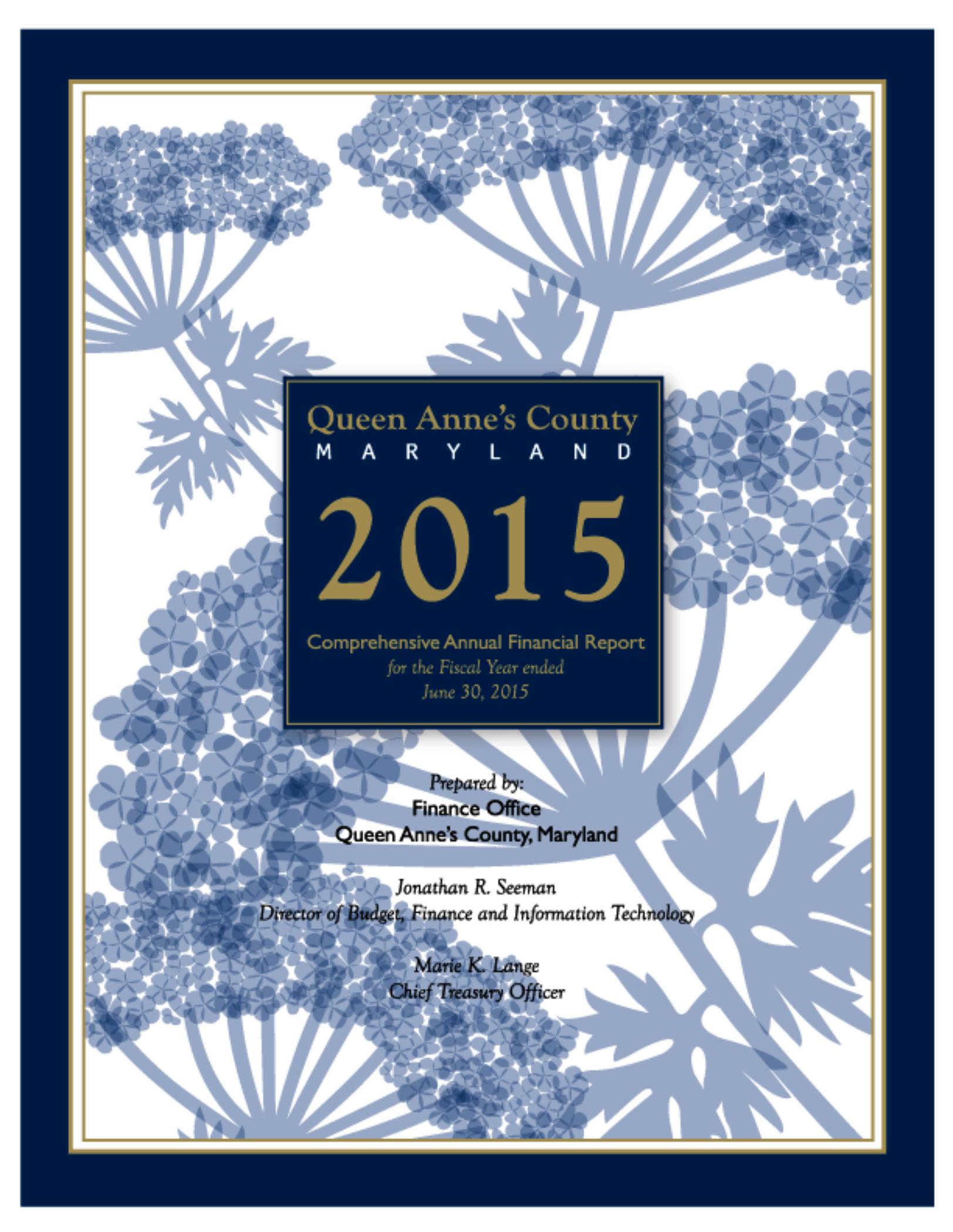
The cover features a dark blue background with a repeating pattern of stylized, light blue hydrangea flowers. A thin gold border frames the entire page. In the center, a dark blue square contains the title and year in gold text.

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

2015

Comprehensive Annual Financial Report
*for the Fiscal Year ended
June 30, 2015*

The cover features a repeating pattern of blue hydrangea flowers and leaves on a white background, framed by a thin gold border. A dark blue rectangular box is centered on the page, containing the title and year in gold text. Below the box, the preparer information is listed in black text.

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

2015

Comprehensive Annual Financial Report
for the Fiscal Year ended
June 30, 2015

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

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

Marie K. Lange
Chief Treasury Officer

**QUEEN ANNE'S COUNTY, MARYLAND
 COMPREHENSIVE ANNUAL FINANCIAL REPORT
 FISCAL YEAR ENDED JUNE 30, 2015
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Introductory Section





*Queen
Anne's
County*

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

The Liberty Building
107 North Liberty Street
Centreville, Maryland 21617

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

County Commissioners:

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

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

December 14, 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, 2015.

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, 2015, 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, 2015, 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 48,804 citizens. The County seat is located in Centreville. The County Commissioners of Queen Anne's County are empowered to levy a property tax on both real and personal properties located within its boundaries.

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

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

BUDGETARY CONTROLS

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

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

The budget process begins each fall when the County departments receive budget preparation instructions for the capital budget which is then followed by instructions for the operating budget. The budget preparation is directed by the Director of Budget, Finance, and Information Technology. After a thorough review of the departmental requests, a County Administrator's proposed budget is submitted to the County Commissioners in March. The County Commissioners then conduct a series of public hearings and work sessions to review the proposed budget. After its review, the County Commissioners finalize the budget and set tax rates, fees and charges needed to generate enough revenue to balance the budget. The budget must

be adopted by the County Commissioners on or before the last day of the month of the fiscal year currently ending, although the Commissioners typically adopt the budget at the end of May.

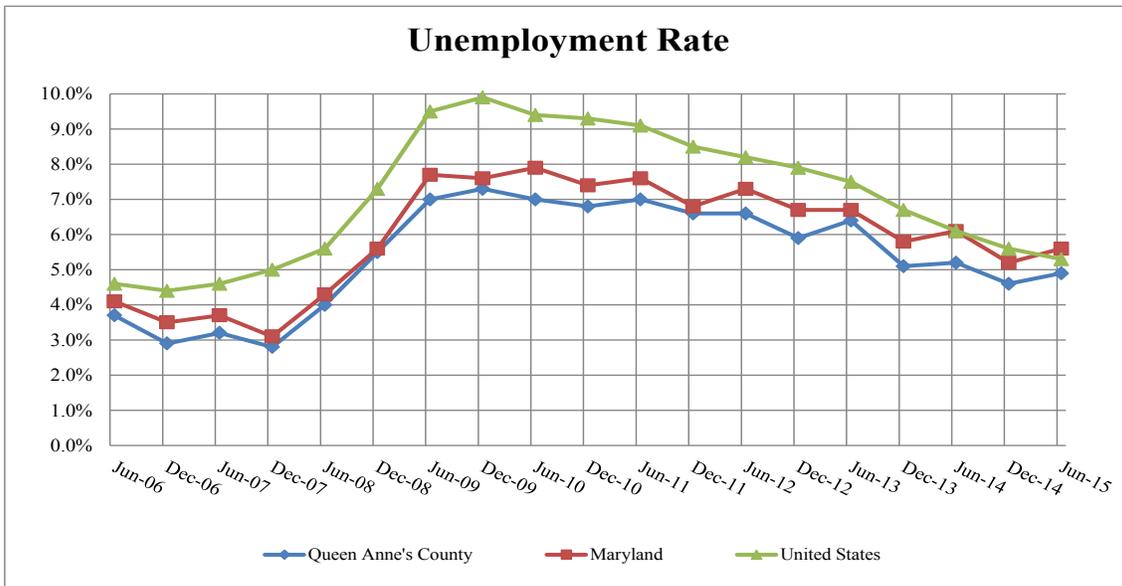
The Office of Budget, Finance, and Information Technology is responsible for budgetary control. The appropriated budgets are prepared at the fund, function (e.g., public safety), and department (e.g., Detention Center) level. Expenditures/expenses may not legally exceed appropriations, based on the level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

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

ECONOMIC OUTLOOK AND CONDITION

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

The unemployment rate for Queen Anne’s County is typically below the state and national averages, as shown in the chart below. The June 2015 rate for the County was 4.9%, compared to the state’s rate of 5.6% and the U.S.’s rate of 5.3%. The 2015 average rate for the County was 4.9%.



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 2015, decreasing by only 0.05% to \$64.7 million. Property tax revenue is projected to remain constant into fiscal year 2016 with revenue projected to be approximately \$300 thousand above the 2015 fiscal year level. Local income tax is the County's other main revenue source. Income tax collections increased by 6.4% in fiscal year 2015, from \$40.3 million in fiscal year 2014 to \$42.9 million in fiscal year 2015. The increase resulted from an increase in the distributions received from the State. The projected income tax revenue for fiscal year 2016 is \$44.8 million, which is \$1.9 million more than the income tax revenue received in fiscal year 2015.

Recordation tax improved in fiscal year 2015 with an increase of 14.0% over fiscal year 2014, from \$4.4 million in fiscal year 2014 to \$5.1 million in fiscal year 2015. In addition to an increase in recordation tax revenue, the transfer tax revenue also increased in fiscal year 2015 by 23.0%, from \$1.5 million in fiscal year 2014 to \$1.8 million in fiscal year 2015. The increases in recordation and transfer tax revenue are leading indicators that the health of the local real estate market continues to recover from the economic downturn that began in fiscal year 2009.

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 \$8,557,813 in fiscal year 2015.

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 2015. The current balance of the Special Fund is \$2,000,000.

Capital Projects - The County Commissioners' six-year capital program, starting with fiscal year 2016, prioritizes capital expenditures over these years to meet the County's needs. The six-year program totals \$183.2 million and includes: \$47.3 million for various Sanitary District projects (includes the Southern Kent Island Sewer Service at \$35.1 million); \$31.1 million for administration and general services (includes \$22.2 million for the new courthouse); \$26.3 million for Roads Board capital projects; \$19.3 million for various school related projects (includes \$9.1 million for the construction of a new elementary school); and \$14.7 million for parks.

FINANCIAL POLICIES

Bond Ratings - The financial policies and management practices of Queen Anne's County were recognized by two major rating agencies. Fitch Rating Service issued an 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, Finance, and Information Technology is responsible for following certain procedures to ensure that debt limits

established by the Policy are not exceeded. A key element of the Policy is that prior to the issuance of any new bonded indebtedness, the Director must certify that existing and new General Obligation Debt will not exceed (1) 2.5% of the total taxable assessable base and (2) \$3,000 per capita. This policy also stipulates that although there is some flexibility as to the acceptable percentage of debt service to general fund expenditures, and no absolute limit has been established by the rating agencies or the Government Finance Officers Association, anything above 12% of total general fund expenditures would be a cause to carefully monitor debt service.

For fiscal year 2015, Queen Anne's County general obligation debt was 1.53% of the total taxable assessable base, and the per capita debt measurement was \$2,369. The debt service was 10.4% 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.

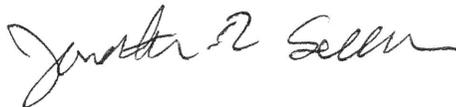
AWARDS AND ACKNOWLEDGMENTS

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, 2014. 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.

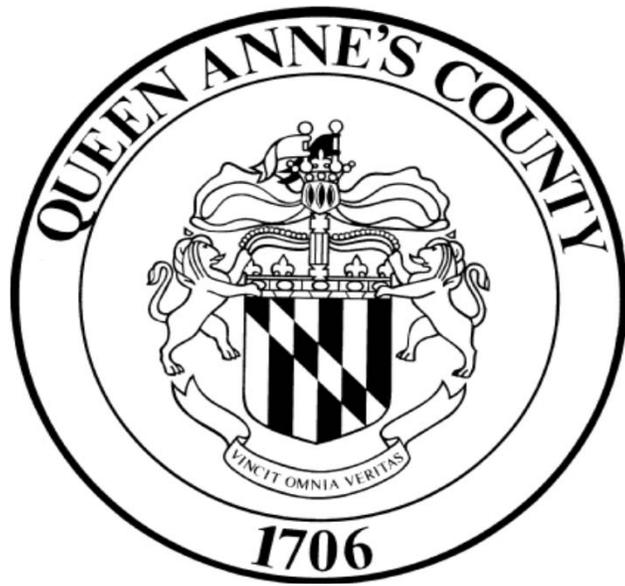
A Certificate of Achievement is valid for a period of one year only. Queen Anne's County, Maryland has received a Certificate of Achievement for the last sixteen consecutive years (fiscal years 1999-2014). We believe our current comprehensive annual financial report continues to conform to the Certificate 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, Sheldon Hudson, and Terry Lessiak. Their dedication and professionalism in the preparation of Queen Anne's County financial statements has resulted in consistently accurate and transparent financial reporting. Special recognition is also given to George Harvey for his technical and creative input, including the cover design.

Respectfully submitted,



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





Government Finance Officers Association

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

Presented to

**Queen Anne's County
Maryland**

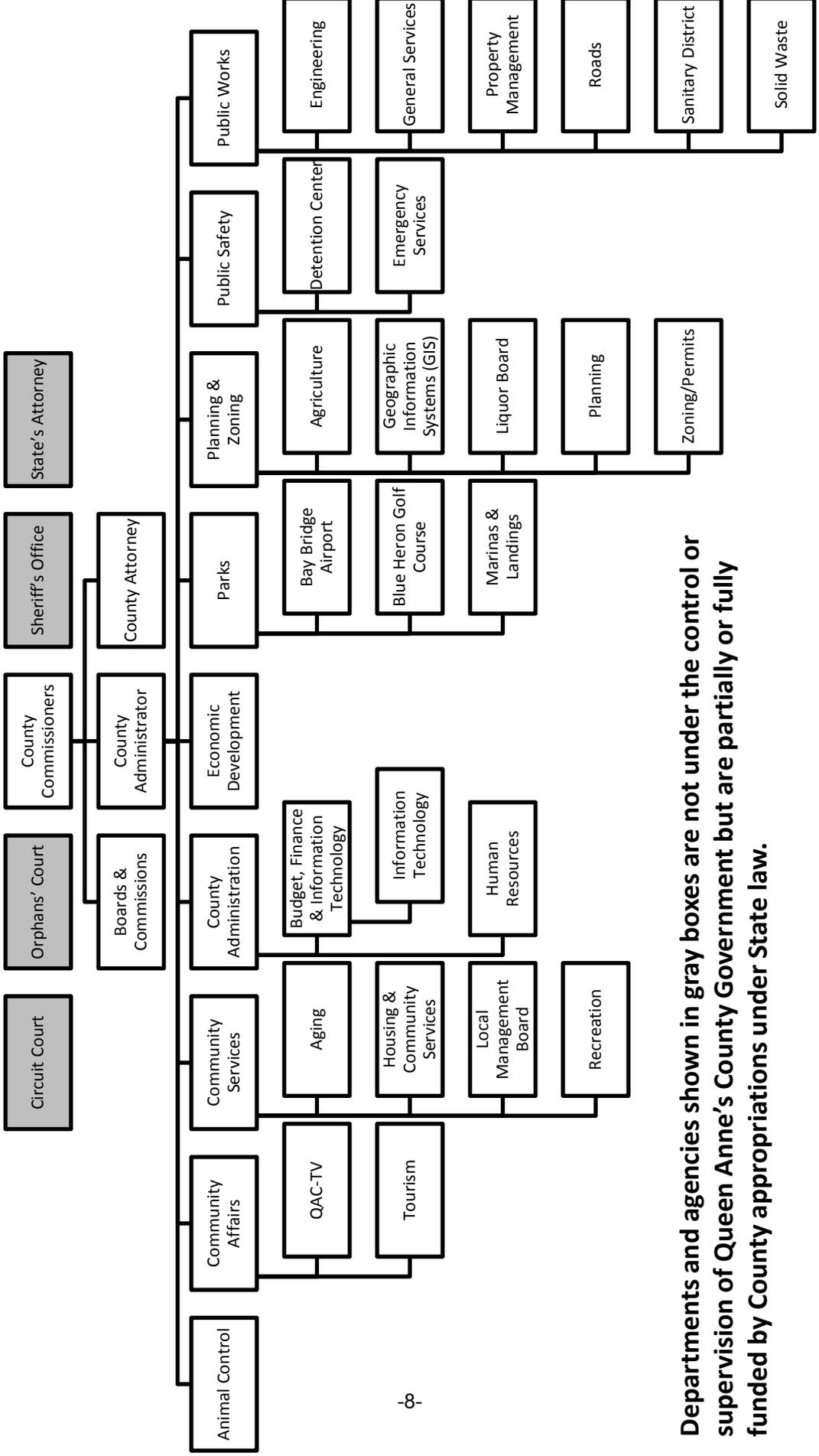
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2014

Executive Director/CEO

Queen Anne's County Government Organizational Chart

Queen Anne's County Voters



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

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

**QUEEN ANNE’S COUNTY, MARYLAND
GOVERNMENTAL ORGANIZATION
CERTAIN ELECTED AND OTHER OFFICIALS
AS OF JUNE 30, 2015**

CERTAIN ELECTED OFFICIALS

County Commissioners

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

State’s Attorney

Lance G. Richardson, Esq.

Sheriff

Raymond G. Hofmann

CERTAIN DEPARTMENT HEADS AND OTHER OFFICIALS

County Administrator

Gregg A. Todd

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

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

Director of Budget, Finance and Information Technology
Chief Treasury Officer

Jonathan R. Seeman
Marie K. Lange

County Attorney

Patrick E. Thompson, Esq.

Independent Auditor

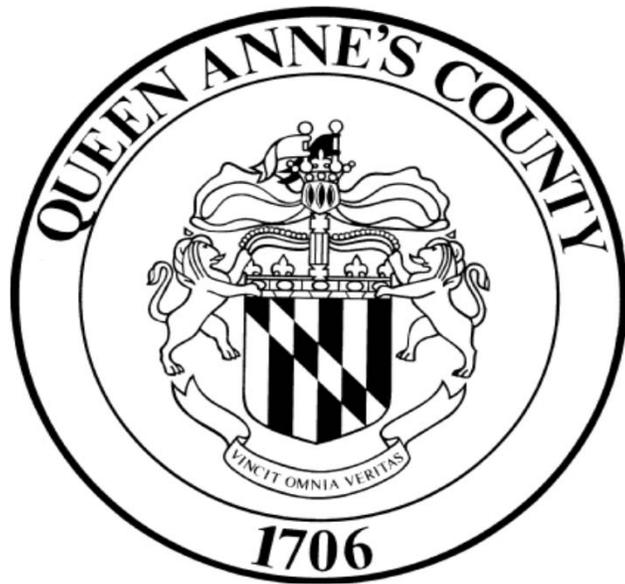
TGM Group LLC
Certified Public Accountants
Salisbury, Maryland

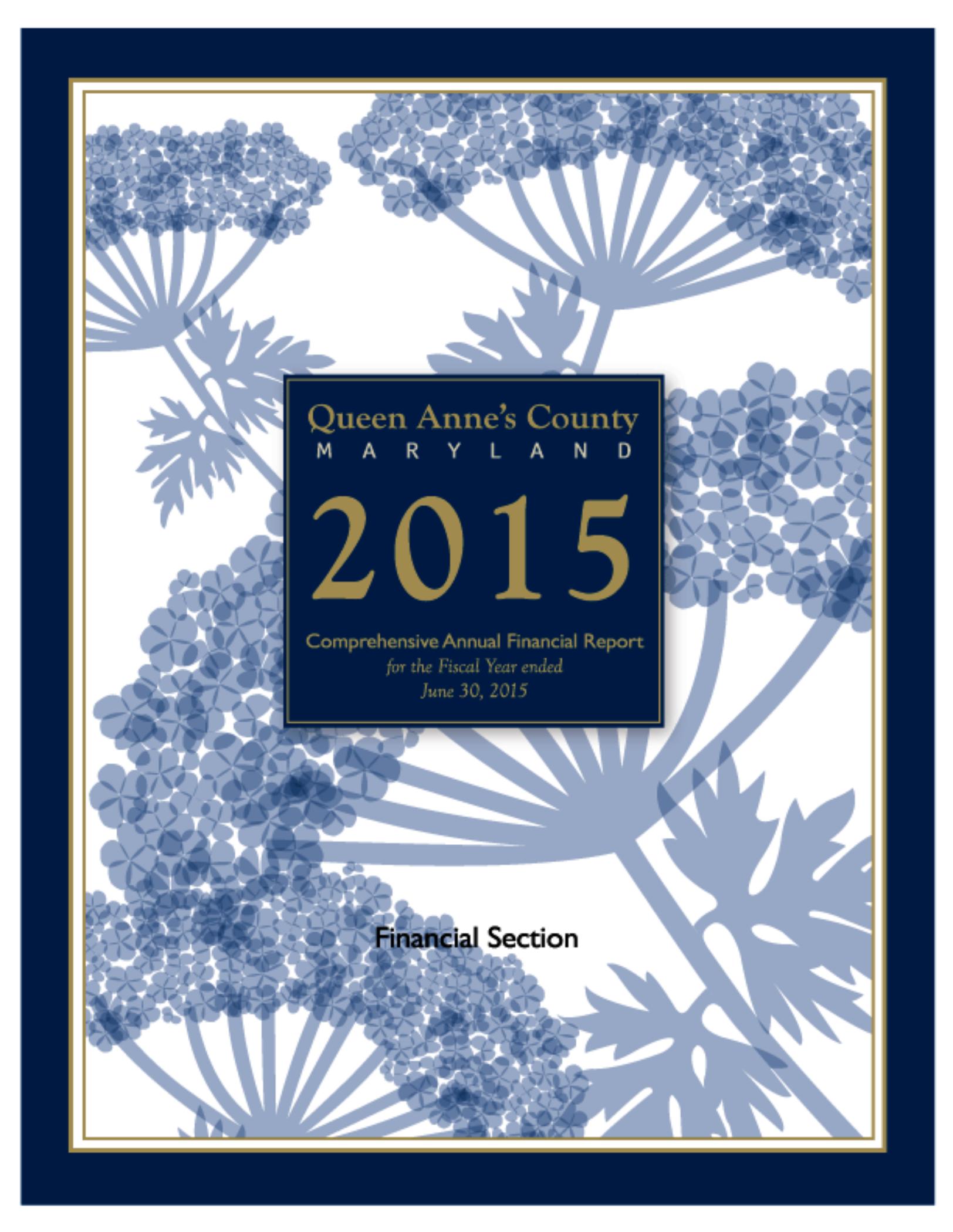
Bond Counsel

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

2015

Comprehensive Annual Financial Report
*for the Fiscal Year ended
June 30, 2015*

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, 2015, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, based on our audit and the reports of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Queen Anne's County, Maryland, as of June 30, 2015, 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.

Emphasis of Matter

As discussed in Note 1 to the financial statements, during the year ended June 30, 2015, the County adopted new accounting guidance from Governmental Accounting Standards Board (GASB) Statement No. 68, "Accounting and Financial Reporting for Pensions". Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

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

Other Information

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

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

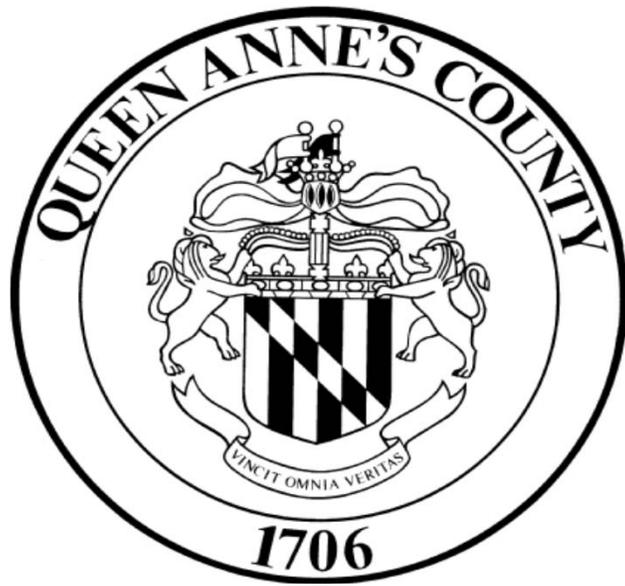
The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 11, 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, flowing style.

Salisbury, Maryland
December 11, 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, 2015. We encourage readers to consider the discussion and analysis along with the other information in this report, including the transmittal letter, basic financial statements, and the notes to the financial statements.

Overview of the Financial Statements

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Government-wide Financial Analysis

Statement of Net Position

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

Summary of Net Position	Governmental Activities		Business Type Activities		Total	
	2015	2014 *	2015	2014 *	2015	2014 *
Current and Other Assets	\$ 90,381,714	\$ 91,422,865	\$ 21,611,101	\$ 22,223,066	\$ 111,992,815	\$ 113,645,931
Capital Assets	155,865,901	150,349,444	95,643,876	94,304,327	251,509,777	244,653,771
Total Assets	246,247,615	241,772,309	117,254,977	116,527,393	363,502,592	358,299,702
Total Deferred Outflows of Resources	4,386,343	3,267,963	305,440	282,811	4,691,783	3,550,774
Noncurrent liabilities	165,920,840	161,740,882	22,764,531	22,137,572	188,685,371	183,878,454
Other liabilities	8,440,226	7,703,760	1,334,047	1,650,842	9,774,273	9,354,602
Total Liabilities	174,361,066	169,444,642	24,098,578	23,788,414	198,459,644	193,233,056
Total Deferred Inflows of Resources	3,849,435	1,778,849	1,127,090	1,407,385	4,976,525	3,186,234
Net position:						
Net investment in capital assets	125,434,538	127,369,959	80,787,152	79,783,160	206,221,690	207,153,119
Restricted amounts	20,464,486	17,616,132	3,061,534	3,110,033	23,526,020	20,726,165
Unrestricted amounts (deficit)	(73,475,567)	(71,169,310)	8,486,063	8,721,212	(64,989,504)	(62,448,098)
Total Net Position	\$ 72,423,457	\$ 73,816,781	\$ 92,334,749	\$ 91,614,405	\$ 164,758,206	\$ 165,431,186

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

The County's total current and other assets decreased by \$1.7 million, or 1.5 percent, to \$112.0 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 2015 by \$164.8 million.

Net position is divided into three categories: net investment in capital assets; restricted amounts; and unrestricted amounts. By far the largest portion, \$206.2 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 \$66.2 million at June 30, 2015. Absent the effect of this relationship, the County would have reported positive unrestricted amounts of \$1.2 million on its government-wide financial statements, rather than the negative unrestricted net assets of \$65.0 million reported herein. For a multi-year view of this calculation, see the Footnote presented in Table 1 of the Statistical Section.

An additional \$23.5 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: \$9.7 million related to general government services; \$4.6 million restricted for educational purposes; \$4.9 million for economic/community development; \$620 thousand for public safety; and \$658 thousand for conservation of natural resources. For business-type activities, this amount includes \$2.3 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

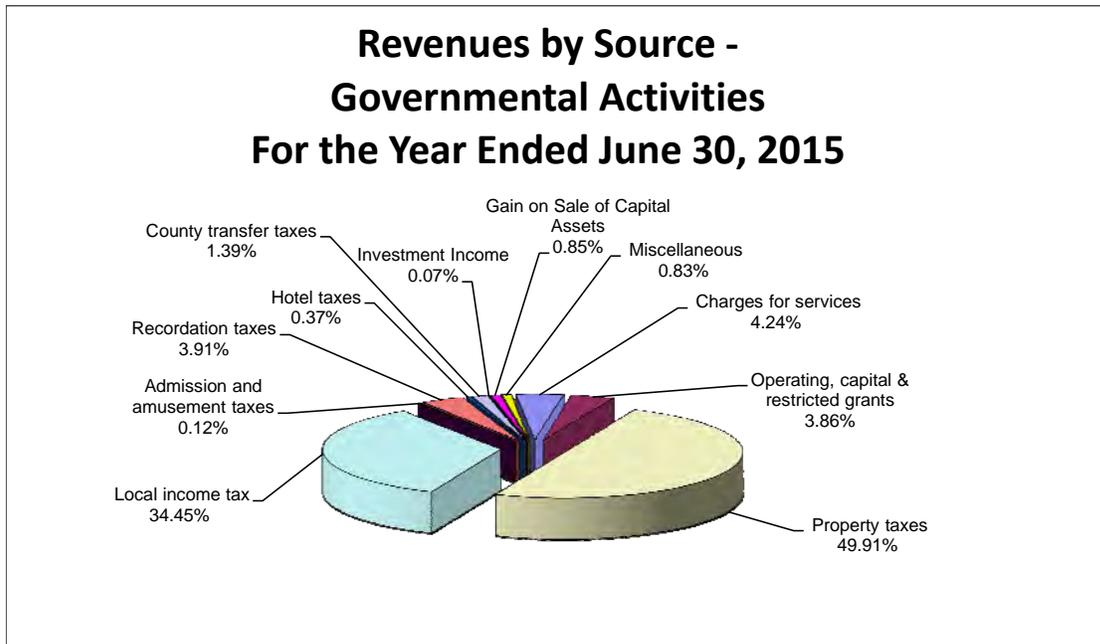
The following table summarizes changes in net position for governmental and business-type activities during the year:

Summary of Changes in Net Position	Governmental Activities		Business Type Activities		Total	
	2015	2014 *	2015	2014 *	2015	2014 *
Revenues:						
Program revenues:						
Charges for services	\$ 5,496,912	\$ 6,580,425	\$ 9,613,091	\$ 9,111,680	\$ 15,110,003	\$ 15,692,105
Operating grants and contributions	4,662,151	4,786,443	206,615	128,859	4,868,766	4,915,302
Capital grants and contributions	339,966	3,167,069	1,862,257	672,725	2,202,223	3,839,794
General revenues:						
Property taxes	64,672,721	64,712,683	-	-	64,672,721	64,712,683
Local income tax	44,643,870	40,899,804	-	-	44,643,870	40,899,804
Other local taxes						
Admission and amusement taxes	155,396	155,336	-	-	155,396	155,336
Recordation taxes	5,071,013	4,446,658	-	-	5,071,013	4,446,658
Hotel taxes	480,752	447,970	-	-	480,752	447,970
County transfer taxes	1,797,855	1,461,174	-	-	1,797,855	1,461,174
Investment income	94,092	95,286	323,585	343,568	417,677	438,854
Gain on sale of capital assets	1,098,632	346,765	-	-	1,098,632	346,765
Miscellaneous	1,076,893	877,629	815,430	793,951	1,892,323	1,671,580
Total Revenues	129,590,253	127,977,242	12,820,978	11,050,783	142,411,231	139,028,025
Expenses:						
Governmental Activities:						
General government	10,849,277	11,891,878	-	-	10,849,277	11,891,878
Public safety	25,297,450	26,666,211	-	-	25,297,450	26,666,211
Public works	14,363,603	14,606,918	-	-	14,363,603	14,606,918
Health	1,856,158	2,083,201	-	-	1,856,158	2,083,201
Social services	4,775,440	5,040,139	-	-	4,775,440	5,040,139
Education	65,633,331	54,882,430	-	-	65,633,331	54,882,430
Libraries	1,458,348	1,336,098	-	-	1,458,348	1,336,098
Conservation of natural resources	587,147	2,395,762	-	-	587,147	2,395,762
Economic and Community development	1,763,024	1,528,035	-	-	1,763,024	1,528,035
Interest and fiscal charges	4,039,622	3,987,943	-	-	4,039,622	3,987,943
Business-type Activities:						
Water and sewer	-	-	10,412,432	11,059,306	10,412,432	11,059,306
Airport	-	-	1,014,491	807,226	1,014,491	807,226
Golf course	-	-	496,065	515,325	496,065	515,325
Public landings and marinas	-	-	537,823	544,945	537,823	544,945
Total Expenses	130,623,400	124,418,615	12,460,811	12,926,802	143,084,211	137,345,417
Increase (Decrease) in Net Position before Transfers	(1,033,147)	3,558,627	360,167	(1,876,019)	(672,980)	1,682,608
Transfers in (out)	(360,177)	(589,737)	360,177	589,737	-	-
Increase (Decrease) in Net Position	(1,393,324)	2,968,890	720,344	(1,286,282)	(672,980)	1,682,608
Net Position, prior year as restated	73,816,781	70,847,891	91,614,405	92,900,687	165,431,186	163,748,578
Net Position - current year	\$ 72,423,457	\$ 73,816,781	\$ 92,334,749	\$ 91,614,405	\$ 164,758,206	\$ 165,431,186

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

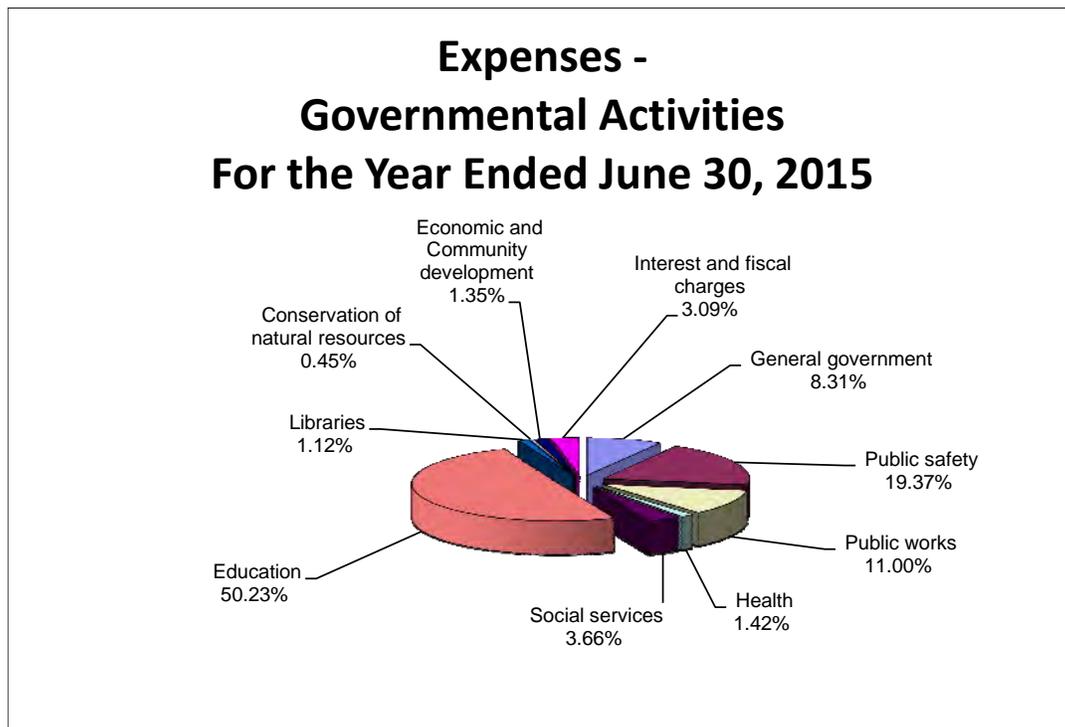
Governmental activities:

Revenues for governmental activities were \$129.6 million for fiscal year 2015. The following chart depicts revenues by source for governmental activities:



- Taxes comprise the largest source of County revenue, totaling \$116.8 million (90.2 percent) of total revenue for fiscal year 2015. Of that amount, property and local income tax together yielded \$109.3 million (84.4 percent) of all revenue. Each County sets its own property and income tax rates, within parameters established by the State. For fiscal year 2015, 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 \$5.5 million, reflect fees charged to County citizens. These primarily support general government (\$1.5 million or 27.4 percent), public works (\$1.3 million or 23.2 percent), education (\$1.2 million or 22.7 percent), and public safety (\$1.2 million or 22.7 percent).
- Operating grants and contributions, totaling \$4.7 million, reflect grants from Federal and State agencies that support specific County programs. Programs that benefitted the most were: social services (\$2.1 million or 44.1 percent) and public safety (\$1.1 million or 22.6 percent).

Expenses for all governmental activities were \$130.6 million for fiscal year 2015. 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 \$65.6 million (50.2 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	
	2015	2014	2015	2014	2015	2014
Education	\$ 65,633,331	\$ 54,882,430	\$ 1,249,332	\$ 1,721,379	\$ (64,383,999)	\$ (53,161,051)
Public Safety	25,297,450	26,666,211	2,416,536	2,650,661	(22,880,914)	(24,015,550)
Public Works	14,363,603	14,606,918	1,883,076	4,358,861	(12,480,527)	(10,248,057)
General Government	10,849,277	11,891,878	2,246,838	2,696,910	(8,602,439)	(9,194,968)
Social Services	4,775,440	5,040,139	2,164,825	2,159,604	(2,610,615)	(2,880,535)
Economic and Community Development	1,763,024	1,528,035	365,902	693,531	(1,397,122)	(834,504)
Conservation of Natural Resources	587,147	2,395,762	172,520	252,991	(414,627)	(2,142,771)
Other	7,354,128	7,407,242	-	-	(7,354,128)	(7,407,242)
Total	\$ 130,623,400	\$ 124,418,615	\$ 10,499,029	\$ 14,533,937	\$ (120,124,371)	\$ (109,884,678)

Of the total cost of \$130.6 million for governmental activities, \$10.5 million (8.0 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 \$5.5 million, while governments and other organizations that benefited indirectly from these programs contributed operating grants of \$4.7 million and capital grants of \$340 thousand.

County taxpayers paid for most of the remaining \$120.1 million in net program costs, through a variety of County taxes, for a total of \$116.8 million. Net program costs of services provided to the public, in order of net cost, were: \$64.4 million for education; \$22.9 million for public safety; \$12.5 million for public works; \$8.6 million for general government; \$2.6 million for social services; \$1.4 million for economic and community development; \$415 thousand for conservation of natural resources; 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 2015, governmental activities decreased the County's net position overall by \$1.4 million, compared to an increase of \$3.0 million in fiscal year 2014. The following discussion explains changes in net position relative to the prior fiscal year.

