The background of the cover features a repeating pattern of stylized hydrangea flowers in a light blue color against a darker blue background. The flowers are arranged in clusters, with some in the foreground and others receding into the background, creating a sense of depth. The entire cover is framed by a thin, light-colored border.

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

2022

Annual Comprehensive Financial Report
*for the Fiscal Year ended
June 30, 2022*

**QUEEN ANNE'S COUNTY, MARYLAND
ANNUAL COMPREHENSIVE FINANCIAL REPORT
FISCAL YEAR ENDED JUNE 30, 2022
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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
J. Patrick McLaughlin, 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

April 28, 2023

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

FORMAL TRANSMITTAL OF THE ANNUAL COMPREHNSIVE 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, 2022.

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, 2022, 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, 2022, 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 50,747 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.

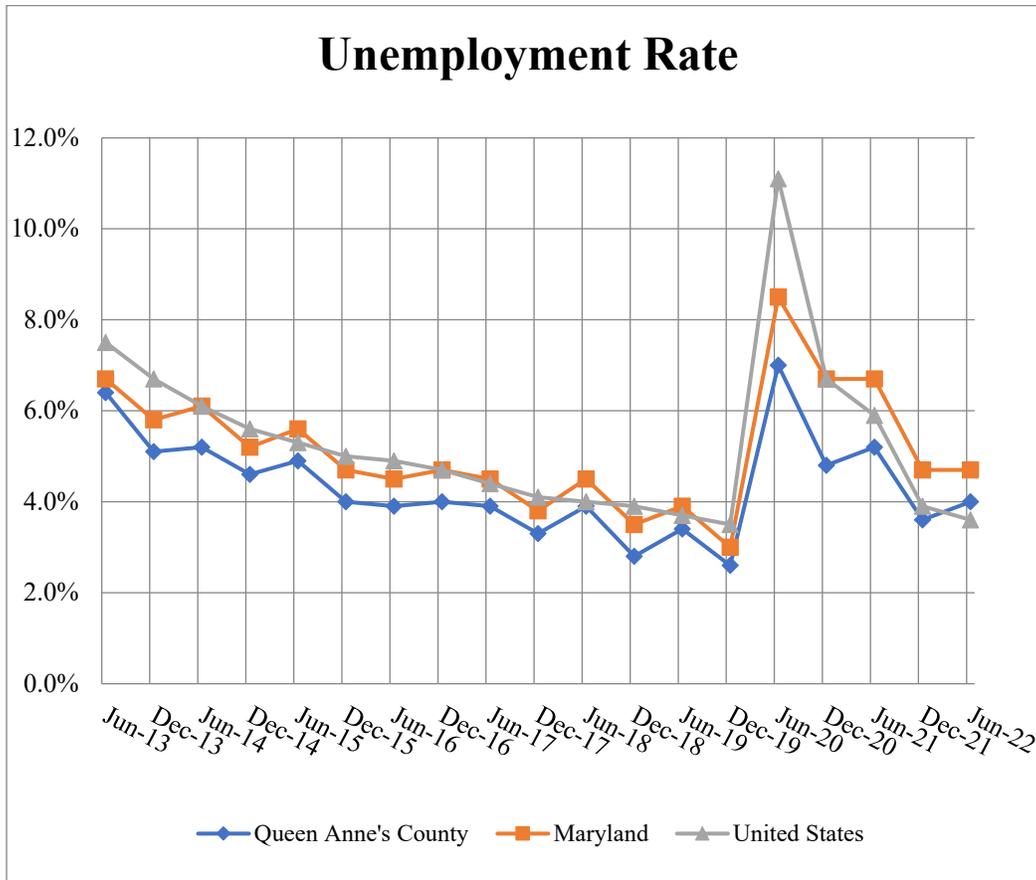
Department Heads may make transfers of appropriations within a department of up to \$10,000 with the approval of the County Administrator. Transfers of appropriations or appropriation of new revenues in excess of \$10,000 require the approval of the County Commissioners. Budget to actual comparisons 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 2022 rate for the County was 4.0%, compared to the state’s rate of 4.7% and the U.S.’s rate of 3.6%. The fiscal year 2022 average rate for the County was 3.7%. The decrease in the unemployment rate for fiscal year 2022 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 and income tax revenue increased when comparing current year to prior year for governmental funds. Property taxes increased in fiscal year 2022 by 1.6% to \$75.9 million due to an increase in assessable base. Local income tax is the County’s other main revenue source. Income tax collections increased by 4.4% in fiscal year 2022, from \$68.0 million in fiscal year 2021 to \$71.0 million in fiscal year 2022 as a result of increased employment, capital gains and wages.

Recordation tax declined in fiscal year 2022 with a decrease of 6.7% over fiscal year 2021, from \$11.0 million in fiscal year 2021 to \$10.2 million in fiscal year 2022. The transfer tax revenue also decreased in fiscal year 2022 by 4.4%, from \$4.0 million in fiscal year 2021 to \$3.8 million in fiscal year 2022.

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 \$13,363,377 in fiscal year 2022.

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 \$730,492 in fiscal year 2022. The current balance of the Revenue Stabilization Fund is \$8,352,110.

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 2023, prioritizes capital expenditures over these years to meet the County’s needs. The six-year program totals \$236.1 million and includes: \$39.7 million for the Detention Center renovation; \$37.0 million for various Sanitary District projects (includes the Southern Kent Island Sewer Service at \$22.4 million); \$36.0 million for various school related projects (includes \$14.7 million for Centreville Middle School and \$14.0 million for the board administration building); \$30.8 million for Roads Board capital projects (includes \$13.5 million for asphalt overlays); \$21.3 million for Parks (includes \$5.64 million for artificial turf and \$5.4 million for phase two of the Cross County Connector project); \$20.6 million for Administration and General Services (includes \$6.0 million for Historic Courthouse); \$12.4 million for Bay Bridge Airport; and \$11.4 million for 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 2022, Queen Anne’s County general obligation debt was 1.62% of the total taxable assessable base, and the per capita debt measurement was \$2,848. 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, 2021. 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-three consecutive years (fiscal years 1999-2021). 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, Lisa Taylor, and Hayley Effland. 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

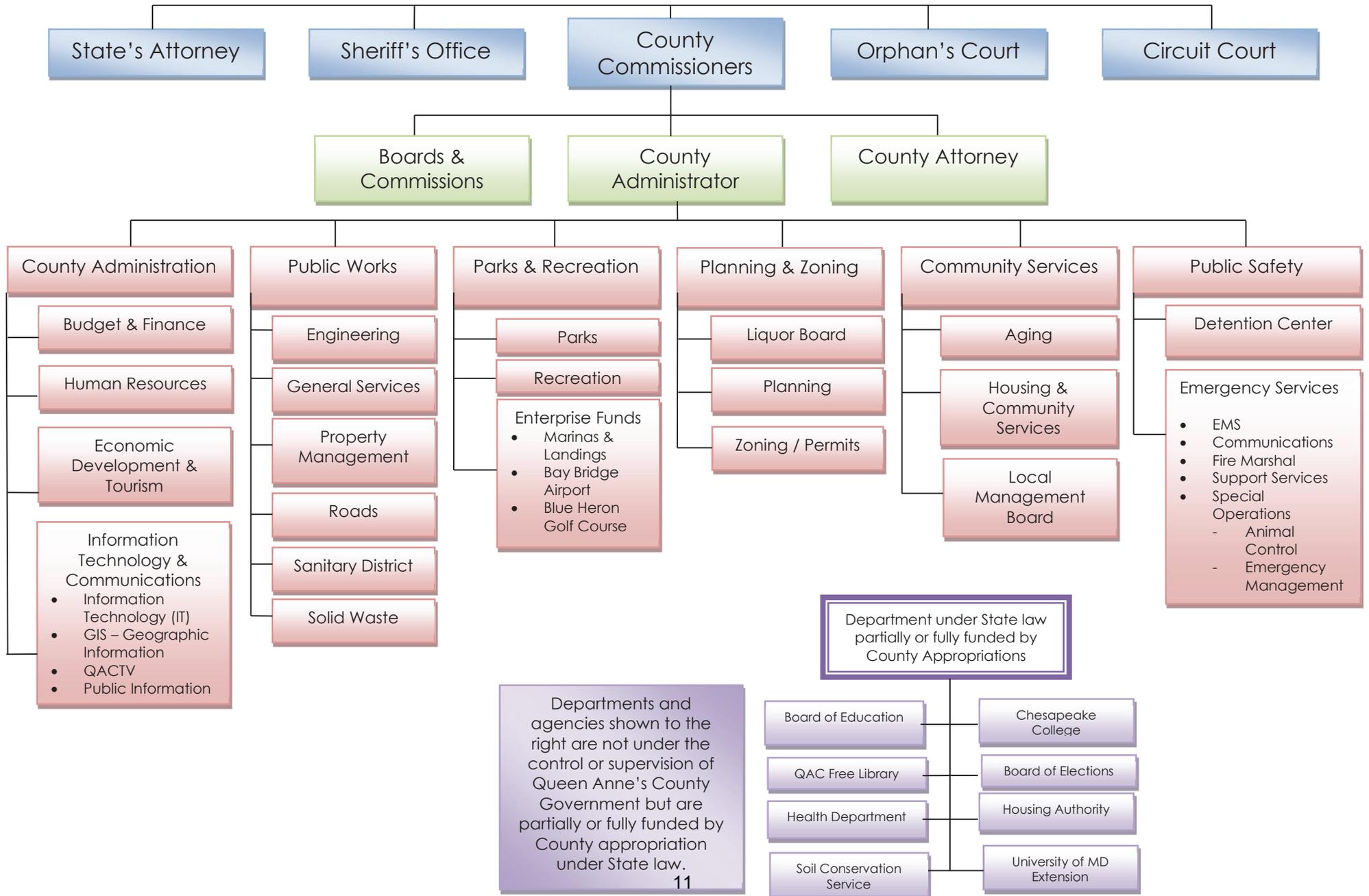
June 30, 2021

Christopher P. Morrill

Executive Director/CEO

Queen Anne's County Government Organizational Chart

Queen Anne's County Voters



**QUEEN ANNE’S COUNTY, MARYLAND
GOVERNMENTAL ORGANIZATION
CERTAIN ELECTED AND OTHER OFFICIALS
AS OF JUNE 30, 2022**

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 December 6th, 2022, Patrick McLaughlin was elected to represent District 2.*

FINANCIAL SECTION

INDEPENDENT AUDITORS' REPORT

County Commissioners of
Queen Anne's County
Centreville, Maryland

Report on the Audit of the Financial Statements

Opinions

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, 2022, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

In our opinion, 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 the County, as of June 30, 2022, 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.

We did not audit the financial statements of the Queen Anne's County Free Library (the "Library") as of June 30, 2022, and the respective changes in financial position, and where applicable, cash flows thereof for the year then ended. Those statements were audited by other auditors whose report has been furnished to us, and our opinions, insofar as it relates to the amounts included for the Library is based solely on the report of the other auditors.

Basis for Opinions

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the County, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter

During the year ended June 30, 2022, as discussed in Note 21, the County has a prior period restatement. In accordance with GASB no. 54, blended component units should not be reported in the General Fund and therefore the Roads Board was recharacterized as a separate fund, the Roads Operating Fund. In addition, as discussed in Note 10, the County adopted new accounting guidance GASB no. 87, "Leases". Our opinion is not modified with respect to these matters.

Responsibilities of Management 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, and for 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.

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the County's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and required supplementary information (RSI), 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 have applied

certain limited procedures to the RSI 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.

Supplementary 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 other supplementary information (OSI), as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the financial statements. The OSI, as listed in the table of contents 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 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 OSI, as listed in the table of contents, is fairly stated, in all material respects in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated April 28, 2023, on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the County's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.



Salisbury, Maryland
April 28, 2023

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, 2022. 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; 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, roads operating 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:

	Governmental Activities		Business-Type Activities		Total	
	2022	2021	2022	2021	2022	2021
Current and Other Assets	\$ 201,881,441	\$ 164,597,173	\$ 62,201,357	\$ 54,611,035	\$ 264,082,798	\$ 219,208,208
Capital Assets	190,874,807	188,206,051	129,251,754	125,398,107	320,126,561	313,604,158
Total Assets	392,756,248	352,803,224	191,453,111	180,009,142	584,209,359	532,812,366
Total deferred Outflows of resources	18,706,064	10,082,413	1,651,620	793,303	20,357,684	10,875,716
Noncurrent liabilities	216,868,181	222,696,479	45,442,547	47,011,245	262,310,728	269,707,724
Other Liabilities	14,383,748	9,719,669	1,381,610	2,770,112	15,765,358	12,489,781
Total Liabilities	231,251,929	232,416,148	46,824,157	49,781,357	278,076,086	282,197,505
Total deferred Inflows of resources	25,652,222	13,437,465	18,836,471	17,044,932	44,488,693	30,482,397
Net investment in capital assets	118,666,142	116,220,059	93,562,741	88,635,207	212,228,883	204,855,266
Restricted amounts	24,012,709	20,883,128	5,310,698	6,322,353	29,323,407	27,205,481
Unrestricted amounts (deficit)	11,879,310	(20,071,163)	28,570,664	19,018,596	40,449,974	(1,052,567)
Total net position	\$ 154,558,161	\$ 117,032,024	\$ 127,444,103	\$ 113,976,156	\$ 282,002,264	\$ 231,008,180

The County's total current and other assets increased by \$44.9 million, or 20.5 percent, to \$264.1 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 2022 by \$282.0 million.

Net position is divided into three categories: net investment in capital assets; restricted amounts; and unrestricted amounts. By far the largest portion, \$212.2 million, of the County's total net position reflects its investment in capital assets (e.g. land, buildings, machinery and equipment, vehicles, and infrastructure), less any related and outstanding debt used to construct or acquire those assets. The County uses these capital assets to provide services to citizens; consequently, they are *not* available for future spending. Although the County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay the debt must be provided from other sources since the capital assets themselves cannot be used to liquidate these liabilities.

It is important to note that, although counties in the State of Maryland issue debt for the construction of schools, the school buildings are owned by each county's Board of Education. Ownership reverts to the county government only if the local Board determines a building is no longer needed for educational purposes. Therefore, while the County's financial statements include outstanding debt related to Board of Education capital assets, those statements do not include the capital assets funded by the debt. Debt outstanding for the Board of Education amounted to \$53.2 million at June 30, 2022. Absent the effect of this relationship, the County would have reported a positive unrestricted amount of \$70.8 million on its government-wide financial statements, rather than the positive unrestricted net assets of \$17.6 million reported herein. For a multi-year view of this calculation, see the Footnote presented in Table 1 of the Statistical Section.

An additional \$52.5 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: \$13.8 million related to general government services; \$3.0 million for economic/community development; \$4.7 million for public safety; and \$2.5 million for conservation of natural resources. For business-type activities, this amount includes \$2.5 million restricted to meet Sanitary District debt covenants; \$1.2 million for the Bay Bridge Airport debt service; and \$1.5 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.

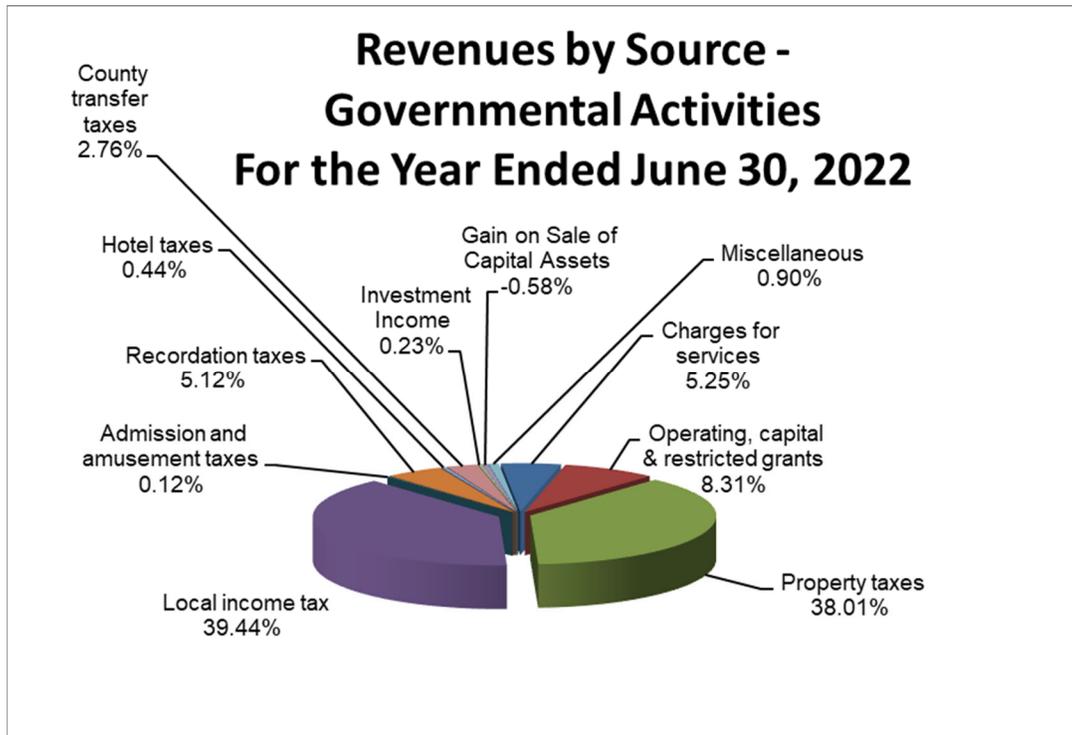
Statement of Activities

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

	Governmental Activities		Business-Type Activities		Total	
	2022	2021	2022	2021	2022	2021
Program revenues:						
Charges for services	\$ 10,490,544	\$ 10,391,499	\$ 19,228,797	\$ 13,332,332	\$ 29,719,341	\$ 23,723,831
Operating grants and contributions	9,381,209	14,473,649	1,645,287	4,798,388	11,026,496	19,272,037
Capital grants and contributions	7,246,021	5,524,296	3,034,541	2,668,488	10,280,562	8,192,784
General revenues:						
Property taxes	76,017,204	74,474,109	-	-	76,017,204	74,474,109
Local income tax	78,881,170	73,458,519	-	-	78,881,170	73,458,519
Other local taxes						
Admission and amusement taxes	247,533	183,601	-	-	247,533	183,601
Recordation taxes	10,243,655	10,974,409	-	-	10,243,655	10,974,409
Hotel taxes	849,345	596,806	-	-	849,345	596,806
County transfer taxes	3,824,021	4,000,090	-	-	3,824,021	4,000,090
State Shared Taxes	1,692,747	-	-	-	1,692,747	-
Investment income	462,588	239,908	414,822	424,983	877,410	664,891
Gain (loss) on sale of capital assets	(1,157,005)	95,687	5,265	573,500	(1,151,740)	669,187
Miscellaneous	1,801,868	1,073,180	2,511,617	1,189,317	4,313,485	2,262,497
Total Revenues	199,980,900	195,485,753	26,840,329	22,987,008	226,821,229	218,472,761
Governmental Activities:						
General government	20,975,854	21,447,303	-	-	20,975,854	21,447,303
Public safety	32,937,936	33,376,832	-	-	32,937,936	33,376,832
Public works	15,486,633	13,898,271	-	-	15,486,633	13,898,271
Parks & recreation	6,445,776	6,051,585	-	-	6,445,776	6,051,585
Health & Social Services	6,631,472	6,969,134	-	-	6,631,472	6,969,134
Education & Library	68,957,650	68,632,733	-	-	68,957,650	68,632,733
Conservation of natural resources	2,402,429	3,621,749	-	-	2,402,429	3,621,749
Economic and Community development	3,012,720	5,262,207	-	-	3,012,720	5,262,207
Interest and fiscal charges	4,415,584	4,330,706	-	-	4,415,584	4,330,706
Business-type Activities:						
Water and sewer	-	-	12,384,820	12,157,175	12,384,820	12,157,175
Airport	-	-	1,017,606	940,188	1,017,606	940,188
Golf course	-	-	609,737	523,435	609,737	523,435
Public landings and marinas	-	-	548,928	1,104,170	548,928	1,104,170
Total Expenses	161,266,054	163,590,520	14,561,091	14,724,968	175,827,145	178,315,488
Increase in Net Position before Transfers	38,714,846	31,895,233	12,279,238	8,262,040	50,994,084	40,157,273
Transfers in (out)	(1,188,709)	(150,236)	1,188,709	150,236	-	-
Increase in Net Position	37,526,137	31,744,997	13,467,947	8,412,276	50,994,084	40,157,273
Net Position, prior year	117,032,024	85,287,027	113,976,156	105,563,880	231,008,180	190,850,907
Net Position - current year	\$ 154,558,161	\$ 117,032,024	\$ 127,444,103	\$ 113,976,156	\$ 282,002,264	\$ 231,008,180

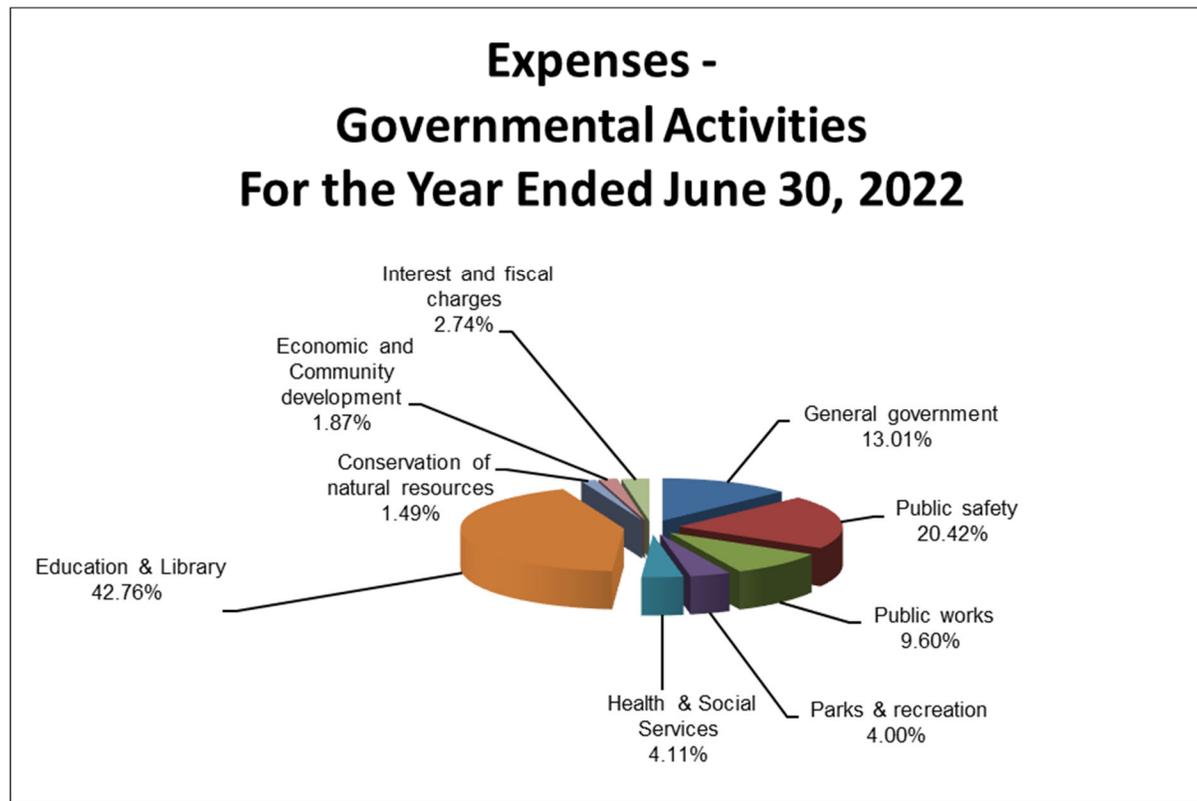
Governmental activities:

Revenues for governmental activities were \$200.0 million for fiscal year 2022. The following chart depicts revenues by source for governmental activities:



- Taxes comprise the largest source of County revenue, totaling \$171.8 million (85.9 percent) of total revenue for fiscal year 2022. Of that amount, property and local income tax together yielded \$154.9 million (77.5 percent) of all revenue. Each County sets its own property and income tax rates, within parameters established by the State. For fiscal year 2022, 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 \$9.4 million, reflect grants from Federal and State agencies that support specific County programs. Programs that benefitted the most were: General Government (\$2.9 million or 31.1 percent), Health and Social Services (\$2.6 million or 27.7 percent), Public Safety (\$2.3 million or 24.5 percent) and Economic/Community development (\$1.5 million or 16.2 percent).
- Charges for services, totaling \$10.5 million, reflect fees charged to County citizens. These primarily support public safety (\$2.8 million or 26.5 percent), education and library (\$2.4 million or 23.3 percent), general government (\$2.4 million or 22.9 percent), parks and recreation (\$1.1 million or 10.9 percent), and public works (\$1.1 million or 10.8 percent).
- Capital grants and contributions, totaling \$7.2 million, reflect contributions from Federal and State agencies, as well as developers. Programs that benefitted the most were: parks and recreation (\$1.9 million or 27.1 percent), education and library (\$1.8 million or 25.5 percent), general government (\$1.2 million or 16.8 percent), conservation of natural resources (\$1.1 million or 15.1 percent), and public safety (\$908 thousand or 12.5 percent).

Expenses for all governmental activities were \$161.3 million for fiscal year 2022. 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 \$69 million (42.8 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	
	2022	2021	2022	2021	2022	2021
Education and Library	\$ 68,957,650	\$ 66,649,935	\$ 4,289,583	\$ 3,383,580	\$ (64,668,067)	\$ (63,266,355)
Public safety	32,937,936	33,376,832	5,991,282	6,755,881	(26,946,654)	(26,620,951)
General government	20,975,854	21,447,303	6,540,300	5,771,395	(14,435,554)	(15,675,908)
Public works	15,486,633	13,898,271	1,142,909	2,577,872	(14,343,724)	(11,320,399)
Parks & recreation	6,445,776	6,051,585	3,146,417	1,618,741	(3,299,359)	(4,432,844)
Health & Social Services	6,631,472	4,557,075	2,894,945	2,576,637	(3,736,527)	(1,980,438)
Conservation of natural resources	2,402,429	5,262,207	1,142,251	4,843,515	(1,260,178)	(418,692)
Economic and Community development	3,012,720	3,621,749	1,921,581	1,888,076	(1,091,139)	(1,733,673)
Interest and fiscal charges	4,415,584	8,725,563	48,506	973,747	(4,367,078)	(7,751,816)
Total	\$ 161,266,054	\$ 163,590,520	\$ 27,117,774	\$ 30,389,444	\$ (134,148,280)	\$ (133,201,076)

Of the total cost of \$161.3 million for governmental activities, \$27.1 million (16.8 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 \$10.5 million, while governments and other organizations that benefited indirectly from these programs contributed operating grants of \$9.4 million and capital grants of \$7.2 million.

County taxpayers paid for most of the remaining \$134.1 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: \$64.7 million for education and library; \$26.9 million for public safety; \$14.4 million for general government; \$14.3 million for public works; \$3.3 million for parks and recreation; \$3.7 million for health and social services; \$1.3 million for conservation of natural resources; \$1.1 million for economic and community development; and \$4.4

million for interest and fiscal charges. 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 2022, governmental activities increased the County's net position overall by \$37.5 million, compared to an increase of \$31.7 million in fiscal year 2021. The following discussion explains changes in net position relative to the prior fiscal year.

Revenues for governmental activities increased by \$4.5 million (2.3 percent). The following key revenues changed, when compared to the prior fiscal year:

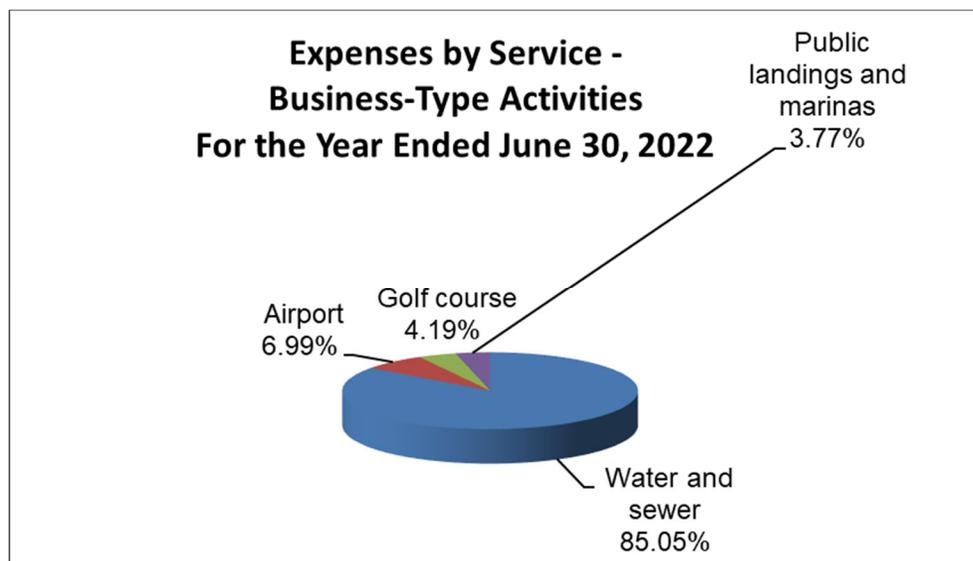
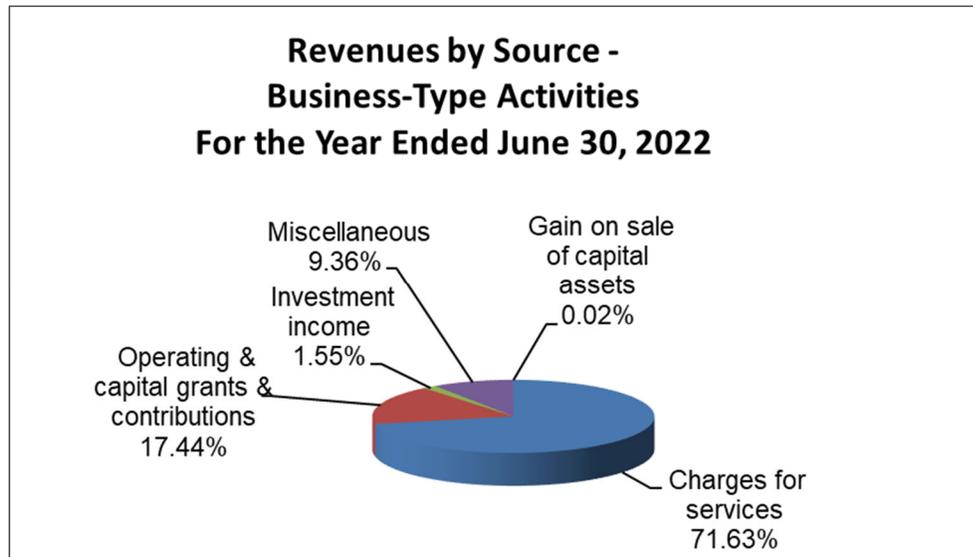
- Income taxes increased by \$5.4 million (7.4 percent), from \$73.5 million in fiscal year 2021 to \$78.9 million in fiscal year 2022. This increase was the result of increased receipts from the State for the County's portion of the income tax collections, capital gains and wage increases.
- Operating grants and contributions decreased by \$5.1 million (35.2 percent), from \$14.5 million in fiscal year 2021 to \$9.4 million in fiscal year 2022. The entire decrease is the result of a decrease in grant funding provided by the Federal Government to assist the County in navigating through the COVID-19 pandemic.
- Capital grants and contributions increased by \$1.7 million (31.2 percent), from \$5.5 million in fiscal year 2021 to \$7.2 million in fiscal year 2022. The main result of this increase was a capital grant for \$1.2 million received for parks for athletic field work.
- Property taxes increased by \$1.5 million (2.1 percent), from \$74.5 million in fiscal year 2021 to \$76.0 million in fiscal year 2022 due to an increase in property assessments.
- County transfer taxes increased \$1.5 million (37.9 percent), from \$4.0 million in fiscal year 2021 to \$5.5 million in fiscal year 2022. This increase is also a result of rising prices and demand in the housing market.
- Loss on sale of capital assets decreased \$1.3 million (1309.2 percent), from \$95 thousand in fiscal year 2021 to -\$1.2 million in fiscal year 2022. This decrease consists of the following: \$642 thousand disposal of buildings during construction, \$244 thousand due to CIP write off to a project not resulting in an asset, and \$146 thousand of fiber network asset disposal not owned by the county.

Expenses for governmental activities decreased by \$2.3 million (1.4 percent). Key positive and negative expense changes, in order of relative importance, are:

- Economic and Community Development decreased by \$2.2 million (42.8 percent), mainly resulting from the decrease in COVID related expenditures.
- Conservation of Natural Resources decreased by \$1.2 million (33.7 percent), due to the decrease 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 Works increased by \$1.6 million (11.4 percent). \$900 thousand of this increase was due to expenses associated with Roads capital projects in the Asphalt project, which varies due to timing of road maintenance. The remaining increase was in various department throughout the county.

Business-type activities:

Revenues, transfers in, and expenses for business-type activities were \$26.8 million, \$1.2 million, and \$14.6 million, respectively, for fiscal year 2022. 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 \$13.5 million in fiscal year 2022, which is \$5.1 million more than the prior year’s increase of \$8.4 million. The fiscal year 2022 change in net position resulted primarily from:

- Operating Revenues before transfers increased by \$3.9 million (16.8 percent), from \$23.0 million in fiscal year 2021 to \$26.8 million in fiscal year 2022, for all business-type activities. Operating grants and contributions decreased by \$3.1 million, mainly due to decreased intergovernmental grant funding in the Sanitary district. Charges for services increased by \$5.9 million primarily due to an increase in the Sanitary district restricted funds which had higher allocation fees than in fiscal year 2021. Capital grants and contributions increased by \$366 thousand mainly due to Sanitary District SKI development phase 2.

- Operating Expenses decreased by \$164 thousand (-1.1 percent), from \$14.7 million in fiscal year 2021 to \$14.6 million in fiscal year 2022, for all business-type activities. The main reason for the decrease was public landings decreased by \$555 thousand (50.3 percent) which is related to the Corsica river dredging project that was completed in fiscal year 2021. Water and sewer activities increase by \$227 thousand (1.9 percent) mainly due to an increase in supplies and materials.

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 \$154.6 million, compared to \$129.8 million for the prior year. Approximately 20.8 percent of this total (\$32.1 million) constitutes *unassigned fund balance*, which is available for spending. The total *unassigned fund balance* of \$32.1 million is comprised of \$32.1 million of positive unassigned fund balance for the general fund.

The *nonspendable fund balance* of \$1.4 million which is not available for spending and includes amounts related to inventory and prepaid items. *Restricted fund balance* of \$40.1 million (25.9 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 \$13.4 million for the rainy day fund.

Committed fund balance of \$35.4 million (22.9 percent) represents those amounts that can be used only for the specific purposes of the government's highest level of decision-making authority. Included in the committed fund balance is \$8.4 million for the revenue stabilization fund.

The remaining \$45.6 million of fund balance (29.5 percent) constitutes *assigned fund balances*. These amounts are intended to be used by the government for the specific purposes of each fund.

The General Fund is the chief operating fund of Queen Anne's County Government. At the end of the current fiscal year, the General Fund had a total fund balance of \$59.9 million, which is an increase of \$10.8 million (17 percent) from the fiscal year 2021 balance of \$49.1 million. Of the \$10.8 million increase, local property tax increased by \$1.5 million (2.1 percent) as a result of higher than anticipated new construction, including several new commercial properties in the Kent Narrows area and the quicker-than-expected expansion of a large subdivisions on Kent Island, local income tax \$5.4 million (7.4 percent) due to increase in wage rates and capital gains.

