## PRELIMINARY OFFICIAL STATEMENT DATED SEPTEMBER 22, 2025

**NEW ISSUE -- Book-Entry Only** 

Moody's Investors Service, Inc.: Aaa Fitch Ratings: AAA S&P Global Ratings: AAA

In the opinion of Bond Counsel, under existing law, interest on the Bonds is exempt from State of Maryland and local taxes. No opinion is expressed as to estate or inheritance taxes, or any other taxes not levied or assessed directly on the Bonds, their transfer or the interest thereon. Assuming compliance with certain covenants described herein, and under existing statutes, regulations and decisions, interest on the Bonds will be excludable from gross income for federal income tax purposes. Under existing law, interest on the Bonds for federal income tax purposes is not includable in alternative minimum taxable income of individuals as an enumerated item of tax preference or other specific adjustment; however, interest on the Bonds will be part of adjusted financial statement income in computing the alternative minimum tax on applicable corporations. Additionally, interest on the Bonds will be subject to the branch profits tax imposed on certain foreign corporations engaged in a trade or business in the United States of America. See "TAX MATTERS" herein.

# \$35,160,000\* QUEEN ANNE'S COUNTY, MARYLAND

## \$23,835,000\* PUBLIC FACILITIES BONDS OF 2025 \$11,325,000\* PUBLIC FACILITIES REFUNDING BONDS OF 2025

Dated:	Date of delivery.
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Due: July 15, for the Public Facilities Bonds and April 1 for the Refunding Bonds, as shown

on the inside front cover.

Interest Payable: January 15 and July 15 for the Public Facilities Bonds and April 1 and October 1 for the

Refunding Bonds.

Denomination: Integral multiples of \$5,000.

Form: Registered, book-entry only through the facilities of The Depository Trust Company.

First Interest Payment Due: January 15, 2026 for the Public Facilities Bonds and April 1, 2026 for the Refunding

Bonds.

Optional Redemption: The Public Facilities Bonds maturing on or after July 15, 2036 are subject to redemption

prior to maturity without premium as set forth in "THE BONDS — Optional Redemption" herein. The Refunding Bonds are not subject to redemption prior to

maturity.

Security: The Bonds are general obligations of Queen Anne's County, Maryland (the "County")

and the County's full faith and credit and unlimited taxing power are pledged to the

payment thereof (see "THE BONDS — Sources of Payment" herein). Computershare Trust Company, National Association.

Registrar; Paying Agent and

Escrow Agent:

The Bonds of each series are offered for delivery when, as and if issued, subject to the approving opinion of McKennon Shelton & Henn LLP, Baltimore, Maryland, Bond Counsel. It is expected that the Bonds will be available for delivery to the Depository Trust Company on or about October 15, 2025.

FOR MATURITY SCHEDULE, INTEREST RATES, PRICES OR YIELDS AND CUSIP NUMBERS, SEE THE INSIDE FRONT COVER

Dated:	,	2025
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<sup>\*</sup>Preliminary, subject to change.

#### **\$23,835,000\* PUBLIC FACILITIES BONDS OF 2025**

#### MATURITIES, PRINCIPAL AMOUNTS, INTEREST RATES, PRICES OR YIELDS AND CUSIPS

Maturing	Principal	Interest	Price or		Maturing	Principal	Interest	Price or	
<b>July 15</b>	Amount*	Rate**	Yield**	CUSIP***	July15	Amount*	Rate**	Yield**	CUSIP***
2026	\$1,195,000				2036	\$1,190,000			
2027	1,195,000				2037	1,190,000			
2028	1,195,000				2038	1,190,000			
2029	1,195,000				2039	1,190,000			
2030	1,195,000				2040	1,190,000			
2031	1,195,000				2041	1,190,000			
2032	1,195,000				2042	1,190,000			
2033	1,190,000				2043	1,190,000			
2034	1,190,000				2044	1,190,000			
2035	1,190,000				2045	1,190,000			

#### \$11,325,000\* PUBLIC FACILITIES REFUNDING BONDS OF 2025

#### MATURITIES, PRINCIPAL AMOUNTS, INTEREST RATES, PRICES OR YIELDS AND CUSIPS

Maturing <u>April 1</u>	Principal Amount*	Interest Rate**	Price or Yield**	CUSIP***	Maturing <u>April 1</u>	Principal <u>Amount*</u>	Interest Rate**	Price or Yield**	CUSIP***
2026	\$1,090,000				2031	\$1,305,000			
2027	1,070,000				2032	1,370,000			
2028	1,125,000				2033	1,435,000			
2029	1,185,000				2034	1,505,000			
2030	1,240,000								

<sup>\*</sup> Preliminary, subject to change.

The County has not agreed to, and there is no duty or obligation to, update this Official Statement to reflect any change or correction in the assigned CUSIP® numbers reflected herein.

<sup>\*\*</sup> The interest rates shown above are the interest rates payable by the County resulting from the successful bids for each series of the Bonds on October 1, 2025. The prices or yields shown above were furnished by the successful bidder of each series for the Bonds. All other information concerning the terms of the reoffering of each series of the Bonds should be obtained from the successful bidder for the respective series, and not from the County. (See "SALE AT COMPETITIVE BIDDING.")

<sup>\*\*\*</sup>CUSIP® is a registered trademark of the American Bankers Association. CUSIP Global Services (CGS) is managed on behalf of the American Bankers Association by FactSet Research Systems Inc. Copyright(c) 2025 CUSIP Global Services. All rights reserved. CUSIP® data herein is provided by CUSIP Global Services. This data is not intended to create a database and does not serve in any way as a substitute for the CGS database. CUSIP® numbers are provided for convenience of reference only. None of the County, the Bond Registrar and Paying Agent, the successful bidder for the Bonds or their agents or counsel assume responsibility for the accuracy of such numbers.

## QUEEN ANNE'S COUNTY, MARYLAND

#### **Certain Elected Officials**

## **BOARD OF COUNTY COMMISSIONERS**

Christopher M. Corchiarino, President Philip L. Dumenil, Vice President James J. Moran Jack N. Wilson, Jr. J. Patrick McLaughlin

## **Certain Appointed Officials**

#### **ADMINISTRATION**

Todd R. Mohn, County Administrator Jeffrey A. Rank, Director of Budget and Finance

#### **COUNTY ATTORNEY**

Patrick E. Thompson, Esq.

\_\_\_\_\_

## **BOND COUNSEL**

McKennon Shelton & Henn LLP Baltimore, Maryland

AUDITOR UHY LLP Salisbury, Maryland

## FINANCIAL ADVISOR

Davenport & Company LLC Towson, Maryland

## BOND REGISTRAR; PAYING AGENT AND ESCROW AGENT

Computershare Trust Company, National Association Minneapolis, Minnesota

## **VERIFICATION AGENT**

The Arbitrage Group, Inc. Buhl, Alabama

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This Official Statement is not to be construed as a contract or agreement between Queen Anne's County, Maryland (the "County") and the purchasers or holders of any of the Bonds. Furthermore, this Official Statement does not contain any investment advice for purchasers or holders of any of the Bonds. Such purchasers or holders should consult their own financial advisors regarding possible financial consequences of ownership of the Bonds.

All quotations from and summaries and explanations of provisions of laws and documents herein do not purport to be complete and reference is made to such laws and documents for full and complete statements of their provisions. Any statements in this Official Statement involving estimates or matters of opinion, whether or not expressly so stated, are intended merely as estimates or opinions and not as representations of fact. The information and expressions of opinion herein are subject to change without notice and neither the delivery of this Official Statement nor any sale of the Bonds shall under any circumstances create any implication that there has been no change in the affairs of the County since the respective dates as of which information is given herein.

No dealer, broker, sales representative or other person has been authorized by the County to give any information or to make any representations other than those contained in this Official Statement and, if given or made, such other information or representations must not be relied upon as having been authorized by any of the foregoing. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Bonds by any person in any jurisdiction in which it is unlawful for such person to make such an offer, solicitation or sale.

The cover page hereof, the list of officials, this page and the appendices attached hereto are part of this Official Statement. The order and placement of materials in this Official Statement, including the appendices, are not to be deemed a determination of relevance, materiality or importance, and this Official Statement, including the appendices, must be considered in its entirety. The captions and headings in this Official Statement are for convenience only and in no way define, limit or describe the scope or intent, or affect the meaning or construction, of any provisions or sections of this Official Statement. The offering of the Bonds is made only by means of this entire Official Statement.

NO REGISTRATION STATEMENT RELATING TO THE BONDS HAS BEEN FILED WITH THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION OR WITH ANY STATE SECURITIES AGENCY, IN RELIANCE UPON CERTAIN EXEMPTIONS CONTAINED UNDER FEDERAL AND STATE LAWS. THE BONDS HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES AGENCY NOR HAS THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES AGENCY PASSED UPON THE ACCURACY OR ADEQUACY OF THIS OFFICIAL STATEMENT. ANY REPRESENTATION TO THE CONTRARY MAY BE A CRIMINAL OFFENSE.

This Official Statement contains statements relating to future results that are "forward looking statements" as defined in the Private Securities Litigation Reform Act of 1995. When used in this Official Statement, the words "estimate," "forecast," "intend," "expect" and similar expressions identify forward looking statements. Such statements are subject to risks and uncertainties that could cause actual results to differ materially from those contemplated in such forward looking statements. Any forecast is subject to such uncertainties. Inevitably, some assumptions will not be realized and unanticipated events and circumstances may occur. Therefore, there are likely to be differences between forecasts and actual results, and those differences may be material. Readers are cautioned not to place undue reliance on these forward looking statements, which speak only as of the date hereof.

#### **Summary of Offering**

#### **Issuer**

Queen Anne's County, Maryland (the "County").

#### **Bonds**

Public Facilities Bonds of 2025, in the aggregate principal amount of \$23,835,000\* (the "Public Facilities Bonds") and Public Facilities Refunding Bonds of 2025, in the aggregate principal amount of \$11,325,000\* (the "Refunding Bonds") (collectively, the "Bonds").

#### **Interest Payment Dates**

For the Public Facilities Bonds, commencing January 15, 2026 and semiannually thereafter on July 15 and January 15 each year. For the Refunding Bonds, commencing April 1, 2026 and semiannually thereafter on October 1 and April 1 each year.

## **Optional Redemption of Bonds**

The Public Facilities Bonds maturing on or after July 15, 2036 are subject to redemption on or after July 15, 2035, in whole or in part at any time on any date in any order of maturity, at the option of the County, at a redemption price of one hundred percent of the principal amount of the Bonds to be redeemed, together with interest accrued to the date fixed for redemption. The Refunding Bonds are not subject to optional redemption prior to maturity.

### **State and Federal Income Tax Exemptions**

Under existing law, interest on the Bonds is exempt from State of Maryland (referred to herein as the "State" or "Maryland") and local taxes. No opinion is expressed as to estate or inheritance taxes, or any other taxes not levied or assessed directly on the Bonds, their transfer or the interest thereon.

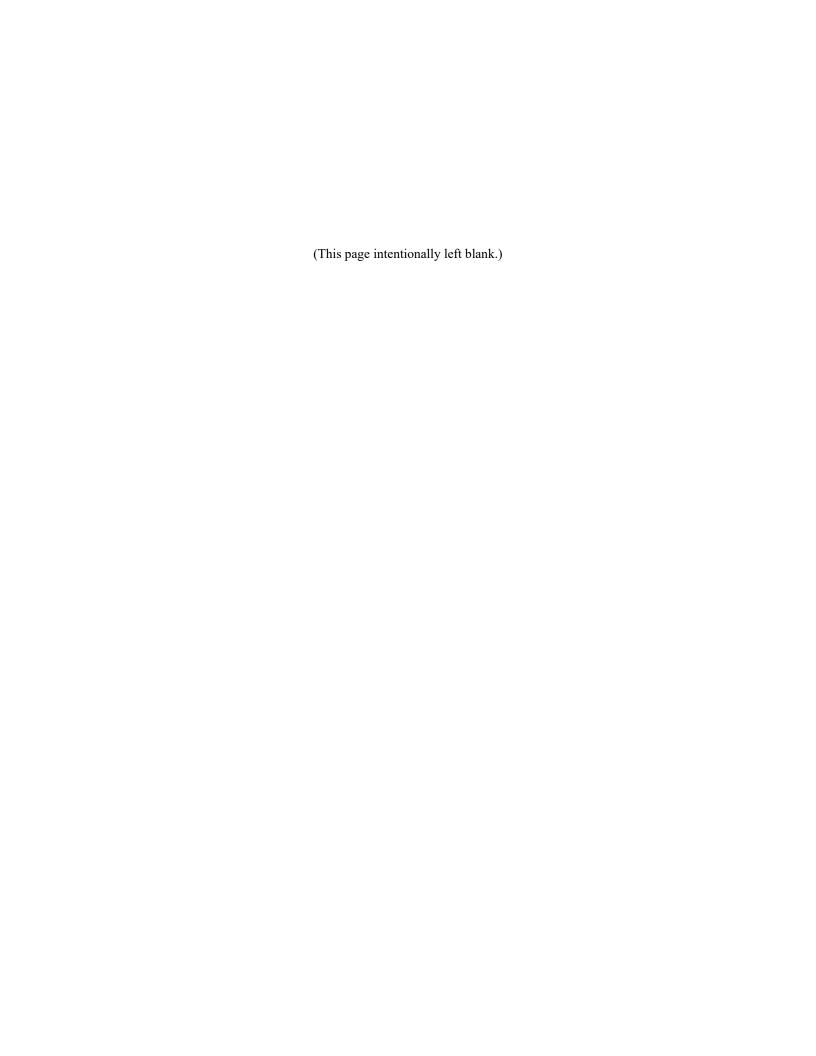
Assuming compliance with certain covenants described herein, and under existing statutes, regulations and decisions, interest on the Bonds will be excludable from gross income for federal income tax purposes. Under existing law, interest on the Bonds for federal income tax purposes is not includable in alternative minimum taxable income of individuals as an enumerated item of tax preference or other specific adjustment; however, interest on the Bonds will be part of adjusted financial statement income in computing the alternative minimum tax on applicable corporations. Additionally, interest on the Bonds will be subject to the branch profits tax imposed on certain foreign corporations engaged in a trade or business in the United States of America. See "TAX MATTERS" herein.

## **Payment Record**

The County has not defaulted on the payment of the principal of or interest on any of its bonds or notes.

## THE FOREGOING INFORMATION IS QUALIFIED IN ITS ENTIRETY BY THE DETAILED INFORMATION CONTAINED IN THIS OFFICIAL STATEMENT.

<sup>\*</sup>Preliminary, subject to change.



## **OFFICIAL STATEMENT**

## QUEEN ANNE'S COUNTY, MARYLAND \$23,835,000\* Public Facilities Bonds of 2025 \$11,325,000,000\* Public Facilities Refunding Bonds of 2025

#### INTRODUCTION

#### General

The purpose of this Official Statement, including the inside cover page (excluding prices or yields) and appendices, is to provide information regarding Queen Anne's County, Maryland (the "County") and its \$23,835,000\* Public Facilities Bonds of 2025 (the "Public Facilities Bonds") and its \$11,325,000\* Public Facilities Refunding Bonds of 2025 (the "Refunding Bonds") (collectively, the "Bonds").

All estimates and assumptions herein have been based upon information believed to be reliable and correct; however, statements made involving estimates and assumptions, whether or not expressly so stated, are intended merely as such and not as representations of facts. Figures herein relating to tax collections, assessed value of property and the financial position of the County have been taken from official records of the County.

The material and information contained in this Official Statement have been provided by the County, and the execution and distribution of this Official Statement have been authorized and approved by the County.

## **Description of the County**

Queen Anne's County, located on the Eastern Shore of Maryland, was formed in 1706 and was named after Queen Anne, the then reigning Queen of England. It is commonly known as the "gateway to the Eastern Shore" as it is linked to the Western Shore by the Chesapeake Bay Bridge. The County has a land area of approximately 373 square miles with more than 258 miles of waterfront.

The County is predominately rural in character, but has experienced significant growth within the last two decades. According to the County's Division of Land Use and Zoning, the County's population has increased 4.3% from 2010 to 2020. The County seat is Centreville.

The County is governed by an elected five-member Board of County Commissioners of Queen Anne's County (the "Board" or the "County Commissioners") under Maryland's Code Home Rule form of government. The Board exercises the governmental powers, including the power to authorize the issuance of debt to finance and refinance capital projects, that are granted to Code Home Rule counties by Article XI-F of the Maryland Constitution and Section 19-501 *et seq.* of the Local Government Article of the Annotated Code of Maryland (2013 Replacement Volume, as amended). See "COUNTY GOVERNMENT AND ADMINISTRATION." The Board is also authorized to issue short-term debt such as bond anticipation notes.

The administrative offices of the County are located at the Liberty Building, 107 North Liberty Street, Centreville, Maryland 21617. The County Commissioners' office telephone number is (410) 758-4098.

<sup>\*</sup>Preliminary, subject to change.

#### APPLICATION OF PROCEEDS

#### General

The proceeds of the Public Facilities Bonds will be used to (i) finance or refinance certain capital projects approved by the County Commissioners including (without limitation) school and administrative building improvements, one or more airport runway rehabilitation projects, and the design, construction, improvement, furnishing and equipping of certain other facilities serving public purposes within or of the County; (ii) pay for financial, legal, planning and engineering services related thereto; and (iii) pay costs of issuance of the Bonds. The proceeds of the Refunding Bonds will be used to (i) refund the County's outstanding Public Facilities Bonds of 2014 (the "Refunded Bonds") and (ii) pay costs of issuance of the Refunding Bonds.

## Refunding Program\*

A portion of the proceeds of the Refunding Bonds will be applied to the purchase of non-callable direct obligations of or obligations the principal of and interest on which are guaranteed by the United States of America ("Government Obligations"). The Government Obligations, along with a cash deposit, will be held by Computershare Trust Company, National Association (the "Escrow Deposit Agent") in escrow deposit funds established under an Escrow Deposit Agreement between the County and the Escrow Deposit Agent. The Government Obligations on deposit in the escrow deposit funds will mature at such times and in such amounts, and will bear interest payable at such times and in such amounts so that sufficient money will be available to pay when due, all principal of and premium, if any, and interest on the Refunded Bonds listed in the following chart. The Government Obligations will be pledged only to the payment of the principal and interest and premium, if any, on the applicable Refunded Bonds, and are not available for the payment of principal of, premium, if any, or interest on the Bonds.

	Principal				
	Amount	Amount	Maturities	Redemption	Optional
<b>Bond Issue</b>	Outstanding	Refunded	Refunded	Date	<b>Redemption Price</b>
Public Facilities Bonds of 2014	\$12,225,000	\$12,225,000	04/01/2026-	11/14/2025	100.00%
			4/1/2034		

#### THE BONDS

## General

The Public Facilities Bonds will be dated the date of their delivery and will mature on July 15, in annual installments, beginning with the year 2026 and ending with the year 2045, in the principal amounts and at the interest rates set forth on the inside cover page of this Official Statement. The Refunding Bonds will be dated the date of their delivery and will mature on April 1 in annual installments, beginning with the year 2026 and ending with the year 2034, in the principal amounts and at the interest rates set forth on the inside cover page of this Official Statement.

The Bonds will be general obligations of the County. The full faith and credit and unlimited taxing power of the County are pledged to the payment and performance of the Bonds. (See "Sources of Payment" below.)

The Public Facilities Bonds will bear interest, as hereinafter set forth, payable on January 15 and July 15 of each year, commencing January 15, 2026, at the rates set forth on the inside cover page of this Official Statement. The Refunding Bonds will bear interest, as hereinafter set forth, payable on April 1 and October 1 of each year, commencing April 1, 2026, at the rates set forth on the inside cover page of this Official Statement. Interest payments due under the Public Facilities Bonds shall be made to the registered owners of the Public Facilities Bonds who are the registered owners of record as of the first day of the month of such interest payment date. Interest payments due under the Refunding Bonds shall be made to the registered owners of the Refunding Bonds who are the registered owners of record as of the fifteenth day of the month preceding such interest payment date. Each Bond shall bear interest from the most recent date to which interest has been paid or, if no interest has been paid, from the date of their delivery.

<sup>\*</sup>Preliminary, subject to change.

#### Authorization

The Bonds will be issued under the authority of Sections 19-207 and 19-501 et seq. of the Local Government Article of the Annotated Code of Maryland (2013 Replacement Volume, as amended) (the "Enabling Act") and in accordance with (i) public local law, Bill No. 13-26 (the "Refunding Bill"), (ii) a public local law, Bill No. 25-09 (the "2025 Public Law"), and (iii) a resolution of the Board of County Commissioners adopted pursuant thereto (the "2025 Resolution").

#### **Optional Redemption**

The Public Facilities Bonds maturing on or after July 15, 2036 are subject to redemption on or after July 15, 2035, in whole or in part at any time on any date in any order of maturity, at the option of the County, at a redemption price of one hundred percent of the principal amount of the Bonds to be redeemed, together with interest accrued to the date fixed for redemption.

The Refunding Bonds are not subject to optional redemption prior to maturity.

If less than all of the Bonds of any maturity that are callable shall be called for redemption, the particular Bonds to be redeemed shall be selected by lot by the Bond Registrar in such manner as, in its discretion, it shall determine, except that so long as DTC or its nominee is the sole registered owner of the Bonds, the particular Bond or portion to be redeemed shall be selected by lot by DTC, in such manner as DTC shall determine.

## **Mandatory Sinking Fund Redemption**

The Public Facilities Bonds maturing on July 15, 20\_\_, are subject to mandatory sinking fund redemption, at a price equal to the principal amount thereof plus accrued interest thereon, on July 15, of each of the following years and in the following amounts:

\$\_\_\_\_ Term Bonds Due July 15, 20\_\_

Year Sinking Fund Installments

If the County redeems through optional redemption or otherwise discharges early the Public Facilities Bonds maturing on July 15, 20\_\_, such redeemed or discharged bonds shall be credited to the scheduled sinking fund installment amounts in any manner determined by the County.

#### **General Provisions relating to Redemption**

When less than all of a Public Facilities Bond in a denomination in excess of \$5,000 shall be so redeemed, then, upon surrender of such Public Facilities Bond, there shall be issued to the registered owner thereof, a Public Facilities Bond in any of the authorized denominations as shall be specified by the registered owner. Such Public Facilities Bonds in such authorized denominations shall be issued without charges. The aggregate face amount of such Public Facilities Bond shall not exceed the unredeemed balance of the Public Facilities Bond so surrendered and shall bear the same interest rate and shall mature on the same date as said unredeemed balance.

In accordance with the foregoing, if the County elects or is required to redeem all or part of the outstanding Public Facilities Bonds, it will give notice described herein of its intention to redeem by letter mailed first class, postage prepaid, to the registered owners of such Public Facilities Bonds at least 20 days prior to the redemption date, at the addresses of such owners as they appear on the registration books maintained by the Bond Registrar and Paying Agent (the "Bond Registrar"); provided, however, that the failure to mail any such notice to any of such registered owners or any defect in the notice so mailed or in the mailing thereof shall not affect the validity of the redemption proceedings relating to any other Public Facilities Bonds. So long as the Public Facilities Bonds are maintained under a book-entry system, notice of the call for any redemption of the Public Facilities Bonds shall be given as described below under "BOOK-ENTRY ONLY SYSTEM."

The notice of redemption shall state (i) whether the Public Facilities Bonds are to be redeemed in whole or in part and, if in part, the maturities and numbers of the Bonds to be redeemed; (ii) the redemption date and redemption price; (iii) that the interest on the Public Facilities Bonds so called shall cease to accrue on the date fixed for redemption; and (iv) that the Public Facilities Bonds redeemed be then presented for redemption and payment at the

principal corporate trust office of the Bond Registrar and Paying Agent. From and after the date fixed for redemption, if notice has been given as herein provided and the funds sufficient for payment of the redemption price and accrued interest shall be available therefor on such date, the Public Facilities Bonds so designated for redemption shall cease to bear interest.

Upon presentment and surrender in compliance with said notice, the Public Facilities Bonds so called for redemption shall be paid by the Bond Registrar and Paying Agent at the redemption price. If not so paid on presentment thereof, said Public Facilities Bonds so called shall continue to bear interest at the rates expressed therein until paid.

#### Form and Denomination

Each series of the Bonds will be issued in fully registered form in denominations of \$5,000 each or any integral multiple thereof. The Bonds will initially be maintained under a book-entry system; Beneficial Owners (as defined herein) shall have no right to receive physical possession of the Bonds, and payment of the principal of and interest on the Bonds will be made as described below under "BOOK-ENTRY ONLY SYSTEM." Computershare Trust Company, National Association, will act as bond registrar and paying agent for the Bonds (the "Bond Registrar and Paying Agent").

The interest on each Public Facilities Bond will be paid commencing January 15, 2026, and semiannually thereafter on the fifteenth day of July and January of each year that any such Bond is outstanding by electronic funds transfer or check mailed to the person in whose name such Public Facilities Bond is registered on the Bond Register as of the close of business on the first day of the month of an interest payment date (with respect to a Public Facilities Bond, the "Regular Record Date") at the address shown on the Bond Register. The interest on each Refunding Bond will be paid commencing April 1, 2026, and semiannually thereafter on the first day of October and April of each year that any such Refunding Bond is outstanding by electronic funds transfer or check mailed to the person in whose name such Refunding Bond is registered on the Bond Register as of the close of business on the fifteenth day of the month preceding an interest payment date (with respect to a Refunding Bond, the "Regular Record Date") at the address shown on the Bond Register.

Any such interest not so punctually paid or duly provided for shall forthwith cease to be payable to the registered owner on such Regular Record Date, and may be paid to the person in whose name such Bond is registered as of the close of business on a date to be fixed by the Bond Registrar and Paying Agent for the payment of such defaulted interest (the "Special Record Date"), notice whereof being given by letter mailed first class, postage prepaid, to said person not less than 10 days prior to such Special Record Date, at the address of such person appearing on the Bond Register, or may be paid at any time in any other lawful manner not inconsistent with the requirements of any securities exchange on which the Bonds may be listed and upon such notice as may be required by such exchange. The principal of and premium, if any, on the Bonds will be payable at the principal corporate trust office of the Bond Registrar and Paying Agent.

All payment of the principal and redemption price of and interest on the Bonds shall be in such coin or currency of the United States of America as at the time of payment is legal tender for payment of public and private debts subject to the provision for payment of interest by electronic funds transfer or check as set forth above.

Bonds may be transferred or exchanged only upon the Bond Register kept at the principal corporate trust office of the Bond Registrar and Paying Agent, by the registered owner in person, or by the attorney of the registered owner duly authorized in writing, upon surrender together with a written instrument of transfer satisfactory to the Bond Registrar and Paying Agent duly executed by the registered owner or duly authorized attorney, and thereupon, within a reasonable time, the County shall execute and the Bond Registrar and Paying Agent shall authenticate and deliver a new registered Bond or Bonds of any of the authorized denominations in an aggregate principal amount equal to the principal amount of the Bond transferred or exchanged and maturing on the same date and bearing interest at the same rate. The Bond Registrar and Paying Agent may require payment by the owner of the Bond requesting exchange or transfer of any tax, fee or other governmental charge, shipping charges and insurance that may be required to be paid with respect to such exchange or transfer, but otherwise no charge shall be made to such owner for such exchange or transfer. Said new Bond or Bonds shall be delivered to the transferee only after due authentication thereof by an authorized officer of the Bond Registrar and Paying Agent. The Bond Registrar and Paying Agent shall not be required to transfer or exchange any Bond after the mailing of notice calling such Bond or portion thereof for redemption as hereinabove described; provided, however that the foregoing limitation shall not apply to that portion of a Bond in excess of \$5,000 which is not being called for redemption.

The identity of the Bond Registrar and Paying Agent, the place of payment of the Bonds at maturity and the place of transfer or exchange of the Bonds may be changed by the County upon 30 days written notice to the Bondholders at their addresses specified in the bond registration books maintained by the Bond Registrar and Paying Agent.

## **Sources of Payment**

The Enabling Act, the 2025 Public Law, the Refunding Bill and the 2025 Resolution provide that the full faith and credit and unlimited taxing power of the County are irrevocably pledged to the prompt payment of the maturing principal of and interest on the Bonds as and when they become payable. In the 2025 Public Law, the Refunding Bill and the 2025 Resolution, the County has covenanted that in each and every fiscal year that any of the Bonds are outstanding, the County shall levy or cause to be levied taxes upon all assessable property within the corporate limits of the County in rate and amount sufficient to provide for or assure the payment, when due, of the principal of and interest on all of the Bonds maturing in each such fiscal year, and in the event the proceeds from the taxes so levied in any such fiscal year shall prove inadequate for such payment, additional taxes shall be levied in the succeeding fiscal year to make up any such deficiency.

#### **Bondholders' Remedies**

It is the opinion of Bond Counsel that the County may be sued in the event that it fails to perform its obligations under the Bonds to the registered owners thereof and any judgments resulting from such suits would be enforceable against the County, subject to the limitation referred to below. Nevertheless, a registered owner of a Bond who has obtained any such judgment may be required to seek additional relief to compel the County to assess, levy and collect such taxes as may be necessary to provide the funds from which such judgment may be paid. Although there is no Maryland law with respect to this issue, Bond Counsel believes that the appropriate courts of Maryland have jurisdiction to grant additional relief, such as mandatory injunction, if necessary, to enforce the levy and collection of such taxes and payment of the proceeds thereof to the registered owners of the Bonds, *pari passu*, subject to the limitations referred to below.

It is likely that while remedies would be available to registered owners of the Bonds and while the Bonds are entitled to constitutional protection against the impairment of the obligation of contracts, such constitutional protection and the enforcement of such remedies would not be absolute. Enforcement of a claim for payment of the principal of or interest on the Bonds could be made subject to the provisions of Chapter 9 of the federal bankruptcy laws or of any statutes that may hereafter be constitutionally enacted by the United States Congress or the Maryland General Assembly extending the time of payment or imposing other constraints upon enforcement.

#### RATINGS

Moody's Investors Service, Inc., Fitch Ratings, and S&P Global Ratings have given the Bonds the ratings indicated on the cover page of this Official Statement. An explanation of the significance of any of such ratings may be obtained only from the agency furnishing the rating. The County furnished to such rating agencies the information contained in a preliminary form of this Official Statement and other materials and information pertaining to the Bonds. Generally, rating agencies base their rating on such materials and information, as well as their own investigations, studies and assumptions. The ratings given the Bonds may be changed at any time and no assurance can be given that they will not be revised downward or withdrawn by any such rating agencies if, in the judgment of any such rating agencies, circumstances should warrant such action. Any such downward revision or withdrawal of any such ratings may have an adverse effect on market prices for the Bonds.

#### **BOOK-ENTRY ONLY SYSTEM**

Initially, the Depository Trust Company ("DTC") will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Bond certificate will be issued for each maturity of the Bonds and will be deposited with DTC.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code,

and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934, as amended. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at <a href="https://www.dtcc.com">www.dtcc.com</a>.

Purchases of the Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owners entered into the transaction. Transfer of ownership interests in the Bonds are to be accomplished by entries made on the books of the Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive physical certificates representing their ownership interests in the Bonds, except in the event that use of the book-entry only system is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Redemption notices shall be sent to DTC. If less than all of the Bonds are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Bonds unless authorized by a Direct Participant in accordance with DTC's Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the County as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Payments of the principal of, redemption premium, if any, and interest on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the County or the Bond Registrar and Paying Agent on payable dates in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name", and will be the responsibility of such Participant, and not of DTC, the Bond Registrar and Paying Agent or the County, subject to any statutory and regulatory requirements as may be in effect from time to time. Payment of principal and interest on the Bonds to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the County or the Bond Registrar and Paying Agent; disbursement of such payments to Direct Participants will be the responsibility of DTC; and disbursement of such payments to the Beneficial Owners will be the responsibility of the Direct and Indirect Participants.

DTC may discontinue providing its services as depository for the Bonds at any time by giving reasonable notice to the County or the Bond Registrar and Paying Agent. Under such circumstances, in the event that a successor depository is not obtained, Bond certificates are required to be printed and delivered.

The County may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository) for the Bonds. In that event Bond certificates will be printed and delivered.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources the County believes to be reliable, but the County takes no responsibility for the accuracy or completeness thereof.

THE COUNTY AND THE BOND REGISTRAR AND PAYING AGENT WILL NOT HAVE ANY RESPONSIBILITY OR OBLIGATION TO ANY DIRECT PARTICIPANT, INDIRECT PARTICIPANT OR ANY BENEFICIAL OWNER OF THE BONDS WITH RESPECT TO: (1) THE BONDS; (2) THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC OR ANY DIRECT PARTICIPANT OR INDIRECT PARTICIPANT; (3) THE PAYMENT OF ANY AMOUNT DUE TO ANY DIRECT PARTICIPANT, INDIRECT PARTICIPANT OR BENEFICIAL OWNER IN RESPECT OF THE PRINCIPAL OF OR INTEREST ON THE BONDS; (4) THE DELIVERY BY DTC OR ANY DIRECT PARTICIPANT OR INDIRECT PARTICIPANT OF ANY NOTICE TO ANY BENEFICIAL OWNER WHICH IS REQUIRED OR PERMITTED UNDER THE TERMS OF THE BONDS TO BE GIVEN TO BOND OWNERS; OR (5) ANY CONSENT GIVEN OR OTHER ACTION TAKEN BY DTC AS BONDHOLDER.

#### **LEGAL MATTERS**

#### **Approval of Legal Proceedings**

McKennon Shelton & Henn LLP, Baltimore, Maryland, is acting as Bond Counsel in connection with the issuance of the Bonds. Delivery of the Bonds is conditioned upon delivery by Bond Counsel of the opinions substantially in the forms set forth in Appendix B of this Official Statement.

In rendering its opinions with respect to the Bonds, Bond Counsel will rely, without independent investigation, on certifications provided by the County with respect to certain material facts within its knowledge relevant to, among other things, the tax-exempt status of interest on the Bonds.

## TAX MATTERS

## **Maryland Income Taxation**

In the opinion of Bond Counsel, under existing law, interest on the Bonds is exempt from State and local taxes. No opinion is expressed as to estate or inheritance taxes, or any other taxes not levied or assessed directly on the Bonds, their transfer or the interest thereon. Under existing law, interest on the Bonds may be subject to state or local income taxes in jurisdictions other than the State under applicable state or local tax laws. Purchasers of the Bonds should consult their own tax advisors with respect to the taxable status of the Bonds in jurisdictions other than Maryland.

## **Federal Income Taxation**

General

In the opinion of Bond Counsel, assuming compliance with certain covenants described herein and under existing statutes, regulations and decisions, interest on the Bonds will be excludable from gross income for federal income tax purposes.

Under the provisions of the Internal Revenue Code of 1986, as amended (the "Code"), there are certain restrictions that must be met subsequent to the delivery of the Bonds, including restrictions that must be complied with throughout the term of the Bonds in order for the interest thereon be excludable from gross income. These include the following: (i) a requirement that certain earnings received from the investment of the proceeds of the Bonds be rebated to the United States of America under certain circumstances (or that certain payments in lieu of rebate be made); (ii) other requirements applicable to the investment of the proceeds of the Bonds; and (iii) other

requirements applicable to the use of the proceeds of the Bonds and the facilities financed and refinanced with such proceeds. Failure to comply with one or more of these requirements could result in the inclusion of the interest payable on the Bonds in gross income for federal income tax purposes, effective from the date of their issuance. The County has covenanted to regulate the investment of the proceeds of the Bonds and to take such other actions as may be required to maintain the excludability from gross income for federal income tax purposes of interest on the Bonds.

Further, under existing law, Bond Counsel is of the opinion that interest on the Bonds is not included in the alternative minimum taxable income of individuals as an enumerated item of tax preference or other specific adjustment. Interest on the Bonds will be part of adjusted financial statement income, 15% of which is included in the computation of the corporate alternative minimum tax imposed on applicable corporations. For this purpose, in general, applicable corporations are corporations with more than one billion dollars in average annual adjusted financial statement income determined over a three-year period. In addition, interest income on the Bonds will be subject to the branch profits tax imposed by the Code on certain foreign corporations engaged in trade or business in the United States of America.

In rendering its opinion with respect to the Bonds, Bond Counsel will rely without independent investigation on the certification and representations of certain officials of the County made on behalf of the County in its Tax and Section 148 Certificate with respect to certain material facts within the knowledge of the County relevant to the tax-exempt status of interest on the Bonds.

See Appendix B hereto for the proposed forms of opinions of Bond Counsel for the Bonds.

Certain Other Federal Tax Consequences

There are other federal income tax consequences of ownership of obligations such as the Bonds under certain circumstances, including the following: (i) deductions are disallowed for certain expenses of taxpayers allocable to interest on tax-exempt obligations, as well as interest on indebtedness incurred or continued to purchase or carry tax-exempt obligations and interest expense of financial institutions allocable to tax-exempt interest; (ii) for property and casualty insurance companies, the amount of the deduction for losses incurred must be reduced by 25% of the sum of tax-exempt interest income and the deductible portion of dividends received by such companies; (iii) interest income that is exempt from tax must be taken into account for the purpose of determining whether, and what amount of, Social Security or railroad retirement benefits are includable in gross income for federal income tax purposes; (iv) for S corporations having Subchapter C earnings and profits, the receipt of certain levels of passive investment income, which includes interest on tax-exempt obligations such as the Bonds, can result in the imposition of tax on such passive investment income and, in some cases, loss of S corporation status; (v) net gain realized upon the sale or other disposition of the Bonds must generally be taken into account when computing the 3.8% Medicare tax with respect to investment income or undistributed net income, as applicable, imposed on certain high income individuals and specific trusts or estates; and (vi) receipt of certain investment income, including interest on the Bonds, is considered when determining qualification limits for obtaining the earned income credit provided by Section 32(a) of the Code.

## Tax Accounting Treatment of Discount Bonds

Certain maturities of the Bonds may be issued at an initial public offering price which is less than the amount payable on such Bonds at maturity (the "Discount Bonds"). The difference between the initial offering price (including accrued interest, if any) at which a substantial amount of the Discount Bonds of each maturity was sold and the principal amount of such Discount Bonds payable at maturity constitutes original issue discount. In the case of any holder of Discount Bonds, the amount of such original issue discount which is treated as having accrued with respect to such Discount Bonds is added to the original cost basis of the holder in determining, for federal income tax purposes, gain or loss upon disposition (including sale, early redemption or payment at maturity). For federal income tax purposes (a) any holder of a Discount Bond will recognize gain or loss upon the disposition of such security (including sale, early redemption or payment at maturity) in an amount equal to the difference between (i) the amount received upon such disposition, and (ii) the sum of (1) the holder's original cost basis in such Discount Bond, and (2) the amount of original issue discount attributable to the period during which the holder held such Discount Bond; and (b) the amount of the basis adjustment described in clause (a)(ii)(2) will not be included in the gross income of the holder.

Original issue discount on Discount Bonds will be attributed to permissible compounding periods during the life of any Discount Bonds in accordance with a constant rate of interest accrual method. The yield to maturity of the Discount Bonds of each maturity is determined using permissible compounding periods. In general, the length of a permissible compounding period cannot exceed the length of the interval between debt service payments on the

Discount Bonds and must begin or end on the date of such payments. Such yield then is used to determine an amount of accrued interest for each permissible compounding period. For this purpose, interest is treated as compounding periodically at the end of each applicable compounding period. The amount of original issue discount which is treated as having accrued in respect of a Discount Bond for any particular compounding period is equal to the excess of (a) the product of (i) the yield for the Discount Bond (adjusted as necessary for an initial short period) divided by the number of compounding periods in a year, multiplied by (ii) the amount that would be the tax basis of such Discount Bond at the beginning of such period if held by an original purchaser who purchased at the initial public offering price, over (b) the amount actually payable as interest on such Discount Bond during such period. For purposes of the preceding sentence the tax basis of a Discount Bond, if held by an original purchaser, can be determined by adding to the initial public offering price of such Discount Bond the original issue discount that is treated as having accrued during all prior compounding periods. If a Discount Bond is sold or otherwise disposed of between compounding dates, then interest which would have accrued for that compounding period for federal income tax purposes is to be apportioned in equal amounts among the days in such compounding period.

Holders of Discount Bonds should note that, under the tax regulations, the yield and maturity of a Discount Bond is determined without regard to commercially reasonable sinking fund payments; and, any original issue discount remaining unaccrued at the time that a Discount Bond is redeemed in advance of stated maturity will be treated as taxable gain. Moreover, tax regulations prescribe special conventions for determining the yield and maturity of certain debt instruments that provide for alternative payment schedules applicable upon the occurrence of certain contingencies.

The yields (or related prices) furnished by the successful bidder for the Bonds as shown on the cover of this Official Statement may not reflect the initial issue prices for the purposes of determining the original issue discount for federal income tax purposes.

The foregoing summarizes certain federal income tax consequences of original issue discount with respect to the Discount Bonds but does not purport to deal with all aspects of federal income taxation that may be relevant to particular investors or circumstances, including those set out above. Prospective purchasers of Discount Bonds should consider possible state and local income, excise or franchise tax consequences arising from original issue discount on Discount Bonds. In addition, prospective corporate purchasers should consider possible federal tax consequences arising from original issue discount on such Discount Bonds under the branch profits tax. The amount of original issue discount considered to have accrued may be reportable in the year of accrual for state and local tax purposes or for purposes of the branch profits tax without a corresponding receipt of cash with which to pay any tax liability attributable to such discount. Purchasers with questions concerning the detailed tax consequences of transactions in the Discount Bonds should consult their tax advisors.

#### Purchase, Sale and Retirement of Bonds

Except as noted below in the case of market discount, the sale or other disposition of a Bond will normally result in capital gain or loss to its holder. A holder's initial tax basis in a Bond will be its cost.

Upon the disposition of a Bond (including sale, early redemption, purchase or payment at maturity), for federal income tax purposes, a holder will recognize capital gain or loss upon the disposition of such security in an amount equal to the difference between (a) the amount received upon such disposition and (b) the tax basis in such Bond, determined by adding to the original cost basis in such Bond the amount of original issue discount that is treated as having accrued as described above under "TAX MATTERS – Federal Income Taxation – *Tax Accounting Treatment of Discount Bonds.*" Such gain or loss will be a long-term capital gain or loss if at the time of the sale or retirement the Bond has been held for more than one year. Present law taxes both long and short-term capital gains of corporations at the rates applicable to ordinary income. For noncorporate taxpayers, however, short-term capital gains are taxed at the rates applicable to ordinary income, while net capital gains are taxed at lower rates. Net capital gains are the excess of net long-term capital gains (gains on capital assets held for more than one year) over net short-term capital losses.

#### Market Discount

If a holder acquires a Bond (other than a Bond with a maturity of one-year or less from its date of issuance) after its original issuance at a discount below its principal amount (or in the case of a Discount Bond, at a price that produces a yield to maturity higher than the yield to maturity at which such Bond was first issued), the holder will be deemed to have acquired the Bond at "market discount," unless the amount of market discount is *de minimis*, as described in the following paragraph. If a holder that acquires a Bond with market discount subsequently realizes a

gain upon the disposition of the Bond, such gain shall be treated as taxable interest income to the extent such gain does not exceed the accrued market discount attributable to the period during which the holder held such Bond, and any gain realized in excess of such market discount will be treated as capital gain. Potential purchasers should consult their tax advisors as to the proper method of accruing market discount.

In the case of a Bond not issued at an original issue discount, market discount will be *de minimis* if the excess of the Bond's stated redemption price at maturity over the holder's cost of acquiring the Bond is less than 0.25% of the stated redemption price at maturity multiplied by the number of complete years between the date the holder acquires the Bond and its maturity date. In the case of a Bond issued with original issue discount, market discount will be *de minimis* if the excess of the Bond's revised issue price over the holder's cost of acquiring the Bond is less than 0.25% of the revised issue price multiplied by the number of complete years between the date the holder acquires the Bond and its stated maturity date. For this purpose, a Bond's "revised issue price" is the sum of (i) its original issue price; and (ii) the aggregate amount of original issue discount that is treated as having accrued with respect to the Bond during the period between its original issue date and the date of acquisition by the holder.

## Amortizable Bond Premium

A Bond will be considered to have been acquired at a premium if, and to the extent that, immediately after the acquisition of such Bond, the holder's tax basis in the Bond exceeds the amount payable at maturity (or, in the case of a Bond callable prior to maturity, the amount payable on the earlier call date). Under tax regulations applicable to the Bonds, the amount of the premium would be determined with reference to the amount payable on that call date (including for this purpose the maturity date) which produces the lowest yield to maturity on the Bond. The holder will be required to reduce his tax basis in the Bond for purposes of determining gain or loss upon disposition of the Bond by the amount of amortizable bond premium that accrues, determined in the manner prescribed in the regulations. Generally, no deduction (or other tax benefit) is allocable in respect of any amount of amortizable bond premium on the Bonds.

The foregoing is only a general summary of certain provisions of the Code as enacted and in effect on the date hereof and does not discuss all aspects of federal income taxation that may be relevant to a particular holder of Bonds in light of such holder's particular circumstances and income tax situation. Each holder of a Bond should consult such holder's tax advisor as to the specific tax consequences to such holder of the ownership and disposition of Bonds, including the application of state, local, foreign and other tax laws.

#### **Legislative Developments**

Legislative proposals, either on the State or federal level, currently under consideration or proposed after issuance and delivery of the Bonds could adversely affect the market value of the Bonds. Further, if enacted into law, any such legislation could cause the interest on the Bonds to be subject, directly or indirectly, to federal or State income taxation and could otherwise alter or amend one or more of the provisions of federal or State tax law described above or their consequences, as applicable. Prospective purchasers of the Bonds should consult with their tax advisors as to the status and potential effect of any legislative proposals, as to which Bond Counsel expresses no opinion.

#### COUNTY GOVERNMENT AND ADMINISTRATION

Both the executive and legislative functions of the County are vested in the elected five-member Board of County Commissioners. County Commissioners are elected on a county-wide basis and serve four-year terms. The Board meets twice per month.

In 1990, the County adopted the Code Home Rule form of government provided in Article XI-F of the Maryland Constitution and Sections 19-501 *et seq.* of the Local Government Article of the Annotated Code of Maryland. Under this form of government, the Board has the authority to enact, amend and repeal local laws relating to the incorporation, organization and government of the County, including laws authorizing the issuance and sale of bonds to finance and refinance capital projects for the County. Each member of the Board has one vote and, except for emergency bills, a simple majority of the Board is sufficient to enact any bill into law. The formulation of the County's budget is the responsibility of the Board.

County financial matters are administered through the County Finance Office. This office is responsible for the administration of the financial affairs of the County, which generally include: the collection of the County taxes, fees and other revenues and funds of every kind due to the County; the enforcement and collection of taxes in a manner

provided by law; the custody and safekeeping of all funds or securities belonging to or by law deposited with, distributed to or handled by the County; the disbursement of the County funds; the keeping and supervision of all accounts; and such other functions as may be prescribed by the Board.

The County Administrator is responsible for the study of the organization, methods and procedures of each office, department, board, commission, institution and agency of the County government; the submission to the Board of periodic reports on their efficiency and economy; and such other duties and functions as may be assigned to the County Administrator by the Board.

#### CERTAIN COUNTY ELECTED AND APPOINTED OFFICIALS

#### Elected Officials - the Board

CHRISTOPHER M. CORCHIARINO, President, was re-elected in November 2022 and is serving his second term as a County Commissioner representing District 4. Mr. Corchiarino is a 1992 graduate of Queen Anne's County High School, where his reverence for Queen Anne's County was born. He now lives in Stevensville with his wife, Kelly (a small business owner in the County), and their three daughters. After graduating from high school, Mr. Corchiarino lived in Belgium for a year, before returning to the United States to attend the University of Maryland at College Park, where he earned a Bachelor of Arts degree in 1997. While in college and afterwards, Mr. Corchiarino was a partner in the family food service business. There he learned the challenges that face small business owners. Later, Mr. Corchiarino attended law school, earning a Juris Doctorate from the University of Baltimore School of Law. Mr. Corchiarino is licensed to practice law in Maryland, DC, Virginia, and Pennsylvania.

PHILIP L. DUMENIL, Vice President, was re-elected in November 2022 and is serving his third, non-consecutive, term as a Commissioner representing District 3. Mr. Dumenil was born on September 2, 1961, husband to Tammy Dumenil and father to Logan, Reagan, and Harrison. He was born and raised in California, and lived there until he graduated high school, at which time he moved to Annapolis, Maryland, and attended Anne Arundel Community College working towards an Associates Arts degree in Physical Education & Recreation. He then joined the IBEW Local 26 and became an electrician working for Heller Electric. After spending five years in the electrical trade, he discovered his fondness for the restaurant and hotel hospitality business. Mr. Dumenil worked as a restaurant manager for Double Tree, Marriott, Ruby Tuesdays, and Pusser's restaurant, where he had the opportunity to manage one of the British Virgin Island locations for a year. After 20 years in the hospitality industry, Mr. Dumenil got licensed as a property and casualty as well as life insurance agent. Mr. Dumenil moved to the Eastern Shore in 2001 to raise his children and make a life on the shore. Mr. Dumenil was elected his first term as County Commissioner in 2011. Mr. Dumenil has been very active in his Eastern Shore community, coaching youth baseball, and umpiring at the youth as well as high school levels for the last eight years. He spent three years as the Kent Island High School Athletic Boosters President.

JAMES J. MORAN, was elected November 2014 after being appointed by Governor Martin O'Malley on December 17, 2013, to serve the remainder of the four-year term for General Election November 2010 and was reelected in November 2022 as the At-Large County Commissioner. Mr. Moran was born on a Marine Corps Base in Albany, Georgia and spent four years at Camp Lejeune, North Carolina before his family moved to Bowie, Maryland. Mr. Moran spent four years in the Marine Corps and later attended Anne Arundel Community College and worked in the concrete construction industry. After a few years in the concrete business, he started his own construction business in 1987. In 1991, his company entered the decorative concrete business and changed the name of his company to Increte of Maryland Inc., where he currently serves as President. He started another business in 2007 called Mid-Atlantic Pigments LLC, which supplies color used in concrete construction. Mr. Moran has served on the Queen Anne's County Task Force for Government Sustainability, the Economic Development Committee, and as Vice Chairman of the Planning Commission before being appointed County Commissioner.

JACK N. WILSON, JR., was re-elected in November 2022 and is serving his third term as County Commissioner representing District 1. Mr. Wilson was born March 17, 1966 in Baltimore, Maryland. Shortly after, his family moved to Arnold, Maryland, where he lived until he was 19. Mr. Wilson moved to Annapolis, Maryland until 1992, when he bought a house right outside of Price, where he has lived ever since. Mr. Wilson graduated from Severna Park High School in 1984 and after high school he attended Community College. He applied and was accepted to the Steamfitters Local 438 Apprenticeship Program and began school in the fall of 1985 and graduated in the summer of 1990. After graduating, he worked in the H.V.A.C. trade for 2 years for another company before starting a small union mechanical contracting business which lasted for about 1-1/2 years, as the economy was very poor at this point. Mr. Wilson then started a family-owned Building Automation Installation Business with his father

that just celebrated their 20<sup>th</sup> year of service. The family business is owned by his wife and Mr. Wilson currently works in the business in sales and in the field. Mr. Wilson and his family have lived in the County for over 22 years and his family business is located in the County.

J. PATRICK MCLAUGHLIN, was elected November 8, 2022 and is serving his first term as a Queen Anne's County Commissioner representing District 2. He was duly sworn and qualified as a Queen Anne's County Commissioner on Tuesday, December 6, 2022. Mr. McLaughlin was born in Westfield, New York, and graduated from Schoharie High School, After high school, he attended Hudson Valley Community College in Troy, New York, where he majored in Business Administration and served as Vice President of the Student Government. Later he transferred to Drexel University in Philadelphia, Pennsylvania, and graduated with his Bachelor's degree in Business Administration. After graduating college, Mr. McLaughlin began working for a local operating room medical distribution company as a sales representative where he covered hospitals in South Jersey, Delaware, and Eastern Pennsylvania. In early 1990, Mr. McLaughlin founded and started his own Specialty Medical Distribution company located in Montgomery County, Maryland, serving as the President and CEO. In mid-1997 he relocated to the Eastern Shore, purchased a home in Stevensville, and married Kary, his wife of over twenty-three years, where they have raised their two sons and daughter over the past two decades. In 2001, Mr. McLaughlin sold his medical distributorship company and continued to work in the medical field as an Advanced Wound Care as a Clinical Sales Specialist. In 2021, Mr. McLaughlin retired from his career in the medical field and changed career paths by becoming the Owner/Operator of a local Allstate Insurance Agency. Mr. McLaughlin serves on several County boards and commissions, including the Board of Health, the Broadband Advisory Board, the Fire and EMS Commission, the Housing Authority, the Kent Narrows Development Foundation, the Liquor Board, the Social Services Board, and the Upper Shore Regional Council.

#### Administration

TODD R. MOHN was appointed as County Administrator in 2019. He was appointed Director of the County's Department of Public Works in 2008 and continued to serve in that capacity until his successor was appointed in 2019. He is a registered professional engineer in the State of Maryland. Before assuming the position as Director, he served as Deputy Director for nine years, Chief Roads Engineer for six years and as Civil Project Engineer for two years. As Director, Mr. Mohn managed the departmental administrative support functions, the Engineering & General Services Division, the Roads & Solid Waste Division, and the Parks Division. Mr. Mohn also serves as the Chief Administrative Officer for the County's Sanitary District and their respective Water & Sewer Division. Mr. Mohn holds a Bachelor of Science degree in Civil Engineering and a Bachelor of Science degree in Land Surveying from Purdue University and an Associate's degree in Engineering from Penn State. Mr. Mohn is a past President and current member of the Board of Directors for the County Engineers Association of Maryland.

JEFFREY A. RANK is the County's Director of Budget and Finance. Mr. Rank is a seasoned public finance officer with over 15 years of experience in local government budgeting and finance. He has been with Queen Anne's County Government for over 24 years and has held key positions such as Chief Budget Officer from 2010 to 2014 and Chief Treasury Officer from 2016 to 2023. Between 2014 and 2016, Mr. Rank served as the Budget & Human Resources Manager for the Boulder County Public Health Department in Colorado. Mr. Rank holds a Bachelor of Science degree in Economics from Towson University and a Master of Public Administration in Public Finance degree from the University of Nebraska at Omaha.

#### **Retirement and Pension Programs**

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

The County participates in the following cost-sharing multiple-employer pension plans that are administered by the State.

The Employees' Pension System of the State of Maryland (the "Pension System") was established January 1, 1980. The Pension System covers employees hired after December 31, 1979, as well as retirement system participants who have voluntarily joined the Pension System.

The Employees Contributory Pension System of the State of Maryland (the "Contributory Pension System") was established July 1, 1998. As of July 1, 1999, and retroactively to July 1, 1998, the County elected to participate in the Contributory Pension System for all service earned on or after July 1, 1998.

Effective the first payroll in fiscal year 2007, the County elected to provide its employees with the Alternate Contributory Pension Selection Plan of the State of Maryland (the "Alternate Contributory Pension System"), under Title 23 of the State Personnel and Pensions Article. This plan is an enhanced version of the two pension systems described above, and, as such, includes provisions that originate in those plans. Eligible employees not covered by LEOPS (defined hereafter) are required to participate in this alternate plan in lieu of other plans previously offered. At this time, all current employees not covered by the Law Enforcement Officers Pension System ("LEOPS") participate in the Alternate Contributory Pension System.

LEOPS was established July 2, 1990 and adopted by the County on July 1, 2004. LEOPS currently covers uniformed law enforcement officers of the Sheriff's Department.

Under the terms of the Alternate Contributory Pension System, a member may retire (i) after 30 years of service regardless of age; (ii) at age 65 with two years of service; (iii) at age 64 with three years of service; (iv) at age 63 with four years of service; or (v) at age 62 with at least five years of service. An employee may also take early retirement with reduced benefits at age 55 with 15 years of service. A member terminating employment before attaining retirement age, but after completing five years of eligible service, becomes eligible for a vested pension allowance upon reaching age 62.

Under the terms of LEOPS, a member may retire with full benefits upon (i) attaining age 50; or (ii) after completing 25 years of eligible service regardless of age. LEOPS members are not eligible for early service retirement allowances. A member terminating employment before attaining retirement age, but after completing five years of eligible service, becomes eligible for a vested pension allowance upon reaching age 50.

On retirement from service, a member of any of these plans shall receive an annual service retirement allowance based on the member's average final compensation (based on the highest three years' wages) and years of creditable service multiplied by a factor. This factor varies from 1.2% to 1.8% for the Alternate Plan, or 2.0% for LEOPS. The factor is applied per eligible service year, depending on employee/employer contributions and other planspecific provisions. Early retirement, where available, is subject to provisions that reduce the benefit received.

Benefits under these plans are established under the State Personnel and Pensions Article of the Annotated Code of Maryland.

The State Retirement and Pension System of Maryland issues an annual comprehensive financial report that includes disclosures regarding actuarial value of assets; total actuarial accrued liability; unfunded actuarial accrued liability, if any, and funded liability ratio. This report can be obtained from the agency's office as follows:

State Retirement and Pension System of Maryland 120 E. Baltimore St., Suite 1601 Baltimore, Maryland 21202-1600

Obligations to contribute to the plans are established under the Annotated Code of Maryland. Employees who are members of these two plans contribute 7.0% of their gross employee compensation.

Required contributions under the plans, which are not funded by employee contributions, are funded entirely by the County. Contributions by the County to both State plans take place during the fiscal year and are based upon salaries for the preceding fiscal year. The County contribution for fiscal year 2024 was based upon salaries for fiscal year 2023. The contribution requirements of plan members of the reporting entity are established and may be amended by the Maryland State Pension System Board of Trustees. The County's contributions for the past five fiscal years were equal to the actuarially determined amounts as follows:

## COUNTY PENSION SYSTEM CONTRIBUTIONS FOR FISCAL YEARS 2020-2024

**Retirement Plan Contributions** 2024 2023 2021 2022 2020 Total Payroll \$48,057,224 \$41,633,839 \$38,023,375 \$35,115,123 \$33,340,106 Covered Payroll 36,434,467 33,312,053 27,222,595 26,110,792 27,669,757

Source: Queen Anne's County Department of Finance.

Expenditure/Expense

The net pension liability for the Pension System was measured as of June 30, 2023, 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 by the Pension System.

3,678,761

2,602,900

6,559,424

4,537,722

As of June 30, 2024, the County reported the following related to pensions:

10,722,347

	Board of Education	County
Employer's proportion (percentage) of the collective net pension		
liability of the System	0.029%	0.196%
Employer's proportionate share of the collective net pension liability	\$6,898,132	\$45,159,037
Pension expense recognized by the employer for the year ended	\$3,930,061	\$6,643,235
	Deferred	Deferred
	Outflows of	Inflows of
	Resources	Resources
County		
Changes in assumptions	\$3,103,634	\$(160,331)
Net difference between projected and actual investment earnings		
On pension plan investments	4,039,436	=
Difference between expected and actual experience	1,587,206	(1,927,811)
Change in proportion	7,553,446	(1,581,337)
Contributions subsequent to measurement date	5,911,428	
Total	\$22,195,150	\$(3,669,479)
	Deferred	Deferred
	<b>Outflows of</b>	Inflows of
	Resources	Resources
Board		
Changes in assumptions	\$474,086	\$(24,490)
Net difference between projected and actual investment earnings		
On pension plan investments	617,032	-
Difference between expected and actual experience	242,448	(294,477)
Change in proportion	492,437	-
Contributions subsequent to measurement date	743,975	=
Total	\$2,569,978	\$(318,967)

Source: Queen Anne's County Annual Comprehensive Financial Report for fiscal year 2024.

#### **Other Post-Employment Benefits (OPEB)**

The County joined with the County's Board of Education, the County's Free Library and Kent County to create an OPEB Trust in fiscal year 2009. The OPEB Trust holds and invests funds for the future; all current costs allocable to the County are paid from the County's various operating accounts. In fiscal year 2015, the County Commissioners approved the County joining the Maryland Association of Counties ("MACo") OPEB Trust Fund. In fiscal year 2020, the OPEB Trust created between Queen Anne's County, the County's Board of Education, the County's Free Library, and Kent County was closed and each entity transferred their funds to the MACo OPEB Trust

Fund. In fiscal year 2024, the County contributed \$2,606,789 to the MACo OPEB Trust Fund. All information presented in this section on other post-employment benefits refer to the MACo OPEB Trust Fund. A separate Trust document for the MACo OPEB Trust Fund can be found on the MACo website at www.mdcounties.org.

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.

#### Total County OPEB Liability For Fiscal Years 2021-2024

	2021	2022	2023	2024
Total OPEB Liability ("TOL")				
Service cost	\$1,371,367	\$1,226,384	\$1,263,176	\$983,763
Interest	3,519,372	3,220,060	3,386,945	2,962,304
Changes in benefit terms	-	=	394,544	-
Experience losses	(8,720,849)	-	(8,541,920)	-
Changes in assumptions	(1,619,833)	(686,055)	(1,645,226)	-
Benefits payments	(1,670,095)	(1,731,265)	(1,706,367)	(1,846,441)
Net Change in total OPEB liability	\$(7,120,038)	\$2,029,124	\$(6,848,848)	\$2,099,626
Total OPEB liability – beginning of year	62,074,538	54,954,500	56,983,624	50,134,776
Total OPEB liability – end of year	\$54,954,500	\$56,983,624	\$50,134,776	\$52,234,402
Plan Fiduciary Net Position ("PFNP")				
Contributions – employer	\$3,612,555	\$4,195,201	\$4,098,432	\$4,453,230
Contributions – member	-	-	-	-
Net investment income	2,261,978	(1,964,463)	1,430,230	1,923,140
Benefit payments	(1,670,095)	(1,731,265)	(1,706,367)	(1,846,441)
Admin expenses	(2,236)	(5,253)	(7,722)	(8,025)
Other		-	(7,935)	
Net change in plan fiduciary net position	\$4,202,202	\$494,220	\$3,806,638	\$4,521,904
Plan fiduciary net position – beginning of year	8,966,493	13,168,695	13,662,915	17,469,553
Plan fiduciary net position – end of year	\$13,168,695	\$13,662,915	\$17,469,553	\$21,991,457
Than fluctuary het position – end of year	\$15,100,075	\$15,002,715	\$17,407,555	Ψ21,771,737
Net OPEB liability ("NOL") – beginning of year	53,108,045	41,785,805	43,320,709	32,665,223
Net OPEB liability – end of year	\$41,785,805	\$43,320,709	\$32,665,223	\$30,242,945
PFNP as a % of TOL	24.0%	24.0%	34.8%	42.1%
Covered employee payroll	\$26,326,472	\$29,071,019	\$32,307,222	\$36,215,104
NOL as a % of covered payroll	158.7%	149.0%	101.1%	83.5%

Source: Queen Anne's County Annual Comprehensive Financial Reports for fiscal years 2021-2024.

#### **Labor Relations**

As of June 30, 2024, the County employed approximately 675 employees, including 627 full-time employees, including exempt employees. The County has not experienced a work stoppage due to labor relation disputes and considers its relationship with employees to be satisfactory.

#### Insurance

The County maintains primary liability, automobile, property, heavy equipment floater, equipment floater, comprehensive boiler and machinery, law enforcement and 911 dispatcher professional liability, excess liability, environmental impairment liability, workers' compensation, public officials and nurse's professional liability insurance with private carriers and the Maryland Local Government Insurance Trust. The County also provides unemployment insurance coverage for County employees.

#### BUDGET AND ACCOUNTING

The formulation of the County's budget is the responsibility of the County Commissioners.

The County budget consists of a General Fund Budget, several Special Revenue and Enterprise Fund Budgets, and a Capital Projects Budget. It represents a complete financial plan for the County reflecting receipts and disbursements from all sources, including all revenue, all expenditures and the surplus or deficit in the general fund and all special funds of the County government. The budget is presented on a generally accepted accounting principles ("GAAP") basis, as applicable to governments. The County also prepares a Capital Improvements Plan for the five years following the budget year.

When directed by the County Commissioners, the head of each agency which receives or disburses County funds furnishes an annual budget request for the next fiscal year which includes estimates of the revenues and expenditures for the work programs anticipated for that period. Estimates of revenues are detailed as to source and the estimated expenditures as to project. All requests are submitted on a standardized form, with supporting data as necessary.

Budget deliberations are held by the County Commissioners and staff in order to formulate a proposed County budget which is then presented to the public by means of a public hearing which has been duly advertised. Copies of the proposed budget are also mailed to each registered voter in the County prior to the hearing. Adoption of the General Fund Budget and Special Revenue Fund Budgets and establishment of the local income tax rate and real property tax rate are scheduled and completed before July 1st of each fiscal year.

#### **Basis of Accounting**

Governmental and agency funds are accounted for on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are accrued when measurable and available and expenditures are recorded when the liability is incurred.

Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of funds are recorded in order to reserve that portion of the appropriation, is employed in the governmental funds. The encumbrances are reported as a reservation of fund balance because they do not constitute expenditures or liabilities.

## **Accounting Policies**

The accounting policies of the County conform to GAAP as applicable to governments.

#### **COUNTY SERVICES**

#### Education

The County Board of Education consists of five elected members. The Board of Education is responsible for the overall operation and policy decisions of the County's public school system.

During the 2023-24 school year, the Board of Education was responsible for eight elementary schools, four middle schools and two high schools with a total enrollment of 7,492 students. The 2023-24 ratio of certified teachers was one per 12.18 students. The County's appropriations for schools for fiscal years 2025 and 2026 were budgeted at \$75,085,219 and \$83,373,301, respectively.

## **Higher Education**

Located in the County, Chesapeake College (the "College") provides post-secondary educational opportunities to residents of the Eastern Shore's five counties, depending upon the number of students from each of the support counties. The operating budget of the College is funded in part by the County along with Caroline, Dorchester, Kent and Talbot Counties. The College offers 29 Associate degrees, 18 Certificates and 12 Letters of Recognition, as well as a wide range of continuing education courses to meet diverse community and business needs. The County's budgeted fiscal year 2025 contribution to the College was \$2,196,654 and the budgeted fiscal year 2026 contribution to the College is \$2,373,840.

## Department of Planning & Zoning

The Planning and Zoning Department focuses on two main areas of planning: development review and comprehensive planning. This focus entails the close coordination of the Planning and Zoning Divisions who are jointly responsible for processing all development applications using implementation tools for review and approval of the applications by a variety of boards and commissions. These tools include seeing a project through from consultation to application to review to approval to the ultimate issuance of building permits. Comprehensive planning occurs through the careful coordination and consideration of existing regulations, policies, and mandates that prompt plan development and updates. Both Divisions serve as staff to the County Commissioners, the Sanitary Commission, the Planning Commission, the Board of Appeals, the Board of Building Appeals, and the Electrical and Liquor Board.

The County's 58-year history of long-range comprehensive planning began in 1964 with the adoption of its first Comprehensive Land Use Plan and Zoning and Subdivision Ordinance. In 1987, the County revised its Comprehensive Plan and established performance zoning standards. Queen Anne's County became the first county in the State in 1993 to adopt an updated comprehensive plan consistent with the seven visions outlined in the Economic Growth, Resource Protection and Planning Act of 1992. An eighth vision was added by the State in 1997. The County subsequently updated the Comprehensive Plan in 2002 and again in 2010. The 2010 Plan update included the Priority Preservation Areas, as well as the Workforce Housing and Water Resources Elements which were also required by the state.

The County most recently updated its Comprehensive Plan in 2022, building upon the strength of previous Plans and ensuring an emphasis on hazard and resiliency planning strategies, as well as addressing the sewerage capacity challenge in its unincorporated growth area.

Between 1992 and 1999, the County adopted Community Plans for the unincorporated areas of Stevensville, Chester, Kent Narrows, and Grasonville. In 1997, in accordance with state legislation, the County identified six growth areas: Chester, Stevensville, Kent Narrows, and Grasonville in the unincorporated areas and two incorporated municipalities of Centreville and Queenstown. Also in 1997, the State required an additional designation that created Priority Funding Areas ("PFA"); this designation requires that an area satisfy certain criteria to qualify for State monetary investment. The PFAs in the county are its six designated growth areas, eight incorporated municipalities (two of which are also Growth Areas) and other properties zoned industrial and included in the County's Comprehensive Water and Sewerage Plan for sewer service. The Kent Narrows Plan was updated in 2022, and the Community Plans were absorbed into the 2022 QAC Comprehensive Plan.

As part of a State mandate, the County adopted in 1989 its first Chesapeake Bay Critical Area Program and Ordinance which regulates all land within 1,000 feet of tidal waters. The Critical Area Program and Ordinance were updated in 1996. In 2008, the State added new statutory requirements to the Critical Area law. The County is in the process of incorporating regulatory updates, as well as Comprehensive Plan recommendations into its Critical Area Ordinance.

#### **Public Safety**

The County's Sheriff's Department is the chief law enforcement office of the County. The Sheriff's Department is responsible for the service of civil process, warrants and court room security, and also provides traffic enforcement, accident investigations, criminal investigations and crime prevention activities. The Sheriff's Department consists of an elected sheriff and 89 sworn personnel. The department operates a fleet of 82 law enforcement vehicles.

The municipality of Centreville has its own police department which consists of a chief of police and approximately 10 police officers. In addition, the Maryland State Police maintains a barracks in the County and a staff of approximately 40 troopers assigned to Kent and Queen Anne's Counties.

The Queen Anne's County Detention Center became a separate entity from the Sheriff's Department in January 1988. The staffing consists of a Warden (Administrator), Office Coordinator, Major, Chief of Security (Captain), Chief of Operations (Captain), Supervisor of Inmate Services (Lieutenant), three shift supervisors (Sergeants), and 42 correctional officers. An expansion was dedicated in 2009 and the resulting housing capacity is 128 males and 20 females, plus an isolation cell and a detoxification cell.

The Department of Emergency Services ("DES") is responsible for the administration, coordination and functioning of critical emergency related services, including emergency medical services, emergency management, communication, the Office of the Fire Marshall and other emergency services that may be assigned or be required by law, and the coordination of fire prevention and suppression and rescue services. To accomplish this mission, DES is organized into four separate yet interdependent divisions: Emergency Medical Services ("EMS"), Communications, Emergency Management, and the Office of the Fire Marshall. EMS Division is responsible for the provision of advanced level emergency medical transport assigned to four substations throughout the County. The Communication Division is responsible for an 800MHz radio system, 9-1-1 public safety answering point and dispatch services for police, fire and EMS. The Emergency Management Division is responsible for homeland security, disaster planning and special operations. The Office of the Fire Marshall is responsible for building inspections, site and plans review, fire permits and fire investigations, as well as support and coordination to the nine volunteer fire companies. The Department of Emergency Services operates a fleet of 31 emergency vehicles and has a staff of approximately 123 permanent and part-time employees.

