

**THE COUNTY COMMISSIONERS OF
QUEEN ANNE'S COUNTY, MARYLAND**

ANNUAL COMPREHENSIVE
FINANCIAL REPORT

JUNE 30, 2023

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

2023

Annual Comprehensive Financial Report
for the Fiscal Year ended
June 30, 2023

Prepared by:
Queen Anne's County,
Office of Budget and Finance

**QUEEN ANNE'S COUNTY, MARYLAND
ANNUAL COMPREHENSIVE FINANCIAL REPORT
FISCAL YEAR ENDED JUNE 30, 2023
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INTRODUCTORY SECTION



*Queen
Anne's
County*

OFFICE OF BUDGET AND FINANCE

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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: Jeffrey A. Rank*

February 29, 2024

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, 2023.

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, 2023, 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, 2023, 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 51,711 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.

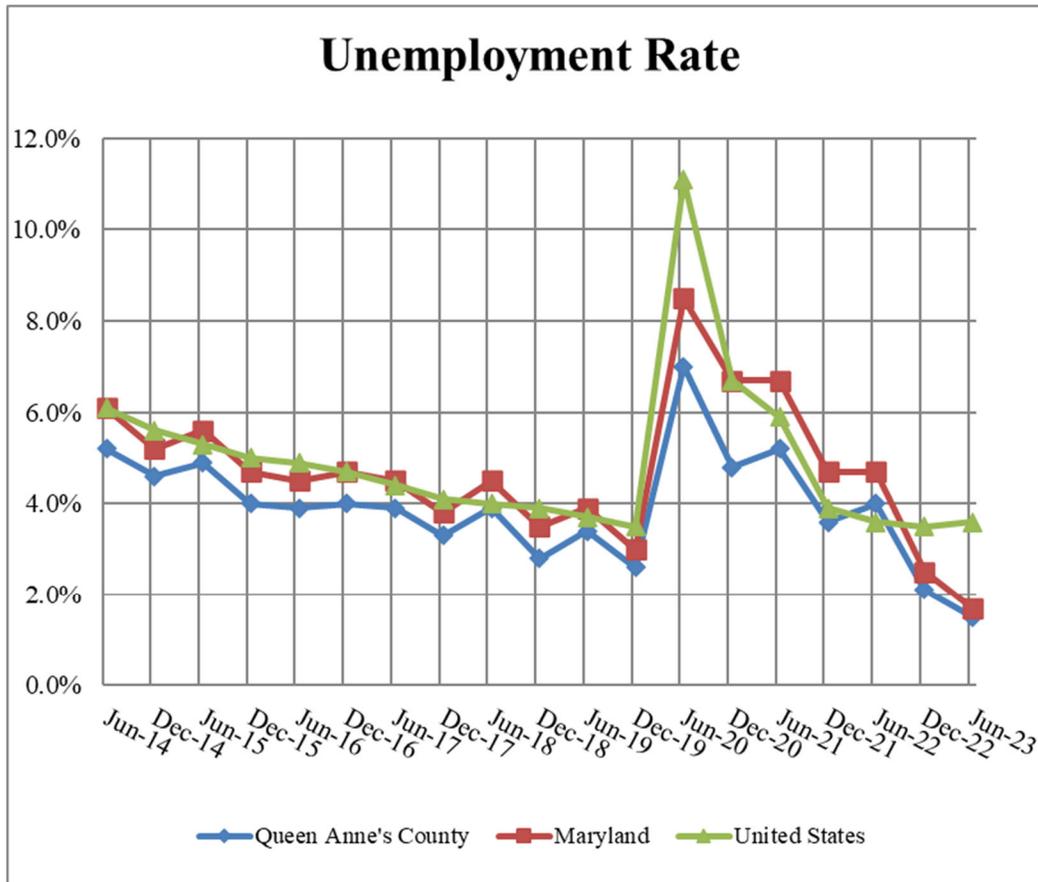
Department Heads may make transfers of appropriations within a department of up to \$10,000 with the approval of the County Administrator. Transfers of appropriations or appropriation of new revenues in excess of \$10,000 require the approval of the County Commissioners. Budget to actual comparisons 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 2023 rate for the County was 1.5%, compared to the state’s rate of 1.7% and the U.S.’s rate of 3.6%. The fiscal year 2023 average rate for the County was 3.7%. The decrease in the unemployment rate for fiscal year 2023 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 2023 by 2.8% to \$78.1 million due to an increase in assessable base. Local income tax is the County’s other main revenue source. Income tax collections increased by 11.9% in fiscal year 2023, from \$71.0 million in fiscal year 2022 to \$79.5 million in fiscal year 2023 as a result of increased employment, capital gains and wages.

Recordation tax declined in fiscal year 2023 with a decrease of 12.9% over fiscal year 2022, from \$10.2 million in fiscal year 2022 to \$8.9 million in fiscal year 2023. The transfer tax revenue also decreased in fiscal year 2023 by 20.3%, from \$3.8 million in fiscal year 2022 to \$3.0 million in fiscal year 2023.

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 \$14,511,971 in fiscal year 2023.

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 \$717,872 in fiscal year 2023. The current balance of the Revenue Stabilization Fund is \$9,069,982.

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 2024, prioritizes capital expenditures over these years to meet the County’s needs. The six-year program totals \$319.6 million and includes: \$60.0 million for various school related projects (includes \$23.5 million for Centreville Middle School and \$17.5 million for the board administration building); \$59.0 million for Roads Board capital projects (includes \$15.2 million for asphalt overlays and \$15.0 million for pedestrian bridge crossing US 50/301); \$42.0 million for various Sanitary District projects (includes the Southern Kent Island Sewer service at \$20.0 million); \$34.4 million for the Detention Center renovation; \$30.0 million for Parks (includes \$10.6 million for trail maintenance/amenities and \$5.4 million for phase two of the Cross County Connector project); \$22.3 million for Administration and General Services (includes \$9.0 million for the Historic Courthouse); \$11.5 million for Department of Emergency Services; and \$10.1 million for the Recreation Center.

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 2023, Queen Anne’s County general obligation debt was 1.44% of the total taxable assessable base, and the per capita debt measurement was \$2,600. The debt service was 8.4% 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, 2022. 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-four consecutive years (fiscal years 1999-2022). 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,



Jeffrey Rank
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

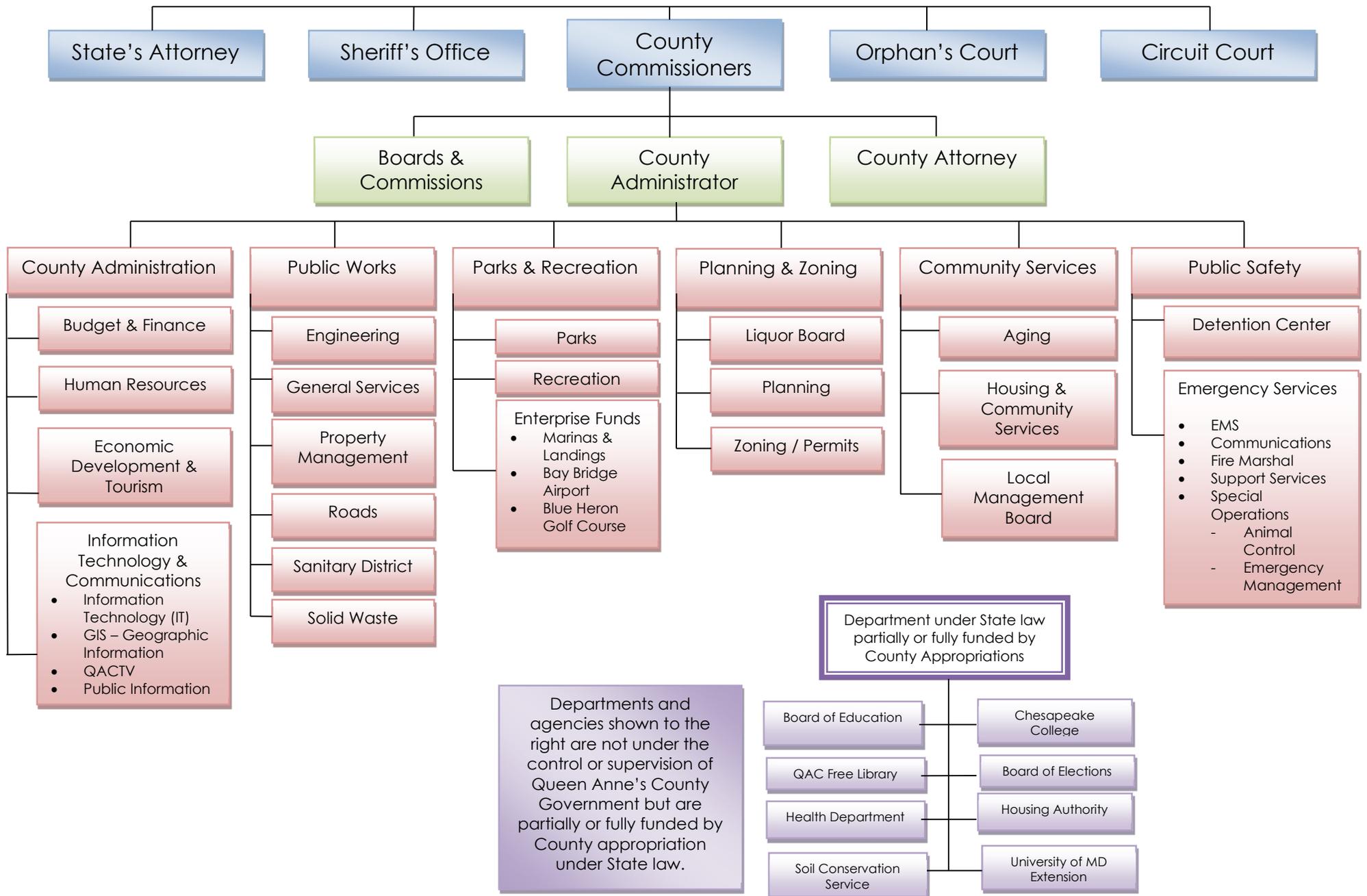
June 30, 2022

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, 2023**

CERTAIN ELECTED OFFICIALS

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

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 7/1/23 Jeffrey Rank replaced Nichole Hepfer as Director of Budget and Finance*

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, 2023, 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, 2023, 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, 2023, 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

As discussed in Note 1 to the financial statements, the County adopted new accounting guidance GASB No. 96, *Subscription-Based Information Technology Arrangements*. Additionally, as discussed in Note 22 to the financial statements, The County recorded prior period restatement entries related to lease receivables, accounts receivables, and deferred inflows; for facts that existed at the time the previous financial statements were prepared. 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 is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the 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 basic 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 February 29, 2024, 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.

UHY LLP

Salisbury, Maryland
February 29, 2024

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, 2023. 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	
	2023	2022	2023	2022	2023	2022
Current and Other Assets	\$ 223,507,249	\$ 201,881,441	\$ 65,914,665	\$ 63,702,006	\$ 289,421,914	\$ 265,583,447
Capital Assets	195,514,937	190,874,807	136,788,646	129,251,754	332,303,583	320,126,561
Total Assets	419,022,186	392,756,248	202,703,311	192,953,760	621,725,497	585,710,008
Total deferred Outflows of resources	16,533,659	18,706,064	1,445,535	1,651,620	17,979,194	20,357,684
Noncurrent liabilities	205,417,418	216,868,181	46,777,229	45,442,547	252,194,647	262,310,728
Other Liabilities	21,139,189	14,383,748	2,226,209	1,381,610	23,365,398	15,765,358
Total Liabilities	226,556,607	231,251,929	49,003,438	46,824,157	275,560,045	278,076,086
Total deferred Inflows of resources	23,915,715	25,652,222	20,368,980	19,951,605	44,284,695	45,603,827
Net investment in capital assets	122,128,900	118,666,142	99,118,189	93,562,741	221,247,089	212,228,883
Restricted amounts	26,495,556	24,012,709	5,350,538	5,310,698	31,846,094	29,323,407
Unrestricted amounts (deficit)	36,459,067	11,879,310	30,307,701	28,956,179	66,766,768	40,835,489
Total net position	\$ 185,083,523	\$ 154,558,161	\$ 134,776,428	\$ 127,829,618	\$ 319,859,951	\$ 282,387,779

The County's total current and other assets increased by \$23.8 million, or 9.0 percent, to \$289.4 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 2023 by \$319.9 million.

Net position is divided into three categories: net investment in capital assets; restricted amounts; and unrestricted amounts. By far the largest portion, \$221.2 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 \$48.2 million at June 30, 2023. Absent the effect of this relationship, the County would have reported a positive unrestricted amount of \$115.0 million on its government-wide financial statements, rather than the positive unrestricted net assets of \$66.8 million reported herein. For a multi-year view of this calculation, see the Footnote presented in Table 1 of the Statistical Section.

An additional \$31.8 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: \$15.0 million related to general government services; \$3.0 million for economic/community development; \$5.7 million for public safety; and \$2.8 million for conservation of natural resources. For business-type activities, this amount includes \$2.6 million restricted to meet Sanitary District debt covenants; \$1.2 million for the Bay Bridge Airport debt service; and \$1.5 million restricted for other purposes for the Bay Bridge Airport.

At the end of the current fiscal year, Queen Anne's County Government reports positive balances for all three categories of net position: governmental activities, business-type activities and for the government as a whole.

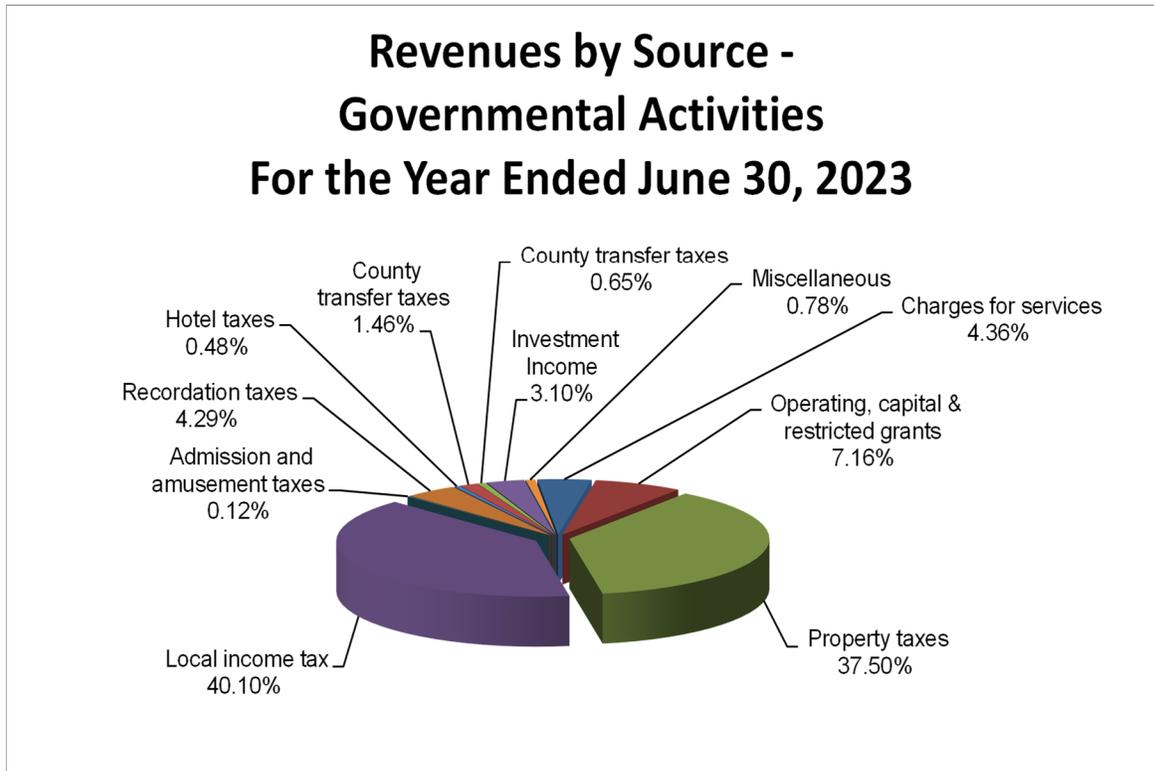
Statement of Activities

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

	Governmental Activities		Business-Type Activities		Total	
	2023	2022	2023	2022	2023	2022
Program revenues:						
Charges for services	\$ 9,065,778	\$ 10,490,544	\$ 13,436,000	\$ 19,228,797	\$ 22,501,778	\$ 29,719,341
Operating grants and contributions	8,232,618	9,381,209	2,955,567	2,023,287	11,188,185	11,404,496
Capital grants and contributions	6,657,301	7,246,021	4,027,234	3,034,541	10,684,535	10,280,562
General revenues:						
Property taxes	78,022,772	76,017,204	-	-	78,022,772	76,017,204
Local income tax	83,439,604	78,881,170	-	-	83,439,604	78,881,170
Other local taxes						
Admission and amusement taxes	248,987	247,533	-	-	248,987	247,533
Recordation taxes	8,921,379	10,243,655	-	-	8,921,379	10,243,655
Hotel taxes	991,022	849,345	-	-	991,022	849,345
County transfer taxes	3,046,615	3,824,021	-	-	3,046,615	3,824,021
State Shared Taxes	1,352,592	1,692,747	-	-	1,352,592	1,692,747
Investment income	6,448,944	462,588	1,047,564	414,822	7,496,508	877,410
Gain (loss) on sale of capital assets	-	(1,157,005)	2,561	5,265	2,561	(1,151,740)
Miscellaneous	1,628,246	1,801,868	1,224,908	2,519,132	2,853,154	4,321,000
Total Revenues	208,055,858	199,980,900	22,693,834	27,225,844	230,749,692	227,206,744
Governmental Activities:						
General government	21,070,854	20,975,854	-	-	21,070,854	20,975,854
Public safety	42,482,230	32,937,936	-	-	42,482,230	32,937,936
Public works	19,422,823	15,486,633	-	-	19,422,823	15,486,633
Parks & recreation	6,338,014	6,445,776	-	-	6,338,014	6,445,776
Health & Social Services	7,219,183	6,631,472	-	-	7,219,183	6,631,472
Education & Library	69,770,287	68,957,650	-	-	69,770,287	68,957,650
Conservation of natural resources	3,386,538	2,402,429	-	-	3,386,538	2,402,429
Economic and Community development	2,798,777	3,012,720	-	-	2,798,777	3,012,720
Interest and fiscal charges	4,525,460	4,415,584	-	-	4,525,460	4,415,584
Business-type Activities:						
Water and sewer	-	-	13,822,527	12,384,820	13,822,527	12,384,820
Airport	-	-	1,058,318	1,017,606	1,058,318	1,017,606
Golf course	-	-	697,824	609,737	697,824	609,737
Public landings and marinas	-	-	684,685	548,928	684,685	548,928
Total Expenses	177,014,166	161,266,054	16,263,354	14,561,091	193,277,520	175,827,145
Increase in Net Position before Transfers	31,041,692	38,714,846	6,430,480	12,664,753	37,472,172	51,379,599
Transfers in (out)	(516,330)	(1,188,709)	516,330	1,188,709	-	-
Increase in Net Position	30,525,362	37,526,137	6,946,810	13,853,462	37,472,172	51,379,599
Net Position, prior year	154,558,161	117,032,024	127,829,618	113,976,156	282,387,779	231,008,180
Net Position - current year	\$ 185,083,523	\$ 154,558,161	\$ 134,776,428	\$ 127,829,618	\$ 319,859,951	\$ 282,387,779

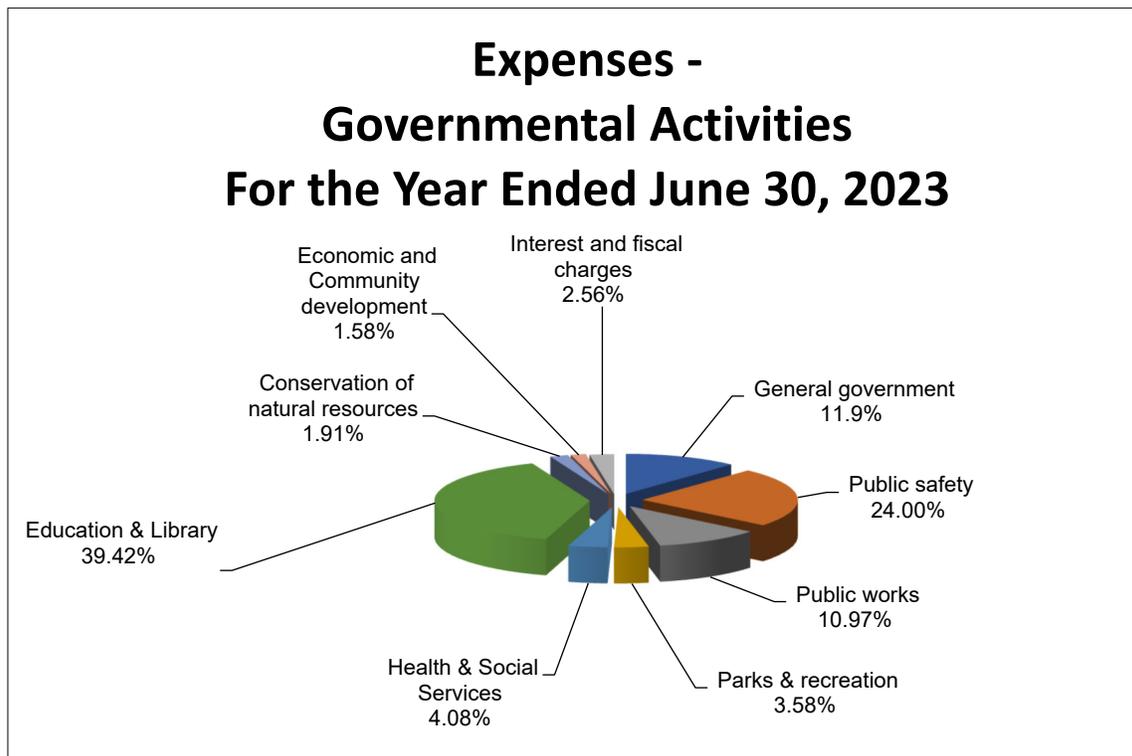
Governmental activities:

Revenues for governmental activities were \$208.1 million for fiscal year 2023. The following chart depicts revenues by source for governmental activities:



- Taxes comprise the largest source of County revenue, totaling \$176.0 million (84.6 percent) of total revenue for fiscal year 2023. Of that amount, property and local income tax together yielded \$161.5 million (77.6 percent) of all revenue. Each County sets its own property and income tax rates, within parameters established by the State. For fiscal year 2023, the County’s property tax rate decreased to \$.830 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 \$8.2 million, reflect grants from Federal and State agencies that support specific County programs. Programs that benefitted the most were: public safety (\$3.6 million or 43.7 percent), health and social services (\$3.1 million or 37.2 percent), and economic/community development (\$1.3 million or 15.6 percent).
- Charges for services, totaling \$9.1 million, reflect fees charged to County citizens. These primarily support education and library (\$2.2 million or 24.7 percent), general government (\$2.0 million or 22.5 percent), public safety (\$1.9 million or 21.1 percent), parks and recreation (\$1.1 million or 12.2 percent), and public works (\$961 thousand or 10.6 percent).
- Capital grants and contributions, totaling \$6.7 million, reflect contributions from Federal and State agencies, as well as developers. Programs that benefitted the most were: conservation of natural resources (\$2.0 million or 30.2 percent), general government (\$1.5 million or 23.3 percent), public works (\$1.1 million or 16.8 percent), and education and library (\$980 thousand or 14.7 percent).

Expenses for all governmental activities were \$177.0 million for fiscal year 2023. 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 \$69.8 million (39.4 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	
	2023	2022	2023	2022	2023	2022
Education and Library	\$ 69,770,287	\$ 68,957,650	\$ 3,217,120	\$ 4,289,583	\$ (66,553,167)	\$ (64,668,067)
Public safety	42,482,230	32,937,936	5,673,779	5,991,282	(36,808,451)	(26,946,654)
Public works	19,422,823	15,486,633	2,090,244	1,142,909	(17,332,579)	(14,343,724)
General government	21,070,854	20,975,854	3,836,276	6,540,300	(17,234,578)	(14,435,554)
Parks & recreation	6,338,014	6,445,776	1,768,302	3,146,417	(4,569,712)	(3,299,359)
Health & Social Services	7,219,183	6,631,472	3,333,514	2,894,945	(3,885,669)	(3,736,527)
Conservation of natural resources	3,386,538	2,402,429	2,083,924	1,142,251	(1,302,614)	(1,260,178)
Economic and Community development	2,798,777	3,012,720	1,906,414	1,921,581	(892,363)	(1,091,139)
Interest and fiscal charges	4,525,460	4,415,584	46,124	48,506	(4,479,336)	(4,367,078)
Total	\$ 177,014,166	\$ 161,266,054	\$ 23,955,697	\$ 27,117,774	\$ (153,058,469)	\$ (134,148,280)

Of the total cost of \$177.0 million for governmental activities, \$24.0 million (13.5 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 \$9.1 million, while governments and other organizations that benefited indirectly from these programs contributed operating grants of \$8.2 million and capital grants of \$6.7 million.

County taxpayers paid for most of the remaining \$153.1 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: \$66.6 million for education and library; \$36.8 million for public safety; \$17.3 million for public works; \$17.2 million for general government; \$4.6 million for parks and recreation; \$3.9 million for health and social services; \$1.3 million for conservation of natural resources; \$892 thousand for economic and community development; and \$4.5 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 2023, governmental activities increased the County's net position overall by \$30.5 million, compared to an increase of \$37.5 million in fiscal year 2022. The following discussion explains changes in net position relative to the prior fiscal year.

Revenues for governmental activities increased by \$8.1 million (4.0 percent). The following key revenues changed, when compared to the prior fiscal year:

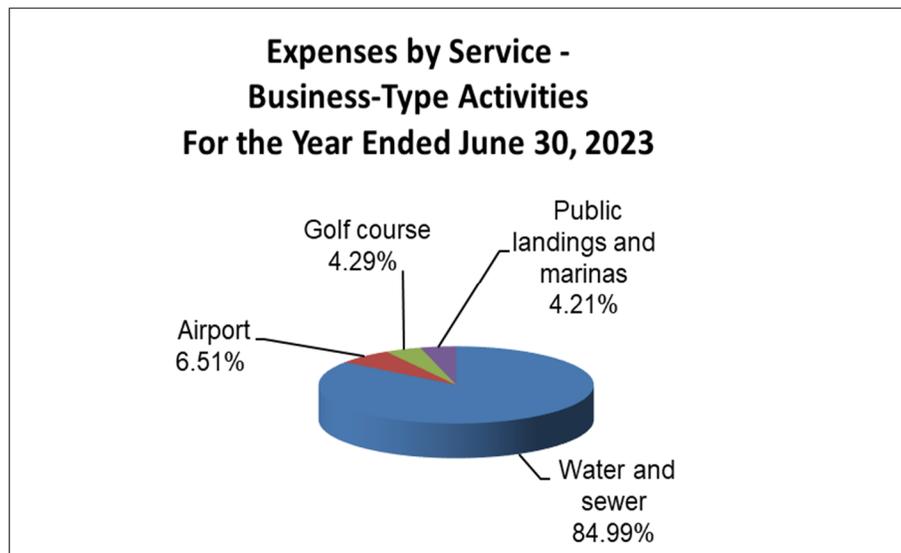
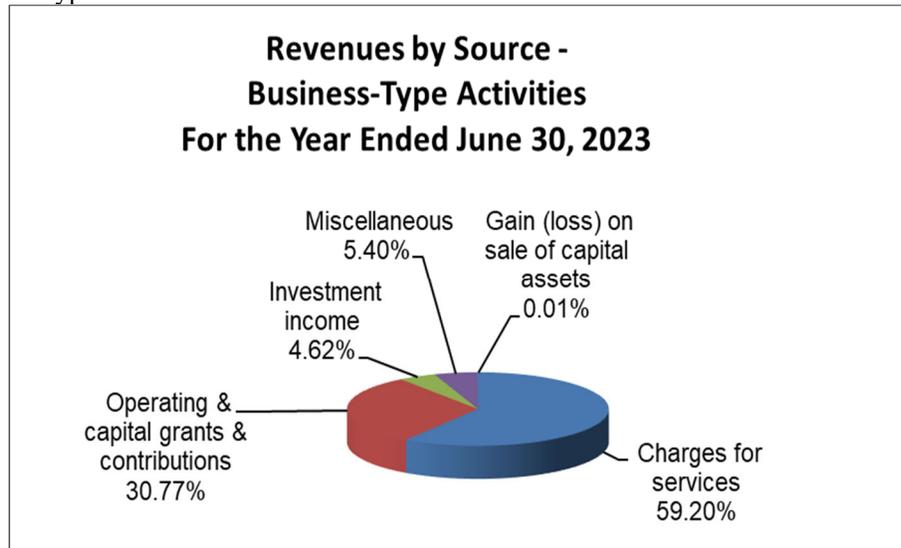
- Income taxes increased by \$4.6 million (5.8 percent), from \$78.9 million in fiscal year 2022 to \$83.4 million in fiscal year 2023. This increase was the result of increased receipts from the State for the County's portion of the income tax collections, capital gains and wage increases.
- Property taxes increased by \$2.0 million (2.6 percent), from \$76.0 million in fiscal year 2022 to \$78.0 million in fiscal year 2023 due to an increase in property assessments.
- Charges for services decreased by \$1.4 million (13.6 percent), from \$10.5 million in fiscal year 2022 to \$9.1 million in fiscal year 2023. Public safety fees decreased by \$516 thousand resulting from additional fees received in fiscal year 2022 for the EMS Supplemental Payment Program Audit which were not received in fiscal year 2023. Housing fees collected for fee in lieu decreased by \$222 thousand and school impact fees also decreased by \$201 thousand which are directly related to housing development.
- County recordation taxes decreased \$1.3 million (12.9 percent), from \$10.2 million in fiscal year 2022 to \$8.9 million in fiscal year 2023. This decrease is a result of increased interest rates, low housing inventory, and overall decrease in home sales.
- Investment income increased by \$6.0 million (1294.1 percent), from \$463 thousand in fiscal year 2022 to \$6.4 million in fiscal year 2023. This increase was a result of substantially higher than normal interest rates.

Expenses for governmental activities increased by \$15.7 million (9.8 percent). Key positive and negative expense changes, in order of relative importance, are:

- Public Safety increased by \$9.5 million (29.0 percent). \$5.6 million of this increase is due to the pension adjustments for GASB 68. The remaining increase was in various departments throughout the county.
- Public Works increased by \$3.9 million (25.4 percent). \$2.5 million of this increase was general capital projects for building of the YMCA, \$1.7 million of this increase was roads capital projects in the asphalt project, which varies due to timing of the road maintenance. The remaining decreases/increases were in various department throughout the county.
- Conservation of Natural Resources increased by \$984 thousand (41.0 percent), due to the increase of rural legacy easements. Generally, the timing of easements purchased is affected by the evaluation of the identified land, as well as the availability of State funds.

Business-type activities:

Revenues, transfers in, and expenses for business-type activities were \$22.7 million, \$516 thousand, and \$16.3 million, respectively, for fiscal year 2023. 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 \$6.9 million in fiscal year 2023, which is \$6.9 million less than the prior year’s increase of \$13.9 million. The fiscal year 2023 change in net position resulted primarily from:

- Operating Revenues before transfers decreased by \$4.5 million (16.6 percent), from \$27.2 million in fiscal year 2022 to \$22.7 million in fiscal year 2023, for all business-type activities. Charges for services decreased by \$5.8 million mainly due to a decrease in sanitary restricted fund PWA sales. Operating grants and contributions increased by \$932 thousand, mainly due to increased state grant funding in the Sanitary district. Capital grants and contributions increased by \$993 thousand, due to increase in developer contributions for Sanitary projects.
- Operating Expenses increased by \$1.7 million (11.7 percent), from \$14.6 million in fiscal year 2022 to \$16.3 million in fiscal year 2023, for all business-type activities. Water and sewer services makes up the main reason for the increase due to Sanitary District SKI development phase 2.

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 \$166.0 million, compared to \$154.6 million for the prior year. Approximately 23.8 percent of this total (\$39.5 million) constitutes *unassigned fund balance*, which is available for spending. The total *unassigned fund balance* of \$39.5 million is comprised of \$39.5 million of positive unassigned fund balance for the general fund.

The *nonspendable fund balance* of \$1.5 million which is not available for spending and includes amounts related to inventory and prepaid items. *Restricted fund balance* of \$37.6 million (22.7 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 \$14.5 million for the rainy day fund.

Committed fund balance of \$38.1 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 \$9.1 million for the revenue stabilization fund.

The remaining \$49.4 million of fund balance (29.7 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 \$68.8 million, which is an increase of \$8.8 million (14.7 percent) from the fiscal year 2022 balance of \$59.9 million. Of the \$8.8 million increase, local property tax increased by \$2.1 million (2.8 percent) as a result of increased property assessment. Also local income tax increased \$8.5 million (11.9 percent) due to increases in wage rates and capital gains.

Of the total \$68.8 million in fund balance, \$39.5 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, \$14.5 million of rainy day funds are included in the General Fund's restricted fund balance of \$20.0 million for fiscal year 2023. The remaining fund balance is comprised of \$243 thousand in nonspendable, and \$9.1 million in committed.

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, 2023, the General Capital Projects Fund has a total fund balance of \$61.3 million, compared to \$58.7 million at the end of the prior fiscal year. The \$61.3 million in total fund balance is comprised of \$11.4 million in restricted fund balance, mainly for unspent bond proceeds, \$5.8 million of fund balance committed for specific projects, and \$44.1 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, 2023, the Roads Capital Projects Fund has a total fund balance of \$5.4 million, compared to \$6.1 million at the end of the prior fiscal year. Of this total \$5.4 million fund balance, \$4.5 million has been assigned to fund ongoing projects, while \$909 thousand has been contributed by local developers and is committed to fund specific infrastructure improvements.

The Grants Fund accounts for activities funded by grants and is included in various governmental functions, depending on the grant.

As of June 30, 2023, the Grants Fund has a total fund balance \$0 due to the constraints of grant funding, all grant revenue must be expensed within the fiscal year.

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 2023 amounted to \$31.2 million, which is an increase of \$1.1 million compared to the prior year. Net investment in capital assets also increased by \$4.8 million.

Total net position of the Sanitary District amounted to \$110.9 million at the end of fiscal year 2023, which increased by \$5.5 million when compared to the prior year.

The *unrestricted net position* of the Bay Bridge Airport Enterprise Fund at year end amounted to negative \$943 thousand, reflecting a decrease of \$244 thousand. The investment in capital assets for the Bay Bridge Airport increased by \$196 thousand in the current fiscal year.

Total net position of the Bay Bridge Airport amounted to \$16.1 million at the end of fiscal year 2023, which is an increase of \$433 thousand from the prior year amount of \$15.7 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 \$186.6 million. Amendments increased spending authority by \$15.2 million during fiscal year 2023, when compared to the original budget of \$171.4 million.

Major components of these expenditure budget increases are as follows:

- Budgeted Transfers Out to General Capital Projects increased by \$11 million from the original budget during the year. There are several capital projects in which the County plans to move aggressively on and will rely on fund balance available in the General Capital Projects fund to cover a portion of the costs.

- Budgeted Transfers Out to Roads Operating Fund increased by \$4.7 million from the original budget, as roads operating is now a separate fund and was previously accounted for in the general fund.
- Budgeted Transfers Out to the Agricultural Transfer Tax Fund increased by \$978 thousand 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 \$6.4 million.

Actual expenditures, and other financing uses, were less than final budgetary appropriations by \$5.9 million. The net effect of these two disparities was a positive variance of actual to final budget of \$12.3 million.

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

Revenues:

- Investment Income revenue was \$3.5 million more than the final budget (254.6 percent) due to the increase in interest rates.
- Local Property Tax revenue was \$2.4 million more than the final budget (3.2 percent) due to a higher than anticipated increase in assessments.

