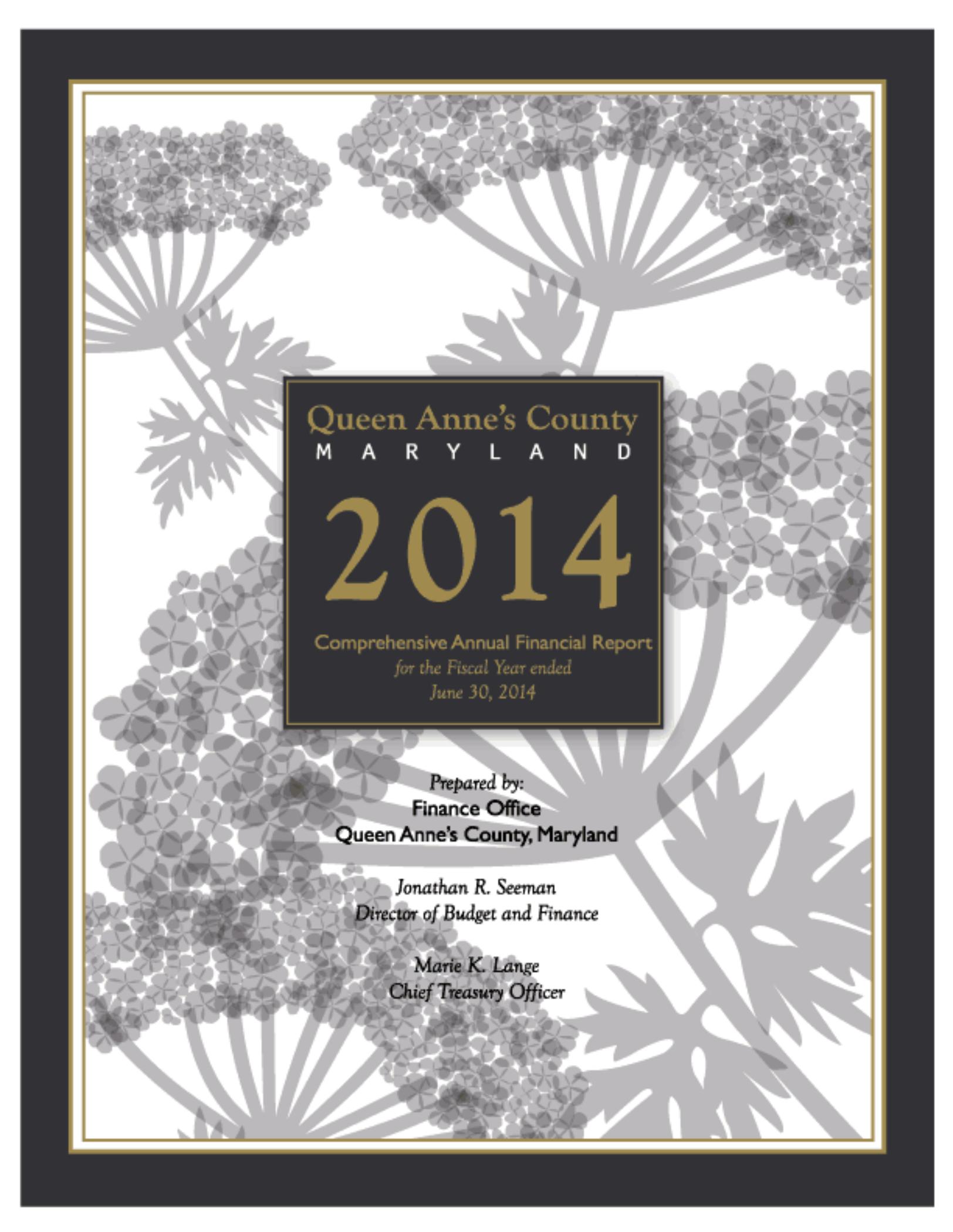
The cover features a repeating pattern of Queen Anne's lace flowers in a light gray tone against a slightly darker gray background. A central black square with a thin gold border contains the report's title and year in gold text. The text is centered and reads: "Queen Anne's County" in a serif font, "M A R Y L A N D" in a spaced-out sans-serif font, "2014" in a large serif font, and "Comprehensive Annual Financial Report" in a smaller serif font, followed by "for the Fiscal Year ended" and "June 30, 2014" in an italicized serif font.

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

2014

Comprehensive Annual Financial Report
for the Fiscal Year ended
June 30, 2014

The cover features a repeating pattern of Queen Anne's lace flowers in a light gray color. The flowers are arranged in clusters on stems with large, deeply lobed leaves. The entire design is set against a white background and enclosed within a thin gold border.

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

2014

Comprehensive Annual Financial Report
for the Fiscal Year ended
June 30, 2014

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

Jonathan R. Seeman
Director of Budget and Finance

Marie K. Lange
Chief Treasury Officer

**QUEEN ANNE'S COUNTY, MARYLAND
 COMPREHENSIVE ANNUAL FINANCIAL REPORT
 FISCAL YEAR ENDED JUNE 30, 2014
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Introductory Section





**Queen
Anne's
County**

OFFICE OF BUDGET AND FINANCE

The Liberty Building
107 North Liberty Street
Centreville, MD 21617

Telephone: (410) 758-4064
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County Commissioners:

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

County Administrator: Gregg A. Todd
Director of Budget & Finance: Jonathan R. Seeman
Chief Treasury Officer: Marie Lange

January 8, 2015

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

FORMAL TRANSMITTAL OF THE COMPREHENSIVE ANNUAL FINANCIAL REPORT (CAFR)

State law requires that all general-purpose governments publish a complete set of financial statements presented in conformity with accounting principles generally accepted in the United States of America (GAAP) and audited in accordance with auditing standards generally accepted in the United States of America by a firm of licensed certified public accountants. Pursuant to that requirement, we hereby issue the comprehensive annual financial report of Queen Anne's County, Maryland for the fiscal year ended June 30, 2014.

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

Queen Anne's County's financial statements have been audited by TGM Group LLC, a firm of licensed certified public accountants. The goal of the independent audit is to provide reasonable assurance that the financial statements of Queen Anne's County, for the fiscal year ended June 30, 2014, 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, 2014, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.



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

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

PROFILE OF THE GOVERNMENT

Queen Anne’s County is situated on the Eastern Shore of Maryland. It is bordered to the north by Kent County, to the east by the State of Delaware, to the south by Caroline and Talbot counties, and to the west by the Chesapeake Bay. Access to the western shore of Maryland is provided by the Chesapeake Bay Bridge. The County is 373 square miles in area and has approximately 48,650 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.

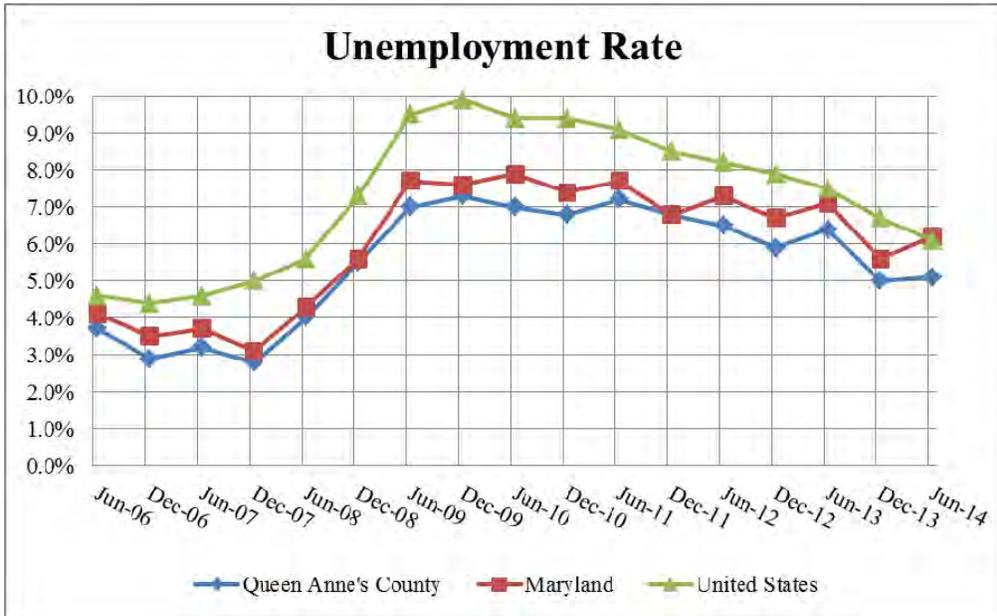
Queen Anne’s County provides a full range of services including public safety (police, volunteer fire protection, emergency services, detention center, and animal control), highways and streets, solid waste, planning and zoning, economic development, culture and recreation, education, libraries, and 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.

The appropriated annual budget is prepared by fund, function (e.g., public safety), and department (e.g., Detention Center). Department Heads may make transfers of appropriations within a department of up to \$10,000 with the approval of the County Administrator. Transfers of appropriations or appropriation of new revenues in excess of \$10,000 require the approval of the County Commissioners. Budget to actual comparisons are provided in this report for individual governmental funds for which an appropriated annual budget has been adopted. The budget comparisons for the general fund are presented on pages 105 to 107 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 on pages 120 to 125 and on pages 152 to 153.

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 2014 rate for the County was 5.1%, compared to the state’s rate of 6.2% and the U.S.’s rate of 6.1%. The 2014 average rate for the County was 5.4%.



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 top three largest employers are governmental units, including the County, the Board of Education, and Chesapeake College. There is a small, but growing, base of specialty manufacturers. In addition, the County’s proximity to the Western Shore enables about 60% of the workforce to commute to locations outside the County, primarily to higher paying jobs in the Baltimore and Washington areas.

Property taxes remained fairly constant in fiscal year 2014, decreasing by 1.3%, from \$65.6 million in fiscal year 2013 to \$64.7 million in fiscal year 2014. Property tax revenue is projected to remain constant into fiscal year 2015 with revenue projected to be less than 1.0% below the 2014 fiscal year level. Local income tax is the County’s other main revenue source. Income tax collections increased by 2.3% in fiscal year 2014, from \$39.4 million in fiscal year 2013 to \$40.3 million in fiscal year 2014. The increase resulted from an increase in the distributions received from the State. The projected income tax revenue for fiscal year 2015 is \$41.9 million, which is \$1.6 million more than the income tax revenue received in fiscal year 2014.

For the past several years, County revenues related to housing activity have continued to be affected by the economic downturn affecting real estate values that began in fiscal year 2009. Although recordation tax revenue, a leading indicator of the health of the local real estate market, experienced positive growth in fiscal year 2013, compared to 2012; there was a decrease of 4.1% in the recordation tax revenue comparing fiscal year 2014 to 2013. Recordation tax revenue decreased from \$4.6 million in fiscal year 2013 to \$4.4 million in 2014. Recordation tax revenue is expected to remain constant over the next fiscal year.

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. The Ordinance requires the County to maintain a Rainy Day Fund for contingencies in an amount equal to 7% of the following year's budgeted general fund operating revenues. The County funded the Rainy Day Fund with the required amount of \$8,235,928 in fiscal year 2014.

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. The Resolution requires the County to fund the Special Fund by the amount that General Fund revenues and transfers exceed General Fund expenditures, not to exceed \$1,000,000 in any fiscal year. The transfer to the Special Fund shall only be made after the requirements of the Rainy Day Fund have been met. The Special Fund shall not, in any event, exceed a total of \$4,000,000. The County funded the Special Fund with the required amount of \$1,000,000 in fiscal year 2014.

Capital Projects - The County Commissioners' six-year capital program, starting with fiscal year 2015, prioritizes capital expenditures over these years to meet the County's needs. The six-year program includes: \$52.7 million for various school related projects (includes \$28.9 million for the construction of a new high school); \$48.4 million for various Sanitary District projects (includes the Southern Kent Island Sewer Service at \$36.7 million); \$27.2 million for administration and general services (includes \$16.0 million for the new courthouse and \$8.0 million for the YMCA), and \$10.4 million for emergency services.

FINANCIAL POLICIES

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

Debt Management Policy – In calendar year 2013, the County adopted Resolution 13-04, which revised the County's Local Debt Policy. In accordance with this policy, the Director of Budget 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.

For fiscal year 2014, Queen Anne's County general obligation debt was 1.46% of the total taxable assessable base, and the per capita debt measurement was \$2,260. The debt service was 10.0% of the general fund operating expenditures for the year. All thresholds are well below the policy limits.

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

AWARDS AND ACKNOWLEDGMENTS

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Queen Anne's County, Maryland for its comprehensive annual financial report (CAFR) for the fiscal year ended June 30, 2013. The Certificate of Achievement is a prestigious national award that recognizes conformance with the highest standards for preparation of state and local government financial reports. In order to be awarded a Certificate of Achievement, the County must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

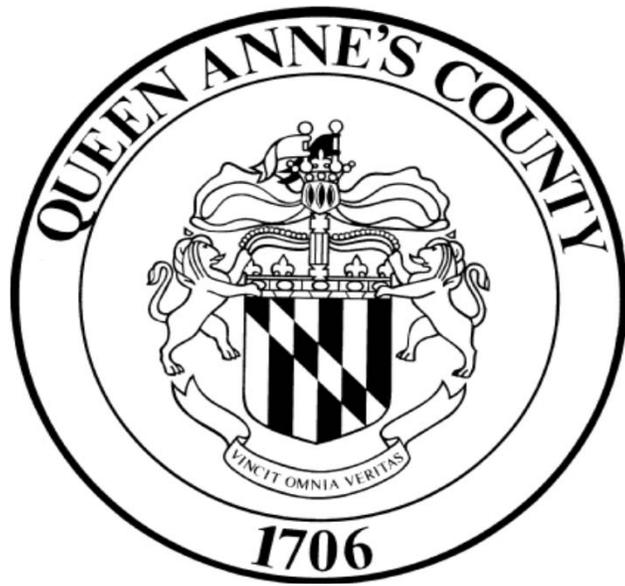
A Certificate of Achievement is valid for a period of one year only. Queen Anne's County, Maryland has received a Certificate of Achievement for the last fifteen consecutive years (fiscal years 1999-2013). We believe our current comprehensive annual financial report continues to conform to the Certificate of Achievement program requirements, and we are submitting it to GFOA to determine its eligibility for another certificate.

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

Respectfully submitted,



Jonathan R. Seeman
Director of Budget and Finance





Government Finance Officers Association

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

Presented to

**Queen Anne's County
Maryland**

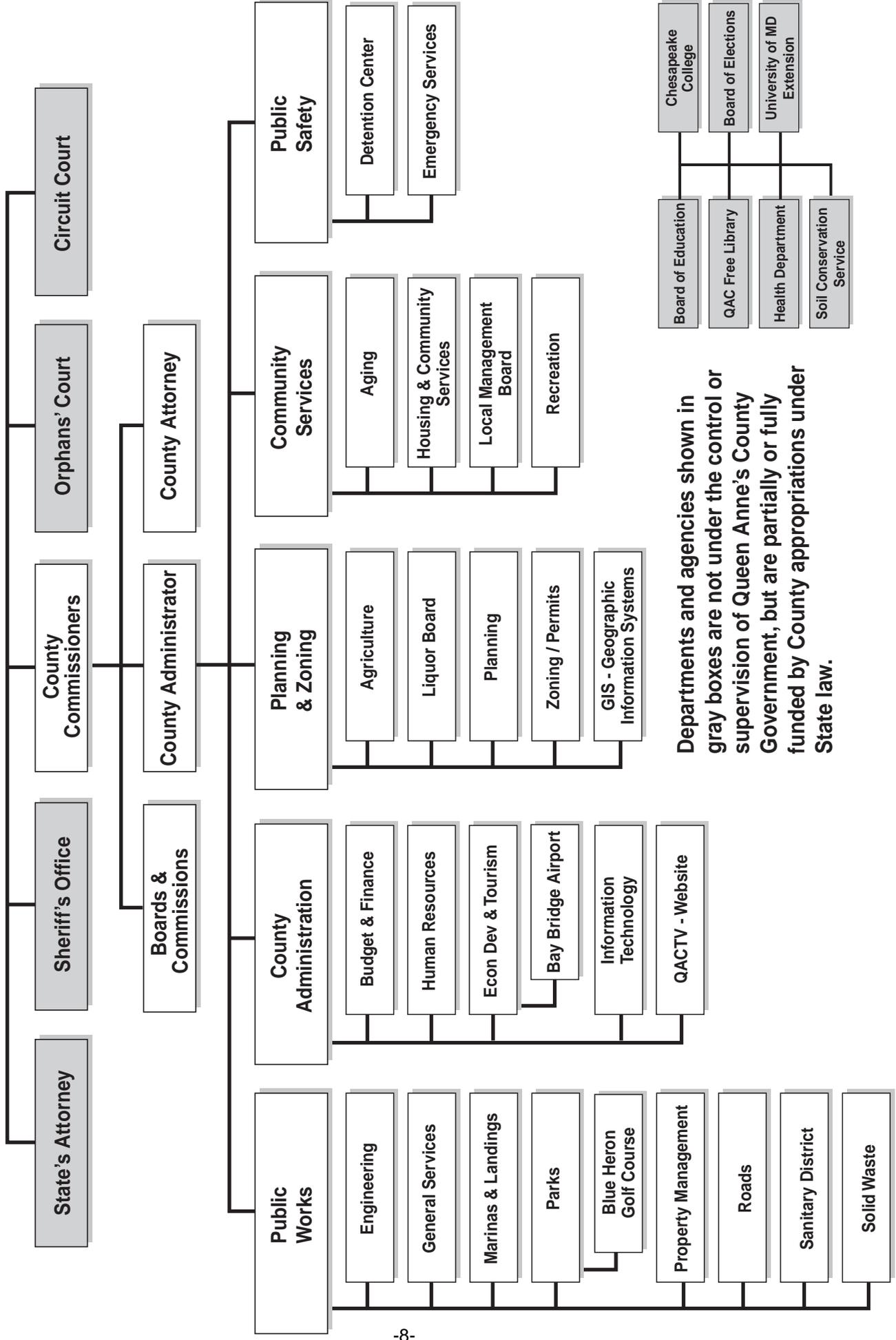
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2013

Executive Director/CEO

Queen Anne's County Government Organizational Chart

Queen Anne's County Voters



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

**QUEEN ANNE’S COUNTY, MARYLAND
GOVERNMENTAL ORGANIZATION
CERTAIN ELECTED AND OTHER OFFICIALS
AS OF JUNE 30, 2014**

CERTAIN ELECTED OFFICIALS

County Commissioners

James J. Moran, At Large
David L. Dunmyer, District 1
Bob Simmons, District 2
Philip L. Dumenil, District 3
David Olds, District 4

State’s Attorney

Lance G. Richardson, Esq.

Sheriff

Raymond G. Hofmann

CERTAIN DEPARTMENT HEADS AND OTHER OFFICIALS

County Administrator

Gregg A. Todd

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

Todd R. Mohn
Gregg A. Todd
J. Steve Cohoon
Catherine R. Willis

Director of Budget and Finance
Chief Treasury Officer

Jonathan R. Seeman
Marie K. Lange

County Attorney

Patrick E. Thompson, Esq.

Independent Auditor

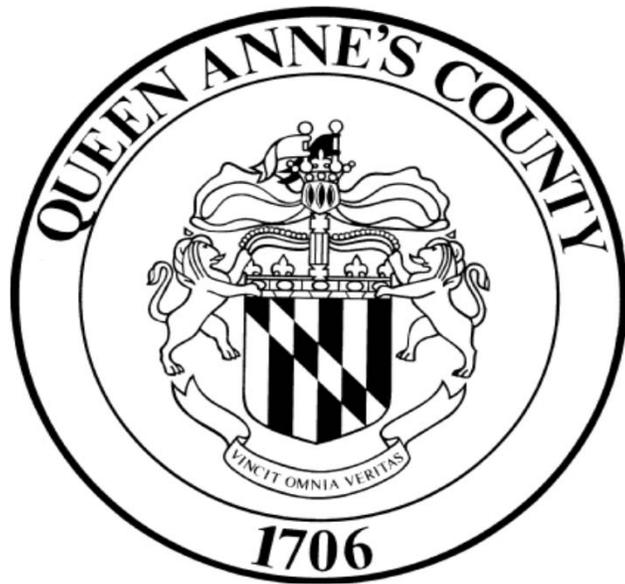
TGM Group LLC
Certified Public Accountants
Salisbury, Maryland

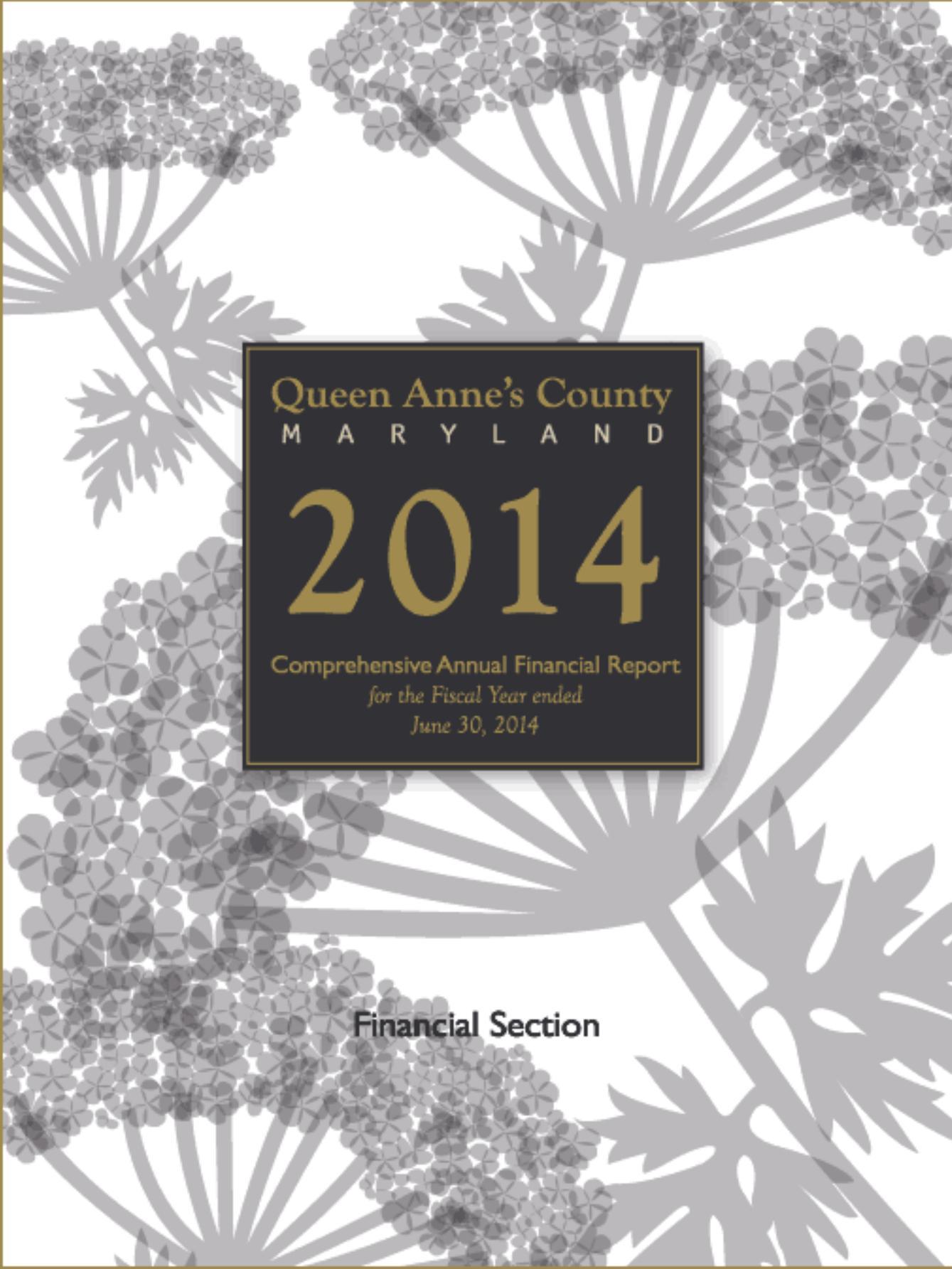
Bond Counsel

McKennon, Shelton
& Henn, LLP
Baltimore, Maryland

Financial Advisor

Public Advisory Consultants
Baltimore, Maryland





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

2014

Comprehensive Annual Financial Report
*for the Fiscal Year ended
June 30, 2014*

Financial Section



INDEPENDENT AUDITORS' REPORT

County Commissioners of
Queen Anne's County
Centreville, Maryland

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Queen Anne's County, Maryland (the "County") as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, 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, 2014, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

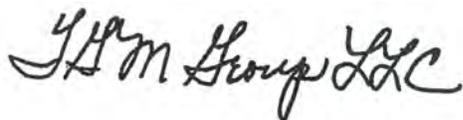
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The introductory section, other supplementary information, and statistical section, as listed in the table of contents, are presented for purposes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

The other supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other supplementary information is fairly stated in all material respects in relation to the basic financial statements as a whole.

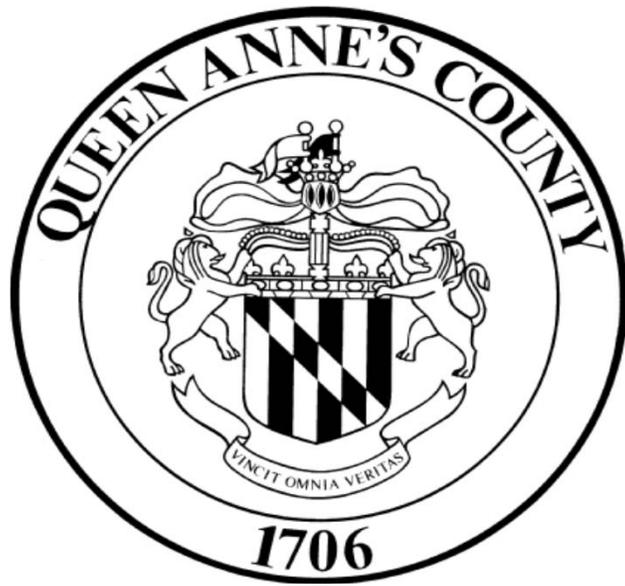
The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 7, 2015, on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "JHM Group LLC". The signature is written in a cursive, stylized font.

Salisbury, Maryland
January 7, 2015



Management's Discussion and Analysis

Introduction

This section of the Comprehensive Annual Financial Report of Queen Anne's County, Maryland (the County) presents a narrative overview and analysis of the financial activities of Queen Anne's County Government for the fiscal year ended June 30, 2014. 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 on pages 32 to 35 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, with basic statements found on pages 36 to 49.

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

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

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

Queen Anne’s County adopts an annual appropriated budget for its general fund (includes the roads board); school, fire, and parks impact fee capital projects funds; and the following special revenue funds: department of aging, housing and community services, economic development incentive, community partnerships for children, dredging special assessments, Kent Narrows, law library, inmate welfare, agricultural transfer, rural legacy, and purchase of development rights. A budgetary comparison statement has been provided for each of these funds, which can be found within this report, as listed on 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 agency funds. The accounting used for fiduciary funds is much like that used for proprietary funds except that the agency funds report only assets and liabilities and do not report net assets or changes therein. The basic fiduciary fund financial statements can be found within this report, as listed in the table of contents.

Notes to the financial statements: The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 50 to 102 of this report.

Government-wide Financial Analysis

Statement of Net Position

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

Summary of Net Position	Governmental Activities		Business Type Activities		Total	
	2014	2013 *	2014	2013	2014	2013
Current and Other Assets	\$ 91,422,865	\$ 72,425,648	\$ 22,223,066	\$ 23,489,553	\$ 113,645,931	\$ 95,915,201
Capital Assets	150,349,444	143,539,192	94,304,327	94,824,534	244,653,771	238,363,726
Total Assets	241,772,309	215,964,840	116,527,393	118,314,087	358,299,702	334,278,927
Total Deferred Outflows of Resources	1,084,125	1,285,286	46,414	54,149	1,130,539	1,339,435
Noncurrent liabilities	143,155,147	120,884,417	20,402,862	20,976,914	163,558,009	141,861,331
Other liabilities	7,703,760	6,909,177	1,650,842	1,152,134	9,354,602	8,061,311
Total Liabilities	150,858,907	127,793,594	22,053,704	22,129,048	172,912,611	149,922,642
Total Deferred Inflows of Resources	1,778,849	2,206,744	1,407,385	1,840,188	3,186,234	4,046,932
Net position:						
Net investment in capital assets	127,369,959	121,246,426	79,783,160	78,693,078	207,153,119	199,939,504
Restricted amounts	17,616,132	15,691,080	3,110,033	3,176,328	20,726,165	18,867,408
Unrestricted amounts (deficit)	(54,767,413)	(49,687,718)	10,219,525	12,529,594	(44,547,888)	(37,158,124)
Total Net Position	\$ 90,218,678	\$ 87,249,788	\$ 93,112,718	\$ 94,399,000	\$ 183,331,396	\$ 181,648,788

* Restated for prior period adjustment (see Note 19).

The County's total current and other assets increased by \$17.7 million, or 18.5 percent, to \$113.6 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 2014 by \$183.3 million.

Net position is divided into three categories: net investment in capital assets; restricted amounts; and unrestricted amounts. By far the largest portion, \$207.2 million, of the County's total net position reflects its investment in capital assets (e.g. land, buildings, machinery and equipment, vehicles, and infrastructure), less any related and outstanding debt used to construct or acquire those assets. The County uses these capital assets to provide services to citizens; consequently, they are *not* available for future spending. Although the County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay the debt must be provided from other sources since the capital assets themselves cannot be used to liquidate these liabilities.

It is important to note that, although counties in the State of Maryland issue debt for the construction of schools, the school buildings are owned by each county's Board of Education. Ownership reverts to the county government only if the local Board determines a building is no longer needed for educational purposes. Therefore, while the County's financial statements include outstanding debt related to Board of Education capital assets, those statements do not include the capital assets funded by the debt. Debt outstanding for the Board of Education amounted to \$67.7 million at June 30, 2014. Absent the effect of this relationship, the County would have reported positive unrestricted amounts of \$23.1 million on its government-wide financial statements, rather than the negative unrestricted net assets of \$44.5 million reported herein. For a multi-year view of this calculation, see the Footnote presented in Table 1 of the Statistical Section.

An additional \$20.7 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: \$9.2 million related to general government services; \$3.6 million restricted for educational purposes; \$3.5 million for economic/community development; \$756 thousand for public safety; \$618 thousand for conservation of natural resources; and an additional \$4 thousand for other restrictions. For business-type activities, this amount includes \$2.4 million restricted to meet Sanitary District debt covenants and \$753 thousand restricted by Sanitary District developer exaction project requirements.

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

Statement of Activities

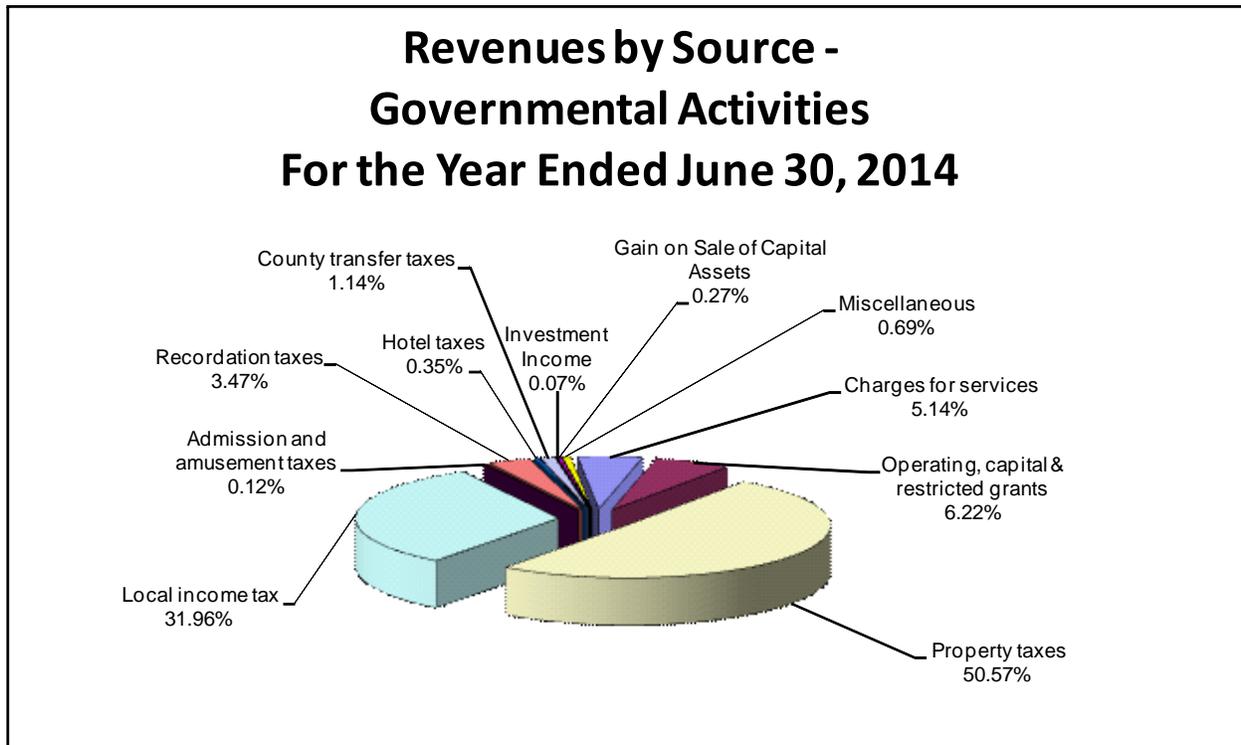
The following table summarizes changes in net position for governmental and business-type activities during the year:

Summary of Changes in Net Position	Governmental Activities		Business Type Activities		Total	
	2014	2013 *	2014	2013	2014	2013
Revenues:						
Program revenues:						
Charges for services	\$ 6,580,425	\$ 5,718,871	\$ 9,111,680	\$ 8,983,140	\$ 15,692,105	\$ 14,702,011
Operating grants and contributions	4,786,443	5,841,172	128,859	207,135	4,915,302	6,048,307
Capital grants and contributions	3,167,069	2,698,872	672,725	4,540,242	3,839,794	7,239,114
General revenues:						
Property taxes	64,712,683	65,591,225	-	-	64,712,683	65,591,225
Local income tax	40,899,804	35,769,303	-	-	40,899,804	35,769,303
Other local taxes						
Admission and amusement taxes	155,336	160,516	-	-	155,336	160,516
Recordation taxes	4,446,658	4,635,789	-	-	4,446,658	4,635,789
Hotel taxes	447,970	470,139	-	-	447,970	470,139
County transfer taxes	1,461,174	1,351,064	-	-	1,461,174	1,351,064
Investment income	95,286	107,095	343,568	356,374	438,854	463,469
Gain on sale of capital assets	346,765	163,426	-	-	346,765	163,426
Miscellaneous	877,629	1,051,760	793,951	855,504	1,671,580	1,907,264
Total Revenues	127,977,242	123,559,232	11,050,783	14,942,395	139,028,025	138,501,627
Expenses:						
Governmental Activities:						
General government	14,133,149	13,639,728	-	-	14,133,149	13,639,728
Public safety	26,666,211	26,174,144	-	-	26,666,211	26,174,144
Public works	12,365,647	11,891,013	-	-	12,365,647	11,891,013
Health	2,083,201	1,812,920	-	-	2,083,201	1,812,920
Social services	5,040,139	5,560,196	-	-	5,040,139	5,560,196
Education	54,882,430	49,459,783	-	-	54,882,430	49,459,783
Libraries	1,336,098	1,304,076	-	-	1,336,098	1,304,076
Conservation of natural resources	2,395,762	838,775	-	-	2,395,762	838,775
Economic and Community development	1,528,035	1,108,912	-	-	1,528,035	1,108,912
Interest and fiscal charges	3,987,943	4,042,236	-	-	3,987,943	4,042,236
Business-type Activities:						
Water and sewer	-	-	11,059,306	11,783,515	11,059,306	11,783,515
Airport	-	-	807,226	913,845	807,226	913,845
Golf course	-	-	515,325	538,420	515,325	538,420
Public landings and marinas	-	-	544,945	535,837	544,945	535,837
Total Expenses	124,418,615	115,831,783	12,926,802	13,771,617	137,345,417	129,603,400
Increase (Decrease) in Net Position before Transfers	3,558,627	7,727,449	(1,876,019)	1,170,778	1,682,608	8,898,227
Transfers in (out)	(589,737)	(337,843)	589,737	359,277	-	21,434
Increase (Decrease) in Net Position	2,968,890	7,389,606	(1,286,282)	1,530,055	1,682,608	8,919,661
Net Position - Beginning of Year	87,249,788	79,860,182	94,399,000	92,868,945	181,648,788	172,729,127
Net Position - End of Year	\$ 90,218,678	\$ 87,249,788	\$ 93,112,718	\$ 94,399,000	\$ 183,331,396	\$ 181,648,788

* Restated for prior period adjustment (see Note 19).

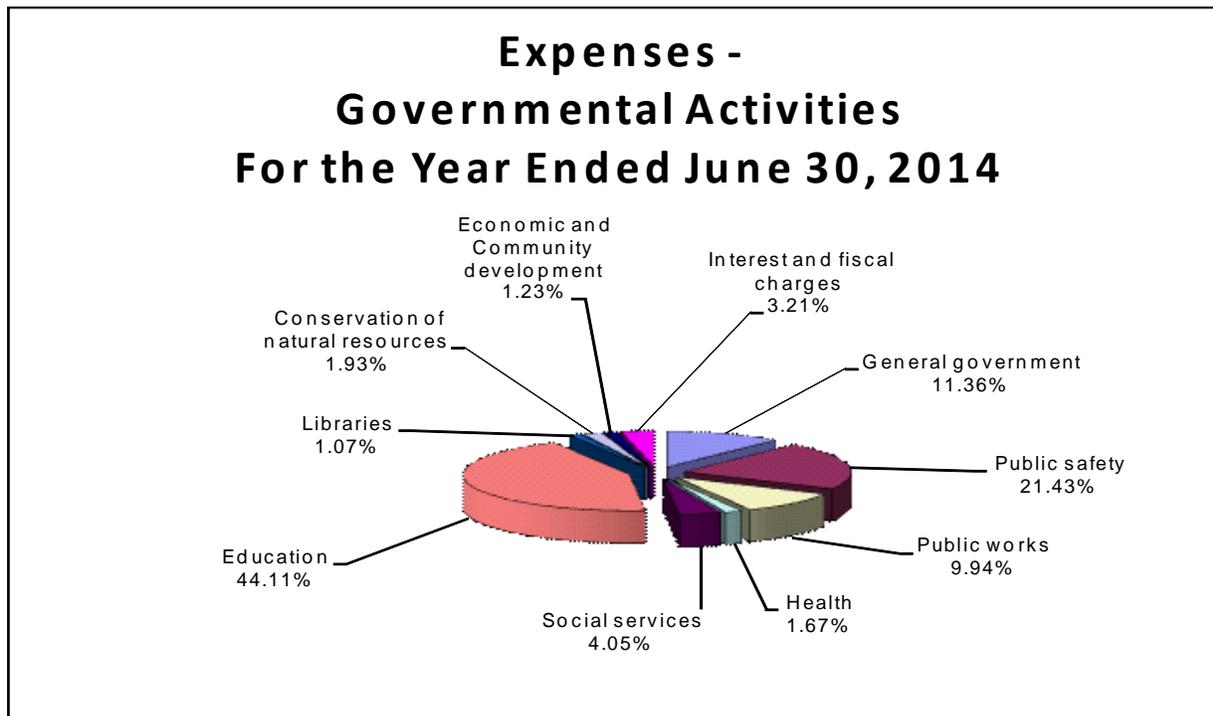
Governmental activities:

Revenues for governmental activities were \$128.0 million for fiscal year 2014. The following chart depicts revenues by source for governmental activities:



- Taxes comprise the largest source of County revenue, totaling \$112.1 million (87.6 percent) of total revenue for fiscal year 2014. Of that amount, property and local income tax together yielded \$105.6 million (82.5 percent) of all revenue. Each County sets its own property and income tax rates, within parameters established by the State. For fiscal year 2014, the County's property tax rate remained constant at \$.8471 per \$100 of assessed value of real property, based on full cash value of that property. The County's local income tax rate was set at 3.2 percent, effective January 1, 2012 and thereafter. There is no local sales tax in the State of Maryland.
- Charges for services, totaling \$6.6 million, reflect fees charged to County citizens. These primarily support education (\$1.7 million or 26.2 percent), general government (\$1.5 million or 22.8 percent), public works (\$1.4 million or 21.7 percent), and public safety (\$1.3 million or 19.6 percent).
- Operating grants and contributions, totaling \$4.8 million, reflect grants from Federal and State agencies that support specific County programs. Programs that benefitted the most were: social services (\$2.0 million or 42.4 percent) and public safety (\$1.1 million or 22.6 percent).
- Capital grants and contributions, totaling \$3.2 million, reflect contributions from Federal and State agencies, as well as developers. Public works benefitted the most from capital grants and contributions during the year (\$2.2 million or 70.1 percent).

Expenses for all governmental activities were \$124.4 million for fiscal year 2014. 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 \$54.9 million (44.1 percent). The following table summarizes costs and program-related revenues for the same programs in order of priority, yielding net service costs:

Net Cost of Governmental Activities	Expenses		Program-Related Revenues		Net Cost of Services	
	2014	2013 *	2014	2013	2014	2013
Education	\$ 54,882,430	\$ 49,459,783	\$ 1,721,379	\$ 1,052,691	\$ (53,161,051)	\$ (48,407,092)
Public Safety	26,666,211	26,174,144	2,650,661	2,965,678	(24,015,550)	(23,208,466)
General Government	14,133,149	13,639,728	2,696,910	2,105,551	(11,436,239)	(11,534,177)
Public Works	12,365,647	11,891,013	4,358,861	3,949,040	(8,006,786)	(7,941,973)
Social Services	5,040,139	5,560,196	2,159,604	2,736,901	(2,880,535)	(2,823,295)
Conservation of Natural Resources	2,395,762	838,775	252,991	463,298	(2,142,771)	(375,477)
Economic and Community Development	1,528,035	1,108,912	693,531	985,756	(834,504)	(123,156)
Other	7,407,242	7,159,232	-	-	(7,407,242)	(7,159,232)
Total	\$ 124,418,615	\$ 115,831,783	\$ 14,533,937	\$ 14,258,915	\$ (109,884,678)	\$ (101,572,868)

* Restated for prior period adjustment (see Note 19).

Of the total cost of \$124.4 million for governmental activities, \$14.5 million (11.7 percent), of those costs were covered by program-related revenues paid by individuals and external governmental entities. Of these outside entities, individuals who benefited directly from County programs were charged user fees of \$6.6 million, while governments and other organizations that benefited indirectly from these programs contributed operating grants of \$4.8 million and capital grants of \$3.2 million.

County taxpayers paid for most of the remaining \$109.9 million in net program costs, through a variety of County taxes, for a total of \$112.1 million. Net program costs of services provided to the public, in order of net cost, were: \$53.2 million for education; \$24.0 million for public safety; \$11.4 million for general government; \$8.0 million for public works; \$2.9 million for social services; \$2.1 million for conservation of natural resources; \$835 thousand for economic and community development; and \$7.4 million for other services. See Changes in Net Position and General Fund Budgetary Highlights for further details.

Changes in net position: Government-wide revenues, less expenses, plus/minus transfers in/out, yield changes in net position. During fiscal year 2014, governmental activities increased the County's net position overall by \$3.0 million, compared to an increase of \$7.4 million in fiscal year 2013. The following discussion explains changes in net position relative to the prior fiscal year.