Nine volunteer fire/ambulance companies are located geographically throughout the County and operate approximately 93 pieces of emergency equipment. These nine companies are supported by approximately 750 members who volunteer their time in providing fire, rescue and emergency medical services.

#### Health

The County's Health Department is part of the State Department of Health and Mental Hygiene and is funded with state and local funds as well as grants. There are over 80 full and part-time employees providing the following services to the citizens of the County: wellness programs, immunizations, emergency preparedness, WIC (a nutritional program for women, infants and children), healthy families program, Maryland State Health Insurance, family planning, communicable disease, cancer screening, geriatric services, addictions and prevention, vital statistics and developmental disabilities. The Environmental Health section includes enforcement of the state and local regulations, shore-line evaluations, rabies control, food services inspection, subdivision reviews and soil testing, and community water supply surveillance.

## **Department of Community Services**

The County's Department of Community Services focuses on providing services for people of all ages within the County. Agencies under this department include the Area Agency on Aging, Housing and Community Services, Recreation and the Local Management Board. The Area Agency on Aging provides services for residents age 60 and older within the County through senior centers, in-home services and transportation and is described in more detail under "Area Agency on Aging" below. Housing and Community Services provides a broad range of housing-related

services to assist residents to acquire and maintain decent, safe and affordable housing. Recreation provides quality programs and services for all residents to promote a sense of community and healthier living. The Local Management Board is the main entity within the County to stimulate joint action by state and local governments, public and private providers, business and industry and community residents in building an effective system of services, supports and opportunities that improve outcomes for children, youth and families.

The County's Area Agency on Aging is authorized by the Older Americans Act of 1965. It is responsible for planning, evaluating and coordinating a broad range of services to the approximately 10,000 County residents over the age of 60. Four multi-purpose senior centers located in Sudlersville, Centreville, Grasonville and Stevensville serve as community focal points for the elderly and provide both congregate and home delivered meals, access to information and assistance, transportation and supportive in-home services.

Funding for these programs is provided by federal funds passed through the Maryland Department of Aging ("MDOA"), State funds appropriated through MDOA, and the County. All funding is contingent upon submission of the Annual Area Plan, which details services and methods of delivery.

The Maryland Transit Authority also provides funding for the County's Rural Transit Program, County Ride, and for special transit services to the elderly and disabled population; Access to Jobs funding is also channeled through the agency. A fleet of 22 vehicles serves the County.

The Area Agency on Aging is structured around three areas of responsibility – Community Care, Transportation, and Nutrition/Senior Centers. The Director supervises a staff of 47 employees, some of whom are part-time. Heavy emphasis is placed on community volunteer involvement with over 100 persons serving in various programs. The Inter Agency Committee on Aging guides close coordination among human service agencies. Input is also received from the County Commission on Aging consisting of residents involved in services to the elderly whose mission is to promote the welfare and betterment of the senior citizens of the County.

#### **Department of Economic & Tourism Development**

The primary focus of the County's Department of Economic &Tourism Development is to (1) continue to support and enhance the County's traditional economic development industries; (2) define and attract new business that will grow and thrive and complement our existing businesses; (3) acknowledge and celebrate agriculture as an economically viable industry; and (4) recognize the importance of agricultural preservation.

Efforts within the department are focused on providing the necessary support and resources to attract and develop businesses in the County. Assistance and guidance through the development review and permitting processes, educational support and training and the identification of potential funding sources including the County revolving loan fund, are a primary emphasis.

The administration of existing agricultural preservation programs, the development and implementation of new preservation programs and the identification of dedicated funding sources is a continuous process, as is the acknowledgement and support of agricultural diversification.

The development and branding of the County as a wedding destination highlighting the County's many scenic and waterfront views, easy access and existing hospitality infrastructure is also a priority. Further objectives include hosting major events that promote the County as a tourism destination,

## **Department of Community Affairs & Public Information**

The County's Department of Community Affairs & Public Information was formed in 2015 and is the umbrella organization for QAC TV and Public Information. Its overall mission is to make available to all County residents, regardless of how they receive material, information about the County, actions and decisions of the County Commissioners, boards and commissions and opportunities to "think local." The objective of the department are to ensure the County's citizens are aware of issues, actions and opportunities occurring throughout the County.to promote the County to its citizens and visitors through QAC TV, qac.org, social media and via a public presence, and to recognize County citizens and staff for making the County a better place to live, work and play.

#### **Department of Public Works**

The County's Department of Public Works is responsible for the planning, design, construction and maintenance of buildings, roads, bridges, water and sewerage systems, solid waste management and stormwater management. The Engineering and General Services Division, Roads Division, Solid Waste Division, Parks Division, Public Landings Division, and Water and Sewerage Division are each responsible to the Director of the Department.

The Public Works Engineering Division administers the County's Floodplain and Stormwater Management Ordinances, manages public works review of development proposals, provides complete oversight of the capital improvement program, and delivers associated engineering & contract management services in support of County needs. Through its management of the capital improvement program, the Engineering Division manages, from inception to completion, the design, construction, and commissioning of all capital county facility projects. These projects include new construction and major capital repair and/or routine replacement of building mechanical, electrical, lighting, HVAC, envelope, and interior finishes.

The General Services Division provides routine, preventative and non-capital maintenance, upgrades, and repair to all county facilities, except the Board of Education and the Sanitary District. The General Services budget also provides for the delivery of public utilities such as electric, gas and water/sewer. There are approximately 50 facilities/structures including departmental buildings, fuel depots, shop/warehouse/garage facilities and radio towers.

The Roads Division is responsible for the maintenance of over 562 miles of County roads and 32 bridges. Normal duties include but are not limited to road building, bridge maintenance, patching of roads, resurfacing of roads, guard rails, mowing right of ways, inspection of new roads and bridges, striping, snow removal, installation and maintenance of drainage pipes and culverts, fabricating, installing and maintaining road signs, maintaining shoulders, remove trash from roadsides, entrance permits, tree trimming, maintenance of gravel roads and acquisition and maintenance of equipment.

The Roads Division oversees maintenance of 16 Other Public ("OP") roads totaling 5.68 miles. OP Roads are minimally maintained by the County Roads Division and the services provided are expensed to a separate General Fund Budget. Such maintenance includes blade scraping with a grader, patching of potholes and minor applications of aggregates in an effort to keep these roads in a passable condition.

By law, the entire County has been declared to be a Sanitary District, but it does not exercise any authority over the operation or construction of the sewerage, water or drainage facilities of any incorporated municipality. The Sanitary District is under the jurisdiction and control of the Board of County Commissioners, sitting as the Sanitary Commission. The Director of Public Works is the Chief Administrative Officer of the Sanitary District. A Comprehensive Water and Sewerage Policy was most recently adopted in May 2011. The Sanitary District currently has 61 full-time employees.

The Sanitary District currently operates and maintains one wastewater treatment plant divided into four wastewater subdistricts. The Kent Narrows/Stevensville/Grasonville ("KN/S/G") treatment plant has a 3.0 MGD capacity and includes the KN/S/G, Cloverfields, and Bay City subdistricts. With the elimination of the Prospect Bay wastewater treatment plant, and the combination of the service area with the KN/S/G, Prospect is the fourth water & sewer subdistrict. The Sanitary District also encompasses a sewer only subdistrict known as Southern Kent Island ("SKI"). The South Kent Island Wastewater Sub-district of the Queen Anne's County Sanitary District provides sanitary service (public sewer) to nine exclusive communities on SKI. The collective SKI communities include 1,518 existing single family residential homes, eight non-residential uses and a maximum of 632 vacant infill lots.

The KN/S/G Wastewater Subdistrict service area is composed of an eight mile long by three- mile wide strip along the Rt. 50/301 corridor from Stevensville through Grasonville. The Cloverfields and Bay City Subdistricts extend north and south of Rt. 50/301 along Rt. 18 and Rt. 8, respectively. The SKI district extends south of Rt. 50/301 along Rt. 8. The KN/S/G treatment plant serves approximately 9,900 sewer accounts which include approximately 6,000 dwellings.

The location of new community water and sewerage systems and the extension of existing systems is done in accordance with the County Comprehensive Water and Sewerage Plan which is consistent with the County Comprehensive Land Use Plan. Those properties that are not served by the Sanitary District water and sewerage systems are served by individual or private systems.

The County, by ordinance or resolution, may establish a fee and make a charge for each water and sewer connection. The funds derived from these charges may be used for payment of principal and interest on bonds, accumulating funds for capital improvements, and for the purchase of equipment and supplies necessary to operate the systems.

For the purpose of providing funds to maintain and operate its water supply and sewerage systems, and for the payment of bonded indebtedness, the County may assess charges which shall consist of a minimum or ready-to-service charge.

For the purpose of providing funds to finance the design, engineering, construction and extension of a water supply or sewerage system, the County is authorized to borrow money through the issuance and sale upon the full faith and credit of the County of its general obligation bonds.

The Solid Waste Division provides services to support five Transfer Station facilities and recycling operations. These duties include trash collection, consolidation and disposal, recycling collection, consolidation, processing and marketing. The Solid Waste Division is responsible for the post-closure monitoring and maintenance of the closed landfills. This Division is also responsible for the ten-year Solid Waste Management Plan including updates and incorporation of all pertinent Maryland state laws regarding solid waste and recyclables.

The County as a region (including residents, commercial entities and government) generates approximately 6,000 tons of refuse, 875 tons of rubble and 1,300 tons of recyclable material per year. Residents, commercial haulers and municipalities handle the remaining solid waste.

The County actively recycles corrugated cardboard; newspaper; white goods; tin and aluminum cans; plastics; green, brown, and clear glass; magazines and white paper. Other items that are being recycled include waste oil, antifreeze, tree trimmings, boat shrink-wrap, electronics equipment (e-cycling) and tires.

All waste goes to a permitted private rubblefill or to the Midshore II Regional Landfill, which is operated by the Maryland Environmental Service. The Midshore II Regional Landfill accepts waste material from four counties; Talbot, Kent, Caroline and Queen Anne's.

#### **Parks Department**

The County's Parks and Recreation Department is responsible for preserving, protecting and enhancing the County's open spaces and natural resources, while providing leisure services and programs designed to enrich the quality of life for present and future generations. The Parks Department consists of 62 full-time staff and approximately 80 part-time recreational leaders and park personnel. The County maintains 23 parks totaling 3,113 acres of parkland and 18 public landings, two fishing piers and three marinas, one airport, one 18-hole golf course and driving range, in addition to overseeing all park acquisitions and dredging projects.

#### REVENUES AND EXPENDITURES

#### General

According to the County's Annual Comprehensive Financial Report for fiscal year 2024, the County's principal source of revenue is local taxes, which constitute 82.9 percent of total General Fund operating revenue for fiscal 2024: 37.3 percent from real property taxes, 39.4 percent from local income taxes, and 6.2 percent from other local taxes. For fiscal year 2026, taxes are budgeted to constitute 93 percent of total General Fund revenue with 43 percent from real property taxes, 43 percent from local income taxes, and 7 percent from other local taxes.

#### **Property Taxes and Assessments**

The assessment of all real and tangible personal property for purposes of property taxation by the County is the sole responsibility of the State Department of Assessments and Taxation, an independent State agency.

For State and County real property tax purposes, real property is valued at market value. Beginning in fiscal year 1992, a Homestead Tax Credit is applied to each owner-occupied residence which limits the amount that assessments may increase. The increase is limited to a range from 0% to 10%, which is set by the County Commissioners. For fiscal years 2005 and 2006, the limit was set at the maximum of 10%. Beginning in fiscal year 2007, the limit was reduced to 5% for county property tax purposes. In adopting the fiscal year 2011 budget, the County Commissioners reduced the Homestead Tax Credit from 105% to 100%, and lowered the property tax rate from 77 cents to 76.1 cents, the Constant Yield Rate. In fiscal year 2012, the County Commissioners raised the property tax rate by 8 cents to 84.7 cents. In fiscal year 2023, the rate was reduced by 1.7 cents to 83.0 cents per \$100, which is where the rate has remained for the last three fiscal years and current year. The Homestead Tax Credit was raised to 105% in fiscal year 2013 and remains at that rate through the current year. All property is physically assessed once every three years and any increase in full cash value arising from such inspection is phased in over the ensuing three taxable years in equal annual installments.

The County does not currently levy any tax on commercial and manufacturing inventory or tangible personal property, other than operating personal property of public utilities and personal property used to generate electricity for sale.

The following table sets forth the assessed value of all taxable property in the County for each of its five most recent fiscal years and the County and State tax rates (per \$100 of assessed valuation) applicable in each of those years. Assessed value of tax-exempt properties owned by federal, state and county governments, churches, schools, fraternal organizations, cemeteries, disabled veterans and the blind, aggregated approximately \$1,076,439,905 in fiscal year 2026. Tax-exempt properties are not included in the following table.

Assessed Value	<u>2026</u>	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>
Real Property	\$11,454,970,643	\$10,493,174,914	\$ 9,681,825,421	\$ 9,204,061,317	\$ 8,799,453,050
Public Utilities	146,676,872	135,560,880	159,917,460	131,489,970	122,167,420
Total Base	<u>\$11,601,647,515</u>	\$10,628,735,794	\$ 9,841,742,881	\$ 9,335,551,287	<u>\$ 8,921,620,470</u>
County Tax Rate (per \$100)	\$ 0.8300	\$ 0.8300	\$ 0.8300	\$ 0.8300	\$ 0.8471
State Tax Rate (per \$100)	\$ 0.1120	\$ 0.1120	\$ 0.1120	\$ 0.1120	\$ 0.1120

Source: State Department of Assessments and Taxation.

Note: The State Department of Assessments and Taxation no longer supplies amounts for Personal Property or Business Corporations for Counties that do not tax those categories.

## **Tax Levies and Collections**

County taxes are due and payable as of July 1 of each fiscal year and the County records property tax revenues as the taxes are billed. A 100% allowance for uncollectables is established for prior year taxes receivable. Beginning October 1, a penalty (at the rate of 1% per month) is charged for each month or fraction thereof that taxes remain unpaid for the current year. Such taxes become delinquent on October 1 in the fiscal year of billing. Delinquent taxes are satisfied, after prior notice of delinquency, at tax sales conducted by the County in the year of delinquency.

The following table sets forth certain information with respect to the County's tax levies and tax collections for fiscal years 2020 through 2024. The tax levy for fiscal year 2024 is unchanged. The County has adopted a personal property tax for electricity generating facilities.

<b>Fiscal</b>						Ratio of
Year		Current	Percent of	Delinquent	Total	<b>Total Tax</b>
Ending	<b>Total Tax</b>	Tax	<b>Current Taxes</b>	Tax	Tax	Collections to
<u>June 30</u>	<u>Levy</u>	<b>Collections</b>	<b>Collected</b>	<b>Collections</b>	<b>Collections</b>	<b>Total Tax Levy</b>
2024	\$80,137,298	\$80,060,018	99.90%	\$ -	\$80,060,018	99.90%
2023	77,663,358	77,608,873	99.93	38,457	77,647,330	99.98
2022	74,882,965	74,789,167	99.87	80,491	74,869,658	99.98
2021	72,635,124	72,627,467	99.99	3,793	72,631,260	99.99
2020	70,825,936	70,375,695	99.36	446,467	70,822,162	99.99

Source: Queen Anne's County Annual Comprehensive Financial Report 2024.

The table below, for fiscal year 2024, indicates the ten largest taxpayers in the County and gives the assessed valuation of their property.

Datio: Taynayar

Taxpayer	Assessable Base	Base to Total Assessable Base
Second Horizon Group Limited Partnership	\$35,819,200	0.36%
KRM – Chesapeake LLC	22,596,900	0.23
Schuls Development LLC	17,909,300	0.18
Kent Towne Market LLC	16,303,800	0.17
Maryland General Land Co LLC	16,150,300	0.16
Great American Life Insurance Co	15,082,100	0.15
Beach Harbor Campers Cooperative Inc	14,498,667	0.15
Anne Arundel Real Estate Holding Co	13,562,700	0.14
Knight Farms LLC	12,229,233	0.12
Mears Point Associate	11,000,233	<u>0.11</u>
Total	<u>\$175,152,433</u>	<u> 1.77%(1)</u>

<sup>(1)</sup> Totals may not add due to rounding.

Source: Queen Anne's County Annual Comprehensive Financial Report 2024.

#### **Income Taxes**

The personal state income tax rate for Maryland residents is graduated up to 6.5%.

Each county and Baltimore City is authorized pursuant to State law to levy a local income tax at the rate of at least 1.25%, but not more than 3.3%, of the State adjusted gross income of individuals domiciled in their respective jurisdictions. The County has levied an income tax of 3.2% since calendar year 2012.

## **Other Local Taxes**

In addition to general property taxes and income taxes, the County is authorized to levy and collect other miscellaneous taxes, the largest of which is the recordation tax on instruments conveying title to property and securing debt. Revenues from this tax in the fiscal year ended 2024 were \$7,436,184. The County also receives revenues from taxes levied on amusement admission charges which amounted to \$261,842 in fiscal year 2024, a hotel tax which amounted to \$1,127,036 in fiscal year 2024, a transfer tax which amounted to \$2,885,299 in fiscal year 2024, and also a cannabis sales tax which amounted to \$83,040 in fiscal year 2024.

#### **State and Federal Assistance**

During fiscal year 2024, the County received from the state and federal governments \$3,265,896 for use in the General Fund. For fiscal year 2025, the County budgeted \$2,561,760 and for fiscal year 2026, the County budgeted \$2,803,687.

Federal policies involving taxation, appropriations, borrowing, trade, immigration, education, environmental matters and other topics can shift, sometimes dramatically, from one presidential administration or Congress to another. From time to time, such shifts may be followed by material increases or decreases in the levels of federal funding directly affecting federal agencies and authorities and indirectly affecting state and local recipients of such funding. Recently, the current presidential administration has proposed policy shifts that involve, among other things, proposed delays in grants and appropriations, reductions in the federal workforce, and elimination of certain federal agencies and departments. The County or its residents may have some exposure to potential federal funding freezes or cuts, which could reduce operating revenue. However, the County would not expect this to be material, and the County is well positioned to effectively mitigate the effects of any such cuts through budget adjustments.

#### **General Fund**

The following table shows the actual results of the General Fund on a GAAP basis for the fiscal years ended June 30, 2020 through 2024. Thereafter, a General Fund Statement of Budget for Fiscal Years 2025 and 2026 is displayed. A capital budget summary for fiscal years 2026-2031 is also provided.

## GENERAL FUND STATEMENT OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCES (GAAP BASIS)

Revenues:	<u>Actual 2024</u>		A	<u>actual 2023</u>	<u>A</u>	<u>actual 2022</u>	A	ctual 2021	Actual 2020			
Property Taxes	\$	82,049,357	\$	78,012,721	\$	75,895,277	\$	74,732,398	\$	71,645,066		
Local Income Tax		86,007,950		79,467,361		71,002,615		67,985,531		61,547,651		
Admission and Amusement Taxes		261,842		248,987		247,533		183,601		150,153		
Recordation Taxes		7,436,184		8,651,034		9,933,241		10,641,852		6,147,087		
Hotel Taxes		1,127,036		991,022		849,345		596,806		530,601		
County Transfer Taxes		2,885,299		3,046,615		3,824,021		4,000,090		2,283,527		
Cannabis Sales Tax		83,040		-		-		-		-		
State Shared Taxes		-		-		-		1,174,931		1,074,473		
Franchise Fee		364,677		507,847		489,972		473,507		485,727		
Licenses and Permits		802,612		838,254		1,126,267		934,967		543,912		
Intergovernmental		3,265,896		3,102,287		5,285,294		1,786,650		1,615,025		
Charges for Current Services		4,131,708		3,298,630		3,835,921		3,074,968		2,645,061		
Fines and Forfeitures		51,929		107,379		79,936		80,749		63,843		
Investment Income		7,418,478		4,808,600		325,225		170,634		950,612		
Donations		177,540		805		5,253		290		94,342		
Miscellaneous		1,305,909		1,397,290		1,520,229		897,816		718,574		
Total Revenues	•	197,369,457	•	184,478,832	•	174,420,129	•	166,734,790	•	150,495,654		
Expenditures and Encumbrances:	J	197,309,437	Ф	104,470,032	Ф	174,420,129	Ф	100,734,770	Ф	130,473,034		
General Government	\$	14,735,938	\$	13,059,140	\$	11,322,706	\$	10,247,041	\$	9,333,134		
Public Safety		39,555,442	•	35,123,715	*	30,801,902	•	27,067,386	•	25,838,244		
Public Works		8,058,493		7,580,446		7,175,031		10,789,282		10,021,870		
Health and Social Services		1,498,892		2,657,692		1,957,238		2,618,160		2,324,781		
Education and Library		73,609,899		68,492,102		67,687,864		65,000,577		63,442,091		
Parks & Recreation		6,042,174		5,719,945		5,416,520		4,556,265		4,513,241		
Conservation of Natural Resources		846,386		730,037		666,818		598,450		564,732		
Economic/Community Development		1,165,297		992,147		823,249		661,533		745,860		
Intergovernmental		689,608		653,024		563,958		516,792		562,056		
Debt Service		12,743,061		13,174,417		12,142,958		11,764,070		12,772,764		
Miscellaneous		7,232,373	_	8,921,419		6,981,356		6,834,217		5,308,680		
Total Expenditures	\$	166,177,563	\$	157,104,084	\$	145,539,600	\$	140,653,773	\$	135,427,453		
Excess of Revenues Over (Under)												
Expenditures		\$31,191,894		\$27,374,748		\$28,880,529		\$26,081,017		\$15,068,201		
Other Financing Sources (Uses):								44.000				
Proceeds of Sale of Capital Assets		28,597		51,405		44,253		41,099		30,607		
Insurance Proceeds		139,131		66,705		34,756		102,429		11,311		
Leases Subscription-Based IT		38,000		638,500 1,503,069		-		-		-		
Transfers In		2,165,911		2,857,792		2,964,402		1,833,980		225,251		
Transfers Out		(24,853,114)		(23,661,847)		(21,089,395)		(18,721,892)		(9,310,064)		
Other Financing Sources (Uses)	_	(22,481,475)	_	(18,544,376)	-	(18,045,984)	_	(16,744,384)	-	(9,042,895)		
1		(==, :01, :/0)		(10,0.1,0/0)		(20,0.0,001)		(-0,7 . 1,50 1)		(>,0.2,0>3)		
Net Increase (Decrease) in Fund Balances		8,710,419		8,830,372		10,834,545		9,336,633		6,025,306		
Fund Balance Prior Year, as restated	_	68,803,759	_	59,973,387	_	49,093,887	_	41,084,629	_	35,059,323		
ENDING FUND BALANCE	<u>\$</u>	77,514,178	\$	68,803,759	<u>\$</u>	59,928,432	<u>\$</u>	50,421,262	\$	41,084,629		

Source: Queen Anne's County Annual Comprehensive Financial Reports for Fiscal Years 2020-2024.

## GENERAL FUND STATEMENT OF BUDGET OPERATIONS (NON GAAP BASIS)

	FY 2025 BUDGET (REVISED)	FY 2026 BUDGET (ADOPTED)
REVENUE:		
Local Property Tax	\$82,650,000	\$89,466,500
Local Income Tax	83,045,000	89,500,000
Public Utility Tax	2,450,000	2,650,000
Admission and Amusement Taxes	252,000	260,000
Sales Tax-Cannabis	250,000	25,000
Hotel Tax	1,100,000	1,250,000
Franchise Fee	375,000	325,000
Recordation Taxes	6,500,000	7,000,000
Transfer Taxes	2,300,000	2,600,000
Licenses and Permits	880,875	880,375
Intergovernmental	3,222,733	2,803,687
Service Charges	3,466,987	3,973,202
Miscellaneous Revenue	3,336,454	6,164,600
Transfers in	2,167,290	2,166,439
Fund Balance	1,131,089	· · · · · ·
<b>Total Revenues, Transfers in, and Fund Balance</b>	\$193,127,428	\$209,064,803
EXPENDITURES		
County Administration	\$11,286,633	\$12,012,267
Community Services	4,751,775	5,673,088
Planning and Zoning	3,019,196	2,972,500
Public Safety	23,578,973	24,656,979
Public Works	14,696,934	15,614,583
Parks and Recreation	6,984,585	7,168,241
Board of Education	75,085,219	83,373,301
State's Attorney's Office	1,919,161	2,046,478
4-H Park	129,800	129,800
Sheriff's Office	14,082,104	15,369,829
Orphan's Court	106,228	111,224
Circuit Court	1,105,326	1,149,853
Fire Protection & Rescue	5,382,177	5,527,711
Chesapeake College	2,196,909	2,373,840
QAC Free Library	2,782,887	2,982,381
Board of Elections	1,351,736	1,430,519
Health Department	2,976,909	3,052,582
Social Services	203,593	216,106
Soil Conservation Service	360,764	364,313
UMD Extension Service	436,091	499,060
Debt Service	12,753,594	13,356,594
Benefits/OPEB	3,863,154	4,462,178
Transfer to Capital/Other	2,588,502	852,257
Contingency	328,423	151,000
Other Expenditures	1,156,755	3,518,119
<b>Total Expenditures and Transfers</b>	<u>\$193,127,428</u>	<u>\$209,064,803</u>
Surplus (Deficit)	<u>\$</u>	<u>\$</u>

Source: Fiscal Year 2026 Adopted Budget and County Finance Department.

## QUEEN ANNE'S COUNTY CAPITAL BUDGET SUMMARY BY FUND Fiscal Years 2026-2031

GENERAL CAPITAL PROJECTS BUDGET		<u>FY26</u>		<u>FY27</u>	<u>FY28</u>		<u>FY29</u>		<u>FY30</u>		<u>FY31</u>		TOTAL
RESOURCES													
BEGINNING FUND BALANCE AVAILABLE	\$	18,654,211	\$	15,797,437	\$ 16,076,725	\$	15,514,355	\$	15,323,996	\$	16,096,665		
TRANSFER FROM GEN FUND BONDS GENERAL CAPITAL FUND BALANCE GRANTS OTHER SOURCES	_	596,576 14,871,634 12,856,774 3,967,500 3,576,034		5,543,227 43,615,403 14,720,712 1,190,500 4,796,000	 5,654,490 36,192,000 9,562,370 5,331,500 6,881,000	_	5,785,305 48,823,000 9,190,359 27,845,000 15,852,500		6,189,514 44,160,700 7,227,331 28,180,000 18,714,800		7,886,689 8,750,000 5,642,843 337,500 5,271,000	_	31,655,801 196,412,737 59,200,389 66,852,000 55,091,334
TOTAL GENERAL RESOURCES	\$	54,522,729	<u>\$</u>	85,663,279	\$ 79,698,085	\$	123,010,519	\$ 1	19,796,341	\$	43,984,697	\$	409,212,261
EXPENDITURES													
OUTSIDE AGENCIES AND OTHER ADMINISTRATION & GENERAL SERVICES PROPERTY MANAGEMENT ANIMAL SERVICES SHERIFF EMERGENCY SERVICES DETENTION CENTER PLANNING & ZONING IT SOLID WASTE ROADS LIBRARY SYSTEM AGING & HOUSING BOARD OF EDUCATION PARKS & RECREATION	\$	3,010,324 2,596,000 - 35,000 - 4,365,519 500,000 - 1,270,000 469,000 9,258,000 - 581,215 8,483,460 5,300,000	\$	5,651,123 5,831,000 300,000 420,000 - 3,452,224 - 490,000 1,650,000 569,000 416,000 1,306,988 12,596,507 19,870,000	\$ 3,446,250 9,581,000 - 3,165,000 1,000,000 2,261,366 7,500,000 190,000 1,400,000 539,000 1,263,000 1,448,254 11,732,000 3,200,000	\$	1,135,000 4,456,000 300,000 3,050,000 7,500,000 5,885,605 53,000,000 190,000 3,460,305 110,000 868,254 22,557,000 3,260,000	\$	1,035,000 956,000 - 80,000 3,717,577 53,500,000 1,400,000 539,000 4,192,514 - 618,254 26,439,000 4,305,000	\$	1,035,000 906,000 300,000 60,000 - 2,008,843 - 150,000 50,000 389,000 4,967,189 - 250,000 11,837,000 5,935,000	\$	15,312,697 24,326,000 900,000 6,810,000 21,691,134 114,500,000 7,170,000 2,829,000 55,666,498 1,789,000 5,072,965 93,644,967 41,870,000
TOTAL EXPENDITURES	\$	35,868,518	\$	69,445,842	\$ 63,621,360	\$	107,496,164	<u>\$ 1</u>	04,472,345	\$	27,888,032	\$	408,792,261
USE OF CAPITAL FUND BALANCE	_	12,856,774		14,720,712	 9,562,370	_	9,190,359	_	7,227,331	_	5,642,843	-	59,200,389
ENDING FUND BALANCE	\$	5,797,437	\$	1,076,725	\$ 6,514,355	\$	6,323,996	\$	8,096,665	\$	10,453,822		

Note: Fiscal Years 2027-2031 are presented for planning purposes only and are subject to change on an annual basis. While funding sources have been identified for these years, no money has been appropriated at this time.

#### CERTAIN DEBT INFORMATION

#### General

Sections 19-501 *et seq*. of the Local Government Article of the Annotated Code of Maryland (2013 Replacement Volume, as amended) authorizes the County to borrow money for any proper public purpose and to evidence the borrowing by the issue and sale of its general obligation bonds.

The County also has authority under Chapter 24, Part 1, Article VI, Section 24-42 to Section 24-51 of the Code of Public Local Laws of Queen Anne's County to borrow for sewer and water system improvements in an amount not to exceed 15% of the total value of property assessed. Such borrowing is secured in part by a general obligation pledge of the County. In the fiscal year which began July 1, 2001, the Maryland Truth in Taxation Act requires that real property be assessed at 100% of market value and by operation of this law reduces the debt limitation for County sewer and water system improvements to 6% of the total value of property assessed.

In addition, the County is authorized pursuant to Section 19-207 of the Local Government Article of the Annotated Code of Maryland (2013 Replacement Volume, as amended) to issue its general obligation bonds for the purpose of refunding any of its bonds then outstanding, including the payment of any redemption premium and any interest accrued or to accrue to the date of redemption. The amount of bonds to be refunded shall be subtracted from, and the amount of refunding bonds to be issued shall be added to, the County's outstanding bonds.

Section 5-4 of the Code of Public Local Laws of Queen Anne's County also provides that the County may borrow money upon its full faith and credit, not to exceed in the aggregate \$8,000,000 outstanding at any time, excluding bonded indebtedness, for the purposes of paying general operating expenses or capital improvements of the County.

#### **Summary of Debt Service Requirements for Outstanding Long-Term Bonds**

The following table summarizes the County's debt service requirements for outstanding long-term obligations as of June 30, 2025, excluding the Bonds.

QUEEN ANNE'S COUNTY SUMMARY OF DEBT SERVICE REQUIREMENTS FOR OUTSTANDING LONG-TERM BONDS AS OF JUNE 30, 2025

Year Ending	T otal Governm	nental Bonds and	Notes Payable	Business-Ty	pe Bonds and No	tes Payable
June 30,	Prin cip al	Interest	T otal	Prin cipal	Interest	T otal
2026	\$9,496,946	\$3,627,820	\$13,124,766	\$2,347,741	\$327,162	\$2,674,90
2027	9,884,051	3,229,929	13,113,981	2,360,108	300,515	2,660,623
2028	8,594,867	2,815,797	11,410,664	1,367,013	273,034	1,640,047
2029	8,932,532	2,448,449	11,380,981	1,383,821	256,059	1,639,880
2030	9,280,174	2,076,222	11,356,395	1,400,728	239,044	1,639,771
2031	7,747,221	1,734,822	9,482,042	1,343,305	223,157	1,566,462
2032	6,627,344	1,470,227	8,097,571	1,347,883	208,794	1,556,677
2033	6,837,947	1,246,204	8,084,151	1,362,060	194,493	1,556,553
2034	7,058,304	1,020,855	8,079,160	1,376,552	179,981	1,556,533
2035	5,701,218	791,815	6,493,033	1,318,158	165,264	1,483,421
2036	5,873,967	618,957	6,492,924	1,330,425	153,186	1,483,610
2037	5,202,793	453,147	5,655,940	1,291,695	141,785	1,433,480
2038	4,332,409	311,589	4,643,997	1,294,865	131,243	1,426,107
2039	3,507,367	197,134	3,704,501	1,305,165	120,731	1,425,896
2040	2,392,311	115,277	2,507,588	1,315,560	110,136	1,425,696
2041	1,642,256	63,118	1,705,374	1,326,039	99,455	1,425,494
2042	1,028,964	28,815	1,057,779	1,334,837	88,709	1,423,546
2043	390,000	7,556	397,556	1,334,392	78,008	1,412,400
2044	-	-	-	1,345,067	67,333	1,412,400
2045	-	-	-	1,355,827	56,572	1,412,400
2046	-	-	-	1,366,674	45,726	1,412,400
2047	-	-	-	1,377,607	34,792	1,412,400
2048	-	-	-	1,388,628	23,772	1,412,400
2049	-	-	-	1,207,926	12,663	1,220,589
2050	-	-	-	229,408	2,999	232,408
2051	-	-	-	145,482	1,164	146,646
2052						
T otal	\$104,530,671	\$ 22,257,733	\$ 126,788,405	\$ 34,556,964	\$ 3,535,776	\$ 38,092,741

Source: Queen Anne's County Finance Department.

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#### Ratios of Debt to Assessed Value, Debt to Actual Value and Debt Per Capita

The following table sets forth the County's long-term debt per capita and ratios of debt to assessed value and debt to estimated actual value for the audited fiscal years ended June 30, 2020 through 2024:

	General		Debt to		
Fiscal	Bonded	Assessed	Assessed		Debt Per
<b>Year</b>	<u>Debt</u>	<u>Value</u>	<u>Value</u>	<b>Population</b>	<u>Capita</u>
2024	\$124,672,658	\$9,841,742,881	1.27%	52,508	\$2,374
2023	134,458,014	9,335,551,287	1.44%	51,711	2,600
2022	144,503,277	8,921,620,470	1.62%	52,177	2,769
2021	145,308,004	8,714,892,522	1.67%	52,177	2,785
2020	138,989,292	8,486,858,638	1.64%	52,597	2,643

Source: Annual Comprehensive Financial Reports for Fiscal Years 2020-2024.

The following table sets forth the County's debt service, exclusive of Sanitary District debt and other enterprise operations, as a percentage of General Fund Revenues for each of its audited fiscal years ended June 30, 2020 through 2024:

### GENERAL FUND DEBT SERVICE AS A PERCENTAGE OF REVENUE AND EXPENDITURES

Fiscal	General Fund	General Fund	Debt	% of	% of
<b>Year</b>	<b>Revenue</b>	<b>Expenditures</b>	<b>Service</b>	Revenue	<b>Expenditure</b>
2024	\$197,369,457	\$166,177,563	\$12,743,061	6.46%	7.67%
2023	184,478,832	157,104,084	13,174,417	7.14%	8.39%
2022	174,420,129	145,539,600	12,142,958	6.96%	8.34%
2021	166,734,790	140,653,773	11,764,070	7.06%	8.36%
2020	150,495,654	135,427,453	12,772,764	8.49%	9.43%

Source: Annual Comprehensive Financial Reports Fiscal Years 2020-2024.

The following table sets forth the net direct and overlapping debt of the County as of June 30, 2024. Total Net Direct Debt includes Government Activities general obligation bonds, notes payable, and capital leases.

Name of Jurisdiction	Gross Debt
Queen Anne's County:	
County Government Total Net Direct Debt	\$124,679,646
Total Net Bilect Beet	Ψ12 1,075,010
Towns	
Centreville	10,531,000
Queenstown	4,776,415
Sudlersville	4,491,262
Millington	1,000,000
Total Net Overlapping Debt	\$ 20,798,677
Total Net Direct and Overlapping Debt	\$145.478.323
Total Net Direct and Overlapping Debt	$\frac{\phi_1 + J_1 + f_0, 323}{\phi_1 + J_2 + f_0}$

Source: Annual Comprehensive Financial Report Fiscal Year 2024.

#### County Debt Policy, Recent Financings and Future Financing Plans

In May 2013, the County adopted Resolution No. 13-04, which updated and replaced Resolution No. 09-13, to continue a local debt policy in compliance with Article 95, Section 22F of the Annotated Code of Maryland. This policy requires that the County's Director of Budget and Finance: (1) prepare a six-year capital project plan each year; (2) propose an amount to be transferred from the General Fund operating balances to the General Capital Projects Fund to serve as pay-as-you-go funding in the latter Fund, in order to lessen the need for future County debt;

(3) limit the County's non-bonded indebtedness to \$8.0 million for general operating expenses or capital improvements; (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. This policy is expected to be reviewed no later than fiscal year 2026. The Debt 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 limit.

In addition to the existing debt of the County shown in the tables above, the County currently anticipates issuing additional general obligation bonds for approximately \$14.9 million in fiscal year 2027 and a total of approximately \$79 million in fiscal years 2028 and 2029. The County also anticipates issuing general obligation bonds for approximately \$12 million, likely in fiscal year 2026, in connection with a loan expected to be made by the Maryland Water Infrastructure Financing Administration to the County to fund costs associated with the County's ongoing Southern Kent Island Sanitary Project. These debt issuance amounts are for planning purposes, and thus subject to change as part of the annual budgeting process.

In connection with the acquisition by the County of the water and sewer assets of Sudlersville for the benefit of the Sanitary District, the County has agreed to assume the outstanding USDA debt of Sudlersville in an aggregate principal amount of approximately \$5.2 million. The assumed USDA loans are expected to be repaid with proceeds from revenues generated by the Sanitary District, including revenues generated by the acquired Sudlersville assets. For the avoidance of doubt, the assumed USDA loans will be general obligations of the County secured by its full faith and credit. The interest rates on the assumed USDA loans are not expected to exceed 2.50% per annum. The assumption of the Sudlersville USDA loans by the County is expected to close in the fourth quarter of 2025.

#### SELECTED DEMOGRAPHIC AND ECONOMIC FACTORS

#### **Population of County and Municipalities**

During the last 50 years for which census data is available the population of the County has more than doubled, as reflected by the following table. The estimated population for Queen Anne's County as of July 1, 2024 is 52,508.

Year	<b>Population</b>
2020	52,597
2010	48,650
2000	40,563
1990	33,953
1980	25,208
1970	18,422

Source: United States Department of Commerce, Bureau of Census.

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The following table sets forth the County's eight incorporated municipalities and their populations for the years 1980, 1990, 2000, 2010 and 2020.

#### **MUNICIPALITIES**

	<u>1980</u>	<u>1990</u>	<u>2000</u>	<u>2010</u>	<u>2020*</u>
Barclay	132	170	170	120	183
Sudlersville	443	428	391	479	507
Templeville	60	66	80	138	113
Church Hill	319	481	530	745	808
Centreville	2,018	2,097	1,920	4,285	4,747
Queenstown	491	453	617	664	705
Queen Anne (partial)	131	250	176	222	192
Millington	434	440	416	642	549

Source: Queen Anne's County Department of Planning and Zoning.

#### **Employment and Labor**

The following table indicates the County's average annual unemployment rates for calendar years 2020 through 2024. During this period, the County's unemployment rates were one of the lowest of the Maryland's eastern shore counties and were below state averages throughout the period.

<b>County</b>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
Caroline	3.0%	2.3%	3.1%	4.8%	5.8%
Dorchester	3.5	2.5	3.5	5.4	6.5
Kent	3.5	2.6	3.5	5.4	6.8
Queen Anne's	2.5	1.8	2.6	4.0	5.4
Somerset	3.9	3.0	4.0	6.3	7.5
Talbot	3.3	2.3	3.4	5.3	6.3
Wicomico	3.3	2.5	3.4	5.3	7.0
Worcester	4.2	3.4	4.7	7.2	10.9
State of Maryland	3.0	2.2	3.0	5.2	6.5

Source: Maryland Department of Labor, Licensing and Regulation.

#### LEADING EMPLOYERS

Listed below are representative employment figures from 2024 of a number of larger employers in the County.

<b>Employer</b>	<b>Product or Service</b>	<b>Estimated Employment</b>
Queen Anne's County Board of Education	Public schools	1,096
Queen Anne's County Government	Local government	675
Paul Reed Smith Guitars	Custom guitars	468
Chesapeake College	Higher education	385
REEB Millwork	Manufacturer	303
S.E.W. Friel	Canned foods	260
Food Lion	Grocery	203
The Chesapeake Bay Beach Club	Waterfront Event Venue	150
Harris Seafood Company	Seafood Distributor	125
Federal Resources Supply	Measurement and Control Devices	120

Source: Queen Anne's County Economic Development Office.

<sup>\*</sup> U.S. Census Bureau – 2020 Decennial Census.

The following table indicates the annual average employment in the County by industry for calendar year ended December 31, 2024.

#### INDUSTRY EMPLOYMENT Calendar Year 2024

<u>Industry</u>	Annual Average Employment	% of Total Employment
Federal government	143	0.9%
State government	237	1.5
Local government	2,368	14.6
Private sector		
Natural resources and mining	234	1.4
Construction	1,014	6.2
Manufacturing	1,452	8.9
Trade, transportation and utilities	3,572	22.0
Information	33	0.2
Financial activities	434	2.7
Professional and business services	1,641	10.1
Education and health services	1,347	8.3
Leisure and hospitality	3,012	18.5
Other services	<u> </u>	4.8
Total	16,269	$100.0^{(1)}$

<sup>(1)</sup> Totals may not add due to rounding.

Source: Maryland Department of Labor, Licensing and Regulation.

#### **Income**

A comparison of the growth in County and State personal income is presented in the following table:

			Percent	Change
	Person	nal Income	from Prev	<u>ious Year</u>
Calendar	County	State		
<u>Year</u>	(\$million)	(\$million)	<b>County</b>	<b>State</b>
2023	\$4,392,314	\$465,936,759	7.1%	6.0%
2022	4,099,245	439,741,284	3.9	3.1
2021	3,944,152	426,578,341	11.8	6.5
2020	3,527,565	400,576,357	4.9	5.3
2019	3,361,190	380,447,191	7.0	3.4
2018	3,140,397	367,831,289	3.7	3.3
2017	3,028,797	356,078,970	5.2	3.5
2016	2,878,254	344,195,091	5.3	3.4
2015	2,732,564	332,956,246	3.3	4.4
2014	2,644,976	318,983,090	3.6	3.1

Source: Regional Economic Information System, Bureau of Economic Analysis US Department of Commerce, Table CAINC1 – February 20, 2025.

A comparison of the per capita personal income growth for the County, the other counties on Maryland's eastern shore and the State is shown in the table below:

#### PER CAPITA INCOME

			Percentage
<b>County</b>	<u>2023</u>	<u>2022</u>	<b>Increase</b>
Caroline	\$56,447	\$56,902	(-0.8)%
Dorchester	57,060	55,896	2.1
Kent	77,025	72,498	6.2
Queen Anne's	83,650	79,258	5.5
Somerset	37,345	40,018	(-6.7)
Talbot	98,166	91,670	7.1
Wicomico	48,596	47,904	1.4
Worcester	68,163	66,552	2.4
State of Maryland	\$75,391	\$71,340	5.7%

Source: Regional Economic Information System, Bureau of Economic Analysis US Department of Commerce, Table CAINC1 – February 20,2025.

#### LITIGATION

The County is a party to a number of legal proceedings of the type, which normally recur in governmental operations. Those legal proceedings are not, in the opinion of the County Attorney, likely to have a material adverse effect on the County's financial position.

In addition, the County has appealed the case of *Board of County Commissioners of Queen Anne's County v. Queen Anne Research and Development Corporation* to the Appellate Court of Maryland. This case was originally brought in the Circuit Court for Queen Anne's County and resulted in two judgments against the County in the amounts of \$1,841,739.46 and \$897,600.00, respectively. The County intends to vigorously prosecute the appeal in an effort to have the judgments substantially reduced or eliminated.

#### **CYBERSECURITY**

While there is no way to have 100% protection against a cyber-attack, the County has taken numerous steps to place it in a good position to prevent attacks and protect its data. The County is actively committed to cybersecurity best practices to protect sensitive data and ensure the integrity of its systems. This includes:

- Following industry standards and conducting regular risk assessments;
- Implementing of safeguards to include next generation firewalls with threat detection;
- Conducting employee training on current threats and phishing attacks;
- Encrypting of sensitive data in transit as well as data at rest; and
- 24/7 continuous system monitoring by a professional cybersecurity agency to enhance the County's protections and ensure expert oversight.

As cybersecurity threats continue to evolve, the County may be required to expend additional resources to continue to modify and strengthen security measures, investigate and remediate any vulnerabilities, or invest in new technology designed to mitigate security risks. The results of any successful attack on the County's computer and information technology systems could impact its operations and damage the County's digital networks and systems or result in legal claims or regulatory penalties, and the costs of remedying any such damage could be substantial.

#### **EXPERTS**

The audited financial statements of the County included in Appendix A have been examined by UHY LLP, independent certified public accountant for the County, to the extent stated in the reports of such firm appearing herein. The audited financial statements have been included in reliance upon the reports of such firm, which reports are given upon their authority as experts in auditing and accounting.

#### SALE AT COMPETITIVE BIDDING

The Public Facilities Bonds and the Refunding Bonds will both be offered by the County at separate competitive sales on October 1, 2025, in accordance with the respective official Notices of Sale (the forms of which are attached as Appendix C). The interest rates to be shown on the inside front cover page of this Official Statement will be the interest rates resulting from the award of the Bonds of each series at the related competitive sale. The yields or prices to be shown on the inside front cover page of this Official Statement will be furnished by the successful bidder for the respective series of Bonds. All other information concerning the nature and terms of any reoffering should be obtained from the successful bidder for the Bonds of each respective series and not from the County.

#### VERIFICATION OF MATHEMATICAL COMPUTATIONS

The Arbitrage Group, Inc., a firm of independent arbitrage consultants, upon delivery of the Bonds, will deliver to the County its attestation report indicating that it has examined, in accordance with standards established by the American Institute of Certified Public Accountants, the mathematical accuracy of computations prepared by Davenport & Company LLC, related to sufficiency of the anticipated receipts from the Governmental Obligations, together with the initial cash deposit, if any, to pay, when due, the principal, interest and early redemption premium requirements of the Refunded Bonds.

The report of The Arbitrage Group, Inc. will include the statement that the scope of their engagement was limited to verifying the mathematical accuracy of the computations contained in such schedules provided to them and that they have no obligation to update their report because of events occurring, or data or information coming to their attention, subsequent to the date of their report.

#### FINANCIAL ADVISOR

Davenport & Company LLC, Towson, Maryland (the "Financial Advisor"), is a Registered Municipal Advisor and serves as financial advisor in connection with the issuance of the Bonds and other matters related to the County's finances. The Financial Advisor has not been engaged, nor has it undertaken, to audit, authenticate or otherwise verify the information set forth in this Official Statement, or any other related information available to the County, with respect to accuracy and completeness of disclosure of such information. The Financial Advisor makes no guaranty, warranty or other representation respecting the accuracy and completeness of this Official Statement or any other matter related to this Official Statement.

#### CONTINUING DISCLOSURE

In order to assist bidders in complying with SEC Rule 15c2-12(b)(5), the County will execute and deliver a continuing disclosure agreement on or before the date of issuance of the Bonds pursuant to which it will undertake to provide certain information annually and notices of certain events. The form of such agreement is attached as Appendix D hereto. Certain of the events listed in Section 4(a) of the Continuing Disclosure Agreement have been included for purposes of compliance with Rule 15c2-12 but are not relevant for the Bonds. Those events relate to debt service reserves, credit enhancements and liquidity providers, and property or other collateral.

The County believes that it has complied in all material respects with its continuing disclosure obligations under its previous continuing disclosure undertakings pursuant to Rule 15c2-12 during the last five years. To the extent a filing is made by the County without all of the associated CUSIP numbers, the filing can be found on Electronic Municipal Market Access ("EMMA") associated with another County debt issue or on the County's issuer homepage on EMMA.

#### **MISCELLANEOUS**

Financial data presented in this Official Statement which are identified as having been furnished by the County from its records, unless otherwise stated, reflect data prepared from the County's official records, which are public documents and which are believed to be accurate and reliable. Other data has been prepared by or furnished by sources (identified herein) which the County believes to be accurate and reliable, but the County does not guarantee the accuracy of such data.

Any statements made in this Official Statement involving matters of opinion or estimates, whether or not expressly so stated, are set forth as such and not as representations of fact, and no representation is made that any estimates will be realized. Neither this Official Statement nor any statement which may have been made verbally or in writing is to be construed as a contract with the holders of any of the Bonds.

The execution of this Official Statement and its delivery have been approved by the Board of County Commissioners of Queen Anne's County.

QUEEN ANNE'S COUNTY

By:
Christopher M. Corchiarino, President

**Board of County Commissioners** 

**COUNTY COMMISSIONERS OF** 

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APPENDIX A QUEEN ANNE'S COUNTY ACCOUNTANT'S REPORT AND FINANCIAL STATEMENTS
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## THE COUNTY COMMISSIONERS OF QUEEN ANNE'S COUNTY, MARYLAND

ANNUAL COMPREHENSIVE FINANCIAL REPORT

JUNE 30, 2024

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

2024

Annual Comprehensive Financial Report for the Fiscal Year ended June 30, 2024

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

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**INTRODUCTORY SECTION** 



Queen Anne's County

#### **County Commissioners:**

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

December 23, 2024

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

#### OFFICE OF BUDGET AND FINANCE

The Liberty Building 107 North Liberty Street Centreville, Maryland 21617

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

County Administrator: Todd R. Mohn Director, Budget & Finance: Jeffrey A. Rank

#### FORMAL TRANSMITTAL OF THE ANNUAL COMPREHNSIVE FINANCIAL REPORT (ACFR)

State law requires that all general-purpose governments publish a complete set of financial statements presented in conformity with accounting principles generally accepted in the United States of America (GAAP) and audited in accordance with auditing standards generally accepted in the United States of America by a firm of licensed certified public accountants. Pursuant to that requirement, we hereby issue the annual comprehensive financial report of Queen Anne's County, Maryland for the fiscal year ended June 30, 2024.

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

Queen Anne's County's financial statements have been audited by UHY LLP, a firm of licensed certified public accountants. The goal of the independent audit is to provide reasonable assurance that the financial statements of Queen Anne's County, for the fiscal year ended June 30, 2024, 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, 2024, are fairly presented in conformity with GAAP. The independent auditors' report is presented as the first component of the financial section of this report.

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

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

#### PROFILE OF THE GOVERNMENT

Queen Anne's County is situated on the Eastern Shore of Maryland. It is bordered to the north by Kent County, to the east by the State of Delaware, to the south by Caroline and Talbot counties, and to the west by the Chesapeake Bay. Access to the Western Shore of Maryland is provided by the Chesapeake Bay Bridge. The County is 373 square miles in area and has approximately 52,508 citizens. The County seat is located in Centreville. The County Commissioners of Queen Anne's County are empowered to levy a property tax on both real and personal properties located within its boundaries.

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

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

#### **BUDGETARY CONTROLS**

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

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

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

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

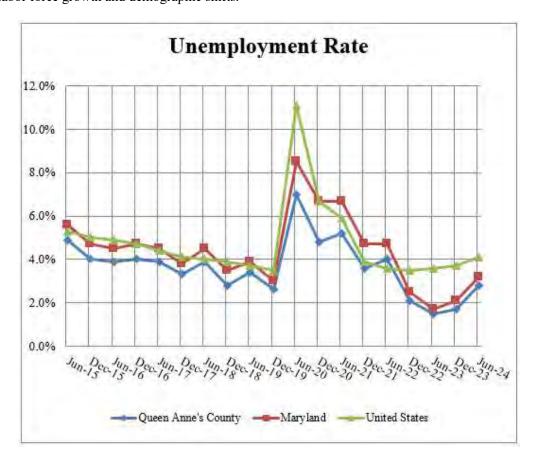
Department Heads may make transfers of appropriations within a department of up to \$100,000 with the approval of the County Administrator. Transfers of appropriations or appropriation of new revenues in excess of \$100,000 require the approval of the County Commissioners. Budget to actual comparisons 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 2024 rate for the County was 2.8%, compared to the state's rate of 3.2% and the U.S.'s rate of 4.1%. The fiscal year 2024 average rate for the County was 2.1%. The increase in unemployment rate for fiscal year 2024 was the result of a combination of labor force growth and demographic shifts.



#### LOCAL ECONOMY

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

Property and income tax revenue increased when comparing current year to prior year for governmental funds. Property taxes increased in fiscal year 2024 by 5.2% to \$82.1 million due to an increase in assessable base. Local income tax is the County's other main revenue source. Income tax collections increased by 8.2% in fiscal year 2024, from \$79.5 million in fiscal year 2023 to \$86.0 million in fiscal year 2024 as a result of increased wages and capital gains.

Recordation tax declined in fiscal year 2024 with a decrease of 14.0% over fiscal year 2023, from \$8.9 million in fiscal year 2023 to \$7.7 million in fiscal year 2024. The transfer tax revenue also decreased in fiscal year 2024 by 5.3%, from \$3.0 million in fiscal year 2023 to \$2.9 million in fiscal year 2024. In fiscal year 2024 Queen Anne's County received \$83 thousand of cannabis sales tax revenue for the first time due to Maryland legalizing the sale of recreational-use cannabis.

#### 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 \$15,120,497 in fiscal year 2024.

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 \$380,329 in fiscal year 2024. The current balance of the Revenue Stabilization Fund is \$9,450,311.

**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 2025, prioritizes capital expenditures over these years to meet the County's needs. The six-year program totals \$331.1 million and includes: \$64.3 million for various school related projects (includes \$20.4 million for Centreville Middle School and \$9.0 million for the Board of Administration building); \$59.6 million for Roads Board capital projects (includes \$22.9 million for a pedestrian bridge crossing on US 50/301 and \$15.6 million for asphalt overlays); \$36.1 million for various Administration and General Services projects (includes \$16.0 million for Sheriff facilities and \$10.0 million for the Historic Courthouse); \$34.9 million for various Sanitary District projects (the Southern Kent Island Sewer service at \$14.7 million); \$24.8 million for the Detention Center regional jail; \$20.5 million for Parks (includes \$5.6 million for playgrounds and \$3.8 million for trail maintenance/amenities); \$20.3 million to Outside Agencies (includes \$5.7 million for the Chesapeake College Technical Building and \$5.0 million for allocations to Volunteer Fire Departments); and \$20.2 million for a new Recreation Center.

#### FINANCIAL POLICIES

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

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

For fiscal year 2024, Queen Anne's County general obligation debt was 1.27% of the total taxable assessable base, and the per capita debt measurement was \$2,374. The debt service was 7.7% of the general fund expenditures for the year. All thresholds are well below the policy limits.

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

#### AWARDS AND ACKNOWLEDGMENTS

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Queen Anne's County, Maryland for its annual comprehensive financial report (ACFR) for the fiscal year ended June 30, 2023. The Certificate of Achievement is a prestigious national award that recognizes conformance with the highest standards for preparation of state and local government financial reports. In order to be awarded a Certificate of Achievement, the County must publish an easily readable and efficiently organized annual comprehensive financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. Queen Anne's County, Maryland has received a Certificate of Achievement for the last twenty-five consecutive years (fiscal years 1999-2023). We believe our current annual comprehensive financial report continues to conform to the Certificate of Achievement program requirements, and we are submitting it to GFOA to determine its eligibility for another certificate.

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

Respectfully submitted,

Jeffryakank

leffrey Rank

Director of Budget and Finance



#### Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

## Queen Anne's County Maryland

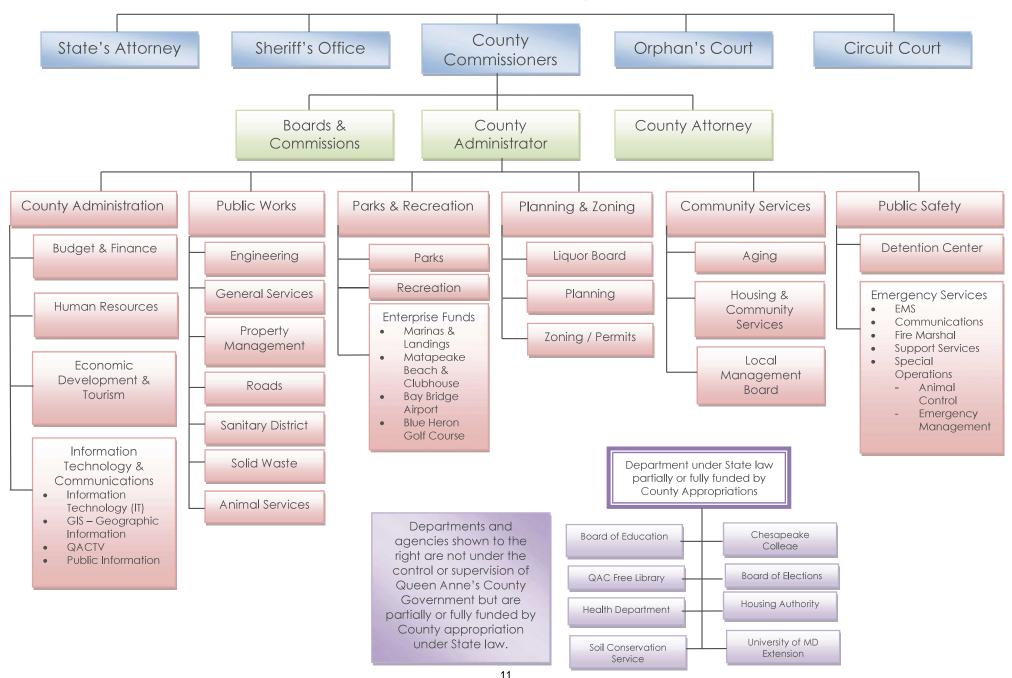
For its Annual Comprehensive Financial Report For the Fiscal Year Ended

June 30, 2023

Christopher P. Morrill

Executive Director/CEO

# Queen Anne's County Government Organizational Chart Queen Anne's County Voters



#### QUEEN ANNE'S COUNTY, MARYLAND GOVERNMENTAL ORGANIZATION CERTAIN ELECTED AND OTHER OFFICIALS AS OF JUNE 30, 2024

#### CERTAIN ELECTED OFFICIALS

County Commissioners James J. Moran, At Large

Jack N. Wilson, Jr., District 1
J. Patrick McLaughlin, District 2
Philip L. Dumenil, District 3

Christopher M. Corchiarino, District 4

State's Attorney Lance G. Richardson, Esq.

Sheriff Raymond G. Hofmann

#### CERTAIN DEPARTMENT HEADS AND OTHER OFFICIALS

County Administrator Todd R. Mohn

Director of Public Works

Director of Planning and Zoning

Director of Community Services

Alan Quimby, P.E.

Amy Moredock

Catherine R. Willis

Director of Budget and FinanceJeffrey RankDirector of ITBrian RileyChief Treasury OfficerNancy Boone

County Attorney Patrick E. Thompson, Esq.

**Independent Auditor** 

UHY LLP Certified Public Accountants Salisbury, Maryland Bond Counsel
McKennon, Shelton
& Henn, LLP

Baltimore, Maryland

**Financial Advisor** 

Davenport & Company LLC

Towson, Maryland

FINANCIAL SECTION



#### **INDEPENDENT AUDITORS' REPORT**

County Commissioners of Queen Anne's County Centreville, Maryland

#### Report on the Audit of the Financial Statements

#### **Opinions**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Queen Anne's County, Maryland (the "County") as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County, as of June 30, 2024, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of the Queen Anne's County Free Library (the "Library") as of June 30, 2024, and the respective changes in financial position, and where applicable, cash flows thereof for the year then ended. Those statements were audited by other auditors whose report has been furnished to us, and our opinions, insofar as it relates to the amounts included for the Library is based solely on the report of the other auditors.

#### **Basis for Opinions**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the County, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### Responsibilities of Management for the Financial Statements

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

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

#### Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

#### Required Supplementary Information

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

#### Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The other supplementary information (OSI), as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements. The OSI, as listed in the table of contents is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the 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 OSI, as listed in the table of contents, is fairly stated, in all material respects in relation to the basic financial statements as a whole.

#### Other Information

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

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

#### Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 23, 2024, on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the County's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.

Salisbury, Maryland December 23, 2024

#### **Management's Discussion and Analysis**

#### Introduction

This section of the Annual Comprehensive Financial Report of Queen Anne's County, Maryland (the County) presents a narrative overview and analysis of the financial activities of Queen Anne's County Government for the fiscal year ended June 30, 2024. We encourage readers to consider the discussion and analysis along with the other information in this report, including the transmittal letter, basic financial statements, and the notes to the financial statements.

#### **Overview of the Financial Statements**

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

#### **Government-wide Financial Analysis**

#### **Statement of Net Position**

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

		Government	ivities	Business Type Activities				Total				
Summary of Net Position	2024		2023		2024		2023			2024		2023
Current and Other Assets Capital Assets	\$	227,640,414 197,753,402	\$	223,507,249 195,514,937	\$	66,024,027 149,868,762	\$	65,914,665 136,788,646	\$	293,664,441 347,622,164	\$	289,421,914 332,303,583
Total Assets		425,393,816		419,022,186		215,892,789		202,703,311		641,286,605		621,725,497
Total Deferred Outflows of Resources		22,636,795		16,533,659		1,957,649		1,445,535		24,594,444		17,979,194
Noncurrent liabilities Other liabilities		206,383,252 18,807,651		205,417,418 21,139,189		46,743,434 1,586,995		46,777,229 2,226,209		253,126,686 20,394,646		252,194,647 23,365,398
Total Liabilities		225,190,903		226,556,607		48,330,429		49,003,438		273,521,332		275,560,045
Total Deferred Inflows of Resources		20,016,476		23,915,715		23,106,130		20,368,980		43,122,606		44,284,695
Net investment in capital assets Restricted amounts Unrestricted amounts (deficit)		126,092,854 27,933,020 48,797,358		122,128,900 26,495,556 36,459,067		111,940,928 4,147,493 30,325,458		99,118,189 5,350,538 30,307,701		238,033,782 32,080,513 79,122,816		221,247,089 31,846,094 66,766,768
Total Net Position	\$	202,823,232	\$	185,083,523	\$	146,413,879	\$	134,776,428	\$	349,237,111	s	319,859,951

The County's total current and other assets increased by \$4.2 million, or 1.5 percent, to \$293.7 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 2024 by \$349.2 million.

Net position is divided into three categories: net investment in capital assets; restricted amounts; and unrestricted amounts. By far the largest portion, \$238.0 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 \$43.9 million on June 30, 2024. Absent the effect of this relationship, the County would have reported a positive unrestricted amount of \$123.0 million on its government-wide financial statements, rather than the positive unrestricted net assets of \$79.1 million reported herein. For a multi-year view of this calculation, see the Footnote presented in Table 1 of the Statistical Section.

An additional \$32.1 million of the County's total net position represents resources that are subject to restrictions on how they may be used. For governmental activities, this amount includes: \$15.6 million related to general government services; \$3.1 million for economic/community development; \$6.5 million for public safety; and \$2.8 million for conservation of natural resources. For <u>business-type activities</u>, this amount includes \$2.9 million restricted to meet Sanitary District debt covenants and \$1.2 million for the Bay Bridge Airport debt service.

#### **Statement of Activities**

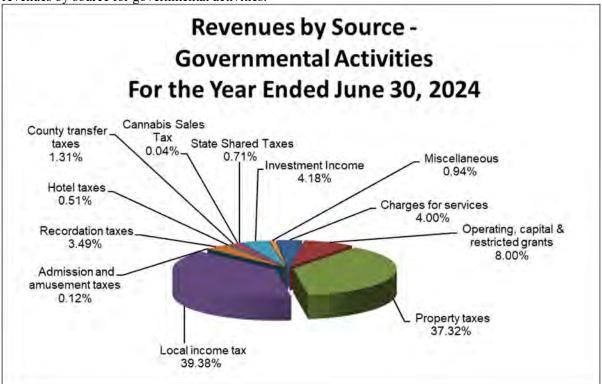
The following table summarizes changes in net position for governmental and business-type activities during the year:

	Governmental Activities					Business Type Activities				Total			
Summary of Changes in Net Position		2024		2023		2024		2023		2024		2023	
Program revenues:													
Charges for services	\$	8,791,716	\$	9,065,778	\$	15,353,749	s	13,436,000	\$	24,145,465	S	22,501,778	
Operating grants and contributions	Ψ	8,049,065	Ψ	8,232,618	Ψ	2,580,846	Ψ	2,955,567	Ψ	10,629,911	Ψ	11,188,185	
Capital grants and contributions		9,533,202		6,657,301		7,635,932		4,027,234		17,169,134		10,684,535	
General revenues:		7,555,202		0,037,301		7,033,732		1,027,231		17,102,131		10,001,555	
Property taxes		82,047,674		78,022,772		_		_		82,047,674		78,022,772	
Local income tax		86,567,013		83,439,604		_		_		86,567,013		83,439,604	
Other local taxes		00,507,015		03, 137,00						00,507,015		05,157,001	
Admission and amusement taxes		261,842		248,987		_		_		261,842		248,987	
Recordation taxes		7,668,565		8,921,379		_		_		7,668,565		8,921,379	
Hotel taxes		1,127,036		991,022		_		_		1,127,036		991,022	
County transfer taxes		2,885,299		3,046,615		_		_		2,885,299		3,046,615	
Cannabis Sales Tax		83,040		-		_		_		83,040		-	
State Shared Taxes		1,560,187		1,352,592		_		_		1,560,187		1,352,592	
Investment income		9,192,673		6,448,944		1,732,675		1,047,564		10,925,348		7,496,508	
Gain (loss) on sale of capital assets		-		-		(21,552)		2,561		(21,552)		2,561	
Miscellaneous		2,059,293		1,628,246		1,167,917		1,224,908		3,227,210		2,853,154	
Total Revenues		219,826,605		208,055,858		28,449,567		22,693,834		248,276,172		230,749,692	
-													
Governmental Activities:													
General government		22,378,707		21,070,854		-		-		22,378,707		21,070,854	
Public safety		49,458,541		42,482,230		-		-		49,458,541		42,482,230	
Public works		20,222,362		19,422,823		-		-		20,222,362		19,422,823	
Parks & recreation		7,458,494		6,338,014		-		-		7,458,494		6,338,014	
Health & Social Services		7,944,933		7,219,183		-		-		7,944,933		7,219,183	
Education & Library		83,355,583		69,770,287		-		-		83,355,583		69,770,287	
Conservation of natural resources		3,702,670		3,386,538		-		-		3,702,670		3,386,538	
Economic and Community development		2,826,682		2,798,777		-		-		2,826,682		2,798,777	
Interest and fiscal charges		4,254,673		4,525,460		-		-		4,254,673		4,525,460	
Business-type Activities:													
Water and sewer		-		-		14,932,981		13,822,527		14,932,981		13,822,527	
Airport		-		-		966,183		1,058,318		966,183		1,058,318	
Golf course		-		-		730,908		697,824		730,908		697,824	
Public landings and marinas		-		-		666,295		684,685		666,295		684,685	
Total Expenses		201,602,645		177,014,166		17,296,367		16,263,354		218,899,012		193,277,520	
Increase in Net Position before Transfers		18,223,960		31,041,692		11,153,200		6,430,480		29,377,160		37,472,172	
Transfers in (out)		(484,251)		(516,330)		484,251		516,330		-		-	
Increase in Net Position		17,739,709		30,525,362		11,637,451		6,946,810		29,377,160		37,472,172	
Net Position, prior year restated		185,083,523		154,558,161		134,776,428		127,829,618		319,859,951		282,387,779	
Net Position - current year	\$	202,823,232	\$	185,083,523	\$	146,413,879	\$	134,776,428	\$	349,237,111	\$	319,859,951	

#### **Governmental activities:**

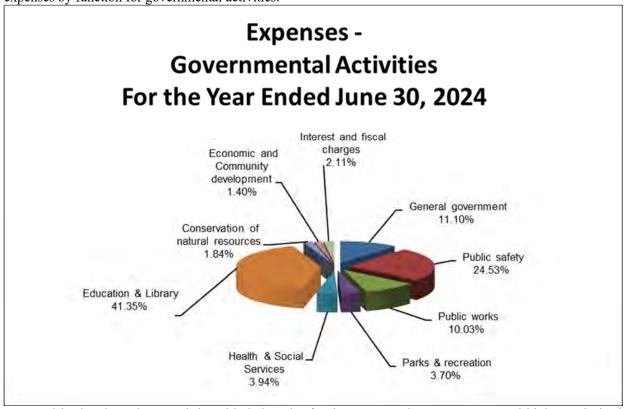
Revenues for governmental activities were \$219.8 million for fiscal year 2024. The following chart depicts

revenues by source for governmental activities:



- Taxes comprise the largest source of County revenue, totaling \$182.2 million (82.9 percent) of total revenue for fiscal year 2024. Of that amount, property and local income tax together yielded \$168.6 million (76.7 percent) of all revenue. Each County sets its own property and income tax rates, within parameters established by the State. For fiscal year 2024, the County's property tax rate remained at \$.830 per \$100 of assessed value of real property, based on full cash value of that property. The County's local income tax rate was set at 3.2 percent, effective January 1, 2012 and thereafter. There is no local sales tax in the State of Maryland.
- Operating grants and contributions, totaling \$8.0 million, reflect grants from Federal and State agencies that support specific County programs. Programs that benefitted the most were: public safety (\$2.6 million or 32.6 percent), health and social services (\$2.6 million or 32.2 percent), general government (\$1.7 million or 21.6 percent), and economic/community development (\$1.1 million or 13.3 percent).
- Charges for services, totaling \$8.8 million, reflect fees charged to County citizens. These primarily support public safety (\$2.6 million or 29.8 percent), education and library (\$2.3 million or 26.1 percent), general government (\$1.7 million or 19.5 percent), parks and recreation (\$1.1 million or 13.1 percent), and public works (\$884 thousand or 10.1 percent).
- <u>Capital grants and contributions</u>, totaling \$9.5 million, reflect contributions from Federal and State agencies, as well as developers. Programs that benefitted the most were: public works (\$2.8 million or 29.8 percent), general government (\$2.5 million or 26.5 percent), conservation of natural resources (\$2.5 million or 26.0 percent), and parks and recreation (\$924 thousand or 9.7 percent).

