

**MARYLAND FOOD CENTER AUTHORITY
(A COMPONENT UNIT OF THE STATE OF MARYLAND)**

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

YEAR ENDED JUNE 30, 2021



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**MARYLAND FOOD CENTER AUTHORITY
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INDEPENDENT AUDITORS' REPORT

Board of Directors
Maryland Food Center Authority
Jessup, Maryland

Report on the Financial Statements

We have audited the accompanying financial statements of Maryland Food Center Authority (the Authority), a component unit of the State of Maryland, which comprise the statement of financial position as of June 30, 2021, and the related statements of revenues, expenses and changes in net position, and cash flows for the year then ended, and the related notes to the financial statements, which collectively comprise the Authority's basic financials statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Authority as of June 30, 2021, and the changes in its financial position and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis and schedules of proportionate share of net pension liability and schedule of pension contributions, on page 28, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Authority's basic financial statements. The schedule of operating revenue and expenses and the combining schedule of revenue, expenses, and change in net position are presented for purposes of additional analysis and is not a required part of the basic financial statements.

The schedule of operating revenue and expenses and the combining schedule of revenue, expenses, and change in net position are responsibility of management and were derived from and relate 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 combining schedule of revenues, expenses, and change in net position is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 21, 2021 on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to solely describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.



CliftonLarsonAllen LLP

Baltimore, Maryland
October 21, 2021

**MARYLAND FOOD CENTER AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2021**

Our discussion and analysis of the Maryland Food Center Authority's (the Authority or MFCA) financial performance provides an overview of the Authority's financial activities as of and for the years ended June 30, 2021 and 2020. Please read this management's discussion and analysis in conjunction with the Authority's basic financial statements, which begin on page 10.

Using this Annual Report

This report consists of a series of proprietary fund financial statements. The Statement of Net Position; Statement of Revenue, Expenses and Change in Net Position; and Statement of Cash Flows provide information about the activities of the Authority as a whole and begin on page 12.

The Proprietary Fund Financial Statements

One of the most important questions asked about the Authority's finances is, "Is the Authority as a whole, better or worse, as a result of the year's activities?" The Statement of Net Position; Statement of Revenue, Expenses and Change in Net Position; and Statement of Cash Flows report information about the Authority as a whole and about its activities in a way that helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenue and expenses are taken into account regardless of when cash is received or paid.

You can think of the Authority's net position – the difference between its assets, deferred outflows, liabilities, and deferred inflows – as one way to measure the Authority's financial health, or financial position. Over time, increases or decreases in the Authority's net position is one indicator of whether its financial health is improving or deteriorating. The Authority's activities are all business-type activities.

- Business-type activities – The Authority collects rent and entrance fees from tenants and customers to cover all or most of the cost of certain services it provides. The activities at the Maryland Food Center Authority tenanted facilities, including the Maryland Wholesale Produce Market and the Maryland Market Center, and other MFCA developed facilities are reported here along with capital improvement projects and administrative services.

You should consider other non-financial factors, such as the restrictive covenants attached to all businesses in the Maryland Food Center, the location of Maryland Food Center to other major food distribution facilities, and interest of food businesses looking to move into the Maryland Food Center in your assessment of the Authority's health.

**MARYLAND FOOD CENTER AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2021**

CONDENSED FINANCIAL INFORMATION

Statements of Net Position

The following table provides comparative data as of June 30, 2021 and 2020:

	<u>2021</u>	<u>2020</u>	<u>Increase (Decrease)</u>
ASSETS AND DEFERRED OUTFLOWS			
Current Assets	\$ 7,202,760	\$ 5,920,718	\$ 1,282,042
Net Capital Assets	26,069,937	27,104,040	(1,034,103)
Deferred Outflows Related to Pension	<u>992,547</u>	<u>929,003</u>	<u>63,544</u>
Total Assets and Deferred Outflows	34,265,244	33,953,761	311,483
LIABILITIES, DEFERRED INFLOWS, AND NET POSITION			
LIABILITIES			
Current Liabilities	546,427	520,123	26,304
Noncurrent Liabilities	2,859,356	2,552,068	307,288
Deferred Inflows Related to Pension	<u>146,059</u>	<u>195,016</u>	<u>(48,957)</u>
Total Liabilities and Deferred Inflows	3,551,842	3,267,207	284,635
NET POSITION			
Net Investment in Capital Assets	26,069,937	27,104,040	(1,034,103)
Unrestricted	<u>4,643,465</u>	<u>3,582,514</u>	<u>1,060,951</u>
Total Net Position	<u>\$ 30,713,402</u>	<u>\$ 30,686,554</u>	<u>\$ 26,848</u>

The increase in current assets, as of June 30, 2021, is mainly attributable to a total increase in cash and cash equivalents of \$1,119,372.

The decrease in net capital assets is mainly attributable to a decrease of \$878,402 in fixed asset additions and an increase of \$136,708 in depreciation expense.

The increase in noncurrent liabilities is mainly due to the Authority's proportionate share of the State of Maryland net pension liability.

**MARYLAND FOOD CENTER AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2021**

CONDENSED FINANCIAL INFORMATION (CONTINUED)

Statements of Revenue, Expenses and Change in Net Position

The following table provides comparative data for the years ended June 30, 2021 and 2020:

	2021	2020	Increase (Decrease)
Rental Revenue	\$ 2,928,376	\$ 2,787,968	\$ 140,408
Service Expense Reimbursement Revenue	1,813,071	1,926,643	(113,572)
Total Operating Revenue	<u>4,741,447</u>	<u>4,714,611</u>	26,836
Operating Expenses	2,901,528	2,743,006	158,522
Service Reimbursement Expenses	1,813,071	1,926,643	(113,572)
Total Operating Expenses	<u>4,714,599</u>	<u>4,669,649</u>	44,950
Operating Income	26,848	44,962	(18,114)
Nonoperating Expenses	-	45,113	45,113
Change in Net Position	<u>\$ 26,848</u>	<u>\$ (151)</u>	<u>\$ (63,227)</u>
Total Revenue	\$ 4,741,447	\$ 4,714,611	\$ 26,836
Total Expenses	4,714,599	4,714,762	(163)
Total Change in Net Position	<u>\$ 26,848</u>	<u>\$ (151)</u>	<u>\$ 26,999</u>

During the year ended June 30, 2021, rental revenue increased by \$140,408 due to newly executed leases.

