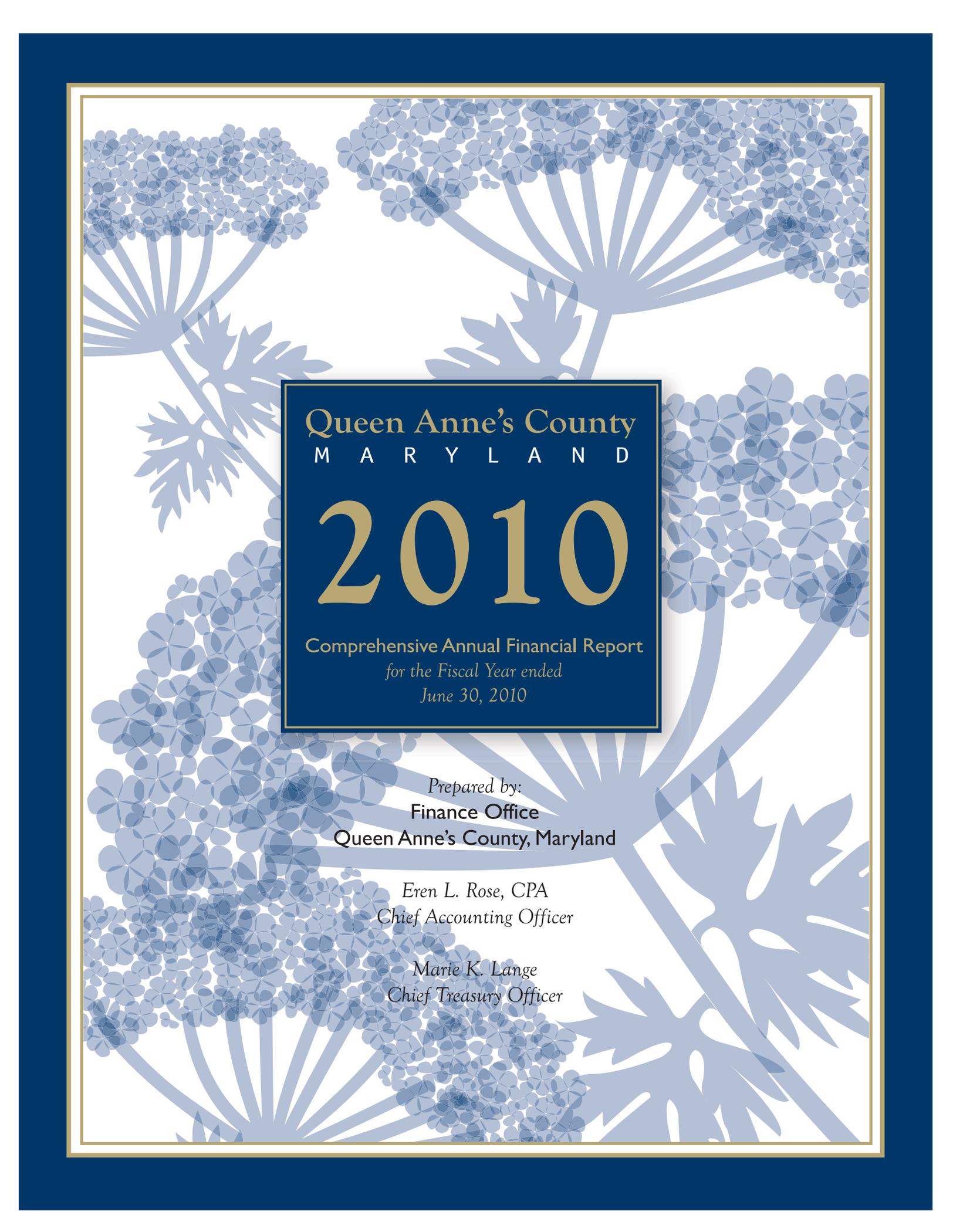


Queen Anne's County  
M A R Y L A N D

2010

Comprehensive Annual Financial Report  
*for the Fiscal Year ended  
June 30, 2010*





Queen Anne's County

M A R Y L A N D

2010

Comprehensive Annual Financial Report

*for the Fiscal Year ended*

*June 30, 2010*

*Prepared by:*

**Finance Office**

**Queen Anne's County, Maryland**

*Eren L. Rose, CPA*

*Chief Accounting Officer*

*Marie K. Lange*

*Chief Treasury Officer*



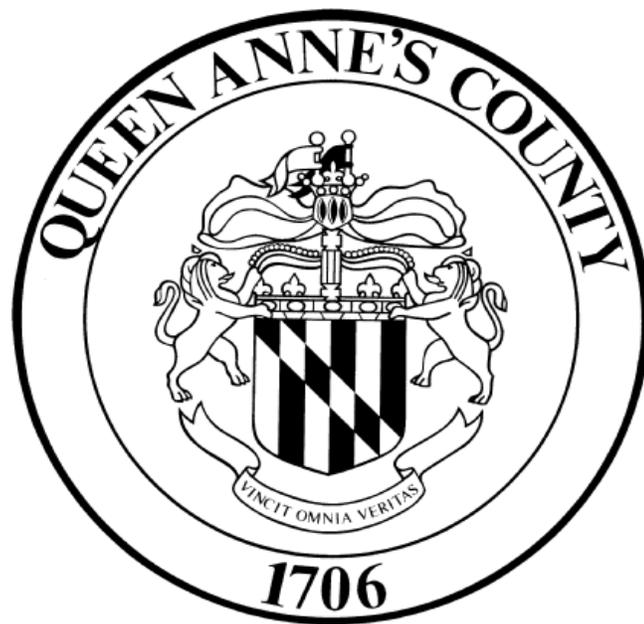
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 COMPREHENSIVE ANNUAL FINANCIAL REPORT  
 FISCAL YEAR ENDED JUNE 30, 2010  
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# **Introductory Section**





# 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

STEVEN J. ARENTZ – AT LARGE  
DAVID L. DUNMYER – DISTRICT 1  
BOB SIMMONS – DISTRICT 2  
PHILIP L. DUMENIL – DISTRICT 3  
DAVE OLDS – 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

December 16, 2010

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

## Formal Transmittal of the Comprehensive Annual Financial Report (CAFR)

State law requires that all general-purpose governments publish a complete set of financial statements presented in conformity with accounting principles generally accepted in the United States of America (GAAP) and audited in accordance with auditing standards generally accepted in the United States of America by a firm of licensed certified public accountants. Pursuant to that requirement, we hereby issue the comprehensive annual financial report of Queen Anne's County, Maryland for the fiscal year ended June 30, 2010.

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 of internal controls has been designed to provide a reasonable, rather than absolute, assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

Queen Anne's County's financial statements have been audited by 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, 2010, 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, 2010, 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, entitled Management's Discussion 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 48,650 citizens. The County seat is located in Centreville. The County Commissioners of Queen Anne's County are empowered to levy a property tax on both real and personal properties located within its boundaries.

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

Queen Anne's County provides a full range of services including public safety (police, volunteer fire protection, emergency services, detention center, and animal control), highways and streets, solid waste in landfill, 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 annual budget is prepared by fund, function (e.g. public safety), and department (e.g. detention center). Department Heads may make transfers of appropriations within a department of up to \$10,000 with the approval of the County Administrator. Transfers of appropriations or appropriation of new revenues in excess of \$10,000 require the approval of the County Commissioners. Budget to actual comparisons are provided in this report for individual governmental funds for which an appropriated annual budget has been adopted. The budget comparisons for the general fund and major special revenue funds are presented on pages 117 to 122 as part of the Required Supplementary Information portion of this report. For non-major funds with appropriated annual budgets, budget to actual comparisons are presented in the Supplementary Information subsection of this report on pages 136 to 140; on page 146; and on pages 182 to 183.

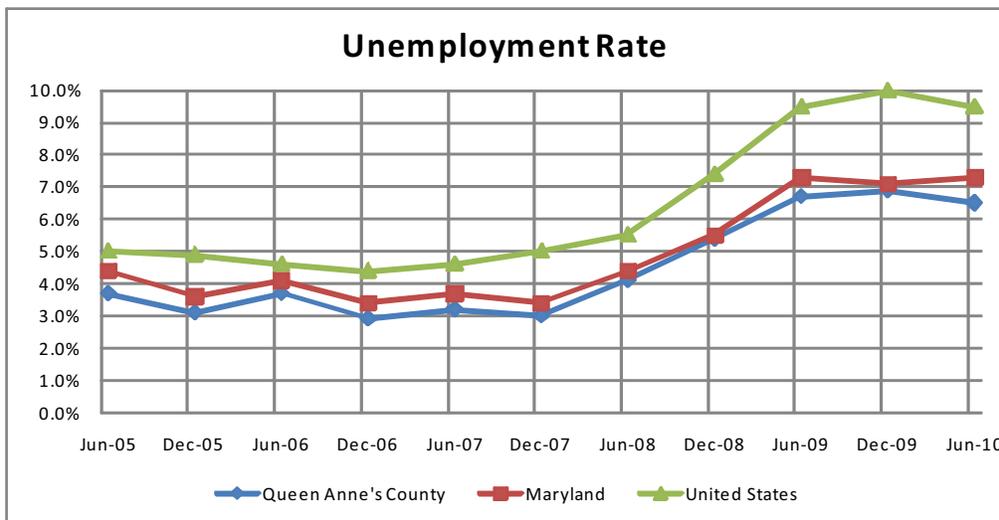
## ECONOMIC OUTLOOK AND CONDITION

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

### LOCAL ECONOMY

Queen Anne's County currently enjoys a relatively stable economic environment. Local indicators, such as lower than average unemployment, stable property values, and a manageable debt burden all point to continued stability.

**Low Unemployment** - Unemployment is typically below the state and national averages, as shown in the chart below. The June 2010 rate for the County was 6.5%, compared to the state's rate of 7.3% and the U.S.'s rate of 9.5%. The 2010 average rate for the county was 7.1%.



The local employment base is somewhat limited and centers on several stable manufacturers, as well as the agriculture, maritime, construction, retail, leisure, and hospitality industries. 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. In addition, the County's proximity to the Western Shore enables nearly 60% of the workforce to commute to locations outside the County, primarily to higher paying jobs in the Baltimore and Washington areas. Although local income tax decreased by 26.2% during fiscal year 2010, to pre-fiscal year 2004 levels, these positive employment figures and other economic indicators lead us to believe that this reduction in income tax is primarily due to loss of capital gains tax.

**Stable Property Values** - Fiscal year 2010 property tax revenues increased 7.1% above the previous fiscal year, although the tax rate remained the same. In its fiscal year 2011 budget, Queen Anne's County projected a 1.1% decrease in property taxes, primarily because the property tax rate was reduced slightly, from \$0.7700 to \$0.7671 per \$100 of assessed value.

Housing demand and prices are relatively stable, with County revenues related to housing activity improving slightly in fiscal year 2010. Also, recordation tax revenue, a leading indicator of the health of the local real estate market, increased by 4.7% over the prior fiscal year.

**Manageable Debt Burden** - General bonded debt outstanding, as a percentage of total taxable assessable base, has improved over the last ten fiscal years, from 2.11% in fiscal year 2001 to 1.22% in fiscal year 2010.

## **LONG TERM FINANCIAL PLANNING**

**Rainy Day Fund** – In calendar year 2002, the County adopted Ordinance No. 02-08 to establish a Rainy Day Fund. The ordinance requires that the County maintain a fund balance reserve for contingencies in an amount equal to 7% of general fund operating revenues budgeted for the following fiscal year. To use these funds, the Commissioners must publicly state the nature of the emergency and its expected long-term effects on the finances of the County. In addition, sufficient funds must be appropriated over the next two fiscal years to replenish this Fund to the minimal balance required by this Ordinance. The Rainy Day Fund balance is currently at the target level.

**Capital Projects** - The County Commissioner's six-year capital program, starting with fiscal year 2011, prioritizes capital expenditures over these years to meet the County's needs. The six-year program includes: \$68.3 million for construction and renovation of various school facilities; \$10.5 million for the Bay Bridge Airport; and \$6.3 million for a new community swimming pool. Offsetting half of the school construction and renovation costs, \$35.4 million in grants and other non-operating, non-debt resources are anticipated. Grants of \$10.2 million will cover nearly 97% of the Airport costs and another \$6.3 million will cover 100% of the costs for the community swimming pool.

**Budget Committee** – In calendar year 2009, the Commissioners adopted Resolution 09-10, which established a Citizens Budget Committee. For the fiscal year 2011 budget, this Committee was asked to advise the County Commissioners in developing the County's annual operating budget; to examine the feasibility of out-sourcing selected services by the County; and to advise the Commissioners in ways to make the financial processes of the government more transparent to the citizens. Committee meetings were open to the public and a number of citizens attended and participated in the meetings.

Although many of the recommendations of the Citizens Budget Committee to decrease expenditures were implemented in the fiscal year 2011 budget, the Commissioners voted against increasing the property and income tax rates.

## **FINANCIAL POLICIES**

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

**Debt Management Policy** – In calendar year 2009, the County adopted Resolution 09-13, which establishes the County's Local Debt Policy. In accordance with this policy, the Director of Finance is responsible for following certain procedures to ensure that debt limits established by the Policy are not exceeded. A key element of the Policy is that prior to issuance of any new bonded indebtedness, the Director must certify that existing and new General Obligation Debt will not exceed (1) 2.5% of the total taxable assessable base and (2) \$3,000 per capita.

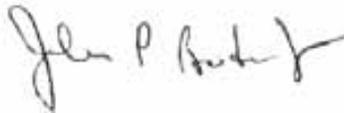
## AWARDS AND ACKNOWLEDGMENTS

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Queen Anne's County, Maryland for its comprehensive annual financial report (CAFR) for the fiscal year ended June 30, 2009. 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.

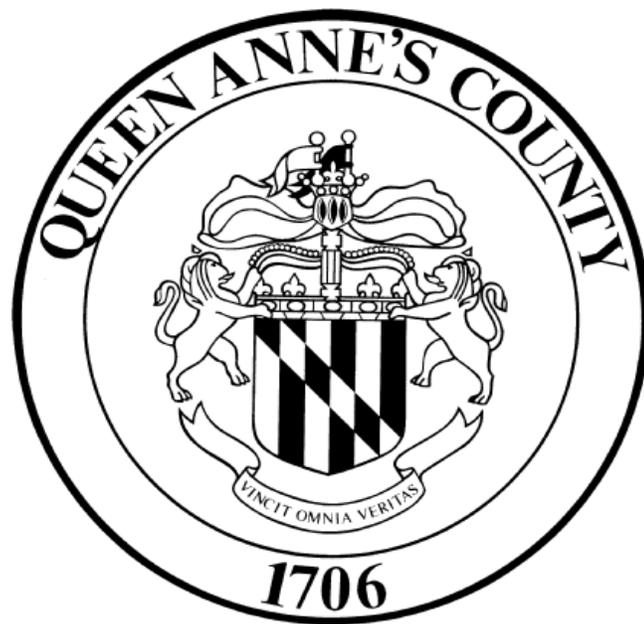
A Certificate of Achievement is valid for a period of one year only. Queen Anne's County, Maryland has received a Certificate of Achievement for the last eleven consecutive years (fiscal years 1999-2009). We believe our current comprehensive annual financial report continues to conform to the Certificate of Achievement program requirements and we are submitting it to GFOA to determine its eligibility for another certificate.

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

Respectfully submitted,



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, 2009

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.



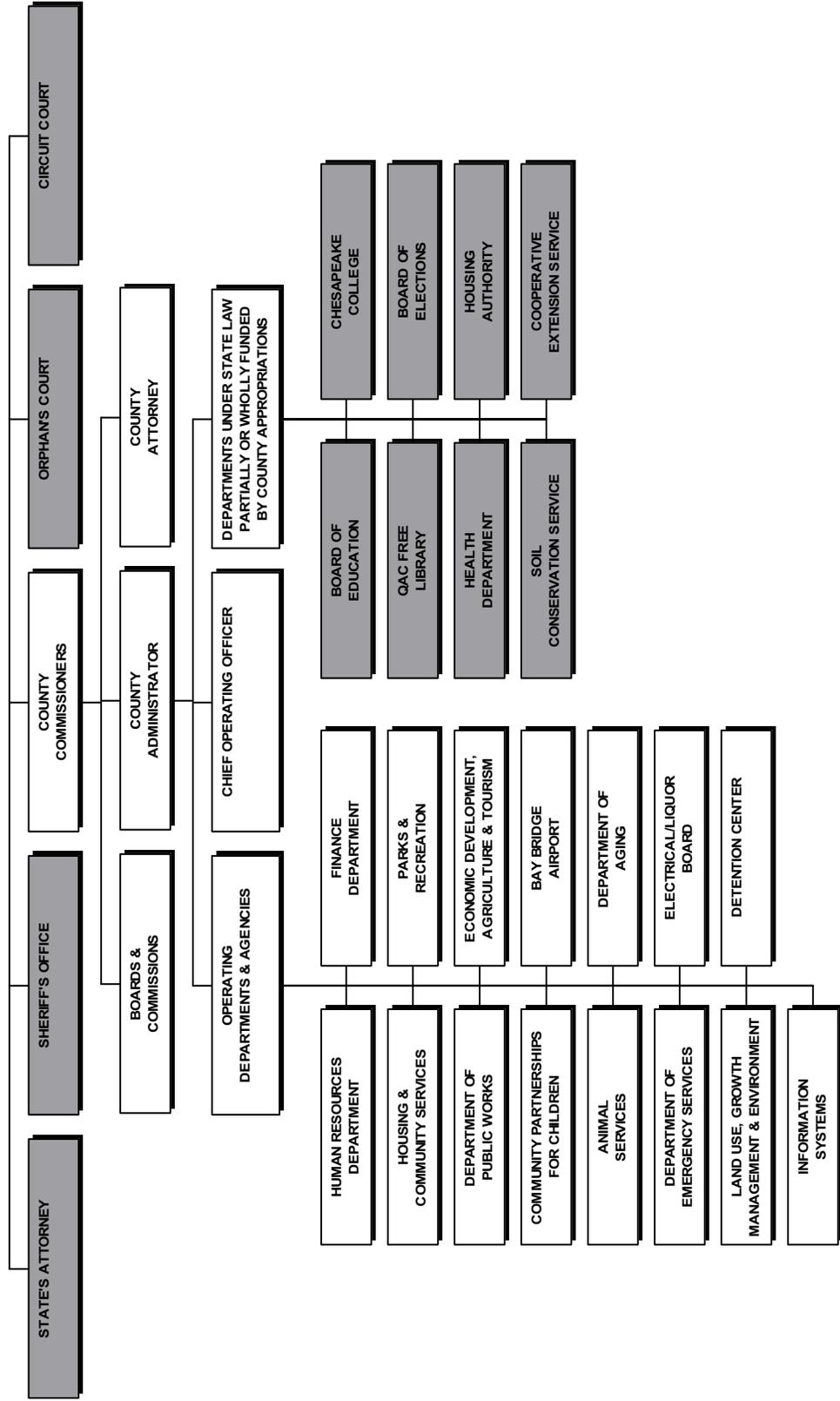
President

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, 2010**

---

**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, Esq.
Sheriff	Raymond G. Hofmann

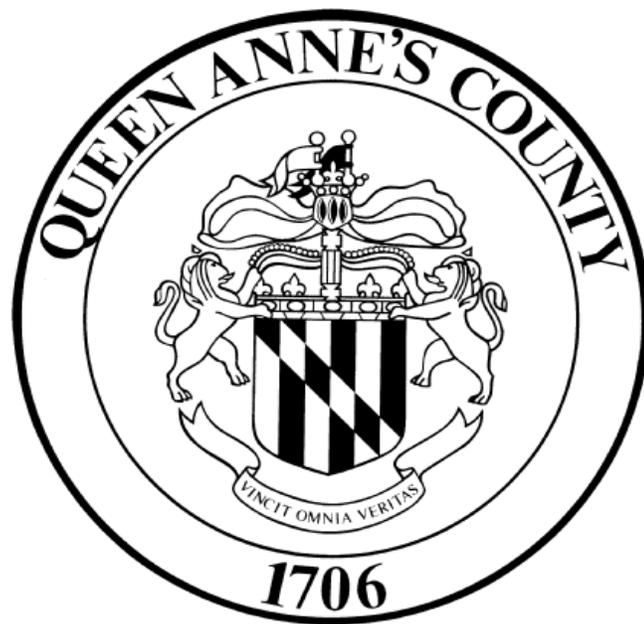
**CERTAIN DEPARTMENT HEADS AND OTHER OFFICIALS**

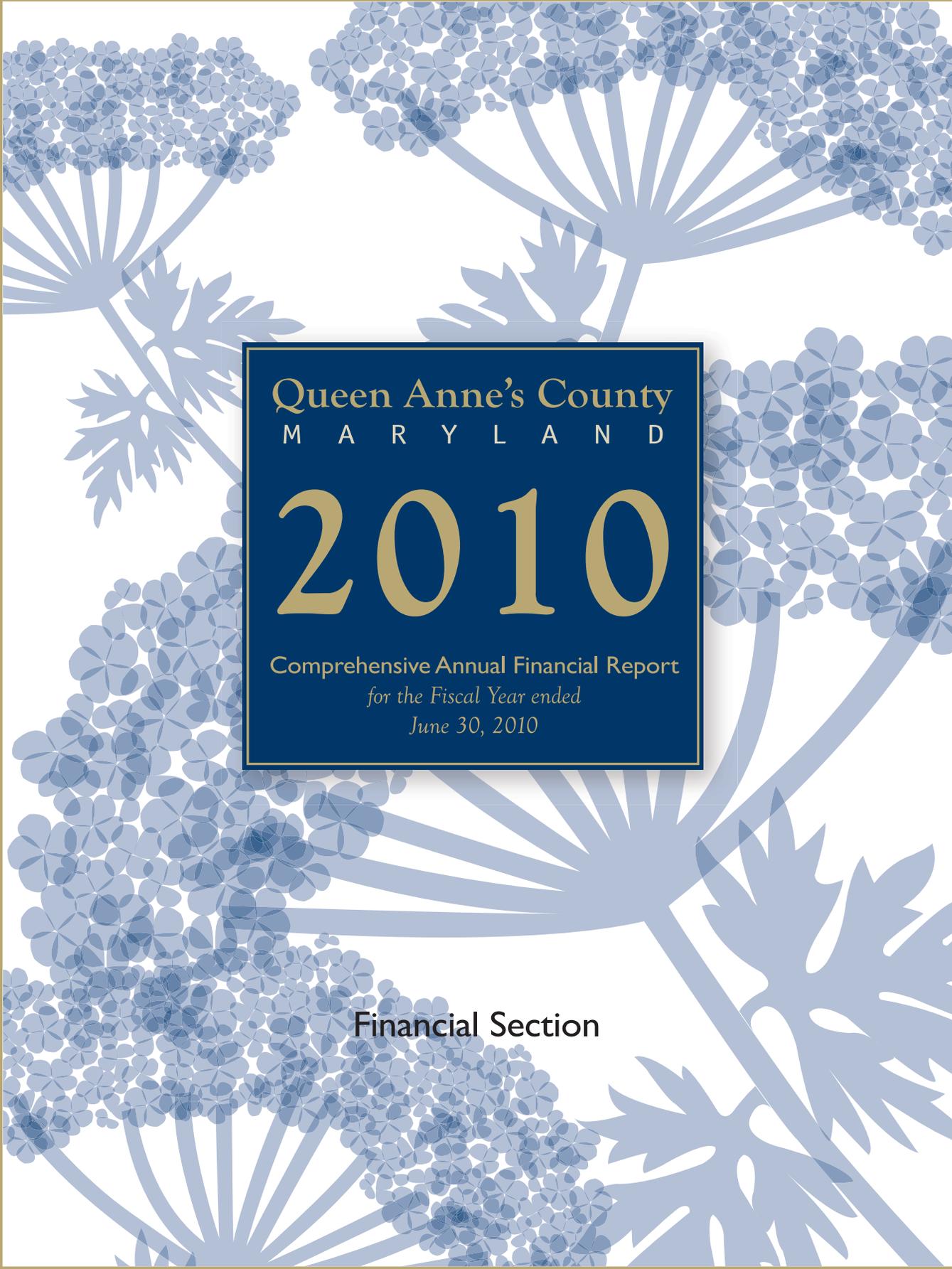
County Administrator	John P. Borders, Jr., CPA
Chief Operating Officer	Gregg A. Todd
Director of Public Works	Todd R. Mohn
Director of Economic Development, Agriculture, and Tourism	Faith E. Rossing
Chief of Land Use and Zoning	J. Steve Cohoon
Chief of Community and Environmental Planning	Helen M. Spinelli
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





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

2010

Comprehensive Annual Financial Report  
*for the Fiscal Year ended  
June 30, 2010*

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, 2010, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of County's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the component unit financial statements of the Board of Education of Queen Anne's County and the Queen Anne's County Free Library, which comprise 87% of the assets and 97% of the revenues of the discretely presented component units. 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 provides a reasonable basis for our opinions.

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, 2010, and the respective changes in financial position and cash flows, where applicable, 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 December 13, 2010 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; Schedule of Funding Progress; Schedule of Participating Agencies' Contributions; and Schedule of Revenues, Expenditures, Other Financing Sources 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 introductory section, combining and individual fund financial statements and supplementary schedules listed as supplementary data, and statistical section, as listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual fund financial statements and supplementary schedules, listed as supplementary data have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is 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  
December 13, 2010

# Management's Discussion and Analysis

## Introduction

This section of the Comprehensive Annual Financial Report of Queen Anne's County, Maryland (the County) presents a narrative overview and analysis of the financial activities of Queen Anne's County Government for the fiscal year ended June 30, 2010. 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.

## Adoption of new GASB Statements

During fiscal year 2010, the County adopted GASB Statement No. 51, *Accounting and Financial Reporting for Intangible Assets*. Under the new standard, the County recorded certain easements and other intangible land-related rights as non-depreciable intangible assets, as their useful lives are inexhaustible.

## 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 discretely presented 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 38 to 41 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 42 to 57.

**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. These reconciliations can be found on pages 45 and 48 to 49.

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

Queen Anne's County adopts an annual appropriated budget for its general fund; school, fire, and parks impact fee capital projects funds; and the following special revenue funds: roads board, department of aging, housing and community services, community partnerships for children, dredging special assessments, Kent Narrows, law library, inmate welfare, agricultural transfer, rural legacy, and purchase of development rights. A budgetary comparison statement has been provided for each of these funds, which can be found on pages 117 to 122; 136 to 140; 146; and 182 to 183 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 50 to 55 of this report, as well as non-major statements on pages 150 to 155.

**Fiduciary funds:** Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support Queen Anne’s County Government’s own programs. The County acts as a fiduciary for two trust and six agency funds. The accounting used for fiduciary funds is much like that used for proprietary funds. The basic fiduciary fund financial statements can be found on pages 56 to 57 of this report, while further detail can be found on pages 160 to 165.

**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 58 to 111 of this report.

## **Government-wide Financial Analysis**

### **Statement of Net Assets**

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

<b>Summary of Net Assets</b>	<b>Governmental Activities</b>		<b>Business Type Activities</b>		<b>Total</b>	
	<b>2010</b>	<b>2009</b>	<b>2010</b>	<b>2009</b>	<b>2010</b>	<b>2009</b>
Current and Other Assets	\$ 62,893,658	\$ 54,440,061	\$ 25,185,923	\$ 26,467,702	\$ 88,079,581	\$ 80,907,763
Capital Assets	143,124,217	137,608,599	100,360,772	99,900,415	243,484,989	237,509,014
<b>Total Assets</b>	<b>206,017,875</b>	<b>192,048,660</b>	<b>125,546,695</b>	<b>126,368,117</b>	<b>331,564,570</b>	<b>318,416,777</b>
Noncurrent liabilities	100,708,984	71,411,949	23,470,640	23,963,800	124,179,624	95,375,749
Other liabilities	7,112,156	7,508,361	4,862,873	5,370,954	11,975,029	12,879,315
<b>Total Liabilities</b>	<b>107,821,140</b>	<b>78,920,310</b>	<b>28,333,513</b>	<b>29,334,754</b>	<b>136,154,653</b>	<b>108,255,064</b>
<b>Net assets:</b>						
Invested in capital assets, net of related debt	121,702,025	123,217,989	79,032,373	77,146,688	200,734,398	200,364,677
Restricted	22,290,307	16,582,660	18,180,809	19,886,675	40,471,116	36,469,335
Unrestricted	(45,795,597)	(26,672,299)	-	-	(45,795,597)	(26,672,299)
<b>Total Net Assets</b>	<b>\$ 98,196,735</b>	<b>\$ 113,128,350</b>	<b>\$ 97,213,182</b>	<b>\$ 97,033,363</b>	<b>\$ 195,409,917</b>	<b>\$ 210,161,713</b>

The County’s total current and other assets increased by \$7.2 million, or 8.9 percent, to \$88.1 million. The County’s total assets exceeded its liabilities at the close of fiscal year 2010 by \$195.4 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, \$200.7 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 government only if the local Board determines a building is no

longer needed for educational purposes. Therefore, while the County's financial statements include outstanding debt related to Board of Education capital assets, those statements do not include the capital assets funded by the debt. Debt outstanding for the Board of Education amounted to \$57.7 million at June 30, 2010. Absent the effect of this relationship, the County would have reported positive unrestricted net assets of \$11.9 million on its government-wide financial statements, rather than the negative unrestricted net assets of \$45.8 million reported herein. For a multi-year view of this calculation, see the Footnote presented in Table 1 of the Statistical Section.

An additional \$40.5 million of the County's total net assets represents resources that are subject to restrictions on how they may be used. For governmental activities, this amount includes: \$9.9 million of unspent bond proceeds restricted for specific capital projects; \$7.1 million in net assets restricted for contingency/revenue stabilization during periods of economic downturn (general government function); \$3.6 million restricted for housing and revolving loan receivables (economic development function); and \$669 thousand for federally confiscated funds' mandates and donation specifications (public safety function). For business-type activities, this amount includes: \$7.0 million restricted for subsequent year operations in those enterprise funds not reported separately in the following restricted amounts; \$6.7 million in allocations restricted for Sanitary District capital projects or debt service; \$3.7 million restricted to meet Sanitary District debt covenants; and \$753 thousand restricted by Sanitary District developer exaction project requirements.

At the end of the current fiscal year, Queen Anne's County Government reports positive balances in two out of three categories of net assets, both for the government as a whole, as well as for its separate governmental activities. Business-type activities report all non-capital net assets as restricted, due to the inherent nature of those activities, and show a positive balance in both categories.

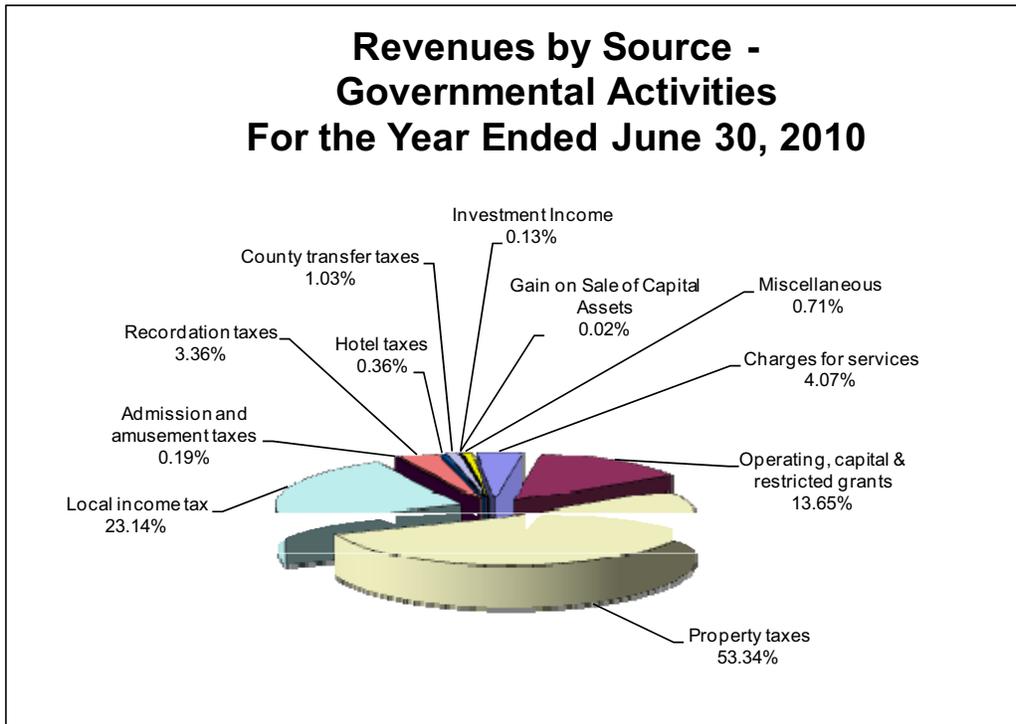
## Statement of Activities

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	
	2010	2009	2010	2009	2010	2009
<b>Revenues:</b>						
<b>Program revenues:</b>						
Charges for services	\$ 4,518,799	\$ 4,316,993	\$ 9,970,816	\$ 9,356,501	\$ 14,489,615	\$ 13,673,494
Operating grants and contributions	6,698,744	12,870,537	203,269	45,824	6,902,013	12,916,361
Capital grants and contributions	8,460,623	2,865,454	2,562,943	1,041,115	11,023,566	3,906,569
<b>General revenues:</b>						
Property taxes	59,267,240	55,362,114	-	-	59,267,240	55,362,114
Local income tax	25,715,247	34,834,937	-	-	25,715,247	34,834,937
Other local taxes						
Admission and amusement taxes	208,736	235,588	-	-	208,736	235,588
Recordation taxes	3,734,340	3,565,584	-	-	3,734,340	3,565,584
Hotel taxes	397,141	428,998	-	-	397,141	428,998
County transfer taxes	1,147,179	1,103,095	-	-	1,147,179	1,103,095
Investment income	144,553	642,472	436,045	595,279	580,598	1,237,751
Gain on sale of capital assets	26,731	1,540,404	-	-	26,731	1,540,404
Miscellaneous	786,719	2,182,525	962,540	918,688	1,749,259	3,101,213
<b>Total Revenues</b>	<b>111,106,052</b>	<b>119,948,701</b>	<b>14,135,613</b>	<b>11,957,407</b>	<b>125,241,665</b>	<b>131,906,108</b>
<b>Expenses:</b>						
<b>Governmental Activities:</b>						
General government	14,089,387	13,317,683	-	-	14,089,387	13,317,683
Public safety	25,361,341	23,570,049	-	-	25,361,341	23,570,049
Public works	9,432,489	10,237,718	-	-	9,432,489	10,237,718
Health	1,663,321	1,590,004	-	-	1,663,321	1,590,004
Social services	5,554,667	5,617,621	-	-	5,554,667	5,617,621
Education	53,491,659	53,296,238	-	-	53,491,659	53,296,238
Parks and recreation	3,618,427	5,060,018	-	-	3,618,427	5,060,018
Libraries	1,473,689	1,414,008	-	-	1,473,689	1,414,008
Conservation of natural resources	5,281,372	2,473,308	-	-	5,281,372	2,473,308
Economic and Community development	2,001,306	2,197,116	-	-	2,001,306	2,197,116
Interest and fiscal charges	3,510,678	2,831,002	-	-	3,510,678	2,831,002
<b>Business-type Activities:</b>						
Water and sewer	-	-	10,610,705	10,689,782	10,610,705	10,689,782
Parks and recreation	-	-	2,789,901	2,178,163	2,789,901	2,178,163
Public marinas	-	-	96,739	38,050	96,739	38,050
Airport	-	-	1,017,780	879,906	1,017,780	879,906
<b>Total Expenses</b>	<b>125,478,336</b>	<b>121,604,765</b>	<b>14,515,125</b>	<b>13,785,901</b>	<b>139,993,461</b>	<b>135,390,666</b>
Decrease in Net Assets before Transfers	(14,372,284)	(1,656,064)	(379,512)	(1,828,494)	(14,751,796)	(3,484,558)
Transfers in (out)	(559,331)	(3,348,074)	559,331	3,348,074	-	-
<b>Increase (Decrease) in Net Assets</b>	<b>(14,931,615)</b>	<b>(5,004,138)</b>	<b>179,819</b>	<b>1,519,580</b>	<b>(14,751,796)</b>	<b>(3,484,558)</b>
Net Assets - Beginning of Year	113,128,350	118,132,488	97,033,363	95,513,783	210,161,713	213,646,271
<b>Net Assets - End of Year</b>	<b>\$ 98,196,735</b>	<b>\$ 113,128,350</b>	<b>\$ 97,213,182</b>	<b>\$ 97,033,363</b>	<b>\$ 195,409,917</b>	<b>\$ 210,161,713</b>

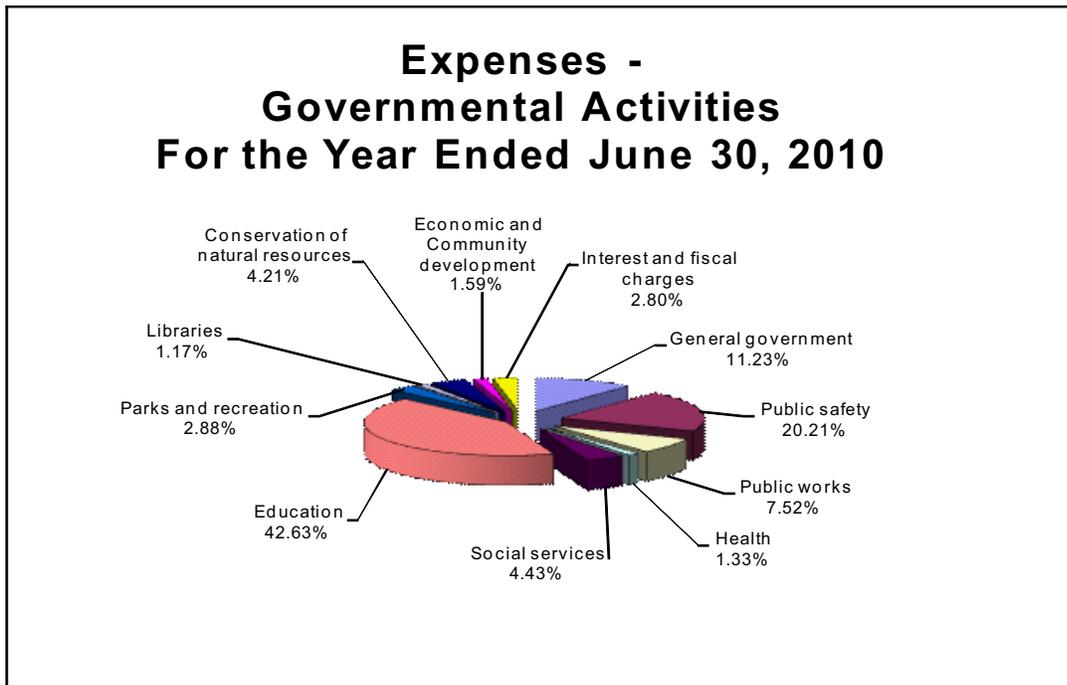
**Governmental activities:**

Revenues for governmental activities were \$111.1 million for fiscal year 2010. The following chart depicts revenues by source for governmental activities:



- Taxes comprise the largest source of County revenue, totaling \$90.5 million (81.4 percent) of total revenue for fiscal year 2010. Of that amount, property and local income tax together yielded \$85.0 million (76.5 percent) of all revenue. Each County sets its own property and income tax rates, within parameters established by the State. For fiscal years 2010 and 2009, the County's property tax rate remained constant at \$.770 per \$100 of assessed value of real property, based on full cash value of that property. The County's local income tax rate remained at 2.85 percent of the State taxable income for calendar years 2010 and 2009. There is no local sales tax in the State of Maryland.
- Operating grants and contributions, totaling \$6.7 million, reflect grants from Federal and State agencies that support specific County programs. Programs that benefit the most this year are: social services (\$2.7 million or 39.8 percent) and public safety (\$1.9 million or 28.2 percent).
- Charges for services, totaling \$4.5 million, reflect fees charged to County citizens. These primarily support public safety (\$1.3 million or 28.0 percent) and general government functions (\$1.3 million or 28.0 percent).
- Capital grants and contributions, totaling \$8.5 million, reflect contributions from Federal and State agencies, as well as developers. Capital activities that benefit the most this year are: conservation of natural resources (\$4.2 million or 49.5 percent) and social services (\$2.7 million or 31.8%).

Expenses for all governmental activities were \$125.5 million for fiscal year 2010. 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 \$53.5 million (42.6 percent). In order of priority, public safety expenses totaled \$25.4 million (20.2 percent); general government expenses were \$14.1 million (11.2 percent); public works and roads expenses were \$9.4 million (7.5 percent); social services expenses totaled \$5.6 million (4.4 percent); conservation of natural resources were \$5.3 million (4.2 percent); parks and recreation expenses were \$3.6 million (2.9 percent); economic and community development expenses were \$2.0 million (1.6 percent); and other expenses were \$6.6 million (5.4 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	
	2010	2009	2010	2009	2010	2009
Education	\$ 53,491,659	\$ 53,296,238	\$ 1,285,201	\$ 909,936	\$ (52,206,458)	\$ (52,386,302)
Public Safety	25,361,341	23,570,049	3,457,898	2,934,508	(21,903,443)	(20,635,541)
General Government	14,089,387	13,317,683	1,852,149	1,464,530	(12,237,238)	(11,853,153)
Public Works	9,432,489	10,237,718	1,688,797	8,579,913	(7,743,692)	(1,657,805)
Social Services	5,554,667	5,617,621	5,422,585	3,344,801	(132,082)	(2,272,820)
Conservation of Natural Resources	5,281,372	2,473,308	4,385,045	844,413	(896,327)	(1,628,895)
Parks and Recreation	3,618,427	5,060,018	932,408	1,328,792	(2,686,019)	(3,731,226)
Economic and Community Development	2,001,306	2,197,116	654,083	646,091	(1,347,223)	(1,551,025)
Other	6,647,688	5,835,014	-	-	(6,647,688)	(5,835,014)
<b>Total</b>	<b>\$ 125,478,336</b>	<b>\$ 121,604,765</b>	<b>\$ 19,678,166</b>	<b>\$ 20,052,984</b>	<b>\$ (105,800,170)</b>	<b>\$ (101,551,781)</b>

Of the total cost of \$125.5 million for governmental activities, \$19.7 million (15.7 percent), of those costs were covered by program-related revenues paid by individuals and external governmental entities. Of these outside entities, individuals who benefited directly from County programs were charged user fees of \$4.5 million, while governments and other organizations that benefited indirectly from these programs contributed operating grants of \$6.7 million and capital grants of \$8.5 million.

County taxpayers paid for most of the remaining \$105.8 million in net program costs, through a variety of County taxes, for a total of \$91.4 million. Net program costs of services provided to the public, in order of net cost, were: \$52.2 million for education; \$21.9 million for public safety; \$12.2 million for general government; \$7.7 million for public works; \$2.7 million for parks and recreation; \$1.3 million for economic and community development; \$896 thousand for conservation of natural resources; \$132 thousand for social services; and \$6.6 million for other services. See Changes in Net Assets and General Fund Budgetary Highlights for further details.

Changes in net assets: Government-wide revenues, less expenses, plus/minus transfers in/out, yield changes in net assets. During fiscal year 2010, governmental activities decreased the County's net assets overall by \$14.9 million, compared to a decrease of \$5.0 million in fiscal year 2009. The following discussion explains changes in net assets relative to the prior fiscal year.

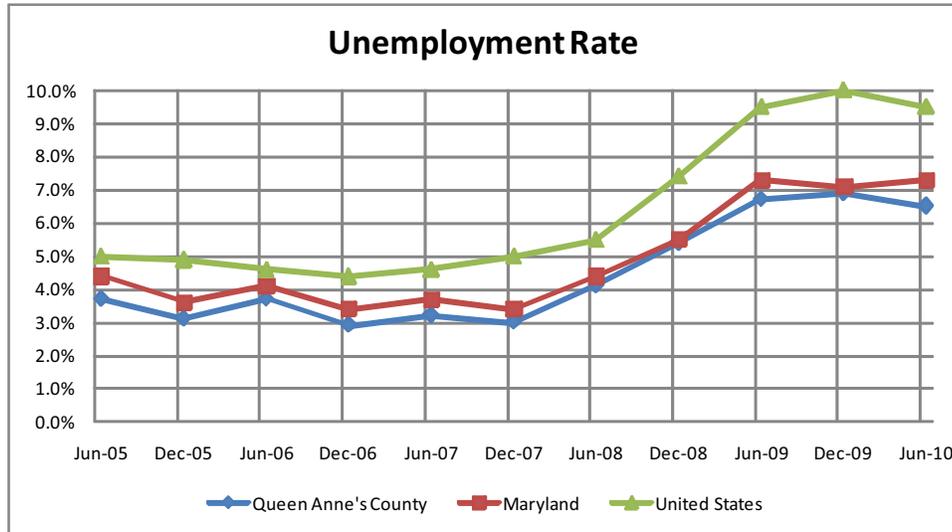
Revenues for governmental activities decreased by \$8.8 million (7.4 percent). The following key revenues changed, when compared to the prior fiscal year:

- Property tax revenue increased by \$3.9 million (7.1 percent) during fiscal year 2010, from \$55.4 million to \$59.3 million. Although the property tax rate remained the same for both years (\$0.77 per \$100 assessed value), one third of the County's property assessments were still within the three-year assessment window that included higher real estate values in effect at the time of assessment. In particular, the County's fourth tax district, Kent Island, includes much of the County's Chesapeake Bay shoreline and many commercial properties and constitutes about 43 percent of the County's taxable assessed base. This district was last re-assessed in December, 2008, based on property values in effect prior to December, 2008, and in time for the fiscal year 2010 tax levy.
- Local income tax, however, decreased by \$9.1 million (26.2 percent decrease), from \$34.8 million to \$25.7 million. This decrease reflects changes in taxable wages and capital gains tax as they accrue to County citizens and as they flow through the State to the County, as evidenced by the following information.
  - Each year, the State holds some local income tax receipts as a reserve on behalf of the counties, as shown in the table below:

Local Income Tax Reserve - Held by State of Maryland for Queen Anne's County

<u>as of June 30</u>	<u>Tax Year</u>	<u>Reserve</u>	<u>Percent Change</u>	<u>Increase/(Decrease)</u>
2003	2001	\$ 7,514,231		
2004	2002	9,791,788	30%	\$ 2,277,557
2005	2003	10,814,022	10%	1,022,234
2006	2004	12,051,523	11%	1,237,501
2007	2005	12,303,288	2%	251,765
2008	2006	12,902,125	5%	598,837
2009	2007	11,695,290	-9%	(1,206,835)
2010	2008	7,378,018	-37%	(4,317,272)

- At the end of fiscal year 2010, the State decreased its Local Income Tax Reserve held on behalf of Queen Anne's County, by \$4.3 million, from \$11.7 million to \$7.4 million. This Reserve is held by the State to issue tax refunds on behalf of individual counties. As shown in the table above, this change represents a sharp drop of 37% from fiscal year 2009 and brings the Reserve back to below fiscal year 2003 levels. This reduction reflects receipts that are significantly less than the prior year, and, according to State officials, is a direct result of the country's recession.
- It is interesting to note that the County's unemployment rate is typically below the state and national averages, as noted in the table below:



- The June 2010 unemployment rate for the County was 6.5 percent, compared to the state's rate of 7.3 percent and the nation's rate of 9.5 percent. If a portion of the income tax reductions are related to losses on capital investments, then those income tax reductions would not be a function of employment.
- Gain on sale of capital assets decreased by \$1.5 million because virtually no capital assets were sold during the year.
- Miscellaneous Revenue decreased by \$1.4 million, from \$2.2 million in fiscal year 2009 to \$787 thousand in fiscal year 2010. This change is due to the following two factors:
  - The County participates in a health care consortium that purchases BlueCross BlueShield insurance on behalf of its members, with the provision that claims in excess of premiums will be covered by the collective members of the consortium. To mitigate this risk, the County charges sufficient premiums to cover this possibility and records a contingency liability in case costs exceed expectations. Each year, this contingency is adjusted to actual costs.
  - The County also collects workmen's compensation insurance based on insurance rates attributable to each class of worker and then undergoes an annual audit to ascertain if those rates are accurate.
  - The health care contingency account and the workmen's compensation audit both resulted in more revenues being realized in fiscal year 2009 than in the current year.

Health care and workmen's compensation adjustments were higher by \$700 thousand and \$507 thousand, respectively, in fiscal year 2009 than in fiscal year 2010. These adjustments vary from year to year on a routine basis.

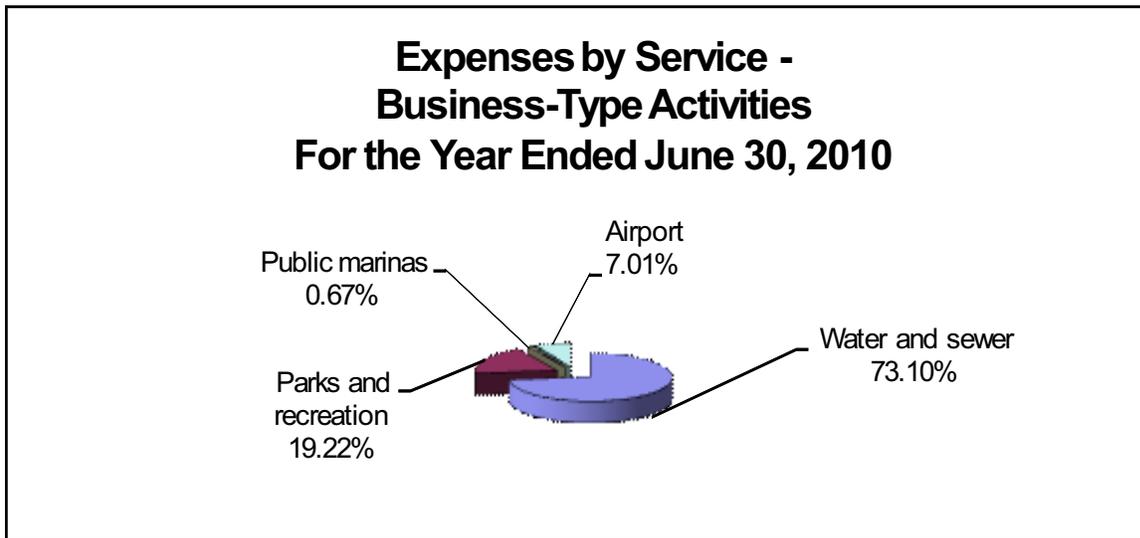
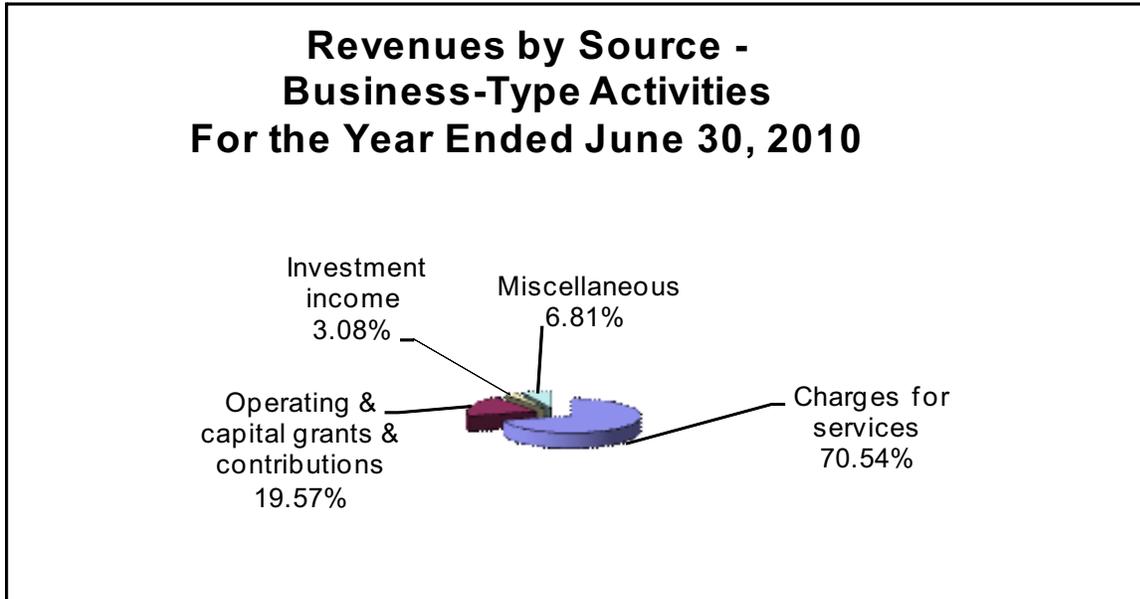
- Investment Income decreased by \$498 thousand, from \$642 thousand in fiscal year 2009 to \$145 thousand in fiscal year 2010. This change resulted both from fluctuations in cash on hand and severe interest rate reductions. At the beginning of fiscal year 2009, the County held \$45.6 million in cash and the average daily rate of interest earned on County investments in the Maryland Local Government Investment Pool (MLGIP), the County's sole investment vehicle, was 2.1 percent. One year later, the County held only \$31.5 million in cash and interest rates averaged 0.47 percent. During fiscal year 2010, interest rates remained negligible and ended the year at 0.21 percent. Even though cash increased by \$12.3 million during fiscal year 2010 (or 39 percent) to \$43.7 million, interest earnings fell.