Of the total \$59.9 million in fund balance, \$32.1 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, \$13.4 million of rainy day funds are included in the General Fund's restricted fund balance of \$17.8 million for fiscal year 2022. The remaining fund balance is comprised of \$48 thousand in nonspendable, \$8.4 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, 2022, the General Capital Projects Fund has a total fund balance of \$58.7 million, compared to \$46.5 million at the end of the prior fiscal year. The \$58.7 million in total fund balance is comprised of \$16.4 million in restricted fund balance, mainly for unspent bond proceeds, \$4.6 million of fund balance committed for specific projects, and \$37.7 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, 2022, the Roads Capital Projects Fund has a total fund balance of \$6.1 million, compared to \$6.4 million at the end of the prior fiscal year. Of this total \$6.1 million fund balance, \$5.6 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 2022 amounted to \$30.2 million, which is \$9.3 million more than the prior year. Net investment in capital assets also increased by \$4.0 million.

Total net position of the Sanitary District amounted to \$105.0 million at the end of fiscal year 2022, which increased by \$12.3 million when compared to the prior year.

The *unrestricted net position* of the Bay Bridge Airport Enterprise Fund at year end amounted to negative \$1.2 million, reflecting a decrease of \$130 thousand. The investment in capital assets for the Bay Bridge Airport increased by \$250 thousand in the current fiscal year. In addition, the restricted amount for other purposes decreased by \$120 thousand.

Total net position of the Bay Bridge Airport amounted to \$15.7 million at the end of fiscal year 2022, which is an increase of \$255 thousand from the prior year amount of \$15.4 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 \$172.2 million. Amendments increased spending authority by \$16.3 million during fiscal year 2022, when compared to the original budget of \$155.9 million.

Major components of these expenditure budget increases are as follows:

- Budgeted Transfers Out to General Capital Projects increased by \$12.0 million from the original budget during the year and budgeted transfers out to Roads Operating Fund increased by \$4.4 million from the original budget. 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 \$1.2 million from the original budget, 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 \$5.8 million.

Actual expenditures, and other financing uses, were less than final budgetary appropriations by \$5.5 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 \$2.1 million more than the final budget (2.9 percent) due to a higher than anticipated increase in assessments.
- Charges for Current Services revenue was \$1.2 million more than the final budget (44.2 percent), this increase was mainly due to the EMS Supplemental Payment Program Audit that unexpectedly increased Public Safety User Fees.
- Miscellaneous revenue was \$1.0 million more than the final budget (213 percent), this was a result from our Workmen's Compensation audit that resulted in the County receiving a credit.

Expenditures:

- Final Budgeted Salaries and Benefits were \$41.9 million for the year, while actual costs were \$42.2 million. They were overspent at year-end by \$278 thousand (.6 percent). Budgeted salaries and benefits include reversions of \$1.0 million. Absent the budget for reversions, actual costs were \$722 thousand less than budget. The savings were recognized in multiple departments due to vacant positions.
- Final Budgeted Other Operating Charges were \$130.3 million for the year, while actual costs were \$124.5 million. These costs were lower than budget at year end by \$5.8 million (4.5 percent). Operating Charges include contracted services, supplies, other charges, debt service, and transfers out.
 - Transfers Out were underspent by \$2.7 million, due to savings realized by Roads (\$1.3 million) the Department of Aging (\$1.0 million), Golf Course Enterprise Fund (\$195 thousand), and Housing and Community Services (\$144 thousand) which allowed these departments to forgo this portion of their appropriation.
 - Other Charges were underspent by \$2.0 million. Savings were realized in Roads (\$1.4 million), Contingencies (\$221 thousand), Benefits (\$180 thousand), and Intergovernmental (\$145 thousand). The remaining savings for other charges were spread throughout the General Fund.
 - Contracted Services were underspent by \$302 thousand, with the largest savings realized by Detention Center (\$157 thousand), Information Technology (\$135 thousand), and Elections (\$102 thousand). Roads makes up the difference by and going over budget by \$97 thousand.
 - Debt Service was underspent by \$231 thousand, which resulted from actual debt service for the 2021 bonds being lower than estimated.

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, 2022 amounted to \$320.1 million (net of accumulated depreciation). This investment in capital assets includes land and land improvements, intangible rights, construction in progress, buildings, improvements other than buildings, infrastructure, autos, machinery, and equipment. The total increase in the County’s investment in capital assets for the current fiscal year was \$6.5 million or 2.1%.

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

	Governmental Activities		Business-Type Activities		Total	
	2022	2021	2022	2021	2022	2021
Land and Land Improvements	\$ 86,279,799	\$ 86,326,959	\$ 13,406,924	\$ 13,383,344	\$ 99,686,723	\$ 99,710,303
Intangible Rights - Easements	821,819	821,819	6,140	6,140	827,959	827,959
Construction in Progress	9,943,879	9,812,878	4,033,099	19,775,908	13,976,978	29,588,786
Buildings	51,766,249	51,969,009	5,506,926	5,781,870	57,273,175	57,750,879
Improvements other than Buildings	12,824,824	10,899,566	7,969,267	8,019,254	20,794,091	18,918,820
Infrastructure	8,462,691	9,572,977	89,512,819	69,083,222	97,975,510	78,656,199
Auto, machinery, and equipment	20,775,546	18,802,843	8,816,579	9,348,369	29,592,125	28,151,212
Total	\$ 190,874,807	\$ 188,206,051	\$ 129,251,754	\$ 125,398,107	\$ 320,126,561	\$ 313,604,158

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

- Installation of field lighting at various parks totaling \$1.8 million.
- Transfer of infrastructure assets to Sanitary fund totaling \$990 thousand.
- County-wide software upgrade totaling \$870 thousand.
- Furniture and fixtures related to renovating the Emergency Services building totaling \$545 thousand.

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

- Completion of Sanitary district infrastructure projects totaling \$19.0 million.

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, OPEB (Other Post-Employment Benefits), net pension liability, LOSAP (Volunteer Fireman Pension Plan Length of Service Award Program), compensated absence obligations, and lease obligations of \$262.3 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 \$262.3 million in debt, \$45.4 million is considered to be self-supporting, in that obligations of the County’s enterprise funds will be funded through charges and assessments related to the operations of those funds. In addition, the Sanitary District’s Debt Service Fund holds total assets of \$2.5 million, which are restricted to payment of the Sanitary District’s subsequent year’s debt. See Note 11 for restricted assets and subsequent year debt service obligations.

Debt activities are summarized as follows:

	Governmental Activities		Business-Type Activities		Total	
	2022	2021	2022	2021	2022	2021
Bonds, Notes, and Premiums	\$ 142,796,926	\$ 143,674,736	\$ 35,653,564	\$ 36,769,976	\$ 178,450,490	\$ 180,444,712
OPEB	36,268,523	34,912,910	7,052,186	6,872,895	43,320,709	41,785,805
Net Pension Liability	24,007,806	31,302,931	2,176,280	2,927,232	26,184,086	34,230,163
LOSAP Liability	10,267,761	9,602,464	-	-	10,267,761	9,602,464
Compensated Absences	3,527,165	3,203,438	521,292	441,142	4,048,457	3,644,580
Right-to-use lease obligations	-	-	39,225	-	39,225	-
Total Noncurrent liabilities	\$ 216,868,181	\$ 222,696,479	\$ 45,442,547	\$ 47,011,245	\$ 262,310,728	\$ 269,707,724

During the 2022 fiscal year, the County’s total net debt decreased by \$7.4 million (2.7 percent). Of this amount, governmental debt decreased by \$5.8 million (2.6 percent), while business-type debt decreased by \$1.6 million (3.3 percent). In fiscal year 2022, the County issued the public facilities bonds of 2022 totaling \$7.8 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 2022 was \$2.0 million. In addition, the total other post-employment benefit obligations increased by \$1.5 million, the net pension liability decreased by \$8.0 million, the LOSAP liability increased by \$665 thousand, and compensated absences increased by \$404 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 2022, 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 2023 fiscal year:

- Property assessments are projected to increase by 2.2 percent over the previous year, based on State Assessment Office values used to compute the Constant Yield rate.
- Income tax revenue was projected at \$68.8 million for the 2023 budget.

The following are a few of the highlights from the fiscal year 2023 budget:

- OPEB shall continue to be funded in accordance with the approved ten-year plan;
- The Board of Education will be funded above Maintenance of Effort in fiscal year 2023;
- The County’s property tax decreased from \$.8471 to \$.8300; and
- The County’s 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 2022 Annual Comprehensive Financial Report (ACFR)).

BASIC FINANCIAL STATEMENTS

QUEEN ANNE'S COUNTY, MARYLAND

STATEMENT OF NET POSITION

June 30, 2022

	PRIMARY GOVERNMENT		
	GOVERNMENTAL	BUSINESS-TYPE	TOTAL
	ACTIVITIES	ACTIVITIES	
ASSETS			
Equity in Pooled Cash and Investments	\$ 121,724,695	\$ 16,706,530	\$ 138,431,225
Cash and Cash Equivalents	-	-	-
Taxes Receivable (Net)	852,159	-	852,159
Accounts and Loans Receivable (Net)	7,202,858	668,622	7,871,480
Special Assessments (Net)	686,891	-	686,891
Lease receivable	909,715	630,871	1,540,586
Internal Balances	1,607,306	(1,607,306)	-
Due from Primary Government	-	-	-
Due from Other Governments	41,579,992	670,752	42,250,744
Inventories	1,327,375	875,664	2,203,039
Prepaid Items	47,789	-	47,789
Endowment Fund	-	-	-
Restricted Assets:			
LOSAP Plan Assets	4,335,237	-	4,335,237
Equity in Pooled Cash and Investments	21,607,424	25,682,816	47,290,240
Accounts Receivable (Net)	-	2,830,000	2,830,000
Special Assessments Receivable (Net)	-	15,743,408	15,743,408
Capital Assets:			
Nondepreciable Assets	97,045,497	17,446,163	114,491,660
Depreciable and Amortized Assets, Net	93,829,310	111,805,591	205,634,901
Total Assets	392,756,248	191,453,111	584,209,359
DEFERRED OUTFLOWS OF RESOURCES			
OPEB	2,277,456	327,313	2,604,769
Pension Benefits	14,188,064	1,318,411	15,506,475
LOSAP Benefits	1,800,664	-	1,800,664
Deferred Charge on Refunding	439,880	5,896	445,776
Total Deferred Outflows of Resources	18,706,064	1,651,620	20,357,684
LIABILITIES			
Accounts Payable and Other Current Liabilities	8,541,166	834,645	9,375,811
Accrued Interest Payable	2,031,126	144,819	2,175,945
Due to Component Units	36,574	-	36,574
Due to Other Governmental Agencies	316,109	-	316,109
Unearned Revenue	3,458,773	383,346	3,842,119
Escrow Deposits	-	18,800	18,800
Noncurrent Liabilities:			
Due within One Year	11,823,475	2,409,568	14,233,043
Due in More than One Year	205,044,706	43,032,979	248,077,685
Total Liabilities	231,251,929	46,824,157	278,076,086
DEFERRED INFLOWS OF RESOURCES			
OPEB	7,612,183	1,040,398	8,652,581
Pension Benefits	15,649,294	1,425,512	17,074,806
LOSAP Benefits	326,518	-	326,518
Lease receivable	864,597	625,033	1,489,630
Deferred Inflows related to Refundings	176,596	2,120	178,716
Deferred Assessments	686,891	15,743,408	16,430,299
Deferred Fees	336,143	-	336,143
Total Deferred Inflows of Resources	25,652,222	18,836,471	44,488,693
NET POSITION			
Net Investment in Capital Assets	118,666,142	93,562,741	212,228,883
Amounts Restricted for:			
General Government	13,831,732	-	13,831,732
Economic/Community Development	2,954,185	-	2,954,185
Public Safety	4,725,517	-	4,725,517
Conservation of Natural Resources	2,499,815	-	2,499,815
Social Services	1,460	-	1,460
Debt Service	-	3,772,690	3,772,690
Capital Projects	-	-	-
Other Purposes	-	1,538,008	1,538,008
Unrestricted Amounts (Deficit)	11,879,310	28,570,664	40,449,974
Total Net Position	\$ 154,558,161	\$ 127,444,103	\$ 282,002,264

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, 2022

(CONTINUED)

COMPONENT UNITS	
BOARD OF EDUCATION	FREE LIBRARY
\$ -	\$ -
18,898,470	1,474,450
-	-
266,274	271,872
-	-
-	-
64,234	-
4,714,533	-
41,926	-
23,614	15,510
-	102,172
-	-
-	-
-	-
-	-
6,485,568	29,850
140,872,787	1,457,152
<u>171,367,406</u>	<u>3,351,006</u>
50,357,554	183,973
2,077,867	-
-	-
-	-
<u>52,435,421</u>	<u>183,973</u>
11,756,620	380,429
-	-
-	-
-	-
1,105,637	-
-	-
207,894	5,515
201,788,782	689,667
<u>214,858,933</u>	<u>1,075,611</u>
85,866,425	141,278
2,390,790	-
-	-
-	-
-	-
-	15,000
<u>88,257,215</u>	<u>156,278</u>
145,980,461	1,473,150
-	-
-	-
-	-
-	-
-	-
189,310	-
1,978,563	11,191
(227,461,655)	818,749
<u>\$ (79,313,321)</u>	<u>\$ 2,303,090</u>

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, 2022

	PRIMARY GOVERNMENT				TOTAL REVENUE
	EXPENSES	CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	
PRIMARY GOVERNMENT					
Governmental Activities					
General Government	\$ 20,975,854	\$ 2,400,962	\$ 2,920,183	\$ 1,219,155	\$ 6,540,300
Public Safety	32,937,936	2,782,299	2,300,947	908,036	5,991,282
Public Works	15,486,633	1,134,409	8,500	-	1,142,909
Parks & Recreation	6,445,776	1,149,578	32,494	1,964,345	3,146,417
Health and social services	6,631,472	91,756	2,595,327	207,862	2,894,945
Education and Library	68,957,650	2,438,720	-	1,850,863	4,289,583
Conservation of Natural Resources	2,402,429	46,491	-	1,095,760	1,142,251
Economic/Community Development	3,012,720	397,823	1,523,758	-	1,921,581
Interest and Fiscal Charges	4,415,584	48,506	-	-	48,506
Total Governmental Activities	161,266,054	10,490,544	9,381,209	7,246,021	27,117,774
Business-type Activities					
Water and Sewer	12,384,820	18,135,534	487,761	3,034,541	21,657,836
Airport	1,017,606	23,774	516,774	-	540,548
Golf Course	609,737	594,180	-	-	594,180
Public Landings and Marinas	548,928	475,309	640,752	-	1,116,061
Total Business-type Activities	14,561,091	19,228,797	1,645,287	3,034,541	23,908,625
Total Primary Government	\$ 175,827,145	\$ 29,719,341	\$ 11,026,496	\$ 10,280,562	\$ 51,026,399
COMPONENT UNITS					
Board of Education	\$ 132,672,579	\$ 304,740	\$ 34,902,958	\$ 1,355,083	\$ 36,562,781
Free Library	4,661,575	7,202	2,776,783	-	2,783,985
Total Component Units	\$ 137,334,154	\$ 311,942	\$ 37,679,741	\$ 1,355,083	\$ 39,346,766
General Revenues					
Local Property Tax					
Local Income Tax					
Other Local Taxes					
Admission and Amusement Taxes					
Recordation Taxes					
Hotel Taxes					
County Transfer Taxes					
State Shared Taxes					
Grants and Contributions Not Restricted to Specific Programs					
Investment Income					
Gain (loss) on Disposal 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, 2022

(CONTINUED)

NET (EXPENSE) REVENUE AND CHANGES IN NET POSITION					
PRIMARY GOVERNMENT			COMPONENT UNITS		
GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL	BOARD OF EDUCATION	FREE LIBRARY	
\$ (14,435,554)	\$ -	\$ (14,435,554)	\$ -	\$ -	
(26,946,654)	-	(26,946,654)	-	-	
(14,343,724)	-	(14,343,724)	-	-	
(3,299,359)	-	(3,299,359)	-	-	
(3,736,527)	-	(3,736,527)	-	-	
(64,668,067)	-	(64,668,067)	-	-	
(1,260,178)	-	(1,260,178)	-	-	
(1,091,139)	-	(1,091,139)	-	-	
(4,367,078)	-	(4,367,078)	-	-	
(134,148,280)	-	(134,148,280)	-	-	
-	9,273,016	9,273,016	-	-	
-	(477,058)	(477,058)	-	-	
-	(15,557)	(15,557)	-	-	
-	567,133	567,133	-	-	
-	9,347,534	9,347,534	-	-	
\$ (134,148,280)	\$ 9,347,534	\$ (124,800,746)	\$ -	\$ -	
\$ -	\$ -	\$ -	\$ (96,109,798)	\$ -	
-	-	-	-	(1,877,590)	
-	-	-	(96,109,798)	(1,877,590)	
76,017,204	-	76,017,204	-	-	
78,881,170	-	78,881,170	-	-	
247,533	-	247,533	-	-	
10,243,655	-	10,243,655	-	-	
849,345	-	849,345	-	-	
3,824,021	-	3,824,021	-	-	
1,692,747	-	1,692,747	-	-	
-	-	-	88,527,444	2,280,997	
462,588	414,822	877,410	41,567	(14,496)	
(1,157,005)	5,265	(1,151,740)	-	-	
1,801,868	2,511,617	4,313,485	3,976	9,360	
(1,188,709)	1,188,709	-	-	-	
171,674,417	4,120,413	175,794,830	88,572,987	2,275,861	
37,526,137	13,467,947	50,994,084	(7,536,811)	398,271	
117,032,024	113,976,156	231,008,180	(71,776,510)	1,904,819	
\$ 154,558,161	\$ 127,444,103	\$ 282,002,264	\$ (79,313,321)	\$ 2,303,090	

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, 2022

	MAJOR FUNDS			NON-MAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
	GENERAL FUND	GENERAL CAPITAL	ROADS CAPITAL		
ASSETS					
Cash and Cash Equivalents	\$ 52,989,864	\$ 36,814,289	\$ 6,297,614	\$ 25,622,928	\$ 121,724,695
Prepaid Items	47,789	-	-	-	47,789
Receivables:					
Taxes Receivable (Net)	852,159	-	-	-	852,159
Accounts Receivable (Net)	189,783	744,926	-	90,988	1,025,697
Loans Receivable (Net)	-	-	-	6,177,161	6,177,161
Special Assessments (Net)	-	-	32,802	654,089	686,891
Due from Other Governments	36,417,091	-	-	1,853,924	38,271,015
Due from Other Funds	1,112,222	993,355	-	-	2,105,577
Inventory	-	-	-	1,327,375	1,327,375
Restricted:					
Restricted LOSAP Plan Assets	4,335,237	-	-	-	4,335,237
Restricted Equity in Pooled Cash	-	21,607,424	-	-	21,607,424
Total Assets	\$ 95,944,145	\$ 60,159,994	\$ 6,330,416	\$ 35,726,465	\$ 198,161,020
LIABILITIES					
Accrued Liabilities	\$ 5,969,444	\$ 1,399,577	\$ 174,162	\$ 642,763	\$ 8,185,946
Due to Other Funds	-	-	-	498,271	498,271
Due to Component Units	-	36,574	-	-	36,574
Due to Other Governmental Agencies	-	-	-	316,109	316,109
Unearned Revenue	14,626	-	-	3,444,147	3,458,773
Total Liabilities	5,984,070	1,436,151	174,162	4,901,290	12,495,673
DEFERRED INFLOWS OF RESOURCES					
Unavailable Income Taxes	29,806,055	-	-	-	29,806,055
Unavailable Property Taxes	188,272	-	-	-	188,272
Unavailable Inter-County Bonds Receivable	37,316	-	-	-	37,316
Unavailable Benefit Assessments	-	-	32,802	654,089	686,891
Unavailable Fees	-	-	-	336,143	336,143
Total Deferred Inflows	30,031,643	-	32,802	990,232	31,054,677
FUND BALANCES					
Nonspendable	47,789	-	-	1,327,375	1,375,164
Restricted	17,838,136	16,425,179	-	5,845,741	40,109,056
Committed	8,399,587	4,642,352	553,088	21,815,104	35,410,131
Assigned	1,500,000	37,656,312	5,570,364	846,723	45,573,399
Unassigned	32,142,920	-	-	-	32,142,920
Total Fund Balances	59,928,432	58,723,843	6,123,452	29,834,943	154,610,670
Total Liabilities, Deferred Inflows and Fund Balances	\$ 95,944,145	\$ 60,159,994	\$ 6,330,416	\$ 35,726,465	\$ 198,161,020

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, 2022

Total Fund Balance - Governmental Funds	\$	154,610,670
<u>Capital assets used in governmental fund activities are not current financial resources</u> and therefore are not reported in the funds.		190,874,807
<u>Receivables not included in the governmental funds because they relate to debt.</u> 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.		3,308,977
Accrued interest lease receivable		163
Lease receivable		909,552
<u>Revenues that are deferred in the governmental funds because they do not</u> provide current financial resources are recognized as revenues in the Statement of Activities.		
Property Taxes deferred in governmental funds		188,272
Income Taxes deferred in governmental funds		29,806,055
Loans receivable deferred in governmental funds		37,316
<u>Long-term liabilities related to governmental fund activities are not due and</u> payable in the current period and therefore are not reported in the funds.		
Liability for Retirement Incentive and Employee Contracts		(355,220)
Bonds and Notes Payable		(142,796,926)
Accrued Interest Payable		(2,031,126)
OPEB		(36,268,523)
Net Pension Liability		(24,007,806)
Net LOSAP Liability		(10,267,761)
Accrued Compensated Absences		(3,527,165)
Deferred outflow of resources - OPEB		2,277,456
Deferred outflow of resources - Maryland State Pension		14,188,064
Deferred outflow of resources - LOSAP		1,800,664
Deferred outflow of resources - Refundings		439,880
Deferred inflow of resources - OPEB		(7,612,183)
Deferred inflow of resources - Maryland State Pension		(15,649,294)
Deferred inflow of resources - LOSAP		(326,518)
Deferred inflows of resources - Lease Receivable		(864,597)
Deferred inflow of resources - Refundings		(176,596)
 Total Net Position - Governmental Activities	 \$	 154,558,161

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, 2022

	MAJOR FUNDS			NON-MAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
	GENERAL FUND	GENERAL CAPITAL	ROADS CAPITAL		
REVENUES					
Taxes					
Local Property Tax	\$ 75,895,277	\$ -	\$ -	\$ 47,986	\$ 75,943,263
Local Income Tax	71,002,615	-	-	-	71,002,615
Admission and Amusement Taxes	247,533	-	-	-	247,533
Recordation Taxes	9,933,241	-	-	310,414	10,243,655
Hotel Taxes	849,345	-	-	-	849,345
County Transfer Taxes	3,824,021	-	-	-	3,824,021
State Shared Taxes	-	-	-	1,692,747	1,692,747
Franchise Fee	489,972	-	-	-	489,972
Licenses and Permits	1,126,267	39,873	-	-	1,166,140
Intergovernmental	5,285,294	6,029,243	-	5,612,687	16,927,224
Charges for Current Services	3,835,921	61,284	6,347	4,309,879	8,213,431
Fines and Forfeitures	79,936	-	-	176,019	255,955
Investment Income	325,225	71,438	15,487	50,438	462,588
Donations	5,253	40,000	-	19,799	65,052
Miscellaneous	1,520,229	115,692	-	165,947	1,801,868
Total Revenues	174,420,129	6,357,530	21,834	12,385,916	193,185,409
EXPENDITURES					
Current					
General Government	11,322,706	1,385,236	-	96,932	12,804,874
Public Safety	30,801,902	1,013,457	-	1,118,597	32,933,956
Public Works	7,175,031	568,949	1,802,871	4,744,826	14,291,677
Parks & Recreation	5,416,520	162,271	-	-	5,578,791
Health and Social Services	1,957,238	1,640	-	4,430,550	6,389,428
Education and Library	67,687,864	1,259,463	-	-	68,947,327
Conservation of Natural Resources	666,818	40,877	-	1,704,074	2,411,769
Economic/Community Development	823,249	-	-	2,174,001	2,997,250
Intergovernmental	563,958	-	-	-	563,958
Miscellaneous	6,981,356	-	-	-	6,981,356
Capital Outlay	-	9,476,980	400,784	-	9,877,764
Debt Service					
Principal	7,727,374	-	-	47,816	7,775,190
Debt Issuance Costs	-	439,157	-	-	439,157
Interest and Fiscal Charges	4,415,584	-	-	-	4,415,584
Total Expenditures	145,539,600	14,348,030	2,203,655	14,316,796	176,408,081
Excess of Revenues Over (Under) Expenditures	28,880,529	(7,990,500)	(2,181,821)	(1,930,880)	16,777,328
OTHER FINANCING SOURCES (USES)					
Issuance of Debt	-	6,007,324	1,792,676	-	7,800,000
Bond Premiums	-	492,106	-	-	492,106
Proceeds of Capital Asset Disposals	44,253	609	-	18,988	63,850
Insurance Proceeds	34,756	-	-	452	35,208
Transfers In	2,964,402	13,981,835	110,000	6,896,466	23,952,703
Transfers Out	(21,089,395)	(262,664)	-	(2,964,402)	(24,316,461)
Other Financing Sources (Uses)	(18,045,984)	20,219,210	1,902,676	3,951,504	8,027,406
Change in Fund Balances	10,834,545	12,228,710	(279,145)	2,020,624	24,804,734
Fund Balances, July 1, as restated	49,093,887	46,495,133	6,402,597	27,814,319	129,805,936
Fund Balances, June 30	\$ 59,928,432	\$ 58,723,843	\$ 6,123,452	\$ 29,834,943	\$ 154,610,670

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, 2022

Net change in fund balance - Governmental Funds	\$	24,804,734
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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		10,900,285
Current year disposals of capital assets		(2,081,014)
Depreciation expenses recorded in the Statement of Activities		(6,150,515)

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		(212,238)
Accrued interest related to lease receivable		163
Lease receivable		909,552

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		73,941
Change in Income Tax Deferred Inflows		7,878,555
Change in Loans receivable deferred		(35,478)

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		6,878
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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		8,255,699
Proceeds of debt		(7,800,000)
Bond Premium amortization		422,111

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		(249,177)
OPEB		(1,355,613)
Net pension liability - Maryland State Pension		7,295,125
Net LOSAP Liability		(665,297)
Accrued Compensated Absences		(323,727)
Deferred outflow of resources - OPEB		904,962
Deferred outflow of resources - Maryland State Pension		8,161,246
Deferred outflow of resources - LOSAP		(330,039)
Deferred outflow of resources - Refunding		(112,518)
Deferred inflow of resources - OPEB		1,542,604
Deferred inflow of resources - Maryland State Pension		(13,534,753)
Deferred inflow of resources - LOSAP		64,883
Deferred inflows of resources - Lease Receivable		(864,597)
Deferred inflow of resources - Refunding		20,365

Change in Net Position - governmental activities	\$	37,526,137
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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, 2022

ASSETS	SANITARY DISTRICT				
	SEWER	WATER	RESTRICTED	DEBT SERVICE	TOTAL
	OPERATIONS	OPERATIONS	FUND	FUND	
Current Assets					
Unrestricted					
Equity in Pooled Cash	\$ 6,853,237	\$ 6,764,202	\$ -	\$ -	\$ 13,617,439
Accounts Receivable (Net)	408,093	70,591	-	-	478,684
Loans Receivable	86,621	-	-	-	86,621
Due from Other Governments	-	-	-	-	-
Lease receivable	-	457,718	-	-	457,718
Inventories	836,744	-	-	-	836,744
Restricted					
Restricted Equity in Pooled Cash	-	-	23,769,714	1,913,102	25,682,816
Restricted Accounts Receivable (Net)	-	-	2,193,250	636,750	2,830,000
Total Current Assets	8,184,695	7,292,511	25,962,964	2,549,852	43,990,022
Noncurrent Assets					
Restricted					
Special Assessments Receivable (Net)	-	-	463,951	15,279,457	15,743,408
Total Noncurrent Restricted Assets	-	-	463,951	15,279,457	15,743,408
Capital and Intangible Assets	138,826,298	36,204,546	-	-	175,030,844
Less Accumulated Depreciation and Amortization	(56,465,965)	(13,007,761)	-	-	(69,473,726)
Total Capital Assets, Net	82,360,333	23,196,785	-	-	105,557,118
Total Assets	90,545,028	30,489,296	26,426,915	17,829,309	165,290,548
DEFERRED OUTFLOWS OF RESOURCES					
OPEB	247,983	64,893	-	-	312,876
Pension Benefits	907,728	268,561	-	-	1,176,289
Deferred Charge on Refunding	-	-	-	-	-
Total Deferred Outflows of Resources	1,155,711	333,454	-	-	1,489,165
LIABILITIES					
Current Liabilities					
Payable from Unrestricted Assets					
Accounts Payable	488,348	180,940	-	-	669,288
Accrued Interest Payable	118,428	-	-	-	118,428
Escrow Deposits	-	-	-	-	-
Due to Other Funds	-	-	-	-	-
Unearned Revenue	379,030	-	-	-	379,030
Current Portion of Compensated Absences	181,071	50,058	-	-	231,129
Current Portion of Lease Payable	12,800	-	-	-	12,800
Current Portion of Bonds/Notes Payable	1,915,182	-	-	-	1,915,182
Total Current Liabilities	3,094,859	230,998	-	-	3,325,857
Noncurrent Liabilities					
Payable from Unrestricted Assets					
Compensated Absences	152,393	42,129	-	-	194,522
OPEB	4,998,733	1,506,497	-	-	6,505,230
Net Pension Liability	1,492,941	448,110	-	-	1,941,051
Lease Payable	12,755	-	-	-	12,755
Bonds/Notes Payable	31,376,074	-	-	-	31,376,074
Total Noncurrent Liabilities	38,032,896	1,996,736	-	-	40,029,632
Total Liabilities	41,127,755	2,227,734	-	-	43,355,489
DEFERRED INFLOWS OF RESOURCES					
OPEB	786,979	208,251	-	-	995,230
Pension Benefits	978,031	293,011	-	-	1,271,042
Bond Refundings	-	-	-	-	-
Unavailable Water and Sewer Assessments	-	-	463,951	15,279,457	15,743,408
Lease receivable	-	453,228	-	-	453,228
Total Deferred Inflows of Resources	1,765,010	954,490	463,951	15,279,457	18,462,908
NET POSITION					
Net Investment in Capital Assets	49,043,522	23,196,785	-	-	72,240,307
Amounts Restricted for:					
Debt Service	-	-	-	2,549,852	2,549,852
Other Purposes	-	-	-	-	-
Unrestricted Amounts (Deficit)	(235,548)	4,443,741	25,962,964	-	30,171,157
Total Net Position	\$ 48,807,974	\$ 27,640,526	\$ 25,962,964	\$ 2,549,852	\$ 104,961,316

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, 2022

(CONTINUED)

	BAY BRIDGE AIRPORT	NON-MAJOR ENTERPRISE FUNDS	TOTAL PRIMARY GOVERNMENT ENTERPRISE FUNDS
\$	2,941,492	\$ 147,599	\$ 16,706,530
	35,725	67,592	582,001
	-	-	86,621
	30,000	640,752	670,752
	173,153	-	630,871
	31,000	7,920	875,664
	-	-	25,682,816
	-	-	2,830,000
	<u>3,211,370</u>	<u>863,863</u>	<u>48,065,255</u>
	-	-	15,743,408
	-	-	15,743,408
	22,015,236	10,503,112	207,549,192
	(6,415,251)	(2,408,461)	(78,297,438)
	<u>15,599,985</u>	<u>8,094,651</u>	<u>129,251,754</u>
	<u>18,811,355</u>	<u>8,958,514</u>	<u>193,060,417</u>
	2,975	11,462	327,313
	36,333	105,789	1,318,411
	<u>5,161</u>	<u>735</u>	<u>5,896</u>
	<u>44,469</u>	<u>117,986</u>	<u>1,651,620</u>
	65,470	99,887	834,645
	18,687	7,704	144,819
	18,800	-	18,800
	993,355	613,951	1,607,306
	-	4,316	383,346
	18,077	33,856	283,062
	-	13,670	26,470
	<u>109,925</u>	<u>74,929</u>	<u>2,100,036</u>
	<u>1,224,314</u>	<u>848,313</u>	<u>5,398,484</u>
	15,214	28,494	238,230
	269,222	277,734	7,052,186
	58,936	176,293	2,176,280
	-	-	12,755
	<u>1,395,924</u>	<u>781,530</u>	<u>33,553,528</u>
	<u>1,739,296</u>	<u>1,264,051</u>	<u>43,032,979</u>
	<u>2,963,610</u>	<u>2,112,364</u>	<u>48,431,463</u>
	9,301	35,867	1,040,398
	38,690	115,780	1,425,512
	336	1,784	2,120
	-	-	15,743,408
	<u>171,805</u>	<u>-</u>	<u>625,033</u>
	<u>220,132</u>	<u>153,431</u>	<u>18,836,471</u>
	14,098,961	7,223,473	93,562,741
	1,222,838	-	3,772,690
	1,538,008	-	1,538,008
	<u>(1,187,725)</u>	<u>(412,768)</u>	<u>28,570,664</u>
\$	<u>15,672,082</u>	<u>\$ 6,810,705</u>	<u>\$ 127,444,103</u>

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

QUEEN ANNE'S COUNTY, MARYLAND
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
ENTERPRISE FUNDS
FOR THE YEAR ENDED JUNE 30, 2022

	SANITARY DISTRICT				TOTAL
	SEWER	WATER	RESTRICTED	DEBT SERVICE	
	OPERATIONS	OPERATIONS	FUND	FUND	
OPERATING REVENUES					
Charges for Services	\$ 6,863,732	\$ 2,950,136	\$ 7,511,791	\$ 809,875	\$ 18,135,534
Intergovernmental	139,861	-	273,650	74,250	487,761
Material Sales	-	12,539	-	-	12,539
Miscellaneous Revenues	1,497,270	296,013	-	-	1,793,283
Total Operating Revenues	8,500,863	3,258,688	7,785,441	884,125	20,429,117
OPERATING EXPENSES					
Cost of Sales and Services					
Collection	3,060,133	-	-	-	3,060,133
Distribution	-	342,069	-	-	342,069
Treatment	1,716,635	1,423,303	-	-	3,139,938
Shop	187,002	117,617	-	-	304,619
Airport	-	-	-	-	-
Recreation	-	-	-	-	-
Total Cost of Sales and Services	4,963,770	1,882,989	-	-	6,846,759
Administration and Inspection	1,618,298	613,086	-	-	2,231,384
OPEB	(113,359)	(24,568)	-	-	(137,927)
Pension Liability Adjustment	(215,834)	(32,270)	-	-	(248,104)
Depreciation and amortization	2,529,186	786,775	-	-	3,315,961
Total Operating Expenses	8,782,061	3,226,012	-	-	12,008,073
Operating Income (Loss)	(281,198)	32,676	7,785,441	884,125	8,421,044
NON-OPERATING REVENUES (EXPENSES)					
Investment Income	75,383	42,571	115,377	179,428	412,759
Interest Expense	(376,747)	-	-	-	(376,747)
Gain on Disposal of Capital Assets	5,265	-	-	-	5,265
Transfer of Capital Asset from Governmental Fund	575,351	249,600	-	-	824,951
Total Non-Operating Revenues (Expenses)	279,252	292,171	115,377	179,428	866,228
Income (Loss) Before Contributions and Transfers	(1,946)	324,847	7,900,818	1,063,553	9,287,272
Capital Contributions, Fees and Grants	1,174,891	1,859,650	-	-	3,034,541
TRANSFERS					
Transfers In	3,012,671	-	-	1,057,982	4,070,653
Transfers Out	(5,000)	(5,000)	(1,057,982)	(3,012,671)	(4,080,653)
Net Transfers In (Out)	3,007,671	(5,000)	(1,057,982)	(1,954,689)	(10,000)
Change in Net Position	4,180,616	2,179,497	6,842,836	(891,136)	12,311,813
Total Net Position - Beginning of Year	44,627,358	25,461,029	19,120,128	3,440,988	92,649,503
Total Net Position - End of Year	\$ 48,807,974	\$ 27,640,526	\$ 25,962,964	\$ 2,549,852	\$ 104,961,316

