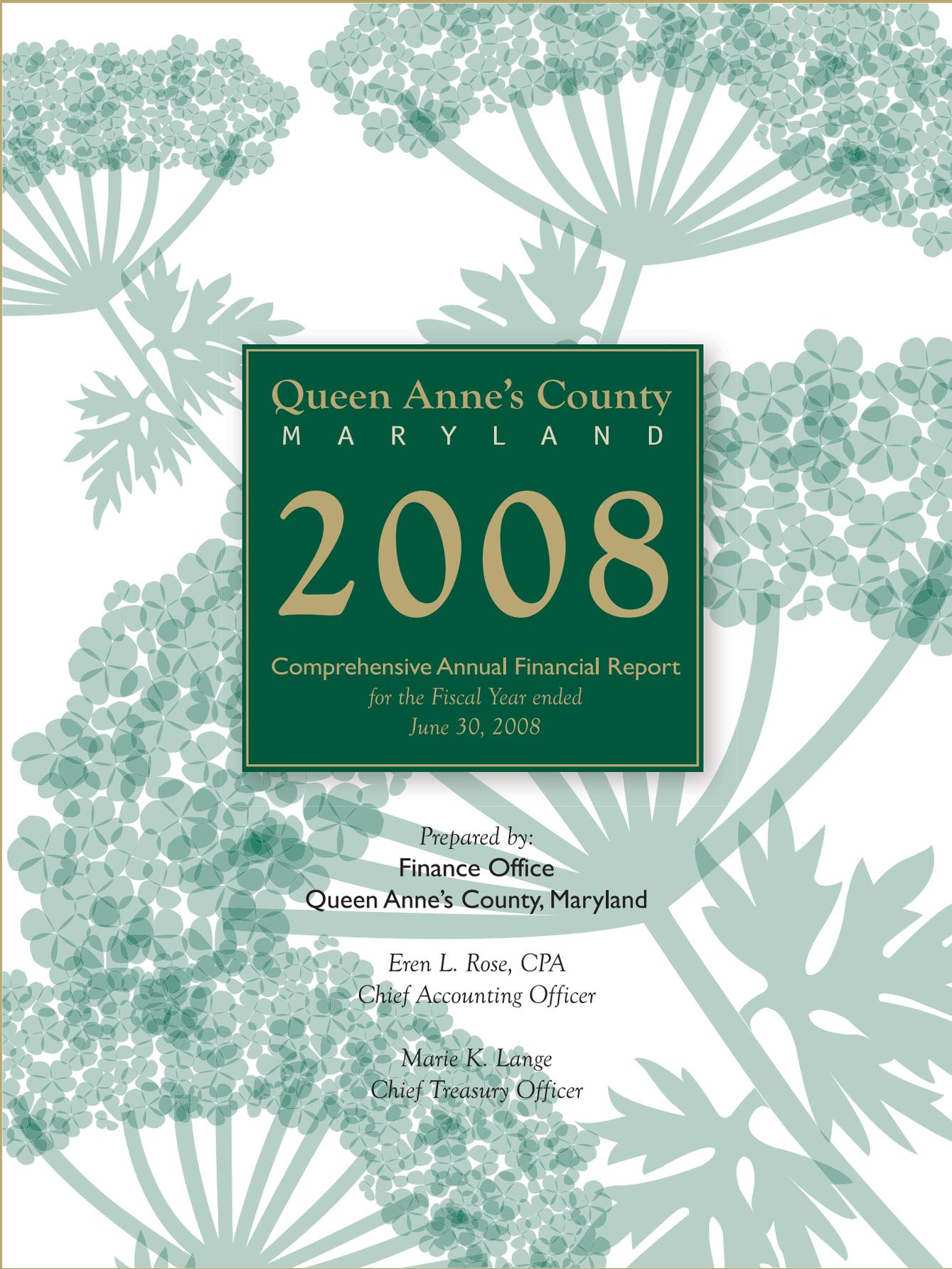
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Queen Anne's County  
M A R Y L A N D

2008

Comprehensive Annual Financial Report  
*for the Fiscal Year ended  
June 30, 2008*





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

2008

Comprehensive Annual Financial Report  
*for the Fiscal Year ended  
June 30, 2008*

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

Eren L. Rose, CPA  
Chief Accounting Officer

Marie K. Lange  
Chief Treasury Officer



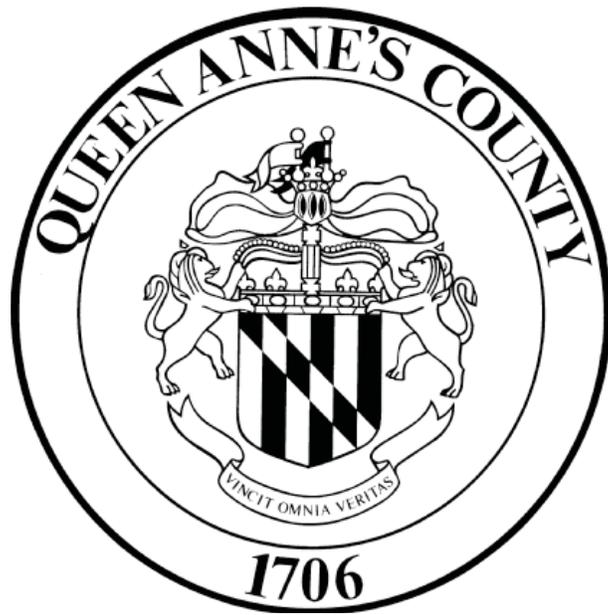
**QUEEN ANNE'S COUNTY, MARYLAND  
 COMPREHENSIVE ANNUAL FINANCIAL REPORT  
 FISCAL YEAR ENDED JUNE 30, 2008  
 TABLE OF CONTENTS**

	<u>Page(s)</u>
<b><u>INTRODUCTORY SECTION</u></b>	
Letter of Transmittal	1-4
Certificate of Achievement for Excellence in Financial Reporting	5
Organization Chart	6
Certain Elected and Other Officials	7
<b><u>FINANCIAL SECTION</u></b>	
Independent Auditor's Report	9-10
Management's Discussion and Analysis (required supplementary information)	11-27
<b>BASIC FINANCIAL STATEMENTS</b>	29
Government-Wide Financial Statements	
Statement of Net Assets	30-31
Statement of Activities	32-33
Governmental Fund Financial Statements	
Balance Sheet	34-35
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Assets	37
Statement of Revenues, Expenditures and Changes in Fund Balances	38-39
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	40-41
Enterprise Fund Financial Statements	
Statement of Net Assets	42-43
Statement of Revenues, Expenses, and Changes in Fund Net Assets	44-45
Statement of Cash Flows	46-47
Fiduciary Fund Statements	
Statement of Fiduciary Net Assets	48
Statement of Changes in Fiduciary Net Assets	49
Notes to Financial Statements	50-94
<b>REQUIRED SUPPLEMENTARY INFORMATION</b>	95
General Fund	
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual	97
Roads Board Special Revenue Fund	
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual	98

**QUEEN ANNE'S COUNTY, MARYLAND  
 COMPREHENSIVE ANNUAL FINANCIAL REPORT  
 FISCAL YEAR ENDED JUNE 30, 2008  
 TABLE OF CONTENTS (CONTINUED)**

	Page(s)
<b><u>FINANCIAL SECTION (CONTINUED)</u></b>	
<b>COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES (SUPPLEMENTARY INFORMATION)</b>	99
General Fund	101
Schedule of Revenues and Other Financing Sources - Budgetary Basis	102-103
Schedule of Expenditures and Other Financing Uses - Budgetary Basis	104-105
Non-Major Governmental Funds	107-109
Combining Balance Sheet	110-112
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	114-116
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budgetary Basis	118-121
Capital Projects Funds	123
Schedule of Appropriations and Expenditures	124-127
School Impact Fees Capital Projects Fund	
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual	128
Non-Major Enterprise Funds	129-131
Combining Statement of Net Assets	132-133
Combining Statement of Revenues, Expenses, and Changes in Fund Net Assets	134-135
Combining Statement of Cash Flows	136-137
Fiduciary Funds	139-140
Agency Funds	
Combining Statement of Fiduciary Net Assets and Liabilities	141
Statement of Changes in Fiduciary Net Assets and Liabilities	142-143
Interfund Receivables and Payables and Interfund Transfers	145
Detailed Schedule of Interfund Receivables and Payables	146-147
Detailed Schedule of Interfund Transfers	148-151
Community Partnerships for Children Special Revenue Fund	153
Combining Balance Sheets - By Grantor	154-155
Schedule of Revenues, Expenditures, and Changes in Fund Balances - By Community Partnership Agreements (CPA) and Non-Community Partnership Agreements (Non-CPA)	156-159
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budgetary Basis	160-161
<b><u>STATISTICAL SECTION (UNAUDITED)</u></b>	163
<b>Table</b>	
1 Net Assets by Component - Government-Wide	165
2a Changes in Net Assets - Government-Wide	166-167
2b General Tax Revenues - Governmental Activities	168
3 Fund Balances - Governmental Funds	169
4 Changes in Fund Balances - Governmental Funds	170-171
5 Assessed Value of Taxable and Exempt Property	173
6a Real Property Tax Rates - County Direct Rate	174
6b Real Property Tax Rates - County Special Taxing Districts	175
6c Real Property Tax Rates - Overlapping Governments - Towns	176-177
7 Ten Highest Commercial Property Taxpayers	178
8 Property Tax Levies and Collections	179
9 Ratios of Outstanding Debt by Type	180-181
10 Ratios of General Bonded Debt Outstanding	182
11 Computation of Net Direct and Overlapping Debt	183
12 Computation of Legal Debt Margin	184-185
13 Principal Employers	186
14 Demographic Statistics	187
15 County Government Employees - Full-Time Equivalents	188
16 County Government Employees - Full-Time Only by Function	189
17 Operating Indicators by Function	190
18 Capital Asset Statistics by Function	191

# **Introductory Section**





# QUEEN ANNE'S COUNTY DEPARTMENT OF BUDGET AND FINANCE

THE LIBERTY BUILDING

107 N. LIBERTY STREET  
CENTREVILLE, MARYLAND 21617

TAX DIVISION (410) 758-0414 FAX: (410) 758-4405  
ACCOUNTING (410) 758-4064 FAX: (410) 758-3036

TDD (410) 758-2126 [www.qac.org](http://www.qac.org)

## COUNTY COMMISSIONERS

ERIC S. WARGOTZ, M.D. - COUNTYWIDE  
COURTNEY M. BILLUPS - DISTRICT 1  
PAUL L. GUNTHER - DISTRICT 2  
GENE M. RANSOM, III - DISTRICT 3  
CAROL R. FORDONSKI - DISTRICT 4

JOHN P. BORDERS, JR., COUNTY ADMINISTRATOR  
MARGIE A. HOUCK, EXECUTIVE ASSISTANT TO COUNTY COMMISSIONERS

EREN L. ROSE, CPA  
CHIEF ACCOUNTING OFFICER

MARIE K. LANGE  
CHIEF TREASURY OFFICER

March 6, 2009

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

## **Formal transmittal of the Comprehensive Annual Financial Report**

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, 2008.

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 GAAP. Because the cost of internal controls should not outweigh their benefits, Queen Anne's County's comprehensive framework on 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 Clifton Gunderson LLP, a firm of licensed certified public accountants. The goal of the independent audit is to provide reasonable assurance that the financial statements of Queen Anne's County, for the fiscal year ended June 30, 2008, 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 unqualified opinion that Queen Anne's County's financial statements for the fiscal year ended June 30, 2008, 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 require that management provide a narrative introduction, overview, and analysis (MD&A). This letter of transmittal is designed to complement 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 47,886 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. The Board operates under the Code of Local Laws of Queen Anne's County. 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, sanitation, 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, and certain recreational facilities as Enterprise Funds.

The appropriated budget is prepared by fund, function (e.g. public safety), and department (e.g. detention center). Department heads may make transfers of appropriations within a department of up to \$10,000 with the approval of the County Administrator. Transfers of appropriations or appropriation of new revenues in excess of \$10,000 require the approval of the County Commissioners. Budget to actual comparisons are provided in this report for individual governmental funds for which an appropriated annual budget has been adopted. The budget comparisons for the general fund and major special revenue funds are presented on pages 97 to 98 as part of the Required Supplementary Information portion of this report. For the General Fund, on a departmental level, and for non-major funds with appropriated annual budgets, budget to actual comparisons are presented in the Supplementary Information subsection of this report on pages 102 to 105; on pages 118 to 121; on page 128; and on pages 160 to 161.

### **Information Useful in Assessing the Government's Economic 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.

Local Economy. Queen Anne's County currently enjoys a stable economic environment and local indicators point to continued stability. The local employment base is somewhat limited and centers on the maritime industry, services, agriculture, and retail trade. Nearly 70% of the workforce commutes to locations outside the County, primarily to higher paying jobs in the Baltimore/Washington area. Three of the five 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. Housing demand and prices are relatively flat compared to prior years. Unemployment is typically below the state and national averages. The June 2008 rate for the County was 4.0% compared to the state's rate of 4.2% and the U.S.'s rate of 5.6%. The 2008 average rate for the county was 3.7%.

Long Term Financial Planning. The County Commissioner's six-year capital program, starting with fiscal year 2009, is set up to meet numerous pressing needs. The six-year program includes: \$97.6 million for construction and renovation of various school facilities; \$39.5 million for the Southern Kent Island sewer service; \$22.0 million for the Southern Kent Island water service; \$17.0 million for construction of new and expanded facilities for the Detention Center; \$15.0 million for a new circuit courthouse; and \$7.3 million for the Bay Bridge Airport. Offsetting two thirds of these project expenses, grants and other non-operating, non-debt resources are anticipated: \$54.8 million for the school construction and renovation; \$39.5 million for the sewer service; \$22.0 million for the water service; \$8.0 million for the Detention Center facilities; and \$7.1 million for the Airport.

Construction of a new wastewater treatment plant is complete. This facility is designed to improve the quality of the treated wastewater as well as provide expanded capacity for existing communities without sewer service. The construction of the plant was financed through a loan from the Maryland Water Quality Revolving Loan Fund. Repayment of the loan will be from connection fees, benefit assessments, and user fees.

Cash Management Policies and Practices. Cash held temporarily idle during the year by the County, excluding component units, was invested in the Maryland Local Government Investment Pool (MLGIP). At June 30, 2008, \$44,339,783 was invested in the pool.

The average yield on MLGIP investments was 3.95%, with a total amount earned in all governmental fund types of \$2,128,509. Of this amount, \$1,174,877 was credited to the General Fund of the County and used to pay current expenditures.

The County has a written investment policy that insures that the security of County investments is maximized.

Insurance/Risk Management. Queen Anne's County is a charter member of the Maryland Local Government Insurance Trust (LGIT). The trust is a public entity risk pool, which is owned and directed by the local governments that subscribe to its coverage, and operates under the terms of a Trust Agreement. The County obtains property, general, excess, and vehicle coverage from the Trust and pays LGIT an annual premium. Claims are processed and recoveries are subject to deductibles and to annual aggregate/per occurrence dollar limits.

The County obtains worker's compensation insurance through a commercial insurance company. Employee medical coverage is provided through a self-insurance group operated by the Eastern Shore of Maryland Educational Consortium.

Pension and Other Post Employment Benefits. The employees of the County are covered by the Employee's Pension System or the Law Enforcement Officers Pension System, which are cost-sharing multiple employer pension systems. The Pension System of Maryland administers these pension plans. The State Personnel and Pension Article of the Annotated Code of Maryland specifies all plan benefits to plan members. Additional information on the plans can be found in Note 12 of the notes to the financial statements.

The County provides access to medical insurance benefits to retirees who retire from County service in accordance with County policy. Retirees with at least fifteen years of continuous County service may qualify for membership in the County's retiree group medical plan(s) at a reduced rate; those with less than fifteen years service may remain in this plan if they pay the full rate. Full time employees who retire may also insure their spouses. Retirees pay between 10% and 100% of the full premium equivalent cost based upon their years of County service at retirement. The County's subsidies are financed on a pay-as-you-go basis. Additional information can be found in Note 14 of the notes to the financial statements.

### **Awards and Acknowledgements**

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, 2007. 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 nine consecutive years (fiscal years 1999-2007). 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 Eren L. Rose for her dedication and professionalism in the preparation of Queen Anne's County financial statements.

Respectfully submitted,



John P. Borders, Jr., CPA  
County Administrator

# 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, 2007

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



A handwritten signature in black ink, appearing to read "M. L. Post".

President

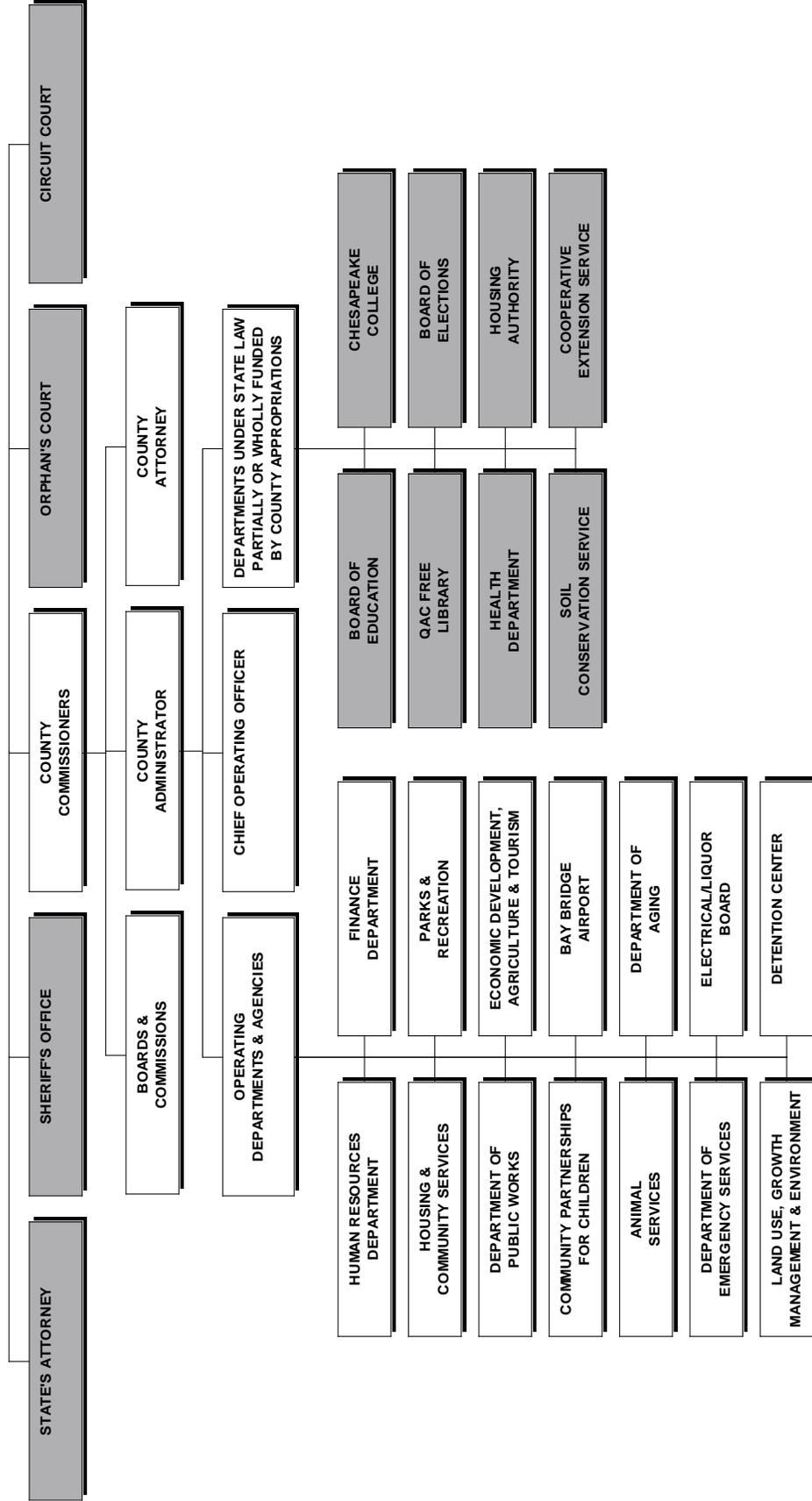
A handwritten signature in black ink, appearing to read "Jeffrey R. Emer".

Executive Director

# QUEEN ANNE'S COUNTY GOVERNMENT ORGANIZATION CHART

DEPARTMENTS AND AGENCIES SHOWN IN GRAY BOXES ARE NOT UNDER THE CONTROL OR SUPERVISION OF QUEEN ANNE'S COUNTY GOVERNMENT BUT ARE PARTIALLY OR WHOLLY FUNDED BY COUNTY APPROPRIATIONS UNDER STATE LAW.

## QUEEN ANNE'S COUNTY VOTERS



**QUEEN ANNE'S COUNTY, MARYLAND  
GOVERNMENTAL ORGANIZATION  
CERTAIN ELECTED AND OTHER OFFICIALS  
AS OF JUNE 30, 2008**

---

**CERTAIN ELECTED OFFICIALS \***

County Commissioners	Eric S. Wargotz, M.D., At Large Courtney M. Billups, District 1 Paul L. Gunther, District 2 Gene M. Ransom, III, District 3 Carol R. Fordonski, District 4
State's Attorney	Lance G. Richardson
Sheriff	Raymond G. Hofmann

\* As of January 6, 2009.

**CERTAIN DEPARTMENT HEADS AND OTHER OFFICIALS \*\***

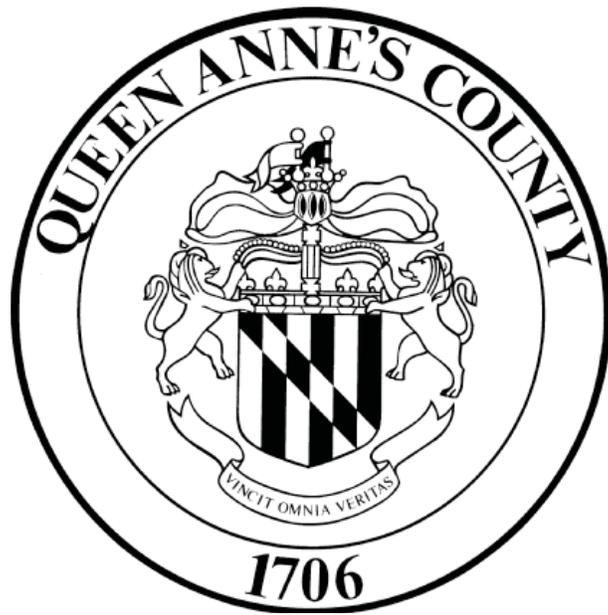
County Administrator	John P. Borders, Jr., CPA
Chief Operating Officer	Gregg A. Todd
Director of Public Works	Todd R. Mohn
Director of Economic Development, Agriculture, and Tourism	Faith E. Rossing
Chief of Land Use and Zoning	J. Steve Cohoon
Chief of Community and Environmental Planning	Helen M. Spinelli
Chief Accounting Officer	Eren L. Rose, CPA
Chief Treasury Officer	Marie K. Lange
County Attorney	Patrick E. Thompson, Esq.

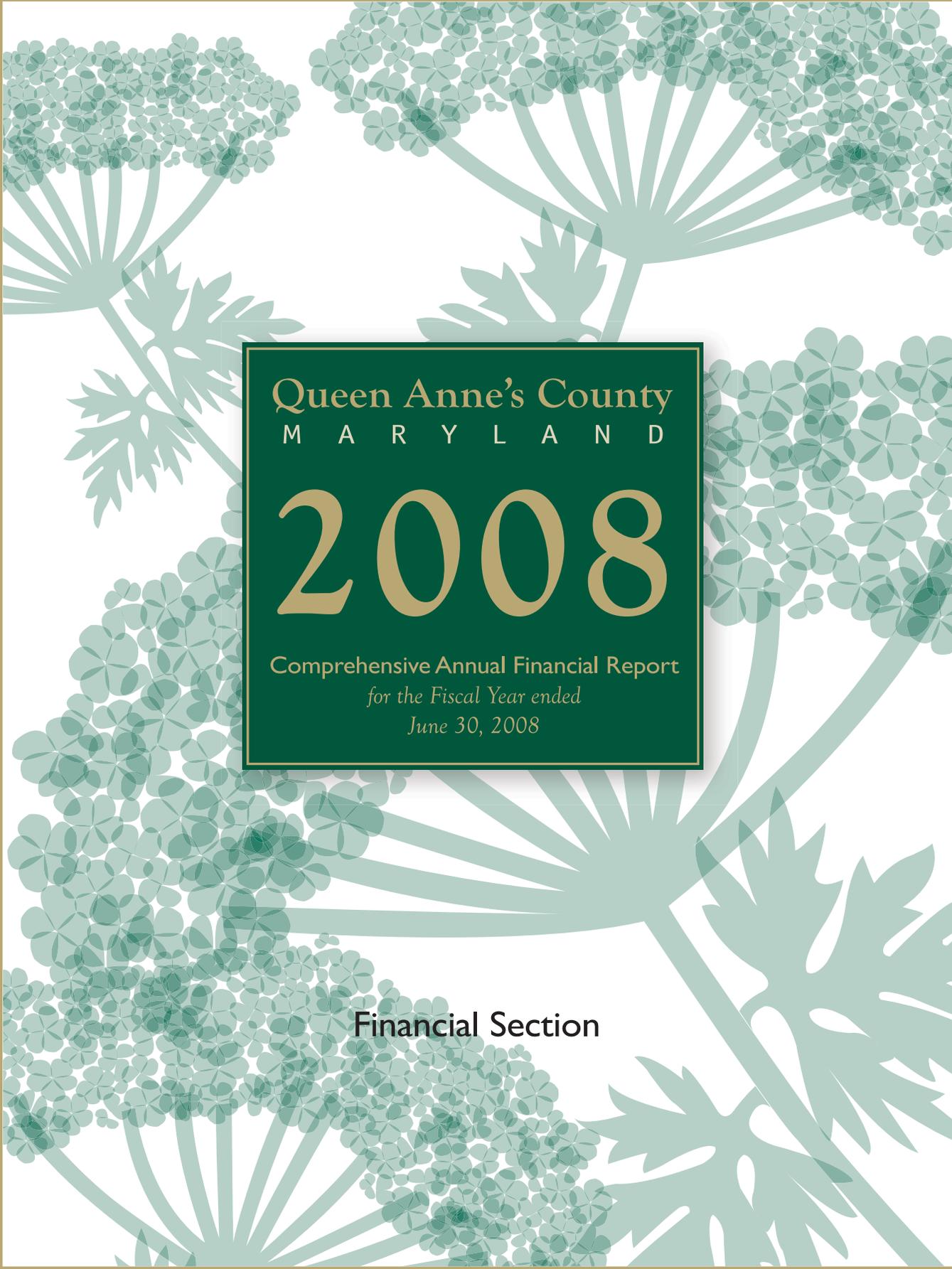
**Independent Auditor**  
Clifton Gunderson LLP  
Certified Public Accountants  
Timonium, Maryland

**Bond Counsel**  
McKennon, Shelton  
& Henn, LLP  
Baltimore, Maryland

**Financial Advisor**  
Public Advisory Consultants  
Baltimore, Maryland

\*\* As of November 13, 2008.





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

2008

Comprehensive Annual Financial Report  
*for the Fiscal Year ended  
June 30, 2008*

Financial Section



## Independent Auditor's Report

The Board of Commissioners  
of Queen Anne's County, Maryland  
Centreville, Maryland

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, 2008, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the County's management. Our responsibility is to express an opinion 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 financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion, insofar as it relates to the amounts included for the above mentioned component units, is based solely on 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that, our audit and the reports of other auditors provide a reasonable basis for our opinion.

In our opinion, based on our audit and the reports of 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 the County as of June 30, 2008, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 6, 2009, 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis and Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – General Fund and Roads Board Special Revenue Fund as referenced in the table of contents are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The accompanying supplementary information, such as the introductory section, combining statements and schedules, as listed in the table of contents, and statistical tables, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining statements and schedules have been subjected to the auditing procedures applied by us and other auditors in the audit of the basic financial statements and, in our opinion, based on our audit and the report of other auditors, are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole. The introductory section and statistical tables listed in the table of contents have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

*Clifton Gunderson LLP*

Baltimore, Maryland  
March 6, 2009

# Management's Discussion and Analysis

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, 2008. We encourage readers to use the information presented here in conjunction with the accompanying letter of transmittal, the basic financial statements and the accompanying notes to those 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 assets* presents information on all of Queen Anne's County Government's assets and liabilities, with the difference between the two reported as *net assets*. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position and condition of Queen Anne's County Government is improving or deteriorating.

The *statement of activities* presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets 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, parks and recreation, 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, public marinas, parks and various recreational facilities.

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 component units: Queen Anne's County Board of Education, Queen Anne's County Free Library, and the Queen Anne's County Public Housing Authority. Financial information for these *component units* is reported separately from the

financial information presented for the primary government itself. The government-wide financial statements can be found on pages 30 to 33 of this report.

**Fund Financial Statements:** A *fund* is a group of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Queen Anne's County Government, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of Queen Anne's County Government can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds. Fund financial statements can be found throughout this report, with basic statements found on pages 34 to 49.

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

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near term financing decisions. Both the balance sheet for governmental funds 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.

Queen Anne's County maintains three types of governmental funds: the general fund, a variety of special revenue funds, and five capital projects 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 three types of governmental funds.

Queen Anne's County adopts an annual appropriated budget for its general fund; school and fire impact fee capital projects funds; and the following special revenue funds: roads board, department of aging, housing and community services, community partnerships for children, dredging special assessments, Kent Narrows, inmate welfare, and agricultural transfer. A budgetary comparison statement has been provided for each of these funds, which can be found on pages 97 to 98; 102 to 105; 118 to 121; 128; and 160 to 161 of this report.

**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, marinas, parks, and other recreational facilities. The basic proprietary fund financial statements can be found on pages 42 to 47 of this report, as well as non-major statements on pages 132 to 137.

**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 one trust and six agency funds. The accounting used for fiduciary funds is much like that used for proprietary funds. The basic fiduciary fund financial statements can be found on pages 48 to 49 of this report, while further detail can be found on pages 141 to 143.

**Notes to the financial statements:** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 50 to 94 of this report.

## Government-wide Financial Analysis

### Statement of Net Assets

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

Summary of Net Assets	Governmental Activities		Business Type Activities		Total	
	2008	2007	2008	2007	2008	2007
Current and Other Assets	\$ 71,853,636	\$ 88,467,348	\$ 24,681,001	\$ 26,507,305	\$ 96,534,637	\$ 114,974,653
Capital Assets	132,874,886	121,351,951	101,870,541	100,998,644	234,745,427	222,350,595
Total Assets	204,728,522	209,819,299	126,551,542	127,505,949	331,280,064	337,325,248
Noncurrent liabilities	72,632,089	77,235,030	25,249,167	27,190,411	97,881,256	104,425,441
Other liabilities	13,963,945	14,655,252	5,788,592	6,718,141	19,752,537	21,373,393
Total Liabilities	86,596,034	91,890,282	31,037,759	33,908,552	117,633,793	125,798,834
Net assets:						
Invested in capital assets, net of related debt	117,831,360	105,449,706	77,237,512	74,463,912	195,068,872	179,913,618
Restricted	15,376,330	18,012,695	18,276,271	19,133,485	33,652,601	37,146,180
Unrestricted	(15,075,202)	(5,533,384)	-	-	(15,075,202)	(5,533,384)
Total Net Assets	\$ 118,132,488	\$ 117,929,017	\$ 95,513,783	\$ 93,597,397	\$ 213,646,271	\$ 211,526,414

The County's total current and other assets decreased by \$18.4 million, or 16.0 percent, to \$96.5 million. The County's assets exceeded its liabilities at the close of fiscal year 2008 by \$213.6 million. Net assets are divided into three categories: invested in capital assets (net of related debt); restricted net assets; and unrestricted net assets.

By far, the largest portion, \$195.1 million, of the County's total net assets 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 only if the local Board determines a building is no longer needed for educational purposes. Therefore, while the County's financial statements include this outstanding debt, they do not include the capital assets funded by the debt. Debt outstanding for the Board of Education amounted to \$53.8 million at June 30, 2008. Absent the effect of this relationship, the County would have reported positive unrestricted net assets of \$38.7 million on its government-wide financial statements, rather than the negative unrestricted net assets of \$15.1 million reported herein.

An additional portion of the County's total net assets, \$33.7 million or 15.8 percent, represents resources that are subject to restrictions on how they may be used. This amount includes \$7.1 million in net assets restricted for contingency/revenue stabilization during periods of economic downturn (general fund); \$2.9 million restricted per loan receivable requirements (housing, dredging special assessments, and revolving loan funds); \$2.1 million restricted per grantor and state-shared tax requirements (critical areas and agriculture transfer tax); \$1.6 million for unspent Federal confiscated funds; \$1.0 million of 2006 bond proceeds restricted by bond covenants to be

used for specific capital projects (general capital projects fund); and the balance restricted according to donor and/or grantor specifications.

At the end of the current fiscal year, Queen Anne's County Government is able to report positive balances in two out of three categories of net assets, both for the government as a whole, as well as for its separate governmental and business-type activities.

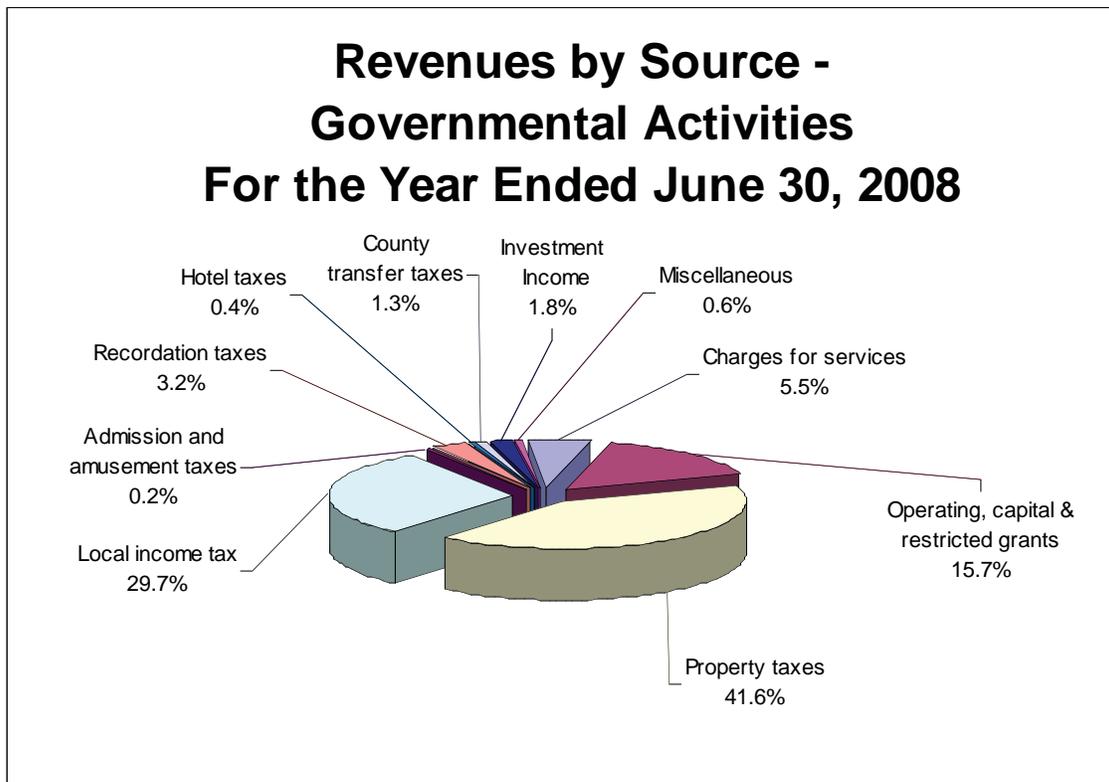
## Statement of Activities

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

Summary of Changes in Net Assets	Governmental Activities		Business Type Activities		Total	
	2008	2007	2008	2007	2008	2007
<b>Revenues:</b>						
<b>Program revenues:</b>						
Charges for services	\$ 6,700,093	\$ 4,941,688	\$ 9,626,951	\$ 13,891,253	\$ 16,327,044	\$ 18,832,941
Operating grants and contributions	11,325,892	10,571,798	59,663	1,373,108	11,385,555	11,944,906
Capital grants and contributions	7,583,786	6,651,723	3,063,206	5,827,613	10,646,992	12,479,336
<b>General revenues:</b>						
Property taxes	50,021,587	46,185,050	-	-	50,021,587	46,185,050
Local income tax	35,700,111	35,346,494	-	-	35,700,111	35,346,494
Other local taxes						
Admission and amusement taxes	223,233	285,768	-	-	223,233	285,768
Recordation taxes	3,825,394	6,039,956	-	-	3,825,394	6,039,956
Hotel taxes	503,979	511,153	-	-	503,979	511,153
County transfer taxes	1,578,912	2,542,428	-	-	1,578,912	2,542,428
Investment income	2,128,509	3,162,830	875,509	956,687	3,004,018	4,119,517
Gain on sale of capital assets	-	13,605	-	4,691	-	18,296
Miscellaneous	721,946	1,928,398	919,828	876,714	1,641,774	2,805,112
<b>Total Revenues</b>	<b>120,313,442</b>	<b>118,180,891</b>	<b>14,545,157</b>	<b>22,930,066</b>	<b>134,858,599</b>	<b>141,110,957</b>
<b>Expenses:</b>						
<b>Governmental Activities:</b>						
General government	11,167,743	9,854,468	-	-	11,167,743	9,854,468
Public safety	20,721,185	19,149,388	-	-	20,721,185	19,149,388
Public works	10,420,547	9,913,917	-	-	10,420,547	9,913,917
Health	1,441,143	1,450,866	-	-	1,441,143	1,450,866
Social services	4,978,883	4,474,784	-	-	4,978,883	4,474,784
Education	58,034,317	56,118,585	-	-	58,034,317	56,118,585
Parks and recreation	3,330,087	3,158,455	-	-	3,330,087	3,158,455
Libraries	1,270,718	1,266,183	-	-	1,270,718	1,266,183
Conservation of natural resources	2,172,443	497,926	-	-	2,172,443	497,926
Econ and Comm development	3,527,908	3,258,876	-	-	3,527,908	3,258,876
Interest and fiscal charges	3,033,416	2,864,493	-	-	3,033,416	2,864,493
<b>Business-type Activities:</b>						
Water and sewer	-	-	9,621,784	7,802,798	9,621,784	7,802,798
Parks and recreation	-	-	2,179,157	3,273,986	2,179,157	3,273,986
Public marinas	-	-	27,344	57,372	27,344	57,372
Airport	-	-	812,067	674,337	812,067	674,337
<b>Total Expenses</b>	<b>120,098,390</b>	<b>112,007,941</b>	<b>12,640,352</b>	<b>11,808,493</b>	<b>132,738,742</b>	<b>123,816,434</b>
Increase in Net Assets before Transfers	215,052	6,172,950	1,904,805	11,121,573	2,119,857	17,294,523
Transfers in (out)	(11,581)	(1,070,297)	11,581	1,070,297	-	-
<b>Increase in Net Assets</b>	<b>203,471</b>	<b>5,102,653</b>	<b>1,916,386</b>	<b>12,191,870</b>	<b>2,119,857</b>	<b>17,294,523</b>
Net Assets - Beginning of Year	117,929,017	112,826,364	93,597,397	81,405,527	211,526,414	194,231,891
<b>Net Assets - End of Year</b>	<b>\$ 118,132,488</b>	<b>\$ 117,929,017</b>	<b>\$ 95,513,783</b>	<b>\$ 93,597,397</b>	<b>\$ 213,646,271</b>	<b>\$ 211,526,414</b>

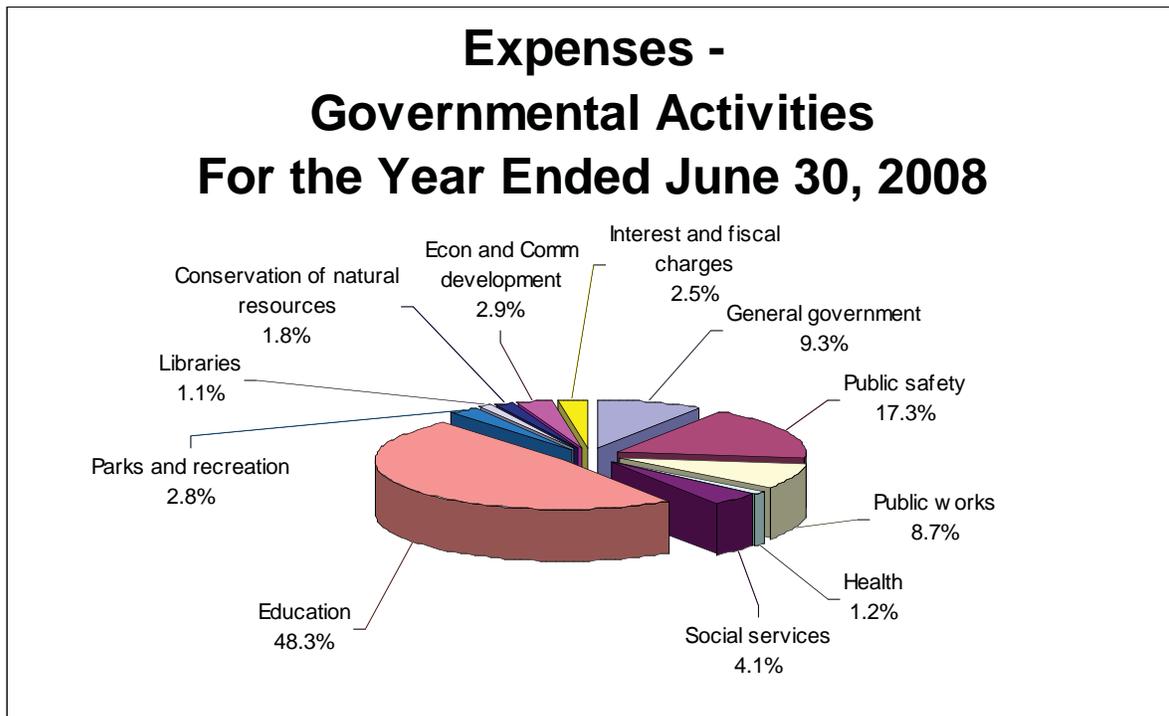
**Governmental activities:**

Revenues for governmental activities were \$120.3 million for fiscal year 2008. The following chart depicts revenues by source for governmental activities:



- Taxes comprise the largest source of County revenue, totaling \$91.9 million or 76.4 percent of total revenue for fiscal year 2008. Of that amount, property and local income tax together yielded \$85.7 million or 71.3 percent of all revenue. Each County sets its own property and income tax rates, within parameters established by the State. For fiscal years 2008 and 2007, the County's property tax rate dropped slightly to \$.770 per \$100 of assessed value of real property, based on full cash value of that property, from \$.800 in the prior fiscal year. The County's local income tax rate remained at 2.85 percent of the State taxable income for calendar years 2008 and 2007. There is no local sales tax in the State of Maryland.
- Operating grants and contributions, totaling \$11.3 million, primarily reflect grants from Federal and State agencies. Of these revenues, most support specific County programs: public works and roads (\$6.3 million or 55.7 percent), social services (\$2.9 million or 25.7 percent), and public safety (\$1.3 million or 11.1 percent).
- Capital grants and contributions, totaling \$7.6 million, reflect contributions from Federal and State agencies as well as developers. These revenues primarily support parks and recreation programs (\$5.7 million or 74.7 percent), with smaller amounts supporting general government (\$760 thousand or 10.0 percent), social services (\$610 thousand or 8.1 percent) and public works and roads (\$540 thousand or 7.2 percent). Note that, of these amounts, developers contributed land and roads infrastructure valued at \$665 thousand and \$491 thousand, respectively.

Costs for all governmental activities were \$120.1 million for fiscal year 2008. 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 \$58.0 million (48.3 percent). In order of priority, public safety expenses totaled \$20.7 million (17.3 percent); general government expenses were \$11.2 million (9.3 percent); public works and roads expenses were \$10.4 million (8.7 percent); social services expenses totaled \$5.0 million (4.1 percent); economic and community development expenses were \$3.5 million (2.9 percent); parks and recreation expenses were \$3.3 million (2.8 percent); and other expenses were \$8.0 million (6.6 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	
	2008	2007	2008	2007	2008	2007
Education	\$ 58,034,317	\$ 56,118,585	\$ 1,011,013	\$ 963,216	\$ (57,023,304)	\$ (55,155,369)
Public Safety	20,721,185	19,149,388	4,422,872	3,170,062	(16,298,313)	(15,979,326)
General Government	11,167,743	9,854,468	2,101,244	1,510,149	(9,066,499)	(8,344,319)
Public Works	10,420,547	9,913,917	7,864,175	8,282,823	(2,556,372)	(1,631,094)
Social Services	4,978,883	4,474,784	3,589,641	2,836,196	(1,389,242)	(1,638,588)
Economic and Community Development	3,527,908	3,258,876	168,494	124,337	(3,359,414)	(3,134,539)
Parks and Recreation	3,330,087	3,158,455	6,041,080	4,580,325	2,710,993	1,421,870
Other	7,917,720	6,079,468	411,252	698,101	(7,506,468)	(5,381,367)
<b>Total</b>	<b>\$ 120,098,390</b>	<b>\$ 112,007,941</b>	<b>\$ 25,609,771</b>	<b>\$ 22,165,209</b>	<b>\$ (94,488,619)</b>	<b>\$ (89,842,732)</b>

Of the total cost of \$120.1 million for governmental activities, \$25.6 million, or 21.3 percent, of those costs were covered by program-related revenues paid by individuals and external governmental entities. Individuals who benefited directly from County programs were charged user fees of \$6.7 million, while governments and other organizations that benefited indirectly from these programs contributed operating grants of \$11.3 million and capital grants of \$7.6 million.

County taxpayers paid for most of the remaining \$94.5 million in net program costs, through a variety of County taxes (\$91.9 million). Net costs of services provided to the public, in order of net cost, were: \$57.0 million for education; \$16.3 million for public safety; \$9.1 million for general government; \$3.4 million for economic and community development; \$2.5 million for public works; \$1.4 million for social services; and \$7.5 million for other services. Parks and recreation had program revenues in excess of expenditures by \$2.7 million. See Changes in Net Assets and General Fund Budgetary Highlights for further details.

Changes in net assets: Governmental activities increased the County's net assets overall by \$203,471, compared to an increase of \$5,102,653 in the prior fiscal year.

Net Revenues increased by \$2.1 million (1.8 percent): Key governmental revenue changes, compared to last year, are:

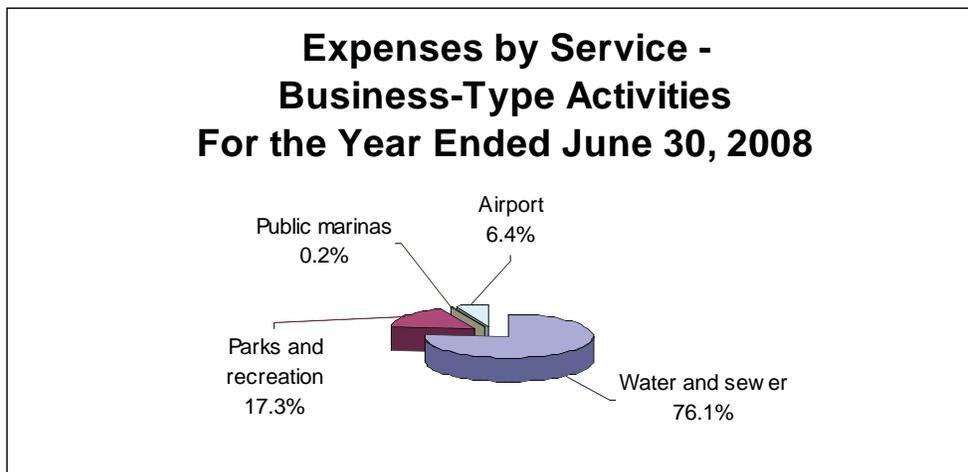
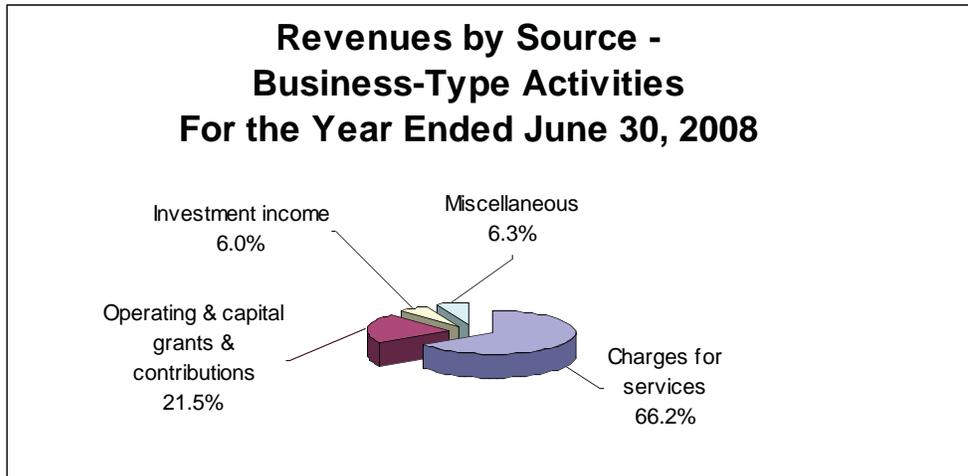
- Property tax revenue increased by \$3.8 million or an 8.3 percent increase. This gain was mostly offset by a decrease in recordation and county transfer taxes of \$2.2 million (36.7 percent decrease) and \$1.0 million (37.9 percent decrease), respectively. Taken as a whole, property, recordation and county transfer taxes increased by only \$660 thousand. These relatively flat real estate-related tax revenues reflect a stagnant housing market, which is contrary to much of the County's past history. Over the last ten years, the County issued commercial and residential permits for a variety of reasons, mostly relating to sales, construction and renovation of real estate. The number of such permits has dropped from the following highs to 2008 lows, as follows: 295 commercial permits were issued in fiscal year 2004, while only 23 such permits were issued in fiscal year 2008; and 1,040 residential permits were issued in fiscal year 2003, while only 677 such permits were issued in fiscal year 2008. See Statistics Table 17 in this document for details.
- Local income tax revenues remained virtually flat, increasing by only \$350 thousand or a 1.0 percent increase. Flat income tax revenue is another indication that the County is not immune to the current economic recession.
- Program revenue increased by \$3.4 million (15.5 percent), of which \$1.6 million related to Federal confiscated funds received by the Sheriff's Department. The remaining increase of \$1.8 million was driven almost entirely by increased operating and capital grants, which were offset by corresponding expenses.
- Investment income decreased by \$1.0 million (32.7 percent), reflecting the change in cash on hand from fiscal year 2007 to fiscal year 2008 as well as lower interest rates. Cash decreased by \$14.4 million, from \$60.0 million at the end of fiscal year 2007 to \$45.6 million at the end of fiscal year 2008. This occurred because the County (1) repaid debt of \$4.7 million, net of new debt and reimbursements; and (2) invested \$5.7 million in land, \$6.2 million in other capital projects, and \$1.3 million in routine capital outlay. Moreover, the average daily rate of interest earned on County investments in the MLGIP decreased throughout the fiscal year, from 5.19% at June 30, 2007 to 2.35% at June 30, 2008. This rate fell more sharply during the last five months.

