

The background of the entire page is a repeating pattern of stylized hydrangea flowers and leaves in a muted red color. The flowers are large and have many small petals, while the leaves are broad and pointed. The pattern is dense and covers the entire area.

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

2011

Comprehensive Annual Financial Report
*for the Fiscal Year ended
June 30, 2011*

The cover features a repeating pattern of stylized, light pink flowers and leaves on a white background. A central dark red rectangle contains the title and year in gold. The entire design is framed by a thin gold border and a wider dark red border.

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

2011

Comprehensive Annual Financial Report
for the Fiscal Year ended
June 30, 2011

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

Jonathan R. Seeman
Director of Budget and Finance

Marie K. Lange
Chief Treasury Officer

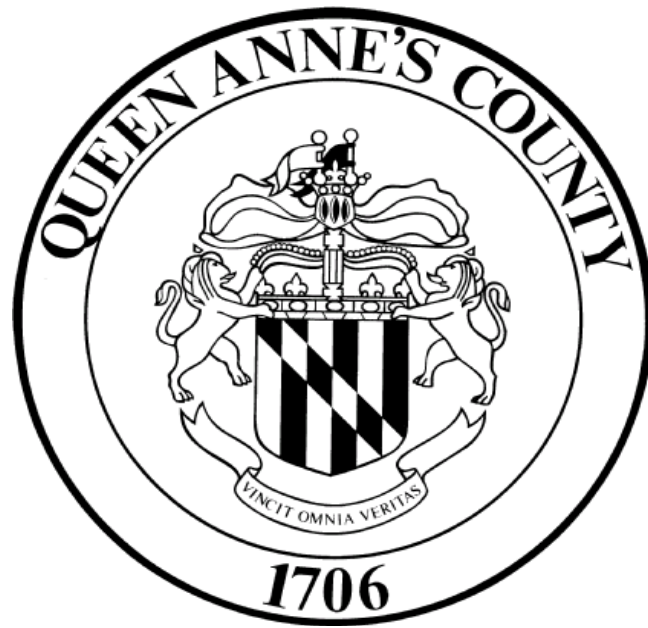
QUEEN ANNE'S COUNTY, MARYLAND
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FISCAL YEAR ENDED JUNE 30, 2011
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Introductory Section





QUEEN ANNE'S COUNTY DEPARTMENT OF BUDGET AND FINANCE

THE LIBERTY BUILDING

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CENTREVILLE, MARYLAND 21617

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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

GREGG A. TODD, COUNTY ADMINISTRATOR
MARGIE A. HOUCK, EXECUTIVE ASSISTANT TO COUNTY COMMISSIONERS

JONATHAN R. SEEMAN
DIRECTOR

MARIE K. LANGE
CHIEF TREASURY OFFICER

December 21, 2011

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, 2011.

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

Queen Anne's County's financial statements have been audited by 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, 2011, 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, 2011, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

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

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

PROFILE OF THE GOVERNMENT

Queen Anne's County is situated on the Eastern Shore of Maryland. It is bordered to the north by Kent County, to the east by the State of Delaware, to the south by Caroline and Talbot counties, and to the west by the Chesapeake Bay. Access to the western shore of Maryland is provided by the Chesapeake Bay Bridge. The County is 373 square miles in area and has approximately 47,899 citizens. The County seat is located in Centreville. The County Commissioners of Queen Anne's County are empowered to levy a property tax on both real and personal properties located within its boundaries.

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

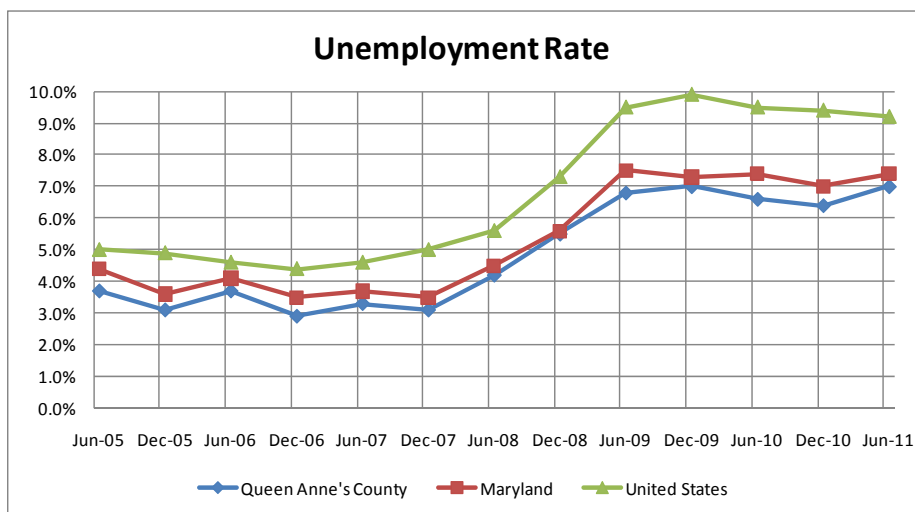
Queen Anne's County provides a full range of services including public safety (police, volunteer fire protection, emergency services, detention center, and animal control), highways and streets, solid waste, planning and zoning, economic development, culture and recreation, education, libraries, and general administrative services. In conjunction with the State, the County also operates services related to general community health and social services. In addition, the County operates a water and wastewater utility, an airport, 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 requires 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 the roads board are presented on pages 115 to 120 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 134 to 138; on page 143; and on pages 172 to 173.

ECONOMIC OUTLOOK AND CONDITION

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

The unemployment rate for Queen Anne's County is typically below the state and national averages, as shown in the chart below. The June 2011 rate for the County was 7.0%, compared to the state's rate of 7.4% and the U.S.'s rate of 9.2%. The 2011 average rate for the County was 6.7%.



LOCAL ECONOMY

The local employment base is somewhat limited and centers on several stable manufacturers, as well as the agriculture, maritime, construction, retail, leisure, and hospitality industries. 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.

Property taxes increased by 1.4% in fiscal year 2011. In the fiscal year 2012 budget, there is a projected 9.6% increase in property tax revenue, due to the increase in the property tax rate, from \$0.7671 to \$0.8471 per \$100 of assessed value, effective July 1, 2011. Local income tax is the County's other main revenue source. Income tax collections were relatively stable in fiscal year 2011, when compared to the previous year, with a decrease of less than one percent. Due to an increase in the income tax rate, the fiscal year 2012 projections for income tax represent a 5.3% increase from fiscal year 2011 collections. The rate increased from 2.85% to 3.2%, effective January 1, 2012.

County revenues related to housing activity continue to be affected by the bursting of the real estate bubble that began in fiscal year 2006. Recordation tax revenue, a leading indicator of the health of the local real estate market, decreased by 3.3% from the prior fiscal year.

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 required 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. In fiscal year 2011, the County adopted Ordinance No. 11-05, which served the purpose of eliminating the requirements for reserve fund balance for contingencies in Queen Anne's County which are not in compliance with Governmental Accounting Standards Board (GASB) Statement No. 54. Therefore, for the year ended June 30, 2011, Queen Anne's County does not have a rainy day fund. However, the County Commissioners are working with the Finance Office in efforts to reestablish sufficient levels of reserves in compliance with GASB requirements.

Capital Projects - The County Commissioners' six-year capital program, starting with fiscal year 2012, prioritizes capital expenditures over these years to meet the County's needs. The six-year program includes: \$13.5 million for renovation of various school facilities; \$12.6 million for the Bay Bridge Airport; \$8.9 million for emergency services; and \$6.3 million for a new community swimming pool. Offsetting nearly 97% of the Airport's capital costs, \$12.2 million in grants and other non-operating, non-debt resources are anticipated. Another \$6.3 million in grants will cover 100% of the costs for the community swimming pool.

Task Force on Government Sustainability – On December 28, 2010, the Commissioners established a Task Force on Government Sustainability, which consisted of seven citizens and two commissioner representatives tasked with reviewing existing County functions/services and recommending steps to ensure the long-term sustainability of County government. The Task Force was divided into three subcommittees: County functions, Public Safety, and Board of Education. Each subcommittee reviewed vital topics and presented recommendations to the County Commissioners. Before issuing the recommendations, the Task Force met publicly on eleven separate occasions. The recommendations were considered as part of the Commissioners' budget deliberations, and incorporated into the adoption of the fiscal year 2012 budget.

FINANCIAL POLICIES

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

Debt Management Policy – In calendar year 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 the issuance of any new bonded indebtedness, the Director must certify that existing and new General Obligation Debt will not exceed (1) 2.5% of the total taxable assessable base and (2) \$3,000 per capita. For fiscal year 2011, Queen Anne's County general obligation debt was 1.38% of the total taxable assessable base, and the per capita debt measurement was \$2,236. Both thresholds are well below the policy limits. In addition, general bonded debt outstanding, as a percentage of total taxable assessable base, has improved over the last ten fiscal years, from 1.88% in fiscal year 2002 to 1.38% in fiscal year 2011.

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, 2010. 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.

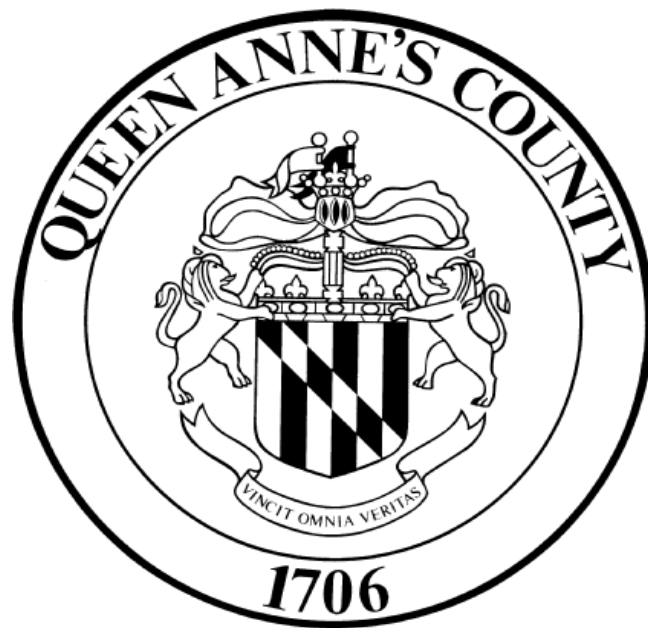
A Certificate of Achievement is valid for a period of one year only. Queen Anne's County, Maryland has received a Certificate of Achievement for the last twelve consecutive years (fiscal years 1999-2010). We believe our current comprehensive annual financial report continues to conform to the Certificate 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 for her lead role in preparing the audit, 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,



Jonathan R. Seeman
Director of Budget and Finance



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, 2010

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.

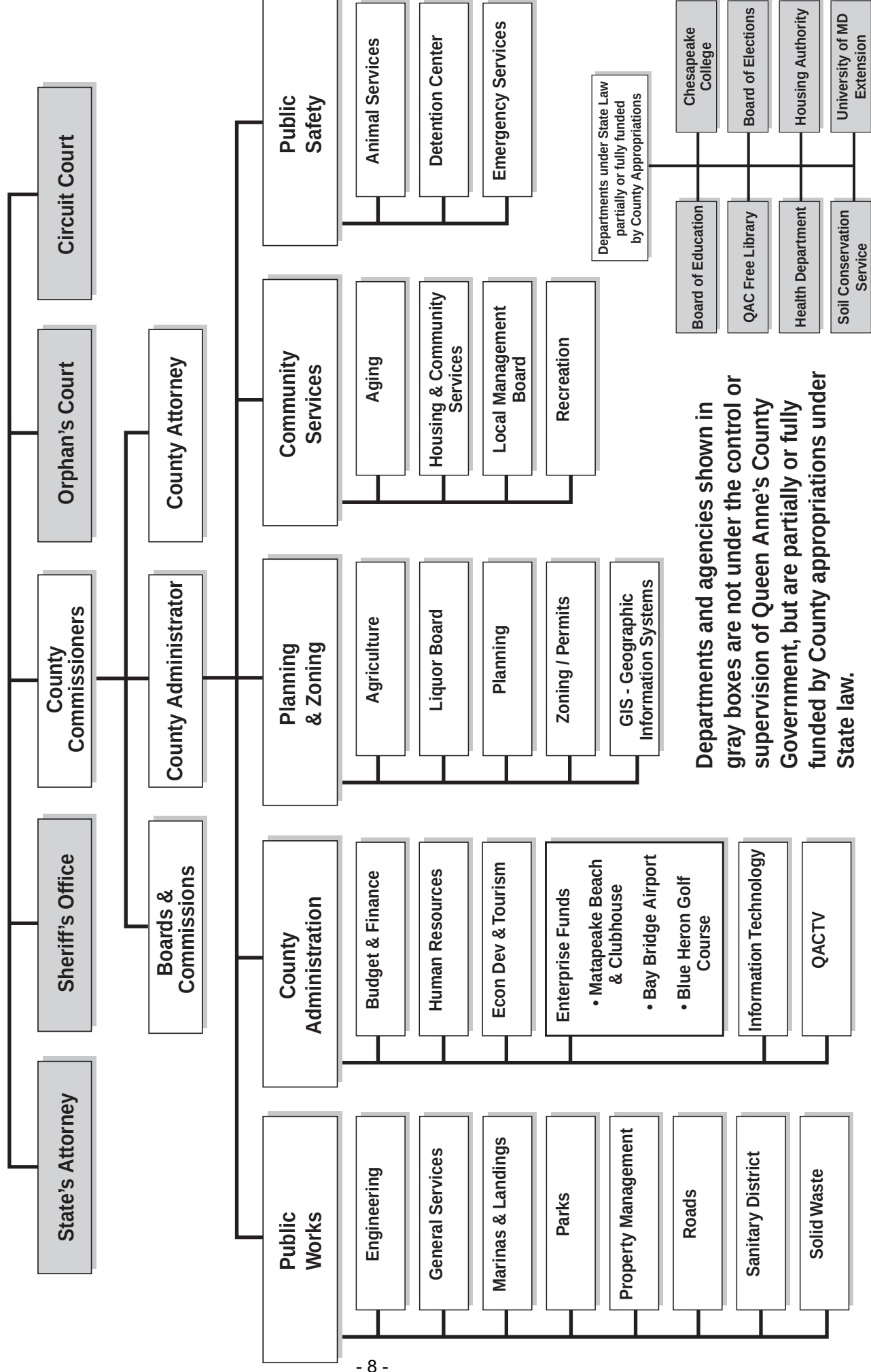


President

Executive Director

Queen Anne's County Government Organizational Chart

Queen Anne's County Voters



**QUEEN ANNE'S COUNTY, MARYLAND
GOVERNMENTAL ORGANIZATION
CERTAIN ELECTED AND OTHER OFFICIALS
AS OF JUNE 30, 2011**

CERTAIN ELECTED OFFICIALS

County Commissioners	Steven J. Arentz, At Large David L. Dunmyer, District 1 Bob Simmons, District 2 Philip L. Dumenil, District 3 David Olds, District 4
State's Attorney	Lance G. Richardson, Esq.
Sheriff	Raymond G. Hofmann

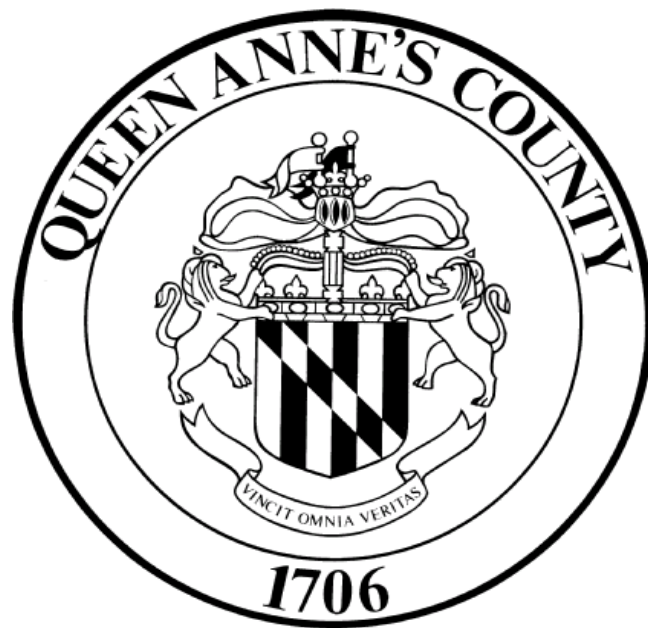
CERTAIN DEPARTMENT HEADS AND OTHER OFFICIALS

County Administrator	Gregg A. Todd
Director of Public Works	Todd R. Mohn
Director of County Administration	Gregg A. Todd
Director of Planning and Zoning	J. Steve Cohoon
Director of Community Services	Catherine R. Willis
Director of Budget and Finance	Jonathan R. Seeman
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



The cover features a repeating pattern of stylized, light pink flowers and leaves on a white background. A dark red rectangular box is centered on the page, containing the title and year in gold and white text. The entire design is framed by a thin gold border and a wider dark red border.

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

2011

Comprehensive Annual Financial Report
for the Fiscal Year ended
June 30, 2011

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, 2011, 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 88% of the assets, 88% of the net 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, 2011, 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 20, 2011 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.

A handwritten signature in black ink that reads "Clifton Gundersen LLP". The signature is written in a cursive, flowing style.

Baltimore, Maryland
December 20, 2011

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, 2011. We encourage readers to consider the discussion and analysis along with the other information in this report, including the transmittal letter, basic financial statements, and the notes to the financial statements.

Adoption of new GASB Statements

During fiscal year 2011, the County adopted GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. GASB 54 establishes standards for fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of resources reported in governmental funds. Additionally, the definitions of a general fund, special revenue fund, capital projects fund, debt service fund, and permanent fund are clarified by the provisions in this Statement. Under the new standard, the County recorded fund balance into five new classifications: nonspendable, restricted, committed, assigned and unassigned.

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 36 to 39 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 40 to 55.

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 43 and 46 to 47.

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 115 to 120; 134 to 138; 143; and 172 to 173 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 48 to 53 of this report, as well as non-major statements on pages 148 to 153.

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 54 to 55 of this report, while further detail can be found on pages 158 to 163.

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 56 to 110 of this report.

Government-wide Financial Analysis

Statement of Net Assets

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

Summary of Net Assets	Governmental Activities		Business Type Activities		Total	
	2011	2010	2011	2010	2011	2010
Current and Other Assets	\$ 66,453,636	\$ 62,893,658	\$ 23,992,122	\$ 25,185,923	\$ 90,445,758	\$ 88,079,581
Capital Assets	143,875,958	143,124,217	97,987,069	100,360,772	241,863,027	243,484,989
Total Assets	210,329,594	206,017,875	121,979,191	125,546,695	332,308,785	331,564,570
Noncurrent liabilities	119,962,802	100,708,984	23,137,941	23,470,640	143,100,743	124,179,624
Other liabilities	10,886,689	7,112,156	3,950,284	4,862,873	14,836,973	11,975,029
Total Liabilities	130,849,491	107,821,140	27,088,225	28,333,513	157,937,716	136,154,653
Net assets:						
Invested in capital assets, net of related debt	118,274,533	121,702,025	78,069,061	79,032,373	196,343,594	200,734,398
Restricted	22,399,514	22,290,307	16,821,905	18,180,809	39,221,419	40,471,116
Unrestricted	(61,193,944)	(45,795,597)	-	-	(61,193,944)	(45,795,597)
Total Net Assets	\$ 79,480,103	\$ 98,196,735	\$ 94,890,966	\$ 97,213,182	\$ 174,371,069	\$ 195,409,917

The County's total current and other assets increased by \$2.4 million, or 2.7 percent, to \$90.4 million. The County's total assets exceeded its liabilities at the close of fiscal year 2011 by \$174.4 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, \$196.3 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 \$72.4 million at June 30, 2011. Absent the effect of this relationship, the County would have reported positive unrestricted net assets of \$11.2 million on its government-wide financial statements, rather than the negative unrestricted net assets of \$61.2 million reported herein. For a multi-year view of this calculation, see the Footnote presented in Table 1 of the Statistical Section.

An additional \$39.2 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: \$16.7 million of unspent bond proceeds restricted for specific capital projects; \$2.4 million restricted for programs related to conservation of natural resources; \$1.0 million for impact fee balances; \$735 thousand related to Housing and Community Services; and an additional \$1.6 million for other restrictions. For business-type activities, this amount includes: \$6.4 million restricted for subsequent year operations in those enterprise funds not reported separately in the following restricted amounts; \$6.4 million in allocations restricted for Sanitary District capital projects or debt service; \$3.2 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.

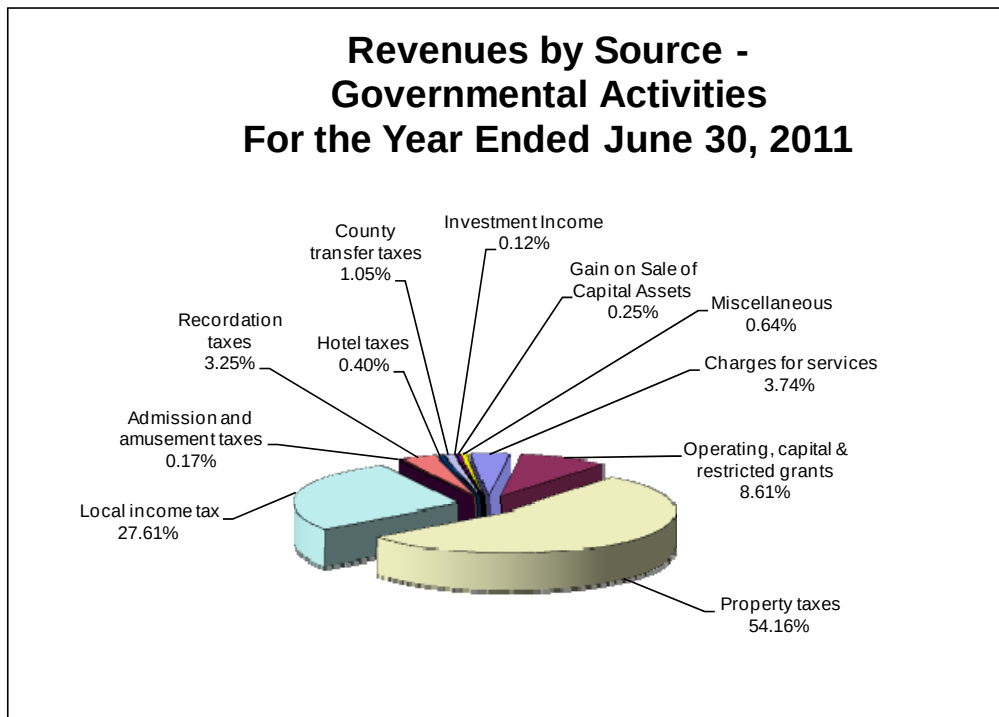
Statement of Activities

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	
	2011	2010	2011	2010	2011	2010
Revenues:						
Program revenues:						
Charges for services	\$ 4,141,854	\$ 4,518,799	\$ 9,883,640	\$ 9,970,816	\$ 14,025,494	\$ 14,489,615
Operating grants and contributions	6,000,107	6,698,744	59,528	203,269	6,059,635	6,902,013
Capital grants and contributions	3,551,752	8,460,623	2,070,839	2,562,943	5,622,591	11,023,566
General revenues:						
Property taxes	60,070,368	59,267,240	-	-	60,070,368	59,267,240
Local income tax	30,624,679	25,715,247	-	-	30,624,679	25,715,247
Other local taxes						
Admission and amusement taxes	188,715	208,736	-	-	188,715	208,736
Recordation taxes	3,609,751	3,734,340	-	-	3,609,751	3,734,340
Hotel taxes	441,123	397,141	-	-	441,123	397,141
County transfer taxes	1,158,897	1,147,179	-	-	1,158,897	1,147,179
Investment income	136,523	144,553	407,629	436,045	544,152	580,598
Gain on sale of capital assets	281,158	26,731	-	-	281,158	26,731
Miscellaneous	711,868	786,719	884,772	962,540	1,596,640	1,749,259
Total Revenues	110,916,795	111,106,052	13,306,408	14,135,613	124,223,203	125,241,665
Expenses:						
Governmental Activities:						
General government	15,968,633	14,089,387	-	-	15,968,633	14,089,387
Public safety	25,413,678	25,361,341	-	-	25,413,678	25,361,341
Public works	9,098,949	9,432,489	-	-	9,098,949	9,432,489
Health	1,701,677	1,663,321	-	-	1,701,677	1,663,321
Social services	5,001,240	5,554,667	-	-	5,001,240	5,554,667
Education	57,506,341	53,491,659	-	-	57,506,341	53,491,659
Parks and recreation	3,090,228	3,618,427	-	-	3,090,228	3,618,427
Libraries	1,457,336	1,473,689	-	-	1,457,336	1,473,689
Conservation of natural resources	3,811,748	5,281,372	-	-	3,811,748	5,281,372
Economic and Community development	1,893,570	2,001,306	-	-	1,893,570	2,001,306
Interest and fiscal charges	4,078,105	3,510,678	-	-	4,078,105	3,510,678
Business-type Activities:						
Water and sewer	-	-	10,905,989	10,610,705	10,905,989	10,610,705
Parks and recreation	-	-	4,099,507	2,789,901	4,099,507	2,789,901
Public marinas	-	-	67,395	96,739	67,395	96,739
Airport	-	-	1,167,655	1,017,780	1,167,655	1,017,780
Total Expenses	129,021,505	125,478,336	16,240,546	14,515,125	145,262,051	139,993,461
Decrease in Net Assets before Transfers	(18,104,710)	(14,372,284)	(2,934,138)	(379,512)	(21,038,848)	(14,751,796)
Transfers in (out)	(611,922)	(559,331)	611,922	559,331	-	-
Increase (Decrease) in Net Assets	(18,716,632)	(14,931,615)	(2,322,216)	179,819	(21,038,848)	(14,751,796)
Net Assets - Beginning of Year	98,196,735	113,128,350	97,213,182	97,033,363	195,409,917	210,161,713
Net Assets - End of Year	\$ 79,480,103	\$ 98,196,735	\$ 94,890,966	\$ 97,213,182	\$ 174,371,069	\$ 195,409,917

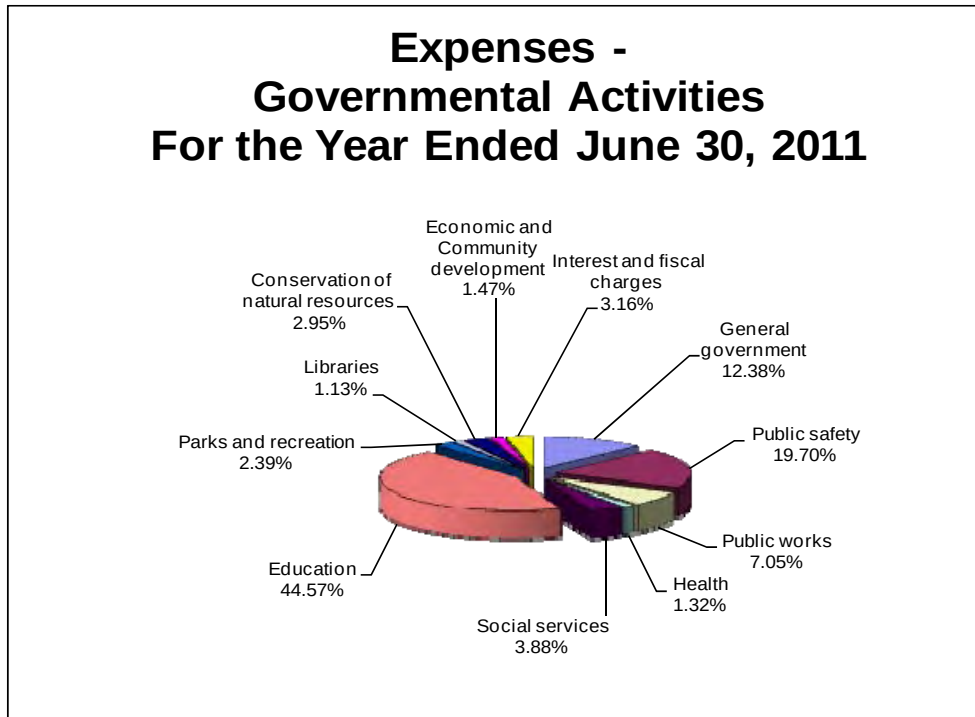
Governmental activities:

Revenues for governmental activities were \$110.9 million for fiscal year 2011. The following chart depicts revenues by source for governmental activities:



- Taxes comprise the largest source of County revenue, totaling \$96.1 million (86.6 percent) of total revenue for fiscal year 2011. Of that amount, property and local income tax together yielded \$90.7 million (81.8 percent) of all revenue. Each County sets its own property and income tax rates, within parameters established by the State. For fiscal year 2011, the County's property tax rate was set at \$.7671 per \$100 of assessed value of real property, based on full cash value of that property. This was a slight decrease from the fiscal year 2010 rate of \$.770 per \$100 of assessed value of real property. The County's local income tax rate remained at 2.85 percent of the State taxable income for calendar years 2011 and 2010. There is no local sales tax in the State of Maryland.
- Operating grants and contributions, totaling \$6.0 million, reflect grants from Federal and State agencies that support specific County programs. Programs that benefitted the most were: social services (\$2.1 million or 34.2 percent) and public safety (\$1.5 million or 24.4 percent).
- Charges for services, totaling \$4.1 million, reflect fees charged to County citizens. These primarily support public safety (\$1.1 million or 26.3 percent), general government (\$1.1 million or 26.3 percent), public works (\$872 thousand or 21.1 percent); and education functions (\$755 thousand or 18.2 percent).
- Capital grants and contributions, totaling \$3.6 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 (\$1.9 million or 54.2 percent) and public works (\$901 thousand or 25.4 percent).

Expenses for all governmental activities were \$129.0 million for fiscal year 2011. 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 \$57.5 million (44.6 percent). In order of priority, public safety expenses totaled \$25.4 million (19.7 percent); general government expenses were \$16.0 million (12.4 percent); public works and roads expenses were \$9.1 million (7.0 percent); social services expenses totaled \$5.0 million (3.9 percent); conservation of natural resources were \$3.8 million (2.9 percent); parks and recreation expenses were \$3.1 million (2.4 percent); economic and community development expenses were \$1.9 million (1.5 percent); and other expenses were \$7.2 million (5.6 percent).

The following table summarizes costs and program-related revenues for the same programs in order of priority, yielding net service costs:

Net Cost of Governmental Activities	Expenses		Program-Related Revenues		Net Cost of Services	
	2011	2010	2011	2010	2011	2010
Education	\$ 57,506,341	\$ 53,491,659	\$ 755,443	\$ 1,285,201	\$ (56,750,898)	\$ (52,206,458)
Public Safety	25,413,678	25,361,341	2,634,510	3,457,898	(22,779,168)	(21,903,443)
General Government	15,968,633	14,089,387	1,899,088	1,852,149	(14,069,545)	(12,237,238)
Public Works	9,098,949	9,432,489	2,320,360	1,688,797	(6,778,589)	(7,743,692)
Social Services	5,001,240	5,554,667	2,335,192	5,422,585	(2,666,048)	(132,082)
Conservation of Natural Resources	3,811,748	5,281,372	3,004,963	4,385,045	(806,785)	(896,327)
Parks and Recreation	3,090,228	3,618,427	389,467	932,408	(2,700,761)	(2,686,019)
Economic and Community Development	1,893,570	2,001,306	354,690	654,083	(1,538,880)	(1,347,223)
Other	7,237,118	6,647,688	-	-	(7,237,118)	(6,647,688)
Total	\$ 129,021,505	\$ 125,478,336	\$ 13,693,713	\$ 19,678,166	\$ (115,327,792)	\$ (105,800,170)

Of the total cost of \$129.0 million for governmental activities, \$13.7 million (10.6 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 \$4.1 million, while governments and other organizations that benefited indirectly from these programs contributed operating grants of \$6.0 million and capital grants of \$3.6 million.

County taxpayers paid for most of the remaining \$115.3 million in net program costs, through a variety of County taxes, for a total of \$96.1 million. Net program costs of services provided to the public, in order of net cost, were: \$56.8 million for education; \$22.8 million for public safety; \$14.1 million for general government; \$6.8 million for public works; \$2.7 million for parks and recreation; \$2.7 million for social services; \$1.5 million for economic and community development; \$807 thousand for conservation of natural resources; and \$7.2 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 2011, governmental activities decreased the County's net assets overall by \$18.7 million, compared to a decrease of \$14.9 million in fiscal year 2010. The following discussion explains changes in net assets relative to the prior fiscal year.

Revenues for governmental activities decreased by \$189 thousand (0.2 percent). The following key revenues changed, when compared to the prior fiscal year:

- Local income tax increased by \$4.9 million (19.1 percent), from \$25.7 million to \$30.6 million. The majority of the increase relates to the local income reserve held by the State of Maryland for Queen Anne's County. For fiscal year 2010, the local income tax reserve held by the State decreased by \$4.3 million (compared to fiscal year 2009), and was reflected in the income tax revenue for the year. However, for fiscal year 2011, the local income tax reserve increased by \$1.4 million when compared to fiscal year 2010. However, actual receipts for local income tax remained almost constant, with a decrease of only \$120 thousand.

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

as of June 30	Tax Year	Reserve	Percent Change	Increase/(Decrease)
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)
2011	2009	8,748,190	19%	1,370,172

- Capital grants and contributions decreased by \$4.9 million, from \$8.5 million in fiscal year 2010 to \$3.6 million in fiscal year 2011. Significant factors influencing this decrease are:
 - o Social Services decreased by \$2.5 million (92.0 percent). Of this decrease, \$2.1 million related to the Sudlersville Senior Center, which was constructed as part of a Public Housing Authority contract, and subsequently donated to the County's Social Services department to manage in fiscal year 2010. In addition, \$429 thousand was received in fiscal year 2010 from the American Recovery and Reinvestment Act (ARRA) of 2009 for the purchase of five buses for the Department of Aging.

- o Conservation of Natural Resources decreased by \$2.3 million (54.1 percent), mainly due to a decrease of \$3.7 million in state capital grants related to purchasing easements as part of the Rural Legacy program. Offsetting this decrease was an increase of \$1.4 million in state capital grants for the purchase of Conservation Reserve Enhancement Program (CREP) easements.
- o Parks and Recreation decreased by \$432 thousand (68.4 percent). There were several capital projects with decreased capital grant and contribution revenue in fiscal year 2011, as well as other projects with increased capital grant and contribution revenue. All of these fluctuations relate to the timing of the projects. There were several projects that closed at the end of fiscal year 2010, and not as many were in progress during 2011, therefore the net revenue decreased.
- o Public Works increased by \$637 thousand (241.3 percent), mainly as a result of an American Recovery and Reinvestment Act (ARRA) grant of \$878 thousand received in fiscal year 2011 for roads capital projects.
- Operating grants and contributions decreased by \$700 thousand, from \$6.7 million in fiscal year 2010 to \$6.0 million in fiscal year 2011. Key factors for this change are:
 - o Social Services decreased by \$617 thousand (23.1 percent) mainly due to decreased operating grant funding of \$575 thousand for Community Partnerships. The decrease to Community Partnerships was the result of funding cuts from the State of Maryland.
 - o Education decreased by \$433 thousand (100 percent). In fiscal year 2010, a State grant for \$433 thousand was received for the renovations at Bayside Elementary School. There was no such grant in fiscal year 2011.
 - o Public Safety decreased by \$430 thousand (22.7 percent). Although there were numerous increases and decreases between 2010 and 2011, a few significant transactions are worth mentioning. First of all, there was a new grant of \$365 thousand received in fiscal year 2011 for the Eastern Shore Communications Alliance. Secondly, a grant of \$799 thousand was received in fiscal year 2010 for a new phone system for Emergency Services, of which there was no similar grant received in fiscal year 2011.
 - o Conservation of Natural Resources increased by \$913 thousand (981.9 percent) as a result of federal grant funding of \$962 thousand received in fiscal year 2011 for the purchase of a land conservation easement.
- Gain on sale of capital assets increased by \$254 thousand (951.8 percent), from \$27 thousand in fiscal year 2010 to \$281 thousand in fiscal year 2011. The majority of the increase related to the sale of land in the Matapeake Business Park. The land was sold for \$350 thousand, which was \$190 thousand higher than the basis.

Expenses for governmental activities increased by \$3.5 million (2.8 percent) and transfers out to business-type activities increased by \$53 thousand, for a total increase of \$3.6 million. Key positive and negative expense changes, in order of relative importance, are:

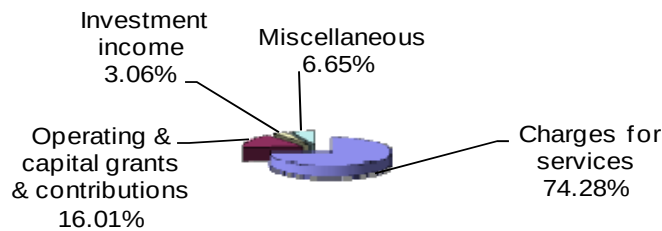
- Education expenses increased by \$4.0 million (7.5 percent). This increase was primarily the result of increased expenses relating to school related capital projects. In fiscal year 2011, the expense associated with capital projects for schools was \$7.9 million, which was an increase of \$3.5 million from fiscal year 2010. Of the total \$7.9 million in fiscal year 2011, \$6.2 million related to the construction of Sudlersville Middle School. In fiscal year 2010, only \$463 thousand was spent on the new middle school. In addition, several other school related capital projects had fluctuations from the previous year.

- General Government expenses increased by \$1.9 million (13.3 percent), which was the result of the early retirement incentives in fiscal year 2011. The County offered two separate early retirement incentives during the year to employees who met certain criteria related to age and length of service. Although approximately \$2.4 million in expenditures (including termination pay, deferred compensation, and other benefit costs) were incurred to implement the early retirement programs, the County fully expects to recover these costs and realize substantial savings in the future.
- Conservation of Natural Resources decreased by \$1.5 million (27.8 percent) which was the result of several changes. First, the Agricultural Transfer program did not incur any expenses in fiscal year 2011; however \$1.1 million of expenses was incurred in fiscal year 2010. Secondly, the Rural Legacy program incurred \$1.1 million of expense in fiscal year 2011, which is a decrease of \$2.5 million from the \$3.6 million spent on Rural Legacy in fiscal year 2010. Both of these programs relate to the purchase of easements that preclude development, and together, they accounted for a decrease in expenses of \$3.6 million in fiscal year 2011 from the prior year. Next, expenses for conservation of natural resources related to capital projects increased by \$2.2 million, all of which relates to land preservation easements. For many of the easements, including Agricultural Transfer, Rural Legacy, and capital projects easements, the timing of purchases is affected by whether land is identified for an easement, and also by the amount of any potential State funding available.
- Interest and fiscal charges increased by \$567 thousand (16.2 percent). This increase related to the 2009 bonds, of which the interest expense increased by \$698 thousand. In fiscal year 2010, only a partial year's interest was due, however, a full year's interest was due in fiscal year 2011.

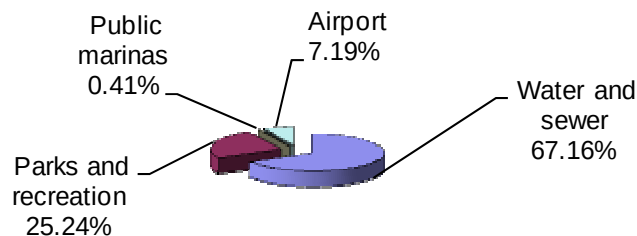
Business-type activities:

Revenues, transfers in, and expenses for business-type activities were \$13.3 million, \$612 thousand, and \$16.2 million, respectively, for fiscal year 2011. The following two charts depict revenues by source and expenses by service for business-type activities:

**Revenues by Source -
Business-Type Activities
For the Year Ended June 30, 2011**



**Expenses by Service -
Business-Type Activities
For the Year Ended June 30, 2011**



Business-type activities decreased the County's net assets altogether by \$2.3 million in fiscal year 2011, which was \$2.5 million less than the prior year's increase of \$180 thousand. The fiscal year 2011 change in net assets resulted primarily from:

- Capital grants and contributions decreased by \$492 thousand (19.2 percent), from \$2.6 million in fiscal year 2010 to \$2.1 million in fiscal year 2011. The net decrease in funding resulted from changes in several projects simply due to the timing of the projects. As the majority of activity took place in fiscal year 2010 for the new runway project, the Airport had a decrease of \$1.1 million for capital grants. Offsetting the decreases in Airport capital grants was an increase of \$590 thousand for sewer capital projects; and \$39 thousand for water capital projects.

- Operating grants and contributions decreased by \$143 thousand (70.7 percent), from \$203 thousand in fiscal year 2010 to \$60 thousand in fiscal year 2011. Part of this decrease is the result of reimbursements from FEMA in fiscal year 2010 for the costs associated with the record breaking snow storms that occurred in December 2009 and February 2010. In fiscal year 2010, the Sanitary District received \$44 thousand from FEMA and the Airport received \$32 thousand, for a total FEMA reimbursement of \$76 thousand. No such activity occurred in fiscal year 2011. Also, the Sanitary District had additional state grant funding in fiscal year 2010 of \$54 thousand.
- Operating expenses before transfers increased by \$1.7 million (11.9 percent), from \$14.5 million in fiscal year 2010 to \$16.2 million in fiscal year 2011, for all business-type activities. Of the total increase in expenses, \$1.3 million is related to a loss on disposal of capital assets for Property Management. As explained later in the capital assets section of this MD&A, the disposal related to the Bay Model Property. Of the remaining increase, \$226 thousand was caused by a loss on disposal of capital assets due to the retirement of obsolete Sanitary District infrastructure.

Financial Analysis of the Government's Funds

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

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

As of the end of the current fiscal year, Queen Anne's County Government's governmental funds reported combined ending fund balances of \$48.7 million, compared to \$49.6 million for the prior year. Approximately 9.6 percent of this total (\$4.6 million) constitutes *unassigned fund balance*, which is available for spending. The total *unassigned fund balance* of \$4.6 million includes \$4.8 million of positive unassigned fund balance for the general fund, which is offset by negative unassigned fund balances of \$172 thousand in the non-major governmental funds. Additional detail on the negative unassigned balances can be found in Note 15 on page 106.

The *nonspendable fund balance*, at 9.0 percent of the total fund balance (\$4.4 million), is not available for spending and includes amounts related to inventory and loans receivable. *Restricted fund balance* of \$22.3 million (45.9 percent) includes amounts that can be spent only for specific purposes stipulated by external sources or legal restrictions. *Committed fund balance* of \$2.5 million (5.1 percent) represents those amounts that can be used only for the specific purposes of the government's highest level of decision-making authority.

The remaining 30.4 percent of fund balance (\$14.8 million) constitutes *assigned fund balances*. These amounts are intended to be used by the government for the specific purposes of each fund.