Expenses for governmental activities increased by \$3.9 million (3.2 percent) and transfers out to business-type activities decreased by \$2.8 million, for a net increase of \$1.1 million. Key positive and negative expense changes, in order of relative importance, are:

- Conservation of Natural Resources increased by a net of \$2.8 million (113.5 percent) which was almost entirely resulting from Rural Legacy expenses increasing by \$2.9 million (417.2 percent). This increase was due to the increase in easements purchased in the Rural Legacy program, which were funded with State grants.
- Public Safety expenses increased by a net of \$1.8 million (7.6 percent) and were entirely funded by the County. (1) Although overall *personnel* costs increased by \$1.2 million (7.4 percent) from fiscal year 2009 to 2010, \$743 thousand (47.4 percent) of the increase related to other post-employment benefit costs. (2) In addition, regular *personnel* costs increased overall by \$416 thousand (3.0 percent). Emergency Services' personnel costs increased by \$277 thousand (5.2 percent) due to a variety of reasons (career ladder promotions, increase in health insurance costs, winter storms causing increase in overtime). Personnel costs also increased in the Detention Center due to increased staff to cover an increase in beds. (3) Fire Impact Fee distributions increased by \$603 thousand (267.9 percent). In fiscal year 2010, all available funds were distributed to the Fire Companies as of February 2010. In fiscal year 2009, only one distribution was made to a specific Fire Company for the purchase of a ladder truck.
- Parks and Recreation expenses decreased by \$1.4 million (28.5 percent). In fiscal year 2009, there was a *loss on disposal of capital assets* of \$1.5 million, compared to a small loss of \$5 thousand in fiscal year 2010. This loss in fiscal year 2009 resulted entirely from an interdepartmental transfer of capital assets, consisting of the County's Exhibition Center and related property. Although this property used to be operated as a parks and recreation facility, it was renovated into a business and tourism facility because of its prime location at Kent Narrows.
- Transfers Out decreased by \$2.8 million (83.3 percent) from \$3.3 million in fiscal year 2009 to \$559 thousand in fiscal year 2010. This decrease resulted primarily from a one time transfer of \$2.8 million in fiscal year 2009 from the General Capital Projects Fund to various enterprise funds in order to bring the negative cash and net asset balances in the enterprise funds to a zero or near-zero balance, as these enterprise funds were never intended to be entirely self-supporting. No such transfer was made in fiscal year 2010. Any negative cash amounts were covered with an interfund payable / receivable entry; however, transfers were not made for the purpose of bringing negative cash or net asset balances to positive amounts.

**Business-type activities:**

Revenues, transfers in, and expenses for business-type activities were \$14.1 million, \$559 thousand, and \$14.5 million, respectively, for fiscal year 2010. 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 altogether by \$180 thousand in fiscal year 2010, which was \$1.3 million (88.2 percent) less than the prior year's increase of \$1.5 million. The fiscal year 2010 change in net assets resulted primarily from:

- Charges for services increased by \$614 thousand (6.6 percent), from \$9.4 million to \$10.0 million. The majority of the increase was due to increased demand in the Sewer Operations Fund, compared to the prior fiscal year.

- Capital grants increased by \$1.5 million (146.2 percent), from \$1.1 million to \$2.6 million in fiscal year 2010. The net increase in funding resulted from changes in several projects. As a result of increased activity related to the new runway project, the Airport had an increase of \$1.2 million for capital projects; The Kent Narrows / Waterman's Rehabilitation project generated an additional \$545 thousand more for the marinas capital projects; three separate projects related to bulkheads and ramps in public landings resulted in an additional \$229 thousand; offsetting the increases in capital grants was a decrease of \$311 thousand for sewer capital projects; and \$164 thousand less was received for water capital projects.
- Transfers in decreased from \$3.3 million in fiscal year 2009 to \$559 thousand in fiscal year 2010. This decrease resulted primarily from transfers in of \$2.8 million in fiscal year 2009 from the General Capital Projects Fund to various enterprise funds in order to bring the negative cash and net asset balances in the enterprise funds to a zero or near-zero balance. No such transfer was made in fiscal year 2010. Instead, any negative cash amounts were covered with an interfund payable / receivable entry.
- Operating expenses before transfers increased by \$729 thousand (5.3 percent), from \$13.8 million in fiscal year 2009 to \$14.5 million in fiscal year 2010, for all business-type activities. This change results from several significant factors: (1) Staff costs in Parks and Recreation Programs, excluding other post-employment benefit costs, increased by \$335 thousand (197 percent) from \$170 thousand in fiscal year 2009 to \$505 thousand in fiscal year 2010. This increase was caused by a reclassification of employees from the General Fund to Programs. A transfer of \$344 thousand from the General Fund to Programs was intended to offset the increase in staff costs. (2) Other post-employment benefit costs increased by \$267 thousand (39.3 percent). (3) Snow removal costs for the Airport were \$62 thousand in fiscal year 2010, compared to no costs in fiscal year 2009. These costs related to the snow storms that occurred in December 2009 and February 2010. These costs were partially offset by FEMA reimbursements totaling \$32 thousand.

### **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 \$49.6 million, compared to \$36.5 million for the prior year. Approximately 18.2 percent of this total (\$9.1 million) constitutes *unreserved undesignated fund balance*, which is available for spending based on each fund's specific purpose.

The *reserved fund balance*, at 46.2 percent of total fund balance (\$22.9 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 restrict unspent 2009 Bond proceeds until they are used to fund general capital projects, per the terms of the 2009 Bond (\$9.9 million); (2) to cover loan receivable balances (\$3.6 million) and contingencies (\$7.1 million); (3) to restrict the unspent portion of Federal confiscated funds received (\$669 thousand); and (4) to earmark other monies for a variety of other specific purposes (\$1.7 million).

The remaining 35.6 percent of fund balance (\$17.6 million) constitutes *unreserved designated fund balances*. These amounts have been *designated for subsequent year's* operating and capital budgets (\$6.2 million and \$4.6 million, respectively) and are recorded in the County's budget documents as beginning resources to fund expenditures. In addition, amounts have been designated to liquidate contracts, purchase orders, and capital commitments of the prior period (\$6.8 million).

The General Fund is the chief operating fund of Queen Anne's County Government. At the end of the current fiscal year, the General Fund has no *unreserved undesignated fund balance*. If this had been a positive amount, it would have been available for spending. However, the total fund balance, including reserved and designated balances, is \$14.0 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 of \$109.1 million, as calculated in the table shown below. Although the *unreserved undesignated fund balance* percentage is zero, *total fund balance* of \$14.0 million represents 12.9 percent of the total General Fund expenditures and other financing uses. 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 \$1.0 million, compared to an increase of \$2.1 million during the prior fiscal year. This \$3.1 million net change was due entirely to increased spending of \$7.3 million, as shown in the following table:

<u>Expenditures and Transfers Out</u>	General Fund		Increase (Decrease)
	2010	2009	
Expenditures			
Education	\$ 49,204,590	\$ 48,856,359	\$ 348,231
Public Safety	20,331,793	20,083,251	248,542
General Government	9,715,915	9,871,927	(156,012)
Debt Service	8,018,224	7,843,837	174,387
Other	13,594,820	12,553,738	1,041,082
Subtotal Expenditures	<u>100,865,342</u>	<u>99,209,112</u>	<u>1,656,230</u>
Other Financing Uses - Transfers Out to:			
Roads Board Operating	4,663,551	30,616	4,632,935
Department of Aging	1,564,634	1,622,471	(57,837)
General Capital Projects Fund	664,733	21,483	643,250
Parks & Recreation Enterprise - Programs	424,468	43,000	381,468
Department of Housing and Community Services	368,639	416,742	(48,103)
Other Funds	533,631	439,300	94,331
Subtotal Transfers Out	<u>8,219,656</u>	<u>2,573,612</u>	<u>5,646,044</u>
Total Expenditures and Transfers Out	<u>\$ 109,084,998</u>	<u>\$ 101,782,724</u>	<u>\$ 7,302,274</u>

The largest single increase is the transfer of \$4.6 million from the General Fund to the Roads Board Operating Fund. Until fiscal year 2010, the 550-mile-long County Roads system was maintained exclusively by Highway User Tax revenue, a tax imposed at the State level but shared with the counties. About one month after the County had officially adopted its fiscal year 2010 budget and irrevocably set its property and income tax rates, the State officially indicated that it would no longer share this tax with the counties in any meaningful way. To compensate for this loss of funding, the General Fund transferred a total of \$4.6 million to the Roads Board. This

transfer, along with residual Highway User Tax from the prior year, was used to provide services during the year. At the end of fiscal year 2010, the Roads Board held a positive unreserved fund balance of \$3.5 million, which will be used to cover Roads operations for fiscal year 2011, although at well below the previous year's \$5.6 million level of service.

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

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

As of June 30, 2010, the General Capital Projects Fund has a total fund balance of \$17.7 million, when compared to \$4.8 million at the end of the prior fiscal year. This \$12.9 million change in total fund balance is composed of \$9.9 million in 2009 Bond proceeds, which were received but legally restricted to cover certain on-going projects; \$3.0 million designated to fund the FY11 capital budget; a \$2.8 million decrease in encumbrances to cover work under contract but not yet completed; and a \$2.9 million increase in *unreserved undesignated fund balance*.

The *unreserved undesignated fund balance* changed from a deficit of \$2.9 million in fiscal year 2009 to a slightly positive balance of \$1,490 in fiscal year 2010. This improvement resulted directly from receipt of the 2009 Bond proceeds, since issuance of those Bonds had been delayed by more than a year, into fiscal year 2010. Much of those proceeds covered eligible project costs that were paid during fiscal year 2009, and thereby replenished fund balance in fiscal year 2010. Another \$8.3 million of unreserved undesignated fund balance was transferred for use in the General Fund.

Most capital projects not covered by existing resources will be covered by issuing Bonds in fiscal year 2011. The largest such project by far is construction of a new Middle School located in Sudlersville, for which the County has advanced \$2.7 million so far. The total project costs of \$27.4 million will be covered by \$12.0 million in State funding plus \$15.4 million in funding from upcoming County Bonds.

The Roads Capital Projects Fund accounts for roads capital project activities funded by State Shared Highway User Tax revenues, roads-related capital grants, and roads benefit assessments.

As of June 30, 2010, the Roads Capital Projects Fund has a total fund balance of \$4.0 million, compared to \$3.5 million at the end of the prior fiscal year. Of the total increase of \$514 thousand, \$460 thousand relates to advance funding of two specific capital projects which exceeded their expenditures for the year; those amounts will be utilized in subsequent years to complete these projects. Of this total fund balance of \$4.0 million, none is designated for subsequent year's capital projects, compared to \$1.5 million designated for this purpose the previous year, while \$1.2 million is unreserved, undesignated fund balance, compared to \$701 thousand available for spending in the prior year. Due to reductions in funding from the State, as noted below and elsewhere in this MD&A, mostly grant-funded capital projects were completed during the year.

The School Impact Fees Capital Projects Fund accounts for financial resources generated by new residential construction. Those funds are then used for the construction of public school facilities or payment of debt relating to such construction.

The total fund balance as of June 30, 2010 was \$1.1 million, which was a decrease of \$552 thousand from the prior year fund balance of \$1.6 million. This decrease resulted from a transfer out of \$1.4 million to the General Fund, to cover debt service payments related to school construction, while only \$856 thousand was received during the year. This revenue consists

mainly of impact fee charges, which were higher by \$82 thousand than received the year before, but less than the amount needed to cover annual school-related debt service payments.

The Roads Board Fund accounts for State Shared Highway User Tax revenue, reimbursements from other County departments for specific tasks completed on their behalf, plus transfers received from the County. These funds are used to maintain County road infrastructure.

The total fund balance as of June 30, 2010 was \$4.2 million, which was an increase of \$881 thousand from the prior year fund balance of \$3.3 million. This increase in fund balance resulted directly from a \$1.3 million decrease in operating expenditures for the year, including a complete cessation of capital outlay. As noted previously in this MD&A, the State virtually ceased sharing a State levied Highway User Tax revenue with its counties, starting early in fiscal year 2010. Therefore, the County sought to complete only crucial tasks during the year, while curtailing routine maintenance. Although the County transferred \$4.6 million to the Roads Board Fund from the General Fund, this transfer did not equal Highway User Tax received in previous years, which averaged \$5.7 million per year for the prior three fiscal years.

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

Total *unrestricted net assets* of the Sanitary District Enterprise Funds at the end of fiscal year 2010 amounted to \$13.6 million, which is \$558 thousand less than the prior year. This resulted entirely from the use of Restricted Fund assets to repay a large portion of debt service due for the new BNR/ENR sewer plant debt, which is an approved use for these restricted monies.

*Total net assets* amounted to \$75.6 million at the end of fiscal year 2010, which decreased by \$1.3 million when compared to the prior year. This decrease is also due to the same transfer of monies, in excess of receipts, from the Restricted and Debt Service Funds to operating Funds to pay debt service. During fiscal year 2010, \$787 thousand and \$350 thousand were transferred in excess of receipts from the Restricted and Debt Service Funds, respectively.

The *unrestricted net assets* of the Bay Bridge Airport Enterprise Fund at year end amounted to negative \$80 thousand compared to a positive \$74 thousand at the end of the prior fiscal year, reflecting a net change of \$154 thousand. This change was mostly due to an operating loss that was \$117 thousand more than the prior fiscal year. Of this amount, \$62 thousand was for snow removal due to last year's record snow falls and \$40 thousand for increased repair costs.

Despite an operating deficit of \$376 thousand, *total net assets* still increased by \$1.2 million. This increase was a direct result of increased federal and state capital contributions to cover several on-going capital projects. For fiscal year 2010, the Airport's total net assets increased from \$12.4 million to \$13.6 million.

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

### **General Fund Budgetary Comparisons**

The County adopts an operating budget for the General Fund as of July 1 each year and amends that budget throughout the year in response to actual events. Three Schedules detail these events: summary, revenues and expenditures. These schedules can be found as part of Required Supplemental Information, which is located after the Notes on pages 117 through 121. These Schedules report original and final budgets, as well as the variance between actual events and final budgets.

Original to Final Budget Comparisons. The final expenditure budget for the General Fund, including transfers out, totaled \$112.7 million. Amendments increased spending authority by \$2.7 million during fiscal year 2010, when compared to the original budget of \$110.0 million.

Major components of these expenditure budget increases are as follows:

- Budgeted Miscellaneous Expenditures on behalf of Insurance and Benefit costs increased by \$513 thousand during the year, to \$960 thousand. As noted previously in this MD&A, this increase in budget authority arose out of the following two events:
  - The County participates in a health care consortium that purchases insurance on behalf of its member entities, with the provision that claims in excess of premiums are covered by the collective members of the consortium. To mitigate this risk, the County charges sufficient premiums to cover this possibility and sets aside a contingency liability in case costs exceed expectations. Each year, this liability account is adjusted based on actual costs.
  - The County also allocates workmen's compensation insurance costs through the year based on insurance rates attributable to each class of workers. At year end, these costs are similarly adjusted to actual costs.
  - During fiscal year 2010, health care and workmen's compensation claims were higher than originally estimated and the budget was increased by \$513 thousand to cover actual costs. It is not unusual for these costs to fluctuate from year to year.

Budgeted Transfers Out from the General Fund to the Roads Board Operating Fund increased by \$2.2 million during the year, to \$4.7 million. This increase in funding relates entirely to a change in funding from the State of Maryland to the County. As discussed previously in this MD&A, the State substantially reduced the County's share of Highway User Tax. In response, the County transferred \$4.6 million from the General Fund to the Roads Board. This transfer, along with residual Highway User Tax from the prior year, was used to provide services during the fiscal year 2010 and into fiscal year 2011.

Budget to Actual Comparisons. Actual revenues for the General Fund, including other financing sources and before appropriated fund balance, were less than final budgetary estimates by \$706 thousand. Actual expenditures, and other financing uses, were less than final budgetary appropriations by \$3.6 million. The net effect of these two opposing events was a positive variance of actual to final budget of \$2.9 million.

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

Revenues:

- Recordation tax revenue was \$440 thousand less than expected (15.0 percent). This is because the original budget was based on fiscal year 2009 actual tax received, yet the method by which this tax was allocated among County Funds changed between the two years. In fiscal year 2009, \$2.93 million in recordation tax was actually received and this amount was re-budgeted virtually intact for fiscal year 2010. However, the recordation tax rate of \$4.95, per \$500 recorded value, consists of a number of distinct rates, of which \$0.50 is to be used for the new courthouse. In fiscal year 2009, the courthouse tax rate of \$0.50 was collected in the General Fund, along with \$3.30 for general revenue, for a total tax rate of \$3.80 collected in the General Fund. However, in fiscal year 2010, \$2.5 million was received in the General Fund, while the courthouse amount of \$377 thousand was collected in the General Capital Projects Fund instead. Therefore, 13.2 percent of the tax

rate was diverted from the General Fund to the Capital Projects Fund during fiscal year 2010, but the budgeted recordation tax revenue was not amended to reflect this change.

- Investment income was \$387 thousand less than expected (86.0 percent). As discussed earlier in the MD&A, this resulted from fluctuations in cash on hand and severe interest rate reductions. Cash on hand fluctuated from \$45.6 million at the beginning of fiscal year 2009, earning 2.1 percent; to \$31.5 million cash on hand a year later, earning 0.47 percent; to \$43.7 million cash on hand at the end of fiscal year 2010, earning only 0.21 percent. The interest rate reductions, in particular, were not anticipated.

#### Expenditures:

- Final Budgeted Salaries and Benefits were \$27.7 million for the year, while actual costs were \$27.0 million. They were underspent at year-end by \$767 thousand million (2.8 percent). Of this amount, the sheriff's office was responsible for \$207 thousand of the unspent portion, the detention center for \$157 thousand, and land use and zoning for \$102 thousand. This was due to routine turnover and vacant positions.
- Final Budgeted Other Operating Charges were \$83.3 million for the year, while actual costs were \$80.8 million. These costs were lower than budget at year end by \$2.5 million (3.2 percent). Operating Charges include contracted services, supplies, debt service, transfers out, and other charges.
  - Contracted Services were underutilized by \$484 thousand, largely due to savings by the detention center (\$242 thousand), with the largest savings for medical charges (\$202 thousand).
  - Supplies were underspent by \$304 thousand, with savings spread evenly among all departments. The largest line-item savings were for equipment operation (\$145 thousand) and printing and publishing (\$82 thousand).
  - Other Charges were underspent by \$1.3 million. About half of this amount (\$669 thousand) relates almost entirely to the Sheriff's Office drug-enforcement confiscated funds, the remainder of which will be re-budgeted each year until they are spent. The other large amount relates to the Health Department and represents the unspent portion of their allocation (\$254 thousand). Per agreement, this amount will be re-allocated to a health-related project in the following fiscal year.
  - Transfers Out were underutilized by \$394 thousand, primarily due to savings by the Department of Aging (\$316 thousand) that allowed that Department to forgo this portion of their appropriation.
- Final Budgeted Capital Outlay was \$1.7 million for the year, while actual costs were \$1.3 million. Purchases of capital assets were less than anticipated by \$351 thousand (20.1 percent). Of this amount, a large portion (\$233 thousand) resulted from uncertainty about whether the Department of Emergency Services would be awarded particular capital grants, which slowed the process to purchase equipment once the grants were received.

#### 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, 2010 amounts to \$243.5 million (net of accumulated depreciation). This investment in capital assets includes land and land improvements, intangible rights, construction in progress, buildings, improvements other than buildings, infrastructure, autos, machinery, and equipment.

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

Capital Assets, Net of Depreciation	Governmental Activities		Business Type Activities		Total	
	2010	2009	2010	2009	2010	2009
Land and Land Improvements	\$ 79,718,879	\$ 78,853,728	\$ 14,209,466	\$ 14,209,466	\$ 93,928,345	\$ 93,063,194
Intangible Rights - Easements	13,390	-	-	-	13,390	-
Construction in Progress	11,616,229	14,157,439	5,199,865	1,475,247	16,816,094	15,632,686
Buildings	26,865,669	20,418,727	12,419,423	13,089,146	39,285,092	33,507,873
Improvements other than Buildings	4,570,359	4,135,066	4,137,631	4,389,205	8,707,990	8,524,271
Infrastructure	8,962,561	9,197,613	48,632,364	50,059,533	57,594,925	59,257,146
Auto, Machinery, and Equipment	11,377,130	10,846,026	15,762,023	16,677,818	27,139,153	27,523,844
Total	\$ 143,124,217	\$ 137,608,599	\$ 100,360,772	\$ 99,900,415	\$ 243,484,989	\$ 237,509,014

Queen Anne's County's total investment in capital assets for the current fiscal year, net of depreciation, increased by 2.5 percent, or \$6.0 million. Of this amount, governmental investment in capital assets increased by \$5.5 million, most of which (\$4.3 million) related to construction in progress, while business-type investment in capital assets increased by \$460 thousand, due entirely to construction in progress (\$3.7 million), as depreciation expense (\$3.7 million) decreased all other capital categories.

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

Changes in Capital Assets	Governmental Activities				
	2009	Additions	Construction In Progress & Transfers	Retirements	2010
Land and Land Improvements	\$ 78,853,728	\$ 866,769	\$ -	\$ (1,618)	\$ 79,718,879
Intangible Rights - Easements	-	-	13,390	-	13,390
Construction in Progress	14,157,439	4,777,972	(6,027,382)	(1,291,800)	11,616,229
Buildings	27,963,214	2,574,512	4,529,875	(1,601)	35,066,000
Improvements other than Buildings	4,927,677	6,070	584,297	(586)	5,517,458
Infrastructure	15,478,289	12,986	-	-	15,491,275
Auto, Machinery, and Equipment	27,012,567	2,058,517	899,820	(982,721)	28,988,183
Total Assets before depreciation	168,392,914	10,296,826	-	(2,278,326)	176,411,414
Less Depreciation	(30,784,315)	(3,307,796)	-	804,914	(33,287,197)
Total Assets after depreciation	\$ 137,608,599	\$ 6,989,030	\$ -	\$ (1,473,412)	\$ 143,124,217

Changes in Capital Assets	Business-Type Activities			
	2009	Additions	Retirements	2010
Land and Land Improvements	\$ 14,209,466	\$ -	\$ -	\$ 14,209,466
Construction in Progress	1,475,247	3,724,618	-	5,199,865
Buildings	18,186,494	32,315	-	18,218,809
Improvements other than Buildings	6,407,390	-	-	6,407,390
Infrastructure	68,016,100	208,114	-	68,224,214
Auto, Machinery, and Equipment	23,055,190	221,933	-	23,277,123
Total Assets before depreciation	131,349,887	4,186,980	-	135,536,867
Less Depreciation	(31,449,472)	(3,726,623)	-	(35,176,095)
Total Assets after depreciation	\$ 99,900,415	\$ 460,357	\$ -	\$ 100,360,772

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

- Land and Land Improvements *increased* by \$867 thousand almost exclusively due to this year's purchase of a single property. Because of its location adjacent to existing judicial and governmental buildings in downtown Centreville, the County purchased one parcel of improved land and intends to develop it into a new County Courthouse at some time in the future (\$815 thousand).
- Construction in Progress (CIP) *increased* by \$4.8 million due to purchases and *decreased* by \$6.0 million due to assets being reclassified from construction in progress to specific types of assets, plus \$1.3 million in assets were *retired* from service or reclassified from capital to operating expenses.
  - *Additions* to construction in progress, of \$4.8 million, include current costs for projects that were completed this year and *reclassified* to specific assets at year end, as noted below, such as: (a) the finance system project, which financed many computer-related equipment purchases (\$351 thousand); (b) the county facilities program, which improved building facilities (\$269 thousand); and (c) the courthouse renovation project, which improved the County's historic courthouse building (\$164 thousand).
  - *Additions* to construction in progress, of \$4.8 million, also include current costs for projects still *under construction* at year end, such as: (a) the Nesbit Road Emergency Room infrastructure project, which constructed road and sewer improvements to an existing county road so that the public could reach the new Emergency Room Medical facility associated with the University of Maryland medical system and located in Grasonville (\$2.3 million); (b) development of the White Marsh Park facility (\$622 thousand), which will become part of the County's park system when complete; and (c) the Sudlersville infrastructure project that constructed road and sewer improvements to County roads so that the public could access the new Foxxtown public housing facility (\$204 thousand).
  - *Decreases* (\$6.0 million), due to *reclassifications* of projects recorded previously as construction in progress, include the following.
    - Items *reclassified* to buildings and improvements include: (a) the Detention Center Expansion project, which completed a major expansion of the existing facility (\$2.4 million); (b) the Matapeake Park Clubhouse project, which included design and construction of the clubhouse (\$830 thousand); (c) the Centreville Recycling Facility project, which improved the Centreville MCF facility (\$719 thousand); (d) the County Facilities project, which improved a number of county buildings (\$269 thousand); (e) the Courthouse Renovation project, which enhanced and improved the County's historic courthouse building (\$164 thousand).
    - Items *reclassified* to Improvements to Site Other than Buildings include: (a) upgrade of the Wells Cove Landing (\$202 thousand); (b) improvements to the Ewing Pond Park (\$165 thousand); and (c) continued development of the Conquest Beach property (\$102 thousand).
    - Items *reclassified* to auto, machinery and equipment include: (a) the finance system project financed many computer-related equipment purchases (\$351 thousand); (b) the Emergency Services Department installed records management software and equipment (\$188 thousand) as well as software upgrades necessary to operate the County's radio towers and emergency communication system in conjunction with other emergency entities (\$160 thousand); and (c) the IT infrastructure project purchased

telephone and computer equipment (\$47 thousand and \$103 thousand, respectively) and installed them throughout the county's facilities.

- *Retirements* of \$1.3 million include the following three projects, which were anticipated to be capital in nature but were found to be at least partially related to operating repairs instead. They are as follows, broken down into their capital and their operating components, respectively: (a) the county facilities program improved building facilities (\$269 thousand) but also performed operating repairs for those facilities (\$309 thousand); (b) the finance system project financed many computer-related capital equipment purchases (\$351 thousand) but also maintained those computer systems (\$352 thousand); and (c) the courthouse renovation project improved the County's historic courthouse building (\$164 thousand) but also performed routine maintenance of that same facility (\$433 thousand). All of the operating components noted above were removed from construction in progress as retirements.
- Buildings and Improvements *increased* by \$2.6 million due to current year purchases and donations and by another \$4.5 million due to assets being *reclassified* from construction in progress to buildings and improvements.
  - *Additions* of \$2.6 million include the following assets: (a) a new Senior Center, located in Sudlersville adjacent to the new Foxxtown public housing facility, was constructed with grant and county funds (\$2.1 million cost) and then donated to the Department of Aging to own and manage; and (b) the existing building located on the parcel which the County intends to develop into a new County Courthouse (\$500 thousand).
  - *Reclassification* of \$4.5 million from *construction in progress* to specific asset accounts reclassified the following amounts from construction in progress to buildings and improvements: (a) the Detention Center Expansion project, which represents a major expansion of the existing detention facility (\$2.4 million); (b) the Matapeake Park Clubhouse project, which includes design and construction of the clubhouse (\$830 thousand); (c) the Centreville Recycling Facility project, which improves the Centreville MCF facility (\$719 thousand); (d) the County Facilities project, which improves a number of county buildings in a variety of ways (\$269 thousand); (e) the Courthouse Renovation project, which brought aspects of the County's historic courthouse building up to current standards (\$164 thousand).
- Improvements to Site Other than Buildings *increased* by \$584 thousand due to assets being *reclassified* from construction in progress to site improvements, as follows: (a) upgrade of the Wells Cove Landing (\$202 thousand); (b) improvements to the Ewing Pond Park (\$165 thousand); and (c) continued development of the Conquest Beach property (\$102 thousand)
- Intangible Rights - Easements and Infrastructure remained virtually the same.
- Auto, Machinery and Equipment *increased* by \$2.1 million due to current year purchases and donations, as well as another \$900 thousand due to assets being *reclassified* from construction in progress to these three types of assets, plus \$983 thousand in assets *retired* from service.
  - *Additions* of \$2.1 million included the following purchases and donations: (a) Emergency Services received a grant to purchase the Verizon Emergency Phone System to improve communications (\$805 thousand); (b) Department of Aging received FY09 and FY10 State grants (\$179 thousand and \$429 thousand, respectively) to purchase several small-scale transit buses; (c) Emergency Services constructed a 800 MHz tower

and upgraded communication software to accommodate the tower (\$289 thousand); and (d) Emergency Services purchased a Horton Ambulance (\$164 thousand).

- *Reclassifications* of \$900 thousand included: (a) the finance system project, which financed many computer-related equipment purchases (\$351 thousand); (b) the Emergency Services Department installation of records management software and equipment (\$188 thousand) and software upgrades necessary to operate the County's radio towers and emergency communication system (\$160 thousand); and (c) the IT infrastructure project purchases and installation of telephone and computer equipment (\$47 thousand and \$103 thousand, respectively).
- *Retired* items of \$983 thousand included the following, the majority of which were fully depreciated: (a) obsolete computer software and hardware (\$581 thousand); (b) four Massey Ferguson Tractors (\$92 thousand); and (c) retirement of an 800 MHZ tower on which multiple emergency communication devices had been attached (\$85 thousand).

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

- Construction in Progress (CIP) *increased* by \$3.7 million. *Additions* include the following larger projects: (a) the Airport is constructing a new taxiway, supported primarily by federal grants (\$1.5 million); (b) Kent Narrows Marina is rehabilitating the marina facility (\$945 thousand); and (c) the Sanitary District is improving the Stevensville to Chester Water Main (\$397 thousand).
- Infrastructure *increased* by \$208 thousand, entirely due to developer contributions to the Sanitary District when such infrastructure items, constructed by the developer, become incorporated into the County's water and sewer system.
- Auto, Machinery and Equipment *increased* by \$222 thousand due to current year purchases. By far the largest single purchase is a Dump Truck, purchased by the Sanitary District for its routine operations (\$97 thousand).

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

**Long-term debt:** At the end of the current fiscal year, Queen Anne's County Government had total bonded debt, loans, capital leases, other post-employment benefit obligations, and compensated absence obligations of \$124.2 million for its governmental and business-type activities.

The full faith, credit and unlimited taxing power of the County are irrevocably pledged to the levy and collection of taxes in order to provide for the payment of principal and interest due on the bonded debt.

Of this \$124.2 million in debt, \$23.5 million is considered to be self-supporting, in that obligations of the County's enterprise funds will be funded through charges and assessments related to the operations of those funds. In addition, the Sanitary District's Debt Service Fund holds total assets of \$6.0 million, which are restricted to payment of the Sanitary District's subsequent year's debt. See Note 10 on pages 94 to 96 for restricted assets and subsequent year debt service obligations.

Debt activities are summarized as follows:

Bonded Debt, Loans, Other Post-Employment Benefit Obligation, and Compensated Absences	Governmental Activities		Business Type Activities		Total	
	2010	2009	2010	2009	2010	2009
	Bonds, Notes, Premiums and Deferred Debt Costs	\$ 89,725,398	\$ 65,480,470	\$ 21,611,733	\$ 23,083,523	\$ 111,337,131
Other Post-Employment Benefit Obligation	8,548,639	3,688,090	1,562,119	615,955	10,110,758	4,304,045
Compensated Absences	2,434,947	2,243,389	296,788	264,322	2,731,735	2,507,711
Total Long-term Debt	<u>\$ 100,708,984</u>	<u>\$ 71,411,949</u>	<u>\$ 23,470,640</u>	<u>\$ 23,963,800</u>	<u>\$ 124,179,624</u>	<u>\$ 95,375,749</u>

During the current fiscal year, the County's total net debt increased by \$28.8 million (30.2 percent). Of this amount, governmental debt increased by \$29.3 million (41.0 percent), while business-type debt decreased by \$493 thousand (2.1 percent). During the fiscal year, the County issued 2009 Bonds totaling \$29.9 million and also entered into a promissory note agreement for \$800 thousand. In addition, total Other Post-Employment Benefit Obligations increased by \$5.8 million. Offsetting these increases were changes in accruals, plus the County's repayment of existing debt in accordance with established repayment schedules for bonds, notes, and capital lease agreements.

Additional information on the County's long-term debt can be found in Note 9, pages 84 to 93, of this report.

The public local laws of Queen Anne's County limit the amount of general obligation debt to no more than \$8.0 million, unless authorized under specific legislation. Currently, approximately \$6.2 million of this authority is available. All other debt has been authorized under specific legislation. Additional information on the computation of the legal debt margin can be found in Table 12 of the Statistical Section of this report.

During fiscal year 2010, the rating agencies recalibrated their ratings and Queen Anne's County Government received an "AA+" bond rating from Fitch Rating Service and an "Aa2" bond rating from Moody's Investors Service.

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

The following economic factors were considered in preparing Queen Anne's County Government's operating and capital budgets for the 2011 fiscal year:

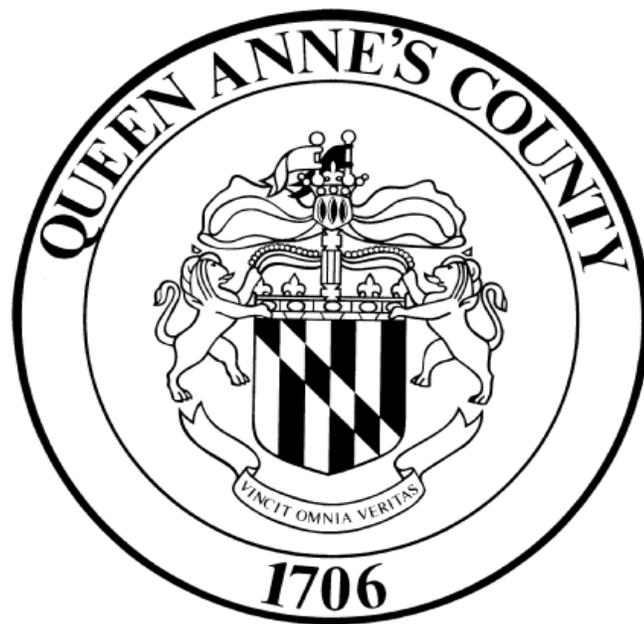
- Property assessments are projected to grow by 0.4 percent over the previous year, based on State Assessment Office values used to compute the Constant Yield rate.
- The County Commissioners adopted a property tax rate of \$.7671 per \$100 of assessed valuation of real property, the Constant Yield Rate, for fiscal year 2011. This is a slight decrease from the rate of \$0.770 used for the 2010 fiscal year.
- Income tax revenue is projected to increase to \$32.98 million in fiscal year 2011, which is an 11% increase over actual receipts for fiscal year 2010. The County Commissioners based this increase, in part, on the fact that the County currently has the lowest unemployment rate on the Eastern Shore, as well as other positive economic indicators that came to their attention during budget deliberations. This budgeted amount is less than the average income tax received for the last five fiscal years of \$33.40 million.
- In preparation for the fiscal 2011 budget, a Citizens Budget Committee was formed. The Committee was asked to advise the County Commissioners in developing the County's annual operating budget; to examine the feasibility of out-sourcing selected services by

the County; and to advise the Commissioners in ways to make the financial processes of the government more transparent to the citizens. Although many of the recommendations of the Citizens Budget Committee to decrease expenditures were implemented in the fiscal year 2011 budget, the Commissioners voted against increasing the property and income tax rates. Some of the implemented recommendations were:

- Defer non-essential capital projects;
- Furlough employees for five to ten days, depending on level of service;
- Change overtime calculation; and
- Reduce spending in a variety of areas.

### **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, Queen Anne's County Finance Office, 107 N. Liberty Street, Centreville, Maryland 21617. This report can also be found on the County's website, <http://www.qac.org> (see Departments, Finance, Financial Reports and Forms, Link to 2009 Comprehensive Annual Financial Report (CAFR)).



# **Basic Financial Statements**

**QUEEN ANNE'S COUNTY, MARYLAND**  
**STATEMENT OF NET ASSETS**  
**JUNE 30, 2010**

	PRIMARY GOVERNMENT		
	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
<b>ASSETS</b>			
Equity in Pooled Cash and Investments	\$ 43,728,010	\$ 8,879,329	\$ 52,607,339
Cash and Cash Equivalents	-	-	-
Taxes Receivable (Net)	365,553	-	365,553
Accounts and Loans Receivable (Net)	4,560,813	605,168	5,165,981
Special Assessments (Net)	1,243,298	-	1,243,298
Internal Balances	595,738	(595,738)	-
Due from Primary Government	-	-	-
Due from Component Units	344,546	-	344,546
Due from Other Governments	11,344,294	986,911	12,331,205
Bond Interest Reimbursement Receivable - Build America Bond	113,640	2,085	115,725
Inventories	594,266	378,923	973,189
Prepaid Items	3,500	84,626	88,126
<b>Restricted Assets:</b>			
Equity in Pooled Cash and Investments	-	11,362,925	11,362,925
Investments	-	-	-
Accounts Receivable (Net)	-	57,029	57,029
Special Assessments Receivable (Net)	-	3,424,665	3,424,665
<b>Capital Assets:</b>			
Nondepreciable Assets	91,348,498	19,409,331	110,757,829
Depreciable Assets, Net	51,775,719	80,951,441	132,727,160
<b>Total Assets</b>	<b>206,017,875</b>	<b>125,546,695</b>	<b>331,564,570</b>
<b>LIABILITIES</b>			
Accounts Payable and Other Current Liabilities	3,015,464	668,392	3,683,856
Accrued Interest Payable	1,049,686	135,814	1,185,500
Due to Other Governmental Agencies	600,503	-	600,503
Unearned Revenue	2,446,503	731,836	3,178,339
Escrow Deposits	-	45,558	45,558
<b>Liabilities Payable from Restricted Assets:</b>			
Unearned Revenue	-	3,281,273	3,281,273
<b>Noncurrent Liabilities:</b>			
Due within One Year	7,649,500	2,237,352	9,886,852
Due in More than One Year	93,059,484	21,233,288	114,292,772
<b>Total Liabilities</b>	<b>107,821,140</b>	<b>28,333,513</b>	<b>136,154,653</b>
<b>NET ASSETS</b>			
Invested in Capital Assets, Net of Related Debt	121,702,025	79,032,373	200,734,398
<b>Restricted for:</b>			
Governmental Activities	22,290,307	-	22,290,307
Debt Service	-	3,672,351	3,672,351
Capital/Debt Service	-	6,699,756	6,699,756
Business-type Operations	-	7,055,402	7,055,402
Capital Projects	-	753,300	753,300
Other Purposes	-	-	-
Unrestricted Net Assets (Deficit)	(45,795,597)	-	(45,795,597)
<b>Total Net Assets</b>	<b>\$ 98,196,735</b>	<b>\$ 97,213,182</b>	<b>\$ 195,409,917</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, 2010**

(CONTINUED)

COMPONENT UNITS		
BOARD OF EDUCATION	FREE LIBRARY	HOUSING AUTHORITY
\$ -	\$ -	\$ 2,035,891
13,051,221	665,298	334,073
-	-	-
516,947	31,255	7,873
-	-	-
-	-	-
136,454	-	-
-	-	-
1,480,216	-	11,818
-	-	-
79,431	-	-
52,360	3,622	65,315
-	644,761	-
-	-	94,045
-	-	-
-	-	-
11,013,465	29,850	1,351,727
123,238,887	903,941	17,914,807
149,568,981	2,278,727	21,815,549
10,614,838	83,919	79,214
-	-	21,552
-	-	115,970
527,266	-	5,340
-	-	94,045
-	-	-
278,007	-	99,495
10,265,855	573,566	2,828,833
21,685,966	657,485	3,244,449
134,170,145	933,791	16,629,272
-	-	-
-	-	-
-	-	-
-	-	-
10,198	-	1,811,963
216,340	10,500	-
(6,513,668)	676,951	129,865
<u>\$ 127,883,015</u>	<u>\$ 1,621,242</u>	<u>\$ 18,571,100</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, 2010**

	PRIMARY GOVERNMENT				
	EXPENSES	CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	TOTAL REVENUE
<b>PRIMARY GOVERNMENT</b>					
Governmental Activities					
General Government	\$ 14,089,387	\$ 1,261,230	\$ 546,176	\$ 44,743	\$ 1,852,149
Public Safety	25,361,341	1,263,212	1,891,120	303,566	3,457,898
Public Works	9,432,489	791,796	632,923	264,078	1,688,797
Health	1,663,321	-	-	-	-
Social Services	5,554,667	67,423	2,666,917	2,688,245	5,422,585
Education	53,491,659	852,201	433,000	-	1,285,201
Parks & Recreation	3,618,427	177,568	123,336	631,504	932,408
Library	1,473,689	-	-	-	-
Conservation of Natural Resources	5,281,372	101,019	93,002	4,191,024	4,385,045
Economic/Community Development	2,001,306	4,350	312,270	337,463	654,083
Interest and Fiscal Charges	3,510,678	-	-	-	-
<b>Total Governmental Activities</b>	<b>125,478,336</b>	<b>4,518,799</b>	<b>6,698,744</b>	<b>8,460,623</b>	<b>19,678,166</b>
Business-type Activities					
Water and Sewer	10,610,705	8,224,428	98,492	208,115	8,531,035
Parks & Recreation	2,789,901	1,633,203	41,838	289,895	1,964,936
Public Marinas	96,739	62,600	29,017	545,123	636,740
Airport	1,017,780	50,585	33,922	1,519,810	1,604,317
<b>Total Business-type Activities</b>	<b>14,515,125</b>	<b>9,970,816</b>	<b>203,269</b>	<b>2,562,943</b>	<b>12,737,028</b>
<b>Total Primary Government</b>	<b>\$ 139,993,461</b>	<b>\$ 14,489,615</b>	<b>\$ 6,902,013</b>	<b>\$ 11,023,566</b>	<b>\$ 32,415,194</b>
<b>COMPONENT UNITS</b>					
Board of Education	\$ 103,332,842	\$ 1,527,874	\$ 19,948,202	\$ -	\$ 21,476,076
Free Library	2,179,219	7,619	163,658	-	171,277
Housing Authority	7,189,914	1,231,465	1,339,036	509,291	3,079,792
<b>Total Component Units</b>	<b>\$ 112,701,975</b>	<b>\$ 2,766,958</b>	<b>\$ 21,450,896</b>	<b>\$ 509,291</b>	<b>\$ 24,727,145</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					
Gain on Sale of Capital Assets					
Miscellaneous					
Transfers In (Out)					
Total General Revenues and Transfers					
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, 2010**

(CONTINUED)

NET (EXPENSE) REVENUE AND CHANGES IN NET ASSETS						
PRIMARY GOVERNMENT			COMPONENT UNITS			
GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL	BOARD OF EDUCATION	FREE LIBRARY	HOUSING AUTHORITY	
\$ (12,237,238)	\$ -	\$ (12,237,238)	\$ -	\$ -	\$ -	
(21,903,443)	-	(21,903,443)	-	-	-	
(7,743,692)	-	(7,743,692)	-	-	-	
(1,663,321)	-	(1,663,321)	-	-	-	
(132,082)	-	(132,082)	-	-	-	
(52,206,458)	-	(52,206,458)	-	-	-	
(2,686,019)	-	(2,686,019)	-	-	-	
(1,473,689)	-	(1,473,689)	-	-	-	
(896,327)	-	(896,327)	-	-	-	
(1,347,223)	-	(1,347,223)	-	-	-	
(3,510,678)	-	(3,510,678)	-	-	-	
(105,800,170)	-	(105,800,170)	-	-	-	
-	(2,079,670)	(2,079,670)	-	-	-	
-	(824,965)	(824,965)	-	-	-	
-	540,001	540,001	-	-	-	
-	586,537	586,537	-	-	-	
-	(1,778,097)	(1,778,097)	-	-	-	
\$ (105,800,170)	\$ (1,778,097)	\$ (107,578,267)	\$ -	\$ -	\$ -	
-	-	-	(81,856,766)	-	-	
-	-	-	-	(2,007,942)	-	
-	-	-	-	-	(4,110,122)	
-	-	-	(81,856,766)	(2,007,942)	(4,110,122)	
59,267,240	-	59,267,240	-	-	-	
25,715,247	-	25,715,247	-	-	-	
208,736	-	208,736	-	-	-	
3,734,340	-	3,734,340	-	-	-	
397,141	-	397,141	-	-	-	
1,147,179	-	1,147,179	-	-	-	
-	-	-	76,295,883	1,554,598	409,042	
144,553	436,045	580,598	22,675	11,515	2,729	
26,731	-	26,731	-	-	-	
786,719	962,540	1,749,259	328,022	80,709	-	
(559,331)	559,331	-	-	-	-	
90,868,555	1,957,916	92,826,471	76,646,580	1,646,822	411,771	
(14,931,615)	179,819	(14,751,796)	(5,210,186)	(361,120)	(3,698,351)	
113,128,350	97,033,363	210,161,713	133,093,201	1,982,362	22,269,451	
\$ 98,196,735	\$ 97,213,182	\$ 195,409,917	\$ 127,883,015	\$ 1,621,242	\$ 18,571,100	

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, 2010**

	GENERAL FUND	GENERAL CAPITAL	ROADS CAPITAL	SCHOOL IMPACT FEES CAPITAL
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 11,601,029	\$ 16,985,943	\$ 4,109,714	\$ 1,068,666
Prepaid Items	3,500	-	-	-
Receivables				
Taxes Receivable (Net)	197,186	168,367	-	-
Accounts and Loans Receivable (Net)	318,701	2,318	18,609	359,468
Special Assessments (Net)	-	-	515,726	-
Due from Other Governments	10,106,755	441,924	-	-
Due from Other Funds	1,019,990	70,071	-	-
Due from Component Units	-	344,546	-	-
Inventory	4,000	-	-	-
	<u>4,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Assets	<u>\$ 23,251,161</u>	<u>\$ 18,013,169</u>	<u>\$ 4,644,049</u>	<u>\$ 1,428,134</u>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>Liabilities</b>				
Accrued Liabilities	\$ 2,050,205	\$ 265,536	\$ 18,604	\$ -
Due to Other Funds	-	-	-	-
Due to Other Governmental Agencies	-	-	-	-
Deferred Revenue	7,169,846	69,826	575,693	359,468
	<u>7,169,846</u>	<u>69,826</u>	<u>575,693</u>	<u>359,468</u>
Total Liabilities	<u>9,220,051</u>	<u>335,362</u>	<u>594,297</u>	<u>359,468</u>
<b>Fund Balances</b>				
<b>Reserved</b>				
Loans Receivable	-	-	-	-
Prepaid Items	3,500	-	-	-
Inventory	4,000	-	-	-
Donor-Specified Purposes	2,725	38,888	-	-
Contingencies	7,055,868	-	-	-
Other Reserved Purposes - Other	668,599	9,871,828	-	-
Other Reserved Purposes - Capital Projects	-	76,741	820,186	-
Total Reserved	<u>7,734,692</u>	<u>9,987,457</u>	<u>820,186</u>	<u>-</u>
<b>Unreserved</b>				
Designated for Subsequent Years' Expenditures	6,245,080	-	-	-
Designated for Encumbrances	51,338	4,688,860	2,010,063	-
Designated for Capital Projects	-	3,000,000	-	1,068,666
Undesignated, reported in				
Capital Project Funds	-	1,490	1,219,503	-
Special Revenue Funds	-	-	-	-
Total Unreserved	<u>6,296,418</u>	<u>7,690,350</u>	<u>3,229,566</u>	<u>1,068,666</u>
Total Fund Balances	<u>14,031,110</u>	<u>17,677,807</u>	<u>4,049,752</u>	<u>1,068,666</u>
Total Liabilities and Fund Balances	<u>\$ 23,251,161</u>	<u>\$ 18,013,169</u>	<u>\$ 4,644,049</u>	<u>\$ 1,428,134</u>

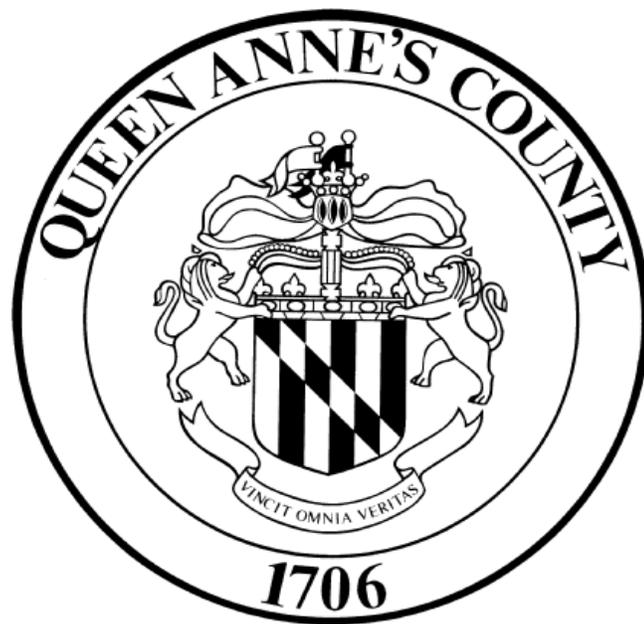
The accompanying notes to the basic financial statements are an integral part of this statement.