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, 2022

(CONTINUED)

		TOTAL PRIMARY GOVERNMENT ENTERPRISE FUNDS
BAY BRIDGE AIRPORT	NON-MAJOR ENTERPRISE FUNDS	
\$ 23,774	\$ 1,069,489	\$ 19,228,797
516,774	640,752	1,645,287
238,602	55,251	306,392
380,268	31,674	2,205,225
1,159,418	1,797,166	23,385,701
-	-	3,060,133
-	-	342,069
-	-	3,139,938
-	-	304,619
513,914	-	513,914
-	961,730	961,730
513,914	961,730	8,322,403
-	-	2,231,384
(1,360)	(5,133)	(144,420)
(10,453)	(5,293)	(263,850)
435,737	191,113	3,942,811
937,838	1,142,417	14,088,328
221,580	654,749	9,297,373
2,063	-	414,822
(79,768)	(16,248)	(472,763)
-	-	5,265
-	-	824,951
(77,705)	(16,248)	772,275
143,875	638,501	10,069,648
-	-	3,034,541
111,094	262,664	4,444,411
-	-	(4,080,653)
111,094	262,664	363,758
254,969	901,165	13,467,947
15,417,113	5,909,540	113,976,156
\$ 15,672,082	\$ 6,810,705	\$ 127,444,103

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, 2022

	SANITARY DISTRICT				
	SEWER OPERATIONS	WATER OPERATIONS	RESTRICTED FUND	DEBT SERVICE FUND	TOTAL
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from customers and users	\$ 6,671,035	\$ 3,087,691	\$ 7,925,339	\$ 929,125	\$ 18,613,190
Receipts from other operating sources	1,888,778	167,967	273,650	74,250	2,404,645
Payments to suppliers	(6,740,050)	(1,777,901)	-	-	(8,517,951)
Payments to employees and on behalf of employees	(1,578,245)	(594,222)	-	-	(2,172,467)
Net Cash Provided by Operating Activities	241,518	883,535	8,198,989	1,003,375	10,327,417
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Transfers in from other funds	3,012,671	-	-	1,057,982	4,070,653
Transfers to other funds	(5,000)	(5,000)	(1,057,982)	(3,012,671)	(4,080,653)
Receipts from interfund loans	-	-	-	-	-
Principal paid on interfund loans	-	-	-	-	-
Net Cash Provided (Used) by Noncapital Financing Activities	3,007,671	(5,000)	(1,057,982)	(1,954,689)	(10,000)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Proceeds from capital debt	756,414	-	-	-	756,414
Proceeds from the disposition of capital assets	5,265	-	-	-	5,265
Proceeds from lease receivable	-	123,556	-	-	123,556
Proceeds from capital lease payable	38,309	-	-	-	38,309
Principal paid on capital debt	(1,898,093)	-	-	-	(1,898,093)
Repayment of capital lease payable	(12,754)	-	-	-	(12,754)
Proceeds from refunding of long term debt	-	-	-	-	-
Increase in loans receivable	(12,489)	-	-	-	(12,489)
Deferred Refunding costs on sale of bonds	-	-	-	-	-
Interest paid on capital debt	(377,125)	-	-	-	(377,125)
Acquisition and construction of capital assets	(2,090,390)	(163,168)	-	-	(2,253,558)
Net Cash Provided (Used) by Capital and Related Financing Activities	(3,590,863)	(39,612)	-	-	(3,630,475)
CASH FLOWS FROM INVESTING ACTIVITIES					
Investment Income	75,383	42,571	115,377	179,428	412,759
Net Cash Provided by Investing Activities - Investment Income	75,383	42,571	115,377	179,428	412,759
Net Increase (Decrease) in Cash and Cash Equivalents	(266,291)	881,494	7,256,384	(771,886)	7,099,701
Balances - Beginning of the year	7,119,528	5,882,708	16,513,330	2,684,988	32,200,554
Balances - End of the year	\$ 6,853,237	\$ 6,764,202	\$ 23,769,714	\$ 1,913,102	\$ 39,300,255
Reconciliation of operating income (loss) to net cash provided by operating activities					
Operating income (loss)	\$ (281,198)	\$ 32,676	\$ 7,785,441	\$ 884,125	\$ 8,421,044
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:					
Depreciation and amortization	2,529,186	786,775	-	-	3,315,961
Lease revenue - deferred inflow	-	(128,046)	-	-	(128,046)
(Increase) decrease in assets:					
Accounts receivable, net	(33,453)	125,016	413,548	119,250	624,361
Special assessments receivable, net	-	-	402,546	(546,429)	(143,883)
Due from Other Governments	-	-	-	-	-
Inventories	(97,775)	-	-	-	(97,775)
Increase (decrease) in liabilities:					
Accounts payable	(1,678,505)	105,088	-	-	(1,573,417)
Escrow deposits	(159,244)	-	-	-	(159,244)
Unearned revenue	251,647	-	(402,546)	546,429	395,530
Compensated absences	40,053	18,864	-	-	58,917
OPEB	(113,359)	(24,568)	-	-	(137,927)
Pension Obligation	(215,834)	(32,270)	-	-	(248,104)
Net Cash Provided (Used) by Operating Activities	\$ 241,518	\$ 883,535	\$ 8,198,989	\$ 1,003,375	\$ 10,327,417
Noncash investing, capital and financing activities:					
Transfer of Capital Asset from Governmental Fund	\$ 575,351	\$ 249,600	\$ -	\$ -	\$ 824,951
Contributed Capital Assets	\$ 1,174,891	\$ 1,859,650	\$ -	\$ -	\$ 3,034,541

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, 2022

(CONTINUED)

			TOTAL PRIMARY GOVERNMENT ENTERPRISE FUNDS
BAY BRIDGE AIRPORT	NON-MAJOR ENTERPRISE FUNDS		
\$ 213,041	\$ 1,119,637	\$	19,945,868
836,157	57,143		3,297,945
(450,757)	(933,412)		(9,902,120)
7,318	13,915		(2,151,234)
<u>605,759</u>	<u>257,283</u>		<u>11,190,459</u>
111,094	262,664		4,444,411
-	-		(4,080,653)
-	67,932		67,932
(56,444)	-		(56,444)
<u>54,650</u>	<u>330,596</u>		<u>375,246</u>
-	-		756,414
-	-		5,265
59,537	-		183,093
-	-		38,309
(105,703)	(91,807)		(2,095,603)
-	-		(12,754)
-	236,447		236,447
-	-		(12,489)
990	(75)		915
(80,934)	(16,122)		(474,181)
(581,607)	(1,101,801)		(3,936,966)
<u>(707,717)</u>	<u>(973,358)</u>		<u>(5,311,550)</u>
2,063	-		414,822
<u>2,063</u>	<u>-</u>		<u>414,822</u>
(45,245)	(385,479)		6,668,977
2,986,737	533,078		35,720,369
<u>\$ 2,941,492</u>	<u>\$ 147,599</u>	<u>\$</u>	<u>42,389,346</u>
\$ 221,580	\$ 654,749	\$	9,297,373
435,737	191,113		3,942,811
(60,885)	-		(188,931)
(20,235)	(5,103)		599,023
-	-		(143,883)
(30,000)	(616,802)		(646,802)
2,970	(3,006)		(97,811)
60,187	31,324		(1,481,906)
900	-		(158,344)
-	1,519		397,049
7,318	13,915		80,150
(1,360)	(5,133)		(144,420)
(10,453)	(5,293)		(263,850)
<u>\$ 605,759</u>	<u>\$ 257,283</u>	<u>\$</u>	<u>11,190,459</u>
\$ -	\$ -	\$	824,951
<u>\$ -</u>	<u>\$ -</u>	<u>\$</u>	<u>3,034,541</u>

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

QUEEN ANNE'S COUNTY, MARYLAND
STATEMENT OF FIDUCIARY NET POSITION
PRIVATE PURPOSE TRUST, OTHER POST-EMPLOYMENT BENEFIT TRUST, AND CUSTODIAL FUNDS
June 30, 2022

	PRIVATE PURPOSE TRUST FUND	OTHER POST- EMPLOYMENT BENEFIT TRUST FUND	CUSTODIAL FUNDS
	TAX SALE DEPOSITS		
ASSETS			
Cash and Cash Equivalents	\$ 107,856	\$ 499,961	\$ 1,030,841
Investments, at Fair Value			
Debt Securities	-	4,132,118	-
Fixed Income Fund	-	658,840	-
Mutual and Global Funds	-	6,453,634	-
International	-	1,938,880	-
Total Investments	-	13,183,472	-
Total Assets	107,856	13,683,433	1,030,841
LIABILITIES			
Accounts Payable and Other Liabilities	-	28,453	6,566
Due to Other Governments	-	-	153,676
Total Liabilities	-	28,453	160,242
NET POSITION			
Restricted for:			
Held in Trust	107,856	-	-
Other Post-Employment Benefits	-	13,654,980	-
Individuals, Organizations, and other Governments	-	-	870,599
Total Net Position	\$ 107,856	\$ 13,654,980	\$ 870,599

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, 2022

	PRIVATE PURPOSE TRUST FUND	OTHER POST- EMPLOYMENT BENEFIT TRUST FUND	CUSTODIAL FUNDS
	TAX SALE DEPOSITS		
ADDITIONS			
Contributions:			
Tax Sale Collections in Excess of Tax Due	\$ 30,572	\$ -	\$ -
Employers	-	4,195,201	-
Members	-	400,243	-
Total Contributions	30,572	4,595,444	-
Investment Earnings:			
Net Change in the Fair Value of Investments	-	(2,440,742)	-
Interest	-	540,004	-
Total Investment Earnings	-	(1,900,738)	-
Less Investment Administrative Expenses	-	7,094	-
Net Investment Earnings	-	(1,907,832)	-
Tax Ditch	-	-	23,389
Zoning Deposits	-	-	93,329
Tax Collections for Other Governments	-	-	14,893,059
Motor Vehicle Administration	-	-	215,676
Escheat - Abandoned Property	-	-	15,594
Inmate Welfare	-	-	217,988
Total Additions	30,572	2,687,612	15,459,035
DEDUCTIONS			
Distributions to Property Holders	53,960	-	-
Claims Paid for Other Post-Employment Benefits	-	2,131,507	-
Administrative Expenses	-	69,820	-
Distribution of Tax Ditch Funds	-	-	25,643
Refund of Zoning Deposits	-	-	59,172
Payments of Tax to Other Governments	-	-	14,893,059
Payments to Motor Vehicle Administration	-	-	215,676
Payments of Escheat to Others	-	-	15,594
Distribution of Inmate Welfare Funds	-	-	222,168
Total Deductions	53,960	2,201,327	15,431,312
Net Increase in Fiduciary Net Position	(23,388)	486,285	27,723
Net Position-Beginning of Year	131,244	13,168,695	842,876
Net Position-End of Year	\$ 107,856	\$ 13,654,980	\$ 870,599

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

QUEEN ANNE'S COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
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QUEEN ANNE'S COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

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 as a governmental 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, 2022

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, 2022

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, 2022

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, 2022

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 8,400 customers.

Water Operations - This fund is used to account for the operation of the water supply system serving approximately 4,700 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, 2022

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 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, 2022

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, 2022

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 assets 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 assets 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)**

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. In both the government-wide and enterprise funds, the liability for OPEB is adjusted at the end of the fiscal year. Additional details regarding OPEB can be found in Notes 9 and 15.

QUEEN ANNE'S COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

7) Net Pension Liability

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.

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

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.

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.

Component Unit - Board of Education –The Board accrues a liability for compensated absences (vacation pay) employees have earned but have not been paid. The Board adopted the practice of paying for any unused vacation time, up to the maximum amounts employees can carry over from one year to the next, upon the termination of employment. The full amount of this obligation has been provided for in the statement of net position.

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, 2022

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 surplus of \$17,599,887. 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 the unrestricted net assets in the Governmental Activities column of the government-wide Statement of Net Position. At June 30, 2022, the County has reported outstanding general obligation debt related to assets held by the Board of Education amounting to \$53,155,457 (of which \$47,741,447 has been spent and the remaining \$5,414,010 relates to unspent bond proceeds).

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, 2022, 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:

Amounts Restricted for:	Governmental Activities	Business-type Activities
General government	\$ 13,831,732	\$ -
Economic/community development	2,954,185	-
Public safety	4,725,517	-
Conservation of natural resources	2,499,815	-
Social services	1,460	-
Debt service	-	3,772,690
Other Purposes	-	1,538,008
Total amounts restricted	\$ 24,012,709	\$ 5,310,698

Note that unspent bond proceeds of \$16,096,347 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, 2022

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, 2022

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, 2022 was \$0.8471 per \$100 of assessed value.

E. NEW ACCOUNTING PRONOUNCEMENTS

In fiscal year ended June 30, 2022, the County adopted the following new GASB statements:

Statement No. 89, *Accounting for Interest Cost Incurred before the End of Construction Period*. This adoption of this standard did not have a material impact.

Statement No. 87, *Leases*, see Note 10 for the effects of this standard.

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

GASB 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, 2022

NOTE 2 - BUDGETS AND BUDGETARY ACCOUNTING (CONTINUED)

During the fiscal year, the Commissioners may adopt supplemental appropriations. For the year ended June 30, 2022, supplemental appropriations were as follows:

Supplemental Appropriations	Original Budget	Final Budget	Increase
General Fund - expenditures and transfers	\$ 155,905,270	\$ 172,163,345	\$ 16,258,075
<u>Special Revenue Funds that adopt annual budgets</u>			
<u>Non-Major Funds that adopt annual budgets -</u>			
Department of Aging - expenditures and transfers	\$ 3,385,795	\$ 3,551,300	\$ 165,505
Housing & Community Services - expenditures and transfers	1,627,493	3,278,610	1,651,117
Grants Fund - expenditures and transfers	811,287	1,128,961	317,674
Roads Operating - expenditures and transfers	-	5,472,826	5,472,826
Community Partnerships for Children - expenditures and transfers	1,073,211	1,117,690	44,479
Agricultural Transfer - expenditures and transfers	425,000	1,673,226	1,248,226
Rural Legacy - expenditures and transfers	-	1,114,280	1,114,280
Kent Narrows - expenditures and transfers	38,000	83,000	45,000
School Impact Fees - transfers and transfers	1,947,088	2,964,402	1,017,314
Fire Company Impact Fees - expenditures and transfers	290,500	578,360	287,860
<u>Total Special Revenue Funds that adopt annual budgets</u>	<u>\$ 9,798,374</u>	<u>\$ 21,162,655</u>	<u>\$ 11,364,281</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 and the following non-major governmental funds: Department of Aging, Housing and Community Services, Grants Fund, Economic Development Incentive, Roads Operating, 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, 2022. However, salary reversions are budgeted as a lump sum negative \$1,000,000, 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, 2022

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 \$107,671,897 with local banks (carrying value \$108,294,281), 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, 2022, the County had investments in MLGIP of \$77,427,184, which are recorded at cost, which approximates fair value.

As of June 30, 2022, 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 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, 2022, the weighted average maturity (WAM) for the Trust's money market mutual fund investment was 13 days. At June 30, 2022, 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, 2022

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, 2022, of which Queen Anne's County's portion was 21.8% of the total:

	Level 1	Level 2	Level 3	Total
Investments by fair value level:				
Debt Securities				
U.S. Treasury Obligations	\$ -	\$ 4,878,497	\$ -	\$ 4,878,497
U.S. Governmental Agencies	-	2,224,067	-	2,224,067
Corporate & Foreign Bonds	-	11,395,628	-	11,395,628
Municipal Obligations	-	446,215	-	446,215
Equity and Mutual Fund Investments				
Taxable Fixed Income Funds	-	3,020,564	-	3,020,564
Mutual Funds	24,241,809	-	-	24,241,809
Global Funds	5,345,989	-	-	5,345,989
International	8,889,132	-	-	8,889,132
Total	\$ 38,476,930	\$ 21,964,971	\$ -	\$ 60,441,901

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, 2022 was 10.39 years.

QUEEN ANNE'S COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

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, 2022:

	Investment Maturities (in Years)					Total
	Less than 1	1 - 5	6 - 10	More than 10	Total	
Investments with Maturities						
U.S. Treasury Obligations	\$ -	\$ 2,073,919	\$ 1,987,845	\$ 816,733	\$ 4,878,497	
U.S. Governmental Agencies	23,909	54,366	612,650	1,533,142	2,224,067	
Corporate & Foreign Bonds	480,767	4,340,899	4,897,592	1,676,370	11,395,628	
Municipal Obligations	230,302	-	57,918	157,995	446,215	
Total	\$ 734,978	\$ 6,469,184	\$ 7,556,005	\$ 4,184,240	\$ 18,944,407	

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, 2022 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	\$ 4,764,407	\$ -	\$ -	\$ -	\$ -	\$ 114,090	\$ 4,878,497
U.S. Governmental Agencies	54,366	-	-	-	-	2,169,701	2,224,067
Corporate & Foreign Bonds	586,999	896,115	5,179,430	4,718,137	-	14,947	11,395,628
Municipal Obligations	99,826	346,389	-	-	-	-	446,215
Total	\$ 5,505,598	\$ 1,242,504	\$ 5,179,430	\$ 4,718,137	\$ 2,298,738	\$ 18,944,407	

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, 2022 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, 2022:

	Fair Value	Interest Rate Range
U.S. Treasury Obligations	\$ 4,878,497	.25 to 4.50%
U.S. Governmental Agencies	2,224,067	1.3 to 4.00%
Corporate & Foreign bonds	11,395,628	1.1 to 7.7%
Municipal Obligations	446,215	2.68 to 6.26%
Taxable Fixed Income Funds	3,020,564	N/A
Mutual Funds	24,241,809	N/A
Global Funds	5,345,989	N/A
International	8,889,132	N/A
Total	\$ 60,441,901	

QUEEN ANNE'S COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

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, 2022 that exceeded 5% of the total investment balance as of June 30, 2022:

Name	Amount
VANGUARD 500 INDEX CL ADML	\$ 8,871,396
NEW WORLD FUND-R6	3,345,989
LAZARD INTL STRATEGIC EQUITY FD CI	4,468,161
TRANSAMERICA TS&W INTL EQ-IS	4,420,972
VANGUARD MID CAP INDEX-ADM	4,399,615
VANGUARD RUSSELL 1000 GR-1S	4,085,082
FULLER & THALER BEHAVIORAL SC GR	3,914,116

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, 2022 as the Trust did not have any investments denominated in foreign currencies.

For the year ended June 30, 2022, the annual money-weighted rate of return on investments, net of expense, was -4.69%. 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, 2022

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, 2022 is \$4,335,237 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 \$18,598,470, including \$300,000 in certificates of deposit and excluding the carrying amount of fiduciary funds. At June 30, 2022, the Board had deposits of approximately \$20.1 million with local banks. Approximately \$3.2 million of the bank deposits were uninsured or collateralized.

Component Unit – Library - At year-end, the carrying amount of all bank deposits, including certificates of deposit, was \$1,474,450 and the balance per bank totaled \$1,518,433. Of the bank balances, \$250,000 was secured by the FDIC and \$1,268,433 was secured by collateral held by the pledging bank's trust department but not in the Library's name.

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

Investment Income	Governmental Activities	Business-type Activities
Major Governmental Funds		
General Fund	\$ 325,225	\$ -
General Capital Projects	71,438	-
Roads Capital Projects	15,487	-
Non-Major Governmental Funds	50,438	-
Major Enterprise Funds		
Sanitary District	-	412,759
Bay Bridge Airport	-	2,063
Non-Major Enterprise Funds	-	-
Total Investment Income	\$ 462,588	\$ 414,822

QUEEN ANNE'S COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 4 - ACCOUNTS RECEIVABLE

Receivables as of June 30, 2022 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	\$ 247,678	\$ -	\$ -	\$ -	\$ 247,678	\$ -	\$ 247,678
Taxes - Other	604,481	-	-	-	604,481	-	604,481
Subtotal Taxes Receivable (Net)	852,159	-	-	-	852,159	-	852,159
Other Accounts Receivable:							
QAC - PHA	-	733,121	-	-	733,121	-	733,121
Sanitary District - User and Septage Fees	-	-	-	-	-	478,684	478,684
Airport - Fuel Sales, User and Rental Fees	-	-	-	-	-	35,725	35,725
Miscellaneous Receivables	189,783	11,805	-	90,988	292,576	67,592	360,168
Subtotal Accounts Receivable (Net)	189,783	744,926	-	90,988	1,025,697	582,001	1,607,698
Loans Receivable	-	-	-	6,177,161	6,177,161	86,621	6,263,782
Special Assessments	-	-	32,802	654,089	686,891	-	686,891
Intergovernmental							
Income Taxes Held by State	34,832,444	-	-	-	34,832,444	-	34,832,444
Grants Receivable	501,313	-	-	1,427,745	1,929,058	670,752	2,599,810
Recordation Tax	1,046,018	-	-	-	1,046,018	-	1,046,018
State-Highway User Tax	-	-	-	426,179	426,179	-	426,179
Bonds Receivable	37,316	-	-	-	37,316	-	37,316
Subtotal Due from Other Governments	36,417,091	-	-	1,853,924	38,271,015	670,752	38,941,767
Restricted Receivables							
Accounts Receivable (Net)	-	-	-	-	-	2,830,000	2,830,000
Special Assessments Receivable (Net)	-	-	-	-	-	15,743,408	15,743,408
Subtotal Restricted Receivables	-	-	-	-	-	18,573,408	18,573,408
Total Receivables	\$ 37,459,033	\$ 744,926	\$ 32,802	\$ 8,776,162	\$ 47,012,923	\$ 19,912,782	\$ 66,925,705

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 \$3.3 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, 2022

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 \$37,316. 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 \$3.3 million included in the Government-Wide Statement of Net Position. Details are included on the previous page.

Loans receivable in the amount of \$6,177,161 relate to the Housing and Community Services, Impact Fees, and Revolving Loan Special Revenue Funds. Loans receivable in the amount of \$5,738,051 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 \$102,967 are also repaid over a number of years.

The remaining loan receivable balance of \$336,143 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 \$86,621 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 \$34,832,444 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 \$686,891 represent receivables for governmental activities. Part of this amount consists of \$32,802 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 \$654,089 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 \$15,743,408 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, 2022

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:

Unearned Revenue	General Fund	General Capital Projects	Roads Capital Projects	Non-Major Governmental Funds	Total Governmental Funds	Total Enterprise Funds	Total Governmental and Enterprise Funds
Property Tax Deferrals	\$ 14,626	\$ -	\$ -	\$ -	\$ 14,626	\$ -	\$ 14,626
Inspection Fees Collected in Advance Grant	-	-	-	-	-	379,030	379,030
Drawdowns in excess of Expenditures	-	-	-	3,444,147	3,444,147	-	3,444,147
Miscellaneous	-	-	-	-	-	4,316	4,316
Total Receivables	\$ 14,626	\$ -	\$ -	\$ 3,444,147	\$ 3,458,773	\$ 383,346	\$ 3,842,119

QUEEN ANNE'S COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 6 – CAPITAL ASSETS

PRIMARY GOVERNMENT

Changes in the County's capital assets for governmental activities for the year ended June 30, 2022 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, 2021	Increases	Transfers	Decreases	Balance June 30, 2022
Capital Assets, not being depreciated:					
Land	\$ 38,721,813	\$ -	\$ -	\$ (47,160)	\$ 38,674,653
Intangible Rights - Easements	821,819	-	-	-	821,819
Land Improvements	3,714,283	-	-	-	3,714,283
Construction in Progress	9,812,878	4,152,399	(3,683,922)	(337,476)	9,943,879
Land - Inexhaustible Infrastructure Improvements	43,890,863	-	-	-	43,890,863
Total Capital Assets, not being depreciated	96,961,656	4,152,399	(3,683,922)	(384,636)	97,045,497
Capital Assets, being depreciated:					
Buildings and Building Improvements	71,460,162	614,327	1,424,085	(1,144,010)	72,354,564
Improvements other than Buildings	15,607,956	2,802,840	51,929	(274,575)	18,188,150
Vehicles	15,546,705	1,187,445	65,547	(401,063)	16,398,634
Equipment	14,777,204	1,117,058	380,766	(621,839)	15,653,189
Furniture and Fixtures	11,776,164	1,026,216	1,761,595	(1,403,477)	13,160,498
Infrastructure Improvements - Depreciable	19,613,747	-	-	(990,000)	18,623,747
Total Capital Assets, being depreciated	148,781,938	6,747,886	3,683,922	(4,834,964)	154,378,782
Less Accumulated Depreciation for:					
Buildings and Building Improvements	19,491,153	1,573,778	-	(476,616)	20,588,315
Improvements other than Buildings	4,708,390	770,259	-	(115,323)	5,363,326
Vehicles	8,820,264	1,334,060	-	(390,711)	9,763,613
Equipment	8,841,409	882,069	-	(569,725)	9,153,753
Furniture and Fixtures	5,635,557	1,272,063	-	(1,388,211)	5,519,409
Infrastructure Improvements - Depreciable	10,040,770	318,286	-	(198,000)	10,161,056
Total Accumulated Depreciation	57,537,543	6,150,515	-	(3,138,586)	60,549,472
Total Capital Assets, being depreciated, net	91,244,395	597,371	3,683,922	(1,696,378)	93,829,310
Governmental activities Capital Assets, net	\$ 188,206,051	\$ 4,749,770	\$ -	\$ (2,081,014)	\$ 190,874,807

QUEEN ANNE'S COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

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, 2022 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, 2021	Increases	Transfers	Decreases	Balance June 30, 2022
Capital Assets, not being depreciated:					
Land	\$ 10,892,750	\$ 23,580	\$ -	\$ -	\$ 10,916,330
Land Improvements	9,500	-	-	-	9,500
Intangible Rights	6,140	-	-	-	6,140
Construction in Progress	19,775,908	3,116,974	(18,859,783)	-	4,033,099
Land - Inexhaustible Infrastructure Improvements	2,481,094	-	-	-	2,481,094
Total Capital Assets, not being depreciated	33,165,392	3,140,554	(18,859,783)	-	17,446,163
Capital Assets, being depreciated:					
Buildings and Improvements to Buildings	16,193,029	-	-	-	16,193,029
Improvements other than Buildings	15,237,030	211,510	279,262	-	15,727,802
Vehicles	1,969,076	-	21,600	-	1,990,676
Equipment	24,371,920	92,587	51,115	-	24,515,622
Furniture and Fixtures	43,266	19,607	-	-	62,873
Infrastructure Improvements - Depreciable	108,511,675	3,450,202	19,570,520	-	131,532,397
Right-to-use asset	-	80,630	-	-	80,630
Total Capital Assets, being depreciated	166,325,996	3,854,536	19,922,497	-	190,103,029
Less Accumulated Depreciation for:					
Buildings and Improvements to Buildings	10,411,159	274,944	-	-	10,686,103
Improvements other than Buildings	7,217,776	540,759	-	-	7,758,535
Vehicles	1,245,301	120,718	21,600	-	1,387,619
Equipment	15,768,286	564,921	41,746	-	16,374,953
Furniture and Fixtures	22,306	3,052	-	-	25,358
Infrastructure Improvements - Depreciable	39,428,453	2,393,125	198,000	-	42,019,578
Right-to-use asset	-	45,292	-	-	45,292
Total Accumulated Depreciation	74,093,281	3,942,811	261,346	-	78,297,438
Total Capital Assets, being depreciated, net	92,232,715	(88,275)	19,661,151	-	111,805,591
Business-Type activities Capital Assets, net	\$ 125,398,107	\$ 3,052,279	\$ 801,368	\$ -	\$ 129,251,754

QUEEN ANNE'S COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 6 – CAPITAL ASSETS (CONTINUED)

PRIMARY GOVERNMENT (CONTINUED)

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

	Governmental Activities	Business-type Activities
General Government	\$ 1,016,249	\$ -
Public Safety	2,330,233	-
Public Works	1,428,189	-
Parks & Recreation	959,657	-
Health and Social Services	309,752	-
Education and Library	25,224	-
Conservation of Natural Resources	36,914	-
Economic/Community Development	44,297	-
Major Enterprise Funds:		
Sanitary District	-	3,315,961
Bay Bridge Airport	-	435,737
Non-Major Enterprise Funds	-	191,113
Total amounts restricted	\$ 6,150,515	\$ 3,942,811

QUEEN ANNE'S COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 6 – CAPITAL ASSETS (CONTINUED)

COMPONENT UNITS

Board of Education: Capital asset activity for the year ended June 30, 2022 is as follows:

Board of Education	Balance June 30, 2021	Increases	Transfers	Decreases	Balance June 30, 2022
Capital Assets, not being depreciated:					
Land	\$ 6,363,040	\$ -	\$ -	\$ -	\$ 6,363,040
Construction in Progress	1,555,162	122,528	(1,555,162)	-	122,528
Total Capital Assets, not being depreciated	7,918,202	122,528	(1,555,162)	-	6,485,568
Capital Assets, being depreciated:					
Land Improvements	5,410,966	-	-	-	5,410,966
Buildings	211,695,528	769,584	-	(156,790)	212,308,322
Furniture, Fixtures, and Equipment	17,175,100	614,939	1,555,162	(471,320)	18,873,881
Total Capital Assets, being depreciated	234,281,594	1,384,523	1,555,162	(628,110)	236,593,169
Less Accumulated Depreciation for:					
Land Improvements	4,824,210	102,179	-	-	4,926,389
Buildings	72,816,250	4,675,460	-	(31,359)	77,460,351
Furniture, Fixtures, and Equipment	12,084,083	1,708,779	-	(459,220)	13,333,642
Total Accumulated Depreciation	89,724,543	6,486,418	-	(490,579)	95,720,382
Total Capital Assets, being depreciated, net	144,557,051	(5,101,895)	1,555,162	(137,531)	140,872,787
Capital Assets, net	\$ 152,475,253	\$ (4,979,367)	\$ -	\$ (137,531)	\$ 147,358,355

QUEEN ANNE'S COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 6 – CAPITAL ASSETS (CONTINUED)

COMPONENT UNITS (CONTINUED)

Queen Anne's County Free Library: Capital asset activity for the year ended June 30, 2022 is as follows:

Library	Balance June 30, 2021	Increases	Transfers	Decreases	Balance June 30, 2022
Capital Assets, not being depreciated:					
Artwork	\$ 29,850	\$ -	\$ -	\$ -	\$ 29,850
Total Capital Assets, not being depreciated	29,850	-	-	-	29,850
Capital Assets, being depreciated:					
Books and Media	1,793,695	190,136	-	(220,037)	1,763,794
Building Improvements	402,207	-	-	-	402,207
Equipment	162,992	161,346	-	-	324,338
Right-to-use	27,018	-	-	-	27,018
Total Capital Assets, being depreciated	2,385,912	351,482	-	(220,037)	2,517,357
Less Accumulated Depreciation	1,063,417	194,821	-	(198,033)	1,060,205
Total Capital Assets, being depreciated, net	1,322,495	156,661	-	(22,004)	1,457,152
Capital Assets, net	\$ 1,352,345	\$ 156,661	\$ -	\$ (22,004)	\$ 1,487,002

QUEEN ANNE'S COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

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, 2022:

Due to Fund	Due from Fund								Total Due From
	General Fund	Capital Projects	Roads Capital	Non-Major Governmental	Sanitary District	Bay Bridge Airport	Non-Major Enterprise		
General Fund	\$ 1,112,222	\$ -	\$ -	\$ -	\$ 498,271	\$ -	\$ -	\$ 613,951	\$ 1,112,222
General Capital Projects	993,355	-	-	-	-	-	993,355	-	993,355
Roads Capital	-	-	-	-	-	-	-	-	-
Non-Major Governmental	-	-	-	-	-	-	-	-	-
Sanitary District	-	-	-	-	-	-	-	-	-
Bay Bridge Airport	-	-	-	-	-	-	-	-	-
Non-Major Enterprise	-	-	-	-	-	-	-	-	-
Total Due To Fund	\$ 2,105,577	\$ -	\$ -	\$ -	\$ 498,271	\$ -	\$ 993,355	\$ 613,951	\$ 2,105,577

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, 2022

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, 2022:

Transfers Out	Transfers In								Total Transfers In
	General Fund	Capital Projects	Roads Capital	Non-Major Governmental	Sanitary District	Bay Bridge Airport	Non-Major Enterprise		
General Fund	\$ 21,089,395	\$ -	\$ 13,971,835	\$ 110,000	\$ 6,896,466	\$ -	\$ 111,094	\$ -	\$ 21,089,395
General Capital Projects	262,664	-	-	-	-	-	-	262,664	262,664
Roads Capital	-	-	-	-	-	-	-	-	-
Non-Major Governmental	2,964,402	2,964,402	-	-	-	-	-	-	2,964,402
Sanitary District	4,080,653	-	10,000	-	-	4,070,653	-	-	4,080,653
Bay Bridge Airport	-	-	-	-	-	-	-	-	-
Non-Major Enterprise	-	-	-	-	-	-	-	-	-
Total Transfers Out	\$ 28,397,114	\$ 2,964,402	\$ 13,981,835	\$ 110,000	\$ 6,896,466	\$ 4,070,653	\$ 111,094	\$ 262,664	\$ 28,397,114

Reconciliation of interfund transfers to the Statement of Activities

Governmental Funds Transfers In	\$ 23,952,703	Enterprise Funds Transfers In	\$ 4,444,411
Governmental Funds Transfers Out	(24,316,461)	Enterprise Funds Transfers Out	(4,080,653)
Government-Wide Transfer Out	(824,951)	Reclassification of Non-Operating Income	824,951
Total Governmental Activities	\$ (1,188,709)	Total Business-Type Activities	\$ 1,188,709

The above entries for \$824,951 relate to capital assets with a remaining book value transferred from Governmental Activities to Enterprise funds.

QUEEN ANNE'S COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 9 - NONCURRENT LIABILITIES

A. CHANGES IN NONCURRENT LIABILITIES

During the year ended June 30, 2022, the following changes occurred in the noncurrent liabilities of the primary government's governmental activities:

PRIMARY GOVERNMENT			Retirements				Due in	
Governmental Activities	Balance June 30, 2021	Additions of debt	and Repayments	Balance June 30, 2022	Due Within One Year	More than One Year		
General Bonds Payable	\$ 127,040,990	\$ 7,800,000	\$ 7,911,962	\$ 126,929,028	\$ 8,613,697	\$ 118,315,331		
General Bonds Payable - Related to PHA	614,942	-	83,684	531,258	88,249	443,009		
General Bonds Payable - Related to Ches College	3,521,215	-	212,237	3,308,978	220,813	3,088,165		
Notes Payable	703,773	-	47,816	655,957	47,816	608,141		
Bond Premiums	11,793,816	492,106	914,217	11,371,705	937,650	10,434,055		
Subtotal Governmental Activities Debt	143,674,736	8,292,106	9,169,916	142,796,926	9,908,225	132,888,701		
OPEB	34,912,910	1,355,613	-	36,268,523	-	36,268,523		
Net Pension Liability	31,302,931	-	7,295,125	24,007,806	-	24,007,806		
LOSAP Liability	9,602,464	665,297	-	10,267,761	-	10,267,761		
Compensated Absences	3,203,438	2,061,794	1,738,067	3,527,165	1,915,250	1,611,915		
Total Governmental Activities Debt	\$ 222,696,479	\$ 12,374,810	18,203,108	\$ 216,868,181	\$ 11,823,475	\$ 205,044,706		
Less College Reimbursements			50,379					
Total Governmental Retirements and Repayments			<u>\$ 18,253,487</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	\$ 7,911,962
General Bonds Payable - PHA	83,684
Payments made by PHA	(23,770)
Notes Payable	47,816
LESS: Distributions of 2021 Bonds	(194,123)
LESS: College Reimbursements	(50,379)
Total Principal Payments	\$ 7,775,190

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 \$50,379 for this year's principal and interest payments.