Revenues for governmental activities increased by \$1.6 million (1.3 percent). The following key revenues changed, when compared to the prior fiscal year:

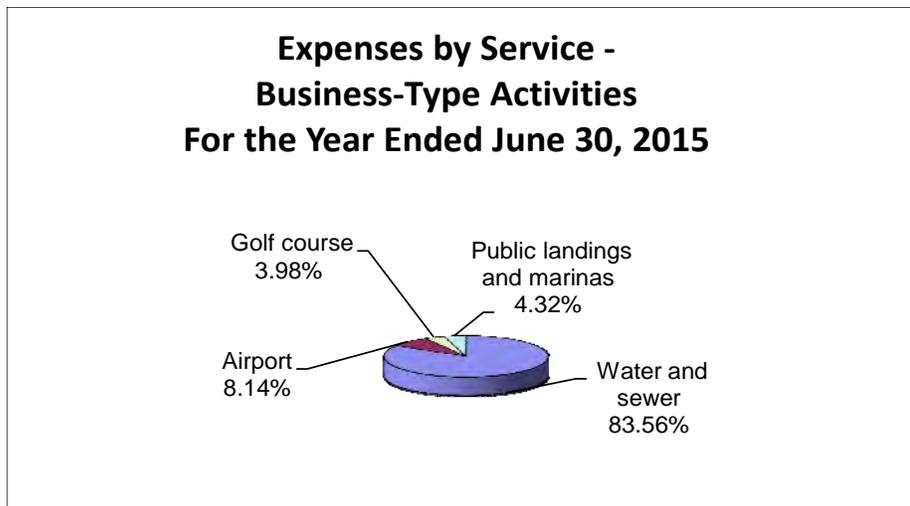
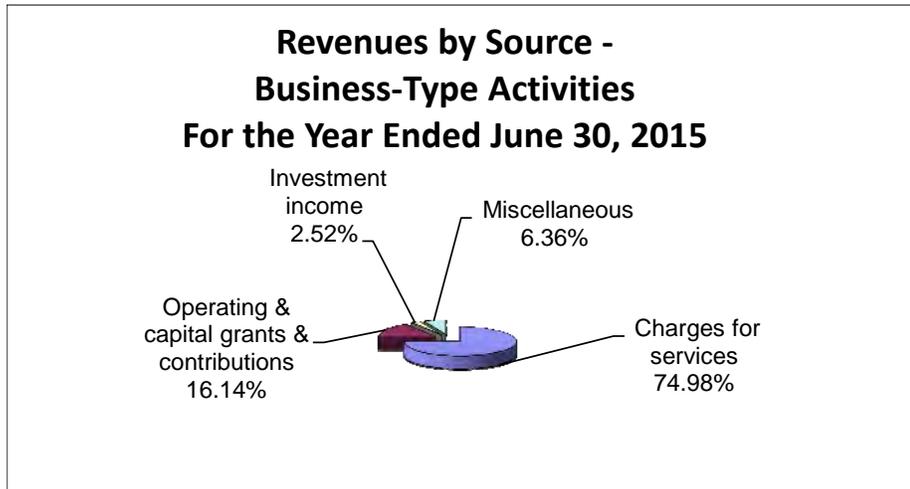
- Local income tax increased by \$3.7 million (9.2 percent), from \$40.9 million to \$44.6 million. Queen Anne's County has experienced some demographic changes in recent years, with the higher income levels growing faster than more moderate income levels. The growth in income tax appears to be related to areas which have a disproportionate impact on higher level incomes, such as growth in stock values, investment income and capital gains.
- Capital grants and contributions decreased by \$2.8 million (89.3 percent), from \$3.2 million in fiscal year 2014 to \$340 thousand in fiscal year 2015. Key factors for this change are:
 - Public Works decreased by \$2.1 million (96.4 percent). A significant portion of this decrease was the result of two parcels of land donated to the County in fiscal year 2014 for future expansion of the Cross Island Trail (\$1.1 million). There were no such donations in fiscal year 2015. In addition, there was \$860 thousand received in fiscal year 2014 related to a capital project that is complete and the County did not receive any revenue for the project in fiscal year 2015.
 - General Government decreased by \$493 thousand (83.6 percent) as a result of grant funding for capital projects. The majority of the decrease was in the public drainage project which received \$400 thousand more capital grant funding in fiscal year 2014 compared to fiscal year 2015. This decrease resulted from the timing of the project.
- Charges for Services decreased by \$1.1 million (16.5 percent), from \$6.6 million in fiscal year 2014 to \$5.5 million in fiscal year 2015. Of this decrease, \$472 thousand related to a decrease in school impact fee revenue. Another \$428 thousand resulted from a decrease in housing and community services funding received from developers.

Expenses for governmental activities increased by \$6.2 million (5.0 percent) and transfers out to business-type activities decreased by \$230 thousand. Key positive and negative expense changes, in order of relative importance, are:

- Education expenses increased by \$10.8 million (19.6 percent). The majority of the increase resulted from additional expenses for the renovation of Stevensville Middle School, of which expenses increased by \$7.8 million in fiscal year 2015 compared to fiscal year 2014. Another portion of the increase was the result of the operating allocation to the Board of Education increasing by \$3.0 million in fiscal year 2015, which was funding above the maintenance of effort amount.
- Conservation of Natural Resources decreased by \$1.8 million (75.5 percent) due to easement acquisitions in fiscal year 2014 (\$1.6 million total) compared to no acquisitions in 2015. Generally, the timing of easement purchases is affected by the evaluation process of the identified land, as well as the availability of State funds.
- Public Safety expenses decreased by \$1.4 million (5.1 percent). The expense related to other post-employment benefits for public safety decreasing by \$2.1 million as a result of a decrease in the annual cost. Offsetting this decrease were increases in other areas of public safety.
- General Government decreased by \$1.0 million (8.8 percent) as a result of a decrease of \$1.3 million in expense related to other post-employment benefits. This decrease was partially offset by increases in other areas of general government.

Business-type activities:

Revenues, transfers in, and expenses for business-type activities were \$12.8 million, \$360 thousand, and \$12.5 million, respectively, for fiscal year 2015. The following two charts depict revenues by source and expenses by service for business-type activities:



Business-type activities increased the County’s net position altogether by \$720 thousand in fiscal year 2015, which is a difference of \$2.0 million compared to the prior year’s decrease of \$1.3 million. The fiscal year 2015 change in net position resulted primarily from:

- Capital grants and contributions increased by \$1.2 million (176.8 percent), from \$673 thousand in fiscal year 2014 to \$1.9 million in fiscal year 2015. This increase was entirely the result of the timing of capital projects for the Sanitary District. The capital grants and contributions related to the Sanitary District increased by \$1.2 million due to funds received in the current fiscal year for the Gibson’s Grant development.
- Operating expenses before transfers decreased by \$466 thousand (3.6 percent), from \$12.9 million in fiscal year 2014 to \$12.5 million in fiscal year 2015, for all business-type activities. The other post-employment benefit expense allocated to the business-type activities decreased by \$604 thousand compared to the previous fiscal year. This decrease was partially offset by minor increases in other categories.

Financial Analysis of the Government's Funds

As noted earlier, Queen Anne's County Government uses fund accounting to ensure and demonstrate compliance with finance related legal requirements. Detailed financial data based on the government's fund accounting can be found in the governmental fund statements in this report.

Governmental Funds: The focus of Queen Anne's County Government's *governmental funds* is to provide information on near term inflows, outflows, and balances of spendable resources. Such information is useful in assessing Queen Anne's County Government's near term financing requirements. In particular, *unassigned fund balance* may serve as a useful measure of a government's net resources available for spending at the end of a fiscal year.

As of the end of the current fiscal year, Queen Anne's County Government's governmental funds reported combined ending fund balances of \$72.1 million, compared to \$75.6 million for the prior year. Approximately 10.7 percent of this total (\$7.7 million) constitutes *unassigned fund balance*, which is available for spending. The total *unassigned fund balance* of \$7.7 million is comprised of \$7.8 million of positive unassigned fund balance for the general fund, reduced by negative unassigned fund balances of \$108 thousand in the non-major governmental funds. Additional detail on the negative unassigned balances can be found in Note 15 of this report.

The *nonspendable fund balance* (\$6.6 million), at 9.2 percent of the total fund balance, is not available for spending and includes amounts related to inventory and loans receivable. *Restricted fund balance* of \$26.5 million (36.7 percent) includes amounts that can be spent only for specific purposes stipulated by external sources or legal restrictions. Included in the restricted fund balance is \$8.6 million for the rainy day fund. *Committed fund balance* of \$6.2 million (8.6 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 \$2.0 million for the Special Fund.

The remaining 34.8 percent of fund balance (\$25.1 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 \$21.2 million, which is an increase of \$2.8 million from the fiscal year 2014 balance of \$18.4 million.

Of the total \$21.2 million in fund balance, \$7.8 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, \$8.6 million of rainy day funds are included in the General Fund's restricted fund balance of \$8.7 million for fiscal year 2015. The remaining fund balance is comprised of \$688 thousand in nonspendable, \$2.0 million in committed, and \$2.0 million of assigned.

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

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

As of June 30, 2015, the General Capital Projects Fund has a total fund balance of \$30.8 million, compared to \$39.4 million at the end of the prior fiscal year. The \$30.8 million in total fund balance is comprised of \$1.2 million of nonspendable fund balance, \$6.3 million in restricted fund balance, mainly for unspent bond proceeds, \$3.5 million of fund balance committed for specific projects, and \$19.8 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, 2015, the Roads Capital Projects Fund has a total fund balance of \$3.6 million, compared to \$4.4 million at the end of the prior fiscal year. Of this total \$3.6 million fund balance, \$2.9 million has been assigned to fund ongoing projects, while \$704 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 2015 amounted to \$8.7 million, which is \$1.9 million less than the prior year.

Total net position of the Sanitary District amounted to \$70.3 million at the end of fiscal year 2015, which increased by \$882 thousand when compared to the prior year. A large portion of the increase relates to the decrease in costs associated with other post-employment benefits (OPEB), which totaled \$446 thousand in fiscal year 2015 for the Sanitary District. In fiscal year 2014, the OPEB costs totaled \$1.0 million.

The *unrestricted net position* of the Bay Bridge Airport Enterprise Fund at year end amounted to negative \$220 thousand compared to a negative \$512 thousand at the end of the prior fiscal year, reflecting an increase of \$292 thousand.

Total net position of the Bay Bridge Airport amounted to \$15.8 million at the end of fiscal year 2015, which was a slight decrease from the prior year amount of \$15.9 million.

A discussion of Enterprise Fund capital assets and long-term debt can be found in those sections presented later in this MD&A.

General Fund Budgetary Comparisons

The County adopts an operating budget for the General Fund as of July 1 each year and amends that budget throughout the year in response to actual expenditures. The Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual can be found as part of Required Supplemental Information, which is located after the Notes. The Schedule reports original and final budgets, as well as the variance between actual expenditures and final budgets.

Original to Final Budget Comparisons. The final expenditure budget for the General Fund, including transfers out, totaled \$119.9 million. Amendments increased spending authority by \$972 thousand during fiscal year 2015, when compared to the original budget of \$118.9 million.

Major components of these expenditure budget increases are as follows:

- Budgeted Transfers Out to General Capital Projects increased by \$2.0 million during the year. There are several capital projects in which the County plans to move aggressively on, and will rely on fund balance available in the General Capital Projects fund to cover a portion of the costs.
- Budgeted Parks Expenditures increased by \$492 thousand as a result of a reorganization in fiscal year 2015 causing several employees to be transferred from other departments to the Parks Department. This increase was offset by savings in other departments.

- Budgeted Volunteer Fire and Rescue Services Expenditures increased by \$304 thousand due to additional costs associated with workmen's compensation expense.
- Budgeted Debt Service Expenditures decreased by \$525 thousand due to savings resulting from the timing of bond payments for the fiscal year 2014 bonds.
- Budgeted Miscellaneous Expenditures decreased by \$1.2 million due to a variety of savings, mostly associated with contingencies.

Budget to Actual Comparisons. Actual revenues for the General Fund, including other financing sources and before appropriated fund balance were more than final budgetary estimates by \$147 thousand. Actual expenditures, and other financing uses, were less than final budgetary appropriations by \$2.8 million. The net effect of these two disparities was a positive variance of actual to final budget of \$3.0 million.

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

Revenues:

- Transfers In were \$985 thousand less than the final budget (78.6 percent), as a result of the transfer in from School Impact fees not made in the fiscal year. Management determined that 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 \$31.1 million for the year, while actual costs were \$30.1 million. They were underspent at year-end by \$973 thousand (3.1 percent). Of this amount, the Sheriff's Office was responsible for \$525 thousand of the unspent portion and the solid waste department for \$205 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 \$88.8 million for the year, while actual costs were \$86.9 million. These costs were lower than budget at year end by \$1.9 million (2.1 percent). Operating Charges include contracted services, supplies, debt service, transfers out, and other charges.
 - Contracted Services were underspent by \$262 thousand, with the largest savings realized by the detention center (\$159 thousand) and information technology (\$79 thousand).
 - Supplies were underspent by \$485 thousand, largely due to savings by roads (\$244 thousand).
 - Other Charges were underspent by \$695 thousand, primarily due to savings in the Health Department of \$287 thousand. This represents the unspent portion of their allocation and was returned to the County in fiscal year 2015. In addition, insurance costs were underspent by \$186 thousand due to savings in retiree health care costs and also general insurance expenses. The solid waste department also realized savings of \$116 thousand. The remaining savings for other charges were spread throughout the General Fund.
 - Transfers Out were underspent by \$423 thousand, primarily due to savings realized by the Department of Aging (\$221 thousand), the Department of Housing (\$109 thousand) and the Golf Course Enterprise Fund (\$93 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, 2015 amounted to \$251.5 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	
	2015	2014	2015	2014	2015	2014
Land and Land Improvements	\$ 87,485,213	\$ 87,771,980	\$ 15,420,127	\$ 14,158,331	\$ 102,905,340	\$ 101,930,311
Intangible Rights - Easements	821,819	821,819	6,140	6,140	827,959	827,959
Construction in Progress	10,986,604	4,577,269	850,582	4,724,659	11,837,186	9,301,928
Buildings	28,801,993	29,750,342	6,801,057	7,413,498	35,603,050	37,163,840
Improvements other than Buildings	7,438,743	7,762,975	10,711,646	8,318,916	18,150,389	16,081,891
Infrastructure	11,029,472	11,358,610	50,040,254	47,025,639	61,069,726	58,384,249
Auto, Machinery, and Equipment	9,302,057	8,306,449	11,814,070	12,657,143	21,116,127	20,963,592
Total	\$ 155,865,901	\$ 150,349,444	\$ 95,643,876	\$ 94,304,326	\$ 251,509,777	\$ 244,653,770

Queen Anne's County's total investment in capital assets for the current fiscal year, net of depreciation, increased by 2.8 percent, or \$6.8 million. Of this amount, governmental investment in capital assets increased by \$5.5 million, while business-type investment in capital assets increased by \$1.3 million.

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

Changes in Capital Assets	Governmental Activities				
	2014	Additions	Transfers	Retirements	2015
Land and Land Improvements	\$ 87,771,980	\$ -	\$ -	\$ (286,767)	\$ 87,485,213
Intangible Rights - Easements	821,819	-	-	-	821,819
Construction in Progress	4,577,269	6,409,335	-	-	10,986,604
Buildings	41,716,794	-	-	(32,723)	41,684,071
Improvements other than Buildings	9,577,406	-	-	-	9,577,406
Infrastructure	18,926,771	-	-	-	18,926,771
Auto, Machinery, and Equipment	29,945,924	2,602,132	-	(1,029,851)	31,518,205
Total Assets before depreciation	193,337,963	9,011,467	-	(1,349,341)	201,000,089
Less Depreciation	(42,988,519)	(3,162,028)	-	1,016,359	(45,134,188)
Total Assets after depreciation	\$ 150,349,444	\$ 5,849,439	\$ -	\$ (332,982)	\$ 155,865,901

Changes in Capital Assets	Business-Type Activities				
	2014	Additions	Transfers	Retirements	2015
Land and Land Improvements	\$ 14,158,331	\$ -	\$ 1,261,796	\$ -	\$ 15,420,127
Intangible Rights - Easements	6,140	-	-	-	6,140
Construction in Progress	4,724,659	3,192,670	(7,066,747)	-	850,582
Buildings	14,703,860	-	-	-	14,703,860
Improvements other than Buildings	11,914,132	-	2,910,335	-	14,824,467
Infrastructure	73,114,909	1,857,257	2,894,616	-	77,866,782
Auto, Machinery, and Equipment	23,845,145	289,574	-	(148,518)	23,986,201
Total Assets before depreciation	142,467,176	5,339,501	-	(148,518)	147,658,159
Less Depreciation	(48,162,850)	(3,999,951)	-	148,518	(52,014,283)
Total Assets after depreciation	\$ 94,304,326	\$ 1,339,550	\$ -	\$ -	\$ 95,643,876

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

- Land and Land Improvements decreased by a net amount of \$287 thousand. The County sold two commercial lots in the Matapeake Professional Park with a total historical cost of \$284 thousand.
- Construction in Progress (CIP) increased by a net amount of \$6.4 million. The following factors contributed to this increase:

Major additions to Construction in Progress include: (a) Phase two of the radio system upgrade for the Emergency Services Department (\$3.2 million); (b) Construction phase work for the new county complex (\$2.0 million); (c) Architectural services related to construction of the new Courthouse (\$443 thousand); (d) Construction of fiber infrastructure to serve county facilities and potentially the general public (\$255 thousand); (e) Site improvements at solid waste transfer stations (\$124 thousand); and (f) Upgrades to longer lasting, more efficient lighting at various county locations (\$98 thousand).

- Auto, Machinery and Equipment increased by \$1.6 million. The following factors contributed to this net increase:

Additions totaled \$2.6 million and included: (a) Roads Department replacement vehicles and equipment (\$1.1 million); (b) Solid Waste department vehicle and equipment replacement (\$284 thousand); (c) Emergency Services department vehicle and equipment replacement (\$315 thousand); (d) General Services and DPW Administration vehicle and equipment replacement (\$100 thousand); (e) Sheriff's Department vehicle and equipment replacement (\$348 thousand); and (f) Parks Department vehicle and equipment replacement (\$123 thousand).

Retired assets of \$1.0 million included the following, the majority of which were fully depreciated: (a) Vehicles traded by the Solid Waste department (\$218 thousand); (b) Obsolete Parks department equipment sold or discarded (\$146 thousand); (c) Obsolete Roads department equipment sold or discarded (\$212 thousand); (d) Sheriff vehicles sold as part of replacement program (\$233 thousand); and (e) Obsolete computer software, hardware, and other office equipment sold or discarded (\$46 thousand).

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

- Land and Land Improvements increased by \$1.3 million. This increase is related to non-depreciable site preparation and base work necessary to complete the Pier One Road relocation.
- Construction in Progress decreased by \$3.9 million. This net decrease resulted from the following activity:

Major additions to construction in progress totaled \$3.2 million and included: (a) costs to construct sewer and water infrastructure along Postal Road (\$1.2 million); (b) improvements to the Bay Bridge Airport property including the Pier One Road relocation, new hangar construction, and due diligence activities for future easement acquisitions (\$1.5 million); and (c) planning and design phase work for the southern Kent Island sewer system (\$434 thousand).

Costs that were reclassified from Construction in Progress to other capital asset accounts totaled \$7.1 million and included: (a) Postal Road sewer and water (\$2.6 million); (b) Airport Apron (\$2.9 million); and (c) Pier One Road (\$1.6 million).

- Improvements other than Buildings increased by \$2.9 million. This increase related to the completion of a new apron at the Bay Bridge Airport.

- **Infrastructure** increased by \$4.8 million due to the following asset additions: (a) Postal Road sewer and water (\$2.6 million); (b) commercial developers contributed water and sewer infrastructure to be maintained by the County (\$1.9 million); and (c) the Pier One Road (\$315 thousand).
- **Auto, Machinery and Equipment** increased by a net amount of \$140 thousand. Additions totaled \$289 thousand, and were mainly comprised of new sewer pumps, well pumps, and other sanitation equipment. Retirements totaled \$149 thousand, and were primarily related to the Sanitary District as follows: (a) obsolete pumps and generators (\$89 thousand); (b) retirement of obsolete software (\$26 thousand); and (c) the sale of two service trucks no longer in service (\$33 thousand).

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

Long-term debt: At the end of the current fiscal year, Queen Anne’s County Government had total bonded debt, loans, capital leases, other post-employment benefit obligations, net pension liability, and compensated absence obligations of \$188.7 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 \$188.7 million in debt, \$22.8 million is considered to be self-supporting, in that obligations of the County’s enterprise funds will be funded through charges and assessments related to the operations of those funds. In addition, the Sanitary District’s Debt Service Fund holds total assets of \$2.7 million, which are restricted to payment of the Sanitary District’s subsequent year’s debt. See Note 10 for restricted assets and subsequent year debt service obligations.

Debt activities are summarized as follows:

Bonded Debt, Loans, Other Post-Employment Benefit Obligation, Pension Liability, and Compensated Absences	Governmental Activities		Business Type Activities		Total	
	2015	2014 *	2015	2014 *	2015	2014 *
	Bonds, Notes, and Premiums	\$ 112,844,838	\$ 108,841,719	\$ 14,929,213	\$ 14,638,211	\$ 127,774,051
Other Post-Employment Benefit Obligation	33,920,346	32,201,835	5,951,774	5,477,412	39,872,120	37,679,247
Net Pension Liability	16,857,736	18,585,735	1,573,426	1,734,710	18,431,162	20,320,445
Compensated Absences	2,297,920	2,111,593	310,118	287,239	2,608,038	2,398,832
Total Long-term Debt	\$ 165,920,840	\$ 161,740,882	\$ 22,764,531	\$ 22,137,572	\$ 188,685,371	\$ 183,878,454

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

During the 2015 fiscal year, the County’s total net debt increased by \$4.8 million (2.6 percent). Of this amount, governmental debt increased by \$4.2 million (2.6 percent), while business-type debt increased by \$627 thousand (2.8 percent). In fiscal year 2015, the County issued 2015 bonds totaling \$12.2 million and also issued 2015 refunding bonds totaling \$14.0 million. In addition, the total Other Post-Employment Benefit Obligations also increased by \$2.2 million. Offsetting these increases were changes in accruals, plus the County’s repayment of existing debt in accordance with established repayment schedules for bonds, notes, and capital lease agreements.

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

The public local laws of Queen Anne’s County limit the amount of general obligation debt to no more than \$8.0 million, beyond any bonded indebtedness of the County. Currently, approximately \$7.2 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 2015, 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 2016 fiscal year:

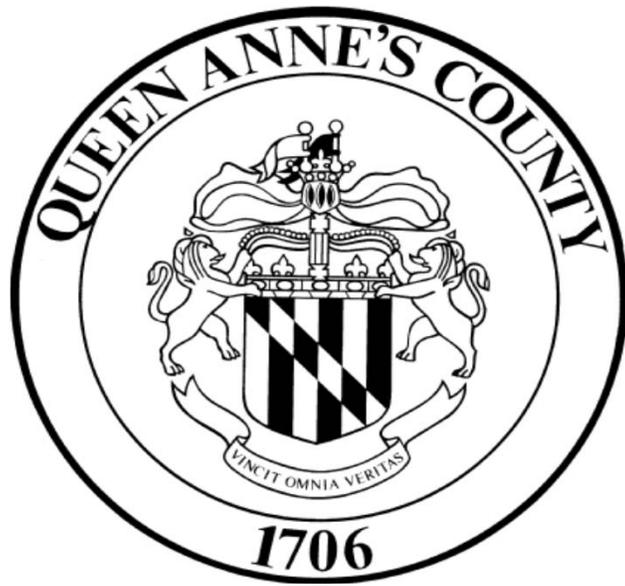
- Property assessments are projected to increase by 0.43 percent over the previous year, based on State Assessment Office values used to compute the Constant Yield rate.
- Income tax revenue is projected to increase to \$44.8 million in fiscal year 2016, which is a 4.4% increase over actual receipts for fiscal year 2015.

The following are a few of the highlights from the fiscal year 2016 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 \$1.3 million above Maintenance of Effort in fiscal year 2016;
- The County's pay for performance system will continue in fiscal year 2016 using the rating levels of 1, 2, and 3;
- The County's educational assistance program will be reinstated in fiscal year 2016;
- County employees shall receive a one and a half percent cost of living allowance as of July 1, 2015, with the exception of employees hired between January 1, 2015 and June 30, 2015 who will receive a one and a half percent cost of living allowance as of January 1, 2016;
- County employees making \$40,000 or less will receive \$600 as their cost of living allowance and County employees making \$80,000 or more will receive \$1,200 as their cost of living allowance; and
- Funding will be provided 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 or can be emailed to accounting@qac.org. This report can also be found on the County's website, <http://www.qac.org> (see Government, Departments, Office of Budget, Finance, and IT, Accounting section, Link to 2015 Comprehensive Annual Financial Report (CAFR)).



Basic Financial Statements

QUEEN ANNE'S COUNTY, MARYLAND
STATEMENT OF NET POSITION
JUNE 30, 2015

	PRIMARY GOVERNMENT		
	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
ASSETS			
Equity in Pooled Cash and Investments	\$ 55,590,512	\$ 11,313,619	\$ 66,904,131
Cash and Cash Equivalents	-	-	-
Taxes Receivable (Net)	593,861	-	593,861
Accounts and Loans Receivable (Net)	7,467,540	519,438	7,986,978
Special Assessments (Net)	722,804	-	722,804
Internal Balances	396,254	(396,254)	-
Due from Primary Government	-	-	-
Due from Other Governments	13,759,597	88,206	13,847,803
Bond Interest Reimbursement Receivable - Build America Bond	93,472	3,826	97,298
Inventories	675,458	556,446	1,231,904
Prepaid Items	12,319	-	12,319
Restricted Assets:			
Equity in Pooled Cash and Investments	11,069,897	8,543,775	19,613,672
Accounts Receivable (Net)	-	21,619	21,619
Special Assessments Receivable (Net)	-	960,426	960,426
Capital Assets:			
Nondepreciable Assets	99,293,636	16,276,849	115,570,485
Depreciable Assets, Net	56,572,265	79,367,027	135,939,292
Total Assets	<u>246,247,615</u>	<u>117,254,977</u>	<u>363,502,592</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Outflows related to Pensions	2,521,294	252,614	2,773,908
Deferred Charge on Refunding	1,865,049	52,826	1,917,875
Total Deferred Outflows of Resources	<u>4,386,343</u>	<u>305,440</u>	<u>4,691,783</u>
LIABILITIES			
Accounts Payable and Other Current Liabilities	4,301,972	622,457	4,924,429
Accrued Interest Payable	841,326	78,186	919,512
Due to Component Units	2,104,360	-	2,104,360
Due to Other Governmental Agencies	334,194	-	334,194
Unearned Revenue	858,374	570,906	1,429,280
Escrow Deposits	-	62,498	62,498
Noncurrent Liabilities:			
Due within One Year	9,547,655	1,324,491	10,872,146
Due in More than One Year	156,373,185	21,440,040	177,813,225
Total Liabilities	<u>174,361,066</u>	<u>24,098,578</u>	<u>198,459,644</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred Inflows related to Pensions	1,845,189	172,221	2,017,410
Deferred Assessments	782,771	954,869	1,737,640
Deferred Fees	1,221,475	-	1,221,475
Total Deferred Inflows of Resources	<u>3,849,435</u>	<u>1,127,090</u>	<u>4,976,525</u>
NET POSITION			
Net Investment in Capital Assets	125,434,538	80,787,152	206,221,690
Amounts Restricted for:			
General Government	9,739,787	-	9,739,787
Education	4,555,956	-	4,555,956
Economic/Community Development	4,890,776	-	4,890,776
Public Safety	619,918	-	619,918
Conservation of Natural Resources	657,942	-	657,942
Social Services	107	-	107
Debt Service	-	2,308,234	2,308,234
Capital Projects	-	753,300	753,300
Other Purposes	-	-	-
Unrestricted Amounts (Deficit)	(73,475,567)	8,486,063	(64,989,504)
Total Net Position	<u>\$ 72,423,457</u>	<u>\$ 92,334,749</u>	<u>\$ 164,758,206</u>

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

QUEEN ANNE'S COUNTY, MARYLAND
STATEMENT OF NET POSITION
JUNE 30, 2015

(CONTINUED)

COMPONENT UNITS	
BOARD OF EDUCATION	FREE LIBRARY
\$ -	\$ -
12,039,717	367,028
-	-
202,246	30,031
-	-
-	-
2,167,479	-
1,433,851	-
-	-
32,419	-
-	17,263
-	623,722
-	-
-	-
27,083,385	29,850
145,232,324	1,093,766
<u>188,191,421</u>	<u>2,161,660</u>
-	-
512,789	-
-	-
<u>512,789</u>	<u>-</u>
-	-
12,129,795	63,616
-	-
-	-
-	-
464,256	-
-	-
670,725	-
47,174,568	1,259,558
<u>60,439,344</u>	<u>1,323,174</u>
-	-
390,704	-
-	-
-	-
<u>390,704</u>	<u>-</u>
-	-
169,230,662	1,123,616
-	-
-	-
-	-
-	-
-	-
-	-
423,999	-
6,461	10,500
(41,786,960)	(295,630)
<u>\$ 127,874,162</u>	<u>\$ 838,486</u>

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

QUEEN ANNE'S COUNTY, MARYLAND
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2015

	PRIMARY GOVERNMENT				
	EXPENSES	CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	TOTAL REVENUE
PRIMARY GOVERNMENT					
Governmental Activities					
General Government	\$ 10,849,277	\$ 1,505,857	\$ 644,297	\$ 96,684	\$ 2,246,838
Public Safety	25,297,450	1,244,752	1,052,666	119,118	2,416,536
Public Works	14,363,603	1,275,538	527,538	80,000	1,883,076
Health	1,856,158	-	-	-	-
Social Services	4,775,440	68,187	2,056,111	40,527	2,164,825
Education	65,633,331	1,249,332	-	-	1,249,332
Library	1,458,348	-	-	-	-
Conservation of Natural Resources	587,147	72,688	96,195	3,637	172,520
Economic/Community Development	1,763,024	80,558	285,344	-	365,902
Interest and Fiscal Charges	4,039,622	-	-	-	-
Total Governmental Activities	130,623,400	5,496,912	4,662,151	339,966	10,499,029
Business-type Activities					
Water and Sewer	10,412,432	8,840,213	90,000	1,862,257	10,792,470
Airport	1,014,491	53,200	73,311	-	126,511
Golf Course	496,065	295,955	-	-	295,955
Public Landings and Marinas	537,823	423,723	43,304	-	467,027
Total Business-type Activities	12,460,811	9,613,091	206,615	1,862,257	11,681,963
Total Primary Government	\$ 143,084,211	\$ 15,110,003	\$ 4,868,766	\$ 2,202,223	\$ 22,180,992
COMPONENT UNITS					
Board of Education	\$ 110,123,255	\$ 1,407,148	\$ 13,006,856	\$ -	\$ 14,414,004
Free Library	1,998,236	5,071	211,334	-	216,405
Total Component Units	\$ 112,121,491	\$ 1,412,219	\$ 13,218,190	\$ -	\$ 14,630,409
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, 2015

(CONTINUED)

NET (EXPENSE) REVENUE AND CHANGES IN NET POSITION					
PRIMARY GOVERNMENT			COMPONENT UNITS		
GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL	BOARD OF EDUCATION	FREE LIBRARY	
\$ (8,602,439)	\$ -	\$ (8,602,439)	\$ -	\$ -	
(22,880,914)	-	(22,880,914)	-	-	
(12,480,527)	-	(12,480,527)	-	-	
(1,856,158)	-	(1,856,158)	-	-	
(2,610,615)	-	(2,610,615)	-	-	
(64,383,999)	-	(64,383,999)	-	-	
(1,458,348)	-	(1,458,348)	-	-	
(414,627)	-	(414,627)	-	-	
(1,397,122)	-	(1,397,122)	-	-	
(4,039,622)	-	(4,039,622)	-	-	
<u>(120,124,371)</u>	<u>-</u>	<u>(120,124,371)</u>	<u>-</u>	<u>-</u>	
-	380,038	380,038	-	-	
-	(887,980)	(887,980)	-	-	
-	(200,110)	(200,110)	-	-	
-	(70,796)	(70,796)	-	-	
<u>-</u>	<u>(778,848)</u>	<u>(778,848)</u>	<u>-</u>	<u>-</u>	
<u>\$ (120,124,371)</u>	<u>\$ (778,848)</u>	<u>\$ (120,903,219)</u>	<u>\$ -</u>	<u>\$ -</u>	
\$ -	\$ -	\$ -	\$ (95,709,251)	\$ -	
-	-	-	-	(1,781,831)	
<u>-</u>	<u>-</u>	<u>-</u>	<u>(95,709,251)</u>	<u>(1,781,831)</u>	
64,672,721	-	64,672,721	-	-	
44,643,870	-	44,643,870	-	-	
155,396	-	155,396	-	-	
5,071,013	-	5,071,013	-	-	
480,752	-	480,752	-	-	
1,797,855	-	1,797,855	-	-	
-	-	-	103,341,853	1,570,623	
94,092	323,585	417,677	18,052	2,822	
1,098,632	-	1,098,632	-	-	
1,076,893	815,430	1,892,323	185,789	82,218	
(360,177)	360,177	-	-	-	
<u>118,731,047</u>	<u>1,499,192</u>	<u>120,230,239</u>	<u>103,545,694</u>	<u>1,655,663</u>	
<u>(1,393,324)</u>	<u>720,344</u>	<u>(672,980)</u>	<u>7,836,443</u>	<u>(126,168)</u>	
90,218,678	93,112,718	183,331,396	123,504,380	964,654	
<u>(16,401,897)</u>	<u>(1,498,313)</u>	<u>(17,900,210)</u>	<u>(3,466,661)</u>	<u>-</u>	
<u>73,816,781</u>	<u>91,614,405</u>	<u>165,431,186</u>	<u>120,037,719</u>	<u>964,654</u>	
<u>\$ 72,423,457</u>	<u>\$ 92,334,749</u>	<u>\$ 164,758,206</u>	<u>\$ 127,874,162</u>	<u>\$ 838,486</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, 2015

	MAJOR FUNDS			NON-MAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
	GENERAL FUND	GENERAL CAPITAL	ROADS CAPITAL		
<u>ASSETS</u>					
Cash and Cash Equivalents	\$ 17,645,275	\$ 22,053,114	\$ 3,721,634	\$ 12,170,489	\$ 55,590,512
Prepaid Items	12,319	-	-	-	12,319
Receivables					
Taxes Receivable (Net)	534,109	-	-	59,752	593,861
Accounts and Loans Receivable	226,897	1,160,378	15,002	6,065,263	7,467,540
Special Assessments (Net)	-	-	217,235	505,569	722,804
Due from Other Governments	8,446,812	126,604	-	554,470	9,127,886
Due from Other Funds	601,810	54,922	-	-	656,732
Inventory	675,458	-	-	-	675,458
Restricted					
Restricted Equity in Pooled Cash	-	11,069,897	-	-	11,069,897
Total Assets	\$ 28,142,680	\$ 34,464,915	\$ 3,953,871	\$ 19,355,543	\$ 85,917,009
<u>LIABILITIES</u>					
Accrued Liabilities	\$ 2,381,169	\$ 1,500,239	\$ 32,106	\$ 384,042	\$ 4,297,556
Due to Other Funds	-	-	-	260,478	260,478
Due to Component Units	-	2,104,360	-	-	2,104,360
Due to Other Governmental Agencies	-	-	-	334,194	334,194
Unearned Revenue	611,346	71,678	-	175,350	858,374
Total Liabilities	2,992,515	3,676,277	32,106	1,154,064	7,854,962
<u>DEFERRED INFLOWS OF RESOURCES</u>					
Unavailable Income Taxes	2,929,270	-	-	-	2,929,270
Unavailable Property Taxes	146,105	-	-	-	146,105
Unavailable Inter-County Bonds Receivable	877,941	-	-	-	877,941
Unavailable Benefit Assessments	-	-	277,202	505,569	782,771
Unavailable Fees	-	-	-	1,221,475	1,221,475
Total Deferred Inflows	3,953,316	-	277,202	1,727,044	5,957,562
<u>FUND BALANCES</u>					
Nonspendable	687,777	1,158,824	-	4,760,224	6,606,825
Restricted	8,681,112	6,283,720	-	11,510,652	26,475,484
Committed	2,000,000	3,505,190	703,987	-	6,209,177
Assigned	2,034,875	19,840,904	2,940,576	311,744	25,128,099
Unassigned	7,793,085	-	-	(108,185)	7,684,900
Total Fund Balances	21,196,849	30,788,638	3,644,563	16,474,435	72,104,485
Total Liabilities, Deferred Inflows and Fund Balances	\$ 28,142,680	\$ 34,464,915	\$ 3,953,871	\$ 19,355,543	\$ 85,917,009

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, 2015

Total Fund Balance - Governmental Funds **\$ 72,104,485**

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 4,631,711

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 93,472

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	\$ 43,912,700		
Infrastructure	44,394,332		
Construction in Progress	10,986,604		
		99,293,636	

ADD Depreciable capital assets			
Buildings	41,684,071		
Improvements other than Buildings	9,577,406		
Machinery and Equipment	20,040,703		
Automobiles and Trucks	11,477,502		
Infrastructure	18,926,771		
Less Accumulated depreciation	(45,134,188)		
		56,572,265	

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	146,105		
ADD Income Taxes deferred in governmental funds	2,929,270		
ADD Loans receivable deferred in governmental funds	877,941		
		3,953,316	

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 (841,326)

SUBTRACT Liability for Retirement Incentive (4,416)

SUBTRACT Long-Term Liabilities Due within One Year			
Accrued Compensated Absences	(1,343,904)		
Bonds and Notes Payable	(8,203,751)		
		(9,547,655)	

SUBTRACT Long-Term Liabilities Due in More than One Year			
Other Post-Employment Benefit Obligation	(33,920,346)		
Net Pension Liability	(16,857,736)		
Accrued Compensated Absences	(954,016)		
Bonds and Notes Payable	(104,641,087)		
		(156,373,185)	

ADD / SUBTRACT Deferred Inflows and Outflows			
Deferred Inflows - Maryland State Pension	(1,845,189)		
Deferred Outflows - Maryland State Pension	2,521,294		
Deferred Charge On Refunding	1,865,049		
		2,541,154	

Total Net Position - Governmental Activities **\$ 72,423,457**

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, 2015

	MAJOR FUNDS			NON-MAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
	GENERAL FUND	GENERAL CAPITAL	ROADS CAPITAL		
REVENUES					
Taxes					
Local Property Tax	\$ 64,643,520	\$ -	\$ -	\$ 28,772	\$ 64,672,292
Local Income Tax	42,889,715	-	-	-	42,889,715
Admission and Amusement Taxes	155,396	-	-	-	155,396
Recordation Taxes	3,399,247	506,595	-	1,165,171	5,071,013
Hotel Taxes	-	-	-	480,752	480,752
County Transfer Taxes	1,797,855	-	-	-	1,797,855
State Shared Taxes	518,326	-	-	39,508	557,834
Licenses and Permits	615,401	-	-	447,516	1,062,917
Intergovernmental	1,742,520	103,728	-	2,184,328	4,030,576
Bond Interest Reimbursement - Build America Bond	375,323	-	-	-	375,323
Charges for Current Services	2,170,142	56,053	78,731	1,946,909	4,251,835
Fines and Forfeitures	82,059	-	-	100,101	182,160
Investment Income	56,231	8,643	18,208	11,010	94,092
Donations	4,380	-	-	37,011	41,391
Miscellaneous	948,444	79,370	-	49,079	1,076,893
Total Revenues	<u>119,398,559</u>	<u>754,389</u>	<u>96,939</u>	<u>6,490,157</u>	<u>126,740,044</u>
EXPENDITURES					
Current					
General Government	7,081,681	865,449	-	380,233	8,327,363
Public Safety	21,929,943	594,848	-	608,817	23,133,608
Public Works	8,458,784	29,754	715,492	-	9,204,030
Health	1,822,856	-	-	-	1,822,856
Social Services	284,474	55,728	-	3,261,944	3,602,146
Education	53,020,064	12,663,844	-	-	65,683,908
Library	1,432,500	-	-	-	1,432,500
Conservation of Natural Resources	517,319	47,970	-	-	565,289
Economic/Community Development	279,687	61,962	-	1,275,135	1,616,784
Parks	2,754,492	83,447	-	-	2,837,939
Recreation	505,892	-	-	-	505,892
Intergovernmental	302,377	-	-	-	302,377
Miscellaneous	3,233,208	-	-	-	3,233,208
Capital Outlay	-	7,550,846	1,158,314	24,349	8,733,509
Debt Service					
Principal	7,400,186	-	-	44,425	7,444,611
Debt Issuance Costs	-	403,572	-	-	403,572
Interest and Fiscal Charges	3,846,823	-	-	-	3,846,823
Total Expenditures	<u>112,870,286</u>	<u>22,357,420</u>	<u>1,873,806</u>	<u>5,594,903</u>	<u>142,696,415</u>
Excess of Revenues Over (Under) Expenditures	<u>6,528,273</u>	<u>(21,603,031)</u>	<u>(1,776,867)</u>	<u>895,254</u>	<u>(15,956,371)</u>
OTHER FINANCING SOURCES (USES)					
Issuance of Debt	-	24,549,249	835,244	-	25,384,493
Bond Premiums	-	1,901,240	-	-	1,901,240
Payments to Bond Refunding Agent	-	(14,881,834)	-	-	(14,881,834)
Proceeds of Capital Asset Disposals	75,098	1,254,900	-	1,610	1,331,608
Insurance Proceeds	57,916	-	-	-	57,916
Transfers In	268,376	2,178,450	180,000	2,452,815	5,079,641
Transfers Out	(4,154,321)	(2,027,148)	-	(268,376)	(6,449,845)
Other Financing Sources (Uses)	<u>(3,752,931)</u>	<u>12,974,857</u>	<u>1,015,244</u>	<u>2,186,049</u>	<u>12,423,219</u>
Net Increase (Decrease) in Fund Balances	2,775,342	(8,628,174)	(761,623)	3,081,303	(3,533,152)
Fund Balances, July 1	18,421,507	39,416,812	4,406,186	13,393,132	75,637,637
Fund Balances, June 30	<u>\$ 21,196,849</u>	<u>\$ 30,788,638</u>	<u>\$ 3,644,563</u>	<u>\$ 16,474,435</u>	<u>\$ 72,104,485</u>

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

QUEEN ANNE'S COUNTY, MARYLAND
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2015

Change in Fund Balances - Total governmental funds, per Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds **\$ (3,533,152)**

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 of those assets and reported as depreciation expense over a number of years. Therefore, the change in assets differs from the change in fund balance by the amount of capital asset purchases that will be capitalized and depreciated over a number of years, less the offsetting depreciation expense for the current year.