The General Fund is the chief operating fund of Queen Anne's County Government. At the end of the current fiscal year, the General Fund had a total fund balance of \$5.8 million, which is a decrease of \$8.2 million from the fiscal year 2010 balance of \$14.0 million.

Of the total \$5.8 million in fund balance, \$4.8 million is unassigned, meaning that there are no constraints on how the funds can be spent. During the year, the County decided to eliminate the requirement to maintain a Rainy day Fund, as the fund did not meet the criteria established for

Rainy Day Funds under GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. The County Commissioners plan to establish a new Rainy Day Fund in the future that meets the requirements of GASB Statement No. 54.

The decrease of \$8.2 million in the fund balance of the General Fund was primarily due to a decrease in revenue. Total revenues, including transfers in, for fiscal year 2011 were \$100.5 million, which is \$7.6 million less than the total revenues of \$108.1 million in fiscal year 2010. Although all revenue sources fluctuated, the noteworthy item to mention is the change in transfers into the General Fund. In fiscal year 2010, a transfer of \$8.3 million was made from the General Capital Projects Fund to the General Fund and no such transfer was made in fiscal year 2011.

Expenditures also decreased by \$376 thousand, from \$109.1 million in fiscal year 2010 to \$108.7 million in fiscal year 2011. Transfers out decreased by \$5.3 million, from \$8.2 million in fiscal year 2010 to \$2.9 million in fiscal year 2011. In fiscal year 2010, transfers out included \$4.7 million to the Roads Board in an effort to compensate for the decrease in State Shared Highway User Tax revenue. The General Fund did not transfer any funds to the Roads Board in fiscal year 2011.

Offsetting the decrease in transfers out was an increase in debt service and also in miscellaneous expense. Debt service increased by \$2.4 million; from \$8.0 million in fiscal year 2010 to \$10.4 million in fiscal year 2011. This increase was the result of payments totaling \$2.2 million (principal and interest) due on the 2009 bonds, of which only a partial interest payment of \$553 thousand was due in fiscal year 2010. Also, a payment of \$800 thousand was made on a loan related to property, which there were no principal payments due for this loan last year.

Miscellaneous expense increased from \$1.4 million in fiscal year 2010 to \$4.7 million in fiscal year 2011, which is an increase of \$3.3 million. There were several increases to various miscellaneous expenses during the year; however, the most significant was the cost of \$2.4 million for the early retirement incentive plans.

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, 2011, the General Capital Projects Fund has a total fund balance of \$28.4 million, compared to \$17.7 million at the end of the prior fiscal year. This \$10.7 million increase in total fund balance is comprised of \$7.0 million in bond proceeds, which were received but legally restricted to cover certain on-going projects; \$2.7 million assigned to fund future capital projects; and \$1.0 million in commitments by County officials to fund construction of facilities and infrastructure.

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

As of June 30, 2011, the Roads Capital Projects Fund has a total fund balance of \$4.1 million, compared to \$4.0 million at the end of the prior fiscal year. Of this total \$4.1 million fund balance, \$3.3 million has been assigned to fund ongoing projects, while \$778 thousand has been contributed by local developers and is committed to fund certain infrastructure improvements.

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, 2011 was \$416 thousand, which was a decrease of \$652 thousand from the prior year fund balance of \$1.1 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 \$756 thousand was received during the year. This revenue consists mainly of impact fee charges, which were \$97 thousand lower than received the year before.

The Roads Board Fund accounts for financial resources received from the State, plus a substantial amount from the County, for the maintenance of County road infrastructure.

The total fund balance as of June 30, 2011 was \$1.6 million, which is a decrease of \$2.6 million from the fiscal year 2010 fund balance of \$4.2 million. This decrease in fund balance mainly resulted from a decrease in transfers in for the year. In fiscal year 2010, the County transferred \$4.7 million to the Roads Board Fund from the General Fund; however, there were no transfers in for fiscal year 2011. In addition, revenue decreased by \$66 thousand in fiscal year 2011, compared to the prior fiscal year. This decrease resulted from a decrease of \$217 thousand in Highway User Tax Revenue, which was partially offset by increases in other revenue sources.

Offsetting a portion of the decreases in revenue and transfers in was a decrease of \$820 thousand in operating expenditures when compared to the prior fiscal year, and also a decrease in transfers out in the amount of \$445 thousand. The decrease in operating expenditures results from the County's decision to complete only crucial tasks during the year, while curtailing routine maintenance. This decision was made as a result of the State virtually ceasing to share State levied Highway User Tax revenue with its counties, starting early in fiscal year 2010. Given the drastic cuts in Highway User Tax revenue and a persistently soft economy, the County only has resources to maintain the roads at a serviceable level.

Transfers out decreased by \$445 thousand, as the transfer out in fiscal year 2010 related to a one time transaction. Funds were collected in the Roads Board Fund in a prior year, however, they related to a capital project; therefore the funds were transferred out of the Roads Board and to the Roads Capital Project Fund in fiscal year 2010.

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 2011 amounted to \$13.3 million, which is \$263 thousand less than the prior year. This resulted from the use of Restricted Fund assets to repay a large portion of debt service due for the BNR/ENR sewer plant debt, which is an approved use for these restricted monies.

Total net assets amounted to \$74.4 million at the end of fiscal year 2011, which decreased by \$1.1 million when compared to the prior year. A large portion of the decrease relates to the costs associated with other post-employment benefits (OPEB), which totaled \$792 thousand in fiscal year 2011 for the Sanitary District. Another part of the decrease is also due to the transfer of monies, in excess of receipts, from the Restricted and Debt Service Funds to operating Funds to pay debt service. During fiscal year 2011, \$311 thousand and \$382 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 \$389 thousand compared to a negative \$80 thousand at the end of the prior fiscal year, reflecting a decrease of \$309 thousand. This change was mostly due to a reduction in federal and state capital contributions compared to the prior fiscal year, on the new runway project.

Total net assets amounted to \$13.5 million at the end of fiscal year 2011, which decreased by \$95 thousand when compared to the prior year. This change was due to other post-employment costs of \$65 thousand and also an increase of approximately \$50 thousand in fuel expenses.

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 115 through 119. 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 \$113.9 million. Amendments increased spending authority by \$4.6 million during fiscal year 2011, when compared to the original budget of \$109.3 million.

Major components of these expenditure budget increases are as follows:

- Budgeted Miscellaneous Expenditures on behalf of Insurance and Benefit costs increased by \$2.8 million during the year, to \$4.3 million. This increase in budget authority arose out of the following events:
 - o The majority of the increase in Insurance and Benefit Costs related to the retirement incentive plans. Due to the challenging financial situation the County faced in fiscal year 2011, the County developed two retirement incentive plans for the year, which included termination pay, deferred compensation and other benefits payable.
 - o The remaining increase relates to workmen's compensation insurance 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.
- Budgeted Debt Service increased by \$665 thousand during the year. The majority of this increase was for debt service for land purchased for the future construction of a new Circuit Courthouse.
- Budgeted Public Safety Expenditures increased by \$673 thousand, from the original budget of \$21.4 million to the final budgeted expenditures of \$22.1 million for fiscal year 2011. Of the increase, \$365 thousand related to the Eastern Shore Communications Alliance, which was a new grant this year, as mentioned previously in this MD&A. Another \$220 thousand increase related to two grants for Emergency Services; \$190 thousand for a Homeland Security Program Grant and the remaining \$30 thousand for a grant from the Maryland Emergency Management Agency. There were also a few miscellaneous decreases which offset a small portion of the increased budgeted expenditures.

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 \$4.0 million. Actual expenditures, and other financing uses, were less than final budgetary appropriations by \$5.2 million. The net effect of these two opposing events was a positive variance of actual to final budget of \$1.2 million.

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

Revenues:

- Income tax revenue was \$3.5 million less than budgeted (10.5 percent). The previous County Commissioners based the budget for fiscal year 2011 income tax revenue on positive economic indicators; however the actual revenue came in much less, but comparable to the prior year.
- Recordation tax revenue was \$223 thousand less than expected (8.4 percent), as County revenues related to housing activity continued to be affected by the slow housing market.
- Investment income was \$177 thousand less than expected (78.0 percent). This resulted from fluctuations in cash on hand and interest rate reductions.

Expenditures:

- Final Budgeted Salaries and Benefits were \$31.7 million for the year, while actual costs were \$30.0 million. They were underspent at year-end by \$1.7 million (5.3 percent). Of this amount, the department of emergency services was responsible for \$383 thousand of the unspent portion, the sheriff's office for \$357 thousand, and solid waste for \$273 thousand. This was due to routine turnover, vacant positions and the retirement incentive plans offered by the County during this fiscal year.
- Final Budgeted Other Operating Charges were \$81.7 million for the year, while actual costs were \$78.5 million. These costs were lower than budget at year end by \$3.2 million (3.9 percent). Operating Charges include contracted services, supplies, debt service, transfers out, and other charges.
 - o Contracted Services were underutilized by \$419 thousand, largely due to savings by the detention center (\$208 thousand), with the largest savings for medical charges (\$186 thousand).
 - o Supplies were underspent by \$120 thousand, largely due to savings by the detention center (\$46 thousand), with the largest savings for uniforms/apparel (\$20 thousand) due to the timing of the orders.
 - o Other Charges were underspent by \$2.3 million, primarily due to debt service (\$1.3 million) and the timing of bond payments. Included in the fiscal year 2011 budget were payments for the 2011 bonds, however there were not any payments due until fiscal year 2012. The remaining \$1.0 million in savings for other charges were spread out throughout the General Fund, as all departments are continuing the effort of increasing efficiencies whenever possible.
 - o Transfers Out were underutilized by \$394 thousand, primarily due to savings by the Department of Aging (\$257 thousand) and the Department of Housing (\$83 thousand), which allowed these Departments to forgo this portion of their appropriation.
- Final Budgeted Capital Outlay was \$512 thousand for the year, while actual costs were \$238 thousand. Purchases of capital assets were less than anticipated by \$274 thousand (53.5 percent). This is largely due to the County's economic climate and its desire to reduce spending.

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, 2011 amounted to \$241.9 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	
	2011	2010	2011	2010	2011	2010
Land and Land Improvements	\$ 81,551,088	\$ 79,718,879	\$ 14,209,466	\$ 14,209,466	\$ 95,760,554	\$ 93,928,345
Intangible Rights - Easements	13,390	13,390	6,140	-	19,530	13,390
Construction in Progress	8,171,028	11,616,229	5,486,372	5,199,865	13,657,400	16,816,094
Buildings	30,780,208	26,865,669	10,459,319	12,419,423	41,239,527	39,285,092
Improvements other than Buildings	4,777,203	4,570,359	4,444,591	4,137,631	9,221,794	8,707,990
Infrastructure	9,066,088	8,962,561	48,429,689	48,632,364	57,495,777	57,594,925
Auto, Machinery, and Equipment	9,516,953	11,377,130	14,951,492	15,762,023	24,468,445	27,139,153
Total	\$ 143,875,958	\$ 143,124,217	\$ 97,987,069	\$ 100,360,772	\$ 241,863,027	\$ 243,484,989

Queen Anne's County's total investment in capital assets for the current fiscal year, net of depreciation, decreased by 0.7 percent, or \$1.6 million. Of this amount, governmental investment in capital assets increased by \$752 thousand, while business-type investment in capital assets decreased by \$2.4 million.

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

Changes in Capital Assets	Governmental Activities				
	2010	Additions	Construction In Progress & Transfers	Retirements	2011
Land and Land Improvements	\$ 79,718,879	\$ -	\$ 1,992,091	\$ (159,882)	\$ 81,551,088
Intangible Rights - Easements	13,390	-	-	-	13,390
Construction in Progress	11,616,229	4,422,434	(7,668,861)	(198,774)	8,171,028
Buildings	35,066,000	35,040	4,959,022	(227,064)	39,832,998
Improvements other than Buildings	5,517,458	16,130	359,008	-	5,892,596
Infrastructure	15,491,275	-	358,740	-	15,850,015
Auto, Machinery, and Equipment	28,988,183	482,223	-	(1,361,546)	28,108,860
Total Assets before depreciation	176,411,414	4,955,827	-	(1,947,266)	179,419,975
Less Depreciation	(33,287,197)	(3,533,792)	-	1,276,972	(35,544,017)
Total Assets after depreciation	\$ 143,124,217	\$ 1,422,035	\$ -	\$ (670,294)	\$ 143,875,958

Changes in Capital Assets	Business-Type Activities				
	2010	Additions	Construction In Progress & Transfers	Retirements	2011
Land and Land Improvements	\$ 14,209,466	\$ -	\$ -	\$ -	\$ 14,209,466
Intangible Rights - Easements	-	6,140	-	-	6,140
Construction in Progress	5,199,865	1,737,157	(1,381,340)	(69,310)	5,486,372
Buildings	18,218,809	13,451	15,497	(1,494,595)	16,753,162
Improvements other than Buildings	6,407,390	-	559,519	-	6,966,909
Infrastructure	68,224,214	837,427	806,324	(226,763)	69,641,202
Auto, Machinery, and Equipment	23,277,123	366,760	-	(436,196)	23,207,687
Total Assets before depreciation	135,536,867	2,960,935	-	(2,226,864)	136,270,938
Less Depreciation	(35,176,095)	(3,704,009)	-	596,235	(38,283,869)
Total Assets after depreciation	\$ 100,360,772	\$ (743,074)	\$ -	\$ (1,630,629)	\$ 97,987,069

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

- Land and Land Improvements increased by a net amount of \$1.8 million. This increase is primarily the result of the following three events: (a) the County acquired a parcel of land near the Town of Centreville with the intent of encouraging commercial use of the property (\$1.4 million); (b) the site work necessary to construct access roads to the Queen Anne's Emergency Center in Grasonville was completed (\$584 thousand); and (c) the County sold a parcel of land in the Matapeake Business Park to a commercial entity for \$350 thousand (\$160 thousand book value).
- Construction in Progress (CIP) decreased by a net amount of \$3.4 million. The following factors contributed to this decrease:

Costs reclassified from Construction in Progress include: (a) a major renovation to the County's transit garage facility (\$4.7 million); (b) infrastructure improvements near the Queen Anne's Emergency Center (\$730 thousand); (c) improvements to Ferry Point Park (\$374 thousand); and (d) a housing property rehabilitated and later sold to a qualified buyer (\$217 thousand).

Major additions to Construction in Progress include: (a) costs to acquire the County Complex property, later reclassified to the Land account (\$1.4 million); (b) the acquisition of agricultural easements (\$717 thousand); (c) improvements to Tanyard Road (\$686 thousand); (d) Railroad Avenue building renovations (\$581 thousand); (e) further development of the White Marsh Park (\$178 thousand); and (f) security upgrades and a new generator for the County Courthouse (\$85 thousand).

Additionally, costs related to soil remediation efforts were retired from Construction in Progress as those amounts were deemed to be non-capital in nature (\$199 thousand).

- Buildings and Improvements increased by a net amount of \$4.8 million. This increase is due almost exclusively to the completion of the public works transit garage renovation (\$4.7 million). Other additions include minor renovations to the emergency services hanger and the lower level of the circuit court building (\$46 thousand).
- Improvements to Site Other than Buildings increased by \$375 thousand. This increase relates primarily to the completion of two capital projects: (a) the Ferry Point Trail improvements and amenities were completed (\$166 thousand); and (b) traffic barriers were installed along several roadways throughout the County (\$192 thousand).
- Infrastructure increased by \$359 thousand. This increase relates primarily to the completion of two infrastructure projects as follows: (a) Shoreway Drive and Leonard Smith Road, which provide access to the Queen Anne's Emergency Center in Grasonville (\$146 thousand); and (b) the construction of a pedestrian crossing at the Ferry Point Park (\$207 thousand).
- Auto, Machinery and Equipment decreased by a net amount of \$879 thousand. The following factors culminated in this change:

Additions of \$482 thousand include the following: (a) the Aging Department utilized grant funding to acquire two new small scale transit buses (\$199 thousand); (b) the Sheriff's department acquired replacement law enforcement vehicles (\$139 thousand); (c) Solid Waste purchased roll-off containers and a waste compactor (\$50 thousand); and (d) computer-related equipment was acquired for several County departments (\$37 thousand).

Retired items of \$1.4 million include the following, the majority of which were fully depreciated: (a) vehicles and construction equipment deemed obsolete (\$806 thousand); (b) retirement of unserviceable public safety and transit vehicles (\$465 thousand); and (c) obsolete computer software and hardware (\$96 thousand).

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

- Buildings decreased by \$1.5 million due to the clearing of the Bay Model property. In an effort to promote economic growth in the County, this land is currently being developed as the Matapeake Business Park, with lots to be sold to commercial entities.
- Improvements to Site Other than Buildings increased by \$560 thousand. This increase relates to the completion of three public landings improvement projects as follows: (a) Shipping Creek Bulkhead (\$197 thousand); (b) Kent Narrows Ramp (\$174 thousand); and (c) Thompson Creek Ramp (\$189 thousand).
- Infrastructure increased by a net amount of \$1.4 million. The following factors contributed to this increase: (a) two Sanitary Waterworks capital projects were completed and the resulting infrastructure was placed in service (\$806 thousand); (b) water and sewer infrastructure constructed by developers were contributed to the County and incorporated into the County's water and sewer system (\$837 thousand); and (c) obsolete infrastructure removed from service and retired (\$226 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 \$143.1 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 \$143.1 million in debt, \$23.1 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 \$5.2 million, which are restricted to payment of the Sanitary District's subsequent year's debt. See Note 10 on pages 93 to 95 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	
	2011	2010	2011	2010	2011	2010
Bonds, Notes, Premiums and						
Deferred Debt Costs	\$ 103,916,450	\$ 89,725,398	\$ 20,150,999	\$ 21,611,733	\$ 124,067,449	\$ 111,337,131
Other Post-Employment Benefit Obligation	13,884,282	8,548,639	2,647,180	1,562,119	16,531,462	10,110,758
Compensated Absences	2,162,070	2,434,947	339,762	296,788	2,501,832	2,731,735
Total Long-term Debt	<u>\$ 119,962,802</u>	<u>\$ 100,708,984</u>	<u>\$ 23,137,941</u>	<u>\$ 23,470,640</u>	<u>\$ 143,100,743</u>	<u>\$ 124,179,624</u>

During the 2011 fiscal year, the County's total net debt increased by \$18.9 million (15.2 percent). Of this amount, governmental debt increased by \$19.3 million (19.1 percent), while business-type debt decreased by \$333 thousand (1.4 percent). The County issued 2011 Bonds totaling \$21.5 million and also entered into a promissory note agreement for \$365 thousand. In addition, total Other Post-Employment Benefit Obligations increased by \$6.4 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 83 to 92, 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 \$6.9 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 2011, 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 2012 fiscal year:

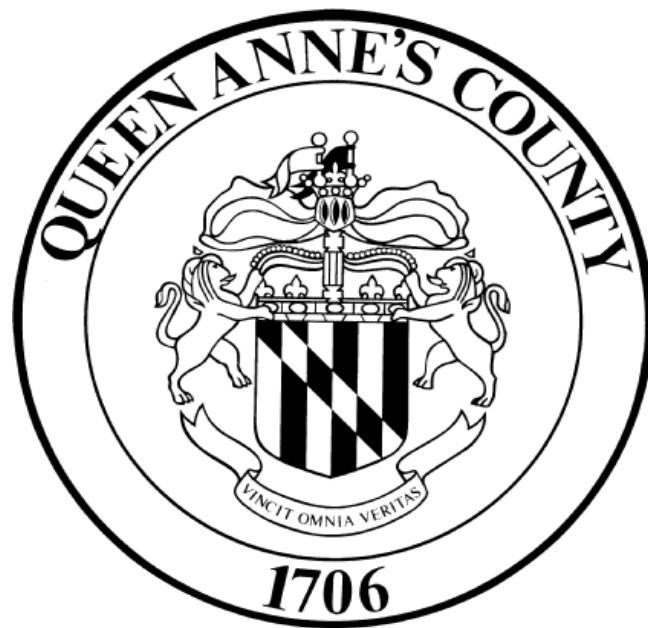
- Property assessments are projected to decrease by 0.15 percent over the previous year, based on State Assessment Office values used to compute the Constant Yield rate.
- The County Commissioners adopted a property tax rate of \$.8471 per \$100 of assessed valuation of real property for fiscal year 2012. This is an increase of \$0.08 (10.4 percent) from the rate of \$.7671 in effect for the 2011 fiscal year. In addition, the County Commissioners also increased the Homestead Property Tax Credit from 0% to 5% for the taxable year beginning July 1, 2012. The property tax rate, along with the expected decrease in property assessments, are reflected in the projected fiscal year 2012 property tax revenue of \$65.9 million, which is an increase of \$5.8 million (9.6 percent) over the fiscal year 2011 revenue of \$60.1 million.
- Income tax revenue is projected to increase to \$31.1 million in fiscal year 2012, which is a 5.3% increase over actual receipts for fiscal year 2011. The increase is a result of the County Commissioners raising the income tax rate from 2.85% of all taxable wages, to 3.2% (12.3% increase), effective January 1, 2012.
- In preparation for the fiscal 2012 budget, a Task Force on Government Sustainability was formed. The committee consisted of seven citizens and two commissioner representatives tasked with reviewing existing County functions/services and recommending steps to ensure the long-term sustainability of County government. The Task Force was divided into three subcommittees: County functions, Public Safety, and Board of Education. Each subcommittee reviewed vital topics and presented recommendations to the County Commissioners. Before issuing the recommendations, the Task Force met publicly on eleven separate occasions. The recommendations were considered as part of the Commissioners' budget deliberations, and incorporated into the adoption of the fiscal year 2012 budget.

In addition to the increase in the property and income tax rates, the following are a few of the policies to continue through fiscal year 2012:

- o Continue the hiring freeze through fiscal year 2012 with all requests for new part-time and full-time employee positions to be presented to the Commissioners for approval prior to advertising a vacancy;
- o Continue implementation of the County workforce furlough program;
- o Continue the suspension of the employee education assistance program; and
- o Continue the suspension of the employee vacation pay-out program.

Requests for information

This financial report is designed to provide a general overview of Queen Anne's County Government's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Queen Anne's County Finance Office, 107 N. Liberty Street, Centreville, Maryland 21617. This report can also be found on the County's website, <http://www.qac.org> (see Departments, Finance, Financial Reports and Forms, Link to 2011 Comprehensive Annual Financial Report (CAFR)).



Basic Financial Statements

QUEEN ANNE'S COUNTY, MARYLAND
STATEMENT OF NET ASSETS
JUNE 30, 2011

	PRIMARY GOVERNMENT		
	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
ASSETS			
Equity in Pooled Cash and Investments	\$ 45,672,988	\$ 9,901,836	\$ 55,574,824
Cash and Cash Equivalents	-	-	-
Taxes Receivable (Net)	376,226	-	376,226
Accounts and Loans Receivable (Net)	4,819,962	629,006	5,448,968
Special Assessments (Net)	1,139,327	-	1,139,327
Internal Balances	751,513	(751,513)	-
Due from Primary Government	-	-	-
Due from Component Units	120,082	-	120,082
Due from Other Governments	12,897,896	154,469	13,052,365
Bond Interest Reimbursement Receivable - Build America Bond	110,004	4,496	114,500
Inventories	565,391	445,810	1,011,201
Prepaid Items	247	-	247
Restricted Assets:			
Equity in Pooled Cash and Investments	-	10,789,829	10,789,829
Investments	-	-	-
Accounts Receivable (Net)	-	47,578	47,578
Special Assessments Receivable (Net)	-	2,770,611	2,770,611
Capital Assets:			
Nondepreciable Assets	89,735,506	19,701,978	109,437,484
Depreciable Assets, Net	54,140,452	78,285,091	132,425,543
Total Assets	210,329,594	121,979,191	332,308,785
LIABILITIES			
Accounts Payable and Other Current Liabilities	3,830,576	425,042	4,255,618
Accrued Interest Payable	1,264,252	123,495	1,387,747
Due to Primary Government	-	-	-
Due to Component Units	3,008,665	-	3,008,665
Due to Other Governmental Agencies	319,806	-	319,806
Unearned Revenue	2,463,390	692,518	3,155,908
Escrow Deposits	-	47,717	47,717
Liabilities Payable from Restricted Assets:			
Unearned Revenue	-	2,661,512	2,661,512
Noncurrent Liabilities:			
Due within One Year	8,620,719	2,316,402	10,937,121
Due in More than One Year	111,342,083	20,821,539	132,163,622
Total Liabilities	130,849,491	27,088,225	157,937,716
NET ASSETS			
Invested in Capital Assets, Net of Related Debt	118,274,533	78,069,061	196,343,594
Restricted for:			
Governmental Activities	22,399,514	-	22,399,514
Debt Service	-	3,288,572	3,288,572
Capital/Debt Service	-	6,388,195	6,388,195
Business-type Operations	-	6,391,838	6,391,838
Capital Projects	-	753,300	753,300
Other Purposes	-	-	-
Unrestricted Net Assets (Deficit)	(61,193,944)	-	(61,193,944)
Total Net Assets	\$ 79,480,103	\$ 94,890,966	\$ 174,371,069

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, 2011

(CONTINUED)

COMPONENT UNITS		
BOARD OF EDUCATION	FREE LIBRARY	HOUSING AUTHORITY
\$ -	\$ -	\$ 2,123,122
13,772,461	703,236	334,490
-	-	-
490,248	21,509	6,876
-	-	-
-	-	-
3,008,665	-	-
-	-	-
1,294,037	-	407,607
-	-	-
51,741	-	-
4,120	17,200	-
-	650,441	-
-	-	99,331
-	-	-
-	-	-
24,780,234	29,850	1,365,852
120,727,509	946,449	18,167,028
164,129,015	2,368,685	22,504,306
13,185,292	41,802	61,965
-	-	20,904
-	-	120,082
-	-	-
29,613	-	115,970
1,323,112	-	6,134
-	-	97,855
-	-	-
492,102	-	102,089
15,412,480	561,264	2,780,751
30,442,599	603,066	3,305,750
145,503,183	976,299	16,995,112
-	-	-
-	-	-
-	-	-
-	-	-
815,400	-	2,073,691
225,990	10,500	-
(12,858,157)	778,820	129,753
\$ 133,686,416	\$ 1,765,619	\$ 19,198,556

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, 2011

	PRIMARY GOVERNMENT				
	EXPENSES	CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	TOTAL REVENUE
PRIMARY GOVERNMENT					
Governmental Activities					
General Government	\$ 15,968,633	\$ 1,086,641	\$ 694,347	\$ 118,100	\$ 1,899,088
Public Safety	25,413,678	1,090,545	1,461,080	82,885	2,634,510
Public Works	9,098,949	872,352	546,719	901,289	2,320,360
Health	1,701,677	-	-	-	-
Social Services	5,001,240	69,382	2,050,062	215,748	2,335,192
Education	57,506,341	755,443	-	-	755,443
Parks & Recreation	3,090,228	187,901	1,868	199,698	389,467
Library	1,457,336	-	-	-	-
Conservation of Natural Resources	3,811,748	75,354	1,006,138	1,923,471	3,004,963
Economic/Community Development	1,893,570	4,236	239,893	110,561	354,690
Interest and Fiscal Charges	4,078,105	-	-	-	-
Total Governmental Activities	129,021,505	4,141,854	6,000,107	3,551,752	13,693,713
Business-type Activities					
Water and Sewer	10,905,989	8,192,471	-	837,426	9,029,897
Parks & Recreation	4,099,507	1,568,227	39,572	196,487	1,804,286
Public Marinas	67,395	84,987	16,241	588,326	689,554
Airport	1,167,655	37,955	3,715	448,600	490,270
Total Business-type Activities	16,240,546	9,883,640	59,528	2,070,839	12,014,007
Total Primary Government	\$ 145,262,051	\$ 14,025,494	\$ 6,059,635	\$ 5,622,591	\$ 25,707,720
COMPONENT UNITS					
Board of Education	\$ 103,922,978	\$ 1,528,632	\$ 21,202,277	\$ -	\$ 22,730,909
Free Library	1,945,560	7,818	198,275	-	206,093
Housing Authority	3,013,711	1,277,554	1,458,042	583,176	3,318,772
Total Component Units	\$ 108,882,249	\$ 2,814,004	\$ 22,858,594	\$ 583,176	\$ 26,255,774
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, 2011

(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
\$ (14,069,545)	\$ -	\$ (14,069,545)	\$ -	\$ -	\$ -
(22,779,168)	-	(22,779,168)	-	-	-
(6,778,589)	-	(6,778,589)	-	-	-
(1,701,677)	-	(1,701,677)	-	-	-
(2,666,048)	-	(2,666,048)	-	-	-
(56,750,898)	-	(56,750,898)	-	-	-
(2,700,761)	-	(2,700,761)	-	-	-
(1,457,336)	-	(1,457,336)	-	-	-
(806,785)	-	(806,785)	-	-	-
(1,538,880)	-	(1,538,880)	-	-	-
(4,078,105)	-	(4,078,105)	-	-	-
(115,327,792)	-	(115,327,792)	-	-	-
-	(1,876,092)	(1,876,092)	-	-	-
-	(2,295,221)	(2,295,221)	-	-	-
-	622,159	622,159	-	-	-
-	(677,385)	(677,385)	-	-	-
-	(4,226,539)	(4,226,539)	-	-	-
\$ (115,327,792)	\$ (4,226,539)	\$ (119,554,331)	\$ -	\$ -	\$ -
-	-	-	(81,192,069)	-	-
-	-	-	-	(1,739,467)	-
-	-	-	-	-	305,061
-	-	-	(81,192,069)	(1,739,467)	305,061
60,070,368	-	60,070,368	-	-	-
30,624,679	-	30,624,679	-	-	-
188,715	-	188,715	-	-	-
3,609,751	-	3,609,751	-	-	-
441,123	-	441,123	-	-	-
1,158,897	-	1,158,897	-	-	-
-	-	-	86,712,367	1,559,606	318,319
136,523	407,629	544,152	15,175	7,143	4,076
281,158	-	281,158	-	-	-
711,868	884,772	1,596,640	267,928	83,096	-
(611,922)	611,922	-	-	-	-
96,611,160	1,904,323	98,515,483	86,995,470	1,649,845	322,395
(18,716,632)	(2,322,216)	(21,038,848)	5,803,401	(89,622)	627,456
98,196,735	97,213,182	195,409,917	127,883,015	1,855,241	18,571,100
\$ 79,480,103	\$ 94,890,966	\$ 174,371,069	\$ 133,686,416	\$ 1,765,619	\$ 19,198,556

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, 2011

	GENERAL FUND	GENERAL CAPITAL	ROADS CAPITAL	SCHOOL IMPACT FEES CAPITAL
<u>ASSETS</u>				
Cash and Cash Equivalents	\$ 3,903,548	\$ 31,376,579	\$ 3,415,386	\$ 416,209
Prepaid Items	-	-	-	-
Receivables				
Taxes Receivable (Net)	254,204	122,022	-	-
Accounts and Loans Receivable (Net)	266,842	2,036	19,518	419,329
Special Assessments (Net)	-	-	455,933	-
Due from Other Governments	11,209,964	230,351	686,352	-
Due from Other Funds	1,010,173	68,775	-	-
Due from Component Units	120,082	-	-	-
Inventory	4,000	-	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
 Total Assets	 <u>\$ 16,768,813</u>	 <u>\$ 31,799,763</u>	 <u>\$ 4,577,189</u>	 <u>\$ 835,538</u>
<u>LIABILITIES AND FUND BALANCES</u>				
Liabilities				
Accrued Liabilities	\$ 2,882,780	\$ 357,040	\$ 31	\$ -
Due to Other Funds	-	-	-	-
Due to Component Units	-	3,008,665	-	-
Due to Other Governmental Agencies	-	-	-	-
Deferred Revenue	8,067,511	80,307	515,900	419,329
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
 Total Liabilities	 <u>10,950,291</u>	 <u>3,446,012</u>	 <u>515,931</u>	 <u>419,329</u>
Fund Balances				
Nonspendable	4,000	-	-	-
Restricted	333,798	16,920,733	-	416,209
Committed	657,068	1,042,909	777,909	-
Assigned	70,000	10,390,109	3,283,349	-
Unassigned	4,753,656	-	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
 Total Fund Balances	 <u>5,818,522</u>	 <u>28,353,751</u>	 <u>4,061,258</u>	 <u>416,209</u>
 Total Liabilities and Fund Balances	 <u>\$ 16,768,813</u>	 <u>\$ 31,799,763</u>	 <u>\$ 4,577,189</u>	 <u>\$ 835,538</u>

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

QUEEN ANNE'S COUNTY, MARYLAND

BALANCE SHEET

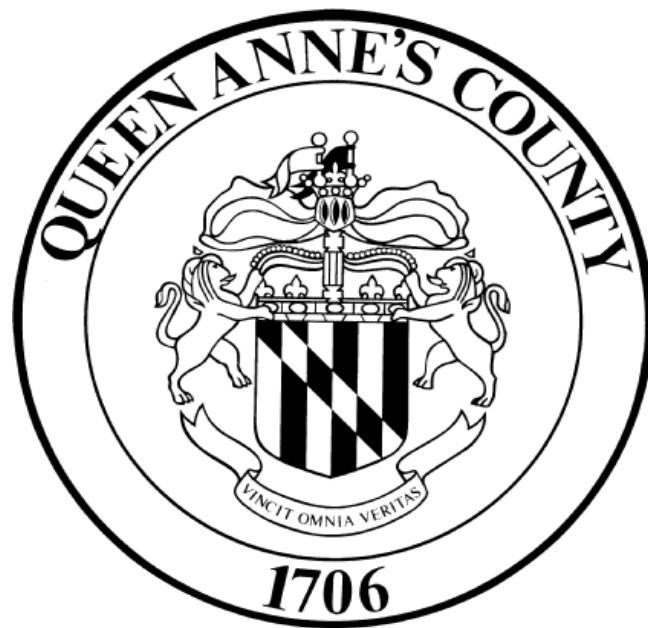
GOVERNMENTAL FUNDS

JUNE 30, 2011

(CONTINUED)

ROADS BOARD	NON-MAJOR GOVERNMENTAL	TOTAL GOVERNMENTAL FUNDS
\$ 1,493,085	\$ 5,068,181	\$ 45,672,988
-	247	247
-	-	376,226
62,837	4,049,400	4,819,962
-	683,394	1,139,327
266,341	504,888	12,897,896
-	-	1,078,948
-	-	120,082
<u>561,391</u>	<u>-</u>	<u>565,391</u>
<u>\$ 2,383,654</u>	<u>\$ 10,306,110</u>	<u>\$ 66,671,067</u>
\$ 198,683	\$ 392,042	\$ 3,830,576
-	327,435	327,435
-	-	3,008,665
-	319,806	319,806
<u>586,402</u>	<u>835,763</u>	<u>10,505,212</u>
<u>785,085</u>	<u>1,875,046</u>	<u>17,991,694</u>
561,391	3,840,092	4,405,483
167,827	4,560,947	22,399,514
-	-	2,477,886
869,351	202,406	14,815,215
<u>-</u>	<u>(172,381)</u>	<u>4,581,275</u>
<u>1,598,569</u>	<u>8,431,064</u>	<u>48,679,373</u>
<u>\$ 2,383,654</u>	<u>\$ 10,306,110</u>	<u>\$ 66,671,067</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, 2011

Total Fund Balance - Governmental Funds	\$ 48,679,373
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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	110,004
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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	\$ 40,902,400	
Infrastructure	40,662,078	
Construction in Progress	8,171,028	89,735,506
ADD Depreciable capital assets		
Buildings	39,832,998	
Improvements other than Buildings	5,892,596	
Machinery and Equipment	18,893,933	
Automobiles and Trucks	9,214,927	
Infrastructure	15,850,015	
Less Accumulated depreciation	(35,544,017)	54,140,452

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	78,885	
ADD Income Taxes deferred in governmental funds	6,213,478	
ADD Loans receivable deferred in governmental funds	1,749,459	8,041,822

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		(1,264,252)
SUBTRACT Long-Term Liabilities Due within One Year		
Accrued Compensated Absences	(1,379,933)	
Bonds and Notes Payable	(7,240,786)	(8,620,719)
SUBTRACT Long-Term Liabilities Due in More than One Year		
Other Post-Employment Benefit Obligation	(13,884,281)	
Accrued Compensated Absences	(782,138)	
Bonds and Notes Payable	(96,675,664)	(111,342,083)

Total Net Assets - Governmental Activities	\$ 79,480,103
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The accompanying notes to the basic financial statements are an integral part of this statement.

QUEEN ANNE'S COUNTY, MARYLAND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2011

	GENERAL FUND	GENERAL CAPITAL	ROADS CAPITAL	SCHOOL IMPACT FEES CAPITAL
<u>REVENUES</u>				
Taxes				
Local Property Tax	\$ 60,061,951	\$ -	\$ -	\$ -
Local Income Tax	29,527,496	-	-	-
Admission and Amusement Taxes	141,536	-	-	-
Recordation Taxes	2,426,641	361,901	-	-
Hotel Taxes	441,123	-	-	-
County Transfer Taxes	-	1,158,897	-	-
State Shared Taxes	-	-	-	-
Licenses and Permits	919,663	-	-	-
Intergovernmental	1,933,743	2,912,038	901,289	-
Bond Interest Reimbursement - Build America Bond	438,022	-	-	-
Charges for Current Services	1,553,687	-	59,793	755,443
Fines and Forfeitures	36,244	-	-	-
Investment Income	50,109	23,842	34,640	220
Donations	35,335	12,804	-	-
Miscellaneous	510,843	8,025	-	-
Total Revenues	98,076,393	4,477,507	995,722	755,663
<u>EXPENDITURES</u>				
Current				
General Government	9,789,937	523,985	-	-
Public Safety	20,657,018	9,743	-	-
Public Works	2,938,771	457,300	388,669	-
Health	1,670,222	-	-	-
Social Services	284,865	26,592	-	-
Education	49,691,877	7,874,988	-	-
Parks	2,373,537	147,638	-	-
Library	1,433,725	-	-	-
Conservation of Natural Resources	531,968	2,228,386	-	-
Economic/Community Development	1,027,499	-	-	-
Miscellaneous	4,699,452	-	-	-
Capital Outlay	238,195	3,601,013	974,216	-
Debt Service				
Principal	6,835,118	-	-	-
Debt Issuance Costs	-	129,671	-	-
Interest and Fiscal Charges	3,614,051	-	-	-
Total Expenditures	105,786,235	14,999,316	1,362,885	-
Excess of Revenues Over (Under) Expenditures	(7,709,842)	(10,521,809)	(367,163)	755,663
<u>OTHER FINANCING SOURCES (USES)</u>				
Issuance of Debt	-	21,508,901	388,669	-
Bond Premiums	-	139,136	-	-
Proceeds of Capital Asset Disposals	-	564,742	-	-
Insurance Proceeds	99,028	-	-	-
Transfers In	2,320,569	665,525	-	-
Transfers Out	(2,922,343)	(1,680,551)	(10,000)	(1,408,120)
Other Financing Sources (Uses)	(502,746)	21,197,753	378,669	(1,408,120)
Net Increase (Decrease) in Fund Balances	(8,212,588)	10,675,944	11,506	(652,457)
Fund Balances, July 1	14,031,110	17,677,807	4,049,752	1,068,666
Fund Balances, June 30	\$ 5,818,522	\$ 28,353,751	\$ 4,061,258	\$ 416,209

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, 2011

(CONTINUED)

ROADS BOARD	NON-MAJOR GOVERNMENTAL	TOTAL GOVERNMENTAL FUNDS
\$ -	\$ 36,008	\$ 60,097,959
-	-	29,527,496
-	47,179	188,715
-	821,209	3,609,751
-	-	441,123
-	-	1,158,897
197,776	32,625	230,401
-	-	919,663
328,943	2,701,716	8,777,729
-	-	438,022
290,779	484,144	3,143,846
-	42,101	78,345
4,797	22,915	136,523
-	61,203	109,342
86,264	103,323	708,455
<u>908,559</u>	<u>4,352,423</u>	<u>109,566,267</u>
-	83,535	10,397,457
-	460,560	21,127,321
3,493,027	-	7,277,767
-	-	1,670,222
-	3,787,193	4,098,650
-	-	57,566,865
-	-	2,521,175
-	-	1,433,725
-	1,112,562	3,872,916
-	688,025	1,715,524
-	-	4,699,452
13,732	11,425	4,838,581
-	129,440	6,964,558
-	-	129,671
-	15,375	3,629,426
<u>3,506,759</u>	<u>6,288,115</u>	<u>131,943,310</u>
<u>(2,598,200)</u>	<u>(1,935,692)</u>	<u>(22,377,043)</u>
-	-	21,897,570
-	-	139,136
2,208	15,651	582,601
-	-	99,028
-	2,400,162	5,386,256
-	(593,507)	(6,614,521)
<u>2,208</u>	<u>1,822,306</u>	<u>21,490,070</u>
(2,595,992)	(113,386)	(886,973)
<u>4,194,561</u>	<u>8,544,450</u>	<u>49,566,346</u>
<u>\$ 1,598,569</u>	<u>\$ 8,431,064</u>	<u>\$ 48,679,373</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, 2011

Change in Fund Balances - Total governmental funds, per Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds	\$	(886,973)
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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	\$	263,352	
ADD capital assets resulting from force-in-kind expenditures		117,246	
ADD capital assets resulting from general capital projects		3,601,013	
ADD capital assets resulting from roads capital projects		974,216	
 SUBTRACT book value of disposed capital assets, net of accumulated depreciation		 (670,294)	
SUBTRACT current year depreciation expense		<u>(3,533,792)</u>	
 Net Increase in Capital Assets			 751,741

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	110,004		
SUBTRACT prior year's bond interest reimbursement receivable - Build America Bond		<u>(113,640)</u>	
			(3,636)

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, 2011

(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	\$ 78,885	
SUBTRACT prior year's Property Tax Deferred Revenue	(106,476)	
	<u>\$</u>	(27,591)
ADD current year's Income Tax Deferred Revenue	6,213,478	
SUBTRACT prior year's Income Tax Deferred Revenue	(5,116,295)	
	<u></u>	1,097,183

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	6,822,151	
Notes Payable	946,450	
Bond Premiums, Net of Issuance Costs	66,070	
Deferred Refunding Costs	(170,483)	
Capital Leases	51,795	
	<u>7,715,983</u>	
SUBTRACT proceeds of 2011 Bond	(21,532,570)	
SUBTRACT Bond premium, net of issuance costs for 2011 bond	(9,465)	
SUBTRACT proceeds of Loan for Frizz King Property	(365,000)	
SUBTRACT College reimbursement received	(239,495)	
ADD County's allocation to College for debt	<u>60,524</u>	
		(14,370,023)

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

ADD prior year's Accrued Interest Payable	1,049,686	
SUBTRACT current year's Accrued Interest Payable	(1,264,252)	
	<u></u>	(214,566)
ADD prior year's Accrued Compensated Absences	2,434,948	
SUBTRACT current year's Accrued Compensated Absences	(2,162,071)	
	<u></u>	272,877
ADD prior year's Accrued Other Post Employment Benefit Obligation	8,548,637	
SUBTRACT current year's Accrued Other Post Employment Benefit Obligation	(13,884,281)	
	<u></u>	(5,335,644)

Change in Net Assets - governmental activities, per Statement of Activities	<u><u>\$ (18,716,632)</u></u>
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The accompanying notes to the basic financial statements are an integral part of this statement.