QUEEN ANNE'S COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 9 – NONCURRENT LIABILITIES (CONTINUED)

A. CHANGES IN NONCURRENT LIABILITIES (CONTINUED)

During the year ended June 30, 2022, the following changes occurred in the noncurrent liabilities of the primary government's business-type activities:

PRIMARY GOVERNMENT						
Business-Type Activities	Balance June 30, 2021	Additions of debt	Retirements and Repayments	Balance June 30, 2022	Due Within One Year	Due in More than One Year
Golf Course	\$ 88,158	\$ -	\$ 4,018	\$ 84,140	\$ 4,236	\$ 79,904
Bay Bridge Airport	1,528,445	-	98,218	1,430,227	102,440	1,327,787
Public Landings and Marinas	536,254	194,123	49,007	681,370	60,565	620,805
Sanitary District	34,432,935	756,414	1,898,093	33,291,256	1,915,182	31,376,074
Subtotal Debt	36,585,792	950,537	2,049,336	35,486,993	2,082,423	33,404,570
Bond Premiums						
Golf Course	5,800	-	362	5,438	362	5,076
Bay Bridge Airport	83,107	-	7,485	75,622	7,485	68,137
Public Landings and Marinas	95,277	-	9,766	85,511	9,766	75,745
Subtotal Bond Premiums	184,184	-	17,613	166,571	17,613	148,958
Subtotal Business-Type Activities Debt	36,769,976	950,537	2,066,949	35,653,564	2,100,036	33,553,528
OPEB	6,872,895	179,291	-	7,052,186	-	7,052,186
Net Pension Liability	2,927,232	-	750,952	2,176,280	-	2,176,280
Compensated Absences	441,142	80,150	-	521,292	283,062	238,230
Right-to-use Lease obligations	-	80,633	41,408	39,225	26,470	12,755
Total Business-Type Activities Debt	\$ 47,011,245	\$ 1,290,611	\$ 2,859,309	\$ 45,442,547	\$ 2,409,568	\$ 43,032,979

Additions of debt listed for the Public Landings include \$194,123 in distributions of the 2021 Bonds.

QUEEN ANNE'S COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 9 – NONCURRENT LIABILITIES (CONTINUED)

A. CHANGES IN NONCURRENT LIABILITIES (CONTINUED)

During the year ended June 30, 2022, the following changes occurred in the noncurrent liabilities of the primary government's Component Units:

COMPONENT UNITS

Board of Education and Free Library	Balance June 30, 2021	Additions of debt	Retirements and Repayments	Balance June 30, 2022	Due Within One Year	Due in More than One Year
Board of Education						
Compensated Absences	\$ 988,733	\$ -	\$ 100,928	\$ 887,805	\$ -	\$ 887,805
Financed purchases	1,573,192	-	195,298	1,377,894	207,894	1,170,000
OPEB	166,845,063	28,576,313	-	195,421,376	-	195,421,376
Net Pension Liability	5,794,422	-	1,484,821	4,309,601	-	4,309,601
Subtotal	175,201,410	28,576,313	1,781,047	201,996,676	207,894	201,788,782
Free Library						
OPEB	799,914	-	118,584	681,330	-	681,330
Subtotal	799,914	-	118,584	681,330	-	681,330
Total Component Units Debt	\$ 176,001,324	\$ 28,576,313	\$ 1,899,631	\$ 202,678,006	\$ 207,894	\$ 202,470,112

Long-term liabilities are normally paid from the General fund.

QUEEN ANNE'S COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 9 – NONCURRENT LIABILITIES (CONTINUED)

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

PRIMARY GOVERNMENT

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

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

During fiscal year 2019, the County implemented Governmental Accounting Standards Board's Statement (GASB) Statement 73, *Accounting and Financial Reporting for Pensions and Related Assets That are Not Within the Scope of GASB Statement 68*. The County's Fire and EMS Commission Pension Plan Length of Service Award Program ("LOSAP") is included in GASB 73 reporting. For governmental funds, the LOSAP obligations are reported in the government-wide statements in the public safety function. There are not any LOSAP obligations in the enterprise funds. LOSAP costs in governmental funds are charged to the General Fund. Additional information can be found in Note 16.

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 15, 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 13, 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, 2022

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, 2022, 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:

Governmental Activities	Paying Fund	Interest Rate	Year Series Matures	Amount of Original Issue	Outstanding June 30, 2022	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	\$ 909,998	\$ 909,998	\$ -
2014 Public Facilities	General	2.00%-4.00%	2034	17,590,000	11,436,653	763,184	10,673,469
2015 Public Facilities	General	3.00%-5.00%	2036	11,622,756	8,954,158	485,921	8,468,237
2015 Refunding Bonds	General	2.00%-5.00%	2027	13,521,625	7,443,674	1,375,409	6,068,265
2016 Public Facilities	General	2.00%-4.00%	2036	13,934,364	11,435,860	575,764	10,860,096
2017 Public Facilities	General	3.00%-5.00%	2037	12,600,000	10,915,000	480,000	10,435,000
2018 Public Facilities	General	3.00%-5.00%	2038	16,000,000	14,440,000	575,000	13,865,000
2019 Public Facilities	General	3.00%-5.00%	2039	11,000,000	10,285,000	375,000	9,910,000
2019 Refunding Bonds	General	4.00%-5.00%	2029	14,236,594	11,951,651	1,240,398	10,711,253
2020 Public Facilities	General	2.00%-5.00%	2040	9,000,000	8,693,033	299,244	8,393,789
2021 Public Facilities	General	1.50%-5.00%	2041	13,000,000	12,805,876	640,294	12,165,582
2021 Refunding Bonds	General	1.50%-5.00%	2030	10,835,995	9,858,125	893,485	8,964,640
2022 Public Facilities	General	3.375%-5.00%	2043	7,800,000	7,800,000	-	7,800,000
2012 Refunding Bonds (2003 Bonds)	Due from PHA	3.50%-4.50%	2023	335,000	25,002	25,002	-
2015 Refunding Facilities (2006 Bonds)	Due from PHA	2.00%-3.00%	2027	240,112	132,182	24,424	107,758
2019 Refunding Facilities (2009 Bonds)	Due from PHA	4.00%-5.00%	2029	445,590	374,074	38,823	335,251
2014 Public Facilities	Due from other Counties	2.00%-4.00%	2034	4,800,000	3,308,978	220,813	3,088,165
Subtotal Bonds Payable					130,769,264	8,922,759	121,846,505
<u>Notes Payable</u>							
State of Maryland - Grove Ck.	Spec. Rev.	0.00%	2034	510,617	245,092	20,425	224,667
State of Maryland - Narrows Pointe	Spec. Rev.	0.00%	2037	525,318	410,865	27,391	383,474
Subtotal Notes Payable					655,957	47,816	608,141
Subtotal Bonds and Notes Payable					131,425,221	8,970,575	122,454,646
Bond Premiums					11,371,705	937,650	10,434,055
Subtotal Governmental Activities Debt					142,796,926	9,908,225	132,888,701
OPEB					36,268,523	-	36,268,523
Net Pension Liability					24,007,806	-	24,007,806
LOSAP Liability					10,267,761	-	10,267,761
Compensated Absences					3,527,165	1,915,250	1,611,915
Total Governmental Activities					\$ 216,868,181	\$ 11,823,475	\$ 205,044,706

QUEEN ANNE'S COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

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, 2022 for governmental activities are as follows:

<u>Governmental Activities</u> Year Ending June 30,	Governmental Bonds Payable			Governmental Notes Payable		
	Principal	Interest	Total	Principal	Interest	Total
2023	\$ 8,922,759	\$ 4,653,615	\$ 13,576,374	\$ 47,816	\$ -	\$ 47,816
2024	8,720,666	4,371,905	13,092,571	47,816	-	47,816
2025	9,083,074	4,020,003	13,103,077	47,816	-	47,816
2026	9,450,550	3,628,558	13,079,108	47,816	-	47,816
2027	9,837,661	3,230,599	13,068,260	47,816	-	47,816
2028 - 2032	40,950,254	10,547,808	51,498,062	239,080	-	239,080
2033 - 2037	30,503,740	4,132,079	34,635,819	177,797	-	177,797
2038 - 2042	12,910,560	716,295	13,626,855	-	-	-
2043 - 2047	390,000	7,562	397,562	-	-	-
	<u>\$ 130,769,264</u>	<u>\$ 35,308,424</u>	<u>\$ 166,077,688</u>	<u>\$ 655,957</u>	<u>\$ -</u>	<u>\$ 655,957</u>

QUEEN ANNE'S COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

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, 2022 for business-type activities are comprised of the following, as well as other post-employment benefits, net pension liability, and accrued compensated absences:

Business -Type Activities	Interest Rate	Year Series Matures	Amount of Original Issue	Outstanding June 30, 2022	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	\$ 84,140	\$ 4,236	\$ 79,904
Bond Premiums				5,438	362	5,076
Subtotal Golf Course				89,578	4,598	84,980
<u>Bay Bridge Airport</u>						
2014 Public Facilities Bonds	2.00%-4.00%	2034	964,940	689,370	46,003	643,367
2015 Public Facilities Bonds	3.00%-5.00%	2036	577,244	535,842	17,654	518,188
2015 Refunding Bonds	2.00%-5.00%	2027	173,556	95,543	29,079	66,464
2019 Refunding Bonds	4.00%-5.00%	2029	92,167	77,375	8,030	69,345
2020 Public Facilities Bonds	2.00%-5.00%	2040	22,686	21,967	756	21,211
2021 Refunding Bonds	1.50%-5.00%	2030	11,134	10,130	918	9,212
Bond Premiums				75,622	7,485	68,137
Subtotal Airport				1,505,849	109,925	1,395,924
<u>Public Landings and Marinas</u>						
2015 Refunding Bonds	2.00%-5.00%	2027	24,707	13,601	2,513	11,088
2019 Refunding Bonds	4.00%-5.00%	2029	490,649	411,900	42,749	369,151
2021 Refunding Bonds	1.50%-5.00%	2030	67,871	61,746	5,597	56,149
2021 Public Facilities	3.375%-5.00%	2043	194,123	194,123	9,706	184,417
Bond Premiums				85,511	9,766	75,745
Subtotal Public Landings and Marinas				766,881	70,331	696,550
<u>Sanitary District</u>						
Maryland Water Quality-2005 Enhancement	1.00%	2027	18,252,291	4,894,269	962,366	3,931,903
Maryland Water Quality-2017 Loan	0.80%	2051	28,585,828	28,396,987	952,816	27,444,171
Subtotal Sanitary District				33,291,256	1,915,182	31,376,074
Total Business-Type Activities Debt				35,653,564	2,100,036	33,553,528
OPEB				7,052,186	-	7,052,186
Net Pension Liability				2,176,280	-	2,176,280
Compensated Absences				521,292	283,062	238,230
Right-to-use Lease obligations				39,225	26,470	12,755
Total Business-Type Activities				\$ 45,442,547	\$ 2,409,568	\$ 43,032,979

QUEEN ANNE'S COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

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, 2022, are as follows:

<u>Business-Type Activities</u>		Business-Type Bonds Payable			Business-Type Notes Payable		
Year Ending		Principal	Interest	Total	Principal	Interest	Total
June 30,							
2023	\$	167,241	\$ 81,793	\$ 249,034	\$ 1,915,182	\$ 400,813	\$ 2,315,995
2024		174,329	74,116	248,445	1,932,429	359,424	2,291,853
2025		181,926	66,994	248,920	1,949,832	342,020	2,291,852
2026		189,451	59,588	249,039	1,967,394	324,457	2,291,851
2027		197,343	52,248	249,591	1,970,350	306,734	2,277,084
2028 - 2032		819,741	151,601	971,342	5,037,679	1,123,029	6,160,708
2033 - 2037		411,262	31,931	443,193	5,242,436	918,271	6,160,707
2038 - 2042		54,444	2,688	57,132	5,455,515	705,192	6,160,707
2043 - 2047		-	-	-	5,677,256	483,453	6,160,709
2048 - 2052		-	-	-	2,143,183	129,287	2,272,470
	\$	2,195,737	\$ 520,959	\$ 2,716,696	\$ 33,291,256	\$ 5,092,680	\$ 38,383,936

C. ISSUANCE OF NEW DEBT

PRIMARY GOVERNMENT

In May 2022, Queen Anne's County issued Public Facilities Bonds of 2022 for \$7,800,000. These General Obligation Bonds carry interest rates of 3.375 to 5.0 percent and mature serially through 2043. 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 2022 Bonds.

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 2022, the County received \$2,023,414 as part of this loan. The total amount outstanding as of June 30, 2022 was \$28,396,987. The SKI project was completed in 2022 and \$1,267,000 of the loan with the Maryland Water Quality Financing Administration was forgiven.

QUEEN ANNE'S COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 9 – NONCURRENT LIABILITIES (CONTINUED)

D. 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.

NOTE 10 – LEASES

PRIMARY GOVERNMENT

The County implemented guidance of GASB 87, Leases, at July 1, 2021 for accounting and reporting of leases.

County as Lessor

The County's Governmental Activities entered into various lease agreements to lease land for antenna sites, cultivation, and/or hunting. The following is a summary of Governmental activities lease receivable and the corresponding deferred inflow:

Governmental Activities	Balance June 30, 2021	Additions	Retirements and Repayments	Balance June 30, 2022
Lease Receivable	\$ -	\$ 1,020,042	\$ 110,327	\$ 909,715
Lease Receivable deferred inflows	\$ -	\$ (1,020,042)	\$ (155,445)	\$ (864,597)

For the year ended June 30, 2022, rent and interest income associated with the governmental activities lease receivable was approximately \$155,000 and \$1,700, respectively.

QUEEN ANNE'S COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 10 – LEASES (CONTINUED)

The County's Sanitary District has entered into various lease agreements to lease land near County water towers for antenna sites. In addition, the County's Bay Bridge Airport has entered into various lease agreements to lease land and/or facilities at the airport. The following is a summary of Business-Type activities lease receivable and the corresponding deferred inflow:

Business-Type Activities	Balance June 30, 2021	Additions	Retirements and Repayments	Balance June 30, 2022
Sanitary District - Lease Receivable	\$ -	\$ 581,274	\$ 123,556	\$ 457,718
Bay Bridge Airport - Lease Receivable	-	232,690	59,537	173,153
Total lease receivable	\$ -	\$ 813,964	\$ 183,093	\$ 630,871
Sanitary District - Deferred inflows	\$ -	\$ (581,274)	\$ (128,046)	\$ (453,228)
Bay Bridge Airport - Deferred inflows	-	(232,690)	(60,885)	(171,805)
Total lease receivable deferred inflows	\$ -	\$ (813,964)	\$ (188,931)	\$ (625,033)

For the year ended June 30, 2022, rental and interest income associated with the business-type activities lease receivable was \$61,000 and \$3,000, respectively.

County as Lessee

On November 1, 2021, the County (Sanitary District) entered into a 24-month lease for the use of Fourth Election District land. An initial lease liability was recorded in the amount of \$38,309. As of June 30, 2022, the value of the lease liability is \$25,555. The County is required to make monthly fixed payments of \$1,600. The lease has an interest rate of 0.25%. The value of the right to use asset as of June 30, 2022 was \$25,539 net of accumulated amortization of \$12,770. The County has 1 extension option(s), each for 12 months. Queen Anne's County, MD had a termination period of 2 months as of the lease commencement.

On July 1, 2021, the County (Golf Course) entered into a 16-month lease for the use of Golf Carts. An initial lease liability was recorded in the amount of \$30,324. As of June 30, 2022, the value of the lease liability is \$7,670. The County is required to make monthly fixed payments of \$1,927. The lease has an interest rate of 2.29%. The value of the right to use asset as of June 30, 2022 was \$8,877, net of accumulated amortization of \$21,447.

On July 1, 2021, the County (Public Landing) entered into a 13-month lease for the use of dredge materials. An initial lease liability was recorded in the amount of \$12,000. As of June 30, 2022, the value of the lease liability is \$6,000. The County is required to make annual fixed payments of \$6,000. The lease has an interest rate of 0.1850%. The value of the right to use asset as of June 30, 2022 was \$924, net of accumulated amortization of \$11,076. The County has 5 extension option(s), each for 12 months.

The following is a summary of Business-Type activities right-to-use lease obligations as of June 30, 2022:

Business-Type Activities	Balance June 30, 2021	Additions	Repayments	Balance June 30, 2022
Sanitary District	\$ -	\$ 38,309	\$ 12,754	\$ 25,555
Golf Course	-	30,324	22,654	7,670
Public Landings and Marinas	-	12,000	6,000	6,000
Intangible right-to-use lease obligation	\$ -	\$ 80,633	\$ 41,408	\$ 39,225

QUEEN ANNE'S COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 10 – LEASES (CONTINUED)

The future minimum lease payments are approximately as follows:

	Principal	Interest	Total
2023	\$ 26,470	\$ 210	\$ 26,680
2024	12,755	35	12,790
2025	-	-	-
2026	-	-	-
2027	-	-	-
Thereafter	-	-	-
Total	\$ 39,225	\$ 245	\$ 39,470

Interest on the above intangible right-to-use leases was approximately \$500 for the year ended June 30, 2022.

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.

COMPONENT UNITS

BOARD OF EDUCATION

The Board has entered into non-cancelable contracts to finance performance contracting equipment that transfer ownership at the end of the contract term, January 2028. Thus the Board has recorded the related obligations and the related assets in the appropriate funds.

The assets acquired and capitalized as fixed assets under financed purchases are as follows:

Equipment, at cost	\$	3,246,662
Less: accumulated depreciation		(2,111,465)
Total	\$	1,135,197

Interest expense related to the above capital leases was approximately \$41,000 for the year ended June 30, 2022. The future minimum lease obligations and net present value of these minimum lease payments as of June 30, 2022 were as follows:

Year ended June 30:		
2023	\$	243,679
2024		250,989
2025		258,519
2026		266,275
2027		274,263
Thereafter		203,552
Total minimum lease payments		1,497,277
Less: amount representing interest		(119,383)
Present value of minimum financed purchase payments	\$	1,377,894

**QUEEN ANNE'S COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 10 – LEASES (CONTINUED)

LIBRARY

Operating leases payable

	Balance June 30, 2021	Additions of debt	Retirements and Repayments	Balance June 30, 2022	Due Within One Year	Due in More than One Year
Operating lease payable	\$ 19,155	\$ -	\$ 5,303	\$ 13,852	\$ 5,515	\$ 8,337

Effective July 1, 2021, the Library adopted the new lease accounting guidance in GASB Statement No. 87, *Leases*. The new guidance requires recognition of certain lease assets and liabilities that were previously classified as operating leases. As a result of the adoption of the new guidance, the Library recognized as of June 30, 2021 (a) lease liabilities of \$19,155, which represents the present value of the remaining lease payments discounted using the Library's incremental borrowing rate of 4%, and (b) right-to-use assets of \$27,018 net of accumulated amortization \$7,863.

In December 2019, the Library entered into an operating lease with Affordable Business Systems, Inc. for use of a photocopier with an expiration date of December 2024. As of June 30, 2022, total lease liabilities were \$13,852, which represents the present value of the remaining lease payments of \$15,172, discounted using the Library's incremental borrowing rate of 4%.

Following are the principal and interest requirements through maturity of the lease liabilities under this non-cancelable operating lease:

Year ended June 30:	Principal	Interest
2023	\$ 5,515	\$ 554
2024	5,735	333
2025	2,602	162
	\$ 13,852	\$ 1,049

NOTE 11 – 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.

QUEEN ANNE'S COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 11 – RESTRICTED ASSETS AND LIABILITIES AND FUND BALANCES (CONTINUED)

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, 2022 are as follows:

<u>ASSETS</u>	SANITARY DISTRICT		
	RESTRICTED	DEBT SERVICE	TOTAL
	FUND	FUND	
<u>Current Restricted Assets</u>			
Restricted Equity in Pooled Cash	\$ 23,769,714	\$ 1,913,102	\$ 25,682,816
Restricted Accounts Receivable (Net)	2,193,250	636,750	2,830,000
<u>Total Current Restricted Assets</u>	<u>25,962,964</u>	<u>2,549,852</u>	<u>28,512,816</u>
<u>Noncurrent Restricted Assets</u>			
Special Assessments Receivable (Net)	463,951	15,279,457	15,743,408
<u>Total Noncurrent Restricted Assets</u>	<u>463,951</u>	<u>15,279,457</u>	<u>15,743,408</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Unavailable Water and Sewer Assessments	463,951	15,279,457	15,743,408
<u>Total Deferred Inflows of Resources</u>	<u>463,951</u>	<u>15,279,457</u>	<u>15,743,408</u>
<u>NET POSITION</u>			
Amounts Restricted for:			
Debt Service	-	2,549,852	2,549,852
<u>Unrestricted Amounts</u>	<u>25,962,964</u>	<u>-</u>	<u>25,962,964</u>
<u>Total Net Position</u>	<u>\$ 25,962,964</u>	<u>\$ 2,549,852</u>	<u>\$ 28,512,816</u>

QUEEN ANNE'S COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 11 – 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>		
Net Assets Invested in Capital Assets		\$ 190,874,807
Total Debt excluding Compensated Absences, Pension, OPEB, and LOSAP Obligations		(142,796,926)
Deferred Charge on Refunding		439,880
Add back: Debt relating to Board of Education Assets	47,741,448	
Add back: Unspent portion of Bond Proceeds for Board of Education debt	5,414,010	
Add back: Unspent portion of Bond Proceeds for Governmental debt	10,682,337	
Add back: Debt relating to Chesapeake College	5,123,371	
Add back: Debt relating to PHA	531,258	
Add back: Debt relating to non-capital assets (Dredging)	655,957	
Add back debt unrelated to Capital Assets		<u>70,148,381</u>
Net Investment in Capital Assets		<u>\$ 118,666,142</u>

BUSINESS-TYPE ACTIVITIES

Net Investment in Capital Assets for business-type activities, are as follows:

	<u>SANITARY DISTRICT</u>			<u>BAY BRIDGE AIRPORT</u>	<u>NON-MAJOR ENTERPRISE FUNDS</u>	<u>TOTAL PRIMARY GOVERNMENT ENTERPRISE FUNDS</u>
	<u>SEWER OPERATIONS</u>	<u>WATER OPERATIONS</u>	<u>TOTAL</u>			
<u>ASSETS</u>						
Capital Assets	\$ 138,826,298	\$ 36,204,546	\$ 175,030,844	\$ 22,015,236	\$ 10,503,112	\$ 207,549,192
Less Accumulated Depreciation	(56,465,965)	(13,007,761)	(69,473,726)	(6,415,251)	(2,408,461)	(78,297,438)
Total Capital Assets, Net of Depreciation	<u>82,360,333</u>	<u>23,196,785</u>	<u>105,557,118</u>	<u>15,599,985</u>	<u>8,094,651</u>	<u>129,251,754</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>						
Deferred Charge on Refunding	-	-	-	5,161	735	5,896
Total Deferred Outflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,161</u>	<u>735</u>	<u>5,896</u>
<u>LIABILITIES</u>						
Lease Payable	25,555	-	25,555	-	13,670	39,225
Bonds/Notes Payable	33,291,256	-	33,291,256	1,505,849	856,459	35,653,564
Total Liabilities	<u>33,316,811</u>	<u>-</u>	<u>33,316,811</u>	<u>1,505,849</u>	<u>870,129</u>	<u>35,692,789</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>						
Bond Refundings	-	-	-	336	1,784	2,120
Total Deferred Inflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>336</u>	<u>1,784</u>	<u>2,120</u>
<u>NET POSITION</u>						
Net Investment in Capital Assets	<u>\$ 49,043,522</u>	<u>\$ 23,196,785</u>	<u>\$ 72,240,307</u>	<u>\$ 14,098,961</u>	<u>\$ 7,223,473</u>	<u>\$ 93,562,741</u>

QUEEN ANNE'S COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 11 – 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					
Inventories	\$ -	\$ -	\$ -	\$ 1,327,375	\$ 1,327,375
Prepaid Items	47,789	-	-	-	47,789
Subtotal Nonspendable	47,789	-	-	1,327,375	1,375,164
Restricted					
Rainy Day Fund	13,363,377	-	-	-	13,363,377
Employee Benefits - LOSAP	4,335,237	-	-	-	4,335,237
Donor-Specified Purposes	59,884	-	-	-	59,884
Mosquito Control	79,638	-	-	-	79,638
Unspent Bond Proceeds	-	16,096,347	-	-	16,096,347
Impact Fees	-	247,435	-	-	247,435
Vehicle Acquisition	-	81,397	-	-	81,397
Department of Aging	-	-	-	1,460	1,460
House and Community Services	-	-	-	2,787,193	2,787,193
Critical Areas	-	-	-	351,561	351,561
Sheriff's Drug Task Force	-	-	-	180,396	180,396
Inmate Welfare	-	-	-	209,885	209,885
Agricultural Transfer	-	-	-	1,756,863	1,756,863
Rural Legacy	-	-	-	384,125	384,125
Dredging Special Assessments	-	-	-	7,266	7,266
Kent Narrows	-	-	-	166,992	166,992
Subtotal Restricted	17,838,136	16,425,179	-	5,845,741	40,109,056
Committed					
House and Community Services	-	-	-	7,500,421	7,500,421
Revolving Loan Fund	-	-	-	575,239	575,239
Economic Development Incentive	-	-	-	324,003	324,003
School Impact Fees	-	-	-	11,791,340	11,791,340
Fire Company Impact Fees	-	-	-	540,820	540,820
Parks and Recreation Impact Fees	-	-	-	1,083,281	1,083,281
Revenue Stabilization Fund	8,352,110	-	-	-	8,352,110
Encumbrances	47,477	-	-	-	47,477
Economic Development	-	1,076,841	-	-	1,076,841
Rubble Surcharge	-	744,444	-	-	744,444
Developer Exactions	-	2,821,067	553,088	-	3,374,155
Subtotal Committed	8,399,587	4,642,352	553,088	21,815,104	35,410,131
Assigned					
Encumbrances	-	6,377,122	2,773,747	-	9,150,869
Subsequent Years' Expenditures	1,500,000	10,947,045	2,522,000	-	14,969,045
Department of Aging	-	-	-	90,114	90,114
Grants Fund	-	-	-	240,000	240,000
Community Partnerships for Children	-	-	-	65,614	65,614
Law Library	-	-	-	450,995	450,995
Capital Projects	-	18,586,020	274,617	-	18,860,637
Loans Receivable	-	1,746,125	-	-	1,746,125
Subtotal Assigned	1,500,000	37,656,312	5,570,364	846,723	45,573,399
Unassigned					
General Fund	32,142,920	-	-	-	32,142,920
Subtotal Unassigned	32,142,920	-	-	-	32,142,920
Total Governmental Funds Balances	\$ 59,928,432	\$ 58,723,843	\$ 6,123,452	\$ 29,834,943	\$ 154,610,670

QUEEN ANNE'S COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 11 – RESTRICTED ASSETS AND LIABILITIES AND FUND BALANCES (CONTINUED)

C. FUND BALANCES (CONTINUED)

PRIMARY GOVERNMENT (CONTINUED)

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

	General Capital	Roads Capital
General Government	\$ 1,799,258	\$ -
Public Safety	389,960	-
Public Works	374,487	-
Parks & Recreation	1,095,815	-
Health and Social Services	85,133	-
Education and Library	995,815	-
Conservation of Natural Resources	91,414	-
Economic/Community Development	1,545,240	-
Resurfacing Contracts and Materials	-	1,503,420
Roads Construction Equipment	-	1,270,327
Total encumbrances	\$ 6,377,122	\$ 2,773,747

NOTE 12 - 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 2022 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, 2022

NOTE 12 - 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 2020, 2021 and 2022, settlements have not exceeded insurance coverage for any type of policy in effect.

NOTE 13 - 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:

Employees	Plan
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, 2022

NOTE 13 - 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.

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 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.

QUEEN ANNE'S COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 13 - RETIREMENT PLANS (CONTINUED)

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

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

A brief summary of the retirement eligibility requirements of and the benefits available under the various systems in effect during fiscal year 2021, 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, 2022

NOTE 13 - RETIREMENT PLANS (CONTINUED)

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.

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.

QUEEN ANNE'S COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 13 - RETIREMENT PLANS (CONTINUED)

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.

Effective July 1, 1998, for Teachers', Employees', and LEOPS retirees, the adjustment is capped at a maximum 3% compounded and is applied to all benefits which have been in payment for one year. The annual increase to pension allowances for Employees' Pension System retirees who were employed by a participating governmental unit that does not provide enhanced pension benefits are limited to 3% of the initial allowance.

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.

Actuarial Assumptions

The total pension liability in the June 30, 2021 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement.

Inflation	In the 2021 actuarial valuation, 2.25% general, 2.75% wage. In the 2020 actuarial valuation, 2.60% general, 3.10% wage.
Salary Increases	In the 2021 actuarial valuation, 2.75% to 9.25%. In the 2020 actuarial valuation, 3.10% to 11.6%.
Investment Rate of Return	In the 2021 actuarial valuation 6.80%. In the 2020 actuarial valuation 7.40%.
Retirement Age	Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2019 valuation pursuant to the 2018 experience study for the period July 1, 2014 to July 30, 2018.
Mortality	Various versions of the Pub- 2010 Mortality Tables for males and females with projected generational mortality improvements based on the MP-2018 fully generational mortality improvements scale for males and females.

QUEEN ANNE'S COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 13 - RETIREMENT PLANS (CONTINUED)

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, these best estimates are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Public Equity	37%	4.7%
Private Equity	13%	6.5%
Rate Sensitive	19%	-0.4%
Credit Opportunity	9%	2.6%
Real Assets	14%	4.2%
Absolute Return	8%	2.0%
Total	100%	

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, 2021.

For the years ended June 30, 2021, the annual money-weighted rate of return on pension plan investments, net of the pension plan investment expense, was 26.69%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Discount rate

A single discount rate of 6.80% 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 6.80%. 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.

QUEEN ANNE'S COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 13 - RETIREMENT PLANS (CONTINUED)

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 6.80%, 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 5.80%	Discount Rate 6.80%	1% Increase 7.80%
County	\$ 44,595,167	\$ 26,184,085	\$ 10,912,215
Board of Education	7,339,854	4,309,601	1,796,026

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. The related payment for fiscal year ending 2022 was \$2,292,144. In addition, the State of Maryland contributed \$6,007,540 on behalf of the Board. The Board has recognized the State on-behalf payments as both a revenue and expense.

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.

At June 30, 2022, 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' System)	\$ 4,309,601
State's proportionate share of the net pension liability (Teachers' System)	39,945,791
Total	\$ 44,255,392

QUEEN ANNE'S COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 13 - RETIREMENT PLANS (CONTINUED)

The net pension liability was measured as of June 30, 2021, 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. Calculate the net pension liability for the entire system in accordance with the provisions of GASB No. 67.
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.

At June 30, 2022, the County reported the following related to pensions:

	Board	County
Employer's proportionate (percentage) of the collective net pension liability	0.029%	0.175%
Employer's proportionate share of the collective net pension liability	\$ 4,309,601	\$ 26,184,085
Pension expense recognized by the employer for the year ended	2,564,141	\$ 1,432,436
	Deffered Outflows of Resources	Deffered Inflows of Resources
<u>County</u>		
Changes in assumptions	\$ -	\$ (2,006,864)
Net difference between projected and actual investment earnings on pension plan investments	2,548,948	(14,506,729)
Differences between expected and actual experience	5,068,154	(561,213)
Change in proportion	4,271,468	-
Contributions subsequent to measurment date	3,617,905	-
Total	\$ 15,506,475	\$ (17,074,806)
<u>Board</u>		
Changes in assumptions	\$ 834,160	\$ (92,369)
Net difference between projected and actual investment earnings on pension plan investments	-	(1,968,114)
Differences between expected and actual experience	-	(330,307)
Change in proportion	571,596	-
Contributions subsequent to measurment date	672,111	-
Total	\$ 2,077,867	\$ (2,390,790)

QUEEN ANNE'S COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 13 - RETIREMENT PLANS (CONTINUED)

The \$3,617,905 and \$672,111 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, 2023. Other amounts reported as deferred outflows of resources for the County will be amortized over a five-year period, as follows:

Year ended June 30:	Board	County
2023	\$ (310,751)	\$ (1,802,377)
2024	(244,335)	(1,398,849)
2025	(241,057)	(1,378,935)
2026	(327,282)	(1,902,816)
2027	138,391	1,296,741
	<u>\$ (985,034)</u>	<u>\$ (5,186,236)</u>

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

	Covered Payroll	On-Behalf By State
County	\$ 27,222,595	\$ -
Board of Education	64,659,742	6,007,540
Library	1,415,474	181,112

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.

The aggregate amount of pension expense is as follows:

Maryland State Retirement and Pension System	\$ 1,432,436
Length of Service Award Program ("LOSAP")	1,170,464
<u>Aggregate amount of pension expense</u>	<u>\$ 2,602,900</u>

QUEEN ANNE'S COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 14 - 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 15 - OTHER POST-EMPLOYMENT BENEFITS

PRIMARY GOVERNMENT

Other Post-Employment Benefit Trust (OPEB Trust)

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.

Plan Reporting

The measurement date for GASB 74 is the Employer's fiscal year end, June 30, 2022. 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, 2022, 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, 2022
- Reporting Date: June 30, 2022

Plan Membership

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

Active	438
Retired	273
<hr/>	
Total	711
<hr/>	

QUEEN ANNE'S COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 15 - OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

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

PRIMARY GOVERNMENT

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.

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)

QUEEN ANNE'S COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 15 - OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

PRIMARY GOVERNMENT (CONTINUED)

Plan description (Continued)

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.

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%

QUEEN ANNE'S COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 15 - OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

PRIMARY GOVERNMENT (CONTINUED)

Plan description (Continued)

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%

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.

QUEEN ANNE'S COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 15 - OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

PRIMARY GOVERNMENT (CONTINUED)

Actuarial Informtion (Continued)

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, 2022, and the final investment return assumption, are summarized in the following table:

Asset Class	Long-Term Expected Real Rate of Return	Weight
US Equity	5.85%	36.0%
International Equity	6.25%	24.0%
Fixed Income	2.00%	35.0%
Real Estate	4.95%	5.0%
Total Weighted Average Real Return	4.55%	100.0%
Plus Inflation	2.50%	
Total Return w/o Adjustment	7.05%	
Risk Adjustment	-1.05%	
Total Expected Return	6.00%	

Discount Rate

The discount rate used to measure the total OPEB liability is 5.90%. The County's funding expectations/policy is to contribute 90% of the Actuarially Determined Contribution in fiscal year 2022, then increase this percentage 100% in fiscal year 2023 and going forward. 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 3.69%. The blended rate is 5.90%. The prior rate was 5.82%.