Service Expense Reimbursements represent the operating costs of the facility. The MFCA does not collect Service Expense Reimbursement revenue in excess of Service Expense Reimbursement expense therefore, Service Expense Reimbursement income and expense, when combined, equal zero.

Service Expense Reimbursement Revenue decreased by \$113,572 and Service Expense Reimbursement Expense decreased by \$113,572. This decrease is attributable to a decrease in workers' compensation insurance premiums and lower depreciation expense for the produce and seafood markets due to equipment reaching the end of its useful life.

Operating Expenses increased by \$158,522. This increase is primarily attributable to an increase in capital improvement depreciation due to the completion of the Maryland Market Center interior renovation and part of the Maryland Market Center's site work.

The overall financial position of the Authority is improved during the year ended June 30, 2021.

**MARYLAND FOOD CENTER AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2021**

CONDENSED FINANCIAL INFORMATION (CONTINUED)

Statements of Revenue, Expenses and Change in Net Position (Continued)

The Maryland seafood industry in recent years has consolidated, while at the same time new food safety standards have affected the suitability of MFCA facilities for certain seafood companies. In FY 2017, the MFCA experienced an occupancy rate of 36% in the building formerly known as the Maryland Wholesale Seafood Market. As a result, the MFCA crafted a comprehensive redevelopment plan for this site.

The Maryland Wholesale Seafood Market was constructed in 1984 and had been fully occupied until 2017. The facility had experienced significant wear due to excessive water used in the seafood industry. Much of the seafood tenant space was returned to the MFCA in a state of disrepair which exceeded the value of held security deposits. Also, the building's original design in 1984 was not designed with subsequent users in mind and catered to individual tenant specifications resulting in space much too large to accommodate small-size food companies.

These vacancies provided an opportunity for the MFCA to address today's demand for space in the seafood industry, look to the future of wholesale food distribution in general, and the concept for the Maryland Market Center grew out of these challenges.

The three primary challenges of leasing the vacant space at the Maryland Market Center was the odor from existing seafood companies' operations throughout the market, the condition of the vacant space, and the overall appearance of the exterior of the building.

Part of the MFCA comprehensive redevelopment plan requires the relocation of all existing seafood companies to one end of the building to consolidate the seafood activity. In order to move the existing seafood tenants, the MFCA commenced a major renovation of previously vacant units, in what is now referred to as the Seafood Section of the Maryland Market Center. As of June 30, 2020, this project was 100% complete and all seafood companies have been relocated to the Seafood Section of the Maryland Market Center. A total of twelve Units were renovated in the Seafood Section of the Maryland Market Center and all twelve units are now occupied.

Of these twelve renovated Units in the Seafood Section of the Maryland Market Center, the MFCA designated and designed two Units as the new Maintenance Shop for the Maryland Market Center. Once the renovation was complete, the Maryland Market Center maintenance staff vacated the existing Maintenance Garage located inside the Maryland Market Center and moved into the newly renovated Maintenance Shop. The vacant Maintenance Garage was then leased to a truck repair company.

During Fiscal Year 2020, the MFCA moved forward with the next phase of the redevelopment plans and renovated vacant units in what is now referred to as the Non-Seafood Section of the Maryland Market Center. This project is now complete and a total of six Units were renovated. All six of the renovated units are now occupied.

During Fiscal Year 2021, the comprehensive redevelopment plan describes an update to the façade of the existing building which will give the facility a more-modern appearance. Due to the COVID-19 pandemic, this project continues to be on hold.

The MMC occupancy rate as of June 30, 2021 is 100%.

**MARYLAND FOOD CENTER AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2021**

BUDGETARY HIGHLIGHTS

The Authority does not budget for revenue. The Authority had a positive variance of \$392,845 from comparing actual to budgeted expenses for the year ended June 30, 2020.

	Year Ended June 30, 2021			Positive (Negative) Variance
	Original Budget	Final Budget	Actual	
Operating Expenses:				
Salaries, Wages, and Related Costs	\$ 2,215,242	\$ 2,169,989	\$ 2,329,911	\$ (159,922)
Depreciation	1,434,306	1,364,334	1,220,948	143,386
Contractual Services	663,190	702,461	521,530	180,931
Taxes	255,000	280,000	265,231	14,769
Vehicle Operation	131,158	129,219	86,509	42,710
Fuel and Utilities	112,500	112,500	105,201	7,299
Technical and Special Fees	108,959	84,133	63,477	20,656
Travel	66,550	66,550	2,675	63,875
Supplies and Materials	66,895	66,895	38,478	28,417
Equipment Charges	47,928	47,928	8,508	39,420
Communication	48,235	48,235	37,459	10,776
Fixed Charges	45,200	35,200	34,672	528
Total Operating Expenses	<u>5,195,163</u>	<u>5,107,444</u>	<u>\$ 4,714,599</u>	<u>\$ 392,845</u>
Capital Depreciation Budget	(1,253,342)	(1,123,370)		
Capital Depreciation Expense FY 21	<u>(118,356)</u>	<u>(140,161)</u>		
Total Budget	<u>\$ 3,823,465</u>	<u>\$ 3,843,913</u>		

The negative variance for Salaries, Wages, and Related Costs is due to the state-mandated pension expense adjustment. The positive variance for Depreciation is due to deferred capital improvement projects from the current year to a subsequent year due to the COVID-19 pandemic.

