the State.

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, 2021

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, 2021

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% for both. The member contribution rate for members of the State Police Retirement System is 8% up until 28 years of service. The member contribution rate for members of the Judges' Retirement System is 8% until 16 years of service and 7% for members of the Law Enforcement Officers' Pension system up to 32 years and six months of service.

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 2020, 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, 2021

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, 2021

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, 2020 and 2019, was \$25,017,803 and \$21,724,997, 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

Based on actuarial valuations performed as of June 30, 2019 and 2018 and rolled forward to measurement dates of June 30, 2020 and 2019, respectively, the components of the net pension liability of the participating employers at June 30, 2020 and 2019, respectively, were as follows:

(expressed in thousands)

| | 2020 | 2019 |
|------------------------------------|---------------------|---------------------|
| Total Pension Liability (TPL) | \$77,187,399 | \$74,569,030 |
| Plan Fiduciary Net Position | 54,586,037 | 53,943,420 |
| Net Pension Liability | <u>\$22,601,362</u> | <u>\$20,625,610</u> |
| Ratio - Fiduciary Net Position/TPL | <u>70.72%</u> | <u>72.34%</u> |

QUEEN ANNE'S COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 12 - RETIREMENT PLANS (CONTINUED)

Actuarial Assumptions

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

| | |
|---------------------------|--|
| Inflation | In the 2020 actuarial valuation, 2.60% general, 3.10% wage. In the 2019 actuarial valuation, 2.65% general, 3.15% wage. |
| Salary Increases | In the 2020 actuarial valuation, 3.10% to 11.6%. In the 2019 actuarial valuation, 3.10% to 11.6%. |
| Investment Rate of Return | In the 2020 actuarial valuation, 7.40%. In the 2019 actuarial valuation, 7.40%. |
| 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, 2020, these best estimates are summarized in the following table:

| Asset Class | Target Allocation | Long-Term Expected Real Rate of Return |
|--------------------|-------------------|--|
| Public Equity | 37% | 5.2% |
| Private Equity | 13% | 6.5% |
| Rate Sensitive | 19% | -0.3% |
| Credit Opportunity | 9% | 2.8% |
| Real Assets | 14% | 4.3% |
| Absolute Return | 8% | 1.8% |
| 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, 2020.

For the years ended June 30, 2020 and 2019, the annual money-weighted rate of return on pension plan investments, net of the pension plan investment expense, was 3.50% and 6.44%, respectively. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

QUEEN ANNE'S COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 12 - RETIREMENT PLANS (CONTINUED)

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 single 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 | \$ 48,732,183 | \$ 34,230,163 | \$ 22,151,348 |
| Board of Education | 8,249,300 | 5,794,422 | 3,749,742 |

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 2021, the Board contributed \$2,307,291 to the Teachers' Retirement and Pension System.

Employees' Retirement and Pension Systems:

During fiscal year 2021, the Board contributed \$632,990 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, 2021

NOTE 12 - RETIREMENT PLANS (CONTINUED)

At June 30, 2021, 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) | \$ | 5,794,422 |
| State's proportionate share of the net pension liability (Teachers' Systems) | | <u>63,718,224</u> |
| Total | \$ | <u>69,512,646</u> |

The net pension liability was measured as of June 30, 2020, 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, 2021

NOTE 12 - RETIREMENT PLANS (CONTINUED)

At June 30, 2021, 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 | 0.1514518% | 0.0256375% |
| Employer's proportionate share of the collective net pension liability | \$ 34,230,163 | \$ 5,794,422 |
| Pension expense recognized by the employer for the year ended June 30, 2021 | \$ 5,545,215 | \$ 3,032,428 |
| Deferred outflows of resources June 30, 2020 | \$ 5,034,494 | \$ 736,335 |
| Year end June 30, 2020 contributions | (3,247,222) | (549,684) |
| Net difference between projected and actual investment earnings | 2,520,995 | 426,750 |
| Difference between expected and actual experience | - | - |
| Change in assumptions | - | - |
| Amortization of items allowed by GASB 68 | (1,181,655) | (149,566) |
| Year end June 30, 2021 contributions | 3,478,809 | 632,990 |
| Deferred outflows of resources June 30, 2021 | \$ 6,605,421 | \$ 1,096,825 |
| Deferred inflows of resources June 30, 2020 | \$ 3,422,656 | \$ 457,007 |
| Net difference between projected and actual investment earnings | - | - |
| Difference between actual and expected experience | 55,287 | 9,359 |
| Change in assumptions | - | - |
| Amortization of items allowed by GASB 68 | (1,164,800) | (141,335) |
| Deferred inflows of resources June 30, 2021 | \$ 2,313,143 | \$ 325,031 |
| NPL June 30, 2020 | \$ 29,483,317 | \$ 5,209,719 |
| Change in NPL factored for contributions | 4,746,846 | 584,703 |
| NPL June 30, 2021 | \$ 34,230,163 | \$ 5,794,422 |

Pension expense for the Maryland State Retirement and Pension System and the LOSAP program totaled \$5,545,215 and \$1,014,209, respectively for an aggregated pension expense of \$6,559,424.

The \$3,478,809 and \$632,990 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, 2022. 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> |
|-----------------|--|
| 2022 | \$ (230,607) |
| 2023 | 147,749 |
| 2024 | 444,589 |
| 2025 | 457,931 |
| 2026 | (6,193) |
| Total | \$ 813,469 |

QUEEN ANNE'S COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 12 - RETIREMENT PLANS (CONTINUED)

| | Total Payroll | Covered Payroll | On-Behalf By State |
|------------------------------------|--------------------------|----------------------------|-------------------------------|
| County - MD Retirement and pension | \$ 35,115,123 | \$ 26,110,792 | \$ - |
| Board of Education | 62,493,154 | 58,883,836 | 5,867,199 |
| Library | 1,297,081 | 1,297,081 | 182,888 |

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 had the right to participate in the past. 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 (Maryland Association of Counties) Pooled OPEB Investment Trust Fund.

In fiscal year 2015, the County Commissioners approved the County joining the MACo Pooled OPEB Investment Trust Fund. A separate Trust document for the MACo OPEB Trust can be found on the MACo website at www.mdcounties.org.

QUEEN ANNE’S COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 14 - OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

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

PRIMARY GOVERNMENT

Plan Reporting

The measurement date for GASB 74 is the Employer’s fiscal year end, June 30, 2021. 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, 2021, with adjustments made for the 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, 2021
- Measurement Date: June 30, 2021
- Reporting Date: June 30, 2021

Plan Membership

The following is a summary of the plan membership as of January 1, 2021.

| | |
|---------|-------------------|
| Active | 438 |
| Retired | <u>273</u> |
| Total | <u><u>711</u></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.

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.

QUEEN ANNE'S COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 14 - OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

PRIMARY GOVERNMENT (CONTINUED)

Plan description (Continued)

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, 2021

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, 2021

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, 2021, 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: 5.75% initially, grading down to 4.25% for PPO and EPO plans and 4.50% for BCA plan ultimate

Mortality rates are based on the PUB2010G Headcount tables with Scale SSA 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).

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, 2021, and the final investment return assumption, are summarized in the following table:

QUEEN ANNE'S COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 14 - OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

PRIMARY GOVERNMENT (CONTINUED)

Expected Return (Continued)

| Asset Class | Long-Term Expected Real Return - Portfolio | Weight |
|------------------------------------|--|--------|
| US Equity | 6.15% | 33.5% |
| International Equity | 6.40% | 24.5% |
| Fixed Income | 2.00% | 35.0% |
| Real Estate | 4.85% | 7.0% |
| Total Weighted Average Real Return | 4.67% | 100.0% |
| Plus Inflation | 2.50% | |
| Total Return w/o Adjustment | 7.17% | |
| Risk Adjustment | -1.17% | |
| Total Expected Return | 6.00% | |

Discount Rate

The discount rate used to measure the total OPEB liability is 5.82%. The County's funding expectations/policy is to contribute 80% of the Actuarially Determined Contribution in fiscal year 2021, 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 2028, then from the trust there forward.

Therefore, the expected trust return of 6.00% is blended with the 20-year Aa bond rate* of 1.92%. The blended rate is 5.82%. The prior rate was 5.62%.

*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 | | | |
|--------------------|----------------|---------------|----------------|
| System | 1% Decrease to | Discount Rate | 1% Increase to |
| Net OPEB liability | 50,653,486 | 41,785,805 | 34,674,409 |

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

The following presents the net OPEB liability of the plans, calculated using the current health care trend rate of 5.75% to an ultimate rate of 4.25% for PPO and EPO plans and 4.50 % for the BCA plan, as well as what each plans 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 | | | |
|--------------------|----------------|---------------|----------------|
| System | 1% Decrease to | Discount Rate | 1% Increase to |
| Net OPEB liability | 34,015,836 | 41,785,805 | 51,651,131 |

QUEEN ANNE'S COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021

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 | \$ 1,371,367 |
| Interest | 3,519,372 |
| Changes in benefit terms | - |
| Difference between expected and actual experience | (8,720,849) |
| Changes in assumptions | (1,619,833) |
| Benefit payments | (1,670,095) |
| Net change in total OPEB liability | (7,120,038) |
| Total OPEB liability - beginning of year | 62,074,538 |
| Total OPEB liability - end of year | \$ 54,954,500 |

| Plan Fiduciary Net Position ("PFNP") | |
|---|---------------|
| Contributions - employer | \$ 3,612,555 |
| Contributions - member | - |
| Net investment income | 2,261,978 |
| Benefit payments | (1,670,095) |
| Admin expenses | (2,236) |
| Other | - |
| Net change in plan fiduciary net position | 4,202,202 |
| Plan fiduciary net position - beginning of year | 8,966,493 |
| Plan fiduciary net position - end of year | 13,168,695 |
| Net OPEB liability ("NOL") - beginning of year | 53,108,045 |
| Net OPEB liability - end of year | \$ 41,785,805 |

| | |
|-------------------------------|------------|
| PFNP as a % of TOL | 24.0% |
| Covered employee payroll | 26,326,472 |
| NOL as a % of covered payroll | 158.7% |

QUEEN ANNE'S COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021

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 | \$ | 1,371,367 |
| Interest on total OPEB liability | | 3,519,372 |
| Difference between expected and actual experie | | (887,255) |
| Changes in actuarial assumptions* | | (1,329) |
| Employee contributions | | - |
| Changes in benefit terms | | - |
| Projected earnings on plan investments | | (540,285) |
| Difference between projected and actual earning | | (286,579) |
| Administrative expense | | 2,236 |
| Other changes in fiduciary net position | | - |
| Total OPEB expense | \$ | 3,177,527 |

* - portions recognized for expense

Deferred Inflow/Outflow Summary

The deferred outflows / inflows are as follows:

| | Deferred Outflows | Deferred Inflows |
|---|----------------------|------------------------|
| June 30, 2020 | \$ 2,084,381 | \$ (16,258) |
| Difference between expected and actual experience | - | (8,720,849) |
| Changes in actuarial assumptions | - | (1,619,833) |
| Net difference between projected and actual earnings on investments | - | (1,721,693) |
| Amortization of items allowed by GASB 75 | (504,263) | 1,679,426 |
| June 30, 2021 | \$ 1,580,118 | \$ (10,399,207) |

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

| | | |
|--------------|-----------|--------------------|
| 2022 | \$ | (1,175,162) |
| 2023 | | (1,179,581) |
| 2024 | | (1,174,161) |
| 2025 | | (1,232,921) |
| 2026 | | (888,585) |
| Thereafter | | (3,168,679) |
| Total | \$ | (8,819,089) |

QUEEN ANNE'S COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021

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 January 1, 2020, 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, 2021

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, 2021, the Board recognized an OPEB expense of \$9,943,941.

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, 2020. Therefore, plan information for the year ended June 30, 2020 is utilized. The following table shows the components of the Board's total and net OPEB liability at June 30, 2020.

| Total OPEB Liability | | |
|---|----|----------------|
| Service cost | \$ | 10,453,114 |
| Interest | | 6,994,566 |
| Changes in benefit terms | | - |
| Difference between expected and actual experience | | (92,780,170) |
| Changes in assumptions | | 18,284,772 |
| Benefit payments | | (1,098,983) |
| Net change in total OPEB liability | | (58,146,701) |
| Total OPEB liability - beginning of year | | 225,513,573 |
| Total OPEB liability - end of year (a) | | \$ 167,366,872 |
| Plan Fiduciary Net Position ("PFNP") | | |
| Contributions - employer | \$ | 1,098,983 |
| Net investment income | | 5,980 |
| Benefit payments | | (1,098,983) |
| Admin expenses | | - |
| Net change in plan fiduciary net position | | 5,980 |
| Plan fiduciary net position - beginning of year | | 515,829 |
| Plan fiduciary net position - end of year (b) | | 521,809 |
| Net OPEB liability - end of year (a-b) | | \$ 166,845,063 |

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

QUEEN ANNE'S COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021

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, 2020, the plan was 0.31% funded. The total OPEB liability for benefits was \$167,366,872 and plan assets at fair value totaled \$521,809, resulting in a net OPEB liability of \$166,845,063. The covered employee payroll was \$56,180,104, and the ratio of the net OPEB liability to the covered payroll was 296.98%.

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, 2020 measurement date for fiscal year-end 2021. 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 2017 through January 2020 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 January 1, 2020.
- *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 2.45% as of June 30, 2020.
- *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 | 1.5% |
| Extra trend due to technology and other factors | 1.1% |
| Expected health share of GDP in 2020 | 20.0% |
| 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, 2021

NOTE 14 - OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

COMPONENT UNITS (CONTINUED)

BOARD OF EDUCATION (CONTINUED)

Funding Status and Funding Progress (Continued)

- *Decrement Assumptions –*

| | | |
|------------|--|---|
| Healthy | | Pub-2010 Mortality Table (teacher and general employees, headcount-weighted), Fully Generational, Projected using Scale MP-2019 |
| Disability | | Pub-2010 Mortality Table (teacher and general disabled, headcount-weighted), Fully Generational, Projected using Scale MP-2019 |

Sensitivity of the Net OPEB Liability

The following table presents the Board's net OPEB liability at June 30, 2020 using the discount rate of 2.45%, 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 | 1.45% | \$ | 203,403,447 |
| Current discount rate | 2.45% | \$ | 166,845,064 |
| 1% increase | 3.45% | \$ | 138,406,171 |

The following table presents the Board's net OPEB liability at June 30, 2020 using the health care trend rate of 4.33%, 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 | 3.00% | \$ | 135,552,758 |
| Current trend rate | 4.00% | \$ | 166,845,064 |
| 1% increase | 5.00% | \$ | 209,613,091 |

Deferred Inflows/Outflows of Resources related to OPEB

At June 30, 2021, 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 | \$ 36,042,998 | \$ (15,182,713) |
| Net difference between projected and actual investment earnings on OPEB plan investments | - | (9,754) |
| Difference between actual and expected experience | 2,753,501 | (82,984,752) |
| Total | \$ 38,796,499 | \$ (98,177,219) |

QUEEN ANNE'S COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021

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, | |
|----------------------|------------------------|
| 2022 | \$ (7,503,741) |
| 2023 | (7,503,557) |
| 2024 | (7,503,355) |
| 2025 | (7,501,893) |
| 2026 | (7,500,698) |
| Thereafter | <u>(21,867,476)</u> |
| | <u>\$ (59,380,720)</u> |

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

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, 2021

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, 2021.

Number of participants

| | |
|---------|-----------|
| Active | 16 |
| Retired | 8 |
| Total | <u>24</u> |

Contributions

The Library pays retiree healthcare benefits on a pay-as-you-go basis. For the year ended June 30, 2021, the Library contributed \$27,083.

Net OPEB liability

The Library's net OPEB liability was measured as of June 30, 2021, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation January 1, 2021.

Actuarial assumptions

The total OPEB liability was determined by an actuarial valuation as of January 1, 2021, using the following actuarial assumptions, applied to all periods in the measurement:

Expected return – 6% including inflation and net of investment expenses.

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 SSA 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 depletion analysis.

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 (17 years remaining).

Discount rate

The discount rate used to measure the total OPEB liability is 2.40%. There is essentially no prefunding of benefits in an OPEB trust for this plan (i.e., pay as you go), however, the Library has funds invested in the MACo pooled OPEB Trust. For this analysis, we assumed the trust assets would grow with earnings until a 60% funding ratio is reached. Based on this, a blended rate was developed which consists of the 20-year municipal bond Aa index as of June 30, 2021 of 1.92% blended with the assumed return of 6.00%.

Benefits would be paid from the trust from 2050 to 2059, and from general fund assets before and after this time period, resulting in a blended rate of 2.40%. The prior rate was 2.45%.

QUEEN ANNE'S COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021

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 | \$ - | \$ 27,083 | \$ (27,083) |
| Service cost | 9,317 | - | 9,317 |
| Investment income | 21,143 | 3,076 | 18,067 |
| Difference between expected and actual experience | (40,387) | - | (40,387) |
| Changes in assumptions | 4,186 | - | 4,186 |
| Benefit payments, including refunds | (27,083) | (27,083) | - |
| Net change in net OPEB liability | (32,824) | 3,076 | (35,900) |
| Net OPEB obligation, beginning of year | 867,123 | 31,309 | 835,814 |
| Net OPEB obligation, end of year | <u>\$ 834,299</u> | <u>\$ 34,385</u> | <u>\$ 799,914</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 (1.40%) | \$ 887,746 |
| Current discount rate (2.40%) | \$ 799,914 |
| 1% Increase (3.40%) | \$ 725,694 |

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.

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. 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 plan's target asset allocation as of June 30, 2021, and the final investment return assumption, are summarized in the following table:

| Asset Class | Weight | Long-term Expected Real Rate of Return |
|-----------------------|---------------|---|
| U.S. Equity | 33.5% | 6.15% |
| International Equity | 24.5% | 6.40% |
| Fixed income | 35.0% | 2.15% |
| Real estate | 7.0% | 4.85% |
| Total | <u>100.0%</u> | <u>4.72%</u> |
| Plus inflation | | 2.50% |
| Risk adjustment | | -1.22% |
| Total expected return | | <u>6.00%</u> |

QUEEN ANNE'S COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 14 - OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

COMPONENT UNITS (CONTINUED)

LIBRARY (CONTINUED)

OPEB expense and deferred outflows of resources related to OPEB

For the year ended June 30, 2021, the Library recognized an OPEB expense of \$66,781. At June 30, 2021, the Library reported deferred outflows of resources related to the OPEB plan from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|---|--|
| Difference between expected and actual experience | \$ 39,190 | \$ (35,900) |
| Changes in actuarial assumptions | 182,274 | - |
| Net difference between projected and actual earnings on plan investments | - | - |
| | \$ 221,464 | \$ (35,900) |

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 | Net Amount of Outflow/(Inflow) |
|-----------------------|-----------------------------------|
| 2022 | \$ 38,200 |
| 2023 | 37,825 |
| 2024 | 37,666 |
| 2025 | 37,489 |
| 2026 | 37,734 |
| Thereafter | (3,090) |
| Total | \$ 185,824 |

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, 2020
- Measurement date: December 31, 2020
- Reporting date: June 30, 2021

QUEEN ANNE'S COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021

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

Plan Description (Continued)

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, 2020 actuarial valuation is as follows:

| | |
|---------------------------|------------|
| Active members | 287 |
| Vested-terminated | 157 |
| Retired and beneficiaries | 162 |
| TOTAL | 606 |

Actuarial Assumptions

The total LOSAP liability was determined by an actuarial valuation as of January 1, 2020 rolled forward to December 31, 2020 using the following actuarial assumptions, applied to all periods included in the measurement.

| | |
|---------------------------|---|
| Inflation | 0.00% |
| Salary increases | Not Applicable |
| Investment rate of return | 2.00%, 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 2.00% discount rate is based on a 20-year AA general obligation bond rate as of December 31, 2020.

The above is a summary of key actuarial assumptions. Full description of actuarial assumptions are available in the January 1, 2020 actuarial valuation report.

Sensitivity of Total LOSAP Liability

The following presents the total LOSAP liability, calculated using single discount rate of 2.00%, 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 1.00% | Discount Rate 2.00% | 1% Increase to 3.00% |
| Net LOSAP liability | 10,283,948 | 9,602,464 | 8,905,599 |

QUEEN ANNE'S COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021

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

Total LOSAP Liability

The components of the total LOSAP liability are as follows:

| | Total LOSAP Liability | Plan Fiduciary Net Position | Net LOSAP Liability |
|--|----------------------------------|--|--------------------------------|
| Balances as of 1/1/20 | \$ 8,048,034 | \$ - | \$ 8,048,034 |
| Changes for the year: | | | |
| Service cost | 285,808 | - | 285,808 |
| Interest | 158,757 | - | 158,757 |
| Changes of benefit terms | - | - | - |
| Differences between expected and actual experience | 65,911 | - | 65,911 |
| Changes of assumptions | 1,275,769 | - | 1,275,769 |
| Benefits payments and expenses | (231,815) | - | (231,815) |
| Net changes | 1,554,430 | - | 1,554,430 |
| Balances as of 12/31/20 | \$ 9,602,464 | \$ - | \$ 9,602,464 |

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

LOSAP Expense

The components of LOSAP expense are as follows:

| | LOSAP Expense |
|--|--------------------------|
| Service cost | \$ 285,808 |
| Interest | 158,757 |
| Projected earnings on OPEB Trust | - |
| Changes in benefit terms | - |
| Differences between expected and actual earnings | - |
| Differences between expected and actual experience | 11,270 |
| Changes of assumptions | 558,374 |
| Total LOSAP expense | \$ 1,014,209 |

Pension expense for the Maryland State Retirement and Pension System and the LOSAP program totaled \$5,545,215 and \$1,014,209, respectively for an aggregated pension expense of \$6,559,424.

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, 2020 | \$ 1,423,550 | \$ (456,284) |
| Difference between expected and actual experience | 65,911 | - |
| Changes of assumptions | 1,275,769 | - |
| Net difference between projected and actual earnings | - | - |
| Amortization of items allowed by GASB 75 | (634,527) | 64,883 |
| Contributions subsequent to 12/31/20 | - | - |
| June 30, 2021 | \$ 2,130,703 | \$ (391,401) |

QUEEN ANNE'S COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021

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

LOSAP Deferred Outflows and Deferred Inflows of Resources (Continued)

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

| | Deferred Outflows (Inflows) |
|--------------|--|
| 2022 | \$ 569,644 |
| 2023 | 569,643 |
| 2024 | 473,304 |
| 2025 | 232,929 |
| 2026 | (35,407) |
| Thereafter | (70,811) |
| <u>Total</u> | <u>\$ 1,739,302</u> |

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 \$19,649 as of June 30, 2021. 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:

Sanitary District – Sewer Operations Fund

The Sanitary District – Sewer Operations Fund has a deficit balance in unrestricted net position of \$1,988,594 as of June 30, 2021.

Bay Bridge Airport Enterprise Fund

The Bay Bridge Airport Enterprise Fund has a deficit balance in unrestricted net position of \$1,313,008 as of June 30, 2021.

Golf Course Enterprise Fund

The Golf Course Enterprise Fund has a deficit balance in unrestricted net position of \$645,480 as of June 30, 2021.

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.

QUEEN ANNE'S COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 17 – COMMITMENTS, CONTINGENCIES AND SUBSEQUENT EVENTS

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, 2021 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 2021.

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 2021.

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 \$3,614,179 has been committed, including \$1,769,133 for Economic Development, \$1,076,841 for site improvements pursuant to agreements with local developers, and \$768,205 for rubble surcharge. In the Roads Capital Projects Fund, \$553,088 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 estimated that it needs to reserve \$806,682 against these potential claims. In fiscal year 2021, the County paid the State \$806,681 for the claims and cleared the reserved funds.