Expenditures:

- Final Budgeted Salaries and Benefits were \$47.1 million for the year, while actual costs were \$46.4 million. They were underspent at year-end by \$797 thousand (1.7 percent). Budgeted salaries and benefits include reversions of \$1.4 million. Absent the budget for reversions, actual costs were \$2.2 million less than budget. The savings were recognized in multiple departments due to vacant positions.
- Final Budgeted Other Operating Charges were \$139.5 million for the year, while actual costs were \$134.4 million. These costs were lower than budget at year end by \$5.0 million (3.6 percent). Operating Charges include contracted services, supplies, other charges, debt service, and transfers out.
 - Transfers Out was underspent by \$2.3 million, due to savings realized by Roads (\$1.1 million) the Department of Aging (\$890 thousand), Golf Course Enterprise Fund (\$175 thousand), and Housing and Community Services (\$107 thousand) which allowed these departments to forgo this portion of their appropriation.
 - Other Operating Expenses were underspent by \$1.9 million. Savings were realized in Insurance (\$540 thousand), OPEB (\$539 thousand), Other Charges (\$469 Thousand), and Local Allocation (\$350 thousand). The remaining savings for Other Operating Expenses were spread throughout the General Fund.
 - Contracted Services were underspent by \$651 thousand, with the largest savings realized by Detention Center (\$277 thousand), Elections (\$274 thousand), and Information Technology (\$78 thousand).
 - Capital Outlay was underspent by \$344 thousand, with the largest savings realized by Non-Departmental (\$135 thousand) and Detention Center (\$122 thousand).

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, 2023 amounted to \$332.3 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 \$12.2 million or 3.8%.

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

	Governmental Activities		Business-Type Activities		Total	
	2023	2022	2023	2022	2023	2022
Land and Land Improvements	\$ 86,490,462	\$ 86,279,799	\$ 13,406,924	\$ 13,406,924	\$ 99,897,386	\$ 99,686,723
Intangible Rights - Easements	821,819	821,819	6,140	6,140	827,959	827,959
Construction in Progress	11,539,664	9,943,879	8,202,979	4,033,099	19,742,643	13,976,978
Buildings	50,303,760	51,766,249	5,244,516	5,506,926	55,548,276	57,273,175
Improvements other than Buildings	15,432,697	12,824,824	9,187,831	7,969,267	24,620,528	20,794,091
Infrastructure	8,252,526	8,462,691	92,068,461	89,512,819	100,320,987	97,975,510
Auto, machinery, and equipment	20,911,398	20,775,546	8,527,421	8,781,241	29,438,819	29,556,787
Right-to-use asset	570,845	-	144,374	35,338	715,219	35,338
Subscription asset	1,191,766	-	-	-	1,191,766	-
Total	\$ 195,514,937	\$ 190,874,807	\$ 136,788,646	\$ 129,251,754	\$ 332,303,583	\$ 320,126,561

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

- Installation of artificial turf at various parks totaling \$3.0 million.
- Replacement of departmental vehicles totaling \$2.0 million.
- Equipment replacement totaling \$1.8 million.

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

- Completion of Sanitary district infrastructure projects totaling \$5.2 million, of which \$4.0 million was contributed by commercial developers to be maintained by the County.
- Renovation of front nine greens at Blue Heron Golf Course totaling \$484 thousand.

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

Long-term debt: At the end of the current fiscal year, Queen Anne’s County Government had total bonded debt, loans, OPEB (Other Post-Employment Benefits), net pension liability, LOSAP (Volunteer Fireman Pension Plan Length of Service Award Program), compensated absence obligations, lease obligations, and subscription obligations of \$252.2 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 \$252.2 million in debt, \$46.8 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 \$2.6 million, which are restricted to payment of the Sanitary District’s subsequent year’s debt. See Note 12 for restricted assets and subsequent year debt service obligations.

Debt activities are summarized as follows:

	Governmental Activities		Business-Type Activities		Total	
	2023	2022	2023	2022	2023	2022
Bonds, Notes, and Premiums	\$ 132,859,793	\$ 142,796,926	\$ 37,528,938	\$ 35,653,564	\$ 170,388,731	\$ 178,450,490
OPEB	26,810,247	36,268,523	5,854,976	7,052,186	32,665,223	43,320,709
Net Pension Liability	32,570,299	24,007,806	2,690,703	2,176,280	35,261,002	26,184,086
LOSAP Liability	7,757,868	10,267,761	-	-	7,757,868	10,267,761
Compensated Absences	3,625,663	3,527,165	558,231	521,292	4,183,894	4,048,457
Lease Liability	614,668	-	144,381	39,225	759,049	39,225
Subscription Liability	1,178,880	-	-	-	1,178,880	-
Total Noncurrent liabilities	\$ 205,417,418	\$ 216,868,181	\$ 46,777,229	\$ 45,442,547	\$ 252,194,647	\$ 262,310,728

During the 2023 fiscal year, the County’s total net debt decreased by \$10.1 million (3.9 percent). Of this amount, governmental debt decreased by \$11.5 million (5.3 percent), while business-type debt increased by \$1.3 million (2.9 percent). In fiscal year 2022, 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 2023 was \$3.9 million. In addition, the total other post-employment benefit obligations decreased by \$10.7 million, the net pension liability increased by \$9.1 million, the LOSAP liability decreased by \$2.5 million, and compensated absences increased by \$135 thousand. Increases also occurred in both lease (\$720 thousand) and subscription liabilities (\$1.2 million) due to new GASB standards. 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 \$7.5 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.

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 2024 fiscal year:

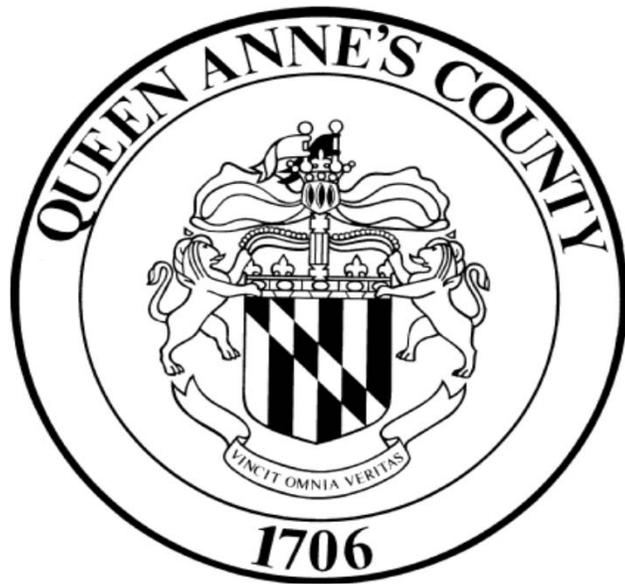
- Net assessable real property base is projected to increase by 4.5 percent over the previous year, based on State Assessment Office values used to compute the Constant Yield rate.
- Income tax revenue was projected at \$80.3 million for the 2024 budget.

The following are a few of the highlights from the fiscal year 2024 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 2024;
- The County’s property tax rates remained the same; 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 2023 Annual Comprehensive Financial Report (ACFR)).



BASIC FINANCIAL STATEMENTS

QUEEN ANNE'S COUNTY, MARYLAND

STATEMENT OF NET POSITION

June 30, 2023

	PRIMARY GOVERNMENT		
	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
ASSETS			
Equity in Pooled Cash and Investments	\$ 140,924,891	\$ 16,525,429	\$ 157,450,320
Cash and Cash Equivalents	-	-	-
Taxes Receivable (Net)	820,384	-	820,384
Accounts and Loans Receivable (Net)	7,307,338	790,241	8,097,579
Special Assessments (Net)	635,230	-	635,230
Lease receivable	1,103,690	1,575,326	2,679,016
Internal Balances	1,229,264	(1,229,264)	-
Due from Primary Government	-	-	-
Due from Other Governments	46,200,713	550,013	46,750,726
Inventories	1,274,659	832,461	2,107,120
Prepaid Items	197,921	-	197,921
Endowment Fund	-	-	-
Restricted Assets:			
LOSAP Plan Assets	5,334,870	-	5,334,870
Equity in Pooled Cash and Investments	18,478,289	26,467,061	44,945,350
Accounts Receivable (Net)	-	3,970,000	3,970,000
Special Assessments Receivable (Net)	-	16,433,398	16,433,398
Capital Assets:			
Nondepreciable Assets	98,851,945	21,616,043	120,467,988
Depreciable and Amortized Assets, Net	96,662,992	115,172,603	211,835,595
Total Assets	419,022,186	202,703,311	621,725,497
DEFERRED OUTFLOWS OF RESOURCES			
OPEB	1,383,530	214,162	1,597,692
Pension Benefits	13,077,386	1,226,656	14,304,042
LOSAP Benefits	1,745,381	-	1,745,381
Deferred Charge on Refunding	327,362	4,717	332,079
Total Deferred Outflows of Resources	16,533,659	1,445,535	17,979,194
LIABILITIES			
Accounts Payable and Other Current Liabilities	8,768,008	1,589,937	10,357,945
Accrued Interest Payable	2,141,165	147,093	2,288,258
Due to Component Units	160,929	-	160,929
Due to Other Governmental Agencies	316,132	-	316,132
Unearned Revenue	9,752,955	469,679	10,222,634
Escrow Deposits	-	19,500	19,500
Noncurrent Liabilities:			
Due within One Year	12,143,635	2,677,662	14,821,297
Due in More than One Year	193,273,783	44,099,567	237,373,350
Total Liabilities	226,556,607	49,003,438	275,560,045
DEFERRED INFLOWS OF RESOURCES			
OPEB	14,275,412	1,883,817	16,159,229
Pension Benefits	4,444,722	499,878	4,944,600
LOSAP Benefits	3,223,831	-	3,223,831
Lease receivable	1,068,273	1,550,031	2,618,304
Deferred Inflows related to Refundings	156,231	1,855	158,086
Deferred Assessments	635,230	16,433,399	17,068,629
Deferred Fees	112,016	-	112,016
Total Deferred Inflows of Resources	23,915,715	20,368,980	44,284,695
NET POSITION			
Net Investment in Capital Assets	122,128,900	99,118,189	221,247,089
Amounts Restricted for:			
General Government	14,985,939	-	14,985,939
Economic/Community Development	3,006,352	-	3,006,352
Public Safety	5,676,785	-	5,676,785
Conservation of Natural Resources	2,825,525	-	2,825,525
Social Services	955	-	955
Debt Service	-	3,819,902	3,819,902
Capital Projects	-	-	-
Other Purposes	-	1,530,636	1,530,636
Unrestricted Amounts (Deficit)	36,459,067	30,307,701	66,766,768
Total Net Position	\$ 185,083,523	\$ 134,776,428	\$ 319,859,951

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, 2023

(CONTINUED)

COMPONENT UNITS	
BOARD OF EDUCATION	FREE LIBRARY
\$ -	\$ -
15,963,697	1,535,519
-	-
368,830	63,854
-	-
-	-
711,358	-
4,574,932	-
32,572	-
-	32,317
-	111,831
-	-
-	-
-	-
8,763,803	29,850
135,937,425	1,643,020
<u>166,352,617</u>	<u>3,416,391</u>
42,825,323	139,623
1,953,231	-
-	-
-	-
<u>44,778,554</u>	<u>139,623</u>
13,003,105	108,059
-	-
-	-
1,595,399	-
-	-
306,405	5,735
146,173,581	533,463
<u>161,078,490</u>	<u>647,257</u>
141,386,258	261,690
497,894	-
-	-
-	-
-	-
-	5,000
<u>141,884,152</u>	<u>266,690</u>
143,531,227	1,664,533
-	-
-	-
-	-
-	-
81,005	-
1,968,569	12,904
(237,412,272)	964,630
<u>\$ (91,831,471)</u>	<u>\$ 2,642,067</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, 2023

	PRIMARY GOVERNMENT				TOTAL REVENUE
	EXPENSES	CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	
PRIMARY GOVERNMENT					
Governmental Activities					
General Government	\$ 21,070,854	\$ 2,037,088	\$ 249,863	\$ 1,549,325	\$ 3,836,276
Public Safety	42,482,230	1,908,036	3,601,321	164,422	5,673,779
Public Works	19,422,823	961,563	9,070	1,119,611	2,090,244
Parks & Recreation	6,338,014	1,101,729	25,681	640,892	1,768,302
Health and social services	7,219,183	77,736	3,060,269	195,509	3,333,514
Education and Library	69,770,287	2,237,364	-	979,756	3,217,120
Conservation of Natural Resources	3,386,538	76,138	-	2,007,786	2,083,924
Economic/Community Development	2,798,777	620,000	1,286,414	-	1,906,414
Interest and Fiscal Charges	4,525,460	46,124	-	-	46,124
Total Governmental Activities	177,014,166	9,065,778	8,232,618	6,657,301	23,955,697
Business-type Activities					
Water and Sewer	13,822,527	12,330,275	1,467,662	4,027,234	17,825,171
Airport	1,058,318	22,655	741,939	-	764,594
Golf Course	697,824	617,340	-	-	617,340
Public Landings and Marinas	684,685	465,730	745,966	-	1,211,696
Total Business-type Activities	16,263,354	13,436,000	2,955,567	4,027,234	20,418,801
Total Primary Government	\$ 193,277,520	\$ 22,501,778	\$ 11,188,185	\$ 10,684,535	\$ 44,374,498
COMPONENT UNITS					
Board of Education	\$ 147,053,054	\$ 1,486,602	\$ 35,519,706	\$ 2,003,685	\$ 39,009,993
Free Library	3,253,523	19,335	1,020,717	-	1,040,052
Total Component Units	\$ 150,306,577	\$ 1,505,937	\$ 36,540,423	\$ 2,003,685	\$ 40,050,045
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, as Restated					
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, 2023

(CONTINUED)

NET (EXPENSE) REVENUE AND CHANGES IN NET POSITION					
PRIMARY GOVERNMENT			COMPONENT UNITS		
GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL	BOARD OF EDUCATION	FREE LIBRARY	
\$ (17,234,578)	\$ -	\$ (17,234,578)	\$ -	\$ -	
(36,808,451)	-	(36,808,451)	-	-	
(17,332,579)	-	(17,332,579)	-	-	
(4,569,712)	-	(4,569,712)	-	-	
(3,885,669)	-	(3,885,669)	-	-	
(66,553,167)	-	(66,553,167)	-	-	
(1,302,614)	-	(1,302,614)	-	-	
(892,363)	-	(892,363)	-	-	
(4,479,336)	-	(4,479,336)	-	-	
(153,058,469)	-	(153,058,469)	-	-	
-	4,002,644	4,002,644	-	-	
-	(293,724)	(293,724)	-	-	
-	(80,484)	(80,484)	-	-	
-	527,011	527,011	-	-	
-	4,155,447	4,155,447	-	-	
\$ (153,058,469)	\$ 4,155,447	\$ (148,903,022)	\$ -	\$ -	
\$ -	\$ -	\$ -	\$ (108,043,061)	\$ -	
-	-	-	-	(2,213,471)	
-	-	-	(108,043,061)	(2,213,471)	
78,022,772	-	78,022,772	-	-	
83,439,604	-	83,439,604	-	-	
248,987	-	248,987	-	-	
8,921,379	-	8,921,379	-	-	
991,022	-	991,022	-	-	
3,046,615	-	3,046,615	-	-	
1,352,592	-	1,352,592	-	-	
-	-	-	95,195,250	2,513,415	
6,448,944	1,047,564	7,496,508	325,742	36,159	
-	2,561	2,561	-	-	
1,628,246	1,224,908	2,853,154	3,919	2,874	
(516,330)	516,330	-	-	-	
183,583,831	2,791,363	186,375,194	95,524,911	2,552,448	
30,525,362	6,946,810	37,472,172	(12,518,150)	338,977	
154,558,161	127,829,618	282,387,779	(79,313,321)	2,303,090	
\$ 185,083,523	\$ 134,776,428	\$ 319,859,951	\$ (91,831,471)	\$ 2,642,067	

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, 2023

	MAJOR FUNDS				NON-MAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
	GENERAL FUND	GENERAL CAPITAL	ROADS CAPITAL	GRANTS FUND		
ASSETS						
Cash and Cash Equivalents	\$ 60,780,819	\$ 42,150,824	\$ 5,603,602	\$ 8,301,067	\$ 24,088,579	\$ 140,924,891
Prepaid Items	197,921	-	-	-	-	197,921
Receivables:						
Taxes Receivable (Net)	820,384	-	-	-	-	820,384
Accounts Receivable (Net)	169,745	746,178	-	12,371	89,381	1,017,675
Lease Receivable	1,103,690	-	-	-	-	1,103,690
Loans Receivable (Net)	-	-	-	-	6,289,663	6,289,663
Special Assessments (Net)	-	-	27,265	-	607,965	635,230
Due from Other Governments	40,600,614	521,298	-	698,605	1,292,032	43,112,549
Due from Other Funds	688,090	935,217	-	-	-	1,623,307
Inventory	-	-	-	-	1,274,659	1,274,659
Restricted:						
Restricted LOSAP Plan Assets	5,334,870	-	-	-	-	5,334,870
Restricted Equity in Pooled Cash	-	18,478,289	-	-	-	18,478,289
Total Assets	\$ 109,696,133	\$ 62,831,806	\$ 5,630,867	\$ 9,012,043	\$ 33,642,279	\$ 220,813,128
LIABILITIES						
Accrued Liabilities	\$ 5,872,537	\$ 1,336,322	\$ 168,640	\$ 115,230	\$ 928,915	\$ 8,421,644
Due to Other Funds	-	-	-	-	394,043	394,043
Due to Component Units	-	160,929	-	-	-	160,929
Due to Other Governmental Agencies	-	-	-	-	316,132	316,132
Unearned Revenue	24,559	-	-	8,896,813	831,583	9,752,955
Total Liabilities	5,897,096	1,497,251	168,640	9,012,043	2,470,673	19,045,703
DEFERRED INFLOWS OF RESOURCES						
Unavailable Income Taxes	33,778,297	-	-	-	-	33,778,297
Unavailable Property Taxes	148,708	-	-	-	-	148,708
Unavailable Benefit Assessments	-	-	27,265	-	607,965	635,230
Unavailable Fees	-	-	-	-	112,016	112,016
Unavailable Lease Revenue	1,068,273	-	-	-	-	1,068,273
Total Deferred Inflows	34,995,278	-	27,265	-	719,981	35,742,524
FUND BALANCES						
Nonspendable	242,876	-	-	-	1,274,659	1,517,535
Restricted	19,996,347	11,432,678	-	-	6,174,749	37,603,774
Committed	9,069,982	5,811,898	909,241	-	22,266,468	38,057,589
Assigned	-	44,089,979	4,525,721	-	735,749	49,351,449
Unassigned	39,494,554	-	-	-	-	39,494,554
Total Fund Balances	68,803,759	61,334,555	5,434,962	-	30,451,625	166,024,901
Total Liabilities, Deferred Inflows and Fund Balances	\$ 109,696,133	\$ 62,831,806	\$ 5,630,867	\$ 9,012,043	\$ 33,642,279	\$ 220,813,128

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, 2023

Total Fund Balance - Governmental Funds	\$	166,024,901
<u>Capital assets used in governmental fund activities are not current financial resources and therefore are not reported in the funds.</u>		195,514,937
<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.		3,088,164
Accrued interest lease receivable		-
<u>Revenues that are deferred in the governmental funds because they do not provide current financial resources are recognized as revenues in the Statement of Activities.</u>		
Property Taxes deferred in governmental funds		148,708
Income Taxes deferred in governmental funds		33,778,297
Loans receivable deferred in governmental funds		-
<u>Long-term liabilities related to governmental fund activities are not due and payable in the current period and therefore are not reported in the funds.</u>		
Liability for Retirement Incentive and Employee Contracts		(346,364)
Bonds and Notes Payable		(132,859,793)
Accrued Interest Payable - long term debt		(2,105,030)
Accrued Interest Payable - leases		(7,886)
Accrued Interest Payable - Subscription		(28,249)
Lease Liability		(614,668)
Subscription Liability		(1,178,880)
OPEB		(26,810,247)
Net Pension Liability		(32,570,299)
Net LOSAP Liability		(7,757,868)
Accrued Compensated Absences		(3,625,663)
Deferred outflow of resources - OPEB		1,383,530
Deferred outflow of resources - Maryland State Pension		13,077,386
Deferred outflow of resources - LOSAP		1,745,381
Deferred outflow of resources - Refundings		327,362
Deferred inflow of resources - OPEB		(14,275,412)
Deferred inflow of resources - Maryland State Pension		(4,444,722)
Deferred inflow of resources - LOSAP		(3,223,831)
Deferred inflow of resources - Refundings		(156,231)
Total Net Position - Governmental Activities	\$	185,083,523

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, 2023

	MAJOR FUNDS				NON-MAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
	GENERAL FUND	GENERAL CAPITAL	ROADS CAPITAL	GRANTS FUND		
REVENUES						
Taxes						
Local Property Tax	\$ 78,012,721	\$ -	\$ -	\$ -	\$ 49,615	\$ 78,062,336
Local Income Tax	79,467,361	-	-	-	-	79,467,361
Admission and Amusement Taxes	248,987	-	-	-	-	248,987
Recordation Taxes	8,651,034	-	-	-	270,345	8,921,379
Hotel Taxes	991,022	-	-	-	-	991,022
County Transfer Taxes	3,046,615	-	-	-	-	3,046,615
State Shared Taxes	-	-	-	-	1,352,592	1,352,592
Franchise Fee	507,847	-	-	-	-	507,847
Licenses and Permits	838,254	70,995	-	-	-	909,249
Intergovernmental	3,102,287	3,430,796	1,100,307	1,535,667	5,720,866	14,889,923
Charges for Current Services	3,298,630	64,885	5,763	21,782	4,063,135	7,454,195
Fines and Forfeitures	107,379	-	-	-	66,623	174,002
Investment Income	4,808,600	765,760	193,842	-	680,742	6,448,944
Donations	805	-	-	-	19,676	20,481
Miscellaneous	1,397,290	57,485	-	80,029	93,442	1,628,246
Total Revenues	184,478,832	4,389,921	1,299,912	1,637,478	12,317,036	204,123,179
EXPENDITURES						
Current						
General Government	13,059,140	2,061,411	-	79,407	37,740	15,237,698
Public Safety	35,123,715	1,321,413	-	975,469	714,843	38,135,440
Public Works	7,580,446	3,469,145	3,266,936	18,739	5,210,341	19,545,607
Parks & Recreation	5,719,945	329,741	-	-	-	6,049,686
Health and Social Services	2,657,692	69,402	-	218,301	4,964,088	7,909,483
Education and Library	68,492,102	1,265,376	-	-	-	69,757,478
Conservation of Natural Resources	730,037	22,137	-	-	2,705,482	3,457,656
Economic/Community Development	992,147	10,606	-	382,497	1,631,790	3,017,040
Intergovernmental	653,024	-	-	-	-	653,024
Miscellaneous	8,921,419	-	-	-	-	8,921,419
Capital Outlay	-	7,754,593	849,359	-	-	8,603,952
Debt Service						
Principal	8,648,957	-	-	-	47,816	8,696,773
Debt Issuance Costs	-	29,851	-	-	-	29,851
Interest and Fiscal Charges	4,525,460	-	-	-	-	4,525,460
Total Expenditures	157,104,084	16,333,675	4,116,295	1,674,413	15,312,100	194,540,567
Excess of Revenues Over (Under) Expenditures	27,374,748	(11,943,754)	(2,816,383)	(36,935)	(2,995,064)	9,582,612
OTHER FINANCING SOURCES (USES)						
Issuance of Debt	-	(1,577,893)	1,577,893	-	-	-
Proceeds of Capital Asset Disposals	51,405	371	-	-	9,744	61,520
Insurance Proceeds	66,705	-	-	-	36,325	103,030
Leases	638,500	-	-	-	-	638,500
Subscription-Based IT Arrangements	1,503,069	-	-	-	-	1,503,069
Transfers In	2,857,792	16,601,988	550,000	36,935	7,935,740	27,982,455
Transfers Out	(23,661,847)	(470,000)	-	(240,000)	(4,130,063)	(28,501,910)
Other Financing Sources (Uses)	(18,544,376)	14,554,466	2,127,893	(203,065)	3,851,746	1,786,664
Change in Fund Balances	8,830,372	2,610,712	(688,490)	(240,000)	856,682	11,369,276
Fund Balances, July 1, as restated	59,973,387	58,723,843	6,123,452	240,000	29,594,943	154,655,625
Fund Balances, June 30	\$ 68,803,759	\$ 61,334,555	\$ 5,434,962	\$ -	\$ 30,451,625	\$ 166,024,901

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, 2023

Net change in fund balance - Governmental Funds **\$ 11,369,276**

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	12,529,448
Transfer of Capital Asset (to) from Enterprise Funds	3,125
Current year disposals of capital assets	(777,257)
Depreciation expenses recorded in the Statement of Activities	(7,115,186)

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	(220,813)
Accrued interest related to lease receivable	(163)

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	(39,564)
Change in Income Tax Deferred Inflows	3,972,242
Change in Loans receivable deferred	(37,316)

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	8,856
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Issuance of long-term debt (e.g., bonds, notes, and financing 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	8,999,483
Proceeds of debt	-
Bond Premium amortization	937,650

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 - long term debt	(73,904)
Accrued Interest Payable - leases	(7,886)
Accrued Interest Payable - Subscription	(28,249)
Lease Liability	(614,668)
Subscription Liability	(1,178,880)
OPEB	9,458,276
Net pension liability - Maryland State Pension	(8,562,493)
Net LOSAP Liability	2,509,893
Accrued Compensated Absences	(98,498)
Deferred outflow of resources - OPEB	(893,926)
Deferred outflow of resources - Maryland State Pension	(1,110,678)
Deferred outflow of resources - LOSAP	(55,283)
Deferred outflow of resources - Refunding	(112,518)
Deferred inflow of resources - OPEB	(6,663,229)
Deferred inflow of resources - Maryland State Pension	11,204,572
Deferred inflow of resources - LOSAP	(2,897,313)
Deferred inflow of resources - Refunding	20,365

Change in Net Position - governmental activities **\$ 30,525,362**

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, 2023

ASSETS	SANITARY DISTRICT					TOTAL
	SEWER	WATER	RESTRICTED	DEBT SERVICE		
	OPERATIONS	OPERATIONS	FUND	FUND		
Current Assets						
Unrestricted						
Equity in Pooled Cash	\$ 6,084,163	\$ 6,614,287	\$ -	\$ -	\$ -	12,698,450
Accounts Receivable (Net)	487,144	112,237	-	-	-	599,381
Loans Receivable	101,834	-	-	-	-	101,834
Due from Other Governments	-	-	-	-	-	-
Lease receivable	-	1,430,255	-	-	-	1,430,255
Inventories	776,261	-	-	-	-	776,261
Restricted						
Restricted Equity in Pooled Cash	-	-	24,763,246	1,703,815	-	26,467,061
Restricted Accounts Receivable (Net)	-	-	3,076,750	893,250	-	3,970,000
Total Current Assets	7,449,402	8,156,779	27,839,996	2,597,065	-	46,043,242
Noncurrent Assets						
Restricted						
Special Assessments Receivable (Net)	-	-	951,442	15,481,956	-	16,433,398
Total Noncurrent Restricted Assets	-	-	951,442	15,481,956	-	16,433,398
Capital and Intangible Assets	146,688,935	38,688,850	-	-	-	185,377,785
Less Accumulated Depreciation and Amortization	(59,198,975)	(13,820,606)	-	-	-	(73,019,581)
Total Capital Assets, Net	87,489,960	24,868,244	-	-	-	112,358,204
Total Assets	94,939,362	33,025,023	28,791,438	18,079,021	-	174,834,844
DEFERRED OUTFLOWS OF RESOURCES						
OPEB	157,603	47,098	-	-	-	204,701
Pension Benefits	843,906	250,259	-	-	-	1,094,165
Deferred Charge on Refunding	-	-	-	-	-	-
Total Deferred Outflows of Resources	1,001,509	297,357	-	-	-	1,298,866
LIABILITIES						
Current Liabilities						
Payable from Unrestricted Assets						
Accounts Payable	1,148,877	185,980	-	-	-	1,334,857
Accrued Interest Payable	119,874	-	-	-	-	119,874
Escrow Deposits	-	-	-	-	-	-
Due to Other Funds	-	-	-	-	-	-
Unearned Revenue	180,047	-	-	-	-	180,047
Current Portion of Compensated Absences	210,714	55,973	-	-	-	266,687
Current Portion of Lease Payable	6,397	-	-	-	-	6,397
Current Portion of Bonds/Notes Payable	2,118,910	-	-	-	-	2,118,910
Total Current Liabilities	3,784,819	241,953	-	-	-	4,026,772
Noncurrent Liabilities						
Payable from Unrestricted Assets						
Compensated Absences	145,462	38,640	-	-	-	184,102
OPEB	4,042,451	1,318,218	-	-	-	5,360,669
Net Pension Liability	1,871,574	536,699	-	-	-	2,408,273
Lease Payable	-	-	-	-	-	-
Bonds/Notes Payable	33,203,666	-	-	-	-	33,203,666
Total Noncurrent Liabilities	39,263,153	1,893,557	-	-	-	41,156,710
Total Liabilities	43,047,972	2,135,510	-	-	-	45,183,482
DEFERRED INFLOWS OF RESOURCES						
OPEB	1,460,668	340,891	-	-	-	1,801,559
Pension Benefits	334,187	108,380	-	-	-	442,567
Bond Refundings	-	-	-	-	-	-
Water and Sewer Assessments	-	-	951,442	15,481,957	-	16,433,399
Lease receivable	-	1,407,645	-	-	-	1,407,645
Total Deferred Inflows of Resources	1,794,855	1,856,916	951,442	15,481,957	-	20,085,170
NET POSITION						
Net Investment in Capital Assets	52,160,987	24,868,244	-	-	-	77,029,231
Amounts Restricted for:						
Debt Service	-	-	-	2,597,064	-	2,597,064
Other Purposes	-	-	-	-	-	-
Unrestricted Amounts (Deficit)	(1,062,943)	4,461,710	27,839,996	-	-	31,238,763
Total Net Position	\$ 51,098,044	\$ 29,329,954	\$ 27,839,996	\$ 2,597,064	\$ -	\$ 110,865,058

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, 2023

(CONTINUED)

			TOTAL PRIMARY GOVERNMENT
BAY BRIDGE AIRPORT	NON-MAJOR ENTERPRISE FUNDS	ENTERPRISE FUNDS	ENTERPRISE FUNDS
\$ 3,006,101	\$ 820,878	\$ 16,525,429	
22,935	66,091	688,407	
-	-	101,834	
471,623	78,390	550,013	
145,071	-	1,575,326	
48,162	8,038	832,461	
-	-	26,467,061	
-	-	3,970,000	
<u>3,693,892</u>	<u>973,397</u>	<u>50,710,531</u>	
-	-	16,433,398	
-	-	16,433,398	
22,576,886	11,277,476	219,232,147	
(6,861,099)	(2,562,821)	(82,443,501)	
<u>15,715,787</u>	<u>8,714,655</u>	<u>136,788,646</u>	
<u>19,409,679</u>	<u>9,688,052</u>	<u>203,932,575</u>	
1,898	7,563	214,162	
33,752	98,739	1,226,656	
4,129	588	4,717	
<u>39,779</u>	<u>106,890</u>	<u>1,445,535</u>	
120,334	134,746	1,589,937	
17,355	9,864	147,093	
19,500	-	19,500	
935,217	294,047	1,229,264	
282,853	6,779	469,679	
22,687	40,875	330,249	
-	27,269	33,666	
117,103	77,734	2,313,747	
<u>1,515,049</u>	<u>591,314</u>	<u>6,133,135</u>	
15,662	28,218	227,982	
257,830	236,477	5,854,976	
75,698	206,732	2,690,703	
-	110,715	110,715	
1,307,729	703,796	35,215,191	
<u>1,656,919</u>	<u>1,285,938</u>	<u>44,099,567</u>	
<u>3,171,968</u>	<u>1,877,252</u>	<u>50,232,702</u>	
17,326	64,932	1,883,817	
12,649	44,662	499,878	
294	1,561	1,855	
-	-	16,433,399	
142,386	-	1,550,031	
<u>172,655</u>	<u>111,155</u>	<u>20,368,980</u>	
14,294,790	7,794,168	99,118,189	
1,222,838	-	3,819,902	
1,530,636	-	1,530,636	
(943,429)	12,367	30,307,701	
<u>\$ 16,104,835</u>	<u>\$ 7,806,535</u>	<u>\$ 134,776,428</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, 2023

	SANITARY DISTRICT				TOTAL
	SEWER OPERATIONS	WATER OPERATIONS	RESTRICTED FUND	DEBT SERVICE FUND	
OPERATING REVENUES					
Charges for Services	\$ 7,091,613	\$ 2,952,440	\$ 1,424,698	\$ 861,524	\$ 12,330,275
Intergovernmental	138,262	-	1,032,400	297,000	1,467,662
Material Sales	-	19,420	-	-	19,420
Miscellaneous Revenues	208,133	254,791	-	-	462,924
Total Operating Revenues	7,438,008	3,226,651	2,457,098	1,158,524	14,280,281
OPERATING EXPENSES					
Cost of Sales and Services					
Collection	3,521,502	-	-	-	3,521,502
Distribution	-	277,203	-	-	277,203
Treatment	1,672,325	1,814,857	-	-	3,487,182
Shop	231,253	95,477	-	-	326,730
Airport	-	-	-	-	-
Recreation	-	-	-	-	-
Total Cost of Sales and Services	5,425,080	2,187,537	-	-	7,612,617
Administration and Inspection	1,982,662	722,563	-	-	2,705,225
OPEB	(192,213)	(37,844)	-	-	(230,057)
Pension Liability Adjustment	(201,389)	(77,740)	-	-	(279,129)
Depreciation and amortization	2,782,815	825,202	-	-	3,608,017
Total Operating Expenses	9,796,955	3,619,718	-	-	13,416,673
Operating Income (Loss)	(2,358,947)	(393,067)	2,457,098	1,158,524	863,608
NON-OPERATING REVENUES (EXPENSES)					
Investment Income	182,064	114,212	616,963	132,273	1,045,512
Interest Expense	(405,854)	-	-	-	(405,854)
Gain on Disposal of Capital Assets	852	-	-	-	852
Total Non-Operating Revenues (Expenses)	(222,938)	114,212	616,963	132,273	640,510
Income (Loss) Before Contributions and Transfers	(2,581,885)	(278,855)	3,074,061	1,290,797	1,504,118
Capital Contributions, Fees and Grants	2,559,489	1,467,745	-	-	4,027,234
Transfer of Capital Asset (to) from Governmental Fund	(2,083)	(1,042)	-	-	(3,125)
TRANSFERS					
Transfers In	2,319,549	499,065	-	1,046,714	3,865,328
Transfers Out	(5,000)	(5,000)	(1,545,779)	(2,319,549)	(3,875,328)
Net Transfers In (Out)	2,314,549	494,065	(1,545,779)	(1,272,835)	(10,000)
Change in Net Position	2,290,070	1,681,913	1,528,282	17,962	5,518,227
Total Net Position - Beginning of Year, as restated	48,807,974	27,648,041	26,311,714	2,579,102	105,346,831
Total Net Position - End of Year	\$ 51,098,044	\$ 29,329,954	\$ 27,839,996	\$ 2,597,064	\$ 110,865,058

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, 2023

(CONTINUED)

			TOTAL PRIMARY GOVERNMENT ENTERPRISE FUNDS
BAY BRIDGE AIRPORT	NON-MAJOR ENTERPRISE FUNDS		
\$ 22,655	\$ 1,083,070	\$	13,436,000
741,939	745,966		2,955,567
299,370	50,297		369,087
363,891	29,006		855,821
<u>1,427,855</u>	<u>1,908,339</u>		<u>17,616,475</u>
-	-		3,521,502
-	-		277,203
-	-		3,487,182
-	-		326,730
529,571	-		529,571
-	1,205,262		1,205,262
<u>529,571</u>	<u>1,205,262</u>		<u>9,347,450</u>
-	-		2,705,225
(2,290)	(8,293)		(240,640)
(6,698)	(33,628)		(319,455)
464,183	196,683		4,268,883
<u>984,766</u>	<u>1,360,024</u>		<u>15,761,463</u>
<u>443,089</u>	<u>548,315</u>		<u>1,855,012</u>
2,052	-		1,047,564
(73,552)	(22,485)		(501,891)
1,709	-		2,561
<u>(69,791)</u>	<u>(22,485)</u>		<u>548,234</u>
<u>373,298</u>	<u>525,830</u>		<u>2,403,246</u>
-	-		4,027,234
-	-		(3,125)
59,455	470,000		4,394,783
-	-		(3,875,328)
<u>59,455</u>	<u>470,000</u>		<u>519,455</u>
432,753	995,830		6,946,810
<u>15,672,082</u>	<u>6,810,705</u>		<u>127,829,618</u>
<u>\$ 16,104,835</u>	<u>\$ 7,806,535</u>	<u>\$</u>	<u>134,776,428</u>