*Source: Fidelity general obligation municipal bond index.

**QUEEN ANNE'S COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 15 - OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

PRIMARY GOVERNMENT (CONTINUED)

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 4.90%	Discount Rate 5.90%	1% Increase 6.90%
Net OPEB liability	\$	52,515,818	\$ 43,320,709	\$ 35,946,735

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		
		1% Decrease to 3.25%/3.50%	Discount Rate 4.25%/4.50%	1% Increase to 5.25%/5.50%
Net OPEB liability	\$	35,263,844	\$ 43,320,709	\$ 53,550,300

QUEEN ANNE'S COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 15 – 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	\$ 1,226,384
Interest	3,220,060
Changes in benefit terms	-
Difference between expected and actual experience	-
Changes in assumptions	(686,055)
Benefit payments	(1,731,265)
Net change in total OPEB liability	2,029,124
Total OPEB liability - beginning of year	54,954,500
Total OPEB liability - end of year	\$ 56,983,624
Plan Fiduciary Net Position ("PFNP")	
Contributions - employer	\$ 4,195,201
Contributions - member	-
Net investment income	(1,964,463)
Benefit payments	(1,731,265)
Admin expenses	(5,253)
Other	-
Net change in plan fiduciary net position	494,220
Plan fiduciary net position - beginning of year	13,168,695
Plan fiduciary net position - end of year	\$ 13,662,915
Net OPEB liability ("NOL") - beginning of year	\$ 41,785,805
Net OPEB liability - end of year	\$ 43,320,709
PFNP as a % of TOL	24.0%
Covered employee payroll	29,071,019
NOL as a % of covered payroll	149.0%

QUEEN ANNE'S COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 15 - 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	\$	1,226,384
Interest on total OPEB liability		3,220,060
Difference between expected and actual experience*		(887,255)
Changes in actuarial assumptions*		(77,557)
Employee contributions		-
Changes in benefit terms		-
Projected earnings on plan investments		(792,965)
Difference between projected and actual earnings*		264,908
Administrative expense		5,253
Other changes in fiduciary net position		-
<hr/>		
Total OPEB expense	\$	2,958,828

* - portions recognized for expense

Deferred Inflow/Outflow Summary

The deferred outflows / inflows are as follows:

	Deffered Outflows of Resources	Deffered Inflows of Resources
Differences between expected and actual experience	\$ 1,285,031	\$ -
Changes of assumptions	911,101	(1,869,698)
Net difference between projected and actual earnings	408,637	(6,782,883)
Total	\$ 2,604,769	\$ (8,652,581)

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

Year ended June 30:	
2023	\$ (704,323)
2024	(698,903)
2025	(757,663)
2026	(413,329)
2027	(994,371)
Thereafter	(2,479,223)
	<hr/> \$ (6,047,812) <hr/>

QUEEN ANNE'S COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 15 - 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, 2022

NOTE 15 - 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 50% 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, 2022, the Board recognized an OPEB expense of \$6,890,018.

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, 2021. Therefore, plan information for the year ended June 30, 2021 is utilized. The following table shows the components of the Board's total and net OPEB liability at June 30, 2021.

Total OPEB Liability ("TOL")	
Service cost	\$ 8,288,518
Interest	4,065,840
Changes in benefit terms	-
Difference between expected and actual experience	(642,889)
Changes in assumptions	19,116,520
Benefit payments	(2,185,554)
Net change in total OPEB liability	28,642,435
Total OPEB liability - beginning of year	167,366,872
Total OPEB liability - end of year	\$ 196,009,307
Plan Fiduciary Net Position ("PFNP")	
Contributions - employer	\$ 2,185,554
Net investment income	66,123
Benefit payments	(2,185,554)
Admin expenses	-
Net change in plan fiduciary net position	66,123
Plan fiduciary net position - beginning of year	521,808
Plan fiduciary net position - end of year	\$ 587,931
Net OPEB liability ("NOL") - beginning of year	\$ 166,845,064
Net OPEB liability - end of year	\$ 195,421,376
PFNP as a % of TOL	0.3%
Covered employee payroll	59,503,815
NOL as a % of covered payroll	328.4%

QUEEN ANNE'S COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 15 - OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

COMPONENT UNITS (CONTINUED)

BOARD OF EDUCATION (CONTINUED)

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

Funding Status and Funding Progress

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, 2021 measurement date for fiscal year-end 2022. 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 1.92% as of June 30, 2021.
- *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, 2022

NOTE 15 - 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, 2021 using the discount rate of 1.92%, 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:

System	DISCOUNT RATE		
	1% Decrease	Discount Rate	1% Increase
	0.92%	1.92%	2.92%
Net OPEB liability	\$ 239,370,658	\$ 195,421,376	\$ 161,347,453

The following table presents the Board's net OPEB liability at June 30, 2021 using the health care trend rate of 4.00%, 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:

System	HEALTH CARE TREND		
	1% Decrease to	Discount Rate	1% Increase to
	3.00%	4.00%	5.00%
Net OPEB liability	\$ 156,299,202	\$ 195,421,376	\$ 249,584,412

Deferred Inflows/Outflows of Resources related to OPEB

At June 30, 2022, the Board reported deferred outflows of resources and deferred inflows of resources related to the OPEB plan from the following sources:

	Deffered Outflows of Resources	Deffered Inflows of Resources
Changes of assumptions	\$ 48,062,970	\$ (12,652,261)
Net difference between projected and actual earnings	-	(59,608)
Differences between expected and actual experience	2,294,584	(73,154,556)
Total	\$ 50,357,554	\$ (85,866,425)

QUEEN ANNE'S COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 15 - 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 ended June 30:	
2023	\$ (5,464,156)
2024	(5,463,954)
2025	(5,462,491)
2026	(5,461,295)
2027	(5,448,069)
Thereafter	(8,208,906)
	\$ (35,508,871)

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

LIBRARY

Plan description

The Library participates in an agent multiple-employer defined benefit healthcare plan (“the Plan”) that covers retired employees of Queen Anne’s County, the Queen Anne’s County Board of Education, and the Library.

A Trust entity was established in June, 2009 entitled *Other Post-Employment Benefit Trust – County Commissioners of Queen Anne’s County, County Commissioners of Kent County, and Participating Agencies* (the “Trust”). In August 2020, the Trust was closed and all members transferred their respective funds to the MACo (Maryland Association of Counties) 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.

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, 2022

NOTE 15 - 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.

Active	16
Retired	8
<hr/>	
Total	24
<hr/>	

Contributions

The Library pays retiree healthcare benefits on a pay-as-you-go basis. For the year ended June 30, 2022, the Library contributed \$30,126.

Net OPEB liability

The Library's net OPEB liability was measured as of June 30, 2022, 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 4.00%. 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, 2022 of 3.69% 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 4.0%. The prior rate was 2.4%.

QUEEN ANNE'S COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 15 - OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

COMPONENT UNITS (CONTINUED)

LIBRARY (CONTINUED)

Changes in the net OPEB liability

Total OPEB Liability ("TOL")	
Service cost	\$ 11,092
Interest	19,930
Changes in benefit terms	-
Difference between expected and actual experience	-
Changes in assumptions	(123,598)
Benefit payments	(30,126)
Net change in total OPEB liability	(122,702)
Total OPEB liability - beginning of year	834,299
Total OPEB liability - end of year	\$ 711,597

Plan Fiduciary Net Position ("PFNP")	
Contributions - employer	\$ 30,126
Net investment income	(4,107)
Benefit payments	(30,137)
Admin expenses	-
Net change in fiduciary net position	(4,118)
Plan fiduciary net position - beginning of year	34,385
Plan fiduciary net position - end of year	\$ 30,267

Net OPEB liability ("NOL") - beginning of year	\$ 799,914
Net OPEB liability - end of year	\$ 681,330
PFNP as a % of TOL	4.3%
Covered employee payroll	\$ 1,415,474
NOL as a % of covered payroll	48.1%

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:

System	DISCOUNT RATE		
	1% Decrease 3.00%	Discount Rate 4.00%	1% Increase 5.00%
Net OPEB liability	\$ 756,245	\$ 681,330	\$ 618,026

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.

QUEEN ANNE'S COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 15 - OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

COMPONENT UNITS (CONTINUED)

LIBRARY (CONTINUED)

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, 2022, and the final investment return assumption, are summarized in the following table:

Asset Class	Long-Term Expected Real Rate of Return	Weight
US Equity	5.85%	36.0%
International Equity	6.25%	24.0%
Fixed Income	2.00%	35.0%
Real Estate	4.95%	5.0%
Total Weighted Average Real Return	4.55%	100.0%
Plus Inflation	2.50%	
Total Return w/o Adjustment	7.05%	
Risk Adjustment	-1.05%	
Total Expected Return	6.00%	

OPEB expense and deferred outflows of resources related to OPEB

For the year ended June 30, 2022, the Library recognized an OPEB expense of \$54,671. At June 30, 2022, the Library reported deferred outflows of resources related to the OPEB plan from the following sources:

	Deffered Outflows of Resources	Deffered Inflows of Resources
Differences between expected and actual experience	\$ 31,352	\$ (31,413)
Changes of assumptions	147,895	(109,865)
Net difference between projected and actual earnings	4,726	-
Total	\$ 183,973	\$ (141,278)

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:	
2023	\$ 25,326
2024	25,167
2025	24,990
2026	25,235
2027	(8,776)
Thereafter	(49,247)
	\$ 42,695

QUEEN ANNE'S COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 16 – 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, 2021
- Measurement date: December 31, 2021
- Reporting date: June 30, 2022

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.

Plan Description (Continued)

The participant summary as of the January 1, 2021 actuarial valuation is as follows:

Active members	298
Vested-terminated	158
Retired and beneficiaries	169
Total	625

Actuarial Assumptions

The total LOSAP liability was determined by an actuarial valuation as of January 1, 2021 rolled forward to December 31, 2021 using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	0.00%
Salary increases	Not Applicable
Investment rate of return	1.84%, 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 1.84% discount rate is based on a 20 year AA general obligation bond rate as of December 31, 2021.

The above is a summary of key actuarial assumptions. Full descriptions of the actuarial assumptions are available in the January 1, 2021 actuarial valuation report.

QUEEN ANNE'S COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

**NOTE 16 – VOLUNTEER FIREMAN PENSION PLAN LENGTH OF SERVICE AWARD PROGRAM (LOSAP)
(CONTINUED)**

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.

System	1% Decrease 0.84%	Discount Rate 1.84%	1% Increase 2.84%
Net LOSAP Liability	\$ 12,583,644	\$ 10,267,761	\$ 8,510,876

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 January 1, 2021	\$ 9,602,464	\$ -	\$ 9,602,464
Changes for the year:			
Service cost	350,104	-	350,104
Interest	174,594	-	174,594
Changes of benefit terms	-	-	-
Differences between expected and actual experience	65,498	-	65,498
Changes of assumptions	315,113	-	315,113
Benefits payments and expenses	(240,012)	-	(240,012)
Net changes	665,297	-	665,297
Balances as of December 31, 2021	\$ 10,267,761	\$ -	\$ 10,267,761

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	\$ 350,104
Interest	174,594
Projected earnings on OPEB Trust	-
Changes in benefit terms	-
Differences between expected and actual earnings	-
Differences between expected and actual experience	24,370
Changes of assumptions	621,396
Total OPEB expense	\$ 1,170,464

QUEEN ANNE'S COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

**NOTE 16 – VOLUNTEER FIREMAN PENSION PLAN LENGTH OF SERVICE AWARD PROGRAM (LOSAP)
(CONTINUED)**

Maryland State Retirement and Pension System	\$	1,432,436
Length of Service Award Program ("LOSAP")		1,170,464
Aggregate amount of pension expense	\$	2,602,900

LOSAP Deferred Outflows and Deferred Inflows of Resources

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 174,638	\$ (31,386)
Changes of assumptions	1,626,026	(295,132)
Net difference between projected and actual earnings	-	-
Total	\$ 1,800,664	\$ (326,518)

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

Year ended June 30:	
2023	\$ 645,766
2024	549,427
2025	309,052
2026	40,712
2027	(35,407)
Thereafter	(35,404)
	\$ 1,474,146

QUEEN ANNE'S COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 17 – DEFICIT EQUITY BALANCES

There were no Non-Major Governmental Funds that ended the year with deficit balances in unassigned fund balance for the year ended June 30, 2022.

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

The Sewer Operations Fund has a deficit balance in unrestricted net position of \$235,548 as of June 30, 2022.

The Bay Bridge Airport Fund has a deficit balance in unrestricted net position of \$1,187,725 as of June 30, 2022.

The Golf Course Enterprise Fund has a deficit balance in unrestricted net position of \$328,586 as of June 30, 2022.

The Public Landings and Marinas Enterprise Fund has a deficit balance in unrestricted net position of \$84,182 as of June 30, 2022.

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

NOTE 18 – 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, 2022 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 2022.

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 2022.

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 \$4,642,352 has been committed, including \$2,821,067 for Economic Development, \$1,076,841 for site improvements pursuant to agreements with local developers, and \$744,444 for rubble surcharge. In the Roads Capital Projects Fund, \$553,088 has been contributed by developers and is committed to fund infrastructure improvements.

QUEEN ANNE'S COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 18 – COMMITMENTS, CONTINGENCIES AND SUBSEQUENT EVENTS (CONTINUED)

The Library has begun an expansion and renovation of the Kent Island branch for an estimated cost of \$9,903,000 including equipment of \$640,000. The project is being financed in part by grants from the Maryland State Library of \$3,955,000 with a 100% match being paid by Queen Anne's County. During the year ended June 30, 2022, grant proceeds of \$2,116,454 were received from the Maryland State Library and passed through to Queen Anne's County.

The County is a defendant in various lawsuits. After considering all relevant facts and the opinion of legal counsel, it is management's opinion that such litigation will not have a material adverse effect on the financial position of the County.

NOTE 19 – 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 \$18.8 million, with approximately \$6.7 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 \$7.3 million as of June 30, 2022, 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 \$21.3 million. As of June 30, 2022, \$7.6 million is attributable to Queen Anne's County in the event of a default.

Each County is required to place its municipal waste in the landfill. The facility is also available to commercial waste disposal firms at the same price per ton as charged to the County governments.

MES has satisfied its financial assurance requirements based upon the local government financial ratio tests of the project participants as of June 30, 2022. 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.

QUEEN ANNE’S COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 20 – 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).

Costs covered remediation work and consulting fees; the latter for testing, studies, and monitoring. Remediation efforts included demolition and removal of the existing fuel depot at the Public Works Centreville Shop; remediation of the soils via excavation; offsite controlled disposal and backfill; installation of monitoring wells; in situ chemical oxidation and dual phase extraction; attorney’s fees and miscellaneous environmental consulting services.

In May 2010, MDE requested the County devise a Corrective Action Plan (CAP) to address contamination concerns at the fuel depot site. In August 2010, MDE approved the County’s CAP work which included the installation of additional monitoring wells and one year of monitoring, sampling, testing and furnishing of those reports to MDE.

In December of 2014, a leak was discovered at the 10,000 gallon fuel oil UST for the office building. MDE required the removal of the tank and mitigation of the contaminated soils and ground water. The tank has been replaced with a compliant above ground 1,500 gallon fuel oil storage tank. This work was completed, including compliant disposal of 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 2022, the County has maintained the required testing of all monitoring wells. The set testing schedule was dictated by MDE, followed by Queen Anne’s County and data recorded as per the schedule. During the February 10th, 2022, testing of all wells, LPH was detected in monitoring well MW-11. During the March 11th, 2022, testing of all wells, LPH was then detected in monitoring well MW-9. These two wells had never had any LPH detection until after the Maryland state project in replacing the USTs at the State Police “S” Barracks started a few months back – Fall of 2021. The presence of LPH in MW-2A, MW-11, and MW-9 continues to be monitored, fluctuates in depth, and currently appears to be recoverable only in minimal amounts.

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 21 – PRIOR PERIOD RESTATEMENT

The Queen Anne’s County Roads Board blended component unit should not be reported in the General Fund of the County.

The following table is summary of the effects as of June 30, 2022.

PRIMARY GOVERNMENT	GENERAL		ROADS
		FUND	OPERATING
June 30, 2021, as previously reported	\$	50,421,262	\$ -
GASB No. 54		(1,327,375)	1,327,375
June 30, 2021, as restated	\$	49,093,887	\$ 1,327,375

REQUIRED SUPPLEMENTARY INFORMATION

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, 2022

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
REVENUES				
Taxes				
Local Property Tax	\$ 73,784,144	\$ 73,784,144	\$ 75,895,277	\$ 2,111,133
Local Income Tax	61,238,067	70,751,740	71,002,615	250,875
Admission and Amusement Taxes	155,000	155,000	247,533	92,533
Recordation Taxes	7,000,000	9,900,000	9,933,241	33,241
Hotel Taxes	500,000	500,000	849,345	349,345
County Transfer Taxes	2,600,000	3,600,000	3,824,021	224,021
State Shared Taxes	1,000,000	-	-	-
Franchise Fee	485,000	485,000	489,972	4,972
Licenses and Permits	557,375	757,375	1,126,267	368,892
Intergovernmental	1,774,641	5,279,619	5,285,294	5,675
Charges for Current Services	2,562,937	2,660,937	3,835,921	1,174,984
Fines and Forfeitures	71,500	71,500	79,936	8,436
Investment Income	200,000	200,000	325,225	125,225
Donations	-	-	5,253	5,253
Miscellaneous	485,689	485,689	1,520,229	1,034,540
Total Revenues	152,414,353	168,631,004	174,420,129	5,789,125
EXPENDITURES				
GENERAL GOVERNMENT				
Legislative	490,251	546,138	543,096	3,042
Judicial				
Circuit Court	710,124	729,844	664,813	65,031
Orphan's Court	88,446	89,337	86,923	2,414
State's Attorney	1,439,901	1,496,769	1,469,096	27,673
County Administrator	241,616	255,092	254,408	684
Board of Elections	969,448	969,448	814,985	154,463
Finance Office	1,383,280	1,436,841	1,381,628	55,213
Human Resources	578,055	638,250	636,037	2,213
Planning and Zoning	2,147,137	2,452,620	2,448,689	3,931
Information Technology	2,229,851	2,285,812	2,213,988	71,824
QAC-TV	408,631	425,602	411,752	13,850
Legal Services	501,700	502,200	397,291	104,909
Total General Government	11,188,440	11,827,953	11,322,706	505,247
PUBLIC SAFETY				
Sheriff's Office	9,408,969	9,768,351	9,754,743	13,608
Volunteer Fire and Rescue Services	4,155,087	4,155,087	4,126,662	28,425
Detention Center	5,343,957	5,638,639	5,088,990	549,649
Emergency Services	11,061,936	12,565,467	11,831,507	733,960
Total Public Safety	29,969,949	32,127,544	30,801,902	1,325,642
PUBLIC WORKS				
Administration	567,403	588,501	544,812	43,689
Solid Waste Disposal	1,598,609	1,644,081	1,575,206	68,875
Engineering Division	965,577	1,005,504	961,101	44,403
Roads Division	5,248,165	-	-	-
General Services	2,604,233	2,735,110	2,731,576	3,534
Animal Services	847,180	1,055,532	1,052,500	3,032
Property Management	321,871	338,299	309,836	28,463
Total Public Works	12,153,038	7,367,027	7,175,031	191,996

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, 2022
(CONTINUED)

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
<u>PARKS & RECREATION</u>				
Parks	\$ 4,324,645	\$ 4,542,182	\$ 4,485,601	\$ 56,581
Recreation	1,044,509	1,069,585	930,919	138,666
Total Parks & Recreation	5,369,154	5,611,767	5,416,520	195,247
<u>HEALTH AND SOCIAL SERVICES</u>				
Health Department	2,451,468	2,455,837	1,788,588	667,249
Social Services	179,497	185,323	168,650	16,673
Total Health and Social Services	2,630,965	2,641,160	1,957,238	683,922
<u>EDUCATION AND LIBRARY</u>				
Board of Education	62,559,389	63,632,484	63,632,483	1
Chesapeake College	1,991,406	1,991,406	1,991,406	-
Queen Anne's County Free Library	2,038,528	2,063,975	2,063,975	-
Total Education and Library	66,589,323	67,687,865	67,687,864	1
<u>CONSERVATION OF NATURAL RESOURCES</u>				
Cooperative Extension Service	352,378	362,200	361,636	564
Soil Conservation Service	197,834	208,371	208,153	218
4-H Park	96,500	97,500	97,029	471
Total Conservation of Natural Resources	646,712	668,071	666,818	1,253
<u>ECONOMIC AND COMMUNITY DEVELOPMENT</u>				
Economic Development	810,939	836,006	724,501	111,505
Community Affairs	192,279	199,084	98,748	100,336
Total Economic and Community Development	1,003,218	1,035,090	823,249	211,841
<u>INTERGOVERNMENTAL</u>				
Aid to Municipalities	288,010	288,010	279,324	8,686
SDAT Costs from State	430,000	430,000	284,634	145,366
Total Intergovernmental	718,010	718,010	563,958	154,052
<u>MISCELLANEOUS</u>				
Aid to Other Agencies	593,979	593,979	572,530	21,449
Insurance & Benefits	3,052,624	3,052,624	3,048,667	3,957
Transfer to OPEB Fund	2,463,936	2,463,936	2,463,936	-
Contingencies	1,700,003	700,001	515,755	184,246
Salary Lapse	(1,000,000)	(1,000,000)	-	(1,000,000)
Miscellaneous Non-Departmental	546,300	546,300	380,468	165,832
Total Miscellaneous	7,356,842	6,356,840	6,981,356	(624,516)

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, 2022
(Continued)

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
DEBT SERVICE				
School Debt Service - Principal	\$ 4,273,994	\$ 4,238,994	\$ 4,217,497	\$ 21,497
School Debt Service - Interest	2,094,117	2,039,117	1,833,923	205,194
County Debt Service - Principal	3,478,446	3,513,446	3,509,877	3,569
County Debt Service - Interest	2,527,871	2,582,871	2,581,661	1,210
Total Debt Service	12,374,428	12,374,428	12,142,958	231,470
Total Expenditures	150,000,079	148,415,755	145,539,600	2,876,155
Excess of Revenues Over Expenditures	2,414,274	20,215,249	28,880,529	8,665,280
OTHER FINANCING SOURCES (USES)				
Proceeds of Capital Asset Disposals	18,000	18,000	44,253	26,253
Insurance Proceeds	-	-	34,756	34,756
Transfers In From:				
Impact Fees - School	1,947,088	2,964,402	2,964,402	-
Total Transfers In	1,947,088	2,964,402	2,964,402	-
Transfers Out To:				
General Capital Projects Fund	1,971,835	13,971,835	13,971,835	-
Roads Capital Projects Fund	110,000	110,000	110,000	-
Roads Operating Fund	-	4,377,826	3,116,932	1,260,894
Department of Aging	2,061,226	2,208,209	1,165,344	1,042,865
Department of Housing and Community Services	618,612	640,579	496,915	143,664
Community Partnerships	436,825	460,222	457,024	3,198
Agricultural Transfer Tax	300,000	1,548,226	1,548,226	-
Grants Fund	10,598	34,598	26,502	8,096
Impact Fees - Fire Companies/Contingencies	90,000	90,000	85,523	4,477
Airport Enterprise Fund	111,094	111,094	111,094	-
Golf Course Enterprise Fund	195,001	195,001	-	195,001
Total Transfers Out	5,905,191	23,747,590	21,089,395	2,658,195
Total Other Financing (Uses)	(3,940,103)	(20,765,188)	(18,045,984)	2,719,204
Net Increase (Decrease) in Fund Balance	\$ (1,525,829)	\$ (549,939)	\$ 10,834,545	\$ 11,384,484

QUEEN ANNE'S COUNTY, MARYLAND
MARYLAND STATE RETIREMENT AND PENSION SYSTEMS
REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2022

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 of the Share of the Collective NPL B	Employer's Covered Employee Payroll C	Proportionate Share as a Percentage of Covered Payroll (B / C)	Plan's Total Fiduciary Net Position D	Plan's Total Pension Liability E	Plan's Fiduciary Net Position as a Percentage of Total Pension Liability (D / E)
June 30, 2014	0.1038567%	\$ 18,431,162	\$ 19,929,409	92%	\$ 45,339,988,000	\$ 63,086,719,000	72%
June 30, 2015	0.1189567%	24,721,248	21,231,535	116%	45,789,840,000	66,571,552,000	69%
June 30, 2016	0.1271511%	30,000,070	23,160,758	130%	45,365,927,000	68,959,954,000	66%
June 30, 2017	0.1232988%	26,661,766	24,681,589	108%	48,987,184,000	70,610,885,000	69%
June 30, 2018	0.1383948%	29,037,440	26,088,826	111%	51,827,233,000	72,808,833,000	71%
June 30, 2019	0.1429452%	29,483,317	26,185,838	113%	53,943,420,000	74,569,030,000	72%
June 30, 2020	0.1514518%	34,230,163	27,669,757	124%	54,586,037,000	77,187,397,000	71%
June 30, 2021	0.1745337%	26,184,085	26,110,792	100%	67,604,500,000	82,606,805,000	82%

SCHEDULE OF CONTRIBUTIONS (as of fiscal year end)

Fiscal Year	Contractually Required Contribution A	Actual Contribution B	Contribution Deficiency (Excess) (A - B)	Employer's Covered Employee Payroll C	Actual Contribution as a Percentage of Covered Payroll (B / C)
2015	\$ 2,507,287	\$ 2,507,287	\$ -	\$ 21,231,535	12%
2016	2,477,009	2,477,009	-	23,160,758	11%
2017	2,509,551	2,509,551	-	24,681,589	10%
2018	2,759,698	2,759,698	-	26,088,826	11%
2019	2,935,378	2,935,378	-	26,185,838	11%
2020	3,247,222	3,247,222	-	27,669,757	12%
2021	3,478,809	3,478,809	-	26,110,792	13%
2022	3,617,905	3,617,905	-	27,222,595	13%

Both schedules are presented to illustrate the requirements to show information for 10 years. However, until a full 10-year trend is compiled, pension plans should present information for those years for which the information is available.

QUEEN ANNE'S COUNTY, MARYLAND
MARYLAND STATE RETIREMENT AND PENSION SYSTEMS
REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2022

Changes in Benefit Terms

There were no benefit changes during the year.

Changes in Assumptions

Discount rate changed to 6.80%.

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; 17 years remaining.
Asset Valuation Model	Five-year smoothed market (max. 120% and min 80% of the market value)
Inflation	In the 2021 actuarial valuation, 2.25% general, 2.75% wage. In the 2020 actuarial valuation, 2.60% general , 3.10% wage.
Salary Increases	In the 2021 actuarial valuation, 2.75% to 9.25%. In the 2020 actuarial valuation, 3.10% to 11.6%.
Investment Rate of Return	In the 2021 actuarial valuation 6.80%. In the 2020 actuarial valuation 7.40%.
Retirement Age	Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2019 valuation pursuant to the 2018 experience study for the period July 1, 2014 to July 30, 2018.
Mortality	Various versions of the Pub- 2010 Mortality Tables for males and females with projected generational mortality improvements based on the MP-2018 fully generational mortality improvements scale for males and females.

QUEEN ANNE'S COUNTY, MARYLAND
OTHER POST-EMPLOYMENT BENEFITS (OPEB)
REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2022

SCHEDULE OF CHANGES IN THE NET OPEB LIABILITY

	2017	2018	2019	2020	2021	2022
Total OPEB liability ("TOL")						
Service cost	\$ 1,097,813	\$ 1,130,747	\$ 1,164,669	\$ 1,331,424	\$ 1,371,367	\$ 1,226,384
Interest	2,764,491	2,985,530	3,136,157	3,344,770	3,519,372	3,220,060
Changes of benefit terms	-	-	-	-	-	-
Differences between expected and actual experience	-	-	735,549	-	(8,720,849)	-
Changes of assumptions	-	265,899	915,266	426,582	(1,619,833)	(686,055)
Benefit payments	(1,291,027)	(1,498,005)	(1,568,468)	(1,561,872)	(1,670,095)	(1,731,265)
Net change in TOL	2,571,277	2,884,171	4,383,173	3,540,904	(7,120,038)	2,029,124
TOL - beginning of year	48,695,013	51,266,290	54,150,461	58,533,634	62,074,538	54,954,500
TOL - end of year	\$ 51,266,290	\$ 54,150,461	\$ 58,533,634	\$ 62,074,538	\$ 54,954,500	\$ 56,983,624
Plan fiduciary net position ("PFNP")						
Contributions - employer	\$ 2,223,474	\$ 2,731,447	\$ 3,037,243	\$ 3,378,771	\$ 3,612,555	\$ 4,195,201
Contributions - member	-	-	-	-	-	-
Net investment income	75,175	207,932	342,827	129,710	2,261,978	(1,964,463)
Benefits payments	(1,291,027)	(1,498,005)	(1,568,468)	(1,561,872)	(1,670,095)	(1,731,265)
Administrative expense	-	(2,452)	(39,142)	(3,553)	(2,236)	(5,253)
Net change in PFNP	1,007,622	1,438,922	1,772,460	1,943,056	4,202,202	494,220
Total PFNP - beginning of year	2,804,433	3,812,055	5,250,977	7,023,437	8,966,493	13,168,695
Total PFNP - end of year	\$ 3,812,055	\$ 5,250,977	\$ 7,023,437	\$ 8,966,493	\$ 13,168,695	\$ 13,662,915
Net OPEB liability ("NOL") - beginning of year	\$ 45,890,580	\$ 47,454,235	\$ 48,899,484	\$ 51,510,197	\$ 53,108,045	\$ 41,785,805
Net OPEB liability ("NOL") - end of year	\$ 47,454,235	\$ 48,899,484	\$ 51,510,197	\$ 53,108,045	\$ 41,785,805	\$ 43,320,709
PFNP as a % of TOL	7.4%	9.7%	12.0%	14.4%	24.0%	24.0%
Covered employee payroll	\$ 21,604,888	\$ 22,282,543	\$ 23,843,440	\$ 25,806,124	\$ 26,326,472	\$ 29,071,019
NOL as a % of covered employee payroll	219.6%	219.5%	216.0%	205.8%	158.7%	149.0%

SCHEDULE OF ACTUAL EMPLOYER CONTRIBUTION AS A PERCENTAGE OF COVERED-EMPLOYEE PAYROLL

FISCAL YEAR	2017	2018	2019	2020	2021	2022
Actuarially Determined Employer Contribution	\$ 3,853,839	\$ 3,969,454	\$ 4,377,119	\$ 4,508,433	\$ 4,419,451	\$ 4,552,035
Actual Employer Contribution	2,223,474	2,731,447	3,037,243	3,378,771	3,612,555	4,195,201
Contribution Deficiency / (Excess)	1,630,365	1,238,007	1,339,876	1,129,662	806,896	356,834
Covered Employee Payroll	21,604,888	22,282,543	23,843,440	25,806,124	26,326,472	29,071,019
Contribution as a Percent of Payroll	10.3%	12.3%	12.7%	13.1%	13.7%	14.4%

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

The schedules is presented to illustrate the requirements to show information for 10 years. However, until a full 10-year trend is compiled, pension plans should present information for those years for which the information is available.

QUEEN ANNE'S COUNTY, MARYLAND
OTHER POST-EMPLOYMENT BENEFITS (OPEB)
REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2022

Actuarial Information - OPEB

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
LENGTH OF SERVICE AWARD PROGRAM (LOSAP)
REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2022

SCHEDULE OF CHANGES IN THE NET LOSAP LIABILITY (as of measurement date)

AS OF MEASUREMENT DATE	2017	2018	2019	2020	2021
Total LOSAP liability ("TLL")					
Service cost	\$ 206,276	\$ 164,371	\$ 215,978	\$ 285,808	\$ 350,104
Interest cost	196,904	249,496	180,529	158,757	174,594
Changes of benefit terms	-	-	-	-	-
Differences between expected and actual experience	-	137,821	(78,468)	65,911	65,498
Changes of assumptions	578,039	(491,888)	1,280,343	1,275,769	315,113
Benefits payments and admin expenses	(190,420)	(220,060)	(220,084)	(231,815)	(240,012)
Net change in TLL	790,799	(160,260)	1,378,298	1,554,430	665,297
TLL - beginning of year	6,039,197	6,829,996	6,669,736	8,048,034	9,602,464
TLL - end of year	\$ 6,829,996	\$ 6,669,736	\$ 8,048,034	\$ 9,602,464	\$ 10,267,761

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	\$ 10,267,761
PFNP as a % of TLL	0%	0%	0%	0%	0%

Covered employee payroll - *	N/A	N/A	N/A	N/A	N/A
NLL as a % of covered payroll	N/A	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	5
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The schedules is presented to illustrate the requirements to show information for 10 years. However, until a full 10-year trend is compiled, pension plans should present information for those years for which the information is available.

QUEEN ANNE'S COUNTY, MARYLAND
LENGTH OF SERVICE AWARD PROGRAM (LOSAP)
REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2022

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
2022	None

Changes of assumptions - fiscal year

2018	None, other than discount rate
2019	None, other than discount rate
2020	None, other than discount rate
2021	None, other than discount rate
2022	None, other than discount rate

Discount rate - measurement date

December 31, 2017	3.31%
December 31, 2018	3.71%
December 31, 2019	2.75%
December 31, 2020	2.00%
December 31, 2021	1.84%

OTHER SUPPLEMENTARY INFORMATION

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.

Roads Operation Fund – This fund accounts financial resources received from the State, plus a substantial amount from the County, for the maintenance of County road infrastructure.