COVID-19

In March 2020, the World Health Organization declared the coronavirus (COVID-19) outbreak a public health emergency. There were mandates from federal, state, and local authorities requiring forced closures of schools, businesses, and other facilities. The restrictions brought on by the pandemic may have had an adverse impact on the County's business and its suppliers and donors. Uncertainty remains regarding the ongoing impact of the COVID-19 outbreak on the County's financial condition if there is a resurgence.

QUEEN ANNE'S COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021

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 has a 35.65% 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.

Total closure and post closure costs for the landfills are \$18.4 million, with approximately \$6.5 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 \$6.4 million as of June 30, 2021, 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 \$23.2 million. As of June 30, 2021, \$8.3 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 \$358,646 in tipping fees to the facility during fiscal year 2021.

MES has satisfied its financial assurance requirements based upon the local government financial ratio tests of the project participants as of June 30, 2021. MES expects to satisfy these requirements as of June 30, 2022 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 \$451 thousand in expenses, including \$2 thousand in fiscal year 2021, 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

QUEEN ANNE’S COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 19 – POLLUTION REMEDIATION OBLIGATIONS (CONTINUED)

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 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 2021, the County has maintained the required testing of the monitoring wells including the three wells installed last year. The set testing schedule was dictated by MDE, followed by Queen Anne’s County and data recorded as per the schedule. The presence of LPH in MW-2A continues to be monitored, fluctuates in depth, and currently appears to be recoverable only in minimal amounts. During the year, and after subsequent tests were performed by Chesapeake Geosciences on all monitoring wells, the final report provided by CGS, which showed no signs of product traveling outside of MW-2A or being detected in any of the three (3) new monitoring wells, was sent to MDE for review. Once again, the County proposed the closing of the project based on the findings after following the steps dictated by MDE. It was at this point MDE dictated the installation of yet another monitoring well to be installed at the MFRI (Maryland Fire & Rescue Institute) for further monitoring. This did not seem like a logical step primarily due to the high potential of ground contaminants based on the activities and functions performed at MFRI. Also, MFRI is a state-run facility and therefore on state property. Based on discussions with the County’s attorney on this matter, Queen Anne’s County decided not to follow these proposed steps and is currently considering other avenues to bring this situation to closure.

The County will continue to follow the schedule and monitor the wells as it has been doing for the past years. Also, the County will continue to provide a monthly report to MDE showing the data found during the monitoring processes. As applied, the following schedule is as follows: monitoring well MW-2A is tested every week. All monitoring wells are tested once a month.

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.

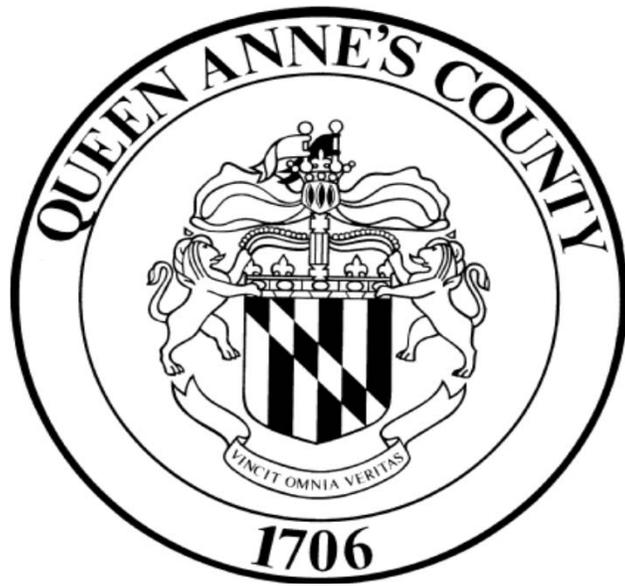
NOTE 20 – PRIOR PERIOD RESTATEMENT

During fiscal year 2021, the County implemented Governmental Accounting Standards Board’s Statement No. 84, Fiduciary Activities, and in accordance, has applied its effects retroactively.

The following table is a summary of the effects as of June 30, 2021.

PRIMARY GOVERNMENT

| | Custodial Funds | |
|---------------------------------------|--------------------|---------|
| June 30, 2020, as previously reported | \$ | - |
| GASB No. 84 - Fiduciary Activities | | 649,814 |
| June 30, 2020, as restated | \$ | 649,814 |



Required Supplementary Information

**QUEEN ANNE'S COUNTY, MARYLAND
REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2021**

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 | Covered 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% |
| June 30, 2020 | 0.1514518% | 34,230,163 | 27,669,757 | 124% | 54,586,037,000 | 77,187,397,000 | 71% |

SCHEDULE OF CONTRIBUTIONS (as of fiscal year end)

| Fiscal Year | Contractually Required Contribution A | Actual Contribution B | Contribution Deficiency (Excess) (A - B) | Covered 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% |
| 2021 | 3,478,809 | 3,478,809 | - | 26,110,792 | 13% |

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, 2021**

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 remained at 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; 18 years remaining. |
| Asset Valuation Model | Five-year smoothed market (max. 120% and min 80% of the market value) |
| Inflation | In the 2020 actuarial valuation, 2.60% general, 3.10% wage. In the 2019 actuarial valuation, 2.65% general, 3.15% wage. |
| Salary Increases | In the 2020 actuarial valuation, 3.10% to 11.6%. In the 2019 actuarial valuation, 3.10% to 11.6%. |
| Investment Rate of Return | In the 2020 actuarial valuation, 7.40%. In the 2019 actuarial valuation, 7.40%. |
| 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, 2021**

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 | 2021 |
|--|----------------------|----------------------|----------------------|----------------------|----------------------|
| <u>Total OPEB Liability ("TOL")</u> | | | | | |
| Service cost | \$ 1,097,813 | \$ 1,130,747 | \$ 1,164,669 | \$ 1,331,424 | \$ 1,371,367 |
| Interest | 2,764,491 | 2,985,530 | 3,136,157 | 3,344,770 | 3,519,372 |
| Changes in benefit terms | - | - | - | - | - |
| Difference between expected and actual experience | - | - | 735,549 | - | (8,720,849) |
| Changes in assumptions | - | 265,899 | 915,266 | 426,582 | (1,619,833) |
| Benefit payments | (1,291,027) | (1,498,005) | (1,568,468) | (1,561,872) | (1,670,095) |
| Net change in total OPEB liability | 2,571,277 | 2,884,171 | 4,383,173 | 3,540,904 | (7,120,038) |
| Total OPEB liability - beginning of year | 48,695,013 | 51,266,290 | 54,150,461 | 58,533,634 | 62,074,538 |
| Total OPEB liability - end of year | \$ 51,266,290 | \$ 54,150,461 | \$ 58,533,634 | \$ 62,074,538 | \$ 54,954,500 |
| <u>Plan Fiduciary Net Position ("PFNP")</u> | | | | | |
| Contributions - employer | \$ 2,223,474 | \$ 2,731,447 | \$ 3,037,243 | \$ 3,378,771 | \$ 3,612,555 |
| Contributions - member | - | - | - | - | - |
| Net investment income | 75,175 | 207,932 | 342,827 | 129,710 | 2,261,978 |
| Benefit payments | (1,291,027) | (1,498,005) | (1,568,468) | (1,561,872) | (1,670,095) |
| Admin expenses | - | (2,452) | (39,142) | (3,553) | (2,236) |
| Other | - | - | - | - | - |
| Net change in plan fiduciary net position | 1,007,622 | 1,438,922 | 1,772,460 | 1,943,056 | 4,202,202 |
| Plan fiduciary net position - beginning of year | 2,804,433 | 3,812,055 | 5,250,977 | 7,023,437 | 8,966,493 |
| Plan fiduciary net position - end of year | \$ 3,812,055 | \$ 5,250,977 | \$ 7,023,437 | \$ 8,966,493 | \$ 13,168,695 |
| Net OPEB liability ("NOL") - beginning of year | \$ 45,890,580 | \$ 47,454,235 | \$ 48,899,484 | \$ 51,510,197 | \$ 53,108,045 |
| Net OPEB liability - end of year | \$ 47,454,235 | \$ 48,899,484 | \$ 51,510,197 | \$ 53,108,045 | \$ 41,785,805 |
| PFNP as a % of TOL | 7.4% | 9.7% | 12.0% | 14.4% | 24.0% |
| Covered employee payroll | \$ 21,604,888 | \$ 22,282,543 | \$ 23,843,440 | \$ 25,806,124 | \$ 26,326,472 |
| NOL as a % of covered employee payroll | 219.6% | 219.5% | 216.0% | 205.8% | 158.7% |

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, 2021**

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 |
|------------------------|---|---|---|---|---|
| 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% |
| 2021 | 4,419,451 | 3,612,555 | 806,896 | 26,326,472 | 13.7% |

The employer contributions above represent amounts paid in OPEB to retirees, as well as contributions to the OPEB trust.

ACTUARIAL ASSUMPTIONS – OPEB PLAN

Actuarial assumptions

The total OPEB liability was determined by an actuarial valuation as of January 1, 2021, 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: 5.75% initially for all plans, grading down to 4.25% for PPO and EPO plans and 4.50% for BCA plan ultimate

Mortality rates are based on the PUB2010G Headcount tables with Scale SSA 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, 2021**

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 | 2020 |
|--|--------------|--------------|--------------|--------------|
| Total LOSAP liability ("TLL") | | | | |
| Service cost | \$ 206,276 | \$ 164,371 | \$ 215,978 | \$ 285,808 |
| Interest cost | 196,904 | 249,496 | 180,529 | 158,757 |
| Changes of benefit terms | - | - | - | - |
| Differences between expected and actual experience | - | 137,821 | (78,468) | 65,911 |
| Changes of assumptions | 578,039 | (491,888) | 1,280,343 | 1,275,769 |
| Benefits payments and admin expenses | (190,420) | (220,060) | (220,084) | (231,815) |
| Net change in TLL | 790,799 | (160,260) | 1,378,298 | 1,554,430 |
| TLL - beginning of year | 6,039,197 | 6,829,996 | 6,669,736 | 8,048,034 |
| TLL - end of year | \$ 6,829,996 | \$ 6,669,736 | \$ 8,048,034 | \$ 9,602,464 |
| 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 | 9,602,464 |
| PFNP as a % of TLL | 0% | 0% | 0% | 0% |
| Covered employee payroll - * | N/A | N/A | N/A | N/A |
| NLL as a % of covered payroll | N/A | 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 | 5 |

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, 2021**

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 |
| 2021 | 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 |
| 2021 | 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% |
| December 31, 2020 | 2.00% |

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, 2021

| | ORIGINAL BUDGET | FINAL BUDGET | ACTUAL | VARIANCE WITH FINAL BUDGET |
|--------------------------------------|--------------------|--------------------|--------------------|----------------------------------|
| <u>REVENUES</u> | | | | |
| Taxes | | | | |
| Local Property Tax | \$ 71,980,041 | \$ 71,980,041 | \$ 74,732,398 | \$ 2,752,357 |
| Local Income Tax | 52,415,276 | 67,103,652 | 67,985,531 | 881,879 |
| Admission and Amusement Taxes | 160,000 | 160,000 | 183,601 | 23,601 |
| Recordation Taxes | 5,250,000 | 8,078,500 | 10,641,852 | 2,563,352 |
| Hotel Taxes | 463,085 | 463,085 | 596,806 | 133,721 |
| County Transfer Taxes | 1,820,663 | 1,820,663 | 4,000,090 | 2,179,427 |
| State Shared Taxes | 1,250,000 | 1,250,000 | 1,174,931 | (75,069) |
| Franchise Fee | 485,000 | 485,000 | 473,507 | (11,493) |
| Licenses and Permits | 641,055 | 641,055 | 934,967 | 293,912 |
| Intergovernmental | 2,050,000 | 2,070,147 | 1,786,650 | (283,497) |
| Charges for Current Services | 2,500,000 | 2,500,000 | 3,074,968 | 574,968 |
| Fines and Forfeitures | 90,500 | 90,500 | 80,749 | (9,751) |
| Investment Income | 350,000 | 350,000 | 170,634 | (179,366) |
| Donations | - | - | 290 | 290 |
| Miscellaneous | 491,500 | 491,500 | 897,816 | 406,316 |
| Total Revenues | <u>139,947,120</u> | <u>157,484,143</u> | <u>166,734,790</u> | <u>9,250,647</u> |
| <u>EXPENDITURES</u> | | | | |
| <u>GENERAL GOVERNMENT</u> | | | | |
| Legislative | 483,644 | 483,644 | 431,298 | 52,346 |
| Judicial | | | | |
| Circuit Court | 709,297 | 693,540 | 690,234 | 3,306 |
| Orphan's Court | 88,143 | 88,143 | 86,502 | 1,641 |
| State's Attorney | 1,375,380 | 1,383,380 | 1,381,073 | 2,307 |
| County Administrator | 214,532 | 242,532 | 239,587 | 2,945 |
| Board of Elections | 969,448 | 991,765 | 865,635 | 126,130 |
| Finance Office | 1,337,801 | 1,442,801 | 1,440,765 | 2,036 |
| Human Resources | 625,316 | 638,316 | 636,125 | 2,191 |
| Planning and Zoning | 2,046,822 | 2,016,822 | 1,941,381 | 75,441 |
| Information Technology | 1,948,644 | 1,926,244 | 1,829,946 | 96,298 |
| QAC-TV | 410,390 | 410,390 | 394,831 | 15,559 |
| Legal Services | 501,700 | 501,700 | 309,664 | 192,036 |
| Total General Government | <u>10,711,117</u> | <u>10,819,277</u> | <u>10,247,041</u> | <u>572,236</u> |
| <u>PUBLIC SAFETY</u> | | | | |
| Sheriff's Office | 8,191,366 | 8,362,866 | 8,359,691 | 3,175 |
| Volunteer Fire and Rescue Services | 3,959,026 | 4,069,936 | 4,030,683 | 39,253 |
| Detention Center | 5,102,975 | 5,102,975 | 4,731,597 | 371,378 |
| Emergency Services | 10,106,685 | 10,031,820 | 9,945,415 | 86,405 |
| Total Public Safety | <u>27,360,052</u> | <u>27,567,597</u> | <u>27,067,386</u> | <u>500,211</u> |
| <u>PUBLIC WORKS</u> | | | | |
| Administration | 542,432 | 542,432 | 459,892 | 82,540 |
| Solid Waste Disposal | 1,650,368 | 1,640,368 | 1,520,704 | 119,664 |
| Engineering Division | 853,584 | 853,584 | 813,083 | 40,501 |
| Roads Division | 4,980,542 | 4,830,542 | 4,491,327 | 339,215 |
| General Services | 2,498,696 | 2,498,696 | 2,392,884 | 105,812 |
| Animal Services | 748,648 | 814,803 | 813,635 | 1,168 |
| Property Management and Weed Control | 320,180 | 320,180 | 297,757 | 22,423 |
| Total Public Works | <u>11,594,450</u> | <u>11,500,605</u> | <u>10,789,282</u> | <u>711,323</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, 2021

(CONTINUED)

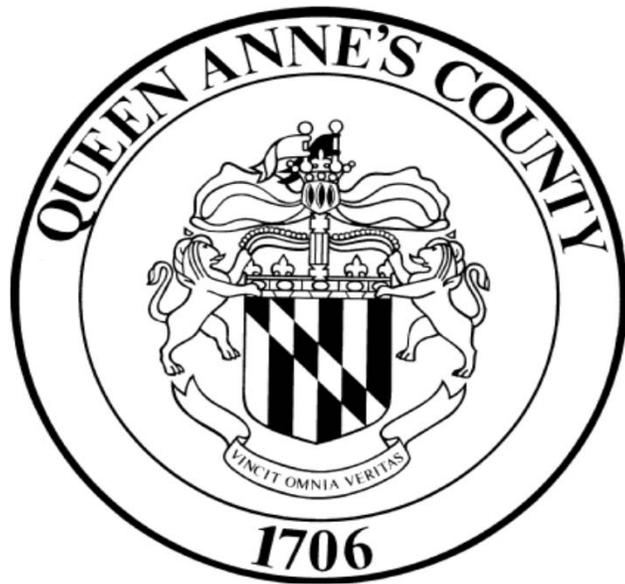
| | ORIGINAL BUDGET | FINAL BUDGET | ACTUAL | VARIANCE WITH FINAL BUDGET |
|---|--------------------|-------------------|-------------------|----------------------------------|
| <u>PARKS & RECREATION</u> | | | | |
| Parks | \$ 4,144,974 | \$ 4,120,974 | \$ 3,889,900 | \$ 231,074 |
| Recreation | 1,063,523 | 1,053,523 | 666,365 | 387,158 |
| Total Parks & Recreation | <u>5,208,497</u> | <u>5,174,497</u> | <u>4,556,265</u> | <u>618,232</u> |
| <u>HEALTH AND SOCIAL SERVICES</u> | | | | |
| Health Department | 2,450,480 | 2,450,480 | 2,437,604 | 12,876 |
| Social Services | 175,479 | 183,479 | 180,556 | 2,923 |
| Total Health and Social Services | <u>2,625,959</u> | <u>2,633,959</u> | <u>2,618,160</u> | <u>15,799</u> |
| <u>EDUCATION AND LIBRARY</u> | | | | |
| Board of Education | 61,033,559 | 61,033,559 | 61,033,559 | - |
| Chesapeake College | 2,009,418 | 2,009,418 | 2,009,418 | - |
| Queen Anne's County Free Library | 1,957,600 | 1,957,600 | 1,957,600 | - |
| Total Education and Library | <u>65,000,577</u> | <u>65,000,577</u> | <u>65,000,577</u> | <u>-</u> |
| <u>CONSERVATION OF NATURAL RESOURCES</u> | | | | |
| Cooperative Extension Service | 345,563 | 347,063 | 346,234 | 829 |
| Soil Conservation Service | 207,406 | 207,406 | 176,862 | 30,544 |
| 4-H Park | 93,300 | 93,300 | 75,354 | 17,946 |
| Total Conservation of Natural Resources | <u>646,269</u> | <u>647,769</u> | <u>598,450</u> | <u>49,319</u> |
| <u>ECONOMIC AND COMMUNITY DEVELOPMENT</u> | | | | |
| Economic Development | 679,737 | 709,737 | 562,165 | 147,572 |
| Community Affairs | 216,700 | 216,700 | 99,368 | 117,332 |
| Total Economic and Community Development | <u>896,437</u> | <u>926,437</u> | <u>661,533</u> | <u>264,904</u> |
| <u>DEBT SERVICE</u> | | | | |
| School Debt Service - Principal | 4,052,147 | 4,052,147 | 4,051,889 | 258 |
| School Debt Service - Interest | 2,022,581 | 2,022,581 | 1,964,656 | 57,925 |
| County Debt Service - Principal | 3,077,511 | 3,222,511 | 3,219,720 | 2,791 |
| County Debt Service - Interest | 2,624,387 | 2,624,387 | 2,527,805 | 96,582 |
| Total Debt Service | <u>11,776,626</u> | <u>11,921,626</u> | <u>11,764,070</u> | <u>157,556</u> |
| <u>INTERGOVERNMENTAL</u> | | | | |
| Aid to Municipalities | 238,686 | 266,686 | 262,749 | 3,937 |
| SDAT Costs from State | 425,000 | 425,000 | 254,043 | 170,957 |
| Total Intergovernmental | <u>663,686</u> | <u>691,686</u> | <u>516,792</u> | <u>174,894</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, 2021

(CONTINUED)

| | ORIGINAL BUDGET | FINAL BUDGET | ACTUAL | VARIANCE WITH FINAL BUDGET |
|--|-----------------------|-----------------------|----------------------|----------------------------------|
| <u>MISCELLANEOUS</u> | | | | |
| Aid to Other Agencies | \$ 691,675 | \$ 774,425 | \$ 767,440 | \$ 6,985 |
| Insurance & Benefits | 2,863,965 | 2,943,965 | 2,936,069 | 7,896 |
| Transfer to OPEB Fund | 1,942,460 | 1,942,460 | 1,942,460 | - |
| Contingencies | (174,694) | 896,571 | 854,336 | 42,235 |
| Salary Lapse | (2,124,856) | (2,124,856) | - | (2,124,856) |
| Miscellaneous Non-Departmental | 539,300 | 539,300 | 333,912 | 205,388 |
| Total Miscellaneous | <u>3,737,850</u> | <u>4,971,865</u> | <u>6,834,217</u> | <u>(1,862,352)</u> |
| | | | | |
| Total Expenditures | <u>140,221,520</u> | <u>141,855,895</u> | <u>140,653,773</u> | <u>1,202,122</u> |
| | | | | |
| Excess of Revenues Over Expenditures | <u>(274,400)</u> | <u>15,628,248</u> | <u>26,081,017</u> | <u>10,452,769</u> |
| <u>OTHER FINANCING SOURCES (USES)</u> | | | | |
| Proceeds of Capital Asset Disposals | 18,000 | 18,000 | 41,099 | 23,099 |
| Insurance Proceeds | - | 106,500 | 102,429 | (4,071) |
| | | | | |
| Transfers In From: | | | | |
| Impact Fees - School | 1,833,980 | 1,833,980 | 1,833,980 | - |
| Total Transfers In | <u>1,833,980</u> | <u>1,833,980</u> | <u>1,833,980</u> | <u>-</u> |
| | | | | |
| Transfers Out To: | | | | |
| General Capital Projects Fund | - | 12,000,000 | 12,000,000 | - |
| Roads Capital Projects Fund | - | 3,500,000 | 3,500,000 | - |
| Department of Aging | 1,877,529 | 1,877,529 | 1,187,072 | 690,457 |
| Department of Housing and Community Services | 621,730 | 621,730 | 509,734 | 111,996 |
| Community Partnerships | 432,045 | 432,045 | 409,452 | 22,593 |
| Agricultural Transfer Tax | 300,000 | 850,577 | 850,577 | - |
| Grants Fund | 29,659 | 29,659 | 20,287 | 9,372 |
| Impact Fees - Fire Companies/Contingencies | 90,000 | 90,000 | 62,825 | 27,175 |
| Airport Enterprise Fund | 59,669 | 59,669 | 59,669 | - |
| Golf Course Enterprise Fund | 198,388 | 198,388 | 122,276 | 76,112 |
| Total Transfers Out | <u>3,609,020</u> | <u>19,659,597</u> | <u>18,721,892</u> | <u>937,705</u> |
| | | | | |
| Total Other Financing (Uses) | <u>(1,757,040)</u> | <u>(17,701,117)</u> | <u>(16,744,384)</u> | <u>956,733</u> |
| | | | | |
| Net Increase (Decrease) in Fund Balance | <u>\$ (2,031,440)</u> | <u>\$ (2,072,869)</u> | <u>9,336,633</u> | <u>\$ 11,409,502</u> |
| | | | | |
| Fund Balance, July 1 | | | <u>41,084,629</u> | |
| | | | | |
| Fund Balance, June 30 | | | <u>\$ 50,421,262</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.