<u>Expenses</u> for all governmental activities were \$201.6 million for fiscal year 2024. 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 \$83.4 million (41.4 percent). The following table summarizes costs and program-related revenues for the same programs in order of priority, yielding net service costs:

		Expe		Program-Related Revenues				Net Cost of Services				
Net Cost of Governmental Activities	2024			2023		2024		2023		2024		2023
Education and Library	\$	83,355,583	\$	69,770,287	\$	2,291,783	\$	3,217,120	\$	(81,063,800)	\$	(66,553,167)
Public Safety Public Works		49,458,541 20,222,362		42,482,230 19,422,823		5,425,416 3,726,195		5,673,779 2,090,244		(44,033,125) (16,496,167)		(36,808,451) (17,332,579)
General Government Parks & Recreation		22,378,707 7,458,494		21,070,854 6,338,014		5,989,969 2,089,772		3,836,276 1,768,302		(16,388,738) (5,368,722)		(17,234,578) (4,569,712)
Health & Social Services Conservation of Natural Resources		7,944,933 3,702,670		7,219,183 3,386,538		3,242,021 2,493,968		3,333,514 2,083,924		(4,702,912) (1,208,702)		(3,885,669) (1,302,614)
Economic and Community Development		2,826,682		2,798,777		1,066,447		1,906,414		(1,760,235)		(892,363)
Interest and fiscal charges	-	4,254,673		4,525,460		48,412	-	46,124		(4,206,261)	-	(4,479,336)
Total	\$	201,602,645	\$	177,014,166	\$	26,373,983	\$	23,955,697	\$	(175,228,662)	\$	(153,058,469)

Of the total cost of \$201.6 million for governmental activities, \$26.4 million (13.1 percent), of those costs were covered by program-related revenues paid by individuals and external governmental entities. Of these outside entities, individuals who benefited directly from County programs were charged user fees of \$8.8 million, while governments and other organizations that benefited indirectly from these programs contributed operating grants of \$8.0 million and capital grants of \$9.5 million.

County taxpayers paid for most of the remaining \$175.2 million in net program costs, through a variety of County taxes. Net program costs of services provided to the public, in order of net cost, were: \$81.1 million for education and library; \$44.0 million for public safety; \$16.5 million for public works; \$16.4 million for general government; \$5.4 million for parks and recreation; \$4.7 million for health and social services; \$1.2 million for conservation of natural resources; \$1.8 million for economic and community development; and \$4.2 million for interest and fiscal charges. See Changes in Net Position and General Fund Budgetary Highlights for further details.

<u>Changes in net position</u>: Government-wide revenues, less expenses, plus/minus transfers in/out, yield changes in net position. During fiscal year 2024, governmental activities increased the County's net position overall by \$17.7 million, compared to an increase of \$30.5 million in fiscal year 2023. The following discussion explains changes in net position relative to the prior fiscal year.

Revenues for governmental activities increased by \$11.8 million (5.7 percent). The following key revenues changed, when compared to the prior fiscal year:

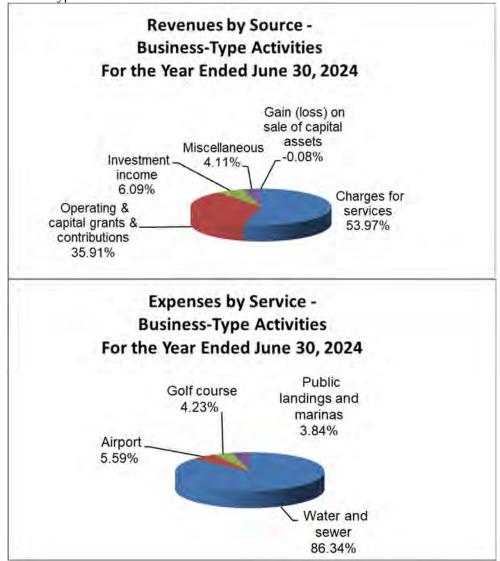
- <u>Property taxes</u> increased by \$4.0 million (5.2 percent), from \$78.0 million in fiscal year 2023 to \$82.0 million in fiscal year 2024 due to an increase in property assessments.
- <u>Income taxes</u> increased by \$3.1 million (3.7 percent), from \$83.4 million in fiscal year 2023 to \$86.6 million in fiscal year 2024. This increase was the result of increased receipts from the State for the County's portion of the income tax collections, capital gains and wage increases.
- <u>Capital grants and contributions</u> increased by \$2.9 million (43.2 percent), from \$6.7 million in fiscal year 2023 to \$9.5 million in fiscal year 2024. This is mainly due to the use of Federal ARPA funding in fiscal year 2024.
- <u>Investment Income</u> increased by \$2.7 million (42.5 percent), from \$6.4 million in fiscal year 2023 to \$9.2 million in fiscal year 2024. This increase was the result of increased interest rates.
- County recordation taxes decreased \$1.3 million (14.0 percent), from \$8.9 million in fiscal year 2023 to \$7.7 million in fiscal year 2024. This decrease is a result of increased interest rates, continued low housing inventory, and overall decrease in home sales.

Expenses for governmental activities increased by \$24.6 million (13.9 percent). Key positive and negative expense changes, in order of relative importance, are:

- Education & Library increased by \$13.6 million (19.5 percent). There was an increase of \$7.8 million for various school capital projects, such as the Board of Education new administration building and three school roofing projects. In addition, the County's allocation to the Board of Education increased by \$4.8 million in fiscal year 2024.
- <u>Public Safety</u> increased by \$7.0 million (16.4 percent). There was a \$3.4 million increase for the LOSAP liability due to changes in benefit terms. Emergency Services increased by \$1.7 million and the Sheriff's Office increased by \$1.6 million. The remaining increase was in various departments throughout the county.
- <u>General Government</u> increased by \$1.3 million (6.2 percent). \$897 thousand of the increase is related to funding the local Housing Authority.
- <u>Parks & Recreation</u> increased by \$1.1 million (17.7 percent). Increases occurred throughout the various Parks and Recreation departments.

#### **Business-type activities:**

Revenues, transfers in, and expenses for business-type activities were \$28.4 million, \$484 thousand, and \$17.3 million, respectively, for fiscal year 2024. The following two charts depict revenues by source and expenses by service for business-type activities:



Business-type activities increased the County's net position altogether to \$11.6 million in fiscal year 2024, which is \$4.7 million more than the prior year's increase of \$6.9 million. The fiscal year 2024 change in net position resulted primarily from:

- Operating Revenues before transfers increased by \$5.8 million (25.4 percent), from \$22.7 million in fiscal year 2023 to \$28.4 million in fiscal year 2024, for all business-type activities. Charges for services increased by \$1.9 million mainly due to an increase in sanitary restricted fund PWA sales. Operating grants and contributions decreased by \$375 thousand, mainly due to decreased state grant funding in the Sanitary district. Capital grants and contributions increased by \$3.6 million, mainly due to an increase in federal grant funding for the Airport Runway project and the use of federal ARPA funding.
- Operating Expenses increased by \$1.0 million (6.4 percent), from \$16.3 million in fiscal year 2023 to \$17.3 million in fiscal year 2024, for all business-type activities. The entire increase resulted from water and sewer activities due to Sanitary District SKI development phase 3.

# 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 \$172.1 million, compared to \$166.0 million for the prior year. Approximately 27.0 percent of this total (\$46.5 million) constitutes *unassigned fund balance*, which is available for spending. The total *unassigned fund balance* of \$46.5 million is comprised of \$46.5 million of positive unassigned fund balance for the general fund.

The *nonspendable fund balance* of \$1.4 million which is not available for spending and includes amounts related to inventory, prepaid items and the excess of lease receivable balance over deferred inflow balance.

Restricted fund balance of \$33.9 million (19.7 percent) includes amounts that can be spent only for specific purposes stipulated by external sources or legal restrictions.

Committed fund balance of \$41.1 million (23.9 percent) represents those amounts that can be used only for the specific purposes of the government's highest level of decision-making authority.

The remaining \$49.2 million of fund balance (28.6 percent) constitutes assigned fund balances. These amounts are intended to be used by the government for the specific purposes of each fund.

More detailed information on each classification of governmental fund balance can be found in Note 12 of this report.

<u>The General Fund</u> 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 \$77.5 million, which is an increase of \$8.7 million (12.7 percent) from the fiscal year 2023 balance of \$68.8 million. Of the \$8.7 million increase, local property tax increased by \$4.0 million (5.2 percent) as a result due to an increase in assessments for tax district 4 by an average of 22%. Local income tax also increased \$6.5 million (8.3 percent) due to increases in wage rates and capital gains.

Of the total \$77.5 million in fund balance, \$46.5 million is unassigned, meaning that there are no constraints on how the funds can be spent. Beginning in fiscal year 2017, County Ordinance No. 16-24 changed the minimum amount of the rainy day fund to 8.0 percent (previously 7.0 percent) of budgeted general fund operating revenues as recommended by the Spending Affordability Committee. As a result of that Ordinance, \$15.1 million of rainy day funds are included in the General Fund's restricted fund balance of \$21.4 million for fiscal year 2024. The remaining fund balance is comprised of \$148 thousand in nonspendable, and \$9.5 million in committed.

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

<u>The General Capital Projects Fund</u> 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, 2024, the General Capital Projects Fund has a total fund balance of \$56.1 million, compared to \$61.3 million at the end of the prior fiscal year. The \$56.1 million in total fund balance is comprised of \$6.3 million in restricted fund balance, mainly for unspent bond proceeds, \$7.1 million of fund balance committed for specific projects, and \$42.6 million of assigned fund balance. The decrease in General Capital Projects fund balance resulted from the assignment of restricted bond proceeds.

<u>The Roads Capital Projects Fund</u> 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, 2024, the Roads Capital Projects Fund has a total fund balance of \$6.5 million, compared to \$5.4 million at the end of the prior fiscal year. Of this total \$6.5 million fund balance, \$5.7 million has been assigned to fund ongoing projects, while \$857 thousand has been contributed by local developers and is committed to fund specific infrastructure improvements.

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

As of June 30, 2024, the Grants Fund has a total fund balance \$0 due to the constraints of grant funding, all grant revenue must be expensed within the fiscal year.

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

Total *unrestricted net position* of the <u>Sanitary District</u> Enterprise Funds at the end of fiscal year 2024 amounted to \$30.7 million, which is a decrease of \$520 thousand compared to the prior year. Net investment in capital assets increased by \$6.8 million.

Total net position of the Sanitary District amounted to \$117.4 million at the end of fiscal year 2024, which increased by \$6.6 million when compared to the prior year.

The *unrestricted net position* of the <u>Bay Bridge Airport</u> Enterprise Fund at year end amounted to a deficit balance of \$585 thousand, reflecting an improvement of \$358 thousand. The investment in capital assets for the Bay Bridge Airport increased by \$5.9 million in the current fiscal year.

*Total net position* of the Bay Bridge Airport amounted to \$20.8 million at the end of fiscal year 2024, which is an increase of \$4.7 million from the prior year amount of \$16.1 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.

<u>Original to Final Budget Comparisons:</u> The <u>final</u> expenditure budget for the General Fund, including transfers out, totaled \$196.7 million. Amendments increased spending authority by \$13.1 million during fiscal year 2024, when compared to the <u>original</u> budget of \$183.6 million.

Major components of these expenditure budget increases are as follows:

- Budgeted <u>Public Safety</u> increased by \$2.3 million, mainly due to miscellaneous increases in the Sheriff's Office and Emergency Services.
- Budgeted <u>Transfers Out</u> to General Capital Projects increased by \$8.0 million from the original budget during the year. These funds will be used in subsequent years as funding for the larger capital projects.
- Budgeted <u>Transfers Out</u> to Roads Capital Projects increased by \$1.0 million from the original budget. Similarly to General Capital Projects, these additional funds will be used for Roads Capital projects in subsequent years.
- Budgeted <u>Transfers Out</u> to the Agricultural Transfer Tax Fund increased by \$1.3 million from the original budget, resulting from additional easements available and purchased during the fiscal year.

<u>Budget to Actual Comparisons:</u> Actual <u>revenues</u> for the General Fund, including other financing sources and before appropriated fund balance were more than final budgetary estimates by \$4.5 million.

Actual <u>expenditures</u>, and other financing uses, were less than final budgetary appropriations by \$5.7 million. The net effect of these two disparities was a positive variance of actual to final budget of \$10.2 million.

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

#### Revenues:

- <u>Local Property Tax</u> revenue was \$2.1 million more than the final budget (2.7 percent) due to a higher than anticipated increase in assessments.
- <u>Miscellaneous Income</u> was \$719 thousand higher than the final budget (122.6 percent) due to the Workmen's Compensation audit that resulted in the County receiving a credit and other miscellaneous income categories resulting in higher than expected revenue.
- <u>Local Income Tax</u> revenue was \$671 thousand higher than the final budget (0.8 percent) due to strong economic growth and increased taxable income.

## Expenditures:

- Final Budgeted <u>Salaries and Benefits</u> were \$51.8 million for the year, while actual costs were \$52.1 million. They were overspent at year-end by \$298 thousand (less than 1 percent). Budgeted salaries and benefits include reversions of \$1.9 million.
- Final Budgeted Other Operating Charges were \$144.9 million for the year, while actual costs were \$138.9 million. These costs were lower than budget at year end by \$6.0 million (4.1 percent). Operating Charges include contracted services, supplies, other charges, debt service, and transfers out.
  - Other Operating Expenses were underspent by \$3.5 million. Savings were realized in the Health Department (\$1.5 million), OPEB and other benefit charges (\$634 thousand), General Services (\$246 Thousand), and Insurance (\$245 thousand). The remaining savings for Other Operating Expenses were spread throughout the General Fund.
  - Transfers Out was underspent by \$1.3 million, due to savings realized by Roads Operating (\$740 thousand) the Department of Aging (\$186 thousand), and the Golf Course Enterprise Fund (\$186 thousand) which allowed these departments to forgo this portion of their appropriation.

- O Contracted Services were underspent by \$787 thousand, with the largest savings realized by General Services (\$190 thousand), Detention Center (\$147 thousand), Information Technology (\$140 thousand), and Solid Waste (\$140 thousand).
- O Capital Outlay was underspent by \$257 thousand, with the largest savings realized by Non-Departmental (\$125 thousand) and Detention Center (\$77 thousand).

# **Capital Assets and Debt Administration**

**Capital assets:** Queen Anne's County Government's investment in capital assets for its governmental and business-type activities as of June 30, 2024 amounted to \$347.6 million (net of accumulated depreciation). This investment in capital assets includes land and land improvements, intangible rights, construction in progress, buildings, improvements other than buildings, infrastructure, autos, machinery, and equipment. The total increase in the County's investment in capital assets for the current fiscal year was \$15.3 million or 4.6%.

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

	Governmen	tal Activities	Business Ty	pe Activities	To	otal
	2024	2023	2024	2023	2024	2023
						_
Land and Land Improvements	\$ 87,169,068	\$ 86,490,462	\$ 13,406,924	\$ 13,406,924	\$100,575,992	\$ 99,897,386
Intangible Rights - Easements	821,819	821,819	6,140	6,140	827,959	827,959
Construction in Progress	2,878,827	11,539,664	6,599,907	8,202,979	9,478,734	19,742,643
Buildings	56,328,492	50,303,760	4,969,083	5,244,516	61,297,575	55,548,276
Improvements other than Buildings	17,839,824	15,432,697	9,847,789	9,187,831	27,687,613	24,620,528
Infrastructure	7,953,550	8,252,526	106,826,876	92,068,461	114,780,426	100,320,987
Auto, Machinery, and Equipment	23,352,834	20,911,398	8,102,603	8,527,421	31,455,437	29,438,819
Right-to-use Asset	503,191	570,845	109,440	144,374	612,631	715,219
Subscription Asset	905,797	1,191,766	-	-	905,797	1,191,766
T 4.1	£ 107 752 402	£ 105 514 027	6 1 40 9 69 7 62	£ 127 700 747	6247 (22 1 (4	£ 222 202 502
Total	\$ 197,753,402	\$ 195,514,937	\$149,868,762	\$136,788,646	\$347,622,164	\$ 332,303,583

Noteworthy capital asset events during the current fiscal year for governmental activities included the following (majority of which was reclassified from Construction in Progress):

- o Completion of the Kent Island Library Renovation totaling \$7.2 million.
- o Equipment replacement totaling \$1.8 million.
- Replacement of departmental vehicles totaling \$1.7 million.
- o Completion of Emergency Services Computer Aided Dispatch System totaling \$1.5 million.
- o Completion of Chesapeake Heritage Visitor Center improvements totaling \$1.2 million.

Noteworthy capital asset events during the current fiscal year for <u>business-type</u> activities included the following (majority of which was reclassified from Construction in Progress):

- O Completion of Sanitary district infrastructure projects totaling \$9.9 million, of which \$2.6 million was contributed by commercial developers to be maintained by the County.
- o Completion of Bay Bridge Airport Runway Reconstruction totaling \$6.4 million.
- o Completion of Chester West Water Main totaling \$1.4 million.
- Taxiway Lighting at Bay Bridge Airport totaling \$640 thousand and Runway Lighting at Bay Bridge Airport totaling \$359 thousand.

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

**Long-term debt:** At the end of the current fiscal year, Queen Anne's County Government had total bonded debt, loans, OPEB (Other Post-Employment Benefits), net pension liability, LOSAP (Volunteer Fireman Pension Plan Length of Service Award Program), compensated absence obligations, lease obligations, and subscription obligations of \$253.1 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 \$253.1 million in debt, \$46.7 million is considered to be self-supporting, in that obligations of the County's enterprise funds will be funded through charges and assessments related to the operations of those funds. In addition, the Sanitary District's Debt Service Fund holds total assets of \$2.9 million, which are restricted to payment of the Sanitary District's subsequent year's debt. See Note 11 for restricted assets and subsequent year debt service obligations.

Debt activities are summarized as follows:

	Governmen	ital Activities	Business Ty	pe Activities	Tc	otal
Outstanding Debt	2024	2023	2024	2023	2024	2023
Bonds, Notes, and Premiums	\$ 123,221,457	\$ 132,859,793	\$ 37,009,458	\$ 37,528,938	\$ 160,230,915	\$ 170,388,731
OPEB	24,652,577	26,810,247	5,590,368	5,854,976	30,242,945	32,665,223
Net Pension Liability	41,722,251	32,570,299	3,436,786	2,690,703	45,159,037	35,261,002
LOSAP Liability	11,180,243	7,757,868	-	-	11,180,243	7,757,868
Compensated Absences	4,148,535	3,625,663	596,108	558,231	4,744,643	4,183,894
Lease Liability	552,354	614,668	110,714	144,381	663,068	759,049
Subscription Liability	905,835	1,178,880			905,835	1,178,880
Total Noncurrent Liabilities	\$ 206,383,252	\$ 205,417,418	\$ 46,743,434	\$ 46,777,229	\$ 253,126,686	\$ 252,194,647

During the 2024 fiscal year, the County's total net debt increased by \$932 thousand (0.4 percent). Of this amount, governmental debt increased by \$966 thousand (0.5 percent), while business-type debt decreased by \$34 thousand (0.1 percent). In fiscal year 2024, the Sanitary District continued borrowing funds through the Maryland Water Quality Administration for the Southern Kent Island (SKI) project. The total amount borrowed for this project in fiscal year 2024 was \$1.8 million. In addition, the net pension liability increased by \$9.9 million, total other post-employment benefit obligations decreased by \$2.4 million, the LOSAP liability increased by \$3.4 million, and compensated absences increased by \$560 thousand. Decreases also occurred in both lease (\$96 thousand) and subscription liabilities (\$273 thousand) due to GASB standards. Offsetting these increases and decreases were changes in accruals, plus the County's repayment of existing debt in accordance with established repayment schedules for bonds, notes, and capital lease agreements.

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

The public local laws of Queen Anne's County limit the amount of general obligation debt to no more than \$8.0 million, beyond any bonded indebtedness of the County. Currently, approximately \$7.5 million of this authority is available. All other debt has been authorized under specific legislation. Additional information on the computation of the legal debt margin can be found in Table 12 of the Statistical Section of this report.

#### **Economic Factors and Next Year's Budget and Rates**

The following economic factors were considered in preparing Queen Anne's County Government's operating and capital budgets for the 2025 fiscal year:

- Net assessable real property base is projected to increase by 4.5 percent over the previous year, based on State Assessment Office values used to compute the Constant Yield rate.
- Income tax revenue was projected at \$83.0 million for the 2025 budget.

The following are a few of the highlights from the fiscal year 2025 budget:

- OPEB shall continue to be funded in accordance with the approved ten-year plan;
- The Board of Education will be funded above Maintenance of Effort in fiscal year 2025;
- o The County's property tax rates remained the same; and
- o The County's income tax rates remained the same.

# **Requests for information**

This financial report is designed to provide a general overview of Queen Anne's County Government's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Queen Anne's County Finance Office, 107 N. Liberty Street, Centreville, Maryland 21617. This report can also be found on the County's website, <a href="http://www.qac.org">http://www.qac.org</a> (see Government, Departments, Budget and Finance Accounting section, Link to 2024 Annual Comprehensive Financial Report (ACFR)).



BASIC FINANCIAL STATEMENTS

# QUEEN ANNE'S COUNTY, MARYLAND STATEMENT OF NET POSITION June 30, 2024

	PRIMARY GOVERNMENT				
	ERNMENTAL CTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL		
ASSETS					
Equity in Pooled Cash and Investments	\$ 156,233,393	\$ 12,632,811	\$ 168,866,20		
Cash and Cash Equivalents	-	-			
Taxes Receivable (Net)	1,107,564	-	1,107,56		
Accounts and Loans Receivable (Net)	7,737,150	650,223	8,387,37		
Special Assessments (Net)	582,455	-	582,45		
Lease receivable	957,290	1,849,710	2,807,00		
Internal Balances	1,061,265	(1,061,265)			
Due from Primary Government	-				
Due from Other Governments	49,634,724	17,652	49,652,37		
Inventories	1,218,486	818,087	2,036,57		
Prepaid Items	112,309	2,520	114,82		
Endowment Fund	_	-	,-		
Restricted Assets:					
LOSAP Plan Assets	6,120,385		6,120,38		
Equity in Pooled Cash and Investments	2,875,393	28,355,590	31,230,98		
Accounts Receivable (Net)	2,073,393	3,499,369	3,499,36		
	-				
Special Assessments Receivable (Net)	-	19,259,330	19,259,33		
Capital Assets:	00.000.714	20.012.071	110 000 60		
Nondepreciable Assets	90,869,714	20,012,971	110,882,68		
Depreciable and Amortized Assets, Net	106,883,688	129,855,791	236,739,47		
Total Assets	425,393,816	215,892,789	641,286,60		
DEFENDED OUTELOWS OF DESCRIPCES					
DEFERRED OUTFLOWS OF RESOURCES OPEB	672,067	126,911	798,97		
Pension Benefits	20,367,949	1,827,201	22,195,15		
		1,027,201			
LOSAP Benefits	1,351,258	2 527	1,351,25		
Deferred Charge on Refunding	245,521	3,537	249,05		
Total Deferred Outflows of Resources	22,636,795	1,957,649	24,594,44		
A LA DAL MONTO					
LIABILITIES					
Accounts Payable and Other Current Liabilities	9,931,710	1,304,783	11,236,49		
Accrued Interest Payable	1,798,218	143,264	1,941,48		
Due to Component Units	2,966,615	-	2,966,61		
Due to Other Governmental Agencies	316,871	-	316,87		
Unearned Revenue	3,794,237	113,416	3,907,65		
Escrow Deposits	-	25,532	25,53		
Noncurrent Liabilities:					
Due within One Year	13,235,535	2,718,107	15,953,64		
Due in More than One Year	193,147,717	44,025,327	237,173,04		
Total Liabilities	225,190,903	48,330,429	273,521,33		
	,	,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,			
<u>DEFERRED INFLOWS OF RESOURCES</u>					
OPEB	12,158,206	1,624,171	13,782,37		
Pension Benefits	3,266,641	402,838	3,669,47		
LOSAP Benefits	2,857,473	-	2,857,47		
Lease receivable	921,365	1,818,199	2,739,56		
Deferred Inflows related to Refundings	135,866	1,590	137,45		
Deferred Assessments	582,455	19,259,332	19,841,78		
Deferred Fees	94,470	-	94,47		
Total Deferred Inflows of Resources	20,016,476	23,106,130	43,122,60		
NET POSITION Net Investment in Capital Assets	126,002,954	111,940,928	238,033,78		
	126,092,854	111,940,928	238,033,78		
Amounts Restricted for:	15 504 05		4		
General Government	15,581,891	-	15,581,89		
Economic/Community Development	3,100,606	-	3,100,60		
Public Safety	6,452,153	-	6,452,15		
Conservation of Natural Resources	2,797,415	-	2,797,41		
Social Services	955	-	95		
Debt Service	-	4,147,493	4,147,49		
Capital Projects	-	-			
Other Purposes	-	-			
Unrestricted Amounts (Deficit)	48,797,358	30,325,458	79,122,81		

# QUEEN ANNE'S COUNTY, MARYLAND STATEMENT OF NET POSITION

June 30, 2024

# (CONTINUED)

BOARD OF EDUCATION	FREE LIBRARY	
•		
-	\$ -	
13,039,845	1,460,276	
-	-	
464,949	31,240	
-	-	
-	-	
	-	
3,190,824	-	
3,500,976	-	
73,393	-	
1,147,064	33,300	
-	124,103	
-	-	
-	-	
-	-	
-	-	
16,487,117	29,850	
145,488,597	1,689,661	
183,392,765	3,368,430	
38,362,001	95,399	
2,569,978	-	
-	-	
<u>-</u>		
40,931,979	95,399	
16,701,038	118,383	
-	-	
-	-	
-	-	
1,097,387	-	
-	-	
738,009	2,602	
150,950,846	520,386	
169,487,280	641,371	
122,148,389	228,471	
318,967	· -	
-	_	
-	-	
-	-	
-	-	
-	86,143	
122,467,356	314,614	
, ,		
160,804,839	1,716,909	
. ,		
-	-	
-	-	
-	_	
-	-	
-	-	
_	-	
77,515	-	
1,945,003	101,707	
(220, 457, 240)		
(230,457,249) (67,629,892)	\$ 2,507,844	
0/,029,892)	<i>δ</i> 2,307,844	

### QUEEN ANNE'S COUNTY, MARYLAND STATEMENT OF ACTIVITIES FOR THE YEAR ENDED JUNE 30, 2024

				P	RIMARY GOVERNMEN	VТ			
	i	EXPENSES	CHARGES FOR SERVICES		OPERATING GRANTS AND CONTRIBUTIONS	11	CAPITAL GRANTS AND CONTRIBUTIONS		TOTAL REVENUE
PRIMARY GOVERNMENT									
Governmental Activities									
General Government	\$	22,378,707	\$ 1,717,926	\$		\$		\$	5,989,969
Public Safety		49,458,541	2,617,398		2,628,668		179,350		5,425,410
Public Works		20,222,362	883,739		6,270		2,836,186		3,726,193
Parks & Recreation		7,458,494	1,151,020		14,453		924,299		2,089,772
Health and social services		7,944,933	62,176		2,591,053		588,792		3,242,02
Education and Library		83,355,583	2,291,783		-		-		2,291,78
Conservation of Natural Resources		3,702,670	19,262		-		2,474,706		2,493,968
Economic/Community Development		2,826,682	-		1,066,447		-		1,066,44
Interest and Fiscal Charges	_	4,254,673	48,412		-		-		48,412
Total Governmental Activities		201,602,645	8,791,716		8,049,065		9,533,202		26,373,983
Business-type Activities									
Water and Sewer		14,932,981	14,162,090		2,565,847		2,607,219		19,335,150
Airport		966,183	6,049		-		5,028,713		5,034,76
Golf Course		730,908	720,153				-		720,153
Public Landings and Marinas		666,295	465,457		14,999				480,450
Total Business-type Activities	_	17,296,367	15,353,749		2,580,846		7,635,932		25,570,52
Total Primary Government	\$	218,899,012	\$ 24,145,465	\$	10,629,911	\$	17,169,134	\$	51,944,510
COMPONENT UNITS									
Board of Education	\$	131,200,461	\$ , . ,	\$	33,081,584	\$	19,544,076	\$	54,119,769
Free Library		3,429,761	21,139		367,152		-		388,291
Total Component Units	\$	134,630,222	\$ 1,515,248	\$	33,448,736	\$	19,544,076	\$	54,508,060
				G	eneral Revenues				
					Local Property Tax				
					Local Income Tax				
					Other Local Taxes				
					Admission and Amus	eme	ent Taxes		
					Recordation Taxes				
					Hotel Taxes				
					County Transfer Taxe	S			
					Cannabis Sales Tax				
					State Shared Taxes				
					rants and Contributions No	ot R	estricted to Specific Prog	ram	S
					nvestment Income				
					ain (loss) on Disposal of C	api	tal Assets		
					fiscellaneous ransfers In (Out)				
					Total General Revenues a	nd '	Transfara		
						IIU	1 1 a 11 51 C 1 S		
					Change in Net Position				
				N	let Position - Beginning of	Yea	ar		
				N	let Position - End of Year				

### QUEEN ANNE'S COUNTY, MARYLAND STATEMENT OF ACTIVITIES FOR THE YEAR ENDED JUNE 30, 2024

(CONTINUED)

#### NET (EXPENSE) REVENUE AND CHANGES IN NET POSITION

PRIM	MARY GOVERNMENT			COMPONE	NT UNITS	
VERNMENTAL	BUSINESS-TYPE	mom. r		BOARD OF		FREE
 ACTIVITIES	ACTIVITIES	TOTAL	E	DUCATION		LIBRARY
\$ (16,388,738) \$	- \$	(16,388,738)	\$	-	\$	-
(44,033,125)	-	(44,033,125)		-		-
(16,496,167)	-	(16,496,167)		-		-
(5,368,722)	-	(5,368,722)		-		-
(4,702,912)	-	(4,702,912)		-		-
(81,063,800)	-	(81,063,800)		-		-
(1,208,702)	-	(1,208,702)		-		-
(1,760,235)	-	(1,760,235)		-		-
(4,206,261)	<del>-</del>	(4,206,261)		<u> </u>		
(175,228,662)	-	(175,228,662)		<u>-</u>		-
-	4,402,175	4,402,175		-		-
-	4,068,579	4,068,579		-		-
-	(10,755)	(10,755)		-		-
-	(185,839)	(185,839)		<u> </u>		-
 -	8,274,160	8,274,160		<u>-</u>		-
\$ (175,228,662) \$	8,274,160 \$	(166,954,502)	\$	-	\$	-
\$ - \$	- \$	-	\$	(77,080,692)	\$	
-	-	<u>-</u>		<u> </u>		(3,041,470)
-	-			(77,080,692)		(3,041,470)
82,047,674	-	82,047,674		-		-
86,567,013	-	86,567,013		-		-
261,842	-	261,842		-		-
7,668,565	-	7,668,565		-		_
1,127,036	-	1,127,036		-		-
2,885,299	-	2,885,299		-		-
83,040	-	83,040		-		-
1,560,187	-	1,560,187		-		-
-	-	-		100,774,039		2,808,155
9,192,673	1,732,675	10,925,348		480,147		94,857
-	(21,552)	(21,552)		-		-
2,059,293	1,167,917	3,227,210		28,085		4,235
(484,251)	484,251	-		-		-
192,968,371	3,363,291	196,331,662		101,282,271		2,907,247
17,739,709	11,637,451	29,377,160		24,201,579		(134,223)
185,083,523	134,776,428	319,859,951		(91,831,471)		2,642,067
\$ 202,823,232 \$	146,413,879 \$	349,237,111	\$	(67,629,892)	\$	2,507,844

# QUEEN ANNE'S COUNTY, MARYLAND BALANCE SHEET

#### GOVERNMENTAL FUNDS June 30, 2024

			MAJOR	FUN	IDS				NON-MAJOR		TOTAL
	GENERAL FUND		GENERAL		ROADS		GRANTS FUND	G	OVERNMENTAL FUNDS	GC	OVERNMENTAL FUNDS
ASSETS	 FUND		CAPITAL		CAPITAL		FUND		FUNDS		FUNDS
Cash and Cash Equivalents	\$ 67,317,886	\$	54,701,783	\$	6,516,310	\$	2,664,619	\$	25,032,795	\$	156,233,393
Prepaid Items	112,309		-		-		-		-		112,309
Receivables:											
Taxes Receivable (Net)	1,107,564 481,785		702 (2(		-		13,927		109,993		1,107,564 1,398,341
Accounts Receivable (Net) Lease Receivable	957,290		792,636		-		13,927		109,993		957,290
Loans Receivable (Net)	937,290		-		-		-		6,338,809		6,338,809
Special Assessments (Net)	-		-		22,901		-		559,554		582,455
Due from Other Governments	43,974,270		630,918		22,901		666,228		1,504,532		46,775,948
Due from Other Funds	392,417		875,336				000,226		1,504,552		1,267,753
Inventory	372,417		-		_		_		1,218,486		1,218,486
Restricted:									1,210,100		1,210,100
Restricted LOSAP Plan Assets	6,120,385		-		-		-		-		6,120,385
Restricted Equity in Pooled Cash	· -		2,875,393		-		-		-		2,875,393
Total Assets	\$ 120,463,906	\$	59,876,066	\$	6,539,211	\$	3,344,774	\$	34,764,169	\$	224,988,126
LIADILITIES											
LIABILITIES Accrued Liabilities	\$ 7,590,071	\$	1.053,192	e	6,740	e	252,278	\$	672,773	•	9,575,054
Due to Other Funds	\$ 7,390,071	Ф	1,033,192	э	0,740	э	232,276	э	206,488	э	206.488
Due to Component Units	-		2,768,173		-		128,404		70,038		2,966,615
Due to Other Governmental Agencies	_		2,700,175		_		120,101		316,871		316,871
Unearned Revenue	14,008		_		_		2,964,092		816,137		3,794,237
Total Liabilities	7,604,079		3,821,365		6,740		3,344,774		2,082,307		16,859,265
DEFERRED INFLOWS OF RESOURCES											
Unavailable Income Taxes	34,337,360		_		_		_		_		34,337,360
Unavailable Property Taxes	86,924		_		_		_		_		86,924
Unavailable Benefit Assessments	-		-		22,901		-		559,554		582,455
Unavailable Fees	-		-		· -		-		94,470		94,470
Unavailable Lease Revenue	921,365		-		-		-		-		921,365
Total Deferred Inflows	35,345,649		-		22,901		-		654,024		36,022,574
FUND BALANCES											
Nonspendable	148,234		_		_		_		1,218,486		1,366,720
Restricted	21,377,816		6,320,750		_		-		6,230,744		33,929,310
Committed	9,450,311		7,096,362		857,300		-		23,714,705		41,118,678
Assigned	· -		42,637,589		5,652,270		-		863,903		49,153,762
Unassigned	46,537,817		-		-		-		-		46,537,817
Total Fund Balances	77,514,178		56,054,701		6,509,570		-		32,027,838		172,106,287
Total Liabilities, Deferred Inflows											
and Fund Balances	\$ 120,463,906	\$	59.876.066	S	6,539,211	\$	3,344,774	\$	34,764,169	\$	224,988,126

 $\label{thm:companying} \textit{The accompanying notes to the basic financial statements are an integral part of this statement.}$ 

# QUEEN ANNE'S COUNTY, MARYLAND RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION June 30, 2024

Total Fund Balance - Governmental Funds	\$	172,106,287
Capital assets used in governmental fund activities are not current financial resources		
and therefore are not reported in the funds.		197,753,402
Receivables not included in the governmental funds because they relate to debt.		
A portion of the County's 2014 Bond offering related to debt issued on behalf of Chesapeake College.		
Although Queen Anne's County will submit the payments to the lender for the bonds, there are five		
Counties total that will share the expense of the debt service for the Chesapeake College project.		
A receivable is booked in Government-Wide in order to offset the debt recorded on the books related		
to the portion of the Chesapeake College project that the other Counties are responsible for.		2,858,777
Revenues that are deferred in the governmental funds because they do not		
provide current financial resources are recognized as revenues in the		
Statement of Activities.		
Property Taxes deferred in governmental funds		86,924
Income Taxes deferred in governmental funds		34,337,360
income Taxes deferred in governmental funds		34,337,300
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.		
Liability for Retirement Incentive and Employee Contracts		(356,657)
Bonds and Notes Payable		(123,221,457)
Accrued Interest Payable - long term debt		(1,760,831)
Accrued Interest Payable - leases		(16,023)
Accrued Interest Payable - Subscription		(21,364)
Lease Liability		(552,354)
Subscription Liability		(905,835)
OPEB		(24,652,577)
Net Pension Liability		(41,722,251)
Net LOSAP Liability Accrued Compensated Absences		(11,180,243) (4,148,535)
Actived Compensated Absences		(4,140,333)
Deferred outflow of resources - OPEB		672,067
Deferred outflow of resources - Maryland State Pension		20,367,949
Deferred outflow of resources - LOSAP		1,351,258
Deferred outflow of resources - Refundings		245,521
Deferred inflow of resources - OPEB		(12,158,206)
Deferred inflow of resources - Maryland State Pension		(3,266,641)
Deferred inflow of resources - LOSAP		(2,857,473)
Deferred inflow of resources - Refundings		(135,866)
Total Net Position - Governmental Activities	-\$	202,823,232
		·-,·,

 $\label{thm:companying} \textit{The accompanying notes to the basic financial statements are an integral part of this statement.}$ 

# QUEEN ANNE'S COUNTY, MARYLAND STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES GOVERNMENTAL FUNDS FOR THE YEAR ENDED JUNE 30, 2024

				MAJOR	FUN	IDS			NON-MAJOR		TOTAL
		GENERAL FUND		GENERAL CAPITAL		ROADS CAPITAL		GRANTS FUND	GOVERNMENTAL FUNDS	GO	VERNMENTAL FUNDS
REVENUES		FUND		CAFITAL		CAFITAL		FUND	FUNDS		FUNDS
Taxes											
Local Property Tax	\$	82,049,357	\$	_	\$	_	\$	_	\$ 60,101	s	82,109,458
Local Income Tax	*	86,007,950	-	_	-	_	-	_		-	86,007,950
Admission and Amusement Taxes		261,842		_		_		_	_		261,842
Recordation Taxes		7,436,184		_		_		_	232,381		7,668,565
Hotel Taxes		1,127,036		_		_		_	,		1,127,036
County Transfer Taxes		2,885,299		_		_		_	_		2,885,299
Cannabis Sales Tax		83,040		_		_		_	_		83,040
State Shared Taxes		-		_		_		_	1,560,187		1,560,187
Franchise Fee		364,677		_		_		_	-,,,		364,677
Licenses and Permits		802,612		40,520		_		_	_		843,132
Intergovernmental		3,265,896		6,728,766		1,257,288		2,012,200	4,117,604		17,381,754
Charges for Current Services		4,131,708		53,102		4,361		6,556	3,255,748		7,451,475
Fines and Forfeitures		51,929		55,102		-,501		-	80,498		132,427
Investment Income		7,418,478		647,542		193,482		_	933,171		9,192,673
Donations		177,540						_	22,978		200,518
Miscellaneous		1,305,909		410,591		_		291,856	50,937		2,059,293
Total Revenues		197,369,457		7,880,521		1,455,131		2,310,612	10,313,605		219,329,326
		, ,		.,,.		,, -		<i>/ /-</i>	-,,		- , ,-
EXPENDITURES											
Current											
General Government		14,735,938		1,398,119		-		37,150	17,675		16,188,882
Public Safety		39,555,442		1,182,528		_		1,310,762	776,860		42,825,592
Public Works		8,058,493		2,806,512		3,087,605		16,145	5,825,692		19,794,447
Parks & Recreation		6,042,174		689,046		-			-,,		6,731,220
Health and Social Services		1,498,892		1,049,838		_		238,237	5,480,017		8,266,984
Education and Library		73,609,899		9,106,407		_			-,,-		82,716,306
Conservation of Natural Resources		846,386		124,943		_		_	2,759,115		3,730,444
Economic/Community Development		1,165,297		17,633		_		756,107	1,115,909		3,054,946
Intergovernmental		689,608		-		_		-	-		689,608
Miscellaneous		7,232,373		_		_		_	_		7,232,373
Capital Outlay		-,,		7,710,870		1,308,398		_	_		9,019,268
Debt Service				.,,		, ,					- , ,
Principal		8,488,388		_		_		_	47,816		8,536,204
Interest and Fiscal Charges		4,254,673		_		_		_	47,010		4,254,673
Total Expenditures		166,177,563		24,085,896		4,396,003		2,358,401	16,023,084		213,040,947
Total Expenditures		100,177,505		24,005,070		4,570,005		2,550,401	10,023,004		213,010,717
Excess of Revenues Over (Under) Expenditures		31,191,894		(16,205,375)		(2,940,872)		(47,789)	(5,709,479)		6,288,379
OTHER PRINTING COLUMNIES (1988)											
OTHER FINANCING SOURCES (USES)											
Proceeds of Capital Asset Disposals		28,597		-		-		-	60,477		89,074
Insurance Proceeds		139,131		-		-		-	11,053		150,184
Subscription-Based IT Arrangements		38,000									38,000
Transfers In		2,165,911		10,925,521		4,015,480		47,789	9,380,073		26,534,774
Transfers Out		(24,853,114)		-		-		-	(2,165,911)		(27,019,025)
Other Financing Sources (Uses)		(22,481,475)		10,925,521		4,015,480		47,789	7,285,692		(206,993)
Change in Fund Balances		8,710,419		(5,279,854)		1,074,608		-	1,576,213		6,081,386
Fund Balances, July 1		68,803,759		61,334,555		5,434,962		-	30,451,625		166,024,901
Fund Balances, June 30	\$	77,514,178	\$	56,054,701	\$	6,509,570	\$	-	\$ 32,027,838	\$	172,106,287

 $\label{thm:companying} \textit{The accompanying notes to the basic financial statements are an integral part of this statement.}$ 

#### 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, 2024

Net change in fund balance - Governmental Funds	\$ 6,081,386
Governmental funds report capital outlay as expenditures. However, in the Statement of Activities, the cost of capital assets is allocated over the estimated useful lives of those assets through an annual depreciation charge. The differences are as follows:	
Current year additions of capital assets Current year disposals of capital assets Depreciation expenses recorded in the Statement of Activities	10,863,504 (684,764) (7,940,275)
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	(229,388)
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 Change in Income Tax Deferred Inflows	(61,784) 559,063
Liability for retirement incentive  As part of the retirement incentives offered in fiscal year 2018, retirees were given a certain period of health insurance at no cost, rather than the normal premium. The maximum period of no cost health insurance was five years. The liability for the benefit offered to the retirees is included in the government-wide statements and adjusted each year until the benefit period is over.	
As part of an employee contract of a past employee, the County is responsible for a death benefit of \$250,000 plus inflation. This liability will remain until the payment is made.	
Change in liability for the retirement incentive and employee contracts	(10,292)
Issuance of long-term debt (e.g., bonds, notes, and financing leases) provides current financial resources to Governmental Funds, while repayment of principal due for long-term debt consumes current resources. In the Statement of Net Position, issuing debt increases long term liabilities, while repayment reduces those liabilities.	
Retirements and repayments made on long term debt Bond Premium amortization	8,765,592 872,744
<u>Some accrued expenses</u> , reported in the Statement of Activities, do not require the use of current financial resources and are not reported as expenditures in the Governmental Funds.	
Change in: Accrued Interest Payable - long term debt Accrued Interest Payable - leases Accrued Interest Payable - Subscription Lease Liability Subscription Liability OPEB Net pension liability - Maryland State Pension Net LOSAP Liability Accrued Compensated Absences	344,199 (8,137) 6,885 62,314 273,045 2,157,670 (9,151,952) (3,422,375) (522,872)
Deferred outflow of resources - OPEB Deferred outflow of resources - Maryland State Pension Deferred outflow of resources - LOSAP Deferred outflow of resources - Refunding Deferred inflow of resources - OPEB Deferred inflow of resources - Maryland State Pension Deferred inflow of resources - LOSAP Deferred inflow of resources - Refunding	(711,463) 7,290,563 (394,123) (81,841) 2,117,206 1,178,081 366,358 20,365
Change in Net Position - governmental activities	\$ 17,739,709

	SANITARY DISTRICT					
	SEWER	WATER	RESTRICTED	DEBT SERVICE		
ASSETS	OPERATIONS	OPERATIONS	FUND	FUND	TOTAL	
Current Assets						
Unrestricted						
Equity in Pooled Cash	\$ 2,535,638	\$ 7,369,108	\$ -	\$ - 5	9,904,746	
Prepaid Items	-	-	-	-	-	
Accounts Receivable (Net)	410,174	85,589	-	=	495,763	
Due from Other Governments	-	-	-	-	-	
Lease receivable	-	1,419,931	-	-	1,419,931	
Inventories	752,307	=	-	=	752,307	
Restricted			26 105 022	2 170 557	20 255 500	
Restricted Equity in Pooled Cash Restricted Accounts Receivable (Net)	-	-	26,185,033 2,745,269	2,170,557	28,355,590	
Total Current Assets	3,698,119	8,874,628	28,930,302	754,100 2,924,657	3,499,369 44,427,706	
Total Current Assets	3,070,117	0,074,020	20,730,302	2,724,037	44,427,700	
Noncurrent Assets						
Restricted						
Special Assessments Receivable (Net)	-	-	706,812	18,552,518	19,259,330	
Total Noncurrent Restricted Assets	-	-	706,812	18,552,518	19,259,330	
Capital and Intangible Assets	152,659,989	43,326,321	-	-	195,986,310	
Less Accumulated Depreciation and Amortization	(62,035,890)	(14,684,693)	-	-	(76,720,583)	
Total Capital Assets, Net	90,624,099	28,641,628	=	-	119,265,727	
T . 1.4	04222 210	27.514.254	20.627.114	21 455 155	102.052.762	
Total Assets	94,322,218	37,516,256	29,637,114	21,477,175	182,952,763	
DEFERRED OUTFLOWS OF RESOURCES						
OPEB	85,717	35,229	_	_	120,946	
Pension Benefits	1,266,973	367,231	_	_	1,634,204	
Deferred Charge on Refunding	-,=,	-	<u>-</u>	_	-,,	
Total Deferred Outflows of Resources	1,352,690	402,460	-	-	1,755,150	
<u>LIABILITIES</u>						
Current Liabilities						
Payable from Unrestricted Assets						
Accounts Payable	725,490	111,437	75	_	837,002	
Accrued Interest Payable	118,431	-	-	-	118,431	
Escrow Deposits	-	-	-	-	-	
Due to Other Funds	-	-	-	-	-	
Unearned Revenue	86,934	-	-	-	86,934	
Current Portion of Compensated Absences	226,847	57,660	-	=	284,507	
Current Portion of Lease Payable	-	=	-	=	=	
Current Portion of Bonds/Notes Payable	2,137,805	-	-	-	2,137,805	
Total Current Liabilities	3,295,507	169,097	75	-	3,464,679	
Noncurrent Liabilities						
Payable from Unrestricted Assets						
Compensated Absences	157,944	40,147	-	-	198,091	
OPEB	3,824,440	1,282,222	-	=	5,106,662	
Net Pension Liability	2,421,117	669,406	-	=	3,090,523	
Lease Payable	22.000.120	-	-	-	22.000.120	
Bonds/Notes Payable	32,860,126	1 001 775	-	-	32,860,126	
Total Noncurrent Liabilities	39,263,627	1,991,775	- 75	-	41,255,402	
Total Liabilities	42,559,134	2,160,872	75	-	44,720,081	
DEFERRED INFLOWS OF RESOURCES						
OPEB	1,246,745	305,570	_	_	1,552,315	
Pension Benefits	265,824	89,479	- -	- -	355,303	
Bond Refundings	203,824	-	- -	-	-	
Water and Sewer Assessments	-	-	706,812	18,552,520	19,259,332	
Lease receivable	-	1,388,119	-	-	1,388,119	
Total Deferred Inflows of Resources	1,512,569	1,783,168	706,812	18,552,520	22,555,069	
NET POSITION						
Net Investment in Capital Assets	55,147,600	28,641,628	=	-	83,789,228	
Amounts Restricted for:						
Debt Service	-	-	-	2,924,655	2,924,655	
Unrestricted Amounts (Deficit)	(3,544,395)	5,333,048	28,930,227	-	30,718,880	
Total Net Position	\$ 51,603,205	\$ 33,974,676	\$ 28,930,227	\$ 2,924,655 \$	117,432,763	

#### QUEEN ANNE'S COUNTY, MARYLAND STATEMENT OF NET POSITION ENTERPRISE FUNDS June 30, 2024

(CONTINUED)

			TOTAL PRIMARY
		NON-MAJOR	GOVERNMENT
BAY BRII	DGE	ENTERPRISE	ENTERPRISE
AIRPOF		FUNDS	FUNDS
\$ 1,8	68,339	\$ 859,726	\$ 12,632,811
	-	2,520	2,520
	63,470	90,990	650,223
4	2,653	14,999	17,652
	29,779 57,676	8,104	1,849,710 818,087
	37,070	0,104	818,087
	-	-	28,355,590
	-	-	3,499,369
2,4	21,917	976,339	47,825,962
	-	-	19,259,330
	-	-	19,259,330
29.1	87,036	11,551,003	236,724,349
	40,920)	(2,794,084)	(86,855,587
	46,116	8,756,919	149,868,762
24,2	68,033	9,733,258	216,954,054
	1.002	4.002	126.011
	1,082	4,883	126,911
	51,039	141,958	1,827,201
	3,096 55,217	147,282	3,537 1,957,649
	80,027 15,818	87,754 9,015	1,304,783 143,264
	25,532	-	25,532
8	75,336	185,929	1,061,265
	16,681	9,801	113,416
	26,543	40,375	351,425
	-	27,922	27,922
	20,079	80,876	2,338,760
1,4	60,016	441,672	5,366,367
	18,481	28,111	244,683
2	55,356	228,350	5,590,368
	98,931	247,332	3,436,786
	-	82,792	82,792
	87,651	622,921	34,670,698
	60,419	1,209,506	44,025,327
3,0	20,435	1,651,178	49,391,694
	14,898	56,958	1,624,171
	9,856	37,679	402,838
	252	1,338	1,590
	-	-	19,259,332
4	30,080	-	1,818,199
4.	55,086	95,975	23,106,130
20,2	10,189	7,941,511	111,940,928
1,2	22,838	-	4,147,493
(5	85,298)	191,876	30,325,458
\$ 20,8	47,729	\$ 8,133,387	\$ 146,413,879

# QUEEN ANNE'S COUNTY, MARYLAND STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION ENTERPRISE FUNDS FOR THE YEAR ENDED JUNE 30, 2024

				S	ANIT	ARY DISTRICT		
		SEWER		WATER	R	ESTRICTED	DEBT SERVICE	
	Ol	PERATIONS	OP	ERATIONS		FUND	FUND	TOTAL
OPERATING REVENUES								
Charges for Services	\$	7,522,670	\$	3,206,391	\$	2,221,123	* , , ,	\$ 14,162,090
Intergovernmental		201,105		1,357,242		658,750	348,750	2,565,847
Material Sales		-		23,650		-	-	23,650
Miscellaneous Revenues		224,056		203,632		-	-	427,688
Total Operating Revenues		7,947,831		4,790,915		2,879,873	1,560,656	17,179,275
OPERATING EXPENSES								
Cost of Sales and Services								
Collection		3,993,916		-		-	-	3,993,916
Distribution		-		393,570		-	-	393,570
Treatment		1,937,597		1,465,595		-	-	3,403,192
Shop		279,633		117,231		-	-	396,864
Airport		-		-		-	-	-
Recreation		-		-		-	-	-
Total Cost of Sales and Services		6,211,146		1,976,396		-	-	8,187,542
Administration and Inspection		2,183,951		768,482		_	_	2,952,433
OPEB		(360,048)		(59,448)		_	_	(419,496)
Pension Liability Adjustment		58,113		(3,165)		_	_	54,948
Depreciation and amortization		2,884,264		873,127		_	_	3,757,391
Total Operating Expenses		10,977,426		3,555,392		-	-	14,532,818
Operating Income (Loss)		(3,029,595)		1,235,523		2,879,873	1,560,656	2,646,457
NON-OPERATING REVENUES (EXPENSES)								
Investment Income		289,129		161,252		1,032,233	247,854	1,730,468
Interest Expense		(400,163)		101,232		1,052,255	217,001	(400,163)
Loss on Disposal of Capital Assets		(8,366)		(7,910)		_	_	(16,276)
Total Non-Operating Revenues (Expenses)		(119,400)		153,342		1,032,233	247,854	1,314,029
Income (Loss) Before Contributions and Transfers		(3,148,995)		1,388,865		3,912,106	1,808,510	3,960,486
		1 122 640		1 452 550				2 (07 210
Capital Contributions, Fees and Grants Transfer of Capital Asset (to) from Governmental Fund		1,133,649		1,473,570		-	<u>-</u>	2,607,219
<u>TRANSFERS</u>								
Transfers In		2,520,507		1,782,287		-	1,039,588	5,342,382
Transfers Out		-		-		(2,821,875)	(2,520,507)	(5,342,382)
Net Transfers In (Out)		2,520,507		1,782,287		(2,821,875)	(1,480,919)	-
Change in Net Position		505,161		4,644,722		1,090,231	327,591	6,567,705
Total Net Position - Beginning of Year		51,098,044		29,329,954		27,839,996	2,597,064	110,865,058
Total Net Position - End of Year	\$	51,603,205	\$	33,974,676	\$	28,930,227	\$ 2,924,655	\$ 117,432,763

# QUEEN ANNE'S COUNTY, MARYLAND STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION ENTERPRISE FUNDS FOR THE YEAR ENDED JUNE 30, 2024

(CONTINUED)

BAY BRIDGE AIRPORT	(CONTINUED)		
BAY BRIDGE AIRPORT         NON-MAJOR ENTERPRISE FUNDS         GOVERNMENT ENTERPRISE FUNDS           \$ 6,049         \$ 1,185,610         \$ 15,353,749           -         14,999         2,580,846           175,686         59,280         258,616           442,447         39,166         909,301           624,182         1,299,055         19,102,512           -         -         393,570           -         -         396,864           419,523         -         419,523           -         -         396,864           419,523         -         419,523           419,523         1,169,821         1,169,821           419,523         1,169,821         9,776,886           -         -         2,952,433           (4,086)         (13,421)         (437,003)           3,153         (9,602)         48,499           479,821         231,263         4,468,475           898,411         1,378,061         16,809,290           (274,229)         (79,006)         2,293,222           2         (70,841)         (19,142)         (487,077)           (5,276)         -         (21,552)           (70,841) <td></td> <td></td> <td>TOTAL</td>			TOTAL
BAY BRIDGE AIRPORT         ENTERPRISE FUNDS         ENTERPRISE FUNDS           \$ 6,049         \$ 1,185,610         \$ 15,353,749           -         14,999         2,580,846           175,686         59,280         258,616           442,447         39,166         909,301           624,182         1,299,055         19,102,512           -         -         393,570           -         -         396,864           419,523         -         419,523           -         -         1,169,821         1,169,821           419,523         1,169,821         9,776,886           -         -         2,952,433           (4,086)         (13,421)         (437,003)           3,153         (9,602)         48,499           479,821         231,263         4,468,475           898,411         1,378,061         16,809,290           (274,229)         (79,006)         2,293,222           2         (70,841)         (19,142)         (487,077)           (5,276)         -         (21,552)           (70,841)         (19,142)         (487,077)           (5,276)         -         (21,552)           (70			PRIMARY
AIRPORT         FUNDS         FUNDS           \$ 6,049         \$ 1,185,610         \$ 15,353,749           -         14,999         2,580,846           175,686         59,280         258,616           442,447         39,166         909,301           624,182         1,299,055         19,102,512           -         -         393,570           -         -         396,864           419,523         -         419,523           -         -         396,864           419,523         -         419,523           -         -         1,169,821         1,169,821           -         -         1,169,821         9,776,886           -         -         2,952,433           (4,086)         (13,421)         (437,003)           3,153         (9,602)         48,499           479,821         231,263         4,468,475           898,411         1,378,061         16,809,290           (274,229)         (79,006)         2,293,222           2         (70,841)         (19,142)         (487,077)           (5,276)         -         (21,552)           (70,841)         (19,142)		NON-MAJOR	GOVERNMENT
\$ 6,049 \$ 1,185,610 \$ 15,353,749   - 14,999 2,580,846   175,686 59,280 258,616   442,447 39,166 909,301   624,182 1,299,055 19,102,512    3,993,916   3,403,192   3,403,192   3,403,192   - 1,169,821 1,169,821   419,523 - 419,523   - 1,169,821 9,776,886    2,952,433   (4,086) (13,421) (437,003)   3,153 (9,602) 48,499   479,821 231,263 4,468,475   898,411 1,378,061 16,809,290    (274,229) (79,006) 2,293,222    2,207 - 1,732,675   (67,772) (19,142) (487,077)   (5,276) - (21,552)   (70,841) (19,142) 1,224,046    (345,070) (98,148) 3,517,268   5,028,713 - 7,635,932     59,251 425,000 5,826,633   (5,342,382)   59,251 425,000 5,826,633   (5,342,382)   59,251 425,000 5,826,633   (5,342,382)   59,251 425,000 5,826,633   (5,342,382)   59,251 425,000 5,826,633   (5,342,382)   59,251 425,000 5,826,633   (5,342,382)   59,251 425,000 5,826,633   (5,342,382)	BAY BRIDGE		ENTERPRISE
\$ 6,049 \$ 1,185,610 \$ 15,353,749			FUNDS
- 14,999 2,580,846 175,686 59,280 258,616 442,447 39,166 909,301 624,182 1,299,055 19,102,512  3,993,916 396,864 419,523 - 419,523 - 1,169,821 1,169,821 419,523 1,169,821 9,776,886  2,952,433 (4,086) (13,421) (437,003) 3,153 (9,602) 48,499 479,821 231,263 4,468,475 898,411 1,378,061 16,809,290  (274,229) (79,006) 2,293,222  2,207 - 1,732,675 (67,772) (19,142) (487,077) (5,276) - (21,552) (70,841) (19,142) 1,224,046  (345,070) (98,148) 3,517,268  5,028,713 - 7,635,932 (5,342,382) 59,251 425,000 5,826,633 (5,342,382) 59,251 425,000 5,826,633 (5,342,382)			
175,686     59,280     258,616       442,447     39,166     909,301       624,182     1,299,055     19,102,512       -     -     3,993,916       -     -     393,570       -     -     3,403,192       -     -     396,864       419,523     -     419,523       -     1,169,821     1,169,821       419,523     1,169,821     9,776,886       -     -     2,952,433       (4,086)     (13,421)     (437,003)       3,153     (9,602)     48,499       479,821     231,263     4,468,475       898,411     1,378,061     16,809,290       (274,229)     (79,006)     2,293,222       2,207     -     1,732,675       (67,772)     (19,142)     (487,077)       (5,276)     -     (21,552)       (70,841)     (19,142)     1,224,046       (345,070)     (98,148)     3,517,268       5,028,713     -     7,635,932       -     -     -     -       59,251     425,000     5,826,633       -     -     (5,342,382)       59,251     425,000     484,251	\$ 6,049 \$	1,185,610	\$ 15,353,749
442,447     39,166     909,301       624,182     1,299,055     19,102,512       -     -     3,993,916       -     -     393,570       -     -     396,864       419,523     -     419,523       -     1,169,821     1,169,821       419,523     1,169,821     9,776,886       -     -     2,952,433       (4,086)     (13,421)     (437,003)       3,153     (9,602)     48,499       479,821     231,263     4,468,475       898,411     1,378,061     16,809,290       (274,229)     (79,006)     2,293,222       2,207     -     1,732,675       (67,772)     (19,142)     (487,077)       (5,276)     -     (21,552)       (70,841)     (19,142)     1,224,046       (345,070)     (98,148)     3,517,268       5,028,713     -     7,635,932       -     -     -     -       59,251     425,000     5,826,633       -     -     (5,342,382)       59,251     425,000     484,251	-	14,999	2,580,846
624,182       1,299,055       19,102,512         -       -       3,993,916         -       -       393,570         -       -       3,403,192         -       -       396,864         419,523       -       419,523         -       1,169,821       1,169,821         419,523       1,169,821       9,776,886         -       -       2,952,433         (4,086)       (13,421)       (437,003)         3,153       (9,602)       48,499         479,821       231,263       4,468,475         898,411       1,378,061       16,809,290         (274,229)       (79,006)       2,293,222         2,207       -       1,732,675         (67,772)       (19,142)       (487,077)         (5,276)       -       (21,552)         (70,841)       (19,142)       1,224,046         (345,070)       (98,148)       3,517,268         5,028,713       -       7,635,932         -       -       -         59,251       425,000       5,826,633         -       -       (5,342,382)         59,251       425,000       484,251	175,686	59,280	258,616
3,993,916 3403,192 3,403,192 396,864 419,523 - 419,523 - 1,169,821 1,169,821 419,523 1,169,821 9,776,886  2,952,433 (4,086) (13,421) (437,003) 3,153 (9,602) 48,499 479,821 231,263 4,468,475 898,411 1,378,061 16,809,290  (274,229) (79,006) 2,293,222  2,207 - 1,732,675 (67,772) (19,142) (487,077) (5,276) - (21,552) (70,841) (19,142) 1,224,046  (345,070) (98,148) 3,517,268  5,028,713 - 7,635,932 (5,342,382) 59,251 425,000 5,826,633 (5,342,382) 59,251 425,000 5,826,633	442,447	39,166	909,301
393,570 - 3,403,192 - 396,864 419,523 - 419,523 - 1,169,821 1,169,821 419,523 1,169,821 9,776,886 2,952,433 (4,086) (13,421) (437,003) 3,153 (9,602) 48,499 479,821 231,263 4,468,475 898,411 1,378,061 16,809,290  (274,229) (79,006) 2,293,222  2,207 - 1,732,675 (67,772) (19,142) (487,077) (5,276) - (21,552) (70,841) (19,142) 1,224,046  (345,070) (98,148) 3,517,268  5,028,713 - 7,635,932 (5,342,382) 59,251 425,000 5,826,633 (5,342,382) 59,251 425,000 484,251	624,182	1,299,055	19,102,512
393,570 - 3,403,192 - 396,864 419,523 - 419,523 - 1,169,821 1,169,821 419,523 1,169,821 9,776,886 2,952,433 (4,086) (13,421) (437,003) 3,153 (9,602) 48,499 479,821 231,263 4,468,475 898,411 1,378,061 16,809,290  (274,229) (79,006) 2,293,222  2,207 - 1,732,675 (67,772) (19,142) (487,077) (5,276) - (21,552) (70,841) (19,142) 1,224,046  (345,070) (98,148) 3,517,268  5,028,713 - 7,635,932 (5,342,382) 59,251 425,000 5,826,633 (5,342,382) 59,251 425,000 484,251			
393,570 - 3,403,192 - 396,864 419,523 - 419,523 - 1,169,821 1,169,821 419,523 1,169,821 9,776,886 2,952,433 (4,086) (13,421) (437,003) 3,153 (9,602) 48,499 479,821 231,263 4,468,475 898,411 1,378,061 16,809,290  (274,229) (79,006) 2,293,222  2,207 - 1,732,675 (67,772) (19,142) (487,077) (5,276) - (21,552) (70,841) (19,142) 1,224,046  (345,070) (98,148) 3,517,268  5,028,713 - 7,635,932 (5,342,382) 59,251 425,000 5,826,633 (5,342,382) 59,251 425,000 484,251			
393,570 - 3,403,192 - 396,864 419,523 - 419,523 - 1,169,821 1,169,821 419,523 1,169,821 9,776,886 2,952,433 (4,086) (13,421) (437,003) 3,153 (9,602) 48,499 479,821 231,263 4,468,475 898,411 1,378,061 16,809,290  (274,229) (79,006) 2,293,222  2,207 - 1,732,675 (67,772) (19,142) (487,077) (5,276) - (21,552) (70,841) (19,142) 1,224,046  (345,070) (98,148) 3,517,268  5,028,713 - 7,635,932 (5,342,382) 59,251 425,000 5,826,633 (5,342,382) 59,251 425,000 484,251			
3,403,192 396,864 419,523 - 419,523 - 1,169,821 1,169,821 419,523 1,169,821 9,776,886  2,952,433 (4,086) (13,421) (437,003) 3,153 (9,602) 48,499 479,821 231,263 4,468,475 898,411 1,378,061 16,809,290  (274,229) (79,006) 2,293,222  2,207 - 1,732,675 (67,772) (19,142) (487,077) (5,276) - (21,552) (70,841) (19,142) 1,224,046  (345,070) (98,148) 3,517,268  5,028,713 - 7,635,932 (5,342,382) 59,251 425,000 5,826,633 (5,342,382) 59,251 425,000 484,251	-	-	
396,864 419,523 - 419,523 - 1,169,821 1,169,821 419,523 1,169,821 9,776,886  2,952,433 (4,086) (13,421) (437,003) 3,153 (9,602) 48,499 479,821 231,263 4,468,475 898,411 1,378,061 16,809,290  (274,229) (79,006) 2,293,222  2,207 - 1,732,675 (67,772) (19,142) (487,077) (5,276) - (21,552) (70,841) (19,142) 1,224,046  (345,070) (98,148) 3,517,268  5,028,713 - 7,635,932 (5,342,382) 59,251 425,000 5,826,633 (5,342,382) 59,251 425,000 484,251	-	-	
419,523     -     419,523       -     1,169,821     1,169,821       419,523     1,169,821     9,776,886       -     -     2,952,433       (4,086)     (13,421)     (437,003)       3,153     (9,602)     48,499       479,821     231,263     4,468,475       898,411     1,378,061     16,809,290       (274,229)     (79,006)     2,293,222       2,207     -     1,732,675       (67,772)     (19,142)     (487,077)       (5,276)     -     (21,552)       (70,841)     (19,142)     1,224,046       (345,070)     (98,148)     3,517,268       5,028,713     -     7,635,932       -     -     -       59,251     425,000     5,826,633       -     -     (5,342,382)       59,251     425,000     484,251	-	-	
- 1,169,821 1,169,821 419,523 1,169,821 9,776,886  2,952,433 (4,086) (13,421) (437,003) 3,153 (9,602) 48,499 479,821 231,263 4,468,475 898,411 1,378,061 16,809,290  (274,229) (79,006) 2,293,222  2,207 - 1,732,675 (67,772) (19,142) (487,077) (5,276) - (21,552) (70,841) (19,142) 1,224,046  (345,070) (98,148) 3,517,268  5,028,713 - 7,635,932  59,251 425,000 5,826,633 (5,342,382) 59,251 425,000 484,251	-	-	
419,523       1,169,821       9,776,886         -       -       2,952,433         (4,086)       (13,421)       (437,003)         3,153       (9,602)       48,499         479,821       231,263       4,468,475         898,411       1,378,061       16,809,290         (274,229)       (79,006)       2,293,222         2,207       -       1,732,675         (67,772)       (19,142)       (487,077)         (5,276)       -       (21,552)         (70,841)       (19,142)       1,224,046         (345,070)       (98,148)       3,517,268         5,028,713       -       7,635,932         -       -       -         59,251       425,000       5,826,633         -       -       (5,342,382)         59,251       425,000       484,251	419,523	-	
2,952,433 (4,086) (13,421) (437,003) 3,153 (9,602) 48,499 479,821 231,263 4,468,475 898,411 1,378,061 16,809,290  (274,229) (79,006) 2,293,222  2,207 - 1,732,675 (67,772) (19,142) (487,077) (5,276) - (21,552) (70,841) (19,142) 1,224,046  (345,070) (98,148) 3,517,268  5,028,713 - 7,635,932 (5,342,382) 59,251 425,000 5,826,633 (5,342,382) 59,251 425,000 484,251			
(4,086)       (13,421)       (437,003)         3,153       (9,602)       48,499         479,821       231,263       4,468,475         898,411       1,378,061       16,809,290         (274,229)       (79,006)       2,293,222         2,207       -       1,732,675         (67,772)       (19,142)       (487,077)         (5,276)       -       (21,552)         (70,841)       (19,142)       1,224,046         (345,070)       (98,148)       3,517,268         5,028,713       -       7,635,932         -       -       -         59,251       425,000       5,826,633         -       -       (5,342,382)         59,251       425,000       484,251	419,523	1,169,821	9,776,886
(4,086)       (13,421)       (437,003)         3,153       (9,602)       48,499         479,821       231,263       4,468,475         898,411       1,378,061       16,809,290         (274,229)       (79,006)       2,293,222         2,207       -       1,732,675         (67,772)       (19,142)       (487,077)         (5,276)       -       (21,552)         (70,841)       (19,142)       1,224,046         (345,070)       (98,148)       3,517,268         5,028,713       -       7,635,932         -       -       -         59,251       425,000       5,826,633         -       -       (5,342,382)         59,251       425,000       484,251			2.052.422
3,153       (9,602)       48,499         479,821       231,263       4,468,475         898,411       1,378,061       16,809,290         (274,229)       (79,006)       2,293,222         2,207       -       1,732,675         (67,772)       (19,142)       (487,077)         (5,276)       -       (21,552)         (70,841)       (19,142)       1,224,046         (345,070)       (98,148)       3,517,268         5,028,713       -       7,635,932         -       -       -         59,251       425,000       5,826,633         -       -       (5,342,382)         59,251       425,000       484,251	(4.006)	(12 421)	
479,821         231,263         4,468,475           898,411         1,378,061         16,809,290           (274,229)         (79,006)         2,293,222           2,207         -         1,732,675           (67,772)         (19,142)         (487,077)           (5,276)         -         (21,552)           (70,841)         (19,142)         1,224,046           (345,070)         (98,148)         3,517,268           5,028,713         -         7,635,932           -         -         -           59,251         425,000         5,826,633           -         -         (5,342,382)           59,251         425,000         484,251	· · · · ·	,	
898,411     1,378,061     16,809,290       (274,229)     (79,006)     2,293,222       2,207     -     1,732,675       (67,772)     (19,142)     (487,077)       (5,276)     -     (21,552)       (70,841)     (19,142)     1,224,046       (345,070)     (98,148)     3,517,268       5,028,713     -     7,635,932       -     -     -       59,251     425,000     5,826,633       -     -     (5,342,382)       59,251     425,000     484,251			,
(274,229)         (79,006)         2,293,222           2,207         -         1,732,675           (67,772)         (19,142)         (487,077)           (5,276)         -         (21,552)           (70,841)         (19,142)         1,224,046           (345,070)         (98,148)         3,517,268           5,028,713         -         7,635,932           -         -         -           59,251         425,000         5,826,633           -         -         (5,342,382)           59,251         425,000         484,251			
2,207 - 1,732,675 (67,772) (19,142) (487,077) (5,276) - (21,552) (70,841) (19,142) 1,224,046  (345,070) (98,148) 3,517,268  5,028,713 - 7,635,932  59,251 425,000 5,826,633 - (5,342,382) 59,251 425,000 484,251	090,411	1,3 / 8,001	10,809,290
2,207 - 1,732,675 (67,772) (19,142) (487,077) (5,276) - (21,552) (70,841) (19,142) 1,224,046  (345,070) (98,148) 3,517,268  5,028,713 - 7,635,932  59,251 425,000 5,826,633 - (5,342,382) 59,251 425,000 484,251	(274 229)	(79,006)	2.293.222
(67,772)     (19,142)     (487,077)       (5,276)     -     (21,552)       (70,841)     (19,142)     1,224,046       (345,070)     (98,148)     3,517,268       5,028,713     -     7,635,932       -     -     -       59,251     425,000     5,826,633       -     -     (5,342,382)       59,251     425,000     484,251	(=, -,==,)	(,,,,,,,)	
(67,772)     (19,142)     (487,077)       (5,276)     -     (21,552)       (70,841)     (19,142)     1,224,046       (345,070)     (98,148)     3,517,268       5,028,713     -     7,635,932       -     -     -       59,251     425,000     5,826,633       -     -     (5,342,382)       59,251     425,000     484,251			
(67,772)     (19,142)     (487,077)       (5,276)     -     (21,552)       (70,841)     (19,142)     1,224,046       (345,070)     (98,148)     3,517,268       5,028,713     -     7,635,932       -     -     -       59,251     425,000     5,826,633       -     -     (5,342,382)       59,251     425,000     484,251	2,207	_	1,732,675
(5,276)         -         (21,552)           (70,841)         (19,142)         1,224,046           (345,070)         (98,148)         3,517,268           5,028,713         -         7,635,932           -         -         -           59,251         425,000         5,826,633           -         -         (5,342,382)           59,251         425,000         484,251		(19,142)	
(70,841)     (19,142)     1,224,046       (345,070)     (98,148)     3,517,268       5,028,713     -     7,635,932       -     -     -       59,251     425,000     5,826,633       -     -     (5,342,382)       59,251     425,000     484,251		-	
5,028,713 - 7,635,932		(19,142)	
5,028,713 - 7,635,932			
59,251 425,000 5,826,633 (5,342,382) 59,251 425,000 484,251	(345,070)	(98,148)	3,517,268
59,251 425,000 5,826,633 (5,342,382) 59,251 425,000 484,251	<u> </u>	<u> </u>	
(5,342,382) 59,251 425,000 484,251	5,028,713	-	7,635,932
(5,342,382) 59,251 425,000 484,251		-	
(5,342,382) 59,251 425,000 484,251			
(5,342,382) 59,251 425,000 484,251	50.251	125.000	5.007.700
59,251 425,000 484,251	59,251	425,000	
	50.251	125.000	
	59,251	425,000	484,251
4 742 904 226 952 11 627 451	4 742 904	226 852	11 627 451
4,742,894 326,852 11,637,451			
16,104,835 7,806,535 134,776,428	10,104,833	/,800,333	134,//0,428
\$ 20,847,729 \$ 8,133,387 \$ 146,413,879	\$ 20.847.729 \$	8 133 387	\$ 146 413 879
Ψ 20,017,727 Ψ 0,133,307 Ψ 170,713,077	Ψ 20,0π1,12) Φ	0,133,307	Ψ 170,713,077