The positive variance for Contractual Services is due to the Maryland Market Center's 100% occupancy rate. When the Market is 100% occupied, the Authority is no longer required to contribute its proportionate share of the Market's expenses related to the vacant units.

**MARYLAND FOOD CENTER AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2021**

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

As of June 30, 2021, and 2020, the Authority had capital assets of \$49,714,217 and \$49,527,372, net of accumulated depreciation of \$23,644,280 and \$22,423,332, for net capital assets of \$26,069,937 and \$27,104,040, respectively. This represents a decrease of \$1,034,103 as of June 30, 2021, from the prior year. This decrease is due to additions of \$186,845 of capital assets, net of \$1,220,948 of depreciation expense.

Major additions (those greater than \$50,000) to capital assets during the year ended June 30, 2021, are as listed below:

Maryland Market Center Redevelopment of Interior	\$ 4,098,073
Produce Market site LED Light Replacement	<u>768,301</u>
Total	<u><u>\$ 4,866,374</u></u>

As of June 30, 2021, the Authority had no long-term debt outstanding.

ECONOMIC FACTORS

Maryland Market Center (MMC), formerly known as Maryland Wholesale Seafood Market

The MMC leases expire on June 30, 2022 or June 30, 2023, depending on the lease term selected by the tenant at lease inception. The leases which expire on June 30, 2022 include a five-year renewal option which extends the leases until June 30, 2027. The MMC occupancy rate as of June 30, 2021 is 100%.

Maryland Wholesale Produce Market (MWPM)

The MWPM leases expire on June 30, 2022 or June 30, 2023, depending on the lease term selected by the tenant at lease inception. The leases which expire on June 30, 2022 include a five-year renewal option which extends the leases until June 30, 2027. MWPM occupancy rate is 100% as of June 30, 2021.

Truck Parking Lot

All spaces in the Truck Parking Lot are rented through February 28, 2023.

Anaerobic Digester

In the first quarter of calendar year 2018, the MFCA Board of Directors and the Maryland Board of Public Works approved a ten-year ground lease, with two additional ten-year option periods, between the Authority and BTS Biogas, LLC to construct an anaerobic digester on 5.5 acres of the Authority's land located on Oceano Avenue. The anaerobic digester uses microbes to convert compostable waste into energy.

The terms of the ground lease require monthly payments of \$11,044 per month, or \$132,528 per year, which began April 1, 2019. The ground lease ends March 27, 2028 and there are two, additional, ten-year renewal options which may be exercised.

The anaerobic digester project enjoys the full support from Maryland Governor, Larry Hogan, Maryland Comptroller, Peter Franchot, Maryland Treasurer, Nancy Kopp, and multiple state and local governmental units.

**MARYLAND FOOD CENTER AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2021**

ECONOMIC FACTORS (CONTINUED)

Maryland Market Center Ground Leases

On November 1, 2019, the Maryland Food Center Authority entered into a Ground Lease for a portion of the land located in the Maryland Market Center. This Ground Lease was approved by the MFCA Board of Directors and the Maryland Board of Public Works.

The terms of the ground lease require monthly payments of \$17,917 per month, or \$215,000 per year which started November 1, 2019 and ends October 31, 2094. The ground lease contains a buy-out option after twenty years.

On January 19, 2021, the Maryland Food Center Authority entered into a Ground Lease for a portion of the land located in the Maryland Market Center. This Ground Lease was approved by the MFCA Board of Directors and the Maryland Board of Public Works.

The terms of the ground lease require monthly payments of \$0 for the first six months, \$18,750 for August 2021 to January 2022, and \$37,500 per month thereafter, or \$450,000 per year, and ends January 18, 2095. The ground lease contains a buy-out option after twenty years.

Maryland Market Center Maintenance Garage

During the renovation of the Seafood Section of the Maryland Market Center, two Units were designated as the future location for the MFCA Maintenance Shop. Once the renovation was complete, the existing Maryland Market Center Maintenance Garage was vacant. The Maintenance Garage was leased on May 18, 2020 for \$19,200 per year and ends on June 30, 2022.

CONTACTING THE AUTHORITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide the users of these financial statements with a general overview of the Authority's finances. If you have questions about this report or need additional financial information, please contact the Authority's Senior Director of Real Estate & Finance at 7801 Oceano Avenue, Jessup, Maryland 20794.

**MARYLAND FOOD CENTER AUTHORITY
STATEMENT OF NET POSITION
JUNE 30, 2021**

ASSETS AND DEFERRED OUTFLOWS

2021

CURRENT ASSETS

Cash and Cash Equivalents	\$ 6,384,051
Accounts Receivable	818,231
Prepaid Expenses	478
Total Current Assets	7,202,760

NONCURRENT ASSETS

Nondepreciable Capital Assets	5,923,378
Depreciable Capital Assets, Net of Accumulated Depreciation	20,146,559
Total Noncurrent Assets	26,069,937

Total Assets	33,272,697
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DEFERRED OUTFLOWS RELATED TO PENSION

992,547

Total Assets and Deferred Outflows	34,265,244
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LIABILITIES, DEFERRED INFLOWS, AND NET POSITION

CURRENT LIABILITIES

Accounts Payable and Accrued Liabilities	177,327
Accrued Payroll and Related Taxes	88,264
Unearned Revenue	49,173
Accrued Compensated Absences, Current Portion	222,093
Accrued Workers' Compensation, Current Portion	9,570
Total Current Liabilities	546,427

NONCURRENT LIABILITIES

Accrued Compensated Absences	55,523
Accrued Workers' Compensation	55,430
Tenant Deposits	212,077
Net Pension Liability	2,536,326
Total Noncurrent Liabilities	2,859,356

Total Liabilities	3,405,783
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DEFERRED INFLOWS RELATED TO PENSION

146,059

Total Liabilities and Deferred Inflows	3,551,842
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NET POSITION

Net Investment in Capital Assets	26,069,937
Unrestricted	4,643,465
Total Net Position	\$ 30,713,402

See accompanying Notes to Financial Statements.