Revenues for governmental activities increased by \$4.4 million (3.6 percent). The following key revenues changed, when compared to the prior fiscal year:

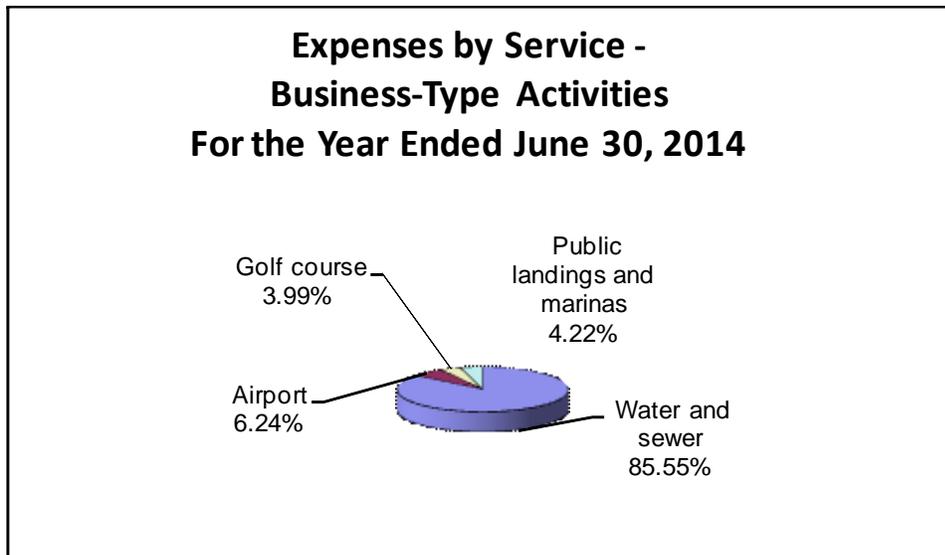
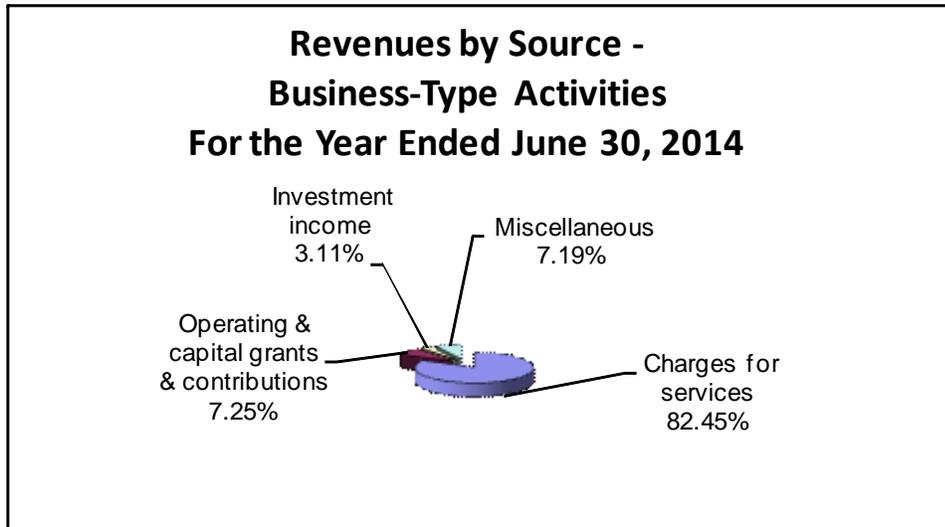
- Local income tax increased by \$5.1 million (14.3 percent), from \$35.8 million to \$40.9 million. The increase was the result of the fluctuation in the income tax reserve amounts held by the State over the past several years. A possible explanation of the reserve fluctuations is that taxpayers anticipated an increase to the 2013 capital gains tax rate. This potential rate increase may have influenced the sales of investments in 2012 versus 2013.
- Operating grants and contributions decreased by \$1.0 million (18.1 percent), from \$5.8 million in fiscal year 2013 to \$4.8 million in fiscal year 2014. Key factors for this change are:
 - Social Services decreased by \$587 thousand (22.5 percent). A significant portion of this decrease was the result of additional grant funding received for Community Partnerships in fiscal year 2013 that wasn't received in the current year. The State encouraged Community Partnerships to use Earned Reinvestment Funds to fund programs for fiscal year 2013, rather than ending the programs. The remaining increase is split amongst other social services programs.
 - Conservation of Natural Resources decreased by \$296 thousand (74.0 percent) as a result of federal grant funding of \$337 thousand received in fiscal year 2013 for the purchase of a land conservation easement, which was not received in the current year.
 - Public Safety decreased by \$247 thousand (18.6 percent) as a result of federal grant funding of \$381 thousand received in fiscal year 2013 for the Eastern Shore Alliance. This grant ended in 2013 and no additional grant funding was received in fiscal year 2014. This decrease was offset by miscellaneous increases in other grants.
- Charges for Services increased by \$862 thousand (15.1 percent), from \$5.7 million in fiscal year 2013 to \$6.6 million in fiscal year 2014. Of this increase, \$669 thousand related to an increase in school impact fee revenue.

Expenses for governmental activities increased by \$8.6 million (7.4 percent) and transfers out to business-type activities increased by \$252 thousand. Key positive and negative expense changes, in order of relative importance, are:

- Education expenses increased by \$5.4 million (11.0 percent). The majority of the increase was the result of the allocation to the Board of Education increasing by \$3.0 million in fiscal year 2014. The remaining increase was the result of Board of Education related capital projects, such as the renovation of Stevensville Middle School.
- Conservation of Natural Resources increased by \$1.6 million (185.6 percent) due to easement acquisitions in fiscal year 2014 compared to no acquisitions in 2013. Land development easements acquired in the Rural Legacy, Agricultural Transfer, and Purchase of Development Rights programs totaled \$1.6 million in fiscal year 2014, however there were not any easements purchased for these programs in fiscal year 2013. Generally, the timing of easement purchases is affected by the evaluation process of the identified land, as well as the availability of State funds.

Business-type activities:

Revenues, transfers in, and expenses for business-type activities were \$11.1 million, \$590 thousand, and \$12.9 million, respectively, for fiscal year 2014. The following two charts depict revenues by source and expenses by service for business-type activities:



Business-type activities decreased the County's net position altogether by \$1.3 million in fiscal year 2014, which is a difference of \$2.8 million compared to the prior year's increase of \$1.5 million. The fiscal year 2014 change in net position resulted primarily from:

- Capital grants and contributions decreased by \$3.9 million (85.2 percent), from \$4.5 million in fiscal year 2013 to \$673 thousand in fiscal year 2014. This decrease was the result of the timing of capital projects for the Sanitary District and the Bay Bridge Airport. The capital grants and contributions related to the Sanitary District decreased by \$1.4 million due to funds received in the prior year for the Gibson's Grant and Ellendale developments. For the Airport, there was a decrease of \$2.5 million as a result of the timing of various capital projects.

- Operating expenses before transfers decreased by \$845 thousand (6.1 percent), from \$13.8 million in fiscal year 2013 to \$12.9 million in fiscal year 2014, for all business-type activities. The decrease is a result of several factors. The majority of the decrease relates to the Sanitary District, which decreased by \$724 thousand. In fiscal year 2013, the Sanitary District had a loss on disposal of \$963 thousand and for fiscal year 2014, there was no loss on disposal. Fixed assets are reviewed by each department once every three years and obsolete assets are written off. For the Sanitary District, this process occurred in fiscal year 2013 and resulted in this \$963 thousand loss on disposal.

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 \$75.6 million, compared to \$62.1 million for the prior year. Approximately 9.3 percent of this total (\$7.0 million) constitutes *unassigned fund balance*, which is available for spending. The total *unassigned fund balance* of \$7.0 million is comprised of \$7.1 million of positive unassigned fund balance for the general fund, reduced by negative unassigned fund balances of \$116 thousand in the non-major governmental funds. Additional detail on the negative unassigned balances can be found in Note 15 on page 99.

The *nonspendable fund balance* (\$6.0 million), at 7.9 percent of the total fund balance, is not available for spending and includes amounts related to inventory, prepaid expenses, and loans receivable. *Restricted fund balance* of \$30.2 million (39.9 percent) includes amounts that can be spent only for specific purposes stipulated by external sources or legal restrictions. Included in the restricted fund balance is \$8.2 million for the rainy day fund. *Committed fund balance* of \$5.2 million (6.9 percent) represents those amounts that can be used only for the specific purposes of the government's highest level of decision-making authority. Included in the committed fund balance is \$1.0 million for the Special Fund.

The remaining 36.0 percent of fund balance (\$27.2 million) constitutes *assigned fund balances*. These amounts are intended to be used by the government for the specific purposes of each fund.

The General Fund is the chief operating fund of Queen Anne's County Government. At the end of the current fiscal year, the General Fund had a total fund balance of \$18.4 million, which is an increase of \$2.4 million from the fiscal year 2013 balance of \$16.0 million.

Of the total \$18.4 million in fund balance, \$7.1 million is unassigned, meaning that there are no constraints on how the funds can be spent. In fiscal year 2013, the County Commissioners adopted Ordinance No. 12-21 for the purpose of re-establishing the Rainy Day Fund, and requires the County to maintain a Rainy Day Fund for contingencies in an amount equal to 7% of budgeted General Fund operating revenues. As a result of that Ordinance, \$8.2 million of rainy day funds are included in the General Fund's restricted fund balance of \$8.4 million for fiscal year 2014. The remaining fund balance is comprised of \$480 thousand in nonspendable, \$1.2 million in committed, and \$1.3 million of assigned.

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

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

As of June 30, 2014, the General Capital Projects Fund has a total fund balance of \$39.4 million, compared to \$30.8 million at the end of the prior fiscal year. The \$39.4 million in total fund balance is comprised of \$1.2 million of nonspendable fund balance, \$12.9 million in restricted fund balance, mainly for unspent bond proceeds, \$3.3 million of fund balance committed for specific projects, and \$22.0 million of assigned fund balance.

The Roads Capital Projects Fund accounts for financial resources used for the construction of County Road infrastructure, as well as other large multi-year projects that relate to capital assets, and are financed mostly from roads-related capital grants and roads benefit assessments.

As of June 30, 2014, the Roads Capital Projects Fund has a total fund balance of \$4.4 million, compared to \$3.8 million at the end of the prior fiscal year. Of this total \$4.4 million fund balance, \$3.6 million has been assigned to fund ongoing projects, while \$779 thousand has been contributed by local developers and is committed to fund specific infrastructure improvements.

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

Total *unrestricted net position* of the Sanitary District Enterprise Funds at the end of fiscal year 2014 amounted to \$10.6 million, which is \$2.2 million less than the prior year.

Total net position of the Sanitary District amounted to \$70.8 million at the end of fiscal year 2014, which decreased by \$1.4 million when compared to the prior year. A large portion of the decrease relates to the costs associated with other post-employment benefits (OPEB), which totaled \$1.0 million in fiscal year 2014 for the Sanitary District.

The *unrestricted net position* of the Bay Bridge Airport Enterprise Fund at year end amounted to negative \$512 thousand compared to a negative \$422 thousand at the end of the prior fiscal year, reflecting a decrease of \$90 thousand.

Total net position of the Bay Bridge Airport amounted to \$15.9 million at the end of fiscal year 2014, which was a slight increase from the prior year amount of \$15.8 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 events. 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 on pages 105 through 107. The Schedule reports original and final budgets, as well as the variance between actual events and final budgets.

Original to Final Budget Comparisons. The final expenditure budget for the General Fund, including transfers out, totaled \$116.6 million. Amendments increased spending authority by \$2.7 million during fiscal year 2014, when compared to the original budget of \$113.9 million.

Major components of these expenditure budget increases are as follows:

- Budgeted Transfers Out to General Capital Projects and Roads Capital Projects increased by \$2.8 million during the year. There are several capital projects in which the County plans to move aggressively on, and would like to have fund balance available in the General and Roads Capital Projects fund to cover a portion of the costs.
- Budgeted Miscellaneous Expenditures decreased by \$1.4 million due to a variety of savings, mostly associated with Insurance and Benefits. This savings was offset by increases in other departments.

Budget to Actual Comparisons. Actual revenues for the General Fund, including other financing sources and before appropriated fund balance were less than final budgetary estimates by \$56 thousand. Actual expenditures, and other financing uses, were less than final budgetary appropriations by \$2.5 million. The net effect of these two disparities was a positive variance of actual to final budget of \$2.5 million.

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

Revenues:

- Transfers In were \$775 thousand less than the final budget (95.1 percent), as a result of the transfer in from School Impact fees not made in the fiscal year. Management decided it was more advantageous to leave the money in the Impact Fee Fund in anticipation of future board of education projects.

Expenditures:

- Final Budgeted Salaries and Benefits were \$29.5 million for the year, while actual costs were \$28.7 million. They were underspent at year-end by \$803 thousand (2.8 percent). Of this amount, the parks department was responsible for \$271 thousand of the unspent portion and the roads department for \$252 thousand. This was due to the number of vacant positions during the fiscal year and the lapsed funds associated with the recruitment of staff.
- Final Budgeted Other Operating Charges were \$87.1 million for the year, while actual costs were \$85.4 million. These costs were lower than budget at year end by \$1.7 million (2.0 percent). Operating Charges include contracted services, supplies, debt service, transfers out, and other charges.
 - Contracted Services were underspent by \$383 thousand, with the largest savings realized by parks (\$106 thousand), roads (\$85 thousand), and information technology (\$75 thousand).
 - Supplies were underspent by \$326 thousand, largely due to savings by roads (\$251 thousand).
 - Other Charges were underspent by \$692 thousand, primarily due to insurance costs being underspent by \$228 thousand due to savings in retiree health care costs. The remaining savings for other charges were spread throughout the General Fund.
 - Transfers Out were underspent by \$347 thousand, primarily due to savings realized by the Department of Aging (\$166 thousand), the Department of Housing (\$90 thousand) and the Golf Course Enterprise Fund (\$82 thousand), which allowed these Departments to forgo this portion of their appropriation.

Capital Assets and Debt Administration

Capital assets: Queen Anne's County Government's investment in capital assets for its governmental and business-type activities as of June 30, 2014 amounted to \$244.7 million (net of accumulated depreciation). This investment in capital assets includes land and land improvements, intangible rights, construction in progress, buildings, improvements other than buildings, infrastructure, autos, machinery, and equipment.

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

Capital Assets, Net of Depreciation	Governmental Activities		Business Type Activities		Total	
	2014	2013	2014	2013	2014	2013
Land and Land Improvements	\$ 87,771,980	\$ 84,363,221	\$ 14,158,331	\$ 14,158,331	\$ 101,930,311	\$ 98,521,552
Intangible Rights - Easements	821,819	786,819	6,140	6,140	827,959	792,959
Construction in Progress	4,577,269	2,118,314	4,724,659	2,950,830	9,301,928	5,069,144
Buildings	29,750,342	30,666,936	7,413,498	8,025,939	37,163,840	38,692,875
Improvements other than Buildings	7,762,975	6,523,721	8,318,916	8,686,182	16,081,891	15,209,903
Infrastructure	11,358,610	11,060,882	47,025,639	47,920,303	58,384,249	58,981,185
Auto, Machinery, and Equipment	8,306,449	8,019,299	12,657,144	13,076,809	20,963,593	21,096,108
Total	\$ 150,349,444	\$ 143,539,192	\$ 94,304,327	\$ 94,824,534	\$ 244,653,771	\$ 238,363,726

Queen Anne's County's total investment in capital assets for the current fiscal year, net of depreciation, increased by 2.6 percent, or \$6.3 million. Of this amount, governmental investment in capital assets increased by \$6.8 million, while business-type investment in capital assets decreased by \$520 thousand.

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

Changes in Capital Assets	Governmental Activities				
	2013	Additions	Transfers	Retirements	2014
Land and Land Improvements	\$ 84,363,221	\$ 2,518,519	\$ 1,001,397	\$ (111,157)	\$ 87,771,980
Intangible Rights - Easements	786,819	35,000	-	-	821,819
Construction in Progress	2,118,314	3,791,377	(1,332,422)	-	4,577,269
Buildings	41,715,513	32,534	-	(31,253)	41,716,794
Improvements other than Buildings	8,093,474	1,427,497	56,435	-	9,577,406
Infrastructure	18,324,016	352,405	250,350	-	18,926,771
Auto, Machinery, and Equipment	29,023,039	1,885,736	24,240	(987,091)	29,945,924
Total Assets before depreciation	184,424,396	10,043,068	-	(1,129,501)	193,337,963
Less Depreciation	(40,885,204)	(2,916,199)	-	812,884	(42,988,519)
Total Assets after depreciation	\$ 143,539,192	\$ 7,126,869	\$ -	\$ (316,617)	\$ 150,349,444

Changes in Capital Assets	Business-Type Activities				
	2013	Additions	Transfers	Retirements	2014
Land and Land Improvements	\$ 14,158,331	\$ -	\$ -	\$ -	\$ 14,158,331
Intangible Rights - Easements	6,140	-	-	-	6,140
Construction in Progress	2,950,830	1,773,829	-	-	4,724,659
Buildings	14,703,860	-	-	-	14,703,860
Improvements other than Buildings	11,914,132	-	-	-	11,914,132
Infrastructure	72,288,836	826,073	-	-	73,114,909
Auto, Machinery, and Equipment	23,164,051	708,094	-	(27,000)	23,845,145
Total Assets before depreciation	139,186,180	3,307,996	-	(27,000)	142,467,176
Less Depreciation	(44,361,646)	(3,822,053)	-	20,850	(48,162,849)
Total Assets after depreciation	\$ 94,824,534	\$ (514,057)	\$ -	\$ (6,150)	\$ 94,304,327

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

- Land and Land Improvements increased by a net amount of \$3.4 million. (a) Two parcels of land situated along Love Point Road in Stevensville were donated to the County for future expansion of the Cross Island Trail (\$1.1 million); (b) Sonny Schultz Boulevard was completed in the Matapeake

Business Park (\$1.2 million); and (c) Upgrades to Perry's Corner and Bennett Point Roads were completed (\$963 thousand). Additionally, the County sold a commercial lot within the Matapeake Professional Park that had an historical cost of \$111 thousand.

- Intangible Rights – Easements increased by \$35 thousand. This increase relates directly to the acquisition of the State Street recreational trail easement.
- Construction in Progress (CIP) increased by a net amount of \$2.5 million. The following factors contributed to this increase:

Costs there were reclassified from Construction in Progress to other capital asset accounts including: (a) Sonny Schultz Boulevard in the Matapeake Business Park (\$1.1 million); and (b) Carmichael Road (\$154 thousand).

Major additions to Construction in Progress include: (a) Phase one of the radio system upgrade for the Emergency Services Department (\$3.2 million); (b) Engineering phase work for the new County Complex (\$185 thousand); and (c) Architectural services related to construction of the new Courthouse (\$147 thousand).

- Improvements Other than Buildings increased by \$1.5 million. (a) Shoreline restoration and habitat enhancement project at the Kent Narrows area was completed (\$1.1 million); (b) Route 18 athletic field lighting (\$201 thousand); and (c) Parking lot expansion at the 4-H park (\$120 thousand).
- Infrastructure increased by \$603 thousand. (a) Sonny Schultz Boulevard was completed in the Matapeake Business Park (\$312 thousand); and (b) Perry's Corner and Bennett Point Road improvements (\$241 thousand).
- Auto, Machinery and Equipment increased by \$923 thousand. The following factors contributed to this net increase:

Additions totaled \$1.9 million and include: (a) Roads Department replacement vehicles and equipment (\$418 thousand); (b) Solid Waste department vehicle and equipment replacement (\$232 thousand); (c) Emergency Services department vehicle and equipment replacement (\$404 thousand); (d) General Services and DPW Administration vehicle and equipment replacement (\$86 thousand); (e) Sheriff's department vehicle and equipment replacement (\$381 thousand); (f) Parks department vehicle & equipment replacement (\$139 thousand); and (g) security enhancements at the Circuit Court (\$81 thousand).

Retired assets of \$987 thousand included the following, the majority of which were fully depreciated: (a) obsolete equipment no longer in use by the Solid Waste department (\$281 thousand); (b) obsolete emergency services equipment sold or discarded (\$460 thousand); and (c) obsolete computer software and hardware (\$110 thousand).

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

- Construction in Progress increased by \$1.8 million. Major additions to construction in progress included: (a) costs to construct sewer and water infrastructure along Postal Road (\$1.3 million); and (b) improvements to the Bay Bridge Airport property including the pier one road relocation, new hangar construction, and apron construction (\$431 thousand).
- Infrastructure increased by \$826 thousand as commercial developers contributed water and sewer infrastructure to be maintained by the County.

- Auto, Machinery and Equipment increased by \$681 thousand. These assets were acquired primarily by the Sanitary District as follows: (a) replacement generators and well pumps (\$391 thousand); (b) replacement vehicles (\$164 thousand); and (c) excavating and other site work equipment (\$106 thousand).

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

Long-term debt: At the end of the current fiscal year, Queen Anne’s County Government had total bonded debt, loans, capital leases, other post-employment benefit obligations, and compensated absence obligations of \$163.6 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 \$163.6 million in debt, \$20.4 million is considered to be self-supporting, in that obligations of the County’s enterprise funds will be funded through charges and assessments related to the operations of those funds. In addition, the Sanitary District’s Debt Service Fund holds total assets of \$3.1 million, which are restricted to payment of the Sanitary District’s subsequent year’s debt. See Note 10 on pages 85 to 87 for restricted assets and subsequent year debt service obligations.

Debt activities are summarized as follows:

Bonded Debt, Loans, Other Post-Employment Benefit Obligation, and Compensated Absences	Governmental Activities		Business Type Activities		Total	
	2014	2013 *	2014	2013	2014	2013
	Bonds, Notes, and Premiums	\$ 108,841,719	\$ 93,041,595	\$ 14,638,211	\$ 16,312,391	\$ 123,479,930
Other Post-Employment Benefit Obligation	32,201,835	25,785,783	5,477,412	4,399,415	37,679,247	30,185,198
Compensated Absences	2,111,593	2,057,039	287,239	265,108	2,398,832	2,322,147
Total Long-term Debt	\$ 143,155,147	\$ 120,884,417	\$ 20,402,862	\$ 20,976,914	\$ 163,558,009	\$ 141,861,331

* Restated for prior period adjustment (see Note 19).

During the 2014 fiscal year, the County’s total net debt increased by \$21.7 million (15.3 percent). Of this amount, governmental debt increased by \$22.3 million (18.4 percent), while business-type debt decreased by \$574 thousand (2.7 percent). In fiscal year 2014, the County issued 2014 bonds totaling \$22.4 million and also signed a shore erosion loan for \$16 thousand. In addition, total Other Post-Employment Benefit Obligations increased by \$7.5 million. Offsetting these increases were changes in accruals, plus the County’s repayment of existing debt in accordance with established repayment schedules for bonds, notes, and capital lease agreements.

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

The public local laws of Queen Anne’s County limit the amount of general obligation debt to no more than \$8.0 million, unless authorized under specific legislation. Currently, approximately \$7.0 million of this authority is available. All other debt has been authorized under specific legislation. Additional information on the computation of the legal debt margin can be found in Table 12 of the Statistical Section of this report.

During fiscal year 2014, Queen Anne’s County Government received an “AA+” bond rating from Fitch Rating Service and an “Aa2” bond rating from Moody’s Investors Service.

Economic Factors and Next Year's Budget and Rates

The following economic factors were considered in preparing Queen Anne's County Government's operating and capital budgets for the 2015 fiscal year:

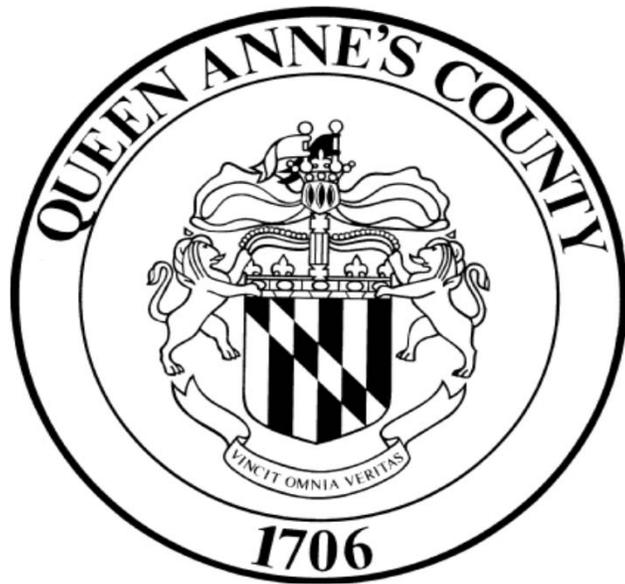
- Property assessments are projected to increase by 0.42 percent over the previous year, based on State Assessment Office values used to compute the Constant Yield rate.
- Income tax revenue is projected to increase to \$41.9 million in fiscal year 2015, which is a 3.8% increase over actual receipts for fiscal year 2014.

The following are a few of the highlights from the fiscal year 2015 budget:

- Other Post-Employment Benefits shall continue to be funded in accordance with the approved ten year plan;
- The Board of Education will be funded at \$3 million above Maintenance of Effort in fiscal year 2015;
- The pay for performance system will resume effective July 1, 2014;
- County employees shall receive a two and a half percent cost of living allowance as of July 1, 2014; and
- Funding will be provided for the construction of the County Complex and Circuit Courthouse and also to enhance economic development and tourism.

Requests for information

This financial report is designed to provide a general overview of Queen Anne's County Government's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Queen Anne's County Finance Office, 107 N. Liberty Street, Centreville, Maryland 21617. This report can also be found on the County's website, <http://www.qac.org> (see Departments, Finance, Financial Reports and Forms, Link to 2014 Comprehensive Annual Financial Report (CAFR)).



Basic Financial Statements

QUEEN ANNE'S COUNTY, MARYLAND
STATEMENT OF NET POSITION
JUNE 30, 2014

	PRIMARY GOVERNMENT		
	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
ASSETS			
Equity in Pooled Cash and Investments	\$ 55,060,487	\$ 11,422,004	\$ 66,482,491
Cash and Cash Equivalents	-	-	-
Taxes Receivable (Net)	556,257	-	556,257
Accounts and Loans Receivable (Net)	6,623,374	576,519	7,199,893
Special Assessments (Net)	843,612	-	843,612
Internal Balances	652,146	(652,146)	-
Due from Primary Government	-	-	-
Due from Other Governments	12,790,863	216,077	13,006,940
Bond Interest Reimbursement Receivable - Build America Bond	96,479	3,950	100,429
Inventories	479,718	641,650	1,121,368
Prepaid Items	667	-	667
Restricted Assets:			
Equity in Pooled Cash and Investments	14,319,262	8,554,378	22,873,640
Accounts Receivable (Net)	-	32,719	32,719
Special Assessments Receivable (Net)	-	1,427,915	1,427,915
Capital Assets:			
Nondepreciable Assets	93,171,068	18,889,130	112,060,198
Depreciable Assets, Net	57,178,376	75,415,197	132,593,573
Total Assets	241,772,309	116,527,393	358,299,702
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Charge on Refunding	1,084,125	46,414	1,130,539
Total Deferred Outflows of Resources	1,084,125	46,414	1,130,539
LIABILITIES			
Accounts Payable and Other Current Liabilities	5,081,394	964,976	6,046,370
Accrued Interest Payable	1,045,682	78,410	1,124,092
Due to Component Units	430,956	-	430,956
Due to Other Governmental Agencies	327,041	-	327,041
Unearned Revenue	818,687	545,248	1,363,935
Escrow Deposits	-	62,208	62,208
Noncurrent Liabilities:			
Due within One Year	9,522,323	1,546,355	11,068,678
Due in More than One Year	133,632,824	18,856,507	152,489,331
Total Liabilities	150,858,907	22,053,704	172,912,611
DEFERRED INFLOWS OF RESOURCES			
Unavailable Assessments	903,580	1,407,385	2,310,965
Unavailable Fees	875,269	-	875,269
Total Deferred Inflows of Resources	1,778,849	1,407,385	3,186,234
NET POSITION			
Net Investment in Capital Assets	127,369,959	79,783,160	207,153,119
Amounts Restricted for:			
General Government	9,226,519	-	9,226,519
Education	3,553,959	-	3,553,959
Economic/Community Development	3,457,613	-	3,457,613
Public Safety	755,846	-	755,846
Conservation of Natural Resources	617,930	-	617,930
Social Services	4,265	-	4,265
Debt Service	-	2,356,451	2,356,451
Capital Projects	-	753,300	753,300
Other Purposes	-	282	282
Unrestricted Amounts (Deficit)	(54,767,413)	10,219,525	(44,547,888)
Total Net Position	\$ 90,218,678	\$ 93,112,718	\$ 183,331,396

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

QUEEN ANNE'S COUNTY, MARYLAND
STATEMENT OF NET POSITION
JUNE 30, 2014

(CONTINUED)

COMPONENT UNITS	
BOARD OF EDUCATION	FREE LIBRARY
\$ -	\$ -
10,506,540	503,550
-	-
237,109	11,201
-	-
-	-
430,956	-
3,496,164	-
-	-
22,519	-
15,533	17,941
-	621,379
-	-
-	-
11,725,200	29,850
146,414,333	1,074,054
172,848,354	2,257,975
-	-
-	-
11,206,479	46,057
-	-
-	-
40	-
391,756	-
-	-
390,099	-
37,355,600	1,247,264
49,343,974	1,293,321
-	-
-	-
-	-
155,582,563	1,103,904
-	-
-	-
-	-
-	-
-	-
-	-
168,530	-
14,033	10,500
(32,260,746)	(149,750)
\$ 123,504,380	\$ 964,654

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

QUEEN ANNE'S COUNTY, MARYLAND
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2014

	PRIMARY GOVERNMENT				
	EXPENSES	CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	TOTAL REVENUE
PRIMARY GOVERNMENT					
Governmental Activities					
General Government	\$ 14,133,149	\$ 1,500,273	\$ 606,649	\$ 589,988	\$ 2,696,910
Public Safety	26,666,211	1,286,945	1,081,577	282,139	2,650,661
Public Works	12,365,647	1,425,012	712,550	2,221,299	4,358,861
Health	2,083,201	-	-	-	-
Social Services	5,040,139	65,537	2,026,675	67,392	2,159,604
Education	54,882,430	1,721,379	-	-	1,721,379
Library	1,336,098	-	-	-	-
Conservation of Natural Resources	2,395,762	73,279	103,892	75,820	252,991
Economic/Community Development	1,528,035	508,000	255,100	(69,569)	693,531
Interest and Fiscal Charges	3,987,943	-	-	-	-
Total Governmental Activities	124,418,615	6,580,425	4,786,443	3,167,069	14,533,937
Business-type Activities					
Water and Sewer	11,059,306	8,341,848	90,000	665,268	9,097,116
Airport	807,226	49,061	2,420	7,457	58,938
Golf Course	515,325	297,293	-	-	297,293
Public Landings and Marinas	544,945	423,478	36,439	-	459,917
Total Business-type Activities	12,926,802	9,111,680	128,859	672,725	9,913,264
Total Primary Government	\$ 137,345,417	\$ 15,692,105	\$ 4,915,302	\$ 3,839,794	\$ 24,447,201
COMPONENT UNITS					
Board of Education	\$ 106,113,272	\$ 1,477,633	\$ 12,132,225	\$ -	\$ 13,609,858
Free Library	2,121,476	7,914	208,313	-	216,227
Total Component Units	\$ 108,234,748	\$ 1,485,547	\$ 12,340,538	\$ -	\$ 13,826,085
General Revenues					
Local Property Tax					
Local Income Tax					
Other Local Taxes					
Admission and Amusement Taxes					
Recordation Taxes					
Hotel Taxes					
County Transfer Taxes					
Grants and Contributions Not Restricted to Specific Programs					
Investment Income					
Gain on Sale of Capital Assets					
Miscellaneous					
Transfers In (Out)					
Total General Revenues and Transfers					
Change in Net Position					
Net Position - Beginning of Year, as previously reported					
Adjustment to Beginning Net Position					
Net Position - Beginning of Year, as Restated					
Net Position - End of Year					

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

QUEEN ANNE'S COUNTY, MARYLAND
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2014

(CONTINUED)

NET (EXPENSE) REVENUE AND CHANGES IN NET POSITION					
PRIMARY GOVERNMENT			COMPONENT UNITS		
GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL	BOARD OF EDUCATION	FREE LIBRARY	
\$ (11,436,239)	\$ -	\$ (11,436,239)	\$ -	\$ -	
(24,015,550)	-	(24,015,550)	-	-	
(8,006,786)	-	(8,006,786)	-	-	
(2,083,201)	-	(2,083,201)	-	-	
(2,880,535)	-	(2,880,535)	-	-	
(53,161,051)	-	(53,161,051)	-	-	
(1,336,098)	-	(1,336,098)	-	-	
(2,142,771)	-	(2,142,771)	-	-	
(834,504)	-	(834,504)	-	-	
(3,987,943)	-	(3,987,943)	-	-	
<u>(109,884,678)</u>	<u>-</u>	<u>(109,884,678)</u>	<u>-</u>	<u>-</u>	
-	(1,962,190)	(1,962,190)	-	-	
-	(748,288)	(748,288)	-	-	
-	(218,032)	(218,032)	-	-	
-	(85,028)	(85,028)	-	-	
-	<u>(3,013,538)</u>	<u>(3,013,538)</u>	<u>-</u>	<u>-</u>	
\$ (109,884,678)	\$ (3,013,538)	\$ (112,898,216)	\$ -	\$ -	
\$ -	\$ -	\$ -	\$ (92,503,414)	\$ -	
-	-	-	-	(1,905,249)	
-	-	-	(92,503,414)	(1,905,249)	
64,712,683	-	64,712,683	-	-	
40,899,804	-	40,899,804	-	-	
155,336	-	155,336	-	-	
4,446,658	-	4,446,658	-	-	
447,970	-	447,970	-	-	
1,461,174	-	1,461,174	-	-	
-	-	-	87,330,144	1,445,641	
95,286	343,568	438,854	17,918	3,315	
346,765	-	346,765	-	-	
877,629	793,951	1,671,580	286,312	81,557	
(589,737)	589,737	-	-	-	
<u>112,853,568</u>	<u>1,727,256</u>	<u>114,580,824</u>	<u>87,634,374</u>	<u>1,530,513</u>	
2,968,890	(1,286,282)	1,682,608	(4,869,040)	(374,736)	
87,767,242	94,399,000	182,166,242	128,373,420	1,339,390	
(517,454)	-	(517,454)	-	-	
<u>87,249,788</u>	<u>94,399,000</u>	<u>181,648,788</u>	<u>128,373,420</u>	<u>1,339,390</u>	
\$ <u>90,218,678</u>	\$ <u>93,112,718</u>	\$ <u>183,331,396</u>	\$ <u>123,504,380</u>	\$ <u>964,654</u>	

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

QUEEN ANNE'S COUNTY, MARYLAND
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2014

	MAJOR FUNDS			NON-MAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
	GENERAL FUND	GENERAL CAPITAL	ROADS CAPITAL		
ASSETS					
Cash and Cash Equivalents	\$ 16,187,060	\$ 24,034,470	\$ 4,622,216	\$ 10,216,741	\$ 55,060,487
Prepaid Items	667	-	-	-	667
Receivables					
Taxes Receivable (Net)	395,269	160,988	-	-	556,257
Accounts and Loans Receivable	130,207	1,232,228	16,259	5,244,680	6,623,374
Special Assessments (Net)	-	-	293,865	549,747	843,612
Due from Other Governments	6,810,520	794,794	-	385,549	7,990,863
Due from Other Funds	823,856	61,967	-	-	885,823
Inventory	479,718	-	-	-	479,718
Restricted					
Restricted Equity in Pooled Cash	-	14,319,262	-	-	14,319,262
Total Assets	<u>\$ 24,827,297</u>	<u>\$ 40,603,709</u>	<u>\$ 4,932,340</u>	<u>\$ 16,396,717</u>	<u>\$ 86,760,063</u>
LIABILITIES					
Accrued Liabilities	\$ 3,382,336	\$ 676,618	\$ 172,321	\$ 828,024	\$ 5,059,299
Due to Other Funds	-	-	-	233,677	233,677
Due to Component Units	-	430,956	-	-	430,956
Due to Other Governmental Agencies	-	-	-	327,041	327,041
Unearned Revenue	549,537	79,323	-	189,827	818,687
Total Liabilities	<u>3,931,873</u>	<u>1,186,897</u>	<u>172,321</u>	<u>1,578,569</u>	<u>6,869,660</u>
DEFERRED INFLOWS OF RESOURCES					
Unavailable Income Taxes	1,175,115	-	-	-	1,175,115
Unavailable Property Taxes	145,677	-	-	-	145,677
Unavailable Inter-County Bonds Receivable	1,153,125	-	-	-	1,153,125
Unavailable Benefit Assessments	-	-	353,833	549,747	903,580
Unavailable Fees	-	-	-	875,269	875,269
Total Deferred Inflows	<u>2,473,917</u>	<u>-</u>	<u>353,833</u>	<u>1,425,016</u>	<u>4,252,766</u>
FUND BALANCES					
Nonspendable	480,385	1,230,472	-	4,240,136	5,950,993
Restricted	8,375,368	12,857,183	-	8,967,787	30,200,338
Committed	1,157,360	3,317,781	779,252	-	5,254,393
Assigned	1,284,875	22,011,376	3,626,934	301,009	27,224,194
Unassigned	7,123,519	-	-	(115,800)	7,007,719
Total Fund Balances	<u>18,421,507</u>	<u>39,416,812</u>	<u>4,406,186</u>	<u>13,393,132</u>	<u>75,637,637</u>
Total Liabilities, Deferred Inflows and Fund Balances	<u>\$ 24,827,297</u>	<u>\$ 40,603,709</u>	<u>\$ 4,932,340</u>	<u>\$ 16,396,717</u>	<u>\$ 86,760,063</u>

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

QUEEN ANNE'S COUNTY, MARYLAND
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
JUNE 30, 2014

Total Fund Balance - Governmental Funds **\$ 75,637,637**

Amounts reported for Governmental activities in the Statement of Net Position are different because:

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.

ADD Accounts Receivable - Related to Chesapeake College Debt 4,800,000

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

ADD Bond Interest Reimbursement Receivable - Build America Bond 96,479

Capital assets used in governmental fund activities are not current financial resources and therefore are not reported in the funds.

ADD Nondepreciable capital assets		
Land and Land Improvements	\$ 44,199,467	
Infrastructure	44,394,332	
Construction in Progress	4,577,269	93,171,068

ADD Depreciable capital assets		
Buildings	41,716,794	
Improvements other than Buildings	9,577,406	
Machinery and Equipment	18,682,320	
Automobiles and Trucks	11,242,170	
Infrastructure	18,926,771	
Reassignment of capital assets from Enterprise Fund	21,434	
Less Accumulated depreciation	(42,988,519)	57,178,376

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.

ADD Property Taxes deferred in governmental funds	145,677	
ADD Income Taxes deferred in governmental funds	1,175,115	
ADD Loans receivable deferred in governmental funds	1,153,125	2,473,917

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.

SUBTRACT Accrued Interest Payable		(1,045,682)
SUBTRACT Liability for Retirement Incentive		(22,095)
SUBTRACT Long-Term Liabilities Due within One Year		
Accrued Compensated Absences	(1,256,198)	
Bonds and Notes Payable	(8,266,125)	(9,522,323)
SUBTRACT Long-Term Liabilities Due in More than One Year		
Other Post-Employment Benefit Obligation	(32,201,835)	
Accrued Compensated Absences	(855,395)	
Bonds and Notes Payable	(100,575,594)	(133,632,824)
ADD Deferred Charge On Refunding		1,084,125

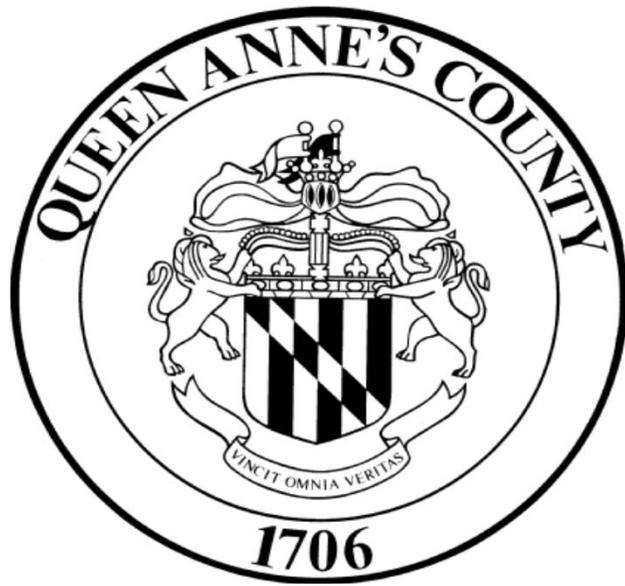
Total Net Position - Governmental Activities **\$ 90,218,678**

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, 2014

	MAJOR FUNDS			NON-MAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
	GENERAL FUND	GENERAL CAPITAL	ROADS CAPITAL		
REVENUES					
Taxes					
Local Property Tax	\$ 64,666,451	\$ -	\$ -	\$ 35,171	\$ 64,701,622
Local Income Tax	40,326,921	-	-	-	40,326,921
Admission and Amusement Taxes	155,336	-	-	-	155,336
Recordation Taxes	2,978,677	889,685	-	578,295	4,446,657
Hotel Taxes	447,970	-	-	-	447,970
County Transfer Taxes	730,587	730,587	-	-	1,461,174
State Shared Taxes	466,734	-	237,065	45,567	749,366
Licenses and Permits	1,080,891	-	-	-	1,080,891
Intergovernmental	1,873,173	1,748,963	9,547	1,957,301	5,588,984
Bond Interest Reimbursement - Build America Bond	383,777	-	-	-	383,777
Charges for Current Services	2,252,711	66,982	65,734	2,972,492	5,357,919
Fines and Forfeitures	66,869	100	-	74,646	141,615
Investment Income	53,640	6,130	21,420	14,096	95,286
Donations	8,595	-	-	30,460	39,055
Miscellaneous	769,210	46,026	-	62,393	877,629
Total Revenues	116,261,542	3,488,473	333,766	5,770,421	125,854,202
EXPENDITURES					
Current					
General Government	9,558,654	1,080,062	-	10,773	10,649,489
Public Safety	21,353,765	415,308	-	497,385	22,266,458
Public Works	8,945,125	189,762	339,776	-	9,474,663
Health	2,030,740	-	-	-	2,030,740
Social Services	282,134	-	-	3,192,752	3,474,886
Education	49,831,672	9,921,272	-	-	59,752,944
Library	1,310,250	-	-	-	1,310,250
Conservation of Natural Resources	606,934	90,347	-	1,665,973	2,363,254
Economic/Community Development	431,860	68,127	-	806,529	1,306,516
Recreation	492,700	-	-	-	492,700
Intergovernmental	436,349	-	-	-	436,349
Miscellaneous	2,766,068	-	-	-	2,766,068
Capital Outlay	-	6,911,096	1,747,991	10,288	8,669,375
Debt Service					
Principal	7,132,797	-	-	77,764	7,210,561
Debt Issuance Costs	-	196,870	-	-	196,870
Interest and Fiscal Charges	3,500,779	-	-	451	3,501,230
Total Expenditures	108,679,827	18,872,844	2,087,767	6,261,915	135,902,353
Excess of Revenues Over (Under) Expenditures	7,581,715	(15,384,371)	(1,754,001)	(491,494)	(10,048,151)
OTHER FINANCING SOURCES (USES)					
Issuance of Debt	-	21,186,100	1,203,900	15,542	22,405,542
Bond Premiums	-	1,118,097	-	-	1,118,097
Proceeds of Capital Asset Disposals	109,100	349,659	-	-	458,759
Insurance Proceeds	61,942	-	-	-	61,942
Capital Contributions - Developer	-	-	102,316	-	102,316
Transfers In	40,370	2,366,147	1,050,000	2,404,744	5,861,261
Transfers Out	(5,359,016)	(1,051,612)	-	(40,370)	(6,450,998)
Other Financing Sources (Uses)	(5,147,604)	23,968,391	2,356,216	2,379,916	23,556,919
Net Increase in Fund Balances	2,434,111	8,584,020	602,215	1,888,422	13,508,768
Fund Balances, July 1	15,987,396	30,832,792	3,803,971	11,504,710	62,128,869
Fund Balances, June 30	\$ 18,421,507	\$ 39,416,812	\$ 4,406,186	\$ 13,393,132	\$ 75,637,637

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, 2014

Change in Fund Balances - Total governmental funds, per Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds **\$ 13,508,768**

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

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

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

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

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

ADD capital assets acquired as capital outlay	\$	275,891	
ADD capital assets resulting from force-in-kind expenditures		3,091	
ADD capital assets resulting from general capital projects		6,916,096	
ADD capital assets resulting from roads capital projects		1,747,990	
ADD capital asset donations and transfers		1,100,000	
SUBTRACT book value of disposed capital assets, net of accumulated depreciation		(316,617)	
SUBTRACT current year depreciation expense		(2,916,199)	
Net Increase in Capital Assets			6,810,252

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.