Expenses increased by \$8.1 million (7.2 percent) and transfers out decreased by \$1.1 million, for a net change in expenses of \$7.0 million: Key governmental expense changes, in order of magnitude, are:

- Education expenses increased by \$1.9 million (3.4 percent). This increase reflected an operating increase of \$4.0 million to the Board of Education and \$100 thousand to the local Community College. These *allocations* were offset by decreased capital project expenses of \$2.2 million. During fiscal year 2008, the County's appropriation on behalf of education totaled \$58.1 million, of which \$45.6 million was committed to operating the schools (\$43.9 million) and the college (\$1.7 million). Another \$12.5 million funded construction and other capital projects on behalf of the schools (\$12.2 million) and the College (\$300 thousand).
- Conservation of Natural Resources expenses increased by \$1.7 million (336.0 percent). This change resulted from one-time dredging costs for Grove Creek (\$510 thousand), which is funded by a loan from the Department of Natural Resources to be repaid from benefit assessments, as well as payments to land owners to buy development easements (\$1.1 million), which is virtually all funded with state-shared Agricultural Transfer tax that can be used in no other manner.
- Public Safety expenses increased by a net of \$1.6 million (8.2 percent), which was funded entirely by the County. Although overall *personnel* costs increased by \$2.0 million from fiscal year 2007 to 2008, Emergency Services' *personnel* costs increased by the largest amount (\$1.2 million or 60.0 percent). This was primarily because it received authorization to hire a number of new positions at the end of the prior fiscal year, to be fully-funded during the current fiscal year. In addition, the County *allocation* to the Volunteer Fire Companies increased by \$300 thousand, while distributions of fire impact fees to the fire companies decreased by \$1 million as impact fee requirements had not been met for additional distributions. See General Fund Budgetary Highlights in this MD&A for details.
- General Government expenses increased by \$1.3 million (13.3 percent). Of this amount, *personnel* costs increased by \$600 thousand (11.4 percent), most of which related to routine changes in personnel and benefit costs. However, certain departments sustained significant re-allocations of existing staff and/or changes in compensation. (1) Legislative *personnel* costs increased by \$160 thousand (44.8 percent) because two existing positions were re-assigned from other departments to the Public Information Office to expand production of original content for the County's TV channel. (2) State's Attorney's Office *personnel* costs increased by \$170 thousand (18.6 percent) primarily because certain key personnel were given additional compensation in response to increased workload and responsibility. (3) County Administrator's Office *personnel* costs increased by \$80 thousand (30.7 percent) because the new County Administrator retained certain financial responsibilities from his previous tenure as Finance Director. Therefore, a new position of Chief Operating Officer was created and existing staff was promoted to assist with global projects, land purchases, and similar issues. Of the total expense increase for General Government, *operating* costs increased by \$530 thousand (19.2 percent), most of which related to routine cost fluctuations. However, the Board of Election Office's *operating* costs increased by \$170 thousand (66.3 percent) due to changes in election equipment, mandated by the State of Maryland, and in voter registration software, mandated by the Federal government. In addition, General Services' *operating* costs increased by \$150 thousand (13.6 percent) due to increased costs for: contracted repairs and maintenance services (\$100 thousand); gasoline to run departmental vehicles (\$11 thousand); and energy to heat and electrify buildings and properties (\$16 thousand and \$20 thousand, respectively).

**Business-type activities:**

Revenues and expenses for business-type activities were \$14.5 million and \$12.6 million, respectively, for fiscal year 2008. The following two charts depict revenues by source and expenses by service for business-type activities:



Business-type activities increased the County's net assets by \$1.9 million in fiscal year 2008, which was dramatically less than the prior year's increase of \$12.2 million. The fiscal year 2008 change in net assets resulted primarily from:

- Charges for services decreased by \$4.3 million (30.7 percent), from \$13.9 million to \$9.6 million. This change was almost exclusively due to reduced demand for sewer allocations, compared to the prior fiscal year. During fiscal year 2008, the County completed a new sewer treatment plant, which was expanded from 2 to 3 million gallons per day of capacity, as well as five additional miles of sewer and water lines. Allocations of sewer plant capacity were exceptionally high in fiscal year 2007 (\$5.1 million due to two large new residential developments), but dropped to \$890 thousand in fiscal year 2008. These allocations are one-time revenues to the Sanitary District's restricted fund. In addition, during fiscal year 2008, the County began the process to contract two separate, but related, studies; those studies were awarded in fiscal year 2009. One study focuses on how the County could provide sewer service to over 1,500 existing

homes with failing septic systems using the sewer treatment plant's expanded capacity (Southern Kent Island Sanitary Project), while the other study will recommend a new sewer and water rate schedule to ensure that the rates established will provide sufficient revenue to cover anticipated operating and maintenance expenses, debt service on the wastewater treatment plant and other system improvements.

- Operating grants decreased by \$1.3 million (95.7 percent), due to completion of the prior year's Kent Narrows dredging project and its associated operating grant in Public Landings.
- Capital grants decreased by \$2.8 million (47.4 percent), but still added over \$3.1 million to funding. The decrease in funding resulted from \$2.0 million less for sewer construction, since the treatment plant was now operational; \$500 thousand less for water capital items; and \$280 thousand less for airport capital projects.
- Operating expenses before transfers increased by \$830 thousand, from \$11.8 million to \$12.6 million, for all business-type activities. This change is comprised of several conflicting dynamics. (1) Sewer and Water costs increased by \$1.8 million or 23.3 percent, which was a one-time loss on disposal of capital assets relating to commission of the new treatment plant. (2) Airport operational costs increased by \$140 thousand. This increase was almost entirely due to increased costs for aviation fuel (\$133 thousand) and was more than offset by increased revenue from sale of materials (\$155 thousand). Net Income before contributions and transfers improved by \$74 thousand. (3) Public Landings' changed from fiscal year 2007 *transfers in* of \$660 thousand to fiscal year 2008 *transfers out* of \$580 thousand, for a net change of \$1.2 million. The former transaction was a *transfer in* from the General Fund to cover Kent Narrows dredging costs until grant funding could be secured, while the latter was a *transfer out* to reimburse the General Fund because State dredging grant funds were received during fiscal year 2008. (4) Property Management changed from fiscal year 2007 *transfers in* of \$150 thousand to fiscal year 2008 *transfers out* of \$250 thousand, for a net change of \$400 thousand. The former transaction consisted of a *transfer in* from the General Fund (\$27 thousand) to cover Board of Education grounds keeping costs, plus another *transfer in* from the General Capital Projects Fund (\$127 thousand) to cover Matapeake Club House water and sewer costs. The latter was a *transfer out* from Property Management to the Sanitary District Sewer and Water Funds (\$177 thousand and \$71 thousand, respectively) to cover infrastructure constructed as part of the Matapeake Club House capital project.

### **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, *unreserved 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 \$46.2 million, compared to \$63.1 million for the prior year. Approximately 33.5 percent of this total (\$15.5 million) constitutes *unreserved undesignated fund balance*, which is available for spending at the government's discretion.

The *reserved fund balance*, at 55.5 percent of total fund balance (\$25.7 million), is not available for new spending because it has already been reserved for prior period commitments and legal restrictions. *Reserved fund balances* have been committed: (1) to liquidate contracts, purchase orders, and capital commitments of the prior period (\$9.8 million); (2) to cover loan receivable balances (\$2.9 million) and contingencies (\$7.1 million); (3) to restrict unspent 2006 Bond proceeds until they are used to fund specific general capital projects, per the terms of the 2006 Bond agreement (\$1.0 million); (4) to segregate Agriculture Transfer Tax collections that are legally committed to land preservation programs (\$2.0 million); (5) to restrict the unspent portion of Federal confiscated funds received (\$1.6 million); and (6) to earmark other monies for a variety of other specific purposes (\$1.3 million).

The remaining 11.0 percent of fund balance (\$5.1 million) constitutes *unreserved designated fund balances*. These amounts have been *designated for subsequent year's* operating and capital budgets (\$1.3 million and \$3.8 million, respectively) and are recorded in the County's budget documents as beginning resources to fund expenditures.

The General Fund is the chief operating fund of Queen Anne's County Government. At the end of the current fiscal year, the *unreserved undesignated fund balance* of the General Fund is \$2.7 million, which is available for spending, for a total fund balance of \$12.9 million. As a measure of the General Fund's liquidity, it may be useful to compare both *unreserved undesignated fund balance* and *total fund balance* to total General Fund expenditures and other financing uses (\$94.0 million plus 15.0 million = \$109.0 million). The *unreserved undesignated fund balance* of \$2.7 million represents 2.5 percent of the total General Fund expenditures and other financing uses, while *total fund balance* of \$12.9 million represents 11.9 percent of that same amount. Of this total fund balance, \$7.1 million has been set aside to cover unforeseen contingencies.

During the current fiscal year, the total fund balance of the government's General Fund decreased by \$9.5 million, compared to a small increase of \$1.3 million in total fund balance at the end of fiscal year 2007. This \$10.8 million net change was almost entirely due to increased spending of \$12.9 million (offset by \$1.6 million of unspent Federal confiscated funds received), as shown in the following table:

<u>Expenditures and Transfers Out</u>	General Fund		Increase (Decrease)
	2008	2007	
Expenditures			
Education	\$ 45,610,824	\$ 41,506,099	\$ 4,104,725
Public Safety	18,438,978	15,778,978	2,660,000
Debt Service	8,011,934	6,029,697	1,982,237
General Government	9,419,224	8,291,750	1,127,474
Other	12,460,910	12,469,384	(8,474)
Subtotal Expenditures	<u>93,941,870</u>	<u>84,075,908</u>	<u>9,865,962</u>
Other Financing Uses - Transfers Out to:			
General Capital Projects Fund	12,176,028	8,738,339	3,437,689
Department of Aging	1,663,342	1,415,938	247,404
Sanitary District - Water/Sewer/Admin	157,482	163,746	(6,264)
Agricultural Transfer Tax Fund	167,000	88,874	78,126
Other Funds	<u>868,676</u>	<u>1,559,467</u>	<u>(690,791)</u>
Subtotal Transfers Out	<u>15,032,528</u>	<u>11,966,364</u>	<u>3,066,164</u>
Total Expenditures and Transfers Out	<u>\$ 108,974,398</u>	<u>\$ 96,042,272</u>	<u>\$ 12,932,126</u>

In order of priority, the County increased *expenditures* in the General Fund by a total of \$9.9 million as follows: education (\$4.1 million); public safety (\$2.7 million); debt service (\$2.0 million); and general government (\$1.1 million). The County increased *transfers out* by a net of \$3.1 million, consisting almost exclusively of an increased *transfer out* from the General Fund to the General Capital Projects Fund of \$3.4 million.

Altogether, the General Fund spent and transferred \$12.9 million more in fiscal year 2008 than it did in fiscal year 2007. These outflows were offset by inflows of \$570 thousand that were *transferred in* to the General Fund from other funds, for a net change of \$12.5 million.

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

The General Capital Projects Fund is the capital projects fund for all governmental funds of Queen Anne's County Government except the Roads Board fund, which has its own capital projects fund so that Highway User revenues remain separate.

As of June 30, 2008, the General Capital Projects Fund has a total fund balance of \$19.1 million, of which \$10.0 million is reserved to meet capital commitments of the prior period, leaving an unrestricted balance of \$9.1 million. A total of \$12.2 million was transferred from the General Fund to the General Capital Projects Fund during fiscal year 2008, mostly to meet financing needs of specific capital projects.

***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.

The total unrestricted net assets of the Sanitary District Enterprise Funds at the end of the year amounted to \$14.6 million. The growth in total net assets for the Sanitary District, during fiscal year 2008, was \$2.4 million. This resulted primarily from increases in: State capital grants to expand and enhance the Sanitary District sewer facility plus developer-contributed sewer infrastructure (\$615 thousand and \$955 thousand, respectively) and developer-contributed water infrastructure (\$1.0 million).

The total unrestricted net assets of the Bay Bridge Airport Enterprise Fund at year end amounted to a deficit of \$730 thousand. However, total net assets increased during the year by \$209 thousand, compared to the prior year. This resulted predominantly from Federal capital grants (\$380 thousand) used to purchase and develop land adjacent to the airport. This purchase expanded the airport's perimeter, thereby improving safety and security of the area.

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 Highlights**

The final expenditure budget for the General Fund, including transfers out, increased during fiscal year 2008 by \$7.3 million when compared to the original budget. Major components of these appropriation increases are as follows:

- \$1.1 million for Public Safety operations, of which \$560 thousand was for Emergency Services; \$240 thousand was for the Sheriff's Office; \$170 thousand was for the Volunteer Fire Companies; and \$120 thousand was for the Detention Center. (1) Budget amendments increased Emergency Services' expenditures by \$560 thousand. The largest increase, of \$347 thousand, resulted from contractual commitments recorded as

encumbrances at the end of fiscal year 2007 and as budget amendments at the onset of fiscal year 2008. Since the original budget is adopted prior to the end of the previous fiscal year, these contractual commitments are unknown at that time and must be budgeted as amendments each year. Another \$145 thousand was added during the year in response to new grant revenues awarded during the year by the 911 Numbers Board to purchase office furniture and equipment. A final \$64 thousand was added, to augment salaries and benefit costs, which were offset by reductions in staff in other departments. (2) The Sheriff's Office budget was increased during the fiscal year by \$240 thousand. Of this amount, \$92 thousand reflects grants awarded in fiscal year 2008 to pay overtime and benefits for deputies to provide security for County school and community events. Another \$71 thousand reflects County funding for a deputy removed during the budget process, and determined later to be necessary. Another \$15 thousand utilizes proceeds of the sale of used vehicles and insurance claims received during fiscal year 2007 to provide new technology for mobile data units in fiscal year 2008. (3) The original budget for the County's base allocation to the Volunteer Fire Companies (\$1.7 million) is calculated as a percentage of the County's assessable base, as assessed by the State of Maryland prior to adoption of the County's original budget. However, there is an additional allocation to the Fire Companies that is calculated as a percentage of the County's mid-year assessable base, as assessed by the State about six months into the fiscal year. Because of the timing difference, this supplemental allocation (\$200 thousand) must be budgeted as an amendment, once the numbers become available. (4) The original budget for the Detention Center was increased by \$120 thousand during the year, primarily due to increased inmate hospital bills, most of which will be reimbursed by the State Department of Corrections, plus upgrading an emergency electric panel.

- \$5.9 million for *transfers out* from the General Fund to other Funds. (1) The General Fund transferred \$6.0 million to the General Capital Projects Fund to provide "pay-as-you-go" funding for capital projects. (2) The General Fund also transferred \$156 thousand to the Fire Impact Fee Funds. Impact Fees are collected from commercial and residential property buyers to help the County offset the costs of providing additional services as new growth places increased demand on existing services. To encourage development in areas designated as *growth* areas, the County discounts those fees for commercial and residential properties based on if the property meets criteria for *growth* or *non-growth*, resulting in 50% or 25% discounts, respectively. Each year, the County reimburses the Fire Impact Fee funds for the discounted amounts. Since the discounts are based on fees received during the year, the discounts are budgeted as amendments. (3) The General Fund originally budgeted to transfer \$580 thousand to the Sanitary District to reimburse it for debt service payments made on behalf of the County, plus debt service related to the plant upgrade. During the fiscal year 2008, the County determined that the latter transfer would not be needed and the transfer was reduced by \$280 thousand.

Actual revenues for the General Fund, including other financing sources and before appropriated fund balance were less than final budgetary estimates by \$665 thousand. Actual expenditures and other financing uses were less than final budgetary estimates by \$3.0 million.

The major differences between actual amounts spent and the final budgeted amounts are summarized as follows:

Revenues:

- Property tax revenue was \$1.2 million more than expected or 2.5 percent greater than budgeted. The County estimates property tax revenue using figures developed by the State of Maryland Assessment Office, which is based on properties existing at the beginning of the tax year and excludes new properties subdivided or otherwise created at the middle of the tax year. For fiscal year 2008, the half-year levy for new properties was

\$218 thousand, which was included in actual revenue but excluded from budgeted revenue. Absent the half-year levy, the variance would be only \$1.0 million or 2.1 percent greater than the amount budgeted.

- Recordation tax revenue was \$1.7 million less than expected or 30.5 percent less than budgeted. See the Statement of Activities – governmental changes in net assets, earlier in this report, for a discussion of recordation tax receipts.
- Fines and Forfeitures revenue was \$1.7 million higher than expected due to Federal confiscated funds that were received in the amount of \$1.6 million at the end of the year.
- Local income tax revenue was \$1.2 million less than expected or 3.4 percent less than budgeted, due to the current economic downturn.
- Investment income was less than estimates by \$775 thousand or 39.8 percent less than the estimated amount. This variance resulted from decreasing interest rates applied to a 33 percent decrease in cash on hand, as explained earlier in this MD&A.
- Miscellaneous revenue was \$416 thousand or 528.7 percent more than estimated. Of this amount, the County received \$240 thousand as a reimbursement for prior year workmen's compensation contributions. Based on annual audited wages, this reimbursement can be positive or negative, depending on circumstances for the particular year, therefore, the amount is not usually budgeted. Another \$144 thousand was received for rubble surcharge fees, which are reserved at year end to support the County's multi-year recycling effort, and as such, is not budgeted.

#### Expenditures:

- Final Budgeted Salaries and Benefits were \$26,108,522 for the year, while actual costs were \$24,263,991. They remained unspent at year-end by \$1.8 million or 7.1 percent. Of this amount, public safety was responsible for the majority of the unspent portion (\$1.0 million), while general government accounted for most of the rest (\$520 thousand). This was due to routine turnover and vacant positions, as well as a concerted effort to eliminate and/or reclassify top management positions.
- Final Budgeted Other Operating Charges were \$84,470,553 for the year, while actual costs were \$83,798,446. These costs were lower than budget at year end by \$672 thousand or 8.0 percent. Operating Charges include contracted services, supplies, debt service, transfers out, and other charges.
  - Contracted Services were underutilized by \$475 thousand, primarily in public safety (\$313 thousand) and general government (\$82 thousand). The largest savings were for: detention center medical fees (\$209 thousand); finance and legal departments' professional fees (\$34 thousand); emergency medical services data processing (\$25 thousand); and fire chiefs association monitoring costs (\$19 thousand).
  - Supplies were under spent by \$147 thousand, primarily in public works (\$59 thousand). The largest savings were for supplies related to solid waste equipment repairs.
  - Transfers Out were underutilized by \$59 thousand, mainly for the Department of Aging (\$33 thousand) and Community Partnership (\$20 thousand). These transfers did not take place because eligibility criteria were not met.

- Final Budgeted Capital Outlay was \$1,441,383 for the year, while actual costs were \$911,961. Capital outlay was unspent by \$529 thousand or 36.7 percent, mostly in public safety (\$251 thousand); general government (\$152 thousand); and public works (\$126 thousand) and for a variety of reasons relating to the specific items to be purchased.

### **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, 2008 amounts to \$234.7 million (net of accumulated depreciation). This investment in capital assets includes land and land improvements, construction in progress, buildings, improvements other than buildings, infrastructure, autos, machinery and equipment.

Capital asset activities are summarized as follows:

<u>Capital Assets, Net of Depreciation</u>	<u>Governmental Activities</u>		<u>Business Type Activities</u>		<u>Total</u>	
	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
Land and Land Improvements	\$ 78,661,539	\$ 71,555,216	\$ 14,012,881	\$ 14,012,881	\$ 92,674,420	\$ 85,568,097
Construction in Progress	10,070,812	7,617,927	2,072,670	33,236,130	12,143,482	40,854,057
Buildings	20,310,045	17,788,060	13,308,995	8,338,786	33,619,040	26,126,846
Improvements other than Buildings	4,005,066	3,955,638	3,931,371	2,412,734	7,936,437	6,368,372
Infrastructure	8,892,964	8,999,797	50,998,221	41,131,001	59,891,185	50,130,798
Auto, Machinery, and Equipment	10,934,460	11,435,313	17,546,403	1,867,112	28,480,863	13,302,425
Total	<u>\$ 132,874,886</u>	<u>\$ 121,351,951</u>	<u>\$ 101,870,541</u>	<u>\$ 100,998,644</u>	<u>\$ 234,745,427</u>	<u>\$ 222,350,595</u>

Queen Anne's County's total investment in capital assets for the current fiscal year increased by 5.6 percent, or \$12.4 million. Of this amount, governmental investment in capital assets increased by \$11.5 million, of which \$1.0 million related to general government land purchases; \$5.4 related to parkland purchases; \$2.5 million related to building purchases (primarily for social services and the general government); and construction in progress increased by \$2.5 million (mainly in public works). Business-type investment in capital assets increased by \$872 thousand. This amount included developer contributed infrastructure for the Sanitary District (\$2.0 million) offset by obsolete equipment retired from service when the new sewer treatment plant came on line (\$1.3 million). In addition, construction in progress for the Airport increased by \$402 thousand relating to the Northside Expansion project. The current year depreciation expense of \$1.8 million offset much of the purchases for the business-type capital assets.

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, loan, capital lease, and compensated absence obligations of \$97.9 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.

Debt activities are summarized as follows:

Bonded Debt, Loans, and Compensated Absences	Governmental Activities		Business Type Activities		Total	
	2008	2007	2008	2007	2008	2007
Bonds, Notes, Premiums and Deferred Debt Costs	\$ 70,663,063	\$ 75,527,109	\$ 25,005,991	\$ 26,947,733	\$ 95,669,054	\$ 102,474,842
Compensated Absences	1,969,026	1,707,921	243,176	242,678	2,212,202	1,950,599
Total Long-term Debt	<u>\$ 72,632,089</u>	<u>\$ 77,235,030</u>	<u>\$ 25,249,167</u>	<u>\$ 27,190,411</u>	<u>\$ 97,881,256</u>	<u>\$ 104,425,441</u>

Of this total debt, \$25.2 million is considered to be self-supported bonds and loans, e.g., they will be funded through various charges and assessments related to the operation of the various enterprise operations of the County. Of this debt, assets held by the Sanitary District Debt Service Fund total \$7.5 million and are restricted to payment of subsequent year debt service. See Note 10 on pages 84 to 86 for restricted assets and subsequent year debt service liability.

During the current fiscal year, the governmental activities’ total debt decreased by a net of \$4.6 million. The County repaid 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.

During the fiscal year, Queen Anne’s County Government maintained an “AA” rating from Fitch Rating Service and an “A1” rating from Moody’s Investors Service.

The public local laws of Queen Anne’s County limit the amount of general obligation debt to no more than \$8.0 million, unless authorized under specific legislation. Currently, approximately \$7.2 million of this authority is available. All other debt is authorized under specific legislation. Additional information on the computation of the legal debt margin can be found in Table 12 of the Statistical Section of this report.

**Economic Factors and Next Year’s Budget and Rates**

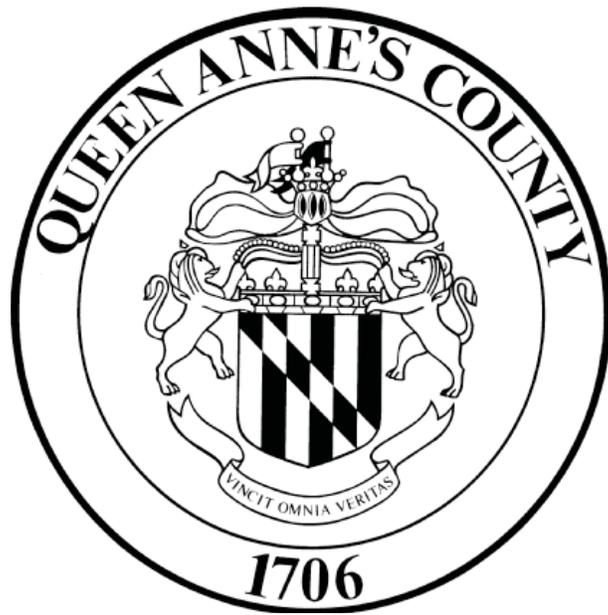
The following economic factors were considered in preparing Queen Anne’s County Government’s budget for the 2009 fiscal year:

- Property assessments are projected to grow by 7.6 percent over the previous year, based on State Assessment Office values used to compute the Constant Yield rate.
- For the 2009 fiscal year, the County Commissioners adopted a property tax rate of \$.770 per \$100 of assessed value of real property, based on full cash value of that property. This is the same rate used for the 2008 fiscal year.
- Growth in income tax revenue is expected to continue during the 2009 fiscal year, but at a slower rate.

- During budget deliberations, the County considered the following risk management options and incorporated them into the finished document to a limited degree:
  - Postponing capital projects based on cost/benefit considerations;
  - Using bond proceeds to fund capital projects in lieu of pay-as-you-go to preserve cash; and
  - Abolishing certain employee positions and re-assigning job duties.
  
- During fiscal year 2009, the County will implement GASB Statements No. 43, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, and No. 45, *Accounting and Financial Reporting By Employers for Postemployment Benefits Other Than Pensions*. Implementing these statements requires that the County report information on an accrual basis related to retiree benefits, which have previously been reported on a pay-as-you-go basis. As of June 30, 2008, certain preliminary steps had been taken for this implementation and some financial resources had been budgeted for this purpose. For more information, see Note 21 of the Notes to Financial Statements.

### **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 Chief Accounting Officer, Finance Office, Queen Anne's County, 107 N. Liberty Street, Centreville, Maryland 21617.



# **Basic Financial Statements**

**QUEEN ANNE'S COUNTY, MARYLAND**  
**STATEMENT OF NET ASSETS**  
**JUNE 30, 2008**

	PRIMARY GOVERNMENT		
	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
<b>ASSETS</b>			
Equity in Pooled Cash and Investments	\$ 45,600,382	\$ 8,318,593	\$ 53,918,975
Cash and Cash Equivalents	-	-	-
Taxes Receivable (Net)	341,416	-	341,416
Accounts and Loans Receivable (Net)	3,512,028	465,588	3,977,616
Special Assessments (Net)	912,286	-	912,286
Internal Balances	2,548,123	(2,548,123)	-
Due from Primary Government	-	-	-
Due from Component Units	43,547	-	43,547
Due from Other Governments	18,370,065	173,173	18,543,238
Inventories	473,839	376,144	849,983
Prepaid Items	51,950	-	51,950
Restricted Assets:			
Equity in Pooled Cash and Investments	-	13,342,329	13,342,329
Investments	-	-	-
Accounts Receivable (Net)	-	48,917	48,917
Special Assessments Receivable (Net)	-	4,504,380	4,504,380
Capital Assets:			
Nondepreciable Assets	88,732,351	16,085,551	104,817,902
Depreciable Assets, Net	44,142,535	85,784,990	129,927,525
<b>Total Assets</b>	<b>204,728,522</b>	<b>126,551,542</b>	<b>331,280,064</b>
<b>LIABILITIES</b>			
Accounts Payable and Other Current Liabilities	5,796,516	520,944	6,317,460
Accrued Interest Payable	880,381	179,797	1,060,178
Due to Primary Government	-	-	-
Due to Component Units	2,406,194	-	2,406,194
Due to Other Governmental Agencies	493,968	-	493,968
Unearned Revenue	4,386,886	752,776	5,139,662
Escrow Deposits	-	34,551	34,551
Liabilities Payable from Restricted Assets:			
Unearned Revenue	-	4,300,524	4,300,524
Noncurrent Liabilities:			
Due within One Year	6,560,543	2,171,652	8,732,195
Due in More than One Year	66,071,546	23,077,515	89,149,061
<b>Total Liabilities</b>	<b>86,596,034</b>	<b>31,037,759</b>	<b>117,633,793</b>
<b>NET ASSETS</b>			
Invested in Capital Assets, Net of Related Debt	117,831,360	77,237,512	195,068,872
Restricted for:			
General Government	25,000	-	25,000
Public Safety	1,730,633	-	1,730,633
Public Works	208,505	-	208,505
Social Services	1,050	-	1,050
Parks and Recreation	169,167	-	169,167
Conservation of Natural Resources	2,141,235	-	2,141,235
Economic/Community Development	2,917,820	-	2,917,820
General Revenue - Contingency	7,144,049	-	7,144,049
Debt Service	-	4,399,378	4,399,378
Capital/Debt Service	-	7,967,150	7,967,150
Business-type Operations	-	5,156,443	5,156,443
Capital Projects	1,038,871	753,300	1,792,171
Other Purposes	-	-	-
Unrestricted	(15,075,202)	-	(15,075,202)
<b>Total Net Assets</b>	<b>\$ 118,132,488</b>	<b>\$ 95,513,783</b>	<b>\$ 213,646,271</b>

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

**QUEEN ANNE'S COUNTY, MARYLAND**  
**STATEMENT OF NET ASSETS**  
**JUNE 30, 2008**

(CONTINUED)

COMPONENT UNITS		
BOARD OF EDUCATION	FREE LIBRARY	HOUSING AUTHORITY
\$ -	\$ -	\$ 1,250,973
9,781,054	496,266	333,042
-	-	-
431,055	67,350	63,779
-	-	-
2,406,194	-	-
-	-	-
981,175	-	795,847
39,828	-	-
97,933	4,478	228
-	617,868	-
-	-	84,375
-	-	-
-	-	-
16,764,286	29,850	9,337,765
111,340,325	947,875	12,854,916
141,841,850	2,163,687	24,720,925
10,703,838	59,566	990,866
-	-	12,817
-	-	43,547
-	-	-
-	-	-
454,194	-	123,223
-	-	84,375
-	-	-
220,263	-	67,231
828,815	-	1,799,380
12,207,110	59,566	3,121,439
127,843,435	977,725	20,326,070
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
10,552	-	1,483,553
30,824	10,500	-
1,749,929	1,115,896	(210,137)
<u>\$ 129,634,740</u>	<u>\$ 2,104,121</u>	<u>\$ 21,599,486</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, 2008**

FUNCTIONS	PRIMARY GOVERNMENT				
	EXPENSES	CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	TOTAL REVENUE
<b>PRIMARY GOVERNMENT</b>					
Governmental Activities					
General Government	\$ 11,167,743	\$ 1,047,371	\$ 295,898	\$ 757,975	\$ 2,101,244
Public Safety	20,721,185	3,167,090	1,254,611	1,171	4,422,872
Public Works	10,420,547	1,014,600	6,304,965	544,610	7,864,175
Health	1,441,143	-	-	-	-
Social Services	4,978,883	64,041	2,911,796	613,804	3,589,641
Education	58,034,317	1,011,013	-	-	1,011,013
Parks & Recreation	3,330,087	302,195	72,659	5,666,226	6,041,080
Library	1,270,718	-	-	-	-
Conservation of Natural Resources	2,172,443	88,534	322,718	-	411,252
Economic/Community Development	3,527,908	5,249	163,245	-	168,494
Interest and Fiscal Charges	3,033,416	-	-	-	-
<b>Total Governmental Activities</b>	<b>120,098,390</b>	<b>6,700,093</b>	<b>11,325,892</b>	<b>7,583,786</b>	<b>25,609,771</b>
Business-type Activities					
Water and Sewer	9,621,784	8,014,366	-	2,584,371	10,598,737
Parks & Recreation	2,179,157	1,459,725	55,953	95,890	1,611,568
Public Marinas	27,344	105,900	3,710	-	109,610
Airport	812,067	46,960	-	382,945	429,905
<b>Total Business-type Activities</b>	<b>12,640,352</b>	<b>9,626,951</b>	<b>59,663</b>	<b>3,063,206</b>	<b>12,749,820</b>
<b>Total Primary Government</b>	<b>\$ 132,738,742</b>	<b>\$ 16,327,044</b>	<b>\$ 11,385,555</b>	<b>\$ 10,646,992</b>	<b>\$ 38,359,591</b>
<b>COMPONENT UNITS</b>					
Board of Education	\$ 89,958,699	\$ 1,645,651	\$ 16,249,569	\$ -	\$ 17,895,220
Free Library	1,609,496	7,484	157,648	-	165,132
Housing Authority	2,728,283	977,556	1,132,346	4,078,536	6,188,438
<b>Total Component Units</b>	<b>\$ 94,296,478</b>	<b>\$ 2,630,691</b>	<b>\$ 17,539,563</b>	<b>\$ 4,078,536</b>	<b>\$ 24,248,790</b>
General Revenues					
Local Property Tax					
Local Income Tax					
Other Local Taxes					
Admission and Amusement Taxes					
Recordation Taxes					
Hotel Taxes					
County Transfer Taxes					
Grants and Contributions Not Restricted to Specific Programs					
Investment Income					
Miscellaneous					
Transfers In (Out)					
<b>Total General Revenues and Transfers</b>					
Change in Net Assets					
Total Net Assets - Beginning of Year					
Total Net Assets - 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, 2008**

(CONTINUED)

NET (EXPENSE) REVENUE AND CHANGES IN NET ASSETS						
GOVERNMENTAL ACTIVITIES	PRIMARY GOVERNMENT		BOARD OF EDUCATION	COMPONENT UNITS		HOUSING AUTHORITY
	BUSINESS-TYPE ACTIVITIES	TOTAL		FREE LIBRARY		
\$ (9,066,499)	\$ -	\$ (9,066,499)	\$ -	\$ -	\$ -	-
(16,298,313)	-	(16,298,313)	-	-	-	-
(2,556,372)	-	(2,556,372)	-	-	-	-
(1,441,143)	-	(1,441,143)	-	-	-	-
(1,389,242)	-	(1,389,242)	-	-	-	-
(57,023,304)	-	(57,023,304)	-	-	-	-
2,710,993	-	2,710,993	-	-	-	-
(1,270,718)	-	(1,270,718)	-	-	-	-
(1,761,191)	-	(1,761,191)	-	-	-	-
(3,359,414)	-	(3,359,414)	-	-	-	-
(3,033,416)	-	(3,033,416)	-	-	-	-
(94,488,619)	-	(94,488,619)	-	-	-	-
-	976,953	976,953	-	-	-	-
-	(567,589)	(567,589)	-	-	-	-
-	82,266	82,266	-	-	-	-
-	(382,162)	(382,162)	-	-	-	-
-	109,468	109,468	-	-	-	-
\$ (94,488,619)	\$ 109,468	\$ (94,379,151)	\$ -	\$ -	\$ -	-
-	-	-	(72,063,479)	-	-	-
-	-	-	-	(1,444,364)	-	-
-	-	-	-	-	-	3,460,155
-	-	-	(72,063,479)	(1,444,364)	-	3,460,155
50,021,587	-	50,021,587	-	-	-	-
35,700,111	-	35,700,111	-	-	-	-
223,233	-	223,233	-	-	-	-
3,825,394	-	3,825,394	-	-	-	-
503,979	-	503,979	-	-	-	-
1,578,912	-	1,578,912	-	-	-	-
-	-	-	83,658,401	1,361,161	348,296	-
2,128,509	875,509	3,004,018	43,230	39,227	42,777	-
721,946	919,828	1,641,774	207,882	101,124	-	-
(11,581)	11,581	-	-	-	-	-
94,692,090	1,806,918	96,499,008	83,909,513	1,501,512	391,073	-
203,471	1,916,386	2,119,857	11,846,034	57,148	3,851,228	-
117,929,017	93,597,397	211,526,414	117,788,706	2,046,973	17,748,258	-
\$ 118,132,488	\$ 95,513,783	\$ 213,646,271	\$ 129,634,740	\$ 2,104,121	\$ 21,599,486	-

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, 2008**

	GENERAL FUND	GENERAL CAPITAL	ROADS CAPITAL	SCHOOL IMPACT FEES CAPITAL
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 9,776,586	\$ 21,255,551	\$ 3,299,267	\$ 2,257,777
Prepaid Items	1,950	-	-	-
Receivables				
Taxes Receivable (Net)	200,787	140,629	-	-
Accounts and Loans Receivable (Net)	361,951	37,652	13,893	-
Special Assessments (Net)	-	-	627,264	-
Due from Other Governments	15,986,975	1,041,086	-	-
Due from Other Funds	2,692,222	80,000	-	-
Due from Component Units	43,547	-	-	-
Inventory	4,000	-	-	-
	<u>29,068,018</u>	<u>22,554,918</u>	<u>3,940,424</u>	<u>2,257,777</u>
<b>Total Assets</b>	<b>\$ 29,068,018</b>	<b>\$ 22,554,918</b>	<b>\$ 3,940,424</b>	<b>\$ 2,257,777</b>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>Liabilities</b>				
Accrued Liabilities	\$ 3,495,077	\$ 964,293	\$ -	\$ 2,317
Due to Other Funds	-	-	-	-
Due to Component Units	-	2,406,194	-	-
Due to Other Governmental Agencies	41,691	-	-	-
Deferred Revenue	12,610,172	94,985	703,905	-
	<u>16,146,940</u>	<u>3,465,472</u>	<u>703,905</u>	<u>2,317</u>
<b>Total Liabilities</b>	<b>16,146,940</b>	<b>3,465,472</b>	<b>703,905</b>	<b>2,317</b>
<b>Fund Balances</b>				
<b>Reserved</b>				
Encumbrances	67,599	8,702,963	963,791	-
Loans Receivable	-	-	-	-
Prepaid Items	1,950	-	-	-
Inventory	4,000	-	-	-
Donor-Specified Purposes	94,736	65,786	-	-
Contingencies	7,144,049	-	-	-
Other Reserved Purposes - Other	1,635,897	1,038,871	-	-
Other Reserved Purposes - Capital Projects	-	169,526	143,550	-
<b>Total Reserved</b>	<u>8,948,231</u>	<u>9,977,146</u>	<u>1,107,341</u>	<u>-</u>
<b>Unreserved</b>				
Designated for Subsequent Years' Expenditures	1,247,995	-	-	-
Designated for Capital Projects	-	-	668,408	2,255,460
Undesignated, reported in				
General Fund	2,724,852	-	-	-
Capital Project Funds	-	9,112,300	1,460,770	-
Special Revenue Funds	-	-	-	-
<b>Total Unreserved</b>	<u>3,972,847</u>	<u>9,112,300</u>	<u>2,129,178</u>	<u>2,255,460</u>
<b>Total Fund Balances</b>	<b>12,921,078</b>	<b>19,089,446</b>	<b>3,236,519</b>	<b>2,255,460</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 29,068,018</b>	<b>\$ 22,554,918</b>	<b>\$ 3,940,424</b>	<b>\$ 2,257,777</b>

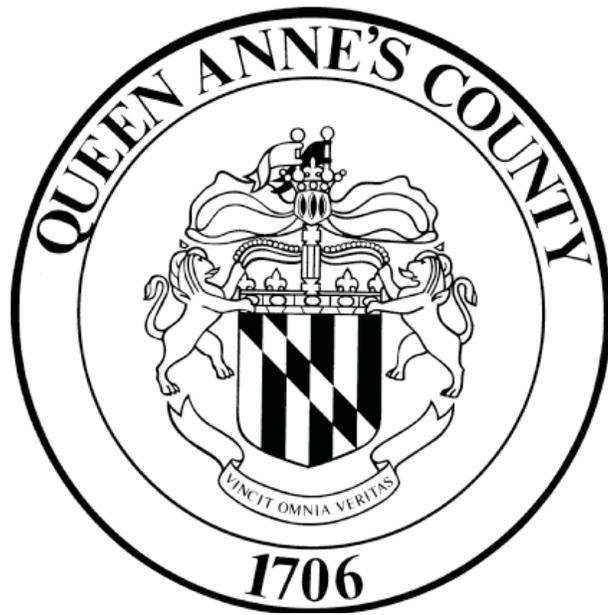
The accompanying notes to the basic financial statements are an integral part of this statement.

**QUEEN ANNE'S COUNTY, MARYLAND**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**JUNE 30, 2008**

(CONTINUED)

ROADS BOARD	NON-MAJOR GOVERNMENTAL	TOTAL GOVERNMENTAL FUNDS
\$ 2,845,724	\$ 6,165,477	\$ 45,600,382
-	50,000	51,950
-	-	341,416
58,645	3,039,887	3,512,028
-	285,022	912,286
851,978	490,026	18,370,065
-	-	2,772,222
-	-	43,547
<u>469,839</u>	<u>-</u>	<u>473,839</u>
 <u>\$ 4,226,186</u>	 <u>\$ 10,030,412</u>	 <u>\$ 72,077,735</u>
 \$ 317,517	 \$ 1,017,312	 \$ 5,796,516
-	224,099	224,099
-	-	2,406,194
-	452,277	493,968
<u>3,185,934</u>	<u>339,410</u>	<u>16,934,406</u>
 <u>3,503,451</u>	 <u>2,033,098</u>	 <u>25,855,183</u>
 18,713	 -	 9,753,066
-	2,929,603	2,929,603
-	50,000	51,950
469,839	-	473,839
-	1,050	161,572
-	-	7,144,049
23,810	2,129,452	4,828,030
-	-	313,076
<u>512,362</u>	<u>5,110,105</u>	<u>25,655,185</u>
 -	 -	 1,247,995
-	912,278	3,836,146
-	-	2,724,852
-	-	10,573,070
210,373	1,974,931	2,185,304
<u>210,373</u>	<u>2,887,209</u>	<u>20,567,367</u>
 <u>722,735</u>	 <u>7,997,314</u>	 <u>46,222,552</u>
 <u>\$ 4,226,186</u>	 <u>\$ 10,030,412</u>	 <u>\$ 72,077,735</u>

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



**QUEEN ANNE'S COUNTY, MARYLAND**  
**RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS**  
**TO THE STATEMENT OF NET ASSETS**  
**JUNE 30, 2008**

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**Total Fund Balance - Governmental Funds** **\$ 46,222,552**

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

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

ADD Nondepreciable capital assets		
Land and Land Improvements	\$ 38,736,041	
Infrastructure	39,925,498	
Construction in Progress	10,070,812	88,732,351
ADD Depreciable capital assets		
Buildings	27,516,120	
Improvements Other than Buildings	4,667,381	
Machinery and Equipment	17,117,303	
Automobiles and Trucks	8,141,233	
Infrastructure	14,876,235	
Less Accumulated depreciation	(28,175,737)	44,142,535

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	93,916	
ADD Income Taxes deferred in governmental funds	10,201,570	
ADD Loans receivable deferred in governmental funds	2,252,034	12,547,520

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		(880,381)
SUBTRACT Long-Term Liabilities Due within One Year		
Accrued Compensated Absences	(1,376,098)	
Bonds and Notes Payable	(5,184,445)	(6,560,543)
SUBTRACT Long-Term Liabilities Due in More than One Year		
Accrued Compensated Absences	(592,928)	
Bonds and Notes Payable	(65,478,618)	(66,071,546)

**Total Net Assets - Governmental Activities** **\$ 118,132,488**

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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, 2008**

	GENERAL FUND	GENERAL CAPITAL	ROADS CAPITAL	SCHOOL IMPACT FEES CAPITAL
<b>REVENUES</b>				
Taxes				
Local Property Tax	\$ 49,975,236	\$ -	\$ -	\$ -
Local Income Tax	34,767,725	-	-	-
Admission and Amusement Taxes	167,425	-	-	-
Recordation Taxes	3,825,394	-	-	-
Hotel Taxes	503,979	-	-	-
County Transfer Taxes	-	1,578,912	-	-
State Shared Taxes	-	-	-	-
Licenses and Permits	890,821	-	-	-
Intergovernmental	2,002,097	7,032,832	222,473	-
Charges for Current Services	1,764,197	135,308	81,243	1,011,014
Fines and Forfeitures	1,678,138	-	-	-
Investment Income	1,174,877	410,055	152,014	109,753
Donations	126,329	66,671	-	-
Miscellaneous	494,387	6,940	2,740	-
<b>Total Revenues</b>	<b>97,370,605</b>	<b>9,230,718</b>	<b>458,470</b>	<b>1,120,767</b>
<b>EXPENDITURES</b>				
Current				
General Government	9,419,224	611,563	-	-
Public Safety	18,438,978	455,048	-	-
Public Works	3,421,818	183,159	243,220	-
Health	1,430,670	-	-	-
Social Services	227,631	5,276	-	-
Education	45,610,824	12,475,459	-	-
Parks and Recreation	2,702,610	380,428	-	-
Library	1,247,108	-	-	-
Conservation of Natural Resources	529,490	-	-	-
Economic/Community Development	1,257,851	1,722,111	-	-
Miscellaneous	731,771	-	-	-
Capital Outlay	911,961	11,946,264	414,616	-
Debt Service			-	-
Principal	4,864,405	-	-	-
Debt Issuance Costs	-	3,972	-	-
Interest and Fiscal Charges	3,147,529	-	-	-
<b>Total Expenditures</b>	<b>93,941,870</b>	<b>27,783,280</b>	<b>657,836</b>	<b>-</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>3,428,735</b>	<b>(18,552,562)</b>	<b>(199,366)</b>	<b>1,120,767</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Issuance of Debt	-	-	-	-
Re-allocation of 2006 Bonds	-	(345,955)	-	-
Bond Premiums	-	3,972	-	-
Proceeds of Capital Asset Disposals	21,644	-	-	-
Insurance Proceeds	-	8,898	-	-
Transfers In	2,060,097	12,200,378	-	-
Transfers (Out)	(15,032,528)	(488,487)	-	(1,408,120)
<b>Other Financing Sources (Uses)</b>	<b>(12,950,787)</b>	<b>11,378,806</b>	<b>-</b>	<b>(1,408,120)</b>
<b>Net Increase (Decrease) in Fund Balances</b>	<b>(9,522,052)</b>	<b>(7,173,756)</b>	<b>(199,366)</b>	<b>(287,353)</b>
Fund Balances, July 1	22,443,130	26,263,202	3,435,885	2,542,813
<b>Fund Balances, June 30</b>	<b>\$ 12,921,078</b>	<b>\$ 19,089,446</b>	<b>\$ 3,236,519</b>	<b>\$ 2,255,460</b>

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

**QUEEN ANNE'S COUNTY, MARYLAND**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2008**

(CONTINUED)

ROADS BOARD	NON-MAJOR GOVERNMENTAL	TOTAL GOVERNMENTAL FUNDS
\$ -	\$ 31,818	\$ 50,007,054
-	-	34,767,725
-	55,808	223,233
-	-	3,825,394
-	-	503,979
-	-	1,578,912
4,995,165	311,598	5,306,763
-	-	890,821
19,337	2,922,772	12,199,511
417,473	640,667	4,049,902
-	81,232	1,759,370
104,363	177,447	2,128,509
-	54,002	247,002
144,308	70,692	719,067
<u>5,680,646</u>	<u>4,346,036</u>	<u>118,207,242</u>
-	97,912	10,128,699
-	398,635	19,292,661
5,334,421	-	9,182,618
-	-	1,430,670
-	4,514,584	4,747,491
-	-	58,086,283
-	-	3,083,038
-	-	1,247,108
-	1,648,330	2,177,820
-	533,191	3,513,153
-	-	731,771
394,613	9,115	13,676,569
-	24,000	4,888,405
-	-	3,972
-	-	3,147,529
<u>5,729,034</u>	<u>7,225,767</u>	<u>135,337,787</u>
<u>(48,388)</u>	<u>(2,879,731)</u>	<u>(17,130,545)</u>
-	510,617	510,617
-	-	(345,955)
-	-	3,972
19,520	4,330	45,494
-	-	8,898
28,868	2,724,964	17,014,307
-	(96,753)	(17,025,888)
<u>48,388</u>	<u>3,143,158</u>	<u>211,445</u>
-	263,427	(16,919,100)
<u>722,735</u>	<u>7,733,887</u>	<u>63,141,652</u>
<u>\$ 722,735</u>	<u>\$ 7,997,314</u>	<u>\$ 46,222,552</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, 2008**

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Change in Fund Balances - Total governmental funds, per Statement of Revenues, Expenditures  
and Changes in Fund Balances of Governmental Funds \$ (16,919,100)

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

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

Proceeds received on disposal of capital assets are reported in Governmental Funds as current financial resources. In the Statement of Activities, only the gain or (loss) realized on disposal of capital assets is reported. Thus, the change in net assets differs from the change in fund balance by the cost of capital assets sold, net of accumulated depreciation (i.e., book value).