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

QUEEN ANNE'S COUNTY, MARYLAND
STATEMENT OF CASH FLOWS
ENTERPRISE FUNDS
FOR THE YEAR ENDED JUNE 30, 2023

	SANITARY DISTRICT				
	SEWER	WATER	RESTRICTED	DEBT SERVICE	TOTAL
	OPERATIONS	OPERATIONS	FUND	FUND	
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from customers and users	\$ 7,012,562	\$ 2,930,214	\$ 889,948	\$ 634,275	\$ 11,466,999
Receipts from other operating sources	147,412	94,074	1,032,400	297,000	1,570,886
Payments to suppliers	(4,704,068)	(2,182,497)	-	-	(6,886,565)
Payments to employees and on behalf of employees	(1,959,950)	(720,137)	-	-	(2,680,087)
Net Cash Provided by Operating Activities	495,956	121,654	1,922,348	931,275	3,471,233
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Transfers in from other funds	2,319,549	499,065	-	1,046,714	3,865,328
Transfers to other funds	(5,000)	(5,000)	(1,545,779)	(2,319,549)	(3,875,328)
Principal paid on interfund loans	-	-	-	-	-
Net Cash Provided (Used) by Noncapital Financing Activities	2,314,549	494,065	(1,545,779)	(1,272,835)	(10,000)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Increase in capital grants receivable	-	-	-	-	-
Proceeds from capital debt	3,946,501	-	-	-	3,946,501
Proceeds from the disposition of capital assets	852	-	-	-	852
Proceeds from lease receivable	-	150,112	-	-	150,112
Principal paid on capital debt	(1,915,181)	-	-	-	(1,915,181)
Repayment of lease payable	(19,158)	-	-	-	(19,158)
Increase in loans receivable	(15,213)	-	-	-	(15,213)
Deferred Refunding costs on sale of bonds	-	-	-	-	-
Interest paid on capital debt	(404,408)	-	-	-	(404,408)
Acquisition and construction of capital assets	(5,355,036)	(1,029,958)	-	-	(6,384,994)
Net Cash Used by Capital and Related Financing Activities	(3,761,643)	(879,846)	-	-	(4,641,489)
CASH FLOWS FROM INVESTING ACTIVITIES					
Investment Income	182,064	114,212	616,963	132,273	1,045,512
Net Cash Provided by Investing Activities - Investment Income	182,064	114,212	616,963	132,273	1,045,512
Net Increase (Decrease) in Cash and Cash Equivalents	(769,074)	(149,915)	993,532	(209,287)	(134,744)
Balances - Beginning of the year	6,853,237	6,764,202	23,769,714	1,913,102	39,300,255
Balances - End of the year	\$ 6,084,163	\$ 6,614,287	\$ 24,763,246	\$ 1,703,815	\$ 39,165,511
Reconciliation of operating income (loss) to net cash provided by operating activities					
Operating income (loss)	\$ (2,358,947)	\$ (393,067)	\$ 2,457,098	\$ 1,158,524	\$ 863,608
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:					
Depreciation and amortization	2,782,815	825,202	-	-	3,608,017
Lease revenue - deferred inflow	-	(160,717)	-	-	(160,717)
(Increase) decrease in assets:					
Accounts receivable, net	(79,051)	(41,646)	(534,750)	(227,250)	(882,697)
Special assessments receivable, net	-	-	(487,491)	(202,499)	(689,990)
Due from Other Governments	-	-	-	-	-
Inventories	60,483	-	-	-	60,483
Increase (decrease) in liabilities:					
Accounts payable	660,529	5,040	-	-	665,569
Escrow deposits	-	-	-	-	-
Unearned revenue	(198,983)	-	487,491	202,500	491,008
Compensated absences	22,712	2,426	-	-	25,138
OPEB	(192,213)	(37,844)	-	-	(230,057)
Pension Obligation	(201,389)	(77,740)	-	-	(279,129)
Net Cash Provided (Used) by Operating Activities	\$ 495,956	\$ 121,654	\$ 1,922,348	\$ 931,275	\$ 3,471,233
Noncash investing, capital and financing activities:					
Transfer of Capital Asset (to) from Governmental Fund	\$ (2,083)	\$ (1,042)	\$ -	\$ -	\$ (3,125)
Lease Inception	\$ -	\$ -	\$ -	\$ -	\$ -
Contributed Capital Assets	\$ 2,559,489	\$ 1,467,745	\$ -	\$ -	\$ 4,027,234

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, 2023

(CONTINUED)

			TOTAL PRIMARY GOVERNMENT ENTERPRISE FUNDS
BAY BRIDGE AIRPORT	NON-MAJOR ENTERPRISE FUNDS		
\$ 335,515	\$ 1,134,868	\$	12,937,382
1,369,753	1,339,797		4,280,436
(491,869)	(1,170,521)		(8,548,955)
5,058	6,742		(2,668,287)
<u>1,218,457</u>	<u>1,310,886</u>		<u>6,000,576</u>
59,455	470,000		4,394,783
-	-		(3,875,328)
(58,138)	(319,904)		(378,042)
<u>1,317</u>	<u>150,096</u>		<u>141,413</u>
(441,623)	-		(441,623)
28,908	-		3,975,409
2,335	-		3,187
17,593	-		167,705
(109,925)	(93,363)		(2,118,469)
-	-		(19,158)
-	-		(15,213)
990	(76)		914
(74,884)	(20,325)		(499,617)
(580,611)	(673,939)		(7,639,544)
<u>(715,594)</u>	<u>(787,703)</u>		<u>(6,144,786)</u>
2,052	-		1,047,564
<u>2,052</u>	<u>-</u>		<u>1,047,564</u>
506,232	673,279		1,044,767
2,941,492	147,599		42,389,346
<u>\$ 3,447,724</u>	<u>\$ 820,878</u>	<u>\$</u>	<u>43,434,113</u>

\$ 443,089	\$ 548,315	\$	1,855,012
464,183	196,683		4,268,883
(18,930)	-		(179,647)
12,790	1,501		(868,406)
-	-		(689,990)
-	562,362		562,362
(17,162)	(118)		43,203
54,864	34,859		755,292
700	-		700
282,853	2,463		776,324
5,058	6,743		36,939
(2,290)	(8,293)		(240,640)
(6,698)	(33,629)		(319,456)
<u>\$ 1,218,457</u>	<u>\$ 1,310,886</u>	<u>\$</u>	<u>6,000,576</u>

\$ -	\$ -	\$	(3,125)
\$ -	\$ 142,748	\$	142,748
\$ -	\$ -	\$	4,027,234

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, 2023

	PRIVATE PURPOSE TRUST FUND	OTHER POST- EMPLOYMENT BENEFIT TRUST FUND	CUSTODIAL FUNDS
	TAX SALE DEPOSITS		
ASSETS			
Cash and Cash Equivalents	\$ 238,164	\$ 1,133,388	\$ 1,264,570
Investments, at Fair Value			
Debt Securities	-	4,694,932	-
Fixed Income Fund	-	806,002	-
Mutual and Global Funds	-	8,451,048	-
International	-	2,415,950	-
Total Investments	-	16,367,932	-
Total Assets	238,164	17,501,320	1,264,570
LIABILITIES			
Accounts Payable and Other Liabilities	-	31,768	2,095
Due to Other Governments	-	-	268,878
Total Liabilities	-	31,768	270,973
NET POSITION			
Restricted for:			
Held in Trust	238,164	-	-
Other Post-Employment Benefits	-	17,469,552	-
Individuals, Organizations, and other Governments	-	-	993,597
Total Net Position	\$ 238,164	\$ 17,469,552	\$ 993,597

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, 2023

	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 Employers	\$ 188,719	\$ -	\$ -
Members	-	4,106,367	-
	-	421,155	-
Total Contributions	188,719	4,527,522	-
Investment Earnings:			
Net Change in the Fair Value of Investments	-	1,164,491	-
Interest	-	331,159	-
Total Investment Earnings	-	1,495,650	-
Less Investment Administrative Expenses	-	8,631	-
Net Investment Earnings	-	1,487,019	-
Tax Ditch	-	-	32,139
Zoning Deposits	-	-	203,354
Tax Collections for Other Governments	-	-	15,816,966
Motor Vehicle Administration	-	-	227,190
Escheat - Abandoned Property	-	-	43,690
Inmate Welfare	-	-	122,965
Total Additions	188,719	6,014,541	16,446,304
DEDUCTIONS			
Distributions to Property Holders	58,411	-	-
Claims Paid for Other Post-Employment Benefits	-	2,127,522	-
Administrative Expenses	-	72,447	-
Distribution of Tax Ditch Funds	-	-	16,201
Refund of Zoning Deposits	-	-	96,971
Payments of Tax to Other Governments	-	-	15,816,966
Payments to Motor Vehicle Administration	-	-	227,190
Payments of Escheat to Others	-	-	43,690
Distribution of Inmate Welfare Funds	-	-	122,288
Total Deductions	58,411	2,199,969	16,323,306
Net Increase in Fiduciary Net Position	130,308	3,814,572	122,998
Net Position-Beginning of Year	107,856	13,654,980	870,599
Net Position-End of Year	\$ 238,164	\$ 17,469,552	\$ 993,597

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, 2023

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, 2023

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 20.

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, 2023

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 and Grants Fund as part of the required supplementary information section located after the Notes to the basic financial statements. A budget-to-actual comparison is also included 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, 2023

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, 2023

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.

Grants Fund – This special revenue fund accounts for activities funded by grants and is included in various governmental functions, depending on the grant.

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

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

Sanitary District -

Sewer Operations - This fund is used to account for the operation of the sewer system serving approximately 9,300 customers.

Water Operations - This fund is used to account for the operation of the water supply system serving approximately 5,200 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, 2023

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, 2023

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 weighted average cost method. Inventories held for resale are reported at lower of cost or market and 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, 2023

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 16.

QUEEN ANNE'S COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023

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 14.

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 17.

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, 2023

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 \$66,766,767. 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, 2023, the County has reported outstanding general obligation debt related to assets held by the Board of Education amounting to \$48,229,215 (of which \$42,257,297 has been spent and the remaining \$5,971,918 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, 2023, 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	\$ 14,985,939	\$ -
Economic/community development	3,006,352	-
Public safety	5,676,785	-
Conservation of natural resources	2,825,525	-
Social services	955	-
Debt service	-	3,819,902
Other Purposes	-	1,530,636
Total amounts restricted	\$ 26,495,556	\$ 5,350,538

Note that unspent bond proceeds of \$11,108,218 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, 2023

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, 2023

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, 2023 was \$0.8300 per \$100 of assessed value.

E. NEW ACCOUNTING PRONOUNCEMENTS

In fiscal year ended June 30, 2023, the County adopted the following new GASB statements:

Statement No. 96, *Subscription-Based Information Technology Arrangements*, see Note 11 for the effects of this standard.

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, 2023

NOTE 2 - BUDGETS AND BUDGETARY ACCOUNTING (CONTINUED)

During the fiscal year, the Commissioners may adopt supplemental appropriations. For the year ended June 30, 2023, supplemental appropriations were as follows:

Supplemental Appropriations	Original Budget	Final Budget	Increase
General Fund - expenditures and transfers	\$ 171,400,000	\$ 186,576,573	\$ 15,176,573
Special Revenue Funds that adopt annual budgets			
Grants Fund - expenditures and transfers	928,629	3,450,082	2,521,453
Non-Major Funds that adopt annual budgets -			
Department of Aging - expenditures and transfers	\$ 3,484,267	\$ 3,812,114	\$ 327,847
Housing & Community Services - expenditures and transfers	2,042,122	2,446,235	404,113
Roads Operating - expenditures and transfers	-	6,066,638	6,066,638
Community Partnerships for Children - expenditures and transfers	1,118,835	1,330,832	211,997
Agricultural Transfer - expenditures and transfers	1,197,394	2,175,827	978,433
Rural Legacy - expenditures and transfers	1,650,321	1,902,438	252,117
Kent Narrows - expenditures and transfers	38,000	40,000	2,000
Fire Company Impact Fees - expenditures and transfers	357,000	605,034	248,034
Economic Development Incentive - expenditures and transfers	125,000	917,272	792,272
Parks & Rec Impact Fees - transfers and transfers	300,000	1,000,000	700,000
Total Special Revenue Funds that adopt annual budgets	\$ 10,312,939	\$ 20,296,390	\$ 9,983,451

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, Grants Fund, and the following non-major governmental funds: Department of Aging, Housing and Community Services, 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, 2023. However, salary reversions are budgeted as a lump sum negative \$1,378,310, 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, 2023

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 \$111,454,435 with local banks (carrying value \$111,311,950), 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, 2023, the County had investments in MLGIP of \$91,083,720, which are recorded at cost, which approximates fair value.

As of June 30, 2023, 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, 2023, the weighted average maturity (WAM) for the Trust's money market mutual fund investment was 26 days. At June 30, 2023, 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, 2023

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 changes in fiduciary 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, 2023, of which Queen Anne's County's portion was 23.4% of the total:

	Level 1	Level 2	Level 3	Total
Investments by fair value level:				
Debt Securities				
U.S. Treasury Obligations	\$ -	\$ 4,007,795	\$ -	\$ 4,007,795
U.S. Governmental Agencies	-	5,416,513	-	5,416,513
Corporate & Foreign Bonds	-	8,955,988	-	8,955,988
Municipal Obligations	-	1,663,794	-	1,663,794
Equity and Mutual Fund Investments				
Taxable Fixed Income Funds	-	3,441,069	-	3,441,069
Mutual Funds	29,745,434	-	-	29,745,434
Global Funds	6,334,654	-	-	6,334,654
International	10,314,422	-	-	10,314,422
Total	\$ 46,394,510	\$ 23,485,159	\$ -	\$ 69,879,669

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 exposed to interest rate risk as of June 30, 2023 was 17.54 years.

QUEEN ANNE'S COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023

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, 2023:

	Investment Maturities (in Years)					Total
	Less than 1	1 - 5	6 - 10	More than 10	Total	
Investments with Maturities						
U.S. Treasury Obligations	\$ -	\$ 751,325	\$ 1,077,758	\$ 2,178,712	\$ 4,007,795	
U.S. Governmental Agencies	53,881	-	658,947	4,703,685	5,416,513	
Corporate & Foreign Bonds	673,235	1,993,047	2,600,937	3,688,769	8,955,988	
Municipal Obligations	-	56,086	95,147	1,512,561	1,663,794	
Total	\$ 727,116	\$ 2,800,458	\$ 4,432,789	\$ 12,083,727	\$ 20,044,090	

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, 2023 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	\$ 3,934,696	\$ -	\$ 73,099	\$ -	\$ -	\$ 4,007,795
U.S. Governmental Agencies	53,881	-	-	-	5,362,632	5,416,513
Corporate & Foreign Bonds	175,857	2,089,107	4,079,813	2,202,399	408,812	8,955,988
Municipal Obligations	405,761	1,032,502	86,328	-	139,203	1,663,794
Total	\$ 4,570,195	\$ 3,121,609	\$ 4,239,240	\$ 2,202,399	\$ 5,910,647	\$ 20,044,090

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, 2023 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, 2023:

	Fair Value	Interest Rate Range
U.S. Treasury Obligations	\$ 4,007,795	2.25 to 4.25%
U.S. Governmental Agencies	5,416,513	1.3 to 5.0%
Corporate & Foreign bonds	8,955,988	0.43 to 6.5%
Municipal Obligations	1,663,794	2.44 to 6.26%
Taxable Fixed Income Funds	3,441,069	N/A
Mutual Funds	29,745,434	N/A
Global Funds	6,334,654	N/A
International	10,314,422	N/A
Total	\$ 69,879,669	

QUEEN ANNE'S COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023

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, 2023 that exceeded 5% of the total investment balance as of June 30, 2023:

Name	Amount
VANGUARD 500 INDEX CL ADML	\$ 10,924,126
NEW WORLD FUND-R6	6,334,654
VANGUARD MID CAP INDEX-ADM	5,359,261
VANGUARD RUSSELL 1000 GR-IS	5,280,933
LAZARD INTL STRATEGIC EQUITY FD CL-I	5,202,525
TRANSAMERICA TS&W INTL EQ-IS	5,111,897
FULLER & THALER BEHAVIORAL SC GR R6	4,653,901
COHEN & STEERS REALTY INCM-I	3,527,213

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, 2023 as the Trust did not have any investments denominated in foreign currencies.

For the year ended June 30, 2023, the annual money-weighted rate of return on investments, net of expense, was 5.7%. 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, 2023

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, 2023 is \$5,334,870 and is included in restricted LOSAP plan assets on the general fund balance sheet.

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

COMPONENT UNITS (BOARD OF EDUCATION AND LIBRARY)

Component Unit - Board of Education - At year-end, the carrying amount of deposits was \$15,662,235, including \$300,000 in certificates of deposit and excluding the carrying amount of fiduciary funds. At June 30, 2023, the Board had deposits of approximately \$16.6 million with local banks and the bank deposits were fully insured or collateralized.

Component Unit – Library - At year-end, the carrying amount of all bank deposits, including certificates of deposit, was \$1,535,319 and the balance per bank records totaled \$1,568,504. Of the bank balances, \$250,000 was secured by the FDIC and \$1,318,504 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	\$ 4,808,600	\$ -
General Capital Projects	765,760	-
Roads Capital Projects	193,842	-
Grants Fund	-	-
Non-Major Governmental Funds	680,742	-
Major Enterprise Funds		
Sanitary District	-	1,045,512
Bay Bridge Airport	-	2,052
Non-Major Enterprise Funds	-	-
Total Investment Income	\$ 6,448,944	\$ 1,047,564

QUEEN ANNE'S COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 4 - ACCOUNTS RECEIVABLE

Receivables as of June 30, 2023 for the governmental and business-type activities are as follows:

	General Fund	General Capital Projects	Roads Capital Projects	Grants Fund	Non-Major Governmental Funds	Total Governmental Funds	Total Enterprise Funds	Total Governmental and Enterprise Funds
Accounts Receivable								
Receivables								
Taxes - Real Property	\$ 250,781	\$ -	\$ -	\$ -	\$ -	\$ 250,781	\$ -	\$ 250,781
Taxes - Other	569,603	-	-	-	-	569,603	-	569,603
Subtotal Taxes Receivable (Net)	820,384	-	-	-	-	820,384	-	820,384
Other Accounts Receivable:								
QAC - PHA	-	733,121	-	-	-	733,121	-	733,121
Sanitary District - User and Septage Fees	-	-	-	-	-	-	599,381	599,381
Airport - Fuel Sales, User and Rental Fees	-	-	-	-	-	-	22,935	22,935
Miscellaneous Receivables	169,745	13,057	-	12,371	89,381	284,554	66,091	350,645
Subtotal Accounts Receivable (Net)	169,745	746,178	-	12,371	89,381	1,017,675	688,407	1,706,082
Loans Receivable	-	-	-	-	6,289,663	6,289,663	101,834	6,391,497
Special Assessments	-	-	27,265	-	607,965	635,230	-	635,230
Intergovernmental								
Income Taxes Held by State	39,353,092	-	-	-	-	39,353,092	-	39,353,092
Grants Receivable	379,152	521,298	-	698,605	865,853	2,464,908	550,013	3,014,921
Recordation Tax	868,370	-	-	-	-	868,370	-	868,370
State-Highway User Tax	-	-	-	-	426,179	426,179	-	426,179
Subtotal Due from Other Governments	40,600,614	521,298	-	698,605	1,292,032	43,112,549	550,013	43,662,562
Restricted Receivables								
Accounts Receivable (Net)	-	-	-	-	-	-	3,970,000	3,970,000
Special Assessments Receivable (Net)	-	-	-	-	-	-	16,433,398	16,433,398
Subtotal Restricted Receivables	-	-	-	-	-	-	20,403,398	20,403,398
Total Receivables	\$ 41,590,743	\$ 1,267,476	\$ 27,265	\$ 710,976	\$ 8,279,041	\$ 51,875,501	\$ 21,743,652	\$ 73,619,153

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 \$3.1 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, 2023

NOTE 4 - ACCOUNTS RECEIVABLE (CONTINUED)

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

Loans receivable in the amount of \$6,289,663 relate to the Housing and Community Services, Impact Fees, and Revolving Loan Special Revenue Funds. Loans receivable in the amount of \$6,087,647 for Housing and Community Services will be repaid when the homes are sold, in virtually all cases. These loans support housing rehabilitation and home-ownership. When the loans are repaid to the County, the funds are then loaned out again to serve the same purpose. Loans for the Revolving Loan Fund in the amount of \$90,000 are also repaid over a number of years. The remaining loan receivable balance of \$112,016 relates to school, fire, and parks and recreation impact fees. In July 2007, the County began accepting promissory notes for impact fees, in certain situations, with the understanding that when certificate of occupancy was obtained, these notes would be paid in full. To ensure repayment, the notes attach to the property incurring the impact fee; therefore, payment will be required automatically prior to legal transfer of title.

Income taxes held by the State in the amount of \$39,353,092 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 \$635,230 represent receivables for governmental activities. Part of this amount consists of \$27,265 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 \$607,965 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 \$16,433,398 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.

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	Grants Fund	Non-Major Governmental Funds	Total Governmental Funds	Total Enterprise Funds
Property Tax Deferrals	\$ 15,288	\$ -	\$ -	\$ -	\$ -	\$ 15,288	\$ -
Inspection Fees Collected in Advance	-	-	-	-	-	-	180,047
Grant Drawdowns in excess of Expenditures	-	-	-	8,896,813	831,583	9,728,396	-
Miscellaneous	9,271	-	-	-	-	9,271	289,632
Total Unearned Revenue	\$ 24,559	\$ -	\$ -	\$ 8,896,813	\$ 831,583	\$ 9,752,955	\$ 469,679

QUEEN ANNE'S COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 6 – CAPITAL ASSETS

PRIMARY GOVERNMENT

Changes in the County's capital assets for governmental activities for the year ended June 30, 2023 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, 2022	Increases	Transfers	Decreases	Balance June 30, 2023
Capital Assets, not being depreciated:					
Land	\$ 38,674,653	\$ 49,100	\$ 161,563	\$ -	\$ 38,885,316
Intangible Rights - Easements	821,819	-	-	-	821,819
Land Improvements	3,714,283	-	-	-	3,714,283
Construction in Progress	9,943,879	2,714,939	(398,198)	(720,956)	11,539,664
Land - Inexhaustible Infrastructure Improvements	43,890,863	-	-	-	43,890,863
Total Capital Assets, not being depreciated	97,045,497	2,764,039	(236,635)	(720,956)	98,851,945
Capital Assets, being depreciated:					
Buildings and Building Improvements	72,354,564	114,506	-	-	72,469,070
Improvements other than Buildings	18,188,150	3,455,807	62,276	-	21,706,233
Vehicles	16,398,634	2,032,301	42,418	(845,256)	17,628,097
Equipment	15,653,189	1,765,125	104,013	(368,938)	17,153,389
Furniture and Fixtures	13,160,498	168,315	27,113	-	13,355,926
Infrastructure Improvements - Depreciable	18,623,747	87,786	-	-	18,711,533
Right-to-use asset	-	638,500	-	-	638,500
Subscription asset	-	1,503,069	-	-	1,503,069
Total Capital Assets, being depreciated	154,378,782	9,765,409	235,820	(1,214,194)	163,165,817
Less Accumulated Depreciation for:					
Buildings and Building Improvements	20,588,315	1,576,995	-	-	22,165,310
Improvements other than Buildings	5,363,326	910,210	-	-	6,273,536
Vehicles	9,763,613	1,478,633	(8,315)	(811,118)	10,422,813
Equipment	9,153,753	1,017,928	4,375	(346,775)	9,829,281
Furniture and Fixtures	5,519,409	1,454,511	-	-	6,973,920
Infrastructure Improvements - Depreciable	10,161,056	297,951	-	-	10,459,007
Right-to-use asset	-	67,655	-	-	67,655
Subscription asset	-	311,303	-	-	311,303
Total Accumulated Depreciation	60,549,472	7,115,186	(3,940)	(1,157,893)	66,502,825
Total Capital Assets, being depreciated, net	93,829,310	2,650,223	239,760	(56,301)	96,662,992
Governmental activities Capital Assets, net	\$ 190,874,807	\$ 5,414,262	\$ 3,125	\$ (777,257)	\$ 195,514,937

QUEEN ANNE'S COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023

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, 2023 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, 2022	Increases	Transfers	Decreases	Balance June 30, 2023
Capital Assets, not being depreciated:					
Land	\$ 10,916,330	\$ -	\$ -	\$ -	\$ 10,916,330
Land Improvements	9,500	-	-	-	9,500
Intangible Rights	6,140	-	-	-	6,140
Construction in Progress	4,033,099	6,363,755	(2,193,875)	-	8,202,979
Land - Inexhaustible Infrastructure Improvements	2,481,094	-	-	-	2,481,094
Total Capital Assets, not being depreciated	17,446,163	6,363,755	(2,193,875)	-	21,616,043
Capital Assets, being depreciated:					
Buildings and Improvements to Buildings	16,193,029	12,744	-	-	16,205,773
Improvements other than Buildings	15,727,802	817,612	989,021	-	17,534,435
Vehicles	1,990,676	50,967	18,713	(40,998)	2,019,358
Equipment	24,515,622	377,052	-	(60,961)	24,831,713
Furniture and Fixtures	62,873	10,504	-	(1,002)	72,375
Infrastructure Improvements - Depreciable	131,532,397	4,034,144	1,204,854	-	136,771,395
Right-to-use asset	80,630	142,748	-	(42,323)	181,055
Total Capital Assets, being depreciated	190,103,029	5,445,771	2,212,588	(145,284)	197,616,104
Less Accumulated Depreciation for:					
Buildings and Improvements to Buildings	10,686,103	275,154	-	-	10,961,257
Improvements other than Buildings	7,758,535	588,069	-	-	8,346,604
Vehicles	1,387,619	124,420	18,713	(40,998)	1,489,754
Equipment	16,374,953	559,312	-	(57,210)	16,877,055
Furniture and Fixtures	25,358	4,860	-	(1,002)	29,216
Infrastructure Improvements - Depreciable	42,019,578	2,683,356	-	-	44,702,934
Right-to-use asset	45,292	33,712	-	(42,323)	36,681
Total Accumulated Depreciation	78,297,438	4,268,883	18,713	(141,533)	82,443,501
Total Capital Assets, being depreciated, net	111,805,591	1,176,888	2,193,875	(3,751)	115,172,603
Business-Type activities Capital Assets, net	\$ 129,251,754	\$ 7,540,643	\$ -	\$ (3,751)	\$ 136,788,646

QUEEN ANNE'S COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023

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	\$ 1,385,286	\$ -
Public Safety	2,659,036	-
Public Works	1,505,236	-
Parks & Recreation	1,113,906	-
Health and Social Services	340,892	-
Education and Library	25,130	-
Conservation of Natural Resources	41,623	-
Economic/Community Development	44,077	-
Major Enterprise Funds:		
Sanitary District	-	3,608,017
Bay Bridge Airport	-	464,183
Non-Major Enterprise Funds	-	196,683
Total amounts restricted	\$ 7,115,186	\$ 4,268,883

QUEEN ANNE'S COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 6 – CAPITAL ASSETS (CONTINUED)

COMPONENT UNITS

Board of Education: Capital asset activity for the year ended June 30, 2023 is as follows:

Board of Education	Balance June 30, 2022	Increases	Transfers	Decreases	Balance June 30, 2023
Capital Assets, not being depreciated:					
Land	\$ 6,363,040	\$ -	\$ -	\$ -	\$ 6,363,040
Construction in Progress	122,528	2,400,763	(122,528)	-	2,400,763
Total Capital Assets, not being depreciated	6,485,568	2,400,763	(122,528)	-	8,763,803
Capital Assets, being depreciated:					
Land Improvements	5,410,966	-	-	-	5,410,966
Buildings	212,308,322	-	122,528	-	212,430,850
Furniture, Fixtures, and Equipment	18,873,881	694,533	-	(90,044)	19,478,370
Leased Equipment	-	379,187	-	-	379,187
Total Capital Assets, being depreciated	236,593,169	1,073,720	122,528	(90,044)	237,699,373
Less Accumulated Depreciation for:					
Land Improvements	4,926,389	100,323	-	-	5,026,712
Buildings	77,460,351	4,511,186	-	-	81,971,537
Furniture, Fixtures, and Equipment	13,333,642	1,432,555	-	(90,044)	14,676,153
Leased Equipment	-	87,546	-	-	87,546
Total Accumulated Depreciation	95,720,382	6,131,610	-	(90,044)	101,761,948
Total Capital Assets, being depreciated, net	140,872,787	(5,057,890)	122,528	-	135,937,425
Capital Assets, net	\$ 147,358,355	\$ (2,657,127)	\$ -	\$ -	\$ 144,701,228

QUEEN ANNE'S COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 6 – CAPITAL ASSETS (CONTINUED)

COMPONENT UNITS (CONTINUED)

Queen Anne's County Free Library: Capital asset activity for the year ended June 30, 2023 is as follows:

Library	Balance June 30, 2022	Increases	Transfers	Decreases	Balance June 30, 2023
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	1,763,794	195,124	-	(101,275)	1,857,643
Building Improvements	402,207	-	-	-	402,207
Equipment	324,338	219,117	-	-	543,455
Right-to-use	27,018	-	-	-	27,018
Total Capital Assets, being depreciated	2,517,357	414,241	-	(101,275)	2,830,323
Less Accumulated Depreciation	1,060,205	224,957	-	(97,859)	1,187,303
Total Capital Assets, being depreciated, net	1,457,152	189,284	-	(3,416)	1,643,020
Capital Assets, net	\$ 1,487,002	\$ 189,284	\$ -	\$ (3,416)	\$ 1,672,870

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.

The interfund and intra-entity receivables and payables consist of the following at June 30, 2023:

Due to Fund	Due from Fund									Total Due From
	General Fund	Capital Projects	Roads Capital	Grants Fund	Non- Major Governmental	Sanitary District	Bay Bridge Airport	Non- Major Enterprise	-	
General Fund	\$ 688,090	\$ -	\$ -	\$ -	\$ 394,043	\$ -	\$ -	\$ 294,047	\$ -	\$ 688,090
General Capital Projects	935,217	-	-	-	-	-	935,217	-	-	935,217
Roads Capital	-	-	-	-	-	-	-	-	-	-
Grants Fund	-	-	-	-	-	-	-	-	-	-
Non-Major Governmental	-	-	-	-	-	-	-	-	-	-
Sanitary District	-	-	-	-	-	-	-	-	-	-
Bay Bridge Airport	-	-	-	-	-	-	-	-	-	-
Non-Major Enterprise	-	-	-	-	-	-	-	-	-	-
Total Due To Fund	\$ 1,623,307	\$ -	\$ -	\$ -	\$ 394,043	\$ -	\$ 935,217	\$ 294,047	\$ -	\$ 1,623,307

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, 2023

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 Airport are to pay for a portion of debt service related to an Airport project. Transfers from General Capital Projects represent a transfer to the Golf Course Enterprise Fund for a specific project. 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. Transfers from Non-Major Governmental Funds provided funding from the Impact Fee Funds to the General Fund and General Capital Projects. There was also a transfer from the Grants Fund and also a non-major governmental fund to the Economic Development Incentive Fund for program funding.

The following interfund transfers were made during the fiscal year ended June 30, 2023:

Transfers Out	Transfers In									Total Transfers In
	General Fund	Capital Projects	Roads Capital	Grants Fund	Non-Major Governmental	Sanitary District	Bay Bridge Airport	Non-Major Enterprise		
General Fund	\$ 23,661,847	\$ -	\$ 15,791,988	\$ 550,000	\$ 36,935	\$ 7,223,469	\$ -	\$ 59,455	\$ -	\$ 23,661,847
General Capital Projects	470,000	-	-	-	-	-	-	-	470,000	470,000
Roads Capital	-	-	-	-	-	-	-	-	-	-
Grants Fund	240,000	-	-	-	-	240,000	-	-	-	240,000
Non-Major Governmental	4,130,063	2,857,792	800,000	-	-	472,271	-	-	-	4,130,063
Sanitary District	3,875,328	-	10,000	-	-	-	3,865,328	-	-	3,875,328
Bay Bridge Airport	-	-	-	-	-	-	-	-	-	-
Non-Major Enterprise	-	-	-	-	-	-	-	-	-	-
Total Transfers Out	\$ 32,377,238	\$ 2,857,792	\$ 16,601,988	\$ 550,000	\$ 36,935	\$ 7,935,740	\$ 3,865,328	\$ 59,455	\$ 470,000	\$ 32,377,238

Reconciliation of interfund transfers to the Statement of Activities

Governmental Funds Transfers In	\$ 27,982,455	Enterprise Funds Transfers In	\$ 4,394,783
Governmental Funds Transfers Out	(28,501,910)	Enterprise Funds Transfers Out	(3,875,328)
Government-Wide Transfer Out	3,125	Reclassification of Transfer of Capital Asset (to) from Governmental Fund	(3,125)
Total Governmental Activities	\$ (516,330)	Total Business-Type Activities	\$ 516,330

The above entries for \$3,125 relate to capital assets with a remaining book value transferred from Enterprise Funds to Governmental Activities.

QUEEN ANNE'S COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 9 - NONCURRENT LIABILITIES

A. CHANGES IN NONCURRENT LIABILITIES

During the year ended June 30, 2023, the following changes occurred in the noncurrent liabilities of the primary government's governmental activities:

PRIMARY GOVERNMENT			Retirements and			Due Within	Due in
Governmental Activities	Balance June 30, 2022	Additions of debt	Repayments	Balance June 30, 2023	One Year	More than One Year	
General Bonds Payable	\$ 126,929,028	\$ -	\$ 8,642,603	\$ 118,286,425	\$ 8,421,894	\$ 109,864,531	
General Bonds Payable - Related to PHA	531,258	-	88,251	443,007	66,494	376,513	
General Bonds Payable - Related to Ches College	3,308,978	-	220,813	3,088,165	229,388	2,858,777	
Notes Payable	655,957	-	47,816	608,141	47,816	560,325	
Bond Premiums	11,371,705	-	937,650	10,434,055	872,744	9,561,311	
Subtotal Governmental Activities Debt	142,796,926	-	9,937,133	132,859,793	9,638,336	123,221,457	
Lease Liability	-	638,500	23,832	614,668	62,314	552,354	
Subscription Liability	-	1,503,069	324,189	1,178,880	298,044	880,836	
OPEB	36,268,523	-	9,458,276	26,810,247	-	26,810,247	
Net Pension Liability	24,007,806	8,562,493	-	32,570,299	-	32,570,299	
LOSAP Liability	10,267,761	-	2,509,893	7,757,868	-	7,757,868	
Compensated Absences	3,527,165	2,013,748	1,915,250	3,625,663	2,144,941	1,480,722	
Total Governmental Activities Debt	\$ 216,868,181	\$ 12,717,810	24,168,573	\$ 205,417,418	\$ 12,143,635	\$ 193,273,783	
Less College Reimbursements			52,989				
Total Governmental Retirements and Repayments			\$ 24,115,584				

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	\$ 8,642,603
General Bonds Payable - PHA	88,251
Payments made by PHA	-
Notes Payable	47,816
LESS: Distributions of 2020 and 2021 Bonds	(28,908)
LESS: College Reimbursements	(52,989)
Total Principal Payments	\$ 8,696,773

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 \$52,989 for this year's principal payments.

QUEEN ANNE'S COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 9 – NONCURRENT LIABILITIES (CONTINUED)

A. CHANGES IN NONCURRENT LIABILITIES (CONTINUED)

During the year ended June 30, 2023, the following changes occurred in the noncurrent liabilities of the primary government's business-type activities:

PRIMARY GOVERNMENT

Business-Type Activities	Balance June 30, 2022	Additions of debt	Retirements and Repayments	Balance June 30, 2023	Due Within One Year	Due in More than One Year
Golf Course	\$ 84,140	\$ -	\$ 4,236	\$ 79,904	\$ 4,419	\$ 75,485
Bay Bridge Airport	1,430,227	28,908	102,441	1,356,694	109,618	1,247,076
Public Landings and Marinas	681,370	-	60,564	620,806	63,187	557,619
Sanitary District	33,291,256	3,946,501	1,915,181	35,322,576	2,118,910	33,203,666
Subtotal Debt	35,486,993	3,975,409	2,082,422	37,379,980	2,296,134	35,083,846
Bond Premiums						
Golf Course	5,438	-	362	5,076	362	4,714
Bay Bridge Airport	75,622	-	7,484	68,138	7,485	60,653
Public Landings and Marinas	85,511	-	9,767	75,744	9,766	65,978
Subtotal Bond Premiums	166,571	-	17,613	148,958	17,613	131,345
Subtotal Business-Type Activities Debt	35,653,564	3,975,409	2,100,035	37,528,938	2,313,747	35,215,191
Lease Liability	39,225	142,748	37,592	144,381	33,666	110,715
OPEB	7,052,186	-	1,197,210	5,854,976	-	5,854,976
Net Pension Liability	2,176,280	514,423	-	2,690,703	-	2,690,703
Compensated Absences	521,292	36,939	-	558,231	330,249	227,982
Total Business-Type Activities Debt	\$ 45,442,547	\$ 4,669,519	\$ 3,334,837	\$ 46,777,229	\$ 2,677,662	\$ 44,099,567

Additions of debt listed for the Bay Bridge Airport include \$28,908 in distributions of the 2020 and 2021 Bonds from governmental activities.