**QUEEN ANNE'S COUNTY, MARYLAND**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**JUNE 30, 2010**

(CONTINUED)

<u>ROADS BOARD</u>	<u>NON-MAJOR GOVERNMENTAL</u>	<u>TOTAL GOVERNMENTAL FUNDS</u>
\$ 4,059,759	\$ 5,902,899	\$ 43,728,010
-	-	3,500
-	-	365,553
76,957	3,784,760	4,560,813
-	727,572	1,243,298
287,944	507,671	11,344,294
-	-	1,090,061
-	-	344,546
<u>590,266</u>	<u>-</u>	<u>594,266</u>
 <u>\$ 5,014,926</u>	 <u>\$ 10,922,902</u>	 <u>\$ 63,274,341</u>
 \$ 210,169	 \$ 470,950	 \$ 3,015,464
-	494,323	494,323
-	600,503	600,503
<u>610,196</u>	<u>812,676</u>	<u>9,597,705</u>
 <u>820,365</u>	 <u>2,378,452</u>	 <u>13,707,995</u>
-	3,575,667	3,575,667
-	-	3,500
590,266	-	594,266
-	1,050	42,663
-	-	7,055,868
47,925	130,830	10,719,182
<u>-</u>	<u>-</u>	<u>896,927</u>
<u>638,191</u>	<u>3,707,547</u>	<u>22,888,073</u>
-	-	6,245,080
13,732	-	6,763,993
-	550,334	4,619,000
-	-	1,220,993
<u>3,542,638</u>	<u>4,286,569</u>	<u>7,829,207</u>
<u>3,556,370</u>	<u>4,836,903</u>	<u>26,678,273</u>
 <u>4,194,561</u>	 <u>8,544,450</u>	 <u>49,566,346</u>
 <u>\$ 5,014,926</u>	 <u>\$ 10,922,902</u>	 <u>\$ 63,274,341</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, 2010**

**Total Fund Balance - Governmental Funds** **\$ 49,566,346**

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

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

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

ADD Bond Interest Reimbursement Receivable - Build America Bond 113,640

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	\$ 39,676,917	
Infrastructure	40,055,352	
Construction in Progress	11,616,229	91,348,498

ADD Depreciable capital assets		
Buildings	35,066,000	
Improvements other than Buildings	5,517,458	
Machinery and Equipment	19,370,119	
Automobiles and Trucks	9,618,064	
Infrastructure	15,491,275	
Less Accumulated depreciation	(33,287,197)	51,775,719

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	106,476	
ADD Income Taxes deferred in governmental funds	5,116,295	
ADD Loans receivable deferred in governmental funds	1,928,431	7,151,202

Long-term liabilities related to governmental fund activities are not due and payable in the current period and therefore are not reported in the funds.

SUBTRACT Accrued Interest Payable		(1,049,686)
SUBTRACT Long-Term Liabilities Due within One Year		
Accrued Compensated Absences	(1,420,167)	
Bonds and Notes Payable	(6,229,333)	(7,649,500)
SUBTRACT Long-Term Liabilities Due in More than One Year		
Other Post-Employment Benefit Obligation	(8,548,639)	
Accrued Compensated Absences	(1,014,780)	
Bonds and Notes Payable	(83,496,065)	(93,059,484)

**Total Net Assets - Governmental Activities** **\$ 98,196,735**

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, 2010**

	GENERAL FUND	GENERAL CAPITAL	ROADS CAPITAL	SCHOOL IMPACT FEES CAPITAL
<b>REVENUES</b>				
Taxes				
Local Property Tax	\$ 59,204,132	\$ -	\$ -	\$ -
Local Income Tax	29,647,125	-	-	-
Admission and Amusement Taxes	156,552	-	-	-
Recordation Taxes	2,489,560	377,206	-	-
Hotel Taxes	397,141	-	-	-
County Transfer Taxes	-	1,147,179	-	-
State Shared Taxes	-	-	-	-
Licenses and Permits	863,782	-	-	-
Intergovernmental	2,644,990	1,903,992	199,145	-
Bond Interest Reimbursement - Build America Bond	193,567	-	-	-
Charges for Current Services	1,779,401	-	54,298	852,201
Fines and Forfeitures	207,400	-	-	-
Investment Income	62,808	16,240	39,310	3,497
Donations	10,901	23,609	-	-
Miscellaneous	530,574	34,486	100	-
Total Revenues	<u>98,187,933</u>	<u>3,502,712</u>	<u>292,853</u>	<u>855,698</u>
<b>EXPENDITURES</b>				
Current				
General Government	9,715,915	816,803	-	-
Public Safety	20,331,793	41,551	-	-
Public Works	3,307,461	37,586	-	-
Health	1,637,101	-	-	-
Social Services	263,117	8,383	-	-
Education	49,204,590	4,341,007	-	-
Parks and Recreation	2,647,253	408,082	-	-
Library	1,424,078	-	-	-
Conservation of Natural Resources	544,016	12,000	-	-
Economic/Community Development	1,075,647	106,642	-	-
Miscellaneous	1,373,090	-	-	-
Capital Outlay	1,323,057	6,303,944	214,286	-
Debt Service				
Principal	4,903,719	-	-	-
Debt Issuance Costs	-	145,884	-	-
Interest and Fiscal Charges	3,114,505	-	-	-
Total Expenditures	<u>100,865,342</u>	<u>12,221,882</u>	<u>214,286</u>	<u>-</u>
Excess of Revenues Over (Under) Expenditures	<u>(2,677,409)</u>	<u>(8,719,170)</u>	<u>78,567</u>	<u>855,698</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Issuance of Debt	-	29,299,154	-	-
Bond Premiums	-	157,800	-	-
Proceeds of Capital Asset Disposals	9,866	6,855	-	-
Insurance Proceeds	6,665	-	-	-
Transfers In	9,886,201	684,510	444,963	-
Transfers Out	<u>(8,219,656)</u>	<u>(8,580,558)</u>	<u>(10,000)</u>	<u>(1,408,120)</u>
Other Financing Sources (Uses)	<u>1,683,076</u>	<u>21,567,761</u>	<u>434,963</u>	<u>(1,408,120)</u>
Net Increase (Decrease) in Fund Balances	(994,333)	12,848,591	513,530	(552,422)
Fund Balances, July 1	<u>15,025,443</u>	<u>4,829,216</u>	<u>3,536,222</u>	<u>1,621,088</u>
Fund Balances, June 30	<u>\$ 14,031,110</u>	<u>\$ 17,677,807</u>	<u>\$ 4,049,752</u>	<u>\$ 1,068,666</u>

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, 2010**

(CONTINUED)

ROADS BOARD	NON-MAJOR GOVERNMENTAL	TOTAL GOVERNMENTAL FUNDS
\$ -	\$ 38,610	\$ 59,242,742
-	-	29,647,125
-	52,184	208,736
-	867,574	3,734,340
-	-	397,141
-	-	1,147,179
415,136	93,002	508,138
-	-	863,782
217,787	7,095,152	12,061,066
-	-	193,567
204,827	505,353	3,396,080
-	51,537	258,937
3,967	18,731	144,553
-	106,221	140,731
132,969	88,590	786,719
<u>974,686</u>	<u>8,916,954</u>	<u>112,730,836</u>
-	76,258	10,608,976
-	971,231	21,344,575
4,326,305	-	7,671,352
-	-	1,637,101
-	4,496,147	4,767,647
-	-	53,545,597
-	-	3,055,335
-	-	1,424,078
-	4,707,561	5,263,577
-	664,906	1,847,195
-	-	1,373,090
-	27,454	7,868,741
-	44,425	4,948,144
-	-	145,884
-	-	3,114,505
<u>4,326,305</u>	<u>10,987,982</u>	<u>128,615,797</u>
<u>(3,351,619)</u>	<u>(2,071,028)</u>	<u>(15,884,961)</u>
-	-	29,299,154
-	-	157,800
14,140	-	30,861
-	9,161	15,826
4,663,551	2,505,686	18,184,911
(444,963)	(80,945)	(18,744,242)
<u>4,232,728</u>	<u>2,433,902</u>	<u>28,944,310</u>
881,109	362,874	13,059,349
<u>3,313,452</u>	<u>8,181,576</u>	<u>36,506,997</u>
<u>\$ 4,194,561</u>	<u>\$ 8,544,450</u>	<u>\$ 49,566,346</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, 2010**

**Change in Fund Balances - Total governmental funds, per Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds** **\$ 13,059,349**

**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	\$ 1,350,511	
ADD capital assets resulting from force-in-kind expenditures	207,588	
ADD capital assets resulting from general capital projects	6,303,944	
ADD capital assets resulting from roads capital projects	214,286	
ADD capital asset donations and transfers	2,220,497	
SUBTRACT book value of disposed capital assets, net of accumulated depreciation	(1,473,412)	
SUBTRACT current year depreciation expense	<u>(3,307,796)</u>	
Net Increase in Capital Assets		<b>5,515,618</b>

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

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

ADD current year's bond interest reimbursement receivable - Build America Bond	\$	113,640
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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, 2010**

(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	\$ 106,476	
SUBTRACT prior year's Property Tax Deferred Revenue	(81,977)	
		\$ 24,499
ADD current year's Income Tax Deferred Revenue	5,116,295	
SUBTRACT prior year's Income Tax Deferred Revenue	(9,048,173)	
		(3,931,878)

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	5,060,636	
Notes Payable	61,101	
Bond Premiums, Net of Issuance Costs	65,290	
Deferred Refunding Costs	(170,483)	
Capital Leases	49,598	
	5,066,142	
SUBTRACT proceeds of 2009 Bond	(28,499,154)	
SUBTRACT Bond premium, net of issuance costs for 2009 bond	(11,916)	
SUBTRACT proceeds of Loan for Sause Property	(800,000)	
SUBTRACT College reimbursement received	(223,191)	
ADD County's allocation to College for debt	53,938	
		(24,414,181)

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	803,131	
SUBTRACT current year's Accrued Interest Payable	(1,049,686)	
		(246,555)
ADD prior year's Accrued Compensated Absences	2,243,389	
SUBTRACT current year's Accrued Compensated Absences	(2,434,947)	
		(191,558)
ADD prior year's Accrued Other Post Employment Benefit Obligation	3,688,090	
SUBTRACT current year's Accrued Other Post Employment Benefit Obligation	(8,548,639)	
		(4,860,549)

**Change in Net Assets - governmental activities, per Statement of Activities** **\$ (14,931,615)**

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, 2010**

ASSETS	SANITARY DISTRICT		
	SEWER OPERATIONS	WATER OPERATIONS	RESTRICTED FUND
<b>Current Assets</b>			
Unrestricted			
Equity in Pooled Cash	\$ 5,837,346	\$ 2,527,675	\$ -
Accounts Receivable (Net)	326,162	160,121	-
Due from Other Funds	152,458	-	-
Due from Other Governments	33,114	-	-
Bond Interest Reimbursement Receivable - Build America Bond	-	-	-
Inventories	341,249	-	-
Prepaid Expenses	-	-	-
Restricted			
Restricted Equity in Pooled Cash	-	-	7,437,899
Restricted Accounts Receivable (Net)	-	-	15,157
<b>Total Current Assets</b>	<b>6,690,329</b>	<b>2,687,796</b>	<b>7,453,056</b>
<b>Noncurrent Assets</b>			
Restricted			
Special Assessments Receivable (Net)	-	-	1,392,574
Capital Assets			
Land, Improved and Unimproved	816,331	-	-
Buildings and Improvements to Buildings	14,265,248	166,752	-
Improvements Other Than Buildings	1,615,474	128,152	-
Automotive Equipment	926,651	224,328	-
Equipment	20,012,320	1,043,966	-
Furniture and Fixtures	47,216	6,228	-
Infrastructure Improvements	48,252,272	19,971,942	-
Construction in Progress	251,490	806,324	-
Capital Assets before Depreciation	86,187,002	22,347,692	-
Less Accumulated Depreciation	(25,488,609)	(6,007,710)	-
<b>Total Capital Assets, Net of Accumulated Depreciation</b>	<b>60,698,393</b>	<b>16,339,982</b>	<b>-</b>
<b>Total Noncurrent Assets</b>	<b>60,698,393</b>	<b>16,339,982</b>	<b>1,392,574</b>
<b>Total Assets</b>	<b>67,388,722</b>	<b>19,027,778</b>	<b>8,845,630</b>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Payable from Unrestricted Assets			
Accounts Payable	148,093	64,727	-
Accrued Interest Payable	103,448	8,475	-
Escrow Deposits	26,220	-	-
Due to Other Funds	-	-	-
Unearned Revenue	723,133	-	-
Current Portion of Compensated Absences	105,698	42,008	-
Current Portion of Bonds/Notes Payable	1,445,003	436,204	-
Payable from Restricted Assets			
Current Portion of Bonds Payable	-	-	-
<b>Total Current Liabilities</b>	<b>2,551,595</b>	<b>551,414</b>	<b>-</b>
<b>Noncurrent Liabilities</b>			
Payable from Unrestricted Assets			
Compensated Absences	75,527	30,016	-
Other Post-Employment Benefit Obligation	905,243	277,659	-
Bonds/Notes Payable	16,524,298	1,046,400	-
Payable from Restricted Assets			
Unearned Revenue	-	-	1,392,574
<b>Total Noncurrent Liabilities</b>	<b>17,505,068</b>	<b>1,354,075</b>	<b>1,392,574</b>
<b>Total Liabilities</b>	<b>20,056,663</b>	<b>1,905,489</b>	<b>1,392,574</b>
<b>NET ASSETS</b>			
Invested in Capital Assets, Net of Related Debt	42,729,092	14,857,378	-
Restricted for:			
Debt Service	-	-	-
Capital Projects	-	-	753,300
Unrestricted	4,602,967	2,264,911	6,699,756
<b>Total Net Assets</b>	<b>\$ 47,332,059</b>	<b>\$ 17,122,289</b>	<b>\$ 7,453,056</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, 2010**

(CONTINUED)

SANITARY DISTRICT			NON-MAJOR ENTERPRISE FUNDS	TOTAL PRIMARY GOVERNMENT ENTERPRISE FUNDS
DEBT SERVICE FUND	TOTAL	BAY BRIDGE AIRPORT		
\$ -	\$ 8,365,021	\$ -	\$ 514,308	\$ 8,879,329
-	486,283	116,381	2,504	605,168
-	152,458	-	30,000	182,458
-	33,114	498,893	454,904	986,911
-	-	675	1,410	2,085
-	341,249	31,251	6,423	378,923
-	-	72,938	11,688	84,626
3,925,026	11,362,925	-	-	11,362,925
41,872	57,029	-	-	57,029
<u>3,966,898</u>	<u>20,798,079</u>	<u>720,138</u>	<u>1,021,237</u>	<u>22,539,454</u>
<u>2,032,091</u>	<u>3,424,665</u>	<u>-</u>	<u>-</u>	<u>3,424,665</u>
-	816,331	10,670,168	2,722,967	14,209,466
-	14,432,000	1,126,839	2,659,970	18,218,809
-	1,743,626	2,146,831	2,516,933	6,407,390
-	1,150,979	59,470	83,445	1,293,894
-	21,056,286	43,084	796,321	21,895,691
-	53,444	3,344	30,750	87,538
-	68,224,214	-	-	68,224,214
-	1,057,814	2,579,598	1,562,453	5,199,865
-	108,534,694	16,629,334	10,372,839	135,536,867
-	(31,496,319)	(2,264,994)	(1,414,782)	(35,176,095)
-	77,038,375	14,364,340	8,958,057	100,360,772
<u>2,032,091</u>	<u>80,463,040</u>	<u>14,364,340</u>	<u>8,958,057</u>	<u>103,785,437</u>
<u>5,998,989</u>	<u>101,261,119</u>	<u>15,084,478</u>	<u>9,979,294</u>	<u>126,324,891</u>
-	212,820	170,468	285,104	668,392
3,918	115,841	9,406	10,567	135,814
-	26,220	8,430	10,908	45,558
152,458	152,458	500,591	125,147	778,196
-	723,133	-	8,703	731,836
-	147,706	5,967	19,427	173,100
-	1,881,207	40,523	92,186	2,013,916
<u>50,336</u>	<u>50,336</u>	<u>-</u>	<u>-</u>	<u>50,336</u>
<u>206,712</u>	<u>3,309,721</u>	<u>735,385</u>	<u>552,042</u>	<u>4,597,148</u>
-	105,543	4,264	13,881	123,688
-	1,182,902	101,141	278,076	1,562,119
232,998	17,803,696	622,516	1,121,269	19,547,481
<u>1,888,699</u>	<u>3,281,273</u>	<u>-</u>	<u>-</u>	<u>3,281,273</u>
<u>2,121,697</u>	<u>22,373,414</u>	<u>727,921</u>	<u>1,413,226</u>	<u>24,514,561</u>
<u>2,328,409</u>	<u>25,683,135</u>	<u>1,463,306</u>	<u>1,965,268</u>	<u>29,111,709</u>
-	57,586,470	13,701,301	7,744,602	79,032,373
3,670,580	3,670,580	-	1,771	3,672,351
-	753,300	-	-	753,300
-	13,567,634	(80,129)	267,653	13,755,158
<u>\$ 3,670,580</u>	<u>\$ 75,577,984</u>	<u>\$ 13,621,172</u>	<u>\$ 8,014,026</u>	<u>\$ 97,213,182</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, 2010**

	SANITARY DISTRICT		
	SEWER OPERATIONS	WATER OPERATIONS	RESTRICTED FUND
<b><u>OPERATING REVENUES</u></b>			
Charges for Services	\$ 5,076,621	\$ 1,951,780	\$ 653,604
Intergovernmental	98,492	-	-
Bond Interest Reimbursement - Build America Bond	-	-	-
Material Sales	836	5,843	-
Miscellaneous Revenues	112,461	138,898	-
Total Operating Revenues	<u>5,288,410</u>	<u>2,096,521</u>	<u>653,604</u>
<b><u>OPERATING EXPENSES</u></b>			
Cost of Sales and Services			
Collection	2,004,152	-	-
Distribution	-	145,726	-
Treatment	1,254,318	1,018,556	-
Shop	150,700	94,118	-
Airport	-	-	-
Parks and Recreation	-	-	-
Public Marinas	-	-	-
Total Cost of Sales and Services	<u>3,409,170</u>	<u>1,258,400</u>	<u>-</u>
Administration and Inspection	921,039	517,857	-
Other Post-Employment Benefit Contributions	514,051	172,643	-
Depreciation	2,892,171	471,715	-
Total Operating Expenses	<u>7,736,431</u>	<u>2,420,615</u>	<u>-</u>
Operating Income (Loss)	<u>(2,448,021)</u>	<u>(324,094)</u>	<u>653,604</u>
<b><u>NON-OPERATING REVENUES (EXPENSES)</u></b>			
Investment Income	97,410	45,858	133,855
Interest Expense	(327,864)	(101,565)	-
Total Non-Operating Revenues (Expenses)	<u>(230,454)</u>	<u>(55,707)</u>	<u>133,855</u>
Income (Loss) Before Contributions and Transfers	<u>(2,678,475)</u>	<u>(379,801)</u>	<u>787,459</u>
Capital Contributions, Fees and Grants	<u>160,693</u>	<u>47,422</u>	<u>-</u>
Transfers In	1,715,923	975,169	-
Transfers Out	-	-	(1,574,314)
Net Transfers In (Out)	<u>1,715,923</u>	<u>975,169</u>	<u>(1,574,314)</u>
Change in Net Assets	(801,859)	642,790	(786,855)
Total Net Assets - Beginning of Year	<u>48,133,918</u>	<u>16,479,499</u>	<u>8,239,911</u>
Total Net Assets - End of Year	<u>\$ 47,332,059</u>	<u>\$ 17,122,289</u>	<u>\$ 7,453,056</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, 2010**

(CONTINUED)

SANITARY DISTRICT			NON-MAJOR ENTERPRISE FUNDS	TOTAL PRIMARY GOVERNMENT ENTERPRISE FUNDS
DEBT SERVICE FUND	TOTAL	BAY BRIDGE AIRPORT		
\$ 542,423	\$ 8,224,428	\$ 50,585	\$ 1,695,803	\$ 9,970,816
-	98,492	32,284	68,124	198,900
-	-	1,638	2,731	4,369
-	6,679	382,710	74,511	463,900
-	251,359	155,548	91,733	498,640
<u>542,423</u>	<u>8,580,958</u>	<u>622,765</u>	<u>1,932,902</u>	<u>11,136,625</u>
-	2,004,152	-	-	2,004,152
-	145,726	-	-	145,726
-	2,272,874	-	-	2,272,874
-	244,818	-	-	244,818
-	-	768,866	-	768,866
-	-	-	2,364,284	2,364,284
-	-	-	77,919	77,919
-	4,667,570	768,866	2,442,203	7,878,639
-	1,438,896	-	-	1,438,896
-	686,694	57,970	201,500	946,164
-	3,363,886	171,598	191,139	3,726,623
<u>-</u>	<u>10,157,046</u>	<u>998,434</u>	<u>2,834,842</u>	<u>13,990,322</u>
542,423	(1,576,088)	(375,669)	(901,940)	(2,853,697)
158,639	435,762	283	-	436,045
(24,230)	(453,659)	(19,346)	(51,798)	(524,803)
<u>134,409</u>	<u>(17,897)</u>	<u>(19,063)</u>	<u>(51,798)</u>	<u>(88,758)</u>
676,832	(1,593,985)	(394,732)	(953,738)	(2,942,455)
-	208,115	1,519,810	835,018	2,562,943
1,056,796	3,747,888	111,765	454,935	4,314,588
(2,084,030)	(3,658,344)	(10,000)	(86,913)	(3,755,257)
<u>(1,027,234)</u>	<u>89,544</u>	<u>101,765</u>	<u>368,022</u>	<u>559,331</u>
(350,402)	(1,296,326)	1,226,843	249,302	179,819
4,020,982	76,874,310	12,394,329	7,764,724	97,033,363
<u>\$ 3,670,580</u>	<u>\$ 75,577,984</u>	<u>\$ 13,621,172</u>	<u>\$ 8,014,026</u>	<u>\$ 97,213,182</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, 2010**

	SANITARY DISTRICT		
	SEWER OPERATIONS	WATER OPERATIONS	RESTRICTED FUND
<b><u>CASH FLOW FROM OPERATING ACTIVITIES</u></b>			
Receipts from customers and users	\$ 4,972,470	\$ 1,927,133	\$ 648,566
Receipts from other operating sources	178,675	144,741	-
Receipts from bond interest reimbursement - Build America Bond	-	-	-
Payments to suppliers	(1,776,964)	(899,874)	-
Increase in accounts payable	-	-	-
Payments to employees and on behalf of employees	(2,563,824)	(1,001,231)	-
Net Cash Provided (Used) by Operating Activities	<u>810,357</u>	<u>170,769</u>	<u>648,566</u>
<b><u>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</u></b>			
Transfers in from other funds	1,715,923	975,169	-
Receipts (payments) from interfund loans	(112,117)	-	-
Transfers to other funds	-	-	(1,574,314)
Principal paid on interfund loans	-	-	(40,000)
Net Cash Provided (Used) by Noncapital Financing Activities	<u>1,603,806</u>	<u>975,169</u>	<u>(1,614,314)</u>
<b><u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</u></b>			
Receipts from capital grants	-	-	-
Principal paid on capital debt	(1,422,249)	(432,728)	-
Receipts from 2009 Bonds	-	-	-
Interest paid on capital debt	(341,205)	(84,693)	-
Acquisition and construction of capital assets	(306,353)	(626,663)	-
Net Cash (Used) by Capital and Related Financing Activities	<u>(2,069,807)</u>	<u>(1,144,084)</u>	<u>-</u>
<b><u>CASH FLOWS FROM INVESTING ACTIVITIES</u></b>			
Net Cash Provided by Investing Activities - Investment Income	<u>97,410</u>	<u>45,858</u>	<u>133,855</u>
Net Increase (Decrease) in Cash and Cash Equivalents	441,766	47,712	(831,893)
Balances - Beginning of the year	<u>5,395,580</u>	<u>2,479,963</u>	<u>8,269,792</u>
Balances - End of the year	<u>\$ 5,837,346</u>	<u>\$ 2,527,675</u>	<u>\$ 7,437,899</u>
<b><u>Reconciliation of operating income (loss) to net cash provided by operating activities</u></b>			
Operating income (loss)	\$ (2,448,021)	\$ (324,094)	\$ 653,604
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:			
Depreciation	2,892,171	471,715	-
Effect of changes in operating assets and liabilities:			
Accounts receivable, net	(25,813)	(24,647)	(5,038)
Special assessments receivable, net	-	-	93,791
Operating grants receivable	(33,114)	-	-
Build America Bonds Interest receivable	-	-	-
Inventories and Prepaid Expenses	(5,170)	-	-
Vendor accounts payable	(24,082)	(138,596)	-
Compensated absences	18,673	13,748	-
Other Post-Employment Benefit Obligation	514,051	172,643	-
Escrow deposits payable	(10,342)	-	-
Deferred revenue collected in advance	(67,996)	-	(93,791)
Net Cash Provided (Used) by Operating Activities	<u>\$ 810,357</u>	<u>\$ 170,769</u>	<u>\$ 648,566</u>
<b><u>Noncash investing, capital and financing activities:</u></b>			
Donation of capital assets (infrastructure) by developers	<u>\$ 160,693</u>	<u>\$ 47,422</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, 2010**

(CONTINUED)

SANITARY DISTRICT		BAY BRIDGE AIRPORT	NON-MAJOR ENTERPRISE FUNDS	TOTAL PRIMARY GOVERNMENT ENTERPRISE FUNDS
DEBT SERVICE FUND	TOTAL			-
\$ 572,661	\$ 8,120,830	\$ 45,679	\$ 1,772,296	\$ 9,938,805
-	323,416	543,957	204,641	1,072,014
-	-	963	1,321	2,284
-	(2,676,838)	(492,913)	(1,125,758)	(4,295,509)
-	-	-	184,844	184,844
-	(3,565,055)	(220,993)	(1,351,447)	(5,137,495)
<u>572,661</u>	<u>2,202,353</u>	<u>(123,307)</u>	<u>(314,103)</u>	<u>1,764,943</u>
1,056,796	3,747,888	111,765	454,935	4,314,588
152,458	40,341	500,591	135,147	676,079
(2,084,030)	(3,658,344)	(10,000)	(86,913)	(3,755,257)
<u>(40,341)</u>	<u>(80,341)</u>	<u>-</u>	<u>(40,507)</u>	<u>(120,848)</u>
<u>(915,117)</u>	<u>49,544</u>	<u>602,356</u>	<u>462,662</u>	<u>1,114,562</u>
-	-	1,090,608	491,045	1,581,653
(46,705)	(1,901,682)	(35,318)	(83,283)	(2,020,283)
-	-	169,468	353,952	523,420
(24,640)	(450,538)	(16,851)	(45,084)	(512,473)
<u>-</u>	<u>(933,016)</u>	<u>(1,687,239)</u>	<u>(1,358,611)</u>	<u>(3,978,866)</u>
<u>(71,345)</u>	<u>(3,285,236)</u>	<u>(479,332)</u>	<u>(641,981)</u>	<u>(4,406,549)</u>
<u>158,639</u>	<u>435,762</u>	<u>283</u>	<u>-</u>	<u>436,045</u>
(255,162)	(597,577)	-	(493,422)	(1,090,999)
<u>4,180,188</u>	<u>20,325,523</u>	<u>-</u>	<u>1,007,730</u>	<u>21,333,253</u>
<u>\$ 3,925,026</u>	<u>\$ 19,727,946</u>	<u>\$ -</u>	<u>\$ 514,308</u>	<u>\$ 20,242,254</u>
\$ 542,423	\$ (1,576,088)	\$ (375,669)	\$ (901,940)	\$ (2,853,697)
-	3,363,886	171,598	191,139	3,726,623
(850)	(56,348)	(2,338)	82,688	24,002
458,894	552,685	-	-	552,685
-	(33,114)	(26,585)	(29,727)	(89,426)
-	-	(675)	(1,410)	(2,085)
-	(5,170)	(71,551)	271	(76,450)
-	(162,678)	126,379	149,658	113,359
-	32,421	133	(88)	32,466
-	686,694	57,969	201,501	946,164
-	(10,342)	700	154	(9,488)
<u>(427,806)</u>	<u>(589,593)</u>	<u>(3,268)</u>	<u>(6,349)</u>	<u>(599,210)</u>
<u>\$ 572,661</u>	<u>\$ 2,202,353</u>	<u>\$ (123,307)</u>	<u>\$ (314,103)</u>	<u>\$ 1,764,943</u>
<u>\$ -</u>	<u>\$ 208,115</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 208,115</u>

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



**QUEEN ANNE'S COUNTY, MARYLAND**  
**STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS**  
**PRIVATE PURPOSE TRUST AND OTHER POST-EMPLOYMENT BENEFIT TRUST FUND**  
**FOR THE YEAR ENDED JUNE 30, 2010**

	PRIVATE PURPOSE TRUST FUND
	<u>TAX SALE DEPOSITS</u>
<b>ADDITIONS</b>	
Total Additions - Tax Sale Collections in Excess of Tax Due	\$ 127,009
<b>DEDUCTIONS</b>	
Distributions to Property Holders	64,604
Distributions to General Fund per State Statute	<u>156,720</u>
<b>TOTAL DEDUCTIONS</b>	221,324
Change in Assets	(94,315)
<b>NET ASSETS HELD IN TRUST</b>	
Net Assets-Beginning of Year	<u>374,570</u>
Net Assets-End of Year	<u><u>\$ 280,255</u></u>

	OTHER POST-EMPLOYMENT BENEFIT TRUST FUND
<b>ADDITIONS</b>	
<b>CONTRIBUTIONS</b>	
Employers	\$ 1,793,007
Members	801,960
<b>TOTAL CONTRIBUTIONS</b>	<u>2,594,967</u>
Investment Income	<u>2,577</u>
<b>Total Additions</b>	<u>2,597,544</u>
<b>DEDUCTIONS</b>	
Claims Paid	<u>2,594,967</u>
Change in Assets	2,577
<b>NET ASSETS HELD IN TRUST</b>	
Net Assets-Beginning of Year	<u>1,030,037</u>
Net Assets-End of Year	<u><u>\$ 1,032,614</u></u>

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

**QUEEN ANNE'S COUNTY, MARYLAND**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
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**QUEEN ANNE'S COUNTY, MARYLAND**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2010**

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

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

**A. REPORTING ENTITY**

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

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

**Blended Component Units**

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

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

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, 2010**

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

**A. REPORTING ENTITY (CONTINUED)**

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

**Board of Education of  
Queen Anne's County**  
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.

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

**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. *Invested in capital assets, net of related debt* consists of capital assets, net of accumulated depreciation, and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those capital assets. *Restricted net assets* are assets for which constraints are placed due to restrictions that are either (1) externally imposed by creditors, grantors, contributors, or laws and regulations of the government, or (2) imposed by law through constitutional provisions or enabling legislation. *Unrestricted net assets* consist of net assets that do not meet the definition of restricted or invested in capital assets, net of related debt.

**QUEEN ANNE'S COUNTY, MARYLAND  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2010**

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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 and contributions column includes operating-specific and discretionary (either operating or capital) grants, while the capital grants and contributions column reflects capital-specific grants. Taxes and other items not properly included among program revenues are reported as general revenues. The County does not allocate indirect expenses.

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

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

**Governmental Fund Budget-to-Actual Comparison Statements** – Demonstrating compliance with the 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, other post-employment benefits, and other accruals.

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

**QUEEN ANNE'S COUNTY, MARYLAND**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2010**

---

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

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

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

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

In the State of Maryland, the State has assumed responsibility for the collection of all income taxes and for distributing those collections to the respective counties. The counties set their individual tax rates within limits provided by State law. However, collection and pursuit of delinquent taxes are the responsibility of the State. The County records estimated receivables relating to income taxes when the underlying income is earned. Amounts not received within 60 days are reported as deferred 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 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 and Other Post-Employment Benefit Trust Funds). Since fiduciary funds are, by their very nature, independent of the County, they are omitted from all government-wide statements.

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

**QUEEN ANNE'S COUNTY, MARYLAND**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2010**

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

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

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

**Capital Projects Funds** –

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

**Roads Capital Projects** - This fund accounts for financial resources to be used for the construction of County Road infrastructure, as well as other large multi-year projects that relate to capital assets, that are financed from Highway User Tax 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, plus a substantial amount from the County, 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 (one-time allocation fees) 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, and financial resources from other sources, to fund debt associated with construction of water and sewer facilities in accordance with debt covenants.

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

**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:

**QUEEN ANNE'S COUNTY, MARYLAND  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2010**

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

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

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

**Other Post-Employment Benefit Trust Fund**– This fund accounts for the funding of retiree benefit plans of participating agencies, which are: (1) Queen Anne's County, Maryland, including the Queen Anne's County Public Housing Authority; (2) Queen Anne's County Board of Education; and (3) Queen Anne's County Free Library. Other agencies and political subdivisions have the right to participate in this Trust Fund also, as an investment vehicle for their Other Post-Employment Benefit Plan through the pooling of investment resources. Currently, the only other agency participating is Kent County, Maryland.

**Agency Funds** - These funds are used to account for assets, 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 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."

**QUEEN ANNE'S COUNTY, MARYLAND**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2010**

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

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

**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” and are reported as positive and negative “assets” that net to zero for the primary government as a whole.

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

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

Inventories 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 purposes whereby expense is recognized as the items are used (consumed). Reported inventories are equally offset by a fund balance reserve. Inventories in the Proprietary Funds are also recorded using the consumption method.

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

**4) Capital Assets**

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

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

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

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

**QUEEN ANNE'S COUNTY, MARYLAND  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2010**

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

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

**4) Capital Assets (continued)**

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

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

**5) Other Post-Employment Benefit Obligation**

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

**Primary Government** – In both the government-wide and enterprise funds, liability for other post-employment benefits is adjusted at the end of the fiscal year. For the year ended June 30, 2010, the other post-employment benefit obligation amounted to \$10,110,758, including both governmental (\$8,548,639) and business-type activities (\$1,562,119).

**Component Unit – Queen Anne's County Housing Authority** – For the year ended June 30, 2010, the other post-employment benefit obligation for the Housing Authority amounted to \$291,066.

**Component Unit - Board of Education** – For the year ended June 30, 2010, the other post-employment benefit obligation for the Board of Education amounted to \$9,535,459.

**Component Unit – Free Library** – For the year ended June 30, 2010, the other post-employment benefit obligation for the Library amounted to \$573,566.

**6) Compensated Absences**

**Primary Government** – The County's policy is to pay employees for any unused vacation time, up to a maximum of 65 days, upon termination of employment. Compensated absences are reported in governmental funds only if they have matured, such as payments upon termination of employment, vacation, and compensatory time paid as they are used during the year. Such time is paid as regular wages. Compensated absences are reported in enterprise funds as they are accrued. In the government-wide statements, 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 \$2,731,735 at June 30, 2010, including both governmental (\$2,434,947) and business-type activities (\$296,788).

**QUEEN ANNE'S COUNTY, MARYLAND**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2010**

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

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

**6) Compensated Absences (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, 2010 the County recognized a liability for compensated absences for these employees as part of its governmental activities in the amount of \$47,941.

**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, 2010 amounted to \$926,197. 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.

**7) 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.

**8) Net Assets/Fund Equity**

In the government-wide financial statements, the County has reported negative unrestricted net assets of \$45,795,597. 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, in the Board of Education column of the Component Units section of the County's government-wide Statement of Net Assets. Since the Board of Education is not authorized to borrow funds, they do not have any debt.

**QUEEN ANNE'S COUNTY, MARYLAND  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2010**

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

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

**8) 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, 2010, the County has reported outstanding general obligation debt related to assets held by the Board of Education amounting to \$57,677,186. Absent the effect of this relationship, the County would have reported positive unrestricted net assets of governmental activities in the amount of \$11,881,589.

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, 2010, 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	\$ 22,290,307
Business-type activities	<u>18,180,809</u>
Total	<u><u>\$ 40,471,116</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.

**9) 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, 2010**

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

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

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

Real and personal property taxes are levied at rates enacted by the County Commissioners in the annual budget on the assessed value as determined by the Maryland Department of Assessments and Taxation. The rates of levy cannot exceed the constant yield rate furnished by the Maryland State Department of Assessments and Taxation without public notice and only after public hearings. The County tax rate for the fiscal year ended June 30, 2010 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 each project by the County Commissioners. The appropriated budgets are prepared at the fund, function, and department level. Expenditures/expenses may not legally exceed appropriations, based on the level at which they were adopted. For the General Fund, annual expenditure budgets are legally adopted at the Departmental level. For all other governmental Funds, for which annual budgets are adopted, expenditure budgets are legally adopted at the Fund level.

**QUEEN ANNE'S COUNTY, MARYLAND  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2010**

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

During the fiscal year, the Commissioners may adopt supplemental appropriations. For the year ended June 30, 2010, 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	\$ 110,048,956	\$ 112,716,124	\$ 2,667,168
<u>Special Revenue Funds that adopt annual budgets</u>			
Major - Roads Board - expenditures	\$ 6,790,254	\$ 7,217,749	\$ 427,495
Non-Major that adopt annual budgets -			
Housing and Community Services - expenditures	610,216	1,704,726	1,094,510
Community Partnerships for Children - expenditures and transfers	1,618,568	2,008,037	389,469
Law Library - expenditures	10,000	76,258	66,258
Fire Company Impact Fees - expenditures	-	827,723	827,723
Parks & Rec Impact Fees - transfers	-	9,777	9,777
Agricultural Transfer - expenditures and transfers	165,463	1,134,895	969,432
Rural Legacy - expenditures	-	4,271,424	4,271,424
Purchase of Development Rights - transfers	-	415,431	415,431
Total Special Revenue Funds that adopt annual budgets	\$ 9,194,501	\$ 17,666,020	\$ 8,471,519

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

Annual operating budgets are legally adopted for the General Fund, 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, Law Library, Inmate Welfare, Agricultural Transfer, Rural Legacy, Fire Impact Fee Capital Projects, Parks and Recreation Impact Fee Capital Projects, and Purchase of Development Rights Funds. Proprietary Fund budgets are adopted for management control only and include all enterprise funds. Budgets are adopted using the same method of accounting as that used for Fund reporting purposes.

Budgets for the General Capital Projects Fund and the Roads Capital Projects Fund reflect multi-year appropriations at the individual project level. Expenditures may not legally exceed appropriations at that level and appropriations lapse at the completion or cancellation of individual projects. 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**

No General Fund Departments exceeded their legally adopted expenditure budgets for the year ended June 30, 2010. Note that Salary Reversions are budgeted as a lump sum negative \$147,151, but actual amounts are realized in the individual departments and are not reported as a lump sum in the Reversions activity.

**QUEEN ANNE'S COUNTY, MARYLAND  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2010**

**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	\$ 22,541,842	\$ 24,172,434	\$ 29,703,827
Investment in Maryland Local			
Government Investment Pool (MLGIP)	<u>45,778,149</u>	<u>45,770,164</u>	<u>46,685,567</u>
	<u>\$ 68,319,991</u>	<u>\$ 69,942,598</u>	<u>\$ 76,389,394</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	\$ 52,607,339	\$ 2,035,891	\$ 1,885,718	\$ 56,528,948
Cash and Cash Equivalents	-	334,073	-	334,073
Restricted				
Equity in Pooled Cash and Investments	11,362,925	-	-	11,362,925
Investments	-	94,045	-	94,045
	<u>\$ 63,970,264</u>	<u>\$ 2,464,009</u>	<u>\$ 1,885,718</u>	<u>\$ 68,319,991</u>

At year-end, the carrying amount of combined deposits was \$22,541,842. The collected bank balances were \$24,172,434 and of those balances, \$1,008,178 was insured by federal depository insurance (FDIC). The uninsured balances were fully collateralized by securities placed with the respective banks' escrow agents and held in the County's name.

Statutes authorize the County to invest in obligations of the United States Government, Federal government agency obligations, secured time deposits in Maryland banks, bankers' acceptances, the Maryland Local Government Investment Pool, money market mutual funds, commercial paper and repurchase agreements secured by direct government or agency obligations.

Of these options, the County participates in the Maryland Local Government Investment Pool (MLGIP), which provides all local government units of the state with a safe investment vehicle for short-term investment of funds. The State Legislature created MLGIP 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, 2010**

**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, 2010, 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 \$13,051,221, including \$300,000 in certificates of deposit and excluding the carrying amount of fiduciary funds. The bank balances were \$14,869,470. All of the Board's cash balances, with exception of the \$300,000 temporary investment in certificates of deposit, are federally insured due to the financial institutions' participation in the Temporary Liquidity Guarantee Program. The \$300,000 temporary investment in certificates of deposit is 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 \$644,761 certificate of deposit, was \$1,310,059, while collected bank balances were \$1,329,186. Of the bank balances, \$583,605 was secured by the FDIC and \$745,581 was secured by collateral held by the pledging bank's trust department but not in the Library's name.

**B. INVESTMENT INCOME**

**PRIMARY GOVERNMENT**

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

<u>Governmental Funds</u>	<u>Investment Income</u>
General Fund	\$ 62,808
Other Funds	16,240
Unrestricted Revenue	79,048
Restricted Revenue	65,505
Total Investment Income	<u>\$ 144,553</u>

**QUEEN ANNE'S COUNTY, MARYLAND**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2010**

**NOTE 4 - ACCOUNTS RECEIVABLE**

Receivables as of June 30, 2010 for the governmental and business-type activities are as follows:

Accounts Receivable	General Fund	General Capital Projects	Roads Capital Projects	School Impact Fees Capital	Roads Board	Non-Major Governmental Funds	Total Governmental Funds	Total Enterprise Funds	Total Governmental and Enterprise Funds
<b>Receivables</b>									
Taxes - Real Property	\$ 115,720	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 115,720	\$ -	\$ 115,720
Taxes - Other	81,466	168,367	-	-	-	-	249,833	-	249,833
Subtotal Taxes	<u>197,186</u>	<u>168,367</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>365,553</u>	<u>-</u>	<u>365,553</u>
<b>Other Accounts Receivable:</b>									
Health Department	205,967	-	-	-	-	-	205,967	-	205,967
Retirees Insurance	25,934	-	-	-	-	-	25,934	-	25,934
Economic Development	20,640	-	-	-	-	-	20,640	-	20,640
Solid Waste	14,687	-	-	-	-	-	14,687	-	14,687
Maintenance Charges	11,068	-	-	-	-	-	11,068	-	11,068
Board of Education	7,327	-	-	-	76,118	-	83,445	-	83,445
Governmental Funds - User Fees	-	-	18,609	-	-	-	18,609	-	18,609
Sanitary District - User and Septage Fees	-	-	-	-	-	-	-	481,856	481,856
Purchase of Development Rights	-	-	-	-	-	96,764	96,764	-	96,764
Airport - Fuel Sales and User and Rental Fees	-	-	-	-	-	-	-	116,381	116,381
Miscellaneous Receivables	33,078	2,318	-	-	839	28,681	64,916	6,931	71,847
Subtotal Other Accounts Receivable	<u>318,701</u>	<u>2,318</u>	<u>18,609</u>	<u>-</u>	<u>76,957</u>	<u>125,445</u>	<u>542,030</u>	<u>605,168</u>	<u>1,147,198</u>
Loans Receivable	-	-	-	359,468	-	3,659,315	4,018,783	-	4,018,783
Subtotal Other Accounts and Loans Receivable	<u>318,701</u>	<u>2,318</u>	<u>18,609</u>	<u>359,468</u>	<u>76,957</u>	<u>3,784,760</u>	<u>4,560,813</u>	<u>605,168</u>	<u>5,165,981</u>
Special Assessments	-	-	515,726	-	-	727,572	1,243,298	-	1,243,298
<b>Intergovernmental</b>									
Income Taxes Held by State	7,378,018	-	-	-	-	-	7,378,018	-	7,378,018
Grants Receivable	800,306	441,924	-	-	100,644	507,671	1,850,545	986,911	2,837,456
State-Shared Highway User Tax	-	-	-	-	187,300	-	187,300	-	187,300
Bonds Receivable	1,928,431	-	-	-	-	-	1,928,431	-	1,928,431
Subtotal Intergovernmental	<u>10,106,755</u>	<u>441,924</u>	<u>-</u>	<u>-</u>	<u>287,944</u>	<u>507,671</u>	<u>11,344,294</u>	<u>986,911</u>	<u>12,331,205</u>
<b>Restricted Receivables</b>									
Accounts Receivable	-	-	-	-	-	-	-	57,029	57,029
Special Assessments	-	-	-	-	-	-	-	3,424,665	3,424,665
Subtotal Restricted Receivables	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,481,694</u>	<u>3,481,694</u>
<b>Total Receivables</b>	<u>\$ 10,622,642</u>	<u>\$ 612,609</u>	<u>\$ 534,335</u>	<u>\$ 359,468</u>	<u>\$ 364,901</u>	<u>\$ 5,020,003</u>	<u>\$ 17,513,958</u>	<u>\$ 5,073,773</u>	<u>\$ 22,587,731</u>

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

**QUEEN ANNE'S COUNTY, MARYLAND**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2010**

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

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

Intergovernmental receivables include bonds receivable from four other counties. In years 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 other four counties are \$235,600, \$1,325,000, and \$367,831, respectively, for a total of \$1,928,431. The College bills and collects from the original five counties an amount sufficient to cover this debt service and reimburses this amount to Queen Anne's County on a semi-annual basis.

Loans receivable in the amount of \$4,018,783 relate to the Housing, Impact Fees, and Revolving Loan Special Revenue Funds. Loans receivable in the amount of \$3,448,689 for Housing and Community Services will be repaid when the homes are sold, in virtually all cases. These loans support housing rehabilitation and home-ownership. When the loans are repaid to the County, the funds are then loaned out again to serve the same purpose. Loans for the Revolving Loan Fund in the amount of \$126,978 are also repaid over a number of years.

The remaining loan receivable balance of \$443,116 relates to school, fire, and parks impact fees. In July 2007, the County began accepting promissory notes for impact fees, in certain situations, with the understanding that when certificate of occupancy was obtained, these notes would be paid in full. To ensure repayment, the notes attach to the property incurring the impact fee; therefore, payment will be required automatically prior to legal transfer of title.

Income taxes held by the State in the amount of \$7,378,018 have been estimated by the State as income tax due for "tax years" 2009 and prior. It may take five years or longer for the State to receive all amounts relating to these "tax years" and remit those monies to the County. However, the State indicates that this is a reasonable estimate of their liability to the County and the County reports this amount in accordance with GAAP.

Special Assessments in the amount of \$1,243,298 represent receivables for governmental activities. Part of this amount consists of \$515,726 for assessments levied on homeowners to reimburse the County for construction or upgrade of private roads prior to their acceptance into the County Roads System. The other part of this amount consists of \$727,572 for assessments levied on homeowners relating to dredging costs. Payment of these assessments is expected over a number of years.

Restricted Special Assessments in the amount of \$3,424,665 represent restricted receivables for the Sanitary District. These receivables relate to assessments levied on homeowners for the construction of sewer and water lines, as well as for hook up costs. Only the current portion due is billed and the remaining balances are repaid over a number of years, as determined by the original agreement. As the funds are paid back, the County uses the money to repay debt.

**QUEEN ANNE'S COUNTY, MARYLAND**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2010**

**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. In addition, governmental funds and governmental activities 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 as follows:

<u>Deferred Revenue</u>	<u>Unavailable</u>	<u>Unearned</u>	<u>Total</u>
<b>General Fund</b>			
Income Taxes Due from State	\$ 5,116,295	\$ -	\$ 5,116,295
Property Taxes Receivable	106,476	-	106,476
Property Tax Deferrals	-	13,277	13,277
Inter-governmental Bonds Receivable	1,928,431	-	1,928,431
Grant Drawdowns in Excess of Expenditures	-	5,367	5,367
Subtotal	<u>7,151,202</u>	<u>18,644</u>	<u>7,169,846</u>
<b>General Capital Projects Fund</b>			
Grant Drawdowns in excess of Expenditures	-	69,826	69,826
<b>Roads Capital Projects Fund</b>			
Benefit Assessments Receivable Not Currently Due	-	515,725	515,725
Benefit Assessments Paid in Advance	-	59,968	59,968
Subtotal	<u>-</u>	<u>575,693</u>	<u>575,693</u>
<b>School Impact Fees Fund</b>			
Impact Fees Loans Receivable Not Currently Due	-	359,468	359,468
<b>Roads Board Operating Fund</b>			
Inspection Fees Collected In Advance	-	610,196	610,196
<b>Non-Major Governmental Funds</b>			
Grant Drawdowns in Excess of Expenditures	-	1,456	1,456
Benefit Assessments Receivable Not Currently Due	-	727,572	727,572
Impact Fees Loans Receivable Not Currently Due	-	83,648	83,648
Subtotal	<u>-</u>	<u>812,676</u>	<u>812,676</u>
<b>Total Deferred Revenue</b>	<u><u>\$ 7,151,202</u></u>	<u><u>\$ 2,446,503</u></u>	<u><u>\$ 9,597,705</u></u>

**QUEEN ANNE'S COUNTY, MARYLAND**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2010**

**NOTE 6 – CAPITAL ASSETS**

**PRIMARY GOVERNMENT**

Changes in the County's capital assets for governmental activities for the year ended June 30, 2010 are summarized as follows, with depreciation shown separately. Assets resulting from completed capital projects are shown in the Construction in Progress Transfers column. Asset retirements are shown in the Decreases column.

<b>Governmental Activities</b>	Balance June 30, 2009	Increases	Construction in Progress Transfers	Decreases	Balance June 30, 2010
<b>Capital Assets, not being depreciated:</b>					
Land	\$ 37,054,054	\$ 814,823	\$ -	\$ (1,618)	\$ 37,867,259
Intangible Rights - Easements	-	-	13,390	-	13,390
Land Improvements	1,796,268	-	-	-	1,796,268
Construction in Progress	14,157,439	4,777,972	(6,027,382)	(1,291,800)	11,616,229
Land - Inexhaustible Infrastructure Improvements	40,003,406	51,946	-	-	40,055,352
<b>Total Capital Assets, not being depreciated</b>	<b>93,011,167</b>	<b>5,644,741</b>	<b>(6,013,992)</b>	<b>(1,293,418)</b>	<b>91,348,498</b>
<b>Capital Assets, being depreciated:</b>					
Buildings and Building Improvements	27,963,214	2,574,512	4,529,875	(1,601)	35,066,000
Improvements other than Buildings	4,927,677	6,070	584,297	(586)	5,517,458
Vehicles	8,837,732	897,127	-	(116,795)	9,618,064
Equipment	8,854,727	147,623	97,813	(370,738)	8,729,425
Furniture and Fixtures	9,320,108	1,013,767	802,007	(495,188)	10,640,694
Infrastructure Improvements - Depreciable	15,478,289	12,986	-	-	15,491,275
<b>Total Capital Assets, being depreciated</b>	<b>75,381,747</b>	<b>4,652,085</b>	<b>6,013,992</b>	<b>(984,908)</b>	<b>85,062,916</b>
<b>Less Accumulated Depreciation for:</b>					
Buildings and Building Improvements	7,544,487	657,445	-	(1,601)	8,200,331
Improvements other than Buildings	792,611	155,074	-	(586)	947,099
Vehicles	5,059,671	753,377	-	(76,858)	5,736,190
Equipment	5,573,540	492,275	-	(256,850)	5,808,965
Furniture and Fixtures	5,533,330	1,001,587	-	(469,019)	6,065,898
Infrastructure Improvements - Depreciable	6,280,676	248,038	-	-	6,528,714
<b>Total Accumulated Depreciation</b>	<b>30,784,315</b>	<b>3,307,796</b>	<b>-</b>	<b>(804,914)</b>	<b>33,287,197</b>
<b>Total Capital Assets, being depreciated, net</b>	<b>44,597,432</b>	<b>1,344,289</b>	<b>6,013,992</b>	<b>(179,994)</b>	<b>51,775,719</b>
<b>Governmental activities Capital Assets, net</b>	<b>\$ 137,608,599</b>	<b>\$ 6,989,030</b>	<b>\$ -</b>	<b>\$ (1,473,412)</b>	<b>\$ 143,124,217</b>

Further information about Capital Assets can be found in the Combining and Individual Fund Statements and Schedules following the Notes.