In addition, developer contributions of capital assets (primarily infrastructure) are not reported in Governmental Funds because they do not represent current financial resources available to cover this year's expenditures. Thus, the change in net assets differs from the change in fund balance by the value of capital assets received.

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

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

ADD capital assets acquired as capital outlay	\$ 1,315,689	
ADD book value of traded/transferred assets	66,608	
ADD capital assets resulting from force-in-kind expenditures	117,840	
ADD capital assets resulting from general capital projects	11,946,264	
ADD capital assets resulting from roads capital projects	414,616	
ADD donated roads infrastructure	491,250	
ADD donated governmental land	665,152	
SUBTRACT book value of disposed capital assets, net of accumulated depreciation	(287,747)	
SUBTRACT current year depreciation expense	(3,206,737)	
Net Increase in Capital Assets	\$ 11,522,935	

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

CONTINUED

**QUEEN ANNE'S COUNTY, MARYLAND**  
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2008**

(CONTINUED)

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

ADD current year's Property Tax Deferred Revenue	\$ 93,916		
SUBTRACT prior year's Property Tax Deferred Revenue	(79,383)		
		\$	14,533
ADD current year's Income Tax Deferred Revenue	10,201,570		
SUBTRACT prior year's Income Tax Deferred Revenue	(9,269,184)		
			932,386

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

ADD retirements and repayments made on long term debt			
General Bonds Payable	5,185,941		
Notes Payable	249,000		
Bond Premiums, Net of Issuance Costs	64,723		
Deferred Refunding Costs	(170,483)		
Capital Leases	45,482		
			5,374,663
SUBTRACT proceeds of Note Payable to DNR			(510,617)
SUBTRACT College reimbursement received			(200,580)
ADD County's allocation to College for debt			51,965
			51,965

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

ADD prior year's Accrued Interest Payable	1,078,772		
SUBTRACT current year's Accrued Interest Payable	(880,381)		
		198,391	
ADD prior year's Accrued Compensated Absences	1,707,921		
SUBTRACT current year's Accrued Compensated Absences	(1,969,026)		
		(261,105)	

<b>Change in Net Assets - governmental activities, per Statement of Activities</b>		<b>\$</b>	<b>203,471</b>
			203,471

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

**QUEEN ANNE'S COUNTY, MARYLAND**  
**STATEMENT OF NET ASSETS**  
**ENTERPRISE FUNDS**  
**JUNE 30, 2008**

<u>ASSETS</u>	SANITARY DISTRICT		
	SEWER OPERATIONS	WATER OPERATIONS	RESTRICTED FUND
<b>Current Assets</b>			
Unrestricted			
Equity in Pooled Cash	\$ 5,211,672	\$ 2,092,527	\$ -
Accounts Receivable (Net)	252,891	123,635	-
Due from Other Funds	17,199	-	-
Due from Other Governments	-	-	-
Inventories	327,466	-	-
Restricted			
Restricted Equity in Pooled Cash	-	-	8,790,508
Restricted Accounts Receivable (Net)	-	-	9,942
<b>Total Current Assets</b>	<b>5,809,228</b>	<b>2,216,162</b>	<b>8,800,450</b>
<b>Noncurrent Assets</b>			
Restricted			
Special Assessments Receivable (Net)	-	-	1,580,653
Capital Assets			
Land, Improved and Unimproved	816,331	-	-
Buildings and Improvements to Buildings	14,265,248	139,477	-
Improvements Other Than Buildings	1,615,474	128,152	-
Automotive Equipment	926,651	127,402	-
Equipment	19,779,741	993,343	-
Furniture and Fixtures	46,715	5,727	-
Infrastructure Improvements	47,620,184	19,712,980	-
Construction in Progress	30,000	-	-
<b>Capital Assets before Depreciation</b>	<b>85,100,344</b>	<b>21,107,081</b>	<b>-</b>
Less Accumulated Depreciation	(19,716,574)	(5,074,234)	-
<b>Total Capital Assets, Net of Accumulated Depreciation</b>	<b>65,383,770</b>	<b>16,032,847</b>	<b>-</b>
<b>Total Noncurrent Assets</b>	<b>65,383,770</b>	<b>16,032,847</b>	<b>1,580,653</b>
<b>Total Assets</b>	<b>71,192,998</b>	<b>18,249,009</b>	<b>10,381,103</b>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Payable from Unrestricted Assets			
Accounts Payable	214,689	68,051	-
Accrued Interest Payable	146,838	13,383	-
Escrow Deposits	19,865	-	-
Due to Other Funds	-	-	80,000
Unearned Revenue	749,469	-	-
Current Portion of Compensated Absences	108,364	36,218	-
Current Portion of Bonds/Notes Payable	1,398,741	462,269	-
Payable from Restricted Assets	-	-	-
Current Portion of Bonds Payable	-	-	-
<b>Total Current Liabilities</b>	<b>2,637,966</b>	<b>579,921</b>	<b>80,000</b>
<b>Noncurrent Liabilities</b>			
Payable from Unrestricted Assets			
Compensated Absences	46,692	15,605	-
Bonds/Notes Payable	19,390,188	1,896,118	-
Payable from Restricted Assets	-	-	-
Unearned Revenue	-	-	1,580,653
<b>Total Noncurrent Liabilities</b>	<b>19,436,880</b>	<b>1,911,723</b>	<b>1,580,653</b>
<b>Total Liabilities</b>	<b>22,074,846</b>	<b>2,491,644</b>	<b>1,660,653</b>
<b>NET ASSETS</b>			
Invested in Capital Assets, Net of Related Debt	44,594,841	13,674,460	-
Restricted for:			
Debt Service	-	-	-
Capital Projects	-	-	753,300
Unrestricted	4,523,311	2,082,905	7,967,150
<b>Total Net Assets</b>	<b>\$ 49,118,152</b>	<b>\$ 15,757,365</b>	<b>\$ 8,720,450</b>

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

**QUEEN ANNE'S COUNTY, MARYLAND**  
**STATEMENT OF NET ASSETS**  
**ENTERPRISE FUNDS**  
**JUNE 30, 2008**

(CONTINUED)

SANITARY DISTRICT		BAY BRIDGE AIRPORT	NON-MAJOR ENTERPRISE FUNDS	TOTAL PRIMARY GOVERNMENT ENTERPRISE FUNDS
DEBT SERVICE FUND	TOTAL			
\$ -	\$ 7,304,199	\$ -	\$ 1,014,394	\$ 8,318,593
-	376,526	77,842	11,220	465,588
-	17,199	-	40,000	57,199
-	-	54,412	118,761	173,173
-	327,466	43,422	5,256	376,144
4,551,821	13,342,329	-	-	13,342,329
38,975	48,917	-	-	48,917
4,590,796	21,416,636	175,676	1,189,631	22,781,943
2,923,727	4,504,380	-	-	4,504,380
-	816,331	10,524,474	2,672,076	14,012,881
-	14,404,725	1,121,799	2,196,386	17,722,910
-	1,743,626	2,131,964	1,836,981	5,712,571
-	1,054,053	9,000	83,445	1,146,498
-	20,773,084	4,205	796,321	21,573,610
-	52,442	3,344	18,253	74,039
-	67,333,164	-	-	67,333,164
-	30,000	740,431	1,302,239	2,072,670
-	106,207,425	14,535,217	8,905,701	129,648,343
-	(24,790,808)	(1,926,854)	(1,060,140)	(27,777,802)
-	81,416,617	12,608,363	7,845,561	101,870,541
2,923,727	85,920,997	12,608,363	7,845,561	106,374,921
7,514,523	107,337,633	12,784,039	9,035,192	129,156,864
-	282,740	48,574	189,630	520,944
5,175	165,396	6,783	7,618	179,797
-	19,865	7,130	7,556	34,551
17,199	97,199	831,509	1,676,614	2,605,322
-	749,469	-	3,307	752,776
-	144,582	5,496	19,871	169,949
-	1,861,010	32,537	64,993	1,958,540
43,163	43,163	-	-	43,163
65,537	3,363,424	932,029	1,969,589	6,265,042
-	62,297	2,368	8,562	73,227
329,799	21,616,105	448,627	939,556	23,004,288
2,719,871	4,300,524	-	-	4,300,524
3,049,670	25,978,926	450,995	948,118	27,378,039
3,115,207	29,342,350	1,383,024	2,917,707	33,643,081
-	58,269,301	12,127,199	6,841,012	77,237,512
4,399,316	4,399,316	-	62	4,399,378
-	753,300	-	-	753,300
-	14,573,366	(726,184)	(723,589)	13,123,593
\$ 4,399,316	\$ 77,995,283	\$ 11,401,015	\$ 6,117,485	\$ 95,513,783

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 FUND NET ASSETS**  
**ENTERPRISE FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2008**

	SANITARY DISTRICT		
	SEWER OPERATIONS	WATER OPERATIONS	RESTRICTED FUND
<b><u>OPERATING REVENUES</u></b>			
Charges for Services	\$ 4,667,107	\$ 1,905,974	\$ 887,567
Intergovernmental	-	-	-
Material Sales	5,809	19,441	-
Miscellaneous Revenues	31,889	113,904	-
Total Operating Revenues	<u>4,704,805</u>	<u>2,039,319</u>	<u>887,567</u>
<b><u>OPERATING EXPENSES</u></b>			
Cost of Sales and Services			
Collection	1,898,813	-	-
Distribution	-	125,764	-
Treatment	1,235,556	946,848	-
Shop	234,928	-	-
Airport	-	-	-
Parks and Recreation	-	-	-
Public Marinas	-	-	-
Total Cost of Sales and Services	<u>3,369,297</u>	<u>1,072,612</u>	<u>-</u>
Administration and Inspection	813,717	461,173	-
Depreciation	1,058,107	436,100	-
Total Operating Expenses	<u>5,241,121</u>	<u>1,969,885</u>	<u>-</u>
Operating Income (Loss)	<u>(536,316)</u>	<u>69,434</u>	<u>887,567</u>
<b><u>NON-OPERATING REVENUES (EXPENSES)</u></b>			
Investment Income	128,720	52,991	465,823
Interest Expense	(157,680)	(151,798)	-
(Loss) on Disposal of Capital Assets	(2,061,188)	(9,200)	-
Miscellaneous Non-Operating (Expense)	-	-	-
Total Non-Operating Revenues (Expenses)	<u>(2,090,148)</u>	<u>(108,007)</u>	<u>465,823</u>
Income (Loss) Before Contributions and Transfers	<u>(2,626,464)</u>	<u>(38,573)</u>	<u>1,353,390</u>
Capital Contributions, Fees and Grants	<u>1,571,967</u>	<u>1,012,404</u>	<u>-</u>
Transfers In	1,893,371	605,192	142,464
Transfers (Out)	(61,914)	(80,550)	(2,118,937)
Net Transfers In (Out)	<u>1,831,457</u>	<u>524,642</u>	<u>(1,976,473)</u>
Change in Net Assets	776,960	1,498,473	(623,083)
Total Net Assets - Beginning of Year	<u>48,341,192</u>	<u>14,258,892</u>	<u>9,343,533</u>
Total Net Assets - End of Year	<u>\$ 49,118,152</u>	<u>\$ 15,757,365</u>	<u>\$ 8,720,450</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 FUND NET ASSETS**  
**ENTERPRISE FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2008**

(CONTINUED)

SANITARY DISTRICT			NON-MAJOR ENTERPRISE FUNDS	TOTAL PRIMARY GOVERNMENT ENTERPRISE FUNDS
DEBT SERVICE FUND	TOTAL	BAY BRIDGE AIRPORT		
\$ 553,718	\$ 8,014,366	\$ 46,960	\$ 1,565,625	\$ 9,626,951
-	-	-	59,663	59,663
-	25,250	399,791	32,772	457,813
-	145,793	167,816	148,406	462,015
<u>553,718</u>	<u>8,185,409</u>	<u>614,567</u>	<u>1,806,466</u>	<u>10,606,442</u>
-	1,898,813	-	-	1,898,813
-	125,764	-	-	125,764
-	2,182,404	-	-	2,182,404
-	234,928	-	-	234,928
-	-	631,041	-	631,041
-	-	-	1,811,162	1,811,162
-	-	-	19,447	19,447
-	4,441,909	631,041	1,830,609	6,903,559
-	1,274,890	-	-	1,274,890
-	1,494,207	162,757	157,986	1,814,950
-	7,211,006	793,798	1,988,595	9,993,399
<u>553,718</u>	<u>974,403</u>	<u>(179,231)</u>	<u>(182,129)</u>	<u>613,043</u>
227,559	875,093	416	-	875,509
(30,912)	(340,390)	(17,189)	(50,072)	(407,651)
-	(2,070,388)	(1,080)	-	(2,071,468)
-	-	-	(167,834)	(167,834)
<u>196,647</u>	<u>(1,535,685)</u>	<u>(17,853)</u>	<u>(217,906)</u>	<u>(1,771,444)</u>
<u>750,365</u>	<u>(561,282)</u>	<u>(197,084)</u>	<u>(400,035)</u>	<u>(1,158,401)</u>
-	2,584,371	382,945	95,890	3,063,206
2,118,937	4,759,964	22,926	410,747	5,193,637
(2,092,727)	(4,354,128)	-	(827,928)	(5,182,056)
<u>26,210</u>	<u>405,836</u>	<u>22,926</u>	<u>(417,181)</u>	<u>11,581</u>
776,575	2,428,925	208,787	(721,326)	1,916,386
<u>3,622,741</u>	<u>75,566,358</u>	<u>11,192,228</u>	<u>6,838,811</u>	<u>93,597,397</u>
<u>\$ 4,399,316</u>	<u>\$ 77,995,283</u>	<u>\$ 11,401,015</u>	<u>\$ 6,117,485</u>	<u>\$ 95,513,783</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, 2008**

	SANITARY DISTRICT		
	SEWER OPERATIONS	WATER OPERATIONS	RESTRICTED FUND
<b><u>CASH FLOW FROM OPERATING ACTIVITIES</u></b>			
Receipts from customers and users	\$ 4,546,075	\$ 1,892,402	\$ 882,037
Receipts from other operating sources	1,709,398	133,345	-
Payments to suppliers	(1,831,694)	(689,122)	-
Payments to employees and on behalf of employees	(2,547,909)	(864,001)	-
Net Cash Provided by Operating Activities	<u>1,875,870</u>	<u>472,624</u>	<u>882,037</u>
<b><u>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</u></b>			
Reclassification of operating grant to governmental fund	-	-	-
Transfers in from other funds	1,893,371	605,192	142,464
Receipts from interfund loans	(16,175)	-	80,000
Transfers to other funds	(61,914)	(80,550)	(2,118,937)
Principal paid on interfund loans	-	-	(120,000)
Net Cash Provided (Used) by Noncapital Financing Activities	<u>1,815,282</u>	<u>524,642</u>	<u>(2,016,473)</u>
<b><u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</u></b>			
Proceeds from the disposition of capital assets	2,040	250	-
Receipts from capital grants	616,545	-	-
Principal paid on capital debt	(1,378,707)	(467,949)	-
Receipts from 2006 Bonds	-	-	-
Receipts from state loan	697,258	-	-
Interest paid on capital debt	(168,631)	(129,561)	-
Acquisition and construction of capital assets	(2,128,262)	(96,851)	-
Net Cash (Used) by Capital and Related Financing Activities	<u>(2,359,757)</u>	<u>(694,111)</u>	<u>-</u>
<b><u>CASH FLOWS FROM INVESTING ACTIVITIES</u></b>			
Net Cash Provided by Investing Activities - Investment Income	<u>128,720</u>	<u>52,991</u>	<u>465,823</u>
Net Increase (Decrease) in Cash and Cash Equivalents	1,460,115	356,146	(668,613)
Balances - Beginning of the year	<u>3,751,557</u>	<u>1,736,381</u>	<u>9,459,121</u>
Balances - End of the year	<u>\$ 5,211,672</u>	<u>\$ 2,092,527</u>	<u>\$ 8,790,508</u>
<b><u>Reconciliation of operating income (loss) to net cash provided by operating activities</u></b>			
Operating income (loss)	\$ (536,316)	\$ 69,434	\$ 887,567
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:			
Depreciation	1,058,107	436,100	-
Effect of changes in operating assets and liabilities:			
Accounts receivable, net	(41,554)	(13,572)	(5,530)
Special assessments receivable, net	-	-	188,641
Operating grants receivable	1,671,700	-	-
Inventories and Prepaid Expenses	(55,065)	-	-
Vendor accounts payable	(140,107)	(33,979)	-
Compensated absences	(1,417)	14,641	-
Escrow deposits payable	(36,797)	-	-
Deferred revenue collected in advance	(42,681)	-	(188,641)
Net Cash Provided by Operating Activities	<u>\$ 1,875,870</u>	<u>\$ 472,624</u>	<u>\$ 882,037</u>
<b><u>Noncash investing, capital and financing activities:</u></b>			
Donation of capital assets (infrastructure) by developers	<u>\$ 955,422</u>	<u>\$ 1,012,404</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, 2008**

(CONTINUED)

SANITARY DISTRICT		BAY BRIDGE AIRPORT	NON-MAJOR ENTERPRISE FUNDS	TOTAL PRIMARY GOVERNMENT ENTERPRISE FUNDS
DEBT SERVICE FUND	TOTAL			
\$ 591,112	\$ 7,911,626	\$ 3,524	\$ 1,667,518	\$ 9,582,668
-	1,842,743	1,049,416	506,503	3,398,662
-	(2,520,816)	(438,380)	(858,684)	(3,817,880)
-	(3,411,910)	(195,142)	(983,261)	(4,590,313)
<u>591,112</u>	<u>3,821,643</u>	<u>419,418</u>	<u>332,076</u>	<u>4,573,137</u>
-	-	-	(167,834)	(167,834)
2,118,937	4,759,964	22,926	410,747	5,193,637
17,199	81,024	831,509	1,636,614	2,549,147
(2,092,727)	(4,354,128)	-	(827,928)	(5,182,056)
(985,612)	(1,105,612)	(1,230,358)	(1,390,143)	(3,726,113)
<u>(942,203)</u>	<u>(618,752)</u>	<u>(375,923)</u>	<u>(338,544)</u>	<u>(1,333,219)</u>
-	2,290	1,112	-	3,402
-	616,545	382,945	95,890	1,095,380
(40,286)	(1,886,942)	(31,467)	(62,885)	(1,981,294)
-	-	21,238	36,934	58,172
-	697,258	-	-	697,258
(31,226)	(329,418)	(16,128)	(46,693)	(392,239)
-	(2,225,113)	(401,611)	(167,169)	(2,793,893)
<u>(71,512)</u>	<u>(3,125,380)</u>	<u>(43,911)</u>	<u>(143,923)</u>	<u>(3,313,214)</u>
<u>227,559</u>	<u>875,093</u>	<u>416</u>	<u>-</u>	<u>875,509</u>
(195,044)	952,604	-	(150,391)	802,213
<u>4,746,865</u>	<u>19,693,924</u>	<u>-</u>	<u>1,164,785</u>	<u>20,858,709</u>
<u>\$ 4,551,821</u>	<u>\$ 20,646,528</u>	<u>\$ -</u>	<u>\$ 1,014,394</u>	<u>\$ 21,660,922</u>
\$ 553,718	\$ 974,403	\$ (179,231)	\$ (182,129)	\$ 613,043
-	1,494,207	162,757	157,986	1,814,950
8,011	(52,645)	(41,736)	122,926	28,545
469,344	657,985	-	-	657,985
-	1,671,700	481,809	265,662	2,419,171
-	(55,065)	(6,935)	14,439	(47,561)
-	(174,086)	5,379	(13,974)	(182,681)
-	13,224	(925)	(11,801)	498
-	(36,797)	(1,700)	2,373	(36,124)
(439,961)	(671,283)	-	(23,406)	(694,689)
<u>\$ 591,112</u>	<u>\$ 3,821,643</u>	<u>\$ 419,418</u>	<u>\$ 332,076</u>	<u>\$ 4,573,137</u>
<u>\$ -</u>	<u>\$ 1,967,826</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,967,826</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 ASSETS**  
**PRIVATE PURPOSE TRUST AND AGENCY FUNDS**  
**JUNE 30, 2008**

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	PRIVATE PURPOSE TRUST FUND	AGENCY FUNDS
	TAX SALE DEPOSITS	
<b>ASSETS</b>		
Cash and Cash Equivalents	\$ 367,448	\$ 357,185
Other Assets	-	2,355
Miscellaneous Receivables	-	111,997
Total Assets	367,448	\$ 471,537
<b>LIABILITIES</b>		
Due to Other Governments	-	\$ 194,816
Deposits and Escrows	-	276,721
Total Liabilities	-	\$ 471,537
<b>NET ASSETS</b>		
Held in Trust	\$ 367,448	

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 ASSETS**  
**PRIVATE PURPOSE TRUST FUND**  
**FOR THE YEAR ENDED JUNE 30, 2008**

	PRIVATE PURPOSE TRUST FUND
	TAX SALE DEPOSITS
<b>ADDITIONS</b>	
Tax Sale Collections in Excess of Tax Due	\$ 148,950
Total Additions	148,950
<b>DEDUCTIONS</b>	
Total Deductions	83,045
Change in Assets	65,905
<b>NET ASSETS HELD IN TRUST</b>	
Net Assets-Beginning of Year	301,543
Net Assets-End of Year	\$ 367,448

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

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

<b>Note</b>		
1	Summary of Significant Accounting Policies	51-60
2	Budgets and Budgetary Accounting	60-61
3	Cash, Investments and Investment Income	62-63
4	Accounts Receivable	64-65
5	Deferred or Unearned Revenue	66
6	Capital Assets	67-73
7	Interfund Receivables and Payables	74
8	Interfund Transfers	75
9	Noncurrent Liabilities	76-83
10	Restricted Assets and Liabilities and Reserved/Designated Fund Balances	84-86
11	Risk Management	87
12	Retirement Plans	88-90
13	Deferred Compensation Plan	90
14	Other Post Employment Benefits	91
15	Deficit Equity Balances	92
16	Commitments and Contingencies	92
17	Joint Venture	93
18	Contingent Liability and Receivable	93
19	Pollution Remediation Obligations	94
20	Closing a Fund	94

**QUEEN ANNE'S COUNTY, MARYLAND**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2008**

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

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

**A. REPORTING ENTITY**

Queen Anne's County, Maryland (the County) was founded in 1706. The County is governed by five Commissioners who are elected to serve four-year terms. This board assumes responsibilities conferred upon them by the Maryland General Assembly under Code Home Rule and provides the following services: public safety, public 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 all the 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 Board is reported as a special revenue 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. In the past, members were appointed by the Governor of Maryland. However, beginning with the November 2008 election, the members are now elected by the County voters. The Board of Education is a component unit of Queen Anne's County, Maryland by virtue of the County's responsibility for levying taxes 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.

The Queen Anne's County Public Housing Authority is a component unit of the Queen Anne's County Government because the County Commissioners appoint the members of the Housing Authority's Board of Commissioners. In addition, the County contributes substantial financial and administrative resources to the Housing Authority on an on-going basis, including an annual appropriation, office space and utilities, and administrative services for human resources, accounting, and other functions.

**QUEEN ANNE'S COUNTY, MARYLAND**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2008**

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

**A. REPORTING ENTITY (CONTINUED)**

Complete financial statements of the individual 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  
Housing Authority**  
c/o Queen Anne's County  
Finance Office  
107 N. Liberty Street  
Centreville, Maryland 21617

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

**JOINT VENTURE**

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

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

Maryland Environmental Service  
259 Najoles Road  
Millersville, Maryland 21108

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

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

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 Assets** – 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 Assets and report depreciation expense, the cost of "using up" capital assets, in the Statement of Activities. Net assets are divided into three categories: 1) invested in capital assets, net of related debt; 2) restricted; and 3) unrestricted.

**QUEEN ANNE'S COUNTY, MARYLAND  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2008**

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

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

**Statement of Activities** – This statement demonstrates the degree to which the direct expenses of a given function for the fiscal year are offset by program revenues. Therefore, this statement reflects both the gross and net costs per functional category (general government; public safety; public works; health; social services; education; parks and recreation; library; conservation of natural resources; and economic/community development) that are otherwise supported by general revenues. Direct expenses (including depreciation) are those that are clearly identifiable with a specific function. Program revenues include: 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. The operating grants column includes operating-specific and discretionary (either operating or capital) grants, while the capital grants 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 adopted budget is an important component of government's accountability to the public. The County provides budget-to-actual comparisons of the General Fund and individual major special revenue funds as part of the required supplementary information subsection located after the Notes to the basic financial statements. In addition, budget-to-actual comparisons are provided for the General Fund, on a departmental level, and for all other individual funds with legally adopted budgets in the supplementary information subsection.

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, 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, 2008**

---

**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 and judgments and compensated absences are recorded only to the extent that they are expected to be liquidated with expendable available financial resources. Also, 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, collections 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 revenue. 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 revenue is 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 deferred 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 revenue.

**Fiduciary Funds** – The County's private purpose 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 assets. 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 Assets (for Private Purpose Trust Fund). 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.

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

**QUEEN ANNE'S COUNTY, MARYLAND  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2008**

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

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

**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 Highway User Funds and grants received from State and Federal Governments.

**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.

**Roads Board** - This fund accounts for financial resources received from the State for the maintenance of County road infrastructure.

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

**Sanitary District - Sewer Operations** - This fund is used to account for the operation of the sewer system serving approximately 6,500 customers.

**Sanitary District - Water Operations** - This fund is used to account for the operation of the water supply system serving approximately 4,000 customers.

**Sanitary District - Restricted Fund** - This fund is used to account for the proceeds of sewer and water capacity charges and is used to fund capital and debt service expenses.

**Sanitary District - Debt Service Funds** - This fund is used to account for the collection of special benefit assessments 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.

**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.

**QUEEN ANNE'S COUNTY, MARYLAND**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2008**

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

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

**Agency Funds** - These funds are used to account for assets, such as property taxes, held in a purely custodial capacity, where the County receives, temporarily invests, and remits such resources to individuals, private organizations or other governments.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of GASB. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The County has elected not to follow subsequent private-sector guidance.

In the process of aggregating data for the Statement of Net Assets 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.

**D. ASSETS, LIABILITIES, AND NET ASSETS 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 original 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 From/To 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 Assets, these balances are referred to as “internal balances.”

**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.

**QUEEN ANNE'S COUNTY, MARYLAND**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2008**

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

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

**3) Inventories, Prepaids, and Other Assets**

Inventories of materials, parts and supplies are stated at cost as 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, whereby reported inventories are equally offset by a fund balance reserve. Inventories in the Proprietary Funds are treated as expenses at the time the items are used (the consumption method).

**4) Capital Assets**

Capital assets, which include property, plant, equipment, 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 of the asset or materially extend asset lives are not capitalized.

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".

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
Automobiles and trucks	7 - 10

**5) Compensated Absences**

**Primary Government** – The County's policy is to pay employees for any unused vacation time, up to a maximum of 50 days, upon termination of employment. Compensated absences are reported in governmental funds only if they have matured, such as payments upon termination of employment or 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, 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 \$2,212,202 at June 30, 2008, including both governmental (\$1,969,026) and business-type activities (\$243,176).

**QUEEN ANNE'S COUNTY, MARYLAND**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2008**

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

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

**Component Unit – Queen Anne's County Housing Authority** –The Housing Authority's employees are employees of the primary government, which is ultimately liable for their salaries and benefits. Therefore, for the year ended June 30, 2008 the county recognized a liability for compensated absences for these employees as part of its governmental activities in the amount of \$36,019.

**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, 2008 amounted to \$787,902.

Because payment of sick leave is contingent upon employees' future illness or retirement, the Board of Education expects its commitment to provide sick leave to be met during the normal course of activities over the working lives of its present employees. Any accumulated unused sick leave at retirement will ultimately be taken into consideration and paid through retirement benefits by the State of Maryland.

**6) 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 and discounts 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 generally reported as a deferred asset and amortized over the term of the related debt using the straight-line method.

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.

**7) Net Assets/Fund Equity**

In the government-wide financial statements, the County has reported negative unrestricted net assets of \$15,075,202. 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 assets invested in capital assets, net of related debt (of which there is none), in the Board of Education column of the Component Units section of the County's government-wide Statement of Net Assets.

**QUEEN ANNE'S COUNTY, MARYLAND**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2008**

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

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

**7) Net Assets/Fund Equity (continued)**

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 Assets. At June 30, 2008, the County has reported outstanding general obligation debt related to assets held by the Board of Education amounting to \$53,758,049. Absent the effect of this relationship, the County would have reported positive unrestricted net assets of governmental activities in the amount of \$38,682,847.

The County reports a portion of its net assets in its government-wide financial statements as restricted. In this context, restricted means that, as of June 30, 2008, this portion of net assets was restricted for a particular purpose either by external parties; by provision of the County Charter; or by enabling legislation. Net assets 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 assets attributed to revenue streams that are restricted for specified purposes in the County Code. This generally includes Capital Projects Fund impact fee collections and developer exactions on hand for outside entities; ending fund balances of substantially all special revenue funds; and ending unrestricted net assets of the Sanitary District and other enterprise funds. Such amounts, which are restricted net assets in the government-wide statement of Net Assets, are as follows at year-end:

<u>Restricted Net Assets</u>	
Governmental activities	\$ 15,376,330
Business-type activities	<u>18,276,271</u>
Total	<u><u>\$ 33,652,601</u></u>

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose.

**8) 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 principal residences only, 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.

**QUEEN ANNE'S COUNTY, MARYLAND  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2008**

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

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

**8) Property tax (continued)**

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 Dec 31, a supplementary tax is levied equal to half of the full-year levy. Payment in full is due by March 31. Beginning April 1, a penalty is charged for each month that taxes remain outstanding.

Real and personal property taxes are levied at rates enacted by the County Commissioners in the annual budget on the assessed value as determined by the Maryland Department of Assessments and Taxation. The rates of levy cannot exceed the constant yield rate furnished by the Maryland State Department of Assessments and Taxation without public notice and only after public hearings. The County tax rate for the fiscal year ended June 30, 2008 was \$0.770 per \$100 of assessed value.

**NOTE 2 - BUDGETS AND BUDGETARY ACCOUNTING**

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

During the fiscal year, the Commissioners may adopt supplemental appropriations. For the year ended June 30, 2008, supplemental appropriations that increased are as follows:

<u>Supplemental Appropriations</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Increase</u>
General Fund - expenditures and transfers	<u>\$ 104,741,262</u>	<u>\$ 112,020,458</u>	<u>\$ 7,279,196</u>
<u>Special Revenue Funds that adopt annual budgets</u>			
<u>Non-Major that adopt annual budgets -</u>			
Department of Aging - expenditures and transfers	\$ 2,766,360	\$ 2,846,691	\$ 80,331
Housing and Community Services - expenditures and transfers	1,196,929	1,654,041	457,112
Community Partnerships for Children - expenditures and transfers	2,045,523	2,164,385	118,862
Dredging Special Assessments - expenditures	24,000	534,617	510,617
Agricultural Transfer - expenditures	<u>666,667</u>	<u>1,400,000</u>	<u>733,333</u>
Total Special Revenue Funds that adopt annual budgets	<u>\$ 6,699,479</u>	<u>\$ 8,599,734</u>	<u>\$ 1,900,255</u>

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

**QUEEN ANNE'S COUNTY, MARYLAND  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2008**

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

Annual Budgets are legally adopted for the General Fund; School Impact Fees Capital Projects Funds; Roads Board Operating Fund; and the following non-major governmental funds: Department of Aging, Housing and Community Services, Community Partnerships for Children, Dredging Special Assessments, Kent Narrows, Inmate Welfare, Agricultural Transfer, and Fire Impact Fee Capital Projects Fund. 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 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 and encumbrances may not legally exceed appropriations at that level and unencumbered appropriations lapse at the completion or cancellation of individual projects. In that 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.

**GENERAL FUND**

The following General Fund Departments exceeded their appropriated expenditure budgets for the year ended June 30, 2008; note that Salary Reversions are realized in the individual departments:

<u>General Fund</u>	<u>Final Budget</u>	<u>Actual</u>	<u>(Negative) Variance</u>
Debt Service	\$ 7,961,365	\$ 8,011,934	\$ (50,569)
Transfer to Law Library	6,120	7,390	(1,270)
Transfer to Economic Development	-	130	(130)
Transfer to Sanitary District - Sewer	4,050	4,330	(280)
Transfer to Sanitary District - Water	221,618	231,340	(9,722)
Other Allocations	750	942	(192)
Reversions - salary reversions	(370,000)	-	(370,000)

**SPECIAL REVENUE AND CAPITAL PROJECTS FUNDS**

There were no Special Revenue or Capital Projects Funds which exceeded their appropriated expenditure budgets for the fiscal year ended June 30, 2008.

**QUEEN ANNE'S COUNTY, MARYLAND  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2008**

**NOTE 3 – CASH, INVESTMENTS AND INVESTMENT INCOME**

**A. DEPOSITS AND INVESTMENTS**

**PRIMARY GOVERNMENT, PUBLIC HOUSING AUTHORITY, AND FIDUCIARY FUNDS**

Cash and investments were as follows at year-end:

<u>Primary Government, Public Housing &amp; Fiduciary Cash and Investments</u>	<u>Carrying Amount</u>	<u>Collected Bank Balances or Fair Value</u>	<u>Total Collateral</u>
Demand Deposit Accounts, Short-Term			
Certificates of Deposit and Petty Cash	\$ 25,314,544	\$ 24,832,790	\$ 27,454,203
Investment in Maryland Local Government Investment Pool (MLGIP)	<u>44,339,783</u>	<u>44,254,232</u>	<u>45,139,317</u>
	<u>\$ 69,654,327</u>	<u>\$ 69,087,022</u>	<u>\$ 72,593,520</u>

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

<u>Cash and Investments</u>	<u>Primary Government</u>	<u>Component Unit- Housing Authority</u>	<u>Fiduciary</u>	<u>Total</u>
Unrestricted				
Equity in Pooled Cash and Investments	\$ 53,918,975	\$ 1,250,973	\$ 724,633	\$ 55,894,581
Cash and Cash Equivalents	-	333,042	-	333,042
Restricted				
Equity in Pooled Cash and Investments	13,342,329	-	-	13,342,329
Investments	-	84,375	-	84,375
	<u>\$ 67,261,304</u>	<u>\$ 1,668,390</u>	<u>\$ 724,633</u>	<u>\$ 69,654,327</u>

At year-end, the carrying amount of combined deposits was \$25,314,544 and the collected bank balances were \$24,832,790. At all banks, deposits were fully collateralized by FDIC coverage plus the market value of 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 by enacting Section 22G of Article 94 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. Standard and Poors rates the MLGIP as AAAM. The MLGIP seeks to maintain a constant value of \$1 per unit. Unit value is 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.

**QUEEN ANNE'S COUNTY, MARYLAND  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2008**

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

**A. DEPOSITS AND INVESTMENTS (CONTINUED)**

**PRIMARY GOVERNMENT, PUBLIC HOUSING AUTHORITY, AND FIDUCIARY FUNDS (CONTINUED)**

As of June 30, 2008, 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.

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

**Component Unit - Board of Education** - At year-end, the carrying amount of deposits was \$9,781,054, including \$300,000 in certificates of deposit and \$1,611 cash on hand for petty cash and excluding the carrying amount of fiduciary funds. The bank balances were \$10,618,780. Of the bank balances, \$362,000 was insured by federal depository insurance (FDIC). The uninsured balances were fully collateralized by securities held by the agent of the Board, in the Board's name.

**Component Unit – Library** - At year-end, the carrying amount of all bank deposits, including a \$617,868 certificate of deposit, was \$1,114,134, while collected bank balances were \$1,122,126. At all banks, FDIC coverage plus the market value of securities placed with the respective banks' escrow agents and held in the Library's name fully collateralized the deposits.

**B. INVESTMENT INCOME**

**PRIMARY GOVERNMENT**

Total investment income earned in all governmental funds was credited for use as follows:

<u>Governmental Funds</u>	<u>Investment Income</u>
General Fund	\$ 1,174,877
Other Funds	410,055
Unrestricted Revenue	1,584,932
Restricted Revenue	543,577
Total Investment Income	<u>\$ 2,128,509</u>

**QUEEN ANNE'S COUNTY, MARYLAND**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2008**

**NOTE 4 - ACCOUNTS RECEIVABLE**

Receivables as of June 30, 2008 for the governmental and business-type activities are as follows:

	General Fund	General Capital Projects	Roads Capital Projects	Roads Board	Non-Major Governmental Funds	Total Governmental Funds	Total Enterprise Funds	Total Governmental and Enterprise Funds
<b>Accounts Receivable</b>								
<b>Receivables</b>								
Taxes - Real Property	\$ 103,269	\$ -	\$ -	\$ -	\$ -	\$ 103,269	\$ -	\$ 103,269
Taxes - Other	97,518	140,629	-	-	-	238,147	-	238,147
Subtotal Taxes	200,787	140,629	-	-	-	341,416	-	341,416
<b>Other Accounts Receivable:</b>								
Reimbursements related to Detention Center	273,414	-	-	-	-	273,414	-	273,414
Reimbursements from the Board of Education	-	-	-	44,021	-	44,021	-	44,021
Maintenance Charges	-	29,938	-	-	-	29,938	-	29,938
Retirees Insurance	20,839	-	-	-	-	20,839	-	20,839
Recordation Tax Interest	17,445	-	-	-	-	17,445	-	17,445
Rubble Surcharge	11,774	-	-	-	-	11,774	-	11,774
Other Licenses and Permits	8,835	-	-	-	-	8,835	-	8,835
Solid Waste	8,116	-	-	-	-	8,116	-	8,116
Transfer Tax Interest	-	7,316	-	-	-	7,316	-	7,316
User Fees - Governmental Funds	-	-	13,893	-	-	13,893	-	13,893
User Fees - Sanitary District	-	-	-	-	-	-	310,834	310,834
User Fees - Parks & Recreation - Programs	-	-	-	-	-	-	9,210	9,210
User Fees - Airport	-	-	-	-	-	-	9,290	9,290
Septage Fees - Sanitary District	-	-	-	-	-	-	64,296	64,296
Rental Fees - Airport	-	-	-	-	-	-	17,475	17,475
Fuel Sales - Airport	-	-	-	-	-	-	51,077	51,077
Miscellaneous Receivables	21,528	398	-	14,624	110,284	146,834	3,406	150,240
Subtotal Other Accounts Receivable	361,951	37,652	13,893	58,645	110,284	582,425	465,588	1,048,013
<b>Loans Receivable</b>	-	-	-	-	2,929,603	2,929,603	-	2,929,603
Subtotal Other Accounts and Loans Receivable	361,951	37,652	13,893	58,645	3,039,887	3,512,028	465,588	3,977,616
<b>Special Assessments</b>	-	-	627,264	-	285,022	912,286	-	912,286
<b>Intergovernmental</b>								
Income Taxes Held by State	12,902,125	-	-	-	-	12,902,125	-	12,902,125
Grants Receivable	832,816	1,041,086	-	-	490,026	2,363,928	173,173	2,537,101
State-Shared Highway User Tax	-	-	-	851,978	-	851,978	-	851,978
Bonds Receivable	2,252,034	-	-	-	-	2,252,034	-	2,252,034
Subtotal Intergovernmental	15,986,975	1,041,086	-	851,978	490,026	18,370,065	173,173	18,543,238
<b>Restricted Receivables</b>								
Accounts Receivable	-	-	-	-	-	-	48,917	48,917
Special Assessments	-	-	-	-	-	-	4,504,380	4,504,380
<b>Total Receivables</b>	<b>\$ 16,549,713</b>	<b>\$ 1,219,367</b>	<b>\$ 641,157</b>	<b>\$ 910,623</b>	<b>\$ 3,814,935</b>	<b>\$ 23,135,795</b>	<b>\$ 5,192,058</b>	<b>\$ 28,327,853</b>

Note that receivables from Component Units are not included in the above table.

Intergovernmental receivables include bonds receivable from four other counties. In years 1994, 2000, and 2003, Queen Anne's County sold \$1,000,000, \$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 have provided their bonds to Queen Anne's County as evidence of their requirement to reimburse 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 four counties are \$330,600, \$1,515,000, and \$406,434, respectively, for a total of \$2,252,034. The College bills and collects from the five counties an amount sufficient to cover this debt service and reimburses this amount to Queen Anne's County on a semi-annual basis.

**QUEEN ANNE'S COUNTY, MARYLAND**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2008**

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

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

Loans Receivable in the amount of \$2,929,603 relate to the Housing, Dredging, and Revolving Loan Special Revenue Funds. Loans receivable in the amount of \$2,798,835 for Housing and Community Services will be paid back within a longer range of time, or in most cases not until the home is sold. These loans support housing rehabilitation and home-ownership. When the loans are paid back to the County, the funds are then loaned back out to serve the same purpose. In addition, loans for the Revolving Loan Fund in the amount of \$118,985 are also paid back over a number of years. The remaining balance of \$11,783 relates to a loan receivable for dredging.

Income taxes held by the State in the amount of \$12,902,125 will be received by the State and passed on to the County over a number of years. It may take five years or longer to receive the entire amount listed above. In some cases, there may be a percentage of this amount that is not received in that time, as it depends on when people file their income taxes.

Special Assessments in the amount of \$912,286 represent receivables for governmental activities. They consist of \$627,264 for Roads Capital Projects for assessments levied on homeowners for the County's construction of the surrounding roads, and \$285,022 for assessments levied on homeowners relating to dredging costs. Both of these assessments are paid back over a number of years.