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, 2021

| | DEPARTMENT OF AGING | HOUSING AND COMMUNITY SERVICES | GRANTS FUND | REVOLVING LOAN FUND | ECONOMIC DEVELOPMENT INCENTIVE | BRIDGE FUND |
|--|------------------------|--------------------------------------|-------------------|------------------------|--------------------------------------|----------------|
| ASSETS | | | | | | |
| Cash and Cash Equivalents | \$ - | \$ 3,571,626 | \$ 282,156 | \$ 471,298 | \$ 332,499 | \$ - |
| Receivables | | | | | | |
| Taxes Receivable (Net) | - | - | - | - | - | - |
| Accounts Receivable (Net) | - | 86 | 4,618 | 10,915 | - | - |
| Loans Receivable (Net) | - | 5,644,749 | - | 90,922 | - | - |
| Special Assessments (Net) | - | - | - | - | - | - |
| Due from Other Governments | 893,839 | 439,414 | 165,214 | - | - | - |
| Total Assets | \$ 893,839 | \$ 9,655,875 | \$ 451,988 | \$ 573,135 | \$ 332,499 | \$ - |
| LIABILITIES | | | | | | |
| Accrued Liabilities | \$ 61,225 | \$ 78,046 | \$ 30,582 | \$ - | \$ - | \$ - |
| Due to Other Funds | 715,053 | - | - | - | - | - |
| Due to Other Governmental Agencies | - | 3,136 | - | - | - | - |
| Unearned Revenue | - | - | 181,406 | - | - | - |
| Total Liabilities | 776,278 | 81,182 | 211,988 | - | - | - |
| DEFERRED INFLOWS OF RESOURCES | | | | | | |
| Unavailable Benefit Assessments | - | - | - | - | - | - |
| Unavailable Fees | - | - | - | - | - | - |
| Total Deferred Inflows | - | - | - | - | - | - |
| Total Liabilities and Deferred Inflows | 776,278 | 81,182 | 211,988 | - | - | - |
| FUND BALANCES | | | | | | |
| Restricted | 3,382 | 2,784,947 | - | - | - | - |
| Committed | - | 6,789,746 | - | 573,135 | 332,499 | - |
| Assigned | 114,179 | - | 240,000 | - | - | - |
| Unassigned | - | - | - | - | - | - |
| Total Fund Balances | 117,561 | 9,574,693 | 240,000 | 573,135 | 332,499 | - |
| Total Liabilities, Deferred Inflows and Fund Balances | \$ 893,839 | \$ 9,655,875 | \$ 451,988 | \$ 573,135 | \$ 332,499 | \$ - |

QUEEN ANNE'S COUNTY, MARYLAND
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
JUNE 30, 2021

(CONTINUED)

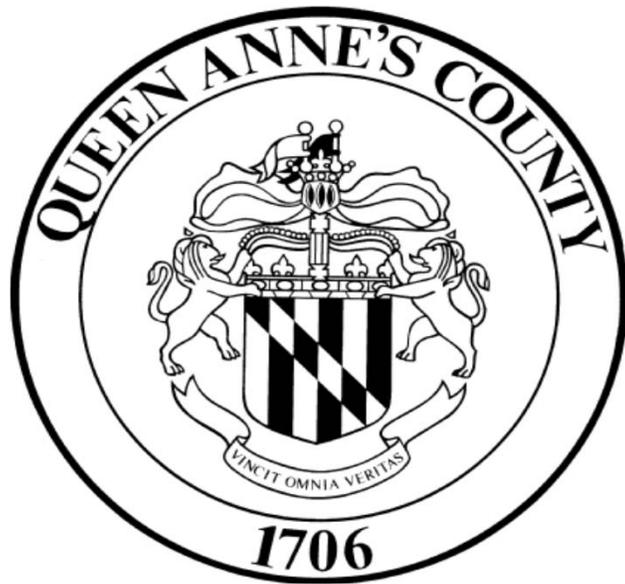
| COMMUNITY PARTNERSHIPS FOR CHILDREN | CRITICAL AREAS | LAW LIBRARY | SHERIFF'S DRUG TASK FORCE | INMATE WELFARE | AGRICULTURAL TRANSFER | RURAL LEGACY |
|--|-------------------|-------------------|------------------------------------|-------------------|--------------------------|-------------------|
| \$ 470,380 | \$ 349,121 | \$ 383,542 | \$ 207,497 | \$ 211,506 | \$ 359,472 | \$ 401,495 |
| - | - | - | - | - | - | - |
| 1,745 | - | - | - | 7,819 | - | - |
| - | - | - | - | - | - | - |
| - | - | - | - | - | - | - |
| 82,400 | - | - | - | - | - | - |
| <u>\$ 554,525</u> | <u>\$ 349,121</u> | <u>\$ 383,542</u> | <u>\$ 207,497</u> | <u>\$ 219,325</u> | <u>\$ 359,472</u> | <u>\$ 401,495</u> |
| \$ 148,476 | \$ 16,700 | \$ - | \$ 94,489 | \$ 5,881 | \$ 3,248 | \$ - |
| - | - | - | - | - | - | - |
| 340,721 | - | - | - | - | - | - |
| - | - | - | - | - | - | - |
| 489,197 | 16,700 | - | 94,489 | 5,881 | 3,248 | - |
| - | - | - | - | - | - | - |
| - | - | - | - | - | - | - |
| - | - | - | - | - | - | - |
| 489,197 | 16,700 | - | 94,489 | 5,881 | 3,248 | - |
| - | 332,421 | - | 113,008 | 213,444 | 356,224 | 401,495 |
| - | - | - | - | - | - | - |
| 65,328 | - | 383,542 | - | - | - | - |
| - | - | - | - | - | - | - |
| 65,328 | 332,421 | 383,542 | 113,008 | 213,444 | 356,224 | 401,495 |
| <u>\$ 554,525</u> | <u>\$ 349,121</u> | <u>\$ 383,542</u> | <u>\$ 207,497</u> | <u>\$ 219,325</u> | <u>\$ 359,472</u> | <u>\$ 401,495</u> |

CONTINUED

QUEEN ANNE'S COUNTY, MARYLAND
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
JUNE 30, 2021

(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 | \$ 6,040 | \$ 200,795 | \$ 12,298,236 | \$ 579,493 | \$ 737,123 | \$ 20,862,279 |
| Receivables | | | | | | |
| Taxes Receivable (Net) | - | 745 | - | - | - | 745 |
| Accounts Receivable (Net) | 390 | - | - | - | - | 25,573 |
| Loans Receivable (Net) | - | - | 684,737 | 78,245 | 75,049 | 6,573,702 |
| Special Assessments (Net) | 702,595 | - | - | - | - | 702,595 |
| Due from Other Governments | - | - | - | - | - | 1,580,867 |
| Total Assets | \$ 709,025 | \$ 201,540 | \$ 12,982,973 | \$ 657,738 | \$ 812,172 | \$ 29,745,761 |
| LIABILITIES | | | | | | |
| Accrued Liabilities | \$ - | \$ - | \$ 16,011 | \$ 1,832 | \$ 1,736 | \$ 458,226 |
| Due to Other Funds | - | - | - | 19,649 | - | 734,702 |
| Due to Other Governmental Agencies | - | - | - | - | - | 343,857 |
| Unearned Revenue | - | - | - | - | - | 181,406 |
| Total Liabilities | - | - | 16,011 | 21,481 | 1,736 | 1,718,191 |
| DEFERRED INFLOWS OF RESOURCES | | | | | | |
| Unavailable Benefit Assessments | 702,595 | - | - | - | - | 702,595 |
| Unavailable Fees | - | - | 684,737 | 78,245 | 75,049 | 838,031 |
| Total Deferred Inflows | 702,595 | - | 684,737 | 78,245 | 75,049 | 1,540,626 |
| Total Liabilities and Deferred Inflows | 702,595 | - | 700,748 | 99,726 | 76,785 | 3,258,817 |
| FUND BALANCES | | | | | | |
| Restricted | 6,430 | 201,540 | - | - | - | 4,412,891 |
| Committed | - | - | 12,282,225 | 577,661 | 735,387 | 21,290,653 |
| Assigned | - | - | - | - | - | 803,049 |
| Unassigned | - | - | - | (19,649) | - | (19,649) |
| Total Fund Balances | 6,430 | 201,540 | 12,282,225 | 558,012 | 735,387 | 26,486,944 |
| Total Liabilities, Deferred Inflows and Fund Balances | \$ 709,025 | \$ 201,540 | \$ 12,982,973 | \$ 657,738 | \$ 812,172 | \$ 29,745,761 |



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, 2021

| | DEPARTMENT OF AGING | HOUSING AND COMMUNITY SERVICES | GRANTS FUND | REVOLVING LOAN FUND | ECONOMIC DEVELOPMENT INCENTIVE | BRIDGE FUND |
|--|------------------------|--------------------------------------|------------------|------------------------|--------------------------------------|-----------------|
| REVENUES | | | | | | |
| Taxes | | | | | | |
| Local Property Tax | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Recordation Taxes | - | 332,557 | - | - | - | - |
| State Shared Taxes | - | - | - | - | - | - |
| Intergovernmental | 1,495,068 | 622,422 | 7,781,988 | - | - | - |
| Charges for Current Services | 37,025 | 864,667 | 4,925 | - | - | - |
| Fines and Forfeitures | - | - | - | - | - | - |
| Investment Income | 68 | 2,427 | - | 1,743 | - | - |
| Donations | 5,490 | - | - | - | - | - |
| Miscellaneous | 41,573 | (3,965) | 6,398 | - | 14,000 | - |
| Total Revenues | 1,579,224 | 1,818,108 | 7,793,311 | 1,743 | 14,000 | - |
| EXPENDITURES | | | | | | |
| Current | | | | | | |
| General Government | - | - | 2,207,309 | - | - | - |
| Public Safety | - | - | 541,114 | - | - | - |
| Public Works | - | - | 115,210 | - | - | - |
| Parks & Recreation | - | - | 216,351 | - | - | - |
| Social Services | 2,766,061 | - | 305,375 | - | - | - |
| Conservation of Natural Resources | - | - | - | - | - | - |
| Economic/Community Development | - | 1,132,324 | 3,290,679 | - | 124,940 | - |
| Capital Outlay | - | - | 1,137,560 | - | - | - |
| Debt Service | | | | | | |
| Principal | - | - | - | - | - | - |
| Total Expenditures | 2,766,061 | 1,132,324 | 7,813,598 | - | 124,940 | - |
| Excess of Revenues Over (Under) Expenditures | (1,186,837) | 685,784 | (20,287) | 1,743 | (110,940) | - |
| OTHER FINANCING SOURCES (USES) | | | | | | |
| Transfers In | 1,187,072 | 509,734 | 20,287 | - | 85,680 | - |
| Transfers Out | - | - | - | - | - | (85,680) |
| Other Financing Sources (Uses) | 1,187,072 | 509,734 | 20,287 | - | 85,680 | (85,680) |
| Net Increase (Decrease) in Fund Balances | 235 | 1,195,518 | - | 1,743 | (25,260) | (85,680) |
| Fund Balances, July 1 | 117,326 | 8,379,175 | 240,000 | 571,392 | 357,759 | 85,680 |
| Fund Balances, June 30 | \$ 117,561 | \$ 9,574,693 | \$ 240,000 | \$ 573,135 | \$ 332,499 | \$ - |

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, 2021

(CONTINUED)

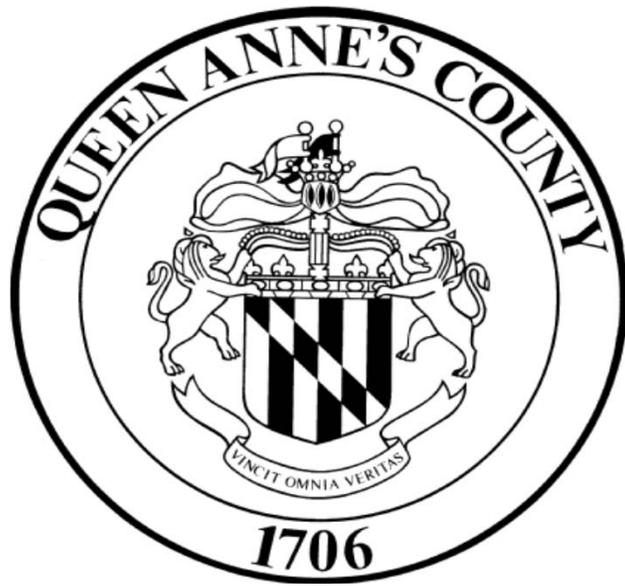
| COMMUNITY PARTNERSHIPS FOR CHILDREN | CRITICAL AREAS | LAW LIBRARY | SHERIFF'S DRUG TASK FORCE | INMATE WELFARE | AGRICULTURAL TRANSFER | RURAL LEGACY |
|--|-------------------|-------------------|------------------------------------|-------------------|--------------------------|-------------------|
| \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| - | - | - | - | - | - | - |
| - | - | - | - | - | 111,443 | - |
| 609,297 | - | - | - | - | - | 1,612,662 |
| - | 90,593 | 9,424 | - | 144,089 | - | - |
| - | - | 26,012 | 34,189 | - | - | - |
| 41 | - | 315 | 150 | 187 | - | 783 |
| - | - | - | - | - | - | - |
| 10,052 | - | - | - | 13,162 | - | - |
| <u>619,390</u> | <u>90,593</u> | <u>35,751</u> | <u>34,339</u> | <u>157,438</u> | <u>111,443</u> | <u>1,613,445</u> |
| - | - | 3,157 | - | - | - | - |
| - | - | - | 57,215 | 156,043 | - | - |
| - | - | - | - | - | - | - |
| 1,028,800 | - | - | - | - | - | - |
| - | 20,200 | - | - | - | 761,912 | 2,292,285 |
| - | - | - | - | - | - | - |
| - | - | - | - | - | - | - |
| <u>1,028,800</u> | <u>20,200</u> | <u>3,157</u> | <u>57,215</u> | <u>156,043</u> | <u>761,912</u> | <u>2,292,285</u> |
| <u>(409,410)</u> | <u>70,393</u> | <u>32,594</u> | <u>(22,876)</u> | <u>1,395</u> | <u>(650,469)</u> | <u>(678,840)</u> |
| 409,452 | - | - | - | - | 850,577 | - |
| - | - | - | - | - | - | - |
| <u>409,452</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>850,577</u> | <u>-</u> |
| 42 | 70,393 | 32,594 | (22,876) | 1,395 | 200,108 | (678,840) |
| <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>\$ 65,328</u> | <u>\$ 332,421</u> | <u>\$ 383,542</u> | <u>\$ 113,008</u> | <u>\$ 213,444</u> | <u>\$ 356,224</u> | <u>\$ 401,495</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, 2021

(CONTINUED)

| | | | CAPITAL PROJECTS | | | TOTAL NON-MAJOR GOVERNMENTAL |
|--|------------------------------------|-----------------|-----------------------|-----------------------------|--|------------------------------------|
| | DREDGING SPECIAL ASSESSMENTS | KENT NARROWS | SCHOOL IMPACT FEES | FIRE COMPANY IMPACT FEES | PARKS AND RECREATION IMPACT FEES | |
| REVENUES | | | | | | |
| Taxes | | | | | | |
| Local Property Tax | \$ - | \$ 36,819 | \$ - | \$ - | \$ - | \$ 36,819 |
| Recordation Taxes | - | - | - | - | - | 332,557 |
| State Shared Taxes | - | - | - | - | - | 111,443 |
| Intergovernmental | - | - | - | - | - | 12,121,437 |
| Charges for Current Services | 71,599 | - | 3,383,580 | 518,867 | 433,141 | 5,557,910 |
| Fines and Forfeitures | - | - | - | - | - | 60,201 |
| Investment Income | 552 | 172 | 10,354 | 448 | 393 | 17,633 |
| Donations | - | - | - | - | - | 5,490 |
| Miscellaneous | - | - | - | - | - | 81,220 |
| Total Revenues | 72,151 | 36,991 | 3,393,934 | 519,315 | 433,534 | 18,324,710 |
| EXPENDITURES | | | | | | |
| Current | | | | | | |
| General Government | - | - | - | - | - | 2,210,466 |
| Public Safety | - | - | - | 416,486 | - | 1,170,858 |
| Public Works | - | - | - | - | - | 115,210 |
| Parks & Recreation | - | - | - | - | - | 216,351 |
| Social Services | - | - | - | - | - | 4,100,236 |
| Conservation of Natural Resources | - | - | - | - | - | 3,074,397 |
| Economic/Community Development | - | 35,000 | - | - | - | 4,582,943 |
| Capital Outlay | - | - | - | - | - | 1,137,560 |
| Debt Service | | | | | | |
| Principal | 71,816 | - | - | - | - | 71,816 |
| Total Expenditures | 71,816 | 35,000 | - | 416,486 | - | 16,679,837 |
| Excess of Revenues Over (Under) Expenditures | 335 | 1,991 | 3,393,934 | 102,829 | 433,534 | 1,644,873 |
| OTHER FINANCING SOURCES (USES) | | | | | | |
| Transfers In | - | - | - | 62,825 | - | 3,125,627 |
| Transfers Out | - | - | (1,833,980) | - | - | (1,919,660) |
| Other Financing Sources (Uses) | - | - | (1,833,980) | 62,825 | - | 1,205,967 |
| Net Increase (Decrease) in Fund Balances | 335 | 1,991 | 1,559,954 | 165,654 | 433,534 | 2,850,840 |
| Fund Balances, July 1 | 6,095 | 199,549 | 10,722,271 | 392,358 | 301,853 | 23,636,104 |
| Fund Balances, June 30 | \$ 6,430 | \$ 201,540 | \$ 12,282,225 | \$ 558,012 | \$ 735,387 | \$ 26,486,944 |



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, 2021

| | 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 | 332,557 | 132,557 |
| State Shared Taxes | - | - | - | - | - | - | - | - |
| Intergovernmental | 1,124,691 | 1,256,274 | 1,495,068 | 238,794 | 223,477 | 1,027,484 | 622,422 | (405,062) |
| Charges for Current Services | 116,100 | 116,100 | 37,025 | (79,075) | 100,000 | 350,000 | 864,667 | 514,667 |
| Fines and Forfeitures | - | - | - | - | - | - | - | - |
| Investment Income | - | - | 68 | 68 | - | - | 2,427 | 2,427 |
| Donations | 35,000 | 35,000 | 5,490 | (29,510) | - | - | - | - |
| Miscellaneous | 36,000 | 36,000 | 41,573 | 5,573 | - | - | (3,965) | (3,965) |
| Total Revenues | 1,311,791 | 1,443,374 | 1,579,224 | 135,850 | 523,477 | 1,577,484 | 1,818,108 | 240,624 |
| EXPENDITURES | | | | | | | | |
| Current Operating Expenditures | 3,189,320 | 3,320,903 | 2,766,061 | 554,842 | 1,295,207 | 2,349,214 | 1,132,324 | 1,216,890 |
| Capital Outlay | - | - | - | - | - | - | - | - |
| Debt Service | | | | | | | | |
| Principal | - | - | - | - | - | - | - | - |
| Total Expenditures | 3,189,320 | 3,320,903 | 2,766,061 | 554,842 | 1,295,207 | 2,349,214 | 1,132,324 | 1,216,890 |
| Excess of Revenues Over (Under) Expenditures | (1,877,529) | (1,877,529) | (1,186,837) | 690,692 | (771,730) | (771,730) | 685,784 | 1,457,514 |
| OTHER FINANCING SOURCES (USES) | | | | | | | | |
| Transfers In | 1,877,529 | 1,877,529 | 1,187,072 | (690,457) | 621,730 | 621,730 | 509,734 | (111,996) |
| Transfers Out | - | - | - | - | - | - | - | - |
| Total Other Financing Sources (Uses) | 1,877,529 | 1,877,529 | 1,187,072 | (690,457) | 621,730 | 621,730 | 509,734 | (111,996) |
| Net Increase (Decrease) in Fund Balances | \$ - | \$ - | 235 | \$ 235 | \$ (150,000) | \$ (150,000) | 1,195,518 | \$ 1,345,518 |
| Fund Balances, July 1 | | | 117,326 | | | | 8,379,175 | |
| Fund Balances, June 30 | | | <u>\$ 117,561</u> | | | | <u>\$ 9,574,693</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, 2021
(Continued)

| GRANTS FUND | | | | ECONOMIC DEVELOPMENT INCENTIVE | | | |
|-----------------|------------------|-------------------|------------------------------|--------------------------------|--------------------|-------------------|------------------------------|
| ORIGINAL BUDGET | FINAL BUDGET | ACTUAL | VARIANCE POSITIVE (NEGATIVE) | ORIGINAL BUDGET | FINAL BUDGET | ACTUAL | VARIANCE POSITIVE (NEGATIVE) |
| \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - |
| 794,475 | 8,074,432 | 7,781,988 | (292,444) | - | - | - | - |
| 27,500 | 27,500 | 4,925 | (22,575) | - | - | - | - |
| - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - |
| 41,000 | 54,425 | 6,398 | (48,027) | 27,100 | 27,100 | 14,000 | (13,100) |
| <u>862,975</u> | <u>8,156,357</u> | <u>7,793,311</u> | <u>(363,046)</u> | <u>27,100</u> | <u>27,100</u> | <u>14,000</u> | <u>(13,100)</u> |
| 782,872 | 6,921,254 | 6,676,038 | 245,216 | 125,000 | 210,680 | 124,940 | 85,740 |
| 109,762 | 1,264,762 | 1,137,560 | 127,202 | - | - | - | - |
| - | - | - | - | - | - | - | - |
| <u>892,634</u> | <u>8,186,016</u> | <u>7,813,598</u> | <u>372,418</u> | <u>125,000</u> | <u>210,680</u> | <u>124,940</u> | <u>85,740</u> |
| <u>(29,659)</u> | <u>(29,659)</u> | <u>(20,287)</u> | <u>9,372</u> | <u>(97,900)</u> | <u>(183,580)</u> | <u>(110,940)</u> | <u>72,640</u> |
| 29,659 | 29,659 | 20,287 | (9,372) | - | 85,680 | 85,680 | - |
| - | - | - | - | - | - | - | - |
| <u>29,659</u> | <u>29,659</u> | <u>20,287</u> | <u>(9,372)</u> | <u>-</u> | <u>85,680</u> | <u>85,680</u> | <u>-</u> |
| <u>\$ -</u> | <u>\$ -</u> | <u>-</u> | <u>\$ -</u> | <u>\$ (97,900)</u> | <u>\$ (97,900)</u> | <u>(25,260)</u> | <u>\$ 72,640</u> |
| | | 240,000 | | | | 357,759 | |
| | | <u>\$ 240,000</u> | | | | <u>\$ 332,499</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, 2021
(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 | - | - | - | - | 656,658 | 637,924 | 609,297 | (28,627) |
| Charges for Current Services | - | - | - | - | - | - | - | - |
| Fines and Forfeitures | - | - | - | - | - | - | - | - |
| Investment Income | - | - | - | - | - | - | 41 | 41 |
| Donations | - | - | - | - | - | - | - | - |
| Miscellaneous | - | - | - | - | 11,000 | 11,000 | 10,052 | (948) |
| Total Revenues | - | - | - | - | 667,658 | 648,924 | 619,390 | (29,534) |
| EXPENDITURES | | | | | | | | |
| Current Operating Expenditures | - | - | - | - | 1,099,703 | 1,080,969 | 1,028,800 | 52,169 |
| Capital Outlay | - | - | - | - | - | - | - | - |
| Debt Service | | | | | | | | |
| Principal | - | - | - | - | - | - | - | - |
| Total Expenditures | - | - | - | - | 1,099,703 | 1,080,969 | 1,028,800 | 52,169 |
| Excess of Revenues Over (Under) Expenditures | - | - | - | - | (432,045) | (432,045) | (409,410) | 22,635 |
| OTHER FINANCING SOURCES (USES) | | | | | | | | |
| Transfers In | - | - | - | - | 432,045 | 432,045 | 409,452 | (22,593) |
| Transfers Out | - | (85,680) | (85,680) | - | - | - | - | - |
| Total Other Financing Sources (Uses) | - | (85,680) | (85,680) | - | 432,045 | 432,045 | 409,452 | (22,593) |
| Net Increase (Decrease) in Fund Balances | \$ - | \$ (85,680) | (85,680) | \$ - | \$ - | \$ - | 42 | \$ 42 |
| Fund Balances, July 1 | | | 85,680 | | | | 65,286 | |
| Fund Balances, June 30 | | | \$ - | | | | \$ 65,328 | |