**QUEEN ANNE'S COUNTY, MARYLAND**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2010**

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

**PRIMARY GOVERNMENT (CONTINUED)**

Changes in the County's capital assets for business-type activities for the year ended June 30, 2010 are summarized as follows, with depreciation shown separately. Completed projects that were reclassified from construction in progress (CIP) to other asset accounts during the year are reported in the same column, as retirements from CIP and transfers to other asset accounts.

<b><u>Business-Type Activities</u></b>	Balance June 30, 2009	Increases	Decreases/ Transfers	Balance June 30, 2010
Capital Assets, not being depreciated:				
Land	\$ 12,974,006	\$ -	\$ -	\$ 12,974,006
Land Improvements	16,162	-	-	16,162
Construction in Progress	1,475,247	3,724,618	-	5,199,865
Land - Inexhaustible Infrastructure Improvements	1,219,298	-	-	1,219,298
<b>Total Capital Assets, not being depreciated</b>	<b>15,684,713</b>	<b>3,724,618</b>	<b>-</b>	<b>19,409,331</b>
Capital Assets, being depreciated:				
Buildings and Improvements to Buildings	18,186,494	32,315	-	18,218,809
Improvements other than Buildings	6,407,390	-	-	6,407,390
Vehicles	1,196,968	96,926	-	1,293,894
Equipment	21,771,686	124,005	-	21,895,691
Furniture and Fixtures	86,536	1,002	-	87,538
Infrastructure Improvements - Depreciable	68,016,100	208,114	-	68,224,214
<b>Total Capital Assets, being depreciated</b>	<b>115,665,174</b>	<b>462,362</b>	<b>-</b>	<b>116,127,536</b>
Less Accumulated Depreciation for:				
Buildings and Improvements to Buildings	5,097,348	702,038	-	5,799,386
Improvements other than Buildings	2,018,185	251,574	-	2,269,759
Vehicles	793,615	90,566	-	884,181
Equipment	5,522,637	1,042,572	-	6,565,209
Furniture and Fixtures	61,120	4,590	-	65,710
Infrastructure Improvements - Depreciable	17,956,567	1,635,283	-	19,591,850
<b>Total Accumulated Depreciation</b>	<b>31,449,472</b>	<b>3,726,623</b>	<b>-</b>	<b>35,176,095</b>
<b>Total Capital Assets, being depreciated, net</b>	<b>84,215,702</b>	<b>(3,264,261)</b>	<b>-</b>	<b>80,951,441</b>
<b>Business-Type activities Capital Assets, net</b>	<b>\$ 99,900,415</b>	<b>\$ 460,357</b>	<b>\$ -</b>	<b>\$ 100,360,772</b>

**QUEEN ANNE'S COUNTY, MARYLAND  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2010**

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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:

<b><u>Governmental Activities</u></b>	<b><u>Depreciation</u></b>
General Government	\$ 174,502
Public Safety	1,511,104
Public Works	849,365
Health	10,117
Social Services	340,035
Parks and Recreation	346,027
Library	23,611
Conservation of Natural Resources	17,828
Economic/Community Development	35,207
	<u>\$ 3,307,796</u>

<b><u>Business-Type Activities</u></b>		
Major Enterprise Funds:		
Sanitary District		\$ 3,363,886
Airport		171,598
Non-Major Enterprise Funds:		
Parks and Recreation	\$ 183,108	
Public Marinas	<u>8,031</u>	<u>191,139</u>
		<u>\$ 3,726,623</u>

**QUEEN ANNE'S COUNTY, MARYLAND**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2010**

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

**COMPONENT UNITS**

**Board of Education:** Capital asset activity for the year ended June 30, 2010 is as follows:

<u>Board of Education</u>	Balance June 30, 2009	Increases	Decreases	Balance June 30, 2010
Capital Assets, not being depreciated:				
Land	\$ 6,363,040	\$ -	\$ -	\$ 6,363,040
Construction in Progress	<u>18,770,848</u>	<u>2,809,010</u>	<u>(16,929,433)</u>	<u>4,650,425</u>
Total Capital Assets, not being depreciated	<u>25,133,888</u>	<u>2,809,010</u>	<u>(16,929,433)</u>	<u>11,013,465</u>
Capital Assets, being depreciated:				
Land Improvements	4,504,001	65,848	-	4,569,849
Building Improvements	133,747,668	16,469,641	-	150,217,309
Furniture and Equipment	<u>9,451,423</u>	<u>675,280</u>	<u>(474,577)</u>	<u>9,652,126</u>
Total Capital Assets, being depreciated	<u>147,703,092</u>	<u>17,210,769</u>	<u>(474,577)</u>	<u>164,439,284</u>
Less Accumulated Depreciation for:				
Land Improvements	2,986,646	172,859	-	3,159,505
Building Improvements	28,314,183	2,899,468	-	31,213,651
Furniture and Equipment	<u>6,758,072</u>	<u>492,005</u>	<u>(422,836)</u>	<u>6,827,241</u>
Total Accumulated Depreciation	<u>38,058,901</u>	<u>3,564,332</u>	<u>(422,836)</u>	<u>41,200,397</u>
Total Capital Assets, being depreciated, net	<u>109,644,191</u>	<u>13,646,437</u>	<u>(51,741)</u>	<u>123,238,887</u>
Capital Assets, net	<u>\$ 134,778,079</u>	<u>\$ 16,455,447</u>	<u>\$ (16,981,174)</u>	<u>\$ 134,252,352</u>

**QUEEN ANNE'S COUNTY, MARYLAND  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2010**

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

**COMPONENT UNITS (CONTINUED)**

**Queen Anne's County Free Library:** Capital asset activity for the year ended June 30, 2010 is as follows:

<u>Library</u>	<u>Balance June 30, 2009</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance June 30, 2010</u>
Capital Assets, not being depreciated:				
Artwork	\$ 29,850	\$ -	\$ -	\$ 29,850
Capital Assets, being depreciated:				
Books and Media	2,305,036	146,309	(165,593)	2,285,752
Building Improvements	239,072	-	-	239,072
Total Capital Assets, being depreciated	<u>2,544,108</u>	<u>146,309</u>	<u>(165,593)</u>	<u>2,524,824</u>
Less Accumulated Depreciation for:				
Books and Media	1,573,851	98,781	(149,034)	1,523,598
Building Improvements	91,155	6,130	-	97,285
Total Accumulated Depreciation	<u>1,665,006</u>	<u>104,911</u>	<u>(149,034)</u>	<u>1,620,883</u>
Total Capital Assets, being depreciated, net	<u>879,102</u>	<u>41,398</u>	<u>(16,559)</u>	<u>903,941</u>
Capital Assets, net	<u>\$ 908,952</u>	<u>\$ 41,398</u>	<u>\$ (16,559)</u>	<u>\$ 933,791</u>

**QUEEN ANNE'S COUNTY, MARYLAND**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2010**

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

**COMPONENT UNITS (CONTINUED)**

**Queen Anne's County Housing Authority:** Capital asset activity for the year ended June 30, 2010 is as follows

<b><u>Housing Authority</u></b>	Balance June 30, 2009	Increases	Decreases	Balance June 30, 2010
Capital Assets, not being depreciated:				
Land	\$ 735,561	\$ 49,078	\$ -	\$ 784,639
Land Improvements	15,489	197,233	-	212,722
Construction in Progress	9,272,587	452,858	(9,371,079)	354,366
<b>Total Capital Assets, not being depreciated</b>	<b>10,023,637</b>	<b>699,169</b>	<b>(9,371,079)</b>	<b>1,351,727</b>
Capital Assets, being depreciated:				
Buildings and Improvements	15,354,141	5,637,597	-	20,991,738
Vehicles	23,490	-	-	23,490
Furniture, Fixtures, and Equipment	233,114	-	(5,850)	227,264
Infrastructure	-	141,396	-	141,396
<b>Total Capital Assets, being depreciated</b>	<b>15,610,745</b>	<b>5,778,993</b>	<b>(5,850)</b>	<b>21,383,888</b>
Less Accumulated Depreciation for:				
Buildings and Improvements	2,951,327	365,567	-	3,316,894
Vehicles	17,030	2,349	-	19,379
Furniture, Fixtures, and Equipment	121,047	12,280	(1,462)	131,865
Infrastructure	-	943	-	943
<b>Total Accumulated Depreciation</b>	<b>3,089,404</b>	<b>381,139</b>	<b>(1,462)</b>	<b>3,469,081</b>
<b>Total Capital Assets, being depreciated, net</b>	<b>12,521,341</b>	<b>5,397,854</b>	<b>(4,388)</b>	<b>17,914,807</b>
<b>Capital Assets, net</b>	<b>\$ 22,544,978</b>	<b>\$ 6,097,023</b>	<b>\$ (9,375,467)</b>	<b>\$ 19,266,534</b>

**QUEEN ANNE'S COUNTY, MARYLAND**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2010**

**NOTE 7 - INTERFUND RECEIVABLES AND PAYABLES**

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

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

The interfund and intra-entity receivables and payables consist of the following at June 30, 2010:

Due to Fund	Due from Fund					
	Non-Major Governmental	Sanitary District	Bay Bridge Airport	Non-Major Enterprise	Board of Education-Component Unit	Total Due From Other Funds
General	\$ 424,252	\$ -	\$ 500,591	\$ 95,147	\$ -	\$ 1,019,990
General Capital Projects	70,071	-	-	-	344,546	414,617
Sanitary District	-	152,458	-	-	-	152,458
Non-Major Enterprise	-	-	-	30,000	-	30,000
Total Due to Other Funds	<u>\$ 494,323</u>	<u>\$ 152,458</u>	<u>\$ 500,591</u>	<u>\$ 125,147</u>	<u>\$ 344,546</u>	<u>\$ 1,617,065</u>

On June 30, 2010, the Board of Education issued a check in the amount of \$481,000 to the County to repay a short-term loan related to the Kent Island Elementary School Renovation project. The County recorded receipt of this check in fiscal year 2011, resulting in a receivable on the County's financial statements of \$344,546 for fiscal year 2010, which consists of \$481,000 for this check, netted with \$136,454 owed to the Board of Education. This timing difference resulted in a reconciling item with the Board, as the County appropriately recorded this receivable on its books in fiscal year 2010.

Interfund receivables and payables are reported on the Statement of Net Assets as Internal Balances, net of transactions between the same types of funds. 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, 2010**

**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, 2010:

	Transfers in Fund								
	Total Transfers Out	General Fund	General Capital Projects	Roads Capital	Roads Board	Non-Major Governmental	Major Enterprise	Non-Major Enterprise	Total Transfers In
<b>Transfers Out Fund</b>									
General Fund	\$ 8,219,656	\$ -	\$ 664,733	\$ -	\$ 4,663,551	\$ 2,295,686	\$ 140,751	\$ 454,935	\$ 8,219,656
General Capital Projects	8,580,558	8,310,000	-	-	-	210,000	60,558	-	8,580,558
Roads Capital Projects	10,000	-	10,000	-	-	-	-	-	10,000
Impact Fees - Schools	1,408,120	1,408,120	-	-	-	-	-	-	1,408,120
Roads Board	444,963	-	-	444,963	-	-	-	-	444,963
<b>Total Major Governmental Funds</b>	<b>18,663,297</b>	<b>9,718,120</b>	<b>674,733</b>	<b>444,963</b>	<b>4,663,551</b>	<b>2,505,686</b>	<b>201,309</b>	<b>454,935</b>	<b>18,663,297</b>
<b>Non-Major Governmental</b>	<b>80,945</b>	<b>71,168</b>	<b>9,777</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>80,945</b>
Sanitary District - Restricted	1,574,314	-	-	-	-	-	1,574,314	-	1,574,314
Sanitary District - Debt Service	2,084,030	-	-	-	-	-	2,084,030	-	2,084,030
Bay Bridge Airport	10,000	10,000	-	-	-	-	-	-	10,000
<b>Total Major Enterprise Funds</b>	<b>3,668,344</b>	<b>10,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3,658,344</b>	<b>-</b>	<b>3,668,344</b>
<b>Non-Major Enterprise</b>	<b>86,913</b>	<b>86,913</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>86,913</b>
<b>Total Transfers Out</b>	<b>\$ 22,499,499</b>	<b>\$ 9,886,201</b>	<b>\$ 684,510</b>	<b>\$ 444,963</b>	<b>\$ 4,663,551</b>	<b>\$ 2,505,686</b>	<b>\$ 3,859,653</b>	<b>\$ 454,935</b>	<b>\$ 22,499,499</b>

Further information about 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, 2010**

**NOTE 9 – NONCURRENT LIABILITIES**

**A. CHANGES IN NONCURRENT LIABILITIES**

During the year ended June 30, 2010, the following changes occurred in the noncurrent liabilities of the primary government's governmental activities:

<u>PRIMARY GOVERNMENT</u>						
<u>Governmental Activities</u>	Balance June 30, 2009	Additions of new debt	Retirements and Repayments	Balance June 30, 2010	Due Within One Year	Due in More than One Year
General Bonds Payable	\$ 65,420,921	\$ 28,499,154	\$ 5,060,636	\$ 88,859,439	\$ 6,221,295	\$ 82,638,144
Notes Payable	913,183	800,000	61,101	1,652,082	61,436	1,590,646
Bond Premiums, Net of Issuance Costs	651,326	11,916	65,290	597,952	65,290	532,662
Deferred Refunding Costs	(1,660,442)	-	(170,483)	(1,489,959)	(170,483)	(1,319,476)
Capital Leases	155,482	-	49,598	105,884	51,795	54,089
	<u>65,480,470</u>	<u>29,311,070</u>	<u>5,066,142</u>	<u>89,725,398</u>	<u>6,229,333</u>	<u>83,496,065</u>
Other Post-Employment Benefit Obligation	3,688,090	5,464,770	604,221	8,548,639	-	8,548,639
Compensated Absences	2,243,389	1,746,673	1,555,115	2,434,947	1,420,167	1,014,780
	<u>\$ 71,411,949</u>	<u>\$ 36,522,513</u>	<u>7,225,478</u>	<u>\$ 100,708,984</u>	<u>\$ 7,649,500</u>	<u>\$ 93,059,484</u>
Less College Reimbursements			(223,191)			
			<u>\$ 7,002,287</u>			

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

Retirements and Repayments	
General Bonds Payable	\$ 5,060,636
Notes Payable	61,101
Capital Leases	49,598
LESS: College Reimbursements	<u>(223,191)</u>
Total Principal Payments	<u>\$ 4,948,144</u>

The County added amounts to several bond offerings on behalf of Chesapeake College, which cannot borrow money on its own. This year, the College reimbursed to the County \$223,191 for this year's principal and interest payments. However, since the County is one of five Counties supporting the College, we paid the College \$53,938 this year for our part of the debt.

**QUEEN ANNE'S COUNTY, MARYLAND**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2010**

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

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

During the year ended June 30, 2010, the following changes occurred in the noncurrent liabilities of the primary government's business-type activities:

<u>PRIMARY GOVERNMENT</u>	Balance	Additions	Retirements	Balance	Due Within	Due in
<u>Business-Type Activities</u>	June 30, 2009	of new debt	and	June 30, 2010	One Year	More than
			Repayments			One Year
Golf Course	\$ 916,075	\$ -	\$ 75,000	\$ 841,075	\$ 75,000	\$ 766,075
Airport	539,048	169,397	35,318	673,127	41,534	631,593
Public Landings	-	29,936	-	29,936	1,021	28,915
Public Marinas	59,087	323,868	8,283	374,672	19,395	355,277
Sanitary District	21,684,421	-	1,901,682	19,782,739	1,952,376	17,830,363
Subtotal Debt	23,198,631	523,201	2,020,283	21,701,549	2,089,326	19,612,223
Bond Premiums, Net of Issuance Costs						
Golf Course	29,166	-	2,652	26,514	2,651	23,863
Airport	9,150	71	836	8,385	836	7,549
Public Landings	-	13	1	12	1	11
Public Marinas	-	135	6	129	6	123
Deferred Refunding Costs						
Golf Course	(64,771)	-	(5,888)	(58,883)	(5,888)	(52,995)
Airport	(20,320)	-	(1,847)	(18,473)	(1,847)	(16,626)
Sanitary District	(68,333)	-	(20,833)	(47,500)	(20,833)	(26,667)
Subtotal Bond Premiums, Issuance and Deferred Refunding Costs	(115,108)	219	(25,073)	(89,816)	(25,074)	(64,742)
Subtotal Debt before Other Post-Employment Benefit Obligation and Compensated Absences	23,083,523	523,420	1,995,210	21,611,733	2,064,252	19,547,481
Other Post-Employment Benefit Obligation	615,955	946,164	-	1,562,119	-	1,562,119
Compensated Absences	264,322	215,694	183,228	296,788	173,100	123,688
	<u>\$ 23,963,800</u>	<u>\$ 1,685,278</u>	<u>\$ 2,178,438</u>	<u>\$ 23,470,640</u>	<u>\$ 2,237,352</u>	<u>\$ 21,233,288</u>

**QUEEN ANNE'S COUNTY, MARYLAND**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2010**

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

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

During the year ended June 30, 2010, the following changes occurred in the noncurrent liabilities of the primary government's Component Units:

<u>COMPONENT UNITS</u>	Balance June 30, 2009	Additions of new debt	Retirements and Repayments	Balance June 30, 2010	Due Within One Year	Due in More than One Year
Queen Anne's County						
Board of Education						
Capital Lease	\$ 163,696	\$ -	\$ 81,490	\$ 82,206	\$ 77,646	\$ 4,560
Compensated Absences	855,027	276,383	205,213	926,197	200,361	725,836
Other Post-Employment Benefit Obligation	4,372,045	5,163,414	-	9,535,459	-	9,535,459
Subtotal	<u>5,390,768</u>	<u>5,439,797</u>	<u>286,703</u>	<u>10,543,862</u>	<u>278,007</u>	<u>10,265,855</u>
Free Library						
Other Post-Employment Benefit Obligation	139,766	433,800	-	573,566	-	573,566
Housing Authority						
Terrapin Grove Phase II Loan	695,309	-	40,995	654,314	40,908	613,406
Scattered Site Housing						
Reimbursement to County for Portion of 2003 Bonds	259,748	-	13,301	246,447	13,917	232,530
Repay Loan from County Housing Revolving Loan Fund	502,224	-	-	502,224	-	502,224
Reimbursement to County for Portion of 2009 Bonds	-	626,712	-	626,712	21,383	605,329
2009 Bond Premiums	-	3,470	165	3,305	165	3,140
2009 Bond Issuance Costs	-	(3,208)	(152)	(3,056)	(152)	(2,904)
Foxytown Apartments						
Reimbursement to County for Portion of 2006 Bonds	375,562	-	14,276	361,286	14,878	346,408
Reimbursement to County for Portion of 2009 Bonds	-	245,932	-	245,932	8,391	237,541
2009 Bond Premiums	-	1,362	65	1,297	65	1,232
2009 Bond Issuance Costs	-	(1,259)	(60)	(1,199)	(60)	(1,139)
Other Post-Employment Benefit Obligation	-	291,066	-	291,066	-	291,066
Subtotal	<u>1,832,843</u>	<u>1,164,075</u>	<u>68,590</u>	<u>2,928,328</u>	<u>99,495</u>	<u>2,828,833</u>
	<u>\$ 7,363,377</u>	<u>\$ 7,037,672</u>	<u>\$ 355,293</u>	<u>\$ 14,045,756</u>	<u>\$ 377,502</u>	<u>\$ 13,668,254</u>

**QUEEN ANNE'S COUNTY, MARYLAND**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2010**

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

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

**PRIMARY GOVERNMENT**

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

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

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

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

**QUEEN ANNE'S COUNTY, MARYLAND  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2010**

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

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

**PRIMARY GOVERNMENT (CONTINUED)**

As of June 30, 2010, general obligation bonds and notes payable for governmental activities are comprised of the following, along with other post-employment benefits and accrued compensated absences:

<u>Governmental Activities</u>	Paying Fund	Interest Rate	Year Series Matures	Amount of Original Issue	Outstanding June 30, 2010	Due Within One Year	Due in More than One Year
<u>General Obligation Bonds Payable</u>							
2002 Refunding Bonds	General	3.00%-5.00%	2013	6,310,000	\$ 2,830,000	\$ 880,000	\$ 1,950,000
2003 Public Facilities	General	3.50%-4.50%	2023	13,265,000	9,758,553	551,083	9,207,470
2005 Refunding Bonds	General	3.00%-5.00%	2019	30,026,336	27,426,336	2,980,000	24,446,336
2006 Public Facilities	General	4.000%-5.375%	2027	22,510,212	20,345,396	837,837	19,507,559
2009 Public Facilities	General	1.400%-5.625%	2030	28,499,154	28,499,154	972,375	27,526,779
Subtotal Bonds Payable					<u>88,859,439</u>	<u>6,221,295</u>	<u>82,638,144</u>
<u>Notes Payable</u>							
2009 CELP Loan	General	2.00%	2015	122,780	97,890	17,011	80,879
State of Maryland - Price Ck.	Spec. Rev.	0.00%	2021	625,000	264,000	24,000	240,000
State of Maryland - Grove Ck.	Spec. Rev.	0.00%	2034	510,617	490,192	20,425	469,767
Sause Property	General Capital Projects	6.00%	2013	800,000	800,000	-	800,000
Subtotal Notes Payable					<u>1,652,082</u>	<u>61,436</u>	<u>1,590,646</u>
Subtotal Bonds and Notes Payable					90,511,521	6,282,731	84,228,790
2005 Bond Premiums					687,908	76,391	611,517
2005 Bond Issuance Costs					(101,305)	(11,668)	(89,637)
2005 Deferred Refunding Costs					(1,489,959)	(170,483)	(1,319,476)
2006 Bond Premiums					204,382	12,023	192,359
2006 Bond Issuance Costs					(204,382)	(12,023)	(192,359)
2009 Bond Premiums					150,286	7,514	142,772
2009 Bond Issuance Costs					<u>(138,937)</u>	<u>(6,947)</u>	<u>(131,990)</u>
Total Governmental Activities					89,619,514	6,177,538	83,441,976
<u>Long-term Obligation under Capital Lease Agreements</u>							
	General	4.38%	2012	248,460	105,884	51,795	54,089
<u>Other Post-Employment Benefit Obligation</u>							
					8,548,639	-	8,548,639
<u>Accrued Compensated Absences</u>							
					<u>2,434,947</u>	<u>1,420,167</u>	<u>1,014,780</u>
					<u>\$ 100,708,984</u>	<u>\$ 7,649,500</u>	<u>\$ 93,059,484</u>

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, 2010**

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

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

**PRIMARY GOVERNMENT (CONTINUED)**

The annual requirements to amortize general obligation bonds and notes payable outstanding as of June 30, 2010 for governmental activities are as follows:

Governmental Activities Year Ending June 30,	Governmental Bonds Payable			Governmental Notes Payable		
	Principal	Interest	Total	Principal	Interest	Total
2011	\$ 6,221,295	\$ 3,768,365	\$ 9,989,660	\$ 61,436	\$ 49,873	\$ 111,309
2012	6,467,432	3,548,563	10,015,995	61,777	49,531	111,308
2013	6,243,726	3,320,528	9,564,254	862,127	49,182	911,309
2014	6,524,473	3,091,718	9,616,191	62,483	827	63,310
2015	6,235,376	2,850,939	9,086,315	62,845	464	63,309
2016-2020	27,304,728	10,599,177	37,903,905	231,472	93	231,565
2021-2025	17,418,793	5,341,156	22,759,949	126,125	-	126,125
2026-2030	12,443,616	1,526,154	13,969,770	102,125	-	102,125
2031-2034	-	-	-	81,692	-	81,692
	<u>\$ 88,859,439</u>	<u>\$ 34,046,600</u>	<u>\$ 122,906,039</u>	<u>\$ 1,652,082</u>	<u>\$ 149,970</u>	<u>\$ 1,802,052</u>

These repayment schedules exclude bond premiums (\$1,042,576), issuance costs (negative \$444,624), and deferred refunding costs (negative \$1,489,959).

For the year ended June 30, 2010, total principal, debt issuance costs, and interest incurred by governmental funds relating to general obligation bonds and notes payable, less College reimbursements, were \$4,948,144, \$145,884, and \$3,114,505, respectively.

A portion of the County's 2009 Bond offering was issued using Build America Bonds. As an incentive to use these bonds, the Federal government offered an interest reimbursement grant, which offsets the County's debt service for interest expense. As a result, the County received interest reimbursements of \$311,576 during fiscal year 2010, which are reported separately as a specific intergovernmental grant. The net effect of this reimbursement is shown below.

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

	Interest Expense on 2009 Bonds	Interest Reimbursement	Net Interest Expense
Governmental Activities	\$ 874,167	\$ (307,207)	\$ 566,960
Business-Type Activities			
Airport	4,679	(1,638)	3,041
Public Landings	341	(119)	222
Public Marinas	7,463	(2,612)	4,851
Total Business-Type Activities	12,483	(4,369)	8,114
Total	<u>\$ 886,650</u>	<u>\$ (311,576)</u>	<u>\$ 575,074</u>

**QUEEN ANNE'S COUNTY, MARYLAND**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2010**

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

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

**PRIMARY GOVERNMENT (CONTINUED)**

General obligation bonds and notes payable outstanding as of June 30, 2010 for business-type activities are comprised of the following, as well as other post-employment benefits and accrued compensated absences:

<u>Business -Type Activities</u>	Interest Rate	Year Series Matures	Amount of Original Issue	Outstanding June 30, 2010	Due Within One Year	Due in More than One Year
<b>Golf Course</b>						
2005 Refunding Bonds	3.00%-5.00%	2019	\$ 1,076,075	\$ 841,075	\$ 75,000	\$ 766,075
2005 Bond Premiums				30,411	3,041	27,370
2005 Bond Issuance Costs				(3,897)	(390)	(3,507)
2005 Deferred Refunding Costs				(58,883)	(5,888)	(52,995)
Subtotal Golf Course				<u>808,706</u>	<u>71,763</u>	<u>736,943</u>
<b>Airport</b>						
2005 Refunding Bonds	3.00%-5.00%	2019	337,588	242,588	25,000	217,588
2006 Public Facilities Bonds	4.000%-5.375%	2027	288,928	261,142	10,754	250,388
2009 Public Facilities Bonds	1.400%-5.625%	2030	169,397	169,397	5,780	163,617
2005 Bond Premiums				9,541	954	8,587
2005 Bond Issuance Costs				(1,223)	(122)	(1,101)
2005 Deferred Refunding Costs				(18,473)	(1,847)	(16,626)
2006 Bond Premiums				2,623	154	2,469
2006 Bond Issuance Costs				(2,623)	(154)	(2,469)
2009 Bond Premiums				893	45	848
2009 Bond Issuance Costs				(826)	(41)	(785)
Subtotal Airport				<u>663,039</u>	<u>40,523</u>	<u>622,516</u>
<b>Public Landings</b>						
2009 Public Facilities Bonds	1.400%-5.625%	2030	29,936	29,936	1,021	28,915
2009 Bond Premiums				158	8	150
2009 Bond Issuance Costs				(146)	(7)	(139)
Subtotal Public Landings				<u>29,948</u>	<u>1,022</u>	<u>28,926</u>
<b>Public Marinas</b>						
2006 Public Facilities Bonds	4.000%-5.375%	2027	41,132	37,176	1,531	35,645
2009 Public Facilities Bonds	1.400%-5.625%	2030	323,868	323,868	11,050	312,818
State of Maryland - Shore Erosion Loan	0%	2015	102,208	13,628	6,814	6,814
2006 Bond Premiums				373	22	351
2006 Bond Issuance Costs				(373)	(22)	(351)
2009 Bond Premiums				1,708	85	1,623
2009 Bond Issuance Costs				(1,579)	(79)	(1,500)
Subtotal Marinas				<u>374,801</u>	<u>19,401</u>	<u>355,400</u>
<b>Sanitary District</b>						
2002 Refunding Bonds	3.00%-5.00%	2013	3,385,000	1,630,000	485,000	1,145,000
Maryland Water Quality-Cloverfields	5.09%	2013	4,282,209	642,331	214,110	428,221
Maryland Water Quality-Digester	4.41%	2013	1,121,377	273,519	87,242	186,277
Maryland Water Quality-Bay City	3.50%	2015	3,476,961	1,195,652	222,967	972,685
Maryland Water Quality-2005 Enhancement	1.00%	2027	18,252,291	15,725,774	854,051	14,871,723
State of Maryland	6.10%	2010	500,000	35,303	35,303	-
Bank of America	5.60%	2010	200,000	9,500	9,500	-
Queenstown Bank-Cloverfields Hookup	8.13%	2015	435,000	173,461	31,020	142,441
Queenstown Bank-Bay City Hookup	7.90%	2015	205,000	97,199	13,183	84,016
Subtotal Debt				<u>19,782,739</u>	<u>1,952,376</u>	<u>17,830,363</u>
Prior Issue Deferred Refunding Costs				(47,500)	(20,833)	(26,667)
Subtotal Sanitary District				<u>19,735,239</u>	<u>1,931,543</u>	<u>17,803,696</u>
Total Enterprise Debt before Other Post-Employment Benefit Obligation and Compensated Absences				<u>21,611,733</u>	<u>2,064,252</u>	<u>19,547,481</u>
Other Post-Employment Benefit Obligation				1,562,119	-	1,562,119
<b>Accrued Compensated Absences</b>				<u>296,788</u>	<u>173,100</u>	<u>123,688</u>
Total Enterprise Funds				<u>\$ 23,470,640</u>	<u>\$ 2,237,352</u>	<u>\$ 21,233,288</u>

**QUEEN ANNE'S COUNTY, MARYLAND  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2010**

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

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

**PRIMARY GOVERNMENT (CONTINUED)**

The annual requirements to amortize business-type bonds and notes outstanding at June 30, 2010, are as follows:

Business-Type Activities Year Ending June 30,	Business-Type Bonds Payable			Business-Type Notes Payable		
	Principal	Interest	Total	Principal	Interest	Total
2011	\$ 615,135	\$ 145,241	\$ 760,376	\$ 1,474,191	\$ 329,038	\$ 1,803,229
2012	636,404	115,892	752,296	1,453,235	297,422	1,750,657
2013	452,602	91,098	543,700	1,471,183	267,198	1,738,381
2014	469,028	70,602	539,630	1,183,289	219,140	1,402,429
2015	145,384	56,828	202,212	1,195,549	197,010	1,392,559
2016-2020	757,810	193,073	950,883	4,598,417	720,796	5,319,213
2021-2025	242,224	87,833	330,057	4,812,308	486,245	5,298,553
2026-2030	216,595	27,297	243,892	1,978,195	126,450	2,104,645
	<u>\$ 3,535,182</u>	<u>\$ 787,864</u>	<u>\$ 4,323,046</u>	<u>\$ 18,166,367</u>	<u>\$ 2,643,299</u>	<u>\$ 20,809,666</u>

For the year ended June 30, 2010, total principal and interest of \$2,020,283 and \$524,803, respectively, was incurred by business-type activities relating to bonds and notes payable.

**QUEEN ANNE'S COUNTY, MARYLAND  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2010**

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

**C. ISSUANCE OF NEW DEBT**

**PRIMARY GOVERNMENT**

**GOVERNMENTAL ACTIVITIES**

On October 13, 2009, Queen Anne's County issued Public Facilities Bonds of 2009 for \$29,895,000. These General Obligations Bonds carry interest rates of 1.400 to 5.625 percent and mature serially through 2029. The primary use of the bond proceeds is to provide funding for construction and renovation of public school facilities, with minor amounts earmarked for construction of general government, enterprise, and Public Housing Authority capital projects. Moody's Investors Service has assigned the rating of A-1 and Fitch Ratings has assigned a rating of AA to the Queen Anne's County 2009 Bonds.

On June 15, 2010, Queen Anne's County entered into a promissory note agreement to borrow \$800,000 to partially fund the acquisition of real property located at 204 North Commerce Street in Centreville, Maryland. This note carries an interest rate of 6.0 percent, payable semi-annually, with final payment scheduled for June 2013. The County intends to construct a new courthouse on this property.

**D. LEASE OBLIGATIONS**

**CAPITAL LEASE - PRIMARY GOVERNMENT**

Queen Anne's County entered into a capital lease agreement for two roll-off trucks for the Solid Waste Department. This lease agreement qualifies as a capital lease and has been recorded at the present value of future minimum lease payments at the inception of the lease. The lease is a five year note and will expire in January 2012.

As of June 30, 2010, the assets acquired and placed in service, net of depreciation, are as follows:

Vehicles	\$ 248,460
Less accumulated depreciation	<u>(89,031)</u>
Total asset value for capital lease	<u>\$ 159,429</u>

The future minimum lease obligations and the net present value of the minimum lease payments as of June 30, 2010, are as follows:

Fiscal Year Ending June 30,	lease payments
2011	\$ 55,872
2012	<u>55,872</u>
Total future minimum lease payments	111,744
Less amount representing interest	<u>(5,860)</u>
Net present value of minimum lease payments	<u>\$ 105,884</u>

**QUEEN ANNE'S COUNTY, MARYLAND  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2010**

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

**D. LEASE OBLIGATIONS (CONTINUED)**

**OPERATING LEASE - PRIMARY GOVERNMENT**

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

Lease revenues for the year ended June 30, 2010 amounted to \$3,450. Future lease revenues are as follows:

Fiscal Year Ending June 30,	lease payments
2011	\$ 5,310
2012	5,310
2013	5,381
2014	5,416
2015	5,416
2016-2020	27,771
2021-2025	28,665
2026-2030	29,627
2031-2035	26,513
Minimum Future Rental Revenue	<u><u>\$ 139,409</u></u>

**E. LOCAL DEBT POLICY**

**PRIMARY GOVERNMENT**

In August 2009, Queen Anne's County adopted Resolution No. 09-13, thereby establishing a local debt policy in compliance with Article 95, Section 22F of the Annotated Code of Maryland. This policy requires that the County's Director of Budget and Finance: (1) prepare a five-year capital project plan each year; (2) propose an amount to be transferred from the General Fund operating balances to the General Capital Projects Fund to serve as pay-as-you-go funding in the latter Fund, in order to lessen the need for future County debt; (3) limit the County's non-bonded indebtedness to \$8.0 million for general operating expenses or capital improvements; (4) certify that the sum of outstanding general bonded debt and any new general obligation debt is 2.5% or less of the total taxable assessable base and is \$3,000 or less per capita; and (5) review and revise this Debt Policy as necessary no later than September 1, 2012.

For calculations relating to this local debt policy, see Table 12-b in the Statistical Section of this document, page 210.

**QUEEN ANNE'S COUNTY, MARYLAND**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2010**

**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, 2010 are as follows:

<b><u>Business -Type Activities</u></b>	<b>Sanitary District</b>		<b>Total</b>
	<b>Restricted</b>	<b>Debt Service</b>	
<b>Current Restricted Assets</b>			
Equity in Pooled Cash	\$ 7,437,899	\$ 3,925,026	\$ 11,362,925
Accounts Receivable (Net)	15,157	41,872	57,029
Subtotal	<u>7,453,056</u>	<u>3,966,898</u>	<u>11,419,954</u>
<b>LESS Current Liabilities Payable from Current Restricted Assets</b>			
Current Portion of Bonds Payable from Restricted Assets	-	(50,336)	(50,336)
Net Current Restricted Assets	<u>7,453,056</u>	<u>3,916,562</u>	<u>11,369,618</u>
<b>Noncurrent Restricted Assets</b>			
Special Assessments Receivable (Net)	1,392,574	2,032,091	3,424,665
<b>LESS Noncurrent Liabilities Payable from Noncurrent Restricted Assets</b>			
Unearned Revenue	<u>(1,392,574)</u>	<u>(1,888,699)</u>	<u>(3,281,273)</u>
Net Noncurrent Restricted Assets	<u>-</u>	<u>143,392</u>	<u>143,392</u>
Net Restricted Assets	<u>\$ 7,453,056</u>	<u>\$ 4,059,954</u>	<u>\$ 11,513,010</u>

**QUEEN ANNE'S COUNTY, MARYLAND**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2010**

**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, for governmental activities, is calculated as follows:

<b><u>Governmental Activities</u></b>	
Total Debt excluding Compensated Absences and OPEB Obligation	\$ (89,725,398)
Add back: Debt relating to Board of Education Assets	\$ 57,677,186
Add back: Debt relating to non-capital assets (Dredging)	754,192
Add back: Unspent portion of 2009 Bonds	<u>9,871,828</u>
Add back debt unrelated to Capital Assets	68,303,206
Net Assets Invested in Capital Assets	<u>143,124,217</u>
Total Capital Assets, net of related debt	<u>\$ 121,702,025</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><u>Business-Type Activities</u></b>	<b><u>Sanitary District</u></b>					<b>Bay Bridge Airport</b>	<b>Non-Major Enterprise Funds</b>	<b>Total Enterprise Funds</b>
	<b>Sewer Operating</b>	<b>Water Operating</b>	<b>Restricted Fund</b>	<b>Debt Service Fund</b>	<b>Total Sanitary</b>			
Capital Assets, net of Accumulated Depreciation	\$ 60,698,393	\$ 16,339,982	\$ -	\$ -	\$ 77,038,375	\$ 14,364,340	\$ 8,958,057	\$ 100,360,772
Less: Debt excluding Compensated Absences and OPEB Obligation	<u>17,969,301</u>	<u>1,482,604</u>	-	-	<u>19,451,905</u>	<u>663,039</u>	<u>1,213,455</u>	<u>21,328,399</u>
Invested in Capital Assets, Net of Related Debt	<u>42,729,092</u>	<u>14,857,378</u>	-	-	<u>57,586,470</u>	<u>13,701,301</u>	<u>7,744,602</u>	<u>79,032,373</u>
Restricted Net Assets								
Debt Service	-	-	-	3,670,580	3,670,580	-	1,771	3,672,351
Capital Projects	-	-	<u>753,300</u>	-	<u>753,300</u>	-	-	<u>753,300</u>
Total Restricted Net Assets	-	-	753,300	3,670,580	4,423,880	-	1,771	4,425,651
Total Unrestricted Net Assets	<u>4,602,967</u>	<u>2,264,911</u>	<u>6,699,756</u>	-	<u>13,567,634</u>	<u>(80,129)</u>	<u>267,653</u>	<u>13,755,158</u>
Total Net Assets	<u>\$ 47,332,059</u>	<u>\$ 17,122,289</u>	<u>\$ 7,453,056</u>	<u>\$ 3,670,580</u>	<u>\$ 75,577,984</u>	<u>\$ 13,621,172</u>	<u>\$ 8,014,026</u>	<u>\$ 97,213,182</u>

Sanitary District debt, excluding compensated absences and OPEB obligation of \$19,451,905 above, also excludes \$283,334 from the Debt Service Fund, as there are no capital assets related to that debt.

Unrestricted Net Assets total \$13,755,158 above for business-type activities. However, these assets become restricted when included in the Government-Wide Financial Statements found on pages 38 to 39. The Sanitary District's Unrestricted Net Assets found in the Restricted Fund of \$6,699,756 are restricted in that these resources can only be used for capital purchases or debt payments; hence, they are reported in the Restricted Fund. However, the remaining unrestricted net assets noted in the other business-type funds total \$7,055,402 and are restricted when reported 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, 2010**

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

**C. RESERVED FUND BALANCES**

**PRIMARY GOVERNMENT**

Reserved Fund Balances for governmental funds are as follows:

<b>Governmental Funds</b>	General Fund	General Capital Projects	Roads Capital Projects	Roads Board Operating	Non-Major Governmental	Total Governmental Funds
Reserved Fund Balances						
Loan Receivables	\$ -	\$ -	\$ -	\$ -	\$ 3,575,667	\$ 3,575,667
Donor-Specified Purposes	2,725	38,888	-	-	1,050	42,663
Contingencies per County Code-Mandated 7% Reserve	7,055,868	-	-	-	-	7,055,868
Other Legally Restricted Purposes - Unspent Bond Proceeds		9,871,828				9,871,828
Other Legally Restricted Purposes - Other	668,599	-	-	47,925	130,830	847,354
Other Legally Restricted Purposes - Capital Projects	-	76,741	820,186	-	-	896,927
Subtotal	<u>7,727,192</u>	<u>9,987,457</u>	<u>820,186</u>	<u>47,925</u>	<u>3,707,547</u>	<u>22,290,307</u>
Prepaid Items	3,500	-	-	-	-	3,500
Inventory	4,000	-	-	590,266	-	594,266
Subtotal	<u>7,500</u>	<u>-</u>	<u>-</u>	<u>590,266</u>	<u>-</u>	<u>597,766</u>
Total Reserved Fund Balances	<u>\$ 7,734,692</u>	<u>\$ 9,987,457</u>	<u>\$ 820,186</u>	<u>\$ 638,191</u>	<u>\$ 3,707,547</u>	<u>\$ 22,888,073</u>

**QUEEN ANNE'S COUNTY, MARYLAND**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2010**

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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 2010 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**  
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**NOTE 12 - RETIREMENT PLANS**

Virtually all full and eligible 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, 2010**

**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. Members of the Alternate Contributory Pension System contribute 5 percent 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, 2010 is based on salaries for the year ending June 30, 2009. 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, 2010</u>	<u>June 30, 2009</u>	<u>June 30, 2008</u>
Total Payroll	\$ 27,860,546	\$ 27,725,213	\$ 25,633,969
Covered Payroll			
Pension System	21,932,213	21,756,765	20,349,987
LEOPS	2,743,928	2,646,509	2,156,204
Expenditure/Expense			
Pension System	1,633,860	1,540,473	1,639,121
LEOPS	652,045	490,008	536,266

**QUEEN ANNE'S COUNTY, MARYLAND**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2010**

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

**OTHER COMPONENT UNITS**

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

The employees of the Board of Education (other than part-time employees not eligible for participation in the plans) are covered by one of four defined-benefit retirement plans that are administered by the State Retirement and Pension System of Maryland. The Board's share of contributions for teachers and administration employees is primarily the responsibility of the State. In fiscal year 2010, State contributions on behalf of the Board are approximately \$5,778,261. This contribution is recognized as both revenue and expenditure for the Board. An additional \$707,081 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, 2010 financial statements, which are publicly available.

**Queen Anne's County Free Library**

The employees of the Library (other than part-time employees not eligible for participation in the plans) are covered under one of four defined-benefit retirement plans that are administered by the State Retirement and Pension System of Maryland. The Library's share of contributions for employees is primarily the responsibility of the State. In fiscal year 2010, State contributions on behalf of the Library are approximately \$93,730. These contributions are recognized as both revenue and expenditures for the Library. An additional \$41,015 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, 2010 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, 2010**

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**NOTE 14 - OTHER POST-EMPLOYMENT BENEFITS**

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

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

Other agencies and political subdivisions have the right to participate in this Trust now and in the future. Such unrelated entities may deposit funds with the Trust for investment purposes related to their OPEB plans. At June 30, 2010, funds in the amount of \$155,393 were reported as a liability of the Trust to Kent County, Maryland. Kent County is holding these assets for the benefit of their plan participants.

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

**Plan Description**

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

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

**QUEEN ANNE'S COUNTY, MARYLAND  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2010**

**NOTE 14 - OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)**

**Plan Description (Continued)**

Primary Government

The County's post-employment plan provides medical insurance benefits to retirees and their eligible dependents. Depending on the years of County service, the retiree is eligible for a subsidy provided by the County for a specific portion of the cost of the health insurance. The following table describes the primary government's health insurance post-employment benefit plan in effect at this time:

<u>Years of County Service Prior to Retirement and eligible retiree hired prior to July 1, 2010</u>	<u>Subsidy Level Description</u>
Retiree retired with 15 years of County service	Retiree and eligible dependents shall be entitled to receive fifty-four percent (54%) of selected County health insurance premium costs.
Retiree retired with 16 years of County service but less than 25 years of County Service	Retiree and eligible dependents shall be entitled to receive three and six tenths percent (3.6%) of selected County health insurance premium costs for every full year of County service.
Retiree with 25 years or more of County Service	Retiree and eligible dependents shall be entitled to receive ninety percent (90%) of selected County health insurance premium costs.
A person in receipt of a special death benefit under the Maryland State Retirement/Pension System	Retiree and eligible dependents shall be entitled to receive ninety percent (90%) of selected County health insurance premium costs.
Retiree retired with less than 15 years of County service	Retiree and eligible dependents shall be entitled to remain in the County's health insurance plan if they pay the full rate to cover all County health insurance premium costs.
All eligible retirees hired prior to July 1, 2010	Coverage may include the retiree, spouse and dependents. Coverage does not cease upon death of the retiree.
<u>Years of County Service Prior to Retirement and eligible retiree hired on or after July 1, 2010</u>	<u>Subsidy Level Description</u>
All eligible retirees hired or rehired on or after July 1, 2010	Retiree shall receive a health insurance subsidy based on the retiree's years of service as outlined above but shall pay the full additional cost for coverage of any eligible dependant.

Component Units

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

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

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

**Queen Anne's County  
Housing Authority**  
c/o Queen Anne's County  
Finance Office  
107 N. Liberty Street  
Centreville, Maryland 21617

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

**QUEEN ANNE'S COUNTY, MARYLAND  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2010**

**NOTE 14 - OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)**

**Plan Membership**

Plan membership as of July 1, 2009, the date of the most recent actuarial valuation, consisted of the following:

<u>Plan Membership</u>	<u>Active</u>	<u>Retirees</u>
County and Housing Authority	477	72
Board of Education	890	247
Library	12	2
Total	<u>1,379</u>	<u>321</u>

**Basis of Accounting and Financial Statements**

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

For further financial information, Summary and Combining financial statements may be found on pages 56 to 57 and 160 to 161, respectively. Required Supplementary Information may be found after these Notes, on page 114.

**Contributions**

Each participating agency has the authority to establish and amend benefit provisions that result in contribution requirements of the plan members and the agency. The Plans are contributory plans in which the agencies and their retired members and beneficiaries contribute certain amounts toward the current cost of the healthcare benefits, based on an actuarial valuation. During fiscal year 2010, as shown in the table below, plan members and beneficiaries receiving benefits contributed a total of \$801,960 (30.9 percent of current contributions). In addition, the primary government and its component units contributed a total of \$1,793,007 (69.1 percent). This entire amount consisted of current premiums, claims, and administrative expenses incurred on behalf of current retirees; no amounts were contributed toward pre-funding of future benefits during fiscal year 2010.

<u>Contributions</u>	<u>Retirees</u>	<u>Employer</u>	<u>Total Contributions</u>	<u>Retiree Percentage</u>	<u>Employer Percentage</u>
County	\$ 214,032	\$ 599,820	\$ 813,852	26.3%	73.7%
Housing Authority	3,240	4,401	7,641	42.4%	57.6%
Board of Education	579,788	1,176,586	1,756,374	33.0%	67.0%
Library	4,900	12,200	17,100	28.7%	71.3%
Total	<u>\$ 801,960</u>	<u>\$ 1,793,007</u>	<u>\$ 2,594,967</u>	30.9%	69.1%

Net assets held in trust for above entities as of June 30, 2010 consisted of \$1,032,614. This amount includes investment earnings of \$2,577.

**QUEEN ANNE'S COUNTY, MARYLAND**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2010**

**NOTE 14 - OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)**

**Contributions (Continued)**

To avoid reporting a liability for the current year's contribution, each employer must contribute its annual required contribution (ARC) each year, which is an amount actuarially determined to be in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and to amortize any unfunded actuarial liabilities over a period not to exceed 30 years. The annual OPEB cost of \$13,276,000, the amounts actually contributed to the trust of \$1,793,007, and the unfunded net OPEB obligation (NOO) of \$20,510,849 for the year ended June 30, 2010 were as follows:

<u>Percentage of ARC Contributed</u>	<u>Fiscal Year Ended June 30</u>	<u>Annual Required Contribution</u>	<u>Percentage Contributed</u>
County and Housing Authority	2010	\$ 6,702,000	9.02%
Board of Education	2010	6,340,000	18.56%
Library	2010	234,000	5.21%
 Total for all Employers		 <u>\$ 13,276,000</u>	 <u>13.51%</u>

<u>Funding Progress / Net OPEB Obligation</u>	<u>County and Housing Authority</u>	<u>Board of Education</u>	<u>Library</u>	<u>Total for All Employers</u>
Beginning of the Year NOO	\$ 4,304,045	\$ 4,372,045	\$ 351,766	\$ 9,027,856
Annual Required Contribution (ARC)	6,702,000	6,340,000	234,000	13,276,000
Employer Contributions	(604,221)	(1,176,586)	(12,200)	(1,793,007)
 End of the Year NOO	 <u>\$ 10,401,824</u>	 <u>\$ 9,535,459</u>	 <u>\$ 573,566</u>	 <u>\$ 20,510,849</u>

The unfunded Net OPEB Obligation (NOO) at the end of the year for the County and Housing Authority consisted of liabilities of \$10,110,758 for the County (\$8,548,639 for Governmental Activities and \$1,562,119 for Business Type Activities) and \$291,066 for the Housing Authority.

Note that the Library based their calculations on the actuarial valuation for fiscal year 2011, instead of the valuation for 2010. Therefore, the information for the Library is one year ahead of schedule. As the differences were not material, the Library will adjust for the differences in fiscal year 2011 and the financials will be based on the updated 2011 valuation at the end of that year.

**QUEEN ANNE'S COUNTY, MARYLAND**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2010**

**NOTE 14 - OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)**

**Funding Status and Funding Progress**

As of July 1, 2009, the date of the most recent actuarial valuation, the total actuarial accrued liability (AAL) for all plans, as shown below, was \$134,286,000. There were a total of \$1,032,614 actuarial plan assets at that time, therefore the unfunded actuarial accrued liability (UAAL) was \$133,253,386. The annual covered payroll of all active employees covered by the respective plans was \$53,424,821 and the ratio of the unfunded actuarial accrued liability to covered payroll was 249.42 percent for the Trust as a whole.