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

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

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

ADD capital assets acquired as capital outlay	\$	222,307
ADD capital assets resulting from general capital projects		7,550,846
ADD capital assets resulting from roads capital projects		1,158,314
ADD capital asset donations and transfers		80,000
SUBTRACT book value of disposed capital assets, net of accumulated depreciation		(332,982)
SUBTRACT current year depreciation expense		<u>(3,162,028)</u>
Net Increase in Capital Assets		5,516,457

Receivables not included in the governmental funds because they relate to debt.

A portion of the County's 2014 Bond offering related to debt issued on behalf of Chesapeake College. Although Queen Anne's County will submit the payments to the lender for the bonds, there are five Counties that will share the expense of the debt service for the Chesapeake College project. A receivable is booked in Government-Wide in order to offset the debt recorded on the books related to the portion of the Chesapeake College project that the other Counties are responsible for.

CHANGE in bond receivable (168,290)

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

CHANGE in bond interest reimbursement receivable - Build America Bond (3,007)

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.

CHANGE in liability for the retirement incentive 17,679

Revenues that are earned but not collected within sixty days after the end of the fiscal year are not considered to be "available" to meet current cash requirements and are deferred in the Governmental Funds to the following year. However, these revenues are recognized in the Statement of Activities. The amount by which this type of deferred inflows increased or (decreased) relative to the prior year is as follows:

CHANGE in Property Tax Deferred Inflows		429
CHANGE in Income Tax Deferred Inflows		1,754,156

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	23,282,614	
SUBTRACT proceeds of debt	(27,285,733)	
SUBTRACT College reimbursement received	(325,761)	
ADD County's allocation to College for debt	50,576	
Change in Deferred Refunding Costs	<u>780,924</u>	(3,497,380)

Some accrued expenses, reported in the Statement of Activities, do not require the use of current financial resources and are not reported as expenditures in the Governmental Funds.

Change in accrued Interest Payable		204,356
Change in accrued Other Post Employment Benefit Obligation		(1,718,511)
Change in Accrued Compensated Absences		(186,327)
Change in deferred outflow of resources - Maryland State Pension (see Note 12)		337,456
Change in deferred inflow of resources - Maryland State Pension (see Note 12)		(1,845,189)
Change in net pension liability - Maryland State Pension (see Note 12)		1,727,999

Change in Net Position - governmental activities, per Statement of Activities **\$ (1,393,324)**

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, 2015

	SANITARY DISTRICT		
	SEWER OPERATIONS	WATER OPERATIONS	RESTRICTED FUND
ASSETS			
Current Assets			
Unrestricted			
Equity in Pooled Cash	\$ 6,874,424	\$ 3,594,833	\$ -
Accounts Receivable (Net)	318,735	179,151	-
Due from Other Funds	387,778	-	-
Due from Other Governments	-	-	-
Bond Interest Reimbursement Receivable - Build America Bond	-	-	-
Inventories	523,905	-	-
Restricted			
Restricted Equity in Pooled Cash	-	-	5,848,392
Restricted Accounts Receivable (Net)	-	-	6,816
Total Current Assets	8,104,842	3,773,984	5,855,208
Noncurrent Assets			
Restricted			
Special Assessments Receivable (Net)	-	-	952,578
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	1,052,397	259,422	-
Equipment	20,519,704	1,488,050	-
Furniture and Fixtures	28,779	13,681	-
Infrastructure Improvements	54,669,030	22,882,303	-
Construction in Progress	433,919	-	-
Capital Assets before Depreciation	92,110,844	24,957,951	-
Less Accumulated Depreciation	(38,734,285)	(8,385,015)	-
Total Capital Assets, Net of Accumulated Depreciation	53,376,559	16,572,936	-
Total Noncurrent Assets	53,376,559	16,572,936	952,578
Total Assets	61,481,401	20,346,920	6,807,786
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Outflow for Pension Contributions	174,156	51,007	-
Deferred Charge on Refunding	-	-	-
Total Deferred Outflows of Resources	174,156	51,007	-
LIABILITIES			
Current Liabilities			
Payable from Unrestricted Assets			
Accounts Payable	437,673	92,394	-
Accrued Interest Payable	47,034	-	-
Escrow Deposits	48,948	-	-
Due to Other Funds	-	-	-
Unearned Revenue	568,432	-	-
Current Portion of Compensated Absences	112,385	44,951	-
Current Portion of Bonds/Notes Payable	897,616	-	-
Payable from Restricted Assets			
Current Portion of Bonds Payable	-	-	-
Total Current Liabilities	2,112,088	137,345	-
Noncurrent Liabilities			
Payable from Unrestricted Assets			
Compensated Absences	79,780	31,910	-
Other Post-Employment Benefit Obligation	4,212,547	1,268,574	-
Net Pension Liability	1,084,741	317,700	-
Bonds/Notes Payable	10,471,639	-	-
Total Noncurrent Liabilities	15,848,707	1,618,184	-
Total Liabilities	17,960,795	1,755,529	-
DEFERRED INFLOWS OF RESOURCES			
Deferred Inflow for Pension Contributions	118,732	34,774	-
Unavailable Water and Sewer Assessments	-	-	952,578
Total Deferred Inflows of Resources	118,732	34,774	952,578
NET POSITION			
Net Investment in Capital Assets	42,007,304	16,572,936	-
Amounts Restricted for:			
Debt Service	-	-	-
Capital Projects	-	-	753,300
Unrestricted Amounts (Deficit)	1,568,726	2,034,688	5,101,908
Total Net Position	\$ 43,576,030	\$ 18,607,624	\$ 5,855,208

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, 2015

(CONTINUED)

SANITARY DISTRICT		BAY BRIDGE AIRPORT		NON-MAJOR ENTERPRISE FUNDS		TOTAL PRIMARY GOVERNMENT ENTERPRISE FUNDS	
DEBT SERVICE FUND	TOTAL						
\$ -	\$ 10,469,257	\$ 37,342	\$ 807,020	\$ 872	\$ 11,313,619		
-	497,886	20,680	-	-	519,438		
-	387,778	-	-	-	387,778		
-	-	68,305	19,901	-	88,206		
-	-	605	3,221	-	3,826		
-	523,905	25,734	6,807	-	556,446		
2,695,383	8,543,775	-	-	-	8,543,775		
14,803	21,619	-	-	-	21,619		
<u>2,710,186</u>	<u>20,444,220</u>	<u>152,666</u>	<u>837,821</u>	<u>-</u>	<u>21,434,707</u>		
<u>7,848</u>	<u>960,426</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>960,426</u>		
-	6,140	-	-	-	6,140		
-	814,531	11,931,964	2,673,632	-	15,420,127		
-	13,157,213	1,233,204	313,443	-	14,703,860		
-	1,743,626	7,615,114	5,465,727	-	14,824,467		
-	1,311,819	73,470	46,431	-	1,431,720		
-	22,007,754	74,252	425,036	-	22,507,042		
-	42,460	-	4,979	-	47,439		
-	77,551,333	315,449	-	-	77,866,782		
-	433,919	411,123	5,540	-	850,582		
-	117,068,795	21,654,576	8,934,788	-	147,658,159		
-	<u>(47,119,300)</u>	<u>(3,529,822)</u>	<u>(1,365,161)</u>	<u>-</u>	<u>(52,014,283)</u>		
-	69,949,495	18,124,754	7,569,627	-	95,643,876		
<u>7,848</u>	<u>70,909,921</u>	<u>18,124,754</u>	<u>7,569,627</u>	<u>-</u>	<u>96,604,302</u>		
<u>2,718,034</u>	<u>91,354,141</u>	<u>18,277,420</u>	<u>8,407,448</u>	<u>-</u>	<u>118,039,009</u>		
-	225,163	7,104	20,347	-	252,614		
-	-	21,622	31,204	-	52,826		
-	<u>225,163</u>	<u>28,726</u>	<u>51,551</u>	<u>-</u>	<u>305,440</u>		
-	530,067	52,476	39,914	-	622,457		
68	47,102	17,223	13,861	-	78,186		
-	48,948	13,550	-	-	62,498		
387,778	387,778	-	396,254	-	784,032		
-	568,432	-	2,474	-	570,906		
-	157,336	3,687	20,345	-	181,368		
-	897,616	90,429	135,588	-	1,123,633		
<u>19,490</u>	<u>19,490</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>19,490</u>		
<u>407,336</u>	<u>2,656,769</u>	<u>177,365</u>	<u>608,436</u>	<u>-</u>	<u>3,442,570</u>		
-	111,690	2,617	14,443	-	128,750		
-	5,481,121	240,924	229,729	-	5,951,774		
-	1,402,441	44,248	126,737	-	1,573,426		
173	10,471,812	2,059,031	1,255,247	-	13,786,090		
173	17,467,064	2,346,820	1,626,156	-	21,440,040		
<u>407,509</u>	<u>20,123,833</u>	<u>2,524,185</u>	<u>2,234,592</u>	<u>-</u>	<u>24,882,610</u>		
-	153,506	4,843	13,872	-	172,221		
2,291	954,869	-	-	-	954,869		
<u>2,291</u>	<u>1,108,375</u>	<u>4,843</u>	<u>13,872</u>	<u>-</u>	<u>1,127,090</u>		
-	58,580,240	15,996,916	6,209,996	-	80,787,152		
2,308,234	2,308,234	-	-	-	2,308,234		
-	753,300	-	-	-	753,300		
-	8,705,322	(219,798)	539	-	8,486,063		
<u>\$ 2,308,234</u>	<u>\$ 70,347,096</u>	<u>\$ 15,777,118</u>	<u>\$ 6,210,535</u>	<u>\$ -</u>	<u>\$ 92,334,749</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, 2015

	SANITARY DISTRICT		
	SEWER OPERATIONS	WATER OPERATIONS	RESTRICTED FUND
OPERATING REVENUES			
Charges for Services	\$ 5,389,462	\$ 2,246,143	\$ 987,800
Intergovernmental	90,000	-	-
Bond Interest Reimbursement - Build America Bond	-	-	-
Material Sales	7,500	11,863	-
Miscellaneous Revenues	35,078	134,211	-
Total Operating Revenues	5,522,040	2,392,217	987,800
OPERATING EXPENSES			
Cost of Sales and Services			
Collection	2,387,146	-	-
Distribution	-	245,167	-
Treatment	993,259	1,224,785	-
Shop	166,633	102,709	-
Airport	-	-	-
Recreation	-	-	-
Total Cost of Sales and Services	3,547,038	1,572,661	-
Administration and Inspection	688,052	504,026	-
Other Post-Employment Benefit Contributions	347,311	98,914	-
Depreciation	2,936,923	531,111	-
Total Operating Expenses	7,519,324	2,706,712	-
Operating Income (Loss)	(1,997,284)	(314,495)	987,800
NON-OPERATING REVENUES (EXPENSES)			
Investment Income	97,181	85,087	116,118
Interest Expense	(185,792)	-	-
Gain on Disposal of Capital Assets	2,475	-	-
Total Non-Operating Revenues (Expenses)	(86,136)	85,087	116,118
Income (Loss) Before Contributions and Transfers	(2,083,420)	(229,408)	1,103,918
Capital Contributions, Fees and Grants	1,426,329	435,928	-
TRANSFERS			
Transfers In	1,337,762	-	-
Transfers Out	(5,000)	(5,000)	(1,050,886)
Net Transfers In (Out)	1,332,762	(5,000)	(1,050,886)
Change in Net Position	675,671	201,520	53,032
Total Net Position - Beginning of Year, as Previously Reported	43,932,698	18,708,848	5,802,176
Adjustments to Restate Beginning Net Position	(1,032,339)	(302,744)	-
Total Net Position - Beginning of Year, as Restated	42,900,359	18,406,104	5,802,176
Total Net Position - End of Year	\$ 43,576,030	\$ 18,607,624	\$ 5,855,208

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, 2015

(CONTINUED)

SANITARY DISTRICT			NON-MAJOR ENTERPRISE FUNDS	TOTAL PRIMARY GOVERNMENT ENTERPRISE FUNDS
DEBT SERVICE FUND	TOTAL	BAY BRIDGE AIRPORT		
\$ 216,808	\$ 8,840,213	\$ 53,200	\$ 719,678	\$ 9,613,091
-	90,000	70,901	30,473	191,374
-	-	2,410	12,831	15,241
-	19,363	290,367	42,090	351,820
-	169,289	267,412	26,909	463,610
<u>216,808</u>	<u>9,118,865</u>	<u>684,290</u>	<u>831,981</u>	<u>10,635,136</u>
-	2,387,146	-	-	2,387,146
-	245,167	-	-	245,167
-	2,218,044	-	-	2,218,044
-	269,342	-	-	269,342
-	-	562,470	-	562,470
-	-	-	793,327	793,327
-	5,119,699	562,470	793,327	6,475,496
-	1,192,078	-	-	1,192,078
-	446,225	5,235	22,902	474,362
-	3,468,034	384,348	147,569	3,999,951
-	10,226,036	952,053	963,798	12,141,887
<u>216,808</u>	<u>(1,107,171)</u>	<u>(267,763)</u>	<u>(131,817)</u>	<u>(1,506,751)</u>
24,930	323,316	269	-	323,585
(3,079)	(188,871)	(62,438)	(70,090)	(321,399)
-	2,475	-	-	2,475
<u>21,851</u>	<u>136,920</u>	<u>(62,169)</u>	<u>(70,090)</u>	<u>4,661</u>
<u>238,659</u>	<u>(970,251)</u>	<u>(329,932)</u>	<u>(201,907)</u>	<u>(1,502,090)</u>
-	1,862,257	-	-	1,862,257
1,050,886	2,388,648	215,201	154,976	2,758,825
(1,337,762)	(2,398,648)	-	-	(2,398,648)
<u>(286,876)</u>	<u>(10,000)</u>	<u>215,201</u>	<u>154,976</u>	<u>360,177</u>
(48,217)	882,006	(114,731)	(46,931)	720,344
2,356,451	70,800,173	15,934,179	6,378,366	93,112,718
-	(1,335,083)	(42,330)	(120,900)	(1,498,313)
<u>2,356,451</u>	<u>69,465,090</u>	<u>15,891,849</u>	<u>6,257,466</u>	<u>91,614,405</u>
<u>\$ 2,308,234</u>	<u>\$ 70,347,096</u>	<u>\$ 15,777,118</u>	<u>\$ 6,210,535</u>	<u>\$ 92,334,749</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, 2015

	SANITARY DISTRICT		
	SEWER OPERATIONS	WATER OPERATIONS	RESTRICTED FUND
<u>CASH FLOW FROM OPERATING ACTIVITIES</u>			
Receipts from customers and users	\$ 5,440,109	\$ 2,260,709	\$ 992,086
Receipts from other operating sources	132,578	146,074	-
Receipts from bond interest reimbursement - Build America Bond	-	-	-
Payments to suppliers	(1,586,182)	(1,317,130)	-
Payments to employees and on behalf of employees	(2,565,143)	(960,270)	-
Net Cash Provided (Used) by Operating Activities	<u>1,421,362</u>	<u>129,383</u>	<u>992,086</u>
<u>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</u>			
Transfers in from other funds	1,337,762	-	-
(Payment) Receipts from interfund loans	(10,221)	-	-
Transfers to other funds	(5,000)	(5,000)	(1,050,886)
Principal paid on interfund loans	-	-	-
Net Cash Provided (Used) by Noncapital Financing Activities	<u>1,322,541</u>	<u>(5,000)</u>	<u>(1,050,886)</u>
<u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</u>			
Proceeds from the disposition of capital assets	2,475	-	-
Receipts from capital grants	5,000	-	-
Principal paid on capital debt	(1,144,590)	-	-
Proceeds from the sale of bonds	-	-	-
Premium on sale of bonds	-	-	-
Deferred Refunding costs on sale of bonds	-	-	-
Interest paid on capital debt	(193,174)	-	-
Acquisition and construction of capital assets	(1,586,545)	(341,704)	-
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(2,916,834)</u>	<u>(341,704)</u>	<u>-</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Net Cash Provided by Investing Activities - Investment Income	<u>97,181</u>	<u>85,087</u>	<u>116,118</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(75,750)	(132,234)	57,318
Balances - Beginning of the year	<u>6,950,174</u>	<u>3,727,067</u>	<u>5,791,074</u>
Balances - End of the year	<u>\$ 6,874,424</u>	<u>\$ 3,594,833</u>	<u>\$ 5,848,392</u>
<u>Reconciliation of operating income (loss) to net cash provided by operating activities</u>			
Operating income (loss)	\$ (1,997,284)	\$ (314,495)	\$ 987,800
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:			
Depreciation	2,936,923	531,111	-
Effect of changes in operating assets and liabilities:			
Accounts receivable, net	26,487	14,566	4,286
Special assessments receivable, net	-	-	162,135
Operating grants receivable	-	-	-
Build America Bonds Interest receivable	-	-	-
Inventories and Prepaid Expenses	67,308	-	-
Vendor accounts payable	9,940	(206,538)	-
Compensated absences	9,539	7,102	-
Other Post-Employment Benefit Obligation	347,311	98,914	-
Pension Obligation	(3,022)	(1,277)	-
Escrow deposits payable	(610)	-	-
Deferred revenue collected in advance	24,770	-	(162,135)
Net Cash Provided (Used) by Operating Activities	<u>\$ 1,421,362</u>	<u>\$ 129,383</u>	<u>\$ 992,086</u>
<u>Noncash investing, capital and financing activities:</u>			
Donation of capital assets (infrastructure) by developers	<u>\$ 1,421,329</u>	<u>\$ 435,928</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, 2015

(CONTINUED)

SANITARY DISTRICT						TOTAL PRIMARY GOVERNMENT ENTERPRISE	
DEBT SERVICE				BAY BRIDGE AIRPORT		NON-MAJOR ENTERPRISE FUNDS	
FUND	TOTAL					FUNDS	
\$ 238,595	\$ 8,931,499	\$ 60,028	\$ 730,667	\$ 9,722,194			
-	278,652	628,680	101,253	1,008,585			
-	-	2,430	12,935	15,365			
-	(2,903,312)	(576,428)	(451,811)	(3,931,551)			
-	<u>(3,525,413)</u>	<u>(117,512)</u>	<u>(332,812)</u>	<u>(3,975,737)</u>			
238,595	2,781,426	(2,802)	60,232	2,838,856			
1,050,886	2,388,648	215,201	154,976	2,758,825			
387,778	377,557	-	396,254	773,811			
(1,337,762)	(2,398,648)	-	-	(2,398,648)			
<u>(377,557)</u>	<u>(377,557)</u>	<u>(313,110)</u>	<u>(339,036)</u>	<u>(1,029,703)</u>			
<u>(276,655)</u>	<u>(10,000)</u>	<u>(97,909)</u>	<u>212,194</u>	<u>104,285</u>			
-	2,475	-	-	2,475			
-	5,000	126,090	-	131,090			
(50,967)	(1,195,557)	(255,728)	(154,992)	(1,606,277)			
-	-	1,760,827	24,707	1,785,534			
-	-	118,397	2,476	120,873			
-	-	(12,385)	(1,763)	(14,148)			
(3,824)	(196,998)	(56,512)	(69,507)	(323,017)			
-	<u>(1,928,249)</u>	<u>(1,542,905)</u>	<u>(11,090)</u>	<u>(3,482,244)</u>			
<u>(54,791)</u>	<u>(3,313,329)</u>	<u>137,784</u>	<u>(210,169)</u>	<u>(3,385,714)</u>			
24,930	323,316	269	-	323,585			
(67,921)	(218,587)	37,342	62,257	(118,988)			
2,763,304	19,231,619	-	744,763	19,976,382			
<u>\$ 2,695,383</u>	<u>\$ 19,013,032</u>	<u>\$ 37,342</u>	<u>\$ 807,020</u>	<u>\$ 19,857,394</u>			
\$ 216,808	\$ (1,107,171)	\$ (267,763)	\$ (131,817)	\$ (1,506,751)			
-	3,468,034	384,348	147,569	3,999,951			
6,814	52,153	5,928	10,101	68,182			
305,354	467,489	-	-	467,489			
-	-	-	1,781	1,781			
-	-	20	104	124			
-	67,308	18,405	(509)	85,204			
-	(196,598)	(152,218)	6,299	(342,517)			
-	16,641	2,686	3,552	22,879			
-	446,225	5,235	22,902	474,362			
-	(4,299)	(343)	(638)	(5,280)			
-	(610)	900	-	290			
<u>(290,381)</u>	<u>(427,746)</u>	<u>-</u>	<u>888</u>	<u>(426,858)</u>			
<u>\$ 238,595</u>	<u>\$ 2,781,426</u>	<u>\$ (2,802)</u>	<u>\$ 60,232</u>	<u>\$ 2,838,856</u>			
<u>\$ -</u>	<u>\$ 1,857,257</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,857,257</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, 2015

	PRIVATE PURPOSE TRUST FUND	OTHER POST-EMPLOYMENT BENEFIT TRUST FUND	AGENCY FUNDS
	TAX SALE DEPOSITS		
ASSETS			
Cash and Cash Equivalents	\$ 235,444	\$ 2,652,569	\$ 429,851
Total Assets	235,444	2,652,569	\$ 429,851
LIABILITIES			
Accrued Liabilities	-	-	\$ 1,440
Due to Other Governments	-	156,794	41,253
Deposits and Escrows	-	-	387,158
Total Liabilities	-	156,794	\$ 429,851
NET POSITION			
Held in Trust	\$ 235,444	\$ 2,495,775	

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, 2015

	PRIVATE PURPOSE TRUST FUND
	TAX SALE DEPOSITS
ADDITIONS	
Total Additions - Tax Sale Collections in Excess of Tax Due	\$ 84,187
DEDUCTIONS	
Distributions to Property Holders	-
Change in Assets	84,187
NET POSITION HELD IN TRUST	
Net Position-Beginning of Year	151,257
Net Position-End of Year	\$ 235,444

	OTHER POST-EMPLOYMENT BENEFIT TRUST FUND
ADDITIONS	
CONTRIBUTIONS	
Employers	\$ 3,432,870
Members	978,878
TOTAL CONTRIBUTIONS	4,411,748
Investment Income	2,971
Total Additions	4,414,719
DEDUCTIONS	
Claims Paid	3,874,748
Change in Assets	539,971
NET POSITION HELD IN TRUST	
Net Position-Beginning of Year	1,955,804
Net Position-End of Year	\$ 2,495,775

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, 2015

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, 2015

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, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

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

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

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

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

Measurement Focus and Basis of Accounting

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

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

QUEEN ANNE'S COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2015

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, 2015

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 twenty non-major governmental funds, which are used to account for and report the proceeds of specific revenue sources. Included in the twenty non-major governmental funds are seventeen special revenue funds and three capital project funds.

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

Sanitary District -

Sewer Operations - This fund is used to account for the operation of the sewer system serving approximately 7,000 customers.

Water Operations - This fund is used to account for the operation of the water supply system serving approximately 4,300 customers.

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

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

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

QUEEN ANNE'S COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

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

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

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

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

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

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

QUEEN ANNE'S COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2015

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, 2015**

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, 2015, the other post-employment benefit obligation amounted to \$39,872,120, including both governmental (\$33,920,346) and business-type activities (\$5,951,774).

Component Unit - Board of Education – For the year ended June 30, 2015, the other post-employment benefit obligation for the Board of Education amounted to \$40,085,868.

Component Unit – Free Library – For the year ended June 30, 2015, the other post-employment benefit obligation for the Library amounted to \$1,259,558.

QUEEN ANNE'S COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

7) Net Pension Liability

The Queen Anne's County government participates in the Maryland State Retirement and Pension Systems. Beginning in fiscal year 2015, the County is required to report the net pension liability associated with this system. Additional details regarding retirement benefits can be found in Note 12.

Primary Government –For the year ended June 30, 2015, the net pension liability amounted to \$18,431,162, including both governmental (\$16,857,736) and business-type activities (\$1,573,426).

Component Unit - Board of Education – For the year ended June 30, 2015, the net pension liability for the Board of Education amounted to \$3,569,488.

8) Compensated Absences

Primary Government – The County's policy is to pay employees for any unused vacation time, up to a maximum of 65 days, upon termination of employment. Compensated absences are reported in governmental funds only if they have matured, such as payments upon termination of employment, vacation, and compensatory time paid as they are used during the year. Such time is paid as regular wages. Compensated absences are reported in enterprise funds as they are accrued. In the government-wide statements, the liability for compensated absences is adjusted at the end of each fiscal year to current salary costs. Accumulated unpaid leave of the County amounted to \$2,608,038 at June 30, 2015, including both governmental (\$2,297,920) and business-type activities (\$310,118).

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, 2015 amounted to \$1,095,985. 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.

9) Long-Term Obligations

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statements of net assets. Bond premiums are deferred and amortized over the life of the bonds using the bonds outstanding method. Bonds payable in the proprietary fund financial statements and noncurrent liabilities in the government-wide financial statements are reported net of the applicable bond premium or discount. Bond issuance costs are reported in the period in which they have 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, 2015**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

10) Net Position/Fund Equity

In the government-wide financial statements, the County has reported an unrestricted net deficit of \$64,989,504. 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, 2015, the County has reported outstanding general obligation debt related to assets held by the Board of Education amounting to \$66,219,608 (of which \$65,703,051 has been spent and the remaining \$516,557 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 \$1,230,104.

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, 2015, 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:

<u>Restricted Amounts</u>		
Governmental activities		\$ 20,464,486
Business-type activities:		
Debt Service	\$ 2,308,234	
Capital Projects	<u>753,300</u>	<u>3,061,534</u>
 Total Restricted Amounts		 <u><u>\$ 23,526,020</u></u>

Note that unspent bond proceeds of \$6,010,999 are included in restricted fund balance for the General Capital Projects Fund. At the Government-Wide level, the unspent bond proceeds are offset by the liability.

QUEEN ANNE'S COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

10) Net Position/Fund Equity (continued)

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

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

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

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

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

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

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

11) Property Tax

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

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

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

QUEEN ANNE'S COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

11) Property Tax (continued)

Real and personal property taxes are levied at rates enacted by the County Commissioners in the annual budget on the assessed value as determined by the Maryland Department of Assessments and Taxation. The rates of levy cannot exceed the constant yield rate furnished by the Maryland 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, 2015 was \$0.8471 per \$100 of assessed value.

E. NEW ACCOUNTING PRONOUNCEMENTS

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

Statement No. 68, entitled *Accounting and Financial Reporting for Pensions, an amendment of GASB Statement No. 27* and Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*. As part of GASB 68 the County is required to record its net pension liability.

Statement No. 69, entitled *Government Combinations and Disposals of Government Operation*, and GASB Statement No. 70, entitled *Accounting and Financial Reporting for Nonexchange Financial Guarantees*. Both Statements 69 and 70 were adopted this fiscal year but had no effect on these accompanying financial statements.

Statement No. 72, entitled *Fair Value Measurement and Application*; Statement No. 73, entitled, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to certain Provisions of GASB Statements 67 and 68*; GASB Statement No. 74 entitled, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*; GASB Statement No. 75, entitled, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*; GASB Statement No. 76; entitled, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Government*; and GASB Statement No. 77; entitled, *Tax Abatement Disclosures*, which will require adoption in the future, if applicable. The County will be analyzing the effects of these pronouncements and plans to adopt them as applicable by their effective date.

NOTE 2 - BUDGETS AND BUDGETARY ACCOUNTING

Pursuant to the Code of Public Local Laws of Queen Anne's County, the County Commissioners adopt an annual operating budget and real property tax rate prior to July 1 each year. This action, taken after public hearings, provides the spending authority for the fiscal year beginning on July 1. Unexpended and unencumbered appropriation authority expires the following June 30, except in the case of Capital Projects where appropriations lapse only upon completion or cancellation of each project by the County Commissioners. The appropriated budgets are prepared at the fund, function, and departmental level. Expenditures/expenses may not legally exceed appropriations, based on the level at which they were adopted. For the General Fund, annual expenditure budgets are legally adopted at the departmental level. For all other Governmental Funds, for which annual budgets are adopted, expenditure budgets are legally adopted at the fund level.

QUEEN ANNE'S COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 2 - BUDGETS AND BUDGETARY ACCOUNTING (CONTINUED)

During the fiscal year, the Commissioners may adopt supplemental appropriations. For the year ended June 30, 2015, 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>\$ 118,891,110</u>	<u>\$ 119,863,251</u>	<u>\$ 972,141</u>
<u>Special Revenue Funds that adopt annual budgets</u>			
Non-Major Funds that adopt annual budgets -			
Department of Aging - expenditures	\$ 2,151,363	\$ 2,256,563	\$ 105,200
Housing & Community Services - expenditures	1,110,104	1,492,859	382,755
BRIDGE Fund* - expenditures	-	1,296,792	1,296,792
Community Partnerships for Children - expenditures & transfers	1,050,361	1,095,147	44,786
Franchise Fee* - expenditures	-	415,000	415,000
Hotel Tax* - expenditures	-	518,738	518,738
Kent Narrows - expenditures	38,000	45,305	7,305
Fire Company Impact Fees - expenditures	<u>200,250</u>	<u>383,711</u>	<u>183,461</u>
Total Special Revenue Funds that adopt annual budgets	<u>\$ 4,550,078</u>	<u>\$ 7,504,115</u>	<u>\$ 2,954,037</u>

* The Bridge, Franchise Fee, and Hotel Tax funds are all new funds added in fiscal year 2015.

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, BRIDGE, Community Partnerships for Children, Franchise Fee, Hotel Tax, Dredging Special Assessments, Kent Narrows, Law Library, Inmate Welfare, Agricultural Transfer, School Impact Fees Capital Projects, Fire Company Impact Fees Capital Projects, and Parks and Recreation Impact Fees Capital Projects. Proprietary Fund budgets are adopted for management control only and include all enterprise funds. Budgets are adopted using the same method of accounting as that used for Fund reporting purposes.

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

No General Fund departments exceeded their legally adopted expenditure budgets for the year ended June 30, 2015. However, salary reversions are budgeted as a lump sum negative \$800,000, but actual amounts are realized in the individual departments and are not reported as a lump sum in the reversions activity.

QUEEN ANNE'S COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2015

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:

	Carrying Amount	Collected Bank Balances or Fair Value	Total Collateral
Demand Deposit Accounts, Short-Term			
Certificates of Deposit and Petty Cash	\$ 25,634,943	\$ 26,479,768	\$ 31,501,458
Investment in Maryland Local			
Government Investment Pool (MLGIP)	<u>64,200,724</u>	<u>64,197,022</u>	<u>65,480,962</u>
	<u>\$ 89,835,667</u>	<u>\$ 90,676,790</u>	<u>\$ 96,982,420</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	\$ 66,904,131	\$ 3,317,864	\$ 70,221,995
Restricted			
Equity in Pooled Cash and Investments	<u>19,613,672</u>	<u>-</u>	<u>19,613,672</u>
	<u>\$ 86,517,803</u>	<u>\$ 3,317,864</u>	<u>\$ 89,835,667</u>

At year-end, the carrying amount of combined deposits was \$25,634,943. The collected bank balances were \$26,479,768 and of those balances, \$751,330 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, 2015, 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, 2015

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 \$12,039,717, including \$317,000 in certificates of deposit and excluding the carrying amount of fiduciary funds. At June 30, 2015, the Board had deposits of approximately \$13.7 million with local banks. Of the total deposits, approximately \$1,600,000 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 \$623,722 certificate of deposit, was \$990,750, while collected bank balances were \$1,011,886. Of the bank balances, \$575,196 was secured by the FDIC and \$436,690 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	\$ 56,231
General Capital Projects	8,643
Roads Capital Projects	18,208
Non-Major Governmental Funds	11,010
Total Investment Income	\$ 94,092
Business-Type Funds	
Major Enterprise Funds	
Sanitary District	\$ 323,316
Airport	269
Total Investment Income	\$ 323,585

QUEEN ANNE'S COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 4 - ACCOUNTS RECEIVABLE

Receivables as of June 30, 2015 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	\$ 240,138	\$ -	\$ -	\$ -	\$ 240,138	\$ -	\$ 240,138
Taxes - Other	293,971	-	-	59,752	353,723	-	353,723
Subtotal Taxes	<u>534,109</u>	<u>-</u>	<u>-</u>	<u>59,752</u>	<u>593,861</u>	<u>-</u>	<u>593,861</u>
Other Accounts Receivable:							
Queen Anne's County Public Housing Authority	-	1,158,825	-	-	1,158,825	-	1,158,825
Sanitary District - User and Septage Fees	-	-	-	-	-	497,886	497,886
Chesapeake College Debt Reimbursement	133,128	-	-	-	133,128	-	133,128
Franchise Fees	-	-	-	50,000	50,000	-	50,000
Board of Education	31,358	-	-	-	31,358	-	31,358
Retirees Insurance	26,980	-	-	-	26,980	-	26,980
Governmental Funds - User Fees	5,049	-	15,002	-	20,051	-	20,051
Airport - Fuel Sales and User and Rental Fees	-	-	-	-	-	20,680	20,680
Miscellaneous Receivables	30,382	1,553	-	47,994	79,929	872	80,801
Subtotal Other Accounts Receivable	<u>226,897</u>	<u>1,160,378</u>	<u>15,002</u>	<u>97,994</u>	<u>1,500,271</u>	<u>519,438</u>	<u>2,019,709</u>
Loans Receivable	-	-	-	5,967,269	5,967,269	-	5,967,269
Subtotal Other Accounts and Loans Receivable	<u>226,897</u>	<u>1,160,378</u>	<u>15,002</u>	<u>6,065,263</u>	<u>7,467,540</u>	<u>519,438</u>	<u>7,986,978</u>
Special Assessments	-	-	217,235	505,569	722,804	-	722,804
Intergovernmental							
Income Taxes Held by State	6,672,228	-	-	-	6,672,228	-	6,672,228
Grants Receivable	343,969	61,278	-	404,221	809,468	88,206	897,674
Recordation Tax	431,150	65,326	-	150,249	646,725	-	646,725
State-Shared Highway User Tax	121,524	-	-	-	121,524	-	121,524
Bonds Receivable	877,941	-	-	-	877,941	-	877,941
Subtotal Intergovernmental	<u>8,446,812</u>	<u>126,604</u>	<u>-</u>	<u>554,470</u>	<u>9,127,886</u>	<u>88,206</u>	<u>9,216,092</u>
Restricted Receivables							
Accounts Receivable	-	-	-	-	-	21,619	21,619
Special Assessments	-	-	-	-	-	960,426	960,426
Subtotal Restricted Receivables	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>982,045</u>	<u>982,045</u>
Total Receivables	<u>\$ 9,207,818</u>	<u>\$ 1,286,982</u>	<u>\$ 232,237</u>	<u>\$ 7,185,054</u>	<u>\$ 17,912,091</u>	<u>\$ 1,589,689</u>	<u>\$ 19,501,780</u>

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

In Fiscal Year 2014, the County issued bonds on behalf of three mid-shore counties (Dorchester, Caroline, and Talbot) in order to provide funding for the new Center for Allied Health and Athletics at Chesapeake College. Therefore, in addition to the Governmental and Enterprise Fund receivables listed above, the County also has a \$4.6 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, 2015

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 \$625,000 and \$252,941, respectively, for a total of \$877,941. The College bills and collects from the original five counties an amount sufficient to cover this debt service and reimburses this amount to Queen Anne's County on a semi-annual basis. In addition to these two receivables related to Chesapeake College, there is also a receivable of \$4.6 million included in the Government-Wide Statement of Net Position. Details are included on the previous page.

Loans receivable in the amount of \$5,967,269 relate to the Housing and Community Services, Impact Fees, and Revolving Loan Special Revenue Funds. Loans receivable in the amount of \$4,695,890 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 \$49,904 are also repaid over a number of years.

The remaining loan receivable balance of \$1,221,475 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 \$6,672,228 have been estimated by the State as income tax due for "tax years" 2014 and prior. It may take five years or longer for the State to receive all amounts relating to these "tax years" and remit those monies to the County. However, the State indicates that this is a reasonable estimate of their liability to the County and the County reports this amount in accordance with GAAP.

Special Assessments in the amount of \$722,804 represent receivables for governmental activities. Part of this amount consists of \$217,235 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 \$505,569 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 \$960,426 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, 2015

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	\$ 21,416
Grant Drawdowns in Excess of Expenditures	37,308
Inspection Fees Collected in Advance	<u>552,622</u>
Subtotal	<u>611,346</u>
General Capital Projects Fund	
Grant Drawdowns in excess of Expenditures	<u>71,678</u>
Non-Major Governmental Funds	
Grant Drawdowns in Excess of Expenditures	<u>175,350</u>
Total Unearned Revenue	<u><u>\$ 858,374</u></u>

QUEEN ANNE'S COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 6 – CAPITAL ASSETS

PRIMARY GOVERNMENT

Changes in the County's capital assets for governmental activities for the year ended June 30, 2015 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, 2014	Increases	Transfers	Decreases	Balance June 30, 2015
Capital Assets, not being depreciated:					
Land	\$ 39,929,565	\$ -	\$ -	\$ (286,767)	\$ 39,642,798
Intangible Rights - Easements	821,819	-	-	-	821,819
Land Improvements	3,448,083	-	-	-	3,448,083
Construction in Progress	4,577,269	6,409,335	-	-	10,986,604
Land - Inexhaustible Infrastructure Improvements	44,394,332	-	-	-	44,394,332
Total Capital Assets, not being depreciated	93,171,068	6,409,335	-	(286,767)	99,293,636
Capital Assets, being depreciated:					
Buildings and Building Improvements	41,716,794	-	-	(32,723)	41,684,071
Improvements other than Buildings	9,577,406	-	-	-	9,577,406
Vehicles	11,242,170	1,106,614	-	(871,282)	11,477,502
Equipment	8,427,558	1,242,924	-	(112,504)	9,557,978
Furniture and Fixtures	10,276,196	252,594	-	(46,065)	10,482,725
Infrastructure Improvements - Depreciable	18,926,771	-	-	-	18,926,771
Total Capital Assets, being depreciated	100,166,895	2,602,132	-	(1,062,574)	101,706,453
Less Accumulated Depreciation for:					
Buildings and Building Improvements	11,966,452	925,552	-	(9,926)	12,882,078
Improvements other than Buildings	1,814,431	324,232	-	-	2,138,663
Vehicles	6,844,818	798,080	-	(866,696)	6,776,202
Equipment	5,778,797	476,644	-	(100,753)	6,154,688
Furniture and Fixtures	9,015,860	308,382	-	(38,984)	9,285,258
Infrastructure Improvements - Depreciable	7,568,161	329,138	-	-	7,897,299
Total Accumulated Depreciation	42,988,519	3,162,028	-	(1,016,359)	45,134,188
Total Capital Assets, being depreciated, net	57,178,376	(559,896)	-	(46,215)	56,572,265
Governmental activities Capital Assets, net	\$ 150,349,444	\$ 5,849,439	\$ -	\$ (332,982)	\$ 155,865,901

QUEEN ANNE'S COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2015

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, 2015 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.