	SANITARY DISTRICT							
	_	SEWER	WATER		RESTRICTED	DE	BT SERVICE	
		PERATIONS	OPERATION	IS	FUND		FUND	TOTAL
CASH FLOWS FROM OPERATING ACTIVITIES								
Receipts from customers and users	\$	7,599,640	3,256,	689 \$	2,552,604	\$	1,351,057 \$	14,759,990
Receipts from other operating sources		332,048	1,422,	287	658,825		348,750	2,761,910
Payments to suppliers		(3,384,047)	(1,571,	157)	-		-	(4,955,204
Payments to employees and on behalf of employees		(5,381,868)	(1,245,	071)	-		-	(6,626,939
Net Cash Provided (Used) by Operating Activities		(834,227)	1,862,	748	3,211,429		1,699,807	5,939,75
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES								
Transfers in from other funds		2,520,507	1,782.	287	_		1,039,588	5,342,38
Transfers to other funds		2,320,307	1,702,	-	(2,821,875)		(2,520,507)	(5,342,38
Principal paid on interfund loans		_		_	(2,021,073)		(2,320,307)	(3,342,30.
Net Cash Provided (Used) by Noncapital Financing Activities		2,520,507	1,782,	287	(2,821,875)		(1,480,919)	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES								
Proceeds from capital debt		1,794,266		-	-		-	1 704 26
Proceeds from the disposition of agrital assets		1,/94,266		-	-		-	1,794,26 9
Proceeds from the disposition of capital assets  Proceeds from lease receivable		93	129.	385	-		-	129,38
Principal paid on capital debt		(2,118,911)	129,	303	-		-	(2,118,91
Repayment of lease payable		(6,397)		-	-		-	(6,39
Issuance of long-term debt		101,834		_	_			101,83
Interest paid on capital debt		(401,606)		_	_		_	(401,60
Acquisition and construction of capital assets		(4,893,213)	(3,180,	851)	_		-	(8,074,06
Net Cash Used by Capital and Related Financing Activities		(5,523,934)	(3,051,		_			(8,575,40
Investment Income Net Cash Provided by Investing Activities - Investment Income		289,129 289,129	161, 161,		1,032,233 1,032,233		247,854 247,854	1,730,46 1,730,46
Net Increase (Decrease) in Cash and Cash Equivalents		(3,548,525)	754.	821	1,421,787		466,742	(905,17
Balances - Beginning of the year		6,084,163	6,614,		24,763,246		1,703,815	39,165,51
Balances - End of the year	\$	2,535,638	7,369,	108 \$	26,185,033	\$	2,170,557 \$	38,260,33
December 11 diese Consideration (Leaders and Leaders a								
Reconciliation of operating income (loss) to net cash provided by operating activities								
Operating income (loss)	\$	(3,029,595)	1 225	523 \$	2,879,873	•	1,560,656 \$	2,646,45
Adjustments to reconcile operating income (loss)	φ	(3,029,393)	1,233,	323 ş	2,879,873	J	1,500,050 \$	2,040,43
to net cash provided by operating activities:								
		2004264	072	107				2 7 7 7 20
Depreciation and amortization  Lease revenue - deferred inflow		2,884,264	873,		-		-	3,757,39
(Increase) decrease in assets:		-	(138,	387)	-		-	(138,58
Accounts receivable, net		76,970	26	648	331,481		139,150	574,24
Special assessments receivable, net		70,970	20,	040	244,630		(3,070,562)	(2,825,93
Due from Other Governments		-		-	244,030		(3,070,302)	(2,023,93
Inventories		23,954		_	_			23,95
Increase (decrease) in liabilities:		23,734		-	_		-	23,73
Accounts payable		(423,387)	(74	543)	75		_	(497,85
Escrow deposits		(423,307)	(7-1,	-	-		_	(477,03
Unearned revenue		(93,113)		-	(244,630)		3,070,563	2,732,82
Compensated absences		28,615	3.	194	(2,050)		-	31,80
OPEB		(360,048)		448)	-		-	(419,49
Pension Obligation		58,113		166)	-		-	54,94
Net Cash Provided (Used) by Operating Activities	\$	(834,227)			3,211,429	\$	1,699,807 \$	5,939,75
Noncash investing, capital and financing activities: Contributed Capital Assets	\$	1,133,649	1 473	570 \$	_	\$	- \$	2,607,21
	4	1,100,000	. 1,7/3,	- , o o		4	9	2,007,21

#### QUEEN ANNE'S COUNTY, MARYLAND STATEMENT OF CASH FLOWS ENTERPRISE FUNDS FOR THE YEAR ENDED JUNE 30, 2024

(CONT	IIMI	IED)

(0,	JIVIINUED)	_			
					TOTAL
					PRIMARY
			NON-MAJOR	GC	OVERNMENT
BA	AY BRIDGE		ENTERPRISE	Е	NTERPRISE
	AIRPORT		FUNDS	_	FUNDS
	AIRTORT		TONDS		TONDS
		_			
\$	147,232	\$	1,219,991	\$	16,127,213
	121,585		120,578		3,004,073
	-		(697,849)		(5,653,053)
	(162,669)		(522,157)		(7,311,765)
	106,148		120,563		6,166,468
	59,251		425,000		5,826,633
			· -		(5,342,382)
	(59,881)		(108,118)		(167,999)
	(630)		316,882		316,252
	(030)	_	310,662		310,232
	460.000				450.0=-
	468,970		-		468,970
	-		-		1,794,266
	-		-		93
	57,676		-		187,061
	(117,102)		(105,003)		(2,341,016)
	-		-		(6,397)
	_		_		101,834
	(68,318)		(20,067)		(489,991)
					(14,963,017)
	(6,615,426)	_	(273,527)		
	(6,274,200)	_	(398,597)		(15,248,197)
	2,207		-		1,732,675
	2,207		-		1,732,675
	(6,166,475)		38,848		(7,032,802)
	3,006,101		820,878		42,992,490
\$	(3,160,374)	\$	859,726	\$	35,959,688
	(274 220)	6	(70.006)		2 202 222
\$	(274,229)	Э	(79,006)	3	2,293,222
	479,821		231,263		4,468,475
	(54,690)		-		(193,277)
	(40,535)		(24,899)		508,815
			- 1		(2,825,932)
	_		63,391		63,391
	(9,514)		(2,586)		11,854
	(2,214)		(2,500)		11,054
	250 (02		(46,000)		(205.154)
	259,693		(46,992)		(285,154)
	6,032		-		6,032
	(266,172)		3,022		2,469,670
	6,675		(607)		37,877
	(4,086)		(13,421)		(437,003)
	3,153		(9,602)		48,498
\$	106,148	\$	120,563	\$	6,166,468
	-				-

 $\label{thm:companying} \textit{The accompanying notes to the basic financial statements are an integral part of this statement.}$ 

2,607,219

\$

- \$ - \$

# QUEEN ANNE'S COUNTY, MARYLAND STATEMENT OF FIDUCIARY NET POSITION PRIVATE PURPOSE TRUST, OTHER POST-EMPLOYMENT BENEFIT TRUST, AND CUSTODIAL FUNDS June 30, 2024

	PRIVATE PURPOSE TRUST FUND		OTHER POST- EMPLOYMENT			
		TAX SALE	BENEFIT			CUSTODIAL
		DEPOSITS	TRUST FUND			FUNDS
ASSETS			11100111	5112		101.22
Cash and Cash Equivalents	\$	322,651	\$ 1,	368,583	\$	1,283,437
Investments, at Fair Value						
Debt Securities		-	6,	267,262		-
Fixed Income Fund		-	1,	060,272		-
Mutual and Global Funds		-	10,	003,319		_
International		-	3,	337,871		-
Total Investments		-	20,	668,724		-
Total Assets		322,651	22,	037,307		1,283,437
LIABILITIES						
Accounts Payable and Other Liabilities		-		45,851		12,680
Due to Other Governments		-		-		185,182
Total Liabilities		-		45,851		197,862
NET POSITION						
Restricted for:						
Held in Trust		322,651		-		-
Other Post-Employment Benefits		-	21,	991,456		-
Individuals, Organizations, and other Governments		-		_		1,085,575
Total Net Position	\$	322,651	\$ 21,	991,456	\$	1,085,575

# QUEEN ANNE'S COUNTY, MARYLAND STATEMENT OF CHANGES IN FIDUCIARY NET POSITION PRIVATE PURPOSE TRUST, OTHER POST-EMPLOYMENT BENEFIT TRUST, AND CUSTODIAL FUNDS FOR THE YEAR ENDED JUNE 30, 2024

ADDITION'S		PRIVATE PURPOSE RUST FUND TAX SALE DEPOSITS	OTHER POST- EMPLOYMENT BENEFIT TRUST FUND		CUSTODIAL FUNDS
ADDITIONS Contributions:					
Tax Sale Collections in Excess of Tax Due	\$	173,842	\$ -	\$	
	Ф	1/3,642	*	Ф	-
Employers Members		-	4,453,230 479,979		-
Total Contributions		173.842	4,933,209		
Total Contributions		1/3,842	4,933,209		-
Investment Earnings:					
Net Change in the Fair Value of Investments		-	1,483,303		-
Interest		-	533,081		-
Total Investment Earnings		-	2,016,384		-
Less Investment Administrative Expenses		-	10,094		-
Net Investment Earnings		-	2,006,290		-
Tax Ditch		-	-		37,360
Zoning Deposits		-	-		199,777
Tax Collections for Other Governments		-	-		16,652,672
Motor Vehicle Administration		-	-		206,879
Escheat - Abandoned Property		-	-		76,003
Inmate Welfare		-	-		139,416
Total Additions		173,842	6,939,499		17,312,107
DEDUCTIONS					
Distributions to Property Holders		89,355	_		_
Claims Paid for Other Post-Employment Benefits		-	2,326,420		_
Administrative Expenses		_	91.175		_
Distribution of Tax Ditch Funds		-	-		40,006
Refund of Zoning Deposits		_	_		104,037
Payments of Tax to Other Governments		_	-		16,652,672
Payments to Motor Vehicle Administration		-	=		206,879
Payments of Escheat to Others		_	_		76,003
Distribution of Inmate Welfare Funds		-	=		140,532
Total Deductions		89,355	2,417,595		17,220,129
Net Increase in Fiduciary Net Position		84,487	4,521,904		91,978
Net Position-Beginning of Year		238,164	17,469,552		993,597
Net Position-End of Year	\$	322,651	\$ 21,991,456	\$	1,085,575

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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 as a governmental fund.

#### **Discretely Presented Component Units**

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

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

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

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

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

# 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

Queen Anne's County Free Library

202 Chesterfield Avenue 121 S. Commerce Street Centreville, MD 21617 Centreville, MD 21617

#### **Joint Venture**

The operation of the Midshore Regional Landfill is considered a joint venture of the County. Disclosure of the County's participation in this joint venture is presented in Note 20.

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

Maryland Environmental Service 259 Najoles Road Millersville, Maryland 21108

#### B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

<u>Government-Wide Financial Statements</u> – 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.

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

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

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

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

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

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

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

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

#### **Measurement Focus and Basis of Accounting**

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

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

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

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

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

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

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

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

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

**Fiduciary Funds** – The County's trust fund financial statements are reported using the economic resources measurement focus and accrual basis of accounting, as is used by proprietary funds. Custodial funds report assets, liabilities, and changes in net position. Since fiduciary funds are, by their very nature, independent of the County, they are omitted from all government-wide statements.

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

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

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

<u>General Fund</u> – 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 -

<u>General Capital Projects</u> - 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.

<u>Roads Capital Projects</u> - 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.

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

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

<u>Major Enterprise Funds</u> - 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 -

<u>Sewer Operations</u> - This fund is used to account for the operation of the sewer system serving approximately 9,600 customers.

<u>Water Operations</u> - This fund is used to account for the operation of the water supply system serving approximately 5,400 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.

<u>Debt Service Fund</u> - 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.

# 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.

<u>Fiduciary Funds</u> – 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:

<u>Private-Purpose Trust Fund</u> – 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.

<u>Other Post-Employment Benefit Trust Fund</u> – This fund only accounts for the Queen Anne's County portion of the MACo (Maryland Association of Counties) pooled OPEB Investment Trust Fund.

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

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

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

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

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

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

## D. ASSETS, LIABILITIES, AND NET POSITION OR EQUITY

#### 1) Cash and Investments

<u>Cash and Cash Equivalents</u> – 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

<u>Due To/From Other Funds and Internal Balances</u> — 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.

<u>Trade Accounts Receivable</u> – 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) <u>Inventories, Prepaids, and Other Assets</u>

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

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

# 4) Capital Assets

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

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

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

### 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:

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

#### 5) <u>Deferred Outflows/Inflows of Resources</u>

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

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

# 6) Other Post-Employment Benefit Obligation (OPEB)

The Queen Anne's County post-employment benefit plan provides medical insurance benefits to retirees and their eligible dependents. The Plan's financial information is prepared based on full accrual accounting. Expenses are recognized on the accrual basis as retirees' insurance costs are incurred. Typically, OPEB liabilities are liquidated in the following governmental funds: the General Fund, Department of Aging, Housing and Community Services, and Community Partnerships for Children. OPEB liabilities are also liquidated in the following enterprise funds: Sanitary Sewer, Sanitary Water, Bay Bridge Airport, Golf Course, and Public Landings and Marinas. In both the government-wide and enterprise funds, the liability for OPEB is adjusted at the end of the fiscal year. Additional details regarding OPEB can be found in Notes 9 and 16.

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

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

#### 7) Net Pension Liability

The Queen Anne's County government participates in the Maryland State Retirement and Pension Systems. Beginning in fiscal year 2015, the County was required to report the net pension liability associated with this system. Typically, pension liabilities are liquidated in the following governmental funds: the General Fund, Department of Aging, Housing and Community Services, and Community Partnerships for Children. Pension liabilities are also liquidated in the following enterprise funds: Sanitary Sewer, Sanitary Water, Bay Bridge Airport, Golf Course, and Public Landings and Marinas. Additional details regarding retirement benefits can be found in Notes 9 and 14.

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

The LOSAP is a single-employer defined benefit length of service award program that covers all volunteer members of the County's Fire and EMS Commission. The County began recording the net LOSAP liability associated with this benefit in fiscal year 2019 with the implementation of Governmental Accounting Standards Board's Statement No. 73, Accounting and Financial Reporting for Pensions and Related Assets That are Not Within the Scope of GASB Statement 68. Additional details regarding LOSAP benefits can be found in Notes 9 and 17.

#### 9) Compensated Absences

<u>Primary Government</u> – 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.

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

#### 10) Long-Term Obligations

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

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

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

#### 10) Long-Term Obligations (continued)

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

#### 11) Net Position/Fund Equity

In the government-wide financial statements, the County has reported an unrestricted net surplus of \$79,122,816. The County issues general obligation bonded debt for purposes of capital construction on behalf of the Queen Anne's County Board of Education. The capital assets constructed with the proceeds of this debt are reported on the financial statements of Queen Anne's County Board of Education. This amount is also classified as net investment in capital assets in the Board of Education column of the Component Units section of the County's government-wide Statement of Net Position. Since the Board of Education is not authorized to borrow funds, they do not have any debt.

Since the issuance of such debt has not resulted in capital assets owned by the Primary Government, the effect of this debt is reflected in the unrestricted net assets in the Governmental Activities column of the government-wide Statement of Net Position. At June 30, 2024, the County has reported outstanding general obligation debt related to assets held by the Board of Education amounting to \$43,910,684 (of which \$42,317,895 has been spent and the remaining \$1,592,789 relates to unspent bond proceeds).

The County reports a portion of its net position in its government-wide financial statements as restricted. In this context, restricted means that, as of June 30, 2024, 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:

	(	Governmental	Business-type
Amounts Restricted for:		Activities	Activities
General government	\$	15,581,891	\$ -
Economic/community development		3,100,606	-
Public safety		6,452,153	-
Conservation of natural resources		2,797,415	-
Social services		955	-
Debt service		-	4,147,493
Other Purposes		-	-
Total amounts restricted	\$	27,933,020	\$ 4,147,493

Note that unspent bond proceeds of \$5,996,290 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.

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

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

#### 11) Net Position/Fund Equity (continued)

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

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

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

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

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

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

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

# 12) Property Tax

The County's real property tax is levied each July 1 on the assessed values certified as of that date for all taxable real property located in the County. The levy functions as a lien against the property. Assessed values are established by the Maryland State Department of Assessments and Taxation at estimated market value. A revaluation of all property is required to be completed every three years. Taxes are then billed to property owners and collected by the County. Property represented by delinquent taxes is sold at a public auction in May of the following calendar year, with title transferring after foreclosure proceedings have been completed.

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

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

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

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

### 12) Property Tax (continued)

Real and personal property taxes are levied at rates enacted by the County Commissioners in the annual budget on the assessed value as determined by the Maryland Department of Assessments and Taxation. The rates of levy cannot exceed the constant yield rate furnished by the Maryland Department of Assessments and Taxation without public notice and only after public hearings. The County tax rate for the fiscal year ended June 30, 2024 was \$0.8300 per \$100 of assessed value.

## **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.

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

During the fiscal year, the Commissioners may adopt supplemental appropriations. For the year ended June 30, 2024, supplemental appropriations were as follows:

Supplemental Appropriations	Original Budget	Final Budget	Increase
General Fund - expenditures and transfers	\$ 183,565,554	\$ 196,697,953	\$ 13,132,399
Special Revenue Funds that adopt annual budgets			
Grants Fund - expenditures and transfers	\$ 2,972,631	\$ 3,457,520	\$ 484,889
Non-Major Funds that adopt annual budgets -			
Department of Aging - expenditures and transfers	\$ 4,046,200	\$ 4,673,526	\$ 627,326
Housing & Community Services - expenditures and transfers	1,522,032	1,872,051	350,019
Roads Operating - expenditures and transfers	6,213,151	6,407,294	194,143
Community Partnerships for Children - expenditures and transfers	1,371,131	1,335,572	(35,559)
Agricultural Transfer - expenditures and transfers	1,425,000	2,699,050	1,274,050
Rural Legacy - expenditures and transfers	1,307,452	1,398,769	91,317
Fire Company Impact Fees - expenditures and transfers	382,700	602,031	219,331
Dredging Special Assessments - expenditures and transfers	47,816	55,766	7,950
Total Special Revenue Funds that adopt annual budgets	\$ 19,288,113	\$ 22,501,579	\$ 3,213,466

All final budgets are presented as amended. The County Administrator may approve budget amendments of \$100,000 or less throughout the year. Amendments greater than \$100,000 require the approval of the County Commissioners.

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

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

## 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 \$109,246,739 with local banks (carrying value \$105,862,836), all of which was covered by federal depository insurance or by collateral held by the County's agent in the County's name.

Of these options, the County participates in the Maryland Local Government Investment Pool (MLGIP), which provides all local government units of the state with a safe investment vehicle for short-term investment of funds. The State Legislature created MLGIP with the passage of Article 95 Section 22G, of the Annotated Code of Maryland. PNC Financial manages the MLGIP, under administrative control of the State Treasurer. A MLGIP Advisory Committee of current participants reviews the activities of the Fund on a quarterly basis and provides suggestions to enhance the pool. The MLGIP portfolio is managed in a manner consistent with the Securities and Exchange Commission's Rule 2a-7 of the Investment Company Act of 1940. Standard and Poors rates the MLGIP as AAAm. The fair value of the pool is the same as the value of the pool shares. At June 30, 2024, the County had investments in MLGIP of \$94,234,351, which are recorded at cost, which approximates fair value.

As of June 30, 2024, the County's investments (excluding investments held for retiree health benefits), for both custodial and credit risk purposes, consisted solely of shares in the MLGIP. This investment is not deemed to have either risk and is in conformity with the County's policy relating to minimal credit risk of investments.

The majority of the Retiree Health Trust investments are invested in the Maryland Association of Counties Pooled OPEB Trust (MACO Trust). The MACO Trust is administered by Davenport & Company LLC, and is a wholly-owned instrumentality of its members.

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

Cash and cash equivalents for the MACO Trust include an investment in a money market mutual fund. At June 30, 2024, the weighted average maturity (WAM) for the Trust's money market mutual fund investment was 36 days. At June 30, 2024, the short-term rating of the money market mutual fund was AAAm by Standard & Poor's.

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

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

### A. DEPOSITS AND INVESTMENTS (CONTINUED)

## PRIMARY GOVERNMENT AND FIDUCIARY FUNDS (CONTINUED)

The Trust categorizes its fair value measurements with the fair value hierarchy established by U.S. GAAP. The hierarchy is based on the valuation inputs used to measure the fair value of the asset and gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described below:

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

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

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

The Trust has the following recurring fair value measurements as of June 30, 2024, of which Queen Anne's County's portion was 24.4% of the total:

	Level 1	Level 2	Level 3	Total
Investments by fair value level:				
Debt Securities				
U.S. Treasury Obligations	\$ -	\$ 8,115,276	\$ -	\$ 8,115,276
U.S. Governmental Agencies	-	5,223,664	-	5,223,664
Corporate & Foreign Bonds	-	10,317,988	-	10,317,988
Municipal Obligations	-	2,043,971	-	2,043,971
Equity and Mutual Fund Investments				
Taxable Fixed Income Funds	-	4,347,982	-	4,347,982
Mutual Funds	33,686,687	-	-	33,686,687
Global Funds	7,335,100	-	-	7,335,100
International	13,688,002	-	-	13,688,002
			•	
Total	\$ 54,709,789	\$ 30,048,881	\$ -	\$ 84,758,670

*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.

## 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, 2024:

				Investi	nent	Maturities (in	Yea	rs)	
	Lo	ess than 1	than 1			6 - 10	N	More than 10	Total
Investments with Maturities									
U.S. Treasury Obligations	\$	89,715	\$	1,142,971	\$	2,083,854	\$	4,798,736	\$ 8,115,276
U.S. Governmental Agencies		-		177,453		439,296		4,606,915	5,223,664
Corporate & Foreign Bonds		184,684		1,191,971		1,620,783		7,320,550	10,317,988
Municipal Obligations		-		-		-		2,043,971	2,043,971
Total	\$	274,399	\$	2,512,395	\$	4,143,933	\$	18,770,172	\$ 25,700,899

Credit Risk. The Trust is exposed to both market risk, the risk arising from changes in fair value, and credit risk, the risk of failure by another party to perform according to the terms of a contract. Trust assets may only be invested in investment grade bonds with a minimum rating of Baa3 by Moody's or BBB- by S&P. The Trust bears the risk of loss only to the extent of the fair value of its respective investments. At June 30, 2024, the ratings of the underlying investments of the Trust's investments were as follows:

				K	atıng	<u> </u>							
Baa1/Baa2/													
Aaa	Aa1/Aa	a2/ Aa3		A1/A2/A3		Baa3		Not Rated		Total			
\$ 7,540,277	\$	-	\$	-	\$	-	\$	574,999	\$	8,115,276			
-		-		-		-		5,223,664		5,223,664			
165,928		1,860,253		5,240,382		2,779,504		271,921		10,317,988			
393,863		1,428,144		86,424		-		135,540		2,043,971			
\$ 8,100,068	\$	3,288,397	\$	5,326,806	\$	2,779,504	\$	6,206,124	\$	25,700,899			
\$	\$ 7,540,277 - 165,928 393,863	\$ 7,540,277 \$ 165,928 393,863	\$ 7,540,277 \$ - 165,928 1,860,253 393,863 1,428,144	\$ 7,540,277 \$ - \$ \\ \frac{1}{5},928 \\ 393,863 \\ \frac{1}{1},428,144	Aaa Aa1/Aa2/ Aa3 A1/A2/A3 \$ 7,540,277 \$ - \$ -  165,928 1,860,253 5,240,382 393,863 1,428,144 86,424	Aaa Aa1/Aa2/ Aa3 A1/A2/A3 \$ 7,540,277 \$ - \$ - \$	Aaa     Aa1/Aa2/     Aa3     A1/A2/A3     Baa3       \$ 7,540,277     \$ -     \$ -     \$ -       -     -     -     -       165,928     1,860,253     5,240,382     2,779,504       393,863     1,428,144     86,424     -	Aaa       Aa1/Aa2/ Aa3       A1/A2/A3       Baa1/Baa2/ Baa3         \$ 7,540,277       \$ -	Aaa         Aa1/Aa2/         Aa3         A1/A2/A3         Baa3         Not Rated           \$ 7,540,277         \$ -         \$ -         \$ 574,999           -         -         -         -         5,223,664           165,928         1,860,253         5,240,382         2,779,504         271,921           393,863         1,428,144         86,424         -         135,540	Baa1/Baa2/         Aaa       Aa1/Aa2/       Aa3       A1/A2/A3       Baa3       Not Rated         \$ 7,540,277       \$ -       \$ -       \$ 574,999       \$         -       -       -       5,223,664         165,928       1,860,253       5,240,382       2,779,504       271,921         393,863       1,428,144       86,424       -       135,540			

The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g. broker-dealer) to a transaction, the Trust will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The Trust's investment policy does not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments. The Trust has all of its assets on deposit with Wilmington Trust Company in connection with its investing and cash management activities. All of the investments held by the Trust at June 30, 2024, were exposed to custodial credit risk as the investments are uninsured and unregistered.

The following tables summarizes the composition of the Trust's investment balances by type as well as the interest rate range as of June 30, 2024:

		Interest
	Fair Value	Rate Range
U.S. Treasury Obligations	\$ 8,115,276	2.25 to 4.88%
U.S. Governmental Agencies	5,223,664	1.3 to 5.0%
Corporate & Foreign bonds	10,317,988	1.7 to 6.2%
Municipal Obligations	2,043,971	2.44 to 6.72%
Taxable Fixed Income Funds	4,347,982	N/A
Mutual Funds	33,686,687	N/A
Global Funds	7,335,100	N/A
International	13,688,002	N/A
Total	\$ 84,758,670	

## NOTE 3 - CASH, INVESTMENTS AND INVESTMENT INCOME (CONTINUED)

### A. DEPOSITS AND INVESTMENTS (CONTINUED)

### PRIMARY GOVERNMENT AND FIDUCIARY FUNDS (CONTINUED)

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

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

The Trust held the following investments as of June 30, 2024 that exceeded 5% of the total investment balance as of June 30, 2024:

Name	Amount
VANGUARD 500 INDEX CL ADML	\$ 8,607,060
NEW WORLD FUND-R6	7,335,100
FULLERTHALER BEHAVIORAL SC EQ R6	6,889,333
TRANSAMERICA TS&W INTERNATIONAL EQ-IS	6,864,353
LAZARD INTERNATIONAL STRATEGIC EQUITY FD CL-I	6,823,648
ISHARES MSCI USA QUALITY FACTOR ETF	5,655,059
VANGUARD MID-CAP INDEX FUND ADMIRAL SHARES	4,506,264
BLACKROCK HIGH YIELD INSTL	4,347,982

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, 2024, as the Trust did not have any investments denominated in foreign currencies.

For the year ended June 30, 2024, the annual money-weighted rate of return on investments, net of expense, was 6.5%. The money-weighted rate of return expresses investment performance, net of investment expenses, adjusted for the changing amounts actually invested.

#### **Capital Accounts**

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

## **Income Taxes**

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

#### **LOSAP Funds**

The LOSAP funds are invested in an Empower Retirement General Investment Account (GIA). The GIA, backed by Empower Retirement's general assets, is designed to provide stable, guaranteed rate of return and guarantee of principal. General investment account assets are managed with reference to their associated liabilities so product specifications and obligations to clients can be met with a high degree of certainty, even when market conditions change. Investment risk management is a high priority. Strict diversification among industries and individual issuers help mitigate credit risk. Various quantitative tools and systems, as well as qualitative approaches, are used to manage interest rate risk and liquidity risk. Assets in the GIA were managed to range from 5 to 6 years.

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

## A. DEPOSITS AND INVESTMENTS (CONTINUED)

### PRIMARY GOVERNMENT AND FIDUCIARY FUNDS (CONTINUED)

#### **LOSAP Funds (Continued)**

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

The County's LOSAP fund GIA account balance as of June 30, 2024 is \$6,120,385 and is included in restricted LOSAP plan assets on the general fund balance sheet.

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

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

<u>Component Unit - Board of Education</u> - At year-end, the carrying amount of deposits was \$12,739,845, including \$300,000 in certificates of deposit and excluding the carrying amount of fiduciary funds. At June 30, 2024, the Board had deposits of approximately \$14.2 million with local banks and the bank deposits were fully insured or collateralized.

Component Unit – Library - At year-end, the carrying amount of all bank deposits, including certificates of deposit, was \$1,460,275 and the balance per bank records totaled \$1,477,050. Of the bank balances, \$1,210,257 was secured by the FDIC and up to \$940,827 was available to be secured by collateral held by the pledging bank's trust department but not in the Library's name.

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

Investment Income	 vernmental Activities	Business-type Activities
Major Governmental Funds		
General Fund	\$ 7,418,478	\$ -
General Capital Projects	647,542	-
Roads Capital Projects	193,482	-
Grants Fund	_	-
Non-Major Governmental Funds	933,171	-
Major Enterprise Funds		
Sanitary District	-	1,730,468
Bay Bridge Airport	-	2,207
Non-Major Enterprise Funds	-	-
Total Investment Income	\$ 9,192,673	\$ 1,732,675

## **NOTE 4 - ACCOUNTS RECEIVABLE**

Receivables as of June 30, 2024 for the governmental and business-type activities are as follows:

Accounts Receivable Receivables		General Fund		General Capital Projects	Roa Capi Proje	tal		Grants Fund		Non-Major Governmental Funds		Total Governmental Funds		Total Enterprise Funds		Total overnmental ad Enterprise Funds
Taxes - Real Property	\$	314,838	\$		\$		\$		\$		\$	314,838	\$		\$	314,838
Taxes - Other	φ	792,726	Ψ	_	Φ	_	ψ	_	φ	_	φ	792,726	φ	_	Ψ	792,726
Subtotal Taxes Receivable (Net)		1,107,564		-		-		-		-		1,107,564		-		1,107,564
Other Accounts Receivable: QAC - PHA Sanitary District -		-		733,121		-		-		-		733,121		-		733,121
User and Septage Fees		-		-		-		-		-		-		495,763		495,763
Airport - Fuel Sales, User and Rental Fees														63,470		63,470
Miscellaneous Receivables		481,785		59,515		_		13,927		109,993		665,220		90,990		756,210
Subtotal Accounts Receivable (Net)		481,785		792,636		-		13,927		109,993		1,398,341		650,223	_	2,048,564
Loans Receivable		-		-		_		-		6,338,809		6,338,809		-		6,338,809
Special Assessments		-		-	22,	901		-		559,554		582,455		-		582,455
Intergovernmental																
Income Taxes Held by State		42,169,653		-		-		-		-		42,169,653		-		42,169,653
Grants Receivable		198,307		630,918		-		666,228		1,078,353		2,573,806		17,652		2,591,458
Recordation Tax		1,606,310		-		-		-		-		1,606,310		-		1,606,310
State-Highway User Tax		- 42.054.250		- (20.010		-		-		426,179		426,179		17.652		426,179
Subtotal Due from Other Governments		43,974,270		630,918		-		666,228		1,504,532		46,775,948		17,652		46,793,600
Restricted Receivables Accounts Receivable (Net) Special Assessments Receivable (Net)		- -		- -		- -		-		- -		- -		3,499,369 19,259,330		3,499,369 19,259,330
Subtotal Restricted Receivables		-		-		-		-		-		-	_	22,758,699		22,758,699
Total Receivables	\$	45,563,619	\$	1,423,554	\$ 22,	901	\$	680,155	\$	8,512,888	\$	56,203,117	\$	23,426,574	\$	79,629,691

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 \$2.9 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.

## NOTE 4 - ACCOUNTS RECEIVABLE (CONTINUED)

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

Loans receivable in the amount of \$6,338,809 relate to the Housing and Community Services, Impact Fees, and Revolving Loan Special Revenue Funds. Loans receivable in the amount of \$6,194,339 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 \$50,000 are also repaid over a number of years. The remaining loan receivable balance of \$94,470 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.

<u>Income taxes held by the State</u> in the amount of \$42,169,653 have been estimated by the State as income tax due to the County. Local income tax revenue is collected by the State and distributed to the local governments throughout the year. The State's distribution of the County's share of income taxes lags behind the County's fiscal year. However, the State indicates that this is a reasonable estimate of their liability to the County and the County reports this amount in accordance with GAAP.

<u>Special Assessments</u> in the amount of \$582,455 represent receivables for governmental activities. Part of this amount consists of \$22,901 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 \$559,554 for assessments levied on homeowners relating to dredging costs. Payment of these assessments is expected over a number of years.

<u>Restricted Special Assessments</u> in the amount of \$19,259,330 represent restricted receivables for the Sanitary District. These receivables relate to assessments levied on homeowners for the construction of sewer and water lines, as well as for hook up costs. Only the current portion due is billed and the remaining balances are repaid over a number of years, as determined by the original agreement. As the funds are paid back, the County uses the money to repay debt.

### NOTE 5 – UNEARNED REVENUE

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

			G	eneral	R	oads			Non-Major		Total		Total
	(	General	C	apital	Ca	apital	Grants	G	overnmental	G	overnmental	E	Enterprise
Unearned Revenue		Fund	Pr	ojects	Pr	ojects	Fund		Funds		Funds		Funds
Property Tax Deferrals	\$	9,215	\$	-	\$	-	\$ -	\$	-	\$	9,215	\$	-
Inspection Fees Collected in Advance		-		-		-	-		-		-		86,934
Grant Drawdowns in excess of Expenditures		-		-		-	2,964,092		816,137		3,780,229		-
Miscellaneous		4,793		-		-	-		-		4,793		26,482
Total Unearned Revenue	\$	14,008	\$	-	\$	-	\$ 2,964,092	\$	816,137	\$	3,794,237	\$	113,416

# NOTE 6 – CAPITAL ASSETS

# **PRIMARY GOVERNMENT**

Changes in the County's capital assets for governmental activities for the year ended June 30, 2024 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.

		Balance				Balance
<b>Governmental Activities</b>	Jı	une 30, 2023	Increases	Transfers	Decreases	June 30, 2024
Capital Assets, not being depreciated:						
Land	\$	38,885,316	\$ 64,148	\$ -	\$ -	\$ 38,949,464
Intangible Rights - Easements		821,819	-	-	-	821,819
Land Improvements		3,714,283	614,458	-	-	4,328,741
Construction in Progress		11,539,664	2,654,397	(10,849,974)	(465,260)	2,878,827
Land - Inexhaustible Infrastructure Improvements		43,890,863	-	-	-	43,890,863
Total Capital Assets, not being depreciated		98,851,945	3,333,003	(10,849,974)	(465,260)	90,869,714
Capital Assets, being depreciated:						
Buildings and Building Improvements		72,469,070	507,377	7,218,050	-	80,194,497
Improvements other than Buildings		21,706,233	2,992,557	609,297	(72,237)	25,235,850
Vehicles		17,628,097	1,662,639	-	(765,616)	18,525,120
Equipment		17,153,389	1,784,052	1,183,399	(580,834)	19,540,006
Furniture and Fixtures		13,355,926	545,876	1,839,228	(244,410)	15,496,620
Infrastructure Improvements - Depreciable		18,711,533	-	-	-	18,711,533
Right-to-use asset		638,500	-	-	-	638,500
Subscription asset		1,503,069	38,000	-	-	1,541,069
Total Capital Assets, being depreciated		163,165,817	7,530,501	10,849,974	(1,663,097)	179,883,195
Less Accumulated Depreciation for:						
Buildings and Building Improvements		22,165,310	1,700,695	-	-	23,866,005
Improvements other than Buildings		6,273,536	1,194,727	-	(72,237)	7,396,026
Vehicles		10,422,813	1,655,269	-	(730,038)	11,348,044
Equipment		9,829,281	1,200,378	-	(475,384)	10,554,275
Furniture and Fixtures		6,973,920	1,498,607	-	(165,934)	8,306,593
Infrastructure Improvements - Depreciable		10,459,007	298,976	-	-	10,757,983
Right-to-use asset		67,655	67,654	-	-	135,309
Subscription asset		311,303	323,969	-	-	635,272
Total Accumulated Depreciation		66,502,825	7,940,275		(1,443,593)	72,999,507
Total Capital Assets, being depreciated, net		96,662,992	(409,774)	10,849,974	(219,504)	106,883,688
Governmental activities Capital Assets, net	\$	195,514,937	\$ 2,923,229	\$ -	\$ (684,764)	\$ 197,753,402

# 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, 2024 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.

	Balance				Balance
<b>Business-Type Activities</b>	June 30, 2023	Increases	Transfers	Decreases	June 30, 2024
Capital Assets, not being depreciated:					
Land	\$ 10,916,330	\$ -	\$ - \$	-	\$ 10,916,330
Land Improvements	9,500	-	-	-	9,500
Intangible Rights	6,140	-	-	-	6,140
Construction in Progress	8,202,979	5,906,155	(7,503,402)	(5,825)	6,599,907
Land - Inexhaustible Infrastructure Improvements	2,481,094	-	-	-	2,481,094
Total Capital Assets, not being depreciated	21,616,043	5,906,155	(7,503,402)	(5,825)	20,012,971
Capital Assets, being depreciated:					
Buildings and Improvements to Buildings	16,205,773	-	-	-	16,205,773
Improvements other than Buildings	17,534,435	1,272,934	-	-	18,807,369
Vehicles	2,019,358	-	-	_	2,019,358
Equipment	24,831,713	151,466	108,290	(33,900)	25,057,569
Furniture and Fixtures	72,375	-	-	_	72,375
Infrastructure Improvements - Depreciable	136,771,395	10,239,681	7,395,112	-	154,406,188
Right-to-use asset	181,055			(38,309)	142,746
Total Capital Assets, being depreciated	197,616,104	11,664,081	7,503,402	(72,209)	216,711,378
Less Accumulated Depreciation for:					
Buildings and Improvements to Buildings	10,961,257	275,433	-	_	11,236,690
Improvements other than Buildings	8,346,604	612,976	-	_	8,959,580
Vehicles	1,489,754	120,263	-	_	1,610,017
Equipment	16,877,055	541,705	-	(18,080)	17,400,680
Furniture and Fixtures	29,216	6,786	-	-	36,002
Infrastructure Improvements - Depreciable	44,702,934	2,876,378	-	-	47,579,312
Right-to-use asset	36,681	34,934	-	(38,309)	33,306
Total Accumulated Depreciation	82,443,501	4,468,475	-	(56,389)	86,855,587
Total Capital Assets, being depreciated, net	115,172,603	7,195,606	7,503,402	(15,820)	129,855,791
Business-Type activities Capital Assets, net	\$ 136,788,646	\$ 13,101,761	\$ - \$	(21,645)	\$ 149,868,762

# NOTE 6 – CAPITAL ASSETS (CONTINUED)

# **PRIMARY GOVERNMENT (CONTINUED)**

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

	Governmental Activities	Business-type Activities
General Government	\$ 1,452,829	\$ -
Public Safety	2,819,970	-
Public Works	1,599,077	-
Parks & Recreation	1,400,288	-
Health and Social Services	354,367	-
Education and Library	190,735	-
Conservation of Natural Resources	76,226	-
Economic/Community Development	46,783	-
Major Enterprise Funds:		
Sanitary District	-	3,757,391
Bay Bridge Airport	-	479,821
Non-Major Enterprise Funds	-	231,263
Total amounts restricted	\$ 7,940,275	\$ 4,468,475

# NOTE 6 – CAPITAL ASSETS (CONTINUED)

# **COMPONENT UNITS**

**Board of Education:** Capital asset activity for the year ended June 30, 2024 is as follows:

	Balance				Balance
Board of Education	June 30, 2023	Increases	Transfers	Decreases	June 30, 2024
Capital Assets, not being depreciated:					
Land	\$ 6,363,040	\$ -	s - s		\$ 6,363,040
Construction in Progress	2,400,763	9,579,148	(1,855,834)	- ,	10,124,077
Construction in Frogress	2,400,703	9,379,146	(1,033,034)		10,124,077
Total Capital Assets, not being depreciated	8,763,803	9,579,148	(1,855,834)	-	16,487,117
Capital Assets, being depreciated:					
Land Improvements	5,410,966	-	-	(12,045)	5,398,921
Buildings	212,430,850	9,127,028	1,285,693	(10,160)	222,833,411
Furniture, Fixtures, and Equipment	19,478,370	2,370,918	570,141	(285,771)	22,133,658
Leased Equipment	379,187	1,663,732	-	-	2,042,919
Total Capital Assets, being depreciated	237,699,373	13,161,678	1,855,834	(307,976)	252,408,909
Less Accumulated Depreciation for:					
Land Improvements	5,026,712	90,868	-	(7,519)	5,110,061
Buildings	81,971,537	3,402,049	-	(10,160)	85,363,426
Furniture, Fixtures, and Equipment	14,676,153	1,477,084	-	(285,771)	15,867,466
Leased Equipment	87,546	491,813	-	-	579,359
Total Accumulated Depreciation	101,761,948	5,461,814	-	(303,450)	106,920,312
Total Capital Assets, being depreciated, net	135,937,425	7,699,864	1,855,834	(4,526)	145,488,597
Capital Assets, net	\$ 144,701,228	\$ 17,279,012	\$ - \$	(4,526)	\$ 161,975,714

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

# **COMPONENT UNITS (CONTINUED)**

Queen Anne's County Free Library: Capital asset activity for the year ended June 30, 2024 is as follows:

	Balance				Balance
Library	June 30, 2023	Increases	Transfers	Decreases	June 30, 2024
Capital Assets, not being depreciated:					
Artwork	\$ 29,850	\$ -	\$ -	\$ - 5	\$ 29,850
Total Capital Assets, not being depreciated	29,850	-	-	_	29,850
Capital Assets, being depreciated:					
Books and Media	1,857,643	186,750	-	(143,250)	1,901,143
Building Improvements	402,207	-	-	-	402,207
Equipment	543,455	120,294	-	(29,391)	634,358
Right-to-use	27,018	-	-	-	27,018
Total Capital Assets, being depreciated	2,830,323	307,044	-	(172,641)	2,964,726
Less Accumulated Depreciation	1,187,303	258,856		(171,094)	1,275,065
Total Capital Assets, being depreciated, net	1,643,020	48,188		(1,547)	1,689,661
Capital Assets, net	\$ 1,672,870	\$ 48,188	\$ -	\$ (1,547)	\$ 1,719,511

# NOTE 7 - INTERFUND RECEIVABLES AND PAYABLES

Interfund receivables and payables are usually used by the County to cover temporary cash deficits in individual funds until grant or similar resources are received.

The interfund and intra-entity receivables and payables consist of the following at June 30, 2024:

							Due fro	m Fu	nd						
									Non-			Bay		Non-	Total
Due to Fund		(	General	Capital	Roads	(	Grants		Major	Sanitary	В	ridge		Major	Due
			Fund	Projects	Capital		Fund	Go	vernmental	District	A	irport	F	interprise	From
General Fund	\$ 392,417	\$	-	\$ -	\$ -	\$	-	\$	206,488	\$ -	\$	-	\$	185,929	\$ 392,417
General Capital Projects	875,336		-	-	-		-		-	-	8	375,336		-	875,336
Roads Capital	-		-	-	-		-		-	-		-		-	-
Grants Fund	-		-	-	-		-		-	-		-		-	-
Non-Major Governmental	-		-	-	-		-		-	-		-		-	-
Sanitary District	-		-	-	-		_		_	-		_		-	-
Bay Bridge Airport	-		-	-	-		-		-	-		-		-	-
Non-Major Enterprise	-		-	-	-		-		-	-		-		-	
Total Due To Fund	\$ 1,267,753	\$	-	\$ -	\$ -	\$	-	\$	206,488	\$ -	\$ 8	375,336	\$	185,929	\$ 1,267,753

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

## **NOTE 8 - INTERFUND TRANSFERS**

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

The transfers from the General Fund provide funding for capital projects and to fund programs in the non-major special revenue funds. Transfers from the General Fund to the enterprise funds are to pay for a portion of debt service related to an Airport project and also to provide funding to the Golf Course and Public Landings Funds for capital projects. The transfers from non-major governmental funds provide funding from the Impact Fee Funds to the General Fund. The transfers from Restricted and Debt Service Sanitary funds are to cover Sanitary related debt service.

The following interfund transfers were made during the fiscal year ended June 30, 2024:

										Transf	ers	In								
												Non-				Bay		Non-		Total
Transfers Out				General		Capital		Roads	(	Grants		Major		Sanitary		Bridge		Major		Transfers
				Fund		Projects		Capital		Fund	G	overnmental		District		Airport	E	Enterprise		In
General Fund	\$	24,853,114	\$	-	\$	10,925,521	\$	4,015,480	\$	47,789	\$	9,380,073	\$	-	\$	59,251	\$	425,000	\$	24,853,114
General Capital Projects		-		-		-		-		-		-		-		-		-		-
Roads Capital		-		-		-		-		-		-		-		-		-		-
Grants Fund		-		-		-		-		-		-		-		-		-		-
Non-Major Governmental		2,165,911		2,165,911		-		-		-		-		-		-		-		2,165,911
Sanitary District		5,342,382		-		-		-		-		-		5,342,382		-		-		5,342,382
Bay Bridge Airport		-		-		-		-		-		-		-		-		-		-
Non-Major Enterprise		-	_	-		-		-		-		-		-		-		-		
T-4-1 T	•	22 261 407	•	2.165.011	6	10.025.521	•	4.015.400	•	47.700	•	0.200.072	•	5 242 292	•	50.251	•	125 000	e.	22 261 407
Total Transfers Out	3	32,361,407	_\$	2,165,911	<b>3</b>	10,925,521	\$	4,015,480	\$	47,789	<u> </u>	9,380,073	<u>\$</u>	5,342,382	<b>3</b>	59,251	<u>\$</u>	425,000	<u></u>	32,361,407

### Reconciliation of interfund transfers to the Statement of Activities

Governmental Funds Transfers In	\$ 26,534,774	Enterprise Funds Transfers In	\$ 5,826,633
Governmental Funds Transfers Out	(27,019,025)	Enterprise Funds Transfers Out	(5,342,382)
Total Governmental Activities	\$ (484,251)	Total Business-Type Activities	\$ 484,251

# NOTE 9 - NONCURRENT LIABILITIES

## A. CHANGES IN NONCURRENT LIABILITIES

During the year ended June 30, 2024, the following changes occurred in the noncurrent liabilities of the primary government's governmental activities:

PRIMARY GOVERNMENT					Retirements				Due in
	_	Balance	Additions		and		Balance	Due Within	More than
Governmental Activities	J	une 30, 2023	of debt	]	Repayments	J	une 30, 2024	One Year	One Year
General Bonds Payable	\$	118,286,425	\$ -	\$	8,421,894	\$	109,864,531	\$ 8,773,919	\$ 101,090,612
General Bonds Payable - Related to PHA		443,007	-		66,494		376,513	69,776	306,737
General Bonds Payable - Related to Ches College		3,088,165	-		229,388		2,858,777	237,963	2,620,814
Notes Payable		608,141	-		47,816		560,325	47,816	512,509
Bond Premiums		10,434,055	-		872,744		9,561,311	896,178	8,665,133
Subtotal Governmental Activities Debt		132,859,793	-		9,638,336		123,221,457	10,025,652	113,195,805
									<u>.</u>
Lease Liability		614,668	-		62,314		552,354	55,401	496,953
Subscription Liability		1,178,880	-		273,045		905,835	317,607	588,228
OPEB		26,810,247	_		2,157,670		24,652,577	_	24,652,577
Net Pension Liability		32,570,299	9,151,952		-		41,722,251	-	41,722,251
LOSAP Liability		7,757,868	3,422,375		_		11,180,243	391,181	10,789,062
Compensated Absences		3,625,663	2,667,813		2,144,941		4,148,535	2,445,694	1,702,841
Total Governmental Activities Debt	\$	205,417,418	\$ 15,242,140	\$	14,276,306	\$	206,383,252	\$ 13,235,535	\$ 193,147,717

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:

Payments made by PHA	-
Notes Payable	47,816

# NOTE 9 – NONCURRENT LIABILITIES (CONTINUED)

# A. CHANGES IN NONCURRENT LIABILITIES (CONTINUED)

During the year ended June 30, 2024, the following changes occurred in the noncurrent liabilities of the primary government's business-type activities:

### PRIMARY GOVERNMENT

		Balance	Additions	F	Retirements and		Balance	Due Within	Due in More than
<b>Business-Type Activities</b>	Ju	ne 30, 2023	of debt	R	and Lepayments	Jı	une 30, 2024	One Year	One Year
		-					•		
Golf Course	\$	79,904	\$ -	\$	4,419	\$	75,485	\$ 4,674	\$ 70,811
Bay Bridge Airport		1,356,694	-		109,618		1,247,076	112,594	1,134,482
Public Landings and Marinas		620,806	-		63,186		557,620	66,074	491,546
Sanitary District		35,322,576	1,794,266		2,118,911		34,997,931	2,137,805	32,860,126
Subtotal Debt		37,379,980	1,794,266		2,296,134		36,878,112	2,321,147	34,556,965
Bond Premiums									
Golf Course		5,076	-		362		4,714	362	4,352
Bay Bridge Airport		68,138	-		7,484		60,654	7,485	53,169
Public Landings and Marinas		75,744	-		9,766		65,978	9,766	56,212
Subtotal Bond Premiums		148,958	-		17,612		131,346	17,613	113,733
Subtotal Business-Type Activities Debt		37,528,938	1,794,266		2,313,746		37,009,458	2,338,760	34,670,698
Lease Liability		144,381	-		33,667		110,714	27,922	82,792
OPEB		5,854,976	-		264,608		5,590,368	-	5,590,368
Net Pension Liability		2,690,703	746,083		-		3,436,786	-	3,436,786
Compensated Absences		558,231	330,249		292,372		596,108	351,425	244,683
Total Business-Type Activities Debt	\$	46,777,229	\$ 2,870,598	\$	2,904,393	\$	46,743,434	\$ 2,718,107	\$ 44,025,327

During the year ended June 30, 2024, the following changes occurred in the noncurrent liabilities of the primary government's Component Units:

## COMPONENT UNITS

Board of Education and Free Library	Balance June 30, 2023		Additions of debt		Retirements and Repayments		Balance June 30, 2024		Due Within One Year	Due in More than One Year
Board of Education										
Compensated Absences	\$	1,117,223	\$	188,860	\$	-	\$	1,306,083	\$ -	\$ 1,306,083
Financed Purchases		1,170,001		231,076		230,202		1,170,875	253,758	917,117
Intangible Right-to-Use Leases		296,921		1,663,732		466,748		1,493,905	484,251	1,009,654
OPEB		138,003,570		2,816,290		-		140,819,860	-	140,819,860
Net Pension Liability		5,892,271		1,005,861		-		6,898,132	-	6,898,132
Subtotal		146,479,986		5,905,819		696,950		151,688,855	738,009	150,950,846
Free Library										
Lease Payable		8,337		-		5,735		2,602	2,602	_
OPEB		530,861		-		10,475		520,386	-	520,386
Subtotal		539,198		-		16,210		522,988	2,602	520,386
Total Component Units Debt	\$	147,019,184	\$	5,905,819	\$	713,160	\$	152,211,843	\$ 740,611	\$ 151,471,232

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

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

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

#### PRIMARY GOVERNMENT

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

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

During fiscal year 2019, the County implemented Governmental Accounting Standards Board's Statement (GASB) Statement 73, Accounting and Financial Reporting for Pensions and Related Assets That are Not Within the Scope of GASB Statement 68. The County' Fire and EMS Commission Pension Plan Length of Service Award Program ("LOSAP") is included in GASB 73 reporting. For governmental funds, the LOSAP obligations are reported in the government-wide statements in the public safety function. There are not any LOSAP obligations in the enterprise funds. LOSAP costs in governmental funds are charged to the General Fund. Additional information can be found in Note 17.

During fiscal year 2018, the County implemented the provisions of Governmental Accounting Standards Board (GASB) Statement 75, Accounting and Financial Reporting for Postemployment Benefit Plans Other than Pensions. For governmental funds, OPEB is reported in the government-wide statements in the function in which that employee usually charges their productive time. For enterprise funds, OPEB is reported in the enterprise fund in which that employee charges the majority of their productive time. OPEB costs in governmental funds are charged to the General Fund. Additional information can be found in Note 16, 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 14, 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.

# NOTE 9 – NONCURRENT LIABILITIES (CONTINUED)

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

## **PRIMARY GOVERNMENT (CONTINUED)**

As of June 30, 2024, general obligation bonds and notes payable for governmental activities are comprised of the following, along with lease liability, subscription liability, other post-employment benefit obligation, net pension liability, volunteer fireman pension plan length of service award program liability and compensated absences:

Governmental Activities	Paying Fund	Interest Rate	Year Series Matures	Amount of Original Issue	Outstanding June 30, 2024	Due Within One Year	Due in More than One Year
General Obligation Bonds Payable							
2014 Public Facilities	General	2.00%-4.00%	2034	\$ 17,590,000	\$ 9,880,645	\$ 822,461	\$ 9,058,184
2015 Public Facilities	General	3.00%-5.00%	2036	11,622,756	7,963,446	528,380	7,435,066
2015 Refunding Bonds	General	2.00%-5.00%	2027	13,521,625	4,625,055	1,496,484	3,128,571
2016 Public Facilities	General	2.00%-4.00%	2036	13,934,364	10,259,515	635,326	9,624,189
2017 Public Facilities	General	3.00%-5.00%	2037	12,600,000	9,935,000	530,000	9,405,000
2018 Public Facilities	General	3.00%-5.00%	2038	16,000,000	13,260,000	635,000	12,625,000
2019 Public Facilities	General	3.00%-5.00%	2039	11,000,000	9,515,000	415,000	9,100,000
2019 Refunding Bonds	General	4.00%-5.00%	2029	14,236,594	9,405,572	1,380,292	8,025,280
2020 Public Facilities	General	2.00%-5.00%	2040	9,000,000	8,077,500	334,069	7,743,431
2021 Public Facilities	General	1.50%-5.00%	2041	13,000,000	11,501,355	638,964	10,862,391
2021 Refunding Bonds	General	1.50%-5.00%	2030	10,835,995	8,031,443	967,943	7,063,500
2022 Public Facilities	General	3.375%-5.00%	2043	7,800,000	7,410,000	390,000	7,020,000
2015 Refunding Facilities (2006 Bonds)	Due from PHA	2.00%-3.00%	2027	240,112	82,129	26,574	55,555
2019 Refunding Facilities (2009 Bonds)	Due from PHA	4.00%-5.00%	2029	445,590	294,384	43,202	251,182
2014 Public Facilities	Due from other Counties	2.00%-4.00%	2034	4,800,000	2,858,777	237,963	2,620,814
Subtotal Bonds Payable					113,099,821	9,081,658	104,018,163
Notes Payable							
State of Maryland - Grove Ck.	Spec. Rev.	0.00%	2034	510,617	204,242	20,425	183,817
State of Maryland - Narrows Pointe	Spec. Rev.	0.00%	2037	525,318	356,083	27,391	328,692
Subtotal Notes Payable					560,325	47,816	512,509
Subtotal Bonds and Notes Payable					113,660,146	9,129,474	104,530,672
Bond Premiums					9,561,311	896,178	8,665,133
Subtotal Governmental Activities Debt					123,221,457	10,025,652	113,195,805
Lease Liability					552,354	55,401	496,953
Subscription Liability					905,835	317,607	588,228
OPEB					24,652,577	-	24,652,577
Net Pension Liability					41,722,251	-	41,722,251
LOSAP Liability					11,180,243	391,181	10,789,062
Compensated Absences					4,148,535	2,445,694	1,702,841
Total Governmental Activities					\$ 206,383,252	\$ 13,235,535	\$ 193,147,717

# NOTE 9 – NONCURRENT LIABILITIES (CONTINUED)

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

# **PRIMARY GOVERNMENT (CONTINUED)**

The annual requirements to amortize general obligation bonds and notes payable outstanding as of June 30, 2024 for governmental activities are as follows:

Governmental	Activities
--------------	------------

Year Ending	 Governmental Bonds Payable					Governmental Notes Payable						
June 30,	Principal		Interest		Total	I	Principal		Interest		Total	
2025	\$ 9,081,658	\$	4,019,196	\$	13,100,854	\$	47,816	\$	_	\$	47,81	
2026	9,449,130		3,627,820		13,076,950		47,816		-		47,81	
2027	9,836,235		3,229,929		13,066,164		47,816		-		47,81	
2028	8,547,051		2,815,797		11,362,848		47,816		-		47,81	
2029	8,884,716		2,448,449		11,333,165		47,816		-		47,81	
2030 - 2034	37,311,918		7,548,330		44,860,248		239,072		-		239,07	
2035 - 2039	24,535,580		2,372,642		26,908,222		82,173		-		82,17	
2040 - 2044	 5,453,533		214,766		5,668,299		-		-		-	
	\$ 113,099,821	\$	26,276,929	\$	139,376,750	\$	560,325	\$	_	\$	560,32	

# NOTE 9 – NONCURRENT LIABILITIES (CONTINUED)

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

## **PRIMARY GOVERNMENT (CONTINUED)**

General obligation bonds and notes payable outstanding as of June 30, 2024 for business-type activities are comprised of the following, as well as lease liability, other post-employment benefit obligation, net pension liability, and compensated absences:

Business -Type Activities	Interest Rate	Year Series Matures	Amount of Original Issue	Outstanding June 30, 2024	Due Within One Year	Due in More than One Year
Golf Course 2016 Public Facilities Bonds Bond Premiums	2.00%-4.00%	2036	\$ 85,636	\$ 75,485 4,714	\$ 4,674 362	\$ 70,811 4,352
Subtotal Golf Course				80,199	5,036	75,163
Bay Bridge Airport 2014 Public Facilities Bonds 2015 Public Facilities Bonds 2015 Refunding Bonds 2019 Refunding Bonds 2020 Public Facilities Bonds 2021 Public Facilities Bonds 2021 Refunding Bonds Bond Premiums	2.00%-4.00% 3.00%-5.00% 2.00%-5.00% 4.00%-5.00% 2.00%-5.00% 1.50%-5.00%	2034 2036 2027 2029 2040 2041 2030	964,940 577,244 173,556 92,167 22,686 26,594 11,134	595,578 476,554 59,365 60,891 22,500 23,935 8,253 60,654	49,576 31,620 19,208 8,935 931 1,330 994 7,485	546,002 444,934 40,157 51,956 21,569 22,605 7,259 53,169
Subtotal Airport				1,307,730	120,079	1,187,651
Public Landings and Marinas 2015 Refunding Bonds 2019 Refunding Bonds 2021 Refunding Bonds 2021 Public Facilities Bonds Bond Premiums	2.00%-5.00% 4.00%-5.00% 1.50%-5.00% 1.50%-5.00%	2027 2029 2030 2043	24,707 490,649 67,871 194,123	8,451 324,153 50,304 174,712 65,978	2,735 47,570 9,706 6,063 9,766	5,716 276,583 40,598 168,649 56,212
Subtotal Public Landings and Marinas				623,598	75,840	547,758
Sanitary District Maryland Water Quality-2005 Enhancement Maryland Water Quality-SKI Phase One Maryland Water Quality-SKI Phase Two	1.00% 0.80% 0.80%	2027 2049 2053	18,252,291 29,342,242 5,740,767	2,959,912 26,483,733 5,554,286	981,710 968,122 187,973	1,978,202 25,515,611 5,366,313
Subtotal Sanitary District				34,997,931	2,137,805	32,860,126
Total Business-Type Activities Debt				37,009,458	2,338,760	34,670,698
Lease Liability OPEB Net Pension Liability Compensated Absences				110,714 5,590,368 3,436,786 596,108	27,922 - - 351,425	82,792 5,590,368 3,436,786 244,683
Total Business-Type Activities				\$ 46,743,434	\$ 2,718,107	\$ 44,025,327

# NOTE 9 – NONCURRENT LIABILITIES (CONTINUED)

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

## **PRIMARY GOVERNMENT (CONTINUED)**

The annual requirements to amortize business-type bonds and notes outstanding at June 30, 2024, are as follows:

**Business-Type Activities** 

Year Ending	_	Busine	ess-Type Bonds Pa	ayable	:	Business-Type Notes Payable			e		
June 30,	-	Principal	Interest	Interest		Principal		Interest		Total	
2025	\$	183,342 \$	67,799	\$	251,141	\$	2,137,805	\$	290,223	\$	2,428,028
2026		190,870	60,325		251,195		2,156,871		266,837		2,423,708
2027		198,765	52,916		251,681		2,161,344		247,599		2,408,943
2028		182,949	44,698		227,647		1,184,064		228,335		1,412,399
2029		190,284	37,196		227,480		1,193,537		218,863		1,412,400
2030 - 2034		718,082	95,917		813,999		6,112,445		949,553		7,061,998
2035 - 2039		179,420	11,097		190,517		6,360,887		701,111		7,061,998
2040 - 2044		36,469	1,068		37,537		6,619,426		442,572		7,061,998
2045 - 2049		-	-		-		6,696,663		173,525		6,870,188
2050 - 2054		-	-				374,889		4,163		379,052
	\$	1,880,181 \$	371,016	\$	2,251,197	\$	34,997,931	\$	3,522,781	\$	38,520,712

## C. ISSUANCE OF NEW DEBT

## **PRIMARY GOVERNMENT**

In fiscal year 2024, the County received \$1,794,266 through the Maryland Water Quality Financing Administration for phase two of the Southern Kent Island (SKI) Sanitary Project. Total issue amount of \$5,740,767 will be repaid over 30 years at an interest rate of 0.80%. Amount outstanding as of June 30, 2024, was \$5,554,286.

## NOTE 9 – NONCURRENT LIABILITIES (CONTINUED)

### D. LOCAL DEBT POLICY

#### PRIMARY GOVERNMENT

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

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

### **NOTE 10 - LEASES**

#### PRIMARY GOVERNMENT

The County implemented guidance of GASB 87, Leases, at July 1, 2021 for accounting and reporting of leases. The County uses its incremental borrowing rate to determine the initial value of the lease receivable and corresponding deferred inflows.

# County as Lessor

The County's Governmental Activities entered into various lease agreements to lease land for cultivation and other similar purposes. The County received a combination of annual, semi-annual, and monthly payments from these leases ranging from \$5,895 to \$17,225 during the year. These leases typically have variable payments that increase each year or each successive renewable lease term by a set percentage rate included in the lease agreement. The County has options to extend which typically are in five-year increments. The County has considered the probability of exercising the lease renewal options in the initial calculation of the lease.

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

						etirements			
	Balance					and		Balance	
<b>Governmental Activities</b>	Ju	ne 30, 2023	A	dditions	Re	payments	Jun	ne 30, 2024	
Lease Receivable	\$	1,103,690	\$	-	\$	146,400	\$	957,290	
				·					
Lease Receivable deferred inflows	\$	(1,068,273)	\$	-	\$	(146,908)	\$	(921,365)	

For the year ended June 30, 2024, rental and interest income associated with the governmental activities lease receivable was approximately \$147,000 and \$2,100, respectively.

#### **NOTE 10 – LEASES (CONTINUED)**

The County's Sanitary District has entered into various lease agreements to lease land near County water towers for antenna sites. The County received monthly payments from these leases ranging from \$273 to \$3,324 during the year. These leases typically have variable payments that increase each year by a set percentage rate included in the lease agreement. The County has options to extend which typically are in five-year increments. The County has considered the probability of exercising the lease renewal options in the initial calculation of the lease.

The County's Bay Bridge Airport has entered into various lease agreements to lease land and/or facilities at the airport. The County received monthly payments from these leases ranging from \$489 to \$5,732 during the year. These leases typically have variable payments that increase each year by a set percentage rate included in the lease agreement. The County has options to extend which typically are in one-year increments. The County has considered the probability of exercising the lease renewal options in the initial calculation of the lease.

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

	<del></del>					Retirements			
		Balance				and		Balance	
<b>Business-Type Activities</b>	Ju	ne 30, 2023	A	Additions		epayments	June 30, 202		
Sanitary District - Lease Receivable	\$	1,430,255	\$	119,061	\$	129,385	\$	1,419,931	
Bay Bridge Airport - Lease Receivable		145,071		342,384		57,676		429,779	
Total lease receivable	\$	1,575,326	\$	461,445	\$	187,061	\$	1,849,710	
Sanitary District - Deferred inflows Bay Bridge Airport - Deferred inflows	\$	(1,407,645) (142,386)	\$	(119,061) (342,384)	\$	(138,587) (54,690)	\$	(1,388,119) (430,080)	
Total lease receivable deferred inflows	\$	(1,550,031)	\$	(461,445)	\$	(193,277)	\$	(1,818,199)	

For the year ended June 30, 2024, rental and interest income associated with the business-type activities lease receivable was approximately \$193,000 and \$5,400, respectively.

#### County as Lessee

The County has entered into various agreements to lease land and facilities for their public works department. There were no new lease liabilities recognized within these funds that fell under the purview of GASB 87 during fiscal year 2024. The County is required to make both fixed and variable payments that range from \$9,000 to \$61,200 for the current year. Leases for which have variable payments will increase at a rate of 2% each year until lease termination. The County has no extension or termination options present in these agreements.

The County has entered into various agreements to lease land and equipment for their enterprise funds. There were no new lease liabilities recognized within these funds that fell under the purview of GASB 87 during fiscal year 2024. The County is required to make annual fixed payments ranging from \$1,600 to \$2,520 for leases in the scope of GASB 87. The County has no extension or termination options present in these agreements.

## **NOTE 10 – LEASES (CONTINUED)**

The future minimum lease payments are approximately as follows:

	Governmental Activities						<b>Business-Type Activities</b>					
	P	rincipal		Interest		Total	P	rincipal	It	nterest		Total
2025	\$	55,401	\$	15,824	\$	71,225	\$	27,922	\$	2,318	\$	30,240
2026		58,224		14,245		72,469		28,590		1,650		30,240
2027		61,154		12,584		73,738		29,274		966		30,240
2028		55,193		11,052		66,245		24,928		271		25,199
2029		58,134		9,436		67,570		-		-		-
Thereafter		264,248		19,818		284,066		-		-		-
Total	\$	552,354	\$	82,959	\$	635,313	\$	110,714	\$	5,205	\$	115,919

For the year ended June 30, 2024, interest expense for governmental and business-type activities lease liability was \$8,137 and \$2,974, respectively.

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

### **COMPONENT UNITS**

### **BOARD OF EDUCATION**

## **Financed Purchases**

The Board has entered into non-cancelable contracts to finance performance contracting equipment that transfer ownership at the end of the contract term, January 2028. The amount due on the contract at June 30, 2024 is \$948,946. During 2024, the Board entered into an agreement to finance the purchase of two school buses. The agreement requires payments through September 2033. The amount due on the agreement at June 30, 2024 is \$221,929. As such, the Board has recorded the related obligations and the related assets in the appropriate funds.

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

Equipment, at cost	\$ 2,845,938
Less: accumulated depreciation	(1,936,821)
Total	\$ 909,117

Interest expense related to the above capital leases was approximately \$36,000 for the year ended June 30, 2024. The future minimum lease obligations and net present value of these minimum lease payments as of June 30, 2024 were as follows:

Year ended June 30:	,
2025	\$ 287,857
2026	295,613
2027	303,602
2028	232,892
2029	29,339
Thereafter	132,023
Total minimum lease payments	1,281,326
Less: amount representing interest	(110,451)
Present value of minimum financed purchase payments	\$ 1,170,875

## **NOTE 10 – LEASES (CONTINUED)**

### **Intangible Right-to-Use Assets**

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

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

During fiscal year 2024, the Board entered into additional lease agreements for office equipment and vehicles. Payments under these leases total approximately \$390,000 per year for leases that expire in fiscal year 2027 and \$52,000 per year for leases expiring in fiscal year 2028. For purposes of discounting future payments on these leases the Board used its incremental borrowing rate in place at the time of lease inception of 3.75%.

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

Minimum lease payments on equipment and vehicles over the next five years are as follows:

	Lease	Payments to M	aturity							
	Equi	Equipment and Vehicles								
	Principal	Principal Interest Total								
2025	\$ 484,251	\$ 56,021	\$ 540,272							
2026	470,917	37,862	508,779							
2027	488,575	20,203	508,778							
2028	50,162	1,881	52,043							
2029	-	-	-							
	\$ 1,493,905	\$ 115,967	\$ 1,609,872							

# **LIBRARY**

### Leases Payable

In December 2019, the Library entered into an operating lease with Affordable Business Systems, Inc. for use of a photocopier with an expiration date of December 2024. As of June 30, 2024, total lease liabilities were \$2,602, which represents the present value of the remaining lease payments of \$2,764, discounted using the Library's incremental borrowing rate of 4%.