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, 2021
(CONTINUED)

| LAW LIBRARY | | | | INMATE WELFARE | | | |
|--------------------|-----------------|-------------------|------------------------------------|--------------------|--------------------|-------------------|------------------------------------|
| ORIGINAL BUDGET | FINAL BUDGET | ACTUAL | VARIANCE POSITIVE (NEGATIVE) | ORIGINAL BUDGET | FINAL BUDGET | ACTUAL | VARIANCE POSITIVE (NEGATIVE) |
| \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - |
| - | - | - | - | 10,890 | 10,890 | - | (10,890) |
| 10,000 | 10,000 | 9,424 | (576) | 125,000 | 125,000 | 144,089 | 19,089 |
| 15,500 | 15,500 | 26,012 | 10,512 | - | - | - | - |
| - | - | 315 | 315 | - | - | 187 | 187 |
| - | - | - | - | - | - | - | - |
| - | - | - | - | 16,310 | 16,310 | 13,162 | (3,148) |
| <u>25,500</u> | <u>25,500</u> | <u>35,751</u> | <u>10,251</u> | <u>152,200</u> | <u>152,200</u> | <u>157,438</u> | <u>5,238</u> |
| 25,500 | 25,500 | 3,157 | 22,343 | 148,150 | 148,150 | 156,043 | (7,893) |
| - | - | - | - | 15,000 | 15,000 | - | 15,000 |
| - | - | - | - | - | - | - | - |
| <u>25,500</u> | <u>25,500</u> | <u>3,157</u> | <u>22,343</u> | <u>163,150</u> | <u>163,150</u> | <u>156,043</u> | <u>7,107</u> |
| - | - | 32,594 | 32,594 | (10,950) | (10,950) | 1,395 | 12,345 |
| - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - |
| <u>\$ -</u> | <u>\$ -</u> | <u>32,594</u> | <u>\$ 32,594</u> | <u>\$ (10,950)</u> | <u>\$ (10,950)</u> | <u>1,395</u> | <u>\$ 12,345</u> |
| | | 350,948 | | | | 212,049 | |
| | | <u>\$ 383,542</u> | | | | <u>\$ 213,444</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, 2021
(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 | 111,443 | (138,557) | - | - | - | - |
| Intergovernmental | - | - | - | - | - | 2,024,994 | 1,612,662 | (412,332) |
| Charges for Current Services | - | - | - | - | - | - | - | - |
| Fines and Forfeitures | - | - | - | - | - | - | - | - |
| Investment Income | - | - | - | - | - | - | 783 | 783 |
| Donations | - | - | - | - | - | - | - | - |
| Miscellaneous | - | - | - | - | - | - | - | - |
| Total Revenues | 250,000 | 250,000 | 111,443 | (138,557) | - | 2,024,994 | 1,613,445 | (411,549) |
| EXPENDITURES | | | | | | | | |
| Current Operating Expenditures | 850,000 | 1,184,792 | 761,912 | 422,880 | - | 2,292,285 | 2,292,285 | - |
| Capital Outlay | - | - | - | - | - | - | - | - |
| Debt Service | | | | | | | | |
| Principal | - | - | - | - | - | - | - | - |
| Total Expenditures | 850,000 | 1,184,792 | 761,912 | 422,880 | - | 2,292,285 | 2,292,285 | - |
| Excess of Revenues Over (Under) Expenditures | (600,000) | (934,792) | (650,469) | 284,323 | - | (267,291) | (678,840) | (411,549) |
| OTHER FINANCING SOURCES (USES) | | | | | | | | |
| Transfers In | 600,000 | 850,577 | 850,577 | - | - | - | - | - |
| Transfers Out | - | - | - | - | - | - | - | - |
| Total Other Financing Sources (Uses) | 600,000 | 850,577 | 850,577 | - | - | - | - | - |
| Net Increase (Decrease) in Fund Balances | \$ - | \$ (84,215) | 200,108 | \$ 284,323 | \$ - | \$ (267,291) | (678,840) | \$ (411,549) |
| Fund Balances, July 1 | | | 156,116 | | | | 1,080,335 | |
| Fund Balances, June 30 | | | <u>\$ 356,224</u> | | | | <u>\$ 401,495</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, 2021
(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 | \$ 36,819 | \$ (1,181) |
| - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - |
| 71,816 | 71,816 | 71,599 | (217) | - | - | - | - |
| - | - | - | - | - | - | - | - |
| - | - | 552 | 552 | - | - | 172 | 172 |
| - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - |
| <u>71,816</u> | <u>71,816</u> | <u>72,151</u> | <u>335</u> | <u>38,000</u> | <u>38,000</u> | <u>36,991</u> | <u>(1,009)</u> |
| - | - | - | - | 38,000 | 38,000 | 35,000 | 3,000 |
| - | - | - | - | - | - | - | - |
| <u>71,816</u> | <u>71,816</u> | <u>71,816</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| <u>71,816</u> | <u>71,816</u> | <u>71,816</u> | <u>-</u> | <u>38,000</u> | <u>38,000</u> | <u>35,000</u> | <u>3,000</u> |
| <u>-</u> | <u>-</u> | <u>335</u> | <u>335</u> | <u>-</u> | <u>-</u> | <u>1,991</u> | <u>1,991</u> |
| - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - |
| <u>\$ -</u> | <u>\$ -</u> | <u>335</u> | <u>\$ 335</u> | <u>\$ -</u> | <u>\$ -</u> | <u>1,991</u> | <u>\$ 1,991</u> |
| | | <u>6,095</u> | | | | <u>199,549</u> | |
| | | <u>\$ 6,430</u> | | | | <u>\$ 201,540</u> | |

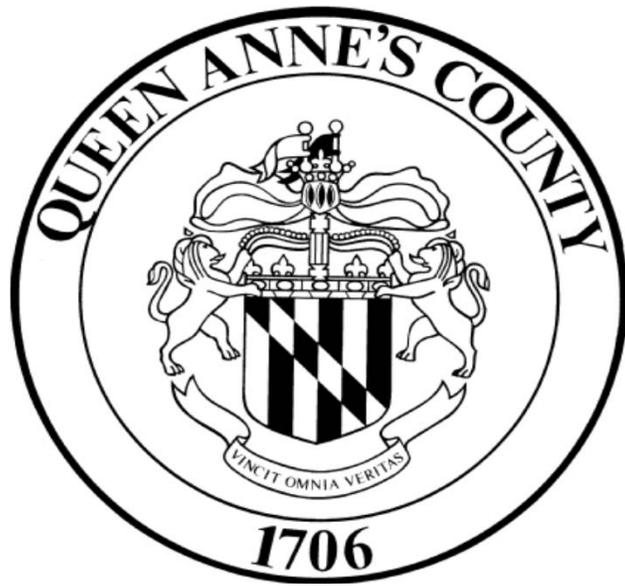
CONTINUED

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, 2021
(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 | 1,833,980 | 1,833,980 | 3,383,580 | 1,549,600 |
| Fines and Forfeitures | - | - | - | - |
| Investment Income | - | - | 10,354 | 10,354 |
| Donations | - | - | - | - |
| Miscellaneous | - | - | - | - |
| Total Revenues | 1,833,980 | 1,833,980 | 3,393,934 | 1,559,954 |
| EXPENDITURES | | | | |
| Current Operating Expenditures | - | - | - | - |
| Capital Outlay | - | - | - | - |
| Debt Service | | | | |
| Principal | - | - | - | - |
| Total Expenditures | - | - | - | - |
| Excess of Revenues Over (Under) Expenditures | 1,833,980 | 1,833,980 | 3,393,934 | 1,559,954 |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers In | - | - | - | - |
| Transfers Out | (1,833,980) | (1,833,980) | (1,833,980) | - |
| Total Other Financing Sources (Uses) | (1,833,980) | (1,833,980) | (1,833,980) | - |
| Net Increase (Decrease) in Fund Balances | \$ - | \$ - | 1,559,954 | \$ 1,559,954 |
| Fund Balances, July 1 | | | 10,722,271 | |
| Fund Balances, June 30 | | | <u>\$ 12,282,225</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, 2021
(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 | 274,260 | 518,867 | 244,607 | 150,000 | 150,000 | 433,141 | 283,141 |
| - | - | - | - | - | - | - | - |
| 500 | 500 | 448 | (52) | 400 | 400 | 393 | (7) |
| - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - |
| <u>200,500</u> | <u>274,760</u> | <u>519,315</u> | <u>244,555</u> | <u>150,400</u> | <u>150,400</u> | <u>433,534</u> | <u>283,134</u> |
| 290,500 | 417,186 | 416,486 | 700 | - | - | - | - |
| - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - |
| <u>290,500</u> | <u>417,186</u> | <u>416,486</u> | <u>700</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| (90,000) | (142,426) | 102,829 | 245,255 | 150,400 | 150,400 | 433,534 | 283,134 |
| 90,000 | 90,000 | 62,825 | (27,175) | - | - | - | - |
| - | - | - | - | (150,400) | (150,400) | - | 150,400 |
| <u>90,000</u> | <u>90,000</u> | <u>62,825</u> | <u>(27,175)</u> | <u>(150,400)</u> | <u>(150,400)</u> | <u>-</u> | <u>150,400</u> |
| <u>\$ -</u> | <u>\$ (52,426)</u> | <u>165,654</u> | <u>\$ 218,080</u> | <u>\$ -</u> | <u>\$ -</u> | <u>433,534</u> | <u>\$ 433,534</u> |
| | | <u>392,358</u> | | | | <u>301,853</u> | |
| | | <u>\$ 558,012</u> | | | | <u>\$ 735,387</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, 2021

| | GOLF COURSE | PUBLIC LANDINGS AND MARINAS | TOTAL NON-MAJOR ENTERPRISE |
|---|----------------|-----------------------------------|----------------------------------|
| ASSETS | | | |
| Current Assets | | | |
| Equity in Pooled Cash | \$ - | \$ 533,078 | \$ 533,078 |
| Accounts Receivable (Net) | - | 62,489 | 62,489 |
| Due from Other Governments | - | 23,950 | 23,950 |
| Inventories | 4,914 | - | 4,914 |
| Total Current Assets | 4,914 | 619,517 | 624,431 |
| Capital Assets | | | |
| Less Accumulated Depreciation | 3,015,673 | 6,385,636 | 9,401,309 |
| | (762,880) | (1,454,466) | (2,217,346) |
| Total Capital Assets, Net of Depreciation | 2,252,793 | 4,931,170 | 7,183,963 |
| Total Noncurrent Assets | 2,252,793 | 4,931,170 | 7,183,963 |
| Total Assets | 2,257,707 | 5,550,687 | 7,808,394 |
| DEFERRED OUTFLOWS OF RESOURCES | | | |
| OPEB | - | 7,208 | 7,208 |
| Pension Benefits | 15,170 | 30,689 | 45,859 |
| Deferred Charge on Refunding | - | 883 | 883 |
| Total Deferred Outflows of Resources | 15,170 | 38,780 | 53,950 |
| LIABILITIES | | | |
| Current Liabilities | | | |
| Accounts Payable | 22,013 | 46,550 | 68,563 |
| Accrued Interest Payable | 1,401 | 6,177 | 7,578 |
| Due to Other Funds | 546,019 | - | 546,019 |
| Unearned Revenue | 2,797 | - | 2,797 |
| Current Portion of Compensated Absences | 8,530 | 17,749 | 26,279 |
| Current Portion of Bonds/Notes Payable | 4,379 | 58,770 | 63,149 |
| Total Current Liabilities | 585,139 | 129,246 | 714,385 |
| Noncurrent Liabilities | | | |
| Compensated Absences | 7,192 | 14,964 | 22,156 |
| OPEB | - | 271,362 | 271,362 |
| Net Pension Liability | 72,102 | 148,942 | 221,044 |
| Bonds/Notes Payable | 89,579 | 572,761 | 662,340 |
| Total Noncurrent Liabilities | 168,873 | 1,008,029 | 1,176,902 |
| Total Liabilities | 754,012 | 1,137,275 | 1,891,287 |
| DEFERRED INFLOWS OF RESOURCES | | | |
| OPEB | - | 43,118 | 43,118 |
| Pension Benefits | 5,510 | 10,882 | 16,392 |
| Bond Refundings | - | 2,007 | 2,007 |
| Total Deferred Inflows of Resources | 5,510 | 56,007 | 61,517 |
| NET POSITION | | | |
| Net Investment in Capital Assets | 2,158,835 | 4,300,522 | 6,459,357 |
| Unrestricted Amounts (Deficit) | (645,480) | 95,663 | (549,817) |
| Total Net Position | \$ 1,513,355 | \$ 4,396,185 | \$ 5,909,540 |

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, 2021

| | GOLF COURSE | PUBLIC LANDINGS AND MARINAS | TOTAL NON-MAJOR ENTERPRISE |
|--|---------------------|-----------------------------------|----------------------------------|
| <u>OPERATING REVENUES</u> | | | |
| Charges for Services | \$ 593,022 | \$ 540,240 | \$ 1,133,262 |
| Intergovernmental | - | 178,208 | 178,208 |
| Material Sales | 44,555 | - | 44,555 |
| Miscellaneous Revenues | 1,243 | 34,455 | 35,698 |
| Total Operating Revenues | <u>638,820</u> | <u>752,903</u> | <u>1,391,723</u> |
| <u>OPERATING EXPENSES</u> | | | |
| Cost of Sales and Services | | | |
| Recreation | 492,773 | 955,840 | 1,448,613 |
| OPEB | - | (1,804) | (1,804) |
| Pension Liability Adjustment | 1,704 | 5,604 | 7,308 |
| Depreciation | 26,519 | 128,251 | 154,770 |
| Total Operating Expenses | <u>520,996</u> | <u>1,087,891</u> | <u>1,608,887</u> |
| Operating Income (Loss) | <u>117,824</u> | <u>(334,988)</u> | <u>(217,164)</u> |
| <u>NON-OPERATING REVENUES (EXPENSES)</u> | | | |
| Interest Expense | (2,439) | (16,279) | (18,718) |
| Gain on Disposal of Capital Assets | 1,406 | - | 1,406 |
| Transfer of Capital Asset to Governmental Fund | - | (8,250) | (8,250) |
| Total Non-Operating (Expenses) | <u>(1,033)</u> | <u>(24,529)</u> | <u>(25,562)</u> |
| Gain (Loss) Before Contributions and Transfers | <u>116,791</u> | <u>(359,517)</u> | <u>(242,726)</u> |
| Transfers In | 127,763 | - | 127,763 |
| Change in Net Position | <u>244,554</u> | <u>(359,517)</u> | <u>(114,963)</u> |
| Total Net Position - Beginning of Year | <u>1,268,801</u> | <u>4,755,702</u> | <u>6,024,503</u> |
| Total Net Position - End of Year | <u>\$ 1,513,355</u> | <u>\$ 4,396,185</u> | <u>\$ 5,909,540</u> |

QUEEN ANNE'S COUNTY, MARYLAND
COMBINING STATEMENT OF CASH FLOWS
NON-MAJOR ENTERPRISE FUNDS
FOR THE YEAR ENDED JUNE 30, 2021

| | GOLF COURSE | PUBLIC LANDINGS AND MARINAS | TOTAL NON-MAJOR ENTERPRISE |
|---|-------------------|-----------------------------------|----------------------------------|
| <u>CASH FLOWS FROM OPERATING ACTIVITIES</u> | | | |
| Receipts from customers and users | \$ 592,465 | \$ 551,255 | \$ 1,143,720 |
| Receipts from other operating revenues | 45,798 | 201,843 | 247,641 |
| Payments to suppliers | (350,857) | (709,790) | (1,060,647) |
| Payments to employees and on behalf of employees | (151,316) | (227,780) | (379,096) |
| Net Cash Provided (Used) by Operating Activities | <u>136,090</u> | <u>(184,472)</u> | <u>(48,382)</u> |
| <u>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</u> | | | |
| Transfers from other funds | 127,763 | - | 127,763 |
| Receipts from interfund loans | 546,019 | - | 546,019 |
| Principal paid on interfund loans | (693,566) | - | (693,566) |
| Net Cash (Used) by Noncapital Financing Activities | <u>(19,784)</u> | <u>-</u> | <u>(19,784)</u> |
| <u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</u> | | | |
| Proceeds from the disposition of capital assets | 1,406 | - | 1,406 |
| Principal paid on capital debt | (3,835) | (127,722) | (131,557) |
| Proceeds from refunding of long term debt | - | 67,871 | 67,871 |
| Premium on sale of bonds | - | 14,002 | 14,002 |
| Deferred Refunding costs on sale of bonds | - | (412) | (412) |
| Interest paid on capital debt | (2,877) | (26,378) | (29,255) |
| Acquisition and Construction of Capital Assets | (111,000) | - | (111,000) |
| Net Cash (Used) by Capital and Related Financing Activities | <u>(116,306)</u> | <u>(72,639)</u> | <u>(188,945)</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 | - | (257,111) | (257,111) |
| Balances - Beginning of year | - | 790,189 | 790,189 |
| Balances - End of year | <u>\$ -</u> | <u>\$ 533,078</u> | <u>\$ 533,078</u> |
| <u>Reconciliation of operating income (loss) to net cash provided (used) by operating activities</u> | | | |
| Operating income (loss) | \$ 117,824 | \$ (334,988) | \$ (217,164) |
| Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities: | | | |
| Depreciation | 26,519 | 128,251 | 154,770 |
| Changes in assets and liabilities: | | | |
| Accounts receivable, net | - | 11,015 | 11,015 |
| Operating grants receivable | - | (10,820) | (10,820) |
| Inventories and Prepaid Expenses | (2,150) | - | (2,150) |
| Vendor accounts payable | (8,619) | 19,425 | 10,806 |
| Compensated absences | 1,369 | (1,155) | 214 |
| OPEB | - | (1,804) | (1,804) |
| Net Pension Liability | 1,704 | 5,604 | 7,308 |
| Deferred revenue collected in advance | (557) | - | (557) |
| Net Cash Provided (Used) by Operating Activities | <u>\$ 136,090</u> | <u>\$ (184,472)</u> | <u>\$ (48,382)</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.

Custodial 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 Custodial 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

*The above Trust was closed out in fiscal year 2021. All of the County's OPEB funding is now included in the MACO Pooled OPEB Investment Trust Fund.

CUSTODIAL FUNDS

Custodial 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.

Inmate Welfare – This fund accounts for earnings or other funds deposited into an account established for the inmates. Inmates can use these funds to make purchases at the commissary. Any remaining funds belonging to an inmate is paid to them upon release.

QUEEN ANNE'S COUNTY, MARYLAND
COMBINING STATEMENT OF FIDUCIARY NET POSITION
OTHER POST-EMPLOYMENT BENEFIT TRUST FUND
JUNE 30, 2021

| | QUEEN ANNE'S COUNTY MACO TRUST | QUEEN ANNE'S COUNTY BOARD OF EDUCATION | QUEEN ANNE'S COUNTY LIBRARY | TOTAL OPEB TRUST FUND |
|---|--------------------------------------|---|-----------------------------------|--------------------------------|
| ASSETS | | | | |
| Cash and Cash Equivalents | \$ 700,075 | \$ - | \$ - | \$ 700,075 |
| Investments, at Fair Value | | | | |
| Debt Securities | 3,606,810 | - | - | 3,606,810 |
| Fixed Income Fund | 621,106 | - | - | 621,106 |
| Mutual and Global Funds | 6,407,848 | - | - | 6,407,848 |
| International | 1,845,276 | - | - | 1,845,276 |
| Total Investments | <u>12,481,040</u> | <u>-</u> | <u>-</u> | <u>12,481,040</u> |
| Total Assets | <u>13,181,115</u> | <u>-</u> | <u>-</u> | <u>13,181,115</u> |
| LIABILITIES | | | | |
| Accounts Payable and other Liabilities | <u>12,420</u> | <u>-</u> | <u>-</u> | <u>12,420</u> |
| Total Liabilities | <u>12,420</u> | <u>-</u> | <u>-</u> | <u>12,420</u> |
| NET POSITION RESTRICTED FOR OTHER POST-EMPLOYMENT BENEFITS | | | | |
| | <u>\$ 13,168,695</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 13,168,695</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, 2021

| | QUEEN ANNE'S COUNTY MACO TRUST | QUEEN ANNE'S COUNTY BOARD OF EDUCATION | QUEEN ANNE'S COUNTY LIBRARY | TOTAL OPEB TRUST FUND |
|---|--------------------------------------|---|-----------------------------------|--------------------------------|
| ADDITIONS | | | | |
| Contributions | | | | |
| Employers | \$ 3,612,555 | \$ - | \$ - | \$ 3,612,555 |
| Members | 384,264 | - | - | 384,264 |
| Total Contributions | <u>3,996,819</u> | <u>-</u> | <u>-</u> | <u>3,996,819</u> |
| Investment Earnings | | | | |
| Net Increase in the Fair Value of Investments | 1,885,733 | - | - | 1,885,733 |
| Interest | 430,248 | 271 | 16 | 430,535 |
| Total Investment Earnings | <u>2,315,981</u> | <u>271</u> | <u>16</u> | <u>2,316,268</u> |
| Less Investment Expenses | 5,652 | - | - | 5,652 |
| Net Investment Gain | <u>2,310,329</u> | <u>271</u> | <u>16</u> | <u>2,310,616</u> |
| Total Additions | <u>6,307,148</u> | <u>271</u> | <u>16</u> | <u>6,307,435</u> |
| DEDUCTIONS | | | | |
| Claims Paid | 2,054,359 | - | - | 2,054,359 |
| Administrative Expenses | 41,582 | - | - | 41,582 |
| Withdrawal of Funds to Separate Trust | - | 522,079 | 31,325 | 553,404 |
| Total Deductions | <u>2,095,941</u> | <u>522,079</u> | <u>31,325</u> | <u>2,649,345</u> |
| Net Increase (Decrease) in Fiduciary Net Position | 4,211,207 | (521,808) | (31,309) | 3,658,090 |
| NET POSITION RESTRICTED FOR OTHER POST-EMPLOYMENT BENEFITS | | | | |
| Net Position - Beginning of Year | <u>8,957,488</u> | <u>521,808</u> | <u>31,309</u> | <u>9,510,605</u> |
| Net Position - End of Year | <u>\$ 13,168,695</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 13,168,695</u> |

QUEEN ANNE'S COUNTY, MARYLAND
STATEMENT OF FIDUCIARY NET POSITION
CUSTODIAL FUNDS
JUNE 30, 2021

| | TAX DITCH FUND | ZONING DEPOSITS | STATE & TOWN TAX COLLECTIONS | MOTOR VEHICLE ADMIN DEPOSITS | ESCHEAT - ABANDONED PROPERTY | INMATE WELFARE | TOTAL CUSTODIAL FUNDS |
|--|----------------------|--------------------|---------------------------------------|---------------------------------------|------------------------------------|-------------------|-----------------------------|
| ASSETS | | | | | | | |
| Cash and Cash Equivalents | \$ 174,706 | \$ 627,130 | \$ 37,945 | \$ - | \$ - | \$ 41,040 | \$ 880,821 |
| Total Assets | <u>\$ 174,706</u> | <u>\$ 627,130</u> | <u>\$ 37,945</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 41,040</u> | <u>\$ 880,821</u> |
| LIABILITIES | | | | | | | |
| Due to Other Governments | \$ - | \$ - | \$ 37,945 | \$ - | \$ - | \$ - | \$ 37,945 |
| Total Liabilities | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 37,945</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 37,945</u> |
| NET POSITION | | | | | | | |
| Restricted for: | | | | | | | |
| Individuals, Organizations, and other Governments | <u>\$ 174,706</u> | <u>\$ 627,130</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 41,040</u> | <u>\$ 842,876</u> |