QUEEN ANNE'S COUNTY, MARYLAND
STATEMENT OF NET ASSETS
ENTERPRISE FUNDS
JUNE 30, 2011

	SANITARY DISTRICT		
	SEWER OPERATIONS	WATER OPERATIONS	RESTRICTED FUND
ASSETS			
Current Assets			
Unrestricted			
Equity in Pooled Cash	\$ 6,146,764	\$ 2,915,613	\$ -
Accounts Receivable (Net)	329,474	176,347	-
Due from Other Funds	280,682	-	-
Due from Other Governments	-	-	-
Bond Interest Reimbursement Receivable - Build America Bond	-	-	-
Inventories	397,081	-	-
Restricted			
Restricted Equity in Pooled Cash	-	-	7,131,635
Restricted Accounts Receivable (Net)	-	-	9,860
Total Current Assets	7,154,001	3,091,960	7,141,495
Noncurrent Assets			
Restricted			
Special Assessments Receivable (Net)	-	-	1,199,203
Capital Assets			
Intangible Rights	-	6,140	-
Land, Improved and Unimproved	816,331	-	-
Buildings and Improvements to Buildings	14,265,248	180,203	-
Improvements Other Than Buildings	1,615,474	128,152	-
Automotive Equipment	977,486	203,387	-
Equipment	19,893,847	1,073,319	-
Furniture and Fixtures	47,216	6,228	-
Infrastructure Improvements	49,003,503	20,637,699	-
Construction in Progress	270,283	-	-
Capital Assets before Depreciation	86,889,388	22,235,128	-
Less Accumulated Depreciation	(28,062,092)	(6,406,160)	-
Total Capital Assets, Net of Accumulated Depreciation	58,827,296	15,828,968	-
Total Noncurrent Assets	58,827,296	15,828,968	1,199,203
Total Assets	65,981,297	18,920,928	8,340,698
LIABILITIES			
Current Liabilities			
Payable from Unrestricted Assets			
Accounts Payable	261,021	49,455	-
Accrued Interest Payable	88,420	5,984	-
Escrow Deposits	28,140	-	-
Due to Other Funds	-	-	-
Unearned Revenue	664,827	-	-
Current Portion of Compensated Absences	117,489	46,625	-
Current Portion of Bonds/Notes Payable	1,431,598	447,118	-
Payable from Restricted Assets			
Current Portion of Bonds Payable	-	-	-
Total Current Liabilities	2,591,495	549,182	-
Noncurrent Liabilities			
Payable from Unrestricted Assets			
Compensated Absences	66,592	26,427	-
Other Post-Employment Benefit Obligation	1,506,837	467,915	-
Bonds/Notes Payable	15,092,700	599,283	-
Liabilities Associated with Restricted Assets			
Unearned Revenue	-	-	1,199,203
Total Noncurrent Liabilities	16,666,129	1,093,625	1,199,203
Total Liabilities	19,257,624	1,642,807	1,199,203
NET ASSETS			
Invested in Capital Assets, Net of Related Debt	42,302,998	14,782,567	-
Restricted for:			
Debt Service	-	-	-
Capital Projects	-	-	753,300
Unrestricted	4,420,675	2,495,554	6,388,195
Total Net Assets	\$ 46,723,673	\$ 17,278,121	\$ 7,141,495

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, 2011

(CONTINUED)

SANITARY DISTRICT		BAY BRIDGE AIRPORT	NON-MAJOR ENTERPRISE FUNDS	TOTAL PRIMARY GOVERNMENT ENTERPRISE FUNDS
DEBT SERVICE FUND	TOTAL			
\$ -	\$ 9,062,377	\$ -	\$ 839,459	\$ 9,901,836
-	505,821	112,807	10,378	629,006
-	280,682	-	20,000	300,682
-	-	58,542	95,927	154,469
-	-	712	3,784	4,496
-	397,081	39,992	8,737	445,810
3,658,194	10,789,829	-	-	10,789,829
37,718	47,578	-	-	47,578
3,695,912	21,083,368	212,053	978,285	22,273,706
1,571,408	2,770,611	-	-	2,770,611
-	6,140	-	-	6,140
-	816,331	10,670,168	2,722,967	14,209,466
-	14,445,451	1,126,839	1,180,872	16,753,162
-	1,743,626	2,146,831	3,076,452	6,966,909
-	1,180,873	59,470	83,445	1,323,788
-	20,967,166	41,020	791,519	21,799,705
-	53,444	-	30,750	84,194
-	69,641,202	-	-	69,641,202
-	270,283	2,938,210	2,277,879	5,486,372
-	109,124,516	16,982,538	10,163,884	136,270,938
-	(34,468,252)	(2,431,226)	(1,384,391)	(38,283,869)
-	74,656,264	14,551,312	8,779,493	97,987,069
1,571,408	77,426,875	14,551,312	8,779,493	100,757,680
5,267,320	98,510,243	14,763,365	9,757,778	123,031,386
-	310,476	27,983	86,583	425,042
3,210	97,614	9,082	16,799	123,495
-	28,140	8,630	10,947	47,717
280,682	280,682	377,884	393,629	1,052,195
-	664,827	-	27,691	692,518
-	164,114	7,507	45,231	216,852
-	1,878,716	41,710	124,753	2,045,179
54,371	54,371	-	-	54,371
338,263	3,478,940	472,796	705,633	4,657,369
-	93,019	4,255	25,636	122,910
-	1,974,752	166,141	506,287	2,647,180
178,620	15,870,603	593,963	1,586,883	18,051,449
1,462,309	2,661,512	-	-	2,661,512
1,640,929	20,599,886	764,359	2,118,806	23,483,051
1,979,192	24,078,826	1,237,155	2,824,439	28,140,420
-	57,085,565	13,915,639	7,067,857	78,069,061
3,288,128	3,288,128	-	444	3,288,572
-	753,300	-	-	753,300
-	13,304,424	(389,429)	(134,962)	12,780,033
\$ 3,288,128	\$ 74,431,417	\$ 13,526,210	\$ 6,933,339	\$ 94,890,966

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, 2011

	SANITARY DISTRICT		
	SEWER OPERATIONS	WATER OPERATIONS	RESTRICTED FUND
<u>OPERATING REVENUES</u>			
Charges for Services	\$ 4,897,764	\$ 2,054,158	\$ 699,498
Intergovernmental	-	-	-
Bond Interest Reimbursement - Build America Bond	-	-	-
Material Sales	2,450	4,022	-
Miscellaneous Revenues	97,204	137,373	-
Total Operating Revenues	4,997,418	2,195,553	699,498
<u>OPERATING EXPENSES</u>			
Cost of Sales and Services			
Collection	2,223,367	-	-
Distribution	-	99,180	-
Treatment	1,281,225	1,055,985	-
Shop	157,220	96,923	-
Airport	-	-	-
Parks and Recreation	-	-	-
Public Marinas	-	-	-
Total Cost of Sales and Services	3,661,812	1,252,088	-
Administration and Inspection	685,074	511,852	-
Other Post-Employment Benefit Contributions	601,594	190,256	-
Depreciation	2,890,057	488,614	-
Total Operating Expenses	7,838,537	2,442,810	-
Operating Income (Loss)	(2,841,119)	(247,257)	699,498
<u>NON-OPERATING REVENUES (EXPENSES)</u>			
Investment Income	102,881	53,536	120,835
Interest Expense	(298,759)	(78,966)	-
Loss on Disposal of Capital Assets	(29,118)	(197,321)	-
Total Non-Operating Revenues (Expenses)	(224,996)	(222,751)	120,835
Income (Loss) Before Contributions and Transfers	(3,066,115)	(470,008)	820,333
Capital Contributions, Fees and Grants	751,231	86,195	-
Transfers In	1,706,498	539,645	-
Transfers Out	-	-	(1,131,894)
Net Transfers In (Out)	1,706,498	539,645	(1,131,894)
Change in Net Assets	(608,386)	155,832	(311,561)
Total Net Assets - Beginning of Year	47,332,059	17,122,289	7,453,056
Total Net Assets - End of Year	\$ 46,723,673	\$ 17,278,121	\$ 7,141,495

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, 2011

(CONTINUED)

SANITARY DISTRICT		BAY BRIDGE AIRPORT	NON-MAJOR ENTERPRISE FUNDS	TOTAL PRIMARY GOVERNMENT ENTERPRISE FUNDS
DEBT SERVICE FUND	TOTAL			
\$ 541,051	\$ 8,192,471	\$ 37,955	\$ 1,653,214	\$ 9,883,640
-	-	821	38,927	39,748
-	-	2,894	16,886	19,780
-	6,472	412,340	53,196	472,008
-	234,577	107,118	71,069	412,764
541,051	8,433,520	561,128	1,833,292	10,827,940
-	2,223,367	-	-	2,223,367
-	99,180	-	-	99,180
-	2,337,210	-	-	2,337,210
-	254,143	-	-	254,143
-	-	856,188	-	856,188
-	-	-	2,365,820	2,365,820
-	-	-	55,504	55,504
-	4,913,900	856,188	2,421,324	8,191,412
-	1,196,926	-	-	1,196,926
-	791,850	64,999	228,212	1,085,061
-	3,378,671	171,640	153,698	3,704,009
-	10,281,347	1,092,827	2,803,234	14,177,408
541,051	(1,847,827)	(531,699)	(969,942)	(3,349,468)
130,152	407,404	225	-	407,629
(20,478)	(398,203)	(21,510)	(43,797)	(463,510)
-	(226,439)	(53,318)	(1,319,871)	(1,599,628)
109,674	(217,238)	(74,603)	(1,363,668)	(1,655,509)
650,725	(2,065,065)	(606,302)	(2,333,610)	(5,004,977)
-	837,426	448,600	784,813	2,070,839
1,056,894	3,303,037	62,740	468,110	3,833,887
(2,090,071)	(3,221,965)	-	-	(3,221,965)
(1,033,177)	81,072	62,740	468,110	611,922
(382,452)	(1,146,567)	(94,962)	(1,080,687)	(2,322,216)
3,670,580	75,577,984	13,621,172	8,014,026	97,213,182
\$ 3,288,128	\$ 74,431,417	\$ 13,526,210	\$ 6,933,339	\$ 94,890,966

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, 2011

	SANITARY DISTRICT		
	SEWER OPERATIONS	WATER OPERATIONS	RESTRICTED FUND
<u>CASH FLOW FROM OPERATING ACTIVITIES</u>			
Receipts from customers and users	\$ 4,838,066	\$ 2,037,932	\$ 704,795
Receipts from other operating sources	132,768	141,395	-
Receipts from bond interest reimbursement - Build America Bond	-	-	-
Payments to suppliers	(1,700,809)	(761,642)	-
Payments to employees and on behalf of employees	(2,586,127)	(1,016,541)	-
Net Cash Provided (Used) by Operating Activities	683,898	401,144	704,795
<u>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</u>			
Transfers in from other funds	1,706,498	539,645	-
Receipts (payments) from interfund loans	(128,224)	-	-
Transfers to other funds	-	-	(1,131,894)
Principal paid on interfund loans	-	-	-
Net Cash Provided (Used) by Noncapital Financing Activities	1,578,274	539,645	(1,131,894)
<u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</u>			
Proceeds (loss) from the disposition of capital assets	-	-	-
Receipts from capital grants	-	-	-
Principal paid on capital debt	(1,446,361)	(455,435)	-
Receipts from bonds, including premiums, net of issuance costs	-	-	-
Interest paid on capital debt	(312,427)	(62,226)	-
Acquisition and construction of capital assets	(296,847)	(88,725)	-
Net Cash Provided (Used) by Capital and Related Financing Activities	(2,055,635)	(606,386)	-
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Net Cash Provided by Investing Activities - Investment Income	102,881	53,536	120,835
Net Increase (Decrease) in Cash and Cash Equivalents	309,418	387,939	(306,264)
Balances - Beginning of the year	5,837,346	2,527,674	7,437,899
Balances - End of the year	\$ 6,146,764	\$ 2,915,613	\$ 7,131,635
<u>Reconciliation of operating income (loss) to net cash provided by operating activities</u>			
Operating income (loss)	\$ (2,841,119)	\$ (247,257)	\$ 699,498
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:			
Depreciation	2,890,057	488,614	-
Effect of changes in operating assets and liabilities:			
Accounts receivable, net	(3,312)	(16,226)	5,297
Special assessments receivable, net	-	-	193,371
Operating grants receivable	33,114	-	-
Build America Bonds Interest receivable	-	-	-
Inventories and Prepaid Expenses	(55,832)	-	-
Vendor accounts payable	112,926	(15,271)	-
Compensated absences	2,856	1,028	-
Other Post-Employment Benefit Obligation	601,594	190,256	-
Escrow deposits payable	1,920	-	-
Deferred revenue collected in advance	(58,306)	-	(193,371)
Net Cash Provided (Used) by Operating Activities	\$ 683,898	\$ 401,144	\$ 704,795
<u>Noncash investing, capital and financing activities:</u>			
Donation of capital assets (infrastructure) by developers	\$ 751,231	\$ 86,196	\$ -

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, 2011

(CONTINUED)

SANITARY DISTRICT		BAY BRIDGE AIRPORT	NON-MAJOR ENTERPRISE FUNDS	TOTAL PRIMARY GOVERNMENT ENTERPRISE FUNDS
DEBT SERVICE FUND	TOTAL			
\$ 579,498	\$ 8,160,291	\$ 41,729	\$ 1,664,367	\$ 9,866,387
-	274,163	1,400,980	178,196	1,853,339
-	-	2,857	14,512	17,369
-	(2,462,451)	(713,456)	(1,250,604)	(4,426,511)
-	(3,602,668)	(219,488)	(1,322,312)	(5,144,468)
579,498	2,369,335	512,622	(715,841)	2,166,116
1,056,894	3,303,037	62,740	468,110	3,833,887
280,682	152,458	377,884	403,629	933,971
(2,090,071)	(3,221,965)	-	-	(3,221,965)
(152,458)	(152,458)	(500,591)	(125,147)	(778,196)
(904,953)	81,072	(59,967)	746,592	767,697
-	-	(53,318)	15,000	(38,318)
-	-	8,250	1,128,786	1,137,036
(50,586)	(1,952,382)	(41,919)	(110,517)	(2,104,818)
-	-	13,540	605,493	619,033
(20,943)	(395,596)	(20,822)	(82,219)	(498,637)
-	(385,572)	(358,611)	(1,262,143)	(2,006,326)
(71,529)	(2,733,550)	(452,880)	294,400	(2,892,030)
130,152	407,404	225	-	407,629
(266,832)	124,261	-	325,151	449,412
3,925,026	19,727,945	-	514,308	20,242,253
\$ 3,658,194	\$ 19,852,206	\$ -	\$ 839,459	\$ 20,691,665
\$ 541,051	\$ (1,847,827)	\$ (531,699)	\$ (969,942)	\$ (3,349,468)
-	3,378,671	171,640	153,698	3,704,009
4,154	(10,087)	3,574	(7,874)	(14,387)
460,683	654,054	-	-	654,054
-	33,114	880,701	15,004	928,819
-	-	(37)	(2,374)	(2,411)
-	(55,832)	64,198	9,374	17,740
-	97,655	(142,485)	(198,524)	(243,354)
-	3,884	1,531	37,559	42,974
-	791,850	64,999	228,211	1,085,060
-	1,920	200	39	2,159
(426,390)	(678,067)	-	18,988	(659,079)
\$ 579,498	\$ 2,369,335	\$ 512,622	\$ (715,841)	\$ 2,166,116
\$ -	\$ 837,427	\$ -	\$ -	\$ 837,427

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

QUEEN ANNE'S COUNTY, MARYLAND
STATEMENT OF FIDUCIARY NET ASSETS
PRIVATE PURPOSE TRUST, OTHER POST-EMPLOYMENT BENEFIT TRUST, AND AGENCY FUNDS
JUNE 30, 2011

	PRIVATE PURPOSE TRUST FUND TAX SALE DEPOSITS	OTHER POST-EMPLOYMENT BENEFIT TRUST FUND	AGENCY FUNDS
ASSETS			
Cash and Cash Equivalents	\$ 97,367	\$ 765,084	\$ 327,024
Miscellaneous Receivables	-	-	124,671
Total Assets	97,367	765,084	\$ 451,695
LIABILITIES			
Due to Other Governments	-	155,731	\$ 142,755
Deposits and Escrows	-	-	308,940
Total Liabilities	-	155,731	\$ 451,695
NET ASSETS			
Held in Trust	\$ 97,367	\$ 609,353	

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, 2011

	PRIVATE PURPOSE TRUST FUND
	TAX SALE DEPOSITS
ADDITIONS	
Total Additions - Tax Sale Collections in Excess of Tax Due	\$ 134,012
DEDUCTIONS	
Distributions to Property Holders	316,900
Change in Assets	(182,888)
NET ASSETS HELD IN TRUST	
Net Assets-Beginning of Year	280,255
Net Assets-End of Year	\$ 97,367
	OTHER POST-EMPLOYMENT BENEFIT TRUST FUND
ADDITIONS	
CONTRIBUTIONS	
Employers	\$ 2,188,722
Members	780,197
TOTAL CONTRIBUTIONS	2,968,919
Investment Income	1,736
Total Additions	2,970,655
DEDUCTIONS	
Claims Paid	3,393,916
Change in Assets	(423,261)
NET ASSETS HELD IN TRUST	
Net Assets-Beginning of Year	1,032,614
Net Assets-End of Year	\$ 609,353

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, 2011

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, 2011

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

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

JOINT VENTURE

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

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

Maryland Environmental Service
259 Najoles Road
Millersville, Maryland 21108

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

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

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

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

Statement of Net Assets – This statement is designed to display the financial position of the reporting entity as of year-end. Governments report all capital assets, including infrastructure, in the government-wide Statement of Net Assets and report depreciation expense, the cost of "using up" capital assets, in the Statement of Activities. Net assets are divided into three categories: 1) invested in capital assets, net of related debt; 2) restricted; and 3) unrestricted. *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, 2011**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

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

Governmental Fund Budget-to-Actual Comparison Statements – Demonstrating compliance with the legally adopted budget is an important component of government's accountability to the public. The County provides 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, 2011

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, 2011**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

Capital Projects Funds –

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

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

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.

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

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

Sanitary District -

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

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

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

Debt Service 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.

QUEEN ANNE'S COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

Non-Major Enterprise Funds – Non-major Enterprise Funds account for activities which are commercial in nature and are primarily or partially intended to be self-supporting. The County has five non-major enterprise funds, of which none are meant to be fully self-supporting. These funds include the Golf Course, Recreation Programs, Public Landings, Property Management, and Public Marinas.

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

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

Other Post-Employment Benefit Trust Fund – This fund accounts for the funding of retiree benefit plans of participating agencies, which are: (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.

QUEEN ANNE'S COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.”

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 the lower of cost or market 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.

QUEEN ANNE'S COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

4) Capital Assets (continued)

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

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

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

5) 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, 2011, the other post-employment benefit obligation amounted to \$16,531,461, including both governmental (\$13,884,281) and business-type activities (\$2,647,180).

Component Unit – Queen Anne's County Housing Authority –For the year ended June 30, 2011, the other post-employment benefit obligation for the Housing Authority amounted to \$345,072.

Component Unit - Board of Education – For the year ended June 30, 2011, the other post-employment benefit obligation for the Board of Education amounted to \$14,794,329.

Component Unit – Free Library – For the year ended June 30, 2011, the other post-employment benefit obligation for the Library amounted to \$561,264.

QUEEN ANNE'S COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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, the liability for compensated absences is adjusted at the end of each fiscal year to current salary costs. Accumulated unpaid leave of the County amounted to \$2,501,833 at June 30, 2011, including both governmental (\$2,162,071) and business-type activities (\$339,762).

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, 2011 the County recognized a liability for compensated absences for these employees as part of its governmental activities in the amount of \$20,713.

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, 2011 amounted to \$823,162. 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.

QUEEN ANNE'S COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

8) Net Assets/Fund Equity

In the government-wide financial statements, the County has reported negative unrestricted net assets of \$61,193,944. 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.

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, 2011, the County has reported outstanding general obligation debt related to assets held by the Board of Education amounting to \$72,437,047 (of which \$60,933,189 has been spent and the remaining \$11,503,858 relates to unspent bond proceeds). Absent the effect of this relationship, the County would have reported unrestricted net assets of governmental activities in the amount of \$11,243,103.

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, 2011, 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:

Restricted Net Assets

Governmental activities		\$ 22,399,514	
Business-type activities:			
Debt Service	\$	3,288,572	
Capital / Debt Service		6,388,195	
Business-Type Operations		6,391,838	
Capital Projects		<u>753,300</u>	<u>16,821,905</u>
 Total Restricted Net Assets			 <u><u>\$ 39,221,419</u></u>

QUEEN ANNE'S COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

8) Net Assets/Fund Equity (continued)

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

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

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

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

Assigned – amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes.

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

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

For non-principal residences, payment is due in full by September 30. Beginning October 1, a penalty is charged for each month that taxes remain unpaid.

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

**QUEEN ANNE'S COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2011**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

9) Property Tax (continued)

Real and personal property taxes are levied at rates enacted by the County Commissioners in the annual budget on the assessed value as determined by the Maryland Department of Assessments and Taxation. The rates of levy cannot exceed the constant yield rate furnished by the Maryland State Department of Assessments and Taxation without public notice and only after public hearings. The County tax rate for the fiscal year ended June 30, 2011 was \$0.7671 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.

During the fiscal year, the Commissioners may adopt supplemental appropriations. For the year ended June 30, 2011, supplemental appropriations are as follows:

<u>Supplemental Appropriations</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Increase / (Decrease)</u>
General Fund - expenditures and transfers	<u>\$109,294,541</u>	<u>\$ 113,892,277</u>	<u>\$ 4,597,736</u>
<u>Special Revenue Funds that adopt annual budgets</u>			
Major - Roads Board - expenditures	\$ 5,260,111	\$ 5,273,843	\$ 13,732
Non-Major that adopt annual budgets -			
Department of Aging - expenditures	2,694,221	2,739,167	44,946
Housing and Community Services - expenditures	680,142	1,670,439	990,297
Community Partnerships for Children - expenditures and transfers	1,526,697	1,443,205	(83,492)
Law Library - expenditures	72,300	83,800	11,500
Rural Legacy - expenditures	-	1,131,905	1,131,905
Purchase of Development Rights - expenditures and transfers	-	307,390	307,390
Dredging Special Assessments - expenditures	42,189	44,425	2,236
Fire Company Impact Fees - expenditures	-	296,873	296,873
Parks & Rec Impact Fees - transfers	-	323,525	323,525
Total Special Revenue Funds that adopt annual budgets	<u>\$ 10,275,660</u>	<u>\$ 13,314,572</u>	<u>\$ 3,038,912</u>

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

QUEEN ANNE'S COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 2 - BUDGETS AND BUDGETARY ACCOUNTING (CONTINUED)

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, 2011. However, salary reversions are budgeted as a lump sum negative \$610,000, but actual amounts are realized in the individual departments and are not reported as a lump sum in the Reversions activity.

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:

Primary Government, Public Housing & Fiduciary Cash and Investments	Carrying Amount	Collected Bank Balances or Fair Value	Total Collateral
Demand Deposit Accounts, Short-Term Certificates of Deposit and Petty Cash	\$ 22,130,019	\$ 22,821,164	\$ 30,269,829
Investment in Maryland Local Government Investment Pool (MLGIP)	47,981,052	47,976,962	48,936,501
	<u>\$ 70,111,071</u>	<u>\$ 70,798,126</u>	<u>\$ 79,206,330</u>

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

Cash and Investments	Primary Government	Component Unit- Housing Authority	Fiduciary	Total
Unrestricted				
Equity in Pooled Cash and Investments	\$ 55,574,824	\$ 2,123,122	\$ 1,189,475	\$ 58,887,421
Cash and Cash Equivalents	-	334,490	-	334,490
Restricted				
Equity in Pooled Cash and Investments	10,789,829	-	-	10,789,829
Investments	-	99,331	-	99,331
	<u>\$ 66,364,653</u>	<u>\$ 2,556,943</u>	<u>\$ 1,189,475</u>	<u>\$ 70,111,071</u>

QUEEN ANNE'S COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2011

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

A. DEPOSITS AND INVESTMENTS (CONTINUED)

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

At year-end, the carrying amount of combined deposits was \$22,130,019. The collected bank balances were \$22,861,164 and of those balances, \$1,003,183 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.

As of June 30, 2011, 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 \$13,772,461, including \$300,000 in certificates of deposit and excluding the carrying amount of fiduciary funds. The bank balances were \$14,490,468. At June 30, 2011, the Board's bank deposits were approximately \$1.1 million in excess of limits insured by federal deposit insurance. The uninsured balances were fully collateralized by securities held by the agent of the Board, in the Board's name. In addition, the Board had approximately \$1,600 cash on hand at June 30, 2011.

Component Unit – Library - At year-end, the carrying amount of all bank deposits, including a \$650,441 certificate of deposit, was \$1,353,677, while collected bank balances were \$1,358,069. Of the bank balances, \$585,313 was secured by the FDIC and \$772,756 was secured by collateral held by the pledging bank's trust department but not in the Library's name.

QUEEN ANNE'S COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2011

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

B. INVESTMENT INCOME

PRIMARY GOVERNMENT

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

<u>Governmental Funds</u>	<u>Investment Income</u>
General Fund	\$ 50,109
Other Funds	23,842
Unrestricted Revenue	<u>73,951</u>
Restricted Revenue	<u>62,572</u>
Total Investment Income	<u><u>\$ 136,523</u></u>
<u>Business-Type Funds</u>	
Major Enterprise Funds	
Sanitary District	\$ 407,404
Airport	<u>225</u>
Total Investment Income	<u><u>\$ 407,629</u></u>

QUEEN ANNE'S COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 4 - ACCOUNTS RECEIVABLE

Receivables as of June 30, 2011 for the governmental and business-type activities are as follows:

	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
Accounts Receivable									
Receivables									
Taxes - Real Property	\$ 159,513	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 159,513	\$ -	\$ 159,513
Taxes - Other	94,691	122,022	-	-	-	-	216,713	-	216,713
Subtotal Taxes	<u>254,204</u>	<u>122,022</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>376,226</u>	<u>-</u>	<u>376,226</u>
Other Accounts Receivable:									
Health Department	200,000	-	-	-	-	-	200,000	-	200,000
Retirees Insurance	27,547	-	-	-	-	-	27,547	-	27,547
Sheriff's Department	18,982	-	-	-	-	-	18,982	-	18,982
Board of Education	-	-	-	-	60,113	-	60,113	-	60,113
Governmental Funds - User Fees	-	-	19,518	-	-	-	19,518	-	19,518
Sanitary District - User and Septage Fees	-	-	-	-	-	-	-	455,037	455,037
Purchase of Development Rights	-	-	-	-	-	77,132	77,132	-	77,132
Airport - Fuel Sales and User and Rental Fees	-	-	-	-	-	-	-	112,807	112,807
Miscellaneous Receivables	20,313	2,036	-	-	2,724	37,137	62,210	61,162	123,372
Subtotal Other Accounts Receivable	<u>266,842</u>	<u>2,036</u>	<u>19,518</u>	<u>-</u>	<u>62,837</u>	<u>114,269</u>	<u>465,502</u>	<u>629,006</u>	<u>1,094,508</u>
Loans Receivable	<u>-</u>	<u>-</u>	<u>-</u>	<u>419,329</u>	<u>-</u>	<u>3,935,131</u>	<u>4,354,460</u>	<u>-</u>	<u>4,354,460</u>
Subtotal Other Accounts and Loans Receivable	<u>266,842</u>	<u>2,036</u>	<u>19,518</u>	<u>419,329</u>	<u>62,837</u>	<u>4,049,400</u>	<u>4,819,962</u>	<u>629,006</u>	<u>5,448,968</u>
Special Assessments	<u>-</u>	<u>-</u>	<u>455,933</u>	<u>-</u>	<u>-</u>	<u>683,394</u>	<u>1,139,327</u>	<u>-</u>	<u>1,139,327</u>
Intergovernmental									
Income Taxes Held by State	8,748,190	-	-	-	-	-	8,748,190	-	8,748,190
Grants Receivable	712,315	230,351	686,352	-	218,525	504,888	2,352,431	154,469	2,506,900
State-Shared Highway User Tax	-	-	-	-	47,816	-	47,816	-	47,816
Bonds Receivable	1,749,459	-	-	-	-	-	1,749,459	-	1,749,459
Subtotal Intergovernmental	<u>11,209,964</u>	<u>230,351</u>	<u>686,352</u>	<u>-</u>	<u>266,341</u>	<u>504,888</u>	<u>12,897,896</u>	<u>154,469</u>	<u>13,052,365</u>
Restricted Receivables									
Accounts Receivable	-	-	-	-	-	-	-	47,578	47,578
Special Assessments	-	-	-	-	-	-	-	2,770,611	2,770,611
Subtotal Restricted Receivables	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,818,189</u>	<u>2,818,189</u>
Total Receivables	<u>\$ 11,731,010</u>	<u>\$ 354,409</u>	<u>\$ 1,161,803</u>	<u>\$ 419,329</u>	<u>\$ 329,178</u>	<u>\$ 5,237,682</u>	<u>\$ 19,233,411</u>	<u>\$ 3,601,664</u>	<u>\$ 22,835,075</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, 2011

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 \$182,400, \$1,220,000, and \$347,059, respectively, for a total of \$1,749,459. 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 \$4,354,460 relate to the Housing, Impact Fees, and Revolving Loan Special Revenue Funds. Loans receivable in the amount of \$3,664,409 for Housing and Community Services will be repaid when the homes are sold, in virtually all cases. These loans support housing rehabilitation and homeownership. 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 \$175,683 are also repaid over a number of years.

The remaining loan receivable balance of \$514,368 relates to school, fire, and parks and recreation impact fees. In July 2007, the County began accepting promissory notes for impact fees, in certain situations, with the understanding that when certificate of occupancy was obtained, these notes would be paid in full. To ensure repayment, the notes attach to the property incurring the impact fee; therefore, payment will be required automatically prior to legal transfer of title.

Income taxes held by the State in the amount of \$8,748,190 have been estimated by the State as income tax due for "tax years" 2010 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 \$1,139,327 represent receivables for governmental activities. Part of this amount consists of \$455,933 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 \$683,394 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 \$2,770,611 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, 2011

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:

Deferred Revenue	Unavailable	Unearned	Total
General Fund			
Income Taxes Due from State	\$ 6,213,478	\$ -	\$ 6,213,478
Property Taxes Receivable	78,885	-	78,885
Property Tax Deferrals	-	16,375	16,375
Inter-governmental Bonds Receivable	1,749,459	-	1,749,459
Grant Drawdowns in Excess of Expenditures	-	9,314	9,314
Subtotal	<u>8,041,822</u>	<u>25,689</u>	<u>8,067,511</u>
General Capital Projects Fund			
Grant Drawdowns in excess of Expenditures	<u>-</u>	<u>80,307</u>	<u>80,307</u>
Roads Capital Projects Fund			
Benefit Assessments Receivable Not Currently Due	-	455,933	455,933
Benefit Assessments Paid in Advance	<u>-</u>	<u>59,967</u>	<u>59,967</u>
Subtotal	<u>-</u>	<u>515,900</u>	<u>515,900</u>
School Impact Fees Fund			
Impact Fees Loans Receivable Not Currently Due	<u>-</u>	<u>419,329</u>	<u>419,329</u>
Roads Board Operating Fund			
Inspection Fees Collected In Advance	<u>-</u>	<u>586,402</u>	<u>586,402</u>
Non-Major Governmental Funds			
Grant Drawdowns in Excess of Expenditures	-	57,330	57,330
Benefit Assessments Receivable Not Currently Due	-	683,394	683,394
Impact Fees Loans Receivable Not Currently Due	<u>-</u>	<u>95,039</u>	<u>95,039</u>
Subtotal	<u>-</u>	<u>835,763</u>	<u>835,763</u>
Total Deferred Revenue	<u>\$ 8,041,822</u>	<u>\$ 2,463,390</u>	<u>\$ 10,505,212</u>

QUEEN ANNE'S COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 6 – CAPITAL ASSETS

PRIMARY GOVERNMENT

Changes in the County's capital assets for governmental activities for the year ended June 30, 2011 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.

Governmental Activities	Balance June 30, 2010	Increases	Construction in Progress Transfers	Decreases	Balance June 30, 2011
Capital Assets, not being depreciated:					
Land	\$ 37,867,259	\$ -	\$ 1,385,365	\$ (159,882)	\$ 39,092,742
Intangible Rights - Easements	13,390	-	-	-	13,390
Land Improvements	1,796,268	-	-	-	1,796,268
Construction in Progress	11,616,229	4,422,434	(7,668,861)	(198,774)	8,171,028
Land - Inexhaustible Infrastructure Improvements	40,055,352	-	606,726	-	40,662,078
Total Capital Assets, not being depreciated	91,348,498	4,422,434	(5,676,770)	(358,656)	89,735,506
Capital Assets, being depreciated:					
Buildings and Building Improvements	35,066,000	35,040	4,959,022	(227,064)	39,832,998
Improvements other than Buildings	5,517,458	16,130	359,008	-	5,892,596
Vehicles	9,618,064	352,304	-	(755,441)	9,214,927
Equipment	8,729,425	92,785	-	(510,136)	8,312,074
Furniture and Fixtures	10,640,694	37,134	-	(95,969)	10,581,859
Infrastructure Improvements - Depreciable	15,491,275	-	358,740	-	15,850,015
Total Capital Assets, being depreciated	85,062,916	533,393	5,676,770	(1,588,610)	89,684,469
Less Accumulated Depreciation for:					
Buildings and Building Improvements	8,200,331	856,016	-	(3,557)	9,052,790
Improvements other than Buildings	947,099	168,294	-	-	1,115,393
Vehicles	5,736,190	687,325	-	(668,557)	5,754,958
Equipment	5,808,965	485,331	-	(508,889)	5,785,407
Furniture and Fixtures	6,065,898	1,081,613	-	(95,969)	7,051,542
Infrastructure Improvements - Depreciable	6,528,714	255,213	-	-	6,783,927
Total Accumulated Depreciation	33,287,197	3,533,792	-	(1,276,972)	35,544,017
Total Capital Assets, being depreciated, net	51,775,719	(3,000,399)	5,676,770	(311,638)	54,140,452
Governmental activities Capital Assets, net	\$ 143,124,217	\$ 1,422,035	\$ -	\$ (670,294)	\$ 143,875,958

QUEEN ANNE'S COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2011

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, 2011 are summarized as follows, with depreciation shown separately. Completed projects that were reclassified from construction in progress (CIP) to other asset accounts during the year are reported in the same column, as retirements from CIP and transfers to other asset accounts.

Business-Type Activities	Balance June 30, 2010	Increases	Construction In Progress Transfers	Decreases	Balance June 30, 2011
Capital Assets, not being depreciated:					
Land	\$ 12,974,006	\$ -	\$ -	\$ -	\$ 12,974,006
Land Improvements	16,162	-	-	-	16,162
Intangible Rights	-	6,140	-	-	6,140
Construction in Progress	5,199,865	1,737,157	(1,381,340)	(69,310)	5,486,372
Land - Inexhaustible Infrastructure Improvements	1,219,298	-	-	-	1,219,298
Total Capital Assets, not being depreciated	19,409,331	1,743,297	(1,381,340)	(69,310)	19,701,978
Capital Assets, being depreciated:					
Buildings and Improvements to Buildings	18,218,809	13,451	15,497	(1,494,595)	16,753,162
Improvements other than Buildings	6,407,390	-	559,519	-	6,966,909
Vehicles	1,293,894	144,064	-	(114,170)	1,323,788
Equipment	21,895,691	222,696	-	(318,682)	21,799,705
Furniture and Fixtures	87,538	-	-	(3,344)	84,194
Infrastructure Improvements - Depreciable	68,224,214	837,427	806,324	(226,763)	69,641,202
Total Capital Assets, being depreciated	116,127,536	1,217,638	1,381,340	(2,157,554)	116,568,960
Less Accumulated Depreciation for:					
Buildings and Improvements to Buildings	5,799,386	668,247	-	(173,790)	6,293,843
Improvements other than Buildings	2,269,759	252,559	-	-	2,522,318
Vehicles	884,181	89,594	-	(111,842)	861,933
Equipment	6,565,209	1,038,220	-	(275,885)	7,327,544
Furniture and Fixtures	65,710	4,352	-	(3,344)	66,718
Infrastructure Improvements - Depreciable	19,591,850	1,651,037	-	(31,374)	21,211,513
Total Accumulated Depreciation	35,176,095	3,704,009	-	(596,235)	38,283,869
Total Capital Assets, being depreciated, net	80,951,441	(2,486,371)	1,381,340	(1,561,319)	78,285,091
Business-Type activities Capital Assets, net	\$ 100,360,772	\$ (743,074)	\$ -	\$ (1,630,629)	\$ 97,987,069

QUEEN ANNE'S COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 6 – CAPITAL ASSETS (CONTINUED)

PRIMARY GOVERNMENT (CONTINUED)

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

<u>Governmental Activities</u>	<u>Depreciation</u>
General Government	\$ 229,038
Public Safety	1,586,318
Public Works	905,611
Health	10,117
Social Services	354,639
Parks and Recreation	374,004
Library	23,611
Conservation of Natural Resources	15,739
Economic/Community Development	34,715
	<u>\$ 3,533,792</u>

Business-Type Activities

Major Enterprise Funds:		
Sanitary District		\$ 3,378,671
Airport		171,640
Non-Major Enterprise Funds:		
Parks and Recreation	\$ 145,667	
Public Marinas	<u>8,031</u>	<u>153,698</u>
		<u>\$ 3,704,009</u>

QUEEN ANNE'S COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 6 – CAPITAL ASSETS (CONTINUED)

COMPONENT UNITS

Board of Education: Capital asset activity for the year ended June 30, 2011 is as follows:

Board of Education	Balance June 30, 2010	Increases	Decreases	Balance June 30, 2011
Capital Assets, not being depreciated:				
Land	\$ 6,363,040	\$ -	\$ -	\$ 6,363,040
Construction in Progress	4,650,425	14,295,149	(528,380)	18,417,194
Total Capital Assets, not being depreciated	11,013,465	14,295,149	(528,380)	24,780,234
Capital Assets, being depreciated:				
Land Improvements	4,569,849	64,155	(12,000)	4,622,004
Buildings	150,217,309	387,290	-	150,604,599
Furniture and Equipment	9,652,126	640,380	(284,218)	10,008,288
Total Capital Assets, being depreciated	164,439,284	1,091,825	(296,218)	165,234,891
Less Accumulated Depreciation for:				
Land Improvements	3,159,505	135,070	(12,000)	3,282,575
Building	31,213,651	2,913,316	-	34,126,967
Furniture and Equipment	6,827,241	530,889	(260,290)	7,097,840
Total Accumulated Depreciation	41,200,397	3,579,275	(272,290)	44,507,382
Total Capital Assets, being depreciated, net	123,238,887	(2,487,450)	(23,928)	120,727,509
Capital Assets, net	\$ 134,252,352	\$ 11,807,699	\$ (552,308)	\$ 145,507,743

QUEEN ANNE'S COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 6 – CAPITAL ASSETS (CONTINUED)

COMPONENT UNITS (CONTINUED)

Queen Anne's County Free Library: Capital asset activity for the year ended June 30, 2011 is as follows:

Library	Balance June 30, 2010	Increases	Decreases	Balance June 30, 2011
Capital Assets, not being depreciated:				
Artwork	\$ 29,850	\$ -	\$ -	\$ 29,850
Capital Assets, being depreciated:				
Books and Media	2,285,752	154,915	(48,304)	2,392,363
Building Improvements	239,072	-	-	239,072
Total Capital Assets, being depreciated	2,524,824	154,915	(48,304)	2,631,435
Less Accumulated Depreciation for:				
Books and Media	1,523,598	101,447	(43,474)	1,581,571
Building Improvements	97,285	6,130	-	103,415
Total Accumulated Depreciation	1,620,883	107,577	(43,474)	1,684,986
Total Capital Assets, being depreciated, net	903,941	47,338	(4,830)	946,449
Capital Assets, net	\$ 933,791	\$ 47,338	\$ (4,830)	\$ 976,299

QUEEN ANNE'S COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 6 – CAPITAL ASSETS (CONTINUED)

COMPONENT UNITS (CONTINUED)

Queen Anne's County Housing Authority: Capital asset activity for the year ended June 30, 2011 is as follows:

Housing Authority	Balance June 30, 2010	Increases	Construction in Progress Transfers	Decreases	Balance June 30, 2011
Capital Assets, not being depreciated:					
Land	\$ 784,639	\$ -	\$ -	\$ -	\$ 784,639
Land Improvements	212,722	-	-	-	212,722
Construction in Progress	354,366	728,785	(714,660)	-	368,491
Total Capital Assets, not being depreciated	1,351,727	728,785	(714,660)	-	1,365,852
Capital Assets, being depreciated:					
Buildings and Improvements	20,991,738	-	524,096	-	21,515,834
Vehicles	23,490	-	-	-	23,490
Furniture, Fixtures, and Equipment	227,264	-	159,131	-	386,395
Infrastructure	141,396	-	-	-	141,396
Total Capital Assets, being depreciated	21,383,888	-	683,227	-	22,067,115
Less Accumulated Depreciation for:					
Buildings and Improvements	3,316,894	442,994	(31,433)	-	3,728,455
Vehicles	19,379	2,349	-	-	21,728
Furniture, Fixtures, and Equipment	131,865	14,268	-	-	146,133
Infrastructure	943	2,828	-	-	3,771
Total Accumulated Depreciation	3,469,081	462,439	(31,433)	-	3,900,087
Total Capital Assets, being depreciated, net	17,914,807	(462,439)	714,660	-	18,167,028
Capital Assets, net	\$ 19,266,534	\$ 266,346	\$ -	\$ -	\$ 19,532,880

QUEEN ANNE'S COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2011

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, 2011:

	Due from Fund						Housing Authority Component Unit	Total Due From Other Funds / Component Units
	General Capital Projects	Non-Major Governmental	Sanitary District	Bay Bridge Airport	Non-Major Enterprise	Subtotal		
Due to Fund								
General Fund	\$ -	\$ 258,660	\$ -	\$ 377,884	\$ 373,629	\$ 1,010,173	\$ 120,082	\$ 1,130,255
General Capital Projects	-	68,775	-	-	-	68,775	-	68,775
Sanitary District	-	-	280,682	-	-	280,682	-	280,682
Non-Major Enterprise	-	-	-	-	20,000	20,000	-	20,000
Board of Education - Component Unit	3,008,665	-	-	-	-	3,008,665	-	3,008,665
Total Due to Other Funds	<u>\$ 3,008,665</u>	<u>\$ 327,435</u>	<u>\$ 280,682</u>	<u>\$ 377,884</u>	<u>\$ 393,629</u>	<u>\$ 4,388,295</u>	<u>\$ 120,082</u>	<u>\$ 4,508,377</u>

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

QUEEN ANNE'S COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2011

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, 2011:

	Transfers in Fund						Total Transfers In
	Total Transfers Out	General Fund	General Capital Projects	Non-Major Governmental	Major Enterprise	Non-Major Enterprise	
Transfers Out Fund							
General Fund	\$ 2,922,343	\$ -	\$ 125,000	\$ 2,185,421	\$ 143,812	\$ 468,110	\$ 2,922,343
General Capital Projects (1)	1,680,551	849,467	-	214,741	-	-	1,064,208
Roads Capital Projects	10,000	-	10,000	-	-	-	10,000
Impact Fees - Schools	1,408,120	1,408,120	-	-	-	-	1,408,120
Total Major Governmental Funds	6,021,014	2,257,587	135,000	2,400,162	143,812	468,110	5,404,671
Non-Major Governmental	593,507	62,982	530,525	-	-	-	593,507
Sanitary District - Restricted	1,131,894	-	-	-	1,131,894	-	1,131,894
Sanitary District - Debt Service	2,090,071	-	-	-	2,090,071	-	2,090,071
Total Major Enterprise Funds	3,221,965	-	-	-	3,221,965	-	3,221,965
Total Transfers Out	<u>\$ 9,836,486</u>	<u>\$ 2,320,569</u>	<u>\$ 665,525</u>	<u>\$ 2,400,162</u>	<u>\$ 3,365,777</u>	<u>\$ 468,110</u>	<u>\$ 9,220,143</u>

(1) In fiscal year 2011, the General Capital Projects Fund transferred 2009 bond proceeds in the amount of \$616,343 to various Enterprise Funds. Public Marinas received \$594,171, the Airport received \$11,104, and Public Landings received \$11,068. The transaction was appropriately recorded on the Enterprise Fund books as an increase in debt liability and on the General Capital Projects Fund's book as a transfer out. Since enterprise funds and governmental funds record such transactions differently, the \$616,343 is reported in the above table only as a transfer out with no corresponding transfer in.

