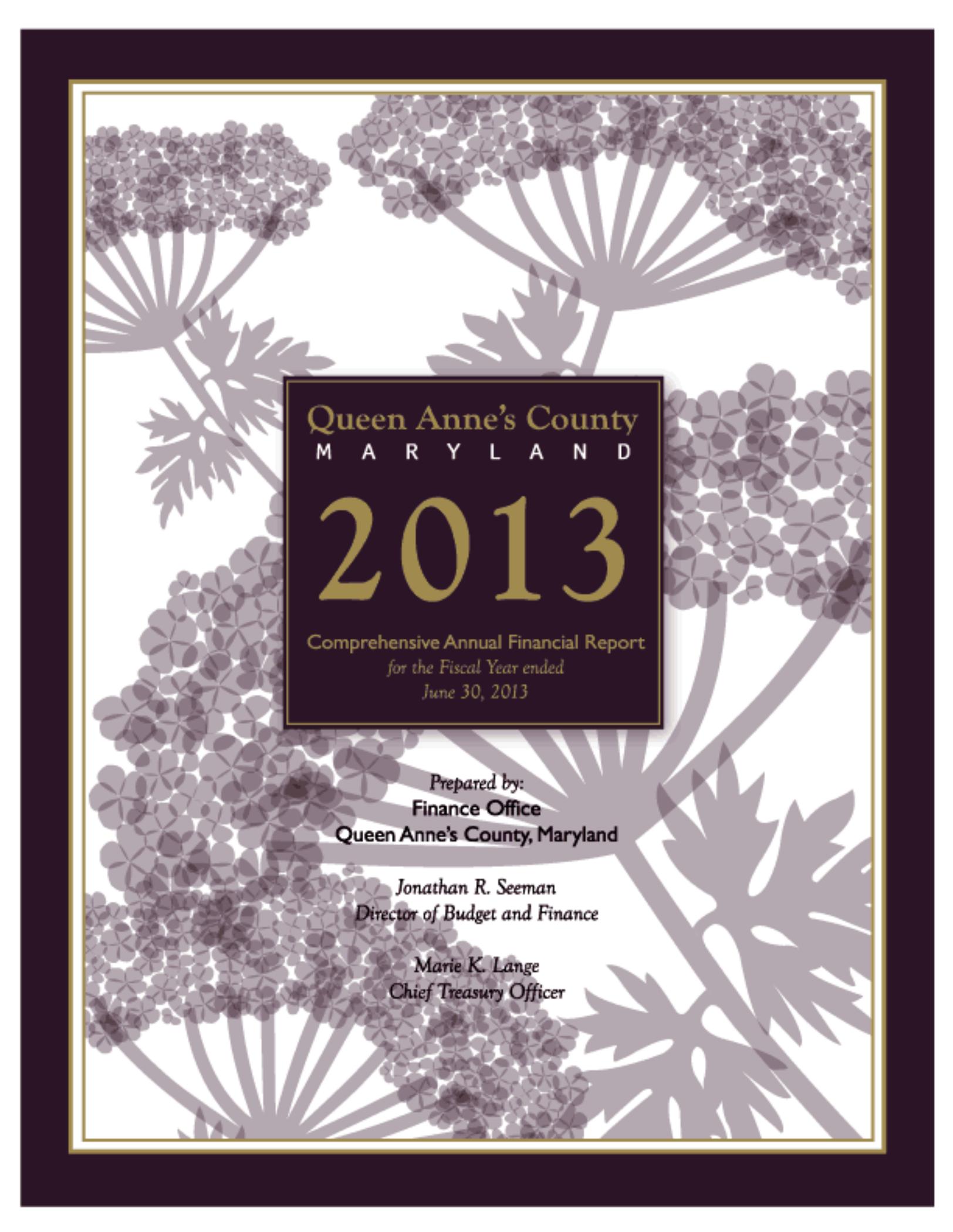
The cover features a repeating pattern of Queen Anne's lace flowers in a muted purple color. A central black square with a thin gold border contains the title and year in gold text. The text is centered and reads: "Queen Anne's County" in a serif font, "M A R Y L A N D" in a spaced-out sans-serif font, "2013" in a large serif font, and "Comprehensive Annual Financial Report" in a serif font, followed by "for the Fiscal Year ended" and "June 30, 2013" in a smaller serif font.

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

2013

Comprehensive Annual Financial Report  
*for the Fiscal Year ended*  
*June 30, 2013*



The cover features a repeating pattern of Queen Anne's lace flowers in a light purple color. A central black rectangle with a gold border contains the title and year. The text is in gold and white colors.

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

**2013**

**Comprehensive Annual Financial Report**  
*for the Fiscal Year ended*  
*June 30, 2013*

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

*Jonathan R. Seeman*  
*Director of Budget and Finance*

*Marie K. Lange*  
*Chief Treasury Officer*



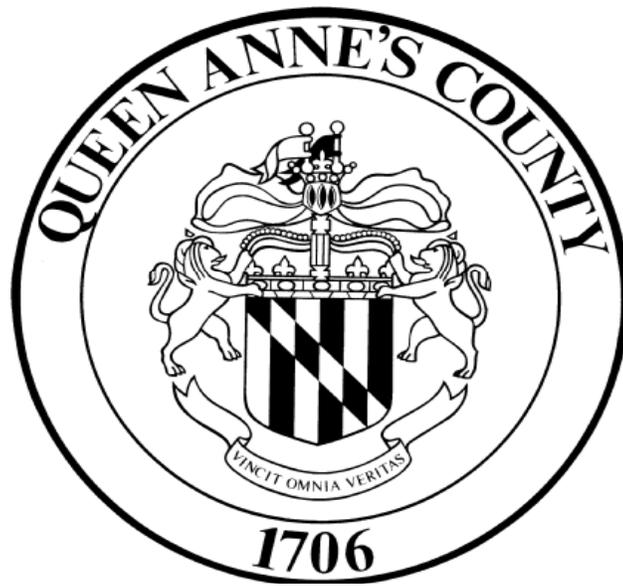
**QUEEN ANNE'S COUNTY, MARYLAND  
 COMPREHENSIVE ANNUAL FINANCIAL REPORT  
 FISCAL YEAR ENDED JUNE 30, 2013  
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**QUEEN ANNE'S COUNTY, MARYLAND**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
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# **Introductory Section**





# QUEEN ANNE'S COUNTY DEPARTMENT OF BUDGET AND FINANCE

THE LIBERTY BUILDING

107 N LIBERTY STREET  
CENTREVILLE, MARYLAND 21617

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

TDD (410) 758-2126

[www.qac.org](http://www.qac.org)

## COUNTY COMMISSIONERS

VACANT – AT LARGE  
DAVID L. DUNMEYER – DISTRICT 1  
BOB SIMMONS- DISTRICT 2  
PHILIP L. DUMENIL – DISTRICT 3  
DAVID OLDS – DISTRICT 4

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

JONATHAN R. SEEMAN  
DIRECTOR

MARIE K. LANGE  
CHIEF TREASURY OFFICER

December 19, 2013

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, 2013.

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 CliftonLarsonAllen 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, 2013, 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, 2013, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.



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

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

## **PROFILE OF THE GOVERNMENT**

Queen Anne's County is situated on the Eastern Shore of Maryland. It is bordered to the north by Kent County, to the east by the State of Delaware, to the south by Caroline and Talbot counties, and to the west by the Chesapeake Bay. Access to the western shore of Maryland is provided by the Chesapeake Bay Bridge. The County is 373 square miles in area and has approximately 48,650 citizens. The County seat is located in Centreville. The County Commissioners of Queen Anne's County are empowered to levy a property tax on both real and personal properties located within its boundaries.

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

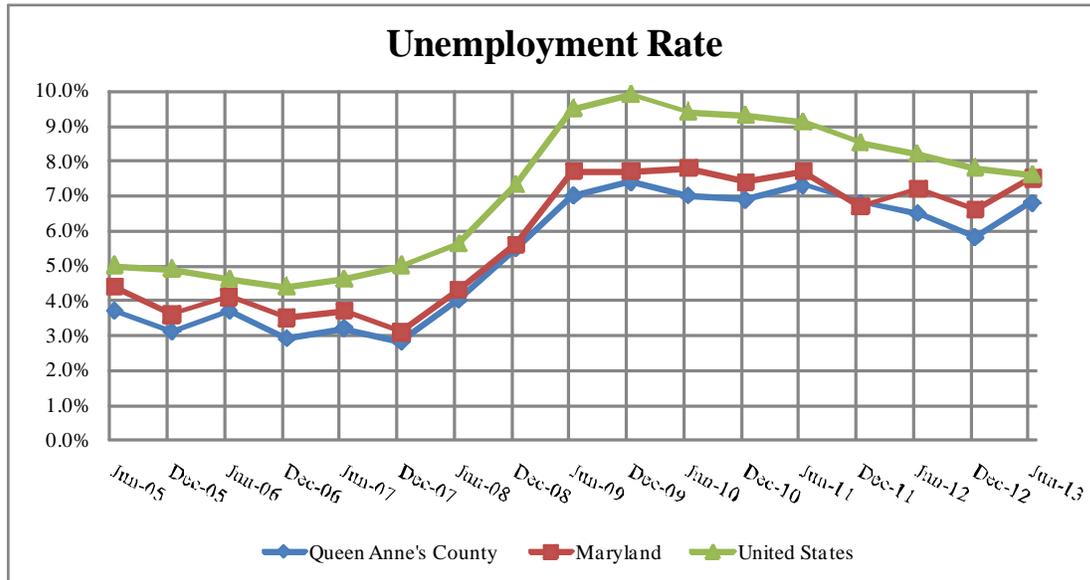
Queen Anne's County provides a full range of services including public safety (police, volunteer fire protection, emergency services, detention center, and animal control), highways and streets, solid waste, planning and zoning, economic development, culture and recreation, education, libraries, and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

The appropriated annual budget is prepared by fund, function (e.g. public safety), and department (e.g. Detention Center). Department Heads may make transfers of appropriations within a department of up to \$10,000 with the approval of the County Administrator. Transfers of appropriations or appropriation of new revenues in excess of \$10,000 require the approval of the County Commissioners. Budget to actual comparisons are provided in this report for individual governmental funds for which an appropriated annual budget has been adopted. The budget comparisons for the general fund are presented on pages 107 to 109 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 122 to 127 and on pages 154 to 155.

## 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 2013 rate for the County was 6.8%, compared to the state’s rate of 7.5% and the U.S.’s rate of 7.6%. The 2013 average rate for the County was 6.1%.



### LOCAL ECONOMY

The local employment base is somewhat limited and centers on several stable manufacturers, as well as the agriculture, maritime, construction, retail, leisure, and hospitality industries. The top three largest employers are governmental units, including the County, the Board of Education, and Chesapeake College. There is a small, but growing, base of specialty manufacturers. In addition, the County’s proximity to the Western Shore enables 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 remained fairly constant in fiscal year 2013, decreasing by less than 1.0%, from \$65.9 million in fiscal year 2012 to \$65.6 million in fiscal year 2013. Property tax revenue is projected to decline by 2.5% for fiscal year 2014, due to the result of decreasing real property assessments, remnants of the real property downturn of the past few years. Local income tax is the County’s other main revenue source. Income tax collections increased by 9.6% in fiscal year 2013, from \$36.0 million in fiscal year 2012 to \$39.4 million in fiscal year 2013. The County projected an increase of 6.0% based on the rate increase from 2.85% to 3.2%, effective January 1, 2012. The remaining increase resulted from an increase in the distributions received from the State. The County does not expect the level of increased income tax revenue to continue. Typically, when the State’s income tax distributions are high one year, the following year is often lower or with limited growth. The projected income tax revenue for fiscal year 2014 is \$39.0 million, which is \$0.4 million less than the income tax revenue received in fiscal year 2013.

For the past several years, County revenues related to housing activity have continued to be affected by the economic downturn affecting real estate values that began in fiscal year 2009. However, recordation tax revenue, a leading indicator of the health of the local real estate market, experienced positive growth in fiscal year 2013, compared to 2012. Recordation tax revenue increased from \$3.8 million in fiscal year

2012 to \$4.6 million in 2013, a 21.7% increase. The projected recordation tax revenue for fiscal year 2014 is \$4.8 million.

## **LONG TERM FINANCIAL PLANNING**

**Rainy Day Fund** – Ordinance No. 12-21 was adopted in January 2013 for the purpose of establishing and maintaining a Rainy Day Fund for contingencies of an emergency nature; requiring annual reports on such fund balance; providing for the appropriation of such funds to meet emergency needs; and requiring surplus revenues be used to maintain the Rainy Day Fund at a set minimum amount. The Ordinance requires the County to maintain a Rainy Day Fund for contingencies in an amount equal to 7% of the following year's budgeted general fund operating revenues. The County funded the Rainy Day Fund with the required amount of \$7,920,443 in fiscal year 2013.

**Capital Projects** - The County Commissioners' six-year capital program, starting with fiscal year 2014, prioritizes capital expenditures over these years to meet the County's needs. The six-year program includes: \$46.2 million for renovation of various school facilities; \$32.7 million for administration and general services; \$17.7 million for emergency services; \$10.3 million for the Bay Bridge Airport; and \$6.5 million for the Roads Board capital projects. Offsetting approximately 71% of the Airport's capital costs, \$7.3 million in grants are anticipated.

## **FINANCIAL POLICIES**

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

**Debt Management Policy** – In calendar year 2013, the County adopted Resolution 13-04, which revised the County's Local Debt Policy. In accordance with this policy, the Director of Budget and Finance is responsible for following certain procedures to ensure that debt limits established by the Policy are not exceeded. A key element of the Policy is that prior to the issuance of any new bonded indebtedness, the Director must certify that existing and new General Obligation Debt will not exceed (1) 2.5% of the total taxable assessable base and (2) \$3,000 per capita. This policy also stipulates that although there is some flexibility as to the acceptable percentage of debt service to general fund expenditures, and no absolute limit has been established by the rating agencies or the Government Finance Officers Association, anything above 12% of total general fund expenditures would be a cause to carefully monitor debt service.

For fiscal year 2013, Queen Anne's County general obligation debt was 1.21% of the total taxable assessable base, and the per capita debt measurement was \$1,903. The debt service was 10.5% of the general fund operating expenditures for the year. All 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 1.69% in fiscal year 2004 to 1.21% in fiscal year 2013.

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

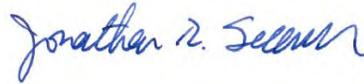
## AWARDS AND ACKNOWLEDGMENTS

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Queen Anne's County, Maryland for its comprehensive annual financial report (CAFR) for the fiscal year ended June 30, 2012. 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.

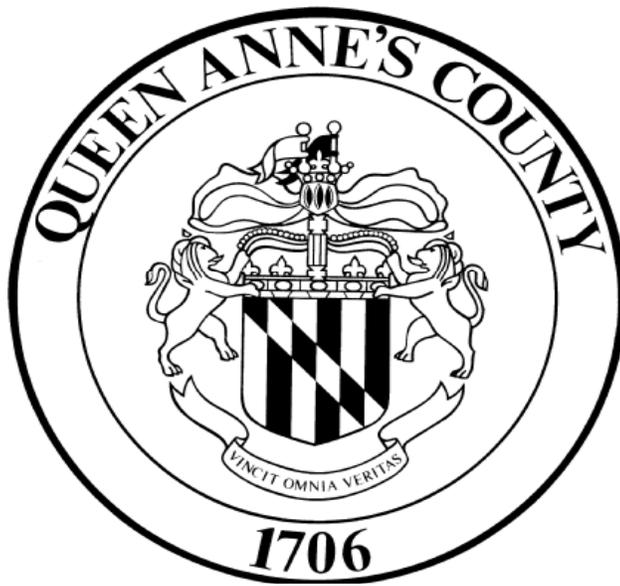
A Certificate of Achievement is valid for a period of one year only. Queen Anne's County, Maryland has received a Certificate of Achievement for the last fourteen consecutive years (fiscal years 1999-2012). We believe our current comprehensive annual financial report continues to conform to the Certificate of Achievement program requirements, and we are submitting it to GFOA to determine its eligibility for another certificate.

The preparation of the comprehensive annual financial report was made possible by the dedicated service of the entire staff of the Finance Office. Each member of the department has my sincere appreciation for the contributions made in preparation of this report. Special recognition is given to members of the Audit Team: Nichole Hepfer, who is the principle staff member responsible for preparing the report, James Griffin, 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





Government Finance Officers Association

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

Presented to

**Queen Anne's County  
Maryland**

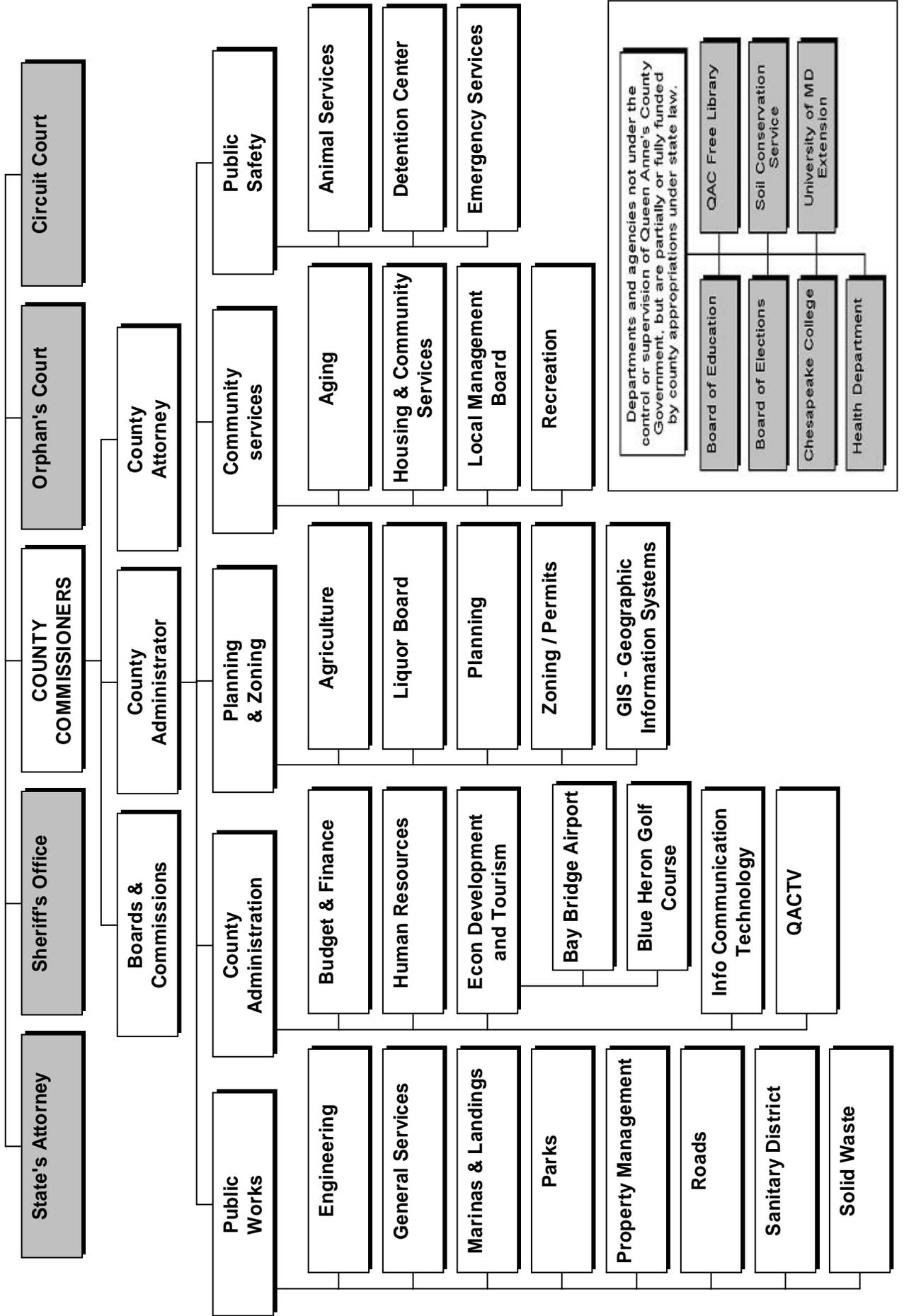
For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**June 30, 2012**

Executive Director/CEO

# 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, 2013**

---

**CERTAIN ELECTED OFFICIALS**

County Commissioners	Vacant, 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**

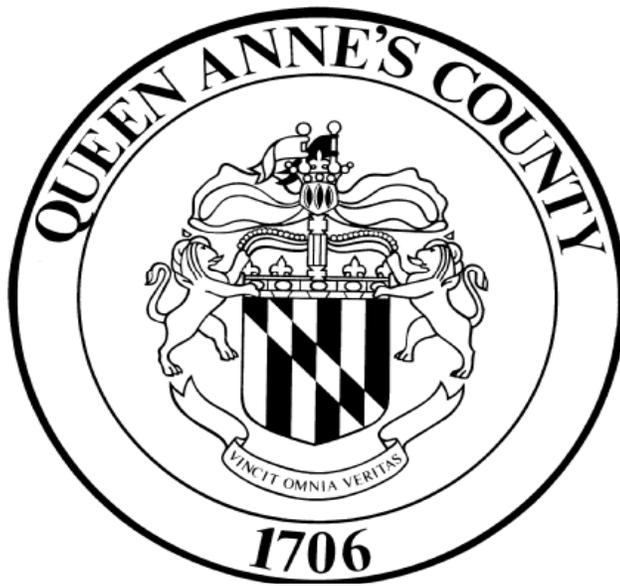
County Administrator	Gregg A. Todd
Director of Public Works	Todd R. Mohn
Director of County Administration	Gregg A. Todd
Director of Planning and Zoning	J. Steve Cohoon
Director of Community Services	Catherine R. Willis
Director of Budget and Finance	Jonathan R. Seeman
Chief Treasury Officer	Marie K. Lange
County Attorney	Patrick E. Thompson, Esq.

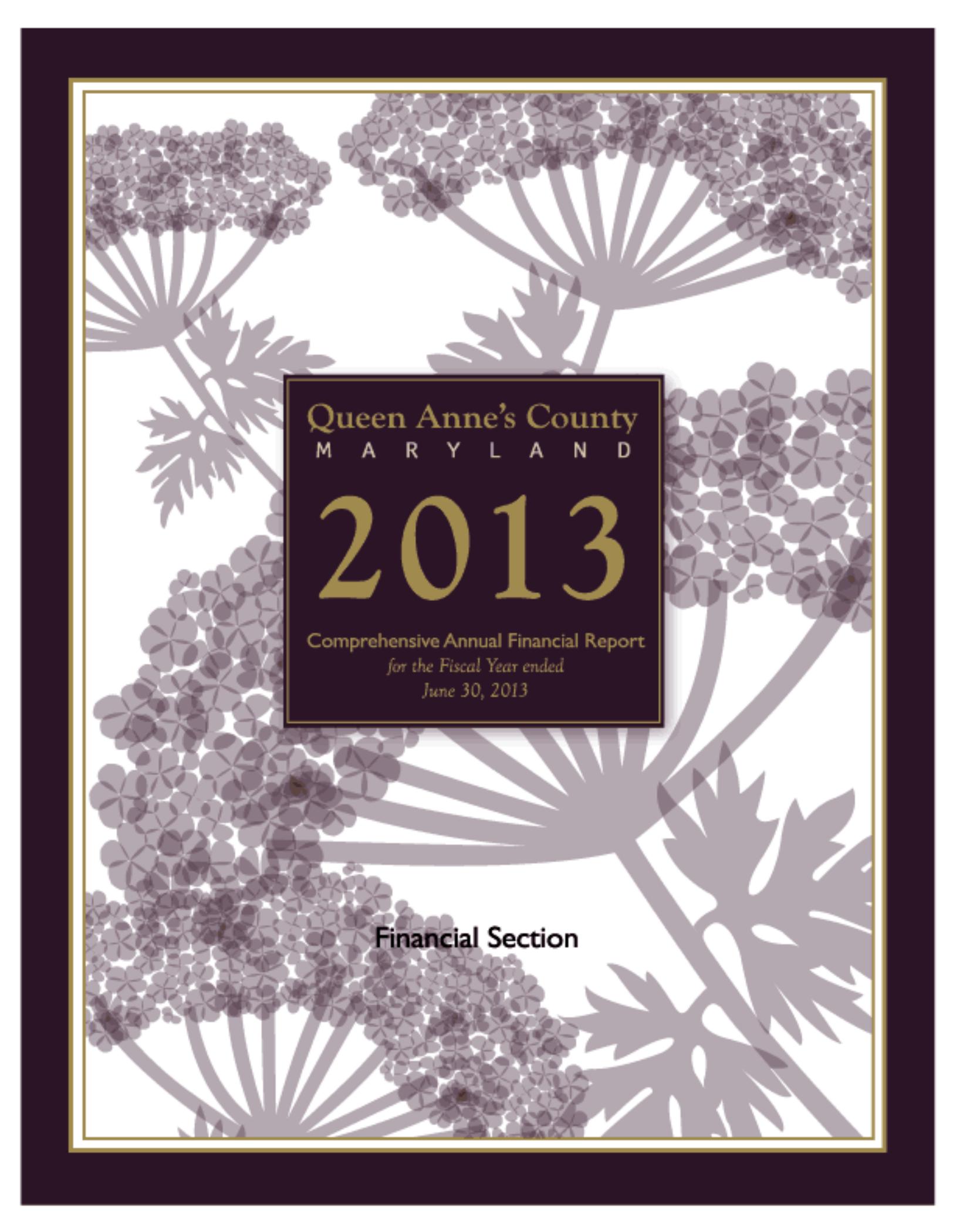
**Independent Auditor**  
CliftonLarsonAllen LLP  
Certified Public Accountants  
Timonium, Maryland

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

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

\*As of June 30, 2013, Steven J. Arentz occupied the At Large County Commissioner position. The position is currently vacant as Mr. Arentz was subsequently appointed to the Maryland House of Delegates by the Governor.