QUEEN ANNE'S COUNTY, MARYLAND
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
CUSTODIAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2021

| | TAX DITCH FUND | ZONING DEPOSITS | STATE & TOWN TAX COLLECTIONS | MOTOR VEHICLE ADMIN DEPOSITS | ESCHEAT - ABANDONED PROPERTY | INMATE WELFARE | TOTAL CUSTODIAL FUNDS |
|---|----------------------|--------------------|---------------------------------------|---------------------------------------|------------------------------------|-------------------|-----------------------------|
| ADDITIONS | | | | | | | |
| Tax Collections for Other Governments | \$ - | \$ - | \$ 13,936,739 | \$ - | \$ - | \$ - | \$ 13,936,739 |
| Zoning Deposits | - | 214,928 | - | - | - | - | 214,928 |
| Motor Vehicle Administration | - | - | - | 192,583 | - | - | 192,583 |
| Inmate Welfare | - | - | - | - | - | 208,288 | 208,288 |
| Tax Ditch | 23,447 | - | - | - | - | - | 23,447 |
| Total Additions | 23,447 | 214,928 | 13,936,739 | 192,583 | - | 208,288 | 14,575,985 |
| DEDUCTIONS | | | | | | | |
| Payments of Tax to Other Governments | - | - | 13,936,739 | - | - | - | 13,936,739 |
| Payments of Escheat to Other Governments | - | - | - | - | 3,677 | - | 3,677 |
| Payments of Escheat to Others | - | - | - | - | 11,601 | - | 11,601 |
| Refund of Zoning Deposits | - | 30,031 | - | - | - | - | 30,031 |
| Payments to Motor Vehicle Administration | - | - | - | 192,583 | - | - | 192,583 |
| Distribution of Inmate Welfare Funds | - | - | - | - | - | 192,784 | 192,784 |
| Distribution of Tax Ditch Funds | 15,508 | - | - | - | - | - | 15,508 |
| Total Deductions | 15,508 | 30,031 | 13,936,739 | 192,583 | 15,278 | 192,784 | 14,382,923 |
| Net increase (decrease) in Fiduciary Net Position | 7,939 | 184,897 | - | - | (15,278) | 15,504 | 193,062 |
| Net Position-Beginning of Year, as restated | 166,767 | 442,233 | - | - | 15,278 | 25,536 | 649,814 |
| Net Position-End of Year | \$ 174,706 | \$ 627,130 | \$ - | \$ - | \$ - | \$ 41,040 | \$ 842,876 |

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, 2021 (with Summarized Totals as of June 30, 2020)

| | Admin | Fed/State GOCCP GOC | Total Community Partnerships | Returned Reinvestment Fund | 2021 Total | 2020 Summarized Total |
|--|-------------------|---------------------------|------------------------------------|----------------------------------|-------------------|-----------------------------|
| ASSETS | | | | | | |
| Cash and cash equivalents | \$ 102,526 | \$ 358,462 | \$ 460,988 | \$ 9,392 | \$ 470,380 | \$ 443,814 |
| Accounts receivable | - | 1,745 | 1,745 | - | 1,745 | 1,718 |
| Due from State governmental agencies | - | 79,724 | 79,724 | - | 79,724 | 163,720 |
| Due from Federal governmental agencies | - | 2,676 | 2,676 | - | 2,676 | 9,501 |
| Total Assets | \$ 102,526 | \$ 442,607 | \$ 545,133 | \$ 9,392 | \$ 554,525 | \$ 618,753 |
| LIABILITIES AND FUND BALANCES | | | | | | |
| LIABILITIES | | | | | | |
| Accounts payable and accrued expenditures | \$ 8,045 | \$ 140,431 | \$ 148,476 | \$ - | \$ 148,476 | \$ 178,458 |
| Due to State governmental agencies | 40,371 | 300,350 | 340,721 | - | 340,721 | 375,009 |
| Total Liabilities | 48,416 | 440,781 | 489,197 | - | 489,197 | 553,467 |
| FUND BALANCES | | | | | | |
| Assigned | 54,110 | 1,826 | 55,936 | 9,392 | 65,328 | 65,286 |
| Total Fund Balances | 54,110 | 1,826 | 55,936 | 9,392 | 65,328 | 65,286 |
| Total Liabilities and Fund Balances | \$ 102,526 | \$ 442,607 | \$ 545,133 | \$ 9,392 | \$ 554,525 | \$ 618,753 |

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, 2021 (with Summarized Totals for the Year Ended June 30, 2020)

| | Federal/State GOCCP/GOC | | | | | | |
|--|-------------------------|---------------|--------------------|---------------------------|---------------------------------|----------------------|-----------------------------------|
| | Administrative | CASA Start | Local Care Team | Transportation Voucher | Healthy Fam/Home Visiting | Family Navigators | MD After School Opportunity |
| REVENUES | | | | | | | |
| CPA | | | | | | | |
| Intergovernmental | | | | | | | |
| GOC | \$ 49,374 | \$ 60,318 | \$ 25,000 | \$ 26,028 | \$ 70,041 | \$ 42,803 | \$ - |
| Subtotal CPA | 49,374 | 60,318 | 25,000 | 26,028 | 70,041 | 42,803 | - |
| Non-CPA | | | | | | | |
| Intergovernmental | | | | | | | |
| Federal GOCCP Youth Strategies | - | - | - | - | - | - | - |
| GOC - non-CPA | - | - | - | - | - | - | - |
| Other State Grant Funding | - | - | - | - | 296,372 | - | - |
| Investment Income | - | - | - | - | - | - | - |
| Miscellaneous | - | - | - | - | - | - | - |
| Subtotal Non-CPA | - | - | - | - | 296,372 | - | - |
| Total Revenues | 49,374 | 60,318 | 25,000 | 26,028 | 366,413 | 42,803 | - |
| EXPENDITURES | | | | | | | |
| CPA | | | | | | | |
| Program Contracted Services | - | - | - | - | - | 35,550 | - |
| Other Expenditures | | | | | | | |
| Salaries | 45,737 | - | 21,387 | 12,270 | - | - | - |
| Fringe Benefit Costs | 3,637 | - | 3,613 | 47 | - | - | - |
| Auditing | - | 1,528 | - | - | - | 500 | - |
| Consultants | - | - | - | - | - | - | - |
| Professional Groups | - | - | - | - | - | - | - |
| Equipment Rental | - | - | - | - | - | - | - |
| Postage | - | - | - | - | 5 | - | - |
| Office Supplies | - | 753 | - | - | 763 | 543 | - |
| Program Supplies | - | 1,303 | - | 13,711 | 15,980 | 1,529 | - |
| Printing and Publishing | - | - | - | - | - | - | - |
| Repairs and Equipment | - | - | - | - | 63 | 1,800 | - |
| Business Travel | - | 670 | - | - | - | 370 | - |
| Subscriptions and Dues | - | - | - | - | 197 | - | - |
| Meetings & Conferences | - | 3,777 | - | - | - | 315 | - |
| Training | - | 1,380 | - | - | - | - | - |
| Advertising | - | - | - | - | 35 | - | - |
| Marketing/Promotions | - | - | - | - | - | - | - |
| Communications | - | 432 | - | - | 1,313 | 996 | - |
| Rent | - | - | - | - | - | 1,200 | - |
| Equipment | - | - | - | - | - | - | - |
| Other Charges | - | 50,475 | - | - | 51,685 | - | - |
| Subtotal CPA Expenditures | 49,374 | 60,318 | 25,000 | 26,028 | 70,041 | 42,803 | - |
| Non-CPA | | | | | | | |
| Program Contracted Services | - | - | - | - | 296,371 | - | - |
| Other Expenditures | | | | | | | |
| Salaries | 75,156 | - | 986 | 1,396 | - | - | - |
| Fringe Benefit Costs | 44,604 | - | - | 2,954 | - | - | - |
| Auditing | - | - | - | - | - | - | - |
| Consultants | 11,750 | - | - | - | - | - | - |
| Equipment Rental | 2,135 | - | - | - | - | - | - |
| Postage | 459 | - | - | - | - | - | - |
| Office Supplies | 1,136 | - | - | - | - | - | - |
| Program Supplies | 11,677 | - | - | - | - | - | - |
| Equipment Operation | - | - | - | - | - | - | - |
| Business Travel | - | - | - | - | - | - | - |
| Subscriptions and Dues | 423 | - | - | - | - | - | - |
| Meetings & Conferences | - | - | - | - | - | - | - |
| Training | 1,235 | - | - | - | - | - | - |
| Board's Expenditures | 7,444 | - | - | - | - | - | - |
| Advertising | 375 | - | - | - | - | - | - |
| Marketing/Promotions | - | - | - | - | - | - | - |
| Communications | 150 | - | - | - | - | - | - |
| Rent | - | - | - | - | - | - | - |
| Other Charges | 11,139 | - | - | - | - | - | 212,647 |
| Subtotal Non-CPA Expenditures | 167,683 | - | 986 | 4,350 | 296,371 | - | 212,647 |
| Total Expenditures | 217,057 | 60,318 | 25,986 | 30,378 | 366,412 | 42,803 | 212,647 |
| Excess of Revenues Over (Under) Expenditures | (167,683) | - | (986) | (4,350) | 1 | - | (212,647) |
| OTHER FINANCING SOURCES | | | | | | | |
| Transfers In for: | | | | | | | |
| Program Contracted Services | 167,683 | - | 986 | 4,350 | - | - | 212,647 |
| Net Increase in Fund Balances | \$ - | \$ - | \$ - | \$ - | \$ 1 | \$ - | \$ - |
| 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, 2021 (with Summarized Totals for the Year Ended June 30, 2020)

(CONTINUED)

| Federal/State GOCCP/GOC | | | | | | State GOCCP | | Federal |
|-------------------------|------------------|----------------------|-----------------------|-------------------|-------------------|------------------|--------------------|------------------|
| Community Mentoring | Character Counts | GOCCP/GOC | All Programs Subtotal | State GOC | | Non-CPA Subtotal | Non-CPA Subtotal | Youth Strategies |
| | | Operating Fund Total | | CPA Subtotal | Non-CPA Subtotal | | | |
| \$ 33,859 | \$ - | \$ 258,049 | \$ 307,423 | \$ 307,423 | \$ - | \$ - | \$ - | \$ - |
| <u>33,859</u> | <u>-</u> | <u>258,049</u> | <u>307,423</u> | <u>307,423</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| 5,502 | - | 5,502 | 5,502 | - | - | - | - | 5,502 |
| - | - | - | - | - | - | - | - | - |
| - | - | 296,372 | 296,372 | - | - | - | - | - |
| - | 10,052 | 10,052 | 10,052 | - | - | - | - | - |
| <u>5,502</u> | <u>10,052</u> | <u>311,926</u> | <u>311,926</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>5,502</u> |
| <u>39,361</u> | <u>10,052</u> | <u>569,975</u> | <u>619,349</u> | <u>307,423</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>5,502</u> |
| - | - | 35,550 | 35,550 | 35,550 | - | - | - | - |
| 25,360 | - | 59,017 | 104,754 | 104,754 | - | - | - | - |
| 3,000 | - | 6,660 | 10,297 | 10,297 | - | - | - | - |
| - | - | 2,028 | 2,028 | 2,028 | - | - | - | - |
| - | - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - | - |
| 375 | - | 375 | 375 | 375 | - | - | - | - |
| - | - | 5 | 5 | 5 | - | - | - | - |
| 472 | - | 2,531 | 2,531 | 2,531 | - | - | - | - |
| 973 | - | 33,496 | 33,496 | 33,496 | - | - | - | - |
| - | - | - | - | - | - | - | - | - |
| 252 | - | 2,115 | 2,115 | 2,115 | - | - | - | - |
| - | - | 1,040 | 1,040 | 1,040 | - | - | - | - |
| - | - | 197 | 197 | 197 | - | - | - | - |
| 450 | - | 4,542 | 4,542 | 4,542 | - | - | - | - |
| - | - | 1,380 | 1,380 | 1,380 | - | - | - | - |
| - | - | 35 | 35 | 35 | - | - | - | - |
| - | - | - | - | - | - | - | - | - |
| 120 | - | 2,861 | 2,861 | 2,861 | - | - | - | - |
| - | - | 1,200 | 1,200 | 1,200 | - | - | - | - |
| - | - | - | - | - | - | - | - | - |
| <u>2,857</u> | <u>-</u> | <u>105,017</u> | <u>105,017</u> | <u>105,017</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| <u>33,859</u> | <u>-</u> | <u>258,049</u> | <u>307,423</u> | <u>307,423</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| 2,144 | - | 298,515 | 298,515 | - | - | - | - | - |
| 7,457 | 18,394 | 28,233 | 103,389 | - | - | - | - | - |
| 2,936 | 1,460 | 7,350 | 51,954 | - | - | - | - | - |
| - | - | - | - | - | - | - | - | - |
| - | - | - | 11,750 | - | - | - | - | - |
| - | - | - | 2,135 | - | - | - | - | - |
| - | - | - | 459 | - | - | - | - | - |
| - | - | - | 1,136 | - | - | - | - | - |
| 350 | - | 350 | 12,027 | - | - | - | - | 350 |
| - | 48 | 48 | 48 | - | - | - | - | - |
| - | - | - | - | - | - | - | - | - |
| - | - | - | 423 | - | - | - | - | - |
| - | - | - | - | - | - | - | - | - |
| - | - | - | 1,235 | - | - | - | - | - |
| - | - | - | 7,444 | - | - | - | - | - |
| - | 125 | 125 | 500 | - | - | - | - | - |
| - | 1,274 | 1,274 | 1,274 | - | - | - | - | - |
| 602 | - | 602 | 752 | - | - | - | - | 602 |
| 4,550 | - | 4,550 | 4,550 | - | - | - | - | 4,550 |
| - | - | 212,647 | 223,786 | - | - | - | - | - |
| <u>18,039</u> | <u>21,301</u> | <u>553,694</u> | <u>721,377</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>5,502</u> |
| <u>51,898</u> | <u>21,301</u> | <u>811,743</u> | <u>1,028,800</u> | <u>307,423</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>5,502</u> |
| (12,537) | (11,249) | (241,768) | (409,451) | - | - | - | - | - |
| - | - | - | - | - | - | - | - | - |
| <u>12,537</u> | <u>11,249</u> | <u>241,769</u> | <u>409,452</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| <u>\$ -</u> | <u>\$ -</u> | <u>\$ 1</u> | <u>1</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| | | | <u>55,936</u> | <u>606,662</u> | <u>(5,612)</u> | <u>3,491</u> | <u>(25,474)</u> | |
| | | | <u>\$ 55,937</u> | <u>\$ 606,662</u> | <u>\$ (5,612)</u> | <u>\$ 3,491</u> | <u>\$ (25,474)</u> | |

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, 2021 (with Summarized Totals for the Year Ended June 30, 2020)

(CONTINUED)

| | Other Non-CPA State Grants | Other | Total Community Partnerships Operating Funds | Returned Reinvestment Fund | 2021 Total | 2020 Summarized Total |
|--|----------------------------------|--------------|---|----------------------------------|---------------|-----------------------------|
| REVENUES | | | | | | |
| CPA | | | | | | |
| Intergovernmental | | | | | | |
| GOC | \$ - | \$ - | \$ 307,423 | \$ - | \$ 307,423 | \$ 345,230 |
| Subtotal CPA | - | - | 307,423 | - | 307,423 | 345,230 |
| Non-CPA | | | | | | |
| Intergovernmental | | | | | | |
| Federal GOCCP Youth Strategies | - | - | 5,502 | - | 5,502 | 32,387 |
| GOC - non-CPA | - | - | - | - | - | 25,008 |
| Other State Grant Funding | 296,372 | - | 296,372 | - | 296,372 | 296,372 |
| Investment Income | - | - | - | 41 | 41 | 694 |
| Miscellaneous | - | 10,052 | 10,052 | - | 10,052 | 19,340 |
| Subtotal Non-CPA | 296,372 | 10,052 | 311,926 | 41 | 311,967 | 373,801 |
| Total Revenues | 296,372 | 10,052 | 619,349 | 41 | 619,390 | 719,031 |
| EXPENDITURES | | | | | | |
| CPA | | | | | | |
| Program Contracted Services | - | - | 35,550 | - | 35,550 | 70,104 |
| Other Expenditures | | | | | | |
| Salaries | - | - | 104,754 | - | 104,754 | 106,634 |
| Fringe Benefit Costs | - | - | 10,297 | - | 10,297 | 11,488 |
| Auditing | - | - | 2,028 | - | 2,028 | 3,047 |
| Consultants | - | - | - | - | - | 1,702 |
| Professional Groups | - | - | - | - | - | 3,383 |
| Equipment Rental | - | - | 375 | - | 375 | 375 |
| Postage | - | - | 5 | - | 5 | 220 |
| Office Supplies | - | - | 2,531 | - | 2,531 | 4,256 |
| Program Supplies | - | - | 33,496 | - | 33,496 | 22,304 |
| Printing and Publishing | - | - | - | - | - | 157 |
| Repairs and Equipment | - | - | 2,115 | - | 2,115 | 2,017 |
| Business Travel | - | - | 1,040 | - | 1,040 | 1,962 |
| Subscriptions and Dues | - | - | 197 | - | 197 | - |
| Meetings & Conferences | - | - | 4,542 | - | 4,542 | 4,743 |
| Training | - | - | 1,380 | - | 1,380 | 6,051 |
| Advertising | - | - | 35 | - | 35 | 751 |
| Marketing/Promotions | - | - | - | - | - | 2,494 |
| Communications | - | - | 2,861 | - | 2,861 | 2,579 |
| Rent | - | - | 1,200 | - | 1,200 | 1,200 |
| Equipment | - | - | - | - | - | 372 |
| Other Charges | - | - | 105,017 | - | 105,017 | 99,391 |
| Subtotal CPA Expenditures | - | - | 307,423 | - | 307,423 | 345,230 |
| Non-CPA | | | | | | |
| Program Contracted Services | 296,371 | 2,144 | 298,515 | - | 298,515 | 333,023 |
| Other Expenditures | | | | | | |
| Salaries | - | 103,389 | 103,389 | - | 103,389 | 99,181 |
| Fringe Benefit Costs | - | 51,954 | 51,954 | - | 51,954 | 47,768 |
| Auditing | - | - | - | - | - | 2,988 |
| Consultants | - | 11,750 | 11,750 | - | 11,750 | 9,500 |
| Equipment Rental | - | 2,135 | 2,135 | - | 2,135 | 2,770 |
| Postage | - | 459 | 459 | - | 459 | 800 |
| Office Supplies | - | 1,136 | 1,136 | - | 1,136 | 2,339 |
| Program Supplies | - | 11,677 | 12,027 | - | 12,027 | 11,439 |
| Equipment Operation | - | 48 | 48 | - | 48 | - |
| Business Travel | - | - | - | - | - | 154 |
| Subscriptions and Dues | - | 423 | 423 | - | 423 | 999 |
| Meetings & Conferences | - | - | - | - | - | 10,590 |
| Training | - | 1,235 | 1,235 | - | 1,235 | 1,484 |
| Board's Expenditures | - | 7,444 | 7,444 | - | 7,444 | 9,996 |
| Advertising | - | 500 | 500 | - | 500 | 753 |
| Marketing/Promotions | - | 1,274 | 1,274 | - | 1,274 | - |
| Communications | - | 150 | 752 | - | 752 | 1,881 |
| Rent | - | - | 4,550 | - | 4,550 | - |
| Other Charges | - | 223,786 | 223,786 | - | 223,786 | 233,655 |
| Subtotal Non-CPA Expenditures | 296,371 | 419,504 | 721,377 | - | 721,377 | 769,320 |
| Total Expenditures | 296,371 | 419,504 | 1,028,800 | - | 1,028,800 | 1,114,550 |
| Excess of Revenues Over (Under) Expenditures | 1 | (409,452) | (409,451) | 41 | (409,410) | (395,519) |
| OTHER FINANCING SOURCES | | | | | | |
| Transfers In for: | | | | | | |
| Program Contracted Services | - | 409,452 | 409,452 | - | 409,452 | 396,213 |
| Net Increase in Fund Balances | 1 | - | 1 | 41 | 42 | 694 |
| Fund Balances, July 1 | - | (523,131) | 55,936 | 9,350 | 65,286 | 64,592 |
| Fund Balances, June 30 | \$ 1 | \$ (523,131) | \$ 55,937 | \$ 9,391 | \$ 65,328 | \$ 65,286 |



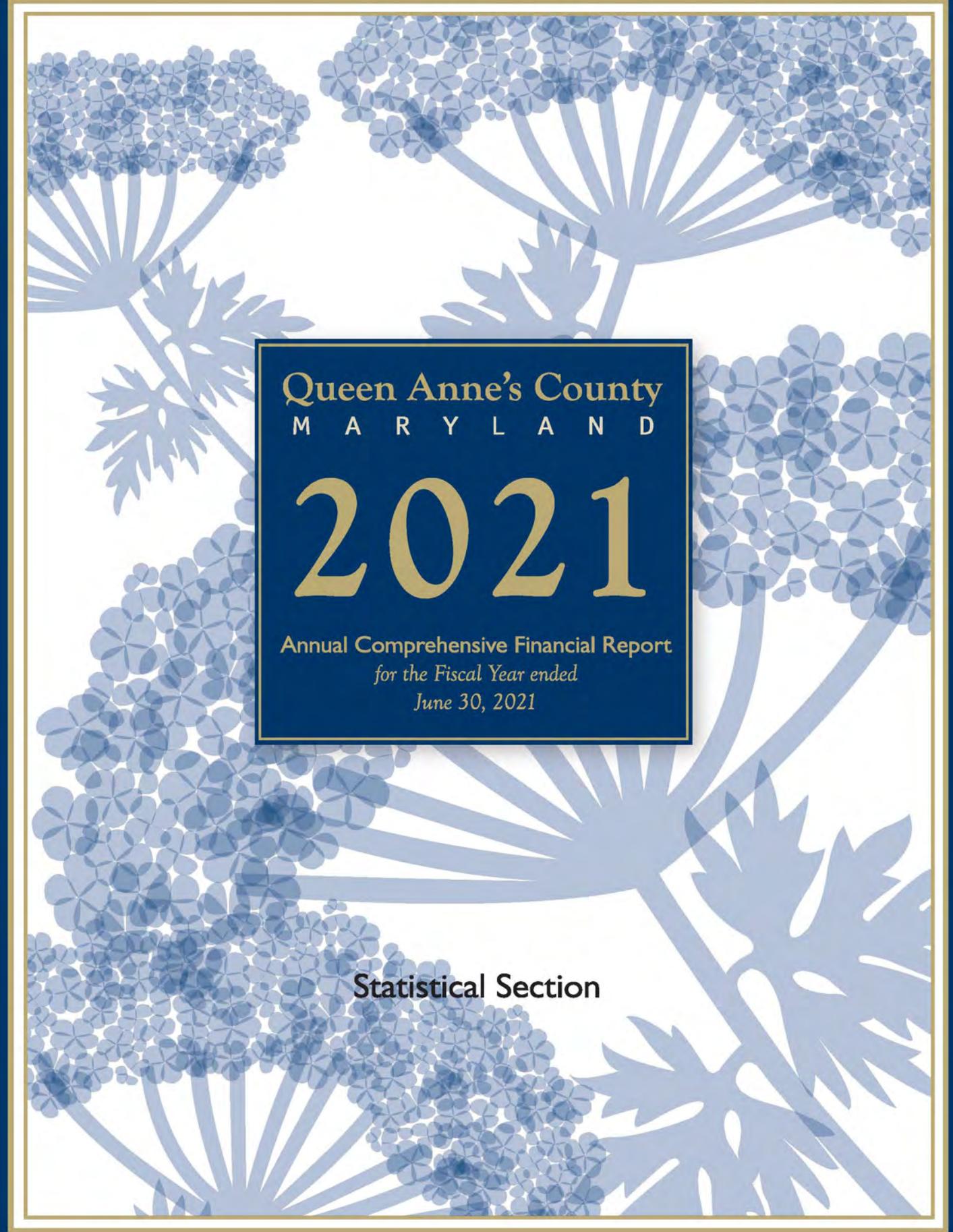
QUEEN ANNE'S COUNTY
COMMUNITY PARTNERSHIPS FOR CHILDREN SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGETARY BASIS
FOR THE YEAR ENDED JUNE 30, 2021