Funding Progress	Valuation Date	Value of Assets at Valuation Date	Accrued Liability (AAL)	Unfunded Accrued Liability (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
County and Housing Authority	July 1, 2009	\$ 501,269	\$ 63,935,000	\$ 63,433,731	0.78%	\$ 23,778,696	266.77%
Board of Education	July 1, 2009	501,269	67,450,000	66,948,731	0.74%	28,421,068	235.56%
Library	July 1, 2010	<u>30,076</u>	<u>2,901,000</u>	<u>2,870,924</u>	1.04%	<u>1,225,057</u>	<u>234.35%</u>
Total	July 1, 2009	<u>\$ 1,032,614</u>	<u>\$ 134,286,000</u>	<u>\$ 133,253,386</u>	0.77%	<u>\$ 53,424,821</u>	249.42%

The schedule of funding progress, presented as required supplementary information (RSI) on page 114 following the Notes, presents multiyear trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits. This relationship is represented by the funded ratio.

**Annual OPEB Cost and Net OPEB Obligation**

For fiscal year 2010, the annual required contribution (ARC), or annual OPEB cost, was based on actuarial valuations as of July 1, 2009, the latest valuation available on the date the County Commissioners and governing bodies of participating agencies were required to approve their fiscal year 2010 budgets. However, as previously noted, the Library's annual required contribution was based on actuarial valuations as of July 1, 2010 for fiscal year 2011.

As noted in the table below, the total ARC for all plans was \$13,276,000 for fiscal year 2010. Actual funding was \$1,793,007, or 13.51 percent of the ARC, resulting in an increase to the Net OPEB Obligation (NOO) of \$11,482,993 for the year.

Net OPEB Obligation	Actuarial Unfunded Accrued Liability (1)	Amortization of Actuarial Unfunded Accrued Liability (2)	Normal Cost (3)	Annual Required Contribution (ARC) (2)+(3)	ARC Funding (4)	Increase in Net OPEB Obligation (NOO) (2)+(3)-(4)	Percentage of ARC Contributed	ARC Based on Interest Rate
County and Housing Authority	\$ 63,433,731	\$ 2,596,000	\$ 4,106,000	\$ 6,702,000	\$ 604,221	\$ 6,097,779	9.02%	4.00%
Board of Education	66,948,731	2,740,000	3,600,000	6,340,000	1,176,586	5,163,414	18.56%	4.00%
Library	<u>2,870,924</u>	<u>122,000</u>	<u>112,000</u>	<u>234,000</u>	<u>12,200</u>	<u>221,800</u>	5.21%	4.00%
Total	<u>\$ 133,253,386</u>	<u>\$ 5,458,000</u>	<u>\$ 7,818,000</u>	<u>\$ 13,276,000</u>	<u>\$ 1,793,007</u>	<u>\$ 11,482,993</u>	13.51%	

The increase in net OPEB Obligation (NOO) for Queen Anne's County and the Housing Authority, listed above in the amount of \$6,097,779, consists of \$5,806,713 for the Queen Anne's County portion and \$291,066 for the Housing Authority.

**QUEEN ANNE'S COUNTY, MARYLAND**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2010**

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**NOTE 14 - OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)**

**Actuarial Methods and Assumptions**

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

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

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

Actuarial Assumptions for Primary Government

Actuarial valuation date	July 1, 2009
Actuarial cost method	Projected unit credit
Amortization method	Closed
Amortization period	29 years (as of July 1, 2009)
Interest Assumptions	4.00% investment rate of return
Asset valuation method	Market value of assets
Salary increases	3% per year
Mortality	RP 2000, separate tables for males and females
Actuarial trend assumptions	Based on Society of Actuaries Long Term Medical Trend and baseline assumptions - Initial rate of 8% decreasing gradually. The rate in 2050 is 5.9%.

**QUEEN ANNE'S COUNTY, MARYLAND  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2010**

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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 \$80,129 as of June 30, 2010.

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

The Golf Course Enterprise Fund has a deficit balance in unrestricted net assets of \$155,939 as of June 30, 2010.

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

The Property Management Enterprise Fund has a deficit balance in unrestricted net assets of \$157,211 as of June 30, 2010.

Note that these enterprise funds were never intended to be entirely self-supporting. For many years, these enterprise funds contained deficit equity balances. In fiscal year 2009, the County made a one time transfer of cash sufficient to cover all negative equity balances. However, in the current year, the County did cover negative cash amounts with an interfund payable / receivable entry.

**NOTE 16 - COMMITMENTS AND CONTINGENCIES**

**PRIMARY GOVERNMENT**

Grants - The County and its component units are recipients of various federal and state grant and/or loan programs, which are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by these grantor agencies. If the County has not complied with the rules and regulations governing the programs, refunds of money received may be required and the collectability of any related receivable as of June 30, 2010 may be impaired. The County's management believes that there are no significant contingent liabilities that must be recorded relating to compliance with the rules and regulations governing these programs.

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

In fiscal year 2010, the County's Department of Housing and Community Services received a grant of \$350,000 from the Maryland Department of Housing and Community Development. This Maryland Neighborhood Conservation Initiative (NCI) Grant provided funding to be used for the acquisition and purchase of foreclosed properties for resale to qualifying homebuyers, as well as the issuance of zero percent deferred payment loans to eligible critical service workers. Per the terms of the agreement, the grantee may reuse funds for these same activities until June 30, 2013. Funds returned to the County from program participants after June 30, 2013 must be returned to the state. Therefore, this grant has been recorded as a pass-through grant, with the County contingently liable for the return of these funds to the state at some point in time after June 30, 2013.

**QUEEN ANNE'S COUNTY, MARYLAND**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2010**

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**NOTE 16 - COMMITMENTS AND CONTINGENCIES (CONTINUED)**

**PRIMARY GOVERNMENT (CONTINUED)**

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, 2010 is \$177,391.

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 \$32,541 is outstanding as of June 30, 2010.

In fiscal year 2010, the County's Department of Economic Development, Agriculture and Tourism provided a loan in the amount of \$15,000 to an outside entity. Repayment of the loan is contingent upon certain employment criteria: if the entity has and maintains at least sixty employees from December 31, 2010 through December 31, 2013, then no repayment of principal or interest is required. Therefore, the County has recorded these loan distributions as expenditures.

**NOTE 17 – JOINT VENTURE**

The County Commissioners, in conjunction with Talbot, Caroline, and Kent Counties, created the Midshore Regional Landfill in 1991. The landfill, currently 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. Given that this twenty-year period is set to expire in December 2010, the Maryland Environmental Service (MES) has retained Geosyntec Consultants of Columbia, Maryland as the lead design firm for a new landfill currently being built in Caroline County. This new state-of-the-art facility, Midshore II, is scheduled to open in 2011. The Midshore Regional Landfill Joint Venture plans to fund construction of the new Caroline County landfill with a combination of earnings and bonds to be sold in the future. After the facility in Caroline County reaches capacity, another landfill will be constructed in Queen Anne's County, with Kent County to follow in turn. Each County is required to, and has, set aside sufficient land to construct a landfill within their borders. The agreement expires when the last of the four landfills is closed.

Queen Anne's County has a 31.04% financial interest in the Midshore Regional Landfill. In the event that expenditures exceed revenues, the County is obligated to cover the deficiency in proportion to its financial interest, however, to date additional funding from the County has not been required nor does management anticipate it.

As of June 30, 2010, the current landfill located in Talbot County was 97.7% filled. Closure of the landfill is expected in December 2010, and as of June 30, 2010, total closure and post closure costs were estimated at approximately \$11.5 million, with approximately \$3.6 million attributable to the County. These costs are paid from tipping fees of acceptable waste delivered by or for the account of the counties. It is currently expected that sufficient funds will be available from landfill revenues to pay future closure and post closure costs. MES has accrued and reported as a long-term liability at June 30, 2010, the majority of these costs, \$11.2 million, determined by the estimated useful life of the landfill.

Similar to the post closure costs, each of the participating Counties is contingently liable for the debt related to the new facility, Midshore II. As of June 30, 2010, the bond anticipation note was \$12.0 million, of which \$3.7 million is attributable to Queen Anne's County in the event of a default.

Each County is required to place its municipal waste in the landfill. The facility is also available to commercial waste disposal firms at the same price per ton as charged to the County governments. Queen Anne's County paid \$477,309 in tipping fees to the facility during fiscal 2010.

**QUEEN ANNE'S COUNTY, MARYLAND**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2010**

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**NOTE 17 – JOINT VENTURE (CONTINUED)**

MES has satisfied its financial assurance requirements based upon the local government financial ratio tests of the project participants as of June 30, 2009. MES expects to satisfy these requirements as of June 30, 2010 using the same criteria.

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

**NOTE 18 – POLLUTION REMEDIATION OBLIGATIONS**

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

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

The County implemented the initial phases of this testing program during fiscal years 2008, 2009, and 2010 and spent \$170 thousand, \$26 thousand, and \$3 thousand, respectively, in each year. Costs covered remediation work and consulting fees; the latter for testing, studies, and monitoring. Remediation efforts included demolition and removal of the existing fuel depot at the Public Works Centreville Shop; remediation of the soils via excavation; offsite controlled disposal and backfill; installation of monitoring wells; and miscellaneous environmental consulting services.

Consulting services included a feasibility study, which was completed during fiscal year 2009, and the results of the study were submitted to MDE for review. MDE requested a Corrective Action Plan (CAP) in May 2010. The County, through a consultant, conducted additional testing and submitted a CAP Work to MDE in July 2010. MDE approved this CAP Work in August 2010. The County is complying with the phases of this CAP as approved by MDE. Consulting services included installation of additional monitoring wells and one year of monitoring, sampling, testing and furnishing of those reports to MDE.

Pursuant to the August 2010 MDE approved CAP, the County shall submit a revised Feasibility Study and CAP in November 2011. Upon receiving approval from MDE, the County shall conduct remediation of the site. The process and costs of remediation is unknown at this time but may include significant excavation, offsite controlled disposal, and backfill with clean material and should be concluded before the end of calendar year 2012, or fiscal year 2013.

No liability has been recorded at this time, as specific remediation requirements are not yet known and costs cannot be reliably estimated. None of these outlays met the requirements for capitalization noted in GASB Statement 49 and they were not capitalized.

**QUEEN ANNE'S COUNTY, MARYLAND**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2010**

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**NOTE 19 – CAPITAL ASSET DONATION**

In fiscal year 2009, the Public Housing Authority, one of the County's component units, completed construction of a multi-dimensional facility in the Town of Sudlersville, resulting in the creation of several discrete capital assets. Although the costs to construct this facility were accounted for by the Authority, funding for one of the resulting buildings, the Sudlersville Senior Center, came largely from revenue sources, such as federal, state, and local grants, that were outside of the Authority's normal operations. In fiscal year 2010, ownership and maintenance of the Sudlersville Senior Center was transferred to the County. This facility, valued at \$2,067,292, is managed by the County's Department of Aging and is open to serve the needs of all Queen Anne's County residents.

**NOTE 20 – SUBSEQUENT EVENTS**

Promissory Note:

In July 2010, the County entered into a promissory note with Frizz-King Enterprises, LLC in order to purchase development rights as part of the Agricultural Transfer Program. The terms of the agreement specify a total purchase price of \$1,387,000, of which Queen Anne's County will contribute \$572,000 and the federal Natural Resource Conservation Service (NRCS) will cover the balance of \$815,000 for the rights on the 267.383 acre Frizz-King property. At the settlement in July 2010, the County paid \$207,000 and signed a promissory note for the balance of \$365,000, plus 6% interest. Terms of the note require \$33,463 to be paid quarterly beginning in September 2010 and ending in June 2013. The purchase did not result in an asset as the Eastern Shore Conservancy, Inc. will own the entire easement right.

Changes in Road Board:

Beginning in fiscal year 2011, reporting for the Roads Board Operating Fund will be consolidated with the General Fund. In fiscal year 2010 and prior years, the Roads Board was reported as a Special Revenue Fund, with its major revenue being State-Shared Highway User Tax. However, at the beginning of fiscal year 2010, the State virtually ceased sharing this tax with the Counties. Since the Roads Board revenue stream no longer meets the criteria required to report the Roads Board as a Special Revenue Fund, it will become part of the General Fund in fiscal year 2011.

Changes in Homestead Tax Credit:

To help homeowners deal with large assessment increases, Maryland statute has established the Homestead Property Tax Credit, which limits the increase in taxable assessments each year to a fixed percentage. The County, along with all other jurisdictions in Maryland, is required to limit taxable assessment increases to 10% or less each year. This Credit applies only to the principal residence of the property owner; is based on the dwelling and land associated with the dwelling; and is subject to certain conditions.

For the taxable year beginning July 1, 2011, the County has reduced the Homestead Property Tax Credit from 5% to 0%. Accordingly, the assessable base for such properties on which tax can be levied remains the same regardless of increases in assessment values. This results in no increase in tax due, as long as the tax rate remains the same.

**QUEEN ANNE'S COUNTY, MARYLAND  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2010**

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**NOTE 20 – SUBSEQUENT EVENTS (CONTINUED)**

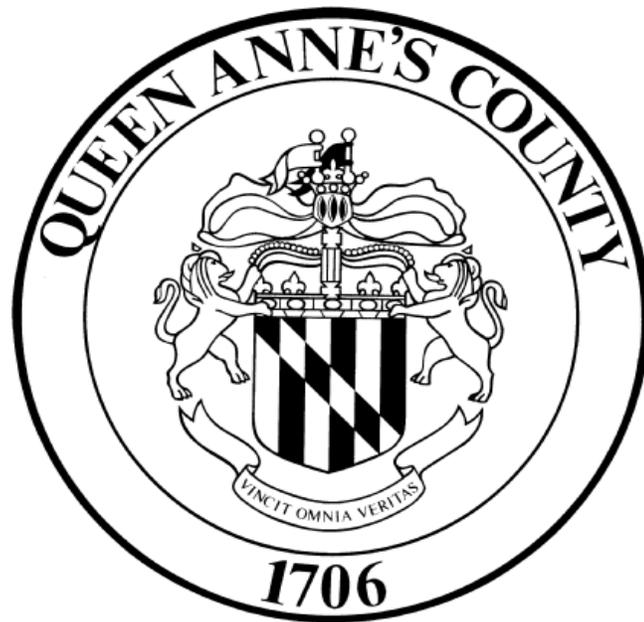
Changes in Property Tax Rate:

The County's property tax rate is calculated per \$100 of assessed value of real property, based on the full cash value of that property. The County Commissioners adopt the property tax rate for the following fiscal year during the annual budget process.

For fiscal year 2011, the County Commissioners adopted a "constant yield" property tax rate, a policy which is intended to yield property tax revenues in fiscal year 2011 equal to those received in fiscal year 2010. In calculating a constant yield tax rate for a taxable year, the Maryland Department of Assessments uses an estimate of the total assessment of all real property for the next taxable year exclusive of real property that appears for the first time on the assessment records.

The tax rates that were adopted for the last two fiscal years, as well as for the upcoming fiscal year, are as follows:

<u>Adopted Tax Rates</u>	<u>Fiscal Years</u>		
	<u>2011</u>	<u>2010</u>	<u>2009</u>
County Property Tax Rate per \$100 of assessed value of real property	<u>\$ 0.7671</u>	<u>\$ 0.770</u>	<u>\$ 0.770</u>



**Required Supplementary Information**

**QUEEN ANNE'S COUNTY, MARYLAND  
REQUIRED SUPPLEMENTARY INFORMATION  
JUNE 30, 2010**

**OTHER POST-EMPLOYMENT BENEFITS TRUST**

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

**SCHEDULE OF FUNDING PROGRESS**

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

Funding Progress	Valuation Date	Value of Assets at Valuation Date	Accrued Liability (AAL)	Unfunded Accrued Liability (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
County and Housing Authority	July 1, 2008	\$ -	\$ 49,107,000	\$ 49,107,000	0.00%	\$ 23,690,163	207.29%
	July 1, 2009	501,269	63,935,000	63,433,731	0.78%	23,778,696	266.77%
Board of Education	July 1, 2008	-	62,759,000	62,759,000	0.00%	24,267,735	258.61%
	July 1, 2009	501,269	67,450,000	66,948,731	0.74%	28,421,068	235.56%
Library	July 1, 2008	-	2,010,000	2,010,000	0.00%	1,128,084	178.18%
	July 1, 2010	30,076	2,901,000	2,870,924	1.04%	1,225,057	234.35%
Total	July 1, 2008	-	113,876,000	113,876,000	0.00%	49,085,982	231.99%
	July 1, 2009	\$ 1,032,614	\$ 134,286,000	\$ 133,253,386	0.77%	\$ 53,424,821	249.42%

Analysis of the dollar amounts of plan net assets, actuarial accrued liability, and unfunded actuarial liability in isolation can be misleading. Expressing the assets as a percentage of the actuarial accrued liability (Funded Ratio) provides one indication of the system's funding status on a going-concern basis. Analysis of this percentage over time indicates whether the system is becoming financially stronger or weaker. Generally, the greater this percentage, the stronger the system is becoming. In this fiscal year, the Funded Ratio is 0.77 percent, up from 0.00 percent the year before, which was the year in which GASB 45 was first adopted by the County.

Trends in the unfunded actuarial accrued liability and annual covered payroll are both affected by inflation. Expressing the unfunded accrued liability as a percentage of annual covered payroll approximately adjusts for the effects of inflation and aids analysis of the system's progress made in accumulating sufficient assets to pay benefits when due. Generally, the smaller this percentage, the stronger the system is becoming. In this fiscal year, the UAAL as a percentage of covered payroll is 249.42 percent, up from 231.99 percent the year before.

Note that the second Library valuation date really relates to the valuation for fiscal year 2011. See Note 14 on page 101 for additional details.

**QUEEN ANNE'S COUNTY, MARYLAND  
REQUIRED SUPPLEMENTARY INFORMATION  
JUNE 30, 2010**

**OTHER POST-EMPLOYMENT BENEFITS TRUST (CONTINUED)**

**SCHEDULE OF PARTICIPATING AGENCIES' CONTRIBUTIONS**

The Schedule of Participating Agencies' Contributions presents multiyear trend information that shows whether the actual ARC contributed is increasing or decreasing over time relative to the annual required contribution (ARC), as shown by the percentage of ARC contributed. Generally, the greater this percentage, the stronger the system is becoming. In this fiscal year, the Percentage of ARC Contributed is 13.51 percent, down from 22.65 percent the year before.

<u>Percentage of ARC Contributed</u>	<u>Fiscal Year Ended June 30</u>	<u>Annual Required Contribution (ARC)</u>	<u>ARC Contributed</u>	<u>Percentage of ARC Contributed</u>	<u>Net OPEB Obligation (NOO)</u>
County and Housing Authority	2009	\$ 5,312,000	\$ 1,007,955	18.98%	\$ 4,304,045
	2010	6,702,000	604,221	9.02%	6,097,779
		<u>12,014,000</u>	<u>1,612,176</u>	<u>13.42%</u>	<u>10,401,824</u>
Board of Education	2009	5,907,000	1,534,955	25.99%	4,372,045
	2010	6,340,000	1,176,586	18.56%	5,163,414
		<u>12,247,000</u>	<u>2,711,541</u>	<u>22.14%</u>	<u>9,535,459</u>
Library	2009	178,000	38,234	21.48%	139,766
	2010	234,000	12,200	5.21%	221,800
		<u>412,000</u>	<u>50,434</u>	<u>12.24%</u>	<u>361,566</u>
Totals	2009	11,397,000	2,581,144	22.65%	8,815,856
	2010	13,276,000	1,793,007	13.51%	11,482,993
		<u>\$ 24,673,000</u>	<u>\$ 4,374,151</u>	<u>17.73%</u>	<u>\$ 20,298,849</u>

Note that the Net OPEB Obligation (NOO) at the end of the year for the County and Housing Authority consisted of a total liability of \$10,110,758 for the County and \$291,066 for the Housing Authority.

Note also that the Library Net OPEB Obligation total of \$361,566 above represents the actual amounts booked for fiscal years 2009 and 2010. In Note 14 on page 104, the total Net OPEB Obligation of \$573,566 for the Library is different due to the fact that the Library based their current year calculations on the valuation for fiscal year 2011, therefore showing a different beginning balance, which is causing a difference of \$212,000 for the Library and for the grand total. In fiscal year 2011, the Library will adjust for the difference and the financials will be caught up at the end of the year.

**QUEEN ANNE'S COUNTY, MARYLAND  
REQUIRED SUPPLEMENTARY INFORMATION  
JUNE 30, 2010**

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**BUDGETARY COMPARISONS FOR GENERAL AND MAJOR SPECIAL REVENUE FUNDS**

Required Supplementary Information provides budget-to-actual comparisons for the General Fund and those major special revenue funds that adopt annual budgets.

Budget-to-actual variances are presented on the following pages for the General Fund and the Roads Board Operating Fund, both of which adopt annual budgets.

For the General Fund, the Schedules provide summary budgetary information, followed by detailed information reported separately by revenues and expenditures with budget variances.

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

For the School Impact Fees Capital Projects Fund, the budget-to-actual variances are presented in the Capital Projects section of this report.

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, 2010**

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	POSITIVE (NEGATIVE)
<b>REVENUES</b>				
Taxes				
Local Property Tax	\$ 59,326,899	\$ 59,326,899	\$ 59,204,132	\$ (122,767)
Local Income Tax	36,033,311	29,647,426	29,647,125	(301)
Admission and Amusement Taxes	220,000	220,000	156,552	(63,448)
Recordation Taxes	2,929,614	2,929,614	2,489,560	(440,054)
Hotel Taxes	480,000	480,000	397,141	(82,859)
Licenses and Permits	748,415	791,131	863,782	72,651
Intergovernmental	1,804,408	2,722,916	2,644,990	(77,926)
Bond Interest Reimbursement - Build America Bond	-	193,567	193,567	-
Charges for Current Services	1,763,560	1,765,969	1,779,401	13,432
Fines and Forfeitures	29,600	189,168	207,400	18,232
Investment Income	450,000	450,000	62,808	(387,192)
Donations	15,000	15,050	10,901	(4,149)
Miscellaneous	76,541	168,355	530,574	362,219
<b>Total Revenues</b>	<b>103,877,348</b>	<b>98,900,095</b>	<b>98,187,933</b>	<b>(712,162)</b>
<b>EXPENDITURES</b>				
Current				
General Government	10,193,848	10,402,205	9,715,915	686,290
Public Safety	21,249,257	21,750,652	20,331,793	1,418,859
Public Works	3,612,299	3,588,697	3,307,461	281,236
Health	1,893,554	1,885,574	1,637,101	248,473
Social Services	267,981	263,371	263,117	254
Education	50,025,906	49,275,906	49,204,590	71,316
Parks and Recreation	2,785,990	2,703,530	2,647,253	56,277
Library	1,458,431	1,424,078	1,424,078	-
Conservation of Natural Resources	590,514	582,534	544,016	38,518
Economic/Community Development	1,358,339	1,282,627	1,075,647	206,980
Miscellaneous	872,875	1,398,092	1,373,090	25,002
Reversions	-	(147,151)	-	(147,151)
Capital Outlay	1,030,371	1,674,253	1,323,057	351,196
Debt Service				
Principal	4,903,719	4,903,719	4,903,719	-
Interest and Fiscal Charges	2,884,362	3,114,506	3,114,505	1
<b>Total Expenditures</b>	<b>103,127,446</b>	<b>104,102,593</b>	<b>100,865,342</b>	<b>3,237,251</b>
<b>Excess of Revenues Over Expenditures</b>	<b>749,902</b>	<b>(5,202,498)</b>	<b>(2,677,409)</b>	<b>2,525,089</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Proceeds of Capital Asset Disposals	-	-	9,866	9,866
Insurance Proceeds	-	6,665	6,665	-
Transfers In	1,565,431	9,890,429	9,886,201	(4,228)
Transfers Out	(6,921,510)	(8,613,531)	(8,219,656)	393,875
<b>Total Other Financing Sources (Uses)</b>	<b>(5,356,079)</b>	<b>1,283,563</b>	<b>1,683,076</b>	<b>399,513</b>
<b>Net Increase (Decrease) in Fund Balance</b>	<b>\$ (4,606,177)</b>	<b>\$ (3,918,935)</b>	<b>(994,333)</b>	<b>\$ 2,924,602</b>
Fund Balances, July 1			15,025,443	
Fund Balances, June 30			<b>\$ 14,031,110</b>	

**QUEEN ANNE'S COUNTY, MARYLAND**  
**SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES - BUDGETARY BASIS**  
**GENERAL FUND**  
**FOR THE YEAR ENDED JUNE 30, 2010**

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL REVENUES	VARIANCE POSITIVE (NEGATIVE)
<b><u>TAXES - LOCAL</u></b>				
Local Property Taxes				
Real and Personal Property (Net)	\$ 57,926,899	\$ 57,926,899	\$ 57,679,923	\$ (246,976)
Railroad and Public Utilities	1,300,000	1,300,000	1,237,004	(62,996)
Penalties and Interest	100,000	100,000	287,205	187,205
Total Local Property Taxes	<u>59,326,899</u>	<u>59,326,899</u>	<u>59,204,132</u>	<u>(122,767)</u>
Local Income Tax	<u>36,033,311</u>	<u>29,647,426</u>	<u>29,647,125</u>	<u>(301)</u>
Other Local Taxes				
Admission and Amusement Tax	220,000	220,000	156,552	(63,448)
Recordation Tax	2,929,614	2,929,614	2,489,560	(440,054)
Hotel Tax	480,000	480,000	397,141	(82,859)
Total Other Local Taxes	<u>3,629,614</u>	<u>3,629,614</u>	<u>3,043,253</u>	<u>(586,361)</u>
Total Taxes - Local	<u>98,989,824</u>	<u>92,603,939</u>	<u>91,894,510</u>	<u>(709,429)</u>
<b><u>LICENSES AND PERMITS</u></b>				
Beer, Wine and Liquor	102,000	102,000	108,260	6,260
Traders	78,415	78,415	79,683	1,268
Marriage Licenses	3,000	3,000	2,915	(85)
Animal Control	33,000	33,000	32,417	(583)
Electrical Board of Examiners	20,000	20,000	19,805	(195)
Electrical Inspections	7,500	7,500	8,210	710
Cable TV	275,000	317,466	317,466	-
Zoning Permits	50,000	50,000	69,480	19,480
Plumbing Permits	65,000	65,250	87,739	22,489
Sediment Fees	12,000	12,000	29,298	17,298
Building Permits	101,500	101,500	106,427	4,927
Other	1,000	1,000	2,082	1,082
Total Licenses and Permits	<u>748,415</u>	<u>791,131</u>	<u>863,782</u>	<u>72,651</u>
<b><u>INTERGOVERNMENTAL</u></b>				
Police Protection	341,068	341,068	225,490	(115,578)
Fire/Rescue/Ambulance	549,197	549,197	527,519	(21,678)
Conservation of Natural Resources	35,000	35,000	-	(35,000)
Bond Interest Reimbursement - Build America Bond	-	193,567	193,567	-
Other	879,143	1,797,651	1,891,981	94,330
Total Intergovernmental	<u>1,804,408</u>	<u>2,916,483</u>	<u>2,838,557</u>	<u>(77,926)</u>

CONTINUED

**QUEEN ANNE'S COUNTY, MARYLAND**  
**SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES - BUDGETARY BASIS**  
**GENERAL FUND**  
**FOR THE YEAR ENDED JUNE 30, 2010**

(CONTINUED)

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL REVENUES	VARIANCE POSITIVE (NEGATIVE)
<b><u>CHARGES FOR CURRENT SERVICES</u></b>				
Discovery Fees	\$ -	\$ -	\$ 2,179	\$ 2,179
Rezoning Filings	1,000	1,000	2,043	1,043
Zoning Appeals	4,500	4,500	7,100	2,600
Development Review	165,000	165,000	186,288	21,288
Sheriff	83,790	85,571	83,102	(2,469)
Ambulance Fee	609,500	609,500	815,835	206,335
Detention Center Fees	300,000	300,000	29,761	(270,239)
Recycling	107,000	107,000	152,746	45,746
Disposal Fees	300,000	300,000	353,215	53,215
Inspection Fees	62,000	62,000	36,808	(25,192)
Recreation Fees	64,970	64,970	58,570	(6,400)
Johnsongrass Spraying	60,000	60,000	45,257	(14,743)
Merchandise Sales	300	928	684	(244)
4-H Park Fees	5,500	5,500	5,763	263
Miscellaneous User Fees	-	-	50	50
<b>Total Charges for Current Services</b>	<b>1,763,560</b>	<b>1,765,969</b>	<b>1,779,401</b>	<b>13,432</b>
<b><u>FINES AND FORFEITURES</u></b>				
Court Ordered Restitution	-	-	82	82
Court Fines	29,600	32,448	55,582	23,134
Tax Sale Deposit Forfeiture	-	156,720	151,036	(5,684)
Confiscated Assets	-	-	700	700
<b>Total Fines and Forfeitures</b>	<b>29,600</b>	<b>189,168</b>	<b>207,400</b>	<b>18,232</b>
<b><u>INVESTMENT INCOME</u></b>	<b>450,000</b>	<b>450,000</b>	<b>62,808</b>	<b>(387,192)</b>
<b><u>MISCELLANEOUS REVENUES AND DONATIONS</u></b>				
Rental Income	20,000	20,000	17,511	(2,489)
Donations	15,000	15,050	10,901	(4,149)
Miscellaneous	56,541	148,355	513,063	364,708
<b>Total Miscellaneous Revenues and Donations</b>	<b>91,541</b>	<b>183,405</b>	<b>541,475</b>	<b>358,070</b>
<b><u>OTHER FINANCING SOURCES</u></b>				
Insurance Proceeds	-	6,665	6,665	-
Proceeds of Capital Asset Disposals	-	-	9,866	9,866
Transfers In:				
Impact Fees - School	1,408,120	1,408,120	1,408,120	-
General Capital Projects	-	8,310,000	8,310,000	-
Bay Bridge Airport	-	10,000	10,000	-
Parks & Rec - Public Landings	-	86,913	86,913	-
Kent Narrows	39,604	39,604	39,604	-
Community Partnerships	25,907	22,542	18,314	(4,228)
Housing	85,800	-	-	-
Rural Legacy	-	7,250	7,250	-
Economic Development Commission	6,000	6,000	6,000	-
<b>Total Transfers In</b>	<b>1,565,431</b>	<b>9,890,429</b>	<b>9,886,201</b>	<b>(4,228)</b>
<b>Total Other Financing Sources</b>	<b>1,565,431</b>	<b>9,897,094</b>	<b>9,902,732</b>	<b>5,638</b>
<b>Total General Fund Revenues and Other Financing Sources</b>				
Before Appropriated Fund Balance	105,442,779	108,797,189	108,090,665	(706,524)
Fund Balance - Appropriation (Surplus)	4,606,177	3,918,935	-	(3,918,935)
<b>Total General Fund Revenues, Other Financing Sources</b>				
<b>and Fund Balance Appropriation</b>	<b>\$ 110,048,956</b>	<b>\$ 112,716,124</b>	<b>\$ 108,090,665</b>	<b>\$ (4,625,459)</b>

**QUEEN ANNE'S COUNTY, MARYLAND**  
**SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES - BUDGETARY BASIS**  
**GENERAL FUND**  
**FOR THE YEAR ENDED JUNE 30, 2010**

	ACTUAL				ORIGINAL BUDGET	FINAL BUDGET	VARIANCE POSITIVE (NEGATIVE)
	PERSONNEL COSTS	OTHER OPERATING	CAPITAL OUTLAY	TOTAL			
<b><u>GENERAL GOVERNMENT</u></b>							
Legislative	\$ 561,156	\$ 137,313	\$ 6,299	\$ 704,768	\$ 788,640	\$ 773,775	\$ 69,007
Judicial							
Circuit Court/Macro Mediation/Family Services/Court Master	208,095	154,057	-	362,152	489,229	433,771	71,619
Orphan's Court	62,026	5,047	-	67,073	71,697	67,073	-
State's Attorney/Victim Witness/Cease Fire	1,187,014	41,158	-	1,228,172	1,250,808	1,232,717	4,545
Executive							
County Administrator	414,454	18,250	-	432,704	418,638	433,470	766
Elections							
Board of Election Supervisors	15,171	294,864	-	310,035	341,335	341,335	31,300
Financial Administration	713,280	171,252	-	884,532	752,709	1,024,950	140,418
Human Resources Administration	438,088	107,441	-	545,529	574,793	564,374	18,845
Planning	532,025	11,621	-	543,646	631,456	604,236	60,590
Zoning	1,280,120	291,073	-	1,571,193	1,754,390	1,719,616	148,423
Management Information Systems	472,026	170,535	-	642,561	685,979	672,679	30,118
General Services	629,047	1,333,632	-	1,962,679	2,061,773	2,055,636	92,957
Other General Government							
Liquor Board	71,837	5,445	-	77,282	84,368	81,708	4,426
Electrical Board	2,525	541	-	3,066	10,043	10,043	6,977
Legal	56,933	329,889	-	386,822	279,000	386,822	-
Total General Government	6,643,797	3,072,118	6,299	9,722,214	10,194,858	10,402,205	679,991
<b><u>PUBLIC SAFETY</u></b>							
Sheriff's Office	5,078,485	749,899	119,745	5,948,129	6,385,122	6,884,832	936,703
Volunteer Fire and Rescue Services	-	3,207,876	-	3,207,876	3,203,561	3,220,561	12,685
Detention Center	3,088,096	853,422	24,426	3,965,944	4,548,257	4,473,084	507,140
Animal Control	671,911	143,292	7,811	823,014	906,273	878,581	55,567
Emergency Services	5,582,335	956,477	1,076,257	7,615,069	7,235,405	7,828,138	213,069
Total Public Safety	14,420,827	5,910,966	1,228,239	21,560,032	22,278,618	23,285,196	1,725,164
<b><u>PUBLIC WORKS</u></b>							
Administration	488,325	5,890	-	494,215	523,748	510,448	16,233
Other Public Roads	168	11,845	-	12,013	41,366	40,701	28,688
Solid Waste Disposal	1,166,155	865,015	88,519	2,119,689	2,219,589	2,382,961	263,272
Engineering Division	718,156	51,907	-	770,063	827,596	790,306	20,243
Total Public Works	2,372,804	934,657	88,519	3,395,980	3,612,299	3,724,416	328,436
<b><u>HEALTH</u></b>							
Health Department	112,791	1,524,310	-	1,637,101	1,893,554	1,885,574	248,473
<b><u>SOCIAL SERVICES</u></b>							
MEAP - MD Energy Assistance Program	115,293	-	-	115,293	128,002	115,546	253
Other Social Services	130,235	17,589	-	147,824	139,979	147,825	1
Total Social Services	245,528	17,589	-	263,117	267,981	263,371	254

CONTINUED

**QUEEN ANNE'S COUNTY, MARYLAND**  
**SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES - BUDGETARY BASIS**  
**GENERAL FUND**  
**FOR THE YEAR ENDED JUNE 30, 2010**

(CONTINUED)

	ACTUAL			ORIGINAL BUDGET	FINAL BUDGET	VARIANCE POSITIVE (NEGATIVE)	
	PERSONNEL COSTS	OTHER OPERATING	CAPITAL OUTLAY				TOTAL
<b>EDUCATION</b>							
Board of Education	\$ -	\$ 47,465,625	\$ -	\$ 47,465,625	\$ 48,215,625	\$ 47,465,625	\$ -
Chesapeake College	-	1,738,965	-	1,738,965	1,810,281	1,810,281	71,316
Total Education	-	49,204,590	-	49,204,590	50,025,906	49,275,906	71,316
<b>PARKS AND RECREATION</b>							
Parks	1,657,792	408,079	-	2,065,871	2,157,383	2,094,873	29,002
Administration	544,115	37,267	-	581,382	628,607	612,647	31,265
Total Parks, Recreation, and Culture	2,201,907	445,346	-	2,647,253	2,785,990	2,707,520	60,267
<b>LIBRARY</b>							
Queen Anne's County Free Library	-	1,424,078	-	1,424,078	1,458,431	1,424,078	-
<b>CONSERVATION OF NATURAL RESOURCES</b>							
Cooperative Extension Services	46,508	208,710	-	255,218	261,542	258,882	3,664
Soil Conservation Services	122,972	-	-	122,972	138,225	135,565	12,593
Weed Control	79,374	22,760	-	102,134	119,569	116,909	14,775
4-H Park	-	63,692	-	63,692	71,178	71,178	7,486
Total Conservation of Natural Resources	248,854	295,162	-	544,016	590,514	582,534	38,518
<b>ECONOMIC AND COMMUNITY DEVELOPMENT</b>							
Public Housing Authority	-	309,042	-	309,042	287,454	309,042	-
Business & Tourism	564,074	202,531	-	766,605	1,070,885	973,585	206,980
Total Economic and Community Development	564,074	511,573	-	1,075,647	1,358,339	1,282,627	206,980
<b>DEBT SERVICE</b>							
Debt Service - Principal	-	4,903,719	-	4,903,719	4,903,719	4,903,719	-
Debt Service - Interest and Fiscal Charges	-	3,114,505	-	3,114,505	2,884,362	3,114,506	1
Total Debt Service	-	8,018,224	-	8,018,224	7,788,081	8,018,225	1
<b>MISCELLANEOUS</b>							
Aid to Municipalities	-	232,023	-	232,023	228,686	232,024	1
Aid to Other Agencies	-	51,809	-	51,809	86,809	76,809	25,000
Other Allocations	-	45,000	-	45,000	45,000	45,000	-
Insurance & Benefits / (Reimbursements)	167,681	792,791	-	960,472	447,100	960,472	-
Contingencies	-	83,786	-	83,786	65,280	83,787	1
Total Miscellaneous	167,681	1,205,409	-	1,373,090	872,875	1,398,092	25,002
<b>REVERSIONS</b>							
Salary Reversions	-	-	-	-	-	(147,151)	(147,151)
<b>OTHER FINANCING USES</b>							
Transfers Out To:							
Law Library	-	9,953	-	9,953	-	9,953	-
Department of Aging	-	1,564,634	-	1,564,634	2,018,128	1,880,578	315,944
Department of Housing and Community Services	-	368,639	-	368,639	432,730	370,248	1,609
Agricultural Transfer Tax Fund	-	10,463	-	10,463	10,463	10,463	-
Roads Board Operating	-	4,663,551	-	4,663,551	2,473,421	4,663,551	-
Sanitary District - Sewer/Admin	-	4,762	-	4,762	4,125	4,762	-
Sanitary District - Water	-	84,782	-	84,782	84,783	84,783	1
Impact Fees - Fire Companies/Contingencies	-	84,733	-	84,733	-	84,733	-
General Capital Projects Fund	-	664,733	-	664,733	700,000	741,052	76,319
Parks & Recreation Enterprise - Airport	-	51,207	-	51,207	76,209	51,208	1
Parks & Recreation Enterprise - Golf Course	-	-	-	-	193,071	-	-
Parks & Recreation Enterprise - Programs	-	424,468	-	424,468	439,984	424,468	-
Parks & Recreation Enterprise - Public Landings	-	-	-	-	72,238	-	-
Parks & Recreation Enterprise - Property Mgmt	-	25,000	-	25,000	115,604	25,000	-
Parks & Recreation Enterprise - Marinas	-	5,467	-	5,467	-	5,468	1
Community Partnerships (Admin)	-	157,264	-	157,264	200,754	157,264	-
Community Partnerships (Education program)	-	100,000	-	100,000	100,000	100,000	-
Total Transfers Out	-	8,219,656	-	8,219,656	6,921,510	8,613,531	393,875
Total Expenditures and Other Financing Uses	\$ 26,978,263	\$ 80,783,678	\$ 1,323,057	\$ 109,084,998	\$ 110,048,956	\$ 112,716,124	\$ 3,631,126

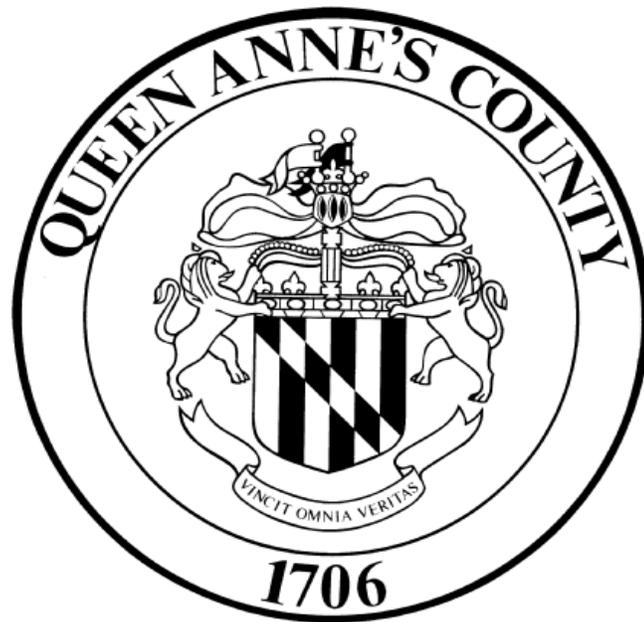
**QUEEN ANNE'S COUNTY, MARYLAND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL**  
**ROADS BOARD SPECIAL REVENUE FUND**  
**FOR THE YEAR ENDED JUNE 30, 2010**

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE POSITIVE (NEGATIVE)
<b><u>REVENUES</u></b>				
State Shared Taxes	\$ 2,603,479	\$ 260,348	\$ 415,136	\$ 154,788
Intergovernmental	15,000	45,924	217,787	171,863
Charges for Current Services	205,000	205,000	204,827	(173)
Investment Income	50,000	50,000	3,967	(46,033)
Miscellaneous	20,000	20,000	132,969	112,969
Total Revenues	<u>2,893,479</u>	<u>581,272</u>	<u>974,686</u>	<u>393,414</u>
<b><u>EXPENDITURES</u></b>				
Current				
Public Works	6,010,254	5,992,786	4,326,305	1,666,481
Capital Outlay	780,000	780,000	-	780,000
Total Expenditures	<u>6,790,254</u>	<u>6,772,786</u>	<u>4,326,305</u>	<u>2,446,481</u>
Excess of Revenues Over (Under) Expenditures	<u>(3,896,775)</u>	<u>(6,191,514)</u>	<u>(3,351,619)</u>	<u>2,839,895</u>
<b><u>OTHER FINANCING SOURCES (USES)</u></b>				
Proceeds of Sale of Capital Assets	-	-	14,140	14,140
Transfers In	3,196,775	5,386,905	4,663,551	(723,354)
Transfers Out	-	(444,963)	(444,963)	-
Total Other Financing Sources (Uses)	<u>3,196,775</u>	<u>4,941,942</u>	<u>4,232,728</u>	<u>(709,214)</u>
Net Increase (Decrease) in Fund Balances	<u>\$ (700,000)</u>	<u>\$ (1,249,572)</u>	881,109	<u>\$ 2,130,681</u>
Fund Balances, July 1			<u>3,313,452</u>	
Fund Balances, June 30			<u>\$ 4,194,561</u>	

## **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 non-major funds, capital projects, and fiduciary funds.



## **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.

**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.

**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.

**Law Library** – This fund accounts for activities funded by court fees, fines, and contributions from local attorneys to update legal reference materials housed in the courthouse and is included in the general government function.

**Sheriff's Drug Task Force** – This fund accounts for activities funded by drug-related forfeitures that support drug interdiction efforts by a multi-faceted task force and is included in the public safety function.

**Inmate Welfare Fund** – This fund accounts for activities funded by profits earned from Detention Center inmate-related services that promote the welfare of the inmates and is included in the public safety function.

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

**Rural Legacy** – This fund accounts for activities funded primarily by Maryland’s Rural Legacy Program to purchase easements that preclude development and is included in the conservation of natural resources function.

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

**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, 2010**

	DEPARTMENT OF AGING	HOUSING AND COMMUNITY SERVICES	REVOLVING LOAN FUND	COMMUNITY PARTNERSHIPS FOR CHILDREN	DREDGING SPECIAL ASSESSMENTS
<b><u>ASSETS</u></b>					
Cash and Cash Equivalents	\$ 135,090	\$ 730,595	\$ 442,737	\$ 747,946	\$ 15,823
Receivables					
Accounts Receivable (Net)	637	172	3,816	1,990	54
Loans Receivable	-	3,448,689	126,978	-	-
Special Assessments (Net)	-	-	-	-	727,572
Due from Other Governments	257,567	28,708	-	221,396	-
<b>Total Assets</b>	<b>\$ 393,294</b>	<b>\$ 4,208,164</b>	<b>\$ 573,531</b>	<b>\$ 971,332</b>	<b>\$ 743,449</b>
<b><u>LIABILITIES AND FUND BALANCES</u></b>					
<b>Liabilities</b>					
Accrued Liabilities	\$ 72,316	\$ 11,456	\$ -	\$ 295,017	\$ -
Due to Other Funds	197,779	215,688	-	10,785	-
Due to Other Governmental Agencies	1,868	-	-	590,006	-
Deferred Revenue	-	1,456	-	-	727,572
<b>Total Liabilities</b>	<b>271,963</b>	<b>228,600</b>	<b>-</b>	<b>895,808</b>	<b>727,572</b>
<b>Fund Balances</b>					
<b>Reserved</b>					
Loans Receivable	-	3,448,689	126,978	-	-
Donor-Specified Purposes	-	-	-	1,050	-
Other Reserved Purposes	-	-	-	-	-
<b>Total Reserved</b>	<b>-</b>	<b>3,448,689</b>	<b>126,978</b>	<b>1,050</b>	<b>-</b>
<b>Unreserved</b>					
Capital Projects Funds	-	-	-	-	-
Special Revenue Funds	121,331	530,875	446,553	74,474	15,877
<b>Total Unreserved</b>	<b>121,331</b>	<b>530,875</b>	<b>446,553</b>	<b>74,474</b>	<b>15,877</b>
<b>Total Fund Balances</b>	<b>121,331</b>	<b>3,979,564</b>	<b>573,531</b>	<b>75,524</b>	<b>15,877</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 393,294</b>	<b>\$ 4,208,164</b>	<b>\$ 573,531</b>	<b>\$ 971,332</b>	<b>\$ 743,449</b>

**QUEEN ANNE'S COUNTY, MARYLAND**  
**COMBINING BALANCE SHEET**  
**NON-MAJOR GOVERNMENTAL FUNDS**  
**JUNE 30, 2010**

(CONTINUED)

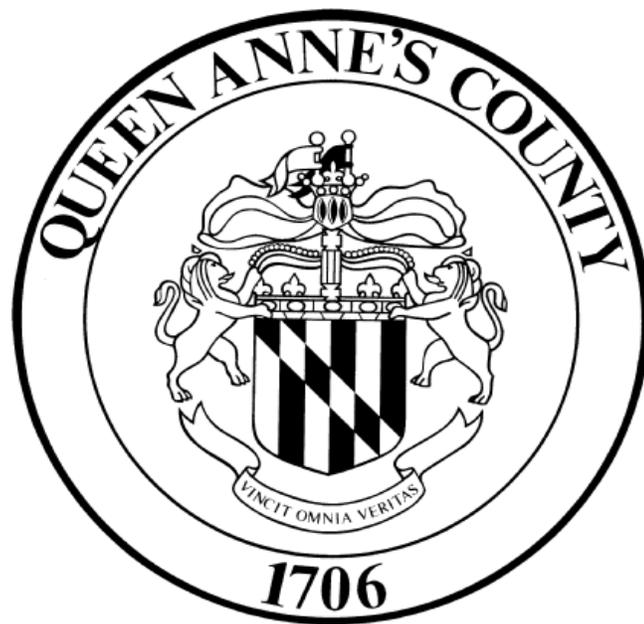
KENT NARROWS	CRITICAL AREAS	LAW LIBRARY	SHERIFF'S DRUG TASK FORCE	INMATE WELFARE FUND
\$ 184,560	\$ 130,830	\$ 22,061	\$ 201,343	\$ 259,836
12,902	-	-	-	9,110
-	-	-	-	-
-	-	-	-	-
<u>\$ 197,462</u>	<u>\$ 130,830</u>	<u>\$ 22,061</u>	<u>\$ 201,343</u>	<u>\$ 268,946</u>
\$ 434	\$ -	\$ 31	\$ 78,963	\$ 11,705
-	-	-	-	-
-	-	-	-	8,629
-	-	-	-	-
<u>434</u>	<u>-</u>	<u>31</u>	<u>78,963</u>	<u>20,334</u>
-	-	-	-	-
-	-	-	-	-
-	130,830	-	-	-
-	<u>130,830</u>	-	-	-
-	-	-	-	-
197,028	-	22,030	122,380	248,612
<u>197,028</u>	<u>-</u>	<u>22,030</u>	<u>122,380</u>	<u>248,612</u>
197,028	130,830	22,030	122,380	248,612
<u>\$ 197,462</u>	<u>\$ 130,830</u>	<u>\$ 22,061</u>	<u>\$ 201,343</u>	<u>\$ 268,946</u>

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**QUEEN ANNE'S COUNTY, MARYLAND**  
**COMBINING BALANCE SHEET**  
**NON-MAJOR GOVERNMENTAL FUNDS**  
**JUNE 30, 2010**

(CONTINUED)

	AGRICULTURAL TRANSFER	RURAL LEGACY	PURCHASE OF DEVELOPMENT RIGHTS	CAPITAL PROJECTS - FIRE COMPANY IMPACT FEES	CAPITAL PROJECTS - PARKS AND RECREATION IMPACT FEES	TOTAL NON-MAJOR GOVERNMENTAL
<b>ASSETS</b>						
Cash and Cash Equivalents	\$ 135,214	\$ 1,617,666	\$ 658,793	\$ 296,879	\$ 323,526	\$ 5,902,899
Receivables						
Accounts Receivable (Net)	-	-	96,764	-	-	125,445
Loans Receivable	-	-	-	41,866	41,782	3,659,315
Special Assessments (Net)	-	-	-	-	-	727,572
Due from Other Governments	-	-	-	-	-	507,671
<b>Total Assets</b>	<b>\$ 135,214</b>	<b>\$ 1,617,666</b>	<b>\$ 755,557</b>	<b>\$ 338,745</b>	<b>\$ 365,308</b>	<b>\$ 10,922,902</b>
<b>LIABILITIES AND FUND BALANCES</b>						
<b>Liabilities</b>						
Accrued Liabilities	\$ 1,028	\$ -	\$ -	\$ -	\$ -	\$ 470,950
Due to Other Funds	-	-	-	70,071	-	494,323
Due to Other Governmental Agencies	-	-	-	-	-	600,503
Deferred Revenue	-	-	-	41,866	41,782	812,676
<b>Total Liabilities</b>	<b>1,028</b>	<b>-</b>	<b>-</b>	<b>111,937</b>	<b>41,782</b>	<b>2,378,452</b>
<b>Fund Balances</b>						
<b>Reserved</b>						
Loans Receivable	-	-	-	-	-	3,575,667
Donor-Specified Purposes	-	-	-	-	-	1,050
Other Reserved Purposes	-	-	-	-	-	130,830
<b>Total Reserved</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3,707,547</b>
<b>Unreserved</b>						
Capital Projects Funds	-	-	-	226,808	323,526	550,334
Special Revenue Funds	134,186	1,617,666	755,557	-	-	4,286,569
<b>Total Unreserved</b>	<b>134,186</b>	<b>1,617,666</b>	<b>755,557</b>	<b>226,808</b>	<b>323,526</b>	<b>4,836,903</b>
<b>Total Fund Balances</b>	<b>134,186</b>	<b>1,617,666</b>	<b>755,557</b>	<b>226,808</b>	<b>323,526</b>	<b>8,544,450</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 135,214</b>	<b>\$ 1,617,666</b>	<b>\$ 755,557</b>	<b>\$ 338,745</b>	<b>\$ 365,308</b>	<b>\$ 10,922,902</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, 2010**