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

2013

Comprehensive Annual Financial Report  
*for the Fiscal Year ended  
June 30, 2013*

**Financial Section**





## INDEPENDENT AUDITORS' REPORT

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

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Queen Anne's County, Maryland (the County) as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the entity's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditors' Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the component unit financial statements of the Board of Education of Queen Anne's County and the Queen Anne's County Free Library, which represent 100 percent, 100 and 100 percent, respectively, of the assets, net position, and revenues of the aggregate discretely presented component units. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Board of Education of Queen Anne's County and the Queen Anne's County Free Library, is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that

are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

## **Opinions**

In our opinion, based on our audit and the report 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 Queen Anne's County, Maryland as of June 30, 2013, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## ***Other Matters***

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, budgetary comparison information for the general fund, other post-employment benefits (OPEB) trust schedule of funding progress and schedule of participating agencies' contributions on pages 15-30 and 106-109 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We and other auditors have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### ***Other Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The Combining and Individual Fund Statements and Schedules 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 Statements and Schedules listed in the table of contents is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and

certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America by us and other auditors. In our opinion, based on our audit, the procedures described above, and the report of the other auditors, the combining and individual fund statements and Schedules listed in the table of contents is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

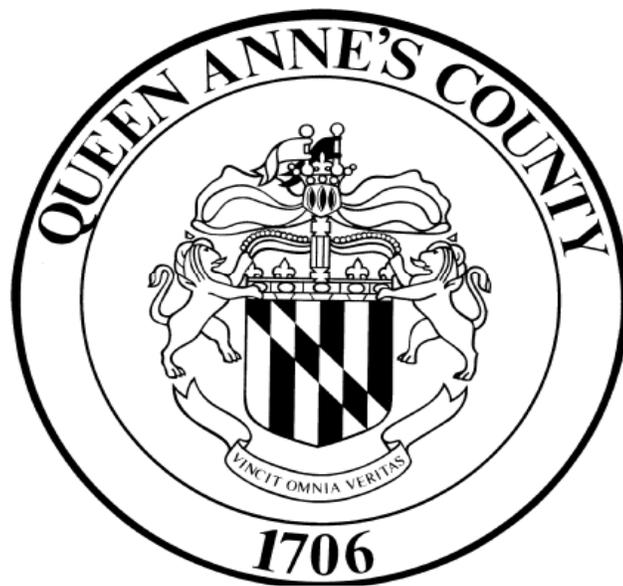
The introductory section and statistical tables listed in the table of contents have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 18, 2013, 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 result of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.

A handwritten signature in cursive script that reads "Clifton Larson Allen LLP".

Baltimore, Maryland  
December 18, 2013



# 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, 2013. We encourage readers to consider the discussion and analysis along with the other information in this report, including the transmittal letter, basic financial statements, and the notes to the financial statements.

## Overview of the Financial Statements

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

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

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

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

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

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

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

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

The government-wide financial statements include not only Queen Anne's County Government itself (known as the *primary government*), but also legally separate component units. Queen Anne's County Government has the following discretely presented component units: Queen Anne's County Board of Education and the Queen Anne's County Free Library. Financial information for these *component units* is reported separately from the financial information presented for the primary government itself. The government-wide financial statements can be found on pages 32 to 35 of this report.

**Fund Financial Statements:** A *fund* is a group of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Queen Anne’s County Government, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of Queen Anne’s County Government can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds. Fund financial statements can be found throughout this report, with basic statements found on pages 36 to 49.

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

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government’s near term financing decisions. Both the balance sheet and the statement of revenues, expenditures, and changes in fund balances for governmental funds provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*. These two reconciliations begin with *governmental fund* financial data; describe all transactions that are added or subtracted to yield *governmental activities*; and end with *governmental activities* financial data. These reconciliations can be found on pages 37 and 40 to 41.

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

Queen Anne’s County adopts an annual appropriated budget for its general fund (includes the roads board); school, fire, and parks impact fee capital projects funds; and the following special revenue funds: department of aging, housing and community services, 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 107 to 109; 122 to 127; and 154 to 155 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, golf course, and public landings and marinas. The basic proprietary fund financial statements can be found on pages 42 to 47 of this report, as well as non-major statements on pages 134 to 136.

**Fiduciary funds:** Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support Queen Anne’s County Government’s own programs. The County acts as a fiduciary for two trust and six agency funds. The accounting used for fiduciary funds is much like that used for proprietary funds except that the agency funds report only assets and liabilities and do not report net assets or changes therein. The basic fiduciary fund financial statements can be found on pages 48 to 49 of this report, while further detail can be found on pages 140 to 145.

**Notes to the financial statements:** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 50 to 103 of this report.

Beginning fiscal year 2013, the County consolidated the programs and property management funds with the General Fund. In prior years, these funds were presented as non-major enterprise funds. The assets and liabilities for each fund are now reported in the General Fund; with the capital assets and related debt reported in Governmental Activities. The consolidation increased the General Fund balance by \$340,297 and Governmental Activities net position by \$198,923, resulting in a total change of \$539,220. The prior year amounts presented in the following tables reflect this change.

## **Government-wide Financial Analysis**

### **Statement of Net Position**

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

<b>Summary of Net Position</b>	<b>Governmental Activities</b>		<b>Business Type Activities</b>		<b>Total</b>	
	<b>2013</b>	<b>2012</b>	<b>2013</b>	<b>2012</b>	<b>2013</b>	<b>2012</b>
Current and Other Assets	\$ 72,425,648	\$ 65,742,906	\$ 23,489,553	\$ 22,912,957	\$ 95,915,201	\$ 88,655,863
Capital Assets	143,539,192	143,555,069	94,824,534	95,100,851	238,363,726	238,655,920
Total Assets	<u>215,964,840</u>	<u>209,297,975</u>	<u>118,314,087</u>	<u>118,013,808</u>	<u>334,278,927</u>	<u>327,311,783</u>
Noncurrent liabilities	119,081,677	119,774,186	20,922,767	21,722,365	140,004,444	141,496,551
Other liabilities	9,115,919	9,663,607	2,992,320	3,422,498	12,108,239	13,086,105
Total Liabilities	<u>128,197,596</u>	<u>129,437,793</u>	<u>23,915,087</u>	<u>25,144,863</u>	<u>152,112,683</u>	<u>154,582,656</u>
Net position:						
Net investment in capital assets	121,419,314	118,564,684	78,693,078	76,763,695	200,112,392	195,328,379
Restricted amounts	15,691,080	5,982,041	3,176,328	3,513,948	18,867,408	9,495,989
Unrestricted amounts (deficit)	(49,343,150)	(44,686,543)	12,529,594	12,591,302	(36,813,556)	(32,095,241)
Total Net Position	<u>\$ 87,767,244</u>	<u>\$ 79,860,182</u>	<u>\$ 94,399,000</u>	<u>\$ 92,868,945</u>	<u>\$ 182,166,244</u>	<u>\$ 172,729,127</u>

The County's total current and other assets increased by \$7.3 million, or 8.2 percent, to \$95.9 million. The County's total assets exceeded its total liabilities at the close of fiscal year 2013 by \$182.2 million.

Net position is divided into three categories: net investment in capital assets; restricted amounts; and unrestricted amounts. By far the largest portion, \$200.1 million, of the County's total net position reflects its investment in capital assets (e.g. land, buildings, machinery and equipment, vehicles, and infrastructure), less any related and outstanding debt used to construct or acquire those assets. The County uses these capital assets to provide services to citizens; consequently, they are *not* available for future spending. Although the County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay the debt must be provided from other sources since the capital assets themselves cannot be used to liquidate these liabilities.

It is important to note that, although counties in the State of Maryland issue debt for the construction of schools, the school buildings are owned by each county's Board of Education. Ownership reverts to the county government only if the local Board determines a building is no longer needed for educational purposes. Therefore, while the County's financial statements include outstanding debt related to Board of Education capital assets, those statements do not include the capital assets funded by the debt. Debt outstanding for the Board of Education amounted to \$63.3 million at June 30, 2013. Absent the effect of this relationship, the County would have reported positive net position of \$26.5 million on its government-wide financial statements, rather than the negative unrestricted net assets of \$36.8 million reported herein. For a multi-year view of this calculation, see the Footnote presented in Table 1 of the Statistical Section.

An additional \$18.9 million of the County's total net position represents resources that are subject to restrictions on how they may be used. For governmental activities, this amount includes: \$8.8 million related to general government services; \$2.2 million for conservation of natural resources; \$2.1 million for economic/community development; \$1.8 million restricted for educational purposes; and an additional \$721 thousand for other restrictions. For business-type activities, this amount includes \$2.4 million restricted to

meet Sanitary District debt covenants and \$753 thousand restricted by Sanitary District developer exaction project requirements.

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

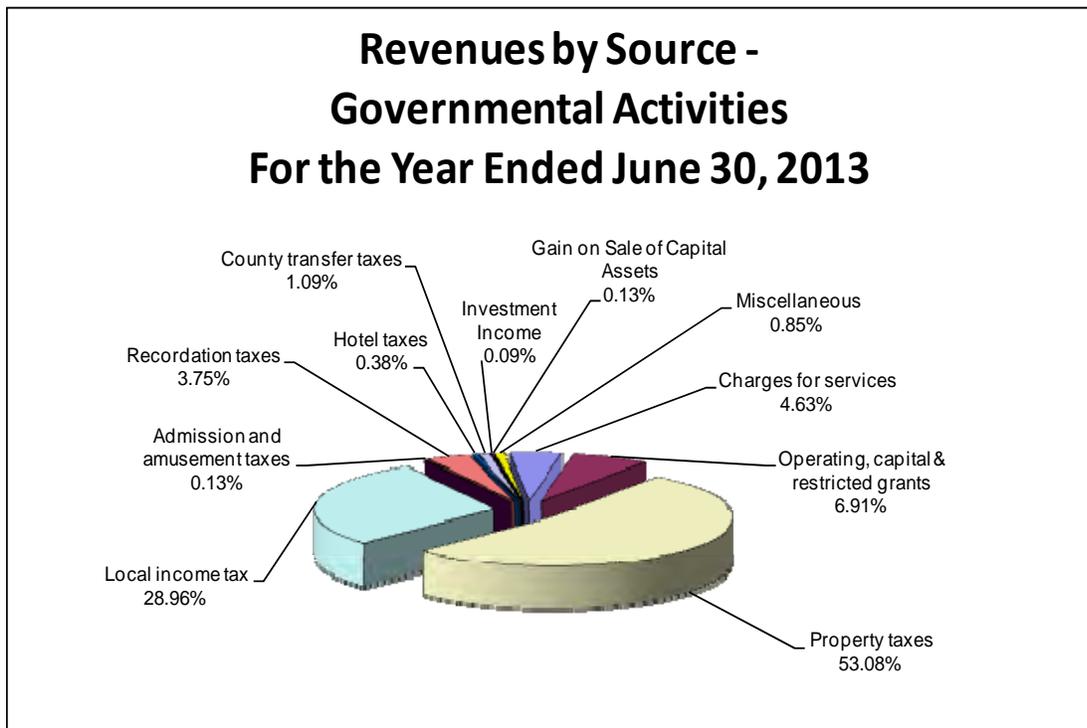
## Statement of Activities

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

Summary of Changes in Net Position	Governmental Activities		Business Type Activities		Total	
	2013	2012	2013	2012	2013	2012
<b>Revenues:</b>						
<b>Program revenues:</b>						
Charges for services	\$ 5,718,871	\$ 5,009,046	\$ 8,983,140	\$ 9,640,096	\$ 14,702,011	\$ 14,649,142
Operating grants and contributions	5,841,172	4,701,361	207,135	170,238	6,048,307	4,871,599
Capital grants and contributions	2,698,872	1,949,135	4,540,242	1,147,729	7,239,114	3,096,864
<b>General revenues:</b>						
Property taxes	65,591,225	65,937,415	-	-	65,591,225	65,937,415
Local income tax	35,769,303	34,028,234	-	-	35,769,303	34,028,234
Other local taxes						
Admission and amusement taxes	160,516	183,634	-	-	160,516	183,634
Recordation taxes	4,635,789	3,809,545	-	-	4,635,789	3,809,545
Hotel taxes	470,139	468,382	-	-	470,139	468,382
County transfer taxes	1,351,064	1,266,716	-	-	1,351,064	1,266,716
Investment income	107,095	126,650	356,374	374,665	463,469	501,315
Gain on sale of capital assets	163,426	27,627	-	-	163,426	27,627
Miscellaneous	1,051,760	1,254,255	855,504	1,127,590	1,907,264	2,381,845
<b>Total Revenues</b>	<b>123,559,232</b>	<b>118,762,000</b>	<b>14,942,395</b>	<b>12,460,318</b>	<b>138,501,627</b>	<b>131,222,318</b>
<b>Expenses:</b>						
<b>Governmental Activities:</b>						
General government	14,227,799	13,421,531	-	-	14,227,799	13,421,531
Public safety	26,174,144	25,469,721	-	-	26,174,144	25,469,721
Public works	11,891,013	10,373,286	-	-	11,891,013	10,373,286
Health	1,812,920	1,642,723	-	-	1,812,920	1,642,723
Social services	5,560,196	4,526,166	-	-	5,560,196	4,526,166
Education	48,354,256	53,693,309	-	-	48,354,256	53,693,309
Libraries	1,304,076	1,302,163	-	-	1,304,076	1,302,163
Conservation of natural resources	838,775	2,802,337	-	-	838,775	2,802,337
Economic and Community development	1,108,912	887,837	-	-	1,108,912	887,837
Interest and fiscal charges	4,042,236	4,196,072	-	-	4,042,236	4,196,072
<b>Business-type Activities:</b>						
Water and sewer	-	-	11,783,515	10,711,211	11,783,515	10,711,211
Airport	-	-	913,845	1,457,087	913,845	1,457,087
Golf course	-	-	538,420	512,460	538,420	512,460
Public landings and marinas	-	-	535,837	545,832	535,837	545,832
Other parks and recreation	-	-	-	1,322,525	-	1,322,525
<b>Total Expenses</b>	<b>115,314,327</b>	<b>118,315,145</b>	<b>13,771,617</b>	<b>14,549,115</b>	<b>129,085,944</b>	<b>132,864,260</b>
Increase (Decrease) in Net Position before Transfers	8,244,905	446,855	1,170,778	(2,088,797)	9,415,683	(1,641,942)
Transfers in (out)	(337,843)	(605,996)	359,277	605,996	21,434	-
<b>Increase (Decrease) in Net Position</b>	<b>7,907,062</b>	<b>(159,141)</b>	<b>1,530,055</b>	<b>(1,482,801)</b>	<b>9,437,117</b>	<b>(1,641,942)</b>
Net Position - Beginning of Year	79,860,182	80,019,323	92,868,945	94,351,746	172,729,127	174,371,069
<b>Net Position - End of Year</b>	<b>\$ 87,767,244</b>	<b>\$ 79,860,182</b>	<b>\$ 94,399,000</b>	<b>\$ 92,868,945</b>	<b>\$ 182,166,244</b>	<b>\$ 172,729,127</b>

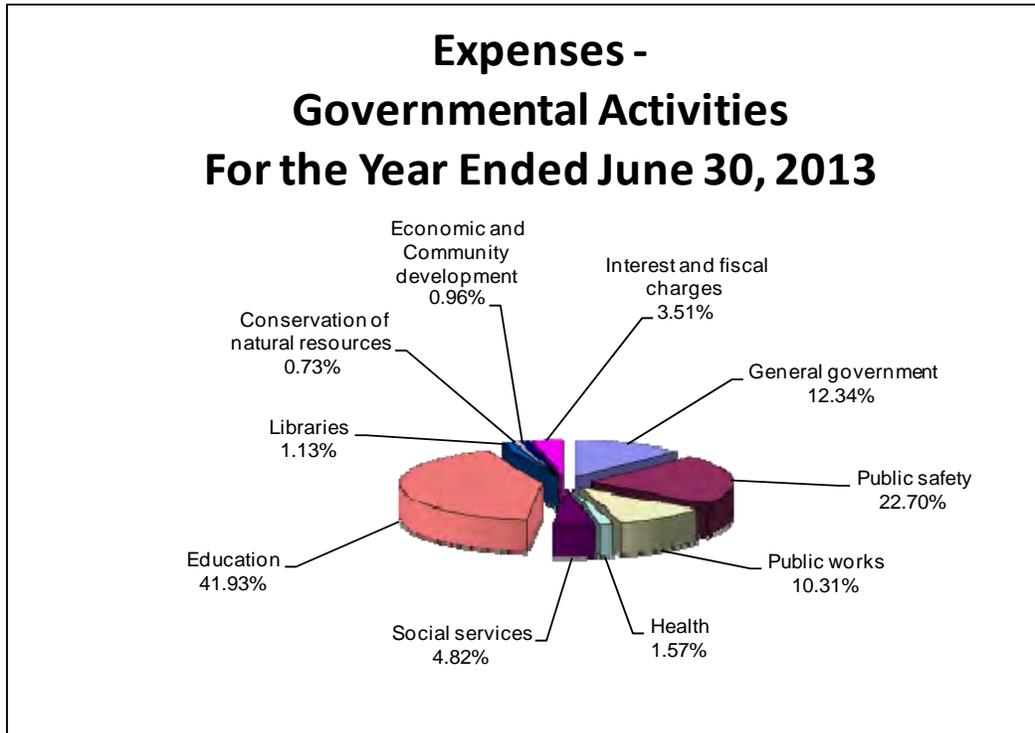
**Governmental activities:**

Revenues for governmental activities were \$123.6 million for fiscal year 2013. The following chart depicts revenues by source for governmental activities:



- Taxes comprise the largest source of County revenue, totaling \$108.0 million (87.4 percent) of total revenue for fiscal year 2013. Of that amount, property and local income tax together yielded \$101.4 million (82.0 percent) of all revenue. Each County sets its own property and income tax rates, within parameters established by the State. For fiscal year 2013, the County's property tax rate remained constant at \$.8471 per \$100 of assessed value of real property, based on full cash value of that property. The County's local income tax rate was set at 3.2 percent, effective January 1, 2012 and thereafter. There is no local sales tax in the State of Maryland.
- Operating grants and contributions, totaling \$5.8 million, reflect grants from Federal and State agencies that support specific County programs. Programs that benefitted the most were: social services (\$2.6 million or 44.8 percent) and public safety (\$1.3 million or 22.7 percent).
- Charges for services, totaling \$5.7 million, reflect fees charged to County citizens. These primarily support public works (\$1.6 million or 28.6 percent), public safety (\$1.4 million or 24.3 percent), general government (\$1.3 million or 22.3 percent), and education (\$1.1 million or 18.4 percent).
- Capital grants and contributions, totaling \$2.7 million, reflect contributions from Federal and State agencies, as well as developers. Public works benefitted the most from capital grants and contributions during the year (\$1.7 million or 62.6 percent).

Expenses for all governmental activities were \$115.3 million for fiscal year 2013. 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 \$48.4 million (41.9 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	
	2013	2012	2013	2012	2013	2012
Education	\$ 48,354,256	\$ 53,693,309	\$ 1,052,691	\$ 1,169,425	\$ (47,301,565)	\$ (52,523,884)
Public Safety	26,174,144	25,469,721	2,965,678	2,624,888	(23,208,466)	(22,844,833)
General Government	14,227,799	13,421,531	2,105,551	1,940,723	(12,122,248)	(11,480,808)
Public Works	11,891,013	10,373,286	3,949,040	2,137,340	(7,941,973)	(8,235,946)
Social Services	5,560,196	4,526,166	2,736,901	2,166,442	(2,823,295)	(2,359,724)
Conservation of Natural Resources	838,775	2,802,337	463,298	1,134,222	(375,477)	(1,668,115)
Economic and Community Development	1,108,912	887,837	985,756	486,502	(123,156)	(401,335)
Other	7,159,232	7,140,958	-	-	(7,159,232)	(7,140,958)
<b>Total</b>	<b>\$ 115,314,327</b>	<b>\$ 118,315,145</b>	<b>\$ 14,258,915</b>	<b>\$ 11,659,542</b>	<b>\$ (101,055,412)</b>	<b>\$ (106,655,603)</b>

Of the total cost of \$115.3 million for governmental activities, \$14.3 million (12.4 percent), of those costs were covered by program-related revenues paid by individuals and external governmental entities. Of these outside entities, individuals who benefited directly from County programs were charged user fees of \$5.7 million, while governments and other organizations that benefited indirectly from these programs contributed operating grants of \$5.8 million and capital grants of \$2.7 million.

County taxpayers paid for most of the remaining \$101.1 million in net program costs, through a variety of County taxes, for a total of \$108.0 million. Net program costs of services provided to the public, in order of net cost, were: \$47.3 million for education; \$23.2 million for public safety; \$12.1 million for general government; \$7.9 million for public works; \$2.8 million for social services; \$375 thousand for conservation of natural resources; \$123 thousand for economic and community development; and \$7.2 million for other services. See Changes in Net Position and General Fund Budgetary Highlights for further details.

Changes in net position: Government-wide revenues, less expenses, plus/minus transfers in/out, yield changes in net position. During fiscal year 2013, governmental activities increased the County's net position overall by \$7.9 million, compared to a decrease of \$159 thousand in fiscal year 2012. The following discussion explains changes in net position relative to the prior fiscal year.

Revenues for governmental activities increased by \$4.8 million (4.0 percent). The following key revenues changed, when compared to the prior fiscal year:

- Local income tax increased by \$1.8 million (5.1 percent), from \$34.0 million to \$35.8 million. The majority of the increase relates to the income tax rate increasing from 2.85% to 3.2%, effective January 1, 2012. The remaining increase relates to higher distributions of the local income tax from the State of Maryland Comptroller to Queen Anne's County.
- Operating grants and contributions increased by \$1.1 million (24.2 percent), from \$4.7 million in fiscal year 2012 to \$5.8 million in fiscal year 2013. Key factors for this change are:
  - Social Services increased by \$538 thousand (25.9 percent). A significant portion of this increase was the result of additional grant funding received for Community Partnerships that wasn't received in the prior year. The State encouraged Community Partnerships to use Earned Reinvestment Funds to fund programs for fiscal year 2013, rather than ending the programs. The remaining increase is split amongst other social services programs.
  - Conservation of Natural Resources increased by \$363 thousand (985.4 percent) as a result of federal grant funding of \$337 thousand received in fiscal year 2013 for the purchase of a land conservation easement, which was not received in the prior year.
- Recordation Tax increased by \$826 thousand (21.7 percent), from \$3.8 million in fiscal year 2012 to \$4.6 million in fiscal year 2013. For the past several years, County revenues related to housing activity have been adversely affected by declining real estate values. However, recordation tax revenue, a leading indicator of the health of the local real estate market, experienced positive growth in fiscal year 2013, compared to 2012.
- Capital grants and contributions increased by \$750 thousand (38.5 percent), from \$1.9 million in fiscal year 2012 to \$2.7 million in fiscal year 2013. Key factors for this change are:
  - Public Works increased by \$1.1 million (211.5 percent) mainly as a result of \$1.2 million received in funding for the Island Creek Road Bridge, which was not received in fiscal year 2012.
  - Economic and Community Development increased by \$494 thousand (602.9 percent) as a result of federal grant funding of \$575 thousand received in fiscal year 2013 related to the Matapeake Professional Business Park.
  - Conservation of Natural Resources decreased by \$999 thousand (100.0 percent) as a result of fewer easements purchased in the current year compared to the previous year.

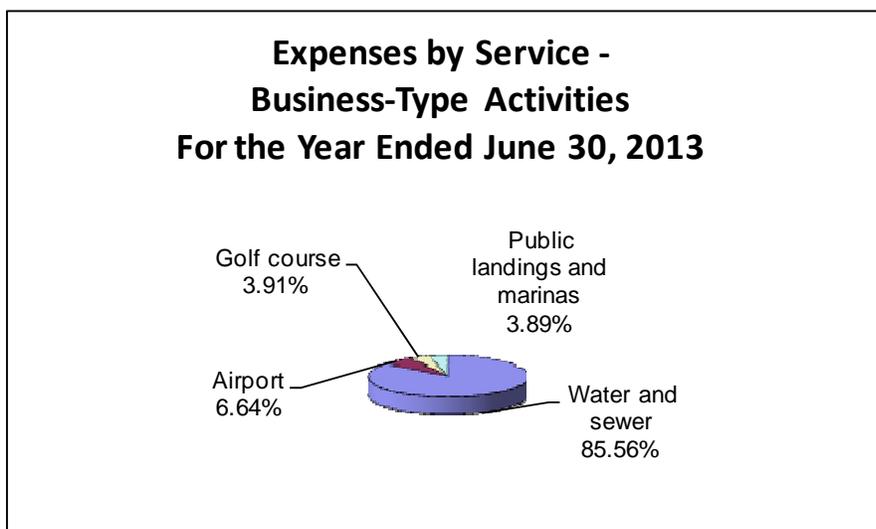
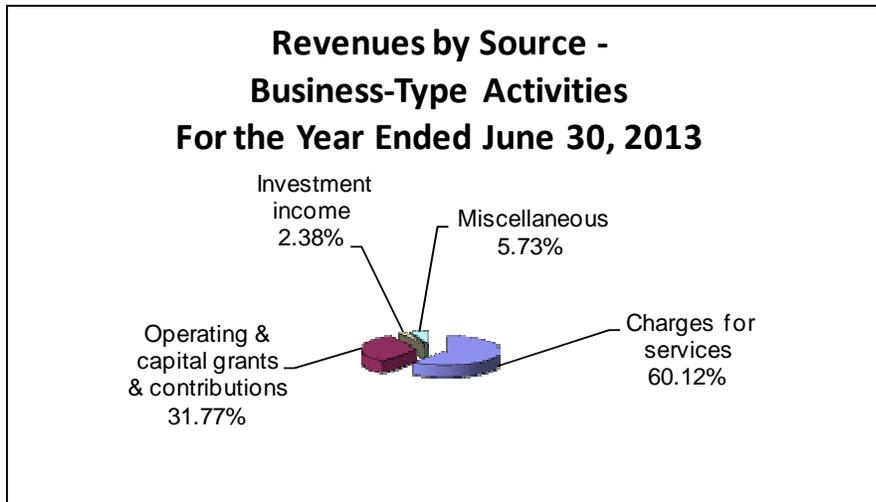
Expenses for governmental activities decreased by \$3.0 million (2.5 percent) and transfers out to business-type activities decreased by \$268 thousand. Key positive and negative expense changes, in order of relative importance, are:

- Education expenses decreased by \$5.3 million (9.9 percent). This decrease was directly related to less expenditures in fiscal year 2013 for the Sudlersville Middle School, due to the completion of the school construction.

