

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

2017

Comprehensive Annual Financial Report  
*for the Fiscal Year ended  
June 30, 2017*





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

2017

Comprehensive Annual Financial Report  
*for the Fiscal Year ended  
June 30, 2017*

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

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

Jeffrey Rank  
*Chief Treasury Officer*



**QUEEN ANNE'S COUNTY, MARYLAND  
 COMPREHENSIVE ANNUAL FINANCIAL REPORT  
 FISCAL YEAR ENDED JUNE 30, 2017  
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# **Introductory Section**





**Queen  
Anne's  
County**

**OFFICE OF BUDGET, FINANCE AND  
INFORMATION TECHNOLOGY**

The Liberty Building  
107 North Liberty Street  
Centreville, Maryland 21617

Telephone: (410) 758-4064  
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**County Commissioners:**

James J. Moran, At Large  
Jack N. Wilson, Jr., District 1  
Stephen Wilson, District 2  
Robert Charles Buckey, District 3  
Mark A. Anderson, District 4

*County Administrator: Gregg A. Todd*  
*Director, Budget, Finance and IT: Jonathan R. Seeman*  
*Chief Treasury Officer: Jeffrey Rank*

December 1, 2017

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

**FORMAL TRANSMITTAL OF THE COMPREHENSIVE ANNUAL FINANCIAL REPORT  
(CAFR)**

State law requires that all general-purpose governments publish a complete set of financial statements presented in conformity with accounting principles generally accepted in the United States of America (GAAP) and audited in accordance with auditing standards generally accepted in the United States of America by a firm of licensed certified public accountants. Pursuant to that requirement, we hereby issue the comprehensive annual financial report of Queen Anne's County, Maryland for the fiscal year ended June 30, 2017.

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

Queen Anne's County's financial statements have been audited by TGM Group LLC, a firm of licensed certified public accountants. The goal of the independent audit is to provide reasonable assurance that the financial statements of Queen Anne's County, for the fiscal year ended June 30, 2017, 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, 2017, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

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things to do...places to go...ways to grow your business...scan for info



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 48,517 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 new County Courthouse, roads, schools, and water and sewer infrastructure. Capital projects usually take more than a year to complete, unlike the operating budget which covers only a year.

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

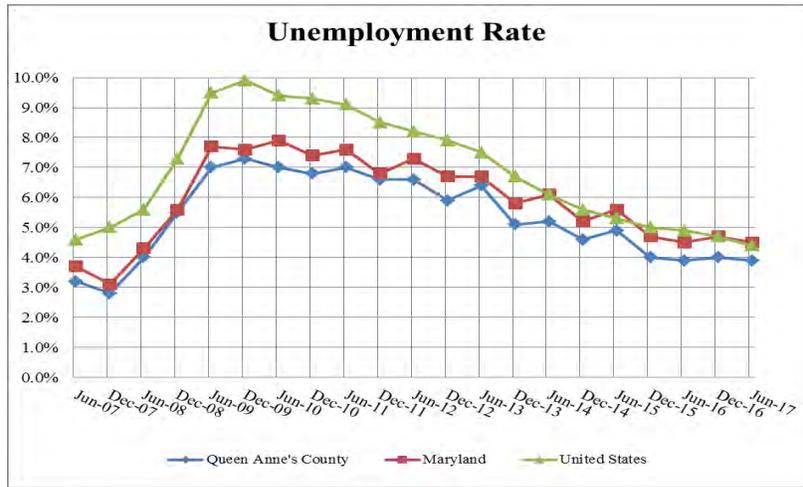
The Office of Budget, Finance, and Information Technology is responsible for budgetary control. The appropriated budgets are prepared at the fund, function (e.g., public safety), and department (e.g., Detention Center) level. Expenditures/expenses may not legally exceed appropriations, based on the level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

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

### ECONOMIC OUTLOOK AND CONDITION

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

The unemployment rate for Queen Anne’s County is typically below the state and national averages, as shown in the chart below. The June 2017 rate for the County was 3.8%, compared to the state’s rate of 4.2% and the U.S.’s rate of 4.4%. The 2017 average rate for the County was 3.7%.



### 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 taxes increased in fiscal year 2017 by 2.4% to \$66.5 million due to an increase in assessable base. Property tax revenue is projected to increase by 1.4% into fiscal year 2018 with revenue projected to be approximately \$923 thousand above the 2017 fiscal year level. Local income tax is the County’s other

main revenue source. Income tax collections increased by 4.6% in fiscal year 2017, from \$46.4 million in fiscal year 2016 to \$48.6 million in fiscal year 2017 as a result of increased employment and wage gains.

Recordation tax improved in fiscal year 2017 with an increase of 4.6% over fiscal year 2016, from \$5.2 million in fiscal year 2016 to \$5.5 million in fiscal year 2017. In addition to an increase in recordation tax revenue, the transfer tax revenue also increased in fiscal year 2017 by 1.1%, from \$1.92 million in fiscal year 2016 to \$1.94 million in fiscal year 2017. Both the recordation and transfer tax revenue increases are a direct result of the continued improvement in the housing market.

## **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 \$10,524,078 in fiscal year 2017.

**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 \$1,000,000 in fiscal year 2017. The current balance of the Revenue Stabilization Fund is \$4,000,000.

**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 2018, prioritizes capital expenditures over these years to meet the County’s needs. The six-year program totals \$172.5 million and includes: \$47.5 million for various Sanitary District projects (includes the Southern Kent Island Sewer Service at \$34.0 million); \$31.0 million for various school related projects; \$17.4 million for administration and general services (includes \$11.0 million for the new courthouse); \$16.6 million for Roads Board capital projects; and \$13.2 million for parks.

## **FINANCIAL POLICIES**

**Bond Ratings** - The financial policies and management practices of Queen Anne’s County were recognized by two major rating agencies. Fitch Rating Service issued an AAA bond rating and Moody’s issued a rating of Aa2.

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

For fiscal year 2017, Queen Anne’s County general obligation debt was 1.63% of the total taxable assessable base, and the per capita debt measurement was \$2,592. The debt service was 9.6% of the general fund operating expenditures for the year. All thresholds are well below the policy limits.

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

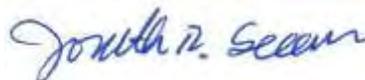
#### **AWARDS AND ACKNOWLEDGMENTS**

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Queen Anne’s County, Maryland for its comprehensive annual financial report (CAFR) for the fiscal year ended June 30, 2016. The Certificate of Achievement is a prestigious national award that recognizes conformance with the highest standards for preparation of state and local government financial reports. In order to be awarded a Certificate of Achievement, the County must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

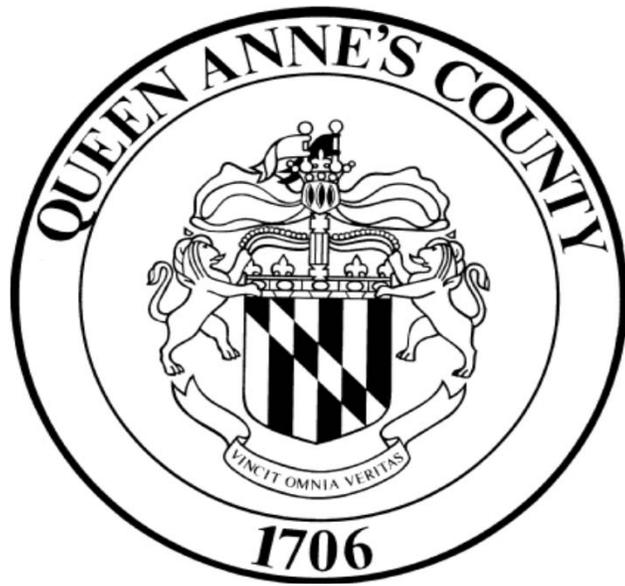
A Certificate of Achievement is valid for a period of one year only. Queen Anne’s County, Maryland has received a Certificate of Achievement for the last eighteen consecutive years (fiscal years 1999-2016). We believe our current comprehensive annual financial report continues to conform to the Certificate of Achievement program requirements, and we are submitting it to GFOA to determine its eligibility for another certificate.

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

Respectfully submitted,



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





Government Finance Officers Association

**Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting**

Presented to

**Queen Anne's County  
Maryland**

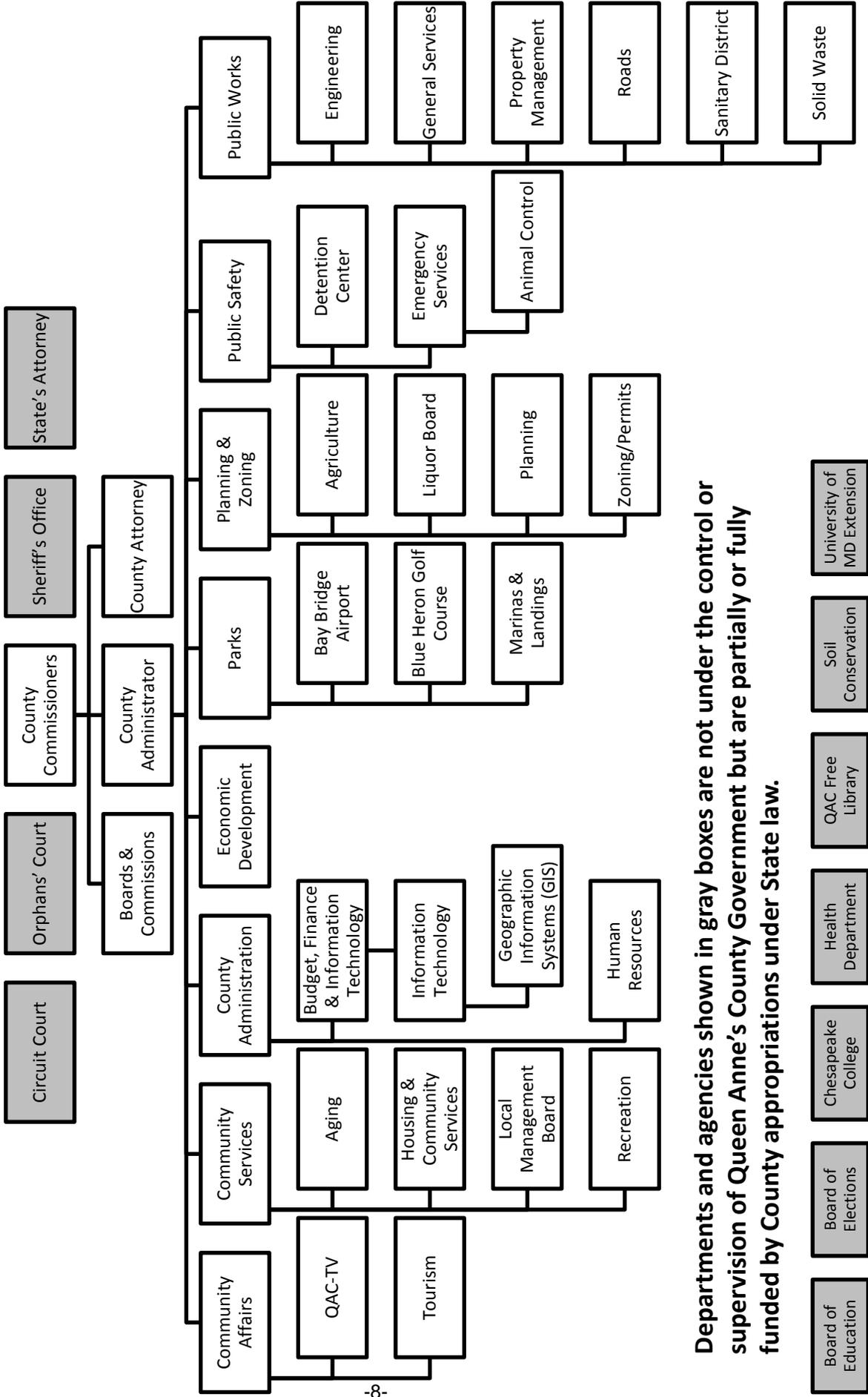
For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**June 30, 2016**

Executive Director/CEO

# Queen Anne's County Government Organizational Chart

## Queen Anne's County Voters



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

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

**QUEEN ANNE’S COUNTY, MARYLAND  
GOVERNMENTAL ORGANIZATION  
CERTAIN ELECTED AND OTHER OFFICIALS  
AS OF JUNE 30, 2017**

---

**CERTAIN ELECTED OFFICIALS**

County Commissioners

James J. Moran, At Large  
Jack N. Wilson, Jr., District 1  
Stephen Wilson, District 2  
Robert Charles Buckey, District 3  
Mark A. Anderson, District 4

State’s Attorney

Lance G. Richardson, Esq.

Sheriff

Raymond G. Hofmann

**CERTAIN DEPARTMENT HEADS AND OTHER OFFICIALS**

County Administrator

Gregg A. Todd

Director of Public Works  
Director of County Administration  
Director of Planning and Zoning  
Director of Community Services

Todd R. Mohn  
Gregg A. Todd  
E. Michael Wisnosky  
Catherine R. Willis

Director of Budget, Finance and Information Technology  
Chief Treasury Officer

Jonathan R. Seeman  
Jeffrey Rank

County Attorney

Patrick E. Thompson, Esq.

**Independent Auditor**

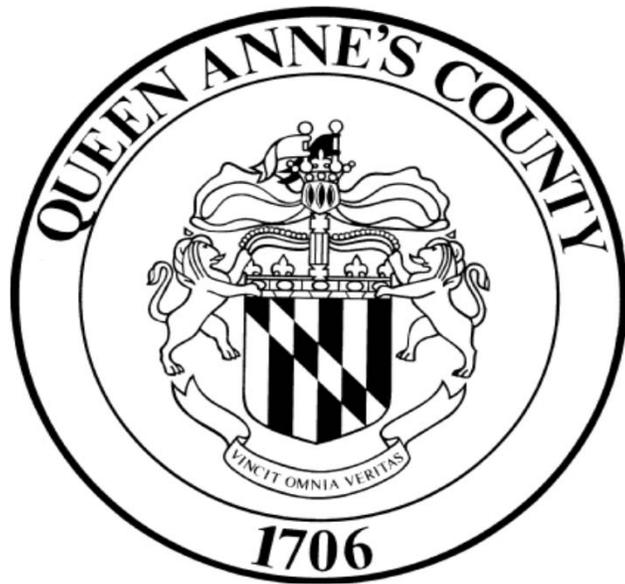
TGM Group LLC  
Certified Public Accountants  
Salisbury, Maryland

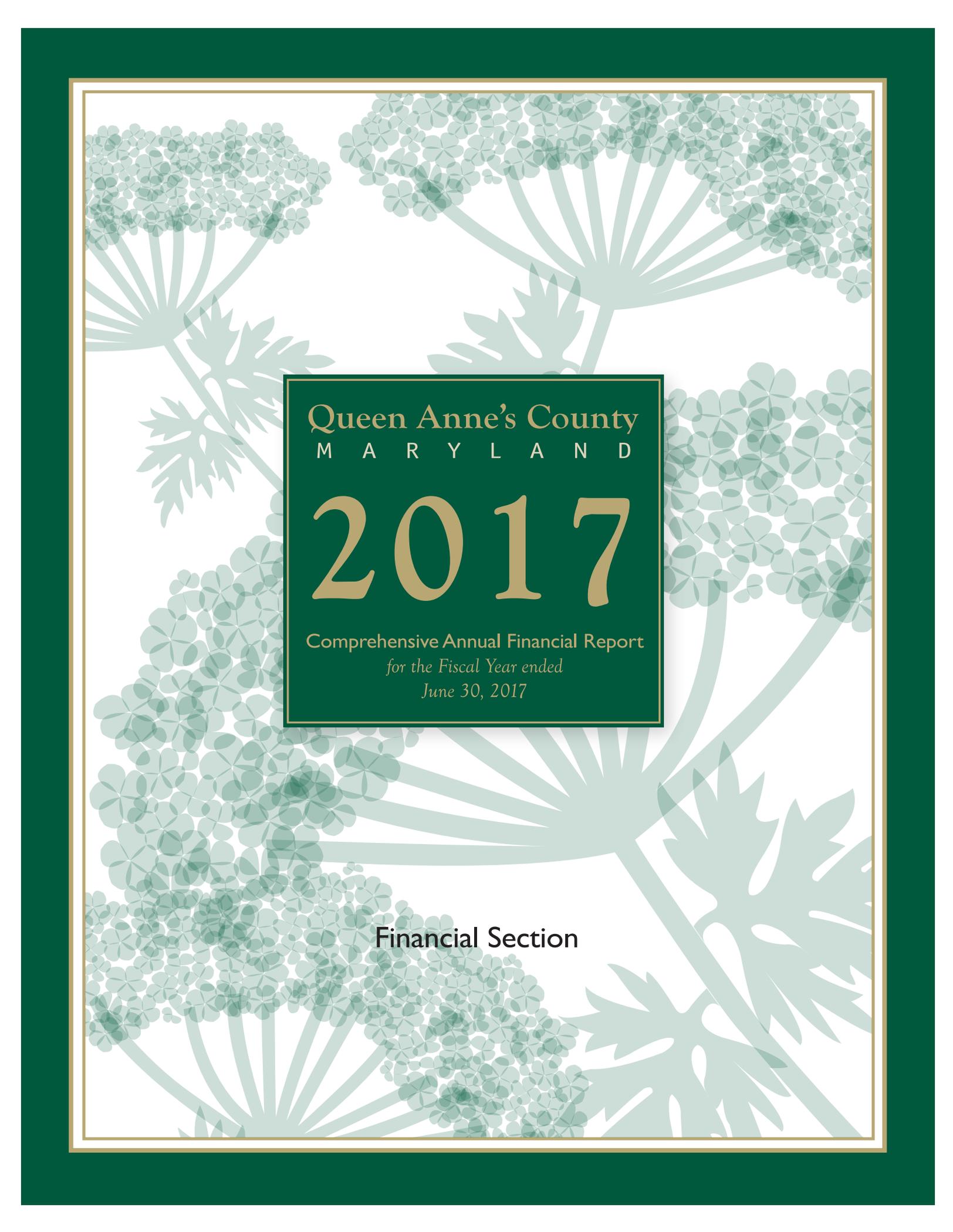
**Bond Counsel**

McKennon, Shelton  
& Henn, LLP  
Baltimore, Maryland

**Financial Advisor**

Public Advisory Consultants  
Baltimore, Maryland





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

2017

Comprehensive Annual Financial Report  
*for the Fiscal Year ended  
June 30, 2017*

Financial Section



Herbert J. Geary III  
Corey N. Duncan  
Roy J. Geiser  
Chris A. Hall  
Ronald W. Hickman  
Charles M. Meenehan  
Craig A. Walter  
Mark A. Welsh



## INDEPENDENT AUDITORS' REPORT

County Commissioners of  
Queen Anne's County  
Centreville, Maryland

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Queen Anne's County, Maryland (the "County") as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditor's Responsibility***

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that

are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

### *Opinions*

In our opinion, based on our audit and the reports of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Queen Anne's County, Maryland, as of June 30, 2017, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### *Other Matters*

#### *Required Supplementary Information*

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

#### *Other Information*

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

The other supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such

information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other supplementary information is fairly stated in all material respects in relation to the basic financial statements as a whole.

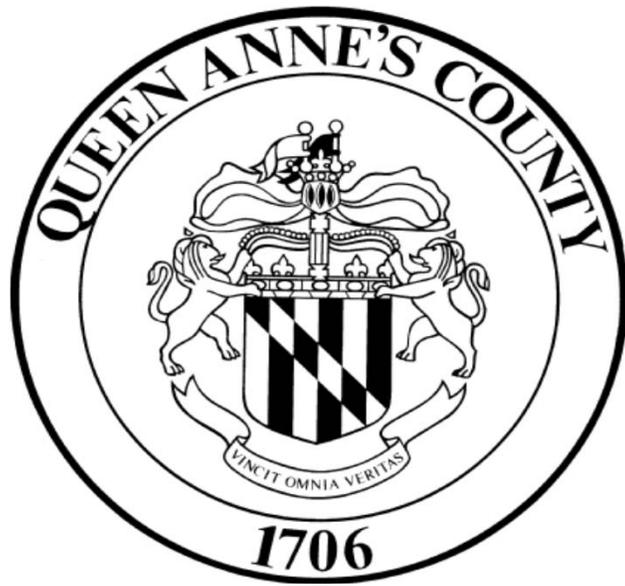
The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated November 29, 2017, on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.

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

Salisbury, Maryland  
November 29, 2017



# Management's Discussion and Analysis

## Introduction

This section of the Comprehensive Annual Financial Report of Queen Anne's County, Maryland (the County) presents a narrative overview and analysis of the financial activities of Queen Anne's County Government for the fiscal year ended June 30, 2017. We encourage readers to consider the discussion and analysis along with the other information in this report, including the transmittal letter, basic financial statements, and the notes to the financial statements.

## Overview of the Financial Statements

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

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

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

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

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

The *statement of activities* presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g. uncollected taxes and earned but unused vacation leave).

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

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

The government-wide financial statements include not only Queen Anne's County Government itself (known as the *primary government*), but also legally separate component units. Queen Anne's County Government has the following discretely presented component units: Queen Anne's County Board of Education and the Queen Anne's County Free Library. Financial information for these *component units* is reported separately from the financial information presented for the primary government itself. The government-wide financial statements can be found in the basic financial statements section of this report.

**Fund Financial Statements:** A *fund* is a group of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Queen Anne’s County Government, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of Queen Anne’s County Government can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds. Fund financial statements can be found throughout this report, as listed in the table of contents.

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

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

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

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

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

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

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

## Government-wide Financial Analysis

### Statement of Net Position

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

<u>Summary of Net Position</u>	Governmental Activities		Business Type Activities		Total	
	2017	2016	2017	2016	2017	2016
Current and Other Assets	\$ 90,809,876	\$ 92,342,925	\$ 21,279,057	\$ 22,958,413	\$ 112,088,933	\$ 115,301,338
Capital Assets	170,304,344	161,662,075	105,642,304	94,857,600	275,946,648	256,519,675
Total Assets	261,114,220	254,005,000	126,921,361	117,816,013	388,035,581	371,821,013
Total Deferred Outflows of Resources	8,813,258	7,135,486	755,904	582,373	9,569,162	7,717,859
Noncurrent liabilities	191,806,972	181,439,310	29,312,903	22,885,272	221,119,875	204,324,582
Other liabilities	8,779,579	9,976,439	5,106,714	1,110,786	13,886,293	11,087,225
Total Liabilities	200,586,551	191,415,749	34,419,617	23,996,058	235,006,168	215,411,807
Total Deferred Inflows of Resources	3,186,491	3,762,628	1,277,434	1,553,238	4,463,925	5,315,866
Net position:						
Net investment in capital assets	120,249,244	123,466,319	86,163,078	80,909,015	206,412,322	204,375,334
Restricted amounts	13,094,534	21,063,295	1,700,836	1,699,914	14,795,370	22,763,209
Unrestricted amounts (deficit)	(67,189,342)	(78,567,505)	4,116,300	10,240,161	(63,073,042)	(68,327,344)
Total Net Position	\$ 66,154,436	\$ 65,962,109	\$ 91,980,214	\$ 92,849,090	\$ 158,134,650	\$ 158,811,199

The County's total current and other assets decreased by \$3.2 million, or 2.8 percent, to \$112.1 million. The County's total assets and deferred outflows of resources exceeded its total liabilities and deferred inflows of resources at the close of fiscal year 2017 by \$158.1 million.

Net position is divided into three categories: net investment in capital assets; restricted amounts; and unrestricted amounts. By far the largest portion, \$206.4 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 \$59.2 million at June 30, 2017. Absent the effect of this relationship, the County would have reported a negative unrestricted amount of \$3.9 million on its government-wide financial statements, rather than the negative unrestricted net assets of \$63.1 million reported herein. For a multi-year view of this calculation, see the Footnote presented in Table 1 of the Statistical Section.

An additional \$14.8 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: \$10.9 million related to general government services; \$987 thousand for economic/community development; \$892 thousand for conservation of natural resources; and \$312 thousand for public safety. For business-type activities, this amount includes \$947 thousand restricted to meet Sanitary District debt covenants and \$753 thousand restricted by Sanitary District developer exaction project requirements.

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

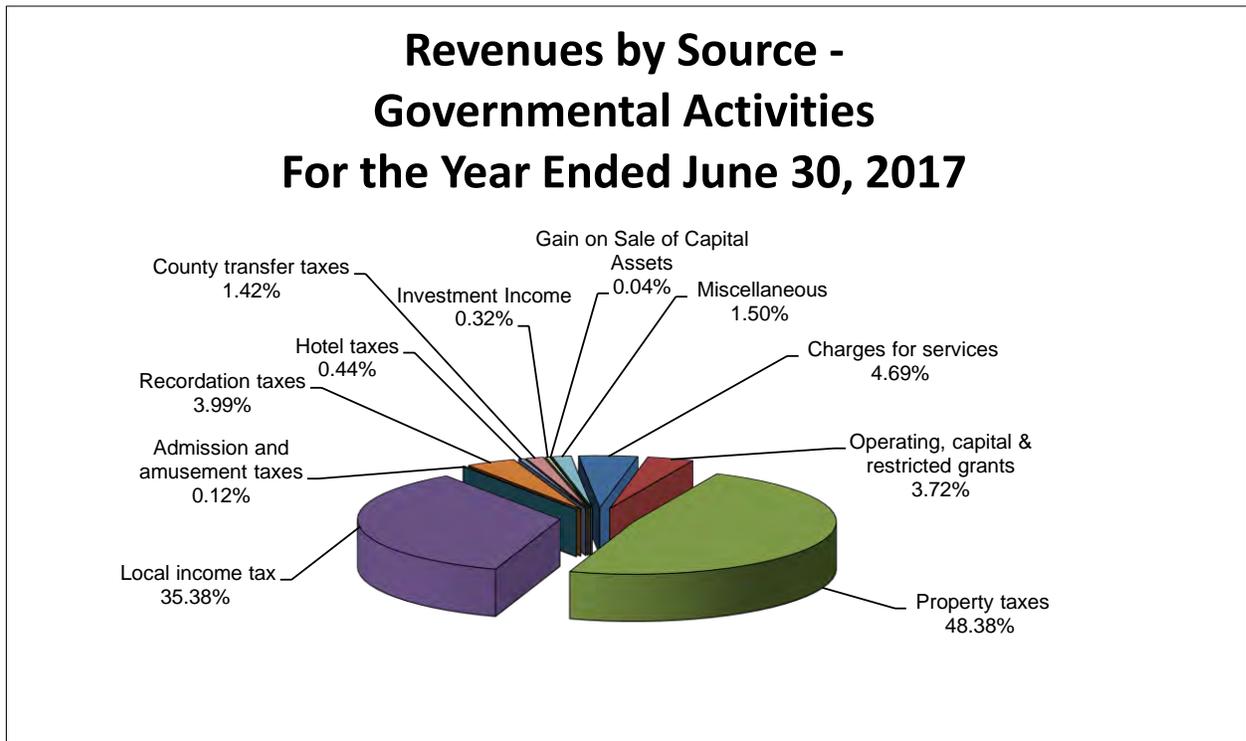
## Statement of Activities

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

Summary of Changes in Net Position	Governmental Activities		Business Type Activities		Total	
	2017	2016	2017	2016	2017	2016
<b>Revenues:</b>						
<b>Program revenues:</b>						
Charges for services	\$ 6,448,779	\$ 5,945,984	\$ 9,017,348	\$ 9,731,231	\$ 15,466,127	\$ 15,677,215
Operating grants and contributions	4,892,311	4,759,143	369,280	174,717	5,261,591	4,933,860
Capital grants and contributions	224,990	967,936	2,222,796	1,958,051	2,447,786	2,925,987
<b>General revenues:</b>						
Property taxes	66,487,004	65,185,546	-	-	66,487,004	65,185,546
Local income tax	48,624,679	47,928,725	-	-	48,624,679	47,928,725
Other local taxes						
Admission and amusement taxes	156,872	169,679	-	-	156,872	169,679
Recordation taxes	5,486,064	5,244,614	-	-	5,486,064	5,244,614
Hotel taxes	599,868	559,555	-	-	599,868	559,555
County transfer taxes	1,944,544	1,923,016	-	-	1,944,544	1,923,016
Investment income	444,063	174,691	361,840	320,443	805,903	495,134
Gain on sale of capital assets	53,936	161,106	-	-	53,936	161,106
Miscellaneous	2,065,465	949,046	809,211	746,167	2,874,676	1,695,213
<b>Total Revenues</b>	<b>137,428,575</b>	<b>133,969,041</b>	<b>12,780,475</b>	<b>12,930,609</b>	<b>150,209,050</b>	<b>146,899,650</b>
<b>Expenses:</b>						
<b>Governmental Activities:</b>						
General government	13,177,254	13,936,312	-	-	13,177,254	13,936,312
Public safety	27,997,262	27,525,712	-	-	27,997,262	27,525,712
Public works	20,753,117	19,522,534	-	-	20,753,117	19,522,534
Health	2,006,219	2,032,657	-	-	2,006,219	2,032,657
Social services	5,418,152	5,300,871	-	-	5,418,152	5,300,871
Education	59,211,517	60,752,025	-	-	59,211,517	60,752,025
Libraries	1,710,668	1,622,848	-	-	1,710,668	1,622,848
Conservation of natural resources	616,237	1,799,234	-	-	616,237	1,799,234
Economic and Community development	1,860,222	3,391,547	-	-	1,860,222	3,391,547
Interest and fiscal charges	4,150,101	4,345,527	-	-	4,150,101	4,345,527
<b>Business-type Activities:</b>						
Water and sewer	-	-	11,818,087	10,615,466	11,818,087	10,615,466
Airport	-	-	1,053,899	966,896	1,053,899	966,896
Golf course	-	-	540,504	505,085	540,504	505,085
Public landings and marinas	-	-	572,360	529,943	572,360	529,943
<b>Total Expenses</b>	<b>136,900,749</b>	<b>140,229,267</b>	<b>13,984,850</b>	<b>12,617,390</b>	<b>150,885,599</b>	<b>152,846,657</b>
Increase (Decrease) in Net Position before Transfers	527,826	(6,260,226)	(1,204,375)	313,219	(676,549)	(5,947,007)
Transfers in (out)	(335,499)	(201,122)	335,499	201,122	-	-
<b>Increase (Decrease) in Net Position</b>	<b>192,327</b>	<b>(6,461,348)</b>	<b>(868,876)</b>	<b>514,341</b>	<b>(676,549)</b>	<b>(5,947,007)</b>
Net Position, prior year	65,962,109	72,423,457	92,849,090	92,334,749	158,811,199	164,758,206
<b>Net Position - current year</b>	<b>\$ 66,154,436</b>	<b>\$ 65,962,109</b>	<b>\$ 91,980,214</b>	<b>\$ 92,849,090</b>	<b>\$ 158,134,650</b>	<b>\$ 158,811,199</b>

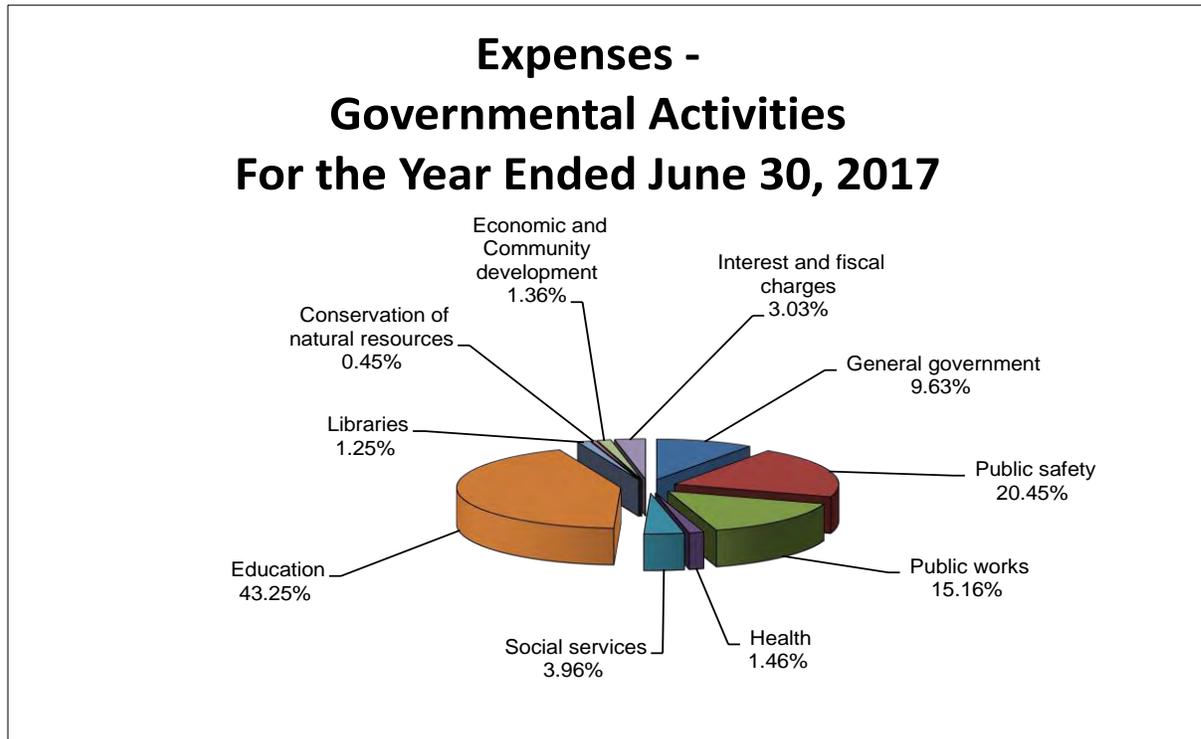
**Governmental activities:**

Revenues for governmental activities were \$137.4 million for fiscal year 2017. The following chart depicts revenues by source for governmental activities:



- Taxes comprise the largest source of County revenue, totaling \$123.3 million (89.7 percent) of total revenue for fiscal year 2017. Of that amount, property and local income tax together yielded \$115.1 million (83.8 percent) of all revenue. Each County sets its own property and income tax rates, within parameters established by the State. For fiscal year 2017, the County's property tax rate remained constant at \$.8471 per \$100 of assessed value of real property, based on full cash value of that property. The County's local income tax rate was set at 3.2 percent, effective January 1, 2012 and thereafter. There is no local sales tax in the State of Maryland.
- Charges for services, totaling \$6.4 million, reflect fees charged to County citizens. These primarily support general government (\$1.6 million or 24.1 percent), public works (\$1.5 million or 22.8 percent), public safety (\$1.4 million or 20.9 percent), and education (\$1.3 million or 20.5 percent).
- Operating grants and contributions, totaling \$4.9 million, reflect grants from Federal and State agencies that support specific County programs. Programs that benefitted the most were: social services (\$1.9 million or 38.7 percent), public safety (\$1.0 million or 21.2 percent), public works (\$980 thousand or 20.0 percent), and general government (\$563 thousand or 11.5 percent).
- Capital grants and contributions, totaling \$225 thousand, reflect contributions from Federal and State agencies, as well as developers. Public works benefitted the most from capital grants and contributions during the year (\$161 thousand or 71.6 percent).

Expenses for all governmental activities were \$136.9 million for fiscal year 2017. 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 \$59.2 million (43.3 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	
	2017	2016	2017	2016	2017	2016
Education	\$ 59,211,517	\$ 60,752,025	\$ 1,319,433	\$ 1,230,994	\$ (57,892,084)	\$ (59,521,031)
Public Safety	27,997,262	27,525,712	2,393,911	2,618,600	(25,603,351)	(24,907,112)
Public Works	20,753,117	19,522,534	2,613,823	2,475,257	(18,139,294)	(17,047,277)
General Government	13,177,254	13,936,312	2,115,180	2,117,741	(11,062,074)	(11,818,571)
Social Services	5,418,152	5,300,871	2,025,214	2,050,804	(3,392,938)	(3,250,067)
Economic and Community Development	1,860,222	3,391,547	851,360	467,804	(1,008,862)	(2,923,743)
Conservation of Natural Resources	616,237	1,799,234	247,159	711,863	(369,078)	(1,087,371)
Other	7,866,988	8,001,032	-	-	(7,866,988)	(8,001,032)
<b>Total</b>	<b>\$ 136,900,749</b>	<b>\$ 140,229,267</b>	<b>\$ 11,566,080</b>	<b>\$ 11,673,063</b>	<b>\$ (125,334,669)</b>	<b>\$ (128,556,204)</b>

Of the total cost of \$136.9 million for governmental activities, \$11.6 million (8.5 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 \$6.4 million, while governments and other organizations that benefited indirectly from these programs contributed operating grants of \$4.9 million and capital grants of \$225 thousand.

County taxpayers paid for most of the remaining \$125.3 million in net program costs, through a variety of County taxes, for a total of \$123.3 million. Net program costs of services provided to the public, in order of net cost, were: \$57.9 million for education; \$25.6 million for public safety; \$18.1 million for public works; \$11.1 million for general government; \$3.4 million for social services; \$1.0 million for economic and community development; \$369 thousand for conservation of natural resources; and \$7.9 million for other services. See Changes in Net Position and General Fund Budgetary Highlights for further details.

Changes in net position: Government-wide revenues, less expenses, plus/minus transfers in/out, yield changes in net position. During fiscal year 2017, governmental activities increased the County's net position overall by \$192 thousand, compared to a decrease of \$6.5 million in fiscal year 2016. The following discussion explains changes in net position relative to the prior fiscal year.

Revenues for governmental activities increased by \$3.5 million (2.6 percent). The following key revenues changed, when compared to the prior fiscal year:

- Property taxes increased by \$1.3 million (2.0 percent), from \$65.2 million in fiscal year 2016 to \$66.5 million in fiscal year 2017 due to an increase in property assessments.
- Income taxes increased by \$696 thousand, from \$47.9 million in fiscal year 2016 in to 48.6 million in fiscal year 2017.
- Charges for Services increased by \$503 thousand (8.5 percent), from \$5.9 million in fiscal year 2016 to \$6.4 million in fiscal year 2017. Of this increase, \$310 thousand resulted from an increase in housing and community services funding received from developers. An additional \$135 thousand resulted from increases in public works funding.
- Capital grants and contributions decreased by \$743 thousand (76.8 percent), from \$968 thousand in fiscal year 2016 to \$225 thousand in fiscal year 2017. The key factor for this change is that conservation of natural resources decreased by \$573 thousand due to grant funding received in fiscal year 2016 for the purchase of a land conservation easement and no such activity occurred in fiscal year 2017. Public safety also decreased by \$170 thousand due to capital grant funding received in the prior fiscal year that was not received in the current year.
- Miscellaneous revenue increased by \$1.1 million (117.6 percent), from \$949 thousand in fiscal year 2016 to \$2.1 million in fiscal year 2017. Of this increase, \$660 thousand related to the workmen's compensation adjustment resulting from the annual audit. The County charges workmen's compensation insurance based on insurance rates attributable to each class of worker and then undergoes an annual audit to determine if those rates are accurate. Any funds returned to the County are included in the miscellaneous revenue category. Public works also received an additional \$366 thousand in fiscal year 2017 for the energy savings incentive program.

Expenses for governmental activities decreased by \$3.3 million (2.4 percent) and transfers out to business-type activities increased by \$134 thousand. Key positive and negative expense changes, in order of relative importance, are:

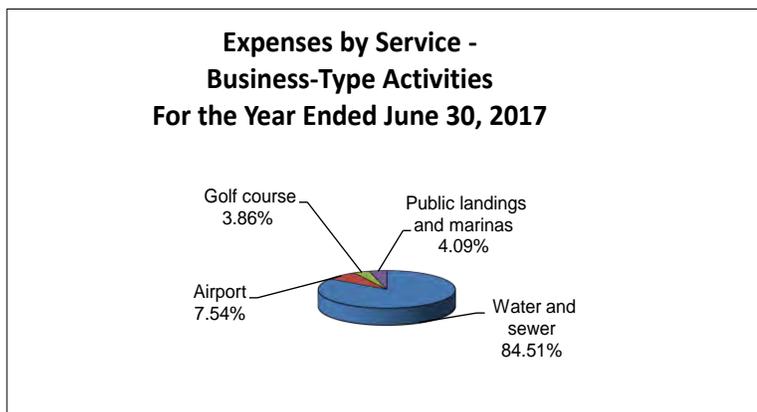
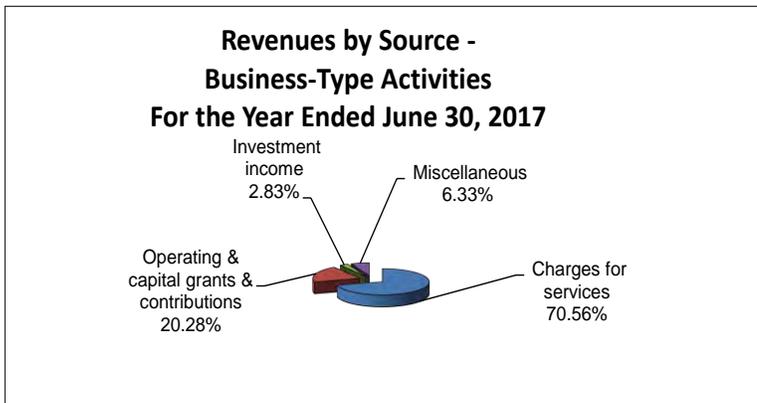
- Public Works increased by \$1.2 million (6.3 percent). This increase resulted from an additional \$1.4 million in donated property. In fiscal year 2016, the County donated land totaling \$796 thousand, compared to donated property of \$2.2 million in fiscal year 2017. The current year donations consisted of \$2.0 million to the Town of Centreville for roads, stormwater and utilities and \$219 thousand to the Maryland State Highway Administration for road improvements.
- Education expenses decreased by \$1.5 million (2.5 percent). The decrease resulted from \$2.8 million less in expenses for the renovation of Stevensville Middle School, due to the timing of the project. The project was almost complete at the end of fiscal year 2016. In fiscal year 2016, total expenses for Stevensville Middle were \$2.9 million, compared to \$145 thousand in fiscal year 2017. This decrease was partially offset by an increase in the operating allocation to the Board of Education by \$1.3 million in fiscal year 2017.
- Economic and Community Development decreased by \$1.5 million (45.2 percent) mainly as a result of decreased disbursements of \$1.0 million from the Economic Development Incentive program. There were more businesses eligible for the program in fiscal year 2016. In addition, the County established the hotel tax fund in fiscal year 2015. The funds received in the hotel tax fund were

earmarked for economic development and tourism and in fiscal year 2016, \$423 thousand was spent from this fund. However, the County decided to no longer dedicate the funds and account for them in the General Fund so the hotel taxes are no longer earmarked for economic development and tourism.