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

Year ended June 30:	Pr	rincipal	Interest			
2025	\$	2,602	\$	162		

## NOTE 11 – SUBSCRIPTION-BASED INFORMATION TECHNOLOGY ARRANGEMENTS

The County implemented guidance of GASB 96, Subscription-Based Information Technology Arrangements (SBITAs) for accounting and reporting of subscription arrangements. The County uses its incremental borrowing rate to determine the initial value of their right-to-use subscription assets and liabilities.

The County enters into various agreements in order to use web software and licensing services. An initial subscription liability was recorded in the amount of \$38,000 for all new subscription arrangements entered into in the current year. As of June 30, 2024, the value of the subscription liability is \$908,835. The County is required to make annual fixed payments ranging from \$10,250 to \$298,043 for subscriptions in the scope of GASB 96. The County has options to extend which typically are in one-year increments. The County has considered the probability of exercising the lease renewal options in the initial calculation of the subscription.

The future minimum subscription payments are as follows:

	Governmental Activities									
	P	rincipal	Interest	Total						
2025	\$	317,607	\$ 21,686	\$	339,293					
2026		297,088	13,955		311,043					
2027		291,140	6,889		298,029					
2028		-	-		-					
2029		-	-		-					
Thereafter		-	-							
Total	\$	905,835	\$ 42,530	\$	948,365					

For the year ended June 30, 2024, interest expense related to the subscription liability was \$21,686.

## NOTE 12 - RESTRICTED ASSETS AND LIABILITIES AND FUND BALANCES

#### A. RESTRICTED ASSETS AND RELATED LIABILITIES

### PRIMARY GOVERNMENT

### **BUSINESS-TYPE ACTIVITIES - Queen Anne's County Sanitary District**

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

<u>Debt Service Fund</u> - 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, 2024 are as follows:

		5	SANITARY DISTRICT					
	RI	ESTRICTED	DI	EBT SERVICE				
<u>ASSETS</u>		FUND		FUND		TOTAL		
Current Restricted Assets								
Restricted Equity in Pooled Cash	\$	26,185,033	\$	2,170,557	\$	28,355,590		
Restricted Accounts Receivable (Net)		2,745,269		754,100		3,499,369		
Total Current Restricted Assets		28,930,302		2,924,657		31,854,959		
Noncurrent Restricted Assets								
Special Assessments Receivable (Net)		706,812		18,552,518		19,259,330		
Total Noncurrent Restricted Assets		706,812		18,552,518		19,259,330		
<u>LIABILITIES</u>								
Current Restricted Liabilities								
Accounts Payable		75		-		75		
Total Current Restricted Liabilities		75		-		75		
DEFERRED INFLOWS OF RESOURCES								
Unavailable Water and Sewer Assessments		706,812		18,552,520		19,259,332		
Total Deferred Inflows of Resources		706,812		18,552,520		19,259,332		
NET POSITION								
Amounts Restricted for:								
Debt Service		-		2,924,655		2,924,655		
Unrestricted Amounts		28,930,227				28,930,227		
Total Net Position	\$	28,930,227	\$	2,924,655	\$	31,854,882		

# NOTE 12 – RESTRICTED ASSETS AND LIABILITIES AND FUND BALANCES (CONTINUED)

## **B. RESTRICTED NET POSITION**

# **PRIMARY GOVERNMENT**

## **GOVERNMENTAL ACTIVITIES**

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

ASSETS         ACTIVITIES           Capital Assets         \$ 270,752,905           Total Capital Assets, Net of Depreciation         197,753,402           DEFERRED OUTFLOWS OF RESOURCES         245,521           Deferred Charge on Refunding         245,521           Total Deferred Outflows of Resources         245,521           Lease Payable         552,354           Subscription Payable         905,835           Capital Accounts Payable         42,218           Capital Accounts Payable         132,221,457           Capital Accounts Payable         123,221,457           Debt relating to Board of Education Assets         123,221,457           Bonds/Notes Payable         123,221,457           Unspent portion of Bond Proceeds for Board of Education debt         (42,317,895)           Unspent portion of Bond Proceeds for Board of Education debt         (1,592,789)           Unspent portion of Bond Proceeds for Governmental debt         (4,403,501)           Debt relating to Chesapeake College         (4,376,502)           Debt relating to non-capital assets (Dredging)         (560,325)           Total Liabilities         71,770,203           Total Liabilities         135,866           Total Deferred Inflows of Resources         135,866           Total Deferred Inflows of		GOVERNMENTAL
Less Accumulated Depreciation         (72,999,507)           Total Capital Assets, Net of Depreciation         197,753,402           DEFERRED OUTFLOWS OF RESOURCES         245,521           Deferred Charge on Refunding         245,521           Total Deferred Outflows of Resources         245,521           LLABILITIES         552,354           Subscription Payable         905,835           Capital Retainage Payable         42,218           Capital Accounts Payable         675,865           Bonds/Notes Payable         123,221,457           Less:         120,221,457           Less:         42,317,895           Unspent portion of Bond Proceeds for Board of Education debt         (1,592,789)           Unspent portion of Bond Proceeds for Governmental debt         (4,403,501)           Debt relating to Chesapeake College         (4,376,502)           Debt relating to PHA         (376,514)           Debt relating to on-capital assets (Dredging)         (560,325)           Total Liabilities         71,770,203           DEFERRED INFLOWS OF RESOURCES         Bond Refundings         135,866           Total Deferred Inflows of Resources         135,866	<u>ASSETS</u>	ACTIVITIES
Total Capital Assets, Net of Depreciation         197,753,402           DEFERRED OUTFLOWS OF RESOURCES         245,521           Deferred Charge on Refunding         245,521           Total Deferred Outflows of Resources         245,521           LIABILITIES         552,354           Subscription Payable         905,835           Capital Retainage Payable         42,218           Capital Accounts Payable         675,865           Bonds/Notes Payable         123,221,457           Less:         Debt relating to Board of Education Assets         (42,317,895)           Unspent portion of Bond Proceeds for Board of Education debt         (1,592,789)           Unspent portion of Bond Proceeds for Governmental debt         (4,403,501)           Debt relating to Chesapeake College         (4,376,502)           Debt relating to PHA         (376,514)           Debt relating to non-capital assets (Dredging)         (560,325)           Total Liabilities         71,770,203           DEFERRED INFLOWS OF RESOURCES         Bond Refundings         135,866           Total Deferred Inflows of Resources         135,866	Capital Assets	\$ 270,752,909
DEFERRED OUTFLOWS OF RESOURCES         245,521           Deferred Charge on Refunding         245,521           Total Deferred Outflows of Resources         245,521           LIABILITIES         552,354           Lease Payable         905,835           Capital Retainage Payable         42,218           Capital Accounts Payable         675,865           Bonds/Notes Payable         123,221,457           Less:         123,221,457           Unspent portion of Bond Proceeds for Board of Education debt         (1,592,789)           Unspent portion of Bond Proceeds for Governmental debt         (4,403,501)           Debt relating to Chesapeake College         (4,376,502)           Debt relating to PHA         (376,514)           Debt relating to non-capital assets (Dredging)         (560,325)           Total Liabilities         71,770,203           DEFERRED INFLOWS OF RESOURCES         Bond Refundings           Total Deferred Inflows of Resources         135,866           NET POSITION         135,866	Less Accumulated Depreciation	(72,999,507)
Deferred Charge on Refunding         245,521           Total Deferred Outflows of Resources         245,521           LEASE Payable         552,354           Subscription Payable         905,835           Capital Retainage Payable         42,218           Capital Accounts Payable         675,865           Bonds/Notes Payable         123,221,457           Less:         Debt relating to Board of Education Assets         (42,317,895)           Unspent portion of Bond Proceeds for Board of Education debt         (1,592,789)           Unspent portion of Bond Proceeds for Governmental debt         (4,403,501)           Debt relating to Chesapeake College         (4,376,502)           Debt relating to PHA         (376,514)           Debt relating to non-capital assets (Dredging)         (560,325)           Total Liabilities         71,770,203           DEFERRED INFLOWS OF RESOURCES         Bond Refundings           Bond Refundings         135,866           Total Deferred Inflows of Resources         135,866	Total Capital Assets, Net of Depreciation	197,753,402
Total Deferred Outflows of Resources         245,521           LIABILITIES           Lease Payable         552,354           Subscription Payable         905,835           Capital Retainage Payable         42,218           Capital Accounts Payable         675,865           Bonds/Notes Payable         123,221,457           Less:         Debt relating to Board of Education Assets         (42,317,895)           Unspent portion of Bond Proceeds for Board of Education debt         (1,592,789)           Unspent portion of Bond Proceeds for Governmental debt         (4,403,501)           Debt relating to Chesapeake College         (4,376,502)           Debt relating to PHA         (376,514)           Debt relating to non-capital assets (Dredging)         (560,325)           Total Liabilities         71,770,203           DEFERRED INFLOWS OF RESOURCES         Bond Refundings           Bond Refundings         135,866           Total Deferred Inflows of Resources         135,866	DEFERRED OUTFLOWS OF RESOURCES	_
Liabilities         552,354           Lease Payable         552,354           Subscription Payable         905,835           Capital Retainage Payable         42,218           Capital Accounts Payable         675,865           Bonds/Notes Payable         123,221,457           Less:         125,221,457           Unspect portion of Bond Proceeds for Board of Education debt         (42,317,895)           Unspent portion of Bond Proceeds for Governmental debt         (4,403,501)           Debt relating to Chesapeake College         (4,376,502)           Debt relating to PHA         (376,514)           Debt relating to non-capital assets (Dredging)         (560,325)           Total Liabilities         71,770,203           DEFERRED INFLOWS OF RESOURCES         Bond Refundings         135,866           Total Deferred Inflows of Resources         135,866	Deferred Charge on Refunding	245,521
Lease Payable         552,354           Subscription Payable         905,835           Capital Retainage Payable         42,218           Capital Accounts Payable         675,865           Bonds/Notes Payable         123,221,457           Less:         123,221,457           Ussepart portion of Bond Proceeds for Board of Education debt         (42,317,895)           Unspent portion of Bond Proceeds for Governmental debt         (4,403,501)           Debt relating to Chesapeake College         (4,376,502)           Debt relating to PHA         (376,514)           Debt relating to non-capital assets (Dredging)         (560,325)           Total Liabilities         71,770,203           DEFERRED INFLOWS OF RESOURCES         Bond Refundings         135,866           Total Deferred Inflows of Resources         135,866	Total Deferred Outflows of Resources	245,521
Subscription Payable         905,835           Capital Retainage Payable         42,218           Capital Accounts Payable         675,865           Bonds/Notes Payable         123,221,457           Less:         123,221,457           Debt relating to Board of Education Assets         (42,317,895)           Unspent portion of Bond Proceeds for Board of Education debt         (1,592,789)           Unspent portion of Bond Proceeds for Governmental debt         (4,403,501)           Debt relating to Chesapeake College         (4,376,502)           Debt relating to PHA         (376,514)           Debt relating to non-capital assets (Dredging)         (560,325)           Total Liabilities         71,770,203           DEFERRED INFLOWS OF RESOURCES         Bond Refundings           Total Deferred Inflows of Resources         135,866           NET POSITION         135,866	LIABILITIES	
Capital Retainage Payable       42,218         Capital Accounts Payable       675,865         Bonds/Notes Payable       123,221,457         Less:         Debt relating to Board of Education Assets       (42,317,895)         Unspent portion of Bond Proceeds for Board of Education debt       (1,592,789)         Unspent portion of Bond Proceeds for Governmental debt       (4,403,501)         Debt relating to Chesapeake College       (4,376,502)         Debt relating to PHA       (376,514)         Debt relating to non-capital assets (Dredging)       (560,325)         Total Liabilities       71,770,203         DEFERRED INFLOWS OF RESOURCES         Bond Refundings       135,866         Total Deferred Inflows of Resources       135,866         NET POSITION       135,866	Lease Payable	552,354
Capital Accounts Payable       675,865         Bonds/Notes Payable       123,221,457         Less:	Subscription Payable	905,835
Bonds/Notes Payable       123,221,457         Less:       123,221,457         Debt relating to Board of Education Assets       (42,317,895)         Unspent portion of Bond Proceeds for Board of Education debt       (1,592,789)         Unspent portion of Bond Proceeds for Governmental debt       (4,403,501)         Debt relating to Chesapeake College       (4,376,502)         Debt relating to PHA       (376,514)         Debt relating to non-capital assets (Dredging)       (560,325)         Total Liabilities       71,770,203         DEFERED INFLOWS OF RESOURCES       8         Bond Refundings       135,866         Total Deferred Inflows of Resources       135,866         NET POSITION       135,866	Capital Retainage Payable	42,218
Less:       Debt relating to Board of Education Assets       (42,317,895)         Unspent portion of Bond Proceeds for Board of Education debt       (1,592,789)         Unspent portion of Bond Proceeds for Governmental debt       (4,403,501)         Debt relating to Chesapeake College       (4,376,502)         Debt relating to PHA       (376,514)         Debt relating to non-capital assets (Dredging)       (560,325)         Total Liabilities       71,770,203         DEFERRED INFLOWS OF RESOURCES       Bond Refundings         Total Deferred Inflows of Resources       135,866         NET POSITION       135,866	Capital Accounts Payable	675,865
Debt relating to Board of Education Assets       (42,317,895)         Unspent portion of Bond Proceeds for Board of Education debt       (1,592,789)         Unspent portion of Bond Proceeds for Governmental debt       (4,403,501)         Debt relating to Chesapeake College       (4,376,502)         Debt relating to PHA       (376,514)         Debt relating to non-capital assets (Dredging)       (560,325)         Total Liabilities       71,770,203         DEFERRED INFLOWS OF RESOURCES       135,866         Total Deferred Inflows of Resources       135,866         NET POSITION       135,866	Bonds/Notes Payable	123,221,457
Unspent portion of Bond Proceeds for Board of Education debt       (1,592,789)         Unspent portion of Bond Proceeds for Governmental debt       (4,403,501)         Debt relating to Chesapeake College       (4,376,502)         Debt relating to PHA       (376,514)         Debt relating to non-capital assets (Dredging)       (560,325)         Total Liabilities       71,770,203         DEFERRED INFLOWS OF RESOURCES         Bond Refundings       135,866         Total Deferred Inflows of Resources       135,866         NET POSITION       135,866	Less:	
Unspent portion of Bond Proceeds for Governmental debt       (4,403,501)         Debt relating to Chesapeake College       (4,376,502)         Debt relating to PHA       (376,514)         Debt relating to non-capital assets (Dredging)       (560,325)         Total Liabilities       71,770,203         DEFERRED INFLOWS OF RESOURCES       8         Bond Refundings       135,866         Total Deferred Inflows of Resources       135,866         NET POSITION       135,866	Debt relating to Board of Education Assets	(42,317,895)
Debt relating to Chesapeake College       (4,376,502)         Debt relating to PHA       (376,514)         Debt relating to non-capital assets (Dredging)       (560,325)         Total Liabilities       71,770,203         DEFERRED INFLOWS OF RESOURCES       8         Bond Refundings       135,866         Total Deferred Inflows of Resources       135,866         NET POSITION       135,866	Unspent portion of Bond Proceeds for Board of Education debt	(1,592,789)
Debt relating to PHA       (376,514)         Debt relating to non-capital assets (Dredging)       (560,325)         Total Liabilities       71,770,203         DEFERRED INFLOWS OF RESOURCES       8         Bond Refundings       135,866         Total Deferred Inflows of Resources       135,866         NET POSITION       135,866	Unspent portion of Bond Proceeds for Governmental debt	(4,403,501)
Debt relating to non-capital assets (Dredging)         (560,325)           Total Liabilities         71,770,203           DEFERRED INFLOWS OF RESOURCES         8           Bond Refundings         135,866           Total Deferred Inflows of Resources         135,866           NET POSITION         135,866	Debt relating to Chesapeake College	(4,376,502)
Total Liabilities         71,770,203           DEFERRED INFLOWS OF RESOURCES         8           Bond Refundings         135,866           Total Deferred Inflows of Resources         135,866           NET POSITION         135,866	Debt relating to PHA	(376,514)
DEFERRED INFLOWS OF RESOURCES         135,866           Bond Refundings         135,866           Total Deferred Inflows of Resources         135,866           NET POSITION	Debt relating to non-capital assets (Dredging)	(560,325)
Bond Refundings         135,866           Total Deferred Inflows of Resources         135,866           NET POSITION	Total Liabilities	71,770,203
Total Deferred Inflows of Resources 135,866  NET POSITION	DEFERRED INFLOWS OF RESOURCES	
<u>NET POSITION</u>	Bond Refundings	135,866
	Total Deferred Inflows of Resources	135,866
Net Investment in Capital Assets \$ 126,092,854	NET POSITION	
	Net Investment in Capital Assets	\$ 126,092,854

COMEDNIMENTAL

# **BUSINESS-TYPE ACTIVITIES**

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

						TOTAL
						PRIMARY
	SA	NITARY DISTRICT			NON-MAJOR	GOVERNMENT
	SEWER	WATER		BAY BRIDGE	ENTERPRISE	ENTERPRISE
ASSETS	OPERATIONS	OPERATIONS	TOTAL	AIRPORT	FUNDS	FUNDS
Capital Assets	\$ 152,659,989	\$ 43,326,321 \$	195,986,310	\$ 29,187,036	\$ 11,551,003	\$ 236,724,349
Less Accumulated Depreciation	(62,035,890)	(14,684,693)	(76,720,583)	(7,340,920)	(2,794,084)	(86,855,587)
Total Capital Assets, Net of Depreciation	90,624,099	28,641,628	119,265,727	21,846,116	8,756,919	149,868,762
DEFERRED OUTFLOWS OF RESOURCES			<u> </u>			
Deferred Charge on Refunding	-	-		3,096	441	3,537
Total Deferred Outflows of Resources	-	-	-	3,096	441	3,537
LIABILITIES						
Lease Payable	-	-	-	-	110,714	110,714
Capital Retainage Payable	183,625	-	183,625	331,041	-	514,666
Capital Accounts Payable	294,943	-	294,943	-	-	294,943
Bonds/Notes Payable	34,997,931	-	34,997,931	1,307,730	703,797	37,009,458
Total Liabilities	35,476,499	-	35,476,499	1,638,771	814,511	37,929,781
DEFERRED INFLOWS OF RESOURCES						
Bond Refundings	-	-	-	252	1,338	1,590
Total Deferred Inflows of Resources	-	-	-	252	1,338	1,590
NET POSITION	·					
Net Investment in Capital Assets	\$ 55,147,600	\$ 28,641,628 \$	83,789,228	\$ 20,210,189	\$ 7,941,511	\$ 111,940,928

# NOTE 12 – RESTRICTED ASSETS AND LIABILITIES AND FUND BALANCES (CONTINUED)

# C. FUND BALANCES

# **PRIMARY GOVERNMENT**

Governmental fund balances are composed of the following:

Community	General	General	Roads	Grants	Non-Major	Total Governmental
Governmental Funds	Fund	Capital	Capital	Fund	Governmental	Funds
Nonspendable Inventory \$	- \$	6	- \$		e 1.210.40 <i>c</i>	e 1 210 40 <i>6</i>
,	- \$ 112,309	- \$	- \$	-	\$ 1,218,486	\$ 1,218,486
Prepaid Items	,	-	-	-	-	112,309
Other	35,925	-	<u> </u>	<del>-</del>	1 210 406	35,925
Subtotal Nonspendable Restricted	148,234	-	-	-	1,218,486	1,366,720
	15 120 407					15 120 407
Rainy Day Fund	15,120,497	-	-	-	-	15,120,497
Employee Benefits - LOSAP	6,120,385	-	-	-	-	6,120,385
Donor-Specified Purposes	59,884	33,148	-	-	-	93,032
Mosquito Control	77,050		-	-	-	77,050
Unspent Bond Proceeds	-	5,996,290	-	-	-	5,996,290
Impact Fees	-	245,185	-	-	-	245,185
Vehicle Acquisition	-	46,127	-	-	-	46,127
Department of Aging	-	-	-	-	955	955
House and Community Services	-	-	-	-	2,843,180	2,843,180
Critical Areas	-	-	-	-	383,627	383,627
Sheriff's Drug Task Force	-	-	-	-	167,428	167,428
Inmate Welfare	-	-	-	-	164,340	164,340
Agricultural Transfer	-	-	-	-	1,972,394	1,972,394
Rural Legacy	-	-	-	-	426,595	426,595
Dredging Special Assessments	_	_	_	_	14,799	14,799
Kent Narrows	_	_	_	_	257,426	257,426
Subtotal Restricted	21,377,816	6,320,750	-	-	6,230,744	33,929,310
Committed	, ,				-,,-	/ /
House and Community Services	_	_	_	_	8,685,634	8,685,634
Revolving Loan Fund	_	_	_	_	90,000	90,000
Economic Development Incentive	_	_	_	_	1,175,041	1,175,041
School Impact Fees	_	_	_	_	12,499,304	12,499,304
Fire Company Impact Fees	_	_	_	_	404,876	404,876
Parks and Recreation Impact Fees	_	_	_	_	859,850	859,850
Revenue Stabilization Fund	9,450,311				057,050	9,450,311
Economic Development	7,730,311	1.076.841	-	_	_	1,076,841
Rubble Surcharge	_	757,204	-	_	<u>-</u>	757,204
Developer Exactions	-	5,262,317	857,300	-	-	6,119,617
Subtotal Committed	9,450,311	7,096,362	857,300		23,714,705	41,118,678
Assigned	9,430,311	7,090,302	657,500		23,/14,/03	41,110,076
Encumbrances		15,985,598	3,802,393			19,787,991
Subsequent Years' Expenditures	-	13,662,179	1,690,607	-	-	15,352,786
	-	15,002,179		-	120 177	
Department of Aging	-	-	-	-	128,177	128,177
Roads Operating	-	-	-	-	108,889	108,889
Community Partnerships for Children	-	-	-	-	66,424	66,424
Law Library	-	-	150.250	-	560,413	560,413
Capital Projects	-	11,381,356	159,270	-	-	11,540,626
Loans Receivable	-	1,608,456		-		1,608,456
Subtotal Assigned	-	42,637,589	5,652,270	-	863,903	49,153,762
Unassigned	46.505.015					46.505.0:=
General Fund	46,537,817	-	-	-	-	46,537,817
Subtotal Unassigned	46,537,817	-	- C 500 550 *	-	- 22.027.023	46,537,817
Total Governmental Funds Balances \$	77,514,178 \$	56,054,701 \$	6,509,570 \$	-	\$ 32,027,838	\$ 172,106,287

## NOTE 12 - RESTRICTED ASSETS AND LIABILITIES AND FUND BALANCES (CONTINUED)

### C. FUND BALANCES (CONTINUED)

### PRIMARY GOVERNMENT (CONTINUED)

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

	General	Roads	
	Capital	Capital	
General Government	\$ 6,091,218 \$	-	
Public Safety	2,171,870	-	
Public Works	3,896,221	-	
Parks & Recreation	3,051,987	-	
Health and Social Services	524,334	-	
Education and Library	234,300	-	
Economic/Community Development	15,668	-	
Resurfacing Contracts and Materials	-	2,598,090	
Roads Construction Equipment	-	1,204,303	
Total encumbrances	\$ 15,985,598 \$	3,802,393	

#### **NOTE 13 - RISK MANAGEMENT**

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

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

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

<u>Risk Sharing</u> - 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.

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

The agreement for formulation of the alliance provides that the pool will be self-sustaining through member premiums. In addition to the annual premiums, the pooling agreement provides for additional assessments, if needed, but not to exceed certain limits. No additional assessments were needed for fiscal year 2024 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.

<u>Settlements</u> – In fiscal years 2022, 2023 and 2024, settlements have not exceeded insurance coverage for any type of policy in effect.

### **NOTE 14 - RETIREMENT PLANS**

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

## Maryland State Retirement and Pension Systems

### Organization

The State Retirement Agency is the administrator of the Maryland State Retirement and Pension System (the System). The System was established by the State Personnel and Pensions Article of the Annotated Code of Maryland to provide retirement allowances and other benefits to State employees, teachers, police, judges, legislators, and employees of participating governmental units. Responsibility for the System's administration and operation is vested in a 15-member Board of Trustees. The System is made up of two cost-sharing employer pools: the "State Pool" and the "Municipal Pool". The State Pool consists of State agencies, boards of education, community colleges, and libraries. The Municipal Pool consists of participating governmental units that elected to join the System. Neither pool shares in each other's actuarial liabilities, thus participating governmental units that elect to join the System (the "Municipal Pool") share in the liabilities of the Municipal Pool only. Currently, the System has 153 participating employers in addition to the State.

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

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

The following groups of employees participate in:

<b>Employees</b>	<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.

## **NOTE 14 - RETIREMENT PLANS (CONTINUED)**

#### **Covered Members**

Teachers' Retirement System

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

Employees' Retirement System

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

The Law Enforcement Officers' Pension System (LEOPS)

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

# **Summary of Significant Plan Provisions**

All plan benefits are specified by the State Personnel and Pensions Article of the Annotated Code of Maryland. For all individuals who are members of the Employees', Teachers', or Correctional Officers' 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 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.

## NOTE 14 - RETIREMENT PLANS (CONTINUED)

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

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

A brief summary of the retirement eligibility requirements of and the benefits available under the various systems in effect during fiscal year 2023, 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.

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).

## **NOTE 14 - RETIREMENT PLANS (CONTINUED)**

#### 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 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.

## **NOTE 14 - RETIREMENT PLANS (CONTINUED)**

## Adjusted Retirement Allowances

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

Members of the Law Enforcement Officers' Pension System (LEOPS) are eligible to participate in a Deferred Retirement Option Program (DROP). For members who enter the DROP on or after July 1, 2011, the member is deemed retired and the retirement allowance is placed in an account earning 4% interest per year, compounded annual. At the end of the DROP period, the lump sum held in the DROP account is paid to the retiree. The LEOPS members must end employment and fully retire at the end of the DROP period. The maximum period of participation is 5 years for LEOPS.

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

#### **Actuarial Assumptions**

The total pension liability in the June 30, 2023 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement.

Inflation	In the 2023 actuarial valuation, 2.25% general, 2.75% wage.	
	In the 2022 actuarial valuation, 2.25% general, 2.75% wage.	
Salary Increases	In the 2023 actuarial valuation, 2.75% to 11.25%.	
	In the 2022 actuarial valuation, 2.75% to 11.25%.	
Investment Rate of Return	In the 2023 actuarial valuation 6.80%.	
	In the 2022 actuarial valuation 6.80%.	
Retirement Age	Experience-based table of rates that are specific to the type of eligibility	
	condition. Last updated for the 2019 valuation pursuant to the 2018	
	experience study for the period July 1, 2014 to July 30, 2018.	
Mortality	Various versions of the Pub- 2010 Mortality Tables for males and females	
	with projected generational mortality improvements based on the MP-2018	
	fully generational mortality improvements scale for males and females.	

# NOTE 14 - RETIREMENT PLANS (CONTINUED)

#### **Investments**

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

For each major asset class that is included in the System's target asset allocation, these best estimates are summarized in the following table:

		Long-Term
		<b>Expected Real</b>
Asset Class	Target Allocation	Rate of Return
Public Equity	34%	6.9%
Private Equity	16%	8.6%
Rate Sensitive	20%	2.6%
Credit Opportunity	9%	5.6%
Real Assets	15%	5.4%
Absolute Return	6%	4.4%
Total	100%	

The above was the Board of Trustees adopted asset allocation policy and best estimate of geometric real rates of return for each major asset class as of June 30, 2023.

For the year ended June 30, 2023, the annual money-weighted rate of return on pension plan investments, net of the pension plan investment expense, was 3.11%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

#### **Discount Rate**

A single discount rate of 6.80% was used to measure the total pension liability. The single discount rate was based on the expected rate of return on pension plan investments of 6.80%. The projection of cash flows used to determine this single discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

#### NOTE 14 - RETIREMENT PLANS (CONTINUED)

#### Sensitivity of the Net Pension Liability

Regarding the sensitivity of the net pension liability to changes in the single discount rate, the following presents the plan's net pension liability, calculated using a single discount rate of 6.80%, as well as what the plan's net pension liability would be if it were calculated using a single discount rate that is 1% point lower or 1% point higher:

System	10	% Decrease 5.80%	D	iscount Rate 6.80%	1	% Increase 7.80%
County Board of Education	\$	66,961,714 10,228,534	\$	45,159,037 6,898,132	\$	27,066,595 4,134,476

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

Teachers' Retirement and Pension Systems:

In accordance with Maryland Senate Bill 1301, *Budget Reconciliation and Financing Act of 2012*, the Board is required to pay the State 100% of the normal cost portion of the total pension cost for teachers. The normal cost is the portion of the total retirement benefit cost that is allocated to the current year of the employee's service. The related payment for fiscal year ending 2024 was \$2,975,900. In addition, the State of Maryland contributed \$5,806,196 on behalf of the Board. The Board has recognized the State on-behalf payments as both a revenue and expense.

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

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

At June 30, 2024, the Board of Education reported a liability for its proportionate share of the net pension liability that reflected a reduction for State pension support provided to the Board. The amount recognized by the Board as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the Board were as follows:

Board's proportionate share of the net pension liability (Employees' System)	\$ 6,898,132
State's proportionate share of the net pension liability (Teachers' System)	51,628,693
Total	\$ 58,526,825

# **NOTE 14 - RETIREMENT PLANS (CONTINUED)**

The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The County's proportion of the net pension liability was calculated as follows by the System(s):

- 1. Calculate the net pension liability for the entire System in accordance with the provisions of GASB No. 67.
- 2. Determine the total contributions to the System by the State and PGUs, inclusive of any underfunding of contributions.
- 3. Based on the number of participants at each Board of Education, calculate the difference between what each Board would have contributed if they funded at the rate of all other participating governments and what the Board actually contributed. The difference between what the Board contributed and what they would have contributed if they funded at the rate of the other participating governments, is then added to the total contribution to the System, to calculate the System's adjusted calculation.
- 4. Calculate for each participating government, their percentage of the adjusted System contribution by dividing the total adjusted System contribution into each PGU's contribution.
- 5. Provide each PGU its adjusted percentage of contribution and the System's net pension liability and other related amounts under the GASB No. 67 requirements.

Board

County

At June 30, 2024, the County reported the following related to pensions:

		Board		County
Employer's proportionate (percentage) of the collective net pension liability		0.029%		0.196%
Employer's proportionate share of the collective net pension liability	\$	6,898,132	\$	45,159,037
Pension expense recognized by the employer for the year ended	\$	3,930,061	\$	6,643,235
		Deferred Outflows of Resources		Deferred Inflows of Resources
County		Resources		Resources
Changes in assumptions	\$	3,103,634	\$	(160,331)
Net difference between projected and actual investment earnings		4,039,436		-
on pension plan investments				
Differences between expected and actual experience		1,587,206		(1,927,811)
Change in proportion		7,553,446		(1,581,337)
Contributions subsequent to measurment date		5,911,428		-
Total	\$	22,195,150	\$	(3,669,479)
Board				
Changes in assumptions	\$	474,086	\$	(24,490)
Net difference between projected and actual investment earnings	•	, , , , , , , , ,	•	( , , , , ,
on pension plan investments		617,032		-
Differences between expected and actual experience		242,448		(294,477)
Change in proportion		492,437		-
Contributions subsequent to measurment date		743,975		
Total	\$	2,569,978	\$	(318,967)

# **NOTE 14 - RETIREMENT PLANS (CONTINUED)**

The \$5,911,428 and \$743,975 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, 2025. Other amounts reported as deferred outflows and deferred inflows of resources for the County will be amortized over a five-year period, as follows:

Year ended June 30:	Board County		County	
2025	\$	321,720	\$	2,528,636
2026		231,815		1,940,067
2027		719,965		5,534,704
2028		201,461		1,804,419
2029		32,075		806,417
	\$	1,507,036	\$	12,614,243

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

	Covered		On-Behalf	
	Payroll		By State	
County	\$ 36,434,467	\$	=	
Board of Education	70,796,191		5,806,196	
Library	1,392,639		186,576	

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

The aggregate amount of pension expense is as follows:

Maryland State Retirement and Pension System	\$ 6,643,235
Length of Service Award Program ("LOSAP")	4,079,112
	_
Aggregate amount of pension expense	\$ 10,722,347

# **NOTE 15 - DEFERRED COMPENSATION PLAN**

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

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

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

#### NOTE 16 - OTHER POST-EMPLOYMENT BENEFITS

#### **PRIMARY GOVERNMENT**

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

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

#### **Plan Reporting**

The measurement date for GASB 74 is the Employer's fiscal year end, June 30, 2024. Plan assets (Fiduciary Net Position) are measured as of this date. The Total OPEB Liability (TOL) as of this date is based on an actuarial valuation as of January 1, 2023, with adjustments made for the one-and-one-half year difference. Adjustments include Service Cost, Interest on Total OPEB Liability, and expected benefit payments during the year. This is also known as a roll-forward.

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

#### Relevant Dates

Valuation Date: January 1, 2023
Measurement Date: June 30, 2024
Reporting Date: June 30, 2024

#### Plan Membership

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

Active	439
Retired	290
Total	729

# NOTE 16 - OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

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

#### PRIMARY GOVERNMENT

#### **Plan Description**

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

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

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

Medical/Drug Plan

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

**Eligibility** 

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

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

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

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

Non-LEOPS hired before 7/1/2011

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

# NOTE 16 - OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

# **PRIMARY GOVERNMENT (CONTINUED)**

# Plan description (Continued)

**LEOPS** 

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

Retiree Payment

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

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

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

Plan Changes Since Prior Valuation

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

#### **Actuarial Information**

Actuarial assumptions

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

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

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

Changes in Actuarial assumptions

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

# NOTE 16 - OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

#### PRIMARY GOVERNMENT (CONTINUED)

#### **Actuarial Information (Continued)**

Actuarial Methods for Determining Employer Contributions

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

The Entry Age method is used for accounting/GASB purposes, therefore all of the actuarial figures within this footnote are based on it. Actuarially Determined Contributions are also based on the Entry Age method, with a closed level percentage of payroll amortization of the unfunded liability (15 years remaining as of the valuation date).

#### **Expected Return**

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

Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2024, and the final investment return assumption, are summarized in the following table:

	Long-Term	
	Expected Real	
Asset Class	Rate of Return	Weight
US Equity	6.20%	36.0%
International Equity	6.55%	24.0%
Fixed Income	2.30%	35.0%
Real Estate	4.55%	5.0%
Total Weighted Average Real Return	4.84%	100.0%
Plus Inflation	2.50%	
Total Return w/o Adjustment	7.34%	
Risk Adjustment	-1.34%	
Total Expected Return	6.00%	

#### **Discount Rate**

The discount rate used to measure the total OPEB liability is 5.90%. The County's funding strategy is to contribute the Actuarially Determined Contribution in fiscal year 2024, and each year going forward. It is expected that benefits will be paid from the trust when a 50% funding level is reached. Based on this information, we project that benefits will be financed on a pay as you go basis until 2028, then from the trust there forward.

Therefore, the expected trust return of 6.00% is blended with the 20-year Aa bond rate\* of 4.00%. The blended rate is 5.90%. The prior rate was 5.90% on this basis.

<sup>\*</sup>Source: Fidelity general obligation municipal bond index.

# NOTE 16 - OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

# **PRIMARY GOVERNMENT (CONTINUED)**

# **Net OPEB Liability**

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

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

DISCOUNT RATE						
1% Decrease Discount Rate 1% Increase						% Increase
System		4.90%		5.90%		6.90%
Net OPEB liability	\$	44,094,718	\$	30,242,945	\$	27,548,808

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

The following presents the net OPEB liability of the plans, calculated using the current health care trend rate of from 6.00% to an ultimate rate of 4.25% for PPO, EPO, and BCA plans, as well as what each plans net OPEB liability would be if it were calculated using a health care trend rate that is 1% point lower or 1% point higher:

HEALTH CARE TREND						
	1%	Decrease to	Di	scount Rate	1%	6 Increase to
		3.25%		4.25%		5.25%
Net OPEB liability	\$	26,866,873	\$	30,242,945	\$	45,127,752

# NOTE 16 – OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

# **PRIMARY GOVERNMENT (CONTINUED)**

# **Net OPEB Liability (Continued)**

Changes in the net OPEB liability are as follows:

Total OPEB Liability ("TOL")		
Service cost	\$	983,763
Interest		2,962,304
Changes in benefit terms		-
Difference between expected and actual experience		-
Changes in assumptions		-
Benefit payments		(1,846,441)
Net change in total OPEB liability		2,099,626
Total OPEB liability - beginning of year		50,134,776
Total OPEB liability - end of year	\$	52,234,402
Plan Fiduciary Net Position ("PFNP")		
Contributions - employer	\$	4,453,230
Contributions - member		-
Net investment income		1,923,140
Benefit payments		(1,846,441)
Admin expenses		(8,025)
Other		
Net change in plan fiduciary net position		4,521,904
Plan fiduciary net position - beginning of year		17,469,553
Plan fiduciary net position - end of year	\$	21,991,457
Net OPEB liability ("NOL") - beginning of year	\$	32,665,223
Net OPEB liability - end of year	<u>\$</u>	30,242,945
	Ψ	
PFNP as a % of TOL		42.1%
Covered employee payroll	\$	36,215,104
NOL as a % of covered payroll		83.5%

# NOTE 16 - OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

# **PRIMARY GOVERNMENT (CONTINUED)**

# **OPEB Expense**

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

Service cost	\$ 983,763
Interest on total OPEB liability	2,962,304
Difference between expected and actual experience*	(2,107,529)
Changes in actuarial assumptions*	(313,589)
Employee contributions	-
Changes in benefit terms	-
Projected earnings on plan investments	(1,051,111)
Difference between projected and actual earnings*	(30,049)
Administrative expense	8,025
Other changes in fiduciary net position	-
Total OPEB expense	\$ 451,814

<sup>\* -</sup> portions recognized for expense

# **Deferred Outflow/Inflow Summary**

The deferred outflows / inflows are as follows:

	Deferred Outflows of Resources			Deferred Inflows of Resources
Net difference between projected and actual earnings on plan investments	\$	-	\$	(303,646)
Differences between expected and actual experience		245,181		(10,946,289)
Changes in actuarial assumptions		553,797		(2,532,442)
Total	\$	798,978	\$	(13,782,377)

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

Year ended June 30:	
2025	\$ (2,508,927)
2026	(2,164,593)
2027	(2,745,635)
2028	(2,807,505)
2029	(2,680,508)
Thereafter	(76,231)
	\$ (12,983,399)

#### NOTE 16 - OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

#### **COMPONENT UNITS**

#### **BOARD OF EDUCATION**

#### **Plan Description**

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

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

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

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

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

As of February 1, 2022, the date of the actuarial valuation data, approximately 463 retirees were receiving benefits, and 938 active employees are potentially eligible to receive future benefits.

#### **Funding Policy**

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

#### **Employer Contribution**

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

# NOTE 16 - OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

#### **COMPONENT UNITS (CONTINUED)**

#### **BOARD OF EDUCATION (CONTINUED)**

#### **Employer Contribution (Continued)**

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

#### **Net OPEB Liability**

The annual OPEB expense under GASB Statement No. 75 is equal to the change in the unfunded actuarial accrued liability from the prior year's measurement date to the current year measurement date, with some of the liability changes being deferred to future years. Changes in the actuarial accrued liability due to experience gains or losses or changes in assumptions are recognized over the expected future working lifetime of all plan participants, including retirees. For the fiscal year ended June 30, 2024, the Board recognized an OPEB expense of \$2,974,621.

The Board's total OPEB liability is an amount actuarially determined in accordance with the parameters of GASB Statement No. 75. The total OPEB liability is calculated using a measurement date of June 30, 2023. Therefore, plan information for the year ended June 30, 2023 is utilized. The following table shows the components of the Board's total and net OPEB liability at June 30, 2023.

	Total OPEB Liability		Plan Fiduciary Net Position		Net OPEB Liability
	(a)		(b)		(a) - (b)
Balance - beginning of year	\$ 138,508,054	\$	504,484	\$	138,003,570
Changes for the Year					
Service Cost	5,168,402		-		5,168,402
Interest	5,050,477		-		5,050,477
Experience Losses/Gains	155,825		-		155,825
Trust Contributions - Employer	-		3,433,351		(3,433,351)
Net Investment Income	-		52,792		(52,792)
Changes in Assumptions	(4,072,271)		-		(4,072,271)
Benefit Payments (net of retiree contributions)	(3,433,351)		(3,433,351)		-
Net Changes	2,869,082		52,792		2,816,290
Balance - end of year	\$ 141,377,136	\$	557,276	\$	140,819,860

Plan Fiduciary Net Position as a % of Total OPEB Liability	0.39%
Covered employee payroll	\$ 66,931,801
Net OPEB Liability as a % of covered payroll	210.39%

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

# NOTE 16 - OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

#### **COMPONENT UNITS (CONTINUED)**

#### **BOARD OF EDUCATION (CONTINUED)**

#### **Funding Status and Funding Progress**

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

#### Additional information is as follows:

- Measurement date The Board selected a June 30, 2023 measurement date for fiscal year-end 2024. The
  measurement date can be any date between the last day of the prior fiscal year and the last day of the current fiscal
  year.
- Cost method This valuation uses the Entry Age Normal Funding Method calculated on an individual basis with level percentage of payroll.
- Claims data Monthly paid claims, administrative expenses and enrollment for employees and retirees from January 2019 through December 2021 were supplied by the carrier. Claims were divided into pre and post 65 age retirees.
- *Demographic data* Data included current medical coverage for current employees and retirees as of February 1, 2022.
- Discount rate assumption Benefits are discounted based on the Bond Buyer GO 20-year Bond Municipal Bond Index, an index rate for 20-year tax exempt general obligation municipal bonds with an average rating of AA/Aa or higher. This rate was 3.86% as of June 30, 2023.
- Health care trend The medical trend assumption was developed using the Society of Actuaries (SOA) Long-Run Medical Cost Trend Model. The SOA model was released in December 2007 and is updated annually. The following assumptions were used as input variables into this model:

Rate of Inflation	2.5%
Rate of growth in real income / GDP per year	1.4%
Extra trend due to technology and other factors	1.0%
Expected health share of GDP in 2031	19.0%
Health Share of GDP Resistance Point	20.0%
Year for limiting cost growth to GDP growth	2075

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

# NOTE 16 - OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

#### **COMPONENT UNITS (CONTINUED)**

#### **BOARD OF EDUCATION (CONTINUED)**

#### **Funding Status and Funding Progress (Continued)**

Decrement Assumptions –

Healthy Pub-2010 Mortality Table (teacher and general employees, headcount-weighted),

Fully Generational, Projected using Scale MP-2021

Disability Pub-2010 Mortality Table (teacher and general disabled, headcount-weighted),

Fully Generational, Projected using Scale MP-2021

# Sensitivity of the Net OPEB Liability

The following table presents the Board's net OPEB liability at June 30, 2023 using the discount rate of 3.86%, as well as what the net OPEB liability would be if it were calculated using a discount rate that is 1% point lower or 1% point higher than the current rate:

DISCOUNT RATE							
1% Decrease Discount Rate						% Increase	
System		2.86%		3.86%		4.86%	
Net OPEB liability	\$	167,273,079	\$	140,819,860	\$	119,810,836	

The following table presents the Board's net OPEB liability at June 30, 2023 using the health care trend rate of 3.94%, as well as what the net OPEB liability would be if it were calculated using a trend rate that is 1% point lower or 1% point higher than the current rate:

# HEALTH CARE TREND 1% Decrease to Discount Rate 2.94% 1% Increase to 4.94% Net OPEB liability \$ 116,969,874 \$ 140,819,860 \$ 172,284,453

#### Deferred Inflows/Outflows of Resources related to OPEB

At June 30, 2024, the Board reported deferred outflows of resources and deferred inflows of resources related to the OPEB plan from the following sources:

	Deferred Outflows of Resources			Deferred Inflows of
				Resources
Changes of assumptions	\$	33,869,874	\$	(59,053,497)
Net difference between projected and actual earnings		4,409		-
Differences between expected and actual experience		1,513,097		(63,094,892)
Contributions subsequent to measurement date		2,974,621		-
Total	\$	38,362,001	\$	(122,148,389)

# NOTE 16 - OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

#### **COMPONENT UNITS (CONTINUED)**

#### **BOARD OF EDUCATION (CONTINUED)**

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

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

Year ended June 30:	
2025	\$ (15,737,432)
2026	(15,736,236)
2027	(15,723,008)
2028	(14,420,259)
2029	(16,420,023)
Thereafter	(8,724,051)
	\$ (86,761,009)

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

### **LIBRARY**

# Plan description

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

A Trust entity was established in June, 2009 entitled *Other Post-Employment Benefit Trust – County Commissioners of Queen Anne's County, County Commissioners of Kent County, and Participating Agencies* (the "Trust"). In August 2020, the Trust was closed and all members transferred their respective funds to the MACo (Maryland Association of Counties) Pooled OPEB Investment Trust Fund. A separate "Trust document for the MACo OPEB Trust can be found on the MACo website at www.mdcounties.org.

#### Benefits provided

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

# NOTE 16 - OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

#### **COMPONENT UNITS (CONTINUED)**

#### LIBRARY (CONTINUED)

#### Employees covered by benefit terms

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

Active	19
Retired	9
Total	28

#### Contributions

The Library pays retiree healthcare benefits on a pay-as-you-go basis. For the year ended June 30, 2024, the Library contributed \$31,846.

# Net OPEB liability

The Library's net OPEB liability was measured as of June 30, 2024, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation January 1, 2023.

### Actuarial assumptions

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

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

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

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

There were no changes in actuarial assumptions since the prior year, except the change in discount rate due to an updated depletion analysis.

Actuarial methods for determining employer contributions use the same economic and demographic assumptions for both funding and financial reporting purposes under GASB 74/75. The Entry Age method is used for accounting/GASB purposes, therefore all of the actuarial figures within this report are based on it. Actuarially Determined Contributions are based on the Entry Age method, with a closed level percentage of payroll amortization of the unfunded liability (15 years remaining).

#### Discount rate

The discount rate used to measure the total OPEB liability is 4.3%. There is essentially no prefunding of benefits in an OPEB trust for this plan (i.e., pay as you go), however, the Library has funds invested in the MACo pooled OPEB Trust. For this analysis, we assumed the trust assets would grow with earnings until a 60% funding ratio is reached. Based on this, a blended rate was developed which consists of the 20-year municipal bond Aa index as of June 30, 2024 of 4% blended with the assumed return of 6.00%.

Benefits would be paid from the trust from 2051 to 2061, and from general fund assets before and after this time period, resulting in a blended rate of 4.3%. The prior rate was 4.2%.

# NOTE 16 - OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

#### **COMPONENT UNITS (CONTINUED)**

#### **LIBRARY (CONTINUED)**

Changes in the net OPEB liability

	_	tal OPEB Liability (a)	Fiduciary Position (b)	]	Net OPEB Liability (a) - (b)
Balance - beginning of year	\$	563,920	\$ 33,059	\$	530,861
Changes for the Year					
Contributions - employer		-	31,846		(31,846)
Service Cost		6,819	-		6,819
Net Investment Income		23,309	3,266		20,043
Changes in Assumptions		(5,491)	-		(5,491)
Benefit Payments, including refunds		(31,846)	(31,846)		-
Net Changes		(7,209)	3,266		(10,475)
Balance - end of year	\$	556,711	\$ 36,325	\$	520,386

Plan Fiduciary Net Position as a % of Total OPEB Liability	6.52%
Covered employee payroll	\$ 1,392,639
Net OPEB Liability as a % of covered payroll	37.37%

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

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

DISCOUNT RATE						
	1%	Decrease	Dis	count Rate	1%	6 Increase
System	3	.30%		4.30%		5.30%
Net OPEB liability	\$	577,801	\$	520,386	\$	472,072

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

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

#### **Investments**

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

# NOTE 16 - OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

# **COMPONENT UNITS (CONTINUED)**

# **LIBRARY (CONTINUED)**

Best estimates of arithmetic real rates of return for each major asset class included in the plan's target asset allocation as of June 30, 2024, and the final investment return assumption, are summarized in the following table:

	Long-Term	
	Expected Real	
Asset Class	Rate of Return	Weight
US Equity	6.20%	36.0%
International Equity	6.55%	24.0%
Fixed Income	2.30%	35.0%
Real Estate	4.55%	5.0%
Total Weighted Average Real Return	4.84%	100.0%
Plus Inflation	2.50%	
Total Return w/o Adjustment	7.34%	
Risk Adjustment	-1.34%	
Total Expected Return	6.00%	

# OPEB expense and deferred outflows of resources related to OPEB

For the year ended June 30, 2024, the Library recognized an OPEB expense of \$32,376. At June 30, 2024, the Library reported deferred outflows and deferred inflows of resources related to the OPEB plan from the following sources:

		Deferred	Deferred
	(	Outflows of	Inflows of
		Resources	Resources
Differences between expected and actual experience	\$	15,676	\$ (118,045)
Changes of assumptions		79,137	(110,426)
Net difference between projected and actual earnings		586	
Total	\$	95,399	\$ (228,471)

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

Year ended June 30:	
2025	\$ 4,039
2026	4,284
2027	(29,727)
2028	(38,503)
2029	(38,248)
Thereafter	(34,917)
	\$ (133,072)

# NOTE 17 - VOLUNTEER FIREMAN PENSION PLAN LENGTH OF SERVICE AWARD PROGRAM (LOSAP)

#### **Plan Description**

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

#### Relevant dates

Valuation date: January 1, 2023
 Measurement date: December 31, 2023
 Reporting date: June 30, 2024

An active member, upon reaching 55 years of age, is eligible to receive \$6 or \$10 per month for each year of eligible service determined by two separate benefit formulas which determine the monthly rate, with a \$400 maximum monthly benefit that may be earned. An inactive member that reaches 55 years of age and is vested with 10 years of service is also entitled to the same benefits (\$6 or \$10/month for each year of service, maximum \$400 per month). Payments are made over a 10-year annuity and the sponsor reserves the right to distribute a one-time lump sum actuarial equivalent benefit to terminated participants in lieu of the annuity. At the time of death, the participants' designated beneficiary will receive the lump sum of the present value of the participants' accrued benefit.

The participant summary as of the January 1, 2023 actuarial valuation is as follows:

Active members	321
Vested-terminted	61
Retired and beneficiaries	175
Total	557

# **Actuarial Assumptions**

The total LOSAP liability was determined by an actuarial valuation as of January 1, 2023 rolled forward to December 31, 2023 using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation 0.00%

Salary increases Not Applicable

Investment rate of return 3.79%, net of pension plan investment expense, including inflation

Mortality No pre-retirement mortality; post retirement RP2000 projected to 2030

Retirement First eligible

Turnover T5
Disability None

The 3.79% discount rate is based on a 20-year AA general obligation bond rate as of December 31, 2023.

The above is a summary of key actuarial assumptions. Full descriptions of the actuarial assumptions are available in the January 1, 2023 actuarial valuation report.

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

# Sensitivity of Total LOSAP Liability

The following presents the total LOSAP liability, calculated using single discount rate of 3.79%, as well as what the total LOSAP liability would be if it were calculated using a discount rate that is 1% point lower and 1% point higher.

System	1%	<b>6 Decrease</b> 2.79%	Di	scount Rate 3.79%	19	% Increase 4.79%
Net LOSAP Liability	\$	13,231,775	\$	11,180,243	\$	9,572,528

# **Total LOSAP Liability**

The components of the total LOSAP liability are as follows:

				Plan		
	T	otal LOSAP	Fid	uciary Net	N	Net LOSAP
		Liability	I	Position		Liability
Balances as of January 1, 2023	\$	7,757,868	\$	-	\$	7,757,868
Changes for the year:						
Service cost		430,072		-		430,072
Interest		282,361		-		282,361
Changes of benefit terms		3,404,969		-		3,404,969
Differences between expected and actual experience		(526,887)		-		(526,887)
Changes of assumptions		460,832		-		460,832
Benefits payments and expenses		(628,972)		-		(628,972)
Net changes		3,422,375		-		3,422,375
Balances as of December 31, 2023	\$	11,180,243	\$	-	\$	11,180,243

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

0%

# **LOSAP Expense**

The components of LOSAP expense are as follows:

		LOSAP	
	Expense		
Service cost	\$	430,072	
Interest		282,361	
Changes in benefit terms		3,404,969	
Differences between expected and actual earnings		-	
Differences between expected and actual experience		100,399	
Changes of assumptions		(138,689)	
Total LOSAP expense	\$	4,079,112	

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

Maryland State Retirement and Pension System	\$ 6,643,235
Length of Service Award Program ("LOSAP")	4,079,112
Aggregate amount of pension expense	\$ 10,722,347

# **LOSAP Deferred Outflows and Deferred Inflows of Resources**

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

	O	Deferred utflows of esources	Deferred Inflows of Resources
Differences between expected and actual experience	\$	586,034	\$ (439,072)
Changes of assumptions		765,224	(2,418,401)
Net difference between projected and actual earnings		-	
Total	\$	1,351,258	\$ (2,857,473)

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

Year ended June 30:	
2025	\$ (278,665)
2026	(547,005)
2027	(623,126)
2028	(46,414)
2029	(11,005)
Thereafter	-
	\$ (1,506,215)

#### **NOTE 18 – DEFICIT EQUITY BALANCES**

There were no Non-Major Governmental Funds that ended the year with deficit balances in unassigned fund balance for the year ended June 30, 2024.

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

The Sewer Operations Fund has a deficit balance in unrestricted net position of \$3,544,395 as of June 30, 2024.

The Bay Bridge Airport Fund has a deficit balance in unrestricted net position of \$585,298 as of June 30, 2024.

The Golf Course Enterprise Fund has a deficit balance in unrestricted net position of \$310,760 as of June 30, 2024.

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

#### NOTE 19 – COMMITMENTS, CONTINGENCIES AND SUBSEQUENT EVENTS

#### PRIMARY GOVERNMENT

Grants - The County and its component units are recipients of various federal and state grant and/or loan programs, which are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by these grantor agencies. If the County has not complied with the rules and regulations governing the programs, refunds of money received may be required and the collectability of any related receivable as of June 30, 2024 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 2024.

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

In fiscal year 2010, the County's Department of Housing and Community Services received a grant of \$350,000 from the Maryland Department of Housing and Community Development. This Maryland Neighborhood Conservation Initiative (NCI) Grant provided funding to be used for the acquisition and purchase of foreclosed properties for resale to qualifying homebuyers, as well as the issuance of zero percent deferred payment loans to eligible critical service workers. Per the terms of the agreement, the grantee may reuse funds for these same activities until June 30, 2013. Funds returned to the County from program participants after June 30, 2013 must be returned to the state. Therefore, this grant has been recorded as a pass-through grant, with the County contingently liable for the return of these funds to the state at some point in time after June 30, 2013. During fiscal year 2014, the County identified \$69,569 in funds that were required to be returned to the grantor per grant provisions. No funds were required to be returned in fiscal years 2015 thru 2024.

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 \$7,096,362 has been committed, including \$1,076,841 for Economic Development, \$5,262,317 for site improvements pursuant to agreements with local developers, and \$757,204 for rubble surcharge. In the Roads Capital Projects Fund, \$857,300 has been contributed by developers and is committed to fund infrastructure improvements.

# NOTE 19 - COMMITMENTS, CONTINGENCIES AND SUBSEQUENT EVENTS (CONTINUED)

#### PRIMARY GOVERNMENT (CONTINUED)

On November 22, 2024, the Circuit Court entered a judgment on a jury verdict against the County in which the Court found that the County violated the procedural due process rights of Queen Anne's Research and Development Corporation ("QARD"). The Court entered a monetary judgment in favor of QARD in the amount of \$1,841,739.46 which included prejudgment interest and attorney's fees. The County has appealed this matter, expects to vigorously prosecute the appeal and is confident that the judgments will be either stricken or reduced significantly.

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

#### **NOTE 20 – JOINT VENTURE**

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

Queen Anne's County has a 35.85% financial interest in the Midshore Regional Landfill. If expenditures exceed revenues, the County is obligated to cover the deficiency in proportion to its financial interest; however, to date additional funding from the County has not been required nor does management anticipate it.

Total closure and post closure costs for the landfills are \$24.6 million, with approximately \$8.8 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 \$12.2 million as of June 30, 2024, 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 with a remaining outstanding balance of \$17.3 million. As of June 30, 2024, \$6.2 million is attributable to Queen Anne's County in the event of a default.

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

MES has satisfied its financial assurance requirements based upon the local government financial ratio tests of the project participants as of June 30, 2024. MES expects to satisfy these requirements as of June 30, 2024 using the same criteria.

Due to inflation and changes in technology, laws, and regulations, estimated closure and post closure care costs may change in the future. Financial Statements of the Landfill can be obtained from MES located at 259 Najoles Road, Millersville, MD 21108.

# **NOTE 21 – POLLUTION REMEDIATION OBLIGATIONS**

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

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

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

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

In December of 2014, a leak was discovered at the 10,000 gallon fuel oil UST for the office building. MDE required the removal of the tank and mitigation of the contaminated soils and ground water. The tank has been replaced with a compliant above ground 1,500 gallon fuel oil storage tank. This work was completed, including compliant disposal of all soils by May 2015. MDE subsequently directed the County to install two additional monitoring wells and to abandon the former injection wells on-site.

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

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

The County will continue to follow the schedule and monitor the wells as it has been doing for the past years. Also, the County will continue to generate a monthly report showing the data found during the monitoring processes. As applied, the following schedule is as follows: monitoring wells MW-2A, MW-11, and MW-9 are tested every week. All monitoring wells are tested once a month.

The estimated costs over the next year are not material, and thus no liability has been recorded at this time. None of these outlays met the requirements for capitalization noted in GASB Statement 49 and they were not capitalized.

REQUIRED SUPPLEMENTARY INFORMATION

# QUEEN ANNE'S COUNTY, MARYLAND SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL GENERAL FUND FOR THE YEAR ENDED JUNE 30, 2024

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
REVENUES	•			
Taxes				
Local Property Tax	\$ 79,900,000			
Local Income Tax	80,337,128	85,337,128	86,007,950	670,822
Admission and Amusement Taxes	252,000	252,000	261,842	9,842
Recordation Taxes	7,549,263	7,549,263	7,436,184	(113,079)
Hotel Taxes	885,000	885,000	1,127,036	242,036
County Transfer Taxes	2,724,615	2,724,615	2,885,299	160,684
Cannabis Sales Tax	-	-	83,040	83,040
Franchise Fee	485,000	485,000	364,677	(120,323)
Licenses and Permits	845,875	845,875	802,612	(43,263)
Intergovernmental	2,421,686	3,446,318	3,265,896	(180,422)
Charges for Current Services	3,623,987	3,620,159	4,131,708	511,549
Fines and Forfeitures	70,500	70,500	51,929	(18,571)
Investment Income	1,700,000	7,231,108	7,418,478	187,370
Donations	-	-	177,540	177,540
Miscellaneous	586,589	586,589	1,305,909	719,320
Total Revenues	181,381,643	192,933,555	197,369,457	4,435,902
EXPENDITURES				
GENERAL GOVERNMENT				
Legislative	684,770	757,537	754,444	3,093
Judicial				
Circuit Court	940,009	966,763	891,112	75,651
Orphan's Court	102,786	102,786	100,361	2,425
State's Attorney	1,624,288	1,767,280	1,765,690	1,590
County Administrator	272,133	299,164	299,027	137
Board of Elections	1,184,692	1,184,692	970,450	214,242
Finance Office	1,671,905	1,735,369	1,621,396	113,973
Human Resources	756,020	862,611	858,786	3,825
Planning and Zoning	2,630,657	2,715,185	2,500,542	214,643
Information Technology	3,720,799	3,805,207	3,603,958	201,249
QAC-TV	517,706	537,395	495,154	42,241
Legal Services	505,021	876,188	875,018	1,170
Total General Government	14,610,786	15,610,177	14,735,938	874,239
PUBLIC SAFETY				
Sheriff's Office	11,839,057	13,123,521	13,096,947	26,574
Volunteer Fire and Rescue Services	5,228,788	5.345.175	5,273,116	72,059
Detention Center	6,534,927	6,743,068	6,385,869	357,199
Emergency Services	14,258,038	14,922,769	14,799,510	123,259
Total Public Safety	37,860,810	40,134,533	39,555,442	579,091
PUBLIC WORKS	606,212	(57,939	(EE 250	2.470
Administration	,	657,828	655,358	2,470
Solid Waste Disposal	1,890,526	1,932,046	1,700,479	- ,
Engineering Division	1,209,387	1,258,181	1,125,493	132,688
General Services	3,370,683	3,422,420	2,769,322	653,098
Animal Services	1,421,529	1,463,202	1,435,976	27,226
Property Management	360,107	372,014	371,865	149
Total Public Works	8,858,444	9,105,691	8,058,493	1,047,198

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, 2024 (CONTINUED)

		ORIGINAL		FINAL				VARIANCE WITH FINAL
		BUDGET		BUDGET		ACTUAL		BUDGET
PARKS & RECREATION								
Parks	\$	4,895,624	s	5,062,614	S	4,925,239	\$	137,375
Recreation	Ψ	1,178,603	Ψ	1,211,769	Ψ	1,116,935	Ψ	94,834
Total Parks & Recreation		6,074,227		6,274,383		6,042,174		232,209
HEALTH AND SOCIAL SERVICES								
Health Department		2,775,750		2,780,587		1,305,306		1,475,281
Social Services		183,758		194,160		193,586		574
Total Health and Social Services		2,959,508		2,974,747		1,498,892		1,475,855
EDUCATION AND LIBRARY								
Board of Education		68,885,219		68,885,219		68,885,219		-
Chesapeake College		2,126,529		2,126,529		2,126,528		1
Queen Anne's County Free Library		2,598,152		2,598,152		2,598,152		-
Total Education and Library		73,609,900		73,609,900		73,609,899		1
CONSERVATION OF NATURAL RESOURCES								
Cooperative Extension Service		410,633		415,305		415,051		254
Soil Conservation Service		323,217		337,035		285,121		51,914
4-H Park		129,800		149,800		146,214		3,586
Total Conservation of Natural Resources		863,650		902,140		846,386		55,754
ECONOMIC AND COMMUNITY DEVELOPMENT								
Economic Development		1,022,699		1,049,607		1,036,415		13,192
Community Affairs		130,132		134,172		128,882		5,290
Total Economic and Community Development		1,152,831		1,183,779		1,165,297		18,482
INTERGOVERNMENTAL								
Aid to Municipalities		359,501		359,501		350,815		8,686
SDAT Costs from State		430,000		430,000		338,793		91,207
Total Intergovernmental		789,501		789,501		689,608		99,893
MISCELLANEOUS								
Aid to Other Agencies		811,148		1,803,388		1,802,478		910
Insurance & Benefits		3,355,300		3,355,300		1,781,475		1,573,825
Transfer to OPEB Fund		2,606,789		2,606,789		2,606,789		-
Contingencies		2,865,763		632,776		502,396		130,380
Salary Lapse		(1,878,310)		(1,878,310)		-		(1,878,310)
Leases and Subscription-Based IT Arrangements		-		38,000		38,000		-
Miscellaneous Non-Departmental		680,400		680,400		501,235		179,165
Total Miscellaneous		8,441,090		7,238,343		7,232,373		5,970

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, 2024 (CONTINUED)

		ORIGINAL	FINAL		VARIANCE WITH FINAL
		BUDGET	BUDGET	ACTUAL	BUDGET
	_	BOBOLI	BODOL!	. I C I C I L	BOBOLI
DEBT SERVICE					
School Debt Service - Principal	\$	3,957,720	\$ 3,957,720	\$ 3,957,719	\$ 1
School Debt Service - Interest		1,600,198	1,600,250	1,600,250	-
County Debt Service - Principal		4,510,113	4,530,669	4,530,669	-
County Debt Service - Interest		2,655,432	2,655,432	2,654,423	1,009
Total Debt Service		12,723,463	12,744,071	12,743,061	1,010
Total Expenditures		167,944,210	170,567,265	166,177,563	4,389,702
Excess of Revenues Over Expenditures		13,437,433	22,366,290	31,191,894	8,825,604
OTHER FINANCING SOURCES (USES)					
Proceeds of Capital Asset Disposals		18,000	18,000	28,597	10,597
Insurance Proceeds		,	46,170	139,131	92,961
Subscription-Based IT Arrangements		-	38,000	38,000	-
Transfers In From:					
Impact Fees - School		2,165,911	2,165,911	2,165,911	_
Total Transfers In		2,165,911	2,165,911	2,165,911	-
Transfers Out To:					
General Capital Projects Fund		2,925,521	10,925,521	10,925,521	_
Roads Capital Projects Fund		3,015,480	4,015,480	4,015,480	_
Roads Operating Fund		4,598,650	4,792,793	4,053,145	739,648
Department of Aging		2,686,685	2,667,458	2,481,280	186,178
Department of Housing and Community Services		642,700	752,416	721,418	30,998
Community Partnerships		650,204	574,645	491,311	83,334
Agricultural Transfer Tax		´-	1,274,050	1,274,050	´-
Grants Fund		44,000	62,271	47,789	14,482
Impact Fees - Fire Companies/Contingencies		90,000	90,000	53,300	36,700
Economic Development Incentive Fund		297,619	297,619	297,619	· -
Dredging Special Assessments		-	7,950	7,950	-
Airport Enterprise Fund		59,251	59,251	59,251	-
Public Landings Enterprise Fund		150,000	150,000	150,000	-
Golf Course Enterprise Fund		461,234	461,234	275,000	186,234
Total Transfers Out		15,621,344	26,130,688	24,853,114	1,277,574
Total Other Financing (Uses)		(13,437,433)	(23,862,607)	(22,481,475)	(1,174,016)
Net Increase (Decrease) in Fund Balance	\$	-	\$ (1,496,317)	\$ 8,710,419	\$ 10,206,736

# QUEEN ANNE'S COUNTY, MARYLAND SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL GRANTS FUND FOR THE YEAR ENDED JUNE 30,2024

	ORIGIN BUDGI		FINAL BUDGET	ACTUAL.	ACTUAL		
REVENUES			Bebeel	HETERE		BUDGET	
Taxes							
Local Property Tax	\$	- \$	-	\$ -	\$	-	
Recordation Taxes		-	-	-		-	
State Shared Taxes		-	-	-		-	
Licenses and Permits		-	-	-		-	
Intergovernmental	2,	856,866	3,098,899	2,012,20	0	(1,086,699)	
Charges for Current Services		-	-	6,55	6	6,556	
Fines and Forfeitures		-	-	-		-	
Investment Income		-	-	-		-	
Donations		-	-	-		-	
Miscellaneous		71,765	296,350	291,85	6	(4,494)	
Total Revenues	2,	928,631	3,395,249	2,310,61	2	(1,084,637)	
EXPENDITURES							
Current							
General Government		99,823	305,804	37,15	0	268,654	
Public Safety	1,	458,612	1,674,289	1,310,76	2	363,527	
Public Works		55,347	55,347	16,14	5	39,202	
Parks & Recreation		-	´-	-		· -	
Health and Social Services	:	217,349	236,742	238,23	7	(1,495)	
Education and Library		-	· -	-		-	
Conservation of Natural Resources		-	-	-		-	
Economic/Community Development	1,	141,500	1,185,338	756,10	7	429,231	
Intergovernmental		-	-	-		-	
Miscellaneous		-	-	-		-	
Capital Outlay		-	-	-		-	
Debt Service							
Principal		-	-	-		-	
Interest		-	-	-		-	
Total Expenditures	2,	972,631	3,457,520	2,358,40	1	1,099,119	
Excess of Revenues Over							
(Under) Expenditures		(44,000)	(62,271)	(47,78	9)	14,482	
OTHER FINANCING SOURCES (USES)							
Proceeds of Capital Asset Disposals		-	-	-		-	
Insurance Proceeds		-	-	-		-	
Transfers In		44,000	62,271	47,78	9	(14,482)	
Transfers Out		<u>-</u>				<u>-</u>	
Total Other Financing Sources (Uses)		44,000	62,271	47,78	9	(14,482)	
Net Increase (Decrease) in Fund Balance	\$	- \$	_	\$ -	\$	_	

# QUEEN ANNE'S COUNTY, MARYLAND MARYLAND STATE RETIREMENT AND PENSION SYSTEMS REQUIRED SUPPLEMENTARY INFORMATION JUNE 30, 2024

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

Measurement Date	Employer's Proportion (Percentage) of the Collective NPL A	]	Employer's Proportion Share of the Collective NPL B	I	Employer's Covered Payroll C	Proport Sha as a Percen of Cov Payr (B /	re 1 tage ered oll	Plan's Total Fiduciary Net Position D	Plan's Total Pension Liability E	Plan's Fiduciary Net Position as a Percentage of Total Pension Liability (D / E)
June 30, 2014	0.1038567%	\$	18,431,162	\$	19,929,409		92%	\$ 45,339,988,000	\$ 63,086,719,000	72%
June 30, 2015	0.1189567%		24,721,248		21,231,535		116%	45,789,840,000	66,571,552,000	69%
June 30, 2016	0.1271511%		30,000,070		23,160,758		130%	45,365,927,000	68,959,954,000	66%
June 30, 2017	0.1232988%		26,661,766		24,681,589		108%	48,987,184,000	70,610,885,000	69%
June 30, 2018	0.1383948%		29,037,440		26,088,826		111%	51,827,233,000	72,808,833,000	71%
June 30, 2019	0.1429452%		29,483,317		26,185,838		113%	53,943,420,000	74,569,030,000	72%
June 30, 2020	0.1514518%		34,230,163		27,669,757		124%	54,586,037,000	77,187,397,000	71%
June 30, 2021	0.1745337%		26,184,085		26,110,792		100%	67,604,500,000	82,606,805,000	82%
June 30, 2022	0.1762298%		35,261,002		27,222,595		130%	64,310,991,000	84,319,523,000	76%
June 30, 2023	0.1960852%		45,159,037		33,312,053		136%	64,892,973,000	87,923,284,000	74%

# SCHEDULE OF CONTRIBUTIONS (as of fiscal year end)

Fiscal Year	Contractually Required Actual Contribution Contribution A B			_	ontribution Deficiency (Excess) (A - B)	I	Employer's Covered Payroll C	Actual Contribution as a Percentage of Covered Payroll (B / C)		
2015	\$ 2,507,287	\$	2,507,287	\$	-	\$	21,231,535	12%		
2016	2,477,009		2,477,009		=		23,160,758	11%		
2017	2,509,551		2,509,551		=		24,681,589	10%		
2018	2,759,698		2,759,698		=		26,088,826	11%		
2019	2,935,378		2,935,378		-		26,185,838	11%		
2020	3,247,222		3,247,222		-		27,669,757	12%		
2021	3,478,809		3,478,809		=		26,110,792	13%		
2022	3,617,905		3,617,905		=		27,222,595	13%		
2023	4,782,356		4,782,356		-		33,312,053	14%		
2024	5,911,428		5,911,428		-		36,434,467	16%		

Both schedules are presented to illustrate the requirements to show information for 10 years.