- Conservation of Natural Resources decreased by \$2.0 million (70.1 percent) due to fewer easement acquisitions in fiscal year 2013 compared to 2012. Land development easements acquired in the Rural Legacy, Agricultural Transfer, and Purchase of Development Rights programs totaled \$2.1 million in fiscal year 2012, however there were not any easements purchased for these programs in fiscal year 2013. Generally, the timing of easement purchases is affected by the evaluation process of the identified land, as well as the availability of State funds.
- Public Works expenses increased by \$1.5 million (14.6 percent), mainly due to \$738 thousand in expenditures for asphalt overlays in fiscal year 2013, which there were not any expenditures for in fiscal year 2012. The remaining increase is the result of the timing of capital projects.

**Business-type activities:**

Revenues, transfers in, and expenses for business-type activities were \$14.9 million, \$359 thousand, and \$13.8 million, respectively, for fiscal year 2013. The following two charts depict revenues by source and expenses by service for business-type activities:



Business-type activities increased the County's net assets altogether by \$1.5 million in fiscal year 2013, which was \$3.0 million more than the prior year's decrease of \$1.5 million. The fiscal year 2013 change in net assets resulted primarily from:

- Capital grants and contributions increased by \$3.4 million (295.6 percent), from \$1.1 million in fiscal year 2012 to \$4.5 million in fiscal year 2013. The net increase in funding resulted from changes in several projects due to the timing of the projects. Sewer related capital projects increased by \$1.7 million, resulting from large contributions received in fiscal year 2013 for the Gibson's Grant and Ellendale developments, which were not received in the previous year. In addition, capital grants and contributions for the Bay Bridge Airport's capital projects increased by \$1.8 million in fiscal year 2013.
- Charges for services decreased by \$657 thousand (6.8 percent), from \$9.6 million in fiscal year 2012 to \$9.0 million in fiscal year 2013. This decrease was the result of combining the programs and property management funds in with the General Fund in fiscal year 2013. The funds were previously reported as non-major enterprise funds.
- Operating expenses before transfers decreased by \$778 thousand (5.3 percent), from \$14.5 million in fiscal year 2012 to \$13.8 million in fiscal year 2013, for all business-type activities. The decrease is a result of several factors. First of all, there was a decrease in expenses of \$1.3 million due to combining the Programs and Property Management Funds in with the General Fund in fiscal year 2013. Secondly, expenses for the Airport decreased by \$543 thousand. In fiscal year 2012, there was a loss on disposal in the amount of \$182 thousand, which did not occur in the current year. Also, there was \$330 thousand less expenditures for the airport in the current year related to project costs, staff costs, and other costs. Offsetting the decreases was an increase of \$1.1 million in expenses for water and sewer, as a result of the disposal of obsolete fixed assets.

### **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 \$62.1 million, compared to \$51.1 million for the prior year (after adjusting for combining Programs and Property Management in with the General Fund). Approximately 9.4 percent of this total (\$5.8 million) constitutes *unassigned fund balance*, which is available for spending. The total *unassigned fund balance* of \$5.8 million is comprised of \$6.0 million of positive unassigned fund balance for the general fund, reduced by negative unassigned fund balances of \$136 thousand in the non-major governmental funds. Additional detail on the negative unassigned balances can be found in Note 15 on page 100.

The *nonspendable fund balance* (\$6.0 million), at 9.7 percent of the total fund balance, is not available for spending and includes amounts related to inventory, prepaid expenses, and loans receivable. *Restricted fund balance* of \$20.8 million (33.5 percent) includes amounts that can be spent only for specific purposes stipulated by external sources or legal restrictions. Included in the restricted fund balance is \$7.9 million for the rainy day fund. *Committed fund balance* of \$3.5 million (5.6 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 41.8 percent of fund balance (\$26.0 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 \$16.0 million, which is an increase of \$2.8 million from the fiscal year 2012 balance of \$13.1 million. Note that the Programs and Property Management Funds are consolidated with the general fund beginning in fiscal year 2013; therefore the fiscal year 2012 fund balances for those funds are included in the balance of \$13.1 million also, for comparison purposes.

Of the total \$16.0 million in fund balance, \$6.0 million is unassigned, meaning that there are no constraints on how the funds can be spent. In fiscal year 2013, the County Commissioners adopted Ordinance No. 12-21 for the purpose of re-establishing the Rainy Day Fund, and requires the County to maintain a Rainy Day Fund for contingencies in an amount equal to 7% of budgeted General Fund operating revenues. As a result of that Ordinance, \$7.9 million of rainy day funds are included in the General Fund's restricted fund balance for fiscal year 2013.

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, 2013, the General Capital Projects Fund has a total fund balance of \$30.8 million, compared to \$26.7 million at the end of the prior fiscal year. The \$30.8 million in total fund balance is comprised of \$1.3 million of nonspendable fund balance, \$5.4 million in restricted fund balance, mainly for unspent bond proceeds, \$2.7 million of fund balance committed for specific projects, and \$21.4 million of assigned fund balance.

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

As of June 30, 2013, the Roads Capital Projects Fund has a total fund balance of \$3.8 million, compared to \$2.0 million at the end of the prior fiscal year. Of this total \$3.8 million fund balance, \$3.0 million has been assigned to fund ongoing projects, while \$775 thousand has been contributed by local developers and is committed to fund specific infrastructure improvements. Nonspendable fund balance includes \$28 thousand for prepaid expenses.

***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 2013 amounted to \$12.8 million, which is \$203 thousand more than the prior year.

*Total net assets* of the Sanitary District amounted to \$72.2 million at the end of fiscal year 2013, which decreased by \$757 thousand when compared to the prior year. A large portion of the decrease relates to the costs associated with other post-employment benefits (OPEB), which totaled \$1.1 million in fiscal year 2013 for the Sanitary District.

The *unrestricted net assets* of the Bay Bridge Airport Enterprise Fund at year end amounted to negative \$422 thousand compared to a negative \$420 thousand at the end of the prior fiscal year, reflecting a decrease of \$2 thousand.

*Total net assets* of the Bay Bridge Airport amounted to \$15.8 million at the end of fiscal year 2013, which increased by \$2.3 million when compared to the prior year. The increase results from capital grant funding for the Airport's capital projects.

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

### **General Fund Budgetary Comparisons**

The County adopts an operating budget for the General Fund as of July 1 each year and amends that budget throughout the year in response to actual events. The Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual can be found as part of Required Supplemental Information, which is located after the Notes on pages 107 through 109. The Schedule reports original and final budgets, as well as the variance between actual events and final budgets.

Original to Final Budget Comparisons. The final expenditure budget for the General Fund, including transfers out, totaled \$117.4 million. Amendments increased spending authority by \$9.4 million during fiscal year 2013, when compared to the original budget of \$108.0 million.

Major components of these expenditure budget increases are as follows:

- Budgeted Transfers Out to General Capital Projects and Roads Capital Projects increased by \$7.2 million during the year. As mentioned above, there are several capital projects in which the County plans to move aggressively on, and would like to have fund balance available in the General and Roads Capital Projects fund to cover a portion of the costs.
- Budgeted Miscellaneous Expenditures increased by \$1.7 million due to a variety of costs, mostly associated with Insurance and Benefits.

Budget to Actual Comparisons. Actual revenues for the General Fund, including other financing sources and before appropriated fund balance were more than final budgetary estimates by \$576 thousand. Actual expenditures, and other financing uses, were less than final budgetary appropriations by \$3.1 million. The net effect of these two disparities was a positive variance of actual to final budget of \$3.7 million.

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

#### Revenues:

- Charges for current services revenue was \$469 thousand more than budgeted (22.2 percent), as a result of combining the Programs and Property Management Funds in with the General Fund beginning in fiscal year 2013. The revenue related to these programs was more than expected.
- Miscellaneous revenue was \$455 thousand more than expected (97.7 percent), mainly due to worker's compensation refunds received, which were not anticipated.
- Transfers In were \$641 thousand less than the final budget (96.6 percent), as a result of the transfer in from School Impact fees not made in the fiscal year. Management decided it was more advantageous to leave the money in the Impact Fee Fund in anticipation of future board of education projects.

Expenditures:

- Final Budgeted Salaries and Benefits were \$28.8 million for the year, while actual costs were \$27.9 million. They were underspent at year-end by \$900 thousand (3.1 percent). Of this amount, the roads department was responsible for \$382 thousand of the unspent portion, detention center for \$173 thousand, solid waste for \$145 thousand, and finance for \$145 thousand. This was due to the number of vacant positions during the fiscal year and the lapsed funds associated with the recruitment of staff.
- Final Budgeted Other Operating Charges were \$88.6 million for the year, while actual costs were \$86.4 million. These costs were lower than budget at year end by \$2.2 million (2.5 percent). Operating Charges include contracted services, supplies, debt service, transfers out, and other charges.
  - Contracted Services were underspent by \$566 thousand, with the largest savings realized by the detention center (\$156 thousand), parks (\$113 thousand), and roads (\$93 thousand).
  - Supplies were underspent by \$558 thousand, largely due to savings by roads (\$426 thousand).
  - Other Charges were underspent by \$830 thousand, primarily due to insurance costs being underspent by \$232 thousand due to savings in retiree health care costs. In addition, pension costs were underspent by \$146 thousand, as these charges were delayed until the following year. The remaining savings for other charges were spread throughout the General Fund, as all departments are continuing the effort of increasing efficiencies whenever possible.
  - Transfers Out were underspent by \$186 thousand, primarily due to savings realized by the Department of Housing (\$102 thousand) and the Golf Course Enterprise Fund (\$75 thousand), which allowed these Departments to forgo this portion of their appropriation.

**Capital Assets and Debt Administration**

**Capital assets:** Queen Anne’s County Government’s investment in capital assets for its governmental and business-type activities as of June 30, 2013 amounted to \$238.4 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:

<u>Capital Assets, Net of Depreciation</u>	<u>Governmental Activities</u>		<u>Business Type Activities</u>		<u>Total</u>	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
Land and Land Improvements	\$ 84,363,221	\$ 84,108,933	\$ 14,158,331	\$ 14,160,131	\$ 98,521,552	\$ 98,269,064
Intangible Rights - Easements	786,819	786,819	6,140	6,140	792,959	792,959
Construction in Progress	2,118,314	2,567,685	2,950,830	1,443,420	5,069,144	4,011,105
Buildings	30,666,936	31,318,576	8,025,939	9,314,300	38,692,875	40,632,876
Improvements other than Buildings	6,523,721	6,678,550	8,686,182	8,878,752	15,209,903	15,557,302
Infrastructure	11,060,882	9,892,536	47,920,303	47,276,882	58,981,185	57,169,418
Auto, Machinery, and Equipment	8,019,299	8,201,970	13,076,809	14,021,226	21,096,108	22,223,196
Total	<u>\$ 143,539,192</u>	<u>\$ 143,555,069</u>	<u>\$ 94,824,534</u>	<u>\$ 95,100,851</u>	<u>\$ 238,363,726</u>	<u>\$ 238,655,920</u>

Queen Anne’s County’s total investment in capital assets for the current fiscal year, net of depreciation, decreased by 0.1 percent, or \$292 thousand. Of this amount, governmental investment in capital assets decreased by \$16 thousand, while business-type investment in capital assets decreased by \$276 thousand.

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

Governmental Activities					
<u>Changes in Capital Assets</u>	2012	Additions	Transfers	Retirements	2013
Land and Land Improvements	\$ 84,108,933	\$ -	\$ 413,960	\$ (159,672)	\$ 84,363,221
Intangible Rights - Easements	786,819	-	-	-	786,819
Construction in Progress	2,567,685	1,584,865	(2,034,236)	-	2,118,314
Buildings	41,445,892	233,834	35,787	-	41,715,513
Improvements other than Buildings	8,005,542	-	87,932	-	8,093,474
Infrastructure	16,910,259	-	1,496,557	(82,800)	18,324,016
Auto, Machinery, and Equipment	27,680,275	2,056,879	-	(714,115)	29,023,039
<b>Total Assets before depreciation</b>	<b>181,505,405</b>	<b>3,875,578</b>	<b>-</b>	<b>(956,587)</b>	<b>184,424,396</b>
<b>Less Depreciation</b>	<b>(37,950,336)</b>	<b>(3,594,293)</b>	<b>-</b>	<b>659,425</b>	<b>(40,885,204)</b>
<b>Total Assets after depreciation</b>	<b>\$ 143,555,069</b>	<b>\$ 281,285</b>	<b>\$ -</b>	<b>\$ (297,162)</b>	<b>\$ 143,539,192</b>

Business-Type Activities					
<u>Changes in Capital Assets</u>	2012	Additions	Transfers	Retirements	2013
Land and Land Improvements	\$ 14,160,131	\$ -	\$ -	\$ (1,800)	\$ 14,158,331
Intangible Rights - Easements	6,140	-	-	-	6,140
Construction in Progress	1,443,420	2,582,455	(813,858)	(261,187)	2,950,830
Buildings	15,992,098	-	-	(1,288,238)	14,703,860
Improvements other than Buildings	11,741,751	-	174,639	(2,258)	11,914,132
Infrastructure	70,156,181	2,048,768	639,219	(555,332)	72,288,836
Auto, Machinery, and Equipment	23,236,443	188,232	-	(260,624)	23,164,051
<b>Total Assets before depreciation</b>	<b>136,736,164</b>	<b>4,819,455</b>	<b>-</b>	<b>(2,369,439)</b>	<b>139,186,180</b>
<b>Less Depreciation</b>	<b>(41,635,313)</b>	<b>(3,729,350)</b>	<b>-</b>	<b>1,003,017</b>	<b>(44,361,646)</b>
<b>Total Assets after depreciation</b>	<b>\$ 95,100,851</b>	<b>\$ 1,090,105</b>	<b>\$ -</b>	<b>\$ (1,366,422)</b>	<b>\$ 94,824,534</b>

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 \$254 thousand. Two infrastructure projects were completed and placed into service: (a) Charles Street extension near Sudlersville Middle School (\$339 thousand); and (b) site improvements necessary to place Island Creek Road Bridge into service (\$74 thousand). Additionally, the County sold a commercial lot within the Matapeake Professional Park that had an historical cost of \$155 thousand.
- Construction in Progress (CIP) decreased by a net amount of \$449 thousand. The following factors contributed to this decrease:

Costs there were reclassified from Construction in Progress to other capital asset accounts include: (a) Island Creek Road Bridge (\$1.5 million); and (b) Charles Street extension near Sudlersville Middle School (\$425 thousand).

Major additions to Construction in Progress include: (a) infrastructure improvements in the Matapeake Professional Park (\$906 thousand); (b) County-wide upgrade to fiber optic cable (\$115 thousand); and (c) emergency services radio system upgrade (\$73 thousand).

- Buildings increased by \$270 thousand. Major improvements to the State's Attorney building (\$114 thousand), and two new storage facilities servicing the Sheriff and EMS departments (\$113 thousand) contributed to this increase.

- Improvements Other than Buildings increased by \$88 thousand. This increase relates directly to the completion of erosion mitigation efforts at the Conquest Preserve property.
- Infrastructure increased by \$1.4 million due to the completion of the Island Creek Road Bridge.
- Auto, Machinery and Equipment increased by a net amount of \$1.3 million. The following factors culminated in this change:

Additions of \$2 million include the following: (a) Emergency Services department vehicle and equipment replacement (\$587 thousand); (b) Public Works department vehicle and equipment replacement (\$530 thousand); (c) Sheriff's department vehicle and equipment replacement (\$417 thousand); (d) landscape equipment transferred from the golf course to the parks department (\$88 thousand); (e) Parks department vehicle & equipment replacement (\$76 thousand); (f) heat pump replacement at various county locations (\$54 thousand); and (g) security enhancements at the Circuit Court (\$36 thousand).

Retired assets of \$714 thousand include the following, the majority of which were fully depreciated: (a) obsolete equipment no longer in service at the Roads department (\$355 thousand); (b) retirement of unserviceable Sheriff's vehicles (\$210 thousand); and (c) obsolete computer software and hardware (\$49 thousand).

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

- Construction in Progress increased by a net amount of \$1.5 million. Costs reclassified from construction in progress to other asset classes include: (a) Cox Creek Sewer Main (\$639 thousand); and (b) erosion control at Pelzcar Creek (\$175 thousand). Major additions to construction in progress include costs to construct a runway apron at the Bay Bridge Airport (\$2.4 million).
- Buildings decreased by \$1.3 million due to the obsolescence of waste-water treatment facilities no longer used by the Sanitary District.
- Improvements Other than Buildings increased by \$172 thousand as shoreline erosion control work was completed at Pelzcar Creek.
- Infrastructure increased by a net amount of \$2.1 million. Increases of \$2.6 million consisted of (a) water and sewer infrastructure was contributed by commercial developers (\$2 million); and (b) the Cox Creek Sewer Main was completed and placed into service (\$639 thousand). Retirements include obsolete infrastructure no longer in use at the old wastewater treatment facility (\$555 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 \$140.0 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 \$140.0 million in debt, \$20.9 million is considered to be self-supporting, in that obligations of the County's enterprise funds will be funded through charges and assessments related to the operations of those funds. In addition, the Sanitary District's Debt Service Fund holds total assets of \$3.5 million, which are restricted to payment of the Sanitary District's subsequent year's debt. See Note 10 on pages 86 to 88 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	
	2013	2012	2013	2012	2013	2012
	Bonds, Notes, Premiums and Deferred Debt Costs	\$ 91,238,855	\$ 98,016,519	\$ 16,258,244	\$ 18,175,502	\$ 107,497,099
Other Post-Employment Benefit Obligation	25,785,783	19,566,367	4,399,415	3,263,611	30,185,198	22,829,978
Compensated Absences	2,057,039	2,191,300	265,108	283,252	2,322,147	2,474,552
Total Long-term Debt	<u>\$ 119,081,677</u>	<u>\$ 119,774,186</u>	<u>\$ 20,922,767</u>	<u>\$ 21,722,365</u>	<u>\$ 140,004,444</u>	<u>\$ 141,496,551</u>

During the 2013 fiscal year, the County’s total net debt decreased by \$1.5 million (1.1 percent). Of this amount, governmental debt decreased by \$693 thousand (0.58 percent), while business-type debt decreased by \$800 thousand (3.7 percent). In fiscal year 2013, the County signed a note with SunTrust Equipment Financing & Leasing Corporation for the purchase of five replacement vehicles for the Sheriff’s Office and two ambulances for Emergency Services. The total amount of the note was \$564 thousand and payable over five years. In addition, total Other Post-Employment Benefit Obligations increased by \$7.4 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 77 to 85, 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 \$6.6 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 2013, 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 2014 fiscal year:

- Property assessments are projected to decrease by 1.69 percent over the previous year, based on State Assessment Office values used to compute the Constant Yield rate.
- Income tax revenue is projected to decrease slightly to \$39.0 million in fiscal year 2014, which is a 1.2% decrease over actual receipts for fiscal year 2013.

The following are a few of the highlights from the fiscal year 2014 budget:

- Other Post-Employment Benefits shall continue to be funded in accordance with the approved ten year plan;
- The Board of Education will be funded at \$3 million above Maintenance of Effort in fiscal year 2014;
- County employees shall receive a three percent cost of living allowance as of July 1, 2013; and
- Funding will be provided for the construction of the County Complex and Circuit Courthouse.

### **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 2013 Comprehensive Annual Financial Report (CAFR)).

## **Basic Financial Statements**

**QUEEN ANNE'S COUNTY, MARYLAND**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2013**

	<b>PRIMARY GOVERNMENT</b>		
	<b>GOVERNMENTAL ACTIVITIES</b>	<b>BUSINESS-TYPE ACTIVITIES</b>	<b>TOTAL</b>
<b><u>ASSETS</u></b>			
Equity in Pooled Cash and Investments	\$ 47,569,748	\$ 11,811,289	\$ 59,381,037
Cash and Cash Equivalents	-	-	-
Taxes Receivable (Net)	749,775	-	749,775
Accounts and Loans Receivable (Net)	6,903,572	495,115	7,398,687
Special Assessments (Net)	942,301	-	942,301
Internal Balances	800,008	(800,008)	-
Due from Primary Government	-	-	-
Due from Other Governments	8,997,822	332,499	9,330,321
Bond Interest Reimbursement Receivable - Build America Bond	106,466	4,358	110,824
Inventories	609,309	607,368	1,216,677
Prepaid Items	44,956	6,738	51,694
Restricted Assets:			
Equity in Pooled Cash and Investments	5,701,691	9,096,207	14,797,898
Accounts Receivable (Net)	-	51,113	51,113
Special Assessments Receivable (Net)	-	1,884,874	1,884,874
Capital Assets:			
Nondepreciable Assets	87,268,354	17,115,301	104,383,655
Depreciable Assets, Net	56,270,838	77,709,233	133,980,071
<b>Total Assets</b>	<b>215,964,840</b>	<b>118,314,087</b>	<b>334,278,927</b>
<b><u>DEFERRED OUTFLOWS</u></b>			
	-	-	-
<b><u>LIABILITIES</u></b>			
Accounts Payable and Other Current Liabilities	3,379,033	446,811	3,825,844
Accrued Interest Payable	975,824	89,726	1,065,550
Due to Component Units	1,367,853	-	1,367,853
Due to Other Governmental Agencies	347,540	-	347,540
Unearned Revenue	3,045,669	575,479	3,621,148
Escrow Deposits	-	40,116	40,116
Liabilities Payable from Restricted Assets:			
Unearned Revenue	-	1,840,188	1,840,188
Noncurrent Liabilities:			
Due within One Year	8,735,578	1,838,760	10,574,338
Due in More than One Year	110,346,099	19,084,007	129,430,106
<b>Total Liabilities</b>	<b>128,197,596</b>	<b>23,915,087</b>	<b>152,112,683</b>
<b><u>DEFERRED INFLOWS</u></b>			
	-	-	-
<b><u>NET POSITION</u></b>			
Net Investment in Capital Assets	121,419,314	78,693,078	200,112,392
Amounts Restricted for:			
General Government	8,757,351	-	8,757,351
Conservation of Natural Resources	2,244,003	-	2,244,003
Economic/Community Development	2,137,211	-	2,137,211
Education	1,831,215	-	1,831,215
Public Safety	717,035	-	717,035
Social Services	4,265	-	4,265
Debt Service	-	2,423,028	2,423,028
Capital Projects	-	753,300	753,300
Other Purposes	-	-	-
Unrestricted Amounts (Deficit)	(49,343,150)	12,529,594	(36,813,556)
<b>Total Net Position</b>	<b>\$ 87,767,244</b>	<b>\$ 94,399,000</b>	<b>\$ 182,166,244</b>

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

**QUEEN ANNE'S COUNTY, MARYLAND**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2013**

(CONTINUED)

COMPOONENT UNITS	
BOARD OF EDUCATION	FREE LIBRARY
\$ -	\$ -
9,659,185	585,249
-	-
353,547	12,192
-	-
-	-
1,538,283	-
2,211,864	-
-	-
80,844	-
8,436	17,110
-	657,010
-	-
-	-
7,316,910	29,850
146,330,966	1,091,899
167,500,035	2,393,310
-	-
-	-
10,802,971	40,657
-	-
-	-
36,233	-
253,917	-
-	-
-	-
270,614	-
27,762,880	1,013,264
39,126,615	1,053,921
-	-
-	-
153,647,876	1,121,749
-	-
-	-
-	-
-	-
-	-
-	-
301,971	-
2	10,500
(25,576,429)	207,140
\$ 128,373,420	\$ 1,339,389

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, 2013**

	PRIMARY GOVERNMENT				
	EXPENSES	CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	TOTAL REVENUE
<b>PRIMARY GOVERNMENT</b>					
Governmental Activities					
General Government	\$ 14,227,799	\$ 1,272,807	\$ 697,712	\$ 135,032	\$ 2,105,551
Public Safety	26,174,144	1,387,591	1,328,493	249,594	2,965,678
Public Works	11,891,013	1,636,604	624,653	1,687,783	3,949,040
Health	1,812,920	-	-	-	-
Social Services	5,560,196	71,973	2,613,905	51,023	2,736,901
Education	48,354,256	1,052,691	-	-	1,052,691
Library	1,304,076	-	-	-	-
Conservation of Natural Resources	838,775	63,105	400,193	-	463,298
Economic/Community Development	1,108,912	234,100	176,216	575,440	985,756
Interest and Fiscal Charges	4,042,236	-	-	-	-
<b>Total Governmental Activities</b>	<b>115,314,327</b>	<b>5,718,871</b>	<b>5,841,172</b>	<b>2,698,872</b>	<b>14,258,915</b>
Business-type Activities					
Water and Sewer	11,783,515	8,181,434	161,600	2,048,768	10,391,802
Airport	913,845	48,072	2,621	2,472,782	2,523,475
Golf Course	538,420	313,364	-	-	313,364
Public Landings and Marinas	535,837	440,270	42,914	18,692	501,876
<b>Total Business-type Activities</b>	<b>13,771,617</b>	<b>8,983,140</b>	<b>207,135</b>	<b>4,540,242</b>	<b>13,730,517</b>
<b>Total Primary Government</b>	<b>\$ 129,085,944</b>	<b>\$ 14,702,011</b>	<b>\$ 6,048,307</b>	<b>\$ 7,239,114</b>	<b>\$ 27,989,432</b>
<b>COMPONENT UNITS</b>					
Board of Education	\$ 104,060,193	\$ 1,579,188	\$ 12,804,375	\$ -	\$ 14,383,563
Free Library	1,974,189	9,920	198,453	-	208,373
<b>Total Component Units</b>	<b>\$ 106,034,382</b>	<b>\$ 1,589,108</b>	<b>\$ 13,002,828</b>	<b>\$ -</b>	<b>\$ 14,591,936</b>
General Revenues					
Local Property Tax					
Local Income Tax					
Other Local Taxes					
Admission and Amusement Taxes					
Recordation Taxes					
Hotel Taxes					
County Transfer Taxes					
Grants and Contributions Not Restricted to Specific Programs					
Investment Income					
Gain on Sale of Capital Assets					
Miscellaneous					
Transfers In (Out)					
Total General Revenues and Transfers					
Change in Net Position					
Total Net Position - Beginning of Year					
Adjustment to Restate Beginning Net Position					
Total Net Position as Restated - Beginning of Year					
Total Net Position - End of Year					