- Conservation of Natural Resources decreased by \$1.2 million (65.8 percent). One reason for the decrease is easement acquisitions in fiscal year 2016 of \$684 thousand compared to no acquisitions in 2017. Generally, the timing of easement purchases is affected by the evaluation process of the identified land, as well as the availability of State funds. In addition, there were expenses totaling \$510 thousand for Narrows Pointe Shore Erosion in fiscal year 2016, however, there were not any of these expenses in fiscal year 2017.
- General Government decreased by \$759 thousand (5.5 percent) as a result of decreases in several different areas. The majority of the decrease related to a parcel of land on Nesbit Road that the County donated to Shore Health Systems at an expense of \$603 thousand in fiscal year 2016. There were no similar transactions for the general government in the current fiscal year.

**Business-type activities:**

Revenues, transfers in, and expenses for business-type activities were \$12.8 million, \$335 thousand, and \$14.0 million, respectively, for fiscal year 2017. The following two charts depict revenues by source and expenses by service for business-type activities:



Business-type activities decreased the County’s net position altogether by \$869 thousand in fiscal year 2017, which is a decrease of \$1.4 million compared to the prior year’s increase of \$514 thousand. The fiscal year 2017 change in net position resulted primarily from:

- Operating expenses before transfers increased by \$1.4 million (10.8 percent), from \$12.6 million in fiscal year 2016 to \$14.0 million in fiscal year 2017, for all business-type activities. Sanitary expenses

increased by \$1.2 million (due to increases in repairs and electricity), along with an increases of \$87 thousand for the Airport, \$35 thousand for the Golf Course, and \$42 thousand for Public landings and Marinas.

### **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 \$72.1 million, compared to \$71.8 million for the prior year. Approximately 12.2 percent of this total (\$8.8 million) constitutes *unassigned fund balance*, which is available for spending. The total *unassigned fund balance* of \$8.8 million is comprised of \$8.8 million of positive unassigned fund balance for the general fund, reduced by negative unassigned fund balances of \$54 thousand in the non-major governmental funds. Additional detail on the negative unassigned balances can be found in Note 15 of this report.

The *nonspendable fund balance* (\$8.3 million), at 11.5 percent of the total fund balance, is not available for spending and includes amounts related to inventory and loans receivable. *Restricted fund balance* of \$19.5 million (27.1 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 \$10.5 million for the rainy day fund. *Committed fund balance* of \$17.4 million (24.2 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 \$4.0 million for the revenue stabilization fund.

The remaining 25.0 percent of fund balance (\$18.0 million) 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 \$26.2 million, which is an increase of \$3.2 million from the fiscal year 2016 balance of \$23.0 million.

Of the total \$26.2 million in fund balance, \$8.8 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, \$10.5 million of rainy day funds are included in the General Fund's restricted fund balance of \$10.6 million for fiscal year 2017. The remaining fund balance is comprised of \$755 thousand in nonspendable, \$4.0 million in committed, and \$2.0 million of assigned.

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

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

As of June 30, 2017, the General Capital Projects Fund has a total fund balance of \$24.8 million, compared to \$28.2 million at the end of the prior fiscal year. The \$24.8 million in total fund balance is comprised of \$2.3

million of nonspendable fund balance, \$6.7 million in restricted fund balance, mainly for unspent bond proceeds, \$1.6 million of fund balance committed for specific projects, and \$14.1 million of assigned fund balance.

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, 2017, the Roads Capital Projects Fund has a total fund balance of \$2.1 million, compared to \$3.5 million at the end of the prior fiscal year. Of this total \$2.1 million fund balance, \$1.5 million has been assigned to fund ongoing projects, while \$598 thousand has been contributed by local developers and is committed to fund specific infrastructure improvements.

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

Total *unrestricted net position* of the Sanitary District Enterprise Funds at the end of fiscal year 2017 amounted to \$5.9 million, which is \$4.9 million less than the prior year. The decrease in unrestricted net position is offset by an increase of \$4.1 million in net investment in capital assets.

*Total net position* of the Sanitary District amounted to \$70.5 million at the end of fiscal year 2017, which decreased by \$763 thousand when compared to the prior year.

The *unrestricted net position* of the Bay Bridge Airport Enterprise Fund at year end amounted to negative \$1.5 million compared to a negative \$511 thousand at the end of the prior fiscal year, reflecting a decrease of \$1.0 million, which is offset by an increase of \$984 thousand in investment in capital assets.

*Total net position* of the Bay Bridge Airport amounted to \$15.4 million at the end of fiscal year 2017, which is a slight decrease from the prior year amount of \$15.5 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 \$131.8 million. Amendments increased spending authority by \$2.3 million during fiscal year 2017, when compared to the original budget of \$129.4 million.

Major components of these expenditure budget increases are as follows:

- Budgeted Transfers Out to General Capital Projects increased by \$1.7 million during the year. There are several capital projects in which the County plans to move aggressively on, and will rely on fund balance available in the General Capital Projects fund to cover a portion of the costs.
- Budgeted Parks and Public Works Expenditures increased by \$471 thousand, mainly due to an increase of \$447 thousand for administration as the result of increased grant funding.

- Budgeted Board of Education Expenditures increased by \$400 thousand due to the Board requesting additional funding for fiscal year 2017. The County approved the \$400 thousand increase.
- Budgeted Miscellaneous Expenditures decreased by \$342 thousand, mostly associated with savings in contingencies.

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 \$3.0 million. Actual expenditures, and other financing uses, were less than final budgetary appropriations by \$3.2 million. The net effect of these two disparities was a positive variance of actual to final budget of \$6.2 million.

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

Revenues:

- Income tax revenue was \$2.1 million more than the final budget (4.6 percent). Income tax revenue has generally outperformed the County's estimates, which are largely based on estimates from the Comptroller for State revenue growth. The County has also anticipated some impact for federal decisions about the budget which have not materialized.
- Recordation tax revenue was \$752 thousand more than the final budget (16.5 percent) due to the housing market recovery. The County continues to budget conservatively with recordation tax due to the history and volatility of the housing market over the past several years.
- Miscellaneous revenue was \$647 thousand more than the final budget (71.8 percent), mainly as a result of the workmen's compensation adjustment resulting from the annual audit being \$500 thousand more than the amount budgeted, which is based on estimates.
- Transfers In were \$1.2 million less than the final budget (82.3 percent), as a result of the full transfer in from School Impact fees not being made in the fiscal year. Management determined that it was more advantageous to only transfer a portion of the budgeted amount and leave the remaining money in the Impact Fee Fund in anticipation of future Board of Education projects.

Expenditures:

- Final Budgeted Salaries and Benefits were \$34.9 million for the year, while actual costs were \$34.4 million. They were underspent at year-end by \$509 thousand (1.5 percent). The Sheriff's Office was underspent by \$333 thousand, solid waste was underspent by \$114 thousand, and economic development was underspent by \$100 thousand. This was due to the number of vacant positions during the fiscal year and the lapsed funds associated with the recruitment of staff. Offsetting these savings were several departments that were overspent in salaries and wages due to promotions and other staffing changes.
- Final Budgeted Other Operating Charges were \$96.9 million for the year, while actual costs were \$94.1 million. These costs were lower than budget at year end by \$2.8 million (2.8 percent). Operating Charges include contracted services, supplies, other charges, debt service, and transfers out.
  - Contracted Services were underspent by \$619 thousand, with the largest savings realized by the detention center (\$199 thousand), solid waste (\$109 thousand), and general services (\$107 thousand).
  - Supplies were underspent by \$502 thousand, largely due to savings by roads (\$343 thousand) and solid waste (\$136 thousand).

- Other Charges were underspent by \$1.2 million. Of this amount, the health department realized savings of \$341 thousand, which represents the unspent portion of their allocation that was returned to the County in fiscal year 2017. Emergency services also realized savings of \$156 thousand. In addition, insurance costs was underspent by \$124 thousand due to savings in retiree health care costs and also general insurance expenses. The general services department also realized savings of \$122 thousand. The remaining savings for other charges were spread throughout the General Fund.
- Debt Service was underspent by \$67 thousand, mainly due to savings realized by the 2016 refunding bonds.
- Transfers Out were underspent by \$382 thousand, due to savings realized by the Department of Aging (\$100 thousand), Housing and Community Services (\$79 thousand) and the Golf Course Enterprise Fund (\$180 thousand), which allowed these departments to forgo this portion of their appropriation.

### **Capital Assets and Debt Administration**

**Capital assets:** Queen Anne’s County Government’s investment in capital assets for its governmental and business-type activities as of June 30, 2017 amounted to \$275.9 million (net of accumulated depreciation). This investment in capital assets includes land and land improvements, intangible rights, construction in progress, buildings, improvements other than buildings, infrastructure, autos, machinery, and equipment.

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

<b>Capital Assets, Net of Depreciation</b>	<u>Governmental Activities</u>		<u>Business Type Activities</u>		<u>Total</u>	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Land and Land Improvements	\$ 86,654,574	\$ 86,313,290	\$ 15,632,770	\$ 15,420,127	\$ 102,287,344	\$ 101,733,417
Intangible Rights - Easements	821,819	821,819	6,140	6,140	827,959	827,959
Construction in Progress	10,896,408	17,424,099	11,987,450	1,913,025	22,883,858	19,337,124
Buildings	32,679,764	28,059,042	7,154,870	6,188,615	39,834,634	34,247,657
Improvements other than Buildings	7,711,059	7,735,674	9,894,719	10,194,045	17,605,778	17,929,719
Infrastructure	10,748,316	10,682,853	50,517,345	50,166,007	61,265,661	60,848,860
Auto, Machinery, and Equipment	20,792,404	10,625,298	10,449,010	10,969,641	31,241,414	21,594,939
Total	<u>\$ 170,304,344</u>	<u>\$ 161,662,075</u>	<u>\$ 105,642,304</u>	<u>\$ 94,857,600</u>	<u>\$ 275,946,648</u>	<u>\$ 256,519,675</u>

Queen Anne’s County’s total investment in capital assets for the current fiscal year, net of depreciation, increased by 7.6 percent, or \$19.4 million. Of this amount, governmental investment in capital assets increased by \$8.6 million, while business-type investment in capital assets increased by \$10.8 million.

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

Governmental Activities					
Changes in Capital Assets	2016	Additions	Transfers	Retirements	2017
Land and Land Improvements	\$ 86,313,290	\$ 21,170	\$ 320,114	\$ -	\$ 86,654,574
Intangible Rights - Easements	821,819	-	-	-	821,819
Construction in Progress	17,424,099	8,964,390	(13,117,715)	(2,374,366)	10,896,408
Buildings	41,868,780	562,656	5,196,392	(344,785)	47,283,043
Improvements other than Buildings	10,202,783	51,345	302,200	-	10,556,328
Infrastructure	18,785,758	450,384	-	-	19,236,142
Auto, Machinery, and Equipment	32,648,078	4,924,952	7,299,009	(8,012,881)	36,859,158
Total Assets before depreciation	208,064,607	14,974,897	-	(10,732,032)	212,307,472
Less Depreciation	(46,402,532)	(3,545,949)	-	7,945,353	(42,003,128)
Total Assets after depreciation	\$ 161,662,075	\$ 11,428,948	\$ -	\$ (2,786,679)	\$ 170,304,344

Business-Type Activities					
Changes in Capital Assets	2016	Additions	Transfers	Retirements	2017
Land and Land Improvements	\$ 15,420,127	\$ 212,643	\$ -	\$ -	\$ 15,632,770
Intangible Rights - Easements	6,140	-	-	-	6,140
Construction in Progress	1,913,025	10,821,473	(594,301)	(152,747)	11,987,450
Buildings	14,703,860	1,145,898	506,670	(254,733)	16,101,695
Improvements other than Buildings	14,824,467	125,122	87,631	-	15,037,220
Infrastructure	79,824,832	2,222,796	-	-	82,047,628
Auto, Machinery, and Equipment	24,232,757	653,113	84,738	(92,009)	24,878,599
Total Assets before depreciation	150,925,208	15,181,045	84,738	(499,489)	165,691,502
Less Depreciation	(56,067,608)	(4,164,626)	(84,738)	267,774	(60,049,198)
Total Assets after depreciation	\$ 94,857,600	\$ 11,016,419	\$ -	\$ (231,715)	\$ 105,642,304

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

- Land and Land Improvements increased by a net amount of \$341 thousand. The majority of the increase was the result of the County office building landscaping and storm water management system being finalized (\$266 thousand). Also roads infrastructure increased due to the Fox Run Lane completion (\$60 thousand). Additionally, the County received two donated lots located in the Town of Centreville with a total historical cost of \$14 thousand.
- Construction in Progress (CIP) decreased by a net amount of \$6.5 million. The following factors contributed to this increase:

Major additions to Construction in Progress include: (a) Construction and site work for the new Courthouse (\$8.0 million); (b) New software for Finance Department (\$365 thousand); (c) Centreville Library renovations (\$171 thousand); (d) Emergency Services public network (\$146 thousand); and (e) Improvements to Old Love Point Park (\$104 thousand).

Costs reclassified from Construction in Progress include: (a) Emergency Services radio system upgrade (\$7.0 million); (b) new County office building components (\$5.8 million); (c) Lighting upgrades to various county buildings (\$133 thousand); and (d) Fox Run Lane (\$54 thousand).

Retirements of \$2.4 million include donations consisting of \$2.0 million to the Town of Centreville for roads, stormwater and utilities and \$219 thousand to the Maryland State Highway Administration for road improvements.

- Buildings increased by a net amount of \$5.4 million. The following factors contributed to this net increase:

Additions totaled \$5.8 million and included: (a) the new County office building (\$4.8 million); (b) Lighting upgrades to various county buildings (\$537 thousand); (c) Renovations to the Animal Health Lab (\$154 thousand); (d) the New County office building furniture and fixtures (\$119 thousand); and (e) White Marsh Park bathrooms (\$53 thousand).

Retired Assets of \$345 thousand included the following: (a) obsolete County State's Attorney former office building and electrical upgrade (\$138 thousand); (b) obsolete building at Old Love Point Park (\$115 thousand); and (c) a Boat discarded by the Parks Department (\$90 thousand).

- Improvements other than buildings increased by an amount of \$354 thousand. The increase resulted primarily from the completion of the new County Complex parking lot and sidewalks (\$302 thousand).
- Infrastructure increased by \$450 thousand due to the following roads infrastructure assets additions: (a) Cox Neck Road upgrade (\$268 thousand) and (b) Grasonville Cemetery Road upgrade (\$167 thousand).
- Auto, Machinery and Equipment increased by \$4.2 million. The following factors contributed to this net increase.

Additions totaled \$12.2 million and included department vehicles and equipment replacement for the following: (a) Emergency Services (\$8.8 million); (b) Roads (\$916 thousand); (c) General Services and Public Works Administration (\$870 thousand); (d) Sheriff's Office (\$518 thousand); (e) Solid Waste (\$475 thousand); (f) Parks (\$249 thousand); and (g) Detention Center (\$120 thousand).

Retired assets of \$8.0 million included the following, the majority of which were fully depreciated: (a) Obsolete computer software, hardware and other office equipment sold or discarded (\$6.8 million); (b) Obsolete Roads equipment and vehicles sold or discarded (\$320 thousand); (c) Sheriff's Office vehicles sold as part of replacement program (\$306 thousand); (d) Emergency Services donated vehicles (\$185 thousand); (e) Obsolete Parks equipment and vehicles sold or discarded (\$120 thousand); (f) Obsolete Emergency Services vehicles sold or discarded (\$65 thousand); (g) Aging vehicles sold (\$64 thousand); and (h) Obsolete General Services and Engineering vehicles sold (\$50 thousand).

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

- Land and Land Improvements increased by \$213 thousand. This increase is directly related to the purchase of undeveloped land by the Bay Bridge Airport at Maple Dam Conservation.
- Construction in Progress increased by a net amount of \$10.1 million. The following factors contributed to this increase:

Major additions to Construction in Progress include planning, design and construction work for the Southern Kent Island (SKI) sewer system (\$10.8 million).

Costs reclassified from Construction in Progress include: (a) three new hangars at Bay Bridge Airport (\$507 thousand) and (b) Improvements to driving range at Blue Heron Golf Course (\$88 thousand).

Retirements from Construction in Progress of \$153 thousand include write-offs of costs incurred in Land Acquisition/Mitigation project for Bay Bridge Airport due to the project not moving forward.

- Buildings increased by a net amount of \$1.4 million. The following factors contributed to this net increase:

Additions totaled \$1.7 million and included three new hangars at the Bay Bridge Airport.

Deletions totaled \$255 thousand due to the discard of a structure at a waste-water treatment facility.

- Improvements other than buildings increased by \$213 thousand. The increase resulted primarily from the driving range improvements completion at the Blue Heron Golf Course (\$198 thousand).
- Infrastructure increased by \$2.2 million as a result of various water and sewer infrastructure contributed by commercial developers to be maintained by the County.
- Auto, Machinery and Equipment increased by a net amount of \$646 thousand. The following factors contributed to this net increase:

Additions and transfers totaling \$738 thousand include the following: (a) New sewer pumps, well pumps and other sanitation equipment (\$341 thousand); (b) Sanitary vehicle replacements (\$329 thousand); (c) Bay Bridge Airport vehicle replacement (\$31 thousand); (d) Public Landings vehicle replacement (\$24 thousand); and (e) Blue Heron Golf Course vehicle replacement (\$10 thousand).

Retired assets of \$92 thousand included the following, the majority of which were fully depreciated: (a) Obsolete Sanitary vehicles and equipment sold (\$59 thousand); (b) Obsolete computer software, hardware and other office equipment e-cycled (\$19 thousand); and (c) Obsolete Public Landings vehicles sold or discarded (\$14 thousand).

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

**Long-term debt:** At the end of the current fiscal year, Queen Anne’s County Government had total bonded debt, loans, capital leases, other post-employment benefit obligations, net pension liability, and compensated absence obligations of \$221.1 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 \$221.1 million in debt, \$29.3 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 \$948 thousand, which are restricted to payment of the Sanitary District’s subsequent year’s debt. See Note 10 for restricted assets and subsequent year debt service obligations.

Debt activities are summarized as follows:

Bonded Debt, Loans, Other Post-Employment Benefit Obligation, Net Pension Liability, and Compensated Absences	Governmental Activities		Business Type Activities		Total	
	2017	2016	2017	2016	2017	2016
	Bonds, Notes, and Premiums	\$ 125,217,582	\$ 120,891,108	\$ 19,514,223	\$ 13,992,498	\$ 144,731,805
Other Post-Employment Benefit Obligation	36,589,640	35,511,934	6,875,976	6,428,434	43,465,616	41,940,368
Net Pension Liability	27,446,255	22,591,512	2,553,815	2,129,736	30,000,070	24,721,248
Compensated Absences	2,553,495	2,444,756	368,889	334,604	2,922,384	2,779,360
Total Long-term Debt	\$ 191,806,972	\$ 181,439,310	\$ 29,312,903	\$ 22,885,272	\$ 221,119,875	\$ 204,324,582

During the 2017 fiscal year, the County's total net debt increased by \$16.8 million (8.2 percent). Of this amount, governmental debt increased by \$10.4 million (5.7 percent), while business-type debt increased by \$6.4 million (28.1 percent). In fiscal year 2017, the County issued the public facilities bonds of 2017 totaling \$12.6 million. The Sanitary District began 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 2017 was \$6.7 million. The County also borrowed an additional \$176 thousand in fiscal year 2017 as part of the note with SunTrust Equipment Financing & Leasing Corporation. In addition, the total Other Post-Employment Benefit Obligations increased by \$1.5 million and the net pension liability increased by \$5.3 million. Offsetting these increases 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 \$6.3 million of this authority is available. All other debt has been authorized under specific legislation. Additional information on the computation of the legal debt margin can be found in Table 12 of the Statistical Section of this report.

During fiscal year 2017, Queen Anne's County Government received an "AAA" bond rating from Fitch Rating Service and an "Aa2" bond rating from Moody's Investors Service.

### **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 2018 fiscal year:

- Property assessments are projected to increase by 2.04 percent over the previous year, based on State Assessment Office values used to compute the Constant Yield rate.
- Income tax revenue was projected at \$49.4 million for the 2018 budget.

The following are a few of the highlights from the fiscal year 2018 budget:

- Other Post-Employment Benefits shall continue to be funded in accordance with the approved ten year plan;
- The Board of Education will be funded at Maintenance of Effort in fiscal year 2018;
- The County's pay for performance system will continue in fiscal year 2018 using the rating levels of 1, 2, and 3; and
- The County has instituted an early retirement option for fiscal year 2018. Employees eligible must be of age 55 with at least 15 years of eligible service.

### **Requests for information**

This financial report is designed to provide a general overview of Queen Anne's County Government's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Queen Anne's County Finance Office, 107 N. Liberty Street, Centreville, Maryland 21617. This report can also be found on the County's website, <http://www.qac.org> (see Government, Departments, Budget, Finance, and IT, Accounting section, Link to 2017 Comprehensive Annual Financial Report (CAFR)).

## **Basic Financial Statements**

**QUEEN ANNE'S COUNTY, MARYLAND**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2017**

	PRIMARY GOVERNMENT		
	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
<b>ASSETS</b>			
Equity in Pooled Cash and Investments	\$ 54,831,593	\$ 12,816,056	\$ 67,647,649
Cash and Cash Equivalents	-	-	-
Taxes Receivable (Net)	801,990	-	801,990
Accounts and Loans Receivable (Net)	7,419,664	581,276	8,000,940
Special Assessments (Net)	594,050	-	594,050
Internal Balances	1,858,964	(1,858,964)	-
Due from Primary Government	-	-	-
Due from Other Governments	14,582,633	67,552	14,650,185
Bond Interest Reimbursement Receivable - Build America Bond	86,619	3,546	90,165
Inventories	701,575	658,171	1,359,746
Prepaid Items	53,346	31,500	84,846
Endowment Fund	-	-	-
Restricted Assets:			
Equity in Pooled Cash and Investments	9,879,442	7,844,920	17,724,362
Accounts Receivable (Net)	-	6,149	6,149
Special Assessments Receivable (Net)	-	1,128,851	1,128,851
Capital Assets:			
Nondepreciable Assets	98,372,801	27,626,360	125,999,161
Depreciable Assets, Net	71,931,543	78,015,944	149,947,487
Total Assets	<u>261,114,220</u>	<u>126,921,361</u>	<u>388,035,581</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred Outflows related to Pensions	7,514,211	720,907	8,235,118
Deferred Charge on Refunding	1,299,047	34,997	1,334,044
Total Deferred Outflows of Resources	<u>8,813,258</u>	<u>755,904</u>	<u>9,569,162</u>
<b>LIABILITIES</b>			
Accounts Payable and Other Current Liabilities	5,967,946	4,541,537	10,509,483
Accrued Interest Payable	1,469,724	85,060	1,554,784
Due to Component Units	110,784	-	110,784
Due to Other Governmental Agencies	339,415	-	339,415
Unearned Revenue	891,710	410,500	1,302,210
Escrow Deposits	-	69,617	69,617
Noncurrent Liabilities:			
Due within One Year	9,722,515	1,381,688	11,104,203
Due in More than One Year	182,084,457	27,931,215	210,015,672
Total Liabilities	<u>200,586,551</u>	<u>34,419,617</u>	<u>235,006,168</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred Inflows related to Pensions	1,591,133	148,583	1,739,716
Deferred Assessments	594,050	1,128,851	1,722,901
Deferred Fees	1,001,308	-	1,001,308
Total Deferred Inflows of Resources	<u>3,186,491</u>	<u>1,277,434</u>	<u>4,463,925</u>
<b>NET POSITION</b>			
Net Investment in Capital Assets	120,249,244	86,163,078	206,412,322
Amounts Restricted for:			
General Government	10,902,333	-	10,902,333
Economic/Community Development	986,748	-	986,748
Public Safety	312,326	-	312,326
Conservation of Natural Resources	892,375	-	892,375
Social Services	752	-	752
Debt Service	-	947,536	947,536
Capital Projects	-	753,300	753,300
Other Purposes	-	-	-
Unrestricted Amounts (Deficit)	(67,189,342)	4,116,300	(63,073,042)
Total Net Position	<u>\$ 66,154,436</u>	<u>\$ 91,980,214</u>	<u>\$ 158,134,650</u>

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

QUEEN ANNE'S COUNTY, MARYLAND  
 STATEMENT OF NET POSITION  
 JUNE 30, 2017

(CONTINUED)

COMPONENT UNITS	
BOARD OF EDUCATION	FREE LIBRARY
\$ -	\$ -
13,739,005	779,062
-	-
267,599	5,650
-	-
-	-
111,113	-
1,550,769	-
-	-
36,515	-
41,300	27,279
-	100,000
-	-
-	-
-	-
6,916,559	29,850
159,397,933	1,338,704
182,060,793	2,280,545
1,430,997	-
-	-
1,430,997	-
10,606,539	130,036
-	-
-	-
-	-
1,005,827	-
-	-
565,664	-
65,111,343	1,279,517
77,289,373	1,409,553
325,666	-
-	-
-	-
325,666	-
163,885,592	1,368,554
-	-
-	-
-	-
-	-
-	-
909,583	-
40,532	10,500
(58,958,956)	(508,062)
\$ 105,876,751	\$ 870,992

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, 2017**

	PRIMARY GOVERNMENT				
	EXPENSES	CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	TOTAL REVENUE
<b>PRIMARY GOVERNMENT</b>					
Governmental Activities					
General Government	\$ 13,177,254	\$ 1,552,164	\$ 563,016	\$ -	\$ 2,115,180
Public Safety	27,997,262	1,350,626	1,037,879	5,406	2,393,911
Public Works	20,753,117	1,472,664	980,075	161,084	2,613,823
Health	2,006,219	-	-	-	-
Social Services	5,418,152	73,066	1,893,648	58,500	2,025,214
Education	59,211,517	1,319,433	-	-	1,319,433
Library	1,710,668	-	-	-	-
Conservation of Natural Resources	616,237	60,826	186,333	-	247,159
Economic/Community Development	1,860,222	620,000	231,360	-	851,360
Interest and Fiscal Charges	4,150,101	-	-	-	-
<b>Total Governmental Activities</b>	<b>136,900,749</b>	<b>6,448,779</b>	<b>4,892,311</b>	<b>224,990</b>	<b>11,566,080</b>
Business-type Activities					
Water and Sewer	11,818,087	8,222,317	90,000	2,222,796	10,535,113
Airport	1,053,899	33,256	245,738	-	278,994
Golf Course	540,504	318,599	-	-	318,599
Public Landings and Marinas	572,360	443,176	33,542	-	476,718
<b>Total Business-type Activities</b>	<b>13,984,850</b>	<b>9,017,348</b>	<b>369,280</b>	<b>2,222,796</b>	<b>11,609,424</b>
<b>Total Primary Government</b>	<b>\$ 150,885,599</b>	<b>\$ 15,466,127</b>	<b>\$ 5,261,591</b>	<b>\$ 2,447,786</b>	<b>\$ 23,175,504</b>
<b>COMPONENT UNITS</b>					
Board of Education	\$ 121,127,578	\$ 1,473,605	\$ 19,163,488	\$ -	\$ 20,637,093
Free Library	2,185,380	6,188	274,801	-	280,989
<b>Total Component Units</b>	<b>\$ 123,312,958</b>	<b>\$ 1,479,793</b>	<b>\$ 19,438,289</b>	<b>\$ -</b>	<b>\$ 20,918,082</b>
General Revenues					
Local Property Tax					
Local Income Tax					
Other Local Taxes					
Admission and Amusement Taxes					
Recordation Taxes					
Hotel Taxes					
County Transfer Taxes					
Grants and Contributions Not Restricted to Specific Programs					
Investment Income					
Gain on Sale of Capital Assets					
Miscellaneous					
Transfers In (Out)					
<b>Total General Revenues and Transfers</b>					
Change in Net Position					
Net Position - Beginning of Year					
Net Position - End of Year					

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

**QUEEN ANNE'S COUNTY, MARYLAND**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2017**

(CONTINUED)

NET (EXPENSE) REVENUE AND CHANGES IN NET POSITION				
PRIMARY GOVERNMENT			COMPONENT UNITS	
GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL	BOARD OF EDUCATION	FREE LIBRARY
\$ (11,062,074)	\$ -	\$ (11,062,074)	\$ -	\$ -
(25,603,351)	-	(25,603,351)	-	-
(18,139,294)	-	(18,139,294)	-	-
(2,006,219)	-	(2,006,219)	-	-
(3,392,938)	-	(3,392,938)	-	-
(57,892,084)	-	(57,892,084)	-	-
(1,710,668)	-	(1,710,668)	-	-
(369,078)	-	(369,078)	-	-
(1,008,862)	-	(1,008,862)	-	-
(4,150,101)	-	(4,150,101)	-	-
(125,334,669)	-	(125,334,669)	-	-
-	(1,282,974)	(1,282,974)	-	-
-	(774,905)	(774,905)	-	-
-	(221,905)	(221,905)	-	-
-	(95,642)	(95,642)	-	-
-	(2,375,426)	(2,375,426)	-	-
\$ (125,334,669)	\$ (2,375,426)	\$ (127,710,095)	\$ -	\$ -
\$ -	\$ -	\$ -	\$ (100,490,485)	\$ -
-	-	-	-	(1,904,391)
-	-	-	(100,490,485)	(1,904,391)
66,487,004	-	66,487,004	-	-
48,624,679	-	48,624,679	-	-
156,872	-	156,872	-	-
5,486,064	-	5,486,064	-	-
599,868	-	599,868	-	-
1,944,544	-	1,944,544	-	-
-	-	-	85,288,490	1,908,390
444,063	361,840	805,903	29,116	2,092
53,936	-	53,936	-	-
2,065,465	809,211	2,874,676	174,795	67,650
(335,499)	335,499	-	-	-
125,526,996	1,506,550	127,033,546	85,492,401	1,978,132
192,327	(868,876)	(676,549)	(14,998,084)	73,741
65,962,109	92,849,090	158,811,199	120,874,835	797,251
\$ 66,154,436	\$ 91,980,214	\$ 158,134,650	\$ 105,876,751	\$ 870,992

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, 2017**

	MAJOR FUNDS			NON-MAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
	GENERAL FUND	GENERAL CAPITAL	ROADS CAPITAL		
<b>ASSETS</b>					
Cash and Cash Equivalents	\$ 23,013,682	\$ 14,363,170	\$ 2,884,323	\$ 14,570,418	\$ 54,831,593
Prepaid Items	53,346	-	-	-	53,346
Receivables					
Taxes Receivable (Net)	801,990	-	-	-	801,990
Accounts and Loans Receivable	150,051	1,008,916	4,842	6,255,855	7,419,664
Special Assessments (Net)	-	-	176,836	417,214	594,050
Due from Other Governments	9,882,265	-	-	409,524	10,291,789
Due from Other Funds	599,357	1,306,385	-	-	1,905,742
Inventory	701,575	-	-	-	701,575
Restricted					
Restricted Equity in Pooled Cash	-	9,879,442	-	-	9,879,442
Total Assets	<u>\$ 35,202,266</u>	<u>\$ 26,557,913</u>	<u>\$ 3,066,001</u>	<u>\$ 21,653,011</u>	<u>\$ 86,479,191</u>
<b>LIABILITIES</b>					
Accrued Liabilities	\$ 2,877,420	\$ 1,614,027	\$ 831,145	\$ 645,354	\$ 5,967,946
Due to Other Funds	-	-	-	46,778	46,778
Due to Component Units	-	110,784	-	-	110,784
Due to Other Governmental Agencies	-	-	-	339,415	339,415
Unearned Revenue	689,358	48,655	-	153,697	891,710
Total Liabilities	<u>3,566,778</u>	<u>1,773,466</u>	<u>831,145</u>	<u>1,185,244</u>	<u>7,356,633</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Unavailable Income Taxes	4,480,077	-	-	-	4,480,077
Unavailable Property Taxes	370,310	-	-	-	370,310
Unavailable Inter-County Bonds Receivable	574,841	-	-	-	574,841
Unavailable Benefit Assessments	-	-	176,836	417,214	594,050
Unavailable Fees	-	-	-	1,001,308	1,001,308
Total Deferred Inflows	<u>5,425,228</u>	<u>-</u>	<u>176,836</u>	<u>1,418,522</u>	<u>7,020,586</u>
<b>FUND BALANCES</b>					
Nonspendable	754,921	2,315,301	-	5,237,161	8,307,383
Restricted	10,626,394	6,708,265	-	2,192,200	19,526,859
Committed	4,000,000	1,630,702	597,783	11,218,798	17,447,283
Assigned	1,998,415	14,130,179	1,460,237	454,751	18,043,582
Unassigned	8,830,530	-	-	(53,665)	8,776,865
Total Fund Balances	<u>26,210,260</u>	<u>24,784,447</u>	<u>2,058,020</u>	<u>19,049,245</u>	<u>72,101,972</u>
Total Liabilities, Deferred Inflows and Fund Balances	<u>\$ 35,202,266</u>	<u>\$ 26,557,913</u>	<u>\$ 3,066,001</u>	<u>\$ 21,653,011</u>	<u>\$ 86,479,191</u>

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

**QUEEN ANNE'S COUNTY, MARYLAND**  
**RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS**  
**TO THE STATEMENT OF NET POSITION**  
**JUNE 30, 2017**

<b>Total Fund Balance - Governmental Funds</b>		<b>\$ 72,101,972</b>
<b>Amounts reported for Governmental activities in the Statement of Net Position are different because:</b>		
<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.		
ADD Accounts Receivable - Related to Chesapeake College Debt		4,290,844
A portion of the County's 2009 Bond offering was issued using Build America Bonds. As an incentive to use these bonds, the Federal government offered an interest reimbursement grant, which offsets the County's debt service for interest expense. At year end, a receivable is booked for the interest reimbursement due, but not yet received, which relates to the interest expense not paid yet.		
ADD Bond Interest Reimbursement Receivable - Build America Bond		86,619
<u>Capital assets used in governmental fund activities are not current financial resources and therefore are not reported in the funds.</u>		
ADD Nondepreciable capital assets		
Land and Land Improvements	\$ 43,585,531	
Infrastructure	43,890,862	
Construction in Progress	10,896,408	98,372,801
ADD Depreciable capital assets		
Buildings	47,283,043	
Improvements other than Buildings	10,556,328	
Machinery and Equipment	24,298,824	
Vehicles	12,560,334	
Infrastructure	19,236,142	
Less Accumulated depreciation	(42,003,128)	71,931,543
<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>		
ADD Property Taxes deferred in governmental funds	370,310	
ADD Income Taxes deferred in governmental funds	4,480,077	
ADD Loans receivable deferred in governmental funds	574,841	5,425,228
<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>		
SUBTRACT Accrued Interest Payable		(1,469,724)
SUBTRACT Long-Term Liabilities Due within One Year		
Accrued Compensated Absences	(1,555,731)	
Bonds and Notes Payable	(8,166,784)	(9,722,515)
SUBTRACT Long-Term Liabilities Due in More than One Year		
Other Post-Employment Benefit Obligation	(36,589,640)	
Net Pension Liability	(27,446,255)	
Accrued Compensated Absences	(997,764)	
Bonds and Notes Payable	(117,050,798)	(182,084,457)
ADD / SUBTRACT Deferred Inflows and Outflows		
Deferred Inflows - Maryland State Pension	(1,591,133)	
Deferred Outflows - Maryland State Pension	7,514,211	
Deferred Charge On Refunding	1,299,047	7,222,125
<b>Total Net Position - Governmental Activities</b>		<b>\$ 66,154,436</b>

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, 2017**

	MAJOR FUNDS			NON-MAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
	GENERAL FUND	GENERAL CAPITAL	ROADS CAPITAL		
<b>REVENUES</b>					
Taxes					
Local Property Tax	\$ 66,466,862	\$ -	\$ -	\$ 35,039	\$ 66,501,901
Local Income Tax	48,578,044	-	-	-	48,578,044
Admission and Amusement Taxes	156,872	-	-	-	156,872
Recordation Taxes	5,321,128	-	-	164,936	5,486,064
Hotel Taxes	599,868	-	-	-	599,868
County Transfer Taxes	1,944,544	-	-	-	1,944,544
State Shared Taxes	601,355	-	-	107,211	708,566
Franchise Fee	477,220	-	-	-	477,220
Licenses and Permits	617,124	28,728	-	-	645,852
Intergovernmental	1,924,903	210,336	-	1,852,069	3,987,308
Bond Interest Reimbursement - Build America Bond	350,254	-	-	-	350,254
Charges for Current Services	2,449,929	43,715	57,215	2,563,746	5,114,605
Fines and Forfeitures	97,274	-	-	113,828	211,102
Investment Income	259,885	107,536	20,122	56,520	444,063
Donations	4,518	-	-	55,699	60,217
Miscellaneous	1,548,814	421,586	-	95,065	2,065,465
Total Revenues	<u>131,398,594</u>	<u>811,901</u>	<u>77,337</u>	<u>5,044,113</u>	<u>137,331,945</u>
<b>EXPENDITURES</b>					
Current					
General Government	8,623,708	1,100,219	-	27,131	9,751,058
Public Safety	22,639,315	717,210	-	509,505	23,866,030
Public Works	9,349,496	42,064	2,543,742	-	11,935,302
Health	1,967,956	-	-	-	1,967,956
Social Services	327,518	65,001	-	3,621,145	4,013,664
Education	56,052,311	3,213,714	-	-	59,266,025
Library	1,684,820	-	-	-	1,684,820
Conservation of Natural Resources	565,938	-	-	-	565,938
Economic/Community Development	684,218	90,342	-	936,339	1,710,899
Parks	3,432,961	138,421	-	-	3,571,382
Recreation	631,020	-	-	-	631,020
Intergovernmental	376,540	-	-	-	376,540
Miscellaneous	3,809,112	-	-	-	3,809,112
Capital Outlay	-	13,217,787	1,373,845	-	14,591,632
Debt Service					
Principal	8,029,588	-	-	44,425	8,074,013
Debt Issuance Costs	-	196,150	-	-	196,150
Interest and Fiscal Charges	4,104,254	-	-	-	4,104,254
Total Expenditures	<u>122,278,755</u>	<u>18,780,908</u>	<u>3,917,587</u>	<u>5,138,545</u>	<u>150,115,795</u>
Excess of Revenues Over (Under) Expenditures	<u>9,119,839</u>	<u>(17,969,007)</u>	<u>(3,840,250)</u>	<u>(94,432)</u>	<u>(12,783,850)</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Issuance of Debt	-	10,329,026	2,446,900	-	12,775,926
Bond Premiums	-	618,681	-	-	618,681
Proceeds of Capital Asset Disposals	52,624	2,038	-	527	55,189
Insurance Proceeds	12,241	-	-	-	12,241
Transfers In	257,491	3,779,886	-	2,294,105	6,331,482
Transfers Out	(6,216,178)	(180,072)	-	(297,495)	(6,693,745)
Other Financing Sources (Uses)	<u>(5,893,822)</u>	<u>14,549,559</u>	<u>2,446,900</u>	<u>1,997,137</u>	<u>13,099,774</u>
Net Increase (Decrease) in Fund Balances	3,226,017	(3,419,448)	(1,393,350)	1,902,705	315,924
Fund Balances, July 1	<u>22,984,243</u>	<u>28,203,895</u>	<u>3,451,370</u>	<u>17,146,540</u>	<u>71,786,048</u>
Fund Balances, June 30	<u>\$ 26,210,260</u>	<u>\$ 24,784,447</u>	<u>\$ 2,058,020</u>	<u>\$ 19,049,245</u>	<u>\$ 72,101,972</u>

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

**QUEEN ANNE'S COUNTY, MARYLAND**  
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2017**

**Change in Fund Balances - Total governmental funds, per Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds** **\$ 315,924**

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

Capital outlay expenditures are reported in Governmental Funds during the year. However, in the Statement of Activities, costs for capital asset purchases are allocated over the estimated useful lives of those assets and reported as depreciation expense over a number of years. Therefore, the change in assets differs from the change in fund balance by the amount of capital asset purchases that will be capitalized and depreciated over a number of years, less the offsetting depreciation expense for the current year.

Proceeds received on disposal of capital assets are reported in Governmental Funds as current financial resources. In the Statement of Activities, only the gain or (loss) realized on disposal of capital assets is reported. Thus, the change in net assets differs from the change in fund balance by the cost of capital assets sold, net of accumulated depreciation (i.e., book value). In addition, developer contributions of capital assets (primarily infrastructure) are not reported in Governmental Funds because they do not represent current financial resources available to cover this year's expenditures. Thus, the change in net assets differs from the change in fund balance by the capital assets received.

Donated Capital Assets are not reported in Governmental Funds because they are not current financial resources. However, in the Statement of Activities, they are recognized as capital contributions and as capital assets.

The following is a summary of the net increase in capital assets, which is detailed in Note 6 - Capital Assets - Primary Government.