# QUEEN ANNE'S COUNTY, MARYLAND MARYLAND STATE RETIREMENT AND PENSION SYSTEMS REQUIRED SUPPLEMENTARY INFORMATION JUNE 30, 2024

# **Changes in Benefit Terms**

There were no changes of benefit terms during the year.

# **Changes in Assumptions**

There were no changes in assumptions during the year.

# Method and Assumptions used in Calculations of Actuarially Determined Contributions

Actuarial	Entry Age Normal
Amortization Method	Level Percentage of Payroll, Closed
Remaining Amortization Period	25-year closed amortization period ending June 30, 2039; 15 years remaining.
Asset Valuation Model	Five-year smoothed market (max. 120% and min 80% of the market value)
Inflation	In the 2023 actuarial valuation, 2.25% general, 2.75% wage.
	In the 2022 actuarial valuation, 2.25% general, 2.75% wage.
Salary Increases	In the 2023 actuarial valuation, 2.75% to 11.25%.
	In the 2022 actuarial valuation, 2.75% to 11.25%.
Investment Rate of Return	In the 2023 actuarial valuation 6.80%.
	In the 2022 actuarial valuation 6.80%.
Retirement Age	Experience-based table of rates that are specific to the type of eligibility
	condition. Last updated for the 2019 valuation pursuant to the 2018 experience
	study for the period July 1, 2014 to July 30, 2018.
Mortality	Various versions of the Pub- 2010 Mortality Tables for males and females with
	projected generational mortality improvements based on the MP-2018 fully
	generational mortality improvements scale for males and females.

# QUEEN ANNE'S COUNTY, MARYLAND OTHER POST-EMPLOYMENT BENEFITS (OPEB) REQUIRED SUPPLEMENTARY INFORMATION JUNE 30, 2024

SCHEDULE OF CHANGES IN THE NET OPEB LIABI	LIII	2017	2018	2010	2020
Total OPEB liability ("TOL")		2017	2018	2019	2020
Service cost	\$	1,097,813 \$	1.130.747 \$	1 164 660 \$	1 221 424
Interest	Ф	2,764,491	-,,, . , .	1,164,669 \$	1,331,424
		2,704,491	2,985,530	3,136,157	3,344,770
Changes of benefit terms		-	-	725 540	-
Differences between expected and actual experience		-	265,000	735,549	126 592
Changes of assumptions		(1.201.027)	265,899	915,266	426,582
Benefit payments		(1,291,027)	(1,498,005)	(1,568,468)	(1,561,872)
Net change in TOL		2,571,277	2,884,171	4,383,173	3,540,904
TOL - beginning of year	Φ.	48,695,013	51,266,290	54,150,461	58,533,634
TOL - end of year	\$	51,266,290 \$	54,150,461 \$	58,533,634 \$	62,074,538
DI C'I ' (HDENDH)					
Plan fiduciary net position ("PFNP")	•	2 222 474	2.721.447	2.027.242	2 250 551
Contributions - employer	\$	2,223,474 \$	2,731,447 \$	3,037,243 \$	3,378,771
Contributions - member		-	<del>-</del>	- 	
Net investment income		75,175	207,932	342,827	129,710
Benefits payments		(1,291,027)	(1,498,005)	(1,568,468)	(1,561,872)
Administrative expense		-	(2,452)	(39,142)	(3,553)
Other		-	-	-	-
Net change in PFNP		1,007,622	1,438,922	1,772,460	1,943,056
Total PFNP - beginning of year		2,804,433	3,812,055	5,250,977	7,023,437
Total PFNP - end of year	\$	3,812,055 \$	5,250,977 \$	7,023,437 \$	8,966,493
Net OPEB liability ("NOL") - beginning of year	\$	45,890,580 \$	47,454,235 \$	48,899,484 \$	51,510,197
Net OPEB liability ("NOL") - end of year	\$	47,454,235 \$	48,899,484 \$	51,510,197 \$	53,108,045
PFNP as a % of TOL		7.4%	9.7%	12.0%	14.4%
Covered employee payroll	\$	21,604,888 \$	22,282,543 \$	23,843,440 \$	25,806,124
NOL as a % of covered employee payroll		219.6%	219.5%	216.0%	205.8%

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

FISCAL YEAR	2017	2018	2019	2020
Actuarially Determined Employer Contribution	3,853,839 \$	3,969,454 \$	4,377,119 \$	4,508,433
Actual Employer Contribution	2,223,474	2,731,447	3,037,243	3,378,771
Contribution Deficiency / (Excess)	1,630,365	1,238,007	1,339,876	1,129,662
Covered Employee Payroll	21,604,888	22,282,543	23,843,440	25,806,124
Contribution as a Percent of Payroll	10.3%	12.3%	12.7%	13.1%

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

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

# QUEEN ANNE'S COUNTY, MARYLAND OTHER POST-EMPLOYMENT BENEFITS (OPEB) REQUIRED SUPPLEMENTARY INFORMATION JUNE 30, 2024

# (CONTINUED)

		(	,	
	2021	2022	2023	2024
\$	1,371,367 \$	1,226,384 \$	1,263,176 \$	983,763
	3,519,372	3,220,060	3,386,945	2,962,304
	-	-	394,544	-
	(8,720,849)	-	(8,541,920)	-
	(1,619,833)	(686,055)	(1,645,226)	-
	(1,670,095)	(1,731,265)	(1,706,367)	(1,846,441)
	(7,120,038)	2,029,124	(6,848,848)	2,099,626
	62,074,538	54,954,500	56,983,624	50,134,776
\$	54,954,500 \$	56,983,624 \$	50,134,776 \$	52,234,402
\$	3,612,555 \$	4,195,201 \$	4,098,432 \$	4,453,230
	-	-	-	-
	2,261,978	(1,964,463)	1,430,230	1,923,140
	(1,670,095)	(1,731,265)	(1,706,367)	(1,846,441)
	(2,236)	(5,253)	(7,722)	(8,025)
	-	-	(7,935)	<u> </u>
	4,202,202	494,220	3,806,638	4,521,904
¢.	8,966,493	13,168,695	13,662,915	17,469,553
\$	13,168,695 \$	13,662,915 \$	17,469,553 \$	21,991,457
\$	53,108,045 \$	41,785,805 \$	43,320,709 \$	32,665,223
\$	41,785,805 \$	43,320,709 \$	32,665,223 \$	30,242,945
	24.0%	24.0%	34.8%	42.1%
\$	26,326,472 \$	29,071,019 \$	32,307,222 \$	, ,
	158.7%	149.0%	101.1%	83.5%
	2021	2022	2023	2024
\$	4,419,451 \$	4,552,035 \$	3,864,103 \$	3,980,026
Ψ	3,612,555	4,195,201	4,098,432	4,453,230
	806,896	356,834	(234,329)	(473,204)
	26,326,472	29,071,019	32,307,222	36,215,104
	13.7%	14.4%	12.7%	12.3%

# QUEEN ANNE'S COUNTY, MARYLAND OTHER POST-EMPLOYMENT BENEFITS (OPEB) REQUIRED SUPPLEMENTARY INFORMATION JUNE 30, 2024

#### **Actuarial Information - OPEB**

Actuarial assumptions

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

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

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

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

Changes in Actuarial assumptions

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

Actuarial Methods for Determining Employer Contributions

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

The Entry Age method is used for accounting/GASB purposes, therefore all of the actuarial figures within this Report are based on it. Actuarially Determined Contributions are also based on the Entry Age method, with a closed level percentage of payroll amortization of the unfunded liability (15 years remaining).

#### QUEEN ANNE'S COUNTY, MARYLAND LENGTH OF SERVICE AWARD PROGRAM (LOSAP) REQUIRED SUPPLEMENTARY INFORMATION JUNE 30, 2024

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

AS OF MEASUREMENT DATE		2017	2018	2019	2020	2021	2022	2023
Total LOSAP liability ("TLL")								
Service cost	\$	206,276	\$ 164,371	\$ 215,978	\$ 285,808	\$ 350,104	\$ 268,262	\$ 430,072
Interest cost		196,904	249,496	180,529	158,757	174,594	409,940	282,361
Changes of benefit terms		-	-	-	-	-	-	3,404,969
Differences between expected and actual experience		-	137,821	(78,468)	65,911	65,498	819,208	(526,887)
Changes of assumptions		578,039	(491,888)	1,280,343	1,275,769	315,113	(3,702,745)	460,832
Benefits payments and admin expenses		(190,420)	(220,060)	(220,084)	(231,815)	(240,012)	(304,558)	(628,972)
Net change in TLL		790,799	(160,260)	1,378,298	1,554,430	665,297	(2,509,893)	3,422,375
TLL - beginning of year		6,039,197	6,829,996	6,669,736	8,048,034	9,602,464	10,267,761	7,757,868
TLL - end of year	\$	6,829,996	\$ 6,669,736	\$ 8,048,034	\$ 9,602,464	\$ 10,267,761	\$ 7,757,868	\$ 11,180,243
Plan fiduciary net position ("PFNP")								
Contributions - employer	\$	-	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net investment income		-	-	-	-	-	-	-
Benefits payments		-	-	-	-	-	-	-
Administrative expense		-	-	-	-	-	-	-
Net change in PFNP		-	-	-	-	-	-	-
Total PFNP - beginning of year		-	-	-	-	-	-	-
Total PFNP - end of year	\$	-	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 
Net LOSAP liability ("NLL")	\$	6,829,996	\$ 6,669,736	\$ 8,048,034	\$ 9,602,464	\$ 10,267,761	\$ . , ,	\$ 11,180,243
PFNP as a % of TLL		0%	0%	0%	0%	0%	0%	0%
Covered employee payroll - *		N/A	N/A	N/A	N/A	N/A	N/A	N/A
NLL as a % of covered payroll		N/A	N/A	N/A	N/A	N/A	N/A	N/A
* - the NLL is based on volunteer hours and as such has no pay	roll a	associated.						
Expected average remaining service years of all participants		6	10	5	5	5	5	6

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

## LENGTH OF SERVICE AWARD PROGRAM (LOSAP) REQUIRED SUPPLEMENTARY INFORMATION JUNE 30, 2024

## NOTES TO THE REQUIRED SUPPLEMENTAL INFORMATION - LOSAP

The LOSAP has no assets accumulated in a trust that meet the criteria in GASB 73, paragraph 4.

Benefit changes - fiscal year	
2018	None
2019	None
2020	None
2021	None
2022	None
2023	None
2024	Monthly benefit increased from \$6 to \$10, vesting
	requirment increased from 5-years to 10-years, terminated-
	vested members <= 10 years of service paid PVAB via
	lump sum
Changes of assumptions - fiscal year	
2018	None, other than discount rate
2019	None, other than discount rate
2020	None, other than discount rate
2021	None, other than discount rate
2022	None, other than discount rate
2023	None, other than discount rate
2024	None, other than discount rate
Discount rate - measurement date	
December 31, 2017	3.31%
December 31, 2018	3.71%
December 31, 2019	2.75%
December 31, 2020	2.00%
December 31, 2021	1.84%
December 31, 2022	4.05%
December 31, 2023	3.79%

**OTHER SUPPLEMENTARY INFORMATION** 

	mbining and Individ	lual Fund Stat	ements and S	Schedules
financial posit	g and Individual Fund Statemoion, results of operations, and iduciary funds.	ents and Schedules probudgetary compariso	rovide detailed info ns for the non-majo	rmation concerning the or funds, capital
financial posit	ion, results of operations, and	ents and Schedules probudgetary compariso	rovide detailed info ns for the non-majo	rmation concerning the or funds, capital
financial posit	ion, results of operations, and	ents and Schedules probudgetary compariso	rovide detailed info ns for the non-majo	rmation concerning the or funds, capital
financial posit	ion, results of operations, and	ents and Schedules probudgetary compariso	rovide detailed info ns for the non-majo	rmation concerning the or funds, capital
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financial posit	ion, results of operations, and	ents and Schedules probudgetary compariso	rovide detailed info ns for the non-majo	rmation concerning the or funds, capital

	Non-Major Governmental Funds
Non-Major Govern than capital projec	rnmental Funds are used to account for the proceeds of specific revenue sources (other ets and debt service funds) that are legally restricted to expenditures for specific purposes.

### NON-MAJOR GOVERNMENTAL FUNDS

Non-major governmental funds are special revenue funds, unless otherwise noted:

**Department of Aging** – This fund accounts for activities funded primarily by grants to provide services for the elderly and is included in the social services function.

**Housing and Community Services** – This fund accounts for activities funded mostly by grants and revolving loan funds that support housing rehabilitation and home-ownership and is included in the economic and community development function.

**Revolving Loan Fund** – This fund accounts for activities funded by community donations and grants to promote and provide economic development loans to local businesses and is included in the economic and community development function.

**Economic Development Incentive Fund** – This fund accounts for activities funded with a portion of recordation taxes that support economic development in the County by attracting and investing in new and existing businesses and is included in the economic and community development function.

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

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

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

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

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

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

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

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

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

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

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

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

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

### QUEEN ANNE'S COUNTY, MARYLAND COMBINING BALANCE SHEET NON-MAJOR GOVERNMENTAL FUNDS June 30, 2024

	ARTMENT F AGING	C	OUSING AND OMMUNITY SERVICES	REVOLVING LOAN FUND	DI	ECONOMIC EVELOPMENT INCENTIVE	ROADS OPERATING	COMMUNITY ARTNERSHIPS FOR CHILDREN
ASSETS Cash and Cash Equivalents	\$ _	\$	5,313,340	\$ 40,000	\$	1,175,041	\$ 532,773	\$ 195,076
Prepaid Items	-			´-		-	-	-
Receivables Taxes Receivable (Net)								
Accounts Receivable (Net)			-	-		-	82,664	19,155
Loans Receivable (Net)	_		6,194,339	50,000		-	-	-
Special Assessments (Net)	-		-	-		-	-	-
Due from Other Governments	530,563		91,451	-		-	519,501	363,017
Inventory	-		-	-		-	1,218,486	-
Total Assets	\$ 530,563	\$	11,599,130	\$ 90,000	\$	1,175,041	\$ 2,353,424	\$ 577,248
LIABILITIES								
Accrued Liabilities Due to Other Funds	\$ 194,943 206,488	\$	66,809	\$ -	\$	-	\$ 209,912	\$ 127,422
Due to Component Units	200,400		-	-		-	-	70.038
Due to Other Governmental Agencies	-		3,507	-		-	-	313,364
Unearned Revenue	-		-	-		-	816,137	-
Total Liabilities	401,431		70,316	-		-	1,026,049	510,824
DEFERRED INFLOWS OF RESOURCES Unavailable Benefit Assessments Unavailable Fees	- -		- -	-		- -	-	- -
Total Deferred Inflows	-		-	-		-	-	-
Total Liabilities and Deferred Inflows	401,431		70,316	-		-	1,026,049	510,824
FUND BALANCES Nonspendable	_		_	-		-	1,218,486	-
Restricted	955		2,843,180				-	-
Committed Assigned	128,177		8,685,634	90,000		1,175,041	108,889	66,424
Assigned Unassigned	140,1//		<u> </u>	<u>-</u>			100,889	
Total Fund Balances	129,132		11,528,814	90,000		1,175,041	1,327,375	66,424
Total Liabilities, Deferred Inflows and Fund Balances	\$ 530,563	\$	11,599,130	\$ 90,000	\$	1,175,041	\$ 2,353,424	\$ 577,248

### QUEEN ANNE'S COUNTY, MARYLAND COMBINING BALANCE SHEET NON-MAJOR GOVERNMENTAL FUNDS June 30, 2024 (CONTINUED)

	CRITICAL AREAS	LAW LIBRARY	SHERIFF'S DRUG TASK FORCE	INMATE WELFARE	GRICULTURAL TRANSFER	RURAL LEGACY	DREDGING SPECIAL SESSMENTS
\$	383,627	\$ 552,620	\$ 222,625	\$ 167,495	\$ 1,986,162	\$ 426,595	\$ 14,797
	-	-	-	-	-	-	-
	-	- 8,172	-	-	-	-	- 2
	-	- 0,172	_	_	-	-	-
	-	-	-	-	-	-	559,554
	-	-	-	-	-	-	-
	-	-	-	-	-	-	-
\$	383,627	\$ 560,792	\$ 222,625	\$ 167,495	\$ 1,986,162	\$ 426,595	\$ 574,353
\$	- -	\$ 379	\$ 55,197 -	\$ 3,155	\$ 13,768	\$ -	\$ - -
	-	-	-	-	-	-	-
	-	-	-	-	-	-	-
	-	379	55,197	3,155	13,768	-	-
	- -	- -	-	-	- -	- -	559,554 -
	-	-	-	-	-	-	559,554
_		379	55,197	3,155	13,768	-	559,554
	383,627	- -	- 167,428	- 164,340 -	- 1,972,394 -	- 426,595 -	- 14,799 -
	-	560,413	-	-	-	-	-
_	383,627	560,413	167,428	164,340	1,972,394	426,595	14,799
\$	383,627	\$ 560,792	\$ 222,625	\$ 167,495	\$ 1,986,162	\$ 426,595	\$ 574,353

# QUEEN ANNE'S COUNTY, MARYLAND COMBINING BALANCE SHEET NON-MAJOR GOVERNMENTAL FUNDS June 30, 2024 (CONTINUED)

					ADITAL DROJECTS				
	KENT NARROWS	- II	SCHOOL MPACT FEES		FIRE COMPANY IMPACT FEES				TOTAL NON-MAJOR GOVERNMENTAL
\$	257 426	\$	12 500 272	¢	404 988	¢	850 058	\$	25,032,795
Ψ	-	Ψ	12,300,272	Ψ	-	ψ	-	Ψ	25,032,775
	-		-		-		-		-
	-		-		-		-		109,993
	-		64,166		9,076		21,228		6,338,809
	-		-		-		-		559,554
	-		-		-		-		1,504,532
	-		-		-		-		1,218,486
\$	257,426	\$	12,564,438	\$	414,064	\$	881,186	\$	34,764,169
\$	_	\$	968	\$	112	\$	108	\$	672,773
-	_	*	-	-	-	*	-	*	206,488
	_		-		_		_		70,038
	-		-		-		-		316,871
	-		-		-		-		816,137
	-		968		112		108		2,082,307
	_		-		_		_		559,554
	-		64,166		9,076		21,228		94,470
	-		64,166		9,076		21,228		654,024
	-		65,134		9,188		21,336		2,736,331
									1,218,486
	257 426		-		-		-		6,230,744
	237,420		12 499 304		404 876		859.850		23,714,705
	_		12,177,304		-		-		863,903
	-		-		-		-		-
	257,426		12,499,304		404,876		859,850		32,027,838
¢	257 426	•	12 564 429	•	414.064	¢	881 104	¢	34,764,169
	\$ \$ \$ \$ \$ \$	\$ 257,426  \$	NARROWS   III	NARROWS   IMPACT FEES	KENT NARROWS         SCHOOL IMPACT FEES           \$ 257,426         \$ 12,500,272         \$	NARROWS   IMPACT FEES   IMPACT FEES	KENT NARROWS         SCHOOL IMPACT FEES         FIRE COMPANY IMPACT FEES           \$ 257,426         \$ 12,500,272         \$ 404,988         \$           -         -         -         -           -         -         -         -           -         -         -         -           -         -         -         -           -         -         -         -           -         -         -         -           -         -         -         -           -         -         -         -           -         -         -         -           -         -         -         -           -         -         -         -           -         -         -         -           -         -         -         -           -         -         -         -           -         -         -         -           -         -         -         -           -         -         -         -           -         -         -         -           -         -         -         -	KENT NARROWS         SCHOOL IMPACT FEES         FIRE COMPANY IMPACT FEES         PARKS AND RECREATION IMPACT FEES           \$ 257,426         \$ 12,500,272         \$ 404,988         \$ 859,958           -         -         -         -           -         -         -         -           -         -         -         -           -         -         -         -           -         -         -         -           -         -         -         -           -         -         -         -           -         -         -         -           -         -         -         -           -         -         -         -           -         -         -         -           -         -         -         -           -         -         -         -           -         -         -         -           -         -         -         -           -         -         -         -           -         -         -         -           -         -         -         -           -	NARROWS



### 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, 2024

	ARTMENT AGING	HOUSING A COMMUNI SERVICE:	ΓΥ	REVOLVING LOAN FUND	DEVE	NOMIC LOPMENT ENTIVE	ROADS OPERATING	PAR	OMMUNITY ATNERSHIPS FOR CHILDREN
REVENUES									
Taxes									
Local Property Tax	\$ -	\$	- \$	-	\$	-	-	\$	-
Recordation Taxes	-	23	2,381	-		-			-
State Shared Taxes	-		-	-		-	1,528,714		-
Licenses and Permits	1 660 145	2.4	-	-		-	-		
Intergovernmental	1,660,145	34	9,906	-		-	172.04		727,489
Charges for Current Services	62,176		-	-		-	173,947	′	-
Fines and Forfeitures	-	_	-	-		-	-		-
Investment Income	24,171	5	4,339	-		-	-		206
Donations	22,978		-	-					
Miscellaneous	-		436	-		14,049	9,409	)	15,919
Total Revenues	1,769,470	63	7,062	-		14,049	1,712,070	)	743,614
EXPENDITURES									
Current									
General Government	-		-	-		-	-		-
Public Safety	-		-	-		-	-		-
Public Works	-		-	-		-	5,825,692	2	-
Parks & Recreation	-		-	-		-	-		-
Health & Social Services	4,245,298		-	-		-	-		1,234,719
Conservation of Natural Resources	-		-	-		-	-		-
Economic/Community Development	-	1,04	4,310	-		71,599	-		-
Capital Outlay	-		-	-		-	-		-
Debt Service									
Principal	-		-	-		-	-		-
Interest and Fiscal Charges	-		-	-		-	-		-
Total Expenditures	4,245,298	1,04	4,310	-		71,599	5,825,692	!	1,234,719
Excess of Revenues Over (Under) Expenditures	(2,475,828)	(40	7,248)	-		(57,550)	(4,113,622	?)	(491,105)
OTHER FINANCING SOURCES (USES)									
Proceeds of Capital Asset Disposals	_		_	_		_	60,477	,	_
Insurance Proceeds	11,053		_	_		_	-		_
Transfers In	2,481,280	72	1,418	_		297,619	4,053,145	;	491,311
Transfers Out	-	,-	-	-		-	-		
Other Financing Sources (Uses)	2,492,333	72	1,418	-		297,619	4,113,622	2	491,311
Net Increase (Decrease) in Fund Balances	16,505	31	4,170	-		240,069	-		206
Fund Balances, July 1	112,627	11,21	4,644	90,00	0	934,972	1,327,375	;	66,218
Fund Balances, June 30	\$ 129,132	\$ 11,52	8,814 \$	90,00	00 \$	1,175,041	\$ 1,327,375	\$	66,424

# 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, 2024 (CONTINUED)

CRITICAL AREAS	LAW LIBRARY	SHERIFF'S DRUG TASK FORCE	INMATE WELFARE	AGRICULTURAL TRANSFER	RURAL LEGACY	DREDGING SPECIAL ASSESSMENTS
\$ - \$	- \$	- \$	-	\$ - \$	- \$	-
-	-	-	-	31,473	-	-
-	-	-	-	· -	-	-
10,938	12,530	-	- 84,488	-	1,380,064	48,412
-	32,375	48,123	-	-	-	-
-	28,040	11,546	9,400	-	25,495	438
-	-	-	11,124	-	-	
 10,938	72,945	59,669	105,012	31,473	1,405,559	48,850
- -	17,675 -	- 47,396	- 127,433	- -	- -	- -
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	1,360,346	1,398,769	-
-	-	-	-	-	-	-
- -	<u>-</u> -	<u>-</u> -	-	- -	- -	47,816 -
-	17,675	47,396	127,433	1,360,346	1,398,769	47,816
10,938	55,270	12,273	(22,421)	(1,328,873)	6,790	1,034
_	_	-	-	-	-	_
-	-	-	-	-	-	-
 - -	<u>-</u>	<u> </u>	-	1,274,050	<u> </u>	7,950 -
-	-	-	-	1,274,050	-	7,950
10,938	55,270	12,273	(22,421)	(54,823)	6,790	8,984
372,689	505,143	155,155	186,761	2,027,217	419,805	5,815
\$ 383,627 \$	560,413 \$	167,428 \$	164,340	\$ 1,972,394 \$	426,595 \$	14,799

# 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, 2024 (CONTINUED)

			CAPITAL PROJECTS		
	KENT NARROWS	SCHOOL IMPACT FEES	FIRE COMPANY IMPACT FEES	PARKS AND RECREATION IMPACT FEES	TOTAL NON-MAJOR GOVERNMENTAL
REVENUES					
Taxes					
Local Property Tax	\$ 60,101	\$ -	\$ -	\$ -	\$ 60,101
Recordation Taxes	-	-	-	-	232,381
State Shared Taxes	-	-	-	-	1,560,187
Licenses and Permits	-	-	-	-	-
Intergovernmental	-	-	-	-	4,117,604
Charges for Current Services	-	2,291,783	319,113	252,361	3,255,748
Fines and Forfeitures	-	-	-	-	80,498
Investment Income	12,625	696,862	32,463	37,586	933,171
Donations	-	-	-	-	22,978
Miscellaneous	-	-	-	-	50,937
Total Revenues	72,726	2,988,645	351,576	289,947	10,313,605
EXPENDITURES					
Current					
					17 675
General Government Public Safety	-	-	602,031	-	17,675 776,860
Public Safety Public Works	-	-	602,031	-	
	-	-	-	-	5,825,692
Parks & Recreation	-	-	-	-	- 400.017
Health & Social Services	-	-	-	-	5,480,017
Conservation of Natural Resources	-	-	-	-	2,759,115
Economic/Community Development	-	-	-	-	1,115,909
Capital Outlay	-	-	-	-	-
Debt Service					
Principal	-	-	-	-	47,816
Interest and Fiscal Charges	-	-	-	-	-
Total Expenditures	-	-	602,031	-	16,023,084
Excess of Revenues Over (Under) Expenditures	72,726	2,988,645	(250,455)	289,947	(5,709,479)
OTHER FINANCING SOURCES (USES)					
Proceeds of Capital Asset Disposals	_	-	_	_	60,477
Insurance Proceeds	_	_	_	_	11,053
Transfers In	_	_	53,300	_	9,380,073
Transfers Out	-	(2,165,911)	-	-	(2,165,911)
Other Financing Sources (Uses)	-	(2,165,911)	53,300	_	7,285,692
Net Increase (Decrease) in Fund Balances	72,726	822,734	(197,155)	289,947	1,576,213
Fund Balances, July 1	184,700	11,676,570	602,031	569,903	30,451,625
Fund Balances, June 30	\$ 257,426	\$ 12,499,304	\$ 404,876	\$ 859,850	\$ 32,027,838



# SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGETARY BASIS NON-MAJOR GOVERNMENTAL FUNDS FOR THE YEAR ENDED JUNE 30, 2024

		DEP	ARTMEN	T OF AGING			HOUSING AND COMMUNITY SERVICES						
	RIGINAL BUDGET	FIN BUD		ACTUAL		VARIANCE POSITIVE (NEGATIVE)		ORIGINAL BUDGET	FIN. BUD		ACTUAL		VARIANCE POSITIVE (NEGATIVE)
REVENUES	 					(							()
Taxes													
Local Property Tax	\$ -	\$	-	S -	\$	-	\$	- 5		-	\$ -	Ψ	
Recordation Taxes	-		-	-		-		200,000	- 2	200,000	232,3	81	32,381
State Shared Taxes	-		-	-		-		-		-	-		-
Licenses and Permits	-		-	-		-		-		-	-		-
Intergovernmental	1,204,915	1,	851,468	1,660,14		(191,323)		279,332		159,635	349,9	06	(109,729)
Charges for Current Services	83,000		83,000	62,17	6	(20,824)		400,000	4	100,000	-		(400,000)
Fines and Forfeitures	-		-	-		-		-		-	-		-
Investment Income	-		-	24,17		24,171		-		-	54,3	39	54,339
Donations	35,000		35,000	22,97	8	(12,022)		=		-	-		- -
Miscellaneous	36,600		36,600	-		(36,600)		-		-	4	36	436
Total Revenues	1,359,515	2,	006,068	1,769,47	0	(236,598)		879,332	1,0	)59,635	637,0	62	(422,573)
EXPENDITURES													
Current													
General Government	-		-	-		-		-		-	-		-
Public Safety	-		-	-		-		-		-	-		-
Public Works	-		-	-		-		-		-	-		-
Parks & Recreation	-		-	-		-		-		-	-		-
Health and Social Services	4,046,200	4,	673,526	4,245,29	8	428,228		-		-	-		-
Education and Library	-		-	-		-		-		-	-		-
Conservation of Natural Resources	-		-	-		-		-		-	-		-
Economic/Community Development	-		-	-		-		1,522,032	1,8	342,051	1,044,3	10	797,741
Intergovernmental	-		-	-		-		-		-	-		-
Miscellaneous	-		-	-		-		-		-	-		-
Capital Outlay	-		-	-		-		-		-	-		-
Debt Service													
Principal	-		-	-		-		-		-	-		-
Interest	-		-	-				-		-	-		-
Total Expenditures	4,046,200	4,	673,526	4,245,29	8	428,228		1,522,032	1,8	342,051	1,044,3	10	797,741
Excess of Revenues Over													
(Under) Expenditures	(2,686,685)	(2,	667,458)	(2,475,82	8)	191,630		(642,700)	(	782,416)	(407,2	48)	375,168
OTHER FINANCING SOURCES (USES)													
Proceeds of Capital Asset Disposals	-		-	-		-		-		-	-		-
Insurance Proceeds	-		-	11,05		11,053		-		-	-		-
Transfers In	2,686,685	2,	667,458	2,481,28	0	(186,178)		642,700	7	782,416	751,4	18	(30,998)
Transfers Out	-		-	-		<u> </u>		=		(30,000)	(30,0	00)	-
Total Other Financing Sources (Uses)	2,686,685	2,	667,458	2,492,33	3	(175,125)		642,700		752,416	721,4	18	(30,998)
Net Increase (Decrease) in Fund Balances	\$ _	s		\$ 16,50	5 €	16,505	•	- 5	2	(30,000)	\$ 314,1	70 8	344,170

# SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGETARY BASIS NON-MAJOR GOVERNMENTAL FUNDS

# FOR THE YEAR ENDED JUNE 30, 2024 (CONTINUED)

	 EC	CONOMI	C DEVELO	OPME	NT INCENT						ROADS OP	ERATIN	G		
	IGINAL JDGET		NAL DGET	A	CTUAL	POS	ANCE ITIVE ATIVE)		RIGINAL SUDGET		FINAL UDGET	ACTUAL		PO	RIANCE SITIVE GATIVE)
REVENUES															
Taxes															
Local Property Tax	\$ -	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-
Recordation Taxes	-		-		-		-		-		-		-		-
State Shared Taxes	-		-		-		-		1,519,500		1,519,500	1	,528,714		9,214
Licenses and Permits	-		-		-		-		-		-		-		-
Intergovernmental	-		-		-		-		-		-		-		-
Charges for Current Services	-		-		-		-		95,000		95,000		173,947		78,947
Fines and Forfeitures	-		-		-		-		-		-		-		-
Investment Income	-		-		-		-		-		-		-		-
Donations	-		-		-		-		-		-		-		-
Miscellaneous	27,100		27,100		14,049		(13,051)		-		-		9,409		9,409
Total Revenues	27,100		27,100		14,049		(13,051)		1,614,500		1,614,500	1	,712,070		97,570
EXPENDITURES															
Current															
General Government	-		-		-		-		-		-		-		-
Public Safety	-		-		-		-		-		-		-		-
Public Works	-		-		-		-		6,213,151		6,407,294	5	,825,692		581,602
Parks & Recreation	-		-		-		-		· · ·		· · · -		-		-
Health and Social Services	-		-		-		-		-		-		-		-
Education and Library	-		-		-		-		-		-		-		-
Conservation of Natural Resources	-		-		-		-		-		-		-		-
Economic/Community Development	350,000		350,000		71,599		278,401		-		-		-		-
Intergovernmental	-		-		-		-		_		-		_		_
Miscellaneous	-		-		-		-		-		-		-		-
Capital Outlay	_		_		-		-		_		-		_		_
Debt Service															
Principal	_		_		-		-		_		-		_		_
Interest	-		-		-				-		-		-		-
Total Expenditures	350,000		350,000		71,599		278,401		6,213,151		6,407,294	5	,825,692		581,602
Excess of Revenues Over															
(Under) Expenditures	(322,900)	)	(322,900)		(57,550)		265,350		(4,598,651)		(4,792,794)	(4	,113,622)		679,172
OTHER FINANCING SOURCES (USES)															
Proceeds of Capital Asset Disposals	-		-		-		-		-		-		60,477		60,477
Insurance Proceeds	-		-		-		-		-		-		-		-
Transfers In	297,619		297,619		297,619		-		4,598,651		4,792,794	4	,053,145		(739,649)
Transfers Out	-		-		-				-		-		-		-
Total Other Financing Sources (Uses)	297,619		297,619		297,619				4,598,651		4,792,794	4	,113,622		(679,172)
Net Increase (Decrease) in Fund Balances	\$ (25,281)		(25,281)	•	240,069	S	265,350	s		s		\$	_	s	

# SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGETARY BASIS NON-MAJOR GOVERNMENTAL FUNDS

# FOR THE YEAR ENDED JUNE 30, 2024 (CONTINUED)

	COMM	UNITY PARTNERS	SHIPS FOR CHILI		LAW LIBRARY						
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE POSITIVE (NEGATIVE)	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE POSITIVE (NEGATIVE)			
REVENUES											
Taxes											
Local Property Tax	\$ -	\$ - :	\$ -	\$ -	\$ - :	\$ - 5	-	\$ -			
Recordation Taxes	-	-	-	-	-	-	-	-			
State Shared Taxes	-	-	-	-	-	-	-	-			
Licenses and Permits	=	-	-	-	-	-	-	-			
Intergovernmental	708,427	748,427	727,489	(20,938)		<del>.</del>		. <del>.</del>			
Charges for Current Services	-	=	-	=	10,000	10,000	12,530	2,530			
Fines and Forfeitures	=	-	-	=	15,500	15,500	32,375	16,875			
Investment Income	=	-	206	206	-	-	28,040	28,040			
Donations	-	-	-	-	-	-	-	-			
Miscellaneous	12,500	12,500	15,919	3,419	-	-	-	-			
Total Revenues	720,927	760,927	743,614	(17,313)	25,500	25,500	72,945	47,445			
EXPENDITURES											
Current											
General Government	-	-	-	-	25,500	25,500	17,675	7,825			
Public Safety	-	-	-	-	-	-	-	-			
Public Works	=	-	-	-	-	-	-	-			
Parks & Recreation	-	-	-	-	-	-	-	-			
Health and Social Services	1,371,131	1,335,572	1,234,719	100,853	-	-	-	-			
Education and Library	-	-	-	-	-	-	-	-			
Conservation of Natural Resources	-	=	-	=	-	-	-	=			
Economic/Community Development	=	-	-	-	-	-	-	-			
Intergovernmental	=	-	-	-	-	-	-	-			
Miscellaneous	=	-	-	-	-	-	-	-			
Capital Outlay	-	-	-	-	-	-	-	-			
Debt Service											
Principal Interest	-	-	-	-	-	=	-	-			
Total Expenditures	1,371,131	1,335,572	1,234,719	100,853	25,500	25,500	17,675	7,825			
Total Expenditures	1,3/1,131	1,333,372	1,234,719	100,833	23,300	25,300	17,673	7,823			
Excess of Revenues Over	// <b>*</b> • • • • • • • • • • • • • • • • • • •										
(Under) Expenditures	(650,204)	(574,645)	(491,105)	83,540	-	=	55,270	55,270			
OTHER FINANCING SOURCES (USES)											
Proceeds of Capital Asset Disposals	-	-	-	-	-	-	-	-			
Insurance Proceeds	-	-	-	-	-	-	-	-			
Transfers In	650,204	574,645	491,311	(83,334)	-	-	-	-			
Transfers Out	=	=	-	-	-	=	-	=			
Total Other Financing Sources (Uses)	650,204	574,645	491,311	(83,334)	-	-	-	-			
Net Increase (Decrease) in Fund Balances	\$ -	s - :	\$ 206	\$ 206	s - :	s - 9	55,270	\$ 55,270			

# SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGETARY BASIS NON-MAJOR GOVERNMENTAL FUNDS

# FOR THE YEAR ENDED JUNE 30, 2024 (CONTINUED)

			INMATE V	/ELFARE					ARGIC	ULTUR	AL TRA	NSFER		
	RIGINAL BUDGET		FINAL BUDGET	ACTU	TAT.	VARIANCE POSITIVE		ORIGINAL BUDGET	FINA BUDO		46	TUAL	PC	RIANCE
REVENUES	 BUDGET		BUDGET	ACTU	AL	(NEGATIVE)	- —	BUDGET	BUDG	rE I	AC	IUAL	(NE	GATIVE)
Taxes														
Local Property Tax	\$ -	\$	-	\$	-	\$ -	\$	-	\$	-	\$	_	\$	-
Recordation Taxes	-		-		-	-		-		-		-		-
State Shared Taxes	-		-		-	-		125,000	1	25,000		31,473		(93,527)
Licenses and Permits	-		-		-	-		-		-		-		-
Intergovernmental	10,890		10,890		-	(10,890)	1	-		-		-		-
Charges for Current Services	125,000		125,000		84,488	(40,512	1	-		-		-		-
Fines and Forfeitures	-		-		-	-		-		-		-		-
Investment Income	-		-		9,400	9,400		-		-		-		-
Donations					<del>.</del>			-		-		-		-
Miscellaneous	16,310		16,310		11,124	(5,186	<u> </u>	-		-		-		-
Total Revenues	152,200		152,200	1	05,012	(47,188		125,000	1	25,000		31,473		(93,527)
EXPENDITURES														
Current														
General Government	-		-		-	-		-		-		-		-
Public Safety	148,150		148,150	1	27,433	20,717		-		-		-		-
Public Works	-		-		-	-		-		-		-		-
Parks & Recreation	-		-		-	-		-		-		-		-
Health and Social Services	-		-		-	-		-		-		-		-
Education and Library	=		-		-	-		<del>.</del>		<del>.</del>		<del>.</del>		<del>-</del>
Conservation of Natural Resources	-		-		-	-		1,425,000	2,6	99,050		1,360,346		1,338,704
Economic/Community Development	-		-		-	-		-		-		-		-
Intergovernmental	-		-		-	-		-		-		-		-
Miscellaneous	15 000		15,000		-	15,000		-		-		-		-
Capital Outlay	15,000		15,000		-	15,000		-		-		-		-
Debt Service														
Principal Interest	-		_		-	-		_		-		-		-
merest														
Total Expenditures	163,150		163,150	1	27,433	35,717	- —	1,425,000	2,6	99,050		1,360,346		1,338,704
Excess of Revenues Over (Under) Expenditures	(10,950	,	(10,950)	(	22,421)	(11,471		(1,300,000)	(2.5	74,050)		(1,328,873)		1,245,177
(Older) Expenditures	(10,930	,	(10,230)		22,721)	(11,4/1		(1,500,000)	(2,3	, 4,050)	'	1,320,073)		1,473,1//
OTHER FINANCING SOURCES (USES)														
Proceeds of Capital Asset Disposals	-		-		-	=		-		-		-		-
Insurance Proceeds	-		-		-	-		-		-		-		-
Transfers In	-		-		-	-		-	1,2	74,050		1,274,050		-
Transfers Out	-		-		-	=		-		-		-		-
Total Other Financing Sources (Uses)	-		=		-	=		=	1,2	74,050		1,274,050		-
Net Increase (Decrease) in Fund Balances	\$ (10,950	) S	(10,950)	s (	22,421)	\$ (11,471)	\$	(1,300,000)	s (1.3	(00,000)	•	(54,823)	S	1,245,177

# SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGETARY BASIS NON-MAJOR GOVERNMENTAL FUNDS

# FOR THE YEAR ENDED JUNE 30, 2024 (CONTINUED)

- \$ 3 	FINAL BUDGET  - :	*	VARIANCE POSITIVE (NEGATIVE)	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL _	VARIANCE POSITIVE (NEGATIVE)
307,452 - -	- - -	\$ - - - -	\$ - -	s - s	- \$	-	
307,452 - -	- - -	\$ - - -	\$ - -	\$ - \$ -	- \$	-	s -
307,452 - -	- - -	\$ - - -	\$ -	\$ - \$ -	- \$	-	\$ -
- - -	1,380,064	- - -	-	-	_		
- - -	1,380,064	-	_			-	-
- - -	1,380,064	-	-	=	-	-	-
- - -	1,380,064		-	=	-	-	-
- - -	-	1,380,064	-	=	-	-	-
- -		-	-	47,816	47,816	48,412	596
-	-	-	-	-	-	-	-
_	18,705	25,495	6,790	-	-	438	438
	-	-	-	-	-	-	-
-	-	-				-	-
307,452	1,398,769	1,405,559	6,790	47,816	47,816	48,850	1,034
_	-	-			-	_	_
_	-	-			-	_	-
_	-	-			-	_	_
-	-	-	-	-	-	-	-
207.452	1 209 760	1 209 760	-	-	7.050	-	7,950
307,432	1,396,709	1,390,709	-	-	7,930	-	7,930
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
				47.016	47.017	47.017	
-	-	-	-	4/,816	47,816	4/,816	-
207.452	1 200 760	1 200 760		47.916	55.766	47.016	7,950
307,432	1,398,709	1,398,709	<u>-</u> _	47,810	33,700	47,810	7,930
-	-	6,790	6,790		(7,950)	1,034	8,984
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	7,950	7,950	-
-	-	-	<u>-</u>		7,950	7,950	<u>-</u>
- - -	- - -	- - -		<u> </u>	7,950 - 7,950		
	307,452			307,452 1,398,769 1,398,769 -			6,790 6,790 - (7,950) 1,034

# SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGETARY BASIS NON-MAJOR GOVERNMENTAL FUNDS

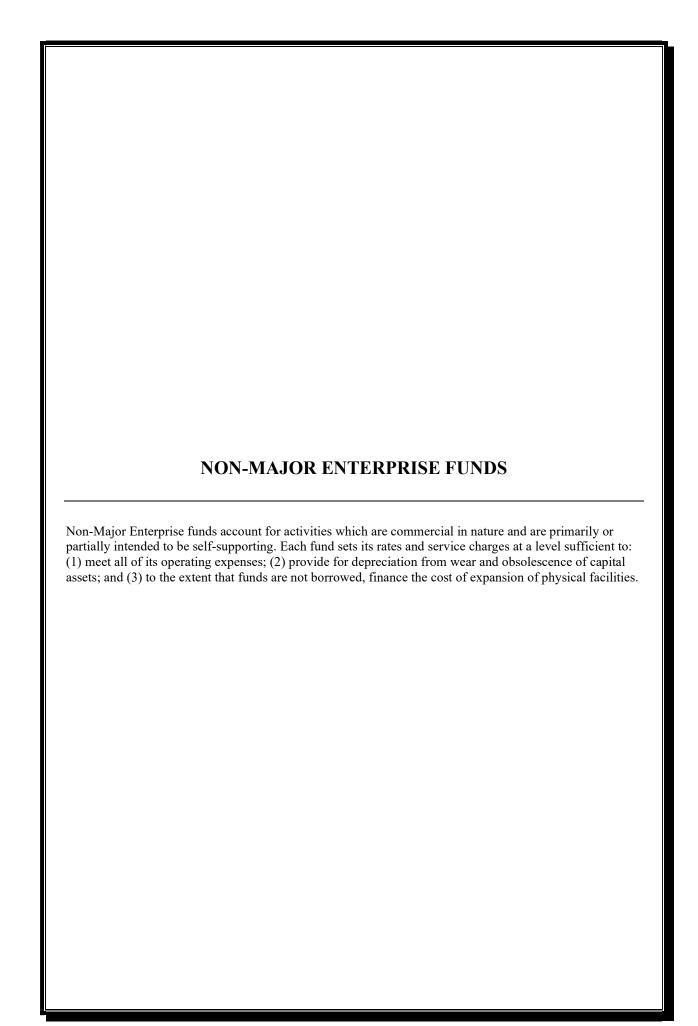
# FOR THE YEAR ENDED JUNE 30, 2024 (CONTINUED)

		KENT NARRO	OWS FUND		CAPIT	AL PROJECTS - SC	HOOL IMPACT	FEES
	RIGINAL UDGET	FINAL BUDGET	ACTUAL	VARIANCE POSITIVE (NEGATIVE)	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE POSITIVE (NEGATIVE)
REVENUES	 OD OLI	BOBGET		(ILBOITITE)	Bobobi	Bobobi	HOTOLLE	(II.EGITTI E)
Taxes								
Local Property Tax	\$ 50,000 \$	50,000	\$ 60,101	\$ 10,101	\$ -	s - s	_	\$ -
Recordation Taxes	-	-	-	-	-	-	-	-
State Shared Taxes	-	-	-	-	-	-	-	-
Licenses and Permits	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-	-
Charges for Current Services	-	-	-	-	2,095,911	2,095,911	2,291,783	195,872
Fines and Forfeitures	-	-	-	-	-	-	-	-
Investment Income	-	-	12,625	12,625	70,000	70,000	696,862	626,862
Donations	-	-	-	-	-	-	-	-
Miscellaneous	-	-	-		=	-	-	-
Total Revenues	50,000	50,000	72,726	22,726	2,165,911	2,165,911	2,988,645	822,734
EXPENDITURES								
Current								
General Government	-	-	-	-	-	-	-	-
Public Safety	-	-	-	-	-	-	-	-
Public Works	-	-	-	-	-	-	-	-
Parks & Recreation	-	-	-	-	-	-	-	-
Health and Social Services	-	-	-	-	-	-	-	-
Education and Library	-	-	-	-	-	-	-	-
Conservation of Natural Resources	-	-	-	-	-	-	-	-
Economic/Community Development	50,000	50,000	-	50,000	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-	-	-
Capital Outlay	-	-	-	-	-	-	-	-
Debt Service								
Principal	-	-	-	-	-	-	-	-
Interest	-	-	-	<u> </u>		-	-	-
Total Expenditures	50,000	50,000	-	50,000		-	-	-
Excess of Revenues Over								
(Under) Expenditures	-	-	72,726	72,726	2,165,911	2,165,911	2,988,645	822,734
OTHER FINANCING SOURCES (USES)								
Proceeds of Capital Asset Disposals	-	-	-	-	-	-	-	-
Insurance Proceeds	-	-	-	-	=	-	-	-
Transfers In	-	-	-	-	=	-	-	-
Transfers Out	-	=	=	-	(2,165,911)	(2,165,911)	(2,165,911)	-
Total Other Financing Sources (Uses)	-	-	-		(2,165,911)	(2,165,911)	(2,165,911)	<u>-</u>
Net Increase (Decrease) in Fund Balances	\$ - 5	-	\$ 72,726	\$ 72,726	\$ -	s - s	822,734	\$ 822,734

# SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGETARY BASIS NON-MAJOR GOVERNMENTAL FUNDS

# FOR THE YEAR ENDED JUNE 30, 2024 (CONTINUED)

REVENUES	CAPITA ORIGINAL BUDGET	AL PROJECTS FINAI	- FIRE CO	OMPANY IMPA	CT FEES VARIANCE		CAPITAL PROJ	ECTS - PARKS &	RECREATION I					
REVENUES		EINIAI			VADIANCE	CAPITAL PROJECTS - PARKS & RECREATION IMPACT								
REVENUES		BUDGI		ACTUAL	POSITIVE (NEGATIVE)		ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE POSITIVE (NEGATIVE)				
		ВОДО	L 1	ACTUAL	(NEGATIVE)		BUDGET	BUDGET	ACTUAL	(NEGATIVE)				
Taxes														
Local Property Tax	\$ -	S	- S	_	\$ -	S	- S	- :	§ -	S -				
Recordation Taxes	-	*		_	-	_			-	-				
State Shared Taxes	_		_	_	_		_	-	_	_				
Licenses and Permits	_		_	_	_		_	_	_	_				
Intergovernmental	_		_	_	_		_	_	_	_				
Charges for Current Services	291,50	0 25	3,235	319,113	65,878		299,600	299,600	252,361	(47,239)				
Fines and Forfeitures	271,50	5 23	-	517,115	-		277,000	277,000	232,301	(47,237)				
Investment Income	1,20	0	1,200	32,463	31,263		400	400	37,586	37,186				
Donations	1,20	,	1,200	32,403	51,205		-	-	57,560	57,100				
Miscellaneous	-		-	-	_		-	_	-	-				
Total Revenues	202.70	0 25	4 425	251.576	07.141		300,000	200.000	200.047	(10.052)				
1 otal Revenues	292,70	J 25	4,435	351,576	97,141		300,000	300,000	289,947	(10,053)				
EXPENDITURES														
Current														
General Government	-		-	-	-		-	-	-	-				
Public Safety	382,70	0 60	2,031	602,031	-		-	-	-	-				
Public Works	-		-	-	-		-	-	-	-				
Parks & Recreation	-		-	-	-		-	-	-	-				
Health and Social Services	-		-	-	-		-	-	-	-				
Education and Library	-		-	-	-		-	-	-	-				
Conservation of Natural Resources	-		-	-	-		-	-	-	-				
Economic/Community Development	-		-	-	-		-	-	-	-				
Intergovernmental	-		-	-	-		_	_	_	_				
Miscellaneous	-		-	-	-		_	_	_	_				
Capital Outlay	-		-	-	-		_	_	_	_				
Debt Service														
Principal	_		_	_	_		_	_	_	_				
Interest	-		-	-	-		-	-	-	-				
Total Expenditures	382,70	0 60	2,031	602,031	-		-	-	-	-				
Excess of Revenues Over														
(Under) Expenditures	(90,00	0) (34	7,596)	(250,455)	97,141		300,000	300,000	289,947	(10,053)				
· ·	(2.0,00	, (F.	,,,,,,	(===,===)	,,,,,,,		200,000	,		(10,000)				
OTHER FINANCING SOURCES (USES)														
Proceeds of Capital Asset Disposals	-		-	-	-		-	-	-	-				
Insurance Proceeds	-		-	-	-		-	-	-	-				
Transfers In	90,00	0 9	0,000	53,300	(36,700	)	-	-	-	-				
Transfers Out	-		-	-	-		(300,000)	(300,000)	-	300,000				
Total Other Financing Sources (Uses)	90,00	0 9	0,000	53,300	(36,700	)	(300,000)	(300,000)	-	300,000				
Net Increase (Decrease) in Fund Balances	s -	\$ (25	7,596) \$	(197,155)	\$ 60,441	S	- S	!	\$ 289,947	\$ 289,947				



## **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, 2024

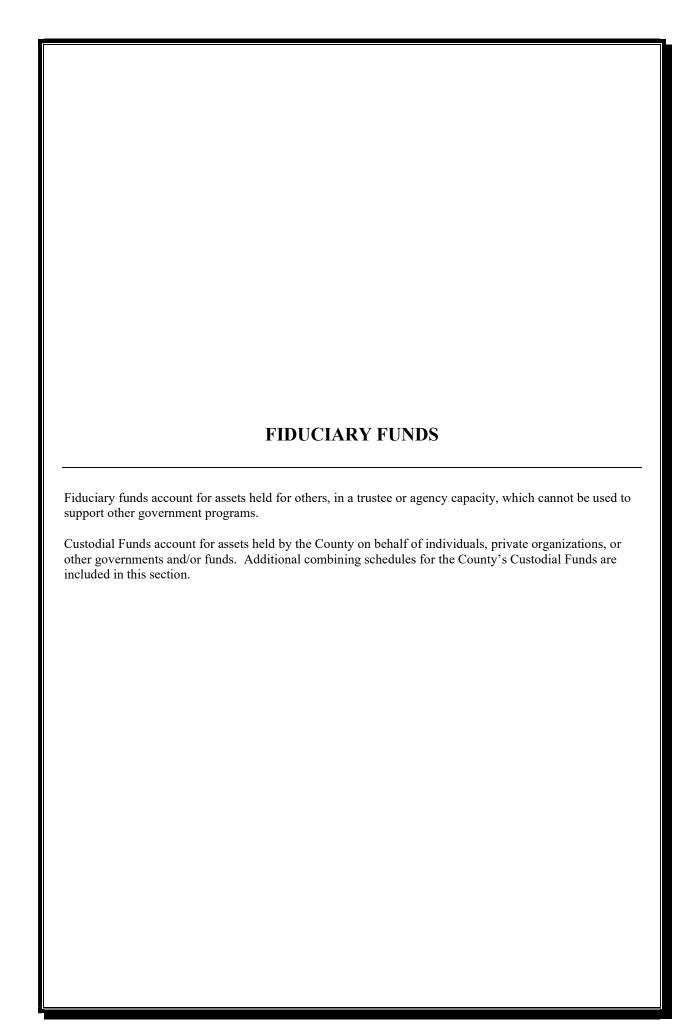
		PUBLIC	TOTAL
	GOLF	LANDINGS	NON-MAJOR
	COURSE	AND MARINAS	ENTERPRISE
<u>ASSETS</u>			
Current Assets			
Equity in Pooled Cash	\$ -	\$ 859,726 \$	859,726
Prepaid Items	2,520	-	2,520
Accounts Receivable (Net)	-	90,990	90,990
Due from Other Governments	-	14,999	14,999
Inventories	8,104	-	8,104
Total Current Assets	10,624	965,715	976,339
Capital Assets	3,979,223	7,571,780	11,551,003
Less Accumulated Depreciation	(896,618)	(1,897,466)	(2,794,084
Total Capital Assets, Net of Depreciation	3,082,605	5,674,314	8,756,919
Total Assets	3,093,229	6,640,029	9,733,258
DEFENDED OUTEVOWS OF DESCYUDING			
DEFERRED OUTFLOWS OF RESOURCES		4 002	4.002
OPEB	-	4,883	4,883
Pension Benefits	46,896	95,062	141,958
Deferred Charge on Refunding		441	44
Total Deferred Outflows of Resources	46,896	100,386	147,282
LIABILITIES			
Current Liabilities			
Accounts Payable	57,307	30,447	87,754
Accrued Interest Payable	1,358	7,657	9,015
Due to Other Funds	185,929	-	185,929
Unearned Revenue	9,801	-	9,80
Current Portion of Compensated Absences	11,686	28,689	40,375
Current Portion of Lease Payable	27,922	-	27,922
Current Portion of Bonds/Notes Payable	5,036	75,840	80,876
Total Current Liabilities	299,039	142,633	441,672
Noncurrent Liabilities			
Compensated Absences	8,136	19,975	28,111
OPEB	-	228,350	228,350
Net Pension Liability	81,325	166,007	247,332
Lease Payable	82,792	-	82,792
Bonds/Notes Payable	75,163	547,758	622,921
Total Noncurrent Liabilities	247,416	962,090	1,209,506
Total Liabilities	546,455	1,104,723	1,651,178
DEFERRED INFLOWS OF RESOURCES			
OPEB	-	56,958	56,958
Pension Benefits	12,738	24,941	37,679
Bond Refundings	- -	1,338	1,338
Total Deferred Inflows of Resources	12,738	83,237	95,97
NET POSITION			
Net Investment in Capital Assets	2,891,692	5,049,819	7,941,51
Unrestricted Amounts (Deficit)	(310,760)	502,636	191,870
Total Net Position	\$ 2,580,932	·	•

## 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, 2024

	GOLF COURSE	PUBLIC LANDINGS AND MARINAS	TOTAL NON-MAJOR ENTERPRISE
OPERATING REVENUES			
Charges for Services	\$ 720,153	\$ 465,457 \$	1,185,610
Intergovernmental	-	14,999	14,999
Material Sales	59,280	-	59,280
Miscellaneous Revenues	1,401	37,765	39,166
Total Operating Revenues	780,834	518,221	1,299,055
OPERATING EXPENSES			
Recreation	657,995	511,826	1,169,821
OPEB	-	(13,421)	(13,421)
Pension Liability Adjustment	(3,099)	(6,503)	(9,602)
Depreciation and amortization	71,170	160,093	231,263
Total Operating Expenses	726,066	651,995	1,378,061
Operating Income (Loss)	54,768	(133,774)	(79,006)
NON-OPERATING REVENUES (EXPENSES)			
Interest Expense	(4,842)	(14,300)	(19,142)
Total Non-Operating (Expenses)	(4,842)	(14,300)	(19,142)
Transfers In (Out)	275,000	150,000	425,000
Change in Net Position	324,926	1,926	326,852
Total Net Position - Beginning of Year	2,256,006	5,550,529	7,806,535
Total Net Position - End of Year	\$ 2,580,932	\$ 5,552,455 \$	8,133,387

## QUEEN ANNE'S COUNTY, MARYLAND COMBINING STATEMENT OF CASH FLOWS NON-MAJOR ENTERPRISE FUNDS FOR THE YEAR ENDED JUNE 30, 2024

			PUBLIC	TOTAL
		GOLF	LANDINGS	NON-MAJOR
		COURSE	AND MARINAS	ENTERPRISE
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers and users	\$	779,433	\$ 440,558 \$	1,219,991
Receipts from other operating revenues	*	4,423	116,155	120,578
Payments to suppliers		(421,621)	(276,228)	(697,849)
Payments to employees and on behalf of employees		(218,547)	(303,610)	(522,157)
Net Cash Provided (Used) by Operating Activities		143,688	(23,125)	120,563
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Transfers from (to) other funds		275,000	150,000	425,000
(Payments) Receipts of interfund loans		(108,118)	150,000	(108,118)
Net Cash Provided by Noncapital Financing Activities		166,882	150,000	316,882
Net Cash Flovided by Noncapital Financing Activities		100,882	130,000	310,002
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIV	/ITIES			
Principal paid on lease and bond payables		(32,051)	(72,952)	(105,003)
Interest paid on capital debt		(4,992)	(15,075)	(20,067)
Acquisition and Construction of Capital Assets		(273,527)	-	(273,527)
Net Cash Used by Capital and Related Financing Activities		(310,570)	(88,027)	(398,597)
CASH FLOWS FROM INVESTING ACTIVITIES				
Investment income		_	-	_
Net Cash Provided (Used) by Investing Activities		-	-	-
Net increase (decrease) in cash and cash equivalents			38,848	38,848
Balances - Beginning of year		_	820,878	820,878
Balances - End of year	\$		859,726 \$	859,726
Butunees Elia of year	Ψ		037,720 \$	037,720
Reconciliation of operating income (loss) to net cash				
provided by operating activities				
Operating income (loss)	\$	54,768	\$ (133,774) \$	(79,006)
Adjustments to reconcile operating income (loss)				
to net cash provided by operating activities:				
Amortization and Depreciation		71,170	160,093	231,263
Changes in assets and liabilities:				
Accounts receivable, net		-	(24,899)	(24,899)
Operating grants receivable		-	63,391	63,391
Inventories and Prepaid Expenses		(2,586)	-	(2,586)
Vendor accounts payable		19,867	(66,859)	(46,992)
Uneared revenue collected in advance		3,022	=	3,022
Compensated absences		545	(1,152)	(607)
OPEB		-	(13,421)	(13,421)
Net Pension Liability		(3,098)	(6,504)	(9,602)
Net Cash Provided (Used) by Operating Activities	\$	143,688		120,563



CUSTODIAL FUNDS

### **Custodial funds are as follows:**

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

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

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

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

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

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

# QUEEN ANNE'S COUNTY, MARYLAND STATEMENT OF FIDUCIARY NET POSITION CUSTODIAL FUNDS JUNE 30, 2024

	TAX DITCH FUND	ZONING DEPOSITS	STATE & TOWN TAX OLLECTIONS	MOTOR VEHICLE ADMIN DEPOSITS	AE	SCHEAT - BANDONED ROPERTY	INMATE WELFARE	C	TOTAL USTODIAL FUNDS
ASSETS Cash and Cash Equivalents	\$ 197,165	\$ 863,410	\$ 163,530	\$ -	\$	21,652	\$ 37,680	\$	1,283,437
Total Assets	\$ 197,165	\$ 863,410	\$ 163,530	\$ -	\$	21,652	\$ 37,680	\$	1,283,437
LIABILITIES Accounts Payable and Other Liabilities Due to Other Governments	\$ 11,421	\$ -	\$ - 163,530	\$ - -	\$	- 21,652	\$ 1,259	\$	12,680 185,182
Total Liabilities	\$ 11,421	\$ -	\$ 163,530	\$ -	\$	21,652	\$ 1,259	\$	197,862
NET POSITION Restricted for: Individuals, Organizations, and other Governments	\$ 185,744	\$ 863,410	\$ -	\$ -	\$	-	\$ 36,421	\$	1,085,575

						STATE		MOTOR						
		TAX				& TOWN		VEHICLE	1	ESCHEAT -				TOTAL
		DITCH		ZONING		TAX		ADMIN	Α	BANDONED		INMATE	C	USTODIAL
		FUND		DEPOSITS	CC	DLLECTIONS		DEPOSITS		PROPERTY		WELFARE		FUNDS
ADDITIONS		FUND		DEPOSITS	CC	DLLECTIONS		DEPOSITS		ROPERTI		WELFARE		FUNDS
Tax Ditch	\$	27.260	\$		\$		\$		s		\$		\$	27.260
	3	37,360	3	-	3	-	Э	-	2	-	Э	-	\$	37,360
Zoning Deposits		-		199,777		-		-		-		-		199,777
Tax Collections for Other Governments		-		-		16,652,672		-		-		-		16,652,672
Motor Vehicle Administration		-		-		-		206,879		-		-		206,879
Escheat - Abandoned Property		-		-		-		-		76,003		-		76,003
Inmate Welfare		-		-		-		-		-		139,416		139,416
Total Additions		37,360		199,777		16,652,672		206,879		76,003		139,416		17,312,107
DEDUCTIONS														
Distribution of Tax Ditch Funds		40,006		-		-		-		-		-		40,006
Refund of Zoning Deposits		-		104,037		-		-		-		-		104,037
Payments of Tax to Other Governments		-		-		16,652,672		-		-		-		16,652,672
Payments to Motor Vehicle Administration		-		-		-		206,879		-		-		206,879
Payments of Escheat to Others		-		-		-		-		76,003		-		76,003
Distribution of Inmate Welfare Funds		-		-		-		-		-		140,532		140,532
Total Deductions		40,006		104,037		16,652,672		206,879		76,003		140,532		17,220,129
Net increase (decrease) in Fiduciary Net Position		(2,646)		95,740		-		-		-		(1,116)		91,978
Net Position-Beginning of Year		188,390		767,670		-		-		-		37,537		993,597
Net Position-End of Year	\$	185,744	\$	863,410	\$	-	\$	-	\$	-	\$	36,421	\$	1,085,575

	Community Partnerships for Children
financial state additional sch	artnerships for Children is reported as a Non-Major Special Revenue Fund in the County's ments. In lieu of preparing separate audited financial statements for the Partnership, edules have been added to the County's financial statements to meet requirements of the grantor agencies.