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

**QUEEN ANNE'S COUNTY, MARYLAND**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2013**

(CONTINUED)

NET (EXPENSE) REVENUE AND CHANGES IN NET ASSETS					
PRIMARY GOVERNMENT			COMPONENT UNITS		
GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL	BOARD OF EDUCATION	FREE LIBRARY	
\$ (12,122,248)	\$ -	\$ (12,122,248)	\$ -	\$ -	-
(23,208,466)	-	(23,208,466)	-	-	-
(7,941,973)	-	(7,941,973)	-	-	-
(1,812,920)	-	(1,812,920)	-	-	-
(2,823,295)	-	(2,823,295)	-	-	-
(47,301,565)	-	(47,301,565)	-	-	-
(1,304,076)	-	(1,304,076)	-	-	-
(375,477)	-	(375,477)	-	-	-
(123,156)	-	(123,156)	-	-	-
(4,042,236)	-	(4,042,236)	-	-	-
(101,055,412)	-	(101,055,412)	-	-	-
-	(1,391,713)	(1,391,713)	-	-	-
-	1,609,630	1,609,630	-	-	-
-	(225,056)	(225,056)	-	-	-
-	(33,961)	(33,961)	-	-	-
-	(41,100)	(41,100)	-	-	-
\$ (101,055,412)	\$ (41,100)	\$ (101,096,512)	\$ -	\$ -	-
\$ -	\$ -	\$ -	\$ (89,676,630)	\$ -	-
-	-	-	-	-	(1,765,816)
-	-	-	(89,676,630)	-	(1,765,816)
65,591,225	-	65,591,225	-	-	-
35,769,303	-	35,769,303	-	-	-
160,516	-	160,516	-	-	-
4,635,789	-	4,635,789	-	-	-
470,139	-	470,139	-	-	-
1,351,064	-	1,351,064	-	-	-
-	-	-	79,840,382	-	1,412,127
107,095	356,374	463,469	18,064	-	3,937
163,426	-	163,426	-	-	-
1,051,760	855,504	1,907,264	286,906	-	92,936
(337,843)	359,277	21,434	-	-	-
108,962,474	1,571,155	110,533,629	80,145,352	-	1,509,000
7,907,062	1,530,055	9,437,117	(9,531,278)	-	(256,816)
79,860,182	92,868,945	172,729,127	138,104,698	-	1,596,205
-	-	-	(200,000)	-	-
79,860,182	92,868,945	172,729,127	137,904,698	-	1,596,205
\$ 87,767,244	\$ 94,399,000	\$ 182,166,244	\$ 128,373,420	\$ -	\$ 1,339,389

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, 2013**

	MAJOR FUNDS			NON-MAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
	GENERAL FUND	GENERAL CAPITAL	ROADS CAPITAL		
<b><u>ASSETS</u></b>					
Cash and Cash Equivalents	\$ 12,127,936	\$ 24,986,434	\$ 2,574,409	\$ 7,880,969	\$ 47,569,748
Prepaid Items	16,813	-	27,833	310	44,956
Receivables					
Taxes Receivable (Net)	401,820	347,955	-	-	749,775
Accounts and Loans Receivable	271,130	1,298,114	16,119	5,318,209	6,903,572
Special Assessments (Net)	-	-	348,376	593,925	942,301
Due from Other Governments	6,671,143	190,134	1,306,382	830,163	8,997,822
Due from Other Funds	1,010,786	64,523	-	-	1,075,309
Inventory	609,309	-	-	-	609,309
Restricted					
Restricted Equity in Pooled Cash	-	5,701,691	-	-	5,701,691
<b>Total Assets</b>	<b>\$ 21,108,937</b>	<b>\$ 32,588,851</b>	<b>\$ 4,273,119</b>	<b>\$ 14,623,576</b>	<b>\$ 72,594,483</b>
<b><u>LIABILITIES AND FUND BALANCES</u></b>					
<b>Liabilities</b>					
Accrued Liabilities	\$ 2,453,607	\$ 307,765	\$ 60,804	\$ 508,423	\$ 3,330,599
Due to Other Funds	-	-	-	275,301	275,301
Due to Component Units	-	1,367,853	-	-	1,367,853
Due to Other Governmental Agencies	-	-	-	347,540	347,540
Deferred Revenue	2,667,934	80,441	408,344	1,987,602	5,144,321
<b>Total Liabilities</b>	<b>5,121,541</b>	<b>1,756,059</b>	<b>469,148</b>	<b>3,118,866</b>	<b>10,465,614</b>
<b>Fund Balances</b>					
Nonspendable	626,122	1,296,971	27,833	4,081,708	6,032,634
Restricted	8,111,614	5,419,232	-	7,305,627	20,836,473
Committed	-	2,705,469	774,913	-	3,480,382
Assigned	1,284,657	21,411,120	3,001,225	252,890	25,949,892
Unassigned	5,965,003	-	-	(135,515)	5,829,488
<b>Total Fund Balances</b>	<b>15,987,396</b>	<b>30,832,792</b>	<b>3,803,971</b>	<b>11,504,710</b>	<b>62,128,869</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 21,108,937</b>	<b>\$ 32,588,851</b>	<b>\$ 4,273,119</b>	<b>\$ 14,623,576</b>	<b>\$ 72,594,483</b>

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

**QUEEN ANNE'S COUNTY, MARYLAND**  
**RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS**  
**TO THE STATEMENT OF NET POSITION**  
**JUNE 30, 2013**

**Total Fund Balance - Governmental Funds** **\$ 62,128,869**

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

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

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

ADD Bond Interest Reimbursement Receivable - Build America Bond 106,466

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

ADD Nondepreciable capital assets		
Land and Land Improvements	\$ 43,166,727	
Infrastructure	41,983,313	
Construction in Progress	2,118,314	87,268,354

ADD Depreciable capital assets		
Buildings	41,715,513	
Improvements other than Buildings	8,093,474	
Machinery and Equipment	18,758,918	
Automobiles and Trucks	10,242,687	
Infrastructure	18,324,016	
Reassignment of capital assets from Enterprise Fund	21,434	
Less Accumulated depreciation	(40,885,204)	56,270,838

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	134,615	
ADD Income Taxes deferred in governmental funds	602,231	
ADD Loans receivable deferred in governmental funds	1,361,806	2,098,652

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 (975,824)

SUBTRACT Liability for Retirement Incentive (48,434)

SUBTRACT Long-Term Liabilities Due within One Year		
Accrued Compensated Absences	(1,255,528)	
Bonds and Notes Payable	(7,480,050)	(8,735,578)

SUBTRACT Long-Term Liabilities Due in More than One Year		
Other Post-Employment Benefit Obligation	(25,785,783)	
Accrued Compensated Absences	(801,511)	
Bonds and Notes Payable	(83,758,805)	(110,346,099)

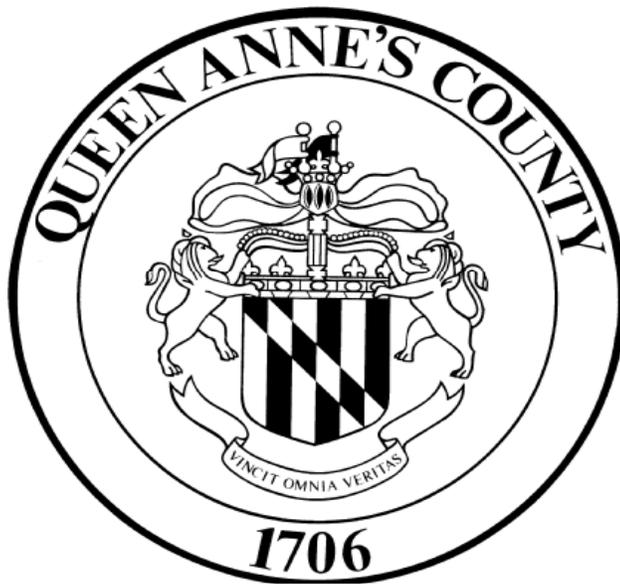
**Total Net Position - Governmental Activities** **\$ 87,767,244**

*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, 2013**

	MAJOR FUNDS			NON-MAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
	GENERAL FUND	GENERAL CAPITAL	ROADS CAPITAL		
<b>REVENUES</b>					
Taxes					
Local Property Tax	\$ 65,516,659	\$ -	\$ -	\$ 37,420	\$ 65,554,079
Local Income Tax	39,438,906	-	-	-	39,438,906
Admission and Amusement Taxes	160,516	-	-	-	160,516
Recordation Taxes	3,100,826	784,276	-	750,687	4,635,789
Hotel Taxes	470,139	-	-	-	470,139
County Transfer Taxes	675,532	675,532	-	-	1,351,064
State Shared Taxes	478,900	-	-	31,826	510,726
Licenses and Permits	1,004,774	-	-	-	1,004,774
Intergovernmental	2,182,473	1,506,188	1,306,382	2,593,648	7,588,691
Bond Interest Reimbursement - Build America Bond	406,337	-	-	-	406,337
Charges for Current Services	2,574,951	78,745	67,872	1,872,672	4,594,240
Fines and Forfeitures	32,420	1,255	-	86,182	119,857
Investment Income	73,201	9,793	23,901	200	107,095
Donations	5,738	1,000	-	29,594	36,332
Miscellaneous	920,309	67,170	8,641	55,640	1,051,760
	<u>117,041,681</u>	<u>3,123,959</u>	<u>1,406,796</u>	<u>5,457,869</u>	<u>127,030,305</u>
Total Revenues					
<b>EXPENDITURES</b>					
Current					
General Government	8,748,273	524,010	-	10,027	9,282,310
Public Safety	20,564,983	359,657	-	350,589	21,275,229
Public Works	8,128,617	269,573	738,462	-	9,136,652
Health	1,811,402	-	-	-	1,811,402
Social Services	272,534	-	-	3,779,207	4,051,741
Education	45,421,846	2,996,261	-	-	48,418,107
Library	1,278,228	-	-	-	1,278,228
Conservation of Natural Resources	542,043	348,437	-	-	890,480
Economic/Community Development	414,404	27,444	-	456,281	898,129
Recreation	479,153	-	-	-	479,153
Intergovernmental	1,699,230	-	-	-	1,699,230
Miscellaneous	3,162,959	-	-	-	3,162,959
Capital Outlay	-	2,805,320	541,961	23,628	3,370,909
Debt Service					
Principal	6,897,932	-	-	171,474	7,069,406
Debt Issuance Costs	-	(94)	-	-	(94)
Interest and Fiscal Charges	3,668,824	-	-	6,804	3,675,628
	<u>103,090,428</u>	<u>7,330,608</u>	<u>1,280,423</u>	<u>4,798,010</u>	<u>116,499,469</u>
Total Expenditures					
Excess of Revenues Over (Under) Expenditures	<u>13,951,253</u>	<u>(4,206,649)</u>	<u>126,373</u>	<u>659,859</u>	<u>10,530,836</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Issuance of Debt	-	564,068	-	-	564,068
Bond Premiums	-	(101)	-	-	(101)
Proceeds of Capital Asset Disposals	31,061	277,545	-	250	308,856
Insurance Proceeds	6,480	-	-	13,590	20,070
Transfers In	22,608	7,472,727	1,690,000	1,666,569	10,851,904
Transfers Out	(11,163,397)	(17,228)	-	(47,784)	(11,228,409)
	<u>(11,103,248)</u>	<u>8,297,011</u>	<u>1,690,000</u>	<u>1,632,625</u>	<u>516,388</u>
Other Financing Sources (Uses)					
Net Increase in Fund Balances	2,848,005	4,090,362	1,816,373	2,292,484	11,047,224
Fund Balances, July 1	13,139,391	26,742,430	1,987,598	9,212,226	51,081,645
Fund Balances, June 30	<u>\$ 15,987,396</u>	<u>\$ 30,832,792</u>	<u>\$ 3,803,971</u>	<u>\$ 11,504,710</u>	<u>\$ 62,128,869</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, 2013**

**Change in Fund Balances - Total governmental funds, per Statement of Revenues, Expenditures,  
and Changes in Fund Balances of Governmental Funds** **\$ 11,047,224**

**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	\$	528,297	
ADD capital assets resulting from general capital projects		2,805,320	
ADD capital assets resulting from roads capital projects		541,961	
SUBTRACT book value of disposed capital assets, net of accumulated depreciation		(297,162)	
SUBTRACT current year depreciation expense		(3,594,293)	
Net Increase in Capital Assets			<b>(15,877)</b>

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

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

ADD current year's bond interest reimbursement receivable - Build America Bond		106,466	
SUBTRACT prior year's bond interest reimbursement receivable - Build America Bond		(108,510)	
			<b>(2,044)</b>

Liability for retirement incentive

As part of the retirement incentives offered in fiscal years 2011 and 2012, retirees were given  
a certain period of health insurance at no cost, rather than the normal premium.  
The maximum period of no cost health insurance was three years. The liability for the benefit  
offered to the retirees is included in the government wide statements and adjusted each year  
until the benefit period is over.

SUBTRACT current year's liability for the retirement incentive		(48,434)	
ADD prior year's liability for the retirement incentive		71,447	
			<b>23,013</b>

*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, 2013**

(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	\$ 134,615	
SUBTRACT prior year's Property Tax Deferred Revenue	(97,468)	
		\$ 37,147
ADD current year's Income Tax Deferred Revenue	602,231	
SUBTRACT prior year's Income Tax Deferred Revenue	(4,271,834)	
		(3,669,603)

Issuance of long-term debt (e.g., bonds, notes, and capital leases) provides current financial resources

to Governmental Funds, while repayment of principal due for long-term debt consumes current resources.

In the Statement of Net Assets, issuing debt increases long term liabilities, while repayment reduces those liabilities.

ADD retirements and repayments made on long term debt		
General Bonds Payable	7,047,694	
Notes Payable	306,569	
Bond Premiums, Net of Issuance Costs	124,958	
Deferred Refunding Costs	(201,161)	
	7,278,060	
SUBTRACT proceeds of Suntrust Financing debt	(564,068)	
SUBTRACT College reimbursement received	(267,629)	
ADD PHA reimbursement received	63,672	
ADD County's allocation to College for debt	63,853	
		6,573,888

Some accrued expenses, reported in the Statement of Activities, do not require the use of current financial

resources and are not reported as expenditures in the Governmental Funds. The net amount by which these accruals increased or (decreased) over the prior period is as follows:

ADD prior year's Accrued Interest Payable	974,294	
SUBTRACT current year's Accrued Interest Payable	(975,824)	
		(1,530)
ADD prior year's Accrued Compensated Absences	2,191,302	
SUBTRACT current year's Accrued Compensated Absences	(2,057,039)	
		134,263
ADD prior year's Accrued Other Post Employment Benefit Obligation	19,566,364	
SUBTRACT current year's Accrued Other Post Employment Benefit Obligation	(25,785,783)	
		(6,219,419)

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

**\$ 7,907,062**

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

**QUEEN ANNE'S COUNTY, MARYLAND**  
**STATEMENT OF NET POSITION**  
**ENTERPRISE FUNDS**  
**JUNE 30, 2013**

<u>ASSETS</u>	SANITARY DISTRICT		
	SEWER OPERATIONS	WATER OPERATIONS	RESTRICTED FUND
<u>Current Assets</u>			
Unrestricted			
Equity in Pooled Cash	\$ 7,508,066	\$ 3,643,021	\$ -
Accounts Receivable (Net)	283,757	177,080	-
Due from Other Funds	378,634	-	-
Due from Other Governments	-	-	-
Bond Interest Reimbursement Receivable - Build America Bond	-	-	-
Inventories	537,127	-	-
Prepaid Expenses	-	-	-
Restricted			
Restricted Equity in Pooled Cash	-	-	6,255,739
Restricted Accounts Receivable (Net)	-	-	10,721
<b>Total Current Assets</b>	<b>8,707,584</b>	<b>3,820,101</b>	<b>6,266,460</b>
<u>Noncurrent Assets</u>			
Restricted			
Special Assessments Receivable (Net)	-	-	1,230,159
Capital Assets			
Intangible Rights	-	6,140	-
Land, Improved and Unimproved	814,531	-	-
Buildings and Improvements to Buildings	12,977,010	180,203	-
Improvements Other Than Buildings	1,615,474	128,152	-
Automotive Equipment	977,486	203,387	-
Equipment	20,038,903	1,270,428	-
Furniture and Fixtures	47,858	6,871	-
Infrastructure Improvements	50,723,757	21,565,079	-
Construction in Progress	-	-	-
<b>Capital Assets before Depreciation</b>	<b>87,195,019</b>	<b>23,360,260</b>	<b>-</b>
<b>Less Accumulated Depreciation</b>	<b>(33,028,522)</b>	<b>(7,330,787)</b>	<b>-</b>
<b>Total Capital Assets, Net of Accumulated Depreciation</b>	<b>54,166,497</b>	<b>16,029,473</b>	<b>-</b>
<b>Total Noncurrent Assets</b>	<b>54,166,497</b>	<b>16,029,473</b>	<b>1,230,159</b>
<b>Total Assets</b>	<b>62,874,081</b>	<b>19,849,574</b>	<b>7,496,619</b>
<u>LIABILITIES</u>			
<u>Current Liabilities</u>			
Payable from Unrestricted Assets			
Accounts Payable	263,262	81,784	-
Accrued Interest Payable	61,731	1,770	-
Escrow Deposits	29,966	-	-
Due to Other Funds	-	-	4,142
Unearned Revenue	573,027	-	-
Current Portion of Compensated Absences	103,754	40,069	-
Current Portion of Bonds/Notes Payable	1,144,081	313,056	-
Payable from Restricted Assets			
Current Portion of Bonds Payable	-	-	-
<b>Total Current Liabilities</b>	<b>2,175,821</b>	<b>436,679</b>	<b>4,142</b>
<u>Noncurrent Liabilities</u>			
Payable from Unrestricted Assets			
Compensated Absences	66,235	25,579	-
Other Post-Employment Benefit Obligation	3,073,684	942,803	-
Bonds/Notes Payable	12,513,844	-	-
Liabilities Associated with Restricted Assets			
Unearned Revenue	-	-	1,230,159
<b>Total Noncurrent Liabilities</b>	<b>15,653,763</b>	<b>968,382</b>	<b>1,230,159</b>
<b>Total Liabilities</b>	<b>17,829,584</b>	<b>1,405,061</b>	<b>1,234,301</b>
<u>NET POSITION</u>			
Net Investment in Capital Assets	40,508,572	15,716,417	-
Amounts Restricted for:			
Debt Service	-	-	-
Capital Projects	-	-	753,300
Unrestricted Amounts (Deficit)	4,535,925	2,728,096	5,509,018
<b>Total Net Position</b>	<b>\$ 45,044,497</b>	<b>\$ 18,444,513</b>	<b>\$ 6,262,318</b>

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

**QUEEN ANNE'S COUNTY, MARYLAND**  
**STATEMENT OF NET POSITION**  
**ENTERPRISE FUNDS**  
**JUNE 30, 2013**

(CONTINUED)

SANITARY DISTRICT			NON-MAJOR ENTERPRISE FUNDS	TOTAL PRIMARY GOVERNMENT ENTERPRISE FUNDS
DEBT SERVICE FUND	TOTAL	BAY BRIDGE AIRPORT		
\$ -	\$ 11,151,087	\$ -	\$ 660,202	\$ 11,811,289
-	460,837	19,718	14,560	495,115
-	378,634	-	-	378,634
-	-	306,179	26,320	332,499
-	-	689	3,669	4,358
-	537,127	62,252	7,989	607,368
-	-	-	6,738	6,738
2,840,468	9,096,207	-	-	9,096,207
40,392	51,113	-	-	51,113
<u>2,880,860</u>	<u>21,675,005</u>	<u>388,838</u>	<u>719,478</u>	<u>22,783,321</u>
<u>654,715</u>	<u>1,884,874</u>	<u>-</u>	<u>-</u>	<u>1,884,874</u>
-	6,140	-	-	6,140
-	814,531	10,670,168	2,673,632	14,158,331
-	13,157,213	1,233,204	313,443	14,703,860
-	1,743,626	4,704,779	5,465,727	11,914,132
-	1,180,873	73,470	40,881	1,295,224
-	21,309,331	47,752	452,036	21,809,119
-	54,729	-	4,979	59,708
-	72,288,836	-	-	72,288,836
-	-	2,950,830	-	2,950,830
-	110,555,279	19,680,203	8,950,698	139,186,180
-	(40,359,309)	(2,911,465)	(1,090,872)	(44,361,646)
-	70,195,970	16,768,738	7,859,826	94,824,534
654,715	72,080,844	16,768,738	7,859,826	96,709,408
<u>3,535,575</u>	<u>93,755,849</u>	<u>17,157,576</u>	<u>8,579,304</u>	<u>119,492,729</u>
-	345,046	74,515	27,250	446,811
1,655	65,156	8,168	16,402	89,726
-	29,966	10,150	-	40,116
374,492	378,634	493,277	306,731	1,178,642
-	573,027	-	2,452	575,479
-	143,823	715	17,273	161,811
-	1,457,137	43,572	120,088	1,620,797
56,152	56,152	-	-	56,152
432,299	3,048,941	630,397	490,196	4,169,534
-	91,814	456	11,027	103,297
-	4,016,487	223,752	159,176	4,399,415
70,636	12,584,480	516,886	1,479,929	14,581,295
610,029	1,840,188	-	-	1,840,188
680,665	18,532,969	741,094	1,650,132	20,924,195
1,112,964	21,581,910	1,371,491	2,140,328	25,093,729
-	56,224,989	16,208,280	6,259,809	78,693,078
2,422,611	2,422,611	-	417	2,423,028
-	753,300	-	-	753,300
-	12,773,039	(422,195)	178,750	12,529,594
<u>\$ 2,422,611</u>	<u>\$ 72,173,939</u>	<u>\$ 15,786,085</u>	<u>\$ 6,438,976</u>	<u>\$ 94,399,000</u>

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

**QUEEN ANNE'S COUNTY, MARYLAND**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION**  
**ENTERPRISE FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2013**

	SANITARY DISTRICT		
	SEWER OPERATIONS	WATER OPERATIONS	RESTRICTED FUND
<b><u>OPERATING REVENUES</u></b>			
Charges for Services	\$ 5,129,347	\$ 2,145,165	\$ 477,409
Intergovernmental	161,600	-	-
Bond Interest Reimbursement - Build America Bond	-	-	-
Material Sales	1,864	5,610	-
Miscellaneous Revenues	46,760	142,213	-
<b>Total Operating Revenues</b>	<b>5,339,571</b>	<b>2,292,988</b>	<b>477,409</b>
<b><u>OPERATING EXPENSES</u></b>			
Cost of Sales and Services			
Collection	2,020,854	-	-
Distribution	-	169,776	-
Treatment	1,564,141	1,010,482	-
Shop	152,970	109,184	-
Airport	-	-	-
Recreation	-	-	-
<b>Total Cost of Sales and Services</b>	<b>3,737,965</b>	<b>1,289,442</b>	<b>-</b>
Administration and Inspection	645,416	440,122	-
Other Post-Employment Benefit Contributions	829,605	242,553	-
Depreciation	2,856,701	492,104	-
<b>Total Operating Expenses</b>	<b>8,069,687</b>	<b>2,464,221</b>	<b>-</b>
<b>Operating Income (Loss)</b>	<b>(2,730,116)</b>	<b>(171,233)</b>	<b>477,409</b>
<b><u>NON-OPERATING REVENUES (EXPENSES)</u></b>			
Investment Income	103,742	68,562	108,952
Interest Expense	(242,801)	(32,158)	-
Loss on Disposal of Capital Assets	(821,707)	(140,920)	-
<b>Total Non-Operating Revenues (Expenses)</b>	<b>(960,766)</b>	<b>(104,516)</b>	<b>108,952</b>
<b>Income (Loss) Before Contributions and Transfers</b>	<b>(3,690,882)</b>	<b>(275,749)</b>	<b>586,361</b>
Capital Contributions, Fees and Grants	1,222,928	825,840	-
<b><u>TRANSFERS</u></b>			
Transfers In	1,690,990	276,636	-
Transfers Out	-	-	(1,056,023)
<b>Net Transfers In (Out)</b>	<b>1,690,990</b>	<b>276,636</b>	<b>(1,056,023)</b>
<b>Change in Net Position</b>	<b>(776,964)</b>	<b>826,727</b>	<b>(469,662)</b>
<b>Total Net Position - Beginning of Year</b>	<b>45,821,461</b>	<b>17,617,786</b>	<b>6,731,980</b>
<b>Total Net Position - End of Year</b>	<b>\$ 45,044,497</b>	<b>\$ 18,444,513</b>	<b>\$ 6,262,318</b>

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

**QUEEN ANNE'S COUNTY, MARYLAND**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION**  
**ENTERPRISE FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2013**

(CONTINUED)