ADD capital assets acquired as capital outlay	\$	146,837
ADD capital assets resulting from general capital projects		13,439,715
ADD capital assets resulting from roads capital projects		1,373,845
SUBTRACT capital asset donations and transfers		(190,545)
SUBTRACT book value of disposed capital assets, net of accumulated depreciation		(2,581,634)
SUBTRACT current year depreciation expense		(3,545,949)
Net Increase in Capital Assets		8,642,269

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 (173,649)

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

CHANGE in bond interest reimbursement receivable - Build America Bond (3,544)

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		(14,897)
CHANGE in Income Tax Deferred Inflows		46,635

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

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

ADD retirements and repayments made on long term debt	9,068,133	
SUBTRACT proceeds of debt	(13,394,607)	
SUBTRACT College reimbursement received	(191,771)	
ADD County's allocation to College for debt	54,507	
SUBTRACT Deferred Refunding Costs	(283,001)	(4,746,739)

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		(49,066)
Change in accrued Other Post Employment Benefit Obligation		(1,077,706)
Change in Accrued Compensated Absences		(108,739)
Change in deferred outflow of resources - Maryland State Pension (see Note 12)		1,960,773
Change in deferred inflow of resources - Maryland State Pension (see Note 12)		255,809
Change in net pension liability - Maryland State Pension (see Note 12)		(4,854,743)

**Change in Net Position - governmental activities, per Statement of Activities** **\$ 192,327**

*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, 2017**

	SANITARY DISTRICT		
	SEWER OPERATIONS	WATER OPERATIONS	RESTRICTED FUND
<b>ASSETS</b>			
<b>Current Assets</b>			
Unrestricted			
Equity in Pooled Cash	\$ 7,663,610	\$ 4,347,609	\$ -
Accounts Receivable (Net)	323,149	180,362	-
Due from Other Governments	-	-	-
Bond Interest Reimbursement Receivable - Build America Bond	-	-	-
Inventories	627,960	-	-
Prepaid Expenses	31,500	-	-
Restricted			
Restricted Equity in Pooled Cash	-	-	6,897,475
Restricted Accounts Receivable (Net)	-	-	6,058
<b>Total Current Assets</b>	<b>8,646,219</b>	<b>4,527,971</b>	<b>6,903,533</b>
<b>Noncurrent Assets</b>			
Restricted			
Special Assessments Receivable (Net)	-	-	1,128,851
Capital Assets			
Less Accumulated Depreciation	106,577,912	26,609,556	-
	(44,573,444)	(9,497,192)	-
<b>Total Capital Assets, Net of Depreciation</b>	<b>62,004,468</b>	<b>17,112,364</b>	<b>-</b>
<b>Total Noncurrent Assets</b>	<b>62,004,468</b>	<b>17,112,364</b>	<b>1,128,851</b>
<b>Total Assets</b>	<b>70,650,687</b>	<b>21,640,335</b>	<b>8,032,384</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred Outflow for Pension Contributions	498,087	145,277	-
Deferred Charge on Refunding	-	-	-
<b>Total Deferred Outflows of Resources</b>	<b>498,087</b>	<b>145,277</b>	<b>-</b>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Payable from Unrestricted Assets			
Accounts Payable	4,322,562	118,320	-
Accrued Interest Payable	45,768	-	-
Escrow Deposits	52,517	-	-
Due to Other Funds	-	-	-
Unearned Revenue	407,983	-	-
Current Portion of Compensated Absences	138,177	51,314	-
Current Portion of Bonds/Notes Payable	915,658	-	-
<b>Total Current Liabilities</b>	<b>5,882,665</b>	<b>169,634</b>	<b>-</b>
<b>Noncurrent Liabilities</b>			
Payable from Unrestricted Assets			
Compensated Absences	88,620	32,910	-
Other Post-Employment Benefit Obligation	4,902,207	1,455,059	-
Net Pension Liability	1,770,832	512,617	-
Bonds/Notes Payable	15,381,086	-	-
<b>Total Noncurrent Liabilities</b>	<b>22,142,745</b>	<b>2,000,586</b>	<b>-</b>
<b>Total Liabilities</b>	<b>28,025,410</b>	<b>2,170,220</b>	<b>-</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred Inflow for Pension Contributions	102,341	30,030	-
Unavailable Water and Sewer Assessments	-	-	1,128,851
<b>Total Deferred Inflows of Resources</b>	<b>102,341</b>	<b>30,030</b>	<b>1,128,851</b>
<b>NET POSITION</b>			
Net Investment in Capital Assets	45,707,724	17,112,364	-
Amounts Restricted for:			
Debt Service	-	-	-
Capital Projects	-	-	753,300
Unrestricted Amounts (Deficit)	(2,686,701)	2,472,998	6,150,233
<b>Total Net Position</b>	<b>\$ 43,021,023</b>	<b>\$ 19,585,362</b>	<b>\$ 6,903,533</b>

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, 2017**

(CONTINUED)

SANITARY DISTRICT			NON-MAJOR ENTERPRISE FUNDS	TOTAL PRIMARY GOVERNMENT ENTERPRISE FUNDS
DEBT SERVICE FUND	TOTAL	BAY BRIDGE AIRPORT		
\$ -	\$ 12,011,219	\$ -	\$ 804,837	\$ 12,816,056
-	503,511	36,639	41,126	581,276
-	-	45,946	21,606	67,552
-	-	561	2,985	3,546
-	627,960	25,087	5,124	658,171
-	31,500	-	-	31,500
947,445	7,844,920	-	-	7,844,920
91	6,149	-	-	6,149
<u>947,536</u>	<u>21,025,259</u>	<u>108,233</u>	<u>875,678</u>	<u>22,009,170</u>
-	1,128,851	-	-	1,128,851
-	133,187,468	23,305,188	9,198,846	165,691,502
-	(54,070,636)	(4,322,975)	(1,655,587)	(60,049,198)
-	79,116,832	18,982,213	7,543,259	105,642,304
-	80,245,683	18,982,213	7,543,259	106,771,155
947,536	101,270,942	19,090,446	8,418,937	128,780,325
-	643,364	20,113	57,430	720,907
-	-	15,863	19,134	34,997
-	643,364	35,976	76,564	755,904
-	4,440,882	14,517	86,138	4,541,537
-	45,768	25,818	13,474	85,060
-	52,517	17,100	-	69,617
-	-	1,275,420	583,544	1,858,964
-	407,983	-	2,517	410,500
-	189,491	7,918	27,338	224,747
-	915,658	110,576	130,707	1,156,941
-	6,052,299	1,451,349	843,718	8,347,366
-	121,530	5,078	17,534	144,142
-	6,357,266	250,292	268,418	6,875,976
-	2,283,449	70,811	199,555	2,553,815
-	15,381,086	1,922,630	1,053,566	18,357,282
-	24,143,331	2,248,811	1,539,073	27,931,215
-	30,195,630	3,700,160	2,382,791	36,278,581
-	132,371	4,187	12,025	148,583
-	1,128,851	-	-	1,128,851
-	1,261,222	4,187	12,025	1,277,434
-	62,820,088	16,964,870	6,378,120	86,163,078
947,536	947,536	-	-	947,536
-	753,300	-	-	753,300
-	5,936,530	(1,542,795)	(277,435)	4,116,300
<u>\$ 947,536</u>	<u>\$ 70,457,454</u>	<u>\$ 15,422,075</u>	<u>\$ 6,100,685</u>	<u>\$ 91,980,214</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, 2017**

	SANITARY DISTRICT		
	SEWER OPERATIONS	WATER OPERATIONS	RESTRICTED FUND
<b><u>OPERATING REVENUES</u></b>			
Charges for Services	\$ 5,470,912	\$ 2,304,583	\$ 446,026
Intergovernmental	90,000	-	-
Bond Interest Reimbursement - Build America Bond	-	-	-
Material Sales	852	6,893	-
Miscellaneous Revenues	18,208	142,399	-
<b>Total Operating Revenues</b>	<b>5,579,972</b>	<b>2,453,875</b>	<b>446,026</b>
<b><u>OPERATING EXPENSES</u></b>			
<b>Cost of Sales and Services</b>			
Collection	2,564,405	-	-
Distribution	-	282,744	-
Treatment	1,627,382	1,267,680	-
Shop	203,681	93,826	-
Airport	-	-	-
Recreation	-	-	-
<b>Total Cost of Sales and Services</b>	<b>4,395,468</b>	<b>1,644,250</b>	<b>-</b>
Administration and Inspection	709,291	594,189	-
Other Post-Employment Benefit Contributions	333,049	92,223	-
Pension Liability Adjustment	156,896	41,700	-
Depreciation	3,035,037	581,452	-
<b>Total Operating Expenses</b>	<b>8,629,741</b>	<b>2,953,814</b>	<b>-</b>
<b>Operating Income (Loss)</b>	<b>(3,049,769)</b>	<b>(499,939)</b>	<b>446,026</b>
<b><u>NON-OPERATING REVENUES (EXPENSES)</u></b>			
Investment Income	105,330	79,890	170,531
Interest Expense	(155,565)	-	-
(Loss) on Disposal of Capital Assets	(78,967)	-	-
<b>Total Non-Operating Revenues (Expenses)</b>	<b>(129,202)</b>	<b>79,890</b>	<b>170,531</b>
<b>Income (Loss) Before Contributions and Transfers</b>	<b>(3,178,971)</b>	<b>(420,049)</b>	<b>616,557</b>
Capital Contributions, Fees and Grants	1,713,876	508,920	-
<b><u>TRANSFERS</u></b>			
Transfers In	1,059,710	-	-
Transfers Out	(5,000)	(5,000)	(1,054,059)
<b>Net Transfers In (Out)</b>	<b>1,054,710</b>	<b>(5,000)</b>	<b>(1,054,059)</b>
<b>Change in Net Position</b>	<b>(410,385)</b>	<b>83,871</b>	<b>(437,502)</b>
<b>Total Net Position - Beginning of Year</b>	<b>43,431,408</b>	<b>19,501,491</b>	<b>7,341,035</b>
<b>Total Net Position - End of Year</b>	<b>\$ 43,021,023</b>	<b>\$ 19,585,362</b>	<b>\$ 6,903,533</b>

*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, 2017**

(CONTINUED)

SANITARY DISTRICT						TOTAL PRIMARY GOVERNMENT ENTERPRISE FUNDS
DEBT SERVICE FUND	TOTAL	BAY BRIDGE AIRPORT	NON-MAJOR ENTERPRISE FUNDS			
\$ 796	\$ 8,222,317	\$ 33,256	\$ 761,775			\$ 9,017,348
-	90,000	243,493	21,606			355,099
-	-	2,245	11,936			14,181
-	7,745	155,876	46,909			210,530
-	160,607	422,578	15,496			598,681
<u>796</u>	<u>8,480,669</u>	<u>857,448</u>	<u>857,722</u>			<u>10,195,839</u>
-	2,564,405	-	-			2,564,405
-	282,744	-	-			282,744
-	2,895,062	-	-			2,895,062
-	297,507	-	-			297,507
-	-	388,345	-			388,345
-	-	-	879,645			879,645
-	6,039,718	388,345	879,645			7,307,708
-	1,303,480	-	-			1,303,480
-	425,272	4,522	17,748			447,542
-	198,596	5,853	13,379			217,828
-	3,616,489	400,073	148,064			4,164,626
-	11,583,555	798,793	1,058,836			13,441,184
<u>796</u>	<u>(3,102,886)</u>	<u>58,655</u>	<u>(201,114)</u>			<u>(3,245,345)</u>
5,777	361,528	312	-			361,840
-	(155,565)	(102,929)	(54,028)			(312,522)
-	(78,967)	(152,177)	-			(231,144)
<u>5,777</u>	<u>126,996</u>	<u>(254,794)</u>	<u>(54,028)</u>			<u>(181,826)</u>
<u>6,573</u>	<u>(2,975,890)</u>	<u>(196,139)</u>	<u>(255,142)</u>			<u>(3,427,171)</u>
-	2,222,796	-	-			2,222,796
1,054,059	2,113,769	147,587	197,912			2,459,268
(1,059,710)	(2,123,769)	-	-			(2,123,769)
<u>(5,651)</u>	<u>(10,000)</u>	<u>147,587</u>	<u>197,912</u>			<u>335,499</u>
922	(763,094)	(48,552)	(57,230)			(868,876)
<u>946,614</u>	<u>71,220,548</u>	<u>15,470,627</u>	<u>6,157,915</u>			<u>92,849,090</u>
<u>\$ 947,536</u>	<u>\$ 70,457,454</u>	<u>\$ 15,422,075</u>	<u>\$ 6,100,685</u>			<u>\$ 91,980,214</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, 2017**

	SANITARY DISTRICT		
	SEWER OPERATIONS	WATER OPERATIONS	RESTRICTED FUND
<b><u>CASH FLOWS FROM OPERATING ACTIVITIES</u></b>			
Receipts from customers and users	\$ 5,563,994	\$ 2,331,172	\$ 986,040
Receipts from other operating sources	149,739	153,812	-
Receipts from bond interest reimbursement - Build America Bond	-	-	-
Increase in accounts payable	4,026,698	-	-
Payments to suppliers	(2,154,848)	(1,117,381)	-
Payments to employees and on behalf of employees	(3,025,337)	(1,123,117)	-
Net Cash Provided (Used) by Operating Activities	<u>4,560,246</u>	<u>244,486</u>	<u>986,040</u>
<b><u>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</u></b>			
Transfers in from other funds	1,059,710	-	-
Receipts from interfund loans	174,985	-	-
Transfers to other funds	(5,000)	(5,000)	(1,054,059)
Principal paid on interfund loans	-	-	-
Net Cash Provided (Used) by Noncapital Financing Activities	<u>1,229,695</u>	<u>(5,000)</u>	<u>(1,054,059)</u>
<b><u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</u></b>			
Proceeds from the disposition of capital assets	-	-	-
Principal paid on capital debt	(906,592)	-	-
Proceeds from the sale of bonds	-	-	-
Premium adjustment on prior year sale of bonds	-	-	-
Receipts from state loan	6,731,697	-	-
Interest paid on capital debt	(153,118)	-	-
Acquisition and construction of capital assets	(11,276,732)	(134,199)	-
Net Cash (Used) by Capital and Related Financing Activities	<u>(5,604,745)</u>	<u>(134,199)</u>	<u>-</u>
<b><u>CASH FLOWS FROM INVESTING ACTIVITIES</u></b>			
Net Cash Provided by Investing Activities - Investment Income	<u>105,330</u>	<u>79,890</u>	<u>170,531</u>
Net Increase (Decrease) in Cash and Cash Equivalents	290,526	185,177	102,512
Balances - Beginning of the year	<u>7,373,084</u>	<u>4,162,432</u>	<u>6,794,963</u>
Balances - End of the year	<u>\$ 7,663,610</u>	<u>\$ 4,347,609</u>	<u>\$ 6,897,475</u>
<b><u>Reconciliation of operating income (loss) to net cash provided by operating activities</u></b>			
Operating income (loss)	\$ (3,049,769)	\$ (499,939)	\$ 446,026
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:			
Depreciation	3,035,037	581,452	-
Effect of changes in operating assets and liabilities:			
Accounts receivable, net	149,213	26,589	540,014
Special assessments receivable, net	-	-	251,206
Operating grants receivable	40,679	4,520	-
Build America Bonds Interest receivable	-	-	-
Inventories and Prepaid Expenses	(95,516)	-	-
Vendor accounts payable	4,026,698	(5,497)	-
Compensated absences	20,090	3,438	-
Other Post-Employment Benefit Obligation	333,049	92,223	-
Pension Obligation	156,896	41,700	-
Escrow deposits payable	3,810	-	-
Deferred revenue collected in advance	(59,941)	-	(251,206)
Net Cash Provided (Used) by Operating Activities	<u>\$ 4,560,246</u>	<u>\$ 244,486</u>	<u>\$ 986,040</u>
<b><u>Noncash investing, capital and financing activities:</u></b>			
Donation of capital assets (infrastructure) by developers	<u>\$ 1,713,876</u>	<u>\$ 508,920</u>	<u>\$ -</u>

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

**QUEEN ANNE'S COUNTY, MARYLAND**  
**STATEMENT OF CASH FLOWS**  
**ENTERPRISE FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2017**

(CONTINUED)

SANITARY DISTRICT			BAY BRIDGE AIRPORT	NON-MAJOR ENTERPRISE FUNDS	TOTAL PRIMARY GOVERNMENT ENTERPRISE FUNDS
DEBT SERVICE FUND	TOTAL				
\$ 1,529	\$ 8,882,735	\$ 33,498	\$ 731,572	\$ 9,647,805	
-	303,551	886,449	86,714	1,276,714	
-	-	2,268	12,072	14,340	
-	4,026,698	-	-	4,026,698	
-	(3,272,229)	(239,243)	(456,526)	(3,967,998)	
-	(4,148,454)	(127,784)	(374,063)	(4,650,301)	
<u>1,529</u>	<u>5,792,301</u>	<u>555,188</u>	<u>(231)</u>	<u>6,347,258</u>	
1,054,059	2,113,769	147,587	197,912	2,459,268	
-	174,985	1,275,420	583,544	2,033,949	
(1,059,710)	(2,123,769)	-	-	(2,123,769)	
(174,985)	(174,985)	(1,308,296)	(432,806)	(1,916,087)	
<u>(180,636)</u>	<u>(10,000)</u>	<u>114,711</u>	<u>348,650</u>	<u>453,361</u>	
-	-	570	-	570	
-	(906,592)	(115,307)	(175,823)	(1,197,722)	
-	-	10,000	16,764	26,764	
-	-	(21,783)	-	(21,783)	
-	6,731,697	-	-	6,731,697	
-	(153,118)	(115,331)	(57,396)	(325,845)	
-	(11,410,931)	(1,404,120)	(143,196)	(12,958,247)	
-	(5,738,944)	(1,645,971)	(359,651)	(7,744,566)	
<u>5,777</u>	<u>361,528</u>	<u>312</u>	<u>-</u>	<u>361,840</u>	
(173,330)	404,885	(975,760)	(11,232)	(582,107)	
<u>1,120,775</u>	<u>19,451,254</u>	<u>975,760</u>	<u>816,069</u>	<u>21,243,083</u>	
<u>\$ 947,445</u>	<u>\$ 19,856,139</u>	<u>\$ -</u>	<u>\$ 804,837</u>	<u>\$ 20,660,976</u>	
\$ 796	\$ (3,102,886)	\$ 58,655	\$ (201,114)	\$ (3,245,345)	
-	3,616,489	400,073	148,064	4,164,626	
520	716,336	42	(30,265)	686,113	
1,009	252,215	-	-	252,215	
-	45,199	64,502	2,703	112,404	
-	-	23	136	159	
-	(95,516)	21,185	2,828	(71,503)	
-	4,021,201	(3,636)	39,240	4,056,805	
-	23,528	3,769	6,988	34,285	
-	425,272	4,522	17,748	447,542	
-	198,596	5,853	13,379	217,828	
-	3,810	200	-	4,010	
(796)	(311,943)	-	62	(311,881)	
<u>\$ 1,529</u>	<u>\$ 5,792,301</u>	<u>\$ 555,188</u>	<u>\$ (231)</u>	<u>\$ 6,347,258</u>	
<u>\$ -</u>	<u>\$ 2,222,796</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,222,796</u>	

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

**QUEEN ANNE'S COUNTY, MARYLAND**  
**STATEMENT OF FIDUCIARY NET POSITION**  
**PRIVATE PURPOSE TRUST, OTHER POST-EMPLOYMENT BENEFIT TRUST, AND AGENCY FUNDS**  
**JUNE 30, 2017**

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	PRIVATE PURPOSE TRUST FUND	OTHER POST-EMPLOYMENT BENEFIT TRUST FUND	AGENCY FUNDS
	TAX SALE DEPOSITS		
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 258,661	\$ 2,231,418	\$ 769,585
Investments	-	2,276,673	-
Total Assets	258,661	4,508,091	\$ 769,585
<b>LIABILITIES</b>			
Accrued Expenses	-	4,949	\$ 1,395
Due to Other Governments	-	157,330	222,925
Deposits and Escrows	-	-	545,265
Total Liabilities	-	162,279	\$ 769,585
<b>NET POSITION</b>			
Held in Trust	\$ 258,661	\$ 4,345,812	

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

**QUEEN ANNE'S COUNTY, MARYLAND**  
**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION**  
**PRIVATE PURPOSE TRUST AND OTHER POST-EMPLOYMENT BENEFIT TRUST FUND**  
**FOR THE YEAR ENDED JUNE 30, 2017**

		PRIVATE PURPOSE TRUST FUND
		<u>TAX SALE DEPOSITS</u>
<b>ADDITIONS</b>		
Total Additions - Tax Sale Collections in Excess of Tax Due	\$	202,475
<b>DEDUCTIONS</b>		
Distributions to Property Holders		<u>59,433</u>
Change in Assets		143,042
<b>NET POSITION HELD IN TRUST</b>		
Net Position-Beginning of Year		<u>115,619</u>
Net Position-End of Year	\$	<u><u>258,661</u></u>
		OTHER POST-EMPLOYMENT BENEFIT TRUST FUND
<b>ADDITIONS</b>		
<b>CONTRIBUTIONS</b>		
Employers	\$	4,142,018
Members		<u>1,117,155</u>
Total Contributions		<u>5,259,173</u>
Investment Earnings		
Interest		25,069
Net Increase in the Fair Value of Investments		<u>56,314</u>
Total Investment Gain		<u>81,383</u>
Less Investment Expenses		<u>(1,049)</u>
Net Investment Gain		<u>80,334</u>
Total Additions		<u>5,339,507</u>
<b>DEDUCTIONS</b>		
Claims Paid		4,326,725
Administrative Expenses		<u>8,355</u>
Total Deductions		<u>4,335,080</u>
Change in Assets		1,004,427
<b>NET POSITION HELD IN TRUST</b>		
Net Position-Beginning of Year		<u>3,341,385</u>
Net Position-End of Year	\$	<u><u>4,345,812</u></u>

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

**QUEEN ANNE'S COUNTY, MARYLAND**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**INDEX**

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**QUEEN ANNE'S COUNTY, MARYLAND**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

**A. REPORTING ENTITY**

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

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

**Blended Component Units**

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

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

**Discretely Presented Component Units**

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

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

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

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

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

**QUEEN ANNE’S COUNTY, MARYLAND**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

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**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, Maryland 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 17.

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, 2017**

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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

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

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

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

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

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

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

**Measurement Focus and Basis of Accounting**

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

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

**QUEEN ANNE'S COUNTY, MARYLAND**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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

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

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

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

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

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

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

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

**QUEEN ANNE'S COUNTY, MARYLAND**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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

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

**Capital Projects Funds** –

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

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

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

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

**Sanitary District** -

**Sewer Operations** - This fund is used to account for the operation of the sewer system serving approximately 7,050 customers.

**Water Operations** - This fund is used to account for the operation of the water supply system serving approximately 4,350 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, 2017**

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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

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

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

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

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

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

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

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

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

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

QUEEN ANNE'S COUNTY, MARYLAND  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2017

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**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 stated at the lower of cost or market with cost 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 are recorded at estimated fair market 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, 2017

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NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

4) **Capital Assets (continued)**

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

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

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

5) **Deferred Outflows/Inflows of Resources**

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

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

6) **Other Post-Employment Benefit Obligation**

The Queen Anne’s County post-employment 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. Additional details regarding other post-employment benefits can be found in Notes 9 and 14.

**Primary Government** – In both the government-wide and enterprise funds, liability for other post-employment benefits is adjusted at the end of the fiscal year. For the year ended June 30, 2017, the other post-employment benefit obligation amounted to \$43,465,616, including both governmental (\$36,589,640) and business-type activities (\$6,875,976).

**Component Unit - Board of Education** – For the year ended June 30, 2017, the other post-employment benefit obligation for the Board of Education amounted to \$57,241,825.

**Component Unit – Free Library** – For the year ended June 30, 2017, the other post-employment benefit obligation for the Library amounted to \$1,279,517.

**QUEEN ANNE'S COUNTY, MARYLAND**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

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**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. Additional details regarding retirement benefits can be found in Note 12.

**Primary Government** – For the year ended June 30, 2017, the net pension liability amounted to \$30,000,070, including both governmental (\$27,446,255) and business-type activities (\$2,553,815).

**Component Unit - Board of Education** – For the year ended June 30, 2017, the net pension liability for the Board of Education amounted to \$5,140,060.

**8) Compensated Absences**

**Primary Government** – The County's policy is to pay employees for any unused vacation time, up to a maximum of 65 days, upon termination of employment. Compensated absences are reported in governmental funds only if they have matured, such as payments upon termination of employment, vacation, and compensatory time paid as they are used during the year. Such time is paid as regular wages. Compensated absences are reported in enterprise funds as they are accrued. In the government-wide statements, the liability for compensated absences is adjusted at the end of each fiscal year to current salary costs. Accumulated unpaid leave of the County amounted to \$2,922,384 at June 30, 2017, including both governmental (\$2,553,495) and business-type activities (\$368,889).

**Component Unit - Board of Education** – Accumulated unpaid annual leave is accrued when earned in the Unrestricted Current Expense Fund using the modified accrual basis of accounting. In fiscal year 1992, the Board adopted the practice of paying for any unused vacation time, up to the maximum number of days that employees can carry over from one year to the next, upon termination of employment. Maximum number of days varies from 20 to 30 days, depending on classification. Liabilities for compensated absences are inventoried at the end of each fiscal year and adjusted to current salary costs. Accumulated compensated absences as of June 30, 2017 amounted to \$863,007. Because payment of sick leave is contingent upon employees' future illness or retirement, the Board of Education expects its commitment to provide sick leave to be met during the normal course of activities over the working lives of its present employees. Any accumulated unused sick leave at retirement will ultimately be taken into consideration and paid through retirement benefits by the State of Maryland.

**9) 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.

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.

**QUEEN ANNE'S COUNTY, MARYLAND**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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

**10) Net Position/Fund Equity**

In the government-wide financial statements, the County has reported an unrestricted net deficit of \$63,073,042. This deficit is due to the fact that the County issues general obligation bonded debt for purposes of capital construction on behalf of the Queen Anne's County Board of Education. The capital assets constructed with the proceeds of this debt are reported on the financial statements of Queen Anne's County Board of Education. This amount is also classified as net investment in capital assets in the Board of Education column of the Component Units section of the County's government-wide Statement of Net Position. Since the Board of Education is not authorized to borrow funds, they do not have any debt.

Since the issuance of such debt has not resulted in capital assets owned by the Primary Government, the effect of this debt is reflected in a deficit balance in unrestricted net assets in the Governmental Activities column of the government-wide Statement of Net Position. At June 30, 2017, the County has reported outstanding general obligation debt related to assets held by the Board of Education amounting to \$59,207,136 (of which \$58,859,243 has been spent and the remaining \$347,893 relates to unspent bond proceeds). Absent the effect of this relationship, the County would have reported an unrestricted net deficit of \$3,865,906 for governmental activities.

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, 2017, this portion of net position was restricted for a particular purpose either by external parties; by provision of the County Charter; or by enabling legislation. Net position restricted by enabling legislation represents legislative restrictions that a party external to the government can compel the government to honor. For the County, such amounts represent primarily accumulated net position attributed to revenue streams that are restricted for specified purposes in the County Code. This generally includes the Rainy Day Fund, Capital Projects Fund impact fee collections and developer exactions on hand for outside entities; restricted amount for special revenue funds; and ending restricted net assets of the Sanitary District and other enterprise funds. Such amounts, which are restricted in the government-wide statement of Net Position, are as follows at year-end:

<u>Restricted Amounts</u>		
Governmental activities		\$ 13,094,534
Business-type activities:		
Debt Service	\$ 947,536	
Capital Projects	<u>753,300</u>	<u>1,700,836</u>
Total Restricted Amounts		<u><u>\$ 14,795,370</u></u>

Note that unspent bond proceeds of \$6,432,325 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, 2017**

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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

**10) 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, prepaid items, and loans receivable.

**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.

**11) 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, 2017**

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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

**11) 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, 2017 was \$0.8471 per \$100 of assessed value.

**E. NEW ACCOUNTING PRONOUNCEMENTS**

The County adopted the provisions of the following Governmental Accounting Standards Board Statements:

*GASB Statement No. 73, Accounting and Financial Reporting for Pensions and Related Assets That are Not within the Scope of GASB 68, and Amendments to certain Provisions of GASB Statements 67 and 68; GASB Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans; GASB Statement No. 77, Tax Abatement Disclosures; and GASB Statement No. 78, Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans.* None of these GASB Statements had an effect on the accompanying financial statements.

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

*GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions; GASB Statement No. 80, Blending Requirements for Certain Component Units – an amendment of GASB Statement No. 14; GASB Statement No. 81, Irrevocable Split-Interest Agreements; and GASB Statement No. 82, Pension Leases – an amendment of GASB Statements No. 67, No. 68, and No. 73.*

**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, 2017**

**NOTE 2 - BUDGETS AND BUDGETARY ACCOUNTING (CONTINUED)**

During the fiscal year, the Commissioners may adopt supplemental appropriations. For the year ended June 30, 2017, supplemental appropriations were as follows:

<u>Supplemental Appropriations</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Increase</u>
General Fund - expenditures and transfers	<u>\$ 129,439,127</u>	<u>\$ 131,756,762</u>	<u>\$ 2,317,635</u>
<u>Special Revenue Funds that adopt annual budgets</u>			
Non-Major Funds that adopt annual budgets -			
Department of Aging - expenditures and transfers	\$ 2,499,037	\$ 2,598,766	\$ 99,729
Housing & Community Services - expenditures	1,093,636	1,423,972	330,336
Economic Development Incentive- expenditures	-	249,050	249,050
Community Partnerships for Children - expenditures and transfers	1,033,442	1,308,746	275,304
Law Library - expenditures	25,500	27,500	2,000
Rural Legacy - expenditures	-	1,507,956	1,507,956
Kent Narrows - expenditures	38,000	54,000	16,000
Fire Company Impact Fees - expenditures	<u>200,500</u>	<u>315,198</u>	<u>114,698</u>
Total Special Revenue Funds that adopt annual budgets	<u>\$ 4,890,115</u>	<u>\$ 7,485,188</u>	<u>\$ 2,595,073</u>

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

Annual operating budgets are legally adopted for the General Fund (includes the Roads Board) and the following non-major governmental funds: Department of Aging, Housing and Community Services, Economic Development Incentive, 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, 2017. However, salary reversions are budgeted as a lump sum negative \$1,080,000, but actual amounts are realized in the individual departments and are not reported as a lump sum in the reversions activity.

**QUEEN ANNE'S COUNTY, MARYLAND**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

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**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 \$25,039,893 with local banks (carrying value \$24,893,336). Of those balances, \$502,447 was insured by federal depository insurance (FDIC). The uninsured balances were fully collateralized by securities placed with the respective banks' escrow agents and held in the County's name.

Of these options, the County participates in the Maryland Local Government Investment Pool (MLGIP), which provides all local government units of the state with a safe investment vehicle for short-term investment of funds. The State Legislature created MLGIP with the passage of Article 95 Section 22G, of the Annotated Code of Maryland. PNC Financial manages the MLGIP, under administrative control of the State Treasurer. A MLGIP Advisory Committee of current participants reviews the activities of the Fund on a quarterly basis and provides suggestions to enhance the pool. The MLGIP portfolio is managed in a manner consistent with the Securities and Exchange Commission's Rule 2a-7 of the Investment Company Act of 1940. Standard and Poors rates the MLGIP as AAAM. The fair value of the pool is the same as the value of the pool shares. At June 30, 2017, the County had investments in MLGIP of \$60,478,675, which are recorded at cost, which approximates fair value.

As of June 30, 2017, 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 nine members who are the sole contributors to the Trust consist of the following: Allegany, St. Mary's, Queen Anne's, and Talbot Counties, City of Annapolis, College of Southern Maryland, Town of Bel Air, Talbot County Board of Education, and St. Mary's County Metropolitan Commission.

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

Cash and cash equivalents for the MACO Trust include an investment in a money market mutual fund. At June 30, 2017, the weighted average maturity (WAM) for the Trust's money market mutual fund investment was 34 days. At June 30, 2017, 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 and 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, 2017**

**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 generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset and gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy are described below:

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

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

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

The Trust has the following recurring fair value measurements as of June 30, 2017, of which Queen Anne's County's portion was 12.4% of the total :

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>June 30, 2017</u>
Investments by fair value level:				
Debt Securities				
U.S. Treasury Obligations	\$ -	\$ 2,673,538	\$ -	\$ 2,673,538
U.S. Governmental Agencies	-	187,444	-	187,444
Corporate & Foreign bonds	-	4,236,920	-	4,236,920
Municipal Obligations	-	476,781	-	476,781
Equity and Mutual Fund Investments				
Taxable Fixed Income Funds	-	1,081,346	-	1,081,346
Domestic Equity Mutual Funds	12,191,732	-	-	12,191,732
Global Funds	1,611,002	-	-	1,611,002
International Funds	3,482,827	-	-	3,482,827
Total	<u>\$ 17,285,561</u>	<u>\$ 8,656,029</u>	<u>\$ -</u>	<u>\$ 25,941,590</u>

*Interest rate risk* is the risk that changes in market interest rates that will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The Trust's investment policy states that the duration of the portfolio should be within 6 months of the Barclays Capital Aggregate Bond Index. The Trusts' weighted average years to maturity as of June 30, 2017 was 2.4 years.

**QUEEN ANNE'S COUNTY, MARYLAND**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

**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, 2017:

	<b>Investment Maturities (in Years)</b>				
	Less than 1	1 - 5	6 - 10	More than 10	Total
<b>Investments with maturities</b>					
U.S. Treasury Obligations	\$ -	\$ 1,539,906	\$ 711,734	\$ 421,898	\$ 2,673,538
U.S. Governmental Agencies	-	155,338	-	32,106	187,444
Corporate & Foreign bonds	499,878	1,775,911	1,137,584	823,547	4,236,920
Municipal Obligations	-	395,385	81,396	-	476,781
<b>Total</b>	<b>\$ 499,878</b>	<b>\$ 3,866,540</b>	<b>\$ 1,930,714</b>	<b>\$ 1,277,551</b>	<b>\$ 7,574,683</b>

*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. The Trust bears the risk of loss only to the extent of the fair value of its respective investments. At June 30, 2017 the ratings of the underlying investments of the Trust's investments were as follows:

Type	<b>Rating</b>						Total
	Aaa	Aa1/Aa2/Aa3	A1/A2/A3	Baa1/Baa2/Baa3	Ba1	Not Rated	
U.S. Treasury Obligations	\$ 2,673,538	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,673,538
U.S. Governmental Agencies	-	-	-	-	-	187,444	187,444
Corporate & Foreign bonds	840,672	900,618	1,593,918	772,087	71,689	57,936	4,236,920
Municipal Obligations	101,017	375,764	-	-	-	-	476,781
	<b>\$ 3,615,227</b>	<b>\$ 1,276,382</b>	<b>\$ 1,593,918</b>	<b>\$ 772,087</b>	<b>\$ 71,689</b>	<b>\$ 245,380</b>	<b>\$ 7,574,683</b>

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

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

The following summarizes custodial credit risk related to investments held by the custodian as of June 30, 2017, which are uninsured and unregistered:

	Fair Value June 30, 2017
U.S. Treasury Obligations	\$ 2,673,538
U.S. Governmental Agencies	187,444
Corporate & Foreign bonds	4,236,920
Municipal Obligations	476,781
<b>Total</b>	<b>\$ 7,574,683</b>

**QUEEN ANNE'S COUNTY, MARYLAND**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

**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.

<u>Asset Class</u>	<u>Minimum</u>	<u>Maximum</u>	<u>Target</u>
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, 2017 that exceeded 5% of the total investment balance as of June 30, 2017:

<u>Name</u>	<u>Amount</u>
DFA US Small-Cap Value Fund	\$ 1,725,587
Lazard International Strategic Equity Funds	1,741,959
Transamerica TS&W International Equity Fund	1,740,867
Vanguard 500 Index Fund	7,565,355
Vanguard Mid-Cap Index Fund -Admiral Shares	1,855,092
New World Fund	1,611,002

*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, 2017 as the Trust did not have any investments denominated in foreign currencies.

**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.

**Income Taxes**

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

**COMPONENT UNITS (BOARD OF EDUCATION AND LIBRARY)**

**Component Unit - Board of Education** - At year-end, the carrying amount of deposits was \$13,739,005, including \$300,000 in certificates of deposit and excluding the carrying amount of fiduciary funds. At June 30, 2017, the Board had deposits of approximately \$14.7 million with local banks. Of the total deposits, approximately \$14.1 million not covered by the FDIC was collateralized by securities held by the pledging financial institution's trust department or agent, but not in the Board's name.

**Component Unit – Library** - At year-end, the carrying amount of all bank deposits, including a \$244,044 certificate of deposit, was \$779,062, while collected bank balances were \$965,217. Of the bank balances, \$349,587 was secured by the FDIC and \$615,630 was secured by collateral held by the pledging bank's trust department but not in the Library's name.

**QUEEN ANNE'S COUNTY, MARYLAND**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

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

**B. INVESTMENT INCOME**

**PRIMARY GOVERNMENT**

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

<u>Governmental Funds</u>	<u>Investment Income</u>
Major Governmental Funds	
General Fund	\$ 259,885
General Capital Projects	107,536
Roads Capital Projects	20,122
Non-Major Governmental Funds	<u>56,520</u>
Total Investment Income	<u><u>\$ 444,063</u></u>
<u>Business-Type Funds</u>	
Major Enterprise Funds	
Sanitary District	\$ 361,528
Bay Bridge Airport	<u>312</u>
Total Investment Income	<u><u>\$ 361,840</u></u>

**QUEEN ANNE'S COUNTY, MARYLAND**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

**NOTE 4 - ACCOUNTS RECEIVABLE**

Receivables as of June 30, 2017 for the governmental and business-type activities are as follows:

	General	General	Roads	Non-Major	Total	Total	Total
	General	Capital	Capital	Governmental	Governmental	Enterprise	Governmental
	Fund	Projects	Projects	Funds	Funds	Funds	and Enterprise
							Funds
<b>Accounts Receivable</b>							
Receivables							
Taxes - Real Property	\$ 439,080	\$ -	\$ -	\$ -	\$ 439,080	\$ -	\$ 439,080
Taxes - Other	362,910	-	-	-	362,910	-	362,910
Subtotal Taxes	<u>801,990</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>801,990</u>	<u>-</u>	<u>801,990</u>
Other Accounts Receivable:							
Queen Anne's County Public Housing Authority	-	1,008,916	-	-	1,008,916	-	1,008,916
Sanitary District - User and Septage Fees	-	-	-	-	-	503,511	503,511
Board of Education	23,007	-	-	-	23,007	-	23,007
Retirees Insurance	30,366	-	-	-	30,366	-	30,366
Governmental Funds - User Fees	5,395	-	4,842	-	10,237	-	10,237
Department of Emergency Service Receivables	10,146	-	-	-	10,146	-	10,146
Public Landings Receivables	-	-	-	-	-	41,126	41,126
Airport - Fuel Sales and User and Rental Fees	-	-	-	-	-	36,639	36,639
Miscellaneous Receivables	81,137	-	-	28,006	109,143	-	109,143
Subtotal Other Accounts Receivable	<u>150,051</u>	<u>1,008,916</u>	<u>4,842</u>	<u>28,006</u>	<u>1,191,815</u>	<u>581,276</u>	<u>1,773,091</u>
Loans Receivable	-	-	-	6,227,849	6,227,849	-	6,227,849
Subtotal Other Accounts and Loans Receivable	<u>150,051</u>	<u>1,008,916</u>	<u>4,842</u>	<u>6,255,855</u>	<u>7,419,664</u>	<u>581,276</u>	<u>8,000,940</u>
Special Assessments	-	-	176,836	417,214	594,050	-	594,050
Intergovernmental							
Income Taxes Held by State	8,222,442	-	-	-	8,222,442	-	8,222,442
Grants Receivable	340,814	-	-	409,524	750,338	67,552	817,890
Recordation Tax	627,346	-	-	-	627,346	-	627,346
State-Shared Highway User Tax	116,822	-	-	-	116,822	-	116,822
Bonds Receivable	574,841	-	-	-	574,841	-	574,841
Subtotal Intergovernmental	<u>9,882,265</u>	<u>-</u>	<u>-</u>	<u>409,524</u>	<u>10,291,789</u>	<u>67,552</u>	<u>10,359,341</u>
Restricted Receivables							
Accounts Receivable	-	-	-	-	-	6,149	6,149
Special Assessments	-	-	-	-	-	1,128,851	1,128,851
Subtotal Restricted Receivables	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,135,000</u>	<u>1,135,000</u>
<b>Total Receivables</b>	<u>\$ 10,834,306</u>	<u>\$ 1,008,916</u>	<u>\$ 181,678</u>	<u>\$ 7,082,593</u>	<u>\$ 19,107,493</u>	<u>\$ 1,783,828</u>	<u>\$ 20,891,321</u>

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 \$4.3 million receivable on its government-wide Statement of Net Position, which represents the collective obligation of the three aforementioned counties for funding the facility at Chesapeake College.

**QUEEN ANNE'S COUNTY, MARYLAND**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

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**NOTE 4 - ACCOUNTS RECEIVABLE (CONTINUED)**

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

Intergovernmental receivables include bonds receivable from four other counties. In years 2000 and 2003, Queen Anne's County sold \$2,815,000 and \$710,000, respectively, of its general obligation bonds for the purpose of providing the local share of capital projects at Chesapeake College. Five counties, including Queen Anne's County, provide local support for the College. The other four counties supporting Chesapeake College reimburse Queen Anne's County for their portion of the debt service. Bonds are amortized over the 20-year life of each of the original Queen Anne's County Bonds. The current carrying value for the bonds receivable from the other four counties are \$376,128 and \$198,713, respectively, for a total of \$574,841. The College bills and collects from the original five counties an amount sufficient to cover this debt service and reimburses this amount to Queen Anne's County on a semi-annual basis. In addition to these two receivables related to Chesapeake College, there is also a receivable of \$4.3 million included in the Government-Wide Statement of Net Position. Details are included on the previous page.

Loans receivable in the amount of \$6,227,849 relate to the Housing and Community Services, Impact Fees, and Revolving Loan Special Revenue Funds. Loans receivable in the amount of \$5,131,755 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 \$94,786 are also repaid over a number of years.

The remaining loan receivable balance of \$1,001,308 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 \$8,222,442 have been estimated by the State as income tax due for "tax years" 2014 and prior. It may take five years or longer for the State to receive all amounts relating to these "tax years" and remit those monies to the County. 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 \$594,050 represent receivables for governmental activities. Part of this amount consists of \$176,836 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 \$417,214 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 \$1,128,851 represent restricted receivables for the Sanitary District. These receivables relate to assessments levied on homeowners for the construction of sewer and water lines, as well as for hook up costs. Only the current portion due is billed and the remaining balances are repaid over a number of years, as determined by the original agreement. As the funds are paid back, the County uses the money to repay debt.

**QUEEN ANNE'S COUNTY, MARYLAND**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

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**NOTE 5 – UNEARNED REVENUE**

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

Governmental Funds	Unearned Revenue
General Fund	
Property Tax Deferrals	\$ 23,064
Grant Drawdowns in Excess of Expenditures	3,957
Inspection Fees Collected in Advance	662,337
Subtotal	689,358
General Capital Projects Fund	
Grant Drawdowns in Excess of Expenditures	48,655
Non-Major Governmental Funds	
Grant Drawdowns in Excess of Expenditures	153,697
Total Unearned Revenue	\$ 891,710
Business-Type Funds	
Major Enterprise Funds	
Sanitary District	
Inspection Fees	\$ 401,983
Miscellaneous	6,000
Subtotal	407,983
Non-Major Enterprise Funds	
	2,517
Total Unearned Revenue	\$ 410,500

**QUEEN ANNE'S COUNTY, MARYLAND**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

**NOTE 6 – CAPITAL ASSETS**

**PRIMARY GOVERNMENT**

Changes in the County's capital assets for governmental activities for the year ended June 30, 2017 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.