Business-Type Activities	Balance June 30, 2014	Increases	Transfers	Decreases	Balance June 30, 2015
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	4,724,659	3,192,670	(7,066,747)	-	850,582
Land - Inexhaustible Infrastructure Improvements	1,219,298	-	1,261,796	-	2,481,094
Total Capital Assets, not being depreciated	18,889,130	3,192,670	(5,804,951)	-	16,276,849
Capital Assets, being depreciated:					
Buildings and Improvements to Buildings	14,703,860	-	-	-	14,703,860
Improvements other than Buildings	11,914,132	-	2,910,335	-	14,824,467
Vehicles	1,459,459	5,550	-	(33,289)	1,431,720
Equipment	22,312,358	284,024	-	(89,340)	22,507,042
Furniture and Fixtures	73,328	-	-	(25,889)	47,439
Infrastructure Improvements - Depreciable	73,114,909	1,857,257	2,894,616	-	77,866,782
Total Capital Assets, being depreciated	123,578,046	2,146,831	5,804,951	(148,518)	131,381,310
Less Accumulated Depreciation for:					
Buildings and Improvements to Buildings	7,290,362	612,441	-	-	7,902,803
Improvements other than Buildings	3,595,216	517,605	-	-	4,112,821
Vehicles	1,029,011	78,522	-	(33,289)	1,074,244
Equipment	10,108,067	1,050,785	-	(89,340)	11,069,512
Furniture and Fixtures	50,924	3,340	-	(25,889)	28,375
Infrastructure Improvements - Depreciable	26,089,270	1,737,258	-	-	27,826,528
Total Accumulated Depreciation	48,162,850	3,999,951	-	(148,518)	52,014,283
Total Capital Assets, being depreciated, net	75,415,196	(1,853,120)	5,804,951	-	79,367,027
Business-Type activities Capital Assets, net	\$ 94,304,326	\$ 1,339,550	\$ -	\$ -	\$ 95,643,876

QUEEN ANNE'S COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2015

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	\$ 263,490
Public Safety	909,620
Public Works	1,520,866
Health	21,121
Social Services	351,465
Library	25,848
Conservation of Natural Resources	31,488
Economic/Community Development	38,130
	<u>\$ 3,162,028</u>
<u>Business-Type Activities</u>	
Major Enterprise Funds:	
Sanitary District	\$ 3,468,034
Airport	384,348
Non-Major Enterprise Funds	147,569
	<u>\$ 3,999,951</u>

QUEEN ANNE'S COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 6 – CAPITAL ASSETS (CONTINUED)

COMPONENT UNITS

Board of Education: Capital asset activity for the year ended June 30, 2015 is as follows:

Board of Education	Balance June 30, 2014	Increases	Decreases	Balance June 30, 2015
Capital Assets, not being depreciated:				
Land	\$ 6,363,040	\$ -	\$ -	\$ 6,363,040
Construction in Progress	5,362,160	15,358,185	-	20,720,345
Total Capital Assets, not being depreciated	11,725,200	15,358,185	-	27,083,385
Capital Assets, being depreciated:				
Land Improvements	5,368,196	-	-	5,368,196
Buildings	182,350,394	1,917,597	-	184,267,991
Furniture and Equipment	13,091,057	1,943,795	(339,153)	14,695,699
Total Capital Assets, being depreciated	200,809,647	3,861,392	(339,153)	204,331,886
Less Accumulated Depreciation for:				
Land Improvements	3,803,517	176,424	-	3,979,941
Building	44,218,863	3,757,671	-	47,976,534
Furniture and Equipment	6,372,934	1,086,690	(316,537)	7,143,087
Total Accumulated Depreciation	54,395,314	5,020,785	(316,537)	59,099,562
Total Capital Assets, being depreciated, net	146,414,333	(1,159,393)	(22,616)	145,232,324
Capital Assets, net	\$ 158,139,533	\$ 14,198,792	\$ (22,616)	\$ 172,315,709

QUEEN ANNE'S COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 6 – CAPITAL ASSETS (CONTINUED)

COMPONENT UNITS (CONTINUED)

Queen Anne's County Free Library: Capital asset activity for the year ended June 30, 2015 is as follows:

<u>Library</u>	Balance June 30, 2014	Increases	Decreases	Balance June 30, 2015
Capital Assets, not being depreciated:				
Artwork	\$ 29,850	\$ -	\$ -	\$ 29,850
Capital Assets, being depreciated:				
Books and Media	2,146,726	159,226	(125,866)	2,180,086
Building Improvements	311,523	-	-	311,523
Equipment	22,870	-	-	22,870
Total Capital Assets, being depreciated	<u>2,481,119</u>	<u>159,226</u>	<u>(125,866)</u>	<u>2,514,479</u>
Less Accumulated Depreciation	<u>1,407,065</u>	<u>125,899</u>	<u>(112,251)</u>	<u>1,420,713</u>
Total Capital Assets, being depreciated, net	<u>1,074,054</u>	<u>33,327</u>	<u>(13,615)</u>	<u>1,093,766</u>
Capital Assets, net	<u>\$ 1,103,904</u>	<u>\$ 33,327</u>	<u>\$ (13,615)</u>	<u>\$ 1,123,616</u>

QUEEN ANNE'S COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2015

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, 2015:

	Due from Fund				Total Due From Other Funds / Component Units
	General Capital Projects	Non-Major Governmental	Sanitary District	Non-Major Enterprise	
<u>Due to Fund</u>					
General Fund	\$ -	\$ 205,556	\$ -	\$ 396,254	\$ 601,810
General Capital Projects	-	54,922	-	-	54,922
Sanitary District	-	-	387,778	-	387,778
Board of Education - Component Unit	<u>2,104,360</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,104,360</u>
Total Due to Other Funds	<u>\$ 2,104,360</u>	<u>\$ 260,478</u>	<u>\$ 387,778</u>	<u>\$ 396,254</u>	<u>\$ 3,148,870</u>

In fiscal year 2015, the County issued a check to the Board of Education in the amount of \$63,119 for Capital Projects. At the end of fiscal year 2015, the Board of Education shows the payment as an accounts receivable. The County has appropriately recorded the payment in Fiscal Year 2015, resulting in a reconciling item with the Board of Education.

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, 2015

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, 2015:

	Transfers in Fund							Total Transfers In
	Total Transfers Out	General Fund	General Capital Projects	Roads Capital	Non-Major Governmental	Major Enterprise	Non-Major Enterprise	
Transfers Out Fund								
General Fund	\$ 4,154,321	\$ -	\$ 2,168,450	\$ -	\$ 1,688,024	\$ 142,871	\$ 154,976	\$ 4,154,321
General Capital Projects (1)	2,027,148	-	-	180,000	764,791	72,330	-	1,017,121
Total Major Governmental Funds	6,181,469	-	2,168,450	180,000	2,452,815	215,201	154,976	5,171,442
Non-Major Governmental	268,376	268,376	-	-	-	-	-	268,376
Sanitary District - Sewer	5,000	-	5,000	-	-	-	-	5,000
Sanitary District - Water	5,000	-	5,000	-	-	-	-	5,000
Sanitary District - Restricted	1,050,886	-	-	-	-	1,050,886	-	1,050,886
Sanitary District - Debt Service	1,337,762	-	-	-	-	1,337,762	-	1,337,762
Total Major Enterprise Funds	2,398,648	-	10,000	-	-	2,388,648	-	2,398,648
Total Transfers Out	\$ 8,848,493	\$ 268,376	\$ 2,178,450	\$ 180,000	\$ 2,452,815	\$ 2,603,849	\$ 154,976	\$ 7,838,466

(1) In fiscal year 2015, the General Capital Projects Fund transferred 2011 and 2014 bond proceeds in the amounts of \$10,027 and \$1,000,000, respectively, to the Bay Bridge Airport Fund. The transaction was appropriately recorded on the Enterprise Fund books as an increase in debt liability and on the General Capital Projects Fund's book as a transfer out. Since enterprise funds and governmental funds record such transactions differently, the \$1,010,027 is reported in the above table only as a transfer out with no corresponding transfer in.

QUEEN ANNE'S COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 9 - NONCURRENT LIABILITIES

A. CHANGES IN NONCURRENT LIABILITIES

During the year ended June 30, 2015, the following changes occurred in the noncurrent liabilities of the primary government's governmental activities:

<u>PRIMARY GOVERNMENT</u>						
<u>Governmental Activities</u>	Balance 6/30/2014 *	Additions of debt	Retirements and Repayments	Balance June 30, 2015	Due Within One Year	Due in More than One Year
General Bonds Payable	\$ 99,382,612	\$ 25,144,381	\$ 22,264,256	\$ 102,262,737	\$ 7,443,044	\$ 94,819,693
General Bonds Payable - Related to PHA	1,230,472	240,112	311,759	1,158,825	74,769	1,084,056
General Bonds Payable - Related to Ches College	4,800,000	-	168,290	4,631,710	167,217	4,464,493
Notes Payable	958,156	-	173,371	784,785	166,542	618,243
Bond Premiums	2,470,479	1,901,240	364,938	4,006,781	352,179	3,654,602
Subtotal Governmental Activities Debt	108,841,719	27,285,733	23,282,614	112,844,838	8,203,751	104,641,087
Other Post-Employment Benefit Obligation	32,201,835	3,530,360	1,811,849	33,920,346	-	33,920,346
Net Pension Liability	18,585,735	-	1,727,999	16,857,736	-	16,857,736
Compensated Absences	2,111,593	1,442,525	1,256,198	2,297,920	1,343,904	954,016
Total Governmental Activities Debt	<u>\$ 161,740,882</u>	<u>\$ 32,258,618</u>	28,078,660	<u>\$ 165,920,840</u>	<u>\$ 9,547,655</u>	<u>\$ 156,373,185</u>
Less College Reimbursements			(325,761)			
Total Governmental Retirements and Repayments			<u>\$ 27,752,899</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	\$ 22,264,256
Notes Payable	173,371
LESS: Payment to Bond Refunding Agent	(14,881,834)
PLUS: Payment to Bond Ref Agent (PHA portion)	242,520
PLUS: Deferred Refunding Costs Incurred	982,086
LESS: Distributions of 2011 Bonds	(10,027)
LESS: Distributions of 2014 Bonds	(1,000,000)
LESS: College Reimbursements	(325,761)
Total Principal Payments	<u>\$ 7,444,611</u>

The County added amounts to several bond offerings on behalf of Chesapeake College, which cannot borrow money on its own. The College reimbursed the County \$325,761 for this year's principal and interest payments.

QUEEN ANNE'S COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 9 – NONCURRENT LIABILITIES (CONTINUED)

A. CHANGES IN NONCURRENT LIABILITIES (CONTINUED)

During the year ended June 30, 2015, the following changes occurred in the noncurrent liabilities of the primary government's business-type activities:

<u>PRIMARY GOVERNMENT</u>						
<u>Business-Type Activities</u>	Balance 6/30/2014 *	Additions of debt	Retirements and Repayments	Balance June 30, 2015	Due Within One Year	Due in More than One Year
Golf Course	\$ 526,075	\$ -	\$ 85,000	\$ 441,075	\$ 85,000	\$ 356,075
Airport	522,917	1,760,827	255,728	2,028,016	82,924	1,945,092
Public Landings and Marinas	972,922	24,707	69,992	927,637	47,047	880,590
Sanitary District	12,584,475	-	1,195,557	11,388,918	917,106	10,471,812
Subtotal Debt	14,606,389	1,785,534	1,606,277	14,785,646	1,132,077	13,653,569
Bond Premiums						
Golf Course	18,246	-	3,041	15,205	3,041	12,164
Airport	8,554	118,397	5,507	121,444	7,505	113,939
Public Landings and Marinas	5,022	2,476	580	6,918	500	6,418
Subtotal Bond Premiums	31,822	120,873	9,128	143,567	11,046	132,521
Subtotal Business-Type Activities Debt	14,638,211	1,906,407	1,615,405	14,929,213	1,143,123	13,786,090
Other Post-Employment Benefit Obligation	5,477,412	474,362	-	5,951,774	-	5,951,774
Net Pension Liability	1,734,710	-	161,284	1,573,426	-	1,573,426
Compensated Absences	287,239	310,118	287,239	310,118	181,368	128,750
Total Business-Type Activities Debt	<u>\$ 22,137,572</u>	<u>\$ 2,690,887</u>	<u>\$ 2,063,928</u>	<u>\$ 22,764,531</u>	<u>\$ 1,324,491</u>	<u>\$ 21,440,040</u>

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

Additions of debt listed for the Airport include \$10,027 in distributions of the 2011 bonds and \$1,000,000 in distributions of the 2014 bonds (see comment in Note 8), along with distributions from the 2015 bonds.

QUEEN ANNE'S COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 9 – NONCURRENT LIABILITIES (CONTINUED)

A. CHANGES IN NONCURRENT LIABILITIES (CONTINUED)

During the year ended June 30, 2015, the following changes occurred in the noncurrent liabilities of the primary government's Component Units:

<u>COMPONENT UNITS</u>	Balance June 30, 2014	Additions of new debt	Retirements and Repayments	Balance June 30, 2015	Due Within One Year	Due in More than One Year
Queen Anne's County						
Board of Education						
Retirement Incentives	\$ 12,279	\$ -	\$ 3,374	\$ 8,905	\$ 3,374	\$ 5,531
Compensated Absences	1,079,661	68,065	51,741	1,095,985	345,050	750,935
Capital Leases	2,556,970	822,000	293,923	3,085,047	322,301	2,762,746
Other Post-Employment Benefit Obligation	34,096,789	5,989,079	-	40,085,868	-	40,085,868
Net Pension Liability	3,935,378	-	365,890	3,569,488	-	3,569,488
Subtotal	<u>41,681,077</u>	<u>6,879,144</u>	<u>714,928</u>	<u>47,845,293</u>	<u>670,725</u>	<u>47,174,568</u>
Free Library						
Other Post-Employment Benefit Obligation	1,247,264	12,294	-	1,259,558	-	1,259,558
Total Noncurrent Liabilities: Component Units	<u>\$ 42,928,341</u>	<u>\$ 6,891,438</u>	<u>\$ 714,928</u>	<u>\$ 49,104,851</u>	<u>\$ 670,725</u>	<u>\$ 48,434,126</u>

QUEEN ANNE'S COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 9 – NONCURRENT LIABILITIES (CONTINUED)

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

PRIMARY GOVERNMENT

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

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

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

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

Compensated absences that mature during the fiscal year, in that they are paid when the employee takes vacation leave 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, 2015

NOTE 9 – NONCURRENT LIABILITIES (CONTINUED)

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

PRIMARY GOVERNMENT (CONTINUED)

As of June 30, 2015, general obligation bonds and notes payable for governmental activities are comprised of the following, along with other post-employment benefits, net pension liability, and accrued compensated absences:

<u>Governmental Activities</u>	<u>Paying Fund</u>	<u>Interest Rate</u>	<u>Year Series Matures</u>	<u>Amount of Original Issue</u>	<u>Outstanding June 30, 2015</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	\$ 11,441,336	\$ 2,995,000	\$ 8,446,336
2006 Public Facilities	General	4.000%-5.375%	2027	22,510,212	2,116,386	1,036,400	1,079,986
2009 Public Facilities	General	1.400%-5.625%	2030	28,499,154	22,737,515	1,151,798	21,585,717
2011 Public Facilities	General	2.00%-4.25%	2031	21,532,570	18,429,240	829,345	17,599,895
2012 Refunding Bonds	General	2.00%-4.00%	2023	8,010,000	6,385,529	707,265	5,678,264
2014 Public Facilities	General	2.00%-4.00%	2034	17,590,000	16,008,350	577,946	15,430,404
2015 Public Facilities	General	3.00%-5.00%	2036	11,622,756	11,622,756	-	11,622,756
2015 Refunding Bonds	General	2.00%-5.00%	2027	13,521,625	13,521,625	145,290	13,376,335
2003 Public Facilities	Due from PHA	3.50%-4.50%	2023	335,000	37,582	18,404	19,178
2006 Public Facilities (2015 Refunding Bonds)	Due from PHA	4.000%-5.375%	2027	399,728	711,660	36,050	675,610
2009 Public Facilities	Due from PHA	1.400%-5.625%	2030	872,644	169,471	17,735	151,736
2015 Refunding Facilities	Due from PHA	2.00%-3.00%	2027	240,112	240,112	2,580	237,532
2014 Public Facilities	Due from other Counties	2.00%-4.00%	2034	4,800,000	4,631,710	167,217	4,464,493
Subtotal Bonds Payable					108,053,272	7,685,030	100,368,242
<u>Notes Payable</u>							
2009 CELP Loan	General	2.00%	2015	122,780	9,348	9,348	-
State of Maryland - Price Ck.	Spec. Rev.	0.00%	2021	625,000	144,000	24,000	120,000
State of Maryland - Grove Ck.	Spec. Rev.	0.00%	2034	510,617	388,067	20,425	367,642
State of Maryland - Narrows Pointe	Spec. Rev.	0.00%	2030	15,542	15,542	-	15,542
Suntrust Financing	General	2.01%	2016	564,068	227,828	112,769	115,059
Subtotal Notes Payable					784,785	166,542	618,243
Subtotal Bonds and Notes Payable					108,838,057	7,851,572	100,986,485
Bond Premiums					4,006,781	352,179	3,654,602
Subtotal Governmental Activities Debt					112,844,838	8,203,751	104,641,087
Other Post-Employment Benefit Obligation					33,920,346	-	33,920,346
Net Pension Liability					16,857,736	-	16,857,736
Compensated Absences					2,297,920	1,343,904	954,016
Total Governmental Activities					\$ 165,920,840	\$ 9,547,655	\$ 156,373,185

QUEEN ANNE'S COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 9 – NONCURRENT LIABILITIES (CONTINUED)

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

PRIMARY GOVERNMENT (CONTINUED)

The annual requirements to amortize general obligation bonds and notes payable outstanding as of June 30, 2015 for governmental activities are as follows:

Year Ending June 30,	Governmental Bonds Payable			Governmental Notes Payable		
	Principal	Interest	Total	Principal	Interest	Total
2016	\$ 7,685,030	\$ 3,973,638	\$ 11,658,668	\$ 166,542	\$ 4,719	\$ 171,261
2017	8,243,061	4,023,243	12,266,304	175,026	2,336	177,362
2018	6,968,652	3,715,710	10,684,362	44,425	-	44,425
2019	7,258,827	3,447,867	10,706,694	44,425	-	44,425
2020	7,519,413	3,150,191	10,669,604	44,425	-	44,425
2021-2025	30,309,748	11,695,275	42,005,023	126,125	-	126,125
2026-2030	28,320,077	5,490,637	33,810,714	102,125	-	102,125
2031-2035	10,919,573	1,092,722	12,012,295	81,692	-	81,692
2036	828,891	13,986	842,877	-	-	-
	<u>\$ 108,053,272</u>	<u>\$ 36,603,269</u>	<u>\$ 144,656,541</u>	<u>\$ 784,785</u>	<u>\$ 7,055</u>	<u>\$ 791,840</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 \$387,557 during fiscal year 2015, which are reported separately as a specific intergovernmental grant. The net effect of this reimbursement is shown below.

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

	Interest Expense on 2009 Bonds	Interest Reimbursement	Net Interest Expense
Governmental Activities	\$ 1,147,641	\$ (372,316)	\$ 775,325
Business-Type Activities			
Airport	7,429	(2,410)	5,019
Public Landings and Marinas	39,549	(12,831)	26,718
Total Business-Type Activities	46,978	(15,241)	31,737
Total	<u>\$ 1,194,619</u>	<u>\$ (387,557)</u>	<u>\$ 807,062</u>

QUEEN ANNE'S COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 9 – NONCURRENT LIABILITIES (CONTINUED)

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

PRIMARY GOVERNMENT (CONTINUED)

General obligation bonds and notes payable outstanding as of June 30, 2015 for business-type activities are comprised of the following, as well as other post-employment benefits, net pension liability, and accrued compensated absences:

<u>Business -Type Activities</u>	Interest Rate	Year Series Matures	Amount of Original Issue	Outstanding June 30, 2015	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	\$ 441,075	\$ 85,000	\$ 356,075
Bond Premiums				15,205	3,041	12,164
Subtotal Golf Course				456,280	88,041	368,239
<u>Bay Bridge Airport</u>						
2005 Refunding Bonds	3.00%-5.00%	2019	337,588	117,588	25,000	92,588
2006 Public Facilities Bonds	4.000%-5.375%	2027	288,928	27,165	13,302	13,863
2009 Public Facilities Bonds	1.400%-5.625%	2030	180,501	147,202	7,457	139,745
2011 Public Facilities Bonds	2.00%-4.25%	2031	21,968	20,321	463	19,858
2014 Public Facilities Bonds	2.00%-4.00%	2034	964,940	964,940	34,837	930,103
2015 Public Facilities Bonds	3.00%-5.00%	2036	577,244	577,244	-	577,244
2015 Refunding Bonds	2.00%-5.00%	2027	173,556	173,556	1,865	171,691
Bond Premiums				121,444	7,505	113,939
Subtotal Airport				2,149,460	90,429	2,059,031
<u>Public Landings and Marinas</u>						
2006 Public Facilities Bonds	4.000%-5.375%	2027	41,132	3,867	1,894	1,973
2009 Public Facilities Bonds	1.400%-5.625%	2030	947,976	783,623	39,696	743,927
2011 Public Facilities Bonds	2.00%-4.25%	2031	133,908	115,440	5,192	110,248
2015 Refunding Bonds	2.00%-5.00%	2027	24,707	24,707	265	24,442
Bond Premiums				6,918	500	6,418
Subtotal Public Landings and Marinas				934,555	47,547	887,008
<u>Sanitary District</u>						
Maryland Water Quality-2005 Enhancement	1.00%	2027	18,252,291	11,369,255	897,616	10,471,639
Queenstown Bank-Bay City Hookup	7.90%	2015	205,000	19,663	19,490	173
Subtotal Sanitary District				11,388,918	917,106	10,471,812
Total Business-Type Activities Debt				14,929,213	1,143,123	13,786,090
<u>Other Post-Employment Benefit Obligation</u>				5,951,774	-	5,951,774
<u>Net Pension Liability</u>				1,573,426	-	1,573,426
<u>Compensated Absences</u>				310,118	181,368	128,750
Total Business-Type Activities				\$ 22,764,531	\$ 1,324,491	\$ 21,440,040

QUEEN ANNE'S COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 9 – NONCURRENT LIABILITIES (CONTINUED)

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

PRIMARY GOVERNMENT (CONTINUED)

The annual requirements to amortize business-type bonds and notes outstanding at June 30, 2015, are as follows:

<u>Business-Type Activities</u> Year Ending June 30,	Business-Type Bonds Payable			Business-Type Notes Payable		
	Principal	Interest	Total	Principal	Interest	Total
2016	\$ 214,971	\$ 126,920	\$ 341,891	\$ 917,106	\$ 163,082	\$ 1,080,188
2017	236,936	129,757	366,693	906,765	153,121	1,059,886
2018	246,347	119,523	365,870	915,658	144,051	1,059,709
2019	251,173	108,991	360,164	924,815	134,895	1,059,710
2020	250,587	99,230	349,817	934,063	125,647	1,059,710
2021-2025	800,251	383,653	1,183,904	4,812,308	486,245	5,298,553
2026-2030	894,924	198,773	1,093,697	1,978,203	126,450	2,104,653
2031-2035	460,427	49,796	510,223	-	-	-
2036	41,112	694	41,806	-	-	-
	<u>\$ 3,396,728</u>	<u>\$ 1,217,337</u>	<u>\$ 4,614,065</u>	<u>\$ 11,388,918</u>	<u>\$ 1,333,491</u>	<u>\$ 12,722,409</u>

C. ISSUANCE OF NEW DEBT

PRIMARY GOVERNMENT

On May 19, 2015, Queen Anne's County issued Public Facilities Bonds of 2015 for \$12,200,000. These General Obligation Bonds carry interest rates of 3.0 to 5.0 percent and mature serially through 2036. The primary use of the bond proceeds is to provide funding for the renovation of Stevensville Middle School, to fund the Department of Emergency Services radio system upgrade, with minor amounts earmarked for construction of general government and enterprise capital projects. 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 2015 Bonds.

Queen Anne's County also issued Public Facilities Refunding Bonds of 2015 for \$13,960,000 on May 19, 2015. These bonds carry interest rates of 2.0 to 5.0 percent and mature serially through 2027. The net proceeds of \$15,096,234 (after receipt of \$1,136,234, a re-offering premium net of underwriting fees, insurance, and other issuance costs) were used to purchase U.S. government securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the 2006 Series bonds. As a result, the 2006 Series bonds are considered to be defeased.

The advance refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of \$996,235. The County completed the advance refunding to reduce its total debt service payments over the next 12 years by \$738,837. There was a net present value savings of \$641 thousand.

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, 2015 is \$227,828.

QUEEN ANNE’S COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2015

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, 2015 amounted to \$5,752. Minimum future lease revenues are as follows:

Fiscal Year Ending June 30,	lease payments
2016	\$ 5,488
2017	5,525
2018	5,525
2019	5,598
2020	5,635
2021-2025	28,665
2026-2030	29,627
2031-2035	26,513
Minimum Future Rental Revenue	<u>\$ 112,576</u>

F. LOCAL DEBT POLICY

PRIMARY GOVERNMENT

In May 2013, Queen Anne’s County adopted Resolution No. 13-04, which updated and replaced Resolution No. 09-13, to continue a local debt policy in compliance with Article 95, Section 22F of the Annotated Code of Maryland. This policy requires that the County’s Director of Budget, Finance, and Information Technology: (1) prepare a six-year capital project plan each year; (2) propose an amount to be transferred from the General Fund operating balances to the General Capital Projects Fund to serve as pay-as-you-go funding in the latter Fund, in order to lessen the need for future County debt; (3) limit the County’s non-bonded indebtedness to \$8.0 million for general operating expenses or capital improvements; (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, 2015

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, 2015 are as follows:

Business -Type Activities	<u>Sanitary District</u>		<u>Total</u>
	<u>Restricted</u>	<u>Debt Service</u>	
Current Restricted Assets			
Equity in Pooled Cash	\$ 5,848,392	\$ 2,695,383	\$ 8,543,775
Accounts Receivable (Net)	6,816	14,803	21,619
Subtotal	<u>5,855,208</u>	<u>2,710,186</u>	<u>8,565,394</u>
LESS Current Liabilities Associated with Restricted Assets			
Current Portion of Bonds Payable from Restricted Assets	-	(19,490)	(19,490)
Net Current Restricted Assets	<u>5,855,208</u>	<u>2,690,696</u>	<u>8,545,904</u>
Noncurrent Restricted Assets			
Special Assessments Receivable (Net)	952,578	7,848	960,426
LESS Deferred Inflows - Unavailable Water and Sewer Assessments	<u>(952,578)</u>	<u>(2,291)</u>	<u>(954,869)</u>
Net Noncurrent Restricted Assets	<u>-</u>	<u>5,557</u>	<u>5,557</u>
Net Restricted Assets	<u>\$ 5,855,208</u>	<u>\$ 2,696,253</u>	<u>\$ 8,551,461</u>

QUEEN ANNE'S COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2015

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, Pension and OPEB Obligations (includes \$1,865,049 for deferred charge on refunding)	\$ (110,979,789)
Add back: Debt relating to Board of Education Assets	\$ 65,703,051
Add back: Unspent portion of Bond Proceeds for Board of Education debt	516,557
Add back: Unspent portion of Bond Proceeds for Governmental debt	5,494,442
Add back: Debt relating to Chesapeake College	7,127,942
Add back: Debt relating to PHA	1,158,825
Add back: Debt relating to non-capital assets (Dredging)	<u>547,609</u>
 Add back debt unrelated to Capital Assets	 80,548,426
 Net Assets Invested in Capital Assets	 <u>155,865,901</u>
 Net Investment in Capital Assets	 <u>\$ 125,434,538</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>					Bay Bridge Airport	Non-Major Enterprise Funds	Total Enterprise Funds
	Sewer Operating	Water Operating	Restricted Fund	Debt Service Fund	Total Sanitary			
Capital Assets, net of Accumulated Depreciation	\$ 53,376,559	\$ 16,572,936	\$ -	\$ -	\$ 69,949,495	\$ 18,124,754	\$ 7,569,627	\$ 95,643,876
Less: Debt excluding Compensated Absences, OPEB, and Net Pension Liability	(11,369,255)	-	-	-	(11,369,255)	(2,149,460)	(1,390,835)	(14,909,550)
Plus: Deferred Charge on Refunding	-	-	-	-	-	21,622	31,204	52,826
Net Investment in Capital Assets	<u>42,007,304</u>	<u>16,572,936</u>	<u>-</u>	<u>-</u>	<u>58,580,240</u>	<u>15,996,916</u>	<u>6,209,996</u>	<u>80,787,152</u>
Restricted Amounts								
Debt Service	-	-	-	2,308,234	2,308,234	-	-	2,308,234
Capital Projects	-	-	753,300	-	753,300	-	-	753,300
Total Restricted Amounts	-	-	753,300	2,308,234	3,061,534	-	-	3,061,534
Total Unrestricted Amounts	<u>1,568,726</u>	<u>2,034,688</u>	<u>5,101,908</u>	<u>-</u>	<u>8,705,322</u>	<u>(219,798)</u>	<u>539</u>	<u>8,486,063</u>
Total Net Position	<u>\$ 43,576,030</u>	<u>\$ 18,607,624</u>	<u>\$ 5,855,208</u>	<u>\$ 2,308,234</u>	<u>\$ 70,347,096</u>	<u>\$ 15,777,118</u>	<u>\$ 6,210,535</u>	<u>\$ 92,334,749</u>

Sanitary District debt, excluding compensated absences, OPEB, and net pension liability of \$11,369,255 above, also excludes \$19,663 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, 2015

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	\$ 675,458	\$ -	\$ -	\$ -	\$ 675,458
Prepaid Items	12,319	-	-	-	12,319
Loans Receivable	-	1,158,824	-	4,760,224	5,919,048
Subtotal Nonspendable	<u>687,777</u>	<u>1,158,824</u>	<u>-</u>	<u>4,760,224</u>	<u>6,606,825</u>
Restricted					
Rainy Day Fund	8,557,813	-	-	-	8,557,813
Unspent Bond Proceeds	-	6,010,999	-	-	6,010,999
Impact Fees	-	247,545	-	5,584,494	5,832,039
Economic and Community Development	-	-	-	4,679,212	4,679,212
Agricultural Easements	-	-	-	475,456	475,456
Inmate Welfare	-	-	-	226,732	226,732
Sheriff's Drug Task Force	-	-	-	98,415	98,415
Critical Areas	-	-	-	164,031	164,031
Mosquito Control	119,933	-	-	-	119,933
Sheriff - Federal Confiscated Funds	3,366	-	-	-	3,366
Vehicle Acquisition	-	25,176	-	-	25,176
Dredging	-	-	-	18,455	18,455
Donor-Specified Purposes	-	-	-	107	107
Franchise Fees	-	-	-	52,185	52,185
Hotel Taxes	-	-	-	211,565	211,565
Subtotal Restricted	<u>8,681,112</u>	<u>6,283,720</u>	<u>-</u>	<u>11,510,652</u>	<u>26,475,484</u>
Committed					
Developer Exactions	-	86,993	703,987	-	790,980
Rubble Surcharge	-	706,968	-	-	706,968
Special Fund	2,000,000	-	-	-	2,000,000
Economic Development	-	838,392	-	-	838,392
Courthouse Project	-	1,872,837	-	-	1,872,837
Subtotal Committed	<u>2,000,000</u>	<u>3,505,190</u>	<u>703,987</u>	<u>-</u>	<u>6,209,177</u>
Assigned					
Encumbrances	-	10,246,306	1,849,843	-	12,096,149
Income Tax Contingency	2,034,875	-	-	-	2,034,875
Capital Projects	-	3,319,141	1,090,733	-	4,409,874
Subsequent Years' Expenditures	-	6,275,457	-	311,744	6,587,201
Subtotal Assigned	<u>2,034,875</u>	<u>19,840,904</u>	<u>2,940,576</u>	<u>311,744</u>	<u>25,128,099</u>
Unassigned					
General Fund	7,793,085	-	-	-	7,793,085
Fire Company Impact Fees	-	-	-	(54,922)	(54,922)
Housing and Community Services	-	-	-	(53,263)	(53,263)
Subtotal Unassigned	<u>7,793,085</u>	<u>-</u>	<u>-</u>	<u>(108,185)</u>	<u>7,684,900</u>
Total Governmental Funds Balances	<u>\$ 21,196,849</u>	<u>\$ 30,788,638</u>	<u>\$ 3,644,563</u>	<u>\$ 16,474,435</u>	<u>\$ 72,104,485</u>

QUEEN ANNE'S COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2015

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 2015 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 - During fiscal year 2015, settlements did not exceed insurance coverage for any type of policy in effect. 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 fiscal year 2013, settlements did not exceed insurance coverage for any type of policy in effect.

**QUEEN ANNE’S COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2015**

NOTE 12 - RETIREMENT PLANS

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

Maryland State Retirement and Pension Systems

Organization

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

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

The following groups of employees participate in:

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

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

Basis of Accounting

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

QUEEN ANNE'S COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 12 - RETIREMENT PLANS (CONTINUED)

Covered Members

Teachers' Retirement and Pension Systems

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

Employees' Retirement and Pension Systems

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

The Law Enforcement Officers' pension System (LEOPS)

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

Summary of Significant Plan Provisions

All plan benefits are specified by the State Personnel and Pensions Article of the Annotated Code of Maryland. For all individuals who are members of the Employees', Teachers', Correctional Officers' or State Police Retirement System on or before June 30, 2011, retirement allowances are computed using both the highest three years' Average Final Compensation (AFC) and the actual number of years of accumulated creditable service. For individuals who become members of the State Police Retirement System or the Correctional Officers' Retirement System on or after July 1, 2011, retirement allowances are computed using both the highest five years' AFC and the actual number of years of accumulated creditable service. For all individuals who are members of the pension systems of the State Retirement and Pension System on or before June 30, 2011, pension allowances are computed using both the highest three consecutive years' AFC and the actual number of years of accumulated creditable service. For any individual who becomes a member of one of the pension systems on or after July 1, 2011, pension allowances are computed using both the highest five consecutive year's AFC and the actual number of years of accumulated creditable service. Various retirement options are available under each system which ultimately determines how a retiree's benefit allowance will be computed. Some of these options require actuarial reductions based on the retiree's and/or designated beneficiary's attained age and similar actuarial factors.

QUEEN ANNE'S COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 12 - RETIREMENT PLANS (CONTINUED)

Beginning July 1, 2011, the member contribution rate was increased for members of the Teachers' Pension System and Employees' Pension Systems from 5% to 7% and from 4% to 6% respectively, in fiscal year 2013 and 7% in the fiscal year 2014 and beyond for members of the Law Enforcement Officers' Pension System. Beginning July 1, 2013, the member contribution rate was increased for members of the Judges' Retirement System from 6% to 8%.

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

A brief summary of the retirement eligibility requirements of and the benefits available under the various systems in effect during fiscal year 2014 are as follows:

Service Retirement Allowances

A member of either the Teachers' or Employees' Retirement System is generally eligible for full retirement benefits upon the earlier of attaining age 60 or accumulating 30 years of creditable service regardless of age. The annual retirement allowance equals 1/55 (1.81%) of the member's AFC multiplied by the number of years of accumulated creditable service.

An individual who is a member of either the Teachers' or Employees' Pension System on or before June 30, 2011, is eligible for full retirement benefits upon the earlier of attaining age 62, with specified years of eligibility service, or accumulating 30 years of eligibility service regardless of age. An individual who becomes a member of either the Teachers' or Employees' Pension System on or after July 1, 2011, is eligible for full retirement benefits if the member's combined age and eligibility service equals at least 90 years or if the member is at least age 65 and has accrued at least 10 years of eligibility service.

For most individuals who retired from either the Teachers' or Employees' Pension System on or before June 30, 2006, the annual pension allowance equals 1.2% of the member's AFC, multiplied by the number of years of creditable service accumulated prior to July 1, 1998, plus 1.4% of the member's AFC, multiplied by the number of years of creditable service accumulated subsequent to June 30, 1998. With certain exceptions, for individuals who are members of the Teachers' or Employees' Pension System on or after July 1, 2006, the annual pension allowance equals 1.2% of the member's AFC, multiplied by the number of years of creditable service accumulated prior to July 1, 1998, plus 1.8% of the member's AFC, multiplied by the number of years of creditable service accumulated subsequent to June 30, 1998. Beginning July 1, 2011, any new member of the Teachers' or Employees' Pension System shall earn an annual pension allowance equal to 1.5% of the member's AFC multiplied by the number of years of creditable service accumulated as a member of the Teachers' or Employee's Pension System.

Exceptions to these benefit formulas apply to members of the Employees' Pension System, who are employed by a participating governmental unit that does not provide the 1998 or 2006 enhanced pension benefits or the 2011 reformed pension benefits. The pension allowance for those members equals 0.8% of the member's AFC up to the social security integration level (SSIL), plus 1.5% of the member's AFC in excess of the SSIL, multiplied by the number of years of accumulated creditable service. For the purpose of computing pension allowances, the SSIL is the average of the social security wage bases for the past 35 calendar years ending with the year the retiree separated from service.

QUEEN ANNE'S COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 12 - RETIREMENT PLANS (CONTINUED)

A member of the Law Enforcement Officers' Pension System is eligible for full retirement benefits upon the earlier of attaining age 50 or accumulating 25 years of eligibility service regardless of age. The annual retirement allowance for a member who is covered under the retirement plan provisions equals 1/50 (2.0%) of the member's AFC multiplied by the number of years of accumulated creditable service up to 30 years, plus 1/100 (1.0%) of the member's AFC multiplied by the number of years of accumulated creditable service in excess of 30 years. For members subject to the pension provisions, full service pension allowances equal 2.0% of AFC up to a maximum of 60% (30 years of credit).

Vested Allowances

Any individual who is a member of the State Retirement and Pension System on or before June 30, 2011 (other than a judge or a legislator), and who terminates employment before attaining retirement age but after accumulating 5 years of eligibility service is eligible for a vested retirement allowance. Any individual who joins the State Retirement and Pension System on or after July 1, 2011 (other than a judge or a legislator), and who terminates employment before attaining retirement age but after accumulating 10 years of eligibility service is eligible for a vested retirement allowance. A member, who terminates employment prior to attaining retirement age and before vesting, receives a refund of all member contributions and interest.

Early Service Retirement

A member of either the Teachers' or Employees' Retirement System may retire with reduced benefits after completing 25 years of eligibility service. Benefits are reduced by 0.5% per month for each month remaining until the retiree either attains age 60 or would have accumulated 30 years of creditable service, whichever is less. The maximum reduction for a Teachers' or Employees' Retirement System member is 30%.

An individual who is a member of either the Teachers' or Employees' Pension System on or before June 30, 2011 may retire with reduced benefits upon attaining age 55 with a least 15 years of eligibility service. Benefits are reduced by 0.5% per month for each month remaining until the retiree attains age 62. The maximum reduction for these members of the Teachers' or Employees' Pension System is 42%. An individual who become a member of either the Teachers' or Employees' Pension System on or after July 1, 2011, may retire with reduced benefits upon attaining age 60 with at least 15 years of eligibility service. Benefits are reduced by 0.5% per month for each month remaining until the retiree attains age 65. The maximum reduction for these members of the Teachers' or Employees' Pensions System is 30%.

Members of the State Police, Judges', Law Enforcement Officers' and Local Fire and Police Systems are not eligible for early service benefits.

Disability and Death Benefits

Generally, a member covered under retirement plan provisions who is permanently disabled after 5 years of service receives a service allowance based on a minimum percentage (usually 25%) of the member's AFC. A member covered under pension plan provisions who is permanently disabled after accumulating 5 years of eligibility service receives a service allowance computed as if service had continued with no change in salary until the retiree attained age 62. A member (other than a member of the Maryland General Assembly or a judge, both of which are ineligible for accidental disability benefits) who is permanently and totally disabled as the result of an accident occurring in the line of duty receives 2/3 (66.7%) of the member's AFC plus an annuity based on all member contributions and interest. Death benefits are equal to a member's annual salary as of the date of death plus all member contributions and interest.