QUEEN ANNE'S COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 9 – NONCURRENT LIABILITIES (CONTINUED)

A. CHANGES IN NONCURRENT LIABILITIES (CONTINUED)

During the year ended June 30, 2023, the following changes occurred in the noncurrent liabilities of the primary government's Component Units:

COMPONENT UNITS	Balance June 30, 2022	Additions of debt	Retirements and Repayments	Balance June 30, 2023	Due Within One Year	Due in More than One Year
Board of Education and Free Library						
Board of Education						
Compensated Absences	\$ 887,805	\$ 229,418	\$ -	\$ 1,117,223	\$ -	\$ 1,117,223
Financed Purchases	1,377,894	-	207,893	1,170,001	221,055	948,946
Intangible Right-to-Use Leases	-	379,187	82,266	296,921	85,350	211,571
OPEB	195,421,376	-	57,417,806	138,003,570	-	138,003,570
Net Pension Liability	4,309,601	1,582,670	-	5,892,271	-	5,892,271
Subtotal	201,996,676	2,191,275	57,707,965	146,479,986	306,405	146,173,581
Free Library						
Lease Payable	13,852	-	5,515	8,337	5,735	2,602
OPEB	681,330	-	150,469	530,861	-	530,861
Subtotal	695,182	-	155,984	539,198	5,735	533,463
Total Component Units Debt	\$ 202,691,858	\$ 2,191,275	\$ 57,863,949	\$ 147,019,184	\$ 312,140	\$ 146,707,044

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

QUEEN ANNE'S COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 9 – NONCURRENT LIABILITIES (CONTINUED)

B. GENERAL OBLIGATION BONDS, NOTES, LEASE LIABILITY, SUBSCRIPTION LIABILITY, OTHER POST-EMPLOYMENT BENEFIT OBLIGATION, NET PENSION LIABILITY, VOLUNTEER FIREMAN PENSION PLAN LENGTH OF SERVICE AWARD PROGRAM 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, 2023

NOTE 9 – NONCURRENT LIABILITIES (CONTINUED)

B. GENERAL OBLIGATION BONDS, NOTES, LEASE LIABILITY, SUBSCRIPTION LIABILITY, OTHER POST-EMPLOYMENT BENEFIT OBLIGATION, NET PENSION LIABILITY, VOLUNTEER FIREMAN PENSION PLAN LENGTH OF SERVICE AWARD PROGRAM LIABILITY, AND COMPENSATED ABSENCES (CONTINUED)

PRIMARY GOVERNMENT (CONTINUED)

As of June 30, 2023, general obligation bonds and notes payable for governmental activities are comprised of the following, along with lease liability, subscription liability, other post-employment benefit obligation, net pension liability, volunteer fireman pension plan length of service award program liability and compensated absences:

Governmental Activities	Paying Fund	Interest Rate	Year Series Matures	Amount of Original Issue	Outstanding June 30, 2023	Due Within One Year	Due in More than One Year
General Obligation Bonds Payable							
2014 Public Facilities	General	2.00%-4.00%	2034	\$ 17,590,000	\$ 10,673,468	\$ 792,823	\$ 9,880,645
2015 Public Facilities	General	3.00%-5.00%	2036	11,622,756	8,468,238	504,792	7,963,446
2015 Refunding Bonds	General	2.00%-5.00%	2027	13,521,625	6,068,266	1,443,211	4,625,055
2016 Public Facilities	General	2.00%-4.00%	2036	13,934,364	10,860,096	600,581	10,259,515
2017 Public Facilities	General	3.00%-5.00%	2037	12,600,000	10,435,000	500,000	9,935,000
2018 Public Facilities	General	3.00%-5.00%	2038	16,000,000	13,865,000	605,000	13,260,000
2019 Public Facilities	General	3.00%-5.00%	2039	11,000,000	9,910,000	395,000	9,515,000
2019 Refunding Bonds	General	4.00%-5.00%	2029	14,236,594	10,711,254	1,305,682	9,405,572
2020 Public Facilities	General	2.00%-5.00%	2040	9,000,000	8,391,475	313,975	8,077,500
2021 Public Facilities	General	1.50%-5.00%	2041	13,000,000	12,138,989	637,634	11,501,355
2021 Refunding Bonds	General	1.50%-5.00%	2030	10,835,995	8,964,639	933,196	8,031,443
2022 Public Facilities	General	3.375%-5.00%	2043	7,800,000	7,800,000	390,000	7,410,000
2015 Refunding Facilities (2006 Bonds)	Due from PHA	2.00%-3.00%	2027	240,112	107,757	25,628	82,129
2019 Refunding Facilities (2009 Bonds)	Due from PHA	4.00%-5.00%	2029	445,590	335,250	40,866	294,384
2014 Public Facilities	Due from other Counties	2.00%-4.00%	2034	4,800,000	3,088,165	229,388	2,858,777
Subtotal Bonds Payable					121,817,597	8,717,776	113,099,821
Notes Payable							
State of Maryland - Grove Ck.	Spec. Rev.	0.00%	2034	510,617	224,667	20,425	204,242
State of Maryland - Narrows Pointe	Spec. Rev.	0.00%	2037	525,318	383,474	27,391	356,083
Subtotal Notes Payable					608,141	47,816	560,325
Subtotal Bonds and Notes Payable					122,425,738	8,765,592	113,660,146
Bond Premiums					10,434,055	872,744	9,561,311
Subtotal Governmental Activities Debt					132,859,793	9,638,336	123,221,457
Lease Liability					614,668	62,314	552,354
Subscription Liability					1,178,880	298,044	880,836
OPEB					26,810,247	-	26,810,247
Net Pension Liability					32,570,299	-	32,570,299
LOSAP Liability					7,757,868	-	7,757,868
Compensated Absences					3,625,663	2,144,941	1,480,722
Total Governmental Activities					\$ 205,417,418	\$ 12,143,635	\$ 193,273,783

QUEEN ANNE'S COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 9 – NONCURRENT LIABILITIES (CONTINUED)

B. GENERAL OBLIGATION BONDS, NOTES, LEASE LIABILITY, SUBSCRIPTION LIABILITY, OTHER POST-EMPLOYMENT BENEFIT OBLIGATION, NET PENSION LIABILITY, VOLUNTEER FIREMAN PENSION PLAN LENGTH OF SERVICE AWARD PROGRAM LIABILITY, AND COMPENSATED ABSENCES (CONTINUED)

PRIMARY GOVERNMENT (CONTINUED)

The annual requirements to amortize general obligation bonds and notes payable outstanding as of June 30, 2023 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
2024	\$ 8,717,776	\$ 4,371,049	\$ 13,088,825	\$ 47,816	\$ -	\$ 47,816
2025	9,081,655	4,019,195	13,100,850	47,816	-	47,816
2026	9,449,130	3,627,819	13,076,949	47,816	-	47,816
2027	9,836,236	3,229,932	13,066,168	47,816	-	47,816
2028	8,547,050	2,815,797	11,362,847	47,816	-	47,816
2029 - 2033	39,186,138	8,975,922	48,162,060	239,080	-	239,080
2034 - 2038	28,038,710	3,196,368	31,235,078	129,981	-	129,981
2039 - 2043	8,960,902	411,903	9,372,805	-	-	-
	<u>\$ 121,817,597</u>	<u>\$ 30,647,985</u>	<u>\$ 152,465,582</u>	<u>\$ 608,141</u>	<u>\$ -</u>	<u>\$ 608,141</u>

QUEEN ANNE'S COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 9 – NONCURRENT LIABILITIES (CONTINUED)

B. GENERAL OBLIGATION BONDS, NOTES, LEASE LIABILITY, SUBSCRIPTION LIABILITY, OTHER POST-EMPLOYMENT BENEFIT OBLIGATION, NET PENSION LIABILITY, VOLUNTEER FIREMAN PENSION PLAN LENGTH OF SERVICE AWARD PROGRAM LIABILITY, AND COMPENSATED ABSENCES (CONTINUED)

PRIMARY GOVERNMENT (CONTINUED)

General obligation bonds and notes payable outstanding as of June 30, 2023 for business-type activities are comprised of the following, as well as lease liability, other post-employment benefit obligation, net pension liability, and compensated absences:

Business -Type Activities	Interest Rate	Year Series Matures	Amount of Original Issue	Outstanding June 30, 2023	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	\$ 79,904	\$ 4,419	\$ 75,485
Bond Premiums				5,076	362	4,714
Subtotal Golf Course				84,980	4,781	80,199
<u>Bay Bridge Airport</u>						
2014 Public Facilities Bonds	2.00%-4.00%	2034	964,940	643,368	47,789	595,579
2015 Public Facilities Bonds	3.00%-5.00%	2036	577,244	506,762	30,208	476,554
2015 Refunding Bonds	2.00%-5.00%	2027	173,556	77,889	18,524	59,365
2019 Refunding Bonds	4.00%-5.00%	2029	92,167	69,344	8,453	60,891
2020 Public Facilities Bonds	2.00%-5.00%	2040	22,686	23,525	1,026	22,499
2021 Public Facilities Bonds	1.50%-5.00%	2041	26,594	26,594	2,659	23,935
2021 Refunding Bonds	1.50%-5.00%	2030	11,134	9,212	959	8,253
Bond Premiums				68,138	7,485	60,653
Subtotal Airport				1,424,832	117,103	1,307,729
<u>Public Landings and Marinas</u>						
2015 Refunding Bonds	2.00%-5.00%	2027	24,707	11,088	2,637	8,451
2019 Refunding Bonds	4.00%-5.00%	2029	490,649	369,151	44,999	324,152
2021 Refunding Bonds	1.50%-5.00%	2030	67,871	56,150	5,845	50,305
2021 Public Facilities	3.375%-5.00%	2043	194,123	184,417	9,706	174,711
Bond Premiums				75,744	9,766	65,978
Subtotal Public Landings and Marinas				696,550	72,953	623,597
<u>Sanitary District</u>						
Maryland Water Quality-2005 Enhancement	1.00%	2027	18,252,291	3,931,903	971,990	2,959,913
Maryland Water Quality-SKI Phase One	0.80%	2049	29,342,242	27,444,172	960,439	26,483,733
Maryland Water Quality-SKI Phase Two	0.80%	2053	3,946,501	3,946,501	186,481	3,760,020
Subtotal Sanitary District				35,322,576	2,118,910	33,203,666
Total Business-Type Activities Debt				37,528,938	2,313,747	35,215,191
Lease Liability				144,381	33,666	110,715
OPEB				5,854,976	-	5,854,976
Net Pension Liability				2,690,703	-	2,690,703
Compensated Absences				558,231	330,249	227,982
Total Business-Type Activities				\$ 46,777,229	\$ 2,677,662	\$ 44,099,567

QUEEN ANNE'S COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 9 – NONCURRENT LIABILITIES (CONTINUED)

B. GENERAL OBLIGATION BONDS, NOTES, LEASE LIABILITY, SUBSCRIPTION LIABILITY, OTHER POST-EMPLOYMENT BENEFIT OBLIGATION, NET PENSION LIABILITY, VOLUNTEER FIREMAN PENSION PLAN LENGTH OF SERVICE AWARD PROGRAM LIABILITY, AND COMPENSATED ABSENCES (CONTINUED)

PRIMARY GOVERNMENT (CONTINUED)

The annual requirements to amortize business-type bonds and notes outstanding at June 30, 2023, are as follows:

<u>Business-Type Activities</u> Year Ending June 30,	<u>Business-Type Bonds Payable</u>			<u>Business-Type Notes Payable</u>		
	Principal	Interest	Total	Principal	Interest	Total
2024	\$ 177,224	\$ 74,971	\$ 252,195	\$ 2,118,910	\$ 415,594	\$ 2,534,504
2025	183,343	67,802	251,145	2,137,806	402,725	2,540,531
2026	190,871	60,326	251,197	2,156,871	383,658	2,540,529
2027	198,767	52,916	251,683	2,161,343	364,419	2,525,762
2028	182,948	44,699	227,647	1,184,065	296,755	1,480,820
2029 - 2033	773,861	123,477	897,338	6,063,934	1,340,163	7,404,097
2034 - 2038	301,289	19,864	321,153	6,310,404	1,093,694	7,404,098
2039 - 2043	49,101	1,933	51,034	6,486,233	837,206	7,323,439
2044 - 2048	-	-	-	5,722,674	438,035	6,160,709
2049 - 2053	-	-	-	980,336	59,992	1,040,328
	<u>\$ 2,057,404</u>	<u>\$ 445,988</u>	<u>\$ 2,503,392</u>	<u>\$ 35,322,576</u>	<u>\$ 5,632,241</u>	<u>\$ 40,954,817</u>

C. ISSUANCE OF NEW DEBT

PRIMARY GOVERNMENT

In fiscal year 2023, the County began borrowing funds through the Maryland Water Quality Financing Administration for phase two of the Southern Kent Island (SKI) Sanitary Project. The total loan amount for phase two will be approximately \$6.3 million and funds will be disbursed as the project costs are incurred. Principal payments will begin after the final draw and the loan will be repaid over 30 years at an interest rate of 0.80%. In fiscal year 2023, the County received \$3,946,501 as part of this loan. The total amount outstanding as of June 30, 2023 was \$3,946,501.

QUEEN ANNE'S COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023

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. The County uses its incremental borrowing rate to determine the initial value of the lease receivable and corresponding deferred inflows.

County as Lessor

The County's Governmental Activities entered into various lease agreements to lease land for cultivation and other similar purposes. The County received a combination of annual, semi-annual, and monthly payments from these leases ranging from \$662 to \$17,225 during the year. These leases typically have variable payments that increase each year or each successive renewable lease term by a set percentage rate included in the lease agreement. The County has options to extend which typically are in five-year increments. The County has considered the probability of exercising the lease renewal options in the initial calculation of the lease.

The following is a summary of Governmental Activities lease receivable and the corresponding deferred inflow:

	* As Restated Balance		Retirements and	Balance
Governmental Activities	June 30, 2022	Additions	Repayments	June 30, 2023
Lease Receivable	\$ 909,715	\$ 363,334	\$ 169,359	\$ 1,103,690
Lease Receivable deferred inflows	\$ (864,597)	\$ (363,334)	\$ (159,658)	\$ (1,068,273)

For the year ended June 30, 2023, rental and interest income associated with the governmental activities lease receivable was approximately \$160,000 and \$1,800, respectively.

QUEEN ANNE'S COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023

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. The County received monthly payments from these leases ranging from \$273 to \$3,101 during the year. These leases typically have variable payments that increase each year by a set percentage rate included in the lease agreement. The County has options to extend which typically are in five-year increments. The County has considered the probability of exercising the lease renewal options in the initial calculation of the lease.

The County's Bay Bridge Airport has entered into various lease agreements to lease land and/or facilities at the airport. The County received monthly payments from these leases ranging from \$470 to \$1,150 during the year. These leases typically have variable payments that increase each year by a set percentage rate included in the lease agreement. The County has options to extend which typically are in one-year increments. The County has considered the probability of exercising the lease renewal options in the initial calculation of the lease.

The following is a summary of Business-Type activities lease receivable and the corresponding deferred inflow:

Business-Type Activities	* As Restated Balance June 30, 2022	Additions	Retirements and Repayments	Balance June 30, 2023
Sanitary District - Lease Receivable	\$ 1,580,292	\$ -	\$ 150,037	\$ 1,430,255
Bay Bridge Airport - Lease Receivable	173,002	-	27,931	145,071
Total lease receivable	\$ 1,753,294	\$ -	\$ 177,968	\$ 1,575,326
Sanitary District - Deferred inflows	\$ (1,568,362)	\$ -	\$ (160,717)	\$ (1,407,645)
Bay Bridge Airport - Deferred inflows	(171,805)	-	(29,419)	(142,386)
Total lease receivable deferred inflows	\$ (1,740,167)	\$ -	\$ (190,136)	\$ (1,550,031)

For the year ended June 30, 2023, rental and interest income associated with the business-type activities lease receivable was approximately \$180,000 and \$5,000, respectively.

County as Lessee

The County has entered into various agreements to lease land and facilities for their public works department. An initial lease liability was recorded in the amount of \$638,500 for all new lease agreements entered into in the current year. The County is required to make both fixed and variable payments that range from \$9,000 to \$25,000 for the current year. Leases for which have variable payments will increase at a rate of 2% each year until lease termination. The County has no extension or termination options present in these agreements.

The County has entered into various agreements to lease land and equipment for their enterprise funds. An initial lease liability was recorded in the amount of \$142,748 for all new leases entered into in the current year. The County is required to make annual fixed payments ranging from \$1,600 to \$6,000 for leases in the scope of GASB 87. The County has no extension or termination options present in these agreements.

QUEEN ANNE'S COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 10 – LEASES (CONTINUED)

The future minimum lease payments are approximately as follows:

	Governmental Activities			Business-Type Activities		
	Principal	Interest	Total	Principal	Interest	Total
2024	\$ 62,314	\$ 16,023	\$ 78,337	\$ 33,666	\$ 2,973	\$ 36,639
2025	55,401	14,448	69,849	27,922	2,318	30,240
2026	58,224	12,792	71,016	28,590	1,650	30,240
2027	61,154	11,052	72,206	29,274	966	30,240
2028	55,193	9,436	64,629	24,929	271	25,200
Thereafter	322,382	19,818	342,200	-	-	-
Total	\$ 614,668	\$ 83,569	\$ 698,237	\$ 144,381	\$ 8,178	\$ 152,559

For the year ended June 30, 2023, interest expense for governmental and business-type activities lease liability was \$18,858 and \$387, respectively.

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

Financed Purchases

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	(2,284,983)
Total	\$ 961,679

Interest expense related to the above finance leases was approximately \$36,000 for the year ended June 30, 2023. The future minimum lease obligations and net present value of these minimum lease payments as of June 30, 2023 were as follows:

Year ended June 30:	
2024	\$ 250,989
2025	258,519
2026	266,275
2027	274,263
2028	203,553
Thereafter	-
Total minimum lease payments	1,253,599
Less: amount representing interest	(83,598)
Present value of minimum financed purchase payments	\$ 1,170,001

QUEEN ANNE'S COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 10 – LEASES (CONTINUED)

Intangible Right-to-Use Assets

The Board implemented the guidance of GASB No. 87, Leases, at July 1, 2021 for accounting and reporting leases that had previously been reporting as operating leases and recognized the value of copiers leased under long-term contracts along with a related liability.

During fiscal year 2023, the Board entered into copier lease agreements. Payments under these leases total approximately \$65,000 per year for leases that expire in fiscal year 2027 and \$31,000 per year for leases expiring in fiscal year 2025. For purposes of discounting future payments on these leases the Board used its incremental borrowing rate in place at the time of lease inception of 3.75%.

The leased equipment and accumulated amortization of the right-to-use assets are outlined in Note 6.

Minimum lease payments on copiers over the next five years are as follows:

	Lease Payments to Maturity		
	Copiers		
	Principal	Interest	Total
2024	\$ 85,350	\$ 11,135	\$ 96,485
2025	88,551	7,934	96,485
2026	60,379	4,613	64,992
2027	62,641	2,349	64,990
2028	-	-	-
	\$ 296,921	\$ 26,031	\$ 322,952

LIBRARY

Leases Payable

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, 2023, total lease liabilities were \$8,337, which represents the present value of the remaining lease payments of \$8,832, 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
2024	\$ 5,735	\$ 333
2025	2,602	162
	\$ 8,337	\$ 495

QUEEN ANNE'S COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 11 – SUBSCRIPTION-BASED INFORMATION TECHNOLOGY ARRANGEMENTS

The County implemented guidance of GASB 96, Subscription-Based Information Technology Arrangements (SBITAs), July 1, 2022 for accounting and reporting of subscription arrangements using the modified retrospective method.

The County enters into various agreements in order to use web software and licensing services. An initial subscription liability was recorded in the amount of \$1,503,069. As of June 30, 2023, the value of the subscription liability is \$1,178,880. The County is required to make annual fixed payments ranging from \$8,146 to \$298,043 for subscriptions in the scope of GASB 96. The county uses its incremental borrowing rate to determine the initial value of the right-to-use asset and corresponding subscription liability. The County has options to extend which typically are in one-year increments. The County has considered the probability of exercising the lease renewal options in the initial calculation of the subscription.

The future minimum subscription payments are as follows:

	Governmental Activities		
	Principal	Interest	Total
2024	\$ 298,044	\$ 28,249	\$ 326,293
2025	305,256	21,022	326,278
2026	284,425	13,618	298,043
2027	291,155	6,889	298,044
2028	-	-	-
Thereafter	-	-	-
Total	\$ 1,178,880	\$ 69,778	\$ 1,248,658

For the year ended June 30, 2023, interest expense related to the subscription liability was \$28,249.

QUEEN ANNE'S COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 12 – RESTRICTED ASSETS AND LIABILITIES AND FUND BALANCES

A. RESTRICTED ASSETS AND RELATED LIABILITIES

PRIMARY GOVERNMENT

BUSINESS-TYPE ACTIVITIES

Queen Anne's County Sanitary District

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

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

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

The assets and related liabilities restricted for the above purposes at June 30, 2023 are as follows:

<u>ASSETS</u>	<u>SANITARY DISTRICT</u>		
	<u>RESTRICTED FUND</u>	<u>DEBT SERVICE FUND</u>	<u>TOTAL</u>
<u>Current Restricted Assets</u>			
Restricted Equity in Pooled Cash	\$ 24,763,246	\$ 1,703,815	\$ 26,467,061
Restricted Accounts Receivable (Net)	3,076,750	893,250	3,970,000
<u>Total Current Restricted Assets</u>	<u>27,839,996</u>	<u>2,597,065</u>	<u>30,437,061</u>
<u>Noncurrent Restricted Assets</u>			
Special Assessments Receivable (Net)	951,442	15,481,956	16,433,398
<u>Total Noncurrent Restricted Assets</u>	<u>951,442</u>	<u>15,481,956</u>	<u>16,433,398</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Unavailable Water and Sewer Assessments	951,442	15,481,957	16,433,399
<u>Total Deferred Inflows of Resources</u>	<u>951,442</u>	<u>15,481,957</u>	<u>16,433,399</u>
<u>NET POSITION</u>			
Amounts Restricted for:			
Debt Service	-	2,597,064	2,597,064
Unrestricted Amounts	27,839,996	-	27,839,996
<u>Total Net Position</u>	<u>\$ 27,839,996</u>	<u>\$ 2,597,064</u>	<u>\$ 30,437,060</u>

QUEEN ANNE'S COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 12 – 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		\$ 195,514,937
Total Debt excluding Compensated Absences, Pension, OPEB, and LOSAP Obligations		(132,859,793)
Deferred Charge on Refunding		327,362
Add back: Debt relating to Board of Education Assets	42,257,297	
Add back: Unspent portion of Bond Proceeds for Board of Education debt	5,971,918	
Add back: Unspent portion of Bond Proceeds for Governmental debt	5,136,300	
Add back: Debt relating to Chesapeake College	4,729,731	
Add back: Debt relating to PHA	443,007	
Add back: Debt relating to non-capital assets (Dredging)	608,141	
Add back debt unrelated to Capital Assets		<u>59,146,394</u>
<u>Net Investment in Capital Assets</u>		<u>\$ 122,128,900</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	\$ 146,688,935	\$ 38,688,850	\$ 185,377,785	\$ 22,576,886	\$ 11,277,476	\$ 219,232,147
Less Accumulated Depreciation	(59,198,975)	(13,820,606)	(73,019,581)	(6,861,099)	(2,562,821)	(82,443,501)
Total Capital Assets, Net of Depreciation	<u>87,489,960</u>	<u>24,868,244</u>	<u>112,358,204</u>	<u>15,715,787</u>	<u>8,714,655</u>	<u>136,788,646</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>						
Deferred Charge on Refunding	-	-	-	4,129	588	4,717
Total Deferred Outflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,129</u>	<u>588</u>	<u>4,717</u>
<u>LIABILITIES</u>						
Lease Payable	6,397	-	6,397	-	137,984	144,381
Bonds/Notes Payable	35,322,576	-	35,322,576	1,424,832	781,530	37,528,938
Total Liabilities	<u>35,328,973</u>	<u>-</u>	<u>35,328,973</u>	<u>1,424,832</u>	<u>919,514</u>	<u>37,673,319</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>						
Bond Refundings	-	-	-	294	1,561	1,855
Total Deferred Inflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>294</u>	<u>1,561</u>	<u>1,855</u>
<u>NET POSITION</u>						
Net Investment in Capital Assets	<u>\$ 52,160,987</u>	<u>\$ 24,868,244</u>	<u>\$ 77,029,231</u>	<u>\$ 14,294,790</u>	<u>\$ 7,794,168</u>	<u>\$ 99,118,189</u>

QUEEN ANNE'S COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 12 – 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	Grants Fund	Non-Major Governmental	Total Governmental Funds
Nonspendable						
Inventory	\$ -	\$ -	\$ -	\$ -	\$ 1,274,659	\$ 1,274,659
Prepaid Items	197,921	-	-	-	-	197,921
Other	44,955	-	-	-	-	44,955
Subtotal Nonspendable	242,876	-	-	-	1,274,659	1,517,535
Restricted						
Rainy Day Fund	14,511,971	-	-	-	-	14,511,971
Employee Benefits - LOSAP	5,334,870	-	-	-	-	5,334,870
Donor-Specified Purposes	59,884	33,148	-	-	-	93,032
Mosquito Control	89,622	-	-	-	-	89,622
Unspent Bond Proceeds	-	11,108,218	-	-	-	11,108,218
Impact Fees	-	245,185	-	-	-	245,185
Vehicle Acquisition	-	46,127	-	-	-	46,127
Department of Aging	-	-	-	-	955	955
House and Community Services	-	-	-	-	2,821,652	2,821,652
Critical Areas	-	-	-	-	372,689	372,689
Sheriff's Drug Task Force	-	-	-	-	155,155	155,155
Inmate Welfare	-	-	-	-	186,761	186,761
Agricultural Transfer	-	-	-	-	2,027,217	2,027,217
Rural Legacy	-	-	-	-	419,805	419,805
Dredging Special Assessments	-	-	-	-	5,815	5,815
Kent Narrows	-	-	-	-	184,700	184,700
Subtotal Restricted	19,996,347	11,432,678	-	-	6,174,749	37,603,774
Committed						
House and Community Services	-	-	-	-	8,392,992	8,392,992
Revolving Loan Fund	-	-	-	-	90,000	90,000
Economic Development Incentive	-	-	-	-	934,972	934,972
School Impact Fees	-	-	-	-	11,676,570	11,676,570
Fire Company Impact Fees	-	-	-	-	602,031	602,031
Parks and Recreation Impact Fees	-	-	-	-	569,903	569,903
Revenue Stabilization Fund	9,069,982	-	-	-	-	9,069,982
Encumbrances	-	-	-	-	-	-
Economic Development	-	1,076,841	-	-	-	1,076,841
Rubble Surcharge	-	782,490	-	-	-	782,490
Developer Exactions	-	3,952,567	909,241	-	-	4,861,808
Subtotal Committed	9,069,982	5,811,898	909,241	-	22,266,468	38,057,589
Assigned						
Encumbrances	-	12,795,214	4,040,720	-	-	16,835,934
Subsequent Years' Expenditures	-	11,038,595	-	-	-	11,038,595
Department of Aging	-	-	-	-	111,672	111,672
Roads Operating	-	-	-	-	52,716	52,716
Community Partnerships for Children	-	-	-	-	66,218	66,218
Law Library	-	-	-	-	505,143	505,143
Capital Projects	-	18,587,832	485,001	-	-	19,072,833
Loans Receivable	-	1,668,338	-	-	-	1,668,338
Subtotal Assigned	-	44,089,979	4,525,721	-	735,749	49,351,449
Unassigned						
General Fund	39,494,554	-	-	-	-	39,494,554
Subtotal Unassigned	39,494,554	-	-	-	-	39,494,554
Total Governmental Funds Balances	\$ 68,803,759	\$ 61,334,555	\$ 5,434,962	\$ -	\$ 30,451,625	\$ 166,024,901

QUEEN ANNE'S COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 12 – 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	\$ 5,143,676	\$ -
Public Safety	537,530	-
Public Works	1,973,648	-
Parks & Recreation	1,716,398	-
Health and Social Services	575,953	-
Education and Library	2,046,873	-
Conservation of Natural Resources	325,567	-
Economic/Community Development	475,569	-
Resurfacing Contracts and Materials	-	2,845,448
Roads Construction Equipment	-	1,195,272
Total encumbrances	\$ 12,795,214	\$ 4,040,720

NOTE 13 - 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 2023 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.

Settlements – In fiscal years 2021, 2022 and 2023, settlements have not exceeded insurance coverage for any type of policy in effect.

QUEEN ANNE’S COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 14 - 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, 2023

NOTE 14 - 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, 2023

NOTE 14 - 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, 2023

NOTE 14 - 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, 2023

NOTE 14 - 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, 2022 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement.

Inflation	In the 2022 actuarial valuation, 2.25% general, 2.75% wage. In the 2021 actuarial valuation, 2.25% general, 2.75% wage.
Salary Increases	In the 2022 actuarial valuation, 2.75% to 11.25%. In the 2021 actuarial valuation, 2.75% to 9.25%.
Investment Rate of Return	In the 2022 actuarial valuation 6.80%. In the 2021 actuarial valuation 6.80%.
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 2019 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, 2023

NOTE 14 - 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	34%	6.0%
Private Equity	16%	8.4%
Rate Sensitive	21%	1.2%
Credit Opportunity	8%	4.9%
Real Assets	14%	5.2%
Absolute Return	7%	3.5%
Total	<u>100%</u>	

The above was the Board of Trustees adopted asset allocation policy and best estimate of geometric real rates of return for each major asset class as of June 30, 2022.

For the years ended June 30, 2022, the annual money-weighted rate of return on pension plan investments, net of the pension plan investment expense, was (2.97%). 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, 2023

NOTE 14 - 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	\$ 54,101,597	\$ 35,261,002	\$ 19,627,674
Board of Education	9,040,619	5,892,271	3,279,872

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 2023 was \$2,824,266. In addition, the State of Maryland contributed \$5,467,495 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, 2023, 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)	\$ 5,892,271
State's proportionate share of the net pension liability (Teachers' System)	52,667,002
Total	\$ 58,559,273

QUEEN ANNE'S COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 14 - RETIREMENT PLANS (CONTINUED)

The net pension liability was measured as of June 30, 2022, 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 calculation.
4. Calculate for each participating government, their percentage of the adjusted System contribution by dividing the total adjusted System contribution into each PGU's contribution.
5. Provide each PGU its adjusted percentage of contribution and the System's net pension liability and other related amounts under the GASB No. 67 requirements.

At June 30, 2023, the County reported the following related to pensions:

	Board	County
Employer's proportionate (percentage) of the collective net pension liability	0.029%	0.176%
Employer's proportionate share of the collective net pension liability	\$ 5,892,271	\$ 35,261,002
Pension expense recognized by the employer for the year ended	\$ 3,369,190	\$ 2,931,500
	Deffered Outflows of Resources	Deffered Inflows of Resources
<u>County</u>		
Changes in assumptions	\$ 3,931,318	\$ (355,382)
Net difference between projected and actual investment earnings on pension plan investments	-	(106,790)
Differences between expected and actual experience	-	(2,517,362)
Change in proportion	5,590,368	(1,965,066)
Contributions subsequent to measurment date	4,782,356	-
Total	\$ 14,304,042	\$ (4,944,600)
<u>Board</u>		
Changes in assumptions	\$ 656,941	\$ (59,386)
Net difference between projected and actual investment earnings on pension plan investments	-	(17,845)
Differences between expected and actual experience	-	(420,663)
Change in proportion	565,776	-
Contributions subsequent to measurment date	730,514	-
Total	\$ 1,953,231	\$ (497,894)

QUEEN ANNE'S COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 14 - RETIREMENT PLANS (CONTINUED)

The \$4,782,356 and \$730,514 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, 2024. 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
2024	\$ 105,969	\$ 612,267
2025	109,329	632,375
2026	20,936	103,404
2027	499,854	3,334,053
2028	(11,265)	(105,013)
	<u>\$ 724,823</u>	<u>\$ 4,577,086</u>

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

	Covered Payroll	On-Behalf By State
County	\$ 33,312,053	\$ -
Board of Education	66,931,801	5,467,495
Library	1,200,081	186,708

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	\$ 2,931,500
Length of Service Award Program ("LOSAP")	747,261
<u>Aggregate amount of pension expense</u>	<u>\$ 3,678,761</u>

QUEEN ANNE'S COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 15 - 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 16 - 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, 2023. 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, 2023, 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, 2023
- Measurement Date: June 30, 2023
- Reporting Date: June 30, 2023

Plan Membership

The following is a summary of the plan membership as of January 1, 2023.

Active	439
Retired	290
<hr/>	
Total	729
<hr/>	

QUEEN ANNE'S COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 16 - 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, 2023

NOTE 16 - 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.

For current County retirees receiving a 90% subsidy, they would continue to receive this subsidy rate, for all others:

Years of County Service Prior to Retirement	EPO/BCA Total Subsidy Percentage	PPO Total Subsidy Percentage
Less than 15 years	0.0%	0.0%
At least 15 yrs but less than 18	60.0%	60.0%
At least 18 yrs but less than 21	70.0%	65.0%
At least 21 yrs but less than 24	80.0%	75.0%
24 years or more	85.00%	80.00%

Plan Changes Since Prior Valuation

There have been no changes in eligibility but there was a change in the cost sharing provisions since the prior valuation.

Actuarial Information

Actuarial assumptions

The total OPEB liability was determined by an actuarial valuation as of January 1, 2023, using the following actuarial assumptions, applied to all periods included in the measurement:

- Investment Return: 6.00%, net of investment expense and including inflation
- Healthcare Trend: 6.00% initially for all plans, grading down to 4.25% for PPO, EPO, and BCA plans 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

The rates of retirement, disability, withdrawal, and mortality were changed since the prior year, as well as a change in discount rate due to an updated fund availability analysis.

**QUEEN ANNE'S COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 16 - OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

PRIMARY GOVERNMENT (CONTINUED)

Actuarial Information (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 (15 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, 2023, and the final investment return assumption, are summarized in the following table:

Asset Class	Long-Term Expected Real Rate of Return	Weight
US Equity	6.25%	36.0%
International Equity	6.50%	24.0%
Fixed Income	2.05%	35.0%
Real Estate	4.85%	5.0%
Total Weighted Average Real Return	4.77%	100.0%
Plus Inflation	2.50%	
Total Return w/o Adjustment	7.27%	
Risk Adjustment	-1.27%	
Total Expected Return	6.00%	

Discount Rate

The discount rate used to measure the total OPEB liability is 5.90%. The County's funding strategy is to contribute the Actuarially Determined Contribution in fiscal year 2023, and each year 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 Aaa bond rate* of 3.87%. The blended rate is 5.90%. The prior rate was 5.90% on this basis.

*Source: Fidelity general obligation municipal bond index.