SANITARY DISTRICT			NON-MAJOR ENTERPRISE FUNDS	TOTAL PRIMARY GOVERNMENT ENTERPRISE FUNDS
DEBT SERVICE FUND	TOTAL	BAY BRIDGE AIRPORT		
\$ 429,513	\$ 8,181,434	\$ 48,072	\$ 753,634	\$ 8,983,140
-	161,600	-	28,961	190,561
-	-	2,621	13,953	16,574
-	7,474	377,756	44,512	429,742
-	188,973	202,144	34,645	425,762
<u>429,513</u>	<u>8,539,481</u>	<u>630,593</u>	<u>875,705</u>	<u>10,045,779</u>
-	2,020,854	-	-	2,020,854
-	169,776	-	-	169,776
-	2,574,623	-	-	2,574,623
-	262,154	-	-	262,154
-	-	644,850	-	644,850
-	-	-	756,650	756,650
-	5,027,407	644,850	756,650	6,428,907
-	1,085,538	-	-	1,085,538
-	1,072,158	14,294	49,350	1,135,802
-	3,348,805	234,009	146,536	3,729,350
-	10,533,908	893,153	952,536	12,379,597
<u>429,513</u>	<u>(1,994,427)</u>	<u>(262,560)</u>	<u>(76,831)</u>	<u>(2,333,818)</u>
74,831	356,087	287	-	356,374
(12,021)	(286,980)	(20,165)	(83,119)	(390,264)
-	(962,627)	(527)	(38,602)	(1,001,756)
<u>62,810</u>	<u>(893,520)</u>	<u>(20,405)</u>	<u>(121,721)</u>	<u>(1,035,646)</u>
<u>492,323</u>	<u>(2,887,947)</u>	<u>(282,965)</u>	<u>(198,552)</u>	<u>(3,369,464)</u>
-	2,048,768	2,472,782	18,692	4,540,242
1,056,023	3,023,649	62,889	214,707	3,301,245
(1,885,945)	(2,941,968)	-	-	(2,941,968)
<u>(829,922)</u>	<u>81,681</u>	<u>62,889</u>	<u>214,707</u>	<u>359,277</u>
(337,599)	(757,498)	2,252,706	34,847	1,530,055
<u>2,760,210</u>	<u>72,931,437</u>	<u>13,533,379</u>	<u>6,404,129</u>	<u>92,868,945</u>
<u>\$ 2,422,611</u>	<u>\$ 72,173,939</u>	<u>\$ 15,786,085</u>	<u>\$ 6,438,976</u>	<u>\$ 94,399,000</u>

*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, 2013**

	SANITARY DISTRICT		
	SEWER OPERATIONS	WATER OPERATIONS	RESTRICTED FUND
<b><u>CASH FLOW FROM OPERATING ACTIVITIES</u></b>			
Receipts from customers and users	\$ 5,041,294	\$ 2,140,158	\$ 477,466
Receipts from other operating sources	210,224	147,823	-
Receipts from bond interest reimbursement - Build America Bond	-	-	-
Payments to suppliers	(2,166,306)	(778,222)	-
Payments to employees and on behalf of employees	(2,374,899)	(935,659)	-
Net Cash Provided (Used) by Operating Activities	<u>710,313</u>	<u>574,100</u>	<u>477,466</u>
<b><u>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</u></b>			
Transfers in from other funds	1,690,990	276,636	-
Receipts from interfund loans	42,511	-	4,142
Transfers to other funds	-	-	(1,056,023)
Principal paid on interfund loans	-	-	-
Net Cash Provided (Used) by Noncapital Financing Activities	<u>1,733,501</u>	<u>276,636</u>	<u>(1,051,881)</u>
<b><u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</u></b>			
Proceeds (loss) from the disposition of capital assets	356,916	-	-
Receipts from capital grants	-	-	-
Principal paid on capital debt	(1,435,465)	(298,871)	-
Receipts from bonds, including premiums, net of issuance costs	-	-	-
Interest paid on capital debt	(255,524)	(21,205)	-
Acquisition and construction of capital assets	(157,634)	(118,307)	-
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(1,491,707)</u>	<u>(438,383)</u>	<u>-</u>
<b><u>CASH FLOWS FROM INVESTING ACTIVITIES</u></b>			
Net Cash Provided by Investing Activities - Investment Income	<u>103,742</u>	<u>68,562</u>	<u>108,952</u>
Net Increase (Decrease) in Cash and Cash Equivalents	1,055,849	480,915	(465,463)
Balances - Beginning of the year	<u>6,452,217</u>	<u>3,162,106</u>	<u>6,721,202</u>
Balances - End of the year	<u>\$ 7,508,066</u>	<u>\$ 3,643,021</u>	<u>\$ 6,255,739</u>
<b><u>Reconciliation of operating income (loss) to net cash provided by operating activities</u></b>			
Operating income (loss)	\$ (2,730,116)	\$ (171,233)	\$ 477,409
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:			
Depreciation	2,856,701	492,104	-
Effect of changes in operating assets and liabilities:			
Accounts receivable, net	17,636	(5,007)	57
Special assessments receivable, net	-	-	(244,684)
Operating grants receivable	-	-	-
Build America Bonds Interest receivable	-	-	-
Inventories and Prepaid Expenses	(154,611)	-	-
Vendor accounts payable	(5,853)	16,447	-
Compensated absences	2,640	(764)	-
Other Post-Employment Benefit Obligation	829,605	242,553	-
Escrow deposits payable	(493)	-	-
Deferred revenue collected in advance	(105,196)	-	244,684
Net Cash Provided (Used) by Operating Activities	<u>\$ 710,313</u>	<u>\$ 574,100</u>	<u>\$ 477,466</u>
<b><u>Noncash investing, capital and financing activities:</u></b>			
Donation of capital assets (infrastructure) by developers	<u>\$ 1,222,928</u>	<u>\$ 825,840</u>	<u>\$ -</u>

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

**QUEEN ANNE'S COUNTY, MARYLAND**  
**STATEMENT OF CASH FLOWS**  
**ENTERPRISE FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2013**

(CONTINUED)

SANITARY DISTRICT			BAY BRIDGE AIRPORT	NON-MAJOR ENTERPRISE FUNDS	TOTAL PRIMARY GOVERNMENT ENTERPRISE FUNDS
DEBT SERVICE FUND	TOTAL				
\$ 462,314	\$ 8,121,232	\$ 83,454	\$ 739,872	\$ 8,944,558	
-	358,047	401,429	97,900	857,376	
-	-	2,634	14,024	16,658	
-	(2,944,528)	(667,880)	(423,697)	(4,036,105)	
-	(3,310,558)	(119,764)	(350,642)	(3,780,964)	
<u>462,314</u>	<u>2,224,193</u>	<u>(300,127)</u>	<u>77,457</u>	<u>2,001,523</u>	
1,056,023	3,023,649	62,889	214,707	3,301,245	
374,492	421,145	493,277	306,732	1,221,154	
(1,885,945)	(2,941,968)	-	-	(2,941,968)	
(421,145)	(421,145)	(477,846)	(310,570)	(1,209,561)	
<u>(876,575)</u>	<u>81,681</u>	<u>78,320</u>	<u>210,869</u>	<u>370,870</u>	
-	356,916	(527)	7,750	364,139	
-	-	2,731,182	18,692	2,749,874	
(51,854)	(1,786,190)	(43,735)	(122,125)	(1,952,050)	
-	-	-	17,235	17,235	
(12,812)	(289,541)	(19,667)	(80,570)	(389,778)	
-	(275,941)	(2,445,733)	(48,487)	(2,770,161)	
<u>(64,666)</u>	<u>(1,994,756)</u>	<u>221,520</u>	<u>(207,505)</u>	<u>(1,980,741)</u>	
74,831	356,087	287	-	356,374	
(404,096)	667,205	-	80,821	748,026	
<u>3,244,564</u>	<u>19,580,089</u>	<u>-</u>	<u>579,381</u>	<u>20,159,470</u>	
<u>\$ 2,840,468</u>	<u>\$ 20,247,294</u>	<u>\$ -</u>	<u>\$ 660,202</u>	<u>\$ 20,907,496</u>	
\$ 429,513	\$ (1,994,427)	\$ (262,560)	\$ (76,831)	\$ (2,333,818)	
-	3,348,805	234,009	146,536	3,729,350	
37	12,723	34,362	(13,840)	33,245	
462,390	217,706	-	-	217,706	
-	-	(178,471)	(10,218)	(188,689)	
-	-	13	71	84	
-	(154,611)	(4,092)	12,510	(146,193)	
-	10,594	(134,450)	(14,433)	(138,289)	
-	1,876	(4,255)	(15,765)	(18,144)	
-	1,072,158	14,297	49,349	1,135,804	
-	(493)	1,020	-	527	
(429,626)	(290,138)	-	78	(290,060)	
<u>\$ 462,314</u>	<u>\$ 2,224,193</u>	<u>\$ (300,127)</u>	<u>\$ 77,457</u>	<u>\$ 2,001,523</u>	
<u>\$ -</u>	<u>\$ 2,048,768</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,048,768</u>	

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

**QUEEN ANNE'S COUNTY, MARYLAND**  
**STATEMENT OF FIDUCIARY NET POSITION**  
**PRIVATE PURPOSE TRUST, OTHER POST-EMPLOYMENT BENEFIT TRUST, AND AGENCY FUNDS**  
**JUNE 30, 2013**

	PRIVATE PURPOSE TRUST FUND	OTHER POST-EMPLOYMENT BENEFIT TRUST FUND	AGENCY FUNDS
	TAX SALE DEPOSITS		
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 171,074	\$ 1,781,053	\$ 608,682
Miscellaneous Receivables	-	-	33,758
Total Assets	<u>171,074</u>	<u>1,781,053</u>	<u>\$ 642,440</u>
<b>LIABILITIES</b>			
Accrued Liabilities	-	-	\$ 5,851
Due to Other Governments	-	269,713	210,266
Deposits and Escrows	-	-	426,323
Total Liabilities	<u>-</u>	<u>269,713</u>	<u>\$ 642,440</u>
<b>NET POSITION</b>			
Held in Trust	<u>\$ 171,074</u>	<u>\$ 1,511,340</u>	

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

**QUEEN ANNE'S COUNTY, MARYLAND**  
**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION**  
**PRIVATE PURPOSE TRUST AND OTHER POST-EMPLOYMENT BENEFIT TRUST FUND**  
**FOR THE YEAR ENDED JUNE 30, 2013**

	PRIVATE PURPOSE TRUST FUND
	TAX SALE DEPOSITS
<b>ADDITIONS</b>	
Total Additions - Tax Sale Collections in Excess of Tax Due	\$ 75,711
<b>DEDUCTIONS</b>	
Distributions to Property Holders	24,294
Change in Assets	51,417
<b>NET POSITION HELD IN TRUST</b>	
Net Position-Beginning of Year	119,657
Net Position-End of Year	\$ 171,074

	OTHER POST-EMPLOYMENT BENEFIT TRUST FUND
<b>ADDITIONS</b>	
<b>CONTRIBUTIONS</b>	
Employers	\$ 3,102,305
Members	1,045,272
<b>TOTAL CONTRIBUTIONS</b>	<b>4,147,577</b>
Investment Income	2,083
Total Additions	4,149,660
<b>DEDUCTIONS</b>	
Claims Paid	3,662,577
Change in Assets	487,083
<b>NET POSITION HELD IN TRUST</b>	
Net Position-Beginning of Year	1,024,257
Net Position-End of Year	\$ 1,511,340

*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, 2013**

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

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

**A. REPORTING ENTITY**

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

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

**Blended Component Units**

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

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

**Discretely Presented Component Units**

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

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

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

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

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

**QUEEN ANNE'S COUNTY, MARYLAND**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2013**

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

**A. REPORTING ENTITY (CONTINUED)**

**Joint Venture**

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

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

Maryland Environmental Service  
259 Najoles Road  
Millersville, Maryland 21108

**Elimination of The Queen Anne's County Housing Authority as of Discretely Presented Component Unit**

Effective July 1, 2012, Queen Anne's County Housing Authority separated all operations from the County. As a result of the separation, the Housing Authority no longer met GASB 39's requirements for a component unit; and is not included in the County's fiscal year 2013 Comprehensive Annual Financial Report.

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

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

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

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

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

**QUEEN ANNE'S COUNTY, MARYLAND**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2013**

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

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

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

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

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

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

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

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

**Measurement Focus and Basis of Accounting**

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

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

**QUEEN ANNE'S COUNTY, MARYLAND**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2013**

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**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, 2013**

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

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

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

**Capital Projects Funds** –

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

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

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

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

**Sanitary District** -

**Sewer Operations** - This fund is used to account for the operation of the sewer system serving approximately 6,800 customers.

**Water Operations** - This fund is used to account for the operation of the water supply system serving approximately 4,100 customers.

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

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

**QUEEN ANNE'S COUNTY, MARYLAND**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2013**

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

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

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

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

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

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

**Other Post-Employment Benefit Trust Fund** – This fund accounts for the funding of retiree benefit plans of participating agencies, which are the Queen Anne's County Board of Education and Queen Anne's County Free Library. Other agencies and political subdivisions have the right to participate in this Trust Fund also, as an investment vehicle for their Other Post-Employment Benefit Plan through the pooling of investment resources. Currently, the only other agency participating is Kent County, Maryland. The Queen Anne's County Public Housing Authority had funds in the Trust as of June 30, 2013; however, the funds were paid out to the Housing Authority in July 2013 as they are no longer participating in the Trust.

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

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

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

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

**QUEEN ANNE'S COUNTY, MARYLAND**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2013**

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

**D. ASSETS, LIABILITIES, AND NET POSITION OR EQUITY**

**1) Cash and Investments**

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

**2) Receivables and Payables**

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

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

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

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

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

**4) Capital Assets**

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

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

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

**QUEEN ANNE'S COUNTY, MARYLAND**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2013**

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

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

**4) Capital Assets (continued)**

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

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

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

**5) 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, 2013, the other post-employment benefit obligation amounted to \$30,185,198, including both governmental (\$25,785,783) and business-type activities (\$4,399,415).

**Component Unit - Board of Education** – For the year ended June 30, 2013, the other post-employment benefit obligation for the Board of Education amounted to \$27,015,754.

**Component Unit – Free Library** – For the year ended June 30, 2013, the other post-employment benefit obligation for the Library amounted to \$1,013,264.

**QUEEN ANNE'S COUNTY, MARYLAND**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2013**

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

**D. ASSETS, LIABILITIES, AND NET POSITION 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 \$2,322,147 at June 30, 2013, including both governmental (\$2,057,039) and business-type activities (\$265,108).

**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, 2013 amounted to \$1,001,163. Because payment of sick leave is contingent upon an employees' future illness or retirement, the Board of Education expects its commitment to provide sick leave to be met during the normal course of activities over the working lives of its present employees. Any accumulated unused sick leave at retirement will ultimately be taken into consideration and paid through retirement benefits by the State of Maryland.

**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, 2013**

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

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

**8) Deferred Outflows/Inflows of Resources**

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

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

**9) Net Position/Fund Equity**

In the government-wide financial statements, the County has reported an unrestricted net deficit of \$36,813,556. This deficit is due to the fact that the County issues general obligation bonded debt for purposes of capital construction on behalf of the Queen Anne's County Board of Education. The capital assets constructed with the proceeds of this debt are reported on the financial statements of Queen Anne's County Board of Education. This amount is also classified as net investment in capital assets in the Board of Education column of the Component Units section of the County's government-wide Statement of Net Position. Since the Board of Education is not authorized to borrow funds, they do not have any debt.

Since the issuance of such debt has not resulted in capital assets owned by the Primary Government, the effect of this debt is reflected in a deficit balance in unrestricted net assets in the Governmental Activities column of the government-wide Statement of Net Position. At June 30, 2013, the County has reported outstanding general obligation debt related to assets held by the Board of Education amounting to \$63,283,726 (of which \$62,055,697 has been spent and the remaining \$1,228,029 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 \$26,470,170.

The County reports a portion of its net position in its government-wide financial statements as restricted. In this context, restricted means that, as of June 30, 2013, this portion of net position was restricted for a particular purpose either by external parties; by provision of the County Charter; or by enabling legislation. Net position restricted by enabling legislation represent legislative restrictions that a party external to the government can compel the government to honor. For the County, such amounts represent primarily accumulated net position attributed to revenue streams that are restricted for specified purposes in the County Code. This generally includes the Rainy Day Fund, Capital Projects Fund impact fee collections and developer exactions on hand for outside entities; restricted amount for special revenue funds; and ending restricted net assets of the Sanitary District and other enterprise funds. Such amounts, which are restricted in the government-wide statement of Net Position, are as follows at year-end:

**QUEEN ANNE'S COUNTY, MARYLAND**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2013**

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

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

**9) Net Position/Fund Equity (continued)**

Restricted Amounts		
Governmental activities		\$ 15,691,080
Business-type activities:		
Debt Service	\$ 2,423,028	
Capital Projects	<u>753,300</u>	<u>3,176,328</u>
Total Restricted Amounts		<u>\$ 18,867,408</u>

Note that unspent bond proceeds of \$5,145,393 are included in restricted fund balance for the General Capital Projects Fund. At the Government-Wide level, the unspent bond proceeds are offset by the liability.

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

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

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

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

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

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

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

**QUEEN ANNE'S COUNTY, MARYLAND**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2013**

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

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

**10) Property Tax**

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

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

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

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

Real and personal property taxes are levied at rates enacted by the County Commissioners in the annual budget on the assessed value as determined by the Maryland Department of Assessments and Taxation. The rates of levy cannot exceed the constant yield rate furnished by the Maryland State Department of Assessments and Taxation without public notice and only after public hearings. The County tax rate for the fiscal year ended June 30, 2013 was \$0.8471 per \$100 of assessed value.

**E. IMPLEMENTATION OF NEW ACCOUNTING PRINCIPLES**

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

Statement No. 60, "*Accounting and Financial Reporting for Service Concession Arrangements*": This Statement extracts the specialized principles and practices from the AICPA insurance industry related Guides and Statements of Position and establishes financial accounting and reporting standards for insurance enterprises other than mutual life insurance enterprises, assessment enterprises, and fraternal benefit societies. Adoption of this standard has no material impact on the County's financial statements.

Statement No. 61, "*The Financial Reporting Entity: Omnibus*": This purpose of this Statement is to improve financial reporting for a governmental financial reporting entity. The requirements of Statements No. 14, *The Financial Reporting Entity*, and the related financial reporting requirements of Statement No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*, were amended to better meet user needs and to address reporting entity issues that have arisen since the issuance of those Statements. Adoption of this standard has no material impact on the County's financial statements.

**QUEEN ANNE'S COUNTY, MARYLAND**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2013**

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

**E. IMPLEMENTATION OF NEW ACCOUNTING PRINCIPLES (CONTINUED)**

Statement No. 62, “*Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*”: This objective of this Statement is to incorporate into GASB’s authoritative literature certain accounting and financial reporting guidance that is included in the following pronouncements issued on or before November 30, 1989, which does not conflict with or contradict GASB pronouncements:

1. Financial Accounting Standards Board (FASB) Statements and Interpretations
2. Accounting Principles Board Opinions
3. Accounting Research Bulletins of the American Institute of Certified Public Accountants’ (AICPA) Committee on Accounting Procedure.

Hereinafter, those pronouncements collectively are referred to as the “FASB and ACIPA pronouncements.”

Statement No. 63, “*Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*”: This Statement provides financial reporting guidance for deferred outflows of resources and deferred inflows of resources. Concepts Statement No. 4, *Elements of Financial Statements*, introduced and defined those elements as a consumption of Net Position by the government that is applicable to a future reporting period, and an acquisition of Net Position by the government that is applicable to a future reporting period, respectively. Previous financial reporting standards do not include guidance for reporting those financial statement elements, which are distinct from assets and liabilities.

In fiscal year 2014, the County plans to adopt Statement No. 65, “*Items Previously Reporting as Assets and Liabilities*”, and Statement No. 66, “*Technical Corrections – 2012; an amendment of GASB Statements No. 10 and No. 62.*”

**QUEEN ANNE'S COUNTY, MARYLAND**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2013**

**NOTE 2 - BUDGETS AND BUDGETARY ACCOUNTING**

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

During the fiscal year, the Commissioners may adopt supplemental appropriations. For the year ended June 30, 2013, supplemental appropriations were as follows:

<u>Supplemental Appropriations</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Increase</u>
General Fund - expenditures and transfers	<u>\$ 107,991,500</u>	<u>\$ 117,364,198</u>	<u>\$ 9,372,698</u>
<u>Special Revenue Funds that adopt annual budgets</u>			
Non-Major that adopt annual budgets -			
Department of Aging - expenditures and transfers	2,021,034	2,145,125	124,091
Housing and Community Services - expenditures	1,190,377	1,504,945	314,568
Community Partnerships for Children - expenditures	1,133,969	1,737,912	603,943
School Impact Fees - transfers	631,500	663,500	32,000
Fire Company Impact Fees - expenditures	200,500	351,658	151,158
Inmate Welfare Fund - expenditures	90,250	150,013	59,763
Dredging Special Assessments - expenditures	<u>44,425</u>	<u>399,743</u>	<u>355,318</u>
Total Special Revenue Funds that adopt annual budgets	<u>\$ 5,312,055</u>	<u>\$ 6,952,896</u>	<u>\$ 1,640,841</u>

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

Annual operating budgets are legally adopted for the General Fund (includes the Roads Board) and the following non-major governmental funds: Department of Aging, Housing and Community Services, Community Partnerships for Children, Dredging Special Assessments, Kent Narrows, Law Library, Inmate Welfare, Agricultural Transfer, Rural Legacy, School Impact Fees Capital Projects, Fire Company Impact Fees Capital Projects, Parks and Recreation Impact Fees Capital Projects, and Purchase of Development Rights Funds. Proprietary Fund budgets are adopted for management control only and include all enterprise funds. Budgets are adopted using the same method of accounting as that used for Fund reporting purposes.

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

**QUEEN ANNE'S COUNTY, MARYLAND**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2013**

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

**A. DEPOSITS AND INVESTMENTS**

**PRIMARY GOVERNMENT AND FIDUCIARY FUNDS**

Cash and investments were as follows at year-end:

	<u>Carrying Amount</u>	<u>Collected Bank Balances or Fair Value</u>	<u>Total Collateral</u>
Demand Deposit Accounts, Short-Term			
Certificates of Deposit and Petty Cash	\$ 23,611,836	\$ 24,253,374	\$ 35,068,807
Investment in Maryland Local Government Investment Pool (MLGIP)	<u>53,127,908</u>	<u>53,124,591</u>	<u>54,187,082</u>
	<u>\$ 76,739,744</u>	<u>\$ 77,377,965</u>	<u>\$ 89,255,889</u>

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

<u>Cash and Investments</u>	<u>Primary Government</u>	<u>Fiduciary</u>	<u>Total</u>
Unrestricted			
Equity in Pooled Cash and Investments	\$ 59,381,037	\$ 2,560,809	\$ 61,941,846
Restricted			
Equity in Pooled Cash and Investments	<u>14,797,898</u>	<u>-</u>	<u>14,797,898</u>
	<u>\$ 74,178,935</u>	<u>\$ 2,560,809</u>	<u>\$ 76,739,744</u>

At year-end, the carrying amount of combined deposits was \$23,611,836. The collected bank balances were \$24,253,374 and of those balances, \$751,609 was insured by federal depository insurance (FDIC). The uninsured balances were fully collateralized by securities placed with the respective banks' escrow agents and held in the County's name.

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

Of these options, the County participates in the Maryland Local Government Investment Pool (MLGIP), which provides all local government units of the state with a safe investment vehicle for short-term investment of funds. The State Legislature created MLGIP 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. The MLGIP portfolio is managed in a manner consistent with the Securities and Exchange Commission's Rule 2a-7 of the Investment Company Act of 1940. Standard and Poors rates the MLGIP as AAAM. The MLGIP seeks to maintain a constant value of \$1 per unit with unit value computed using the amortized cost method. In addition, the net asset value of the pool, marked to market, is calculated and maintained on a weekly basis to ensure a \$1 per unit constant value.

As of June 30, 2013, the County's investments, for both custodial and credit risk purposes, consisted solely of shares in the MLGIP. This investment is not deemed to have either risk and is in conformity with the County's policy relating to minimal credit risk of investments.

**QUEEN ANNE'S COUNTY, MARYLAND**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2013**

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

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

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

**Component Unit - Board of Education** - At year-end, the carrying amount of deposits was \$9,659,185, including \$317,000 in certificates of deposit and excluding the carrying amount of fiduciary funds. At June 30, 2013, the Board has deposits of approximately \$19 million with local banks. Of the total deposits, approximately \$611,000 not covered by the FDIC was collateralized by securities held by the pledging financial institution's trust department or agent, but not in the Board's name.

**Component Unit – Library** - At year-end, the carrying amount of all bank deposits, including a \$657,010 certificate of deposit, was \$1,242,259, while collected bank balances were \$1,269,356. Of the bank balances, \$587,268 was secured by the FDIC and \$682,088 was secured by collateral held by the pledging bank's trust department but not in the Library's name.