QUEEN ANNE'S COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 9 – NONCURRENT LIABILITIES

A. CHANGES IN NONCURRENT LIABILITIES

During the year ended June 30, 2011, the following changes occurred in the noncurrent liabilities of the primary government's governmental activities:

PRIMARY GOVERNMENT						
Governmental Activities	Balance June 30, 2010	Additions of new debt	Retirements and Repayments	Balance June 30, 2011	Due Within One Year	Due in More than One Year
General Bonds Payable	\$ 88,859,439	\$21,532,570	\$ 6,822,151	\$ 103,569,858	\$ 7,109,959	\$ 96,459,899
Notes Payable	1,652,082	365,000	946,450	1,070,632	181,492	889,140
Bond Premiums, Net of Issuance Costs	597,952	9,465	66,070	541,347	65,729	475,618
Deferred Refunding Costs	(1,489,959)	-	(170,483)	(1,319,476)	(170,483)	(1,148,993)
Capital Leases	105,884	-	51,795	54,089	54,089	-
	<u>89,725,398</u>	<u>21,907,035</u>	<u>7,715,983</u>	<u>103,916,450</u>	<u>7,240,786</u>	<u>96,675,664</u>
Other Post-Employment Benefit Obligation	8,548,639	6,171,434	835,792	13,884,281	-	13,884,281
Compensated Absences	2,434,947	1,147,291	1,420,167	2,162,071	1,379,933	782,138
	<u>\$ 100,708,984</u>	<u>\$29,225,760</u>	<u>9,971,942</u>	<u>\$ 119,962,802</u>	<u>\$ 8,620,719</u>	<u>\$ 111,342,083</u>
Less College Reimbursements			(239,495)			
			<u>\$ 9,732,447</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	\$ 6,822,151
Notes Payable	946,450
Capital Leases	51,795
LESS: Distributions of 2009 Bonds	(616,343)
LESS: College Reimbursements	(239,495)
Total Principal Payments	<u>\$ 6,964,558</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 \$239,495 for this year's principal and interest payments. However, since the County is one of five Counties supporting the College, we paid the College \$60,524 this year for our part of the debt.

QUEEN ANNE'S COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 9 – NONCURRENT LIABILITIES (CONTINUED)

A. CHANGES IN NONCURRENT LIABILITIES (CONTINUED)

During the year ended June 30, 2011, the following changes occurred in the noncurrent liabilities of the primary government's business-type activities:

PRIMARY GOVERNMENT						
Business-Type Activities	Balance June 30, 2010	Additions of new debt	Retirements and Repayments	Balance June 30, 2011	Due Within One Year	Due in More than One Year
Golf Course	\$ 841,075	\$ -	\$ 75,000	\$ 766,075	\$ 80,000	\$ 686,075
Airport	673,127	13,534	41,919	644,742	42,721	602,021
Public Landings	29,936	11,068	1,228	39,776	1,624	38,152
Public Marinas	374,672	594,171	34,289	934,554	46,347	888,207
Sanitary District	19,782,739	-	1,952,382	17,830,357	1,946,420	15,883,937
Subtotal Debt	21,701,549	618,773	2,104,818	20,215,504	2,117,112	18,098,392
Bond Premiums, Net of Issuance Costs						
Golf Course	26,514	-	2,651	23,863	2,651	21,212
Airport	8,385	6	834	7,557	836	6,721
Public Landings	12	4	1	15	1	14
Public Marinas	129	248	30	347	18	329
Deferred Refunding Costs						
Golf Course	(58,883)	-	(5,889)	(52,994)	(5,888)	(47,106)
Airport	(18,473)	-	(1,847)	(16,626)	(1,847)	(14,779)
Sanitary District	(47,500)	-	(20,833)	(26,667)	(13,333)	(13,334)
Subtotal Bond Premiums, Issuance and Deferred Refunding Costs	(89,816)	258	(25,053)	(64,505)	(17,562)	(46,943)
Subtotal Debt before Other Post-Employment Benefit Obligation and Compensated Absences	21,611,733	619,031	2,079,765	20,150,999	2,099,550	18,051,449
Other Post-Employment Benefit Obligation	1,562,119	1,085,061	-	2,647,180	-	2,647,180
Compensated Absences	296,788	216,074	173,100	339,762	216,852	122,910
	<u>\$ 23,470,640</u>	<u>\$ 1,920,166</u>	<u>\$ 2,252,865</u>	<u>\$ 23,137,941</u>	<u>\$ 2,316,402</u>	<u>\$ 20,821,539</u>

Additions of new debt listed above in the amount of \$618,773 represent distributions of the 2009 bonds in the amount of \$616,343 (see comment in Note 8), and also distributions of the 2011 bonds in the amount of \$2,430.

QUEEN ANNE'S COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 9 – NONCURRENT LIABILITIES (CONTINUED)

A. CHANGES IN NONCURRENT LIABILITIES (CONTINUED)

During the year ended June 30, 2011, the following changes occurred in the noncurrent liabilities of the primary government's Component Units:

COMPONENT UNITS	Balance June 30, 2010	Additions of new debt	Retirements and Repayments	Balance June 30, 2011	Due Within One Year	Due in More than One Year
Board of Education, Free Library, and Housing Authority						
Queen Anne's County						
Board of Education						
Capital Lease	\$ 82,206	\$ -	\$ 77,646	\$ 4,560	\$ 4,560	\$ -
Retirement Incentives	-	282,531	-	282,531	257,694	24,837
Compensated Absences	926,197	97,326	200,361	823,162	229,848	593,314
Other Post-Employment Benefit Obligation	9,535,459	5,258,870	-	14,794,329	-	14,794,329
Subtotal	10,543,862	5,638,727	278,007	15,904,582	492,102	15,412,480
Free Library						
Other Post-Employment Benefit Obligation	339,566	221,698	-	561,264	-	561,264
Housing Authority						
Terrapin Grove Phase II Loan	654,314	-	40,908	613,406	40,908	572,498
Scattered Site Housing						
Reimbursement to County for Portion of 2003 Bonds	246,447	-	13,917	232,530	14,656	217,874
Repay Loan from County Housing Revolving Loan Fund	502,224	-	-	502,224	-	502,224
Reimbursement to County for Portion of 2009 Bonds	626,712	-	21,383	605,329	22,222	583,107
2009 Bond Premiums	3,305	-	165	3,140	165	2,975
2009 Bond Issuance Costs	(3,055)	-	(152)	(2,903)	(153)	(2,750)
Foxtown Apartments						
Reimbursement to County for Portion of 2006 Bonds	361,286	-	14,878	346,408	15,566	330,842
Reimbursement to County for Portion of 2009 Bonds	245,932	-	8,391	237,541	8,720	228,821
2009 Bond Premiums	1,297	-	65	1,232	65	1,167
2009 Bond Issuance Costs	(1,199)	-	(60)	(1,139)	(60)	(1,079)
Other Post-Employment Benefit Obligation	291,066	118,504	64,498	345,072	-	345,072
Subtotal	2,928,329	118,504	163,993	2,882,840	102,089	2,780,751
Total Noncurrent Liabilities: Component Units	\$ 13,811,757	\$ 5,978,929	\$ 442,000	\$ 19,348,686	\$ 594,191	\$ 18,754,495

QUEEN ANNE'S COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2011

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, 2011

NOTE 9 – NONCURRENT LIABILITIES (CONTINUED)

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

PRIMARY GOVERNMENT (CONTINUED)

As of June 30, 2011, general obligation bonds and notes payable for governmental activities are comprised of the following, along with other post-employment benefits and accrued compensated absences:

Governmental Activities	Paying Fund	Interest Rate	Year Series Matures	Amount of Original Issue	Outstanding June 30, 2011	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	\$ 1,950,000	\$ 920,000	\$ 1,030,000
2003 Public Facilities	General	3.50%-4.50%	2023	13,265,000	9,207,471	580,344	8,627,127
2005 Refunding Bonds	General	3.00%-5.00%	2019	30,026,336	24,446,336	3,080,000	21,366,336
2006 Public Facilities	General	4.000%-5.375%	2027	22,510,212	19,507,559	876,581	18,630,978
2009 Public Facilities	General	1.400%-5.625%	2030	28,499,154	26,925,922	983,110	25,942,812
2011 Public Facilities	General	2.00%-4.25%	2031	21,532,570	21,532,570	669,924	20,862,646
Subtotal Bonds Payable					<u>103,569,858</u>	<u>7,109,959</u>	<u>96,459,899</u>
<u>Notes Payable</u>							
2009 CELP Loan	General	2.00%	2015	122,780	80,880	17,353	63,527
State of Maryland - Price Ck.	Spec. Rev.	0.00%	2021	625,000	240,000	24,000	216,000
State of Maryland - Grove Ck.	Spec. Rev.	0.00%	2034	510,617	469,767	20,425	449,342
Frizz-King Property	General Capital Projects	6.00%	2014	365,000	279,985	119,714	160,271
Subtotal Notes Payable					<u>1,070,632</u>	<u>181,492</u>	<u>889,140</u>
Subtotal Bonds and Notes Payable					104,640,490	7,291,451	97,349,039
2005 Bond Premiums					611,517	76,391	535,126
2005 Bond Issuance Costs					(89,637)	(11,668)	(77,969)
2005 Deferred Refunding Costs					(1,319,476)	(170,483)	(1,148,993)
2006 Bond Premiums					192,360	12,023	180,337
2006 Bond Issuance Costs					(192,360)	(12,023)	(180,337)
2009 Bond Premiums					139,684	7,352	132,332
2009 Bond Issuance Costs					(129,231)	(6,797)	(122,434)
2011 Bond Premiums					132,510	6,626	125,884
2011 Bond Issuance Costs					(123,496)	(6,175)	(117,321)
Total Governmental Activities					103,862,361	7,186,697	96,675,664
<u>Long-term Obligation under Capital Lease Agreements</u>							
	General	4.38%	2012	248,460	54,089	54,089	-
<u>Other Post-Employment Benefit Obligation</u>							
					13,884,281	-	13,884,281
<u>Compensated Absences</u>							
					<u>2,162,071</u>	<u>1,379,933</u>	<u>782,138</u>
					<u>\$ 119,962,802</u>	<u>\$ 8,620,719</u>	<u>\$ 111,342,083</u>

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

QUEEN ANNE'S COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2011

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, 2011 for governmental activities are as follows:

<u>Governmental Activities</u> Year Ending June 30,	Governmental Bonds Payable			Governmental Notes Payable		
	Principal	Interest	Total	Principal	Interest	Total
2012	\$ 7,109,959	\$ 4,219,182	\$ 11,329,141	\$ 181,492	\$ 15,670	\$ 197,162
2013	6,955,964	3,946,104	10,902,068	189,187	7,975	197,162
2014	7,265,781	3,696,364	10,962,145	95,695	1,325	97,020
2015	7,010,750	3,438,303	10,449,053	62,844	464	63,308
2016	6,720,445	3,186,643	9,907,088	53,772	93	53,865
2017-2021	29,567,441	11,995,985	41,563,426	222,125	-	222,125
2022-2026	22,764,799	6,589,302	29,354,101	102,125	-	102,125
2027-2031	16,174,719	1,823,481	17,998,200	102,125	-	102,125
2032-2034	-	-	-	61,267	-	61,267
	<u>\$ 103,569,858</u>	<u>\$ 38,895,364</u>	<u>\$ 142,465,222</u>	<u>\$ 1,070,632</u>	<u>\$ 25,527</u>	<u>\$ 1,096,159</u>

These repayment schedules exclude bond premiums (\$1,076,071), issuance costs (negative \$534,724), and deferred refunding costs (negative \$1,319,476).

For the year ended June 30, 2011, total principal, debt issuance costs, and interest incurred by governmental funds relating to general obligation bonds and notes payable, less College reimbursements, were \$6,964,558, \$129,671, and \$3,629,426, 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 \$454,166 during fiscal year 2011, which are reported separately as a specific intergovernmental grant. The net effect of this reimbursement is shown below.

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

	Interest Expense on 2009 Bonds	Interest Reimbursement	Net Interest Expense
Governmental Activities	\$ 1,241,218	\$ (434,386)	\$ 806,832
Business-Type Activities			
Airport	8,271	(2,894)	5,377
Public Landings	1,842	(645)	1,197
Public Marinas	46,404	(16,241)	30,163
Total Business-Type Activities	<u>56,517</u>	<u>(19,780)</u>	<u>36,737</u>
Total	<u>\$ 1,297,735</u>	<u>\$ (454,166)</u>	<u>\$ 843,569</u>

QUEEN ANNE'S COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2011

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, 2011 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>	<u>Interest Rate</u>	<u>Year Series Matures</u>	<u>Amount of Original Issue</u>	<u>Outstanding June 30, 2011</u>	<u>Due Within One Year</u>	<u>Due in More than One Year</u>
<u>Golf Course</u>						
2005 Refunding Bonds	3.00%-5.00%	2019	\$ 1,076,075	\$ 766,075	\$ 80,000	\$ 686,075
2005 Bond Premiums				27,370	3,041	24,329
2005 Bond Issuance Costs				(3,507)	(390)	(3,117)
2005 Deferred Refunding Costs				(52,994)	(5,888)	(47,106)
Subtotal Golf Course				736,944	76,763	660,181
<u>Bay Bridge Airport</u>						
2005 Refunding Bonds	3.00%-5.00%	2019	337,588	217,588	25,000	192,588
2006 Public Facilities Bonds	4.000%-5.375%	2027	288,928	250,388	11,251	239,137
2009 Public Facilities Bonds	1.400%-5.625%	2030	180,501	174,336	6,394	167,942
2011 Public Facilities Bonds	2.00%-4.25%	2031	2,430	2,430	76	2,354
2005 Bond Premiums				8,587	954	7,633
2005 Bond Issuance Costs				(1,100)	(122)	(978)
2005 Deferred Refunding Costs				(16,626)	(1,847)	(14,779)
2006 Bond Premiums				2,469	154	2,315
2006 Bond Issuance Costs				(2,469)	(154)	(2,315)
2009 Bond Premiums				904	48	856
2009 Bond Issuance Costs				(836)	(44)	(792)
2011 Bond Premiums				18	1	17
2011 Bond Issuance Costs				(16)	(1)	(15)
Subtotal Airport				635,673	41,710	593,963
<u>Public Landings</u>						
2009 Public Facilities Bonds	1.400%-5.625%	2030	29,936	39,776	1,624	38,152
2009 Bond Premiums				205	11	194
2009 Bond Issuance Costs				(190)	(10)	(180)
Subtotal Public Landings				39,791	1,625	38,166
<u>Public Marinas</u>						
2006 Public Facilities Bonds	4.000%-5.375%	2027	41,132	35,645	1,602	34,043
2009 Public Facilities Bonds	1.400%-5.625%	2030	918,040	892,095	37,931	854,164
State of Maryland - Shore Erosion Loan	0%	2015	102,208	6,814	6,814	-
2006 Bond Premiums				352	22	330
2006 Bond Issuance Costs				(352)	(22)	(330)
2009 Bond Premiums				4,599	242	4,357
2009 Bond Issuance Costs				(4,252)	(224)	(4,028)
Subtotal Marinas				934,901	46,365	888,536
<u>Sanitary District</u>						
2002 Refunding Bonds	3.00%-5.00%	2013	3,385,000	1,145,000	500,000	645,000
Maryland Water Quality-Cloverfields	5.09%	2013	4,282,209	428,221	214,110	214,111
Maryland Water Quality-Digester	4.41%	2013	1,121,377	186,277	91,116	95,161
Maryland Water Quality-Bay City	3.50%	2015	3,476,961	972,685	230,771	741,914
Maryland Water Quality-2005 Enhancement	1.00%	2027	18,252,291	14,871,723	862,592	14,009,131
Queenstow n Bank-Cloverfields Hookup	8.13%	2015	435,000	142,435	33,592	108,843
Queenstow n Bank-Bay City Hookup	7.90%	2015	205,000	84,016	14,239	69,777
Subtotal Debt				17,830,357	1,946,420	15,883,937
Prior Issue Deferred Refunding Costs				(26,667)	(13,333)	(13,334)
Subtotal Sanitary District				17,803,690	1,933,087	15,870,603
Total Enterprise Debt before Other Post-Employment Benefit Obligation and Compensated Absences				20,150,999	2,099,550	18,051,449
<u>Other Post-Employment Benefit Obligation</u>				2,647,180	-	2,647,180
<u>Accrued Compensated Absences</u>				339,762	216,852	122,910
Total Enterprise Funds				<u>\$ 23,137,941</u>	<u>\$ 2,316,402</u>	<u>\$ 20,821,539</u>

QUEEN ANNE'S COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2011

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, 2011, are as follows:

<u>Business-Type Activities</u>		Business-Type Bonds Payable			Business-Type Notes Payable		
Year Ending							
June 30,	Principal	Interest	Total	Principal	Interest	Total	
2012	\$ 663,877	\$ 143,276	\$ 807,153	\$ 1,453,235	\$ 297,422	\$ 1,750,657	
2013	475,364	118,034	593,398	1,471,183	267,198	1,738,381	
2014	492,721	96,971	589,692	1,183,289	219,140	1,402,429	
2015	170,007	82,479	252,486	1,195,544	197,010	1,392,554	
2016	172,367	75,972	248,339	917,106	163,082	1,080,188	
2017-2021	798,659	271,174	1,069,833	4,624,715	674,021	5,298,736	
2022-2026	424,582	145,486	570,068	4,860,431	438,121	5,298,552	
2027-2031	325,756	35,661	361,417	986,668	58,267	1,044,935	
	<u>\$ 3,523,333</u>	<u>\$ 969,053</u>	<u>\$ 4,492,386</u>	<u>\$ 16,692,171</u>	<u>\$ 2,314,261</u>	<u>\$ 19,006,432</u>	

For the year ended June 30, 2011, total principal and interest of \$2,104,818 and \$463,510, 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, 2011

NOTE 9 – NONCURRENT LIABILITIES (CONTINUED)

C. ISSUANCE OF NEW DEBT

PRIMARY GOVERNMENT

GOVERNMENTAL ACTIVITIES

On March 16, 2011, Queen Anne's County issued Public Facilities Bonds of 2011 for \$21,535,000 (\$21,532,570 for Governmental Activities and \$2,430 for Business-Type Activities). These General Obligations Bonds carry interest rates of 2.000 to 4.250 percent and mature serially through 2031. 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 and enterprise capital projects. Moody's Investors Service has assigned the rating of Aa2 and Fitch Ratings has assigned a rating of AA+ to the Queen Anne's County 2011 Bonds.

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 October 2010 and ending in July 2013. The purchase did not result in an asset as the Eastern Shore Conservancy, Inc. will own the entire easement right.

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 expires in January 2012.

As of June 30, 2011, the assets acquired and placed in service, net of depreciation, are as follows:

Vehicles	\$ 248,460
Less accumulated depreciation	<u>(113,877)</u>
Total asset value for capital lease	<u><u>\$ 134,583</u></u>

The future minimum lease obligations and the net present value of the minimum lease payments as of June 30, 2011, are as follows:

Fiscal Year Ending June 30,	lease payments
<u>2012</u>	<u>\$ 55,872</u>
Less amount representing interest	<u>(1,783)</u>
Net present value of minimum lease payments	<u><u>\$ 54,089</u></u>

QUEEN ANNE'S COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2011

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, construct an aircraft hangar at its sole expense, subject to certain criteria. At the end of the lease, the aircraft hangar and any improvements made to it become the sole property of the Bay Bridge Airport.

Lease revenues for the year ended June 30, 2011 amounted to \$5,310. Future lease revenues are as follows:

Fiscal Year Ending June 30,	lease payments
2012	\$ 5,310
2013	5,381
2014	5,416
2015	5,416
2016	5,488
2017-2021	27,918
2022-2026	28,893
2027-2031	29,824
2032-2035	20,453

Minimum Future Rental Revenue	<u>\$ 134,099</u>
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E. LOCAL DEBT POLICY

PRIMARY GOVERNMENT

In August 2009, Queen Anne's County adopted Resolution No. 09-13, 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.

Queen Anne's County has complied with the above policy, and has not had any violations.

For calculations relating to this local debt policy, see Table 12-b in the Statistical Section of this document, page 200.

QUEEN ANNE'S COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 10 – RESTRICTED ASSETS AND LIABILITIES AND FUND BALANCES

A. RESTRICTED ASSETS AND RELATED LIABILITIES

PRIMARY GOVERNMENT

BUSINESS-TYPE ACTIVITIES

Queen Anne's County Sanitary District

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

Debt Service Fund - Principal and interest payments for water and wastewater debt used to expand the service area are payable primarily from water and sewer special benefit assessments. These assessments, made at the time the expansion is ready for use, are created by enabling legislation and amortized over the same life as underlying debt. They constitute a lien on the served property and may be prepaid at any time.

The amount of assessments collectable in future years is recorded as benefit assessments receivable. A portion of those assessments receivable is not due currently and is recorded as unearned revenue.

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

The assets and related liabilities restricted for the above purposes at June 30, 2011 are as follows:

Business -Type Activities	Sanitary District		Total
	Restricted	Debt Service	
Current Restricted Assets			
Equity in Pooled Cash	\$ 7,131,635	\$ 3,658,194	\$ 10,789,829
Accounts Receivable (Net)	9,860	37,718	47,578
Subtotal	7,141,495	3,695,912	10,837,407
LESS Current Liabilities Associated with Restricted Assets			
Current Portion of Bonds Payable from Restricted Assets	-	(54,371)	(54,371)
Net Current Restricted Assets	7,141,495	3,641,541	10,783,036
Noncurrent Restricted Assets			
Special Assessments Receivable (Net)	1,199,203	1,571,408	2,770,611
LESS Noncurrent Liabilities Payable from Noncurrent Restricted Assets			
Unearned Revenue	(1,199,203)	(1,462,309)	(2,661,512)
Net Noncurrent Restricted Assets	-	109,099	109,099
Net Restricted Assets	\$ 7,141,495	\$ 3,750,640	\$ 10,892,135

QUEEN ANNE'S COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 10 – RESTRICTED ASSETS AND LIABILITIES AND 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:

<u>Governmental Activities</u>	
Total Debt excluding Compensated Absences and OPEB Obligation	\$ (103,916,450)
Add back: Debt relating to Board of Education Assets	\$ 60,933,189
Add back: Unspent portion of Bond Proceeds for Board of Education debt	11,503,858
Add back: Unspent portion of Bond Proceeds for Governmental debt	5,168,212
Add back: Debt relating to non-capital assets (Dredging)	<u>709,766</u>
	78,315,025
Add back debt unrelated to Capital Assets	78,315,025
Net Assets Invested in Capital Assets	<u>143,875,958</u>
Total Capital Assets, net of related debt	<u><u>\$ 118,274,533</u></u>

BUSINESS-TYPE ACTIVITIES

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

<u>Business-Type Activities</u>	<u>Sanitary District</u>				<u>Bay Bridge Airport</u>	<u>Non-Major Enterprise Funds</u>	<u>Total Enterprise Funds</u>
	<u>Sewer Operating</u>	<u>Water Operating</u>	<u>Restricted Fund</u>	<u>Debt Service Fund</u>			
Capital Assets, net of Accumulated Depreciation	\$ 58,827,296	\$ 15,828,968	\$ -	\$ -	\$ 74,656,264	\$ 14,551,312	\$ 8,779,493
Less: Debt excluding Compensated Absences and OPEB Obligation	<u>(16,524,298)</u>	<u>(1,046,401)</u>	<u>-</u>	<u>-</u>	<u>(17,570,699)</u>	<u>(635,673)</u>	<u>(1,711,636)</u>
Invested in Capital Assets, Net of Related Debt	<u>42,302,998</u>	<u>14,782,567</u>	<u>-</u>	<u>-</u>	<u>57,085,565</u>	<u>13,915,639</u>	<u>7,067,857</u>
Restricted Net Assets							
Debt Service	-	-	-	3,288,128	-	444	3,288,572
Capital Projects	<u>-</u>	<u>-</u>	<u>753,300</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>753,300</u>
Total Restricted Net Assets	-	-	753,300	3,288,128	-	444	4,041,872
Total Unrestricted Net Assets	<u>4,420,675</u>	<u>2,495,554</u>	<u>6,388,195</u>	<u>-</u>	<u>13,304,424</u>	<u>(389,429)</u>	<u>(134,962)</u>
Total Net Assets	<u><u>\$ 46,723,673</u></u>	<u><u>\$ 17,278,121</u></u>	<u><u>\$ 7,141,495</u></u>	<u><u>\$ 3,288,128</u></u>	<u><u>\$ 74,431,417</u></u>	<u><u>\$ 13,526,210</u></u>	<u><u>\$ 6,933,339</u></u>

Sanitary District debt, excluding compensated absences and OPEB obligation of \$17,570,699 above, also excludes \$232,991 from the Debt Service Fund, as there are no capital assets related to that debt.

Unrestricted Net Assets total \$12,780,033 above for business-type activities. However, these assets become restricted when included in the Government-Wide Financial Statements found on pages 36 to 37. The Sanitary District's Unrestricted Net Assets found in the Restricted Fund of \$6,388,195 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 \$6,391,838 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, 2011

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

C. FUND BALANCES

PRIMARY GOVERNMENT

Governmental fund balances are composed of the following:

Governmental Funds	General Fund	General Capital	Roads Capital	School Impact Fees Capital	Roads Board	Non-Major Governmental	Total Governmental Funds
Nonspendable							
Inventory	\$ 4,000	\$ -	\$ -	\$ -	\$ 561,391	\$ -	\$ 565,391
Loans Receivable	-	-	-	-	-	3,840,092	3,840,092
Subtotal Nonspendable	4,000	-	-	-	561,391	3,840,092	4,405,483
Restricted							
Donor-Specified Purposes	2,525	-	-	-	-	4,072	6,597
Mosquito Control	-	-	-	-	167,827	-	167,827
Unspent Bond Proceeds	-	16,672,070	-	-	-	-	16,672,070
Impact Fees	-	248,663	-	416,209	-	335,570	1,000,442
Other	331,273	-	-	-	-	4,221,305	4,552,578
Subtotal Restricted	333,798	16,920,733	-	416,209	167,827	4,560,947	22,399,514
Committed							
Encumbrances	14,660	-	-	-	-	-	14,660
Developer Exactions	-	76,741	777,909	-	-	-	854,650
Other	642,408	966,168	-	-	-	-	1,608,576
Subtotal Committed	657,068	1,042,909	777,909	-	-	-	2,477,886
Assigned							
Capital Projects	-	5,807,147	675,262	-	-	-	6,482,409
Encumbrances	-	3,082,962	2,608,087	-	-	-	5,691,049
Subsequent Years' Expenditures	70,000	1,500,000	-	-	-	-	1,570,000
Other	-	-	-	-	869,351	202,406	1,071,757
Subtotal Assigned	70,000	10,390,109	3,283,349	-	869,351	202,406	14,815,215
Unassigned							
General Fund	4,753,656	-	-	-	-	-	4,753,656
Other	-	-	-	-	-	(172,381)	(172,381)
Subtotal Unassigned	4,753,656	-	-	-	-	(172,381)	4,581,275
Total Governmental Funds Balances	\$ 5,818,522	\$ 28,353,751	\$ 4,061,258	\$ 416,209	\$ 1,598,569	\$ 8,431,064	\$ 48,679,373

QUEEN ANNE'S COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2011

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 2011 and, as of the date of this report, it is believed that there are no outstanding claims in excess of the equity of the trust.

Settlements - For the last three years, settlements have not exceeded insurance coverage for any type of policy in effect.

QUEEN ANNE'S COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2011

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 pension 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, 2011

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, 2011 is based on salaries for the year ending June 30, 2010. The contribution requirements of plan members of the reporting entity are established and may be amended by the Maryland State Pension System Board of Trustees. The County's contributions for the fiscal years ending June 30th were equal to the actuarially determined amounts as follows:

<u>Retirement Plan Contributions</u>	<u>Fiscal Year Ending</u>		
	<u>June 30, 2011</u>	<u>June 30, 2010</u>	<u>June 30, 2009</u>
Total Payroll	\$ 28,037,262	\$ 27,860,546	\$ 27,725,213
Covered Payroll			
Pension System	20,585,096	21,932,213	21,756,765
LEOPS	2,642,996	2,743,928	2,646,509
Expenditure/Expense			
Pension System	2,415,867	1,633,860	1,540,473
LEOPS	734,768	652,045	490,008

QUEEN ANNE'S COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2011

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 2011, State contributions on behalf of the Board are approximately \$6,590,974. This contribution is recognized as both revenue and expenditure for the Board. An additional \$919,174 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, 2011 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 2011, State contributions on behalf of the Library are approximately \$112,894. These contributions are recognized as both revenue and expenditures for the Library. An additional \$40,702 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, 2011 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, 2011

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, 2011, funds in the amount of \$155,731 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, 2011**

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 for employees who retire on or after September 2, 2011. For employees who retired prior to September 2, 2011, the plan remains the same, except that the percentages for PPO health plans are the same as shown below for the EPO plans.

Years of County Service Prior to Retirement and eligible retiree hired prior to July 1, 2010	Subsidy Level Description
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 one tenths percent (3.1%) for the PPO or three and six tenths percent (3.6%) for the EPO of selected County health insurance premium costs for every full year of County service.
Retiree with 25 years or more of County Service or 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 eighty-five percent (85%) of selected County health insurance premium costs for the PPO health plan and ninety percent (90%) for the EPO health plan.
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.
Years of County Service Prior to Retirement and eligible retiree hired on or after July 1, 2010	Subsidy Level Description
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, 2011

NOTE 14 - OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

Plan Membership

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

<u>Plan Membership</u>	<u>Active</u>	<u>Retirees</u>
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 on the full accrual basis accounting. Expenses are recognized as retirees' insurance costs are incurred.

For further financial information, Summary and Combining financial statements may be found on pages 54 to 55 and 158 to 159, respectively. Required Supplementary Information may be found after these Notes, on pages 112 to 113.

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 2011, as shown in the table below, plan members and beneficiaries receiving benefits contributed a total of \$780,197 (26.3 percent of current contributions). In addition, the primary government and its component units contributed a total of \$2,188,722 (73.7 percent). This amount consisted of \$2,124,224 for current premiums, claims, and administrative expenses incurred on behalf of current retirees; plus another \$64,498 was contributed by the Housing Authority towards pre-funding of future benefits during fiscal year 2011.

<u>Contributions</u>	<u>Retirees</u>	<u>Employer</u>	<u>Total</u> <u>Contributions</u>	<u>Retiree</u> <u>Percentage</u>	<u>Employer</u> <u>Percentage</u>
County	\$ 174,196	\$ 831,222	\$ 1,005,418	17.3%	82.7%
Housing Authority	3,364	69,068	72,432	4.6%	95.4%
Board of Education	595,319	1,276,130	1,871,449	31.8%	68.2%
Library	<u>7,318</u>	<u>12,302</u>	<u>19,620</u>	37.3%	62.7%
Total	<u>\$ 780,197</u>	<u>\$ 2,188,722</u>	<u>\$ 2,968,919</u>	26.3%	73.7%

QUEEN ANNE'S COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 14 - OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

Contributions (Continued)

Net assets held in trust for above entities as of June 30, 2011 consisted of \$609,353. This is a decrease of \$423,261 from the June 30, 2010 balance of \$1,032,614. The decrease was a result of \$489,495 relating to Queen Anne's County being withdrawn during the year in order to fund current post-employment benefits. Due to the challenging financial situation the County faced in fiscal year 2011, the County developed two retirement incentive plans for the year, which included termination pay, deferred compensation and other benefits payable resulting from terminations of employee contracts. All of the retirement incentives were paid out during the 2011 fiscal year, with the exception of a benefit relating to health insurance, which was part of the first incentive plan and offered to employees with a length of service of thirty years or more. For those employees, the health insurance benefit stated they would receive health insurance at no cost for three years. After the three years passed, the retirees will be treated the same as a regular County retiree. The County determined that health and life insurance, incentive and termination pay and deferred compensation associated with the Retirement Incentive Plans and contract terminations constitute post-employment benefits and a "Retirement Benefit Plan" of the County within the meaning of the OPEB Trust Agreement and was eligible for funding from the Trust. The County Commissioners determined that under the current economic conditions, funding these post-employment benefits from the OPEB Trust was in the best interest of the County.

However, since the transaction detailed above, newly elected Commissioners took office and decided to reinstate the OPEB funds that were withdrawn. The previously withdrawn funds of \$489,495 were deposited back into the Trust in October 2011.

To avoid reporting a liability for the current year's contribution, each employer must contribute its annual required contribution (ARC), which is an amount actuarially determined to be in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and to amortize any unfunded actuarial liabilities over a period not to exceed 30 years. The annual OPEB cost of \$14,144,000, the amounts actually contributed to the trust of \$2,188,722, and the unfunded net OPEB obligation (NOO) of \$32,232,126 for the year ended June 30, 2011 were as follows:

<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	\$ 10,401,823	\$ 9,535,459	\$ 339,566	\$ 20,276,848
Annual Required Contribution (ARC)	7,375,000	6,535,000	234,000	14,144,000
Employer Contributions	(900,290)	(1,276,130)	(12,302)	(2,188,722)
End of the Year NOO	<u>\$ 16,876,533</u>	<u>\$ 14,794,329</u>	<u>\$ 561,264</u>	<u>\$ 32,232,126</u>
Percentage of ARC Contributed	12.21%	19.53%	5.26%	15.47%

The unfunded Net OPEB Obligation (NOO) of \$16,876,533 at the end of the year for the County and Housing Authority consisted of liabilities of \$16,531,461 for the County (\$13,884,281 for Governmental Activities and \$2,647,180 for Business Type Activities) and \$345,072 for the Housing Authority.

Note that in fiscal year 2010, the Library based their calculations on the actuarial valuation for fiscal year 2011, instead of the valuation for 2010. For fiscal year 2011, the Library adjusted the net assets at the beginning of the year for the overstatement in the post-employment benefit obligations for fiscal year 2010. Those adjustments are reflected in the figures above.

QUEEN ANNE'S COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 14 - OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

Funding Status and Funding Progress

As of the most recent actuarial valuation date, the total actuarial accrued liability (AAL) for all plans, as shown below, was \$146,532,000. There was a total of \$1,030,000 actuarial plan assets at that time; therefore the unfunded actuarial accrued liability (UAAL) was \$145,502,000. The annual covered payroll of all active employees covered by the respective plans was \$49,994,523 and the ratio of the unfunded actuarial accrued liability to covered payroll was 291 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, 2010	\$ 500,000	\$ 70,570,000	\$ 70,070,000	0.71%	\$ 20,439,972	343%
Board of Education	July 1, 2010	500,000	73,060,000	72,560,000	0.68%	28,329,494	256%
Library	July 1, 2010	30,000	2,902,000	2,872,000	1.03%	1,225,057	234%
Total	July 1, 2010	<u>\$ 1,030,000</u>	<u>\$ 146,532,000</u>	<u>\$ 145,502,000</u>	0.70%	<u>\$ 49,994,523</u>	291%

The schedule of funding progress, presented as required supplementary information (RSI) on page 112 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 2011, the annual required contribution (ARC), or annual OPEB cost, was based on actuarial valuations as of July 1, 2010.

As noted in the table below, the total ARC for all plans was \$14,144,000 for fiscal year 2011. Actual funding was \$2,188,722, or 15.47 percent of the ARC, resulting in an increase to the Net OPEB Obligation (NOO) of \$11,955,278 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	\$ 70,070,000	\$ 2,956,000	\$ 4,419,000	\$ 7,375,000	\$ 900,290	\$ 6,474,710	12.21%	4.00%
Board of Education	72,560,000	3,041,000	3,494,000	6,535,000	1,276,130	5,258,870	19.53%	4.00%
Library	2,872,000	122,000	112,000	234,000	12,302	221,698	5.26%	4.00%
Total	<u>\$ 145,502,000</u>	<u>\$ 6,119,000</u>	<u>\$ 8,025,000</u>	<u>\$ 14,144,000</u>	<u>\$ 2,188,722</u>	<u>\$ 11,955,278</u>	15.47%	

The increase in net OPEB Obligation (NOO) for Queen Anne's County and the Housing Authority, listed above in the amount of \$6,474,710, consists of \$6,420,704 for the Queen Anne's County portion and \$54,006 for the Housing Authority.

QUEEN ANNE'S COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2011

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, 2010
Actuarial cost method	Projected unit credit
Amortization method	Closed
Amortization period	28 years (as of July 1, 2010)
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, 2011

NOTE 15 – DEFICIT EQUITY BALANCES

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

Housing and Community Services Fund

The Housing and Community Services Fund has a negative unassigned fund balance of \$102,013 as of June 30, 2011. This negative balance will clear itself as the balance of outstanding loans receivable in Housing and Community Services Fund decreases.

Law Library Fund

The Law Library Fund has a negative unassigned fund balance of \$1,593 as of June 30, 2011. However, the fund balance was positive by August 2011.

Capital Projects – Fire Company Impact Fees Fund

The Capital Projects – Fire Company Impact Fees Fund has a negative unassigned fund balance of \$68,775 as of June 30, 2011. This negative fund balance is the result of an overpayment to a particular fire department, and will decrease over time as the incoming revenues offset the overpayment.

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

Bay Bridge Airport Enterprise Fund

The Bay Bridge Airport Enterprise Fund has a deficit balance in unrestricted net assets of \$389,429 as of June 30, 2011.

Parks and Recreation – Golf Course Enterprise Fund

The Golf Course Enterprise Fund has a deficit balance in unrestricted net assets of \$297,050 as of June 30, 2011.

Parks and Recreation – Property Management Enterprise Fund

The Property Management Enterprise Fund has a deficit balance in unrestricted net assets of \$430,890 as of June 30, 2011.

Note that during the fiscal year 2013 budget process, the County Commissioners established the guideline that the Enterprise Funds should be self-supporting, to the extent possible. Therefore, a variety of measures are being evaluated in order to attempt the goal of balancing the Enterprise Funds.

QUEEN ANNE'S COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2011

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, 2011 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.

In accordance with the provisions of GASB Statement 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, the County has committed certain fund balances for future construction projects. In the General Capital Projects Fund, a total of \$1,042,909 million has been committed, including \$692,234 for the construction of a new County Courthouse, \$273,934 for infrastructure improvements in the Matapeake Business Park, and \$76,741 for site improvements pursuant to agreements with local developers. In the Roads Capital Projects Fund, \$777,909 has been contributed by developers and is committed to fund infrastructure improvements.

QUEEN ANNE'S COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 17 – JOINT VENTURE

In 1991, the County Commissioners, in conjunction with Talbot, Caroline, and Kent Counties, entered into a regional partnership known as the Midshore Regional Landfill Joint Venture. This venture was formed to provide a long-term, solid waste management solution for the four-county area. As part of the agreement, each of the four Counties agreed to host a solid waste facility for a twenty year period, giving the venture a total duration of eighty years. In 1991, the Midshore Regional Landfill opened in Talbot County and served the waste management needs of the four-County area for twenty years. This facility, owned and operated by the Maryland Environmental Service (MES), closed on December 31, 2010. The second Midshore facility, Midshore II, opened in Caroline County and is fully operational. It began accepting waste in January 2011. 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.

During fiscal year 2011, the landfill located in Talbot County, Midshore I, was closed. As of June 30, 2011, total closure and post closure costs were estimated at approximately \$9.6 million. Midshore II, located in Caroline County, was 1.76% filled. Closure and post closure costs for Midshore II are estimated at approximately \$13.9 million. Therefore, the total closure and post closure costs for both landfills are \$23.5 million, with approximately \$7.3 million attributable to Queen Anne's County. These costs are paid from tipping fees of acceptable waste delivered by or for the account of the counties. It is currently expected that sufficient funds will be available from landfill revenues to pay future closure and post closure costs. MES has accrued and reported a long-term liability of \$9.2 million as of June 30, 2011, determined by the estimated useful life of the landfill.