ADD current year's bond receivable		4,800,000	
			4,800,000

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

ADD current year's bond interest reimbursement receivable - Build America Bond		96,479	
SUBTRACT prior year's bond interest reimbursement receivable - Build America Bond		(106,466)	
			(9,987)

Liability for retirement incentive

As part of the retirement incentives offered in fiscal years 2011 and 2012, 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 three 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.

SUBTRACT current year's liability for the retirement incentive		(22,095)	
ADD prior year's liability for the retirement incentive		48,434	
			26,339

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

CONTINUED

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, 2014

(CONTINUED)

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:

ADD current year's Property Tax Deferred Inflows	\$ 145,677	
SUBTRACT prior year's Property Tax Deferred Inflows	(134,615)	
		\$ 11,062
ADD current year's Income Tax Deferred Inflows	1,175,115	
SUBTRACT prior year's Income Tax Deferred Inflows	(602,231)	
		572,884

Issuance of long-term debt (e.g., bonds, notes, and capital leases) provides current financial resources
to Governmental Funds, while repayment of principal due for long-term debt consumes current resources.
In the Statement of Net Assets, issuing debt increases long term liabilities, while repayment reduces
those liabilities.

ADD retirements and repayments made on long term debt		
General Bonds Payable	7,285,615	
Notes Payable	204,141	
Bond Premiums	167,260	
Deferred Refunding Costs	(201,161)	
	7,455,855	
SUBTRACT proceeds of debt	(23,523,639)	
SUBTRACT College reimbursement received	(279,195)	
ADD PHA reimbursement received	66,499	
ADD County's allocation to College for debt	70,516	
		(16,209,964)

Some accrued expenses, reported in the Statement of Activities, do not require the use of current financial
resources and are not reported as expenditures in the Governmental Funds. The net amount
by which these accruals (increased) over the prior period is as follows:

ADD prior year's Accrued Interest Payable	975,824	
SUBTRACT current year's Accrued Interest Payable	(1,045,682)	
		(69,858)
ADD prior year's Accrued Compensated Absences	2,057,039	
SUBTRACT current year's Accrued Compensated Absences	(2,111,593)	
		(54,554)
ADD prior year's Accrued Other Post Employment Benefit Obligation	25,785,783	
SUBTRACT current year's Accrued Other Post Employment Benefit Obligation	(32,201,835)	
		(6,416,052)

Change in Net Position - governmental activities, per Statement of Activities

\$ 2,968,890

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

QUEEN ANNE'S COUNTY, MARYLAND
STATEMENT OF NET POSITION
ENTERPRISE FUNDS
JUNE 30, 2014

	SANITARY DISTRICT		
	SEWER OPERATIONS	WATER OPERATIONS	RESTRICTED FUND
ASSETS			
Current Assets			
Unrestricted			
Equity in Pooled Cash	\$ 6,950,174	\$ 3,727,067	\$ -
Accounts Receivable (Net)	345,222	193,717	-
Due from Other Funds	377,557	-	-
Due from Other Governments	-	-	-
Bond Interest Reimbursement Receivable - Build America Bond	-	-	-
Inventories	591,213	-	-
Restricted			
Restricted Equity in Pooled Cash	-	-	5,791,074
Restricted Accounts Receivable (Net)	-	-	11,102
Total Current Assets	8,264,166	3,920,784	5,802,176
Noncurrent Assets			
Restricted			
Special Assessments Receivable (Net)	-	-	1,114,713
Capital Assets			
Intangible Rights	-	6,140	-
Land, Improved and Unimproved	814,531	-	-
Buildings and Improvements to Buildings	12,977,010	180,203	-
Improvements Other Than Buildings	1,615,474	128,152	-
Automotive Equipment	1,085,686	259,422	-
Equipment	20,409,439	1,430,131	-
Furniture and Fixtures	54,668	13,681	-
Infrastructure Improvements	51,294,326	21,820,583	-
Construction in Progress	1,000,354	342,007	-
Capital Assets before Depreciation	89,251,488	24,180,319	-
Less Accumulated Depreciation	(35,945,880)	(7,853,904)	-
Total Capital Assets, Net of Accumulated Depreciation	53,305,608	16,326,415	-
Total Noncurrent Assets	53,305,608	16,326,415	1,114,713
Total Assets	61,569,774	20,247,199	6,916,889
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Charge on Refunding	-	-	-
Total Deferred Outflows of Resources	-	-	-
LIABILITIES			
Current Liabilities			
Payable from Unrestricted Assets			
Accounts Payable	427,733	298,932	-
Accrued Interest Payable	54,416	-	-
Escrow Deposits	49,558	-	-
Due to Other Funds	-	-	-
Unearned Revenue	543,662	-	-
Current Portion of Compensated Absences	108,645	41,500	-
Current Portion of Bonds/Notes Payable	1,144,589	-	-
Payable from Restricted Assets			
Current Portion of Bonds Payable	-	-	-
Total Current Liabilities	2,328,603	340,432	-
Noncurrent Liabilities			
Payable from Unrestricted Assets			
Compensated Absences	73,981	28,259	-
Other Post-Employment Benefit Obligation	3,865,236	1,169,660	-
Bonds/Notes Payable	11,369,256	-	-
Total Noncurrent Liabilities	15,308,473	1,197,919	-
Total Liabilities	17,637,076	1,538,351	-
DEFERRED INFLOWS OF RESOURCES			
Unavailable Water and Sewer Assessments	-	-	1,114,713
Total Deferred Inflows of Resources	-	-	1,114,713
NET POSITION			
Net Investment in Capital Assets	40,791,763	16,326,415	-
Amounts Restricted for:			
Debt Service	-	-	-
Capital Projects	-	-	753,300
Other Purposes	-	-	-
Unrestricted Amounts (Deficit)	3,140,935	2,382,433	5,048,876
Total Net Position	\$ 43,932,698	\$ 18,708,848	\$ 5,802,176

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

QUEEN ANNE'S COUNTY, MARYLAND

STATEMENT OF NET POSITION

ENTERPRISE FUNDS

JUNE 30, 2014

(CONTINUED)

SANTARY DISTRICT		BAY BRIDGE AIRPORT	NON-MAJOR ENTERPRISE FUNDS	TOTAL PRIMARY GOVERNMENT ENTERPRISE FUNDS
DEBT SERVICE FUND	TOTAL			FUNDS
\$ -	\$ 10,677,241	\$ -	\$ 744,763	\$ 11,422,004
-	538,939	26,607	10,973	576,519
-	377,557	-	-	377,557
-	-	194,395	21,682	216,077
-	-	625	3,325	3,950
-	591,213	44,139	6,298	641,650
2,763,304	8,554,378	-	-	8,554,378
21,617	32,719	-	-	32,719
<u>2,784,921</u>	<u>20,772,047</u>	<u>265,766</u>	<u>787,041</u>	<u>21,824,854</u>
<u>313,202</u>	<u>1,427,915</u>	<u>-</u>	<u>-</u>	<u>1,427,915</u>
-	6,140	-	-	6,140
-	814,531	10,670,168	2,673,632	14,158,331
-	13,157,213	1,233,204	313,443	14,703,860
-	1,743,626	4,704,779	5,465,727	11,914,132
-	1,345,108	73,470	40,881	1,459,459
-	21,839,570	47,752	425,036	22,312,358
-	68,349	-	4,979	73,328
-	73,114,909	-	-	73,114,909
-	1,342,361	3,382,298	-	4,724,659
-	113,431,807	20,111,671	8,923,698	142,467,176
-	(43,799,784)	(3,145,474)	(1,217,591)	(48,162,849)
-	69,632,023	16,966,197	7,706,107	94,304,327
313,202	71,059,938	16,966,197	7,706,107	95,732,242
<u>3,098,123</u>	<u>91,831,985</u>	<u>17,231,963</u>	<u>8,493,148</u>	<u>117,557,096</u>
-	-	11,084	35,330	46,414
-	-	11,084	35,330	46,414
-	726,665	204,694	33,617	964,976
813	55,229	7,636	15,545	78,410
-	49,558	12,650	-	62,208
377,557	377,557	313,110	339,036	1,029,703
-	543,662	-	1,586	545,248
-	150,145	2,152	18,582	170,879
-	1,144,589	46,532	133,394	1,324,515
<u>50,961</u>	<u>50,961</u>	<u>-</u>	<u>-</u>	<u>50,961</u>
<u>429,331</u>	<u>3,098,366</u>	<u>586,774</u>	<u>541,760</u>	<u>4,226,900</u>
-	102,240	1,466	12,654	116,360
-	5,034,896	235,689	206,827	5,477,412
19,669	11,388,925	484,939	1,388,871	13,262,735
19,669	16,526,061	722,094	1,608,352	18,856,507
<u>449,000</u>	<u>19,624,427</u>	<u>1,308,868</u>	<u>2,150,112</u>	<u>23,083,407</u>
292,672	1,407,385	-	-	1,407,385
292,672	1,407,385	-	-	1,407,385
-	57,118,178	16,445,810	6,219,172	79,783,160
2,356,451	2,356,451	-	-	2,356,451
-	753,300	-	-	753,300
-	-	-	282	282
-	10,572,244	(511,631)	158,912	10,219,525
<u>\$ 2,356,451</u>	<u>\$ 70,800,173</u>	<u>\$ 15,934,179</u>	<u>\$ 6,378,366</u>	<u>\$ 93,112,718</u>

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

QUEEN ANNE'S COUNTY, MARYLAND
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
ENTERPRISE FUNDS
FOR THE YEAR ENDED JUNE 30, 2014

	SANITARY DISTRICT		
	SEWER OPERATIONS	WATER OPERATIONS	RESTRICTED FUND
<u>OPERATING REVENUES</u>			
Charges for Services	\$ 5,307,368	\$ 2,172,086	\$ 471,466
Intergovernmental	90,000	-	-
Bond Interest Reimbursement - Build America Bond	-	-	-
Material Sales	6,149	7,331	-
Miscellaneous Revenues	35,800	142,646	-
Total Operating Revenues	5,439,317	2,322,063	471,466
<u>OPERATING EXPENSES</u>			
Cost of Sales and Services			
Collection	2,256,237	-	-
Distribution	-	180,080	-
Treatment	1,345,878	1,111,304	-
Shop	167,145	112,557	-
Airport	-	-	-
Recreation	-	-	-
Total Cost of Sales and Services	3,769,260	1,403,941	-
Administration and Inspection	722,122	497,675	-
Other Post-Employment Benefit Contributions	791,552	226,857	-
Depreciation	2,917,358	523,117	-
Total Operating Expenses	8,200,292	2,651,590	-
Operating Income (Loss)	(2,760,975)	(329,527)	471,466
<u>NON-OPERATING REVENUES (EXPENSES)</u>			
Investment Income	93,603	80,087	121,954
Interest Expense	(203,702)	(5,469)	-
Gain (Loss) on Disposal of Capital Assets	9,413	-	-
Total Non-Operating Revenues (Expenses)	(100,686)	74,618	121,954
Income (Loss) Before Contributions and Transfers	(2,861,661)	(254,909)	593,420
Capital Contributions, Fees and Grants	409,765	255,503	-
<u>TRANSFERS</u>			
Transfers In	1,355,097	278,741	-
Transfers Out	(15,000)	(15,000)	(1,053,562)
Net Transfers In (Out)	1,340,097	263,741	(1,053,562)
Change in Net Position	(1,111,799)	264,335	(460,142)
Total Net Position - Beginning of Year	45,044,497	18,444,513	6,262,318
Total Net Position - End of Year	\$ 43,932,698	\$ 18,708,848	\$ 5,802,176

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

QUEEN ANNE'S COUNTY, MARYLAND
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
ENTERPRISE FUNDS
FOR THE YEAR ENDED JUNE 30, 2014

(CONTINUED)

SANITARY DISTRICT						TOTAL PRIMARY GOVERNMENT ENTERPRISE FUNDS
DEBT SERVICE FUND	TOTAL	BAY BRIDGE AIRPORT	NON-MAJOR ENTERPRISE FUNDS			
\$ 390,928	\$ 8,341,848	\$ 49,061	\$ 720,771	\$ 9,111,680		
-	90,000	-	23,557	113,557		
-	-	2,420	12,882	15,302		
-	13,480	303,712	41,136	358,328		
-	178,446	228,211	28,966	435,623		
<u>390,928</u>	<u>8,623,774</u>	<u>583,404</u>	<u>827,312</u>	<u>10,034,490</u>		
-	2,256,237	-	-	2,256,237		
-	180,080	-	-	180,080		
-	2,457,182	-	-	2,457,182		
-	279,702	-	-	279,702		
-	-	543,196	-	543,196		
-	-	-	774,078	774,078		
-	5,173,201	543,196	774,078	6,490,475		
-	1,219,797	-	-	1,219,797		
-	1,018,409	11,937	47,651	1,077,997		
-	3,440,475	234,009	147,569	3,822,053		
-	10,851,882	789,142	969,298	12,610,322		
<u>390,928</u>	<u>(2,228,108)</u>	<u>(205,738)</u>	<u>(141,986)</u>	<u>(2,575,832)</u>		
47,745	343,389	179	-	343,568		
(7,666)	(216,837)	(18,084)	(85,822)	(320,743)		
-	9,413	-	(5,150)	4,263		
<u>40,079</u>	<u>135,965</u>	<u>(17,905)</u>	<u>(90,972)</u>	<u>27,088</u>		
431,007	(2,092,143)	(223,643)	(232,958)	(2,548,744)		
-	665,268	7,457	-	672,725		
1,053,562	2,687,400	364,280	172,348	3,224,028		
(1,550,729)	(2,634,291)	-	-	(2,634,291)		
<u>(497,167)</u>	<u>53,109</u>	<u>364,280</u>	<u>172,348</u>	<u>589,737</u>		
(66,160)	(1,373,766)	148,094	(60,610)	(1,286,282)		
<u>2,422,611</u>	<u>72,173,939</u>	<u>15,786,085</u>	<u>6,438,976</u>	<u>94,399,000</u>		
<u>\$ 2,356,451</u>	<u>\$ 70,800,173</u>	<u>\$ 15,934,179</u>	<u>\$ 6,378,366</u>	<u>\$ 93,112,718</u>		

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

QUEEN ANNE'S COUNTY, MARYLAND
STATEMENT OF CASH FLOWS
ENTERPRISE FUNDS
FOR THE YEAR ENDED JUNE 30, 2014

	SANITARY DISTRICT		
	SEWER OPERATIONS	WATER OPERATIONS	RESTRICTED FUND
<u>CASH FLOW FROM OPERATING ACTIVITIES</u>			
Receipts from customers and users	\$ 5,236,130	\$ 2,155,449	\$ 471,085
Receipts from other operating sources	131,949	149,977	-
Receipts from bond interest reimbursement - Build America Bond	-	-	-
Payments to suppliers	(1,883,630)	(756,000)	-
Payments to employees and on behalf of employees	(2,484,730)	(924,357)	-
Net Cash Provided by Operating Activities	<u>999,719</u>	<u>625,069</u>	<u>471,085</u>
<u>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</u>			
Transfers in from other funds	1,355,097	278,741	-
Receipts from interfund loans	1,077	-	-
Transfers to other funds	(15,000)	(15,000)	(1,053,562)
Principal paid on interfund loans	-	-	(4,142)
Net Cash Provided (Used) by Noncapital Financing Activities	<u>1,341,174</u>	<u>263,741</u>	<u>(1,057,704)</u>
<u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</u>			
Proceeds from the disposition of capital assets	9,413	-	-
Receipts from capital grants	-	-	-
Principal paid on capital debt	(1,144,080)	(313,056)	-
Interest paid on capital debt	(211,017)	(7,239)	-
Acquisition and construction of capital assets	(1,646,705)	(564,556)	-
Net Cash (Used) by Capital and Related Financing Activities	<u>(2,992,389)</u>	<u>(884,851)</u>	<u>-</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Net Cash Provided by Investing Activities - Investment Income	<u>93,603</u>	<u>80,087</u>	<u>121,954</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(557,893)	84,046	(464,665)
Balances - Beginning of the year	<u>7,508,067</u>	<u>3,643,021</u>	<u>6,255,739</u>
Balances - End of the year	<u>\$ 6,950,174</u>	<u>\$ 3,727,067</u>	<u>\$ 5,791,074</u>
<u>Reconciliation of operating income (loss) to net cash provided by operating activities</u>			
Operating income (loss)	\$ (2,760,975)	\$ (329,527)	\$ 471,466
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:			
Depreciation	2,917,358	523,117	-
Effect of changes in operating assets and liabilities:			
Accounts receivable, net	(61,465)	(16,637)	(381)
Special assessments receivable, net	-	-	115,446
Operating grants receivable	-	-	-
Build America Bonds Interest receivable	-	-	-
Inventories and Prepaid Expenses	(54,086)	-	-
Vendor accounts payable	164,471	217,148	-
Compensated absences	12,637	4,111	-
Other Post-Employment Benefit Obligation	791,552	226,857	-
Escrow deposits payable	19,592	-	-
Deferred revenue collected in advance	(29,365)	-	(115,446)
Net Cash Provided by Operating Activities	<u>\$ 999,719</u>	<u>\$ 625,069</u>	<u>\$ 471,085</u>
<u>Noncash investing, capital and financing activities:</u>			
Donation of capital assets (infrastructure) by developers	<u>\$ 409,765</u>	<u>\$ 255,503</u>	<u>\$ -</u>

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

QUEEN ANNE'S COUNTY, MARYLAND

STATEMENT OF CASH FLOWS

ENTERPRISE FUNDS

FOR THE YEAR ENDED JUNE 30, 2014

(CONTINUED)

SANITARY DISTRICT			BAY BRIDGE	NON-MAJOR	TOTAL
DEBT SERVICE			AIRPORT	ENTERPRISE	PRIMARY
FUND	TOTAL			FUNDS	GOVERNMENT
					ENTERPRISE
					FUNDS
\$ 433,859	\$ 8,296,523	\$ 44,672	\$ 723,492	\$ 9,064,687	
-	281,926	531,923	98,297	912,146	
-	-	2,484	13,226	15,710	
-	(2,639,630)	(278,637)	(445,650)	(3,363,917)	
-	(3,409,087)	(113,820)	(310,697)	(3,833,604)	
<u>433,859</u>	<u>2,529,732</u>	<u>186,622</u>	<u>78,668</u>	<u>2,795,022</u>	
1,053,562	2,687,400	364,280	172,348	3,224,028	
377,557	378,634	313,110	339,036	1,030,780	
(1,550,729)	(2,634,291)	-	-	(2,634,291)	
(374,492)	(378,634)	(493,277)	(306,731)	(1,178,642)	
<u>(494,102)</u>	<u>53,109</u>	<u>184,113</u>	<u>204,653</u>	<u>441,875</u>	
-	9,413	-	1,000	10,413	
-	-	119,242	-	119,242	
(56,158)	(1,513,294)	(44,583)	(123,303)	(1,681,180)	
(8,508)	(226,764)	(14,104)	(76,457)	(317,325)	
-	(2,211,261)	(431,469)	-	(2,642,730)	
<u>(64,666)</u>	<u>(3,941,906)</u>	<u>(370,914)</u>	<u>(198,760)</u>	<u>(4,511,580)</u>	
47,745	343,389	179	-	343,568	
(77,164)	(1,015,676)	-	84,561	(931,115)	
<u>2,840,468</u>	<u>20,247,295</u>	<u>-</u>	<u>660,202</u>	<u>20,907,497</u>	
<u>\$ 2,763,304</u>	<u>\$ 19,231,619</u>	<u>\$ -</u>	<u>\$ 744,763</u>	<u>\$ 19,976,382</u>	
\$ 390,928	\$ (2,228,108)	\$ (205,738)	\$ (141,986)	\$ (2,575,832)	
-	3,440,475	234,009	147,569	3,822,053	
18,775	(59,708)	(6,889)	3,587	(63,010)	
341,513	456,959	-	-	456,959	
-	-	-	4,638	4,638	
-	-	64	344	408	
-	(54,086)	18,113	8,429	(27,544)	
-	381,619	130,179	6,366	518,164	
-	16,748	2,447	2,936	22,131	
-	1,018,409	11,937	47,651	1,077,997	
-	19,592	2,500	-	22,092	
(317,357)	(462,168)	-	(866)	(463,034)	
<u>\$ 433,859</u>	<u>\$ 2,529,732</u>	<u>\$ 186,622</u>	<u>\$ 78,668</u>	<u>\$ 2,795,022</u>	
<u>\$ -</u>	<u>\$ 665,268</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 665,268</u>	

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

QUEEN ANNE'S COUNTY, MARYLAND
STATEMENT OF FIDUCIARY NET POSITION
PRIVATE PURPOSE TRUST, OTHER POST-EMPLOYMENT BENEFIT TRUST, AND AGENCY FUNDS
JUNE 30, 2014

	PRIVATE PURPOSE TRUST FUND	OTHER POST-EMPLOYMENT BENEFIT TRUST FUND	AGENCY FUNDS
	TAX SALE DEPOSITS		
ASSETS			
Cash and Cash Equivalents	\$ 151,257	\$ 2,112,365	\$ 632,993
Total Assets	<u>151,257</u>	<u>2,112,365</u>	<u>\$ 632,993</u>
LIABILITIES			
Due to Other Governments	-	156,561	\$ 182,972
Deposits and Escrows	<u>-</u>	<u>-</u>	<u>450,021</u>
Total Liabilities	<u>-</u>	<u>156,561</u>	<u>\$ 632,993</u>
NET POSITION			
Held in Trust	<u>\$ 151,257</u>	<u>\$ 1,955,804</u>	

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

QUEEN ANNE'S COUNTY, MARYLAND
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
PRIVATE PURPOSE TRUST AND OTHER POST-EMPLOYMENT BENEFIT TRUST FUND
FOR THE YEAR ENDED JUNE 30, 2014

	PRIVATE PURPOSE TRUST FUND
	<u>TAX SALE DEPOSITS</u>
ADDITIONS	
Total Additions - Tax Sale Collections in Excess of Tax Due	\$ 28,687
DEDUCTIONS	
Distributions to Property Holders	<u>48,504</u>
Change in Assets	(19,817)
NET POSITION HELD IN TRUST	
Net Position-Beginning of Year	<u>171,074</u>
Net Position-End of Year	<u><u>\$ 151,257</u></u>

	OTHER POST-EMPLOYMENT BENEFIT TRUST FUND
ADDITIONS	
CONTRIBUTIONS	
Employers	\$ 3,205,916
Members	972,575
TOTAL CONTRIBUTIONS	<u>4,178,491</u>
Investment Income	<u>2,280</u>
Total Additions	<u>4,180,771</u>
DEDUCTIONS	
Claims Paid	<u>3,736,307</u>
Change in Assets	444,464
NET POSITION HELD IN TRUST	
Net Position-Beginning of Year	<u>1,511,340</u>
Net Position-End of Year	<u><u>\$ 1,955,804</u></u>

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

QUEEN ANNE'S COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
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QUEEN ANNE'S COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. REPORTING ENTITY

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

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

Blended Component Units

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

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

Discretely Presented Component Units

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.

Complete financial statements of the discretely presented component units can be obtained from their respective administrative offices listed below:

**Board of Education of
Queen Anne's County**
202 Chesterfield Avenue
Centreville, Maryland 21617

**Queen Anne's County
Free Library**
121 S. Commerce Street
Centreville, MD 21617

QUEEN ANNE'S COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

A. REPORTING ENTITY (CONTINUED)

Joint Venture

The operation of the Midshore Regional Landfill is considered a joint venture of the County. Disclosure of the County's participation in this joint venture is presented in Note 17.

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

Maryland Environmental Service
259 Najoles Road
Millersville, Maryland 21108

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

Government-Wide Financial Statements – The government-wide financial statements report information on all of the non-fiduciary activities of the Primary Government and its component units. Since, by definition, assets of fiduciary funds are held for the benefit of a third party (other local governments, private parties, etc.) and cannot be used to address activities or obligations of the County, these funds are not incorporated into the government-wide statements.

For the most part, the effect of interfund activity has been removed from these statements.

Governmental activities of the Primary Government, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

Statement of Net Position – This statement is designed to display the financial position of the reporting entity as of year-end. Governments report all capital assets, including infrastructure, in the government-wide Statement of Net Position and report depreciation expense, the cost of "using up" capital assets, in the Statement of Activities. Net position is divided into three categories: 1) net investment in capital assets; 2) restricted amounts; and 3) unrestricted amounts. *Net Investment in capital assets* consists of capital assets, net of accumulated depreciation, and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those capital assets. *Restricted amounts* are assets for which constraints are placed due to restrictions that are either (1) externally imposed by creditors, grantors, contributors, or laws and regulations of the government, or (2) imposed by law through constitutional provisions or enabling legislation. *Unrestricted amounts* consist of net assets that do not meet the definition of restricted or invested in capital assets.

QUEEN ANNE'S COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

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

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

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

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

Measurement Focus and Basis of Accounting

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

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

QUEEN ANNE'S COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Revenues are recorded as soon as they are susceptible to accrual (i.e., when they are both measurable and available). Revenues are considered to be available when they are collectible within the current period, or soon enough thereafter to pay liabilities of the current period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting.

However, debt service expenditures are recorded only when payment has matured and is due. Similarly, expenditures related to claims, judgments, compensated absences, and other post-employment benefits are recorded only to the extent that they are expected to be liquidated with expendable available financial resources. Capital assets, and related depreciation, as well as long-term liabilities are not recorded in these statements.

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

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

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

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

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

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

QUEEN ANNE'S COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

Capital Projects Funds –

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

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

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

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

Sanitary District -

Sewer Operations - This fund is used to account for the operation of the sewer system serving approximately 6,900 customers.

Water Operations - This fund is used to account for the operation of the water supply system serving approximately 4,200 customers.

Restricted Fund - This fund is used to account for the proceeds of sewer and water capacity charges (one-time allocation fees) and is used to fund capital and debt service expenses.

Debt Service Fund - This fund is used to account for the collection of special benefit assessments, and financial resources from other sources, to fund debt associated with construction of water and sewer facilities in accordance with debt covenants.

QUEEN ANNE'S COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Bay Bridge Airport – This fund is used to account for the operation of the County's airport that serves small, private aircraft.

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

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

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

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

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

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

GASB 62 Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements, eliminates a previous election that allowed financial statements for enterprise funds and business-type activities to apply post-November 30, 1989 FASB Statements and Interpretations for the financial statements to the extent that the FASB Statements and Interpretations did not conflict with or contradict GASB pronouncements. The County has elected not to follow any other FASB guidance.

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

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

QUEEN ANNE'S COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. ASSETS, LIABILITIES, AND NET POSITION OR EQUITY

1) Cash and Investments

Cash and Cash Equivalents – For Statement of Cash Flows reporting purposes, the County has defined “cash equivalents” as short-term, highly liquid investments that are both readily convertible to known amounts of cash and so near their maturity that they present an insignificant risk of changes in value because of changes in interest rates. Generally, only investments with maturities of three months or less at time of purchase meet this definition. The balance sheet classification for “cash and cash equivalents” in the Statement of Cash Flows includes the following: “Equity in pooled cash and investments,” “Cash and cash equivalents,” and “Restricted Equity in pooled cash and investments.”

2) Receivables and Payables

Due To/From Other Funds and Internal Balances – Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the year are current and are referred to as “due to/from other funds.” On the Statement of Net Position, these balances are referred to as “internal balances” and are reported as positive and negative “assets” that net to zero for the primary government as a whole.

Trade Accounts Receivable – Trade and other receivables are shown net of an allowance for uncollectible accounts. The allowance for uncollectible accounts is calculated based on historical collection data and, in some cases, specific account analysis.

3) Inventories, Prepaids, and Other Assets

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

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

4) Capital Assets

Capital assets, which include property, plant, equipment, intangibles, and infrastructure assets (e.g. roads, bridges, curbs and gutters, streets and sidewalks, drainage systems, lighting systems, and similar items) are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. The County defines capital assets as assets with an initial, individual cost of \$5,000 (\$1,000 for computers) or more and an estimated useful life in excess of one year. Such assets are valued at cost where historical records are available and at estimated historical cost where no historical records exist. Donated capital assets are recorded at estimated fair market value at the date of donation.

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

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

**QUEEN ANNE'S COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2014**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

4) Capital Assets (continued)

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

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

<u>Assets</u>	<u>Years</u>
Buildings and structures	20 - 50
Improvements other than buildings	15 - 50
Infrastructure	20 - 50
Machinery and equipment	3 - 20
Office furniture, fixtures and equipment	5 - 15
Vehicles	7 - 10

5) Deferred Outflows/Inflows of Resources

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

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

6) Other Post-Employment Benefit Obligation

The Queen Anne's County post-employment plan provides medical insurance benefits to retirees and their eligible dependents. The Plan's financial information is prepared based on full accrual accounting. Expenses are recognized on the accrual basis as retirees' insurance costs are incurred. Additional details regarding other post-employment benefits can be found in Notes 9 and 14.

Primary Government – In both the government-wide and enterprise funds, liability for other post-employment benefits is adjusted at the end of the fiscal year. For the year ended June 30, 2014, the other post-employment benefit obligation amounted to \$37,679,247, including both governmental (\$32,201,835) and business-type activities (\$5,477,412).

Component Unit - Board of Education – For the year ended June 30, 2014, the other post-employment benefit obligation for the Board of Education amounted to \$34,096,789.

Component Unit – Free Library – For the year ended June 30, 2014, the other post-employment benefit obligation for the Library amounted to \$1,247,264.

QUEEN ANNE'S COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

7) Compensated Absences

Primary Government – The County's policy is to pay employees for any unused vacation time, up to a maximum of 65 days, upon termination of employment. Compensated absences are reported in governmental funds only if they have matured, such as payments upon termination of employment, vacation, and compensatory time paid as they are used during the year. Such time is paid as regular wages. Compensated absences are reported in enterprise funds as they are accrued. In the government-wide statements, the liability for compensated absences is adjusted at the end of each fiscal year to current salary costs. Accumulated unpaid leave of the County amounted to \$2,398,832 at June 30, 2014, including both governmental (\$2,111,593) and business-type activities (\$287,239).

Component Unit - Board of Education – Accumulated unpaid annual leave is accrued when earned in the Unrestricted Current Expense Fund using the modified accrual basis of accounting. In fiscal year 1992, the Board adopted the practice of paying for any unused vacation time, up to the maximum number of days that employees can carry over from one year to the next, upon termination of employment. Maximum number of days varies from 20 to 30 days, depending on classification. Liabilities for compensated absences are inventoried at the end of each fiscal year and adjusted to current salary costs. Accumulated compensated absences as of June 30, 2014 amounted to \$1,079,661. Because payment of sick leave is contingent upon an employees' future illness or retirement, the Board of Education expects its commitment to provide sick leave to be met during the normal course of activities over the working lives of its present employees. Any accumulated unused sick leave at retirement will ultimately be taken into consideration and paid through retirement benefits by the State of Maryland.

8) 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 incurred.

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

QUEEN ANNE'S COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

9) Net Position/Fund Equity

In the government-wide financial statements, the County has reported an unrestricted net deficit of \$44,547,888. This deficit is due to the fact that the County issues general obligation bonded debt for purposes of capital construction on behalf of the Queen Anne's County Board of Education. The capital assets constructed with the proceeds of this debt are reported on the financial statements of Queen Anne's County Board of Education. This amount is also classified as net investment in capital assets in the Board of Education column of the Component Units section of the County's government-wide Statement of Net Position. Since the Board of Education is not authorized to borrow funds, they do not have any debt.

Since the issuance of such debt has not resulted in capital assets owned by the Primary Government, the effect of this debt is reflected in a deficit balance in unrestricted net assets in the Governmental Activities column of the government-wide Statement of Net Position. At June 30, 2014, the County has reported outstanding general obligation debt related to assets held by the Board of Education amounting to \$67,651,486 (of which \$62,979,838 has been spent and the remaining \$4,671,648 relates to unspent bond proceeds). Absent the effect of this relationship, the County would have reported unrestricted net assets of governmental activities in the amount of \$23,103,598.

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, 2014, 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 represent 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:

QUEEN ANNE'S COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

9) Net Position/Fund Equity (continued)

Restricted Amounts		
Governmental activities		\$ 17,616,132
Business-type activities:		
Debt Service	\$ 2,356,451	
Capital Projects	753,300	
Other Purposes	282	3,110,033
Total Restricted Amounts		\$ 20,726,165

Note that unspent bond proceeds of \$12,584,206 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.

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

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

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

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

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

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

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

QUEEN ANNE'S COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

10) 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.

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 State Department of Assessments and Taxation without public notice and only after public hearings. The County tax rate for the fiscal year ended June 30, 2014 was \$0.8471 per \$100 of assessed value.

E. IMPLEMENTATION OF NEW ACCOUNTING PRINCIPLES

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

Statement No. 65, "*Items Previously Reported as Assets and Liabilities*": This Statement establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities.

Statement No. 66, "*Technical Corrections – 2012; an amendment of GASB Statements No. 10 and No. 62.*" Adoption of this Statement had no impact on the County's financial statements.

In fiscal year 2015, the County plans to adopt Statement No. 68, "*Accounting and Financial Reporting for Pensions; and amendment of GASB Statement No. 27*", Statement No. 69, "*Government Combinations and Disposals of Government Operations*" and Statement No. 70, "*Accounting and Financial Reporting for Nonexchange Financial Guarantees.*"

QUEEN ANNE'S COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2014

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.

During the fiscal year, the Commissioners may adopt supplemental appropriations. For the year ended June 30, 2014, supplemental appropriations were as follows:

<u>Supplemental Appropriations</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Increase</u>
General Fund - expenditures and transfers	<u>\$ 113,924,180</u>	<u>\$ 116,587,737</u>	<u>\$ 2,663,557</u>
<u>Special Revenue Funds that adopt annual budgets</u>			
Non-Major Funds that adopt annual budgets -			
Department of Aging - expenditures	2,155,587	2,235,199	79,612
Housing and Community Services - expenditures	1,124,752	1,416,402	291,650
Community Partnerships for Children - expenditures	1,044,524	1,123,769	79,245
Fire Company Impact Fees - expenditures	200,500	387,449	186,949
Inmate Welfare Fund - expenditures	90,250	150,250	60,000
Agricultural Transfer - expenditures	40,000	111,791	71,791
Purchase of Development Rights - expenditures	<u>34,000</u>	<u>1,572,640</u>	<u>1,538,640</u>
Total Special Revenue Funds that adopt annual budgets	<u>\$ 4,689,613</u>	<u>\$ 6,997,500</u>	<u>\$ 2,307,887</u>

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

Annual operating budgets are legally adopted for the General Fund (includes the Roads Board) and the following non-major governmental funds: Department of Aging, Housing and Community Services, Economic Development Incentive, Community Partnerships for Children, Dredging Special Assessments, Kent Narrows, Law Library, Inmate Welfare, Agricultural Transfer, School Impact Fees Capital Projects, Fire Company Impact Fees Capital Projects, Parks and Recreation Impact Fees Capital Projects, and Purchase of Development Rights Funds. 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.

QUEEN ANNE'S COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 3 – CASH, INVESTMENTS AND INVESTMENT INCOME

A. DEPOSITS AND INVESTMENTS

PRIMARY GOVERNMENT AND FIDUCIARY FUNDS

Cash and investments were as follows at year-end:

	<u>Carrying Amount</u>	<u>Collected Bank Balances or Fair Value</u>	<u>Total Collateral</u>
Demand Deposit Accounts, Short-Term			
Certificates of Deposit and Petty Cash	\$ 25,503,818	\$ 25,578,033	\$ 33,467,451
Investment in Maryland Local			
Government Investment Pool (MLGIP)	<u>66,748,928</u>	<u>66,746,177</u>	<u>68,081,100</u>
	<u>\$ 92,252,746</u>	<u>\$ 92,324,210</u>	<u>\$ 101,548,551</u>

Cash and investments reconcile to the basic financial statements as follows:

<u>Cash and Investments</u>	<u>Primary Government</u>	<u>Fiduciary</u>	<u>Total</u>
Unrestricted			
Equity in Pooled Cash and Investments	\$ 66,482,491	\$ 2,896,615	\$ 69,379,106
Restricted			
Equity in Pooled Cash and Investments	<u>22,873,640</u>	<u>-</u>	<u>22,873,640</u>
	<u>\$ 89,356,131</u>	<u>\$ 2,896,615</u>	<u>\$ 92,252,746</u>

At year-end, the carrying amount of combined deposits was \$25,503,818. The collected bank balances were \$25,578,033 and of those balances, \$751,609 was insured by federal depository insurance (FDIC). The uninsured balances were fully collateralized by securities placed with the respective banks' escrow agents and held in the County's name.

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.

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 MLGIP seeks to maintain a constant value of \$1 per unit with unit value computed using the amortized cost method. In addition, the net asset value of the pool, marked to market, is calculated and maintained on a weekly basis to ensure a \$1 per unit constant value.

As of June 30, 2014, the County's investments, 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.

QUEEN ANNE'S COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2014

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

A. DEPOSITS AND INVESTMENTS (CONTINUED)

COMPONENT UNITS (BOARD OF EDUCATION AND LIBRARY)

Component Unit - Board of Education - At year-end, the carrying amount of deposits was \$10,506,540, including \$317,000 in certificates of deposit and excluding the carrying amount of fiduciary funds. At June 30, 2014, the Board has deposits of approximately \$12 million with local banks. Of the total deposits, approximately \$494,000 not covered by the FDIC was collateralized by securities held by the pledging financial institution's trust department or agent, but not in the Board's name.

Component Unit – Library - At year-end, the carrying amount of all bank deposits, including a \$621,379 certificate of deposit, was \$1,124,929, while collected bank balances were \$1,156,606. Of the bank balances, \$574,423 was secured by the FDIC and \$582,183 was secured by collateral held by the pledging bank's trust department but not in the Library's name.

B. INVESTMENT INCOME

PRIMARY GOVERNMENT

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

	Investment Income
Governmental Funds	
Major Governmental Funds	
General Fund	\$ 53,640
General Capital Projects	6,130
Roads Capital Projects	21,420
Non-Major Governmental Funds	14,096
Total Investment Income	\$ 95,286
Business-Type Funds	
Major Enterprise Funds	
Sanitary District	\$ 343,389
Airport	179
Total Investment Income	\$ 343,568

QUEEN ANNE'S COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 4 - ACCOUNTS RECEIVABLE

Receivables as of June 30, 2014 for the governmental and business-type activities are as follows:

	General Fund	General Capital Projects	Roads Capital Projects	Non-Major Governmental Funds	Total Governmental Funds	Total Enterprise Funds	Total Governmental and Enterprise Funds
Accounts Receivable							
Receivables							
Taxes - Real Property	\$ 231,305	\$ -	\$ -	\$ -	\$ 231,305	\$ -	\$ 231,305
Taxes - Other	163,964	160,988	-	-	324,952	-	324,952
Subtotal Taxes	<u>395,269</u>	<u>160,988</u>	<u>-</u>	<u>-</u>	<u>556,257</u>	<u>-</u>	<u>556,257</u>
Other Accounts Receivable:							
Queen Anne's County Public Housing Authority	-	1,230,472	-	-	1,230,472	-	1,230,472
Sanitary District - User and Septage Fees	-	-	-	-	-	538,939	538,939
Planning and Zoning	24,025	-	-	-	24,025	-	24,025
Board of Education	18,649	-	-	-	18,649	-	18,649
Retirees Insurance	26,978	-	-	-	26,978	-	26,978
Governmental Funds - User Fees	6,493	-	16,259	-	22,752	-	22,752
Solid Waste	20,274	-	-	-	20,274	-	20,274
Economic Development Incentive Fund	-	-	-	100,000	100,000	-	100,000
Airport - Fuel Sales and User and Rental Fees	-	-	-	-	-	26,607	26,607
Miscellaneous Receivables	33,788	1,756	-	29,275	64,819	10,973	75,792
Subtotal Other Accounts Receivable	<u>130,207</u>	<u>1,232,228</u>	<u>16,259</u>	<u>129,275</u>	<u>1,507,969</u>	<u>576,519</u>	<u>2,084,488</u>
Loans Receivable	-	-	-	5,115,405	5,115,405	-	5,115,405
Subtotal Other Accounts and Loans Receivable	<u>130,207</u>	<u>1,232,228</u>	<u>16,259</u>	<u>5,244,680</u>	<u>6,623,374</u>	<u>576,519</u>	<u>7,199,893</u>
Special Assessments	-	-	293,865	549,747	843,612	-	843,612
Intergovernmental							
Income Taxes Held by State	4,836,100	-	-	-	4,836,100	-	4,836,100
Grants Receivable	423,376	794,794	-	385,549	1,603,719	216,077	1,819,796
Recordation Tax	285,232	-	-	-	285,232	-	285,232
State-Shared Highway User Tax	112,687	-	-	-	112,687	-	112,687
Bonds Receivable	1,153,125	-	-	-	1,153,125	-	1,153,125
Subtotal Intergovernmental	<u>6,810,520</u>	<u>794,794</u>	<u>-</u>	<u>385,549</u>	<u>7,990,863</u>	<u>216,077</u>	<u>8,206,940</u>
Restricted Receivables							
Accounts Receivable	-	-	-	-	-	32,719	32,719
Special Assessments	-	-	-	-	-	1,427,915	1,427,915
Subtotal Restricted Receivables	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,460,634</u>	<u>1,460,634</u>
Total Receivables	<u>\$ 7,335,996</u>	<u>\$ 2,188,010</u>	<u>\$ 310,124</u>	<u>\$ 6,179,976</u>	<u>\$ 16,014,106</u>	<u>\$ 2,253,230</u>	<u>\$ 18,267,336</u>

The County does not have any allowance for doubtful accounts related to the above receivables.

In Fiscal Year 2014, the County issued bonds on behalf of three mid-shore counties (Dorchester, Caroline, and Talbot) in order to provide funding for the new Center for Allied Health and Athletics at Chesapeake College. Therefore, in addition to the Governmental and Enterprise Fund receivables listed above, the County has also recorded a \$4.8 million receivable on its government-wide Statement of Net Position, which represents the collective obligation of the three aforementioned counties for funding the facility at Chesapeake College.