**MARYLAND FOOD CENTER AUTHORITY
STATEMENT OF REVENUE, EXPENSES, AND CHANGE IN NET POSITION
YEAR ENDED JUNE 30, 2021**

OPERATING REVENUE	
Rental Revenue and Charges for Services	\$ 4,593,521
Other Income	147,926
Total Operating Revenue	<u>4,741,447</u>
OPERATING EXPENSES	
Salaries, Wages, and Related Costs	2,329,911
Depreciation	1,220,948
Contractual Services	521,530
Taxes	265,231
Fuel and Utilities	105,201
Vehicle Operation	86,509
Technical and Special Fees	63,477
Fixed Charges	34,672
Communication	37,459
Supplies and Materials	38,478
Equipment Charges	8,508
Travel	2,675
Total Operating Expenses	<u>4,714,599</u>
OPERATING INCOME	<u>26,848</u>
Change in Net Position	26,848
Net Position - Beginning of Year	<u>30,686,554</u>
NET POSITION - END OF YEAR	<u><u>\$ 30,713,402</u></u>

See accompanying Notes to Financial Statements.

**MARYLAND FOOD CENTER AUTHORITY
STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2021**

CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from Customers	\$ 4,536,752
Payments to Suppliers	(1,112,842)
Payments to Employees and Related	<u>(2,117,693)</u>
Net Cash Provided by Operating Activities	1,306,217
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Purchases of Capital Assets	<u>(186,845)</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	1,119,372
Cash and Cash Equivalents - Beginning of Year	<u>5,264,679</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u><u>\$ 6,384,051</u></u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES	
Operating Income	\$ 26,848
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:	
Depreciation Expense	1,220,948
Effects of Changes in Operating Assets, Deferred Outflows, Liabilities and Deferred Inflows:	
Accounts Receivable	(164,160)
Prepaid Expenses	1,490
Deferred Outflows	(63,544)
Accounts Payable	49,408
Tenant Deposits	5,500
Accrued Payroll and Related Taxes	(631)
Unearned Revenue	(46,035)
Accrued Compensated Absences	29,678
Deferred Inflows	(48,957)
Net Pension Liability	295,672
Net Cash Provided by Operating Activities	<u><u>\$ 1,306,217</u></u>

See accompanying Notes to Financial Statements.

MARYLAND FOOD CENTER AUTHORITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1 ORGANIZATION

Maryland Food Center Authority (the “Authority” or “MFCA”), an instrumentality and component unit of the State of Maryland, was created as a body corporate and politic of the State of Maryland by the Greater Baltimore Consolidated Wholesale Food Market Authority Act, effective June 1, 1967, under Chapter 145 of the 1967 Laws of Maryland. The Authority has statewide jurisdiction to promote the welfare of Marylanders by undertaking real estate development and management activities that facilitate wholesale food industry activity in the public interest. The Authority is involved with planning and developing regional food industry facilities, including a 400-acre specialized industrial park known as the Maryland Food Center in Jessup, Maryland. The Authority owns and manages property at the Maryland Food Center, including the Maryland Wholesale Produce Market and the Maryland Market Center, formerly known as Maryland Wholesale Seafood Market. The Authority's wholesale markets provide a commercial arena for competing businesses to deliver vital food services throughout the region, under the management of a publicly accountable state agency. The Authority also owns, and redeveloped, the Rock Hall Clam House in Rock Hall, Maryland, which it leases to local watermen and waterman-related industries. The executive board of the Authority is comprised of 12 members, including the State Comptroller, the Secretary of Agriculture, the Secretary of General Services, the Director of Agricultural Extension for the State of Maryland who is Dean of the College of Agriculture and Natural Resources at the University of Maryland, and private citizens appointed by the Governor.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The accounting system is organized and operated on a fund basis. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations.

Cash and Cash Equivalents

The Authority considers all cash on deposit with the State of Maryland's treasury to be cash equivalents as well as all highly liquid investments with original maturities of three months or less at the time of purchase.

Capital Assets and Depreciation

Capital expenditures greater than \$1,000, with an estimated useful life greater than one year, are capitalized. Capital assets are recorded at historical cost. Donated capital assets are capitalized at estimated fair market value on the date donated.

**MARYLAND FOOD CENTER AUTHORITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Capital Assets and Depreciation (Continued)

Depreciation of capital assets is computed using the straight-line method. Estimated useful lives of the various classes of depreciable capital assets are as follows:

Building	15 to 50 Years
Capital Improvements	10 to 40 Years
Equipment	5 to 10 Years

Revenue and Expenses

Operating revenue consists primarily of rent and entrance fees. Revenue is recognized as earned. Rent received in advance of recognition is recorded as unearned revenue.

Interest costs are capitalized when incurred on debt where proceeds were used to finance the construction of assets. Interest earned on proceeds of tax-exempt borrowing arrangements restricted to the acquisition of qualifying assets is offset against interest costs in determining the amount to be capitalized.

Compensated Absences

Authority employees are granted annual leave in varying amounts depending on tenure. Employees may carry over up to 75 days of annual leave at the end of the calendar year and will be compensated for unused leave when employees leave the Authority's service. However, an employee whose employment is terminated for unlawful behavior or for gross misconduct may forfeit all unused annual leave and all compensation for unused annual leave. Employees earn 15 days of sick leave per year.