# QUEEN ANNE'S COUNTY COMMUNITY PARTNERSHIPS FOR CHILDREN SPECIAL REVENUE FUND COMBINING BALANCE SHEETS BY GRANTOR JUNE 30, 2024 (with Summarized Totals as of June 30, 2023)

	 Admin	Fed/State GOCCP GOC	Total Community Partnerships	R	Returned Reinvestment Fund	2024 Total	S	2023 ummarized Total
ASSETS								
Cash and cash equivalents	\$ 113,328	\$ 71,260	\$ 184,588	\$	10,488	\$ 195,076	\$	338,523
Accounts receivable	1,846	17,309	19,155		-	19,155		20,936
Due from State governmental agencies	-	363,017	363,017		-	363,017		257,525
Due from Federal governmental agencies	-	-	-		-	-		-
Total Assets	\$ 115,174	\$ 451,586	\$ 566,760	\$	10,488	\$ 577,248	\$	616,984
LIABILITIES AND FUND BALANCES								
LIABILITIES								
Accounts payable and accrued expenditures	\$ 16,979	\$ 110,443	\$ 127,422	\$	-	\$ 127,422	\$	238,141
Due to Component Units	198	69,840	70,038		-	70,038		-
Due to State governmental agencies	43,887	269,477	313,364		-	313,364		312,625
Total Liabilities	61,064	449,760	510,824		-	510,824		550,766
FUND BALANCES								
Assigned	54,110	1,826	55,936		10,488	66,424		66,218
Total Fund Balances	54,110	1,826	55,936		10,488	66,424		66,218
Total Liabilities and Fund Balances	\$ 115,174	\$ 451,586	\$ 566,760	\$	10,488	\$ 577,248	\$	616,984

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, 2024 (with Summarized Totals for Year Ended June 30, 2023)

					Federal/State G	OCCP/GOC			
	_	Community	Achievement	Local	Transportation	Healthy Fam/Home	Family	MD After School	Community
<u>REVENUES</u>	Administrative	Support	Mentoring	Care Team	Voucher	Visiting	Navigators	Opportunity	Mentoring
<u>CPA</u> Intergovernmental									
GOC	\$ 52,033 \$	5,615	\$ 60,319	\$ 36,606	\$ 45,469 \$	82,172	\$ 42,804	s -	\$ 81,099
Subtotal CPA	52,033	5,615	60,319	36,606	45,469	82,172	42,804	-	81,099
Non-CPA Intergovernmental									
Federal GOCCP Youth Strategies		-	-	-		-	-	-	-
State GOCCP - non-CPA	-	-	-	-	-	-	-	25,000	-
Other State Grant Funding	-	-	-	-	-	296,372	-	-	-
Investment Income Earned Reinvestment Donations	-					-		-	_
Miscellaneous	-	-	-	-	-	-	-	-	-
Subtotal Non-CPA	-	-	-	-	-	296,372	-	25,000	-
Total Revenues	52,033	5,615	60,319	36,606	45,469	378,544	42,804	25,000	81,09
EXPENDITURES									
<u>CPA</u> Program Contracted Services	_	-	-	_	-	-	-	-	
Other Expenditures									
Salaries	45,737	-	-	29,354	14,258	-	-	-	-
Fringe Benefit Costs Auditing	3,794	-	817	5,379	1,211	-	-	-	3,00
Consultants	-	5,615	-	-		-	-	-	5,00
Equipment Rental	747	-	-	-	-	-	-	-	-
Other Contracted Services	-	-	-	-	-		37,263	-	10,51
Postage Office Supplies	-		-	-	-	1 687	104 194	-	32
Program Supplies			1,371		30,000	1,450	1,202		2,83
Food	-	-	-	-	-	-	-	-	5,02
Printing and Publishing	-	-	-	-	-		-	-	18
Data Processing Supplies Repairs and Equipment	•	-	-	-	-	10,791	1,894	-	-
Business Travel			2,485	-	-	300	746	-	2,03
Subscriptions and Dues	1,754	-	-,	-	-	-	-	-	-,
Meetings & Conferences	-	-	-	1,873	-			-	
Training	-	-	-	-	-	88	546 340	-	90
Advertising Communications			400			1,032	515	-	
Rent		-	-	-	-		-	-	2,00
Equipment under \$1000/\$500	-	-	-	-	-		-	-	2,114
Other Charges Subtotal CPA Expenditures	52,032	5,615	55,246 60,319	36,606	45,469	67,823 82,172	42,804		52,17 81,09
Non-CPA									
Program Contracted Services		-	-	-	-	-	-	25,000	-
Other Expenditures									
Salaries	128,125	-	-	2,173	6,443	-	-	-	-
Fringe Benefit Costs Consultants	60,414 12,735		-	5,714	6,097		-		-
Equipment Rental	2,555	-	-	-	-	-	-	-	-
Other Contracted Services	-	-	-	-	-	296,372	-	-	-
Postage Office Supplies	172 1,517	-	-	-	-	-	-	-	-
Program Supplies	11,592				801				
Food	3,119	-	-	-	-	-	-	-	-
Equipment Operation	-	-	-	-	-	-	-	-	-
Business Travel	50	-	-	-	-	-	-	-	-
Subscriptions and Dues Meetings & Conferences	2,000	-		65				-	
Training	1,171	-	-	-	-	-	-	-	-
Board's Expenditures	6,784	-	-	-	-	-	-	-	-
Advertising Marketing/Promotions	-	-	-	-	-	-	-	-	-
Communications	1,998	-		100				-	
Equipment under \$1,000/\$500	-	-	-	400	-	-	-	-	-
Other Charges	11,140	-	-	9.452	12 241	207.272	-	165,255	-
Subtotal Non-CPA Expenditures  Total Expenditures	243,372	5 615	- 60 210	8,452	13,341	296,372	42 904	190,255	81,09
Excess of Revenues Over (Under) Expenditures	295,404 (243,371)	5,615	60,319	45,058 (8,452)	58,810 (13,341)	378,544	42,804	190,255 (165,255)	81,09
OTHER FINANCING SOURCES	(243,371)	-	-	(0,432)	(17,571)	•	-	(103,233)	-
Transfers In for:									
Program Contracted Services	243,371	-	-	8,452	13,341	-	-	165,255	-

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, 2024 (with Summarized Totals for Year Ended June 30, 2023)

Federal/State GOCCP/GOC State								
Federal/State GOCCP/GOC  GOCCP/GOC			State GO	3	GOCCP	Federal GOCCP		
		All Programs	CPA	Non-CPA	Non-CPA	Youth		
Counts	Total	Subtotal	Subtotal	Subtotal	Subtotal	Strategies		
- \$	354,084 \$ 354,084	406,117 \$ 406,117	406,117 \$ 406,117	- \$	- \$	-		
-	334,064	400,117	400,117					
-	25,000	25,000	-	-	25,000			
-	296,372	296,372	-	-	-	-		
-	-	-	-	-	-	-		
15,919	15,919	15,919	-	-	-			
15,919	337,291	337,291	-	-	25,000	-		
15,919	691,375	743,408	406,117	-	25,000	-		
-	-	-	-	-	-	-		
	43,612	89,349	89,349		_			
-	6,590	10,384	10,384	-				
-	3,817	3,817	3,817	-	-	-		
-	5,615	5,615	5,615	-	-	-		
-	- 47,774	747 47,774	747 47,774	-	-			
-	105	105	105	-	-			
-	1,204	1,204	1,204	-	-	-		
-	36,854	36,854	36,854	-	-	-		
-	5,024 183	5,024 183	5,024 183	-				
-	10,791	10,791	10,791	-	-	-		
-	1,894	1,894	1,894	-	-	-		
-	5,567	5,567 1,754	5,567	-	-	-		
-	1,873	1,873	1,754 1,873	-	-			
-	1,534	1,534	1,534	-	-	-		
-	340	340	340	-	-	-		
-	1,947	1,947	1,947	-	-	-		
-	2,000 2,114	2,000 2,114	2,000 2,114					
-	175,246	175,246	175,246	-	-	-		
-	354,084	406,116	406,116	-	-	-		
_	25,000	25,000			25,000			
			_	_	23,000			
48,933	57,549	185,674	-	-	-	-		
9,369	21,180	81,594 12,735		-		-		
-	-	2,555	-	-	-	-		
-	296,372	296,372	-	-	-	-		
1,281	1,281	172 2,798	-	-	-	-		
4,064	4,865	16,457		-				
-	-	3,119	-	-	-	-		
-	-	-	-	-	-	-		
372	372	50 372	-	-	-	-		
8,167	8,232	10,232		-				
-	-	1,171	-	-	-	-		
245	245	6,784	-	-	-	-		
245 4,380	245 4,380	245 4,380	-	-		-		
-	100	2,098	-	-	-			
-	400	400		-				
76,811	165,255 585,231	176,395 828,603		-	25,000	-		
76,811	939,315	1,234,719	406,116	_	25,000			
(60,892)	(247,940)	(491,311)	1	-	-	-		
60,892	247,940	491,311						
60,892	247,940	491,311		-				
- \$	-	-	1	-	-	-		
		55,936	605,780	(1,679,233)	3,491	(25,47		
	•							
	\$	55,936 \$	605,781 \$	(1,679,233) \$	3,491 \$	(25,47		

# 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, 2024 (with Summarized Totals for Year Ended June 30, 2023)

### (CONTINUED)

	Other Non-CPA	Od	Total Community Partnerships	Returned Reinvestment	2024	2023 Summarized
REVENUES	State Grants	Other	Operating Funds	Fund	Total	Total
<u>CPA</u>						
Intergovernmental GOC	\$ -	s -	\$ 406,117	s -	\$ 406,117	\$ 432,980
Subtotal CPA	-	-	406,117	-	406,117	432,980
Non-CPA Intergovernmental						
Federal GOCCP Youth Strategies	-	-	-	-	-	-
State GOCCP - non-CPA	- 207.272	-	25,000	-	25,000	-
Other State Grant Funding Investment Income	296,372	-	296,372	206	296,372 206	296,170 604
Earned Reinvestment Donations		-	_	-	-	-
Miscellaneous	-	15,919	15,919	-	15,919	28,897
Subtotal Non-CPA	296,372	15,919	337,291	206	337,497	325,671
Total Revenues	296,372	15,919	743,408	206	743,614	758,651
EXPENDITURES CPA						
Program Contracted Services	-	-	-	-	-	-
Other Expenditures						
Salaries Fringe Benefit Costs	-	-	89,349 10,384	-	89,349 10,384	85,869 9,815
Auditing	-	-	3,817	-	3,817	
Consultants	-	-	5,615	-	5,615	6,633
Equipment Rental Other Contracted Services	-	-	747 47,774	-	747 47 774	747 82 247
Other Contracted Services Postage	-	-	4/,//4	-	47,774 105	82,247
Office Supplies	-	-	1,204	-	1,204	1,072
Program Supplies	-	-	36,854	-	36,854	45,983
Food Printing and Publishing	-	-	5,024 183	-	5,024 183	4,146 280
Data Processing Supplies			10,791	-	10,791	3,240
Repairs and Equipment	-	-	1,894	-	1,894	2,023
Business Travel	-	-	5,567	-	5,567	4,638
Subscriptions and Dues Meetings & Conferences	-	-	1,754 1,873	-	1,754 1,873	2,955
Training			1,534		1,534	35,675
Advertising	-	-	340	-	340	1,349
Communications	-	-	1,947	-	1,947	1,845
Rent Equipment under \$1000/\$500			2,000 2,114	-	2,000 2,114	8,033 2,298
Other Charges	-	-	175,246	-	175,246	135,012
Subtotal CPA Expenditures	-		406,116	-	406,116	433,862
Non-CPA						
Program Contracted Services Other Expenditures	-	-	25,000	-	25,000	416,170
Salaries		185,674	185,674	_	185,674	124,51
Fringe Benefit Costs	-	81,594	81,594	-	81,594	55,209
Consultants	-	12,735	12,735	-	12,735	4,013
Equipment Rental Other Contracted Services		2,555 296,372	2,555 296,372		2,555 296,372	2,819 9,188
Postage	-	172	172	-	172	150
Office Supplies	-	2,798	2,798	-	2,798	2,773
Program Supplies Food	-	16,457 3,119	16,457 3,119	-	16,457 3,119	12,100
Equipment Operation		3,119	3,119		3,119	2,33
Business Travel	-	50	50	-	50	-
Subscriptions and Dues	-	372	372	-	372	5,000
Meetings & Conferences Training	-	10,232 1,171	10,232 1,171	-	10,232 1,171	2,000 2,62
Board's Expenditures	-	6,784	6,784	-	6,784	4,66
Advertising	-	245	245	-	245	-
Marketing/Promotions	-	4,380	4,380	-	4,380	2,973
Communications Equipment under \$1,000/\$500		2,098 400	2,098 400		2,098 400	1,320
Other Charges	-	176,395	176,395	-	176,395	255,085
Subtotal Non-CPA Expenditures	-	803,603	828,603	-	828,603	903,247
Total Expenditures	-	803,603	1,234,719	-	1,234,719	1,337,10
Excess of Revenues Over (Under) Expenditures	296,372	(787,684)	(491,311)	206	(491,105)	(578,458
OTHER FINANCING SOURCES						
Transfers In for:		401 211	401 211		401 211	570.00
Program Contracted Services	-	491,311	491,311	-	491,311	579,06
Other Financing Sources	-	491,311	491,311	-	491,311	579,06
Net Increase in Fund Balances	296,372	(296,373)	-	206	206	604
Fund Balances, July 1		1,151,371	55,936	10,282	66,218	65,61



### 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, 2024

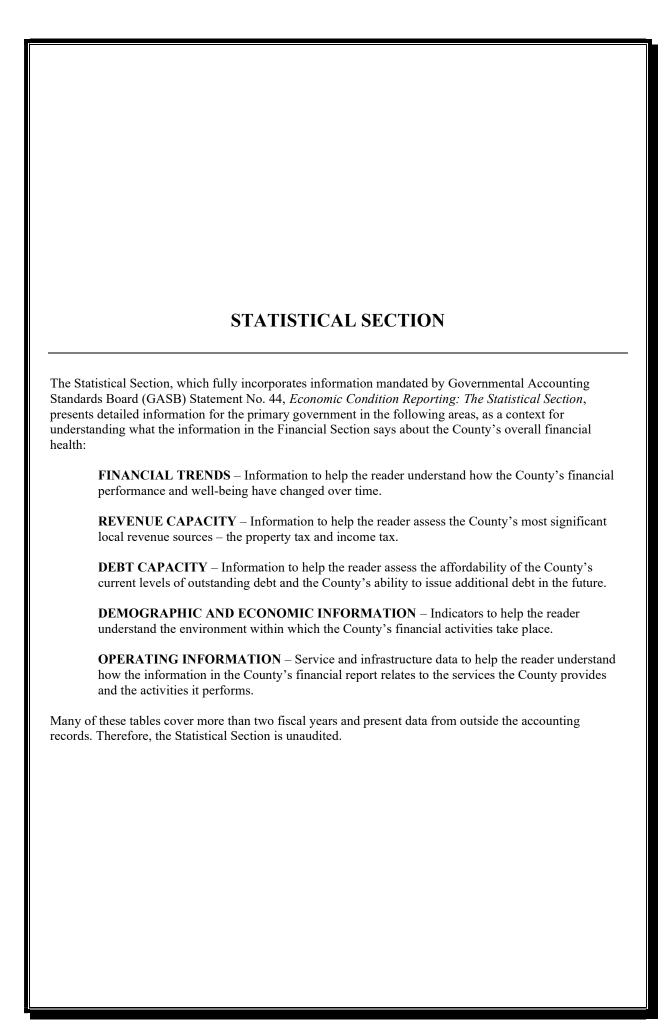
	 COM	MUNIT	Y PARTNER	RSHIPS I	FOR CHIL	DREN	1			RET	URNED F	EINVES	STMENT	FUND		
	 01		E: 1			Fir	riance with nal Budget		01		F: 1				Final I	nce with Budget
	 Original Budget		Final Budget	Ac	ctual		Positive Negative)		Original Budget		Final Budget		Actual			sitive gative)
REVENUES																
Intergovernmental																
GOC - CPA and Non-CPA	\$ 412,055	\$	452,055	\$	431,117	\$	(20,938)	\$	-	\$		- \$		-	\$	-
Other	296,372		296,372		296,372		` -		-			-		-		-
Investment Income	-		·-		-		-		-			-		206		200
Donations	-		-		-		-		-			-		-		-
Miscellaneous	12,500		12,500		15,919		3,419		-			-		-		
Total Revenues	720,927		760,927		743,408		(17,519)		-			-		206		206
EXPENDITURES																
Program Contracted Services	_		_		25,000		(25,000)		_			_		_		_
Other Expenditures					25,000		(25,000)									
Salaries	237,931		270,210		275,023		(4,813)		_			_		_		_
Fringe Benefit Costs	93,799		105,961		91,978		13,983		-			_		_		-
Auditing	817		3,817		3,817		15,705		_			_		_		_
Consultants	18,993		18,993		18,350		643		-			_		-		-
Equipment Rental	3,252		3,252		3,302		(50)		_			_		_		_
Other Contracted Services	503,402		393,402		344,146		49,256					_		_		
Postage	510		510		277		233					_		_		
Office Supplies	5,465		5,715		4.002		1,713					_		-		
Program Supplies	50,378		50,568		53,311		(2,743)		_			_		-		_
Food	5,444		6,750		8,143		(1,393)		-			-		-		-
Printing and Publishing	600		750		183		(1,393)		-			-		-		-
	2,856		2,856		10,791		(7,935)		-			-		-		-
Data Processing Supplies									-			-		-		-
Repairs and Equipment	1,600		1,600		1,894		(294)		-			-		-		-
Equipment Operation	2.614		4 210		5 (17		(1.200)		-			-		-		-
Business Travel	3,614		4,318		5,617		(1,299)		-			-		-		-
Subscriptions and Dues	3,000		3,000		2,126		874		-			-		-		-
Meetings & Conferences	3,200		3,200		12,105		(8,905)		-			-		-		-
Training	2,900		3,650		2,705		945		-			-		-		-
Board's Expenditures	7,038		7,038		6,784		254		-			-		-		-
Advertising	420		670		585		85		-			-		-		-
Marketing/Promotions	3,300		3,300		4,380		(1,080)		-			-		-		-
Communications	3,834		3,834		4,045		(211)		-			-		-		-
Rent	10,800		10,800		2,000		8,800		-			-		-		-
Equipment	3,654		5,590		2,514		3,076		-			-		-		-
Other Charges	404,324		425,788		351,641		74,147	_	-			-		-		
Total Expenditures	1,371,131		1,335,572	1	,234,719		100,853		-			-		-		
Excess of Revenues Over (Under)																
Expenditures	(650,204)	)	(574,645)		(491,311)		83,334		-			-		206		200
OTHER FINANCING SOURCES																
Transfers In for:																
Program Contracted Services	650,204		574,645		491,311		(83,334)		-			-		-		
Other Financing Sources	650,204		574,645		491,311		(83,334)	_	-			-		-		-
Net Increase in Fund Balances	\$ -	\$	-		-	\$		\$	-	\$		_		206 =	\$	20
Fund Balances, July 1			_		55,936	-						_	10	),282		
Fund Balances, June 30				\$	55,936							ę	10	),488		
i and Damilees, June 30			=	Ψ	33,730	•						-	1(	,, 100		

## 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, 2024 (CONTINUED)

0::1			ΓAL			Variance with Final Budget
Original Budget		Final Budget		Actual		Positive (Negative)
Budget		Budget		Actual		(Negative)
§ 412,	055	\$ 452,055	\$	431,117	\$	(20,938)
296,		296,372	Ψ	296,372	Ψ	(20,550)
	-	-		206		206
12,	500	12,500		- 15,919		3,419
720.	927	760,927		743,614		(17,313)
	-	-		25,000		(25,000)
237.	931	270,210		275,023		(4,813)
93,	799	105,961		91,978		13,983
	817	3,817		3,817		-
	993	18,993		18,350		643
	252	3,252		3,302		(50)
503,		393,402		344,146		49,256
	510	510		277		233 1,713
	,465 ,378	5,715 50,568		4,002 53,311		(2,743)
	444	6,750		8,143		(1,393)
	600	750		183		567
	856	2,856		10,791		(7,935)
	600	1,600		1,894		(294)
3	614	4,318		5,617		(1,299)
	000	3,000		2,126		874
	200	3,200		12,105		(8,905)
	900	3,650		2,705		945
7,	038	7,038		6,784		254
	420	670		585		85
	,300	3,300		4,380		(1,080)
	834	3,834		4,045		(211)
	800	10,800		2,000		8,800
3, 404,	654	5,590 425,788		2,514 351,641		3,076 74,147
404,	,324	423,788		331,041		/4,14/
1,371,	131	1,335,572		1,234,719		100,853
(650,	204)	(574,645)		(491,105)		83,540
650,	204	574,645		491,311		(83,334)
650,	204	574,645		491,311		(83,334)
\$	-	s -		206	\$	206

\$ 66,424

**STATISTICAL SECTION** 



		2015	 2016		2017		2018	2019
Governmental Activities:								
Net Investment in Capital Assets	\$	125,434,538	\$ 123,466,319	\$	120,249,244	\$	114,794,226	\$ 115,143,089
Restricted		20,464,486	21,063,295		13,094,534		13,275,244	18,962,289
Unrestricted (deficit) (1)		(73,475,567)	(78,567,505)		(67,189,342)		(58,025,753)	(61,637,321)
Total Governmental Activities Net Position	(1)	72,423,457	65,962,109	(2)	66,154,436	(3)	70,043,717	72,468,057
Business-type Activities:								
Net Investment in Capital Assets		80,787,152	80,909,015		86,163,078		84,386,291	85,916,730
Restricted		3,061,534	1,699,914		1,700,836		1,060,134	2,234,440
Unrestricted		8,486,063	10,240,161		4,116,300		7,458,996	10,087,649
Total Business-type Activities Net Position	(1)	92,334,749	92,849,090	(2)	91,980,214	(3)	92,905,421	98,238,819
Primary Government:								
Net Investment in Capital Assets		206,221,690	204,375,334		206,412,322		199,180,517	201,059,819
Restricted		23,526,020	22,763,209		14,795,370		14,335,378	21,196,729
Unrestricted (deficit) (1)		(64,989,504)	(68,327,344)		(63,073,042)		(50,566,757)	(51,549,672
Total Primary Government Net Position	(1) \$	164,758,206	\$ 158,811,199	(2) \$	158,134,650	(3) \$	162,949,138	\$ 170,706,876

#### 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 Debt issued for capital on behalf of others (64,989,504) (68,327,344) (63,073,042) (50,566,757) (51,549,672) \$ \$ 58,625,356 66,219,608 63,271,304 59,207,136 58,007,072

1,230,104

(5,056,040)

(3,865,906)

8,058,599

6,457,400

- $(1) FY 2014 \ Net \ Position \ of \ Governmental \ and \ Business-Type \ Activities \ was \ restated \ in \ fiscal \ year \ 2015.$
- (2) FY2017 Net Position of Governmental and Business-Type Activities was restated in fiscal year 2018.
- (3) FY2018 Net Position of Governmental and Business-Type Activities was restated in fiscal year 2019.
  (4) FY2022 Net Position of Business-Type Activities was restated in fiscal year 2023.

County (deficit) net position absent the effect of this relationship

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

	2020	 2021		2022	_	2023	_	2024
\$	114,252,313 19,844,181	\$ 116,220,059 20,883,128		\$ 118,666,142 24,012,709	\$	122,128,900 26,495,555	\$	126,092,854 27,933,020
_	(48,809,467) 85,287,027	(20,071,163)		11,879,310 154,558,161	_	36,459,068 185,083,523	_	48,797,358 202,823,232
	86,939,502	88,635,207		93,562,741		99,118,189		111,940,928
	2,037,318 16,587,060	 6,322,353 19,018,596	_	5,310,698 28,956,179		5,350,538 30,307,701		4,147,493 30,325,458
	105,563,880	 113,976,156	(4)	127,829,618		134,776,428		146,413,879
	201,191,815	204,855,266		212,228,883		221,247,089		238,033,782
	21,881,499 (32,222,407)	 27,205,481 (1,052,567)	_	29,323,407 40,835,489		31,846,093 66,766,769		32,080,513 79,122,816
\$	190,850,907	\$ 231,008,180	(4)	\$ 282,387,779	\$	319,859,951	_\$	349,237,111

\$	(32,222,407)	\$ (1,052,567)	\$	40,835,489	\$	66,766,769	\$	79,122,816
	55,846,036	56,855,185		53,155,458		48,229,215		43,910,684
-\$	23,623,629	 55.802.618	-\$	93,990,947	<u></u>	114,995,984	<u></u>	123.033.500

cpenses Governmental Activities: General Government					
Governmental Activities:					
General Government	\$ 10,849,277	\$ 13,936,312	\$ 13,177,254	\$ 17,511,975	\$ 16,493,06
Deale 11 - C - C-4-	25,297,450		27,997,262	28,373,219	35,668,38
Public Safety		27,525,712			
Public Works	14,363,603	19,522,534	20,753,117	18,101,635	19,118,09
Parks & Recreation (3)	- 6 621 500		7.424.271	- 7.140.240	7.660.43
Health & Social Services	6,631,598	7,333,528	7,424,371	7,149,348	7,669,43
Education & Library	67,091,679	62,374,873	60,922,185	64,082,500	64,438,61
Conservation of Natural Resources	587,147	1,799,234	616,237	2,567,600	2,696,97
Economic/Community Development	1,763,024	3,391,547	1,860,222	2,477,129	1,808,00
Interest and Fiscal Charges	4,039,622	4,345,527	4,150,101	4,294,929	4,712,86
Total Governmental Activities Expenses	130,623,400	140,229,267	136,900,749	144,558,335	152,605,42
Business-type Activities:					
Water and Sewer	10,412,432	10,615,466	11,818,087	12,880,483	11,232,95
Golf Course	496,065	505,085	540,504	509,150	584,7
Public Landings and Marinas	537,823	529,943	572,360	559,597	1,342,30
Airport	1,014,491	966,896	1,053,899	1,100,136	1,434,03
Total Business-type Activities Expenses	12,460,811	12,617,390	13,984,850	15,049,366	14,594,01
Total Primary Government Expenses	143,084,211	152,846,657	150,885,599	159,607,701	167,199,43
ogram Revenues		7, 1,11			
overnmental Activities:					
General Government					
	1 505 957	1.5(5.170	1.552.164	1.660.211	1.7(0.5)
Charges for Services	1,505,857	1,565,170	1,552,164	1,669,311	1,769,52
Operating Grants and Contributions	644,297	582,571	563,016	660,790	716,68
Capital Grants and Contributions	96,684	(30,000)		1,080,084	480,50
Total Revenue	2,246,838	2,117,741	2,115,180	3,410,185	2,966,70
Public Safety					
Charges for Services	1,244,752	1,354,350	1,350,626	1,505,267	1,415,18
Operating Grants and Contributions	1,052,666	1,088,597	1,037,879	1,294,733	1,161,50
Capital Grants and Contributions	119,118	175,653	5,406	166,001	176,97
Total Revenue	2,416,536	2,618,600	2,393,911	2,966,001	2,753,66
Public Works					
Charges for Services	1,275,538	1,337,358	1,472,664	1,779,206	1,784,04
Operating Grants and Contributions	527,538	1,029,019	980,075	822,659	1,155,25
Capital Grants and Contributions	80,000	108,880	161,084	282,028	1,353,94
Total Revenue	1,883,076	2,475,257	2,613,823	2,883,893	4,293,23
Parks & Recreation (3)	77	,,	, ,	,,	
Charges for Services	_	_	_	_	_
Operating Grants and Contributions					
Capital Grants and Contributions	-	•	-	•	-
			<del></del>	<del></del>	
Total Revenue	<del></del>		<del></del>		
Health & Social Services					
Charges for Services	68,187	76,404	73,066	71,131	91,18
Operating Grants and Contributions	2,056,111	1,834,000	1,893,648	2,018,289	2,120,00
Capital Grants and Contributions	40,527	140,400	58,500	58,500	175,96
Total Revenue	2,164,825	2,050,804	2,025,214	2,147,920	2,387,20
Education & Library					
Charges for Services	1,249,332	1,230,994	1,319,433	1,272,301	1,318,60
Operating Grants and Contributions	-	-	-	-	-
Capital Grants and Contributions	-	-	-	-	43,05
Total Revenue	1,249,332	1,230,994	1,319,433	1,272,301	1,361,66
Conservation of Natural Resources					
Charges for Services	72,688	70,708	60,826	110,655	126,94
Operating Grants and Contributions	96,195	68,152	186,333	131,321	94,8
, <u>-</u>			100,333		2,118,2
Capital Grants and Contributions	3,637	573,003		1,439,284	
Total Revenue	172,520	711,863	247,159	1,681,260	2,339,9
Economic/Community Development					
Charges for Services	80,558	311,000	620,000	316,500	-
Operating Grants and Contributions	285,344	156,804	231,360	810,319	205,30
Capital Grants and Contributions	<del>-</del>		<u> </u>	<u> </u>	
Total Revenue	365,902	467,804	851,360	1,126,819	205,30
Interest and Fiscal Charges					·
	-	-	-	-	-
Charges for Services					
	-	-	-	-	-
Operating Grants and Contributions	-	-	-	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	

2020	2021	2022	2023	2024
\$ 17,299,695	\$ 21,447,303	\$ 20,975,854	\$ 21,070,854	\$ 22,378,707
31,445,313	33,376,832	32,937,936	42,482,230	49,458,541
15,045,105	13,898,271	15,486,633	19,422,823	20,222,362
7,780,241	6,051,585	6,445,776	6,338,014	7,458,494
7,116,694	6,969,134	6,631,472	7,219,183	7,944,933
68,764,861 1,423,080	68,632,733 3,621,749	68,957,650 2,402,429	69,770,287 3,386,538	83,355,583 3,702,670
2,281,480	5,262,207	3,012,720	2,798,777	2,826,682
4,391,332	4,330,706	4,415,584	4,525,460	4,254,673
155,547,801	163,590,520	161,266,054	177,014,166	201,602,645
11,602,537	12,157,175	12,384,820	13,822,527	14,932,981
541,335	523,435	609,737	697,824	730,908
683,738	1,104,170	548,928	684,685	666,295
968,205	940,188	1,017,606	1,058,318	966,183
13,795,815	14,724,968	14,561,091	16,263,354	17,296,367
169,343,616	178,315,488	175,827,145	193,277,520	218,899,012
1,509,985	2,027,823	2,400,962	2,037,088	1,717,926
428,812	2,686,609	2,920,183	249,863	1,742,174
520,277	1,056,963	1,219,155	1,549,325	2,529,869
2,459,074	5,771,395	6,540,300	3,836,276	5,989,969
1,379,621	1,772,824	2,782,299	1,908,036	2,617,398
1,697,018	3,603,339	2,300,947	3,601,321	2,628,668
112,845	1,379,718	908,036	164,422	179,350
3,189,484	6,755,881	5,991,282	5,673,779	5,425,416
817,088	1,083,030	1,134,409	961,563	883,739
1,233,626	1,494,842	8,500	9,070	6,270
45,640			1,119,611	2,836,186
2,096,354	2,577,872	1,142,909	2,090,244	3,726,195
822,605	1,058,579	1,149,578	1,101,729	1,151,020
37,060	216,861	32,494	25,681	14,453
2,237,549	343,301	1,964,345	640,892	924,299
3,097,214	1,618,741	3,146,417	1,768,302	2,089,772
72,840	37,025	91,756	77,736	62,176
2,273,959	2,381,707	2,595,327	3,060,269	2,591,053
362,900	157,905	207,862	195,509	588,792
2,709,699	2,576,637	2,894,945	3,333,514	3,242,021
1,593,200	3,383,580	2,438,720	2,237,364	2,291,783
105,575	973,747	1,850,863	979,756	
1,698,775	4,357,327	4,289,583	3,217,120	2,291,783
136,458	163,971	46,491	76,138	19,262
117,820	111,443	-	-	-
831,901	1,612,662	1,095,760	2,007,786	2,474,706
1,086,179	1,888,076	1,142,251	2,083,924	2,493,968
205,000	864,667	397,823	620,000	-
757,258	3,978,848	1,523,758	1,286,414	1,066,447
	<u> </u>		<u> </u>	
962,258	4,843,515	1,921,581	1,906,414	1,066,447
-	-	48,506	46,124	48,412
-	-	-	-	-
		48,506	46,124	48,412
17,299,037	30,389,444	27,117,774	23,955,697	26,373,983

Table 2-a

#### (CONTINUED)

		2015		2016		2017		2018		2019
Business-type Activities:										
Water and Sewer										
Charges for Services	\$	8,840,213	\$	8,956,360	\$	8,222,317	\$	9,214,383	\$	10,524,474
Operating Grants and Contributions	Ψ	90,000	Ψ	85,099	Ψ	90,000	Ψ	90,000	Ψ	520,000
Capital Grants and Contributions		1,862,257		1,958,051		2,222,796		4,198,378		3,626,906
Total Revenue		10,792,470	-	10,999,510		10,535,113		13,502,761		14,671,380
Golf Course		10,772,170		10,,,,,,,,,		10,000,110		13,502,701		11,071,300
Charges for Services		295,955		305,528		318,599		340,123		373,014
Operating Grants and Contributions				-		-		-		-
Capital Grants and Contributions		-		_		_		_		_
Total Revenue		295,955	-	305,528		318,599		340,123		373,014
Public Landings and Marinas				,		,				-,-,
Charges for Services		423,723		423,427		443,176		451,524		454,071
Operating Grants and Contributions		43,304		36,781		33,542		104,829		888,592
Capital Grants and Contributions		-								-
Total Revenue		467,027		460,208		476,718		556,353		1,342,663
Airport		,		,		.,,,,,,				-,0,0 00
Charges for Services		53,200		45,916		33,256		25,857		24,710
Operating Grants and Contributions		73,311		52,837		245,738		60,858		725,109
Capital Grants and Contributions		-		,				-		-
Total Revenue		126,511		98,753		278,994		86,715		749,819
Total Business-type Activities Program Revenues		11,681,963		11,863,999		11,609,424		14,485,952		17,136,876
Total Primary Government Program Revenues		22,180,992		23,537,062		23,175,504		29,974,331		33,444,610
let (Expense) Revenue (1)										,,
Governmental activities		(120,124,371)		(128,556,204)		(125,334,669)		(129,069,956)		(136,297,687)
Business-type activities		(778,848)		(753,391)		(2,375,426)		(563,414)		2,542,864
Total Primary Government Net Expense	\$	(120,903,219)	\$	(129,309,595)	\$	(127,710,095)	\$	(129,633,370)	\$	(133,754,823)
ieneral Revenues and Other Changes in Net Position										
Governmental Activities:										
Taxes (2)	\$	116,821,607	\$	121,011,135	\$	123,299,031	\$	131,444,679	\$	137,285,550
Investment income		94,092		174,691		444,063		978,955		1,772,464
Gain/(Loss) on Sale of Capital Assets		1,098,632		161,106		53,936		87,734		25,823
Miscellaneous		1,076,893		949,046		2,065,465		630,895		979,201
Transfers In (Out)		(360,177)		(201,122)		(335,499)		(183,026)		(1,341,011)
Total Governmental Activities		118,731,047		122,094,856		125,526,996		132,959,237		138,722,027
Business-type Activities:										
Investment income		323,585		320,443		361,840		439,716		550,691
Gain (Loss) on Sale of Capital Assets		-		-		-		-		33,100
Miscellaneous		815,430		746,167		809,211		865,879		865,732
Transfers In (Out)		360,177		201,122		335,499		183,026		1,341,011
Total Business-type Activities		1,499,192		1,267,732		1,506,550		1,488,621		2,790,534
Total Primary Government		120,230,239		123,362,588		127,033,546		134,447,858		141,512,561
Change in Net Position										
Governmental activities		(1,393,324)		(6,461,348)		192,327		3,889,281		2,424,340
Business-type activities		720,344		514,341		(868,876)		925,207		5,333,398
Total Primary Government	\$	(672,980)		(5,947,007)	S	(676,549)	\$	4,814,488	\$	7,757,738

 $<sup>\</sup>ast$  Government-wide net position information is reported on the accrual basis of accounting.

<sup>\*</sup> Source: Statement of Activities.

<sup>(1)</sup> 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.

<sup>(2)</sup> See Table 2-b for detail of General Tax Revenues.

<sup>(3)</sup> For years FY15 through FY19, Parks & Recreation governmental activities are included in public works (parks) and social services (recreation).

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

2020		2021		2022	_	2023	 2024
\$ 13,873,082	\$	12,174,150	\$	18,143,049	\$	12,330,275	\$ 14,162,090
2,541,550		4,600,000		865,761		1,467,662	2,565,847
1,974,341		2,668,488		3,034,541		4,027,234	 2,607,219
18,388,973		19,442,638		22,043,351		17,825,171	 19,335,156
399,603		593,022		594,180		617,340	720,153
-		-		-		-	-
399,603		593,022		594,180		617,340	720,153
500 F.CO				455.000		465.500	
538,760		540,240		475,309		465,730	465,457
10,447		178,208		640,752		745,966	14,999
		710.440		1 116 061		1 211 (0)	 480,456
549,207		718,448		1,116,061		1,211,696	 480,430
24,130		24,920		23,774		22,655	6,049
95,052		20,180		516,774		741,939	-
-		-		-		-	5,028,713
119,182		45,100	-	540,548		764,594	 5,034,762
19,456,965		20,799,208		24,294,140		20,418,801	 25,570,527
36,756,002		51,188,652		51,411,914		44,374,498	51,944,510
(138,246,764)		(133,201,076)		(134,148,280)		(153,058,469)	(175,228,662)
5,661,150		6,074,240		9,733,049		4,155,447	8,274,160
\$ (132,585,614)	\$	(127,126,836)	\$	(124,415,231)	\$	(148,903,022)	\$ (166,954,502)
_				_			
\$ 148,876,477	s	163,687,534	\$	171,755,675	\$	176,022,971	\$ 182,200,656
1,393,017		239,908		462,588		6,448,944	9,192,673
44,343		95,687		(1,157,005)		-	-
900,976		1,073,180		1,801,868		1,628,246	2,059,293
(149,079)		(150,236)		(1,188,709)		(516,330)	 (484,251)
151,065,734		164,946,073		171,674,417		183,583,831	 192,968,371
589,126		424,983		414,822		1,047,564	1,732,675
17,876		573,500		5,265		2,561	(21,552)
907,830		1,189,317		2,511,617		1,224,908	1,167,917
149,079		150,236		1,188,709		516,330	 484,251
1,663,911		2,338,036		4,120,413		2,791,363	3,363,291
152,729,645		167,284,109		175,794,830		186,375,194	196,331,662
12,818,970		31,744,997		37,526,137		30,525,362	17,739,709
7,325,061		8,412,276		13,853,462		6,946,810	 11,637,451
\$ 20,144,031	\$	40,157,273	\$	51,379,599	\$	37,472,172	\$ 29,377,160

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

Table 2-b

	 2015	 2016	2017	2018	2019
Local Property Taxes	\$ 64,672,721	\$ 65,185,546	\$ 66,487,004	\$ 67,736,404	\$ 70,670,569
Local Income Tax	44,643,870	47,928,725	48,624,679	55,211,695	57,728,293
Other Local Taxes	 7,505,016	 7,896,864	 8,187,348	 8,496,580	 8,886,688
Total Taxes - Governmental Activities	\$ 116,821,607	\$ 121,011,135	\$ 123,299,031	\$ 131,444,679	\$ 137,285,550

	_	2020	_	2021	 2022	 2023	 2024
Local Property Taxes	\$	71,874,566	\$	74,474,109	\$ 76,017,204	\$ 78,022,772	\$ 82,047,674
Local Income Tax		67,698,447		73,458,519	78,881,170	83,439,604	86,567,013
Other Local Taxes		9,303,464		15,754,906	 15,164,554	 13,208,003	 12,025,782
Total Taxes - Governmental Activities	\$	148,876,477	\$	163,687,534	\$ 170,062,928	\$ 174,670,379	\$ 180,640,469

<sup>\*</sup> Government-wide general tax revenue information is reported on the accrual basis of accounting.

<sup>\*</sup> Source: Statement of Activities.

#### QUEEN ANNE'S COUNTY, MARYLAND FINANCIAL TRENDS FUND BALANCES - GOVERNMENTAL FUNDS LAST TEN FISCAL YEARS

Table 3

	 2015	_	2016	 2017		2018		2019
General Fund:								
Nonspendable	\$ 687,777	\$	586,481	\$ 754,921	\$	1,001,610	\$	1,616,447
Restricted	8,681,112		9,002,389	10,626,394		10,999,800		14,361,899
Committed	2,000,000		3,000,000	4,000,000		5,027,897		6,000,000
Assigned	2,034,875		1,926,782	1,998,415		1,483,827		1,224,503
Unassigned	7,793,085		8,468,591	8,830,530		11,142,331		11,856,474
Total General Fund	21,196,849		22,984,243	26,210,260		29,655,465		35,059,323
All Other Governmental Funds:								
Nonspendable	5,919,048		6,146,072	7,552,462		7,583,553		-
Restricted	17,794,372		21,316,088	8,900,465		6,815,341		12,598,139
Committed	4,209,177		3,425,701	13,447,283		15,202,215		18,514,079
Assigned	23,093,224		18,029,073	16,045,167		19,618,643		23,573,581
Unassigned	(108,185)		(115,129)	(53,665)		(48,758)		(28,164)
Total All Other Governmental Funds	50,907,636		48,801,805	45,891,712		49,170,994		54,657,635
					\$	70.026.450	\$	89,716,958
Total All Governmental Funds	\$ 72,104,485	\$	71,786,048	\$ 72,101,972		78,826,459	<u> </u>	69,710,936
Total All Governmental Funds	\$ 72,104,485	\$	71,786,048 2021	\$ 72,101,972	<b>3</b>	2023	3	2024
Total All Governmental Funds  General Fund:	\$	\$		\$ 	<u>\$</u>	, ,	•	, ,
	\$	\$		\$ 	\$	, ,	\$	, ,
General Fund:	 2020		2021	 2022		2023		2024
General Fund: Nonspendable	 2,400,664		<b>2021</b> 5,751,694	 <b>2022</b> 92,744		<b>2023</b> 242,876		<b>2024</b> 148,234
General Fund: Nonspendable Restricted	 2,400,664 14,711,547		<b>2021</b> 5,751,694 16,182,014	 92,744 17,838,136		2023 242,876 19,996,347		2024 148,234 21,377,816
General Fund: Nonspendable Restricted Committed	 2,400,664 14,711,547 6,998,256		5,751,694 16,182,014 7,621,618	 92,744 17,838,136 8,399,587		2023 242,876 19,996,347		2024 148,234 21,377,816
General Fund: Nonspendable Restricted Committed Assigned	 2,400,664 14,711,547 6,998,256 1,099,170		5,751,694 16,182,014 7,621,618 1,525,829	 92,744 17,838,136 8,399,587 1,500,000		2023 242,876 19,996,347 9,069,982		148,234 21,377,816 9,450,311
General Fund: Nonspendable Restricted Committed Assigned Unassigned	 2,400,664 14,711,547 6,998,256 1,099,170 15,874,992		5,751,694 16,182,014 7,621,618 1,525,829 19,340,107	 92,744 17,838,136 8,399,587 1,500,000 32,142,920		2023 242,876 19,996,347 9,069,982 - 39,494,554		2024 148,234 21,377,816 9,450,311 - 46,537,817
General Fund: Nonspendable Restricted Committed Assigned Unassigned Total General Fund	 2,400,664 14,711,547 6,998,256 1,099,170 15,874,992		5,751,694 16,182,014 7,621,618 1,525,829 19,340,107	 92,744 17,838,136 8,399,587 1,500,000 32,142,920		2023 242,876 19,996,347 9,069,982 - 39,494,554		2024 148,234 21,377,816 9,450,311 - 46,537,817
General Fund: Nonspendable Restricted Committed Assigned Unassigned Total General Fund All Other Governmental Funds:	 2,400,664 14,711,547 6,998,256 1,099,170 15,874,992		5,751,694 16,182,014 7,621,618 1,525,829 19,340,107	 92,744 17,838,136 8,399,587 1,500,000 32,142,920 59,973,387		242,876 19,996,347 9,069,982 - 39,494,554 68,803,759		2024 148,234 21,377,816 9,450,311 - 46,537,817 77,514,178
General Fund: Nonspendable Restricted Committed Assigned Unassigned Total General Fund  All Other Governmental Funds: Nonspendable	 2,400,664 14,711,547 6,998,256 1,099,170 15,874,992 41,084,629		5,751,694 16,182,014 7,621,618 1,525,829 19,340,107 50,421,262	 92,744 17,838,136 8,399,587 1,500,000 32,142,920 59,973,387		2023 242,876 19,996,347 9,069,982 - 39,494,554 68,803,759		2024 148,234 21,377,816 9,450,311 - 46,537,817 77,514,178
General Fund: Nonspendable Restricted Committed Assigned Unassigned Total General Fund  All Other Governmental Funds: Nonspendable Restricted	 2,400,664 14,711,547 6,998,256 1,099,170 15,874,992 41,084,629		5,751,694 16,182,014 7,621,618 1,525,829 19,340,107 50,421,262	 92,744 17,838,136 8,399,587 1,500,000 32,142,920 59,973,387 1,327,375 22,270,920		2023 242,876 19,996,347 9,069,982 - 39,494,554 68,803,759 1,274,659 17,607,427		2024 148,234 21,377,816 9,450,311 - 46,537,817 77,514,178 1,218,486 12,551,494
General Fund: Nonspendable Restricted Committed Assigned Unassigned Total General Fund  All Other Governmental Funds: Nonspendable Restricted Committed	 2,400,664 14,711,547 6,998,256 1,099,170 15,874,992 41,084,629		5,751,694 16,182,014 7,621,618 1,525,829 19,340,107 50,421,262	 92,744 17,838,136 8,399,587 1,500,000 32,142,920 59,973,387 1,327,375 22,270,920 27,010,544		242,876 19,996,347 9,069,982 - 39,494,554 68,803,759 1,274,659 17,607,427 28,987,607		2024 148,234 21,377,816 9,450,311 - 46,537,817 77,514,178 1,218,486 12,551,494 31,668,367
General Fund: Nonspendable Restricted Committed Assigned Unassigned Total General Fund  All Other Governmental Funds: Nonspendable Restricted Committed Assigned	 2,400,664 14,711,547 6,998,256 1,099,170 15,874,992 41,084,629		5,751,694 16,182,014 7,621,618 1,525,829 19,340,107 50,421,262	 92,744 17,838,136 8,399,587 1,500,000 32,142,920 59,973,387 1,327,375 22,270,920 27,010,544		242,876 19,996,347 9,069,982 - 39,494,554 68,803,759 1,274,659 17,607,427 28,987,607		2024 148,234 21,377,816 9,450,311 - 46,537,817 77,514,178 1,218,486 12,551,494 31,668,367

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

 $<sup>\ ^*</sup>$  Source: Balance Sheet, Governmental Funds.

Ta	LI	١.	4

	2015	2016	2017	2018	2019
Revenues					
Taxes					
Local Property Taxes	\$ 64,672,292	2 \$ 64,946,443	\$ 66,501,901	\$ 67,944,730	\$ 70,615,293
Local Income Taxes	42,889,715			51,834,189	55,282,162
Other Local Taxes	7,505,016			8,496,580	8,886,688
State Shared Taxes	557,834			836,677	1,171,668
Licenses and Permits	1,062,917		1,123,072	1,167,444	1,224,381
Intergovernmental	4,030,576		3,987,308	7,539,052	8,284,699
Bond Interest Reimbursement - Build America Bond	375,323			334,858	319,362
Charges for Current Services	4,251,835			5,298,701	5,088,123
Fines and Forfeitures	182,160			258,226	192,975
Investment Income	94,092		444,063	978,955	
Donations	41,391			57,635	1,772,464 31,084
			60,217		
Miscellaneous	1,076,893			630,895	979,201
Total Revenues	126,740,044	132,067,969	137,331,945	145,377,942	153,848,100
Expenditures					
Current					
General Government (1)	8,833,255	9,817,062	10,382,078	10,640,065	10,542,151
Public Safety	23,133,608	3 23,523,103	23,866,030	25,049,431	24,411,320
Public Works	12,041,969	15,080,454	15,506,684	15,235,104	16,163,026
Parks and Recreation	-	-	-	-	-
Health & Social Services	5,425,002	5,827,938	5,981,620	6,100,594	6,209,377
Education & Library	67,116,408	62,405,143	60,950,845	64,117,236	64,473,922
Conservation of Natural Resources	565,289	1,744,260	565,938	2,577,735	2,717,738
Economic/Community Development	1,616,784	3,188,928	1,710,899	2,433,171	1,638,265
Miscellaneous	3,535,585	4,766,722	4,185,652	5,348,568	5,729,955
Capital Outlay	8,733,509	11,050,384	14,591,632	12,311,551	9,323,882
Debt Service					
Principal	7,444,611	7,667,316	8,074,013	7,149,537	7,855,820
Debt Issuance Costs	403,572	218,799	196,150	229,894	211,447
Interest and Fiscal Charges	3,846,823	3,696,719	4,104,254	4,280,553	4,586,387
Total Expenditures	142,696,415	148,986,828	150,115,795	155,473,439	153,863,290
Excess (Deficiency) of Revenues over (under) Expenditures	(15,956,371	(16,918,859	(12,783,850)	(10,095,497)	(15,190)
Other Financing Sources (Uses)					
Issuance of Debt	25,384,493	15,484,639	12,775,926	16,000,000	11,000,000
Other Financing Use - Proceeds of Refunding Bonds	-	8,042,773		- · · · · · · · · · · · · · · · · · · ·	· · · · · · · · · · · · · · · · · · ·
Bond Premiums	1,901,240		618,681	908,973	1,011,998
Payments to Bond Refunding Agent	(14,881,834		-	-	-,,
Other Financing Use - Debt Service - Principal	-	(8,446,336	) -	_	_
Proceeds of Capital Asset Disposals	1,331,608	* * * * *	55,189	54,097	231,588
Insurance Proceeds	57,916		12,241	39,940	3,114
Leases	- · · ·	-	, -	<u>-</u>	- · · · · · · · · · · · · · · · · · · ·
Subscription-Based IT Arrangements	_	_	_	_	_
Transfers In	5,079,641	9,941,051	6,331,482	8,220,201	12,588,897
Transfers Out	(6,449,845			(8,403,227)	(13,929,908)
Total Other Financing Sources (Uses)	12,423,219	_		16,819,984	10,905,689
	12,723,21)		13,077,174	10,017,704	10,703,007
Net Increase (Decrease) in Fund Balances	\$ (3,533,152	\$ (318,437	\$ 315,924	\$ 6,724,487	\$ 10,890,499
Debt service as a percentage of non-capital expenditures (2, 3)	8.43%	% 8.16%	8.99%	8.00%	8.61%

<sup>\*</sup> Governmental fund information is reported on the modified accrual basis of accounting.

<sup>\*</sup> 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.

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

<sup>(2)</sup> 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.

<sup>(3)</sup> 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.

2020	2021	2022	2023	2024	
\$ 71,682,389	\$ 74,769,217	\$ 75,943,263	\$ 78,062,336	\$ 82,109,458	
61,547,651	67,985,531	71,002,615	79,467,361	86,007,950	
9,303,464	15,754,906	15,164,554	13,208,003	12,025,782	
1,192,293	1,286,374	1,692,747	1,352,592	1,560,187	
1,083,317	1,461,286	1,656,112	1,417,096	1,207,809	
9,506,419	18,705,791	16,927,224	14,889,923	17,381,754	
-	-	-	-	-	
5,320,465	8,789,033	8,258,386	7,454,195	7,451,475	
133,015	141,180	255,955	174,002	132,427	
1,393,017	239,908	462,588	6,448,944	9,192,673	
143,375	5,780	65,052	20,481	200,518	
900,976	1,073,180	1,801,868	1,628,246	2,059,293	
162,206,381	190,212,186	193,230,364	204,123,179	219,329,326	
10,610,554	13,487,519	13,368,832	15,890,722	16,878,490	
27,648,023	29,314,405	32,933,956	38,135,440	42,825,592	
12,749,864	12,223,767	14,291,677	19,545,607	19,794,447	
6,995,840	5,257,527	5,578,791	6,049,686	6,731,220	
6,660,677	6,731,938	6,389,428	7,909,483	8,266,984	
68,796,024	68,621,741	68,947,327	69,757,478	82,716,306	
1,475,572	3,672,847	2,411,769	3,457,656	3,730,444	
2,107,676	5,233,618	2,997,250	3,017,040	3,054,946	
5,308,680	6,834,217	6,981,356	8,921,419	7,232,373	
4,963,004	12,790,600	9,877,764	8,603,952	9,019,268	
8,624,604	7,343,425	7,775,190	8,696,773	8,536,204	
316,027	249,479	439,157	29,851	-	
4,676,955	4,492,461	4,415,584	4,525,460	4,254,673	
160,933,500	176,253,544	176,408,081	194,540,567	213,040,947	
1,272,881	13,958,642	16,822,283	9,582,612	6,288,379	
9,000,000	13,000,000	7,800,000	-	-	
14,682,184	10,835,995	-	-	-	
3,654,843	3,814,696	492,106	-	-	
-	-	-	-	-	
(17,043,453)	(12,970,537)	-	-	-	
30,949	41,099	63,850	61,520	89,074	
35,761	102,429	35,208	103,030	150,184	
-	-	-	638,500	-	
-	-	-	1,503,069	38,000	
9,690,474	20,469,607	23,952,703	27,982,455	26,534,774	
(9,839,553)	(20,647,039)	(24,316,461)	(28,501,910)	(27,019,025)	
	14,646,250	8,027,406	1,786,664	(206,993)	
10,211,205					
\$ 11,484,086	\$ 28,604,892	\$ 24,849,689	\$ 11,369,276	\$ 6,081,386	

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

	Real Property (2)					Personal Property		Total			Total
Fiscal	Commercial	Residential (1)	Total		Total Direct		Public Utility Assessed		Taxable Assessed	Exempt	Taxable and Exempt
Year	Assessed Value	Assessed Value	Assessed Value	Tax	Rate (3)		Value (2) (4)		Value	Property	Property
2015	\$ 1,526,533,795	\$ 5,971,094,589	\$ 7,497,628,384	\$	0.8471	\$	71,076,850	\$	7,568,705,234	\$ 708,231,797	\$ 8,276,937,031
2016	1,536,236,637	6,015,729,665	7,551,966,302		0.8471		74,544,230		7,626,510,532	713,843,531	8,340,354,063
2017	1,578,390,091	6,136,189,107	7,714,579,198		0.8471		77,685,020		7,792,264,218	771,576,578	8,563,840,796
2018	1,619,626,376	6,277,865,272	7,897,491,648		0.8471		76,903,490		7,974,395,138	784,345,727	8,758,740,865
2019	1,668,339,027	6,485,471,694	8,153,810,721		0.8471		110,703,740		8,264,514,461	810,049,666	9,074,564,127
2020	1,796,512,410	6,587,063,708	8,383,576,118		0.8471		103,282,520		8,486,858,638	839,013,301	9,325,871,939
2021	1,810,616,428	6,789,270,644	8,599,887,072		0.8471		115,005,450		8,714,892,522	860,398,332	9,575,290,854
2022	1,814,529,551	6,984,923,499	8,799,453,050		0.8471		122,167,420		8,921,620,470	879,391,068	9,801,011,538
2023	1,869,310,608	7,334,750,709	9,204,061,317		0.8300		131,489,970		9,335,551,287	887,420,959	10,222,972,246
2024	1,946,403,718	7,735,421,703	9,681,825,421		0.8300		159,917,460		9,841,742,881	920,628,412	10,762,371,293

#### NOTES:

- (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.

st Tax exempt property is included for purposes of calculating total assessed value, which is used on Table 12-a.



QUEEN ANNE'S COUNTY, MARYLAND REVENUE CAPACITY REAL PROPERTY TAX RATES - COUNTY DIRECT RATE LAST TEN FISCAL YEARS Table 6-a

Fiscal Year	County Direct Rate (1)	
2015	\$ 0.8471	
2016	0.8471	
2017	0.8471	
2018	0.8471	
2019	0.8471	
2020	0.8471	
2021	0.8471	
2022	0.8471	
2023	0.8300	
2024	0.8300	

- \* 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	
2015	\$	0.0600
2016	4	0.0600
2017		0.0600
2018		0.0600
2019		0.0600
2020		0.0600
2021		0.0600
2022		0.0600
2023		0.0600
2024		0.0600

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

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

Fiscal Year	Town of Centreville	Town of Barclay	Town of Church Hill	Town of Millington	Town of Queen Anne	
2015	\$ 0.3800	\$ 0.2000	\$ 0.3400	\$ 0.2800	\$ 0.1800	
2016	0.3800	0.2000	0.3400	0.2800	0.1800	
2017	0.4100	0.2000	0.3400	0.2800	0.1800	
2018	0.4050	0.2000	0.3400	0.2800	0.1800	
2019	0.4050	0.2000	0.3400	0.2800	0.1800	
2020	0.4050	0.2000	0.3400	0.2800	0.1800	
2021	0.4050	0.2000	0.3400	0.2774	0.1800	
2022	0.5350	0.2000	0.3400	0.2909	0.1800	
2023	0.5350	0.2000	0.3400	0.2920	0.1800	
2024	0.5350	0.2000	0.3400	0.3000	0.1800	

<sup>\*</sup> Tax rates are per \$100 of assessed value.

<sup>\*</sup> The personal property tax rate for Queen Anne's County is zero.

<sup>\*</sup> 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

Town of Queenstown	Town of Sudlersville	Town of Templeville	
\$ 0.1895	\$ 0.1670	\$ 0.3600	
0.1850	0.1670	0.3600	
0.1810	0.1670	0.5788	
0.1773	0.1670	0.3600	
0.1726	0.1670	0.3600	
0.1744	0.1670	0.3600	
0.1867	0.1670	0.3600	
0.2026	0.1670	0.3600	
0.2217	0.1670	0.3600	
0.2312	0.1670	0.3600	

#### QUEEN ANNE'S COUNTY, MARYLAND REVENUE CAPACITY TEN HIGHEST COMMERCIAL PROPERTY TAXPAYERS CURRENT FISCAL YEAR AND NINE YEARS AGO Table 7

	Assessable Base		
Second Horizon Group Limited Partnership	\$	35,819,200	0.36 %
KRM - Chesapeake LLC		22,596,900	0.23
Schuls Development LLC		17,909,300	0.18
Kent Towne Market LLC		16,303,800	0.17
Maryland General Land Co LLC		16,150,300	0.16
Great American Life Insurance Co		15,082,100	0.15
Beach Harbor Campers Cooperative Inc		14,498,667	0.15
Anne Arundel Real Estate Holding Co		13,562,700	0.14
Knight Farms LLC		12,229,233	0.12
Mears Point Association		11,000,233	0.11
Total	\$	175,152,433	1.78 %
Total Assessable Base	\$	9,841,742,881	100.00 %

For the	Fiscal	Year	Ended	June	30.	2015

	A	.ssessable Base	Ratio: Taxpayer Base to Total Assessable Base
Second Horizon Group Limited Partnership	\$	61,326,866	0.81 %
KRM Development Corporation		35,787,167	0.47
Maryland General Land Co LLC		20,569,800	0.27
Great American Life Insurance Company		15,721,000	0.21
Aspen Institute for Humanistic Studies		15,253,267	0.20
Beach Harbor Campers Cooperative Inc		12,582,700	0.17
K Hovnanian at Kent Island LLC		11,500,000	0.15
Anne Arundel Real Estate Holding Co		10,166,300	0.13
Mears Point Association		9,992,833	0.13
Shore Health System Inc		9,975,900	0.13
Total	\$	202,875,833	2.67 %
Total Assessable Base		7,568,705,234	100.00 %

Source: State of Maryland Department of Assessments and Taxation

QUEEN ANNE'S COUNTY, MARYLAND REVENUE CAPACITY PROPERTY TAX LEVIES AND COLLECTIONS LAST TEN FISCAL YEARS Table 8

	Taxes Levied		Collected within the Fiscal Year of the Levy			Total Collections to Date			
Fiscal Year	for the Fiscal Year	Amount	Percentage of Original Levy	Subsequ Year		Amount		Percentage of Original Levy	
2015	\$ 63,338,629	\$ 63,231,601	99.83%	\$ 10	7,028	\$	63,338,629	100.00%	
2016	63,799,184	63,647,404	99.76%	15	1,780		63,799,184	100.00%	
2017	65,217,648	65,107,115	99.83%	11	0,533		65,217,648	100.00%	
2018	66,768,776	66,721,619	99.93%	4	7,157		66,768,776	100.00%	
2019	68,887,556	68,778,389	99.84%	10	9,107		68,887,496	100.00%	
2020	70,825,936	70,375,695	99.36%	44	6,467		70,822,162	99.99%	
2021	72,635,124	72,627,467	99.99%		3,793		72,631,260	99.99%	
2022	74,882,965	74,789,167	99.87%	8	0,491		74,869,658	99.98%	
2023	77,663,358	77,608,873	99.93%	3	8,457		77,647,330	99.98%	
2024	80,137,298	80,060,018	99.90%		-		80,060,018	99.90%	

<sup>\*</sup> 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

Fiscal Year	General Obligation Bonds	Notes Payable	1	Leases	Informa	cription-Based ation Technology rangements	G	Total overnmental Activities
2015	\$ 112,060,053	\$ 784,785	\$	_	\$	-	\$	112,844,838
2016	118,977,909	1,913,199		-		-		120,891,108
2017	123,519,157	1,698,425		-		-		125,217,582
2018	132,567,304	1,417,461		-		-		133,984,765
2019	135,985,079	1,098,323		-		-		137,083,402
2020	136,513,411	775,589		-		-		137,289,000
2021	142,970,963	703,773		-		-		143,674,736
2022	142,140,969	655,957		-		-		142,796,926
2023	132,251,652	608,141		614,668		1,178,880		134,653,341
2024	122,661,132	560,325		552,354		905,835		124,679,646

**Business-type Activities** 

Fiscal Year			scal Obligation		d Obligation Notes		Obligation Notes		Subscription-Based Information Technology Arrangements		Total Business-type Activities		Total Primary Government	
2015	\$	3,540,295	\$	11,388,918	\$ _	\$	-	\$	14,929,213	\$ 127,774,051				
2016		3,520,859		10,471,639	-		-		13,992,498	134,883,606				
2017		3,217,479		16,296,744	-		-		19,514,223	144,731,805				
2018		2,976,195		25,484,821	-		-		28,461,016	162,445,781				
2019		2,725,011		29,419,756	-		-		32,144,767	169,228,169				
2020		2,475,881		31,932,369	-		_		34,408,250	171,697,250				
2021		2,337,041		34,432,935	-		_		36,769,976	180,444,712				
2022		2,362,308		33,291,256	39,225		-		35,692,789	178,489,715				
2023		2,206,362		35,322,576	144,381		-		37,673,319	172,326,660				
2024		2.011.526		34,997,932	110,714		_		37,120,172	161,799,818				

	Rat	ios	
	Debt to Total	Out	standing
Fiscal Year	Personal Income (1)		ebt per pita (1)
2015	6.89%	\$	2,618
2016	7.24%		2,780
2017	7.64%		2,960
2018	8.39%		3,322
2019	8.22%		3,335
2020	7.29%		3,264
2021	7.73%		3,458
2022	6.96%		3,421
2023	6.33%		3,332
2024	5.85%		3,081

<sup>(1)</sup> 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	Bo	General onded Debt (1)	Percentage of Total Taxable Assessable Base (2)	Ca	Per pita (3)
2015	\$	115,600,348	1.53%	\$	2,369
2016		122,498,768	1.61%		2,525
2017		126,736,636	1.63%		2,592
2018		135,543,499	1.70%		2,772
2019		138,710,090	1.68%		2,733
2020		138,989,292	1.64%		2,643
2021		145,308,004	1.67%		2,785
2022		144,503,277	1.62%		2,769
2023		134,458,014	1.44%		2,600
2024		124,672,658	1.27%		2,374

- \* 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 businesstype activities from Table 9.
- (2) See Table 5 for taxable assessable base.
- (3) See Table 14 for population data.

#### QUEEN ANNE'S COUNTY, MARYLAND DEBT CAPACITY COMPUTATION OF NET DIRECT AND OVERLAPPING DEBT AS OF JUNE 30, 2024 Table 11

Name of Jurisdiction	Gross Debt
Queen Anne's County:	
County Government	
Total Net Direct Debt (1)	\$ 124,679,646
Towns: (2)	
Centreville (100%)	10,531,000
Queenstown (100%)	4,776,415
Sudlersville (100%)	4,491,262
Millington (100%)	1,000,000
Total Net Overlapping Debt	20,798,677
Total Net Direct and Overlapping Debt	\$ 145,478,323

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



	2015	2016	2017	2018	2019
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) General Obligation Debt (4) Subtotal Total authorized debt under Title 5 and specific public laws	3,540,295 112,060,053 115,600,348 123,600,348	3,520,859 118,977,909 122,498,768 130,498,768	3,217,479 123,519,157 126,736,636 134,736,636	2,976,195 132,567,304 135,543,499 143,543,499	2,725,011 135,985,079 138,710,090 146,710,090
LESS Outstanding bonds, notes payable, and capital leases (5) Less: Sanitary District debt (4) Subtotal	14,929,213 11,388,918 3,540,295	134,883,606 10,471,639 124,411,967	144,731,805 16,296,744 128,435,061	162,445,781 25,484,821 136,960,960	169,228,169 29,419,756 139,808,413
Legal Debt Margin - Other than the Sanitary District	\$ 120,060,053	\$ 6,086,801	\$ 6,301,575	\$ 6,582,539	\$ 6,901,677
Debt related to the Sanitary District Proprietary Fund:					
Total taxable assessed value (3) Plus exempt property (3)	\$ 7,568,705,234 708,231,797	\$ 7,626,510,532 713,843,531	\$ 7,792,264,218 771,576,578	\$ 7,974,395,138 784,345,727	\$ 8,264,514,461 810,049,666
Total assessed value	\$ 8,276,937,031	\$ 8,340,354,063	\$ 8,563,840,796	\$ 8,758,740,865	\$ 9,074,564,127
Debt Limit - 6% of total assessed value (2)	\$ 496,616,222	\$ 500,421,244	\$ 513,830,448	\$ 525,524,452	\$ 544,473,848
LESS Sanitary District Less: Restricted Cash and Investments in the Debt Service Fund available for payment of principal	11,388,918 2,695,383	10,471,639 1,120,775	16,296,744 947,445	25,484,821 1,060,045	29,419,756 1,259,440
	8,693,535	9,350,864	15,349,299	24,424,776	28,160,316
Legal Debt Margin - Sanitary District	\$ 487,922,687	\$ 491,070,380	\$ 498,481,149	\$ 501,099,676	\$ 516,313,532

- (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.

	2020	2021	2022		2023		2024
\$	8,000,000	\$ 8,000,000	\$ 8,000,000	\$	8,000,000	\$	8,000,000
	2,475,881 136,513,411 138,989,292	2,337,041 142,970,963 145,308,004	 2,362,308 142,140,969 144,503,277		2,206,362 132,251,652 134,458,014		2,011,526 122,661,132 124,672,658
	146,989,292	153,308,004	152,503,277		142,458,014		132,672,658
_	171,697,250 31,932,369 139,764,881	 180,444,712 34,432,935 146,011,777	 35,692,789 33,291,256 2,401,533	_	38,852,199 35,322,576 3,529,623		38,026,007 34,997,932 3,028,075
\$	7,224,411	\$ 7,296,227	\$ 150,101,744	\$	138,928,391	\$	129,644,583
\$	8,486,858,638 839,013,301	\$ 8,714,892,522 860,398,332	\$ 8,921,620,470 879,391,068	\$	9,335,551,287 887,420,959	\$	9,841,742,881 920,628,412
\$	9,325,871,939	\$ 9,575,290,854	\$ 9,801,011,538	\$	10,222,972,246	\$	10,762,371,293
\$	559,552,316	\$ 574,517,451	\$ 588,060,692	\$	613,378,335	\$	645,742,278
	31,932,369	34,432,935	33,291,256		35,322,576		34,997,932
_	2,031,867 29,900,502	 2,684,988 31,747,947	 1,913,102 31,378,154	_	1,703,815 33,618,761	_	2,170,557 32,827,375
\$	529,651,814	\$ 542,769,504	\$ 556,682,538	\$	579,759,574	\$	612,914,903

		2015	_	2016	_	2017	_	2018	 2019
Computation of Local Debt Limit, as Authorized under Article 95, Section 22 and per criteria established by Queen Anne's County Resolution No. 13-04, a			ıryland						
CALCULATION PER FIRST FINANCIAL CRITERIA:									
The sum of all outstanding and new general obligation and/or									
bonded debt is 2.5% or less of the total taxable assessed base.									
Total Taxable Assessed Base (1)	\$	7,568,705,234	\$	7,626,510,532	\$	7,792,264,218	\$	7,974,395,138	\$ 8,264,514,461
		2.5%		2.5%		2.5%		2.5%	 2.5%
2.5% of Total Taxable Assessed Base	\$	189,217,631	\$	190,662,763	\$	194,806,605	\$	199,359,878	\$ 206,612,862
LESS Outstanding and New General Obligation Debt applicable to limit (2)	(3)								
Enterprise Funds' Debt - Bonds	\$	3,540,295	\$	3,520,859	\$	3,217,479	\$	2,976,195	\$ 2,725,011
General Obligation Debt - Bonds and Notes		112,844,838		120,891,108		125,217,582		133,984,765	 137,083,402
Total Outstanding and New General Obligation Debt	\$	116,385,133	\$	124,411,967	\$	128,435,061	\$	136,960,960	\$ 139,808,413
2.5% of Total Taxable Assessed Base in Excess of									
Total Outstanding and New General Obligation Debt	\$	72,832,498	\$	66,250,796	\$	66,371,544	\$	62,398,918	\$ 66,804,449
CALCULATION PER SECOND FINANCIAL CRITERIA:									
The sum of all outstanding and new general obligation and/or									
bonded debt is \$3,000 or less per capita.									
Total County Population (4)		48,804		48,517		48,904		48,904	50,750
\$3,000 Per Capita	\$	3,000	\$	3,000	\$	3,000	\$	3,000	\$ 3,000
	\$	146,412,000	\$	145,551,000	\$	146,712,000	\$	146,712,000	\$ 152,250,000
LESS Outstanding and New General Obligation Debt (1)	\$	116,385,133	\$	124,411,967	\$	128,435,061	\$	136,960,960	\$ 139,808,413
\$3,000 Per Capita in Excess of									
Total Outstanding and New General Obligation Debt	\$	30,026,867	\$	21,139,033	\$	18,276,939	\$	9,751,040	\$ 12,441,587

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

In May, 2013, as described in Note 9 E, Queen Anne's County adopted Resolution No. 13-04, thereby continuing a local debt policy in compliance with Article 95, Section 22F of the Annotated Code of Maryland. This policy requires that the County's Director of Budget and Finance to take the following steps:

- (a) prepare a six-year capital project plan each year;
- (b) propose an amount to be transferred from the General Fund operating balance to the General Capital Projects Fund to serve as pay-as-you-go funding in the latter Fund, in order to lessen the need for future County debt;
- (c) limit the County's non-bonded indebtedness to \$8.0 million for general operating expenses or capital improvements;
- (d) certify that the sum of outstanding general bonded debt and any new general obligation debt is 2.5% or less of the total taxable assessed base and is \$3,000 or less per capita; and

This policy also stipulates that although there is some flexibility as to the acceptable percentage of debt service to general fund expenditures, and no absolute limit has been established by the rating agencies or the Government Finance Officers Association, anything above 12% of total general fund expenditures would be a cause to carefully monitor debt service.

	2020		2021		2022		2023	2024		
\$	8,486,858,638	s	8,714,892,522	s	8,921,620,470	s	9,335,551,287	\$	9,841,742,881	
	2.5%		2.5%		2.5%		2.5%		2.5%	
\$	212,171,466	\$	217,872,313	\$	223,040,512	\$	233,388,782	\$	246,043,572	
			_		_		_			
\$	2,475,881	\$	2,337,041	\$	2,362,308	\$	2,206,362	\$	2,011,526	
	137,289,000		143,674,736		142,796,926		132,859,793		123,221,457	
\$	139,764,881	\$	146,011,777	\$	145,159,234	\$	135,066,155	\$	125,232,983	
			_		_					
\$	72,406,585	\$	71,860,536	\$	77,881,278	\$	98,322,627	\$	120,810,589	
	52 507		52 177		52.177		51 711		52,508	
¢	52,597 3,000	•	52,177 3,000	•	52,177 3,000	•	51,711 3,000		3,000	
\$	157,791,000	<u>s</u>	156,531,000	<u>\$</u>	156,531,000	<u>\$</u>	155,133,000	<u>s</u>	157,524,000	
	, - , - ,		,,		,,		,,		, , , , , , , , , , , , , , , , , , , ,	
\$	139,764,881	\$	146,011,777	\$	145,159,234	\$	135,066,155	\$	125,232,983	
\$	18,026,119	s	10,519,223	\$	11,371,766	\$	20,066,845	\$	32,291,017	

# 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, 2024

1,096 675 468	1 2	6.96% 4.29%
675		
	2	4 29%
468		1.27/0
-100	3	2.97%
385	4	2.45%
303	5	1.92%
260	6	1.65%
203	7	1.29%
150	8	0.95%
125	9	0.79%
120	10	0.76%
	303 260 203 150 125	303       5         260       6         203       7         150       8         125       9

For the Fiscal Year Ended June 30, 2015

			Percentage of
			<b>Total County</b>
Employer	Employees	Rank	Employment
Queen Anne's County Board of Education	944	1	8.81%
Chesapeake College	510	2	4.76%
Queen Anne's County Government	449	3	4.19%
S.E.W. Friel	275	4	2.57%
Paul Reed Smith Guitars	249	5	2.32%
Reeb Millwork	180	6	1.68%
Cracker Barrel Old Country Store	170	7	1.59%
Power Electronics	162	8	1.51%
Fisherman's Inn	135	9	1.26%
Genesis HealthCare/Corsica Hall Center	134	10	1.25%
Total	3,208		29.94%

Source: Queen Anne's County Economic Development Office; Table 15.

QUEEN ANNE'S COUNTY, MARYLAND DEMOGRAPHIC AND ECONOMIC INFORMATION DEMOGRAPHIC STATISTICS LAST TEN FISCAL YEARS Table 14

Fiscal Year	Population (1)		Total Personal Income (2)		r Capita come (3)	Unemployment Rate (3)	Average Registered Number of Pupils (4)		
2015	48,804	\$	1,854,356,784	\$	37,996	4.90%	7,752		
2016	48,517		1,862,664,664		38,392	3.90%	7,738		
2017	48,904		1,894,198,632		38,733	3.80%	7,799		
2018	48,904		1,936,256,072		39,593	3.90%	7,768		
2019	50,750		2,058,064,750		40,553	3.70%	7,767		
2020	52,597		2,353,926,138		44,754	7.00%	7,705		
2021	52,177		2,335,129,458		44,754	5.20%	7,351		
2022	52,177		2,565,960,506		49,178	4.00%	7,418		
2023	51,711		2,722,687,572		52,652	1.50%	7,539		
2024	52,508		2,764,651,216		52,652	2.80%	7,492		

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

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

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Number of Exempt Employees	30	32	35	34	32	33	37	40	40	46
Number of Full Time Employees	416	431	439	450	479	484	496	462	533	627
Number of Part Time Employees (FTE)	3	3	4	3	3	2	2	2	2	2
Total County Government Employees	449	466	478	487	514	519	535	504	575	675

NOTES:

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

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

Table 16

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Governmental Activities:										
General Government	81	83	87	76	75	78	79	83	92	97
Public Safety:										
Police	58	59	61	62	69	71	70	65	72	93
Fire - Emergency Management Services	71	72	73	75	82	83	83	84	101	118
Detention Center	41	41	45	41	42	43	45	42	46	54
Animal Services	3	2	2	2	2	2	13	7	13	16
Public Works	58	61	59	75	80	77	75	68	77	93
Health	1	1	1	1	1	1	1	1	1	1
Social Services	38	42	41	39	39	39	41	41	40	45
Parks	39	42	44	43	46	52	51	43	53	60
Conservation of Natural Resources	3	4	4	4	4	4	4	3	3	4
Economic/Community Development	3	6_	5	10	11	9	10	10	12	17_
Total Governmental Activities	396	413	422	428	451	459	472	447	510	598
Business-Type Activities:										
Sanitary District	46	46	48	51	55	53	56	50	60	72
Bay Bridge Airport	1	1	1	2	2	2	2	2	2	2
Golf	1	1	1	1	1	1	1	1	1	1
Public Landings	2	2	2	2	2	2	2	2	2	2
Total Business-Type Activities	50	50	52	56	60	58	61	55	65	77
Total Full-Time County Employees	446	463	474	484	511	517	533	502	575	675

#### NOTES:

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

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

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

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Governmental Activities:										
General Government:										
Planning & Zoning:										
Number of commercial permits issued	52	50	47	55	30	49	91	63	83	48
Number of residential permits issued:										
Single Family Permits	123	84	124	145	155	173	275	136	271	284
Multi Family Permits	-	1	29	-	37	41	62	32	2	56
Renovations and Additions Permits	270	303	323	339	359	317	343	203	357	303
Total residential permits issued	393	388	476	484	551	531	680	371	630	643
Public Safety:										
Fire and Rescue:										
Number of volunteer members	683	500	400	500	450	542	558	550	703	757
Police:										
Uniformed Police Officers	64	64	64	68	69	71	71	73	77	84
Number of law violations:										
Physical arrests	1,055	903	914	1,097	930	854	1,080	812	859	1,240
Traffic violations	6,030	8,002	7,183	12,384	10,474	9,705	11,142	7,447	9,859	13,111
Detention Center:										
Detention Center Officers	41	39	38	42	41	41	42	41	43	43
Average yearly prison population	123	115	133	115	105	106	158	154	108	99
Public Works:										
Wastewater Treated - Daily (mgd)	2.1	2.0	2.0	2.2	2.2	2.1	2.3	2.7	2.6	2.6
Education:										
Number of Personnel										
Teachers	575	575	572	569	572	584	603	609	615	615
Administrators	40	40	38	37	37	37	36	38	43	49
Support	295	296	304	300	301	281	336	364	348	349
Other	34	34	34	34	32	7	7	7	5	83
Number of Students	7,752	7,738	7,799	7,768	7,767	7,705	7,351	7,418	7,539	7,492
Number of High School Graduates	589	532	550	552	521	590	561	535	534	568

NOTES:

Source: Various County departments.