<b>Governmental Activities</b>	Balance June 30, 2016	Increases	Transfers	Decreases	Balance June 30, 2017
Capital Assets, not being depreciated:					
Land	\$ 39,034,929	\$ 14,500	\$ -	\$ -	\$ 39,049,429
Intangible Rights - Easements	821,819	-	-	-	821,819
Land Improvements	3,448,083	-	266,200	-	3,714,283
Construction in Progress	17,424,099	8,964,390	(13,117,715)	(2,374,366)	10,896,408
Land - Inexhaustible Infrastructure Improvements	43,830,278	6,670	53,914	-	43,890,862
<b>Total Capital Assets, not being depreciated</b>	<b>104,559,208</b>	<b>8,985,560</b>	<b>(12,797,601)</b>	<b>(2,374,366)</b>	<b>98,372,801</b>
Capital Assets, being depreciated:					
Buildings and Building Improvements	41,868,780	562,656	5,196,392	(344,785)	47,283,043
Improvements other than Buildings	10,202,783	51,345	302,200	-	10,556,328
Vehicles	11,978,358	1,385,576	-	(803,600)	12,560,334
Equipment	10,976,772	1,918,721	277,200	(324,590)	12,848,103
Furniture and Fixtures	9,692,948	1,620,655	7,021,809	(6,884,691)	11,450,721
Infrastructure Improvements - Depreciable	18,785,758	450,384	-	-	19,236,142
<b>Total Capital Assets, being depreciated</b>	<b>103,505,399</b>	<b>5,989,337</b>	<b>12,797,601</b>	<b>(8,357,666)</b>	<b>113,934,671</b>
Less Accumulated Depreciation for:					
Buildings and Building Improvements	13,809,738	927,873	-	(134,332)	14,603,279
Improvements other than Buildings	2,467,109	378,160	-	-	2,845,269
Vehicles	6,894,092	882,078	-	(603,847)	7,172,323
Equipment	6,460,316	719,619	-	(323,117)	6,856,818
Furniture and Fixtures	8,668,372	253,298	-	(6,884,057)	2,037,613
Infrastructure Improvements - Depreciable	8,102,905	384,921	-	-	8,487,826
<b>Total Accumulated Depreciation</b>	<b>46,402,532</b>	<b>3,545,949</b>	<b>-</b>	<b>(7,945,353)</b>	<b>42,003,128</b>
<b>Total Capital Assets, being depreciated, net</b>	<b>57,102,867</b>	<b>2,443,388</b>	<b>12,797,601</b>	<b>(412,313)</b>	<b>71,931,543</b>
<b>Governmental activities Capital Assets, net</b>	<b>\$ 161,662,075</b>	<b>\$ 11,428,948</b>	<b>\$ -</b>	<b>\$ (2,786,679)</b>	<b>\$ 170,304,344</b>

**QUEEN ANNE'S COUNTY, MARYLAND**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

**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, 2017 are summarized as follows, with depreciation shown separately. Assets resulting from completed capital projects are shown in the Transfers column. Asset retirements are shown in the Decreases column.

<u>Business-Type Activities</u>	Balance June 30, 2016	Increases	Transfers	Decreases	Balance June 30, 2017
Capital Assets, not being depreciated:					
Land	\$ 12,929,533	\$ 212,643	\$ -	\$ -	\$ 13,142,176
Land Improvements	9,500	-	-	-	9,500
Intangible Rights	6,140	-	-	-	6,140
Construction in Progress	1,913,025	10,821,473	(594,301)	(152,747)	11,987,450
Land - Inexhaustible Infrastructure Improvements	2,481,094	-	-	-	2,481,094
Total Capital Assets, not being depreciated	<u>17,339,292</u>	<u>11,034,116</u>	<u>(594,301)</u>	<u>(152,747)</u>	<u>27,626,360</u>
Capital Assets, being depreciated:					
Buildings and Improvements to Buildings	14,703,860	1,145,898	506,670	(254,733)	16,101,695
Improvements other than Buildings	14,824,467	125,122	87,631	-	15,037,220
Vehicles	1,399,932	385,566	10,398	(51,524)	1,744,372
Equipment	22,782,928	267,547	74,340	(21,397)	23,103,418
Furniture and Fixtures	49,897	-	-	(19,088)	30,809
Infrastructure Improvements - Depreciable	79,824,832	2,222,796	-	-	82,047,628
Total Capital Assets, being depreciated	<u>133,585,916</u>	<u>4,146,929</u>	<u>679,039</u>	<u>(346,742)</u>	<u>138,065,142</u>
Less Accumulated Depreciation for:					
Buildings and Improvements to Buildings	8,515,245	607,346	-	(175,766)	8,946,825
Improvements other than Buildings	4,630,422	512,079	-	-	5,142,501
Vehicles	1,095,385	83,738	10,398	(51,524)	1,137,997
Equipment	12,136,200	1,086,357	74,340	(21,397)	13,275,500
Furniture and Fixtures	31,531	3,648	-	(19,087)	16,092
Infrastructure Improvements - Depreciable	29,658,825	1,871,458	-	-	31,530,283
Total Accumulated Depreciation	<u>56,067,608</u>	<u>4,164,626</u>	<u>84,738</u>	<u>(267,774)</u>	<u>60,049,198</u>
Total Capital Assets, being depreciated, net	<u>77,518,308</u>	<u>(17,697)</u>	<u>594,301</u>	<u>(78,968)</u>	<u>78,015,944</u>
Business-Type activities Capital Assets, net	<u>\$ 94,857,600</u>	<u>\$ 11,016,419</u>	<u>\$ -</u>	<u>\$ (231,715)</u>	<u>\$ 105,642,304</u>

**QUEEN ANNE'S COUNTY, MARYLAND**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

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**NOTE 6 – CAPITAL ASSETS (CONTINUED)**

**PRIMARY GOVERNMENT (CONTINUED)**

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

<b><u>Governmental Activities</u></b>	<b><u>Depreciation</u></b>
General Government	\$ 298,129
Public Safety	1,080,500
Public Works	1,725,518
Health	21,122
Social Services	325,213
Library	25,848
Conservation of Natural Resources	31,488
Economic/Community Development	38,131
	<u>\$ 3,545,949</u>
<b><u>Business-Type Activities</u></b>	
Major Enterprise Funds:	
Sanitary District	\$ 3,616,489
Bay Bridge Airport	400,073
Non-Major Enterprise Funds	<u>148,064</u>
	<u>\$ 4,164,626</u>

**QUEEN ANNE'S COUNTY, MARYLAND**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

**NOTE 6 – CAPITAL ASSETS (CONTINUED)**

**COMPONENT UNITS**

**Board of Education:** Capital asset activity for the year ended June 30, 2017 is as follows:

<b>Board of Education</b>	Balance June 30, 2016	Increases	Decreases	Balance June 30, 2017
Capital Assets, not being depreciated:				
Land	\$ 6,363,040	\$ -	\$ -	\$ 6,363,040
Construction in Progress	23,652,415	729,426	(23,828,322)	553,519
Total Capital Assets, not being depreciated	30,015,455	729,426	(23,828,322)	6,916,559
Capital Assets, being depreciated:				
Land Improvements	5,369,691	33,030	-	5,402,721
Buildings	184,194,259	22,926,559	-	207,120,818
Furniture and Equipment	15,275,820	754,131	(254,096)	15,775,855
Total Capital Assets, being depreciated	204,839,770	23,713,720	(254,096)	228,299,394
Less Accumulated Depreciation for:				
Land Improvements	4,152,268	178,511	-	4,330,779
Building	51,702,082	3,717,073	-	55,419,155
Furniture and Equipment	8,114,423	1,283,721	(246,617)	9,151,527
Total Accumulated Depreciation	63,968,773	5,179,305	(246,617)	68,901,461
Total Capital Assets, being depreciated, net	140,870,997	18,534,415	(7,479)	159,397,933
Capital Assets, net	<u>\$ 170,886,452</u>	<u>\$ 19,263,841</u>	<u>\$ (23,835,801)</u>	<u>\$ 166,314,492</u>

**QUEEN ANNE'S COUNTY, MARYLAND**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

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**NOTE 6 – CAPITAL ASSETS (CONTINUED)**

**COMPONENT UNITS (CONTINUED)**

**Queen Anne's County Free Library:** Capital asset activity for the year ended June 30, 2017 is as follows:

<b>Library</b>	Balance June 30, 2016	Increases	Decreases	Balance June 30, 2017
Capital Assets, not being depreciated:				
Artwork	\$ 29,850	\$ -	\$ -	\$ 29,850
Capital Assets, being depreciated:				
Books and Media	2,034,031	178,622	(202,320)	2,010,333
Building Improvements	324,580	77,627	-	402,207
Equipment	22,870	126,855	-	149,725
Total Capital Assets, being depreciated	<u>2,381,481</u>	<u>383,104</u>	<u>(202,320)</u>	<u>2,562,265</u>
Less Accumulated Depreciation	<u>1,276,749</u>	<u>137,698</u>	<u>(190,886)</u>	<u>1,223,561</u>
Total Capital Assets, being depreciated, net	<u>1,104,732</u>	<u>245,406</u>	<u>(11,434)</u>	<u>1,338,704</u>
Capital Assets, net	<u>\$ 1,134,582</u>	<u>\$ 245,406</u>	<u>\$ (11,434)</u>	<u>\$ 1,368,554</u>

**QUEEN ANNE'S COUNTY, MARYLAND**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

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**NOTE 7 - INTERFUND RECEIVABLES AND PAYABLES**

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

The interfund and intra-entity receivables and payables consist of the following at June 30, 2017:

	Due from Fund			
	Non-Major Governmental	Bay Bridge Airport	Non-Major Enterprise	Total Due
Due to Fund				
General Fund	\$ -	\$ 15,813	\$ 583,544	\$ 599,357
General Capital Projects	46,778	1,259,607	-	1,306,385
 Total Due to Other Funds	 \$ 46,778	 \$ 1,275,420	 \$ 583,544	 \$ 1,905,742

Note that there is a \$329 reconciling item between the Board of Education and the County as of June 30, 2017. The Board of Education determined that an adjustment is needed on their books and plans to post that in fiscal year 2018.

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, 2017**

**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 following interfund transfers were made during the fiscal year ended June 30, 2017:

	Transfers in Fund						
	Total Transfers Out	General Fund	General Capital Projects	Non-Major Governmental	Major Enterprise	Non-Major Enterprise	Total Transfers In
<b>Transfers Out Fund</b>							
General Fund	\$ 6,216,178	\$ -	\$ 3,729,882	\$ 2,294,105	\$ 105,337	\$ 86,854	\$ 6,216,178
General Capital Projects (1)	180,072	-	-	-	42,250	111,058	153,308
Total Major Governmental Funds	6,396,250	-	3,729,882	2,294,105	147,587	197,912	6,369,486
Non-Major Governmental	297,495	257,491	40,004	-	-	-	297,495
Sanitary District - Sewer	5,000	-	5,000	-	-	-	5,000
Sanitary District - Water	5,000	-	5,000	-	-	-	5,000
Sanitary District - Restricted	1,054,059	-	-	-	1,054,059	-	1,054,059
Sanitary District - Debt Service	1,059,710	-	-	-	1,059,710	-	1,059,710
Total Major Enterprise Funds	2,123,769	-	10,000	-	2,113,769	-	2,123,769
Total Transfers Out	\$ 8,817,514	\$ 257,491	\$ 3,779,886	\$ 2,294,105	\$ 2,261,356	\$ 197,912	\$ 8,790,750

(1) In fiscal year 2017, the General Capital Projects Fund transferred 2015 bond proceeds in the amount of \$10,000 to the Bay Bridge Airport Fund and 2016 bond proceeds in the amount of \$16,764 to the Golf Course. The transactions were appropriately recorded on the Enterprise Funds books as an increase in debt liability and on the General Capital Projects Fund's books as a transfer out. Since enterprise funds and governmental funds record such transactions differently, the \$26,764 is reported in the above table only as a transfer out with no corresponding transfer in.

**QUEEN ANNE'S COUNTY, MARYLAND**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

**NOTE 9 - NONCURRENT LIABILITIES**

**A. CHANGES IN NONCURRENT LIABILITIES**

During the year ended June 30, 2017, the following changes occurred in the noncurrent liabilities of the primary government's governmental activities:

<u>PRIMARY GOVERNMENT</u>						
<u>Governmental Activities</u>	Balance June 30, 2016	Additions of debt	Retirements and Repayments	Balance June 30, 2017	Due Within One Year	Due in More than One Year
General Bonds Payable	\$ 108,248,881	\$ 12,600,000	\$ 7,901,848	\$ 112,947,033	\$ 7,071,953	\$ 105,875,080
General Bonds Payable - Related to PHA	1,084,056	-	75,140	1,008,916	77,842	931,074
General Bonds Payable - Related to Ches College	4,464,493	-	173,649	4,290,844	181,152	4,109,692
Notes Payable	1,913,199	175,926	390,700	1,698,425	305,957	1,392,468
Bond Premiums	5,180,479	618,681	526,796	5,272,364	529,880	4,742,484
Subtotal Governmental Activities Debt	120,891,108	13,394,607	9,068,133	125,217,582	8,166,784	117,050,798
Other Post-Employment Benefit Obligation	35,511,934	3,301,180	2,223,474	36,589,640	-	36,589,640
Net Pension Liability	22,591,512	4,854,743	-	27,446,255	-	27,446,255
Compensated Absences	2,444,756	1,587,649	1,478,910	2,553,495	1,555,731	997,764
Total Governmental Activities Debt	<u>\$ 181,439,310</u>	<u>\$ 23,138,179</u>	12,770,517	<u>\$ 191,806,972</u>	<u>\$ 9,722,515</u>	<u>\$ 182,084,457</u>
Less College Reimbursements			(191,771)			
Total Governmental Retirements and Repayments			<u>\$ 12,578,746</u>			

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

Retirements and Repayments	
General Bonds Payable	\$ 7,901,848
Notes Payable	390,700
LESS: Distributions of 2015 Bonds	(10,000)
LESS: Distributions of 2016 Bonds	(16,764)
LESS: College Reimbursements	(191,771)
Total Principal Payments	<u>\$ 8,074,013</u>

The County added amounts to several bond offerings on behalf of Chesapeake College, which cannot borrow money on its own. The College reimbursed the County \$191,771 for this year's principal and interest payments.

**QUEEN ANNE'S COUNTY, MARYLAND**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

**NOTE 9 – NONCURRENT LIABILITIES (CONTINUED)**

**A. CHANGES IN NONCURRENT LIABILITIES (CONTINUED)**

During the year ended June 30, 2017, the following changes occurred in the noncurrent liabilities of the primary government's business-type activities:

<u>PRIMARY GOVERNMENT</u>						
<u>Business-Type Activities</u>	Balance June 30, 2016	Additions of debt	Retirements and Repayments	Balance June 30, 2017	Due Within One Year	Due in More than One Year
Golf Course	\$ 424,698	\$ 16,764	\$ 127,298	\$ 314,164	\$ 71,176	\$ 242,988
Bay Bridge Airport	2,042,282	10,000	115,307	1,936,975	102,500	1,834,475
Public Landings and Marinas	880,590	-	48,525	832,065	50,376	781,689
Sanitary District	10,471,639	6,731,697	906,592	16,296,744	915,658	15,381,086
Subtotal Debt	13,819,209	6,758,461	1,197,722	19,379,948	1,139,710	18,240,238
Bond Premiums						
Golf Course	40,781	-	8,655	32,126	8,655	23,471
Bay Bridge Airport	126,090	-	29,859	96,231	8,076	88,155
Public Landings and Marinas	6,418	-	500	5,918	500	5,418
Subtotal Bond Premiums	173,289	-	39,014	134,275	17,231	117,044
Subtotal Business-Type Activities Debt	13,992,498	6,758,461	1,236,736	19,514,223	1,156,941	18,357,282
Other Post-Employment Benefit Obligation	6,428,434	447,542	-	6,875,976	-	6,875,976
Net Pension Liability	2,129,736	424,079	-	2,553,815	-	2,553,815
Compensated Absences	334,604	236,698	202,413	368,889	224,747	144,142
Total Business-Type Activities Debt	<u>\$ 22,885,272</u>	<u>\$ 7,866,780</u>	<u>\$ 1,439,149</u>	<u>\$ 29,312,903</u>	<u>\$ 1,381,688</u>	<u>\$ 27,931,215</u>

Additions of debt listed for the Golf Course and the Airport include \$26,764 in distributions of the 2015 and 2016 bonds (see comment in Note 8).

**QUEEN ANNE'S COUNTY, MARYLAND**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

**NOTE 9 – NONCURRENT LIABILITIES (CONTINUED)**

**A. CHANGES IN NONCURRENT LIABILITIES (CONTINUED)**

During the year ended June 30, 2017, the following changes occurred in the noncurrent liabilities of the primary government's Component Units:

<u>COMPONENT UNITS</u>	Balance	Additions	Retirements	Balance	Due Within	Due in
	June 30, 2016	of new debt	and	June 30, 2017	One Year	More than
			Repayments			One Year
Board of Education and Free Library	June 30, 2016	of new debt	Repayments	June 30, 2017	One Year	One Year
Queen Anne's County						
Board of Education						
Retirement Incentives	\$ 5,777	\$ -	\$ 2,562	\$ 3,215	\$ 2,562	\$ 653
Compensated Absences	998,798	-	135,791	863,007	217,259	645,748
Capital Leases	2,762,746	-	333,846	2,428,900	345,843	2,083,057
Other Post-Employment Benefit Obligation	46,364,269	12,776,000	1,898,444	57,241,825	-	57,241,825
Net Pension Liability	4,546,868	593,192	-	5,140,060	-	5,140,060
Subtotal	<u>54,678,458</u>	<u>13,369,192</u>	<u>2,370,643</u>	<u>65,677,007</u>	<u>565,664</u>	<u>65,111,343</u>
Free Library						
Other Post-Employment Benefit Obligation	<u>1,270,777</u>	<u>8,740</u>	<u>-</u>	<u>1,279,517</u>	<u>-</u>	<u>1,279,517</u>
Total Noncurrent Liabilities: Component Units	<u>\$ 55,949,235</u>	<u>\$ 13,377,932</u>	<u>\$ 2,370,643</u>	<u>\$ 66,956,524</u>	<u>\$ 565,664</u>	<u>\$ 66,390,860</u>

**QUEEN ANNE'S COUNTY, MARYLAND**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

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**NOTE 9 – NONCURRENT LIABILITIES (CONTINUED)**

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

**PRIMARY GOVERNMENT**

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

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

During fiscal year 2009, the County implemented the provisions of Governmental Accounting Standards Board (GASB) Statement 43, *Financial Reporting for Post-Employment Benefit Plans Other than Pension Plans* and GASB 45, *Accounting and Financial Reporting by Employers for Post-Employment Benefits Other Than Pensions*. For governmental funds, the other post-employment benefit obligations are reported in the government-wide statements in the function in which that employee usually charges their productive time. For enterprise funds, these obligations are reported in the enterprise fund in which that employee charges the majority of their productive time. Other Post-Employment Benefit Obligation costs in governmental funds are charged to the General Fund. Additional information can be found in Note 14, Other Post-Employment Benefits.

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

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

**QUEEN ANNE'S COUNTY, MARYLAND**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

**NOTE 9 – NONCURRENT LIABILITIES (CONTINUED)**

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

**PRIMARY GOVERNMENT (CONTINUED)**

As of June 30, 2017, general obligation bonds and notes payable for governmental activities are comprised of the following, along with other post-employment benefits, net pension liability, and accrued compensated absences:

<u>Governmental Activities</u>	<u>Paying Fund</u>	<u>Interest Rate</u>	<u>Year Series Matures</u>	<u>Amount of Original Issue</u>	<u>Outstanding June 30, 2017</u>	<u>Due Within One Year</u>	<u>Due in More than One Year</u>
<u>General Obligation Bonds Payable</u>							
2009 Public Facilities	General	1.400%-5.625%	2030	\$ 28,499,154	\$ 20,391,951	\$ 1,240,398	\$ 19,151,553
2011 Public Facilities	General	2.00%-4.25%	2031	21,532,570	16,736,310	898,331	15,837,979
2012 Refunding Bonds	General	2.00%-4.00%	2023	8,010,000	4,951,861	750,417	4,201,444
2014 Public Facilities	General	2.00%-4.00%	2034	17,590,000	14,830,230	626,108	14,204,122
2015 Public Facilities	General	3.00%-5.00%	2036	11,622,756	11,119,574	401,003	10,718,571
2015 Refunding Bonds	General	2.00%-5.00%	2027	13,521,625	13,376,335	1,094,515	12,281,820
2016 Public Facilities	General	2.00%-4.00%	2036	13,934,364	13,917,600	451,677	13,465,923
2016 Refunding Bonds	General	2.00%-5.00%	2019	8,042,773	5,023,172	1,609,504	3,413,668
2017 Public Facilities	General	3.00%-5.00%	2037	12,600,000	12,600,000	-	12,600,000
2009 Public Facilities	Due from PHA	1.400%-5.625%	2030	872,644	638,246	38,823	599,423
2012 Refunding Bonds (2003 Bonds)	Due from PHA	3.50%-4.50%	2023	335,000	133,138	19,583	113,555
2015 Refunding Facilities (2006 Bonds)	Due from PHA	2.00%-3.00%	2027	240,112	237,532	19,436	218,096
2014 Public Facilities	Due from other Counties	2.00%-4.00%	2034	4,800,000	4,290,844	181,152	4,109,692
Subtotal Bonds Payable					118,246,793	7,330,947	110,915,846
<u>Notes Payable</u>							
State of Maryland - Price Ck.	Spec. Rev.	0.00%	2021	625,000	96,000	24,000	72,000
State of Maryland - Grove Ck.	Spec. Rev.	0.00%	2034	510,617	347,217	20,425	326,792
State of Maryland - Narrows Pointe	Spec. Rev.	0.00%	2030	15,542	525,318	24,513	500,805
Suntrust Financing	General	2.51%	2020	1,215,590	729,890	237,019	492,871
Subtotal Notes Payable					1,698,425	305,957	1,392,468
Subtotal Bonds and Notes Payable					119,945,218	7,636,904	112,308,314
Bond Premiums					5,272,364	529,880	4,742,484
Subtotal Governmental Activities Debt					125,217,582	8,166,784	117,050,798
Other Post-Employment Benefit Obligation					36,589,640	-	36,589,640
Net Pension Liability					27,446,255	-	27,446,255
Compensated Absences					2,553,495	1,555,731	997,764
Total Governmental Activities					\$ 191,806,972	\$ 9,722,515	\$ 182,084,457

**QUEEN ANNE'S COUNTY, MARYLAND**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

**NOTE 9 – NONCURRENT LIABILITIES (CONTINUED)**

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

**PRIMARY GOVERNMENT (CONTINUED)**

The annual requirements to amortize general obligation bonds and notes payable outstanding as of June 30, 2017 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
2018	\$ 7,330,947	\$ 4,502,869	\$ 11,833,816	\$ 305,957	\$ 18,299	\$ 324,256
2019	8,021,047	4,328,266	12,349,313	315,160	12,350	327,510
2020	8,309,210	3,997,174	12,306,384	322,093	6,252	328,345
2021	6,874,502	3,675,618	10,550,120	72,191	-	72,191
2022	7,177,863	3,380,692	10,558,555	48,191	-	48,191
2023-2027	36,645,956	12,271,743	48,917,699	240,955	-	240,955
2028-2032	28,408,546	5,313,798	33,722,344	240,955	-	240,955
2033-2037	14,568,722	1,259,733	15,828,455	152,923	-	152,923
2038	910,000	15,357	925,357	-	-	-
	<u>\$ 118,246,793</u>	<u>\$ 38,745,250</u>	<u>\$ 156,992,043</u>	<u>\$ 1,698,425</u>	<u>\$ 36,901</u>	<u>\$ 1,735,326</u>

A portion of the County's 2009 Bond offering was issued using Build America Bonds. As an incentive to use these bonds, the Federal government offered an interest reimbursement grant, which offsets the County's debt service for interest expense. As a result, the County received interest reimbursements of \$360,891 during fiscal year 2017, which are reported separately as a specific intergovernmental grant. The net effect of this reimbursement is shown below.

Net Effect of Federal Build America Bonds Interest Reimbursement on Interest Expense

	Interest Expense on 2009 Bonds	Interest Reimbursement	Net Interest Expense
Governmental Activities	\$ 1,060,204	\$ (346,710)	\$ 713,494
Business-Type Activities			
Bay Bridge Airport	6,883	(2,245)	4,638
Public Landings and Marinas	36,639	(11,936)	24,703
Total Business-Type Activities	43,522	(14,181)	29,341
Total	<u>\$ 1,103,726</u>	<u>\$ (360,891)</u>	<u>\$ 742,835</u>

**QUEEN ANNE'S COUNTY, MARYLAND**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

**NOTE 9 – NONCURRENT LIABILITIES (CONTINUED)**

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

**PRIMARY GOVERNMENT (CONTINUED)**

General obligation bonds and notes payable outstanding as of June 30, 2017 for business-type activities are comprised of the following, as well as other post-employment benefits, net pension liability, and accrued compensated absences:

<u>Business -Type Activities</u>	Interest Rate	Year Series Matures	Amount of Original Issue	Outstanding June 30, 2017	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	\$ 102,400	\$ 3,324	\$ 99,076
2016 Refunding Bonds	2.00%-5.00%	2019	339,062	211,764	67,852	143,912
Bond Premiums				32,126	8,655	23,471
Subtotal Golf Course				346,290	79,831	266,459
<u>Bay Bridge Airport</u>						
2009 Public Facilities Bonds	1.400%-5.625%	2030	180,501	132,017	8,030	123,987
2011 Public Facilities Bonds	2.00%-4.25%	2031	21,968	18,852	1,041	17,811
2014 Public Facilities Bonds	2.00%-4.00%	2034	964,940	893,926	37,740	856,186
2015 Public Facilities Bonds	3.00%-5.00%	2036	577,244	665,425	23,997	641,428
2015 Refunding Bonds	2.00%-5.00%	2027	173,556	171,691	14,049	157,642
2016 Refunding Bonds	2.00%-4.00%	2036	88,165	55,064	17,643	37,421
Bond Premiums				96,231	8,076	88,155
Subtotal Airport				2,033,206	110,576	1,922,630
<u>Public Landings and Marinas</u>						
2009 Public Facilities Bonds	1.400%-5.625%	2030	947,976	702,786	42,749	660,037
2011 Public Facilities Bonds	2.00%-4.25%	2031	133,908	104,837	5,627	99,210
2015 Refunding Bonds	2.00%-5.00%	2027	24,707	24,442	2,000	22,442
Bond Premiums				5,918	500	5,418
Subtotal Public Landings and Marinas				837,983	50,876	787,107
<u>Sanitary District</u>						
Maryland Water Quality-2005 Enhancement	1.00%	2027	18,252,291	9,565,047	915,658	8,649,389
Maryland Water Quality-2017 Loan	0.80%	2051	6,731,697	6,731,697	-	6,731,697
Subtotal Sanitary District				16,296,744	915,658	15,381,086
Total Business-Type Activities Debt				19,514,223	1,156,941	18,357,282
Other Post-Employment Benefit Obligation				6,875,976	-	6,875,976
Net Pension Liability				2,553,815	-	2,553,815
Compensated Absences				368,889	224,747	144,142
Total Business-Type Activities				<u>\$ 29,312,903</u>	<u>\$ 1,381,688</u>	<u>\$ 27,931,215</u>

**QUEEN ANNE'S COUNTY, MARYLAND**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

**NOTE 9 – NONCURRENT LIABILITIES (CONTINUED)**

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

**PRIMARY GOVERNMENT (CONTINUED)**

The annual requirements to amortize business-type bonds and notes outstanding at June 30, 2017, are as follows:

Year Ending June 30,	Business-Type Bonds Payable			Business-Type Notes Payable		
	Principal	Interest	Total	Principal	Interest	Total
2018	\$ 224,052	\$ 125,169	\$ 349,221	\$ 915,658	\$ 251,821	\$ 1,167,479
2019	233,952	115,668	349,620	924,815	242,665	1,167,480
2020	240,790	106,049	346,839	934,063	233,417	1,167,480
2021	155,498	97,205	252,703	943,404	224,077	1,167,481
2022	162,136	89,957	252,093	1,898,092	207,143	2,105,235
2023-2027	914,049	334,679	1,248,728	9,735,187	778,365	10,513,552
2028-2032	796,451	141,968	938,419	945,525	55,270	1,000,795
2033-2037	356,276	23,641	379,917	-	-	-
	<u>\$ 3,083,204</u>	<u>\$ 1,034,336</u>	<u>\$ 4,117,540</u>	<u>\$ 16,296,744</u>	<u>\$ 1,992,758</u>	<u>\$ 18,289,502</u>

**C. ISSUANCE OF NEW DEBT**

**PRIMARY GOVERNMENT**

On March 16, 2017, Queen Anne's County issued Public Facilities Bonds of 2017 for \$12,600,000. These General Obligation Bonds carry interest rates of 3.0 to 5.0 percent and mature serially through 2037. The primary use of the bond proceeds is to provide funding for the new County courthouse and Roads capital projects, with minor amounts earmarked for construction of general government capital projects. Moody's Investor Service has assigned the rating of Aa2 and Fitch Ratings has assigned a rating of AAA to the Queen Anne's County 2017 Bonds.

In fiscal year 2017, the County began borrowing funds through the Maryland Water Quality Financing Administration for the Southern Kent Island (SKI) Sanitary Project. The total loan amount will be approximately \$32 million and funds will be disbursed as the project costs are incurred. Principal payments will begin in 2022 and the loan will be repaid over 30 years at an interest rate of 0.80%. In fiscal year 2017, the County received \$6,731,697 as part of this loan. At completion of the SKI project, it is anticipated that \$1,267,000 of the loan with the Maryland Water Quality Financing Administration will be forgiven and the County will not need to repay those funds. At that time, the County will clear the debt for the final amount forgiven.

In February 2017, the County received \$175,926 in proceeds as part of the loan with SunTrust Equipment Financing & Leasing Corporation. These proceeds were used towards the purchase of two freightliners for the Roads Department. This was the final disbursement related to this loan.

**QUEEN ANNE’S COUNTY, MARYLAND**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

**NOTE 9 – NONCURRENT LIABILITIES (CONTINUED)**

**D. MUNICIPAL LEASE**

**PRIMARY GOVERNMENT**

In August 2012, the County signed a note with SunTrust Equipment Financing & Leasing Corporation for the purchase of five replacement vehicles for the Sheriff’s Office and two ambulances for Emergency Services. The total amount of the note was \$564,068 and is payable over five years. This note is secured by the vehicles purchased. The first payment was made in August 2012. The annual interest rate is 2.0118%. This loan was paid off in fiscal year 2017.

In January 2016, the County signed a note with SunTrust Equipment Financing & Leasing Corporation for the purchase of replacement vehicles for various County departments. The total amount of the note was \$1,215,590 and is payable over five years. This note is secured by the vehicles purchased. The first payment was made in February 2016. The annual interest rate is 2.51%. The outstanding balance as of June 30, 2017 is \$729,890.

**E. LEASE OBLIGATIONS**

**OPERATING LEASE – PRIMARY GOVERNMENT**

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

Lease revenues for the year ended June 30, 2017 amounted to \$5,806. Minimum future lease revenues are as follows:

Fiscal Year Ending June 30,	lease payments
2018	\$ 5,525
2019	5,598
2020	5,635
2021	5,635
2022	5,710
2023-2027	29,046
2028-2032	30,060
2033-2035	<u>14,354</u>
Minimum Future Rental Revenue	<u>\$ 101,563</u>

**QUEEN ANNE'S COUNTY, MARYLAND**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

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**NOTE 9 – NONCURRENT LIABILITIES (CONTINUED)**

**F. LOCAL DEBT POLICY**

**PRIMARY GOVERNMENT**

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

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

**QUEEN ANNE'S COUNTY, MARYLAND**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

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**NOTE 10 – RESTRICTED ASSETS AND LIABILITIES AND FUND BALANCES**

**A. RESTRICTED ASSETS AND RELATED LIABILITIES**

**PRIMARY GOVERNMENT**

**BUSINESS-TYPE ACTIVITIES**

**Queen Anne's County Sanitary District**

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

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

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

The assets and related liabilities restricted for the above purposes at June 30, 2017 are as follows:

<b>Business -Type Activities</b>	<u>Sanitary District</u>		<u>Total</u>
	<u>Restricted</u>	<u>Debt Service</u>	
Current Restricted Assets			
Equity in Pooled Cash	\$ 6,897,475	\$ 947,445	\$ 7,844,920
Accounts Receivable (Net)	6,058	91	6,149
Subtotal Current Restricted Assets	<u>6,903,533</u>	<u>947,536</u>	<u>7,851,069</u>
Noncurrent Restricted Assets			
Special Assessments Receivable (Net)	1,128,851	-	1,128,851
LESS Deferred Inflows - Unavailable Water and Sewer Assessments	<u>(1,128,851)</u>	<u>-</u>	<u>(1,128,851)</u>
Net Restricted Assets	<u>\$ 6,903,533</u>	<u>\$ 947,536</u>	<u>\$ 7,851,069</u>

**QUEEN ANNE'S COUNTY, MARYLAND**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

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

**B. RESTRICTED NET POSITION**

**PRIMARY GOVERNMENT**

**GOVERNMENTAL ACTIVITIES**

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

<b><u>Governmental Activities</u></b>	
Total Debt excluding Compensated Absences, Pension and OPEB Obligations (includes \$1,299,047 for deferred charge on refunding)	\$ (123,918,535)
Add back: Debt relating to Board of Education Assets	\$ 58,859,243
Add back: Unspent portion of Bond Proceeds for Board of Education debt	347,893
Add back: Unspent portion of Bond Proceeds for Governmental debt	6,084,432
Add back: Debt relating to Chesapeake College	6,594,416
Add back: Debt relating to PHA	1,008,916
Add back: Debt relating to non-capital assets (Dredging)	<u>968,535</u>
 Add back debt unrelated to Capital Assets	 73,863,435
 Net Assets Invested in Capital Assets	 <u>170,304,344</u>
 Net Investment in Capital Assets	 <u>\$ 120,249,244</u>

**BUSINESS-TYPE ACTIVITIES**

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

<b><u>Business-Type Activities</u></b>	<u>Sanitary District</u>					Bay Bridge Airport	Non-Major Enterprise Funds	Total Enterprise Funds
	Sewer Operating	Water Operating	Restricted Fund	Debt Service Fund	Total Sanitary			
Capital Assets, net of Accumulated Depreciation	\$ 62,004,468	\$ 17,112,364	\$ -	\$ -	\$ 79,116,832	\$ 18,982,213	\$ 7,543,259	\$ 105,642,304
Less: Debt excluding Compensated Absences, OPEB, and Net Pension Liability	(16,296,744)	-	-	-	(16,296,744)	(2,033,206)	(1,184,273)	(19,514,223)
Plus: Deferred Charge on Refunding	-	-	-	-	-	15,863	19,134	34,997
Net Investment in Capital Assets	<u>45,707,724</u>	<u>17,112,364</u>	<u>-</u>	<u>-</u>	<u>62,820,088</u>	<u>16,964,870</u>	<u>6,378,120</u>	<u>86,163,078</u>
 Restricted Amounts								
Debt Service	-	-	-	947,536	947,536	-	-	947,536
Capital Projects	-	-	753,300	-	753,300	-	-	753,300
Total Restricted Amounts	-	-	753,300	947,536	1,700,836	-	-	1,700,836
 Total Unrestricted Amounts	<u>(2,686,701)</u>	<u>2,472,998</u>	<u>6,150,233</u>	<u>-</u>	<u>5,936,530</u>	<u>(1,542,795)</u>	<u>(277,435)</u>	<u>4,116,300</u>
Total Net Position	<u>\$ 43,021,023</u>	<u>\$ 19,585,362</u>	<u>\$ 6,903,533</u>	<u>\$ 947,536</u>	<u>\$ 70,457,454</u>	<u>\$ 15,422,075</u>	<u>\$ 6,100,685</u>	<u>\$ 91,980,214</u>

**QUEEN ANNE'S COUNTY, MARYLAND**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

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

**C. FUND BALANCES**

**PRIMARY GOVERNMENT**

Governmental fund balances are composed of the following:

<b>Governmental Funds</b>	General Fund	General Capital	Roads Capital	Non-Major Governmental	Total Governmental Funds
<b>Nonspendable</b>					
Loans Receivable	\$ -	\$ 2,315,301	\$ -	\$ 5,237,161	\$ 7,552,462
Inventory	701,575	-	-	-	701,575
Prepaid Items	53,346	-	-	-	53,346
Subtotal Nonspendable	<u>754,921</u>	<u>2,315,301</u>	<u>-</u>	<u>5,237,161</u>	<u>8,307,383</u>
<b>Restricted</b>					
Rainy Day Fund	10,524,078	-	-	-	10,524,078
Unspent Bond Proceeds	-	6,432,325	-	-	6,432,325
Economic and Community Development	-	-	-	986,748	986,748
Agricultural Easements	-	-	-	692,805	692,805
Impact Fees	-	247,435	-	-	247,435
Inmate Welfare	-	-	-	220,082	220,082
Critical Areas	-	-	-	180,807	180,807
Mosquito Control	100,357	-	-	-	100,357
Sheriff's Drug Task Force	-	-	-	92,244	92,244
Vehicle Acquisition	-	28,505	-	-	28,505
Dredging	-	-	-	18,762	18,762
Sheriff - Federal Confiscated Funds	1,959	-	-	-	1,959
Donor-Specified Purposes	-	-	-	752	752
Subtotal Restricted	<u>10,626,394</u>	<u>6,708,265</u>	<u>-</u>	<u>2,192,200</u>	<u>19,526,859</u>
<b>Committed</b>					
Impact Fees	-	-	-	7,441,297	7,441,297
Revenue Stabilization Fund	4,000,000	-	-	-	4,000,000
Economic Development	-	-	-	3,776,951	3,776,951
Courthouse Project	-	855,793	-	-	855,793
Rubble Surcharge	-	695,276	-	-	695,276
Developer Exactions	-	79,633	597,783	-	677,416
Agricultural Easements	-	-	-	550	550
Subtotal Committed	<u>4,000,000</u>	<u>1,630,702</u>	<u>597,783</u>	<u>11,218,798</u>	<u>17,447,283</u>
<b>Assigned</b>					
Encumbrances	-	9,604,749	891,383	-	10,496,132
Subsequent Years' Expenditures	1,200,000	2,090,928	545,000	454,751	4,290,679
Capital Projects	-	2,434,502	23,854	-	2,458,356
Income Tax Contingency	798,415	-	-	-	798,415
Subtotal Assigned	<u>1,998,415</u>	<u>14,130,179</u>	<u>1,460,237</u>	<u>454,751</u>	<u>18,043,582</u>
<b>Unassigned</b>					
General Fund	8,830,530	-	-	-	8,830,530
Housing and Community Services	-	-	-	(6,887)	(6,887)
Fire Company Impact Fees	-	-	-	(46,778)	(46,778)
Subtotal Unassigned	<u>8,830,530</u>	<u>-</u>	<u>-</u>	<u>(53,665)</u>	<u>8,776,865</u>
<b>Total Governmental Funds Balances</b>	<u>\$ 26,210,260</u>	<u>\$ 24,784,447</u>	<u>\$ 2,058,020</u>	<u>\$ 19,049,245</u>	<u>\$ 72,101,972</u>

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

	General Capital	Roads Capital
General Government	\$ 4,373,024	\$ -
Parks & Recreation	2,357,771	-
Economic Development	1,374,303	-
Public Safety	449,263	-
Public Works	281,252	-
Conservation of Natural Resources	248,023	-
Education	521,113	-
Resurfacing Contracts and Materials	-	868,258
Roads Construction Equipment	-	23,125
<b>Total Encumbrances</b>	<u>\$ 9,604,749</u>	<u>\$ 891,383</u>

**QUEEN ANNE'S COUNTY, MARYLAND**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

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**NOTE 11 - RISK MANAGEMENT**

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

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

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

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

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

The agreement for formulation of the alliance provides that the pool will be self-sustaining through member premiums. In addition to the annual premiums, the pooling agreement provides for additional assessments, if needed, but not to exceed certain limits. No additional assessments were needed for fiscal 2016 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.

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

Settlements - During fiscal years 2017, 2016 and 2015, settlements did not exceed insurance coverage for any type of policy in effect.

**QUEEN ANNE’S COUNTY, MARYLAND**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

**NOTE 12 - RETIREMENT PLANS**

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

Maryland State Retirement and Pension Systems

**Organization**

The State Retirement Agency is the administrator of the Maryland State Retirement and Pension System (the System). The System was established by the State Personnel and Pensions Article of the Annotated Code of Maryland to provide retirement allowances and other benefits to State employees, teachers, police, judges, legislators, and employees of participating governmental units. Responsibility for the System’s administration and operation is vested in a 15 member Board of Trustees. The System is made up of two cost-sharing employer pools: the “State Pool” and the “Municipal Pool”. The State Pool consists of State agencies, boards of education, community colleges, and libraries. The Municipal Pool consists of participating governmental units that elected to join the System. Neither pool shares in each other’s actuarial liabilities, thus participating governmental units that elect to join the System (the “Municipal Pool”) share in the liabilities of the Municipal Pool only. The State Retirement Agency issues a publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the State Retirement and Pension System of Maryland, 120 E. Baltimore Street, Suite 1660, Baltimore, Maryland 21202-1600 or on-line at [www.sra.maryland.gov](http://www.sra.maryland.gov).

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

The following groups of employees participate in:

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

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

**Basis of Accounting**

The System’s financial statements are prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. For purposes of measuring net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the System and additions to/deductions from the System’s fiduciary net position have been determined on the same basis as they are reported by the System. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with benefit terms. Investments are reported at fair value.

**QUEEN ANNE'S COUNTY, MARYLAND**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

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**NOTE 12 - RETIREMENT PLANS (CONTINUED)**

**Covered Members**

Teachers' Retirement and Pension Systems

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 and Pension Systems

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**  
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**NOTE 12 - RETIREMENT PLANS (CONTINUED)**

Beginning July 1, 2011, the member contribution rate was increased for members of the Teachers' Pension System and Employees' Pension Systems from 5% to 7% and from 4% to 6% respectively, in fiscal year 2013 and 7% in the fiscal year 2014 and beyond for members of the Law Enforcement Officers' Pension System. Beginning July 1, 2013, the member contribution rate was increased for members of the Judges' Retirement System from 6% to 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 market 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 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**  
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**NOTE 12 - 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**  
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**NOTE 12 - 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 market 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 market 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, 2016 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	In the 2015 and 2016 actuarial valuations, 2.70% general, 3.20% wage.
Salary Increases	In the 2015 and 2016 actuarial valuations, 3.30% to 9.20% including inflation.
Investment Rate of Return	In the 2015 and 2016 actuarial valuations, 7.55%.
Discount Rate	7.55%
Investment Rate of Return	7.55%
Retirement Age	Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2015 valuation pursuant to an experience study of the period 2010 - 2014.
Mortality	RP-2014 Mortality Tables with generational mortality projections using scale MP-2014, calibrated to MSRPS experience.