The estimated liability for vested vacation is recorded as a liability and charged to expense.

Accounts Receivable

Accounts receivable are uncollateralized obligations which generally require payment within 30 days from the invoice date. As of June 30, 2021, the Authority considered all accounts receivable to be fully collectible; accordingly, no allowance for doubtful accounts is recorded.

New Accounting Pronouncements

The following accounting pronouncements have been issued and may have an impact on future financial statements of the Authority. Due to the effect of COVID-19, the GASB issued GASB 95, *Postponement of the Effective Dates Certain Authoritative Guidance*, which delayed the implementation of specific upcoming GASB pronouncements.

- Statement No. 87, *Leases*, which is effective for periods beginning after June 15, 2021

The Authority will continue to evaluate the impact of the new standards and their effect on its financial statements.

MARYLAND FOOD CENTER AUTHORITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Pension Liability

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pension and pension expense, MCE reports a liability of its proportionate share of the net pension liability of the Maryland State Employee Retirement System on the basis reported by the system. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

Deferred Inflow and Deferred Outflow of Resources

The Statement of Net Position reports a separate section for deferred outflows of resources. This separate financial statement element, Deferred Outflows of Resources, represents a consumption of net position that applies to a future period and so will not be recognized as an expense or expenditure until then. In addition to liabilities, the Statement of Net Position reports a separate section for deferred inflows of resources. This separate financial statement element, Deferred Inflows of Resources, represents an acquisition of net position that applies to a future period and so will not be recognized as revenue until then.

NOTE 3 CASH AND CASH EQUIVALENTS

Cash on Hand

As of June 30, 2021, petty cash on-hand totaled \$4,050, and gate receipts not yet deposited totaled \$585, for total cash on hand of \$6,384,051.

Deposits

As of June 30, 2021, the carrying amount of the Authority's deposits was \$6,379,416 and the bank balance was \$6,322,267. The deposits of the Authority were not exposed to custodial credit risk as of June 30, 2021, because the Authority's deposits are pooled with the state's funds under the custody of the state treasurer. Collateral must be at least 102% of the book value and must be delivered to the state treasurer's custodian for safekeeping.

**MARYLAND FOOD CENTER AUTHORITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 4 CAPITAL ASSETS AND DEPRECIATION

A summary of changes in capital assets is as follows:

	Balance June 30, 2020	Additions	Deletions	Transfers	Balance June 30, 2021
Nondepreciable Capital Assets					
Land	\$ 1,354,998	\$ -	\$ -	\$ -	\$ 1,354,998
Land Held for Development	2,227,404	-	-	-	2,227,404
Construction in Progress	7,203,893	16,665	-	(4,879,582)	2,340,976
Total Nondepreciable Capital Assets	10,786,295	16,665	-	(4,879,582)	5,923,378
Depreciable Capital Assets					
Buildings and Improvements:					
Henry Hein Building and Other	1,031,011	-	-	-	1,031,011
Wholesale Produce Market	19,708,665	154,892	-	752,970	20,616,527
Maryland Market Center	10,480,506	-	-	4,126,612	14,607,118
Storm Water Management Pond	208,847	-	-	-	208,847
Truck Wash	1,140,587	-	-	-	1,140,587
Cross Dock	2,512,479	-	-	-	2,512,479
Rock Hall Clam House	1,159,013	9,042	-	-	1,168,055
Total Buildings and Improvements	36,241,108	163,934	-	4,879,582	41,284,624
Equipment - Administrative	412,207	6,246	-	-	418,453
Equipment - Produce and Seafood	2,087,762	-	-	-	2,087,762
Total Depreciable Capital Assets	38,741,077	170,180	-	4,879,582	43,790,839
Accumulated Depreciation					
Buildings and Improvements	(20,455,324)	(1,083,187)	-	-	(21,538,511)
Equipment - Administrative	(284,808)	(25,790)	-	-	(310,598)
Equipment - Produce and Seafood	(1,683,200)	(111,971)	-	-	(1,795,171)
Total Accumulated Depreciation	(22,423,332)	(1,220,948)	-	-	(23,644,280)
Total Capital Assets, Net	<u>\$ 27,104,040</u>	<u>\$ (1,034,103)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 26,069,937</u>

The Authority owns approximately 14 acres which may be used for future development that is consistent with the Authority's mission. This land is recorded at cost and is included in land held for development.

**MARYLAND FOOD CENTER AUTHORITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 5 LONG-TERM OBLIGATIONS

Changes in long-term obligations for the year ended June 30, 2021 are as follows:

	Balance Ending June 30, 2020	Additions	Reductions	Balance Ending June 30, 2021	Amounts Due Within One Year
Compensated Absences	\$ 247,938	\$ 94,646	\$ 64,968	\$ 277,616	\$ 222,093
Workers' Compensation	65,000	-	-	65,000	9,570
Net Pension Liability	2,240,654	295,672	-	2,536,326	-
Total	<u>\$ 2,553,592</u>	<u>\$ 390,318</u>	<u>\$ 64,968</u>	<u>\$ 2,878,942</u>	<u>\$ 231,663</u>

NOTE 6 RISK MANAGEMENT

The Authority is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to workers; and natural disasters. The MFCA is self-insured for general liability, property and casualty, workers' compensation, environmental and anti-trust liabilities, and certain employee health benefits. All funds, agencies, and authorities of the state participate in the Self-Insurance Program (the Program). The Program allocates the cost of providing claims servicing and claims payment by charging a "premium" to each fund, agency, or public authority, based on a percentage of each organization's estimated current-year payroll or based on an average loss experienced by each organization. This charge considers recent trends in actual claims experience of the State of Maryland (the State) as a whole and makes provisions for catastrophic losses. For all insurance coverage except workers' compensation, the Authority has no liability for additional claims as of June 30, 2021. As of June 30, 2021, the State allocated a liability for workers' compensation claims to the Authority.