QUEEN ANNE'S COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 12 - RETIREMENT PLANS (CONTINUED)

Adjusted Retirement Allowances

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

Effective July 1, 1998, for Teachers', Employees', and LEOPS retirees, the adjustment is capped at a maximum 3% compounded and is applied to all benefits which have been in payment for one year. The annual increase to pension allowances for Employees' Pension System retirees who were employed by a participating governmental unit that does not provide enhanced pension benefits are limited to 3% of the initial allowance.

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

Actuarial Assumptions

The total pension liability in the June 30, 2014 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial	Entry Age Normal
Amortization Method	Level Percentage of Payroll, Closed
Remaining Amortization Period	24 years for State system, 25 years for LEOPS Muni, and 32 years for CORS Muni as of June 30, 2014. For ECS Muni, 6 years remaining as of June 30, 2014 for prior UAAL existing on June 30, 2000. 25 years from each subsequent valuation date for each year's additional UAAL
Asset Valuation Method	5-year smoothed market; 20% collar
Inflation	2.90% general, 3.40% wage
Salary Increases	3.40% to 11.90% including inflation
Discount Rate	7.65%
Investment Rate of Return	7.65%
Retirement Age	Experienced-based table of rates that are specific to the type of eligibility condition. Last updated for the 2012 valuation pursuant to an experience study of the period 2006-2010
Mortality	RP-2000 Combined Healthy Mortality Table projected to the year 2025
Note	There were no benefit changes during the year. Adjustments to the roll-forward liabilities were made to reflect the following assumptions changes in the 2014 valuation: Investment return assumption changed from 7.70% to 7.65% Inflation assumption changed from 2.95% to 2.90%; Disability mortality assumption for State Police and LEOPS changed to: RP-2000 Disabled Mortality: 50% table for males and 75% for females, but not less than the RP-2000 Combined Healthy Mortality table projected to year 2025

QUEEN ANNE'S COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 12 - RETIREMENT PLANS (CONTINUED)

Investments

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Public Equity	35%	4.70%
Fixed Income	10%	2.00%
Credit Opportunity	10%	3.00%
Real Return	14%	2.80%
Absolute Return	10%	5.00%
Private Equity	10%	6.30%
Real Estate	10%	4.50%
Cash	1%	1.40%
Total	<u>100%</u>	

The above was the Board of Trustees adopted asset allocation policy and best estimate of geometric real rates of return for each major asset class as of June 30, 2014.

For the year ended June 30, 2014, the annual money-weighted rate of return on pension plan investments, net of the pension plan investment expense, was 14.38%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Discount rate

A single discount rate of 7.65% was used to measure the total pension liability. The single discount rate was based on the expected rate of return on pension plan investments of 7.65%. The projection of cash flows used to determine this single discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

QUEEN ANNE'S COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 12 - RETIREMENT PLANS (CONTINUED)

Sensitivity of the Net Pension Liability

Regarding the sensitivity of the net pension liability to changes in the single discount rate, the following presents the plan's net pension liability, calculated using a single discount rate of 7.65%, as well as what the plan's net pension liability would be if it were calculated using a discount rate that is 1% point lower or 1% point higher:

System	1% Decrease to 6.65%	Current Discount	1% Increase to 8.65%
County	\$ 26,561,624	\$ 18,431,162	\$ 11,620,873
Board of Education	5,144,081	3,569,488	2,250,567

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

Employer Contributions:

In accordance with Maryland Senate Bill 1301, *Budget Reconciliation and Financing Act of 2012*, the Board is required to pay the State a specified percentage of the normal cost portion of the total pension cost for teachers. The normal cost is the portion of the total retirement benefit cost that is allocated to the current year of the employee's service. The specified percentage increases each fiscal year, until fiscal year 2017, when the Board will be paying 100% of the normal cost for each teacher. The related payment for fiscal year ending 2015 was \$1,792,679.

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

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

At June 30, 2015, the Board of Education reported a liability for its proportionate share of the net pension liability that reflected a reduction for State pension support provided to the Board. The amount recognized by the Board as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the Board were as follows:

Board's proportionate share of the net pension liability (Employee's Systems)	\$ 3,569,488
State's proportionate share of the net pension liability (Teacher's Systems)	46,484,733
Total	\$ 50,054,221

QUEEN ANNE'S COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 12 - RETIREMENT PLANS (CONTINUED)

The net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The County's proportion of the net pension liability was calculated as follows by the System(s):

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

QUEEN ANNE'S COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 12 - RETIREMENT PLANS (CONTINUED)

At June 30, 2015, the County reported the following related to pensions:

	<u>COUNTY</u>	<u>BOARD OF EDUCATION</u>
Employer's proportionate (percentage) of the collective net pension liability (NPL)	0.1038567%	0.0201135%
Employer's proportionate share of the collective net pension liability	\$ 18,431,162	\$ 3,569,488
Pension expense recognized by the employer for the year ended June 30, 2015	\$ 2,507,287	\$ 461,154
Change in NPL factored for contributions	\$ 530,952	\$ 102,827
Deferred inflows of resources:		
Difference between expected and actual experience	\$ -	\$ -
Net difference between projected and actual investment earnings on pension plan investments	(2,017,410)	(390,704)
Change in assumptions	-	-
Total deferred inflows of resources	\$ (2,017,410)	\$ (390,704)
Deferred outflows of resources:		
Difference between expected and actual experience	\$ -	\$ -
Change in assumptions	266,621	51,635
Year end June 30, 2015 contributions	2,507,287	461,154
Total deferred outflows of resources	\$ 2,773,908	\$ 512,789
NPL June 30, 2014	\$ 20,320,445	\$ 3,935,378
Year end June 30, 2014 contributions	(2,420,235)	(468,717)
Change in NPL factored for contributions	530,952	102,827
NPL June 30, 2015	\$ 18,431,162	\$ 3,569,488

The \$2,507,287 and \$461,154 of deferred outflows of resources resulting from the County and the Board's contributions to the Employees' Systems subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2016. Other amounts reported as deferred outflows of resources will be amortized over a five year period.

	<u>Total Payroll</u>	<u>Covered Payroll</u>	<u>On-Behalf By State</u>
County - MD Retirement and pension	\$ 25,473,795	\$ 21,231,535	\$ -
Board of Education	56,773,986	53,333,397	5,642,855
Library	1,112,697	1,112,697	143,764

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

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

QUEEN ANNE’S COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 13 - DEFERRED COMPENSATION PLAN

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

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

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

NOTE 14 - OTHER POST-EMPLOYMENT BENEFITS

Other Post-Employment Benefit Trust (OPEB Trust)

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

Other agencies and political subdivisions have the right to participate in this Trust now and in the future. Such unrelated entities may deposit funds with the Trust for investment purposes related to their OPEB plans. At June 30, 2015, funds in the amount of \$156,794 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.

In fiscal year 2015, the County Commissioners approved the County joining the MACo (Maryland Association of Counties) OPEB Trust fund. However, no funds were deposited into this trust during fiscal year 2015. All information presented in this note on other post-employment benefits refer to the Trust entity entitled “Other Post-Employment Benefit Trust – County Commissioners of Queen Anne’s County, County Commissioners of Kent County, and Participating Agencies” (OPEB Trust).

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.

QUEEN ANNE'S COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 14 - OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

Plan Description (Continued)

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

Primary Government

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

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

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

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, 2015

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, 2015

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	358	209
Board of Education	827	297
Library	<u>15</u>	<u>5</u>
Total	<u>1,200</u>	<u>511</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, 2015

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)	\$ 51,063,866	\$ 83,226,000	\$ 512,774	\$ 134,802,640
Actuarial value of plan assets	<u>1,959,640</u>	<u>524,000</u>	<u>30,347</u>	<u>2,513,987</u>
Unfunded actuarial accrued liability (UAAL)	<u>\$ 49,104,226</u>	<u>\$ 82,702,000</u>	<u>\$ 482,427</u>	<u>\$ 132,288,653</u>
Funded Ratio (Actuarial value of plan assets / AAL)	3.84%	0.63%	5.92%	1.86%
Annual Required Contribution (ARC)	\$ 3,950,358	\$ 7,868,000	\$ 30,594	\$ 11,848,952
Interest on Net OPEB Obligations	2,260,755	1,333,000	74,836	3,668,591
Adjustment to ARC	<u>(2,206,391)</u>	<u>(1,611,000)</u>	<u>(73,036)</u>	<u>(3,890,427)</u>
Total Annual OPEB Cost	4,004,722	7,590,000	32,394	11,627,116
Less: Trust Contributions	(537,000)	-	-	(537,000)
Less: Pay-As-You-Go Contributions	<u>(1,274,849)</u>	<u>(1,600,921)</u>	<u>(20,100)</u>	<u>(2,895,870)</u>
Total Contributions	<u>(1,811,849)</u>	<u>(1,600,921)</u>	<u>(20,100)</u>	<u>(3,432,870)</u>
Increase in Net OPEB Obligation	2,192,873	5,989,079	12,294	8,194,246
Net OPEB Obligation beginning of year	<u>37,679,247</u>	<u>34,096,789</u>	<u>1,247,264</u>	<u>73,023,300</u>
Net OPEB Obligation end of year	<u>\$ 39,872,120</u>	<u>\$ 40,085,868</u>	<u>\$ 1,259,558</u>	<u>\$ 81,217,546</u>
Percent of Annual OPEB Cost Contributed	<u>45.2%</u>	<u>21.1%</u>	<u>62.0%</u>	<u>29.5%</u>
Covered payroll	<u>\$ 19,064,280</u>	<u>\$ 34,622,026</u>	<u>\$ 1,112,697</u>	<u>\$ 54,799,003</u>
UAAL as a percentage of Covered Payroll (UAAL) / covered payroll)	257.6%	238.9%	43.4%	241.4%

The Net OPEB Obligation (NOO) of \$39,872,120 at the end of the year for the County consisted of liabilities of \$33,920,346 for Governmental Activities and \$5,951,774 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, 2015

NOTE 14 - OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

Schedule of Participating Agencies' Contributions

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

Participating Agency	Fiscal Year Ended June 30	Annual Postemployment Benefit Cost	ARC Contributed	Percentage of ARC Contributed	Net OPEB Obligation (NOO)
Queen Anne's County	2009	\$ 5,312,000	\$ 1,007,954	18.98%	\$ 4,304,046
	2010	6,410,934	604,221	9.42%	5,806,713
	2011	7,256,495	835,792	11.52%	6,420,703
	2012	7,806,661	1,508,144	19.32%	6,298,517
	2013	9,024,000	1,668,781	18.49%	7,355,219
	2014	9,187,000	1,692,951	18.43%	7,494,049
	2015	4,004,722	1,811,849	45.24%	2,192,873
		<u>49,001,812</u>	<u>9,129,692</u>	18.63%	39,872,120
Board of Education	2009	5,907,000	1,534,955	25.99%	4,372,045
	2010	6,340,000	1,176,586	18.56%	5,163,414
	2011	6,535,000	1,276,130	19.53%	5,258,870
	2012	6,953,000	1,409,451	20.27%	5,543,549
	2013	8,083,000	1,405,124	17.38%	6,677,876
	2014	8,570,000	1,488,965	17.37%	7,081,035
	2015	7,590,000	1,600,921	21.09%	5,989,079
		<u>49,978,000</u>	<u>9,892,132</u>	19.79%	40,085,868
Library	2009	178,000	38,234	21.48%	139,766
	2010	212,000	12,200	5.75%	199,800
	2011	234,000	12,302	5.26%	221,698
	2012	250,000	19,600	7.84%	230,400
	2013	250,000	28,400	11.36%	221,600
	2014	258,000	24,000	9.30%	234,000
	2015	32,394	20,100	62.05%	12,294
		<u>1,414,394</u>	<u>154,836</u>	10.95%	1,259,558
Totals	2009	11,397,000	2,581,143	22.65%	8,815,857
	2010	12,962,934	1,793,007	13.83%	11,169,927
	2011	14,025,495	2,124,224	15.15%	11,901,271
	2012	15,009,661	2,937,195	19.57%	12,072,466
	2013	17,357,000	3,102,305	17.87%	14,254,695
	2014	18,015,000	3,205,916	17.80%	14,809,084
	2015	11,627,116	3,432,870	29.52%	8,194,246
		<u>\$ 100,394,206</u>	<u>\$ 19,176,660</u>	19.10%	<u>\$ 81,217,546</u>

QUEEN ANNE'S COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2015

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	June 30, 2015
Actuarial cost method	Entry Age
Amortization method	Closed
Amortization period	23 years (as of June 30, 2015)
Interest Assumptions	6.0% investment rate of return
Asset valuation method	Market value of assets
Inflation Rate	2.75% per year
Salary increases	3% per year
Mortality	RP 2000, Combined Healthy tables (male & female), fully generational with scale AA. The RP2000 Combined Disabled Tables are used for disabled members.

Actuarial trend assumptions:

2015	6.5%
2016-2017	6.0%
2018-2021	5.9%
2022-2026	5.8%
2027-2039	5.7%
2040-2049	5.2%
2050-2059	5.0%
2060-2069	4.8%
2070 & Later	4.3%

QUEEN ANNE'S COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2015

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 \$53,263 as of June 30, 2015. 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 \$54,922 as of June 30, 2015. 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 \$219,798 as of June 30, 2015.

Golf Course Enterprise Fund

The Golf Course Enterprise Fund has a deficit balance in unrestricted net position of \$457,419 as of June 30, 2015.

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, 2015 may be impaired. The County's management believes that there are no significant contingent liabilities that must be recorded relating to compliance with the rules and regulations governing these programs. No funds were required to be returned in Fiscal Year 2015.

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, 2015

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. No funds were required to be returned in fiscal year 2015.

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 \$3,505,190 has been committed, including \$1,872,837 for the construction of a new County Courthouse, \$706,968 for rubble surcharge, \$838,392 for economic development, and \$86,993 for site improvements pursuant to agreements with local developers. In the Roads Capital Projects Fund, \$703,987 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 filed an appeal with the Supreme Court. The Supreme Court heard the case and determined that this taxing scheme was unconstitutional because it discriminated in favor of intrastate over interstate economic activity in violation of the dormant Commerce Clause.

Based on the findings, Queen Anne's County reduced the receivable from the State for income taxes and the offsetting deferred inflows by the estimated fiscal impact for the County for tax years going back to 2009 which totaled \$2.0 million including interest. The adjustment does not change the total fund balance for the General Fund. Since the County already received the money in income taxes in prior years, the amount of anticipated liability for the Wynne Case impact on the County is assigned in the General Fund. When the State begins taking the funds back, the County will release the amount from the assigned fund balance. The amount of anticipated liability is based on assessments provided by the Maryland Comptroller's Office and the County believes these figures to be within reason.

QUEEN ANNE'S COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 17 – JOINT VENTURE

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

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

During fiscal year 2011, the landfill located in Talbot County, Midshore I, was closed. As of June 30, 2015, total closure and post closure costs for Midshore I were estimated at approximately \$8.2 million. Midshore II, located in Caroline County, was 11.99% 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 \$22.4 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 \$9.4 million as of June 30, 2015, 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 \$22.1 million. As of June 30, 2015, \$7.6 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 \$315,920 in tipping fees to the facility during fiscal 2015.

MES has satisfied its financial assurance requirements based upon the local government financial ratio tests of the project participants as of June 30, 2014. MES expects to satisfy these requirements as of June 30, 2015 using the same criteria.

Due to inflation and changes in technology, laws, and regulations, estimated closure and post closure care costs may change in the future. Financial Statements of the Landfill can be obtained from MES located at 259 Najoles Road, Millersville, MD 21108.

QUEEN ANNE'S COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2015

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 \$385 thousand in expenses, including \$25 thousand in fiscal year 2015, to comply with the provisions of the program. Costs covered remediation work and consulting fees; the latter for testing, studies, and monitoring. Remediation efforts included demolition and removal of the existing fuel depot at the Public Works Centreville Shop; remediation of the soils via excavation; offsite controlled disposal and backfill; installation of monitoring wells; in situ chemical oxidation and dual phase extraction; attorney's fees and miscellaneous environmental consulting services.

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

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

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

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

In December of 2014, a leak was discovered at the 10,000 gallon fuel oil UST for the office building. MDE required the removal of the tank and mitigation of the contaminated soils and ground water. The tank has been replaced with a compliant above ground 1,500 gallon fuel oil storage tank. This work was completed, including compliant disposal of all soils by May 2015. MDE subsequently directed the County to install two additional monitoring wells and to abandon the former injection wells on-site.

QUEEN ANNE'S COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 18 – POLLUTION REMEDIATION OBLIGATIONS (CONTINUED)

The final scope of work is yet to be determined by MDE and the County. The presence of LPH in MW-2A continues to be monitored, fluctuates in depth, and currently appears to be recoverable only in minimal amounts. The County is continuing with the approved MDE monitoring program as described above and anticipates further direction from MDE upon its completion.

The estimated costs over the next year are not material, and thus no liability has been recorded at this time. None of these outlays met the requirements for capitalization noted in GASB Statement 49 and they were not capitalized.

NOTE 19 – PRIOR PERIOD RESTATEMENT

The County and the Board of Education have determined to restate its Statement of Net Position and Statement of Activities as of June 30, 2014. The determination was made to restate these financial statements in connection with the fiscal year 2015 implementation of the Governmental Accounting Standards Board's Statement No. 68, *Accounting and Financial Reporting for Pension*. This statement's objective is to improve the accounting and financial reporting for pensions as well as to improve the information provided by employers about financial support for pensions that are provided by other entities (see Note 12).

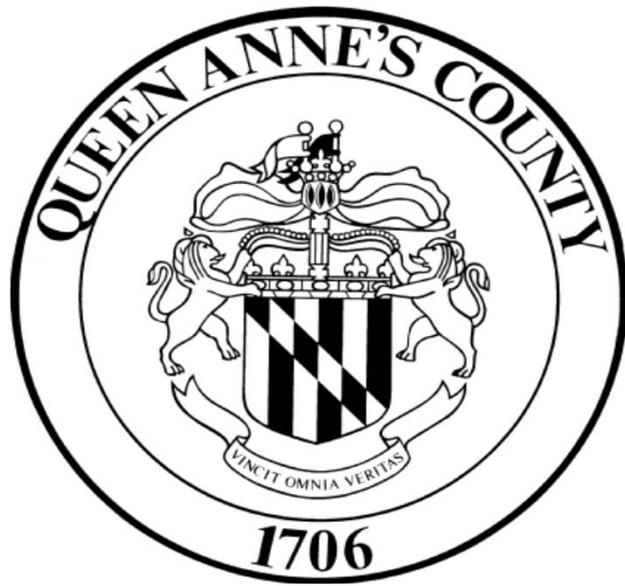
The following table is a summary of the effects of these changes on net position and change in net position for the County as of June 30, 2015.

PRIMARY GOVERNMENT

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	Net Position	Change in Net Position	Net Position	Change in Net Position	Net Position	Change in Net Position
As previously reported	\$ 90,218,678	\$ 2,968,890	\$ 93,112,718	\$ (1,286,282)	\$ 183,331,396	\$ 1,682,608
Adjustment to deferred financing outflow for contributions	2,183,838	2,183,838	236,397	236,397	2,420,235	2,420,235
Adjustment to net pension liability	(18,585,735)	(18,585,735)	(1,734,710)	(1,734,710)	(20,320,445)	(20,320,445)
Total Adjustment	(16,401,897)	(16,401,897)	(1,498,313)	(1,498,313)	(17,900,210)	(17,900,210)
As restated	\$ 73,816,781	\$ (13,433,007)	\$ 91,614,405	\$ (2,784,595)	\$ 165,431,186	\$ (16,217,602)

COMPONENT UNIT – BOARD OF EDUCATION

To implement Governmental Accounting Standards Board's Statement No. 68, the beginning net position balance for governmental activities of \$123,504,380 has been decreased by \$3,466,661 to \$120,037,719. See the Board's financial statements for further information.



Required Supplementary Information

**QUEEN ANNE'S COUNTY, MARYLAND
REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2015**

MARYLAND STATE RETIREMENT AND PENSIONS SYSTEMS

SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY

Fiscal Year	Measurement Date	Employer's Proportion (Percentage) of the Collective NPL A	Employer's Proportion Share of the Collective NPL B	Employer's Covered Employee Payroll C	Proportionate Share as a Percentage of Covered Payroll (B / C)	Plan's Total Fiduciary Net Position D	Plan's Total Pension Liability E	Plan's Fiduciary Net Position as a Percentage of Total Pension Liability (D / E)
2015	June 30, 2014	0.1038567%	18,431,162	21,231,535	87%	45,339,988,000	63,086,719,000	72%

SCHEDULE OF CONTRIBUTIONS

Fiscal Year	Measurement Date	Contractually Required Contribution A	Actual Contribution B	Contribution Deficiency (Excess) (A - B)	Employer's Covered Employee Payroll C	Actual Contribution as a Percentage of Covered Payroll (B / C)
2015	June 30, 2014	\$ 2,420,235	\$ 2,420,235	\$ -	\$ 21,231,535	11%

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

ACTUARIAL ASSUMPTIONS – PENSION PLAN

Actuarial	Entry Age Normal
Amortization Method	Level Percentage of Payroll, Closed
Remaining Amortization Period	24 years for State system, 25 years for LEOPS Muni, and 32 years for CORS Muni as of June 30, 2014. For ECS Muni, 6 years remaining as of June 30, 2014 for prior UAAL existing on June 30, 2000. 25 years from each subsequent valuation date for each year's additional UAAL
Asset Valuation Method	5-year smoothed market; 20% collar
Inflation	2.90% general, 3.40% wage
Salary Increases	3.40% to 11.90% including inflation
Discount Rate	7.65%
Investment Rate of Return	7.65%
Retirement Age	Experienced-based table of rates that are specific to the type of eligibility condition. Last updated for the 2012 valuation pursuant to an experience study of the period 2006-2010
Mortality	RP-2000 Combined Healthy Mortality Table projected to the year 2025
Note	There were no benefit changes during the year. Adjustments to the roll-forward liabilities were made to reflect the following assumptions changes in the 2014 valuation: Investment return assumption changed from 7.70% to 7.65% Inflation assumption changed from 2.95% to 2.90%; Disability mortality assumption for State Police and LEOPS changed to: RP-2000 Disabled Mortality: 50% table for males and 75% for females, but not less than the RP-2000 Combined Healthy Mortality table projected to year 2025

**QUEEN ANNE'S COUNTY, MARYLAND
REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2015**

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.

<u>Funding Progress</u>	<u>Valuation Date</u>	(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%
	June 30, 2015	1,959,640	51,063,866	49,104,226	3.84%	19,064,280	258%

As indicated in the chart above, the accrued liability has decreased since the prior valuation. This decrease results from favorable claims experience, an increase in the discount rate from 4.5% to 6.0%, and a change in the cost method from projected unit credit to entry age. The net result was a decrease in costs and liabilities.

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, 2015

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	POSITIVE (NEGATIVE)
REVENUES				
Taxes				
Local Property Tax	\$ 64,108,847	\$ 64,399,899	\$ 64,643,520	\$ 243,621
Local Income Tax	41,878,992	42,603,992	42,889,715	285,723
Admission and Amusement Taxes	178,515	178,515	155,396	(23,119)
Recordation Taxes	3,250,000	3,250,000	3,399,247	149,247
Hotel Taxes	480,000	-	-	-
County Transfer Taxes	1,200,000	1,674,014	1,797,855	123,841
State Shared Taxes	567,318	567,318	518,326	(48,992)
Licenses and Permits	950,000	585,000	615,401	30,401
Intergovernmental	1,829,792	1,831,173	1,742,520	(88,653)
Bond Interest Reimbursement - Build America Bond	382,570	382,570	375,323	(7,247)
Charges for Current Services	2,004,193	2,081,025	2,170,142	89,117
Fines and Forfeitures	25,300	45,300	82,059	36,759
Investment Income	75,000	75,000	56,231	(18,769)
Donations	1,800	1,800	4,380	2,580
Miscellaneous	723,783	723,783	948,444	224,661
Total Revenues	<u>117,656,110</u>	<u>118,399,389</u>	<u>119,398,559</u>	<u>999,170</u>
EXPENDITURES				
GENERAL GOVERNMENT				
Legislative	467,781	467,781	378,617	89,164
Public Information	263,937	-	-	-
Judicial				
Circuit Court	588,217	524,436	395,695	128,741
Orphan's Court	80,526	80,526	73,165	7,361
State's Attorney	1,104,529	1,129,529	1,126,660	2,869
County Administrator	278,992	181,850	176,670	5,180
Board of Elections	537,607	537,607	475,771	61,836
Finance Office	1,040,052	1,040,052	1,009,892	30,160
Human Resources	499,303	499,651	444,107	55,544
Planning and Zoning	1,859,676	1,859,617	1,856,850	2,767
Information Technology	767,690	767,690	683,112	84,578
Legal Services	444,343	464,343	461,142	3,201
Total General Government	<u>7,932,653</u>	<u>7,553,082</u>	<u>7,081,681</u>	<u>471,401</u>
PUBLIC SAFETY				
Sheriff's Office	6,918,172	6,818,613	6,580,853	237,760
Volunteer Fire and Rescue Services	3,169,059	3,473,059	3,470,179	2,880
Detention Center	4,497,831	4,497,831	4,194,040	303,791
Emergency Services	7,647,652	7,671,511	7,497,582	173,929
Animal Control	-	191,255	187,289	3,966
Total Public Safety	<u>22,232,714</u>	<u>22,652,269</u>	<u>21,929,943</u>	<u>722,326</u>
PARKS AND PUBLIC WORKS				
Administration	376,162	376,162	342,060	34,102
Solid Waste Disposal	1,784,619	1,784,619	1,311,724	472,895
Engineering Division	599,541	629,541	627,999	1,542
Roads Division	4,037,469	4,201,750	3,821,892	379,858
General Services	2,316,613	2,264,374	2,260,767	3,607
Parks	2,464,286	2,956,688	2,754,492	202,196
Weed Control	105,017	105,017	94,342	10,675
Total Parks and Public Works	<u>11,683,707</u>	<u>12,318,151</u>	<u>11,213,276</u>	<u>1,104,875</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, 2015

(CONTINUED)

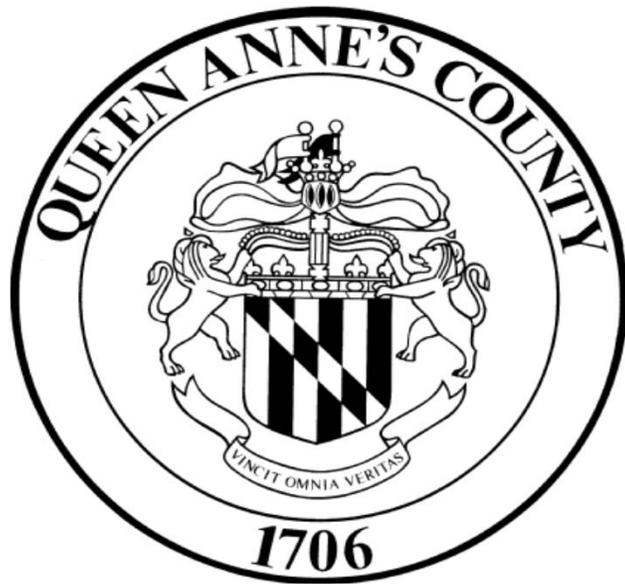
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	POSITIVE (NEGATIVE)
<u>HEALTH, SOCIAL, AND COMMUNITY SERVICES</u>				
Health Department	\$ 2,108,336	\$ 2,108,336	\$ 1,822,856	\$ 285,480
Social Services	316,457	316,457	284,474	31,983
Recreation	523,283	523,283	505,892	17,391
Total Health, Social, and Community Services	<u>2,948,076</u>	<u>2,948,076</u>	<u>2,613,222</u>	<u>334,854</u>
<u>EDUCATION AND LIBRARY</u>				
Board of Education	49,730,398	49,730,398	49,730,398	-
Teacher Pensions	1,497,849	1,497,849	1,497,849	-
Chesapeake College	1,791,817	1,791,817	1,791,817	-
Queen Anne's County Free Library	1,432,500	1,432,500	1,432,500	-
Total Education and Library	<u>54,452,564</u>	<u>54,452,564</u>	<u>54,452,564</u>	<u>-</u>
<u>CONSERVATION OF NATURAL RESOURCES</u>				
Cooperative Extension Service	270,549	272,471	271,237	1,234
Soil Conservation Service	195,016	195,016	184,104	10,912
4-H Park	68,530	68,530	61,978	6,552
Total Conservation of Natural Resources	<u>534,095</u>	<u>536,017</u>	<u>517,319</u>	<u>18,698</u>
<u>ECONOMIC AND COMMUNITY DEVELOPMENT</u>				
Economic Development and Tourism	453,081	-	-	-
Community Affairs	-	280,803	279,687	1,116
Total Economic and Community Development	<u>453,081</u>	<u>280,803</u>	<u>279,687</u>	<u>1,116</u>
<u>DEBT SERVICE</u>				
School Debt Service - Principal	5,490,787	5,560,787	5,556,365	4,422
School Debt Service - Interest	2,513,821	2,538,821	2,536,283	2,538
County Debt Service - Principal	2,372,770	1,902,770	1,843,821	58,949
County Debt Service - Interest	1,480,243	1,330,243	1,310,540	19,703
Total Debt Service	<u>11,857,621</u>	<u>11,332,621</u>	<u>11,247,009</u>	<u>85,612</u>
<u>INTERGOVERNMENTAL</u>				
Aid to Municipalities	96,589	96,589	96,589	-
SDAT Costs from State	227,094	227,094	205,788	21,306
Total Intergovernmental	<u>323,683</u>	<u>323,683</u>	<u>302,377</u>	<u>21,306</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, 2015

(CONTINUED)

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	POSITIVE (NEGATIVE)
<u>MISCELLANEOUS</u>				
Aid to Other Agencies	\$ 54,025	\$ 99,025	\$ 95,860	\$ 3,165
Insurance & Benefits	1,943,500	1,943,500	1,759,002	184,498
Transfer to OPEB Fund	537,000	537,000	537,000	-
Contingencies	1,219,642	240,219	225,166	15,053
Salary Lapse	(800,000)	(800,000)	-	(800,000)
Miscellaneous Non-Departmental	1,089,029	869,033	616,180	252,853
Total Miscellaneous	<u>4,043,196</u>	<u>2,888,777</u>	<u>3,233,208</u>	<u>(344,431)</u>
Total Expenditures	<u>116,461,390</u>	<u>115,286,043</u>	<u>112,870,286</u>	<u>2,415,757</u>
Excess of Revenues Over Expenditures	<u>1,194,720</u>	<u>3,113,346</u>	<u>6,528,273</u>	<u>3,414,927</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Proceeds of Capital Asset Disposals	-	-	75,098	75,098
Insurance Proceeds	-	-	57,916	57,916
Transfers In From:				
Impact Fees - School	1,235,000	1,235,000	250,000	(985,000)
Drug Task Force	-	18,376	18,376	-
Total Transfers In	<u>1,235,000</u>	<u>1,253,376</u>	<u>268,376</u>	<u>(985,000)</u>
Transfers Out To:				
General Capital Projects Fund	168,450	2,168,450	2,168,450	-
Department of Aging	1,254,149	1,254,149	1,033,543	220,606
Department of Housing and Community Services	528,510	528,510	419,891	108,619
Community Partnerships	167,103	167,102	167,102	-
Impact Fees - Fire Companies/Contingencies	-	67,489	67,488	1
Airport Enterprise Fund	62,977	142,977	142,871	106
Golf Course Enterprise Fund	248,531	248,531	154,976	93,555
Total Transfers Out	<u>2,429,720</u>	<u>4,577,208</u>	<u>4,154,321</u>	<u>422,887</u>
Total Other Financing (Uses)	<u>(1,194,720)</u>	<u>(3,323,832)</u>	<u>(3,752,931)</u>	<u>(429,099)</u>
Net Increase (Decrease) in Fund Balance	<u>\$ -</u>	<u>\$ (210,486)</u>	<u>2,775,342</u>	<u>\$ 2,985,828</u>
Fund Balance, July 1			<u>18,421,507</u>	
Fund Balance, June 30			<u>\$ 21,196,849</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.

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

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

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

Franchise Fee - This fund accounts for activities funded by cable TV franchise fees to support the local County government TV channel and is included in the general government function.

Hotel Tax – This fund accounts for activities funded by the Hotel Tax that support economic development and tourism and is included in the economic and community development 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, 2015

	DEPARTMENT OF AGING	HOUSING AND COMMUNITY SERVICES	REVOLVING LOAN FUND	ECONOMIC DEVELOPMENT INCENTIVE	BRIDGE FUND	COMMUNITY PARTNERSHIPS FOR CHILDREN
ASSETS						
Cash and Cash Equivalents	\$ 122,022	\$ 1,105,038	\$ 487,299	\$ 1,503,761	\$ 1,206,061	\$ 550,859
Receivables						
Taxes Receivable (Net)	-	-	-	-	-	-
Accounts Receivable (Net)	-	7,195	14,430	-	-	16,656
Loans Receivable	-	4,695,890	49,904	-	-	-
Special Assessments (Net)	-	-	-	-	-	-
Due from Other Governments	200,693	51,073	-	65,880	65,880	164,381
Total Assets	<u>\$ 322,715</u>	<u>\$ 5,859,196</u>	<u>\$ 551,633</u>	<u>\$ 1,569,641</u>	<u>\$ 1,271,941</u>	<u>\$ 731,896</u>
LIABILITIES						
Accrued Liabilities	\$ 91,727	\$ 16,072	\$ -	\$ -	\$ -	\$ 180,608
Due to Other Funds	122,169	83,387	-	-	-	-
Due to Other Governmental Agencies	-	3,136	-	-	-	305,779
Unearned Revenue	-	29,694	-	-	-	145,656
Total Liabilities	<u>213,896</u>	<u>132,289</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>632,043</u>
DEFERRED INFLOWS OF RESOURCES						
Unavailable Benefit Assessments	-	-	-	-	-	-
Unavailable Fees	-	-	-	-	-	-
Total Deferred Inflows	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES						
Nonspendable	-	4,695,890	64,334	-	-	-
Restricted	107	1,084,280	487,299	1,569,641	1,271,941	-
Assigned	108,712	-	-	-	-	99,853
Unassigned	-	(53,263)	-	-	-	-
Total Fund Balances	<u>108,819</u>	<u>5,726,907</u>	<u>551,633</u>	<u>1,569,641</u>	<u>1,271,941</u>	<u>99,853</u>
Total Liabilities, Deferred Inflows and Fund Balances	<u>\$ 322,715</u>	<u>\$ 5,859,196</u>	<u>\$ 551,633</u>	<u>\$ 1,569,641</u>	<u>\$ 1,271,941</u>	<u>\$ 731,896</u>

QUEEN ANNE'S COUNTY, MARYLAND
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
JUNE 30, 2015

(CONTINUED)

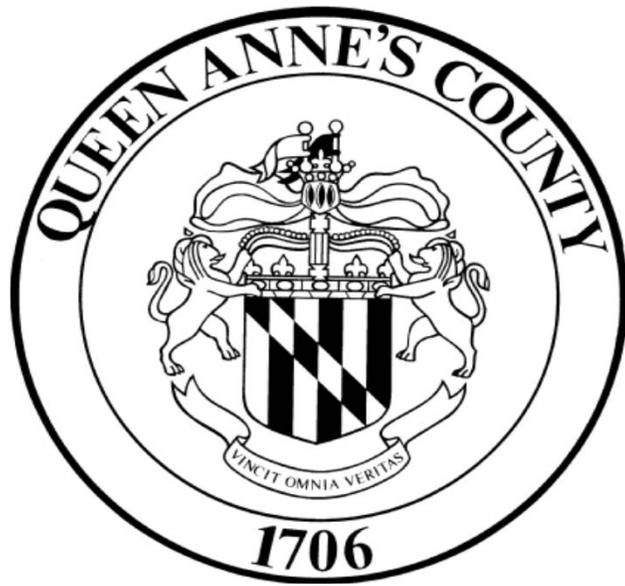
CRITICAL AREAS	FRANCHISE FEE	HOTEL TAX	LAW LIBRARY	SHERIFF'S DRUG TASK FORCE	INMATE WELFARE	AGRICULTURAL TRANSFER	RURAL LEGACY	PURCHASE OF DEVELOPMENT RIGHTS
\$ 164,031	\$ 22,539	\$ 164,797	\$ 103,203	\$ 138,976	\$ 256,367	\$ 55,827	\$ 420,379	\$ 550
-	-	59,752	-	-	-	-	-	-
-	50,000	-	-	-	9,493	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	6,563	-	-	-	-	-	-
<u>\$ 164,031</u>	<u>\$ 72,539</u>	<u>\$ 231,112</u>	<u>\$ 103,203</u>	<u>\$ 138,976</u>	<u>\$ 265,860</u>	<u>\$ 55,827</u>	<u>\$ 420,379</u>	<u>\$ 550</u>
\$ -	\$ 20,354	\$ 19,547	\$ 24	\$ 40,561	\$ 13,849	\$ 1,300	\$ -	\$ -
-	-	-	-	-	-	-	-	-
-	-	-	-	-	25,279	-	-	-
-	-	-	-	-	-	-	-	-
-	20,354	19,547	24	40,561	39,128	1,300	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
164,031	52,185	211,565	-	98,415	226,732	54,527	420,379	550
-	-	-	103,179	-	-	-	-	-
-	-	-	-	-	-	-	-	-
<u>164,031</u>	<u>52,185</u>	<u>211,565</u>	<u>103,179</u>	<u>98,415</u>	<u>226,732</u>	<u>54,527</u>	<u>420,379</u>	<u>550</u>
<u>\$ 164,031</u>	<u>\$ 72,539</u>	<u>\$ 231,112</u>	<u>\$ 103,203</u>	<u>\$ 138,976</u>	<u>\$ 265,860</u>	<u>\$ 55,827</u>	<u>\$ 420,379</u>	<u>\$ 550</u>

CONTINUED

QUEEN ANNE'S COUNTY, MARYLAND
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
JUNE 30, 2015

(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	\$ 18,235	\$ 266,051	\$ 4,555,956	\$ 294,770	\$ 733,768	\$ 12,170,489
Receivables						
Taxes Receivable (Net)	-	-	-	-	-	59,752
Accounts Receivable (Net)	220	-	-	-	-	97,994
Loans Receivable	-	-	984,410	111,623	125,442	5,967,269
Special Assessments (Net)	505,569	-	-	-	-	505,569
Due from Other Governments	-	-	-	-	-	554,470
Total Assets	\$ 524,024	\$ 266,051	\$ 5,540,366	\$ 406,393	\$ 859,210	\$ 19,355,543
LIABILITIES AND FUND BALANCES						
Accrued Liabilities	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 384,042
Due to Other Funds	-	-	-	54,922	-	260,478
Due to Other Governmental Agencies	-	-	-	-	-	334,194
Unearned Revenue	-	-	-	-	-	175,350
Total Liabilities	-	-	-	54,922	-	1,154,064
DEFERRED INFLOWS OF RESOURCES						
Unavailable Benefit Assessments	505,569	-	-	-	-	505,569
Unavailable Fees	-	-	984,410	111,623	125,442	1,221,475
Total Deferred Inflows	505,569	-	984,410	111,623	125,442	1,727,044
Fund Balances						
Nonspendable	-	-	-	-	-	4,760,224
Restricted	18,455	266,051	4,555,956	294,770	733,768	11,510,652
Assigned	-	-	-	-	-	311,744
Unassigned	-	-	-	(54,922)	-	(108,185)
Total Fund Balances	18,455	266,051	4,555,956	239,848	733,768	16,474,435
Total Liabilities and Fund Balances	\$ 524,024	\$ 266,051	\$ 5,540,366	\$ 406,393	\$ 859,210	\$ 19,355,543