QUEEN ANNE'S COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 4 - ACCOUNTS RECEIVABLE (CONTINUED)

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

Intergovernmental receivables include bonds receivable from four other counties. In years 2000 and 2003, Queen Anne's County sold \$2,815,000 and \$710,000, respectively, of its general obligation bonds for the purpose of providing the local share of capital projects at Chesapeake College. Five counties, including Queen Anne's County, provide local support for the College. The other four counties supporting Chesapeake College reimburse Queen Anne's County for their portion of the debt service. Bonds are amortized over the 20-year life of each of the original Queen Anne's County Bonds. The current carrying value for the bonds receivable from the other four counties are \$875,000 and \$278,125, respectively, for a total of \$1,153,125. The College bills and collects from the original five counties an amount sufficient to cover this debt service and reimburses this amount to Queen Anne's County on a semi-annual basis. In addition to these three receivables related to Chesapeake College, there is also a receivable of \$4.8 million recorded in the Government-Wide Statement of Net Position. Details are included on the previous page.

Loans receivable in the amount of \$5,115,405 relate to the Housing and Community Services, Impact Fees, and Revolving Loan Special Revenue Funds. Loans receivable in the amount of \$4,128,960 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 \$111,176 are also repaid over a number of years.

The remaining loan receivable balance of \$875,269 relates to school, fire, and parks and recreation impact fees. In July 2007, the County began accepting promissory notes for impact fees, in certain situations, with the understanding that when certificate of occupancy was obtained, these notes would be paid in full. To ensure repayment, the notes attach to the property incurring the impact fee; therefore, payment will be required automatically prior to legal transfer of title.

Income taxes held by the State in the amount of \$4,836,100 have been estimated by the State as income tax due for "tax years" 2013 and prior. It may take five years or longer for the State to receive all amounts relating to these "tax years" and remit those monies to the County. However, the State indicates that this is a reasonable estimate of their liability to the County and the County reports this amount in accordance with GAAP.

Special Assessments in the amount of \$843,612 represent receivables for governmental activities. Part of this amount consists of \$293,865 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 \$549,747 for assessments levied on homeowners relating to dredging costs. Payment of these assessments is expected over a number of years.

Restricted Special Assessments in the amount of \$1,427,915 represent restricted receivables for the Sanitary District. These receivables relate to assessments levied on homeowners for the construction of sewer and water lines, as well as for hook up costs. Only the current portion due is billed and the remaining balances are repaid over a number of years, as determined by the original agreement. As the funds are paid back, the County uses the money to repay debt.

QUEEN ANNE'S COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2014

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:

<u>Governmental Funds</u>	<u>Unearned Revenue</u>
General Fund	
Property Tax Deferrals	\$ 19,775
Grant Drawdowns in Excess of Expenditures	49,702
Inspection Fees Collected in Advance	480,060
Subtotal	<u>549,537</u>
General Capital Projects Fund	
Grant Drawdowns in excess of Expenditures	<u>79,323</u>
Non-Major Governmental Funds	
Grant Drawdowns in Excess of Expenditures	<u>189,827</u>
Total Unearned Revenue	<u><u>\$ 818,687</u></u>

QUEEN ANNE'S COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 6 – CAPITAL ASSETS

PRIMARY GOVERNMENT

Changes in the County's capital assets for governmental activities for the year ended June 30, 2014 are summarized as follows, with depreciation shown separately. Assets resulting from completed capital projects are shown in the Transfers column. Asset retirements are shown in the Decreases column.

Governmental Activities	Balance June 30, 2013	Increases	Transfers	Decreases	Balance June 30, 2014
Capital Assets, not being depreciated:					
Land	\$ 38,931,825	\$ 1,108,897	\$ -	\$ (111,157)	\$ 39,929,565
Intangible Rights - Easements	786,819	35,000	-	-	821,819
Land Improvements	3,448,083	-	-	-	3,448,083
Construction in Progress	2,118,314	3,791,377	(1,332,422)	-	4,577,269
Land - Inexhaustible Infrastructure Improvements	41,983,313	1,409,622	1,001,397	-	44,394,332
Total Capital Assets, not being depreciated	87,268,354	6,344,896	(331,025)	(111,157)	93,171,068
Capital Assets, being depreciated:					
Buildings and Building Improvements	41,715,513	32,534	-	(31,253)	41,716,794
Improvements other than Buildings	8,093,474	1,427,497	56,435	-	9,577,406
Vehicles	10,242,687	1,308,637	-	(309,154)	11,242,170
Equipment	8,368,007	475,108	24,240	(439,797)	8,427,558
Furniture and Fixtures	10,412,345	101,991	-	(238,140)	10,276,196
Infrastructure Improvements - Depreciable	18,324,016	352,405	250,350	-	18,926,771
Total Capital Assets, being depreciated	97,156,042	3,698,172	331,025	(1,018,344)	100,166,895
Less Accumulated Depreciation for:					
Buildings and Building Improvements	11,048,577	926,079	-	(8,204)	11,966,452
Improvements other than Buildings	1,569,753	244,678	-	-	1,814,431
Vehicles	6,370,904	724,535	-	(250,621)	6,844,818
Equipment	5,716,076	395,464	-	(332,743)	5,778,797
Furniture and Fixtures	8,916,760	320,416	-	(221,316)	9,015,860
Infrastructure Improvements - Depreciable	7,263,134	305,027	-	-	7,568,161
Total Accumulated Depreciation	40,885,204	2,916,199	-	(812,884)	42,988,519
Total Capital Assets, being depreciated, net	56,270,838	781,973	331,025	(205,460)	57,178,376
Governmental activities Capital Assets, net	\$ 143,539,192	\$ 7,126,869	\$ -	\$ (316,617)	\$ 150,349,444

QUEEN ANNE'S COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2014

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, 2014 are summarized as follows, with depreciation shown separately. Completed projects that were reclassified from construction in progress (CIP) to other asset accounts during the year are reported in the same column, as retirements from CIP and transfers to other asset accounts.

<u>Business-Type Activities</u>	Balance June 30, 2013	Increases	Transfers	Decreases	Balance June 30, 2014
Capital Assets, not being depreciated:					
Land	\$ 12,929,533	\$ -	\$ -	\$ -	\$ 12,929,533
Land Improvements	9,500	-	-	-	9,500
Intangible Rights	6,140	-	-	-	6,140
Construction in Progress	2,950,830	1,773,829	-	-	4,724,659
Land - Inexhaustible Infrastructure Improvements	1,219,298	-	-	-	1,219,298
Total Capital Assets, not being depreciated	17,115,301	1,773,829	-	-	18,889,130
Capital Assets, being depreciated:					
Buildings and Improvements to Buildings	14,703,860	-	-	-	14,703,860
Improvements other than Buildings	11,914,132	-	-	-	11,914,132
Vehicles	1,295,224	164,235	-	-	1,459,459
Equipment	21,809,119	530,239	-	(27,000)	22,312,358
Furniture and Fixtures	59,708	13,620	-	-	73,328
Infrastructure Improvements - Depreciable	72,288,836	826,073	-	-	73,114,909
Total Capital Assets, being depreciated	122,070,879	1,534,167	-	(27,000)	123,578,046
Less Accumulated Depreciation for:					
Buildings and Improvements to Buildings	6,677,921	612,441	-	-	7,290,362
Improvements other than Buildings	3,227,950	367,266	-	-	3,595,216
Vehicles	954,190	74,821	-	-	1,029,011
Equipment	9,085,030	1,043,886	-	(20,850)	10,108,066
Furniture and Fixtures	48,022	2,902	-	-	50,924
Infrastructure Improvements - Depreciable	24,368,533	1,720,737	-	-	26,089,270
Total Accumulated Depreciation	44,361,646	3,822,053	-	(20,850)	48,162,849
Total Capital Assets, being depreciated, net	77,709,233	(2,287,886)	-	(6,150)	75,415,197
Business-Type activities Capital Assets, net	\$ 94,824,534	\$ (514,057)	\$ -	\$ (6,150)	\$ 94,304,327

QUEEN ANNE'S COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 6 – CAPITAL ASSETS (CONTINUED)

PRIMARY GOVERNMENT (CONTINUED)

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

<u>Governmental Activities</u>	<u>Depreciation</u>
General Government	\$ 241,110
Public Safety	891,285
Public Works	1,321,557
Health	21,121
Social Services	348,059
Library	25,848
Conservation of Natural Resources	29,089
Economic/Community Development	<u>38,130</u>
	<u>\$ 2,916,199</u>
<u>Business-Type Activities</u>	
Major Enterprise Funds:	
Sanitary District	\$ 3,440,475
Airport	234,009
Non-Major Enterprise Funds	<u>147,569</u>
	<u>\$ 3,822,053</u>

QUEEN ANNE'S COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 6 – CAPITAL ASSETS (CONTINUED)

COMPONENT UNITS

Board of Education: Capital asset activity for the year ended June 30, 2014 is as follows:

<u>Board of Education</u>	Balance June 30, 2013	Increases	Decreases	Balance June 30, 2014
Capital Assets, not being depreciated:				
Land	\$ 6,363,040	\$ -	\$ -	\$ 6,363,040
Construction in Progress	953,870	4,796,537	(388,247)	5,362,160
Total Capital Assets, not being depreciated	7,316,910	4,796,537	(388,247)	11,725,200
Capital Assets, being depreciated:				
Land Improvements	5,568,359	24,000	(224,163)	5,368,196
Buildings	181,998,457	575,278	(223,341)	182,350,394
Furniture and Equipment	9,679,471	4,315,054	(903,468)	13,091,057
Total Capital Assets, being depreciated	197,246,287	4,914,332	(1,350,972)	200,809,647
Less Accumulated Depreciation for:				
Land Improvements	3,806,919	174,112	(177,514)	3,803,517
Building	40,732,782	3,709,426	(223,345)	44,218,863
Furniture and Equipment	6,375,620	808,453	(811,139)	6,372,934
Total Accumulated Depreciation	50,915,321	4,691,991	(1,211,998)	54,395,314
Total Capital Assets, being depreciated, net	146,330,966	222,341	(138,974)	146,414,333
Capital Assets, net	\$ 153,647,876	\$ 5,018,878	\$ (527,221)	\$ 158,139,533

QUEEN ANNE'S COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 6 – CAPITAL ASSETS (CONTINUED)

COMPONENT UNITS (CONTINUED)

Queen Anne's County Free Library: Capital asset activity for the year ended June 30, 2014 is as follows:

<u>Library</u>	Balance June 30, 2013	Increases	Decreases	Balance June 30, 2014
Capital Assets, not being depreciated:				
Artwork	\$ 29,850	\$ -	\$ -	\$ 29,850
Capital Assets, being depreciated:				
Books and Media	2,386,179	141,889	(381,342)	2,146,726
Building Improvements	311,523	-	-	311,523
Equipment	22,870	-	-	22,870
Total Capital Assets, being depreciated	<u>2,720,572</u>	<u>141,889</u>	<u>(381,342)</u>	<u>2,481,119</u>
Less Accumulated Depreciation	<u>1,628,672</u>	<u>122,629</u>	<u>(344,236)</u>	<u>1,407,065</u>
Total Capital Assets, being depreciated, net	<u>1,091,900</u>	<u>19,260</u>	<u>(37,106)</u>	<u>1,074,054</u>
Capital Assets, net	<u>\$ 1,121,750</u>	<u>\$ 19,260</u>	<u>\$ (37,106)</u>	<u>\$ 1,103,904</u>

QUEEN ANNE'S COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 7 - INTERFUND RECEIVABLES AND PAYABLES

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

Intra-entity receivables and payables usually relate to capital construction projects, wherein the primary government records a liability to its component unit at year-end while the component unit records a payable to the contractor.

The interfund and intra-entity receivables and payables consist of the following at June 30, 2014:

	Due from Fund					Total Due From Other Funds / Component Units
	General Capital Projects	Non-Major Governmental	Sanitary District	Bay Bridge Airport	Non-Major Enterprise	
<u>Due to Fund</u>						
General Fund	\$ -	\$ 171,710	\$ -	\$ 313,110	\$ 339,036	\$ 823,856
General Capital Projects	-	61,967	-	-	-	61,967
Sanitary District	-	-	377,557	-	-	377,557
Board of Education - Component Unit	<u>430,956</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>430,956</u>
Total Due to Other Funds	<u>\$ 430,956</u>	<u>\$ 233,677</u>	<u>\$ 377,557</u>	<u>\$ 313,110</u>	<u>\$ 339,036</u>	<u>\$ 1,694,336</u>

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

QUEEN ANNE'S COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 8 - INTERFUND TRANSFERS

Interfund transfers represent a transfer of resources from one fund to another without expectation of repayment. Usually, these transfers are undertaken to enable the receiving entity to provide services that the government has determined to be in the best interest of the County. The following interfund transfers were made during the fiscal year ended June 30, 2014:

	Transfers in Fund							Total Transfers In
	Total Transfers Out	General Fund	General Capital Projects	Roads Capital	Non-Major Governmental	Major Enterprise	Non-Major Enterprise	
<u>Transfers Out Fund</u>								
General Fund	\$ 5,359,016	\$ -	\$ 2,336,147	\$ 1,050,000	\$ 1,654,744	\$ 145,777	\$ 172,348	\$ 5,359,016
General Capital Projects	1,051,612	-	-	-	750,000	301,612	-	1,051,612
Total Major Governmental Funds	<u>6,410,628</u>	<u>-</u>	<u>2,336,147</u>	<u>1,050,000</u>	<u>2,404,744</u>	<u>447,389</u>	<u>172,348</u>	<u>6,410,628</u>
Non-Major Governmental	<u>40,370</u>	<u>40,370</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>40,370</u>
Sanitary District - Sewer	15,000	-	15,000	-	-	-	-	15,000
Sanitary District - Water	15,000	-	15,000	-	-	-	-	15,000
Sanitary District - Restricted	1,053,562	-	-	-	-	1,053,562	-	1,053,562
Sanitary District - Debt Service	1,550,729	-	-	-	-	1,550,729	-	1,550,729
Total Major Enterprise Funds	<u>2,634,291</u>	<u>-</u>	<u>30,000</u>	<u>-</u>	<u>-</u>	<u>2,604,291</u>	<u>-</u>	<u>2,634,291</u>
Total Transfers Out	<u>\$ 9,085,289</u>	<u>\$ 40,370</u>	<u>\$ 2,366,147</u>	<u>\$ 1,050,000</u>	<u>\$ 2,404,744</u>	<u>\$ 3,051,680</u>	<u>\$ 172,348</u>	<u>\$ 9,085,289</u>

QUEEN ANNE'S COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 9 - NONCURRENT LIABILITIES

A. CHANGES IN NONCURRENT LIABILITIES

During the year ended June 30, 2014, the following changes occurred in the noncurrent liabilities of the primary government's governmental activities:

<u>PRIMARY GOVERNMENT</u>	Balance	Additions	Retirements	Balance	Due Within	Due in
<u>Governmental Activities</u>	6/30/2013 *	of debt	and	June 30, 2014	One Year	More than
			Repayments			One Year
General Bonds Payable	\$ 89,078,227	\$ 17,590,000	\$ 7,285,615	\$ 99,382,612	\$ 7,632,062	\$ 91,750,550
General Bonds Payable - Related to PHA	1,296,971	-	66,499	1,230,472	69,239	1,161,233
General Bonds Payable - Related to Ches College	-	4,800,000	-	4,800,000	168,289	4,631,711
Notes Payable	1,146,755	15,542	204,141	958,156	173,370	784,786
Bond Premiums	1,519,642	1,118,097	167,260	2,470,479	223,165	2,247,314
Subtotal Governmental Activities Debt	93,041,595	23,523,639	7,723,515	108,841,719	8,266,125	100,575,594
Other Post-Employment Benefit Obligation	25,785,783	8,109,003	1,692,951	32,201,835	-	32,201,835
Compensated Absences	2,057,039	1,305,967	1,251,413	2,111,593	1,256,198	855,395
Total Governmental Activities Debt	<u>\$ 120,884,417</u>	<u>\$ 32,938,609</u>	10,667,879	<u>\$ 143,155,147</u>	<u>\$ 9,522,323</u>	<u>\$ 133,632,824</u>
Less College Reimbursements			(279,195)			
Total Governmental Retirements and Repayments			<u>\$ 10,388,684</u>			

* Restated for prior period adjustment (see Note 19).

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

Retirements and Repayments	
General Bonds Payable	\$ 7,285,615
Notes Payable	204,141
LESS: College Reimbursements	<u>(279,195)</u>
Total Principal Payments	<u>\$ 7,210,561</u>

The County added amounts to several bond offerings on behalf of Chesapeake College, which cannot borrow money on its own. The College reimbursed to the County \$279,195 for this year's principal and interest payments.

QUEEN ANNE'S COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 9 – NONCURRENT LIABILITIES (CONTINUED)

A. CHANGES IN NONCURRENT LIABILITIES (CONTINUED)

During the year ended June 30, 2014, the following changes occurred in the noncurrent liabilities of the primary government's business-type activities:

<u>PRIMARY GOVERNMENT</u>	Balance	Additions	Retirements	Balance	Due Within	Due in
<u>Business-Type Activities</u>	June 30, 2013	of debt	and	June 30, 2014	One Year	More than
			Repayments			One Year
Golf Course	\$ 606,075	\$ -	\$ 80,000	\$ 526,075	\$ 85,000	\$ 441,075
Airport	567,500	-	44,583	522,917	45,372	477,545
Public Landings and Marinas	1,016,225	-	43,303	972,922	45,037	927,885
Sanitary District	14,097,769	-	1,513,294	12,584,475	1,195,550	11,388,925
Subtotal Debt	16,287,569	-	1,681,180	14,606,389	1,370,959	13,235,430
Bond Premiums						
Golf Course	18,559	-	313	18,246	3,041	15,205
Airport	5,889	-	(2,665)	8,554	1,160	7,394
Public Landings and Marinas	374	-	(4,648)	5,022	316	4,706
Subtotal Bond Premiums	24,822	-	(7,000)	31,822	4,517	27,305
Subtotal Debt before Other Post-Employment Benefit Obligation and Compensated Absences	16,312,391	-	1,674,180	14,638,211	1,375,476	13,262,735
Other Post-Employment Benefit Obligation	4,399,415	1,077,997	-	5,477,412	-	5,477,412
Compensated Absences	265,108	183,942	161,811	287,239	170,879	116,360
Total Business-Type Activities Debt	<u>\$ 20,976,914</u>	<u>\$ 1,261,939</u>	<u>\$ 1,835,991</u>	<u>\$ 20,402,862</u>	<u>\$ 1,546,355</u>	<u>\$ 18,856,507</u>

QUEEN ANNE'S COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 9 – NONCURRENT LIABILITIES (CONTINUED)

A. CHANGES IN NONCURRENT LIABILITIES (CONTINUED)

During the year ended June 30, 2014, the following changes occurred in the noncurrent liabilities of the primary government's Component Units:

<u>COMPONENT UNITS</u>	Balance June 30, 2013	Additions of new debt	Retirements and Repayments	Balance June 30, 2014	Due Within One Year	Due in More than One Year
Queen Anne's County						
Board of Education						
Retirement Incentives	\$ 16,577	\$ -	\$ 4,298	\$ 12,279	\$ 4,298	\$ 7,981
Compensated Absences	1,001,163	336,622	258,124	1,079,661	300,926	778,735
Capital Leases	-	2,614,862	57,892	2,556,970	84,875	2,472,095
Other Post-Employment Benefit Obligation	27,015,754	7,081,035	-	34,096,789	-	34,096,789
Subtotal	<u>28,033,494</u>	<u>10,032,519</u>	<u>320,314</u>	<u>37,745,699</u>	<u>390,099</u>	<u>37,355,600</u>
Free Library						
Other Post-Employment Benefit Obligation	<u>1,013,264</u>	<u>234,000</u>	<u>-</u>	<u>1,247,264</u>	<u>-</u>	<u>1,247,264</u>
Total Noncurrent Liabilities: Component Units	<u>\$ 29,046,758</u>	<u>\$ 10,266,519</u>	<u>\$ 320,314</u>	<u>\$ 38,992,963</u>	<u>\$ 390,099</u>	<u>\$ 38,602,864</u>

QUEEN ANNE'S COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 9 – NONCURRENT LIABILITIES (CONTINUED)

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

PRIMARY GOVERNMENT

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

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

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

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

QUEEN ANNE'S COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 9 – NONCURRENT LIABILITIES (CONTINUED)

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

PRIMARY GOVERNMENT (CONTINUED)

As of June 30, 2014, general obligation bonds and notes payable for governmental activities are comprised of the following, along with other post-employment benefits and accrued compensated absences:

<u>Governmental Activities</u>	<u>Paying Fund</u>	<u>Interest Rate</u>	<u>Year Series Matures</u>	<u>Amount of Original Issue</u>	<u>Outstanding June 30, 2014</u>	<u>Due Within One Year</u>	<u>Due in More than One Year</u>
<u>General Obligation Bonds Payable</u>							
2005 Refunding Bonds	General	3.00%-5.00%	2019	\$ 30,026,336	\$ 14,881,336	\$ 3,440,000	\$ 11,441,336
2006 Public Facilities	General	4.000%-5.375%	2027	22,510,212	16,766,427	992,813	15,773,614
2009 Public Facilities	General	1.400%-5.625%	2030	28,499,154	23,847,344	1,109,829	22,737,515
2011 Public Facilities	General	2.00%-4.25%	2031	21,532,570	19,233,849	794,582	18,439,267
2012 Refunding Bonds	General	2.00%-4.00%	2023	8,010,000	7,063,656	678,127	6,385,529
2014 Public Facilities	General	2.00%-4.00%	2034	17,590,000	17,590,000	616,711	16,973,289
2003 Public Facilities	Due from PHA	3.50%-4.50%	2023	335,000	186,344	16,873	169,471
2006 Public Facilities	Due from PHA	4.000%-5.375%	2027	399,728	297,732	17,630	280,102
2009 Public Facilities	Due from PHA	1.400%-5.625%	2030	872,644	746,396	34,736	711,660
2014 Public Facilities	Due from other Counties	2.00%-4.00%	2034	4,800,000	4,800,000	168,289	4,631,711
Subtotal Bonds Payable					105,413,084	7,869,590	97,543,494
<u>Notes Payable</u>							
2009 CELP Loan	General	2.00%	2015	122,780	27,769	18,420	9,349
State of Maryland - Price Ck.	Spec. Rev.	0.00%	2021	625,000	168,000	24,000	144,000
State of Maryland - Grove Ck.	Spec. Rev.	0.00%	2034	510,617	408,492	20,425	388,067
State of Maryland - Narrows Pointe	Spec. Rev.	0.00%	2030	15,542	15,542	-	15,542
Suntrust Financing	General	2.01%	2016	564,068	338,353	110,525	227,828
Subtotal Notes Payable					958,156	173,370	784,786
Subtotal Bonds and Notes Payable					106,371,240	8,042,960	98,328,280
Bond Premiums					2,470,479	223,165	2,247,314
Total Governmental Activities before Other Post-Employment Benefit Obligation and Compensated Absences					108,841,719	8,266,125	100,575,594
<u>Other Post-Employment Benefit Obligation</u>					32,201,835	-	32,201,835
<u>Compensated Absences</u>					2,111,593	1,256,198	855,395
Total Governmental Activities					\$ 143,155,147	\$ 9,522,323	\$ 133,632,824

QUEEN ANNE'S COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 9 – NONCURRENT LIABILITIES (CONTINUED)

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

PRIMARY GOVERNMENT (CONTINUED)

The annual requirements to amortize general obligation bonds and notes payable outstanding as of June 30, 2014 for governmental activities are as follows:

Year Ending June 30,	Governmental Bonds Payable			Governmental Notes Payable		
	Principal	Interest	Total	Principal	Interest	Total
2015	\$ 7,869,590	\$ 4,179,880	\$ 12,049,470	\$ 173,370	\$ 7,334	\$ 180,704
2016	7,571,995	3,948,542	11,520,537	182,085	4,719	186,804
2017	7,884,401	3,659,880	11,544,281	159,484	2,336	161,820
2018	6,631,618	3,370,893	10,002,511	44,425	-	44,425
2019	6,933,728	3,098,669	10,032,397	44,425	-	44,425
2020-2024	29,822,217	11,752,553	41,574,770	150,125	-	150,125
2025-2029	26,344,798	5,847,334	32,192,132	102,125	-	102,125
2030-2034	12,354,737	1,150,341	13,505,078	102,117	-	102,117
	<u>\$ 105,413,084</u>	<u>\$ 37,008,092</u>	<u>\$ 142,421,176</u>	<u>\$ 958,156</u>	<u>\$ 14,389</u>	<u>\$ 972,545</u>

A portion of the County's 2009 Bond offering was issued using Build America Bonds. As an incentive to use these bonds, the Federal government offered an interest reimbursement grant, which offsets the County's debt service for interest expense. As a result, the County received interest reimbursements of \$389,092 during fiscal year 2014, which are reported separately as a specific intergovernmental grant. The net effect of this reimbursement is shown below.

	Interest Expense on 2009 Bonds	Interest Reimbursement	Net Interest Expense
Governmental Activities	\$ 1,209,177	\$ (373,790)	\$ 835,387
Business-Type Activities			
Airport	7,828	(2,420)	5,408
Public Landings and Marinas	41,671	(12,882)	28,789
Total Business-Type Activities	49,499	(15,302)	34,197
Total	<u>\$ 1,258,676</u>	<u>\$ (389,092)</u>	<u>\$ 869,584</u>

QUEEN ANNE'S COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 9 – NONCURRENT LIABILITIES (CONTINUED)

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

PRIMARY GOVERNMENT (CONTINUED)

General obligation bonds and notes payable outstanding as of June 30, 2014 for business-type activities are comprised of the following, as well as other post-employment benefits and accrued compensated absences:

<u>Business -Type Activities</u>	Interest Rate	Year Series Matures	Amount of Original Issue	Outstanding June 30, 2014	Due Within One Year	Due in More than One Year
<u>Golf Course</u>						
2005 Refunding Bonds	3.00%-5.00%	2019	\$ 1,076,075	\$ 526,075	\$ 85,000	\$ 441,075
Bond Premiums				18,246	3,041	15,205
Subtotal Golf Course				<u>544,321</u>	<u>88,041</u>	<u>456,280</u>
<u>Bay Bridge Airport</u>						
2005 Refunding Bonds	3.00%-5.00%	2019	337,588	142,588	25,000	117,588
2006 Public Facilities Bonds	4.000%-5.375%	2027	288,928	215,204	12,743	202,461
2009 Public Facilities Bonds	1.400%-5.625%	2030	180,501	154,387	7,185	147,202
2011 Public Facilities Bonds	2.00%-4.25%	2031	21,968	10,738	444	10,294
Bond Premiums				8,554	1,160	7,394
Subtotal Airport				<u>531,471</u>	<u>46,532</u>	<u>484,939</u>
<u>Public Landings and Marinas</u>						
2006 Public Facilities Bonds	4.000%-5.375%	2027	41,132	30,636	1,814	28,822
2009 Public Facilities Bonds	1.400%-5.625%	2030	947,976	821,872	38,249	783,623
2011 Public Facilities Bonds	2.00%-4.25%	2031	133,908	120,414	4,974	115,440
Bond Premiums				5,022	316	4,706
Subtotal Public Landings and Marinas				<u>977,944</u>	<u>45,353</u>	<u>932,591</u>
<u>Sanitary District</u>						
Maryland Water Quality-2005 Enhancement	1.00%	2027	18,252,291	12,513,844	1,144,589	11,369,255
Queenstown Bank-Cloverfields Hookup	8.13%	2015	435,000	32,936	32,936	-
Queenstown Bank-Bay City Hookup	7.90%	2015	205,000	37,695	18,025	19,670
Subtotal Sanitary District				<u>12,584,475</u>	<u>1,195,550</u>	<u>11,388,925</u>
Total Business-Type Activities before Other Post-Employment Benefit Obligation and Compensated Absences				14,638,211	1,375,476	13,262,735
<u>Other Post-Employment Benefit Obligation</u>				5,477,412	-	5,477,412
<u>Compensated Absences</u>				287,239	170,879	116,360
Total Business-Type Activities				<u>\$ 20,402,862</u>	<u>\$ 1,546,355</u>	<u>\$ 18,856,507</u>

**QUEEN ANNE'S COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2014**

NOTE 9 – NONCURRENT LIABILITIES (CONTINUED)

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

PRIMARY GOVERNMENT (CONTINUED)

The annual requirements to amortize business-type bonds and notes outstanding at June 30, 2014, are as follows:

Year Ending June 30,	Business-Type Bonds Payable			Business-Type Notes Payable		
	Principal	Interest	Total	Principal	Interest	Total
2015	\$ 175,409	\$ 87,110	\$ 262,519	\$ 1,195,550	\$ 197,010	\$ 1,392,560
2016	178,008	80,481	258,489	917,106	163,082	1,080,188
2017	180,597	73,597	254,194	906,772	153,121	1,059,893
2018	188,383	65,816	254,199	915,658	144,051	1,059,709
2019	191,273	57,490	248,763	924,815	134,895	1,059,710
2020-2024	537,781	203,370	741,151	4,764,661	533,891	5,298,552
2025-2029	470,203	88,818	559,021	2,959,913	204,451	3,164,364
2030-2031	100,260	3,550	103,810	-	-	-
	<u>\$ 2,021,914</u>	<u>\$ 660,232</u>	<u>\$ 2,682,146</u>	<u>\$ 12,584,475</u>	<u>\$ 1,530,501</u>	<u>\$ 14,114,976</u>

C. ISSUANCE OF NEW DEBT

PRIMARY GOVERNMENT

On April 14, 2014, Queen Anne's County issued Public Facilities Bonds of 2014 for \$22,390,000. These General Obligation Bonds carry interest rates of 2.0 to 4.0 percent and mature serially through 2034. The primary use of these bond proceeds is to provide funding for construction of a new County building, for the renovation of Stevensville Middle School, to fund the new Center for Allied Health and Athletics at Chesapeake College, with minor amounts earmarked for construction of general government and enterprise capital projects. The portion of the bonds relating to the Chesapeake College project is being funded by four Counties total (not including Kent County which paid cash up front). The other three Counties (Dorchester, Caroline, and Talbot) will reimburse Queen Anne's County for their portion of the payments as they are due (total of \$4.8 million in principal will be reimbursed to the County). Moody's Investor Service has assigned the rating of Aa2 and Fitch Ratings has assigned a rating of AA+ to the Queen Anne's County 2014 Bonds.

In May 2014, the County received \$15,542 in loan proceeds from the State of Maryland Department of Natural Resources for the Narrows Pointe Shore Erosion Loan. The County can borrow up to \$355,318 for this project, which will be repaid, without interest, in fifteen annual installments beginning July 1st immediately following the completion of the project. In addition, the County will reimburse the Department of Natural Resources for services in the amount of \$12,377, to be included in with the first payment.

D. MUNICIPAL LEASE

PRIMARY GOVERNMENT

In August 2012, the County signed a note with Suntrust Equipment Financing & Leasing Corporation for the purchase of five replacement vehicles for the Sheriff's Office and two ambulances for Emergency Services. The total amount of the note was \$564,068 and is payable over five years. The first payment was made in August 2012. The annual interest rate is 2.0118%. The outstanding balance as of June 30, 2014 is \$338,353.

QUEEN ANNE’S COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 9 – NONCURRENT LIABILITIES (CONTINUED)

E. LEASE OBLIGATIONS

OPERATING LEASE – PRIMARY GOVERNMENT

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

Lease revenues for the year ended June 30, 2014 amounted to \$4,867. Minimum future lease revenues are as follows:

Fiscal Year Ending June 30,	lease payments
2015	\$ 5,416
2016	5,488
2017	5,525
2018	5,525
2019	5,598
2020-2024	28,476
2025-2029	29,471
2030-2034	30,419
2035	2,074
Minimum Future Rental Revenue	\$ 117,992

F. LOCAL DEBT POLICY

PRIMARY GOVERNMENT

In May 2013, Queen Anne’s County adopted Resolution No. 13-04, which updated and replaced Resolution No. 09-13, to continue a local debt policy in compliance with Article 95, Section 22F of the Annotated Code of Maryland. This policy requires that the County’s Director of Budget 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 base and is \$3,000 or less per capita; and (5) review and revise this Debt Policy as necessary no later than September 1, 2015. This policy also stipulates that although there is some flexibility as to the acceptable percentage of debt service to general fund expenditures, and no absolute limit has been established by the rating agencies or the Government Finance Officers Association, anything above 12% of total general fund expenditures would be a cause to carefully monitor debt service.

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

QUEEN ANNE'S COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 10 – RESTRICTED ASSETS AND LIABILITIES AND FUND BALANCES

A. RESTRICTED ASSETS AND RELATED LIABILITIES

PRIMARY GOVERNMENT

BUSINESS-TYPE ACTIVITIES

Queen Anne's County Sanitary District

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

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

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

The assets and related liabilities restricted for the above purposes at June 30, 2014 are as follows:

<u>Business -Type Activities</u>	Sanitary District		Total
	Restricted	Debt Service	
Current Restricted Assets			
Equity in Pooled Cash	\$ 5,791,074	\$ 2,763,304	\$ 8,554,378
Accounts Receivable (Net)	11,102	21,617	32,719
Subtotal	5,802,176	2,784,921	8,587,097
LESS Current Liabilities Associated with Restricted Assets			
Current Portion of Bonds Payable from Restricted Assets	-	(50,961)	(50,961)
Net Current Restricted Assets	5,802,176	2,733,960	8,536,136
Noncurrent Restricted Assets			
Special Assessments Receivable (Net)	1,114,713	313,202	1,427,915
LESS Deferred Inflows - Unavailable Water and Sewer Assessments	(1,114,713)	(292,672)	(1,407,385)
Net Noncurrent Restricted Assets	-	20,530	20,530
Net Restricted Assets	<u>\$ 5,802,176</u>	<u>\$ 2,754,490</u>	<u>\$ 8,556,666</u>

QUEEN ANNE'S COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2014

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

B. RESTRICTED NET POSITION

PRIMARY GOVERNMENT

GOVERNMENTAL ACTIVITIES

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

<u>Governmental Activities</u>	
Total Debt excluding Compensated Absences and OPEB Obligation (includes \$1,084,125 for deferred charge on refunding)	\$ (107,757,594)
Add back: Debt relating to Board of Education Assets	\$ 62,979,838
Add back: Unspent portion of Bond Proceeds for Board of Education debt	4,671,648
Add back: Unspent portion of Bond Proceeds for Governmental debt	7,912,558
Add back: Debt relating to Chesapeake College	7,391,559
Add back: Debt relating to PHA	1,230,472
Add back: Debt relating to non-capital assets (Dredging)	<u>592,034</u>
Add back debt unrelated to Capital Assets	84,778,109
Net Assets Invested in Capital Assets	<u>150,349,444</u>
Net Investment in Capital Assets	<u><u>\$ 127,369,959</u></u>

BUSINESS-TYPE ACTIVITIES

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

<u>Business-Type Activities</u>	<u>Sanitary District</u>				Total Sanitary	Bay Bridge Airport	Non-Major Enterprise Funds	Total Enterprise Funds
	Sewer Operating	Water Operating	Restricted Fund	Debt Service Fund				
Capital Assets, net of Accumulated Depreciation	\$ 53,305,608	\$ 16,326,415	\$ -	\$ -	\$ 69,632,023	\$ 16,966,197	\$ 7,706,107	\$ 94,304,327
Less: Debt excluding Compensated Absences and OPEB Obligation	(12,513,845)	-	-	-	(12,513,845)	(531,471)	(1,522,265)	(14,567,581)
Plus: Deferred Charge on Refunding	-	-	-	-	-	11,084	35,330	46,414
Net Investment in Capital Assets	<u>40,791,763</u>	<u>16,326,415</u>	<u>-</u>	<u>-</u>	<u>57,118,178</u>	<u>16,445,810</u>	<u>6,219,172</u>	<u>79,783,160</u>
Restricted Amounts								
Debt Service	-	-	-	2,356,451	2,356,451	-	-	2,356,451
Capital Projects	-	-	753,300	-	753,300	-	-	753,300
Donations	-	-	-	-	-	-	282	282
Total Restricted Amounts	-	-	753,300	2,356,451	3,109,751	-	282	3,110,033
Total Unrestricted Amounts	<u>3,140,935</u>	<u>2,382,433</u>	<u>5,048,876</u>	<u>-</u>	<u>10,572,244</u>	<u>(511,631)</u>	<u>158,912</u>	<u>10,219,525</u>
Total Net Position	<u><u>\$ 43,932,698</u></u>	<u><u>\$ 18,708,848</u></u>	<u><u>\$ 5,802,176</u></u>	<u><u>\$ 2,356,451</u></u>	<u><u>\$ 70,800,173</u></u>	<u><u>\$ 15,934,179</u></u>	<u><u>\$ 6,378,366</u></u>	<u><u>\$ 93,112,718</u></u>

Sanitary District debt, excluding compensated absences and OPEB obligation of \$12,513,845 above, also excludes \$70,630 from the Debt Service Fund, as there are no capital assets related to that debt.

QUEEN ANNE'S COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2014

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

C. FUND BALANCES

PRIMARY GOVERNMENT

Governmental fund balances are composed of the following:

Governmental Funds	General Fund	General Capital	Roads Capital	Non-Major Governmental	Total Governmental Funds
Nonspendable					
Inventory	\$ 479,718	\$ -	\$ -	\$ -	\$ 479,718
Prepaid Items	667	-	-	-	667
Loans Receivable	-	1,230,472	-	4,240,136	5,470,608
Subtotal Nonspendable	<u>480,385</u>	<u>1,230,472</u>	<u>-</u>	<u>4,240,136</u>	<u>5,950,993</u>
Restricted					
Rainy Day Fund	8,235,928	-	-	-	8,235,928
Unspent Bond Proceeds	-	12,584,206	-	-	12,584,206
Impact Fees	-	247,801	-	4,515,849	4,763,650
Economic and Community Development	-	-	-	3,457,613	3,457,613
Agricultural Easements	-	-	-	435,688	435,688
Inmate Welfare	-	-	-	236,035	236,035
Sheriff's Drug Task Force	-	-	-	136,095	136,095
Critical Areas	-	-	-	163,956	163,956
Mosquito Control	123,680	-	-	-	123,680
Sheriff - Federal Confiscated Funds	15,760	-	-	-	15,760
Vehicle Acquisition	-	25,176	-	-	25,176
Dredging	-	-	-	18,286	18,286
Donor-Specified Purposes	-	-	-	4,265	4,265
Subtotal Restricted	<u>8,375,368</u>	<u>12,857,183</u>	<u>-</u>	<u>8,967,787</u>	<u>30,200,338</u>
Committed					
Encumbrances	157,360	-	-	-	157,360
Developer Exactions	-	86,993	779,252	-	866,245
Rubble Surcharge	-	657,781	-	-	657,781
Special Fund	1,000,000	-	-	-	1,000,000
Economic Development	-	764,791	-	-	764,791
Courthouse Project	-	1,808,216	-	-	1,808,216
Subtotal Committed	<u>1,157,360</u>	<u>3,317,781</u>	<u>779,252</u>	<u>-</u>	<u>5,254,393</u>
Assigned					
Encumbrances	-	8,140,147	1,852,358	-	9,992,505
Income Tax Contingency	1,284,875	-	-	-	1,284,875
Capital Projects	-	7,080,593	994,576	-	8,075,169
Subsequent Years' Expenditures	-	6,790,636	780,000	301,009	7,871,645
Subtotal Assigned	<u>1,284,875</u>	<u>22,011,376</u>	<u>3,626,934</u>	<u>301,009</u>	<u>27,224,194</u>
Unassigned					
General Fund	7,123,519	-	-	-	7,123,519
Fire Company Impact Fees	-	-	-	(61,967)	(61,967)
Housing and Community Services	-	-	-	(53,833)	(53,833)
Subtotal Unassigned	<u>7,123,519</u>	<u>-</u>	<u>-</u>	<u>(115,800)</u>	<u>7,007,719</u>
Total Governmental Funds Balances	<u>\$ 18,421,507</u>	<u>\$ 39,416,812</u>	<u>\$ 4,406,186</u>	<u>\$ 13,393,132</u>	<u>\$ 75,637,637</u>

QUEEN ANNE'S COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 11 - RISK MANAGEMENT

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

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

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

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

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

The agreement for formulation of the alliance provides that the pool will be self-sustaining through member premiums. In addition to the annual premiums, the pooling agreement provides for additional assessments, if needed, but not to exceed certain limits. No additional assessments were needed for fiscal 2014 and, as of the date of this report, it is believed that there are no outstanding claims in excess of the equity of the trust.

Settlements - In fiscal year 2014, the County paid out \$259,305 in front and back wages as a result of a settlement involving a former employee. For the two years prior, settlements have not exceeded insurance coverage for any type of policy in effect.

QUEEN ANNE'S COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 12 - RETIREMENT PLANS

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

PRIMARY GOVERNMENT

COST-SHARING MULTIPLE-EMPLOYER DEFINED BENEFIT PENSION PLANS

Description of Plans

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

The Employees Pension System of the State of Maryland (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 (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" (Alternate Contributory Pension System), under Title 23 of the State Pension 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, which is described below, are required to participate in this alternate plan in lieu of other plans previously offered. At this time, all current employees not covered by LEOPS participate in the Alternate Contributory Pension System.

The Law Enforcement Officers 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 after 30 years of service regardless of age; at age 65 with two years of service; at age 64 with three years of service; at age 63 with four years of service; or 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 the LEOPS, a member may retire with full benefits upon attaining age 50 or 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 plan-specific provisions. Early retirement, where available, is subject to provisions that reduce the benefit received.

QUEEN ANNE'S COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 12 - RETIREMENT PLANS (CONTINUED)

PRIMARY GOVERNMENT (CONTINUED)

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 a comprehensive annual 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

Funding Policy

Obligations to contribute to the plans are established under the Annotated Code of Maryland. Employees who are members of these two plans contribute seven percent 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 the year ending June 30, 2014 is based on salaries for the year ending June 30, 2013. 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 fiscal years ending June 30th were equal to the actuarially determined amounts as follows:

<u>Retirement Plan Contributions</u>	<u>Fiscal Year Ending</u>		
	<u>June 30, 2014</u>	<u>June 30, 2013</u>	<u>June 30, 2012</u>
Total Payroll	\$ 23,986,391	\$ 23,105,575	\$ 24,033,001
Covered Payroll			
Pension System	18,078,847	17,118,242	17,984,029
LEOPS	2,933,338	2,827,915	2,683,684
Expenditure/Expense			
Pension System	1,720,206	1,586,756	2,075,122
LEOPS	700,030	595,031	689,232

QUEEN ANNE'S COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 12 - RETIREMENT PLANS (CONTINUED)

OTHER COMPONENT UNITS

Queen Anne's County Board Of Education

The employees of the Board of Education (other than part-time employees not eligible for participation in the plans) are covered by one of four defined-benefit retirement plans that are administered by the State Retirement and Pension System of Maryland. The Board's share of contributions for teachers and administration employees is primarily the responsibility of the State. In fiscal year 2014, State contributions on behalf of the Board are approximately \$5,693,955. This contribution is recognized as both revenue and expenditure for the Board. An additional \$2,039,524 is contributed by the Board of Education for other covered employees.

During a special session of the Maryland General Assembly – Teacher Pension Cost, it was determined that the State and Local school boards will share the cost of teacher retirement by phasing in a requirement for school board payment of annual normal cost over a four year period in increments of 50%, 65%, 85%, and 100%. This action outlines the payment required of each school board for fiscal year 2013 through 2016 and the additional maintenance of effort payments required by each County in the same period. The additional cost for fiscal year 2014 was determined to be \$1,401,286.

Detailed information concerning the Queen Anne's County Board Of Education retirement plan is presented in their June 30, 2014 financial statements, which are publicly available.