**B. INVESTMENT INCOME**

**PRIMARY GOVERNMENT**

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

	Investment Income
<b>Governmental Funds</b>	
Major Governmental Funds	
General Fund	\$ 73,201
General Capital Projects	9,793
Roads Capital Projects	23,901
Non-Major Governmental Funds	200
Total Investment Income	\$ 107,095
<b>Business-Type Funds</b>	
Major Enterprise Funds	
Sanitary District	\$ 356,087
Airport	287
Total Investment Income	\$ 356,374

**QUEEN ANNE'S COUNTY, MARYLAND**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2013**

**NOTE 4 - ACCOUNTS RECEIVABLE**

Receivables as of June 30, 2013 for the governmental and business-type activities are as follows:

	General Fund	General Capital Projects	Roads Capital Projects	Non-Major Governmental Funds	Total Governmental Funds	Total Enterprise Funds	Total Governmental and Enterprise Funds
<b>Accounts Receivable</b>							
Receivables							
Taxes - Real Property	\$ 150,858	\$ -	\$ -	\$ -	\$ 150,858	\$ -	\$ 150,858
Taxes - Other	250,962	347,955	-	-	598,917	-	598,917
Subtotal Taxes	<u>401,820</u>	<u>347,955</u>	<u>-</u>	<u>-</u>	<u>749,775</u>	<u>-</u>	<u>749,775</u>
Other Accounts Receivable:							
Queen Anne's County Public Housing Authority	-	1,296,971	-	-	1,296,971	-	1,296,971
Sanitary District - User and Septage Fees	-	-	-	-	-	460,837	460,837
Worker's Comp	90,957	-	-	-	90,957	-	90,957
Board of Education	46,854	-	-	-	46,854	-	46,854
Retirees Insurance	36,063	-	-	-	36,063	-	36,063
Governmental Funds - User Fees	19,401	-	16,119	-	35,520	-	35,520
Solid Waste	24,668	-	-	-	24,668	-	24,668
Social Services	8,967	-	-	-	8,967	-	8,967
Airport - Fuel Sales and User and Rental Fees	-	-	-	-	-	19,718	19,718
Miscellaneous Receivables	44,220	1,143	-	32,336	77,699	14,560	92,259
Subtotal Other Accounts Receivable	<u>271,130</u>	<u>1,298,114</u>	<u>16,119</u>	<u>32,336</u>	<u>1,617,699</u>	<u>495,115</u>	<u>2,112,814</u>
Loans Receivable	-	-	-	5,285,873	5,285,873	-	5,285,873
Subtotal Other Accounts and Loans Receivable	<u>271,130</u>	<u>1,298,114</u>	<u>16,119</u>	<u>5,318,209</u>	<u>6,903,572</u>	<u>495,115</u>	<u>7,398,687</u>
Special Assessments	-	-	348,376	593,925	942,301	-	942,301
Intergovernmental							
Income Taxes Held by State	3,794,205	-	-	-	3,794,205	-	3,794,205
Grants Receivable	1,382,758	190,134	1,306,382	830,163	3,709,437	332,499	4,041,936
State-Shared Highway User Tax	132,374	-	-	-	132,374	-	132,374
Bonds Receivable	1,361,806	-	-	-	1,361,806	-	1,361,806
Subtotal Intergovernmental	<u>6,671,143</u>	<u>190,134</u>	<u>1,306,382</u>	<u>830,163</u>	<u>8,997,822</u>	<u>332,499</u>	<u>9,330,321</u>
Restricted Receivables							
Accounts Receivable	-	-	-	-	-	51,113	51,113
Special Assessments	-	-	-	-	-	1,884,874	1,884,874
Subtotal Restricted Receivables	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,935,987</u>	<u>1,935,987</u>
Total Receivables	<u>\$ 7,344,093</u>	<u>\$ 1,836,203</u>	<u>\$ 1,670,877</u>	<u>\$ 6,742,297</u>	<u>\$ 17,593,470</u>	<u>\$ 2,763,601</u>	<u>\$ 20,357,071</u>

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

**QUEEN ANNE'S COUNTY, MARYLAND**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2013**

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

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

Intergovernmental receivables include bonds receivable from four other counties. In years 1994, 2000, and 2003, Queen Anne's County sold \$1,000,000, \$2,815,000, and \$710,000, respectively, of its general obligation bonds for the purpose of providing the local share of capital projects at Chesapeake College. Five counties, including Queen Anne's County, provide local support for the College. The other four counties supporting Chesapeake College reimburse Queen Anne's County for their portion of the debt service. Bonds are amortized over the 20-year life of each of the original Queen Anne's County Bonds. The current carrying value for the bonds receivable from the other four counties are \$64,600, \$995,000, and \$302,206, respectively, for a total of \$1,361,806. 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 \$5,285,873 relate to the Housing and Community Services, Impact Fees, and Revolving Loan Special Revenue Funds. Loans receivable in the amount of \$3,928,220 for Housing and Community Services will be repaid when the homes are sold, in virtually all cases. These loans support housing rehabilitation and home-ownership. When the loans are repaid to the County, the funds are then loaned out again to serve the same purpose. Loans for the Revolving Loan Fund in the amount of \$153,178 are also repaid over a number of years.

The remaining loan receivable balance of \$1,204,475 relates to school, fire, and parks and recreation impact fees. In July 2007, the County began accepting promissory notes for impact fees, in certain situations, with the understanding that when certificate of occupancy was obtained, these notes would be paid in full. To ensure repayment, the notes attach to the property incurring the impact fee; therefore, payment will be required automatically prior to legal transfer of title.

Income taxes held by the State in the amount of \$3,794,205 have been estimated by the State as income tax due for "tax years" 2012 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 \$942,301 represent receivables for governmental activities. Part of this amount consists of \$348,376 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 \$593,925 for assessments levied on homeowners relating to dredging costs. Payment of these assessments is expected over a number of years.

Restricted Special Assessments in the amount of \$1,884,874 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, 2013**

**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
<b>General Fund</b>			
Income Taxes Due from State	\$ 602,231	\$ -	\$ 602,231
Property Taxes Receivable	134,615	-	134,615
Property Tax Deferrals	-	17,852	17,852
Inter-governmental Bonds Receivable	1,361,806	-	1,361,806
Grant Drawdowns in Excess of Expenditures	-	37,041	37,041
Inspection Fees Collected in Advance	-	514,389	514,389
Subtotal	<u>2,098,652</u>	<u>569,282</u>	<u>2,667,934</u>
<b>General Capital Projects Fund</b>			
Grant Drawdowns in excess of Expenditures	-	80,441	80,441
<b>Roads Capital Projects Fund</b>			
Benefit Assessments Receivable Not Currently Due	-	348,376	348,376
Benefit Assessments Paid in Advance	-	59,968	59,968
Subtotal	<u>-</u>	<u>408,344</u>	<u>408,344</u>
<b>Non-Major Governmental Funds</b>			
Grant Drawdowns in Excess of Expenditures	-	189,202	189,202
Benefit Assessments Receivable Not Currently Due	-	593,925	593,925
Impact Fees Loans Receivable Not Currently Due	-	1,204,475	1,204,475
Subtotal	<u>-</u>	<u>1,987,602</u>	<u>1,987,602</u>
<b>Total Deferred Revenue</b>	<u><u>\$ 2,098,652</u></u>	<u><u>\$ 3,045,669</u></u>	<u><u>\$ 5,144,321</u></u>

**QUEEN ANNE'S COUNTY, MARYLAND**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2013**

**NOTE 6 – CAPITAL ASSETS**

**PRIMARY GOVERNMENT**

Changes in the County's capital assets for governmental activities for the year ended June 30, 2013 are summarized as follows, with depreciation shown separately. Assets resulting from completed capital projects are shown in the Transfers column. Asset retirements are shown in the Decreases column.

<b>Governmental Activities</b>	Balance June 30, 2012	Increases	Transfers	Decreases	Balance June 30, 2013
Capital Assets, not being depreciated:					
Land	\$ 39,087,139	\$ -	\$ -	\$ (155,314)	\$ 38,931,825
Intangible Rights - Easements	786,819	-	-	-	786,819
Land Improvements	3,448,083	-	-	-	3,448,083
Construction in Progress	2,567,685	1,584,865	(2,034,236)	-	2,118,314
Land - Inexhaustible Infrastructure Improvements	41,573,711	-	413,960	(4,358)	41,983,313
<b>Total Capital Assets, not being depreciated</b>	<b>87,463,437</b>	<b>1,584,865</b>	<b>(1,620,276)</b>	<b>(159,672)</b>	<b>87,268,354</b>
Capital Assets, being depreciated:					
Buildings and Building Improvements	41,445,892	233,834	35,787	-	41,715,513
Improvements other than Buildings	8,005,542	-	87,932	-	8,093,474
Vehicles	9,182,935	1,392,834	-	(333,082)	10,242,687
Equipment	8,090,607	609,705	-	(332,305)	8,368,007
Furniture and Fixtures	10,406,733	54,340	-	(48,728)	10,412,345
Infrastructure Improvements - Depreciable	16,910,259	-	1,496,557	(82,800)	18,324,016
<b>Total Capital Assets, being depreciated</b>	<b>94,041,968</b>	<b>2,290,713</b>	<b>1,620,276</b>	<b>(796,915)</b>	<b>97,156,042</b>
Less Accumulated Depreciation for:					
Buildings and Building Improvements	10,127,316	921,261	-	-	11,048,577
Improvements other than Buildings	1,326,992	242,761	-	-	1,569,753
Vehicles	6,041,017	629,323	-	(299,436)	6,370,904
Equipment	5,533,951	442,539	-	(260,414)	5,716,076
Furniture and Fixtures	7,903,337	1,053,382	-	(39,959)	8,916,760
Infrastructure Improvements - Depreciable	7,017,723	305,027	-	(59,616)	7,263,134
<b>Total Accumulated Depreciation</b>	<b>37,950,336</b>	<b>3,594,293</b>	<b>-</b>	<b>(659,425)</b>	<b>40,885,204</b>
<b>Total Capital Assets, being depreciated, net</b>	<b>56,091,632</b>	<b>(1,303,580)</b>	<b>1,620,276</b>	<b>(137,490)</b>	<b>56,270,838</b>
<b>Governmental activities Capital Assets, net</b>	<b>\$ 143,555,069</b>	<b>\$ 281,285</b>	<b>\$ -</b>	<b>\$ (297,162)</b>	<b>\$ 143,539,192</b>

**QUEEN ANNE'S COUNTY, MARYLAND**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2013**

**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, 2013 are summarized as follows, with depreciation shown separately. Completed projects that were reclassified from construction in progress (CIP) to other asset accounts during the year are reported in the same column, as retirements from CIP and transfers to other asset accounts.

<b><u>Business-Type Activities</u></b>	Balance June 30, 2012	Increases	Transfers	Decreases	Balance June 30, 2013
Capital Assets, not being depreciated:					
Land	\$ 12,931,333	\$ -	\$ -	\$ (1,800)	\$ 12,929,533
Land Improvements	9,500	-	-	-	9,500
Intangible Rights	6,140	-	-	-	6,140
Construction in Progress	1,443,420	2,582,455	(813,858)	(261,187)	2,950,830
Land - Inexhaustible Infrastructure Improvements	1,219,298	-	-	-	1,219,298
<b>Total Capital Assets, not being depreciated</b>	<b>15,609,691</b>	<b>2,582,455</b>	<b>(813,858)</b>	<b>(262,987)</b>	<b>17,115,301</b>
Capital Assets, being depreciated:					
Buildings and Improvements to Buildings	15,992,098	-	-	(1,288,238)	14,703,860
Improvements other than Buildings	11,741,751	-	174,639	(2,258)	11,914,132
Vehicles	1,274,058	30,001	-	(8,835)	1,295,224
Equipment	21,903,962	149,481	-	(244,324)	21,809,119
Furniture and Fixtures	58,423	8,750	-	(7,465)	59,708
Infrastructure Improvements - Depreciable	70,156,181	2,048,768	639,219	(555,332)	72,288,836
<b>Total Capital Assets, being depreciated</b>	<b>121,126,473</b>	<b>2,237,000</b>	<b>813,858</b>	<b>(2,106,452)</b>	<b>122,070,879</b>
Less Accumulated Depreciation for:					
Buildings and Improvements to Buildings	6,677,798	612,441	-	(612,318)	6,677,921
Improvements other than Buildings	2,862,999	366,682	-	(1,731)	3,227,950
Vehicles	895,794	67,231	-	(8,835)	954,190
Equipment	8,268,038	1,014,964	-	(197,972)	9,085,030
Furniture and Fixtures	51,385	1,054	-	(4,417)	48,022
Infrastructure Improvements - Depreciable	22,879,299	1,666,978	-	(177,744)	24,368,533
<b>Total Accumulated Depreciation</b>	<b>41,635,313</b>	<b>3,729,350</b>	<b>-</b>	<b>(1,003,017)</b>	<b>44,361,646</b>
<b>Total Capital Assets, being depreciated, net</b>	<b>79,491,160</b>	<b>(1,492,350)</b>	<b>813,858</b>	<b>(1,103,435)</b>	<b>77,709,233</b>
<b>Business-Type activities Capital Assets, net</b>	<b>\$ 95,100,851</b>	<b>\$ 1,090,105</b>	<b>\$ -</b>	<b>\$ (1,366,422)</b>	<b>\$ 94,824,534</b>

**QUEEN ANNE'S COUNTY, MARYLAND**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2013**

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

**PRIMARY GOVERNMENT (CONTINUED)**

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

<b><u>Governmental Activities</u></b>	<b><u>Depreciation</u></b>
General Government	\$ 233,031
Public Safety	1,588,053
Public Works	1,318,694
Health	16,517
Social Services	347,280
Library	25,848
Conservation of Natural Resources	29,089
Economic/Community Development	35,781
	<u>\$ 3,594,293</u>
<b><u>Business-Type Activities</u></b>	
Major Enterprise Funds:	
Sanitary District	\$ 3,348,805
Airport	234,009
Non-Major Enterprise Funds:	146,536
	<u>\$ 3,729,350</u>

**QUEEN ANNE'S COUNTY, MARYLAND**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2013**

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

**COMPONENT UNITS**

**Board of Education:** Capital asset activity for the year ended June 30, 2013 is as follows:

<b><u>Board of Education</u></b>	<b>Balance June 30, 2012</b>	<b>Increases</b>	<b>Decreases</b>	<b>Balance June 30, 2013</b>
Capital Assets, not being depreciated:				
Land	\$ 6,363,040	\$ -	\$ -	\$ 6,363,040
Construction in Progress	<u>3,651,312</u>	<u>1,208,118</u>	<u>(3,905,560)</u>	<u>953,870</u>
Total Capital Assets, not being depreciated	<u>10,014,352</u>	<u>1,208,118</u>	<u>(3,905,560)</u>	<u>7,316,910</u>
Capital Assets, being depreciated:				
Land Improvements	5,052,832	515,527	-	5,568,359
Buildings	178,862,050	3,420,568	(284,161)	181,998,457
Furniture and Equipment	<u>8,769,137</u>	<u>1,316,824</u>	<u>(406,490)</u>	<u>9,679,471</u>
Total Capital Assets, being depreciated	<u>192,684,019</u>	<u>5,252,919</u>	<u>(690,651)</u>	<u>197,246,287</u>
Less Accumulated Depreciation for:				
Land Improvements	3,625,976	180,943	-	3,806,919
Building	37,349,301	3,667,646	(284,165)	40,732,782
Furniture and Equipment	<u>6,217,952</u>	<u>558,407</u>	<u>(400,739)</u>	<u>6,375,620</u>
Total Accumulated Depreciation	<u>47,193,229</u>	<u>4,406,996</u>	<u>(684,904)</u>	<u>50,915,321</u>
Total Capital Assets, being depreciated, net	<u>145,490,790</u>	<u>845,923</u>	<u>(5,747)</u>	<u>146,330,966</u>
Capital Assets, net	<u>\$ 155,505,142</u>	<u>\$ 2,054,041</u>	<u>\$ (3,911,307)</u>	<u>\$ 153,647,876</u>

**QUEEN ANNE'S COUNTY, MARYLAND**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2013**

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

**COMPONENT UNITS (CONTINUED)**

**Queen Anne's County Free Library:** Capital asset activity for the year ended June 30, 2013 is as follows:

<b><u>Library</u></b>	<b>Balance June 30, 2012</b>	<b>Increases</b>	<b>Decreases</b>	<b>Balance June 30, 2013</b>
Capital Assets, not being depreciated:				
Artwork	\$ 29,850	\$ -	\$ -	\$ 29,850
Capital Assets, being depreciated:				
Books and Media	2,374,466	156,588	(144,875)	2,386,179
Building Improvements	239,072	72,450	-	311,522
Equipment	-	22,870	-	22,870
Total Capital Assets, being depreciated	<u>2,613,538</u>	<u>251,908</u>	<u>(144,875)</u>	<u>2,720,571</u>
Less Accumulated Depreciation	<u>1,644,830</u>	<u>114,734</u>	<u>(130,892)</u>	<u>1,628,672</u>
Total Capital Assets, being depreciated, net	<u>968,708</u>	<u>137,174</u>	<u>(13,983)</u>	<u>1,091,899</u>
Capital Assets, net	<u>\$ 998,558</u>	<u>\$ 137,174</u>	<u>\$ (13,983)</u>	<u>\$ 1,121,749</u>

**QUEEN ANNE'S COUNTY, MARYLAND**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2013**

**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, 2013:

	Due from Fund					Total Due From Other Funds / Component Units
	General Capital Projects	Non-Major Governmental	Sanitary District	Bay Bridge Airport	Non-Major Enterprise	
<u>Due to Fund</u>						
General Fund	\$ -	\$ 210,778	\$ -	\$ 493,277	\$ 306,731	\$ 1,010,786
General Capital Projects	-	64,523	-	-	-	64,523
Sanitary District	-	-	378,634	-	-	378,634
Board of Education - Component Unit	<u>1,367,853</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,367,853</u>
Total Due to Other Funds	<u>\$ 1,367,853</u>	<u>\$ 275,301</u>	<u>\$ 378,634</u>	<u>\$ 493,277</u>	<u>\$ 306,731</u>	<u>\$ 2,821,796</u>

In Fiscal Year 2014, the Board of Education issued a check to the County in the amount of \$170,430 to repay a temporary allocation issued to the Board by the County in Fiscal Year 2013 which covered various capital improvements. The County has appropriately recorded a receivable for this amount in Fiscal Year 2013, resulting in a reconciling item with the Board of Education.

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

**QUEEN ANNE'S COUNTY, MARYLAND**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2013**

**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, 2013:

	Transfers in Fund							
	Total Transfers Out	General Fund	General Capital Projects	Roads Capital	Non-Major Governmental	Major Enterprise	Non-Major Enterprise	Total Transfers In
<b>Transfers Out Fund</b>								
General Fund	\$ 11,163,397	\$ -	\$ 7,447,551	\$ 1,690,000	\$ 1,666,569	\$ 144,570	\$ 214,707	\$ 11,163,397
General Capital Projects (1)	17,228	-	-	-	-	-	-	-
Total Major Governmental Funds	11,180,625	-	7,447,551	1,690,000	1,666,569	144,570	214,707	11,163,397
Non-Major Governmental	47,784	22,608	25,176	-	-	-	-	47,784
Sanitary District - Restricted	1,056,023	-	-	-	-	1,056,023	-	1,056,023
Sanitary District - Debt Service	1,885,945	-	-	-	-	1,885,945	-	1,885,945
Total Major Enterprise Funds	2,941,968	-	-	-	-	2,941,968	-	2,941,968
Total Transfers Out	<u>\$ 14,170,377</u>	<u>\$ 22,608</u>	<u>\$ 7,472,727</u>	<u>\$ 1,690,000</u>	<u>\$ 1,666,569</u>	<u>\$ 3,086,538</u>	<u>\$ 214,707</u>	<u>\$ 14,153,149</u>

(1) In fiscal year 2013, the General Capital Projects Fund transferred 2011 bond proceeds in the amount of \$17,228 to the Public Landings and Marinas enterprise fund. This transaction was appropriately recorded in the Enterprise Fund as an increase in debt liability and in the General Capital Projects Fund as a transfer out. Since enterprise funds and governmental funds record such transactions differently, the \$17,228 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, 2013**

**NOTE 9 - NONCURRENT LIABILITIES**

**A. CHANGES IN NONCURRENT LIABILITIES**

During the year ended June 30, 2013, the following changes occurred in the noncurrent liabilities of the primary government's governmental activities:

<u>PRIMARY GOVERNMENT</u>	Balance June 30, 2012	Additions of debt	Retirements and Repayments	Balance June 30, 2013	Due Within One Year	Due in More than One Year
<b>Governmental Activities</b>						
General Bonds Payable	\$ 96,125,921	\$ -	\$ 7,047,694	\$ 89,078,227	\$ 7,285,615	\$ 81,792,612
General Bonds Payable - Related to PHA	1,360,643	-	63,672	1,296,971	66,499	1,230,472
Notes Payable	889,256	564,068	306,569	1,146,755	204,146	942,609
Bond Premiums, Net of Issuance Costs	1,127,146	-	124,958	1,002,188	124,951	877,237
Deferred Refunding Costs	(1,486,447)	-	(201,161)	(1,285,286)	(201,161)	(1,084,125)
Subtotal Governmental Activities Debt	98,016,519	564,068	7,341,732	91,238,855	7,480,050	83,758,805
Other Post-Employment Benefit Obligation	19,566,364	7,888,198	1,668,779	25,785,783	-	25,785,783
Compensated Absences	2,191,302	1,117,150	1,251,413	2,057,039	1,255,528	801,511
Total Governmental Activities Debt	<u>\$ 119,774,185</u>	<u>\$ 9,569,416</u>	10,261,924	<u>\$ 119,081,677</u>	<u>\$ 8,735,578</u>	<u>\$ 110,346,099</u>
Less College Reimbursements			(267,629)			
Total Governmental Retirements and Repayments			<u>\$ 9,994,295</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	\$ 7,047,694
Notes Payable	306,569
LESS: Distributions of 2011 Bonds	(17,228)
LESS: College Reimbursements	(267,629)
Total Principal Payments	<u>\$ 7,069,406</u>

The County added amounts to several bond offerings on behalf of Chesapeake College, which cannot borrow money on its own. The College reimbursed to the County \$267,629 for this year's principal and interest payments.

**QUEEN ANNE'S COUNTY, MARYLAND**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2013**

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

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

During the year ended June 30, 2013, the following changes occurred in the noncurrent liabilities of the primary government's business-type activities:

<u>PRIMARY GOVERNMENT</u>	Balance	Additions	Retirements	Balance	Due Within	Due in
<u>Business-Type Activities</u>	June 30, 2012	of debt	and	June 30, 2013	One Year	More than
			Repayments			One Year
Golf Course	\$ 686,075	\$ -	\$ 80,000	\$ 606,075	\$ 80,000	\$ 526,075
Airport	611,235	-	43,735	567,500	44,583	522,917
Public Landings and Marinas	1,041,122	17,228	42,125	1,016,225	43,303	972,922
Sanitary District	15,883,959	-	1,786,190	14,097,769	1,513,289	12,584,480
Subtotal Debt	18,222,391	17,228	1,952,050	16,287,569	1,681,175	14,606,394
Bond Premiums, Net of						
Issuance Costs						
Golf Course	21,212	-	2,652	18,560	2,651	15,909
Airport	6,725	-	836	5,889	836	5,053
Public Landings and Marinas	391	7	23	375	22	353
Deferred Refunding Costs						
Golf Course	(47,106)	-	(5,888)	(41,218)	(5,888)	(35,330)
Airport	(14,778)	-	(1,847)	(12,931)	(1,847)	(11,084)
Sanitary District	(13,333)	-	(13,333)	-	-	-
Subtotal Bond Premiums, Issuance and Deferred Refunding Costs	(46,889)	7	(17,557)	(29,325)	(4,226)	(25,099)
Subtotal Debt before Other Post-Employment Benefit Obligation and Compensated Absences	18,175,502	17,235	1,934,493	16,258,244	1,676,949	14,581,295
Other Post-Employment Benefit Obligation	3,263,613	1,135,802	-	4,399,415	-	4,399,415
Compensated Absences	283,252	145,544	163,688	265,108	161,811	103,297
Total Business-Type Activities Debt	\$ 21,722,367	\$ 1,298,581	\$ 2,098,181	\$ 20,922,767	\$ 1,838,760	\$ 19,084,007

Additions of new debt listed above in the amount of \$17,228 represent distributions of the 2011 bonds (see comment in Note 8).

**QUEEN ANNE'S COUNTY, MARYLAND**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2013**

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

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

During the year ended June 30, 2013, the following changes occurred in the noncurrent liabilities of the primary government's Component Units:

<u>COMPONENT UNITS</u>	Balance June 30, 2012	Additions of new debt	Retirements and Repayments	Balance June 30, 2013	Due Within One Year	Due in More than One Year
Board of Education and Free Library						
Queen Anne's County						
Board of Education						
Retirement Incentives	\$ 25,256	\$ -	\$ 8,679	\$ 16,577	\$ 12,490	\$ 4,087
Compensated Absences	991,095	268,192	258,124	1,001,163	258,124	743,039
Other Post-Employment Benefit Obligation	<u>20,337,878</u>	<u>6,677,876</u>	<u>-</u>	<u>27,015,754</u>	<u>-</u>	<u>27,015,754</u>
Subtotal	<u>21,354,229</u>	<u>6,946,068</u>	<u>266,803</u>	<u>28,033,494</u>	<u>270,614</u>	<u>27,762,880</u>
Free Library						
Other Post-Employment Benefit Obligation	<u>791,664</u>	<u>221,600</u>	<u>-</u>	<u>1,013,264</u>	<u>-</u>	<u>1,013,264</u>
Total Noncurrent Liabilities: Component Units	<u>\$ 22,145,893</u>	<u>\$ 7,167,668</u>	<u>\$ 266,803</u>	<u>\$ 29,046,758</u>	<u>\$ 270,614</u>	<u>\$ 28,776,144</u>

**QUEEN ANNE'S COUNTY, MARYLAND**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2013**

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

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

**PRIMARY GOVERNMENT**

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

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

During fiscal year 2009, the County implemented the provisions of Governmental Accounting Standards Board (GASB) Statement 43, *Financial Reporting for Post-Employment Benefit Plans Other than Pension Plans* and GASB 45, *Accounting and Financial Reporting by Employers for Post-Employment Benefits Other Than Pensions*. For governmental funds, the other post-employment benefit obligations are reported in the government-wide statements in the function in which that employee usually charges their productive time. For enterprise funds, these obligations are reported in the enterprise fund in which that employee charges the majority of their productive time. 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, 2013**

**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, 2013, general obligation bonds and notes payable for governmental activities are comprised of the following, along with other post-employment benefits and accrued compensated absences:

<u>Governmental Activities</u>	<u>Paying Fund</u>	<u>Interest Rate</u>	<u>Year Series Matures</u>	<u>Amount of Original Issue</u>	<u>Outstanding June 30, 2013</u>	<u>Due Within One Year</u>	<u>Due in More than One Year</u>
<u>General Obligation Bonds Payable</u>							
2002 Refunding Bonds	General	3.00%-5.00%	2013	6,310,000	\$ 530,000	\$ 530,000	\$ -
2005 Refunding Bonds	General	3.00%-5.00%	2019	30,026,336	18,191,336	3,310,000	14,881,336
2006 Public Facilities	General	4.000%-5.375%	2027	22,510,212	17,720,496	954,069	16,766,427
2009 Public Facilities	General	1.400%-5.625%	2030	28,499,154	24,915,205	1,067,861	23,847,344
2011 Public Facilities	General	2.00%-4.25%	2031	21,532,570	19,993,668	759,819	19,233,849
2012 Refunding Bonds	General	2.00%-4.00%	2023	8,010,000	7,727,522	663,866	7,063,656
2003 Public Facilities	Due from PHA	3.50%-4.50%	2023	335,000	202,478	16,134	186,344
2006 Public Facilities	Due from PHA	4.000%-5.375%	2027	399,728	314,674	16,942	297,732
2009 Public Facilities	Due from PHA	1.400%-5.625%	2030	872,644	779,819	33,423	746,396
Subtotal Bonds Payable					90,375,198	7,352,114	83,023,084
<u>Notes Payable</u>							
2009 CELP Loan	General	2.00%	2015	122,780	45,826	18,057	27,769
State of Maryland - Price Ck.	Spec. Rev.	0.00%	2021	625,000	192,000	24,000	168,000
State of Maryland - Grove Ck.	Spec. Rev.	0.00%	2034	510,617	428,917	20,425	408,492
Frizz-King Property	General Capital Projects	6.00%	2014	365,000	33,339	33,339	-
Suntrust Financing	General	2.01%	2016	564,068	446,673	108,325	338,348
Subtotal Notes Payable					1,146,755	204,146	942,609
Subtotal Bonds and Notes Payable					91,521,953	7,556,260	83,965,693
Bond Premiums					1,519,642	167,260	1,352,382
Bond Issuance Costs					(517,454)	(42,309)	(475,145)
Deferred Refunding Costs					(1,285,286)	(201,161)	(1,084,125)
Total Governmental Activities before Other Post-Employment Benefit Obligation and Compensated Absences					91,238,855	7,480,050	83,758,805
<u>Other Post-Employment Benefit Obligation</u>					25,785,783	-	25,785,783
<u>Compensated Absences</u>					2,057,039	1,255,528	801,511
Total Governmental Activities					\$ 119,081,677	\$ 8,735,578	\$ 110,346,099

**QUEEN ANNE'S COUNTY, MARYLAND**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2013**

**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, 2013 for governmental activities are as follows:

Year Ending June 30,	Governmental Bonds Payable			Governmental Notes Payable		
	Principal	Interest	Total	Principal	Interest	Total
2014	\$ 7,352,114	\$ 3,638,359	\$ 10,990,473	\$ 204,146	\$ 10,394	\$ 214,540
2015	7,084,590	3,390,664	10,475,254	173,372	7,334	180,706
2016	6,791,995	3,143,092	9,935,087	166,541	4,719	171,260
2017	7,074,401	2,877,830	9,952,231	159,479	2,336	161,815
2018	5,786,618	2,621,243	8,407,861	44,425	-	44,425
2019-2023	26,693,566	9,702,149	36,395,715	174,125	-	174,125
2024-2028	21,203,604	4,648,627	25,852,231	102,125	-	102,125
2029-2033	8,388,310	599,821	8,988,131	102,125	-	102,125
2034	-	-	-	20,417	-	20,417
	<u>\$ 90,375,198</u>	<u>\$ 30,621,785</u>	<u>\$ 120,996,983</u>	<u>\$ 1,146,755</u>	<u>\$ 24,783</u>	<u>\$ 1,171,538</u>

These repayment schedules exclude bond premiums (\$1,519,642), issuance costs (negative \$517,454), and deferred refunding costs (negative \$1,285,286).