**QUEEN ANNE'S COUNTY, MARYLAND**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
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**NOTE 12 - RETIREMENT PLANS (CONTINUED)**

**Investments**

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Public Equity	37%	6.6%
Private Equity	10%	7.4%
Rate Sensitive	20%	1.3%
Credit Opportunity	9%	4.2%
Real Assets	15%	4.7%
Absolute Return	9%	3.7%
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, 2016.

For the year ended June 30, 2016, the annual money-weighted rate of return on pension plan investments, net of the pension plan investment expense, was 1.1%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

**Discount rate**

A single discount rate of 7.55% was used to measure the total pension liability. The single discount rate was based on the expected rate of return on pension plan investments of 7.55%. 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**  
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**NOTE 12 - 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 7.55%, as well as what the plan's net pension liability would be if it were calculated using a discount rate that is 1% point lower or 1% point higher:

System	1% Decrease to 6.55%	Current Discount	1% Increase to 8.55%
County	\$ 41,207,693	\$ 30,000,070	\$ 20,673,641
Board of Education	7,060,309	5,140,060	3,542,113

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

Employer Contributions:

In accordance with Maryland Senate Bill 1301, *Budget Reconciliation and Financing Act of 2012*, the Board is required to pay the State a specified percentage 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 specified percentage increases each fiscal year, until fiscal year 2017, when the Board will be paying 100% of the normal cost for each teacher.

**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, 2017, 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	\$ 5,140,060
State's proportionate share of the net pension liability	80,415,579
<b>Total</b>	<b>\$ 85,555,639</b>

**QUEEN ANNE'S COUNTY, MARYLAND**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
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**NOTE 12 - RETIREMENT PLANS (CONTINUED)**

The net pension liability was measured as of June 30, 2016, 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. For purposes of funding the System, all calculations are determined on an actuarial basis and are completed through the development of rates based on two separate asset pools, one for employees of the State of Maryland (the State) and one for the Participating Governmental Units ("PGUs"). These pools are kept on an actuarial basis and allow for the State to fund only State employees and PGUs to fund only PGU employees. For the accounting of the System, however, the assets of the System are accounted in a single pool which is audited annually.
2. Determine the total contributions to the System by the State and PGUs, inclusive of any underfunding of contributions.
3. Based on the number of participants at each Board of Education, calculate the difference between what each Board would have contributed if they funded at the rate of all other participating governments and what the Board actually contributed. The difference between what the Board contributed and what they would have contributed if they funded at the rate of the other participating governments, is then added to the total contribution to the System, to calculate the System's adjusted contribution.
4. Calculate for each participating government, their percentage of the adjusted System contribution by dividing the total adjusted System contribution into each primary government contribution.
5. Provide each PGU its adjusted percentage of contribution and the System's net pension liability and other related amounts.

**QUEEN ANNE'S COUNTY, MARYLAND**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

**NOTE 12 - RETIREMENT PLANS (CONTINUED)**

At June 30, 2017, the County reported the following related to pensions:

	<u>TOTAL</u>	<u>BOARD OF EDUCATION</u>
Employer's proportionate (percentage) of the collective net pension liability	0.1271511%	0.0217854%
Employer's proportionate share of the collective net pension liability	\$ 30,000,070	\$ 5,140,060
Pension expense recognized by the employer for the year ended June 30, 2016	\$ 2,855,991	\$ 576,060
Deferred outflows of resources June 30, 2016	\$ 6,091,898	\$ 1,091,215
Year end June 30, 2016 contributions	(2,477,009)	(424,398)
Difference between expected and actual experience	2,975,796	509,858
Amortization of items allowed by GASB 68	(865,118)	(159,767)
Year end June 30, 2017 contributions	2,509,551	414,089
Deferred outflows of resources June 30, 2017	\$ 8,235,118	\$ 1,430,997
Deferred inflows of resources June 30, 2016	\$ 2,019,327	\$ 386,144
Difference between expected and actual experience	328,699	56,318
Amortization of items allowed by GASB 68	(608,310)	(116,796)
Deferred inflows of resources June 30, 2017	\$ 1,739,716	\$ 325,666
NPL June 30, 2016	\$ 24,721,248	\$ 4,546,868
Change in NPL factored for contributions	5,278,822	593,192
NPL June 30, 2017	\$ 30,000,070	\$ 5,140,060

The \$2,509,551 and \$414,089 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, 2018. Other amounts reported as deferred outflows of resources will be amortized over a five year period, as follows:

	2016 Amortization		2015 Amortization			2014 Amortization	
	Deferred Outflows	Deferred Inflows	Deferred Outflows		Deferred Inflows	Deferred Outflows	Deferred Inflows
June 30,	Change in assumptions	Difference between expected and actual experience	Difference between expected and actual experience	Change in assumptions	Difference between expected and actual experience	Change in assumptions	Difference between expected and actual experience
2018	\$ 743,949	\$ (67,568)	\$ 544,357	\$ 254,106	\$ (103,957)	\$ 66,655	\$ (504,353)
2019	743,949	(67,568)	544,357	254,106	(103,957)	66,656	(504,352)
2020	743,949	(67,568)	544,357	254,106	(103,957)	-	-
2021	743,949	(67,568)	-	221,071	(90,441)	-	-
2022	-	(58,427)	-	-	-	-	-
Total	\$ 2,975,796	\$ (328,699)	\$ 1,633,071	\$ 983,389	\$ (402,312)	\$ 133,311	\$ (1,008,705)

**QUEEN ANNE'S COUNTY, MARYLAND**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
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**NOTE 12 - RETIREMENT PLANS (CONTINUED)**

	<b>Total Payroll</b>	<b>Covered Payroll</b>	<b>On-Behalf By State</b>
County - MD Retirement and pension	\$ 29,066,823	\$ 24,681,589	\$ -
Board of Education	58,787,614	55,042,032	6,225,567
Library	1,229,632	1,229,632	166,451

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

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

**NOTE 13 - DEFERRED COMPENSATION PLAN**

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

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

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

**NOTE 14 - OTHER POST-EMPLOYMENT BENEFITS**

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

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

Other agencies and political subdivisions have the right to participate in this Trust now and in the future. Such unrelated entities may deposit funds with the Trust for investment purposes related to their OPEB plans. At June 30, 2017, funds in the amount of \$157,330 were reported as a liability of the Trust to Kent County, Maryland. Kent County is holding these assets for the benefit of their plan participants.

**QUEEN ANNE’S COUNTY, MARYLAND**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
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**NOTE 14 - OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)**

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

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

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

**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. Addresses for other participants are noted below in this Note.

Primary Government

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.

Table 1 – Subsidy for employees who retire prior to September 2, 2011

Years of County Service Prior to Retirement	Total Subsidy Percentage
14 Years	0.0%
15 Years	54.0%
16 Years	57.6%
17 Years	61.2%
18 Years	64.8%
19 Years	68.4%
20 Years	72.0%
21 Years	75.6%
22 Years	79.2%
23 Years	82.8%
24 Years	86.4%
25 or more Years	90.0% (max)

**QUEEN ANNE'S COUNTY, MARYLAND**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
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**NOTE 14 - OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)**

**Plan Description (Continued)**

Table 2 – Subsidy for employees who retire between September 2, 2011 and August 31, 2012

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

Table 3 – Subsidy for employees who retire on or after September 1, 2012

Years of County Service Prior to Retirement	Total Subsidy Percentage	
	PPO Plan	EPO Plan
14 Years	0.0%	0.0%
15 Years	54.0%	54.0%
16 Years	56.6%	57.1%
17 Years	59.2%	60.2%
18 Years	61.8%	63.3%
19 Years	64.4%	66.4%
20 Years	67.0%	69.5%
21 Years	69.6%	72.6%
22 Years	72.2%	75.7%
23 Years	74.8%	78.8%
24 Years	77.4%	81.9%
25 or more Years	80.0% (max)	85.0% (max)

Participating Agencies

The other participating entities provide medical benefits to eligible employees who retire from employment with each respective agency. Benefits and eligibility requirements vary among the different agencies. Each agency pays a percentage of the health insurance premium based on certain criteria, including length of service. In addition to medical benefits, the Board of Education pays the cost of providing term life insurance for its retirees in varying amounts, depending upon length of service and date of retirement.

**QUEEN ANNE'S COUNTY, MARYLAND**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
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**NOTE 14 - OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)**

**Plan Description (Continued)**

For detailed information on plan benefits provided by other participating agencies, as well as actuarial assumptions used to estimate OPEB obligations, see the agencies' separately-issued financial statements, which can be obtained from their administrative offices as listed below:

<p><b>Board of Education of Queen Anne's County</b> 202 Chesterfield Avenue Centreville, Maryland 21617</p>	<p><b>Queen Anne's County Free Library</b> 121 S. Commerce Street Centreville, MD 21617</p>	<p><b>Kent County Government</b> 400 High Street Chestertown, MD 21620</p>
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**Plan Membership**

Plan membership as of the date of the most recent actuarial valuation consisted of the following:

<u>Plan Membership</u>	<u>Active</u>	<u>Retirees</u>
Queen Anne's County	389	174
Board of Education	840	364
Library	<u>15</u>	<u>6</u>
Total	<u>1,244</u>	<u>544</u>

**Basis of Accounting and Financial Statements**

The Plan's financial information is prepared on the full accrual basis of accounting. Expenses are recognized as retirees' insurance costs are incurred.

For further financial information, Summary and Combining financial statements may be found within this report, as listed in the table of contents. Required Supplementary Information may be found after these Notes.

**Contributions**

Each participating agency has the authority to establish and amend benefit provisions that result in contribution requirements of the plan members and the agency. The Plans are contributory plans in which the agencies and their retired members and beneficiaries contribute certain amounts toward the current cost of the healthcare benefits, based on an actuarial valuation.

To avoid reporting a liability for the current year's contribution, each employer must contribute its annual required contribution (ARC), which is an amount actuarially determined to be in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and to amortize any unfunded actuarial liabilities over a period not to exceed 30 years.

**QUEEN ANNE'S COUNTY, MARYLAND**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

**NOTE 14 - OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)**

**Annual OPEB Cost and Net OPEB Obligation**

	Queen Anne's County	Board of Education	Library	Total for All Employers
Actuarial accrued liability (AAL)	\$ 48,581,683	\$ 137,926,000	\$ 480,335	\$ 186,988,018
Actuarial value of plan assets	3,480,457	526,000	34,950	4,041,407
Unfunded actuarial accrued liability (UAAL)	<u>\$ 45,101,226</u>	<u>\$ 137,400,000</u>	<u>\$ 445,385</u>	<u>\$ 182,946,611</u>
Funded Ratio (Actuarial value of plan assets / AAL)	7.16%	0.38%	7.28%	2.16%
Annual Required Contribution (ARC)	\$ 3,853,839	\$ 13,339,000	\$ 32,025	\$ 17,224,864
Interest on Net OPEB Obligations	2,516,422	1,843,000	76,247	4,435,669
Adjustment to ARC	<u>(2,621,539)</u>	<u>(2,406,000)</u>	<u>(79,432)</u>	<u>(5,106,971)</u>
Total Annual OPEB Cost	3,748,722	12,776,000	28,840	16,553,562
Less: Trust Contributions	(932,447)	-	-	(932,447)
Less: Pay-As-You-Go Contributions	<u>(1,291,027)</u>	<u>(1,898,444)</u>	<u>(20,100)</u>	<u>(3,209,571)</u>
Total Contributions	<u>(2,223,474)</u>	<u>(1,898,444)</u>	<u>(20,100)</u>	<u>(4,142,018)</u>
Increase in Net OPEB Obligation	1,525,248	10,877,556	8,740	12,411,544
Net OPEB Obligation beginning of year	<u>41,940,368</u>	<u>46,364,269</u>	<u>1,270,777</u>	<u>89,575,414</u>
Net OPEB Obligation end of year	<u>\$ 43,465,616</u>	<u>\$ 57,241,825</u>	<u>\$ 1,279,517</u>	<u>\$ 101,986,958</u>
Percent of Annual OPEB Cost Contributed	<u>59.3%</u>	<u>14.9%</u>	<u>69.7%</u>	<u>25.0%</u>
Covered payroll	<u>\$ 21,604,888</u>	<u>\$ 37,018,430</u>	<u>\$ 1,229,632</u>	<u>\$ 59,852,950</u>
UAAL as a percentage of Covered Payroll (UAAL) / covered payroll	208.8%	371.2%	36.2%	305.7%

The Net OPEB Obligation (NOO) of \$43,465,616 at the end of the year for the County consisted of liabilities of \$36,589,640 for Governmental Activities and \$6,875,976 for Business Type Activities.

The schedule of funding progress, presented as required supplementary information (RSI) following the Notes, presents multiyear trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits. This relationship is represented by the funded ratio.

**QUEEN ANNE'S COUNTY, MARYLAND**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

**NOTE 14 - OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)**

**Schedule of Participating Agencies' Contributions**

The Schedule of Participating Agencies' Contributions presents multiyear trend information that shows whether the actual ARC contributed is increasing or decreasing over time relative to the annual pension cost, as shown by the percentage of ARC contributed. Generally, the greater this percentage, the stronger the system is becoming.

Participating Agency	Fiscal Year Ended June 30	Annual Postemployment Benefit Cost	ARC Contributed	Percentage of ARC Contributed	Net OPEB Obligation (NOO)
Queen Anne's County	2009	\$ 5,312,000	\$ 1,007,954	18.98%	\$ 4,304,046
	2010	6,410,934	604,221	9.42%	5,806,713
	2011	7,256,495	835,792	11.52%	6,420,703
	2012	7,806,661	1,508,144	19.32%	6,298,517
	2013	9,024,000	1,668,781	18.49%	7,355,219
	2014	9,187,000	1,692,951	18.43%	7,494,049
	2015	4,004,722	1,811,849	45.24%	2,192,873
	2016	4,189,564	2,121,316	50.63%	2,068,248
	2017	3,748,722	2,223,474	59.31%	1,525,248
		<u>56,940,098</u>	<u>13,474,482</u>	<u>23.66%</u>	<u>43,465,616</u>
Board of Education	2009	5,907,000	1,534,955	25.99%	4,372,045
	2010	6,340,000	1,176,586	18.56%	5,163,414
	2011	6,535,000	1,276,130	19.53%	5,258,870
	2012	6,953,000	1,409,451	20.27%	5,543,549
	2013	8,083,000	1,405,124	17.38%	6,677,876
	2014	8,570,000	1,488,965	17.37%	7,081,035
	2015	7,590,000	1,600,921	21.09%	5,989,079
	2016	8,032,000	1,753,599	21.83%	6,278,401
	2017	12,776,000	1,898,444	14.86%	10,877,556
		<u>70,786,000</u>	<u>13,544,175</u>	<u>19.13%</u>	<u>57,241,825</u>
Library	2009	178,000	38,234	21.48%	139,766
	2010	212,000	12,200	5.75%	199,800
	2011	234,000	12,302	5.26%	221,698
	2012	250,000	19,600	7.84%	230,400
	2013	250,000	28,400	11.36%	221,600
	2014	258,000	24,000	9.30%	234,000
	2015	32,394	20,100	62.05%	12,294
	2016	31,319	20,100	64.18%	11,219
	2017	28,840	20,100	69.69%	8,740
		<u>1,474,553</u>	<u>195,036</u>	<u>13.23%</u>	<u>1,279,517</u>
Totals	2009	11,397,000	2,581,143	22.65%	8,815,857
	2010	12,962,934	1,793,007	13.83%	11,169,927
	2011	14,025,495	2,124,224	15.15%	11,901,271
	2012	15,009,661	2,937,195	19.57%	12,072,466
	2013	17,357,000	3,102,305	17.87%	14,254,695
	2014	18,015,000	3,205,916	17.80%	14,809,084
	2015	11,627,116	3,432,870	29.52%	8,194,246
	2016	12,252,883	3,895,015	31.79%	8,357,868
	2017	16,553,562	4,142,018	25.02%	12,411,544
		<u>\$ 129,200,651</u>	<u>\$ 27,213,693</u>	<u>21.06%</u>	<u>\$ 101,986,958</u>

**QUEEN ANNE'S COUNTY, MARYLAND**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

**NOTE 14 - OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)**

**Actuarial Methods and Assumptions**

The actuarial valuations of the individual plans involve estimates of the value of reported amounts and assumptions about the probability of events far into the future, such as future employment, mortality, and healthcare costs. The actuarially determined amounts regarding the funded status of the plans and the annual required contributions (ARC) of the County and other participating agencies are subject to continual revision, as actual results are compared to past expectations and new estimates are made about the future.

Projections of benefits for financial reporting purposes are based on the substantive plan (as understood by the employer and plan members) and include the types of benefits provided at the time of valuation and the historical pattern of sharing benefit costs between employers and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of the assets, consistent with the long-term perspective of the calculations.

Actuarial assumptions used in the actuarial valuation for the County's plan were:

Actuarial Assumptions for Primary Government

Employer's Funding Strategy	Partial pre-funding, with 10-year phase in to full pre-funding
Valuation Methodology and Terminology	GASB Statement 45 accounting methodology to determine the post-retirement medical benefit obligations
Actuarial valuation date	January 1, 2017
Actuarial cost method	Entry Age
Amortization method	Closed
Amortization period	21 years (as of January 1, 2017)
Interest Assumptions	6.0% investment rate of return
Salary increases	3% per year
Mortality	RP 2000, Combined Healthy tables (male & female), fully generational base year 2017 with scale AA. The RP2000 Combined Disabled Tables are used for disabled members.

Healthcare trend assumptions:

2017	6.0%
2018-2021	5.9%
2022-2026	5.8%
2027-2039	5.7%
2040-2049	5.2%
2050-2059	5.0%
2060-2069	4.8%
2070 & Later	4.3%

**QUEEN ANNE'S COUNTY, MARYLAND**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

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**NOTE 15 – DEFICIT EQUITY BALANCES**

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

**Housing and Community Services Fund**

The Housing and Community Services Fund has a negative unassigned fund balance of \$6,887 as of June 30, 2017. This negative balance will clear itself as the balance of outstanding loans receivable in the Housing and Community Services Fund decreases.

**Capital Projects – Fire Company Impact Fees Fund**

The Capital Projects – Fire Company Impact Fees Fund has a negative unassigned fund balance of \$46,778 as of June 30, 2017. This negative fund balance is the result of an overpayment to a particular fire department, and will decrease over time as the incoming revenues offset the overpayment.

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

**Sanitary District Sewer Operations Enterprise Fund**

The Sanitary District Sewer Operations Enterprise Fund has a deficit balance in unrestricted net position of \$2,686,701 as of June 30, 2017.

**Bay Bridge Airport Enterprise Fund**

The Bay Bridge Airport Enterprise Fund has a deficit balance in unrestricted net position of \$1,542,795 as of June 30, 2017.

**Golf Course Enterprise Fund**

The Golf Course Enterprise Fund has a deficit balance in unrestricted net position of \$717,359 as of June 30, 2017.

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 16 - COMMITMENTS AND CONTINGENCIES**

**PRIMARY GOVERNMENT**

Grants - The County and its component units are recipients of various federal and state grant and/or loan programs, which are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by these grantor agencies. If the County has not complied with the rules and regulations governing the programs, refunds of money received may be required and the collectability of any related receivable as of June 30, 2017 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 2017.

**QUEEN ANNE'S COUNTY, MARYLAND**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

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**NOTE 16 - COMMITMENTS AND CONTINGENCIES (CONTINUED)**

**PRIMARY GOVERNMENT (CONTINUED)**

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, 2016 or 2017.

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 \$1,630,702 has been committed, including \$855,793 for the construction of a new County Courthouse, \$695,276 for rubble surcharge, and \$79,633 for site improvements pursuant to agreements with local developers. In the Roads Capital Projects Fund, \$597,783 has been contributed by developers and is committed to fund infrastructure improvements.

Income Tax Contingency - On May 18, 2015, the Supreme Court of the United States decided against the State of Maryland in *Comptroller of the Treasury of Maryland v. Wynne Et Ux*. Under state law, residents who pay income tax to another state for income earned in that other state are allowed a credit against their Maryland state income tax but not against the so-called piggy-back tax of the county or municipality where they reside. Plaintiffs argued that not granting a credit against the local income tax is a violation of the U.S. Constitution. By a 5 to 4 vote, the Supreme Court found for the plaintiffs holding generally that the state law violates what is known as the Dormant Commerce Clause. This decision means that Maryland counties, including Queen Anne's County, need to reserve funds against refund claims by certain taxpayers (particularly S corporation shareholders) dating back to Tax Year 2007. The County estimates that it needs to reserve approximately \$800,000 against these potential claims. The County plans to use \$800,000 in existing reserves to finance such claims. The County estimates that future loss of revenues as a result of the Wynne Case will be absorbed through the normal budgeting process.

Based on the findings, Queen Anne's County reduced the receivable from the State for income taxes and the offsetting deferred inflows by the estimated fiscal impact for the County for tax years going back to 2009 which totaled \$800,000 including interest. The adjustment does not change the total fund balance for the General Fund. Since the County already received the money in income taxes in prior years, the amount of anticipated liability for the Wynne Case impact on the County is assigned in the General Fund. When the State begins taking the funds back, the County will release the amount from the assigned fund balance. The amount of anticipated liability is based on assessments provided by the Maryland Comptroller's Office and the County believes these figures to be within reason.

**QUEEN ANNE'S COUNTY, MARYLAND**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

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**NOTE 16 - COMMITMENTS AND CONTINGENCIES (CONTINUED)**

**PRIMARY GOVERNMENT (CONTINUED)**

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

**NOTE 17 – 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 34.43% financial interest in the Midshore Regional Landfill. In the event that expenditures exceed revenues, the County is obligated to cover the deficiency in proportion to its financial interest; however, to date additional funding from the County has not been required nor does management anticipate it.

During fiscal year 2011, the landfill located in Talbot County, Midshore I, was closed. As of June 30, 2017, total closure and post closure costs for Midshore I was estimated at approximately \$2.5 million. Midshore II, located in Caroline County, was 17.45% filled. Closure and post closure costs for Midshore II are estimated at approximately \$14.0 million. Therefore, the total closure and post closure costs for both landfills are \$16.5 million, with approximately \$5.7 million attributable to Queen Anne's County. These costs are paid from tipping fees of acceptable waste delivered by or for the account of the counties. It is currently expected that sufficient funds will be available from landfill revenues to pay future closure and post closure costs. MES has accrued and reported a long-term liability of \$4.6 million as of June 30, 2017, 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 \$19.9 million. As of June 30, 2017, \$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. Queen Anne's County paid \$330,236 in tipping fees to the facility during fiscal 2017.

MES has satisfied its financial assurance requirements based upon the local government financial ratio tests of the project participants as of June 30, 2017. MES expects to satisfy these requirements as of June 30, 2018 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, 2017**

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**NOTE 18 – POLLUTION REMEDIATION OBLIGATIONS**

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

During a prior fiscal year, 2003, the County agreed to a voluntary Methyl Tertiary Butyl Ether (MTBE) testing program for underground fuel tanks located at the County's Department of Public Works' fuel depot. This testing program was and still is approved by the Maryland Department of Environment (MDE).

Since the testing program began in 2003, the County incurred a total of \$411 thousand in expenses, including \$9 thousand in fiscal year 2017, to comply with the provisions of the program. Costs covered remediation work and consulting fees; the latter for testing, studies, and monitoring. Remediation efforts included demolition and removal of the existing fuel depot at the Public Works Centreville Shop; remediation of the soils via excavation; offsite controlled disposal and backfill; installation of monitoring wells; in situ chemical oxidation and dual phase extraction; attorney's fees and miscellaneous environmental consulting services.

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

In November 2011, due to uneven results from the prior year's monitoring tests, MDE requested the County submit a technical plan to conduct an initial site injection, a measure which included the application of decontaminating chemicals to the soil in an effort to determine the dosage rate and the corresponding reduction in pollutants that could be achieved.

Based on the plan approved by MDE, the County awarded a contract for the initial injection, and performed the remediation work in the summer of 2012. Since the results of this initial injection did not achieve the desired effects, a follow up plan is underway which includes continued quarterly monitoring, sampling, and testing. Also, communications are underway to seek closure of this site from MDE.

On November 6, 2013, during routine quarterly monitoring, Liquid Phase Hydrocarbon (LPH) was encountered in only MW-2A. MDE was properly notified and with their concurrence, the LPH was extracted from the well and disposed of legally. The County was subsequently directed by MDE to perform weekly gauging of MW-2A and others on the site to determine if the rebound would exceed 0.50 feet of LPW and if any of the other monitoring wells (MW) had LPW present. LPH was not detected in any other MW and rebound did not approach 0.50 of LPW in MW-2A. Pursuant to an April 1, 2014 letter from MDE, the County was directed to perform an Enhanced Fluid Recovery (EFR) in MW-2A and follow-up with subsequent well gauging and monitoring because of the continued presence of LPH in MW-2A. This procedure was conducted in compliance with MDE on April 23, 2014.

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.

The final scope of work is yet to be determined by MDE and the County. The presence of LPH in MW-2A continues to be monitored, fluctuates in depth, and currently appears to be recoverable only in minimal amounts. The County is continuing with the approved MDE monitoring program as described above and received a Request for Supplemental Information from MDE dated September 12, 2017. The scope of this request includes continuing the ongoing monitoring, gauging, sampling and testing of the on-site monitoring wells and performing a drinking well survey of properties in the vicinity of the DPW Centreville Site. The cost in FY-2018 for these continuing and additional requirements will be approximately \$15,000. The estimated costs over the next year are not material, and thus no liability has been recorded at this time. None of these outlays met the requirements for capitalization noted in GASB Statement 49 and they were not capitalized.

**Required Supplementary Information**

**QUEEN ANNE'S COUNTY, MARYLAND  
REQUIRED SUPPLEMENTARY INFORMATION  
JUNE 30, 2017**

**MARYLAND STATE RETIREMENT AND PENSIONS SYSTEMS**

**SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY**

Fiscal Year	Measurement Date	Employer's Proportion (Percentage) of the Collective NPL A	Employer's Proportion Share of the Collective NPL B	Employer's Covered Employee Payroll C	Proportionate Share as a Percentage of Covered Payroll (B / C)	Plan's Total Fiduciary Net Position D	Plan's Total Pension Liability E	Plan's Fiduciary Net Position as a Percentage of Total Pension Liability (D / E)
2015	June 30, 2014	0.1038567%	\$ 18,431,162	\$ 21,231,535	87%	\$ 45,339,988,000	\$ 63,086,719,000	72%
2016	June 30, 2015	0.1189567%	24,721,248	23,160,758	107%	45,789,840,000	66,571,552,000	69%
2017	June 30, 2016	0.1271511%	30,000,070	24,681,589	122%	45,365,927,000	68,959,954,000	66%

**SCHEDULE OF CONTRIBUTIONS**

Fiscal Year	Measurement Date	Contractually Required Contribution A	Actual Contribution B	Contribution Deficiency (Excess) (A - B)	Employer's Covered Employee Payroll C	Actual Contribution as a Percentage of Covered Payroll (B / C)
2015	June 30, 2014	\$ 2,420,235	\$ 2,420,235	\$ -	\$ 21,231,535	11%
2016	June 30, 2015	2,507,287	2,507,287	-	23,160,758	11%
2017	June 30, 2016	2,477,009	2,477,009	-	24,681,589	10%

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

**ACTUARIAL ASSUMPTIONS – PENSION PLAN**

Actuarial	Entry Age Normal
Amortization Method	Level Percentage of Payroll, Closed
Remaining Amortization Period	In the 2012 actuarial valuation: 8 years remaining as of June 30, 2012 for prior UAAL existing on June 30, 2000, and 25 years from each subsequent valuation date for each year's additional UAAL for the State Systems and ECS Muni. 27 years for LEOPS Muni, and 34 years for CORS Muni. In the 2013 actuarial valuations: 25 years for the State Systems, 26 years for the LEOPS Muni, and 32 years for CORS Muni. For ECS Muni: 7 years remaining for prior UAAL existing on June 30, 2000. 25 years from each subsequent valuation date for each year's additional UAAL. In the 2014 actuarial valuation: 24 years for the State Systems, 25 years for LEOPS Muni, and 31 years for CORS Muni. For ECS Muni: 6 years remaining for prior UAAL existing on June 30, 2000. 25 years from each subsequent valuation date for each year's additional UAAL.
Asset Valuation Model	Five-year smoothed market; 20% collar.
Inflation	In the 2012 actuarial valuation. 3.00% general, 3.50% wage. In the 2013 actuarial valuation, 2.95% general, 3.45% wage. In the 2014 actuarial valuation, 2.90% general, 3.40% wage.
Salary Increases	In the 2012 actuarial valuation, 3.50% to 10.75% including inflation. In the 2013 actuarial valuation, 3.45% to 10.70% including inflation. In the 2014 actuarial valuation, 3.40% to 10.65% including inflation.
Investment Rate of Return	In the 2012 actuarial valuation, 7.75%. In the 2013 actuarial valuation, 7.70%. In the 2014 valuation, 7.65%.
Retirement Age	Experienced-based table of rates that are specific to the type of eligibility condition. Last updated for the 2015 valuation pursuant to an experience study of the period 2010 - 2014.
Mortality	RP-2014 Mortality Tables with generational mortality projections using scale MP-2014, calibrated to MSRPS experience.

**QUEEN ANNE'S COUNTY, MARYLAND  
REQUIRED SUPPLEMENTARY INFORMATION  
JUNE 30, 2017**

**OTHER POST-EMPLOYMENT BENEFITS TRUST**

The following required supplementary information relates to the OPEB plan described in Note 14. This information is intended to help users assess the system's funding status on a going-concern basis; assess progress made in accumulating assets to pay benefits when due; and make comparisons among employers.

**SCHEDULE OF FUNDING PROGRESS**

The Schedule of Funding Progress presents multiyear trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Year Ended June 30,	Valuation Date	(A) Value of Assets at Valuation Date	(B) Accrued Liability (AAL)	(B - A) Unfunded Accrued Liability (UAAL)	(A / B) Funded Ratio	(C) Covered Payroll	((B - A) / C) UAAL as a Percentage of Covered Payroll
2009	July 1, 2008	\$ -	\$ 49,107,000	\$ 49,107,000	0.00%	\$ 23,690,163	207%
2010	July 1, 2009	500,000	63,935,000	63,435,000	0.78%	23,778,696	267%
2011	July 1, 2010	500,000	70,570,000	70,070,000	0.71%	20,439,972	343%
2012	July 1, 2011	77,000	76,949,000	76,872,000	0.10%	18,903,632	407%
2013	July 1, 2012	82,000	93,915,000	93,833,000	0.09%	17,640,063	532%
2014	July 1, 2013	976,790	95,676,000	94,699,210	1.02%	17,953,154	527%
2015	June 30, 2015	1,959,640	51,063,866	49,104,226	3.84%	19,064,280	258%
2016	June 30, 2015	1,959,640	51,063,866	49,104,226	3.84%	20,650,915	238%
2017	January 1, 2017	3,480,457	48,581,683	45,101,226	7.16%	21,604,888	209%

**BUDGETARY COMPARISONS FOR THE GENERAL FUND**

Required Supplementary Information provides budget-to-actual comparisons for the General Fund. Budgets are adopted using the same method of accounting as that used for reporting purposes, i.e. according to generally accepted accounting principles as used in the United States of America (GAAP).

**QUEEN ANNE'S COUNTY, MARYLAND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL**  
**GENERAL FUND**  
**FOR THE YEAR ENDED JUNE 30, 2017**

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	POSITIVE (NEGATIVE)
<b>REVENUES</b>				
Taxes				
Local Property Tax	\$ 66,145,298	\$ 66,169,694	\$ 66,466,862	\$ 297,168
Local Income Tax	46,448,552	46,448,552	48,578,044	2,129,492
Admission and Amusement Taxes	158,100	158,100	156,872	(1,228)
Recordation Taxes	4,568,755	4,568,755	5,321,128	752,373
Hotel Taxes	530,000	530,000	599,868	69,868
County Transfer Taxes	1,925,000	1,925,000	1,944,544	19,544
State Shared Taxes	576,410	576,410	601,355	24,945
Franchise Fee	450,000	450,000	477,220	27,220
Licenses and Permits	637,500	637,500	617,124	(20,376)
Intergovernmental	1,813,376	2,208,790	1,924,903	(283,887)
Bond Interest Reimbursement - Build America Bond	376,213	376,213	350,254	(25,959)
Charges for Current Services	2,228,545	2,233,545	2,449,929	216,384
Fines and Forfeitures	70,000	70,000	97,274	27,274
Investment Income	50,516	50,516	259,885	209,369
Donations	-	-	4,518	4,518
Miscellaneous	901,580	901,580	1,548,814	647,234
Total Revenues	<u>126,879,845</u>	<u>127,304,655</u>	<u>131,398,594</u>	<u>4,093,939</u>
<b>EXPENDITURES</b>				
<b>GENERAL GOVERNMENT</b>				
Legislative	470,896	470,896	388,737	82,159
Judicial				
Circuit Court	563,391	571,125	352,655	218,470
Orphan's Court	83,371	83,371	78,985	4,386
State's Attorney	1,174,845	1,219,845	1,216,603	3,242
County Administrator	202,803	202,803	196,152	6,651
Board of Elections	734,921	761,921	759,701	2,220
Finance Office	1,143,322	1,143,322	1,132,470	10,852
Human Resources	530,576	557,576	555,428	2,148
Planning and Zoning	1,972,144	1,998,007	1,997,846	161
Information Technology	1,190,397	1,190,397	1,185,952	4,445
QAC-TV	410,618	415,618	370,668	44,950
Legal Services	485,000	485,000	388,511	96,489
Total General Government	<u>8,962,284</u>	<u>9,099,881</u>	<u>8,623,708</u>	<u>476,173</u>
<b>PUBLIC SAFETY</b>				
Sheriff's Office	7,313,167	7,314,577	6,958,901	355,676
Volunteer Fire and Rescue Services	3,546,291	3,578,291	3,267,974	310,317
Detention Center	4,777,028	4,777,028	4,494,172	282,856
Emergency Services	7,926,087	7,926,087	7,714,985	211,102
Animal Control	305,816	214,866	203,283	11,583
Total Public Safety	<u>23,868,389</u>	<u>23,810,849</u>	<u>22,639,315</u>	<u>1,171,534</u>
<b>PARKS AND PUBLIC WORKS</b>				
Administration	479,540	926,170	903,678	22,492
Solid Waste Disposal	1,792,511	1,792,511	1,374,105	418,406
Engineering Division	653,489	711,489	709,319	2,170
Roads Division	4,552,417	4,417,969	4,191,939	226,030
General Services	2,313,962	2,313,962	2,067,311	246,651
Parks	3,349,196	3,434,196	3,432,961	1,235
Weed Control	88,705	104,705	103,144	1,561
Total Parks and Public Works	<u>13,229,820</u>	<u>13,701,002</u>	<u>12,782,457</u>	<u>918,545</u>

CONTINUED

**QUEEN ANNE'S COUNTY, MARYLAND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL**  
**GENERAL FUND**  
**FOR THE YEAR ENDED JUNE 30, 2017**

(CONTINUED)

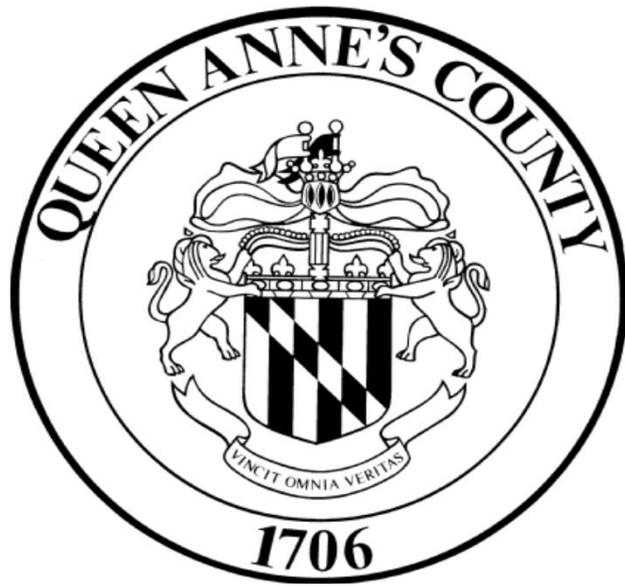
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	POSITIVE (NEGATIVE)
<u>HEALTH, SOCIAL, AND RECREATION</u>				
Health Department	\$ 2,278,485	\$ 2,278,485	\$ 1,967,956	\$ 310,529
Social Services	310,692	328,692	327,518	1,174
Recreation	588,402	632,402	631,020	1,382
Total Health, Social, and Recreation	<u>3,177,579</u>	<u>3,239,579</u>	<u>2,926,494</u>	<u>313,085</u>
<u>EDUCATION AND LIBRARY</u>				
Board of Education	53,787,293	54,187,293	54,187,293	-
Chesapeake College	1,869,557	1,869,557	1,865,018	4,539
Queen Anne's County Free Library	1,684,820	1,684,820	1,684,820	-
Total Education and Library	<u>57,341,670</u>	<u>57,741,670</u>	<u>57,737,131</u>	<u>4,539</u>
<u>CONSERVATION OF NATURAL RESOURCES</u>				
Cooperative Extension Service	273,644	283,221	281,608	1,613
Soil Conservation Service	229,681	229,681	210,083	19,598
4-H Park	75,000	75,000	74,247	753
Total Conservation of Natural Resources	<u>578,325</u>	<u>587,902</u>	<u>565,938</u>	<u>21,964</u>
<u>ECONOMIC AND COMMUNITY DEVELOPMENT</u>				
Economic Development	267,116	267,116	128,989	138,127
Tourism	232,436	232,436	229,669	2,767
Community Affairs	316,051	328,051	325,560	2,491
Total Economic and Community Development	<u>815,603</u>	<u>827,603</u>	<u>684,218</u>	<u>143,385</u>
<u>DEBT SERVICE</u>				
School Debt Service - Principal	5,726,530	5,501,530	5,454,067	47,463
School Debt Service - Interest	2,382,595	2,399,595	2,397,204	2,391
County Debt Service - Principal	2,426,022	2,580,022	2,575,521	4,501
County Debt Service - Interest	1,736,549	1,719,549	1,707,050	12,499
Total Debt Service	<u>12,271,696</u>	<u>12,200,696</u>	<u>12,133,842</u>	<u>66,854</u>
<u>INTERGOVERNMENTAL</u>				
Aid to Municipalities	158,995	158,995	157,125	1,870
SDAT Costs from State	250,000	250,000	219,415	30,585
Total Intergovernmental	<u>408,995</u>	<u>408,995</u>	<u>376,540</u>	<u>32,455</u>

CONTINUED

**QUEEN ANNE'S COUNTY, MARYLAND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL**  
**GENERAL FUND**  
**FOR THE YEAR ENDED JUNE 30, 2017**

(CONTINUED)

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	POSITIVE (NEGATIVE)
<u>MISCELLANEOUS</u>				
Aid to Other Agencies	\$ 197,000	\$ 197,000	\$ 143,598	\$ 53,402
Insurance & Benefits	1,989,871	1,989,871	1,865,226	124,645
Transfer to OPEB Fund	932,447	932,447	932,447	-
Contingencies	1,225,173	883,596	256,630	626,966
Salary Lapse	(1,080,000)	(1,080,000)	-	(1,080,000)
Miscellaneous Non-Departmental	617,782	617,782	611,211	6,571
Total Miscellaneous	<u>3,882,273</u>	<u>3,540,696</u>	<u>3,809,112</u>	<u>(268,416)</u>
Total Expenditures	<u>124,536,634</u>	<u>125,158,873</u>	<u>122,278,755</u>	<u>2,880,118</u>
Excess of Revenues Over Expenditures	<u>2,343,211</u>	<u>2,145,782</u>	<u>9,119,839</u>	<u>6,974,057</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Proceeds of Capital Asset Disposals	7,500	7,500	52,624	45,124
Insurance Proceeds	-	-	12,241	12,241
Transfers In From:				
Impact Fees - School	1,450,000	1,450,000	250,000	(1,200,000)
Hotel Tax Fund	-	-	7,491	7,491
Total Transfers In	<u>1,450,000</u>	<u>1,450,000</u>	<u>257,491</u>	<u>(1,192,509)</u>
Transfers Out To:				
General Capital Projects Fund	2,082,782	3,732,782	3,729,882	2,900
Department of Aging	1,530,594	1,530,594	1,430,666	99,928
Department of Housing and Community Services	574,598	524,598	445,590	79,008
Community Partnerships	401,784	401,784	393,454	8,330
Impact Fees - Fire Companies/Contingencies	-	24,396	24,395	1
Airport Enterprise Fund	45,301	116,301	105,337	10,964
Public Landings Enterprise Fund	25,000	25,000	25,000	-
Golf Course Enterprise Fund	242,434	242,434	61,854	180,580
Total Transfers Out	<u>4,902,493</u>	<u>6,597,889</u>	<u>6,216,178</u>	<u>381,711</u>
Total Other Financing (Uses)	<u>(3,444,993)</u>	<u>(5,140,389)</u>	<u>(5,893,822)</u>	<u>(753,433)</u>
Net Increase (Decrease) in Fund Balance	<u>\$ (1,101,782)</u>	<u>\$ (2,994,607)</u>	3,226,017	<u>\$ 6,220,624</u>
Fund Balance, July 1			<u>22,984,243</u>	
Fund Balance, June 30			<u>\$ 26,210,260</u>	



## **Combining and Individual Fund Statements and Schedules**

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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**

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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.

**BRIDGE (Business Reinvestment and Infrastructure Development Grant Enterprise) Fund** – This fund accounts for activities funded with a portion of recordation taxes and provides new commercial businesses funding for capital and infrastructure improvements. The BRIDGE Fund is included in the economic and community development function.

**Community Partnerships for Children** – This fund accounts for activities funded by grants allocated to the County that provide services for children and families and is included in the social services function.

**Critical Areas** – This fund accounts for activities funded by payments in lieu of performance bonds that support efforts to mitigate and preserve critical areas along the shoreline of tidal waters within the County and is included in the conservation of natural resources function.

**Hotel Tax** – This fund previously accounted for activities funded by the Hotel Tax that supported economic development and tourism and was included in the economic and community development function. Beginning in fiscal year 2017, the County decided to no longer dedicate the hotel tax funds and account for them in the General Fund instead. Therefore, the only activity in this fund for the current year is a transfer out of the remaining fund balance. The fund was closed at the end of fiscal year 2017.

**Law Library** – This fund accounts for activities funded by court fees, fines, and contributions from local attorneys to update legal reference materials housed in the courthouse and is included in the general government function.

**Sheriff's Drug Task Force** – This fund accounts for activities funded by drug-related forfeitures that support drug interdiction efforts by a multi-faceted task force and is included in the public safety function.