QUEEN ANNE'S COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 16 - 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	\$ 49,960,207	\$ 32,665,223	\$ 30,079,380		

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 6.00% to an ultimate rate of 4.25% for PPO, EPO, and BCA plans, 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%	Discount Rate 4.25%	1% Increase to 5.25%		
Net OPEB liability	\$ 29,424,856	\$ 32,665,223	\$ 46,951,717		

QUEEN ANNE'S COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 16 – 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	\$ 1,263,176
Interest	3,386,945
Changes in benefit terms	394,544
Difference between expected and actual experience	(8,541,920)
Changes in assumptions	(1,645,226)
Benefit payments	(1,706,367)
Net change in total OPEB liability	(6,848,848)
Total OPEB liability - beginning of year	56,983,624
Total OPEB liability - end of year	\$ 50,134,776
Plan Fiduciary Net Position ("PFNP")	
Contributions - employer	\$ 4,098,432
Contributions - member	-
Net investment income	1,430,230
Benefit payments	(1,706,367)
Admin expenses	(7,722)
Other	(7,935)
Net change in plan fiduciary net position	3,806,638
Plan fiduciary net position - beginning of year	13,662,915
Plan fiduciary net position - end of year	\$ 17,469,553
Net OPEB liability ("NOL") - beginning of year	\$ 43,320,709
Net OPEB liability - end of year	\$ 32,665,223
PFNP as a % of TOL	34.8%
Covered employee payroll	\$ 32,307,222
NOL as a % of covered payroll	101.1%

QUEEN ANNE'S COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 16 - 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	\$	1,263,176
Interest on total OPEB liability		3,386,945
Difference between expected and actual experience*		(2,107,529)
Changes in actuarial assumptions*		(312,589)
Employee contributions		-
Changes in benefit terms		394,544
Projected earnings on plan investments		(822,470)
Difference between projected and actual earnings*		138,937
Administrative expense		7,722
Other changes in fiduciary net position		7,935
<hr/>		
Total OPEB expense	\$	1,956,671

* - portions recognized for expense

Deferred Inflow/Outflow Summary

The deferred outflows / inflows are as follows:

	Deffered Outflows of Resources	Deffered Inflows of Resources
Net difference between projected and actual earnings on plan investments	\$ 538,334	\$ -
Differences between expected and actual experience	326,909	(13,135,546)
Changes in actuarial assumptions	732,449	(3,023,683)
Total	<hr/> \$ 1,597,692	<hr/> \$ (16,159,229)

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

Year ended June 30:		
2024	\$	(2,275,761)
2025		(2,334,521)
2026		(1,990,187)
2027		(2,571,229)
2028		(2,633,100)
Thereafter		(2,756,739)
<hr/>		
	\$	(14,561,537)

QUEEN ANNE'S COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 16 - 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 February 1, 2022, the date of the actuarial valuation data, approximately 463 retirees were receiving benefits, and 938 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, 2023

NOTE 16 - 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, 2023, the Board recognized an OPEB expense of \$8,737,582.

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, 2022. Therefore, plan information for the year ended June 30, 2022 is utilized. The following table shows the components of the Board's total and net OPEB liability at June 30, 2022.

Total OPEB Liability ("TOL")	
Service cost	\$ 10,111,903
Interest	3,734,228
Changes in benefit terms	10,136,487
Difference between expected and actual experience	(14,515,342)
Changes in assumptions	(63,865,205)
Benefit payments	(3,103,324)
Net change in total OPEB liability	(57,501,253)
Total OPEB liability - beginning of year	196,009,307
Total OPEB liability - end of year	\$ 138,508,054
Plan Fiduciary Net Position ("PFNP")	
Contributions - employer	\$ 3,103,324
Net investment income	(83,447)
Benefit payments	(3,103,324)
Admin expenses	-
Net change in plan fiduciary net position	(83,447)
Plan fiduciary net position - beginning of year	587,931
Plan fiduciary net position - end of year	\$ 504,484
Net OPEB liability ("NOL") - beginning of year	\$ 195,421,376
Net OPEB liability - end of year	\$ 138,003,570
PFNP as a % of TOL	0.36%
Covered employee payroll	\$ 62,237,232
NOL as a % of covered payroll	221.74%

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

QUEEN ANNE'S COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 16 - OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

COMPONENT UNITS (CONTINUED)

BOARD OF EDUCATION (CONTINUED)

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 is as follows:

- *Measurement date* – The Board selected a June 30, 2022 measurement date for fiscal year-end 2023. 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 January 2019 through December 2021 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 February 1, 2022.
- *Discount rate assumption* - Benefits are discounted based on the Bond Buyer GO 20-year Bond Municipal Bond Index, an index rate for 20-year tax exempt general obligation municipal bonds with an average rating of AA/Aa or higher. This rate was 3.69% as of June 30, 2022.
- *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	2.5%
Rate of growth in real income / GDP per year	1.4%
Extra trend due to technology and other factors	1.0%
Expected health share of GDP in 2031	19.0%
Health Share of GDP Resistance Point	20.0%
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, 2023

NOTE 16 - 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-2021
Disability	Pub-2010 Mortality Table (teacher and general disabled, headcount-weighted), Fully Generational, Projected using Scale MP-2021

Sensitivity of the Net OPEB Liability

The following table presents the Board's net OPEB liability at June 30, 2022 using the discount rate of 3.69%, 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 2.69%	Discount Rate 3.69%	1% Increase 4.69%
Net OPEB liability	\$ 164,437,690	\$ 138,003,570	\$ 117,062,951

The following table presents the Board's net OPEB liability at June 30, 2022 using the health care trend rate of 3.94%, 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:

	HEALTH CARE TREND		
	1% Decrease to 2.94%	Discount Rate 3.94%	1% Increase to 4.94%
Net OPEB liability	\$ 115,298,558	\$ 138,003,570	\$ 167,899,360

Deferred Inflows/Outflows of Resources related to OPEB

At June 30, 2023, the Board reported deferred outflows of resources and deferred inflows of resources related to the OPEB plan from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of assumptions	\$ 40,966,422	\$ (66,003,863)
Net difference between projected and actual earnings	23,234	-
Differences between expected and actual experience	1,835,667	(75,382,395)
Total	\$ 42,825,323	\$ (141,386,258)

QUEEN ANNE'S COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 16 - 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:	
2024	\$ (15,244,834)
2025	(15,243,371)
2026	(15,242,175)
2027	(15,228,947)
2028	(13,926,200)
Thereafter	(23,675,408)
	<u>\$ (98,560,935)</u>

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

LIBRARY

Plan description

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, 2023

NOTE 16 - 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, 2022.

Active	19
Retired	9
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Total	28
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Contributions

The Library pays retiree healthcare benefits on a pay-as-you-go basis. For the year ended June 30, 2023, the Library contributed \$29,012.

Net OPEB liability

The Library's net OPEB liability was measured as of June 30, 2023, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation January 1, 2022.

Actuarial assumptions

The total OPEB liability was determined by an actuarial valuation as of January 1, 2022, 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 4.2%. 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, 2023 of 3.87% 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 4.2%. The prior rate was 2.4%.

QUEEN ANNE'S COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 16 - OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

COMPONENT UNITS (CONTINUED)

LIBRARY (CONTINUED)

Changes in the net OPEB liability

Total OPEB Liability ("TOL")	
Service cost	\$ 11,425
Interest	28,346
Changes in benefit terms	-
Difference between expected and actual experience	(127,474)
Changes in assumptions	(30,962)
Benefit payments	(29,012)
Net change in total OPEB liability	(147,677)
Total OPEB liability - beginning of year	711,597
Total OPEB liability - end of year	\$ 563,920

Plan Fiduciary Net Position ("PFNP")	
Contributions - employer	\$ 29,012
Net investment income	2,792
Benefit payments	(29,012)
Admin expenses	-
Net change in fiduciary net position	2,792
Plan fiduciary net position - beginning of year	30,267
Plan fiduciary net position - end of year	\$ 33,059

Net OPEB liability ("NOL") - beginning of year	\$ 681,330
Net OPEB liability - end of year	\$ 530,861
PFNP as a % of TOL	5.9%
Covered employee payroll	\$ 1,200,081
NOL as a % of covered payroll	44.2%

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 3.20%	Discount Rate 4.20%	1% Increase 5.20%
Net OPEB liability	\$ 589,020	\$ 530,861	\$ 481,922

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, 2023

NOTE 16 - 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, 2023, and the final investment return assumption, are summarized in the following table:

Asset Class	Long-Term Expected Real Rate of Return	Weight
US Equity	6.25%	36.0%
International Equity	6.50%	24.0%
Fixed Income	2.05%	35.0%
Real Estate	4.85%	5.0%
Total Weighted Average Real Return	4.77%	100.0%
Plus Inflation	2.50%	
Total Return w/o Adjustment	7.27%	
Risk Adjustment	-1.27%	
Total Expected Return	6.00%	

OPEB expense and deferred outflows of resources related to OPEB

For the year ended June 30, 2023, the Library recognized an OPEB expense of \$43,305. At June 30, 2023, the Library reported deferred outflows and deferred inflows of resources related to the OPEB plan from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 23,514	\$ (138,466)
Changes of assumptions	113,516	(123,224)
Net difference between projected and actual earnings	2,593	-
Total	\$ 139,623	\$ (261,690)

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:	
2024	\$ 5,162
2025	4,985
2026	5,230
2027	(28,781)
2028	(37,559)
Thereafter	(71,104)
	\$ (122,067)

QUEEN ANNE'S COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 17 – 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, 2022
- Measurement date: December 31, 2022
- Reporting date: June 30, 2023

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, 2022 actuarial valuation is as follows:

Active members	340
Vested-terminated	147
Retired and beneficiaries	173
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Total	660
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Actuarial Assumptions

The total LOSAP liability was determined by an actuarial valuation as of January 1, 2022 rolled forward to December 31, 2022 using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	0.00%
Salary increases	Not Applicable
Investment rate of return	4.05%, 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 4.05% discount rate is based on a 20 year AA general obligation bond rate as of December 31, 2022.

The above is a summary of key actuarial assumptions. Full descriptions of the actuarial assumptions are available in the January 1, 2022 actuarial valuation report.

QUEEN ANNE'S COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023

**NOTE 17 – 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 4.05%, 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 3.05%	Discount Rate 4.05%	1% Increase 5.05%
Net LOSAP Liability	\$ 9,152,533	\$ 7,757,868	\$ 6,664,088

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, 2022	\$ 10,267,761	\$ -	\$ 10,267,761
Changes for the year:			
Service cost	268,262	-	268,262
Interest	409,940	-	409,940
Changes of benefit terms	-	-	-
Differences between expected and actual experience	819,208	-	819,208
Changes of assumptions	(3,702,745)	-	(3,702,745)
Benefits payments and expenses	(304,558)	-	(304,558)
Net changes	(2,509,893)	-	(2,509,893)
Balances as of December 31, 2022	\$ 7,757,868	\$ -	\$ 7,757,868

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	\$ 268,262
Interest	409,940
Changes in benefit terms	-
Differences between expected and actual earnings	-
Differences between expected and actual experience	188,212
Changes of assumptions	(119,153)
Total LOSAP expense	\$ 747,261

QUEEN ANNE'S COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023

**NOTE 17 – VOLUNTEER FIREMAN PENSION PLAN LENGTH OF SERVICE AWARD PROGRAM (LOSAP)
(CONTINUED)**

Maryland State Retirement and Pension System	\$	2,931,500
Length of Service Award Program ("LOSAP")		747,261
Aggregate amount of pension expense	\$	3,678,761

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	\$ 789,940	\$ (15,692)
Changes of assumptions	955,441	(3,208,139)
Net difference between projected and actual earnings	-	-
Total	\$ 1,745,381	\$ (3,223,831)

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

Year ended June 30:		
2024	\$	(27,280)
2025		(267,655)
2026		(535,995)
2027		(612,116)
2028		(35,404)
Thereafter		-
	\$	(1,478,450)

QUEEN ANNE'S COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 18 – 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, 2023.

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

The Sewer Operations Fund has a deficit balance in unrestricted net position of \$1,062,943 as of June 30, 2023.

The Bay Bridge Airport Fund has a deficit balance in unrestricted net position of \$943,429 as of June 30, 2023.

The Golf Course Enterprise Fund has a deficit balance in unrestricted net position of \$401,278 as of June 30, 2023.

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 19 – 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, 2023 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 2023.

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 2023.

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 \$5,811,898 has been committed, including \$1,076,841 for Economic Development, \$3,952,567 for site improvements pursuant to agreements with local developers, and \$782,490 for rubble surcharge. In the Roads Capital Projects Fund, \$909,241 has been contributed by developers and is committed to fund infrastructure improvements.

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.

QUEEN ANNE'S COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 20 – 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 35.66% 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 \$23.0 million, with approximately \$8.2 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 \$10.1 million as of June 30, 2023, 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 \$19.4 million. As of June 30, 2023, \$6.9 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, 2023. MES expects to satisfy these requirements as of June 30, 2023 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, 2023

NOTE 21 – 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 2023, the County has maintained the required self-testing of all monitoring wells. As per a letter received by MDE-OCP, dated March 27, 2023, regarding Case #2004-0264-QA, the County was directed to "Conduct one or more quarterly sampling event". This task was contracted out to Chesapeake GeoSciences, Inc. and was performed on July 26, 2023. This report was then sent to MDE-OCP in the month of September 2023. Along with this report, to accompany the reports data, the County's self-testing monthly data was also compiled and sent to MDE-OCP on September 12, 2023, which was inclusive of the months January 2022 through August 2023.

As per an email from MDE-OCP dated September 22, 2023, it was stated "We look forward to reviewing that report and the provided gauging data. Once we complete our review, we will reach out". As of this point, there has been no response from MDE-OCP.

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.

QUEEN ANNE'S COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 22 – PRIOR PERIOD RESTATEMENT

The County implemented GASB 87, *Leases*, at July 1, 2021. During the current year, it was discovered that the County did not appropriately account for lessor leases correctly in the governmental funds, but were reported correctly in the statement of net position and statement of activities. Additionally, it was discovered that the County accidentally omitted a lessor lease in the Sanitary Water Fund that was in effect during fiscal year 2022 and fell under the purview of GASB 87.

It was also discovered that the County did not book the correct amount of revenue to correspond with grant-related expenses incurred in fiscal year 2022 in the Sanitary Restricted and Debt Service Funds.

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

	As Previously Reported	Correction of an Error	As Restated
Business Type Activities			
Net position	127,444,103	385,515	127,829,618
Governmental Funds			
Fund balance	154,610,670	44,955	154,655,625

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, 2023

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
REVENUES				
Taxes				
Local Property Tax	\$ 75,535,600	\$ 75,608,667	\$ 78,012,721	\$ 2,404,054
Local Income Tax	68,845,000	78,853,000	79,467,361	614,361
Admission and Amusement Taxes	185,000	185,000	248,987	63,987
Recordation Taxes	9,715,250	9,715,250	8,651,034	(1,064,216)
Hotel Taxes	650,000	650,000	991,022	341,022
County Transfer Taxes	3,757,964	3,757,964	3,046,615	(711,349)
State Shared Taxes	1,253,000	-	-	-
Franchise Fee	485,000	485,000	507,847	22,847
Licenses and Permits	745,875	745,875	838,254	92,379
Intergovernmental	2,172,218	3,255,282	3,102,287	(152,995)
Charges for Current Services	2,880,212	2,838,212	3,298,630	460,418
Fines and Forfeitures	70,500	70,500	107,379	36,879
Investment Income	175,000	1,356,000	4,808,600	3,452,600
Donations	-	-	805	805
Miscellaneous	553,589	553,589	1,397,290	843,701
Total Revenues	167,024,208	178,074,339	184,478,832	6,404,493
EXPENDITURES				
GENERAL GOVERNMENT				
Legislative	524,838	679,055	660,571	18,484
Judicial				
Circuit Court	885,990	901,849	896,096	5,753
Orphan's Court	99,001	99,001	92,688	6,313
State's Attorney	1,560,063	1,594,353	1,551,197	43,156
County Administrator	257,236	264,097	262,609	1,488
Board of Elections	1,228,694	1,228,694	1,020,441	208,253
Finance Office	1,593,877	1,630,015	1,447,407	182,608
Human Resources	668,914	715,476	713,407	2,069
Planning and Zoning	2,461,150	2,508,604	2,390,793	117,811
Information Technology	3,299,470	3,348,075	3,073,600	274,475
QAC-TV	479,763	490,961	480,643	10,318
Legal Services	504,307	504,985	469,688	35,297
Total General Government	13,563,303	13,965,165	13,059,140	906,025
PUBLIC SAFETY				
Sheriff's Office	10,839,754	11,530,510	11,527,110	3,400
Volunteer Fire and Rescue Services	4,408,510	5,043,510	5,008,796	34,714
Detention Center	6,413,540	6,535,786	5,528,342	1,007,444
Emergency Services	12,415,398	13,532,193	13,059,467	472,726
Total Public Safety	34,077,202	36,641,999	35,123,715	1,518,284
PUBLIC WORKS				
Administration	601,083	613,433	541,914	71,519
Solid Waste Disposal	1,806,438	1,830,611	1,673,039	157,572
Engineering Division	1,085,565	1,112,445	979,885	132,560
Roads Division	5,953,637	-	15	(15)
General Services	2,923,651	2,952,065	2,844,500	107,565
Animal Services	1,201,552	1,223,602	1,170,108	53,494
Property Management	375,923	380,979	370,985	9,994
Total Public Works	13,947,849	8,113,135	7,580,446	532,689

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, 2023
(CONTINUED)

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
<u>PARKS & RECREATION</u>				
Parks	\$ 4,653,414	\$ 4,795,105	\$ 4,716,874	\$ 78,231
Recreation	1,113,972	1,132,740	1,003,071	129,669
Total Parks & Recreation	5,767,386	5,927,845	5,719,945	207,900
<u>HEALTH AND SOCIAL SERVICES</u>				
Health Department	2,767,669	2,770,352	2,478,623	291,729
Social Services	174,408	179,987	179,069	918
Total Health and Social Services	2,942,077	2,950,339	2,657,692	292,647
<u>EDUCATION AND LIBRARY</u>				
Board of Education	64,085,219	64,085,219	64,085,219	-
Chesapeake College	2,094,097	2,094,097	2,094,097	-
Queen Anne's County Free Library	2,312,786	2,312,786	2,312,786	-
Total Education and Library	68,492,102	68,492,102	68,492,102	-
<u>CONSERVATION OF NATURAL RESOURCES</u>				
Cooperative Extension Service	387,657	391,407	390,587	820
Soil Conservation Service	229,147	248,171	246,430	1,741
4-H Park	129,600	129,600	93,020	36,580
Total Conservation of Natural Resources	746,404	769,178	730,037	39,141
<u>ECONOMIC AND COMMUNITY DEVELOPMENT</u>				
Economic Development	893,083	908,556	884,032	24,524
Community Affairs	215,564	220,015	108,115	111,900
Total Economic and Community Development	1,108,647	1,128,571	992,147	136,424
<u>INTERGOVERNMENTAL</u>				
Aid to Municipalities	355,787	355,787	347,101	8,686
SDAT Costs from State	430,000	430,000	305,923	124,077
Total Intergovernmental	785,787	785,787	653,024	132,763
<u>MISCELLANEOUS</u>				
Aid to Other Agencies	669,066	764,566	762,998	1,568
Insurance & Benefits	3,207,624	3,207,624	2,832,462	375,162
Transfer to OPEB Fund	2,400,000	2,400,000	2,400,000	-
Contingencies	2,448,464	984,399	343,596	640,803
Salary Lapse	(1,378,310)	(1,378,310)	-	(1,378,310)
Leases and Subscription-Based IT Arrangements	-	2,139,075	2,141,568	(2,493)
Miscellaneous Non-Departmental	540,300	540,300	440,795	99,505
Total Miscellaneous	7,887,144	8,657,654	8,921,419	(263,765)

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, 2023
(CONTINUED)

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
DEBT SERVICE				
School Debt Service - Principal	\$ 4,579,956	\$ 4,579,956	\$ 4,579,666	\$ 290
School Debt Service - Interest	1,820,476	1,820,476	1,789,700	30,776
County Debt Service - Principal	4,078,805	4,078,805	4,069,291	9,514
County Debt Service - Interest	2,671,219	2,740,219	2,735,760	4,459
Total Debt Service	13,150,456	13,219,456	13,174,417	45,039
Total Expenditures	162,468,357	160,651,231	157,104,084	3,547,147
Excess of Revenues Over Expenditures	4,555,851	17,423,108	27,374,748	9,951,640
OTHER FINANCING SOURCES (USES)				
Proceeds of Capital Asset Disposals	18,000	18,000	51,405	33,405
Insurance Proceeds	-	-	66,705	66,705
Leases	-	569,431	638,500	69,069
Subscription-Based IT Arrangements	-	1,569,644	1,503,069	(66,575)
Transfers In From:				
Impact Fees - School	2,857,792	2,857,792	2,857,792	-
Total Transfers In	2,857,792	2,857,792	2,857,792	-
Transfers Out To:				
General Capital Projects Fund	4,791,988	15,791,988	15,791,988	-
Roads Capital Projects Fund	550,000	550,000	550,000	-
Roads Operating Fund	-	4,718,638	3,640,916	1,077,722
Department of Aging	2,160,261	2,243,910	1,354,155	889,755
Department of Housing and Community Services	602,822	624,387	516,688	107,699
Community Partnerships	466,117	585,316	579,062	6,254
Agricultural Transfer Tax	-	978,433	978,433	-
Grants Fund	36,000	44,000	36,935	7,065
Impact Fees - Fire Companies/Contingencies	90,000	154,215	154,215	-
Airport Enterprise Fund	59,455	59,455	59,455	-
Golf Course Enterprise Fund	175,000	175,000	-	175,000
Total Transfers Out	8,931,643	25,925,342	23,661,847	2,263,495
Total Other Financing (Uses)	(6,055,851)	(20,910,475)	(18,544,376)	(2,160,891)
Net Increase (Decrease) in Fund Balance	\$ (1,500,000)	\$ (3,487,367)	\$ 8,830,372	\$ 12,317,739

QUEEN ANNE'S COUNTY, MARYLAND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
GRANTS FUND
FOR THE YEAR ENDED JUNE 30, 2023

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
REVENUES				
Taxes				
Local Property Tax	\$ -	\$ -	\$ -	\$ -
Recordation Taxes	-	-	-	-
State Shared Taxes	-	-	-	-
Licenses and Permits	-	-	-	-
Intergovernmental	892,629	3,166,082	1,535,667	(1,630,415)
Charges for Current Services	-	-	21,782	21,782
Fines and Forfeitures	-	-	-	-
Investment Income	-	-	-	-
Donations	-	-	-	-
Miscellaneous	-	-	80,029	80,029
Total Revenues	892,629	3,166,082	1,637,478	(1,528,604)
EXPENDITURES				
Current				
General Government	98,109	98,109	79,407	18,702
Public Safety	481,009	992,049	975,469	16,580
Public Works	55,349	55,349	18,739	36,610
Parks & Recreation	-	-	-	-
Health and Social Services	206,162	206,162	218,301	(12,139)
Education and Library	-	-	-	-
Conservation of Natural Resources	-	-	-	-
Economic/Community Development	88,000	1,858,413	382,497	1,475,916
Intergovernmental	-	-	-	-
Miscellaneous	-	-	-	-
Capital Outlay	-	-	-	-
Debt Service				
Principal	-	-	-	-
Interest	-	-	-	-
Total Expenditures	928,629	3,210,082	1,674,413	1,535,669
Excess of Revenues Over (Under) Expenditures	(36,000)	(44,000)	(36,935)	7,065
OTHER FINANCING SOURCES (USES)				
Proceeds of Capital Asset Disposals	-	-	-	-
Insurance Proceeds	-	-	-	-
Transfers In	36,000	44,000	36,935	(7,065)
Transfers Out	-	(240,000)	(240,000)	-
Total Other Financing Sources (Uses)	36,000	(196,000)	(203,065)	(7,065)
Net Increase (Decrease) in Fund Balance	\$ -	\$ (240,000)	\$ (240,000)	\$ -

QUEEN ANNE'S COUNTY, MARYLAND
MARYLAND STATE RETIREMENT AND PENSION SYSTEMS
REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2023

SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (as of measurement date)

Measurement Date	Employer's Proportion (Percentage) of the Collective NPL A	Employer's Proportion Share of the Collective NPL B	Employer's Covered 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%
June 30, 2022	0.1762298%	35,261,002	27,222,595	130%	64,310,991,000	84,319,523,000	76%

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 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%
2023	4,782,356	4,782,356	-	33,312,053	14%

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, 2023

Changes in Benefit Terms

There were no changes of benefit terms during the year.

Changes in Assumptions

There were no changes in assumptions during the year.

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 2022 actuarial valuation, 2.25% general, 2.75% wage. In the 2021 actuarial valuation, 2.25% general, 2.75% wage.
Salary Increases	In the 2022 actuarial valuation, 2.75% to 11.25%. In the 2021 actuarial valuation, 2.75% to 9.25%.
Investment Rate of Return	In the 2022 actuarial valuation 6.80%. In the 2021 actuarial valuation 6.80%.
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 2019 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, 2023**

SCHEDULE OF CHANGES IN THE NET OPEB LIABILITY

	2017	2018	2019	2020	2021	2022	2023
Total OPEB liability ("TOL")							
Service cost	\$ 1,097,813	\$ 1,130,747	\$ 1,164,669	\$ 1,331,424	\$ 1,371,367	\$ 1,226,384	\$ 1,263,176
Interest	2,764,491	2,985,530	3,136,157	3,344,770	3,519,372	3,220,060	3,386,945
Changes of benefit terms	-	-	-	-	-	-	394,544
Differences between expected and actual experience	-	-	735,549	-	(8,720,849)	-	(8,541,920)
Changes of assumptions	-	265,899	915,266	426,582	(1,619,833)	(686,055)	(1,645,226)
Benefit payments	(1,291,027)	(1,498,005)	(1,568,468)	(1,561,872)	(1,670,095)	(1,731,265)	(1,706,367)
Net change in TOL	2,571,277	2,884,171	4,383,173	3,540,904	(7,120,038)	2,029,124	(6,848,848)
TOL - beginning of year	48,695,013	51,266,290	54,150,461	58,533,634	62,074,538	54,954,500	56,983,624
TOL - end of year	\$ 51,266,290	\$ 54,150,461	\$ 58,533,634	\$ 62,074,538	\$ 54,954,500	\$ 56,983,624	\$ 50,134,776
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	\$ 4,098,432
Contributions - member	-	-	-	-	-	-	-
Net investment income	75,175	207,932	342,827	129,710	2,261,978	(1,964,463)	1,430,230
Benefits payments	(1,291,027)	(1,498,005)	(1,568,468)	(1,561,872)	(1,670,095)	(1,731,265)	(1,706,367)
Administrative expense	-	(2,452)	(39,142)	(3,553)	(2,236)	(5,253)	(7,722)
Other	-	-	-	-	-	-	(7,935)
Net change in PFNP	1,007,622	1,438,922	1,772,460	1,943,056	4,202,202	494,220	3,806,638
Total PFNP - beginning of year	2,804,433	3,812,055	5,250,977	7,023,437	8,966,493	13,168,695	13,662,915
Total PFNP - end of year	\$ 3,812,055	\$ 5,250,977	\$ 7,023,437	\$ 8,966,493	\$ 13,168,695	\$ 13,662,915	\$ 17,469,553
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	\$ 43,320,709
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	\$ 32,665,223
PFNP as a % of TOL	7.4%	9.7%	12.0%	14.4%	24.0%	24.0%	34.8%
Covered employee payroll	\$ 21,604,888	\$ 22,282,543	\$ 23,843,440	\$ 25,806,124	\$ 26,326,472	\$ 29,071,019	\$ 32,307,222
NOL as a % of covered employee payroll	219.6%	219.5%	216.0%	205.8%	158.7%	149.0%	101.1%

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

FISCAL YEAR	2017	2018	2019	2020	2021	2022	2023
Actuarially Determined Employer Contribution	\$ 3,853,839	\$ 3,969,454	\$ 4,377,119	\$ 4,508,433	\$ 4,419,451	\$ 4,552,035	\$ 3,864,103
Actual Employer Contribution	2,223,474	2,731,447	3,037,243	3,378,771	3,612,555	4,195,201	4,098,432
Contribution Deficiency / (Excess)	1,630,365	1,238,007	1,339,876	1,129,662	806,896	356,834	(234,329)
Covered Employee Payroll	21,604,888	22,282,543	23,843,440	25,806,124	26,326,472	29,071,019	32,307,222
Contribution as a Percent of Payroll	10.3%	12.3%	12.7%	13.1%	13.7%	14.4%	12.7%

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, 2023

Actuarial Information - OPEB

Actuarial assumptions

The total OPEB liability was determined by an actuarial valuation as of January 1, 2023, using the following actuarial assumptions, applied to all periods included in the measurement:

Investment Return: 6.00%, net of investment expense and including inflation.

Healthcare Trend: 6.00% initially for all plans, grading down to 4.25% for PPO, EPO and BCA plans 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

The rates of retirement, disability, withdrawal and mortality were changed since the prior year, as well as a 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 (15 years remaining).

QUEEN ANNE'S COUNTY, MARYLAND
LENGTH OF SERVICE AWARD PROGRAM (LOSAP)
REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2023

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

AS OF MEASUREMENT DATE	2017	2018	2019	2020	2021	2022
Total LOSAP liability ("TLL")						
Service cost	\$ 206,276	\$ 164,371	\$ 215,978	\$ 285,808	\$ 350,104	\$ 268,262
Interest cost	196,904	249,496	180,529	158,757	174,594	409,940
Changes of benefit terms	-	-	-	-	-	-
Differences between expected and actual experience	-	137,821	(78,468)	65,911	65,498	819,208
Changes of assumptions	578,039	(491,888)	1,280,343	1,275,769	315,113	(3,702,745)
Benefits payments and admin expenses	(190,420)	(220,060)	(220,084)	(231,815)	(240,012)	(304,558)
Net change in TLL	790,799	(160,260)	1,378,298	1,554,430	665,297	(2,509,893)
TLL - beginning of year	6,039,197	6,829,996	6,669,736	8,048,034	9,602,464	10,267,761
TLL - end of year	\$ 6,829,996	\$ 6,669,736	\$ 8,048,034	\$ 9,602,464	\$ 10,267,761	\$ 7,757,868
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	\$ 7,757,868
PFNP as a % of TLL	0%	0%	0%	0%	0%	0%
Covered employee payroll - *	N/A	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	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	5

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, 2023

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
2023	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
2023	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%
December 31, 2022	4.05%

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.

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.

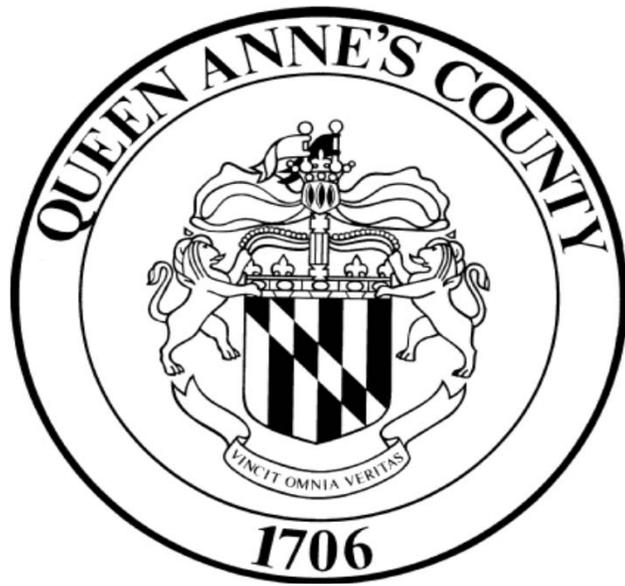
Dredging Special Assessments – This fund accounts for activities funded by special assessment funds collected to repay loans for specific dredging and erosion projects that benefited Price's Creek, Grove Creek, and Narrows Pointe and is included in the conservation of natural resources function.