| | 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 | \$ 360,286 | \$ 341,552 | \$ 307,423 | \$ (34,129) | \$ - | \$ - | \$ - | \$ - |
| Federal GOCCP Youth Strategies | - | - | 5,502 | 5,502 | - | - | - | - |
| Other | 296,372 | 296,372 | 296,372 | - | - | - | - | - |
| Investment Income | - | - | - | - | - | - | 41 | 41 |
| Miscellaneous | 11,000 | 11,000 | 10,052 | (948) | - | - | - | - |
| Total Revenues | 667,658 | 648,924 | 619,349 | (29,575) | - | - | 41 | 41 |
| EXPENDITURES | | | | | | | | |
| Program Contracted Services | 364,824 | 329,928 | 334,065 | (4,137) | - | - | - | - |
| Other Expenditures | | | | | | | | |
| Salaries | 203,695 | 209,695 | 208,143 | 1,552 | - | - | - | - |
| Fringe Benefit Costs | 60,857 | 60,857 | 62,251 | (1,394) | - | - | - | - |
| Auditing | 6,886 | 4,467 | 2,028 | 2,439 | - | - | - | - |
| Consultants | 16,304 | 10,000 | 11,750 | (1,750) | - | - | - | - |
| Professional Groups | 500 | - | - | - | - | - | - | - |
| Equipment Rental | 3,627 | 3,627 | 2,510 | 1,117 | - | - | - | - |
| Postage | 760 | 610 | 464 | 146 | - | - | - | - |
| Office Supplies | 4,752 | 5,241 | 3,667 | 1,574 | - | - | - | - |
| Program Supplies | 19,229 | 35,988 | 45,523 | (9,535) | - | - | - | - |
| Repairs and Equipment | 1,975 | 1,975 | 2,115 | (140) | - | - | - | - |
| Printing and Publishing | 1,155 | 350 | - | 350 | - | - | - | - |
| Equipment Operation | 120 | - | 48 | (48) | - | - | - | - |
| Business Travel | 4,749 | 5,226 | 1,040 | 4,186 | - | - | - | - |
| Subscriptions and Dues | - | 873 | 620 | 253 | - | - | - | - |
| Meetings & Conferences | 5,814 | 9,215 | 4,542 | 4,673 | - | - | - | - |
| Training | 6,699 | 7,601 | 2,615 | 4,986 | - | - | - | - |
| Board's Expenditures | 6,500 | 6,500 | 7,444 | (944) | - | - | - | - |
| Advertising | 1,650 | 900 | 535 | 365 | - | - | - | - |
| Marketing/Promotions | 2,895 | 2,895 | 1,274 | 1,621 | - | - | - | - |
| Communications | 3,984 | 4,621 | 3,613 | 1,008 | - | - | - | - |
| Rent | 1,400 | 8,225 | 5,750 | 2,475 | - | - | - | - |
| Other Charges | 381,328 | 372,175 | 328,803 | 43,372 | - | - | - | - |
| Total Expenditures | 1,099,703 | 1,080,969 | 1,028,800 | 52,169 | - | - | - | - |
| Excess of Revenues Over (Under) Expenditures | (432,045) | (432,045) | (409,451) | 22,594 | - | - | 41 | 41 |
| OTHER FINANCING SOURCES | | | | | | | | |
| Transfers In for: | | | | | | | | |
| Program Contracted Services | 432,045 | 432,045 | 409,452 | (22,593) | - | - | - | - |
| Net Increase in Fund Balances | \$ - | \$ - | 1 | \$ 1 | \$ - | \$ - | 41 | \$ 41 |
| Fund Balances, July 1 | | | 55,936 | | | | 9,350 | |
| Fund Balances, June 30 | | | <u>\$ 55,937</u> | | | | <u>\$ 9,391</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, 2021
(Continued)

| TOTAL | | | |
|--------------------|------------------|------------------|---|
| Original Budget | Final Budget | Actual | Variance with Final Budget Positive (Negative) |
| \$ 360,286 | \$ 341,552 | \$ 307,423 | \$ (34,129) |
| - | - | 5,502 | 5,502 |
| 296,372 | 296,372 | 296,372 | - |
| - | - | 41 | 41 |
| 11,000 | 11,000 | 10,052 | (948) |
| <u>667,658</u> | <u>648,924</u> | <u>619,390</u> | <u>(29,534)</u> |
| 364,824 | 329,928 | 334,065 | (4,137) |
| 203,695 | 209,695 | 208,143 | 1,552 |
| 60,857 | 60,857 | 62,251 | (1,394) |
| 6,886 | 4,467 | 2,028 | 2,439 |
| 16,304 | 10,000 | 11,750 | (1,750) |
| 500 | - | - | - |
| 3,627 | 3,627 | 2,510 | 1,117 |
| 760 | 610 | 464 | 146 |
| 4,752 | 5,241 | 3,667 | 1,574 |
| 19,229 | 35,988 | 45,523 | (9,535) |
| 1,975 | 1,975 | 2,115 | (140) |
| 1,155 | 350 | - | 350 |
| 120 | - | 48 | (48) |
| 4,749 | 5,226 | 1,040 | 4,186 |
| - | 873 | 620 | 253 |
| 5,814 | 9,215 | 4,542 | 4,673 |
| 6,699 | 7,601 | 2,615 | 4,986 |
| 6,500 | 6,500 | 7,444 | (944) |
| 1,650 | 900 | 535 | 365 |
| 2,895 | 2,895 | 1,274 | 1,621 |
| 3,984 | 4,621 | 3,613 | 1,008 |
| 1,400 | 8,225 | 5,750 | 2,475 |
| <u>381,328</u> | <u>372,175</u> | <u>328,803</u> | <u>43,372</u> |
| <u>1,099,703</u> | <u>1,080,969</u> | <u>1,028,800</u> | <u>52,169</u> |
| (432,045) | (432,045) | (409,410) | 22,635 |
| <u>432,045</u> | <u>432,045</u> | <u>409,452</u> | <u>(22,593)</u> |
| <u>\$ -</u> | <u>\$ -</u> | <u>42</u> | <u>\$ 42</u> |
| | | <u>65,286</u> | |
| | | <u>\$ 65,328</u> | |





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

2021

Annual Comprehensive Financial Report
*for the Fiscal Year ended
June 30, 2021*

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

| | 2012 | 2013 | 2014 | 2015 | 2016 |
|---|---------------------------|---------------------------|---------------------------|-----------------------|-----------------------|
| Governmental Activities: | | | | | |
| Net Investment in Capital Assets | \$ 118,564,684 | \$ 121,246,426 | \$ 127,369,959 | \$ 125,434,538 | \$ 123,466,319 |
| Restricted | 5,982,041 | 15,691,080 | 17,616,132 | 20,464,486 | 21,063,295 |
| Unrestricted (deficit) (1) | (44,686,543) | (66,089,615) | (71,169,310) | (73,475,567) | (78,567,505) |
| Total Governmental Activities Net Position | <u>79,860,182</u> (2) | <u>70,847,891</u> (3) | <u>73,816,781</u> (4) | <u>72,423,457</u> | <u>65,962,109</u> |
| Business-type Activities: | | | | | |
| Net Investment in Capital Assets | 76,763,695 | 78,693,078 | 79,783,160 | 80,787,152 | 80,909,015 |
| Restricted | 3,513,948 | 3,176,328 | 3,110,033 | 3,061,534 | 1,699,914 |
| Unrestricted | 12,591,302 | 11,031,281 | 8,721,212 | 8,486,063 | 10,240,161 |
| Total Business-type Activities Net Position | <u>92,868,945</u> (2) | <u>92,900,687</u> | <u>91,614,405</u> (4) | <u>92,334,749</u> | <u>92,849,090</u> |
| Primary Government: | | | | | |
| Net Investment in Capital Assets | 195,328,379 | 199,939,504 | 207,153,119 | 206,221,690 | 204,375,334 |
| Restricted | 9,495,989 | 18,867,408 | 20,726,165 | 23,526,020 | 22,763,209 |
| Unrestricted (deficit) (1) | (32,095,241) | (55,058,334) | (62,448,098) | (64,989,504) | (68,327,344) |
| Total Primary Government Net Position | <u>\$ 172,729,127</u> (2) | <u>\$ 163,748,578</u> (3) | <u>\$ 165,431,186</u> (4) | <u>\$ 164,758,206</u> | <u>\$ 158,811,199</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 | \$ (32,095,241) | \$ (55,058,334) | \$ (62,448,098) | \$ (64,989,504) | \$ (68,327,344) |
| Debt issued for capital on behalf of others | 68,278,842 | 63,283,726 | 67,651,486 | 66,219,608 | 63,271,304 |
| County (deficit) net position absent the effect of this relationship | <u>\$ 36,183,601</u> | <u>\$ 8,225,392</u> | <u>\$ 5,203,388</u> | <u>\$ 1,230,104</u> | <u>\$ (5,056,040)</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)

| | 2017 | 2018 | 2019 | 2020 | 2021 |
|----|--------------------|--------------------|--------------------|--------------------|--------------------|
| \$ | 120,249,244 | \$ 114,794,226 | \$ 115,143,089 | \$ 114,252,313 | \$ 116,220,059 |
| | 13,094,534 | 13,275,244 | 18,962,289 | 19,844,181 | 20,883,128 |
| | (67,189,342) | (58,025,753) | (61,637,321) | (48,809,467) | (20,071,163) |
| | <u>66,154,436</u> | <u>70,043,717</u> | <u>72,468,057</u> | <u>85,287,027</u> | <u>117,032,024</u> |
| | 86,163,078 | 84,386,291 | 85,916,730 | 86,939,502 | 88,635,207 |
| | 1,700,836 | 1,060,134 | 2,234,440 | 2,037,318 | 6,322,353 |
| | 4,116,300 | 7,458,996 | 10,087,649 | 16,587,060 | 19,018,596 |
| | <u>91,980,214</u> | <u>92,905,421</u> | <u>98,238,819</u> | <u>105,563,880</u> | <u>113,976,156</u> |
| | 206,412,322 | 199,180,517 | 201,059,819 | 201,191,815 | 204,855,266 |
| | 14,795,370 | 14,335,378 | 21,196,729 | 21,881,499 | 27,205,481 |
| | (63,073,042) | (50,566,757) | (51,549,672) | (32,222,407) | (1,052,567) |
| \$ | <u>158,134,650</u> | <u>162,949,138</u> | <u>170,706,876</u> | <u>190,850,907</u> | <u>231,008,180</u> |
| \$ | (63,073,042) | \$ (50,566,757) | \$ (51,549,672) | \$ (32,222,407) | \$ (1,052,567) |
| | 59,207,136 | 58,625,356 | 58,007,072 | 55,846,036 | 56,855,185 |
| \$ | <u>(3,865,906)</u> | <u>8,058,599</u> | <u>6,457,400</u> | <u>23,623,629</u> | <u>55,802,618</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

| | 2012 | 2013 | 2014 | 2015 | 2016 |
|--|---------------|---------------|---------------|---------------|---------------|
| Expenses | | | | | |
| Governmental Activities: | | | | | |
| General Government | \$ 13,421,531 | \$ 13,639,728 | \$ 14,133,149 | \$ 10,849,277 | \$ 13,936,312 |
| Public Safety | 25,469,721 | 26,174,144 | 26,666,211 | 25,297,450 | 27,525,712 |
| Public Works | 10,373,286 | 11,891,013 | 12,365,647 | 14,363,603 | 19,522,534 |
| Parks & Recreation (3) | - | - | - | - | - |
| Health | 1,642,723 | 1,812,920 | 2,083,201 | 1,856,158 | 2,032,657 |
| Social Services | 4,526,166 | 5,560,196 | 5,040,139 | 4,775,440 | 5,300,871 |
| Education | 53,693,309 | 49,459,783 | 54,882,430 | 65,633,331 | 60,752,025 |
| Library | 1,302,163 | 1,304,076 | 1,336,098 | 1,458,348 | 1,622,848 |
| Conservation of Natural Resources | 2,802,337 | 838,775 | 2,395,762 | 587,147 | 1,799,234 |
| Economic/Community Development | 887,837 | 1,108,912 | 1,528,035 | 1,763,024 | 3,391,547 |
| Interest and Fiscal Charges | 4,196,072 | 4,042,236 | 3,987,943 | 4,039,622 | 4,345,527 |
| Total Governmental Activities Expenses | 118,315,145 | 115,831,783 | 124,418,615 | 130,623,400 | 140,229,267 |
| Business-type Activities: | | | | | |
| Water and Sewer | 10,711,211 | 11,783,515 | 11,059,306 | 10,412,432 | 10,615,466 |
| Golf Course (4) | 2,269,933 | 538,420 | 515,325 | 496,065 | 505,085 |
| Public Landings and Marinas (5) | 110,884 | 535,837 | 544,945 | 537,823 | 529,943 |
| Airport | 1,457,087 | 913,845 | 807,226 | 1,014,491 | 966,896 |
| Total Business-type Activities Expenses | 14,549,115 | 13,771,617 | 12,926,802 | 12,460,811 | 12,617,390 |
| Total Primary Government Expenses | 132,864,260 | 129,603,400 | 137,345,417 | 143,084,211 | 152,846,657 |
| Program Revenues | | | | | |
| Governmental Activities: | | | | | |
| General Government | | | | | |
| Charges for Services | 1,081,808 | 1,272,807 | 1,500,273 | 1,505,857 | 1,565,170 |
| Operating Grants and Contributions | 742,205 | 697,712 | 606,649 | 644,297 | 582,571 |
| Capital Grants and Contributions | 116,710 | 135,032 | 589,988 | 96,684 | (30,000) |
| Total Revenue | 1,940,723 | 2,105,551 | 2,696,910 | 2,246,838 | 2,117,741 |
| Public Safety | | | | | |
| Charges for Services | 1,320,647 | 1,387,591 | 1,286,945 | 1,244,752 | 1,354,350 |
| Operating Grants and Contributions | 1,113,018 | 1,328,493 | 1,081,577 | 1,052,666 | 1,088,597 |
| Capital Grants and Contributions | 191,223 | 249,594 | 282,139 | 119,118 | 175,653 |
| Total Revenue | 2,624,888 | 2,965,678 | 2,650,661 | 2,416,536 | 2,618,600 |
| Public Works | | | | | |
| Charges for Services | 1,107,426 | 1,636,604 | 1,425,012 | 1,275,538 | 1,337,358 |
| Operating Grants and Contributions | 488,027 | 624,653 | 712,550 | 527,578 | 1,029,019 |
| Capital Grants and Contributions | 541,887 | 1,687,783 | 2,221,299 | 80,000 | 108,880 |
| Total Revenue | 2,137,340 | 3,949,040 | 4,358,861 | 1,883,076 | 2,475,257 |
| Parks & Recreation (3) | | | | | |
| Charges for Services | - | - | - | - | - |
| Operating Grants and Contributions | - | - | - | - | - |
| Capital Grants and Contributions | - | - | - | - | - |
| Total Revenue | - | - | - | - | - |
| Social Services | | | | | |
| Charges for Services | 71,655 | 71,973 | 65,537 | 68,187 | 76,404 |
| Operating Grants and Contributions | 2,076,096 | 2,613,905 | 2,026,675 | 2,056,111 | 1,834,000 |
| Capital Grants and Contributions | 18,691 | 51,023 | 67,392 | 40,527 | 140,400 |
| Total Revenue | 2,166,442 | 2,736,901 | 2,159,604 | 2,164,825 | 2,050,804 |
| Education | | | | | |
| Charges for Services | 1,169,425 | 1,052,691 | 1,721,379 | 1,249,332 | 1,230,994 |
| Operating Grants and Contributions | - | - | - | - | - |
| Capital Grants and Contributions | - | - | - | - | - |
| Total Revenue | 1,169,425 | 1,052,691 | 1,721,379 | 1,249,332 | 1,230,994 |
| Library | | | | | |
| Charges for Services | - | - | - | - | - |
| Operating Grants and Contributions | - | - | - | - | - |
| Capital Grants and Contributions | - | - | - | - | - |
| Total Revenue | - | - | - | - | - |
| Conservation of Natural Resources | | | | | |
| Charges for Services | 98,593 | 63,105 | 73,279 | 72,688 | 70,708 |
| Operating Grants and Contributions | 36,872 | 400,193 | 103,892 | 96,195 | 68,152 |
| Capital Grants and Contributions | 998,757 | - | 75,820 | 3,637 | 573,003 |
| Total Revenue | 1,134,222 | 463,298 | 252,991 | 172,520 | 711,863 |
| Economic/Community Development | | | | | |
| Charges for Services | 159,492 | 234,100 | 508,000 | 80,558 | 311,000 |
| Operating Grants and Contributions | 245,143 | 176,216 | 255,100 | 285,344 | 156,804 |
| Capital Grants and Contributions | 81,867 | 575,440 | (69,569) | - | - |
| Total Revenue | 486,502 | 985,756 | 693,531 | 365,902 | 467,804 |
| Total Governmental Activities Program Revenues | 11,659,542 | 14,258,915 | 14,533,937 | 10,499,029 | 11,673,063 |

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)

| | 2017 | 2018 | 2019 | 2020 | 2021 |
|----|-------------|---------------|---------------|---------------|---------------|
| \$ | 13,177,254 | \$ 15,833,152 | \$ 16,493,064 | \$ 17,299,695 | \$ 21,447,303 |
| | 27,997,262 | 27,130,890 | 31,231,182 | 31,445,313 | 33,376,832 |
| | 20,753,117 | 17,665,141 | 19,118,090 | 15,045,105 | 13,898,271 |
| | - | - | - | 7,780,241 | 6,051,585 |
| | 2,006,219 | 1,996,939 | 1,865,300 | 2,176,263 | 2,412,059 |
| | 5,418,152 | 5,152,409 | 5,804,131 | 4,940,431 | 4,557,075 |
| | 59,211,517 | 62,296,920 | 62,579,905 | 66,848,496 | 66,649,935 |
| | 1,710,668 | 1,785,580 | 1,858,711 | 1,916,365 | 1,982,798 |
| | 616,237 | 2,567,600 | 2,696,971 | 1,423,080 | 3,621,749 |
| | 1,860,222 | 2,477,129 | 1,808,000 | 2,281,480 | 5,262,207 |
| | 4,150,101 | 4,294,929 | 4,712,864 | 4,391,332 | 4,330,706 |
| | 136,900,749 | 141,200,689 | 148,168,218 | 155,547,801 | 163,590,520 |
| | 11,818,087 | 12,297,109 | 11,232,955 | 11,602,537 | 12,157,175 |
| | 540,504 | 509,150 | 584,718 | 541,335 | 523,435 |
| | 572,360 | 534,966 | 1,342,308 | 683,738 | 1,104,170 |
| | 1,053,899 | 1,077,168 | 1,434,031 | 968,205 | 940,188 |
| | 13,984,850 | 14,418,393 | 14,594,012 | 13,795,815 | 14,724,968 |
| | 150,885,599 | 155,619,082 | 162,762,230 | 169,343,616 | 178,315,488 |
| | 1,552,164 | 1,669,311 | 1,769,520 | 1,509,985 | 2,027,823 |
| | 563,016 | 660,790 | 716,683 | 428,812 | 2,686,609 |
| | - | 1,080,084 | 480,500 | 520,277 | 1,056,963 |
| | 2,115,180 | 3,410,185 | 2,966,703 | 2,459,074 | 5,771,395 |
| | 1,350,626 | 1,505,267 | 1,415,187 | 1,379,621 | 1,772,824 |
| | 1,037,879 | 1,294,733 | 1,161,505 | 1,697,018 | 3,603,339 |
| | 5,406 | 166,001 | 176,970 | 112,845 | 1,379,718 |
| | 2,393,911 | 2,966,001 | 2,753,662 | 3,189,484 | 6,755,881 |
| | 1,472,664 | 1,779,206 | 1,784,040 | 817,088 | 1,083,030 |
| | 980,075 | 822,659 | 1,155,251 | 1,233,626 | 1,494,842 |
| | 161,084 | 282,028 | 1,353,948 | 45,640 | - |
| | 2,613,823 | 2,883,893 | 4,293,239 | 2,096,354 | 2,577,872 |
| | - | - | - | 822,605 | 1,058,579 |
| | - | - | - | 37,060 | 216,861 |
| | - | - | - | 2,237,549 | 343,301 |
| | - | - | - | 3,097,214 | 1,618,741 |
| | 73,066 | 71,131 | 91,183 | 72,840 | 37,025 |
| | 1,893,648 | 2,018,289 | 2,120,065 | 2,273,959 | 2,381,707 |
| | 58,500 | 58,500 | 175,960 | 362,900 | 157,905 |
| | 2,025,214 | 2,147,920 | 2,387,208 | 2,709,699 | 2,576,637 |
| | 1,319,433 | 1,272,301 | 1,318,609 | 1,593,200 | 3,383,580 |
| | - | - | - | - | - |
| | - | - | - | - | - |
| | 1,319,433 | 1,272,301 | 1,318,609 | 1,593,200 | 3,383,580 |
| | - | - | - | - | - |
| | - | - | - | - | - |
| | - | - | 43,059 | 107,575 | 973,747 |
| | - | - | 43,059 | 107,575 | 973,747 |
| | 60,826 | 110,655 | 126,940 | 136,458 | 163,971 |
| | 186,333 | 131,321 | 94,814 | 117,820 | 111,443 |
| | - | 1,439,284 | 2,118,200 | 831,901 | 1,612,662 |
| | 247,159 | 1,681,260 | 2,339,954 | 1,086,179 | 1,888,076 |
| | 620,000 | 316,500 | - | 205,000 | 864,667 |
| | 231,360 | 810,319 | 205,300 | 757,258 | 3,978,848 |
| | - | - | - | - | - |
| | 851,360 | 1,126,819 | 205,300 | 962,258 | 4,843,515 |
| | 11,566,080 | 15,488,379 | 16,307,734 | 17,301,037 | 30,389,444 |