**Inmate Welfare Fund** – This fund accounts for activities funded by profits earned from Detention Center inmate-related services that promote the welfare of the inmates and is included in the public safety function.

**Agricultural Transfer Tax** – This fund accounts for activities funded primarily by the Agricultural Transfer Tax to purchase agricultural easements that preclude development and is included in the conservation of natural resources function.

**Rural Legacy** – This fund accounts for activities funded primarily by Maryland’s Rural Legacy Program to purchase easements that preclude development and is included in the conservation of natural resources function.

**Purchase of Development Rights** – This fund accounts for activities funded by Queen Anne’s County to acquire easements to restrict the use of agricultural land and woodland and is included in the conservation of natural resources function.

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

**Kent Narrows** – This fund accounts for activities funded by tax revenues to improve the Kent Narrows area and is included in the economic and community development function.

**Capital Projects – School Impact Fees** – This fund accounts for financial resources generated by new residential construction and used for the construction of public school facilities or payment of school debt relating to such construction.

**Capital Projects – Fire Company Impact Fees** – This fund accounts for activities funded by impact fees specifically earmarked to enhance local volunteer fire company preparedness resulting from new construction and is included in the public safety function.

**Capital Projects – Parks and Recreation Impact Fees** – This fund accounts for activities funded by impact fees specifically earmarked to enhance parks and recreation and is included in the parks and recreation function.

**QUEEN ANNE'S COUNTY, MARYLAND**  
**COMBINING BALANCE SHEET**  
**NON-MAJOR GOVERNMENTAL FUNDS**  
**JUNE 30, 2017**

	DEPARTMENT OF AGING	HOUSING AND COMMUNITY SERVICES	REVOLVING LOAN FUND	ECONOMIC DEVELOPMENT INCENTIVE	BRIDGE FUND	COMMUNITY PARTNERSHIPS FOR CHILDREN
<b>ASSETS</b>						
Cash and Cash Equivalents	\$ 117,485	\$ 1,668,245	\$ 458,194	\$ 581,517	\$ 1,797,880	\$ 682,038
Receivables						
Accounts Receivable (Net)	-	7,743	10,620	-	-	4,930
Loans Receivable	-	5,131,755	94,786	-	-	-
Special Assessments (Net)	-	-	-	-	-	-
Due from Other Governments	188,035	29,028	-	-	-	192,461
<b>Total Assets</b>	<b>\$ 305,520</b>	<b>\$ 6,836,771</b>	<b>\$ 563,600</b>	<b>\$ 581,517</b>	<b>\$ 1,797,880</b>	<b>\$ 879,429</b>
<b>LIABILITIES</b>						
Accrued Liabilities	\$ 110,975	\$ 24,636	\$ -	\$ -	\$ -	\$ 352,304
Due to Other Funds	-	-	-	-	-	-
Due to Other Governmental Agencies	-	3,136	-	-	-	311,729
Unearned Revenue	-	4,041	-	-	-	149,656
<b>Total Liabilities</b>	<b>110,975</b>	<b>31,813</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>813,689</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Unavailable Benefit Assessments	-	-	-	-	-	-
Unavailable Fees	-	-	-	-	-	-
<b>Total Deferred Inflows</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Liabilities and Deferred Inflows</b>	<b>110,975</b>	<b>31,813</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>813,689</b>
<b>FUND BALANCES</b>						
Nonspendable	-	5,131,755	105,406	-	-	-
Restricted	752	740,730	-	-	-	-
Committed	-	939,360	458,194	581,517	1,797,880	-
Assigned	193,793	-	-	-	-	65,740
Unassigned	-	(6,887)	-	-	-	-
<b>Total Fund Balances</b>	<b>194,545</b>	<b>6,804,958</b>	<b>563,600</b>	<b>581,517</b>	<b>1,797,880</b>	<b>65,740</b>
<b>Total Liabilities, Deferred Inflows and Fund Balances</b>	<b>\$ 305,520</b>	<b>\$ 6,836,771</b>	<b>\$ 563,600</b>	<b>\$ 581,517</b>	<b>\$ 1,797,880</b>	<b>\$ 879,429</b>

QUEEN ANNE'S COUNTY, MARYLAND

COMBINING BALANCE SHEET

NON-MAJOR GOVERNMENTAL FUNDS

JUNE 30, 2017

(CONTINUED)

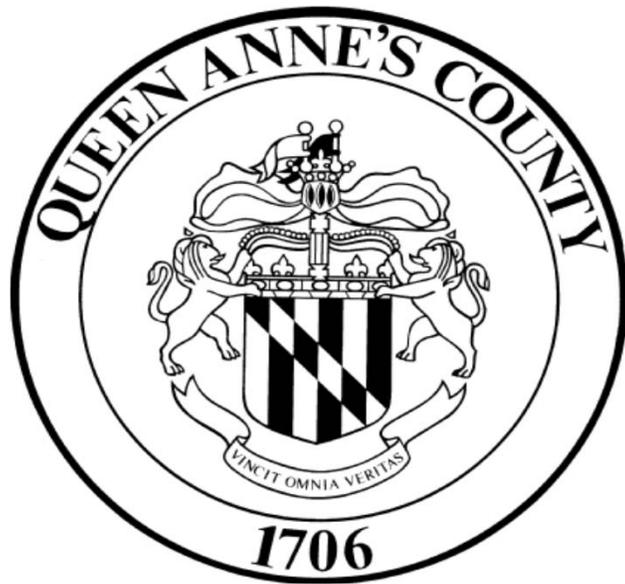
CRITICAL AREAS	HOTEL TAX	LAW LIBRARY	SHERIFF'S DRUG TASK FORCE	INMATE WELFARE	AGRICULTURAL TRANSFER	RURAL LEGACY	PURCHASE OF DEVELOPMENT RIGHTS
\$ 180,807	\$ -	\$ 195,389	\$ 229,047	\$ 258,488	\$ 271,205	\$ 423,556	\$ 550
-	-	-	-	4,653	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
\$ 180,807	\$ -	\$ 195,389	\$ 229,047	\$ 263,141	\$ 271,205	\$ 423,556	\$ 550
\$ -	\$ -	\$ 171	\$ 136,803	\$ 18,509	\$ 1,956	\$ -	\$ -
-	-	-	-	-	-	-	-
-	-	-	-	24,550	-	-	-
-	-	-	-	-	-	-	-
-	-	171	136,803	43,059	1,956	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	171	136,803	43,059	1,956	-	-
-	-	-	-	-	-	-	-
180,807	-	-	92,244	220,082	269,249	423,556	-
-	-	-	-	-	-	-	550
-	-	195,218	-	-	-	-	-
-	-	-	-	-	-	-	-
180,807	-	195,218	92,244	220,082	269,249	423,556	550
\$ 180,807	\$ -	\$ 195,389	\$ 229,047	\$ 263,141	\$ 271,205	\$ 423,556	\$ 550

CONTINUED

**QUEEN ANNE'S COUNTY, MARYLAND**  
**COMBINING BALANCE SHEET**  
**NON-MAJOR GOVERNMENTAL FUNDS**  
**JUNE 30, 2017**

(CONTINUED)

	DREDGING SPECIAL ASSESSMENTS	KENT NARROWS	CAPITAL PROJECTS			TOTAL NON-MAJOR GOVERNMENTAL
			SCHOOL IMPACT FEES	FIRE COMPANY IMPACT FEES	PARKS AND RECREATION IMPACT FEES	
<b>ASSETS</b>						
Cash and Cash Equivalents	\$ 18,702	\$ 246,018	\$ 6,147,783	\$ 228,766	\$ 1,064,748	\$ 14,570,418
Receivables						
Accounts Receivable (Net)	60	-	-	-	-	28,006
Loans Receivable	-	-	806,440	103,002	91,866	6,227,849
Special Assessments (Net)	417,214	-	-	-	-	417,214
Due from Other Governments	-	-	-	-	-	409,524
<b>Total Assets</b>	<b>\$ 435,976</b>	<b>\$ 246,018</b>	<b>\$ 6,954,223</b>	<b>\$ 331,768</b>	<b>\$ 1,156,614</b>	<b>\$ 21,653,011</b>
<b>LIABILITIES</b>						
Accrued Liabilities	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 645,354
Due to Other Funds	-	-	-	46,778	-	46,778
Due to Other Governmental Agencies	-	-	-	-	-	339,415
Unearned Revenue	-	-	-	-	-	153,697
<b>Total Liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>46,778</b>	<b>-</b>	<b>1,185,244</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Unavailable Benefit Assessments	417,214	-	-	-	-	417,214
Unavailable Fees	-	-	806,440	103,002	91,866	1,001,308
<b>Total Deferred Inflows</b>	<b>417,214</b>	<b>-</b>	<b>806,440</b>	<b>103,002</b>	<b>91,866</b>	<b>1,418,522</b>
<b>Total Liabilities and Deferred Inflows</b>	<b>417,214</b>	<b>-</b>	<b>806,440</b>	<b>149,780</b>	<b>91,866</b>	<b>2,603,766</b>
<b>FUND BALANCES</b>						
Nonspendable	-	-	-	-	-	5,237,161
Restricted	18,762	246,018	-	-	-	2,192,200
Committed	-	-	6,147,783	228,766	1,064,748	11,218,798
Assigned	-	-	-	-	-	454,751
Unassigned	-	-	-	(46,778)	-	(53,665)
<b>Total Fund Balances</b>	<b>18,762</b>	<b>246,018</b>	<b>6,147,783</b>	<b>181,988</b>	<b>1,064,748</b>	<b>19,049,245</b>
<b>Total Liabilities, Deferred Inflows and Fund Balances</b>	<b>\$ 435,976</b>	<b>\$ 246,018</b>	<b>\$ 6,954,223</b>	<b>\$ 331,768</b>	<b>\$ 1,156,614</b>	<b>\$ 21,653,011</b>



**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, 2017**

	DEPARTMENT OF AGING	HOUSING AND COMMUNITY SERVICES	REVOLVING LOAN FUND	ECONOMIC DEVELOPMENT INCENTIVE	BRIDGE FUND	COMMUNITY PARTNERSHIPS FOR CHILDREN
<b>REVENUES</b>						
Taxes						
Local Property Tax	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Recordation Taxes	-	164,936	-	-	-	-
State Shared Taxes	-	-	-	-	-	-
Intergovernmental	954,896	198,906	-	-	-	698,267
Charges for Current Services	73,066	620,000	-	-	-	-
Fines and Forfeitures	-	-	-	-	-	-
Investment Income	692	9,664	3,891	-	-	212
Donations	55,699	-	-	-	-	-
Miscellaneous	48,748	-	-	-	-	30,948
<b>Total Revenues</b>	<b>1,133,101</b>	<b>993,506</b>	<b>3,891</b>	<b>-</b>	<b>-</b>	<b>729,427</b>
<b>EXPENDITURES</b>						
Current						
General Government	-	-	-	-	-	-
Public Safety	-	-	-	-	-	-
Social Services	2,469,280	-	-	-	-	1,151,865
Economic/Community Development	-	633,289	-	249,050	-	-
Debt Service						
Principal	-	-	-	-	-	-
<b>Total Expenditures</b>	<b>2,469,280</b>	<b>633,289</b>	<b>-</b>	<b>249,050</b>	<b>-</b>	<b>1,151,865</b>
Excess of Revenues Over (Under) Expenditures	(1,336,179)	360,217	3,891	(249,050)	-	(422,438)
<b>OTHER FINANCING SOURCES (USES)</b>						
Proceeds of Capital Asset Disposals	527	-	-	-	-	-
Transfers In	1,430,666	445,590	-	-	-	393,454
Transfers Out	(40,004)	-	-	-	-	-
<b>Other Financing Sources (Uses)</b>	<b>1,391,189</b>	<b>445,590</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>393,454</b>
<b>Net Increase (Decrease) in Fund Balances</b>	<b>55,010</b>	<b>805,807</b>	<b>3,891</b>	<b>(249,050)</b>	<b>-</b>	<b>(28,984)</b>
Fund Balances, July 1	139,535	5,999,151	559,709	830,567	1,797,880	94,724
Fund Balances, June 30	<u>\$ 194,545</u>	<u>\$ 6,804,958</u>	<u>\$ 563,600</u>	<u>\$ 581,517</u>	<u>\$ 1,797,880</u>	<u>\$ 65,740</u>

**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, 2017**

(CONTINUED)

CRITICAL AREAS	HOTEL TAX	LAW LIBRARY	SHERIFF'S DRUG TASK FORCE	INMATE WELFARE	AGRICULTURAL TRANSFER	RURAL LEGACY	PURCHASE OF DEVELOPMENT RIGHTS
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
-	-	-	-	-	107,211	-	-
6,348	-	11,288	-	108,370	-	-	-
-	-	31,383	82,445	-	-	-	-
-	-	1,070	811	1,201	-	2,193	-
-	-	-	-	-	-	-	-
-	-	-	150	15,219	-	-	-
<u>6,348</u>	<u>-</u>	<u>43,741</u>	<u>83,406</u>	<u>124,790</u>	<u>107,211</u>	<u>2,193</u>	<u>-</u>
-	-	27,131	-	-	-	-	-
-	-	-	59,400	134,907	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>27,131</u>	<u>59,400</u>	<u>134,907</u>	<u>-</u>	<u>-</u>	<u>-</u>
6,348	-	16,610	24,006	(10,117)	107,211	2,193	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	(7,491)	-	-	-	-	-	-
<u>-</u>	<u>(7,491)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
6,348	(7,491)	16,610	24,006	(10,117)	107,211	2,193	-
<u>174,459</u>	<u>7,491</u>	<u>178,608</u>	<u>68,238</u>	<u>230,199</u>	<u>162,038</u>	<u>421,363</u>	<u>550</u>
<u>\$ 180,807</u>	<u>\$ -</u>	<u>\$ 195,218</u>	<u>\$ 92,244</u>	<u>\$ 220,082</u>	<u>\$ 269,249</u>	<u>\$ 423,556</u>	<u>\$ 550</u>

CONTINUED

**QUEEN ANNE'S COUNTY, MARYLAND**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**NON-MAJOR GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2017**

(CONTINUED)

	DREDGING SPECIAL ASSESSMENTS	KENT NARROWS	CAPITAL PROJECTS			TOTAL NON-MAJOR GOVERNMENTAL
			SCHOOL IMPACT FEES	FIRE COMPANY IMPACT FEES	PARKS AND RECREATION IMPACT FEES	
<b>REVENUES</b>						
Taxes						
Local Property Tax	\$ -	\$ 35,039	\$ -	\$ -	\$ -	\$ 35,039
Recordation Taxes	-	-	-	-	-	164,936
State Shared Taxes	-	-	-	-	-	107,211
Intergovernmental	-	-	-	-	-	1,852,069
Charges for Current Services	44,178	-	1,319,433	206,093	174,970	2,563,746
Fines and Forfeitures	-	-	-	-	-	113,828
Investment Income	373	-	29,968	1,373	5,072	56,520
Donations	-	-	-	-	-	55,699
Miscellaneous	-	-	-	-	-	95,065
<b>Total Revenues</b>	<b>44,551</b>	<b>35,039</b>	<b>1,349,401</b>	<b>207,466</b>	<b>180,042</b>	<b>5,044,113</b>
<b>EXPENDITURES</b>						
Current						
General Government	-	-	-	-	-	27,131
Public Safety	-	-	-	315,198	-	509,505
Social Services	-	-	-	-	-	3,621,145
Economic/Community Development	-	54,000	-	-	-	936,339
Debt Service						
Principal	44,425	-	-	-	-	44,425
<b>Total Expenditures</b>	<b>44,425</b>	<b>54,000</b>	<b>-</b>	<b>315,198</b>	<b>-</b>	<b>5,138,545</b>
Excess of Revenues Over (Under) Expenditures	126	(18,961)	1,349,401	(107,732)	180,042	(94,432)
<b>OTHER FINANCING SOURCES (USES)</b>						
Proceeds of Capital Asset Disposals	-	-	-	-	-	527
Transfers In	-	-	-	24,395	-	2,294,105
Transfers Out	-	-	(250,000)	-	-	(297,495)
Other Financing Sources (Uses)	-	-	(250,000)	24,395	-	1,997,137
Net Increase (Decrease) in Fund Balances	126	(18,961)	1,099,401	(83,337)	180,042	1,902,705
Fund Balances, July 1	18,636	264,979	5,048,382	265,325	884,706	17,146,540
Fund Balances, June 30	\$ 18,762	\$ 246,018	\$ 6,147,783	\$ 181,988	\$ 1,064,748	\$ 19,049,245



**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, 2017**

	DEPARTMENT OF AGING				HOUSING AND COMMUNITY SERVICES			
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE POSITIVE (NEGATIVE)	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE POSITIVE (NEGATIVE)
<b>REVENUES</b>								
Taxes								
Local Property Tax	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Recordation Taxes	-	-	-	-	50,000	50,000	164,936	114,936
State Shared Taxes	-	-	-	-	-	-	-	-
Intergovernmental	856,843	916,568	954,896	38,328	199,038	183,174	198,906	15,732
Charges for Current Services	73,600	73,600	73,066	(534)	100,000	296,200	620,000	323,800
Fines and Forfeitures	-	-	-	-	-	-	-	-
Investment Income	-	-	692	692	-	-	9,664	9,664
Donations	35,000	35,000	55,699	20,699	-	-	-	-
Miscellaneous	3,000	3,000	48,748	45,748	-	-	-	-
<b>Total Revenues</b>	<b>968,443</b>	<b>1,028,168</b>	<b>1,133,101</b>	<b>104,933</b>	<b>349,038</b>	<b>529,374</b>	<b>993,506</b>	<b>464,132</b>
<b>EXPENDITURES</b>								
Current Operating Expenditures	2,491,357	2,551,082	2,469,280	81,802	1,093,636	1,423,972	633,289	790,683
Capital Outlay	7,680	7,680	-	7,680	-	-	-	-
Debt Service	-	-	-	-	-	-	-	-
Principal	-	-	-	-	-	-	-	-
<b>Total Expenditures</b>	<b>2,499,037</b>	<b>2,558,762</b>	<b>2,469,280</b>	<b>89,482</b>	<b>1,093,636</b>	<b>1,423,972</b>	<b>633,289</b>	<b>790,683</b>
Excess of Revenues Over (Under) Expenditures	(1,530,594)	(1,530,594)	(1,336,179)	194,415	(744,598)	(894,598)	360,217	1,254,815
<b>OTHER FINANCING SOURCES (USES)</b>								
Proceeds of Capital Asset Disposals	-	-	527	527	-	-	-	-
Transfers In	1,530,594	1,530,594	1,430,666	(99,928)	574,598	524,598	445,590	(79,008)
Transfers Out	-	(40,004)	(40,004)	-	-	-	-	-
<b>Total Other Financing Sources (Uses)</b>	<b>1,530,594</b>	<b>1,490,590</b>	<b>1,391,189</b>	<b>(99,401)</b>	<b>574,598</b>	<b>524,598</b>	<b>445,590</b>	<b>(79,008)</b>
<b>Net Increase (Decrease) in Fund Balances</b>	<b>\$ -</b>	<b>\$ (40,004)</b>	<b>55,010</b>	<b>\$ 95,014</b>	<b>\$ (170,000)</b>	<b>\$ (370,000)</b>	<b>805,807</b>	<b>\$ 1,175,807</b>
Fund Balances, July 1			139,535				5,999,151	
Fund Balances, June 30			<u>\$ 194,545</u>				<u>\$ 6,804,958</u>	

**QUEEN ANNE'S COUNTY, MARYLAND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGETARY BASIS**  
**NON-MAJOR GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2017**  
(CONTINUED)

ECONOMIC DEVELOPMENT INCENTIVE				COMMUNITY PARTNERSHIPS FOR CHILDREN			
ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE POSITIVE (NEGATIVE)	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE POSITIVE (NEGATIVE)
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	631,658	865,010	698,267	(166,743)
-	-	-	-	-	-	-	-
-	-	-	-	-	-	212	212
-	-	-	-	-	-	-	-
-	-	-	-	-	41,952	30,948	(11,004)
-	-	-	-	631,658	906,962	729,427	(177,535)
-	249,050	249,050	-	808,442	1,308,746	1,151,865	156,881
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	249,050	249,050	-	808,442	1,308,746	1,151,865	156,881
-	(249,050)	(249,050)	-	(176,784)	(401,784)	(422,438)	(20,654)
-	-	-	-	-	-	-	-
-	-	-	-	401,784	401,784	393,454	(8,330)
-	-	-	-	(225,000)	-	-	-
-	-	-	-	176,784	401,784	393,454	(8,330)
\$ -	\$ (249,050)	(249,050)	\$ -	\$ -	\$ -	(28,984)	\$ (28,984)
		830,567				94,724	
		\$ 581,517				\$ 65,740	

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, 2017**  
(CONTINUED)

	LAW LIBRARY				INMATE WELFARE			
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE POSITIVE (NEGATIVE)	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE POSITIVE (NEGATIVE)
<b>REVENUES</b>								
Taxes								
Local Property Tax	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Recordation Taxes	-	-	-	-	-	-	-	-
State Shared Taxes	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	7,650	7,650	-	(7,650)
Charges for Current Services	10,000	10,000	11,288	1,288	120,000	120,000	108,370	(11,630)
Fines and Forfeitures	15,500	17,500	31,383	13,883	-	-	-	-
Investment Income	-	-	1,070	1,070	-	-	1,201	1,201
Donations	-	-	-	-	-	-	-	-
Miscellaneous	-	-	-	-	22,350	22,350	15,219	(7,131)
<b>Total Revenues</b>	<b>25,500</b>	<b>27,500</b>	<b>43,741</b>	<b>16,241</b>	<b>150,000</b>	<b>150,000</b>	<b>124,790</b>	<b>(25,210)</b>
<b>EXPENDITURES</b>								
Current Operating Expenditures	25,500	27,500	27,131	369	140,400	140,400	134,907	5,493
Capital Outlay	-	-	-	-	9,600	9,600	-	9,600
Debt Service								
Principal	-	-	-	-	-	-	-	-
<b>Total Expenditures</b>	<b>25,500</b>	<b>27,500</b>	<b>27,131</b>	<b>369</b>	<b>150,000</b>	<b>150,000</b>	<b>134,907</b>	<b>15,093</b>
Excess of Revenues Over (Under) Expenditures	-	-	16,610	16,610	-	-	(10,117)	(10,117)
<b>OTHER FINANCING SOURCES (USES)</b>								
Proceeds of Capital Asset Disposals	-	-	-	-	-	-	-	-
Transfers In	-	-	-	-	-	-	-	-
Transfers Out	-	-	-	-	-	-	-	-
<b>Total Other Financing Sources (Uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net Increase (Decrease) in Fund Balances</b>	<b>\$ -</b>	<b>\$ -</b>	<b>16,610</b>	<b>\$ 16,610</b>	<b>\$ -</b>	<b>\$ -</b>	<b>(10,117)</b>	<b>\$ (10,117)</b>
Fund Balances, July 1			178,608				230,199	
Fund Balances, June 30			<u>\$ 195,218</u>				<u>\$ 220,082</u>	

**QUEEN ANNE'S COUNTY, MARYLAND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGETARY BASIS**  
**NON-MAJOR GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2017**  
 (CONTINUED)

AGRICULTURAL TRANSFER				RURAL LEGACY			
ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE POSITIVE (NEGATIVE)	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE POSITIVE (NEGATIVE)
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
40,000	40,000	107,211	67,211	-	-	-	-
-	-	-	-	-	1,450,956	-	(1,450,956)
-	-	-	-	-	-	2,193	2,193
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>40,000</u>	<u>40,000</u>	<u>107,211</u>	<u>67,211</u>	<u>-</u>	<u>1,450,956</u>	<u>2,193</u>	<u>(1,448,763)</u>
40,000	40,000	-	40,000	-	1,507,956	-	1,507,956
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>40,000</u>	<u>40,000</u>	<u>-</u>	<u>40,000</u>	<u>-</u>	<u>1,507,956</u>	<u>-</u>	<u>1,507,956</u>
-	-	107,211	107,211	-	(57,000)	2,193	59,193
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>\$ -</u>	<u>\$ -</u>	<u>107,211</u>	<u>\$ 107,211</u>	<u>\$ -</u>	<u>\$ (57,000)</u>	<u>2,193</u>	<u>\$ 59,193</u>
		162,038				421,363	
		<u>\$ 269,249</u>				<u>\$ 423,556</u>	

CONTINUED

**QUEEN ANNE'S COUNTY, MARYLAND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGETARY BASIS**  
**NON-MAJOR GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2017**  
(Continued)

	DREDGING SPECIAL ASSESSMENTS				KENT NARROWS			
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE POSITIVE (NEGATIVE)	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE POSITIVE (NEGATIVE)
<b>REVENUES</b>								
Taxes								
Local Property Tax	\$ -	\$ -	\$ -	\$ -	\$ 38,000	\$ 38,000	\$ 35,039	\$ (2,961)
Recordation Taxes	-	-	-	-	-	-	-	-
State Shared Taxes	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-	-
Charges for Current Services	44,425	44,425	44,178	(247)	-	-	-	-
Fines and Forfeitures	-	-	-	-	-	-	-	-
Investment Income	-	-	373	373	-	-	-	-
Donations	-	-	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-	-	-
Total Revenues	<u>44,425</u>	<u>44,425</u>	<u>44,551</u>	<u>126</u>	<u>38,000</u>	<u>38,000</u>	<u>35,039</u>	<u>(2,961)</u>
<b>EXPENDITURES</b>								
Current Operating Expenditures	-	-	-	-	38,000	54,000	54,000	-
Capital Outlay	-	-	-	-	-	-	-	-
Debt Service								
Principal	44,425	44,425	44,425	-	-	-	-	-
Total Expenditures	<u>44,425</u>	<u>44,425</u>	<u>44,425</u>	<u>-</u>	<u>38,000</u>	<u>54,000</u>	<u>54,000</u>	<u>-</u>
Excess of Revenues Over (Under) Expenditures	<u>-</u>	<u>-</u>	<u>126</u>	<u>126</u>	<u>-</u>	<u>(16,000)</u>	<u>(18,961)</u>	<u>(2,961)</u>
<b>OTHER FINANCING SOURCES (USES)</b>								
Proceeds of Capital Asset Disposals	-	-	-	-	-	-	-	-
Transfers In	-	-	-	-	-	-	-	-
Transfers Out	-	-	-	-	-	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Increase (Decrease) in Fund Balances	<u>\$ -</u>	<u>\$ -</u>	<u>126</u>	<u>\$ 126</u>	<u>\$ -</u>	<u>\$ (16,000)</u>	<u>(18,961)</u>	<u>\$ (2,961)</u>
Fund Balances, July 1			<u>18,636</u>				<u>264,979</u>	
Fund Balances, June 30			<u>\$ 18,762</u>				<u>\$ 246,018</u>	

**QUEEN ANNE'S COUNTY, MARYLAND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGETARY BASIS**  
**NON-MAJOR GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2017**  
(CONTINUED)

CAPITAL PROJECTS - SCHOOL IMPACT FEES				CAPITAL PROJECTS - FIRE COMPANY IMPACT FEES			
ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE POSITIVE (NEGATIVE)	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE POSITIVE (NEGATIVE)
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
1,450,000	1,450,000	1,319,433	(130,567)	200,000	200,000	206,093	6,093
-	-	-	-	-	-	-	-
-	-	29,968	29,968	500	500	1,373	873
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>1,450,000</u>	<u>1,450,000</u>	<u>1,349,401</u>	<u>(100,599)</u>	<u>200,500</u>	<u>200,500</u>	<u>207,466</u>	<u>6,966</u>
-	-	-	-	200,500	315,198	315,198	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	<u>200,500</u>	<u>315,198</u>	<u>315,198</u>	<u>-</u>
<u>1,450,000</u>	<u>1,450,000</u>	<u>1,349,401</u>	<u>(100,599)</u>	<u>-</u>	<u>(114,698)</u>	<u>(107,732)</u>	<u>6,966</u>
-	-	-	-	-	-	-	-
-	-	-	-	-	24,396	24,395	(1)
<u>(1,450,000)</u>	<u>(1,450,000)</u>	<u>(250,000)</u>	<u>1,200,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>(1,450,000)</u>	<u>(1,450,000)</u>	<u>(250,000)</u>	<u>1,200,000</u>	<u>-</u>	<u>24,396</u>	<u>24,395</u>	<u>(1)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>1,099,401</u>	<u>\$ 1,099,401</u>	<u>\$ -</u>	<u>\$ (90,302)</u>	<u>(83,337)</u>	<u>\$ 6,965</u>
		<u>5,048,382</u>				<u>265,325</u>	
		<u>\$ 6,147,783</u>				<u>\$ 181,988</u>	

CONTINUED

**QUEEN ANNE'S COUNTY, MARYLAND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGETARY BASIS**  
**NON-MAJOR GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2017**  
(Continued)

	CAPITAL PROJECTS - PARKS & RECREATION IMPACT FEES			VARIANCE POSITIVE (NEGATIVE)
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	
<b>REVENUES</b>				
Taxes				
Local Property Tax	\$ -	\$ -	\$ -	\$ -
Recordation Taxes	-	-	-	-
State Shared Taxes	-	-	-	-
Intergovernmental	-	-	-	-
Charges for Current Services	120,000	120,000	174,970	54,970
Fines and Forfeitures	-	-	-	-
Investment Income	400	400	5,072	4,672
Donations	-	-	-	-
Miscellaneous	-	-	-	-
<b>Total Revenues</b>	<b>120,400</b>	<b>120,400</b>	<b>180,042</b>	<b>59,642</b>
<b>EXPENDITURES</b>				
Current Operating Expenditures	-	-	-	-
Capital Outlay	-	-	-	-
Debt Service				
Principal	-	-	-	-
<b>Total Expenditures</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>120,400</b>	<b>120,400</b>	<b>180,042</b>	<b>59,642</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Proceeds of Capital Asset Disposals	-	-	-	-
Transfers In	-	-	-	-
Transfers Out	(120,400)	(120,400)	-	120,400
<b>Total Other Financing Sources (Uses)</b>	<b>(120,400)</b>	<b>(120,400)</b>	<b>-</b>	<b>120,400</b>
<b>Net Increase (Decrease) in Fund Balances</b>	<b>\$ -</b>	<b>\$ -</b>	<b>180,042</b>	<b>\$ 180,042</b>
Fund Balances, July 1			884,706	
Fund Balances, June 30			<u>\$ 1,064,748</u>	

## **NON-MAJOR ENTERPRISE FUNDS**

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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, 2017**

<u>ASSETS</u>	<u>GOLF COURSE</u>	<u>PUBLIC LANDINGS AND MARINAS</u>	<u>TOTAL NON-MAJOR ENTERPRISE</u>
Current Assets			
Equity in Pooled Cash	\$ -	\$ 804,837	\$ 804,837
Accounts Receivable (Net)	-	41,126	41,126
Due from Other Governments	-	21,606	21,606
Bond Interest Reimbursement Receivable - Build America Bond	-	2,985	2,985
Inventories	5,124	-	5,124
Total Current Assets	5,124	870,554	875,678
Capital Assets	2,949,402	6,249,444	9,198,846
Less Accumulated Depreciation	(634,617)	(1,020,970)	(1,655,587)
Total Capital Assets, Net of Depreciation	2,314,785	5,228,474	7,543,259
Total Noncurrent Assets	2,314,785	5,228,474	7,543,259
Total Assets	2,319,909	6,099,028	8,418,937
<u>DEFERRED OUTFLOWS OF RESOURCES</u>			
Deferred Outflow for Pension contributions	19,040	38,390	57,430
Deferred Charge on Refunding	17,665	1,469	19,134
Total Deferred Outflows of Resources	36,705	39,859	76,564
<u>LIABILITIES</u>			
Current Liabilities			
Accounts Payable	69,412	16,726	86,138
Accrued Interest Payable	3,085	10,389	13,474
Due to Other Funds	583,544	-	583,544
Unearned Revenue	2,517	-	2,517
Current Portion of Compensated Absences	7,950	19,388	27,338
Current Portion of Bonds/Notes Payable	79,831	50,876	130,707
Total Current Liabilities	746,339	97,379	843,718
Noncurrent Liabilities			
Compensated Absences	5,099	12,435	17,534
Other Post-Employment Benefit Obligation	-	268,418	268,418
Net Pension Liability	65,900	133,655	199,555
Bonds/Notes Payable	266,459	787,107	1,053,566
Total Noncurrent Liabilities	337,458	1,201,615	1,539,073
Total Liabilities	1,083,797	1,298,994	2,382,791
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Deferred Inflow for Pension contributions	4,016	8,009	12,025
Total Deferred Inflows of Resources	4,016	8,009	12,025
<u>NET POSITION</u>			
Net Investment in Capital Assets	1,986,160	4,391,960	6,378,120
Unrestricted Amounts	(717,359)	439,924	(277,435)
Total Net Position	\$ 1,268,801	\$ 4,831,884	\$ 6,100,685

**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, 2017**

	<u>GOLF COURSE</u>	<u>PUBLIC LANDINGS AND MARINAS</u>	<u>TOTAL NON-MAJOR ENTERPRISE</u>
<u>OPERATING REVENUES</u>			
Charges for Services	\$ 318,599	\$ 443,176	\$ 761,775
Intergovernmental	-	21,606	21,606
Bond Interest Reimbursement - Build America Bond	-	11,936	11,936
Material Sales	46,909	-	46,909
Miscellaneous Revenues	2,084	13,412	15,496
	<u>367,592</u>	<u>490,130</u>	<u>857,722</u>
<u>OPERATING EXPENSES</u>			
Cost of Sales and Services			
Recreation	491,713	387,932	879,645
Other Post-Employment Benefit Contributions	-	17,748	17,748
Pension Liability Adjustment	4,352	9,027	13,379
Depreciation	31,631	116,433	148,064
	<u>527,696</u>	<u>531,140</u>	<u>1,058,836</u>
Operating (Loss)	<u>(160,104)</u>	<u>(41,010)</u>	<u>(201,114)</u>
<u>NON-OPERATING (EXPENSES)</u>			
Interest Expense	(12,808)	(41,220)	(54,028)
(Loss) Before Contributions and Transfers	<u>(172,912)</u>	<u>(82,230)</u>	<u>(255,142)</u>
Transfers In	172,912	25,000	197,912
Change in Net Position	<u>-</u>	<u>(57,230)</u>	<u>(57,230)</u>
Total Net Position - Beginning of Year	<u>1,268,801</u>	<u>4,889,114</u>	<u>6,157,915</u>
Total Net Position - End of Year	<u>\$ 1,268,801</u>	<u>\$ 4,831,884</u>	<u>\$ 6,100,685</u>

**QUEEN ANNE'S COUNTY, MARYLAND**  
**COMBINING STATEMENT OF CASH FLOWS**  
**NON-MAJOR ENTERPRISE FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2017**

	<u>GOLF COURSE</u>	<u>PUBLIC LANDINGS AND MARINAS</u>	<u>TOTAL NON-MAJOR ENTERPRISE</u>
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>			
Receipts from customers and users	\$ 318,661	\$ 412,911	\$ 731,572
Receipts from other operating revenues	48,993	37,721	86,714
Receipts from Build America Bond interest reimbursement	-	12,072	12,072
Payments to suppliers	(316,611)	(139,915)	(456,526)
Payments to employees and on behalf of employees	(130,514)	(243,549)	(374,063)
Net Cash Provided (Used) by Operating Activities	<u>(79,471)</u>	<u>79,240</u>	<u>(231)</u>
<u>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</u>			
Transfers from other funds	172,912	25,000	197,912
Receipts from interfund loans	583,544	-	583,544
Principal paid on interfund loans	(432,806)	-	(432,806)
Net Cash Provided by Noncapital Financing Activities	<u>323,650</u>	<u>25,000</u>	<u>348,650</u>
<u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</u>			
Principal paid on capital debt	(127,298)	(48,525)	(175,823)
Proceeds from the sale of bonds	16,764	-	16,764
Interest paid on capital debt	(15,348)	(42,048)	(57,396)
Acquisition and Construction of Capital Assets	(118,297)	(24,899)	(143,196)
Net Cash (Used) by Capital and Related Financing Activities	<u>(244,179)</u>	<u>(115,472)</u>	<u>(359,651)</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Investment income	-	-	-
Net Cash Provided (Used) by Investing Activities	<u>-</u>	<u>-</u>	<u>-</u>
Net increase in cash and cash equivalents	-	(11,232)	(11,232)
Balances - Beginning of year	-	816,069	816,069
Balances - End of year	<u>\$ -</u>	<u>\$ 804,837</u>	<u>\$ 804,837</u>
<u>Reconciliation of operating (loss) to net cash provided (used) by operating activities</u>			
Operating (loss)	\$ (160,104)	\$ (41,010)	\$ (201,114)
Adjustments to reconcile operating (loss) to net cash provided (used) by operating activities:			
Depreciation	31,631	116,433	148,064
Changes in assets and liabilities:			
Accounts receivable, net	-	(30,265)	(30,265)
Operating grants receivable	-	2,703	2,703
Build America Bonds Interest receivable	-	136	136
Inventories and Prepaid Expenses	2,828	-	2,828
Vendor accounts payable	39,590	(350)	39,240
Compensated absences	2,170	4,818	6,988
Other Post-Employment Benefit Obligation	-	17,748	17,748
Net Pension Liability	4,352	9,027	13,379
Deferred revenue collected in advance	62	-	62
Net Cash Provided (Used) by Operating Activities	<u>\$ (79,471)</u>	<u>\$ 79,240</u>	<u>\$ (231)</u>
<u>Noncash investing, capital and financing activities:</u>			
Donation of capital assets (infrastructure) by developers	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

## **FIDUCIARY FUNDS**

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Fiduciary funds account for assets held for others, in a trustee or agency capacity, which cannot be used to support other government programs.

Pension and Other Employee Benefit Trust Funds account for resources that are required to be held in trust for the members and beneficiaries of defined benefit pension plans, defined contribution plans, other post-employment benefit plans, or other employee benefit plans. The County's one Other Post-Employment Benefit (OPEB) Trust Fund accounts for retiree benefit plans and is reported as part of the Basic Financial Statements. Additional combining schedules for the OPEB Trust Fund are included in this section.

Agency Funds account for assets held by the County on behalf of individuals, private organizations, or other governments and/or funds. Additional combining schedules for the County's Agency Funds are included in this section.

## **OTHER POST-EMPLOYMENT BENEFIT (OPEB) TRUST FUND**

The County established a Trust entity, entitled “Other Post-Employment Benefit Trust – County Commissioners of Queen Anne’s County, County Commissioners of Kent County, and Participating Agencies” (OPEB Trust), to accumulate resources and account for and report retiree benefit plans for the participating agencies.

### **Participating agencies in the OPEB Trust Fund are as follows:**

Queen Anne's County  
Queen Anne's County Board of Education  
Queen Anne’s County Library  
Kent County

## **AGENCY FUNDS**

### **Agency funds are as follows:**

**Tax Ditch** – This fund accounts for special taxing district revenues that are used to maintain drainage ditches located in parts of the County.

**Zoning Deposits** – This fund accounts for performance deposits required under various sections of the Zoning Ordinance.

**State and Town Tax Collections** – This fund accounts for collections received by the County on behalf of the State of Maryland and incorporated towns located within the County. These taxes are collected by the County along with County taxes and are then remitted to the proper jurisdiction.

**Motor Vehicle Administration Deposits** – This fund accounts for funds collected by the County for State vehicle registration fees.

**Escheat – Abandoned Property** – This fund accounts for stale-dated County payroll and disbursements checks that are voided by the County and remitted to the State after three years as abandoned property. In accordance with State statutes, these funds are available to be claimed by the original payee or they revert to the State.