Restricted Special Assessments in the amount of \$4,504,380 represent restricted receivables for the Sanitary District. These receivables relate to assessments levied on homeowners for the construction of sewer and water lines, and also for the 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, 2008**

**NOTE 5 – DEFERRED OR UNEARNED REVENUE**

Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but unearned. At the end of the current fiscal year, the components of *unavailable revenue* and *unearned revenue* were reported in the governmental funds as deferred revenue as follows:

Deferred Revenue	Unavailable	Unearned	Total
<b>General Fund</b>			
Income Taxes Due from State	\$ 10,201,570	\$ -	\$ 10,201,570
Property Taxes Receivable	93,916	-	93,916
Property Tax Deferrals	-	6,936	6,936
Inter-governmental Bonds Receivable	2,252,034	-	2,252,034
Grant Drawdowns in Excess of Expenditures	-	55,716	55,716
Subtotal	12,547,520	62,652	12,610,172
<b>General Capital Projects Fund</b>			
Grant Drawdowns in excess of Expenditures	-	94,985	94,985
<b>Roads Capital Projects Fund</b>			
Grant Drawdowns in Excess of Expenditures	-	16,673	16,673
Benefit Assessments Receivable Not Currently Due	-	627,264	627,264
Benefit Assessments Paid in Advance	-	59,968	59,968
Subtotal	-	703,905	703,905
<b>Roads Board Operating Fund</b>			
Inspection Fees Collected In Advance	-	634,838	634,838
State-Shared Highway User Tax Received			
In Excess of Expenditures	-	2,551,096	2,551,096
Subtotal	-	3,185,934	3,185,934
<b>Non-Major Governmental Funds</b>			
Grant Drawdowns in Excess of Expenditures	-	54,388	54,388
Benefit Assessments Receivable Not Currently Due	-	285,022	285,022
Subtotal	-	339,410	339,410
<b>Total Deferred Revenue</b>	<b>\$ 12,547,520</b>	<b>\$ 4,386,886</b>	<b>\$ 16,934,406</b>

**QUEEN ANNE'S COUNTY, MARYLAND**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2008**

**NOTE 6 – CAPITAL ASSETS**

**PRIMARY GOVERNMENT**

Capital asset activity for the year ended June 30, 2008 for governmental activities is as follows:

<b><u>Governmental Activities</u></b>	Balance June 30, 2007	Increases	Decreases	Balance June 30, 2008
Capital Assets, not being depreciated:				
Land	\$ 30,611,334	\$ 6,414,472	\$ -	\$ 37,025,806
Land Improvements	1,502,049	208,186	-	1,710,235
Construction in Progress	7,617,927	5,159,620	(2,706,735)	10,070,812
Land - Inexhaustible Infrastructure Improvements	39,441,833	483,665	-	39,925,498
<b>Total Capital Assets, not being depreciated</b>	<b>79,173,143</b>	<b>12,265,943</b>	<b>(2,706,735)</b>	<b>88,732,351</b>
Capital Assets, being depreciated:				
Buildings & Building Improvements	24,469,618	3,046,502	-	27,516,120
Improvements other than buildings	4,496,617	170,764	-	4,667,381
Vehicles	7,748,911	840,796	(448,474)	8,141,233
Equipment	7,467,465	815,049	(236,004)	8,046,510
Furniture & Fixtures	8,782,139	294,482	(5,828)	9,070,793
Infrastructure Improvements - Depreciable	14,685,543	190,692	-	14,876,235
<b>Total Capital Assets, being depreciated</b>	<b>67,650,293</b>	<b>5,358,285</b>	<b>(690,306)</b>	<b>72,318,272</b>
Less Accumulated Depreciation for:				
Buildings	6,136,576	444,666	-	6,581,242
Building Improvements	544,982	79,851	-	624,833
Improvements other than buildings	540,979	121,336	-	662,315
Vehicles	4,116,146	768,506	(437,965)	4,446,687
Equipment	4,642,968	618,357	(60,417)	5,200,908
Furniture & Fixtures	3,804,088	876,496	(4,103)	4,676,481
Infrastructure Improvements - Depreciable	5,685,746	297,525	-	5,983,271
<b>Total Accumulated Depreciation</b>	<b>25,471,485</b>	<b>3,206,737</b>	<b>(502,485)</b>	<b>28,175,737</b>
<b>Total Capital Assets, being depreciated, net</b>	<b>42,178,808</b>	<b>2,151,548</b>	<b>(187,821)</b>	<b>44,142,535</b>
<b>Governmental activities Capital Assets, net</b>	<b>\$ 121,351,951</b>	<b>\$ 14,417,491</b>	<b>\$ (2,894,556)</b>	<b>\$ 132,874,886</b>

**QUEEN ANNE'S COUNTY, MARYLAND**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2008**

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

**PRIMARY GOVERNMENT (CONTINUED)**

Capital asset activity separated by transaction type for the year ended June 30, 2008 for governmental activities is as follows:

<b>Governmental Activities</b>	Balance June 30, 2007	Governmental Capital Outlay	Traded & Transferred Capital Outlay	Governmental Force in Kind Expenditures	General Capital Projects	Roads Capital Projects	Donated Roads Infrastructure	Donated Land Governmental	Less Book Value of Disposed Capital Assets	Less Current Year Depreciation Expense	Balance June 30, 2008	Change in Capital Assets
Capital Assets, not being depreciated:												
Land	\$ 30,611,334	\$ -	\$ -	\$ -	\$ 5,749,320	\$ -	\$ -	\$ 665,152	\$ -	\$ -	\$ 37,025,806	\$ 6,414,472
Land Improvements	1,502,049	-	-	-	208,186	-	-	-	-	-	1,710,235	208,186
Construction in Progress	7,617,927	-	-	115,650	2,192,282	233,699	-	-	(88,746)	-	10,070,812	2,452,885
Land - Inexhaustible Infrastructure Improvements	39,441,833	-	-	1,752	-	88,913	393,000	-	-	-	39,925,498	483,665
<b>Total Capital Assets, not being depreciated</b>	<b>79,173,143</b>	<b>-</b>	<b>-</b>	<b>117,402</b>	<b>8,149,788</b>	<b>322,612</b>	<b>393,000</b>	<b>665,152</b>	<b>(88,746)</b>	<b>-</b>	<b>88,732,351</b>	<b>9,559,208</b>
Capital Assets, being depreciated:												
Buildings & Building Improvements	24,469,618	31,254	-	-	3,015,248	-	-	-	-	-	27,516,120	3,046,502
Improvements other than buildings	4,496,617	-	-	-	170,764	-	-	-	-	-	4,667,381	170,764
Vehicles	7,748,911	791,576	11,180	-	49,220	-	-	-	(459,654)	-	8,141,233	392,322
Equipment	7,467,465	310,059	55,428	-	449,562	-	-	-	(236,004)	-	8,046,510	579,045
Furniture & Fixtures	8,782,139	182,800	-	-	111,682	-	-	-	(5,828)	-	9,070,793	288,654
Infrastructure Improvements - Depreciable	14,685,543	-	-	438	-	92,004	98,250	-	-	-	14,876,235	190,692
<b>Total Capital Assets, being depreciated</b>	<b>67,650,293</b>	<b>1,315,689</b>	<b>66,608</b>	<b>438</b>	<b>3,796,476</b>	<b>92,004</b>	<b>98,250</b>	<b>-</b>	<b>(701,486)</b>	<b>-</b>	<b>72,318,272</b>	<b>4,667,979</b>
Less Accumulated Depreciation	(25,471,485)	-	-	-	-	-	-	-	502,485	(3,206,737)	(28,175,737)	(2,704,252)
<b>Total Capital Assets, being depreciated, net</b>	<b>42,178,808</b>	<b>1,315,689</b>	<b>66,608</b>	<b>438</b>	<b>3,796,476</b>	<b>92,004</b>	<b>98,250</b>	<b>-</b>	<b>(199,001)</b>	<b>(3,206,737)</b>	<b>44,142,535</b>	<b>1,963,727</b>
<b>Total Increase (Decrease) in Capital Assets</b>	<b>\$ 121,351,951</b>	<b>\$ 1,315,689</b>	<b>\$ 66,608</b>	<b>\$ 117,840</b>	<b>\$ 11,946,264</b>	<b>\$ 414,616</b>	<b>\$ 491,250</b>	<b>\$ 665,152</b>	<b>\$ (287,747)</b>	<b>\$ (3,206,737)</b>	<b>\$ 132,874,886</b>	<b>\$ 11,522,935</b>

**QUEEN ANNE'S COUNTY, MARYLAND**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2008**

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

**PRIMARY GOVERNMENT (CONTINUED)**

Capital asset activity for the year ended June 30, 2008 for business-type activities is as follows:

<b><u>Business-Type Activities</u></b>	Balance June 30, 2007	Increases	Decreases	Balance June 30, 2008
Capital Assets, not being depreciated:				
Land	\$ 12,828,312	\$ -	\$ -	\$ 12,828,312
Land Improvements	16,162	-	-	16,162
Construction in Progress	33,236,129	2,524,735	(33,688,194)	2,072,670
Land - Inexhaustible Infrastructure Improvements	1,168,407	-	-	1,168,407
<b>Total Capital Assets, not being depreciated</b>	<b>47,249,010</b>	<b>2,524,735</b>	<b>(33,688,194)</b>	<b>16,085,551</b>
Capital Assets, being depreciated:				
Buildings and Improvements to Buildings	13,251,556	6,403,152	(1,931,798)	17,722,910
Improvements other than Buildings	4,020,840	1,857,083	(165,352)	5,712,571
Automotive Equipment	1,067,697	185,107	(106,306)	1,146,498
Equipment	6,851,144	15,838,540	(1,116,074)	21,573,610
Furniture & Fixtures	71,520	2,519	-	74,039
Infrastructure Improvements - Depreciable	57,025,565	11,629,327	(1,321,728)	67,333,164
<b>Total Capital Assets, being depreciated</b>	<b>82,288,322</b>	<b>35,915,728</b>	<b>(4,641,258)</b>	<b>113,562,792</b>
Less Accumulated Depreciation for:				
Buildings and Improvements to Buildings	4,912,770	244,568	(743,423)	4,413,915
Improvements other than Buildings	1,608,107	178,605	(5,512)	1,781,200
Automotive Equipment	713,683	82,368	(92,230)	703,821
Equipment	5,356,737	191,206	(1,060,976)	4,486,967
Furniture & Fixtures	52,828	4,128	-	56,956
Infrastructure Improvements - Depreciable	15,894,564	1,114,075	(673,696)	16,334,943
<b>Total Accumulated Depreciation</b>	<b>28,538,689</b>	<b>1,814,950</b>	<b>(2,575,837)</b>	<b>27,777,802</b>
<b>Total Capital Assets, being depreciated, net</b>	<b>53,749,633</b>	<b>34,100,778</b>	<b>(2,065,421)</b>	<b>85,784,990</b>
<b>Business-type Activities Capital Assets, net</b>	<b>\$ 100,998,643</b>	<b>\$ 36,625,513</b>	<b>\$ (35,753,615)</b>	<b>\$ 101,870,541</b>

**QUEEN ANNE'S COUNTY, MARYLAND**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2008**

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

**PRIMARY GOVERNMENT (CONTINUED)**

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

<u>Governmental Activities</u>	<u>Depreciation</u>
General Government	\$ 116,278
Public Safety	1,296,808
Public Works	1,217,405
Health	10,117
Social Services	210,060
Parks & Recreation	307,383
Library	23,610
Conservation of Natural Resources	17,657
Economic/Community Development	7,419
	<u>\$ 3,206,737</u>
<u>Business-Type Activities</u>	
Sanitary District	\$ 1,494,207
Parks & Recreation Enterprise Funds	152,748
Public Marinas Enterprise Funds	5,238
Airport	162,757
	<u>\$ 1,814,950</u>

**QUEEN ANNE'S COUNTY, MARYLAND**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2008**

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

**COMPONENT UNITS**

**Board of Education:** Capital asset activity for the year ended June 30, 2008 is as follows:

<u>Board of Education</u>	Balance June 30, 2007	Increases	Decreases	Balance June 30, 2008
Capital Assets, not being depreciated:				
Land	\$ 3,868,870	\$ -	\$ -	\$ 3,868,870
Construction in Progress	25,795,029	15,009,964	(27,909,577)	12,895,416
Total Capital Assets, not being depreciated	- 29,663,899	15,009,964	(27,909,577)	16,764,286
Capital Assets, being depreciated:				
Land Improvements	4,424,772	79,229	-	4,504,001
Building improvements	106,161,651	26,615,221	-	132,776,872
Furniture and equipment	9,723,367	775,890	(371,194)	10,128,063
Total Capital Assets, being depreciated	- 120,309,790	27,470,340	(371,194)	147,408,936
Less Accumulated Depreciation for:				
Land Improvements	2,564,950	210,890	-	2,775,840
Building improvements	23,210,188	2,533,915	-	25,744,103
Furniture and equipment	7,316,873	576,988	(345,193)	7,548,668
Total Accumulated Depreciation	33,092,011	3,321,793	(345,193)	36,068,611
Total Capital Assets, being depreciated, net	87,217,779	24,148,547	(26,001)	111,340,325
Capital Assets, net	<u>\$ 116,881,678</u>	<u>\$ 39,158,511</u>	<u>\$ (27,935,578)</u>	<u>\$ 128,104,611</u>

**QUEEN ANNE'S COUNTY, MARYLAND  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2008**

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

**COMPONENT UNITS (CONTINUED)**

**Queen Anne's County Free Library:** Capital asset activity for the year ended June 30, 2008 is as follows:

<u>Library</u>	Balance June 30, 2007	Increases	Decreases	Balance June 30, 2008
Capital Assets, not being depreciated:				
Artwork	\$ 29,850	\$ -	\$ -	\$ 29,850
Capital Assets, being depreciated:				
Books and media	2,153,578	109,570	-	2,263,148
Building improvements	239,072	-	-	239,072
Furniture and equipment	35,466	-	(35,466)	-
Total Capital Assets, being depreciated	<u>2,428,116</u>	<u>109,570</u>	<u>(35,466)</u>	<u>2,502,220</u>
Less Accumulated Depreciation for:				
Books and media	1,365,845	103,475	-	1,469,320
Building improvements	78,895	6,130	-	85,025
Furniture and equipment	35,466	-	(35,466)	-
Total Accumulated Depreciation	<u>1,480,206</u>	<u>109,605</u>	<u>(35,466)</u>	<u>1,554,345</u>
Total Capital Assets, being depreciated, net	<u>947,910</u>	<u>(35)</u>	<u>-</u>	<u>947,875</u>
Capital Assets, net	<u>\$ 977,760</u>	<u>\$ (35)</u>	<u>\$ -</u>	<u>\$ 977,725</u>

**QUEEN ANNE'S COUNTY, MARYLAND**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2008**

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

**COMPONENT UNITS (CONTINUED)**

**Queen Anne's County Housing Authority:** Capital asset activity for the year ended June 30, 2008 is as follows:

<u>Housing Authority</u>	Balance June 30, 2007	Increases	Decreases	Balance June 30, 2008
Capital Assets, not being depreciated:				
Land	\$ 598,505	\$ 137,056	\$ -	\$ 735,561
Land Improvements	15,489	-	-	15,489
Construction in Progress	3,742,429	4,917,612	(73,326)	8,586,715
Total Capital Assets, not being depreciated	<u>4,356,423</u>	<u>5,054,668</u>	<u>(73,326)</u>	<u>9,337,765</u>
Capital Assets, being depreciated:				
Buildings & improvements	15,044,678	309,463	-	15,354,141
Vehicles	23,490	-	-	23,490
Furniture, fixtures & equipment	233,114	-	-	233,114
Total Capital Assets, being depreciated	<u>15,301,282</u>	<u>309,463</u>	<u>-</u>	<u>15,610,745</u>
Less Accumulated Depreciation for:				
Buildings & improvements	2,322,472	310,298	-	2,632,770
Vehicles	12,332	2,349	-	14,681
Furniture, fixtures & equipment	95,710	12,668	-	108,378
Total Accumulated Depreciation	<u>2,430,514</u>	<u>325,315</u>	<u>-</u>	<u>2,755,829</u>
Total Capital Assets, being depreciated, net	<u>12,870,768</u>	<u>(15,852)</u>	<u>-</u>	<u>12,854,916</u>
Capital Assets, net	<u>\$ 17,227,191</u>	<u>\$ 5,038,816</u>	<u>\$ (73,326)</u>	<u>\$ 22,192,681</u>

**QUEEN ANNE'S COUNTY, MARYLAND  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2008**

**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 funds 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, 2008:

	Due from Fund						Total Due From Other Funds
	General Capital Projects	Non-Major Governmental	Sanitary District	Bay Bridge Airport	Non-Major Enterprise	Housing Authority - Component Unit	
<u>Due to Fund</u>							
General	\$ -	\$ 224,099	\$ -	\$ 831,509	\$ 1,636,614	\$ 43,547	\$ 2,735,769
General Capital Projects	-	-	80,000	-	-	-	80,000
Sanitary District	-	-	17,199	-	-	-	17,199
Non-Major Enterprise	-	-	-	-	40,000	-	40,000
Board of Education - Component Unit	<u>2,406,194</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,406,194</u>
Total Due to Other Funds	<u>\$ 2,406,194</u>	<u>\$ 224,099</u>	<u>\$ 97,199</u>	<u>\$ 831,509</u>	<u>\$ 1,676,614</u>	<u>\$ 43,547</u>	<u>\$ 5,279,162</u>

Further information about the interfund and intra-entity receivables and payables can be found in the Detailed Schedule of Interfund Receivables and Payables following the Notes.

**QUEEN ANNE'S COUNTY, MARYLAND**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2008**

**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, 2008:

	Transfers In Fund						
	General Fund	General Capital Projects	Roads Board	Non-Major Governmental	Major Enterprise	Non-Major Enterprise	Total Transfers Out
Transfers Out Fund							
General Fund	\$ -	\$ 12,176,028	\$ 28,868	\$ 2,489,964	\$ 180,408	\$ 157,260	\$ 15,032,528
General Capital Projects	-	-	-	235,000	-	253,487	488,487
Impact Fees - Schools	1,408,120	-	-	-	-	-	1,408,120
Total Capital Projects Funds	1,408,120	-	-	235,000	-	253,487	1,896,607
Non-Major Governmental	72,403	24,350	-	-	-	-	96,753
Sanitary District - Sewer and Water Operating	-	-	-	-	142,464	-	142,464
Sanitary District - Restricted	-	-	-	-	2,118,937	-	2,118,937
Sanitary District - Debt Service	-	-	-	-	2,092,727	-	2,092,727
Total Sanitary District Funds	-	-	-	-	4,354,128	-	4,354,128
Non-Major Enterprise	579,574	-	-	-	248,354	-	827,928
Total Transfers In	<u>\$ 2,060,097</u>	<u>\$ 12,200,378</u>	<u>\$ 28,868</u>	<u>\$ 2,724,964</u>	<u>\$ 4,782,890</u>	<u>\$ 410,747</u>	<u>\$ 22,207,944</u>

Further information about the interfund transfers can be found in the Detailed Schedule of Interfund Transfers following the Notes.

**QUEEN ANNE'S COUNTY, MARYLAND**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2008**

**NOTE 9 – NONCURRENT LIABILITIES**

**A. CHANGES IN NONCURRENT LIABILITIES**

During the year ended June 30, 2008, the following changes occurred in the noncurrent liabilities of the Primary Government:

<u>PRIMARY GOVERNMENT</u>	Balance June 30, 2007	Additions of new debt	Retirements and Repayments	Balance June 30, 2008	Due Within One Year	Due in More than One Year
<b>Governmental Activities</b>						
General Bonds Payable	\$ 75,938,286	\$ -	\$ 5,185,941	\$ 70,752,345	\$ 5,218,709	\$ 65,533,636
Notes Payable	561,000	510,617	249,000	822,617	24,000	798,617
Bond Premiums, Net of Issuance Costs	780,772	-	64,723	716,049	64,723	651,326
Deferred Refunding Costs	(2,001,409)	-	(170,483)	(1,830,926)	(170,483)	(1,660,443)
Capital Leases	248,460	-	45,482	202,978	47,496	155,482
	<u>75,527,109</u>	<u>510,617</u>	<u>5,374,663</u>	<u>70,663,063</u>	<u>5,184,445</u>	<u>65,478,618</u>
Compensated Absences	<u>1,707,921</u>	<u>1,467,047</u>	<u>1,205,942</u>	<u>1,969,026</u>	<u>1,376,098</u>	<u>592,928</u>
	<u>\$ 77,235,030</u>	<u>\$ 1,977,664</u>	<u>6,580,605</u>	<u>\$ 72,632,089</u>	<u>\$ 6,560,543</u>	<u>\$ 66,071,546</u>
Less College Reimbursements			<u>(200,580)</u>			
			<u>\$ 6,380,025</u>			

Note that the General Bonds Payable retirements and repayments of \$5,185,941 above includes \$345,956 of debt that was distributed during fiscal year 2008 from governmental activities to: the Airport for \$21,238, Kent Narrows Marina for \$36,934, and the Housing Authority for \$287,784 for the 2006 bonds. These distributions of \$345,956 are excluded from principal payments reported in governmental funds.

Note also that college reimbursements of \$200,580, for debt payments made by the County for bonds undertaken on behalf of the college, were offset by the County's allocation to the college in the amount of \$51,965 for this debt. This reimbursement of \$200,580 is excluded from principal payments reported in governmental funds.

**QUEEN ANNE'S COUNTY, MARYLAND**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2008**

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

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

<u>Business -Type Activities</u>	Balance June 30, 2007	Additions of new debt	Retirements and Repayments	Balance June 30, 2008	Due Within One Year	Due in More than One Year
Golf Course	\$ 1,031,075	\$ -	\$ 55,000	\$ 976,075	\$ 60,000	\$ 916,075
Airport	503,578	21,238	31,467	493,349	33,552	459,797
Public Marinas	38,267	36,934	7,885	67,316	8,230	59,086
Sanitary District	25,552,847	697,258	2,634,284	23,615,821	1,931,383	21,684,438
Subtotal Debt	27,125,767	755,430	2,728,636	25,152,561	2,033,165	23,119,396
Bond Premiums, Net of Issuance Costs						
Golf Course	34,469	-	2,652	31,817	2,651	29,166
Airport	10,814	-	832	9,982	832	9,150
Deferred Refunding Costs						
Golf Course	(76,548)	-	(5,889)	(70,659)	(5,888)	(64,771)
Airport	(24,015)	-	(1,848)	(22,167)	(1,847)	(20,320)
Sanitary District	(122,754)	-	(27,211)	(95,543)	(27,210)	(68,333)
Subtotal Bond Premiums, Issuance and Deferred Refunding Costs	(178,034)	-	(31,464)	(146,570)	(31,462)	(115,108)
Compensated Absences	242,678	171,851	171,353	243,176	169,949	73,227
	<u>\$ 27,190,411</u>	<u>\$ 927,281</u>	<u>\$ 2,868,525</u>	<u>\$ 25,249,167</u>	<u>\$ 2,171,652</u>	<u>\$ 23,077,515</u>

Additions of new debt listed above in the amounts of \$21,238 for the Airport and \$36,934 for Public Marinas represent a distribution of the 2006 bonds.

Retirements and repayments of debt in the amount of \$2,634,284 for the Sanitary District includes repayments of \$1,886,942 plus retirements of a loan agreement in the amount of \$747,342, which was replaced with a long term payable for \$697,258.

**QUEEN ANNE'S COUNTY, MARYLAND  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2008**

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

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

During the year ended June 30, 2008, the following changes occurred in the noncurrent liabilities of the primary government's Component Units:

<u>COMPONENT UNITS</u>	Balance June 30, 2007	Additions of new debt	Retirements and Repayments	Balance June 30, 2008	Due Within One Year	Due in More than One Year
Queen Anne's County						
Board of Education						
Capital Lease	\$ 194,350	\$ 179,542	\$ 112,716	\$ 261,176	\$ 110,407	\$ 150,769
Compensated Absences	785,271	82,992	80,361	787,902	109,856	678,046
Subtotal	<u>979,621</u>	<u>262,534</u>	<u>193,077</u>	<u>1,049,078</u>	<u>220,263</u>	<u>828,815</u>
Housing Authority						
Terrapin Grove Phase II Loan	777,125	-	40,908	736,217	40,908	695,309
Scattered Site Housing						
Reimbursement to County for						
Portion of 2003 Bonds	284,381	-	12,070	272,311	12,563	259,748
Repay Loan from County Housing						
Revolving Loan Fund	202,224	300,000	-	502,224	-	502,224
Reimbursement to County for						
Portion of 2006 Bonds	78,481	287,784	10,406	355,859	13,760	342,099
Subtotal	<u>1,342,211</u>	<u>587,784</u>	<u>63,384</u>	<u>1,866,611</u>	<u>67,231</u>	<u>1,799,380</u>
	<u>\$ 2,321,832</u>	<u>\$ 850,318</u>	<u>\$ 256,461</u>	<u>\$ 2,915,689</u>	<u>\$ 287,494</u>	<u>\$ 2,628,195</u>

The addition of new debt listed above in the amount of \$287,784 for the Housing Authority represents a distribution of the 2006 bonds.

**B. GENERAL OBLIGATION BONDS, NOTES, 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: Water, Sewer, Bay Bridge Airport, Blue Heron Golf Course, and Public Marinas.

Compensated absences that mature during the fiscal year, in that they are paid when the employee takes vacation or compensatory leave or upon the employee's termination, are typically liquidated from the governmental or enterprise fund in which that employee charges the majority of their productive time. It is 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, 2008**

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

**B. GENERAL OBLIGATION BONDS, NOTES, AND COMPENSATED ABSENCES (CONTINUED)**

**PRIMARY GOVERNMENT (CONTINUED)**

As of June 30, 2008, general obligation bonds and notes payable are comprised of the following, along with accrued compensated absences:

<u>Governmental Activities</u>	Paying Fund	Interest Rate	Year Series Matures	Amount of Original Issue	Outstanding June 30, 2008	Due Within One Year	Due in More than One Year
<u>General Obligation Bonds Payable</u>							
1995 Refunding	General	3.70%-4.70%	2009	\$ 3,030,000	\$ 370,000	\$ 370,000	\$ -
2000 Public Facilities	General	4.25%-5.50%	2020	31,175,000	3,355,000	1,630,000	1,725,000
2002 Refunding Bonds	General	3.00%-5.00%	2013	6,310,000	4,460,000	795,000	3,665,000
2003 Public Facilities	General	3.50%-4.50%	2023	13,265,000	10,782,690	497,437	10,285,253
2005 Refunding Bonds	General	3.00%-5.00%	2019	30,026,336	29,746,336	1,150,000	28,596,336
2006 Public Facilities	General	4.000%-5.375%	2027	23,049,812	22,038,319	776,272	21,262,047
Subtotal Bonds Payable					70,752,345	5,218,709	65,533,636
<u>Notes Payable</u>							
State of Maryland - Price Ck.	Spec. Rev.	0.00%	2021	625,000	312,000	24,000	288,000
State of Maryland - Grove Ck.	Spec. Rev.	0.00%	2034	510,617	498,834	-	498,834
Loan Agreement Payable - Grove Ck.		0.00%			11,783	-	11,783
Subtotal Notes Payable					822,617	24,000	798,617
Subtotal Bonds and Notes Payable					71,574,962	5,242,709	66,332,253
2005 Bond Premiums					840,691	76,391	764,300
2005 Bond Issuance Costs					(124,642)	(11,668)	(112,974)
2005 Deferred Refunding Costs					(1,830,926)	(170,483)	(1,660,443)
2006 Bond Premiums					228,827	12,044	216,783
2006 Bond Issuance Costs					(228,827)	(12,044)	(216,783)
Total Governmental Activities					70,460,085	5,136,949	65,323,136
<u>Long-term Obligation under Capital Lease Agreements</u>	General	4.38%	2012	248,460	202,978	47,496	155,482
<u>Accrued Compensated Absences</u>					1,969,026	1,376,098	592,928
					\$ 72,632,089	\$ 6,560,543	\$ 66,071,546

Details relating to the capital lease obligation can be found in Note 9, Section E – Capital Lease Obligations.

**QUEEN ANNE'S COUNTY, MARYLAND  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2008**

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

**B. GENERAL OBLIGATION BONDS, NOTES, AND COMPENSATED ABSENCES (CONTINUED)**

**PRIMARY GOVERNMENT (CONTINUED)**

The annual requirements to amortize general obligation bonds and notes payable outstanding as of June 30, 2008 for governmental activities are as follows:

<u>Governmental Activities</u> Year Ending June 30,	Governmental Bonds Payable			Governmental Notes Payable		
	Principal	Interest	Total	Principal	Interest	Total
2009	\$ 5,218,709	\$ 2,951,674	\$ 8,170,383	\$ 24,000	\$ -	\$ 24,000
2010	5,062,083	2,718,219	7,780,302	44,425	-	44,425
2011	5,250,428	2,492,160	7,742,588	44,425	-	44,425
2012	5,458,502	2,287,692	7,746,194	44,425	-	44,425
2013	5,196,725	2,079,982	7,276,707	44,425	-	44,425
2014-2018	23,822,250	7,334,686	31,156,936	222,125	-	222,125
2019-2023	14,502,472	2,915,733	17,418,205	174,125	-	174,125
2024-2034	6,241,176	629,552	6,870,728	224,667	-	224,667
	<u>\$ 70,752,345</u>	<u>\$ 23,409,698</u>	<u>\$ 94,162,043</u>	<u>\$ 822,617</u>	<u>\$ -</u>	<u>\$ 822,617</u>

These repayment schedules exclude amortization of bond premiums (\$1,069,518), issuance costs (negative \$353,469), and deferred refunding costs (negative \$1,830,926).

For the year ended June 30, 2008, total principal, debt issuance costs, and interest incurred by governmental funds relating to general obligation bonds and notes payable, less College reimbursements, were \$4,888,405, \$3,972, and \$3,147,529, respectively.

**QUEEN ANNE'S COUNTY, MARYLAND**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2008**

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

**B. GENERAL OBLIGATION BONDS, NOTES, AND COMPENSATED ABSENCES (CONTINUED)**

**PRIMARY GOVERNMENT (CONTINUED)**

General obligation bonds and notes payable outstanding as of June 30, 2008 for business-type activities are comprised of the following, as well as accrued compensated absences:

<u>Business -Type Activities</u>	Interest Rate	Year Series Matures	Amount of Original Issue	Outstanding June 30, 2008	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	\$ 976,075	\$ 60,000	\$ 916,075
2005 Bond Premiums				36,493	3,041	33,452
2005 Bond Issuance Costs				(4,676)	(390)	(4,286)
2005 Deferred Refunding Costs				(70,659)	(5,888)	(64,771)
Subtotal Golf Course				937,233	56,763	880,470
<u>Airport</u>						
2005 Refunding Bonds	3.00%-5.00%	2019	337,588	292,588	25,000	267,588
2006 Public Facilities Bonds	4.000%-5.375%	2027	185,990	200,761	8,552	192,209
2005 Bond Premiums				11,449	954	10,495
2005 Bond Issuance Costs				(1,467)	(122)	(1,345)
2005 Deferred Refunding Costs				(22,167)	(1,847)	(20,320)
2006 Bond Premiums				2,523	133	2,390
2006 Bond Issuance Costs				(2,523)	(133)	(2,390)
Subtotal Airport				481,164	32,537	448,627
<u>Public Marinas</u>						
2006 Public Facilities Bonds	4.000%-5.375%	2027	4,198	40,061	1,416	38,645
2006 Bond Premiums				424	22	402
2006 Bond Issuance Costs				(424)	(22)	(402)
State of Maryland	0%	2015	102,208	27,255	6,814	20,441
Subtotal Marinas				67,316	8,230	59,086
<u>Sanitary District</u>						
1995 Refunding Bonds-Wtr	3.70%-4.70%	2009	625,000	70,000	70,000	-
2002 Refunding Bonds	3.00%-5.00%	2013	3,385,000	2,515,000	435,000	2,080,000
Maryland Water Quality-Cloverfields	5.09%	2013	4,282,209	1,070,552	214,110	856,442
Maryland Water Quality-Digester	4.41%	2013	1,121,377	437,034	79,982	357,052
Maryland Water Quality-Bay City	3.50%	2015	3,476,961	1,619,220	208,142	1,411,078
Maryland Water Quality-2005 Enhancement	1.00%	2027	18,252,291	17,408,592	837,223	16,571,369
State of Maryland	6.10%	2010	500,000	100,348	31,560	68,788
Bank of America	5.60%	2010	200,000	45,908	17,682	28,226
Queenstown Bank-Cloverfields Hookup	8.13%	2015	435,000	228,498	26,410	202,088
Queenstown Bank-Bay City Hookup	7.90%	2015	205,000	120,669	11,274	109,395
Subtotal Debt				23,615,821	1,931,383	21,684,438
Prior Issue Deferred Refunding Costs				(95,543)	(27,210)	(68,333)
Subtotal Sanitary District				23,520,278	1,904,173	21,616,105
Total Enterprise Debt before Compensated Absences				25,005,991	2,001,703	23,004,288
<u>Accrued Compensated Absences</u>				243,176	169,949	73,227
Total Enterprise Funds				\$ 25,249,167	\$ 2,171,652	\$ 23,077,515

**QUEEN ANNE'S COUNTY, MARYLAND  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2008**

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

**B. GENERAL OBLIGATION BONDS, NOTES, AND COMPENSATED ABSENCES (CONTINUED)**

**PRIMARY GOVERNMENT (CONTINUED)**

The annual requirements to amortize business-type bonds and notes outstanding at June 30, 2008, 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
2009	\$ 599,968	\$ 172,302	\$ 772,270	\$ 1,433,197	\$ 444,792	\$ 1,877,989
2010	560,341	147,064	707,405	1,458,490	386,922	1,845,412
2011	595,778	120,320	716,098	1,474,205	349,913	1,824,118
2012	616,276	91,314	707,590	1,453,234	312,853	1,766,087
2013	431,712	66,957	498,669	1,471,182	277,187	1,748,369
2014-2018	946,720	152,834	1,099,554	5,118,380	876,404	5,994,784
2019-2023	305,709	34,080	339,789	4,717,486	581,065	5,298,551
2024-2027	37,981	8,084	46,065	3,931,902	292,174	4,224,076
	<u>\$ 4,094,485</u>	<u>\$ 792,955</u>	<u>\$ 4,887,440</u>	<u>\$ 21,058,076</u>	<u>\$ 3,521,310</u>	<u>\$ 24,579,386</u>

For the year ended June 30, 2008, total principal and interest incurred by business-type activities relating to bonds and notes payable were \$2,728,636 and \$407,651, respectively.

**C. DEFEASANCE OF DEBT**

Prior Years' Refunding Bonds – In prior years, Queen Anne's County defeased certain general obligation bonds by placing the proceeds of new bonds with an escrow agent in an irrevocable trust to provide for all future debt service payments on the old bonds.

Accordingly, the trust account assets and liability for the defeased bonds are not included in the financial statements for Queen Anne's County. At June 30, 2008, \$38,760,000 of bonds are considered defeased during prior years. Of this amount, \$34,270,000 of bonds are related to Governmental Activities and \$4,490,000 of bonds are related to Business-Type Activities.

**QUEEN ANNE'S COUNTY, MARYLAND**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2008**

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

**D. ISSUANCE OF NEW DEBT**

**PRIMARY GOVERNMENT**

**GOVERNMENTAL ACTIVITIES**

During fiscal year 2008, Queen Anne's County received loan proceeds from the State of Maryland Department of Natural Resources (DNR) in the amount of \$498,834. In addition, the County recorded \$11,783 as a loan agreement payable for the balance of this loan. The total loan was for \$510,617, of which the final draw down of \$11,783 did not occur until the 2009 fiscal year. The loan to DNR is an interest free loan and will be paid back in twenty five payments beginning November 1, 2009. The loan proceeds provided funding for the Grove Creek Dredging Project which was completed in fiscal year 2008. In fiscal year 2009, the County levied a benefit assessment on property owners around Grove Creek and will use the assessments collected over time to repay the loan.

**E. CAPITAL LEASE OBLIGATIONS**

**PRIMARY GOVERNMENT**

In September 2006, Queen Anne's County entered into a capital lease agreement for two roll-off trucks for a net total of \$248,460, after trade-ins. Financing for the two trucks was through BB&T Bank for a five-year term at a rate of 4.380 percent and maturity in 2012. The trucks were purchased for the Solid Waste Department. This lease agreement qualifies as a capital lease; therefore, it has been recorded at the present value of future minimum lease payments as of the inception of the lease.

As of June 30, 2008, the assets acquired and placed in service, net of depreciation, are as follows:

Vehicles	\$ 248,460
Less accumulated depreciation	<u>(39,340)</u>
Total asset value for capital lease	<u>\$ 209,120</u>

The future minimum lease obligations and the net present value of the minimum lease payments as of June 30, 2008, are as follows:

Fiscal Year Ending June 30,	lease payments
2009	\$ 55,872
2010	55,872
2011	55,872
2012	<u>55,871</u>
Total minimum lease payments	223,487
Less amount representing interest	<u>(20,509)</u>
Present value of minimum lease payments	<u>\$ 202,978</u>

**QUEEN ANNE'S COUNTY, MARYLAND**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2008**

**NOTE 10 – RESTRICTED ASSETS AND LIABILITIES AND RESERVED/DESIGNATED 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, 2008 are as follows:

<b>Business -Type Activities</b>	Sanitary District		Total
	Restricted	Debt Service	
Current Restricted Assets			
Equity in Pooled Cash	\$ 8,790,508	\$ 4,551,821	\$ 13,342,329
Accounts Receivable (Net)	9,942	38,975	48,917
Subtotal	<u>8,800,450</u>	<u>4,590,796</u>	<u>13,391,246</u>
LESS Current Liabilities Payable from Current Restricted Assets			
Current Portion of Bonds Payable from Restricted Assets	-	(43,163)	(43,163)
Net Current Restricted Assets	<u>8,800,450</u>	<u>4,547,633</u>	<u>13,348,083</u>
Noncurrent Restricted Assets			
Special Assessments Receivable (Net)	1,580,653	2,923,727	4,504,380
LESS Noncurrent Liabilities Payable from Noncurrent Restricted Assets			
Unearned Revenue	<u>(1,580,653)</u>	<u>(2,719,871)</u>	<u>(4,300,524)</u>
Net Noncurrent Restricted Assets	<u>-</u>	<u>203,856</u>	<u>203,856</u>
Net Restricted Assets	<u>\$ 8,800,450</u>	<u>\$ 4,751,489</u>	<u>\$ 13,551,939</u>

**QUEEN ANNE'S COUNTY, MARYLAND  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2008**

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

**B. RESTRICTED NET ASSETS**

**PRIMARY GOVERNMENT**

**GOVERNMENTAL ACTIVITIES**

Net Assets Invested in Capital Assets, net of related debt is calculated as follows:

<b>Governmental Activities</b>		
Total Debt excluding Compensated Absences		\$ (70,663,063)
Add back: Debt relating to Board of Education Assets	\$ 53,758,049	
Add back: Debt relating to non-capital assets (Dredging)	822,617	
Add back: Unspent portion of 2006 Bonds	<u>1,038,871</u>	
Add back debt unrelated to Capital Assets		55,619,537
Net Assets Invested in Capital Assets		<u>132,874,886</u>
Total Capital Assets, net of related debt		<u><u>\$ 117,831,360</u></u>

**BUSINESS-TYPE ACTIVITIES**

Net Assets Invested in Capital Assets Net of Related Debt, Restricted, and Unrestricted Net Assets for business-type activities are as follows:

<b>Business-Type Activities</b>	Sanitary District					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	\$ 65,383,770	\$ 16,032,847	\$ -	\$ -	\$ 81,416,617	\$ 12,608,363	\$ 7,845,561	\$ 101,870,541
Less: Debt excluding Compensated Absences Invested in Capital Assets, Net of Related Debt	<u>20,788,929</u>	<u>2,358,387</u>	<u>-</u>	<u>-</u>	<u>23,147,316</u>	<u>481,164</u>	<u>1,004,549</u>	<u>24,633,029</u>
	44,594,841	13,674,460	-	-	58,269,301	12,127,199	6,841,012	77,237,512
Restricted Net Assets								
Debt Service	-	-	-	4,399,316	4,399,316	-	62	4,399,378
Capital Projects	-	-	753,300	-	753,300	-	-	753,300
Total Restricted Net Assets	-	-	753,300	4,399,316	5,152,616	-	62	5,152,678
Total Unrestricted Net Assets	<u>4,523,311</u>	<u>2,082,905</u>	<u>7,967,150</u>	<u>-</u>	<u>14,573,366</u>	<u>(726,184)</u>	<u>(723,589)</u>	<u>13,123,593</u>
Total Net Assets	<u><u>\$ 49,118,152</u></u>	<u><u>\$ 15,757,365</u></u>	<u><u>\$ 8,720,450</u></u>	<u><u>\$ 4,399,316</u></u>	<u><u>\$ 77,995,283</u></u>	<u><u>\$ 11,401,015</u></u>	<u><u>\$ 6,117,485</u></u>	<u><u>\$ 95,513,783</u></u>

Debt excluding compensated absences for the Sanitary District in the amount of \$23,147,316 above excludes \$372,962 from the Debt Service Fund, as there are no capital assets related to that debt.

Note that in the above table, Unrestricted Net Assets total \$13,123,593 for business type activities. However, these assets become restricted when included in the Government-Wide Financial Statements found on pages 30-31. The Sanitary District's Restricted Fund amount of \$7,967,150 is restricted in that these funds can only be used for capital purchases or debt payments, hence they are reported in the 'Restricted Fund'. The remaining unrestricted net assets listed above total \$5,156,443 and are restricted in the Government-Wide Financial Statements because they may be used for business-type operations but not for governmental operations.

**QUEEN ANNE'S COUNTY, MARYLAND**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2008**

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

**C. RESERVED/DESIGNATED FUND BALANCES**

**PRIMARY GOVERNMENT**

Reserved, Designated and Unreserved/Undesignated Fund Balances for governmental funds are as follows:

<b>Governmental Funds</b>	General Fund	General Capital Projects	Roads Capital Projects	School Impact Fees	Roads Board Operating	Non-Major Governmental	Total Governmental Funds
<b>Reserved Fund Balances</b>							
Loan Receivables	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,929,603	\$ 2,929,603
Donor-Specified Purposes	94,736	65,786	-	-	-	1,050	161,572
Contingencies per County Code-Mandated 7% Reserve	7,144,049	-	-	-	-	-	7,144,049
Other Legally Restricted Purposes - Escrow-Type	1,635,897	1,038,871	-	-	23,810	2,129,452	4,828,030
Other Legally Restricted Purposes - Capital Projects	-	169,526	143,550	-	-	-	313,076
Subtotal	<u>8,874,682</u>	<u>1,274,183</u>	<u>143,550</u>	<u>-</u>	<u>23,810</u>	<u>5,060,105</u>	<u>15,376,330</u>
Prepaid Items	1,950	-	-	-	-	50,000	51,950
Encumbrances	67,599	8,702,963	963,791	-	18,713	-	9,753,066
Inventory	4,000	-	-	-	469,839	-	473,839
Subtotal	<u>73,549</u>	<u>8,702,963</u>	<u>963,791</u>	<u>-</u>	<u>488,552</u>	<u>50,000</u>	<u>10,278,855</u>
Total Reserved Fund Balances	8,948,231	9,977,146	1,107,341	-	512,362	5,110,105	25,655,185
<b>Designated Fund Balances</b>							
Subsequent Year's Expenditures Capital Projects	1,247,995	-	-	-	-	-	1,247,995
	<u>-</u>	<u>-</u>	<u>668,408</u>	<u>2,255,460</u>	<u>-</u>	<u>912,278</u>	<u>3,836,146</u>
Total Designated Fund Balances	1,247,995	-	668,408	2,255,460	-	912,278	5,084,141
Total Unreserved/Undesignated Fund Balances	<u>2,724,852</u>	<u>9,112,300</u>	<u>1,460,770</u>	<u>-</u>	<u>210,373</u>	<u>1,974,931</u>	<u>15,483,226</u>
Total Fund Balances	<u>\$ 12,921,078</u>	<u>\$ 19,089,446</u>	<u>\$ 3,236,519</u>	<u>\$ 2,255,460</u>	<u>\$ 722,735</u>	<u>\$ 7,997,314</u>	<u>\$ 46,222,552</u>

**QUEEN ANNE'S COUNTY, MARYLAND**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2008**

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**NOTE 11 - RISK MANAGEMENT**

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

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

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

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

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

The agreement for formulation of the alliance provides that the pool will be self-sustaining through member premiums. In addition to the annual premiums, the pooling agreement provides for additional assessments, if needed, but not to exceed certain limits. No additional assessments were needed for fiscal 2008 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 - For the last three years, settlements have not exceeded insurance coverage for any type of policy in effect.

**QUEEN ANNE'S COUNTY, MARYLAND**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2008**

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**NOTE 12 - RETIREMENT PLANS**

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

**PRIMARY GOVERNMENT AND PUBLIC HOUSING AUTHORITY**

**COST-SHARING MULTIPLE-EMPLOYER DEFINED BENEFIT PENSION PLANS**

Description of Plans

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

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

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

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

The Law Enforcement Officers Pension System (LEOPS) was established July 2, 1990 and adopted by the County on July 1, 2004. LEOPS currently covers uniformed law enforcement officers of the Sheriff's Department.

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

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

**QUEEN ANNE'S COUNTY, MARYLAND  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2008**

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

**PRIMARY GOVERNMENT AND PUBLIC HOUSING AUTHORITY (CONTINUED)**

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

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

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

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

**Funding Policy**

Obligations to contribute to the plans are established under the Annotated Code of Maryland. Employees who are members of these two plans contribute a percentage of their gross employee compensation. For both the Alternate Contributory Pension System and LEOPS, members contribute 4 percent.

Required contributions under the plans, which are not funded by employee contributions, are funded entirely by the County. Contributions by the County to both State plans take place during the fiscal year and are based upon salaries for the preceding fiscal year. The County contribution for the year ending June 30, 2008 is based on salaries for the year ending June 30, 2007. The contribution requirements of plan members of the reporting entity are established and may be amended by the Maryland State Pension System Board of Trustees. The County's contributions for the fiscal years ending June 30<sup>th</sup> were equal to the actuarially determined amounts as follows:

<u>Retirement Plan Contributions</u>	<u>Fiscal Year Ending</u>		
	<u>June 30, 2008</u>	<u>June 30, 2007</u>	<u>June 30, 2006</u>
Total Payroll	\$ 25,633,969	\$ 23,050,582	\$ 21,055,534
Covered Payroll			
Pension System	20,349,987	18,299,851	16,861,167
LEOPS	2,156,204	1,901,081	1,743,780
Expenditure/Expense			
Pension System	1,639,121	1,383,040	1,138,792
LEOPS	536,266	399,856	388,794

**QUEEN ANNE'S COUNTY, MARYLAND**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2008**

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

**OTHER COMPONENT UNITS**

**Queen Anne's County Free Library**

The employees of the Library (other than part-time employees not eligible for participation in the plans) are covered under one of four defined-benefit retirement plans that are administered by the State Retirement and Pension System of Maryland. The Library's share of contributions for employees is primarily the responsibility of the State. In fiscal year 2008, State contributions on behalf of the Library are approximately \$73,879. These contributions are recognized as both revenue and expenditures for the Library. An additional \$30,153 is contributed by the Library for other covered employees.

Detailed information concerning the Queen Anne's County Free Library retirement plan is presented in their June 30, 2008 financial statements, which are publicly available.

**Queen Anne's County Board Of Education**

The employees of the Board of Education (other than part-time employees not eligible for participation in the plans) are covered by one of four defined-benefit retirement plans that are administered by the State Retirement and Pension System of Maryland. The Board's share of contributions for teachers and administration employees is primarily the responsibility of the State. In fiscal year 2008, State contributions on behalf of the Board are approximately \$4,503,138. This contribution is recognized as both revenue and expenditure for the Board. An additional \$604,185 is contributed by the Board of Education for other covered employees.

Detailed information concerning the Queen Anne's County Board Of Education retirement plan is presented in their June 30, 2008 financial statements, which are publicly available.

**NOTE 13 - DEFERRED COMPENSATION PLAN**

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

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

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

**QUEEN ANNE'S COUNTY, MARYLAND**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2008**

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**NOTE 14 - OTHER POST EMPLOYMENT BENEFITS**

Queen Anne's County, Maryland –It is the County's policy to pay a portion of the cost of major medical insurance for eligible retired employees. All retirees, including those on disability retirement, with at least fifteen years of continuous County service may qualify for membership in the County's retiree group medical plan(s) at a reduced rate; those with less than fifteen years service may remain in this plan if they pay the full rate. Coverage may include the retiree, spouse and dependents. Coverage does not cease upon death of the retiree. The County recognizes the cost of its contribution in the year it is made. The total cost of the plan to the County for the year ended June 30, 2008 was approximately \$433,070 for all 66 eligible and participating retirees.

During fiscal year 2009, the County will adopt GASB Statements No. 43, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, and No. 45, *Accounting and Financial Reporting By Employers for Postemployment Benefits Other Than Pensions*. The primary impact of these statements on the County's financial statements will relate to the determination of annual postemployment healthcare benefits costs as well as reporting and disclosure requirements for the County's postemployment healthcare benefits activities. Implementing these statements will require that the County report information on an accrual basis related to retiree benefits, rather than on a pay-as-you-go basis as noted above.

As of June 30, 2008, several preliminary steps had been taken: (1) an actuarial study had been completed for the County's employees; (2) the County had approved funds for this purpose in its fiscal year 2009 budget, both for the County as well as for the Library and Board of Education; and (3) the Board of Education and Library had accepted a proposal that the County, Library and Board of Education pool their funds for this purpose.

Board of Education of Queen Anne's County, Maryland - It is the Board's policy to contribute a portion of the cost of including its retired employees in its group major medical insurance program. The Board's contribution can be applied to the coverage of the retiree, spouse, and dependents, but it is limited to the amounts below and it ceases upon the death of the retiree.

Teachers are required to provide at least ten years of service to the Board before becoming eligible for retiree healthcare benefits. Once ten years of service is reached, the Board covers 36 percent of the cost of the individual's EPO health plan. The percentage subsidized by the Board increases 3.6 percent per year for every year of service in excess of ten. At 25 years of service, the maximum subsidy of 90 percent is reached.

The plan for administrators is similar to that for teachers, with the following exceptions. Administrators are required to provide at least five years of service to the Board before becoming eligible for retiree healthcare benefits. Once five years of service is reached, the Board covers 35 percent of the cost of the individual's EPO health plan. The percentage subsidized by the Board increases 5.5 percent per year for every year of service in excess of five. At 15 years of service, the maximum subsidy of 90 percent is reached.

In addition, the Board is contractually obligated to pay the full cost of medical insurance for certain retired directors and superintendents and their spouses. The Board recognizes the cost of its contribution in the year it is made. The total cost of the plan to the Board for the year ended June 30, 2008 was approximately \$879,000 for 212 retired employees.

In addition, the Board pays the cost of providing term life insurance for its retirees in varying amounts, depending upon the employee's length of service and date of retirement. The cost of this program in fiscal year 2008 was approximately \$19,000.

**QUEEN ANNE'S COUNTY, MARYLAND  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2008**

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**NOTE 15 – DEFICIT EQUITY BALANCES**

The following 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 assets of \$726,184 as of June 30, 2008, which increased from a deficit of \$689,096 at the end of the prior year.

**Parks and Recreation – Golf Course Enterprise Fund**

The Golf Course Enterprise Fund has a deficit balance in unrestricted net assets of \$1,445,867 as of June 30, 2008, which increased from a deficit of \$1,278,121 at the end of the prior year.

**Parks and Recreation – Property Management Enterprise Fund**

The Property Management Enterprise Fund has a deficit balance in unrestricted net assets of \$197,063 of June 30, 2008, which increased from a deficit of \$131,360 at the end of the prior year.

Note that these enterprise funds were never intended to be entirely self-supporting. In early fiscal year 2009, the County transferred cash sufficient to cover all negative cash balances in the Airport, Golf Course, and Property Management Funds. These transfers brought each net asset deficit to a zero or near-zero balance.

**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 grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the 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, 2008 may be impaired. In the opinion of the County, there are no significant contingent liabilities that must be recorded relating to compliance with the rules and regulations governing these programs.

Further, certain grants for capital projects, such as various park projects funded by the State, must be used for the intended purpose of the grant. If, at any time during the useful lives of these projects, the facilities cease to operate in their intended capacity, the County may be required to reimburse the granting agency that portion of the grant or note that is equal to the percentage of useful life remaining. In the opinion of the County, no such grant reimbursements are foreseeable.

Loan Guarantees - The County Government has agreed to provide a guarantee on a loan to Crossroads Community, Inc., a non-profit corporation. The original amount of the loan was \$294,627; the amount outstanding as of June 30, 2008 is \$46,577.

The County Government has also agreed to provide a guarantee on a loan to Day Care, Inc. The original amount of this loan was \$224,728, of which \$70,461 is outstanding as of June 30, 2008.

**QUEEN ANNE'S COUNTY, MARYLAND**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2008**

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**NOTE 17 – JOINT VENTURE**

The County Commissioners, in conjunction with Talbot, Caroline, and Kent Counties, created the Midshore Regional Landfill in 1991. The landfill, located in Talbot County, is owned and operated by the Maryland Environmental Service and is designed to serve the four-county area for a twenty-year period. At that time, a new landfill will be constructed in Caroline County, with Queen Anne's County and 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.

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 \$488,731 in tipping fees to the facility during fiscal 2008.

Each of the participating Counties is contingently liable for the project debt. Queen Anne's County's share of this contingent liability is \$3,979,921 as of June 30, 2008. Additionally, the participating Counties are contingently liable for closure costs of the landfill; the County's potential share of this liability is \$3,012,577. Based on the capacity of the landfill used to date, it is expected that the landfill will be closed in 2010. The Maryland Environmental Service has instituted a plan to fund all debt and closure costs from the facility's revenues. The project has sufficient revenues and reserves at this time to lead the County to believe that no expenditure of County funds will be required. Audited financial statements for this project can be obtained as follows:

Maryland Environmental Service  
259 Najoles Road  
Millersville, Maryland 21108

**NOTE 18 – CONTINGENT LIABILITY AND RECEIVABLE**

The County allocates funds to the local volunteer fire companies to be used to purchase capital items, which will be owned and used by the fire companies. During fiscal year 2007, \$143,661 of this allocation was misappropriated, in that the money was spent but no capital items were purchased and \$11,700 of the allocation was misappropriated in fiscal year 2008, for a total amount of \$155,361. During those years, the amount was recorded as part of the County's allocation to the fire companies. This year, the two individuals responsible for misappropriating the funds were charged and found guilty by the District Court of Maryland for Queen Anne's County. As part of the sentencing, the two individuals were ordered to pay Queen Anne's County restitution for the full amount or else be required to serve the balance of their suspended sentences, which was up to 30 years for one and 14 years for the other.

Based on the facts, the misappropriated amount allocated to the fire companies is considered a contingent liability for the County. In addition, the ordered restitution from the guilty party to the County is considered a contingent receivable. As both amounts offset each other and net to zero, the County does not owe any funds and has not recorded any contingencies on the books relating to this matter.