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, 2022

	DEPARTMENT OF AGING	HOUSING AND COMMUNITY SERVICES	GRANTS FUND	REVOLVING LOAN FUND	ECONOMIC DEVELOPMENT INCENTIVE	ROADS OPERATING
ASSETS						
Cash and Cash Equivalents	\$ -	\$ 4,171,904	\$ 2,513,530	\$ 472,272	\$ 324,003	772,950
Prepaid Items	-	-	-	-	-	-
Receivables						
Taxes Receivable (Net)	-	-	-	-	-	-
Accounts Receivable (Net)	371	-	10,166	-	-	817
Loans Receivable (Net)	-	5,738,051	-	102,967	-	-
Special Assessments (Net)	-	-	-	-	-	-
Due from Other Governments	665,764	440,337	238,954	-	-	426,179
Inventory	-	-	-	-	-	1,327,375
Total Assets	\$ 666,135	\$ 10,350,292	\$ 2,762,650	\$ 575,239	\$ 324,003	\$ 2,527,321
LIABILITIES						
Accrued Liabilities	\$ 76,290	\$ 59,171	\$ 56,635	\$ -	\$ -	\$ 216,673
Due to Other Funds	498,271	-	-	-	-	-
Due to Other Governmental Agencies	-	3,507	5,141	-	-	-
Unearned Revenue	-	-	2,460,874	-	-	983,273
Total Liabilities	574,561	62,678	2,522,650	-	-	1,199,946
DEFERRED INFLOWS OF RESOURCES						
Unavailable Benefit Assessments	-	-	-	-	-	-
Unavailable Fees	-	-	-	-	-	-
Total Deferred Inflows	-	-	-	-	-	-
Total Liabilities and Deferred Inflows	574,561	62,678	2,522,650	-	-	1,199,946
FUND BALANCES						
Nonspendable	-	-	-	-	-	1,327,375
Restricted	1,460	2,787,193	-	-	-	-
Committed	-	7,500,421	-	575,239	324,003	-
Assigned	90,114	-	240,000	-	-	-
Unassigned	-	-	-	-	-	-
Total Fund Balances	91,574	10,287,614	240,000	575,239	324,003	1,327,375
Total Liabilities, Deferred Inflows and Fund Balances	\$ 666,135	\$ 10,350,292	\$ 2,762,650	\$ 575,239	\$ 324,003	\$ 2,527,321

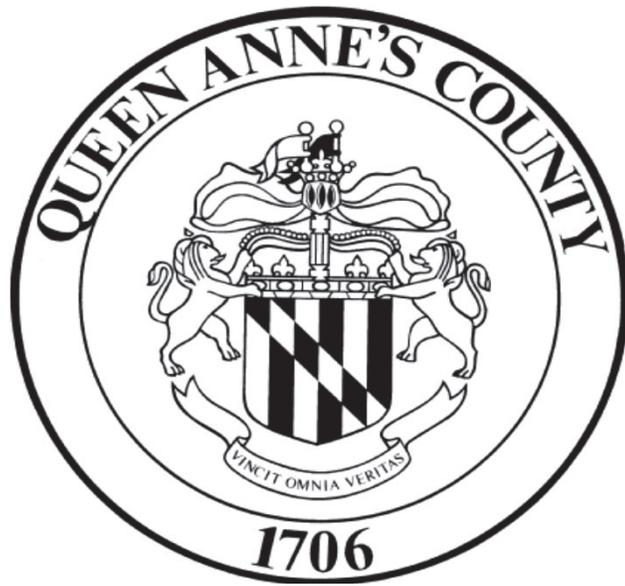
QUEEN ANNE'S COUNTY, MARYLAND
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
June 30, 2022
(CONTINUED)

	COMMUNITY PARTNERSHIPS FOR CHILDREN	CRITICAL AREAS	LAW LIBRARY	SHERIFF'S DRUG TASK FORCE	INMATE WELFARE	AGRICULTURAL TRANSFER	RURAL LEGACY
\$	447,451	\$ 351,561	\$ 451,495	\$ 150,410	\$ 216,240	\$ 1,756,863	\$ 384,125
	-	-	-	-	-	-	-
	-	-	-	-	-	-	-
	12,000	-	-	65,423	2,211	-	-
	-	-	-	-	-	-	-
	-	-	-	-	-	-	-
	82,690	-	-	-	-	-	-
	-	-	-	-	-	-	-
\$	542,141	\$ 351,561	\$ 451,495	\$ 215,833	\$ 218,451	\$ 1,756,863	\$ 384,125
\$	169,066	\$ -	\$ 500	\$ 35,437	\$ 8,566	\$ -	\$ -
	-	-	-	-	-	-	-
	307,461	-	-	-	-	-	-
	-	-	-	-	-	-	-
	476,527	-	500	35,437	8,566	-	-
	-	-	-	-	-	-	-
	-	-	-	-	-	-	-
	-	-	-	-	-	-	-
	476,527	-	500	35,437	8,566	-	-
	-	-	-	-	-	-	-
	-	351,561	-	180,396	209,885	1,756,863	384,125
	-	-	-	-	-	-	-
	65,614	-	450,995	-	-	-	-
	-	-	-	-	-	-	-
	65,614	351,561	450,995	180,396	209,885	1,756,863	384,125
\$	542,141	\$ 351,561	\$ 451,495	\$ 215,833	\$ 218,451	\$ 1,756,863	\$ 384,125

CONTINUED

QUEEN ANNE'S COUNTY, MARYLAND
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
June 30, 2022
(CONTINUED)

	DREDGING		CAPITAL PROJECTS			TOTAL NON-MAJOR GOVERNMENTAL	
	SPECIAL ASSESSMENTS	KENT NARROWS	SCHOOL IMPACT FEES	FIRE COMPANY IMPACT FEES	PARKS AND RECREATION IMPACT FEES		
ASSETS							
Cash and Cash Equivalents	\$ 27,691	\$ 166,992	\$ 11,791,340	\$ 540,820	\$ 1,083,281	\$ 25,622,928	
Prepaid Items	-	-	-	-	-	-	
Receivables							
Taxes Receivable (Net)	-	-	-	-	-	-	
Accounts Receivable (Net)	-	-	-	-	-	90,988	
Loans Receivable (Net)	-	-	277,135	30,067	28,941	6,177,161	
Special Assessments (Net)	654,089	-	-	-	-	654,089	
Due from Other Governments	-	-	-	-	-	1,853,924	
Inventory	-	-	-	-	-	1,327,375	
Total Assets	\$ 681,780	\$ 166,992	\$ 12,068,475	\$ 570,887	\$ 1,112,222	\$ 35,726,465	
LIABILITIES							
Accrued Liabilities	\$ 20,425	\$ -	\$ -	\$ -	\$ -	\$ 642,763	
Due to Other Funds	-	-	-	-	-	498,271	
Due to Other Governmental Agencies	-	-	-	-	-	316,109	
Unearned Revenue	-	-	-	-	-	3,444,147	
Total Liabilities	20,425	-	-	-	-	4,901,290	
DEFERRED INFLOWS OF RESOURCES							
Unavailable Benefit Assessments	654,089	-	-	-	-	654,089	
Unavailable Fees	-	-	277,135	30,067	28,941	336,143	
Total Deferred Inflows	654,089	-	277,135	30,067	28,941	990,232	
Total Liabilities and Deferred Inflows	674,514	-	277,135	30,067	28,941	5,891,522	
FUND BALANCES							
Nonspendable	-	-	-	-	-	1,327,375	
Restricted	7,266	166,992	-	-	-	5,845,741	
Committed	-	-	11,791,340	540,820	1,083,281	21,815,104	
Assigned	-	-	-	-	-	846,723	
Unassigned	-	-	-	-	-	-	
Total Fund Balances	7,266	166,992	11,791,340	540,820	1,083,281	29,834,943	
Total Liabilities, Deferred Inflows and Fund Balances	\$ 681,780	\$ 166,992	\$ 12,068,475	\$ 570,887	\$ 1,112,222	\$ 35,726,465	



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, 2022

	DEPARTMENT OF AGING	HOUSING AND COMMUNITY SERVICES	GRANTS FUND	REVOLVING LOAN FUND	ECONOMIC DEVELOPMENT INCENTIVE	ROADS OPERATING
REVENUES						
Taxes						
Local Property Tax	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Recordation Taxes	-	310,414	-	-	-	-
State Shared Taxes	-	-	-	-	-	1,275,640
Licenses and Permits	-	-	-	-	-	-
Intergovernmental	1,787,549	1,240,162	851,782	-	-	-
Charges for Current Services	71,956	397,833	4,676	-	-	328,732
Fines and Forfeitures	-	-	-	-	-	-
Investment Income	708	4,674	-	2,104	-	-
Donations	19,799	-	-	-	-	-
Miscellaneous	39,574	1,013	68,007	-	26,155	5,709
Total Revenues	1,919,586	1,954,096	924,465	2,104	26,155	1,610,081
EXPENDITURES						
Current						
General Government	-	-	92,873	-	-	-
Public Safety	-	-	333,086	-	-	-
Public Works	-	-	-	-	-	4,744,826
Parks & Recreation	-	-	-	-	-	-
Health & Social Services	3,112,544	-	206,748	-	-	-
Conservation of Natural Resources	-	-	-	-	-	-
Economic/Community Development	-	1,738,090	318,260	-	34,651	-
Capital Outlay	-	-	-	-	-	-
Debt Service						
Principal	-	-	-	-	-	-
Interest and Fiscal Charges	-	-	-	-	-	-
Total Expenditures	3,112,544	1,738,090	950,967	-	34,651	4,744,826
Excess of Revenues Over (Under) Expenditures	(1,192,958)	216,006	(26,502)	2,104	(8,496)	(3,134,745)
OTHER FINANCING SOURCES (USES)						
Proceeds of Capital Asset Disposals	1,175	-	-	-	-	17,813
Insurance Proceeds	452	-	-	-	-	-
Transfers In	1,165,344	496,915	26,502	-	-	3,116,932
Transfers Out	-	-	-	-	-	-
Other Financing Sources (Uses)	1,166,971	496,915	26,502	-	-	3,134,745
Net Increase (Decrease) in Fund Balances	(25,987)	712,921	-	2,104	(8,496)	-
Fund Balances, July 1, as restated	117,561	9,574,693	240,000	573,135	332,499	1,327,375
Fund Balances, June 30	\$ 91,574	\$ 10,287,614	\$ 240,000	\$ 575,239	\$ 324,003	\$ 1,327,375

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, 2022
(CONTINUED)

COMMUNITY PARTNERSHIPS FOR CHILDREN	CRITICAL AREAS	LAW LIBRARY	SHERIFF'S DRUG TASK FORCE	INMATE WELFARE	AGRICULTURAL TRANSFER	RURAL LEGACY
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-
-	-	-	-	-	417,107	-
-	-	-	-	-	-	-
637,434	-	-	-	-	-	1,095,760
-	44,240	15,449	-	140,985	-	-
-	-	54,957	121,062	-	-	-
286	-	1,106	402	542	-	1,150
-	-	-	-	-	-	-
16,800	-	-	37	8,652	-	-
<u>654,520</u>	<u>44,240</u>	<u>71,512</u>	<u>121,501</u>	<u>150,179</u>	<u>417,107</u>	<u>1,096,910</u>
-	-	4,059	-	-	-	-
-	-	-	54,113	153,738	-	-
-	-	-	-	-	-	-
1,111,258	-	-	-	-	-	-
-	25,100	-	-	-	564,694	1,114,280
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>1,111,258</u>	<u>25,100</u>	<u>4,059</u>	<u>54,113</u>	<u>153,738</u>	<u>564,694</u>	<u>1,114,280</u>
(456,738)	19,140	67,453	67,388	(3,559)	(147,587)	(17,370)
-	-	-	-	-	-	-
-	-	-	-	-	-	-
457,024	-	-	-	-	1,548,226	-
-	-	-	-	-	-	-
<u>457,024</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,548,226</u>	<u>-</u>
286	19,140	67,453	67,388	(3,559)	1,400,639	(17,370)
<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>
<u>\$ 65,614</u>	<u>\$ 351,561</u>	<u>\$ 450,995</u>	<u>\$ 180,396</u>	<u>\$ 209,885</u>	<u>\$ 1,756,863</u>	<u>\$ 384,125</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, 2022
(CONTINUED)

	DREDGING		CAPITAL PROJECTS			TOTAL NON-MAJOR GOVERNMENTAL
	SPECIAL ASSESSMENTS	KENT NARROWS	SCHOOL IMPACT FEES	FIRE COMPANY IMPACT FEES	PARKS AND RECREATION IMPACT FEES	
REVENUES						
Taxes						
Local Property Tax	\$ -	\$ 47,986	\$ -	\$ -	\$ -	\$ 47,986
Recordation Taxes	-	-	-	-	-	310,414
State Shared Taxes	-	-	-	-	-	1,692,747
Licenses and Permits	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	5,612,687
Charges for Current Services	48,506	-	2,438,720	473,498	345,284	4,309,879
Fines and Forfeitures	-	-	-	-	-	176,019
Investment Income	146	466	34,797	1,447	2,610	50,438
Donations	-	-	-	-	-	19,799
Miscellaneous	-	-	-	-	-	165,947
Total Revenues	48,652	48,452	2,473,517	474,945	347,894	12,385,916
EXPENDITURES						
Current						
General Government	-	-	-	-	-	96,932
Public Safety	-	-	-	577,660	-	1,118,597
Public Works	-	-	-	-	-	4,744,826
Parks & Recreation	-	-	-	-	-	-
Health & Social Services	-	-	-	-	-	4,430,550
Conservation of Natural Resources	-	-	-	-	-	1,704,074
Economic/Community Development	-	83,000	-	-	-	2,174,001
Capital Outlay	-	-	-	-	-	-
Debt Service						
Principal	47,816	-	-	-	-	47,816
Interest and Fiscal Charges	-	-	-	-	-	-
Total Expenditures	47,816	83,000	-	577,660	-	14,316,796
Excess of Revenues Over (Under) Expenditures	836	(34,548)	2,473,517	(102,715)	347,894	(1,930,880)
OTHER FINANCING SOURCES (USES)						
Proceeds of Capital Asset Disposals	-	-	-	-	-	18,988
Insurance Proceeds	-	-	-	-	-	452
Transfers In	-	-	-	85,523	-	6,896,466
Transfers Out	-	-	(2,964,402)	-	-	(2,964,402)
Other Financing Sources (Uses)	-	-	(2,964,402)	85,523	-	3,951,504
Net Increase (Decrease) in Fund Balances	836	(34,548)	(490,885)	(17,192)	347,894	2,020,624
Fund Balances, July 1, as restated	6,430	201,540	12,282,225	558,012	735,387	27,814,319
Fund Balances, June 30	\$ 7,266	\$ 166,992	\$ 11,791,340	\$ 540,820	\$ 1,083,281	\$ 29,834,943



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, 2022

	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	310,414	110,414
State Shared Taxes	-	-	-	-	-	-	-	-
Licenses and Permits	-	-	-	-	-	-	-	-
Intergovernmental	1,142,469	1,160,991	1,787,549	626,558	408,881	2,038,031	1,240,162	(797,869)
Charges for Current Services	111,100	111,100	71,956	(39,144)	400,000	400,000	397,833	(2,167)
Fines and Forfeitures	-	-	-	-	-	-	-	-
Investment Income	-	-	708	708	-	-	4,674	4,674
Donations	35,000	35,000	19,799	(15,201)	-	-	-	-
Miscellaneous	36,000	36,000	39,574	3,574	-	-	1,013	1,013
Total Revenues	1,324,569	1,343,091	1,919,586	576,495	1,008,881	2,638,031	1,954,096	(683,935)
EXPENDITURES								
Current								
General Government	-	-	-	-	-	-	-	-
Public Safety	-	-	-	-	-	-	-	-
Public Works	-	-	-	-	-	-	-	-
Parks & Recreation	-	-	-	-	-	-	-	-
Health and Social Services	3,385,795	3,551,300	3,112,544	438,756	-	-	-	-
Education and Library	-	-	-	-	-	-	-	-
Conservation of Natural Resources	-	-	-	-	-	-	-	-
Economic/Community Development	-	-	-	-	1,627,493	3,278,610	1,738,090	1,540,520
Intergovernmental	-	-	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-	-	-
Capital Outlay	-	-	-	-	-	-	-	-
Debt Service								
Principal	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-
Total Expenditures	3,385,795	3,551,300	3,112,544	438,756	1,627,493	3,278,610	1,738,090	1,540,520
Excess of Revenues Over (Under) Expenditures	(2,061,226)	(2,208,209)	(1,192,958)	1,015,251	(618,612)	(640,579)	216,006	856,585
OTHER FINANCING SOURCES (USES)								
Proceeds of Capital Asset Disposals	-	-	1,175	1,175	-	-	-	-
Insurance Proceeds	-	-	452	452	-	-	-	-
Transfers In	2,061,226	2,208,209	1,165,344	(1,042,865)	618,612	640,579	496,915	(143,664)
Transfers Out	-	-	-	-	-	-	-	-
Total Other Financing Sources (Uses)	2,061,226	2,208,209	1,166,971	(1,041,238)	618,612	640,579	496,915	(143,664)
Net Increase (Decrease) in Fund Balances	\$ -	\$ -	\$ (25,987)	\$ (25,987)	\$ -	\$ -	\$ 712,921	\$ 712,921

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, 2022
(Continued)

	GRANTS FUND				ECONOMIC DEVELOPMENT INCENTIVE			
	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	-	-	-	-	-	-	-	-
Licenses and Permits	-	-	-	-	-	-	-	-
Intergovernmental	727,189	1,020,863	851,782	(169,081)	-	-	-	-
Charges for Current Services	27,500	27,500	4,676	(22,824)	-	-	-	-
Fines and Forfeitures	-	-	-	-	-	-	-	-
Investment Income	-	-	-	-	-	-	-	-
Donations	-	-	-	-	-	-	-	-
Miscellaneous	46,000	46,000	68,007	22,007	27,100	27,100	26,155	(945)
Total Revenues	800,689	1,094,363	924,465	(169,898)	27,100	27,100	26,155	(945)
EXPENDITURES								
Current								
General Government	86,500	86,500	92,873	(6,373)	-	-	-	-
Public Safety	415,231	459,751	333,086	126,665	-	-	-	-
Public Works	52,491	52,491	-	52,491	-	-	-	-
Parks & Recreation	-	-	-	-	-	-	-	-
Health and Social Services	217,065	217,065	206,748	10,317	-	-	-	-
Education and Library	-	-	-	-	-	-	-	-
Conservation of Natural Resources	-	-	-	-	-	-	-	-
Economic/Community Development	40,000	313,154	318,260	(5,106)	125,000	125,000	34,651	90,349
Intergovernmental	-	-	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-	-	-
Capital Outlay	-	-	-	-	-	-	-	-
Debt Service								
Principal	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-
Total Expenditures	811,287	1,128,961	950,967	177,994	125,000	125,000	34,651	90,349
Excess of Revenues Over (Under) Expenditures	(10,598)	(34,598)	(26,502)	8,096	(97,900)	(97,900)	(8,496)	89,404
OTHER FINANCING SOURCES (USES)								
Proceeds of Capital Asset Disposals	-	-	-	-	-	-	-	-
Insurance Proceeds	-	-	-	-	-	-	-	-
Transfers In	10,598	34,598	26,502	(8,096)	-	-	-	-
Transfers Out	-	-	-	-	-	-	-	-
Total Other Financing Sources (Uses)	10,598	34,598	26,502	(8,096)	-	-	-	-
Net Increase (Decrease) in Fund Balances	\$ -	\$ -	\$ -	\$ -	\$ (97,900)	\$ (97,900)	\$ (8,496)	\$ 89,404

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, 2022
(CONTINUED)

	ROADS OPERATING				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	-	1,000,000	1,275,640	275,640	-	-	-	-
Licenses and Permits	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	625,386	642,968	637,434	(5,534)
Charges for Current Services	-	95,000	328,732	233,732	-	-	-	-
Fines and Forfeitures	-	-	-	-	-	-	-	-
Investment Income	-	-	-	-	-	-	286	286
Donations	-	-	-	-	-	-	-	-
Miscellaneous	-	-	5,709	5,709	11,000	14,500	16,800	2,300
Total Revenues	-	1,095,000	1,610,081	515,081	636,386	657,468	654,520	(2,948)
EXPENDITURES								
Current								
General Government	-	-	-	-	-	-	-	-
Public Safety	-	-	-	-	-	-	-	-
Public Works	-	5,472,826	4,744,826	728,000	-	-	-	-
Parks & Recreation	-	-	-	-	-	-	-	-
Health and Social Services	-	-	-	-	1,073,211	1,117,690	1,111,258	6,432
Education and Library	-	-	-	-	-	-	-	-
Conservation of Natural Resources	-	-	-	-	-	-	-	-
Economic/Community Development	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-	-	-
Capital Outlay	-	-	-	-	-	-	-	-
Debt Service								
Principal	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-
Total Expenditures	-	5,472,826	4,744,826	728,000	1,073,211	1,117,690	1,111,258	6,432
Excess of Revenues Over (Under) Expenditures	-	(4,377,826)	(3,134,745)	1,243,081	(436,825)	(460,222)	(456,738)	3,484
OTHER FINANCING SOURCES (USES)								
Proceeds of Capital Asset Disposals	-	-	17,813	17,813	-	-	-	-
Insurance Proceeds	-	-	-	-	-	-	-	-
Transfers In	-	4,377,826	3,116,932	(1,260,894)	436,825	460,222	457,024	(3,198)
Transfers Out	-	-	-	-	-	-	-	-
Total Other Financing Sources (Uses)	-	4,377,826	3,134,745	(1,243,081)	436,825	460,222	457,024	(3,198)
Net Increase (Decrease) in Fund Balances	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 286	\$ 286

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, 2022
(Continued)

	LAW LIBRARY				INMATE WELFARE			
	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	-	-	-	-	-	-	-	-
Licenses and Permits	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	10,890	10,890	-	(10,890)
Charges for Current Services	10,000	10,000	15,449	5,449	125,000	125,000	140,985	15,985
Fines and Forfeitures	15,500	15,500	54,957	39,457	-	-	-	-
Investment Income	-	-	1,106	1,106	-	-	542	542
Donations	-	-	-	-	-	-	-	-
Miscellaneous	-	-	-	-	16,310	16,310	8,652	(7,658)
Total Revenues	25,500	25,500	71,512	46,012	152,200	152,200	150,179	(2,021)
EXPENDITURES								
Current								
General Government	25,500	25,500	4,059	21,441	-	-	-	-
Public Safety	-	-	-	-	148,150	148,150	153,738	(5,588)
Public Works	-	-	-	-	-	-	-	-
Parks & Recreation	-	-	-	-	-	-	-	-
Health and Social Services	-	-	-	-	-	-	-	-
Education and Library	-	-	-	-	-	-	-	-
Conservation of Natural Resources	-	-	-	-	-	-	-	-
Economic/Community Development	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-	-	-
Capital Outlay	-	-	-	-	15,000	15,000	-	15,000
Debt Service								
Principal	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-
Total Expenditures	25,500	25,500	4,059	21,441	163,150	163,150	153,738	9,412
Excess of Revenues Over (Under) Expenditures	-	-	67,453	67,453	(10,950)	(10,950)	(3,559)	7,391
OTHER FINANCING SOURCES (USES)								
Proceeds of Capital Asset Disposals	-	-	-	-	-	-	-	-
Insurance Proceeds	-	-	-	-	-	-	-	-
Transfers In	-	-	-	-	-	-	-	-
Transfers Out	-	-	-	-	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-	-	-	-	-
Net Increase (Decrease) in Fund Balances	\$ -	\$ -	\$ 67,453	\$ 67,453	\$ (10,950)	\$ (10,950)	\$ (3,559)	\$ 7,391

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, 2022
(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	125,000	125,000	417,107	292,107	-	-	-	-
Licenses and Permits	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	1,095,760	1,095,760	-
Charges for Current Services	-	-	-	-	-	-	-	-
Fines and Forfeitures	-	-	-	-	-	-	-	-
Investment Income	-	-	-	-	-	-	1,150	1,150
Donations	-	-	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-	-	-
Total Revenues	125,000	125,000	417,107	292,107	-	1,095,760	1,096,910	1,150
EXPENDITURES								
Current								
General Government	-	-	-	-	-	-	-	-
Public Safety	-	-	-	-	-	-	-	-
Public Works	-	-	-	-	-	-	-	-
Parks & Recreation	-	-	-	-	-	-	-	-
Health and Social Services	-	-	-	-	-	-	-	-
Education and Library	-	-	-	-	-	-	-	-
Conservation of Natural Resources	425,000	1,673,226	564,694	1,108,532	-	1,114,280	1,114,280	-
Economic/Community Development	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-	-	-
Capital Outlay	-	-	-	-	-	-	-	-
Debt Service								
Principal	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-
Total Expenditures	425,000	1,673,226	564,694	1,108,532	-	1,114,280	1,114,280	-
Excess of Revenues Over (Under) Expenditures	(300,000)	(1,548,226)	(147,587)	1,400,639	-	(18,520)	(17,370)	1,150
OTHER FINANCING SOURCES (USES)								
Proceeds of Capital Asset Disposals	-	-	-	-	-	-	-	-
Insurance Proceeds	-	-	-	-	-	-	-	-
Transfers In	300,000	1,548,226	1,548,226	-	-	-	-	-
Transfers Out	-	-	-	-	-	-	-	-
Total Other Financing Sources (Uses)	300,000	1,548,226	1,548,226	-	-	-	-	-
Net Increase (Decrease) in Fund Balances	\$ -	\$ -	\$ 1,400,639	\$ 1,400,639	\$ -	\$ (18,520)	\$ (17,370)	\$ 1,150

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, 2022
(CONTINUED)

	DREDGING SPECIAL ASSESSMENTS				KENT NARROWS FUND			
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE POSITIVE (NEGATIVE)	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE POSITIVE (NEGATIVE)
REVENUES								
Taxes								
Local Property Tax	\$ -	\$ -	\$ -	\$ -	\$ 38,000	\$ 38,000	\$ 47,986	\$ 9,986
Recordation Taxes	-	-	-	-	-	-	-	-
State Shared Taxes	-	-	-	-	-	-	-	-
Licenses and Permits	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-	-
Charges for Current Services	47,816	47,816	48,506	690	-	-	-	-
Fines and Forfeitures	-	-	-	-	-	-	-	-
Investment Income	-	-	146	146	-	-	466	466
Donations	-	-	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-	-	-
Total Revenues	47,816	47,816	48,652	836	38,000	38,000	48,452	10,452
EXPENDITURES								
Current								
General Government	-	-	-	-	-	-	-	-
Public Safety	-	-	-	-	-	-	-	-
Public Works	-	-	-	-	-	-	-	-
Parks & Recreation	-	-	-	-	-	-	-	-
Health and Social Services	-	-	-	-	-	-	-	-
Education and Library	-	-	-	-	-	-	-	-
Conservation of Natural Resources	-	-	-	-	-	-	-	-
Economic/Community Development	-	-	-	-	38,000	83,000	83,000	-
Intergovernmental	-	-	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-	-	-
Capital Outlay	-	-	-	-	-	-	-	-
Debt Service								
Principal	47,816	47,816	47,816	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-
Total Expenditures	47,816	47,816	47,816	-	38,000	83,000	83,000	-
Excess of Revenues Over (Under) Expenditures	-	-	836	836	-	(45,000)	(34,548)	10,452
OTHER FINANCING SOURCES (USES)								
Proceeds of Capital Asset Disposals	-	-	-	-	-	-	-	-
Insurance Proceeds	-	-	-	-	-	-	-	-
Transfers In	-	-	-	-	-	-	-	-
Transfers Out	-	-	-	-	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-	-	-	-	-
Net Increase (Decrease) in Fund Balances	\$ -	\$ -	\$ 836	\$ 836	\$ -	\$ (45,000)	\$ (34,548)	\$ 10,452

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, 2022
(Continued)

	CAPITAL PROJECTS - SCHOOL IMPACT FEES				CAPITAL PROJECTS - FIRE COMPANY IMPACT FEES			
	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	-	-	-	-	-	-	-	-
Licenses and Permits	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-	-
Charges for Current Services	1,500,000	2,250,000	2,438,720	188,720	200,000	381,197	473,498	92,301
Fines and Forfeitures	-	-	-	-	-	-	-	-
Investment Income	-	-	34,797	34,797	500	500	1,447	947
Donations	-	-	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-	-	-
Total Revenues	1,500,000	2,250,000	2,473,517	223,517	200,500	381,697	474,945	93,248
EXPENDITURES								
Current								
General Government	-	-	-	-	-	-	-	-
Public Safety	-	-	-	-	290,500	578,360	577,660	700
Public Works	-	-	-	-	-	-	-	-
Parks & Recreation	-	-	-	-	-	-	-	-
Health and Social Services	-	-	-	-	-	-	-	-
Education and Library	-	-	-	-	-	-	-	-
Conservation of Natural Resources	-	-	-	-	-	-	-	-
Economic/Community Development	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-	-	-
Capital Outlay	-	-	-	-	-	-	-	-
Debt Service								
Principal	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-
Total Expenditures	-	-	-	-	290,500	578,360	577,660	700
Excess of Revenues Over (Under) Expenditures	1,500,000	2,250,000	2,473,517	223,517	(90,000)	(196,663)	(102,715)	93,948
OTHER FINANCING SOURCES (USES)								
Proceeds of Capital Asset Disposals	-	-	-	-	-	-	-	-
Insurance Proceeds	-	-	-	-	-	-	-	-
Transfers In	-	-	-	-	90,000	90,000	85,523	(4,477)
Transfers Out	(1,947,088)	(2,964,402)	(2,964,402)	-	-	-	-	-
Total Other Financing Sources (Uses)	(1,947,088)	(2,964,402)	(2,964,402)	-	90,000	90,000	85,523	(4,477)
Net Increase (Decrease) in Fund Balances	\$ (447,088)	\$ (714,402)	\$ (490,885)	\$ 223,517	\$ -	\$ (106,663)	\$ (17,192)	\$ 89,471

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, 2022
(Continued)

	CAPITAL PROJECTS - PARKS & RECREATION			IMPACT FEES
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE POSITIVE (NEGATIVE)
REVENUES				
Taxes				
Local Property Tax	\$ -	\$ -	\$ -	\$ -
Recordation Taxes	-	-	-	-
State Shared Taxes	-	-	-	-
Licenses and Permits	-	-	-	-
Intergovernmental	-	-	-	-
Charges for Current Services	199,600	199,600	345,284	145,684
Fines and Forfeitures	-	-	-	-
Investment Income	400	400	2,610	2,210
Donations	-	-	-	-
Miscellaneous	-	-	-	-
Total Revenues	200,000	200,000	347,894	147,894
EXPENDITURES				
Current				
General Government	-	-	-	-
Public Safety	-	-	-	-
Public Works	-	-	-	-
Parks & Recreation	-	-	-	-
Health and Social Services	-	-	-	-
Education and Library	-	-	-	-
Conservation of Natural Resources	-	-	-	-
Economic/Community Development	-	-	-	-
Intergovernmental	-	-	-	-
Miscellaneous	-	-	-	-
Capital Outlay	-	-	-	-
Debt Service				
Principal	-	-	-	-
Interest	-	-	-	-
Total Expenditures	-	-	-	-
Excess of Revenues Over (Under) Expenditures	200,000	200,000	347,894	147,894
OTHER FINANCING SOURCES (USES)				
Proceeds of Capital Asset Disposals	-	-	-	-
Insurance Proceeds	-	-	-	-
Transfers In	-	-	-	-
Transfers Out	(200,000)	(200,000)	-	200,000
Total Other Financing Sources (Uses)	(200,000)	(200,000)	-	200,000
Net Increase (Decrease) in Fund Balances	\$ -	\$ -	\$ 347,894	\$ 347,894

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.

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.

QUEEN ANNE'S COUNTY, MARYLAND
COMBINING STATEMENT OF NET POSITION
NON-MAJOR ENTERPRISE FUNDS
June 30, 2022

	GOLF COURSE	PUBLIC LANDINGS AND MARINAS	TOTAL NON-MAJOR ENTERPRISE
ASSETS			
Current Assets			
Equity in Pooled Cash	\$ 147,599	\$ -	\$ 147,599
Accounts Receivable (Net)	-	67,592	67,592
Due from Other Governments	-	640,752	640,752
Inventories	7,920	-	7,920
Total Current Assets	155,519	708,344	863,863
Capital Assets			
Capital Assets	3,053,846	7,449,266	10,503,112
Less Accumulated Depreciation	(811,835)	(1,596,626)	(2,408,461)
Total Capital Assets, Net of Depreciation	2,242,011	5,852,640	8,094,651
Total Assets	2,397,530	6,560,984	8,958,514
DEFERRED OUTFLOWS OF RESOURCES			
OPEB	-	11,462	11,462
Pension Benefits	35,001	70,788	105,789
Deferred Charge on Refunding	-	735	735
Total Deferred Outflows of Resources	35,001	82,985	117,986
LIABILITIES			
Current Liabilities			
Accounts Payable	35,046	64,841	99,887
Accrued Interest Payable	1,320	6,384	7,704
Due to Other Funds	363,733	250,218	613,951
Unearned Revenue	4,316	-	4,316
Current Portion of Compensated Absences	9,751	24,105	33,856
Current Portion of Lease Payable	7,670	6,000	13,670
Current Portion of Bonds/Notes Payable	4,598	70,331	74,929
Total Current Liabilities	426,434	421,879	848,313
Noncurrent Liabilities			
Compensated Absences	8,206	20,288	28,494
OPEB	-	277,734	277,734
Net Pension Liability	58,336	117,957	176,293
Lease Payable	-	-	-
Bonds/Notes Payable	84,980	696,550	781,530
Total Noncurrent Liabilities	151,522	1,112,529	1,264,051
Total Liabilities	577,956	1,534,408	2,112,364
DEFERRED INFLOWS OF RESOURCES			
OPEB	-	35,867	35,867
Pension Benefits	38,398	77,382	115,780
Bond Refundings	-	1,784	1,784
Total Deferred Inflows of Resources	38,398	115,033	153,431
NET POSITION			
Net Investment in Capital Assets	2,144,763	5,078,710	7,223,473
Unrestricted Amounts (Deficit)	(328,586)	(84,182)	(412,768)
Total Net Position	\$ 1,816,177	\$ 4,994,528	\$ 6,810,705

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, 2022

	GOLF COURSE	PUBLIC LANDINGS AND MARINAS	TOTAL NON-MAJOR ENTERPRISE
<u>OPERATING REVENUES</u>			
Charges for Services	\$ 594,180	\$ 475,309	\$ 1,069,489
Intergovernmental	-	640,752	640,752
Material Sales	55,251	-	55,251
Miscellaneous Revenues	464	31,210	31,674
Total Operating Revenues	649,895	1,147,271	1,797,166
<u>OPERATING EXPENSES</u>			
Recreation	558,744	402,986	961,730
OPEB	-	(5,133)	(5,133)
Pension Liability Adjustment	(709)	(4,584)	(5,293)
Depreciation and amortization	48,955	142,158	191,113
Total Operating Expenses	606,990	535,427	1,142,417
Operating Income (Loss)	42,905	611,844	654,749
<u>NON-OPERATING REVENUES (EXPENSES)</u>			
Interest Expense	(2,747)	(13,501)	(16,248)
Total Non-Operating (Expenses)	(2,747)	(13,501)	(16,248)
Transfers In (Out)	262,664	-	262,664
Change in Net Position	302,822	598,343	901,165
Total Net Position - Beginning of Year	1,513,355	4,396,185	5,909,540
Total Net Position - End of Year	\$ 1,816,177	\$ 4,994,528	\$ 6,810,705

QUEEN ANNE'S COUNTY, MARYLAND
COMBINING STATEMENT OF CASH FLOWS
NON-MAJOR ENTERPRISE FUNDS
FOR THE YEAR ENDED JUNE 30, 2022

	GOLF COURSE	PUBLIC LANDINGS AND MARINAS	TOTAL NON-MAJOR ENTERPRISE
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers and users	\$ 649,431	\$ 470,206	\$ 1,119,637
Receipts from other operating revenues	1,983	55,160	57,143
Payments to suppliers	(548,717)	(384,695)	(933,412)
Payments to employees and on behalf of employees	2,235	11,680	13,915
Net Cash Provided by Operating Activities	104,932	152,351	257,283
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Transfers from (to) other funds	262,664	-	262,664
(Payments) Receipts of interfund loans	(182,286)	250,218	67,932
Net Cash Provided by Noncapital Financing Activities	80,378	250,218	330,596
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Principal paid on lease and bond payables	(27,034)	(64,773)	(91,807)
Proceeds from lease and bond payables	30,324	206,123	236,447
Deferred Refunding costs on sale of bonds	-	(75)	(75)
Interest paid on capital debt	(2,828)	(13,294)	(16,122)
Acquisition and Construction of Capital Assets	(38,173)	(1,063,628)	(1,101,801)
Net Cash Used by Capital and Related Financing Activities	(37,711)	(935,647)	(973,358)
CASH FLOWS FROM INVESTING ACTIVITIES			
Investment income	-	-	-
Net Cash Provided (Used) by Investing Activities	-	-	-
Net increase (decrease) in cash and cash equivalents	147,599	(533,078)	(385,479)
Balances - Beginning of year	-	533,078	533,078
Balances - End of year	\$ 147,599	\$ -	\$ 147,599
Reconciliation of operating income (loss) to net cash provided (used) by operating activities			
Operating income (loss)	\$ 42,905	\$ 611,844	\$ 654,749
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Amortization and Depreciation	48,955	142,158	191,113
Changes in assets and liabilities:			
Accounts receivable, net	-	(5,103)	(5,103)
Operating grants receivable	-	(616,802)	(616,802)
Inventories and Prepaid Expenses	(3,006)	-	(3,006)
Vendor accounts payable	13,033	18,291	31,324
Unearned revenue collected in advance	1,519	-	1,519
Compensated absences	2,235	11,680	13,915
OPEB	-	(5,133)	(5,133)
Net Pension Liability	(709)	(4,584)	(5,293)
Net Cash Provided (Used) by Operating Activities	\$ 104,932	\$ 152,351	\$ 257,283

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.