Similar to the post closure costs, each of the participating Counties is contingently liable for the debt related to the new facility, Midshore II. Midshore II was funded with project revenue bonds totaling \$20.3 million. As of June 30, 2011, \$6.3 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 \$426,145 in tipping fees to the facility during fiscal 2011.

MES has satisfied its financial assurance requirements based upon the local government financial ratio tests of the project participants as of June 30, 2010. MES expects to satisfy these requirements as of June 30, 2011 using the same criteria.

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

QUEEN ANNE'S COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 18 – POLLUTION REMEDIATION OBLIGATIONS

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

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

Since the testing program began in 2008, the County incurred a total of \$219 thousand in expenses, including \$20 thousand in fiscal year 2011, to comply with the provisions of the program. Costs covered remediation work and consulting fees; the latter for testing, studies, and monitoring. Remediation efforts included demolition and removal of the existing fuel depot at the Public Works Centreville Shop; remediation of the soils via excavation; offsite controlled disposal and backfill; installation of monitoring wells; and miscellaneous environmental consulting services.

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

In November 2011, due to uneven results from the prior year's monitoring tests, MDE requested the County submit a technical plan to conduct an initial site injection, a measure which will include the application of decontaminating chemicals to the soil in an effort to determine the dosage rate and the corresponding reduction in pollutants that can be achieved. Upon plan approval by MDE, the County plans to award a contract for the initial injection by March 2012, with work to begin in April 2012. The results of this initial injection will be assessed, and a follow up plan for a final injection will be prepared. The contract duration for the final injection will depend on the scope of work; however the County expects it to be completed by the end of fiscal year 2013.

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

QUEEN ANNE'S COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 19 – SUBSEQUENT EVENTS

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, 2012, the County increased the Homestead Property Tax Credit from 0% to 5%, which means taxable increases on homeowner occupied properties is limited to 5% per year.

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.

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

Adopted Tax Rates	Fiscal Years		
	2012	2011	2010
County Property Tax Rate per \$100 of assessed value of real property	<u>\$ 0.8471</u>	<u>\$ 0.7671</u>	<u>\$ 0.770</u>

Changes in Income Tax Rate:

In accordance with subsection 10-106 of the tax-general article of the annotated code of Maryland, the County Commissioners may set, by resolution, a county income tax rate during the annual budget process. For tax year 2011, the income tax rate was set at 2.85%. For all taxable years effective beginning January 1, 2012 and thereafter, the income tax rate for the County shall be 3.2%.

Required Supplementary Information

**QUEEN ANNE'S COUNTY, MARYLAND
REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2011**

OTHER POST-EMPLOYMENT BENEFITS TRUST

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

SCHEDULE OF FUNDING PROGRESS

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

Funding Progress	Valuation Date	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%
	July 1, 2009	500,000	63,935,000	63,435,000	0.78%	23,778,696	267%
	July 1, 2010	500,000	70,570,000	70,070,000	0.71%	20,439,972	343%
Board of Education	July 1, 2008	-	62,759,000	62,759,000	0.00%	24,267,735	259%
	July 1, 2009	500,000	67,450,000	66,950,000	0.74%	28,421,068	236%
	July 1, 2010	500,000	73,060,000	72,560,000	0.68%	28,329,494	256%
Library	July 1, 2008	-	2,010,000	2,010,000	0.00%	1,050,748	191%
	July 1, 2009	30,000	2,614,000	2,584,000	1.15%	1,128,084	229%
	July 1, 2010	30,000	2,902,000	2,872,000	1.03%	1,225,057	234%
Total	July 1, 2008	-	113,876,000	113,876,000	0.00%	49,008,646	232%
	July 1, 2009	1,030,000	133,999,000	132,969,000	0.77%	53,327,848	249%
	July 1, 2010	\$ 1,030,000	\$ 146,532,000	\$ 145,502,000	0.70%	\$ 49,994,523	291%

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 0.70 percent, down from 0.77 percent the year before.

Trends in the unfunded actuarial accrued liability and annual covered payroll are both affected by inflation. Expressing the unfunded accrued liability as a percentage of annual covered payroll approximately adjusts for the effects of inflation and aids analysis of the system's progress made in accumulating sufficient assets to pay benefits when due. Generally, the smaller this percentage, the stronger the system is becoming. In this fiscal year, the UAAL as a percentage of covered payroll is 291 percent, up from 249 percent the year before.

**QUEEN ANNE'S COUNTY, MARYLAND
REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2011**

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 15.47 percent, up from 13.53 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	604,222	9.02%	6,097,778
	2011	7,375,000	900,290	12.21%	6,474,710
		<u>19,389,000</u>	<u>2,512,467</u>	<u>12.96%</u>	<u>16,876,533</u>
Board of Education	2009	5,907,000	1,534,955	25.99%	4,372,045
	2010	6,340,000	1,176,586	18.56%	5,163,414
	2011	6,535,000	1,276,130	19.53%	5,258,870
		<u>18,782,000</u>	<u>3,987,671</u>	<u>21.23%</u>	<u>14,794,329</u>
Library	2009	178,000	38,234	21.48%	139,766
	2010	212,000	12,200	5.75%	199,800
	2011	234,000	12,302	5.26%	221,698
		<u>624,000</u>	<u>62,736</u>	<u>10.05%</u>	<u>561,264</u>
Totals	2009	11,397,000	2,581,144	22.65%	8,815,856
	2010	13,254,000	1,793,008	13.53%	11,460,992
	2011	14,144,000	2,188,722	15.47%	11,955,278
		<u>\$ 38,795,000</u>	<u>\$ 6,562,874</u>	<u>16.92%</u>	<u>\$ 32,232,126</u>

Note that the Net OPEB Obligation (NOO) of \$16,876,533 at the end of the year for the County and Housing Authority consisted of a total liability of \$16,531,461 for the County and \$345,072 for the Housing Authority.

Note also that in fiscal year 2010, the Library based their calculations on the actuarial valuation for fiscal year 2011, instead of the valuation for 2010. Therefore, the information presented for the Library in fiscal year 2010 was one year ahead of schedule. For fiscal year 2011, the Library adjusted the net assets at the beginning of the year for the overstatement in the post-employment benefit obligations for fiscal year 2010. Those adjustments are reflected in the figures above.

**QUEEN ANNE'S COUNTY, MARYLAND
REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2011**

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, 2011

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	POSITIVE (NEGATIVE)
<u>REVENUES</u>				
Taxes				
Local Property Tax	\$ 59,934,809	\$ 59,934,809	\$ 60,061,951	\$ 127,142
Local Income Tax	32,980,024	32,980,024	29,527,496	(3,452,528)
Admission and Amusement Taxes	175,000	175,000	141,536	(33,464)
Recordation Taxes	2,650,000	2,650,000	2,426,641	(223,359)
Hotel Taxes	420,000	420,000	441,123	21,123
Licenses and Permits	767,165	767,165	919,663	152,498
Intergovernmental	1,409,576	2,102,332	1,933,743	(168,589)
Bond Interest Reimbursement - Build America Bond	425,278	425,278	438,022	12,744
Charges for Current Services	1,710,573	1,720,583	1,553,687	(166,896)
Fines and Forfeitures	32,250	32,250	36,244	3,994
Investment Income	227,181	227,181	50,109	(177,072)
Donations	10,300	30,925	35,335	4,410
Miscellaneous	55,958	631,396	510,843	(120,553)
Total Revenues	100,798,114	102,096,943	98,076,393	(4,020,550)
<u>EXPENDITURES</u>				
Current				
General Government	10,691,978	10,790,071	9,789,937	1,000,134
Public Safety	21,419,657	22,093,033	20,657,018	1,436,015
Public Works	3,559,023	3,602,414	2,938,771	663,643
Health	1,866,559	1,916,559	1,670,222	246,337
Social Services	284,859	295,144	284,865	10,279
Education	49,691,877	49,691,877	49,691,877	-
Parks	2,613,876	2,660,769	2,373,537	287,232
Library	1,423,851	1,433,851	1,433,725	126
Conservation of Natural Resources	591,121	591,121	531,968	59,153
Economic/Community Development	1,119,150	1,107,225	1,027,499	79,726
Miscellaneous	1,848,805	4,704,186	4,699,452	4,734
Reversions	(610,000)	(610,000)	-	(610,000)
Capital Outlay	545,980	511,757	238,195	273,562
Debt Service				
Principal	7,595,213	8,170,213	6,835,118	1,335,095
Interest and Fiscal Charges	3,528,175	3,618,175	3,614,051	4,124
Total Expenditures	106,170,124	110,576,395	105,786,235	4,790,160
Excess of Revenues Over Expenditures	(5,372,010)	(8,479,452)	(7,709,842)	769,610
<u>OTHER FINANCING SOURCES (USES)</u>				
Insurance Proceeds	-	67,579	99,028	31,449
Transfers In	1,482,121	2,326,199	2,320,569	(5,630)
Transfers Out	(3,124,417)	(3,315,882)	(2,922,343)	393,539
Total Other Financing Sources (Uses)	(1,642,296)	(922,104)	(502,746)	419,358
Net Increase (Decrease) in Fund Balance	\$ (7,014,306)	\$ (9,401,556)	(8,212,588)	\$ 1,188,968
Fund Balances, July 1			14,031,110	
Fund Balances, June 30			\$ 5,818,522	

QUEEN ANNE'S COUNTY, MARYLAND
SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES - BUDGETARY BASIS
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2011

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL REVENUES	VARIANCE POSITIVE (NEGATIVE)
<u>TAXES - LOCAL</u>				
Local Property Taxes				
Real and Personal Property (Net)	\$ 58,594,809	\$ 58,594,809	\$ 58,639,133	\$ 44,324
Railroad and Public Utilities	1,240,000	1,240,000	1,127,738	(112,262)
Penalties and Interest	100,000	100,000	295,080	195,080
Total Local Property Taxes	59,934,809	59,934,809	60,061,951	127,142
Local Income Tax	32,980,024	32,980,024	29,527,496	(3,452,528)
Other Local Taxes				
Admission and Amusement Tax	175,000	175,000	141,536	(33,464)
Recordation Tax	2,650,000	2,650,000	2,426,641	(223,359)
Hotel Tax	420,000	420,000	441,123	21,123
Total Other Local Taxes	3,245,000	3,245,000	3,009,300	(235,700)
Total Taxes - Local	96,159,833	96,159,833	92,598,747	(3,561,086)
<u>LICENSES AND PERMITS</u>				
Beer, Wine and Liquor	102,000	102,000	103,980	1,980
Traders	53,415	53,415	76,476	23,061
Marriage Licenses	-	-	3,740	3,740
Animal Control	39,500	39,500	43,816	4,316
Electrical Board of Examiners	20,000	20,000	31,430	11,430
Electrical Inspections	7,500	7,500	7,475	(25)
Cable TV	315,000	315,000	328,830	13,830
Zoning Permits	50,000	50,000	62,092	12,092
Plumbing Permits	65,250	65,250	87,724	22,474
Sediment Fees	12,000	12,000	27,020	15,020
Building Permits	101,500	101,500	144,715	43,215
Other	1,000	1,000	2,365	1,365
Total Licenses and Permits	767,165	767,165	919,663	152,498
<u>INTERGOVERNMENTAL</u>				
Police Protection	341,068	341,068	225,490	(115,578)
Fire/Rescue/Ambulance	591,216	524,964	516,518	(8,446)
Conservation of Natural Resources	14,000	7,000	7,000	-
Bond Interest Reimbursement - Build America Bond	425,278	425,278	438,022	12,744
Other	463,292	1,229,300	1,184,735	(44,565)
Total Intergovernmental	1,834,854	2,527,610	2,371,765	(155,845)

CONTINUED

QUEEN ANNE'S COUNTY, MARYLAND
SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES - BUDGETARY BASIS
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2011

(CONTINUED)

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL REVENUES	VARIANCE POSITIVE (NEGATIVE)
<u>CHARGES FOR CURRENT SERVICES</u>				
Discovery Fees	\$ 2,000	\$ 2,000	\$ 1,425	\$ (575)
Rezoning Filings	1,000	1,000	390	(610)
Zoning Appeals	4,500	4,500	4,575	75
Development Review	99,000	155,000	115,262	(39,738)
Sheriff	84,518	85,018	55,670	(29,348)
Ambulance Fee	716,000	660,000	659,510	(490)
Detention Center Fees	24,500	24,500	41,223	16,723
Recycling	107,000	107,000	178,203	71,203
Disposal Fees	491,915	491,915	334,475	(157,440)
Inspection Fees	62,000	62,000	45,134	(16,866)
Recreation Fees	58,040	67,550	85,561	18,011
Johnsongrass Spraying	60,000	60,000	25,963	(34,037)
Merchandise Sales	100	100	1,096	996
4-H Park Fees	-	-	4,700	4,700
Miscellaneous User Fees	-	-	500	500
Total Charges for Current Services	1,710,573	1,720,583	1,553,687	(166,896)
<u>FINES AND FORFEITURES</u>				
Court Fines	32,250	32,250	36,054	3,804
Confiscated Assets	-	-	190	190
Total Fines and Forfeitures	32,250	32,250	36,244	3,994
<u>INVESTMENT INCOME</u>				
	227,181	227,181	50,109	(177,072)
<u>MISCELLANEOUS REVENUES AND DONATIONS</u>				
Rental Income	15,000	21,000	23,459	2,459
Donations	10,300	30,925	35,335	4,410
Miscellaneous	40,958	610,396	487,384	(123,012)
Total Miscellaneous Revenues and Donations	66,258	662,321	546,178	(116,143)
<u>OTHER FINANCING SOURCES</u>				
Insurance Proceeds	-	67,579	99,028	31,449
Transfers In:				
Impact Fees - School	1,408,120	1,408,120	1,408,120	-
General Capital Projects	-	850,000	849,467	(533)
Kent Narrows	39,987	39,987	39,987	-
Community Partnerships	18,014	22,092	16,995	(5,097)
Inmate Welfare	10,000	-	-	-
Economic Development Commission	6,000	6,000	6,000	-
Total Transfers In	1,482,121	2,326,199	2,320,569	(5,630)
Total Other Financing Sources	1,482,121	2,393,778	2,419,597	25,819
Total General Fund Revenues and Other Financing Sources				
Before Appropriated Fund Balance	102,280,235	104,490,721	100,495,990	(3,994,731)
Fund Balance - Appropriation (Surplus)	7,014,306	9,401,556	-	(9,401,556)
Total General Fund Revenues, Other Financing Sources and Fund Balance Appropriation	\$ 109,294,541	\$ 113,892,277	\$ 100,495,990	\$ (13,396,287)

QUEEN ANNE'S COUNTY, MARYLAND
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES - BUDGETARY BASIS
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2011

	ACTUAL				ORIGINAL	FINAL	VARIANCE
	PERSONNEL	OTHER	CAPITAL		BUDGET	BUDGET	POSITIVE
	COSTS	OPERATING	OUTLAY	TOTAL			(NEGATIVE)
<u>GENERAL GOVERNMENT</u>							
Legislative	\$ 565,530	\$ 127,025	\$ -	\$ 692,555	\$ 789,340	\$ 789,340	\$ 96,785
Judicial							
Circuit Court/Macro Mediation/Family Services/Court Master	261,566	152,655	-	414,221	470,734	465,327	51,106
Orphan's Court	72,936	6,008	-	78,944	70,690	79,690	746
State's Attorney/Victim Witness/Cease Fire	1,110,779	53,972	-	1,164,751	1,240,711	1,253,211	88,460
Executive							
County Administrator	355,099	8,512	-	363,611	459,638	446,638	83,027
Elections							
Board of Election Supervisors	25,791	466,393	-	492,184	542,073	542,073	49,889
Financial Administration	838,897	171,665	-	1,010,562	1,075,030	1,075,030	64,468
Human Resources Administration	448,467	70,396	-	518,863	604,925	604,925	86,062
Planning	523,587	9,435	-	533,022	692,760	619,458	86,436
Zoning	1,177,348	305,862	-	1,483,210	1,598,296	1,666,598	183,388
Management Information Systems	470,282	150,821	-	621,103	673,524	673,524	52,421
General Services	627,967	1,333,551	-	1,961,518	2,030,994	2,065,994	104,476
Other General Government							
Liquor Board	39,240	4,533	-	43,773	83,053	83,053	39,280
Electrical Board	453	795	-	1,248	9,915	9,915	8,667
Legal	119,239	291,133	-	410,372	350,295	415,295	4,923
Total General Government	6,637,181	3,152,756	-	9,789,937	10,691,978	10,790,071	1,000,134
<u>PUBLIC SAFETY</u>							
Sheriff's Office	5,132,321	795,834	144,608	6,072,763	6,562,060	6,466,560	393,797
Volunteer Fire and Rescue Services	-	2,888,607	-	2,888,607	2,970,918	2,970,918	82,311
Detention Center	3,234,103	854,133	-	4,088,236	4,560,503	4,560,503	472,267
Animal Control	728,220	137,502	16,130	881,852	933,477	954,102	72,250
Eastern Shore Alliance	336	363,858	-	364,194	-	364,194	-
Emergency Services	5,661,325	860,779	27,464	6,549,568	6,888,679	7,163,866	614,298
Total Public Safety	14,756,305	5,900,713	188,202	20,845,220	21,915,637	22,480,143	1,634,923
<u>PUBLIC WORKS</u>							
Administration	390,623	6,693	-	397,316	528,433	528,433	131,117
Other Public Roads	-	17,029	-	17,029	25,824	25,824	8,795
Solid Waste Disposal	1,085,533	741,498	49,993	1,877,024	2,296,473	2,416,857	539,833
Engineering Division	661,880	35,515	-	697,395	758,293	751,293	53,898
Total Public Works	2,138,036	800,735	49,993	2,988,764	3,609,023	3,722,407	733,643
<u>HEALTH</u>							
Health Department	117,954	1,552,268	-	1,670,222	1,866,559	1,916,559	246,337
<u>SOCIAL SERVICES</u>							
MEAP - MD Energy Assistance Program	122,267	-	-	122,267	121,505	127,790	5,523
Other Social Services	129,248	33,350	-	162,598	163,354	167,354	4,756
Total Social Services	251,515	33,350	-	284,865	284,859	295,144	10,279

CONTINUED

QUEEN ANNE'S COUNTY, MARYLAND
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES - BUDGETARY BASIS
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2011

(CONTINUED)

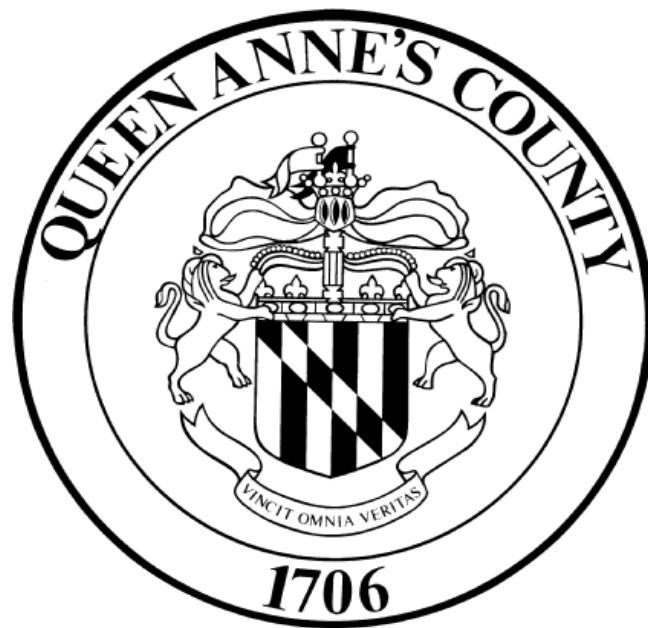
	ACTUAL						VARIANCE
	PERSONNEL COSTS	OTHER OPERATING	CAPITAL OUTLAY	TOTAL	ORIGINAL BUDGET	FINAL BUDGET	POSITIVE (NEGATIVE)
<u>EDUCATION</u>							
Board of Education	\$ -	\$ 47,957,462	\$ -	\$ 47,957,462	\$ 47,957,462	\$ 47,957,462	\$ -
Chesapeake College	-	1,734,415	-	1,734,415	1,734,415	1,734,415	-
Total Education	-	49,691,877	-	49,691,877	49,691,877	49,691,877	-
<u>PARKS</u>							
Parks	1,465,658	416,759	-	1,882,417	1,995,205	2,046,752	164,335
Administration	462,804	28,316	-	491,120	618,671	618,671	127,551
Total Parks	1,928,462	445,075	-	2,373,537	2,613,876	2,665,423	291,886
<u>LIBRARY</u>							
Queen Anne's County Free Library	-	1,433,725	-	1,433,725	1,423,851	1,433,851	126
<u>CONSERVATION OF NATURAL RESOURCES</u>							
Cooperative Extension Services	48,147	198,842	-	246,989	260,192	260,192	13,203
Soil Conservation Services	126,947	-	-	126,947	139,749	139,749	12,802
Weed Control	80,703	10,318	-	91,021	118,002	118,002	26,981
4-H Park	-	67,011	-	67,011	73,178	73,178	6,167
Total Conservation of Natural Resources	255,797	276,171	-	531,968	591,121	591,121	59,153
<u>ECONOMIC AND COMMUNITY DEVELOPMENT</u>							
Public Housing Authority	-	318,319	-	318,319	318,319	318,319	-
Business & Tourism	551,622	157,558	-	709,180	800,831	788,906	79,726
Total Economic and Community Development	551,622	475,877	-	1,027,499	1,119,150	1,107,225	79,726
<u>DEBT SERVICE</u>							
Debt Service - Principal	-	6,835,118	-	6,835,118	7,595,213	8,170,213	1,335,095
Debt Service - Interest and Fiscal Charges	-	3,614,051	-	3,614,051	3,528,175	3,618,175	4,124
Total Debt Service	-	10,449,169	-	10,449,169	11,123,388	11,788,388	1,339,219
<u>MISCELLANEOUS</u>							
Aid to Municipalities	-	234,171	-	234,171	228,686	234,686	515
Aid to Other Agencies	-	50,904	-	50,904	35,904	50,904	-
Insurance & Benefits / (Reimbursements)	3,361,393	985,179	-	4,346,572	1,533,350	4,347,731	1,159
Contingencies	-	67,805	-	67,805	50,865	70,865	3,060
Total Miscellaneous	3,361,393	1,338,059	-	4,699,452	1,848,805	4,704,186	4,734
<u>REVERSIONS</u>							
Salary Reversions	-	-	-	-	(610,000)	(610,000)	(610,000)
<u>OTHER FINANCING USES</u>							
Transfers Out To:							
Law Library	-	9,744	-	9,744	13,275	13,275	3,531
Department of Aging	-	1,439,319	-	1,439,319	1,703,430	1,696,784	257,465
Department of Housing and Community Services	-	381,931	-	381,931	464,656	464,656	82,725
Agricultural Transfer Tax Fund	-	10,000	-	10,000	10,000	10,000	-
Roads Board Operating	-	-	-	-	31,500	31,500	31,500
Sanitary District - Sewer/Admin	-	-	-	-	4,725	4,725	4,725
Sanitary District - Water	-	81,072	-	81,072	81,072	81,072	-
Impact Fees - Fire Companies/Contingencies	-	40,159	-	40,159	25,000	40,159	-
General Capital Projects Fund	-	125,000	-	125,000	-	125,000	-
Parks & Recreation Enterprise - Airport	-	62,740	-	62,740	65,149	65,149	2,409
Parks & Recreation Enterprise - Programs	-	443,110	-	443,110	443,110	443,110	-
Parks & Recreation Enterprise - Property Mgmt	-	25,000	-	25,000	25,000	25,000	-
Community Partnerships (Admin)	-	204,269	-	204,269	157,500	215,452	11,183
Community Partnerships (Education program)	-	99,999	-	99,999	100,000	100,000	1
Total Transfers Out	-	2,922,343	-	2,922,343	3,124,417	3,315,882	393,539
Total Expenditures and Other Financing Uses	\$ 29,998,265	\$ 78,472,118	\$ 238,195	\$ 108,708,578	\$ 109,294,541	\$ 113,892,277	\$ 5,183,699

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, 2011

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE POSITIVE (NEGATIVE)
<u>REVENUES</u>				
State Shared Taxes	\$ 154,217	\$ 154,217	\$ 197,776	\$ 43,559
Intergovernmental	1,299,936	1,299,936	328,943	(970,993)
Charges for Current Services	205,000	205,000	290,779	85,779
Investment Income	50,000	50,000	4,797	(45,203)
Miscellaneous	-	-	86,264	86,264
Total Revenues	1,709,153	1,709,153	908,559	(800,594)
<u>EXPENDITURES</u>				
Current				
Public Works	5,190,111	5,190,111	3,493,027	1,697,084
Capital Outlay	70,000	83,732	13,732	70,000
Total Expenditures	5,260,111	5,273,843	3,506,759	1,767,084
Excess of Revenues Over (Under) Expenditures	(3,550,958)	(3,564,690)	(2,598,200)	966,490
<u>OTHER FINANCING SOURCES (USES)</u>				
Proceeds of Sale of Capital Assets	-	-	2,208	2,208
Transfers In	629,524	629,524	-	(629,524)
Total Other Financing Sources (Uses)	629,524	629,524	2,208	(627,316)
Net Increase (Decrease) in Fund Balances	\$ (2,921,434)	\$ (2,935,166)	(2,595,992)	\$ 339,174
Fund Balances, July 1			4,194,561	
Fund Balances, June 30			\$ 1,598,569	

Combining and Individual Fund Statements and Schedules

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



Non-Major Governmental Funds

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

NON-MAJOR GOVERNMENTAL FUNDS

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

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

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

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

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

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

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

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

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

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

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

Purchase of 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.

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.

Capital Projects – Fire Company Impact Fees – This fund accounts for activities funded by impact fees specifically earmarked to enhance local volunteer fire company preparedness resulting from new construction and is included in the public safety function.

Capital Projects – Parks and Recreation Impact Fees – This fund accounts for activities funded by impact fees specifically earmarked to enhance parks and recreation and is included in the parks and recreation function.

QUEEN ANNE'S COUNTY, MARYLAND
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
JUNE 30, 2011

	DEPARTMENT OF AGING	HOUSING AND COMMUNITY SERVICES	REVOLVING LOAN FUND	COMMUNITY PARTNERSHIPS FOR CHILDREN	CRITICAL AREAS
ASSETS					
Cash and Cash Equivalents	\$ 148,979	\$ 786,552	\$ 397,864	\$ 313,620	\$ 131,343
Prepaid Items	-	247	-	-	-
Receivables					
Accounts Receivable (Net)	-	4,551	9,522	-	-
Loans Receivable	-	3,664,409	175,683	-	-
Special Assessments (Net)	-	-	-	-	-
Due from Other Governments	206,361	29,911	-	268,616	-
Total Assets	<u>\$ 355,340</u>	<u>\$ 4,485,670</u>	<u>\$ 583,069</u>	<u>\$ 582,236</u>	<u>\$ 131,343</u>
LIABILITIES AND FUND BALANCES					
Liabilities					
Accrued Liabilities	\$ 92,862	\$ 12,599	\$ -	\$ 190,304	\$ -
Due to Other Funds	130,522	119,727	-	8,411	-
Due to Other Governmental Agencies	-	-	-	307,952	-
Deferred Revenue	1,047	56,283	-	-	-
Total Liabilities	<u>224,431</u>	<u>188,609</u>	<u>-</u>	<u>506,667</u>	<u>-</u>
Fund Balances					
Nonspendable	-	3,664,409	175,683	-	-
Restricted	4,072	734,665	407,386	-	131,343
Assigned	126,837	-	-	75,569	-
Unassigned	-	(102,013)	-	-	-
Total Fund Balances	<u>130,909</u>	<u>4,297,061</u>	<u>583,069</u>	<u>75,569</u>	<u>131,343</u>
Total Liabilities and Fund Balances	<u>\$ 355,340</u>	<u>\$ 4,485,670</u>	<u>\$ 583,069</u>	<u>\$ 582,236</u>	<u>\$ 131,343</u>

QUEEN ANNE'S COUNTY, MARYLAND
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
JUNE 30, 2011

(CONTINUED)

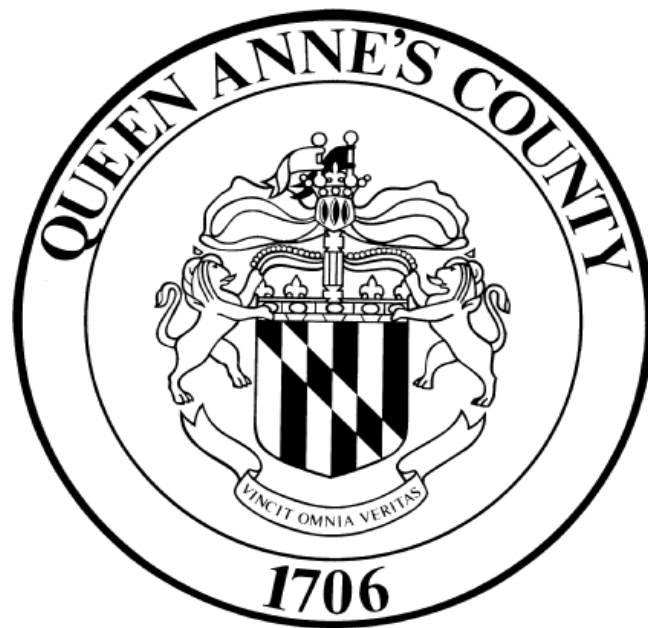
<u>LAW LIBRARY</u>	<u>SHERIFF'S DRUG TASK FORCE</u>	<u>INMATE WELFARE FUND</u>	<u>AGRICULTURAL TRANSFER</u>	<u>RURAL LEGACY</u>	<u>PURCHASE OF DEVELOPMENT RIGHTS</u>
\$ 3,664	\$ 165,875	\$ 250,812	\$ 178,350	\$ 1,025,176	\$ 1,097,185
-	-	-	-	-	-
5,811	-	4,537	-	-	77,132
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ 9,475</u>	<u>\$ 165,875</u>	<u>\$ 255,349</u>	<u>\$ 178,350</u>	<u>\$ 1,025,176</u>	<u>\$ 1,174,317</u>
\$ 11,068	\$ 78,572	\$ 4,971	\$ 1,257	\$ -	\$ -
-	-	-	-	-	-
-	-	11,854	-	-	-
-	-	-	-	-	-
<u>11,068</u>	<u>78,572</u>	<u>16,825</u>	<u>1,257</u>	<u>-</u>	<u>-</u>
-	-	-	-	-	-
-	87,303	238,524	177,093	1,025,176	1,174,317
-	-	-	-	-	-
<u>(1,593)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>(1,593)</u>	<u>87,303</u>	<u>238,524</u>	<u>177,093</u>	<u>1,025,176</u>	<u>1,174,317</u>
<u>\$ 9,475</u>	<u>\$ 165,875</u>	<u>\$ 255,349</u>	<u>\$ 178,350</u>	<u>\$ 1,025,176</u>	<u>\$ 1,174,317</u>

CONTINUED

QUEEN ANNE'S COUNTY, MARYLAND
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
JUNE 30, 2011

(CONTINUED)

	DREDGING SPECIAL ASSESSMENTS	KENT NARROWS	CAPITAL PROJECTS - FIRE COMPANY IMPACT FEES	CAPITAL PROJECTS - PARKS AND RECREATION IMPACT FEES	TOTAL NON-MAJOR GOVERNMENTAL
<u>ASSETS</u>					
Cash and Cash Equivalents	\$ 16,016	\$ 217,175	\$ 234,859	\$ 100,711	\$ 5,068,181
Prepaid Items	-	-	-	-	247
Receivables					
Accounts Receivable (Net)	265	12,451	-	-	114,269
Loans Receivable	-	-	49,320	45,719	3,935,131
Special Assessments (Net)	683,394	-	-	-	683,394
Due from Other Governments	-	-	-	-	504,888
Total Assets	<u>\$ 699,675</u>	<u>\$ 229,626</u>	<u>\$ 284,179</u>	<u>\$ 146,430</u>	<u>\$ 10,306,110</u>
<u>LIABILITIES AND FUND BALANCES</u>					
Liabilities					
Accrued Liabilities	\$ -	\$ 409	\$ -	\$ -	\$ 392,042
Due to Other Funds	-	-	68,775	-	327,435
Due to Other Governmental Agencies	-	-	-	-	319,806
Deferred Revenue	683,394	-	49,320	45,719	835,763
Total Liabilities	<u>683,394</u>	<u>409</u>	<u>118,095</u>	<u>45,719</u>	<u>1,875,046</u>
Fund Balances					
Nonspendable	-	-	-	-	3,840,092
Restricted	16,281	229,217	234,859	100,711	4,560,947
Assigned	-	-	-	-	202,406
Unassigned	-	-	(68,775)	-	(172,381)
Total Fund Balances	<u>16,281</u>	<u>229,217</u>	<u>166,084</u>	<u>100,711</u>	<u>8,431,064</u>
Total Liabilities and Fund Balances	<u>\$ 699,675</u>	<u>\$ 229,626</u>	<u>\$ 284,179</u>	<u>\$ 146,430</u>	<u>\$ 10,306,110</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, 2011

	DEPARTMENT OF AGING	HOUSING AND COMMUNITY SERVICES	REVOLVING LOAN FUND	COMMUNITY PARTNERSHIPS FOR CHILDREN	CRITICAL AREAS
REVENUES					
Taxes					
Local Property Tax	\$ -	\$ -	\$ -	\$ -	\$ -
Other Local Taxes - Admission and Amusement Taxes	-	-	-	-	-
Recordation Taxes	-	97,408	-	-	-
State Shared Taxes	-	-	-	-	-
Intergovernmental	872,160	300,281	-	1,010,975	-
Charges for Current Services	69,382	-	-	-	513
Fines and Forfeitures	-	-	-	-	-
Investment Income	156	6,150	9,538	44	-
Donations	60,203	-	-	1,000	-
Miscellaneous	1,133	-	-	47,075	-
Total Revenues	1,003,034	403,839	9,538	1,059,094	513
EXPENDITURES					
Current					
General Government	-	-	-	-	-
Public Safety	-	-	-	-	-
Social Services	2,440,871	-	-	1,346,322	-
Conservation of Natural Resources	-	-	-	-	-
Economic/Community Development	-	683,014	-	-	-
Capital Outlay	7,555	-	-	-	-
Debt Service					
Principal	-	-	-	-	-
Interest and Fiscal Charges	-	-	-	-	-
Total Expenditures	2,448,426	683,014	-	1,346,322	-
Excess of Revenues Over (Under) Expenditures	(1,445,392)	(279,175)	9,538	(287,228)	513
OTHER FINANCING SOURCES (USES)					
Proceeds of Capital Asset Disposals	15,651	-	-	-	-
Transfers In	1,439,319	596,672	-	304,268	-
Transfers Out	-	-	-	(16,995)	-
Other Financing Sources (Uses)	1,454,970	596,672	-	287,273	-
Net Increase (Decrease) in Fund Balances	9,578	317,497	9,538	45	513
Fund Balances, July 1	121,331	3,979,564	573,531	75,524	130,830
Fund Balances, June 30	\$ 130,909	\$ 4,297,061	\$ 583,069	\$ 75,569	\$ 131,343

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, 2011

(CONTINUED)

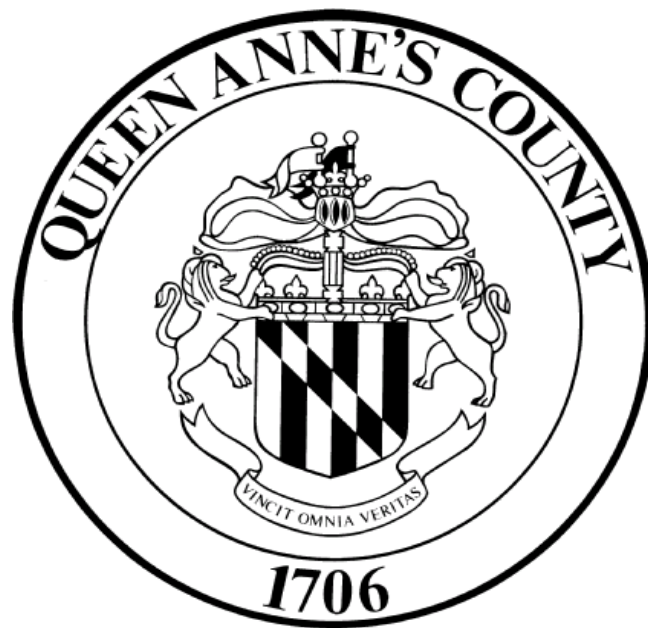
<u>LAW LIBRARY</u>	<u>SHERIFF'S DRUG TASK FORCE</u>	<u>INMATE WELFARE FUND</u>	<u>AGRICULTURAL TRANSFER</u>	<u>RURAL LEGACY</u>	<u>PURCHASE OF DEVELOPMENT RIGHTS</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	723,801
-	-	-	32,625	-	-
-	-	-	-	518,300	-
11,282	-	63,257	-	-	-
15,699	26,402	-	-	-	-
67	309	429	282	1,772	2,349
-	-	-	-	-	-
23,120	-	31,995	-	-	-
<u>50,168</u>	<u>26,711</u>	<u>95,681</u>	<u>32,907</u>	<u>520,072</u>	<u>726,150</u>
83,535	-	-	-	-	-
-	57,918	105,769	-	-	-
-	-	-	-	-	-
-	-	-	-	1,112,562	-
-	-	-	-	-	-
-	3,870	-	-	-	-
-	-	-	-	-	85,015
-	-	-	-	-	15,375
<u>83,535</u>	<u>61,788</u>	<u>105,769</u>	<u>-</u>	<u>1,112,562</u>	<u>100,390</u>
<u>(33,367)</u>	<u>(35,077)</u>	<u>(10,088)</u>	<u>32,907</u>	<u>(592,490)</u>	<u>625,760</u>
-	-	-	-	-	-
9,744	-	-	10,000	-	-
-	-	-	-	-	(207,000)
<u>9,744</u>	<u>-</u>	<u>-</u>	<u>10,000</u>	<u>-</u>	<u>(207,000)</u>
(23,623)	(35,077)	(10,088)	42,907	(592,490)	418,760
<u>22,030</u>	<u>122,380</u>	<u>248,612</u>	<u>134,186</u>	<u>1,617,666</u>	<u>755,557</u>
<u>\$ (1,593)</u>	<u>\$ 87,303</u>	<u>\$ 238,524</u>	<u>\$ 177,093</u>	<u>\$ 1,025,176</u>	<u>\$ 1,174,317</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, 2011

(CONTINUED)

	DREDGING SPECIAL ASSESSMENTS	KENT NARROWS	CAPITAL PROJECTS - FIRE COMPANY IMPACT FEES	CAPITAL PROJECTS - PARKS AND RECREATION IMPACT FEES	TOTAL NON-MAJOR GOVERNMENTAL
REVENUES					
Taxes					
Local Property Tax	\$ -	\$ 36,008	\$ -	\$ -	\$ 36,008
Other Local Taxes - Admission and Amusement Taxes	-	47,179	-	-	47,179
Recordation Taxes	-	-	-	-	821,209
State Shared Taxes	-	-	-	-	32,625
Intergovernmental	-	-	-	-	2,701,716
Charges for Current Services	44,178	-	195,461	100,071	484,144
Fines and Forfeitures	-	-	-	-	42,101
Investment Income	651	-	529	639	22,915
Donations	-	-	-	-	61,203
Miscellaneous	-	-	-	-	103,323
Total Revenues	44,829	83,187	195,990	100,710	4,352,423
EXPENDITURES					
Current					
General Government	-	-	-	-	83,535
Public Safety	-	-	296,873	-	460,560
Social Services	-	-	-	-	3,787,193
Conservation of Natural Resources	-	-	-	-	1,112,562
Economic/Community Development	-	5,011	-	-	688,025
Capital Outlay	-	-	-	-	11,425
Debt Service					
Principal	44,425	-	-	-	129,440
Interest and Fiscal Charges	-	-	-	-	15,375
Total Expenditures	44,425	5,011	296,873	-	6,288,115
Excess of Revenues Over (Under) Expenditures	404	78,176	(100,883)	100,710	(1,935,692)
OTHER FINANCING SOURCES (USES)					
Proceeds of Capital Asset Disposals	-	-	-	-	15,651
Transfers In	-	-	40,159	-	2,400,162
Transfers Out	-	(45,987)	-	(323,525)	(593,507)
Other Financing Sources (Uses)	-	(45,987)	40,159	(323,525)	1,822,306
Net Increase (Decrease) in Fund Balances	404	32,189	(60,724)	(222,815)	(113,386)
Fund Balances, July 1	15,877	197,028	226,808	323,526	8,544,450
Fund Balances, June 30	\$ 16,281	\$ 229,217	\$ 166,084	\$ 100,711	\$ 8,431,064



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, 2011

	DEPARTMENT OF AGING				HOUSING AND COMMUNITY SERVICES			
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE POSITIVE (NEGATIVE)	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE POSITIVE (NEGATIVE)
REVENUES								
Taxes								
Local Property Tax	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other Local Taxes - Admission and Amusement Taxes	-	-	-	-	-	-	-	-
Recordation Taxes	-	-	-	-	50,000	50,000	97,408	47,408
State Shared Taxes	-	-	-	-	-	-	-	-
Intergovernmental	878,626	915,223	872,160	(43,063)	165,486	358,042	300,281	(57,761)
Charges for Current Services	61,811	61,811	69,382	7,571	-	-	-	-
Fines and Forfeitures	-	-	-	-	-	-	-	-
Investment Income	-	-	156	156	-	-	6,150	6,150
Donations	56,000	56,690	60,203	3,513	-	-	-	-
Miscellaneous	1,000	1,433	1,133	(300)	-	-	-	-
Total Revenues	997,437	1,035,157	1,003,034	(32,123)	215,486	408,042	403,839	(4,203)
EXPENDITURES								
Current Operating Expenditures	2,692,721	2,727,321	2,440,871	286,450	680,142	1,670,439	683,014	987,425
Capital Outlay	1,500	11,846	7,555	4,291	-	-	-	-
Debt Service								
Principal	-	-	-	-	-	-	-	-
Interest and Fiscal Charges	-	-	-	-	-	-	-	-
Total Expenditures	2,694,221	2,739,167	2,448,426	290,741	680,142	1,670,439	683,014	987,425
Excess of Revenues Over (Under) Expenditures	(1,696,784)	(1,704,010)	(1,445,392)	258,618	(464,656)	(1,262,397)	(279,175)	983,222
OTHER FINANCING SOURCES (USES)								
Proceeds of Capital Asset Disposals	-	7,226	15,651	8,425	-	-	-	-
Transfers In	1,696,784	1,696,784	1,439,319	(257,465)	464,656	679,397	596,672	(82,725)
Transfers Out	-	-	-	-	-	-	-	-
Total Other Financing Sources (Uses)	1,696,784	1,704,010	1,454,970	(249,040)	464,656	679,397	596,672	(82,725)
Net Increase (Decrease) in Fund Balances	\$ -	\$ -	9,578	\$ 9,578	\$ -	\$ (583,000)	317,497	\$ 900,497
Fund Balances, July 1			121,331				3,979,564	
Fund Balances, June 30			\$ 130,909				\$ 4,297,061	