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

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Governmental Activities:										
Public Safety:										
Fire and Rescue:										
Number of volunteer stations	9	9	9	9	9	9	9	9	9	9
Equipment:								· ·		
Engines	16	16	16	16	15	15	15	15	14	15
Tankers	8	8	8	8	7	9	9	9	9	9
Aerial Units	4	5	5	4	5	5	5	5	5	5
Rescue Units	7	6	6	5	5	7	7	7	7	7
Brush Units	7	7	7	7	7	8	8	8	8	8
Boats	6	6	6	3	4	4	4	4	4	4
Ambulance/Medic Units	14	12	13	13	11	13	12	13	11	11
Cars/Other	25	25	16	14	28	33	33	33	30	34
Police:	23	23	10	14	20	33	33	33	30	34
Number of Stations	1	1	1	1	1	1	1	1	1	1
Number of Vehicles	1	1	1	1	1	1	1	1	1	1
Patrol	68	71	70	70	71	81	66	43	60	74
Other	15	10	9	14	14	12	29	67	30	33
Detention Center	13	10	,	14	14	12	29	07	30	33
Capacity	148	148	148	148	148	148	148	148	148	148
Public Works:	146	146	148	148	146	146	146	146	148	148
County Maintained Roads and Streets										
•	543	540	549	549	549	550	550	549	549	549
Paved (miles)	543 12	340 12	12	12	12	330 12	330 12	12	12	349 12
Unpaved (miles) County Owned Water and	12	1.2	12	12	1.2	1.2	12	12	12	12
Wastewater Facilities										
Water Water										
Miles of Mains	62	64	65	67	60	60	70	71	71	72
					68	69				72
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	100	120	126		1.50	154	1.00	1.00	1.0	1.60
Miles of Mains	122	128	136	151	153	154	160	162	162	162
Wastewater Treatment Plants	1	1	1	1	1	1	1	1	1	1
Wastewater Collection, Lift,										
and Pumping Stations	31	31	32	32	32	32	32	32	32	33
Education:										
Number of Schools										
High Schools	2	2	2	2	2	2	2	2	2	2
Middle Schools	4	4	4	4	4	4	4	4	4	4
Elementary Schools	8	8	8	8	8	8	8	8	8	8
Parks and Recreation:										
Parks	33	32	32	32	32	32	32	32	32	32
Park Acreage	2,915	2,915	2,915	3,085	3,085	3,085	3,085	3,085	3,085	3,089
Public Landings	20	19	20	20	20	20	20	20	20	20
Library:										
Number of Libraries	3	3	3	3	3	3	3	3	3	3

NOTES:

Source: Various County departments.

APPEND FORMS OF OPINION O	

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# FORM OF BOND COUNSEL OPINION (Closing Date)

Board of County Commissioners of Queen Anne's County Liberty Building Centreville, Maryland 21617

#### Dear Commissioners:

We have examined a record of proceedings of Queen Anne's County, Maryland (the "County"), a body politic and corporate and a political subdivision of the State of Maryland, relating to the issuance of its Queen Anne's County, Maryland Public Facilities Bonds of 2025 (the "Bonds"). The Bonds are described below.

The Bonds are dated the date of their delivery; with interest payable January 15, 2026 and semiannually thereafter on the fifteenth day of July and January; are fully registered in form in the denomination of \$5,000 each or any integral multiple thereof; are issued under the authority of Sections 19-501 *et seq.* of the Local Government Article of the Annotated Code of Maryland (2013 Replacement Volume, as amended) (the "Enabling Act"), a public local law (Bill No. 25-09) (the "Public Law") and in accordance with a resolution of the Board of County Commissioners adopted pursuant thereto (the "Resolution"); and bear interest mature and are subject to optional redemption as set forth in the Bonds and the Resolution.

In rendering this opinion, in addition to reviewing the General Certificate of the County dated the date hereof and relying on the representations and certifications of certain officers and officials of the County included therein, we have relied without independent investigation on the representations and certifications in the County's Tax and Section 148 Certificate dated this date made on behalf of the County by officers thereof with respect to, among other things, certain material facts within the knowledge of the County relevant to the tax-exempt status of interest on the Bonds.

With respect to the executed and authenticated Bond of the issue that we have examined, and Bonds similarly executed and authenticated and identical thereto in form except as to numbers, interest rates, denominations, and maturities, we are of the opinion that under existing statutes, regulations and decisions:

- (a) The County is a validly created and existing body politic and corporate and a political subdivision of the State of Maryland, possessing authority under the Enabling Act, the Public Law and the Resolution to issue the Bonds.
- (b) The Bonds are valid and legally binding general obligations of the County to which its full faith and credit are pledged and for the payment of which the County is empowered to levy ad valorem taxes, unlimited as to rate and amount, upon all property subject to taxation within its corporate limits.
- (c) To provide for the payment of the principal of and interest on the Bonds, the County, by the adoption of the Public Law and the Resolution, has covenanted to levy such ad valorem taxes in rate and amount sufficient for that purpose in each fiscal year in which provision must be made for the payment of such principal and interest.
- (d) Interest on the Bonds is exempt from State of Maryland and local taxes; no opinion is expressed as to estate or inheritance taxes, or any other taxes not levied or assessed directly on the Bonds, their transfer or the interest thereon.
- (e) Assuming compliance with certain covenants referred to herein, interest on the Bonds will be excludable from gross income for federal income tax purposes. It is noted that under the provisions of the Internal Revenue Code of 1986, as amended (the "Code"), there are certain restrictions that must be met subsequent to the delivery of the Bonds, including restrictions that must be complied with throughout the term of the issue of which the Bonds are a

part (the "Issue"), in order that the interest on the Bonds be excludable from gross income. These include (i) a requirement that certain investment earnings received from the investment of the proceeds of the Issue be rebated (or that certain payments in lieu of rebate be made) to the United States of America under certain circumstances; (ii) other requirements applicable to the investment of the proceeds of the Issue; and (iii) requirements applicable to the use of the proceeds of the Issue and the use of the facilities financed and refinanced with such proceeds. Failure to comply with one or more of these requirements could result in the inclusion of the interest payable on the Bonds in gross income for federal income tax purposes, effective from the date of their issuance. The County has covenanted to regulate the investment of the proceeds of the Issue and to take such other actions as may be required to maintain the excludability of interest on the Bonds from gross income for federal income tax purposes.

(f) Interest on the Bonds is not includable in the alternative minimum taxable income of individuals as an enumerated item of tax preference or other specific adjustment. Interest on the Bonds will be part of adjusted financial statement income, fifteen percent of which is included in the computation of the corporate alternative minimum tax imposed on applicable corporations. Interest income on the Bonds will be subject to the branch profits tax imposed by the Code on certain foreign corporations engaged in a trade or business in the United States of America.

The opinion expressed above is limited to the matters set forth above, and no other opinions should be inferred beyond the matters expressly stated. We assume no obligation to supplement this opinion if any applicable laws or interpretations thereof change after the date hereof or if we become aware of any facts or circumstances that might change the opinions expressed herein after the date hereof.

Very truly yours,

#### FORM OF BOND COUNSEL OPINION

(Closing Date)

Board of County Commissioners of Queen Anne's County Liberty Building Centreville, Maryland 21617

#### Dear Commissioners:

We have examined a record of proceedings of Queen Anne's County, Maryland (the "County"), a body politic and corporate and a political subdivision of the State of Maryland, relating to the issuance of its Queen Anne's County, Maryland Public Facilities Refunding Bonds of 2025 (the "Bonds"). The Bonds are described below.

The Bonds are dated the date of their delivery; with interest payable April 1, 2026 and semiannually thereafter on the first day of October and April, are fully registered in form in the denomination of \$5,000 each or any integral multiple thereof; are issued under the authority of Sections 19-207 and 19-501 *et seq.* of the Local Government Article of the Annotated Code of Maryland (2013 Replacement Volume, as amended) (the "Enabling Act"), a public local law (Bill No. 13-26) (the "Public Law") and in accordance with a resolution of the Board of County Commissioners adopted pursuant thereto (the "Resolution"); and bear interest mature and are subject to optional redemption as set forth in the Bonds and the Resolution.

In rendering this opinion, in addition to reviewing the General Certificate of the County dated the date hereof and relying on the representations and certifications of certain officers and officials of the County included therein, we have relied without independent investigation on the representations and certifications in the County's Tax and Section 148 Certificate dated this date made on behalf of the County by officers thereof with respect to, among other things, certain material facts within the knowledge of the County relevant to the tax-exempt status of interest on the Bonds.

With respect to the executed and authenticated Bond of the issue that we have examined, and Bonds similarly executed and authenticated and identical thereto in form except as to numbers, interest rates, denominations, and maturities, we are of the opinion that under existing statutes, regulations and decisions:

- (a) The County is a validly created and existing body politic and corporate and a political subdivision of the State of Maryland, possessing authority under the Enabling Act, the Public Law and the Resolution to issue the Bonds.
- (b) The Bonds are valid and legally binding general obligations of the County to which its full faith and credit are pledged and for the payment of which the County is empowered to levy ad valorem taxes, unlimited as to rate and amount, upon all property subject to taxation within its corporate limits.
- (c) To provide for the payment of the principal of and interest on the Bonds, the County, by the adoption of the Public Law and the Resolution, has covenanted to levy such ad valorem taxes in rate and amount sufficient for that purpose in each fiscal year in which provision must be made for the payment of such principal and interest.
- (d) Interest on the Bonds is exempt from State of Maryland and local taxes; no opinion is expressed as to estate or inheritance taxes, or any other taxes not levied or assessed directly on the Bonds, their transfer or the interest thereon.
- (e) Assuming compliance with certain covenants referred to herein, interest on the Bonds will be excludable from gross income for federal income tax purposes. It is noted that under the provisions of the Internal Revenue Code of 1986, as amended (the "Code"), there are certain restrictions that must be met subsequent to the delivery of the

Bonds, including restrictions that must be complied with throughout the term of the issue of which the Bonds are a part (the "Issue"), in order that the interest thereon be excludable from gross income. These include (i) a requirement that certain investment earnings received from the investment of the proceeds of the Issue be rebated (or that certain payments in lieu of rebate be made) to the United States of America under certain circumstances; (ii) other requirements applicable to the investment of the proceeds of the Issue; and (iii) requirements applicable to the use of the proceeds of the Issue and the use of the facilities financed and refinanced with such proceeds. Failure to comply with one or more of these requirements could result in the inclusion of the interest payable on the Bonds in gross income for federal income tax purposes, effective from the date of their issuance. The County has covenanted to regulate the investment of the proceeds of the Bonds and to take such other actions as may be required to maintain the excludability of interest on the Bonds from gross income for federal income tax purposes.

(f) Interest on the Bonds is not includable in the alternative minimum taxable income of individuals as an enumerated item of tax preference or other specific adjustment. Interest on the Bonds will be part of adjusted financial statement income, fifteen percent of which is included in the computation of the corporate alternative minimum tax imposed on applicable corporations. Interest income on the Bonds will be subject to the branch profits tax imposed by the Code on certain foreign corporations engaged in a trade or business in the United States of America.

The opinion expressed above is limited to the matters set forth above, and no other opinions should be inferred beyond the matters expressly stated. We assume no obligation to supplement this opinion if any applicable laws or interpretations thereof change after the date hereof or if we become aware of any facts or circumstances that might change the opinions expressed herein after the date hereof.

Very truly yours,

# APPENDIX C NOTICES OF SALE

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# NOTICE OF SALE \$23,835,000\* QUEEN ANNE'S COUNTY, MARYLAND

#### **Public Facilities Bonds of 2025**

(Date: Date of Delivery)

# Electronic bids via BiDCOMP/PARITY will be received until 10:30 A.M., local Centreville, Maryland Time, on

#### October 1, 2025

ELECTRONIC BIDS, via BiDCOMP/PARITY Competitive Bidding System (BiDCOMP/Parity) will be received for the purchase of the \$23,835,000\* Queen Anne's County Public Facilities Bonds of 2025 (the "Bonds"). The Bonds will be dated the date of their delivery, and bear interest payable beginning on January 15, 2026 and semi-annually thereafter on the fifteenth day of July and January until maturity or redemption.

The Bonds will be issued under the authority of Sections 19-501 *et seq.* of the Local Government Article of the Annotated Code of Maryland, (2013 Replacement Volume, as amended); a public local law enacted by the Board of County Commissioners (the "Board") of Queen Anne's County (the "County") on June 24, 2025, Bill No. 25-09 (the "Public Local Law"), and in accordance with a Resolution of the Board.

#### **General Provisions for the Bonds**

The Bonds will mature, subject to prior redemption, as herein stated, on the fifteenth day of July in the following years and aggregate amounts:

	Preliminary Principal		Preliminary Principal
<u>Year</u>	Amounts*	<u>Year</u>	Amounts*
2026	\$1,195,000	2036	\$1,190,000
2027	1,195,000	2037	1,190,000
2028	1,195,000	2038	1,190,000
2029	1,195,000	2039	1,190,000
2030	1,195,000	2040	1,190,000
2031	1,195,000	2041	1,190,000
2032	1,195,000	2042	1,190,000
2033	1,190,000	2043	1,190,000
2034	1,190,000	2044	1,190,000
2035	1,190,000	2045	1.190.000

The proceeds of the Bonds will be used to (i) finance or refinance certain capital projects approved by the Board including, without limitation, school and administrative building improvements, one or more airport runway rehabilitation projects, and the design, construction, improvement, furnishing and equipping of certain other facilities serving public purposes within or of the County; (ii) pay financial, legal, planning and engineering services related thereto; and (iii) pay costs of issuance of the Bonds.

The Bonds shall be issued only in fully registered form without coupons. One Bond representing each maturity will be issued to and registered in the name of Cede & Co., as nominee of The Depository Trust Company ("DTC"), as registered owner of the Bonds and each such Bond shall be immobilized in the custody of DTC. DTC

<sup>\*</sup> Preliminary, subject to change.

will act as securities depository for the Bonds. Individual purchases will be made in book-entry form only, in the principal amount of \$5,000 or any integral multiple thereof. Purchasers will not receive physical delivery of certificates representing their interest in the Bonds purchased. The winning bidder, as a condition to delivery of the Bonds, will be required to deposit the bond certificates representing each maturity with DTC. The Bonds will bear interest payable semiannually on the fifteenth day of January and July, commencing January 15, 2026, until maturity or redemption. Interest will be paid to the persons in whose names the Bonds are registered on the registration books maintained by the Bond Registrar on the Regular Record Date, which is the first day of the month of such interest payment date, by electronic funds transfer or check mailed to each such person's address as it appears on such bond registration books.

The Bonds maturing on or after July 15, 2036 are subject to redemption on or after July 15, 2035 in whole or in part at any time on any date in any order of maturity, at the option of the County, at a redemption price of one hundred percent of the principal amount of Bonds to be redeemed, together with interest accrued to the date fixed for redemption.

If less than all of the Bonds of any maturity shall be called for redemption, the particular Bonds or portions of Bonds to be redeemed shall be selected by lot by the Bond Registrar and Paying Agent in such manner as in its discretion, it shall determine. All Bonds herein described are secured by an irrevocable pledge of the full faith and credit and unlimited taxing power of the County.

#### **Electronic Bids**

Electronic bids will be received via **BiDCOMP/PARITY**, in the manner described below, until 10:30 a.m. local Centreville, Maryland time, on October 1, 2025.

Bids may be submitted electronically via **BiDCOMP/PARITY** pursuant to this Notice until 10:30 a.m. local Centreville, Maryland time, but no bid will be received after the time for receiving bids specified above. To the extent any instructions or directions set forth in **BiDCOMP/PARITY** conflict with this notice, the terms of this Notice shall control. For further information about **BiDCOMP/PARITY**, potential bidders may contact **BiDCOMP/PARITY** at (212) 849-5021.

#### Disclaimer

Each prospective electronic bidder shall be solely responsible to register to bid via **BiDCOMP/PARITY** as described above. Each qualified prospective electronic bidder shall be solely responsible to make necessary arrangements to access BiDCOMP/PARITY for the purposes of submitting its bid in a timely manner and in compliance with the requirements of this Notice of Sale. Neither the County nor BiDCOMP/PARITY shall have any duty or obligation to provide or assure access to BiDCOMP/PARITY to any prospective bidder, and neither the County nor BiDCOMP/PARITY shall be responsible for a bidder's failure to register to bid or for proper operation of, or have any liability for any delays or interruptions of, or any damages caused by, BiDCOMP/PARITY. The County is using BiDCOMP/PARITY as a communication mechanism, and not as the County's agent, to conduct the electronic bidding for the Bonds. The County is not bound by any advice and determination of BiDCOMP/PARITY to the effect that any particular bid complies with the terms of this Notice of Sale and in particular the "Bid Specifications" hereinafter set forth. All costs and expenses incurred by prospective bidders in connection with their registration and submission of bids via BiDCOMP/PARITY are the sole responsibility of the bidders; and the County is not responsible, directly or indirectly, for any of such costs or expenses. If a prospective bidder encounters any difficulty in submitting, modifying or withdrawing a bid for the Bonds, he should telephone BiDCOMP/PARITY (212) 849-5021 and notify the County's Financial Advisor, Susan Ostazeski, at Davenport & Company LLC by phone at (410) 296-9426.

By submitting a bid for the Bonds, a bidder represents and warrants to the County that it has an established industry reputation for underwriting new issuances of municipal bonds unless, prior to the sale of the Bonds, the bidder notifies the County otherwise.

### **Electronic Bidding Procedures**

Electronic bids must be submitted for the purchase of the Bonds via **BiDCOMP/PARITY**. Bids will be communicated electronically to the County at 10:30 a.m., local Centreville, Maryland time, on October 1, 2025. Prior to that time, a prospective bidder may (1) submit the proposed terms of its bid via **BiDCOMP/PARITY**; (2) modify the proposed terms of its bid, in which event the proposed terms as last modified will (unless the bid is withdrawn as described herein) constitute its bid for the Bonds; or (3) withdraw its proposed bid. Once the bids are communicated electronically via **BiDCOMP/PARITY** to the County, each bid will constitute an irrevocable offer to purchase the Bonds on the terms therein provided. For purposes of the electronic bidding process, the time as maintained on **BiDCOMP/PARITY** shall constitute the official time.

No bids will be accepted in written form, by facsimile transmission or in any other medium or on any system other than by via **BiDCOMP/PARITY**. No bid will be received after the time for receiving such bids specified above.

#### **Bid Specifications**

Each proposal must specify the amount bid for the Bonds (not less than 100% of par). Bidders shall state in their electronic bids the rate or rates of interest to be paid on the Bonds in multiples of one-eighth (1/8) or one-twentieth (1/20) of one percent (1%), and each proposal shall be based and submitted on the rate or rates stated therein. Bidders may specify more than one rate of interest to be borne by the Bonds, but the difference between the highest and lowest rates named may not be greater than three percent (3%) for the Bonds and no interest rate may be greater than five percent (5%). Each bidder must specify in its bid a single interest rate for each maturity of the Bonds. A zero rate may not be named for any maturity. Bidders may designate in their proposal two or more consecutive serial maturities beginning no earlier than July 15, 2036 and in any year thereafter as a term bond which matures on the maturity date of the last serial maturity of the sequence. The stated maturity date for any term bond so designated may not be earlier than July 15, 2037. More than one such sequence of serial maturities may be designated as a term bond. Any term bond so designated shall be subject to mandatory redemption in each year on the principal payment date and in the entire amount of each serial maturity designated for inclusion in such term bond. No bid will be accepted for less than 100% of the par amount of the Bonds. The Bonds will be awarded to the bidder naming the lowest true interest cost for all of the Bonds in any legally acceptable proposal and offering to pay not less than par. The lowest true interest cost with respect to the Bonds will be determined by doubling the semiannual interest rate, compounded semiannually, necessary to discount the debt service payments from the payment dates to the date of the Bonds and to the amount bid. Where the proposals of two or more bidders result in the same lowest true interest cost for the Bonds, the Bonds may be apportioned between such bidders, but if this shall not be acceptable, the County shall have the right to award all of the Bonds to one bidder. The right is reserved to the County to reject any or all proposals and to waive any irregularity or informality in any proposal. The Board's judgment shall be final and binding upon all bidders with respect to the form and adequacy of any proposal received and as to its conformity to the terms of this Notice of Sale. Any award of the Bonds may be made as late as 4:00 P.M. on the sale date. All bids remain firm until an award is made.

## **Procedures for Sale and Principal Amount Changes**

The aggregate principal amount and the principal amount of each maturity of the Bonds are subject to adjustment by the County, both before and after the receipt of bids for their purchase. Pre-sale, the County reserves the right to increase or decrease the preliminary aggregate principal amount of the Bonds and/or change the preliminary principal amounts of the maturity schedule (the "Preliminary Aggregate Principal Amount" and the "Preliminary Principal Amount," respectively, and collectively, the "Preliminary Amounts") set forth above from time to time up until 9:30 a.m. prevailing Eastern Time on the date of sale. Any pre-sale revisions to the Preliminary Aggregate Principal Amount" and the "Revised Aggregate Principal Amount" of each maturity schedule of the Bonds, respectively, and collectively, the "Revised Amounts") will be made available on the BiDCOMP/Parity/www.i-dealprospectus.com system no later than 9:30 a.m. prevailing Eastern Time on the date of sale. In the event any such pre-sale revisions are made to the maturity schedule and so communicated not later than 9:30 a.m. prevailing Eastern Time on the date of sale, the last pre-sale revisions so published shall constitute the applicable maturity schedule for purposes of submitting electronic bids with respect to the Bonds and the Revised Amounts will be used to compare bids and select the winning bidder.

ALL BIDS SHALL REMAIN FIRM UNTIL 4:00 P.M. ON THE SALE DATE. Changes made to the Revised Amounts after the sale of the Bonds, as so revised (the "Final Amounts") will be communicated to the successful bidder by 5:00 p.m. prevailing Eastern Time on the date of sale and will not reduce or increase the Revised Aggregate Principal Amount of the Bonds by more than 15% from the amount bid upon. Such changes may result in the elimination of one or more maturities of the Bonds. The dollar amount bid by the successful bidder will be adjusted proportionally to reflect any reduction or increase in the Revised Amounts of the Bonds in determining the Final Amounts. Such adjusted bid price will reflect changes in the dollar amount of the underwriters' discount and original issue discount or premium, if any, but will not change the coupon rates and the initial public offering prices specified by the successful bidder. THE SUCCESSFUL BIDDER MAY NOT WITHDRAW ITS BID AS A RESULT OF ANY CHANGES MADE WITHIN THESE LIMITS.

#### **Change of Bid Date**

The County reserves the right to postpone, from time to time, or cancel the date established for the receipt of bids. Any such postponement or cancellation will be announced by BiDCOMP/Parity/www.i-dealprospectus.com or TM3 by notice prior to any announced date for receipt of bids. If any date fixed for the receipt of bids and the sale of the Bonds is postponed, any Alternative Sale Date will be announced via BiDCOMP/Parity/www.i-dealprospectus.com or TM3 at least 48 hours prior to such Alternative Sale Date. In addition, the County reserves the right, on the date established for the receipt of bids, to reject all bids and establish a subsequent Alternative Sale Date. If all bids are rejected and an Alternative Sale Date for receipt of bids established, notice of the Alternative Sale Date will be announced via BiDCOMP/Parity/www.i-dealprospectus.com or TM3 not less than 48 hours prior to such Alternative Sale Date. On any such Alternative Sale Date, any bidder may submit a bid for the purchase of the Bonds in conformity in all respects with the provisions of this Notice of Sale except for the date of sale and except for the changes announced by BiDCOMP/Parity/www.i-dealprospectus.com or TM3 at the time the sale date and time are announced.

#### Award

As promptly as reasonably practicable after the bids are opened, the County will notify the bidder to whom the Bonds will be awarded, if and when such award is made. It is noted that the County has the right to award the Bonds by private negotiation at any time and may determine to exercise such right either before bids are submitted in response to this Notice of Sale or in the event that all bids are rejected. The County may so negotiate with, and make such award to, any person, including bidders hereunder.

#### **Good Faith**

The successful bidder of the Bonds shall submit a good faith deposit in the amount of \$238,350 the "Good Faith Deposit") for the winning bid on the Bonds to the County as provided below. The Good Faith Deposit will secure the County from any loss resulting from the failure of the successful bidder to comply with the terms of the bid. The successful bidder shall transfer the Good Faith Deposit by wire transfer directly to the County upon notification of the preliminary award of the Bonds, as indicated on PARITY (the "Preliminary Award"), but in any case no later than 4:00 p.m., prevailing Eastern Time, on the date of sale. Wire instructions will be provided to the successful bidder by the County's Financial Advisor upon notification of the Preliminary Award.

The successful bidder will provide, as quickly as it is available, evidence of wire transfer to the County's Financial Advisor by providing to the County's Financial Advisor the federal funds reference number. The formal award of the Bonds shall not be made until the County's Financial Advisor has confirmation of receipt of the Good Faith Deposit, and if the successful bidder fails to so deliver the Good Faith Deposit by the time designated above, the County will have the option to withdraw the Preliminary Award and the successful bidder shall be responsible to the County for all consequential damages arising from such withdrawal.

At the time of the delivery of the Bonds, the Good Faith Deposit will be applied against the purchase price for the Bonds or will be retained as liquidated damages upon the failure of the successful bidder to take and pay for the Bonds in accordance with the terms of its proposal. The successful bidder shall have no right in or to the Good Faith Deposit if it fails to complete the purchase of, and payment in full of, the Bonds for any reason whatsoever, unless such failure of performance shall be caused by an act or omission of the County. No interest will be paid upon

the Good Faith Deposit to the successful bidder. Notwithstanding the foregoing, should a successful bidder fail to pay for the Bonds at the price and on the date agreed upon, the County retains the right to seek further compensation for damages sustained as a result of the successful bidder so failing.

# **Issue Price Determination**

The County expects and intends that the bid for the Bonds will satisfy the federal tax requirements for a qualified competitive sale of bonds, including, among other things, receipt of bids for the Bonds from at least three underwriters, who have established industry reputations for underwriting new issuances of municipal bonds (a "Qualified Competitive Bid"). The County will advise the successful bidder as promptly as possible after the bids are opened whether the bid constitutes a Qualified Competitive Bid, or, in the alternative, a bid that fails to satisfy such requirements (a "Nonqualified Competitive Bid").

If the bid is a Qualified Competitive Bid, as promptly as possible after the bids are opened, the County will notify the successful bidder, and such bidder, upon such notice, shall advise the County of the reasonably expected initial offering price to the public of each maturity of the Bonds. In addition, the winning bidder shall be required to provide to the County information to establish the reasonably expected initial offering price for each maturity of the Bonds for federal income tax purposes by completing a certificate acceptable to Bond Counsel, on or before the date of issuance of the Bonds, substantially in the form set forth in Appendix E-1 to the Preliminary Official Statement, with appropriate completions, amendments and attachments.

If the bid is a Nonqualified Competitive Bid, as promptly as possible after the bids are opened, the County will notify the successful bidder, and such bidder, upon such notice, shall advise the County of the initial sale price or initial offering price to the public, as applicable, of each maturity of the Bonds. In addition, the winning bidder shall be required to provide to the County information and assurances to establish the initial sale price or the initial offering price to the public, as applicable, for each maturity of the Bonds for federal income tax purposes by completing a certification acceptable to Bond Counsel, on or before the date of issuance of the Bonds, substantially in the form set forth in Appendix E-2 to the Preliminary Official Statement, with appropriate completions, omissions and attachments. It is noted that procedures for a Nonqualified Competitive Bid may require the winning bidder and, if applicable, other underwriters of the Bonds, to hold the initial offering prices for certain maturities of the Bonds for up to 5 business days after the sale date, as further specified in the form of such certification.

## **CUSIP Numbers**

CUSIP identification numbers for the Bonds will be applied for by the financial advisor to the County, but the County will assume no obligation for the assignment or printing of such numbers on the Bonds or the correctness of such numbers, and neither the failure to print such numbers on any Bond nor any error with respect thereto shall constitute cause for a failure or refusal by the successful bidder to accept delivery of and pay for the Bonds in accordance with the terms of this Notice of Sale.

## **Delivery of the Bonds; Official Statement**

When delivered, the Bonds shall be duly executed and authenticated and registered in the name of Cede & Co., as nominee of DTC, as registered owner of the Bonds.

Not later than seven (7) business days after the award of the Bonds to the successful bidder on the day of sale, the County will authorize an Official Statement, which is expected to be substantially in the form of the Preliminary Official Statement referred to below. If so requested by the purchaser or purchasers at or before the close of business on the date of the sale, the County will include in the Official Statement such pricing and other information with respect to the terms of the reoffering of the Bonds by the successful bidder(s) ("Reoffering Information"), if any, as may be specified and furnished in writing by such bidder. If no Reoffering Information is specified and furnished by the successful bidder(s), the Official Statement will include the interest rates on the Bonds resulting from the bid of the successful bidder and the other statements with respect to reoffering contained in the Preliminary Official Statement. The successful bidder for the Bonds shall be responsible to the County and its officials for the Reoffering Information, and for all decisions made by such bidder with respect to the use or omission of the Reoffering

Information in any reoffering of the Bonds, including the presentation or exclusion of any Reoffering Information in any documents, including the Official Statement. The successful bidder will also be furnished, without cost, with up to 100 copies of the Official Statement (and any amendments or supplements thereto).

Delivery of the Bonds, without expense, will be made by the County to the purchaser or purchasers on or about October 15, 2025, or as soon as practicable thereafter, through DTC and, thereupon, said purchaser or purchasers will be required to accept delivery of the Bonds purchased and pay, in federal funds, the balance of the purchase price due. The Bonds will be accompanied by the customary closing documents, including a no-litigation certificate, effective as of the date of delivery, stating that there is no litigation pending affecting the validity of any of the Bonds. It shall be a condition to the obligation of said purchaser or purchasers to accept delivery of and pay for the Bonds that, simultaneously with or before delivery and payment for the Bonds, said purchaser or purchasers shall be furnished a certificate or certificates of an authorized officer of the County to the effect that, to the best of their knowledge and belief, the Official Statement (and any amendment or supplement thereto) (except for the Reoffering Information provided by the purchaser and information regarding DTC and DTC's book-entry system provided by DTC, as to which no view will be expressed) as of the date of sale and as of the date of delivery of the Bonds does not contain any untrue statement of a material fact and does not omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading and that between the date of sale and the date of delivery of the Bonds there has been no material adverse change in the financial position or revenues of the County, except as reflected or contemplated in the Official Statement (and any amendment or supplement thereto).

## Miscellaneous

The Bonds will be issued and sold subject to approval as to legality by McKennon Shelton & Henn LLP, Baltimore, Maryland, Bond Counsel, whose approving opinion substantially in the form included in the Preliminary Official Statement referred to below will be delivered, upon request, to the purchaser or purchasers of the Bonds.

To assist bidders in complying with SEC Rule 15c2-12(b)(5), the County will execute and deliver a continuing disclosure agreement on or before the date of issuance of the Bonds pursuant to which it will undertake to provide certain information annually and notices of certain events. The form of this agreement is set forth in the Preliminary Official Statement and will also be set forth in the Official Statement.

NOTE: The County may revise this Notice of Sale by written notice available to prospective bidders at the place of sale at the time for submission of bids via BiDCOMP/Parity/www.i-dealprospectus.com or by publishing notice of any revisions on THE MUNICIPAL MARKET MONITOR ("TM3") SERVICES OF THOMSON REUTERS (www.tm3.com) at or before the time for submission of bids. Any bid submitted shall be in accordance with, and incorporate by reference, this Notice of Sale including any revisions made pursuant to this paragraph.

The Preliminary Official Statement, together with this Notice of Sale, may be obtained from the County Administrator, Queen Anne's County, County Office Bldg. 107 North Liberty Street, Centreville, MD 21617, (410) 758-4098, or from Susan Ostazeski, Davenport & Company LLC, 8600 LaSalle Road, Suite 618, Towson, Maryland 21286, (410) 296-9426. The Preliminary Official Statement, together with this Notice of Sale and the required form of proposal may be accessed via the internet at <a href="https://www.newissuehome.i-deal.com/Parity.">https://www.newissuehome.i-deal.com/Parity.</a> Such Preliminary Official Statement is deemed final by the County as of its date for purposes of SEC Rule 15c2-12 but is subject to revision, amendment and completion in the Official Statement referred to above.

By order of

BOARD OF COUNTY COMMISSIONERS OF QUEEN ANNE'S COUNTY

#### NOTICE OF SALE

## \$11,325,000\* QUEEN ANNE'S COUNTY, MARYLAND

#### **Public Facilities Refunding Bonds of 2025**

(Date: Date of Delivery)

# Electronic bids via BiDCOMP/PARITY will be received until 10:45 A.M., local Centreville, Maryland Time, on

#### October 1, 2025

ELECTRONIC BIDS, via BiDCOMP/PARITY Competitive Bidding System (BiDCOMP/Parity) will be received for the purchase of the \$11,325,000\* Queen Anne's County Public Facilities Refunding Bonds of 2025 (the "Bonds"). The Bonds will be dated the date of their delivery, and bear interest payable beginning on April 1, 2026 and semi-annually thereafter on the first day of October and April until maturity.

The Bonds will be issued under the authority of Sections 19-207 and 19-501 *et seq.* of the Local Government Article of the Annotated Code of Maryland, (2013 Replacement Volume, as amended); a public local law enacted by the Board of County Commissioners (the "Board") of Queen Anne's County (the "County") on February 11, 2014, Bill No. 13-26 (the "Public Local Law"), and in accordance with a Resolution of the Board.

#### **General Provisions for the Bonds**

The Bonds will mature, subject to prior redemption, as herein stated, on the first day of April in the following years and aggregate amounts:

Preliminary Principal		Preliminary Principal	
<u>Year</u>	Amounts*	<u>Year</u>	<u>Amounts*</u>
2026	\$1,090,000	2031	\$1,305,000
2027	1,070,000	2032	1,370,000
2028	1,125,000	2033	1,435,000
2029	1,185,000	2034	1,505,000
2030	1,240,000		

The proceeds of the Bonds will be used to (i) refund the County's outstanding Public Facilities Bonds of 2014 (the "Refunded Bonds") and (ii) pay costs of issuance of the Bonds.

The Bonds shall be issued only in fully registered form without coupons. One Bond representing each maturity will be issued to and registered in the name of Cede & Co., as nominee of The Depository Trust Company ("DTC"), as registered owner of the Bonds and each such Bond shall be immobilized in the custody of DTC. DTC will act as securities depository for the Bonds. Individual purchases will be made in book-entry form only, in the principal amount of \$5,000 or any integral multiple thereof. Purchasers will not receive physical delivery of certificates representing their interest in the Bonds purchased. The winning bidder, as a condition to delivery of the Bonds, will be required to deposit the bond certificates representing each maturity with DTC. The Bonds will bear interest payable semiannually on the first day of October and April, commencing April 1, 2026, until maturity. Interest will be paid to the persons in whose names the Bonds are registered on the registration books maintained by the Bond Registrar on the Regular Record Date, which is the fifteenth day of the month preceding such interest payment date, by electronic funds transfer or check mailed to each such person's address as it appears on such bond registration books.

<sup>\*</sup> Preliminary, subject to change.

The Bonds are not subject to redemption prior to maturity.

#### **Electronic Bids**

Electronic bids will be received via **BiDCOMP/PARITY**, in the manner described below, until 10:45 a.m. local Centreville, Maryland time, on October 1, 2025.

Bids may be submitted electronically via **BiDCOMP/PARITY** pursuant to this Notice until 10:45 a.m. local Centreville, Maryland time, but no bid will be received after the time for receiving bids specified above. To the extent any instructions or directions set forth in **BiDCOMP/PARITY** conflict with this notice, the terms of this Notice shall control. For further information about **BiDCOMP/PARITY**, potential bidders may contact **BiDCOMP/PARITY** at (212) 849-5021.

#### Disclaimer

Each prospective electronic bidder shall be solely responsible to register to bid via **BiDCOMP/PARITY** as described above. Each qualified prospective electronic bidder shall be solely responsible to make necessary arrangements to access BiDCOMP/PARITY for the purposes of submitting its bid in a timely manner and in compliance with the requirements of this Notice of Sale. Neither the County nor BiDCOMP/PARITY shall have any duty or obligation to provide or assure access to BiDCOMP/PARITY to any prospective bidder, and neither the County nor BiDCOMP/PARITY shall be responsible for a bidder's failure to register to bid or for proper operation of, or have any liability for any delays or interruptions of, or any damages caused by, BiDCOMP/PARITY. The County is using BiDCOMP/PARITY as a communication mechanism, and not as the County's agent, to conduct the electronic bidding for the Bonds. The County is not bound by any advice and determination of BiDCOMP/PARITY to the effect that any particular bid complies with the terms of this Notice of Sale and in particular the "Bid Specifications" hereinafter set forth. All costs and expenses incurred by prospective bidders in connection with their registration and submission of bids via BiDCOMP/PARITY are the sole responsibility of the bidders; and the County is not responsible, directly or indirectly, for any of such costs or expenses. If a prospective bidder encounters any difficulty in submitting, modifying or withdrawing a bid for the Bonds, he should telephone BiDCOMP/PARITY (212) 849-5021 and notify the County's Financial Advisor, Susan Ostazeski, at Davenport & Company LLC. by phone at (410) 296-9426.

By submitting a bid for the Bonds, a bidder represents and warrants to the County that it has an established industry reputation for underwriting new issuances of municipal bonds unless, prior to the sale of the Bonds, the bidder notifies the County otherwise.

# **Electronic Bidding Procedures**

Electronic bids must be submitted for the purchase of the Bonds via BiDCOMP/PARITY. Bids will be communicated electronically to the County at 10:45 a.m., local Centreville, Maryland time, on October 1, 2025. Prior to that time, a prospective bidder may (1) submit the proposed terms of its bid via BiDCOMP/PARITY; (2) modify the proposed terms of its bid, in which event the proposed terms as last modified will (unless the bid is withdrawn as described herein) constitute its bid for the Bonds; or (3) withdraw its proposed bid. Once the bids are communicated electronically via BiDCOMP/PARITY to the County, each bid will constitute an irrevocable offer to purchase the Bonds on the terms therein provided. For purposes of the electronic bidding process, the time as maintained on BiDCOMP/PARITY shall constitute the official time. No bids will be accepted in written form, by facsimile transmission or in any other medium or on any system other than by via BiDCOMP/PARITY. No bid will be received after the time for receiving such bids specified above.

#### **Bid Specifications**

Each proposal must specify the amount bid for the Bonds (not less than 100% of par). Bidders shall state in their electronic bids the rate or rates of interest to be paid on the Bonds in multiples of one-eighth (1/8) or one-twentieth (1/20) of one percent (1%), and each proposal shall be based and submitted on the rate or rates stated therein. Bidders may specify more than one rate of interest to be borne by the Bonds, but the difference between the highest and lowest

rates named may not be greater than three percent (3%) for the Bonds and no interest rate may be greater than five percent (5%). Each bidder must specify in its bid a single interest rate for each maturity of the Bonds. A zero rate may not be named for any maturity. No bid will be accepted for less than 100% of the par amount of the Bonds. The Bonds will be awarded to the bidder naming the lowest true interest cost for all of the Bonds in any legally acceptable proposal and offering to pay not less than par. The lowest true interest cost with respect to the Bonds will be determined by doubling the semiannual interest rate, compounded semiannually, necessary to discount the debt service payments from the payment dates to the date of the Bonds and to the amount bid. Where the proposals of two or more bidders result in the same lowest true interest cost for the Bonds, the Bonds may be apportioned between such bidders, but if this shall not be acceptable, the County shall have the right to award all of the Bonds to one bidder. The right is reserved to the County to reject any or all proposals and to waive any irregularity or informality in any proposal. The Board's judgment shall be final and binding upon all bidders with respect to the form and adequacy of any proposal received and as to its conformity to the terms of this Notice of Sale. Any award of the Bonds may be made as late as 4:00 P.M. on the sale date. All bids remain firm until an award is made.

#### **Procedures for Sale and Principal Amount Changes**

The aggregate principal amount and the principal amount of each maturity of the Bonds are subject to adjustment by the County, both before and after the receipt of bids for their purchase. Pre-sale, the County reserves the right to increase or decrease the preliminary aggregate principal amount of the Bonds and/or change the preliminary principal amounts of the maturity schedule (the "Preliminary Aggregate Principal Amount" and the "Preliminary Principal Amount," respectively, and collectively, the "Preliminary Amounts") set forth above from time to time up until 9:30 a.m. prevailing Eastern Time on the date of sale. Any pre-sale revisions to the Preliminary Aggregate Principal Amount and the Preliminary Principal Amounts, as so revised (the "Revised Aggregate Principal Amount" and the "Revised Principal Amount" of each maturity schedule of the Bonds, respectively, and collectively, the "Revised Amounts") will be made available on the BiDCOMP/Parity/www.i-dealprospectus.com system no later than 9:30 a.m. prevailing Eastern Time on the date of sale. In the event any such pre-sale revisions are made to the maturity schedule and so communicated not later than 9:30 a.m. prevailing Eastern Time on the date of sale, the last pre-sale revisions so published shall constitute the applicable maturity schedule for purposes of submitting electronic bids with respect to the Bonds and the Revised Amounts will be used to compare bids and select the winning bidder. ALL BIDS SHALL REMAIN FIRM UNTIL 4:00 P.M. ON THE SALE DATE. Changes made to the Revised Amounts after the sale of the Bonds, as so revised (the "Final Amounts") will be communicated to the successful bidder by 5:00 p.m. prevailing Eastern Time on the date of sale and will not reduce or increase the Revised Aggregate Principal Amount of the Bonds by more than 15% from the amount bid upon. Such changes may result in the elimination of one or more maturities of the Bonds. The dollar amount bid by the successful bidder will be adjusted proportionally to reflect any reduction or increase in the Revised Amounts of the Bonds in determining the Final Amounts. Such adjusted bid price will reflect changes in the dollar amount of the underwriters' discount and original issue discount or premium, if any, but will not change the coupon rates and the initial public offering prices specified by the successful bidder. THE SUCCESSFUL BIDDER MAY NOT WITHDRAW ITS BID AS A RESULT OF ANY CHANGES MADE WITHIN THESE LIMITS.

### **Change of Bid Date**

The County reserves the right to postpone, from time to time, or cancel the date established for the receipt of bids. Any such postponement or cancellation will be announced by BiDCOMP/Parity/www.i-dealprospectus.com or TM3 by notice prior to any announced date for receipt of bids. If any date fixed for the receipt of bids and the sale of the Bonds is postponed, any Alternative Sale Date will be announced via BiDCOMP/Parity/www.i-dealprospectus.com or TM3 at least 48 hours prior to such Alternative Sale Date. In addition, the County reserves the right, on the date established for the receipt of bids, to reject all bids and establish a subsequent Alternative Sale Date. If all bids are rejected and an Alternative Sale Date for receipt of bids established, notice of the Alternative Sale Date will be announced via BiDCOMP/Parity/www.i-dealprospectus.com or TM3 not less than 48 hours prior to such Alternative Sale Date. On any such Alternative Sale Date, any bidder may submit a bid for the purchase of the Bonds in conformity in all respects with the provisions of this Notice of Sale except for the date of sale and except for the changes announced by BiDCOMP/Parity/www.i-dealprospectus.com or TM3 at the time the sale date and time are announced.

#### Award

As promptly as reasonably practicable after the bids are opened, the County will notify the bidder to whom the Bonds will be awarded, if and when such award is made. It is noted that the County has the right to award the Bonds by private negotiation at any time and may determine to exercise such right either before bids are submitted in response to this Notice of Sale or in the event that all bids are rejected. The County may so negotiate with, and make such award to, any person, including bidders hereunder.

#### **Good Faith**

The successful bidder of the Bonds shall submit a good faith deposit in the amount of \$113,250 the "Good Faith Deposit") for the winning bid on the Bonds to the County as provided below. The Good Faith Deposit will secure the County from any loss resulting from the failure of the successful bidder to comply with the terms of the bid. The successful bidder shall transfer the Good Faith Deposit by wire transfer directly to the County upon notification of the preliminary award of the Bonds, as indicated on PARITY (the "Preliminary Award"), but in any case no later than 4:00 p.m., prevailing Eastern Time, on the date of sale. Wire instructions will be provided to the successful bidder by the County's Financial Advisor upon notification of the Preliminary Award.

The successful bidder will provide, as quickly as it is available, evidence of wire transfer to the County's Financial Advisor by providing to the County's Financial Advisor the federal funds reference number. The formal award of the Bonds shall not be made until the County's Financial Advisor has confirmation of receipt of the Good Faith Deposit, and if the successful bidder fails to so deliver the Good Faith Deposit by the time designated above, the County will have the option to withdraw the Preliminary Award and the successful bidder shall be responsible to the County for all consequential damages arising from such withdrawal.

At the time of the delivery of the Bonds, the Good Faith Deposit will be applied against the purchase price for the Bonds or will be retained as liquidated damages upon the failure of the successful bidder to take and pay for the Bonds in accordance with the terms of its proposal. The successful bidder shall have no right in or to the Good Faith Deposit if it fails to complete the purchase of, and payment in full of, the Bonds for any reason whatsoever, unless such failure of performance shall be caused by an act or omission of the County. No interest will be paid upon the Good Faith Deposit to the successful bidder. Notwithstanding the foregoing, should a successful bidder fail to pay for the Bonds at the price and on the date agreed upon, the County retains the right to seek further compensation for damages sustained as a result of the successful bidder so failing.

#### **Issue Price Determination**

The County expects and intends that the bid for the Bonds will satisfy the federal tax requirements for a qualified competitive sale of bonds, including, among other things, receipt of bids for the Bonds from at least three underwriters, who have established industry reputations for underwriting new issuances of municipal bonds (a "Qualified Competitive Bid"). The County will advise the successful bidder as promptly as possible after the bids are opened whether the bid constitutes a Qualified Competitive Bid, or, in the alternative, a bid that fails to satisfy such requirements (a "Nonqualified Competitive Bid").

If the bid is a Qualified Competitive Bid, as promptly as possible after the bids are opened, the County will notify the successful bidder, and such bidder, upon such notice, shall advise the County of the reasonably expected initial offering price to the public of each maturity of the Bonds. In addition, the winning bidder shall be required to provide to the County information to establish the reasonably expected initial offering price for each maturity of the Bonds for federal income tax purposes by completing a certificate acceptable to Bond Counsel, on or before the date of issuance of the Bonds, substantially in the form set forth in Appendix E-1 to the Preliminary Official Statement, with appropriate completions, amendments and attachments.

If the bid is a Nonqualified Competitive Bid, as promptly as possible after the bids are opened, the County will notify the successful bidder, and such bidder, upon such notice, shall advise the County of the initial sale price or initial offering price to the public, as applicable, of each maturity of the Bonds. In addition, the winning bidder shall be required to provide to the County information and assurances to establish the initial sale price or the initial offering price to the public, as applicable, for each maturity of the Bonds for federal income tax purposes by

completing a certification acceptable to Bond Counsel, on or before the date of issuance of the Bonds, substantially in the form set forth in Appendix E-2 to the Preliminary Official Statement, with appropriate completions, omissions and attachments. It is noted that procedures for a Nonqualified Competitive Bid may require the winning bidder and, if applicable, other underwriters of the Bonds, to hold the initial offering prices for certain maturities of the Bonds for up to 5 business days after the sale date, as further specified in the form of such certification.

#### **CUSIP Numbers**

CUSIP identification numbers for the Bonds will be applied for by the financial advisor to the County, but the County will assume no obligation for the assignment or printing of such numbers on the Bonds or the correctness of such numbers, and neither the failure to print such numbers on any Bond nor any error with respect thereto shall constitute cause for a failure or refusal by the successful bidder to accept delivery of and pay for the Bonds in accordance with the terms of this Notice of Sale.

# **Delivery of the Bonds; Official Statement**

When delivered, the Bonds shall be duly executed and authenticated and registered in the name of Cede & Co., as nominee of DTC, as registered owner of the Bonds.

Not later than seven (7) business days after the award of the Bonds to the successful bidder on the day of sale, the County will authorize an Official Statement, which is expected to be substantially in the form of the Preliminary Official Statement referred to below. If so requested by the purchaser or purchasers at or before the close of business on the date of the sale, the County will include in the Official Statement such pricing and other information with respect to the terms of the reoffering of the Bonds by the successful bidder(s) ("Reoffering Information"), if any, as may be specified and furnished in writing by such bidder. If no Reoffering Information is specified and furnished by the successful bidder(s), the Official Statement will include the interest rates on the Bonds resulting from the bid of the successful bidder and the other statements with respect to reoffering contained in the Preliminary Official Statement. The successful bidder for the Bonds shall be responsible to the County and its officials for the Reoffering Information, and for all decisions made by such bidder with respect to the use or omission of the Reoffering Information in any reoffering of the Bonds, including the presentation or exclusion of any Reoffering Information in any documents, including the Official Statement. The successful bidder will also be furnished, without cost, with up to 100 copies of the Official Statement (and any amendments or supplements thereto).

Delivery of the Bonds, without expense, will be made by the County to the purchaser or purchasers on or about October 15, 2025, or as soon as practicable thereafter, through DTC and, thereupon, said purchaser or purchasers will be required to accept delivery of the Bonds purchased and pay, in federal funds, the balance of the purchase price due. The Bonds will be accompanied by the customary closing documents, including a no-litigation certificate, effective as of the date of delivery, stating that there is no litigation pending affecting the validity of any of the Bonds.

It shall be a condition to the obligation of said purchaser or purchasers to accept delivery of and pay for the Bonds that, simultaneously with or before delivery and payment for the Bonds, said purchaser or purchasers shall be furnished a certificate or certificates of an authorized officer of the County to the effect that, to the best of their knowledge and belief, the Official Statement (and any amendment or supplement thereto) (except for the Reoffering Information provided by the purchaser and information regarding DTC and DTC's book-entry system provided by DTC, as to which no view will be expressed) as of the date of sale and as of the date of delivery of the Bonds does not contain any untrue statement of a material fact and does not omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading and that between the date of sale and the date of delivery of the Bonds there has been no material adverse change in the financial position or revenues of the County, except as reflected or contemplated in the Official Statement (and any amendment or supplement thereto).

#### Miscellaneous

The Bonds will be issued and sold subject to approval as to legality by McKennon Shelton & Henn LLP, Baltimore, Maryland, Bond Counsel, whose approving opinion substantially in the form included in the Preliminary Official Statement referred to below will be delivered, upon request, to the purchaser or purchasers of the Bonds.

To assist bidders in complying with SEC Rule 15c2-12(b)(5), the County will execute and deliver a continuing disclosure agreement on or before the date of issuance of the Bonds pursuant to which it will undertake to provide certain information annually and notices of certain events. The form of this agreement is set forth in the Preliminary Official Statement and will also be set forth in the Official Statement.

NOTE: The County may revise this Notice of Sale by written notice available to prospective bidders at the place of sale at the time for submission of bids via BiDCOMP/Parity/www.i-dealprospectus.com or by publishing notice of any revisions on THE MUNICIPAL MARKET MONITOR ("TM3") SERVICES OF THOMSON REUTERS (www.tm3.com) at or before the time for submission of bids. Any bid submitted shall be in accordance with, and incorporate by reference, this Notice of Sale including any revisions made pursuant to this paragraph.

The Preliminary Official Statement, together with this Notice of Sale, may be obtained from the County Administrator, Queen Anne's County, County Office Bldg. 107 North Liberty Street, Centreville, MD 21617, (410) 758-4098, or from Susan Ostazeski, Davenport & Company LLC, 8600 LaSalle Road, Suite 618, Towson, Maryland 21286, (410) 296-9426. The Preliminary Official Statement, together with this Notice of Sale and the required form of proposal may be accessed via the internet at <a href="https://www.newissuehome.i-deal.com/Parity">https://www.newissuehome.i-deal.com/Parity</a>. Such Preliminary Official Statement is deemed final by the County as of its date for purposes of SEC Rule 15c2-12 but is subject to revision, amendment and completion in the Official Statement referred to above.

By order of

BOARD OF COUNTY COMMISSIONERS OF QUEEN ANNE'S COUNTY

# APPENDIX D FORM OF CONTINUING DISCLOSURE AGREEMENT

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## FORM OF CONTINUING DISCLOSURE AGREEMENT

This Continuing Disclosure Agreement dated as of _	, 2025 (this "Disclosure Agreement") is executed
and delivered by Queen Anne's County, Maryland, a body	corporate and politic of the State of Maryland (the
"County") in connection with the issuance of its (1) \$	Public Facilities Bonds of 2025 (the "Public Facilities
Bonds") and (2) \$ Public Facilities Refunding Bonds	ds of 2025 (the "Refunding Bonds") (collectively, the
"Bonds"). The County, intending to be legally bound hereby a	and for good and valuable consideration, the receipt and
sufficiency of which is hereby acknowledged, does hereby co	venant and agree as follows:

- SECTION 1. <u>Purpose of the Disclosure Agreement</u>. This Disclosure Agreement is being executed and delivered by the County for the benefit of the owners of the Bonds, including beneficial owners, and in order to assist the Participating Underwriters in complying with Securities and Exchange Commission Rule 15c2-12(b)(5). The County's obligations hereunder shall be limited to those required by written undertaking pursuant to the Rule.
- SECTION 2. <u>Definitions</u>. In addition to the definitions set forth above, which apply to any capitalized term used in this Disclosure Agreement, the following capitalized terms shall have the following meanings:
- "EMMA" shall mean Electronic Municipal Market Access System maintained by the MSRB. For more information on EMMA, see <a href="https://www.emma.msrb.org">www.emma.msrb.org</a>.
- "Financial Obligation" shall mean a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) guarantee of (i) or (ii). The term Financial Obligation shall not include municipal securities as to which a final official statement has been provided to the MSRB consistent with the Rule.
- "MSRB" shall mean the Municipal Securities Rulemaking Board, established pursuant to Section 15B(b)(1) of the Securities Exchange Act of 1934, as amended.
- "Participating Underwriter" shall mean any of the original underwriters of the Bonds required to comply with the Rule in connection with offering of the Bonds.
  - "Reportable Event" shall mean any of the events listed in Section 4(a) of this Disclosure Agreement.
- "Rule" shall mean Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended or replaced from time to time.
  - "State" shall mean the State of Maryland.
  - SECTION 3. Provision of Annual Financial Information, Operating Data and Audited Information.
- (a) The County shall provide to the MSRB, the following annual financial information and operating data, such information and data to be updated as of the end of the preceding fiscal year and made available within 275 days after the end of the fiscal year, commencing with the fiscal year ending June 30, 2025:
  - (i) Statement of Direct and Overlapping Debt;
  - (ii) General Bonded Debt Ratios;
  - (iii) Assessed Value of All Taxable Property By Class;
  - (iv) Property Tax Levies and Collections;
  - (v) Property Tax Rates and Tax Levies, By Purpose; and

- (vii) Schedule of General Fund Revenues, Expenditures and Transfers In (Out).
- (b) The County shall provide to the MSRB annual audited financial statements for the County, such information to be made available within 275 days after the end of the County's fiscal year, commencing with the fiscal year ending June 30, 2025, unless the audited financial statements are not available on or before such date, in which event said financial statements will be provided promptly when and if available. In the event that audited financial statements are not available within 275 days after the end of the County's fiscal year (commencing with the fiscal year ending June 30, 2025), the County will provide unaudited financial statements within such time period.
- (c) The presentation of the financial information referred to in paragraph (a) and in paragraph (b) of this Section shall be made in accordance with the same accounting principles as utilized in connection with the presentation of applicable comparable financial information included in the final official statement for the Bonds, provided that the County may modify the accounting principles utilized in the presentation of financial information by amending this Disclosure Agreement pursuant to the provisions of Section 7 hereof. Changes in Generally Accepted Accounting Principles, where applicable to financial information to be provided by the County, shall not require the County to amend this Disclosure Agreement.
- (d) If the County is unable to provide the annual financial information and operating data within the applicable time periods specified in (a) and (b) above, the County shall send in a timely manner a notice of such failure to the MSRB.

### SECTION 4. Reporting of Significant Events.

- (a) This Section 4 shall govern the giving of notices of the occurrence of any of the following Reportable Events with respect to the Bonds, each of which shall constitute a Reportable Event for purposes hereof:
  - (1) principal and interest payment delinquencies;
  - (2) non-payment related defaults, if material;
  - (3) unscheduled draws on debt service reserves reflecting financial difficulties;
  - (4) unscheduled draws on credit enhancements reflecting financial difficulties;
  - (5) substitution of credit or liquidity providers, or their failure to perform;
  - (6) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds;
    - (7) modifications to rights of Bondholders, if material;
    - (8) bond calls, if material, and tender offers;
    - (9) defeasances;
    - (10) release, substitution or sale of property securing repayment of the Bonds, if material;
    - (11) rating changes;

- (12) bankruptcy, insolvency, receivership or similar event of the County the County;
- (13) consummation of a merger, consolidation, or acquisition involving the County or the sale of all or substantially all of the assets of the County, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of the definitive agreement relating to any such actions, other than pursuant to its terms, if material;
  - (14) appointment of a successor or additional trustee or the change of name of a trustee, if material;
- (15) incurrence of a Financial Obligation of the County, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the County, any of which affect security holders, if material; and
- (16) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the County, any of which reflects financial difficulties.
- (b) In a timely manner, not in excess of ten (10) business days after the occurrence of an event listed in Section 4(a), the County shall file a notice of such occurrence of such event with MSRB.
- SECTION 5. <u>Filing with EMMA</u>. Unless otherwise required by the MSRB, all filings with the MSRB shall be made with EMMA in an electronic format and accompanied by identifying information as prescribed by the MSRB.
- SECTION 6. <u>Termination of Reporting Obligations</u>. The County's obligations under this Disclosure Agreement shall terminate upon the payment in full of all of the Bonds at their maturity. In addition, the County may terminate its obligations under this Disclosure Agreement if and when the County no longer remains an obligated person with respect to the Bonds within the meaning of the Rule.

#### SECTION 7. Amendments.

(a) The County may provide further or additional assurances that will become part of the County's obligations under this Disclosure Agreement. In addition, this Disclosure Agreement may be amended by the County in its discretion, provided that:

- (1) the amendment is being made in connection with a change of circumstances that arises from a change in legal requirements, change in law, change in the identity, nature or status of the County as the obligated person with respect to the Bonds, or type of business conducted by the County;
- (2) this Disclosure Agreement, as amended, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the issuance of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and
- (3) the amendment does not materially impair the interests of owners of the Bonds, including beneficial owners, as determined by bond counsel selected by the County or by an approving vote of at least 25% of the outstanding principal amount of the Bonds.
- (b) The reasons for the County agreeing to provide any further or additional assurances or for any amendment and the impact of the change in the type of financial information or operating data being provided will be explained in narrative form in information provided with the annual financial information containing the additional or amended financial information or operating data.

For the purposes of the event identified in clause (12) above, the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the County in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the County or if suchjurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the County.

SECTION 8. Additional Information. Nothing in this Disclosure Agreement shall be deemed to prevent the County from disseminating any other information, using the means of dissemination set forth in this Disclosure Agreement or any other means of communication, or including disclaimers or any other information in any disclosure made pursuant to Section 3(a) or 3(b) hereof or notice of occurrence of a Reportable Event, in addition to that which is required by this Disclosure Agreement. If the County chooses to include any information in any disclosure made pursuant to Section 3(a) or 3(b) hereof or notice of occurrence of a Reportable Event in addition to that which is specifically required by this Disclosure Agreement, the County shall have no obligation under this Disclosure Agreement to update such information or include it in any future disclosure made pursuant to Section 3(a) or 3(b) hereof or notice of occurrence of a Reportable Event.

#### SECTION 9. Limitation on Remedies and Forum.

- (a) The County shall be given written notice at the address set forth below of any claimed failure by the County to perform its obligations under this Disclosure Agreement, and the County shall be given 15 days to remedy any such claimed failure. Any suit or other proceeding seeking further redress with regard to any such claimed failure by the County shall be limited to specific performance as the adequate and exclusive remedy available in connection with such action. Written notice to the County shall be given to the County Administrator, Liberty Building, 107 North Liberty Street, Centreville, Maryland 21617, or at such alternate address as shall be specified by the County in disclosures made pursuant to Section 3(a) or 3(b) hereof or a notice of occurrence of a Reportable Event.
- (b) Any suit or proceeding seeking redress with regard to any claimed failure by the County to perform its obligations under this Disclosure Agreement must be filed in the Circuit Court for Queen Anne's County, Maryland.
- SECTION 10. <u>Beneficiaries</u>. This Disclosure Agreement shall inure solely to the benefit of the owners from time to time of the Bonds, including beneficial owners, and shall create no rights in any other person or entity.
- SECTION 11. Relationship to Bonds. This Disclosure Agreement constitutes an undertaking by the County that is independent of the County's obligations with respect to the Bonds. Any breach or default by the County under this Disclosure Agreement shall not constitute or give rise to a breach or default under the Bonds.
- SECTION 12. <u>Severability</u>. In case any section or provision of this Disclosure Agreement or any covenant, stipulation, obligation, agreement, or action, or any part thereof, made, assumed, entered into or taken under this Disclosure Agreement, or any application thereof, is for any reason held to be illegal or invalid or is at any time inoperable, such illegality, invalidity or inoperability shall not affect the remainder thereof or any other section or provision of this Disclosure Agreement, or any other covenant, stipulation, obligation, agreement, act or action, or part thereof, made, assumed, entered into or taken under this Disclosure Agreement, which shall at the time be construed and enforced as if such illegal or invalid or inoperable portion were not contained therein.
- SECTION 13. <u>Entire Agreement</u>. This Disclosure Agreement contains the entire agreement of the County with respect to the subject matter hereof and supersedes all prior arrangements and understandings with respect thereto; *provided, however*, that this Disclosure Agreement shall be interpreted and construed with reference to the Rule and, together with the Rule, as relating to the same subject matter.
- SECTION 14. <u>Captions</u>. The captions or headings herein shall be solely for convenience of reference and shall in no way define, limit or describe the scope or intent of any provisions or sections hereof.
- SECTION 15. <u>Governing Law</u>. This Disclosure Agreement and any claim made with respect to the performance by the County of its obligations hereunder shall be governed by, subject to and construed in accordance with the laws of the State.

[Remainder of page left blank intentionally.]

IN WITNESS WHEREOF, the County has caused this Disclosure Agreement to be duly executed as of the day and year first above written.

	QUEEN ANNE'S COUNTY, MARYLAND
ATTEST:	By: Christopher M. Corchiarino President of the Board of County Commissioners
By: Stephanie Jarrell, Executive Assistant to the Board	of County Commissioners

APPEN FORMS OF ISSUE PR		

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# [FORM OF ISSUE PRICE CERTIFICATE FOR QUALIFIED COMPETITIVE BID]

# QUEEN ANNE'S COUNTY, MARYLAND

Public Facilities [Refunding] Bonds of 2025

#### ISSUE PRICE CERTIFICATE

The undersigned, on behalf of [NAME OF WINNING BIDDER] ("[SHORT FORM NAME OF WINNING BIDDER]"), hereby certifies as set forth below with respect to the sale of the above-captioned obligations (the "Bonds").

#### 1. Reasonably Expected Initial Offering Price.

- (a) As of the Sale Date, the reasonably expected initial offering prices of the Bonds to the Public by [SHORT FORM NAME OF WINNING BIDDER] were the prices listed in <u>Schedule A</u> (the "Expected Offering Prices"). The Expected Offering Prices are the prices for each Maturity of the Bonds used by [SHORT FORM NAME OF WINNING BIDDER] in formulating its bid to purchase the Bonds. Attached as <u>Schedule B</u> is a true and correct copy of the bid provided by [SHORT FORM NAME OF WINNING BIDDER] to purchase the Bonds.
- (b) [SHORT FORM NAME OF WINNING BIDDER] was not given the opportunity to review other bids prior to submitting its bid.
- (c) The bid submitted by [SHORT FORM NAME OF WINNING BIDDER] constituted a firm bid to purchase the Bonds.

## 2. Defined Terms.

- (a) Issuer means Queen Anne's County, Maryland.
- (b) *Maturity* means Bonds with the same credit and payment terms. Bonds with different maturity dates, or Bonds with the same maturity date but different stated interest rates, are treated as separate Maturities.
- (c) *Public* means any person (including an individual, trust, estate, partnership, association, company or corporation) other than an Underwriter or a related party to an Underwriter. The term "related party" for purposes of this Certificate generally means any two or more persons who have greater than 50 percent common ownership, directly or indirectly.
- (d) Sale Date means the first day on which there is a binding contract in writing for the sale or exchange the Bonds. The Sale Date of the Bonds is Wednesday, October 1, 2025.

(e) Underwriter means (i) any person that agrees pursuant to a written contract with the Issuer (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the Public and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) of this paragraph to participate in the initial sale of the Bonds to the Public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Bonds to the Public).

The undersigned understands that the foregoing information will be relied upon by the Issuer with respect to certain of the representations set forth in the Tax and Section 148 Certificate and with respect to compliance with the federal income tax rules affecting the Bonds, and by McKennon Shelton & Henn LLP, as Bond Counsel to the Issuer, in connection with rendering its opinion that the interest on the Bonds is excluded from gross income for federal income tax purposes, the preparation of the Internal Revenue Service Form 8038-G, and other federal income tax advice that Bond Counsel may give to the Issuer from time to time relating to the Bonds.

		[NAME OF WINNING BIDDER]
		By:Title:
Dated:	. 2025	

# SCHEDULE A

Expected Initial Offering Prices of the Bonds

[Insert]

# SCHEDULE B

Copy of Bid

[Insert]

# [FORM OF ISSUE PRICE CERTIFICATE FOR NONQUALIFIED COMPETITIVE BID]

#### **QUEEN ANNE'S COUNTY, MARYLAND**

\$\_\_\_\_\_ Public Facilities [Refunding] Bonds of 2025

#### ISSUE PRICE CERTIFICATE

The undersigned, on behalf of [NAME OF WINNING BIDDER] ("[SHORT FORM NAME OF WINNING BIDDER]"), on behalf of itself and [NAMES OF MEMBERS OF THE UNDERWRITING SYNDICATE] (together, the "Underwriting Syndicate"), hereby certifies as set forth below with respect to the sale and issuance of the above-captioned obligations (the "Bonds").

1. *Sale of the General Rule Maturities*. As of the date of this Certificate, for each Maturity of the General Rule Maturities, the first price at which 10% of such Maturity was sold by [SHORT FORM NAME OF WINNING BIDDER] [THE UNDERWRITING SYNDICATE] to the Public is the respective price listed in <u>Schedule A</u>.

### 2. Initial Offering Price of the Hold-the-Offering-Price Maturities.

- (a) [SHORT FORM NAME OF WINNING BIDDER] [THE MEMBERS OF THE UNDERWRITING SYNDICATE] offered the Hold-the-Offering Price Maturities to the Public for purchase at the respective initial offering prices listed in <u>Schedule A</u> (the "Initial Offering Prices") on or before the Sale Date. A copy of the pricing wire or equivalent communication for the Bonds is attached to this Certificate as <u>Schedule B</u>.
- (b) As set forth in the Notice of Sale and bid award, the [SHORT FORM NAME OF WINNING BIDDER] [MEMBERS OF THE UNDERWRITING SYNDICATE] [has] [have] agreed in writing that, (i) for each Maturity of the Hold-the-Offering-Price Maturities, [it] [they] would neither offer nor sell any of the Bonds of such Maturity to any person at a price that is higher than the Initial Offering Price for such Maturity during the Holding Period for such Maturity (the "hold-the-offering-price rule"), and (ii) any selling group agreement shall contain the agreement of each dealer who is a member of the selling group, and any retail distribution agreement shall contain the agreement of each broker-dealer who is a party to the retail distribution agreement, to comply with the hold-the-offering-price rule. Pursuant to such agreement, neither a broker-dealer who is a party to a retail distribution agreement with an Underwriter (as defined below), nor a dealer who is a member of a selling group with an Underwriter has offered or sold any Maturity of the Hold-the-Offering Price Maturities at a price that is higher than the respective Initial Offering Price for that Maturity of the Bonds during the Holding Period.

#### 3. Defined Terms.

- (a) General Rule Maturities means those Maturities of the Bonds shown in Schedule A hereto as the "General Rule Maturities."
- (b) Hold-the-Offering-Price Maturities means those Maturities of the Bonds listed in <u>Schedule A</u> hereto as the "Hold-the-Offering-Price Maturities."
- (c) *Holding Period* means, with respect to a Hold-the-Offering-Price Maturity, the period starting on the Sale Date and ending on the earlier of (i) the close of the fifth business day after the Sale Date, or (ii) the date on which [SHORT FORM DATE OF WINNING BIDDER] [the participants within the Underwriting Syndicate] [has] [have] sold at least 10% of such Hold-the-Offering-Price Maturity to the Public at prices that are no higher than the Initial Offering Price for such Hold-the-Offering-Price Maturity.
  - (d) Issuer means Queen Anne's County, Maryland.
- (e) *Maturity* means Bonds with the same credit and payment terms. Bonds with different maturity dates, or Bonds with the same maturity date but different stated interest rates, are treated as separate Maturities.

- (f) *Public* means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter or a related party to an Underwriter. The term "related party" for purposes of this Certificate generally means any two or more persons who have greater than 50 percent common ownership, directly or indirectly.
- (g) Sale Date means the first day on which there is a binding contract in writing for the sale of a Maturity of the Bonds. The Sale Date of the Bonds is Wednesday, October 1, 2025.
- (h) *Underwriter* means (i) any person that agrees pursuant to a written contract with the Issuer (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the Public and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) of this paragraph to participate in the initial sale of the Bonds to the Public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Bonds to the Public).

The undersigned understands that the foregoing information will be relied upon by the Issuer with respect to certain of the representations set forth in the Tax and Section 148 Certificate and with respect to compliance with the federal income tax rules affecting the Bonds, and by McKennon Shelton & Henn LLP, as Bond Counsel to the Issuer, in connection with rendering its opinion that the interest on the Bonds is excluded from gross income for federal income tax purposes, the preparation of the Internal Revenue Service Form 8038-G, and other federal income tax advice that Bond Counsel may give to the Issuer from time to time relating to the Bonds.

		[NAME OF WINNING BIDDER]	
		By:	
		Title:	
Dated:	. 2025		

# SCHEDULE A

Sale Prices of the General Rule Maturities [Insert]

Initial Offering Prices of the Hold-The-Offering-Price Maturities [Insert]

# SCHEDULE B

Pricing Wire or Equivalent Communication

[See Attached]