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, 2023

	DEPARTMENT OF AGING	HOUSING AND COMMUNITY SERVICES	REVOLVING LOAN FUND	ECONOMIC DEVELOPMENT INCENTIVE	ROADS OPERATING	COMMUNITY PARTNERSHIPS FOR CHILDREN
ASSETS						
Cash and Cash Equivalents	\$ -	\$ 5,000,878	\$ -	\$ 941,785	739,289	\$ 338,523
Prepaid Items	-	-	-	-	-	-
Receivables						
Taxes Receivable (Net)	-	-	-	-	-	-
Accounts Receivable (Net)	-	-	-	1,018	55,657	20,936
Loans Receivable (Net)	-	6,087,647	90,000	-	-	-
Special Assessments (Net)	-	-	-	-	-	-
Due from Other Governments	593,180	150,374	-	-	290,953	257,525
Inventory	-	-	-	-	1,274,659	-
Total Assets	\$ 593,180	\$ 11,238,899	\$ 90,000	\$ 942,803	\$ 2,360,558	\$ 616,984
LIABILITIES						
Accrued Liabilities	\$ 86,510	\$ 20,748	\$ -	\$ 7,831	\$ 201,600	\$ 238,141
Due to Other Funds	394,043	-	-	-	-	-
Due to Other Governmental Agencies	-	3,507	-	-	-	312,625
Unearned Revenue	-	-	-	-	831,583	-
Total Liabilities	480,553	24,255	-	7,831	1,033,183	550,766
DEFERRED INFLOWS OF RESOURCES						
Unavailable Benefit Assessments	-	-	-	-	-	-
Unavailable Fees	-	-	-	-	-	-
Total Deferred Inflows	-	-	-	-	-	-
Total Liabilities and Deferred Inflows	480,553	24,255	-	7,831	1,033,183	550,766
FUND BALANCES						
Nonspendable	-	-	-	-	1,274,659	-
Restricted	955	2,821,652	-	-	-	-
Committed	-	8,392,992	90,000	934,972	-	-
Assigned	111,672	-	-	-	52,716	66,218
Unassigned	-	-	-	-	-	-
Total Fund Balances	112,627	11,214,644	90,000	934,972	1,327,375	66,218
Total Liabilities, Deferred Inflows and Fund Balances	\$ 593,180	\$ 11,238,899	\$ 90,000	\$ 942,803	\$ 2,360,558	\$ 616,984

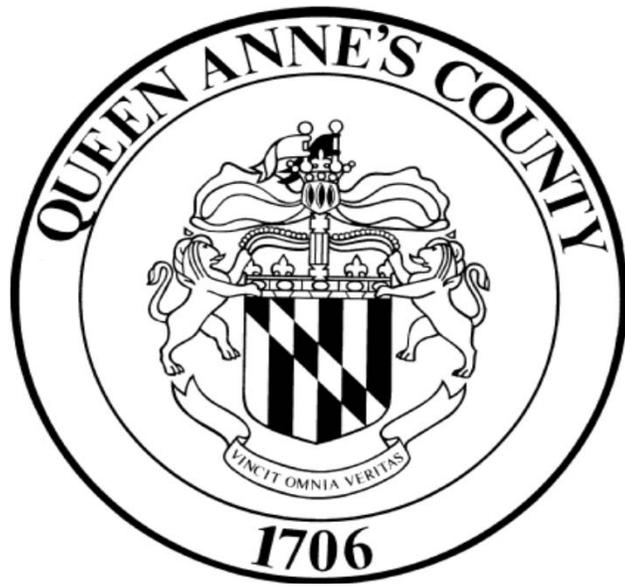
QUEEN ANNE'S COUNTY, MARYLAND
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
June 30, 2023
(CONTINUED)

	CRITICAL AREAS	LAW LIBRARY	SHERIFF'S DRUG TASK FORCE	INMATE WELFARE	AGRICULTURAL TRANSFER	RURAL LEGACY	DREDGING SPECIAL ASSESSMENTS
\$	372,689	\$ 497,682	\$ 213,557	\$ 187,514	\$ 2,337,926	\$ 419,805	\$ 5,727
	-	-	-	-	-	-	-
	-	-	-	-	-	-	-
	-	7,461	-	4,221	-	-	88
	-	-	-	-	-	-	-
	-	-	-	-	-	-	607,965
	-	-	-	-	-	-	-
	-	-	-	-	-	-	-
\$	372,689	\$ 505,143	\$ 213,557	\$ 191,735	\$ 2,337,926	\$ 419,805	\$ 613,780
\$	-	\$ -	\$ 58,402	\$ 4,974	\$ 310,709	\$ -	\$ -
	-	-	-	-	-	-	-
	-	-	-	-	-	-	-
	-	-	-	-	-	-	-
	-	-	58,402	4,974	310,709	-	-
	-	-	-	-	-	-	607,965
	-	-	-	-	-	-	-
	-	-	-	-	-	-	607,965
	-	-	58,402	4,974	310,709	-	607,965
	-	-	-	-	-	-	-
	372,689	-	155,155	186,761	2,027,217	419,805	5,815
	-	-	-	-	-	-	-
	-	505,143	-	-	-	-	-
	-	-	-	-	-	-	-
	372,689	505,143	155,155	186,761	2,027,217	419,805	5,815
\$	372,689	\$ 505,143	\$ 213,557	\$ 191,735	\$ 2,337,926	\$ 419,805	\$ 613,780

CONTINUED

QUEEN ANNE'S COUNTY, MARYLAND
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
June 30, 2023
(CONTINUED)

	CAPITAL PROJECTS				TOTAL NON-MAJOR GOVERNMENTAL
	KENT NARROWS	SCHOOL IMPACT FEES	FIRE COMPANY IMPACT FEES	PARKS AND RECREATION IMPACT FEES	
ASSETS					
Cash and Cash Equivalents	\$ 184,700	\$ 11,676,570	\$ 602,031	\$ 569,903	\$ 24,088,579
Prepaid Items	-	-	-	-	-
Receivables					
Taxes Receivable (Net)	-	-	-	-	-
Accounts Receivable (Net)	-	-	-	-	89,381
Loans Receivable (Net)	-	78,901	10,249	22,866	6,289,663
Special Assessments (Net)	-	-	-	-	607,965
Due from Other Governments	-	-	-	-	1,292,032
Inventory	-	-	-	-	1,274,659
Total Assets	\$ 184,700	\$ 11,755,471	\$ 612,280	\$ 592,769	\$ 33,642,279
LIABILITIES					
Accrued Liabilities	\$ -	\$ -	\$ -	\$ -	\$ 928,915
Due to Other Funds	-	-	-	-	394,043
Due to Other Governmental Agencies	-	-	-	-	316,132
Unearned Revenue	-	-	-	-	831,583
Total Liabilities	-	-	-	-	2,470,673
DEFERRED INFLOWS OF RESOURCES					
Unavailable Benefit Assessments	-	-	-	-	607,965
Unavailable Fees	-	78,901	10,249	22,866	112,016
Total Deferred Inflows	-	78,901	10,249	22,866	719,981
Total Liabilities and Deferred Inflows	-	78,901	10,249	22,866	3,190,654
FUND BALANCES					
Nonspendable	-	-	-	-	1,274,659
Restricted	184,700	-	-	-	6,174,749
Committed	-	11,676,570	602,031	569,903	22,266,468
Assigned	-	-	-	-	735,749
Unassigned	-	-	-	-	-
Total Fund Balances	184,700	11,676,570	602,031	569,903	30,451,625
Total Liabilities, Deferred Inflows and Fund Balances	\$ 184,700	\$ 11,755,471	\$ 612,280	\$ 592,769	\$ 33,642,279



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, 2023

	DEPARTMENT OF AGING	HOUSING AND COMMUNITY SERVICES	REVOLVING LOAN FUND	ECONOMIC DEVELOPMENT INCENTIVE	ROADS OPERATING	COMMUNITY PARTNERSHIPS FOR CHILDREN
REVENUES						
Taxes						
Local Property Tax	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Recordation Taxes	-	270,345	-	-	-	-
State Shared Taxes	-	-	-	-	1,293,309	-
Licenses and Permits	-	-	-	-	-	-
Intergovernmental	2,137,727	947,605	-	-	-	733,096
Charges for Current Services	58,061	620,000	-	-	253,124	-
Fines and Forfeitures	-	-	-	-	-	-
Investment Income	21,928	36,684	-	-	-	604
Donations	19,676	-	-	-	-	-
Miscellaneous	18,386	5,000	-	21,195	15,023	24,951
Total Revenues	2,255,778	1,879,634	-	21,195	1,561,456	758,651
EXPENDITURES						
Current						
General Government	-	-	12,968	-	-	-
Public Safety	-	-	-	-	-	-
Public Works	-	-	-	-	5,210,341	-
Parks & Recreation	-	-	-	-	-	-
Health & Social Services	3,626,979	-	-	-	-	1,337,109
Conservation of Natural Resources	-	-	-	-	-	-
Economic/Community Development	-	1,469,292	-	122,498	-	-
Capital Outlay	-	-	-	-	-	-
Debt Service						
Principal	-	-	-	-	-	-
Interest and Fiscal Charges	-	-	-	-	-	-
Total Expenditures	3,626,979	1,469,292	12,968	122,498	5,210,341	1,337,109
Excess of Revenues Over (Under) Expenditures	(1,371,201)	410,342	(12,968)	(101,303)	(3,648,885)	(578,458)
OTHER FINANCING SOURCES (USES)						
Proceeds of Capital Asset Disposals	1,775	-	-	-	7,969	-
Insurance Proceeds	36,325	-	-	-	-	-
Transfers In	1,354,154	516,688	-	712,272	3,640,916	579,062
Transfers Out	-	-	(472,271)	-	-	-
Other Financing Sources (Uses)	1,392,254	516,688	(472,271)	712,272	3,648,885	579,062
Net Increase (Decrease) in Fund Balances	21,053	927,030	(485,239)	610,969	-	604
Fund Balances, July 1	91,574	10,287,614	575,239	324,003	1,327,375	65,614
Fund Balances, June 30	\$ 112,627	\$ 11,214,644	\$ 90,000	\$ 934,972	\$ 1,327,375	\$ 66,218

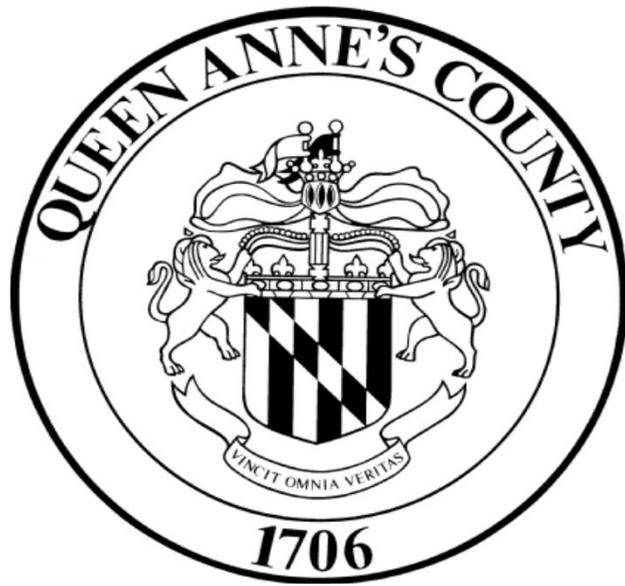
QUEEN ANNE'S COUNTY, MARYLAND
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NON-MAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2023
(CONTINUED)

CRITICAL AREAS	LAW LIBRARY	SHERIFF'S DRUG TASK FORCE	INMATE WELFARE	AGRICULTURAL TRANSFER	RURAL LEGACY	DREDGING SPECIAL ASSESSMENTS
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-
-	-	-	-	59,283	-	-
-	-	-	-	-	1,902,438	-
69,460	14,134	-	81,110	-	-	46,124
-	46,305	20,318	-	-	-	-
-	18,481	7,883	7,459	-	23,030	241
-	-	-	8,887	-	-	-
-	-	-	-	-	-	-
69,460	78,920	28,201	97,456	59,283	1,925,468	46,365
-	24,772	-	-	-	-	-
-	-	53,442	120,580	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
48,332	-	-	-	767,362	1,889,788	-
-	-	-	-	-	-	-
-	-	-	-	-	-	47,816
-	-	-	-	-	-	-
48,332	24,772	53,442	120,580	767,362	1,889,788	47,816
21,128	54,148	(25,241)	(23,124)	(708,079)	35,680	(1,451)
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	978,433	-	-
-	-	-	-	-	-	-
-	-	-	-	978,433	-	-
21,128	54,148	(25,241)	(23,124)	270,354	35,680	(1,451)
351,561	450,995	180,396	209,885	1,756,863	384,125	7,266
\$ 372,689	\$ 505,143	\$ 155,155	\$ 186,761	\$ 2,027,217	\$ 419,805	\$ 5,815

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, 2023
(CONTINUED)

	CAPITAL PROJECTS				TOTAL NON-MAJOR GOVERNMENTAL
	KENT NARROWS	SCHOOL IMPACT FEES	FIRE COMPANY IMPACT FEES	PARKS AND RECREATION IMPACT FEES	
REVENUES					
Taxes					
Local Property Tax	\$ 49,615	\$ -	\$ -	\$ -	\$ 49,615
Recordation Taxes	-	-	-	-	270,345
State Shared Taxes	-	-	-	-	1,352,592
Licenses and Permits	-	-	-	-	-
Intergovernmental	-	-	-	-	5,720,866
Charges for Current Services	-	2,237,364	419,803	263,955	4,063,135
Fines and Forfeitures	-	-	-	-	66,623
Investment Income	8,093	505,658	28,014	22,667	680,742
Donations	-	-	-	-	19,676
Miscellaneous	-	-	-	-	93,442
Total Revenues	57,708	2,743,022	447,817	286,622	12,317,036
EXPENDITURES					
Current					
General Government	-	-	-	-	37,740
Public Safety	-	-	540,821	-	714,843
Public Works	-	-	-	-	5,210,341
Parks & Recreation	-	-	-	-	-
Health & Social Services	-	-	-	-	4,964,088
Conservation of Natural Resources	-	-	-	-	2,705,482
Economic/Community Development	40,000	-	-	-	1,631,790
Capital Outlay	-	-	-	-	-
Debt Service					
Principal	-	-	-	-	47,816
Interest and Fiscal Charges	-	-	-	-	-
Total Expenditures	40,000	-	540,821	-	15,312,100
Excess of Revenues Over (Under) Expenditures	17,708	2,743,022	(93,004)	286,622	(2,995,064)
OTHER FINANCING SOURCES (USES)					
Proceeds of Capital Asset Disposals	-	-	-	-	9,744
Insurance Proceeds	-	-	-	-	36,325
Transfers In	-	-	154,215	-	7,935,740
Transfers Out	-	(2,857,792)	-	(800,000)	(4,130,063)
Other Financing Sources (Uses)	-	(2,857,792)	154,215	(800,000)	3,851,746
Net Increase (Decrease) in Fund Balances	17,708	(114,770)	61,211	(513,378)	856,682
Fund Balances, July 1	166,992	11,791,340	540,820	1,083,281	29,594,943
Fund Balances, June 30	\$ 184,700	\$ 11,676,570	\$ 602,031	\$ 569,903	\$ 30,451,625



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, 2023

	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	270,345	70,345
State Shared Taxes	-	-	-	-	-	-	-	-
Licenses and Permits	-	-	-	-	-	-	-	-
Intergovernmental	1,141,906	1,379,866	2,137,727	757,861	839,300	1,192,998	947,605	(245,393)
Charges for Current Services	111,100	111,100	58,061	(53,039)	400,000	400,000	620,000	220,000
Fines and Forfeitures	-	-	-	-	-	-	-	-
Investment Income	-	-	21,928	21,928	-	-	36,684	36,684
Donations	35,000	35,000	19,676	(15,324)	-	-	-	-
Miscellaneous	36,000	42,238	18,386	(23,852)	-	5,000	5,000	-
Total Revenues	1,324,006	1,568,204	2,255,778	687,574	1,439,300	1,797,998	1,879,634	81,636
EXPENDITURES								
Current								
General Government	-	-	-	-	-	-	-	-
Public Safety	-	-	-	-	-	-	-	-
Public Works	-	-	-	-	-	-	-	-
Parks & Recreation	-	-	-	-	-	-	-	-
Health and Social Services	3,484,267	3,812,114	3,626,979	185,135	-	-	-	-
Education and Library	-	-	-	-	-	-	-	-
Conservation of Natural Resources	-	-	-	-	-	-	-	-
Economic/Community Development	-	-	-	-	2,042,122	2,446,235	1,469,292	976,943
Intergovernmental	-	-	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-	-	-
Capital Outlay	-	-	-	-	-	-	-	-
Debt Service								
Principal	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-
Total Expenditures	3,484,267	3,812,114	3,626,979	185,135	2,042,122	2,446,235	1,469,292	976,943
Excess of Revenues Over (Under) Expenditures	(2,160,261)	(2,243,910)	(1,371,201)	872,709	(602,822)	(648,237)	410,342	1,058,579
OTHER FINANCING SOURCES (USES)								
Proceeds of Capital Asset Disposals	-	-	1,775	1,775	-	-	-	-
Insurance Proceeds	-	-	36,325	36,325	-	-	-	-
Transfers In	2,160,261	2,243,910	1,354,154	(889,756)	602,822	624,387	516,688	(107,699)
Transfers Out	-	-	-	-	-	-	-	-
Total Other Financing Sources (Uses)	2,160,261	2,243,910	1,392,254	(851,656)	602,822	624,387	516,688	(107,699)
Net Increase (Decrease) in Fund Balances	\$ -	\$ -	\$ 21,053	\$ 21,053	\$ -	\$ (23,850)	\$ 927,030	\$ 950,880

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, 2023
(CONTINUED)

	ECONOMIC DEVELOPMENT INCENTIVE				ROADS OPERATING			
	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	-	-	-	-	-	1,253,000	1,293,309	40,309
Licenses and Permits	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-	-
Charges for Current Services	-	-	-	-	-	95,000	253,124	158,124
Fines and Forfeitures	-	-	-	-	-	-	-	-
Investment Income	-	-	-	-	-	-	-	-
Donations	-	-	-	-	-	-	-	-
Miscellaneous	27,100	27,100	21,195	(5,905)	-	-	15,023	15,023
Total Revenues	27,100	27,100	21,195	(5,905)	-	1,348,000	1,561,456	213,456
EXPENDITURES								
Current								
General Government	-	-	-	-	-	-	-	-
Public Safety	-	-	-	-	-	-	-	-
Public Works	-	-	-	-	-	6,066,638	5,210,341	856,297
Parks & Recreation	-	-	-	-	-	-	-	-
Health and Social Services	-	-	-	-	-	-	-	-
Education and Library	-	-	-	-	-	-	-	-
Conservation of Natural Resources	-	-	-	-	-	-	-	-
Economic/Community Development	125,000	917,272	122,498	794,774	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-	-	-
Capital Outlay	-	-	-	-	-	-	-	-
Debt Service								
Principal	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-
Total Expenditures	125,000	917,272	122,498	794,774	-	6,066,638	5,210,341	856,297
Excess of Revenues Over (Under) Expenditures	(97,900)	(890,172)	(101,303)	788,869	-	(4,718,638)	(3,648,885)	1,069,753
OTHER FINANCING SOURCES (USES)								
Proceeds of Capital Asset Disposals	-	-	-	-	-	-	7,969	7,969
Insurance Proceeds	-	-	-	-	-	-	-	-
Transfers In	-	712,272	712,272	-	-	4,718,638	3,640,916	(1,077,722)
Transfers Out	-	-	-	-	-	-	-	-
Total Other Financing Sources (Uses)	-	712,272	712,272	-	-	4,718,638	3,648,885	(1,069,753)
Net Increase (Decrease) in Fund Balances	\$ (97,900)	\$ (177,900)	\$ 610,969	\$ 788,869	\$ -	\$ -	\$ -	\$ -

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, 2023
(CONTINUED)

	COMMUNITY PARTNERSHIPS FOR CHILDREN				LAW LIBRARY			
	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	641,718	734,516	733,096	(1,420)	-	-	-	-
Charges for Current Services	-	-	-	-	10,000	10,000	14,134	4,134
Fines and Forfeitures	-	-	-	-	15,500	15,500	46,305	30,805
Investment Income	-	-	604	604	-	-	18,481	18,481
Donations	-	-	-	-	-	-	-	-
Miscellaneous	11,000	11,000	24,951	13,951	-	-	-	-
Total Revenues	652,718	745,516	758,651	13,135	25,500	25,500	78,920	53,420
EXPENDITURES								
Current								
General Government	-	-	-	-	25,500	25,500	24,772	728
Public Safety	-	-	-	-	-	-	-	-
Public Works	-	-	-	-	-	-	-	-
Parks & Recreation	-	-	-	-	-	-	-	-
Health and Social Services	1,118,835	1,330,832	1,337,109	(6,277)	-	-	-	-
Education and Library	-	-	-	-	-	-	-	-
Conservation of Natural Resources	-	-	-	-	-	-	-	-
Economic/Community Development	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-	-	-
Capital Outlay	-	-	-	-	-	-	-	-
Debt Service								
Principal	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-
Total Expenditures	1,118,835	1,330,832	1,337,109	(6,277)	25,500	25,500	24,772	728
Excess of Revenues Over (Under) Expenditures	(466,117)	(585,316)	(578,458)	6,858	-	-	54,148	54,148
OTHER FINANCING SOURCES (USES)								
Proceeds of Capital Asset Disposals	-	-	-	-	-	-	-	-
Insurance Proceeds	-	-	-	-	-	-	-	-
Transfers In	466,117	585,316	579,062	(6,254)	-	-	-	-
Transfers Out	-	-	-	-	-	-	-	-
Total Other Financing Sources (Uses)	466,117	585,316	579,062	(6,254)	-	-	-	-
Net Increase (Decrease) in Fund Balances	\$ -	\$ -	\$ 604	\$ 604	\$ -	\$ -	\$ 54,148	\$ 54,148

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, 2023
(Continued)

	INMATE WELFARE				ARGICULTURAL TRANSFER			
	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	59,283	(65,717)
Licenses and Permits	-	-	-	-	-	-	-	-
Intergovernmental	10,890	10,890	-	(10,890)	-	-	-	-
Charges for Current Services	125,000	125,000	81,110	(43,890)	-	-	-	-
Fines and Forfeitures	-	-	-	-	-	-	-	-
Investment Income	-	-	7,459	7,459	-	-	-	-
Donations	-	-	-	-	-	-	-	-
Miscellaneous	16,310	16,310	8,887	(7,423)	-	-	-	-
Total Revenues	152,200	152,200	97,456	(54,744)	125,000	125,000	59,283	(65,717)
EXPENDITURES								
Current								
General Government	-	-	-	-	-	-	-	-
Public Safety	148,150	148,150	120,580	27,570	-	-	-	-
Public Works	-	-	-	-	-	-	-	-
Parks & Recreation	-	-	-	-	-	-	-	-
Health and Social Services	-	-	-	-	-	-	-	-
Education and Library	-	-	-	-	-	-	-	-
Conservation of Natural Resources	-	-	-	-	1,197,394	2,175,827	767,362	1,408,465
Economic/Community Development	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-	-	-
Capital Outlay	15,000	15,000	-	15,000	-	-	-	-
Debt Service								
Principal	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-
Total Expenditures	163,150	163,150	120,580	42,570	1,197,394	2,175,827	767,362	1,408,465
Excess of Revenues Over (Under) Expenditures	(10,950)	(10,950)	(23,124)	(12,174)	(1,072,394)	(2,050,827)	(708,079)	1,342,748
OTHER FINANCING SOURCES (USES)								
Proceeds of Capital Asset Disposals	-	-	-	-	-	-	-	-
Insurance Proceeds	-	-	-	-	-	-	-	-
Transfers In	-	-	-	-	-	978,433	978,433	-
Transfers Out	-	-	-	-	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-	-	978,433	978,433	-
Net Increase (Decrease) in Fund Balances	\$ (10,950)	\$ (10,950)	\$ (23,124)	\$ (12,174)	\$ (1,072,394)	\$ (1,072,394)	\$ 270,354	\$ 1,342,748

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, 2023
(CONTINUED)

	RURAL LEGACY				DREDGING SPECIAL ASSESSMENTS			
	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	1,650,321	1,902,438	1,902,438	-	-	-	-	-
Charges for Current Services	-	-	-	-	47,816	47,816	46,124	(1,692)
Fines and Forfeitures	-	-	-	-	-	-	-	-
Investment Income	-	-	23,030	23,030	-	-	241	241
Donations	-	-	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-	-	-
Total Revenues	1,650,321	1,902,438	1,925,468	23,030	47,816	47,816	46,365	(1,451)
EXPENDITURES								
Current								
General Government	-	-	-	-	-	-	-	-
Public Safety	-	-	-	-	-	-	-	-
Public Works	-	-	-	-	-	-	-	-
Parks & Recreation	-	-	-	-	-	-	-	-
Health and Social Services	-	-	-	-	-	-	-	-
Education and Library	-	-	-	-	-	-	-	-
Conservation of Natural Resources	1,650,321	1,902,438	1,889,788	12,650	-	-	-	-
Economic/Community Development	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-	-	-
Capital Outlay	-	-	-	-	-	-	-	-
Debt Service								
Principal	-	-	-	-	47,816	47,816	47,816	-
Interest	-	-	-	-	-	-	-	-
Total Expenditures	1,650,321	1,902,438	1,889,788	12,650	47,816	47,816	47,816	-
Excess of Revenues Over (Under) Expenditures	-	-	35,680	35,680	-	-	(1,451)	(1,451)
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	\$ -	\$ -	\$ 35,680	\$ 35,680	\$ -	\$ -	\$ (1,451)	\$ (1,451)

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, 2023
(CONTINUED)

	KENT NARROWS FUND				CAPITAL PROJECTS - SCHOOL IMPACT FEES			
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE POSITIVE (NEGATIVE)	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE POSITIVE (NEGATIVE)
REVENUES								
Taxes								
Local Property Tax	\$ 38,000	\$ 40,000	\$ 49,615	\$ 9,615	\$ -	\$ -	\$ -	\$ -
Recordation Taxes	-	-	-	-	-	-	-	-
State Shared Taxes	-	-	-	-	-	-	-	-
Licenses and Permits	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-	-
Charges for Current Services	-	-	-	-	2,000,000	2,000,000	2,237,364	237,364
Fines and Forfeitures	-	-	-	-	-	-	-	-
Investment Income	-	-	8,093	8,093	-	-	505,658	505,658
Donations	-	-	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-	-	-
Total Revenues	38,000	40,000	57,708	17,708	2,000,000	2,000,000	2,743,022	743,022
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	40,000	40,000	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-	-	-
Capital Outlay	-	-	-	-	-	-	-	-
Debt Service	-	-	-	-	-	-	-	-
Principal	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-
Total Expenditures	38,000	40,000	40,000	-	-	-	-	-
Excess of Revenues Over (Under) Expenditures	-	-	17,708	17,708	2,000,000	2,000,000	2,743,022	743,022
OTHER FINANCING SOURCES (USES)								
Proceeds of Capital Asset Disposals	-	-	-	-	-	-	-	-
Insurance Proceeds	-	-	-	-	-	-	-	-
Transfers In	-	-	-	-	-	-	-	-
Transfers Out	-	-	-	-	(2,857,792)	(2,857,792)	(2,857,792)	-
Total Other Financing Sources (Uses)	-	-	-	-	(2,857,792)	(2,857,792)	(2,857,792)	-
Net Increase (Decrease) in Fund Balances	\$ -	\$ -	\$ 17,708	\$ 17,708	\$ (857,792)	\$ (857,792)	\$ (114,770)	\$ 743,022

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, 2023
(CONTINUED)

	CAPITAL PROJECTS - FIRE COMPANY IMPACT FEES				CAPITAL PROJECTS - PARKS & RECREATION IMPACT FEES			
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE POSITIVE (NEGATIVE)	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE POSITIVE (NEGATIVE)
REVENUES								
Taxes								
Local Property Tax	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Recordation Taxes	-	-	-	-	-	-	-	-
State Shared Taxes	-	-	-	-	-	-	-	-
Licenses and Permits	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-	-
Charges for Current Services	266,500	231,895	419,803	187,908	299,600	299,600	263,955	(35,645)
Fines and Forfeitures	-	-	-	-	-	-	-	-
Investment Income	500	500	28,014	27,514	400	400	22,667	22,267
Donations	-	-	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-	-	-
Total Revenues	267,000	232,395	447,817	215,422	300,000	300,000	286,622	(13,378)
EXPENDITURES								
Current								
General Government	-	-	-	-	-	-	-	-
Public Safety	357,000	605,034	540,821	64,213	-	-	-	-
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	357,000	605,034	540,821	64,213	-	-	-	-
Excess of Revenues Over (Under) Expenditures	(90,000)	(372,639)	(93,004)	279,635	300,000	300,000	286,622	(13,378)
OTHER FINANCING SOURCES (USES)								
Proceeds of Capital Asset Disposals	-	-	-	-	-	-	-	-
Insurance Proceeds	-	-	-	-	-	-	-	-
Transfers In	90,000	154,215	154,215	-	-	-	-	-
Transfers Out	-	-	-	-	(300,000)	(1,000,000)	(800,000)	200,000
Total Other Financing Sources (Uses)	90,000	154,215	154,215	-	(300,000)	(1,000,000)	(800,000)	200,000
Net Increase (Decrease) in Fund Balances	\$ -	\$ (218,424)	\$ 61,211	\$ 279,635	\$ -	\$ (700,000)	\$ (513,378)	\$ 186,622

NON-MAJOR ENTERPRISE FUNDS

Non-Major Enterprise funds account for activities which are commercial in nature and are primarily or partially intended to be self-supporting. Each fund sets its rates and service charges at a level sufficient to: (1) meet all of its operating expenses; (2) provide for depreciation from wear and obsolescence of capital assets; and (3) to the extent that funds are not borrowed, finance the cost of expansion of physical facilities.

NON-MAJOR ENTERPRISE FUNDS

Non-major enterprise funds include the following funds:

Blue Heron Golf Course – This fund accounts for operation and maintenance of an 18-hole public golf course that is owned and operated by the County.

Public Landings and Marinas – This fund accounts for operation, maintenance, and major repairs of public landings, bulkheads, and public marinas. For a fee, the general public has access to these landings to launch small craft into the many waterways that surround the County and can also access the marinas for temporary mooring.

QUEEN ANNE'S COUNTY, MARYLAND
COMBINING STATEMENT OF NET POSITION
NON-MAJOR ENTERPRISE FUNDS
June 30, 2023

	GOLF COURSE	PUBLIC LANDINGS AND MARINAS	TOTAL NON-MAJOR ENTERPRISE
ASSETS			
Current Assets			
Equity in Pooled Cash	\$ -	\$ 820,878	\$ 820,878
Accounts Receivable (Net)	-	66,091	66,091
Due from Other Governments	-	78,390	78,390
Inventories	8,038	-	8,038
Total Current Assets	8,038	965,359	973,397
Capital Assets			
Less Accumulated Depreciation	3,705,696	7,571,780	11,277,476
	(825,448)	(1,737,373)	(2,562,821)
Total Capital Assets, Net of Depreciation	2,880,248	5,834,407	8,714,655
Total Assets	2,888,286	6,799,766	9,688,052
DEFERRED OUTFLOWS OF RESOURCES			
OPEB	-	7,563	7,563
Pension Benefits	32,685	66,054	98,739
Deferred Charge on Refunding	-	588	588
Total Deferred Outflows of Resources	32,685	74,205	106,890
LIABILITIES			
Current Liabilities			
Accounts Payable	37,440	97,306	134,746
Accrued Interest Payable	1,508	8,356	9,864
Due to Other Funds	294,047	-	294,047
Unearned Revenue	6,779	-	6,779
Current Portion of Compensated Absences	11,404	29,471	40,875
Current Portion of Lease Payable	27,269	-	27,269
Current Portion of Bonds/Notes Payable	4,781	72,953	77,734
Total Current Liabilities	383,228	208,086	591,314
Noncurrent Liabilities			
Compensated Absences	7,873	20,345	28,218
OPEB	-	236,477	236,477
Net Pension Liability	67,916	138,816	206,732
Lease Payable	110,715	-	110,715
Bonds/Notes Payable	80,199	623,597	703,796
Total Noncurrent Liabilities	266,703	1,019,235	1,285,938
Total Liabilities	649,931	1,227,321	1,877,252
DEFERRED INFLOWS OF RESOURCES			
OPEB	-	64,932	64,932
Pension Benefits	15,034	29,628	44,662
Bond Refundings	-	1,561	1,561
Total Deferred Inflows of Resources	15,034	96,121	111,155
NET POSITION			
Net Investment in Capital Assets	2,657,284	5,136,884	7,794,168
Unrestricted Amounts (Deficit)	(401,278)	413,645	12,367
Total Net Position	\$ 2,256,006	\$ 5,550,529	\$ 7,806,535

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, 2023

	GOLF COURSE	PUBLIC LANDINGS AND MARINAS	TOTAL NON-MAJOR ENTERPRISE
OPERATING REVENUES			
Charges for Services	\$ 617,340	\$ 465,730	\$ 1,083,070
Intergovernmental	-	745,966	745,966
Material Sales	50,297	-	50,297
Miscellaneous Revenues	16	28,990	29,006
Total Operating Revenues	667,653	1,240,686	1,908,339
OPERATING EXPENSES			
Recreation	662,658	542,604	1,205,262
OPEB	-	(8,293)	(8,293)
Pension Liability Adjustment	(11,467)	(22,161)	(33,628)
Depreciation and amortization	43,937	152,746	196,683
Total Operating Expenses	695,128	664,896	1,360,024
Operating Income (Loss)	(27,475)	575,790	548,315
NON-OPERATING REVENUES (EXPENSES)			
Interest Expense	(2,696)	(19,789)	(22,485)
Total Non-Operating (Expenses)	(2,696)	(19,789)	(22,485)
Transfers In (Out)	470,000	-	470,000
Change in Net Position	439,829	556,001	995,830
Total Net Position - Beginning of Year	1,816,177	4,994,528	6,810,705
Total Net Position - End of Year	\$ 2,256,006	\$ 5,550,529	\$ 7,806,535

QUEEN ANNE'S COUNTY, MARYLAND
COMBINING STATEMENT OF CASH FLOWS
NON-MAJOR ENTERPRISE FUNDS
FOR THE YEAR ENDED JUNE 30, 2023

	GOLF COURSE	PUBLIC LANDINGS AND MARINAS	TOTAL NON-MAJOR ENTERPRISE
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>			
Receipts from customers and users	\$ 667,637	\$ 467,231	\$ 1,134,868
Receipts from other operating revenues	2,479	1,337,318	1,339,797
Payments to suppliers	(660,382)	(510,139)	(1,170,521)
Payments to employees and on behalf of employees	1,319	5,423	6,742
Net Cash Provided by Operating Activities	11,053	1,299,833	1,310,886
<u>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</u>			
Transfers from (to) other funds	470,000	-	470,000
(Payments) Receipts of interfund loans	(69,686)	(250,218)	(319,904)
Net Cash Provided (Used) by Noncapital Financing Activities	400,314	(250,218)	150,096
<u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</u>			
Principal paid on lease and bond payables	(17,032)	(76,331)	(93,363)
Deferred Refunding costs on sale of bonds	-	(76)	(76)
Interest paid on capital debt	(2,508)	(17,817)	(20,325)
Acquisition and Construction of Capital Assets	(539,426)	(134,513)	(673,939)
Net Cash Used by Capital and Related Financing Activities	(558,966)	(228,737)	(787,703)
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Investment income	-	-	-
Net Cash Provided (Used) by Investing Activities	-	-	-
Net increase (decrease) in cash and cash equivalents	(147,599)	820,878	673,279
Balances - Beginning of year	147,599	-	147,599
Balances - End of year	\$ -	\$ 820,878	\$ 820,878
<u>Reconciliation of operating income (loss) to net cash provided by operating activities</u>			
Operating income (loss)	\$ (27,475)	\$ 575,790	\$ 548,315
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:			
Amortization and Depreciation	43,937	152,746	196,683
Changes in assets and liabilities:			
Accounts receivable, net	-	1,501	1,501
Operating grants receivable	-	562,362	562,362
Inventories and Prepaid Expenses	(118)	-	(118)
Vendor accounts payable	2,394	32,465	34,859
Unearned revenue collected in advance	2,463	-	2,463
Compensated absences	1,320	5,423	6,743
OPEB	-	(8,293)	(8,293)
Net Pension Liability	(11,468)	(22,161)	(33,629)
Net Cash Provided (Used) by Operating Activities	\$ 11,053	\$ 1,299,833	\$ 1,310,886
<u>Noncash investing, capital and financing activities:</u>			
Lease Inception	\$ 142,748	\$ -	\$ 142,748

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, 2023

	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	\$ 188,390	\$ 767,670	\$ 245,714	\$ -	\$ 23,164	\$ 39,632	\$ 1,264,570
Total Assets	\$ 188,390	\$ 767,670	\$ 245,714	\$ -	\$ 23,164	\$ 39,632	\$ 1,264,570
LIABILITIES							
Accounts Payable and Other Liabilities	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,095	\$ 2,095
Due to Other Governments	-	-	245,714	-	23,164	-	268,878
Total Liabilities	\$ -	\$ -	\$ 245,714	\$ -	\$ 23,164	\$ 2,095	\$ 270,973
NET POSITION							
Restricted for:							
Individuals, Organizations, and other Governments	\$ 188,390	\$ 767,670	\$ -	\$ -	\$ -	\$ 37,537	\$ 993,597

QUEEN ANNE'S COUNTY, MARYLAND
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
CUSTODIAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2023

	TAX DITCH FUND	ZONING DEPOSITS	STATE & TOWN TAX COLLECTIONS	MOTOR VEHICLE ADMIN DEPOSITS	ESCHEAT - ABANDONED PROPERTY	INMATE WELFARE	TOTAL CUSTODIAL FUNDS
ADDITIONS							
Tax Ditch	\$ 32,139	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 32,139
Zoning Deposits	-	203,354	-	-	-	-	203,354
Tax Collections for Other Governments	-	-	15,816,966	-	-	-	15,816,966
Motor Vehicle Administration	-	-	-	227,190	-	-	227,190
Escheat - Abandoned Property	-	-	-	-	43,690	-	43,690
Inmate Welfare	-	-	-	-	-	122,965	122,965
Total Additions	32,139	203,354	15,816,966	227,190	43,690	122,965	16,446,304
DEDUCTIONS							
Distribution of Tax Ditch Funds	16,201	-	-	-	-	-	16,201
Refund of Zoning Deposits	-	96,971	-	-	-	-	96,971
Payments of Tax to Other Governments	-	-	15,816,966	-	-	-	15,816,966
Payments to Motor Vehicle Administration	-	-	-	227,190	-	-	227,190
Payments of Escheat to Others	-	-	-	-	43,690	-	43,690
Distribution of Inmate Welfare Funds	-	-	-	-	-	122,288	122,288
Total Deductions	16,201	96,971	15,816,966	227,190	43,690	122,288	16,323,306
Net increase (decrease) in Fiduciary Net Position	15,938	106,383	-	-	-	677	122,998
Net Position-Beginning of Year	172,452	661,287	-	-	-	36,860	870,599
Net Position-End of Year	\$ 188,390	\$ 767,670	\$ -	\$ -	\$ -	\$ 37,537	\$ 993,597

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, 2023 (with Summarized Totals as of June 30, 2022)

	Admin	Fed/State GOCCP GOC	Total Community Partnerships	Returned Reinvestment Fund	2023 Total	2022 Summarized Total
ASSETS						
Cash and cash equivalents	\$ 152,629	\$ 175,612	\$ 328,241	\$ 10,282	\$ 338,523	\$ 447,451
Accounts receivable	9,230	11,706	20,936	-	20,936	12,000
Due from State governmental agencies	-	257,525	257,525	-	257,525	82,690
Due from Federal governmental agencies	-	-	-	-	-	-
Total Assets	\$ 161,859	\$ 444,843	\$ 606,702	\$ 10,282	\$ 616,984	\$ 542,141
LIABILITIES AND FUND BALANCES						
LIABILITIES						
Accounts payable and accrued expenditures	\$ 61,771	\$ 176,370	\$ 238,141	\$ -	\$ 238,141	\$ 169,066
Due to State governmental agencies	45,978	266,647	312,625	-	312,625	307,461
Total Liabilities	107,749	443,017	550,766	-	550,766	476,527
FUND BALANCES						
Assigned	54,110	1,826	55,936	10,282	66,218	65,614
Total Fund Balances	54,110	1,826	55,936	10,282	66,218	65,614
Total Liabilities and Fund Balances	\$ 161,859	\$ 444,843	\$ 606,702	\$ 10,282	\$ 616,984	\$ 542,141

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, 2023 (with Summarized Totals for Year Ended June 30, 2022)