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, 2011
(CONTINUED)

COMMUNITY PARTNERSHIPS FOR CHILDREN				LAW LIBRARY				INMATE WELFARE FUND			
ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE POSITIVE (NEGATIVE)	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE POSITIVE (NEGATIVE)	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE POSITIVE (NEGATIVE)
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-
1,253,967	1,074,457	1,010,975	(63,482)	-	-	-	-	-	-	-	-
-	-	-	-	13,000	13,000	11,282	(1,718)	90,000	90,000	63,257	(26,743)
-	-	-	-	21,000	21,000	15,699	(5,301)	-	-	-	-
-	-	44	44	25	25	67	42	5,250	5,250	429	(4,821)
-	-	1,000	1,000	-	-	-	-	-	-	-	-
15,230	52,296	47,075	(5,221)	25,000	25,000	23,120	(1,880)	40,000	40,000	31,995	(8,005)
<u>1,269,197</u>	<u>1,126,753</u>	<u>1,059,094</u>	<u>(67,659)</u>	<u>59,025</u>	<u>59,025</u>	<u>50,168</u>	<u>(8,857)</u>	<u>135,250</u>	<u>135,250</u>	<u>95,681</u>	<u>(39,569)</u>
1,508,682	1,421,113	1,346,322	74,791	72,300	83,800	83,535	265	125,250	125,250	105,769	19,481
-	-	-	-	-	-	-	-	40,000	40,000	-	40,000
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-
<u>1,508,682</u>	<u>1,421,113</u>	<u>1,346,322</u>	<u>74,791</u>	<u>72,300</u>	<u>83,800</u>	<u>83,535</u>	<u>265</u>	<u>165,250</u>	<u>165,250</u>	<u>105,769</u>	<u>59,481</u>
<u>(239,485)</u>	<u>(294,360)</u>	<u>(287,228)</u>	<u>7,132</u>	<u>(13,275)</u>	<u>(24,775)</u>	<u>(33,367)</u>	<u>(8,592)</u>	<u>(30,000)</u>	<u>(30,000)</u>	<u>(10,088)</u>	<u>19,912</u>
-	-	-	-	-	-	-	-	-	-	-	-
257,500	315,452	304,268	(11,184)	13,275	13,275	9,744	(3,531)	-	-	-	-
(18,015)	(22,092)	(16,995)	5,097	-	-	-	-	-	-	-	-
<u>239,485</u>	<u>293,360</u>	<u>287,273</u>	<u>(6,087)</u>	<u>13,275</u>	<u>13,275</u>	<u>9,744</u>	<u>(3,531)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ -</u>	<u>\$ (1,000)</u>	<u>45</u>	<u>\$ 1,045</u>	<u>\$ -</u>	<u>\$ (11,500)</u>	<u>(23,623)</u>	<u>\$ (12,123)</u>	<u>\$ (30,000)</u>	<u>\$ (30,000)</u>	<u>(10,088)</u>	<u>\$ 19,912</u>
		<u>75,524</u>				<u>22,030</u>				<u>248,612</u>	
		<u>\$ 75,569</u>				<u>\$ (1,593)</u>				<u>\$ 238,524</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, 2011
(CONTINUED)

	AGRICULTURAL TRANSFER				RURAL LEGACY			
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE POSITIVE (NEGATIVE)	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE POSITIVE (NEGATIVE)
REVENUES								
Taxes								
Local Property Tax	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other Local Taxes - Admission and Amusement Taxes	-	-	-	-	-	-	-	-
Recordation Taxes	-	-	-	-	-	-	-	-
State Shared Taxes	155,000	155,000	32,625	(122,375)	-	-	-	-
Intergovernmental	-	-	-	-	-	518,299	518,300	1
Charges for Current Services	-	-	-	-	-	-	-	-
Fines and Forfeitures	-	-	-	-	-	-	-	-
Investment Income	-	-	282	282	-	-	1,772	1,772
Donations	-	-	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-	-	-
Total Revenues	155,000	155,000	32,907	(122,093)	-	518,299	520,072	1,773
EXPENDITURES								
Current Operating Expenditures	165,000	165,000	-	165,000	-	1,131,905	1,112,562	19,343
Capital Outlay	-	-	-	-	-	-	-	-
Debt Service								
Principal	-	-	-	-	-	-	-	-
Interest and Fiscal Charges	-	-	-	-	-	-	-	-
Total Expenditures	165,000	165,000	-	165,000	-	1,131,905	1,112,562	19,343
Excess of Revenues Over (Under) Expenditures	(10,000)	(10,000)	32,907	42,907	-	(613,606)	(592,490)	21,116
OTHER FINANCING SOURCES (USES)								
Proceeds of Capital Asset Disposals	-	-	-	-	-	-	-	-
Transfers In	10,000	10,000	10,000	-	-	-	-	-
Transfers Out	-	-	-	-	-	-	-	-
Total Other Financing Sources (Uses)	10,000	10,000	10,000	-	-	-	-	-
Net Increase (Decrease) in Fund Balances	\$ -	\$ -	42,907	\$ 42,907	\$ -	\$ (613,606)	(592,490)	\$ 21,116
Fund Balances, July 1			134,186				1,617,666	
Fund Balances, June 30			\$ 177,093				\$ 1,025,176	

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, 2011
(CONTINUED)

PURCHASE OF DEVELOPMENT RIGHTS				DREDGING SPECIAL ASSESSMENTS				KENT NARROWS			
ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE POSITIVE (NEGATIVE)	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE POSITIVE (NEGATIVE)	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE POSITIVE (NEGATIVE)
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 22,000	\$ 22,000	\$ 36,008	\$ 14,008
-	-	-	-	-	-	-	-	48,000	48,000	47,179	(821)
-	100,390	723,801	623,411	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	48,625	44,425	44,178	(247)	-	-	-	-
-	-	2,349	2,349	-	-	-	-	-	-	-	-
-	-	-	-	-	-	651	651	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-
-	100,390	726,150	625,760	48,625	44,425	44,829	404	70,000	70,000	83,187	13,187
-	-	-	-	-	-	-	-	8,500	8,500	5,011	3,489
-	-	-	-	-	-	-	-	-	-	-	-
-	85,015	85,015	-	42,189	44,425	44,425	-	-	-	-	-
-	15,375	15,375	-	-	-	-	-	-	-	-	-
-	100,390	100,390	-	42,189	44,425	44,425	-	8,500	8,500	5,011	3,489
-	-	625,760	625,760	6,436	-	404	404	61,500	61,500	78,176	16,676
-	-	-	-	-	-	-	-	-	-	-	-
-	(207,000)	(207,000)	-	-	-	-	-	(45,987)	(45,987)	(45,987)	-
-	(207,000)	(207,000)	-	-	-	-	-	(45,987)	(45,987)	(45,987)	-
\$ -	\$ (207,000)	418,760	\$ 625,760	\$ 6,436	\$ -	404	\$ 404	\$ 15,513	\$ 15,513	32,189	\$ 16,676
		755,557				15,877				197,028	
		\$ 1,174,317				\$ 16,281				\$ 229,217	

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, 2011
(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)
REVENUES								
Taxes								
Local Property Tax	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other Local Taxes - Admission and Amusement Taxes	-	-	-	-	-	-	-	-
Recordation Taxes	-	-	-	-	-	-	-	-
State Shared Taxes	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-	-
Charges for Current Services	450,000	450,000	195,461	(254,539)	80,000	80,000	100,071	20,071
Fines and Forfeitures	-	-	-	-	-	-	-	-
Investment Income	6,000	6,000	529	(5,471)	6,000	6,000	639	(5,361)
Donations	-	-	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-	-	-
Total Revenues	456,000	456,000	195,990	(260,010)	86,000	86,000	100,710	14,710
EXPENDITURES								
Current Operating Expenditures	-	296,873	296,873	-	-	-	-	-
Capital Outlay	-	-	-	-	-	-	-	-
Debt Service								
Principal	-	-	-	-	-	-	-	-
Interest and Fiscal Charges	-	-	-	-	-	-	-	-
Total Expenditures	-	296,873	296,873	-	-	-	-	-
Excess of Revenues Over (Under) Expenditures	456,000	159,127	(100,883)	(260,010)	86,000	86,000	100,710	14,710
OTHER FINANCING SOURCES (USES)								
Proceeds of Capital Asset Disposals	-	-	-	-	-	-	-	-
Transfers In	-	40,160	40,159	(1)	-	-	-	-
Transfers Out	-	-	-	-	-	(323,525)	(323,525)	-
Total Other Financing Sources (Uses)	-	40,160	40,159	(1)	-	(323,525)	(323,525)	-
Net Increase (Decrease) in Fund Balances	\$ 456,000	\$ 199,287	(60,724)	\$ (260,011)	\$ 86,000	\$ (237,525)	(222,815)	\$ 14,710
Fund Balances, July 1			226,808				323,526	
Fund Balances, June 30			<u>\$166,084</u>				<u>\$ 100,711</u>	

CAPITAL PROJECTS FUNDS

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

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

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

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

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

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, 2011

PROJ #	GENERAL CAPITAL PROJECTS:	TOTAL APPROPRIATION	EXPENDITURES			UNEXPENDED APPROPRIATIONS	INCLUDED IN CONSTRUCTION IN PROGRESS	CAPITALIZED CURRENT YEAR
			PRIOR YEARS	CURRENT YEAR	TOTAL			
<u>GENERAL GOVERNMENT</u>								
400003	County Facilities Program	\$ 851,446	\$ 774,133	\$ 44,559	\$ 818,692	\$ 32,754	\$ -	\$ -
400007	GASB/Tax System Update	84,000	13,990	1,487	15,477	68,523	-	1,309
400009	CLS - Finance System (See Transfers)	753,476	731,409	19,265	750,674	2,802	-	-
400015	County Wide Mapping	815,000	646,096	-	646,096	168,904	-	-
400027	Strategic Planning	576,602	386,834	-	386,834	189,768	-	-
400029	CLS - Comp & Community Plans	715,000	556,821	55,614	612,435	102,565	-	-
400031	Mgt Info Systems Network	812,375	682,831	20,175	703,006	109,369	-	4,491
400051	CLS - Historic Sites Survey	116,986	108,913	8,073	116,986	-	-	-
400233	Rec Mgmt Sys - Non Fin	205,000	159,661	-	159,661	45,339	-	-
400269	Tax Ditches - Beaverdam	64,500	43,496	-	43,496	21,004	-	-
400271	Tax Ditches - Longmarsh	64,000	53,140	-	53,140	10,860	-	-
400359	Public Drainage	200,000	-	-	-	200,000	-	-
400363	Church Hill Pond Stabilization	200,000	17,682	52,431	70,113	129,887	-	-
400375	Sustainable Communities Council	5,000	1,649	52	1,701	3,299	-	-
400377	BNR Septic Retrofit Grant	5,000	-	-	-	5,000	-	-
400443	CLS - Kennard Alumni Association	345,000	225,000	120,000	345,000	-	-	-
400449	Nesbit Road ER Infrastructure	3,000,000	2,448,484	25,639	2,474,123	525,877	1,743,847	25,639
400457	GIS & Strategic Plan Land Use	65,000	20,821	-	20,821	44,179	-	-
400461	CLS - Courthouse Basement	25,214	10,783	-	10,783	14,431	-	-
400483	2009 Bond Issuance - Consultant and Advertising Expense	182,863	157,507	-	157,507	25,356	-	-
400483	2009 Bond Issuance - Allocation of Prior Years Debt Issuance	145,884	145,884	(3,155)	142,729	3,155	-	-
400557	Security Upgrade & Generator	170,000	-	84,750	84,750	85,250	84,750	84,750
400561	CLS - Courthouse Property Acquisition (See Transfers)	1,586,284	1,314,231	-	1,314,231	272,053	-	-
400613	2011 Bond Issuance - Consultant & Advertising Expense	152,454	-	130,112	130,112	22,342	-	-
400615	Grasonville Community Center	50,000	-	50,000	50,000	-	-	-
400619	DNR Natural Filters	100,000	-	23,288	23,288	76,712	23,288	23,288
400635	Coastal Bays Grant - Town of Centreville	70,000	-	14,640	14,640	55,360	-	-
400637	Coastal Bays Grant - Corsica River Conservancy	200,000	-	16,532	16,532	183,468	-	-
	Total General Government	11,561,084	8,499,365	663,462	9,162,827	2,398,257	1,851,885	139,477
<u>PUBLIC SAFETY</u>								
400217	Transfer to VFDs	1,157,390	1,084,689	-	1,084,689	72,701	-	-
400281	Detention Center Furniture & Carpet	30,000	-	-	-	30,000	-	-
400313	County Wide Mapping - 911	815,530	794,469	-	794,469	21,061	-	-
400499	Railroad Avenue Building Renovation	625,000	21,464	581,084	602,548	22,452	602,548	581,084
400525	Animal Services - Quarantine Facility	119,127	54,590	64,537	119,127	-	119,127	64,537
400535	CLS - DES Hanger Doors & Site Work	45,000	-	44,783	44,783	217	-	35,040
	Total Public Safety	2,792,047	1,955,212	690,404	2,645,616	146,431	721,675	680,661
<u>PUBLIC WORKS</u>								
400077	Wetlands Mitigation	216,560	142,998	9,931	152,929	63,631	-	-
400079	Roof Repair / Replacement	454,647	452,586	-	452,586	2,061	-	-
400083	CLS - Renovation/Transit Garage (See Transfers)	4,776,629	4,731,339	-	4,731,339	45,290	-	-
400087	CLS - Fuel Depot Demolition/MTBE	198,774	198,774	-	198,774	-	-	-
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	-	-	-
400471	Bio-Swale Drainage Ditch	75,000	7,763	7,008	14,771	60,229	14,771	7,008
400501	DPW Yard MTBE Remediation	200,000	-	19,889	19,889	180,111	-	-
400509	Solid Waste Loader Replacement	63,626	-	-	-	63,626	-	-
400521	County Complex Land	2,184,120	7,735	1,599,483	1,607,218	576,902	-	1,377,630
400541	Sudlersville Middle Infrastructure	873,017	219,583	251,246	470,829	402,188	249,484	45,619
400623	Energy Efficiency Upgrades	283,692	-	-	-	283,692	-	-
400625	Coastal Bays - Health Dept. Parking	200,000	-	694	694	199,306	694	694
400629	Kirwan Creek - WMP IMPL	170,000	-	13,864	13,864	156,136	13,864	13,864
	Total Public Works	9,925,814	5,989,565	1,902,115	7,891,680	2,034,134	278,813	1,444,815
<u>SOCIAL SERVICES</u>								
400487	CLS - MTA Capital Grant Equipment	196,646	196,646	-	196,646	-	-	-
400511	Aging - Vehicle Replacement	35,000	-	-	-	35,000	-	-
400531	CLS - Kramer Center Rain Garden	27,592	1,000	26,592	27,592	-	-	-
400601	ARRA Capital Grant Equipment	628,143	428,939	199,204	628,143	-	-	199,204
	Total Social Services	887,381	626,585	225,796	852,381	35,000	-	199,204

CONTINUED

QUEEN ANNE'S COUNTY MARYLAND
CAPITAL PROJECTS FUNDS
SCHEDULE OF APPROPRIATIONS AND EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2011
(CONTINUED)

PROJ #	GENERAL CAPITAL PROJECTS:	TOTAL APPROPRIATION	EXPENDITURES			UNEXPENDED APPROPRIATIONS	INCLUDED IN CONSTRUCTION IN PROGRESS	CAPITALIZED CURRENT YEAR
			PRIOR YEARS	CURRENT YEAR	TOTAL			
	<u>EDUCATION</u>							
700003	Chesapeake College Admin Bldg	\$ 798,485	\$ 798,485	\$ -	\$ 798,485	\$ -	\$ -	\$ -
700171	Ches Coll Kent Humanities Bldg	685,295	624,195	61,100	685,295	-	-	-
700219	Ches Coll Learning Resource Center	108,188	108,188	-	108,188	-	-	-
	Subtotal Chesapeake College	1,591,968	1,530,868	61,100	1,591,968	-	-	-
	<u>EDUCATION - CONTINUED</u>							
	ALLOCATIONS TO COMPONENT UNIT - BOARD OF EDUCATION							
400543	Sudlersville Middle Infrastructure	519,083	6,307	512,776	519,083	-	-	-
700061	Matapeake Middle	16,909,456	16,830,904	7,367	16,838,271	71,185	-	-
700089	CLS - Kent Island Elementary Renovation	10,262,322	10,257,725	4,597	10,262,322	-	-	-
700107	CLS - Schools - Carpet & Tile	270,000	240,513	29,487	270,000	-	-	-
700111	CLS - BOE Office Building Upgrade	7,100	7,100	-	7,100	-	-	-
700113	CLS - Schools - Painting	280,000	259,337	20,663	280,000	-	-	-
700115	CLS - Playfields - Church Hill & Kent Island Elementary	24,544	24,544	-	24,544	-	-	-
700117	Playground Repairs - Kent Island Elem School	140,660	104,677	35,983	140,660	-	-	-
700141	CLS - Acoustical Tiles	28,800	28,800	-	28,800	-	-	-
700151	Bayside Elementary HVAC	1,064,153	1,038,960	829	1,039,789	24,364	-	-
700157	QACHS Field Upgrades	519,532	367,276	109,422	476,698	42,834	-	-
700161	Financial Hardware System	60,000	50,501	6,149	56,650	3,350	-	-
700165	Generator - BOE Bldg	50,000	1,275	47,970	49,245	755	-	-
700167	CLS - Electronic Visitor Register	20,000	20,000	-	20,000	-	-	-
700169	New Sudlersville Middle School	28,585,930	2,667,827	6,177,805	8,845,632	19,740,298	-	-
700177	BOE Security Entrance & Cameras	160,000	81,838	76,142	157,980	2,020	-	-
700179	Centreville Middle Boiler	224,917	21,052	70,296	91,348	133,569	-	-
700181	Bayside Elementary Parking Lot	150,000	-	116,205	116,205	33,795	-	-
700183	Centreville Elementary - Resurface Playcourts	35,000	3,100	26,416	29,516	5,484	-	-
700187	Kennard Elementary Addition	2,538,354	102,519	50,913	153,432	2,384,922	-	-
700189	CLS - BOE - Slate Roof Repairs	82,991	6,291	76,700	82,991	-	-	-
700191	Carpet & Tile Replacement	80,000	62,791	17,209	80,000	-	-	-
700193	Security Entrance & Cameras	65,000	62,132	1,375	63,507	1,493	-	-
700195	Equipment & Vehicles	700,000	661,564	34,060	695,624	4,376	-	-
700201	CLS - KIHS Stage Curtain	11,150	10,550	600	11,150	-	-	-
700203	Textbooks	300,000	279,937	19,704	299,641	359	-	-
700205	BOE Phone System	60,000	-	54,664	54,664	5,336	-	-
700207	QACHS Bleachers	145,000	308	131,376	131,684	13,316	-	-
700209	Energy Management System Upgrade	44,050	21,895	18,825	40,720	3,330	-	-
700211	CLS - BOE Meeting Room Video System	2,115	840	1,275	2,115	-	-	-
700213	CLS - BOE Relocatables	218,000	118,310	99,690	218,000	-	-	-
700215	KIHS Roof Repairs	65,700	6,967	2,926	9,893	55,807	-	-
700221	Warehouse Lot Paving	100,000	-	-	-	100,000	-	-
700223	BOE Parking Lot Expansion	25,000	-	-	-	25,000	-	-
700225	BOE Portables	67,149	-	62,464	62,464	4,685	-	-
	Subtotal Board of Education	63,816,006	33,345,840	7,813,888	41,159,728	22,656,278	-	-
	Total Education	65,407,974	34,876,708	7,874,988	42,751,696	22,656,278	-	-
	<u>PARKS AND RECREATION</u>							
400215	Preventive Park Maintenance	770,480	669,883	92,809	762,692	7,788	-	-
400303	CLS - Ferry Point Trail	158,361	156,629	1,732	158,361	-	-	1,732
400305	White Marsh Park	2,360,763	2,150,345	178,337	2,328,682	32,081	2,328,682	178,337
400391	Cross County Connec Trail PS1	1,932,688	60,823	112	60,935	1,871,753	60,935	112
400393	Davidson Property Improvements	323,525	34,047	43,065	77,112	246,413	77,112	43,065
400459	CLS - Ferry Point/CEC Canal Bridge	146,350	144,303	-	144,303	2,047	-	-
400513	Bay City/Matapeake Trail	30,000	-	-	-	30,000	-	-
400519	Talisman/Kudner Improvements	6,855	-	-	-	6,855	-	-
400529	Chesapeake Pool Improvements	100,000	69,421	7,935	77,356	22,644	-	-
400607	Grasonville Tennis Courts	40,000	-	-	-	40,000	-	-
400611	CLS - Mower Equipment	29,997	-	29,997	29,997	-	-	29,997
400617	YMCA Feasibility Study	50,000	-	46,894	46,894	3,106	-	-
400621	YMCA Fundraising Study	25,000	-	-	-	25,000	-	-
400627	Coastal Bays - Bloomfield Parking	50,000	-	-	-	50,000	-	-
400633	Bloomfield Info Kiosk	15,385	-	10,186	10,186	5,199	10,186	10,186
	Total Parks and Recreation	6,039,404	3,285,451	411,067	3,696,518	2,342,886	2,476,915	263,429
	<u>CONSERVATION</u>							
400293	4-H Park Improvements	597,555	462,750	62,392	525,142	72,413	525,142	62,392
400553	Ag Preservation - Emerson Property	416,861	-	-	-	416,861	-	-
400555	Ag Preservation - Frizz King Property	572,000	-	572,000	572,000	-	-	-
400571	Ag Preservation - Brown's Branch	968,166	-	968,166	968,166	-	-	-
400631	CREP Easements	1,425,079	-	1,405,171	1,405,171	19,908	716,951	716,951
	Total Conservation	3,979,661	462,750	3,007,729	3,470,479	509,182	1,242,093	779,343

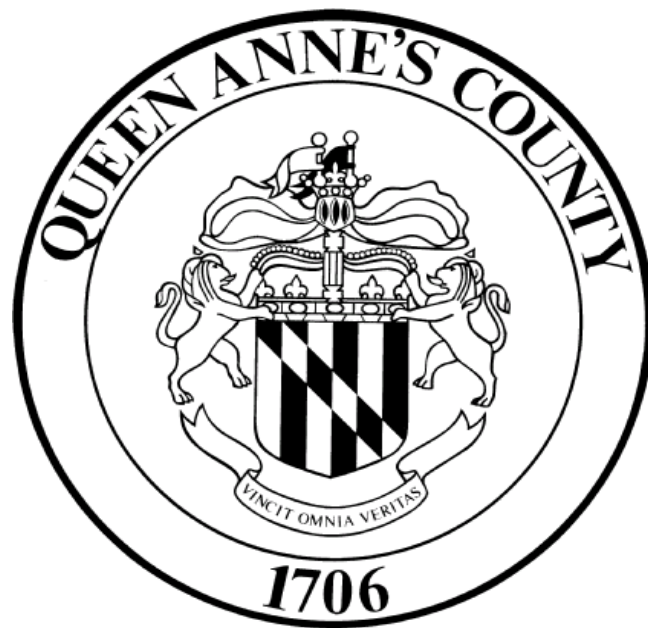
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QUEEN ANNE'S COUNTY MARYLAND
CAPITAL PROJECTS FUNDS
SCHEDULE OF APPROPRIATIONS AND EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2011
(CONTINUED)

PROJ #	GENERAL CAPITAL PROJECTS:	TOTAL APPROPRIATION	EXPENDITURES		UNEXPENDED APPROPRIATIONS	INCLUDED IN CONSTRUCTION IN PROGRESS	CAPITALIZED CURRENT YEAR
			PRIOR YEARS	CURRENT YEAR			
	<u>ECONOMIC/COMMUNITY DEVELOPMENT</u>						
400201	Land Sales Proceeds (See Transfers)	\$ 30,345	\$ 30,345	\$ -	\$ 30,345	\$ -	\$ -
400573	Housing - NCI - 107 Watkins (See Transfers)	230,159	198,882	18,018	216,900	13,259	18,018
400583	Matapeake Business Park	1,640,000	-	76,066	76,066	1,563,934	76,066
	Subtotal Economic/Community Development	1,900,504	229,227	94,084	323,311	1,577,193	94,084
	<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	606,642	606,642	-	606,642	-	-
400485	Restricted Allocation-Scattered Site	100,000	100,000	-	100,000	-	-
	Subtotal Allocation to Component Unit - PHA	806,642	806,642	-	806,642	-	-
	Total Economic/Community Development	2,707,146	1,035,869	94,084	1,129,953	1,577,193	94,084
	<u>DEBT SERVICE</u>						
400613	2011 Bond Issuance Costs	129,689	-	129,671	129,671	18	-
	<u>TRANSFERS TO OTHER FUNDS</u>						
400009	CLS-Finance System - to Sanitary District	1,719	1,719	-	1,719	-	-
400045	Land Preservation Transfers	405,000	405,000	-	405,000	-	-
400083	CLS - Renovation/Transit Garage - to Roads Cap Proj	48,300	48,300	-	48,300	-	-
400127	Public Landings Allocation	200,000	200,000	-	200,000	-	-
400167	Enterprise Transfer/Allocation	3,336,695	3,236,490	-	3,236,490	100,205	-
400201	Land Sale Proceeds	125,000	125,000	-	125,000	-	-
400207	Housing & Comm Svc Transfer - to Housing Services	450,000	450,000	-	450,000	-	-
400213	Loan Fund Transfers	460,000	460,000	-	460,000	-	-
400217	Transfer to VFD's	162,410	162,410	-	162,410	-	-
400573	Transfer to Housing & Community Services Fund	214,741	-	214,741	214,741	-	-
400551	Transfer to/from General Fund	8,310,000	8,310,000	-	8,310,000	-	-
400561	Transfer to General Fund - Courthouse Property	849,467	-	849,467	849,467	-	-
400469	Sanitary District Transfer/Allocation	233,000	233,000	-	233,000	-	-
400483	2009 Bond Issuance - Transfers	616,343	-	616,343	616,343	-	-
	Total Transfers	15,412,675	13,631,919	1,680,551	15,312,470	100,205	-
	Total General Capital Projects	\$ 118,842,875	\$ 70,363,424	\$ 16,679,867	\$ 87,043,291	\$ 31,799,584	\$ 6,647,447
	<u>ROADS BOARD CAPITAL PROJECTS:</u>						
	<u>PUBLIC WORKS</u>						
820005	Asphalt Overlays - Upgrade	\$ 3,030,336	\$ 986,282	\$ -	\$ 986,282	\$ 2,044,054	\$ -
820151	Island Creek Road Bridge	3,105,000	71,261	2,157	73,418	3,031,582	2,157
820221	Taylor Mill Road Bridge	197,500	450	-	450	197,050	450
820243	CLS - DPW Route 301 Yard Paving	388,669	-	388,669	388,669	-	-
820251	CLS-Traffic Barrier Installation	192,383	947	191,436	192,383	-	191,436
820271	Tanyard Road Improvements	689,302	350	686,002	686,352	2,950	686,002
820291	Carmichael Road Improvements	-	6,094	713	6,807	(6,807)	713
820295	Fogwell Road Improvements	53,215	-	-	-	53,215	-
820297	Rt 18-552 Improvements	1,574,248	167,472	65,777	233,249	1,340,999	65,777
820301	Heron View	28,131	-	28,131	28,131	-	28,131
	Total Public Works - Roads	9,258,784	1,232,856	1,362,885	2,595,741	6,663,043	974,216
	<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	80,000	70,000	10,000	80,000	-	-
820299	To Roads Operating	598,024	-	-	-	598,024	-
	Total Transfers to Other Funds	2,519,901	1,089,487	10,000	1,099,487	1,420,414	-
	Total Roads Board Capital Projects	\$ 11,778,685	\$ 2,322,343	\$ 1,372,885	\$ 3,695,228	\$ 8,083,457	\$ 974,216
	Total General and Roads Capital Projects	\$ 130,621,560	\$ 72,685,767	\$ 18,052,752	\$ 90,738,519	\$ 39,883,041	\$ 4,575,229
	Force in Kind Capital Projects reported in non-capital projects Funds and added to CIP						
400304	CLS - Ferry Point Project FIC	\$ -	\$ 14,160	\$ 2,863	\$ 17,023	\$ (17,023)	\$ 2,863
400306	White March Park FIC	-	370,617	37,192	407,809	(407,809)	37,192
400392	Cross County Conn II FIC	-	15,666	12,349	28,015	(28,015)	12,349
400394	Davidson Property FIC	-	8,348	35,021	43,369	(43,369)	35,021
400460	CLS - Ferry Point/CEC Canal Bridge	-	62,756	-	62,756	(62,756)	-
400472	Bio Swale Drainage Ditch - FIC	-	16,214	9,219	25,433	(25,433)	9,219
400612	CLS - Mower Equipment - FIC	-	-	7,374	7,374	(7,374)	-
400626	Coastal Bays Health Dept Parking - FIC	-	-	3,981	3,981	(3,981)	3,981
400630	Kirwan Creek WMP IMPL - FIC	-	-	14,716	14,716	(14,716)	14,716
400634	Bloomfield Kiosk - FIC	-	-	1,905	1,905	(1,905)	1,905
		\$ -	\$ 487,761	\$ 124,620	\$ 612,381	\$ (612,381)	\$ 117,246
	Total Construction in Progress and Capitalized Current Year					\$ 8,171,028	\$ 4,692,475

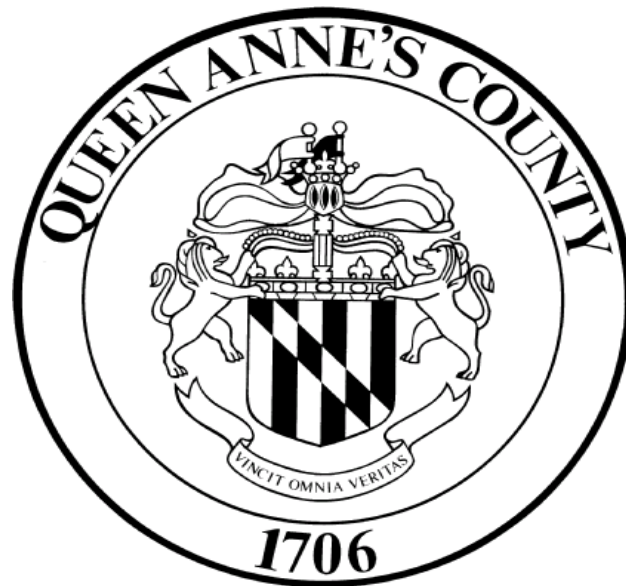
QUEEN ANNE'S COUNTY, MARYLAND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
SCHOOL IMPACT FEES CAPITAL PROJECTS FUND
FOR THE YEAR ENDED JUNE 30, 2011

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE POSITIVE (NEGATIVE)
<u>REVENUES</u>				
Charges for Current Services	\$ 600,000	\$ 600,000	\$ 755,443	\$ 155,443
Investment Income	20,000	20,000	220	(19,780)
Total Revenues	620,000	620,000	755,663	135,663
<u>EXPENDITURES</u>				
Total Expenditures	-	-	-	-
Excess of Revenues Over Expenditures	620,000	620,000	755,663	135,663
<u>OTHER FINANCING (USES)</u>				
Transfers Out	(1,408,120)	(1,408,120)	(1,408,120)	-
Total Other Financing (Uses)	(1,408,120)	(1,408,120)	(1,408,120)	-
Net (Decrease) in Fund Balances	<u>\$ (788,120)</u>	<u>\$ (788,120)</u>	(652,457)	<u>\$ 135,663</u>
Fund Balances, July 1			1,068,666	
Fund Balances, June 30			<u>\$ 416,209</u>	



NON-MAJOR ENTERPRISE FUNDS

Non-Major Enterprise funds account for activities which are commercial in nature and are primarily or partially intended to be self-supporting. Each fund sets its rates and service charges at a level sufficient to: (1) meet all of its operating expenses; (2) provide for depreciation from wear and obsolescence; 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 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, 2011

	GOLF COURSE	RECREATION PROGRAMS	PUBLIC LANDINGS
ASSETS			
Current Assets			
Equity in Pooled Cash	\$ -	\$ 385,587	\$ 136,883
Accounts Receivable (Net)	-	-	9,127
Due from Other Funds	-	20,000	-
Due from Other Governments	-	-	95,280
Bond Interest Reimbursement Receivable - Build America Bond	-	-	162
Inventories	8,737	-	-
Total Current Assets	8,737	405,587	241,452
Capital Assets			
Land, Improved and Unimproved	1,904,522	-	559,862
Buildings and Improvements to Buildings	313,443	-	-
Improvements Other Than Buildings	122,268	-	2,453,629
Automotive Equipment	22,835	-	10,880
Equipment	580,346	-	56,814
Furniture and Fixtures	-	24,023	4,979
Construction in Progress	-	-	127,040
Capital Assets before Depreciation	2,943,414	24,023	3,213,204
Less Accumulated Depreciation	(600,237)	(15,533)	(294,822)
Total Capital Assets, Net of Accumulated Depreciation	2,343,177	8,490	2,918,382
Total Noncurrent Assets	2,343,177	8,490	2,918,382
Total Assets	2,351,914	414,077	3,159,834
LIABILITIES			
Current Liabilities			
Accounts Payable	10,799	22,013	11,485
Accrued Interest Payable	5,291	-	462
Escrow Deposits	-	3,297	-
Due to Other Funds	279,425	-	-
Unearned Revenue	1,993	-	698
Current Portion of Compensated Absences	5,001	18,429	21,801
Current Portion of Bonds/Notes Payable	76,763	-	1,625
Total Current Liabilities	379,272	43,739	36,071
Noncurrent Liabilities			
Compensated Absences	2,834	10,445	12,357
Other Post-Employment Benefit Obligation	-	177,440	78,513
Bonds/Notes Payable	660,181	-	38,166
Total Noncurrent Liabilities	663,015	187,885	129,036
Total Liabilities	1,042,287	231,624	165,107
NET ASSETS			
Invested in Capital Assets, Net of Related Debt	1,606,233	8,490	2,878,591
Restricted for:			
Donations	444	-	-
Unrestricted	(297,050)	173,963	116,136
Total Net Assets	\$ 1,309,627	\$ 182,453	\$ 2,994,727

QUEEN ANNE'S COUNTY, MARYLAND

COMBINING STATEMENT OF NET ASSETS

NON-MAJOR ENTERPRISE FUNDS

JUNE 30, 2011

(CONTINUED)

PROPERTY MANAGEMENT	TOTAL PARKS AND RECREATION	PUBLIC MARINAS	TOTAL NON-MAJOR ENTERPRISE
\$ -	\$ 522,470	\$ 316,989	\$ 839,459
1,251	10,378	-	10,378
-	20,000	-	20,000
647	95,927	-	95,927
-	162	3,622	3,784
-	8,737	-	8,737
<u>1,898</u>	<u>657,674</u>	<u>320,611</u>	<u>978,285</u>
49,335	2,513,719	209,248	2,722,967
867,429	1,180,872	-	1,180,872
99,013	2,674,910	401,542	3,076,452
49,730	83,445	-	83,445
154,359	791,519	-	791,519
1,748	30,750	-	30,750
-	127,040	2,150,839	2,277,879
<u>1,221,614</u>	<u>7,402,255</u>	<u>2,761,629</u>	<u>10,163,884</u>
<u>(399,754)</u>	<u>(1,310,346)</u>	<u>(74,045)</u>	<u>(1,384,391)</u>
<u>821,860</u>	<u>6,091,909</u>	<u>2,687,584</u>	<u>8,779,493</u>
<u>821,860</u>	<u>6,091,909</u>	<u>2,687,584</u>	<u>8,779,493</u>
<u>823,758</u>	<u>6,749,583</u>	<u>3,008,195</u>	<u>9,757,778</u>
41,276	85,573	1,010	86,583
-	5,753	11,046	16,799
7,650	10,947	-	10,947
114,204	393,629	-	393,629
25,000	27,691	-	27,691
-	45,231	-	45,231
-	78,388	46,365	124,753
<u>188,130</u>	<u>647,212</u>	<u>58,421</u>	<u>705,633</u>
-	25,636	-	25,636
244,658	500,611	5,676	506,287
-	698,347	888,536	1,586,883
<u>244,658</u>	<u>1,224,594</u>	<u>894,212</u>	<u>2,118,806</u>
<u>432,788</u>	<u>1,871,806</u>	<u>952,633</u>	<u>2,824,439</u>
821,860	5,315,174	1,752,683	7,067,857
-	444	-	444
<u>(430,890)</u>	<u>(437,841)</u>	<u>302,879</u>	<u>(134,962)</u>
<u>\$ 390,970</u>	<u>\$ 4,877,777</u>	<u>\$ 2,055,562</u>	<u>\$ 6,933,339</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, 2011

	GOLF COURSE	RECREATION PROGRAMS	PUBLIC LANDINGS
<u>OPERATING REVENUES</u>			
Charges for Services	\$ 295,587	\$ 370,149	\$ 327,239
Intergovernmental	-	5,261	18,308
Bond Interest Reimbursement - Build America Bond	-	-	645
Material Sales	43,644	-	-
Miscellaneous Revenues	1,813	21,809	30,030
	<u>341,044</u>	<u>397,219</u>	<u>376,222</u>
<u>OPERATING EXPENSES</u>			
Cost of Sales and Services			
Parks and Recreation	368,173	837,518	345,765
Public Marinas	-	-	-
	<u>368,173</u>	<u>837,518</u>	<u>345,765</u>
Other Post-Employment Benefit Contributions	-	87,131	28,989
Depreciation	45,364	2,403	46,113
	<u>413,537</u>	<u>927,052</u>	<u>420,867</u>
Total Operating Expenses	<u>413,537</u>	<u>927,052</u>	<u>420,867</u>
Operating Income (Loss)	<u>(72,493)</u>	<u>(529,833)</u>	<u>(44,645)</u>
<u>NON-OPERATING (EXPENSES)</u>			
Interest Expense	(43,797)	-	-
Loss on Disposal of Capital Assets	(622)	-	(11,044)
	<u>(44,419)</u>	<u>-</u>	<u>(11,044)</u>
Total Non-Operating (Expenses)	<u>(44,419)</u>	<u>-</u>	<u>(11,044)</u>
Gain (Loss) Before Contributions and Transfers	<u>(116,912)</u>	<u>(529,833)</u>	<u>(55,689)</u>
Capital Contributions, Fees and Grants	15,747	-	180,740
Transfers In	-	443,110	-
	<u>(101,165)</u>	<u>(86,723)</u>	<u>125,051</u>
Change in Net Assets	<u>(101,165)</u>	<u>(86,723)</u>	<u>125,051</u>
Total Net Assets - Beginning of Year	<u>1,410,792</u>	<u>269,176</u>	<u>2,869,676</u>
Total Net Assets - End of Year	<u>\$ 1,309,627</u>	<u>\$ 182,453</u>	<u>\$ 2,994,727</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, 2011

(CONTINUED)

PROPERTY MANAGEMENT	TOTAL PARKS AND RECREATION	PUBLIC MARINAS	TOTAL NON-MAJOR ENTERPRISE
\$ 575,252	\$ 1,568,227	\$ 84,987	\$ 1,653,214
15,358	38,927	-	38,927
-	645	16,241	16,886
9,552	53,196	-	53,196
17,274	70,926	143	71,069
<u>617,436</u>	<u>1,731,921</u>	<u>101,371</u>	<u>1,833,292</u>
814,364	2,365,820	-	2,365,820
<u>-</u>	<u>-</u>	<u>55,504</u>	<u>55,504</u>
814,364	2,365,820	55,504	2,421,324
108,232	224,352	3,860	228,212
<u>51,787</u>	<u>145,667</u>	<u>8,031</u>	<u>153,698</u>
<u>974,383</u>	<u>2,735,839</u>	<u>67,395</u>	<u>2,803,234</u>
<u>(356,947)</u>	<u>(1,003,918)</u>	<u>33,976</u>	<u>(969,942)</u>
-	(43,797)	-	(43,797)
<u>(1,308,205)</u>	<u>(1,319,871)</u>	<u>-</u>	<u>(1,319,871)</u>
<u>(1,308,205)</u>	<u>(1,363,668)</u>	<u>-</u>	<u>(1,363,668)</u>
<u>(1,665,152)</u>	<u>(2,367,586)</u>	<u>33,976</u>	<u>(2,333,610)</u>
<u>-</u>	<u>196,487</u>	<u>588,326</u>	<u>784,813</u>
<u>25,000</u>	<u>468,110</u>	<u>-</u>	<u>468,110</u>
<u>(1,640,152)</u>	<u>(1,702,989)</u>	<u>622,302</u>	<u>(1,080,687)</u>
<u>2,031,122</u>	<u>6,580,766</u>	<u>1,433,260</u>	<u>8,014,026</u>
<u>\$ 390,970</u>	<u>\$ 4,877,777</u>	<u>\$ 2,055,562</u>	<u>\$ 6,933,339</u>

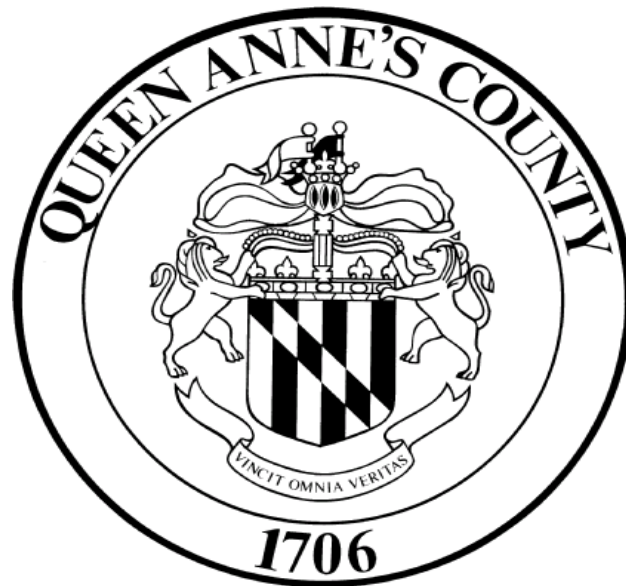
QUEEN ANNE'S COUNTY, MARYLAND
COMBINING STATEMENT OF CASH FLOWS
NON-MAJOR ENTERPRISE FUNDS
FOR THE YEAR ENDED JUNE 30, 2011

	GOLF COURSE	RECREATION PROGRAMS	PUBLIC LANDINGS
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>			
Receipts from customers and users	\$ 295,056	\$ 363,913	\$ 318,386
Receipts from other operating revenues	45,457	27,070	63,989
Receipts from Build America Bond interest reimbursement	-	-	602
Payments to suppliers	(322,368)	(316,296)	(71,381)
Payments to employees and on behalf of employees	(56,596)	(497,458)	(277,002)
Net Cash Provided (Used) by Operating Activities	(38,451)	(422,771)	34,594
<u>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</u>			
Transfers from other funds	-	443,110	-
Loan proceeds from interfund loans	279,425	10,000	-
Principal paid on interfund loans	(125,147)	-	-
Net Cash Provided by Noncapital Financing Activities	154,278	453,110	-
<u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</u>			
Proceeds from the disposition of capital assets	-	-	-
Receipts from capital grants and contributions	15,747	-	180,740
Principal paid on capital debt	(75,000)	-	(1,228)
Receipts from bonds, including premiums, net of issuance costs	-	-	11,073
Interest paid on capital debt	(41,078)	-	121
Acquisition and Construction of Capital Assets	(15,496)	-	(184,499)
Net Cash Provided (Used) by Capital and Related Financing Activities	(115,827)	-	6,207
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Net Cash Provided (Used) by Investing Activities	-	-	-
Net increase (decrease) in cash and cash equivalents	-	30,339	40,801
Balances - Beginning of year	-	355,248	96,082
Balances - End of year	\$ -	\$ 385,587	\$ 136,883
<u>Reconciliation of operating income (loss) to net cash provided by operating activities</u>			
Operating income (loss)	\$ (72,493)	\$ (529,833)	\$ (44,645)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation	45,364	2,403	46,113
Changes in assets and liabilities:			
Accounts receivable, net	-	-	(8,647)
Operating grants receivable	-	-	15,651
Build America Bonds Interest receivable	-	-	(43)
Inventories and Prepaid Expenses	(2,314)	4,950	-
Vendor accounts payable	(15,988)	(10,060)	(3,791)
Compensated absences	7,511	28,874	1,174
Other Post-Employment Benefit Obligation	-	87,131	28,988
Escrow deposits payable	-	(961)	-
Deferred revenue collected in advance	(531)	(5,275)	(206)
Net Cash Provided (Used) by Operating Activities	\$ (38,451)	\$ (422,771)	\$ 34,594

QUEEN ANNE'S COUNTY, MARYLAND
COMBINING STATEMENT OF CASH FLOWS
NON-MAJOR ENTERPRISE FUNDS
FOR THE YEAR ENDED JUNE 30, 2011

(CONTINUED)

PROPERTY MANAGEMENT	TOTAL PARKS AND RECREATION	PUBLIC MARINAS	TOTAL NON-MAJOR ENTERPRISE
\$ 602,025	\$ 1,579,380	\$ 84,987	\$ 1,664,367
41,537	178,053	143	178,196
-	602	13,910	14,512
(337,634)	(1,047,679)	(202,925)	(1,250,604)
(460,339)	(1,291,395)	(30,917)	(1,322,312)
(154,411)	(581,039)	(134,802)	(715,841)
25,000	468,110	-	468,110
114,204	403,629	-	403,629
-	(125,147)	-	(125,147)
139,204	746,592	-	746,592
15,000	15,000	-	15,000
-	196,487	932,299	1,128,786
-	(76,228)	(34,289)	(110,517)
-	11,073	594,420	605,493
-	(40,957)	(41,262)	(82,219)
(8,519)	(208,514)	(1,053,629)	(1,262,143)
6,481	(103,139)	397,539	294,400
-	-	-	-
(8,726)	62,414	262,737	325,151
8,726	460,056	54,252	514,308
\$ -	\$ 522,470	\$ 316,989	\$ 839,459
\$ (356,947)	\$ (1,003,918)	\$ 33,976	\$ (969,942)
51,787	145,667	8,031	153,698
773	(7,874)	-	(7,874)
(647)	15,004	-	15,004
-	(43)	(2,331)	(2,374)
-	2,636	6,738	9,374
16,391	(13,448)	(185,076)	(198,524)
-	37,559	-	37,559
108,232	224,351	3,860	228,211
1,000	39	-	39
25,000	18,988	-	18,988
\$ (154,411)	\$ (581,039)	\$ (134,802)	\$ (715,841)

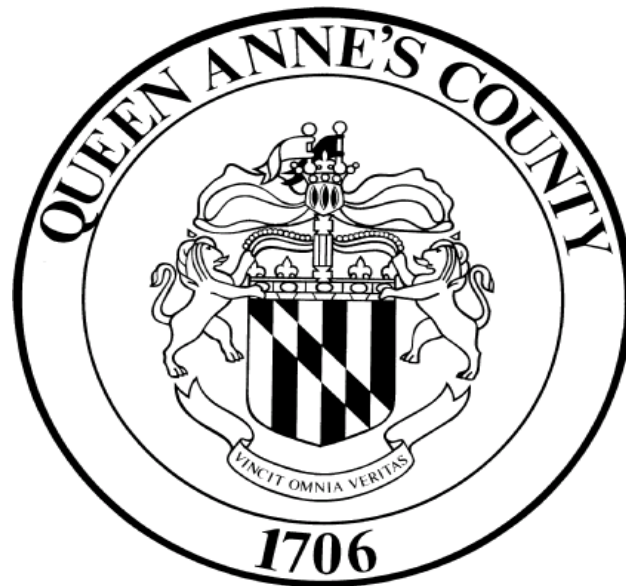


FIDUCIARY FUNDS

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

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

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



OTHER POST-EMPLOYMENT BENEFIT (OPEB) TRUST FUND

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

Participating agencies in the OPEB Trust Fund are as follows:

Queen Anne's County & 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.