**QUEEN ANNE'S COUNTY, MARYLAND**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2008**

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**NOTE 19 – POLLUTION REMEDIATION OBLIGATIONS**

Queen Anne's County Commissioners responded positively to a new voluntary Methyl Tertiary Butyl Ether (MTBE) testing program for underground fuel tanks at the old fuel depot at the Department of Public Works. The testing program has been and will continue to be approved by the Maryland Department of Environment (MDE).

We believe that this remediation effort will consist of the work performed to date, a feasibility study to be conducted in 2009, and whatever actions are deemed necessary to resolve future unknown remediation requirements. As of June 30, 2008, the General Capital Projects Fund had spent approximately \$170 thousand on remediation and consultant fees for testing, studies and monitoring. These costs include the demolition and removal of the old fuel depot at Public Works-Centreville, remediation of the soils via excavation, offsite controlled disposal and backfill, installation of monitoring wells, and miscellaneous environmental consulting services. These outlays did not meet the requirements for capitalization noted in GASB Statement 50 and were not capitalized. No additional liability has been recorded, as remediation requirements are not known and costs cannot be reliably estimated.

The final remediation solution may be decided and agreed upon by MDE during fiscal year 2009 following the feasibility study to be conducted in that year. This 2009 Feasibility Study scope has been agreed upon by MDE and will be accomplished using the same environmental consultant involved with the project to date. We expect a letter from MDE before the end of February 2009 confirming this study. Remediation involving significant excavation, offsite controlled disposal, and backfill with clean material should be concluded before the end of fiscal year 2010.

**NOTE 20 – CLOSING A FUND**

Closing of Economic Development Commission Fund: During fiscal year 2007, as a one-time event, the Economic Development Commission decided to move the remainder of their donations (\$42,242) to a separate, non-profit foundation as a "donor-advised fund". The funds were irrevocably transferred from the Commission to the Foundation. However, after this transfer, the fund was left with a deficit fund balance of \$130. During fiscal year 2008, this small deficit was cleared with a transfer in from another fund, thereby closing this fund.

## **Required Supplementary Information**

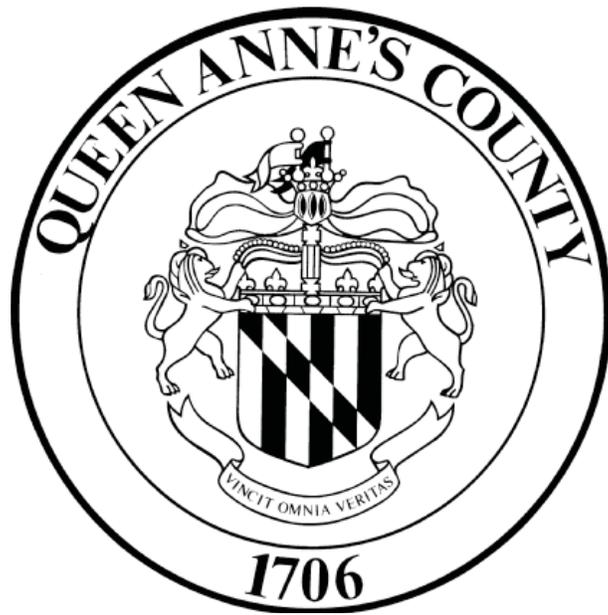
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Required Supplementary Information provides budget-to-actual comparisons for the General Fund and major special revenue funds.

For the General Fund, the Schedules provide summary budgetary information. Detailed information reported separately by revenues and expenditures with budget variances can be found in the Combining and Individual Fund Statements and Schedules section.

For the Roads Board Operating Fund, the Schedules provide summary budgetary information.

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, 2008**

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	POSITIVE (NEGATIVE)
<b>REVENUES</b>				
Taxes				
Local Property Tax	\$ 48,200,170	\$ 48,757,179	\$ 49,975,236	\$ 1,218,057
Local Income Tax	35,973,956	36,000,993	34,767,725	(1,233,268)
Admission and Amusement Taxes	240,000	240,000	167,425	(72,575)
Recordation Taxes	5,500,000	5,500,000	3,825,394	(1,674,606)
Hotel Taxes	500,000	500,000	503,979	3,979
Licenses and Permits	836,500	836,500	890,821	54,321
Intergovernmental	1,711,346	2,175,280	2,002,097	(173,183)
Charges for Current Services	1,882,376	1,981,774	1,764,197	(217,577)
Fines and Forfeitures	18,100	18,100	1,678,138	1,660,038
Investment Income	1,950,000	1,950,000	1,174,877	(775,123)
Donations	11,000	17,238	126,329	109,091
Miscellaneous	61,180	78,633	494,387	415,754
Total Revenues	96,884,628	98,055,697	97,370,605	(685,092)
<b>EXPENDITURES</b>				
Current				
General Government	10,095,462	10,067,195	9,419,224	647,971
Public Safety	19,577,261	19,640,735	18,438,978	1,201,757
Public Works	3,950,172	3,769,731	3,421,818	347,913
Health	1,474,518	1,474,517	1,430,670	43,847
Social Services	236,892	236,892	227,631	9,261
Education	45,610,824	45,610,824	45,610,824	-
Parks and Recreation	2,891,030	2,837,969	2,702,610	135,359
Library	1,240,854	1,247,154	1,247,108	46
Conservation of Natural Resources	560,333	538,733	529,490	9,243
Economic/Community Development	1,432,196	1,334,117	1,257,851	76,266
Miscellaneous	1,126,834	1,138,392	731,771	406,621
Reversions	(370,000)	(370,000)	-	(370,000)
Capital Outlay	-	1,441,383	911,961	529,422
Debt Service				
Principal	4,590,552	4,846,296	4,864,405	(18,109)
Interest and Fiscal Charges	3,179,013	3,115,069	3,147,529	(32,460)
Total Expenditures	95,595,941	96,929,007	93,941,870	2,987,137
Excess of Revenues Over (Under) Expenditures	1,288,687	1,126,690	3,428,735	2,302,045
<b>OTHER FINANCING SOURCES (USES)</b>				
Insurance Proceeds and Capital Asset Disposals	-	-	21,644	21,644
Transfers In	1,477,482	2,061,147	2,060,097	(1,050)
Transfers (Out)	(9,145,321)	(15,091,451)	(15,032,528)	58,923
Total Other Financing Sources (Uses)	(7,667,839)	(13,030,304)	(12,950,787)	79,517
Net Increase (Decrease) in Fund Balance	\$ (6,379,152)	\$ (11,903,614)	(9,522,052)	\$ 2,381,562
Fund Balances, July 1			22,443,130	
Fund Balances, June 30			\$ 12,921,078	

**QUEEN ANNE'S COUNTY, MARYLAND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL**  
**ROADS BOARD SPECIAL REVENUE FUND**  
**FOR THE YEAR ENDED JUNE 30, 2008**

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE POSITIVE (NEGATIVE)
<b><u>REVENUES</u></b>				
State Shared Taxes	\$ 5,580,859	\$ 5,580,859	\$ 4,995,165	\$ (585,694)
Intergovernmental	35,000	35,000	19,337	(15,663)
Charges for Current Services	332,517	332,517	417,473	84,956
Investment Income	6,000	6,000	104,363	98,363
Miscellaneous	20,000	20,000	144,308	124,308
<b>Total Revenues</b>	<b>5,974,376</b>	<b>5,974,376</b>	<b>5,680,646</b>	<b>(293,730)</b>
<b><u>EXPENDITURES</u></b>				
Current				
Public Works	5,833,498	5,833,498	5,334,421	499,077
Capital Outlay	649,874	649,874	394,613	255,261
<b>Total Expenditures</b>	<b>6,483,372</b>	<b>6,483,372</b>	<b>5,729,034</b>	<b>754,338</b>
Excess of Revenues Over (Under) Expenditures	(508,996)	(508,996)	(48,388)	460,608
<b><u>OTHER FINANCING SOURCES (USES)</u></b>				
Proceeds of Sale of Capital Assets	-	-	19,520	19,520
Transfers In	73,996	73,996	28,868	(45,128)
<b>Total Other Financing Sources (Uses)</b>	<b>73,996</b>	<b>73,996</b>	<b>48,388</b>	<b>(25,608)</b>
<b>Net Increase (Decrease) in Fund Balances</b>	<b>\$ (435,000)</b>	<b>\$ (435,000)</b>	<b>-</b>	<b>\$ 435,000</b>
Fund Balances, July 1			722,735	
Fund Balances, June 30			<b>\$ 722,735</b>	

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

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



## **General Fund**

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This fund is the general operating fund for the County. It is used to account for all financial resources except those required to be accounted for in another fund.

The following schedules provide detailed information reported separately by revenues and expenditures with budget variances. A summary schedule can be found in the Required Supplementary Information section.

**QUEEN ANNE'S COUNTY, MARYLAND**  
**SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES - BUDGETARY BASIS**  
**GENERAL FUND**  
**FOR THE YEAR ENDED JUNE 30, 2008**

<u>TAXES - LOCAL</u>	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL REVENUES	VARIANCE POSITIVE (NEGATIVE)
Local Property Taxes				
Real and Personal Property (Net)	\$ 46,900,170	\$ 47,302,179	\$ 48,541,837	\$ 1,239,658
Railroad and Public Utilities	1,300,000	1,300,000	1,229,466	(70,534)
Penalties and Interest	-	155,000	203,933	48,933
 Total Local Property Taxes	 48,200,170	 48,757,179	 49,975,236	 1,218,057
Local Income Tax	35,973,956	36,000,993	34,767,725	(1,233,268)
Other Local Taxes				
Admission and Amusement Tax	240,000	240,000	167,425	(72,575)
Recordation Tax	5,500,000	5,500,000	3,825,394	(1,674,606)
Hotel Tax	500,000	500,000	503,979	3,979
 Total Other Local Taxes	 6,240,000	 6,240,000	 4,496,798	 (1,743,202)
 Total Taxes - Local	 90,414,126	 90,998,172	 89,239,759	 (1,758,413)
 <u>LICENSES AND PERMITS</u>				
Beer, Wine and Liquor	90,500	90,500	105,260	14,760
Traders	83,500	83,500	84,130	630
Marriage Licenses	3,000	3,000	7,750	4,750
Animal Control	55,000	55,000	46,234	(8,766)
Electrical Board of Examiners	49,000	49,000	21,285	(27,715)
Electrical Inspections	18,000	18,000	9,817	(8,183)
Cable TV	200,000	200,000	288,682	88,682
Zoning Permits	81,000	81,000	57,733	(23,267)
Plumbing Permits	91,000	91,000	116,355	25,355
Sediment Fees	17,300	17,300	17,550	250
Building Permits	147,000	147,000	134,109	(12,891)
Other	1,200	1,200	1,916	716
 Total Licenses and Permits	 836,500	 836,500	 890,821	 54,321
 <u>INTERGOVERNMENTAL</u>				
Police Protection	341,068	341,068	345,188	4,120
Fire/Rescue/Ambulance	600,000	600,000	551,241	(48,759)
Conservation of Natural Resources	35,000	35,000	35,000	-
Other	735,278	1,199,212	1,070,668	(128,544)
 Total Intergovernmental	 1,711,346	 2,175,280	 2,002,097	 (173,183)

CONTINUED

**QUEEN ANNE'S COUNTY, MARYLAND**  
**SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES - BUDGETARY BASIS**  
**GENERAL FUND**  
**FOR THE YEAR ENDED JUNE 30, 2008**

(CONTINUED)

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL REVENUES	VARIANCE POSITIVE (NEGATIVE)
<u><b>CHARGES FOR CURRENT SERVICES</b></u>				
Discovery Fees	\$ 1,750	\$ 1,750	\$ 1,735	\$ (15)
Rezoning Filing	3,000	3,000	-	(3,000)
Zoning Appeals	15,000	15,000	10,500	(4,500)
Development Review	252,500	252,500	185,123	(67,377)
Sheriff	81,890	75,788	84,009	8,221
Ambulance Fee	562,400	562,400	359,354	(203,046)
Detention Center Fees	345,000	450,000	539,852	89,852
Recycling	119,000	119,000	159,035	40,035
Disposal Fees	350,000	350,000	311,030	(38,970)
Inspection Fees	-	-	7,444	7,444
Recreation Fees	69,970	69,970	58,405	(11,565)
Johnsongrass Spraying	75,000	75,000	40,366	(34,634)
Merchandise Sales	1,366	1,366	2,519	1,153
4-H Park Fees	5,500	5,500	4,825	(675)
Miscellaneous User Fees	-	500	-	(500)
<b>Total Charges for Current Services</b>	<b>1,882,376</b>	<b>1,981,774</b>	<b>1,764,197</b>	<b>(217,577)</b>
<u><b>FINES AND FORFEITURES</b></u>				
Court Fines	18,100	18,100	21,409	3,309
Confiscated Assets	-	-	1,656,729	1,656,729
<b>Total Fines and Forfeitures</b>	<b>18,100</b>	<b>18,100</b>	<b>1,678,138</b>	<b>1,660,038</b>
<u><b>INVESTMENT INCOME</b></u>	<u>1,950,000</u>	<u>1,950,000</u>	<u>1,174,877</u>	<u>(775,123)</u>
<u><b>MISCELLANEOUS REVENUES AND DONATIONS</b></u>				
Rental Income	4,500	-	-	-
Donations	11,000	17,238	126,329	109,091
Miscellaneous	56,680	78,633	494,387	415,754
<b>Total Miscellaneous Revenues and Donations</b>	<b>72,180</b>	<b>95,871</b>	<b>620,716</b>	<b>524,845</b>
<u><b>OTHER FINANCING SOURCES</b></u>				
Insurance Proceeds	-	-	17,913	17,913
Proceeds of Capital Asset Disposals	-	-	3,731	3,731
Transfers In:				
Impact Fees - School	1,408,120	1,408,120	1,408,120	-
Parks & Rec - Public Landings	-	579,574	579,574	-
Kent Narrows	39,427	45,427	45,427	-
Community Partnerships	23,935	28,026	26,976	(1,050)
Economic Development Commission	6,000	-	-	-
<b>Total Transfers In</b>	<b>1,477,482</b>	<b>2,061,147</b>	<b>2,060,097</b>	<b>(1,050)</b>
<b>Total Other Financing Sources</b>	<b>1,477,482</b>	<b>2,061,147</b>	<b>2,081,741</b>	<b>20,594</b>
<b>Total General Fund Revenues and Other Financing Sources</b>				
Before Appropriated Fund Balance	98,362,110	100,116,844	99,452,346	(664,498)
Fund Balance - Appropriation (Surplus)	6,379,152	5,903,614	-	(5,903,614)
<b>Total General Fund Revenues, Other Financing Sources</b> <b>and Fund Balance Appropriation</b>	<b>\$ 104,741,262</b>	<b>\$ 106,020,458</b>	<b>\$ 99,452,346</b>	<b>\$ (6,568,112)</b>

**QUEEN ANNE'S COUNTY, MARYLAND**  
**SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES - BUDGETARY BASIS**  
**GENERAL FUND**  
**FOR THE YEAR ENDED JUNE 30, 2008**

	ACTUAL				ORIGINAL BUDGET	FINAL BUDGET	VARIANCE POSITIVE (NEGATIVE)
	PERSONNEL COSTS	OTHER OPERATING	CAPITAL OUTLAY	TOTAL			
<b><u>GENERAL GOVERNMENT</u></b>							
Legislative	\$ 529,637	\$ 247,786	\$ 15,249	\$ 792,672	\$ 693,318	\$ 825,776	\$ 33,104
Judicial							
Circuit Court/Family Services/Court Master	177,648	169,556	-	347,204	547,847	446,555	99,351
Orphan's Court	50,925	5,150	-	56,075	57,055	57,055	980
State's Attorney/Victim Witness/Cease Fire	1,061,080	44,958	1,227	1,107,265	1,129,387	1,157,800	50,535
Executive							
County Administrator	347,814	34,946	-	382,760	233,810	386,210	3,450
Elections							
Board of Election Supervisors	23,522	426,384	-	449,906	480,970	464,970	15,064
Financial Administration	767,695	192,382	-	960,077	1,171,396	1,098,096	138,019
Human Resources Administration	389,967	99,107	-	489,074	537,565	516,565	27,491
Planning	357,909	33,001	-	390,910	1,419,354	448,290	57,380
Zoning	1,262,896	315,576	1,487	1,579,959	865,864	1,775,409	195,450
Management Information Systems	418,232	176,635	-	594,867	636,618	632,618	37,751
General Services	678,568	1,253,857	-	1,932,425	1,982,637	2,045,237	112,812
Other General Government							
Liquor Board	69,332	3,784	-	73,116	-	78,127	5,011
Electrical Board	1,946	1,519	-	3,465	-	10,206	6,741
Legal	-	277,412	-	277,412	339,641	294,641	17,229
<b>Total General Government</b>	<b>6,137,171</b>	<b>3,282,053</b>	<b>17,963</b>	<b>9,437,187</b>	<b>10,095,462</b>	<b>10,237,555</b>	<b>800,368</b>
<b><u>PUBLIC SAFETY</u></b>							
Sheriff's Office	4,436,963	627,149	111,422	5,175,534	5,180,433	5,420,844	245,310
Volunteer Fire and Rescue Services	-	3,197,473	8,035	3,205,508	3,061,005	3,231,781	26,273
Detention Center	2,667,986	916,014	38,030	3,622,030	4,033,583	4,154,183	532,153
Animal Control	655,710	138,776	-	794,486	795,977	818,057	23,571
Emergency Services	4,772,011	1,026,896	642,119	6,441,026	6,506,263	7,066,093	625,067
<b>Total Public Safety</b>	<b>12,532,670</b>	<b>5,906,308</b>	<b>799,606</b>	<b>19,238,584</b>	<b>19,577,261</b>	<b>20,690,958</b>	<b>1,452,374</b>
<b><u>PUBLIC WORKS</u></b>							
Administration	565,903	12,305	21,817	600,025	667,804	649,604	49,579
Other Public Roads	-	22,164	-	22,164	19,733	22,233	69
Solid Waste Disposal	1,151,578	891,754	23,875	2,067,207	2,445,719	2,452,978	385,771
Engineering Division	696,508	81,606	-	778,114	816,916	816,916	38,802
<b>Total Public Works</b>	<b>2,413,989</b>	<b>1,007,829</b>	<b>45,692</b>	<b>3,467,510</b>	<b>3,950,172</b>	<b>3,941,731</b>	<b>474,221</b>
<b><u>HEALTH</u></b>							
Health Department	102,542	1,328,128	-	1,430,670	1,474,518	1,474,517	43,847
<b><u>SOCIAL SERVICES</u></b>							
MEAP - MD Energy Assistance Program	105,497	-	-	105,497	114,078	114,078	8,581
Other Social Services	115,634	6,500	-	122,134	122,814	122,814	680
<b>Total Social Services</b>	<b>221,131</b>	<b>6,500</b>	<b>-</b>	<b>227,631</b>	<b>236,892</b>	<b>236,892</b>	<b>9,261</b>

CONTINUED

**QUEEN ANNE'S COUNTY, MARYLAND**  
**SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES - BUDGETARY BASIS**  
**GENERAL FUND**  
**FOR THE YEAR ENDED JUNE 30, 2008**

(CONTINUED)

	ACTUAL			ORIGINAL BUDGET	FINAL BUDGET	VARIANCE POSITIVE (NEGATIVE)	
	PERSONNEL COSTS	OTHER OPERATING	CAPITAL OUTLAY				TOTAL
<b>EDUCATION</b>							
Board of Education	\$ -	\$ 43,940,413	\$ -	\$ 43,940,413	\$ 43,940,413	\$ 43,940,413	\$ -
Chesapeake College	-	1,670,411	-	1,670,411	1,670,411	1,670,411	-
Total Education	-	45,610,824	-	45,610,824	45,610,824	45,610,824	-
<b>PARKS, RECREATION, AND CULTURE</b>							
Parks	1,514,463	394,100	27,100	1,935,663	1,970,372	1,971,111	35,448
Recreation	303,841	1,808	-	305,649	375,527	375,527	69,878
Administration	441,315	47,083	-	488,398	545,131	518,531	30,133
Total Parks, Recreation, and Culture	2,259,619	442,991	27,100	2,729,710	2,891,030	2,865,169	135,459
<b>LIBRARY</b>							
Queen Anne's County Free Library	-	1,247,108	-	1,247,108	1,240,854	1,247,154	46
<b>CONSERVATION OF NATURAL RESOURCES</b>							
Cooperative Extension Services	45,416	184,581	-	229,997	229,689	230,269	272
Soil Conservation Services	124,357	6,000	-	130,357	127,442	131,042	685
Weed Control	77,222	26,940	21,600	125,762	132,024	127,844	2,082
4-H Park	-	64,974	-	64,974	71,178	71,178	6,204
Total Conservation of Natural Resources	246,995	282,495	21,600	551,090	560,333	560,333	9,243
<b>ECONOMIC AND COMMUNITY DEVELOPMENT</b>							
Public Housing Authority	-	348,296	-	348,296	348,296	348,296	-
Business & Tourism	585,138	324,417	-	909,555	1,083,900	985,821	76,266
Total Economic and Community Development	585,138	672,713	-	1,257,851	1,432,196	1,334,117	76,266
<b>DEBT SERVICE</b>							
Debt Service - Principal	-	4,864,405	-	4,864,405	4,590,552	4,846,296	(18,109)
Debt Service - Interest and Fiscal Charges	-	3,147,529	-	3,147,529	3,179,013	3,115,069	(32,460)
Total Debt Service	-	8,011,934	-	8,011,934	7,769,565	7,961,365	(50,569)
<b>MISCELLANEOUS</b>							
Aid to Municipalities	-	202,740	-	202,740	199,186	202,786	46
Aid to Other Agencies	-	60,909	-	60,909	60,909	75,909	15,000
Other Allocations	-	942	-	942	750	750	(192)
Insurance & Benefits / (Reimbursements)	(235,264)	642,181	-	406,917	761,000	746,000	339,083
Contingencies	-	60,263	-	60,263	104,989	112,947	52,684
Total Miscellaneous	(235,264)	967,035	-	731,771	1,126,834	1,138,392	406,621
<b>REVERSIONS</b>							
Salary Reversions	-	-	-	-	(370,000)	(370,000)	(370,000)
<b>OTHER FINANCING USES</b>							
Transfers Out To:							
Law Library	-	7,390	-	7,390	-	6,120	(1,270)
Department of Aging	-	1,663,342	-	1,663,342	1,696,233	1,696,233	32,891
Department of Housing and Community Services	-	391,990	-	391,990	407,943	407,943	15,953
Economic Development	-	130	-	130	-	-	(130)
Agricultural Transfer Tax Fund	-	167,000	-	167,000	167,000	167,000	-
Roads Board Operating	-	28,868	-	28,868	30,000	30,000	1,132
Sanitary District - Sewer/Admin	-	4,330	-	4,330	358,151	4,050	(280)
Sanitary District - Water	-	153,152	-	153,152	143,430	143,430	(9,722)
Impact Fees - Fire Companies/Contingencies	-	156,191	-	156,191	-	156,192	1
General Capital Projects Fund	-	12,176,028	-	12,176,028	6,076,028	12,176,028	-
Parks & Recreation Enterprise - Programs	-	43,000	-	43,000	43,000	43,000	-
Parks & Recreation Enterprise - Property Mgmt	-	25,000	-	25,000	25,000	25,000	-
Parks & Recreation Enterprise - Airport	-	22,926	-	22,926	22,926	22,926	-
Parks & Recreation Enterprise - Public Landings	-	33,998	-	33,998	-	33,998	-
Parks & Recreation Enterprise - Marinas	-	55,262	-	55,262	55,262	55,262	-
Community Partnerships (Admin)	-	-	-	-	20,348	20,348	20,348
Community Partnerships (CSafe)	-	3,921	-	3,921	-	3,921	-
Community Partnerships (Education program)	-	100,000	-	100,000	100,000	100,000	-
Total Transfers Out	-	15,032,528	-	15,032,528	9,145,321	15,091,451	58,923
Total Expenditures and Other Financing Uses	\$ 24,263,991	\$ 83,798,446	\$ 911,961	\$ 108,974,398	\$ 104,741,262	\$ 112,020,458	\$ 3,046,060



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## **Non-Major Governmental Funds**

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

## NON-MAJOR GOVERNMENTAL FUNDS

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

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

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

**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.

**Dredging Special Assessments** – This fund accounts for activities funded by special assessment funds collected to repay loans for specific dredging projects that benefited Price's Creek and Grove Creek 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.

**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.

**Economic Development Commission** – This fund accounts for activities funded by community donations to encourage economic development 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.

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

**Capital Projects Fund – 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 Fund – 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, 2008**

	DEPARTMENT OF AGING	HOUSING AND COMMUNITY SERVICES	COMMUNITY PARTNERSHIPS FOR CHILDREN	DREDGING SPECIAL ASSESSMENTS
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 153,859	\$ 291,496	\$ 1,088,399	\$ 15,584
Prepaid Items	-	50,000	-	-
Receivables				
Accounts Receivable (Net)	-	483	91,733	52
Loans Receivable	-	2,798,835	-	11,783
Special Assessments (Net)	-	-	-	285,022
Due from Other Governments	203,398	34,562	252,066	-
<b>Total Assets</b>	<b>\$ 357,257</b>	<b>\$ 3,175,376</b>	<b>\$ 1,432,198</b>	<b>\$ 312,441</b>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>Liabilities</b>				
Accrued Liabilities	\$ 182,184	\$ 20,099	\$ 713,598	\$ -
Due to Other Funds	65,040	38,630	29,148	11,720
Due to Other Governmental Agencies	-	-	421,218	-
Deferred Revenue	-	6,424	47,964	285,022
<b>Total Liabilities</b>	<b>247,224</b>	<b>65,153</b>	<b>1,211,928</b>	<b>296,742</b>
<b>Fund Balances</b>				
<b>Reserved</b>				
Loans Receivable	-	2,798,835	-	11,783
Prepaid Items	-	50,000	-	-
Donor-Specified Purposes	-	-	1,050	-
Other Reserved Purposes - Other	-	-	-	-
<b>Total Reserved</b>	<b>-</b>	<b>2,848,835</b>	<b>1,050</b>	<b>11,783</b>
<b>Unreserved</b>				
Capital Projects Funds	-	-	-	-
Special Revenue Funds	110,033	261,388	219,220	3,916
<b>Total Unreserved</b>	<b>110,033</b>	<b>261,388</b>	<b>219,220</b>	<b>3,916</b>
<b>Total Fund Balances</b>	<b>110,033</b>	<b>3,110,223</b>	<b>220,270</b>	<b>15,699</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 357,257</b>	<b>\$ 3,175,376</b>	<b>\$ 1,432,198</b>	<b>\$ 312,441</b>

**QUEEN ANNE'S COUNTY, MARYLAND**  
**COMBINING BALANCE SHEET**  
**NON-MAJOR GOVERNMENTAL FUNDS**  
**JUNE 30, 2008**

(CONTINUED)

KENT NARROWS	CRITICAL AREAS	LAW LIBRARY	SHERIFF'S DRUG TASK FORCE	INMATE WELFARE FUND
\$ 98,148	\$ 97,719	\$ 58,167	\$ 319,987	\$ 218,932
-	-	-	-	-
14,107	-	-	-	3,699
-	-	-	-	-
-	-	-	-	-
<u>\$ 112,255</u>	<u>\$ 97,719</u>	<u>\$ 58,167</u>	<u>\$ 319,987</u>	<u>\$ 222,631</u>
\$ 390	\$ -	\$ 14,421	\$ 82,474	\$ 3,649
-	-	-	-	-
-	-	-	-	7,214
-	-	-	-	-
<u>390</u>	<u>-</u>	<u>14,421</u>	<u>82,474</u>	<u>10,863</u>
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	97,719	-	-	-
-	97,719	-	-	-
-	-	-	-	-
111,865	-	43,746	237,513	211,768
<u>111,865</u>	<u>-</u>	<u>43,746</u>	<u>237,513</u>	<u>211,768</u>
111,865	97,719	43,746	237,513	211,768
<u>\$ 112,255</u>	<u>\$ 97,719</u>	<u>\$ 58,167</u>	<u>\$ 319,987</u>	<u>\$ 222,631</u>

CONTINUED

**QUEEN ANNE'S COUNTY, MARYLAND**  
**COMBINING BALANCE SHEET**  
**NON-MAJOR GOVERNMENTAL FUNDS**  
**JUNE 30, 2008**

(CONTINUED)

	AGRICULTURAL TRANSFER	REVOLVING LOAN FUND	CAPITAL PROJECTS - FIRE COMPANY IMPACT FEES	CAPITAL PROJECTS - PARKS AND RECREATION IMPACT FEES	TOTAL NON-MAJOR GOVERNMENTAL
<b>ASSETS</b>					
Cash and Cash Equivalents	\$ 2,606,016	\$ 224,834	\$ 876,349	\$ 115,987	\$ 6,165,477
Prepaid Items	-	-	-	-	50,000
Receivables					
Accounts Receivable (Net)	-	210	-	-	110,284
Loans Receivable	-	118,985	-	-	2,929,603
Special Assessments (Net)	-	-	-	-	285,022
Due from Other Governments	-	-	-	-	490,026
<b>Total Assets</b>	<b>\$ 2,606,016</b>	<b>\$ 344,029</b>	<b>\$ 876,349</b>	<b>\$ 115,987</b>	<b>\$ 10,030,412</b>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>Liabilities</b>					
Accrued Liabilities	\$ -	\$ -	\$ 497	\$ -	\$ 1,017,312
Due to Other Funds	-	-	79,561	-	224,099
Due to Other Governmental Agencies	23,845	-	-	-	452,277
Deferred Revenue	-	-	-	-	339,410
<b>Total Liabilities</b>	<b>23,845</b>	<b>-</b>	<b>80,058</b>	<b>-</b>	<b>2,033,098</b>
<b>Fund Balances</b>					
<b>Reserved</b>					
Loans Receivable	-	118,985	-	-	2,929,603
Prepaid Items	-	-	-	-	50,000
Donor-Specified Purposes	-	-	-	-	1,050
Other Reserved Purposes - Other	2,031,733	-	-	-	2,129,452
<b>Total Reserved</b>	<b>2,031,733</b>	<b>118,985</b>	<b>-</b>	<b>-</b>	<b>5,110,105</b>
<b>Unreserved</b>					
Capital Projects Funds	-	-	796,291	115,987	912,278
Special Revenue Funds	550,438	225,044	-	-	1,974,931
<b>Total Unreserved</b>	<b>550,438</b>	<b>225,044</b>	<b>796,291</b>	<b>115,987</b>	<b>2,887,209</b>
<b>Total Fund Balances</b>	<b>2,582,171</b>	<b>344,029</b>	<b>796,291</b>	<b>115,987</b>	<b>7,997,314</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 2,606,016</b>	<b>\$ 344,029</b>	<b>\$ 876,349</b>	<b>\$ 115,987</b>	<b>\$ 10,030,412</b>



*Enjoy vistas filled with expansive areas of preserved farmland.*

**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, 2008**

	DEPARTMENT OF AGING	HOUSING AND COMMUNITY SERVICES	COMMUNITY PARTNERSHIPS FOR CHILDREN	DREDGING SPECIAL ASSESSMENTS
<b>REVENUES</b>				
Taxes				
Local Property Tax	\$ -	\$ -	\$ -	\$ -
Other Local Taxes - Admission and Amusement Taxes	-	-	-	-
State Shared Taxes	-	-	-	-
Intergovernmental	981,183	135,171	1,786,418	-
Charges for Current Services	64,041	-	-	23,762
Fines and Forfeitures	-	-	-	-
Investment Income	2,738	13,703	23,985	249
Donations	52,002	1,500	500	-
Miscellaneous	1,150	-	10,774	-
<b>Total Revenues</b>	<b>1,101,114</b>	<b>150,374</b>	<b>1,821,677</b>	<b>24,011</b>
<b>EXPENDITURES</b>				
Current				
General Government	-	-	-	-
Public Safety	-	-	-	-
Social Services	2,746,196	-	1,768,388	-
Conservation of Natural Resources	-	-	-	510,555
Economic/Community Development	-	528,541	-	-
Capital Outlay	-	-	-	-
Debt Service				
Principal	-	-	-	24,000
<b>Total Expenditures</b>	<b>2,746,196</b>	<b>528,541</b>	<b>1,768,388</b>	<b>534,555</b>
Excess of Revenues Over (Under) Expenditures	(1,645,082)	(378,167)	53,289	(510,544)
<b>OTHER FINANCING SOURCES (USES)</b>				
Issuance of Debt	-	-	-	510,617
Proceeds of Capital Asset Disposals	2,880	-	-	-
Transfers In	1,663,342	491,990	103,921	-
Transfers (Out)	(24,350)	-	(26,976)	-
<b>Other Financing Sources (Uses)</b>	<b>1,641,872</b>	<b>491,990</b>	<b>76,945</b>	<b>510,617</b>
Net Increase (Decrease) in Fund Balances	(3,210)	113,823	130,234	73
Fund Balances (Deficits), July 1	113,243	2,996,400	90,036	15,626
<b>Fund Balances, June 30</b>	<b>\$ 110,033</b>	<b>\$ 3,110,223</b>	<b>\$ 220,270</b>	<b>\$ 15,699</b>

**QUEEN ANNE'S COUNTY, MARYLAND**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**NON-MAJOR GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2008**

(CONTINUED)

KENT NARROWS	CRITICAL AREAS	ECONOMIC DEVELOPMENT COMMISSION	LAW LIBRARY	SHERIFF'S DRUG TASK FORCE	INMATE WELFARE FUND
\$ 31,818	\$ -	\$ -	\$ -	\$ -	\$ -
55,808	-	-	-	-	-
-	-	-	-	-	-
-	-	-	20,000	-	-
-	19,581	-	10,491	-	77,383
-	-	-	12,340	68,892	-
-	-	-	3,007	10,709	7,314
-	-	-	-	-	-
-	-	-	16,490	-	42,278
<u>87,626</u>	<u>19,581</u>	<u>-</u>	<u>62,328</u>	<u>79,601</u>	<u>126,975</u>
-	-	-	97,912	-	-
-	-	-	-	46,270	96,355
-	-	-	-	-	-
-	20,250	-	-	-	-
4,650	-	-	-	-	-
-	-	-	-	4,000	5,115
-	-	-	-	-	-
<u>4,650</u>	<u>20,250</u>	<u>-</u>	<u>97,912</u>	<u>50,270</u>	<u>101,470</u>
<u>82,976</u>	<u>(669)</u>	<u>-</u>	<u>(35,584)</u>	<u>29,331</u>	<u>25,505</u>
-	-	-	-	-	-
-	-	-	-	1,450	-
-	-	130	7,390	-	-
<u>(45,427)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>(45,427)</u>	<u>-</u>	<u>130</u>	<u>7,390</u>	<u>1,450</u>	<u>-</u>
37,549	(669)	130	(28,194)	30,781	25,505
<u>74,316</u>	<u>98,388</u>	<u>(130)</u>	<u>71,940</u>	<u>206,732</u>	<u>186,263</u>
<u>\$ 111,865</u>	<u>\$ 97,719</u>	<u>\$ -</u>	<u>\$ 43,746</u>	<u>\$ 237,513</u>	<u>\$ 211,768</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, 2008**

(CONTINUED)

	AGRICULTURAL TRANSFER	REVOLVING LOAN FUND	CAPITAL PROJECTS - FIRE COMPANY IMPACT FEES	CAPITAL PROJECTS - PARKS AND RECREATION IMPACT FEES	TOTAL NON-MAJOR GOVERNMENTAL
<b>REVENUES</b>					
Taxes					
Local Property Tax	\$ -	\$ -	\$ -	\$ -	\$ 31,818
Other Local Taxes - Admission and Amusement Taxes	-	-	-	-	55,808
State Shared Taxes	311,598	-	-	-	311,598
Intergovernmental	-	-	-	-	2,922,772
Charges for Current Services	-	-	329,422	115,987	640,667
Fines and Forfeitures	-	-	-	-	81,232
Investment Income	88,660	1,490	25,592	-	177,447
Donations	-	-	-	-	54,002
Miscellaneous	-	-	-	-	70,692
<b>Total Revenues</b>	<b>400,258</b>	<b>1,490</b>	<b>355,014</b>	<b>115,987</b>	<b>4,346,036</b>
<b>EXPENDITURES</b>					
Current					
General Government	-	-	-	-	97,912
Public Safety	-	-	256,010	-	398,635
Social Services	-	-	-	-	4,514,584
Conservation of Natural Resources	1,117,525	-	-	-	1,648,330
Economic/Community Development	-	-	-	-	533,191
Capital Outlay	-	-	-	-	9,115
Debt Service					
Principal	-	-	-	-	24,000
<b>Total Expenditures</b>	<b>1,117,525</b>	<b>-</b>	<b>256,010</b>	<b>-</b>	<b>7,225,767</b>
Excess of Revenues Over (Under) Expenditures	(717,267)	1,490	99,004	115,987	(2,879,731)
<b>OTHER FINANCING SOURCES (USES)</b>					
Issuance of Debt	-	-	-	-	510,617
Proceeds of Capital Asset Disposals	-	-	-	-	4,330
Transfers In	302,000	-	156,191	-	2,724,964
Transfers (Out)	-	-	-	-	(96,753)
<b>Other Financing Sources (Uses)</b>	<b>302,000</b>	<b>-</b>	<b>156,191</b>	<b>-</b>	<b>3,143,158</b>
<b>Net Increase (Decrease) in Fund Balances</b>	<b>(415,267)</b>	<b>1,490</b>	<b>255,195</b>	<b>115,987</b>	<b>263,427</b>
Fund Balances (Deficits), July 1	2,997,438	342,539	541,096	-	7,733,887
<b>Fund Balances, June 30</b>	<b>\$ 2,582,171</b>	<b>\$ 344,029</b>	<b>\$ 796,291</b>	<b>\$ 115,987</b>	<b>\$ 7,997,314</b>



*Farming is still one of the main industries in Queen Anne's County, MD.*

**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, 2008**

	DEPARTMENT OF AGING				HOUSING AND COMMUNITY SERVICES			
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE POSITIVE (NEGATIVE)	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE POSITIVE (NEGATIVE)
<b>REVENUES</b>								
Taxes								
Local Property Tax	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other Local Taxes - Admission and Amusement Taxes	-	-	-	-	-	-	-	-
State Shared Taxes	-	-	-	-	-	-	-	-
Intergovernmental	954,757	982,012	981,183	(829)	163,786	169,398	135,171	(34,227)
Charges for Current Services	38,900	58,900	64,041	5,141	-	-	-	-
Fines and Forfeitures	-	-	-	-	200	200	-	(200)
Investment Income	-	2,100	2,738	638	-	-	13,703	13,703
Donations	64,470	85,170	52,002	(33,168)	-	1,500	1,500	-
Miscellaneous	2,000	2,000	1,150	(850)	-	-	-	-
<b>Total Revenues</b>	<b>1,060,127</b>	<b>1,130,182</b>	<b>1,101,114</b>	<b>(29,068)</b>	<b>163,986</b>	<b>171,098</b>	<b>150,374</b>	<b>(20,724)</b>
<b>EXPENDITURES</b>								
Current Operating Expenditures	2,660,660	2,757,241	2,746,196	11,045	1,196,929	1,504,041	528,541	975,500
Capital Outlay	81,350	65,100	-	65,100	-	-	-	-
Debt Service								
Principal	-	-	-	-	-	-	-	-
<b>Total Expenditures</b>	<b>2,742,010</b>	<b>2,822,341</b>	<b>2,746,196</b>	<b>76,145</b>	<b>1,196,929</b>	<b>1,504,041</b>	<b>528,541</b>	<b>975,500</b>
Excess of Revenues Over (Under) Expenditures	(1,681,883)	(1,692,159)	(1,645,082)	47,077	(1,032,943)	(1,332,943)	(378,167)	954,776
<b>OTHER FINANCING SOURCES (USES)</b>								
Issuance of Debt	-	-	-	-	-	-	-	-
Proceeds of Capital Asset Disposals	10,000	20,276	2,880	(17,396)	-	-	-	-
Transfers In	1,696,233	1,696,233	1,663,342	(32,891)	657,943	657,943	491,990	(165,953)
Transfers (Out)	(24,350)	(24,350)	(24,350)	-	-	(150,000)	-	150,000
<b>Total Other Financing Sources (Uses)</b>	<b>1,681,883</b>	<b>1,692,159</b>	<b>1,641,872</b>	<b>(50,287)</b>	<b>657,943</b>	<b>507,943</b>	<b>491,990</b>	<b>(15,953)</b>
<b>Net Increase (Decrease) in Fund Balances</b>	<b>\$ -</b>	<b>\$ -</b>	<b>(3,210)</b>	<b>\$ (3,210)</b>	<b>\$ (375,000)</b>	<b>\$ (825,000)</b>	<b>113,823</b>	<b>\$ 938,823</b>
Fund Balances, July 1			113,243				2,996,400	
Fund Balances, June 30			<u>\$ 110,033</u>				<u>\$ 3,110,223</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, 2008**  
**(CONTINUED)**

COMMUNITY PARTNERSHIPS FOR CHILDREN				DREDGING SPECIAL ASSESSMENTS				KENT NARROWS			
ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE POSITIVE (NEGATIVE)	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE POSITIVE (NEGATIVE)	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE POSITIVE (NEGATIVE)
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 22,000	\$ 22,000	\$ 31,818	\$ 9,818
-	-	-	-	-	-	-	-	60,000	60,000	55,808	(4,192)
-	-	-	-	-	-	-	-	-	-	-	-
1,877,900	2,016,464	1,786,418	(230,046)	-	-	-	-	-	-	-	-
-	-	-	-	24,200	24,200	23,762	(438)	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-
-	-	23,985	23,985	-	-	249	249	75	75	-	(75)
-	500	500	-	-	-	-	-	-	-	-	-
47,275	23,152	10,774	(12,378)	-	-	-	-	-	-	-	-
<u>1,925,175</u>	<u>2,040,116</u>	<u>1,821,677</u>	<u>(218,439)</u>	<u>24,200</u>	<u>24,200</u>	<u>24,011</u>	<u>(189)</u>	<u>82,075</u>	<u>82,075</u>	<u>87,626</u>	<u>5,551</u>
2,019,588	2,134,359	1,768,388	365,971	-	510,617	510,555	62	8,500	8,500	4,650	3,850
2,000	2,000	-	2,000	-	-	-	-	-	-	-	-
-	-	-	-	24,000	24,000	24,000	-	-	-	-	-
<u>2,021,588</u>	<u>2,136,359</u>	<u>1,768,388</u>	<u>367,971</u>	<u>24,000</u>	<u>534,617</u>	<u>534,555</u>	<u>62</u>	<u>8,500</u>	<u>8,500</u>	<u>4,650</u>	<u>3,850</u>
<u>(96,413)</u>	<u>(96,243)</u>	<u>53,289</u>	<u>149,532</u>	<u>200</u>	<u>(510,417)</u>	<u>(510,544)</u>	<u>(127)</u>	<u>73,575</u>	<u>73,575</u>	<u>82,976</u>	<u>9,401</u>
-	-	-	-	-	510,617	510,617	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-
120,348	124,269	103,921	(20,348)	-	-	-	-	-	-	-	-
(23,935)	(28,026)	(26,976)	1,050	-	-	-	-	(45,427)	(45,427)	(45,427)	-
<u>96,413</u>	<u>96,243</u>	<u>76,945</u>	<u>(19,298)</u>	<u>-</u>	<u>510,617</u>	<u>510,617</u>	<u>-</u>	<u>(45,427)</u>	<u>(45,427)</u>	<u>(45,427)</u>	<u>-</u>
<u>\$ -</u>	<u>\$ -</u>	<u>130,234</u>	<u>\$ 130,234</u>	<u>\$ 200</u>	<u>\$ 200</u>	<u>73</u>	<u>\$ (127)</u>	<u>\$ 28,148</u>	<u>\$ 28,148</u>	<u>37,549</u>	<u>\$ 9,401</u>
		<u>90,036</u>				<u>15,626</u>				<u>74,316</u>	
		<u>\$ 220,270</u>				<u>\$ 15,699</u>				<u>\$ 111,865</u>	

CONTINUED

**QUEEN ANNE'S COUNTY, MARYLAND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGETARY BASIS**  
**NON-MAJOR GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2008**  
**(CONTINUED)**

	INMATE WELFARE FUND				AGRICULTURAL TRANSFER			
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE POSITIVE (NEGATIVE)	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE POSITIVE (NEGATIVE)
<b>REVENUES</b>								
Taxes								
Local Property Tax	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other Local Taxes - Admission and Amusement Taxes	-	-	-	-	-	-	-	-
State Shared Taxes	-	-	-	-	155,000	155,000	311,598	156,598
Intergovernmental	-	-	-	-	-	-	-	-
Charges for Current Services	60,000	60,000	77,383	17,383	-	-	-	-
Fines and Forfeitures	-	-	-	-	-	-	-	-
Investment Income	5,000	5,000	7,314	2,314	5,000	5,000	88,660	83,660
Donations	-	-	-	-	-	-	-	-
Miscellaneous	40,000	40,000	42,278	2,278	-	-	-	-
<b>Total Revenues</b>	<b>105,000</b>	<b>105,000</b>	<b>126,975</b>	<b>21,975</b>	<b>160,000</b>	<b>160,000</b>	<b>400,258</b>	<b>240,258</b>
<b>EXPENDITURES</b>								
Current Operating Expenditures	100,125	100,125	96,355	3,770	666,667	1,400,000	1,117,525	282,475
Capital Outlay	27,000	27,000	5,115	21,885	-	-	-	-
Debt Service								
Principal	-	-	-	-	-	-	-	-
<b>Total Expenditures</b>	<b>127,125</b>	<b>127,125</b>	<b>101,470</b>	<b>25,655</b>	<b>666,667</b>	<b>1,400,000</b>	<b>1,117,525</b>	<b>282,475</b>
Excess of Revenues Over (Under) Expenditures	(22,125)	(22,125)	25,505	47,630	(506,667)	(1,240,000)	(717,267)	522,733
<b>OTHER FINANCING SOURCES (USES)</b>								
Issuance of Debt	-	-	-	-	-	-	-	-
Proceeds of Capital Asset Disposals	-	-	-	-	-	-	-	-
Transfers In	-	-	-	-	167,000	167,000	302,000	135,000
Transfers (Out)	-	-	-	-	-	-	-	-
<b>Total Other Financing Sources (Uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>167,000</b>	<b>167,000</b>	<b>302,000</b>	<b>135,000</b>
<b>Net Increase (Decrease) in Fund Balances</b>	<b>\$ (22,125)</b>	<b>\$ (22,125)</b>	<b>25,505</b>	<b>\$ 47,630</b>	<b>\$ (339,667)</b>	<b>\$ (1,073,000)</b>	<b>(415,267)</b>	<b>\$ 657,733</b>
Fund Balances, July 1			186,263				2,997,438	
Fund Balances, June 30			<u>\$211,768</u>				<u>\$ 2,582,171</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, 2008**  
 (CONTINUED)

CAPITAL PROJECTS - FIRE COMPANY IMPACT FEES			
ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE POSITIVE (NEGATIVE)
\$ -	\$ -	\$ -	\$ -
-	-	-	-
-	-	-	-
200,000	200,000	329,422	129,422
-	-	-	-
5,900	5,900	25,592	19,692
-	-	-	-
-	-	-	-
<u>205,900</u>	<u>205,900</u>	<u>355,014</u>	<u>149,114</u>
600,000	600,000	256,010	343,990
-	-	-	-
-	-	-	-
<u>600,000</u>	<u>600,000</u>	<u>256,010</u>	<u>343,990</u>
<u>(394,100)</u>	<u>(394,100)</u>	<u>99,004</u>	<u>493,104</u>
-	-	-	-
-	156,192	156,191	(1)
-	-	-	-
-	<u>156,192</u>	<u>156,191</u>	<u>(1)</u>
<u>\$ (394,100)</u>	<u>\$ (237,908)</u>	<u>255,195</u>	<u>\$ 493,103</u>
		<u>541,096</u>	
		<u>\$ 796,291</u>	



*Queen Anne's County is still home to many beautiful examples of early architecture.*

## **CAPITAL PROJECTS FUNDS**

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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.