For the year ended June 30, 2013, total principal, debt issuance costs, and interest incurred by governmental funds relating to general obligation bonds and notes payable, less College reimbursements, were \$7,069,406, negative \$94, and \$3,675,628, 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 \$420,868 during fiscal year 2013, which are reported separately as a specific intergovernmental grant. The net effect of this reimbursement is shown below.

	Interest Expense on 2009 Bonds	Interest Reimbursement	Net Interest Expense
Governmental Activities	\$ 1,209,177	\$ (404,293)	\$ 804,884
Business-Type Activities			
Airport	7,828	(2,621)	5,207
Public Landings and Marinas	41,671	(13,953)	27,718
Total Business-Type Activities	49,499	(16,574)	32,925
Total	<u>\$ 1,258,676</u>	<u>\$ (420,867)</u>	<u>\$ 837,809</u>

**QUEEN ANNE'S COUNTY, MARYLAND**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2013**

**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, 2013 for business-type activities are comprised of the following, as well as other post-employment benefits and accrued compensated absences:

<u>Business -Type Activities</u>	Interest Rate	Year Series Matures	Amount of Original Issue	Outstanding June 30, 2013	Due Within One Year	Due in More than One Year
<u>Golf Course</u>						
2005 Refunding Bonds	3.00%-5.00%	2019	\$ 1,076,075	\$ 606,075	\$ 80,000	\$ 526,075
Bond Premiums				21,288	3,041	18,247
Bond Issuance Costs				(2,728)	(390)	(2,338)
Deferred Refunding Costs				(41,218)	(5,888)	(35,330)
Subtotal Golf Course				<u>583,417</u>	<u>76,763</u>	<u>506,654</u>
<u>Bay Bridge Airport</u>						
2005 Refunding Bonds	3.00%-5.00%	2019	337,588	167,588	25,000	142,588
2006 Public Facilities Bonds	4.000%-5.375%	2027	288,928	227,450	12,246	215,204
2009 Public Facilities Bonds	1.400%-5.625%	2030	180,501	161,300	6,913	154,387
2011 Public Facilities Bonds	2.00%-4.25%	2031	21,968	11,162	424	10,738
Bond Premiums				9,714	1,160	8,554
Bond Issuance Costs				(3,825)	(324)	(3,501)
Deferred Refunding Costs				(12,931)	(1,847)	(11,084)
Subtotal Airport				<u>560,458</u>	<u>43,572</u>	<u>516,886</u>
<u>Public Landings and Marinas</u>						
2006 Public Facilities Bonds	4.000%-5.375%	2027	41,132	32,380	1,743	30,637
2009 Public Facilities Bonds	1.400%-5.625%	2030	947,976	858,674	36,803	821,871
2011 Public Facilities Bonds	2.00%-4.25%	2031	133,908	125,171	4,757	120,414
Bond Premiums				5,338	316	5,022
Bond Issuance Costs				(4,963)	(294)	(4,669)
Subtotal Public Landings and Marinas				<u>1,016,600</u>	<u>43,325</u>	<u>973,275</u>
<u>Sanitary District</u>						
2002 Refunding Bonds	3.00%-5.00%	2013	3,385,000	330,000	330,000	-
Maryland Water Quality-Bay City	3.50%	2015	3,476,961	503,067	247,207	255,860
Maryland Water Quality-2005 Enhancement	1.00%	2027	18,252,291	13,137,914	879,930	12,257,984
Queenstown Bank-Cloverfields Hookup	8.13%	2015	435,000	72,421	39,483	32,938
Queenstown Bank-Bay City Hookup	7.90%	2015	205,000	54,367	16,669	37,698
Subtotal Sanitary District				<u>14,097,769</u>	<u>1,513,289</u>	<u>12,584,480</u>
Total Business-Type Activities before Other Post-Employment Benefit Obligation and Compensated Absences				16,258,244	1,676,949	14,581,295
<u>Other Post-Employment Benefit Obligation</u>				4,399,415	-	4,399,415
<u>Compensated Absences</u>				265,108	161,811	103,297
Total Business-Type Activities				<u>\$ 20,922,767</u>	<u>\$ 1,838,760</u>	<u>\$ 19,084,007</u>

**QUEEN ANNE'S COUNTY, MARYLAND**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2013**

**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, 2013, are as follows:

<u>Business-Type Activities</u> Year Ending June 30,	Business-Type Bonds Payable			Business-Type Notes Payable		
	Principal	Interest	Total	Principal	Interest	Total
2014	\$ 497,886	\$ 101,706	\$ 599,592	\$ 1,183,289	\$ 219,140	\$ 1,402,429
2015	175,413	87,110	262,523	1,195,536	197,010	1,392,546
2016	178,004	80,481	258,485	917,106	163,082	1,080,188
2017	180,597	73,597	254,194	906,791	153,121	1,059,912
2018	188,383	65,816	254,199	915,658	144,051	1,059,709
2019-2023	636,434	228,665	865,099	4,717,486	581,065	5,298,551
2024-2028	476,396	113,125	589,521	3,931,903	292,172	4,224,075
2029-2031	186,687	11,438	198,125	-	-	-
	<u>\$ 2,519,800</u>	<u>\$ 761,938</u>	<u>\$ 3,281,738</u>	<u>\$ 13,767,769</u>	<u>\$ 1,749,641</u>	<u>\$ 15,517,410</u>

These repayment schedules exclude bond premiums, net of issuance costs (\$24,824) and deferred refunding costs (negative \$54,149).

For the year ended June 30, 2013, total principal and interest of \$1,952,050 and \$390,264, respectively, was incurred by business-type activities relating to bonds and notes payable.

**C. DEFEASANCE OF DEBT**

2012 Refunding Bonds – During fiscal year 2012, Queen Anne's County defeased certain 2003 Public Facilities Bonds by placing the proceeds of new bonds with an escrow agent in an irrevocable trust to provide for all future debt service payments on the old bonds.

Accordingly, the trust account assets and liability for the defeased bonds are not included in the financial statements for Queen Anne's County. As of June 30, 2013, \$7,727,522 of governmental debt outstanding from prior years is considered to be defeased.

**D. MUNICIPAL LEASE**

**PRIMARY GOVERNMENT**

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

**QUEEN ANNE’S COUNTY, MARYLAND**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2013**

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

**E. LEASE OBLIGATIONS**

**OPERATING LEASE – PRIMARY GOVERNMENT**

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

Lease revenues for the year ended June 30, 2013 amounted to \$5,495. Minimum future lease revenues are as follows:

Fiscal Year Ending June 30,	lease payments
2014	\$ 5,416
2015	5,416
2016	5,488
2017	5,525
2018	5,525
2019-2023	28,326
2024-2028	29,239
2029-2033	30,218
2034-2035	8,255
Minimum Future Rental Revenue	<u>\$ 123,408</u>

**F. LOCAL DEBT POLICY**

**PRIMARY GOVERNMENT**

In May 2013, Queen Anne’s County adopted Resolution No. 13-04, which updated and replaced Resolution No. 09-13, to continue a local debt policy in compliance with Article 95, Section 22F of the Annotated Code of Maryland. This policy requires that the County’s Director of Budget and Finance: (1) prepare a six-year capital project plan each year; (2) propose an amount to be transferred from the General Fund operating balances to the General Capital Projects Fund to serve as pay-as-you-go funding in the latter Fund, in order to lessen the need for future County debt; (3) limit the County’s non-bonded indebtedness to \$8.0 million for general operating expenses or capital improvements; (4) certify that the sum of outstanding general bonded debt and any new general obligation debt is 2.5% or less of the total taxable assessable base and is \$3,000 or less per capita; and (5) review and revise this Debt Policy as necessary no later than September 1, 2015. This policy also stipulates that although there is some flexibility as to the acceptable percentage of debt service to general fund expenditures, and no absolute limit has been established by the rating agencies or the Government Finance Officers Association, anything above 12% of total general fund expenditures would be a cause to carefully monitor debt service.

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

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

**QUEEN ANNE'S COUNTY, MARYLAND**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2013**

**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, 2013 are as follows:

<u>Business -Type Activities</u>	<u>Sanitary District</u>		<u>Total</u>
	<u>Restricted</u>	<u>Debt Service</u>	
Current Restricted Assets			
Equity in Pooled Cash	\$ 6,255,739	\$ 2,840,468	\$ 9,096,207
Accounts Receivable (Net)	10,721	40,392	51,113
Subtotal	<u>6,266,460</u>	<u>2,880,860</u>	<u>9,147,320</u>
LESS Current Liabilities Associated with Restricted Assets			
Current Portion of Bonds Payable from Restricted Assets	-	(56,152)	(56,152)
Net Current Restricted Assets	<u>6,266,460</u>	<u>2,824,708</u>	<u>9,091,168</u>
Noncurrent Restricted Assets			
Special Assessments Receivable (Net)	1,230,159	654,715	1,884,874
LESS Noncurrent Liabilities Payable from Noncurrent Restricted Assets			
Unearned Revenue	<u>(1,230,159)</u>	<u>(610,029)</u>	<u>(1,840,188)</u>
Net Noncurrent Restricted Assets	<u>-</u>	<u>44,686</u>	<u>44,686</u>
Net Restricted Assets	<u>\$ 6,266,460</u>	<u>\$ 2,869,394</u>	<u>\$ 9,135,854</u>

**QUEEN ANNE'S COUNTY, MARYLAND**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2013**

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

**B. RESTRICTED NET ASSETS**

**PRIMARY GOVERNMENT**

**GOVERNMENTAL ACTIVITIES**

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

<b><u>Governmental Activities</u></b>	
Total Debt excluding Compensated Absences and OPEB Obligation	\$ (91,238,855)
Add back: Debt relating to Board of Education Assets	\$ 62,055,697
Add back: Unspent portion of Bond Proceeds for Board of Education debt	1,228,029
Add back: Unspent portion of Bond Proceeds for Governmental debt	3,917,364
Add back: Debt relating to PHA	1,296,971
Add back: Debt relating to non-capital assets (Dredging)	<u>620,916</u>
 Add back debt unrelated to Capital Assets	 69,118,977
 Net Assets Invested in Capital Assets	 <u>143,539,192</u>
 Net Investment in Capital Assets	 <u>\$ 121,419,314</u>

**BUSINESS-TYPE ACTIVITIES**

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

<b><u>Business-Type Activities</u></b>	<u>Sanitary District</u>				Total Sanitary	Bay Bridge Airport	Non-Major Enterprise Funds	Total Enterprise Funds
	Sewer Operating	Water Operating	Restricted Fund	Debt Service Fund				
Capital Assets, net of Accumulated Depreciation	\$ 54,166,497	\$ 16,029,473	\$ -	\$ -	\$ 70,195,970	\$ 16,768,738	\$ 7,859,826	\$ 94,824,534
Less: Debt excluding Compensated Absences and OPEB Obligation	<u>(13,657,925)</u>	<u>(313,056)</u>	<u>-</u>	<u>-</u>	<u>(13,970,981)</u>	<u>(560,458)</u>	<u>(1,600,017)</u>	<u>(16,131,456)</u>
Net Investment in Capital Assets	<u>40,508,572</u>	<u>15,716,417</u>	<u>-</u>	<u>-</u>	<u>56,224,989</u>	<u>16,208,280</u>	<u>6,259,809</u>	<u>78,693,078</u>
Restricted Amounts								
Debt Service	-	-	-	2,422,611	2,422,611	-	417	2,423,028
Capital Projects	-	-	753,300	-	753,300	-	-	753,300
Total Restricted Amounts	-	-	753,300	2,422,611	3,175,911	-	417	3,176,328
Total Unrestricted Amounts	<u>4,535,925</u>	<u>2,728,096</u>	<u>5,509,018</u>	<u>-</u>	<u>12,773,039</u>	<u>(422,195)</u>	<u>178,750</u>	<u>12,529,594</u>
Total Net Position	<u>\$ 45,044,497</u>	<u>\$ 18,444,513</u>	<u>\$ 6,262,318</u>	<u>\$ 2,422,611</u>	<u>\$ 72,173,939</u>	<u>\$ 15,786,085</u>	<u>\$ 6,438,976</u>	<u>\$ 94,399,000</u>

Sanitary District debt, excluding compensated absences and OPEB obligation of \$13,970,981 above, also excludes \$126,788 from the Debt Service Fund, as there are no capital assets related to that debt.

**QUEEN ANNE'S COUNTY, MARYLAND**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2013**

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

**C. FUND BALANCES**

**PRIMARY GOVERNMENT**

Governmental fund balances are composed of the following:

<b>Governmental Funds</b>	General Fund	General Capital	Roads Capital	Non-Major Governmental	Total Governmental Funds
<b>Nonspendable</b>					
Inventory	\$ 609,309	\$ -	\$ -	\$ -	\$ 609,309
Prepaid Items	16,813	-	27,833	310	44,956
Loans Receivable	-	1,296,971	-	4,081,398	5,378,369
Subtotal Nonspendable	<u>626,122</u>	<u>1,296,971</u>	<u>27,833</u>	<u>4,081,708</u>	<u>6,032,634</u>
<b>Restricted</b>					
Rainy Day Fund	7,920,443	-	-	-	7,920,443
Unspent Bond Proceeds	-	5,145,393	-	-	5,145,393
Impact Fees	-	248,663	-	2,522,730	2,771,393
Economic and Community Development	-	-	-	2,137,211	2,137,211
Agricultural Easements	-	-	-	2,073,505	2,073,505
Inmate Welfare	-	-	-	214,844	214,844
Sheriff's Drug Task Force	-	-	-	182,574	182,574
Critical Areas	-	-	-	152,344	152,344
Mosquito Control	141,866	-	-	-	141,866
Sheriff - Federal Confiscated Funds	49,305	-	-	-	49,305
Vehicle Acquisition	-	25,176	-	-	25,176
Dredging	-	-	-	18,154	18,154
Donor-Specified Purposes	-	-	-	4,265	4,265
Subtotal Restricted	<u>8,111,614</u>	<u>5,419,232</u>	<u>-</u>	<u>7,305,627</u>	<u>20,836,473</u>
<b>Committed</b>					
Developer Exactions	-	76,741	774,913	-	851,654
Rubble Surcharge	-	694,348	-	-	694,348
Economic Development	-	319,478	-	-	319,478
Courthouse Project	-	1,509,661	-	-	1,509,661
Business Park	-	105,241	-	-	105,241
Subtotal Committed	<u>-</u>	<u>2,705,469</u>	<u>774,913</u>	<u>-</u>	<u>3,480,382</u>
<b>Assigned</b>					
Income Tax Contingency	1,284,657	-	-	-	1,284,657
Capital Projects	-	18,929,951	2,651,225	-	21,581,176
Subsequent Years' Expenditures	-	2,481,169	350,000	252,890	3,084,059
Subtotal Assigned	<u>1,284,657</u>	<u>21,411,120</u>	<u>3,001,225</u>	<u>252,890</u>	<u>25,949,892</u>
<b>Unassigned</b>					
General Fund	5,965,003	-	-	-	5,965,003
Fire Company Impact Fees	-	-	-	(64,523)	(64,523)
Housing and Community Services	-	-	-	(70,992)	(70,992)
Subtotal Unassigned	<u>5,965,003</u>	<u>-</u>	<u>-</u>	<u>(135,515)</u>	<u>5,829,488</u>
<b>Total Governmental Funds Balances</b>	<u>\$ 15,987,396</u>	<u>\$ 30,832,792</u>	<u>\$ 3,803,971</u>	<u>\$ 11,504,710</u>	<u>\$ 62,128,869</u>

**QUEEN ANNE'S COUNTY, MARYLAND**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2013**

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**NOTE 11 - RISK MANAGEMENT**

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

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

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

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

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

The agreement for formulation of the alliance provides that the pool will be self-sustaining through member premiums. In addition to the annual premiums, the pooling agreement provides for additional assessments, if needed, but not to exceed certain limits. No additional assessments were needed for fiscal 2013 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, 2013**

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**NOTE 12 - RETIREMENT PLANS**

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

**PRIMARY GOVERNMENT**

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

**Description of Plans**

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

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

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

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

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

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

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

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

**QUEEN ANNE'S COUNTY, MARYLAND**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2013**

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

**PRIMARY GOVERNMENT (CONTINUED)**

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

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

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

**Funding Policy**

Obligations to contribute to the plans are established under the Annotated Code of Maryland. Employees who are members of these two plans contribute seven percent of their gross employee compensation.

Required contributions under the plans, which are not funded by employee contributions, are funded entirely by the County. Contributions by the County to both State plans take place during the fiscal year and are based upon salaries for the preceding fiscal year. The County contribution for the year ending June 30, 2013 is based on salaries for the year ending June 30, 2012. The contribution requirements of plan members of the reporting entity are established and may be amended by the Maryland State Pension System Board of Trustees. The County's contributions for the fiscal years ending June 30<sup>th</sup> were equal to the actuarially determined amounts as follows:

<u>Retirement Plan Contributions</u>	<u>Fiscal Year Ending</u>		
	<u>June 30, 2013</u>	<u>June 30, 2012</u>	<u>June 30, 2011</u>
Total Payroll	\$ 23,105,575	\$ 24,033,001	\$ 28,037,262
Covered Payroll			
Pension System	17,118,242	17,984,029	20,585,096
LEOPS	2,827,915	2,683,684	2,642,996
Expenditure/Expense			
Pension System	1,586,756	2,075,122	2,415,867
LEOPS	595,031	689,232	734,768

**QUEEN ANNE'S COUNTY, MARYLAND**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2013**

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

**OTHER COMPONENT UNITS**

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

The employees of the Board of Education (other than part-time employees not eligible for participation in the plans) are covered by one of four defined-benefit retirement plans that are administered by the State Retirement and Pension System of Maryland. The Board's share of contributions for teachers and administration employees is primarily the responsibility of the State. In fiscal year 2013, State contributions on behalf of the Board are approximately \$5,254,840. This contribution is recognized as both revenue and expenditure for the Board. An additional \$1,695,900 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, 2013 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 2013, State contributions on behalf of the Library are approximately \$103,097. These contributions are recognized as both revenue and expenditures for the Library. An additional \$60,216 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, 2013 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, 2013**

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

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

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

Other agencies and political subdivisions have the right to participate in this Trust now and in the future. Such unrelated entities may deposit funds with the Trust for investment purposes related to their OPEB plans. At June 30, 2013, funds in the amount of \$156,330 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. As of June 30, 2013 funds in the amount of \$113,383 were reported as a liability of the Trust to the Public Housing Authority, however, those funds were paid out to the Public Housing Authority in July 2013 as they are no longer participating in the Trust.

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

**Plan Description**

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

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

**QUEEN ANNE'S COUNTY, MARYLAND**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2013**

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

**Plan Description (Continued)**

Primary Government

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

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

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

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

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

**QUEEN ANNE’S COUNTY, MARYLAND  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2013**

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

**Plan Description (Continued)**

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

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

Participating Agencies

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

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

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

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

**Queen Anne’s County  
Housing Authority**  
PO Box 280  
205 E Water Street, Suite 100  
Centreville, MD 21617

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

**QUEEN ANNE'S COUNTY, MARYLAND**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2013**

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

**Plan Membership**

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

<u>Plan Membership</u>	<u>Active</u>	<u>Retirees</u>
Queen Anne's County	404	117
Board of Education	830	291
Library	<u>13</u>	<u>4</u>
Total	<u>1,247</u>	<u>412</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 48 to 49 and 140 to 141, respectively. Required Supplementary Information may be found after these Notes, on page 106.

**Contributions**

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

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

**QUEEN ANNE'S COUNTY, MARYLAND**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2013**

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

**Annual OPEB Cost and Net OPEB Obligation**

	Queen Anne's County	Board of Education	Library	Total for All Employers
Actuarial accrued liability (AAL)	\$ 93,915,000	\$ 87,399,000	\$ 3,084,000	\$ 184,398,000
Actuarial value of plan assets	<u>82,000</u>	<u>543,000</u>	<u>32,000</u>	<u>657,000</u>
Unfunded actuarial accrued liability (UAAL)	<u>\$ 93,833,000</u>	<u>\$ 86,856,000</u>	<u>\$ 3,052,000</u>	<u>\$ 183,741,000</u>
Funded Ratio (Actuarial value of plan assets / AAL)	0.09%	0.62%	1.04%	0.36%
Annual Required Contribution (ARC)	\$ 9,144,000	\$ 8,181,000	\$ 253,000	\$ 17,578,000
Interest on Net OPEB Obligations	951,000	783,000	29,000	1,763,000
Adjustment to ARC	<u>(1,071,000)</u>	<u>(881,000)</u>	<u>(32,000)</u>	<u>(1,984,000)</u>
Total Annual OPEB Cost	9,024,000	8,083,000	250,000	17,357,000
Less: Trust Contributions	(485,000)	-	-	(485,000)
Less: Pay-As-You-Go Contributions	<u>(1,183,781)</u>	<u>(1,405,124)</u>	<u>(28,400)</u>	<u>(2,617,305)</u>
Total Contributions	<u>(1,668,781)</u>	<u>(1,405,124)</u>	<u>(28,400)</u>	<u>(3,102,305)</u>
Increase in Net OPEB Obligation	7,355,219	6,677,876	221,600	14,254,695
Net OPEB Obligation beginning of year	<u>22,829,979</u>	<u>20,337,878</u>	<u>791,664</u>	<u>43,959,521</u>
Net OPEB Obligation end of year	<u>\$ 30,185,198</u>	<u>\$ 27,015,754</u>	<u>\$ 1,013,264</u>	<u>\$ 58,214,216</u>
Percent of Annual OPEB Cost Contributed	<u>18.5%</u>	<u>17.4%</u>	<u>11.4%</u>	<u>17.9%</u>
Covered payroll	<u>\$ 17,640,063</u>	<u>\$ 30,809,561</u>	<u>\$ 977,254</u>	<u>\$ 49,426,878</u>
UAAL as a percentage of Covered Payroll (UAAL) / covered payroll	531.9%	281.9%	312.3%	371.7%

The Net OPEB Obligation (NOO) of \$30,185,198 at the end of the year for the County consisted of liabilities of \$25,785,783 for Governmental Activities and \$4,399,415 for Business Type Activities.

The schedule of funding progress, presented as required supplementary information (RSI) on page 106 following the Notes, presents multiyear trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits. This relationship is represented by the funded ratio.