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)

| | 2012 | 2013 | 2014 | 2015 | 2016 |
|--|------------------|------------------|------------------|------------------|------------------|
| Business-type Activities: | | | | | |
| Water and Sewer | | | | | |
| Charges for Services | \$ 7,977,667 | \$ 8,181,434 | \$ 8,341,848 | \$ 8,840,213 | \$ 8,956,360 |
| Operating Grants and Contributions | 55,728 | 161,600 | 90,000 | 90,000 | 85,099 |
| Capital Grants and Contributions | 347,573 | 2,048,768 | 665,268 | 1,862,257 | 1,958,051 |
| Total Revenue | 8,380,968 | 10,391,802 | 9,097,116 | 10,792,470 | 10,999,510 |
| Golf Course (4) | | | | | |
| Charges for Services | 1,501,550 | 313,364 | 297,293 | 295,955 | 305,528 |
| Operating Grants and Contributions | 52,915 | - | - | - | - |
| Capital Grants and Contributions | 28,680 | - | - | - | - |
| Total Revenue | 1,583,145 | 313,364 | 297,293 | 295,955 | 305,528 |
| Public Landings and Marinas (5) | | | | | |
| Charges for Services | 102,290 | 440,270 | 423,478 | 423,723 | 423,427 |
| Operating Grants and Contributions | 14,183 | 42,914 | 36,439 | 43,304 | 36,781 |
| Capital Grants and Contributions | 78,314 | 18,692 | - | - | - |
| Total Revenue | 194,787 | 501,876 | 459,917 | 467,027 | 460,208 |
| Airport | | | | | |
| Charges for Services | 58,589 | 48,072 | 49,061 | 53,200 | 45,916 |
| Operating Grants and Contributions | 47,412 | 2,621 | 2,420 | 73,311 | 52,837 |
| Capital Grants and Contributions | 693,162 | 2,472,782 | 7,457 | - | - |
| Total Revenue | 799,163 | 2,523,475 | 58,938 | 126,511 | 98,753 |
| Total Business-type Activities Program Revenues | 10,958,063 | 13,730,517 | 9,913,264 | 11,681,963 | 11,863,999 |
| Total Primary Government Program Revenues | 22,617,605 | 27,989,432 | 24,447,201 | 22,180,992 | 23,537,062 |
| Net (Expense) Revenue (1) | | | | | |
| Governmental activities | (106,655,603) | (101,572,868) | (109,884,678) | (120,124,371) | (128,556,204) |
| Business-type activities | (3,591,052) | (41,100) | (3,013,538) | (778,848) | (753,391) |
| Total Primary Government Net Expense | \$ (110,246,655) | \$ (101,613,968) | \$ (112,898,216) | \$ (120,903,219) | \$ (129,309,595) |
| General Revenues and Other Changes in Net Position | | | | | |
| Governmental Activities: | | | | | |
| Taxes (2) | \$ 105,693,926 | \$ 107,978,036 | \$ 112,123,625 | \$ 116,821,607 | \$ 121,011,135 |
| Investment income | 126,650 | 107,095 | 95,286 | 94,092 | 174,691 |
| Gain on Sale of Capital Assets | 27,627 | 163,426 | 346,765 | 1,098,632 | 161,106 |
| Miscellaneous | 1,254,255 | 1,051,760 | 877,629 | 1,076,893 | 949,046 |
| Transfers In (Out) | (605,996) | (337,843) | (589,737) | (360,177) | (201,122) |
| Total Governmental Activities | 106,496,462 | 108,962,474 | 112,853,568 | 118,731,047 | 122,094,856 |
| Business-type Activities: | | | | | |
| Investment income | 374,665 | 356,374 | 343,568 | 323,585 | 320,443 |
| Gain on Sale of Capital Assets | - | - | - | - | - |
| Miscellaneous | 1,127,590 | 855,504 | 793,951 | 815,430 | 746,167 |
| Transfers In (Out) | 605,996 | 359,277 | 589,737 | 360,177 | 201,122 |
| Total Business-type Activities | 2,108,251 | 1,571,155 | 1,727,256 | 1,499,192 | 1,267,732 |
| Total Primary Government | 108,604,713 | 110,533,629 | 114,580,824 | 120,230,239 | 123,362,588 |
| Change in Net Position | | | | | |
| Governmental activities | (159,141) | 7,389,606 | 2,968,890 | (1,393,324) | (6,461,348) |
| Business-type activities | (1,482,801) | 1,530,055 | (1,286,282) | 720,344 | 514,341 |
| Total Primary Government | \$ (1,641,942) | \$ 8,919,661 | \$ 1,682,608 | \$ (672,980) | \$ (5,947,007) |

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)

| 2017 | 2018 | 2019 | 2020 | 2021 |
|------------------|------------------|------------------|------------------|------------------|
| \$ 8,222,317 | \$ 9,214,383 | \$ 10,524,474 | \$ 13,873,082 | \$ 12,174,150 |
| 90,000 | 90,000 | 520,000 | 2,541,550 | 4,600,000 |
| 2,222,796 | 4,198,378 | 3,626,906 | 1,974,341 | 2,668,488 |
| 10,535,113 | 13,502,761 | 14,671,380 | 18,388,973 | 19,442,638 |
| 318,599 | 340,123 | 373,014 | 399,603 | 593,022 |
| - | - | - | - | - |
| - | - | - | - | - |
| 318,599 | 340,123 | 373,014 | 399,603 | 593,022 |
| 443,176 | 451,524 | 454,071 | 538,760 | 540,240 |
| 33,542 | 104,829 | 888,592 | 10,447 | 178,208 |
| - | - | - | - | - |
| 476,718 | 556,353 | 1,342,663 | 549,207 | 718,448 |
| 33,256 | 25,857 | 24,710 | 24,130 | 24,920 |
| 245,738 | 60,858 | 725,109 | 95,052 | 20,180 |
| - | - | - | - | - |
| 278,994 | 86,715 | 749,819 | 119,182 | 45,100 |
| 11,609,424 | 14,485,952 | 17,136,876 | 19,456,965 | 20,799,208 |
| 23,175,504 | 29,974,331 | 33,444,610 | 36,758,002 | 51,188,652 |
| (125,334,669) | (125,712,310) | (131,860,484) | (138,246,764) | (133,201,076) |
| (2,375,426) | 67,559 | 2,542,864 | 5,661,150 | 6,074,240 |
| \$ (127,710,095) | \$ (125,644,751) | \$ (129,317,620) | \$ (132,585,614) | \$ (127,126,836) |
| \$ 123,299,031 | \$ 131,444,679 | \$ 137,285,550 | \$ 148,876,477 | \$ 163,687,534 |
| 444,063 | 978,955 | 1,772,464 | 1,393,017 | 239,908 |
| 53,936 | 87,734 | 25,823 | 44,343 | 95,687 |
| 2,065,465 | 630,895 | 979,201 | 900,976 | 1,073,180 |
| (335,499) | (183,026) | (1,341,011) | (149,079) | (150,236) |
| 125,526,996 | 132,959,237 | 138,722,027 | 151,065,734 | 164,946,073 |
| 361,840 | 439,716 | 550,691 | 589,126 | 424,983 |
| - | - | 33,100 | 17,876 | 573,500 |
| 809,211 | 865,879 | 865,732 | 907,830 | 1,189,317 |
| 335,499 | 183,026 | 1,341,011 | 149,079 | 150,236 |
| 1,506,550 | 1,488,621 | 2,790,534 | 1,663,911 | 2,338,036 |
| 127,033,546 | 134,447,858 | 141,512,561 | 152,729,645 | 167,284,109 |
| 192,327 | 7,246,927 | 6,861,543 | 12,818,970 | 31,744,997 |
| (868,876) | 1,556,180 | 5,333,398 | 7,325,061 | 8,412,276 |
| \$ (676,549) | \$ 8,803,107 | \$ 12,194,941 | \$ 20,144,031 | \$ 40,157,273 |

QUEEN ANNE'S COUNTY, MARYLAND
 FINANCIAL TRENDS
 GENERAL TAX REVENUES - GOVERNMENTAL ACTIVITIES
 LAST TEN FISCAL YEARS
 Table 2-b

| | 2012 | 2013 | 2014 | 2015 | 2016 |
|---------------------------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| Local Property Taxes | \$ 65,937,415 | \$ 65,591,225 | \$ 64,712,683 | \$ 64,672,721 | \$ 65,185,546 |
| Local Income Tax | 34,028,234 | 35,769,303 | 40,899,804 | 44,643,870 | 47,928,725 |
| Other Local Taxes | 5,728,277 | 6,617,508 | 6,511,138 | 7,505,016 | 7,896,864 |
| Total Taxes - Governmental Activities | <u>\$ 105,693,926</u> | <u>\$ 107,978,036</u> | <u>\$ 112,123,625</u> | <u>\$ 116,821,607</u> | <u>\$ 121,011,135</u> |

| | 2017 | 2018 | 2019 | 2020 | 2021 |
|---------------------------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| Local Property Taxes | \$ 66,487,004 | \$ 67,736,404 | \$ 70,670,569 | \$ 71,874,566 | \$ 74,474,109 |
| Local Income Tax | 48,624,679 | 55,211,695 | 57,728,293 | 67,698,447 | 73,458,519 |
| Other Local Taxes | 8,187,348 | 8,496,580 | 8,886,688 | 9,303,464 | 15,754,906 |
| Total Taxes - Governmental Activities | <u>\$ 123,299,031</u> | <u>\$ 131,444,679</u> | <u>\$ 137,285,550</u> | <u>\$ 148,876,477</u> | <u>\$ 163,687,534</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

| | 2012 | 2013 | 2014 | 2015 | 2016 |
|--------------------------------------|---------------|---------------|---------------|----------------|----------------|
| General Fund: | | | | | |
| Nonspendable | \$ 555,215 | \$ 626,122 | \$ 480,385 | \$ 687,777 | \$ 586,481 |
| Restricted | 340,670 | 8,111,614 | 8,375,368 | 8,681,112 | 9,002,389 |
| Committed | 695,944 | - | 1,157,360 | 2,000,000 | 3,000,000 |
| Assigned | - | 1,284,657 | 1,284,875 | 2,034,875 | 1,926,782 |
| Unassigned | 11,207,265 | 5,965,003 | 7,123,519 | 7,793,085 | 8,468,591 |
| Total General Fund | 12,799,094 | 15,987,396 | 18,421,507 | 21,196,849 | 22,984,243 |
| All Other Governmental Funds: | | | | | |
| Nonspendable | 5,136,024 | 5,406,512 | 5,470,608 | 5,919,048 | 6,146,072 |
| Restricted | 12,255,292 | 12,724,859 | 21,824,970 | 17,794,372 | 21,316,088 |
| Committed | 2,054,749 | 3,480,382 | 4,097,033 | 4,209,177 | 3,425,701 |
| Assigned | 18,654,017 | 24,665,235 | 25,939,319 | 23,093,224 | 18,029,073 |
| Unassigned | (157,828) | (135,515) | (115,800) | (108,185) | (115,129) |
| Total All Other Governmental Funds | 37,942,254 | 46,141,473 | 57,216,130 | 50,907,636 | 48,801,805 |
| Total All Governmental Funds | \$ 50,741,348 | \$ 62,128,869 | \$ 75,637,637 | \$ 72,104,485 | \$ 71,786,048 |
| General Fund: | | | | | |
| Nonspendable | \$ 754,921 | \$ 1,001,610 | \$ 1,616,447 | \$ 2,400,664 | \$ 5,751,694 |
| Restricted | 10,626,394 | 10,999,800 | 14,361,899 | 14,711,547 | 16,182,014 |
| Committed | 4,000,000 | 5,027,897 | 6,000,000 | 6,998,256 | 7,621,618 |
| Assigned | 1,998,415 | 1,483,827 | 1,224,503 | 1,099,170 | 1,525,829 |
| Unassigned | 8,830,530 | 11,142,331 | 11,856,474 | 15,874,992 | 19,340,107 |
| Total General Fund | 26,210,260 | 29,655,465 | 35,059,323 | 41,084,629 | 50,421,262 |
| All Other Governmental Funds: | | | | | |
| Nonspendable | 7,552,462 | 7,583,553 | - | - | - |
| Restricted | 8,900,465 | 6,815,341 | 12,598,139 | 15,121,784 | 17,919,423 |
| Committed | 13,447,283 | 15,202,215 | 18,514,079 | 21,296,829 | 25,457,920 |
| Assigned | 16,045,167 | 19,618,643 | 23,573,581 | 23,721,935 | 36,026,980 |
| Unassigned | (53,665) | (48,758) | (28,164) | (24,133) | (19,649) |
| Total All Other Governmental Funds | 45,891,712 | 49,170,994 | 54,657,635 | 60,116,415 | 79,384,674 |
| Total All Governmental Funds | \$ 72,101,972 | \$ 78,826,459 | \$ 89,716,958 | \$ 101,201,044 | \$ 129,805,936 |

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

| | 2012 | 2013 | 2014 | 2015 | 2016 |
|---|---------------------|----------------------|----------------------|-----------------------|---------------------|
| Revenues | | | | | |
| Taxes | | | | | |
| Local Property Taxes | \$ 65,918,832 | \$ 65,554,079 | \$ 64,701,622 | \$ 64,672,292 | \$ 64,946,443 |
| Local Income Taxes | 35,969,879 | 39,438,906 | 40,326,921 | 42,889,715 | 46,424,552 |
| Other Local Taxes | 5,728,277 | 6,617,508 | 6,511,137 | 7,505,016 | 7,896,865 |
| State Shared Taxes | 306,235 | 510,726 | 749,366 | 557,834 | 623,256 |
| Licenses and Permits | 877,365 | 1,004,774 | 1,080,891 | 1,062,917 | 1,078,144 |
| Intergovernmental | 5,867,211 | 7,588,691 | 5,588,984 | 4,030,576 | 4,696,561 |
| Bond Interest Reimbursement - Build America Bond | 432,212 | 406,337 | 383,777 | 375,323 | 364,799 |
| Charges for Current Services | 3,908,998 | 4,594,240 | 5,357,919 | 4,251,835 | 4,617,730 |
| Fines and Forfeitures | 222,683 | 119,857 | 141,615 | 182,160 | 250,110 |
| Capital Contributions - Developer | - | - | 102,316 | - | - |
| Investment Income | 126,650 | 107,095 | 95,286 | 94,092 | 174,691 |
| Donations | 46,332 | 36,332 | 39,055 | 41,391 | 45,773 |
| Miscellaneous | 1,254,255 | 1,051,760 | 877,629 | 1,076,893 | 949,045 |
| Total Revenues | 120,658,929 | 127,030,305 | 125,956,518 | 126,740,044 | 132,067,969 |
| Expenditures | | | | | |
| Current | | | | | |
| General Government (1) | 9,171,830 | 9,282,310 | 10,649,489 | 8,833,255 | 9,817,062 |
| Public Safety | 20,985,077 | 21,275,229 | 22,266,458 | 23,133,608 | 23,523,103 |
| Public Works | 7,733,226 | 9,615,805 | 9,967,363 | 12,041,969 | 15,080,454 |
| Parks and Recreation | - | - | - | - | - |
| Health | 1,604,462 | 1,811,402 | 2,030,740 | 1,822,856 | 1,992,208 |
| Social Services | 3,533,022 | 4,051,741 | 3,474,886 | 3,602,146 | 3,835,730 |
| Education | 53,755,497 | 48,418,107 | 59,752,944 | 65,683,908 | 60,808,143 |
| Library | 1,277,993 | 1,278,228 | 1,310,250 | 1,432,500 | 1,597,000 |
| Conservation of Natural Resources | 2,794,262 | 890,480 | 2,363,254 | 565,289 | 1,744,260 |
| Economic/Community Development | 758,089 | 898,129 | 1,306,516 | 1,616,784 | 3,188,928 |
| Miscellaneous | 3,704,702 | 4,862,189 | 3,202,417 | 3,535,585 | 4,766,722 |
| Capital Outlay | 2,755,949 | 3,370,909 | 8,669,375 | 8,733,509 | 11,050,384 |
| Debt Service | | | | | |
| Principal | 7,095,307 | 7,069,406 | 7,210,561 | 7,444,611 | 7,667,316 |
| Debt Issuance Costs | 162,021 | (94) | 196,870 | 403,572 | 218,799 |
| Interest and Fiscal Charges | 4,116,939 | 3,675,628 | 3,501,230 | 3,846,823 | 3,696,719 |
| Total Expenditures | 119,448,376 | 116,499,469 | 135,902,353 | 142,696,415 | 148,986,828 |
| Excess (Deficiency) of Revenues over (under) Expenditures | 1,210,553 | 10,530,836 | (9,945,835) | (15,956,371) | (16,918,859) |
| Other Financing Sources (Uses) | | | | | |
| Issuance of Debt | 8,010,000 | 564,068 | 22,405,542 | 25,384,493 | 15,484,639 |
| Other Financing Use - Proceeds of Refunding Bonds | - | - | - | - | 8,042,773 |
| Bond Premiums | 713,235 | (101) | 1,118,097 | 1,901,240 | 1,650,448 |
| Payments to Bond Refunding Agent | (8,557,455) | - | - | (14,881,834) | - |
| Other Financing Use - Debt Service - Principal | - | - | - | - | (8,446,336) |
| Proceeds of Capital Asset Disposals | 47,396 | 308,856 | 458,759 | 1,331,608 | 18,100 |
| Insurance Proceeds | 11,631 | 20,070 | 61,942 | 57,916 | 153,534 |
| Transfers In | 9,635,881 | 10,851,904 | 5,861,261 | 5,079,641 | 9,941,051 |
| Transfers Out | (10,369,909) | (11,228,409) | (6,450,998) | (6,449,845) | (10,243,787) |
| Total Other Financing Sources (Uses) | (509,221) | 516,388 | 23,454,603 | 12,423,219 | 16,600,422 |
| Special Item | | | | | |
| | 1,360,643 | - | - | - | - |
| Net Increase (Decrease) in Fund Balances | \$ 2,061,975 | \$ 11,047,224 | \$ 13,508,768 | \$ (3,533,152) | \$ (318,437) |
| Debt service as a percentage of non-capital expenditures (2, 3) | 9.66% | 9.54% | 8.44% | 8.43% | 8.16% |

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)

| | 2017 | 2018 | 2019 | 2020 | 2021 |
|----|---------------------|---------------------|---------------------|--------------------|---------------------|
| \$ | 66,501,901 | \$ 67,944,730 | \$ 70,615,293 | \$ 71,682,389 | \$ 74,769,217 |
| | 48,578,044 | 51,834,189 | 55,282,162 | 61,547,651 | 67,985,531 |
| | 8,187,348 | 8,496,580 | 8,886,688 | 9,303,464 | 15,754,906 |
| | 708,566 | 836,677 | 1,171,668 | 1,192,293 | 1,286,374 |
| | 1,123,072 | 1,167,444 | 1,224,381 | 1,083,317 | 1,461,286 |
| | 3,987,308 | 7,539,052 | 8,284,699 | 9,506,419 | 18,705,791 |
| | 350,254 | 334,858 | 319,362 | - | - |
| | 5,114,605 | 5,298,701 | 5,088,123 | 5,320,465 | 8,789,033 |
| | 211,102 | 258,226 | 192,975 | 133,015 | 141,180 |
| | - | - | - | - | - |
| | 444,063 | 978,955 | 1,772,464 | 1,393,017 | 239,908 |
| | 60,217 | 57,635 | 31,084 | 143,375 | 5,780 |
| | <u>2,065,465</u> | <u>630,895</u> | <u>979,201</u> | <u>900,976</u> | <u>1,073,180</u> |
| | <u>137,331,945</u> | <u>145,377,942</u> | <u>153,848,100</u> | <u>162,206,381</u> | <u>190,212,186</u> |
| | 10,382,078 | 10,640,065 | 10,542,151 | 10,610,554 | 13,487,519 |
| | 23,866,030 | 25,049,431 | 26,804,113 | 27,648,023 | 29,314,405 |
| | 15,506,684 | 15,235,104 | 16,163,026 | 12,749,864 | 12,223,767 |
| | - | - | - | 6,995,840 | 5,257,527 |
| | 1,967,956 | 1,971,460 | 1,832,104 | 2,147,035 | 2,437,604 |
| | 4,013,664 | 4,129,134 | 4,377,273 | 4,513,642 | 4,294,334 |
| | 59,266,025 | 62,352,046 | 62,640,409 | 66,904,857 | 66,664,141 |
| | 1,684,820 | 1,765,190 | 1,833,513 | 1,891,167 | 1,957,600 |
| | 565,938 | 2,577,735 | 2,717,738 | 1,475,572 | 3,672,847 |
| | 1,710,899 | 2,433,171 | 1,638,265 | 2,107,676 | 5,233,618 |
| | 4,185,652 | 5,348,568 | 5,729,955 | 5,308,680 | 6,834,217 |
| | 14,591,632 | 12,311,551 | 9,323,882 | 4,963,004 | 12,790,600 |
| | 8,074,013 | 7,149,537 | 7,855,820 | 8,624,604 | 7,343,425 |
| | 196,150 | 229,894 | 211,447 | 316,027 | 249,479 |
| | 4,104,254 | 4,280,553 | 4,586,387 | 4,676,955 | 4,492,461 |
| | <u>150,115,795</u> | <u>155,473,439</u> | <u>156,256,083</u> | <u>160,933,500</u> | <u>176,253,544</u> |
| | <u>(12,783,850)</u> | <u>(10,095,497)</u> | <u>(2,407,983)</u> | <u>1,272,881</u> | <u>13,958,642</u> |
| | 12,775,926 | 16,000,000 | 11,000,000 | 9,000,000 | 13,000,000 |
| | - | - | - | 14,682,184 | 10,835,995 |
| | 618,681 | 908,973 | 1,011,998 | 3,654,843 | 3,814,696 |
| | - | - | - | - | - |
| | - | - | - | (17,043,453) | (12,970,537) |
| | 55,189 | 54,097 | 231,588 | 30,949 | 41,099 |
| | 12,241 | 39,940 | 3,114 | 35,761 | 102,429 |
| | 6,331,482 | 8,220,201 | 12,588,897 | 9,690,474 | 20,469,607 |
| | <u>(6,693,745)</u> | <u>(8,403,227)</u> | <u>(13,929,908)</u> | <u>(9,839,553)</u> | <u>(20,647,039)</u> |
| | <u>13,099,774</u> | <u>16,819,984</u> | <u>10,905,689</u> | <u>10,211,205</u> | <u>14,646,250</u> |
| | - | - | - | - | - |
| \$ | <u>315,924</u> | <u>6,724,487</u> | <u>8,497,706</u> | <u>11,484,086</u> | <u>28,604,892</u> |
| | <u>8.99%</u> | <u>8.00%</u> | <u>8.47%</u> | <u>8.53%</u> | <u>7.26%</u> |



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 | Total | |
|-------------|---------------------------|--------------------------------|----------------------|---------------------------|---------------------------------------|------------------------|-----------------|-----------------------------|
| | Commercial Assessed Value | Residential (1) Assessed Value | Total Assessed Value | | Public Utility Assessed Value (2) (4) | Taxable Assessed Value | Exempt Property | Taxable and Exempt Property |
| 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 |
| 2021 | 1,810,616,428 | 6,789,270,644 | 8,599,887,072 | 0.8471 | 115,005,450 | 8,714,892,522 | 860,398,332 | 9,575,290,854 |

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) |
|--------------------|-------------------------------|
| 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 |
| 2021 | 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 |
|-------------|---|
| 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 |
| 2021 | 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 |
|--------------------|----------------------------|------------------------|----------------------------|---------------------------|---------------------------|
| 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 |
| 2021 | 0.4050 | 0.2000 | 0.3400 | 0.2774 | 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 |
|----|-----------------------|-------------------------|------------------------|
| \$ | 0.1890 | \$ 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 |
| | 0.1867 | 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, 2021 | | |
|--|-------------------------|--|
| | Assessable Base | Ratio: Taxpayer Base to Total Assessable Base |
| Second Horizon Group Limited Partnership | \$ 61,418,700 | 0.70 % |
| KRM-Chesapeake LLC | 29,424,900 | 0.34 |
| Chesapeake Bay Beach Club LLC | 20,756,600 | 0.24 |
| Maryland General Land Co LLC | 16,557,600 | 0.19 |
| Great American Life Insurance Co | 14,882,200 | 0.17 |
| Kent Towne Market LLC | 14,089,200 | 0.16 |
| Beach Harbor Campers Cooperative Inc | 13,110,500 | 0.15 |
| Anne Arundel Real Estate Holding | 12,055,700 | 0.14 |
| Mears Point Association | 10,683,733 | 0.12 |
| Kent Narrows Properties | 9,015,800 | 0.10 |
| Total | \$ 201,994,933 | 2.31 % |
| Total Assessable Base | \$ 8,714,892,522 | 100.00 % |

| For the Fiscal Year Ended June 30, 2012 | | |
|--|-------------------------|--|
| | Assessable Base | Ratio: Taxpayer Base to Total Assessable Base |
| Second Horizon Group Limited Partnership | \$ 52,302,300 | 0.68 % |
| Great American Life Insurance Company | 21,335,500 | 0.28 |
| KRM Development Corporation | 17,299,600 | 0.23 |
| Beach Harbor Campers Cooperative Inc | 13,653,800 | 0.18 |
| Mears Point Association | 10,800,000 | 0.14 |
| Washington Brick & Terracota Company | 10,120,500 | 0.13 |
| Anne Arundel Real Estate Holding Company | 9,670,300 | 0.13 |
| PRS Realty LLC | 9,588,300 | 0.12 |
| Kent Towne Market LLC | 8,398,200 | 0.11 |
| 213 Centreville Associates LLC | 8,365,100 | 0.11 |
| Total | \$ 161,533,600 | 2.11 % |
| Total Assessable Base | \$ 7,685,372,199 | 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 |
| 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% | 108,740 | 65,215,855 | 99.99% |
| 2018 | 66,768,776 | 66,721,619 | 99.93% | 45,372 | 66,766,991 | 99.99% |
| 2019 | 68,887,556 | 68,778,389 | 99.84% | 69,038 | 68,847,427 | 99.94% |
| 2020 | 70,825,936 | 70,375,695 | 99.36% | 296,616 | 70,672,311 | 99.78% |
| 2021 | 72,635,124 | 72,627,467 | 99.99% | - | 72,627,467 | 99.99% |

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) | |
| 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 | |
| 2021 | 142,970,963 | 703,773 | - | 143,674,736 | 180,444,712 | 7.73% | 3,458 | |

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) |
|-------------|-------------------------|---|----------------|
| 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 |
| 2021 | 145,308,004 | 1.67% | 2,785 |

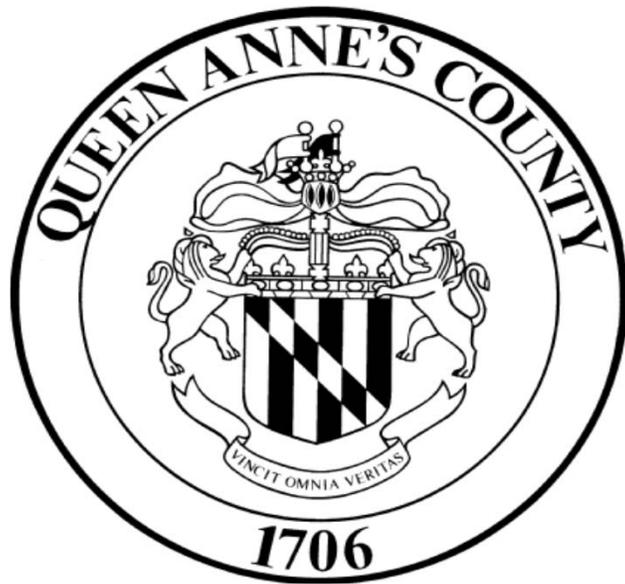
NOTES:

* 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.