**QUEEN ANNE'S COUNTY MARYLAND**  
**CAPITAL PROJECTS FUNDS**  
**SCHEDULE OF APPROPRIATIONS AND EXPENDITURES**  
**FOR THE YEAR ENDED JUNE 30, 2008**

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	\$ 629,548	\$ 371,091	\$ 132,327	\$ 503,418	\$ 126,130	\$ 503,418	\$ 132,327
400007	GASB-34 Implementation	43,000	13,990	-	13,990	29,010	-	-
400009	Finance System (See Transfers)	753,476	639,867	33,844	673,711	79,765	673,711	33,844
400011	Courthouse Renovation	700,500	596,717	-	596,717	103,783	596,717	-
400015	County Wide Mapping	585,000	367,520	38,977	406,497	178,503	-	-
400019	Land Acquisition Fund	1,339,787	1,295,131	28,620	1,323,751	16,036	-	-
400027	Strategic Planning	709,602	303,629	38,750	342,379	367,223	-	-
400029	Comp & Community Plans	675,000	250,771	19,457	270,228	404,772	-	-
400031	Mgt Info Systems Network	636,000	490,864	98,984	589,848	46,152	-	39,023
400041	IT Infrastructure/Phones	325,000	152,596	79,900	232,496	92,504	232,496	79,900
400047	Tax Ditch-Longmarsh Oxdale	50,000	3,317	58,229	61,546	(11,546)	-	-
400051	Historic Sites Survey	117,000	67,765	26,303	94,068	22,932	-	-
400053	Alternative Septic Study	75,000	16,716	-	16,716	58,284	-	-
400223	Circuit Courthouse Planning	1,300,000	28,780	18,835	47,615	1,252,385	-	-
400233	Rec Mgmt Sys - Non Fin	125,000	78,178	31,429	109,607	15,393	-	24,591
400269	Tax Ditches - Beaverdam	34,500	2,865	31,631	34,496	4	-	-
400271	Tax Ditches - Longmarsh	51,500	36,540	-	36,540	14,960	-	-
400309	CLS - Hospice Center - Contribution	175,000	100,000	75,000	175,000	-	-	-
400327	FY 07 General Fund Transfer In	5,150,000	-	-	-	5,150,000	-	-
400345	CLS - Land - Friel Property	3,511,771	3,511,771	53,793	3,565,564	(53,793)	-	53,793
400353	Grasonville Community Center	75,000	-	75,000	75,000	-	-	-
400355	Dry Hydrant Program	25,000	-	-	-	25,000	-	-
400359	Public Drainage	150,000	-	-	-	150,000	-	-
400361	East Shore Museum of Life	2,000	-	2,000	2,000	-	-	-
400363	Church Hill Pond Stabilization	200,000	-	337	337	199,663	-	-
400365	Grasonville Pole Relocation	200,000	-	-	-	200,000	-	-
400367	Chesterweye Expansion	100,000	-	100,000	100,000	-	-	-
400369	Kent Island Senior Center Site Council	15,000	-	-	-	15,000	-	-
400373	Beautification Committee	5,000	-	523	523	4,477	-	-
400375	Grant Procurement Committee	5,000	-	-	-	5,000	-	-
400377	BNR Septic Retrofit Grant	5,000	-	-	-	5,000	-	-
400389	Public Information Equipment	80,000	-	66,007	66,007	13,993	-	62,759
400425	Friel Property Management	-	-	5,508	5,508	(5,508)	-	-
400427	Land - Nesbit	600,000	-	300,000	300,000	300,000	300,000	300,000
400431	CLS - Land - Courthouse	1,300,000	-	1,296,182	1,296,182	3,818	-	1,290,536
400441	Matapeake Feasibility Study	25,000	-	16,700	16,700	8,300	-	-
400447	Budgeted General Fund Transfer In	6,000,000	-	-	-	6,000,000	-	-
Total General Government		25,773,684	8,328,108	2,628,336	10,956,444	14,817,240	2,306,342	2,016,773
<u>PUBLIC SAFETY</u>								
400059	Detention Center Expansion	341,000	235,676	8,094	243,770	97,230	-	-
400061	Hazard Mitigation Plan	30,800	26,070	-	26,070	4,730	-	-
400065	EMS # 400 Comm Drive	166,878	163,169	1,979	165,148	1,730	-	1,979
400217	Transfer to VFDs	1,157,390	676,569	408,120	1,084,689	72,701	-	-
400227	Renovate Viewing Rooms & Roof	136,503	48,168	70,648	118,816	17,687	118,816	70,648
400281	Detention Center Furniture & Carpet	10,000	-	-	-	10,000	-	-
400283	Detention Center Building Expansion	2,468,329	350	44,077	44,427	2,423,902	44,427	44,077
400285	CLS - Animal Control Building Renovation	246,800	121,765	124,694	246,459	341	-	124,694
400313	County Wide Mapping - 911	815,530	717,320	38,834	756,154	59,376	-	-
400343	DES Records Management Software	194,000	91,103	34,055	125,158	68,842	125,158	34,055
400379	CLS - Mobile Speed Trailers	22,150	-	22,150	22,150	-	-	22,150
400381	CLS - Detention Center AC Replacement	60,708	-	60,708	60,708	-	-	60,708
400383	Modular Unit Equipment/Storage	25,000	-	-	-	25,000	-	-
400435	Detention Center CCTV System	39,292	-	39,292	39,292	-	39,292	39,292
Total Public Safety		5,714,380	2,080,190	852,651	2,932,841	2,781,539	327,693	397,603
<u>PUBLIC WORKS</u>								
400077	Wetlands Mitigation	216,560	128,787	14,170	142,957	73,603	-	-
400079	Roof Repair / Replacement	455,000	425,511	-	425,511	29,489	-	-
400081	Centreville MCF	602,000	67,813	135,199	203,012	398,988	203,012	135,199
400083	Renovation/Transit Garage (See Transfers)	4,765,729	1,341,969	2,531,560	3,873,529	892,200	3,873,529	2,531,560
400087	Fuel Depot Demolition/MTBE	200,000	168,783	-	168,783	31,217	168,783	-
400091	DPW - Fee In Lieu	20,000	-	20,000	20,000	-	-	-
400235	Solid Waste Capital Equipment	174,001	55,939	24,465	80,404	93,597	-	24,465
400287	DPW Records Management System	75,000	1,217	1,174	2,391	72,609	-	-
400331	CLS - Kirwan Creek Watershed	55,000	12,664	42,563	55,227	(227)	-	-
400335	Corsica & Beyond - Stormwater	152,000	37,753	85,479	123,232	28,768	-	-
400405	Library Rain Garden	51,080	3,247	19,773	23,020	28,060	-	-
Total Public Works		6,766,370	2,243,683	2,874,383	5,118,066	1,648,304	4,245,324	2,691,224

CONTINUED

**QUEEN ANNE'S COUNTY MARYLAND**  
**CAPITAL PROJECTS FUNDS**  
**SCHEDULE OF APPROPRIATIONS AND EXPENDITURES**  
**FOR THE YEAR ENDED JUNE 30, 2008**  
 (CONTINUED)

PROJ #	GENERAL CAPITAL PROJECTS:	EXPENDITURES			UNEXPENDED APPROPRIATIONS	INCLUDED IN CONSTRUCTION IN PROGRESS	CAPITALIZED CURRENT YEAR
		TOTAL APPROPRIATION	PRIOR YEARS	CURRENT YEAR			
<u>SOCIAL SERVICES</u>							
400093	CLS - Crumpton Senior Center	\$ 105,000	\$ 100,898	\$ -	\$ 100,898	\$ 4,102	\$ -
400097	CLS - Grasonville Sr Center Renovation	1,604,735	1,604,688	-	1,604,688	47	-
400099	Kramer Center Improvement	121,100	29,644	15,052	44,696	76,404	15,052
400103	Kent Island Senior Center	44,000	1,724	4,226	5,950	38,050	-
400243	Aging - Large Transit Vehicles	826,145	189,828	30,569	220,397	605,748	29,519
400357	Kramer Center HVAC Units	50,000	-	13,273	13,273	36,727	13,273
400403	Transportation Development Plan	59,625	-	-	-	59,625	-
400437	Dept of Aging Cap Equipment	71,000	-	-	-	71,000	-
	<b>Total Social Services</b>	<b>2,881,605</b>	<b>1,926,782</b>	<b>63,120</b>	<b>1,989,902</b>	<b>891,703</b>	<b>57,969</b>
<u>EDUCATION</u>							
700003	Chesapeake College Admin Bldg	779,971	768,411	-	768,411	11,560	-
700055	Ches Coll College Center - Renovations	407,167	402,101	-	402,101	5,066	-
700079	Ches Coll Talbot Science Center Design	584,865	356,351	228,514	584,865	-	-
700147	Ches Coll Talbot Science Building Equipment	65,000	-	65,000	65,000	-	-
	<b>Subtotal Chesapeake College</b>	<b>1,837,003</b>	<b>1,526,863</b>	<b>293,514</b>	<b>1,820,377</b>	<b>16,626</b>	<b>-</b>
<u>EDUCATION - CONTINUED</u>							
ALLOCATIONS TO COMPONENT UNIT - BOARD OF EDUCATION							
700005	CLS-Matapeake Elementary	9,294,563	9,227,443	-	9,227,443	67,120	-
700007	Centreville Elementary Renovation	5,448,028	5,938,028	(490,000)	5,448,028	-	-
700019	Queen Anne's County High	13,196,000	13,082,808	-	13,082,808	113,192	-
700045	CLS - Bayside Elementary Repairs	331,727	331,727	-	331,727	-	-
700047	CLS - BOE Office - Structural Rep	205,404	205,403	-	205,403	1	-
700059	FY05 Roof Repair	10,000	4,695	5,097	9,792	208	-
700061	Matapeake Middle	17,309,456	14,041,882	2,786,879	16,828,761	480,695	-
700063	Church Hill Elem Land Acquisition	855,000	700,838	122,292	823,130	31,870	-
700067	Security Cameras Various Schools	95,023	69,839	6,510	76,349	18,674	-
700073	CLS - BOE Building Roof Repairs	136,942	136,942	-	136,942	-	-
700075	CLS - Kennard Elementary School Addition	59,657	59,656	-	59,656	1	-
700077	BOE Data Warehousing	180,000	115,181	49,240	164,421	15,579	-
700081	Water Treatment -Church Hill/Sudlersville	105,000	9,950	-	9,950	95,050	-
700087	CLS - Sudlersville Middle Study	30,633	30,633	-	30,633	-	-
700089	Kent Island Elementary Renovation	9,808,000	599,965	8,675,768	9,275,733	532,267	-
700091	CLS - Defibrillators/Band Uniforms	40,905	40,905	-	40,905	-	-
700095	BOE Relocatables	638,402	271,449	340,060	611,509	26,893	-
700097	CLS - QACHS Security Lighting	20,000	-	20,000	20,000	-	-
700099	CLS - Sudlersville Middle - Library Furniture	29,763	29,434	328	29,762	1	-
700105	BOE Computer Equipment	357,135	219,954	121,967	341,921	15,214	-
700107	Schools - Carpet & Tile	270,000	159,013	44,960	203,973	66,027	-
700111	BOE Office Building Upgrade	150,595	7,100	-	7,100	143,495	-
700113	Schools - Painting	240,000	86,810	79,576	166,386	73,614	-
700115	Playfields - Church Hill & Kent Island Elementary	60,000	-	22,165	22,165	37,835	-
700117	Playground Repairs - Kent Island Elem School	50,000	4,929	6,582	11,511	38,489	-
700121	CLS - TV Production Equipment	10,332	5,416	4,904	10,320	12	-
700123	CLS - Wireless System - Board Meetings	14,810	14,810	-	14,810	-	-
700125	KIHS Practice Fields	130,000	40,561	17,047	57,608	72,392	-
700127	CLS - BOE Playfields & Grounds	63,030	63,029	-	63,029	1	-
700129	CLS - Centreville Middle School Locker Restructure	65,179	-	65,178	65,178	1	-
700131	BOE Microtherm Monitors	80,000	-	73,174	73,174	6,826	-
700133	CLS - BOE Security Entr	69,977	-	69,977	69,977	-	-
700135	CLS - Sudlersville Elem Parking Lot	26,283	-	26,283	26,283	-	-
700137	Stevensville Middle PA System	20,000	-	-	-	20,000	-
700139	CLS - QACHS Classroom Furniture	24,679	-	24,678	24,678	1	-
700141	Acoustical Tiles	20,000	-	13,320	13,320	6,680	-
700143	CLS - KIHS & QACHS Stadium Sod	39,361	-	39,360	39,360	1	-
700145	CLS - KIHS Baseball Field Irrigation	30,000	-	30,000	30,000	-	-
700149	Bayside Elementary Roof	50,000	-	26,600	26,600	23,400	-
	<b>Subtotal Board of Education</b>	<b>59,565,884</b>	<b>45,498,400</b>	<b>12,181,945</b>	<b>57,680,345</b>	<b>1,885,539</b>	<b>-</b>
	<b>Total Education</b>	<b>61,402,887</b>	<b>47,025,263</b>	<b>12,475,459</b>	<b>59,500,722</b>	<b>1,902,165</b>	<b>-</b>

CONTINUED

**QUEEN ANNE'S COUNTY MARYLAND**  
**CAPITAL PROJECTS FUNDS**  
**SCHEDULE OF APPROPRIATIONS AND EXPENDITURES**  
**FOR THE YEAR ENDED JUNE 30, 2008**  
 (CONTINUED)

PROJ #	GENERAL CAPITAL PROJECTS:	TOTAL APPROPRIATION	EXPENDITURES		UNEXPENDED APPROPRIATIONS	INCLUDED IN CONSTRUCTION IN PROGRESS	CAPITALIZED CURRENT YEAR
			PRIOR YEARS	CURRENT YEAR			
<u>PARKS AND RECREATION</u>							
400111	Land - Undesignated	\$ 195,505	\$ 67,639	\$ 14,878	\$ 82,517	\$ -	\$ -
400117	CLS - Church Hill Park II	412,678	412,678	-	412,678	-	-
400121	Grasonville Park	165,000	87,575	-	87,575	77,425	87,575
400123	Matapeake Park Clubhouse (See Transfers)	623,430	318,308	230,637	548,945	548,945	230,637
400141	Ewing Pond Park	115,000	89	23,389	23,478	91,522	23,478
400147	Round Top Park Trail	60,000	4,050	-	4,050	55,950	4,050
400153	Spaniard Point Easements	1,870,000	-	13,390	13,390	1,856,610	13,390
400155	Park Survey	46,949	26,756	-	26,756	20,193	-
400173	Conquest Development	500,000	101,896	-	101,896	398,104	101,896
400179	Pinkney Park Restrooms	52,905	480	48,073	48,553	4,352	48,073
400183	Matapeake School Pk Irrigation	111,485	18	111,467	111,485	-	111,485
400187	Sudlersville Park	235,469	72,820	141,198	214,018	21,451	141,198
400189	Kent Narrows Improvements	60,000	-	-	-	60,000	-
400215	Preventive Park Maintenance	348,680	199,931	137,830	337,761	10,919	-
400221	Capital Equipment Fund - P & R	70,000	44,118	25,786	69,904	96	22,005
400249	Centreville Trail	505,600	400	6,850	7,250	498,350	6,850
400251	CLS - Church Hill Park Lighting	127,400	127,400	-	127,400	-	-
400253	CLS - BOE Playfields & Equipment	100,000	100,039	-	100,039	(39)	-
400255	Old Love Point Park Lights	25,000	-	-	-	25,000	-
400257	Crumpton Playgrounds	30,000	-	15,790	15,790	14,210	15,790
400259	Tiny Tots Building	50,000	-	35,121	35,121	14,879	35,121
400265	CLS - Visitor Center Trail/Fountain	37,850	37,845	-	37,845	5	-
400295	CLS - QAC Rec/Comm Complex	500,000	15,200	128,855	144,055	355,945	-
400297	Kent Island South Trail Spur - Chews Manor	60,000	58,547	-	58,547	1,453	-
400299	Church Hill Park Fitness Trail	52,597	290	51,970	52,260	337	51,970
400303	Ferry Point Trail	50,000	127	-	127	49,873	127
400305	White Marsh Park	871,677	125,912	528,193	654,105	217,572	528,193
400307	CLS - Land - Kent Island	1,300,000	-	-	-	1,300,000	-
400333	Kent Island Elementary Playground	28,945	6,498	58	6,556	22,389	-
400341	CLS - Land - Talisman Farm	5,024,813	-	5,024,812	5,024,812	1	5,024,812
400347	CLS - Matapeake Lead Abatement	208,188	33,993	174,192	208,185	3	174,192
400351	Kinwan Museum Repairs	10,247	2,425	6,733	9,158	1,089	-
400387	Memorial Park (Fallen Heroes)	35,000	-	9	9	34,991	9
400391	Cross County Connec Trail PS1	50,000	-	312	312	49,688	312
400393	Davidson Property	25,000	-	-	-	25,000	-
400395	Round Top Playground Equipment	30,000	-	15,095	15,095	14,905	15,095
400397	Old Love Point Park Irrigation	125,000	-	-	-	125,000	-
400399	Ferry Point/CEC Boardwalk	60,000	-	7,800	7,800	52,200	7,800
400401	CLS - Batts Neck Lighting	60,000	-	-	-	60,000	-
400407	CLS - KIHS & QACHS Stadium Sod	40,000	18,006	21,355	39,361	639	-
400409	KIHS Baseball Field Irrigation	30,000	-	30,000	30,000	-	-
400411	KIHS Practice Field	75,000	-	29,938	29,938	45,062	-
400413	Land - Sports Complex	355,000	-	-	-	355,000	-
400415	Land - Trail Easements	25,000	-	1,845	1,845	23,155	1,845
400439	Wells Cove Landing	120,000	-	6,495	6,495	113,505	6,495
400467	White Marsh Park Equipment	203,323	-	203,322	203,322	1	196,322
	<b>Total Parks &amp; Recreation</b>	<b>15,082,741</b>	<b>1,863,040</b>	<b>7,035,393</b>	<b>8,898,433</b>	<b>6,184,308</b>	<b>2,008,146</b>
<u>LIBRARY</u>							
400195	Kent Island Library Expansion I	140,000	-	-	-	140,000	-
400385	Kent Island Library Expansion II	297,000	-	26,000	26,000	271,000	26,000
	<b>Total Library</b>	<b>437,000</b>	<b>-</b>	<b>26,000</b>	<b>26,000</b>	<b>411,000</b>	<b>26,000</b>
<u>CONSERVATION</u>							
400293	4-H Park Improvements	456,420	13,231	101,855	115,086	341,334	101,855
<u>ECONOMIC/COMMUNITY DEVELOPMENT</u>							
400201	Land Sales Proceeds (See Transfers) ALLOCATION TO COMPONENT UNIT - PUBLIC HOUSING AUTHORITY	10,345	30,345	-	30,345	(20,000)	-
400105	Sudlersville Senior Center	880,000	-	765,216	765,216	114,784	-
400205	PHA Allocation	1,350,000	900,000	-	900,000	450,000	-
400207	Housing & Community Service Transfer (See Transfers)	-	100,000	-	100,000	(100,000)	-
400209	FY05 PHA Allocation	600,000	450,212	49,930	500,142	-	99,858
400429	Restricted Allocation-PHA Foxtown Proj	1,495,378	1,495,378	906,965	2,402,343	(906,965)	-
	<b>Subtotal Public Housing Authority</b>	<b>4,325,378</b>	<b>2,945,590</b>	<b>1,722,111</b>	<b>4,667,701</b>	<b>(342,323)</b>	<b>-</b>
	<b>Total Economic/Community Development</b>	<b>4,335,723</b>	<b>2,975,935</b>	<b>1,722,111</b>	<b>4,698,046</b>	<b>(362,323)</b>	<b>-</b>

CONTINUED

**QUEEN ANNE'S COUNTY MARYLAND**  
**CAPITAL PROJECTS FUNDS**  
**SCHEDULE OF APPROPRIATIONS AND EXPENDITURES**  
**FOR THE YEAR ENDED JUNE 30, 2008**  
(Continued)

PROJ #	GENERAL CAPITAL PROJECTS:	TOTAL APPROPRIATION	EXPENDITURES		UNEXPENDED APPROPRIATIONS	INCLUDED IN CONSTRUCTION IN PROGRESS	CAPITALIZED CURRENT YEAR
			PRIOR YEARS	CURRENT YEAR			
<b>DEBT SERVICE</b>							
400315	Debt - Bond Issuance Costs	\$ 16,250	\$ -	\$ -	\$ -	\$ -	\$ -
400325	FY07 Bond Issuance	127,424	307,339	3,972	311,311	(183,887)	-
	Total Debt Service	143,674	307,339	3,972	311,311	(167,637)	-
<b>TRANSFERS TO OTHER FUNDS</b>							
400009	Finance System - to Sanitary District	-	1,719	-	1,719	(1,719)	-
400045	Land Preservation Transfers	570,000	135,000	135,000	270,000	300,000	-
400083	Renovation/Transit Garage - to Roads Cap Proj	48,300	48,300	-	48,300	-	-
400123	Matapeake Park Clubhouse	85,191	85,191	-	85,191	-	-
400127	Public Landings Allocation	200,000	158,513	41,487	200,000	-	-
400167	Enterprise Transfer/Alloc - to Property Mgmt	460,185	148,185	212,000	360,185	100,000	-
400201	Land Sale Proceeds	50,000	115,000	-	115,000	(65,000)	-
400207	Housing & Comm Svc Transfer - to Housing Services	450,000	350,000	-	350,000	100,000	-
400213	Loan Fund Transfers	360,000	260,000	100,000	360,000	-	-
	Total Transfers	2,223,676	1,301,908	488,487	1,790,395	433,281	-
	Total General Capital Projects	\$ 125,218,160	\$ 68,065,479	\$ 28,271,767	\$ 96,337,246	\$ 28,880,914	\$ 9,086,560
<b>ROADS BOARD CAPITAL PROJECTS:</b>							
<b>PUBLIC WORKS</b>							
820005	Asphalt Overlays - Upgrade	\$ 2,553,091	\$ 631,607	\$ 354,675	\$ 986,282	\$ 1,566,809	\$ -
820031	CLS - #10 Schoolhouse Bridge	601,286	601,357	538	601,895	(609)	-
820091	Groff Road Bridge	653,100	596,948	34,403	631,351	21,749	631,351
820111	Thompson Creek Road	452,480	69,680	55,559	125,239	327,241	-
820151	Island Creek Road Bridge	65,000	16,966	3,904	20,870	44,130	20,870
820195	Salt Storage Sheds	329,423	-	208,757	208,757	120,666	208,757
820203 & 221	Taylor Mill Road Bridge	197,500	450	-	450	197,050	450
820235	CLS - Emily Lane Assessment	13,366	13,366	-	13,366	-	-
	Total Public Works	4,865,246	1,930,374	657,836	2,588,210	2,277,036	861,428
<b>TRANSFERS TO OTHER FUNDS</b>							
820187	To Roads Operating	1,063,484	1,019,487	-	1,019,487	43,997	-
820209	County Wide Mapping II	40,000	40,000	-	40,000	-	-
820215	Roads Paint Truck	125,000	-	-	-	125,000	-
	Total Transfers to Other Funds	1,228,484	1,059,487	-	1,059,487	168,997	-
	Total Roads Board Capital Projects	\$ 6,093,730	\$ 2,989,861	\$ 657,836	\$ 3,647,697	\$ 2,446,033	\$ 861,428
	Total General and Roads Capital Projects	\$ 131,311,890	\$ 71,055,340	\$ 28,929,603	\$ 99,984,943	\$ 31,326,947	\$ 9,947,988
	Force in Kind Capital Projects reported in non-capital projects Funds and added to CIP						\$ -
400124	Matapeake Clubhouse FIC	\$ -	\$ 4,984	\$ 35,396	\$ 40,380	\$ (40,380)	\$ 40,380
400126	CLS - Cross/Kent Island South Trail II FIC	-	2,190	-	2,190	(2,190)	-
400142	Grasonville School Pond Park FIC	-	-	16,250	16,250	(16,250)	16,250
400188	Sudlersville Park FIC	-	-	10,787	10,787	(10,787)	10,787
400250	Centreville Trail - FIC	-	-	3,049	3,049	(3,049)	3,049
400304	Ferry Point Project FIC	-	-	8,760	8,760	(8,760)	-
400306	White March Park FIC	-	-	52,358	52,358	(52,358)	52,358
400332	CLS - Kirwan Creek Watershed FIC	-	14,574	28,377	42,951	(42,951)	-
400336	Corsica & Beyond FIC	-	21,852	54,163	76,015	(76,015)	-
400392	Cross County Conn II FIC	-	-	1,922	1,922	(1,922)	-
400400	Exploration Center Bridge FIC	-	-	689	689	(689)	-
		\$ -	\$ 43,600	\$ 211,751	\$ 255,351	\$ (255,351)	\$ 122,824
	Total Construction in Progress and Capitalized Current Year					\$ 10,070,812	\$ 12,478,720

**QUEEN ANNE'S COUNTY, MARYLAND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL**  
**SCHOOL IMPACT FEES CAPITAL PROJECTS FUND**  
**FOR THE YEAR ENDED JUNE 30, 2008**

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE POSITIVE (NEGATIVE)
<u>REVENUES</u>				
Charges for Current Services	\$ 840,000	\$ 840,000	\$ 1,011,014	\$ 171,014
Investment Income	25,000	25,000	109,753	84,753
Total Revenues	<u>865,000</u>	<u>865,000</u>	<u>1,120,767</u>	<u>255,767</u>
<u>EXPENDITURES</u>				
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess of Revenues Over Expenditures	<u>865,000</u>	<u>865,000</u>	<u>1,120,767</u>	<u>255,767</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers In	-	-	-	-
Transfers (Out)	<u>(1,408,120)</u>	<u>(1,408,120)</u>	<u>(1,408,120)</u>	<u>-</u>
Total Other Financing (Uses)	<u>(1,408,120)</u>	<u>(1,408,120)</u>	<u>(1,408,120)</u>	<u>-</u>
Net Increase (Decrease) in Fund Balances	<u>\$ (543,120)</u>	<u>\$ (543,120)</u>	(287,353)	<u>\$ 255,767</u>
Fund Balances, July 1			<u>2,542,813</u>	
Fund Balances, June 30			<u>\$ 2,255,460</u>	

## **NON-MAJOR ENTERPRISE FUNDS**

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Non-Major Enterprise funds account for activities which are commercial in nature and are primarily or partially intended to be self-supporting; that is, 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; and (3) to the extent that funds are not borrowed, finance the cost of expansion of physical facilities. All non-major enterprise funds are intended to be only partially self-supporting.



*Fresh Seafood from the Chesapeake Bay is king!*

## **NON-MAJOR ENTERPRISE FUNDS**

**Non-major enterprise funds include all of the following funds:**

**Public Marinas** – This fund accounts for operation, maintenance, and major repairs of public marinas. For a fee, the general public has access to these marinas for temporary mooring.

**Parks and Recreation:**

**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.

**Recreation Programs** – This fund accounts for self-supporting recreation programs wherein user charges cover the majority of operating expenditures.

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

**Property Management** – This fund accounts for the operation, maintenance and major repairs associated with the County's many parks and public facilities.

**QUEEN ANNE'S COUNTY, MARYLAND**  
**COMBINING STATEMENT OF NET ASSETS**  
**NON-MAJOR ENTERPRISE FUNDS**  
**JUNE 30, 2008**

<u>ASSETS</u>	GOLF COURSE	RECREATION PROGRAMS	PUBLIC LANDINGS
<b>Current Assets</b>			
Equity in Pooled Cash	\$ -	\$ 374,869	\$ 368,055
Accounts Receivable (Net)	660	9,210	-
Due from Other Funds	-	40,000	-
Due from Other Governments	21,536	-	28,090
Inventories	5,256	-	-
<b>Total Current Assets</b>	<b>27,452</b>	<b>424,079</b>	<b>396,145</b>
<b>Capital Assets</b>			
Land, Improved and Unimproved	1,853,631	-	559,862
Buildings and Improvements to Buildings	182,792	-	-
Improvements Other Than Buildings	122,268	-	1,313,171
Automotive Equipment	22,835	-	10,880
Equipment	583,046	-	56,814
Furniture and Fixtures	-	16,505	-
Construction in Progress	161,474	-	616,007
<b>Capital Assets before Depreciation</b>	<b>2,926,046</b>	<b>16,505</b>	<b>2,556,734</b>
<b>Less Accumulated Depreciation</b>	<b>(469,725)</b>	<b>(9,078)</b>	<b>(170,318)</b>
<b>Total Capital Assets, Net of Accumulated Depreciation</b>	<b>2,456,321</b>	<b>7,427</b>	<b>2,386,416</b>
<b>Total Noncurrent Assets</b>	<b>2,456,321</b>	<b>7,427</b>	<b>2,386,416</b>
<b>Total Assets</b>	<b>2,483,773</b>	<b>431,506</b>	<b>2,782,561</b>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Accounts Payable	27,571	70,221	29,370
Accrued Interest Payable	6,834	-	-
Escrow Deposits	-	4,106	-
Due to Other Funds	1,436,065	-	-
Unearned Revenue	1,732	1,446	129
Current Portion of Compensated Absences	737	382	18,752
Current Portion of Bonds/Notes Payable	56,763	-	-
<b>Total Current Liabilities</b>	<b>1,529,702</b>	<b>76,155</b>	<b>48,251</b>
<b>Noncurrent Liabilities</b>			
Compensated Absences	318	164	8,080
Bonds/Notes Payable	880,470	-	-
<b>Total Noncurrent Liabilities</b>	<b>880,788</b>	<b>164</b>	<b>8,080</b>
<b>Total Liabilities</b>	<b>2,410,490</b>	<b>76,319</b>	<b>56,331</b>
<b>NET ASSETS</b>			
Invested in Capital Assets, Net of Related Debt	1,519,088	7,427	2,386,416
Restricted for:			
Debt Service/Capital Projects	62	-	-
Unrestricted	(1,445,867)	347,760	339,814
<b>Total Net Assets</b>	<b>\$ 73,283</b>	<b>\$ 355,187</b>	<b>\$ 2,726,230</b>

**QUEEN ANNE'S COUNTY, MARYLAND**  
**COMBINING STATEMENT OF NET ASSETS**  
**NON-MAJOR ENTERPRISE FUNDS**  
**JUNE 30, 2008**

(CONTINUED)

PROPERTY MANAGEMENT	TOTAL PARKS AND RECREATION	PUBLIC MARINAS	TOTAL NON-MAJOR ENTERPRISE
\$ -	\$ 742,924	\$ 271,470	\$ 1,014,394
1,350	11,220	-	11,220
-	40,000	-	40,000
69,135	118,761	-	118,761
-	5,256	-	5,256
<u>70,485</u>	<u>918,161</u>	<u>271,470</u>	<u>1,189,631</u>
49,335	2,462,828	209,248	2,672,076
2,013,594	2,196,386	-	2,196,386
-	1,435,439	401,542	1,836,981
49,730	83,445	-	83,445
156,461	796,321	-	796,321
1,748	18,253	-	18,253
442,495	1,219,976	82,263	1,302,239
<u>2,713,363</u>	<u>8,212,648</u>	<u>693,053</u>	<u>8,905,701</u>
<u>(361,067)</u>	<u>(1,010,188)</u>	<u>(49,952)</u>	<u>(1,060,140)</u>
<u>2,352,296</u>	<u>7,202,460</u>	<u>643,101</u>	<u>7,845,561</u>
<u>2,352,296</u>	<u>7,202,460</u>	<u>643,101</u>	<u>7,845,561</u>
<u>2,422,781</u>	<u>8,120,621</u>	<u>914,571</u>	<u>9,035,192</u>
37,574	164,736	24,894	189,630
-	6,834	784	7,618
3,450	7,556	-	7,556
226,524	1,662,589	14,025	1,676,614
-	3,307	-	3,307
-	19,871	-	19,871
-	56,763	8,230	64,993
<u>267,548</u>	<u>1,921,656</u>	<u>47,933</u>	<u>1,969,589</u>
-	8,562	-	8,562
-	880,470	59,086	939,556
-	889,032	59,086	948,118
<u>267,548</u>	<u>2,810,688</u>	<u>107,019</u>	<u>2,917,707</u>
2,352,296	6,265,227	575,785	6,841,012
-	62	-	62
<u>(197,063)</u>	<u>(955,356)</u>	<u>231,767</u>	<u>(723,589)</u>
<u>\$ 2,155,233</u>	<u>\$ 5,309,933</u>	<u>\$ 807,552</u>	<u>\$ 6,117,485</u>

**QUEEN ANNE'S COUNTY, MARYLAND**  
**COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS**  
**NON-MAJOR ENTERPRISE FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2008**

	GOLF COURSE	RECREATION PROGRAMS	PUBLIC LANDINGS
<u>OPERATING REVENUES</u>			
Charges for Services	\$ 272,213	\$ 475,144	\$ 204,970
Intergovernmental	500	4,541	39,089
Material Sales	30,687	-	-
Miscellaneous Revenues	2,701	9,721	50,495
Total Operating Revenues	<u>306,101</u>	<u>489,406</u>	<u>294,554</u>
<u>OPERATING EXPENSES</u>			
Cost of Sales and Services			
Parks and Recreation	334,671	573,866	180,600
Public Marinas	-	-	-
Total Cost of Sales and Services	<u>334,671</u>	<u>573,866</u>	<u>180,600</u>
Depreciation	<u>48,898</u>	<u>1,651</u>	<u>29,706</u>
Total Operating Expenses	<u>383,569</u>	<u>575,517</u>	<u>210,306</u>
Operating Income (Loss)	<u>(77,468)</u>	<u>(86,111)</u>	<u>84,248</u>
<u>NON-OPERATING REVENUES (EXPENSES)</u>			
Interest Expense	(47,413)	-	-
Miscellaneous Non-Operating (Expense)	-	-	(167,834)
Total Non-Operating Revenues (Expenses)	<u>(47,413)</u>	<u>-</u>	<u>(167,834)</u>
Gain (Loss) Before Contributions and Transfers	<u>(124,881)</u>	<u>(86,111)</u>	<u>(83,586)</u>
Capital Contributions, Fees and Grants	<u>21,536</u>	<u>-</u>	<u>27,354</u>
Transfers In	100,000	43,000	75,485
Transfers (Out)	-	-	(579,574)
Net Transfers In (Out)	<u>100,000</u>	<u>43,000</u>	<u>(504,089)</u>
Change in Net Assets	<u>(3,345)</u>	<u>(43,111)</u>	<u>(560,321)</u>
Total Net Assets - Beginning of Year	<u>76,628</u>	<u>398,298</u>	<u>3,286,551</u>
Total Net Assets - End of Year	<u>\$ 73,283</u>	<u>\$ 355,187</u>	<u>\$ 2,726,230</u>

**QUEEN ANNE'S COUNTY, MARYLAND**  
**COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS**  
**NON-MAJOR ENTERPRISE FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2008**

(CONTINUED)

PROPERTY MANAGEMENT	TOTAL PARKS AND RECREATION	PUBLIC MARINAS	TOTAL NON-MAJOR ENTERPRISE
\$ 507,398	\$ 1,459,725	\$ 105,900	\$ 1,565,625
11,823	55,953	3,710	59,663
2,085	32,772	-	32,772
85,316	148,233	173	148,406
<u>606,622</u>	<u>1,696,683</u>	<u>109,783</u>	<u>1,806,466</u>
722,025	1,811,162	-	1,811,162
<u>-</u>	<u>-</u>	<u>19,447</u>	<u>19,447</u>
722,025	1,811,162	19,447	1,830,609
<u>72,493</u>	<u>152,748</u>	<u>5,238</u>	<u>157,986</u>
794,518	1,963,910	24,685	1,988,595
<u>(187,896)</u>	<u>(267,227)</u>	<u>85,098</u>	<u>(182,129)</u>
-	(47,413)	(2,659)	(50,072)
<u>-</u>	<u>(167,834)</u>	<u>-</u>	<u>(167,834)</u>
-	(215,247)	(2,659)	(217,906)
<u>(187,896)</u>	<u>(482,474)</u>	<u>82,439</u>	<u>(400,035)</u>
47,000	95,890	-	95,890
137,000	355,485	55,262	410,747
<u>(248,354)</u>	<u>(827,928)</u>	<u>-</u>	<u>(827,928)</u>
(111,354)	(472,443)	55,262	(417,181)
<u>(252,250)</u>	<u>(859,027)</u>	<u>137,701</u>	<u>(721,326)</u>
2,407,483	6,168,960	669,851	6,838,811
<u>\$ 2,155,233</u>	<u>\$ 5,309,933</u>	<u>\$ 807,552</u>	<u>\$ 6,117,485</u>

**QUEEN ANNE'S COUNTY, MARYLAND**  
**COMBINING STATEMENT OF CASH FLOWS**  
**NON-MAJOR ENTERPRISE FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2008**

	<u>GOLF COURSE</u>	<u>RECREATION PROGRAMS</u>	<u>PUBLIC LANDINGS</u>
<b><u>CASH FLOWS FROM OPERATING ACTIVITIES</u></b>			
Receipts from customers and users	\$ 268,012	\$ 461,281	\$ 292,013
Receipts from other operating revenues	12,352	14,262	395,917
Payments to suppliers	(186,756)	(369,369)	61,755
Payments to employees and on behalf of employees	<u>(150,749)</u>	<u>(167,935)</u>	<u>(273,952)</u>
Net Cash Provided (Used) by Operating Activities	<u>(57,141)</u>	<u>(61,761)</u>	<u>475,733</u>
<b><u>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</u></b>			
Reclassification of operating grant to governmental fund	-	-	(167,834)
Transfers from other funds	100,000	43,000	75,485
Loan proceeds (to) and from interfund loans	1,436,065	(40,000)	-
Transfers to other funds	-	-	(579,574)
Principal paid on interfund loans	<u>(1,239,250)</u>	<u>-</u>	<u>-</u>
Net Cash Provided (Used) by Noncapital Financing Activities	<u>296,815</u>	<u>3,000</u>	<u>(671,923)</u>
<b><u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</u></b>			
Receipts from capital grants and contributions	21,536	-	27,354
Principal paid on capital debt	(55,000)	-	-
Receipts from 2006 Bonds	-	-	-
Interest paid on capital debt	(44,736)	-	-
Acquisition and Construction of Capital Assets	<u>(161,474)</u>	<u>-</u>	<u>(45,882)</u>
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(239,674)</u>	<u>-</u>	<u>(18,528)</u>
<b><u>CASH FLOWS FROM INVESTING ACTIVITIES</u></b>			
Net Cash Provided (Used) by Investing Activities	<u>-</u>	<u>-</u>	<u>-</u>
Net increase (decrease) in cash and cash equivalents	-	(58,761)	(214,718)
Balances - Beginning of year	<u>-</u>	<u>433,630</u>	<u>582,773</u>
Balances - End of year	<u>\$ -</u>	<u>\$ 374,869</u>	<u>\$ 368,055</u>
<b><u>Reconciliation of operating income (loss) to net cash provided</u></b>			
by operating activities			
Operating income (loss)	\$ (77,468)	\$ (86,111)	\$ 84,248
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation	48,898	1,651	29,706
Changes in assets and liabilities:			
Accounts receivable, net	(660)	(8,792)	102,914
Operating grants receivable	(21,536)	-	306,333
Inventories and Prepaid Expenses	4,095	10,344	-
Vendor accounts payable	6,928	26,034	(33,469)
Compensated absences	(13,857)	184	1,872
Escrow deposits payable	-	(1,077)	-
Deferred revenue collected in advance	<u>(3,541)</u>	<u>(3,994)</u>	<u>(15,871)</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ (57,141)</u>	<u>\$ (61,761)</u>	<u>\$ 475,733</u>

**QUEEN ANNE'S COUNTY, MARYLAND**  
**COMBINING STATEMENT OF CASH FLOWS**  
**NON-MAJOR ENTERPRISE FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2008**

(CONTINUED)

<u>PROPERTY MANAGEMENT</u>	<u>TOTAL PARKS AND RECREATION</u>	<u>PUBLIC MARINAS</u>	<u>TOTAL NON-MAJOR ENTERPRISE</u>
\$ 536,114	\$ 1,557,420	\$ 110,098	\$ 1,667,518
80,089	502,620	3,883	506,503
(368,291)	(862,661)	3,977	(858,684)
<u>(390,625)</u>	<u>(983,261)</u>	<u>-</u>	<u>(983,261)</u>
(142,713)	214,118	117,958	332,076
-	(167,834)	-	(167,834)
137,000	355,485	55,262	410,747
226,524	1,622,589	14,025	1,636,614
(248,354)	(827,928)	-	(827,928)
<u>(133,512)</u>	<u>(1,372,762)</u>	<u>(17,381)</u>	<u>(1,390,143)</u>
(18,342)	(390,450)	51,906	(338,544)
47,000	95,890	-	95,890
-	(55,000)	(7,885)	(62,885)
-	-	36,934	36,934
-	(44,736)	(1,957)	(46,693)
<u>114,055</u>	<u>(93,301)</u>	<u>(73,868)</u>	<u>(167,169)</u>
161,055	(97,147)	(46,776)	(143,923)
-	-	-	-
-	(273,479)	123,088	(150,391)
-	1,016,403	148,382	1,164,785
<u>\$ -</u>	<u>\$ 742,924</u>	<u>\$ 271,470</u>	<u>\$ 1,014,394</u>
\$ (187,896)	\$ (267,227)	\$ 85,098	\$ (182,129)
72,493	152,748	5,238	157,986
25,266	118,728	4,198	122,926
(19,135)	265,662	-	265,662
-	14,439	-	14,439
(36,891)	(37,398)	23,424	(13,974)
-	(11,801)	-	(11,801)
3,450	2,373	-	2,373
<u>-</u>	<u>(23,406)</u>	<u>-</u>	<u>(23,406)</u>
<u>\$ (142,713)</u>	<u>\$ 214,118</u>	<u>\$ 117,958</u>	<u>\$ 332,076</u>



*Vintage waterman in foul weather gear - Kent Island, MD.*

## **FIDUCIARY FUNDS**

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

Agency Funds account for assets held by the County on behalf of individuals, private organizations, or other governments and/or funds.

Private-purpose Trust Funds also benefit individuals, private organizations or other governments; however, they are used only in the absence of a public purpose. The County's one Private-purpose Trust Fund is reported as part of the Basic Financial Statements.

## AGENCY FUNDS

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

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

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

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

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

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

**Escheat – Abandoned Property** – This fund accounts for stale-dated County payroll and disbursements checks that are voided by the County after six months 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 ASSETS AND LIABILITIES**  
**AGENCY FUNDS**  
**JUNE 30, 2008**

	TAX DITCH FUND	ZONING DEPOSITS	STATE & TOWN TAX COLLECTIONS	MOTOR VEHICLE ADMIN DEPOSITS	MIDSHORE REGIONAL RECYCLING	ESCHEAT - ABANDONED PROPERTY	TOTAL AGENCY FUNDS
<b>ASSETS</b>							
Cash and Cash Equivalents	\$ 129,983	\$ 146,698	\$ 74,928	\$ 4,197	\$ -	\$ 1,379	\$ 357,185
Other Assets	-	-	-	-	2,355	-	2,355
Miscellaneous Receivables	-	-	-	-	111,997	-	111,997
<b>Total Assets</b>	<b>\$ 129,983</b>	<b>\$ 146,698</b>	<b>\$ 74,928</b>	<b>\$ 4,197</b>	<b>\$ 114,352</b>	<b>\$ 1,379</b>	<b>\$ 471,537</b>
<b>LIABILITIES</b>							
Due to Other Governments	\$ -	\$ -	\$ 74,928	\$ 4,197	\$ 114,352	\$ 1,339	\$ 194,816
Deposits and Escrows	129,983	146,698	-	-	-	40	276,721
<b>Total Liabilities</b>	<b>\$ 129,983</b>	<b>\$ 146,698</b>	<b>\$ 74,928</b>	<b>\$ 4,197</b>	<b>\$ 114,352</b>	<b>\$ 1,379</b>	<b>\$ 471,537</b>

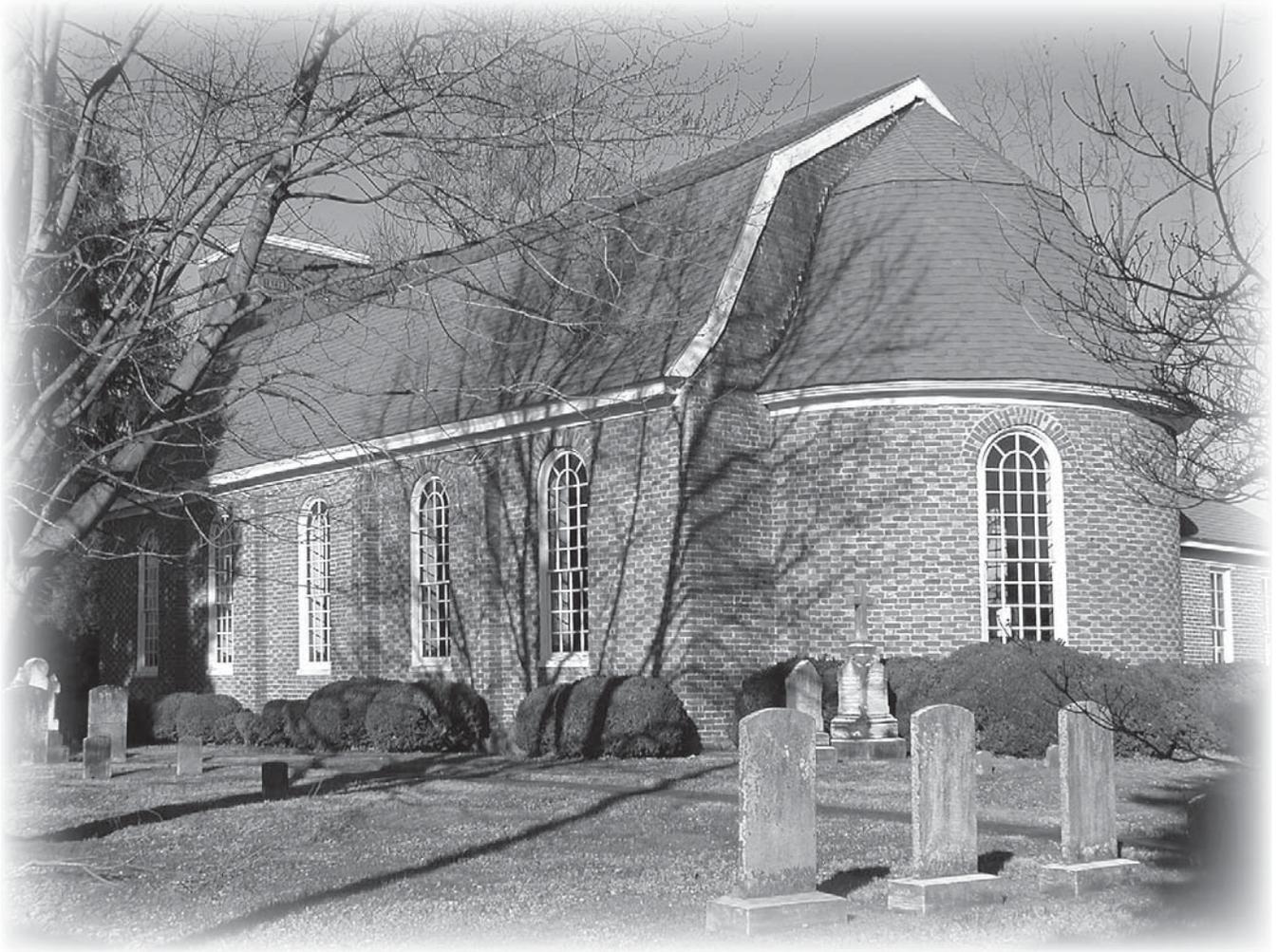
**QUEEN ANNE'S COUNTY, MARYLAND**  
**STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS AND LIABILITIES**  
**AGENCY FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2008**

	<u>Cash</u>	<u>Other Assets and Miscellaneous Receivables</u>	<u>Total Assets</u>
<b><u>TAX DITCH FUND</u></b>			
Balance 7-1-07	\$ 122,421	\$ -	\$ 122,421
Additions	23,261	-	23,261
Deductions	(15,699)	-	(15,699)
Balance 6-30-08	<u>\$ 129,983</u>	<u>\$ -</u>	<u>\$ 129,983</u>
<b><u>ZONING DEPOSITS</u></b>			
Balance 7-1-07	\$ 137,923	\$ -	\$ 137,923
Additions	9,169	-	9,169
Deductions	(394)	-	(394)
Balance 6-30-08	<u>\$ 146,698</u>	<u>\$ -</u>	<u>\$ 146,698</u>
<b><u>STATE AND TOWN TAX COLLECTIONS</u></b>			
Balance 7-1-07	\$ 1,739	\$ -	\$ 1,739
Additions	10,355,006	-	10,355,006
Deductions	(10,281,817)	-	(10,281,817)
Balance 6-30-08	<u>\$ 74,928</u>	<u>\$ -</u>	<u>\$ 74,928</u>
<b><u>MOTOR VEHICLE ADMIN DEPOSITS</u></b>			
Balance 7-1-07	\$ 11,416	\$ -	\$ 11,416
Additions	305,399	-	305,399
Deductions	(312,618)	-	(312,618)
Balance 6-30-08	<u>\$ 4,197</u>	<u>\$ -</u>	<u>\$ 4,197</u>
<b><u>MIDSHORE REGIONAL RECYCLING</u></b>			
Balance 7-1-07	\$ -	\$ 156,617	\$ 156,617
Additions	1,152,070	119,622	1,271,692
Deductions	(1,152,070)	(161,887)	(1,313,957)
Balance 6-30-08	<u>\$ -</u>	<u>\$ 114,352</u>	<u>\$ 114,352</u>
<b><u>ESCHEAT - ABANDONED PROPERTY</u></b>			
Balance 7-1-07	\$ 1,195	\$ -	\$ 1,195
Additions	11,396	-	11,396
Deductions	(11,212)	-	(11,212)
Balance 6-30-08	<u>\$ 1,379</u>	<u>\$ -</u>	<u>\$ 1,379</u>
<b><u>TOTALS - ALL AGENCY FUNDS</u></b>			
Balance 7-1-07	\$ 274,694	\$ 156,617	\$ 431,311
Additions	11,856,301	119,622	11,975,923
Deductions	(11,773,810)	(161,887)	(11,935,697)
Balance 6-30-08	<u>\$ 357,185</u>	<u>\$ 114,352</u>	<u>\$ 471,537</u>

**QUEEN ANNE'S COUNTY, MARYLAND**  
**STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS AND LIABILITIES**  
**AGENCY FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2008**

(CONTINUED)

Due to Other Governments	Escrow Deposits	Total Liabilities
\$ -	\$ 122,421	\$ 122,421
-	7,562	7,562
-	-	-
<u>\$ -</u>	<u>\$ 129,983</u>	<u>\$ 129,983</u>
\$ -	\$ 137,923	\$ 137,923
-	9,169	9,169
-	(394)	(394)
<u>\$ -</u>	<u>\$ 146,698</u>	<u>\$ 146,698</u>
\$ 1,739	\$ -	\$ 1,739
10,355,006	-	10,355,006
(10,281,817)	-	(10,281,817)
<u>\$ 74,928</u>	<u>\$ -</u>	<u>\$ 74,928</u>
\$ 11,416	\$ -	\$ 11,416
304,406	-	304,406
(311,625)	-	(311,625)
<u>\$ 4,197</u>	<u>\$ -</u>	<u>\$ 4,197</u>
\$ 156,617	\$ -	\$ 156,617
395,611	-	395,611
(437,876)	-	(437,876)
<u>\$ 114,352</u>	<u>\$ -</u>	<u>\$ 114,352</u>
\$ 1,193	\$ 2	\$ 1,195
2,945	8,451	11,396
(2,799)	(8,413)	(11,212)
<u>\$ 1,339</u>	<u>\$ 40</u>	<u>\$ 1,379</u>
\$ 170,965	\$ 260,346	\$ 431,311
11,057,968	25,182	11,083,150
(11,034,117)	(8,807)	(11,042,924)
<u>\$ 194,816</u>	<u>\$ 276,721</u>	<u>\$ 471,537</u>



*Tour historic churches and landmarks like St. Lukes Episcopal Church, c.1732 - Church Hill, MD.*

## **Interfund Receivables and Payables Interfund Transfers**

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

Interfund Transfers represent a transfer of resources from one fund to another, without expectation of repayment, and are usually 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 detailed schedules of interfund receivables and payables and interfund transfers are optional schedules added in order to clarify the schedules found in Note 7 – Interfund Receivables and Payables, and in Note 8 – Interfund Transfers. The note schedules are more condensed and show totals by fund type, whereas the following detailed schedules provide totals by individual funds.