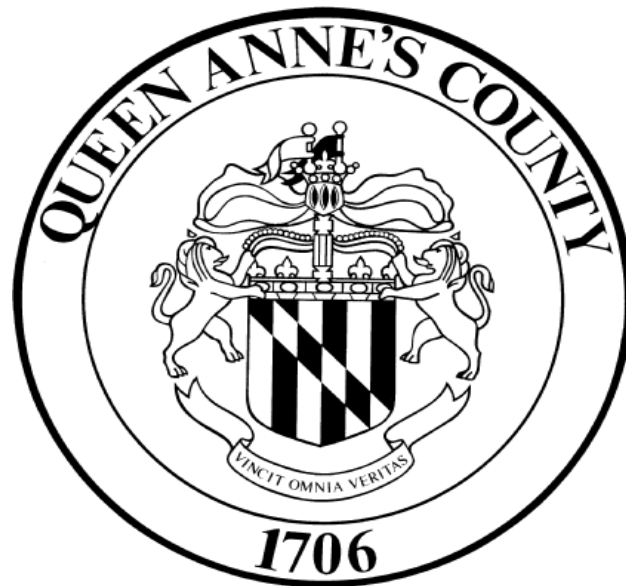
Escheat – Abandoned Property – This fund accounts for stale-dated County payroll and disbursements checks that are voided by the County and remitted to the State after three years as abandoned property. In accordance with State statutes, these funds are available to be claimed by the original payee or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

QUEEN ANNE'S COUNTY, MARYLAND
COMBINING STATEMENT OF FIDUCIARY NET ASSETS
OTHER POST-EMPLOYMENT BENEFIT TRUST FUND
JUNE 30, 2011

	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
ASSETS						
Cash and Cash Equivalents	\$ 481	\$ 76,372	\$ 502,358	\$ 30,142	\$ 155,731	\$ 765,084
Total Assets	481	76,372	502,358	30,142	155,731	765,084
LIABILITIES						
Due to Other Governments	-	-	-	-	155,731	155,731
Total Liabilities	-	-	-	-	155,731	155,731
NET ASSETS HELD IN TRUST	\$ 481	\$ 76,372	\$ 502,358	\$ 30,142	\$ -	\$ 609,353

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, 2011

	QUEEN ANNE'S COUNTY	QUEEN ANNE'S COUNTY PUBLIC HOUSING AUTHORITY	QUEEN ANNE'S COUNTY BOARD OF EDUCATION	QUEEN ANNE'S COUNTY LIBRARY	TOTAL OPEB TRUST FUND
ADDITIONS					
Contributions					
Employers	\$ 831,222	\$ 69,068	\$ 1,276,130	\$ 12,302	\$ 2,188,722
Members	174,196	3,364	595,319	7,318	780,197
Total Contributions	<u>1,005,418</u>	<u>72,432</u>	<u>1,871,449</u>	<u>19,620</u>	<u>2,968,919</u>
Investment Income	<u>481</u>	<u>100</u>	<u>1,089</u>	<u>66</u>	<u>1,736</u>
Total Additions	<u>1,005,899</u>	<u>72,532</u>	<u>1,872,538</u>	<u>19,686</u>	<u>2,970,655</u>
DEDUCTIONS					
Claims Paid	<u>1,494,913</u>	<u>7,934</u>	<u>1,871,449</u>	<u>19,620</u>	<u>3,393,916</u>
Change in Assets	(489,014)	64,598	1,089	66	(423,261)
NET ASSETS HELD IN TRUST					
Net Assets - Beginning of Year	<u>489,495</u>	<u>11,774</u>	<u>501,269</u>	<u>30,076</u>	<u>1,032,614</u>
Net Assets - End of Year	<u>\$ 481</u>	<u>\$ 76,372</u>	<u>\$ 502,358</u>	<u>\$ 30,142</u>	<u>\$ 609,353</u>



QUEEN ANNE'S COUNTY, MARYLAND
STATEMENT OF AGENCY FUNDS ASSETS AND LIABILITIES
AGENCY FUNDS
JUNE 30, 2011

	TAX DITCH FUND	ZONING DEPOSITS	STATE & TOWN TAX COLLECTIONS	MOTOR VEHICLE ADMIN DEPOSITS	MIDSHORE REGIONAL RECYCLING	ESCHEAT - ABANDONED PROPERTY	TOTAL AGENCY FUNDS
ASSETS							
Cash and Cash Equivalents	\$ 121,288	\$ 187,652	\$ 1,575	\$ 5,414	\$ 6,761	\$ 4,334	\$ 327,024
Miscellaneous Receivables	-	-	-	-	124,671	-	124,671
Total Assets	<u>\$ 121,288</u>	<u>\$ 187,652</u>	<u>\$ 1,575</u>	<u>\$ 5,414</u>	<u>\$ 131,432</u>	<u>\$ 4,334</u>	<u>\$ 451,695</u>
LIABILITIES							
Due to Other Governments	\$ -	\$ -	\$ 1,575	\$ 5,414	\$ 131,432	\$ 4,334	\$ 142,755
Deposits and Escrows	121,288	187,652	-	-	-	-	308,940
Total Liabilities	<u>\$ 121,288</u>	<u>\$ 187,652</u>	<u>\$ 1,575</u>	<u>\$ 5,414</u>	<u>\$ 131,432</u>	<u>\$ 4,334</u>	<u>\$ 451,695</u>

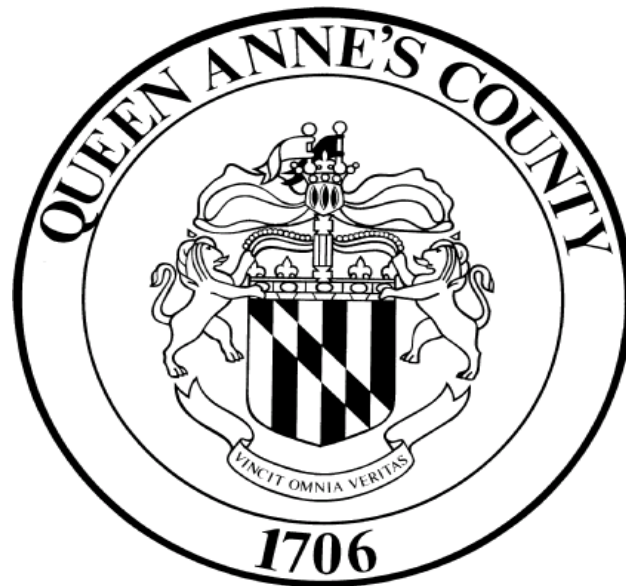
QUEEN ANNE'S COUNTY, MARYLAND
STATEMENT OF CHANGES IN AGENCY FUNDS ASSETS AND LIABILITIES
AGENCY FUNDS
FOR THE YEAR ENDED JUNE 30, 2011

	Cash	Miscellaneous Receivables	Total Assets
<u>TAX DITCH FUND</u>			
Balance 7-1-10	\$ 138,243	\$ -	\$ 138,243
Additions	20,170	-	20,170
Deductions	(37,125)	-	(37,125)
Balance 6-30-11	<u>\$ 121,288</u>	<u>\$ -</u>	<u>\$ 121,288</u>
<u>ZONING DEPOSITS</u>			
Balance 7-1-10	\$ 166,024	\$ -	\$ 166,024
Additions	45,083	-	45,083
Deductions	(23,455)	-	(23,455)
Balance 6-30-11	<u>\$ 187,652</u>	<u>\$ -</u>	<u>\$ 187,652</u>
<u>STATE AND TOWN TAX COLLECTIONS</u>			
Balance 7-1-10	\$ 78,034	\$ -	\$ 78,034
Additions	12,652,367	-	12,652,367
Deductions	(12,728,826)	-	(12,728,826)
Balance 6-30-11	<u>\$ 1,575</u>	<u>\$ -</u>	<u>\$ 1,575</u>
<u>MOTOR VEHICLE ADMIN DEPOSITS</u>			
Balance 7-1-10	\$ 7,218	\$ -	\$ 7,218
Additions	376,265	-	376,265
Deductions	(378,069)	-	(378,069)
Balance 6-30-11	<u>\$ 5,414</u>	<u>\$ -</u>	<u>\$ 5,414</u>
<u>MIDSHORE REGIONAL RECYCLING</u>			
Balance 7-1-10	\$ 26,635	\$ 26,149	\$ 52,784
Additions	918,093	124,671	1,042,764
Deductions	(937,967)	(26,149)	(964,116)
Balance 6-30-11	<u>\$ 6,761</u>	<u>\$ 124,671</u>	<u>\$ 131,432</u>
<u>ESCHEAT - ABANDONED PROPERTY</u>			
Balance 7-1-10	\$ 1,302	\$ -	\$ 1,302
Additions	5,783	-	5,783
Deductions	(2,751)	-	(2,751)
Balance 6-30-11	<u>\$ 4,334</u>	<u>\$ -</u>	<u>\$ 4,334</u>
<u>TOTALS - ALL AGENCY FUNDS</u>			
Balance 7-1-10	\$ 417,456	\$ 26,149	\$ 443,605
Additions	14,017,761	124,671	14,142,432
Deductions	(14,108,193)	(26,149)	(14,134,342)
Balance 6-30-11	<u>\$ 327,024</u>	<u>\$ 124,671</u>	<u>\$ 451,695</u>

QUEEN ANNE'S COUNTY, MARYLAND
STATEMENT OF CHANGES IN AGENCY FUNDS ASSETS AND LIABILITIES
AGENCY FUNDS
FOR THE YEAR ENDED JUNE 30, 2011

(CONTINUED)

Due to Other Governments	Escrow Deposits	Total Liabilities
\$ -	\$ 138,243	\$ 138,243
-	20,170	20,170
-	(37,125)	(37,125)
<u>\$ -</u>	<u>\$ 121,288</u>	<u>\$ 121,288</u>
\$ -	\$ 166,024	\$ 166,024
-	45,083	45,083
-	(23,455)	(23,455)
<u>\$ -</u>	<u>\$ 187,652</u>	<u>\$ 187,652</u>
\$ 78,034	\$ -	\$ 78,034
12,652,367	-	12,652,367
(12,728,826)	-	(12,728,826)
<u>\$ 1,575</u>	<u>\$ -</u>	<u>\$ 1,575</u>
\$ 7,218	\$ -	\$ 7,218
368,802	-	368,802
(370,606)	-	(370,606)
<u>\$ 5,414</u>	<u>\$ -</u>	<u>\$ 5,414</u>
\$ 52,784	\$ -	\$ 52,784
493,591	-	493,591
(414,943)	-	(414,943)
<u>\$ 131,432</u>	<u>\$ -</u>	<u>\$ 131,432</u>
\$ 1,026	\$ 276	\$ 1,302
6,059	-	6,059
(2,751)	(276)	(3,027)
<u>\$ 4,334</u>	<u>\$ -</u>	<u>\$ 4,334</u>
\$ 139,062	\$ 304,543	\$ 443,605
13,520,819	65,253	13,586,072
(13,517,126)	(60,856)	(13,577,982)
<u>\$ 142,755</u>	<u>\$ 308,940</u>	<u>\$ 451,695</u>



Community Partnerships for Children

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

QUEEN ANNE'S COUNTY
COMMUNITY PARTNERSHIPS FOR CHILDREN SPECIAL REVENUE FUND
COMBINING BALANCE SHEETS
BY GRANTOR
JUNE 30, 2011 (with Summarized Totals as of June 30, 2010)

	Admin	Fed/State GOCCP GOC	Federal Family Support Ctr	State CSAFE	State OTHER
<u>ASSETS</u>					
Cash and cash equivalents	\$ 64,191	\$ 205,985	\$ 4,131	\$ -	\$ 33,908
Accounts receivable	-	-	-	-	-
Due from State governmental agencies	11,050	86,764	-	8,411	-
Due from Federal governmental agencies	-	162,391	-	-	-
Total Assets	<u>\$ 75,241</u>	<u>\$ 455,140</u>	<u>\$ 4,131</u>	<u>\$ 8,411</u>	<u>\$ 33,908</u>
<u>LIABILITIES AND FUND BALANCES</u>					
<u>LIABILITIES</u>					
Accounts payable and accrued expenditures	\$ 5,507	\$ 184,797	\$ -	\$ -	\$ -
Due to other funds	-	-	-	8,411	-
Due to State governmental agencies	2,175	267,738	4,131	-	33,908
Total Liabilities	<u>7,682</u>	<u>452,535</u>	<u>4,131</u>	<u>8,411</u>	<u>33,908</u>
<u>FUND BALANCES</u>					
Restricted	-	-	-	-	-
Assigned	67,559	2,605	-	-	-
Total Fund Balances	<u>67,559</u>	<u>2,605</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Liabilities and Fund Balances	<u>\$ 75,241</u>	<u>\$ 455,140</u>	<u>\$ 4,131</u>	<u>\$ 8,411</u>	<u>\$ 33,908</u>

QUEEN ANNE'S COUNTY
COMMUNITY PARTNERSHIPS FOR CHILDREN SPECIAL REVENUE FUND
COMBINING BALANCE SHEETS
BY GRANTOR
JUNE 30, 2011 (with Summarized Totals as of June 30, 2010)
(CONTINUED)

Total Community Partnerships	Returned Reinvestment Fund	2011 Total	2010 Summarized Total
\$ 308,215	\$ 5,405	\$ 313,620	\$ 747,946
-	-	-	1,990
106,225	-	106,225	165,123
162,391	-	162,391	56,273
<u>\$ 576,831</u>	<u>\$ 5,405</u>	<u>\$ 582,236</u>	<u>\$ 971,332</u>
\$ 190,304	\$ -	\$ 190,304	\$ 295,017
8,411	-	8,411	10,785
307,952	-	307,952	590,006
<u>506,667</u>	<u>-</u>	<u>506,667</u>	<u>895,808</u>
-	-	-	1,050
70,164	5,405	75,569	74,474
<u>70,164</u>	<u>5,405</u>	<u>75,569</u>	<u>75,524</u>
<u>\$ 576,831</u>	<u>\$ 5,405</u>	<u>\$ 582,236</u>	<u>\$ 971,332</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, 2011 (with Summarized Totals for the Year Ended June 30, 2010)

	Administrative Operating Fund Total	Federal/State GOCCP/GOC				
		CASA Start	Resource Promotion	Chesapeake Helps	Healthy Fam/Home Visiting	Family Navigators
REVENUES						
CPA						
Intergovernmental GOC	\$ 63,337	\$ 59,658	\$ 9,509	\$ 145,560	\$ 52,489	\$ 168,752
Non-CPA						
Intergovernmental						
Federal GOCCP Youth Strategies	-	51,505	-	-	-	-
Federal SAMHSA Drug-Free Communities	-	-	-	-	-	-
Federal MSDE Healthy Families	-	-	-	-	296,372	-
GOC - non-CPA	-	-	-	-	-	-
State GOCCP - non-CPA	-	6,704	-	-	-	-
Other	-	-	-	-	-	-
Investment Income	-	-	-	-	-	-
Earned Reinvestment Donations	-	-	-	-	-	-
Miscellaneous	47,075	-	-	-	-	-
Subtotal Non-CPA	47,075	58,209	-	-	296,372	-
Total Revenues	110,412	117,867	9,509	145,560	348,861	168,752
EXPENDITURES						
CPA						
Program Contracted Services	-	59,658	9,509	145,560	-	168,752
Other Expenditures						
Salaries	60,540	-	-	-	-	-
Fringe Benefit Costs	2,797	-	-	-	-	-
Consultants	-	-	-	-	-	-
Equipment Rental	-	-	-	-	-	-
Postage	-	-	-	-	-	-
Office Supplies	-	-	-	-	-	-
Equipment Operation	-	-	-	-	-	-
Business Travel	-	-	-	-	-	-
Meetings & Conferences	-	-	-	-	-	-
Advertising	-	-	-	-	-	-
Marketing/Promotions	-	-	-	-	-	-
Communications	-	-	-	-	-	-
Utilities	-	-	-	-	-	-
Rent	-	-	-	-	-	-
Other Charges	-	-	-	-	52,489	-
Subtotal CPA Expenditures	63,337	59,658	9,509	145,560	52,489	168,752
Non-CPA						
Program Contracted Services	-	56,494	-	-	296,372	-
Other Expenditures						
Salaries	126,576	1,403	-	-	-	-
Fringe Benefit Costs	79,883	312	-	-	-	-
Auditing	1,731	-	-	-	-	-
Consultants	15,000	-	-	-	-	-
Professional Groups	50	-	-	-	-	-
Equipment Rental	3,198	-	-	-	-	-
Other Contracted Services	5,286	-	-	-	-	-
Postage	790	-	-	-	-	-
Office Supplies	2,688	-	-	-	-	-
Equipment Operation	205	-	-	-	-	-
Business Travel	215	-	-	-	-	-
Meetings & Conferences	-	-	-	-	-	-
Training	-	-	-	-	-	-
Board's Expenditures	14,146	-	-	-	-	-
Advertising	211	-	-	-	-	-
Marketing/Promotions	-	-	-	-	-	-
Communications	1,523	-	-	-	-	-
Utilities	3,332	-	-	-	-	-
Rent	-	-	-	-	-	-
Other Charges	-	-	-	-	-	-
Subtotal Non-CPA Expenditures	254,834	58,209	-	-	296,372	-
Total Expenditures	318,171	117,867	9,509	145,560	348,861	168,752
Excess of Revenues Over (Under) Expenditures	(207,759)	-	-	-	-	-
OTHER FINANCING SOURCES (USES)						
Transfers In within Partnerships	3,490	-	-	-	-	-
Transfers (Out) within Partnerships	-	-	-	-	-	-
Transfers In (Out) for						
Program Contracted Services - In	204,269	-	-	-	-	-
Program Contracted Services - Out	-	-	-	-	-	-
Other Financing Sources (Uses)	207,759	-	-	-	-	-
Net Increase (Decrease) in Fund Balances	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

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, 2011 (with Summarized Totals for the Year Ended June 30, 2010)

(CONTINUED)

Federal/State GOCCP/GOC				
MD After School Opportunity	Character Counts	Teen Court	Underage Drinking Campaign	GOCCP/GOC Operating Fund Total
\$ 52,244	\$ 28,352	\$ -	\$ -	\$ 516,564
-	-	20,265	23,833	95,603
-	-	-	-	-
-	-	-	-	296,372
-	-	-	-	-
-	-	-	-	6,704
-	-	-	-	-
-	1,000	-	-	1,000
-	-	-	-	-
-	1,000	20,265	23,833	399,679
52,244	29,352	20,265	23,833	916,243
52,244	-	-	-	435,723
-	20,496	-	-	20,496
-	3,856	-	-	3,856
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	4,000	-	-	4,000
-	-	-	-	-
-	-	-	-	-
-	1,000	-	-	53,489
52,244	29,352	-	-	517,564
99,999	-	16,202	2,321	471,388
-	-	2,134	13,071	16,608
-	-	603	1,651	2,566
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	3,300	3,300
-	-	-	-	-
-	-	-	-	-
-	-	1,325	-	1,325
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
99,999	-	20,264	20,343	495,187
152,243	29,352	20,264	20,343	1,012,751
(99,999)	-	1	3,490	(96,508)
-	-	-	-	-
-	-	-	(3,490)	(3,490)
99,999	-	-	-	99,999
-	-	-	-	-
99,999	-	-	(3,490)	96,509
\$ -	\$ -	\$ 1	\$ -	\$ 1

CONTINUED

QUEEN ANNE'S COUNTY
COMMUNITY PARTNERSHIPS FOR CHILDREN SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BY COMMUNITY PARTNERSHIP AGREEMENTS (CPA) and NON-COMMUNITY PARTNERSHIP AGREEMENTS (NON-CPA)
FOR THE YEAR ENDED JUNE 30, 2011 (with Summarized Totals for the Year Ended June 30, 2010)

(CONTINUED)

	Drug Free Community Operating Fund Total	CSAFE Community Policing	All Programs Subtotal
REVENUES			
<u>CPA</u>			
Intergovernmental			
GOC	\$ -	\$ -	\$ 579,901
<u>Non-CPA</u>			
Intergovernmental			
Federal GOCCP Youth Strategies	-	-	95,603
Federal SAMHSA Drug-Free Communities	15,400	-	15,400
Federal MSDE Healthy Families	-	-	296,372
GOC - non-CPA	-	-	-
State GOCCP - non-CPA	-	-	6,704
Other	-	16,995	16,995
Investment Income	-	-	-
Earned Reinvestment Donations	-	-	1,000
Miscellaneous	-	-	47,075
Subtotal Non-CPA	15,400	16,995	479,149
Total Revenues	15,400	16,995	1,059,050
EXPENDITURES			
<u>CPA</u>			
Program Contracted Services	-	-	435,723
Other Expenditures			
Salaries	-	-	81,036
Fringe Benefit Costs	-	-	6,653
Consultants	-	-	-
Equipment Rental	-	-	-
Postage	-	-	-
Office Supplies	-	-	-
Equipment Operation	-	-	-
Business Travel	-	-	-
Meetings & Conferences	-	-	-
Advertising	-	-	-
Marketing/Promotions	-	-	4,000
Communications	-	-	-
Utilities	-	-	-
Rent	-	-	-
Other Charges	-	-	53,489
Subtotal CPA Expenditures	-	-	580,901
<u>Non-CPA</u>			
Program Contracted Services	9,823	-	481,211
Other Expenditures			
Salaries	3,857	-	147,041
Fringe Benefit Costs	1,720	-	84,169
Auditing	-	-	1,731
Consultants	-	-	15,000
Professional Groups	-	-	50
Equipment Rental	-	-	3,198
Other Contracted Services	-	-	5,286
Postage	-	-	790
Office Supplies	-	-	5,988
Equipment Operation	-	-	205
Business Travel	-	-	215
Meetings & Conferences	-	-	-
Training	-	-	1,325
Board's Expenditures	-	-	14,146
Advertising	-	-	211
Marketing/Promotions	-	-	-
Communications	-	-	1,523
Utilities	-	-	3,332
Rent	-	-	-
Other Charges	-	-	-
Subtotal Non-CPA Expenditures	15,400	-	765,421
Total Expenditures	15,400	-	1,346,322
Excess of Revenues Over (Under) Expenditures	-	16,995	(287,272)
OTHER FINANCING SOURCES (USES)			
Transfers In within Partnerships	-	-	3,490
Transfers (Out) within Partnerships	-	-	(3,490)
Transfers In (Out) for			
Program Contracted Services - In	-	-	304,268
Program Contracted Services - Out	-	(16,995)	(16,995)
Other Financing Sources (Uses)	-	(16,995)	287,273
Net Increase (Decrease) in Fund Balances	\$ -	\$ -	1
Fund Balances, July 1			70,163
Fund Balances, June 30			\$ 70,164

CONTINUED

QUEEN ANNE'S COUNTY
COMMUNITY PARTNERSHIPS FOR CHILDREN SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BY COMMUNITY PARTNERSHIP AGREEMENTS (CPA) and NON-COMMUNITY PARTNERSHIP AGREEMENTS (NON-CPA)
FOR THE YEAR ENDED JUNE 30, 2011 (with Summarized Totals for the Year Ended June 30, 2010)

(CONTINUED)

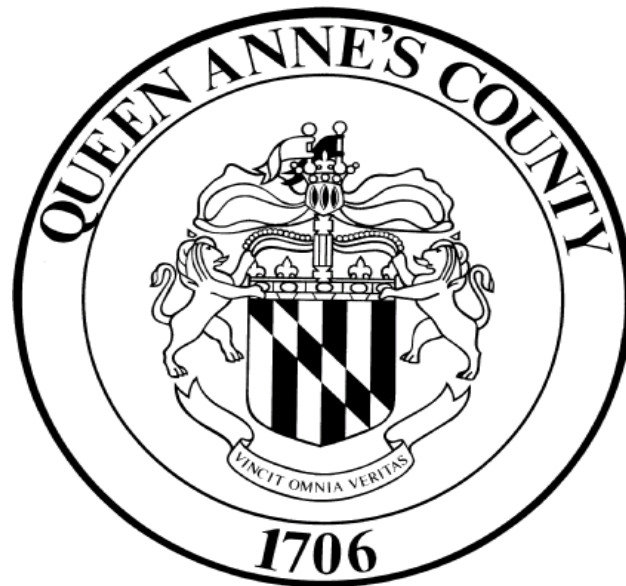
State GOC		State GOCCP	Federal GOCCP	Federal	Federal		Total	Returned		
CPA	Non-CPA	Non-CPA	Youth	Drug Free	MSDE	Other	Community	Reinvestment	2011	2010
Subtotal	Subtotal	Subtotal	Strategies	Community			Partnerships	Fund	Total	Summarized
							Operating Funds			Total
\$ 579,901	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 579,901	\$ -	\$ 579,901	\$ 858,005
-	-	44,098	51,505	-	-	-	95,603	-	95,603	49,108
-	-	-	-	15,400	-	-	15,400	-	15,400	53,317
-	-	-	-	-	296,372	-	296,372	-	296,372	296,372
-	-	-	-	-	-	-	-	-	-	250,460
-	-	6,704	-	-	-	-	6,704	-	6,704	51,230
-	-	-	-	-	-	16,995	16,995	-	16,995	17,864
-	-	-	-	-	-	-	-	44	44	981
-	-	-	-	-	-	1,000	1,000	-	1,000	58,884
-	-	-	-	-	-	47,075	47,075	-	47,075	26,369
-	-	50,802	51,505	15,400	296,372	65,070	479,149	44	479,193	804,585
579,901	-	50,802	51,505	15,400	296,372	65,070	1,059,050	44	1,059,094	1,662,590
435,723	-	-	-	-	-	-	435,723	-	435,723	538,120
81,036	-	-	-	-	-	-	81,036	-	81,036	163,432
6,653	-	-	-	-	-	-	6,653	-	6,653	47,215
-	-	-	-	-	-	-	-	-	-	10,000
-	-	-	-	-	-	-	-	-	-	273
-	-	-	-	-	-	-	-	-	-	1,370
-	-	-	-	-	-	-	-	-	-	941
-	-	-	-	-	-	-	-	-	-	121
-	-	-	-	-	-	-	-	-	-	226
-	-	-	-	-	-	-	-	-	-	2,868
-	-	-	-	-	-	-	-	-	-	136
4,000	-	-	-	-	-	-	4,000	-	4,000	4,676
-	-	-	-	-	-	-	-	-	-	537
-	-	-	-	-	-	-	-	-	-	1,773
-	-	-	-	-	-	-	-	-	-	2,139
53,489	-	-	-	-	-	-	53,489	-	53,489	142,563
580,901	-	-	-	-	-	-	580,901	-	580,901	916,390
-	-	25,227	49,790	9,823	296,372	99,999	481,211	-	481,211	724,998
-	-	15,205	1,403	3,857	-	126,576	147,041	-	147,041	118,526
-	-	2,254	312	1,720	-	79,883	84,169	-	84,169	48,775
-	-	-	-	-	-	1,731	1,731	-	1,731	2,420
-	-	-	-	-	-	15,000	15,000	-	15,000	13,528
-	-	-	-	-	-	50	50	-	50	350
-	-	-	-	-	-	3,198	3,198	-	3,198	5,679
-	-	-	-	-	-	5,286	5,286	-	5,286	11,857
-	-	-	-	-	-	790	790	-	790	900
-	-	3,300	-	-	-	2,688	5,988	-	5,988	2,515
-	-	-	-	-	-	205	205	-	205	153
-	-	-	-	-	-	215	215	-	215	34
-	-	-	-	-	-	-	-	-	-	2,614
-	-	1,325	-	-	-	-	1,325	-	1,325	-
-	-	-	-	-	-	14,146	14,146	-	14,146	13,782
-	-	-	-	-	-	211	211	-	211	5,091
-	-	-	-	-	-	-	-	-	-	2,944
-	-	-	-	-	-	1,523	1,523	-	1,523	775
-	-	-	-	-	-	3,332	3,332	-	3,332	822
-	-	-	-	-	-	-	-	-	-	21,926
-	-	-	-	-	-	-	-	-	-	21,973
-	-	47,311	51,505	15,400	296,372	354,833	765,421	-	765,421	999,662
580,901	-	47,311	51,505	15,400	296,372	354,833	1,346,322	-	1,346,322	1,916,052
(1,000)	-	3,491	-	-	-	(289,763)	(287,272)	44	(287,228)	(253,462)
-	3,490	-	-	-	-	-	3,490	-	3,490	-
-	(3,490)	-	-	-	-	-	(3,490)	-	(3,490)	-
99,999	-	-	-	-	-	204,269	304,268	-	304,268	257,264
-	-	-	-	-	-	(16,995)	(16,995)	-	(16,995)	(18,314)
99,999	-	-	-	-	-	187,274	287,273	-	287,273	238,950
98,999	-	3,491	-	-	-	(102,489)	1	44	45	(14,512)
508,287	(6,429)	-	1	(1,525)	-	(430,171)	70,163	5,361	75,524	90,036
\$ 607,286	\$ (6,429)	\$ 3,491	\$ 1	\$ (1,525)	\$ -	\$ (532,660)	\$ 70,164	\$ 5,405	\$ 75,569	\$ 75,524

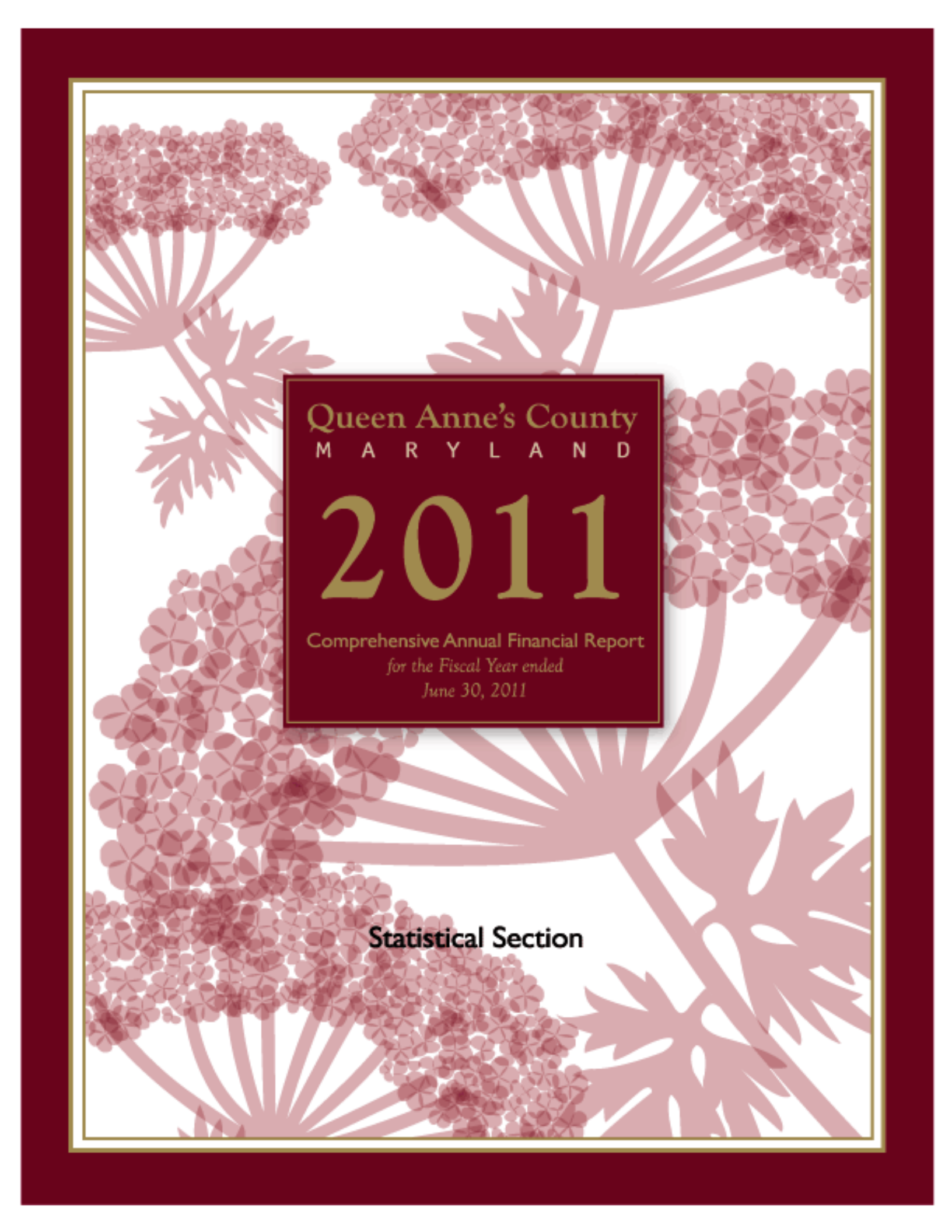
QUEEN ANNE'S COUNTY
COMMUNITY PARTNERSHIPS FOR CHILDREN SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGETARY BASIS
FOR THE YEAR ENDED JUNE 30, 2011

	COMMUNITY PARTNERSHIPS FOR CHILDREN				RETURNED REINVESTMENT FUND			
	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES								
Intergovernmental								
GOC - CPA and Non-CPA	\$ 851,199	\$ 586,886	\$ 579,901	\$ (6,985)	\$ -	\$ -	\$ -	\$ -
State GOCCP Non-CPA	6,704	6,704	6,704	-	-	-	-	-
Federal GOCCP Youth Strategies	50,822	147,002	95,603	(51,399)	-	-	-	-
Federal SAMHSA Drug-Free Communities	30,855	15,401	15,400	(1)	-	-	-	-
Federal MSDE Healthy Families	296,372	296,372	296,372	-	-	-	-	-
Other	18,015	22,092	16,995	(5,097)	-	-	-	-
Investment Income	-	-	-	-	-	-	44	44
Donations	-	-	1,000	1,000	-	-	-	-
Miscellaneous	15,230	52,296	47,075	(5,221)	-	-	-	-
Total Revenues	1,269,197	1,126,753	1,059,050	(67,703)	-	-	44	44
EXPENDITURES								
Program Contracted Services	975,733	964,029	916,934	47,095	-	-	-	-
Other Expenditures								
Salaries	310,254	228,753	228,077	676	-	-	-	-
Fringe Benefit Costs	125,962	112,071	90,822	21,249	-	-	-	-
Auditing	2,988	2,988	1,731	1,257	-	-	-	-
Consultants	-	15,000	15,000	-	-	-	-	-
Professional Groups	350	50	50	-	-	-	-	-
Equipment Rental	3,698	3,198	3,198	-	-	-	-	-
Other Contracted Services	-	-	5,286	(5,286)	-	-	-	-
Postage	3,000	2,500	790	1,710	-	-	-	-
Office Supplies	6,983	6,300	5,988	312	-	-	-	-
Equipment Operation	500	500	205	295	-	-	-	-
Business Travel	350	1,550	215	1,335	-	-	-	-
Meetings & Conferences	3,930	-	-	-	-	-	-	-
Training	-	4,000	1,325	2,675	-	-	-	-
Board's Expenditures	3,030	14,058	14,146	(88)	-	-	-	-
Advertising	780	211	211	-	-	-	-	-
Marketing/Promotions	3,849	3,000	4,000	(1,000)	-	-	-	-
Communications	1,200	1,200	1,523	(323)	-	-	-	-
Utilities	3,089	3,089	3,332	(243)	-	-	-	-
Other Charges	62,986	58,616	53,489	5,127	-	-	-	-
Total Expenditures	1,508,682	1,421,113	1,346,322	74,791	-	-	-	-
Excess of Revenues Over (Under)								
Expenditures	(239,485)	(294,360)	(287,272)	7,088	-	-	44	44
OTHER FINANCING SOURCES (USES)								
Transfers In within Partnerships	30,855	3,490	3,490	-	-	-	-	-
Transfers Out within Partnerships	(30,855)	(3,490)	(3,490)	-	-	-	-	-
Transfers In (Out) for:								
Program Contracted Services - In	257,500	315,452	304,268	(11,184)	-	-	-	-
Program Contracted Services - Out	(18,015)	(22,092)	(16,995)	5,097	-	-	-	-
Other Financing Sources (Uses)	239,485	293,360	287,273	(6,087)	-	-	-	-
Net Increase (Decrease) in Fund Balances/Net Assets	\$ -	\$ (1,000)	1	\$ 1,001	\$ -	\$ -	44	\$ 44
Fund Balances, July 1			70,163				5,361	
Fund Balances, June 30			\$ 70,164				\$ 5,405	

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, 2011
(CONTINUED)

TOTAL			
Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
\$ 851,199	\$ 586,886	\$ 579,901	\$ (6,985)
6,704	6,704	6,704	-
50,822	147,002	95,603	(51,399)
30,855	15,401	15,400	(1)
296,372	296,372	296,372	-
18,015	22,092	16,995	(5,097)
-	-	44	44
-	-	1,000	1,000
15,230	52,296	47,075	(5,221)
1,269,197	1,126,753	1,059,094	(67,659)
975,733	964,029	916,934	47,095
310,254	228,753	228,077	676
125,962	112,071	90,822	21,249
2,988	2,988	1,731	1,257
-	15,000	15,000	-
350	50	50	-
3,698	3,198	3,198	-
-	-	5,286	(5,286)
3,000	2,500	790	1,710
6,983	6,300	5,988	312
500	500	205	295
350	1,550	215	1,335
3,930	-	-	-
-	4,000	1,325	2,675
3,030	14,058	14,146	(88)
780	211	211	-
3,849	3,000	4,000	(1,000)
1,200	1,200	1,523	(323)
3,089	3,089	3,332	(243)
62,986	58,616	53,489	5,127
1,508,682	1,421,113	1,346,322	74,791
(239,485)	(294,360)	(287,228)	7,132
30,855	3,490	3,490	-
(30,855)	(3,490)	(3,490)	-
257,500	315,452	304,268	(11,184)
(18,015)	(22,092)	(16,995)	5,097
239,485	293,360	287,273	(6,087)
\$ -	\$ (1,000)	45	\$ 1,045
		75,524	
		\$ 75,569	



The cover features a repeating pattern of stylized, light pink flowers and leaves on a white background. A central dark red rectangle contains the title and year. The entire design is framed by a thin gold border and a wider dark red border.