Queen Anne's County Free Library

The employees of the Library (other than part-time employees not eligible for participation in the plans) are covered under one of four defined-benefit retirement plans that are administered by the State Retirement and Pension System of Maryland. The Library's share of contributions for employees is primarily the responsibility of the State. In fiscal year 2014, State contributions on behalf of the Library are approximately \$128,608. These contributions are recognized as both revenue and expenditures for the Library. An additional \$64,039 is contributed by the Library's employees.

Detailed information concerning the Queen Anne's County Free Library retirement plan is presented in their June 30, 2014 financial statements, which are publicly available.

NOTE 13 - DEFERRED COMPENSATION PLAN

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

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

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

QUEEN ANNE'S COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 14 - OTHER POST-EMPLOYMENT BENEFITS

Other Post-Employment Benefit Trust (OPEB Trust)

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

Other agencies and political subdivisions have the right to participate in this Trust now and in the future. Such unrelated entities may deposit funds with the Trust for investment purposes related to their OPEB plans. At June 30, 2014, funds in the amount of \$156,561 were reported as a liability of the Trust to Kent County, Maryland. Kent County is holding these assets for the benefit of their plan participants.

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

Plan Description

The County's Other Post-Employment Benefit Plan (OPEB Plan) is an agent multiple-employer defined benefit healthcare plan that covers retired employees of the primary government, the Queen Anne's County Board of Education, and the Queen Anne's County Free Library. The Plan was established as specified in County Ordinance No. 09-12.

Plan descriptions and actuarial assumptions for each participant are described: (1) as follows for the primary government and (2) in financial statements issued separately for all other participants. Addresses for other participants are noted below in this Note.

QUEEN ANNE'S COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 14 - OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

Plan Description (Continued)

Primary Government

The County's Retiree Health Insurance Program provides medical insurance benefits to retirees and their eligible dependents. The retiree and their dependents will receive a subsidy as outlined in the tables below provided that (1) the retiree retired directly from County service with a County retirement/pension allowance, (2) has health insurance through the County prior to retirement, (3) retired with at least 15 years of County service, and (4) the retiree elects to participate upon retirement. Retirees who retire directly from County service with a County retirement/pension with less than 15 years of County service, who have health insurance through the County prior to retirement and who elect to participate upon retirement are eligible for the County's Retiree Health Insurance Program however are not eligible for a subsidy.

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

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

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

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

**QUEEN ANNE'S COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2014**

NOTE 14 - OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

Plan Description (Continued)

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

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

Participating Agencies

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

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

**Board of Education of
Queen Anne's County**
202 Chesterfield Avenue
Centreville, Maryland 21617

**Queen Anne's County
Free Library**
121 S. Commerce Street
Centreville, MD 21617

**Kent County
Government**
400 High Street
Chestertown, MD 21620

QUEEN ANNE'S COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 14 - OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

Plan Membership

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

<u>Plan Membership</u>	<u>Active</u>	<u>Retirees</u>
Queen Anne's County	349	116
Board of Education	827	297
Library	<u>13</u>	<u>5</u>
Total	<u><u>1,189</u></u>	<u><u>418</u></u>

Basis of Accounting and Financial Statements

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

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

Contributions

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

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

QUEEN ANNE'S COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 14 - OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

Annual OPEB Cost and Net OPEB Obligation

	Queen Anne's County	Board of Education	Library	Total for All Employers
Actuarial accrued liability (AAL)	\$ 95,676,000	\$ 93,096,000	\$ 3,140,000	\$ 191,912,000
Actuarial value of plan assets	<u>976,790</u>	<u>504,292</u>	<u>30,258</u>	<u>1,511,340</u>
Unfunded actuarial accrued liability (UAAL)	<u>\$ 94,699,210</u>	<u>\$ 92,591,708</u>	<u>\$ 3,109,742</u>	<u>\$ 190,400,660</u>
Funded Ratio (Actuarial value of plan assets / AAL)	1.02%	0.54%	0.96%	0.79%
Annual Required Contribution (ARC)	\$ 9,353,000	\$ 8,748,000	\$ 264,000	\$ 18,365,000
Interest on Net OPEB Obligations	1,283,000	1,081,000	43,000	2,407,000
Adjustment to ARC	<u>(1,449,000)</u>	<u>(1,259,000)</u>	<u>(49,000)</u>	<u>(2,757,000)</u>
Total Annual OPEB Cost	9,187,000	8,570,000	258,000	18,015,000
Less: Trust Contributions	(442,184)	-	-	(442,184)
Less: Pay-As-You-Go Contributions	<u>(1,250,767)</u>	<u>(1,488,965)</u>	<u>(24,000)</u>	<u>(2,763,732)</u>
Total Contributions	<u>(1,692,951)</u>	<u>(1,488,965)</u>	<u>(24,000)</u>	<u>(3,205,916)</u>
Increase in Net OPEB Obligation	7,494,049	7,081,035	234,000	14,809,084
Net OPEB Obligation beginning of year	<u>30,185,198</u>	<u>27,015,754</u>	<u>1,013,264</u>	<u>58,214,216</u>
Net OPEB Obligation end of year	<u>\$ 37,679,247</u>	<u>\$ 34,096,789</u>	<u>\$ 1,247,264</u>	<u>\$ 73,023,300</u>
Percent of Annual OPEB Cost Contributed	<u>18.4%</u>	<u>17.4%</u>	<u>9.3%</u>	<u>17.8%</u>
Covered payroll	<u>\$ 17,953,154</u>	<u>\$ 33,683,018</u>	<u>\$ 1,039,494</u>	<u>\$ 52,675,666</u>
UAAL as a percentage of Covered Payroll (UAAL) / covered payroll)	527.5%	274.9%	299.2%	361.5%

The Net OPEB Obligation (NOO) of \$37,679,247 at the end of the year for the County consisted of liabilities of \$32,201,835 for Governmental Activities and \$5,477,412 for Business Type Activities.

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

QUEEN ANNE'S COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 14 - OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

Schedule of Participating Agencies' Contributions

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

Participating Agency	Fiscal Year Ended June 30	Annual Postemployment Benefit Cost	ARC Contributed	Percentage of ARC Contributed	Net OPEB Obligation (NOO)
Queen Anne's County	2009	\$ 5,312,000	\$ 1,007,954	18.98%	\$ 4,304,046
	2010	6,410,934	604,221	9.42%	5,806,713
	2011	7,256,495	835,792	11.52%	6,420,703
	2012	7,806,661	1,508,144	19.32%	6,298,517
	2013	9,024,000	1,668,781	18.49%	7,355,219
	2014	9,187,000	1,692,951	18.43%	7,494,049
		<u>44,997,090</u>	<u>7,317,843</u>	16.26%	<u>37,679,247</u>
Board of Education	2009	5,907,000	1,534,955	25.99%	4,372,045
	2010	6,340,000	1,176,586	18.56%	5,163,414
	2011	6,535,000	1,276,130	19.53%	5,258,870
	2012	6,953,000	1,409,451	20.27%	5,543,549
	2013	8,083,000	1,405,124	17.38%	6,677,876
	2014	8,570,000	1,488,965	17.37%	7,081,035
		<u>42,388,000</u>	<u>8,291,211</u>	19.56%	<u>34,096,789</u>
Library	2009	178,000	38,234	21.48%	139,766
	2010	212,000	12,200	5.75%	199,800
	2011	234,000	12,302	5.26%	221,698
	2012	250,000	19,600	7.84%	230,400
	2013	250,000	28,400	11.36%	221,600
	2014	258,000	24,000	9.30%	234,000
		<u>1,382,000</u>	<u>134,736</u>	9.75%	<u>1,247,264</u>
Totals	2009	11,397,000	2,581,143	22.65%	8,815,857
	2010	12,962,934	1,793,007	13.83%	11,169,927
	2011	14,025,495	2,124,224	15.15%	11,901,271
	2012	15,009,661	2,937,195	19.57%	12,072,466
	2013	17,357,000	3,102,305	17.87%	14,254,695
	2014	18,015,000	3,205,916	17.80%	14,809,084
		<u>\$ 88,767,090</u>	<u>\$ 15,743,790</u>	17.74%	<u>\$ 73,023,300</u>

QUEEN ANNE'S COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 14 - OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

Actuarial Methods and Assumptions

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

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

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

Actuarial Assumptions for Primary Government

Actuarial valuation date	July 1, 2013
Actuarial cost method	Projected unit credit
Amortization method	Closed
Amortization period	25 years (as of July 1, 2013)
Interest Assumptions	4.25% investment rate of return
Asset valuation method	Market value of assets
Inflation Rate	2.8% per year
Salary increases	3% per year
Mortality	RP 2000, separate tables for males and females
Actuarial trend assumptions	Based on Society of Actuaries Long Term Medical Trend Model, the initial rate is 8.0 percent decreasing gradually. The rate in 2050 is 5.0 percent. The ultimate rate is 4.3 percent and is attained in 2070.

QUEEN ANNE'S COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 15 – DEFICIT EQUITY BALANCES

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

Housing and Community Services Fund

The Housing and Community Services Fund has a negative unassigned fund balance of \$53,833 as of June 30, 2014. This negative balance will clear itself as the balance of outstanding loans receivable in the Housing and Community Services Fund decreases.

Capital Projects – Fire Company Impact Fees Fund

The Capital Projects – Fire Company Impact Fees Fund has a negative unassigned fund balance of \$61,967 as of June 30, 2014. This negative fund balance is the result of an overpayment to a particular fire department, and will decrease over time as the incoming revenues offset the overpayment.

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

Bay Bridge Airport Enterprise Fund

The Bay Bridge Airport Enterprise Fund has a deficit balance in unrestricted net position of \$511,631 as of June 30, 2014.

Golf Course Enterprise Fund

The Golf Course Enterprise Fund has a deficit balance in unrestricted net position of \$360,987 as of June 30, 2014.

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

NOTE 16 - COMMITMENTS AND CONTINGENCIES

PRIMARY GOVERNMENT

Grants - The County and its component units are recipients of various federal and state grant and/or loan programs, which are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by these grantor agencies. If the County has not complied with the rules and regulations governing the programs, refunds of money received may be required and the collectability of any related receivable as of June 30, 2014 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.

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.

QUEEN ANNE'S COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 16 - COMMITMENTS AND CONTINGENCIES (CONTINUED)

PRIMARY GOVERNMENT (CONTINUED)

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.

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 \$3,317,781 has been committed, including \$1,808,216 for the construction of a new County Courthouse, \$657,781 for rubble surcharge, \$764,791 for economic development, and \$86,993 for site improvements pursuant to agreements with local developers. In the Roads Capital Projects Fund, \$779,252 has been contributed by developers and is committed to fund infrastructure improvements.

Income Tax Contingency - In the case of the Maryland State Comptroller of the Treasury v. Brian Wynne, Mr. Wynne challenged the Maryland statute, arguing that the statute violated the Commerce Clause of the Federal Constitution because it burdened Maryland residents that conducted interstate business. The Maryland Court of Appeals decision found that "failure to allow a credit with respect to the county taxes for out-of-state income taxes paid to other states on pass-through income earned in those states discriminates against interstate commerce and violates the Commerce Clause of the Federal Constitution." The Attorney General's Office has filed an appeal with the Supreme Court. The Supreme Court has heard the case and a decision is anticipated during the current fiscal year.

Based on the findings, Queen Anne's County reduced the receivable from the State for income taxes and the offsetting deferred inflows by the estimated fiscal impact for the County for tax years 2009, 2010, 2011, and 2012 which totaled \$1.1 million. The adjustment does not change the total fund balance for the General Fund. Since the County already received the money in income taxes in prior years, the amount of anticipated liability for the Wynne Case impact on the County is assigned in the General Fund. When the State begins taking the funds back, the County will release the amount from the assigned fund balance. Queen Anne's County also assigned an amount equal to interest at 3%, which the House Appropriations Committee approved in a decision to set the rate at the average prime rate. The total amount of interest calculated was \$151 thousand, bringing the total assigned fund balance associated with the income tax contingency to \$1.3 million. The amount of anticipated liability is based on assessments provided by the Maryland Comptroller's Office and the County believes these figures to be within reason.

NOTE 17 – JOINT VENTURE

In 1991, the County Commissioners, in conjunction with Talbot, Caroline, and Kent Counties, entered into a regional partnership known as the Midshore Regional Landfill Joint Venture. This venture was formed to provide a long-term, solid waste management solution for the four-county area. As part of the agreement, each of the four Counties agreed to host a solid waste facility for a twenty year period, giving the venture a total duration of eighty years. In 1991, the Midshore Regional Landfill opened in Talbot County and served the waste management needs of the four-County area for twenty years. This facility, owned and operated by the Maryland Environmental Service (MES), closed on December 31, 2010. The second Midshore facility, Midshore II, opened in Caroline County in January 2011 and is fully operational. After the facility in Caroline County reaches capacity, another landfill will be constructed in Queen Anne's County, with Kent County to follow in turn. Each County is required to, and has, set aside sufficient land to construct a

QUEEN ANNE'S COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 17 – JOINT VENTURE (CONTINUED)

landfill within their borders. The agreement expires when the last of the four landfills is closed.

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

During fiscal year 2011, the landfill located in Talbot County, Midshore I, was closed. As of June 30, 2014, total closure and post closure costs for Midshore I were estimated at approximately \$9.1 million. Midshore II, located in Caroline County, was 9.41% filled. Closure and post closure costs for Midshore II are estimated at approximately \$14.2 million. Therefore, the total closure and post closure costs for both landfills are \$23.3 million, with approximately \$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 \$9.8 million as of June 30, 2014, determined by the estimated useful life of the landfill.

Similar to the post closure costs, each of the participating Counties is contingently liable for the debt related to the new facility, Midshore II. Midshore II was funded with project revenue bonds totaling \$22.6 million. As of June 30, 2014, \$7.8 million is attributable to Queen Anne's County in the event of a default.

Each County is required to place its municipal waste in the landfill. The facility is also available to commercial waste disposal firms at the same price per ton as charged to the County governments. Queen Anne's County paid \$331,001 in tipping fees to the facility during fiscal 2014.

MES has satisfied its financial assurance requirements based upon the local government financial ratio tests of the project participants as of June 30, 2013. MES expects to satisfy these requirements as of June 30, 2014 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 18 – POLLUTION REMEDIATION OBLIGATIONS

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

During a prior fiscal year, 2008, the County agreed to a voluntary Methyl Tertiary Butyl Ether (MTBE) testing program for underground fuel tanks located at the County's Department of Public Works' fuel depot. This testing program was and still is approved by the Maryland Department of Environment (MDE).

Since the testing program began in 2008, the County incurred a total of \$360,000 in expenses, including \$26,000 in fiscal year 2014, to comply with the provisions of the program. Costs covered remediation work and consulting fees; the latter for testing, studies, and monitoring. Remediation efforts included demolition and removal of the existing fuel depot at the Public Works Centreville Shop; remediation of the soils via excavation; offsite controlled disposal and backfill; installation of monitoring wells; in situ chemical oxidation and dual phase extraction; attorney's fees and miscellaneous environmental consulting services.

QUEEN ANNE'S COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 18 – POLLUTION REMEDIATION OBLIGATIONS (CONTINUED)

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

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

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

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

The final scope of work is yet to be determined by the County and approved by MDE. The presence of LPH in MW-2A continues to be monitored, fluctuates in depth and currently appears to be recoverable only in minimal amounts. The County currently awaits further direction from MDE regarding this case.

No liability has been recorded at this time since costs for both the initial and final site injections cannot be reliably estimated. None of these outlays met the requirements for capitalization noted in GASB Statement 49 and they were not capitalized.

NOTE 19 – PRIOR PERIOD ADJUSTMENT

Net position of governmental activities has been restated by negative \$517,454 due to the write off of previous bond issuance costs which were being amortized over the life of the bonds. With the implementation of GASB Statement No. 65, the County is required to expense these amounts as the bonds are issued and to apply this charge retroactively.

Required Supplementary Information

**QUEEN ANNE'S COUNTY, MARYLAND
REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2014**

OTHER POST-EMPLOYMENT BENEFITS TRUST

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

SCHEDULE OF FUNDING PROGRESS

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

Funding Progress	Valuation Date	(A) Value of Assets at Valuation Date	(B) Accrued Liability (AAL)	(B - A) Unfunded Accrued Liability (UAAL)	(A / B) Funded Ratio	(C) Covered Payroll	((B - A) / C) UAAL as a Percentage of Covered Payroll
Queen Anne's County	July 1, 2008	\$ -	\$ 49,107,000	\$ 49,107,000	0.00%	\$ 23,690,163	207%
	July 1, 2009	500,000	63,935,000	63,435,000	0.78%	23,778,696	267%
	July 1, 2010	500,000	70,570,000	70,070,000	0.71%	20,439,972	343%
	July 1, 2011	77,000	76,949,000	76,872,000	0.10%	18,903,632	407%
	July 1, 2012	82,000	93,915,000	93,833,000	0.09%	17,640,063	532%
	July 1, 2013	976,790	95,676,000	94,699,210	1.02%	17,953,154	527%
Board of Education	July 1, 2008	-	62,759,000	62,759,000	0.00%	24,267,735	259%
	July 1, 2009	500,000	67,450,000	66,950,000	0.74%	28,421,068	236%
	July 1, 2010	500,000	73,060,000	72,560,000	0.68%	28,329,494	256%
	July 1, 2011	502,358	77,831,000	77,328,642	0.65%	29,268,937	264%
	July 1, 2012	543,000	87,399,000	86,856,000	0.62%	30,809,561	282%
	July 1, 2013	504,292	93,096,000	92,591,708	0.54%	33,683,018	275%
Library	July 1, 2008	-	2,010,000	2,010,000	0.00%	1,050,748	191%
	July 1, 2009	30,000	2,614,000	2,584,000	1.15%	1,128,084	229%
	July 1, 2010	30,000	2,902,000	2,872,000	1.03%	1,225,057	234%
	July 1, 2011	30,000	3,094,000	3,064,000	0.97%	971,915	315%
	July 1, 2012	32,000	3,084,000	3,052,000	1.04%	977,254	312%
	July 1, 2013	30,258	3,140,000	3,109,742	0.96%	1,039,494	299%
Total	July 1, 2008	-	113,876,000	113,876,000	0.00%	49,008,646	232%
	July 1, 2009	1,030,000	133,999,000	132,969,000	0.77%	53,327,848	249%
	July 1, 2010	1,030,000	146,532,000	145,502,000	0.70%	49,994,523	291%
	July 1, 2011	609,358	157,874,000	157,264,642	0.39%	49,144,484	320%
	July 1, 2012	657,000	184,398,000	183,741,000	0.36%	49,426,878	372%
	July 1, 2013	\$ 1,511,340	\$ 191,912,000	\$ 190,400,660	0.79%	\$ 52,675,666	361%

Analysis of the dollar amounts of plan net assets, actuarial accrued liability, and unfunded actuarial liability in isolation can be misleading. Expressing the assets as a percentage of the actuarial accrued liability (Funded Ratio) provides one indication of the system's funding status on a going-concern basis. Analysis of this percentage over time indicates whether the system is becoming financially stronger or weaker. Generally, the greater this percentage, the stronger the system is becoming. In this fiscal year, the Funded Ratio is 0.79 percent, up from 0.36 percent the year before.

Trends in the unfunded actuarial accrued liability and annual covered payroll are both affected by inflation. Expressing the unfunded accrued liability as a percentage of annual covered payroll approximately adjusts for the effects of inflation and aids analysis of the system's progress made in accumulating sufficient assets to pay benefits when due. Generally, the smaller this percentage, the stronger the system is becoming. In this fiscal year, the UAAL as a percentage of covered payroll is 361 percent, down from 372 percent the year before.

BUDGETARY COMPARISONS FOR THE GENERAL FUND

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

QUEEN ANNE'S COUNTY, MARYLAND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2014

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	POSITIVE (NEGATIVE)
REVENUES				
Taxes				
Local Property Tax	\$ 63,889,716	\$ 64,274,716	\$ 64,666,451	\$ 391,735
Local Income Tax	38,984,963	40,327,126	40,326,921	(205)
Admission and Amusement Taxes	176,750	176,750	155,336	(21,414)
Recordation Taxes	2,650,000	2,968,257	2,978,677	10,420
Hotel Taxes	435,000	435,000	447,970	12,970
County Transfer Taxes	600,000	600,000	730,587	130,587
State Shared Taxes	556,194	556,194	466,734	(89,460)
Licenses and Permits	865,089	957,089	1,080,891	123,802
Intergovernmental	1,781,365	1,983,675	1,873,173	(110,502)
Bond Interest Reimbursement - Build America Bond	380,027	380,027	383,777	3,750
Charges for Current Services	2,029,193	2,139,343	2,252,711	113,368
Fines and Forfeitures	23,300	23,650	66,869	43,219
Investment Income	50,000	50,000	53,640	3,640
Donations	1,800	3,859	8,595	4,736
Miscellaneous	725,783	728,425	769,210	40,785
Total Revenues	<u>113,149,180</u>	<u>115,604,111</u>	<u>116,261,542</u>	<u>657,431</u>
EXPENDITURES				
GENERAL GOVERNMENT				
Legislative	356,747	356,747	335,803	20,944
Public Information	240,103	258,603	258,134	469
Judicial				
Circuit Court	519,910	484,350	379,463	104,887
Orphan's Court	76,163	76,163	63,895	12,268
State's Attorney	1,061,996	1,061,996	1,056,349	5,647
County Administrator	263,986	270,486	270,287	199
Board of Elections	453,880	453,880	440,806	13,074
Finance Office	998,141	998,141	955,802	42,339
Human Resources	474,915	474,915	455,207	19,708
Planning and Zoning	1,804,239	1,981,464	1,978,904	2,560
Information Technology	694,668	694,668	595,514	99,154
General Services	2,110,152	2,245,152	2,241,271	3,881
Legal Services	392,622	529,422	527,219	2,203
Total General Government	<u>9,447,522</u>	<u>9,885,987</u>	<u>9,558,654</u>	<u>327,333</u>
PUBLIC SAFETY				
Sheriff's Office	6,559,366	7,014,197	6,964,724	49,473
Volunteer Fire and Rescue Services	3,120,559	3,225,559	3,221,639	3,920
Detention Center	4,344,256	4,344,256	4,184,996	159,260
Emergency Services	6,883,063	7,047,292	6,982,406	64,886
Total Public Safety	<u>20,907,244</u>	<u>21,631,304</u>	<u>21,353,765</u>	<u>277,539</u>
PUBLIC WORKS				
Administration	278,500	261,715	241,488	20,227
Solid Waste Disposal	1,666,900	1,666,900	1,419,431	247,469
Engineering Division	686,571	669,786	650,301	19,485
Roads Division	5,133,324	5,145,132	4,543,074	602,058
Parks	2,668,332	2,572,356	2,090,831	481,525
Total Public Works	<u>10,433,627</u>	<u>10,315,889</u>	<u>8,945,125</u>	<u>1,370,764</u>

CONTINUED

QUEEN ANNE'S COUNTY, MARYLAND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2014

(CONTINUED)

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	POSITIVE (NEGATIVE)
<u>HEALTH AND SOCIAL SERVICES</u>				
Health Department	\$ 2,069,587	\$ 2,087,587	\$ 2,030,740	\$ 56,847
Social Services	299,017	299,017	282,134	16,883
Total Health and Social Services	<u>2,368,604</u>	<u>2,386,604</u>	<u>2,312,874</u>	<u>73,730</u>
<u>EDUCATION AND LIBRARY</u>				
Board of Education	46,730,398	46,730,398	46,730,398	-
Teacher Pensions	1,401,286	1,401,286	1,401,286	-
Chesapeake College	1,667,522	1,702,661	1,699,988	2,673
Queen Anne's County Free Library	1,310,250	1,310,250	1,310,250	-
Total Education and Library	<u>51,109,456</u>	<u>51,144,595</u>	<u>51,141,922</u>	<u>2,673</u>
<u>CONSERVATION OF NATURAL RESOURCES</u>				
Cooperative Extension Service	256,927	263,289	263,176	113
Soil Conservation Service	194,219	194,219	169,091	25,128
Weed Control	112,896	112,896	101,417	11,479
4-H Park	67,878	73,250	73,250	-
Total Conservation of Natural Resources	<u>631,920</u>	<u>643,654</u>	<u>606,934</u>	<u>36,720</u>
<u>ECONOMIC AND COMMUNITY DEVELOPMENT</u>				
Economic Development & Tourism	331,375	433,633	431,860	1,773
Recreation	493,435	501,435	492,700	8,735
Total Economic and Community Development and Recreation	<u>824,810</u>	<u>935,068</u>	<u>924,560</u>	<u>10,508</u>
<u>DEBT SERVICE</u>				
School Debt Service - Principal	5,532,432	5,532,432	5,532,431	1
School Debt Service - Interest	2,496,868	2,496,868	2,496,865	3
County Debt Service - Principal	1,618,442	1,618,442	1,600,366	18,076
County Debt Service - Interest	1,016,747	1,016,747	1,003,914	12,833
Total Debt Service	<u>10,664,489</u>	<u>10,664,489</u>	<u>10,633,576</u>	<u>30,913</u>
<u>INTERGOVERNMENTAL</u>				
Aid to Municipalities	228,686	228,686	228,686	-
SDAT Costs from State	219,269	219,269	207,663	11,606
Total Intergovernmental	<u>447,955</u>	<u>447,955</u>	<u>436,349</u>	<u>11,606</u>

CONTINUED

QUEEN ANNE'S COUNTY, MARYLAND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2014

(CONTINUED)

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	POSITIVE (NEGATIVE)
<u>MISCELLANEOUS</u>				
Aid to Other Agencies	\$ 31,525	\$ 31,525	\$ 27,402	\$ 4,123
Insurance & Benefits / Reversions	2,640,682	1,780,682	1,772,232	8,450
Transfer to OPEB Fund	437,000	437,000	437,000	-
Contingencies	780,683	240,183	205,079	35,104
Miscellaneous Non-Departmental	375,400	337,282	324,355	12,927
Total Miscellaneous	<u>4,265,290</u>	<u>2,826,672</u>	<u>2,766,068</u>	<u>60,604</u>
Total Expenditures	<u>111,100,917</u>	<u>110,882,217</u>	<u>108,679,827</u>	<u>2,202,390</u>
Excess of Revenues Over Expenditures	<u>2,048,263</u>	<u>4,721,894</u>	<u>7,581,715</u>	<u>2,859,821</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Proceeds of Capital Asset Disposals	-	109,100	109,100	-
Insurance Proceeds	-	-	61,942	61,942
Transfers In From:				
Impact Fees - School	775,000	775,000	-	(775,000)
Drug Task Force	-	40,370	40,370	-
Total Transfers In	<u>775,000</u>	<u>815,370</u>	<u>40,370</u>	<u>(775,000)</u>
Transfers Out To:				
General Capital Projects Fund	336,147	2,336,147	2,336,147	-
Roads Capital Projects Fund	250,000	1,050,000	1,050,000	-
Department of Aging	1,222,770	1,222,770	1,056,944	165,826
Department of Housing and Community Services	452,923	452,923	362,510	90,413
Community Partnerships	161,266	161,266	153,034	8,232
Impact Fees - Fire Companies/Contingencies	-	82,257	82,256	1
Sanitary District - Water	83,109	83,109	83,109	-
Airport Enterprise Fund	63,202	63,202	62,668	534
Golf Course Enterprise Fund	253,846	253,846	172,348	81,498
Total Transfers Out	<u>2,823,263</u>	<u>5,705,520</u>	<u>5,359,016</u>	<u>346,504</u>
Total Other Financing (Uses)	<u>(2,048,263)</u>	<u>(4,781,050)</u>	<u>(5,147,604)</u>	<u>(366,554)</u>
Net Increase (Decrease) in Fund Balance	<u>\$ -</u>	<u>\$ (59,156)</u>	<u>2,434,111</u>	<u>\$ 2,493,267</u>
Fund Balance, July 1			<u>15,987,396</u>	
Fund Balance, June 30			<u>\$ 18,421,507</u>	

Combining and Individual Fund Statements and Schedules

The Combining and Individual Fund Statements and Schedules provide detailed information concerning the financial position, results of operations, and budgetary comparisons for the non-major funds, capital projects, and fiduciary funds.

Non-Major Governmental Funds

Non-Major Governmental Funds are used to account for the proceeds of specific revenue sources (other than capital projects and debt service funds) that are legally restricted to expenditures for specific purposes.

NON-MAJOR GOVERNMENTAL FUNDS

Non-major governmental funds are special revenue funds, unless otherwise noted:

Department of Aging – This fund accounts for activities funded primarily by grants to provide services for the elderly and is included in the social services function.

Housing and Community Services – This fund accounts for activities funded mostly by grants and revolving loan funds that support housing rehabilitation and home-ownership and is included in the economic and community development function.

Revolving Loan Fund – This fund accounts for activities funded by community donations and grants to promote and provide economic development loans to local businesses and is included in the economic and community development function.

Economic Development Incentive Fund – This fund accounts for activities funded with a portion of recordation taxes that support economic development in the County by attracting and investing in new and existing businesses and is included in the economic and community development function.

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.

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

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

Kent Narrows – This fund accounts for activities funded by tax revenues to repay parking improvement bonds 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, 2014

	DEPARTMENT OF AGING	HOUSING AND COMMUNITY SERVICES	REVOLVING LOAN FUND	ECONOMIC DEVELOPMENT INCENTIVE	COMMUNITY PARTNERSHIPS FOR CHILDREN	CRITICAL AREAS
ASSETS						
Cash and Cash Equivalents	\$ 147,303	\$ 1,470,655	\$ 450,886	\$ 1,445,103	\$ 723,603	\$ 163,956
Receivables						
Accounts Receivable (Net)	-	7,041	11,005	100,000	2,438	-
Loans Receivable	-	4,128,960	111,176	-	-	-
Special Assessments (Net)	-	-	-	-	-	-
Due from Other Governments	140,661	70,960	-	43,688	130,240	-
Total Assets	\$ 287,964	\$ 5,677,616	\$ 573,067	\$ 1,588,791	\$ 856,281	\$ 163,956
LIABILITIES						
Accrued Liabilities	\$ 76,590	\$ 40,510	\$ -	\$ 300,000	\$ 273,536	\$ -
Due to Other Funds	81,386	90,324	-	-	-	-
Due to Other Governmental Agencies	3,011	3,136	-	-	311,155	-
Unearned Revenue	-	44,171	-	-	145,656	-
Total Liabilities	160,987	178,141	-	300,000	730,347	-
DEFERRED INFLOWS OF RESOURCES						
Unavailable Benefit Assessments	-	-	-	-	-	-
Unavailable Fees	-	-	-	-	-	-
Total Deferred Inflows	-	-	-	-	-	-
FUND BALANCES						
Nonspendable	-	4,128,960	111,176	-	-	-
Restricted	4,265	1,424,348	461,891	1,288,791	-	163,956
Assigned	122,712	-	-	-	125,934	-
Unassigned	-	(53,833)	-	-	-	-
Total Fund Balances	126,977	5,499,475	573,067	1,288,791	125,934	163,956
Total Liabilities, Deferred Inflows and Fund Balances	\$ 287,964	\$ 5,677,616	\$ 573,067	\$ 1,588,791	\$ 856,281	\$ 163,956

QUEEN ANNE'S COUNTY, MARYLAND
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
JUNE 30, 2014

(CONTINUED)

LAW LIBRARY	SHERIFF'S DRUG TASK FORCE	INMATE WELFARE	AGRICULTURAL TRANSFER	RURAL LEGACY	PURCHASE OF DEVELOPMENT RIGHTS
\$ 52,923	\$ 266,457	\$ 243,493	\$ 15,029	\$ 420,119	\$ 550
-	-	8,737	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ 52,923</u>	<u>\$ 266,457</u>	<u>\$ 252,230</u>	<u>\$ 15,029</u>	<u>\$ 420,119</u>	<u>\$ 550</u>
\$ 560	\$ 130,362	\$ 6,456	\$ 10	\$ -	\$ -
-	-	-	-	-	-
-	-	9,739	-	-	-
-	-	-	-	-	-
<u>560</u>	<u>130,362</u>	<u>16,195</u>	<u>10</u>	<u>-</u>	<u>-</u>
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	136,095	236,035	15,019	420,119	550
52,363	-	-	-	-	-
-	-	-	-	-	-
<u>52,363</u>	<u>136,095</u>	<u>236,035</u>	<u>15,019</u>	<u>420,119</u>	<u>550</u>
<u>\$ 52,923</u>	<u>\$ 266,457</u>	<u>\$ 252,230</u>	<u>\$ 15,029</u>	<u>\$ 420,119</u>	<u>\$ 550</u>

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QUEEN ANNE'S COUNTY, MARYLAND

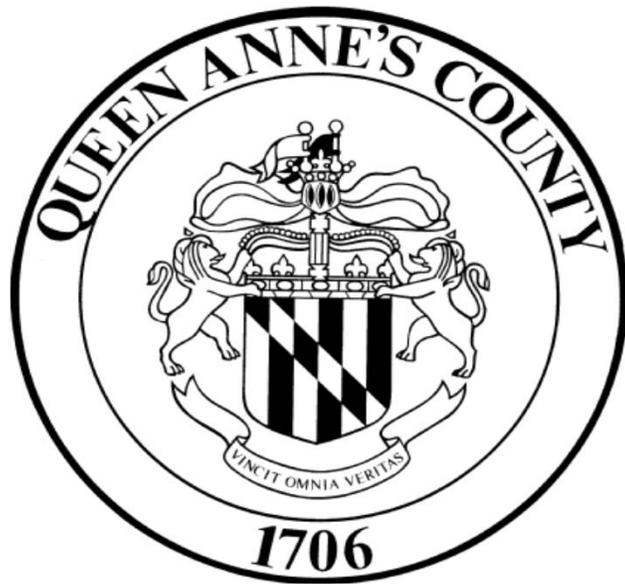
COMBINING BALANCE SHEET

NON-MAJOR GOVERNMENTAL FUNDS

JUNE 30, 2014

(CONTINUED)

	DREDGING SPECIAL ASSESSMENTS	KENT NARROWS	CAPITAL PROJECTS			TOTAL NON-MAJOR GOVERNMENTAL
			SCHOOL IMPACT FEES	FIRE COMPANY IMPACT FEES	PARKS AND RECREATION IMPACT FEES	
ASSETS						
Cash and Cash Equivalents	\$ 18,232	\$ 282,583	\$ 3,553,959	\$ 383,716	\$ 578,174	\$ 10,216,741
Receivables						
Accounts Receivable (Net)	54	-	-	-	-	129,275
Loans Receivable	-	-	716,158	81,775	77,336	5,115,405
Special Assessments (Net)	549,747	-	-	-	-	549,747
Due from Other Governments	-	-	-	-	-	385,549
Total Assets	\$ 568,033	\$ 282,583	\$ 4,270,117	\$ 465,491	\$ 655,510	\$ 16,396,717
LIABILITIES AND FUND BALANCES						
Accrued Liabilities	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 828,024
Due to Other Funds	-	-	-	61,967	-	233,677
Due to Other Governmental Agencies	-	-	-	-	-	327,041
Unearned Revenue	-	-	-	-	-	189,827
Total Liabilities	-	-	-	61,967	-	1,578,569
DEFERRED INFLOWS OF RESOURCES						
Unavailable Benefit Assessments	549,747	-	-	-	-	549,747
Unavailable Fees	-	-	716,158	81,775	77,336	875,269
Total Deferred Inflows	549,747	-	716,158	81,775	77,336	1,425,016
Fund Balances						
Nonspendable	-	-	-	-	-	4,240,136
Restricted	18,286	282,583	3,553,959	383,716	578,174	8,967,787
Assigned	-	-	-	-	-	301,009
Unassigned	-	-	-	(61,967)	-	(115,800)
Total Fund Balances	18,286	282,583	3,553,959	321,749	578,174	13,393,132
Total Liabilities and Fund Balances	\$ 568,033	\$ 282,583	\$ 4,270,117	\$ 465,491	\$ 655,510	\$ 16,396,717



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, 2014

	DEPARTMENT OF AGING	HOUSING AND COMMUNITY SERVICES	REVOLVING LOAN FUND	ECONOMIC DEVELOPMENT INCENTIVE	COMMUNITY PARTNERSHIPS FOR CHILDREN	CRITICAL AREAS
REVENUES						
Taxes						
Local Property Tax	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Recordation Taxes	-	133,453	-	444,842	-	-
State Shared Taxes	-	-	-	-	-	-
Intergovernmental	1,009,269	61,414	-	-	886,618	-
Charges for Current Services	65,537	505,000	-	-	-	11,612
Fines and Forfeitures	-	-	-	-	-	-
Investment Income	50	3,544	6,423	471	42	-
Donations	30,460	-	-	-	-	-
Miscellaneous	1,675	-	-	-	20,079	-
Total Revenues	1,106,991	703,411	6,423	445,313	906,739	11,612
EXPENDITURES						
Current						
General Government	-	-	-	-	-	-
Public Safety	-	-	-	-	-	-
Social Services	2,106,152	-	-	-	1,086,600	-
Conservation of Natural Resources	-	-	-	-	-	-
Economic/Community Development	-	545,529	25,000	226,000	-	-
Capital Outlay	-	-	-	-	-	-
Debt Service						
Principal	-	-	-	-	-	-
Interest and Fiscal Charges	-	-	-	-	-	-
Total Expenditures	2,106,152	545,529	25,000	226,000	1,086,600	-
Excess of Revenues Over (Under) Expenditures	(999,161)	157,882	(18,577)	219,313	(179,861)	11,612
OTHER FINANCING SOURCES (USES)						
Issuance of Debt	-	-	-	-	-	-
Transfers In	1,056,944	362,510	-	750,000	153,034	-
Transfers Out	-	-	-	-	-	-
Other Financing Sources (Uses)	1,056,944	362,510	-	750,000	153,034	-
Net Increase (Decrease) in Fund Balances	57,783	520,392	(18,577)	969,313	(26,827)	11,612
Fund Balances, July 1	69,194	4,979,083	591,644	319,478	152,761	152,344
Fund Balances, June 30	\$ 126,977	\$ 5,499,475	\$ 573,067	\$ 1,288,791	\$ 125,934	\$ 163,956

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, 2014

(CONTINUED)

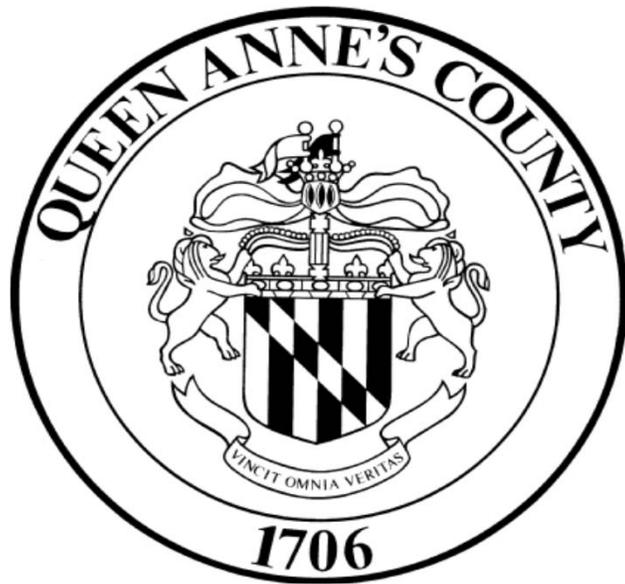
LAW LIBRARY	SHERIFF'S DRUG TASK FORCE	INMATE WELFARE	AGRICULTURAL TRANSFER	RURAL LEGACY	PURCHASE OF DEVELOPMENT RIGHTS
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	45,567	-	-
-	-	-	-	-	-
12,867	-	102,216	-	-	-
14,731	59,915	-	-	-	-
28	216	156	-	289	548
-	-	-	-	-	-
-	4,650	35,989	-	-	-
<u>27,626</u>	<u>64,781</u>	<u>138,361</u>	<u>45,567</u>	<u>289</u>	<u>548</u>
10,773	-	-	-	-	-
-	63,133	114,639	-	-	-
-	-	-	-	-	-
-	-	-	111,791	-	1,538,640
-	-	-	-	-	-
-	7,757	2,531	-	-	-
-	-	-	-	-	33,339
-	-	-	-	-	451
<u>10,773</u>	<u>70,890</u>	<u>117,170</u>	<u>111,791</u>	<u>-</u>	<u>1,572,430</u>
<u>16,853</u>	<u>(6,109)</u>	<u>21,191</u>	<u>(66,224)</u>	<u>289</u>	<u>(1,571,882)</u>
-	-	-	-	-	-
-	-	-	-	-	-
-	(40,370)	-	-	-	-
<u>-</u>	<u>(40,370)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
16,853	(46,479)	21,191	(66,224)	289	(1,571,882)
<u>35,510</u>	<u>182,574</u>	<u>214,844</u>	<u>81,243</u>	<u>419,830</u>	<u>1,572,432</u>
<u>\$ 52,363</u>	<u>\$ 136,095</u>	<u>\$ 236,035</u>	<u>\$ 15,019</u>	<u>\$ 420,119</u>	<u>\$ 550</u>

CONTINUED

QUEEN ANNE'S COUNTY, MARYLAND
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NON-MAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2014

(CONTINUED)

	DREDGING		CAPITAL PROJECTS			TOTAL NON-MAJOR GOVERNMENTAL
	SPECIAL ASSESSMENTS	KENT NARROWS	SCHOOL IMPACT FEES	FIRE COMPANY IMPACT FEES	PARKS AND RECREATION IMPACT FEES	
REVENUES						
Taxes						
Local Property Tax	\$ -	\$ 35,171	\$ -	\$ -	\$ -	\$ 35,171
Recordation Taxes	-	-	-	-	-	578,295
State Shared Taxes	-	-	-	-	-	45,567
Intergovernmental	-	-	-	-	-	1,957,301
Charges for Current Services	44,178	-	1,721,379	303,754	205,949	2,972,492
Fines and Forfeitures	-	-	-	-	-	74,646
Investment Income	379	-	1,365	258	327	14,096
Donations	-	-	-	-	-	30,460
Miscellaneous	-	-	-	-	-	62,393
Total Revenues	44,557	35,171	1,722,744	304,012	206,276	5,770,421
EXPENDITURES						
Current						
General Government	-	-	-	-	-	10,773
Public Safety	-	-	-	319,613	-	497,385
Social Services	-	-	-	-	-	3,192,752
Conservation of Natural Resources	15,542	-	-	-	-	1,665,973
Economic/Community Development	-	10,000	-	-	-	806,529
Capital Outlay	-	-	-	-	-	10,288
Debt Service						
Principal	44,425	-	-	-	-	77,764
Interest and Fiscal Charges	-	-	-	-	-	451
Total Expenditures	59,967	10,000	-	319,613	-	6,261,915
Excess of Revenues Over (Under) Expenditures	(15,410)	25,171	1,722,744	(15,601)	206,276	(491,494)
OTHER FINANCING SOURCES (USES)						
Issuance of Debt	15,542	-	-	-	-	15,542
Transfers In	-	-	-	82,256	-	2,404,744
Transfers Out	-	-	-	-	-	(40,370)
Other Financing Sources (Uses)	15,542	-	-	82,256	-	2,379,916
Net Increase (Decrease) in Fund Balances	132	25,171	1,722,744	66,655	206,276	1,888,422
Fund Balances, July 1	18,154	257,412	1,831,215	255,094	371,898	11,504,710
Fund Balances, June 30	\$ 18,286	\$ 282,583	\$ 3,553,959	\$ 321,749	\$ 578,174	\$ 13,393,132



QUEEN ANNE'S COUNTY, MARYLAND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGETARY BASIS
NON-MAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2014