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, 2015

	DEPARTMENT OF AGING	HOUSING AND COMMUNITY SERVICES	REVOLVING LOAN FUND	ECONOMIC DEVELOPMENT INCENTIVE	BRIDGE FUND	COMMUNITY PARTNERSHIPS FOR CHILDREN
REVENUES						
Taxes						
Local Property Tax	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Recordation Taxes	-	151,979	-	506,596	506,596	-
Hotel Taxes	-	-	-	-	-	-
State Shared Taxes	-	-	-	-	-	-
Licenses and Permits	-	-	-	-	-	-
Intergovernmental	1,005,364	247,130	-	-	-	890,108
Charges for Current Services	68,187	77,500	-	-	-	-
Fines and Forfeitures	-	-	-	-	-	-
Investment Income	53	2,078	3,466	554	554	22
Donations	37,011	-	-	-	-	-
Miscellaneous	8,422	-	100	-	-	6,283
Total Revenues	<u>1,119,037</u>	<u>478,687</u>	<u>3,566</u>	<u>507,150</u>	<u>507,150</u>	<u>896,413</u>
EXPENDITURES						
Current						
General Government	-	-	-	-	-	-
Public Safety	-	-	-	-	-	-
Social Services	2,171,531	-	-	-	-	1,090,413
Economic/Community Development	-	671,146	25,000	226,300	-	-
Capital Outlay	-	-	-	-	-	-
Debt Service						
Principal	-	-	-	-	-	-
Total Expenditures	<u>2,171,531</u>	<u>671,146</u>	<u>25,000</u>	<u>226,300</u>	<u>-</u>	<u>1,090,413</u>
Excess of Revenues Over (Under) Expenditures	<u>(1,052,494)</u>	<u>(192,459)</u>	<u>(21,434)</u>	<u>280,850</u>	<u>507,150</u>	<u>(194,000)</u>
OTHER FINANCING SOURCES (USES)						
Proceeds of Capital Asset Disposals	793	-	-	-	-	817
Transfers In	1,033,543	419,891	-	-	764,791	167,102
Transfers Out	-	-	-	-	-	-
Other Financing Sources (Uses)	<u>1,034,336</u>	<u>419,891</u>	<u>-</u>	<u>-</u>	<u>764,791</u>	<u>167,919</u>
Net Increase (Decrease) in Fund Balances	<u>(18,158)</u>	<u>227,432</u>	<u>(21,434)</u>	<u>280,850</u>	<u>1,271,941</u>	<u>(26,081)</u>
Fund Balances, July 1	<u>126,977</u>	<u>5,499,475</u>	<u>573,067</u>	<u>1,288,791</u>	<u>-</u>	<u>125,934</u>
Fund Balances, June 30	<u>\$ 108,819</u>	<u>\$ 5,726,907</u>	<u>\$ 551,633</u>	<u>\$ 1,569,641</u>	<u>\$ 1,271,941</u>	<u>\$ 99,853</u>

QUEEN ANNE'S COUNTY, MARYLAND
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NON-MAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2015

(CONTINUED)

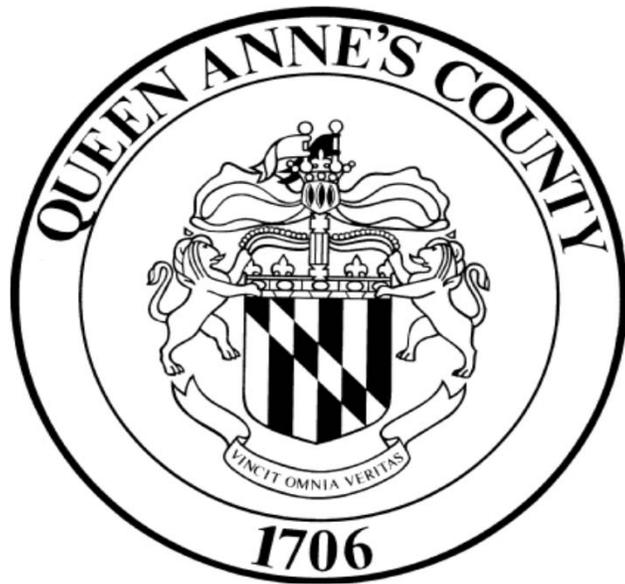
CRITICAL AREAS	FRANCHISE FEE	HOTEL TAX	LAW LIBRARY	SHERIFF'S DRUG TASK FORCE	INMATE WELFARE	AGRICULTURAL TRANSFER	RURAL LEGACY	PURCHASE OF DEVELOPMENT RIGHTS
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-	-
-	-	480,752	-	-	-	-	-	-
-	-	-	-	-	-	39,508	-	-
-	447,516	-	-	-	-	-	-	-
-	-	34,806	-	-	6,920	-	-	-
75	6,574	-	14,802	-	96,960	-	-	-
-	-	-	38,617	61,484	-	-	-	-
-	-	-	74	114	139	-	260	-
-	-	-	-	-	-	-	-	-
-	-	3,392	-	3,550	27,332	-	-	-
75	454,090	518,950	53,493	65,148	131,351	39,508	260	-
-	377,556	-	2,677	-	-	-	-	-
-	-	-	-	84,452	140,654	-	-	-
-	-	-	-	-	-	-	-	-
-	-	307,385	-	-	-	-	-	-
-	24,349	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	401,905	307,385	2,677	84,452	140,654	-	-	-
75	52,185	211,565	50,816	(19,304)	(9,303)	39,508	260	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	(18,376)	-	-	-	-
-	-	-	-	(18,376)	-	-	-	-
75	52,185	211,565	50,816	(37,680)	(9,303)	39,508	260	-
163,956	-	-	52,363	136,095	236,035	15,019	420,119	550
\$ 164,031	\$ 52,185	\$ 211,565	\$ 103,179	\$ 98,415	\$ 226,732	\$ 54,527	\$ 420,379	\$ 550

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, 2015

(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	\$ -	\$ 28,772	\$ -	\$ -	\$ -	\$ 28,772
Recordation Taxes	-	-	-	-	-	1,165,171
Hotel Taxes	-	-	-	-	-	480,752
State Shared Taxes	-	-	-	-	-	39,508
Licenses and Permits	-	-	-	-	-	447,516
Intergovernmental	-	-	-	-	-	2,184,328
Charges for Current Services	44,177	-	1,249,332	234,123	155,179	1,946,909
Fines and Forfeitures	-	-	-	-	-	100,101
Investment Income	417	-	2,665	199	415	11,010
Donations	-	-	-	-	-	37,011
Miscellaneous	-	-	-	-	-	49,079
Total Revenues	44,594	28,772	1,251,997	234,322	155,594	6,490,157
EXPENDITURES						
Current						
General Government	-	-	-	-	-	380,233
Public Safety	-	-	-	383,711	-	608,817
Social Services	-	-	-	-	-	3,261,944
Economic/Community Development	-	45,304	-	-	-	1,275,135
Capital Outlay	-	-	-	-	-	24,349
Debt Service						
Principal	44,425	-	-	-	-	44,425
Total Expenditures	44,425	45,304	-	383,711	-	5,594,903
Excess of Revenues Over (Under) Expenditures	169	(16,532)	1,251,997	(149,389)	155,594	895,254
OTHER FINANCING SOURCES (USES)						
Proceeds of Capital Asset Disposals	-	-	-	-	-	1,610
Transfers In	-	-	-	67,488	-	2,452,815
Transfers Out	-	-	(250,000)	-	-	(268,376)
Other Financing Sources (Uses)	-	-	(250,000)	67,488	-	2,186,049
Net Increase (Decrease) in Fund Balances	169	(16,532)	1,001,997	(81,901)	155,594	3,081,303
Fund Balances, July 1	18,286	282,583	3,553,959	321,749	578,174	13,393,132
Fund Balances, June 30	\$ 18,455	\$ 266,051	\$ 4,555,956	\$ 239,848	\$ 733,768	\$ 16,474,435



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, 2015

	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	-	-	-	-	146,350	146,350	151,979	5,629
Hotel Taxes	-	-	-	-	-	-	-	-
State Shared Taxes	-	-	-	-	-	-	-	-
Licenses and Permits	-	-	-	-	-	-	-	-
Intergovernmental	802,614	907,814	1,005,364	97,550	160,244	160,244	247,130	86,886
Charges for Current Services	58,600	58,600	68,187	9,587	125,000	125,000	77,500	(47,500)
Fines and Forfeitures	-	-	-	-	-	-	-	-
Investment Income	-	-	53	53	-	-	2,078	2,078
Donations	35,000	35,000	37,011	2,011	-	-	-	-
Miscellaneous	1,000	1,000	8,422	7,422	-	-	-	-
Total Revenues	897,214	1,002,414	1,119,037	116,623	431,594	431,594	478,687	47,093
EXPENDITURES								
Current Operating Expenditures	2,151,363	2,256,563	2,171,531	85,032	1,110,104	1,492,859	671,146	821,713
Capital Outlay	-	-	-	-	-	-	-	-
Debt Service	-	-	-	-	-	-	-	-
Principal	-	-	-	-	-	-	-	-
Total Expenditures	2,151,363	2,256,563	2,171,531	85,032	1,110,104	1,492,859	671,146	821,713
Excess of Revenues Over (Under) Expenditures	(1,254,149)	(1,254,149)	(1,052,494)	201,655	(678,510)	(1,061,265)	(192,459)	868,806
OTHER FINANCING SOURCES (USES)								
Proceeds of Capital Asset Disposals	-	-	793	793	-	-	-	-
Transfers In	1,254,149	1,254,149	1,033,543	(220,606)	528,510	528,510	419,891	(108,619)
Transfers Out	-	-	-	-	-	-	-	-
Total Other Financing Sources (Uses)	1,254,149	1,254,149	1,034,336	(219,813)	528,510	528,510	419,891	(108,619)
Net Increase (Decrease) in Fund Balances	\$ -	\$ -	(18,158)	\$ (18,158)	\$ (150,000)	\$ (532,755)	227,432	\$ 760,187
Fund Balances, July 1			126,977				5,499,475	
Fund Balances, June 30			<u>\$ 108,819</u>				<u>\$ 5,726,907</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, 2015
(CONTINUED)

ECONOMIC DEVELOPMENT INCENTIVE				BRIDGE FUND				COMMUNITY PARTNERSHIPS FOR CHILDREN			
ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE POSITIVE (NEGATIVE)	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE POSITIVE (NEGATIVE)	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE POSITIVE (NEGATIVE)
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
400,000	400,000	506,596	106,596	-	532,000	506,596	(25,404)	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	883,258	918,576	890,108	(28,468)
-	-	-	-	-	-	-	-	-	-	-	-
-	-	554	554	-	-	554	554	-	-	22	22
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	6,283	6,283
400,000	400,000	507,150	107,150	-	532,000	507,150	(24,850)	883,258	918,576	896,413	(22,163)
400,000	400,000	226,300	173,700	-	1,296,792	-	1,296,792	1,050,361	1,090,413	1,090,413	-
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-
400,000	400,000	226,300	173,700	-	1,296,792	-	1,296,792	1,050,361	1,090,413	1,090,413	-
-	-	280,850	280,850	-	(764,792)	507,150	1,271,942	(167,103)	(171,837)	(194,000)	(22,163)
-	-	-	-	-	-	-	-	-	-	817	817
-	-	-	-	-	764,792	764,791	(1)	167,103	171,837	167,102	(4,735)
-	-	-	-	-	-	-	-	-	(4,734)	-	4,734
-	-	-	-	-	764,792	764,791	(1)	167,103	167,103	167,919	816
\$ -	\$ -	280,850	\$ 280,850	\$ -	\$ -	1,271,941	\$ 1,271,941	\$ -	\$ (4,734)	(26,081)	\$ (21,347)
		1,288,791				-				125,934	
		\$ 1,569,641				\$ 1,271,941				\$ 99,853	

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, 2015
(Continued)

	FRANCHISE FEE				HOTEL TAX			
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE POSITIVE (NEGATIVE)	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE POSITIVE (NEGATIVE)
REVENUES								
Taxes								
Local Property Tax	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Recordation Taxes	-	-	-	-	-	-	-	-
Hotel Taxes	-	-	-	-	-	480,000	480,752	752
State Shared Taxes	-	-	-	-	-	-	-	-
Licenses and Permits	-	365,000	447,516	82,516	-	-	-	-
Intergovernmental	-	-	-	-	-	38,738	34,806	(3,932)
Charges for Current Services	-	50,000	6,574	(43,426)	-	-	-	-
Fines and Forfeitures	-	-	-	-	-	-	-	-
Investment Income	-	-	-	-	-	-	-	-
Donations	-	-	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-	3,392	3,392
Total Revenues	-	415,000	454,090	39,090	-	518,738	518,950	212
EXPENDITURES								
Current Operating Expenditures	-	415,000	377,556	37,444	-	518,738	307,385	211,353
Capital Outlay	-	-	24,349	(24,349)	-	-	-	-
Debt Service								
Principal	-	-	-	-	-	-	-	-
Total Expenditures	-	415,000	401,905	13,095	-	518,738	307,385	211,353
Excess of Revenues Over (Under) Expenditures	-	-	52,185	52,185	-	-	211,565	211,565
OTHER FINANCING SOURCES (USES)								
Proceeds of Capital Asset Disposals	-	-	-	-	-	-	-	-
Transfers In	-	-	-	-	-	-	-	-
Transfers Out	-	-	-	-	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-	-	-	-	-
Net Increase (Decrease) in Fund Balances	\$ -	\$ -	52,185	\$ 52,185	\$ -	\$ -	211,565	\$ 211,565
Fund Balances, July 1			-				-	
Fund Balances, June 30			<u>\$ 52,185</u>				<u>\$ 211,565</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, 2015
(Continued)

LAW LIBRARY				INMATE WELFARE				AGRICULTURAL TRANSFER			
ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE POSITIVE (NEGATIVE)	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE POSITIVE (NEGATIVE)	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE POSITIVE (NEGATIVE)
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	40,000	40,000	39,508	(492)
-	-	-	-	-	-	-	-	-	-	-	-
10,000	10,000	14,802	4,802	120,000	120,000	6,920	6,920	-	-	-	-
15,500	15,500	38,617	23,117	-	-	96,960	(23,040)	-	-	-	-
-	-	74	74	-	-	-	-	-	-	-	-
-	-	-	-	-	-	139	139	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	30,000	30,000	27,332	(2,668)	-	-	-	-
<u>25,500</u>	<u>25,500</u>	<u>53,493</u>	<u>27,993</u>	<u>150,000</u>	<u>150,000</u>	<u>131,351</u>	<u>(18,649)</u>	<u>40,000</u>	<u>40,000</u>	<u>39,508</u>	<u>(492)</u>
25,500	25,500	2,677	22,823	135,400	135,400	140,654	(5,254)	40,000	40,000	-	40,000
-	-	-	-	14,600	14,600	-	14,600	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-
<u>25,500</u>	<u>25,500</u>	<u>2,677</u>	<u>22,823</u>	<u>150,000</u>	<u>150,000</u>	<u>140,654</u>	<u>9,346</u>	<u>40,000</u>	<u>40,000</u>	<u>-</u>	<u>40,000</u>
-	-	50,816	50,816	-	-	(9,303)	(9,303)	-	-	39,508	39,508
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-
<u>\$ -</u>	<u>\$ -</u>	<u>50,816</u>	<u>\$ 50,816</u>	<u>\$ -</u>	<u>\$ -</u>	<u>(9,303)</u>	<u>\$ (9,303)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>39,508</u>	<u>\$ 39,508</u>
		<u>52,363</u>				<u>236,035</u>				<u>15,019</u>	
		<u>\$ 103,179</u>				<u>\$ 226,732</u>				<u>\$ 54,527</u>	

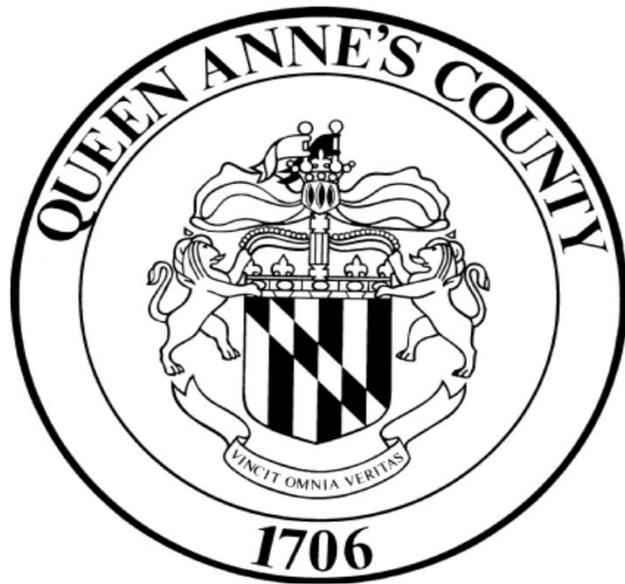
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QUEEN ANNE'S COUNTY, MARYLAND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGETARY BASIS
NON-MAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2015
(Continued)

	DREDGING SPECIAL ASSESSMENTS				KENT NARROWS			
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE POSITIVE (NEGATIVE)	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE POSITIVE (NEGATIVE)
REVENUES								
Taxes								
Local Property Tax	\$ -	\$ -	\$ -	\$ -	\$ 38,000	\$ 38,000	\$ 28,772	\$ (9,228)
Recordation Taxes	-	-	-	-	-	-	-	-
Hotel Taxes	-	-	-	-	-	-	-	-
State Shared Taxes	-	-	-	-	-	-	-	-
Licenses and Permits	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-	-
Charges for Current Services	44,425	44,425	44,177	(248)	-	-	-	-
Fines and Forfeitures	-	-	-	-	-	-	-	-
Investment Income	-	-	417	417	-	-	-	-
Donations	-	-	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-	-	-
Total Revenues	44,425	44,425	44,594	169	38,000	38,000	28,772	(9,228)
EXPENDITURES								
Current Operating Expenditures	-	-	-	-	38,000	45,305	45,304	1
Capital Outlay	-	-	-	-	-	-	-	-
Debt Service								
Principal	44,425	44,425	44,425	-	-	-	-	-
Total Expenditures	44,425	44,425	44,425	-	38,000	45,305	45,304	1
Excess of Revenues Over (Under) Expenditures	-	-	169	169	-	(7,305)	(16,532)	(9,227)
OTHER FINANCING SOURCES (USES)								
Proceeds of Capital Asset Disposals	-	-	-	-	-	-	-	-
Transfers In	-	-	-	-	-	-	-	-
Transfers Out	-	-	-	-	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-	-	-	-	-
Net Increase (Decrease) in Fund Balances	\$ -	\$ -	169	\$ 169	\$ -	\$ (7,305)	(16,532)	\$ (9,227)
Fund Balances, July 1			18,286				282,583	
Fund Balances, June 30			<u>\$ 18,455</u>				<u>\$ 266,051</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, 2015
(Continued)

CAPITAL PROJECTS - SCHOOL IMPACT FEES				CAPITAL PROJECTS - FIRE COMPANY IMPACT FEES				CAPITAL PROJECTS - PARKS & RECREATION IMPACT FEES			
ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE POSITIVE (NEGATIVE)	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE POSITIVE (NEGATIVE)	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE POSITIVE (NEGATIVE)
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-
1,235,000	1,235,000	1,249,332	14,332	200,000	200,000	234,123	34,123	120,000	120,000	155,179	35,179
-	-	-	-	-	-	-	-	-	-	-	-
-	-	2,665	2,665	250	250	199	(51)	400	400	415	15
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-
<u>1,235,000</u>	<u>1,235,000</u>	<u>1,251,997</u>	<u>16,997</u>	<u>200,250</u>	<u>200,250</u>	<u>234,322</u>	<u>34,072</u>	<u>120,400</u>	<u>120,400</u>	<u>155,594</u>	<u>35,194</u>
-	-	-	-	200,250	383,711	383,711	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	200,250	383,711	383,711	-	-	-	-	-
<u>1,235,000</u>	<u>1,235,000</u>	<u>1,251,997</u>	<u>16,997</u>	<u>-</u>	<u>(183,461)</u>	<u>(149,389)</u>	<u>34,072</u>	<u>120,400</u>	<u>120,400</u>	<u>155,594</u>	<u>35,194</u>
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	67,489	67,488	(1)	-	-	-	-
<u>(1,235,000)</u>	<u>(1,235,000)</u>	<u>(250,000)</u>	<u>985,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(120,400)</u>	<u>(120,400)</u>	<u>-</u>	<u>120,400</u>
<u>(1,235,000)</u>	<u>(1,235,000)</u>	<u>(250,000)</u>	<u>985,000</u>	<u>-</u>	<u>67,489</u>	<u>67,488</u>	<u>(1)</u>	<u>(120,400)</u>	<u>(120,400)</u>	<u>-</u>	<u>120,400</u>
<u>\$ -</u>	<u>\$ -</u>	<u>1,001,997</u>	<u>\$ 1,001,997</u>	<u>\$ -</u>	<u>\$ (115,972)</u>	<u>(81,901)</u>	<u>\$ 34,071</u>	<u>\$ -</u>	<u>\$ -</u>	<u>155,594</u>	<u>\$ 155,594</u>
		<u>3,553,959</u>				<u>321,749</u>				<u>578,174</u>	
		<u>\$ 4,555,956</u>				<u>\$ 239,848</u>				<u>\$ 733,768</u>	



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, 2015

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	\$ 1,725,446	\$ 1,423,127	\$ 277,308	\$ 1,700,435	\$ 25,011	\$ -	\$ -
400007	GASB/Tax System Update	409,000	272,440	11,850	284,290	124,710	-	-
400015	County Wide Mapping	1,060,000	854,444	64,833	919,277	140,723	-	-
400027	Strategic Planning	601,602	386,834	-	386,834	214,768	-	-
400031	Mgt Info Systems Network	1,577,375	1,011,382	257,610	1,268,992	308,383	-	91,738
400269	Tax Ditches - Beaverdam	124,500	83,496	33,466	116,962	7,538	-	-
400271	Tax Ditches - Longmarsh	139,000	62,635	9,950	72,585	66,415	-	-
400359	Public Drainage	925,000	477,804	62,689	540,493	384,507	-	-
400443	Kennard Alumni Association	445,000	345,000	100,000	445,000	-	-	-
400457	GIS & Strategic Plan Land Use	165,000	22,661	53,168	75,829	89,171	-	18,500
400491	Emergency Generators	80,000	-	-	-	80,000	-	-
400559	Courthouse Property	4,975,751	1,489,874	442,529	1,932,403	3,043,348	589,289	442,529
400615	Grasonville Community Center	56,000	50,000	5,600	55,600	400	-	-
400647	Watershed Improvement Program	450,000	-	-	-	450,000	-	-
400653	Coastal Community Initiative	70,705	64,498	-	64,498	6,207	-	-
400675	IT Fiber Infrastructure	980,000	183,980	254,847	438,827	541,173	438,828	254,847
400691	PHA Debt Charge	-	130,171	71,648	201,819	(201,819)	-	-
400713	Lighting Upgrade - Facilities	197,531	22,986	98,517	121,503	76,028	121,503	98,517
400715	Capital Equipment - General Services	192,469	85,922	104,351	190,273	2,196	-	99,714
400733	Circuit Court - Security Equipment	92,953	81,356	-	100,159	(7,206)	-	-
400747	Temperature Monitor Alert System	100,000	-	1,205	1,205	98,795	-	-
400749	QACTV Equipment	96,700	-	10,564	10,564	86,136	-	7,644
400757	Community & Comprehensive Plan	50,000	-	-	-	50,000	-	-
	Total General Government	14,514,032	7,048,610	1,878,938	8,927,548	5,586,484	1,149,620	1,013,489
<u>PUBLIC SAFETY</u>								
400217	Transfer to VFDs	2,459,800	1,829,677	374,522	2,204,199	255,601	-	-
400281	Detention Center Furniture & Carpet	30,000	-	8,715	8,715	21,285	-	-
400313	County Wide Mapping - 911	815,530	794,469	-	794,469	21,061	-	-
400661	Fiber Optic - Detention Center	50,000	47,341	-	47,341	2,659	-	-
400663	Sheriff Cars - Replacement	880,255	586,378	230,198	816,576	63,679	-	230,198
400667	CLS-EMS - Rt 8 Garage	68,845	68,683	-	68,683	162	-	-
400669	EMS - Hardware Replacement	155,580	122,078	29,814	151,892	3,688	147,694	29,070
400671	EMS - Wireless Network	184,420	104,216	79,938	184,154	266	184,154	79,938
400673	DES - Radio System Upgrade	6,470,000	3,275,231	3,199,937	6,475,168	(5,168)	6,475,168	3,199,937
400683	EMS - Lifepak 12 Upgrade	96,788	15,061	28,698	43,759	53,029	-	28,698
400711	EMS - Replacement Vehicles	1,066,135	652,620	160,861	813,481	252,654	-	125,934
400717	EMS - North County Station	375,000	-	-	-	375,000	-	-
400719	Detention Center - Transport Vehicles	82,000	30,148	27,374	57,522	24,478	-	25,262
400721	Animal Services Capital Equipment	75,000	42,596	20,468	63,064	11,936	-	20,468
400751	Sheriff - Records Management	34,000	-	-	-	34,000	-	-
400753	EMS - Emergency Equipment	116,468	-	111,372	111,372	5,096	-	111,372
400755	Detention Center - Capital Equipment	120,000	-	-	-	120,000	-	-
400789	VFD Communication Equipment	173,828	-	173,828	173,828	-	-	-
400819	Detention Center - Gpod Replacement	100,000	-	-	-	100,000	-	-
	Total Public Safety	13,353,649	7,568,498	4,445,725	12,014,223	1,339,426	6,807,016	3,850,877

CONTINUED

QUEEN ANNE'S COUNTY MARYLAND
CAPITAL PROJECTS FUNDS
SCHEDULE OF APPROPRIATIONS AND EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2015
(CONTINUED)

PROJ #	GENERAL CAPITAL PROJECTS:	TOTAL APPROPRIATION	EXPENDITURES			UNEXPENDED APPROPRIATIONS	INCLUDED IN CONSTRUCTION IN PROGRESS	CAPITALIZED CURRENT YEAR
			PRIOR YEARS	CURRENT YEAR	TOTAL			
<u>PARKS</u>								
400215	Preventive Park Maintenance	\$ 1,370,480	\$ 917,846	\$ 30,670	\$ 948,516	\$ 421,964	\$ -	\$ -
400221	Parks Capital Equipment	590,479	433,868	144,085	577,953	12,526	-	123,245
400305	White Marsh Park	2,397,291	2,380,673	-	2,380,673	16,618	-	-
400391	Cross County Connec Trail PS1	1,932,688	125,584	70,467	196,051	1,736,637	196,051	70,467
400393	Davidson Property Improvements	858,444	77,975	255	78,230	780,214	77,112	-
400513	Bay City/Matapeake Trail	30,000	-	-	-	30,000	-	-
400519	Talisman/Kudner Improvements	6,855	-	-	-	6,855	-	-
400657	BOE Tournament Field Maintenance	20,670	8,113	-	8,113	12,557	-	-
400659	QAC Tournament Field Maintenance	42,158	795	-	795	41,363	-	-
400703	Old Love Point Park	30,000	25,848	-	25,848	4,152	-	-
400705	Conquest Greenhouse	26,885	15,547	6,025	21,572	5,313	-	-
400723	Church Hill Park Irrigation	60,000	-	1,206	1,206	58,794	-	-
400725	Rt 18 Ballfield Lighting	240,000	200,747	-	200,747	39,253	-	-
400727	Golf Course Allocation	270,000	-	-	-	270,000	-	-
400729	CEC Emergency Bulkhead	45,000	35,634	137	35,771	9,229	-	-
400731	Coastal Bays Grant - Kennard	7,000	4,800	-	4,800	2,200	-	-
400761	Rt 18 Equipment Shed	40,000	-	-	-	40,000	-	-
400763	ADA Compliance	200,000	-	-	-	200,000	-	-
400765	Christ Church - Stain Glass	65,000	-	-	-	65,000	-	-
400767	Artificial Turf Fields - Study	30,000	-	24,314	24,314	5,686	-	-
	Total Parks	8,262,950	4,227,430	277,159	4,504,589	3,758,361	273,163	193,712
<u>PUBLIC WORKS</u>								
400077	Wetlands Mitigation	216,560	161,078	4,222	165,300	51,260	-	-
400091	DPW - Fee In Lieu	20,000	20,000	-	20,000	-	-	-
400235	Solid Waste Capital Equipment	926,001	474,177	284,003	758,180	167,821	-	284,003
400241	Cash Deposit Agreements	35,748	35,748	-	35,748	-	-	-
400501	DPW Yard MTBE Remediation	200,000	161,781	25,532	187,313	12,687	-	-
400521	County Complex	8,284,120	1,812,924	2,035,201	3,848,125	4,435,995	2,234,051	2,035,201
400677	Transfer Station Improvements	150,000	16,128	123,564	139,692	10,308	139,692	123,564
400707	Rubble Surcharge	695,944	115,235	-	115,235	580,709	-	-
	Total Public Works	10,528,373	2,797,071	2,472,522	5,269,593	5,258,780	2,373,743	2,442,768
<u>SOCIAL SERVICES</u>								
400679	Aging - Transportation Development Plan	100,000	-	-	-	100,000	-	-
400699	Aging - Vehicle Replacement	25,176	-	-	-	25,176	-	-
400743	Chesterwye Vehicle	55,728	-	55,728	55,728	-	-	-
400759	Capital Equipment - Aging	50,000	-	50,000	50,000	-	-	50,000
	Total Social Services	230,904	-	105,728	105,728	125,176	-	50,000
<u>EDUCATION</u>								
700239	Cheapeake College - Health & Athletic Building	7,163,865	7,041,365	122,500	7,163,865	-	-	-
700251	Cheapeake College - Noncap Equipment	28,000	-	28,000	28,000	-	-	-
	Subtotal Chesapeake College	7,191,865	7,041,365	150,500	7,191,865	-	-	-
<u>Allocations to Component Unit - Board of Education</u>								
700195	Equipment & Vehicles	2,300,000	2,291,143	-	2,291,143	8,857	-	-
700203	Textbooks	615,648	300,000	151,969	451,969	163,679	-	-
700223	BOE Parking Lot Expansion	25,000	-	24,000	24,000	1,000	-	-
700231	Stevensville Middle	15,195,068	2,716,786	9,855,578	12,572,364	2,622,704	-	-
700235	CLS-BOE Security Upgrades	220,000	48,558	171,743	220,301	(301)	-	-
700237	CLS-Technology Upgrades	200,000	180,700	19,020	199,720	280	-	-
700241	Relocatable Classrooms	102,000	-	81,152	81,152	20,848	-	-
700243	Technology Plan	1,328,562	-	1,176,371	1,176,371	152,191	-	-
700245	CLS-Centreville Middle Roof	909,512	-	909,511	909,511	1	-	-
700247	CLS-Bus Cameras	121,500	-	121,500	121,500	-	-	-
700249	QACHS Sound System	61,000	-	2,500	2,500	58,500	-	-
	Subtotal Board of Education	21,078,290	5,537,187	12,513,344	18,050,531	3,027,759	-	-
	Total Education	28,270,155	12,578,552	12,663,844	25,242,396	3,027,759	-	-
<u>CONSERVATION</u>								
400293	4-H Park Improvements	817,555	721,647	44,333	765,980	51,575	-	-
400631	CREP Easements	1,532,705	1,511,297	3,637	1,514,934	17,771	-	-
400687	Ag Preservation - Milliken Farm	336,832	336,832	-	336,832	-	-	-
	Total Conservation	2,687,092	2,569,776	47,970	2,617,746	69,346	-	-

CONTINUED

QUEEN ANNE'S COUNTY MARYLAND
CAPITAL PROJECTS FUNDS
SCHEDULE OF APPROPRIATIONS AND EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2015
(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	\$ 1,557,654	\$ 58,555	\$ 1,616,209	\$ 23,791	\$ -	\$ -
400709	Homeless Shelter Addition	757,284	95,571	3,407	98,978	658,306	-	-
	Total Economic/Community Development	2,397,284	1,653,225	61,962	1,715,187	682,097	-	-
<u>DEBT SERVICE</u>								
400739	2014 Bond Issuance	219	-	219	219	-	-	-
400773	2015 Bond Refunding and Issuance Costs	15,285,187	-	15,285,187	15,285,187	-	-	-
	Total Debt Service	15,285,406	-	15,285,406	15,285,406	-	-	-
<u>TRANSFERS TO OTHER FUNDS</u>								
400045	Land Preservation Transfers	405,000	405,000	-	405,000	-	-	-
400201	Land Sale Proceeds	905,345	875,000	-	875,000	30,345	-	-
400207	Housing & Comm Svc Transfer - to Housing Services	550,000	450,000	-	450,000	100,000	-	-
400217	Transfer to VFD's	162,410	162,410	-	162,410	-	-	-
400469	Sanitary District Transfer/Allocation	233,000	233,000	-	233,000	-	-	-
400613	2011 Bond Transfer	283,405	273,378	10,027	283,405	-	-	-
400695	Transfer to Economic Development	764,792	-	764,792	764,792	-	-	-
400739	2014 Bond Transfer	1,196,576	196,576	1,000,000	1,196,576	-	-	-
400741	Transfer to Enterprise Funds	1,260,000	301,612	72,330	373,942	886,058	-	-
400769	Transfer to Roads Capital	180,000	-	180,000	180,000	-	-	-
	Total Transfers	5,940,528	2,896,976	2,027,149	4,924,125	1,016,403	-	-
	Total General Capital Projects	\$ 101,470,373	\$ 41,340,138	\$ 39,266,403	\$ 80,606,541	\$ 20,863,832	\$ 10,603,542	\$ 7,550,846
<u>ROADS BOARD CAPITAL PROJECTS:</u>								
<u>PUBLIC WORKS</u>								
820005	Asphalt Overlays - Upgrade	\$ 4,626,523	\$ 2,016,652	\$ 710,567	\$ 2,727,219	\$ 1,899,304	\$ -	\$ -
820221	Taylor Mill Road Bridge	197,500	450	-	450	197,050	450	-
820295	Fogwell Road Improvements	53,215	-	-	-	53,215	-	-
820297	Rt 18-552 Improvements	1,074,248	236,244	75,264	311,508	762,740	311,508	75,264
820303	Roads - Capital Equipment	1,995,000	782,070	1,087,975	1,870,045	124,955	-	1,083,050
	Total Public Works - Roads	7,946,486	3,035,416	1,873,806	4,909,222	3,037,264	311,958	1,158,314
<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	\$ 8,026,486	\$ 3,115,416	\$ 1,873,806	\$ 4,989,222	\$ 3,037,264	\$ 311,958	\$ 1,158,314
	Total General and Roads Capital Projects	\$ 109,496,859	\$ 44,455,554	\$ 41,140,209	\$ 85,595,763	\$ 23,901,096	\$ 10,915,500	\$ 8,709,160
Force in Kind Capital Projects reported in non-capital projects Funds								
400306	White March Park FIC	\$ 412,895	\$ 412,895	\$ -	\$ 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	-	-	-
400704	Old Love Point Park	3,091	3,091	-	3,091	-	-	-
400710	Homeless Shelter Addition	571	571	-	571	-	-	-
		\$ 506,736	\$ 506,736	\$ -	\$ 506,736	\$ -	\$ 71,104	\$ -
	Total Construction in Progress and Capitalized Current Year						\$ 10,986,604	\$ 8,709,160

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, 2015

<u>ASSETS</u>	GOLF COURSE	PUBLIC LANDINGS AND MARINAS	TOTAL NON-MAJOR ENTERPRISE
Current Assets			
Equity in Pooled Cash	\$ -	\$ 807,020	\$ 807,020
Accounts Receivable (Net)	-	872	872
Due from Other Governments	-	19,901	19,901
Bond Interest Reimbursement Receivable - Build America Bond	-	3,221	3,221
Inventories	6,807	-	6,807
Total Current Assets	6,807	831,014	837,821
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	-	46,431	46,431
Equipment	368,222	56,814	425,036
Furniture and Fixtures	-	4,979	4,979
Construction in Progress	5,540	-	5,540
Capital Assets before Depreciation	2,713,995	6,220,793	8,934,788
Less Accumulated Depreciation	(560,936)	(804,225)	(1,365,161)
Total Capital Assets, Net of Accumulated Depreciation	2,153,059	5,416,568	7,569,627
Total Noncurrent Assets	2,153,059	5,416,568	7,569,627
Total Assets	2,159,866	6,247,582	8,407,448
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Outflow for Pension contributions	6,785	13,562	20,347
Deferred Charge on Refunding	29,441	1,763	31,204
Total Deferred Outflows of Resources	36,226	15,325	51,551
LIABILITIES			
Current Liabilities			
Accounts Payable	13,332	26,582	39,914
Accrued Interest Payable	3,046	10,815	13,861
Due to Other Funds	396,254	-	396,254
Unearned Revenue	2,474	-	2,474
Current Portion of Compensated Absences	5,273	15,072	20,345
Current Portion of Bonds/Notes Payable	88,041	47,547	135,588
Total Current Liabilities	508,420	100,016	608,436
Noncurrent Liabilities			
Compensated Absences	3,744	10,699	14,443
Other Post-Employment Benefit Obligation	-	229,729	229,729
Net Pension Liability	42,262	84,475	126,737
Bonds/Notes Payable	368,239	887,008	1,255,247
Total Noncurrent Liabilities	414,245	1,211,911	1,626,156
Total Liabilities	922,665	1,311,927	2,234,592
DEFERRED INFLOWS OF RESOURCES			
Deferred Inflow for Pension contributions	4,626	9,246	13,872
Total Deferred Inflows of Resources	4,626	9,246	13,872
NET POSITION			
Net Investment in Capital Assets	1,726,220	4,483,776	6,209,996
Unrestricted Amounts	(457,419)	457,958	539
Total Net Position	\$ 1,268,801	\$ 4,941,734	\$ 6,210,535

QUEEN ANNE'S COUNTY, MARYLAND
COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
NON-MAJOR ENTERPRISE FUNDS
FOR THE YEAR ENDED JUNE 30, 2015

	GOLF COURSE	PUBLIC LANDINGS AND MARINAS	TOTAL NON-MAJOR ENTERPRISE
<u>OPERATING REVENUES</u>			
Charges for Services	\$ 295,955	\$ 423,723	\$ 719,678
Intergovernmental	-	30,473	30,473
Bond Interest Reimbursement - Build America Bond	-	12,831	12,831
Material Sales	42,090	-	42,090
Miscellaneous Revenues	3,044	23,865	26,909
Total Operating Revenues	<u>341,089</u>	<u>490,892</u>	<u>831,981</u>
<u>OPERATING EXPENSES</u>			
Cost of Sales and Services			
Recreation	437,842	355,485	793,327
Other Post-Employment Benefit Contributions	-	22,902	22,902
Depreciation	31,803	115,766	147,569
Total Operating Expenses	<u>469,645</u>	<u>494,153</u>	<u>963,798</u>
Operating (Loss)	<u>(128,556)</u>	<u>(3,261)</u>	<u>(131,817)</u>
<u>NON-OPERATING (EXPENSES)</u>			
Interest Expense	(26,420)	(43,670)	(70,090)
(Loss) Before Contributions and Transfers	<u>(154,976)</u>	<u>(46,931)</u>	<u>(201,907)</u>
Transfers In	154,976	-	154,976
Change in Net Position	<u>-</u>	<u>(46,931)</u>	<u>(46,931)</u>
Total Net Position - Beginning of Year, as Previously Reported	1,309,627	5,068,739	6,378,366
Adjustments to Restate Beginning Net Position	(40,826)	(80,074)	(120,900)
Total Net Position - Beginning of Year, as Restated	<u>1,268,801</u>	<u>4,988,665</u>	<u>6,257,466</u>
Total Net Position - End of Year	<u>\$ 1,268,801</u>	<u>\$ 4,941,734</u>	<u>\$ 6,210,535</u>

QUEEN ANNE'S COUNTY, MARYLAND
COMBINING STATEMENT OF CASH FLOWS
NON-MAJOR ENTERPRISE FUNDS
FOR THE YEAR ENDED JUNE 30, 2015

	GOLF COURSE	PUBLIC LANDINGS AND MARINAS	TOTAL NON-MAJOR ENTERPRISE
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>			
Receipts from customers and users	\$ 296,843	\$ 433,824	\$ 730,667
Receipts from other operating revenues	45,134	56,119	101,253
Receipts from Build America Bond interest reimbursement	-	12,935	12,935
Payments to suppliers	(325,491)	(126,320)	(451,811)
Payments to employees and on behalf of employees	(113,980)	(218,832)	(332,812)
Net Cash Provided (Used) by Operating Activities	<u>(97,494)</u>	<u>157,726</u>	<u>60,232</u>
<u>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</u>			
Transfers from other funds	154,976	-	154,976
Loan proceeds from interfund loans	396,254	-	396,254
Principal paid on interfund loans	(339,036)	-	(339,036)
Net Cash Provided by Noncapital Financing Activities	<u>212,194</u>	<u>-</u>	<u>212,194</u>
<u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</u>			
Principal paid on capital debt	(85,000)	(69,992)	(154,992)
Proceeds from the sale of bonds	-	24,707	24,707
Premium on sale of bonds	-	2,476	2,476
Deferred Refunding costs on sale of bonds	-	(1,763)	(1,763)
Interest paid on capital debt	(24,160)	(45,347)	(69,507)
Acquisition and Construction of Capital Assets	(5,540)	(5,550)	(11,090)
Net Cash (Used) by Capital and Related Financing Activities	<u>(114,700)</u>	<u>(95,469)</u>	<u>(210,169)</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	-	62,257	62,257
Balances - Beginning of year	-	744,763	744,763
Balances - End of year	<u>\$ -</u>	<u>\$ 807,020</u>	<u>\$ 807,020</u>
<u>Reconciliation of operating (loss) to net cash provided (used) by operating activities</u>			
Operating (loss)	\$ (128,556)	\$ (3,261)	\$ (131,817)
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	-	10,101	10,101
Operating grants receivable	-	1,781	1,781
Build America Bonds Interest receivable	-	104	104
Inventories and Prepaid Expenses	(509)	-	(509)
Vendor accounts payable	(960)	7,259	6,299
Compensated absences	563	2,989	3,552
Other Post-Employment Benefit Obligation	-	22,902	22,902
Pension Obligation	(723)	85	(638)
Deferred revenue collected in advance	888	-	888
Net Cash Provided (Used) by Operating Activities	<u>\$ (97,494)</u>	<u>\$ 157,726</u>	<u>\$ 60,232</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.