	Federal/State GOCCP/GOC								
	Administrative	Community Support	Achievement Mentoring	Local Care Team	Transportation Voucher	Healthy Fam/Home Visiting	Family Navigators	MD After School Opportunity	Community Mentoring
REVENUES									
CPA									
Intergovernmental GOC	\$ 79,890	\$ 53,783	\$ 60,319	\$ 32,351	\$ 45,469	\$ 72,145	\$ 42,804	\$ -	\$ 46,219
Subtotal CPA	79,890	53,783	60,319	32,351	45,469	72,145	42,804	-	46,219
Non-CPA									
Intergovernmental Federal GOCCP Youth Strategies	-	-	-	-	-	-	-	-	-
Other State Grant Funding	-	-	-	-	-	296,170	-	-	-
Investment Income	-	-	-	-	-	-	-	-	-
Earned Reinvestment Donations	-	-	-	-	-	-	-	-	-
Miscellaneous	11,075	-	-	-	-	-	-	3,946	-
Subtotal Non-CPA	11,075	-	-	-	-	296,170	-	3,946	-
Total Revenues	90,965	53,783	60,319	32,351	45,469	368,315	42,804	3,946	46,219
EXPENDITURES									
CPA									
Program Contracted Services	-	-	-	-	-	-	-	-	-
Other Expenditures	-	-	-	-	-	-	-	-	-
Salaries	45,737	-	-	26,424	13,708	-	-	-	-
Fringe Benefit Costs	3,793	-	-	4,860	1,162	-	-	-	-
Auditing	-	-	-	-	-	-	-	-	-
Consultants	-	5,615	-	-	-	1,018	-	-	-
Professional Groups	-	-	-	-	-	-	-	-	-
Equipment Rental	747	-	-	-	-	-	-	-	-
Other Contracted Services	27,812	12,990	-	-	-	-	37,741	-	3,704
Postage	-	-	-	-	-	2	-	-	-
Office Supplies	-	-	199	-	-	516	357	-	-
Program Supplies	-	417	1,416	-	30,599	11,085	887	-	1,579
Food	-	2,511	-	-	-	200	-	-	1,435
Printing and Publishing	-	-	-	-	-	15	-	-	265
Data Processing Supplies	-	-	-	-	-	3,240	-	-	-
Repairs and Equipment	-	-	-	-	-	300	1,723	-	-
Business Travel	-	-	2,355	-	-	282	1,342	-	659
Subscriptions and Dues	2,683	-	-	-	-	-	272	-	-
Meetings & Conferences	-	-	-	-	-	-	-	-	-
Training	-	32,250	-	-	-	3,425	-	-	-
Advertising	-	-	-	-	-	1,349	-	-	-
Communications	-	-	363	-	-	1,000	482	-	-
Rent	-	-	-	-	-	33	-	-	8,000
Equipment under \$1000/\$500	-	-	-	1,067	-	1,231	-	-	-
Other Charges	-	-	55,986	-	-	48,449	-	-	30,577
Subtotal CPA Expenditures	80,772	53,783	60,319	32,351	45,469	72,145	42,804	-	46,219
Non-CPA									
Program Contracted Services	-	-	-	-	-	296,170	-	120,000	-
Other Expenditures	-	-	-	-	-	-	-	-	-
Salaries	98,868	-	-	-	3,928	-	-	-	-
Fringe Benefit Costs	50,295	-	-	-	2,080	-	-	-	-
Consultants	4,013	-	-	-	-	-	-	-	-
Equipment Rental	2,819	-	-	-	-	-	-	-	-
Other Contracted Services	9,188	-	-	-	-	-	-	-	-
Postage	150	-	-	-	-	-	-	-	-
Office Supplies	2,731	-	-	-	-	-	-	-	-
Program Supplies	11,900	-	-	-	206	-	-	-	-
Food	2,359	-	-	-	-	-	-	-	-
Equipment Operation	-	-	-	-	-	-	-	-	-
Business Travel	-	-	-	-	-	-	-	-	-
Subscriptions and Dues	5,000	-	-	-	-	-	-	-	-
Meetings & Conferences	2,000	-	-	-	-	-	-	-	-
Training	2,624	-	-	-	-	-	-	-	-
Board's Expenditures	4,661	-	-	-	-	-	-	-	-
Advertising	-	-	-	-	-	-	-	-	-
Marketing/Promotions	-	-	-	-	-	-	-	-	-
Communications	1,326	-	-	-	-	-	-	-	-
Rent	-	-	-	-	-	-	-	-	-
Other Charges	11,139	-	-	-	-	-	-	243,946	-
Office equipment	-	-	-	-	-	-	-	-	-
Subtotal Non-CPA Expenditures	209,073	-	-	-	6,214	296,170	-	363,946	-
Total Expenditures	289,845	53,783	60,319	32,351	51,683	368,315	42,804	363,946	46,219
Excess of Revenues Over (Under) Expenditure	(198,880)	-	-	-	(6,214)	-	-	(360,000)	-
OTHER FINANCING SOURCES									
Transfers In for:	-	-	-	-	-	-	-	-	-
Program Contracted Services	198,879	-	-	-	6,214	-	-	360,000	-
Other Financing Sources	198,879	-	-	-	6,214	-	-	360,000	-
Net Increase in Fund Balances	\$ (1)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Fund Balances, July 1									
Fund Balances, June 30									

QUEEN ANNE'S COUNTY
COMMUNITY PARTNERSHIPS FOR CHILDREN SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BY COMMUNITY PARTNERSHIP AGREEMENTS (CPA) and NON-COMMUNITY PARTNERSHIP AGREEMENTS (NON-CPA)
FOR THE YEAR ENDED JUNE 30, 2023 (with Summarized Totals for Year Ended June 30, 2022)

(CONTINUED)

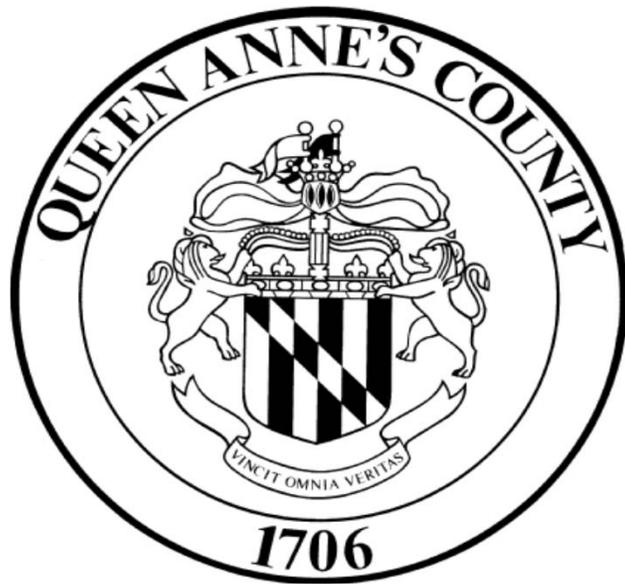
Character Counts	Federal/State GOCCP/GOC		All Programs Subtotal	State GOC		State GOCCP Non-CPA Subtotal	Federal GOCCP Youth Strategies
	GOCCP/GOC Operating Fund Total			CPA Subtotal	Non-CPA Subtotal		
\$ -	\$ 353,090	\$ 432,980	\$ 432,980	\$ -	\$ -	\$ -	-
-	353,090	432,980	432,980	-	-	-	-
-	-	-	-	-	-	-	-
-	296,170	296,170	-	-	-	-	-
-	-	-	-	-	-	-	-
13,875	17,821	28,896	-	-	-	-	-
13,875	313,991	325,066	-	-	-	-	-
13,875	667,081	758,046	432,980	-	-	-	-
-	-	-	-	-	-	-	-
-	40,132	85,869	85,869	-	-	-	-
-	6,022	9,815	9,815	-	-	-	-
-	-	-	-	-	-	-	-
-	6,633	6,633	6,633	-	-	-	-
-	-	-	-	-	-	-	-
-	-	747	747	-	-	-	-
-	54,435	82,247	82,247	-	-	-	-
-	2	2	2	-	-	-	-
-	1,072	1,072	1,072	-	-	-	-
-	45,983	45,983	45,983	-	-	-	-
-	4,146	4,146	4,146	-	-	-	-
-	280	280	280	-	-	-	-
-	3,240	3,240	3,240	-	-	-	-
-	2,023	2,023	2,023	-	-	-	-
-	4,638	4,638	4,638	-	-	-	-
-	272	2,955	2,955	-	-	-	-
-	-	-	-	-	-	-	-
-	35,675	35,675	35,675	-	-	-	-
-	1,349	1,349	1,349	-	-	-	-
-	1,845	1,845	1,845	-	-	-	-
-	8,033	8,033	8,033	-	-	-	-
-	2,298	2,298	2,298	-	-	-	-
-	135,012	135,012	135,012	-	-	-	-
-	353,090	433,862	433,862	-	-	-	-
-	416,170	416,170	-	416,170	-	-	-
21,715	25,643	124,511	-	124,511	-	-	-
2,834	4,914	55,209	-	55,209	-	-	-
-	-	4,013	-	4,013	-	-	-
-	-	2,819	-	2,819	-	-	-
-	-	9,188	-	9,188	-	-	-
-	-	150	-	150	-	-	-
42	42	2,773	-	2,773	-	-	-
-	206	12,106	-	12,106	-	-	-
-	-	2,359	-	2,359	-	-	-
280	280	280	-	280	-	-	-
-	-	5,000	-	5,000	-	-	-
-	-	2,000	-	2,000	-	-	-
-	-	2,624	-	2,624	-	-	-
-	-	4,661	-	4,661	-	-	-
-	-	-	-	-	-	-	-
2,973	2,973	2,973	-	2,973	-	-	-
-	-	1,326	-	1,326	-	-	-
-	-	-	-	-	-	-	-
-	243,946	255,085	-	255,085	-	-	-
-	-	-	-	-	-	-	-
27,844	694,174	903,247	-	903,247	-	-	-
27,844	1,047,264	1,337,109	433,862	903,247	-	-	-
(13,969)	(380,183)	(579,063)	(882)	(903,247)	-	-	-
13,969	380,183	579,062	-	-	-	-	-
13,969	380,183	579,062	-	-	-	-	-
\$ -	\$ -	(1)	(882)	(903,247)	-	-	-
		55,937	606,662	(775,986)	3,491	(25,474)	
		\$ 55,936	\$ 605,780	\$ (1,679,233)	\$ 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, 2023 (with Summarized Totals for Year Ended June 30, 2022)

(CONTINUED)

	Other Non-CPA State Grants	Other	Total Community Partnerships Operating Funds	Returned Reinvestment Fund	2023 Total	2022 Summarized Total
REVENUES						
CPA						
Intergovernmental						
GOC	\$ -	\$ -	\$ 432,980	\$ -	\$ 432,980	\$ 340,884
Subtotal CPA	-	-	432,980	-	432,980	340,884
Non-CPA						
Intergovernmental						
Federal GOCCP Youth Strategies	-	-	-	-	-	-
Other State Grant Funding	296,170	-	296,170	-	296,170	296,372
Investment Income	-	-	-	604	604	286
Earned Reinvestment Donations	-	-	-	-	-	2,300
Miscellaneous	-	28,896	28,896	1	28,897	14,678
Subtotal Non-CPA	296,170	28,896	325,066	605	325,671	313,636
Total Revenues	296,170	28,896	758,046	605	758,651	654,520
EXPENDITURES						
CPA						
Program Contracted Services	-	-	-	-	-	-
Other Expenditures						
Salaries	-	-	85,869	-	85,869	81,385
Fringe Benefit Costs	-	-	9,815	-	9,815	8,618
Auditing	-	-	-	-	-	1,528
Consultants	-	-	6,633	-	6,633	15,500
Professional Groups	-	-	-	-	-	2,382
Equipment Rental	-	-	747	-	747	-
Other Contracted Services	-	-	82,247	-	82,247	36,970
Postage	-	-	2	-	2	12
Office Supplies	-	-	1,072	-	1,072	2,742
Program Supplies	-	-	45,983	-	45,983	46,427
Food	-	-	4,146	-	4,146	1,536
Printing and Publishing	-	-	280	-	280	-
Data Processing Supplies	-	-	3,240	-	3,240	-
Repairs and Equipment	-	-	2,023	-	2,023	1,162
Business Travel	-	-	4,638	-	4,638	3,393
Subscriptions and Dues	-	-	2,955	-	2,955	-
Meetings & Conferences	-	-	-	-	-	199
Training	-	-	35,675	-	35,675	1,458
Advertising	-	-	1,349	-	1,349	-
Communications	-	-	1,845	-	1,845	1,760
Rent	-	-	8,033	-	8,033	10,800
Equipment under \$1000/\$500	-	-	2,298	-	2,298	1,399
Other Charges	-	-	135,012	-	135,012	123,613
Subtotal CPA Expenditures	-	-	433,862	-	433,862	340,884
Non-CPA						
Program Contracted Services	296,170	(296,170)	416,170	-	416,170	296,372
Other Expenditures						
Salaries	-	-	124,511	-	124,511	124,073
Fringe Benefit Costs	-	-	55,209	-	55,209	52,628
Consultants	-	-	4,013	-	4,013	10,000
Equipment Rental	-	-	2,819	-	2,819	2,917
Other Contracted Services	-	-	9,188	-	9,188	-
Postage	-	-	150	-	150	500
Office Supplies	-	-	2,773	-	2,773	1,777
Program Supplies	-	-	12,106	-	12,106	21,878
Food	-	-	2,359	-	2,359	1,408
Equipment Operation	-	-	280	-	280	-
Business Travel	-	-	-	-	-	25
Subscriptions and Dues	-	-	5,000	-	5,000	911
Meetings & Conferences	-	-	2,000	-	2,000	2,000
Training	-	-	2,624	-	2,624	2,498
Board's Expenditures	-	-	4,661	-	4,661	4,952
Advertising	-	-	-	-	-	300
Marketing/Promotions	-	-	2,973	-	2,973	1,870
Communications	-	-	1,326	-	1,326	1,403
Rent	-	-	-	-	-	-
Other Charges	-	-	255,085	-	255,085	242,362
Office equipment	-	-	-	-	-	2,500
Subtotal Non-CPA Expenditures	296,170	(296,170)	903,247	-	903,247	770,374
Total Expenditures	296,170	(296,170)	1,337,109	-	1,337,109	1,111,258
Excess of Revenues Over (Under) Expenditure	-	325,066	(579,063)	605	(578,458)	(456,738)
OTHER FINANCING SOURCES						
Transfers In for:						
Program Contracted Services	-	579,062	579,062	-	579,062	457,024
Other Financing Sources	-	579,062	579,062	-	579,062	457,024
Net Increase in Fund Balances	-	904,128	(1)	605	604	286
Fund Balances, July 1	-	247,243	55,937	9,677	65,614	65,328
Fund Balances, June 30	\$ -	\$ 1,151,371	\$ 55,936	\$ 10,282	\$ 66,218	\$ 65,614



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, 2023

	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	\$ 345,346	\$ 438,144	\$ 432,980	\$ (5,164)	\$ -	\$ -	\$ -	\$ -
Other	296,372	296,372	296,170	(202)	-	-	-	-
Investment Income	-	-	-	-	-	-	604	604
Donations	-	-	-	-	-	-	-	-
Miscellaneous	11,000	11,000	28,896	17,896	-	-	1	1
Total Revenues	652,718	745,516	758,046	12,530	-	-	605	605
EXPENDITURES								
Program Contracted Services	296,372	459,247	416,170	43,077	-	-	-	-
Other Expenditures								
Salaries	204,842	211,969	210,380	1,589	-	-	-	-
Fringe Benefit Costs	62,864	63,928	65,024	(1,096)	-	-	-	-
Auditing	-	817	-	817	-	-	-	-
Consultants	27,571	12,225	10,646	1,579	-	-	-	-
Professional Groups	-	-	-	-	-	-	-	-
Equipment Rental	3,252	3,252	3,566	(314)	-	-	-	-
Other Contracted Services	37,030	37,030	91,435	(54,405)	-	-	-	-
Postage	510	510	152	358	-	-	-	-
Office Supplies	4,364	3,510	3,845	(335)	-	-	-	-
Program Supplies	33,809	56,127	58,089	(1,962)	-	-	-	-
Food	2,100	5,845	6,505	(660)	-	-	-	-
Printing and Publishing	2,100	265	280	(15)	-	-	-	-
Data Processing Supplies	2,856	3,240	3,240	-	-	-	-	-
Repairs and Equipment	1,320	1,320	2,023	(703)	-	-	-	-
Equipment Operation	-	-	280	(280)	-	-	-	-
Business Travel	4,644	4,314	4,638	(324)	-	-	-	-
Subscriptions and Dues	1,013	7,700	7,955	(255)	-	-	-	-
Meetings & Conferences	5,701	2,000	2,000	-	-	-	-	-
Training	5,396	38,225	38,299	(74)	-	-	-	-
Board's Expenditures	7,038	6,770	4,661	2,109	-	-	-	-
Advertising	-	800	1,349	(549)	-	-	-	-
Marketing/Promotions	2,895	2,895	2,973	(78)	-	-	-	-
Communications	4,202	3,834	3,171	663	-	-	-	-
Rent	10,800	9,200	8,033	1,167	-	-	-	-
Equipment	-	3,584	2,298	1,286	-	-	-	-
Other Charges	398,156	392,225	390,097	2,128	-	-	-	-
Office equipment	-	-	-	-	-	-	-	-
Total Expenditures	1,118,835	1,330,832	1,337,109	(6,277)	-	-	-	-
Excess of Revenues Over (Under) Expenditures	(466,117)	(585,316)	(579,063)	6,253	-	-	605	605
OTHER FINANCING SOURCES								
Transfers In for:								
Program Contracted Services	466,117	585,316	579,062	(6,254)	-	-	-	-
Other Financing Sources	466,117	585,316	579,062	(6,254)	-	-	-	-
Net Increase in Fund Balances	\$ -	\$ -	(1)	\$ (1)	\$ -	\$ -	605	\$ 605
Fund Balances, July 1			55,937				9,677	
Fund Balances, June 30			\$ 55,936				\$ 10,282	

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, 2023

(CONTINUED)

TOTAL			
Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
\$ 345,346	\$ 438,144	\$ 432,980	\$ (5,164)
296,372	296,372	296,170	(202)
-	-	604	604
-	-	-	-
11,000	11,000	28,897	17,897
<u>652,718</u>	<u>745,516</u>	<u>758,651</u>	<u>13,135</u>
296,372	459,247	416,170	43,077
204,842	211,969	210,380	1,589
62,864	63,928	65,024	(1,096)
-	817	-	817
27,571	12,225	10,646	1,579
-	-	-	-
3,252	3,252	3,566	(314)
37,030	37,030	91,435	(54,405)
510	510	152	358
4,364	3,510	3,845	(335)
33,809	56,127	58,089	(1,962)
2,100	5,845	6,505	(660)
2,100	265	280	(15)
2,856	3,240	3,240	-
1,320	1,320	2,023	(703)
-	-	280	(280)
4,644	4,314	4,638	(324)
1,013	7,700	7,955	(255)
5,701	2,000	2,000	-
5,396	38,225	38,299	(74)
7,038	6,770	4,661	2,109
-	800	1,349	(549)
2,895	2,895	2,973	(78)
4,202	3,834	3,171	663
10,800	9,200	8,033	1,167
-	3,584	2,298	1,286
398,156	392,225	390,097	2,128
-	-	-	-
<u>1,118,835</u>	<u>1,330,832</u>	<u>1,337,109</u>	<u>(6,277)</u>
(466,117)	(585,316)	(578,458)	6,858
<u>466,117</u>	<u>585,316</u>	<u>579,062</u>	<u>(6,254)</u>
<u>466,117</u>	<u>585,316</u>	<u>579,062</u>	<u>(6,254)</u>
\$ -	\$ -	604	\$ 604
		<u>65,614</u>	
		<u>\$ 66,218</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

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Governmental Activities:					
Net Investment in Capital Assets	\$ 127,369,959	\$ 125,434,538	\$ 123,466,319	\$ 120,249,244	\$ 114,794,226
Restricted	17,616,132	20,464,486	21,063,295	13,094,534	13,275,244
Unrestricted (deficit) (1)	<u>(71,169,310)</u>	<u>(73,475,567)</u>	<u>(78,567,505)</u>	<u>(67,189,342)</u>	<u>(58,025,753)</u>
Total Governmental Activities Net Position	(2) <u>73,816,781</u>	(3) <u>72,423,457</u>	<u>65,962,109</u>	(4) <u>66,154,436</u>	(5) <u>70,043,717</u>
Business-type Activities:					
Net Investment in Capital Assets	79,783,160	80,787,152	80,909,015	86,163,078	84,386,291
Restricted	3,110,033	3,061,534	1,699,914	1,700,836	1,060,134
Unrestricted	<u>8,721,212</u>	<u>8,486,063</u>	<u>10,240,161</u>	<u>4,116,300</u>	<u>7,458,996</u>
Total Business-type Activities Net Position	91,614,405	(3) <u>92,334,749</u>	<u>92,849,090</u>	(4) <u>91,980,214</u>	(5) <u>92,905,421</u>
Primary Government:					
Net Investment in Capital Assets	207,153,119	206,221,690	204,375,334	206,412,322	199,180,517
Restricted	20,726,165	23,526,020	22,763,209	14,795,370	14,335,378
Unrestricted (deficit) (1)	<u>(62,448,098)</u>	<u>(64,989,504)</u>	<u>(68,327,344)</u>	<u>(63,073,042)</u>	<u>(50,566,757)</u>
Total Primary Government Net Position	(2) <u>\$ 165,431,186</u>	(3) <u>\$ 164,758,206</u>	<u>\$ 158,811,199</u>	(4) <u>\$ 158,134,650</u>	(5) <u>\$ 162,949,138</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	\$ (62,448,098)	\$ (64,989,504)	\$ (68,327,344)	\$ (63,073,042)	\$ (50,566,757)
Debt issued for capital on behalf of others	67,651,486	66,219,608	63,271,304	59,207,136	58,625,356
County (deficit) net position absent the effect of this relationship	<u>\$ 5,203,388</u>	<u>\$ 1,230,104</u>	<u>\$ (5,056,040)</u>	<u>\$ (3,865,906)</u>	<u>\$ 8,058,599</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.
- (4) FY2017 Net Position of Governmental and Business-Type Activities was restated in fiscal year 2018.
- (5) FY2018 Net Position of Governmental and Business-Type Activities was restated in fiscal year 2019.
- (6) FY2022 Net Position of Business-Type Activities was restated in fiscal year 2023.

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)

	2019	2020	2021	2022	2023
\$	115,143,089	\$ 114,252,313	\$ 116,220,059	\$ 118,666,142	\$ 122,128,900
	18,962,289	19,844,181	20,883,128	24,012,709	26,495,555
	(61,637,321)	(48,809,467)	(20,071,163)	11,879,310	36,459,068
	<u>72,468,057</u>	<u>85,287,027</u>	<u>117,032,024</u>	<u>154,558,161</u>	<u>185,083,523</u>
	85,916,730	86,939,502	88,635,207	93,562,741	99,118,189
	2,234,440	2,037,318	6,322,353	5,310,698	5,350,538
	10,087,649	16,587,060	19,018,596	28,956,179	30,307,701
	<u>98,238,819</u>	<u>105,563,880</u>	<u>113,976,156</u> (6)	<u>127,829,618</u>	<u>134,776,428</u>
	201,059,819	201,191,815	204,855,266	212,228,883	221,247,089
	21,196,729	21,881,499	27,205,481	29,323,407	31,846,093
	(51,549,672)	(32,222,407)	(1,052,567)	40,835,489	66,766,769
\$	<u>170,706,876</u>	<u>\$ 190,850,907</u>	<u>\$ 231,008,180</u> (6)	<u>\$ 282,387,779</u>	<u>\$ 319,859,951</u>
\$	(51,549,672)	\$ (32,222,407)	\$ (1,052,567)	\$ 40,835,489	\$ 66,766,769
	58,007,072	55,846,036	56,855,185	53,155,458	48,229,215
\$	<u>6,457,400</u>	<u>\$ 23,623,629</u>	<u>\$ 55,802,618</u>	<u>\$ 93,990,947</u>	<u>\$ 114,995,984</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

	2014	2015	2016	2017	2018
Expenses					
Governmental Activities:					
General Government	\$ 14,133,149	\$ 10,849,277	\$ 13,936,312	\$ 13,177,254	\$ 17,511,975
Public Safety	26,666,211	25,297,450	27,525,712	27,997,262	28,373,219
Public Works	12,365,647	14,363,603	19,522,534	20,753,117	18,101,635
Parks & Recreation (3)	-	-	-	-	-
Health & Social Services	7,123,340	6,631,598	7,333,528	7,424,371	7,149,348
Education & Library	56,218,528	67,091,679	62,374,873	60,922,185	64,082,500
Conservation of Natural Resources	2,395,762	587,147	1,799,234	616,237	2,567,600
Economic/Community Development	1,528,035	1,763,024	3,391,547	1,860,222	2,477,129
Interest and Fiscal Charges	3,987,943	4,039,622	4,345,527	4,150,101	4,294,929
Total Governmental Activities Expenses	124,418,615	130,623,400	140,229,267	136,900,749	144,558,335
Business-type Activities:					
Water and Sewer	11,059,306	10,412,432	10,615,466	11,818,087	12,880,483
Golf Course (4)	515,325	496,065	505,085	540,504	509,150
Public Landings and Marinas (5)	544,945	537,823	529,943	572,360	559,597
Airport	807,226	1,014,491	966,896	1,053,899	1,100,136
Total Business-type Activities Expenses	12,926,802	12,460,811	12,617,390	13,984,850	15,049,366
Total Primary Government Expenses	137,345,417	143,084,211	152,846,657	150,885,599	159,607,701
Program Revenues					
Governmental Activities:					
General Government					
Charges for Services	1,500,273	1,505,857	1,565,170	1,552,164	1,669,311
Operating Grants and Contributions	606,649	644,297	582,571	563,016	660,790
Capital Grants and Contributions	589,988	96,684	(30,000)	-	1,080,084
Total Revenue	2,696,910	2,246,838	2,117,741	2,115,180	3,410,185
Public Safety					
Charges for Services	1,286,945	1,244,752	1,354,350	1,350,626	1,505,267
Operating Grants and Contributions	1,081,577	1,052,666	1,088,597	1,037,879	1,294,733
Capital Grants and Contributions	282,139	119,118	175,653	5,406	166,001
Total Revenue	2,650,661	2,416,536	2,618,600	2,393,911	2,966,001
Public Works					
Charges for Services	1,425,012	1,275,538	1,337,358	1,472,664	1,779,206
Operating Grants and Contributions	712,550	527,538	1,029,019	980,075	822,659
Capital Grants and Contributions	2,221,299	80,000	108,880	161,084	282,028
Total Revenue	4,358,861	1,883,076	2,475,257	2,613,823	2,883,893
Parks & Recreation (3)					
Charges for Services	-	-	-	-	-
Operating Grants and Contributions	-	-	-	-	-
Capital Grants and Contributions	-	-	-	-	-
Total Revenue	-	-	-	-	-
Health & Social Services					
Charges for Services	65,537	68,187	76,404	73,066	71,131
Operating Grants and Contributions	2,026,675	2,056,111	1,834,000	1,893,648	2,018,289
Capital Grants and Contributions	67,392	40,527	140,400	58,500	58,500
Total Revenue	2,159,604	2,164,825	2,050,804	2,025,214	2,147,920
Education & Library					
Charges for Services	1,721,379	1,249,332	1,230,994	1,319,433	1,272,301
Operating Grants and Contributions	-	-	-	-	-
Capital Grants and Contributions	-	-	-	-	-
Total Revenue	1,721,379	1,249,332	1,230,994	1,319,433	1,272,301
Conservation of Natural Resources					
Charges for Services	73,279	72,688	70,708	60,826	110,655
Operating Grants and Contributions	103,892	96,195	68,152	186,333	131,321
Capital Grants and Contributions	75,820	3,637	573,003	-	1,439,284
Total Revenue	252,991	172,520	711,863	247,159	1,681,260
Economic/Community Development					
Charges for Services	508,000	80,558	311,000	620,000	316,500
Operating Grants and Contributions	255,100	285,344	156,804	231,360	810,319
Capital Grants and Contributions	(69,569)	-	-	-	-
Total Revenue	693,531	365,902	467,804	851,360	1,126,819
Interest and Fiscal Charges					
Charges for Services	-	-	-	-	-
Operating Grants and Contributions	-	-	-	-	-
Capital Grants and Contributions	-	-	-	-	-
Total Revenue	-	-	-	-	-
Total Governmental Activities Program Revenues	14,533,937	10,499,029	11,673,063	11,566,080	15,488,379

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)

	2019	2020	2021	2022	2023
\$	16,493,064	\$ 17,299,695	\$ 21,447,303	\$ 20,975,854	\$ 21,070,854
	35,668,385	31,445,313	33,376,832	32,937,936	42,482,230
	19,118,090	15,045,105	13,898,271	15,486,633	19,422,823
	-	7,780,241	6,051,585	6,445,776	6,338,014
	7,669,431	7,116,694	6,969,134	6,631,472	7,219,183
	64,438,616	68,764,861	68,632,733	68,957,650	69,770,287
	2,696,971	1,423,080	3,621,749	2,402,429	3,386,538
	1,808,000	2,281,480	5,262,207	3,012,720	2,798,777
	4,712,864	4,391,332	4,330,706	4,415,584	4,525,460
	152,605,421	155,547,801	163,590,520	161,266,054	177,014,166
	11,232,955	11,602,537	12,157,175	12,384,820	13,822,527
	584,718	541,335	523,435	609,737	697,824
	1,342,308	683,738	1,104,170	548,928	684,685
	1,434,031	968,205	940,188	1,017,606	1,058,318
	14,594,012	13,795,815	14,724,968	14,561,091	16,263,354
	167,199,433	169,343,616	178,315,488	175,827,145	193,277,520
	1,769,520	1,509,985	2,027,823	2,400,962	2,037,088
	716,683	428,812	2,686,609	2,920,183	249,863
	480,500	520,277	1,056,963	1,219,155	1,549,325
	2,966,703	2,459,074	5,771,395	6,540,300	3,836,276
	1,415,187	1,379,621	1,772,824	2,782,299	1,908,036
	1,161,505	1,697,018	3,603,339	2,300,947	3,601,321
	176,970	112,845	1,379,718	908,036	164,422
	2,753,662	3,189,484	6,755,881	5,991,282	5,673,779
	1,784,040	817,088	1,083,030	1,134,409	961,563
	1,155,251	1,233,626	1,494,842	8,500	9,070
	1,353,948	45,640	-	-	1,119,611
	4,293,239	2,096,354	2,577,872	1,142,909	2,090,244
	-	822,605	1,058,579	1,149,578	1,101,729
	-	37,060	216,861	32,494	25,681
	-	2,237,549	343,301	1,964,345	640,892
	-	3,097,214	1,618,741	3,146,417	1,768,302
	91,183	72,840	37,025	91,756	77,736
	2,120,065	2,273,959	2,381,707	2,595,327	3,060,269
	175,960	362,900	157,905	207,862	195,509
	2,387,208	2,709,699	2,576,637	2,894,945	3,333,514
	1,318,609	1,593,200	3,383,580	2,438,720	2,237,364
	-	-	-	-	-
	43,059	105,575	973,747	1,850,863	979,756
	1,361,668	1,698,775	4,357,327	4,289,583	3,217,120
	126,940	136,458	163,971	46,491	76,138
	94,814	117,820	111,443	-	-
	2,118,200	831,901	1,612,662	1,095,760	2,007,786
	2,339,954	1,086,179	1,888,076	1,142,251	2,083,924
	-	205,000	864,667	397,823	620,000
	205,300	757,258	3,978,848	1,523,758	1,286,414
	-	-	-	-	-
	205,300	962,258	4,843,515	1,921,581	1,906,414
	-	-	-	48,506	46,124
	-	-	-	-	-
	-	-	-	-	-
	-	-	-	48,506	46,124
	16,307,734	17,299,037	30,389,444	27,117,774	23,955,697

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)

	2014	2015	2016	2017	2018
Business-type Activities:					
Water and Sewer					
Charges for Services	\$ 8,341,848	\$ 8,840,213	\$ 8,956,360	\$ 8,222,317	\$ 9,214,383
Operating Grants and Contributions	90,000	90,000	85,099	90,000	90,000
Capital Grants and Contributions	665,268	1,862,257	1,958,051	2,222,796	4,198,378
Total Revenue	9,097,116	10,792,470	10,999,510	10,535,113	13,502,761
Golf Course					
Charges for Services	297,293	295,955	305,528	318,599	340,123
Operating Grants and Contributions	-	-	-	-	-
Capital Grants and Contributions	-	-	-	-	-
Total Revenue	297,293	295,955	305,528	318,599	340,123
Public Landings and Marinas					
Charges for Services	423,478	423,723	423,427	443,176	451,524
Operating Grants and Contributions	36,439	43,304	36,781	33,542	104,829
Capital Grants and Contributions	-	-	-	-	-
Total Revenue	459,917	467,027	460,208	476,718	556,353
Airport					
Charges for Services	49,061	53,200	45,916	33,256	25,857
Operating Grants and Contributions	2,420	73,311	52,837	245,738	60,858
Capital Grants and Contributions	7,457	-	-	-	-
Total Revenue	58,938	126,511	98,753	278,994	86,715
Total Business-type Activities Program Revenues	9,913,264	11,681,963	11,863,999	11,609,424	14,485,952
Total Primary Government Program Revenues	24,447,201	22,180,992	23,537,062	23,175,504	29,974,331
Net (Expense) Revenue (1)					
Governmental activities	(109,884,678)	(120,124,371)	(128,556,204)	(125,334,669)	(129,069,956)
Business-type activities	(3,013,538)	(778,848)	(753,391)	(2,375,426)	(563,414)
Total Primary Government Net Expense	\$ (112,898,216)	\$ (120,903,219)	\$ (129,309,595)	\$ (127,710,095)	\$ (129,633,370)
General Revenues and Other Changes in Net Position					
Governmental Activities:					
Taxes (2)	\$ 112,123,625	\$ 116,821,607	\$ 121,011,135	\$ 123,299,031	\$ 131,444,679
Investment income	95,286	94,092	174,691	444,063	978,955
Gain/(Loss) on Sale of Capital Assets	346,765	1,098,632	161,106	53,936	87,734
Miscellaneous	877,629	1,076,893	949,046	2,065,465	630,895
Transfers In (Out)	(589,737)	(360,177)	(201,122)	(335,499)	(183,026)
Total Governmental Activities	112,853,568	118,731,047	122,094,856	125,526,996	132,959,237
Business-type Activities:					
Investment income	343,568	323,585	320,443	361,840	439,716
Gain on Sale of Capital Assets	-	-	-	-	-
Miscellaneous	793,951	815,430	746,167	809,211	865,879
Transfers In (Out)	589,737	360,177	201,122	335,499	183,026
Total Business-type Activities	1,727,256	1,499,192	1,267,732	1,506,550	1,488,621
Total Primary Government	114,580,824	120,230,239	123,362,588	127,033,546	134,447,858
Change in Net Position					
Governmental activities	2,968,890	(1,393,324)	(6,461,348)	192,327	3,889,281
Business-type activities	(1,286,282)	720,344	514,341	(868,876)	925,207
Total Primary Government	\$ 1,682,608	\$ (672,980)	\$ (5,947,007)	\$ (676,549)	\$ 4,814,488

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).