	DEPARTMENT OF AGING				HOUSING AND COMMUNITY SERVICES			
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE POSITIVE (NEGATIVE)	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE POSITIVE (NEGATIVE)
REVENUES								
Taxes								
Local Property Tax	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Recordation Taxes	-	-	-	-	120,000	120,000	133,453	13,453
State Shared Taxes	-	-	-	-	-	-	-	-
Intergovernmental	834,467	914,079	1,009,269	95,190	168,113	229,763	61,414	(168,349)
Charges for Current Services	61,350	61,350	65,537	4,187	155,000	155,000	505,000	350,000
Fines and Forfeitures	-	-	-	-	-	-	-	-
Investment Income	-	-	50	50	-	-	3,544	3,544
Donations	36,000	36,000	30,460	(5,540)	-	-	-	-
Miscellaneous	1,000	1,000	1,675	675	-	-	-	-
Total Revenues	932,817	1,012,429	1,106,991	94,562	443,113	504,763	703,411	198,648
EXPENDITURES								
Current Operating Expenditures	2,155,587	2,235,199	2,106,152	129,047	1,124,752	1,416,402	545,529	870,873
Capital Outlay	-	-	-	-	-	-	-	-
Debt Service								
Principal	-	-	-	-	-	-	-	-
Interest and Fiscal Charges	-	-	-	-	-	-	-	-
Total Expenditures	2,155,587	2,235,199	2,106,152	129,047	1,124,752	1,416,402	545,529	870,873
Excess of Revenues Over (Under) Expenditures	(1,222,770)	(1,222,770)	(999,161)	223,609	(681,639)	(911,639)	157,882	1,069,521
OTHER FINANCING SOURCES (USES)								
Issuance of Debt	-	-	-	-	-	-	-	-
Transfers In	1,222,770	1,222,770	1,056,944	(165,826)	452,923	452,923	362,510	(90,413)
Transfers Out	-	-	-	-	-	-	-	-
Total Other Financing Sources (Uses)	1,222,770	1,222,770	1,056,944	(165,826)	452,923	452,923	362,510	(90,413)
Net Increase (Decrease) in Fund Balances	\$ -	\$ -	57,783	\$ 57,783	\$ (228,716)	\$ (458,716)	520,392	\$ 979,108
Fund Balances, July 1			69,194				4,979,083	
Fund Balances, June 30			<u>\$ 126,977</u>				<u>\$ 5,499,475</u>	

QUEEN ANNE'S COUNTY, MARYLAND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGETARY BASIS
NON-MAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2014
(Continued)

ECONOMIC DEVELOPMENT INCENTIVE				COMMUNITY PARTNERSHIPS FOR CHILDREN				LAW LIBRARY			
ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE POSITIVE (NEGATIVE)	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE POSITIVE (NEGATIVE)	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE POSITIVE (NEGATIVE)
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
350,000	350,000	444,842	94,842	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	883,258	945,338	886,618	(58,720)	-	-	-	-
-	-	-	-	-	-	-	-	10,000	10,000	12,867	2,867
-	-	471	471	-	-	42	42	15,325	15,325	14,731	(594)
-	-	-	-	-	-	-	-	15	15	28	13
-	-	-	-	-	17,165	20,079	2,914	-	-	-	-
<u>350,000</u>	<u>350,000</u>	<u>445,313</u>	<u>95,313</u>	<u>883,258</u>	<u>962,503</u>	<u>906,739</u>	<u>(55,764)</u>	<u>25,340</u>	<u>25,340</u>	<u>27,626</u>	<u>2,286</u>
350,000	1,100,000	226,000	874,000	1,044,524	1,123,769	1,086,600	37,169	25,340	25,340	10,773	14,567
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-
<u>350,000</u>	<u>1,100,000</u>	<u>226,000</u>	<u>874,000</u>	<u>1,044,524</u>	<u>1,123,769</u>	<u>1,086,600</u>	<u>37,169</u>	<u>25,340</u>	<u>25,340</u>	<u>10,773</u>	<u>14,567</u>
-	(750,000)	219,313	969,313	(161,266)	(161,266)	(179,861)	(18,595)	-	-	16,853	16,853
-	-	-	-	-	-	-	-	-	-	-	-
-	750,000	750,000	-	161,266	161,266	153,034	(8,232)	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-
-	750,000	750,000	-	161,266	161,266	153,034	(8,232)	-	-	-	-
<u>\$ -</u>	<u>\$ -</u>	<u>969,313</u>	<u>\$ 969,313</u>	<u>\$ -</u>	<u>\$ -</u>	<u>(26,827)</u>	<u>\$ (26,827)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>16,853</u>	<u>\$ 16,853</u>
		319,478				152,761				35,510	
		<u>\$ 1,288,791</u>				<u>\$ 125,934</u>				<u>\$ 52,363</u>	

CONTINUED

QUEEN ANNE'S COUNTY, MARYLAND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGETARY BASIS
NON-MAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2014
(Continued)

	INMATE WELFARE				AGRICULTURAL TRANSFER			
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE POSITIVE (NEGATIVE)	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE POSITIVE (NEGATIVE)
REVENUES								
Taxes								
Local Property Tax	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Recordation Taxes	-	-	-	-	-	-	-	-
State Shared Taxes	-	-	-	-	40,000	40,000	45,567	5,567
Intergovernmental	-	-	-	-	-	-	-	-
Charges for Current Services	60,000	120,000	102,216	(17,784)	-	-	-	-
Fines and Forfeitures	-	-	-	-	-	-	-	-
Investment Income	250	250	156	(94)	-	-	-	-
Donations	-	-	-	-	-	-	-	-
Miscellaneous	30,000	30,000	35,989	5,989	-	-	-	-
Total Revenues	90,250	150,250	138,361	(11,889)	40,000	40,000	45,567	5,567
EXPENDITURES								
Current Operating Expenditures	90,250	140,250	114,639	25,611	40,000	111,791	111,791	-
Capital Outlay	-	10,000	2,531	7,469	-	-	-	-
Debt Service								
Principal	-	-	-	-	-	-	-	-
Interest and Fiscal Charges	-	-	-	-	-	-	-	-
Total Expenditures	90,250	150,250	117,170	33,080	40,000	111,791	111,791	-
Excess of Revenues Over (Under) Expenditures	-	-	21,191	21,191	-	(71,791)	(66,224)	5,567
OTHER FINANCING SOURCES (USES)								
Issuance of Debt	-	-	-	-	-	-	-	-
Transfers In	-	-	-	-	-	-	-	-
Transfers Out	-	-	-	-	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-	-	-	-	-
Net Increase (Decrease) in Fund Balances	\$ -	\$ -	21,191	\$ 21,191	\$ -	\$ (71,791)	(66,224)	\$ 5,567
Fund Balances, July 1			214,844				81,243	
Fund Balances, June 30			\$ 236,035				\$ 15,019	

QUEEN ANNE'S COUNTY, MARYLAND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGETARY BASIS
NON-MAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2014
(Continued)

PURCHASE OF DEVELOPMENT RIGHTS				DREDGING SPECIAL ASSESSMENTS				KENT NARROWS			
ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE POSITIVE (NEGATIVE)	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE POSITIVE (NEGATIVE)	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE POSITIVE (NEGATIVE)
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 38,000	\$ 38,000	\$ 35,171	\$ (2,829)
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	69,294	69,294	44,178	(25,116)	-	-	-	-
-	-	548	548	-	-	-	-	-	-	-	-
-	-	-	-	-	-	379	379	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-
-	-	548	548	69,294	69,294	44,557	(24,737)	38,000	38,000	35,171	(2,829)
-	1,538,640	1,538,640	-	-	-	15,542	(15,542)	38,000	38,000	10,000	28,000
-	-	-	-	-	-	-	-	-	-	-	-
33,450	33,450	33,339	111	69,294	69,294	44,425	24,869	-	-	-	-
550	550	451	99	-	-	-	-	-	-	-	-
34,000	1,572,640	1,572,430	210	69,294	69,294	59,967	9,327	38,000	38,000	10,000	28,000
(34,000)	(1,572,640)	(1,571,882)	758	-	-	(15,410)	(15,410)	-	-	25,171	25,171
-	-	-	-	-	-	15,542	15,542	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	15,542	15,542	-	-	-	-
\$ (34,000)	\$ (1,572,640)	(1,571,882)	\$ 758	\$ -	\$ -	132	\$ 132	\$ -	\$ -	25,171	\$ 25,171
		1,572,432				18,154				257,412	
		\$ 550				\$ 18,286				\$ 282,583	

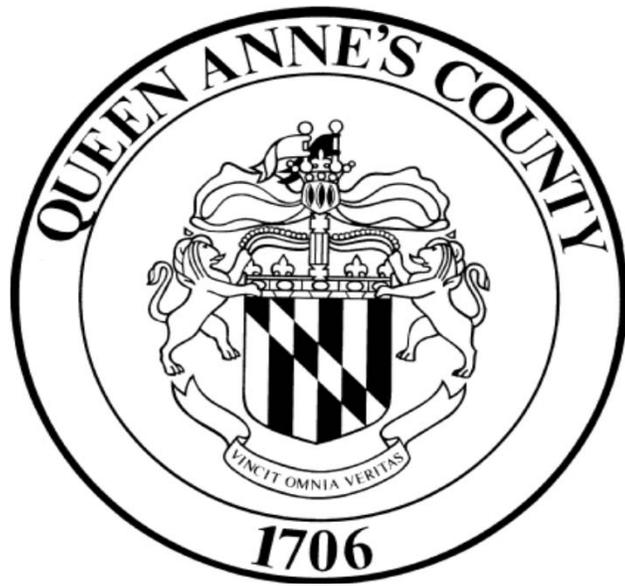
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QUEEN ANNE'S COUNTY, MARYLAND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGETARY BASIS
NON-MAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2014
(Continued)

	CAPITAL PROJECTS - SCHOOL IMPACT FEES				CAPITAL PROJECTS - FIRE COMPANY IMPACT FEES			
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE POSITIVE (NEGATIVE)	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE POSITIVE (NEGATIVE)
REVENUES								
Taxes								
Local Property Tax	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Recordation Taxes	-	-	-	-	-	-	-	-
State Shared Taxes	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-	-
Charges for Current Services	775,000	775,000	1,721,379	946,379	200,000	200,000	303,754	103,754
Fines and Forfeitures	-	-	-	-	-	-	-	-
Investment Income	-	-	1,365	1,365	500	500	258	(242)
Donations	-	-	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-	-	-
Total Revenues	775,000	775,000	1,722,744	947,744	200,500	200,500	304,012	103,512
EXPENDITURES								
Current Operating Expenditures	-	-	-	-	200,500	387,449	319,613	67,836
Capital Outlay	-	-	-	-	-	-	-	-
Debt Service	-	-	-	-	-	-	-	-
Principal	-	-	-	-	-	-	-	-
Interest and Fiscal Charges	-	-	-	-	-	-	-	-
Total Expenditures	-	-	-	-	200,500	387,449	319,613	67,836
Excess of Revenues Over (Under) Expenditures	775,000	775,000	1,722,744	947,744	-	(186,949)	(15,601)	171,348
OTHER FINANCING SOURCES (USES)								
Issuance of Debt	-	-	-	-	-	-	-	-
Transfers In	-	-	-	-	-	82,257	82,256	(1)
Transfers Out	(775,000)	(775,000)	-	775,000	-	-	-	-
Total Other Financing Sources (Uses)	(775,000)	(775,000)	-	775,000	-	82,257	82,256	(1)
Net Increase (Decrease) in Fund Balances	\$ -	\$ -	1,722,744	\$ 1,722,744	\$ -	\$ (104,692)	66,655	\$ 171,347
Fund Balances, July 1			1,831,215				255,094	
Fund Balances, June 30			\$ 3,553,959				\$ 321,749	

QUEEN ANNE'S COUNTY, MARYLAND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGETARY BASIS
NON-MAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2014
 (CONTINUED)

CAPITAL PROJECTS - PARKS & RECREATION IMPACT FEES				
ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE POSITIVE (NEGATIVE)	
\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
80,000	80,000	205,949	125,949	
-	-	-	-	-
400	400	327	(73)	
-	-	-	-	-
-	-	-	-	-
80,400	80,400	206,276	125,876	
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
80,400	80,400	206,276	125,876	
-	-	-	-	-
-	-	-	-	-
(80,400)	(80,400)	-	80,400	
(80,400)	(80,400)	-	80,400	
\$ -	\$ -	206,276	\$ 206,276	
		371,898		
		\$ 578,174		



CAPITAL PROJECTS FUNDS

Capital Projects Funds are 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.

We do not amend closed projects in the General Capital Projects Fund or Roads Capital Projects Fund. The names of these projects begin with a CLS. Once the project is closed, it is considered null and void and there is no remaining authority, and therefore we do not amend those after the fact.

Force in kind capital projects do not contain any budget authority. These projects are only intended as a tracking tool. Most costs associated with force in kind projects are related to staff costs and the project is attached to the employee's normal activity, which contains the budget authority.

General Capital Projects – This fund accounts for capital project activities funded by all governmental resources, except those reserved for use in the Roads Capital Projects Fund, noted below.

Roads Capital Projects - This fund accounts for capital project activities funded by governmental resources specifically reserved for use in the Roads Capital Projects Fund. These resources consist of State-Shared Highway User Tax, which is mandated for this use, plus federal, state, and local roads-related grants and transfers, and also governmental resources.

QUEEN ANNE'S COUNTY MARYLAND
CAPITAL PROJECTS FUNDS
SCHEDULE OF APPROPRIATIONS AND EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2014

PROJ #	GENERAL CAPITAL PROJECTS:	TOTAL APPROPRIATION	EXPENDITURES			UNEXPENDED APPROPRIATIONS	INCLUDED IN CONSTRUCTION IN PROGRESS	CAPITALIZED CURRENT YEAR
			PRIOR YEARS	CURRENT YEAR	TOTAL			
<u>GENERAL GOVERNMENT</u>								
400003	County Facilities Program	\$ 1,500,446	\$ 1,224,995	\$ 198,132	\$ 1,423,127	\$ 77,319	\$ -	\$ -
400007	GASB/Tax System Update	349,000	169,350	103,090	272,440	76,560	-	-
400015	County Wide Mapping	980,000	773,104	81,340	854,444	125,556	-	-
400027	Strategic Planning	576,602	386,834	-	386,834	189,768	-	-
400031	Mgt Info Systems Network	1,377,375	790,090	221,292	1,011,382	365,993	-	71,359
400269	Tax Ditches - Beaverdam	104,500	59,210	24,286	83,496	21,004	-	-
400271	Tax Ditches - Longmarsh	114,000	58,090	4,545	62,635	51,365	-	-
400359	Public Drainage	750,000	25,867	451,937	477,804	272,196	-	-
400457	GIS & Strategic Plan Land Use	127,500	22,661	-	22,661	104,839	-	-
400491	Emergency Generators	80,000	-	-	-	80,000	-	-
400559	Courthouse Property	3,975,751	1,343,114	146,760	1,489,874	2,485,877	146,760	146,760
400647	Watershed Improvement Program	300,000	-	-	-	300,000	-	-
400653	Coastal Community Initiative	70,705	64,498	-	64,498	6,207	-	-
400675	IT Fiber Infrastructure	730,000	114,652	69,328	183,980	546,020	183,980	69,328
400691	PHA Debt Charge	-	63,672	66,499	130,171	(130,171)	-	-
400713	Lighting Upgrade - Facilities	100,000	-	22,986	22,986	77,014	22,986	22,986
400715	Capital Equipment - General Services	100,000	-	85,922	85,922	14,078	-	85,622
400733	Circuit Court - Security Equipment	92,953	-	81,356	81,356	11,597	-	81,356
400735	CLS-State Street Trail Easement	30,000	-	30,000	30,000	-	-	30,000
	Total General Government	11,358,832	5,096,137	1,587,473	6,683,610	4,675,222	353,726	507,411
<u>PUBLIC SAFETY</u>								
400217	Transfer to VFDs	2,079,800	1,425,159	404,518	1,829,677	250,123	-	-
400281	Detention Center Furniture & Carpet	30,000	-	-	-	30,000	-	-
400313	County Wide Mapping - 911	815,530	794,469	-	794,469	21,061	-	-
400499	CLS-Railroad Avenue Building Renovation	657,700	626,006	32,534	658,540	(840)	-	32,534
400661	Fiber Optic - Detention Center	50,000	8,840	38,501	47,341	2,659	-	38,501
400663	Sheriff Cars - Replacement	623,725	347,345	239,033	586,378	37,347	-	233,140
400667	EMS - Rt 8 Garage	68,845	64,550	4,133	68,683	162	-	-
400669	EMS - Hardware Replacement	125,580	92,206	29,872	122,078	3,502	118,624	29,872
400671	EMS - Wireless Network	104,420	34,414	69,802	104,216	204	104,216	69,802
400673	EMS - Radio System Upgrade	3,270,000	72,834	3,202,397	3,275,231	(5,231)	3,275,231	3,202,397
400683	EMS - Lifepak 12 Upgrade	66,738	-	15,061	15,061	51,677	-	15,061
400711	EMS - Replacement Vehicles	653,021	409,996	242,624	652,620	401	-	241,860
400717	EMS - North County Station	375,000	-	-	-	375,000	-	-
400719	Detention Center - Transport Vehicles	52,000	-	30,148	30,148	21,852	-	30,148
400721	Animal Services Capital Equipment	50,000	-	42,596	42,596	7,404	-	42,596
	Total Public Safety	9,022,359	3,875,819	4,351,219	8,227,038	795,321	3,498,071	3,935,911

CONTINUED

QUEEN ANNE'S COUNTY MARYLAND
CAPITAL PROJECTS FUNDS
SCHEDULE OF APPROPRIATIONS AND EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2014
(Continued)

PROJ #	GENERAL CAPITAL PROJECTS:	TOTAL APPROPRIATION	EXPENDITURES			UNEXPENDED APPROPRIATIONS	INCLUDED IN CONSTRUCTION IN PROGRESS	CAPITALIZED CURRENT YEAR
			PRIOR YEARS	CURRENT YEAR	TOTAL			
<u>PUBLIC WORKS</u>								
400077	Wetlands Mitigation	\$ 216,560	\$ 159,900	\$ 1,178	\$ 161,078	\$ 55,482	\$ -	\$ -
400091	DPW - Fee In Lieu	20,000	20,000	-	20,000	-	-	-
400215	Preventive Park Maintenance	1,220,480	863,792	54,054	917,846	302,634	-	-
400221	Parks Capital Equipment	440,479	290,479	143,389	433,868	6,611	-	139,089
400235	Solid Waste Capital Equipment	547,001	320,014	154,163	474,177	72,824	-	150,028
400241	Cash Deposit Agreements	35,748	35,748	-	35,748	-	-	-
400305	White Marsh Park	2,397,291	2,380,673	-	2,380,673	16,618	-	-
400391	Cross County Connec Trail PS1	1,932,688	60,935	64,649	125,584	1,807,104	125,584	64,649
400393	Davidson Property Improvements	858,444	77,112	863	77,975	780,469	77,112	-
400501	DPW Yard MTBE Remediation	200,000	135,405	26,376	161,781	38,219	-	-
400509	Solid Waste Loader Replacement	63,626	-	-	-	63,626	-	-
400513	Bay City/Matapeake Trail	30,000	-	-	-	30,000	-	-
400519	Talisman/Kudner Improvements	6,855	-	-	-	6,855	-	-
400521	County Complex	8,184,120	1,627,342	185,582	1,812,924	6,371,196	198,850	185,582
400529	CLS-Chesapeake Pool Improvements	100,000	80,414	-	80,414	19,586	-	-
400607	Grasonville Tennis Courts	40,000	-	-	-	40,000	-	-
400657	BOE Tournament Field Maintenance	20,670	4,438	3,675	8,113	12,557	-	-
400659	QAC Tournament Field Maintenance	42,158	570	225	795	41,363	-	-
400677	Transfer Station Improvements	100,000	16,128	-	16,128	83,872	16,128	-
400681	CLS-Ferry Point - Habitat Enhancement	1,106,405	56,435	1,040,225	1,096,660	9,745	-	1,040,225
400693	CLS-Coastsmart Initiative	55,000	45,688	9,310	54,998	2	-	-
400701	CLS-Rt 18 Trails - Phase III	37,630	-	36,348	36,348	1,282	-	-
400703	Old Love Point Park	30,000	-	25,848	25,848	4,152	-	25,848
400705	Conquest Greenhouse	26,885	6,683	8,864	15,547	11,338	-	-
400707	Rubble Surcharge	695,944	33,760	81,475	115,235	580,709	-	81,475
400723	Church Hill Park Irrigation	60,000	-	-	-	60,000	-	-
400725	Rt 18 Ballfield Lighting	240,000	-	200,747	200,747	39,253	-	200,747
400727	Golf Course Allocation	270,000	-	-	-	270,000	-	-
400729	CEC Emergency Bulkhead Repair	45,000	-	35,634	35,634	9,366	-	-
400731	Coastal Bays Grant - Kennard	7,000	-	4,800	4,800	2,200	-	-
	Total Public Works	19,029,984	6,215,516	2,077,405	8,292,921	10,737,063	417,674	1,887,643
<u>SOCIAL SERVICES</u>								
400679	Aging - Transportation Development Plan	100,000	-	-	-	100,000	-	-
400699	Aging - Vehicle Replacement	25,176	-	-	-	25,176	-	-
	Total Social Services	125,176	-	-	-	125,176	-	-
<u>EDUCATION</u>								
700239	Cheapeake College - Health & Athletic Building	7,041,365	-	7,041,365	7,041,365	-	-	-
<u>Allocations to Component Unit - Board of Education</u>								
700151	CLS-Bayside Elementary HVAC	1,039,789	1,039,789	-	1,039,789	-	-	-
700157	CLS-QACHS Field Upgrades	511,777	511,777	-	511,777	-	-	-
700161	CLS-Financial Hardware System	59,964	59,964	-	59,964	-	-	-
700169	CLS-New Sudlersville Middle School (1)	28,017,016	16,023,293	24,134	16,047,427	11,969,589	-	-
700177	CLS-BOE Security Entrance & Cameras	160,000	160,000	-	160,000	-	-	-
700179	CLS-Centreville Middle Boiler (1)	224,348	91,348	-	91,348	133,000	-	-
700183	CLS-Centreville Elementary - Resurface Playcourts	29,766	29,516	-	29,516	250	-	-
700187	CLS-Kennard Elementary Addition (1)	3,972,791	1,951,583	147,208	2,098,791	1,874,000	-	-
700193	CLS-Security Entrance & Cameras	65,000	65,000	-	65,000	-	-	-
700195	Equipment & Vehicles	2,300,000	2,181,700	109,443	2,291,143	8,857	-	-
700203	Textbooks	500,000	300,000	-	300,000	200,000	-	-
700215	CLS-KIHS Roof Repairs	97,278	97,278	-	97,278	-	-	-
700221	CLS-Warehouse Lot Paving	99,808	-	99,807	99,807	1	-	-
700223	BOE Parking Lot Expansion	25,000	-	-	-	25,000	-	-
700229/700233	CLS-Relocatable Classrooms	303,848	160,821	143,027	303,848	-	-	-
700231	Stevensville Middle	9,495,580	589,756	2,127,030	2,716,786	6,778,794	-	-
700235	BOE Security Upgrades	220,000	-	48,558	48,558	171,442	-	-
700237	Technology Upgrades	200,000	-	180,700	180,700	19,300	-	-
	Subtotal Board of Education	47,321,965	23,261,825	2,879,907	26,141,732	21,180,233	-	-
	Total Education	54,363,330	23,261,825	9,921,272	33,183,097	21,180,233	-	-
<u>CONSERVATION</u>								
400293	4-H Park Improvements	767,555	587,001	134,646	721,647	45,908	-	119,981
400553	CLS-Ag Preservation - Emerson Property	416,861	-	-	-	416,861	-	-
400555	Ag Preservation - Frizz King Property	572,000	572,000	-	572,000	-	-	-
400571	Ag Preservation - Brown's Branch	968,166	968,166	-	968,166	-	-	-
400631	CREP Easements	1,532,705	1,511,297	-	1,511,297	21,408	-	-
400643	CLS-4-H Parking Phase II	100,000	100,000	-	100,000	-	-	-
400687	Ag Preservation - Milliken Farm	336,832	336,832	-	336,832	-	-	-
400697	CLS-DNR Habitat & Water Quality Enhancement	77,295	-	75,682	75,682	1,613	-	-
	Total Conservation	4,771,414	4,075,296	210,328	4,285,624	485,790	-	119,981

CONTINUED

QUEEN ANNE'S COUNTY MARYLAND
CAPITAL PROJECTS FUNDS
SCHEDULE OF APPROPRIATIONS AND EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2014
(Continued)

PROJ #	GENERAL CAPITAL PROJECTS:	TOTAL APPROPRIATION	EXPENDITURES			UNEXPENDED APPROPRIATIONS	INCLUDED IN CONSTRUCTION IN PROGRESS	CAPITALIZED CURRENT YEAR
			PRIOR YEARS	CURRENT YEAR	TOTAL			
<u>ECONOMIC/COMMUNITY DEVELOPMENT</u>								
400583	Matapeake Business Park	1,640,000	1,097,504	460,150	1,557,654	82,346	-	460,150
400709	Homeless Shelter Addition	757,284	27,444	68,127	95,571	661,713	-	-
	Total Economic/Community Development	2,397,284	1,124,948	528,277	1,653,225	744,059	-	460,150
<u>DEBT SERVICE</u>								
400613	CLS-2011 Bond Issuance Costs	273,472	273,378	-	273,378	94	-	-
400655	2012 Refunding Bonds	8,724,048	8,719,850	294	8,720,144	3,904	-	-
400739	2014 Bond Issuance	244,183	-	196,576	196,576	47,607	-	-
	Total Debt Service	9,241,703	8,993,228	196,870	9,190,098	51,605	-	-
<u>TRANSFERS TO OTHER FUNDS</u>								
400045	Land Preservation Transfers	405,000	405,000	-	405,000	-	-	-
400127	Public Landings Allocation	200,000	200,000	-	200,000	-	-	-
400201	Land Sale Proceeds	875,000	125,000	750,000	875,000	-	-	-
400207	Housing & Comm Svc Transfer - to Housing Services	550,000	450,000	-	450,000	100,000	-	-
400213	Loan Fund Transfers	460,000	460,000	-	460,000	-	-	-
400217	Transfer to VFD's	162,410	162,410	-	162,410	-	-	-
400551	Transfer to/from General Fund	8,310,000	8,310,000	-	8,310,000	-	-	-
400469	Sanitary District Transfer/Allocation	233,000	233,000	-	233,000	-	-	-
400741	Transfer to Enterprise Funds	800,000	-	301,612	301,612	498,388	-	-
	Total Transfers	11,995,410	10,345,410	1,051,612	11,397,022	598,388	-	-
	Total General Capital Projects	\$ 122,305,492	\$ 62,988,179	\$ 19,924,456	\$ 82,912,635	\$ 39,392,857	\$ 4,269,471	\$ 6,911,096
<u>ROADS BOARD CAPITAL PROJECTS:</u>								
<u>PUBLIC WORKS</u>								
820005	Asphalt Overlays - Upgrade	\$ 3,316,023	\$ 1,724,344	\$ 292,308	\$ 2,016,652	\$ 1,299,371	\$ -	\$ -
820221	Taylor Mill Road Bridge	197,500	450	-	450	197,050	450	-
820291	CLS-Carmichael Road Improvements	203,669	154,243	-	154,243	49,426	-	-
820295	Fogwell Road Improvements	53,215	-	-	-	53,215	-	-
820297	Rt 18-552 Improvements	1,074,248	236,244	-	236,244	838,004	236,244	-
820303	Roads - Capital Equipment	1,035,000	328,459	453,611	782,070	252,930	-	446,113
820305	Piney Creek Road	-	-	39,970	39,970	(39,970)	-	-
820307	CLS-Hollingsworth Road	70,000	-	44,586	44,586	25,414	-	44,586
820309	CLS-Perry's Corner/Bennett Point	1,203,900	-	1,203,900	1,203,900	-	-	1,203,900
820311	CLS-Eagle Manor Road	90,000	-	53,392	53,392	36,608	-	53,392
	Total Public Works - Roads	7,243,555	2,443,740	2,087,767	4,531,507	2,712,048	236,694	1,747,991
<u>TRANSFERS TO OTHER FUNDS</u>								
820209	County Wide Mapping II	80,000	80,000	-	80,000	-	-	-
	Total Transfers to Other Funds	80,000	80,000	-	80,000	-	-	-
	Total Roads Board Capital Projects	\$ 7,323,555	\$ 2,523,740	\$ 2,087,767	\$ 4,611,507	\$ 2,712,048	\$ 236,694	\$ 1,747,991
	Total General and Roads Capital Projects	\$ 129,629,047	\$ 65,511,919	\$ 22,012,223	\$ 87,524,142	\$ 42,104,905	\$ 4,506,165	\$ 8,659,087
Force in Kind Capital Projects reported in non-capital projects Funds								
400306	White March Park FIC	\$ 412,895	\$ 412,129	\$ 766	\$ 412,895	\$ -	\$ -	\$ -
400392	Cross County Conn II FIC	29,557	29,557	-	29,557	-	27,634	-
400394	Davidson Property FIC	43,809	43,809	-	43,809	-	43,470	-
400694	Coastsmart Initiative	16,813	-	16,813	16,813	-	-	-
400702	Rt 18 Trails Phase III	3,043	-	3,043	3,043	-	-	-
400704	Old Love Point Park	3,091	-	3,091	3,091	-	-	3,091
400710	Homeless Shelter Addition	571	-	571	571	-	-	-
400732	Coastal Bays - Kennard	1,167	-	1,167	1,167	-	-	-
		\$ 510,946	\$ 485,495	\$ 25,451	\$ 510,946	\$ -	\$ 71,104	\$ 3,091
	Total Construction in Progress and Capitalized Current Year						\$ 4,577,269	\$ 8,662,178

(1) The total appropriation given is for both the Board of Education & County.

NON-MAJOR ENTERPRISE FUNDS

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

NON-MAJOR ENTERPRISE FUNDS

Non-major enterprise funds include the following funds:

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

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

QUEEN ANNE'S COUNTY, MARYLAND
COMBINING STATEMENT OF NET POSITION
NON-MAJOR ENTERPRISE FUNDS
JUNE 30, 2014

<u>ASSETS</u>	GOLF COURSE	PUBLIC LANDINGS AND MARINAS	TOTAL NON-MAJOR ENTERPRISE
Current Assets			
Equity in Pooled Cash	\$ -	\$ 744,763	\$ 744,763
Accounts Receivable (Net)	-	10,973	10,973
Due from Other Governments	-	21,682	21,682
Bond Interest Reimbursement Receivable - Build America Bond	-	3,325	3,325
Inventories	6,298	-	6,298
Total Current Assets	6,298	780,743	787,041
Capital Assets			
Land, Improved and Unimproved	1,904,522	769,110	2,673,632
Buildings and Improvements to Buildings	313,443	-	313,443
Improvements Other Than Buildings	122,268	5,343,459	5,465,727
Automotive Equipment	-	40,881	40,881
Equipment	368,222	56,814	425,036
Furniture and Fixtures	-	4,979	4,979
Capital Assets before Depreciation	2,708,455	6,215,243	8,923,698
Less Accumulated Depreciation	(529,132)	(688,459)	(1,217,591)
Total Capital Assets, Net of Accumulated Depreciation	2,179,323	5,526,784	7,706,107
Total Noncurrent Assets	2,179,323	5,526,784	7,706,107
Total Assets	2,185,621	6,307,527	8,493,148
<u>DEFERRED OUTFLOWS OF RESOURCES</u>			
Deferred Charge on Refunding	35,330	-	35,330
Total Deferred Outflows of Resources	35,330	-	35,330
<u>LIABILITIES</u>			
Current Liabilities			
Accounts Payable	14,294	19,323	33,617
Accrued Interest Payable	3,633	11,912	15,545
Due to Other Funds	339,036	-	339,036
Unearned Revenue	1,586	-	1,586
Current Portion of Compensated Absences	5,029	13,553	18,582
Current Portion of Bonds/Notes Payable	88,041	45,353	133,394
Total Current Liabilities	451,619	90,141	541,760
Noncurrent Liabilities			
Compensated Absences	3,425	9,229	12,654
Other Post-Employment Benefit Obligation	-	206,827	206,827
Bonds/Notes Payable	456,280	932,591	1,388,871
Total Noncurrent Liabilities	459,705	1,148,647	1,608,352
Total Liabilities	911,324	1,238,788	2,150,112
<u>NET POSITION</u>			
Net Investment in Capital Assets	1,670,332	4,548,840	6,219,172
Amounts Restricted for:			
Donations	282	-	282
Unrestricted Amounts	(360,987)	519,899	158,912
Total Net Position	\$ 1,309,627	\$ 5,068,739	\$ 6,378,366

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, 2014

	<u>GOLF COURSE</u>	<u>PUBLIC LANDINGS AND MARINAS</u>	<u>TOTAL NON-MAJOR ENTERPRISE</u>
<u>OPERATING REVENUES</u>			
Charges for Services	\$ 297,293	\$ 423,478	\$ 720,771
Intergovernmental	-	23,557	23,557
Bond Interest Reimbursement - Build America Bond	-	12,882	12,882
Material Sales	41,136	-	41,136
Miscellaneous Revenues	4,548	24,418	28,966
	<u>342,977</u>	<u>484,335</u>	<u>827,312</u>
<u>OPERATING EXPENSES</u>			
Cost of Sales and Services			
Recreation	444,522	329,556	774,078
Other Post-Employment Benefit Contributions	-	47,651	47,651
Depreciation	31,803	115,766	147,569
	<u>476,325</u>	<u>492,973</u>	<u>969,298</u>
Operating (Loss)	<u>(133,348)</u>	<u>(8,638)</u>	<u>(141,986)</u>
<u>NON-OPERATING (EXPENSES)</u>			
Interest Expense	(33,850)	(51,972)	(85,822)
Loss on Disposal of Capital Assets	(5,150)	-	(5,150)
	<u>(39,000)</u>	<u>(51,972)</u>	<u>(90,972)</u>
(Loss) Before Contributions and Transfers	<u>(172,348)</u>	<u>(60,610)</u>	<u>(232,958)</u>
Transfers In	172,348	-	172,348
Change in Net Position	<u>-</u>	<u>(60,610)</u>	<u>(60,610)</u>
Total Net Position - Beginning of Year	<u>1,309,627</u>	<u>5,129,349</u>	<u>6,438,976</u>
Total Net Position - End of Year	<u>\$ 1,309,627</u>	<u>\$ 5,068,739</u>	<u>\$ 6,378,366</u>

QUEEN ANNE'S COUNTY, MARYLAND
COMBINING STATEMENT OF CASH FLOWS
NON-MAJOR ENTERPRISE FUNDS
FOR THE YEAR ENDED JUNE 30, 2014

	GOLF COURSE	PUBLIC LANDINGS AND MARINAS	TOTAL NON-MAJOR ENTERPRISE
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>			
Receipts from customers and users	\$ 296,427	\$ 427,065	\$ 723,492
Receipts from other operating revenues	45,684	52,613	98,297
Receipts from Build America Bond interest reimbursement	-	13,226	13,226
Payments to suppliers	(328,450)	(117,200)	(445,650)
Payments to employees and on behalf of employees	(110,486)	(200,211)	(310,697)
Net Cash Provided (Used) by Operating Activities	<u>(96,825)</u>	<u>175,493</u>	<u>78,668</u>
<u>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</u>			
Transfers from other funds	172,348	-	172,348
Loan proceeds from interfund loans	339,036	-	339,036
Principal paid on interfund loans	(306,731)	-	(306,731)
Net Cash Provided by Noncapital Financing Activities	<u>204,653</u>	<u>-</u>	<u>204,653</u>
<u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</u>			
Proceeds from the disposition of capital assets	1,000	-	1,000
Principal paid on capital debt	(80,000)	(43,303)	(123,303)
Interest paid on capital debt	(28,828)	(47,629)	(76,457)
Net Cash (Used) by Capital and Related Financing Activities	<u>(107,828)</u>	<u>(90,932)</u>	<u>(198,760)</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Investment income	-	-	-
Net Cash Provided (Used) by Investing Activities	<u>-</u>	<u>-</u>	<u>-</u>
Net increase in cash and cash equivalents	-	84,561	84,561
Balances - Beginning of year	-	660,202	660,202
Balances - End of year	<u>\$ -</u>	<u>\$ 744,763</u>	<u>\$ 744,763</u>
<u>Reconciliation of operating (loss) to net cash provided (used) by operating activities</u>			
Operating (loss)	\$ (133,348)	\$ (8,638)	\$ (141,986)
Adjustments to reconcile operating (loss) to net cash provided (used) by operating activities:			
Depreciation	31,803	115,766	147,569
Changes in assets and liabilities:			
Accounts receivable, net	-	3,587	3,587
Operating grants receivable	-	4,638	4,638
Build America Bonds Interest receivable	-	344	344
Inventories and Prepaid Expenses	1,691	6,738	8,429
Vendor accounts payable	4,808	1,558	6,366
Compensated absences	(913)	3,849	2,936
Other Post-Employment Benefit Obligation	-	47,651	47,651
Deferred revenue collected in advance	(866)	-	(866)
Net Cash Provided (Used) by Operating Activities	<u>\$ (96,825)</u>	<u>\$ 175,493</u>	<u>\$ 78,668</u>
<u>Noncash investing, capital and financing activities:</u>			
Donation of capital assets (infrastructure) by developers	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

FIDUCIARY FUNDS

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

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

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

OTHER POST-EMPLOYMENT BENEFIT (OPEB) TRUST FUND

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

Participating agencies in the OPEB Trust Fund are as follows:

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

AGENCY FUNDS

Agency funds are as follows:

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

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

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

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

Mid-shore Regional Recycling Program (MRRP) – This fund accounts for activities of the regional recycling effort that is supported by four counties, including Queen Anne’s County.

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

QUEEN ANNE'S COUNTY, MARYLAND
COMBINING STATEMENT OF FIDUCIARY NET POSITION
OTHER POST-EMPLOYMENT BENEFIT TRUST FUND
JUNE 30, 2014

	QUEEN ANNE'S COUNTY	QUEEN ANNE'S COUNTY BOARD OF EDUCATION	QUEEN ANNE'S COUNTY LIBRARY	KENT COUNTY	TOTAL OPEB TRUST FUND
ASSETS					
Cash and Cash Equivalents	\$ 1,420,466	\$ 505,036	\$ 30,302	\$ 156,561	\$ 2,112,365
Total Assets	1,420,466	505,036	30,302	156,561	2,112,365
LIABILITIES					
Due to Other Governments	-	-	-	156,561	156,561
Total Liabilities	-	-	-	156,561	156,561
NET POSITION HELD IN TRUST	\$ 1,420,466	\$ 505,036	\$ 30,302	\$ -	\$ 1,955,804

QUEEN ANNE'S COUNTY, MARYLAND
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
OTHER POST-EMPLOYMENT BENEFIT TRUST FUND
FOR THE YEAR ENDED JUNE 30, 2014

	QUEEN ANNE'S COUNTY	QUEEN ANNE'S COUNTY BOARD OF EDUCATION	QUEEN ANNE'S COUNTY LIBRARY	TOTAL OPEB TRUST FUND
ADDITIONS				
Contributions				
Employers	\$ 1,692,951	\$ 1,488,965	\$ 24,000	\$ 3,205,916
Members	278,549	694,026	-	972,575
Total Contributions	<u>1,971,500</u>	<u>2,182,991</u>	<u>24,000</u>	<u>4,178,491</u>
Investment Income	<u>1,492</u>	<u>744</u>	<u>44</u>	<u>2,280</u>
Total Additions	<u>1,972,992</u>	<u>2,183,735</u>	<u>24,044</u>	<u>4,180,771</u>
DEDUCTIONS				
Claims Paid	<u>1,529,316</u>	<u>2,182,991</u>	<u>24,000</u>	<u>3,736,307</u>
Change in Assets	443,676	744	44	444,464
NET POSITION HELD IN TRUST				
Net Position - Beginning of Year	<u>976,790</u>	<u>504,292</u>	<u>30,258</u>	<u>1,511,340</u>
Net Position - End of Year	<u>\$ 1,420,466</u>	<u>\$ 505,036</u>	<u>\$ 30,302</u>	<u>\$ 1,955,804</u>



Queen Anne's County is dedicated to reducing emissions through embracing new energy technologies like the 120 panel solar array installed in 2014.

QUEEN ANNE'S COUNTY, MARYLAND
STATEMENT OF AGENCY FUNDS ASSETS AND LIABILITIES
AGENCY FUNDS
JUNE 30, 2014

	TAX DITCH FUND	ZONING DEPOSITS	STATE & TOWN TAX COLLECTIONS	MOTOR VEHICLE ADMIN DEPOSITS	MIDSHORE REGIONAL RECYCLING	ESCHEAT - ABANDONED PROPERTY	TOTAL AGENCY FUNDS
ASSETS							
Cash and Cash Equivalents	\$ 125,905	\$ 324,116	\$ 172,642	\$ 3,728	\$ -	\$ 6,602	\$ 632,993
Total Assets	<u>\$ 125,905</u>	<u>\$ 324,116</u>	<u>\$ 172,642</u>	<u>\$ 3,728</u>	<u>\$ -</u>	<u>\$ 6,602</u>	<u>\$ 632,993</u>
LIABILITIES							
Due to Other Governments	\$ -	\$ -	\$ 172,642	\$ 3,728	\$ -	\$ 6,602	\$ 182,972
Deposits and Escrows	<u>125,905</u>	<u>324,116</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>450,021</u>
Total Liabilities	<u>\$ 125,905</u>	<u>\$ 324,116</u>	<u>\$ 172,642</u>	<u>\$ 3,728</u>	<u>\$ -</u>	<u>\$ 6,602</u>	<u>\$ 632,993</u>

QUEEN ANNE'S COUNTY, MARYLAND
STATEMENT OF CHANGES IN AGENCY FUNDS ASSETS AND LIABILITIES
AGENCY FUNDS
FOR THE YEAR ENDED JUNE 30, 2014

	<u>Cash and Cash Equivalents</u>	<u>Miscellaneous Receivables</u>	<u>Total Assets</u>
<u>TAX DITCH FUND</u>			
Balance 7-1-13	\$ 109,111	\$ -	\$ 109,111
Additions	23,132	-	23,132
Deductions	(6,338)	-	(6,338)
	<u> </u>	<u> </u>	<u> </u>
Balance 6-30-14	<u>\$ 125,905</u>	<u>\$ -</u>	<u>\$ 125,905</u>
<u>ZONING DEPOSITS</u>			
Balance 7-1-13	\$ 323,063	\$ -	\$ 323,063
Additions	53,086	-	53,086
Deductions	(52,033)	-	(52,033)
	<u> </u>	<u> </u>	<u> </u>
Balance 6-30-14	<u>\$ 324,116</u>	<u>\$ -</u>	<u>\$ 324,116</u>
<u>STATE AND TOWN TAX COLLECTIONS</u>			
Balance 7-1-13	\$ 156,669	\$ -	\$ 156,669
Additions	12,291,379	-	12,291,379
Deductions	(12,275,406)	-	(12,275,406)
	<u> </u>	<u> </u>	<u> </u>
Balance 6-30-14	<u>\$ 172,642</u>	<u>\$ -</u>	<u>\$ 172,642</u>
<u>MOTOR VEHICLE ADMIN DEPOSITS</u>			
Balance 7-1-13	\$ 6,862	\$ -	\$ 6,862
Additions	344,163	-	344,163
Deductions	(347,297)	-	(347,297)
	<u> </u>	<u> </u>	<u> </u>
Balance 6-30-14	<u>\$ 3,728</u>	<u>\$ -</u>	<u>\$ 3,728</u>
<u>MIDSHORE REGIONAL RECYCLING</u>			
Balance 7-1-13	\$ -	\$ 33,758	\$ 33,758
Additions	33,758	-	33,758
Deductions	(33,758)	(33,758)	(67,516)
	<u> </u>	<u> </u>	<u> </u>
Balance 6-30-14	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<u>ESCHEAT - ABANDONED PROPERTY</u>			
Balance 7-1-13	\$ 12,977	\$ -	\$ 12,977
Additions	6,636	-	6,636
Deductions	(13,011)	-	(13,011)
	<u> </u>	<u> </u>	<u> </u>
Balance 6-30-14	<u>\$ 6,602</u>	<u>\$ -</u>	<u>\$ 6,602</u>
<u>TOTAL AGENCY FUNDS</u>			
Balance 7-1-13	\$ 608,682	\$ 33,758	\$ 642,440
Additions	12,752,154	-	12,752,154
Deductions	(12,727,843)	(33,758)	(12,761,601)
	<u> </u>	<u> </u>	<u> </u>
Balance 6-30-14	<u>\$ 632,993</u>	<u>\$ -</u>	<u>\$ 632,993</u>

QUEEN ANNE'S COUNTY, MARYLAND
STATEMENT OF CHANGES IN AGENCY FUNDS ASSETS AND LIABILITIES
AGENCY FUNDS
FOR THE YEAR ENDED JUNE 30, 2014

(CONTINUED)

<u>Due to Other Governments</u>	<u>Accrued Liabilities and Deposits and Escrows</u>	<u>Total Liabilities</u>
\$ -	\$ 109,111	\$ 109,111
-	23,132	23,132
-	(6,338)	(6,338)
<u>\$ -</u>	<u>\$ 125,905</u>	<u>\$ 125,905</u>
\$ -	\$ 323,063	\$ 323,063
-	53,086	53,086
-	(52,033)	(52,033)
<u>\$ -</u>	<u>\$ 324,116</u>	<u>\$ 324,116</u>
\$ 156,669	\$ -	\$ 156,669
12,291,379	-	12,291,379
(12,275,406)	-	(12,275,406)
<u>\$ 172,642</u>	<u>\$ -</u>	<u>\$ 172,642</u>
\$ 6,862	\$ -	\$ 6,862
343,526	-	343,526
(346,660)	-	(346,660)
<u>\$ 3,728</u>	<u>\$ -</u>	<u>\$ 3,728</u>
\$ 33,758	\$ -	\$ 33,758
-	-	-
(33,758)	-	(33,758)
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 12,977	\$ -	\$ 12,977
6,636	-	6,636
(13,011)	-	(13,011)
<u>\$ 6,602</u>	<u>\$ -</u>	<u>\$ 6,602</u>
\$ 210,266	\$ 432,174	\$ 642,440
12,641,541	76,218	12,717,759
(12,668,835)	(58,371)	(12,727,206)
<u>\$ 182,972</u>	<u>\$ 450,021</u>	<u>\$ 632,993</u>



Queen Anne's County is located at the east end of the beautiful Chesapeake Bay Bridge.