The program creates a total risk and cost sharing pool for all participants. In the event that the risk pool falls into a deficit that cannot be satisfied by transfers from the risk pool's capital and surplus accounts, the risk pool shall determine a method to fund the deficit. The Program could assess an additional premium to each participant, including the Authority. The Authority's management believes that an additional premium to fund a deficit would not be material.

A more complete description of the MFCA's risk management program can be found in the State's Comprehensive Annual Financial Report (CAFR). The CAFR may be obtained by writing to the State Comptroller, P.O. Box 466, Annapolis, Maryland 21404-0466. The Authority's premiums for fiscal years 2021, 2020, and 2019, were \$28,263, \$22,186, and \$17,672, respectively.

NOTE 7 MINIMUM LEASE RECEIPTS

The Authority owns the Maryland Wholesale Produce Market and the Maryland Market Center that are rented by segregated units to area food or food-related businesses. Both leases renewed in April 2017. The Authority also owns a parking lot that is rented for tractor trailer parking. This lease renewed in March of 2018. The Authority owns the Rock Hall Clam House, which it leases to local watermen and watermen related industries. The leases have various end dates.

**MARYLAND FOOD CENTER AUTHORITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 7 MINIMUM LEASE RECEIPTS (CONTINUED)

The minimum future lease receipts, as of June 30, 2021, which the Authority is scheduled to receive were as follows:

<u>Year Ending June 30.</u>	<u>Amount</u>
2022	\$ 3,187,810
2023	1,827,081
2024	797,528
2025	797,528
2026	797,528
Thereafter	8,661,925
Total	<u>\$ 16,069,400</u>

NOTE 8 RETIREMENT PLAN

Certain employees of the Authority are provided with pensions through the Employees' Retirement System of the State of Maryland (ERS), a cost-sharing multiemployer defined benefit pension plan administered by the Maryland State Retirement and Pension System (MSRPS). The State Personnel and Pensions Article of the Annotated Code of Maryland (the Article) grants the authority to establish and amend the benefit terms of ERS to the MSRPS Board of Trustees. MSRPS prepares a separate Comprehensive Annual Financial Report, which is publicly available and can be obtained at www.sra.state.md.us/Agency/Downloads/CAFR/.

Benefits Provided

Funding Policy

The Authority's required contribution is based upon a percentage of covered payroll based on the State's allocation of its annual cost. The entry age normal cost method is the actuarial cost method used. Both the Authority and covered employees are required by State statute to contribute to the ERS. The employees contribute 7% of compensation, as defined, based on the participant's plan. The Authority made its required contribution during the fiscal year ended June 30, 2021 of \$224,062.

A member of the 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 the Employees' Retirement 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 the Employees' Retirement 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.

MARYLAND FOOD CENTER AUTHORITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 8 RETIREMENT PLAN (CONTINUED)

Benefits Provided (Continued)

Funding Policy (Continued)

For most individuals who retired from the Employees' Retirement 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 Employees' Retirement 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 Employees' Retirement 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 Employees' Retirement System.

Exceptions to these benefit formulas apply to members of the Employees' Retirement 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 these 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.

Early Service Retirement

A member of the 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 the Employees' Retirement System member is 30%.

An individual, who is a member of the Employees' Retirement System on or before June 30, 2011, may retire with reduced benefits upon attaining age 55 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 62. The maximum reduction for these members of the Employees' Retirement System is 42%. An individual who becomes a member of the Employees' Retirement 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 Employees' Retirement System is 30%.

**MARYLAND FOOD CENTER AUTHORITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 8 RETIREMENT PLAN (CONTINUED)

Benefits Provided (Continued)

Disability and Death Benefits

Generally, a member covered under retirement plan provisions who is permanently disabled after five 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 five 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. Death benefits are equal to a member's annual salary as of the date of death plus all member contributions and interest.

Contributions

The Article sets contribution requirements of the active employees and the participating governmental units are established and may be amended by the MSRPS Board. Employees are required to contribute 7% of their annual pay. The Authority's contractually required contribution rate for ERS for the year ended June 30, 2021 was \$224,062, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability.

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

As of June 30, 2021, the Authority reported a liability of \$2,535,055 for its proportionate share of the ERS net pension liability. The ERS net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Authority's proportion of the ERS net pension liability was based on the Authority's share of contributions to the pension plan relative to the contributions of all participating government units, actuarially determined.

As of June 30, 2021, the Authority's proportion for ERS was 0.012% compared to 0.012% percent as of June 30, 2020.

**MARYLAND FOOD CENTER AUTHORITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 8 RETIREMENT PLAN (CONTINUED)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

For the year ended June 30, 2021, the Authority recognized pension expenses of \$407,593. As of June 30, 2021, the Authority reported deferred outflows of resources and deferred inflows of resources related to ERS from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Change of Assumptions	\$ 22,491	\$ 48,166
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	489,050	-
Net Difference Between Actual and Expected Experience	-	88,105
Change in Proportion and Difference Between Contributions and Proportionate Share of Contributions	256,944	9,788
Contributions made Subsequent to the Measurement Date	224,062	-
Total	<u>\$ 992,547</u>	<u>\$ 146,059</u>

As of June 30, 2021, \$224,062 was reported as deferred outflow of resources related to the Authority's contributions subsequent to the measurement date that will be recognized as a reduction of the Authority's net pension liability in the year ending June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to ERS will be recognized in pension expense as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2022	\$ 226,363
2023	242,197
2024	103,256
2025	45,956
2026	4,654
Total	<u>\$ 622,426</u>

Information Included in the MSRPS Financial Statements

Actuarial assumptions, long-term expected rate of return on pension plan investments, discount rate, and pension plan fiduciary net position are available at www.sra.state.md.us/Agency/Downloads/CAFR/.