	DEPARTMENT OF AGING	HOUSING AND COMMUNITY SERVICES	REVOLVING LOAN FUND	COMMUNITY PARTNERSHIPS FOR CHILDREN	DREDGING SPECIAL ASSESSMENTS
<b>REVENUES</b>					
Taxes					
Local Property Tax	\$ -	\$ -	\$ -	\$ -	\$ -
Other Local Taxes - Admission and Amusement Taxes	-	-	-	-	-
Recordation Taxes	-	113,162	-	-	-
State Shared Taxes	-	-	-	-	-
Intergovernmental	898,713	429,059	-	1,576,356	-
Charges for Current Services	67,423	-	-	-	44,314
Fines and Forfeitures	-	-	-	-	-
Investment Income	145	5,231	3,100	981	389
Donations	47,337	-	-	58,884	-
Miscellaneous	892	-	400	26,369	-
Total Revenues	<u>1,014,510</u>	<u>547,452</u>	<u>3,500</u>	<u>1,662,590</u>	<u>44,703</u>
<b>EXPENDITURES</b>					
Current					
General Government	-	-	-	-	-
Public Safety	-	-	-	-	-
Social Services	2,580,095	-	-	1,916,052	-
Conservation of Natural Resources	-	-	-	-	-
Economic/Community Development	-	634,844	25,000	-	-
Capital Outlay	-	-	-	-	-
Debt Service					
Principal	-	-	-	-	44,425
Total Expenditures	<u>2,580,095</u>	<u>634,844</u>	<u>25,000</u>	<u>1,916,052</u>	<u>44,425</u>
Excess of Revenues Over (Under) Expenditures	<u>(1,565,585)</u>	<u>(87,392)</u>	<u>(21,500)</u>	<u>(253,462)</u>	<u>278</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Insurance Proceeds	9,161	-	-	-	-
Transfers In	1,564,634	568,639	10,000	257,264	-
Transfers Out	-	-	-	(18,314)	-
Other Financing Sources (Uses)	<u>1,573,795</u>	<u>568,639</u>	<u>10,000</u>	<u>238,950</u>	<u>-</u>
Net Increase (Decrease) in Fund Balances	8,210	481,247	(11,500)	(14,512)	278
Fund Balances, July 1	<u>113,121</u>	<u>3,498,317</u>	<u>585,031</u>	<u>90,036</u>	<u>15,599</u>
Fund Balances, June 30	<u>\$ 121,331</u>	<u>\$ 3,979,564</u>	<u>\$ 573,531</u>	<u>\$ 75,524</u>	<u>\$ 15,877</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, 2010**

(CONTINUED)

KENT NARROWS	CRITICAL AREAS	LAW LIBRARY	SHERIFF'S DRUG TASK FORCE	INMATE WELFARE FUND
\$ 38,610	\$ -	\$ -	\$ -	\$ -
52,184	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	5,687	12,544	-	61,771
-	-	17,695	33,842	-
-	-	71	396	487
-	-	-	-	-
-	-	21,932	-	38,997
<u>90,794</u>	<u>5,687</u>	<u>52,242</u>	<u>34,238</u>	<u>101,255</u>
-	-	76,258	-	-
-	-	-	50,866	92,642
-	-	-	-	-
5,062	-	-	-	-
-	-	-	27,454	-
-	-	-	-	-
<u>5,062</u>	<u>-</u>	<u>76,258</u>	<u>78,320</u>	<u>92,642</u>
<u>85,732</u>	<u>5,687</u>	<u>(24,016)</u>	<u>(44,082)</u>	<u>8,613</u>
-	-	-	-	-
-	-	9,953	-	-
(45,604)	-	-	-	-
<u>(45,604)</u>	<u>-</u>	<u>9,953</u>	<u>-</u>	<u>-</u>
40,128	5,687	(14,063)	(44,082)	8,613
<u>156,900</u>	<u>125,143</u>	<u>36,093</u>	<u>166,462</u>	<u>239,999</u>
<u>\$ 197,028</u>	<u>\$ 130,830</u>	<u>\$ 22,030</u>	<u>\$ 122,380</u>	<u>\$ 248,612</u>

CONTINUED

**QUEEN ANNE'S COUNTY, MARYLAND**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**NON-MAJOR GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2010**

(CONTINUED)

	AGRICULTURAL TRANSFER	RURAL LEGACY	PURCHASE OF DEVELOPMENT RIGHTS	CAPITAL PROJECTS - FIRE COMPANY IMPACT FEES	CAPITAL PROJECTS - PARKS AND RECREATION IMPACT FEES	TOTAL NON-MAJOR GOVERNMENTAL
<b>REVENUES</b>						
Taxes						
Local Property Tax	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 38,610
Other Local Taxes - Admission and Amusement Taxes	-	-	-	-	-	52,184
Recordation Taxes	-	-	754,412	-	-	867,574
State Shared Taxes	93,002	-	-	-	-	93,002
Intergovernmental	-	4,191,024	-	-	-	7,095,152
Charges for Current Services	-	-	-	195,881	117,733	505,353
Fines and Forfeitures	-	-	-	-	-	51,537
Investment Income	2,261	2,774	1,145	1,245	506	18,731
Donations	-	-	-	-	-	106,221
Miscellaneous	-	-	-	-	-	88,590
<b>Total Revenues</b>	<b>95,263</b>	<b>4,193,798</b>	<b>755,557</b>	<b>197,126</b>	<b>118,239</b>	<b>8,916,954</b>
<b>EXPENDITURES</b>						
Current						
General Government	-	-	-	-	-	76,258
Public Safety	-	-	-	827,723	-	971,231
Social Services	-	-	-	-	-	4,496,147
Conservation of Natural Resources	1,134,894	3,572,667	-	-	-	4,707,561
Economic/Community Development	-	-	-	-	-	664,906
Capital Outlay	-	-	-	-	-	27,454
Debt Service						
Principal	-	-	-	-	-	44,425
<b>Total Expenditures</b>	<b>1,134,894</b>	<b>3,572,667</b>	<b>-</b>	<b>827,723</b>	<b>-</b>	<b>10,987,982</b>
Excess of Revenues Over (Under) Expenditures	(1,039,631)	621,131	755,557	(630,597)	118,239	(2,071,028)
<b>OTHER FINANCING SOURCES (USES)</b>						
Insurance Proceeds	-	-	-	-	-	9,161
Transfers In	10,463	-	-	84,733	-	2,505,686
Transfers Out	-	(7,250)	-	-	(9,777)	(80,945)
Other Financing Sources (Uses)	10,463	(7,250)	-	84,733	(9,777)	2,433,902
Net Increase (Decrease) in Fund Balances	(1,029,168)	613,881	755,557	(545,864)	108,462	362,874
Fund Balances, July 1	1,163,354	1,003,785	-	772,672	215,064	8,181,576
Fund Balances, June 30	\$ 134,186	\$ 1,617,666	\$ 755,557	\$ 226,808	\$ 323,526	\$ 8,544,450



**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, 2010**

	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	-	-	-	-	-	-	-	-
Recordation Taxes	-	-	-	-	10,000	100,000	113,162	13,162
State Shared Taxes	-	-	-	-	-	-	-	-
Intergovernmental	1,066,932	902,512	898,713	(3,799)	167,486	883,679	429,059	(454,620)
Charges for Current Services	51,900	71,900	67,423	(4,477)	-	-	-	-
Fines and Forfeitures	-	-	-	-	-	-	-	-
Investment Income	-	-	145	145	-	2,500	5,231	2,731
Donations	58,500	58,500	47,337	(11,163)	-	-	-	-
Miscellaneous	1,000	1,000	892	(108)	-	-	-	-
<b>Total Revenues</b>	<b>1,178,332</b>	<b>1,033,912</b>	<b>1,014,510</b>	<b>(19,402)</b>	<b>177,486</b>	<b>986,179</b>	<b>547,452</b>	<b>(438,727)</b>
<b>EXPENDITURES</b>								
Current Operating Expenditures	3,127,610	2,847,640	2,580,095	267,545	610,216	1,704,726	634,844	1,069,882
Capital Outlay	68,850	68,850	-	68,850	-	-	-	-
Debt Service								
Principal	-	-	-	-	-	-	-	-
<b>Total Expenditures</b>	<b>3,196,460</b>	<b>2,916,490</b>	<b>2,580,095</b>	<b>336,395</b>	<b>610,216</b>	<b>1,704,726</b>	<b>634,844</b>	<b>1,069,882</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>(2,018,128)</b>	<b>(1,882,578)</b>	<b>(1,565,585)</b>	<b>316,993</b>	<b>(432,730)</b>	<b>(718,547)</b>	<b>(87,392)</b>	<b>631,155</b>
<b>OTHER FINANCING SOURCES (USES)</b>								
Insurance Proceeds	-	-	9,161	9,161	-	-	-	-
Transfers In	2,018,128	1,882,578	1,564,634	(317,944)	432,730	718,547	568,639	(149,908)
Transfers Out	-	-	-	-	-	-	-	-
<b>Total Other Financing Sources (Uses)</b>	<b>2,018,128</b>	<b>1,882,578</b>	<b>1,573,795</b>	<b>(308,783)</b>	<b>432,730</b>	<b>718,547</b>	<b>568,639</b>	<b>(149,908)</b>
<b>Net Increase (Decrease) in Fund Balances</b>	<b>\$ -</b>	<b>\$ -</b>	<b>8,210</b>	<b>\$ 8,210</b>	<b>\$ -</b>	<b>\$ -</b>	<b>481,247</b>	<b>\$ 481,247</b>
Fund Balances, July 1			113,121				3,498,317	
Fund Balances, June 30			<b>\$ 121,331</b>				<b>\$ 3,979,564</b>	

**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, 2010**  
 (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	\$ 38,610	\$ 16,610
-	-	-	-	-	-	-	-	48,000	32,104	52,184	20,080
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-
1,390,169	1,664,522	1,576,356	(88,166)	-	-	-	-	-	-	-	-
-	-	-	-	44,425	44,425	44,314	(111)	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-
-	-	981	981	-	-	389	389	-	-	-	-
-	56,926	58,884	1,958	-	-	-	-	-	-	-	-
-	-	26,369	26,369	-	-	-	-	-	-	-	-
<u>1,390,169</u>	<u>1,721,448</u>	<u>1,662,590</u>	<u>(58,858)</u>	<u>44,425</u>	<u>44,425</u>	<u>44,703</u>	<u>278</u>	<u>70,000</u>	<u>54,104</u>	<u>90,794</u>	<u>36,690</u>
1,589,166	1,982,000	1,916,052	65,948	-	-	-	-	8,500	8,500	5,062	3,438
3,495	3,495	-	3,495	-	-	-	-	-	-	-	-
-	-	-	-	44,425	44,425	44,425	-	-	-	-	-
<u>1,592,661</u>	<u>1,985,495</u>	<u>1,916,052</u>	<u>69,443</u>	<u>44,425</u>	<u>44,425</u>	<u>44,425</u>	<u>-</u>	<u>8,500</u>	<u>8,500</u>	<u>5,062</u>	<u>3,438</u>
<u>(202,492)</u>	<u>(264,047)</u>	<u>(253,462)</u>	<u>10,585</u>	<u>-</u>	<u>-</u>	<u>278</u>	<u>278</u>	<u>61,500</u>	<u>45,604</u>	<u>85,732</u>	<u>40,128</u>
-	-	-	-	-	-	-	-	-	-	-	-
269,899	257,264	257,264	-	-	-	-	-	-	-	-	-
(25,907)	(22,542)	(18,314)	4,228	-	-	-	-	(45,604)	(45,604)	(45,604)	-
243,992	234,722	238,950	4,228	-	-	-	-	(45,604)	(45,604)	(45,604)	-
<u>\$ 41,500</u>	<u>\$ (29,325)</u>	<u>(14,512)</u>	<u>\$ 14,813</u>	<u>\$ -</u>	<u>\$ -</u>	<u>278</u>	<u>\$ 278</u>	<u>\$ 15,896</u>	<u>\$ -</u>	<u>40,128</u>	<u>\$ 40,128</u>
		90,036				15,599				156,900	
		<u>\$ 75,524</u>				<u>\$ 15,877</u>				<u>\$ 197,028</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, 2010  
(CONTINUED)

	LAW LIBRARY				INMATE WELFARE FUND			
	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	-	-	-	-	-	-	-	-
Recordation Taxes	-	-	-	-	-	-	-	-
State Shared Taxes	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-	-
Charges for Current Services	3,000	12,544	12,544	-	90,000	90,000	61,771	(28,229)
Fines and Forfeitures	-	17,695	17,695	-	-	-	-	-
Investment Income	-	71	71	-	5,250	5,250	487	(4,763)
Donations	-	-	-	-	-	-	-	-
Miscellaneous	-	21,932	21,932	-	40,000	40,000	38,997	(1,003)
Total Revenues	<u>3,000</u>	<u>52,242</u>	<u>52,242</u>	<u>-</u>	<u>135,250</u>	<u>135,250</u>	<u>101,255</u>	<u>(33,995)</u>
<b>EXPENDITURES</b>								
Current Operating Expenditures	10,000	76,258	76,258	-	115,250	115,250	92,642	22,608
Capital Outlay	-	-	-	-	20,000	20,000	-	20,000
Debt Service								
Principal	-	-	-	-	-	-	-	-
Total Expenditures	<u>10,000</u>	<u>76,258</u>	<u>76,258</u>	<u>-</u>	<u>135,250</u>	<u>135,250</u>	<u>92,642</u>	<u>42,608</u>
Excess of Revenues Over (Under) Expenditures	<u>(7,000)</u>	<u>(24,016)</u>	<u>(24,016)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>8,613</u>	<u>8,613</u>
<b>OTHER FINANCING SOURCES (USES)</b>								
Insurance Proceeds	-	-	-	-	-	-	-	-
Transfers In	7,000	9,953	9,953	-	-	-	-	-
Transfers Out	-	-	-	-	-	-	-	-
Total Other Financing Sources (Uses)	<u>7,000</u>	<u>9,953</u>	<u>9,953</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Increase (Decrease) in Fund Balances	<u>\$ -</u>	<u>\$ (14,063)</u>	<u>(14,063)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>8,613</u>	<u>\$ 8,613</u>
Fund Balances, July 1			<u>36,093</u>				<u>239,999</u>	
Fund Balances, June 30			<u>\$ 22,030</u>				<u>\$ 248,612</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, 2010**  
 (CONTINUED)

AGRICULTURAL TRANSFER				RURAL LEGACY				PURCHASE OF DEVELOPMENT RIGHTS			
ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE POSITIVE (NEGATIVE)	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE POSITIVE (NEGATIVE)	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE POSITIVE (NEGATIVE)
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-
155,000	155,000	93,002	(61,998)	-	-	-	-	-	415,431	754,412	338,981
-	-	-	-	-	4,191,024	4,191,024	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-
-	1,226	2,261	1,035	-	-	2,774	2,774	-	-	1,145	1,145
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-
<u>155,000</u>	<u>156,226</u>	<u>95,263</u>	<u>(60,963)</u>	<u>-</u>	<u>4,191,024</u>	<u>4,193,798</u>	<u>2,774</u>	<u>-</u>	<u>415,431</u>	<u>755,557</u>	<u>340,126</u>
165,463	1,134,895	1,134,894	1	-	4,271,424	3,572,667	698,757	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-
<u>165,463</u>	<u>1,134,895</u>	<u>1,134,894</u>	<u>1</u>	<u>-</u>	<u>4,271,424</u>	<u>3,572,667</u>	<u>698,757</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>(10,463)</u>	<u>(978,669)</u>	<u>(1,039,631)</u>	<u>(60,962)</u>	<u>-</u>	<u>(80,400)</u>	<u>621,131</u>	<u>701,531</u>	<u>-</u>	<u>415,431</u>	<u>755,557</u>	<u>340,126</u>
-	-	-	-	-	-	-	-	-	-	-	-
10,463	10,463	10,463	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	(7,250)	(7,250)	-	(415,431)	-	415,431
<u>10,463</u>	<u>10,463</u>	<u>10,463</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(7,250)</u>	<u>(7,250)</u>	<u>-</u>	<u>(415,431)</u>	<u>-</u>	<u>415,431</u>
<u>\$ -</u>	<u>\$ (968,206)</u>	<u>(1,029,168)</u>	<u>\$ (60,962)</u>	<u>\$ -</u>	<u>\$ (80,400)</u>	<u>613,881</u>	<u>\$ 694,281</u>	<u>\$ -</u>	<u>\$ -</u>	<u>755,557</u>	<u>\$ 755,557</u>
		<u>1,163,354</u>				<u>1,003,785</u>				<u>-</u>	
		<u>\$ 134,186</u>				<u>\$ 1,617,666</u>				<u>\$ 755,557</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, 2010**  
 (CONTINUED)

	CAPITAL PROJECTS - FIRE COMPANY IMPACT FEES				CAPITAL PROJECTS - PARKS & RECREATION IMPACT FEES			
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE POSITIVE (NEGATIVE)	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE POSITIVE (NEGATIVE)
<b>REVENUES</b>								
Taxes								
Local Property Tax	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other Local Taxes - Admission and Amusement Taxes	-	-	-	-	-	-	-	-
Recordation Taxes	-	-	-	-	-	-	-	-
State Shared Taxes	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-	-
Charges for Current Services	450,000	173,099	195,881	22,782	80,000	85,000	117,733	32,733
Fines and Forfeitures	-	-	-	-	-	-	-	-
Investment Income	6,000	1,177	1,245	68	6,000	6,000	506	(5,494)
Donations	-	-	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-	-	-
Total Revenues	<u>456,000</u>	<u>174,276</u>	<u>197,126</u>	<u>22,850</u>	<u>86,000</u>	<u>91,000</u>	<u>118,239</u>	<u>27,239</u>
<b>EXPENDITURES</b>								
Current Operating Expenditures	-	827,723	827,723	-	-	-	-	-
Capital Outlay	-	-	-	-	-	-	-	-
Debt Service								
Principal	-	-	-	-	-	-	-	-
Total Expenditures	<u>-</u>	<u>827,723</u>	<u>827,723</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess of Revenues Over (Under) Expenditures	<u>456,000</u>	<u>(653,447)</u>	<u>(630,597)</u>	<u>22,850</u>	<u>86,000</u>	<u>91,000</u>	<u>118,239</u>	<u>27,239</u>
<b>OTHER FINANCING SOURCES (USES)</b>								
Insurance Proceeds	-	-	-	-	-	-	-	-
Transfers In	-	84,733	84,733	-	-	-	-	-
Transfers Out	-	-	-	-	-	(9,777)	(9,777)	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>84,733</u>	<u>84,733</u>	<u>-</u>	<u>-</u>	<u>(9,777)</u>	<u>(9,777)</u>	<u>-</u>
Net Increase (Decrease) in Fund Balances	<u>\$ 456,000</u>	<u>\$ (568,714)</u>	<u>(545,864)</u>	<u>\$ 22,850</u>	<u>\$ 86,000</u>	<u>\$ 81,223</u>	<u>108,462</u>	<u>\$ 27,239</u>
Fund Balances, July 1			<u>772,672</u>				<u>215,064</u>	
Fund Balances, June 30			<u>\$ 226,808</u>				<u>\$ 323,526</u>	

## 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.

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

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

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

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

**School Impact Fees Capital Projects** - 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.

**QUEEN ANNE'S COUNTY MARYLAND**  
**CAPITAL PROJECTS FUNDS**  
**SCHEDULE OF APPROPRIATIONS AND EXPENDITURES**  
**FOR THE YEAR ENDED JUNE 30, 2010**

PROJ #	GENERAL CAPITAL PROJECTS:	EXPENDITURES				UNEXPENDED APPROPRIATIONS	INCLUDED IN CONSTRUCTION IN PROGRESS	CAPITALIZED CURRENT YEAR
		TOTAL APPROPRIATION	PRIOR YEARS	CURRENT YEAR	TOTAL			
<u>GENERAL GOVERNMENT</u>								
400003	County Facilities Program	\$ 800,969	\$ 628,840	\$ 145,293	\$ 774,133	\$ 26,836	\$ -	\$ -
400007	GASB/Tax System Update	64,000	13,990	-	13,990	50,010	-	-
400009	Finance System (See Transfers)	753,476	702,846	28,563	731,409	22,067	-	-
400015	County Wide Mapping	735,000	611,715	34,381	646,096	88,904	-	5,260
400027	Strategic Planning	576,602	386,834	-	386,834	189,768	-	-
400029	Comp & Community Plans	635,000	417,886	138,935	556,821	78,179	-	-
400031	Mgt Info Systems Network	752,375	624,828	58,003	682,831	69,544	-	7,220
400041	CLS - IT Infrastructure/Phones	293,625	243,396	50,229	293,625	-	-	-
400051	Historic Sites Survey	117,000	102,626	6,287	108,913	8,087	-	-
400233	Rec Mgmt Sys - Non Fin	205,000	119,159	40,502	159,661	45,339	-	6,522
400269	Tax Ditches - Beaverdam	64,500	43,496	-	43,496	21,004	-	-
400271	Tax Ditches - Longmarsh	64,000	53,140	-	53,140	10,860	-	-
400363	Church Hill Pond Stabilization	200,000	15,132	2,550	17,682	182,318	-	-
400373	CLS - Beautification Committee	523	523	-	523	-	-	-
400375	Sustainable Communities Council	5,000	-	1,649	1,649	3,351	-	-
400377	BNR Septic Retrofit Grant	5,000	-	-	-	5,000	-	-
400425	CLS - Friel Property Management	10,010	5,508	-	5,508	4,502	-	-
400443	Kennard Alumni Association	225,000	100,000	125,000	225,000	-	-	-
400449	Nesbit Road ER Infrastructure	2,480,000	184,739	2,263,745	2,448,484	31,516	2,448,484	2,263,745
400457	GIS & Strategic Plan Land Use	65,000	16,181	4,640	20,821	44,179	-	-
400461	Courthouse Basement	25,214	8,803	1,980	10,783	14,431	10,783	1,980
400483	2009 Bond Issuance - Consultant and Advertising Expense	182,863	4,234	153,273	157,507	25,356	-	-
400489	Price Community Center	45,000	-	45,000	45,000	-	-	-
400527	CLS - Sudlersville Parking - Foxtown	30,000	29,196	1,500	30,696	(696)	-	-
400557	Security Upgrade & Generator	170,000	-	-	-	170,000	-	-
400561	Courthouse Property Acquisition	1,314,231	-	1,314,231	1,314,231	-	-	1,314,231
	Total General Government	9,819,388	4,313,072	4,415,761	8,728,833	1,090,555	2,459,267	3,598,958
<u>PUBLIC SAFETY</u>								
400217	Transfer to VFDs	1,392,282	1,084,689	-	1,084,689	307,593	-	-
400281	Detention Center Furniture & Carpet	30,000	-	-	-	30,000	-	-
400283	CLS - Detention Center Building Expansion	2,668,329	2,381,230	28,118	2,409,348	258,981	-	28,118
400313	County Wide Mapping - 911	815,530	781,263	13,206	794,469	21,061	-	-
400343	CLS - DES Records Management Software	187,511	187,511	-	187,511	-	-	-
400455	CLS - DES Radio Tower Software	159,831	89,831	70,000	159,831	-	-	70,000
400497	CLS - Sudlersville Firehouse Renovation	28,345	-	28,345	28,345	-	-	-
400499	Railroad Avenue Building Renovation	500,000	-	21,464	21,464	478,536	21,464	21,464
400525	Animal Services - Quarantine Facility	93,478	-	54,590	54,590	38,888	54,590	54,590
400535	DES Hanger Doors	45,000	-	-	-	45,000	-	-
	Total Public Safety	5,920,306	4,524,524	215,723	4,740,247	1,180,059	76,054	174,172
<u>PUBLIC WORKS</u>								
400077	Wetlands Mitigation	216,560	142,998	-	142,998	73,562	-	-
400079	Roof Repair / Replacement	454,647	427,786	24,800	452,586	2,061	-	-
400081	CLS - Centreville MCF	719,274	548,420	170,854	719,274	-	-	170,854
400083	Renovation/Transit Garage (See Transfers)	4,776,629	4,651,422	79,917	4,731,339	45,290	4,731,339	79,917
400087	Fuel Depot Demolition/MTBE	195,594	195,593	3,181	198,774	(3,180)	198,774	3,181
400091	DPW - Fee In Lieu	20,000	20,000	-	20,000	-	-	-
400235	Solid Waste Capital Equipment	174,001	173,039	-	173,039	962	-	-
400241	Cash Deposit Agreements	35,748	35,748	-	35,748	-	-	-
400287	CLS - DPW Records Management System	2,659	2,391	267	2,658	1	-	-
400471	Bio-Swale Drainage Ditch	75,000	233	7,530	7,763	67,237	7,763	7,530
400501	DPW Yard MTBE Remediation	100,000	-	-	-	100,000	-	-
400509	Solid Waste Loader Replacement	63,626	-	-	-	63,626	-	-
400521	County Complex Land	192,750	-	7,735	7,735	185,015	7,735	7,735
400541	Sudlersville Middle Infrastructure	2,255,393	-	216,384	216,384	2,039,009	203,865	203,865
	Total Public Works	9,281,881	6,197,630	510,668	6,708,298	2,573,583	5,149,476	473,082

CONTINUED

**QUEEN ANNE'S COUNTY MARYLAND**  
**CAPITAL PROJECTS FUNDS**  
**SCHEDULE OF APPROPRIATIONS AND EXPENDITURES**  
**FOR THE YEAR ENDED JUNE 30, 2010**  
**(CONTINUED)**

PROJ #	GENERAL CAPITAL PROJECTS:	TOTAL APPROPRIATION	EXPENDITURES			UNEXPENDED APPROPRIATIONS	INCLUDED IN CONSTRUCTION IN PROGRESS	CAPITALIZED CURRENT YEAR
			PRIOR YEARS	CURRENT YEAR	TOTAL			
<u>SOCIAL SERVICES</u>								
400099	CLS - Kramer Center Improvement	\$ 59,270	\$ 57,991	\$ 1,278	\$ 59,269	\$ 1	\$ -	\$ 1,278
400243	Aging - Large Transit Vehicles	1,010,395	589,747	-	589,747	420,648	-	-
400437	CLS - Dept of Aging Cap Equipment	66,473	59,471	7,002	66,473	-	-	-
400487	MTA Capital Grant Equipment	200,250	16,258	180,388	196,646	3,604	-	180,007
400511	Aging - Vehicle Replacement	35,000	-	-	-	35,000	-	-
400531	Kramer Center Rain Garden	15,000	-	1,000	1,000	14,000	-	-
400601	ARRA Capital Grant Equipment	428,939	-	428,939	428,939	-	-	428,939
	Total Social Services	1,815,327	723,467	618,607	1,342,074	473,253	-	610,224
<u>EDUCATION</u>								
700003	Chesapeake College Admin Bldg	798,485	783,364	15,121	798,485	-	-	-
700055	CLS - Ches College Center - Renovations	407,167	402,101	-	402,101	5,066	-	-
700171	Ches Coll Kent Humanities Bldg	685,295	45,110	579,085	624,195	61,100	-	-
700219	Ches Coll Learning Resource Center	108,188	54,863	53,325	108,188	-	-	-
	Subtotal Chesapeake College	1,999,135	1,285,438	647,531	1,932,969	66,166	-	-
<u>EDUCATION - CONTINUED</u>								
ALLOCATIONS TO COMPONENT UNIT - BOARD OF EDUCATION								
400543	Sudlersville Middle Infrastructure	6,307	-	6,307	6,307	-	-	-
700007	CLS - Centreville Elementary Renovation	5,484,990	5,448,028	36,962	5,484,990	-	-	-
700019	CLS - Queen Anne's County High	13,244,475	13,082,808	161,667	13,244,475	-	-	-
700061	Matapeake Middle	16,909,456	16,820,742	10,162	16,830,904	78,552	-	-
700089	Kent Island Elementary Renovation	12,198,780	10,141,378	116,347	10,257,725	1,941,055	-	-
700105	CLS - BOE Computer Equipment	356,460	349,864	6,597	356,461	(1)	-	-
700107	Schools - Carpet & Tile	270,000	240,513	-	240,513	29,487	-	-
700111	BOE Office Building Upgrade	150,595	7,100	-	7,100	143,495	-	-
700113	Schools - Painting	280,000	182,406	76,931	259,337	20,663	-	-
700115	Playfields - Church Hill & Kent Island Elementary	24,544	24,544	-	24,544	-	-	-
700117	Playground Repairs - Kent Island Elem School	140,660	39,234	65,443	104,677	35,983	-	-
700137	CLS - Stevensville Middle PA System	8,778	-	8,778	8,778	-	-	-
700141	Acoustical Tiles	40,000	14,800	14,000	28,800	11,200	-	-
700151	Bayside Elementary HVAC	1,064,153	37,625	1,001,335	1,038,960	25,193	-	-
700157	QACHS Field Upgrades	519,532	208,160	159,116	367,276	152,256	-	-
700159	CLS - QACHS Stadium Press	50,000	6,385	43,500	49,885	115	-	-
700161	Financial Hardware System	60,000	-	50,501	50,501	9,499	-	-
700165	Generator - BOE Bldg	50,000	-	1,275	1,275	48,725	-	-
700167	Electronic Visitor Register	20,000	-	20,000	20,000	-	-	-
700169	New Sudlersville Middle School	27,370,330	2,205,061	462,766	2,667,827	24,702,503	-	-
700173	CLS - Church Hill Elementary Playground	704,558	174,936	34	174,970	529,588	-	-
700177	BOE Security Entrance & Cameras	160,000	15,149	66,689	81,838	78,162	-	-
700179	Centreville Middle Boiler	237,917	195	20,857	21,052	216,865	-	-
700181	Bayside Elementary Parking Lot	150,000	-	-	-	150,000	-	-
700183	Centreville Elementary - Resurface Playcourts	35,000	-	3,100	3,100	31,900	-	-
700187	Kennard Elementary Addition	150,000	-	102,519	102,519	47,481	-	-
700189	BOE - Slate Roof Repairs	105,000	-	6,291	6,291	98,709	-	-
700191	Carpet & Tile Replacement	80,000	-	62,791	62,791	17,209	-	-
700193	Security Entrance & Cameras	65,000	-	62,132	62,132	2,868	-	-
700195	Equipment & Vehicles	700,000	-	661,564	661,564	38,436	-	-
700197	CLS - KIHS Bleachers	20,000	-	20,000	20,000	-	-	-
700199	CLS - QACHS Stage Curtain	7,005	-	7,005	7,005	-	-	-
700201	KIHS Stage Curtain	15,000	-	10,550	10,550	4,450	-	-
700203	Textbooks	300,000	-	279,937	279,937	20,063	-	-
700205	BOE Phone System	140,000	-	-	-	140,000	-	-
700207	QACHS Bleachers	175,000	-	308	308	174,692	-	-
700209	Energy Management System Upgrade	29,000	-	21,895	21,895	7,105	-	-
700211	BOE Meeting Room Video System	30,000	-	840	840	29,160	-	-
700213	BOE Relocatables	218,000	-	118,310	118,310	99,690	-	-
700215	KIHS Roof Repairs	65,700	-	6,967	6,967	58,733	-	-
	Subtotal Board of Education	81,636,240	48,998,928	3,693,476	52,692,404	28,943,836	-	-
	Total Education	83,635,375	50,284,366	4,341,007	54,625,373	29,010,002	-	-

CONTINUED

**QUEEN ANNE'S COUNTY MARYLAND**  
**CAPITAL PROJECTS FUNDS**  
**SCHEDULE OF APPROPRIATIONS AND EXPENDITURES**  
**FOR THE YEAR ENDED JUNE 30, 2010**  
(Continued)

PROJ #	GENERAL CAPITAL PROJECTS:	EXPENDITURES			UNEXPENDED APPROPRIATIONS	INCLUDED IN CONSTRUCTION IN PROGRESS	CAPITALIZED CURRENT YEAR
		TOTAL APPROPRIATION	PRIOR YEARS	CURRENT YEAR			
<u>PARKS AND RECREATION</u>							
400111	CLS - Land Undesignated	\$ 126,610	\$ 126,186	\$ 6,425	\$ 132,611	\$ (6,001)	\$ -
400123	CLS - Matapeake Park Clubhouse (See Transfers)	853,430	803,107	36,580	839,687	13,743	36,580
400141	CLS - Ewing Pond Park	164,777	62,525	102,251	164,776	1	102,251
400155	CLS - Park Survey	44,343	41,592	2,750	44,342	1	-
400215	Preventive Park Maintenance	670,480	494,449	175,434	669,883	597	7,400
400247	CLS - Dog Park	35,230	36,960	(1,730)	35,230	-	(1,730)
400303	Ferry Point Trail	205,570	5,040	151,589	156,629	48,941	151,589
400305	White Marsh Park	2,279,552	1,528,300	622,045	2,150,345	129,207	622,045
400391	Cross County Connec Trail PS1	60,825	36,892	23,931	60,823	2	23,931
400393	Davidson Property Improvements	900,000	8,086	25,961	34,047	865,953	25,961
400399	CLS - Exploration Center Canal Bridge	60,000	8,045	51,955	60,000	-	51,955
400439	CLS - Wells Cove Landing	202,073	192,227	9,845	202,072	1	9,845
400459	Ferry Point/CEC Canal Bridge	146,350	-	144,303	144,303	2,047	144,303
400477	CLS - Cross Is & Kent Is Trail Amenities	20,000	-	20,000	20,000	-	-
400479	CLS - KI South Trail Maintenance Equipment	33,000	29,805	3,061	32,866	134	-
400513	Bay City/Matapeake Trail	30,000	-	-	-	30,000	-
400515	CLS - Bloomfield Farm/Ag Development	36,667	-	36,667	36,667	-	-
400517	CLS - Corsica River Improvements	100,000	-	101,526	101,526	(1,526)	-
400519	Talisman/Kudner Improvements	6,855	-	-	-	6,855	-
400523	CLS - Bloomfield Farmhouse Renovation	-	-	198	198	(198)	-
400529	Chesapeake Pool Improvements	100,000	-	69,421	69,421	30,579	-
	Total Parks and Recreation	<u>6,075,762</u>	<u>3,373,214</u>	<u>1,582,212</u>	<u>4,955,426</u>	<u>1,120,336</u>	<u>2,546,147</u>
<u>CONSERVATION</u>							
400293	4-H Park Improvements	597,555	407,762	54,988	462,750	134,805	54,988
400505	CLS - 501 C3 Ag Preservation	12,000	-	12,000	12,000	-	-
400553	Ag Preservation - Emerson Property	208,431	-	-	-	208,431	-
400555	Ag Preservation - Frizz King Property	207,000	-	-	-	207,000	-
	Total Conservation	<u>1,024,986</u>	<u>407,762</u>	<u>66,988</u>	<u>474,750</u>	<u>550,236</u>	<u>462,750</u>
<u>ECONOMIC/COMMUNITY DEVELOPMENT</u>							
400201	Land Sales Proceeds (See Transfers)	30,345	30,345	-	30,345	-	-
400573	Housing - NCI - 107 Watkins	230,159	-	198,882	198,882	31,277	198,882
	Subtotal Economic/Community Development	<u>260,504</u>	<u>30,345</u>	<u>198,882</u>	<u>229,227</u>	<u>31,277</u>	<u>198,882</u>
<u>ECONOMIC/COMMUNITY DEVELOPMENT - ALLOCATION TO COMPONENT UNIT - PHA</u>							
400207	Housing & Community Service Transfer (See Transfers)	100,000	100,000	-	100,000	-	-
400209	PHA Allocation	606,643	600,000	6,642	606,642	1	-
400463	CLS - Sudlersville Alley - Foxtown	66,730	47,222	19,508	66,730	-	19,508
400485	Restricted Allocation-Scattered Site	100,000	-	100,000	100,000	-	-
	Subtotal Allocation to Component Unit - PHA	<u>873,373</u>	<u>747,222</u>	<u>126,150</u>	<u>873,372</u>	<u>1</u>	<u>19,508</u>
	Total Economic/Community Development	<u>1,133,877</u>	<u>777,567</u>	<u>325,032</u>	<u>1,102,599</u>	<u>31,278</u>	<u>218,390</u>

CONTINUED

**QUEEN ANNE'S COUNTY MARYLAND**  
**CAPITAL PROJECTS FUNDS**  
**SCHEDULE OF APPROPRIATIONS AND EXPENDITURES**  
**FOR THE YEAR ENDED JUNE 30, 2010**  
**(CONTINUED)**

PROJ #	GENERAL CAPITAL PROJECTS:	TOTAL APPROPRIATION	EXPENDITURES			UNEXPENDED APPROPRIATIONS	INCLUDED IN CONSTRUCTION IN PROGRESS	CAPITALIZED CURRENT YEAR
			PRIOR YEARS	CURRENT YEAR	TOTAL			
	<u>DEBT SERVICE</u>							
400483	2009 Bond Issuance Costs	\$ 1,116,874	\$ -	\$ 145,884	\$ 145,884	\$ 970,990	\$ -	\$ -
	Total Debt Service	1,116,874	-	145,884	145,884	970,990	-	-
	<u>TRANSFERS TO OTHER FUNDS</u>							
400009	Finance System - to Sanitary District	1,719	1,719	-	1,719	-	-	-
400045	Land Preservation Transfers	405,000	405,000	-	405,000	-	-	-
400083	Renovation/Transit Garage - to Roads Cap Proj	48,300	48,300	-	48,300	-	-	-
400123	CLS - Matapeake Park Clubhouse	85,191	85,191	-	85,191	-	-	-
400127	Public Landings Allocation	200,000	200,000	-	200,000	-	-	-
400167	Enterprise Transfer/Allocation	3,336,695	3,175,932	60,558	3,236,490	100,205	-	-
400201	Land Sale Proceeds	125,000	115,000	10,000	125,000	-	-	-
400207	Housing & Comm Svc Transfer - to Housing Services	450,000	350,000	100,000	450,000	-	-	-
400213	Loan Fund Transfers	460,000	360,000	100,000	460,000	-	-	-
400217	Transfer to VFD's	162,410	162,410	-	162,410	-	-	-
400551	Transfer to/from General Fund	8,310,000	-	8,310,000	8,310,000	-	-	-
400469	Sanitary District Transfer/Allocation	233,000	233,000	-	233,000	-	-	-
	Total Transfers	13,817,315	5,136,552	8,580,558	13,717,110	100,205	-	-
	Total General Capital Projects	\$ 133,641,091	\$ 75,738,154	\$ 20,802,440	\$ 96,540,594	\$ 37,100,497	\$ 10,892,576	\$ 6,303,944
	<u>ROADS BOARD CAPITAL PROJECTS:</u>							
	<u>PUBLIC WORKS</u>							
820005	Asphalt Overlays - Upgrade	\$ 2,753,091	\$ 986,282	\$ -	\$ 986,282	\$ 1,766,809	\$ -	\$ -
820151	Island Creek Road Bridge	1,105,000	31,838	39,423	71,261	1,033,739	71,261	39,423
820221	Taylor Mill Road Bridge	197,500	450	-	450	197,050	450	-
820251	Traffic Barrier Installation	-	-	947	947	(947)	947	947
820271	Tanyard Road Improvements	-	-	350	350	(350)	350	350
820291	Carmichael Road Improvements	-	-	6,094	6,094	(6,094)	6,094	6,094
820295	Fogwell Road Improvements	53,215	-	-	-	53,215	-	-
820297	Rt 18-552 Improvements	1,541,798	-	167,472	167,472	1,374,326	167,472	167,472
	Total Public Works - Roads	5,650,604	1,018,570	214,286	1,232,856	4,417,748	246,574	\$ 214,286
	<u>TRANSFERS TO OTHER FUNDS</u>							
820187	To Roads Operating	1,841,877	1,019,487	-	1,019,487	822,390	-	-
820209	County Wide Mapping II	70,000	60,000	10,000	70,000	-	-	-
	Total Transfers to Other Funds	1,911,877	1,079,487	10,000	1,089,487	822,390	-	-
	Total Roads Board Capital Projects	\$ 7,562,481	\$ 2,098,057	\$ 224,286	\$ 2,322,343	\$ 5,240,138	\$ 246,574	\$ 214,286
	Total General and Roads Capital Projects	\$ 141,203,572	\$ 77,836,211	\$ 21,026,726	\$ 98,862,937	\$ 42,340,635	\$ 11,139,150	\$ 6,518,230
	Force in Kind Capital Projects reported in non-capital projects Funds and added to CIP							\$ -
400124	CLS - Matapeake Clubhouse FIC	\$ -	\$ 76,101	\$ 3,783	\$ 79,884	\$ (79,884)	\$ -	\$ 3,783
400142	CLS - Ewing Pond Park FIC	-	16,250	105	16,355	(16,355)	-	105
400250	CLS - Centreville Trail - FIC	-	3,251	-	3,251	(3,251)	-	-
400304	Ferry Point Project FIC	-	13,763	397	14,160	(14,160)	5,400	397
400306	White March Park FIC	-	253,066	117,551	370,617	(370,617)	370,617	117,551
400392	Cross County Conn II FIC	-	7,199	8,467	15,666	(15,666)	13,744	8,467
400394	Davidson Property FIC	-	2,652	5,696	8,348	(8,348)	8,348	5,696
400400	CLS - Exploration Center Bridge FIC	-	38,103	1,782	39,885	(39,885)	-	1,782
400460	Ferry Point/CEC Canal Bridge	-	-	62,756	62,756	(62,756)	62,756	62,756
400472	Bio Swale Drainage Ditch - FIC	-	9,163	7,051	16,214	(16,214)	16,214	7,051
400478	CLS - Cross Is & Kent Is Trail Amenities - FIC	4,000	-	18,035	18,035	(14,035)	-	-
400480	CLS - Kent Is South Trail Maintenance Equipment - FIC	6,000	-	5,110	5,110	890	-	-
		\$ 10,000	\$ 419,548	\$ 230,733	\$ 650,281	\$ (640,281)	\$ 477,079	\$ 207,588
	Total Construction in Progress and Capitalized Current Year						\$ 11,616,229	\$ 6,725,818

**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, 2010**

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE POSITIVE (NEGATIVE)
<u>REVENUES</u>				
Charges for Current Services	\$ 600,000	\$ 852,200	\$ 852,201	\$ 1
Investment Income	20,000	3,497	3,497	-
Total Revenues	<u>620,000</u>	<u>855,697</u>	<u>855,698</u>	<u>1</u>
<u>EXPENDITURES</u>				
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess of Revenues Over (Under) Expenditures	<u>620,000</u>	<u>855,697</u>	<u>855,698</u>	<u>1</u>
<u>OTHER FINANCING (USES)</u>				
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 (Decrease) in Fund Balances	<u>\$ (788,120)</u>	<u>\$ (552,423)</u>	<u>(552,422)</u>	<u>\$ 1</u>
Fund Balances, July 1			<u>1,621,088</u>	
Fund Balances, June 30			<u>\$ 1,068,666</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. 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. For Queen Anne's County, the following enterprise funds are not meant to be fully self-supporting.



## 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, 2010**

<u>ASSETS</u>	<u>GOLF COURSE</u>	<u>RECREATION PROGRAMS</u>	<u>PUBLIC LANDINGS</u>
<b>Current Assets</b>			
Equity in Pooled Cash	\$ -	\$ 355,248	\$ 96,082
Accounts Receivable (Net)	-	-	480
Due from Other Funds	-	30,000	-
Due from Other Governments	-	-	110,931
Bond Interest Reimbursement Receivable - Build America Bond	-	-	119
Inventories	6,423	-	-
Prepaid Expenses	-	4,950	-
<b>Total Current Assets</b>	<b>6,423</b>	<b>390,198</b>	<b>207,612</b>
<b>Capital Assets</b>			
Land, Improved and Unimproved	1,904,522	-	559,862
Buildings and Improvements to Buildings	297,946	-	-
Improvements Other Than Buildings	122,268	-	1,894,110
Automotive Equipment	22,835	-	10,880
Equipment	583,046	-	56,814
Furniture and Fixtures	-	24,023	4,979
Construction in Progress	-	-	513,104
<b>Capital Assets before Depreciation</b>	<b>2,930,617</b>	<b>24,023</b>	<b>3,039,749</b>
<b>Less Accumulated Depreciation</b>	<b>(556,951)</b>	<b>(13,130)</b>	<b>(248,709)</b>
<b>Total Capital Assets, Net of Accumulated Depreciation</b>	<b>2,373,666</b>	<b>10,893</b>	<b>2,791,040</b>
<b>Total Noncurrent Assets</b>	<b>2,373,666</b>	<b>10,893</b>	<b>2,791,040</b>
<b>Total Assets</b>	<b>2,380,089</b>	<b>401,091</b>	<b>2,998,652</b>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Accounts Payable	26,787	32,073	15,274
Accrued Interest Payable	5,809	-	341
Escrow Deposits	-	4,258	-
Due to Other Funds	125,147	-	-
Unearned Revenue	2,524	5,275	904
Current Portion of Compensated Absences	189	-	19,238
Current Portion of Bonds/Notes Payable	71,763	-	1,022
<b>Total Current Liabilities</b>	<b>232,219</b>	<b>41,606</b>	<b>36,779</b>
<b>Noncurrent Liabilities</b>			
Compensated Absences	135	-	13,746
Other Post-Employment Benefit Obligation	-	90,309	49,525
Bonds/Notes Payable	736,943	-	28,926
<b>Total Noncurrent Liabilities</b>	<b>737,078</b>	<b>90,309</b>	<b>92,197</b>
<b>Total Liabilities</b>	<b>969,297</b>	<b>131,915</b>	<b>128,976</b>
<b>NET ASSETS</b>			
Invested in Capital Assets, Net of Related Debt	1,564,960	10,893	2,761,092
Restricted for:			
Donations	1,771	-	-
Unrestricted	(155,939)	258,283	108,584
<b>Total Net Assets</b>	<b>\$ 1,410,792</b>	<b>\$ 269,176</b>	<b>\$ 2,869,676</b>

**QUEEN ANNE'S COUNTY, MARYLAND**  
**COMBINING STATEMENT OF NET ASSETS**  
**NON-MAJOR ENTERPRISE FUNDS**  
**JUNE 30, 2010**

(CONTINUED)

PROPERTY MANAGEMENT	TOTAL PARKS AND RECREATION	PUBLIC MARINAS	TOTAL NON-MAJOR ENTERPRISE
\$ 8,726	\$ 460,056	\$ 54,252	\$ 514,308
2,024	2,504	-	2,504
-	30,000	-	30,000
-	110,931	343,973	454,904
-	119	1,291	1,410
-	6,423	-	6,423
-	4,950	6,738	11,688
<u>10,750</u>	<u>614,983</u>	<u>406,254</u>	<u>1,021,237</u>
49,335	2,513,719	209,248	2,722,967
2,362,024	2,659,970	-	2,659,970
99,013	2,115,391	401,542	2,516,933
49,730	83,445	-	83,445
156,461	796,321	-	796,321
1,748	30,750	-	30,750
-	513,104	1,049,349	1,562,453
2,718,311	8,712,700	1,660,139	10,372,839
<u>(529,978)</u>	<u>(1,348,768)</u>	<u>(66,014)</u>	<u>(1,414,782)</u>
2,188,333	7,363,932	1,594,125	8,958,057
<u>2,188,333</u>	<u>7,363,932</u>	<u>1,594,125</u>	<u>8,958,057</u>
2,199,083	7,978,915	2,000,379	9,979,294
24,885	99,019	186,085	285,104
-	6,150	4,417	10,567
6,650	10,908	-	10,908
-	125,147	-	125,147
-	8,703	-	8,703
-	19,427	-	19,427
-	72,785	19,401	92,186
<u>31,535</u>	<u>342,139</u>	<u>209,903</u>	<u>552,042</u>
-	13,881	-	13,881
136,426	276,260	1,816	278,076
-	765,869	355,400	1,121,269
<u>136,426</u>	<u>1,056,010</u>	<u>357,216</u>	<u>1,413,226</u>
<u>167,961</u>	<u>1,398,149</u>	<u>567,119</u>	<u>1,965,268</u>
2,188,333	6,525,278	1,219,324	7,744,602
-	1,771	-	1,771
<u>(157,211)</u>	<u>53,717</u>	<u>213,936</u>	<u>267,653</u>
<u>\$ 2,031,122</u>	<u>\$ 6,580,766</u>	<u>\$ 1,433,260</u>	<u>\$ 8,014,026</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, 2010**

	<u>GOLF COURSE</u>	<u>RECREATION PROGRAMS</u>	<u>PUBLIC LANDINGS</u>
<b><u>OPERATING REVENUES</u></b>			
Charges for Services	\$ 317,629	\$ 425,798	\$ 326,112
Intergovernmental	-	6,072	25,483
Bond Interest Reimbursement - Build America Bond	-	-	119
Material Sales	50,497	-	-
Miscellaneous Revenues	2,405	18,232	34,750
<b>Total Operating Revenues</b>	<b>370,531</b>	<b>450,102</b>	<b>386,464</b>
<b><u>OPERATING EXPENSES</u></b>			
<b>Cost of Sales and Services</b>			
Parks and Recreation	410,851	860,392	353,959
Public Marinas	-	-	-
<b>Total Cost of Sales and Services</b>	<b>410,851</b>	<b>860,392</b>	<b>353,959</b>
Other Post-Employment Benefit Contributions	-	82,730	29,450
Depreciation	45,350	2,402	45,129
<b>Total Operating Expenses</b>	<b>456,201</b>	<b>945,524</b>	<b>428,538</b>
<b>Operating Income (Loss)</b>	<b>(85,670)</b>	<b>(495,422)</b>	<b>(42,074)</b>
<b><u>NON-OPERATING REVENUES (EXPENSES)</u></b>			
Interest Expense	(42,484)	-	(341)
<b>Gain (Loss) Before Contributions and Transfers</b>	<b>(128,154)</b>	<b>(495,422)</b>	<b>(42,415)</b>
Capital Contributions, Fees and Grants	400	-	289,495
Transfers In	-	424,468	-
Transfers (Out)	-	-	(86,913)
<b>Net Transfers In (Out)</b>	<b>-</b>	<b>424,468</b>	<b>(86,913)</b>
<b>Change in Net Assets</b>	<b>(127,754)</b>	<b>(70,954)</b>	<b>160,167</b>
<b>Total Net Assets - Beginning of Year</b>	<b>1,538,546</b>	<b>340,130</b>	<b>2,709,509</b>
<b>Total Net Assets - End of Year</b>	<b>\$ 1,410,792</b>	<b>\$ 269,176</b>	<b>\$ 2,869,676</b>

**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, 2010**

(CONTINUED)