QUEEN ANNE'S COUNTY, MARYLAND  
 DETAILED SCHEDULE OF INTERFUND RECEIVABLES AND PAYABLES  
 JUNE 30, 2008

<u>DUE TO FUND</u>	<u>DUE FROM FUND</u>						
	<u>MAJOR GOVERNMENTAL</u>		<u>NON-MAJOR GOVERNMENTAL</u>				
	<u>GENERAL CAPITAL PROJECTS</u>	<u>DEPARTMENT OF AGING</u>	<u>HOUSING AND COMMUNITY SERVICES</u>	<u>COMMUNITY PARTNERSHIPS FOR CHILDREN</u>	<u>DREDGING SPECIAL ASSESSMENTS</u>	<u>CAPITAL PROJECTS - FIRE COMPANY IMPACT FEES</u>	<u>SUBTOTAL</u>
<u>General Fund</u>	\$ -	\$ 65,040	\$ 38,630	\$ 29,148	\$ 11,720	\$ 79,561	\$ 224,099
<u>Capital Projects Funds</u>							
General Capital Projects	-	-	-	-	-	-	-
<u>Enterprise Funds</u>							
Sanitary District - Sewer Operating	-	-	-	-	-	-	-
Parks and Recreation - Recreational Programs	-	-	-	-	-	-	-
Total Transfers Out by Enterprise Funds	-	-	-	-	-	-	-
<u>Component units</u>							
Queen Anne's County Board of Education	2,406,194	-	-	-	-	-	-
 TOTAL ALL FUNDS	 <u>\$ 2,406,194</u>	 <u>\$ 65,040</u>	 <u>\$ 38,630</u>	 <u>\$ 29,148</u>	 <u>\$ 11,720</u>	 <u>\$ 79,561</u>	 <u>\$ 224,099</u>

QUEEN ANNE'S COUNTY, MARYLAND  
 DETAILED SCHEDULE OF INTERFUND RECEIVABLES AND PAYABLES  
 JUNE 30, 2008

(CONTINUED)

MAJOR ENTERPRISE					NON-MAJOR ENTERPRISE				COMPONENT UNITS	
SANITARY DISTRICT			BAY BRIDGE AIRPORT	SUBTOTAL	GOLF COURSE	PROPERTY MANAGEMENT	PUBLIC MARINAS	SUBTOTAL	QUEEN ANNE'S COUNTY HOUSING AUTHORITY	TOTAL
RESTRICTED FUND	DEBT SERVICE FUND	SUBTOTAL								
\$ -	\$ -	\$ -	\$ 831,509	\$ 831,509	\$ 1,396,065	\$ 226,524	\$ 14,025	\$ 1,636,614	\$ 43,547	\$ 2,735,769
80,000	-	80,000	-	80,000	-	-	-	-	-	80,000
-	17,199	17,199	-	17,199	-	-	-	-	-	17,199
-	-	-	-	-	40,000	-	-	40,000	-	40,000
-	17,199	17,199	-	17,199	40,000	-	-	40,000	-	57,199
-	-	-	-	-	-	-	-	-	-	2,406,194
<u>\$ 80,000</u>	<u>\$ 17,199</u>	<u>\$ 97,199</u>	<u>\$ 831,509</u>	<u>\$ 928,708</u>	<u>\$ 1,436,065</u>	<u>\$ 226,524</u>	<u>\$ 14,025</u>	<u>\$ 1,676,614</u>	<u>\$ 43,547</u>	<u>\$ 5,279,162</u>

QUEEN ANNE'S COUNTY, MARYLAND  
 DETAILED SCHEDULE OF INTERFUND TRANSFERS  
 JUNE 30, 2008

TRANSFERS IN FUND					
MAJOR GOVERNMENTAL					
TRANSFERS OUT FUND	TRANSFERS OUT TOTAL	GENERAL FUND	GENERAL CAPITAL PROJECTS	ROADS BOARD	SUBTOTAL
<u>General Fund</u>	\$ 15,032,528	\$ -	\$ 12,176,028	\$ 28,868	\$ 12,204,896
<u>Capital Projects Funds</u>					
General Capital Projects	488,487	-	-	-	-
Impact Fees - Schools	1,408,120	1,408,120	-	-	1,408,120
Total Transfers Out by Capital Projects Funds	1,896,607	1,408,120	-	-	1,408,120
<u>Special Revenue Funds</u>					
Kent Narrows	45,427	45,427	-	-	45,427
Community Partnerships	26,976	26,976	-	-	26,976
Department of Aging	24,350	-	24,350	-	24,350
Total Transfers Out by Special Revenue Funds	96,753	72,403	24,350	-	96,753
<u>Major Enterprise Funds</u>					
Sanitary District - Sewer Operating	61,914	-	-	-	-
Sanitary District - Water Operating	80,550	-	-	-	-
Sanitary District - Restricted	2,118,937	-	-	-	-
Sanitary District - Debt Service	2,092,727	-	-	-	-
Total Transfers Out by Major Enterprise Funds	4,354,128	-	-	-	-
<u>Non-Major Enterprise Funds</u>					
Public Landings	579,574	579,574	-	-	579,574
Property Management	248,354	-	-	-	-
Total Transfers Out by Non-Major Enterprise Funds	827,928	579,574	-	-	579,574
Total Transfers Out by All Funds	<u>\$ 22,207,944</u>	<u>\$ 2,060,097</u>	<u>\$ 12,200,378</u>	<u>\$ 28,868</u>	<u>\$ 14,289,343</u>

QUEEN ANNE'S COUNTY, MARYLAND  
 DETAILED SCHEDULE OF INTERFUND TRANSFERS  
 JUNE 30, 2008

(CONTINUED)

NON-MAJOR GOVERNMENTAL							
DEPARTMENT OF AGING	HOUSING AND COMMUNITY SERVICES	COMMUNITY PARTNERSHIPS FOR CHILDREN	ECONOMIC DEVELOPMENT COMMISSION	LAW LIBRARY	AGRICULTURAL TRANSFER	CAPITAL PROJECTS - FIRE COMPANY IMPACT FEES	SUBTOTAL
\$ 1,663,342	\$ 391,990	\$ 103,921	\$ 130	\$ 7,390	\$ 167,000	\$ 156,191	\$ 2,489,964
-	100,000	-	-	-	135,000	-	235,000
-	-	-	-	-	-	-	-
-	100,000	-	-	-	135,000	-	235,000
-	-	-	-	-	-	-	-
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QUEEN ANNE'S COUNTY, MARYLAND  
 DETAILED SCHEDULE OF INTERFUND TRANSFERS  
 JUNE 30, 2008

(CONTINUED)

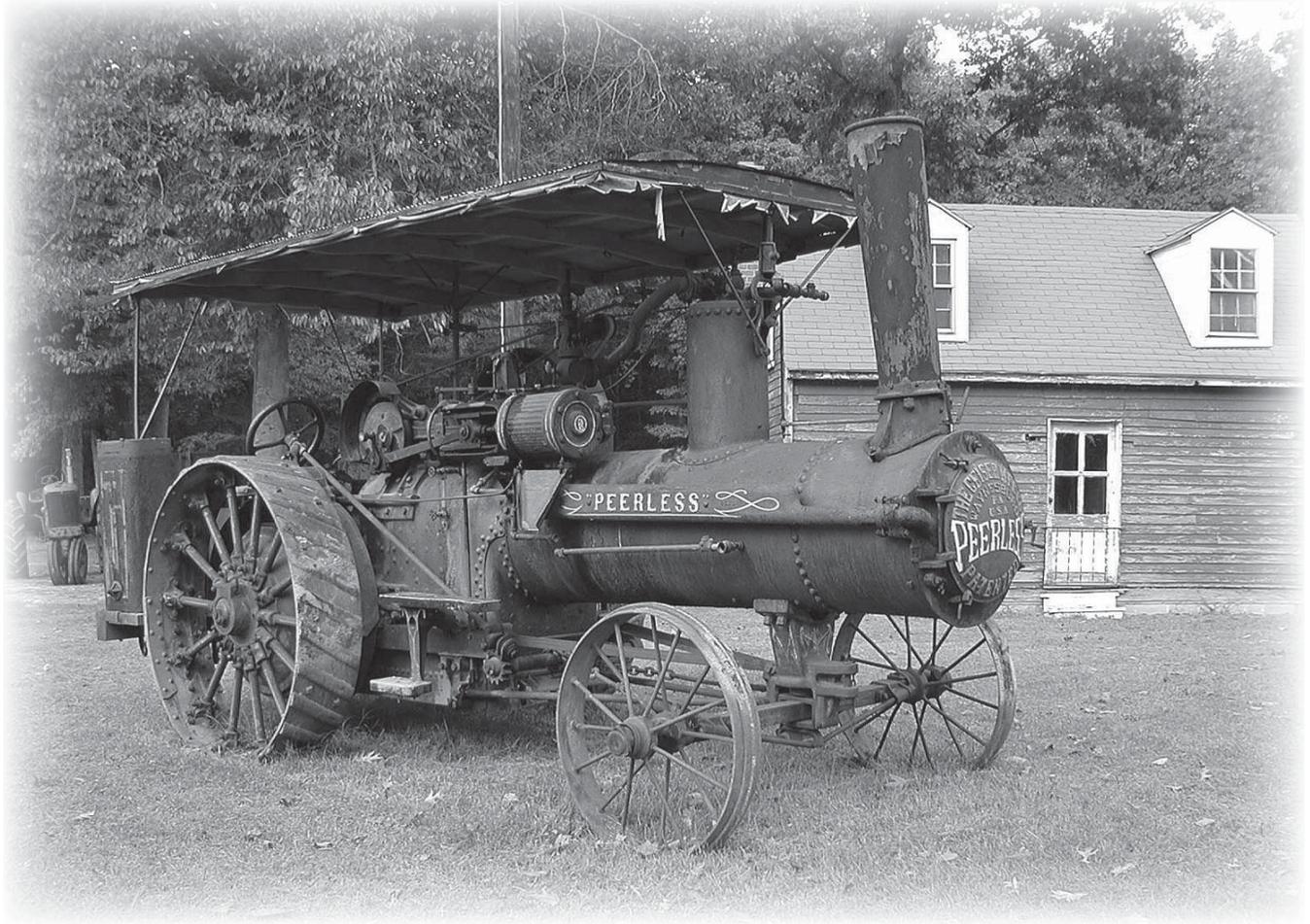
TRANSFERS IN FUND							
MAJOR ENTERPRISE							
TRANSFERS OUT FUND	SANITARY DISTRICT				SUBTOTAL	BAY BRIDGE	SUBTOTAL
	SEWER OPERATIONS	WATER OPERATIONS	RESTRICTED FUND	DEBT SERVICE FUND		AIRPORT	
<u>General Fund</u>	\$ 4,330	\$ 153,152	\$ -	\$ -	\$ 157,482	\$ 22,926	\$ 180,408
<u>Capital Projects Funds</u>							
General Capital Projects	-	-	-	-	-	-	-
Impact Fees - Schools	-	-	-	-	-	-	-
Total Transfers Out by Capital Projects Funds	-	-	-	-	-	-	-
<u>Special Revenue Funds</u>							
Kent Narrows	-	-	-	-	-	-	-
Community Partnerships	-	-	-	-	-	-	-
Department of Aging	-	-	-	-	-	-	-
Total Transfers Out by Special Revenue Funds	-	-	-	-	-	-	-
<u>Enterprise Funds</u>							
Sanitary District - Sewer Operating	-	-	61,914	-	61,914	-	61,914
Sanitary District - Water Operating	-	-	80,550	-	80,550	-	80,550
Sanitary District - Restricted	-	-	-	2,118,937	2,118,937	-	2,118,937
Sanitary District - Debt Service	1,712,040	380,687	-	-	2,092,727	-	2,092,727
Total Transfers Out by Enterprise Funds	1,712,040	380,687	142,464	2,118,937	4,354,128	-	4,354,128
<u>Enterprise Funds</u>							
Public Landings	-	-	-	-	-	-	-
Property Management	177,001	71,353	-	-	248,354	-	248,354
Total Transfers Out by Enterprise Funds	177,001	71,353	-	-	248,354	-	248,354
Total Transfers Out by All Funds	<u>\$ 1,893,371</u>	<u>\$ 605,192</u>	<u>\$ 142,464</u>	<u>\$ 2,118,937</u>	<u>\$ 4,759,964</u>	<u>\$ 22,926</u>	<u>\$ 4,782,890</u>

QUEEN ANNE'S COUNTY, MARYLAND  
 DETAILED SCHEDULE OF INTERFUND TRANSFERS  
 JUNE 30, 2008

(CONTINUED)

NON-MAJOR ENTERPRISE

GOLF COURSE	RECREATION PROGRAMS	PUBLIC LANDINGS	PROPERTY MANAGEMENT	PUBLIC MARINAS	SUBTOTAL	TRANSFERS IN TOTAL
\$ -	\$ 43,000	\$ 33,998	\$ 25,000	\$ 55,262	\$ 157,260	\$ 15,032,528
100,000	-	41,487	112,000	-	253,487	488,487
-	-	-	-	-	-	1,408,120
100,000	-	41,487	112,000	-	253,487	1,896,607
-	-	-	-	-	-	45,427
-	-	-	-	-	-	26,976
-	-	-	-	-	-	24,350
-	-	-	-	-	-	96,753
-	-	-	-	-	-	61,914
-	-	-	-	-	-	80,550
-	-	-	-	-	-	2,118,937
-	-	-	-	-	-	2,092,727
-	-	-	-	-	-	4,354,128
-	-	-	-	-	-	579,574
-	-	-	-	-	-	248,354
-	-	-	-	-	-	827,928
<u>\$ 100,000</u>	<u>\$ 43,000</u>	<u>\$ 75,485</u>	<u>\$ 137,000</u>	<u>\$ 55,262</u>	<u>\$ 410,747</u>	<u>\$ 22,207,944</u>



*Learn about how life used to be on the Shore at the Museum of Eastern Shore Life.*

## **Community Partnerships for Children**

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

**QUEEN ANNE'S COUNTY  
COMMUNITY PARTNERSHIPS FOR CHILDREN SPECIAL REVENUE FUND  
COMBINING BALANCE SHEETS  
BY GRANTOR  
JUNE 30, 2008 (with Summarized Totals as of June 30, 2007)**

	Admin	Fed/State OCYF GOCCP	Federal Family Support Ctr	Federal Drug-Free Community SAMHSA	State CSAFE	State OTHER
<b>ASSETS</b>						
Cash and cash equivalents	\$ 6,187	\$ 977,249	\$ 4,131	\$ -	\$ -	\$ 48,011
Accounts receivable	8,970	-	-	-	-	-
Due from State governmental agencies	55,000	98,450	-	-	15,904	-
Due from Federal governmental agencies	-	49,810	-	32,902	-	-
<b>Total Assets</b>	<b>\$ 70,157</b>	<b>\$ 1,125,509</b>	<b>\$ 4,131</b>	<b>\$ 32,902</b>	<b>\$ 15,904</b>	<b>\$ 48,011</b>
<b>LIABILITIES AND FUND BALANCES</b>						
<b>LIABILITIES</b>						
Accounts payable and accrued expenditures	\$ 4,785	\$ 675,052	\$ -	\$ 15,737	\$ 3,921	\$ 14,103
Due to other funds	-	-	-	17,165	11,983	-
Due to (from) State governmental agencies	(21,973)	405,152	4,131	-	-	33,908
Deferred revenue	5,264	42,700	-	-	-	-
<b>Total Liabilities</b>	<b>(11,924)</b>	<b>1,122,904</b>	<b>4,131</b>	<b>32,902</b>	<b>15,904</b>	<b>48,011</b>
<b>FUND BALANCES</b>						
<b>Reserved</b>						
Donor-Specified Purposes	50	1,000	-	-	-	-
<b>Total Reserved</b>	<b>50</b>	<b>1,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Unreserved</b>						
	82,031	1,605	-	-	-	-
<b>Total Fund Balances</b>	<b>82,081</b>	<b>2,605</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 70,157</b>	<b>\$ 1,125,509</b>	<b>\$ 4,131</b>	<b>\$ 32,902</b>	<b>\$ 15,904</b>	<b>\$ 48,011</b>

**QUEEN ANNE'S COUNTY**  
**COMMUNITY PARTNERSHIPS FOR CHILDREN SPECIAL REVENUE FUND**  
**COMBINING BALANCE SHEETS**  
**BY GRANTOR**  
**JUNE 30, 2008 (with Summarized Totals as of June 30, 2007)**  
**(CONTINUED)**

Total Community Partnerships	Returned Reinvestment Fund	2008 Total	2007 Summarized Total
\$ 1,035,578	\$ 52,821	\$ 1,088,399	\$ 1,305,136
8,970	82,763	91,733	69,332
169,354	-	169,354	24,615
82,712	-	82,712	29,001
<u>\$ 1,296,614</u>	<u>\$ 135,584</u>	<u>\$ 1,432,198</u>	<u>\$ 1,428,084</u>
\$ 713,598	\$ -	\$ 713,598	\$ 355,366
29,148	-	29,148	10,412
421,218	-	421,218	864,561
47,964	-	47,964	107,709
<u>1,211,928</u>	<u>-</u>	<u>1,211,928</u>	<u>1,338,048</u>
<u>1,050</u>	<u>-</u>	<u>1,050</u>	<u>1,050</u>
1,050	-	1,050	1,050
<u>83,636</u>	<u>135,584</u>	<u>219,220</u>	<u>88,986</u>
<u>84,686</u>	<u>135,584</u>	<u>220,270</u>	<u>90,036</u>
<u>\$ 1,296,614</u>	<u>\$ 135,584</u>	<u>\$ 1,432,198</u>	<u>\$ 1,428,084</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, 2008 (with Summarized Totals for the Year Ended June 30, 2007)**

	Administrative Operating Fund Total	Federal/State OCYF / GOCCP			
		POS Return	In-State Diversion	POS Diversion	CASA Start
<b>REVENUES</b>					
<b>CPA</b>					
Intergovernmental					
OCYF	\$ 339,970	\$ 41,934	\$ -	\$ 50,000	\$ 42,036
OCYF - Carryforward	4,516	-	59,618	-	-
Subtotal CPA	<u>344,486</u>	<u>41,934</u>	<u>59,618</u>	<u>50,000</u>	<u>42,036</u>
<b>Non-CPA</b>					
Intergovernmental					
Federal GOCCP Youth Strategies	-	-	-	-	93,308
Federal SAMHSA Drug-Free Communities	-	-	-	-	-
Federal MSDE Healthy Families	-	-	-	-	-
OCYF - non-CPA	-	-	-	-	-
Other	-	-	-	-	-
Investment Income	23,985	-	-	-	-
Donations	-	-	-	-	-
Miscellaneous	10,774	-	-	-	-
Subtotal Non-CPA	<u>34,759</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>93,308</u>
Total Revenues	<u>379,245</u>	<u>41,934</u>	<u>59,618</u>	<u>50,000</u>	<u>135,344</u>
<b>EXPENDITURES</b>					
<b>CPA</b>					
Program Contracted Services	-	41,934	59,618	-	42,036
Other Expenditures					
Salaries	246,646	-	-	-	-
Fringe Benefit Costs	96,493	-	-	-	-
Auditing	-	-	-	-	-
Consultants	21,829	-	-	-	-
Professional Groups	500	-	-	-	-
Equipment Rental	4,163	-	-	-	-
Monitoring Costs	-	-	-	-	-
Other Contracted Services	3,393	-	-	-	-
Postage	2,296	-	-	-	-
Office Supplies	5,887	-	-	-	-
Printing and Publishing	1,309	-	-	-	-
Equipment Operation	376	-	-	-	-
Business Travel	215	-	-	-	-
Meetings & Conferences	4,695	-	-	-	-
Training	425	-	-	-	-
Board's Expenditures	6,652	-	-	-	-
Advertising	-	-	-	-	-
Marketing/Promotions	-	-	-	-	-
Communications	1,310	-	-	-	-
Utilities	1,324	-	-	-	-
Rent	19,905	-	-	-	-
Other Charges	1,053	-	-	-	-
Subtotal CPA Expenditures	<u>418,471</u>	<u>41,934</u>	<u>59,618</u>	<u>-</u>	<u>42,036</u>
<b>Non-CPA</b>					
Program Contracted Services	-	-	-	-	93,308
Other Expenditures					
Salaries	10,774	-	-	-	-
Fringe Benefit Costs	-	-	-	-	-
Consultants	-	-	-	-	-
Equipment Rental	-	-	-	-	-
Other Contracted Services	-	-	-	-	-
Postage	-	-	-	-	-
Office Supplies	-	-	-	-	-
Program Supplies	-	-	-	-	-
Printing and Publishing	-	-	-	-	-
Business Travel	-	-	-	-	-
Meetings & Conferences	-	-	-	-	-
Training	-	-	-	-	-
Marketing/Promotions	-	-	-	-	-
Communications	-	-	-	-	-
Utilities	-	-	-	-	-
Rent	-	-	-	-	-
Other Charges	-	-	-	-	-
Capital Outlay	-	-	-	-	-
Subtotal Non-CPA Expenditures	<u>10,774</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>93,308</u>
Total Expenditures	<u>429,245</u>	<u>41,934</u>	<u>59,618</u>	<u>-</u>	<u>135,344</u>
Excess of Revenues Over (Under) Expenditures	(50,000)	-	-	50,000	-
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers In (Out) within Partnerships	50,000	-	-	-	-
Transfers (Out)	-	-	-	(50,000)	-
Transfers In (Out) for					
Program Contracted Services - In	-	-	-	-	-
Program Contracted Services - (Out)	-	-	-	-	-
Other Financing Sources (Uses)	<u>50,000</u>	<u>-</u>	<u>-</u>	<u>(50,000)</u>	<u>-</u>
Net Increase (Decrease) in Fund Balances	<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, 2008 (with Summarized Totals for the Year Ended June 30, 2007)

(CONTINUED)

	Drug Free	CSAFE		Operating Fund	All Programs
	Community	Community	Youth		
	Operating Fund	Policing	Prevention	Total	Subtotal
	Total				
<b>REVENUES</b>					
<b>CPA</b>					
Intergovernmental					
OCYF	\$ -	\$ -	\$ -	\$ -	\$ 1,035,231
OCYF - Carryforward	-	-	-	-	106,755
Subtotal CPA	-	-	-	-	1,141,986
<b>Non-CPA</b>					
Intergovernmental					
Federal GOCCP Youth Strategies	-	-	-	-	93,308
Federal SAMHSA Drug-Free Communities	51,319	-	-	-	51,319
Federal MSDE Healthy Families	-	-	-	-	296,372
OCYF - non-CPA	-	-	-	-	20,779
Other	-	25,926	26,494	52,420	52,420
Investment Income	-	-	-	-	23,985
Donations	500	-	-	-	500
Miscellaneous	-	-	-	-	10,774
Subtotal Non-CPA	51,819	25,926	26,494	52,420	549,457
Total Revenues	51,819	25,926	26,494	52,420	1,691,443
<b>EXPENDITURES</b>					
<b>CPA</b>					
Program Contracted Services	-	-	-	-	726,810
Other Expenditures					
Salaries	-	-	-	-	252,024
Fringe Benefit Costs	-	-	-	-	97,132
Auditing	-	-	-	-	-
Consultants	-	-	-	-	21,829
Professional Groups	-	-	-	-	500
Equipment Rental	-	-	-	-	4,163
Monitoring Costs	-	-	-	-	-
Other Contracted Services	-	-	-	-	3,393
Postage	-	-	-	-	2,296
Office Supplies	-	-	-	-	10,282
Printing and Publishing	-	-	-	-	1,533
Equipment Operation	-	-	-	-	376
Business Travel	-	-	-	-	215
Meetings & Conferences	-	-	-	-	6,695
Training	-	-	-	-	724
Board's Expenditures	-	-	-	-	6,652
Advertising	-	-	-	-	-
Marketing/Promotions	-	-	-	-	7,755
Communications	-	-	-	-	1,310
Utilities	-	-	-	-	1,324
Rent	-	-	-	-	19,905
Other Charges	-	-	-	-	1,053
Subtotal CPA Expenditures	-	-	-	-	1,165,971
<b>Non-CPA</b>					
Program Contracted Services	-	-	30,415	30,415	540,874
Other Expenditures					
Salaries	-	-	-	-	10,774
Fringe Benefit Costs	-	-	-	-	-
Consultants	750	-	-	-	750
Equipment Rental	-	-	-	-	-
Other Contracted Services	27,541	-	-	-	27,541
Postage	109	-	-	-	109
Office Supplies	435	-	-	-	435
Program Supplies	-	-	-	-	-
Printing and Publishing	100	-	-	-	100
Business Travel	-	-	-	-	-
Meetings & Conferences	16,215	-	-	-	16,215
Training	1,575	-	-	-	1,575
Marketing/Promotions	775	-	-	-	775
Communications	10	-	-	-	10
Utilities	1,069	-	-	-	1,069
Rent	2,190	-	-	-	2,190
Other Charges	-	-	-	-	-
Capital Outlay	-	-	-	-	-
Subtotal Non-CPA Expenditures	50,769	-	30,415	30,415	602,417
Total Expenditures	50,769	-	30,415	30,415	1,768,388
Excess of Revenues Over (Under) Expenditures	1,050	25,926	(3,921)	22,005	(76,945)
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers In (Out) within Partnerships	-	-	-	-	50,000
Transfers (Out)	-	-	-	-	(50,000)
Transfers In (Out) for					
Program Contracted Services - In	-	-	3,921	3,921	103,921
Program Contracted Services - (Out)	(1,050)	(25,926)	-	(25,926)	(26,976)
Other Financing Sources (Uses)	(1,050)	(25,926)	3,921	(22,005)	76,945
Net Increase (Decrease) in Fund Balances	\$ -	\$ -	\$ -	\$ -	-
Fund Balances, July 1					84,686
Fund Balances, June 30					\$ 84,686

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, 2008 (with Summarized Totals for the Year Ended June 30, 2007)

(CONTINUED)

State OCYF		Federal GOCCP	Federal	Federal		Total	Returned	2008	2007
CPA	Non-CPA	Youth	Drug Free	MSDE	Other	Community	Reinvestment	Total	Summarized
Subtotal	(RDEF)	Strategies	Community			Partnerships	Fund		Total
						Operating Funds			
\$ 1,035,231	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,035,231	\$ 130,234	\$ 1,165,465	\$ 864,493
106,755	-	-	-	-	-	106,755	-	106,755	33,556
<u>1,141,986</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,141,986</u>	<u>130,234</u>	<u>1,272,220</u>	<u>898,049</u>
-	-	93,308	-	-	-	93,308	-	93,308	63,594
-	-	-	51,319	-	-	51,319	-	51,319	84,444
-	-	-	-	296,372	-	296,372	-	296,372	296,372
-	20,779	-	-	-	-	20,779	-	20,779	21,239
-	-	-	-	-	52,420	52,420	-	52,420	147,269
-	-	-	-	-	23,985	23,985	-	23,985	30,017
-	-	-	500	-	-	500	-	500	1,000
-	-	-	-	-	10,774	10,774	-	10,774	42,799
-	<u>20,779</u>	<u>93,308</u>	<u>51,819</u>	<u>296,372</u>	<u>87,179</u>	<u>549,457</u>	<u>-</u>	<u>549,457</u>	<u>686,734</u>
<u>1,141,986</u>	<u>20,779</u>	<u>93,308</u>	<u>51,819</u>	<u>296,372</u>	<u>87,179</u>	<u>1,691,443</u>	<u>130,234</u>	<u>1,821,677</u>	<u>1,584,783</u>
726,810	-	-	-	-	-	726,810	-	726,810	484,331
252,024	-	-	-	-	-	252,024	-	252,024	230,272
97,132	-	-	-	-	-	97,132	-	97,132	87,912
-	-	-	-	-	-	-	-	-	2,230
21,829	-	-	-	-	-	21,829	-	21,829	59,285
500	-	-	-	-	-	500	-	500	450
4,163	-	-	-	-	-	4,163	-	4,163	3,729
-	-	-	-	-	-	-	-	-	5,500
3,393	-	-	-	-	-	3,393	-	3,393	1,129
2,296	-	-	-	-	-	2,296	-	2,296	2,493
10,282	-	-	-	-	-	10,282	-	10,282	4,290
1,533	-	-	-	-	-	1,533	-	1,533	-
376	-	-	-	-	-	376	-	376	1,612
215	-	-	-	-	-	215	-	215	314
6,695	-	-	-	-	-	6,695	-	6,695	3,180
724	-	-	-	-	-	724	-	724	1,227
6,652	-	-	-	-	-	6,652	-	6,652	9,125
-	-	-	-	-	-	-	-	-	1,375
7,755	-	-	-	-	-	7,755	-	7,755	526
1,310	-	-	-	-	-	1,310	-	1,310	1,389
1,324	-	-	-	-	-	1,324	-	1,324	672
19,905	-	-	-	-	-	19,905	-	19,905	20,562
1,053	-	-	-	-	-	1,053	-	1,053	131
<u>1,165,971</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,165,971</u>	<u>-</u>	<u>1,165,971</u>	<u>921,734</u>
-	20,779	93,308	-	296,372	130,415	540,874	-	540,874	590,626
-	-	-	-	-	10,774	10,774	-	10,774	17,570
-	-	-	-	-	-	-	-	-	5,207
-	-	-	750	-	-	750	-	750	26,856
-	-	-	-	-	-	-	-	-	407
-	-	-	27,541	-	-	27,541	-	27,541	461
-	-	-	109	-	-	109	-	109	359
-	-	-	435	-	-	435	-	435	8,534
-	-	-	-	-	-	-	-	-	11,228
-	-	-	100	-	-	100	-	100	832
-	-	-	-	-	-	-	-	-	187
-	-	-	16,215	-	-	16,215	-	16,215	27,656
-	-	-	1,575	-	-	1,575	-	1,575	270
-	-	-	775	-	-	775	-	775	13,467
-	-	-	10	-	-	10	-	10	82
-	-	-	1,069	-	-	1,069	-	1,069	1,494
-	-	-	2,190	-	-	2,190	-	2,190	300
-	-	-	-	-	-	-	-	-	780
-	-	-	-	-	-	-	-	-	10,094
-	<u>20,779</u>	<u>93,308</u>	<u>50,769</u>	<u>296,372</u>	<u>141,189</u>	<u>602,417</u>	<u>-</u>	<u>602,417</u>	<u>716,410</u>
<u>1,165,971</u>	<u>20,779</u>	<u>93,308</u>	<u>50,769</u>	<u>296,372</u>	<u>141,189</u>	<u>1,768,388</u>	<u>-</u>	<u>1,768,388</u>	<u>1,638,144</u>
(23,985)	-	-	1,050	-	(54,010)	(76,945)	130,234	53,289	(53,361)
50,000	-	-	-	-	-	50,000	-	50,000	93,755
(50,000)	-	-	-	-	-	(50,000)	-	(50,000)	(93,755)
103,921	-	-	-	-	-	103,921	-	103,921	99,092
-	-	-	(1,050)	-	(25,926)	(26,976)	-	(26,976)	(31,902)
103,921	-	-	(1,050)	-	(25,926)	76,945	-	76,945	67,190
79,936	-	-	-	-	(79,936)	-	130,234	130,234	13,829
129,472	(6,428)	-	(1,025)	-	(37,333)	84,686	5,350	90,036	76,207
<u>\$ 209,408</u>	<u>\$ (6,428)</u>	<u>\$ -</u>	<u>\$ (1,025)</u>	<u>\$ -</u>	<u>\$ (117,269)</u>	<u>\$ 84,686</u>	<u>\$ 135,584</u>	<u>\$ 220,270</u>	<u>\$ 90,036</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, 2008**

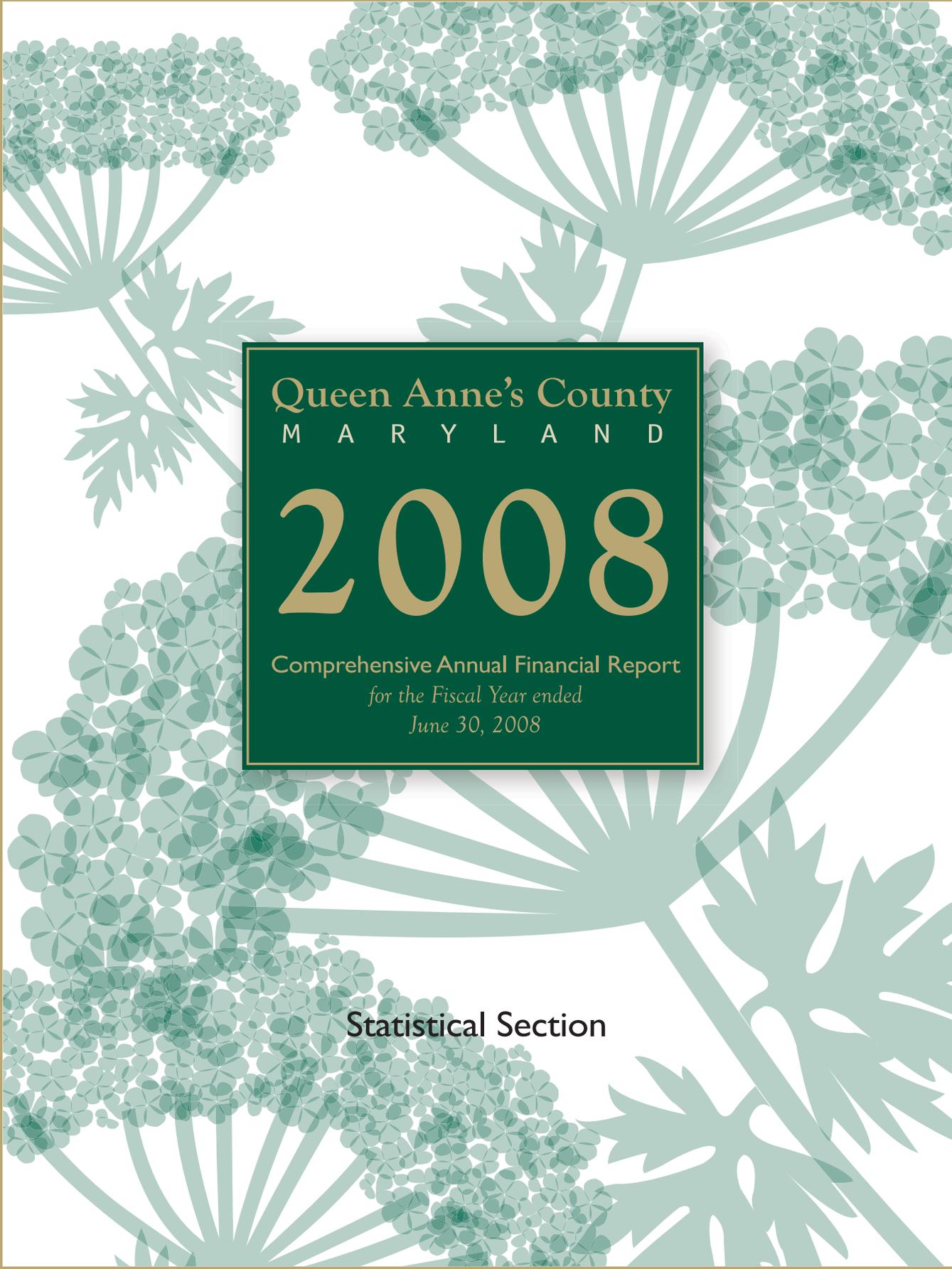
	COMMUNITY PARTNERSHIPS FOR CHILDREN				RETURNED REINVESTMENT FUND			
	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>REVENUES</b>								
Intergovernmental								
OCYF - CPA and Non-CPA	\$ 1,236,112	\$ 1,318,256	\$ 1,162,765	\$ (155,491)	\$ 147,000	\$ 147,000	\$ 130,234	\$ (16,766)
Federal GOCCP Youth Strategies	120,000	103,990	93,308	(10,682)	-	-	-	-
Federal SAMHSA Drug-Free Communities	100,000	101,748	51,319	(50,429)	-	-	-	-
Federal MSDE Healthy Families	250,853	296,372	296,372	-	-	-	-	-
Other	23,935	49,098	52,420	3,322	-	-	-	-
Investment Income	-	-	23,985	23,985	-	-	-	-
Donations	-	500	500	-	-	-	-	-
Miscellaneous	47,275	23,152	10,774	(12,378)	-	-	-	-
<b>Total Revenues</b>	<b>1,778,175</b>	<b>1,893,116</b>	<b>1,691,443</b>	<b>(201,673)</b>	<b>147,000</b>	<b>147,000</b>	<b>130,234</b>	<b>(16,766)</b>
<b>EXPENDITURES</b>								
Program Contracted Services	1,385,773	1,476,713	1,267,684	209,029	25,000	25,000	-	25,000
Other Expenditures								
Salaries	269,068	274,190	262,798	11,392	-	-	-	-
Fringe Benefit Costs	100,141	101,659	97,132	4,527	-	-	-	-
Auditing	3,000	2,988	-	2,988	-	-	-	-
Consultants	25,100	28,614	22,579	6,035	-	-	-	-
Professional Groups	500	728	500	228	-	-	-	-
Equipment Rental	3,532	3,189	4,163	(974)	-	-	-	-
Monitoring Costs	5,500	3,593	-	3,593	-	-	-	-
Other Contracted Services	-	-	30,934	(30,934)	122,000	122,000	-	122,000
Postage	2,532	2,178	2,405	(227)	-	-	-	-
Office Supplies	5,000	10,146	10,717	(571)	-	-	-	-
Printing and Publishing	3,900	4,762	1,633	3,129	-	-	-	-
Equipment Operation	800	729	376	353	-	-	-	-
Business Travel	1,000	911	215	696	-	-	-	-
Meetings & Conferences	7,428	31,157	22,910	8,247	-	-	-	-
Training	750	4,884	2,299	2,585	-	-	-	-
Board's Expenditures	6,000	6,967	6,652	315	-	-	-	-
Marketing/Promotions	28,136	5,290	8,530	(3,240)	-	-	-	-
Communications	1,000	1,411	1,320	91	-	-	-	-
Utilities	2,048	2,000	2,393	(393)	-	-	-	-
Rent	21,380	25,250	22,095	3,155	-	-	-	-
Other Charges	-	-	1,053	(1,053)	-	-	-	-
Capital Outlay CPA	2,000	2,000	-	2,000	-	-	-	-
<b>Total Expenditures</b>	<b>1,874,588</b>	<b>1,989,359</b>	<b>1,768,388</b>	<b>220,971</b>	<b>147,000</b>	<b>147,000</b>	<b>-</b>	<b>147,000</b>
Excess of Revenues Over (Under) Expenditures	(96,413)	(96,243)	(76,945)	19,298	-	-	130,234	130,234
<b>OTHER FINANCING SOURCES (USES)</b>								
Transfers In (Out) within Partnerships	-	50,000	50,000	-	-	-	-	-
Transfers (Out)	-	(50,000)	(50,000)	-	-	-	-	-
Transfers In (Out) for:								
Program Contracted Services - In	120,348	124,269	103,921	(20,348)	-	-	-	-
Program Contracted Services - (Out)	(23,935)	(28,026)	(26,976)	1,050	-	-	-	-
Other Financing Sources (Uses)	96,413	96,243	76,945	(19,298)	-	-	-	-
<b>Net Increase (Decrease) in Fund Balances/Net Assets</b>	<b>\$ -</b>	<b>\$ -</b>	<b>-</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>130,234</b>	<b>\$ 130,234</b>
Fund Balances, July 1			84,686				5,350	
Fund Balances, June 30			<u>\$ 84,686</u>				<u>\$ 135,584</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, 2008**  
 (CONTINUED)

TOTAL			
Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
\$ 1,383,112	\$ 1,465,256	\$ 1,292,999	\$ (172,257)
120,000	103,990	93,308	(10,682)
100,000	101,748	51,319	(50,429)
250,853	296,372	296,372	-
23,935	49,098	52,420	3,322
-	-	23,985	23,985
-	500	500	-
<u>47,275</u>	<u>23,152</u>	<u>10,774</u>	<u>(12,378)</u>
<u>1,925,175</u>	<u>2,040,116</u>	<u>1,821,677</u>	<u>(218,439)</u>
1,410,773	1,501,713	1,267,684	234,029
269,068	274,190	262,798	11,392
100,141	101,659	97,132	4,527
3,000	2,988	-	2,988
25,100	28,614	22,579	6,035
500	728	500	228
3,532	3,189	4,163	(974)
5,500	3,593	-	3,593
122,000	122,000	30,934	91,066
2,532	2,178	2,405	(227)
5,000	10,146	10,717	(571)
3,900	4,762	1,633	3,129
800	729	376	353
1,000	911	215	696
7,428	31,157	22,910	8,247
750	4,884	2,299	2,585
6,000	6,967	6,652	315
28,136	5,290	8,530	(3,240)
1,000	1,411	1,320	91
2,048	2,000	2,393	(393)
21,380	25,250	22,095	3,155
-	-	1,053	(1,053)
<u>2,000</u>	<u>2,000</u>	<u>-</u>	<u>2,000</u>
<u>2,021,588</u>	<u>2,136,359</u>	<u>1,768,388</u>	<u>367,971</u>
(96,413)	(96,243)	53,289	149,532
-	50,000	50,000	-
-	(50,000)	(50,000)	-
120,348	124,269	103,921	(20,348)
<u>(23,935)</u>	<u>(28,026)</u>	<u>(26,976)</u>	<u>1,050</u>
96,413	96,243	76,945	(19,298)
<u>\$ -</u>	<u>\$ -</u>	<u>130,234</u>	<u>\$ 130,234</u>
		<u>90,036</u>	
		<u>\$ 220,270</u>	



*Bicycling with family on the Cross Island Trail - Kent Island, MD.*



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

2008

Comprehensive Annual Financial Report  
*for the Fiscal Year ended  
June 30, 2008*

Statistical Section



## STATISTICAL SECTION

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

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

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

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

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

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

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



*Historic Christ Church, c.1880 - Stevensville, MD*

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

	2003	2004	2005	2006	2007	2008
<b>Governmental Activities:</b>						
Invested in capital assets, net of related debt	\$ 111,710,606	\$ 82,209,646	\$ 85,784,267	\$ 95,644,000	\$ 103,657,227	\$ 117,831,360
Restricted	22,167,033	8,118,231	8,418,254	9,842,795	18,012,695	15,376,330
Unrestricted (deficit) (1)	(29,783,476)	(14,178,514)	(6,161,281)	7,339,567	(3,740,905)	(15,075,202)
Total Governmental Activities Net Assets	<u>104,094,163</u>	<u>76,149,363</u>	<u>88,041,240</u>	<u>112,826,362</u>	<u>117,929,017</u>	<u>118,132,488</u>
<b>Business-type Activities:</b>						
Invested in capital assets, net of related debt	50,984,848	52,094,337	55,612,719	69,672,273	74,463,912	77,237,512
Restricted	6,482,894	7,857,202	7,742,890	11,733,254	19,133,485	18,276,271
Total Business-type Activities Net Assets	<u>57,467,742</u>	<u>59,951,539</u>	<u>63,355,609</u>	<u>81,405,527</u>	<u>93,597,397</u>	<u>95,513,783</u>
<b>Primary Government:</b>						
Invested in capital assets, net of related debt	162,695,454	134,303,983	141,396,986	165,316,273	178,121,139	195,068,872
Restricted	28,649,927	15,975,433	16,161,144	21,576,049	37,146,180	33,652,601
Unrestricted (deficit) (1)	(29,783,476)	(14,178,514)	(6,161,281)	7,339,567	(3,740,905)	(15,075,202)
Total Primary Government Net Assets	<u>\$ 161,561,905</u>	<u>\$ 136,100,902</u>	<u>\$ 151,396,849</u>	<u>\$ 194,231,889</u>	<u>\$ 211,526,414</u>	<u>\$ 213,646,271</u>

NOTES:

- \* Government-wide net asset information is reported on the accrual basis of accounting.
- \* Accounting standards require that net assets be reported in three components in the financial statements: invested in capital assets, net of related debt; restricted; and unrestricted. Net assets are 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.
- \* Information prior to FY03 is not available, due to the FY03 implementation of GASB34.
- \* Source: Statement of Net Assets, pages 30-31.