**QUEEN ANNE'S COUNTY, MARYLAND**  
**COMBINING STATEMENT OF FIDUCIARY NET POSITION**  
**OTHER POST-EMPLOYMENT BENEFIT TRUST FUND**  
**JUNE 30, 2017**

	QUEEN ANNE'S COUNTY	QUEEN ANNE'S COUNTY BOARD OF EDUCATION	QUEEN ANNE'S COUNTY LIBRARY	KENT COUNTY	TOTAL OPEB TRUST FUND
<b>ASSETS</b>					
Cash and Cash Equivalents	\$ 1,536,121	\$ 507,516	\$ 30,451	\$ 157,330	\$ 2,231,418
Investments	2,276,673	-	-	-	2,276,673
<b>Total Assets</b>	<b>3,812,794</b>	<b>507,516</b>	<b>30,451</b>	<b>157,330</b>	<b>4,508,091</b>
<b>LIABILITIES</b>					
Accrued Expenses	4,949	-	-	-	4,949
Due to Other Governments	-	-	-	157,330	157,330
<b>Total Liabilities</b>	<b>4,949</b>	<b>-</b>	<b>-</b>	<b>157,330</b>	<b>162,279</b>
<b>NET POSITION HELD IN TRUST</b>	<b>\$ 3,807,845</b>	<b>\$ 507,516</b>	<b>\$ 30,451</b>	<b>\$ -</b>	<b>\$ 4,345,812</b>

**QUEEN ANNE'S COUNTY, MARYLAND**  
**COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION**  
**OTHER POST-EMPLOYMENT BENEFIT TRUST FUND**  
**FOR THE YEAR ENDED JUNE 30, 2017**

	QUEEN ANNE'S COUNTY	QUEEN ANNE'S COUNTY BOARD OF EDUCATION	QUEEN ANNE'S COUNTY LIBRARY	TOTAL OPEB TRUST FUND
<b>ADDITIONS</b>				
Contributions				
Employers	\$ 2,223,474	\$ 1,898,444	\$ 20,100	\$ 4,142,018
Members	327,544	789,611	-	1,117,155
Total Contributions	<u>2,551,018</u>	<u>2,688,055</u>	<u>20,100</u>	<u>5,259,173</u>
Investment Earnings				
Interest	24,054	957	58	25,069
Net Increase in the Fair Value of Investments	56,314	-	-	56,314
Total Investment Gain	<u>80,368</u>	<u>957</u>	<u>58</u>	<u>81,383</u>
Less Investment Expenses	(1,049)	-	-	(1,049)
Net Investment Gain	<u>79,319</u>	<u>957</u>	<u>58</u>	<u>80,334</u>
Total Additions	<u>2,630,337</u>	<u>2,689,012</u>	<u>20,158</u>	<u>5,339,507</u>
<b>DEDUCTIONS</b>				
Claims Paid	1,618,570	2,688,055	20,100	4,326,725
Administrative Expenses	8,355	-	-	8,355
Total Deductions	<u>1,626,925</u>	<u>2,688,055</u>	<u>20,100</u>	<u>4,335,080</u>
Change in Assets	1,003,412	957	58	1,004,427
<b>NET POSITION HELD IN TRUST</b>				
Net Position - Beginning of Year	<u>2,804,433</u>	<u>506,559</u>	<u>30,393</u>	<u>3,341,385</u>
Net Position - End of Year	<u>\$ 3,807,845</u>	<u>\$ 507,516</u>	<u>\$ 30,451</u>	<u>\$ 4,345,812</u>



**QUEEN ANNE'S COUNTY, MARYLAND**  
**STATEMENT OF ASSETS AND LIABILITIES**  
**AGENCY FUNDS**  
**JUNE 30, 2017**

	TAX DITCH FUND	ZONING DEPOSITS	STATE & TOWN TAX COLLECTIONS	MOTOR VEHICLE ADMIN DEPOSITS	ESCHEAT - ABANDONED PROPERTY	TOTAL AGENCY FUNDS
<b>ASSETS</b>						
Cash and Cash Equivalents	\$ 131,055	\$ 421,840	\$ 198,956	\$ 5,864	\$ 11,870	\$ 769,585
Total Assets	<u>\$ 131,055</u>	<u>\$ 421,840</u>	<u>\$ 198,956</u>	<u>\$ 5,864</u>	<u>\$ 11,870</u>	<u>\$ 769,585</u>
<b>LIABILITIES</b>						
Accrued Liabilities	\$ -	\$ 1,395	\$ -	\$ -	\$ -	\$ 1,395
Due to Other Governments	6,235	-	198,956	5,864	11,870	222,925
Deposits and Escrows	124,820	420,445	-	-	-	545,265
Total Liabilities	<u>\$ 131,055</u>	<u>\$ 421,840</u>	<u>\$ 198,956</u>	<u>\$ 5,864</u>	<u>\$ 11,870</u>	<u>\$ 769,585</u>

**QUEEN ANNE'S COUNTY, MARYLAND**  
**STATEMENT OF CHANGES IN ASSETS AND LIABILITIES**  
**AGENCY FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2017**

	<u>Cash and Cash Equivalents</u>	<u>Miscellaneous Receivables</u>	<u>Total Assets</u>
<b><u>TAX DITCH FUND</u></b>			
Balance 7-1-16	\$ 129,191	\$ -	\$ 129,191
Additions	29,868	-	29,868
Deductions	(28,004)	-	(28,004)
Balance 6-30-17	<u>\$ 131,055</u>	<u>\$ -</u>	<u>\$ 131,055</u>
<b><u>ZONING DEPOSITS</u></b>			
Balance 7-1-16	\$ 272,048	\$ -	\$ 272,048
Additions	174,450	-	174,450
Deductions	(24,658)	-	(24,658)
Balance 6-30-17	<u>\$ 421,840</u>	<u>\$ -</u>	<u>\$ 421,840</u>
<b><u>STATE AND TOWN TAX COLLECTIONS</u></b>			
Balance 7-1-16	\$ 186,649	\$ -	\$ 186,649
Additions	12,768,169	-	12,768,169
Deductions	(12,755,862)	-	(12,755,862)
Balance 6-30-17	<u>\$ 198,956</u>	<u>\$ -</u>	<u>\$ 198,956</u>
<b><u>MOTOR VEHICLE ADMIN DEPOSITS</u></b>			
Balance 7-1-16	\$ 15,459	\$ -	\$ 15,459
Additions	300,009	-	300,009
Deductions	(309,604)	-	(309,604)
Balance 6-30-17	<u>\$ 5,864</u>	<u>\$ -</u>	<u>\$ 5,864</u>
<b><u>ESCHEAT - ABANDONED PROPERTY</u></b>			
Balance 7-1-16	\$ 12,682	\$ -	\$ 12,682
Additions	11,870	-	11,870
Deductions	(12,682)	-	(12,682)
Balance 6-30-17	<u>\$ 11,870</u>	<u>\$ -</u>	<u>\$ 11,870</u>
<b><u>TOTAL AGENCY FUNDS</u></b>			
Balance 7-1-16	\$ 616,029	\$ -	\$ 616,029
Additions	13,284,366	-	13,284,366
Deductions	(13,130,810)	-	(13,130,810)
Balance 6-30-17	<u>\$ 769,585</u>	<u>\$ -</u>	<u>\$ 769,585</u>

**QUEEN ANNE'S COUNTY, MARYLAND**  
**STATEMENT OF CHANGES IN ASSETS AND LIABILITIES**  
**AGENCY FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2017**

(CONTINUED)

<u>Due to Other Governments</u>	<u>Accrued Liabilities and Deposits and Escrows</u>	<u>Total Liabilities</u>
\$ 6,234	\$ 122,957	\$ 129,191
6,235	23,633	29,868
(6,234)	(21,770)	(28,004)
\$ 6,235	\$ 124,820	\$ 131,055
\$ -	\$ 272,048	\$ 272,048
-	174,450	174,450
-	(24,658)	(24,658)
\$ -	\$ 421,840	\$ 421,840
\$ 186,649	\$ -	\$ 186,649
12,768,169	-	12,768,169
(12,755,862)	-	(12,755,862)
\$ 198,956	\$ -	\$ 198,956
\$ 15,459	\$ -	\$ 15,459
300,009	-	300,009
(309,604)	-	(309,604)
\$ 5,864	\$ -	\$ 5,864
\$ 12,682	\$ -	\$ 12,682
11,870	-	11,870
(12,682)	-	(12,682)
\$ 11,870	\$ -	\$ 11,870
\$ 221,024	\$ 395,005	\$ 616,029
13,086,283	198,083	13,284,366
(13,084,382)	(46,428)	(13,130,810)
\$ 222,925	\$ 546,660	\$ 769,585

## **Community Partnerships for Children**

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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, 2017 (with Summarized Totals as of June 30, 2016)**

	Admin	Fed/State GOCCP GOC	Total Community Partnerships	Returned Reinvestment Fund	2017 Total	2016 Summarized Total
<u>ASSETS</u>						
Cash and cash equivalents	\$ 104,505	\$ 555,931	\$ 660,436	\$ 21,602	\$ 682,038	\$ 709,943
Accounts receivable	-	4,930	4,930	-	4,930	5,096
Due from State governmental agencies	-	192,461	192,461	-	192,461	154,968
Total Assets	<u>\$ 104,505</u>	<u>\$ 753,322</u>	<u>\$ 857,827</u>	<u>\$ 21,602</u>	<u>\$ 879,429</u>	<u>\$ 870,007</u>
<u>LIABILITIES AND FUND BALANCES</u>						
<u>LIABILITIES</u>						
Accounts payable and accrued expenditures	\$ 7,182	\$ 334,328	\$ 341,510	\$ 10,794	\$ 352,304	\$ 319,418
Due to State governmental agencies	40,213	271,516	311,729	-	311,729	307,209
Unearned revenue	3,000	145,656	148,656	1,000	149,656	148,656
Total Liabilities	<u>50,395</u>	<u>751,500</u>	<u>801,895</u>	<u>11,794</u>	<u>813,689</u>	<u>775,283</u>
<u>FUND BALANCES</u>						
Assigned	<u>54,110</u>	<u>1,822</u>	<u>55,932</u>	<u>9,808</u>	<u>65,740</u>	<u>94,724</u>
Total Fund Balances	<u>54,110</u>	<u>1,822</u>	<u>55,932</u>	<u>9,808</u>	<u>65,740</u>	<u>94,724</u>
Total Liabilities and Fund Balances	<u>\$ 104,505</u>	<u>\$ 753,322</u>	<u>\$ 857,827</u>	<u>\$ 21,602</u>	<u>\$ 879,429</u>	<u>\$ 870,007</u>

**QUEEN ANNE'S COUNTY**  
**COMMUNITY PARTNERSHIPS FOR CHILDREN SPECIAL REVENUE FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**BY COMMUNITY PARTNERSHIP AGREEMENTS (CPA) and NON-COMMUNITY PARTNERSHIP AGREEMENTS (NON-CPA)**  
**FOR THE YEAR ENDED JUNE 30, 2017 (with Summarized Totals for the Year Ended June 30, 2016)**

	Federal/State GOCCP/GOC						
	Administrative	CASA Start	Resource Promotion	Chesapeake Helps	Healthy Fam/Home Visiting	Family Navigators	MD After School Opportunity
<b>REVENUES</b>							
<b>CPA</b>							
Intergovernmental							
GOC	\$ 65,000	\$ 59,658	\$ 9,255	\$ 28,805	\$ 57,562	\$ 30,602	\$ 52,244
Subtotal CPA	<u>65,000</u>	<u>59,658</u>	<u>9,255</u>	<u>28,805</u>	<u>57,562</u>	<u>30,602</u>	<u>52,244</u>
<b>Non-CPA</b>							
Intergovernmental							
Federal GOCCP Youth Strategies	-	22,233	-	-	-	-	-
GOC - non-CPA	-	-	-	-	-	-	-
Other State Grant Funding	-	-	-	-	295,269	-	-
Investment Income	-	-	-	-	-	-	-
Earned Reinvestment Donations	-	-	-	-	-	-	-
Miscellaneous	15,300	-	-	-	-	-	-
Subtotal Non-CPA	<u>15,300</u>	<u>22,233</u>	<u>-</u>	<u>-</u>	<u>295,269</u>	<u>-</u>	<u>-</u>
Total Revenues	<u>80,300</u>	<u>81,891</u>	<u>9,255</u>	<u>28,805</u>	<u>352,831</u>	<u>30,602</u>	<u>52,244</u>
<b>EXPENDITURES</b>							
<b>CPA</b>							
Program Contracted Services	-	-	9,255	28,805	-	30,602	52,244
Other Expenditures							
Salaries	59,995	-	-	-	-	-	-
Fringe Benefit Costs	5,005	-	-	-	-	-	-
Printing and Publishing	-	-	-	-	-	-	-
Board's Expenditures	-	-	-	-	-	-	-
Marketing/Promotions	-	-	-	-	-	-	-
Other Charges	-	59,658	-	-	57,562	-	-
Subtotal CPA Expenditures	<u>65,000</u>	<u>59,658</u>	<u>9,255</u>	<u>28,805</u>	<u>57,562</u>	<u>30,602</u>	<u>52,244</u>
<b>Non-CPA</b>							
Program Contracted Services	-	22,232	-	-	295,269	-	-
Other Expenditures							
Salaries	90,357	-	-	-	-	-	-
Fringe Benefit Costs	57,081	-	-	-	-	-	-
Auditing	2,988	-	-	-	-	-	-
Consultants	-	-	-	-	-	-	-
Equipment Rental	3,000	-	-	-	-	-	-
Postage	500	-	-	-	-	-	-
Office Supplies	2,037	-	-	-	-	-	-
Business Travel	244	-	-	-	-	-	-
Training	15,906	-	-	-	-	-	-
Board's Expenditures	5,764	-	-	-	-	-	-
Marketing/Promotions	-	-	-	-	-	-	-
Communications	1,813	-	-	-	-	-	-
Other Charges	-	-	-	-	-	-	225,570
Local Allocation	-	-	-	-	-	-	-
Subtotal Non-CPA Expenditures	<u>179,690</u>	<u>22,232</u>	<u>-</u>	<u>-</u>	<u>295,269</u>	<u>-</u>	<u>225,570</u>
Total Expenditures	<u>244,690</u>	<u>81,890</u>	<u>9,255</u>	<u>28,805</u>	<u>352,831</u>	<u>30,602</u>	<u>277,814</u>
Excess of Revenues Over (Under) Expenditures	(164,390)	1	-	-	-	-	(225,570)
<b>OTHER FINANCING SOURCES</b>							
Transfers In for:							
Program Contracted Services	156,090	-	-	-	-	-	225,570
Other Financing Sources	<u>156,090</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>225,570</u>
Net Increase (Decrease) in Fund Balances	<u>\$ (8,300)</u>	<u>\$ 1</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Fund Balances, July 1							
Fund Balances, June 30							

**QUEEN ANNE'S COUNTY**  
**COMMUNITY PARTNERSHIPS FOR CHILDREN SPECIAL REVENUE FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**BY COMMUNITY PARTNERSHIP AGREEMENTS (CPA) and NON-COMMUNITY PARTNERSHIP AGREEMENTS (NON-CPA)**  
**FOR THE YEAR ENDED JUNE 30, 2017 (with Summarized Totals for the Year Ended June 30, 2016)**

(CONTINUED)

Federal/State GOCCP/GOC				State GOC		State	Federal
Character		GOCCP/GOC	All Programs	CPA	Non-CPA	GOCCP	GOCCP
Counts	RDEF	Operating Fund	Subtotal	Subtotal	Subtotal	Non-CPA	Youth
		Total				Subtotal	Strategies
\$ 28,360	\$ -	\$ 266,486	\$ 331,486	\$ 331,486	\$ -	\$ -	\$ -
28,360	-	266,486	331,486	331,486	-	-	-
-	-	22,233	22,233	-	-	-	22,233
-	49,279	49,279	49,279	-	49,279	-	-
-	-	295,269	295,269	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
15,648	-	15,648	30,948	-	-	-	-
15,648	49,279	382,429	397,729	-	49,279	-	22,233
44,008	49,279	648,915	729,215	331,486	49,279	-	22,233
-	-	120,906	120,906	120,906	-	-	-
28,360	-	28,360	88,355	88,355	-	-	-
-	-	-	5,005	5,005	-	-	-
-	21,414	21,414	21,414	-	21,414	-	-
-	-	-	-	-	-	-	-
-	6,390	6,390	6,390	-	6,390	-	-
-	-	117,220	117,220	117,220	-	-	-
28,360	27,804	294,290	359,290	331,486	27,804	-	-
1,598	21,475	340,574	340,574	-	21,475	-	22,232
14,392	-	14,392	104,749	-	-	-	-
10,681	-	10,681	67,762	-	-	-	-
-	-	-	2,988	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	3,000	-	-	-	-
-	-	-	500	-	-	-	-
-	-	-	2,037	-	-	-	-
-	-	-	244	-	-	-	-
525	-	525	16,431	-	-	-	-
-	-	-	5,764	-	-	-	-
246	-	246	246	-	-	-	-
-	-	-	1,813	-	-	-	-
-	-	225,570	225,570	-	-	-	-
-	-	-	-	-	-	-	-
27,442	21,475	591,988	771,678	-	21,475	-	22,232
55,802	49,279	886,278	1,130,968	331,486	49,279	-	22,232
(11,794)	-	(237,363)	(401,753)	-	-	-	1
11,794	-	237,364	393,454	-	-	-	-
11,794	-	237,364	393,454	-	-	-	-
\$ -	\$ -	\$ 1	(8,299)	-	-	-	1
			64,231	606,662	(5,612)	3,491	(25,479)
			\$ 55,932	\$ 606,662	\$ (5,612)	\$ 3,491	\$ (25,478)

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, 2017 (with Summarized Totals for the Year Ended June 30, 2016)**

(CONTINUED)

	Other Non-CPA State Grants	Other	Total Community Partnerships Operating Funds	Returned Reinvestment Fund	2017 Total	2016 Summarized Total
<b>REVENUES</b>						
<b>CPA</b>						
Intergovernmental						
GOC	\$ -	\$ -	\$ 331,486	\$ -	\$ 331,486	\$ 333,856
Subtotal CPA	-	-	331,486	-	331,486	333,856
<b>Non-CPA</b>						
Intergovernmental						
Federal GOCCP Youth Strategies	-	-	22,233	-	22,233	-
GOC - non-CPA	-	-	49,279	-	49,279	25,000
Other State Grant Funding	295,269	-	295,269	-	295,269	296,372
Investment Income	-	-	-	212	212	19
Earned Reinvestment Donations	-	-	-	-	-	3,241
Miscellaneous	-	30,948	30,948	-	30,948	8,917
Subtotal Non-CPA	295,269	30,948	397,729	212	397,941	333,549
Total Revenues	295,269	30,948	729,215	212	729,427	667,405
<b>EXPENDITURES</b>						
<b>CPA</b>						
Program Contracted Services	-	-	120,906	-	120,906	124,623
Other Expenditures						
Salaries	-	-	88,355	-	88,355	88,355
Fringe Benefit Costs	-	-	5,005	-	5,005	4,005
Printing and Publishing	-	-	21,414	-	21,414	-
Board's Expenditures	-	-	-	-	-	1,000
Marketing/Promotions	-	-	6,390	-	6,390	-
Other Charges	-	-	117,220	-	117,220	115,873
Subtotal CPA Expenditures	-	-	359,290	-	359,290	333,856
<b>Non-CPA</b>						
Program Contracted Services	295,269	1,598	340,574	-	340,574	296,372
Other Expenditures						
Salaries	-	104,749	104,749	-	104,749	98,574
Fringe Benefit Costs	-	67,762	67,762	-	67,762	65,625
Auditing	-	2,988	2,988	-	2,988	2,988
Consultants	-	-	-	20,897	20,897	24,980
Equipment Rental	-	3,000	3,000	-	3,000	3,589
Postage	-	500	500	-	500	440
Office Supplies	-	2,037	2,037	-	2,037	1,774
Business Travel	-	244	244	-	244	419
Training	-	16,431	16,431	-	16,431	1,702
Board's Expenditures	-	5,764	5,764	-	5,764	4,213
Marketing/Promotions	-	246	246	-	246	1,720
Communications	-	1,813	1,813	-	1,813	2,066
Other Charges	-	225,570	225,570	-	225,570	-
Local Allocation	-	-	-	-	-	225,890
Subtotal Non-CPA Expenditures	295,269	432,702	771,678	20,897	792,575	730,352
Total Expenditures	295,269	432,702	1,130,968	20,897	1,151,865	1,064,208
Excess of Revenues Over (Under) Expenditures	-	(401,754)	(401,753)	(20,685)	(422,438)	(396,803)
<b>OTHER FINANCING SOURCES</b>						
Transfers In for:						
Program Contracted Services	-	393,454	393,454	-	393,454	391,674
Other Financing Sources	-	393,454	393,454	-	393,454	391,674
Net Increase (Decrease) in Fund Balances	-	(8,300)	(8,299)	(20,685)	(28,984)	(5,129)
Fund Balances, July 1	-	(514,831)	64,231	30,493	94,724	99,853
Fund Balances, June 30	\$ -	\$ (523,131)	\$ 55,932	\$ 9,808	\$ 65,740	\$ 94,724



*Agriculture in Queen Anne's County takes many forms, growing crops, animal husbandry, hunting and vineyards.*

**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, 2017**

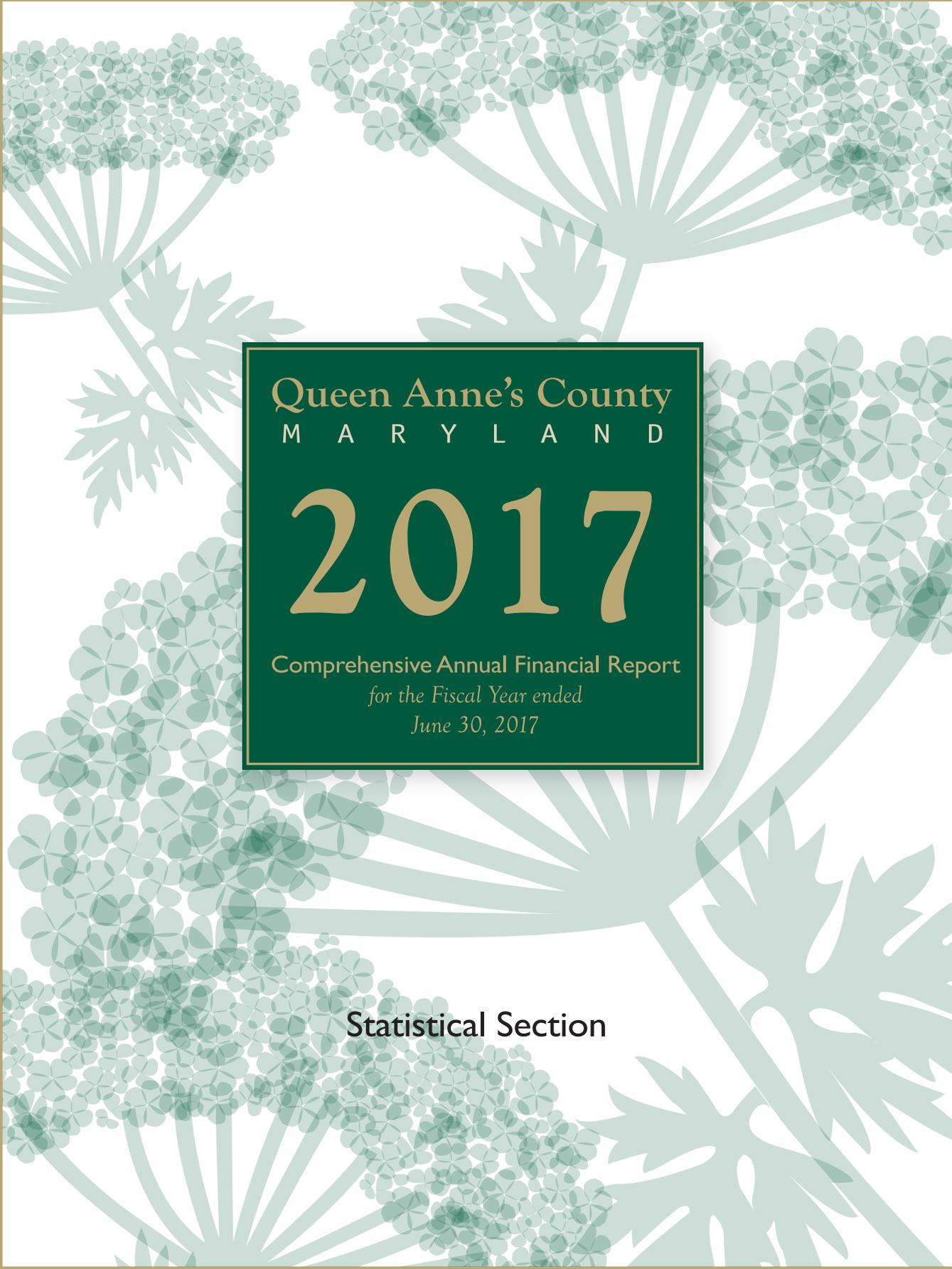
	COMMUNITY PARTNERSHIPS FOR CHILDREN				RETURNED REINVESTMENT FUND			
	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>REVENUES</b>								
Intergovernmental								
GOC - CPA and Non-CPA	\$ 335,286	\$ 568,638	\$ 380,765	\$ (187,873)	\$ -	\$ -	\$ -	\$ -
Federal GOCCP Youth Strategies	-	-	22,233	22,233	-	-	-	-
Other	296,372	296,372	295,269	(1,103)	-	-	-	-
Investment Income	-	-	-	-	-	-	212	212
Miscellaneous	-	19,300	30,948	11,648	-	22,652	-	(22,652)
<b>Total Revenues</b>	<b>631,658</b>	<b>884,310</b>	<b>729,215</b>	<b>(155,095)</b>	<b>-</b>	<b>22,652</b>	<b>212</b>	<b>(22,440)</b>
<b>EXPENDITURES</b>								
Program Contracted Services	480,682	515,023	461,480	53,543	-	-	-	-
Other Expenditures								
Salaries	179,346	179,346	193,104	(13,758)	-	-	-	-
Fringe Benefit Costs	70,238	70,238	72,767	(2,529)	-	-	-	-
Auditing	2,988	2,988	2,988	-	-	-	-	-
Consultants	-	9,000	-	9,000	-	20,902	20,897	5
Professional Groups	-	-	-	-	-	1,750	-	1,750
Equipment Rental	3,000	3,000	3,000	-	-	-	-	-
Other Contracted Services	-	13,000	-	13,000	-	-	-	-
Postage	2,000	2,000	500	1,500	-	-	-	-
Office Supplies	2,122	2,122	2,037	85	-	-	-	-
Printing and Publishing	-	16,587	21,414	(4,827)	-	-	-	-
Equipment Operation	250	250	-	250	-	-	-	-
Business Travel	500	2,480	244	2,236	-	-	-	-
Training	2,000	21,375	16,431	4,944	-	-	-	-
Board's Expenditures	6,500	6,500	5,764	736	-	-	-	-
Marketing/Promotions	-	10,225	6,636	3,589	-	-	-	-
Communications	1,200	1,200	1,813	(613)	-	-	-	-
Other Charges	57,616	430,760	342,790	87,970	-	-	-	-
<b>Total Expenditures</b>	<b>808,442</b>	<b>1,286,094</b>	<b>1,130,968</b>	<b>155,126</b>	<b>-</b>	<b>22,652</b>	<b>20,897</b>	<b>1,755</b>
Excess of Revenues Over (Under) Expenditures	(176,784)	(401,784)	(401,753)	31	-	-	(20,685)	(20,685)
<b>OTHER FINANCING SOURCES</b>								
Transfers In for:								
Program Contracted Services	401,784	401,784	393,454	(8,330)	-	-	-	-
Program Contracted Services - Out	(225,000)	-	-	-	-	-	-	-
<b>Net (Decrease) in Fund Balances</b>	<b>\$ -</b>	<b>\$ -</b>	<b>(8,299)</b>	<b>\$ (8,299)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>(20,685)</b>	<b>\$ (20,685)</b>
Fund Balances, July 1			64,231				30,493	
Fund Balances, June 30			<u>\$ 55,932</u>				<u>\$ 9,808</u>	

**QUEEN ANNE'S COUNTY**  
**COMMUNITY PARTNERSHIPS FOR CHILDREN SPECIAL REVENUE FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGETARY BASIS**  
**FOR THE YEAR ENDED JUNE 30, 2017**  
(Continued)

TOTAL			
Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
\$ 335,286	\$ 568,638	\$ 380,765	\$ (187,873)
-	-	22,233	22,233
296,372	296,372	295,269	(1,103)
-	-	212	212
-	41,952	30,948	(11,004)
<u>631,658</u>	<u>906,962</u>	<u>729,427</u>	<u>(177,535)</u>
480,682	515,023	461,480	53,543
179,346	179,346	193,104	(13,758)
70,238	70,238	72,767	(2,529)
2,988	2,988	2,988	-
-	29,902	20,897	9,005
-	1,750	-	1,750
3,000	3,000	3,000	-
-	13,000	-	13,000
2,000	2,000	500	1,500
2,122	2,122	2,037	85
-	16,587	21,414	(4,827)
250	250	-	250
500	2,480	244	2,236
2,000	21,375	16,431	4,944
6,500	6,500	5,764	736
-	10,225	6,636	3,589
1,200	1,200	1,813	(613)
57,616	430,760	342,790	87,970
<u>808,442</u>	<u>1,308,746</u>	<u>1,151,865</u>	<u>156,881</u>
(176,784)	(401,784)	(422,438)	(20,654)
401,784	401,784	393,454	(8,330)
(225,000)	-	-	-
<u>\$ -</u>	<u>\$ -</u>	<u>(28,984)</u>	<u>\$ (28,984)</u>
		<u>94,724</u>	
		<u>\$ 65,740</u>	



*The Planning & Zoning Department is now located in the new County office building on Vincit Street in Centreville, MD.*



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

2017

Comprehensive Annual Financial Report  
*for the Fiscal Year ended  
June 30, 2017*

Statistical Section



## STATISTICAL SECTION

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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

	2008	2009	2010	2011	2012
<b>Governmental Activities:</b>					
Net Investment in Capital Assets	\$ 117,831,360	\$ 123,217,989	\$ 121,702,025	\$ 118,274,533	\$ 118,564,684
Restricted	15,376,330	16,582,660	22,290,307	22,399,514	5,982,041
Unrestricted (deficit) (1)	<u>(15,075,202)</u>	<u>(26,672,299)</u>	<u>(45,795,597)</u>	<u>(61,193,944)</u>	<u>(44,686,543)</u>
Total Governmental Activities Net Position	<u>118,132,488</u>	<u>113,128,350</u>	<u>98,196,735</u>	<u>79,480,103</u>	<u>79,860,182</u>
<b>Business-type Activities:</b>					
Net Investment in Capital Assets	77,237,512	77,146,688	79,032,373	78,069,061	76,763,695
Restricted	18,276,271	19,886,675	18,180,809	16,821,905	3,513,948
Unrestricted	-	-	-	-	12,591,302
Total Business-type Activities Net Position	<u>95,513,783</u>	<u>97,033,363</u>	<u>97,213,182</u>	<u>94,890,966</u>	<u>92,868,945</u>
<b>Primary Government:</b>					
Net Investment in Capital Assets	195,068,872	200,364,677	200,734,398	196,343,594	195,328,379
Restricted	33,652,601	36,469,335	40,471,116	39,221,419	9,495,989
Unrestricted (deficit) (1)	<u>(15,075,202)</u>	<u>(26,672,299)</u>	<u>(45,795,597)</u>	<u>(61,193,944)</u>	<u>(32,095,241)</u>
Total Primary Government Net Position	<u>\$ 213,646,271</u>	<u>\$ 210,161,713</u>	<u>\$ 195,409,917</u>	<u>\$ 174,371,069</u>	<u>\$ 172,729,127</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	\$ (15,075,202)	\$ (26,672,299)	\$ (45,795,597)	\$ (61,193,944)	\$ (32,095,241)
Debt issued for capital on behalf of others	53,758,049	50,291,243	57,677,186	72,437,047	68,278,842
County (deficit) net position absent the effect of this relationship	<u>\$ 38,682,847</u>	<u>\$ 23,618,944</u>	<u>\$ 11,881,589</u>	<u>\$ 11,243,103</u>	<u>\$ 36,183,601</u>

- (2) In fiscal year 2013, the County consolidated two Enterprise funds into the General Fund. This consolidation resulted in a total net position change of \$539,220 between Governmental Activities and Business-type Activities. The FY2012 Net Position has been reclassified to show this change.
- (3) FY2013 Net Position of Governmental Activities was restated in fiscal year 2014.
- (4) FY2014 Net Position of Governmental and Business-Type Activities was restated in fiscal year 2015.

QUEEN ANNE'S COUNTY, MARYLAND  
 FINANCIAL TRENDS  
 NET POSITION BY COMPONENT - GOVERNMENT-WIDE  
 (GOVERNMENTAL AND BUSINESS-TYPE ACTIVITIES)  
 LAST TEN FISCAL YEARS  
 Table 1

(CONTINUED)

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

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

	2008	2009	2010	2011	2012
<b>Expenses</b>					
<b>Governmental Activities:</b>					
General Government	\$ 11,167,743	\$ 13,317,683	\$ 14,089,387	\$ 15,968,633	\$ 13,421,531
Public Safety	20,721,185	23,570,049	25,361,341	25,413,678	25,469,721
Public Works	10,420,547	10,237,718	9,432,489	9,098,949	10,373,286
Health	1,441,143	1,590,004	1,663,321	1,701,677	1,642,723
Social Services	4,978,883	5,617,621	5,554,667	5,001,240	4,526,166
Education	58,034,317	53,296,238	53,491,659	57,506,341	53,693,309
Parks & Recreation (3)	3,330,087	5,060,018	3,618,427	3,090,228	-
Library	1,270,718	1,414,008	1,473,689	1,457,336	1,302,163
Conservation of Natural Resources	2,172,443	2,473,308	5,281,372	3,811,748	2,802,337
Economic/Community Development	3,527,908	2,197,116	2,001,306	1,893,570	887,837
Interest and Fiscal Charges	3,033,416	2,831,002	3,510,678	4,078,105	4,196,072
Total Governmental Activities Expenses	120,098,390	121,604,765	125,478,336	129,021,505	118,315,145
<b>Business-type Activities:</b>					
Water and Sewer	9,621,784	10,689,782	10,610,705	10,905,989	10,711,211
Golf Course (4)	2,179,157	2,178,163	2,789,901	4,099,507	2,269,933
Public Landings and Marinas (5)	27,344	38,050	96,739	67,395	110,884
Airport	812,067	879,906	1,017,780	1,167,655	1,457,087
Total Business-type Activities Expenses	12,640,352	13,785,901	14,515,125	16,240,546	14,549,115
Total Primary Government Expenses	132,738,742	135,390,666	139,993,461	145,262,051	132,864,260
<b>Program Revenues</b>					
<b>Governmental Activities:</b>					
<b>General Government</b>					
Charges for Services	1,047,371	1,055,945	1,261,230	1,086,641	1,081,808
Operating Grants and Contributions	295,898	403,018	546,176	694,347	742,205
Capital Grants and Contributions	757,975	5,567	44,743	118,100	116,710
Total Revenue	2,101,244	1,464,530	1,852,149	1,899,088	1,940,723
<b>Public Safety</b>					
Charges for Services	3,167,090	1,394,463	1,263,212	1,090,545	1,320,647
Operating Grants and Contributions	1,254,611	1,266,869	1,891,120	1,461,080	1,113,018
Capital Grants and Contributions	1,171	273,176	303,566	82,885	191,223
Total Revenue	4,422,872	2,934,508	3,457,898	2,634,510	2,624,888
<b>Public Works</b>					
Charges for Services	1,014,600	714,765	791,796	872,352	1,107,426
Operating Grants and Contributions	6,304,965	7,566,648	632,923	546,719	488,027
Capital Grants and Contributions	544,610	298,500	264,078	901,289	541,887
Total Revenue	7,864,175	8,579,913	1,688,797	2,320,360	2,137,340
<b>Social Services</b>					
Charges for Services	64,041	68,386	67,423	69,382	71,655
Operating Grants and Contributions	2,911,796	2,928,291	2,666,917	2,050,062	2,076,096
Capital Grants and Contributions	613,804	348,124	2,688,245	215,748	18,691
Total Revenue	3,589,641	3,344,801	5,422,585	2,335,192	2,166,442
<b>Education</b>					
Charges for Services	1,011,013	740,213	852,201	755,443	1,169,425
Operating Grants and Contributions	-	8,050	433,000	-	-
Capital Grants and Contributions	-	161,673	-	-	-
Total Revenue	1,011,013	909,936	1,285,201	755,443	1,169,425
<b>Parks &amp; Recreation</b>					
Charges for Services	302,195	240,954	177,568	187,901	-
Operating Grants and Contributions	72,659	509	123,336	1,868	-
Capital Grants and Contributions	5,666,226	1,087,329	631,504	199,698	-
Total Revenue	6,041,080	1,328,792	932,408	389,467	-
<b>Conservation of Natural Resources</b>					
Charges for Services	88,534	97,481	101,019	75,354	98,593
Operating Grants and Contributions	322,718	55,847	93,002	1,006,138	36,872
Capital Grants and Contributions	-	691,085	4,191,024	1,923,471	998,757
Total Revenue	411,252	844,413	4,385,045	3,004,963	1,134,222
<b>Economic/Community Development</b>					
Charges for Services	5,249	4,786	-	4,236	159,492
Operating Grants and Contributions	163,245	641,305	-	239,893	245,143
Capital Grants and Contributions	-	-	-	110,561	81,867
Total Revenue	168,494	646,091	-	354,690	486,502
Total Governmental Activities Program Revenues	25,609,771	20,052,984	19,024,083	13,693,713	11,659,542

QUEEN ANNE'S COUNTY, MARYLAND  
 FINANCIAL TRENDS  
 CHANGES IN NET POSITION - GOVERNMENT-WIDE (GOVERNMENTAL AND BUSINESS-TYPE ACTIVITIES)  
 LAST TEN FISCAL YEARS

Table 2-a

(CONTINUED)

	2013	2014	2015	2016	2017
\$	13,639,728	\$ 14,133,149	\$ 10,849,277	\$ 13,936,312	\$ 13,177,254
	26,174,144	26,666,211	25,297,450	27,525,712	27,997,262
	11,891,013	12,365,647	14,363,603	19,522,534	20,753,117
	1,812,920	2,083,201	1,856,158	2,032,657	2,006,219
	5,560,196	5,040,139	4,775,440	5,300,871	5,418,152
	49,459,783	54,882,430	65,633,331	60,752,025	59,211,517
	-	-	-	-	-
	1,304,076	1,336,098	1,458,348	1,622,848	1,710,668
	838,775	2,395,762	587,147	1,799,234	616,237
	1,108,912	1,528,035	1,763,024	3,391,547	1,860,222
	4,042,236	3,987,943	4,039,622	4,345,527	4,150,101
	115,831,783	124,418,615	130,623,400	140,229,267	136,900,749
	11,783,515	11,059,306	10,412,432	10,615,466	11,818,087
	538,420	515,325	496,065	505,085	540,504
	535,837	544,945	537,823	529,943	572,360
	913,845	807,226	1,014,491	966,896	1,053,899
	13,771,617	12,926,802	12,460,811	12,617,390	13,984,850
	129,603,400	137,345,417	143,084,211	152,846,657	150,885,599
	1,272,807	1,500,273	1,505,857	1,565,170	1,552,164
	697,712	606,649	644,297	582,571	563,016
	135,032	589,988	96,684	(30,000)	-
	2,105,551	2,696,910	2,246,838	2,117,741	2,115,180
	1,387,591	1,286,945	1,244,752	1,354,350	1,350,626
	1,328,493	1,081,577	1,052,666	1,088,597	1,037,879
	249,594	282,139	119,118	175,653	5,406
	2,965,678	2,650,661	2,416,536	2,618,600	2,393,911
	1,636,604	1,425,012	1,275,538	1,337,358	1,472,664
	624,653	712,550	527,538	1,029,019	980,075
	1,687,783	2,221,299	80,000	108,880	161,084
	3,949,040	4,358,861	1,883,076	2,475,257	2,613,823
	71,973	65,537	68,187	76,404	73,066
	2,613,905	2,026,675	2,056,111	1,834,000	1,893,648
	51,023	67,392	40,527	140,400	58,500
	2,736,901	2,159,604	2,164,825	2,050,804	2,025,214
	1,052,691	1,721,379	1,249,332	1,230,994	1,319,433
	-	-	-	-	-
	-	-	-	-	-
	1,052,691	1,721,379	1,249,332	1,230,994	1,319,433
	-	-	-	-	-
	-	-	-	-	-
	-	-	-	-	-
	63,105	73,279	72,688	70,708	60,826
	400,193	103,892	96,195	68,152	186,333
	-	75,820	3,637	573,003	-
	463,298	252,991	172,520	711,863	247,159
	234,100	508,000	80,558	311,000	620,000
	176,216	255,100	285,344	156,804	231,360
	575,440	(69,569)	-	-	-
	985,756	693,531	365,902	467,804	851,360
	14,258,915	14,533,937	10,499,029	11,673,063	11,566,080

CONTINUED

QUEEN ANNE'S COUNTY, MARYLAND  
 FINANCIAL TRENDS  
 CHANGES IN NET POSITION - GOVERNMENT-WIDE (GOVERNMENTAL AND BUSINESS-TYPE ACTIVITIES)  
 LAST TEN FISCAL YEARS  
 Table 2-a

(CONTINUED)

	2008	2009	2010	2011	2012
<b>Business-type Activities:</b>					
<b>Water and Sewer</b>					
Charges for Services	\$ 8,014,366	\$ 7,695,100	\$ 8,224,428	\$ 8,192,471	\$ 7,977,667
Operating Grants and Contributions	-	-	98,492	-	55,728
Capital Grants and Contributions	2,584,371	682,935	208,115	837,426	347,573
Total Revenue	10,598,737	8,378,035	8,531,035	9,029,897	8,380,968
<b>Golf Course (4)</b>					
Charges for Services	1,459,725	1,526,244	1,633,203	1,568,227	1,501,550
Operating Grants and Contributions	55,953	45,824	41,838	39,572	52,915
Capital Grants and Contributions	95,890	69,068	289,895	196,487	28,680
Total Revenue	1,611,568	1,641,136	1,964,936	1,804,286	1,583,145
<b>Public Landings and Marinas (5)</b>					
Charges for Services	105,900	100,250	62,600	84,987	102,290
Operating Grants and Contributions	3,710	-	29,017	16,241	14,183
Capital Grants and Contributions	-	-	545,123	588,326	78,314
Total Revenue	109,610	100,250	636,740	689,554	194,787
<b>Airport</b>					
Charges for Services	46,960	34,907	50,585	37,955	58,589
Operating Grants and Contributions	-	-	33,922	3,715	47,412
Capital Grants and Contributions	382,945	289,112	1,519,810	448,600	693,162
Total Revenue	429,905	324,019	1,604,317	490,270	799,163
Total Business-type Activities Program Revenues	12,749,820	10,443,440	12,737,028	12,014,007	10,958,063
Total Primary Government Program Revenues	38,359,591	30,496,424	31,761,111	25,707,720	22,617,605
<b>Net (Expense) Revenue (1)</b>					
Governmental activities	(94,488,619)	(101,551,781)	(106,454,253)	(115,327,792)	(106,655,603)
Business-type activities	109,468	(3,342,461)	(1,778,097)	(4,226,539)	(3,591,052)
Total Primary Government Net Expense	\$ (94,379,151)	\$ (104,894,242)	\$ (108,232,350)	\$ (119,554,331)	\$ (110,246,655)
<b>General Revenues and Other Changes in Net Position</b>					
<b>Governmental Activities:</b>					
Taxes (2)	\$ 91,853,216	\$ 95,530,316	\$ 90,469,883	\$ 96,093,533	\$ 105,693,926
Investment income	2,128,509	642,472	144,553	136,523	126,650
Gain on Sale of Capital Assets	-	1,540,404	26,731	281,158	27,627
Miscellaneous	721,946	2,182,525	786,719	711,868	1,254,255
Transfers In (Out)	(11,581)	(3,348,074)	(559,331)	(611,922)	(605,996)
Total Governmental Activities	94,692,090	96,547,643	90,868,555	96,611,160	106,496,462
<b>Business-type Activities:</b>					
Investment income	875,509	595,279	436,045	407,629	374,665
Gain on Sale of Capital Assets	-	-	-	-	-
Miscellaneous	919,828	918,688	962,540	884,772	1,127,590
Transfers In (Out)	11,581	3,348,074	559,331	611,922	605,996
Total Business-type Activities	1,806,918	4,862,041	1,957,916	1,904,323	2,108,251
Total Primary Government	96,499,008	101,409,684	92,826,471	98,515,483	108,604,713
<b>Change in Net Position</b>					
Governmental activities	203,471	(5,004,138)	(15,585,698)	(18,716,632)	(159,141)
Business-type activities	1,916,386	1,519,580	179,819	(2,322,216)	(1,482,801)
Total Primary Government	\$ 2,119,857	\$ (3,484,558)	\$ (15,405,879)	\$ (21,038,848)	\$ (1,641,942)

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) Beginning in FY12, Parks & Recreation governmental activities are included in public works.
- (4) Prior to FY13, this section included data for the Golf Course, Recreation Programs, Public Landings, and Property Management Funds. Beginning in FY13, this section only includes Golf Course Fund data.
- (5) Prior to FY13, this section only included data for the Public Marinas Funds. Beginning in FY13, this section includes data for both Public Marinas and Public Landings, as these funds were combined to form one fund.