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.

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
STATEMENT OF FIDUCIARY NET POSITION
CUSTODIAL FUNDS
JUNE 30, 2022

	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	\$ 172,452	\$ 667,853	\$ 153,676	\$ -	\$ -	\$ 36,860	\$ 1,030,841
Total Assets	\$ 172,452	\$ 667,853	\$ 153,676	\$ -	\$ -	\$ 36,860	\$ 1,030,841
LIABILITIES							
Accounts Payable and Other Liabilities	\$ -	\$ 6,566	\$ -	\$ -	\$ -	\$ -	\$ 6,566
Due to Other Governments	-	-	153,676	-	-	-	153,676
Total Liabilities	\$ -	\$ 6,566	\$ 153,676	\$ -	\$ -	\$ -	\$ 160,242
NET POSITION							
Restricted for:							
Individuals, Organizations, and other Governments	\$ 172,452	\$ 661,287	\$ -	\$ -	\$ -	\$ 36,860	\$ 870,599

QUEEN ANNE'S COUNTY, MARYLAND
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
CUSTODIAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2022

	TAX DITCH FUND	ZONING DEPOSITS	STATE & TOWN TAX COLLECTIONS	MOTOR VEHICLE ADMIN DEPOSITS	ESCHEAT - ABANDONED PROPERTY	INMATE WELFARE	TOTAL CUSTODIAL FUNDS
ADDITIONS							
Tax Ditch	\$ 23,389	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 23,389
Zoning Deposits	-	93,329	-	-	-	-	93,329
Tax Collections for Other Governments	-	-	14,893,059	-	-	-	14,893,059
Motor Vehicle Administration	-	-	-	215,676	-	-	215,676
Escheat - Abandoned Property	-	-	-	-	15,594	-	15,594
Inmate Welfare	-	-	-	-	-	217,988	217,988
Total Additions	23,389	93,329	14,893,059	215,676	15,594	217,988	15,459,035
DEDUCTIONS							
Distribution of Tax Ditch Funds	25,643	-	-	-	-	-	25,643
Refund of Zoning Deposits	-	59,172	-	-	-	-	59,172
Payments of Tax to Other Governments	-	-	14,893,059	-	-	-	14,893,059
Payments to Motor Vehicle Administration	-	-	-	215,676	-	-	215,676
Payments of Escheat to Others	-	-	-	-	15,594	-	15,594
Distribution of Inmate Welfare Funds	-	-	-	-	-	222,168	222,168
Total Deductions	25,643	59,172	14,893,059	215,676	15,594	222,168	15,431,312
Net increase (decrease) in Fiduciary Net Position	(2,254)	34,157	-	-	-	(4,180)	27,723
Net Position-Beginning of Year	174,706	627,130	-	-	-	41,040	842,876
Net Position-End of Year	\$ 172,452	\$ 661,287	\$ -	\$ -	\$ -	\$ 36,860	\$ 870,599

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, 2022 (with Summarized Totals as of June 30, 2021)

	Admin	Fed/State GOCCP GOC	Total Community Partnerships	Returned Reinvestment Fund	2022 Total	2021 Summarized Total
ASSETS						
Cash and cash equivalents	\$ 105,639	\$ 332,135	\$ 437,774	\$ 9,677	\$ 447,451	\$ 470,380
Accounts receivable	-	12,000	12,000	-	12,000	1,745
Due from State governmental agencies	-	82,690	82,690	-	82,690	79,724
Due from Federal governmental agencies	-	-	-	-	-	2,676
Total Assets	\$ 105,639	\$ 426,825	\$ 532,464	\$ 9,677	\$ 542,141	\$ 554,525
LIABILITIES AND FUND BALANCES						
LIABILITIES						
Accounts payable and accrued expenditures	\$ 8,277	\$ 160,789	\$ 169,066	\$ -	\$ 169,066	\$ 148,476
Due to State governmental agencies	43,251	264,210	307,461	-	307,461	340,721
Total Liabilities	51,528	424,999	476,527	-	476,527	489,197
FUND BALANCES						
Assigned	54,111	1,826	55,937	9,677	65,614	65,328
Total Fund Balances	54,111	1,826	55,937	9,677	65,614	65,328
Total Liabilities and Fund Balances	\$ 105,639	\$ 426,825	\$ 532,464	\$ 9,677	\$ 542,141	\$ 554,525



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, 2022 (with Summarized Totals for Year Ended June 30, 2021)

	Federal/State GOCCP/GOC							
	Administrative	CASA Start	Local Care Team	Transportation Voucher	Healthy Fam/Home Visiting	Family Navigators	MD After School Opportunity	Community Mentoring
REVENUES								
CPA								
Intergovernmental								
GOC	\$ 65,031	\$ 60,319	\$ 26,250	\$ 30,378	\$ 70,081	\$ 42,781	\$ -	\$ 46,044
Subtotal CPA	65,031	60,319	26,250	30,378	70,081	42,781	-	46,044
Non-CPA								
Intergovernmental								
Federal GOCCP Youth Strategies	-	-	-	-	-	-	-	-
Other State Grant Funding	-	-	-	-	296,372	-	-	-
Investment Income	-	-	-	-	-	-	-	-
Earned Reinvestment Donations	-	-	-	-	-	-	-	-
Miscellaneous	2,500	-	-	-	-	-	-	-
Subtotal Non-CPA	2,500	-	-	-	296,372	-	-	-
Total Revenues	67,531	60,319	26,250	30,378	366,453	42,781	-	46,044
EXPENDITURES								
CPA								
Program Contracted Services	-	-	-	-	-	-	-	-
Other Expenditures								
Salaries	45,737	-	21,390	14,258	-	-	-	-
Fringe Benefit Costs	3,794	-	3,613	1,211	-	-	-	-
Auditing	-	1,528	-	-	-	-	-	-
Consultants	15,500	-	-	-	-	-	-	-
Professional Groups	-	-	-	-	2,382	-	-	-
Equipment Rental	-	-	-	-	-	-	-	-
Other Contracted Services	-	-	-	-	-	36,970	-	-
Postage	-	-	-	-	12	-	-	-
Office Supplies	-	635	-	-	1,727	380	-	-
Program Supplies	-	21,439	-	14,909	6,393	969	-	2,717
Food	-	-	-	-	-	-	-	1,536
Repairs and Equipment	-	-	-	-	166	996	-	-
Business Travel	-	642	-	-	417	1,374	-	960
Subscriptions and Dues	-	-	-	-	-	-	-	-
Meetings & Conferences	-	-	-	-	-	503	-	(304)
Training	-	-	-	-	1,458	-	-	-
Advertising	-	-	-	-	-	-	-	-
Communications	-	435	-	-	936	389	-	-
Rent	-	-	-	-	-	1,200	-	9,600
Equipment under \$1000/\$500	-	-	1,247	-	152	-	-	-
Other Charges	-	35,640	-	-	56,438	-	-	31,535
Subtotal CPA Expenditures	65,031	60,319	26,250	30,378	70,081	42,781	-	46,044
Non-CPA								
Program Contracted Services	-	-	-	-	296,372	-	-	-
Other Expenditures								
Salaries	89,098	-	3,855	2,149	-	-	-	2,587
Fringe Benefit Costs	47,396	-	996	1,781	-	-	-	389
Consultants	10,000	-	-	-	-	-	-	-
Equipment Rental	2,917	-	-	-	-	-	-	-
Postage	500	-	-	-	-	-	-	-
Office Supplies	1,544	-	-	-	-	-	-	-
Program Supplies	11,535	-	-	10,343	-	-	-	-
Food	1,408	-	-	-	-	-	-	-
Equipment Operation	-	-	-	-	-	-	-	-
Business Travel	25	-	-	-	-	-	-	-
Subscriptions and Dues	911	-	-	-	-	-	-	-
Meetings & Conferences	2,000	-	-	-	-	-	-	-
Training	2,498	-	-	-	-	-	-	-
Board's Expenditures	4,952	-	-	-	-	-	-	-
Advertising	300	-	-	-	-	-	-	-
Marketing/Promotions	-	-	-	-	-	-	-	-
Communications	1,199	-	-	-	-	-	-	-
Rent	-	-	-	-	-	-	-	-
Other Charges	11,157	-	-	-	-	-	231,205	-
Office equipment	2,500	-	-	-	-	-	-	-
Subtotal Non-CPA Expenditures	189,940	-	4,851	14,273	296,372	-	231,205	2,976
Total Expenditures	254,971	60,319	31,101	44,651	366,453	42,781	231,205	49,020
Excess of Revenues Over (Under) Expenditures	(187,440)	-	(4,851)	(14,273)	-	-	(231,205)	(2,976)
OTHER FINANCING SOURCES								
Transfers In for:								
Program Contracted Services	187,440	-	4,851	14,273	-	-	231,205	2,976
Other Financing Sources	187,440	-	4,851	14,273	-	-	231,205	2,976
Net Increase in Fund Balances	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
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, 2022 (with Summarized Totals for Year Ended June 30, 2021)

(CONTINUED)

Character Counts	Federal/State GOCCP/GOC		All Programs Subtotal	State GOC		State GOCCP Non-CPA Subtotal	Federal GOCCP Youth Strategies
	GOCCP/GOC Operating Fund Total			CPA Subtotal	Non-CPA Subtotal		
\$ -	\$ 275,853	\$ 340,884	\$ 340,884	\$ -	\$ -	\$ -	\$ -
-	275,853	340,884	340,884	-	-	-	-
-	-	-	-	-	-	-	-
-	296,372	296,372	-	-	-	-	-
-	-	-	-	-	-	-	-
2,300	2,300	2,300	-	-	-	-	-
12,178	12,178	14,678	-	-	-	-	-
14,478	310,850	313,350	-	-	-	-	-
14,478	586,703	654,234	340,884	-	-	-	-
-	-	-	-	-	-	-	-
-	35,648	81,385	81,385	-	-	-	-
-	4,824	8,618	8,618	-	-	-	-
-	1,528	1,528	1,528	-	-	-	-
-	-	15,500	15,500	-	-	-	-
-	2,382	2,382	2,382	-	-	-	-
-	-	-	-	-	-	-	-
-	36,970	36,970	36,970	-	-	-	-
-	12	12	12	-	-	-	-
-	2,742	2,742	2,742	-	-	-	-
-	46,427	46,427	46,427	-	-	-	-
-	1,536	1,536	1,536	-	-	-	-
-	1,162	1,162	1,162	-	-	-	-
-	3,393	3,393	3,393	-	-	-	-
-	-	-	-	-	-	-	-
-	199	199	199	-	-	-	-
-	1,458	1,458	1,458	-	-	-	-
-	-	-	-	-	-	-	-
-	1,760	1,760	1,760	-	-	-	-
-	10,800	10,800	10,800	-	-	-	-
-	1,399	1,399	1,399	-	-	-	-
-	123,613	123,613	123,613	-	-	-	-
-	275,853	340,884	340,884	-	-	-	-
-	296,372	296,372	-	296,372	-	-	-
26,384	34,975	124,073	-	124,073	-	-	-
2,066	5,232	52,628	-	52,628	-	-	-
-	-	10,000	-	10,000	-	-	-
-	-	2,917	-	2,917	-	-	-
-	-	500	-	500	-	-	-
233	233	1,777	-	1,777	-	-	-
-	10,343	21,878	-	21,878	-	-	-
-	-	1,408	-	1,408	-	-	-
-	-	-	-	-	-	-	-
-	-	25	-	25	-	-	-
-	-	911	-	911	-	-	-
-	-	2,000	-	2,000	-	-	-
-	-	2,498	-	2,498	-	-	-
-	-	4,952	-	4,952	-	-	-
-	-	300	-	300	-	-	-
1,870	1,870	1,870	-	1,870	-	-	-
204	204	1,403	-	1,403	-	-	-
-	-	-	-	-	-	-	-
-	231,205	242,362	-	242,362	-	-	-
-	-	2,500	-	2,500	-	-	-
30,757	580,434	770,374	-	770,374	-	-	-
30,757	856,287	1,111,258	340,884	770,374	-	-	-
(16,279)	(269,584)	(457,024)	-	(770,374)	-	-	-
16,279	269,584	457,024	-	-	-	-	-
16,279	269,584	457,024	-	-	-	-	-
\$ -	\$ -	-	-	(770,374)	-	-	-
		55,937	606,662	(5,612)	3,491	(25,474)	
\$	\$	\$ 55,937	\$ 606,662	\$ (775,986)	\$ 3,491	\$ (25,474)	

CONTINUED

QUEEN ANNE'S COUNTY
COMMUNITY PARTNERSHIPS FOR CHILDREN SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BY COMMUNITY PARTNERSHIP AGREEMENTS (CPA) and NON-COMMUNITY PARTNERSHIP AGREEMENTS (NON-CPA)
FOR THE YEAR ENDED JUNE 30, 2022 (with Summarized Totals for Year Ended June 30, 2021)

(CONTINUED)

	Other Non-CPA State Grants	Other	Total Community Partnerships Operating Funds	Returned Reinvestment Fund	2022 Total	2021 Summarized Total
REVENUES						
CPA						
Intergovernmental						
GOC	\$ -	\$ -	\$ 340,884	\$ -	\$ 340,884	\$ 307,423
Subtotal CPA	-	-	340,884	-	340,884	307,423
Non-CPA						
Intergovernmental						
Federal GOCCP Youth Strategies	-	-	-	-	-	5,502
Other State Grant Funding	296,372	-	296,372	-	296,372	296,372
Investment Income	-	-	-	286	286	41
Earned Reinvestment Donations	-	2,300	2,300	-	2,300	-
Miscellaneous	-	14,678	14,678	-	14,678	10,052
Subtotal Non-CPA	296,372	16,978	313,350	286	313,636	311,967
Total Revenues	296,372	16,978	654,234	286	654,520	619,390
EXPENDITURES						
CPA						
Program Contracted Services	-	-	-	-	-	35,550
Other Expenditures						
Salaries	-	-	81,385	-	81,385	104,754
Fringe Benefit Costs	-	-	8,618	-	8,618	10,297
Auditing	-	-	1,528	-	1,528	2,028
Consultants	-	-	15,500	-	15,500	-
Professional Groups	-	-	2,382	-	2,382	-
Equipment Rental	-	-	-	-	-	375
Other Contracted Services	-	-	36,970	-	36,970	-
Postage	-	-	12	-	12	5
Office Supplies	-	-	2,742	-	2,742	2,531
Program Supplies	-	-	46,427	-	46,427	33,496
Food	-	-	1,536	-	1,536	-
Repairs and Equipment	-	-	1,162	-	1,162	2,115
Business Travel	-	-	3,393	-	3,393	1,040
Subscriptions and Dues	-	-	-	-	-	197
Meetings & Conferences	-	-	199	-	199	4,542
Training	-	-	1,458	-	1,458	1,380
Advertising	-	-	-	-	-	35
Communications	-	-	1,760	-	1,760	2,861
Rent	-	-	10,800	-	10,800	1,200
Equipment under \$1000/\$500	-	-	1,399	-	1,399	-
Other Charges	-	-	123,613	-	123,613	105,017
Subtotal CPA Expenditures	-	-	340,884	-	340,884	307,423
Non-CPA						
Program Contracted Services	296,372	(296,372)	296,372	-	296,372	298,515
Other Expenditures						
Salaries	-	-	124,073	-	124,073	103,389
Fringe Benefit Costs	-	-	52,628	-	52,628	51,954
Consultants	-	-	10,000	-	10,000	11,750
Equipment Rental	-	-	2,917	-	2,917	2,135
Postage	-	-	500	-	500	459
Office Supplies	-	-	1,777	-	1,777	1,136
Program Supplies	-	-	21,878	-	21,878	12,027
Food	-	-	1,408	-	1,408	-
Equipment Operation	-	-	-	-	-	48
Business Travel	-	-	25	-	25	-
Subscriptions and Dues	-	-	911	-	911	423
Meetings & Conferences	-	-	2,000	-	2,000	-
Training	-	-	2,498	-	2,498	1,235
Board's Expenditures	-	-	4,952	-	4,952	7,444
Advertising	-	-	300	-	300	500
Marketing/Promotions	-	-	1,870	-	1,870	1,274
Communications	-	-	1,403	-	1,403	752
Rent	-	-	-	-	-	4,550
Other Charges	-	-	242,362	-	242,362	223,786
Office equipment	-	-	2,500	-	2,500	-
Subtotal Non-CPA Expenditures	296,372	(296,372)	770,374	-	770,374	721,377
Total Expenditures	296,372	(296,372)	1,111,258	-	1,111,258	1,028,800
Excess of Revenues Over (Under) Expenditures	-	313,350	(457,024)	286	(456,738)	(409,410)
OTHER FINANCING SOURCES						
Transfers In for:						
Program Contracted Services	-	457,024	457,024	-	457,024	409,452
Other Financing Sources	-	457,024	457,024	-	457,024	409,452
Net Increase in Fund Balances	-	770,374	-	286	286	42
Fund Balances, July 1	-	(523,131)	55,937	9,391	65,328	65,286
Fund Balances, June 30	\$ -	\$ 247,243	\$ 55,937	\$ 9,677	\$ 65,614	\$ 65,328



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, 2022

	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	\$ 326,574	\$ 346,596	\$ 340,884	\$ (5,712)	\$ -	\$ -	\$ -	\$ -
Other	296,372	296,372	296,372	-	-	-	-	-
Investment Income	-	-	-	-	-	-	286	286
Donations	-	-	2,300	2,300	-	-	-	-
Miscellaneous	13,440	14,500	14,678	178	-	-	-	-
Total Revenues	636,386	657,468	654,234	(3,234)	-	-	286	286
EXPENDITURES								
Program Contracted Services	296,372	296,372	296,372	-	-	-	-	-
Other Expenditures								
Salaries	207,317	196,135	205,458	(9,323)	-	-	-	-
Fringe Benefit Costs	61,782	59,235	61,246	(2,011)	-	-	-	-
Auditing	3,488	1,528	1,528	-	-	-	-	-
Consultants	10,000	27,571	25,500	2,071	-	-	-	-
Professional Groups	2,856	2,856	2,382	474	-	-	-	-
Equipment Rental	3,627	3,252	2,917	335	-	-	-	-
Other Contracted Services	34,470	36,702	36,970	(268)	-	-	-	-
Postage	510	510	512	(2)	-	-	-	-
Office Supplies	5,422	4,398	4,519	(121)	-	-	-	-
Program Supplies	35,409	63,544	68,305	(4,761)	-	-	-	-
Food	-	3,544	2,944	600	-	-	-	-
Repairs and Equipment	2,355	1,324	1,162	162	-	-	-	-
Equipment Operation	-	-	-	-	-	-	-	-
Business Travel	5,979	3,144	3,418	(274)	-	-	-	-
Subscriptions and Dues	-	1,179	911	268	-	-	-	-
Meetings & Conferences	9,215	2,550	2,199	351	-	-	-	-
Training	7,601	2,750	3,956	(1,206)	-	-	-	-
Board's Expenditures	6,500	7,038	4,952	2,086	-	-	-	-
Advertising	450	-	300	(300)	-	-	-	-
Marketing/Promotions	2,895	2,895	1,870	1,025	-	-	-	-
Communications	4,957	5,774	3,163	2,611	-	-	-	-
Rent	3,475	10,800	10,800	-	-	-	-	-
Equipment	-	1,250	1,399	(149)	-	-	-	-
Other Charges	368,531	380,839	365,975	14,864	-	-	-	-
Office equipment	-	2,500	2,500	-	-	-	-	-
Total Expenditures	1,073,211	1,117,690	1,111,258	6,432	-	-	-	-
Excess of Revenues Over (Under) Expenditures	(436,825)	(460,222)	(457,024)	3,198	-	-	286	286
OTHER FINANCING SOURCES								
Transfers In for:								
Program Contracted Services	436,825	460,222	457,024	(3,198)	-	-	-	-
Other Financing Sources	436,825	460,222	457,024	(3,198)	-	-	-	-
Net Increase in Fund Balances	\$ -	\$ -	-	\$ -	\$ -	\$ -	286	\$ 286
Fund Balances, July 1			55,937				9,391	
Fund Balances, June 30			<u>\$ 55,937</u>				<u>\$ 9,677</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, 2022
(Continued)

TOTAL			
Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
\$ 326,574	\$ 346,596	\$ 340,884	\$ (5,712)
296,372	296,372	296,372	-
-	-	286	286
-	-	2,300	2,300
13,440	14,500	14,678	178
<u>636,386</u>	<u>657,468</u>	<u>654,520</u>	<u>(2,948)</u>
296,372	296,372	296,372	-
207,317	196,135	205,458	(9,323)
61,782	59,235	61,246	(2,011)
3,488	1,528	1,528	-
10,000	27,571	25,500	2,071
2,856	2,856	2,382	474
3,627	3,252	2,917	335
34,470	36,702	36,970	(268)
510	510	512	(2)
5,422	4,398	4,519	(121)
35,409	63,544	68,305	(4,761)
-	3,544	2,944	600
2,355	1,324	1,162	162
-	-	-	-
5,979	3,144	3,418	(274)
-	1,179	911	268
9,215	2,550	2,199	351
7,601	2,750	3,956	(1,206)
6,500	7,038	4,952	2,086
450	-	300	(300)
2,895	2,895	1,870	1,025
4,957	5,774	3,163	2,611
3,475	10,800	10,800	-
-	1,250	1,399	(149)
368,531	380,839	365,975	14,864
-	2,500	2,500	-
<u>1,073,211</u>	<u>1,117,690</u>	<u>1,111,258</u>	<u>6,432</u>
(436,825)	(460,222)	(456,738)	3,484
<u>436,825</u>	<u>460,222</u>	<u>457,024</u>	<u>(3,198)</u>
<u>436,825</u>	<u>460,222</u>	<u>457,024</u>	<u>(3,198)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>286</u>	<u>\$ 286</u>
		<u>65,328</u>	
		<u>\$ 65,614</u>	

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

	2013	2014	2015	2016	2017
Governmental Activities:					
Net Investment in Capital Assets	\$ 121,246,426	\$ 127,369,959	\$ 125,434,538	\$ 123,466,319	\$ 120,249,244
Restricted	15,691,080	17,616,132	20,464,486	21,063,295	13,094,534
Unrestricted (deficit) (1)	(66,089,615)	(71,169,310)	(73,475,567)	(78,567,505)	(67,189,342)
Total Governmental Activities Net Position	<u>70,847,891</u> (2)	<u>73,816,781</u> (3)	<u>72,423,457</u>	<u>65,962,109</u>	<u>66,154,436</u>
Business-type Activities:					
Net Investment in Capital Assets	78,693,078	79,783,160	80,787,152	80,909,015	86,163,078
Restricted	3,176,328	3,110,033	3,061,534	1,699,914	1,700,836
Unrestricted	11,031,281	8,721,212	8,486,063	10,240,161	4,116,300
Total Business-type Activities Net Position	<u>92,900,687</u>	<u>91,614,405</u> (3)	<u>92,334,749</u>	<u>92,849,090</u>	<u>91,980,214</u>
Primary Government:					
Net Investment in Capital Assets	199,939,504	207,153,119	206,221,690	204,375,334	206,412,322
Restricted	18,867,408	20,726,165	23,526,020	22,763,209	14,795,370
Unrestricted (deficit) (1)	(55,058,334)	(62,448,098)	(64,989,504)	(68,327,344)	(63,073,042)
Total Primary Government Net Position	<u>\$ 163,748,578</u> (2)	<u>\$ 165,431,186</u> (3)	<u>\$ 164,758,206</u>	<u>\$ 158,811,199</u>	<u>\$ 158,134,650</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	\$ (55,058,334)	\$ (62,448,098)	\$ (64,989,504)	\$ (68,327,344)	\$ (63,073,042)
Debt issued for capital on behalf of others	63,283,726	67,651,486	66,219,608	63,271,304	59,207,136
County (deficit) net position absent the effect of this relationship	<u>\$ 8,225,392</u>	<u>\$ 5,203,388</u>	<u>\$ 1,230,104</u>	<u>\$ (5,056,040)</u>	<u>\$ (3,865,906)</u>

(2) FY2013 Net Position of Governmental Activities was restated in fiscal year 2014.

(3) 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)

2018	2019	2020	2021	2022
\$ 114,794,226	\$ 115,143,089	\$ 114,252,313	\$ 116,220,059	\$ 118,666,142
13,275,244	18,962,289	19,844,181	20,883,128	24,012,709
(58,025,753)	(61,637,321)	(48,809,467)	(20,071,163)	11,879,310
<u>70,043,717</u>	<u>72,468,057</u>	<u>85,287,027</u>	<u>117,032,024</u>	<u>154,558,161</u>
84,386,291	85,916,730	86,939,502	88,635,207	93,562,741
1,060,134	2,234,440	2,037,318	6,322,353	5,310,698
7,458,996	10,087,649	16,587,060	19,018,596	28,570,664
<u>92,905,421</u>	<u>98,238,819</u>	<u>105,563,880</u>	<u>113,976,156</u>	<u>127,444,103</u>
199,180,517	201,059,819	201,191,815	204,855,266	212,228,883
14,335,378	21,196,729	21,881,499	27,205,481	29,323,407
(50,566,757)	(51,549,672)	(32,222,407)	(1,052,567)	40,449,974
<u>\$ 162,949,138</u>	<u>\$ 170,706,876</u>	<u>\$ 190,850,907</u>	<u>\$ 231,008,180</u>	<u>\$ 282,002,264</u>
\$ (50,566,757)	\$ (51,549,672)	\$ (32,222,407)	\$ (1,052,567)	\$ 40,449,974
58,625,356	58,007,072	55,846,036	56,855,185	53,155,458
<u>\$ 8,058,599</u>	<u>\$ 6,457,400</u>	<u>\$ 23,623,629</u>	<u>\$ 55,802,618</u>	<u>\$ 93,605,432</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

	2013	2014	2015	2016	2017
Expenses					
Governmental Activities:					
General Government	\$ 13,639,728	\$ 14,133,149	\$ 10,849,277	\$ 13,936,312	\$ 13,177,254
Public Safety	26,174,144	26,666,211	25,297,450	27,525,712	27,997,262
Public Works	11,891,013	12,365,647	14,363,603	19,522,534	20,753,117
Parks & Recreation (3)	-	-	-	-	-
Health & Social Services	7,373,116	7,123,340	6,631,598	7,333,528	7,424,371
Education & Library	50,763,859	56,218,528	67,091,679	62,374,873	60,922,185
Conservation of Natural Resources	838,775	2,395,762	587,147	1,799,234	616,237
Economic/Community Development	1,108,912	1,528,035	1,763,024	3,391,547	1,860,222
Interest and Fiscal Charges	4,042,236	3,987,943	4,039,622	4,345,527	4,150,101
Total Governmental Activities Expenses	115,831,783	124,418,615	130,623,400	140,229,267	136,900,749
Business-type Activities:					
Water and Sewer	11,783,515	11,059,306	10,412,432	10,615,466	11,818,087
Golf Course (4)	538,420	515,325	496,065	505,085	540,504
Public Landings and Marinas (5)	535,837	544,945	537,823	599,943	572,360
Airport	913,845	807,226	1,014,491	966,896	1,053,899
Total Business-type Activities Expenses	13,771,617	12,926,802	12,460,811	12,617,390	13,984,850
Total Primary Government Expenses	129,603,400	137,345,417	143,084,211	152,846,657	150,885,599
Program Revenues					
Governmental Activities:					
General Government					
Charges for Services	1,272,807	1,500,273	1,505,857	1,565,170	1,552,164
Operating Grants and Contributions	697,712	606,649	644,297	582,571	563,016
Capital Grants and Contributions	135,032	589,988	96,684	(30,000)	-
Total Revenue	2,105,551	2,696,910	2,246,838	2,117,741	2,115,180
Public Safety					
Charges for Services	1,387,591	1,286,945	1,244,752	1,354,350	1,350,626
Operating Grants and Contributions	1,328,493	1,081,577	1,052,666	1,088,597	1,037,879
Capital Grants and Contributions	249,594	282,139	119,118	175,653	5,406
Total Revenue	2,965,678	2,650,661	2,416,536	2,618,600	2,393,911
Public Works					
Charges for Services	1,636,604	1,425,012	1,275,538	1,337,358	1,472,664
Operating Grants and Contributions	624,653	712,550	527,538	1,029,019	980,075
Capital Grants and Contributions	1,687,783	2,221,299	80,000	108,880	161,084
Total Revenue	3,949,040	4,358,861	1,883,076	2,475,257	2,613,823
Parks & Recreation (3)					
Charges for Services	-	-	-	-	-
Operating Grants and Contributions	-	-	-	-	-
Capital Grants and Contributions	-	-	-	-	-
Total Revenue	-	-	-	-	-
Health & Social Services					
Charges for Services	71,973	65,537	68,187	76,404	73,066
Operating Grants and Contributions	2,613,905	2,026,675	2,056,111	1,834,000	1,893,648
Capital Grants and Contributions	51,023	67,392	40,527	140,400	58,500
Total Revenue	2,736,901	2,159,604	2,164,825	2,050,804	2,025,214
Education & Library					
Charges for Services	1,052,691	1,721,379	1,249,332	1,230,994	1,319,433
Operating Grants and Contributions	-	-	-	-	-
Capital Grants and Contributions	-	-	-	-	-
Total Revenue	1,052,691	1,721,379	1,249,332	1,230,994	1,319,433
Conservation of Natural Resources					
Charges for Services	63,105	73,279	72,688	70,708	60,826
Operating Grants and Contributions	400,193	103,892	96,195	68,152	186,333
Capital Grants and Contributions	-	75,820	3,637	573,003	-
Total Revenue	463,298	252,991	172,520	711,863	247,159
Economic/Community Development					
Charges for Services	234,100	508,000	80,558	311,000	620,000
Operating Grants and Contributions	176,216	255,100	285,344	156,804	231,360
Capital Grants and Contributions	575,440	(69,569)	-	-	-
Total Revenue	985,756	693,531	365,902	467,804	851,360
Interest and Fiscal Charges					
Charges for Services	-	-	-	-	-
Operating Grants and Contributions	-	-	-	-	-
Capital Grants and Contributions	-	-	-	-	-
Total Revenue	-	-	-	-	-
Total Governmental Activities Program Revenues	14,258,915	14,533,937	10,499,029	11,673,063	11,566,080

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)

	2018	2019	2020	2021	2022
\$	15,833,152	\$ 16,493,064	\$ 17,299,695	\$ 21,447,303	\$ 20,975,854
	27,130,890	31,231,182	31,445,313	33,376,832	32,937,936
	17,665,141	19,118,090	15,045,105	13,898,271	15,486,633
	-	-	7,780,241	6,051,585	6,445,776
	7,149,348	7,669,431	7,116,694	6,969,134	6,631,472
	64,082,500	64,438,616	68,764,861	68,632,733	68,957,650
	2,567,600	2,696,971	1,423,080	3,621,749	2,402,429
	2,477,129	1,808,000	2,281,480	5,262,207	3,012,720
	4,294,929	4,712,864	4,391,332	4,330,706	4,415,584
	<u>141,200,689</u>	<u>148,168,218</u>	<u>155,547,801</u>	<u>163,590,520</u>	<u>161,266,054</u>
	12,297,109	11,232,955	11,602,537	12,157,175	12,384,820
	509,150	584,718	541,335	523,435	609,737
	534,966	1,342,308	683,738	1,104,170	548,928
	1,077,168	1,434,031	968,205	940,188	1,017,606
	<u>14,418,393</u>	<u>14,594,012</u>	<u>13,795,815</u>	<u>14,724,968</u>	<u>14,561,091</u>
	<u>155,619,082</u>	<u>162,762,230</u>	<u>169,343,616</u>	<u>178,315,488</u>	<u>175,827,145</u>
	1,669,311	1,769,520	1,509,985	2,027,823	2,400,962
	660,790	716,683	428,812	2,686,609	2,920,183
	1,080,084	480,500	520,277	1,056,963	1,219,155
	<u>3,410,185</u>	<u>2,966,703</u>	<u>2,459,074</u>	<u>5,771,395</u>	<u>6,540,300</u>
	1,505,267	1,415,187	1,379,621	1,772,824	2,782,299
	1,294,733	1,161,505	1,697,018	3,603,339	2,300,947
	166,001	176,970	112,845	1,379,718	908,036
	<u>2,966,001</u>	<u>2,753,662</u>	<u>3,189,484</u>	<u>6,755,881</u>	<u>5,991,282</u>
	1,779,206	1,784,040	817,088	1,083,030	1,134,409
	822,659	1,155,251	1,233,626	1,494,842	8,500
	282,028	1,353,948	45,640	-	-
	<u>2,883,893</u>	<u>4,293,239</u>	<u>2,096,354</u>	<u>2,577,872</u>	<u>1,142,909</u>
	-	-	822,605	1,058,579	1,149,578
	-	-	37,060	216,861	32,494
	-	-	2,237,549	343,301	1,964,345
	-	-	3,097,214	1,618,741	3,146,417
	71,131	91,183	72,840	37,025	91,756
	2,018,289	2,120,065	2,273,959	2,381,707	2,595,327
	58,500	175,960	362,900	157,905	207,862
	<u>2,147,920</u>	<u>2,387,208</u>	<u>2,709,699</u>	<u>2,576,637</u>	<u>2,894,945</u>
	1,272,301	1,318,609	1,593,200	3,383,580	2,438,720
	-	-	-	-	-
	-	43,059	105,575	973,747	1,850,863
	<u>1,272,301</u>	<u>1,361,668</u>	<u>1,698,775</u>	<u>4,357,327</u>	<u>4,289,583</u>
	110,655	126,940	136,458	163,971	46,491
	131,321	94,814	117,820	111,443	-
	1,439,284	2,118,200	831,901	1,612,662	1,095,760
	<u>1,681,260</u>	<u>2,339,954</u>	<u>1,086,179</u>	<u>1,888,076</u>	<u>1,142,251</u>
	316,500	-	205,000	864,667	397,823
	810,319	205,300	757,258	3,978,848	1,523,758
	-	-	-	-	-
	<u>1,126,819</u>	<u>205,300</u>	<u>962,258</u>	<u>4,843,515</u>	<u>1,921,581</u>
	-	-	-	-	48,506
	-	-	-	-	-
	-	-	-	-	-
	-	-	-	-	48,506
	<u>15,488,379</u>	<u>16,307,734</u>	<u>17,299,037</u>	<u>30,389,444</u>	<u>27,117,774</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

(CONTINUED)