(1) In the government-wide financial statements, the County has reported negative unrestricted net assets 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 assets for its governmental activities and for government-wide purposes. Government-wide unrestricted net assets would have been:

Unrestricted (deficit) net assets reported above	\$ (29,783,476)	\$ (14,178,514)	\$ (6,161,281)	\$ 7,339,567	\$ (3,740,905)	\$ (15,075,202)
Debt issued for capital on behalf of others	41,941,175	51,839,220	47,345,646	44,460,306	57,496,385	53,758,049
County net assets absent effect of this relationship	<u>\$ 12,157,699</u>	<u>\$ 37,660,706</u>	<u>\$ 41,184,365</u>	<u>\$ 51,799,873</u>	<u>\$ 53,755,480</u>	<u>\$ 38,682,847</u>

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

	2003	2004	2005	2006	2007	2008
<b>Expenses</b>						
<b>Governmental Activities:</b>						
General Government	\$ 7,537,390	\$ 8,902,751	\$ 8,774,831	\$ 9,071,760	\$ 9,854,468	\$ 11,167,743
Public Safety	10,161,429	13,064,686	14,255,183	17,534,652	19,149,388	20,721,185
Public Works	7,594,914	7,512,277	8,303,570	8,898,010	9,913,917	10,420,547
Health	952,194	1,123,795	1,284,216	1,377,717	1,450,866	1,441,143
Social Services	4,003,914	4,084,308	4,786,130	4,420,205	4,474,784	4,978,883
Education	43,050,433	46,142,006	40,377,624	42,303,087	56,118,585	58,034,317
Parks & Recreation	2,068,102	3,810,546	2,385,014	2,562,890	3,158,455	3,330,087
Library	975,549	1,020,653	1,073,222	1,168,232	1,266,183	1,270,718
Conservation of Natural Resources	892,015	537,207	591,986	478,426	497,926	2,172,443
Economic/Community Development	1,775,216	1,634,749	1,546,516	1,575,099	3,258,876	3,527,908
Interest and Fiscal Charges	2,649,524	2,981,403	2,288,442	2,508,070	2,864,493	3,033,416
Total Governmental Activities Expenses	81,660,680	90,814,381	85,666,734	91,898,148	112,007,941	120,098,390
<b>Business-type Activities:</b>						
Water and Sewer	6,603,225	6,975,749	6,974,968	7,127,140	7,802,798	9,621,784
Parks & Recreation	1,929,891	2,007,419	2,524,904	2,509,783	3,273,986	2,179,157
Public Marinas	-	-	-	-	57,372	27,344
Airport	492,856	522,863	529,755	713,896	674,337	812,067
Total Business-type Activities Expenses	9,025,972	9,506,031	10,029,627	10,350,819	11,808,493	12,640,352
Total Primary Government Expenses	90,686,652	100,320,412	95,696,361	102,248,967	123,816,434	132,738,742
<b>Program Revenues</b>						
<b>Governmental Activities:</b>						
<b>General Government</b>						
Charges for Services	688,216	1,007,791	1,124,756	1,139,531	1,127,737	1,047,371
Operating Grants and Contributions	146,501	185,597	312,136	454,948	377,412	295,898
Capital Grants and Contributions	62,382	61,448	22,747	60,000	5,000	757,975
Total Revenue	897,099	1,254,836	1,459,639	1,654,479	1,510,149	2,101,244
<b>Public Safety</b>						
Charges for Services	720,580	1,197,844	968,857	1,595,738	1,642,258	3,167,090
Operating Grants and Contributions	1,265,912	887,519	1,443,474	1,743,073	1,255,307	1,254,611
Capital Grants and Contributions	-	493,132	271,867	456,993	272,497	1,171
Total Revenue	1,986,492	2,578,495	2,684,198	3,795,804	3,170,062	4,422,872
<b>Public Works</b>						
Charges for Services	692,471	782,252	1,666,335	1,189,117	871,962	1,014,600
Operating Grants and Contributions	4,259,700	3,624,359	4,130,984	3,710,398	5,572,760	6,304,965
Capital Grants and Contributions	230,243	168,092	461,499	57,000	1,838,101	544,610
Total Revenue	5,182,414	4,574,703	6,258,818	4,956,515	8,282,823	7,864,175
<b>Health</b>						
Charges for Services	-	-	-	-	-	-
Operating Grants and Contributions	5,241	-	-	150,966	-	-
Capital Grants and Contributions	-	-	-	-	-	-
Total Revenue	5,241	-	-	150,966	-	-
<b>Social Services</b>						
Charges for Services	265,809	188,032	162,958	58,467	73,497	64,041
Operating Grants and Contributions	2,881,622	2,769,345	3,035,511	2,550,840	2,589,967	2,911,796
Capital Grants and Contributions	459,411	829,082	24,388	-	172,732	613,804
Total Revenue	3,606,842	3,786,459	3,222,857	2,609,307	2,836,196	3,589,641
<b>Education</b>						
Charges for Services	703,191	1,277,905	917,387	1,696,657	963,216	1,011,013
Operating Grants and Contributions	-	-	-	18,000	-	-
Capital Grants and Contributions	-	-	-	-	-	-
Total Revenue	703,191	1,277,905	917,387	1,714,657	963,216	1,011,013
<b>Parks &amp; Recreation</b>						
Charges for Services	20,494	14,532	21,724	68,051	158,447	302,195
Operating Grants and Contributions	8,893	4,619	-	42,690	58,485	72,659
Capital Grants and Contributions	585,164	3,103,241	297,537	5,998,982	4,363,393	5,666,226
Total Revenue	614,551	3,122,392	319,261	6,109,723	4,580,325	6,041,080
<b>Conservation of Natural Resources</b>						
Charges for Services	89,691	109,527	150,052	119,580	100,488	88,534
Operating Grants and Contributions	250,078	324,573	371,960	680,396	597,613	322,718
Capital Grants and Contributions	-	5,211	28,535	-	-	-
Total Revenue	339,769	439,311	550,547	799,976	698,101	411,252
<b>Economic/Community Development</b>						
Charges for Services	24,261	17,615	23,728	11,086	4,083	5,249
Operating Grants and Contributions	658,808	465,989	247,404	121,497	120,254	163,245
Capital Grants and Contributions	5,000	-	-	-	-	-
Total Revenue	688,069	483,604	271,132	132,583	124,337	168,494
Total Governmental Activities Program Revenues	14,023,668	17,517,705	15,683,839	21,924,010	22,165,209	25,609,771

CONTINUED

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

	2003	2004	2005	2006	2007	2008
<b>Business-type Activities:</b>						
<b>Water and Sewer</b>						
Charges for Services	6,738,431	7,206,833	6,704,817	8,057,402	12,169,440	8,014,366
Operating Grants and Contributions	-	-	541,052	-	-	-
Capital Grants and Contributions	2,506,457	868,581	994,303	12,576,490	5,015,603	2,584,371
Total Revenue	<u>9,244,888</u>	<u>8,075,414</u>	<u>8,240,172</u>	<u>20,633,892</u>	<u>17,185,043</u>	<u>10,598,737</u>
<b>Parks &amp; Recreation</b>						
Charges for Services	883,297	1,051,908	1,099,161	1,576,001	1,581,030	1,459,725
Operating Grants and Contributions	-	-	330,204	387,270	1,279,648	55,953
Capital Grants and Contributions	658,120	145,975	4,000	469,624	144,844	95,890
Total Revenue	<u>1,541,417</u>	<u>1,197,883</u>	<u>1,433,365</u>	<u>2,432,895</u>	<u>3,005,522</u>	<u>1,611,568</u>
<b>Public Marinas</b>						
Charges for Services	-	-	-	-	108,100	105,900
Operating Grants and Contributions	-	-	-	-	92,348	3,710
Capital Grants and Contributions	-	-	-	-	-	-
Total Revenue	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>200,448</u>	<u>109,610</u>
<b>Airport</b>						
Charges for Services	179,029	149,601	182,092	23,661	32,683	46,960
Operating Grants and Contributions	-	-	-	4,448	1,112	-
Capital Grants and Contributions	41,190	23,636	69,595	6,368,327	667,166	382,945
Total Revenue	<u>220,219</u>	<u>173,237</u>	<u>251,687</u>	<u>6,396,436</u>	<u>700,961</u>	<u>429,905</u>
Total Business-type Activities Program Revenues	<u>11,006,524</u>	<u>9,446,534</u>	<u>9,925,224</u>	<u>29,463,223</u>	<u>21,091,974</u>	<u>12,749,820</u>
Total Primary Government Program Revenues	<u>25,030,192</u>	<u>26,964,239</u>	<u>25,609,063</u>	<u>51,387,233</u>	<u>43,257,183</u>	<u>38,359,591</u>
<b>Net (Expense) Revenue (1)</b>						
Governmental activities	(67,637,012)	(73,296,676)	(69,982,895)	(69,974,138)	(89,842,732)	(94,488,619)
Business-type activities	1,980,552	(59,497)	(104,403)	19,112,404	9,283,481	109,468
Total Primary Government Net Expense	<u>(65,656,460)</u>	<u>(73,356,173)</u>	<u>(70,087,298)</u>	<u>(50,861,734)</u>	<u>(80,559,251)</u>	<u>(94,379,151)</u>
<b>General Revenues and Other Changes in Net Assets</b>						
<b>Governmental Activities:</b>						
Taxes (2)	\$ 66,274,065	\$ 75,137,137	\$ 80,932,258	\$ 87,157,631	\$ 90,910,849	\$ 91,853,216
Grants and Contributions Not Restricted to Specific Programs	-	-	88,750	-	-	-
Investment income	274,585	285,279	682,682	1,738,114	3,162,830	2,128,509
Gain (Loss) on Sale of Capital Assets	58,529	(452,997)	-	2,983,087	13,605	-
Miscellaneous	608,688	724,069	1,063,336	997,032	1,928,398	721,946
Transfers In (Out)	(554,940)	(154,916)	(3,055,362)	2,396,851	(1,070,297)	(11,581)
Special Items - Gain	832,718	215,000	-	-	-	-
Extraordinary Loss	(24,430)	-	-	(477,707)	-	-
Total Governmental Activities	<u>67,469,215</u>	<u>75,753,572</u>	<u>79,711,664</u>	<u>94,795,008</u>	<u>94,945,385</u>	<u>94,692,090</u>
<b>Business-type Activities:</b>						
Investment income	756,118	635,674	634,413	771,883	956,687	875,509
Gain (Loss) on Sale of Capital Assets	(39,866)	-	-	-	4,691	-
Miscellaneous	333,402	915,879	772,083	562,482	876,714	919,828
Transfers In (Out)	554,940	154,916	3,055,362	(2,396,851)	1,070,297	11,581
Special items - (Loss)	-	-	(953,385)	-	-	-
Extraordinary Gain	-	951,460	-	-	-	-
Total Business-type Activities	<u>1,604,594</u>	<u>2,657,929</u>	<u>3,508,473</u>	<u>(1,062,486)</u>	<u>2,908,389</u>	<u>1,806,918</u>
Total Primary Government	<u>69,073,809</u>	<u>78,411,501</u>	<u>83,220,137</u>	<u>93,732,522</u>	<u>97,853,774</u>	<u>96,499,008</u>
<b>Change in Net Assets</b>						
Governmental activities	(167,797)	2,456,896	9,728,769	24,820,870	5,102,653	203,471
Business-type activities	3,585,146	2,598,432	3,404,070	18,049,918	12,191,870	1,916,386
Total Primary Government	<u>\$ 3,417,349</u>	<u>\$ 5,055,328</u>	<u>\$ 13,132,839</u>	<u>\$ 42,870,788</u>	<u>\$ 17,294,523</u>	<u>\$ 2,119,857</u>

NOTES:

- \* Government-wide net asset information is reported on the accrual basis of accounting.
- \* Information prior to FY03 is not available, due to the FY03 implementation of GASB34.
- \* Source: Statement of Activities, pages 32-33.

- (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.

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

	2003	2004	2005	2006	2007	2008
Local Property Taxes	\$ 36,257,473	\$ 39,784,933	\$ 42,121,614	\$ 44,688,709	\$ 46,185,050	\$ 50,021,587
Local Income Tax	23,471,091	27,738,830	29,957,555	31,959,096	35,346,494	35,700,111
Other Local Taxes	6,545,501	7,613,374	8,853,089	10,509,826	9,379,305	6,131,518
Total Taxes - Governmental Activities	<u>\$ 66,274,065</u>	<u>\$ 75,137,137</u>	<u>\$ 80,932,258</u>	<u>\$ 87,157,631</u>	<u>\$ 90,910,849</u>	<u>\$ 91,853,216</u>

NOTES:

- \* Government-wide general tax revenue information is reported on the accrual basis of accounting.
- \* Information prior to FY03 is not available, due to the FY03 implementation of GASB34.
- \* Source: Statement of Activities, pages 32-33.

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

Table 3

	1999	2000	2001	2002	2003
General Fund:					
Reserved	\$ 5,111,422	\$ 6,333,566	\$ 326,382	\$ 93,099	\$ 5,578,543
Unreserved	1,922,121	733,374	6,486,698	7,426,819	3,269,461
Total General Fund	<u>7,033,543</u>	<u>7,066,940</u>	<u>6,813,080</u>	<u>7,519,918</u>	<u>8,848,004</u>
All Other Governmental Funds:					
Reserved	13,278,721	14,885,770	16,870,563	9,032,415	9,570,304
Unreserved (deficit), reported in:					
Capital Projects Fund	1,044,612	(7,305,034)	10,340,077	12,097,123	6,465,484
Special Revenue Funds	1,444,283	1,938,263	3,046,815	3,127,711	2,972,713
Total All Other Governmental Funds	<u>15,767,616</u>	<u>9,518,999</u>	<u>30,257,455</u>	<u>24,257,249</u>	<u>19,008,501</u>
Total All Governmental Funds	<u>\$ 22,801,159</u>	<u>\$ 16,585,939</u>	<u>\$ 37,070,535</u>	<u>\$ 31,777,167</u>	<u>\$ 27,856,505</u>

	2004	2005	2006	2007	2008
General Fund:					
Reserved	\$ 5,766,939	\$ 5,705,316	\$ 6,169,255	\$ 7,140,303	\$ 8,948,231
Unreserved	5,669,161	4,104,926	14,944,399	15,302,827	3,972,847
Total General Fund	<u>11,436,100</u>	<u>9,810,242</u>	<u>21,113,654</u>	<u>22,443,130</u>	<u>12,921,078</u>
All Other Governmental Funds:					
Reserved	12,329,623	15,075,521	13,751,478	20,060,988	16,706,954
Unreserved (deficit), reported in:					
Capital Projects Fund	11,835,783	11,706,521	13,579,649	17,618,012	14,409,216
Special Revenue Funds	2,698,617	3,156,479	2,810,027	3,019,522	2,185,304
Total All Other Governmental Funds	<u>26,864,023</u>	<u>29,938,521</u>	<u>30,141,154</u>	<u>40,698,522</u>	<u>33,301,474</u>
Total All Governmental Funds	<u>\$ 38,300,123</u>	<u>\$ 39,748,763</u>	<u>\$ 51,254,808</u>	<u>\$ 63,141,652</u>	<u>\$ 46,222,552</u>

NOTES:

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

\* Source: Balance Sheet, pages 34-35.

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

	1999	2000	2001	2002	2003
<b>Revenues</b>					
Taxes					
Local Property Taxes	\$ 25,578,118	\$ 26,879,315	\$ 31,470,442	\$ 33,760,455	\$ 36,238,606
Local Income Taxes	18,647,323	19,373,084	21,498,495	23,217,162	23,517,175
Other Local Taxes	2,681,028	3,000,709	2,961,474	3,987,371	6,545,501
State Shared Taxes	1,066,372	1,503,702	1,890,539	1,941,971	4,424,763
Licenses and Permits	1,426,294	1,451,200	1,657,245	2,152,720	1,410,491
Intergovernmental	12,200,017	7,805,350	8,588,986	10,471,381	6,351,125
Charges for Current Services	927,252	1,121,836	1,279,623	1,460,330	1,248,229
Fines and Forfeitures	20,699	20,285	17,299	15,861	29,443
Special Assessments	118,574	60,441	51,174	46,419	43,067
Investment Income	1,187,777	1,248,707	2,169,485	1,042,194	465,164
Donations	-	-	-	-	81,350
Miscellaneous (1)	1,190,881	770,705	823,059	1,020,802	853,309
Total Revenues	65,044,335	63,235,334	72,407,821	79,116,666	81,208,223
<b>Expenditures</b>					
Current					
General Government (2)	4,516,687	4,777,730	5,493,808	6,139,990	7,729,416
Public Safety	6,329,930	7,169,209	8,190,088	8,726,365	9,829,451
Public Works	5,082,489	5,577,264	5,793,807	6,126,407	6,790,032
Health	874,961	879,277	931,775	1,208,954	807,489
Social Services	1,435,677	1,873,674	2,399,938	3,105,830	4,303,930
Education (3)	34,118,744	32,358,138	37,222,432	39,713,371	43,050,433
Parks and Recreation	1,357,168	1,448,363	1,605,717	1,727,072	2,616,946
Library (4)	818,697	852,183	904,151	935,439	951,939
Conservation of Natural Resources	285,593	275,513	459,420	880,299	880,058
Economic/Community Development	1,018,837	1,183,240	1,246,768	1,267,138	1,848,707
Miscellaneous	-	-	-	-	-
Capital Outlay	9,640,136	9,854,345	9,629,250	8,001,582	1,488,726
Debt Service					
Principal	2,497,882	1,498,016	6,666,033	2,920,206	2,690,928
Debt Issuance Costs	-	-	-	-	-
Interest and Fiscal Charges	1,836,315	1,786,854	2,313,472	2,698,380	2,695,664
Total Expenditures	69,813,116	69,533,806	82,856,659	83,451,033	85,683,719
Excess (Deficiency) of Revenues over (under) Expenditures	(4,768,781)	(6,298,472)	(10,448,838)	(4,334,367)	(4,475,496)
<b>Other Financing Sources (Uses)</b>					
Issuance of Debt	3,633,488	400,000	31,175,000	6,310,000	-
Re-allocation of 2006 Bonds	-	-	-	-	-
Bond Premiums	-	-	-	-	-
Bond Issuance Costs	-	-	-	-	-
Proceeds of Capital Asset Disposals	-	-	-	-	98,000
Insurance Proceeds	-	-	-	-	-
Capital Contributions - Developer	-	-	-	-	-
Transfers In (5)	5,788,161	4,867,940	5,616,405	6,137,635	3,806,476
Transfers (Out) (6)	(6,097,960)	(5,184,688)	(6,067,751)	(7,115,841)	(4,361,416)
Defeasance of debt	-	-	-	(6,290,795)	-
Total Other Financing Sources (Uses)	3,323,689	83,252	30,723,654	(959,001)	(456,940)
<b>Special and Extraordinary Items</b>					
Special Items	-	-	-	-	885,140
Extraordinary Gains (Losses)	-	-	-	-	(24,430)
Total Special Items and Extraordinary Gains (Losses)	-	-	-	-	860,710
Net Increase (Decrease) in Fund Balances	\$ (1,445,092)	\$ (6,215,220)	\$ 20,274,816	\$ (5,293,368)	\$ (4,071,726)
Debt service as a percentage of non-capital expenditures (7, 8)	7.17%	5.40%	12.03%	7.59%	6.67%

NOTES:

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

\* Source: Statement of Revenues, Expenditures and Changes in Fund Balances, pages 38-39,

and the Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities, pages 40-41.

(1) For FY02 and prior, "Miscellaneous Revenue" includes amounts previously classified as "Operating Transfers in" from Component Units.

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

(3) For FY02 and prior, "Education Expenditures" includes amounts previously classified as "Operating Transfers out" to Component Unit (Board of Education).

(4) For FY02 and prior, "Library Expenditures" includes amounts previously classified as "Operating Transfers out" to Component Unit (Library).

(5) For FY02 and prior, "Transfers In" exclude amounts previously classified as "Operating Transfers in" from Component Units.

(6) For FY02 and prior, "Transfers Out" exclude amounts previously classified as "Operating Transfers out" to Component Units (Board of Education and Library).

(7) Debt service represents debt service principal and interest expenditures and excludes amortization of debt issuance costs as presented above.

(8) Noncapital expenditures represents Total Expenditures above, less expenditures of the General and Roads Capital Project Funds and governmental capital outlay that resulted in capital assets - see specific line items as part of the reconciliation on page 40.

2004	2005	2006	2007	2008
\$ 39,771,711	\$ 42,191,297	\$ 44,657,603	\$ 46,208,342	\$ 50,007,054
26,765,483	28,237,534	31,633,987	34,980,663	34,767,725
7,613,374	8,853,089	10,509,826	9,379,305	6,131,518
3,660,145	4,528,046	4,233,139	5,125,419	5,306,763
647,633	829,784	824,917	895,931	890,821
9,261,854	6,049,496	11,476,325	10,661,130	12,199,511
3,464,771	3,394,626	4,864,374	3,806,563	4,049,902
38,798	48,654	77,008	239,194	1,759,370
(7,528)	-	-	-	-
410,845	907,275	1,738,139	3,162,830	2,128,509
93,178	104,093	98,610	74,694	247,002
954,621	1,567,883	1,346,669	1,853,706	719,067
92,674,885	96,711,777	111,460,597	116,387,777	118,207,242
8,851,440	8,933,985	9,516,299	8,772,229	10,128,699
11,970,575	13,199,057	16,356,949	17,918,740	19,292,661
7,872,914	9,055,472	9,168,186	9,167,362	9,182,618
1,101,713	1,261,488	1,355,057	1,428,395	1,430,670
4,922,755	4,367,736	4,294,781	4,260,927	4,747,491
46,689,001	40,421,109	42,346,958	56,163,966	58,086,283
6,266,051	2,481,296	9,096,593	2,809,748	3,083,038
997,043	1,049,612	1,144,622	1,242,573	1,247,108
565,218	578,426	508,606	483,810	2,177,820
1,809,329	1,552,689	1,558,978	3,188,316	3,513,153
-	-	-	915,542	731,771
1,173,687	1,280,650	1,049,361	14,291,416	13,676,569
4,029,332	5,928,559	3,677,307	3,795,769	4,888,405
-	-	-	236,899	3,972
2,780,312	2,555,411	2,569,650	2,257,928	3,147,529
99,029,370	92,665,490	102,643,347	126,933,620	135,337,787
(6,354,485)	4,046,287	8,817,250	(10,545,843)	(17,130,545)
16,602,500	30,026,336	-	23,219,790	510,617
-	-	-	-	(345,955)
-	1,069,864	-	236,899	3,972
-	(159,647)	-	-	-
135,520	154,787	1,176,860	88,535	45,494
-	-	-	-	8,898
-	88,750	-	-	-
9,647,582	10,661,440	8,578,135	13,131,736	17,014,307
(9,802,498)	(13,716,802)	(6,181,284)	(14,202,033)	(17,025,888)
-	(30,722,375)	-	-	-
16,583,104	(2,597,647)	3,573,711	22,474,927	211,445
215,000	-	-	-	-
-	-	(477,707)	(42,242)	-
215,000	-	(477,707)	(42,242)	-
\$ 10,443,619	\$ 1,448,640	\$ 11,913,254	\$ 11,886,842	\$ (16,919,100)
7.40%	9.49%	6.88%	5.26%	6.61%



*The Great Blue Heron - a local native.*

QUEEN ANNE'S COUNTY, MARYLAND  
 ASSESSED VALUE OF TAXABLE AND EXEMPT PROPERTY  
 LAST TEN FISCAL YEARS  
 Table 5

Fiscal Year	Real Property (1) (3)			Total Direct Tax Rate (4)	Personal Property	Total	Exempt Property	Total
	Commercial Assessed Value	Residential (2) Assessed Value	Total Assessed Value		Public Utility Assessed Value (3) (5)	Taxable Assessed Value		Taxable and Exempt Property
1999	\$ 602,287,045	\$ 2,134,034,975	\$ 2,736,322,020	\$ 0.876	\$ 67,849,561	\$ 2,804,171,581	\$ 248,800,945	\$ 3,052,972,526
2000	634,731,500	2,269,951,675	2,904,683,175	0.876	67,954,700	2,972,637,875	266,713,700	3,239,351,575
2001	662,743,925	2,401,723,715	3,064,467,640	0.976	69,582,528	3,134,050,168	277,039,075	3,411,089,243
2002	692,030,001	2,607,616,738	3,299,646,739	0.976	70,150,240	3,369,796,979	274,858,885	3,644,655,864
2003	728,512,663	2,858,309,623	3,586,822,286	0.976	64,201,229	3,651,023,515	276,953,744	3,927,977,259
2004	771,054,050	3,208,049,692	3,979,103,742	0.976	59,945,270	4,039,049,012	297,843,389	4,336,892,401
2005	849,272,884	3,690,010,496	4,539,283,380	0.926	57,382,490	4,596,665,870	330,840,259	4,927,506,129
2006	950,694,704	4,051,000,772	5,001,695,476	0.870	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	0.800	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	0.770	61,729,010	6,398,550,545	474,798,401	6,873,348,946

NOTES:

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

- (1) The State of Maryland, under Chapter 80 of the Acts of 2000, required that assessed values of real property be based on full cash value assessments as of October 1, 2000. Prior to that time, assessed values of real property were based on 40% of full cash value. Fiscal years 1999 to 2001 have been restated to full cash value for comparison purposes.
- (2) 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.
- (3) 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.
- (4) See Table 6-a for real property direct tax rates. Tax Rates are applied per \$100 of assessed value.
- (5) 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  
REAL PROPERTY TAX RATES - COUNTY DIRECT RATE  
LAST TEN FISCAL YEARS  
Table 6-a**

---

<b>Fiscal Year</b>	<b>County Direct Rate (1, 2)</b>
1999	\$ 0.876
2000	0.876
2001	0.976
2002	0.976
2003	0.976
2004	0.976
2005	0.926
2006	0.870
2007	0.800
2008	0.770

**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) The State of Maryland, under Chapter 80 of the Acts of 2000, required that assessed values of real property be based on full cash value assessments as of October 1, 2000. Prior to that time, assessed values of real property were based on 40% of full cash value. Tax rates for fiscal years 1999 to 2001 have been restated to full cash value for comparison purposes.
- (2) Tax Rates are applied per \$100 of assessed value.

QUEEN ANNE'S COUNTY, MARYLAND  
 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 (1)
1999	\$ 0.060
2000	0.060
2001	0.060
2002	0.060
2003	0.060
2004	0.060
2005	0.060
2006	0.060
2007	0.060
2008	0.060

NOTES:

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

(1) The State of Maryland, under Chapter 80 of the Acts of 2000, required that assessed values of real property be based on full cash value assessments as of October 1, 2000. Prior to that time, assessed values of real property were based on 40% of full cash value. Tax rates for fiscal years 1999 to 2001 have been restated to full cash value for comparison purposes.

**QUEEN ANNE'S COUNTY, MARYLAND  
REAL PROPERTY TAX RATES - OVERLAPPING GOVERNMENTS - TOWNS (1)  
LAST TEN FISCAL YEARS  
Table 6-c**

<b>Fiscal Year</b>	<b>Town of Centreville</b>	<b>Town of Barclay</b>	<b>Town of Church Hill</b>	<b>Town of Millington</b>	<b>Town of Queen Anne</b>
1999	\$ 0.380	\$ 0.100	\$ 0.340	\$ 0.280	\$ 0.200
2000	0.380	0.100	0.340	0.280	0.180
2001	0.380	0.100	0.340	0.280	0.180
2002	0.480	0.100	0.340	0.280	0.210
2003	0.480	0.100	0.340	0.280	0.180
2004	0.480	0.100	0.340	0.280	0.180
2005	0.480	0.100	0.340	0.280	0.180
2006	0.480	0.100	0.340	0.280	0.180
2007	0.470	0.100	0.340	0.280	0.180
2008	0.430	0.100	0.340	0.280	0.180

**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.

(1) The State of Maryland, under Chapter 80 of the Acts of 2000, required that assessed values of real property be based on full cash value assessments as of October 1, 2000. Prior to that time, assessed values of real property were based on 40% of full cash value. Tax rates for fiscal years 1999 to 2001 have been restated to full cash value for comparison purposes.

<b>Town of Queenstown</b>	<b>Town of Sudlersville</b>	<b>Town of Templeville</b>
\$ 0.200	\$ 0.188	\$ 0.172
0.200	0.188	0.168
0.200	0.188	0.164
0.200	0.185	0.161
0.200	0.176	0.142
0.200	0.176	0.142
0.200	0.167	0.133
0.200	0.167	0.122
0.200	0.167	0.252
0.200	0.167	0.252

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

For the Fiscal Year Ended June 30, 2008				
	Assessable Base			Ratio: Taxpayer Base to Total Assessable Base
	Total	Real Property	Personal Property	
Second Horizon Group Limited Partnership	\$ 41,977,039	\$ 41,945,099	\$ 31,940	0.66 %
KRM Development Corporation	28,782,362	28,782,362	-	0.45
White's Heritage Partners	27,376,580	27,376,580	-	0.43
Great American Life Insurance Company	19,831,866	19,831,866	-	0.31
Waterford Centreville, LLC	14,333,877	14,333,877	-	0.22
Reliable Development Company	12,456,014	12,456,014	-	0.19
K Hovnanian's Four Seasons at Kent Island	10,856,146	10,856,146	-	0.17
Washington Brick and Terra Cotta Company	10,504,933	10,504,933	-	0.16
213 Centreville Associates, LLC	10,290,433	10,290,433	-	0.16
Kent Narrows Properties, LLC	10,105,633	10,105,633	-	0.16
Total	<u>\$ 186,514,883</u>	<u>\$ 186,482,943</u>	<u>\$ 31,940</u>	<u>2.91 %</u>
Total Assessable Base	<u>\$ 6,398,550,545</u>			<u>100.00 %</u>

For the Fiscal Year Ended June 30, 1999				
	Assessable Base			Ratio: Taxpayer Base to Total Assessable Base
	Total	Real Property	Personal Property	
Second Horizon Group Limited Partnership	\$ 30,369,500	\$ 30,247,125	\$ 122,375	1.08 %
Mario J. Boiardi	13,580,400	13,580,400	-	0.48
Washington Brick and Terra Cotta Company	8,120,775	7,935,900	184,875	0.29
Kent Island Joint Venture	7,526,750	7,526,750	-	0.27
Bay Bridge Limited	6,156,700	6,156,700	-	0.22
KRM Development	6,095,050	6,095,050	-	0.22
Gateway Partnership	5,831,850	5,831,850	-	0.21
TC Shopping Center	5,620,500	5,620,500	-	0.20
Clyde E. Sisk	5,072,600	5,072,600	-	0.18
Mears Point Association	5,185,175	5,185,175	-	0.18
Total	<u>\$ 93,559,300</u>	<u>\$ 93,252,050</u>	<u>\$ 307,250</u>	<u>3.33 %</u>
Total Assessable Base	<u>\$ 2,804,171,581</u>			<u>100.00 %</u>

NOTES:

- (1) The State of Maryland, under Chapter 80 of the Acts of 2000, required that assessed values of real property be based on full cash value assessments as of October 1, 2000. Prior to that time, assessed values of real property were based on 40% of full cash value. Fiscal year 1999 has been restated to full cash value for comparison purposes.

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
1999	\$ 23,970,181	\$ 23,919,895	99.79%	\$ 13,599	\$ 23,933,494	99.85%
2000	25,246,867	25,179,068	99.73%	44,695	25,223,763	99.91%
2001	29,673,499	29,593,289	99.73%	36,705	29,629,994	99.85%
2002	31,834,978	31,759,768	99.76%	115,644	31,875,412	100.13%
2003	34,534,049	34,452,221	99.76%	82,442	34,534,663	100.00%
2004	38,135,222	38,052,633	99.78%	67,033	38,119,666	99.96%
2005	40,608,914	40,542,167	99.84%	210,856	40,753,023	100.35%
2006	43,208,732	43,107,941	99.77%	97,858	43,205,799	99.99%
2007	44,500,414	44,401,745	99.78%	65,331	44,467,076	99.93%
2008	48,575,431	48,505,180	99.86%	-	48,505,180	99.86%

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  
RATIOS OF OUTSTANDING DEBT BY TYPE  
LAST TEN FISCAL YEARS

Table 9

Fiscal Year	Governmental Activities					
	General Obligation Bonds	Notes Payable	Bond Anticipation Notes Payable	Bond Premiums	Bond Issuance Costs	Deferred Refunding Costs
1999	\$ 30,805,000	\$ 4,581,420	\$ -	\$ -	\$ -	\$ -
2000	29,465,000	1,304,927	3,500,000	-	-	-
2001	57,620,000	1,042,742	-	-	-	-
2002	55,490,000	593,840	-	-	-	-
2003	52,800,000	457,912	-	-	-	-
2004	62,467,858	3,245,500	-	-	-	-
2005	60,689,541	684,000	-	1,069,864	(159,647)	(2,342,375)
2006	56,890,501	622,500	-	993,473	(147,978)	(2,171,892)
2007	75,938,286	561,000	-	1,153,981	(373,209)	(2,001,409)
2008	70,752,345	822,617	-	1,069,518	(353,469)	(1,830,926)

Fiscal Year	Business-type Activities					
	General Obligation Bonds	Notes Payable	Bond Anticipation Notes Payable	Bond Premiums	Bond Issuance Costs	Deferred Refunding Costs
1999	\$ 8,345,000	\$ 8,725,173	\$ 1,200,000	\$ -	\$ -	\$ (197,806)
2000	7,590,000	8,472,616	1,200,000	-	-	(164,622)
2001	8,515,000	7,410,320	-	-	-	(131,438)
2002	7,825,000	6,912,388	-	-	-	(312,421)
2003	6,865,000	6,402,363	-	-	-	(258,403)
2004	5,825,000	5,879,764	-	-	-	(204,386)
2005	5,383,663	5,343,775	-	59,927	(7,679)	(293,209)
2006	4,943,663	14,580,581	-	55,932	(7,167)	(258,264)
2007	4,608,851	22,516,916	-	63,281	(17,998)	(223,317)
2008	4,094,485	21,058,076	-	50,889	(9,090)	(188,369)

NOTES:

\* Amounts for 1999 - 2002 represent debt relating to total governmental funds (from the General Long-Term Obligations Account Group) and total enterprise funds, since the reporting of governmental activities and business-type activities in government-wide financial statements was implemented in FY03.

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

<b>Rebatable Interest Payable</b>	<b>Compensated Absences</b>	<b>Capital Leases</b>	<b>Total Governmental Activites</b>
\$ -	\$ 662,508	\$ 131,575	\$ 36,180,503
-	803,556	90,152	35,163,635
-	977,747	46,304	59,686,793
-	1,096,607	-	57,180,447
-	1,176,719	-	54,434,631
-	1,320,756	114,331	67,148,445
-	1,411,276	-	61,352,659
-	1,551,143	-	57,737,747
-	1,707,921	248,460	77,235,030
-	1,969,026	202,978	72,632,089

<b>Rebatable Interest Payable</b>	<b>Compensated Absences</b>	<b>Capital Leases</b>	<b>Total Business-type Activities</b>	<b>Total Primary Government</b>	<b>Ratios</b>	
					<b>Debt to Total Personal Income (1)</b>	<b>Outstanding Debt per Capita (1)</b>
\$ 21,312	\$ -	\$ -	\$ 18,093,679	\$ 54,274,182	4.53%	\$ 1,357
-	-	-	17,097,994	52,261,629	4.05%	1,288
-	-	2,000	15,795,882	75,482,675	5.47%	1,841
-	181,097	-	14,606,064	71,786,511	4.92%	1,730
-	192,287	-	13,201,247	67,635,878	4.34%	1,610
-	215,735	-	11,716,113	78,864,558	4.98%	1,819
-	216,827	-	10,703,304	72,055,963	4.50%	1,623
-	229,426	-	19,544,171	77,281,918	6.93%	1,700
-	242,678	-	27,190,411	104,425,441	5.61%	2,258
-	243,176	-	25,249,167	97,881,256	4.87%	2,044

QUEEN ANNE'S COUNTY, MARYLAND  
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)
1999	\$ 39,150,000	1.40%	\$ 979
2000	37,055,000	1.25%	914
2001	66,135,000	2.11%	1,613
2002	63,315,000	1.88%	1,526
2003	59,665,000	1.63%	1,421
2004	68,292,858	1.69%	1,575
2005	66,073,204	1.44%	1,488
2006	61,834,164	1.22%	1,360
2007	80,547,137	1.41%	1,742
2008	74,846,830	1.17%	1,563

NOTES:

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

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

(2) See Table 5 for taxable assessable base.

(3) See Table 14 for population data.

**QUEEN ANNE'S COUNTY, MARYLAND**  
**COMPUTATION OF NET DIRECT AND OVERLAPPING DEBT (1)**  
**AS OF JUNE 30, 2008**  
**Table 11**

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<u>Name of Jurisdiction</u>	<u>Gross Debt</u>
Queen Anne's County:	
County Government	
Total Net Direct Debt (1)	<u>\$ 96,930,501</u>
Towns: (2)	
Centreville	11,024,665
Millington	1,317,618
Queenstown	<u>335,681</u>
Total Net Overlapping Debt	<u>12,677,964</u>
Total Net Direct and Overlapping Debt	<u><u>\$ 109,608,465</u></u>

NOTES:

- (1) Net direct debt of the County includes 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  
COMPUTATION OF LEGAL DEBT MARGIN  
LAST TEN FISCAL YEARS  
Table 12**

	1999	2000	2001
<u>Computation of Legal Debt Margin - for Queen Anne's County Other than Debt related to the Sanitary District:</u>			
Authorized debt limit under Title 5 (Sub 2) (Sec 5-202) (1)	\$ 8,000,000	\$ 8,000,000	\$ 8,000,000
Authorized bonded debt under specific public laws			
Enterprise Funds, excluding Sanitary District (5)	-	-	1,715,000
General Obligation Debt (5)	30,805,000	29,465,000	57,620,000
Subtotal	<u>30,805,000</u>	<u>29,465,000</u>	<u>59,335,000</u>
Total authorized debt under Title 5 and specific public laws	38,805,000	37,465,000	67,335,000
LESS Outstanding bonds and notes payable (6)	53,590,362	51,458,073	74,504,928
Less: Sanitary District debt (5)	18,072,367	17,097,994	14,003,929
Subtotal	<u>35,517,995</u>	<u>34,360,079</u>	<u>60,500,999</u>
Legal Debt Margin - Other than the Sanitary District	<u>\$ 3,287,005</u>	<u>\$ 3,104,921</u>	<u>\$ 6,834,001</u>
<u>Debt related to the Sanitary District Proprietary Fund:</u>			
Total taxable assessed value (3, 4)	\$ 2,804,171,581	\$ 2,972,637,875	\$ 3,134,050,168
Plus exempt property (3, 4)	248,800,945	266,713,700	277,039,075
Total assessed value	<u>\$ 3,052,972,526</u>	<u>\$ 3,239,351,575</u>	<u>\$ 3,411,089,243</u>
Debt Limit - 6% of total assessed value (2, 3)	\$ 183,178,352	\$ 194,361,095	\$ 204,665,355
LESS Sanitary District	18,072,367	17,097,994	14,003,929
Less: Restricted Cash and Investments in the Debt Service Fund available for payment of principal	4,488,071	4,430,101	5,480,724
	<u>13,584,296</u>	<u>12,667,893</u>	<u>8,523,205</u>
Legal Debt Margin - Sanitary District	<u>\$ 169,594,056</u>	<u>\$ 181,693,202</u>	<u>\$ 196,142,150</u>

**NOTES:**

- (1) Title 5, Subtitle 2, Section 5-202 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) Prior to June 1, 2001, the legal debt limit was 15 percent of the assessable base (real and personal property) of the County. During that time, the assessable base for real property was 40 percent of the full assessed value. Effective June 1, 2001, real property in the State of Maryland began being assessed at 100 percent of full assessed value instead of the previous 40 percent assessment method. Also effective June 1, 2001, the section of the Code referred to above was amended in conjunction with the real property assessment change. Under the amendment, the legal debt margin is a total of 6 percent of the assessable base (presented at 100 percent) of real property of the County and 15 percent of the County's assessable base of personal property and operating real property.  
Note that Fiscal Years 1999 to 2001 have been restated to full cash value and the legal debt margin has been calculated at 6% for for all property and all years for comparison purposes.
- (4) See Table 5.
- (5) See Note 9, Section B.
- (6) See Table 9.

<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
\$ 8,000,000	\$ 8,000,000	\$ 8,000,000	\$ 8,000,000	\$ 8,000,000	\$ 8,000,000	\$ 8,000,000
1,625,000	1,535,000	1,440,000	1,413,663	1,413,663	1,538,851	1,509,485
55,490,000	52,800,000	62,467,858	60,689,541	56,890,501	75,938,286	70,752,345
<u>57,115,000</u>	<u>54,335,000</u>	<u>63,907,858</u>	<u>62,103,204</u>	<u>58,304,164</u>	<u>77,477,137</u>	<u>72,261,830</u>
65,115,000	62,335,000	71,907,858	70,103,204	66,304,164	85,477,137	80,261,830
70,508,807	66,266,872	77,328,067	72,100,979	77,037,245	103,625,053	96,727,523
12,731,829	11,412,635	10,005,867	9,266,078	18,069,698	25,552,847	23,615,821
<u>57,776,978</u>	<u>54,854,237</u>	<u>67,322,200</u>	<u>62,834,901</u>	<u>58,967,547</u>	<u>78,072,206</u>	<u>73,111,702</u>
<u>\$ 7,338,022</u>	<u>\$ 7,480,763</u>	<u>\$ 4,585,658</u>	<u>\$ 7,268,303</u>	<u>\$ 7,336,617</u>	<u>\$ 7,404,931</u>	<u>\$ 7,150,128</u>
\$ 3,369,796,979	\$ 3,651,023,515	\$ 4,039,049,012	\$ 4,596,665,870	\$ 5,061,055,866	\$ 5,693,764,229	\$ 6,398,550,545
274,858,885	276,953,744	297,843,389	330,840,259	369,542,935	419,303,486	474,798,401
<u>\$ 3,644,655,864</u>	<u>\$ 3,927,977,259</u>	<u>\$ 4,336,892,401</u>	<u>\$ 4,927,506,129</u>	<u>\$ 5,430,598,801</u>	<u>\$ 6,113,067,715</u>	<u>\$ 6,873,348,946</u>
\$ 218,679,352	\$ 235,678,636	\$ 260,213,544	\$ 295,650,368	\$ 325,835,928	\$ 366,784,063	\$ 412,400,937
12,731,829	11,412,635	10,005,867	9,266,078	18,069,698	25,552,847	23,615,821
5,141,449	4,264,878	4,289,452	4,105,842	3,940,626	4,746,865	4,551,821
<u>7,590,380</u>	<u>7,147,757</u>	<u>5,716,415</u>	<u>5,160,236</u>	<u>14,129,072</u>	<u>20,805,982</u>	<u>19,064,000</u>
<u>\$ 211,088,972</u>	<u>\$ 228,530,879</u>	<u>\$ 254,497,129</u>	<u>\$ 290,490,132</u>	<u>\$ 311,706,856</u>	<u>345,978,081</u>	<u>393,336,937</u>

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

Employer	Fiscal Year 2008			Fiscal Year 1999		
	Employees	Rank	Percentage of Total County Employment	Employees	Rank	Percentage of Total County Employment
Queen Anne's County Board of Education	977	1	9.77%	N/A	N/A	N/A
Queen Anne's County Government	532	2	5.32%	N/A	N/A	N/A
S.E.W. Friel	275	3	2.75%	N/A	N/A	N/A
Paul Reed Smith Guitars	250	4	2.50%	N/A	N/A	N/A
Chesapeake College	225	5	2.25%	N/A	N/A	N/A
Safeway	185	6	1.85%	N/A	N/A	N/A
Reeb Millwork	170	7	1.70%	N/A	N/A	N/A
Kmart	150	8	1.50%	N/A	N/A	N/A
Genesis Healthcare	150	9	1.50%	N/A	N/A	N/A
Acme	150	10	1.50%	N/A	N/A	N/A
Total	<u>3,064</u>		<u>30.64%</u>			

NOTES:

\* N/A - Information for 1999 is unavailable.

Source: Queen Anne's County Economic Development Office; Tables 15 and 17.

QUEEN ANNE'S COUNTY, MARYLAND  
 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)
1999	40,000	\$ 1,198,080,000	\$ 29,952	4.10%	6,674
2000	40,563	1,290,876,912	31,824	3.40%	7,015
2001	41,000	1,379,035,000	33,635	3.60%	7,239
2002	41,500	1,459,638,000	35,172	3.30%	7,266
2003	42,000	1,558,032,000	37,096	3.50%	7,457
2004	43,350	1,582,275,000	36,500	3.10%	7,530
2005	44,392	1,601,707,752	36,081	3.50%	7,649
2006	45,450	1,114,661,250	24,525	3.50%	7,162
2007	46,241	1,861,755,142	40,262	3.50%	7,774
2008	47,886	2,009,392,332	41,962	4.00%	7,790

NOTES:

- (1) Source: U.S. Census Bureau
- (2) Personal income derived by multiplying population by per capita income.
- (3) Source: Queen Anne's County Economic Development Commission
- (4) Source: Queen Anne's County Board of Education.

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

	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Number of Exempt Employees	22	30	31	31	33	33	35	35	36	31
Number of Full Time Employees	332	364	373	394	399	413	420	432	470	481
Number of Part Time Employees (FTE)	<u>50</u>	<u>50</u>	<u>24</u>	<u>24</u>	<u>29</u>	<u>21</u>	<u>21</u>	<u>23</u>	<u>25</u>	<u>20</u>
Total County Government Employees	<u>404</u>	<u>444</u>	<u>428</u>	<u>449</u>	<u>461</u>	<u>467</u>	<u>476</u>	<u>490</u>	<u>531</u>	<u>532</u>

NOTES:

Source: Queen Anne's County Finance Office.

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

	<b>2007</b>	<b>2008</b>
<b>Governmental Activities:</b>		
General Government	90	90
Public Safety:		
Police	49	53
Fire - Emergency Management Services	69	68
Corrections	37	38
Animal Services	11	11
Public Works	87	91
Health	1	1
Social Services	40	38
Education	-	-
Parks & Recreation	39	40
Library	-	-
Conservation of Natural Resources	3	3
Economic/Community Development	12	12
	<u>438</u>	<u>445</u>
Total Governmental Activities	<u>438</u>	<u>445</u>
<b>Business-Type Activities:</b>		
Sanitary District	47	46
Bay Bridge Airport	3	3
Public Landings	3	3
Property Management	5	4
	<u>58</u>	<u>56</u>
Total Business-Type Activities	<u>58</u>	<u>56</u>
<b>Component Unit:</b>		
Public Housing Authority	10	11
	<u>10</u>	<u>11</u>
Total Full-Time County Employees	<u>506</u>	<u>512</u>

**NOTES:**

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.

County employees include the Public Housing Authority but exclude other component units. Therefore, no employees are listed for the Education or Library functions, which relate to the Board of Education and the Queen Anne's County Free Library component units, respectively.

As data becomes available in future years, this Table will be updated to include data for up to ten fiscal years.

Source: Queen Anne's County Finance Office.

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

	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Governmental Activities:										
General Government:										
Planning & Zoning:										
Number of commercial permits issued	235	294	124	118	219	295	272	256	235	23
Number of residential permits issued:										
Single Family Permits	438	322	374	406	326	271	247	224	160	138
Multi Family Permits	60	54	33	16	36	-	1	-	-	-
Renovations and Additions Permits	444	563	519	550	678	745	680	608	541	539
Public Safety:										
Fire and Rescue:										
Number of volunteer members	679	577	450	577	650	649	630	630	600	663
Police:										
Uniformed Police Officers	33	37	42	42	47	50	49	49	49	53
Number of law violations:										
Physical arrests	1,222	1,112	1,190	987	1,021	1,112	1,536	1,115	1,413	1,373
Traffic violations	3,815	3,602	3,227	1,904	2,322	4,363	5,307	4,962	5,310	5,745
Detention Center:										
Detention Center Officers	28	28	28	29	29	32	30	31	33	35
Average yearly prison population	N/A	N/A	86	80	92	92	96	99	113	112
Public Works:										
Wastewater Treated - Daily (mgd)	1.18	1.60	1.50	1.50	1.60	1.50	1.50	1.50	1.50	1.60
Education:										
Number of Personnel										
Teachers	431	439	446	447	458	459	479	496	501	522
Administrators	44	41	37	41	39	39	39	39	40	40
Support	41	283	265	303	303	302	321	318	327	338
Other	282	44	56	46	46	43	53	59	55	77
Number of Students	6,674	7,015	7,239	7,266	7,457	7,530	7,649	7,162	7,774	7,790
Number of High School Graduates	N/A	514	563	560						

NOTES:

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

Source: Various County departments.

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

	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Governmental Activities:										
Public Safety:										
Fire and Rescue:										
Number of volunteer stations	9	9	9	9	9	9	10	10	10	10
Equipment:										
Engines	20	19	19	17	13	16	17	17	16	16
Tankers	8	9	9	8	8	7	7	7	9	9
Aerial Units	3	3	3	4	3	4	4	4	4	4
Rescue Units	4	4	4	4	5	5	5	5	5	6
Brush Units	8	8	8	8	7	7	7	7	8	8
Air Units (MD State Police)	1	1	1	1	8	8	1	1	1	3
Boats	5	5	4	6	5	5	5	5	3	1
Ambulance/Medic Units	14	15	16	21	15	15	15	18	20	16
Cars/Other	7	7	11	19	15	20	20	20	16	17
Police:										
Number of Stations	1	1	1	1	1	1	1	1	1	1
Number of Vehicles										
Patrol	35	36	42	38	48	58	43	34	54	57
Other	-	6	8	8	21	6	15	26	15	7
Detention Center										
Capacity	104	104	104	104	104	104	104	104	104	104
Public Works:										
County Maintained Roads and Streets										
Paved (miles)	511	511	508	510	524	522	524	534	536	530
Unpaved (miles)	47	47	27	24	12	13	13	13	12	15
County Owned Water and Wastewater Facilities										
Water										
Miles of Mains	35	35	37	38	38	47	47	49	51	56
Water Treatment Plants	10	10	10	10	10	10	10	10	10	11
Booster Stations	2	2	2	3	2	2	2	2	2	2
Wastewater										
Miles of Mains	91	91	94	96	97	105	105	107	109	114
Wastewater Treatment Plants	2	1	1	1	1	1	1	1	1	1
Wastewater Collection, Lift, and Pumping Stations	26	27	28	28	28	29	29	29	29	31
Education:										
Number of Schools										
High Schools	2	2	2	2	2	2	2	2	2	2
Middle Schools	3	3	3	3	3	3	3	3	3	3
Elementary Schools	7	7	7	7	7	7	8	8	8	8
Parks and Recreation:										
Parks	20	21	25	24	24	24	24	28	29	32
Park Acreage	1,542	1,842	1,804	1,902	2,022	2,024	2,024	2,579	2,572	2,633
Public Landings	19	20	21	22	22	22	21	21	21	21
Library:										
Number of Libraries	3	3	3	3	3	3	3	3	3	3

NOTES:  
 Source: Various County departments.



*Sailing on the Chesapeake Bay, easily accessible from our many tributaries.*