QUEEN ANNE'S COUNTY, MARYLAND  
 FINANCIAL TRENDS  
 CHANGES IN NET POSITION - GOVERNMENT-WIDE (GOVERNMENTAL AND BUSINESS-TYPE ACTIVITIES)  
 LAST TEN FISCAL YEARS

Table 2-a

(CONTINUED)

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

QUEEN ANNE'S COUNTY, MARYLAND

FINANCIAL TRENDS

GENERAL TAX REVENUES - GOVERNMENTAL ACTIVITIES

LAST TEN FISCAL YEARS

Table 2-b

	2008	2009	2010	2011	2012
Local Property Taxes	\$ 50,021,587	\$ 55,362,114	\$ 59,267,240	\$ 60,070,368	\$ 65,937,415
Local Income Tax	35,700,111	34,834,937	25,715,247	30,624,679	34,028,234
Other Local Taxes	6,131,518	5,333,265	5,487,396	5,398,486	5,728,277
Total Taxes - Governmental Activities	<u>\$ 91,853,216</u>	<u>\$ 95,530,316</u>	<u>\$ 90,469,883</u>	<u>\$ 96,093,533</u>	<u>\$ 105,693,926</u>

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

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

	2008	2009	2010	2011	2012
General Fund:					
Reserved	\$ 8,948,231	\$ 8,643,600	\$ 7,734,692	\$ -	\$ -
Unreserved	3,972,847	6,381,843	6,296,418	-	-
Nonspendable	-	-	-	4,000	555,215
Restricted	-	-	-	333,798	340,670
Committed	-	-	-	657,068	695,944
Assigned	-	-	-	70,000	-
Unassigned	-	-	-	4,753,656	11,207,265
Total General Fund	<u>12,921,078</u>	<u>15,025,443</u>	<u>14,031,110</u>	<u>5,818,522</u>	<u>12,799,094</u>
All Other Governmental Funds:					
Reserved	16,706,954	17,007,368	15,153,381	-	-
Unreserved, reported in:					
Capital Projects Fund	14,409,216	1,723,066	12,538,916	-	-
Special Revenue Funds	2,185,304	2,751,120	7,842,939	-	-
Nonspendable	-	-	-	4,401,483	5,136,024
Restricted	-	-	-	22,065,716	12,255,292
Committed	-	-	-	1,820,818	2,054,749
Assigned	-	-	-	14,745,215	18,654,017
Unassigned	-	-	-	(172,381)	(157,828)
Total All Other Governmental Funds	<u>33,301,474</u>	<u>21,481,554</u>	<u>35,535,236</u>	<u>42,860,851</u>	<u>37,942,254</u>
Total All Governmental Funds	<u>\$ 46,222,552</u>	<u>\$ 36,506,997</u>	<u>\$ 49,566,346</u>	<u>\$ 48,679,373</u>	<u>\$ 50,741,348</u>

	2013	2014	2015	2016	2017
General Fund:					
Nonspendable	\$ 626,122	\$ 480,385	\$ 687,777	\$ 586,481	\$ 754,921
Restricted	8,111,614	8,375,368	8,681,112	9,002,389	10,626,394
Committed	-	1,157,360	2,000,000	3,000,000	4,000,000
Assigned	1,284,657	1,284,875	2,034,875	1,926,782	1,998,415
Unassigned	5,965,003	7,123,519	7,793,085	8,468,591	8,830,530
Total General Fund (1)	<u>15,987,396</u>	<u>18,421,507</u>	<u>21,196,849</u>	<u>22,984,243</u>	<u>26,210,260</u>
All Other Governmental Funds:					
Nonspendable	5,406,512	5,470,608	5,919,048	6,146,072	7,552,462
Restricted	12,724,859	21,824,970	17,794,372	21,316,088	8,900,465
Committed	3,480,382	4,097,033	4,209,177	3,425,701	13,447,283
Assigned	24,665,235	25,939,319	23,093,224	18,029,073	16,045,167
Unassigned	(135,515)	(115,800)	(108,185)	(115,129)	(53,665)
Total All Other Governmental Funds (1)	<u>46,141,473</u>	<u>57,216,130</u>	<u>50,907,636</u>	<u>48,801,805</u>	<u>45,891,712</u>
Total All Governmental Funds	<u>\$ 62,128,869</u>	<u>\$ 75,637,637</u>	<u>\$ 72,104,485</u>	<u>\$ 71,786,048</u>	<u>\$ 72,101,972</u>

NOTES:

\* Fund balance information for governmental funds is reported on the modified accrual basis of accounting.

\* Source: Balance Sheet, Governmental Funds.

(1) As of June 30, 2011, fund balance classifications changed due to the implementation of GASB 54.

QUEEN ANNE'S COUNTY, MARYLAND  
 FINANCIAL TRENDS  
 CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS  
 LAST TEN FISCAL YEARS  
 Table 4

	2008	2009	2010	2011	2012
<b>Revenues</b>					
Taxes					
Local Property Taxes	\$ 50,007,054	\$ 55,374,053	\$ 59,242,742	\$ 60,097,959	\$ 65,918,832
Local Income Taxes	34,767,725	35,988,334	29,647,125	29,527,496	35,969,879
Other Local Taxes	6,131,518	5,333,265	5,487,396	5,398,486	5,728,277
State Shared Taxes	5,306,763	7,591,829	508,138	230,401	306,235
Licenses and Permits	890,821	874,639	863,782	919,663	877,365
Intergovernmental	12,199,511	8,049,695	12,061,066	8,777,729	5,867,211
Bond Interest Reimbursement - Build America Bond	-	-	193,567	438,022	432,212
Charges for Current Services	4,049,902	3,326,696	3,396,080	3,143,846	3,908,998
Fines and Forfeitures	1,759,370	115,658	258,937	78,345	222,683
Capital Contributions - Developer	-	-	-	-	-
Investment Income	2,128,509	642,472	144,553	136,523	126,650
Donations	247,002	76,867	140,731	109,342	46,332
Miscellaneous	719,067	2,182,525	786,719	708,455	1,254,255
<b>Total Revenues</b>	<b>118,207,242</b>	<b>119,556,033</b>	<b>112,730,836</b>	<b>109,566,267</b>	<b>120,658,929</b>
<b>Expenditures</b>					
Current					
General Government (1)	10,128,699	10,841,479	10,608,976	10,397,457	9,171,830
Public Safety	19,292,661	20,483,238	21,344,575	21,127,321	20,985,077
Public Works	9,182,618	8,678,715	7,671,352	7,277,767	7,733,226
Health	1,430,670	1,572,848	1,637,101	1,670,222	1,604,462
Social Services	4,747,491	5,029,493	4,767,647	4,098,650	3,533,022
Education	58,086,283	53,348,513	53,545,597	57,566,865	53,755,497
Parks and Recreation	3,083,038	3,145,367	3,055,335	2,521,175	-
Library	1,247,108	1,390,398	1,424,078	1,433,725	1,277,993
Conservation of Natural Resources	2,177,820	2,445,352	5,263,577	3,872,916	2,794,262
Economic/Community Development	3,513,153	1,968,587	1,847,195	1,715,524	758,089
Miscellaneous	731,771	706,792	1,373,090	4,699,452	3,704,702
Capital Outlay	13,676,569	8,594,972	7,868,741	4,838,581	2,755,949
Debt Service					
Principal	4,888,405	5,089,347	4,948,144	6,964,558	7,095,307
Debt Issuance Costs	3,972	(423)	145,884	129,671	162,021
Interest and Fiscal Charges	3,147,529	2,778,490	3,114,505	3,629,426	4,116,939
<b>Total Expenditures</b>	<b>135,337,787</b>	<b>126,073,168</b>	<b>128,615,797</b>	<b>131,943,310</b>	<b>119,448,376</b>
<b>Excess (Deficiency) of Revenues over (under) Expenditures</b>	<b>(17,130,545)</b>	<b>(6,517,135)</b>	<b>(15,884,961)</b>	<b>(22,377,043)</b>	<b>1,210,553</b>
<b>Other Financing Sources (Uses)</b>					
Issuance of Debt	510,617	122,780	29,299,154	21,897,570	8,010,000
Other Financing Use - Proceeds of Refunding Bonds	-	-	-	-	-
Re-allocation of 2006 Bonds	(345,955)	-	-	-	-
Bond Premiums	3,972	(423)	157,800	139,136	713,235
Payments to Bond Refunding Agent	-	-	-	-	(8,557,455)
Other Financing Use - Debt Service - Principal	-	-	-	-	-
Proceeds of Capital Asset Disposals	45,494	64,089	30,861	582,601	47,396
Insurance Proceeds	8,898	44,907	15,826	99,028	11,631
Transfers In	17,014,307	5,449,499	18,184,911	5,386,256	9,635,881
Transfers Out	(17,025,888)	(8,879,272)	(18,744,242)	(6,614,521)	(10,369,909)
<b>Total Other Financing Sources (Uses)</b>	<b>211,445</b>	<b>(3,198,420)</b>	<b>28,944,310</b>	<b>21,490,070</b>	<b>(509,221)</b>
<b>Special Item</b>					
	-	-	-	-	1,360,643
<b>Net Increase (Decrease) in Fund Balances</b>	<b>\$ (16,919,100)</b>	<b>\$ (9,715,555)</b>	<b>\$ 13,059,349</b>	<b>\$ (886,973)</b>	<b>\$ 2,061,975</b>
Debt service as a percentage of non-capital expenditures (2, 3)	6.61%	6.79%	6.69%	8.34%	9.66%

NOTES:

\* Governmental fund information is reported on the modified accrual basis of accounting.

\* Source: Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds

and the Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities.

(1) For all fiscal years, "General Government" includes amounts previously classified as "Miscellaneous," "Intergovernmental" and/or "Contingency."

(2) Only the principal and interest components of debt service expenditures are included in the calculation of the ratio of total debt service expenditures to noncapital expenditures.

(3) Noncapital expenditures represents Total Expenditures above, less the Net Increase in Capital Assets from the Reconciliation between the Government-Wide Statement of Activities and the Statement of Revenues, Expenditures, and Changes in Fund Balance. Only the assets acquired (not included assets transferred or donated) from the reconciliation are used in the calculation.

QUEEN ANNE'S COUNTY, MARYLAND  
 FINANCIAL TRENDS  
 CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS  
 LAST TEN FISCAL YEARS  
 Table 4

(CONTINUED)

	2013	2014	2015	2016	2017
\$	65,554,079	\$ 64,701,622	\$ 64,672,292	\$ 64,946,443	\$ 66,501,901
	39,438,906	40,326,921	42,889,715	46,424,552	48,578,044
	6,617,508	6,511,137	7,505,016	7,896,865	8,187,348
	510,726	749,366	557,834	623,256	708,566
	1,004,774	1,080,891	1,062,917	1,078,144	1,123,072
	7,588,691	5,588,984	4,030,576	4,696,561	3,987,308
	406,337	383,777	375,323	364,799	350,254
	4,594,240	5,357,919	4,251,835	4,617,730	5,114,605
	119,857	141,615	182,160	250,110	211,102
	-	102,316	-	-	-
	107,095	95,286	94,092	174,691	444,063
	36,332	39,055	41,391	45,773	60,217
	1,051,760	877,629	1,076,893	949,045	2,065,465
	127,030,305	125,956,518	126,740,044	132,067,969	137,331,945
	9,282,310	10,649,489	8,833,255	9,817,062	10,382,078
	21,275,229	22,266,458	23,133,608	23,523,103	23,866,030
	9,615,805	9,967,363	12,041,969	15,080,454	15,506,684
	1,811,402	2,030,740	1,822,856	1,992,208	1,967,956
	4,051,741	3,474,886	3,602,146	3,835,730	4,013,664
	48,418,107	59,752,944	65,683,908	60,808,143	59,266,025
	-	-	-	-	-
	1,278,228	1,310,250	1,432,500	1,597,000	1,684,820
	890,480	2,363,254	565,289	1,744,260	565,938
	898,129	1,306,516	1,616,784	3,188,928	1,710,899
	4,862,189	3,202,417	3,535,585	4,766,722	4,185,652
	3,370,909	8,669,375	8,733,509	11,050,384	14,591,632
	7,069,406	7,210,561	7,444,611	7,667,316	8,074,013
	(94)	196,870	403,572	218,799	196,150
	3,675,628	3,501,230	3,846,823	3,696,719	4,104,254
	116,499,469	135,902,353	142,696,415	148,986,828	150,115,795
	10,530,836	(9,945,835)	(15,956,371)	(16,918,859)	(12,783,850)
	564,068	22,405,542	25,384,493	15,484,639	12,775,926
	-	-	-	8,042,773	-
	-	-	-	-	-
	(101)	1,118,097	1,901,240	1,650,448	618,681
	-	-	(14,881,834)	-	-
	-	-	-	(8,446,336)	-
	308,856	458,759	1,331,608	18,100	55,189
	20,070	61,942	57,916	153,534	12,241
	10,851,904	5,861,261	5,079,641	9,941,051	6,331,482
	(11,228,409)	(6,450,998)	(6,449,845)	(10,243,787)	(6,693,745)
	516,388	23,454,603	12,423,219	16,600,422	13,099,774
	-	-	-	-	-
\$	11,047,224	\$ 13,508,768	\$ (3,533,152)	\$ (318,437)	\$ 315,924
	9.54%	8.44%	8.43%	8.16%	8.99%



*The Liberty Building in Centreville, the county seat since 1794, houses some of the government operations.*

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
2008	\$ 1,291,356,759	\$ 5,045,464,776	\$ 6,336,821,535	\$ 0.7700	\$ 61,729,010	\$ 6,398,550,545	\$ 474,798,401	\$ 6,873,348,946
2009	1,503,024,419	5,518,534,961	7,021,559,380	0.7700	61,513,370	7,083,072,750	547,163,868	7,630,236,618
2010	1,606,785,131	5,911,287,556	7,518,072,687	0.7700	62,858,590	7,580,931,277	596,219,654	8,177,150,931
2011	1,625,886,760	6,054,844,995	7,680,731,755	0.7671	59,364,960	7,740,096,715	644,654,739	8,384,751,454
2012	1,485,091,345	6,139,645,414	7,624,736,759	0.8471	60,635,440	7,685,372,199	694,372,116	8,379,744,315
2013	1,567,115,297	5,990,170,828	7,557,286,125	0.8471	63,194,130	7,620,480,255	732,300,804	8,352,781,059
2014	1,540,562,905	5,935,284,963	7,475,847,868	0.8471	64,411,900	7,540,259,768	696,880,673	8,237,140,441
2015	1,526,533,795	5,971,094,589	7,497,628,384	0.8471	71,076,850	7,568,705,234	708,231,797	8,276,937,031
2016	1,536,236,637	6,015,729,665	7,551,966,302	0.8471	74,544,230	7,626,510,532	713,843,531	8,340,354,063
2017	1,578,390,091	6,136,189,107	7,714,579,198	0.8471	77,685,020	7,792,264,218	771,576,578	8,563,840,796

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**

<b>Fiscal Year</b>	<b>County Direct Rate (1)</b>
2008	\$ 0.7700
2009	0.7700
2010	0.7700
2011	0.7671
2012	0.8471
2013	0.8471
2014	0.8471
2015	0.8471
2016	0.8471
2017	0.8471

NOTES:

- \* No discounts are allowed.
- \* Taxes are levied as of July 1, are due by September 30, and become delinquent October 1.
- \* Owner occupied properties may elect to pay on an annual basis. If no election is made, taxes are paid on a semi-annual basis with payment due by September 30 and December 31.
- \* Non-owner occupied properties must pay on an annual basis.
- \* Interest at one percent per month is assessed on delinquent tax bills.
- \* Revised tax bills based upon certifications from the State received after September 1 may be paid within thirty days without interest.
- \* Delinquent taxes on real property are collected by sale.
- \* Costs of tax sale, which vary, are added to the redemption.
- \* Tax sale date: Third Tuesday in May.
- \* The personal property tax rate for Queen Anne's County is zero.

(1) Tax Rates are applied per \$100 of assessed value.

**QUEEN ANNE'S COUNTY, MARYLAND**  
**REVENUE CAPACITY**  
**REAL PROPERTY TAX RATES - COUNTY SPECIAL TAXING DISTRICTS**  
**LAST TEN FISCAL YEARS**  
**Table 6-b**

Fiscal Year	Kent Narrows Commercial Management and Waterfront Improvement District
2008	\$ 0.0600
2009	0.0600
2010	0.0600
2011	0.0600
2012	0.0600
2013	0.0600
2014	0.0600
2015	0.0600
2016	0.0600
2017	0.0600

NOTES:

- \* Tax rates are per \$100 of assessed value.
- \* The personal property tax rate for Queen Anne's County is zero.

**QUEEN ANNE'S COUNTY, MARYLAND**  
**REVENUE CAPACITY**  
**REAL PROPERTY TAX RATES - OVERLAPPING GOVERNMENTS - TOWNS**  
**LAST TEN FISCAL YEARS**  
**Table 6-c**

<b>Fiscal Year</b>	<b>Town of Centreville</b>	<b>Town of Barclay</b>	<b>Town of Church Hill</b>	<b>Town of Millington</b>	<b>Town of Queen Anne</b>
2008	\$ 0.4300	\$ 0.1000	\$ 0.3400	\$ 0.2800	\$ 0.1800
2009	0.3950	0.1000	0.3400	0.2800	0.1800
2010	0.3800	0.1000	0.3400	0.2800	0.1800
2011	0.3800	0.1000	0.3400	0.2800	0.1800
2012	0.3800	0.2000	0.3400	0.2800	0.1800
2013	0.3800	0.2000	0.3400	0.2800	0.1800
2014	0.3800	0.2000	0.3400	0.2800	0.1800
2015	0.3800	0.2000	0.3400	0.2800	0.1800
2016	0.3800	0.2000	0.3400	0.2800	0.1800
2017	0.4100	0.2000	0.3400	0.2800	0.1800

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)**

	<b>Town of Queenstown</b>	<b>Town of Sudlersville</b>	<b>Town of Templeville</b>
\$	0.2000	\$ 0.1670	\$ 0.2520
	0.2000	0.1670	0.3600
	0.1810	0.1670	0.3600
	0.1904	0.1670	0.3600
	0.1890	0.1670	0.3600
	0.1890	0.1670	0.3600
	0.1890	0.1670	0.3600
	0.1895	0.1670	0.3600
	0.1850	0.1670	0.3600
	0.1810	0.1670	0.5788

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, 2017		
	Assessable Base	Ratio: Taxpayer Base to Total Assessable Base
Second Horizon Group Limited Partnership	\$ 68,039,700	0.87 %
KRM Development Corporation	25,300,833	0.32
Aspen Institute for Humanistic Studies	23,139,567	0.30
Maryland General Land Co LLC	15,541,900	0.20
Great American Life Insurance Co	14,251,500	0.18
Beach Harbor Campers Co-Operative	12,625,500	0.16
Endorphin Holdings LLC	11,606,900	0.15
Anne Arundel Real Estate Holding Co	10,618,233	0.14
Shore Health System Inc	10,066,167	0.13
Mears Point Association	10,021,000	0.13
Total	<u>\$ 201,211,300</u>	<u>2.58 %</u>
Total Assessable Base	<u>\$ 7,792,264,218</u>	<u>100.00 %</u>

For the Fiscal Year Ended June 30, 2008		
	Assessable Base	Ratio: Taxpayer Base to Total Assessable Base
Second Horizon Group Limited Partnership	\$ 41,977,039	0.66 %
KRM Development Corporation	28,782,362	0.45
White's Heritage Partners	27,376,580	0.43
Great American Life Insurance Company	19,831,866	0.31
Waterford Centreville, LLC	14,333,877	0.22
Reliable Development Company	12,456,014	0.19
K Hovnanian's Four Seasons at Kent Island	10,856,146	0.17
Washington Brick and Terra Cotta Company	10,504,933	0.16
213 Centreville Associates, LLC	10,290,433	0.16
Kent Narrows Properties, LLC	10,105,633	0.16
Total	<u>\$ 186,514,883</u>	<u>2.91 %</u>
Total Assessable Base	<u>\$ 6,398,550,545</u>	<u>100.00 %</u>

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
2008	\$ 48,575,431	\$ 48,505,180	99.86%	\$ 70,251	\$ 48,575,431	100.00%
2009	53,839,023	53,756,369	99.85%	82,654	53,839,023	100.00%
2010	57,788,231	57,720,564	99.88%	67,668	57,788,232	100.00%
2011	58,758,234	58,696,129	99.89%	62,105	58,758,234	100.00%
2012	64,549,671	64,459,862	99.86%	87,868	64,547,730	100.00%
2013	63,904,147	63,596,067	99.52%	62,514	63,658,581	99.62%
2014	63,184,321	62,834,349	99.45%	75,610	62,909,959	99.57%
2015	63,338,629	63,231,601	99.83%	71,361	63,302,962	99.94%
2016	63,799,184	63,647,404	99.76%	111,428	63,758,832	99.94%
2017	65,217,648	65,107,115	99.83%	-	65,107,115	99.83%

NOTES:

\* This table includes data for all property taxes billed applicable to all funds for Queen Anne's County, Maryland to include General, Special Revenue, and Enterprise Funds. Property taxes billed for the State of Maryland and various municipalities are excluded.

QUEEN ANNE'S COUNTY, MARYLAND

DEBT CAPACITY

RATIOS OF OUTSTANDING DEBT BY TYPE

LAST TEN FISCAL YEARS

Table 9

Governmental Activities					Ratios		
Fiscal Year	General Obligation Bonds	Notes Payable	Capital Leases	Total Governmental Activities	Total Primary Government	Debt to Total Personal Income (1)	Outstanding Debt per Capita (1)
2008	\$ 69,637,468	\$ 822,617	\$ 202,978	\$ 70,663,063	\$ 95,669,054	4.76%	\$ 1,998
2009	64,411,805	913,183	155,482	65,480,470	88,563,993	4.19%	1,881
2010	87,967,432	1,652,082	105,884	89,725,398	111,337,131	6.47%	2,289
2011	102,791,729	1,070,632	54,089	103,916,450	124,067,449	7.20%	2,590
2012	97,127,263	889,256	-	98,016,519	116,192,021	6.95%	2,431
2013	90,092,100	1,146,755	-	91,238,855	107,497,099	6.12%	2,210
2014	107,883,563	958,156	-	108,841,719	123,479,930	6.97%	2,538
2015	112,060,053	784,785	-	112,844,838	127,774,051	6.89%	2,618
2016	118,977,909	1,913,199	-	120,891,108	134,883,606	7.24%	2,780
2017	123,519,157	1,698,425	-	125,217,582	144,731,805	7.64%	2,960

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)
2008	\$ 73,585,383	1.15%	\$ 1,537
2009	67,870,465	0.96%	1,441
2010	91,412,798	1.21%	1,879
2011	106,250,557	1.37%	2,218
2012	100,063,806	1.30%	2,093
2013	92,582,575	1.21%	1,903
2014	109,937,299	1.46%	2,260
2015	115,600,348	1.53%	2,369
2016	122,498,768	1.61%	2,525
2017	126,736,636	1.63%	2,592

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 is a boater's paradise.*

**QUEEN ANNE'S COUNTY, MARYLAND**  
**DEBT CAPACITY**  
**COMPUTATION OF NET DIRECT AND OVERLAPPING DEBT**  
**AS OF JUNE 30, 2017**  
**Table 11**

Name of Jurisdiction	Gross Debt
Queen Anne's County:	
County Government	
Total Net Direct Debt (1)	<u>\$ 125,217,582</u>
Towns: (2)	
Centreville (100%)	15,649,011
Millington (100%)	1,208,000
Queenstown (100%)	5,679,412
Sudlersville (100%)	<u>4,836,000</u>
Total Net Overlapping Debt	<u>27,372,423</u>
Total Net Direct and Overlapping Debt	<u><u>\$ 152,590,005</u></u>

NOTES:

- (1) Net direct debt of the County includes Governmental Activities general obligation bonds, notes payable, and capital leases. See Table 9. Overlapping debt is the debt of other governmental entities located within the County that is payable in whole or in part by taxpayers of the County.
- (2) Entities are located wholly within Queen Anne's County. Debt information reported by municipalities.

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

	2008	2009	2010	2011	2012
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)	1,458,458	1,446,993	1,862,866	2,340,495	2,304,876
General Obligation Debt (4)	69,637,468	64,411,805	87,967,432	102,791,729	97,127,263
Subtotal	71,095,926	65,858,798	89,830,298	105,132,224	99,432,139
Total authorized debt under Title 5 and specific public laws	79,095,926	73,858,798	97,830,298	113,132,224	107,432,139
LESS Outstanding bonds, notes payable, and capital leases (5)	95,669,054	88,563,993	111,337,131	124,067,449	116,192,021
Less: Sanitary District debt (4)	23,520,278	21,616,088	19,735,239	17,803,690	15,870,626
Subtotal	72,148,776	66,947,905	91,601,892	106,263,759	100,321,395
Legal Debt Margin - Other than the Sanitary District	\$ 6,947,150	\$ 6,910,893	\$ 6,228,406	\$ 6,868,465	\$ 7,110,744
<u>Debt related to the Sanitary District Proprietary Fund:</u>					
Total taxable assessed value (3)	\$ 6,398,550,545	\$ 7,083,072,750	\$ 7,580,931,277	\$ 7,740,096,715	\$ 7,685,372,199
Plus exempt property (3)	474,798,401	547,163,868	596,219,654	644,654,739	694,372,116
Total assessed value	\$ 6,873,348,946	\$ 7,630,236,618	\$ 8,177,150,931	\$ 8,384,751,454	\$ 8,379,744,315
Debt Limit - 6% of total assessed value (2)	\$ 412,400,937	\$ 457,814,197	\$ 490,629,056	\$ 503,085,087	\$ 502,784,659
LESS Sanitary District	23,520,278	21,616,088	19,735,239	17,803,690	15,870,626
Less: Restricted Cash and Investments in the Debt Service Fund available for payment of principal	4,551,821	4,180,188	3,925,026	3,658,194	3,244,564
	18,968,457	17,435,900	15,810,213	14,145,496	12,626,062
Legal Debt Margin - Sanitary District	\$ 393,432,480	\$ 440,378,297	\$ 474,818,843	\$ 488,939,591	\$ 490,158,597

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)

2013	2014	2015	2016	2017
\$ 8,000,000	\$ 8,000,000	\$ 8,000,000	\$ 8,000,000	\$ 8,000,000
2,160,475	2,053,736	3,540,295	3,520,859	3,217,479
<u>90,092,100</u>	<u>107,883,563</u>	<u>112,060,053</u>	<u>118,977,909</u>	<u>123,519,157</u>
<u>92,252,575</u>	<u>109,937,299</u>	<u>115,600,348</u>	<u>122,498,768</u>	<u>126,736,636</u>
100,252,575	117,937,299	123,600,348	130,498,768	134,736,636
107,497,099	123,479,930	127,774,051	134,883,606	144,731,805
<u>14,097,769</u>	<u>12,584,475</u>	<u>11,388,918</u>	<u>10,471,639</u>	<u>16,296,744</u>
<u>93,399,330</u>	<u>110,895,455</u>	<u>116,385,133</u>	<u>124,411,967</u>	<u>128,435,061</u>
<u>\$ 6,853,245</u>	<u>\$ 7,041,844</u>	<u>\$ 7,215,215</u>	<u>\$ 6,086,801</u>	<u>\$ 6,301,575</u>
\$ 7,620,480,255	\$ 7,540,259,768	\$ 7,568,705,234	\$ 7,626,510,532	\$ 7,792,264,218
<u>732,300,804</u>	<u>696,880,673</u>	<u>708,231,797</u>	<u>713,843,531</u>	<u>771,576,578</u>
<u>\$ 8,352,781,059</u>	<u>\$ 8,237,140,441</u>	<u>\$ 8,276,937,031</u>	<u>\$ 8,340,354,063</u>	<u>\$ 8,563,840,796</u>
\$ 501,166,864	\$ 494,228,426	\$ 496,616,222	\$ 500,421,244	\$ 513,830,448
14,097,769	12,584,475	11,388,918	10,471,639	16,296,744
<u>2,840,468</u>	<u>2,763,304</u>	<u>2,695,383</u>	<u>1,120,775</u>	<u>947,445</u>
<u>11,257,301</u>	<u>9,821,171</u>	<u>8,693,535</u>	<u>9,350,864</u>	<u>15,349,299</u>
<u>\$ 489,909,563</u>	<u>\$ 484,407,255</u>	<u>\$ 487,922,687</u>	<u>\$ 491,070,380</u>	<u>\$ 498,481,149</u>

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

	2009	2010	2011	2012
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.				
<b>CALCULATION PER FIRST FINANCIAL CRITERIA:</b>				
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)	\$ 7,083,072,750	\$ 7,580,931,277	\$ 7,740,096,715	\$ 7,685,372,199
	2.5%	2.5%	2.5%	2.5%
2.5% of Total Taxable Assessed Base	\$ 177,076,819	\$ 189,523,282	\$ 193,502,418	\$ 192,134,305
LESS Outstanding and New General Obligation Debt (2) (3)				
Enterprise Funds' Debt - Bonds and Notes	\$ 23,083,523	\$ 21,611,733	\$ 20,150,999	\$ 18,175,502
General Obligation Debt - Bonds and Notes	65,324,988	89,619,514	103,862,361	98,016,519
Total Outstanding and New General Obligation Debt	\$ 88,408,511	\$ 111,231,247	\$ 124,013,360	\$ 116,192,021
2.5% of Total Taxable Assessed Base in Excess of				
Total Outstanding and New General Obligation Debt	\$ 88,668,308	\$ 78,292,035	\$ 69,489,058	\$ 75,942,284
<b>CALCULATION PER SECOND FINANCIAL CRITERIA:</b>				
The sum of all outstanding and new general obligation and/or bonded debt is \$3,000 or less per capita.				
Total County Population (4)	47,091	48,650	47,899	47,798
\$3,000 Per Capita	\$ 3,000	\$ 3,000	\$ 3,000	\$ 3,000
	\$ 141,273,000	\$ 145,950,000	\$ 143,697,000	\$ 143,394,000
LESS Outstanding and New General Obligation Debt (1)	\$ 88,408,511	\$ 111,231,247	\$ 124,013,360	\$ 116,192,021
\$3,000 Per Capita in Excess of				
Total Outstanding and New General Obligation Debt	\$ 52,864,489	\$ 34,718,753	\$ 19,683,640	\$ 27,201,979

NOTES:

- (1) See Table 5 - Total Taxable Assessed Value.
- (2) See Note 9 A - Changes in Noncurrent Liabilities.
- (3) General Obligation Debt includes debt relating to the Sanitary District, because such debt is backed by the full faith and credit of the County, but excludes all capital leases, which are collateralized by the equipment purchased with such leases.
- (4) See Table 14 - Population.

In May, 2013, as described in Note 9 E, Queen Anne's County adopted Resolution No. 13-04, thereby continuing a local debt policy in compliance with Article 95, Section 22F of the Annotated Code of Maryland.

This policy requires that the County's Director of Budget, Finance and Information Technology take the following steps:

- (a) prepare a six-year capital project plan each year;
- (b) propose an amount to be transferred from the General Fund operating balance to the General Capital Projects Fund to serve as pay-as-you-go funding in the latter Fund, in order to lessen the need for future County debt;
- (c) limit the County's non-bonded indebtedness to \$8.0 million for general operating expenses or capital improvements;
- (d) certify that the sum of outstanding general bonded debt and any new general obligation debt is 2.5% or less of the total taxable assessed base and is \$3,000 or less per capita; and
- (e) review and revise this Debt Policy as necessary, but no later than September 1, 2015.

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 NINE FISCAL YEARS  
Table 12-b

(CONTINUED)

2013	2014	2015	2016	2017
\$ 7,620,480,255	\$ 7,540,259,768	\$ 7,568,705,234	\$ 7,626,510,532	\$ 7,792,264,218
2.5%	2.5%	2.5%	2.5%	2.5%
<u>\$ 190,512,006</u>	<u>\$ 188,506,494</u>	<u>\$ 189,217,631</u>	<u>\$ 190,662,763</u>	<u>\$ 194,806,605</u>
\$ 16,258,244	\$ 14,638,211	\$ 14,929,213	\$ 13,992,498	\$ 19,514,223
91,238,855	108,841,719	112,844,838	120,891,108	125,217,582
<u>\$ 107,497,099</u>	<u>\$ 123,479,930</u>	<u>\$ 127,774,051</u>	<u>\$ 134,883,606</u>	<u>\$ 144,731,805</u>
<u>\$ 83,014,907</u>	<u>\$ 65,026,564</u>	<u>\$ 61,443,580</u>	<u>\$ 55,779,157</u>	<u>\$ 50,074,800</u>
48,650	48,650	48,804	48,517	48,904
\$ 3,000	\$ 3,000	\$ 3,000	\$ 3,000	\$ 3,000
<u>\$ 145,950,000</u>	<u>\$ 145,950,000</u>	<u>\$ 146,412,000</u>	<u>\$ 145,551,000</u>	<u>\$ 146,712,000</u>
<u>\$ 107,497,099</u>	<u>\$ 123,479,930</u>	<u>\$ 127,774,051</u>	<u>\$ 134,883,606</u>	<u>\$ 144,731,805</u>
<u>\$ 38,452,901</u>	<u>\$ 22,470,070</u>	<u>\$ 18,637,949</u>	<u>\$ 10,667,394</u>	<u>\$ 1,980,195</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, 2017			
Employer	Employees	Rank	Percentage of Total County Employment
Queen Anne's County Board of Education	949	1	8.61%
Queen Anne's County Government	474	2	4.30%
Chesapeake College	455	3	4.13%
Paul Reed Smith Guitars	250	4	2.27%
S.E.W. Friel	200	5	1.81%
Tidewater Direct	145	6	1.31%
Federal Resources Supply	145	7	1.31%
Genesis HealthCare/Corsica Hills Center	135	8	1.22%
AZZ/Power Electronics	135	9	1.22%
Clinton Nurseries of Md.	130	10	1.18%
Total	3,018		27.36%

For the Fiscal Year Ended June 30, 2008			
Employer	Employees	Rank	Percentage of Total County Employment
Queen Anne's County Board of Education	977	1	9.77%
Queen Anne's County Government	532	2	5.32%
S.E.W. Friel	275	3	2.75%
Paul Reed Smith Guitars	250	4	2.50%
Chesapeake College	225	5	2.25%
Safeway	185	6	1.85%
Reeb Millwork	170	7	1.70%
Kmart	150	8	1.50%
Genesis Healthcare	150	9	1.50%
Acme	150	10	1.50%
Total	3,064		30.64%

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**

<b>Fiscal Year</b>	<b>Population (1)</b>	<b>Total Personal Income (2)</b>	<b>Per Capita Income (3)</b>	<b>Unemployment Rate (3)</b>	<b>Average Registered Number of Pupils (4)</b>
2008	47,886	\$ 2,009,392,332	\$ 41,962	4.00%	7,790
2009	47,091	2,113,538,262	44,882	7.00%	7,774
2010	48,650	1,721,674,850	35,389	7.00%	7,723
2011	47,899	1,722,448,040	35,960	7.20%	7,722
2012	47,798	1,672,547,616	34,992	6.50%	7,757
2013	48,650	1,757,238,000	36,120	6.40%	7,717
2014	48,650	1,771,687,050	36,417	5.10%	7,720
2015	48,804	1,854,356,784	37,996	4.90%	7,752
2016	48,517	1,862,664,664	38,392	3.90%	7,738
2017	48,904	1,894,198,632	38,733	3.80%	7,799

NOTES:

- (1) Source: Queen Anne's County Division of Land Use and Zoning
- (2) Personal income derived by multiplying population by per capita income.
- (3) Source: Maryland Department of Labor, Licensing, and Regulation - as of June.
- (4) Source: Queen Anne's County Board of Education.

**QUEEN ANNE'S COUNTY, MARYLAND**  
**OPERATING INFORMATION**  
**COUNTY GOVERNMENT EMPLOYEES - FULL-TIME EQUIVALENTS**  
**LAST TEN FISCAL YEARS**  
**Table 15**

	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>
Number of Exempt Employees	31	29	29	26	26	28	29	30	32	35
Number of Full Time Employees	470	464	450	400	386	391	393	416	431	439
Number of Part Time Employees (FTE)	20	18	17	10	9	8	7	3	3	4
Total County Government Employees	<u>521</u>	<u>511</u>	<u>496</u>	<u>436</u>	<u>421</u>	<u>427</u>	<u>429</u>	<u>449</u>	<u>466</u>	<u>478</u>

NOTES:  
 Source: Queen Anne's County Office of Budget, Finance and Information Technology.

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

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<b>Governmental Activities:</b>										
General Government	90	89	87	77	74	82	77	81	83	87
Public Safety:										
Police	53	52	50	49	53	56	58	58	59	61
Fire - Emergency Management Services	68	69	67	64	61	64	67	71	72	73
Detention Center	38	42	42	41	42	41	41	41	41	45
Animal Services	11	8	8	10	10	6	3	3	2	2
Public Works	91	85	79	61	51	51	54	58	61	59
Health	1	1	1	1	1	1	1	1	1	1
Social Services	38	38	37	32	36	32	36	38	42	41
Parks (1)	44	45	45	31	27	27	29	39	42	44
Conservation of Natural Resources	3	3	3	3	3	4	4	3	4	4
Economic/Community Development	12	10	9	7	3	6	2	3	6	5
<b>Total Governmental Activities</b>	<b>449</b>	<b>442</b>	<b>428</b>	<b>376</b>	<b>361</b>	<b>370</b>	<b>372</b>	<b>396</b>	<b>413</b>	<b>422</b>
<b>Business-Type Activities:</b>										
Sanitary District	46	45	45	44	45	45	46	46	46	48
Bay Bridge Airport	3	3	3	3	3	1	1	1	1	1
Golf	-	-	-	-	-	1	1	1	1	1
Public Landings	3	3	3	3	3	2	2	2	2	2
<b>Total Business-Type Activities</b>	<b>52</b>	<b>51</b>	<b>51</b>	<b>50</b>	<b>51</b>	<b>49</b>	<b>50</b>	<b>50</b>	<b>50</b>	<b>52</b>
<b>Total Full-Time County Employees</b>	<b>501</b>	<b>493</b>	<b>479</b>	<b>426</b>	<b>412</b>	<b>419</b>	<b>422</b>	<b>446</b>	<b>463</b>	<b>474</b>

NOTES:

- (1) Due to the consolidation of the Property Management and Recreation enterprise funds with the General Fund in fiscal year 2013, the respective employees of those funds are now reported with the Parks function of the Governmental Activities.
- Only full-time County employees are represented in this Table; data relating to full-time equivalents for part-time employees is not available at this time.
  - Employees of the County's component units have been excluded from this table.

Source: Queen Anne's County Office of Budget, Finance and Information Technology.

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

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Governmental Activities:										
General Government:										
Planning & Zoning:										
Number of commercial permits issued	23	40	35	27	99	75	51	52	50	47
Number of residential permits issued:										
Single Family Permits	138	90	153	106	119	161	133	123	84	124
Multi Family Permits	-	13	28	4	20	21	12	-	1	29
Renovations and Additions Permits	539	324	304	295	207	312	327	270	303	323
Total residential permits issued	677	427	485	405	346	494	472	393	388	476
Public Safety:										
Fire and Rescue:										
Number of volunteer members	663	663	689	689	689	689	689	683	500	400
Police:										
Uniformed Police Officers	53	54	54	55	59	61	61	64	64	64
Number of law violations:										
Physical arrests	1,373	1,429	917	1,216	848	1,144	1,239	1,055	903	914
Traffic violations	5,745	8,276	6,183	5,760	5,818	5,915	6,514	6,030	8,002	7,183
Detention Center:										
Detention Center Officers	35	37	39	40	38	40	41	41	39	38
Average yearly prison population	112	97	102	103	86	128	138	123	115	133
Public Works:										
Wastewater Treated - Daily (mgd)	1.6	1.7	2.1	1.7	1.9	2.0	2.0	2.1	2.0	2.0
Education:										
Number of Personnel										
Teachers	522	528	533	530	537	546	550	575	575	572
Administrators	40	38	37	37	39	39	41	40	40	38
Support	338	338	336	310	300	294	344	295	296	304
Other	77	76	76	64	47	47	37	34	34	34
Number of Students	7,790	7,774	7,723	7,722	7,757	7,717	7,720	7,752	7,738	7,799
Number of High School Graduates	560	590	562	566	598	537	605	589	532	550

NOTES:

Source: Various County departments.

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

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Governmental Activities:										
Public Safety:										
Fire and Rescue:										
Number of volunteer stations	10	10	10	10	10	9	9	9	9	9
Equipment:										
Engines	16	16	17	17	17	18	17	16	16	16
Tankers	9	9	9	9	9	9	8	8	8	8
Aerial Units	4	4	5	5	5	5	4	4	5	5
Rescue Units	6	6	7	7	7	8	6	7	6	6
Brush Units	8	8	8	8	8	8	7	7	7	7
Air Units (MD State Police)	3	3	-	-	-	-	-	-	-	-
Boats	1	1	5	5	5	5	6	6	6	6
Ambulance/Medic Units	16	16	17	17	17	17	13	14	12	13
Cars/Other	17	17	22	22	22	22	25	25	25	16
Police:										
Number of Stations	1	1	1	1	1	1	1	1	1	1
Number of Vehicles										
Patrol	57	64	60	53	62	62	68	68	71	70
Other	7	13	17	21	3	3	12	15	10	9
Detention Center										
Capacity	104	104	148	148	148	148	148	148	148	148
Public Works:										
County Maintained Roads and Streets										
Paved (miles)	530	539	540	540	540	541	543	543	540	549
Unpaved (miles)	15	12	12	12	12	12	12	12	12	12
County Owned Water and Wastewater Facilities										
Water										
Miles of Mains	56	57	58	59	59	61	62	62	64	65
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	114	116	117	118	118	120	121	122	128	136
Wastewater Treatment Plants	1	1	1	1	1	1	1	1	1	1
Wastewater Collection, Lift, and Pumping Stations	31	31	31	31	31	31	31	31	31	32
Education:										
Number of Schools										
High Schools	2	2	2	2	2	2	2	2	2	2
Middle Schools	3	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	32	33	33	33	33	33	33	33	32	32
Park Acreage	2,633	2,633	2,915	2,915	2,915	2,915	2,915	2,915	2,902	2,915
Public Landings	21	20	20	21	21	19	20	20	19	20
Library:										
Number of Libraries	3	3	3	3	3	3	3	3	3	3

NOTES:  
 Source: Various County departments.



*The four mile span of the magnificent Chesapeake Bay Bridge connects Queen Anne's County to the rest of the United States to the west.*