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)

2019	2020	2021	2022	2023
\$ 10,524,474	\$ 13,873,082	\$ 12,174,150	\$ 18,143,049	\$ 12,330,275
520,000	2,541,550	4,600,000	865,761	1,467,662
3,626,906	1,974,341	2,668,488	3,034,541	4,027,234
14,671,380	18,388,973	19,442,638	22,043,351	17,825,171
373,014	399,603	593,022	594,180	617,340
-	-	-	-	-
-	-	-	-	-
373,014	399,603	593,022	594,180	617,340
454,071	538,760	540,240	475,309	465,730
888,592	10,447	178,208	640,752	745,966
-	-	-	-	-
1,342,663	549,207	718,448	1,116,061	1,211,696
24,710	24,130	24,920	23,774	22,655
725,109	95,052	20,180	516,774	741,939
-	-	-	-	-
749,819	119,182	45,100	540,548	764,594
17,136,876	19,456,965	20,799,208	24,294,140	20,418,801
33,444,610	36,756,002	51,188,652	51,411,914	44,374,498
(136,297,687)	(138,246,764)	(133,201,076)	(134,148,280)	(153,058,469)
2,542,864	5,661,150	6,074,240	9,733,049	4,155,447
\$ (133,754,823)	\$ (132,585,614)	\$ (127,126,836)	\$ (124,415,231)	\$ (148,903,022)
\$ 137,285,550	\$ 148,876,477	\$ 163,687,534	\$ 171,755,675	\$ 176,022,971
1,772,464	1,393,017	239,908	462,588	6,448,944
25,823	44,343	95,687	(1,157,005)	-
979,201	900,976	1,073,180	1,801,868	1,628,246
(1,341,011)	(149,079)	(150,236)	(1,188,709)	(516,330)
138,722,027	151,065,734	164,946,073	171,674,417	183,583,831
550,691	589,126	424,983	414,822	1,047,564
33,100	17,876	573,500	5,265	2,561
865,732	907,830	1,189,317	2,511,617	1,224,908
1,341,011	149,079	150,236	1,188,709	516,330
2,790,534	1,663,911	2,338,036	4,120,413	2,791,363
141,512,561	152,729,645	167,284,109	175,794,830	186,375,194
2,424,340	12,818,970	31,744,997	37,526,137	30,525,362
5,333,398	7,325,061	8,412,276	13,853,462	6,946,810
\$ 7,757,738	\$ 20,144,031	\$ 40,157,273	\$ 51,379,599	\$ 37,472,172

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

	2014	2015	2016	2017	2018
Local Property Taxes	\$ 64,712,683	\$ 64,672,721	\$ 65,185,546	\$ 66,487,004	\$ 67,736,404
Local Income Tax	40,899,804	44,643,870	47,928,725	48,624,679	55,211,695
Other Local Taxes	6,511,138	7,505,016	7,896,864	8,187,348	8,496,580
Total Taxes - Governmental Activities	<u>\$ 112,123,625</u>	<u>\$ 116,821,607</u>	<u>\$ 121,011,135</u>	<u>\$ 123,299,031</u>	<u>\$ 131,444,679</u>

	2019	2020	2021	2022	2023
Local Property Taxes	\$ 70,670,569	\$ 71,874,566	\$ 74,474,109	\$ 76,017,204	\$ 78,022,772
Local Income Tax	57,728,293	67,698,447	73,458,519	78,881,170	83,439,604
Other Local Taxes	8,886,688	9,303,464	15,754,906	15,164,554	13,208,003
Total Taxes - Governmental Activities	<u>\$ 137,285,550</u>	<u>\$ 148,876,477</u>	<u>\$ 163,687,534</u>	<u>\$ 170,062,928</u>	<u>\$ 174,670,379</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

	2014	2015	2016	2017	2018
General Fund:					
Nonspendable	\$ 480,385	\$ 687,777	\$ 586,481	\$ 754,921	\$ 1,001,610
Restricted	8,375,368	8,681,112	9,002,389	10,626,394	10,999,800
Committed	1,157,360	2,000,000	3,000,000	4,000,000	5,027,897
Assigned	1,284,875	2,034,875	1,926,782	1,998,415	1,483,827
Unassigned	<u>7,123,519</u>	<u>7,793,085</u>	<u>8,468,591</u>	<u>8,830,530</u>	<u>11,142,331</u>
Total General Fund	<u>18,421,507</u>	<u>21,196,849</u>	<u>22,984,243</u>	<u>26,210,260</u>	<u>29,655,465</u>
All Other Governmental Funds:					
Nonspendable	5,470,608	5,919,048	6,146,072	7,552,462	7,583,553
Restricted	21,824,970	17,794,372	21,316,088	8,900,465	6,815,341
Committed	4,097,033	4,209,177	3,425,701	13,447,283	15,202,215
Assigned	25,939,319	23,093,224	18,029,073	16,045,167	19,618,643
Unassigned	<u>(115,800)</u>	<u>(108,185)</u>	<u>(115,129)</u>	<u>(53,665)</u>	<u>(48,758)</u>
Total All Other Governmental Funds	<u>57,216,130</u>	<u>50,907,636</u>	<u>48,801,805</u>	<u>45,891,712</u>	<u>49,170,994</u>
Total All Governmental Funds	<u>\$ 75,637,637</u>	<u>\$ 72,104,485</u>	<u>\$ 71,786,048</u>	<u>\$ 72,101,972</u>	<u>\$ 78,826,459</u>

	2019	2020	2021	2022	2023
General Fund:					
Nonspendable	\$ 1,616,447	\$ 2,400,664	\$ 5,751,694	\$ 92,744	\$ 242,876
Restricted	14,361,899	14,711,547	16,182,014	17,838,136	19,996,347
Committed	6,000,000	6,998,256	7,621,618	8,399,587	9,069,982
Assigned	1,224,503	1,099,170	1,525,829	1,500,000	-
Unassigned	<u>11,856,474</u>	<u>15,874,992</u>	<u>19,340,107</u>	<u>32,142,920</u>	<u>39,494,554</u>
Total General Fund	<u>35,059,323</u>	<u>41,084,629</u>	<u>50,421,262</u>	<u>59,973,387</u>	<u>68,803,759</u>
All Other Governmental Funds:					
Nonspendable	-	-	-	1,327,375	1,274,659
Restricted	12,598,139	15,121,784	17,919,423	22,270,920	17,607,427
Committed	18,514,079	21,296,829	25,457,920	27,010,544	28,987,607
Assigned	23,573,581	23,721,935	36,026,980	44,073,399	49,351,449
Unassigned	<u>(28,164)</u>	<u>(24,133)</u>	<u>(19,649)</u>	<u>-</u>	<u>-</u>
Total All Other Governmental Funds	<u>54,657,635</u>	<u>60,116,415</u>	<u>79,384,674</u>	<u>94,682,238</u>	<u>97,221,142</u>
Total All Governmental Funds	<u>\$ 89,716,958</u>	<u>\$ 101,201,044</u>	<u>\$ 129,805,936</u>	<u>\$ 154,655,625</u>	<u>\$ 166,024,901</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

	2014	2015	2016	2017	2018
Revenues					
Taxes					
Local Property Taxes	\$ 64,701,622	\$ 64,672,292	\$ 64,946,443	\$ 66,501,901	\$ 67,944,730
Local Income Taxes	40,326,921	42,889,715	46,424,552	48,578,044	51,834,189
Other Local Taxes	6,511,137	7,505,016	7,896,865	8,187,348	8,496,580
State Shared Taxes	749,366	557,834	623,256	708,566	836,677
Licenses and Permits	1,080,891	1,062,917	1,078,144	1,123,072	1,167,444
Intergovernmental	5,588,984	4,030,576	4,696,561	3,987,308	7,539,052
Bond Interest Reimbursement - Build America Bond	383,777	375,323	364,799	350,254	334,858
Charges for Current Services	5,357,919	4,251,835	4,617,730	5,114,605	5,298,701
Fines and Forfeitures	141,615	182,160	250,110	211,102	258,226
Capital Contributions - Developer	102,316	-	-	-	-
Investment Income	95,286	94,092	174,691	444,063	978,955
Donations	39,055	41,391	45,773	60,217	57,635
Miscellaneous	877,629	1,076,893	949,045	2,065,465	630,895
Total Revenues	125,956,518	126,740,044	132,067,969	137,331,945	145,377,942
Expenditures					
Current					
General Government (1)	10,649,489	8,833,255	9,817,062	10,382,078	10,640,065
Public Safety	22,266,458	23,133,608	23,523,103	23,866,030	25,049,431
Public Works	9,967,363	12,041,969	15,080,454	15,506,684	15,235,104
Parks and Recreation	-	-	-	-	-
Health & Social Services	5,505,626	5,425,002	5,827,938	5,981,620	6,100,594
Education & Library	61,063,194	67,116,408	62,405,143	60,950,845	64,117,236
Conservation of Natural Resources	2,363,254	565,289	1,744,260	565,938	2,577,735
Economic/Community Development	1,306,516	1,616,784	3,188,928	1,710,899	2,433,171
Miscellaneous	3,202,417	3,535,585	4,766,722	4,185,652	5,348,568
Capital Outlay	8,669,375	8,733,509	11,050,384	14,591,632	12,311,551
Debt Service					
Principal	7,210,561	7,444,611	7,667,316	8,074,013	7,149,537
Debt Issuance Costs	196,870	403,572	218,799	196,150	229,894
Interest and Fiscal Charges	3,501,230	3,846,823	3,696,719	4,104,254	4,280,553
Total Expenditures	135,902,353	142,696,415	148,986,828	150,115,795	155,473,439
Excess (Deficiency) of Revenues over (under) Expenditures	(9,945,835)	(15,956,371)	(16,918,859)	(12,783,850)	(10,095,497)
Other Financing Sources (Uses)					
Issuance of Debt	22,405,542	25,384,493	15,484,639	12,775,926	16,000,000
Other Financing Use - Proceeds of Refunding Bonds	-	-	8,042,773	-	-
Bond Premiums	1,118,097	1,901,240	1,650,448	618,681	908,973
Payments to Bond Refunding Agent	-	(14,881,834)	-	-	-
Other Financing Use - Debt Service - Principal	-	-	(8,446,336)	-	-
Proceeds of Capital Asset Disposals	458,759	1,331,608	18,100	55,189	54,097
Insurance Proceeds	61,942	57,916	153,534	12,241	39,940
Leases	-	-	-	-	-
Subscription-Based IT Arrangements	-	-	-	-	-
Transfers In	5,861,261	5,079,641	9,941,051	6,331,482	8,220,201
Transfers Out	(6,450,998)	(6,449,845)	(10,243,787)	(6,693,745)	(8,403,227)
Total Other Financing Sources (Uses)	23,454,603	12,423,219	16,600,422	13,099,774	16,819,984
Net Increase (Decrease) in Fund Balances	\$ 13,508,768	\$ (3,533,152)	\$ (318,437)	\$ 315,924	\$ 6,724,487
Debt service as a percentage of non-capital expenditures (2, 3)	8.44%	8.43%	8.16%	8.99%	8.00%

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 "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)

	2019	2020	2021	2022	2023
\$	70,615,293	\$ 71,682,389	\$ 74,769,217	\$ 75,943,263	\$ 78,062,336
	55,282,162	61,547,651	67,985,531	71,002,615	79,467,361
	8,886,688	9,303,464	15,754,906	15,164,554	13,208,003
	1,171,668	1,192,293	1,286,374	1,692,747	1,352,592
	1,224,381	1,083,317	1,461,286	1,656,112	1,417,096
	8,284,699	9,506,419	18,705,791	16,927,224	14,889,923
	319,362	-	-	-	-
	5,088,123	5,320,465	8,789,033	8,258,386	7,454,195
	192,975	133,015	141,180	255,955	174,002
	-	-	-	-	-
	1,772,464	1,393,017	239,908	462,588	6,448,944
	31,084	143,375	5,780	65,052	20,481
	979,201	900,976	1,073,180	1,801,868	1,628,246
	<u>153,848,100</u>	<u>162,206,381</u>	<u>190,212,186</u>	<u>193,230,364</u>	<u>204,123,179</u>
	10,542,151	10,610,554	13,487,519	13,368,832	15,890,722
	24,411,320	27,648,023	29,314,405	32,933,956	38,135,440
	16,163,026	12,749,864	12,223,767	14,291,677	19,545,607
	-	6,995,840	5,257,527	5,578,791	6,049,686
	6,209,377	6,660,677	6,731,938	6,389,428	7,909,483
	64,473,922	68,796,024	68,621,741	68,947,327	69,757,478
	2,717,738	1,475,572	3,672,847	2,411,769	3,457,656
	1,638,265	2,107,676	5,233,618	2,997,250	3,017,040
	5,729,955	5,308,680	6,834,217	6,981,356	8,921,419
	9,323,882	4,963,004	12,790,600	9,877,764	8,603,952
	7,855,820	8,624,604	7,343,425	7,775,190	8,696,773
	211,447	316,027	249,479	439,157	29,851
	4,586,387	4,676,955	4,492,461	4,415,584	4,525,460
	<u>153,863,290</u>	<u>160,933,500</u>	<u>176,253,544</u>	<u>176,408,081</u>	<u>194,540,567</u>
	<u>(15,190)</u>	<u>1,272,881</u>	<u>13,958,642</u>	<u>16,822,283</u>	<u>9,582,612</u>
	11,000,000	9,000,000	13,000,000	7,800,000	-
	-	14,682,184	10,835,995	-	-
	1,011,998	3,654,843	3,814,696	492,106	-
	-	-	-	-	-
	-	(17,043,453)	(12,970,537)	-	-
	231,588	30,949	41,099	63,850	61,520
	3,114	35,761	102,429	35,208	103,030
	-	-	-	-	638,500
	-	-	-	-	1,503,069
	12,588,897	9,690,474	20,469,607	23,952,703	27,982,455
	<u>(13,929,908)</u>	<u>(9,839,553)</u>	<u>(20,647,039)</u>	<u>(24,316,461)</u>	<u>(28,501,910)</u>
	<u>10,905,689</u>	<u>10,211,205</u>	<u>14,646,250</u>	<u>8,027,406</u>	<u>1,786,664</u>
\$	<u>10,890,499</u>	<u>\$ 11,484,086</u>	<u>\$ 28,604,892</u>	<u>\$ 24,849,689</u>	<u>\$ 11,369,276</u>
	<u>8.61%</u>	<u>8.53%</u>	<u>7.26%</u>	<u>7.38%</u>	<u>7.26%</u>

QUEEN ANNE'S COUNTY, MARYLAND
REVENUE CAPACITY
ASSESSED VALUE OF TAXABLE AND EXEMPT PROPERTY
LAST TEN FISCAL YEARS
Table 5

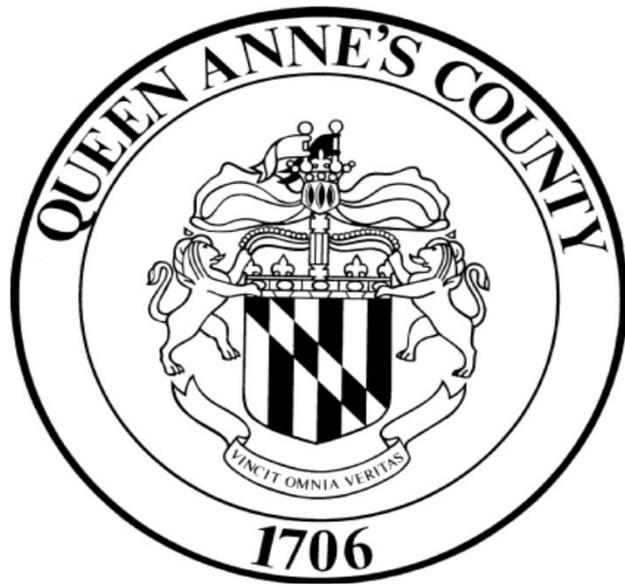
Fiscal Year	Real Property (2)			Total Direct Tax Rate (3)	Personal Property	Total	Exempt Property	Total
	Commercial Assessed Value	Residential (1) Assessed Value	Total Assessed Value		Public Utility Assessed Value (2) (4)	Taxable Assessed Value		Taxable and Exempt Property
2014	\$ 1,540,562,905	\$ 5,935,284,963	\$ 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
2023	1,869,310,608	7,334,750,709	9,204,061,317	0.8300	131,489,970	9,335,551,287	887,420,959	10,222,972,246

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)
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
2023	0.8300

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
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
2023	0.6000

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
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
2023	0.5350	0.2000	0.3400	0.2920	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
	0.1895	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
	0.2217	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, 2023		
	Assessable Base	Ratio: Taxpayer Base to Total Assessable Base
Second Horizon Group Limited Partnership	\$ 41,474,067	0.44 %
KRM - Chesapeake LLC	22,596,900	0.24
Bay Bridge Holding Company LLC	17,556,103	0.19
Chesapeake Bay Beach Club LLC	16,384,900	0.18
Maryland General Land Co LLC	15,901,300	0.17
Anne Arundel Real Estate Holding Co	15,762,370	0.17
SHM Narrows Point LLC	15,214,867	0.16
Shore Health System INC	13,904,433	0.15
Kent Narrows Marine LLC	13,060,367	0.14
Kent Towne Market LLC	10,752,367	0.12
Total	\$ 182,607,674	1.96 %
Total Assessable Base	\$ 9,335,551,287	100.00 %

For the Fiscal Year Ended June 30, 2014		
	Assessable Base	Ratio: Taxpayer Base to Total Assessable Base
Second Horizon Group Limited Partnership	\$ 57,653,434	0.76 %
KRM Development Corporation	35,775,300	0.47
Great American Life Insurance Company	15,721,000	0.21
Beach Harbor Campers Cooperative Inc	12,582,700	0.17
White's Heritage LLC	11,752,939	0.16
K Hovnanian at Kent Island LLC	11,500,000	0.15
Mears Point Association	10,783,567	0.14
TC Shopping Center Limited Parnters	10,288,967	0.14
Anne Arundel Real Estate Holding Co	10,000,967	0.13
Shore Health System Inc	9,975,900	0.13
Total	\$ 186,034,774	2.46 %
Total Assessable Base	\$ 7,540,259,768	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
2014	\$ 63,184,321	\$ 62,834,349	99.45%	\$ 349,972	\$ 63,184,321	100.00%
2015	63,338,629	63,231,601	99.83%	107,028	63,338,629	100.00%
2016	63,799,184	63,647,404	99.76%	151,780	63,799,184	100.00%
2017	65,217,648	65,107,115	99.83%	110,533	65,217,648	100.00%
2018	66,768,776	66,721,619	99.93%	47,157	66,768,776	100.00%
2019	68,887,556	68,778,389	99.84%	73,219	68,851,608	99.95%
2020	70,825,936	70,375,695	99.36%	409,693	70,785,388	99.94%
2021	72,635,124	72,627,467	99.99%	2,734	72,630,201	99.99%
2022	74,882,965	74,789,167	99.87%	63,111	74,852,278	99.96%
2023	77,663,358	77,608,873	99.93%	-	77,608,873	99.93%

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						
Fiscal Year	General Obligation Bonds	Notes Payable	Leases	Subscription-Based Information Technology Arrangements	Total Governmental Activities	
2014	\$ 107,883,563	\$ 958,156	\$ -	\$ -	\$ 108,841,719	
2015	112,060,053	784,785	-	-	112,844,838	
2016	118,977,909	1,913,199	-	-	120,891,108	
2017	123,519,157	1,698,425	-	-	125,217,582	
2018	132,567,304	1,417,461	-	-	133,984,765	
2019	135,985,079	1,098,323	-	-	137,083,402	
2020	136,513,411	775,589	-	-	137,289,000	
2021	142,970,963	703,773	-	-	143,674,736	
2022	142,140,969	655,957	-	-	142,796,926	
2023	132,251,652	608,141	614,668	1,178,880	134,653,341	

Business-type Activities						
Fiscal Year	General Obligation Bonds	Notes Payable	Leases	Subscription-Based Information Technology Arrangements	Total Business-type Activities	Total Primary Government
2014	\$ 2,053,736	\$ 12,584,475	\$ -	\$ -	\$ 14,638,211	\$ 14,638,211
2015	3,540,295	11,388,918	-	-	14,929,213	14,929,213
2016	3,520,859	10,471,639	-	-	13,992,498	13,992,498
2017	3,217,479	16,296,744	-	-	19,514,223	19,514,223
2018	2,976,195	25,484,821	-	-	28,461,016	28,461,016
2019	2,725,011	29,419,756	-	-	32,144,767	32,144,767
2020	2,475,881	31,932,369	-	-	34,408,250	34,408,250
2021	2,337,041	34,432,935	-	-	36,769,976	36,769,976
2022	2,362,308	33,291,256	39,225	-	35,692,789	35,692,789
2023	2,206,362	35,322,576	144,381	-	37,673,319	38,852,199

Ratios		
Fiscal Year	Debt to Total Personal Income (1)	Outstanding Debt per Capita (1)
2014	0.83%	\$ 301
2015	0.81%	306
2016	7.24%	2,780
2017	7.64%	2,960
2018	1.47%	582
2019	1.56%	633
2020	1.46%	654
2021	1.57%	705
2022	1.53%	684
2023	1.51%	745

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)
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
2023	134,458,014	1.44%	2,600

NOTES:

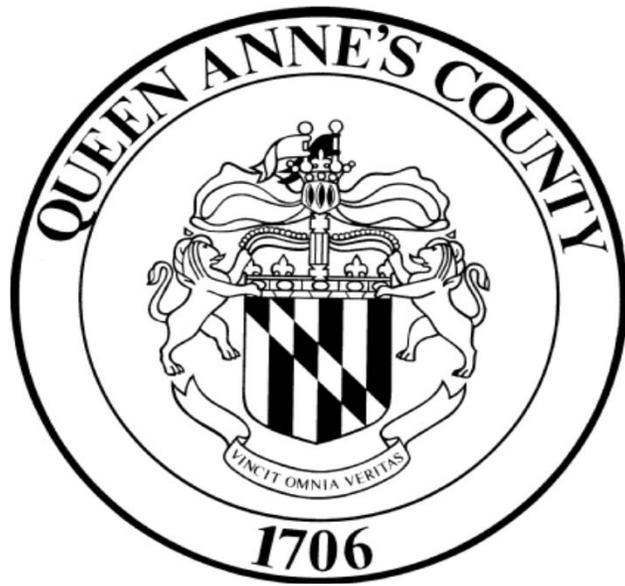
- * General Bonded Debt includes all general obligation debt, regardless of purpose or repayment source, and other bonded debt financed with general government resources. Other debt is excluded because it is not in the form of bonds.
- (1) General Bonded Debt is comprised of both governmental and business-type 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, 2023
Table 11

Name of Jurisdiction	Gross Debt
Queen Anne's County:	
County Government	
Total Net Direct Debt (1)	<u>\$ 134,653,341</u>
Towns: (2)	
Centreville (100%)	12,879,539
Queenstown (100%)	4,878,513
Millington (100%)	1,040,000
Sudlersville (100%) (3)	300,000
Total Net Overlapping Debt	<u>19,098,052</u>
Total Net Direct and Overlapping Debt	<u><u>\$ 153,751,393</u></u>

NOTES:

- (1) Net direct debt of the County includes Governmental Activities general obligation bonds, notes payable, leases, and subscription-based information technology arrangements. 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) FY23 nor 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

	2014	2015	2016	2017	2018
Computation of Legal Debt Margin - for Queen Anne's County					
Other than Debt related to the Sanitary District:					
Authorized debt limit under Title 5 (Subtitle 4) (1)	\$ 8,000,000	\$ 8,000,000	\$ 8,000,000	\$ 8,000,000	\$ 8,000,000
Authorized bonded debt under specific public laws					
Enterprise Funds, excluding Sanitary District (4)	2,053,736	3,540,295	3,520,859	3,217,479	2,976,195
General Obligation Debt (4)	107,883,563	112,060,053	118,977,909	123,519,157	132,567,304
Subtotal	<u>109,937,299</u>	<u>115,600,348</u>	<u>122,498,768</u>	<u>126,736,636</u>	<u>135,543,499</u>
Total authorized debt under Title 5 and specific public laws	117,937,299	123,600,348	130,498,768	134,736,636	143,543,499
LESS Outstanding bonds, notes payable, and capital leases (5)	14,638,211	14,929,213	134,883,606	144,731,805	162,445,781
Less: Sanitary District debt (4)	12,584,475	11,388,918	10,471,639	16,296,744	25,484,821
Subtotal	<u>2,053,736</u>	<u>3,540,295</u>	<u>124,411,967</u>	<u>128,435,061</u>	<u>136,960,960</u>
Legal Debt Margin - Other than the Sanitary District:	<u>\$ 115,883,563</u>	<u>\$ 120,060,053</u>	<u>\$ 6,086,801</u>	<u>\$ 6,301,575</u>	<u>\$ 6,582,539</u>
Debt related to the Sanitary District Proprietary Fund:					
Total taxable assessed value (3)	\$ 7,540,259,768	\$ 7,568,705,234	\$ 7,626,510,532	\$ 7,792,264,218	\$ 7,974,395,138
Plus exempt property (3)	<u>696,880,673</u>	<u>708,231,797</u>	<u>713,843,531</u>	<u>771,576,578</u>	<u>784,345,727</u>
Total assessed value	<u>\$ 8,237,140,441</u>	<u>\$ 8,276,937,031</u>	<u>\$ 8,340,354,063</u>	<u>\$ 8,563,840,796</u>	<u>\$ 8,758,740,865</u>
Debt Limit - 6% of total assessed value (2)	\$ 494,228,426	\$ 496,616,222	\$ 500,421,244	\$ 513,830,448	\$ 525,524,452
LESS Sanitary District	12,584,475	11,388,918	10,471,639	16,296,744	25,484,821
Less: Restricted Cash and Investments in the Debt Service Fund available for payment of principal	<u>2,763,304</u>	<u>2,695,383</u>	<u>1,120,775</u>	<u>947,445</u>	<u>1,060,045</u>
	<u>9,821,171</u>	<u>8,693,535</u>	<u>9,350,864</u>	<u>15,349,299</u>	<u>24,424,776</u>
Legal Debt Margin - Sanitary District	<u>\$ 484,407,255</u>	<u>\$ 487,922,687</u>	<u>\$ 491,070,380</u>	<u>\$ 498,481,149</u>	<u>\$ 501,099,676</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)

<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
\$ 8,000,000	\$ 8,000,000	\$ 8,000,000	\$ 8,000,000	\$ 8,000,000
2,725,011	2,475,881	2,337,041	2,362,308	2,206,362
<u>135,985,079</u>	<u>136,513,411</u>	<u>142,970,963</u>	<u>142,140,969</u>	<u>132,251,652</u>
<u>138,710,090</u>	<u>138,989,292</u>	<u>145,308,004</u>	<u>144,503,277</u>	<u>134,458,014</u>
146,710,090	146,989,292	153,308,004	152,503,277	142,458,014
169,228,169	171,697,250	180,444,712	35,692,789	38,852,199
<u>29,419,756</u>	<u>31,932,369</u>	<u>34,432,935</u>	<u>33,291,256</u>	<u>35,322,576</u>
<u>139,808,413</u>	<u>139,764,881</u>	<u>146,011,777</u>	<u>2,401,533</u>	<u>3,529,623</u>
<u>\$ 6,901,677</u>	<u>\$ 7,224,411</u>	<u>\$ 7,296,227</u>	<u>\$ 150,101,744</u>	<u>\$ 138,928,391</u>
\$ 8,264,514,461	\$ 8,486,858,638	\$ 8,714,892,522	\$ 8,921,620,470	\$ 9,335,551,287
<u>810,049,666</u>	<u>839,013,301</u>	<u>860,398,332</u>	<u>879,391,068</u>	<u>887,420,959</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>	<u>\$ 10,222,972,246</u>
\$ 544,473,848	\$ 559,552,316	\$ 574,517,451	\$ 588,060,692	\$ 613,378,335
29,419,756	31,932,369	34,432,935	33,291,256	35,322,576
<u>1,259,440</u>	<u>2,031,867</u>	<u>2,684,988</u>	<u>1,913,102</u>	<u>1,703,815</u>
<u>28,160,316</u>	<u>29,900,502</u>	<u>31,747,947</u>	<u>31,378,154</u>	<u>33,618,761</u>
<u>\$ 516,313,532</u>	<u>\$ 529,651,814</u>	<u>\$ 542,769,504</u>	<u>\$ 556,682,538</u>	<u>\$ 579,759,574</u>

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

	2014	2015	2016	2017	2018
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)	\$ 7,540,259,768	\$ 7,568,705,234	\$ 7,626,510,532	\$ 7,792,264,218	\$ 7,974,395,138
	2.5%	2.5%	2.5%	2.5%	2.5%
2.5% of Total Taxable Assessed Base	\$ 188,506,494	\$ 189,217,631	\$ 190,662,763	\$ 194,806,605	\$ 199,359,878
LESS Outstanding and New General Obligation Debt applicable to limit (2) (3)					
Enterprise Funds' Debt - Bonds	\$ 2,053,736	\$ 3,540,295	\$ 3,520,859	\$ 3,217,479	\$ 2,976,195
General Obligation Debt - Bonds and Notes	108,841,719	112,844,838	120,891,108	125,217,582	133,984,765
Total Outstanding and New General Obligation Debt	\$ 110,895,455	\$ 116,385,133	\$ 124,411,967	\$ 128,435,061	\$ 136,960,960
2.5% of Total Taxable Assessed Base in Excess of					
Total Outstanding and New General Obligation Debt	\$ 77,611,039	\$ 72,832,498	\$ 66,250,796	\$ 66,371,544	\$ 62,398,918
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	48,804	48,517	48,904	48,904
\$3,000 Per Capita	\$ 3,000	\$ 3,000	\$ 3,000	\$ 3,000	\$ 3,000
	\$ 145,950,000	\$ 146,412,000	\$ 145,551,000	\$ 146,712,000	\$ 146,712,000
LESS Outstanding and New General Obligation Debt (1)	\$ 110,895,455	\$ 116,385,133	\$ 124,411,967	\$ 128,435,061	\$ 136,960,960
\$3,000 Per Capita in Excess of					
Total Outstanding and New General Obligation Debt	\$ 35,054,545	\$ 30,026,867	\$ 21,139,033	\$ 18,276,939	\$ 9,751,040

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)

2019	2020	2021	2022	2023
\$ 8,264,514,461	\$ 8,486,858,638	\$ 8,714,892,522	\$ 8,921,620,470	\$ 9,335,551,287
2.5%	2.5%	2.5%	2.5%	2.5%
<u>\$ 206,612,862</u>	<u>\$ 212,171,466</u>	<u>\$ 217,872,313</u>	<u>\$ 223,040,512</u>	<u>\$ 233,388,782</u>
\$ 2,725,011	\$ 2,475,881	\$ 2,337,041	\$ 2,362,308	\$ 2,206,362
137,083,402	137,289,000	143,674,736	142,796,926	132,859,793
<u>\$ 139,808,413</u>	<u>\$ 139,764,881</u>	<u>\$ 146,011,777</u>	<u>\$ 145,159,234</u>	<u>\$ 135,066,155</u>
\$ 66,804,449	\$ 72,406,585	\$ 71,860,536	\$ 77,881,278	\$ 98,322,627
50,750	52,597	52,177	52,177	51,711
\$ 3,000	\$ 3,000	\$ 3,000	\$ 3,000	\$ 3,000
<u>\$ 152,250,000</u>	<u>\$ 157,791,000</u>	<u>\$ 156,531,000</u>	<u>\$ 156,531,000</u>	<u>\$ 155,133,000</u>
<u>\$ 139,808,413</u>	<u>\$ 139,764,881</u>	<u>\$ 146,011,777</u>	<u>\$ 145,159,234</u>	<u>\$ 135,066,155</u>
<u>\$ 12,441,587</u>	<u>\$ 18,026,119</u>	<u>\$ 10,519,223</u>	<u>\$ 11,371,766</u>	<u>\$ 20,066,845</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, 2023			
Employer	Employees	Rank	Percentage of Total County Employment
Queen Anne's County Board of Education	978	1	6.77%
Queen Anne's County Government	575	2	3.98%
Paul Reed Smith Guitars	468	3	3.24%
Chesapeake College	385	4	2.67%
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	115	9	0.80%
Harris Seafood Company	125	10	0.87%
Total	<u>3,562</u>		<u>24.69%</u>

For the Fiscal Year Ended June 30, 2014			
Employer	Employees	Rank	Percentage of Total County Employment
Queen Anne's County Board of Education	972	1	8.52%
Chesapeake College	508	2	4.45%
Queen Anne's County Government	429	3	3.76%
S.E.W. Friel	275	4	2.41%
Paul Reed Smith Guitars	249	5	2.18%
Reeb Millwork	180	6	1.58%
Cracker Barrel Old Country Store	170	7	1.49%
Fisherman's Inn	135	8	1.18%
Genesis Healthcare/Corsica Hills Center	134	9	1.18%
Federal Resources Supply	114	10	1.00%
Total	<u>3,166</u>		<u>27.76%</u>

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)
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
2023	51,711	2,722,687,572	52,652	1.50%	7,539

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

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Number of Exempt Employees	29	30	32	35	34	32	33	37	40	40
Number of Full Time Employees	393	416	431	439	450	479	484	496	462	533
Number of Part Time Employees (FTE)	<u>7</u>	<u>3</u>	<u>3</u>	<u>4</u>	<u>3</u>	<u>3</u>	<u>2</u>	<u>2</u>	<u>2</u>	<u>2</u>
Total County Government Employees	<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>	<u>575</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	2023
Governmental Activities:											
General Government	82	77	81	83	87	76	75	78	79	83	92
Public Safety:											
Police	56	58	58	59	61	62	69	71	70	65	72
Fire - Emergency Management Services	64	67	71	72	73	75	82	83	83	84	101
Detention Center	41	41	41	41	45	41	42	43	45	42	46
Animal Services	6	3	3	2	2	2	2	2	13	7	13
Public Works	51	54	58	61	59	75	80	77	75	68	77
Health	1	1	1	1	1	1	1	1	1	1	1
Social Services	32	36	38	42	41	39	39	39	41	41	40
Parks	27	29	39	42	44	43	46	52	51	43	53
Conservation of Natural Resources	4	4	3	4	4	4	4	4	4	3	3
Economic/Community Development	6	2	3	6	5	10	11	9	10	10	12
Total Governmental Activities	<u>370</u>	<u>372</u>	<u>396</u>	<u>413</u>	<u>422</u>	<u>428</u>	<u>451</u>	<u>459</u>	<u>472</u>	<u>447</u>	<u>510</u>
Business-Type Activities:											
Sanitary District	45	46	46	46	48	51	55	53	56	50	60
Bay Bridge Airport	1	1	1	1	1	2	2	2	2	2	2
Golf	1	1	1	1	1	1	1	1	1	1	1
Public Landings	2	2	2	2	2	2	2	2	2	2	2
Total Business-Type Activities	<u>49</u>	<u>50</u>	<u>50</u>	<u>50</u>	<u>52</u>	<u>56</u>	<u>60</u>	<u>58</u>	<u>61</u>	<u>55</u>	<u>65</u>
Total Full-Time County Employees	<u>419</u>	<u>422</u>	<u>446</u>	<u>463</u>	<u>474</u>	<u>484</u>	<u>511</u>	<u>517</u>	<u>533</u>	<u>502</u>	<u>575</u>

NOTES:

- Only full-time County employees are represented in this table.
- Employees of the County's component units have been excluded from this table.

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

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

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Governmental Activities:										
General Government:										
Planning & Zoning:										
Number of commercial permits issued	51	52	50	47	55	30	49	91	63	83
Number of residential permits issued:										
Single Family Permits	133	123	84	124	145	155	173	275	136	271
Multi Family Permits	12	-	1	29	-	37	41	62	32	2
Renovations and Additions Permits	327	270	303	323	339	359	317	343	203	357
Total residential permits issued	<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>	<u>630</u>
Public Safety:										
Fire and Rescue:										
Number of volunteer members	689	683	500	400	500	450	542	558	550	703
Police:										
Uniformed Police Officers	61	64	64	64	68	69	71	71	73	77
Number of law violations:										
Physical arrests	1,239	1,055	903	914	1,097	930	854	1,080	812	859
Traffic violations	6,514	6,030	8,002	7,183	12,384	10,474	9,705	11,142	7,447	9,859
Detention Center:										
Detention Center Officers	41	41	39	38	42	41	41	42	41	43
Average yearly prison population	138	123	115	133	115	105	106	158	154	108
Public Works:										
Wastewater Treated - Daily (mgd)	2.0	2.1	2.0	2.0	2.2	2.2	2.1	2.3	2.7	2.6
Education:										
Number of Personnel										
Teachers	550	575	575	572	569	572	584	603	609	615
Administrators	41	40	40	38	37	37	37	36	38	43
Support	344	295	296	304	300	301	281	336	364	348
Other	37	34	34	34	34	32	7	7	7	5
Number of Students	7,720	7,752	7,738	7,799	7,768	7,767	7,705	7,351	7,418	7,539
Number of High School Graduates	605	589	532	550	552	521	590	561	535	534

NOTES:

Source: Various County departments.

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

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Governmental Activities:										
Public Safety:										
Fire and Rescue:										
Number of volunteer stations	9	9	9	9	9	9	9	9	9	9
Equipment:										
Engines	17	16	16	16	16	15	15	15	15	14
Tankers	8	8	8	8	8	7	9	9	9	9
Aerial Units	4	4	5	5	4	5	5	5	5	5
Rescue Units	6	7	6	6	5	5	7	7	7	7
Brush Units	7	7	7	7	7	7	8	8	8	8
Boats	6	6	6	6	3	4	4	4	4	4
Ambulance/Medic Units	13	14	12	13	13	11	13	12	13	11
Cars/Other	25	25	25	16	14	28	33	33	33	30
Police:										
Number of Stations	1	1	1	1	1	1	1	1	1	1
Number of Vehicles										
Patrol	68	68	71	70	70	71	81	66	43	60
Other	12	15	10	9	14	14	12	29	67	30
Detention Center										
Capacity	148	148	148	148	148	148	148	148	148	148
Public Works:										
County Maintained Roads and Streets										
Paved (miles)	543	543	540	549	549	549	550	550	549	549
Unpaved (miles)	12	12	12	12	12	12	12	12	12	12
County Owned Water and Wastewater Facilities										
Water										
Miles of Mains	62	62	64	65	67	68	69	70	71	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	121	122	128	136	151	153	154	160	162	162
Wastewater Treatment Plants	1	1	1	1	1	1	1	1	1	1
Wastewater Collection, Lift, and Pumping Stations	31	31	31	32	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	32	32	32	32	32	32	32	32
Park Acreage	2,915	2,915	2,915	2,915	3,085	3,085	3,085	3,085	3,085	3,085
Public Landings	20	20	19	20	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.