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

2011

Comprehensive Annual Financial Report
*for the Fiscal Year ended
June 30, 2011*

Statistical Section

STATISTICAL SECTION

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

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

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

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

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

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

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

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

	2003	2004	2005	2006	2007
Governmental Activities:					
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	104,094,163	76,149,363	88,041,240	112,826,362	117,929,017
Business-type Activities:					
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	57,467,742	59,951,539	63,355,609	81,405,527	93,597,397
Primary Government:					
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	\$ 161,561,905	\$ 136,100,902	\$ 151,396,849	\$ 194,231,889	\$ 211,526,414

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 GASB 34.
- * Source: Statement of Net Assets, pages 36-37.

(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	\$ 12,157,699	\$ 37,660,706	\$ 41,184,365	\$ 51,799,873	\$ 53,755,480

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

(CONTINUED)

2008	2009	2010	2011
\$ 117,831,360	\$ 123,217,989	\$ 121,702,025	\$ 118,274,533
15,376,330	16,582,660	22,290,307	22,399,514
(15,075,202)	(26,672,299)	(45,795,597)	(61,193,944)
118,132,488	113,128,350	98,196,735	79,480,103
77,237,512	77,146,688	79,032,373	78,069,061
18,276,271	19,886,675	18,180,809	16,821,905
95,513,783	97,033,363	97,213,182	94,890,966
195,068,872	200,364,677	200,734,398	196,343,594
33,652,601	36,469,335	40,471,116	39,221,419
(15,075,202)	(26,672,299)	(45,795,597)	(61,193,944)
\$ 213,646,271	\$ 210,161,713	\$ 195,409,917	\$ 174,371,069
\$ (15,075,202)	\$ (26,672,299)	\$ (45,795,597)	\$ (61,193,944)
53,758,049	50,291,243	57,677,186	72,437,047
\$ 38,682,847	\$ 23,618,944	\$ 11,881,589	\$ 11,243,103

QUEEN ANNE'S COUNTY, MARYLAND

FINANCIAL TRENDS

CHANGES IN NET ASSETS - GOVERNMENT-WIDE (GOVERNMENTAL AND BUSINESS-TYPE ACTIVITIES)

LAST NINE FISCAL YEARS

Table 2-a

	2003	2004	2005	2006	2007
Expenses					
Governmental Activities:					
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
Business-type Activities:					
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
Program Revenues					
Governmental Activities:					
General Government					
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
Public Safety					
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
Public Works					
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
Health					
Operating Grants and Contributions	5,241	-	-	150,966	-
Social Services					
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
Education					
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
Parks & Recreation					
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
Conservation of Natural Resources					
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
Economic/Community Development					
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 NINE FISCAL YEARS

Table 2-a

(CONTINUED)

2008	2009	2010	2011
\$ 11,167,743	\$ 13,317,683	\$ 14,089,387	\$ 15,968,633
20,721,185	23,570,049	25,361,341	25,413,678
10,420,547	10,237,718	9,432,489	9,098,949
1,441,143	1,590,004	1,663,321	1,701,677
4,978,883	5,617,621	5,554,667	5,001,240
58,034,317	53,296,238	53,491,659	57,506,341
3,330,087	5,060,018	3,618,427	3,090,228
1,270,718	1,414,008	1,473,689	1,457,336
2,172,443	2,473,308	5,281,372	3,811,748
3,527,908	2,197,116	2,001,306	1,893,570
3,033,416	2,831,002	3,510,678	4,078,105
120,098,390	121,604,765	125,478,336	129,021,505
9,621,784	10,689,782	10,610,705	10,905,989
2,179,157	2,178,163	2,789,901	4,099,507
27,344	38,050	96,739	67,395
812,067	879,906	1,017,780	1,167,655
12,640,352	13,785,901	14,515,125	16,240,546
132,738,742	135,390,666	139,993,461	145,262,051
1,047,371	1,055,945	1,261,230	1,086,641
295,898	403,018	546,176	694,347
757,975	5,567	44,743	118,100
2,101,244	1,464,530	1,852,149	1,899,088
3,167,090	1,394,463	1,263,212	1,090,545
1,254,611	1,266,869	1,891,120	1,461,080
1,171	273,176	303,566	82,885
4,422,872	2,934,508	3,457,898	2,634,510
1,014,600	714,765	791,796	872,352
6,304,965	7,566,648	632,923	546,719
544,610	298,500	264,078	901,289
7,864,175	8,579,913	1,688,797	2,320,360
-	-	-	-
64,041	68,386	67,423	69,382
2,911,796	2,928,291	2,666,917	2,050,062
613,804	348,124	2,688,245	215,748
3,589,641	3,344,801	5,422,585	2,335,192
1,011,013	740,213	852,201	755,443
-	8,050	433,000	-
-	161,673	-	-
1,011,013	909,936	1,285,201	755,443
302,195	240,954	177,568	187,901
72,659	509	123,336	1,868
5,666,226	1,087,329	631,504	199,698
6,041,080	1,328,792	932,408	389,467
88,534	97,481	101,019	75,354
322,718	55,847	93,002	1,006,138
-	691,085	4,191,024	1,923,471
411,252	844,413	4,385,045	3,004,963
5,249	4,786	4,236	4,236
163,245	641,305	239,893	239,893
-	-	110,561	110,561
168,494	646,091	354,690	354,690
25,609,771	20,052,984	19,378,773	13,693,713

CONTINUED

QUEEN ANNE'S COUNTY, MARYLAND

FINANCIAL TRENDS

CHANGES IN NET ASSETS - GOVERNMENT-WIDE (GOVERNMENTAL AND BUSINESS-TYPE ACTIVITIES)

LAST NINE FISCAL YEARS

Table 2-a

(CONTINUED)

	2003	2004	2005	2006	2007
Business-type Activities:					
Water and Sewer					
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
Parks & Recreation					
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
Public Marinas					
Charges for Services	-	-	-	-	108,100
Operating Grants and Contributions	-	-	-	-	92,348
Capital Grants and Contributions	-	-	-	-	-
Total Revenue	-	-	-	-	200,448
Airport					
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
Net (Expense) Revenue (1)					
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)
General Revenues and Other Changes in Net Assets					
Governmental Activities:					
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
Business-type Activities:					
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
Change in Net Assets					
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 38-39.

- (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 NINE FISCAL YEARS

Table 2-a

(CONTINUED)

2008	2009	2010	2011
\$ 8,014,366	\$ 7,695,100	\$ 8,224,428	\$ 8,192,471
-	-	98,492	-
2,584,371	682,935	208,115	837,426
10,598,737	8,378,035	8,531,035	9,029,897
1,459,725	1,526,244	1,633,203	1,568,227
55,953	45,824	41,838	39,572
95,890	69,068	289,895	196,487
1,611,568	1,641,136	1,964,936	1,804,286
105,900	100,250	62,600	84,987
3,710	-	29,017	16,241
-	-	545,123	588,326
109,610	100,250	636,740	689,554
46,960	34,907	50,585	37,955
-	-	33,922	3,715
382,945	289,112	1,519,810	448,600
429,905	324,019	1,604,317	490,270
12,749,820	10,443,440	12,737,028	12,014,007
38,359,591	30,496,424	32,115,801	25,707,720
(94,488,619)	(101,551,781)	(106,099,563)	(115,327,792)
109,468	(3,342,461)	(1,778,097)	(4,226,539)
\$ (94,379,151)	\$ (104,894,242)	\$ (107,877,660)	\$ (119,554,331)
\$ 91,853,216	\$ 95,530,316	\$ 90,469,883	\$ 96,093,533
-	-	-	-
2,128,509	642,472	144,553	136,523
-	1,540,404	26,731	281,158
721,946	2,182,525	786,719	711,868
(11,581)	(3,348,074)	(559,331)	(611,922)
-	-	-	-
-	-	-	-
94,692,090	96,547,643	90,868,555	96,611,160
875,509	595,279	436,045	407,629
-	-	-	-
919,828	918,688	962,540	884,772
11,581	3,348,074	559,331	611,922
-	-	-	-
-	-	-	-
1,806,918	4,862,041	1,957,916	1,904,323
96,499,008	101,409,684	92,826,471	98,515,483
203,471	(5,004,138)	(15,231,008)	(18,716,632)
1,916,386	1,519,580	179,819	(2,322,216)
\$ 2,119,857	\$ (3,484,558)	\$ (15,051,189)	\$ (21,038,848)

QUEEN ANNE'S COUNTY, MARYLAND

FINANCIAL TRENDS

GENERAL TAX REVENUES - GOVERNMENTAL ACTIVITIES

LAST NINE FISCAL YEARS

Table 2-b

	2003	2004	2005	2006	2007
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>

	2008	2009	2010	2011
Local Property Taxes	\$ 50,021,587	\$ 55,362,114	\$ 59,267,240	\$ 60,070,368
Local Income Tax	35,700,111	34,834,937	25,715,247	30,624,679
Other Local Taxes	6,131,518	5,333,265	5,487,396	5,398,486
Total Taxes - Governmental Activities	<u>\$ 91,853,216</u>	<u>\$ 95,530,316</u>	<u>\$ 90,469,883</u>	<u>\$ 96,093,533</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 38-39.

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

	2002	2003	2004	2005	2006
General Fund:					
Reserved	\$ 93,099	\$ 5,578,543	\$ 5,766,939	\$ 5,705,316	\$ 6,169,255
Unreserved	7,426,819	3,269,461	5,669,161	4,104,926	14,944,399
Total General Fund	7,519,918	8,848,004	11,436,100	9,810,242	21,113,654
All Other Governmental Funds:					
Reserved	9,032,415	9,570,304	12,329,623	15,075,521	13,751,478
Unreserved, reported in:					
Capital Projects Fund	12,097,123	6,465,484	11,835,783	11,706,521	13,579,649
Special Revenue Funds	3,127,711	2,972,713	2,698,617	3,156,479	2,810,027
Total All Other Governmental Funds	24,257,249	19,008,501	26,864,023	29,938,521	30,141,154
Total All Governmental Funds	\$ 31,777,167	\$ 27,856,505	\$ 38,300,123	\$ 39,748,763	\$ 51,254,808

	2007	2008	2009	2010	2011
General Fund:					
Reserved	\$ 7,140,303	\$ 8,948,231	\$ 8,643,600	\$ 7,734,692	\$ -
Unreserved	15,302,827	3,972,847	6,381,843	6,296,418	-
Nonspendable (1)	-	-	-	-	4,000
Restricted (1)	-	-	-	-	333,798
Committed (1)	-	-	-	-	657,068
Assigned (1)	-	-	-	-	70,000
Unassigned (1)	-	-	-	-	4,753,656
Total General Fund	22,443,130	12,921,078	15,025,443	14,031,110	5,818,522
All Other Governmental Funds:					
Reserved	20,060,988	16,706,954	17,007,368	15,153,381	-
Unreserved, reported in:					
Capital Projects Funds	17,618,012	14,409,216	1,723,066	12,538,916	-
Special Revenue Funds	3,019,522	2,185,304	2,751,120	7,842,939	-
Nonspendable (1)	-	-	-	-	4,401,483
Restricted (1)	-	-	-	-	22,065,716
Committed (1)	-	-	-	-	1,820,818
Assigned (1)	-	-	-	-	14,745,215
Unassigned (1)	-	-	-	-	(172,381)
Total All Other Governmental Funds	40,698,522	33,301,474	21,481,554	35,535,236	42,860,851
Total All Governmental Funds	\$ 63,141,652	\$ 46,222,552	\$ 36,506,997	\$ 49,566,346	\$ 48,679,373

NOTES:

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

* Source: Balance Sheet, pages 40-41.

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

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

	2002	2003	2004	2005	2006
Revenues					
Taxes					
Local Property Taxes	\$ 33,760,455	\$ 36,238,606	\$ 39,771,711	\$ 42,191,297	\$ 44,657,603
Local Income Taxes	23,217,162	23,517,175	26,765,483	28,237,534	31,633,987
Other Local Taxes	3,987,371	6,545,501	7,613,374	8,853,089	10,509,826
State Shared Taxes	1,941,971	4,424,763	3,660,145	4,528,046	4,233,139
Licenses and Permits	2,152,720	1,410,491	647,633	829,784	824,917
Intergovernmental	10,471,381	6,351,125	9,261,854	6,049,496	11,476,325
Bond Interest Reimbursement - Build America Bond	-	-	-	-	-
Charges for Current Services	1,460,330	1,248,229	3,464,771	3,394,626	4,864,374
Fines and Forfeitures	15,861	29,443	38,798	48,654	77,008
Special Assessments	46,419	43,067	(7,528)	-	-
Investment Income	1,042,194	465,164	410,845	907,275	1,738,139
Donations	-	81,350	93,178	104,093	98,610
Miscellaneous (1)	1,020,802	853,309	954,621	1,567,883	1,346,669
Total Revenues	79,116,666	81,208,223	92,674,885	96,711,777	111,460,597
Expenditures					
Current					
General Government (2)	6,139,990	7,729,416	8,851,440	8,933,985	9,516,299
Public Safety	8,726,365	9,829,451	11,970,575	13,199,057	16,356,949
Public Works	6,126,407	6,790,032	7,872,914	9,055,472	9,168,186
Health	1,208,954	807,489	1,101,713	1,261,488	1,355,057
Social Services	3,105,830	4,303,930	4,922,755	4,367,736	4,294,781
Education (3)	39,713,371	43,050,433	46,689,001	40,421,109	42,346,958
Parks and Recreation	1,727,072	2,616,946	6,266,051	2,481,296	9,096,593
Library (4)	935,439	951,939	997,043	1,049,612	1,144,622
Conservation of Natural Resources	880,299	880,058	565,218	578,426	508,606
Economic/Community Development	1,267,138	1,848,707	1,809,329	1,552,689	1,558,978
Miscellaneous	-	-	-	-	-
Capital Outlay	8,001,582	1,488,726	1,173,687	1,280,650	1,049,361
Debt Service					
Principal	2,920,206	2,690,928	4,029,332	5,928,559	3,677,307
Debt Issuance Costs	-	-	-	-	-
Interest and Fiscal Charges	2,698,380	2,695,664	2,780,312	2,555,411	2,569,650
Total Expenditures	83,451,033	85,683,719	99,029,370	92,665,490	102,643,347
Excess (Deficiency) of Revenues over (under) Expenditures	(4,334,367)	(4,475,496)	(6,354,485)	4,046,287	8,817,250
Other Financing Sources (Uses)					
Issuance of Debt	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	1,176,860
Insurance Proceeds	-	-	-	-	-
Capital Contributions - Developer	-	-	-	88,750	-
Transfers In (5)	6,137,635	3,806,476	9,647,582	10,661,440	8,578,135
Transfers Out (6)	(7,115,841)	(4,361,416)	(9,802,498)	(13,716,802)	(6,181,284)
Defeasance of debt	(6,290,795)	-	-	(30,722,375)	-
Total Other Financing Sources (Uses)	(959,001)	(456,940)	16,583,104	(2,597,647)	3,573,711
Special and Extraordinary Items					
Special Items	-	885,140	215,000	-	-
Extraordinary Gains (Losses)	-	(24,430)	-	-	(477,707)
Total Special Items and Extraordinary Gains (Losses)	-	860,710	215,000	-	(477,707)
Net Increase (Decrease) in Fund Balances	\$ (5,293,368)	\$ (4,071,726)	\$ 10,443,619	\$ 1,448,640	\$ 11,913,254
Debt service as a percentage of non-capital expenditures (7, 8)	7.45%	6.40%	6.96%	9.28%	6.15%

NOTES:

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

* Source: Statement of Revenues, Expenditures and Changes in Fund Balances, pages 44-45,

and the Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities, pages 46-47.

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

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

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

(6) For FY02, "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 Capital Outlay.

QUEEN ANNE'S COUNTY, MARYLAND

FINANCIAL TRENDS

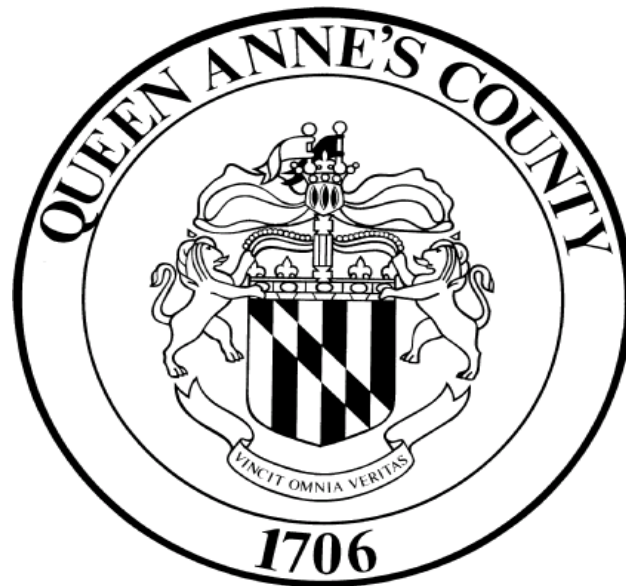
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS

LAST TEN FISCAL YEARS

Table 4

(CONTINUED)

2007	2008	2009	2010	2011
\$ 46,208,342	\$ 50,007,054	\$ 55,374,053	\$ 59,242,742	\$ 60,097,959
34,980,663	34,767,725	35,988,334	29,647,125	29,527,496
9,379,305	6,131,518	5,333,265	5,487,396	5,398,486
5,125,419	5,306,763	7,591,829	508,138	230,401
895,931	890,821	874,639	863,782	919,663
10,661,130	12,199,511	8,049,695	12,061,066	8,777,729
-	-	-	193,567	438,022
3,806,563	4,049,902	3,326,696	3,396,080	3,143,846
239,194	1,759,370	115,658	258,937	78,345
-	-	-	-	-
3,162,830	2,128,509	642,472	144,553	136,523
74,694	247,002	76,867	140,731	109,342
1,853,706	719,067	2,182,525	786,719	708,455
116,387,777	118,207,242	119,556,033	112,730,836	109,566,267
8,772,229	10,128,699	10,841,479	10,608,976	10,397,457
17,918,740	19,292,661	20,483,238	21,344,575	21,127,321
9,167,362	9,182,618	8,678,715	7,671,352	7,277,767
1,428,395	1,430,670	1,572,848	1,637,101	1,670,222
4,260,927	4,747,491	5,029,493	4,767,647	4,098,650
56,163,966	58,086,283	53,348,513	53,545,597	57,566,865
2,809,748	3,083,038	3,145,367	3,055,335	2,521,175
1,242,573	1,247,108	1,390,398	1,424,078	1,433,725
483,810	2,177,820	2,445,352	5,263,577	3,872,916
3,188,316	3,513,153	1,968,587	1,847,195	1,715,524
915,542	731,771	706,792	1,373,090	4,699,452
14,291,416	13,676,569	8,594,972	7,868,741	4,838,581
3,795,769	4,888,405	5,089,347	4,948,144	6,964,558
236,899	3,972	(423)	145,884	129,671
2,257,928	3,147,529	2,778,490	3,114,505	3,629,426
126,933,620	135,337,787	126,073,168	128,615,797	131,943,310
(10,545,843)	(17,130,545)	(6,517,135)	(15,884,961)	(22,377,043)
23,219,790	510,617	122,780	29,299,154	21,897,570
-	(345,955)	-	-	-
236,899	3,972	(423)	157,800	139,136
-	-	-	-	-
88,535	45,494	64,089	30,861	582,601
-	8,898	44,907	15,826	99,028
-	-	-	-	-
13,131,736	17,014,307	5,449,499	18,184,911	5,386,256
(14,202,033)	(17,025,888)	(8,879,272)	(18,744,242)	(6,614,521)
-	-	-	-	-
22,474,927	211,445	(3,198,420)	28,944,310	21,490,070
-	-	-	-	-
(42,242)	-	-	-	-
(42,242)	-	-	-	-
\$ 11,886,842	\$ (16,919,100)	\$ (9,715,555)	\$ 13,059,349	\$ (886,973)
5.58%	6.61%	6.70%	6.80%	8.44%



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

Fiscal Year	Real Property (2)				Personal Property	Total	Exempt Property	Total
	Commercial Assessed Value	Residential (1) Assessed Value	Total Assessed Value	Total Direct Tax Rate (3)	Public Utility Assessed Value (2) (4)	Taxable Assessed Value		Taxable and Exempt Property
2002	\$ 692,030,001	\$ 2,607,616,738	\$ 3,299,646,739	\$ 0.9760	\$ 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	0.9760	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	0.9760	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	0.9260	57,382,490	4,596,665,870	330,840,259	4,927,506,129
2006	950,694,704	4,051,000,772	5,001,695,476	0.8700	59,360,390	5,061,055,866	369,542,935	5,430,598,801
2007	1,104,093,458	4,526,502,291	5,630,595,749	0.8000	63,168,480	5,693,764,229	419,303,486	6,113,067,715
2008	1,291,356,759	5,045,464,776	6,336,821,535	0.7700	61,729,010	6,398,550,545	474,798,401	6,873,348,946
2009	1,503,024,419	5,518,534,961	7,021,559,380	0.7700	61,513,370	7,083,072,750	547,163,868	7,630,236,618
2010	1,606,785,131	5,911,287,556	7,518,072,687	0.7700	62,858,590	7,580,931,277	596,219,654	8,177,150,931
2011	1,625,886,760	6,054,844,995	7,680,731,755	0.7671	59,364,960	7,740,096,715	644,654,739	8,384,751,454

NOTES:

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

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

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

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

Fiscal Year	County Direct Rate (1)
2002	\$ 0.9760
2003	0.9760
2004	0.9760
2005	0.9260
2006	0.8700
2007	0.8000
2008	0.7700
2009	0.7700
2010	0.7700
2011	0.7671

NOTES:

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

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

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

Fiscal Year	Kent Narrows Commercial Management and Waterfront Improvement District
2002	\$ 0.0600
2003	0.0600
2004	0.0600
2005	0.0600
2006	0.0600
2007	0.0600
2008	0.0600
2009	0.0600
2010	0.0600
2011	0.0600

NOTES:

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

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

Fiscal Year	Town of Centreville	Town of Barclay	Town of Church Hill	Town of Millington	Town of Queen Anne
2002	\$ 0.4800	\$ 0.1000	\$ 0.3400	\$ 0.2800	\$ 0.2100
2003	0.4800	0.1000	0.3400	0.2800	0.1800
2004	0.4800	0.1000	0.3400	0.2800	0.1800
2005	0.4800	0.1000	0.3400	0.2800	0.1800
2006	0.4800	0.1000	0.3400	0.2800	0.1800
2007	0.4700	0.1000	0.3400	0.2800	0.1800
2008	0.4300	0.1000	0.3400	0.2800	0.1800
2009	0.3950	0.1000	0.3400	0.2800	0.1800
2010	0.3800	0.1000	0.3400	0.2800	0.1800
2011	0.3800	0.1000	0.3400	0.2800	0.1800

NOTES:

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

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

(CONTINUED)

Town of Queenstown	Town of Sudlersville	Town of Templeville
\$ 0.2000	\$ 0.1850	\$ 0.1610
0.2000	0.1760	0.1420
0.2000	0.1760	0.1420
0.2000	0.1670	0.1330
0.2000	0.1670	0.1220
0.2000	0.1670	0.2520
0.2000	0.1670	0.2520
0.2000	0.1670	0.3600
0.1810	0.1670	0.3600
0.1904	0.1670	0.3600

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

For the Fiscal Year Ended June 30, 2011		
	Assessable Base	Ratio: Taxpayer Base to Total Assessable Base
Second Horizon Group Limited Partnership	\$ 51,409,800	0.66 %
KRM Development Corporation	38,637,130	0.50
White's Heritage Partners	23,343,628	0.30
Great American Life Insurance Company	17,689,900	0.23
Beach Harbor Campers Cooperative Inc	13,653,800	0.18
Pasquale Didonato	12,546,432	0.16
Reliable Development Company	12,204,006	0.16
K. Hovnanian	11,908,826	0.15
Mears Point Association	11,310,900	0.15
Symphony Centre	10,951,000	0.14
Total	<u>\$ 203,655,422</u>	<u>2.63 %</u>
Total Assessable Base	<u>\$ 7,740,096,715</u>	<u>100.00 %</u>

For the Fiscal Year Ended June 30, 2002		
	Assessable Base	Ratio: Taxpayer Base to Total Assessable Base
Second Horizon Group Limited Partnership	\$ 14,721,166	0.43 %
KRM Development	13,614,218	0.40
Washington Brick & Terra Cotta Company	8,260,509	0.25
Mears Point Association	8,033,120	0.24
Bay Bridge Limited	6,805,982	0.20
TC Shopping Center	6,609,362	0.20
Pasquale Didonato	5,923,682	0.18
Gateway Partnership	5,733,900	0.17
C&E Enterprises	5,631,466	0.17
Hunters Oak LLC	5,515,513	0.16
Total	<u>\$ 80,848,918</u>	<u>2.40 %</u>
Total Assessable Base	<u>\$ 3,369,796,979</u>	<u>100.00 %</u>

Source: State of Maryland Department of Assessments and Taxation

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

Fiscal Year	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Original Levy		Amount	Percentage of Original Levy
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%	66,527	40,608,694	100.00%
2006	43,208,732	43,107,941	99.77%	100,564	43,208,505	100.00%
2007	44,500,414	44,401,745	99.78%	98,450	44,500,195	100.00%
2008	48,575,431	48,505,180	99.86%	70,029	48,575,209	100.00%
2009	53,839,023	53,756,369	99.85%	81,588	53,837,957	100.00%
2010	57,788,231	57,720,564	99.88%	52,887	57,773,451	99.97%
2011	58,758,234	58,696,129	99.89%	-	58,696,129	99.89%

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							
Fiscal Year	General Obligation Bonds	Notes Payable	Capital Leases	Total Governmental Activities			
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			
2011	103,569,858	1,070,632	54,089	104,694,579			

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)
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
2011	3,523,333	16,692,171	-	20,215,504	124,910,083	7.25%	2,608

NOTES:

* Amounts for 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)
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
2011	107,093,191	1.38%	2,236

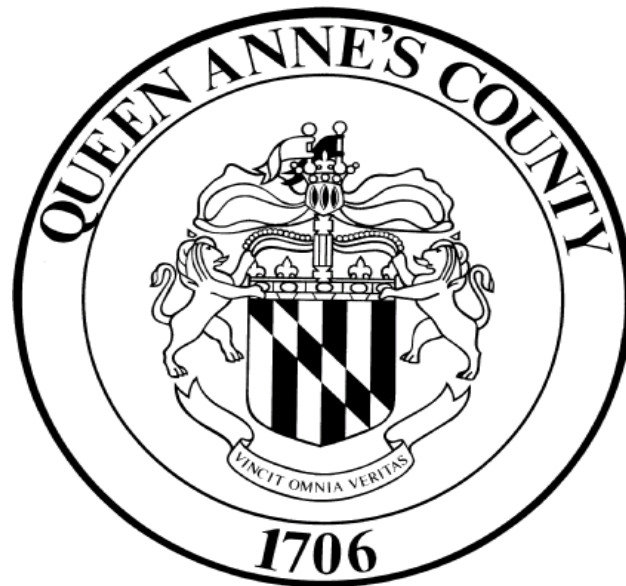
NOTES:

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

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

(2) See Table 5 for taxable assessable base.

(3) See Table 14 for population data.



QUEEN ANNE'S COUNTY, MARYLAND
COMPUTATION OF NET DIRECT AND OVERLAPPING DEBT
AS OF JUNE 30, 2011
Table 11

Name of Jurisdiction	Gross Debt
Queen Anne's County:	
County Government	
Total Net Direct Debt (1)	<u>\$ 124,910,083</u>
Towns: (2)	
Centreville	11,817,183
Millington	1,310,340
Queenstown	284,274
Sudlersville	<u>2,138,000</u>
Total Net Overlapping Debt	<u>15,549,797</u>
Total Net Direct and Overlapping Debt	<u><u>\$ 140,459,880</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

	2002	2003	2004
<u>Computation of Legal Debt Margin - for Queen Anne's County</u> <u>Other than Debt related to the Sanitary District:</u>			
Authorized debt limit under Title 5 (Subtitle 4) (1)	\$ 8,000,000	\$ 8,000,000	\$ 8,000,000
Authorized bonded debt under specific public laws			
Enterprise Funds, excluding Sanitary District (4)	1,625,000	1,535,000	1,440,000
General Obligation Debt (4)	55,490,000	52,800,000	62,467,858
Subtotal	57,115,000	54,335,000	63,907,858
Total authorized debt under Title 5 and specific public laws	65,115,000	62,335,000	71,907,858
LESS Outstanding bonds, notes payable, and capital leases (5)	70,508,807	66,266,872	77,328,067
Less: Sanitary District debt (4)	12,731,829	11,412,635	10,005,867
Subtotal	57,776,978	54,854,237	67,322,200
Legal Debt Margin - Other than the Sanitary District	\$ 7,338,022	\$ 7,480,763	\$ 4,585,658
<u>Debt related to the Sanitary District Proprietary Fund:</u>			
Total taxable assessed value (3)	\$ 3,369,796,979	\$ 3,651,023,515	\$ 4,039,049,012
Plus exempt property (3)	274,858,885	276,953,744	297,843,389
Total assessed value	\$ 3,644,655,864	\$ 3,927,977,259	\$ 4,336,892,401
Debt Limit - 6% of total assessed value (2)	\$ 218,679,352	\$ 235,678,636	\$ 260,213,544
LESS Sanitary District	12,731,829	11,412,635	10,005,867
Less: Restricted Cash and Investments in the			
Debt Service Fund available for payment of principal	5,141,449	4,264,878	4,289,452
	7,590,380	7,147,757	5,716,415
Legal Debt Margin - Sanitary District	\$ 211,088,972	\$ 228,530,879	\$ 254,497,129

NOTES:

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

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

(CONTINUED)

2005	2006	2007	2008	2009	2010	2011
\$ 8,000,000	\$ 8,000,000	\$ 8,000,000	\$ 8,000,000	\$ 8,000,000	\$ 8,000,000	\$ 8,000,000
1,413,663	1,413,663	1,538,851	1,509,485	1,493,768	1,905,182	2,378,333
60,689,541	56,890,501	75,938,286	70,752,345	65,420,921	88,859,439	103,569,858
62,103,204	58,304,164	77,477,137	72,261,830	66,914,689	90,764,621	105,948,191
70,103,204	66,304,164	85,477,137	80,261,830	74,914,689	98,764,621	113,948,191
72,100,979	77,037,245	103,625,053	96,727,523	89,688,217	112,318,954	124,910,083
9,266,078	18,069,698	25,552,847	23,615,821	21,684,421	19,782,739	17,830,357
62,834,901	58,967,547	78,072,206	73,111,702	68,003,796	92,536,215	107,079,726
\$ 7,268,303	\$ 7,336,617	\$ 7,404,931	\$ 7,150,128	\$ 6,910,893	\$ 6,228,406	\$ 6,868,465
\$ 4,596,665,870	\$ 5,061,055,866	\$ 5,693,764,229	\$ 6,398,550,545	\$ 7,083,072,750	\$ 7,580,931,277	\$ 7,740,096,715
330,840,259	369,542,935	419,303,486	474,798,401	547,163,868	596,219,654	644,654,739
\$ 4,927,506,129	\$ 5,430,598,801	\$ 6,113,067,715	\$ 6,873,348,946	\$ 7,630,236,618	\$ 8,177,150,931	\$ 8,384,751,454
\$ 295,650,368	\$ 325,835,928	\$ 366,784,063	\$ 412,400,937	\$ 457,814,197	\$ 490,629,056	\$ 503,085,087
9,266,078	18,069,698	25,552,847	23,615,821	21,684,421	19,782,739	17,830,357
4,105,842	3,940,626	4,746,865	4,551,821	4,180,188	3,925,026	3,658,194
5,160,236	14,129,072	20,805,982	19,064,000	17,504,233	15,857,713	14,172,163
\$ 290,490,132	\$ 311,706,856	\$ 345,978,081	\$ 393,336,937	\$ 440,309,964	\$ 474,771,343	\$ 488,912,924

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

Table 12-b

	2009	2010	2011
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.			
CALCULATION PER FIRST FINANCIAL CRITERIA:			
The sum of all outstanding and new general obligation and/or bonded debt is 2.5% or less of the total taxable assessed base.			
Total Taxable Assessed Base (1)	\$ 7,083,072,750	\$ 7,580,931,277	\$ 7,740,096,715
	2.5%	2.5%	2.5%
2.5% of Total Taxable Assessed Base	<u>\$ 177,076,819</u>	<u>\$ 189,523,282</u>	<u>\$ 193,502,418</u>
LESS Outstanding and New General Obligation Debt (2) (3)			
Enterprise Funds' Debt - Bonds and Notes	\$ 23,198,631	\$ 21,701,549	\$ 20,215,504
General Obligation Debt - Bonds and Notes	<u>66,334,104</u>	<u>90,511,521</u>	<u>104,640,490</u>
Total Outstanding and New General Obligation Debt	<u>\$ 89,532,735</u>	<u>\$ 112,213,070</u>	<u>\$ 124,855,994</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>	<u>\$ 68,646,424</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	47,899
\$3,000 Per Capita	\$ 3,000	\$ 3,000	\$ 3,000
	<u>\$ 141,273,000</u>	<u>\$ 145,950,000</u>	<u>\$ 143,697,000</u>
LESS Outstanding and New General Obligation Debt (1)	<u>\$ 89,532,735</u>	<u>\$ 112,213,070</u>	<u>\$ 124,855,994</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>	<u>\$ 18,841,006</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, 2011			
Employer	Employees	Rank	Percentage of Total County Employment
Queen Anne's County Board of Education	941	1	8.92%
Queen Anne's County Government	442	2	4.19%
S.E.W. Friel	275	3	2.61%
Paul Reed Smith Guitars	233	4	2.21%
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	2,920		27.68%

For the Fiscal Year Ended June 30, 2002			
Employer	Employees	Rank	Percentage of Total County Employment
Queen Anne's County Board of Education	837	1	8.96%
Queen Anne's County Government	449	2	4.81%
S.E.W. Friel	275	3	2.95%
Chesapeake College	200	4	2.14%
Paul Reed Smith Guitars	177	5	1.90%
Delmarva Sash & Door, Inc.	150	6	1.61%
Sisk Mailing Service	145	7	1.55%
Conagra	131	8	1.40%
Tidewater Publishing Corp.	130	9	1.39%
United Shellfish Co, Inc.	65	10	0.70%
Total	2,559		27.41%

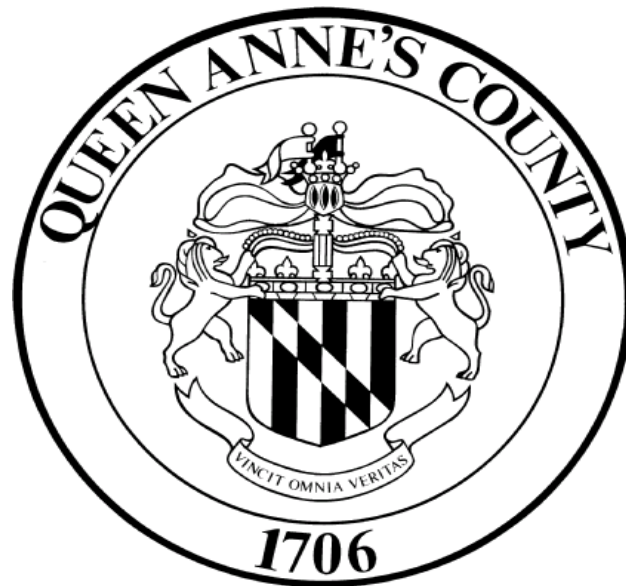
Source: Queen Anne's County Economic Development Office; Table 15.

QUEEN ANNE'S COUNTY, MARYLAND
 DEMOGRAPHIC STATISTICS
 LAST TEN FISCAL YEARS
 Table 14

Fiscal Year	Population (1)	Total Personal Income (2)	Per Capita Income (3)	Unemployment Rate (3)	Average Registered Number of Pupils (4)
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
2011	47,899	1,722,448,040	35,960	7.00%	7,722

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.



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

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Number of Exempt Employees	31	33	33	35	35	36	31	29	29	26
Number of Full Time Employees	394	399	413	420	432	470	481	475	461	406
Number of Part Time Employees (FTE)	24	29	21	21	23	25	20	18	17	10
Total County Government Employees	449	461	467	476	490	531	532	522	507	442

NOTES:

Source: Queen Anne's County Finance Office.

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

	2007	2008	2009	2010	2011
Governmental Activities:					
General Government	90	90	89	87	77
Public Safety:					
Police	49	53	52	50	49
Fire - Emergency Management Services	69	68	69	67	64
Corrections	37	38	42	42	41
Animal Services	11	11	8	8	10
Public Works	87	91	85	79	61
Health	1	1	1	1	1
Social Services	40	38	38	37	32
Parks (1)	39	40	38	38	20
Conservation of Natural Resources	3	3	3	3	3
Economic/Community Development	12	12	10	9	7
Total Governmental Activities	438	445	435	421	365
Business-Type Activities:					
Sanitary District	47	46	45	45	44
Bay Bridge Airport	3	3	3	3	3
Recreation (1)	-	-	-	-	4
Public Landings	3	3	3	3	3
Property Management	5	4	7	7	7
Total Business-Type Activities	58	56	58	58	61
Component Unit:					
Public Housing Authority	10	11	11	11	6
Total Full-Time County Employees	506	512	504	490	432

NOTES:

(1) Due to the County's reorganization, Parks and Recreation are reported separately starting in fiscal year 2011. 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

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Governmental Activities:										
General Government:										
Planning & Zoning:										
Number of commercial permits issued	118	219	295	272	256	235	23	40	35	27
Number of residential permits issued:										
Single Family Permits	406	326	271	247	224	160	138	90	153	106
Multi Family Permits	16	36	-	1	-	-	-	13	28	4
Renovations and Additions Permits	550	678	745	680	608	541	539	324	304	295
Total residential permits issued	972	1,040	1,016	928	832	701	677	427	485	405
Public Safety:										
Fire and Rescue:										
Number of volunteer members	577	650	649	630	630	600	663	663	689	689
Police:										
Uniformed Police Officers	42	47	50	49	49	49	53	54	54	55
Number of law violations:										
Physical arrests	987	1,021	1,112	1,536	1,115	1,413	1,373	1,429	917	1,216
Traffic violations	1,904	2,322	4,363	5,307	4,962	5,310	5,745	8,276	6,183	5,760
Detention Center:										
Detention Center Officers	29	29	32	30	31	33	35	37	39	40
Average yearly prison population	80	92	92	96	99	113	112	97	102	103
Public Works:										
Wastewater Treated - Daily (mgd)	1.5	1.6	1.5	1.5	1.5	1.5	1.6	1.7	2.1	1.7
Education:										
Number of Personnel										
Teachers	447	458	459	479	496	501	522	528	533	530
Administrators	41	39	39	39	39	40	40	38	37	37
Support	303	303	302	321	318	327	338	338	336	310
Other	46	46	43	53	59	55	77	76	76	64
Number of Students	7,266	7,457	7,530	7,649	7,162	7,774	7,790	7,774	7,723	7,722
Number of High School Graduates	N/A	N/A	N/A	N/A	514	563	560	590	562	566

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

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Governmental Activities:										
Public Safety:										
Fire and Rescue:										
Number of volunteer stations	9	9	9	10	10	10	10	10	10	10
Equipment:										
Engines	17	13	16	17	17	16	16	16	17	17
Tankers	8	8	7	7	7	9	9	9	9	9
Aerial Units	4	3	4	4	4	4	4	4	5	5
Rescue Units	4	5	5	5	5	5	6	6	7	7
Brush Units	8	7	7	7	7	8	8	8	8	8
Air Units (MD State Police)	1	8	8	1	1	1	3	3	-	-
Boats	6	5	5	5	5	3	1	1	5	5
Ambulance/Medic Units	21	15	15	15	18	20	16	16	17	17
Cars/Other	19	15	20	20	20	16	17	17	22	22
Police:										
Number of Stations	1	1	1	1	1	1	1	1	1	1
Number of Vehicles										
Patrol	38	48	58	43	34	54	57	64	60	53
Other	8	21	6	15	26	15	7	13	17	21
Detention Center										
Capacity	104	104	104	104	104	104	104	104	148	148
Public Works:										
County Maintained Roads and Streets										
Paved (miles)	510	524	522	524	534	536	530	539	540	540
Unpaved (miles)	24	12	13	13	13	12	15	12	12	12
County Owned Water and Wastewater Facilities										
Water										
Miles of Mains	38	38	47	47	49	51	56	57	58	59
Water Treatment Plants	10	10	10	10	10	10	11	11	11	11
Booster Stations	3	2	2	2	2	2	2	2	2	2
Wastewater										
Miles of Mains	96	97	105	105	107	109	114	116	117	118
Wastewater Treatment Plants	1	1	1	1	1	1	1	1	1	1
Wastewater Collection, Lift, and Pumping Stations	28	28	29	29	29	29	31	31	31	31
Education:										
Number of Schools										
High Schools	2	2	2	2	2	2	2	2	2	2
Middle Schools	3	3	3	3	3	3	3	4	4	4
Elementary Schools	7	7	7	8	8	8	8	8	8	8
Parks and Recreation:										
Parks	24	24	24	24	28	29	32	33	33	33
Park Acreage	1,902	2,022	2,024	2,024	2,579	2,572	2,633	2,633	2,915	2,915
Public Landings	22	22	22	21	21	21	21	20	20	21
Library:										
Number of Libraries	3	3	3	3	3	3	3	3	3	3

NOTES:
 Source: Various County departments.