QUEEN ANNE'S COUNTY, MARYLAND
DEBT CAPACITY
COMPUTATION OF NET DIRECT AND OVERLAPPING DEBT
AS OF JUNE 30, 2021
Table 11

| Name of Jurisdiction | Gross Debt |
|---------------------------------------|------------------------------|
| Queen Anne's County: | |
| County Government | |
| Total Net Direct Debt (1) | <u>\$ 143,674,736</u> |
| Towns: (2) | |
| Centreville (100%) | 15,290,625 |
| Millington (100%) | 1,095,000 |
| Queenstown (100%) | 5,157,814 |
| Sudlersville (100%) (3) | <u>4,712,418</u> |
| Total Net Overlapping Debt | <u>26,255,857</u> |
| Total Net Direct and Overlapping Debt | <u><u>\$ 169,930,593</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) FY21 gross debt could not be obtained. The amount being reported is the amount confirmed from FY20.

QUEEN ANNE'S COUNTY, MARYLAND
DEBT CAPACITY
COMPUTATION OF LEGAL DEBT MARGIN
LAST TEN FISCAL YEARS
Table 12-a

| | 2012 | 2013 | 2014 | 2015 | 2016 |
|--|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|
| <u>Computation of Legal Debt Margin - for Queen Anne's County</u> | | | | | |
| <u>Other than Debt related to the Sanitary District:</u> | | | | | |
| 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) | 2,304,876 | 2,160,475 | 2,053,736 | 3,540,295 | 3,520,859 |
| General Obligation Debt (4) | 97,127,263 | 90,092,100 | 107,883,563 | 112,060,053 | 118,977,909 |
| Subtotal | <u>99,432,139</u> | <u>92,252,575</u> | <u>109,937,299</u> | <u>115,600,348</u> | <u>122,498,768</u> |
| Total authorized debt under Title 5 and specific public laws | 107,432,139 | 100,252,575 | 117,937,299 | 123,600,348 | 130,498,768 |
| LESS Outstanding bonds, notes payable, and capital leases (5) | 116,192,021 | 107,497,099 | 123,479,930 | 127,774,051 | 134,883,606 |
| Less: Sanitary District debt (4) | 15,870,626 | 14,097,769 | 12,584,475 | 11,388,918 | 10,471,639 |
| Subtotal | <u>100,321,395</u> | <u>93,399,330</u> | <u>110,895,455</u> | <u>116,385,133</u> | <u>124,411,967</u> |
| Legal Debt Margin - Other than the Sanitary District | <u>\$ 7,110,744</u> | <u>\$ 6,853,245</u> | <u>\$ 7,041,844</u> | <u>\$ 7,215,215</u> | <u>\$ 6,086,801</u> |
| <u>Debt related to the Sanitary District Proprietary Fund:</u> | | | | | |
| Total taxable assessed value (3) | \$ 7,685,372,199 | \$ 7,620,480,255 | \$ 7,540,259,768 | \$ 7,568,705,234 | \$ 7,626,510,532 |
| Plus exempt property (3) | <u>694,372,116</u> | <u>732,300,804</u> | <u>696,880,673</u> | <u>708,231,797</u> | <u>713,843,531</u> |
| Total assessed value | <u>\$ 8,379,744,315</u> | <u>\$ 8,352,781,059</u> | <u>\$ 8,237,140,441</u> | <u>\$ 8,276,937,031</u> | <u>\$ 8,340,354,063</u> |
| Debt Limit - 6% of total assessed value (2) | \$ 502,784,659 | \$ 501,166,864 | \$ 494,228,426 | \$ 496,616,222 | \$ 500,421,244 |
| LESS Sanitary District | 15,870,626 | 14,097,769 | 12,584,475 | 11,388,918 | 10,471,639 |
| Less: Restricted Cash and Investments in the Debt Service Fund available for payment of principal | <u>3,244,564</u> | <u>2,840,468</u> | <u>2,763,304</u> | <u>2,695,383</u> | <u>1,120,775</u> |
| | <u>12,626,062</u> | <u>11,257,301</u> | <u>9,821,171</u> | <u>8,693,535</u> | <u>9,350,864</u> |
| Legal Debt Margin - Sanitary District | <u>\$ 490,158,597</u> | <u>\$ 489,909,563</u> | <u>\$ 484,407,255</u> | <u>\$ 487,922,687</u> | <u>\$ 491,070,380</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)

| 2017 | 2018 | 2019 | 2020 | 2021 |
|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|
| \$ 8,000,000 | \$ 8,000,000 | \$ 8,000,000 | \$ 8,000,000 | \$ 8,000,000 |
| 3,217,479 | 2,976,195 | 2,725,011 | 2,475,881 | 2,337,041 |
| 123,519,157 | 132,567,304 | 135,985,079 | 136,513,411 | 142,970,963 |
| <u>126,736,636</u> | <u>135,543,499</u> | <u>138,710,090</u> | <u>138,989,292</u> | <u>145,308,004</u> |
| 134,736,636 | 143,543,499 | 146,710,090 | 146,989,292 | 153,308,004 |
| 144,731,805 | 162,445,781 | 169,228,169 | 171,697,250 | 180,444,712 |
| 16,296,744 | 25,484,821 | 29,419,756 | 31,932,369 | 34,432,935 |
| <u>128,435,061</u> | <u>136,960,960</u> | <u>139,808,413</u> | <u>139,764,881</u> | <u>146,011,777</u> |
| <u>\$ 6,301,575</u> | <u>\$ 6,582,539</u> | <u>\$ 6,901,677</u> | <u>\$ 7,224,411</u> | <u>\$ 7,296,227</u> |
| \$ 7,792,264,218 | \$ 7,974,395,138 | \$ 8,264,514,461 | \$ 8,486,858,638 | \$ 8,714,892,522 |
| <u>771,576,578</u> | <u>784,345,727</u> | <u>810,049,666</u> | <u>839,013,301</u> | <u>860,398,332</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> | <u>\$ 9,575,290,854</u> |
| \$ 513,830,448 | \$ 525,524,452 | \$ 544,473,848 | \$ 559,552,316 | \$ 574,517,451 |
| 16,296,744 | 25,484,821 | 29,419,756 | 31,932,369 | 34,432,935 |
| 947,445 | 1,060,045 | 1,259,440 | 2,031,867 | 2,684,988 |
| <u>15,349,299</u> | <u>24,424,776</u> | <u>28,160,316</u> | <u>29,900,502</u> | <u>31,747,947</u> |
| <u>\$ 498,481,149</u> | <u>\$ 501,099,676</u> | <u>\$ 516,313,532</u> | <u>\$ 529,651,814</u> | <u>\$ 542,769,504</u> |

QUEEN ANNE'S COUNTY, MARYLAND
DEBT CAPACITY
COMPUTATION OF LOCAL DEBT LIMIT
LAST TEN FISCAL YEARS
Table 12-b

| | 2012 | 2013 | 2014 | 2015 | 2016 |
|---|------------------|------------------|------------------|------------------|------------------|
| 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) | \$ 7,685,372,199 | \$ 7,620,480,255 | \$ 7,540,259,768 | \$ 7,568,705,234 | \$ 7,626,510,532 |
| | 2.5% | 2.5% | 2.5% | 2.5% | 2.5% |
| 2.5% of Total Taxable Assessed Base | \$ 192,134,305 | \$ 190,512,006 | \$ 188,506,494 | \$ 189,217,631 | \$ 190,662,763 |
| LESS Outstanding and New General Obligation Debt applicable to limit (2) (3) | | | | | |
| Enterprise Funds' Debt - Bonds | \$ 2,936,543 | \$ 2,490,475 | \$ 2,053,736 | \$ 3,540,295 | \$ 3,520,859 |
| General Obligation Debt - Bonds and Notes | 98,016,519 | 91,238,855 | 108,841,719 | 112,844,838 | 120,891,108 |
| Total Outstanding and New General Obligation Debt | \$ 100,953,062 | \$ 93,729,330 | \$ 110,895,455 | \$ 116,385,133 | \$ 124,411,967 |
| 2.5% of Total Taxable Assessed Base in Excess of Total Outstanding and New General Obligation Debt | \$ 91,181,243 | \$ 96,782,676 | \$ 77,611,039 | \$ 72,832,498 | \$ 66,250,796 |
| 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) | 47,798 | 48,650 | 48,650 | 48,804 | 48,517 |
| \$3,000 Per Capita | \$ 3,000 | \$ 3,000 | \$ 3,000 | \$ 3,000 | \$ 3,000 |
| | \$ 143,394,000 | \$ 145,950,000 | \$ 145,950,000 | \$ 146,412,000 | \$ 145,551,000 |
| LESS Outstanding and New General Obligation Debt (1) | \$ 100,953,062 | \$ 93,729,330 | \$ 110,895,455 | \$ 116,385,133 | \$ 124,411,967 |
| \$3,000 Per Capita in Excess of Total Outstanding and New General Obligation Debt | \$ 42,440,938 | \$ 52,220,670 | \$ 35,054,545 | \$ 30,026,867 | \$ 21,139,033 |

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 and Finance to 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)

| 2017 | 2018 | 2019 | 2020 | 2021 |
|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| \$ 7,792,264,218 | \$ 7,974,395,138 | \$ 8,264,514,461 | \$ 8,486,858,638 | \$ 8,714,892,522 |
| 2.5% | 2.5% | 2.5% | 2.5% | 2.5% |
| <u>\$ 194,806,605</u> | <u>\$ 199,359,878</u> | <u>\$ 206,612,862</u> | <u>\$ 212,171,466</u> | <u>\$ 217,872,313</u> |
| \$ 3,217,479 | \$ 2,976,195 | \$ 2,725,011 | \$ 2,475,881 | \$ 2,337,041 |
| 125,217,582 | 133,984,765 | 137,083,402 | 137,289,000 | 143,674,736 |
| <u>\$ 128,435,061</u> | <u>\$ 136,960,960</u> | <u>\$ 139,808,413</u> | <u>\$ 139,764,881</u> | <u>\$ 146,011,777</u> |
| <u>\$ 66,371,544</u> | <u>\$ 62,398,918</u> | <u>\$ 66,804,449</u> | <u>\$ 72,406,585</u> | <u>\$ 71,860,536</u> |
| 48,904 | 48,904 | 50,750 | 52,597 | 52,177 |
| 3,000 | 3,000 | 3,000 | 3,000 | 3,000 |
| <u>\$ 146,712,000</u> | <u>\$ 146,712,000</u> | <u>\$ 152,250,000</u> | <u>\$ 157,791,000</u> | <u>\$ 156,531,000</u> |
| <u>\$ 128,435,061</u> | <u>\$ 136,960,960</u> | <u>\$ 139,808,413</u> | <u>\$ 139,764,881</u> | <u>\$ 146,011,777</u> |
| <u>\$ 18,276,939</u> | <u>\$ 9,751,040</u> | <u>\$ 12,441,587</u> | <u>\$ 18,026,119</u> | <u>\$ 10,519,223</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, 2021 | | | |
|---|-----------|------|---------------------------------------|
| Employer | Employees | Rank | Percentage of Total County Employment |
| Queen Anne's County Board of Education | 982 | 1 | 6.73% |
| Queen Anne's County Government | 533 | 2 | 3.65% |
| Chesapeake College | 469 | 3 | 3.21% |
| Paul Reed Smith Guitars | 427 | 4 | 2.93% |
| REEB Millwork | 303 | 5 | 2.08% |
| Federal Resources Supply | 266 | 6 | 1.82% |
| S.E.W. Friel | 260 | 7 | 1.78% |
| Genesis Healthcare | 135 | 8 | 0.93% |
| Clinton Nurseries of Md. | 130 | 9 | 0.89% |
| Harris Seafood Company | 125 | 10 | 0.86% |
| Total | 3,630 | | 24.88% |

| For the Fiscal Year Ended June 30, 2012 | | | |
|---|-----------|------|---------------------------------------|
| Employer | Employees | Rank | Percentage of Total County Employment |
| Queen Anne's County Board of Education | 941 | 1 | 8.23% |
| Chesapeake College | 489 | 2 | 4.28% |
| Queen Anne's County Government | 430 | 3 | 3.76% |
| S.E.W. Friel | 275 | 4 | 2.41% |
| Paul Reed Smith Guitars | 244 | 5 | 2.13% |
| Safeway | 180 | 6 | 1.57% |
| River Plantation | 175 | 7 | 1.53% |
| Genesis Healthcare | 150 | 8 | 1.31% |
| Harris Seafood Company | 150 | 9 | 1.31% |
| Acme Markets | 149 | 10 | 1.30% |
| Total | 3,183 | | 27.83% |

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) |
|--------------------|-----------------------|----------------------------------|------------------------------|------------------------------|--|
| 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 |
| 2021 | 52,177 | 2,335,129,458 | 44,754 | 5.20% | 7,351 |

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: US Census Bureau and 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

| | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 |
|-------------------------------------|------|------|------|------|------|------|------|------|------|------|
| Number of Exempt Employees | 26 | 28 | 29 | 30 | 32 | 35 | 34 | 32 | 33 | 37 |
| Number of Full Time Employees | 386 | 391 | 393 | 416 | 431 | 439 | 450 | 479 | 484 | 496 |
| Number of Part Time Employees (FTE) | 9 | 8 | 7 | 3 | 3 | 4 | 3 | 3 | 2 | 2 |
| Total County Government Employees | 421 | 427 | 429 | 449 | 466 | 478 | 487 | 514 | 519 | 535 |

NOTES:
 Source: Queen Anne's County Office of Budget and Finance

QUEEN ANNE'S COUNTY, MARYLAND
 OPERATING INFORMATION
 COUNTY GOVERNMENT EMPLOYEES - FULL-TIME ONLY BY FUNCTION
 LAST TEN FISCAL YEARS
 Table 16

| | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 |
|--------------------------------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|
| Governmental Activities: | | | | | | | | | | |
| General Government | 74 | 82 | 77 | 81 | 83 | 87 | 76 | 75 | 78 | 79 |
| Public Safety: | | | | | | | | | | |
| Police | 53 | 56 | 58 | 58 | 59 | 61 | 62 | 69 | 71 | 70 |
| Fire - Emergency Management Services | 61 | 64 | 67 | 71 | 72 | 73 | 75 | 82 | 83 | 83 |
| Detention Center | 42 | 41 | 41 | 41 | 41 | 45 | 41 | 42 | 43 | 45 |
| Animal Services | 10 | 6 | 3 | 3 | 2 | 2 | 2 | 2 | 2 | 13 |
| Public Works | 51 | 51 | 54 | 58 | 61 | 59 | 75 | 80 | 77 | 75 |
| Health | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Social Services | 36 | 32 | 36 | 38 | 42 | 41 | 39 | 39 | 39 | 41 |
| Parks | 27 | 27 | 29 | 39 | 42 | 44 | 43 | 46 | 52 | 51 |
| Conservation of Natural Resources | 3 | 4 | 4 | 3 | 4 | 4 | 4 | 4 | 4 | 4 |
| Economic/Community Development | 3 | 6 | 2 | 3 | 6 | 5 | 10 | 11 | 9 | 10 |
| Total Governmental Activities | <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> | <u>472</u> |
| Business-Type Activities: | | | | | | | | | | |
| Sanitary District | 45 | 45 | 46 | 46 | 46 | 48 | 51 | 55 | 53 | 56 |
| Bay Bridge Airport | 3 | 1 | 1 | 1 | 1 | 1 | 2 | 2 | 2 | 2 |
| Golf | - | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Public Landings | 3 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 |
| Total Business-Type Activities | <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> | <u>61</u> |
| Total Full-Time County Employees | <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> | <u>533</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 and Finance

QUEEN ANNE'S COUNTY, MARYLAND
 OPERATING INFORMATION
 OPERATING INDICATORS BY FUNCTION
 LAST TEN FISCAL YEARS
 Table 17

| | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 |
|---------------------------------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|
| Governmental Activities: | | | | | | | | | | |
| General Government: | | | | | | | | | | |
| Planning & Zoning: | | | | | | | | | | |
| Number of commercial permits issued | 99 | 75 | 51 | 52 | 50 | 47 | 55 | 30 | 49 | 91 |
| Number of residential permits issued: | | | | | | | | | | |
| Single Family Permits | 119 | 161 | 133 | 123 | 84 | 124 | 145 | 155 | 173 | 275 |
| Multi Family Permits | 20 | 21 | 12 | - | 1 | 29 | - | 37 | 41 | 62 |
| Renovations and Additions Permits | 207 | 312 | 327 | 270 | 303 | 323 | 339 | 359 | 317 | 343 |
| Total residential permits issued | <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> | <u>680</u> |
| Public Safety: | | | | | | | | | | |
| Fire and Rescue: | | | | | | | | | | |
| Number of volunteer members | 689 | 689 | 689 | 683 | 500 | 400 | 500 | 450 | 542 | 558 |
| Police: | | | | | | | | | | |
| Uniformed Police Officers | 59 | 61 | 61 | 64 | 64 | 64 | 68 | 69 | 71 | 71 |
| Number of law violations: | | | | | | | | | | |
| Physical arrests | 848 | 1,144 | 1,239 | 1,055 | 903 | 914 | 1,097 | 930 | 854 | 1,080 |
| Traffic violations | 5,818 | 5,915 | 6,514 | 6,030 | 8,002 | 7,183 | 12,384 | 10,474 | 9,705 | 11,142 |
| Detention Center: | | | | | | | | | | |
| Detention Center Officers | 38 | 40 | 41 | 41 | 39 | 38 | 42 | 41 | 41 | 42 |
| Average yearly prison population | 86 | 128 | 138 | 123 | 115 | 133 | 115 | 105 | 106 | 158 |
| Public Works: | | | | | | | | | | |
| Wastewater Treated - Daily (mgd) | 1.9 | 2.0 | 2.0 | 2.1 | 2.0 | 2.0 | 2.2 | 2.2 | 2.1 | 2.3 |
| Education: | | | | | | | | | | |
| Number of Personnel | | | | | | | | | | |
| Teachers | 537 | 546 | 550 | 575 | 575 | 572 | 569 | 572 | 584 | 603 |
| Administrators | 39 | 39 | 41 | 40 | 40 | 38 | 37 | 37 | 37 | 36 |
| Support | 300 | 294 | 344 | 295 | 296 | 304 | 300 | 301 | 281 | 336 |
| Other | 47 | 47 | 37 | 34 | 34 | 34 | 34 | 32 | 7 | 7 |
| Number of Students | 7,757 | 7,717 | 7,720 | 7,752 | 7,738 | 7,799 | 7,768 | 7,767 | 7,705 | 7,351 |
| Number of High School Graduates | 598 | 537 | 605 | 589 | 532 | 550 | 552 | 521 | 590 | 561 |

NOTES:
 Source: Various County departments.

QUEEN ANNE'S COUNTY, MARYLAND
 OPERATING INFORMATION
 CAPITAL ASSET STATISTICS BY FUNCTION
 LAST TEN FISCAL YEARS
 Table 18

| | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 |
|---|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| Governmental Activities: | | | | | | | | | | |
| Public Safety: | | | | | | | | | | |
| Fire and Rescue: | | | | | | | | | | |
| Number of volunteer stations | 10 | 9 | 9 | 9 | 9 | 9 | 9 | 9 | 9 | 9 |
| Equipment: | | | | | | | | | | |
| Engines | 17 | 18 | 17 | 16 | 16 | 16 | 16 | 15 | 15 | 15 |
| Tankers | 9 | 9 | 8 | 8 | 8 | 8 | 8 | 7 | 9 | 9 |
| Aerial Units | 5 | 5 | 4 | 4 | 5 | 5 | 4 | 5 | 5 | 5 |
| Rescue Units | 7 | 8 | 6 | 7 | 6 | 6 | 5 | 5 | 7 | 7 |
| Brush Units | 8 | 8 | 7 | 7 | 7 | 7 | 7 | 7 | 8 | 8 |
| Boats | 5 | 5 | 6 | 6 | 6 | 6 | 3 | 4 | 4 | 4 |
| Ambulance/Medic Units | 17 | 17 | 13 | 14 | 12 | 13 | 13 | 11 | 13 | 12 |
| Cars/Other | 22 | 22 | 25 | 25 | 25 | 16 | 14 | 28 | 33 | 33 |
| Police: | | | | | | | | | | |
| Number of Stations | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Number of Vehicles | | | | | | | | | | |
| Patrol | 62 | 62 | 68 | 68 | 71 | 70 | 70 | 71 | 81 | 66 |
| Other | 3 | 3 | 12 | 15 | 10 | 9 | 14 | 14 | 12 | 29 |
| Detention Center | | | | | | | | | | |
| Capacity | 148 | 148 | 148 | 148 | 148 | 148 | 148 | 148 | 148 | 148 |
| Public Works: | | | | | | | | | | |
| County Maintained Roads and Streets | | | | | | | | | | |
| Paved (miles) | 540 | 541 | 543 | 543 | 540 | 549 | 549 | 549 | 550 | 550 |
| Unpaved (miles) | 12 | 12 | 12 | 12 | 12 | 12 | 12 | 12 | 12 | 12 |
| County Owned Water and Wastewater Facilities | | | | | | | | | | |
| Water | | | | | | | | | | |
| Miles of Mains | 59 | 61 | 62 | 62 | 64 | 65 | 67 | 68 | 69 | 70 |
| 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 | 120 | 121 | 122 | 128 | 136 | 151 | 153 | 154 | 160 |
| Wastewater Treatment Plants | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Wastewater Collection, Lift, and Pumping Stations | 31 | 31 | 31 | 31 | 31 | 32 | 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 | 32 | 32 | 32 | 32 | 32 | 32 |
| Park Acreage | 2,915 | 2,915 | 2,915 | 2,915 | 2,915 | 2,915 | 3,085 | 3,085 | 3,085 | 3,085 |
| Public Landings | 21 | 19 | 20 | 20 | 19 | 20 | 20 | 20 | 20 | 20 |
| Library: | | | | | | | | | | |
| Number of Libraries | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 |

NOTES:
 Source: Various County departments.