Community Partnerships for Children

Community Partnerships for Children is reported as a Non-Major Special Revenue Fund in the County's financial statements. In lieu of preparing separate audited financial statements for the Partnership, additional schedules have been added to the County's financial statements to meet requirements of the Partnership's grantor agencies.

QUEEN ANNE'S COUNTY
COMMUNITY PARTNERSHIPS FOR CHILDREN SPECIAL REVENUE FUND
COMBINING BALANCE SHEETS
BY GRANTOR
JUNE 30, 2014 (with Summarized Totals as of June 30, 2013)

	<u>Admin</u>	<u>Fed/State GOCCP GOC</u>	<u>Federal Family Support Ctr</u>	<u>State OTHER</u>
<u>ASSETS</u>				
Cash and cash equivalents	\$ 76,366	\$ 553,428	\$ 4,131	\$ 33,908
Accounts receivable	-	2,438	-	-
Due from State governmental agencies	-	130,240	-	-
Due from Federal governmental agencies	-	-	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Assets	<u>\$ 76,366</u>	<u>\$ 686,106</u>	<u>\$ 4,131</u>	<u>\$ 33,908</u>
<u>LIABILITIES AND FUND BALANCES</u>				
<u>LIABILITIES</u>				
Accounts payable and accrued expenditures	\$ 6,632	\$ 266,904	\$ -	\$ -
Due to State governmental agencies	2,175	270,941	4,131	33,908
Unearned revenue	-	145,656	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Liabilities	<u>8,807</u>	<u>683,501</u>	<u>4,131</u>	<u>33,908</u>
<u>FUND BALANCES</u>				
Assigned	<u>67,559</u>	<u>2,605</u>	<u>-</u>	<u>-</u>
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Fund Balances	<u>67,559</u>	<u>2,605</u>	<u>-</u>	<u>-</u>
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Liabilities and Fund Balances	<u>\$ 76,366</u>	<u>\$ 686,106</u>	<u>\$ 4,131</u>	<u>\$ 33,908</u>

QUEEN ANNE'S COUNTY
COMMUNITY PARTNERSHIPS FOR CHILDREN SPECIAL REVENUE FUND
COMBINING BALANCE SHEETS
BY GRANTOR
JUNE 30, 2014 (with Summarized Totals as of June 30, 2013)
(Continued)

Total Community Partnerships	Returned Reinvestment Fund	2014 Total	2013 Summarized Total
\$ 667,833	\$ 55,770	\$ 723,603	\$ 374,767
2,438	-	2,438	-
130,240	-	130,240	471,801
-	-	-	28,146
<u>\$ 800,511</u>	<u>\$ 55,770</u>	<u>\$ 856,281</u>	<u>\$ 874,714</u>
\$ 273,536	\$ -	\$ 273,536	\$ 244,620
311,155	-	311,155	331,677
145,656	-	145,656	145,656
<u>730,347</u>	<u>-</u>	<u>730,347</u>	<u>721,953</u>
<u>70,164</u>	<u>55,770</u>	<u>125,934</u>	<u>152,761</u>
<u>70,164</u>	<u>55,770</u>	<u>125,934</u>	<u>152,761</u>
<u>\$ 800,511</u>	<u>\$ 55,770</u>	<u>\$ 856,281</u>	<u>\$ 874,714</u>

QUEEN ANNE'S COUNTY
COMMUNITY PARTNERSHIPS FOR CHILDREN SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BY COMMUNITY PARTNERSHIP AGREEMENTS (CPA) and NON-COMMUNITY PARTNERSHIP AGREEMENTS (NON-CPA)
FOR THE YEAR ENDED JUNE 30, 2014 (with Summarized Totals for the Year Ended June 30, 2013)

	Administrative	CASA Start	Resource Promotion	Chesapeake Helps	Healthy Fam/Home Visiting	Family Navigators	MD After School Opportunity
REVENUES							
CPA							
Intergovernmental							
GOC	\$ 65,000	\$ 56,816	\$ 3,825	\$ 145,747	\$ 57,616	\$ 168,752	\$ 52,244
Miscellaneous	-	-	-	-	-	-	-
Subtotal CPA	<u>65,000</u>	<u>56,816</u>	<u>3,825</u>	<u>145,747</u>	<u>57,616</u>	<u>168,752</u>	<u>52,244</u>
Non-CPA							
Intergovernmental							
Federal GOCCP Youth Strategies	-	3,765	-	-	-	-	-
GOC - non-CPA	-	-	-	-	-	-	-
State GOCCP - non-CPA	-	-	-	-	-	-	-
Other State Grant Funding	-	-	-	-	296,178	-	-
Investment Income	-	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-	-
Subtotal Non-CPA	<u>-</u>	<u>3,765</u>	<u>-</u>	<u>-</u>	<u>296,178</u>	<u>-</u>	<u>-</u>
Total Revenues	<u>65,000</u>	<u>60,581</u>	<u>3,825</u>	<u>145,747</u>	<u>353,794</u>	<u>168,752</u>	<u>52,244</u>
EXPENDITURES							
CPA							
Program Contracted Services	-	-	3,825	145,747	-	168,752	52,244
Other Expenditures							
Salaries	59,995	-	-	-	-	-	-
Fringe Benefit Costs	5,005	-	-	-	-	-	-
Other Charges	-	56,816	-	-	57,616	-	-
Subtotal CPA Expenditures	<u>65,000</u>	<u>56,816</u>	<u>3,825</u>	<u>145,747</u>	<u>57,616</u>	<u>168,752</u>	<u>52,244</u>
Non-CPA							
Program Contracted Services	-	3,765	-	-	296,178	-	-
Other Expenditures							
Salaries	77,359	-	-	-	-	-	-
Fringe Benefit Costs	57,700	-	-	-	-	-	-
Equipment Rental	4,400	-	-	-	-	-	-
Postage	293	-	-	-	-	-	-
Office Supplies	870	-	-	-	-	-	-
Equipment Operation	406	-	-	-	-	-	-
Business Travel	534	-	-	-	-	-	-
Meetings & Conferences	-	-	-	-	-	-	-
Training	-	-	-	-	-	-	-
Board's Expenditures	3,793	-	-	-	-	-	-
Marketing/Promotions	-	-	-	-	-	-	-
Communications	1,451	-	-	-	-	-	-
Other Charges	-	-	-	-	-	-	-
Subtotal Non-CPA Expenditures	<u>146,806</u>	<u>3,765</u>	<u>-</u>	<u>-</u>	<u>296,178</u>	<u>-</u>	<u>-</u>
Total Expenditures	<u>211,806</u>	<u>60,581</u>	<u>3,825</u>	<u>145,747</u>	<u>353,794</u>	<u>168,752</u>	<u>52,244</u>
Excess of Revenues (Under) Expenditures	(146,806)	-	-	-	-	-	-
OTHER FINANCING SOURCES							
Transfers In for:							
Program Contracted Services	146,806	-	-	-	-	-	-
Other Financing Sources	146,806	-	-	-	-	-	-
Net Increase in Fund Balances	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Fund Balances, July 1							
Fund Balances, June 30							

QUEEN ANNE'S COUNTY
COMMUNITY PARTNERSHIPS FOR CHILDREN SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BY COMMUNITY PARTNERSHIP AGREEMENTS (CPA) and NON-COMMUNITY PARTNERSHIP AGREEMENTS (NON-CPA)
FOR THE YEAR ENDED JUNE 30, 2014 (with Summarized Totals for the Year Ended June 30, 2013)

(CONTINUED)

Federal/State GOCCP/GOC							State		Federal
Character Counts	Care Program	GOCCP/GOC Operating Fund Total	All Programs Subtotal	State GOC		GOCCP Non-CPA Subtotal	GOCCP Youth Strategies		
				CPA Subtotal	Non-CPA Subtotal				
\$ 28,360	\$ -	\$ 513,360	\$ 578,360	\$ 578,360	\$ -	\$ -	\$ -		
-	-	-	-	-	-	-	-		
<u>28,360</u>	<u>-</u>	<u>513,360</u>	<u>578,360</u>	<u>578,360</u>	<u>-</u>	<u>-</u>	<u>-</u>		
-	-	3,765	3,765	-	-	-	3,765		
-	-	-	-	-	-	-	-		
-	8,315	8,315	8,315	-	-	8,315	-		
-	-	296,178	296,178	-	-	-	-		
-	-	-	-	-	-	-	-		
2,914	17,165	20,079	20,079	-	-	-	-		
<u>2,914</u>	<u>17,165</u>	<u>20,079</u>	<u>20,079</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>		
<u>31,274</u>	<u>25,480</u>	<u>841,697</u>	<u>906,697</u>	<u>578,360</u>	<u>-</u>	<u>8,315</u>	<u>3,765</u>		
-	-	370,568	370,568	370,568	-	-	-		
28,360	-	28,360	88,355	88,355	-	-	-		
-	-	-	5,005	5,005	-	-	-		
-	-	114,432	114,432	114,432	-	-	-		
<u>28,360</u>	<u>-</u>	<u>513,360</u>	<u>578,360</u>	<u>578,360</u>	<u>-</u>	<u>-</u>	<u>-</u>		
-	25,480	325,423	325,423	-	-	8,315	3,765		
3,089	-	3,089	80,448	-	-	-	-		
5,429	-	5,429	63,129	-	-	-	-		
-	-	-	4,400	-	-	-	-		
-	-	-	293	-	-	-	-		
-	-	-	870	-	-	-	-		
-	-	-	406	-	-	-	-		
-	-	-	534	-	-	-	-		
-	-	-	-	-	-	-	-		
-	-	-	3,793	-	-	-	-		
624	-	624	624	-	-	-	-		
-	-	-	1,451	-	-	-	-		
-	-	-	-	-	-	-	-		
<u>9,142</u>	<u>25,480</u>	<u>334,565</u>	<u>481,371</u>	<u>-</u>	<u>-</u>	<u>8,315</u>	<u>3,765</u>		
37,502	25,480	847,925	1,059,731	578,360	-	8,315	3,765		
(6,228)	-	(6,228)	(153,034)	-	-	-	-		
6,228	-	6,228	153,034	-	-	-	-		
6,228	-	6,228	153,034	-	-	-	-		
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>		
			70,164	607,286	(6,429)	3,491	1		
			<u>\$ 70,164</u>	<u>\$ 607,286</u>	<u>\$ (6,429)</u>	<u>\$ 3,491</u>	<u>\$ 1</u>		

CONTINUED

QUEEN ANNE'S COUNTY
COMMUNITY PARTNERSHIPS FOR CHILDREN SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BY COMMUNITY PARTNERSHIP AGREEMENTS (CPA) and NON-COMMUNITY PARTNERSHIP AGREEMENTS (NON-CPA)
FOR THE YEAR ENDED JUNE 30, 2014 (with Summarized Totals for the Year Ended June 30, 2013)

(CONTINUED)

	Other Non-CPA State Grants	Other	Total Community Partnerships Operating Funds	Returned Reinvestment Fund	2014 Total	2013 Summarized Total
REVENUES						
CPA						
Intergovernmental						
GOC	\$ -	\$ -	\$ 578,360	\$ -	\$ 578,360	\$ 580,356
Miscellaneous	-	-	-	-	-	321,845
Subtotal CPA	-	-	578,360	-	578,360	902,201
Non-CPA						
Intergovernmental						
Federal GOCCP Youth Strategies	-	-	3,765	-	3,765	111,563
GOC - non-CPA	-	-	-	-	-	300,000
State GOCCP - non-CPA	-	-	8,315	-	8,315	7,592
Other State Grant Funding	296,178	-	296,178	-	296,178	296,372
Investment Income	-	-	-	42	42	327
Miscellaneous	-	20,079	20,079	-	20,079	14,927
Subtotal Non-CPA	296,178	20,079	328,337	42	328,379	730,781
Total Revenues	296,178	20,079	906,697	42	906,739	1,632,982
EXPENDITURES						
CPA						
Program Contracted Services	-	-	370,568	-	370,568	372,591
Other Expenditures						
Salaries	-	-	88,355	-	88,355	85,355
Fringe Benefit Costs	-	-	5,005	-	5,005	8,005
Other Charges	-	-	114,432	-	114,432	114,405
Subtotal CPA Expenditures	-	-	578,360	-	578,360	580,356
Non-CPA						
Program Contracted Services	296,178	17,165	325,423	-	325,423	405,423
Other Expenditures						
Salaries	-	80,448	80,448	-	80,448	78,505
Fringe Benefit Costs	-	63,129	63,129	-	63,129	56,465
Equipment Rental	-	4,400	4,400	-	4,400	4,958
Postage	-	293	293	-	293	407
Office Supplies	-	870	870	-	870	889
Equipment Operation	-	406	406	-	406	1,216
Business Travel	-	534	534	-	534	804
Meetings & Conferences	-	-	-	-	-	10,626
Training	-	-	-	-	-	9,800
Board's Expenditures	-	3,793	3,793	-	3,793	6,071
Marketing/Promotions	-	624	624	-	624	2,648
Communications	-	1,451	1,451	-	1,451	1,310
Other Charges	-	-	-	26,869	26,869	545,033
Subtotal Non-CPA Expenditures	296,178	173,113	481,371	26,869	508,240	1,124,155
Total Expenditures	296,178	173,113	1,059,731	26,869	1,086,600	1,704,511
Excess of Revenues (Under) Expenditures	-	(153,034)	(153,034)	(26,827)	(179,861)	(71,529)
OTHER FINANCING SOURCES						
Transfers In for:						
Program Contracted Services	-	153,034	153,034	-	153,034	148,668
Other Financing Sources	-	153,034	153,034	-	153,034	148,668
Net Increase in Fund Balances	-	-	-	(26,827)	(26,827)	77,139
Fund Balances, July 1	-	(534,185)	70,164	82,597	152,761	75,622
Fund Balances, June 30	\$ -	\$ (534,185)	\$ 70,164	\$ 55,770	\$ 125,934	\$ 152,761



The Queen Anne's Emergency Center is open 24 hours a day, every day, to treat people for acute illnesses, injuries and trauma as well as minor injuries.

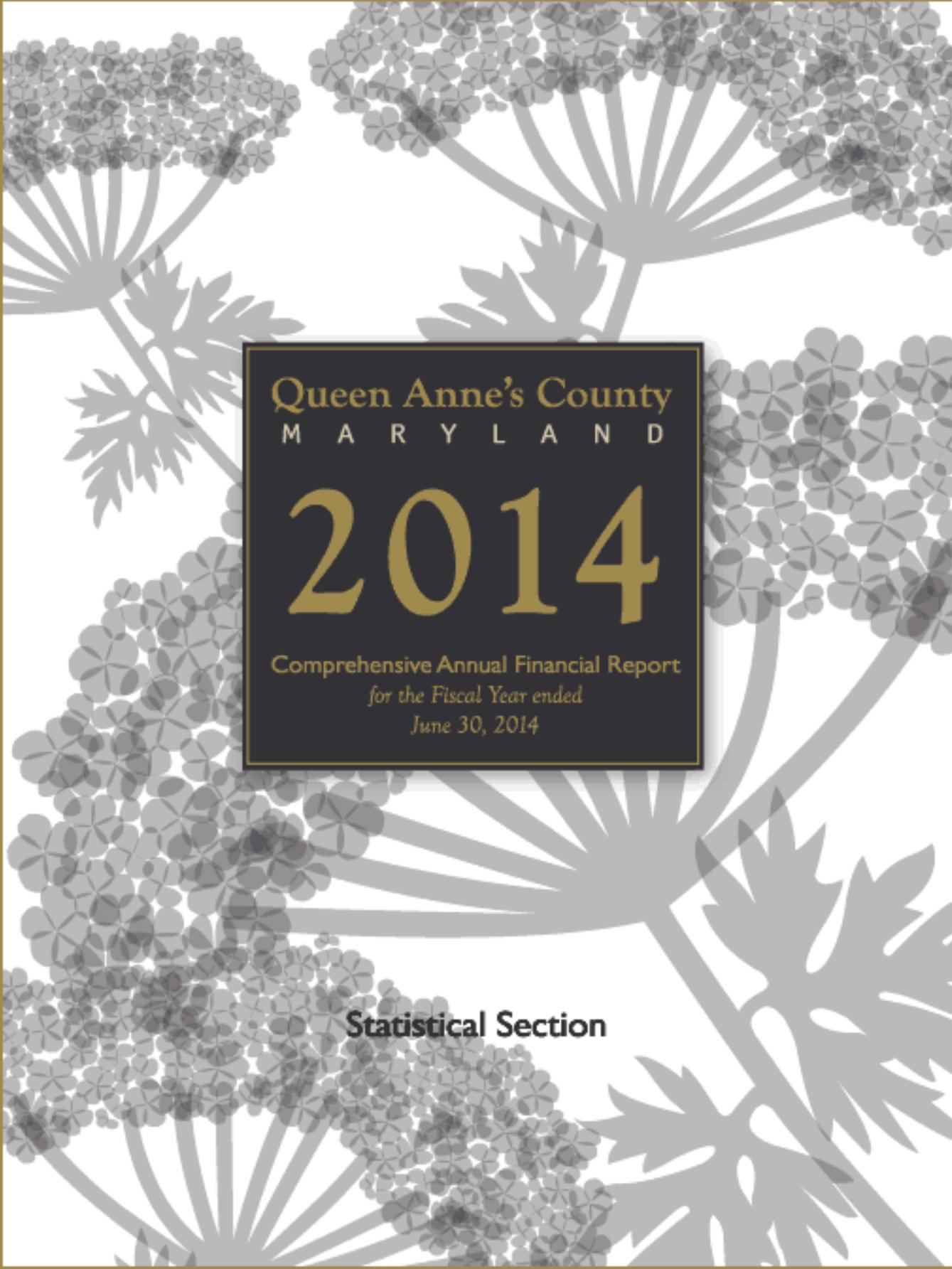
QUEEN ANNE'S COUNTY
COMMUNITY PARTNERSHIPS FOR CHILDREN SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGETARY BASIS
FOR THE YEAR ENDED JUNE 30, 2014

	COMMUNITY PARTNERSHIPS FOR CHILDREN				RETURNED REINVESTMENT FUND			
	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES								
Intergovernmental								
GOC - CPA and Non-CPA	\$ 586,886	\$ 586,886	\$ 578,360	\$ (8,526)	\$ -	\$ -	\$ -	\$ -
State GOCCP Non-CPA	-	8,315	8,315	-	-	-	-	-
Federal GOCCP Youth Strategies	-	3,765	3,765	-	-	-	-	-
Other	296,372	296,372	296,178	(194)	-	50,000	-	(50,000)
Investment Income	-	-	-	-	-	-	42	42
Miscellaneous	-	17,165	20,079	2,914	-	-	-	-
Total Revenues	883,258	912,503	906,697	(5,806)	-	50,000	42	(49,958)
EXPENDITURES								
Program Contracted Services	732,282	761,527	695,991	65,536	-	-	-	-
Other Expenditures								
Salaries	161,278	161,278	168,803	(7,525)	-	-	-	-
Fringe Benefit Costs	71,197	71,197	68,134	3,063	-	-	-	-
Auditing	2,988	2,988	-	2,988	-	-	-	-
Equipment Rental	5,920	5,920	4,400	1,520	-	-	-	-
Postage	3,614	3,614	293	3,321	-	-	-	-
Office Supplies	2,046	2,046	870	1,176	-	-	-	-
Equipment Operation	500	500	406	94	-	-	-	-
Business Travel	500	500	534	(34)	-	-	-	-
Board's Expenditures	5,060	5,060	3,793	1,267	-	-	-	-
Marketing/Promotions	-	-	624	(624)	-	-	-	-
Communications	1,523	1,523	1,451	72	-	-	-	-
Other Charges	57,616	57,616	114,432	(56,816)	-	50,000	26,869	23,131
Total Expenditures	1,044,524	1,073,769	1,059,731	14,038	-	50,000	26,869	23,131
Excess of Revenues Over (Under) Expenditures	(161,266)	(161,266)	(153,034)	8,232	-	-	(26,827)	(26,827)
OTHER FINANCING SOURCES								
Transfers In for:								
Program Contracted Services	161,266	161,266	153,034	(8,232)	-	-	-	-
Other Financing Sources	161,266	161,266	153,034	(8,232)	-	-	-	-
Net Decrease in Fund Balances	\$ -	\$ -	-	\$ -	\$ -	\$ -	(26,827)	\$ (26,827)
Fund Balances, July 1			70,164				82,597	
Fund Balances, June 30			<u>\$ 70,164</u>				<u>\$ 55,770</u>	

QUEEN ANNE'S COUNTY
COMMUNITY PARTNERSHIPS FOR CHILDREN SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGETARY BASIS
FOR THE YEAR ENDED JUNE 30, 2014
(Continued)

TOTAL			
Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
\$ 586,886	\$ 586,886	\$ 578,360	\$ (8,526)
-	8,315	8,315	-
-	3,765	3,765	-
296,372	346,372	296,178	(50,194)
-	-	42	42
-	17,165	20,079	2,914
<u>883,258</u>	<u>962,503</u>	<u>906,739</u>	<u>(55,764)</u>
732,282	761,527	695,991	65,536
161,278	161,278	168,803	(7,525)
71,197	71,197	68,134	3,063
2,988	2,988	-	2,988
5,920	5,920	4,400	1,520
3,614	3,614	293	3,321
2,046	2,046	870	1,176
500	500	406	94
500	500	534	(34)
5,060	5,060	3,793	1,267
-	-	624	(624)
1,523	1,523	1,451	72
57,616	107,616	141,301	(33,685)
<u>1,044,524</u>	<u>1,123,769</u>	<u>1,086,600</u>	<u>37,169</u>
(161,266)	(161,266)	(179,861)	(18,595)
<u>161,266</u>	<u>161,266</u>	<u>153,034</u>	<u>(8,232)</u>
161,266	161,266	153,034	(8,232)
<u>\$ -</u>	<u>\$ -</u>	<u>(26,827)</u>	<u>\$ (26,827)</u>
		<u>152,761</u>	
		<u>\$ 125,934</u>	





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

2014

Comprehensive Annual Financial Report
*for the Fiscal Year ended
June 30, 2014*

Statistical Section

STATISTICAL SECTION

The Statistical Section, which fully incorporates information mandated by Governmental Accounting Standards Board (GASB) Statement No. 44, *Economic Condition Reporting: The Statistical Section*, presents detailed information for the primary government in the following areas, as a context for understanding what the information in the Financial Section says about the County's overall financial health:

FINANCIAL TRENDS – Information to help the reader understand how the County's financial performance and well-being have changed over time.

REVENUE CAPACITY – Information to help the reader assess the County's most significant local revenue sources – the property tax and income tax.

DEBT CAPACITY – Information to help the reader assess the affordability of the County's current levels of outstanding debt and the County's ability to issue additional debt in the future.

DEMOGRAPHIC AND ECONOMIC INFORMATION – Indicators to help the reader understand the environment within which the County's financial activities take place.

OPERATING INFORMATION – Service and infrastructure data to help the reader understand how the information in the County's financial report relates to the services the County provides and the activities it performs.

Many of these tables cover more than two fiscal years and present data from outside the accounting records. Therefore, the Statistical Section is unaudited.

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

	2005	2006	2007	2008	2009
Governmental Activities:					
Net Investment in Capital Assets (2)	\$ 85,784,267	\$ 95,644,000	\$ 103,657,227	\$ 117,831,360	\$ 123,217,989
Restricted	8,418,254	9,842,795	18,012,695	15,376,330	16,582,660
Unrestricted (deficit) (1)	(6,161,281)	7,339,567	(3,740,905)	(15,075,202)	(26,672,299)
Total Governmental Activities Net Position (2)	<u>88,041,240</u>	<u>112,826,362</u>	<u>117,929,017</u>	<u>118,132,488</u>	<u>113,128,350</u>
Business-type Activities:					
Net Investment in Capital Assets (2)	55,612,719	69,672,273	74,463,912	77,237,512	77,146,688
Restricted	7,742,890	11,733,254	19,133,485	18,276,271	19,886,675
Unrestricted	-	-	-	-	-
Total Business-type Activities Net Position (2)	<u>63,355,609</u>	<u>81,405,527</u>	<u>93,597,397</u>	<u>95,513,783</u>	<u>97,033,363</u>
Primary Government:					
Net Investment in Capital Assets (2)	141,396,986	165,316,273	178,121,139	195,068,872	200,364,677
Restricted	16,161,144	21,576,049	37,146,180	33,652,601	36,469,335
Unrestricted (deficit) (1)	(6,161,281)	7,339,567	(3,740,905)	(15,075,202)	(26,672,299)
Total Primary Government Net Position (2)	<u>\$ 151,396,849</u>	<u>\$ 194,231,889</u>	<u>\$ 211,526,414</u>	<u>\$ 213,646,271</u>	<u>\$ 210,161,713</u>

NOTES:

- * Government-wide net position information is reported on the accrual basis of accounting.
- * Accounting standards require that net position be reported in three components in the financial statements: net investment in capital assets, restricted; and unrestricted. Net position is considered restricted when (1) an external party, such as the state or federal government, places a restriction on how the resources may be used, or (2) enabling legislation is enacted by the County.
- * Source: Statement of Net Position, pages 32-33.

(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 positive net position for its governmental activities and for government-wide purposes. Government-wide unrestricted net position would have been:

Unrestricted (deficit) net position reported above	\$ (6,161,281)	\$ 7,339,567	\$ (3,740,905)	\$ (15,075,202)	\$ (26,672,299)
Debt issued for capital on behalf of others	<u>47,345,646</u>	<u>44,460,306</u>	<u>57,496,385</u>	<u>53,758,049</u>	<u>50,291,243</u>
County net position absent the effect of this relationship	<u>\$ 41,184,365</u>	<u>\$ 51,799,873</u>	<u>\$ 53,755,480</u>	<u>\$ 38,682,847</u>	<u>\$ 23,618,944</u>

(2) In fiscal year 2013, the County implemented GASB Statement No. 63, which required the change from the Statement of Net Assets to the Statement of Net Position.

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

(4) FY2013 Net Position of governmental activities was restated in fiscal year 2014.

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

(CONTINUED)

2010	2011	2012	2013	2014
\$ 121,702,025	\$ 118,274,533	\$ 118,564,684	\$ 121,246,426	\$ 127,369,959
22,290,307	22,399,514	5,982,041	15,691,080	17,616,132
(45,795,597)	(61,193,944)	(44,686,543)	(49,687,718)	(54,767,413)
<u>98,196,735</u>	<u>79,480,103</u>	<u>79,860,182</u>	(3) <u>87,249,788</u>	(4) <u>90,218,678</u>
79,032,373	78,069,061	76,763,695	78,693,078	79,783,160
18,180,809	16,821,905	3,513,948	3,176,328	3,110,033
-	-	12,591,302	12,529,594	10,219,525
<u>97,213,182</u>	<u>94,890,966</u>	<u>92,868,945</u>	(3) <u>94,399,000</u>	<u>93,112,718</u>
200,734,398	196,343,594	195,328,379	199,939,504	207,153,119
40,471,116	39,221,419	9,495,989	18,867,408	20,726,165
(45,795,597)	(61,193,944)	(32,095,241)	(37,158,124)	(44,547,888)
<u>\$ 195,409,917</u>	<u>\$ 174,371,069</u>	<u>\$ 172,729,127</u>	(3) <u>\$ 181,648,788</u>	(4) <u>\$ 183,331,396</u>
\$ (45,795,597)	\$ (61,193,944)	\$ (32,095,241)	\$ (37,158,124)	\$ (44,547,888)
57,677,186	72,437,047	68,278,842	63,283,726	67,651,486
<u>\$ 11,881,589</u>	<u>\$ 11,243,103</u>	<u>\$ 36,183,601</u>	(3) <u>\$ 26,125,602</u>	(4) <u>\$ 23,103,598</u>

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

	2005	2006	2007	2008	2009
Expenses					
Governmental Activities:					
General Government	\$ 8,774,831	\$ 9,071,760	\$ 9,854,468	\$ 11,167,743	\$ 13,317,683
Public Safety	14,255,183	17,534,652	19,149,388	20,721,185	23,570,049
Public Works	8,303,570	8,898,010	9,913,917	10,420,547	10,237,718
Health	1,284,216	1,377,717	1,450,866	1,441,143	1,590,004
Social Services	4,786,130	4,420,205	4,474,784	4,978,883	5,617,621
Education	40,377,624	42,303,087	56,118,585	58,034,317	53,296,238
Parks & Recreation (3)	2,385,014	2,562,890	3,158,455	3,330,087	5,060,018
Library	1,073,222	1,168,232	1,266,183	1,270,718	1,414,008
Conservation of Natural Resources	591,986	478,426	497,926	2,172,443	2,473,308
Economic/Community Development	1,546,516	1,575,099	3,258,876	3,527,908	2,197,116
Interest and Fiscal Charges	2,288,442	2,508,070	2,864,493	3,033,416	2,831,002
Total Governmental Activities Expenses	85,666,734	91,898,148	112,007,941	120,098,390	121,604,765
Business-type Activities:					
Water and Sewer	6,974,968	7,127,140	7,802,798	9,621,784	10,689,782
Golf Course (4)	2,524,904	2,509,783	3,273,986	2,179,157	2,178,163
Public Landings and Marinas (5)	-	-	57,372	27,344	38,050
Airport	529,755	713,896	674,337	812,067	879,906
Total Business-type Activities Expenses	10,029,627	10,350,819	11,808,493	12,640,352	13,785,901
Total Primary Government Expenses	95,696,361	102,248,967	123,816,434	132,738,742	135,390,666
Program Revenues					
Governmental Activities:					
General Government					
Charges for Services	1,124,756	1,139,531	1,127,737	1,047,371	1,055,945
Operating Grants and Contributions	312,136	454,948	377,412	295,898	403,018
Capital Grants and Contributions	22,747	60,000	5,000	757,975	5,567
Total Revenue	1,459,639	1,654,479	1,510,149	2,101,244	1,464,530
Public Safety					
Charges for Services	968,857	1,595,738	1,642,258	3,167,090	1,394,463
Operating Grants and Contributions	1,443,474	1,743,073	1,255,307	1,254,611	1,266,869
Capital Grants and Contributions	271,867	456,993	272,497	1,171	273,176
Total Revenue	2,684,198	3,795,804	3,170,062	4,422,872	2,934,508
Public Works					
Charges for Services	1,666,335	1,189,117	871,962	1,014,600	714,765
Operating Grants and Contributions	4,130,984	3,710,398	5,572,760	6,304,965	7,566,648
Capital Grants and Contributions	461,499	57,000	1,838,101	544,610	298,500
Total Revenue	6,258,818	4,956,515	8,282,823	7,864,175	8,579,913
Health					
Operating Grants and Contributions	-	150,966	-	-	-
Social Services					
Charges for Services	162,958	58,467	73,497	64,041	68,386
Operating Grants and Contributions	3,035,511	2,550,840	2,589,967	2,911,796	2,928,291
Capital Grants and Contributions	24,388	-	172,732	613,804	348,124
Total Revenue	3,222,857	2,609,307	2,836,196	3,589,641	3,344,801
Education					
Charges for Services	917,387	1,696,657	963,216	1,011,013	740,213
Operating Grants and Contributions	-	18,000	-	-	8,050
Capital Grants and Contributions	-	-	-	-	161,673
Total Revenue	917,387	1,714,657	963,216	1,011,013	909,936
Parks & Recreation					
Charges for Services	21,724	68,051	158,447	302,195	240,954
Operating Grants and Contributions	-	42,690	58,485	72,659	509
Capital Grants and Contributions	297,537	5,998,982	4,363,393	5,666,226	1,087,329
Total Revenue	319,261	6,109,723	4,580,325	6,041,080	1,328,792
Conservation of Natural Resources					
Charges for Services	150,052	119,580	100,488	88,534	97,481
Operating Grants and Contributions	371,960	680,396	597,613	322,718	55,847
Capital Grants and Contributions	28,535	-	-	-	691,085
Total Revenue	550,547	799,976	698,101	411,252	844,413
Economic/Community Development					
Charges for Services	23,728	11,086	4,083	5,249	4,786
Operating Grants and Contributions	247,404	121,497	120,254	163,245	641,305
Capital Grants and Contributions	-	-	-	-	-
Total Revenue	271,132	132,583	124,337	168,494	646,091
Total Governmental Activities Program Revenues	15,683,839	21,924,010	22,165,209	25,609,771	20,052,984

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

(CONTINUED)

	2010	2011	2012	2013	2014
\$	14,089,387	\$ 15,968,633	\$ 13,421,531	\$ 13,639,728	\$ 14,133,149
	25,361,341	25,413,678	25,469,721	26,174,144	26,666,211
	9,432,489	9,098,949	10,373,286	11,891,013	12,365,647
	1,663,321	1,701,677	1,642,723	1,812,920	2,083,201
	5,554,667	5,001,240	4,526,166	5,560,196	5,040,139
	53,491,659	57,506,341	53,693,309	49,459,783	54,882,430
	3,618,427	3,090,228	-	-	-
	1,473,689	1,457,336	1,302,163	1,304,076	1,336,098
	5,281,372	3,811,748	2,802,337	838,775	2,395,762
	2,001,306	1,893,570	887,837	1,108,912	1,528,035
	3,510,678	4,078,105	4,196,072	4,042,236	3,987,943
	125,478,336	129,021,505	118,315,145	115,831,783	124,418,615
	10,610,705	10,905,989	10,711,211	11,783,515	11,059,306
	2,789,901	4,099,507	2,269,933	538,420	515,325
	96,739	67,395	110,884	535,837	544,945
	1,017,780	1,167,655	1,457,087	913,845	807,226
	14,515,125	16,240,546	14,549,115	13,771,617	12,926,802
	139,993,461	145,262,051	132,864,260	129,603,400	137,345,417
	1,261,230	1,086,641	1,081,808	1,272,807	1,500,273
	546,176	694,347	742,205	697,712	606,649
	44,743	118,100	116,710	135,032	589,988
	1,852,149	1,899,088	1,940,723	2,105,551	2,696,910
	1,263,212	1,090,545	1,320,647	1,387,591	1,286,945
	1,891,120	1,461,080	1,113,018	1,328,493	1,081,577
	303,566	82,885	191,223	249,594	282,139
	3,457,898	2,634,510	2,624,888	2,965,678	2,650,661
	791,796	872,352	1,107,426	1,636,604	1,425,012
	632,923	546,719	488,027	624,653	712,550
	264,078	901,289	541,887	1,687,783	2,221,299
	1,688,797	2,320,360	2,137,340	3,949,040	4,358,861
	-	-	-	-	-
	67,423	69,382	71,655	71,973	65,537
	2,666,917	2,050,062	2,076,096	2,613,905	2,026,675
	2,688,245	215,748	18,691	51,023	67,392
	5,422,585	2,335,192	2,166,442	2,736,901	2,159,604
	852,201	755,443	1,169,425	1,052,691	1,721,379
	433,000	-	-	-	-
	-	-	-	-	-
	1,285,201	755,443	1,169,425	1,052,691	1,721,379
	177,568	187,901	-	-	-
	123,336	1,868	-	-	-
	631,504	199,698	-	-	-
	932,408	389,467	-	-	-
	101,019	75,354	98,593	63,105	73,279
	93,002	1,006,138	36,872	400,193	103,892
	4,191,024	1,923,471	998,757	-	75,820
	4,385,045	3,004,963	1,134,222	463,298	252,991
	-	4,236	159,492	234,100	508,000
	-	239,893	245,143	176,216	255,100
	-	110,561	81,867	575,440	(69,569)
	-	354,690	486,502	985,756	693,531
	19,024,083	13,693,713	11,659,542	14,258,915	14,533,937

CONTINUED

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

(CONTINUED)

	2005	2006	2007	2008	2009
Business-type Activities:					
Water and Sewer					
Charges for Services	\$ 6,704,817	\$ 8,057,402	\$ 12,169,440	\$ 8,014,366	\$ 7,695,100
Operating Grants and Contributions	541,052	-	-	-	-
Capital Grants and Contributions	994,303	12,576,490	5,015,603	2,584,371	682,935
Total Revenue	8,240,172	20,633,892	17,185,043	10,598,737	8,378,035
Golf Course (4)					
Charges for Services	1,099,161	1,576,001	1,581,030	1,459,725	1,526,244
Operating Grants and Contributions	330,204	387,270	1,279,648	55,953	45,824
Capital Grants and Contributions	4,000	469,624	144,844	95,890	69,068
Total Revenue	1,433,365	2,432,895	3,005,522	1,611,568	1,641,136
Public Landings and Marinas (5)					
Charges for Services	-	-	108,100	105,900	100,250
Operating Grants and Contributions	-	-	92,348	3,710	-
Capital Grants and Contributions	-	-	-	-	-
Total Revenue	-	-	200,448	109,610	100,250
Airport					
Charges for Services	182,092	23,661	32,683	46,960	34,907
Operating Grants and Contributions	-	4,448	1,112	-	-
Capital Grants and Contributions	69,595	6,368,327	667,166	382,945	289,112
Total Revenue	251,687	6,396,436	700,961	429,905	324,019
Total Business-type Activities Program Revenues	9,925,224	29,463,223	21,091,974	12,749,820	10,443,440
Total Primary Government Program Revenues	25,609,063	51,387,233	43,257,183	38,359,591	30,496,424
Net (Expense) Revenue (1)					
Governmental activities	(69,982,895)	(69,974,138)	(89,842,732)	(94,488,619)	(101,551,781)
Business-type activities	(104,403)	19,112,404	9,283,481	109,468	(3,342,461)
Total Primary Government Net Expense	\$ (70,087,298)	\$ (50,861,734)	\$ (80,559,251)	\$ (94,379,151)	\$ (104,894,242)
General Revenues and Other Changes in Net Position					
Governmental Activities:					
Taxes (2)	\$ 80,932,258	\$ 87,157,631	\$ 90,910,849	\$ 91,853,216	\$ 95,530,316
Grants and Contributions Not Restricted to Specific Programs	88,750	-	-	-	-
Investment income	682,682	1,738,114	3,162,830	2,128,509	642,472
Gain on Sale of Capital Assets	-	2,983,087	13,605	-	1,540,404
Miscellaneous	1,063,336	997,032	1,928,398	721,946	2,182,525
Transfers In (Out)	(3,055,362)	2,396,851	(1,070,297)	(11,581)	(3,348,074)
Extraordinary Loss	-	(477,707)	-	-	-
Total Governmental Activities	79,711,664	94,795,008	94,945,385	94,692,090	96,547,643
Business-type Activities:					
Investment income	634,413	771,883	956,687	875,509	595,279
Gain on Sale of Capital Assets	-	-	4,691	-	-
Miscellaneous	772,083	562,482	876,714	919,828	918,688
Transfers In (Out)	3,055,362	(2,396,851)	1,070,297	11,581	3,348,074
Special items - (Loss)	(953,385)	-	-	-	-
Total Business-type Activities	3,508,473	(1,062,486)	2,908,389	1,806,918	4,862,041
Total Primary Government	83,220,137	93,732,522	97,853,774	96,499,008	101,409,684
Change in Net Position (6)					
Governmental activities	9,728,769	24,820,870	5,102,653	203,471	(5,004,138)
Business-type activities	3,404,070	18,049,918	12,191,870	1,916,386	1,519,580
Total Primary Government	\$ 13,132,839	\$ 42,870,788	\$ 17,294,523	\$ 2,119,857	\$ (3,484,558)

NOTES:

* Government-wide net position information is reported on the accrual basis of accounting.
* Source: Statement of Activities, pages 34-35.

- (1) Net (expense)/revenue is the difference between the expenses and program revenues of a function or program. It indicates the degree to which a function or program is supported with its own fees and program-specific grants versus its reliance upon funding from taxes and general revenues. Numbers in parentheses indicate that expenses were greater than program revenues and therefore general revenues were needed to finance that function or program. Numbers without parentheses mean that program revenues were more than sufficient to cover expenses.
- (2) See Table 2-b for detail of General Tax Revenues.
- (3) Beginning in FY12, Parks & Recreation governmental activities are included in public works.
- (4) Prior to FY13, this section included data for the Golf Course, Recreation Programs, Public Landings, and Property Management Funds. Beginning in FY13, this section only includes Golf Course Fund data.
- (5) Prior to FY13, this section only included data for the Public Marinas Funds. Beginning in FY13, this section includes data for both Public Marinas and Public Landings, as these funds were combined to form one fund.
- (6) In fiscal year 2013, the County implemented GASB Statement No. 63, which required the change from the Statement of Net Assets to the Statement of Net Position.