PROPERTY MANAGEMENT	TOTAL PARKS AND RECREATION	PUBLIC MARINAS	TOTAL NON-MAJOR ENTERPRISE
\$ 563,664	\$ 1,633,203	\$ 62,600	\$ 1,695,803
10,164	41,719	26,405	68,124
-	119	2,612	2,731
24,014	74,511	-	74,511
35,367	90,754	979	91,733
<u>633,209</u>	<u>1,840,306</u>	<u>92,596</u>	<u>1,932,902</u>
739,082	2,364,284	-	2,364,284
-	-	77,919	77,919
<u>739,082</u>	<u>2,364,284</u>	<u>77,919</u>	<u>2,442,203</u>
87,504	199,684	1,816	201,500
90,227	183,108	8,031	191,139
<u>916,813</u>	<u>2,747,076</u>	<u>87,766</u>	<u>2,834,842</u>
<u>(283,604)</u>	<u>(906,770)</u>	<u>4,830</u>	<u>(901,940)</u>
-	(42,825)	(8,973)	(51,798)
<u>(283,604)</u>	<u>(949,595)</u>	<u>(4,143)</u>	<u>(953,738)</u>
-	289,895	545,123	835,018
25,000	449,468	5,467	454,935
-	(86,913)	-	(86,913)
<u>25,000</u>	<u>362,555</u>	<u>5,467</u>	<u>368,022</u>
<u>(258,604)</u>	<u>(297,145)</u>	<u>546,447</u>	<u>249,302</u>
<u>2,289,726</u>	<u>6,877,911</u>	<u>886,813</u>	<u>7,764,724</u>
<u>\$ 2,031,122</u>	<u>\$ 6,580,766</u>	<u>\$ 1,433,260</u>	<u>\$ 8,014,026</u>

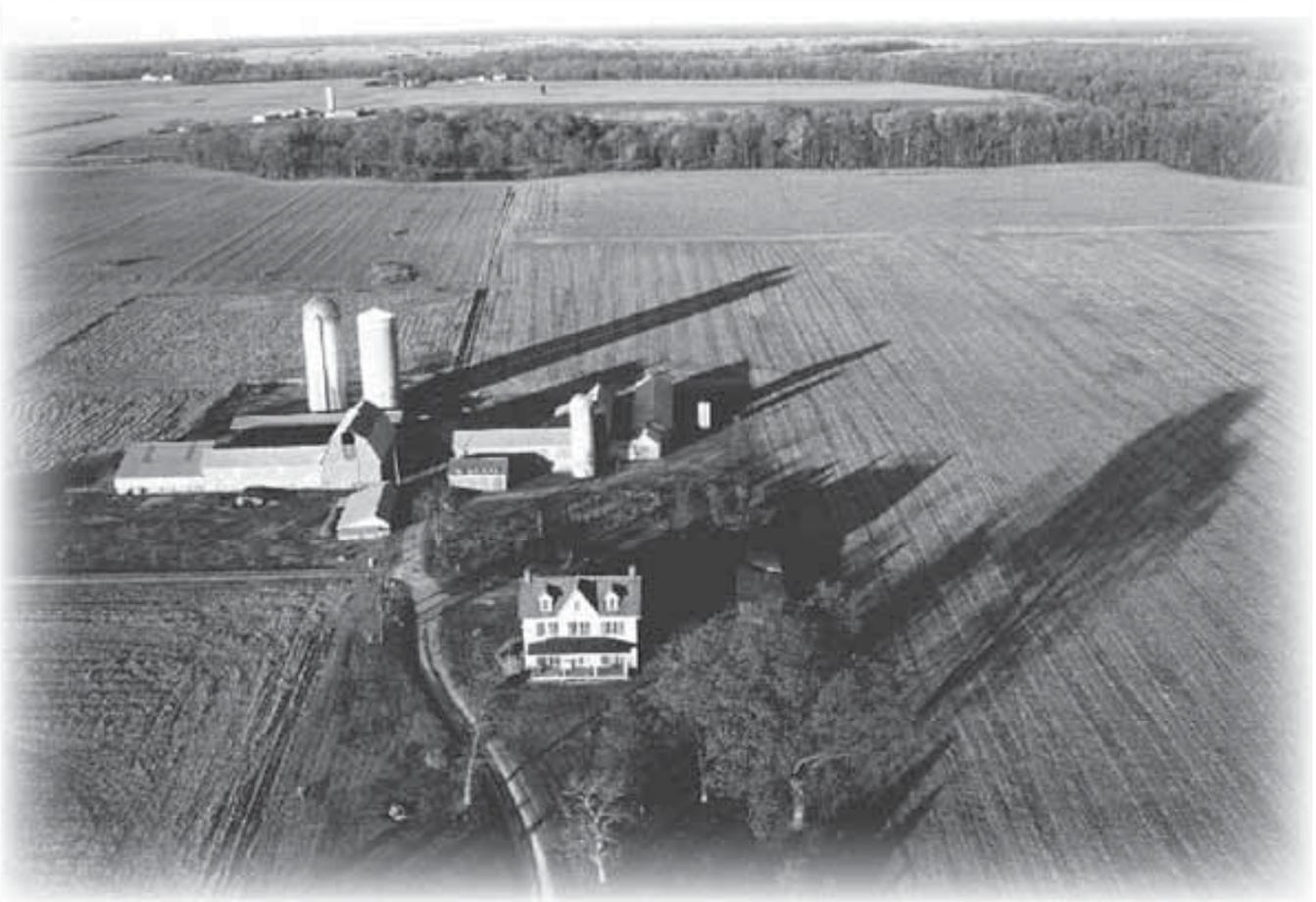
**QUEEN ANNE'S COUNTY, MARYLAND**  
**COMBINING STATEMENT OF CASH FLOWS**  
**NON-MAJOR ENTERPRISE FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2010**

	<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	\$ 318,901	\$ 481,761	\$ 326,536
Receipts from other operating revenues	52,902	24,304	25,506
Receipts from Build America Bond interest reimbursement	-	-	-
Payments to suppliers	(326,249)	(355,963)	(124,668)
Increase in accounts payable	-	-	-
Payments to employees and on behalf of employees	(64,376)	(505,973)	(281,864)
Net Cash Provided (Used) by Operating Activities	<u>(18,822)</u>	<u>(355,871)</u>	<u>(54,490)</u>
<b><u>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</u></b>			
Transfers from other funds	-	424,468	-
Loan proceeds from interfund loans	125,147	10,000	-
Transfers to other funds	-	-	(86,913)
Principal paid on interfund loans	(40,000)	-	-
Net Cash Provided (Used) by Noncapital Financing Activities	<u>85,147</u>	<u>434,468</u>	<u>(86,913)</u>
<b><u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</u></b>			
Receipts from capital grants and contributions	400	-	289,495
Principal paid on capital debt	(75,000)	-	-
Receipts from 2009 Bonds	-	-	29,949
Interest paid on capital debt	(39,765)	-	-
Acquisition and Construction of Capital Assets	-	-	(414,070)
Net Cash (Used) by Capital and Related Financing Activities	<u>(114,365)</u>	<u>-</u>	<u>(94,626)</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	(48,040)	78,597	(236,029)
Balances - Beginning of year	48,040	276,651	332,111
Balances - End of year	<u>\$ -</u>	<u>\$ 355,248</u>	<u>\$ 96,082</u>
<b><u>Reconciliation of operating income (loss) to net cash provided by operating activities</u></b>			
Operating income (loss)	\$ (85,670)	\$ (495,422)	\$ (42,074)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation	45,350	2,402	45,129
Changes in assets and liabilities:			
Accounts receivable, net	-	52,334	(480)
Operating grants receivable	-	-	(34,727)
Build America Bonds Interest receivable	-	-	(119)
Inventories and Prepaid Expenses	2,009	5,000	-
Vendor accounts payable	18,486	(5,886)	(53,413)
Compensated absences	(269)	(658)	839
Other Post-Employment Benefit Obligation	-	82,730	29,451
Escrow deposits payable	-	154	-
Deferred revenue collected in advance	1,272	3,475	904
Net Cash Provided (Used) by Operating Activities	<u>\$ (18,822)</u>	<u>\$ (355,871)</u>	<u>\$ (54,490)</u>

**QUEEN ANNE'S COUNTY, MARYLAND**  
**COMBINING STATEMENT OF CASH FLOWS**  
**NON-MAJOR ENTERPRISE FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2010**

(CONTINUED)

<u>PROPERTY MANAGEMENT</u>	<u>TOTAL PARKS AND RECREATION</u>	<u>PUBLIC MARINAS</u>	<u>TOTAL NON-MAJOR ENTERPRISE</u>
\$ 582,498	\$ 1,709,696	\$ 62,600	\$ 1,772,296
74,545	177,257	27,384	204,641
-	-	1,321	1,321
(252,388)	(1,059,268)	(66,490)	(1,125,758)
-	-	184,844	184,844
<u>(481,067)</u>	<u>(1,333,280)</u>	<u>(18,167)</u>	<u>(1,351,447)</u>
(76,412)	(505,595)	191,492	(314,103)
25,000	449,468	5,467	454,935
-	135,147	-	135,147
-	(86,913)	-	(86,913)
<u>-</u>	<u>(40,000)</u>	<u>(507)</u>	<u>(40,507)</u>
25,000	457,702	4,960	462,662
-	289,895	201,150	491,045
-	(75,000)	(8,283)	(83,283)
-	29,949	324,003	353,952
-	(39,765)	(5,319)	(45,084)
<u>-</u>	<u>(414,070)</u>	<u>(944,541)</u>	<u>(1,358,611)</u>
-	(208,991)	(432,990)	(641,981)
-	-	-	-
(51,412)	(256,884)	(236,538)	(493,422)
60,138	716,940	290,790	1,007,730
<u>\$ 8,726</u>	<u>\$ 460,056</u>	<u>\$ 54,252</u>	<u>\$ 514,308</u>
\$ (283,604)	\$ (906,770)	\$ 4,830	\$ (901,940)
90,227	183,108	8,031	191,139
30,834	82,688	-	82,688
5,000	(29,727)	-	(29,727)
-	(119)	(1,291)	(1,410)
-	7,009	(6,738)	271
5,627	(35,186)	184,844	149,658
-	(88)	-	(88)
87,504	199,685	1,816	201,501
-	154	-	154
<u>(12,000)</u>	<u>(6,349)</u>	<u>-</u>	<u>(6,349)</u>
<u>\$ (76,412)</u>	<u>\$ (505,595)</u>	<u>\$ 191,492</u>	<u>\$ (314,103)</u>



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

## **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.

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

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



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

## **OTHER POST-EMPLOYMENT BENEFIT (OPEB) TRUST FUND**

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

### **Participating agencies in the OPEB Trust Fund are as follows:**

Queen Anne's County & Public Housing Authority  
Queen Anne's County Board of Education  
Queen Anne's County Library  
Kent County

## **AGENCY FUNDS**

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

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

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

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

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

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

**Escheat – Abandoned Property** – This fund accounts for stale-dated County payroll and disbursements checks that are voided by the County 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  
 OTHER POST-EMPLOYMENT BENEFIT TRUST FUND  
 JUNE 30, 2010**

	QUEEN ANNE'S COUNTY	QUEEN ANNE'S COUNTY PUBLIC HOUSING AUTHORITY	QUEEN ANNE'S COUNTY BOARD OF EDUCATION	QUEEN ANNE'S COUNTY LIBRARY	KENT COUNTY	TOTAL OPEB TRUST FUND
<b>ASSETS</b>						
Cash and Cash Equivalents	\$ 489,495	\$ 11,774	\$ 501,269	\$ 30,076	\$ 155,393	\$ 1,188,007
Total Assets	<u>489,495</u>	<u>11,774</u>	<u>501,269</u>	<u>30,076</u>	<u>155,393</u>	<u>1,188,007</u>
<b>LIABILITIES</b>						
Due to Other Governments	-	-	-	-	155,393	155,393
Total Liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>155,393</u>	<u>155,393</u>
<b>NET ASSETS HELD IN TRUST</b>	<u>\$ 489,495</u>	<u>\$ 11,774</u>	<u>\$ 501,269</u>	<u>\$ 30,076</u>	<u>\$ -</u>	<u>\$ 1,032,614</u>

**QUEEN ANNE'S COUNTY, MARYLAND**  
**COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS**  
**OTHER POST-EMPLOYMENT BENEFIT TRUST FUND**  
**FOR THE YEAR ENDED JUNE 30, 2010**

	<u>QUEEN ANNE'S COUNTY</u>	<u>QUEEN ANNE'S COUNTY PUBLIC HOUSING AUTHORITY</u>	<u>QUEEN ANNE'S COUNTY BOARD OF EDUCATION</u>	<u>QUEEN ANNE'S COUNTY LIBRARY</u>	<u>TOTAL OPEB TRUST FUND</u>
<b>ADDITIONS</b>					
Contributions					
Employers	\$ 599,820	\$ 4,401	\$ 1,176,586	\$ 12,200	\$ 1,793,007
Members	214,032	3,240	579,788	4,900	801,960
Total Contributions	<u>813,852</u>	<u>7,641</u>	<u>1,756,374</u>	<u>17,100</u>	<u>2,594,967</u>
Investment Income	<u>1,222</u>	<u>29</u>	<u>1,251</u>	<u>75</u>	<u>2,577</u>
Total Additions	<u>815,074</u>	<u>7,670</u>	<u>1,757,625</u>	<u>17,175</u>	<u>2,597,544</u>
<b>DEDUCTIONS</b>					
Claims Paid	<u>813,852</u>	<u>7,641</u>	<u>1,756,374</u>	<u>17,100</u>	<u>2,594,967</u>
Change in Assets	1,222	29	1,251	75	2,577
<b>NET ASSETS HELD IN TRUST</b>					
Net Assets - Beginning of Year	<u>488,273</u>	<u>11,745</u>	<u>500,018</u>	<u>30,001</u>	<u>1,030,037</u>
Net Assets - End of Year	<u>\$ 489,495</u>	<u>\$ 11,774</u>	<u>\$ 501,269</u>	<u>\$ 30,076</u>	<u>\$ 1,032,614</u>



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

**QUEEN ANNE'S COUNTY, MARYLAND**  
**COMBINING STATEMENT OF FIDUCIARY NET ASSETS**  
**AGENCY FUNDS**  
**JUNE 30, 2010**

	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	\$ 138,243	\$ 166,024	\$ 78,034	\$ 7,218	\$ 26,635	\$ 1,302	\$ 417,456
Miscellaneous Receivables	-	-	-	-	26,149	-	26,149
<b>Total Assets</b>	<b>\$ 138,243</b>	<b>\$ 166,024</b>	<b>\$ 78,034</b>	<b>\$ 7,218</b>	<b>\$ 52,784</b>	<b>\$ 1,302</b>	<b>\$ 443,605</b>
<b>LIABILITIES</b>							
Due to Other Governments	\$ -	\$ -	\$ 78,034	\$ 7,218	\$ 52,784	\$ 1,026	\$ 139,062
Deposits and Escrows	138,243	166,024	-	-	-	276	304,543
<b>Total Liabilities</b>	<b>\$ 138,243</b>	<b>\$ 166,024</b>	<b>\$ 78,034</b>	<b>\$ 7,218</b>	<b>\$ 52,784</b>	<b>\$ 1,302</b>	<b>\$ 443,605</b>

**QUEEN ANNE'S COUNTY, MARYLAND**  
**COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS**  
**AGENCY FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2010**

	<u>Cash</u>	<u>Miscellaneous Receivables</u>	<u>Total Assets</u>
<b><u>TAX DITCH FUND</u></b>			
Balance 7-1-09	\$ 121,219	\$ -	\$ 121,219
Additions	64,586	-	64,586
Deductions	(47,562)	-	(47,562)
Balance 6-30-10	<u>\$ 138,243</u>	<u>\$ -</u>	<u>\$ 138,243</u>
<b><u>ZONING DEPOSITS</u></b>			
Balance 7-1-09	\$ 159,217	\$ -	\$ 159,217
Additions	6,807	-	6,807
Deductions	-	-	-
Balance 6-30-10	<u>\$ 166,024</u>	<u>\$ -</u>	<u>\$ 166,024</u>
<b><u>STATE AND TOWN TAX COLLECTIONS</u></b>			
Balance 7-1-09	\$ 81,068	\$ -	\$ 81,068
Additions	12,619,881	-	12,619,881
Deductions	(12,622,915)	-	(12,622,915)
Balance 6-30-10	<u>\$ 78,034</u>	<u>\$ -</u>	<u>\$ 78,034</u>
<b><u>MOTOR VEHICLE ADMIN DEPOSITS</u></b>			
Balance 7-1-09	\$ 10,342	\$ -	\$ 10,342
Additions	373,459	-	373,459
Deductions	(376,583)	-	(376,583)
Balance 6-30-10	<u>\$ 7,218</u>	<u>\$ -</u>	<u>\$ 7,218</u>
<b><u>MIDSHORE REGIONAL RECYCLING</u></b>			
Balance 7-1-09	\$ -	\$ 165,626	\$ 165,626
Additions	1,071,549	26,149	1,097,698
Deductions	(1,044,914)	(165,626)	(1,210,540)
Balance 6-30-10	<u>\$ 26,635</u>	<u>\$ 26,149</u>	<u>\$ 52,784</u>
<b><u>ESCHEAT - ABANDONED PROPERTY</u></b>			
Balance 7-1-09	\$ 2,363	\$ -	\$ 2,363
Additions	1,542	-	1,542
Deductions	(2,603)	-	(2,603)
Balance 6-30-10	<u>\$ 1,302</u>	<u>\$ -</u>	<u>\$ 1,302</u>
<b><u>TOTALS - ALL AGENCY FUNDS</u></b>			
Balance 7-1-09	\$ 374,209	\$ 165,626	\$ 539,835
Additions	14,137,824	26,149	14,163,973
Deductions	(14,094,577)	(165,626)	(14,260,203)
Balance 6-30-10	<u>\$ 417,456</u>	<u>\$ 26,149</u>	<u>\$ 443,605</u>

**QUEEN ANNE'S COUNTY, MARYLAND**  
**COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS**  
**AGENCY FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2010**

(CONTINUED)

<b>Due to Other Governments</b>	<b>Escrow Deposits</b>	<b>Total Liabilities</b>
\$ -	\$ 121,219	\$ 121,219
-	17,024	17,024
-	-	-
<u>\$ -</u>	<u>\$ 138,243</u>	<u>\$ 138,243</u>
\$ -	\$ 159,217	\$ 159,217
-	6,807	6,807
-	-	-
<u>\$ -</u>	<u>\$ 166,024</u>	<u>\$ 166,024</u>
\$ 81,068	\$ -	\$ 81,068
12,619,881	-	12,619,881
(12,622,915)	-	(12,622,915)
<u>\$ 78,034</u>	<u>\$ -</u>	<u>\$ 78,034</u>
\$ 10,342	\$ -	\$ 10,342
372,472	-	372,472
(375,596)	-	(375,596)
<u>\$ 7,218</u>	<u>\$ -</u>	<u>\$ 7,218</u>
\$ 165,626	\$ -	\$ 165,626
332,493	-	332,493
(445,335)	-	(445,335)
<u>\$ 52,784</u>	<u>\$ -</u>	<u>\$ 52,784</u>
\$ 2,087	\$ 276	\$ 2,363
1,542	-	1,542
(2,603)	-	(2,603)
<u>\$ 1,026</u>	<u>\$ 276</u>	<u>\$ 1,302</u>
\$ 259,123	\$ 280,712	\$ 539,835
13,326,388	23,831	13,350,219
(13,446,449)	-	(13,446,449)
<u>\$ 139,062</u>	<u>\$ 304,543</u>	<u>\$ 443,605</u>



*Queen Anne's County is a popular stop for birds travelling the Atlantic Migration Flyway.*

## **Changes in Capital Assets Interfund Receivables and Payables Interfund Transfers**

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Capital Assets are material physical assets whose useful lives exceed one year. Capital Assets represent a significant portion of the County's total assets. The capital asset schedule included in this section outlines the types of changes that took place in governmental capital assets during the fiscal year.

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 changes in capital assets, interfund receivables and payables, and interfund transfers are optional schedules added in order to clarify the tables found in Note 6 – Capital Assets, Note 7 – Interfund Receivables and Payables, and 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 CHANGES IN CAPITAL ASSETS**  
**FOR THE YEAR ENDED JUNE 30, 2010**

<b>Governmental Activities</b>	Governmental Capital Outlay	Governmental Force in Kind Expenditures	General Capital Projects - Additions	General Capital Projects - Conversions	Roads Capital Projects	Capital Asset Donations & Transfers	Less Capital Asset Retirements	Less Current Year Depreciation Expense	Change in Capital Assets
Capital Assets, not being depreciated:									
Land	\$ -	\$ -	\$ 814,823	\$ -	\$ -	\$ -	\$ (1,618)	\$ -	\$ 813,205
Intangible Rights	-	-	-	13,390	-	-	-	-	13,390
Land Improvements	-	-	-	-	-	-	-	-	-
Construction in Progress	-	207,588	4,356,098	(6,027,382)	214,286	-	(1,291,800)	-	(2,541,210)
Land - Inexhaustible Infrastructure Improvements	-	-	-	-	-	51,946	-	-	51,946
<b>Total Capital Assets, not being depreciated</b>	<b>-</b>	<b>207,588</b>	<b>5,170,921</b>	<b>(6,013,992)</b>	<b>214,286</b>	<b>51,946</b>	<b>(1,293,418)</b>	<b>-</b>	<b>(1,662,669)</b>
Capital Assets, being depreciated:									
Buildings and Building Improvements	7,811	-	499,408	4,529,875	-	2,067,293	(1,601)	-	7,102,786
Improvements other than Buildings	7,800	-	(1,730)	584,297	-	-	(586)	-	589,781
Vehicles	279,613	-	607,514	-	-	10,000	(116,795)	-	780,332
Equipment	140,223	-	7,400	97,813	-	-	(370,738)	-	(125,302)
Furniture and Fixtures	915,064	-	20,431	802,007	-	78,272	(495,188)	-	1,320,586
Infrastructure Improvements - Depreciable	-	-	-	-	-	12,986	-	-	12,986
<b>Total Capital Assets, being depreciated</b>	<b>1,350,511</b>	<b>-</b>	<b>1,133,023</b>	<b>6,013,992</b>	<b>-</b>	<b>2,168,551</b>	<b>(984,908)</b>	<b>-</b>	<b>9,681,169</b>
Less Accumulated Depreciation	-	-	-	-	-	-	804,914	(3,307,796)	(2,502,882)
<b>Total Capital Assets, being depreciated, net</b>	<b>1,350,511</b>	<b>-</b>	<b>1,133,023</b>	<b>6,013,992</b>	<b>-</b>	<b>2,168,551</b>	<b>(179,994)</b>	<b>(3,307,796)</b>	<b>7,178,287</b>
<b>Total Increase (Decrease) in Capital Assets</b>	<b>\$ 1,350,511</b>	<b>\$ 207,588</b>	<b>\$ 6,303,944</b>	<b>\$ -</b>	<b>\$ 214,286</b>	<b>\$ 2,220,497</b>	<b>\$ (1,473,412)</b>	<b>\$ (3,307,796)</b>	<b>\$ 5,515,618</b>

QUEEN ANNE'S COUNTY, MARYLAND  
 DETAILED SCHEDULE OF INTERFUND RECEIVABLES AND PAYABLES  
 JUNE 30, 2010

DUE FROM FUND											
DUE TO FUND	NON-MAJOR GOVERNMENTAL					MAJOR ENTERPRISE			NON-MAJOR ENTERPRISE	COMPONENT UNITS	TOTAL
	DEPARTMENT OF AGING	HOUSING AND COMMUNITY SERVICES	COMMUNITY PARTNERSHIPS FOR CHILDREN	CAPITAL PROJECTS - FIRE COMPANY IMPACT FEES	SUBTOTAL	SANITARY DISTRICT DEBT SERVICE FUND	BAY BRIDGE AIRPORT	SUBTOTAL	GOLF COURSE	QUEEN ANNE'S COUNTY BOARD OF EDUCATION	
<u>General Fund</u>	\$ 197,779	\$ 215,688	\$ 10,785	\$ -	\$ 424,252	\$ -	\$ 500,591	\$ 500,591	\$ 95,147	\$ -	\$ 1,019,990
<u>Capital Projects Funds</u>											
General Capital Projects	-	-	-	70,071	70,071	-	-	-	-	344,546	414,617
<u>Enterprise Funds</u>											
Sanitary District - Sewer Operating	-	-	-	-	-	152,458	-	152,458	-	-	152,458
Parks and Recreation - Recreational Programs	-	-	-	-	-	-	-	-	30,000	-	30,000
Enterprise Funds Total	-	-	-	-	-	152,458	-	152,458	30,000	-	182,458
<b>TOTAL ALL FUNDS</b>	<u>\$ 197,779</u>	<u>\$ 215,688</u>	<u>\$ 10,785</u>	<u>\$ 70,071</u>	<u>\$ 494,323</u>	<u>\$ 152,458</u>	<u>\$ 500,591</u>	<u>\$ 653,049</u>	<u>\$ 125,147</u>	<u>\$ 344,546</u>	<u>\$ 1,617,065</u>

QUEEN ANNE'S COUNTY, MARYLAND  
 DETAILED SCHEDULE OF INTERFUND TRANSFERS  
 JUNE 30, 2010

TRANSFERS OUT FUND	TRANSFERS IN FUND					
	MAJOR GOVERNMENTAL					
	TOTAL TRANSFERS OUT	GENERAL FUND	GENERAL CAPITAL PROJECTS	ROADS CAPITAL	ROADS BOARD	SUBTOTAL
<u>Major Governmental Funds</u>						
General Fund	\$ 8,219,656	\$ -	\$ 664,733	\$ -	\$ 4,663,551	\$ 5,328,284
General Capital Projects	8,580,558	8,310,000	-	-	-	8,310,000
Roads Capital Projects	10,000	-	10,000	-	-	10,000
Impact Fees - Schools	1,408,120	1,408,120	-	-	-	1,408,120
Roads Board	444,963	-	-	444,963	-	444,963
Total Transfers Out by Major Governmental Funds	18,663,297	9,718,120	674,733	444,963	4,663,551	15,501,367
<u>Special Revenue Funds</u>						
Community Partnerships	18,314	18,314	-	-	-	18,314
Kent Narrows	45,604	45,604	-	-	-	45,604
Rural Legacy	7,250	7,250	-	-	-	7,250
Impact Fees - Parks & Recreation	9,777	-	9,777	-	-	9,777
Total Transfers Out by Special Revenue Funds	80,945	71,168	9,777	-	-	80,945
<u>Major Enterprise Funds</u>						
Sanitary District - Restricted	1,574,314	-	-	-	-	-
Sanitary District - Debt Service	2,084,030	-	-	-	-	-
Bay Bridge Airport	10,000	10,000	-	-	-	10,000
Total Transfers Out by Major Enterprise Funds	3,668,344	10,000	-	-	-	10,000
<u>Non-Major Enterprise Funds</u>						
Public Landings	86,913	86,913	-	-	-	86,913
Total Transfers Out by All Funds	\$ 22,499,499	\$ 9,886,201	\$ 684,510	\$ 444,963	\$ 4,663,551	\$ 15,679,225

QUEEN ANNE'S COUNTY, MARYLAND  
 DETAILED SCHEDULE OF INTERFUND TRANSFERS  
 JUNE 30, 2010

(CONTINUED)

NON-MAJOR GOVERNMENTAL							
DEPARTMENT OF AGING	HOUSING AND COMMUNITY SERVICES	COMMUNITY PARTNERSHIPS FOR CHILDREN	LAW LIBRARY	AGRICULTURAL TRANSFER	REVOLVING LOAN FUND	CAPITAL PROJECTS - FIRE COMPANY IMPACT FEES	SUBTOTAL
\$ 1,564,634	\$ 368,639	\$ 257,264	\$ 9,953	\$ 10,463	\$ -	\$ 84,733	\$ 2,295,686
-	200,000	-	-	-	10,000	-	210,000
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>1,564,634</u>	<u>568,639</u>	<u>257,264</u>	<u>9,953</u>	<u>10,463</u>	<u>10,000</u>	<u>84,733</u>	<u>2,505,686</u>
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>\$ 1,564,634</u>	<u>\$ 568,639</u>	<u>\$ 257,264</u>	<u>\$ 9,953</u>	<u>\$ 10,463</u>	<u>\$ 10,000</u>	<u>\$ 84,733</u>	<u>\$ 2,505,686</u>

CONTINUED

QUEEN ANNE'S COUNTY, MARYLAND  
 DETAILED SCHEDULE OF INTERFUND TRANSFERS  
 JUNE 30, 2010

(CONTINUED)

TRANSFERS OUT FUND	TRANSFERS IN FUND					
	MAJOR ENTERPRISE					
	SANITARY DISTRICT			SUBTOTAL	BAY BRIDGE AIRPORT	SUBTOTAL
SEWER OPERATIONS	WATER OPERATIONS	DEBT SERVICE FUND				
<u>Major Governmental Funds</u>						
General Fund	\$ 4,762	\$ 84,782	\$ -	\$ 89,544	\$ 51,207	\$ 140,751
General Capital Projects	-	-	-	-	60,558	60,558
Roads Capital Projects	-	-	-	-	-	-
Impact Fees - Schools	-	-	-	-	-	-
Roads Board	-	-	-	-	-	-
Total Transfers Out by Major Governmental Funds	4,762	84,782	-	89,544	111,765	201,309
<u>Special Revenue Funds</u>						
Community Partnerships	-	-	-	-	-	-
Kent Narrows	-	-	-	-	-	-
Rural Legacy	-	-	-	-	-	-
Impact Fees - Parks & Recreation	-	-	-	-	-	-
Total Transfers Out by Special Revenue Funds	-	-	-	-	-	-
<u>Major Enterprise Funds</u>						
Sanitary District - Restricted	-	517,518	1,056,796	1,574,314	-	1,574,314
Sanitary District - Debt Service	1,711,161	372,869	-	2,084,030	-	2,084,030
Bay Bridge Airport	-	-	-	-	-	-
Total Transfers Out by Major Enterprise Funds	1,711,161	890,387	1,056,796	3,658,344	-	3,658,344
<u>Non-Major Enterprise Funds</u>						
Public Landings	-	-	-	-	-	-
Total Transfers Out by All Funds	\$ 1,715,923	\$ 975,169	\$ 1,056,796	\$ 3,747,888	\$ 111,765	\$ 3,859,653

QUEEN ANNE'S COUNTY, MARYLAND  
 DETAILED SCHEDULE OF INTERFUND TRANSFERS  
 JUNE 30, 2010

(CONTINUED)

NON-MAJOR ENTERPRISE

<u>RECREATION PROGRAMS</u>	<u>PROPERTY MANAGEMENT</u>	<u>PUBLIC MARINAS</u>	<u>SUBTOTAL</u>	<u>TOTAL TRANSFERS IN</u>
\$ 424,468	\$ 25,000	\$ 5,467	\$ 454,935	\$ 8,219,656
-	-	-	-	8,580,558
-	-	-	-	10,000
-	-	-	-	1,408,120
-	-	-	-	444,963
<u>424,468</u>	<u>25,000</u>	<u>5,467</u>	<u>454,935</u>	<u>18,663,297</u>
-	-	-	-	18,314
-	-	-	-	45,604
-	-	-	-	7,250
-	-	-	-	9,777
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>80,945</u>
-	-	-	-	1,574,314
-	-	-	-	2,084,030
-	-	-	-	10,000
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,668,344</u>
-	-	-	-	86,913
<u>\$ 424,468</u>	<u>\$ 25,000</u>	<u>\$ 5,467</u>	<u>\$ 454,935</u>	<u>\$ 22,499,499</u>



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

## **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, 2010 (with Summarized Totals as of June 30, 2009)**

	Admin	Fed/State GOCCP GOC	Federal Family Support Ctr	Federal Drug-Free Community SAMHSA	State CSAFE	State OTHER
<b><u>ASSETS</u></b>						
Cash and cash equivalents	\$ 30,304	\$ 674,242	\$ 4,131	\$ -	\$ -	\$ 33,908
Accounts receivable	1,990	-	-	-	-	-
Due from State governmental agencies	45,014	114,513	-	-	5,596	-
Due from Federal governmental agencies	-	51,008	-	5,265	-	-
	<u>-</u>	<u>51,008</u>	<u>-</u>	<u>5,265</u>	<u>-</u>	<u>-</u>
Total Assets	<u>\$ 77,308</u>	<u>\$ 839,763</u>	<u>\$ 4,131</u>	<u>\$ 5,265</u>	<u>\$ 5,596</u>	<u>\$ 33,908</u>
<b><u>LIABILITIES AND FUND BALANCES</u></b>						
<b><u>LIABILITIES</u></b>						
Accounts payable and accrued expenditures	\$ 7,574	\$ 287,367	\$ -	\$ 76	\$ -	\$ -
Due to other funds	-	-	-	5,189	5,596	-
Due to State governmental agencies	2,175	549,792	4,131	-	-	33,908
Due to Federal governmental agencies	-	-	-	-	-	-
Deferred revenue	-	-	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Liabilities	<u>9,749</u>	<u>837,159</u>	<u>4,131</u>	<u>5,265</u>	<u>5,596</u>	<u>33,908</u>
<b><u>FUND BALANCES</u></b>						
<b><u>Reserved</u></b>						
Donor-Specified Purposes	50	1,000	-	-	-	-
	<u>50</u>	<u>1,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Reserved	50	1,000	-	-	-	-
<b><u>Unreserved</u></b>						
	<u>67,509</u>	<u>1,604</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Fund Balances	<u>67,559</u>	<u>2,604</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Liabilities and Fund Balances	<u>\$ 77,308</u>	<u>\$ 839,763</u>	<u>\$ 4,131</u>	<u>\$ 5,265</u>	<u>\$ 5,596</u>	<u>\$ 33,908</u>

**QUEEN ANNE'S COUNTY**  
**COMMUNITY PARTNERSHIPS FOR CHILDREN SPECIAL REVENUE FUND**  
**COMBINING BALANCE SHEETS**  
**BY GRANTOR**  
**JUNE 30, 2010 (with Summarized Totals as of June 30, 2009)**  
**(CONTINUED)**

Total Community Partnerships	Returned Reinvestment Fund	2010 Total	2009 Summarized Total
\$ 742,585	\$ 5,361	\$ 747,946	\$ 970,868
1,990	-	1,990	2,140
165,123	-	165,123	226,631
56,273	-	56,273	66,293
<u>\$ 965,971</u>	<u>\$ 5,361</u>	<u>\$ 971,332</u>	<u>\$ 1,265,932</u>
\$ 295,017	\$ -	\$ 295,017	\$ 282,046
10,785	-	10,785	39,344
590,006	-	590,006	596,219
-	-	-	-
-	-	-	258,287
<u>895,808</u>	<u>-</u>	<u>895,808</u>	<u>1,175,896</u>
<u>1,050</u>	<u>-</u>	<u>1,050</u>	<u>1,050</u>
1,050	-	1,050	1,050
<u>69,113</u>	<u>5,361</u>	<u>74,474</u>	<u>88,986</u>
<u>70,163</u>	<u>5,361</u>	<u>75,524</u>	<u>90,036</u>
<u>\$ 965,971</u>	<u>\$ 5,361</u>	<u>\$ 971,332</u>	<u>\$ 1,265,932</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, 2010 (with Summarized Totals for the Year Ended June 30, 2009)**

	Administrative Operating Fund Total	Federal/State GOCCP/GOC					Family Navigators
		POS Return	CASA Start	Resource Promotion	Chesapeake Helps	Healthy Fam/Home Visiting	
<b>REVENUES</b>							
<b>CPA</b>							
Intergovernmental							
GOC	\$ 209,017	\$ 102,535	\$ 46,116	\$ 63,372	\$ 145,747	\$ 62,986	\$ 168,752
GOC - Carryforward	-	-	-	-	-	-	-
Subtotal CPA	209,017	102,535	46,116	63,372	145,747	62,986	168,752
<b>Non-CPA</b>							
Intergovernmental							
Federal GOCCP Youth Strategies	-	-	49,108	-	-	-	-
Federal SAMHSA Drug-Free Communities	-	-	-	-	-	-	-
Federal MSDE Healthy Families	-	-	-	-	-	296,372	-
GOC - non-CPA	-	-	-	-	-	-	-
State GOCCP - non-CPA	-	-	51,230	-	-	-	-
Other	-	-	-	-	-	-	-
Investment Income	970	-	-	-	-	-	-
Donations	10,000	-	8,458	18,609	-	1,496	-
Miscellaneous	26,369	-	-	-	-	-	-
Subtotal Non-CPA	37,339	-	108,796	18,609	-	297,868	-
Total Revenues	246,356	102,535	154,912	81,981	145,747	360,854	168,752
<b>EXPENDITURES</b>							
<b>CPA</b>							
Program Contracted Services	-	24,454	54,575	81,981	145,747	-	168,752
Other Expenditures							
Salaries	155,293	-	-	-	-	-	-
Fringe Benefit Costs	46,572	-	-	-	-	-	-
Auditing	-	-	-	-	-	-	-
Consultants	10,000	-	-	-	-	-	-
Professional Groups	-	-	-	-	-	-	-
Equipment Rental	273	-	-	-	-	-	-
Postage	1,370	-	-	-	-	-	-
Office Supplies	713	-	-	-	-	-	-
Printing and Publishing	-	-	-	-	-	-	-
Equipment Operation	121	-	-	-	-	-	-
Business Travel	226	-	-	-	-	-	-
Meetings & Conferences	-	-	-	-	-	-	-
Training	-	-	-	-	-	-	-
Board's Expenditures	-	-	-	-	-	-	-
Advertising	-	-	-	-	-	-	-
Marketing/Promotions	-	-	-	-	-	-	-
Communications	537	-	-	-	-	-	-
Utilities	1,773	-	-	-	-	-	-
Rent	2,139	-	-	-	-	-	-
Other Charges	-	78,081	-	-	-	64,482	-
Subtotal CPA Expenditures	219,017	102,535	54,575	81,981	145,747	64,482	168,752
<b>Non-CPA</b>							
Program Contracted Services	-	-	78,165	-	-	296,372	-
Other Expenditures							
Salaries	88,548	-	18,577	-	-	-	-
Fringe Benefit Costs	40,627	-	3,595	-	-	-	-
Auditing	2,200	-	-	-	-	-	-
Consultants	136	-	-	-	-	-	-
Professional Groups	350	-	-	-	-	-	-
Equipment Rental	5,679	-	-	-	-	-	-
Other Contracted Services	-	-	-	-	-	-	-
Postage	900	-	-	-	-	-	-
Office Supplies	2,411	-	-	-	-	-	-
Equipment Operation	153	-	-	-	-	-	-
Business Travel	34	-	-	-	-	-	-
Meetings & Conferences	10	-	-	-	-	-	-
Board's Expenditures	13,782	-	-	-	-	-	-
Advertising	306	-	-	-	-	-	-
Marketing/Promotions	-	-	-	-	-	-	-
Communications	765	-	-	-	-	-	-
Utilities	-	-	-	-	-	-	-
Rent	21,251	-	-	-	-	-	-
Other Charges	21,973	-	-	-	-	-	-
Subtotal Non-CPA Expenditures	199,125	-	100,337	-	-	296,372	-
Total Expenditures	418,142	102,535	154,912	81,981	145,747	360,854	168,752
Excess of Revenues Over (Under) Expenditures	(171,786)	-	-	-	-	-	-
<b>OTHER FINANCING SOURCES (USES)</b>							
Transfers In (Out) within Partnerships	-	-	-	-	-	-	-
Transfers Out	-	-	-	-	-	-	-
Transfers In (Out) for Program Contracted Services - In	157,264	-	-	-	-	-	-
Program Contracted Services - Out	-	-	-	-	-	-	-
Other Financing Sources (Uses)	157,264	-	-	-	-	-	-
Net Increase (Decrease) in Fund Balances	\$ (14,522)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -



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, 2010 (with Summarized Totals for the Year Ended June 30, 2009)**

(CONTINUED)

	Drug Free Community Operating Fund Total	CSAFE Community Policing	All Programs Subtotal
<b>REVENUES</b>			
<b>CPA</b>			
Intergovernmental			
GOC	\$ -	\$ -	\$ 858,005
GOC - Carryforward	-	-	-
Subtotal CPA	-	-	858,005
<b>Non-CPA</b>			
Intergovernmental			
Federal GOCCP Youth Strategies	-	-	49,108
Federal SAMHSA Drug-Free Communities	53,317	-	53,317
Federal MSDE Healthy Families	-	-	296,372
GOC - non-CPA	-	-	250,460
State GOCCP - non-CPA	-	-	51,230
Other	-	17,864	17,864
Investment Income	-	-	970
Donations	500	-	58,884
Miscellaneous	-	-	26,369
Subtotal Non-CPA	53,817	17,864	804,574
Total Revenues	53,817	17,864	1,662,579
<b>EXPENDITURES</b>			
<b>CPA</b>			
Program Contracted Services	-	-	538,120
Other Expenditures			
Salaries	-	-	163,432
Fringe Benefit Costs	-	-	47,215
Auditing	-	-	-
Consultants	-	-	10,000
Professional Groups	-	-	-
Equipment Rental	-	-	273
Postage	-	-	1,370
Office Supplies	-	-	941
Printing and Publishing	-	-	-
Equipment Operation	-	-	121
Business Travel	-	-	226
Meetings & Conferences	-	-	2,868
Training	-	-	-
Board's Expenditures	-	-	-
Advertising	-	-	136
Marketing/Promotions	-	-	4,676
Communications	-	-	537
Utilities	-	-	1,773
Rent	-	-	2,139
Other Charges	-	-	142,563
Subtotal CPA Expenditures	-	-	916,390
<b>Non-CPA</b>			
Program Contracted Services	-	-	724,998
Other Expenditures			
Salaries	11,401	-	118,526
Fringe Benefit Costs	4,553	-	48,775
Auditing	220	-	2,420
Consultants	13,392	-	13,528
Professional Groups	-	-	350
Equipment Rental	-	-	5,679
Other Contracted Services	11,857	-	11,857
Postage	-	-	900
Office Supplies	104	-	2,515
Equipment Operation	-	-	153
Business Travel	-	-	34
Meetings & Conferences	2,604	-	2,614
Board's Expenditures	-	-	13,782
Advertising	4,785	-	5,091
Marketing/Promotions	2,944	-	2,944
Communications	10	-	775
Utilities	822	-	822
Rent	675	-	21,926
Other Charges	-	-	21,973
Subtotal Non-CPA Expenditures	53,367	-	999,662
Total Expenditures	53,367	-	1,916,052
Excess of Revenues Over (Under) Expenditures	450	17,864	(253,473)
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers In (Out) within Partnerships	-	-	-
Transfers Out	-	-	-
Transfers In (Out) for			
Program Contracted Services - In	-	-	257,264
Program Contracted Services - Out	(450)	(17,864)	(18,314)
Other Financing Sources (Uses)	(450)	(17,864)	238,950
Net Increase (Decrease) in Fund Balances	\$ -	\$ -	(14,523)
Fund Balances, July 1			84,686
Fund Balances, June 30			\$ 70,163

**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, 2010 (with Summarized Totals for the Year Ended June 30, 2009)**

(CONTINUED)

State GOC		State	Federal	Federal	Federal		Total	Returned	2010	2009
CPA	Non-CPA	GOCCP	GOCCP	Drug Free	MSDE	Other	Community	Reinvestment	Total	Summarized
Subtotal	Subtotal	Non-CPA	Youth	Community			Partnerships	Fund		Total
		Subtotal	Strategies				Operating Funds			
\$ 858,005	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 858,005	\$ -	\$ 858,005	\$ 1,179,374
-	-	-	-	-	-	-	-	-	-	4,733
<u>858,005</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>858,005</u>	<u>-</u>	<u>858,005</u>	<u>1,184,107</u>
-	-	-	49,108	-	-	-	49,108	-	49,108	68,844
-	-	-	-	53,317	-	-	53,317	-	53,317	93,883
-	-	-	-	-	296,372	-	296,372	-	296,372	296,372
-	250,460	-	-	-	-	-	250,460	-	250,460	5,600
-	-	51,230	-	-	-	-	51,230	-	51,230	-
-	-	-	-	-	-	17,864	17,864	-	17,864	48,832
-	-	-	-	-	-	970	970	11	981	8,736
-	-	-	-	-	-	58,884	58,884	-	58,884	-
-	-	-	-	-	-	26,369	26,369	-	26,369	25,188
<u>-</u>	<u>250,460</u>	<u>51,230</u>	<u>49,108</u>	<u>53,317</u>	<u>296,372</u>	<u>104,087</u>	<u>804,574</u>	<u>11</u>	<u>804,585</u>	<u>547,455</u>
858,005	250,460	51,230	49,108	53,317	296,372	104,087	1,662,579	11	1,662,590	1,731,562
538,120	-	-	-	-	-	-	538,120	-	538,120	807,778
163,432	-	-	-	-	-	-	163,432	-	163,432	221,061
47,215	-	-	-	-	-	-	47,215	-	47,215	79,614
-	-	-	-	-	-	-	-	-	-	2,686
10,000	-	-	-	-	-	-	10,000	-	10,000	19,498
-	-	-	-	-	-	-	-	-	-	500
273	-	-	-	-	-	-	273	-	273	4,200
1,370	-	-	-	-	-	-	1,370	-	1,370	1,838
941	-	-	-	-	-	-	941	-	941	6,975
-	-	-	-	-	-	-	-	-	-	246
121	-	-	-	-	-	-	121	-	121	380
226	-	-	-	-	-	-	226	-	226	152
2,868	-	-	-	-	-	-	2,868	-	2,868	5,097
-	-	-	-	-	-	-	-	-	-	592
-	-	-	-	-	-	-	-	-	-	5,146
136	-	-	-	-	-	-	136	-	136	500
4,676	-	-	-	-	-	-	4,676	-	4,676	9,326
537	-	-	-	-	-	-	537	-	537	1,073
1,773	-	-	-	-	-	-	1,773	-	1,773	1,654
2,139	-	-	-	-	-	-	2,139	-	2,139	19,185
142,563	-	-	-	-	-	-	142,563	-	142,563	1,990
<u>916,390</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>916,390</u>	<u>-</u>	<u>916,390</u>	<u>1,189,491</u>
-	250,461	51,230	26,935	-	296,372	100,000	724,998	-	724,998	497,338
-	-	-	18,577	11,401	-	88,548	118,526	-	118,526	52,872
-	-	-	3,595	4,553	-	40,627	48,775	-	48,775	12,438
-	-	-	-	220	-	2,200	2,420	-	2,420	1,264
-	-	-	-	13,392	-	136	13,528	-	13,528	11,646
-	-	-	-	-	-	350	350	-	350	150
-	-	-	-	-	-	5,679	5,679	-	5,679	1,251
-	-	-	-	11,857	-	-	11,857	-	11,857	147,040
-	-	-	-	-	-	900	900	-	900	506
-	-	-	-	104	-	2,411	2,515	-	2,515	-
-	-	-	-	-	-	153	153	-	153	-
-	-	-	-	-	-	34	34	-	34	-
-	-	-	-	2,604	-	10	2,614	-	2,614	19,934
-	-	-	-	-	-	13,782	13,782	-	13,782	-
-	-	-	-	4,785	-	306	5,091	-	5,091	-
-	-	-	-	2,944	-	-	2,944	-	2,944	5,142
-	-	-	-	10	-	765	775	-	775	184
-	-	-	-	822	-	-	822	-	822	1,242
-	-	-	-	675	-	21,251	21,926	-	21,926	3,022
-	-	-	-	-	-	21,973	21,973	-	21,973	-
<u>-</u>	<u>250,461</u>	<u>51,230</u>	<u>49,107</u>	<u>53,367</u>	<u>296,372</u>	<u>299,125</u>	<u>999,662</u>	<u>-</u>	<u>999,662</u>	<u>754,029</u>
916,390	250,461	51,230	49,107	53,367	296,372	299,125	1,916,052	-	1,916,052	1,943,520
(58,385)	(1)	-	1	(50)	-	(195,038)	(253,473)	11	(253,462)	(211,958)
-	-	-	-	-	-	-	-	-	-	50,000
-	-	-	-	-	-	-	-	-	-	(50,000)
257,264	-	-	-	-	-	-	257,264	-	257,264	105,384
-	-	-	-	(450)	-	(17,864)	(18,314)	-	(18,314)	(23,660)
<u>257,264</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(450)</u>	<u>-</u>	<u>(17,864)</u>	<u>238,950</u>	<u>-</u>	<u>238,950</u>	<u>81,724</u>
198,879	(1)	-	1	(500)	-	(212,902)	(14,523)	11	(14,512)	(130,234)
309,408	(6,428)	-	-	(1,025)	-	(217,269)	84,686	5,350	90,036	220,270
<u>\$ 508,287</u>	<u>\$ (6,429)</u>	<u>\$ -</u>	<u>\$ 1</u>	<u>\$ (1,525)</u>	<u>\$ -</u>	<u>\$ (430,171)</u>	<u>\$ 70,163</u>	<u>\$ 5,361</u>	<u>\$ 75,524</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, 2010**

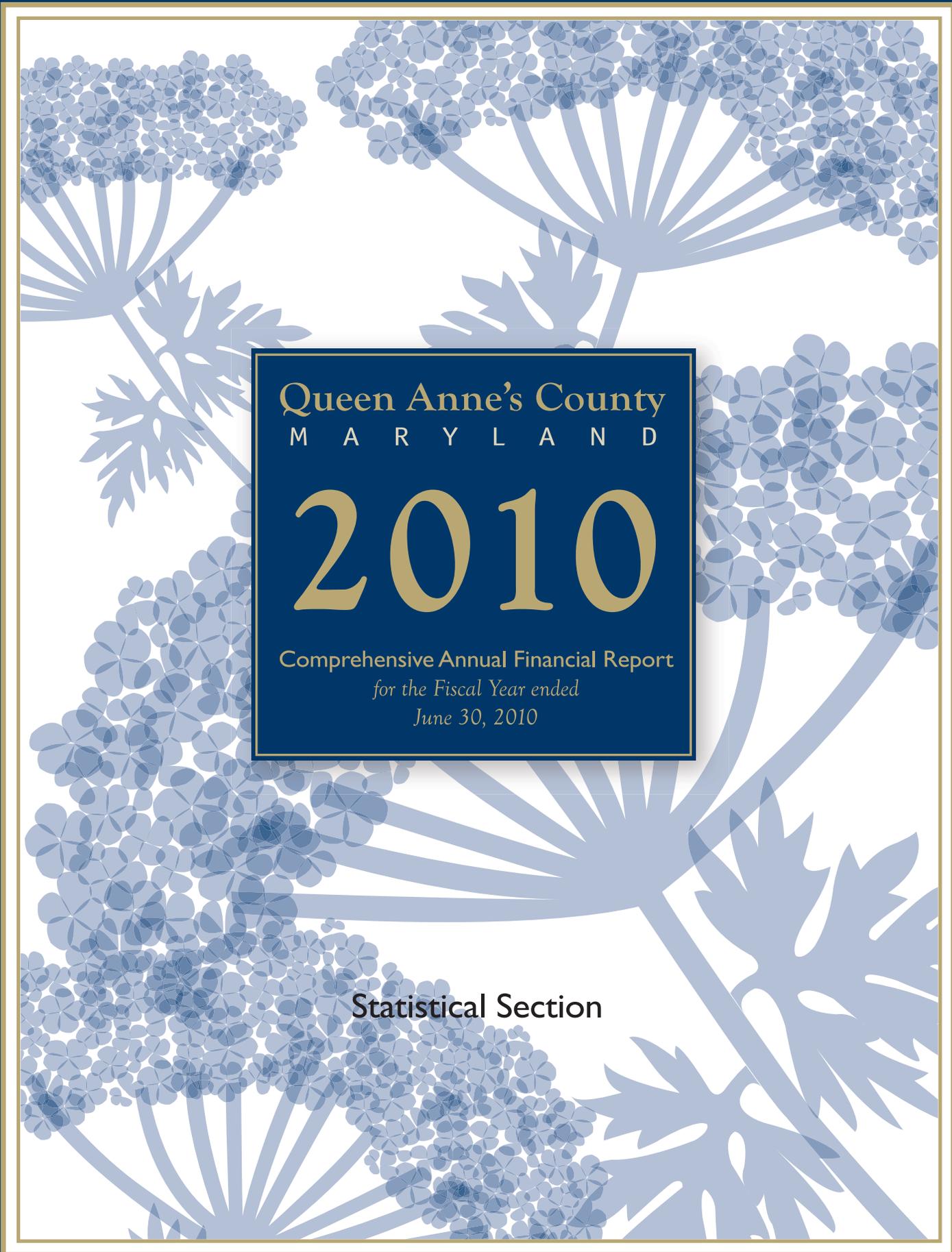
	COMMUNITY PARTNERSHIPS FOR CHILDREN				RETURNED REINVESTMENT FUND			
	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>REVENUES</b>								
Intergovernmental								
GOC - CPA and Non-CPA	\$ 953,179	\$ 1,177,149	\$ 1,108,465	\$ (68,684)	\$ -	\$ -	\$ -	\$ -
State GOCCP Non-CPA	-	-	51,230	51,230	-	-	-	-
Federal GOCCP Youth Strategies	79,247	79,247	49,108	(30,139)	-	-	-	-
Federal SAMHSA Drug-Free Communities	99,948	99,948	53,317	(46,631)	-	-	-	-
Federal MSDE Healthy Families	245,989	296,372	296,372	-	-	-	-	-
Other	11,806	11,806	17,864	6,058	-	-	-	-
Investment Income	-	-	970	970	-	-	11	11
Donations	-	56,926	58,884	1,958	-	-	-	-
Miscellaneous	-	-	26,369	26,369	-	-	-	-
<b>Total Revenues</b>	<b>1,390,169</b>	<b>1,721,448</b>	<b>1,662,579</b>	<b>(58,869)</b>	<b>-</b>	<b>-</b>	<b>11</b>	<b>11</b>
<b>EXPENDITURES</b>								
Program Contracted Services	1,060,519	1,460,140	1,263,118	197,022	-	-	-	-
Other Expenditures								
Salaries	273,551	281,351	281,958	(607)	-	-	-	-
Fringe Benefit Costs	125,365	113,896	95,990	17,906	-	-	-	-
Auditing	3,290	3,290	2,420	870	-	-	-	-
Consultants	28,098	27,648	23,528	4,120	-	-	-	-
Professional Groups	750	750	350	400	-	-	-	-
Equipment Rental	4,200	4,200	5,952	(1,752)	-	-	-	-
Other Contracted Services	-	-	11,857	(11,857)	-	-	-	-
Postage	3,100	3,100	2,270	830	-	-	-	-
Office Supplies	10,583	6,600	3,456	3,144	-	-	-	-
Printing and Publishing	5,326	5,352	-	5,352	-	-	-	-
Equipment Operation	500	500	274	226	-	-	-	-
Business Travel	350	350	260	90	-	-	-	-
Meetings & Conferences	28,680	30,810	5,482	25,328	-	-	-	-
Training	1,910	1,550	-	1,550	-	-	-	-
Board's Expenditures	6,700	6,700	13,782	(7,082)	-	-	-	-
Advertising	-	-	5,227	(5,227)	-	-	-	-
Marketing/Promotions	5,025	4,544	7,620	(3,076)	-	-	-	-
Communications	1,727	1,727	1,312	415	-	-	-	-
Utilities	3,907	3,907	2,595	1,312	-	-	-	-
Rent	25,585	25,585	24,065	1,520	-	-	-	-
Other Charges	-	-	164,536	(164,536)	-	-	-	-
Capital Outlay CPA	3,495	3,495	-	3,495	-	-	-	-
<b>Total Expenditures</b>	<b>1,592,661</b>	<b>1,985,495</b>	<b>1,916,052</b>	<b>69,443</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Excess of Revenues Over (Under) Expenditures	(202,492)	(264,047)	(253,473)	10,574	-	-	11	11
<b>OTHER FINANCING SOURCES (USES)</b>								
Transfers In (Out) within Partnerships	30,855	72,355	-	(72,355)	-	-	-	-
Transfers Out	(72,355)	(43,030)	-	43,030	-	-	-	-
Transfers In (Out) for:								
Program Contracted Services - In	269,899	257,264	257,264	-	-	-	-	-
Program Contracted Services - Out	(25,907)	(22,542)	(18,314)	4,228	-	-	-	-
Other Financing Sources (Uses)	202,492	264,047	238,950	(25,097)	-	-	-	-
Net Increase (Decrease) in Fund Balances/Net Assets	\$ -	\$ -	(14,523)	\$ (14,523)	\$ -	\$ -	11	\$ 11
Fund Balances, July 1			84,686				5,350	
Fund Balances, June 30			\$ 70,163				\$ 5,361	

**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, 2010**  
 (CONTINUED)

TOTAL			
Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
\$ 953,179	\$ 1,177,149	\$ 1,108,465	\$ (68,684)
-	-	51,230	51,230
79,247	79,247	49,108	(30,139)
99,948	99,948	53,317	(46,631)
245,989	296,372	296,372	-
11,806	11,806	17,864	6,058
-	-	981	981
-	56,926	58,884	1,958
-	-	26,369	26,369
<u>1,390,169</u>	<u>1,721,448</u>	<u>1,662,590</u>	<u>(58,858)</u>
1,060,519	1,460,140	1,263,118	197,022
273,551	281,351	281,958	(607)
125,365	113,896	95,990	17,906
3,290	3,290	2,420	870
28,098	27,648	23,528	4,120
750	750	350	400
4,200	4,200	5,952	(1,752)
-	-	11,857	(11,857)
3,100	3,100	2,270	830
10,583	6,600	3,456	3,144
5,326	5,352	-	5,352
500	500	274	226
350	350	260	90
28,680	30,810	5,482	25,328
1,910	1,550	-	1,550
6,700	6,700	13,782	(7,082)
-	-	5,227	(5,227)
5,025	4,544	7,620	(3,076)
1,727	1,727	1,312	415
3,907	3,907	2,595	1,312
25,585	25,585	24,065	1,520
-	-	164,536	(164,536)
3,495	3,495	-	3,495
<u>1,592,661</u>	<u>1,985,495</u>	<u>1,916,052</u>	<u>69,443</u>
(202,492)	(264,047)	(253,462)	10,585
30,855	72,355	-	(72,355)
(72,355)	(43,030)	-	43,030
269,899	257,264	257,264	-
(25,907)	(22,542)	(18,314)	4,228
202,492	264,047	238,950	(25,097)
<u>\$ -</u>	<u>\$ -</u>	(14,512)	<u>\$ (14,512)</u>
		90,036	
		<u>\$ 75,524</u>	



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



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

2010

Comprehensive Annual Financial Report  
*for the Fiscal Year ended  
June 30, 2010*

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.