**MARYLAND FOOD CENTER AUTHORITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 8 RETIREMENT PLAN (CONTINUED)

Information Included in the MSRPS Financial Statements (Continued)

The key assumptions used to perform the June 30, 2020 pension liability calculation were as follows:

Actuarial	Entry Age Normal
Amortization Method	Level Percentage of Payroll, Closed
Inflation	In the 2020 Actuarial Valuation, 2.65% General, 3.10% Wage.
Salary Increase	In the 2020 Actuarial Valuation, 3.10% to 9.10%.
Discount Rate	7.40% in 2020
Investment Rate of Return	In the 2020 and 2019 Actuarial Valuation, 7.40% and 7.50%, Respectively.
Mortality	RP-2014 Mortality Tables with Generational Mortality Projections Using Scale MP-2014, Calibrated to MSRPS Experience.

Sensitivity of the Authority's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The Authority's proportionate share of the ERS net pension liability calculated using the discount rate of 7.40% is \$2,536,326. Additionally, the Authority's proportionate share of the ERS net pension liability if it were calculated using a discount rate that is 1-percentage-point lower (6.40%) is \$3,861,203 or 1-percentage-point higher (8.40%) is \$1,755,121.

NOTE 9 OTHER POSTEMPLOYMENT BENEFITS

Members of the State Retirement and Pension System of Maryland (the State System) and their dependents are provided postemployment health care benefits through the State Employee and Retiree Health and Welfare Benefits Program (the Plan), which is administered by the Secretary of the Department of Budget and Management. The Plan is a single-employer, cost sharing defined benefit healthcare plan established by the State Personnel and Pensions Article, Section 2-501 through 2-516 of the Annotated Code of Maryland. The Plan is self-insured to provide medical, hospitalization, prescription drug, and dental insurance benefits to eligible state employees, retirees and their dependents. The State does not distinguish employees by employer/State agency. Instead, the State allocates the postemployment health care costs to all participating employers.

Financial information for the Plan is included in the State of Maryland Comprehensive Annual Financial Report, which can be obtained from the Comptroller of Maryland, Louis L. Goldstein Treasury Building, Annapolis, Maryland 21404. The report can also be found at the following link:

http://finances.marylandtaxes.gov/Where the Money Comes From/General Revenue Reports/de_fault.shtml

**MARYLAND FOOD CENTER AUTHORITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 9 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Plan Description

The Authority's employees are members of the Plan. For members hired before July 1, 2011, members may enroll and participate in the health benefits options if the retiree ended State service with at least 10 years of creditable service within five years before the age at which a vested retirement allowance would begin or if the retiree ended State service with at least 16 years of creditable service or to retire directly from State service with at least five years of creditable service.

For members hired on or after July 1, 2011, they are required to have completed at least 25 years of creditable service, retired directly from State service with at least 10 years of creditable service, or ended State service with at least 10 years of creditable service within five years before the age at which a vested retirement allowance normally would begin.

Funding Policy

The contribution requirements of Plan members are established by the Secretary. The State subsidizes approximately 50% to 85% of covered medical, dental, prescription, and hospitalization costs, depending on the type of insurance plan. Costs for the postretirement benefits are for State retirees and primarily funded by the State. The State does not distinguish employees by employer/State agency. The State did not allocate postemployment health care costs to participating employers and as a result did not require a contribution from the Authority. As such, the State has elected to maintain the entire net OPEB liability as a liability of the general fund of the State and has not allocated any balances to State entities including the Authority.

A separate actuarial valuation is not performed by the Authority. The Authority's only obligation to the Plan is its required annual contribution. The Authority contributed \$99,537 to the retirees' postemployment benefits for the fiscal year ended June 30, 2021, which was based on the retiree's current health insurance premiums. As of June 30, 2021, the state of Maryland did not allocate the net postemployment liability and, as such, the Authority is not required to record a liability.

<u>Fiscal Years Ended</u>	<u>Actual Contributions</u>	<u>Required Contributions</u>	<u>Percentage of Required</u>
2021	\$ 105,592	\$ 105,592	100%
2020	99,537	99,537	100%
2019	97,534	97,534	100%
2018	77,464	77,464	100%
2017	110,952	110,952	100%
2016	103,911	103,911	100%
2015	74,786	74,786	100%

MARYLAND FOOD CENTER AUTHORITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 10 DEFERRED COMPENSATION PLAN

The Authority offers its employees a deferred compensation plan (the Plan) created in accordance with Internal Revenue Code 457. The Plan is offered through the State. The Plan, available to all State 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. The Plan is accounted for by the State of Maryland. Investments are managed by the Plan's third-party administrator under one of several investment options, or a combination thereof. The choice of the investment option(s) is made by the participants. The State has no liability for losses under the Plan but does have the duty of due care that would be required of an ordinary prudent investor. A more complete description of the State's deferred compensation plans may be found in the State's CAFR.

NOTE 11 SUBSEQUENT EVENT

The State of Maryland Executive Department order of the Governor of the State of Maryland Number 20-12-17-02, temporarily prohibited evictions of tenants suffering substantial loss of income due to COVID-19. The Order additionally prohibited certain repossessions, restricting initiation of residential mortgage foreclosures, and prohibiting commercial evictions.

Upon the expiration of the executive order on August 15, 2021, the Authority reviewed tenants with unpaid rent balances as of June 30, 2021 due to COVID-19 hardships. The Authority subsequently entered into negotiations with these tenants to modify the tenant's lease terms to include the repayment of outstanding rent balances. The modified lease terms were changed to include a payment plan to repay the past due balance in full either over set period of time or over the remaining term of the lease and requires the tenants to also pay the current monthly lease obligations when due.