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

(CONTINUED)

2010	2011	2012	2013	2014
\$ 8,224,428	\$ 8,192,471	\$ 7,977,667	\$ 8,181,434	\$ 8,341,848
98,492	-	55,728	161,600	90,000
208,115	837,426	347,573	2,048,768	665,268
<u>8,531,035</u>	<u>9,029,897</u>	<u>8,380,968</u>	<u>10,391,802</u>	<u>9,097,116</u>
1,633,203	1,568,227	1,501,550	313,364	297,293
41,838	39,572	52,915	-	-
289,895	196,487	28,680	-	-
<u>1,964,936</u>	<u>1,804,286</u>	<u>1,583,145</u>	<u>313,364</u>	<u>297,293</u>
62,600	84,987	102,290	440,270	423,478
29,017	16,241	14,183	42,914	36,439
545,123	588,326	78,314	18,692	-
<u>636,740</u>	<u>689,554</u>	<u>194,787</u>	<u>501,876</u>	<u>459,917</u>
50,585	37,955	58,589	48,072	49,061
33,922	3,715	47,412	2,621	2,420
1,519,810	448,600	693,162	2,472,782	7,457
<u>1,604,317</u>	<u>490,270</u>	<u>799,163</u>	<u>2,523,475</u>	<u>58,938</u>
12,737,028	12,014,007	10,958,063	13,730,517	9,913,264
<u>31,761,111</u>	<u>25,707,720</u>	<u>22,617,605</u>	<u>27,989,432</u>	<u>24,447,201</u>
(106,454,253)	(115,327,792)	(106,655,603)	(101,572,868)	(109,884,678)
(1,778,097)	(4,226,539)	(3,591,052)	(41,100)	(3,013,538)
<u>\$ (108,232,350)</u>	<u>\$ (119,554,331)</u>	<u>\$ (110,246,655)</u>	<u>\$ (101,613,968)</u>	<u>\$ (112,898,216)</u>
\$ 90,469,883	\$ 96,093,533	\$ 105,693,926	\$ 107,978,036	\$ 112,123,625
-	-	-	-	-
144,553	136,523	126,650	107,095	95,286
26,731	281,158	27,627	163,426	346,765
786,719	711,868	1,254,255	1,051,760	877,629
(559,331)	(611,922)	(605,996)	(337,843)	(589,737)
-	-	-	-	-
<u>90,868,555</u>	<u>96,611,160</u>	<u>106,496,462</u>	<u>108,962,474</u>	<u>112,853,568</u>
436,045	407,629	374,665	356,374	343,568
-	-	-	-	-
962,540	884,772	1,127,590	855,504	793,951
559,331	611,922	605,996	359,277	589,737
-	-	-	-	-
<u>1,957,916</u>	<u>1,904,323</u>	<u>2,108,251</u>	<u>1,571,155</u>	<u>1,727,256</u>
92,826,471	98,515,483	108,604,713	110,533,629	114,580,824
(15,585,698)	(18,716,632)	(159,141)	7,389,606	2,968,890
179,819	(2,322,216)	(1,482,801)	1,530,055	(1,286,282)
<u>\$ (15,405,879)</u>	<u>\$ (21,038,848)</u>	<u>\$ (1,641,942)</u>	<u>\$ 8,919,661</u>	<u>\$ 1,682,608</u>

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

	2005	2006	2007	2008	2009
Local Property Taxes	\$ 42,121,614	\$ 44,688,709	\$ 46,185,050	\$ 50,021,587	\$ 55,362,114
Local Income Tax	29,957,555	31,959,096	35,346,494	35,700,111	34,834,937
Other Local Taxes	8,853,089	10,509,826	9,379,305	6,131,518	5,333,265
Total Taxes - Governmental Activities	<u>\$ 80,932,258</u>	<u>\$ 87,157,631</u>	<u>\$ 90,910,849</u>	<u>\$ 91,853,216</u>	<u>\$ 95,530,316</u>

	2010	2011	2012	2013	2014
Local Property Taxes	\$ 59,267,240	\$ 60,070,368	\$ 65,937,415	\$ 65,591,225	\$ 64,712,683
Local Income Tax	25,715,247	30,624,679	34,028,234	35,769,303	40,899,804
Other Local Taxes	5,487,396	5,398,486	5,728,277	6,617,508	6,511,138
Total Taxes - Governmental Activities	<u>\$ 90,469,883</u>	<u>\$ 96,093,533</u>	<u>\$ 105,693,926</u>	<u>\$ 107,978,036</u>	<u>\$ 112,123,625</u>

NOTES:

* Government-wide general tax revenue information is reported on the accrual basis of accounting.

* Source: Statement of Activities, pages 34-35.

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

Table 3

	2005	2006	2007	2008	2009
General Fund:					
Reserved	\$ 5,705,316	\$ 6,169,255	\$ 7,140,303	\$ 8,948,231	\$ 8,643,600
Unreserved	4,104,926	14,944,399	15,302,827	3,972,847	6,381,843
Total General Fund	9,810,242	21,113,654	22,443,130	12,921,078	15,025,443
All Other Governmental Funds:					
Reserved	15,075,521	13,751,478	20,060,988	16,706,954	17,007,368
Unreserved, reported in:					
Capital Projects Fund	11,706,521	13,579,649	17,618,012	14,409,216	1,723,066
Special Revenue Funds	3,156,479	2,810,027	3,019,522	2,185,304	2,751,120
Total All Other Governmental Funds	29,938,521	30,141,154	40,698,522	33,301,474	21,481,554
Total All Governmental Funds	\$ 39,748,763	\$ 51,254,808	\$ 63,141,652	\$ 46,222,552	\$ 36,506,997
General Fund:					
Reserved	\$ 7,734,692	\$ -	\$ -	\$ -	\$ -
Unreserved	6,296,418	-	-	-	-
Nonspendable (1)	-	4,000	555,215	626,122	480,385
Restricted (1)	-	333,798	340,670	8,111,614	8,375,368
Committed (1)	-	657,068	695,944	-	1,157,360
Assigned (1)	-	70,000	-	1,284,657	1,284,875
Unassigned (1)	-	4,753,656	11,207,265	5,965,003	7,123,519
Total General Fund	14,031,110	5,818,522	12,799,094	15,987,396	18,421,507
All Other Governmental Funds:					
Reserved	15,153,381	-	-	-	-
Unreserved, reported in:					
Capital Projects Funds	12,538,916	-	-	-	-
Special Revenue Funds	7,842,939	-	-	-	-
Nonspendable (1)	-	4,401,483	5,136,024	5,406,512	5,470,608
Restricted (1)	-	22,065,716	12,255,292	12,724,859	21,824,970
Committed (1)	-	1,820,818	2,054,749	3,480,382	4,097,033
Assigned (1)	-	14,745,215	18,654,017	24,665,235	25,939,319
Unassigned (1)	-	(172,381)	(157,828)	(135,515)	(115,800)
Total All Other Governmental Funds	35,535,236	42,860,851	37,942,254	46,141,473	57,216,130
Total All Governmental Funds	\$ 49,566,346	\$ 48,679,373	\$ 50,741,348	\$ 62,128,869	\$ 75,637,637

NOTES:

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

* Source: Balance Sheet, page 36.

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

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

	2005	2006	2007	2008	2009
Revenues					
Taxes					
Local Property Taxes	\$ 42,191,297	\$ 44,657,603	\$ 46,208,342	\$ 50,007,054	\$ 55,374,053
Local Income Taxes	28,237,534	31,633,987	34,980,663	34,767,725	35,988,334
Other Local Taxes	8,853,089	10,509,826	9,379,305	6,131,518	5,333,265
State Shared Taxes	4,528,046	4,233,139	5,125,419	5,306,763	7,591,829
Licenses and Permits	829,784	824,917	895,931	890,821	874,639
Intergovernmental	6,049,496	11,476,325	10,661,130	12,199,511	8,049,695
Bond Interest Reimbursement - Build America Bond	-	-	-	-	-
Charges for Current Services	3,394,626	4,864,374	3,806,563	4,049,902	3,326,696
Fines and Forfeitures	48,654	77,008	239,194	1,759,370	115,658
Investment Income	907,275	1,738,139	3,162,830	2,128,509	642,472
Donations	104,093	98,610	74,694	247,002	76,867
Miscellaneous	1,567,883	1,346,669	1,853,706	719,067	2,182,525
Total Revenues	96,711,777	111,460,597	116,387,777	118,207,242	119,556,033
Expenditures					
Current					
General Government (1)	8,933,985	9,516,299	8,772,229	10,128,699	10,841,479
Public Safety	13,199,057	16,356,949	17,918,740	19,292,661	20,483,238
Public Works	9,055,472	9,168,186	9,167,362	9,182,618	8,678,715
Health	1,261,488	1,355,057	1,428,395	1,430,670	1,572,848
Social Services	4,367,736	4,294,781	4,260,927	4,747,491	5,029,493
Education	40,421,109	42,346,958	56,163,966	58,086,283	53,348,513
Parks and Recreation	2,481,296	9,096,593	2,809,748	3,083,038	3,145,367
Library	1,049,612	1,144,622	1,242,573	1,247,108	1,390,398
Conservation of Natural Resources	578,426	508,606	483,810	2,177,820	2,445,352
Economic/Community Development	1,552,689	1,558,978	3,188,316	3,513,153	1,968,587
Miscellaneous	-	-	915,542	731,771	706,792
Capital Outlay	1,280,650	1,049,361	14,291,416	13,676,569	8,594,972
Debt Service					
Principal	5,928,559	3,677,307	3,795,769	4,888,405	5,089,347
Debt Issuance Costs	-	-	236,899	3,972	(423)
Interest and Fiscal Charges	2,555,411	2,569,650	2,257,928	3,147,529	2,778,490
Total Expenditures	92,665,490	102,643,347	126,933,620	135,337,787	126,073,168
Excess (Deficiency) of Revenues over (under) Expenditures	4,046,287	8,817,250	(10,545,843)	(17,130,545)	(6,517,135)
Other Financing Sources (Uses)					
Issuance of Debt	30,026,336	-	23,219,790	510,617	122,780
Re-allocation of 2006 Bonds	-	-	-	(345,955)	-
Bond Premiums	1,069,864	-	236,899	3,972	(423)
Payments to Bond Refunding Agent	-	-	-	-	-
Bond Issuance Costs	(159,647)	-	-	-	-
Proceeds of Capital Asset Disposals	154,787	1,176,860	88,535	45,494	64,089
Insurance Proceeds	-	-	-	8,898	44,907
Capital Contributions - Developer	88,750	-	-	-	-
Transfers In	10,661,440	8,578,135	13,131,736	17,014,307	5,449,499
Transfers Out	(13,716,802)	(6,181,284)	(14,202,033)	(17,025,888)	(8,879,272)
Defeasance of debt	(30,722,375)	-	-	-	-
Total Other Financing Sources (Uses)	(2,597,647)	3,573,711	22,474,927	211,445	(3,198,420)
Special and Extraordinary Items					
Special Item	-	-	-	-	-
Extraordinary Gains (Losses)	-	(477,707)	(42,242)	-	-
Total Special Items and Extraordinary Gains (Losses)	-	(477,707)	(42,242)	-	-
Net Increase (Decrease) in Fund Balances	\$ 1,448,640	\$ 11,913,254	\$ 11,886,842	\$ (16,919,100)	\$ (9,715,555)
Debt service as a percentage of non-capital expenditures (2, 3)	9.49%	6.73%	5.38%	6.61%	6.79%

NOTES:

- * Governmental fund information is reported on the modified accrual basis of accounting.
- * Source: Statement of Revenues, Expenditures and Changes in Fund Balances, page 38, and the Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities, pages 40-41.
- (1) For all fiscal years, "General Government" includes amounts previously classified as "Miscellaneous," "Intergovernmental" and/or "Contingency."
- (2) Only the principal and interest components of debt service expenditures are included in the calculation of the ratio of total debt service expenditures to noncapital expenditures.
- (3) Noncapital expenditures represents Total Expenditures above, less the Net Increase in Capital Assets from the Reconciliation between the Government-Wide Statement of Activities and the Statement of Revenues, Expenditures, and Changes in Fund Balance. Only the assets acquired (not included assets transferred or donated) from the reconciliation are used in the calculation.

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

(CONTINUED)

	2010	2011	2012	2013	2014
\$	59,242,742	\$ 60,097,959	\$ 65,918,832	\$ 65,554,079	\$ 64,701,622
	29,647,125	29,527,496	35,969,879	39,438,906	40,326,921
	5,487,396	5,398,486	5,728,277	6,617,508	6,511,137
	508,138	230,401	306,235	510,726	749,366
	863,782	919,663	877,365	1,004,774	1,080,891
	12,061,066	8,777,729	5,867,211	7,588,691	5,588,984
	193,567	438,022	432,212	406,337	383,777
	3,396,080	3,143,846	3,908,998	4,594,240	5,357,919
	258,937	78,345	222,683	119,857	141,615
	144,553	136,523	126,650	107,095	95,286
	140,731	109,342	46,332	36,332	39,055
	786,719	708,455	1,254,255	1,051,760	877,629
	112,730,836	109,566,267	120,658,929	127,030,305	125,854,202
	10,608,976	10,397,457	9,171,830	9,282,310	10,649,489
	21,344,575	21,127,321	20,985,077	21,275,229	22,266,458
	7,671,352	7,277,767	7,733,226	9,615,805	9,967,363
	1,637,101	1,670,222	1,604,462	1,811,402	2,030,740
	4,767,647	4,098,650	3,533,022	4,051,741	3,474,886
	53,545,597	57,566,865	53,755,497	48,418,107	59,752,944
	3,055,335	2,521,175	-	-	-
	1,424,078	1,433,725	1,277,993	1,278,228	1,310,250
	5,263,577	3,872,916	2,794,262	890,480	2,363,254
	1,847,195	1,715,524	758,089	898,129	1,306,516
	1,373,090	4,699,452	3,704,702	4,862,189	3,202,417
	7,868,741	4,838,581	2,755,949	3,370,909	8,669,375
	4,948,144	6,964,558	7,095,307	7,069,406	7,210,561
	145,884	129,671	162,021	(94)	196,870
	3,114,505	3,629,426	4,116,939	3,675,628	3,501,230
	128,615,797	131,943,310	119,448,376	116,499,469	135,902,353
	(15,884,961)	(22,377,043)	1,210,553	10,530,836	(10,048,151)
	29,299,154	21,897,570	8,010,000	564,068	22,405,542
	-	-	-	-	-
	157,800	139,136	713,235	(101)	1,118,097
	-	-	(8,557,455)	-	-
	-	-	-	-	-
	30,861	582,601	47,396	308,856	458,759
	15,826	99,028	11,631	20,070	61,942
	-	-	-	-	102,316
	18,184,911	5,386,256	9,635,881	10,851,904	5,861,261
	(18,744,242)	(6,614,521)	(10,369,909)	(11,228,409)	(6,450,998)
	-	-	-	-	-
	28,944,310	21,490,070	(509,221)	516,388	23,556,919
	-	-	1,360,643	-	-
	-	-	-	-	-
	-	-	1,360,643	-	-
\$	13,059,349	\$ (886,973)	\$ 2,061,975	\$ 11,047,224	\$ 13,508,768
	6.69%	8.34%	9.66%	9.54%	8.44%



The “church on the hill,” or St. Luke’s Episcopal Church, in Church Hill, is one of the oldest intact brick churches in the state having been built in 1732 at a cost of 140,000 pounds of tobacco.

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

Table 5

Fiscal Year	Real Property (2)			Total Direct Tax Rate (3)	Personal Property	Total	Exempt Property	Total
	Commercial Assessed Value	Residential (1) Assessed Value	Total Assessed Value		Public Utility Assessed Value (2) (4)	Taxable Assessed Value		Taxable and Exempt Property
2005	\$ 849,272,884	\$ 3,690,010,496	\$ 4,539,283,380	\$ 0.9260	\$ 57,382,490	\$ 4,596,665,870	\$ 330,840,259	\$ 4,927,506,129
2006	950,694,704	4,051,000,772	5,001,695,476	0.8700	59,360,390	5,061,055,866	369,542,935	5,430,598,801
2007	1,104,093,458	4,526,502,291	5,630,595,749	0.8000	63,168,480	5,693,764,229	419,303,486	6,113,067,715
2008	1,291,356,759	5,045,464,776	6,336,821,535	0.7700	61,729,010	6,398,550,545	474,798,401	6,873,348,946
2009	1,503,024,419	5,518,534,961	7,021,559,380	0.7700	61,513,370	7,083,072,750	547,163,868	7,630,236,618
2010	1,606,785,131	5,911,287,556	7,518,072,687	0.7700	62,858,590	7,580,931,277	596,219,654	8,177,150,931
2011	1,625,886,760	6,054,844,995	7,680,731,755	0.7671	59,364,960	7,740,096,715	644,654,739	8,384,751,454
2012	1,485,091,345	6,139,645,414	7,624,736,759	0.8471	60,635,440	7,685,372,199	694,372,116	8,379,744,315
2013	1,567,115,297	5,990,170,828	7,557,286,125	0.8471	63,194,130	7,620,480,255	732,300,804	8,352,781,059
2014	1,540,562,905	5,935,284,963	7,475,847,868	0.8471	64,411,900	7,540,259,768	696,880,673	8,237,140,441

NOTES:

* Tax exempt property is included for purposes of calculating total assessed value, which is used on Table 12-a.

- (1) Residential real property includes single-family homes, townhouses, condominiums, and apartment dwellings. The assessed value shown above has been reduced for the Homestead Credit assessment.
- (2) Real property and personal property assessments are done every three years and every year, respectively, by the State Department of Assessments and Taxation at 100% of estimated fair value.
- (3) See Table 6-a for real property direct tax rates. Tax Rates are applied per \$100 of assessed value.
- (4) The personal property tax rate for Queen Anne's County is zero.

Source: State of Maryland, Department of Assessments and Taxation.

**QUEEN ANNE'S COUNTY, MARYLAND
REVENUE CAPACITY
REAL PROPERTY TAX RATES - COUNTY DIRECT RATE
LAST TEN FISCAL YEARS
Table 6-a**

Fiscal Year	County Direct Rate (1)
2005	\$ 0.9260
2006	0.8700
2007	0.8000
2008	0.7700
2009	0.7700
2010	0.7700
2011	0.7671
2012	0.8471
2013	0.8471
2014	0.8471

NOTES:

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

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

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

Fiscal Year	Kent Narrows Commercial Management and Waterfront Improvement District
2005	\$ 0.0600
2006	0.0600
2007	0.0600
2008	0.0600
2009	0.0600
2010	0.0600
2011	0.0600
2012	0.0600
2013	0.0600
2014	0.0600

NOTES:

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

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

Fiscal Year	Town of Centreville	Town of Barclay	Town of Church Hill	Town of Millington	Town of Queen Anne
2005	\$ 0.4800	\$ 0.1000	\$ 0.3400	\$ 0.2800	\$ 0.1800
2006	0.4800	0.1000	0.3400	0.2800	0.1800
2007	0.4700	0.1000	0.3400	0.2800	0.1800
2008	0.4300	0.1000	0.3400	0.2800	0.1800
2009	0.3950	0.1000	0.3400	0.2800	0.1800
2010	0.3800	0.1000	0.3400	0.2800	0.1800
2011	0.3800	0.1000	0.3400	0.2800	0.1800
2012	0.3800	0.2000	0.3400	0.2800	0.1800
2013	0.3800	0.2000	0.3400	0.2800	0.1800
2014	0.3800	0.2000	0.3400	0.2800	0.1800

NOTES:

- * Tax rates are per \$100 of assessed value.
- * The personal property tax rate for Queen Anne's County is zero.
- * Taxes collected by the County for other fiscal units, including overlapping governments, are remitted based on actual collections.

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

(CONTINUED)

	Town of Queenstown	Town of Sudlersville	Town of Templeville
\$	0.2000	\$ 0.1670	\$ 0.1330
	0.2000	0.1670	0.1220
	0.2000	0.1670	0.2520
	0.2000	0.1670	0.2520
	0.2000	0.1670	0.3600
	0.1810	0.1670	0.3600
	0.1904	0.1670	0.3600
	0.1890	0.1670	0.3600
	0.1890	0.1670	0.3600
	0.1890	0.1670	0.3600

**QUEEN ANNE'S COUNTY, MARYLAND
REVENUE CAPACITY
TEN HIGHEST COMMERCIAL PROPERTY TAXPAYERS
CURRENT FISCAL YEAR AND NINE YEARS AGO
Table 7**

For the Fiscal Year Ended June 30, 2014		
	Assessable Base	Ratio: Taxpayer Base to Total Assessable Base
Second Horizon Group Limited Partnership	\$ 57,653,434	0.76 %
KRM Development Corporation	35,775,300	0.47
Great American Life Insurance Company	15,721,000	0.21
Beach Harbor Campers Cooperative Inc	12,582,700	0.17
White's Heritage LLC	11,752,939	0.16
K Hovnanian at Kent Island LLC	11,500,000	0.15
Mears Point Association	10,783,567	0.14
TC Shopping Center Limited Partners	10,288,967	0.14
Anne Arundel Real Estate Holding Co	10,000,967	0.13
Shore Health System Inc	9,975,900	0.13
Total	<u>\$ 186,034,774</u>	<u>2.46 %</u>
Total Assessable Base	<u>\$ 7,540,259,768</u>	<u>100.00 %</u>

For the Fiscal Year Ended June 30, 2005		
	Assessable Base	Ratio: Taxpayer Base to Total Assessable Base
Second Horizon Group Limited Partnership	\$ 30,385,633	0.66 %
KRM Development	17,165,132	0.37
Mears Point Association	8,200,843	0.18
Washington Brick & Terra Cotta Company	8,046,470	0.18
213 Centreville LLC	7,895,366	0.17
Great American Insurance	7,814,632	0.17
Pasquale Didonato	7,495,602	0.16
Beach Harbor Campground	7,069,910	0.15
TC Shopping Center	6,742,594	0.15
Morgan O'Brien	6,600,852	0.14
Total	<u>\$ 107,417,034</u>	<u>2.33 %</u>
Total Assessable Base	<u>\$ 4,596,665,870</u>	<u>100.00 %</u>

Source: State of Maryland Department of Assessments and Taxation

QUEEN ANNE'S COUNTY, MARYLAND
REVENUE CAPACITY
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS
Table 8

Fiscal Year	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Original Levy		Amount	Percentage of Original Levy
2005	\$ 40,608,914	\$ 40,542,167	99.84%	\$ 66,967	\$ 40,609,134	100.00%
2006	43,208,732	43,107,941	99.77%	100,791	43,208,732	100.00%
2007	44,500,414	44,401,745	99.78%	98,669	44,500,414	100.00%
2008	48,575,431	48,505,180	99.86%	70,251	48,575,431	100.00%
2009	53,839,023	53,756,369	99.85%	80,516	53,836,885	100.00%
2010	57,788,231	57,720,564	99.88%	64,349	57,784,913	99.99%
2011	58,758,234	58,696,129	99.89%	58,024	58,754,153	99.99%
2012	64,549,671	64,459,862	99.86%	78,205	64,538,067	99.98%
2013	63,904,147	63,596,067	99.52%	44,944	63,641,011	99.59%
2014	63,184,321	62,834,349	99.45%	-	62,834,349	99.45%

NOTES:

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

QUEEN ANNE'S COUNTY, MARYLAND
DEBT CAPACITY
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS

Table 9

Governmental Activities					Ratios		
Fiscal Year	General Obligation Bonds	Notes Payable	Capital Leases	Total Governmental Activities	Total Primary Government	Debt to Total Personal Income (1)	Outstanding Debt per Capita (1)
2005	\$ 59,257,383	\$ 684,000	\$ -	\$ 59,941,383	\$ 70,427,860	4.40%	\$ 1,586
2006	55,564,104	622,500	-	56,186,604	75,501,349	6.77%	1,661
2007	74,717,649	561,000	248,460	75,527,109	102,474,842	5.50%	2,216
2008	69,637,468	822,617	202,978	70,663,063	95,669,054	4.76%	1,998
2009	64,411,805	913,183	155,482	65,480,470	88,563,993	4.19%	1,881
2010	87,967,432	1,652,082	105,884	89,725,398	111,337,131	6.47%	2,289
2011	102,791,729	1,070,632	54,089	103,916,450	124,067,449	7.20%	2,590
2012	97,127,263	889,256	-	98,016,519	116,192,021	6.95%	2,431
2013	90,092,100	1,146,755	-	91,238,855	107,497,099	6.12%	2,210
2014	107,883,563	958,156	-	108,841,719	123,479,930	6.97%	2,538

NOTES:

(1) See Table 14 for personal income and population data, which are used in calculating these ratios.

QUEEN ANNE'S COUNTY, MARYLAND
DEBT CAPACITY
RATIOS OF GENERAL BONDED DEBT OUTSTANDING
LAST TEN FISCAL YEARS

Table 10

Fiscal Year	General Bonded Debt (1)	Percentage of Total Taxable Assessable Base (2)	Per Capita (3)
2005	\$ 64,400,085	1.40%	\$ 1,451
2006	60,298,268	1.19%	1,327
2007	79,148,466	1.39%	1,712
2008	73,585,383	1.15%	1,537
2009	67,870,465	0.96%	1,441
2010	91,412,798	1.21%	1,879
2011	106,250,557	1.37%	2,218
2012	100,063,806	1.30%	2,093
2013	92,582,575	1.21%	1,903
2014	109,937,299	1.46%	2,260

NOTES:

* General Bonded Debt includes all general obligation debt, regardless of purpose or repayment source, and other bonded debt financed with general government resources. Other debt is excluded because it is not in the form of bonds.

(1) General Bonded Debt is comprised of both governmental and business-type activities from Table 9.

(2) See Table 5 for taxable assessable base.

(3) See Table 14 for population data.



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

QUEEN ANNE'S COUNTY, MARYLAND
DEBT CAPACITY
COMPUTATION OF NET DIRECT AND OVERLAPPING DEBT
AS OF JUNE 30, 2014
Table 11

Name of Jurisdiction	Gross Debt
Queen Anne's County:	
County Government	
Total Net Direct Debt (1)	<u>\$ 108,841,719</u>
Towns: (2)	
Centreville (100%)	12,455,456
Millington (100%)	1,268,005
Queenstown (100%)	300,640
Sudlersville (100%)	<u>2,718,681</u>
Total Net Overlapping Debt	<u>16,742,782</u>
Total Net Direct and Overlapping Debt	<u>\$ 125,584,501</u>

NOTES:

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

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

	2005	2006	2007
<u>Computation of Legal Debt Margin - for Queen Anne's County</u>			
<u>Other than Debt related to the Sanitary District:</u>			
Authorized debt limit under Title 5 (Subtitle 4) (1)	\$ 8,000,000	\$ 8,000,000	\$ 8,000,000
Authorized bonded debt under specific public laws			
Enterprise Funds, excluding Sanitary District (4)	1,349,878	1,354,131	1,483,571
General Obligation Debt (4)	<u>59,257,383</u>	<u>55,564,104</u>	<u>74,717,649</u>
Subtotal	<u>60,607,261</u>	<u>56,918,235</u>	<u>76,201,220</u>
Total authorized debt under Title 5 and specific public laws	68,607,261	64,918,235	84,201,220
LESS Outstanding bonds, notes payable, and capital leases (5)	70,427,860	75,501,349	102,474,842
Less: Sanitary District debt (4)	<u>9,088,902</u>	<u>17,919,731</u>	<u>25,430,093</u>
Subtotal	<u>61,338,958</u>	<u>57,581,618</u>	<u>78,072,206</u>
Legal Debt Margin - Other than the Sanitary District	<u>\$ 7,268,303</u>	<u>\$ 7,336,617</u>	<u>\$ 7,404,931</u>
<u>Debt related to the Sanitary District Proprietary Fund:</u>			
Total taxable assessed value (3)	\$ 4,596,665,870	\$ 5,061,055,866	\$ 5,693,764,229
Plus exempt property (3)	<u>330,840,259</u>	<u>369,542,935</u>	<u>419,303,486</u>
Total assessed value	<u>\$ 4,927,506,129</u>	<u>\$ 5,430,598,801</u>	<u>\$ 6,113,067,715</u>
Debt Limit - 6% of total assessed value (2)	\$ 295,650,368	\$ 325,835,928	\$ 366,784,063
LESS Sanitary District	9,266,078	18,069,698	25,552,847
Less: Restricted Cash and Investments in the Debt Service Fund available for payment of principal	<u>4,105,842</u>	<u>3,940,626</u>	<u>4,746,865</u>
	<u>5,160,236</u>	<u>14,129,072</u>	<u>20,805,982</u>
Legal Debt Margin - Sanitary District	<u>\$ 290,490,132</u>	<u>\$ 311,706,856</u>	<u>\$ 345,978,081</u>

NOTES:

- (1) Title 5, Subtitle 4 (1), of the Code of Public Local Laws of Queen Anne's County authorizes the County to borrow up to \$8,000,000 for general operating and capital improvement expenditures. This authority is in addition to any bonded debt authorized under specific public local laws.
- (2) Title 24, Subtitle 1, Section 24-146(A) of the Code of Public Local Laws of Queen Anne's County authorizes the County to borrow an amount not to exceed 6% of the total value of property assessed. The proceeds of such borrowings must be used for sewer and water system construction payments.
- (3) See Table 5.
- (4) See Note 9, Section B.
- (5) See Note 9.

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

(CONTINUED)

2008	2009	2010	2011	2012	2013	2014
\$ 8,000,000	\$ 8,000,000	\$ 8,000,000	\$ 8,000,000	\$ 8,000,000	\$ 8,000,000	\$ 8,000,000
1,458,458	1,446,993	1,862,866	2,340,495	2,304,876	2,160,475	2,053,736
<u>69,637,468</u>	<u>64,411,805</u>	<u>87,967,432</u>	<u>102,791,729</u>	<u>97,127,263</u>	<u>90,092,100</u>	<u>107,883,563</u>
<u>71,095,926</u>	<u>65,858,798</u>	<u>89,830,298</u>	<u>105,132,224</u>	<u>99,432,139</u>	<u>92,252,575</u>	<u>109,937,299</u>
79,095,926	73,858,798	97,830,298	113,132,224	107,432,139	100,252,575	117,937,299
95,669,054	88,563,993	111,337,131	124,067,449	116,192,021	107,497,099	123,479,930
<u>23,520,278</u>	<u>21,616,088</u>	<u>19,735,239</u>	<u>17,803,690</u>	<u>15,870,626</u>	<u>14,097,769</u>	<u>12,584,475</u>
<u>72,148,776</u>	<u>66,947,905</u>	<u>91,601,892</u>	<u>106,263,759</u>	<u>100,321,395</u>	<u>93,399,330</u>	<u>110,895,455</u>
<u>\$ 6,947,150</u>	<u>\$ 6,910,893</u>	<u>\$ 6,228,406</u>	<u>\$ 6,868,465</u>	<u>\$ 7,110,744</u>	<u>\$ 6,853,245</u>	<u>\$ 7,041,844</u>
\$ 6,398,550,545	\$ 7,083,072,750	\$ 7,580,931,277	\$ 7,740,096,715	\$ 7,685,372,199	\$ 7,620,480,255	\$ 7,540,259,768
474,798,401	547,163,868	596,219,654	644,654,739	694,372,116	732,300,804	696,880,673
<u>\$ 6,873,348,946</u>	<u>\$ 7,630,236,618</u>	<u>\$ 8,177,150,931</u>	<u>\$ 8,384,751,454</u>	<u>\$ 8,379,744,315</u>	<u>\$ 8,352,781,059</u>	<u>\$ 8,237,140,441</u>
\$ 412,400,937	\$ 457,814,197	\$ 490,629,056	\$ 503,085,087	\$ 502,784,659	\$ 501,166,864	\$ 494,228,426
23,520,278	21,616,088	19,735,239	17,803,690	15,870,626	14,097,769	12,584,475
<u>4,551,821</u>	<u>4,180,188</u>	<u>3,925,026</u>	<u>3,658,194</u>	<u>3,244,564</u>	<u>2,840,468</u>	<u>2,763,304</u>
<u>18,968,457</u>	<u>17,435,900</u>	<u>15,810,213</u>	<u>14,145,496</u>	<u>12,626,062</u>	<u>11,257,301</u>	<u>9,821,171</u>
<u>\$ 393,432,480</u>	<u>\$ 440,378,297</u>	<u>\$ 474,818,843</u>	<u>\$ 488,939,591</u>	<u>\$ 490,158,597</u>	<u>\$ 489,909,563</u>	<u>\$ 484,407,255</u>

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

	2009	2010	2011	2012	2013	2014
Computation of Local Debt Limit, as Authorized under Article 95, Section 22F of the Annotated Code of Maryland and per criteria established by Queen Anne's County Resolution No. 13-04, as adopted May 2013.						
CALCULATION PER FIRST FINANCIAL CRITERIA:						
The sum of all outstanding and new general obligation and/or bonded debt is 2.5% or less of the total taxable assessed base.						
Total Taxable Assessed Base (1)	\$ 7,083,072,750	\$ 7,580,931,277	\$ 7,740,096,715	\$ 7,685,372,199	\$ 7,620,480,255	\$ 7,540,259,768
	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%
2.5% of Total Taxable Assessed Base	\$ 177,076,819	\$ 189,523,282	\$ 193,502,418	\$ 192,134,305	\$ 190,512,006	\$ 188,506,494
LESS Outstanding and New General Obligation Debt (2) (3)						
Enterprise Funds' Debt - Bonds and Notes	\$ 23,083,523	\$ 21,611,733	\$ 20,150,999	\$ 18,175,502	\$ 16,258,244	\$ 14,638,211
General Obligation Debt - Bonds and Notes	65,324,988	89,619,514	103,862,361	98,016,519	91,238,855	108,841,719
Total Outstanding and New General Obligation Debt	\$ 88,408,511	\$ 111,231,247	\$ 124,013,360	\$ 116,192,021	\$ 107,497,099	\$ 123,479,930
2.5% of Total Taxable Assessed Base in Excess of Total Outstanding and New General Obligation Debt	\$ 88,668,308	\$ 78,292,035	\$ 69,489,058	\$ 75,942,284	\$ 83,014,907	\$ 65,026,564
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)	47,091	48,650	47,899	47,798	48,650	48,650
\$3,000 Per Capita	\$ 3,000	\$ 3,000	\$ 3,000	\$ 3,000	\$ 3,000	\$ 3,000
	\$ 141,273,000	\$ 145,950,000	\$ 143,697,000	\$ 143,394,000	\$ 145,950,000	\$ 145,950,000
LESS Outstanding and New General Obligation Debt (1)	\$ 88,408,511	\$ 111,231,247	\$ 124,013,360	\$ 116,192,021	\$ 107,497,099	\$ 123,479,930
\$3,000 Per Capita in Excess of Total Outstanding and New General Obligation Debt	\$ 52,864,489	\$ 34,718,753	\$ 19,683,640	\$ 27,201,979	\$ 38,452,901	\$ 22,470,070

NOTES:

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

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

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

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

This policy also stipulates that although there is some flexibility as to the acceptable percentage of debt service to general fund expenditures, and no absolute limit has been established by the rating agencies or the Government Finance Officers Association, anything above 12% of total general fund expenditures would be a cause to carefully monitor debt service.

QUEEN ANNE'S COUNTY, MARYLAND
 DEMOGRAPHIC AND ECONOMIC INFORMATION
 PRINCIPAL EMPLOYERS
 CURRENT FISCAL YEAR AND NINE YEARS AGO
 Table 13

For the Fiscal Year Ended June 30, 2014			
Employer	Employees	Rank	Percentage of Total County Employment
Queen Anne's County Board of Education	972	1	8.52%
Chesapeake College	508	2	4.45%
Queen Anne's County Government	429	3	3.76%
S.E.W. Friel	275	4	2.41%
Paul Reed Smith Guitars	249	5	2.18%
REEB Millwork	180	6	1.58%
Cracker Barrel Old Country Store	170	7	1.49%
Fisherman's Inn	135	8	1.18%
Genesis HealthCare/Corsica Hills Center	134	9	1.18%
Federal Resources Supply	114	10	1.00%
Total	3,166		27.75%

For the Fiscal Year Ended June 30, 2005			
Employer	Employees	Rank	Percentage of Total County Employment
Queen Anne's County Board of Education	892	1	8.21%
Queen Anne's County Government	476	2	4.38%
S.E.W. Friel	275	3	2.53%
Paul Reed Smith Guitars	190	4	1.75%
Delmarva Sash & Door, Inc.	178	5	1.64%
Harris Crab House	160	6	1.47%
Acme Markets	147	7	1.35%
Kmart	140	8	1.29%
Tidewater Publishing	130	9	1.20%
Fisherman's Inn	127	10	1.17%
Total	2,715		24.99%

Source: Queen Anne's County Economic Development Office; Table 15.

**QUEEN ANNE'S COUNTY, MARYLAND
 DEMOGRAPHIC AND ECONOMIC INFORMATION
 DEMOGRAPHIC STATISTICS
 LAST TEN FISCAL YEARS**

Table 14

Fiscal Year	Population (1)	Total Personal Income (2)	Per Capita Income (3)	Unemployment Rate (3)	Average Registered Number of Pupils (4)
2005	44,392	\$ 1,601,707,752	\$ 36,081	3.50%	7,649
2006	45,450	1,114,661,250	24,525	3.50%	7,162
2007	46,241	1,861,755,142	40,262	3.50%	7,774
2008	47,886	2,009,392,332	41,962	4.00%	7,790
2009	47,091	2,113,538,262	44,882	7.00%	7,774
2010	48,650	1,721,674,850	35,389	7.00%	7,723
2011	47,899	1,722,448,040	35,960	7.20%	7,722
2012	47,798	1,672,547,616	34,992	6.50%	7,757
2013	48,650	1,757,238,000	36,120	6.40%	7,717
2014	48,650	1,771,687,050	36,417	5.10%	7,720

NOTES:

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



Queen Anne's County Courthouse in Centreville, circa 1794, is the oldest courthouse in continuous use in the State of Maryland.

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

	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
Number of Exempt Employees	35	35	36	31	29	29	26	26	28	29
Number of Full Time Employees	420	432	470	481	475	461	406	395	391	393
Number of Part Time Employees (FTE)	<u>21</u>	<u>23</u>	<u>25</u>	<u>20</u>	<u>18</u>	<u>17</u>	<u>10</u>	<u>9</u>	<u>8</u>	<u>7</u>
Total County Government Employees	<u>476</u>	<u>490</u>	<u>531</u>	<u>532</u>	<u>522</u>	<u>507</u>	<u>442</u>	<u>430</u>	<u>427</u>	<u>429</u>

NOTES:

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

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

	2007	2008	2009	2010	2011	2012	2013	2014
Governmental Activities:								
General Government	90	90	89	87	77	74	82	77
Public Safety:								
Police	49	53	52	50	49	53	56	58
Fire - Emergency Management Services	69	68	69	67	64	61	64	67
Detention Center	37	38	42	42	41	42	41	41
Animal Services	11	11	8	8	10	10	6	3
Public Works	87	91	85	79	61	51	51	54
Health	1	1	1	1	1	1	1	1
Social Services	40	38	38	37	32	36	32	36
Parks (1)	44	44	45	45	31	27	27	29
Conservation of Natural Resources	3	3	3	3	3	3	4	4
Economic/Community Development	12	12	10	9	7	3	6	2
Total Governmental Activities	<u>443</u>	<u>449</u>	<u>442</u>	<u>428</u>	<u>376</u>	<u>361</u>	<u>370</u>	<u>372</u>
Business-Type Activities:								
Sanitary District	47	46	45	45	44	45	45	46
Bay Bridge Airport	3	3	3	3	3	3	1	1
Golf	-	-	-	-	-	-	1	1
Public Landings	3	3	3	3	3	3	2	2
Total Business-Type Activities	<u>53</u>	<u>52</u>	<u>51</u>	<u>51</u>	<u>50</u>	<u>51</u>	<u>49</u>	<u>50</u>
Total Full-Time County Employees	<u>496</u>	<u>501</u>	<u>493</u>	<u>479</u>	<u>426</u>	<u>412</u>	<u>419</u>	<u>422</u>

NOTES:

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

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

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Governmental Activities:										
General Government:										
Planning & Zoning:										
Number of commercial permits issued	272	256	235	23	40	35	27	99	75	51
Number of residential permits issued:										
Single Family Permits	247	224	160	138	90	153	106	119	161	133
Multi Family Permits	1	-	-	-	13	28	4	20	21	12
Renovations and Additions Permits	680	608	541	539	324	304	295	207	312	327
Total residential permits issued	928	832	701	677	427	485	405	346	494	472
Public Safety:										
Fire and Rescue:										
Number of volunteer members	630	630	600	663	663	689	689	689	689	689
Police:										
Uniformed Police Officers	49	49	49	53	54	54	55	59	61	61
Number of law violations:										
Physical arrests	1,536	1,115	1,413	1,373	1,429	917	1,216	848	1,144	1,239
Traffic violations	5,307	4,962	5,310	5,745	8,276	6,183	5,760	5,818	5,915	6,514
Detention Center:										
Detention Center Officers	30	31	33	35	37	39	40	38	40	41
Average yearly prison population	96	99	113	112	97	102	103	86	128	138
Public Works:										
Wastewater Treated - Daily (mgd)	1.5	1.5	1.5	1.6	1.7	2.1	1.7	1.9	2.0	2.0
Education:										
Number of Personnel										
Teachers	479	496	501	522	528	533	530	537	546	550
Administrators	39	39	40	40	38	37	37	39	39	41
Support	321	318	327	338	338	336	310	300	294	344
Other	53	59	55	77	76	76	64	47	47	37
Number of Students	7,649	7,162	7,774	7,790	7,774	7,723	7,722	7,757	7,717	7,720
Number of High School Graduates	N/A	514	563	560	590	562	566	598	537	605

NOTES:

N/A - Data not readily available, or not available in a manner consistent with this display.

Source: Various County departments.

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

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Governmental Activities:										
Public Safety:										
Fire and Rescue:										
Number of volunteer stations	10	10	10	10	10	10	10	10	9	9
Equipment:										
Engines	17	17	16	16	16	17	17	17	18	17
Tankers	7	7	9	9	9	9	9	9	9	8
Aerial Units	4	4	4	4	4	5	5	5	5	4
Rescue Units	5	5	5	6	6	7	7	7	8	6
Brush Units	7	7	8	8	8	8	8	8	8	7
Air Units (MD State Police)	1	1	1	3	3	-	-	-	-	-
Boats	5	5	3	1	1	5	5	5	5	6
Ambulance/Medic Units	15	18	20	16	16	17	17	17	17	13
Cars/Other	20	20	16	17	17	22	22	22	22	25
Police:										
Number of Stations	1	1	1	1	1	1	1	1	1	1
Number of Vehicles										
Patrol	43	34	54	57	64	60	53	62	62	68
Other	15	26	15	7	13	17	21	3	3	12
Detention Center										
Capacity	104	104	104	104	104	148	148	148	148	148
Public Works:										
County Maintained Roads and Streets										
Paved (miles)	524	534	536	530	539	540	540	540	541	543
Unpaved (miles)	13	13	12	15	12	12	12	12	12	12
County Owned Water and Wastewater Facilities										
Water										
Miles of Mains	47	49	51	56	57	58	59	59	61	62
Water Treatment Plants	10	10	10	11	11	11	11	11	11	11
Booster Stations	2	2	2	2	2	2	2	2	2	2
Wastewater										
Miles of Mains	105	107	109	114	116	117	118	118	120	121
Wastewater Treatment Plants	1	1	1	1	1	1	1	1	1	1
Wastewater Collection, Lift, and Pumping Stations	29	29	29	31	31	31	31	31	31	31
Education:										
Number of Schools										
High Schools	2	2	2	2	2	2	2	2	2	2
Middle Schools	3	3	3	3	4	4	4	4	4	4
Elementary Schools	8	8	8	8	8	8	8	8	8	8
Parks and Recreation:										
Parks	24	28	29	32	33	33	33	33	33	33
Park Acreage	2,024	2,579	2,572	2,633	2,633	2,915	2,915	2,915	2,915	2,915
Public Landings	21	21	21	21	20	20	21	21	19	20
Library:										
Number of Libraries	3	3	3	3	3	3	3	3	3	3

NOTES:
 Source: Various County departments.



Callinectes sapidus (from the Greek calli- = “beautiful”, nectes = “swimmer”, and Latin *sapidus* = “savory”) or...The Maryland Blue Crab!