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, 2015

	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	\$ 1,959,640	\$ 505,788	\$ 30,347	\$ 156,794	\$ 2,652,569
Total Assets	1,959,640	505,788	30,347	156,794	2,652,569
LIABILITIES					
Due to Other Governments	-	-	-	156,794	156,794
Total Liabilities	-	-	-	156,794	156,794
NET POSITION HELD IN TRUST	\$ 1,959,640	\$ 505,788	\$ 30,347	\$ -	\$ 2,495,775

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, 2015

	QUEEN ANNE'S COUNTY	QUEEN ANNE'S COUNTY BOARD OF EDUCATION	QUEEN ANNE'S COUNTY LIBRARY	TOTAL OPEB TRUST FUND
ADDITIONS				
Contributions				
Employers	\$ 1,811,849	\$ 1,600,921	\$ 20,100	\$ 3,432,870
Members	308,988	669,890	-	978,878
Total Contributions	<u>2,120,837</u>	<u>2,270,811</u>	<u>20,100</u>	<u>4,411,748</u>
Investment Income	<u>2,174</u>	<u>752</u>	<u>45</u>	<u>2,971</u>
Total Additions	<u>2,123,011</u>	<u>2,271,563</u>	<u>20,145</u>	<u>4,414,719</u>
DEDUCTIONS				
Claims Paid	<u>1,583,837</u>	<u>2,270,811</u>	<u>20,100</u>	<u>3,874,748</u>
Change in Assets	539,174	752	45	539,971
NET POSITION HELD IN TRUST				
Net Position - Beginning of Year	<u>1,420,466</u>	<u>505,036</u>	<u>30,302</u>	<u>1,955,804</u>
Net Position - End of Year	<u>\$ 1,959,640</u>	<u>\$ 505,788</u>	<u>\$ 30,347</u>	<u>\$ 2,495,775</u>



Picturesque scenes are just off the beaten path throughout the County.

QUEEN ANNE'S COUNTY, MARYLAND
STATEMENT OF ASSETS AND LIABILITIES
AGENCY FUNDS
JUNE 30, 2015

		TAX DITCH FUND	ZONING DEPOSITS	STATE & TOWN TAX COLLECTIONS	MOTOR VEHICLE ADMIN DEPOSITS	ESCHEAT - ABANDONED PROPERTY	TOTAL AGENCY FUNDS
ASSETS							
Cash and Cash Equivalents	\$	134,778	\$ 253,820	\$ 26,057	\$ 10,837	\$ 4,359	\$ 429,851
Total Assets	\$	<u>134,778</u>	<u>\$ 253,820</u>	<u>\$ 26,057</u>	<u>\$ 10,837</u>	<u>\$ 4,359</u>	<u>\$ 429,851</u>
LIABILITIES							
Accrued Liabilities	\$	-	\$ 1,440	\$ -	\$ -	\$ -	\$ 1,440
Due to Other Governments		-	-	26,057	10,837	4,359	41,253
Deposits and Escrows		<u>134,778</u>	<u>252,380</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>387,158</u>
Total Liabilities	\$	<u>134,778</u>	<u>\$ 253,820</u>	<u>\$ 26,057</u>	<u>\$ 10,837</u>	<u>\$ 4,359</u>	<u>\$ 429,851</u>

QUEEN ANNE'S COUNTY, MARYLAND
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUNDS
FOR THE YEAR ENDED JUNE 30, 2015

	<u>Cash and Cash Equivalents</u>	<u>Miscellaneous Receivables</u>	<u>Total Assets</u>
<u>TAX DITCH FUND</u>			
Balance 7-1-14	\$ 125,905	\$ -	\$ 125,905
Additions	22,702	-	22,702
Deductions	(13,829)	-	(13,829)
	<u>134,778</u>	<u>-</u>	<u>134,778</u>
Balance 6-30-15	<u>\$ 134,778</u>	<u>\$ -</u>	<u>\$ 134,778</u>
<u>ZONING DEPOSITS</u>			
Balance 7-1-14	\$ 324,116	\$ -	\$ 324,116
Additions	33,846	-	33,846
Deductions	(104,142)	-	(104,142)
	<u>253,820</u>	<u>-</u>	<u>253,820</u>
Balance 6-30-15	<u>\$ 253,820</u>	<u>\$ -</u>	<u>\$ 253,820</u>
<u>STATE AND TOWN TAX COLLECTIONS</u>			
Balance 7-1-14	\$ 172,642	\$ -	\$ 172,642
Additions	12,226,902	-	12,226,902
Deductions	(12,373,487)	-	(12,373,487)
	<u>26,057</u>	<u>-</u>	<u>26,057</u>
Balance 6-30-15	<u>\$ 26,057</u>	<u>\$ -</u>	<u>\$ 26,057</u>
<u>MOTOR VEHICLE ADMIN DEPOSITS</u>			
Balance 7-1-14	\$ 3,728	\$ -	\$ 3,728
Additions	342,455	-	342,455
Deductions	(335,346)	-	(335,346)
	<u>10,837</u>	<u>-</u>	<u>10,837</u>
Balance 6-30-15	<u>\$ 10,837</u>	<u>\$ -</u>	<u>\$ 10,837</u>
<u>ESCHEAT - ABANDONED PROPERTY</u>			
Balance 7-1-14	\$ 6,602	\$ -	\$ 6,602
Additions	4,359	-	4,359
Deductions	(6,602)	-	(6,602)
	<u>4,359</u>	<u>-</u>	<u>4,359</u>
Balance 6-30-15	<u>\$ 4,359</u>	<u>\$ -</u>	<u>\$ 4,359</u>
<u>TOTAL AGENCY FUNDS</u>			
Balance 7-1-14	\$ 632,993	\$ -	\$ 632,993
Additions	12,630,264	-	12,630,264
Deductions	(12,833,406)	-	(12,833,406)
	<u>429,851</u>	<u>-</u>	<u>429,851</u>
Balance 6-30-15	<u>\$ 429,851</u>	<u>\$ -</u>	<u>\$ 429,851</u>

QUEEN ANNE'S COUNTY, MARYLAND
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUNDS
FOR THE YEAR ENDED JUNE 30, 2015

(CONTINUED)

Due to Other Governments	Accrued Liabilities and Deposits and Escrows	Total Liabilities
\$ -	\$ 125,905	\$ 125,905
-	22,702	22,702
-	(13,829)	(13,829)
<u>\$ -</u>	<u>\$ 134,778</u>	<u>\$ 134,778</u>
\$ -	\$ 324,116	\$ 324,116
-	33,846	33,846
-	(104,142)	(104,142)
<u>\$ -</u>	<u>\$ 253,820</u>	<u>\$ 253,820</u>
\$ 172,642	\$ -	\$ 172,642
12,226,902	-	12,226,902
(12,373,487)	-	(12,373,487)
<u>\$ 26,057</u>	<u>\$ -</u>	<u>\$ 26,057</u>
\$ 3,728	\$ -	\$ 3,728
341,861	-	341,861
(334,752)	-	(334,752)
<u>\$ 10,837</u>	<u>\$ -</u>	<u>\$ 10,837</u>
\$ 6,602	\$ -	\$ 6,602
4,359	-	4,359
(6,602)	-	(6,602)
<u>\$ 4,359</u>	<u>\$ -</u>	<u>\$ 4,359</u>
\$ 182,972	\$ 450,021	\$ 632,993
12,573,122	56,548	12,629,670
(12,714,841)	(117,971)	(12,832,812)
<u>\$ 41,253</u>	<u>\$ 388,598</u>	<u>\$ 429,851</u>



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

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, 2015 (with Summarized Totals as of June 30, 2014)

	Admin	Fed/State GOCCP GOC	Federal Family Support Ctr	State OTHER
ASSETS				
Cash and cash equivalents	\$ 66,271	\$ 416,075	\$ 4,131	\$ 33,908
Accounts receivable	-	16,656	-	-
Due from State governmental agencies	10,833	153,548	-	-
Total Assets	\$ 77,104	\$ 586,279	\$ 4,131	\$ 33,908
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts payable and accrued expenditures	\$ 7,370	\$ 173,238	\$ -	\$ -
Due to State governmental agencies	2,175	265,565	4,131	33,908
Unearned revenue	-	145,656	-	-
Total Liabilities	9,545	584,459	4,131	33,908
FUND BALANCES				
Assigned	67,559	1,820	-	-
Total Fund Balances	67,559	1,820	-	-
Total Liabilities and Fund Balances	\$ 77,104	\$ 586,279	\$ 4,131	\$ 33,908

QUEEN ANNE'S COUNTY
COMMUNITY PARTNERSHIPS FOR CHILDREN SPECIAL REVENUE FUND
COMBINING BALANCE SHEETS
BY GRANTOR
JUNE 30, 2015 (with Summarized Totals as of June 30, 2014)
(CONTINUED)

Total Community Partnerships	Returned Reinvestment Fund	2015 Total	2014 Summarized Total
\$ 520,385	\$ 30,474	\$ 550,859	\$ 723,603
16,656	-	16,656	2,438
164,381	-	164,381	130,240
<u>\$ 701,422</u>	<u>\$ 30,474</u>	<u>\$ 731,896</u>	<u>\$ 856,281</u>
\$ 180,608	\$ -	\$ 180,608	\$ 273,536
305,779	-	305,779	311,155
145,656	-	145,656	145,656
<u>632,043</u>	<u>-</u>	<u>632,043</u>	<u>730,347</u>
<u>69,379</u>	<u>30,474</u>	<u>99,853</u>	<u>125,934</u>
<u>69,379</u>	<u>30,474</u>	<u>99,853</u>	<u>125,934</u>
<u>\$ 701,422</u>	<u>\$ 30,474</u>	<u>\$ 731,896</u>	<u>\$ 856,281</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, 2015 (with Summarized Totals for the Year Ended June 30, 2014)

	Administrative	CASA Start	Resource Promotion	Chesapeake Helps	Healthy Fam/Home Visiting	Family Navigators	MD After School Opportunity
REVENUES							
CPA							
Intergovernmental							
GOC	\$ 65,000	\$ 58,978	\$ 9,167	\$ 143,619	\$ 57,616	\$ 168,752	\$ 52,244
Miscellaneous	-	-	-	-	-	-	-
Subtotal CPA	<u>65,000</u>	<u>58,978</u>	<u>9,167</u>	<u>143,619</u>	<u>57,616</u>	<u>168,752</u>	<u>52,244</u>
Non-CPA							
Intergovernmental							
Federal GOCCP Youth Strategies	-	-	-	-	-	-	-
GOC - non-CPA	-	-	-	-	-	-	-
State GOCCP - non-CPA	-	-	-	-	-	-	-
Other State Grant Funding	-	-	-	-	296,372	-	-
Investment Income	-	-	-	-	-	-	-
Miscellaneous	60	-	-	-	-	-	-
Subtotal Non-CPA	<u>60</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>296,372</u>	<u>-</u>	<u>-</u>
Total Revenues	<u>65,060</u>	<u>58,978</u>	<u>9,167</u>	<u>143,619</u>	<u>353,988</u>	<u>168,752</u>	<u>52,244</u>
EXPENDITURES							
CPA							
Program Contracted Services	-	-	9,167	143,619	-	168,752	52,244
Other Expenditures							
Salaries	59,995	-	-	-	-	-	-
Fringe Benefit Costs	5,005	-	-	-	-	-	-
Other Charges	-	58,978	-	-	57,616	-	-
Subtotal CPA Expenditures	<u>65,000</u>	<u>58,978</u>	<u>9,167</u>	<u>143,619</u>	<u>57,616</u>	<u>168,752</u>	<u>52,244</u>
Non-CPA							
Program Contracted Services	-	-	-	-	296,372	-	-
Other Expenditures							
Salaries	82,717	-	-	-	-	-	-
Fringe Benefit Costs	58,540	-	-	-	-	-	-
Equipment Rental	3,338	-	-	-	-	-	-
Postage	290	-	-	-	-	-	-
Office Supplies	1,326	-	-	-	-	-	-
Equipment Operation	65	-	-	-	-	-	-
Business Travel	375	-	-	-	-	-	-
Training	-	-	-	-	-	-	-
Board's Expenditures	5,117	-	-	-	-	-	-
Marketing/Promotions	-	-	-	-	-	-	-
Communications	1,812	-	-	-	-	-	-
Other Charges	-	-	-	-	-	-	-
Subtotal Non-CPA Expenditures	<u>153,580</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>296,372</u>	<u>-</u>	<u>-</u>
Total Expenditures	<u>218,580</u>	<u>58,978</u>	<u>9,167</u>	<u>143,619</u>	<u>353,988</u>	<u>168,752</u>	<u>52,244</u>
Excess of Revenues (Under) Expenditures	(153,520)	-	-	-	-	-	-
OTHER FINANCING SOURCES							
Proceeds on Sale of Capital Assets	817	-	-	-	-	-	-
Transfers In for:							
Program Contracted Services	152,703	-	-	-	-	-	-
Other Financing Sources	<u>153,520</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
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, 2015 (with Summarized Totals for the Year Ended June 30, 2014)

(CONTINUED)

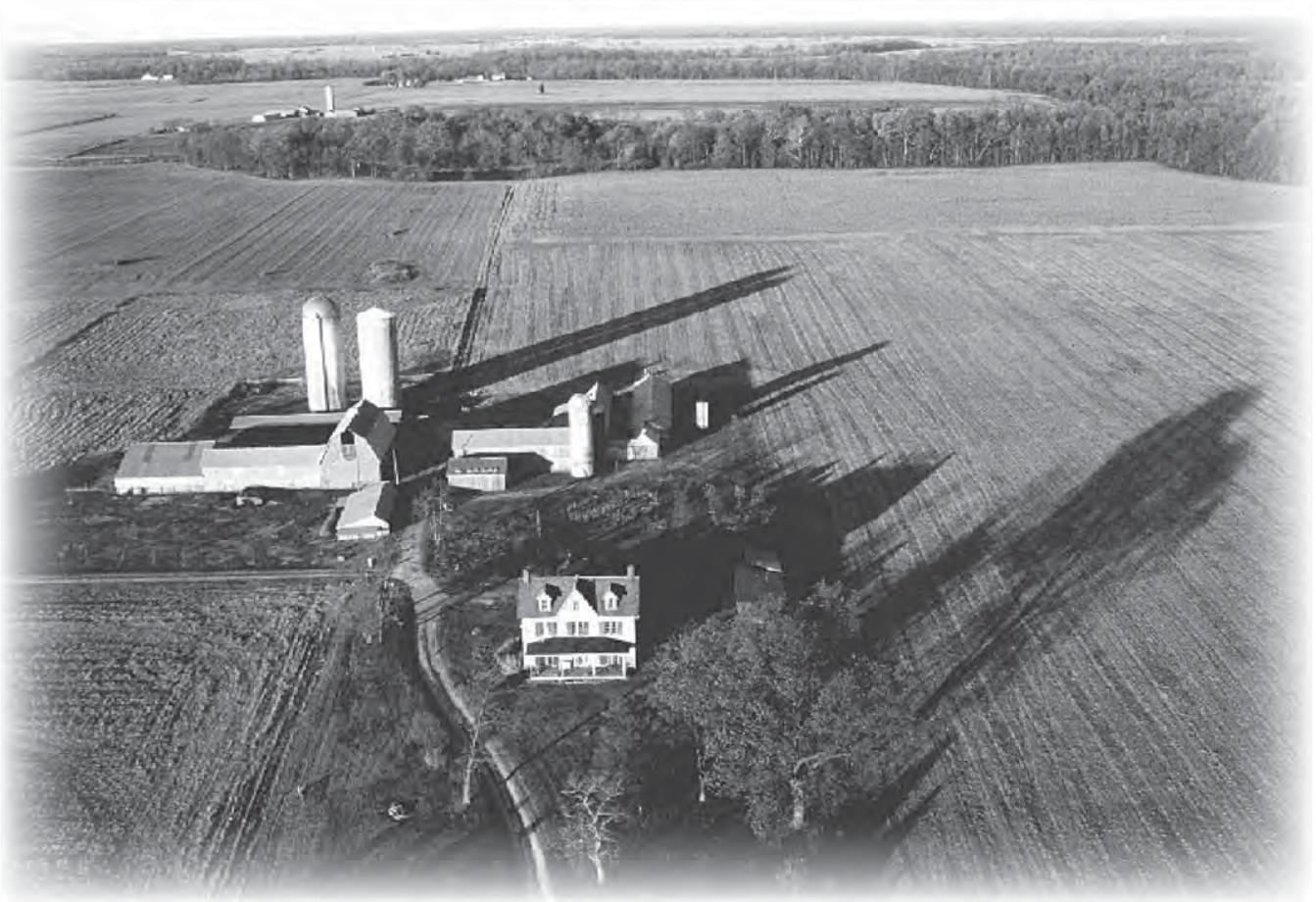
Character Counts	Federal/State GOCCP/GOC		All Programs Subtotal	State GOC		State GOCCP Non-CPA Subtotal	Federal GOCCP Youth Strategies
	School Climate Initiative - Bully Prevention	GOCCP/GOC Operating Fund Total		CPA Subtotal	Non-CPA Subtotal		
\$ 28,360	\$ -	\$ 518,736	\$ 583,736	\$ 583,736	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
<u>28,360</u>	<u>-</u>	<u>518,736</u>	<u>583,736</u>	<u>583,736</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	-	-	-	-	-	-	-
-	10,000	10,000	10,000	-	10,000	-	-
-	-	-	-	-	-	-	-
-	-	296,372	296,372	-	-	-	-
-	-	-	-	-	-	-	-
6,223	-	6,223	6,283	-	-	-	-
<u>6,223</u>	<u>10,000</u>	<u>312,595</u>	<u>312,655</u>	<u>-</u>	<u>10,000</u>	<u>-</u>	<u>-</u>
<u>34,583</u>	<u>10,000</u>	<u>831,331</u>	<u>896,391</u>	<u>583,736</u>	<u>10,000</u>	<u>-</u>	<u>-</u>
-	-	373,782	373,782	373,782	-	-	-
28,360	-	28,360	88,355	88,355	-	-	-
-	-	-	5,005	5,005	-	-	-
-	-	116,594	116,594	116,594	-	-	-
<u>28,360</u>	<u>-</u>	<u>518,736</u>	<u>583,736</u>	<u>583,736</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	10,000	306,372	306,372	-	10,000	8,315	-
14,799	-	14,799	97,516	-	-	-	-
6,199	-	6,199	64,739	-	-	-	-
-	-	-	3,338	-	-	-	-
-	-	-	290	-	-	-	-
-	-	-	1,326	-	-	-	-
-	-	-	65	-	-	-	-
-	-	-	375	-	-	-	-
250	-	250	250	-	-	-	-
-	-	-	5,117	-	-	-	-
159	-	159	159	-	-	-	-
-	-	-	1,812	-	-	-	-
-	-	-	-	-	-	-	-
<u>21,407</u>	<u>10,000</u>	<u>327,779</u>	<u>481,359</u>	<u>-</u>	<u>10,000</u>	<u>8,315</u>	<u>-</u>
<u>49,767</u>	<u>10,000</u>	<u>846,515</u>	<u>1,065,095</u>	<u>583,736</u>	<u>10,000</u>	<u>8,315</u>	<u>-</u>
(15,184)	-	(15,184)	(168,704)	-	-	(8,315)	-
-	-	-	817	-	817	-	-
<u>14,399</u>	<u>-</u>	<u>14,399</u>	<u>167,102</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>14,399</u>	<u>-</u>	<u>14,399</u>	<u>167,919</u>	<u>-</u>	<u>817</u>	<u>-</u>	<u>-</u>
<u>\$ (785)</u>	<u>\$ -</u>	<u>\$ (785)</u>	<u>(785)</u>	<u>-</u>	<u>817</u>	<u>(8,315)</u>	<u>-</u>
			70,164	606,662	(6,429)	11,806	(25,479)
			<u>\$ 69,379</u>	<u>\$ 606,662</u>	<u>\$ (5,612)</u>	<u>\$ 3,491</u>	<u>\$ (25,479)</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, 2015 (with Summarized Totals for the Year Ended June 30, 2014)

(CONTINUED)

	Other Non-CPA State Grants	Other	Total Community Partnerships Operating Funds	Returned Reinvestment Fund	2015 Total	2014 Summarized Total
REVENUES						
CPA						
Intergovernmental						
GOC	\$ -	\$ -	\$ 583,736	\$ -	\$ 583,736	\$ 578,360
Miscellaneous	-	-	-	-	-	-
Subtotal CPA	-	-	583,736	-	583,736	578,360
Non-CPA						
Intergovernmental						
Federal GOCCP Youth Strategies	-	-	-	-	-	3,765
GOC - non-CPA	-	-	10,000	-	10,000	-
State GOCCP - non-CPA	-	-	-	-	-	8,315
Other State Grant Funding	296,372	-	296,372	-	296,372	296,178
Investment Income	-	-	-	22	22	42
Miscellaneous	-	6,283	6,283	-	6,283	20,079
Subtotal Non-CPA	296,372	6,283	312,655	22	312,677	328,379
Total Revenues	296,372	6,283	896,391	22	896,413	906,739
EXPENDITURES						
CPA						
Program Contracted Services	-	-	373,782	-	373,782	370,568
Other Expenditures						
Salaries	-	-	88,355	-	88,355	88,355
Fringe Benefit Costs	-	-	5,005	-	5,005	5,005
Other Charges	-	-	116,594	-	116,594	114,432
Subtotal CPA Expenditures	-	-	583,736	-	583,736	578,360
Non-CPA						
Program Contracted Services	296,372	(8,315)	306,372	18,788	325,160	325,423
Other Expenditures						
Salaries	-	97,516	97,516	-	97,516	80,448
Fringe Benefit Costs	-	64,739	64,739	-	64,739	63,129
Equipment Rental	-	3,338	3,338	-	3,338	4,400
Postage	-	290	290	-	290	293
Office Supplies	-	1,326	1,326	-	1,326	870
Equipment Operation	-	65	65	-	65	406
Business Travel	-	375	375	-	375	534
Training	-	250	250	-	250	-
Board's Expenditures	-	5,117	5,117	-	5,117	3,793
Marketing/Promotions	-	159	159	-	159	624
Communications	-	1,812	1,812	-	1,812	1,451
Other Charges	-	-	-	6,530	6,530	26,869
Subtotal Non-CPA Expenditures	296,372	166,672	481,359	25,318	506,677	508,240
Total Expenditures	296,372	166,672	1,065,095	25,318	1,090,413	1,086,600
Excess of Revenues (Under) Expenditures	-	(160,389)	(168,704)	(25,296)	(194,000)	(179,861)
OTHER FINANCING SOURCES						
Proceeds on Sale of Capital Assets	-	-	817	-	817	-
Transfers In for:						
Program Contracted Services	-	167,102	167,102	-	167,102	153,034
Other Financing Sources	-	167,102	167,919	-	167,919	153,034
Net Increase in Fund Balances	-	6,713	(785)	(25,296)	(26,081)	(26,827)
Fund Balances, July 1	-	(516,396)	70,164	55,770	125,934	152,761
Fund Balances, June 30	\$ -	\$ (509,683)	\$ 69,379	\$ 30,474	\$ 99,853	\$ 125,934



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

QUEEN ANNE'S COUNTY
COMMUNITY PARTNERSHIPS FOR CHILDREN SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGETARY BASIS
FOR THE YEAR ENDED JUNE 30, 2015

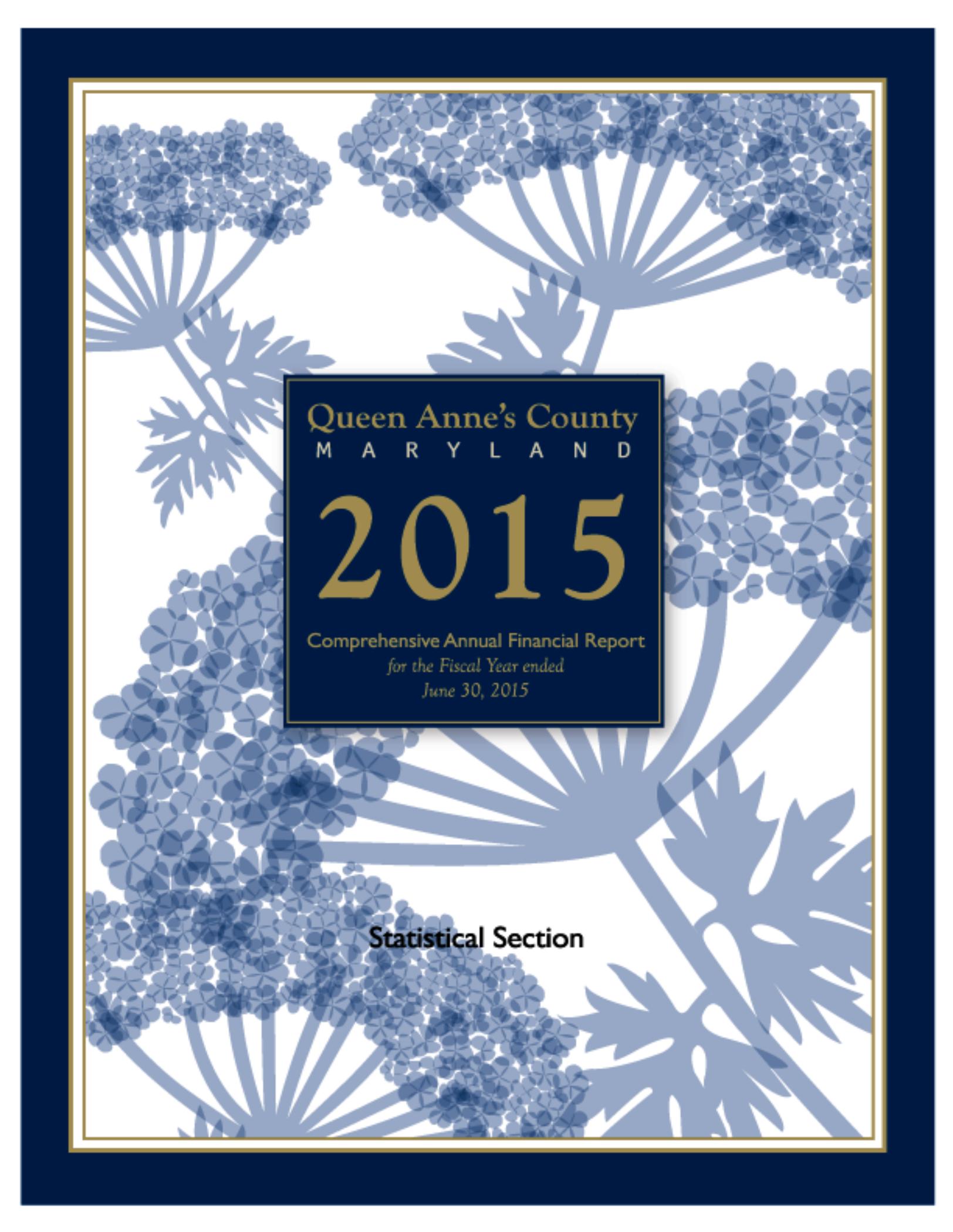
	COMMUNITY PARTNERSHIPS FOR CHILDREN				RETURNED REINVESTMENT FUND			
	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES								
Intergovernmental								
GOC - CPA and Non-CPA	\$ 586,886	\$ 596,886	\$ 593,736	\$ (3,150)	\$ -	\$ -	\$ -	\$ -
State GOCCP Non-CPA	-	-	-	-	-	-	-	-
Federal GOCCP Youth Strategies	-	-	-	-	-	-	-	-
Other	296,372	296,372	296,372	-	-	25,318	-	(25,318)
Investment Income	-	-	-	-	-	-	22	22
Miscellaneous	-	-	6,283	6,283	-	-	-	-
Total Revenues	883,258	893,258	896,391	3,133	-	25,318	22	(25,296)
EXPENDITURES								
Program Contracted Services	732,282	732,283	680,154	52,129	-	25,318	18,788	6,530
Other Expenditures								
Salaries	165,269	170,002	185,871	(15,869)	-	-	-	-
Fringe Benefit Costs	73,043	73,043	69,744	3,299	-	-	-	-
Auditing	2,988	2,988	-	2,988	-	-	-	-
Equipment Rental	5,920	5,920	3,338	2,582	-	-	-	-
Postage	3,614	3,614	290	3,324	-	-	-	-
Office Supplies	2,046	2,046	1,326	720	-	-	-	-
Equipment Operation	500	500	65	435	-	-	-	-
Business Travel	500	500	375	125	-	-	-	-
Training	-	-	250	(250)	-	-	-	-
Board's Expenditures	5,060	5,060	5,117	(57)	-	-	-	-
Marketing/Promotions	-	-	159	(159)	-	-	-	-
Communications	1,523	1,523	1,812	(289)	-	-	-	-
Other Charges	57,616	67,616	116,594	(48,978)	-	-	6,530	(6,530)
Total Expenditures	1,050,361	1,065,095	1,065,095	-	-	25,318	25,318	-
Excess of Revenues Over (Under) Expenditures	(167,103)	(171,837)	(168,704)	3,133	-	-	(25,296)	(25,296)
OTHER FINANCING SOURCES								
Proceeds on Sale of Capital Assets	-	-	817	817	-	-	-	-
Transfers In for:								
Program Contracted Services	167,103	171,837	167,102	(4,735)	-	-	-	-
Program Contracted Services - Out	-	(4,734)	-	4,734	-	-	-	-
Net Decrease in Fund Balances	\$ -	\$ (4,734)	(785)	\$ 3,949	\$ -	\$ -	(25,296)	\$ (25,296)
Fund Balances, July 1			70,164				55,770	
Fund Balances, June 30			<u>\$ 69,379</u>				<u>\$ 30,474</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, 2015
 (CONTINUED)

TOTAL			
Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
\$ 586,886	\$ 596,886	\$ 593,736	\$ (3,150)
-	-	-	-
-	-	-	-
296,372	321,690	296,372	(25,318)
-	-	22	22
-	-	6,283	6,283
<u>883,258</u>	<u>918,576</u>	<u>896,413</u>	<u>(22,163)</u>
732,282	757,601	698,942	58,659
165,269	170,002	185,871	(15,869)
73,043	73,043	69,744	3,299
2,988	2,988	-	2,988
5,920	5,920	3,338	2,582
3,614	3,614	290	3,324
2,046	2,046	1,326	720
500	500	65	435
500	500	375	125
-	-	250	(250)
5,060	5,060	5,117	(57)
-	-	159	(159)
1,523	1,523	1,812	(289)
<u>57,616</u>	<u>67,616</u>	<u>123,124</u>	<u>(55,508)</u>
<u>1,050,361</u>	<u>1,090,413</u>	<u>1,090,413</u>	<u>-</u>
(167,103)	(171,837)	(194,000)	(22,163)
-	-	817	817
167,103	171,837	167,102	(4,735)
-	(4,734)	-	4,734
<u>\$ -</u>	<u>\$ (4,734)</u>	<u>(26,081)</u>	<u>\$ (21,347)</u>
		<u>125,934</u>	
		<u>\$ 99,853</u>	



Queen Anne's County is a boater's paradise.



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

2015

Comprehensive Annual Financial Report
*for the Fiscal Year ended
June 30, 2015*

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

	2006	2007	2008	2009	2010
Governmental Activities:					
Net Investment in Capital Assets	\$ 95,644,000	\$ 103,657,227	\$ 117,831,360	\$ 123,217,989	\$ 121,702,025
Restricted	9,842,795	18,012,695	15,376,330	16,582,660	22,290,307
Unrestricted (deficit) (1)	7,339,567	(3,740,905)	(15,075,202)	(26,672,299)	(45,795,597)
Total Governmental Activities Net Position	<u>112,826,362</u>	<u>117,929,017</u>	<u>118,132,488</u>	<u>113,128,350</u>	<u>98,196,735</u>
Business-type Activities:					
Net Investment in Capital Assets	69,672,273	74,463,912	77,237,512	77,146,688	79,032,373
Restricted	11,733,254	19,133,485	18,276,271	19,886,675	18,180,809
Unrestricted	-	-	-	-	-
Total Business-type Activities Net Position	<u>81,405,527</u>	<u>93,597,397</u>	<u>95,513,783</u>	<u>97,033,363</u>	<u>97,213,182</u>
Primary Government:					
Net Investment in Capital Assets	165,316,273	178,121,139	195,068,872	200,364,677	200,734,398
Restricted	21,576,049	37,146,180	33,652,601	36,469,335	40,471,116
Unrestricted (deficit) (1)	7,339,567	(3,740,905)	(15,075,202)	(26,672,299)	(45,795,597)
Total Primary Government Net Position	<u>\$ 194,231,889</u>	<u>\$ 211,526,414</u>	<u>\$ 213,646,271</u>	<u>\$ 210,161,713</u>	<u>\$ 195,409,917</u>

NOTES:

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

(1) In the government-wide financial statements, the County has reported negative unrestricted amounts for some years.

This is due to the fact that the County issues general obligation bonded debt for purposes of capital construction on behalf of the Queen Anne's County Board of Education. Absent the effect of this relationship, the County would have reported 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	\$ 7,339,567	\$ (3,740,905)	\$ (15,075,202)	\$ (26,672,299)	\$ (45,795,597)
Debt issued for capital on behalf of others	44,460,306	57,496,385	53,758,049	50,291,243	57,677,186
County net position absent the effect of this relationship	<u>\$ 51,799,873</u>	<u>\$ 53,755,480</u>	<u>\$ 38,682,847</u>	<u>\$ 23,618,944</u>	<u>\$ 11,881,589</u>

(2) In fiscal year 2013, the County consolidated two Enterprise funds into the General Fund. This consolidation resulted in a total net position change of \$539,220 between Governmental Activities and Business-type Activities.

The FY2012 Net Position has been reclassified to show this change.

(3) FY2013 Net Position of Governmental Activities was restated in fiscal year 2014.

(4) FY2014 Net Position of Governmental and Business-Type Activities was restated in fiscal year 2015.