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

	2003	2004	2005	2006	2007
<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
Restricted	22,167,033	8,118,231	8,418,254	9,842,795	18,012,695
Unrestricted (deficit) (1)	(29,783,476)	(14,178,514)	(6,161,281)	7,339,567	(3,740,905)
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>
<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
Restricted	6,482,894	7,857,202	7,742,890	11,733,254	19,133,485
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>
<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
Restricted	28,649,927	15,975,433	16,161,144	21,576,049	37,146,180
Unrestricted (deficit) (1)	(29,783,476)	(14,178,514)	(6,161,281)	7,339,567	(3,740,905)
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>

- 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 38-39.

(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)
Debt issued for capital on behalf of others	41,941,175	51,839,220	47,345,646	44,460,306	57,496,385
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>

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

(CONTINUED)

<u>2008</u>	<u>2009</u>	<u>2010</u>
\$ 117,831,360	\$ 123,217,989	\$ 121,702,025
15,376,330	16,582,660	22,290,307
<u>(15,075,202)</u>	<u>(26,672,299)</u>	<u>(45,795,597)</u>
<u>118,132,488</u>	<u>113,128,350</u>	<u>98,196,735</u>
77,237,512	77,146,688	79,032,373
<u>18,276,271</u>	<u>19,886,675</u>	<u>18,180,809</u>
<u>95,513,783</u>	<u>97,033,363</u>	<u>97,213,182</u>
195,068,872	200,364,677	200,734,398
33,652,601	36,469,335	40,471,116
<u>(15,075,202)</u>	<u>(26,672,299)</u>	<u>(45,795,597)</u>
<u>\$ 213,646,271</u>	<u>\$ 210,161,713</u>	<u>\$ 195,409,917</u>

\$ (15,075,202)	\$ (26,672,299)	\$ (45,795,597)
<u>53,758,049</u>	<u>50,291,243</u>	<u>57,677,186</u>
<u>\$ 38,682,847</u>	<u>\$ 23,618,944</u>	<u>\$ 11,881,589</u>

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

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

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

(CONTINUED)

2008	2009	2010
\$ 11,167,743	\$ 13,317,683	\$ 14,089,387
20,721,185	23,570,049	25,361,341
10,420,547	10,237,718	9,432,489
1,441,143	1,590,004	1,663,321
4,978,883	5,617,621	5,554,667
58,034,317	53,296,238	53,491,659
3,330,087	5,060,018	3,618,427
1,270,718	1,414,008	1,473,689
2,172,443	2,473,308	5,281,372
3,527,908	2,197,116	2,001,306
3,033,416	2,831,002	3,510,678
<u>120,098,390</u>	<u>121,604,765</u>	<u>125,478,336</u>
9,621,784	10,689,782	10,610,705
2,179,157	2,178,163	2,789,901
27,344	38,050	96,739
812,067	879,906	1,017,780
<u>12,640,352</u>	<u>13,785,901</u>	<u>14,515,125</u>
<u>132,738,742</u>	<u>135,390,666</u>	<u>139,993,461</u>
1,047,371	1,055,945	1,261,230
295,898	403,018	546,176
757,975	5,567	44,743
<u>2,101,244</u>	<u>1,464,530</u>	<u>1,852,149</u>
3,167,090	1,394,463	1,263,212
1,254,611	1,266,869	1,891,120
1,171	273,176	303,566
<u>4,422,872</u>	<u>2,934,508</u>	<u>3,457,898</u>
1,014,600	714,765	791,796
6,304,965	7,566,648	632,923
544,610	298,500	264,078
<u>7,864,175</u>	<u>8,579,913</u>	<u>1,688,797</u>
-	-	-
64,041	68,386	67,423
2,911,796	2,928,291	2,666,917
613,804	348,124	2,688,245
<u>3,589,641</u>	<u>3,344,801</u>	<u>5,422,585</u>
1,011,013	740,213	852,201
-	8,050	433,000
-	161,673	-
<u>1,011,013</u>	<u>909,936</u>	<u>1,285,201</u>
302,195	240,954	177,568
72,659	509	123,336
5,666,226	1,087,329	631,504
<u>6,041,080</u>	<u>1,328,792</u>	<u>932,408</u>
88,534	97,481	101,019
322,718	55,847	93,002
-	691,085	4,191,024
<u>411,252</u>	<u>844,413</u>	<u>4,385,045</u>
5,249	4,786	4,350
163,245	641,305	312,270
-	-	337,463
<u>168,494</u>	<u>646,091</u>	<u>654,083</u>
<u>25,609,771</u>	<u>20,052,984</u>	<u>19,678,166</u>

CONTINUED

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

(CONTINUED)

	2003	2004	2005	2006	2007
<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
Operating Grants and Contributions	-	-	541,052	-	-
Capital Grants and Contributions	2,506,457	868,581	994,303	12,576,490	5,015,603
Total Revenue	9,244,888	8,075,414	8,240,172	20,633,892	17,185,043
<b>Parks &amp; Recreation</b>					
Charges for Services	883,297	1,051,908	1,099,161	1,576,001	1,581,030
Operating Grants and Contributions	-	-	330,204	387,270	1,279,648
Capital Grants and Contributions	658,120	145,975	4,000	469,624	144,844
Total Revenue	1,541,417	1,197,883	1,433,365	2,432,895	3,005,522
<b>Public Marinas</b>					
Charges for Services	-	-	-	-	108,100
Operating Grants and Contributions	-	-	-	-	92,348
Capital Grants and Contributions	-	-	-	-	-
Total Revenue	-	-	-	-	200,448
<b>Airport</b>					
Charges for Services	179,029	149,601	182,092	23,661	32,683
Operating Grants and Contributions	-	-	-	4,448	1,112
Capital Grants and Contributions	41,190	23,636	69,595	6,368,327	667,166
Total Revenue	220,219	173,237	251,687	6,396,436	700,961
Total Business-type Activities Program Revenues	11,006,524	9,446,534	9,925,224	29,463,223	21,091,974
Total Primary Government Program Revenues	25,030,192	26,964,239	25,609,063	51,387,233	43,257,183
<b>Net (Expense) Revenue (1)</b>					
Governmental activities	(67,637,012)	(73,296,676)	(69,982,895)	(69,974,138)	(89,842,732)
Business-type activities	1,980,552	(59,497)	(104,403)	19,112,404	9,283,481
Total Primary Government Net Expense	\$ (65,656,460)	\$ (73,356,173)	\$ (70,087,298)	\$ (50,861,734)	\$ (80,559,251)
<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
Grants and Contributions Not Restricted to Specific Programs	-	-	88,750	-	-
Investment income	274,585	285,279	682,682	1,738,114	3,162,830
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
Transfers In (Out)	(554,940)	(154,916)	(3,055,362)	2,396,851	(1,070,297)
Special Items - Gain	832,718	215,000	-	-	-
Extraordinary Loss	(24,430)	-	-	(477,707)	-
Total Governmental Activities	67,469,215	75,753,572	79,711,664	94,795,008	94,945,385
<b>Business-type Activities:</b>					
Investment income	756,118	635,674	634,413	771,883	956,687
Gain (Loss) on Sale of Capital Assets	(39,866)	-	-	-	4,691
Miscellaneous	333,402	915,879	772,083	562,482	876,714
Transfers In (Out)	554,940	154,916	3,055,362	(2,396,851)	1,070,297
Special items - (Loss)	-	-	(953,385)	-	-
Extraordinary Gain	-	951,460	-	-	-
Total Business-type Activities	1,604,594	2,657,929	3,508,473	(1,062,486)	2,908,389
Total Primary Government	69,073,809	78,411,501	83,220,137	93,732,522	97,853,774
<b>Change in Net Assets</b>					
Governmental activities	(167,797)	2,456,896	9,728,769	24,820,870	5,102,653
Business-type activities	3,585,146	2,598,432	3,404,070	18,049,918	12,191,870
Total Primary Government	\$ 3,417,349	\$ 5,055,328	\$ 13,132,839	\$ 42,870,788	\$ 17,294,523

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 40-41.

(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  
 CHANGES IN NET ASSETS - GOVERNMENT-WIDE (GOVERNMENTAL AND BUSINESS-TYPE ACTIVITIES)  
 LAST EIGHT FISCAL YEARS  
 Table 2-a

(CONTINUED)

2008	2009	2010
\$ 8,014,366	\$ 7,695,100	\$ 8,224,428
-	-	98,492
2,584,371	682,935	208,115
<u>10,598,737</u>	<u>8,378,035</u>	<u>8,531,035</u>
1,459,725	1,526,244	1,633,203
55,953	45,824	41,838
95,890	69,068	289,895
<u>1,611,568</u>	<u>1,641,136</u>	<u>1,964,936</u>
105,900	100,250	62,600
3,710	-	29,017
-	-	545,123
<u>109,610</u>	<u>100,250</u>	<u>636,740</u>
46,960	34,907	50,585
-	-	33,922
382,945	289,112	1,519,810
429,905	324,019	1,604,317
<u>12,749,820</u>	<u>10,443,440</u>	<u>12,737,028</u>
<u>38,359,591</u>	<u>30,496,424</u>	<u>32,415,194</u>
(94,488,619)	(101,551,781)	(105,800,170)
109,468	(3,342,461)	(1,778,097)
<u>\$ (94,379,151)</u>	<u>\$ (104,894,242)</u>	<u>\$ (107,578,267)</u>
\$ 91,853,216	\$ 95,530,316	\$ 90,469,883
-	-	-
2,128,509	642,472	144,553
-	1,540,404	26,731
721,946	2,182,525	786,719
(11,581)	(3,348,074)	(559,331)
-	-	-
-	-	-
<u>94,692,090</u>	<u>96,547,643</u>	<u>90,868,555</u>
875,509	595,279	436,045
-	-	-
919,828	918,688	962,540
11,581	3,348,074	559,331
-	-	-
-	-	-
<u>1,806,918</u>	<u>4,862,041</u>	<u>1,957,916</u>
<u>96,499,008</u>	<u>101,409,684</u>	<u>92,826,471</u>
203,471	(5,004,138)	(14,931,615)
1,916,386	1,519,580	179,819
<u>\$ 2,119,857</u>	<u>\$ (3,484,558)</u>	<u>\$ (14,751,796)</u>

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

	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>
Local Property Taxes	\$ 36,257,473	\$ 39,784,933	\$ 42,121,614	\$ 44,688,709	\$ 46,185,050
Local Income Tax	23,471,091	27,738,830	29,957,555	31,959,096	35,346,494
Other Local Taxes	6,545,501	7,613,374	8,853,089	10,509,826	9,379,305
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>

	<b>2008</b>	<b>2009</b>	<b>2010</b>
Local Property Taxes	\$ 50,021,587	\$ 55,362,114	\$ 59,267,240
Local Income Tax	35,700,111	34,834,937	25,715,247
Other Local Taxes	6,131,518	5,333,265	5,487,396
Total Taxes - Governmental Activities	<u>\$ 91,853,216</u>	<u>\$ 95,530,316</u>	<u>\$ 90,469,883</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 40-41.

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

	<b>2001</b>	<b>2002</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>
<b>General Fund:</b>					
Reserved	\$ 326,382	\$ 93,099	\$ 5,578,543	\$ 5,766,939	\$ 5,705,316
Unreserved	6,486,698	7,426,819	3,269,461	5,669,161	4,104,926
Total General Fund	<u>6,813,080</u>	<u>7,519,918</u>	<u>8,848,004</u>	<u>11,436,100</u>	<u>9,810,242</u>
<b>All Other Governmental Funds:</b>					
Reserved	16,870,563	9,032,415	9,570,304	12,329,623	15,075,521
Unreserved, reported in:					
Capital Projects Fund	10,340,077	12,097,123	6,465,484	11,835,783	11,706,521
Special Revenue Funds	<u>3,046,815</u>	<u>3,127,711</u>	<u>2,972,713</u>	<u>2,698,617</u>	<u>3,156,479</u>
Total All Other Governmental Funds	<u>30,257,455</u>	<u>24,257,249</u>	<u>19,008,501</u>	<u>26,864,023</u>	<u>29,938,521</u>
Total All Governmental Funds	<u>\$ 37,070,535</u>	<u>\$ 31,777,167</u>	<u>\$ 27,856,505</u>	<u>\$ 38,300,123</u>	<u>\$ 39,748,763</u>
<b>2006</b>					
<b>General Fund:</b>					
Reserved	\$ 6,169,255	\$ 7,140,303	\$ 8,948,231	\$ 8,643,600	\$ 7,734,692
Unreserved	14,944,399	15,302,827	3,972,847	6,381,843	6,296,418
Total General Fund	<u>21,113,654</u>	<u>22,443,130</u>	<u>12,921,078</u>	<u>15,025,443</u>	<u>14,031,110</u>
<b>All Other Governmental Funds:</b>					
Reserved	13,751,478	20,060,988	16,706,954	17,007,368	15,153,381
Unreserved, reported in:					
Capital Projects Funds	13,579,649	17,618,012	14,409,216	1,723,066	12,538,916
Special Revenue Funds	<u>2,810,027</u>	<u>3,019,522</u>	<u>2,185,304</u>	<u>2,751,120</u>	<u>7,842,939</u>
Total All Other Governmental Funds	<u>30,141,154</u>	<u>40,698,522</u>	<u>33,301,474</u>	<u>21,481,554</u>	<u>35,535,236</u>
Total All Governmental Funds	<u>\$ 51,254,808</u>	<u>\$ 63,141,652</u>	<u>\$ 46,222,552</u>	<u>\$ 36,506,997</u>	<u>\$ 49,566,346</u>

**NOTES:**

\* Fund balance information for governmental funds is reported on the modified accrual basis of accounting.  
\* Source: Balance Sheet, pages 42-43.

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

	2001	2002	2003	2004	2005
<b>Revenues</b>					
<b>Taxes</b>					
Local Property Taxes	\$ 31,470,442	\$ 33,760,455	\$ 36,238,606	\$ 39,771,711	\$ 42,191,297
Local Income Taxes	21,498,495	23,217,162	23,517,175	26,765,483	28,237,534
Other Local Taxes	2,961,474	3,987,371	6,545,501	7,613,374	8,853,089
State Shared Taxes	1,890,539	1,941,971	4,424,763	3,660,145	4,528,046
Licenses and Permits	1,657,245	2,152,720	1,410,491	647,633	829,784
Intergovernmental	8,588,986	10,471,381	6,351,125	9,261,854	6,049,496
Build America Bond (BAB) Interest Reimbursement	-	-	-	-	-
Charges for Current Services	1,279,623	1,460,330	1,248,229	3,464,771	3,394,626
Fines and Forfeitures	17,299	15,861	29,443	38,798	48,654
Special Assessments	51,174	46,419	43,067	(7,528)	-
Investment Income	2,169,485	1,042,194	465,164	410,845	907,275
Donations	-	-	81,350	93,178	104,093
Miscellaneous (1)	823,059	1,020,802	853,309	954,621	1,567,883
<b>Total Revenues</b>	<b>72,407,821</b>	<b>79,116,666</b>	<b>81,208,223</b>	<b>92,674,885</b>	<b>96,711,777</b>
<b>Expenditures</b>					
<b>Current</b>					
General Government (2)	5,493,808	6,139,990	7,729,416	8,851,440	8,933,985
Public Safety	8,190,088	8,726,365	9,829,451	11,970,575	13,199,057
Public Works	5,793,807	6,126,407	6,790,032	7,872,914	9,055,472
Health	931,775	1,208,954	807,489	1,101,713	1,261,488
Social Services	2,399,938	3,105,830	4,303,930	4,922,755	4,367,736
Education (3)	37,222,432	39,713,371	43,050,433	46,689,001	40,421,109
Parks and Recreation	1,605,717	1,727,072	2,616,946	6,266,051	2,481,296
Library (4)	904,151	935,439	951,939	997,043	1,049,612
Conservation of Natural Resources	459,420	880,299	880,058	565,218	578,426
Economic/Community Development	1,246,768	1,267,138	1,848,707	1,809,329	1,552,689
Miscellaneous	-	-	-	-	-
Capital Outlay	9,629,250	8,001,582	1,488,726	1,173,687	1,280,650
<b>Debt Service</b>					
Principal	6,666,033	2,920,206	2,690,928	4,029,332	5,928,559
Debt Issuance Costs	-	-	-	-	-
Interest and Fiscal Charges	2,313,472	2,698,380	2,695,664	2,780,312	2,555,411
<b>Total Expenditures</b>	<b>82,856,659</b>	<b>83,451,033</b>	<b>85,683,719</b>	<b>99,029,370</b>	<b>92,665,490</b>
Excess (Deficiency) of Revenues over (under) Expenditures	(10,448,838)	(4,334,367)	(4,475,496)	(6,354,485)	4,046,287
<b>Other Financing Sources (Uses)</b>					
Issuance of Debt	31,175,000	6,310,000	-	16,602,500	30,026,336
Re-allocation of 2006 Bonds	-	-	-	-	-
Bond Premiums	-	-	-	-	1,069,864
Bond Issuance Costs	-	-	-	-	(159,647)
Proceeds of Capital Asset Disposals	-	-	98,000	135,520	154,787
Insurance Proceeds	-	-	-	-	-
Capital Contributions - Developer	-	-	-	-	88,750
Transfers In (5)	5,616,405	6,137,635	3,806,476	9,647,582	10,661,440
Transfers (Out) (6)	(6,067,751)	(7,115,841)	(4,361,416)	(9,802,498)	(13,716,802)
Defeasance of debt	-	(6,290,795)	-	-	(30,722,375)
<b>Total Other Financing Sources (Uses)</b>	<b>30,723,654</b>	<b>(959,001)</b>	<b>(456,940)</b>	<b>16,583,104</b>	<b>(2,597,647)</b>
<b>Special and Extraordinary Items</b>					
Special Items	-	-	885,140	215,000	-
Extraordinary Gains (Losses)	-	-	(24,430)	-	-
<b>Total Special Items and Extraordinary Gains (Losses)</b>	<b>-</b>	<b>-</b>	<b>860,710</b>	<b>215,000</b>	<b>-</b>
<b>Net Increase (Decrease) in Fund Balances</b>	<b>\$ 20,274,816</b>	<b>\$ (5,293,368)</b>	<b>\$ (4,071,726)</b>	<b>\$ 10,443,619</b>	<b>\$ 1,448,640</b>
Debt service as a percentage of non-capital expenditures (7, 8)	12.03%	7.59%	6.67%	7.40%	9.49%

NOTES:

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

\* Source: Statement of Revenues, Expenditures and Changes in Fund Balances, pages 46-47,

and the Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities, pages 48-49.

(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 48.

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

Table 4

(CONTINUED)

	2006	2007	2008	2009	2010
\$	44,657,603	\$ 46,208,342	\$ 50,007,054	\$ 55,374,053	\$ 59,242,742
	31,633,987	34,980,663	34,767,725	35,988,334	29,647,125
	10,509,826	9,379,305	6,131,518	5,333,265	5,487,396
	4,233,139	5,125,419	5,306,763	7,591,829	508,138
	824,917	895,931	890,821	874,639	863,782
	11,476,325	10,861,130	12,199,511	8,049,695	12,061,066
	-	-	-	-	193,567
	4,864,374	3,806,563	4,049,902	3,326,696	3,396,080
	77,008	239,194	1,759,370	115,658	258,937
	-	-	-	-	-
	1,738,139	3,162,830	2,128,509	642,472	144,553
	98,610	74,694	247,002	76,867	140,731
	1,346,669	1,853,706	719,067	2,182,525	786,719
	111,460,597	116,387,777	118,207,242	119,556,033	112,730,836
	9,516,299	8,772,229	10,128,699	10,841,479	10,608,976
	16,356,949	17,918,740	19,292,661	20,483,238	21,344,575
	9,168,186	9,167,362	9,182,618	8,678,715	7,671,352
	1,355,057	1,428,395	1,430,670	1,572,848	1,637,101
	4,294,781	4,260,927	4,747,491	5,029,493	4,767,647
	42,346,958	56,163,966	58,086,283	53,348,513	53,545,597
	9,096,593	2,809,748	3,083,038	3,145,367	3,055,335
	1,144,622	1,242,573	1,247,108	1,390,398	1,424,078
	508,606	483,810	2,177,820	2,445,352	5,263,577
	1,558,978	3,188,316	3,513,153	1,968,587	1,847,195
	-	915,542	731,771	706,792	1,373,090
	1,049,361	14,291,416	13,676,569	8,594,972	7,868,741
	3,677,307	3,795,769	4,888,405	5,089,347	4,948,144
	-	236,899	3,972	(423)	145,884
	2,569,650	2,257,928	3,147,529	2,778,490	3,114,505
	102,643,347	126,933,620	135,337,787	126,073,168	128,615,797
	8,817,250	(10,545,843)	(17,130,545)	(6,517,135)	(15,884,961)
	-	23,219,790	510,617	122,780	29,299,154
	-	-	(345,955)	-	-
	-	236,899	3,972	(423)	157,800
	-	-	-	-	-
	1,176,860	88,535	45,494	64,089	30,861
	-	-	8,898	44,907	15,826
	-	-	-	-	-
	8,578,135	13,131,736	17,014,307	5,449,499	18,184,911
	(6,181,284)	(14,202,033)	(17,025,888)	(8,879,272)	(18,744,242)
	-	-	-	-	-
	3,573,711	22,474,927	211,445	(3,198,420)	28,944,310
	-	-	-	-	-
	(477,707)	(42,242)	-	-	-
	(477,707)	(42,242)	-	-	-
\$	11,913,254	\$ 11,886,842	\$ (16,919,100)	\$ (9,715,555)	\$ 13,059,349
	6.88%	5.26%	6.61%	6.77%	6.27%



*Local artisans practice their craft and sell one of a kind pieces at fairs throughout the year.*

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
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
2009	1,503,024,419	5,518,534,961	7,021,559,380	0.770	61,513,370	7,083,072,750	547,163,868	7,630,236,618
2010	1,606,785,131	5,911,287,556	7,518,072,687	0.770	62,858,590	7,580,931,277	596,219,654	8,177,150,931

NOTES:

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

- (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 2001 has 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>
2001	\$ 0.976
2002	0.976
2003	0.976
2004	0.976
2005	0.926
2006	0.870
2007	0.800
2008	0.770
2009	0.770
2010	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 year 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**

<b>Fiscal Year</b>	<b>Kent Narrows Commercial Management and Waterfront Improvement District (1)</b>
2001	\$ 0.060
2002	0.060
2003	0.060
2004	0.060
2005	0.060
2006	0.060
2007	0.060
2008	0.060
2009	0.060
2010	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 year 2001 have been restated to full cash value for comparison purposes.

**QUEEN ANNE'S COUNTY, MARYLAND  
REAL PROPERTY TAX RATES - OVERLAPPING GOVERNMENTS - TOWNS  
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>
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
2009	0.395	0.100	0.340	0.280	0.180
2010	0.380	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 year 2001 have been restated to full cash value for comparison purposes.

QUEEN ANNE'S COUNTY, MARYLAND  
 REAL PROPERTY TAX RATES - OVERLAPPING GOVERNMENTS - TOWNS  
 LAST TEN FISCAL YEARS

Table 6-c

(CONTINUED)

Town of Queenstown	Town of Sudlersville	Town of Templeville
\$ 0.200	\$ 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
0.200	0.167	0.360
0.181	0.167	0.360

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

<b>For the Fiscal Year Ended June 30, 2010</b>		
	<b>Assessable Base</b>	<b>Ratio: Taxpayer Base to Total Assessable Base</b>
Second Horizon Group Limited Partnership	\$ 51,790,100	0.68 %
KRM Development Corporation	36,943,231	0.49
White's Heritage Partners	23,804,738	0.31
Great American Life Insurance Company	17,689,900	0.23
Washington Brick and Terra Cotta Company	14,609,400	0.19
Waterford Centreville, LLC	14,047,640	0.19
Beach Harbor Campers Cooperative Inc	13,815,890	0.18
Mears Point Association	13,525,310	0.18
Reliable Development Company	12,996,983	0.17
JSE Investment	12,639,680	0.17
Total	<u>\$ 211,862,872</u>	<u>2.79 %</u>
Total Assessable Base	<u>\$ 7,580,931,277</u>	<u>100.00 %</u>

<b>For the Fiscal Year Ended June 30, 2001</b>		
	<b>Assessable Base</b>	<b>Ratio: Taxpayer Base to Total Assessable Base</b>
Second Horizon Group Limited Partnership	\$ 32,589,925	1.04 %
KRM Development	10,890,200	0.35
Washington Brick & Terra Cotta Company	8,829,475	0.28
Mears Point Association	8,143,275	0.26
Bay Bridge Limited	6,162,600	0.20
TC Shopping Center	6,071,875	0.19
Gateway Partnership	6,000,000	0.19
Pasquale Didonato	5,694,575	0.18
C&E Enterprises	5,320,425	0.17
Hunters Oak LLC	5,296,500	0.17
Total	<u>\$ 94,998,850</u>	<u>3.03 %</u>
Total Assessable Base	<u>\$ 3,134,050,168</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 2001 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
2001	\$ 29,673,499	\$ 29,593,289	99.73%	\$ 80,210	\$ 29,673,499	100.00%
2002	31,834,978	31,759,768	99.76%	75,210	31,834,978	100.00%
2003	34,534,049	34,452,221	99.76%	81,828	34,534,049	100.00%
2004	38,135,222	38,052,633	99.78%	82,589	38,135,222	100.00%
2005	40,608,914	40,542,167	99.84%	66,747	40,608,914	100.00%
2006	43,208,732	43,107,941	99.77%	100,791	43,208,732	100.00%
2007	44,500,414	44,401,745	99.78%	97,305	44,499,050	100.00%
2008	48,575,431	48,505,180	99.86%	67,708	48,572,888	99.99%
2009	53,839,023	53,756,369	99.85%	66,659	53,823,028	99.97%
2010	57,788,231	57,720,564	99.88%	-	57,720,564	99.88%

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

Governmental Activities					Ratios		
Fiscal Year	General Obligation Bonds	Notes Payable	Capital Leases	Total Governmental Activities	Total Primary Government	Debt to Total Personal Income (1)	Outstanding Debt per Capita (1)
2001	\$ 57,620,000	\$ 1,042,742	\$ 46,304	\$ 58,709,046			
2002	55,490,000	593,840	-	56,083,840			
2003	52,800,000	457,912	-	53,257,912			
2004	62,467,858	3,245,500	114,331	65,827,689			
2005	60,689,541	684,000	-	61,373,541			
2006	56,890,501	622,500	-	57,513,001			
2007	75,938,286	561,000	248,460	76,747,746			
2008	70,752,345	822,617	202,978	71,777,940			
2009	65,420,921	913,183	155,482	66,489,586			
2010	88,859,439	1,652,082	105,884	90,617,405			
Business-type Activities					Ratios		
Fiscal Year	General Obligation Bonds	Notes Payable	Capital Leases	Total Business-type Activities	Total Primary Government	Debt to Total Personal Income (1)	Outstanding Debt per Capita (1)
2001	\$ 8,515,000	\$ 7,410,320	\$ 2,000	\$ 15,927,320	\$ 74,636,366	5.41%	\$ 1,820
2002	7,825,000	6,912,388	-	14,737,388	70,821,228	4.85%	1,707
2003	6,865,000	6,402,363	-	13,267,363	66,525,275	4.27%	1,584
2004	5,825,000	5,879,764	-	11,704,764	77,532,453	4.90%	1,789
2005	5,383,663	5,343,775	-	10,727,438	72,100,979	4.50%	1,624
2006	4,943,663	14,580,581	-	19,524,244	77,037,245	6.91%	1,695
2007	4,608,851	22,516,916	-	27,125,767	103,873,513	5.58%	2,246
2008	4,094,485	21,058,076	-	25,152,561	96,930,501	4.82%	2,024
2009	3,573,768	19,624,863	-	23,198,631	89,688,217	4.24%	1,905
2010	3,535,182	18,166,367	-	21,701,549	112,318,954	6.52%	2,309

NOTES:

\* Amounts for 2001 and 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.

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)
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
2009	68,994,689	0.97%	1,465
2010	92,394,621	1.22%	1,899

NOTES:

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

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

(2) See Table 5 for taxable assessable base.

(3) See Table 14 for population data.



*Sailing on the Bay is a favorite pastime.*

**QUEEN ANNE'S COUNTY, MARYLAND  
 COMPUTATION OF NET DIRECT AND OVERLAPPING DEBT  
 AS OF JUNE 30, 2010  
 Table 11**

Name of Jurisdiction	Gross Debt
Queen Anne's County:	
County Government	
Total Net Direct Debt (1)	<u>\$ 112,318,954</u>
Towns: (2)	
Centreville	14,871,511
Millington	1,322,532
Queenstown	304,316
Sudlersville	<u>535,735</u>
Total Net Overlapping Debt	<u>17,034,094</u>
Total Net Direct and Overlapping Debt	<u><u>\$ 129,353,048</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-a**

	<u>2001</u>	<u>2002</u>	<u>2003</u>
<u>Computation of Legal Debt Margin - for Queen Anne's County</u>			
<u>Other than Debt related to the Sanitary District:</u>			
Authorized debt limit under Title 5 (Subtitle 4) (1)	\$ 8,000,000	\$ 8,000,000	\$ 8,000,000
Authorized bonded debt under specific public laws			
Enterprise Funds, excluding Sanitary District (5)	1,715,000	1,625,000	1,535,000
General Obligation Debt (5)	<u>57,620,000</u>	<u>55,490,000</u>	<u>52,800,000</u>
Subtotal	<u>59,335,000</u>	<u>57,115,000</u>	<u>54,335,000</u>
Total authorized debt under Title 5 and specific public laws	67,335,000	65,115,000	62,335,000
LESS Outstanding bonds, notes payable, and capital leases (6)	74,504,928	70,508,807	66,266,872
Less: Sanitary District debt (5)	<u>14,003,929</u>	<u>12,731,829</u>	<u>11,412,635</u>
Subtotal	<u>60,500,999</u>	<u>57,776,978</u>	<u>54,854,237</u>
Legal Debt Margin - Other than the Sanitary District	<u>\$ 6,834,001</u>	<u>\$ 7,338,022</u>	<u>\$ 7,480,763</u>
 <u>Debt related to the Sanitary District Proprietary Fund:</u>			
Total taxable assessed value (3, 4)	\$ 3,134,050,168	\$ 3,369,796,979	\$ 3,651,023,515
Plus exempt property (3, 4)	<u>277,039,075</u>	<u>274,858,885</u>	<u>276,953,744</u>
Total assessed value	<u>\$ 3,411,089,243</u>	<u>\$ 3,644,655,864</u>	<u>\$ 3,927,977,259</u>
Debt Limit - 6% of total assessed value (2, 3)	\$ 204,665,355	\$ 218,679,352	\$ 235,678,636
LESS Sanitary District	14,003,929	12,731,829	11,412,635
Less: Restricted Cash and Investments in the Debt Service Fund available for payment of principal	<u>5,480,724</u>	<u>5,141,449</u>	<u>4,264,878</u>
	<u>8,523,205</u>	<u>7,590,380</u>	<u>7,147,757</u>
Legal Debt Margin - Sanitary District	<u>\$ 196,142,150</u>	<u>\$ 211,088,972</u>	<u>\$ 228,530,879</u>

**NOTES:**

- (1) Title 5, Subtitle 4 (1), of the Code of Public Local Laws of Queen Anne's County authorizes the County to borrow up to \$8,000,000 for general operating and capital improvement expenditures. This authority is in addition to any bonded debt authorized under specific public local laws.
- (2) Title 24, Subtitle 1, Section 24-146(A) of the Code of Public Local Laws of Queen Anne's County authorizes the County to borrow an amount not to exceed 6% of the total value of property assessed. The proceeds of such borrowings must be used for sewer and water system construction payments.
- (3) 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 Year 2001 has 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.

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

(CONTINUED)

<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
\$ 8,000,000	\$ 8,000,000	\$ 8,000,000	\$ 8,000,000	\$ 8,000,000	\$ 8,000,000	\$ 8,000,000
1,440,000	1,413,663	1,413,663	1,538,851	1,509,485	1,493,768	1,905,182
<u>62,467,858</u>	<u>60,689,541</u>	<u>56,890,501</u>	<u>75,938,286</u>	<u>70,752,345</u>	<u>65,420,921</u>	<u>88,859,439</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>	<u>66,914,689</u>	<u>90,764,621</u>
71,907,858	70,103,204	66,304,164	85,477,137	80,261,830	74,914,689	98,764,621
77,328,067	72,100,979	77,037,245	103,625,053	96,727,523	89,688,217	112,318,954
<u>10,005,867</u>	<u>9,266,078</u>	<u>18,069,698</u>	<u>25,552,847</u>	<u>23,615,821</u>	<u>21,684,421</u>	<u>19,782,739</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>68,003,796</u>	<u>92,536,215</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>	<u>\$ 6,910,893</u>	<u>\$ 6,228,406</u>
\$ 4,039,049,012	\$ 4,596,665,870	\$ 5,061,055,866	\$ 5,693,764,229	\$ 6,398,550,545	\$ 7,083,072,750	\$ 7,580,931,277
<u>297,843,389</u>	<u>330,840,259</u>	<u>369,542,935</u>	<u>419,303,486</u>	<u>474,798,401</u>	<u>547,163,868</u>	<u>596,219,654</u>
<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>	<u>\$ 7,630,236,618</u>	<u>\$ 8,177,150,931</u>
\$ 260,213,544	\$ 295,650,368	\$ 325,835,928	\$ 366,784,063	\$ 412,400,937	\$ 457,814,197	\$ 490,629,056
10,005,867	9,266,078	18,069,698	25,552,847	23,615,821	21,684,421	19,782,739
<u>4,289,452</u>	<u>4,105,842</u>	<u>3,940,626</u>	<u>4,746,865</u>	<u>4,551,821</u>	<u>4,180,188</u>	<u>3,925,026</u>
<u>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>17,504,233</u>	<u>15,857,713</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>	<u>\$ 440,309,964</u>	<u>\$ 474,771,343</u>

**QUEEN ANNE'S COUNTY, MARYLAND  
COMPUTATION OF LOCAL DEBT LIMIT  
LAST TWO FISCAL YEARS**

**Table 12-b**

	2009	2010
Computation of Local Debt Limit, as Authorized under Article 95, Section 22F of the Annotated Code of Maryland and per criteria established by Queen Anne's County Resolution No. 09-13, as adopted August, 2009.		
<b>CALCULATION PER FIRST FINANCIAL CRITERIA:</b>		
The sum of all outstanding and new general obligation and/or bonded debt is 2.5% or less of the total taxable assessed base.		
Total Taxable Assessed Base (1)	\$ 7,083,072,750	\$ 7,580,931,277
	2.5%	2.5%
2.5% of Total Taxable Assessed Base	<u>\$ 177,076,819</u>	<u>\$ 189,523,282</u>
LESS Outstanding and New General Obligation Debt (2) (3)		
Enterprise Funds' Debt - Bonds and Notes	\$ 23,198,631	\$ 21,701,549
General Obligation Debt - Bonds and Notes	66,334,104	90,511,521
Total Outstanding and New General Obligation Debt	<u>\$ 89,532,735</u>	<u>\$ 112,213,070</u>
2.5% of Total Taxable Assessed Base in Excess of Total Outstanding and New General Obligation Debt	<u>\$ 87,544,084</u>	<u>\$ 77,310,212</u>

**CALCULATION PER SECOND FINANCIAL CRITERIA:**

The sum of all outstanding and new general obligation and/or bonded debt is \$3,000 or less per capita.

Total County Population (4)	47,091	48,650
\$3,000 Per Capita	<u>\$ 3,000</u>	<u>\$ 3,000</u>
	<u>\$ 141,273,000</u>	<u>\$ 145,950,000</u>
LESS Outstanding and New General Obligation Debt (1)	<u>\$ 89,532,735</u>	<u>\$ 112,213,070</u>
\$3,000 Per Capita in Excess of Total Outstanding and New General Obligation Debt	<u>\$ 51,740,265</u>	<u>\$ 33,736,930</u>

**NOTES:**

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

In August, 2009, as described in Note 9 F, Queen Anne's County adopted Resolution No. 09-13, thereby establishing a local debt policy in compliance with Article 95, Section 22F of the Annotated Code of Maryland. For comparative purposes, this policy has been calculated retroactively for FY09 data, as well as for FY10 data.

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

- (a) prepare a five-year capital project plan each year;
- (b) propose an amount to be transferred from the General Fund operating balance to the General Capital Projects Fund to serve as pay-as-you-go funding in the latter Fund, in order to lessen the need for future County debt;
- (c) limit the County's non-bonded indebtedness to \$8.0 million for general operating expenses or capital improvements;
- (d) certify that the sum of outstanding general bonded debt and any new general obligation debt is 2.5% or less of the total taxable assessed base and is \$3,000 or less per capita; and
- (e) review and revise this Debt Policy as necessary, but no later than September 1, 2012.

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

For the Fiscal Year Ended June 30, 2010			
Employer	Employees	Rank	Percentage of Total County Employment
Queen Anne's County Board of Education	982	1	9.31%
Queen Anne's County Government	507	2	4.81%
S.E.W. Friel	275	3	2.61%
Paul Reed Smith Guitars	244	4	2.31%
Chesapeake College	225	5	2.13%
Safeway	180	6	1.71%
River Plantation	175	7	1.66%
Genesis Healthcare	150	8	1.42%
Harris Seafood Company	150	9	1.42%
Acme Markets	149	10	1.41%
Total	3,037		28.79%

For the Fiscal Year Ended June 30, 2001			
Employer	Employees	Rank	Percentage of Total County Employment
N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A

NOTES:  
 \* N/A - Information for 2001 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**

<b>Fiscal Year</b>	<b>Population (1)</b>	<b>Total Personal Income (2)</b>	<b>Per Capita Income (3)</b>	<b>Unemployment Rate (3)</b>	<b>Average Registered Number of Pupils (4)</b>
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
2009	47,091	2,113,538,262	44,882	6.70%	7,774
2010	48,650	1,721,674,850	35,389	6.50%	7,723

**NOTES:**

- (1) Source: Queen Anne's County Division of Land Use and Zoning
- (2) Personal income derived by multiplying population by per capita income.
- (3) Source: Maryland Department of Business and Economic Development
- (4) Source: Queen Anne's County Board of Education.



*Jack-be-Littles in abundance for Fall decorating!*

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

	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
Number of Exempt Employees	31	31	33	33	35	35	36	31	29	29
Number of Full Time Employees	373	394	399	413	420	432	470	481	475	461
Number of Part Time Employees (FTE)	24	24	29	21	21	23	25	20	18	17
Total County Government Employees	<u>428</u>	<u>449</u>	<u>461</u>	<u>467</u>	<u>476</u>	<u>490</u>	<u>531</u>	<u>532</u>	<u>522</u>	<u>507</u>

NOTES:  
 Source: Queen Anne's County Finance Office.

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

	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>
<b>Governmental Activities:</b>				
General Government	90	90	89	87
Public Safety:				
Police	49	53	52	50
Fire - Emergency Management Services	69	68	69	67
Corrections	37	38	42	42
Animal Services	11	11	8	8
Public Works	87	91	85	79
Health	1	1	1	1
Social Services	40	38	38	37
Parks & Recreation	39	40	38	38
Conservation of Natural Resources	3	3	3	3
Economic/Community Development	12	12	10	9
<b>Total Governmental Activities</b>	<b>438</b>	<b>445</b>	<b>435</b>	<b>421</b>
<b>Business-Type Activities:</b>				
Sanitary District	47	46	45	45
Bay Bridge Airport	3	3	3	3
Public Landings	3	3	3	3
Property Management	5	4	7	7
<b>Total Business-Type Activities</b>	<b>58</b>	<b>56</b>	<b>58</b>	<b>58</b>
<b>Component Unit:</b>				
Public Housing Authority	10	11	11	11
<b>Total Full-Time County Employees</b>	<b>506</b>	<b>512</b>	<b>504</b>	<b>490</b>

**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

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Governmental Activities:										
General Government:										
Planning & Zoning:										
Number of commercial permits issued	124	118	219	295	272	256	235	23	40	35
Number of residential permits issued:										
Single Family Permits	374	406	326	271	247	224	160	138	90	153
Multi Family Permits	33	16	36	-	1	-	-	-	13	28
Renovations and Additions Permits	519	550	678	745	680	608	541	539	324	304
Total residential permits issued	<u>926</u>	<u>972</u>	<u>1,040</u>	<u>1,016</u>	<u>928</u>	<u>832</u>	<u>701</u>	<u>677</u>	<u>427</u>	<u>485</u>
Public Safety:										
Fire and Rescue:										
Number of volunteer members	450	577	650	649	630	630	600	663	663	689
Police:										
Uniformed Police Officers	42	42	47	50	49	49	49	53	54	54
Number of law violations:										
Physical arrests	1,190	987	1,021	1,112	1,536	1,115	1,413	1,373	1,429	917
Traffic violations	3,227	1,904	2,322	4,363	5,307	4,962	5,310	5,745	8,276	6,183
Detention Center:										
Detention Center Officers	28	29	29	32	30	31	33	35	37	39
Average yearly prison population	86	80	92	92	96	99	113	112	97	102
Public Works:										
Wastewater Treated - Daily (mgd)	1.5	1.5	1.6	1.5	1.5	1.5	1.5	1.6	1.7	2.1
Education:										
Number of Personnel										
Teachers	446	447	458	459	479	496	501	522	528	533
Administrators	37	41	39	39	39	39	40	40	38	37
Support	265	303	303	302	321	318	327	338	338	336
Other	56	46	46	43	53	59	55	77	76	76
Number of Students	7,239	7,266	7,457	7,530	7,649	7,162	7,774	7,790	7,774	7,723
Number of High School Graduates	N/A	N/A	N/A	N/A	N/A	514	563	560	590	562

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

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Governmental Activities:										
Public Safety:										
Fire and Rescue:										
Number of volunteer stations	9	9	9	9	10	10	10	10	10	10
Equipment:										
Engines	19	17	13	16	17	17	16	16	16	17
Tankers	9	8	8	7	7	7	9	9	9	9
Aerial Units	3	4	3	4	4	4	4	4	4	5
Rescue Units	4	4	5	5	5	5	5	6	6	7
Brush Units	8	8	7	7	7	7	8	8	8	8
Air Units (MD State Police)	1	1	8	8	1	1	1	3	3	-
Boats	4	6	5	5	5	5	3	1	1	5
Ambulance/Medic Units	16	21	15	15	15	18	20	16	16	17
Cars/Other	11	19	15	20	20	20	16	17	17	22
Police:										
Number of Stations	1	1	1	1	1	1	1	1	1	1
Number of Vehicles										
Patrol	42	38	48	58	43	34	54	57	64	60
Other	8	8	21	6	15	26	15	7	13	17
Detention Center										
Capacity	104	104	104	104	104	104	104	104	104	148
Public Works:										
County Maintained Roads and Streets										
Paved (miles)	508	510	524	522	524	534	536	530	539	540
Unpaved (miles)	27	24	12	13	13	13	12	15	12	12
County Owned Water and Wastewater Facilities										
Water										
Miles of Mains	37	38	38	47	47	49	51	56	57	58
Water Treatment Plants	10	10	10	10	10	10	10	11	11	11
Booster Stations	2	3	2	2	2	2	2	2	2	2
Wastewater										
Miles of Mains	94	96	97	105	105	107	109	114	116	117
Wastewater Treatment Plants	1	1	1	1	1	1	1	1	1	1
Wastewater Collection, Lift, and Pumping Stations	28	28	28	29	29	29	29	31	31	31
Education:										
Number of Schools										
High Schools	2	2	2	2	2	2	2	2	2	2
Middle Schools	3	3	3	3	3	3	3	3	4	4
Elementary Schools	7	7	7	7	8	8	8	8	8	8
Parks and Recreation:										
Parks	25	24	24	24	24	28	29	32	33	33
Park Acreage	1,804	1,902	2,022	2,024	2,024	2,579	2,572	2,633	2,633	2,915
Public Landings	21	22	22	22	21	21	21	21	20	20
Library:										
Number of Libraries	3	3	3	3	3	3	3	3	3	3

NOTES:  
 Source: Various County departments.



*The beach at Terrapin Park is a peaceful place to take your dog for a walk.*