	2013	2014	2015	2016	2017
Business-type Activities:					
Water and Sewer					
Charges for Services	\$ 8,181,434	\$ 8,341,848	\$ 8,840,213	\$ 8,956,360	\$ 8,222,317
Operating Grants and Contributions	161,600	90,000	90,000	85,099	90,000
Capital Grants and Contributions	2,048,768	665,268	1,862,257	1,958,051	2,222,796
Total Revenue	10,391,802	9,097,116	10,792,470	10,999,510	10,535,113
Golf Course (4)					
Charges for Services	313,364	297,293	295,955	305,528	318,599
Operating Grants and Contributions	-	-	-	-	-
Capital Grants and Contributions	-	-	-	-	-
Total Revenue	313,364	297,293	295,955	305,528	318,599
Public Landings and Marinas (5)					
Charges for Services	440,270	423,478	423,723	423,427	443,176
Operating Grants and Contributions	42,914	36,439	43,304	36,781	33,542
Capital Grants and Contributions	18,692	-	-	-	-
Total Revenue	501,876	459,917	467,027	460,208	476,718
Airport					
Charges for Services	48,072	49,061	53,200	45,916	33,256
Operating Grants and Contributions	2,621	2,420	73,311	52,837	245,738
Capital Grants and Contributions	2,472,782	7,457	-	-	-
Total Revenue	2,523,475	58,938	126,511	98,753	278,994
Total Business-type Activities Program Revenues	13,730,517	9,913,264	11,681,963	11,863,999	11,609,424
Total Primary Government Program Revenues	27,989,432	24,447,201	22,180,992	23,537,062	23,175,504
Net (Expense) Revenue (1)					
Governmental activities	(101,572,868)	(109,884,678)	(120,124,371)	(128,556,204)	(125,334,669)
Business-type activities	(41,100)	(3,013,538)	(778,848)	(753,391)	(2,375,426)
Total Primary Government Net Expense	\$ (101,613,968)	\$ (112,898,216)	\$ (120,903,219)	\$ (129,309,595)	\$ (127,710,095)
General Revenues and Other Changes in Net Position					
Governmental Activities:					
Taxes (2)	\$ 107,978,036	\$ 112,123,625	\$ 116,821,607	\$ 121,011,135	\$ 123,299,031
Investment income	107,095	95,286	94,092	174,691	444,063
Gain on Sale of Capital Assets	163,426	346,765	1,098,632	161,106	53,936
Miscellaneous	1,051,760	877,629	1,076,893	949,046	2,065,465
Transfers In (Out)	(337,843)	(589,737)	(360,177)	(201,122)	(335,499)
Total Governmental Activities	108,962,474	112,853,568	118,731,047	122,094,856	125,526,996
Business-type Activities:					
Investment income	356,374	343,568	323,585	320,443	361,840
Gain on Sale of Capital Assets	-	-	-	-	-
Miscellaneous	855,504	793,951	815,430	746,167	809,211
Transfers In (Out)	359,277	589,737	360,177	201,122	335,499
Total Business-type Activities	1,571,155	1,727,256	1,499,192	1,267,732	1,506,550
Total Primary Government	110,533,629	114,580,824	120,230,239	123,362,588	127,033,546
Change in Net Position					
Governmental activities	7,389,606	2,968,890	(1,393,324)	(6,461,348)	192,327
Business-type activities	1,530,055	(1,286,282)	720,344	514,341	(868,876)
Total Primary Government	\$ 8,919,661	\$ 1,682,608	\$ (672,980)	\$ (5,947,007)	\$ (676,549)

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)

2018	2019	2020	2021	2022
\$ 9,214,383	\$ 10,524,474	\$ 13,873,082	\$ 12,174,150	\$ 18,135,534
90,000	520,000	2,541,550	4,600,000	487,761
<u>4,198,378</u>	<u>3,626,906</u>	<u>1,974,341</u>	<u>2,668,488</u>	<u>3,034,541</u>
<u>13,502,761</u>	<u>14,671,380</u>	<u>18,388,973</u>	<u>19,442,638</u>	<u>21,657,836</u>
340,123	373,014	399,603	593,022	594,180
-	-	-	-	-
<u>340,123</u>	<u>373,014</u>	<u>399,603</u>	<u>593,022</u>	<u>594,180</u>
451,524	454,071	538,760	540,240	475,309
104,829	888,592	10,447	178,208	640,752
-	-	-	-	-
<u>556,353</u>	<u>1,342,663</u>	<u>549,207</u>	<u>718,448</u>	<u>1,116,061</u>
25,857	24,710	24,130	24,920	23,774
60,858	725,109	95,052	20,180	516,774
-	-	-	-	-
<u>86,715</u>	<u>749,819</u>	<u>119,182</u>	<u>45,100</u>	<u>540,548</u>
<u>14,485,952</u>	<u>17,136,876</u>	<u>19,456,965</u>	<u>20,799,208</u>	<u>23,908,625</u>
<u>29,974,331</u>	<u>33,444,610</u>	<u>36,756,002</u>	<u>51,188,652</u>	<u>51,026,399</u>
(125,712,310)	(131,860,484)	(138,246,764)	(133,201,076)	(134,148,280)
<u>67,559</u>	<u>2,542,864</u>	<u>5,661,150</u>	<u>6,074,240</u>	<u>9,347,534</u>
<u>\$ (125,644,751)</u>	<u>\$ (129,317,620)</u>	<u>\$ (132,585,614)</u>	<u>\$ (127,126,836)</u>	<u>\$ (124,800,746)</u>
\$ 131,444,679	\$ 137,285,550	\$ 148,876,477	\$ 163,687,534	\$ 171,755,675
978,955	1,772,464	1,393,017	239,908	462,588
87,734	25,823	44,343	95,687	(1,157,005)
630,895	979,201	900,976	1,073,180	1,801,868
<u>(183,026)</u>	<u>(1,341,011)</u>	<u>(149,079)</u>	<u>(150,236)</u>	<u>(1,188,709)</u>
<u>132,959,237</u>	<u>138,722,027</u>	<u>151,065,734</u>	<u>164,946,073</u>	<u>171,674,417</u>
439,716	550,691	589,126	424,983	414,822
-	33,100	17,876	573,500	5,265
865,879	865,732	907,830	1,189,317	2,511,617
<u>183,026</u>	<u>1,341,011</u>	<u>149,079</u>	<u>150,236</u>	<u>1,188,709</u>
<u>1,488,621</u>	<u>2,790,534</u>	<u>1,663,911</u>	<u>2,338,036</u>	<u>4,120,413</u>
<u>134,447,858</u>	<u>141,512,561</u>	<u>152,729,645</u>	<u>167,284,109</u>	<u>175,794,830</u>
7,246,927	6,861,543	12,818,970	31,744,997	37,526,137
<u>1,556,180</u>	<u>5,333,398</u>	<u>7,325,061</u>	<u>8,412,276</u>	<u>13,467,947</u>
<u>\$ 8,803,107</u>	<u>\$ 12,194,941</u>	<u>\$ 20,144,031</u>	<u>\$ 40,157,273</u>	<u>\$ 50,994,084</u>

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

	2013	2014	2015	2016	2017
Local Property Taxes	\$ 65,591,225	\$ 64,712,683	\$ 64,672,721	\$ 65,185,546	\$ 66,487,004
Local Income Tax	35,769,303	40,899,804	44,643,870	47,928,725	48,624,679
Other Local Taxes	6,617,508	6,511,138	7,505,016	7,896,864	8,187,348
Total Taxes - Governmental Activities	<u>\$ 107,978,036</u>	<u>\$ 112,123,625</u>	<u>\$ 116,821,607</u>	<u>\$ 121,011,135</u>	<u>\$ 123,299,031</u>

	2018	2019	2020	2021	2022
Local Property Taxes	\$ 67,736,404	\$ 70,670,569	\$ 71,874,566	\$ 74,474,109	\$ 76,017,204
Local Income Tax	55,211,695	57,728,293	67,698,447	73,458,519	78,881,170
Other Local Taxes	8,496,580	8,886,688	9,303,464	15,754,906	15,164,554
Total Taxes - Governmental Activities	<u>\$ 131,444,679</u>	<u>\$ 137,285,550</u>	<u>\$ 148,876,477</u>	<u>\$ 163,687,534</u>	<u>\$ 170,062,928</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

	2013	2014	2015	2016	2017
General Fund:					
Nonspendable	\$ 626,122	\$ 480,385	\$ 687,777	\$ 586,481	\$ 754,921
Restricted	8,111,614	8,375,368	8,681,112	9,002,389	10,626,394
Committed	-	1,157,360	2,000,000	3,000,000	4,000,000
Assigned	1,284,657	1,284,875	2,034,875	1,926,782	1,998,415
Unassigned	5,965,003	7,123,519	7,793,085	8,468,591	8,830,530
Total General Fund	<u>15,987,396</u>	<u>18,421,507</u>	<u>21,196,849</u>	<u>22,984,243</u>	<u>26,210,260</u>
All Other Governmental Funds:					
Nonspendable	5,406,512	5,470,608	5,919,048	6,146,072	7,552,462
Restricted	12,724,859	21,824,970	17,794,372	21,316,088	8,900,465
Committed	3,480,382	4,097,033	4,209,177	3,425,701	13,447,283
Assigned	24,665,235	25,939,319	23,093,224	18,029,073	16,045,167
Unassigned	(135,515)	(115,800)	(108,185)	(115,129)	(53,665)
Total All Other Governmental Funds	<u>46,141,473</u>	<u>57,216,130</u>	<u>50,907,636</u>	<u>48,801,805</u>	<u>45,891,712</u>
Total All Governmental Funds	<u>\$ 62,128,869</u>	<u>\$ 75,637,637</u>	<u>\$ 72,104,485</u>	<u>\$ 71,786,048</u>	<u>\$ 72,101,972</u>
General Fund:					
Nonspendable	\$ 1,001,610	\$ 1,616,447	\$ 2,400,664	\$ 5,751,694	\$ 47,789
Restricted	10,999,800	14,361,899	14,711,547	16,182,014	17,838,136
Committed	5,027,897	6,000,000	6,998,256	7,621,618	8,399,587
Assigned	1,483,827	1,224,503	1,099,170	1,525,829	1,500,000
Unassigned	11,142,331	11,856,474	15,874,992	19,340,107	32,142,920
Total General Fund	<u>29,655,465</u>	<u>35,059,323</u>	<u>41,084,629</u>	<u>50,421,262</u>	<u>59,928,432</u>
All Other Governmental Funds:					
Nonspendable	7,583,553	-	-	-	1,327,375
Restricted	6,815,341	12,598,139	15,121,784	17,919,423	22,270,920
Committed	15,202,215	18,514,079	21,296,829	25,457,920	27,010,544
Assigned	19,618,643	23,573,581	23,721,935	36,026,980	44,073,399
Unassigned	(48,758)	(28,164)	(24,133)	(19,649)	-
Total All Other Governmental Funds	<u>49,170,994</u>	<u>54,657,635</u>	<u>60,116,415</u>	<u>79,384,674</u>	<u>94,682,238</u>
Total All Governmental Funds	<u>\$ 78,826,459</u>	<u>\$ 89,716,958</u>	<u>\$ 101,201,044</u>	<u>\$ 129,805,936</u>	<u>\$ 154,610,670</u>

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

	2013	2014	2015	2016	2017
Revenues					
Taxes					
Local Property Taxes	\$ 65,554,079	\$ 64,701,622	\$ 64,672,292	\$ 64,946,443	\$ 66,501,901
Local Income Taxes	39,438,906	40,326,921	42,889,715	46,424,552	48,578,044
Other Local Taxes	6,617,508	6,511,137	7,505,016	7,896,865	8,187,348
State Shared Taxes	510,726	749,366	557,834	623,256	708,566
Licenses and Permits	1,004,774	1,080,891	1,062,917	1,078,144	1,123,072
Intergovernmental	7,588,691	5,588,984	4,030,576	4,696,561	3,987,308
Bond Interest Reimbursement - Build America Bond	406,337	383,777	375,323	364,799	350,254
Charges for Current Services	4,594,240	5,357,919	4,251,835	4,617,730	5,114,605
Fines and Forfeitures	119,857	141,615	182,160	250,110	211,102
Capital Contributions - Developer	-	102,316	-	-	-
Investment Income	107,095	95,286	94,092	174,691	444,063
Donations	36,332	39,055	41,391	45,773	60,217
Miscellaneous	1,051,760	877,629	1,076,893	949,045	2,065,465
Total Revenues	127,030,305	125,956,518	126,740,044	132,067,969	137,331,945
Expenditures					
Current					
General Government (1)	9,282,310	10,649,489	8,833,255	9,817,062	10,382,078
Public Safety	21,275,229	22,266,458	23,133,608	23,523,103	23,866,030
Public Works	9,615,805	9,967,363	12,041,969	15,080,454	15,506,684
Parks and Recreation	-	-	-	-	-
Health & Social Services	5,863,143	5,505,626	5,425,002	5,827,938	5,981,620
Education & Library	49,696,335	61,063,194	67,116,408	62,405,143	60,950,845
Conservation of Natural Resources	890,480	2,363,254	565,289	1,744,260	565,938
Economic/Community Development	898,129	1,306,516	1,616,784	3,188,928	1,710,899
Miscellaneous	4,862,189	3,202,417	3,535,585	4,766,722	4,185,652
Capital Outlay	3,370,909	8,669,375	8,733,509	11,050,384	14,591,632
Debt Service					
Principal	7,069,406	7,210,561	7,444,611	7,667,316	8,074,013
Debt Issuance Costs	(94)	196,870	403,572	218,799	196,150
Interest and Fiscal Charges	3,675,628	3,501,230	3,846,823	3,696,719	4,104,254
Total Expenditures	116,499,469	135,902,353	142,696,415	148,986,828	150,115,795
Excess (Deficiency) of Revenues over (under) Expenditures	10,530,836	(9,945,835)	(15,956,371)	(16,918,859)	(12,783,850)
Other Financing Sources (Uses)					
Issuance of Debt	564,068	22,405,542	25,384,493	15,484,639	12,775,926
Other Financing Use - Proceeds of Refunding Bonds	-	-	-	8,042,773	-
Bond Premiums	(101)	1,118,097	1,901,240	1,650,448	618,681
Payments to Bond Refunding Agent	-	-	(14,881,834)	-	-
Other Financing Use - Debt Service - Principal	-	-	-	(8,446,336)	-
Proceeds of Capital Asset Disposals	308,856	458,759	1,331,608	18,100	55,189
Insurance Proceeds	20,070	61,942	57,916	153,534	12,241
Transfers In	10,851,904	5,861,261	5,079,641	9,941,051	6,331,482
Transfers Out	(11,228,409)	(6,450,998)	(6,449,845)	(10,243,787)	(6,693,745)
Total Other Financing Sources (Uses)	516,388	23,454,603	12,423,219	16,600,422	13,099,774
Net Increase (Decrease) in Fund Balances	\$ 11,047,224	\$ 13,508,768	\$ (3,533,152)	\$ (318,437)	\$ 315,924
Debt service as a percentage of non-capital expenditures (2, 3)	9.54%	8.44%	8.43%	8.16%	8.99%

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)

	2018	2019	2020	2021	2022
\$	67,944,730	\$ 70,615,293	\$ 71,682,389	\$ 74,769,217	\$ 75,943,263
	51,834,189	55,282,162	61,547,651	67,985,531	71,002,615
	8,496,580	8,886,688	9,303,464	15,754,906	15,164,554
	836,677	1,171,668	1,192,293	1,286,374	1,692,747
	1,167,444	1,224,381	1,083,317	1,461,286	1,656,112
	7,539,052	8,284,699	9,506,419	18,705,791	16,927,224
	334,858	319,362	-	-	-
	5,298,701	5,088,123	5,320,465	8,789,033	8,213,431
	258,226	192,975	133,015	141,180	255,955
	-	-	-	-	-
	978,955	1,772,464	1,393,017	239,908	462,588
	57,635	31,084	143,375	5,780	65,052
	630,895	979,201	900,976	1,073,180	1,801,868
	145,377,942	153,848,100	162,206,381	190,212,186	193,185,409
	10,640,065	10,542,151	10,610,554	13,487,519	13,368,832
	25,049,431	26,804,113	27,648,023	29,314,405	32,933,956
	15,235,104	16,163,026	12,749,864	12,223,767	14,291,677
	-	-	6,995,840	5,257,527	5,578,791
	6,100,594	6,209,377	6,660,677	6,731,938	6,389,428
	64,117,236	64,473,922	68,796,024	68,621,741	68,947,327
	2,577,735	2,717,738	1,475,572	3,672,847	2,411,769
	2,433,171	1,638,265	2,107,676	5,233,618	2,997,250
	5,348,568	5,729,955	5,308,680	6,834,217	6,981,356
	12,311,551	9,323,882	4,963,004	12,790,600	9,877,764
	7,149,537	7,855,820	8,624,604	7,343,425	7,775,190
	229,894	211,447	316,027	249,479	439,157
	4,280,553	4,586,387	4,676,955	4,492,461	4,415,584
	155,473,439	156,256,083	160,933,500	176,253,544	176,408,081
	(10,095,497)	(2,407,983)	1,272,881	13,958,642	16,777,328
	16,000,000	11,000,000	9,000,000	13,000,000	7,800,000
	-	-	14,682,184	10,835,995	-
	908,973	1,011,998	3,654,843	3,814,696	492,106
	-	-	-	-	-
	-	-	(17,043,453)	(12,970,537)	-
	54,097	231,588	30,949	41,099	63,850
	39,940	3,114	35,761	102,429	35,208
	8,220,201	12,588,897	9,690,474	20,469,607	23,952,703
	(8,403,227)	(13,929,908)	(9,839,553)	(20,647,039)	(24,316,461)
	16,819,984	10,905,689	10,211,205	14,646,250	8,027,406
\$	6,724,487	\$ 8,497,706	\$ 11,484,086	\$ 28,604,892	\$ 24,804,734
	8.00%	8.47%	8.53%	7.26%	7.38%

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
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
2022	1,814,529,551	6,984,923,499	8,799,453,050	0.8471	122,167,420	8,921,620,470	879,391,068	9,801,011,538

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)
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
2022	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
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
2022	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
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
2022	0.5350	0.2000	0.3400	0.2909	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
	0.1895	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
	0.2026	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, 2022		
	Assessable Base	Ratio: Taxpayer Base to Total Assessable Base
Second Horizon Group Limited Partnership	\$ 55,700,000	0.62 %
KRM - Chesapeake LLC	22,596,900	0.25
Bay Bridge Holding Company LLC	15,064,867	0.17
Chesapeake Bay Beach Club LLC	14,567,200	0.16
Maryland General Land Co LLC	13,150,400	0.15
Anne Arundel Real Estate Holding Co	12,558,033	0.14
SHM Narrows Point LLC	11,000,000	0.12
Shore Health System INC	10,247,600	0.11
Kent Narrows Marine LLC	10,147,500	0.11
Kent Towne Market LLC	10,126,367	0.11
Total	\$ 175,158,867	1.94 %
Total Assessable Base	\$ 8,921,620,470	100.00 %

For the Fiscal Year Ended June 30, 2013		
	Assessable Base	Ratio: Taxpayer Base to Total Assessable Base
Second Horizon Group Limited Partnership	\$ 54,272,000	0.71 %
KRM Development Corporation	34,678,700	0.45
The Aspen Institute	24,220,600	0.32
White's Heritage LLC	16,771,688	0.22
Great American Life Insurance Company	15,721,000	0.20
Beach Harbor Campers Cooperative Inc	13,653,800	0.18
Queenstown Bank	12,294,487	0.16
K Hovnanian at Kent Island LLC	11,500,000	0.15
Kent Towne Market LLC	10,943,734	0.14
Mears Point Association	10,832,300	0.14
Total	\$ 204,888,309	2.67 %
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
2013	\$ 63,904,147	\$ 63,596,067	99.52%	\$ 55,677	\$ 63,651,744	99.61%
2014	63,184,321	62,834,349	99.45%	90,914	62,925,263	99.59%
2015	63,338,629	63,231,601	99.83%	69,696	63,301,297	99.94%
2016	63,799,184	63,647,404	99.76%	80,299	63,727,703	99.89%
2017	65,217,648	65,107,115	99.83%	110,343	65,217,458	99.99%
2018	66,768,776	66,721,619	99.93%	46,976	66,768,595	99.99%
2019	68,887,556	68,778,389	99.84%	70,916	68,849,305	99.94%
2020	70,825,936	70,375,695	99.36%	301,100	70,676,795	99.79%
2021	72,635,124	72,627,467	99.99%	34,147	72,661,614	99.99%
2022	74,882,965	74,789,167	99.87%	-	74,789,167	99.87%

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)	
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	
2022	142,140,969	655,957	-	142,796,926	178,450,490	7.64%	3,420	

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)
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
2022	144,503,277	1.62%	2,769

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, 2022
Table 11

Name of Jurisdiction	Gross Debt
Queen Anne's County:	
County Government	
Total Net Direct Debt (1)	<u>\$ 142,796,926</u>
Towns: (2)	
Centreville (100%)	14,213,810
Queenstown (100%)	5,011,364
Sudlersville (100%) (3)	4,712,418
Millington (100%)	<u>1,085,000</u>
Total Net Overlapping Debt	<u>25,022,592</u>
Total Net Direct and Overlapping Debt	<u><u>\$ 167,819,518</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) FY22 gross debt could not be obtained. The amount being reported is the amount confirmed from FY21.



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

	2013	2014	2015	2016	2017
Computation of Legal Debt Margin - for Queen Anne's County					
<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)	2,160,475	2,053,736	3,540,295	3,520,859	3,217,479
General Obligation Debt (4)	90,092,100	107,883,563	112,060,053	118,977,909	123,519,157
Subtotal	<u>92,252,575</u>	<u>109,937,299</u>	<u>115,600,348</u>	<u>122,498,768</u>	<u>126,736,636</u>
Total authorized debt under Title 5 and specific public laws	100,252,575	117,937,299	123,600,348	130,498,768	134,736,636
LESS Outstanding bonds, notes payable, and capital leases (5)	107,497,099	123,479,930	127,774,051	134,883,606	144,731,805
Less: Sanitary District debt (4)	14,097,769	12,584,475	11,388,918	10,471,639	16,296,744
Subtotal	<u>93,399,330</u>	<u>110,895,455</u>	<u>116,385,133</u>	<u>124,411,967</u>	<u>128,435,061</u>
Legal Debt Margin - Other than the Sanitary District	<u>\$ 6,853,245</u>	<u>\$ 7,041,844</u>	<u>\$ 7,215,215</u>	<u>\$ 6,086,801</u>	<u>\$ 6,301,575</u>
<u>Debt related to the Sanitary District Proprietary Fund:</u>					
Total taxable assessed value (3)	\$ 7,620,480,255	\$ 7,540,259,768	\$ 7,568,705,234	\$ 7,626,510,532	\$ 7,792,264,218
Plus exempt property (3)	<u>732,300,804</u>	<u>696,880,673</u>	<u>708,231,797</u>	<u>713,843,531</u>	<u>771,576,578</u>
Total assessed value	<u>\$ 8,352,781,059</u>	<u>\$ 8,237,140,441</u>	<u>\$ 8,276,937,031</u>	<u>\$ 8,340,354,063</u>	<u>\$ 8,563,840,796</u>
Debt Limit - 6% of total assessed value (2)	\$ 501,166,864	\$ 494,228,426	\$ 496,616,222	\$ 500,421,244	\$ 513,830,448
LESS Sanitary District	14,097,769	12,584,475	11,388,918	10,471,639	16,296,744
Less: Restricted Cash and Investments in the Debt Service Fund available for payment of principal	<u>2,840,468</u>	<u>2,763,304</u>	<u>2,695,383</u>	<u>1,120,775</u>	<u>947,445</u>
	<u>11,257,301</u>	<u>9,821,171</u>	<u>8,693,535</u>	<u>9,350,864</u>	<u>15,349,299</u>
Legal Debt Margin - Sanitary District	<u>\$ 489,909,563</u>	<u>\$ 484,407,255</u>	<u>\$ 487,922,687</u>	<u>\$ 491,070,380</u>	<u>\$ 498,481,149</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)

2018	2019	2020	2021	2022
\$ 8,000,000	\$ 8,000,000	\$ 8,000,000	\$ 8,000,000	\$ 8,000,000
2,976,195	2,725,011	2,475,881	2,337,041	2,362,308
<u>132,567,304</u>	<u>135,985,079</u>	<u>136,513,411</u>	<u>142,970,963</u>	<u>142,140,969</u>
<u>135,543,499</u>	<u>138,710,090</u>	<u>138,989,292</u>	<u>145,308,004</u>	<u>144,503,277</u>
143,543,499	146,710,090	146,989,292	153,308,004	152,503,277
162,445,781	169,228,169	171,697,250	180,444,712	178,450,490
<u>25,484,821</u>	<u>29,419,756</u>	<u>31,932,369</u>	<u>34,432,935</u>	<u>33,291,256</u>
<u>136,960,960</u>	<u>139,808,413</u>	<u>139,764,881</u>	<u>146,011,777</u>	<u>145,159,234</u>
<u>\$ 6,582,539</u>	<u>\$ 6,901,677</u>	<u>\$ 7,224,411</u>	<u>\$ 7,296,227</u>	<u>\$ 7,344,043</u>
\$ 7,974,395,138	\$ 8,264,514,461	\$ 8,486,858,638	\$ 8,714,892,522	\$ 8,921,620,470
<u>784,345,727</u>	<u>810,049,666</u>	<u>839,013,301</u>	<u>860,398,332</u>	<u>879,391,068</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>	<u>\$ 9,801,011,538</u>
\$ 525,524,452	\$ 544,473,848	\$ 559,552,316	\$ 574,517,451	\$ 588,060,692
25,484,821	29,419,756	31,932,369	34,432,935	33,291,256
<u>1,060,045</u>	<u>1,259,440</u>	<u>2,031,867</u>	<u>2,684,988</u>	<u>1,913,102</u>
<u>24,424,776</u>	<u>28,160,316</u>	<u>29,900,502</u>	<u>31,747,947</u>	<u>31,378,154</u>
<u>\$ 501,099,676</u>	<u>\$ 516,313,532</u>	<u>\$ 529,651,814</u>	<u>\$ 542,769,504</u>	<u>\$ 556,682,538</u>

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

	2013	2014	2015	2016	2017
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)	\$ 7,620,480,255	\$ 7,540,259,768	\$ 7,568,705,234	\$ 7,626,510,532	\$ 7,792,264,218
2.5% of Total Taxable Assessed Base	\$ 190,512,006	\$ 188,506,494	\$ 189,217,631	\$ 190,662,763	\$ 194,806,605
LESS Outstanding and New General Obligation Debt applicable to limit (2) (3)					
Enterprise Funds' Debt - Bonds	\$ 2,490,475	\$ 2,053,736	\$ 3,540,295	\$ 3,520,859	\$ 3,217,479
General Obligation Debt - Bonds and Notes	91,238,855	108,841,719	112,844,838	120,891,108	125,217,582
Total Outstanding and New General Obligation Debt	\$ 93,729,330	\$ 110,895,455	\$ 116,385,133	\$ 124,411,967	\$ 128,435,061
2.5% of Total Taxable Assessed Base in Excess of					
Total Outstanding and New General Obligation Debt	\$ 96,782,676	\$ 77,611,039	\$ 72,832,498	\$ 66,250,796	\$ 66,371,544
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)	48,650	48,650	48,804	48,517	48,904
\$3,000 Per Capita	\$ 3,000	\$ 3,000	\$ 3,000	\$ 3,000	\$ 3,000
	\$ 145,950,000	\$ 145,950,000	\$ 146,412,000	\$ 145,551,000	\$ 146,712,000
LESS Outstanding and New General Obligation Debt (1)	\$ 93,729,330	\$ 110,895,455	\$ 116,385,133	\$ 124,411,967	\$ 128,435,061
\$3,000 Per Capita in Excess of					
Total Outstanding and New General Obligation Debt	\$ 52,220,670	\$ 35,054,545	\$ 30,026,867	\$ 21,139,033	\$ 18,276,939

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)

2018	2019	2020	2021	2022
\$ 7,974,395,138	\$ 8,264,514,461	\$ 8,486,858,638	\$ 8,714,892,522	\$ 8,921,620,470
2.5%	2.5%	2.5%	2.5%	2.5%
<u>\$ 199,359,878</u>	<u>\$ 206,612,862</u>	<u>\$ 212,171,466</u>	<u>\$ 217,872,313</u>	<u>\$ 223,040,512</u>
\$ 2,976,195	\$ 2,725,011	\$ 2,475,881	\$ 2,337,041	\$ 2,362,308
133,984,765	137,083,402	137,289,000	143,674,736	142,796,926
<u>\$ 136,960,960</u>	<u>\$ 139,808,413</u>	<u>\$ 139,764,881</u>	<u>\$ 146,011,777</u>	<u>\$ 145,159,234</u>
<u>\$ 62,398,918</u>	<u>\$ 66,804,449</u>	<u>\$ 72,406,585</u>	<u>\$ 71,860,536</u>	<u>\$ 77,881,278</u>
48,904	50,750	52,597	52,177	52,177
<u>\$ 3,000</u>				
<u>\$ 146,712,000</u>	<u>\$ 152,250,000</u>	<u>\$ 157,791,000</u>	<u>\$ 156,531,000</u>	<u>\$ 156,531,000</u>
<u>\$ 136,960,960</u>	<u>\$ 139,808,413</u>	<u>\$ 139,764,881</u>	<u>\$ 146,011,777</u>	<u>\$ 145,159,234</u>
<u>\$ 9,751,040</u>	<u>\$ 12,441,587</u>	<u>\$ 18,026,119</u>	<u>\$ 10,519,223</u>	<u>\$ 11,371,766</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, 2022			
Employer	Employees	Rank	Percentage of Total County Employment
Queen Anne's County Board of Education	1,018	1	7.05%
Queen Anne's County Government	504	2	3.49%
Chesapeake College	469	3	3.25%
Paul Reed Smith Guitars	427	4	2.96%
REEB Millwork	303	5	2.10%
S.E.W. Friel	260	6	1.80%
Food Lion	203	7	1.41%
The Chesapeake Bay Beach Club	150	8	1.04%
AZZ Enclosures	130	9	0.90%
Harris Seafood Company	125	10	0.87%
Total	3,589		24.87%

For the Fiscal Year Ended June 30, 2013			
Employer	Employees	Rank	Percentage of Total County Employment
Queen Anne's County Board of Education	926	1	8.20%
Chesapeake College	485	2	4.30%
Queen Anne's County Government	427	3	3.78%
S.E.W. Friel	275	4	2.44%
Paul Reed Smith Guitars	250	5	2.21%
Reeb Millwork	180	6	1.59%
Cracker Barrel Old Country Store	170	7	1.51%
Safeway	150	8	1.33%
Fisherman's Inn	135	9	1.20%
Genesis Healthcare	134	10	1.19%
Total	3,132		27.75%

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)
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
2022	52,177	2,565,960,506	49,178	4.00%	7,418

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

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Number of Exempt Employees	28	29	30	32	35	34	32	33	37	40
Number of Full Time Employees	391	393	416	431	439	450	479	484	496	462
Number of Part Time Employees (FTE)	8	7	3	3	4	3	3	2	2	2
Total County Government Employees	<u>427</u>	<u>429</u>	<u>449</u>	<u>466</u>	<u>478</u>	<u>487</u>	<u>514</u>	<u>519</u>	<u>535</u>	<u>504</u>

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

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Governmental Activities:										
General Government	82	77	81	83	87	76	75	78	79	83
Public Safety:										
Police	56	58	58	59	61	62	69	71	70	65
Fire - Emergency Management Services	64	67	71	72	73	75	82	83	83	84
Detention Center	41	41	41	41	45	41	42	43	45	42
Animal Services	6	3	3	2	2	2	2	2	13	7
Public Works	51	54	58	61	59	75	80	77	75	68
Health	1	1	1	1	1	1	1	1	1	1
Social Services	32	36	38	42	41	39	39	39	41	41
Parks	27	29	39	42	44	43	46	52	51	43
Conservation of Natural Resources	4	4	3	4	4	4	4	4	4	3
Economic/Community Development	6	2	3	6	5	10	11	9	10	10
Total Governmental Activities	370	372	396	413	422	428	451	459	472	447
Business-Type Activities:										
Sanitary District	45	46	46	46	48	51	55	53	56	50
Bay Bridge Airport	1	1	1	1	1	2	2	2	2	2
Golf	1	1	1	1	1	1	1	1	1	1
Public Landings	2	2	2	2	2	2	2	2	2	2
Total Business-Type Activities	49	50	50	50	52	56	60	58	61	55
Total Full-Time County Employees	419	422	446	463	474	484	511	517	533	502

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

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Governmental Activities:										
General Government:										
Planning & Zoning:										
Number of commercial permits issued	75	51	52	50	47	55	30	49	91	63
Number of residential permits issued:										
Single Family Permits	161	133	123	84	124	145	155	173	275	136
Multi Family Permits	21	12	-	1	29	-	37	41	62	32
Renovations and Additions Permits	312	327	270	303	323	339	359	317	343	203
Total residential permits issued	<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>	<u>371</u>
Public Safety:										
Fire and Rescue:										
Number of volunteer members	689	689	683	500	400	500	450	542	558	550
Police:										
Uniformed Police Officers	61	61	64	64	64	68	69	71	71	73
Number of law violations:										
Physical arrests	1,144	1,239	1,055	903	914	1,097	930	854	1,080	812
Traffic violations	5,915	6,514	6,030	8,002	7,183	12,384	10,474	9,705	11,142	7,447
Detention Center:										
Detention Center Officers	40	41	41	39	38	42	41	41	42	41
Average yearly prison population	128	138	123	115	133	115	105	106	158	154
Public Works:										
Wastewater Treated - Daily (mgd)	2.0	2.0	2.1	2.0	2.0	2.2	2.2	2.1	2.3	2.7
Education:										
Number of Personnel										
Teachers	546	550	575	575	572	569	572	584	603	609
Administrators	39	41	40	40	38	37	37	37	36	38
Support	294	344	295	296	304	300	301	281	336	364
Other	47	37	34	34	34	34	32	7	7	7
Number of Students	7,717	7,720	7,752	7,738	7,799	7,768	7,767	7,705	7,351	7,418
Number of High School Graduates	537	605	589	532	550	552	521	590	561	535

NOTES:
 Source: Various County departments.

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

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Governmental Activities:										
Public Safety:										
Fire and Rescue:										
Number of volunteer stations	9	9	9	9	9	9	9	9	9	9
Equipment:										
Engines	18	17	16	16	16	16	15	15	15	15
Tankers	9	8	8	8	8	8	7	9	9	9
Aerial Units	5	4	4	5	5	4	5	5	5	5
Rescue Units	8	6	7	6	6	5	5	7	7	7
Brush Units	8	7	7	7	7	7	7	8	8	8
Boats	5	6	6	6	6	3	4	4	4	4
Ambulance/Medic Units	17	13	14	12	13	13	11	13	12	13
Cars/Other	22	25	25	25	16	14	28	33	33	33
Police:										
Number of Stations	1	1	1	1	1	1	1	1	1	1
Number of Vehicles										
Patrol	62	68	68	71	70	70	71	81	66	43
Other	3	12	15	10	9	14	14	12	29	67
Detention Center										
Capacity	148	148	148	148	148	148	148	148	148	148
Public Works:										
County Maintained Roads and Streets										
Paved (miles)	541	543	543	540	549	549	549	550	550	549
Unpaved (miles)	12	12	12	12	12	12	12	12	12	12
County Owned Water and Wastewater Facilities										
Water										
Miles of Mains	61	62	62	64	65	67	68	69	70	71
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	120	121	122	128	136	151	153	154	160	162
Wastewater Treatment Plants	1	1	1	1	1	1	1	1	1	1
Wastewater Collection, Lift, and Pumping Stations	31	31	31	31	32	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	32	32	32	32	32	32	32
Park Acreage	2,915	2,915	2,915	2,915	2,915	3,085	3,085	3,085	3,085	3,085
Public Landings	19	20	20	19	20	20	20	20	20	20
Library:										
Number of Libraries	3	3	3	3	3	3	3	3	3	3

NOTES:
 Source: Various County departments.