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

(CONTINUED)

	2011	2012	2013	2014	2015
\$	118,274,533	\$ 118,564,684	\$ 121,246,426	\$ 127,369,959	\$ 125,434,538
	22,399,514	5,982,041	15,691,080	17,616,132	20,464,486
	(61,193,944)	(44,686,543)	(66,089,615)	(71,169,310)	(73,475,567)
	<u>79,480,103</u>	<u>79,860,182</u> (2)	<u>70,847,891</u> (3)	<u>73,816,781</u> (4)	<u>72,423,457</u>
	78,069,061	76,763,695	78,693,078	79,783,160	80,787,152
	16,821,905	3,513,948	3,176,328	3,110,033	3,061,534
	-	12,591,302	11,031,281	8,721,212	8,486,063
	<u>94,890,966</u>	<u>92,868,945</u> (2)	<u>92,900,687</u>	<u>91,614,405</u> (4)	<u>92,334,749</u>
	196,343,594	195,328,379	199,939,504	207,153,119	206,221,690
	39,221,419	9,495,989	18,867,408	20,726,165	23,526,020
	(61,193,944)	(32,095,241)	(55,058,334)	(62,448,098)	(64,989,504)
\$	<u>174,371,069</u>	<u>172,729,127</u> (2)	<u>163,748,578</u> (3)	<u>165,431,186</u> (4)	<u>164,758,206</u>
\$	(61,193,944)	\$ (32,095,241)	\$ (55,058,334)	\$ (62,448,098)	\$ (64,989,504)
	72,437,047	68,278,842	63,283,726	67,651,486	66,219,608
\$	<u>11,243,103</u>	<u>36,183,601</u>	<u>8,225,392</u>	<u>5,203,388</u>	<u>1,230,104</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

	2006	2007	2008	2009	2010
Expenses					
Governmental Activities:					
General Government	\$ 9,071,760	\$ 9,854,468	\$ 11,167,743	\$ 13,317,683	\$ 14,089,387
Public Safety	17,534,652	19,149,388	20,721,185	23,570,049	25,361,341
Public Works	8,898,010	9,913,917	10,420,547	10,237,718	9,432,489
Health	1,377,717	1,450,866	1,441,143	1,590,004	1,663,321
Social Services	4,420,205	4,474,784	4,978,883	5,617,621	5,554,667
Education	42,303,087	56,118,585	58,034,317	53,296,238	53,491,659
Parks & Recreation (3)	2,562,890	3,158,455	3,330,087	5,060,018	3,618,427
Library	1,168,232	1,266,183	1,270,718	1,414,008	1,473,689
Conservation of Natural Resources	478,426	497,926	2,172,443	2,473,308	5,281,372
Economic/Community Development	1,575,099	3,258,876	3,527,908	2,197,116	2,001,306
Interest and Fiscal Charges	2,508,070	2,864,493	3,033,416	2,831,002	3,510,678
Total Governmental Activities Expenses	91,898,148	112,007,941	120,098,390	121,604,765	125,478,336
Business-type Activities:					
Water and Sewer	7,127,140	7,802,798	9,621,784	10,689,782	10,610,705
Golf Course (4)	2,509,783	3,273,986	2,179,157	2,178,163	2,789,901
Public Landings and Marinas (5)	-	57,372	27,344	38,050	96,739
Airport	713,896	674,337	812,067	879,906	1,017,780
Total Business-type Activities Expenses	10,350,819	11,808,493	12,640,352	13,785,901	14,515,125
Total Primary Government Expenses	102,248,967	123,816,434	132,738,742	135,390,666	139,993,461
Program Revenues					
Governmental Activities:					
General Government					
Charges for Services	1,139,531	1,127,737	1,047,371	1,055,945	1,261,230
Operating Grants and Contributions	454,948	377,412	295,898	403,018	546,176
Capital Grants and Contributions	60,000	5,000	757,975	5,567	44,743
Total Revenue	1,654,479	1,510,149	2,101,244	1,464,530	1,852,149
Public Safety					
Charges for Services	1,595,738	1,642,258	3,167,090	1,394,463	1,263,212
Operating Grants and Contributions	1,743,073	1,255,307	1,254,611	1,266,869	1,891,120
Capital Grants and Contributions	456,993	272,497	1,171	273,176	303,566
Total Revenue	3,795,804	3,170,062	4,422,872	2,934,508	3,457,898
Public Works					
Charges for Services	1,189,117	871,962	1,014,600	714,765	791,796
Operating Grants and Contributions	3,710,398	5,572,760	6,304,965	7,566,648	632,923
Capital Grants and Contributions	57,000	1,838,101	544,610	298,500	264,078
Total Revenue	4,956,515	8,282,823	7,864,175	8,579,913	1,688,797
Health					
Operating Grants and Contributions	150,966	-	-	-	-
Social Services					
Charges for Services	58,467	73,497	64,041	68,386	67,423
Operating Grants and Contributions	2,550,840	2,589,967	2,911,796	2,928,291	2,666,917
Capital Grants and Contributions	-	172,732	613,804	348,124	2,688,245
Total Revenue	2,609,307	2,836,196	3,589,641	3,344,801	5,422,585
Education					
Charges for Services	1,696,657	963,216	1,011,013	740,213	852,201
Operating Grants and Contributions	18,000	-	-	8,050	433,000
Capital Grants and Contributions	-	-	-	161,673	-
Total Revenue	1,714,657	963,216	1,011,013	909,936	1,285,201
Parks & Recreation					
Charges for Services	68,051	158,447	302,195	240,954	177,568
Operating Grants and Contributions	42,690	58,485	72,659	509	123,336
Capital Grants and Contributions	5,998,982	4,363,393	5,666,226	1,087,329	631,504
Total Revenue	6,109,723	4,580,325	6,041,080	1,328,792	932,408
Conservation of Natural Resources					
Charges for Services	119,580	100,488	88,534	97,481	101,019
Operating Grants and Contributions	680,396	597,613	322,718	55,847	93,002
Capital Grants and Contributions	-	-	-	691,085	4,191,024
Total Revenue	799,976	698,101	411,252	844,413	4,385,045
Economic/Community Development					
Charges for Services	11,086	4,083	5,249	4,786	-
Operating Grants and Contributions	121,497	120,254	163,245	641,305	-
Capital Grants and Contributions	-	-	-	-	-
Total Revenue	132,583	124,337	168,494	646,091	-
Total Governmental Activities Program Revenues	21,924,010	22,165,209	25,609,771	20,052,984	19,024,083

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)

	2011	2012	2013	2014	2015
\$	15,968,633	\$ 13,421,531	\$ 13,639,728	\$ 14,133,149	\$ 10,849,277
	25,413,678	25,469,721	26,174,144	26,666,211	25,297,450
	9,098,949	10,373,286	11,891,013	12,365,647	14,363,603
	1,701,677	1,642,723	1,812,920	2,083,201	1,856,158
	5,001,240	4,526,166	5,560,196	5,040,139	4,775,440
	57,506,341	53,693,309	49,459,783	54,882,430	65,633,331
	3,090,228	-	-	-	-
	1,457,336	1,302,163	1,304,076	1,336,098	1,458,348
	3,811,748	2,802,337	838,775	2,395,762	587,147
	1,893,570	887,837	1,108,912	1,528,035	1,763,024
	4,078,105	4,196,072	4,042,236	3,987,943	4,039,622
	129,021,505	118,315,145	115,831,783	124,418,615	130,623,400
	10,905,989	10,711,211	11,783,515	11,059,306	10,412,432
	4,099,507	2,269,933	538,420	515,325	496,065
	67,395	110,884	535,837	544,945	537,823
	1,167,655	1,457,087	913,845	807,226	1,014,491
	16,240,546	14,549,115	13,771,617	12,926,802	12,460,811
	145,262,051	132,864,260	129,603,400	137,345,417	143,084,211
	1,086,641	1,081,808	1,272,807	1,500,273	1,505,857
	694,347	742,205	697,712	606,649	644,297
	118,100	116,710	135,032	589,988	96,684
	1,899,088	1,940,723	2,105,551	2,696,910	2,246,838
	1,090,545	1,320,647	1,387,591	1,286,945	1,244,752
	1,461,080	1,113,018	1,328,493	1,081,577	1,052,666
	82,885	191,223	249,594	282,139	119,118
	2,634,510	2,624,888	2,965,678	2,650,661	2,416,536
	872,352	1,107,426	1,636,604	1,425,012	1,275,538
	546,719	488,027	624,653	712,550	527,538
	901,289	541,887	1,687,783	2,221,299	80,000
	2,320,360	2,137,340	3,949,040	4,358,861	1,883,076
	-	-	-	-	-
	69,382	71,655	71,973	65,537	68,187
	2,050,062	2,076,096	2,613,905	2,026,675	2,056,111
	215,748	18,691	51,023	67,392	40,527
	2,335,192	2,166,442	2,736,901	2,159,604	2,164,825
	755,443	1,169,425	1,052,691	1,721,379	1,249,332
	-	-	-	-	-
	-	-	-	-	-
	755,443	1,169,425	1,052,691	1,721,379	1,249,332
	187,901	-	-	-	-
	1,868	-	-	-	-
	199,698	-	-	-	-
	389,467	-	-	-	-
	75,354	98,593	63,105	73,279	72,688
	1,006,138	36,872	400,193	103,892	96,195
	1,923,471	998,757	-	75,820	3,637
	3,004,963	1,134,222	463,298	252,991	172,520
	4,236	159,492	234,100	508,000	80,558
	239,893	245,143	176,216	255,100	285,344
	110,561	81,867	575,440	(69,569)	-
	354,690	486,502	985,756	693,531	365,902
	13,693,713	11,659,542	14,258,915	14,533,937	10,499,029

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)

	2006	2007	2008	2009	2010
Business-type Activities:					
Water and Sewer					
Charges for Services	\$ 8,057,402	\$ 12,169,440	\$ 8,014,366	\$ 7,695,100	\$ 8,224,428
Operating Grants and Contributions	-	-	-	-	98,492
Capital Grants and Contributions	12,576,490	5,015,603	2,584,371	682,935	208,115
Total Revenue	20,633,892	17,185,043	10,598,737	8,378,035	8,531,035
Golf Course (4)					
Charges for Services	1,576,001	1,581,030	1,459,725	1,526,244	1,633,203
Operating Grants and Contributions	387,270	1,279,648	55,953	45,824	41,838
Capital Grants and Contributions	469,624	144,844	95,890	69,068	289,895
Total Revenue	2,432,895	3,005,522	1,611,568	1,641,136	1,964,936
Public Landings and Marinas (5)					
Charges for Services	-	108,100	105,900	100,250	62,600
Operating Grants and Contributions	-	92,348	3,710	-	29,017
Capital Grants and Contributions	-	-	-	-	545,123
Total Revenue	-	200,448	109,610	100,250	636,740
Airport					
Charges for Services	23,661	32,683	46,960	34,907	50,585
Operating Grants and Contributions	4,448	1,112	-	-	33,922
Capital Grants and Contributions	6,368,327	667,166	382,945	289,112	1,519,810
Total Revenue	6,396,436	700,961	429,905	324,019	1,604,317
Total Business-type Activities Program Revenues	29,463,223	21,091,974	12,749,820	10,443,440	12,737,028
Total Primary Government Program Revenues	51,387,233	43,257,183	38,359,591	30,496,424	31,761,111
Net (Expense) Revenue (1)					
Governmental activities	(69,974,138)	(89,842,732)	(94,488,619)	(101,551,781)	(106,454,253)
Business-type activities	19,112,404	9,283,481	109,468	(3,342,461)	(1,778,097)
Total Primary Government Net Expense	\$ (50,861,734)	\$ (80,559,251)	\$ (94,379,151)	\$ (104,894,242)	\$ (108,232,350)
General Revenues and Other Changes in Net Position					
Governmental Activities:					
Taxes (2)	\$ 87,157,631	\$ 90,910,849	\$ 91,853,216	\$ 95,530,316	\$ 90,469,883
Investment income	1,738,114	3,162,830	2,128,509	642,472	144,553
Gain on Sale of Capital Assets	2,983,087	13,605	-	1,540,404	26,731
Miscellaneous	997,032	1,928,398	721,946	2,182,525	786,719
Transfers In (Out)	2,396,851	(1,070,297)	(11,581)	(3,348,074)	(559,331)
Extraordinary Loss	(477,707)	-	-	-	-
Total Governmental Activities	94,795,008	94,945,385	94,692,090	96,547,643	90,868,555
Business-type Activities:					
Investment income	771,883	956,687	875,509	595,279	436,045
Gain on Sale of Capital Assets	-	4,691	-	-	-
Miscellaneous	562,482	876,714	919,828	918,688	962,540
Transfers In (Out)	(2,396,851)	1,070,297	11,581	3,348,074	559,331
Total Business-type Activities	(1,062,486)	2,908,389	1,806,918	4,862,041	1,957,916
Total Primary Government	93,732,522	97,853,774	96,499,008	101,409,684	92,826,471
Change in Net Position					
Governmental activities	24,820,870	5,102,653	203,471	(5,004,138)	(15,585,698)
Business-type activities	18,049,918	12,191,870	1,916,386	1,519,580	179,819
Total Primary Government	\$ 42,870,788	\$ 17,294,523	\$ 2,119,857	\$ (3,484,558)	\$ (15,405,879)

NOTES:

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

- (1) Net (expense)/revenue is the difference between the expenses and program revenues of a function or program. It indicates the degree to which a function or program is supported with its own fees and program-specific grants versus its reliance upon funding from taxes and general revenues. Numbers in parentheses indicate that expenses were greater than program revenues and therefore general revenues were needed to finance that function or program. Numbers without parentheses mean that program revenues were more than sufficient to cover expenses.
- (2) See Table 2-b for detail of General Tax Revenues.
- (3) Beginning in FY13, Parks & Recreation governmental activities are included in public works.
- (4) Prior to FY13, this section included data for the Golf Course, Recreation Programs, Public Landings, and Property Management Funds. Beginning in FY13, this section only includes Golf Course Fund data.
- (5) Prior to FY13, this section only included data for the Public Marinas Funds. Beginning in FY13, this section includes data for both Public Marinas and Public Landings, as these funds were combined to form one fund.

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

Table 2-a

(CONTINUED)

2011	2012	2013	2014	2015
\$ 8,192,471	\$ 7,977,667	\$ 8,181,434	\$ 8,341,848	\$ 8,840,213
-	55,728	161,600	90,000	90,000
837,426	347,573	2,048,768	665,268	1,862,257
9,029,897	8,380,968	10,391,802	9,097,116	10,792,470
1,568,227	1,501,550	313,364	297,293	295,955
39,572	52,915	-	-	-
196,487	28,680	-	-	-
1,804,286	1,583,145	313,364	297,293	295,955
84,987	102,290	440,270	423,478	423,723
16,241	14,183	42,914	36,439	43,304
588,326	78,314	18,692	-	-
689,554	194,787	501,876	459,917	467,027
37,955	58,589	48,072	49,061	53,200
3,715	47,412	2,621	2,420	73,311
448,600	693,162	2,472,782	7,457	-
490,270	799,163	2,523,475	58,938	126,511
12,014,007	10,958,063	13,730,517	9,913,264	11,681,963
25,707,720	22,617,605	27,989,432	24,447,201	22,180,992
(115,327,792)	(106,655,603)	(101,572,868)	(109,884,678)	(120,124,371)
(4,226,539)	(3,591,052)	(41,100)	(3,013,538)	(778,848)
\$ (119,554,331)	\$ (110,246,655)	\$ (101,613,968)	\$ (112,898,216)	\$ (120,903,219)
\$ 96,093,533	\$ 105,693,926	\$ 107,978,036	\$ 112,123,625	\$ 116,821,607
136,523	126,650	107,095	95,286	94,092
281,158	27,627	163,426	346,765	1,098,632
711,868	1,254,255	1,051,760	877,629	1,076,893
(611,922)	(605,996)	(337,843)	(589,737)	(360,177)
-	-	-	-	-
96,611,160	106,496,462	108,962,474	112,853,568	118,731,047
407,629	374,665	356,374	343,568	323,585
-	-	-	-	-
884,772	1,127,590	855,504	793,951	815,430
611,922	605,996	359,277	589,737	360,177
1,904,323	2,108,251	1,571,155	1,727,256	1,499,192
98,515,483	108,604,713	110,533,629	114,580,824	120,230,239
(18,716,632)	(159,141)	7,389,606	2,968,890	(1,393,324)
(2,322,216)	(1,482,801)	1,530,055	(1,286,282)	720,344
\$ (21,038,848)	\$ (1,641,942)	\$ 8,919,661	\$ 1,682,608	\$ (672,980)

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

	2006	2007	2008	2009	2010
Local Property Taxes	\$ 44,688,709	\$ 46,185,050	\$ 50,021,587	\$ 55,362,114	\$ 59,267,240
Local Income Tax	31,959,096	35,346,494	35,700,111	34,834,937	25,715,247
Other Local Taxes	10,509,826	9,379,305	6,131,518	5,333,265	5,487,396
Total Taxes - Governmental Activities	<u>\$ 87,157,631</u>	<u>\$ 90,910,849</u>	<u>\$ 91,853,216</u>	<u>\$ 95,530,316</u>	<u>\$ 90,469,883</u>

	2011	2012	2013	2014	2015
Local Property Taxes	\$ 60,070,368	\$ 65,937,415	\$ 65,591,225	\$ 64,712,683	\$ 64,672,721
Local Income Tax	30,624,679	34,028,234	35,769,303	40,899,804	44,643,870
Other Local Taxes	5,398,486	5,728,277	6,617,508	6,511,138	7,505,016
Total Taxes - Governmental Activities	<u>\$ 96,093,533</u>	<u>\$ 105,693,926</u>	<u>\$ 107,978,036</u>	<u>\$ 112,123,625</u>	<u>\$ 116,821,607</u>

NOTES:

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

* Source: Statement of Activities.

QUEEN ANNE'S COUNTY, MARYLAND
FINANCIAL TRENDS
FUND BALANCES - GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
Table 3

	2006	2007	2008	2009	2010
General Fund:					
Reserved	\$ 6,169,255	\$ 7,140,303	\$ 8,948,231	\$ 8,643,600	\$ 7,734,692
Unreserved	14,944,399	15,302,827	3,972,847	6,381,843	6,296,418
Total General Fund	21,113,654	22,443,130	12,921,078	15,025,443	\$ 14,031,110
All Other Governmental Funds:					
Reserved	13,751,478	20,060,988	16,706,954	17,007,368	15,153,381
Unreserved, reported in:					
Capital Projects Fund	13,579,649	17,618,012	14,409,216	1,723,066	12,538,916
Special Revenue Funds	2,810,027	3,019,522	2,185,304	2,751,120	7,842,939
Total All Other Governmental Funds	30,141,154	40,698,522	33,301,474	21,481,554	35,535,236
Total All Governmental Funds	\$ 51,254,808	\$ 63,141,652	\$ 46,222,552	\$ 36,506,997	\$ 49,566,346

	2011	2012	2013	2014	2015
General Fund:					
Nonspendable	\$ 4,000	\$ 555,215	\$ 626,122	\$ 480,385	\$ 687,777
Restricted	333,798	340,670	8,111,614	8,375,368	8,681,112
Committed	657,068	695,944	-	1,157,360	2,000,000
Assigned	70,000	-	1,284,657	1,284,875	2,034,875
Unassigned	4,753,656	11,207,265	5,965,003	7,123,519	7,793,085
Total General Fund (1)	5,818,522	12,799,094	15,987,396	18,421,507	21,196,849
All Other Governmental Funds:					
Nonspendable	4,401,483	5,136,024	5,406,512	5,470,608	5,919,048
Restricted	22,065,716	12,255,292	12,724,859	21,824,970	17,794,372
Committed	1,820,818	2,054,749	3,480,382	4,097,033	4,209,177
Assigned	14,745,215	18,654,017	24,665,235	25,939,319	23,093,224
Unassigned	(172,381)	(157,828)	(135,515)	(115,800)	(108,185)
Total All Other Governmental Funds (1)	42,860,851	37,942,254	46,141,473	57,216,130	50,907,636
Total All Governmental Funds	\$ 48,679,373	\$ 50,741,348	\$ 62,128,869	\$ 75,637,637	\$ 72,104,485

NOTES:

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

* Source: Balance Sheet, Governmental Funds.

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

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

	2006	2007	2008	2009	2010
Revenues					
Taxes					
Local Property Taxes	\$ 44,657,603	\$ 46,208,342	\$ 50,007,054	\$ 55,374,053	\$ 59,242,742
Local Income Taxes	31,633,987	34,980,663	34,767,725	35,988,334	29,647,125
Other Local Taxes	10,509,826	9,379,305	6,131,518	5,333,265	5,487,396
State Shared Taxes	4,233,139	5,125,419	5,306,763	7,591,829	508,138
Licenses and Permits	824,917	895,931	890,821	874,639	863,782
Intergovernmental	11,476,325	10,661,130	12,199,511	8,049,695	12,061,066
Bond Interest Reimbursement - Build America Bond	-	-	-	-	193,567
Charges for Current Services	4,864,374	3,806,563	4,049,902	3,326,696	3,396,080
Fines and Forfeitures	77,008	239,194	1,759,370	115,658	258,937
Capital Contributions - Developer	-	-	-	-	-
Investment Income	1,738,139	3,162,830	2,128,509	642,472	144,553
Donations	98,610	74,694	247,002	76,867	140,731
Miscellaneous	1,346,669	1,853,706	719,067	2,182,525	786,719
Total Revenues	111,460,597	116,387,777	118,207,242	119,556,033	112,730,836
Expenditures					
Current					
General Government (1)	9,516,299	8,772,229	10,128,699	10,841,479	10,608,976
Public Safety	16,356,949	17,918,740	19,292,661	20,483,238	21,344,575
Public Works	9,168,186	9,167,362	9,182,618	8,678,715	7,671,352
Health	1,355,057	1,428,395	1,430,670	1,572,848	1,637,101
Social Services	4,294,781	4,260,927	4,747,491	5,029,493	4,767,647
Education	42,346,958	56,163,966	58,086,283	53,348,513	53,545,597
Parks and Recreation	9,096,593	2,809,748	3,083,038	3,145,367	3,055,335
Library	1,144,622	1,242,573	1,247,108	1,390,398	1,424,078
Conservation of Natural Resources	508,606	483,810	2,177,820	2,445,352	5,263,577
Economic/Community Development	1,558,978	3,188,316	3,513,153	1,968,587	1,847,195
Miscellaneous	-	915,542	731,771	706,792	1,373,090
Capital Outlay	1,049,361	14,291,416	13,676,569	8,594,972	7,868,741
Debt Service					
Principal	3,677,307	3,795,769	4,888,405	5,089,347	4,948,144
Debt Issuance Costs	-	236,899	3,972	(423)	145,884
Interest and Fiscal Charges	2,569,650	2,257,928	3,147,529	2,778,490	3,114,505
Total Expenditures	102,643,347	126,933,620	135,337,787	126,073,168	128,615,797
Excess (Deficiency) of Revenues over (under) Expenditures	8,817,250	(10,545,843)	(17,130,545)	(6,517,135)	(15,884,961)
Other Financing Sources (Uses)					
Issuance of Debt	-	23,219,790	510,617	122,780	29,299,154
Re-allocation of 2006 Bonds	-	-	(345,955)	-	-
Bond Premiums	-	236,899	3,972	(423)	157,800
Payments to Bond Refunding Agent	-	-	-	-	-
Proceeds of Capital Asset Disposals	1,176,860	88,535	45,494	64,089	30,861
Insurance Proceeds	-	-	8,898	44,907	15,826
Transfers In	8,578,135	13,131,736	17,014,307	5,449,499	18,184,911
Transfers Out	(6,181,284)	(14,202,033)	(17,025,888)	(8,879,272)	(18,744,242)
Total Other Financing Sources (Uses)	3,573,711	22,474,927	211,445	(3,198,420)	28,944,310
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	\$ 11,913,254	\$ 11,886,842	\$ (16,919,100)	\$ (9,715,555)	\$ 13,059,349
Debt service as a percentage of non-capital expenditures (2, 3)	6.73%	5.38%	6.61%	6.79%	6.69%

NOTES:

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

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

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

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

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

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

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

(CONTINUED)

	2011	2012	2013	2014	2015
\$	60,097,959	\$ 65,918,832	\$ 65,554,079	\$ 64,701,622	\$ 64,672,292
	29,527,496	35,969,879	39,438,906	40,326,921	42,889,715
	5,398,486	5,728,277	6,617,508	6,511,137	7,505,016
	230,401	306,235	510,726	749,366	557,834
	919,663	877,365	1,004,774	1,080,891	1,062,917
	8,777,729	5,867,211	7,588,691	5,588,984	4,030,576
	438,022	432,212	406,337	383,777	375,323
	3,143,846	3,908,998	4,594,240	5,357,919	4,251,835
	78,345	222,683	119,857	141,615	182,160
	-	-	-	102,316	-
	136,523	126,650	107,095	95,286	94,092
	109,342	46,332	36,332	39,055	41,391
	708,455	1,254,255	1,051,760	877,629	1,076,893
	109,566,267	120,658,929	127,030,305	125,956,518	126,740,044
	10,397,457	9,171,830	9,282,310	10,649,489	8,833,255
	21,127,321	20,985,077	21,275,229	22,266,458	23,133,608
	7,277,767	7,733,226	9,615,805	9,967,363	12,041,969
	1,670,222	1,604,462	1,811,402	2,030,740	1,822,856
	4,098,650	3,533,022	4,051,741	3,474,886	3,602,146
	57,566,865	53,755,497	48,418,107	59,752,944	65,683,908
	2,521,175	-	-	-	-
	1,433,725	1,277,993	1,278,228	1,310,250	1,432,500
	3,872,916	2,794,262	890,480	2,363,254	565,289
	1,715,524	758,089	898,129	1,306,516	1,616,784
	4,699,452	3,704,702	4,862,189	3,202,417	3,535,585
	4,838,581	2,755,949	3,370,909	8,669,375	8,733,509
	6,964,558	7,095,307	7,069,406	7,210,561	7,444,611
	129,671	162,021	(94)	196,870	403,572
	3,629,426	4,116,939	3,675,628	3,501,230	3,846,823
	131,943,310	119,448,376	116,499,469	135,902,353	142,696,415
	(22,377,043)	1,210,553	10,530,836	(9,945,835)	(15,956,371)
	21,897,570	8,010,000	564,068	22,405,542	25,384,493
	-	-	-	-	-
	139,136	713,235	(101)	1,118,097	1,901,240
	-	(8,557,455)	-	-	(14,881,834)
	582,601	47,396	308,856	458,759	1,331,608
	99,028	11,631	20,070	61,942	57,916
	5,386,256	9,635,881	10,851,904	5,861,261	5,079,641
	(6,614,521)	(10,369,909)	(11,228,409)	(6,450,998)	(6,449,845)
	21,490,070	(509,221)	516,388	23,454,603	12,423,219
	-	1,360,643	-	-	-
	-	-	-	-	-
	-	1,360,643	-	-	-
\$	(886,973)	\$ 2,061,975	\$ 11,047,224	\$ 13,508,768	\$ (3,533,152)
	8.34%	9.66%	9.54%	8.44%	8.43%



Steamed crabs fresh from the local rivers and the Chesapeake Bay!

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
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
2015	1,526,533,795	5,971,094,589	7,497,628,384	0.8471	71,076,850	7,568,705,234	708,231,797	8,276,937,031

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)
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
2015	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
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
2015	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
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
2015	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	\$ 0.1220
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
0.1895	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, 2015		
	Assessable Base	Ratio: Taxpayer Base to Total Assessable Base
Second Horizon Group Limited Partnership	\$ 61,326,866	0.81 %
KRM Development Corporation	35,787,167	0.47
Maryland General Land Co LLC	20,569,800	0.27
Great American Life Insurance Company	15,721,000	0.21
Aspen Institute for Humanistic Studies	15,253,267	0.20
Beach Harbor Campers Cooperative Inc	12,582,700	0.17
K Hovnanian at Kent Island LLC	11,500,000	0.15
Anne Arundel Real Estate Holding Co	10,166,300	0.13
Mears Point Association	9,992,833	0.13
Shore Health System Inc	9,975,900	0.13
Total	<u>\$ 202,875,833</u>	<u>2.67 %</u>
Total Assessable Base	<u>\$ 7,568,705,234</u>	<u>100.00 %</u>

For the Fiscal Year Ended June 30, 2006		
	Assessable Base	Ratio: Taxpayer Base to Total Assessable Base
Second Horizon Group Limited Partnership	\$ 30,472,476	0.60 %
KRM Development Corporation	17,865,366	0.35
Kent Narrows Properties, LLC	10,376,800	0.21
213 Centreville Associates, LLC	8,705,832	0.17
Washington Brick and Terra Cotta Company	8,331,390	0.16
Pasquale Didonato	8,311,082	0.16
Great American Life Insurance Company	8,144,800	0.16
Mears Point Associates, A Limited Partnership	8,028,866	0.16
Beach Harbor Campers Cooperative, Inc.	7,233,240	0.14
TC Shopping Center Limited Partnership	6,951,000	0.14
Total	<u>\$ 114,420,852</u>	<u>2.25 %</u>
Total Assessable Base	<u>\$ 5,061,055,866</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
2006	\$ 43,208,732	\$ 43,107,941	99.77%	\$ 99,838	\$ 43,207,779	100.00%
2007	44,500,414	44,401,745	99.78%	97,926	44,499,671	100.00%
2008	48,575,431	48,505,180	99.86%	69,445	48,574,625	100.00%
2009	53,839,023	53,756,369	99.85%	79,541	53,835,910	99.99%
2010	57,788,231	57,720,564	99.88%	61,874	57,782,438	99.99%
2011	58,758,234	58,696,129	99.89%	55,435	58,751,564	99.99%
2012	64,549,671	64,459,862	99.86%	78,143	64,538,005	99.98%
2013	63,904,147	63,596,067	99.52%	51,198	63,647,265	99.60%
2014	63,184,321	62,834,349	99.45%	49,676	62,884,025	99.52%
2015	63,338,629	63,231,601	99.83%	-	63,231,601	99.83%

NOTES:

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

QUEEN ANNE'S COUNTY, MARYLAND
DEBT CAPACITY
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS
Table 9

Governmental Activities					Ratios		
Fiscal Year	General Obligation Bonds	Notes Payable	Capital Leases	Total Governmental Activities	Total Primary Government	Debt to Total Personal Income (1)	Outstanding Debt per Capita (1)
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
2015	112,060,053	784,785	-	112,844,838	127,774,051	6.89%	2,618

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)
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
2015	115,600,348	1.53%	2,369

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.



Sailing on the Bay is a favorite pastime.

QUEEN ANNE'S COUNTY, MARYLAND
DEBT CAPACITY
COMPUTATION OF NET DIRECT AND OVERLAPPING DEBT
AS OF JUNE 30, 2015
Table 11

Name of Jurisdiction	Gross Debt
Queen Anne's County:	
County Government	
Total Net Direct Debt (1)	<u>\$ 112,844,838</u>
Towns: (2)	
Centreville (100%)	11,791,185
Millington (100%)	1,230,126
Queenstown (100%)	5,854,133
Sudlersville (100%)	4,440,195
Total Net Overlapping Debt	<u>23,315,639</u>
Total Net Direct and Overlapping Debt	<u><u>\$ 136,160,477</u></u>

NOTES:

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

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

	2006	2007	2008	2009	2010
Computation of Legal Debt Margin - for Queen Anne's County					
<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	\$ 8,000,000	\$ 8,000,000
Authorized bonded debt under specific public laws					
Enterprise Funds, excluding Sanitary District (4)	1,354,131	1,483,571	1,458,458	1,446,993	1,862,866
General Obligation Debt (4)	55,564,104	74,717,649	69,637,468	64,411,805	87,967,432
Subtotal	<u>56,918,235</u>	<u>76,201,220</u>	<u>71,095,926</u>	<u>65,858,798</u>	<u>89,830,298</u>
Total authorized debt under Title 5 and specific public laws	64,918,235	84,201,220	79,095,926	73,858,798	97,830,298
LESS Outstanding bonds, notes payable, and capital leases (5)	75,501,349	102,474,842	95,669,054	88,563,993	111,337,131
Less: Sanitary District debt (4)	17,919,731	25,430,093	23,520,278	21,616,088	19,735,239
Subtotal	<u>57,581,618</u>	<u>78,072,206</u>	<u>72,148,776</u>	<u>66,947,905</u>	<u>91,601,892</u>
Legal Debt Margin - Other than the Sanitary District	<u>\$ 7,336,617</u>	<u>\$ 7,404,931</u>	<u>\$ 6,947,150</u>	<u>\$ 6,910,893</u>	<u>\$ 6,228,406</u>
<u>Debt related to the Sanitary District Proprietary Fund:</u>					
Total taxable assessed value (3)	\$ 5,061,055,866	\$ 5,693,764,229	\$ 6,398,550,545	\$ 7,083,072,750	\$ 7,580,931,277
Plus exempt property (3)	<u>369,542,935</u>	<u>419,303,486</u>	<u>474,798,401</u>	<u>547,163,868</u>	<u>596,219,654</u>
Total assessed value	<u>\$ 5,430,598,801</u>	<u>\$ 6,113,067,715</u>	<u>\$ 6,873,348,946</u>	<u>\$ 7,630,236,618</u>	<u>\$ 8,177,150,931</u>
Debt Limit - 6% of total assessed value (2)	\$ 325,835,928	\$ 366,784,063	\$ 412,400,937	\$ 457,814,197	\$ 490,629,056
LESS Sanitary District	18,069,698	25,552,847	23,520,278	21,616,088	19,735,239
Less: Restricted Cash and Investments in the Debt Service Fund available for payment of principal	<u>3,940,626</u>	<u>4,746,865</u>	<u>4,551,821</u>	<u>4,180,188</u>	<u>3,925,026</u>
	<u>14,129,072</u>	<u>20,805,982</u>	<u>18,968,457</u>	<u>17,435,900</u>	<u>15,810,213</u>
Legal Debt Margin - Sanitary District	<u>\$ 311,706,856</u>	<u>\$ 345,978,081</u>	<u>\$ 393,432,480</u>	<u>\$ 440,378,297</u>	<u>\$ 474,818,843</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)

2011	2012	2013	2014	2015
\$ 8,000,000	\$ 8,000,000	\$ 8,000,000	\$ 8,000,000	\$ 8,000,000
2,340,495	2,304,876	2,160,475	2,053,736	3,540,295
102,791,729	97,127,263	90,092,100	107,883,563	112,060,053
<u>105,132,224</u>	<u>99,432,139</u>	<u>92,252,575</u>	<u>109,937,299</u>	<u>115,600,348</u>
113,132,224	107,432,139	100,252,575	117,937,299	123,600,348
124,067,449	116,192,021	107,497,099	123,479,930	127,774,051
17,803,690	15,870,626	14,097,769	12,584,475	11,388,918
<u>106,263,759</u>	<u>100,321,395</u>	<u>93,399,330</u>	<u>110,895,455</u>	<u>116,385,133</u>
\$ 6,868,465	\$ 7,110,744	\$ 6,853,245	\$ 7,041,844	\$ 7,215,215
\$ 7,740,096,715	\$ 7,685,372,199	\$ 7,620,480,255	\$ 7,540,259,768	\$ 7,568,705,234
644,654,739	694,372,116	732,300,804	696,880,673	708,231,797
<u>\$ 8,384,751,454</u>	<u>\$ 8,379,744,315</u>	<u>\$ 8,352,781,059</u>	<u>\$ 8,237,140,441</u>	<u>\$ 8,276,937,031</u>
\$ 503,085,087	\$ 502,784,659	\$ 501,166,864	\$ 494,228,426	\$ 496,616,222
17,803,690	15,870,626	14,097,769	12,584,475	11,388,918
3,658,194	3,244,564	2,840,468	2,763,304	2,695,383
<u>14,145,496</u>	<u>12,626,062</u>	<u>11,257,301</u>	<u>9,821,171</u>	<u>8,693,535</u>
\$ 488,939,591	\$ 490,158,597	\$ 489,909,563	\$ 484,407,255	\$ 487,922,687

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

	2009	2010	2011	2012	2013	2014	2015
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	\$ 7,568,705,234
	2.5%	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	\$ 189,217,631
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	\$ 14,929,213
General Obligation Debt - Bonds and Notes	65,324,988	89,619,514	103,862,361	98,016,519	91,238,855	108,841,719	112,844,838
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	\$ 127,774,051
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	\$ 61,443,580
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	48,804
\$3,000 Per Capita	\$ 3,000	\$ 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	\$ 146,412,000
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	\$ 127,774,051
\$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	\$ 18,637,949

NOTES:

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

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

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

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

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

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

Table 13

For the Fiscal Year Ended June 30, 2015			
Employer	Employees	Rank	Percentage of Total County Employment
Queen Anne's County Board of Education	944	1	8.81%
Chesapeake College	510	2	4.76%
Queen Anne's County Government	449	3	4.19%
S.E.W. Friel	275	4	2.57%
Paul Reed Smith Guitars	249	5	2.32%
Reeb Millwork	180	6	1.68%
Cracker Barrel Old Country Store	170	7	1.59%
Power Electronics	162	8	1.51%
Fisherman's Inn	135	9	1.26%
Genesis HealthCare/Corsica Hills Center	134	10	1.25%
Total	3,208		29.94%

For the Fiscal Year Ended June 30, 2006			
Employer	Employees	Rank	Percentage of Total County Employment
Queen Anne's County Board of Education	912	1	7.85%
Queen Anne's County Government	490	2	4.22%
S.E.W. Friel	275	3	2.37%
Chesapeake College	215	4	1.85%
Paul Reed Smith Guitars	209	5	1.80%
Reeb Millwork	178	6	1.53%
Harris Crab House	160	7	1.38%
Acme Markets	147	8	1.27%
Kmart	140	9	1.20%
Tidewater Direct	130	10	1.12%
Total	2,856		24.59%

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)
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
2015	48,804	1,854,356,784	37,996	4.90%	7,752

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.



Jack-be-Littles in abundance for Fall decorating!

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

	<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>	<u>2015</u>
Number of Exempt Employees	35	36	31	29	29	26	26	28	29	30
Number of Full Time Employees	422	460	470	464	450	400	386	391	393	416
Number of Part Time Employees (FTE)	23	25	20	18	17	10	9	8	7	3
Total County Government Employees	<u>480</u>	<u>521</u>	<u>521</u>	<u>511</u>	<u>496</u>	<u>436</u>	<u>421</u>	<u>427</u>	<u>429</u>	<u>449</u>

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

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

	2007	2008	2009	2010	2011	2012	2013	2014	2015
Governmental Activities:									
General Government	90	90	89	87	77	74	82	77	81
Public Safety:									
Police	49	53	52	50	49	53	56	58	58
Fire - Emergency Management Services	69	68	69	67	64	61	64	67	71
Detention Center	37	38	42	42	41	42	41	41	41
Animal Services	11	11	8	8	10	10	6	3	3
Public Works	87	91	85	79	61	51	51	54	58
Health	1	1	1	1	1	1	1	1	1
Social Services	40	38	38	37	32	36	32	36	38
Parks (1)	44	44	45	45	31	27	27	29	39
Conservation of Natural Resources	3	3	3	3	3	3	4	4	3
Economic/Community Development	12	12	10	9	7	3	6	2	3
Total Governmental Activities	443	449	442	428	376	361	370	372	396
Business-Type Activities:									
Sanitary District	47	46	45	45	44	45	45	46	46
Bay Bridge Airport	3	3	3	3	3	3	1	1	1
Golf	-	-	-	-	-	-	1	1	1
Public Landings	3	3	3	3	3	3	2	2	2
Total Business-Type Activities	53	52	51	51	50	51	49	50	50
Total Full-Time County Employees	496	501	493	479	426	412	419	422	446

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 next fiscal year, this Table will be updated to include data for ten fiscal years.

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

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

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Governmental Activities:										
General Government:										
Planning & Zoning:										
Number of commercial permits issued	256	235	23	40	35	27	99	75	51	52
Number of residential permits issued:										
Single Family Permits	224	160	138	90	153	106	119	161	133	123
Multi Family Permits	-	-	-	13	28	4	20	21	12	-
Renovations and Additions Permits	608	541	539	324	304	295	207	312	327	270
Total residential permits issued	<u>832</u>	<u>701</u>	<u>677</u>	<u>427</u>	<u>485</u>	<u>405</u>	<u>346</u>	<u>494</u>	<u>472</u>	<u>393</u>
Public Safety:										
Fire and Rescue:										
Number of volunteer members	630	600	663	663	689	689	689	689	689	683
Police:										
Uniformed Police Officers	49	49	53	54	54	55	59	61	61	64
Number of law violations:										
Physical arrests	1,115	1,413	1,373	1,429	917	1,216	848	1,144	1,239	1,055
Traffic violations	4,962	5,310	5,745	8,276	6,183	5,760	5,818	5,915	6,514	6,030
Detention Center:										
Detention Center Officers	31	33	35	37	39	40	38	40	41	41
Average yearly prison population	99	113	112	97	102	103	86	128	138	123
Public Works:										
Wastewater Treated - Daily (mgd)	1.5	1.5	1.6	1.7	2.1	1.7	1.9	2.0	2.0	2.1
Education:										
Number of Personnel										
Teachers	496	501	522	528	533	530	537	546	550	575
Administrators	39	40	40	38	37	37	39	39	41	40
Support	318	327	338	338	336	310	300	294	344	295
Other	59	55	77	76	76	64	47	47	37	34
Number of Students	7,162	7,774	7,790	7,774	7,723	7,722	7,757	7,717	7,720	7,752
Number of High School Graduates	514	563	560	590	562	566	598	537	605	589

NOTES:
 Source: Various County departments.

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

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Governmental Activities:										
Public Safety:										
Fire and Rescue:										
Number of volunteer stations	10	10	10	10	10	10	10	9	9	9
Equipment:										
Engines	17	16	16	16	17	17	17	18	17	16
Tankers	7	9	9	9	9	9	9	9	8	8
Aerial Units	4	4	4	4	5	5	5	5	4	4
Rescue Units	5	5	6	6	7	7	7	8	6	7
Brush Units	7	8	8	8	8	8	8	8	7	7
Air Units (MD State Police)	1	1	3	3	-	-	-	-	-	-
Boats	5	3	1	1	5	5	5	5	6	6
Ambulance/Medic Units	18	20	16	16	17	17	17	17	13	14
Cars/Other	20	16	17	17	22	22	22	22	25	25
Police:										
Number of Stations	1	1	1	1	1	1	1	1	1	1
Number of Vehicles										
Patrol	34	54	57	64	60	53	62	62	68	68
Other	26	15	7	13	17	21	3	3	12	15
Detention Center										
Capacity	104	104	104	104	148	148	148	148	148	148
Public Works:										
County Maintained Roads and Streets										
Paved (miles)	534	536	530	539	540	540	540	541	543	543
Unpaved (miles)	13	12	15	12	12	12	12	12	12	12
County Owned Water and Wastewater Facilities										
Water										
Miles of Mains	49	51	56	57	58	59	59	61	62	62
Water Treatment Plants	10	10	11	11	11	11	11	11	11	11
Booster Stations	2	2	2	2	2	2	2	2	2	2
Wastewater										
Miles of Mains	107	109	114	116	117	118	118	120	121	122
Wastewater Treatment Plants	1	1	1	1	1	1	1	1	1	1
Wastewater Collection, Lift, and Pumping Stations	29	29	31	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	4	4	4	4	4	4	4
Elementary Schools	8	8	8	8	8	8	8	8	8	8
Parks and Recreation:										
Parks	28	29	32	33	33	33	33	33	33	33
Park Acreage	2,579	2,572	2,633	2,633	2,915	2,915	2,915	2,915	2,915	2,915
Public Landings	21	21	21	20	20	21	21	19	20	20
Library:										
Number of Libraries	3	3	3	3	3	3	3	3	3	3

NOTES:
 Source: Various County departments.