REQUIRED SUPPLEMENTARY INFORMATION

MARYLAND FOOD CENTER AUTHORITY
SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY
AND SCHEDULE OF PENSION CONTRIBUTIONS
YEAR ENDED JUNE 30, 2021
(SEE INDEPENDENT AUDITORS' REPORT)

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
The Authority's Proportion of the ERS Net Pension Liability	0.000%	0.012%	0.012%	0.009%	0.009%	0.008%
The Authority's Proportionate Share of the ERS Net Pension Liability	\$ 2,536,326	\$ 2,240,654	\$ 2,290,570	\$ 1,913,294	\$ 2,024,355	\$ 1,628,063
Authority's Covered-Employee Payroll	\$ 1,347,857	\$ 1,226,943	\$ 1,130,893	\$ 1,089,873	\$ 1,119,467	\$ 1,089,000
Authority's Proportionate Share of the Net Pension Liability (Assets) as a Percentage of its Covered-Employee Payroll	188.17%	182.62%	186.69%	166.55%	179.00%	149.38%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	66.29%	67.98%	69.38%	65.79%	65.79%	68.78%

This schedule is presented to illustrate the requirement to show information for 10 years; however, information prior to June 30, 2015 is not available.

SCHEDULE OF PENSION CONTRIBUTIONS

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Contractually Required Contribution (ERS)	\$ 224,062	\$ 224,062	\$ 232,972	\$ 217,241	\$ 215,601	\$ 180,839
Contributions in Related to the Contractually Required Contribution	<u>(224,062)</u>	<u>(224,062)</u>	<u>(232,972)</u>	<u>(217,241)</u>	<u>(215,601)</u>	<u>(180,839)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Authority's Covered-Employee Payroll	\$ 1,389,938	\$ 1,347,857	\$ 1,226,943	\$ 1,148,799	\$ 1,130,893	\$ 1,089,873
Contributions as a Percentage of Covered-Employee Payroll	16.12%	16.62%	18.99%	18.91%	19.06%	16.59%

This schedule is presented to illustrate the requirement to show information for 10 years; however, information prior to June 30, 2015 is not available.

SUPPLEMENTARY INFORMATION

MARYLAND FOOD CENTER AUTHORITY
SCHEDULE OF REVENUE AND EXPENSES
YEAR ENDED JUNE 30, 2021
(SEE INDEPENDENT AUDITORS' REPORT)

	2021
OPERATING REVENUE	
Rental Revenue and Charges for Services	\$ 4,526,949
Other Income	214,498
Total Operating Revenue	4,741,447
OPERATING EXPENSES	
Salaries, Wages, and Related Costs	2,146,740
Depreciation	1,220,948
Contractual Services	521,530
Taxes	265,231
Fuel and Utilities	105,201
Vehicle Operation	86,509
Technical and Special Fees	63,477
Travel	2,675
Communication	37,459
Supplies and Materials	38,478
Fixed Charges	34,672
Equipment Charges	8,508
Total Operating Expenses	4,531,428
OPERATING INCOME	\$ 210,019

Note: The schedule only includes pension expense related to contributions to the plan. Pension expense related to the changes in the deferred outflows and inflows of resources are not reflected in the schedule.

MARYLAND FOOD CENTER AUTHORITY
COMBINING SCHEDULE OF REVENUE, EXPENSES, AND CHANGE IN NET POSITION
YEAR ENDED JUNE 30, 2021
(SEE INDEPENDENT AUDITORS' REPORT)

	Administrative Operating Accounts	Wholesale Produce Market Operating Accounts	Maryland Market Center Operating Accounts	Capital Improvements	Total
OPERATING REVENUE					
Rental Revenue	\$ 2,713,878	\$ 816,493	\$ 482,604	\$ -	\$ 4,012,975
Entrance Fees	-	379,722	132,132	-	511,854
Registration	-	50	-	-	50
Railroad	-	990	-	-	990
Miscellaneous	120,708	-	-	-	120,708
Other Income	93,790	87	993	-	94,870
	<u>2,928,376</u>	<u>1,197,342</u>	<u>615,729</u>	<u>-</u>	<u>4,741,447</u>
OPERATING EXPENSES					
Salaries, Wages, and Related Costs	1,117,454	815,579	396,878	-	2,329,911
Depreciation	88,783	74,017	30,776	1,027,372	1,220,948
Contractual Services	219,284	139,921	80,638	81,687	521,530
Taxes	265,231	-	-	-	265,231
Fuel and Utilities	31,740	57,533	15,928	-	105,201
Vehicle Operation	1,232	40,320	44,957	-	86,509
Technical and Special Fees	22,689	20,863	19,925	-	63,477
Supplies and Materials	9,711	18,174	10,593	-	38,478
Communication	16,344	12,004	9,111	-	37,459
Fixed Charges	14,574	15,008	5,090	-	34,672
Equipment Charges	3,272	3,533	1,703	-	8,508
Travel	2,155	390	130	-	2,675
	<u>1,792,469</u>	<u>1,197,342</u>	<u>615,729</u>	<u>1,109,059</u>	<u>4,714,599</u>
Total Operating Expenses	<u>1,792,469</u>	<u>1,197,342</u>	<u>615,729</u>	<u>1,109,059</u>	<u>4,714,599</u>
Operating Income (Loss)	<u>1,135,907</u>	<u>-</u>	<u>-</u>	<u>(1,109,059)</u>	<u>26,848</u>
NET INCOME (LOSS)	<u>\$ 1,135,907</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (1,109,059)</u>	<u>\$ 26,848</u>