**QUEEN ANNE'S COUNTY, MARYLAND**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2013**

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

**Schedule of Participating Agencies' Contributions**

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

<u>Participating Agency</u>	<u>Fiscal Year Ended June 30</u>	<u>Annual Postemployment Benefit Cost</u>	<u>ARC Contributed</u>	<u>Percentage of ARC Contributed</u>	<u>Net OPEB Obligation (NOO)</u>
Queen Anne's County	2009	\$ 5,312,000	\$ 1,007,954	18.98%	\$ 4,304,046
	2010	6,410,934	604,221	9.42%	5,806,713
	2011	7,256,495	835,792	11.52%	6,420,703
	2012	7,806,661	1,508,144	19.32%	6,298,517
	2013	<u>9,024,000</u>	<u>1,668,781</u>	<u>18.49%</u>	<u>7,355,219</u>
		35,810,090	5,624,892	15.71%	30,185,198
Board of Education	2009	5,907,000	1,534,955	25.99%	4,372,045
	2010	6,340,000	1,176,586	18.56%	5,163,414
	2011	6,535,000	1,276,130	19.53%	5,258,870
	2012	6,953,000	1,409,451	20.27%	5,543,549
	2013	<u>8,083,000</u>	<u>1,405,124</u>	<u>17.38%</u>	<u>6,677,876</u>
		33,818,000	6,802,246	20.11%	27,015,754
Library	2009	178,000	38,234	21.48%	139,766
	2010	212,000	12,200	5.75%	199,800
	2011	234,000	12,302	5.26%	221,698
	2012	250,000	19,600	7.84%	230,400
	2013	<u>250,000</u>	<u>28,400</u>	<u>11.36%</u>	<u>221,600</u>
		1,124,000	110,736	9.85%	1,013,264
Totals	2009	11,397,000	2,581,143	22.65%	8,815,857
	2010	12,962,934	1,793,007	13.83%	11,169,927
	2011	14,025,495	2,124,224	15.15%	11,901,271
	2012	15,009,661	2,937,195	19.57%	12,072,466
	2013	<u>17,357,000</u>	<u>3,102,305</u>	<u>17.87%</u>	<u>14,254,695</u>
		<u>\$ 70,752,090</u>	<u>\$ 12,537,874</u>	<u>17.72%</u>	<u>\$ 58,214,216</u>

**QUEEN ANNE'S COUNTY, MARYLAND**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2013**

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

**Actuarial Methods and Assumptions**

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

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

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

Actuarial Assumptions for Primary Government

Actuarial valuation date	October 1, 2011
Actuarial cost method	Projected unit credit
Amortization method	Closed
Amortization period	26 years (as of July 1, 2012)
Interest Assumptions	4.00% investment rate of return
Asset valuation method	Market value of assets
Inflation Rate	3.2% per year
Salary increases	3% per year
Mortality	RP 2000, separate tables for males and females
Actuarial trend assumptions	Based on Society of Actuaries Long Term Medical Trend Model, the 2011 rate is 7.5 percent decreasing gradually. The rate in 2050 is 5.9 percent. The ultimate rate is 5.2 percent and is attained in 2080.

**QUEEN ANNE'S COUNTY, MARYLAND**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2013**

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**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 \$70,992 as of June 30, 2013. This negative balance will clear itself as the balance of outstanding loans receivable in the Housing and Community Services Fund decreases.

**Capital Projects – Fire Company Impact Fees Fund**

The Capital Projects – Fire Company Impact Fees Fund has a negative unassigned fund balance of \$64,523 as of June 30, 2013. This negative fund balance is the result of an overpayment to a particular fire department, and will decrease over time as the incoming revenues offset the overpayment.

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

**Bay Bridge Airport Enterprise Fund**

The Bay Bridge Airport Enterprise Fund has a deficit balance in unrestricted net position of \$422,195 as of June 30, 2013.

**Golf Course Enterprise Fund**

The Golf Course Enterprise Fund has a deficit balance in unrestricted net position of \$324,649 as of June 30, 2013.

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, 2013**

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**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, 2013 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 \$2,705,469 has been committed, including \$1,509,661 for the construction of a new County Courthouse, \$694,348 for rubble surcharge, \$319,478 for economic development, \$105,241 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, \$774,913 has been contributed by developers and is committed to fund infrastructure improvements.

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

Based on the findings, Queen Anne's County reduced the receivable from the State for income taxes and the offsetting deferred revenue by the estimated fiscal impact for the County for tax years 2009, 2010, and 2011, which totaled \$850 thousand. The adjustment does not change the total fund balance for the General Fund. Since the County already received the money in income taxes in prior years, the amount of anticipated liability for the Wynne Case impact on the County is assigned in the General Fund. When the State begins taking the funds back, the County will release the amount from the assigned fund balance. Queen Anne's County also assigned an amount equal to interest at 13%, which is the annual interest rate required by Maryland State Law, Section 13-604 of the Tax-General Article, Annotated Code of Maryland. The total amount of interest calculated was \$434 thousand, bringing the total assigned fund balance associated with the income tax contingency to \$1.3 million. The amount of anticipated liability is based on assessments provided by the Maryland Comptroller's Office and the County believes these figures to be within reason.

**QUEEN ANNE'S COUNTY, MARYLAND**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2013**

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**NOTE 17 – JOINT VENTURE**

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

Queen Anne's County has a 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, 2013, total closure and post closure costs were estimated at approximately \$9.4 million. Midshore II, located in Caroline County, was 7.24% filled. Closure and post closure costs for Midshore II are estimated at approximately \$14.2 million. Therefore, the total closure and post closure costs for both landfills are \$23.6 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 \$9.8 million as of June 30, 2013, 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 \$18.8 million. As of June 30, 2013, \$5.8 million is attributable to Queen Anne's County in the event of a default.

Each County is required to place its municipal waste in the landfill. The facility is also available to commercial waste disposal firms at the same price per ton as charged to the County governments. Queen Anne's County paid \$338,687 in tipping fees to the facility during fiscal 2013.

MES has satisfied its financial assurance requirements based upon the local government financial ratio tests of the project participants as of June 30, 2012. MES expects to satisfy these requirements as of June 30, 2013 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, 2013**

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**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 \$334,000 in expenses, including \$92,000 in fiscal year 2013, to comply with the provisions of the program. Costs covered remediation work and consulting fees; the latter for testing, studies, and monitoring. Remediation efforts included demolition and removal of the existing fuel depot at the Public Works Centreville Shop; remediation of the soils via excavation; offsite controlled disposal and backfill; installation of monitoring wells; in situ chemical oxidation and dual phase extraction; attorney's fees and miscellaneous environmental consulting services.

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

In November 2011, due to uneven results from the prior year's monitoring tests, MDE requested the County submit a technical plan to conduct an initial site injection, a measure which 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. Based on the plan approved by MDE, the County awarded a contract for the initial injection, and performed the remediation work in the summer of 2012. Since the results of this initial injection did not achieve the desired effects, a follow up plan is underway which includes continued quarterly monitoring, sampling, and testing. Also, communications are underway to seek closure of this site from MDE. The final scope of work is yet to be determined by the County and approved by MDE; however the County expects it to be completed by the end of calendar year 2014.

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

**NOTE 19 – COMBINING FUNDS**

Beginning fiscal year 2013, the County consolidated the programs and property management funds with the General Fund. In prior years, these funds were presented as non-major enterprise funds. The assets and liabilities for each fund are now reported in the General Fund; with the capital assets and related debt reported in Governmental Activities. The consolidation increased the General Fund balance by \$340,297 and Governmental Activities net position by \$198,923, resulting in a total change of \$539,220.

**NOTE 20 – PRIOR PERIOD ADJUSTMENT**

**COMPONENT UNIT**

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

During fiscal year 2013, the Queen Anne's County Board of Education determined that certain prior year receivables totaling \$200,000 were incorrectly recorded in the Food Services Fund. To correct this error, the beginning fund balance of the Food Services Fund of \$312,170 was decreased by \$200,000. In addition, the beginning net position for governmental activities on the Board of Education's financial statements of \$138,104,698, as originally reported, has been decreased to \$137,904,698.



**Required Supplementary Information**

**QUEEN ANNE'S COUNTY, MARYLAND  
REQUIRED SUPPLEMENTARY INFORMATION  
JUNE 30, 2013**

**OTHER POST-EMPLOYMENT BENEFITS TRUST**

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

**SCHEDULE OF FUNDING PROGRESS**

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

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

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 0.36 percent, down from 0.39 percent the year before. Due to the timing of the valuation reports, the table above does not include contributions made to the Trust by Queen Anne's County in fiscal year 2012 (\$489 thousand) or 2013 (\$485 thousand). The next valuation report will reflect those contributions.

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 372 percent, up from 320 percent the year before.

**BUDGETARY COMPARISONS FOR THE GENERAL FUND**

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

**QUEEN ANNE'S COUNTY, MARYLAND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL**  
**GENERAL FUND**  
**FOR THE YEAR ENDED JUNE 30, 2013**

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	POSITIVE (NEGATIVE)
<b>REVENUES</b>				
Taxes				
Local Property Tax	\$ 65,415,329	\$ 65,415,329	\$ 65,516,659	\$ 101,330
Local Income Tax	32,428,656	39,423,749	39,438,906	15,157
Admission and Amusement Taxes	175,000	175,000	160,516	(14,484)
Recordation Taxes	2,331,752	3,081,752	3,100,826	19,074
Hotel Taxes	420,000	420,000	470,139	50,139
County Transfer Taxes	400,000	675,000	675,532	532
State Shared Taxes	475,519	475,519	478,900	3,381
Licenses and Permits	863,602	839,546	1,004,774	165,228
Intergovernmental	2,158,536	2,274,362	2,182,473	(91,889)
Bond Interest Reimbursement - Build America Bond	424,921	424,921	406,337	(18,584)
Charges for Current Services	1,840,320	2,106,320	2,574,951	468,631
Fines and Forfeitures	26,800	26,800	32,420	5,620
Investment Income	50,000	50,000	73,201	23,201
Donations	8,800	8,800	5,738	(3,062)
Miscellaneous	308,765	465,560	920,309	454,749
<b>Total Revenues</b>	<b>107,328,000</b>	<b>115,862,658</b>	<b>117,041,681</b>	<b>1,179,023</b>
<b>EXPENDITURES</b>				
<b>GENERAL GOVERNMENT</b>				
Legislative	353,464	353,464	335,828	17,636
Public Information	233,842	248,842	247,286	1,556
Judicial				
Circuit Court	469,154	449,768	388,529	61,239
Orphan's Court	66,314	71,814	70,995	819
State's Attorney	1,037,465	1,037,465	1,002,588	34,877
County Administrator	256,989	256,989	254,283	2,706
Board of Elections	445,182	445,182	416,287	28,895
Finance Office	1,036,004	1,036,004	848,124	187,880
Human Resources	467,813	467,813	443,780	24,033
Planning and Zoning	1,805,520	1,807,021	1,806,108	913
Information Technology	522,181	522,181	475,771	46,410
General Services	2,005,991	2,090,991	2,089,421	1,570
Legal Services	321,895	371,895	369,273	2,622
<b>Total General Government</b>	<b>9,021,814</b>	<b>9,159,429</b>	<b>8,748,273</b>	<b>411,156</b>
<b>PUBLIC SAFETY</b>				
Sheriff's Office	5,868,560	6,089,878	6,086,593	3,285
Volunteer Fire and Rescue Services	2,958,724	2,958,724	2,917,925	40,799
Detention Center	4,308,527	4,308,527	3,887,507	421,020
Animal Control	691,709	708,662	703,327	5,335
Emergency Services	7,069,204	6,975,711	6,969,631	6,080
<b>Total Public Safety</b>	<b>20,896,724</b>	<b>21,041,502</b>	<b>20,564,983</b>	<b>476,519</b>
<b>PUBLIC WORKS</b>				
Administration	256,467	256,467	249,665	6,802
Solid Waste Disposal	1,711,237	1,711,237	1,335,932	375,305
Engineering Division	580,638	580,638	515,606	65,032
Roads Division	4,884,727	4,884,727	4,064,702	820,025
Parks	2,345,704	2,321,536	1,962,712	358,824
<b>Total Public Works</b>	<b>9,778,773</b>	<b>9,754,605</b>	<b>8,128,617</b>	<b>1,625,988</b>

CONTINUED

**QUEEN ANNE'S COUNTY, MARYLAND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL**  
**GENERAL FUND**  
**FOR THE YEAR ENDED JUNE 30, 2013**

(CONTINUED)

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	POSITIVE (NEGATIVE)
<u>HEALTH AND SOCIAL SERVICES</u>				
Health Department	\$ 1,799,587	\$ 1,812,087	\$ 1,811,402	\$ 685
Social Services	280,811	280,811	272,534	8,277
Total Health and Social Services	2,080,398	2,092,898	2,083,936	8,962
<u>EDUCATION AND LIBRARY</u>				
Board of Education	43,754,524	43,754,524	43,754,524	-
Chesapeake College	1,728,777	1,667,322	1,667,322	-
Queen Anne's County Free Library	1,278,293	1,278,293	1,278,228	65
Total Education and Library	46,761,594	46,700,139	46,700,074	65
<u>CONSERVATION OF NATURAL RESOURCES</u>				
Cooperative Extension Service	255,624	255,624	225,610	30,014
Soil Conservation Service	134,733	161,995	159,415	2,580
Weed Control	112,103	112,103	89,344	22,759
4-H Park	67,878	67,878	67,674	204
Total Conservation of Natural Resources	570,338	597,600	542,043	55,557
<u>ECONOMIC AND COMMUNITY DEVELOPMENT</u>				
Economic Development & Tourism	398,584	444,357	414,404	29,953
Recreation	536,818	536,818	479,153	57,665
Total Economic and Community Development and Recreation	935,402	981,175	893,557	87,618
<u>DEBT SERVICE</u>				
School Debt Service - Principal	5,275,364	5,346,361	5,346,361	-
School Debt Service - Interest	2,706,992	2,637,666	2,637,666	-
County Debt Service - Principal	1,332,420	1,557,883	1,551,571	6,312
County Debt Service - Interest	1,131,842	1,033,168	1,031,158	2,010
Total Debt Service	10,446,618	10,575,078	10,566,756	8,322
<u>INTERGOVERNMENTAL</u>				
Aid to Municipalities	228,686	228,686	228,686	-
Teacher Pensions	1,105,527	1,105,527	1,105,527	-
SDAT Costs from State	366,000	366,000	365,017	983
Pension Admin Costs from State	146,000	146,000	-	146,000
Total Intergovernmental	1,846,213	1,846,213	1,699,230	146,983

CONTINUED

**QUEEN ANNE'S COUNTY, MARYLAND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL**  
**GENERAL FUND**  
**FOR THE YEAR ENDED JUNE 30, 2013**

(CONTINUED)

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	POSITIVE (NEGATIVE)
<u>MISCELLANEOUS</u>				
Aid to Other Agencies	\$ 30,954	\$ 31,526	\$ 30,276	\$ 1,250
Insurance & Benefits / Reversions	999,236	2,199,236	2,158,506	40,730
Transfer to OPEB Fund	485,000	485,000	485,000	-
Contingencies	89,900	550,782	489,177	61,605
Total Miscellaneous	<u>1,605,090</u>	<u>3,266,544</u>	<u>3,162,959</u>	<u>103,585</u>
Total Expenditures	<u>103,942,964</u>	<u>106,015,183</u>	<u>103,090,428</u>	<u>2,924,755</u>
Excess of Revenues Over Expenditures	<u>3,385,036</u>	<u>9,847,475</u>	<u>13,951,253</u>	<u>4,103,778</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Proceeds of Capital Asset Disposals	-	-	31,061	31,061
Insurance Proceeds	-	-	6,480	6,480
Transfers In From:				
Impact Fees - School	663,500	663,500	-	(663,500)
Drug Task Force	-	-	22,608	22,608
Total Transfers In	<u>663,500</u>	<u>663,500</u>	<u>22,608</u>	<u>(640,892)</u>
Transfers Out To:				
General Capital Projects Fund	1,216,546	7,447,551	7,447,551	-
Roads Capital Projects Fund	690,000	1,690,000	1,690,000	-
Department of Aging	1,106,804	1,082,748	1,082,748	-
Department of Housing and Community Services	441,308	441,308	340,125	101,183
Community Partnerships	153,392	153,392	148,668	4,724
Law Library	6,525	6,525	1,500	5,025
Impact Fees - Fire Companies/Contingencies	-	93,530	93,528	2
Sanitary District - Water	81,682	81,682	81,681	1
Airport Enterprise Fund	63,209	63,209	62,889	320
Golf Course Enterprise Fund	248,471	248,471	174,108	74,363
Public Landings Enterprise Fund	40,599	40,599	40,599	-
Total Transfers Out	<u>4,048,536</u>	<u>11,349,015</u>	<u>11,163,397</u>	<u>185,618</u>
Total Other Financing Sources (Uses)	<u>(3,385,036)</u>	<u>(10,685,515)</u>	<u>(11,103,248)</u>	<u>(417,733)</u>
Net Increase (Decrease) in Fund Balance	<u>\$ -</u>	<u>\$ (838,040)</u>	<u>2,848,005</u>	<u>\$ 3,686,045</u>
Fund Balances, July 1			<u>13,139,391</u>	
Fund Balances, June 30			<u>\$ 15,987,396</u>	

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

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

## **Non-Major Governmental Funds**

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

## NON-MAJOR GOVERNMENTAL FUNDS

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

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

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

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

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

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

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

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

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

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

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

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

**Purchase of 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 and erosion projects that benefited Price's Creek, Grove Creek, and Narrows Pointe and is included in the conservation of natural resources function.

**Kent Narrows** – This fund accounts for activities funded by tax revenues to repay parking improvement bonds and is included in the economic and community development function.

**Capital Projects – School Impact Fees** – This fund accounts for financial resources generated by new residential construction and used for the construction of public school facilities or payment of school debt relating to such construction.

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

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

**QUEEN ANNE'S COUNTY, MARYLAND**  
**COMBINING BALANCE SHEET**  
**NON-MAJOR GOVERNMENTAL FUNDS**  
**JUNE 30, 2013**

	DEPARTMENT OF AGING	HOUSING AND COMMUNITY SERVICES	REVOLVING LOAN FUND	ECONOMIC DEVELOPMENT INCENTIVE	COMMUNITY PARTNERSHIPS FOR CHILDREN	CRITICAL AREAS
<b>ASSETS</b>						
Cash and Cash Equivalents	\$ 88,513	\$ 1,135,971	\$ 427,624	\$ 222,640	\$ 374,767	\$ 152,344
Prepaid Items	310	-	-	-	-	-
Receivables						
Accounts Receivable (Net)	4,700	8,965	10,842	-	-	-
Loans Receivable	-	3,928,220	153,178	-	-	-
Special Assessments (Net)	-	-	-	-	-	-
Due from Other Governments	188,131	45,247	-	96,838	499,947	-
<b>Total Assets</b>	<b>\$ 281,654</b>	<b>\$ 5,118,403</b>	<b>\$ 591,644</b>	<b>\$ 319,478</b>	<b>\$ 874,714</b>	<b>\$ 152,344</b>
<b>LIABILITIES AND FUND BALANCES</b>						
<b>Liabilities</b>						
Accrued Liabilities	\$ 81,258	\$ 10,056	\$ -	\$ -	\$ 244,620	\$ -
Due to Other Funds	128,191	82,587	-	-	-	-
Due to Other Governmental Agencies	3,011	3,131	-	-	331,677	-
Deferred Revenue	-	43,546	-	-	145,656	-
<b>Total Liabilities</b>	<b>212,460</b>	<b>139,320</b>	<b>-</b>	<b>-</b>	<b>721,953</b>	<b>-</b>
<b>Fund Balances</b>						
Nonspendable	310	3,928,220	153,178	-	-	-
Restricted	4,265	1,121,855	438,466	319,478	-	152,344
Assigned	64,619	-	-	-	152,761	-
Unassigned	-	(70,992)	-	-	-	-
<b>Total Fund Balances</b>	<b>69,194</b>	<b>4,979,083</b>	<b>591,644</b>	<b>319,478</b>	<b>152,761</b>	<b>152,344</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 281,654</b>	<b>\$ 5,118,403</b>	<b>\$ 591,644</b>	<b>\$ 319,478</b>	<b>\$ 874,714</b>	<b>\$ 152,344</b>

**QUEEN ANNE'S COUNTY, MARYLAND**  
**COMBINING BALANCE SHEET**  
**NON-MAJOR GOVERNMENTAL FUNDS**  
**JUNE 30, 2013**

(CONTINUED)

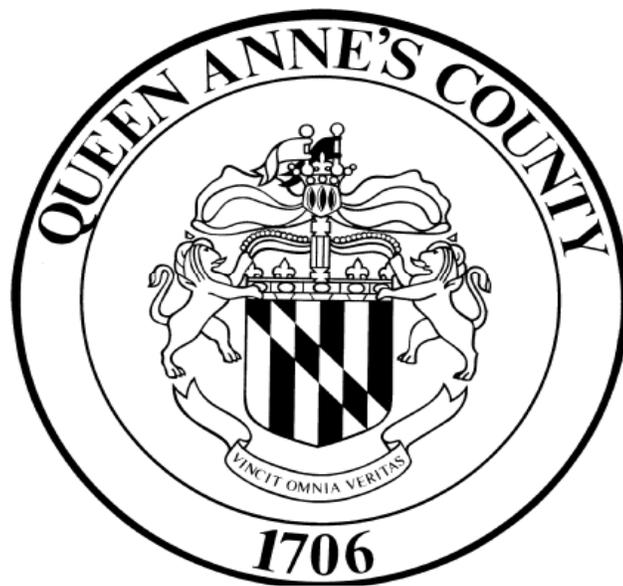
LAW LIBRARY	SHERIFF'S DRUG TASK FORCE	INMATE WELFARE	AGRICULTURAL TRANSFER	RURAL LEGACY	PURCHASE OF DEVELOPMENT RIGHTS
\$ 36,010	\$ 325,661	\$ 245,770	\$ 81,252	\$ 419,830	\$ 1,572,432
-	-	-	-	-	-
-	125	7,563	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ 36,010</u>	<u>\$ 325,786</u>	<u>\$ 253,333</u>	<u>\$ 81,252</u>	<u>\$ 419,830</u>	<u>\$ 1,572,432</u>
\$ 500	\$ 143,212	\$ 28,768	\$ 9	\$ -	\$ -
-	-	-	-	-	-
-	-	9,721	-	-	-
-	-	-	-	-	-
<u>500</u>	<u>143,212</u>	<u>38,489</u>	<u>9</u>	<u>-</u>	<u>-</u>
-	-	-	-	-	-
-	182,574	214,844	81,243	419,830	1,572,432
35,510	-	-	-	-	-
-	-	-	-	-	-
<u>35,510</u>	<u>182,574</u>	<u>214,844</u>	<u>81,243</u>	<u>419,830</u>	<u>1,572,432</u>
<u>\$ 36,010</u>	<u>\$ 325,786</u>	<u>\$ 253,333</u>	<u>\$ 81,252</u>	<u>\$ 419,830</u>	<u>\$ 1,572,432</u>

CONTINUED

**QUEEN ANNE'S COUNTY, MARYLAND**  
**COMBINING BALANCE SHEET**  
**NON-MAJOR GOVERNMENTAL FUNDS**  
**JUNE 30, 2013**

(CONTINUED)

			CAPITAL PROJECTS			TOTAL NON-MAJOR GOVERNMENTAL
	DREDGING SPECIAL ASSESSMENTS	KENT NARROWS	SCHOOL IMPACT FEES	FIRE COMPANY IMPACT FEES	PARKS AND RECREATION IMPACT FEES	
<b>ASSETS</b>						
Cash and Cash Equivalents	\$ 18,013	\$ 257,412	\$ 1,831,215	\$ 319,617	\$ 371,898	\$ 7,880,969
Prepaid Items	-	-	-	-	-	310
Receivables						
Accounts Receivable (Net)	141	-	-	-	-	32,336
Loans Receivable	-	-	976,829	111,547	116,099	5,285,873
Special Assessments (Net)	593,925	-	-	-	-	593,925
Due from Other Governments	-	-	-	-	-	830,163
<b>Total Assets</b>	<b>\$ 612,079</b>	<b>\$ 257,412</b>	<b>\$ 2,808,044</b>	<b>\$ 431,164</b>	<b>\$ 487,997</b>	<b>\$ 14,623,576</b>
<b>LIABILITIES AND FUND BALANCES</b>						
<b>Liabilities</b>						
Accrued Liabilities	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 508,423
Due to Other Funds	-	-	-	64,523	-	275,301
Due to Other Governmental Agencies	-	-	-	-	-	347,540
Deferred Revenue	593,925	-	976,829	111,547	116,099	1,987,602
<b>Total Liabilities</b>	<b>593,925</b>	<b>-</b>	<b>976,829</b>	<b>176,070</b>	<b>116,099</b>	<b>3,118,866</b>
<b>Fund Balances</b>						
Nonspendable	-	-	-	-	-	4,081,708
Restricted	18,154	257,412	1,831,215	319,617	371,898	7,305,627
Assigned	-	-	-	-	-	252,890
Unassigned	-	-	-	(64,523)	-	(135,515)
<b>Total Fund Balances</b>	<b>18,154</b>	<b>257,412</b>	<b>1,831,215</b>	<b>255,094</b>	<b>371,898</b>	<b>11,504,710</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 612,079</b>	<b>\$ 257,412</b>	<b>\$ 2,808,044</b>	<b>\$ 431,164</b>	<b>\$ 487,997</b>	<b>\$ 14,623,576</b>



**QUEEN ANNE'S COUNTY, MARYLAND**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**NON-MAJOR GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2013**

	DEPARTMENT OF AGING	HOUSING AND COMMUNITY SERVICES	REVOLVING LOAN FUND	ECONOMIC DEVELOPMENT INCENTIVE	COMMUNITY PARTNERSHIPS FOR CHILDREN	CRITICAL AREAS
<b>REVENUES</b>						
Taxes						
Local Property Tax	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Recordation Taxes	-	139,542	-	319,136	-	-
State Shared Taxes	-	-	-	-	-	-
Intergovernmental	857,724	112,737	-	-	1,617,728	-
Charges for Current Services	71,973	232,500	-	-	-	2,002
Fines and Forfeitures	-	-	-	-	-	-
Investment Income	103	(999)	(4,669)	342	327	-
Donations	29,594	-	-	-	-	-
Miscellaneous	1,241	-	100	-	14,927	-
Total Revenues	<u>960,635</u>	<u>483,780</u>	<u>(4,569)</u>	<u>319,478</u>	<u>1,632,982</u>	<u>2,002</u>
<b>EXPENDITURES</b>						
Current						
General Government	-	-	-	-	-	-
Public Safety	-	-	-	-	-	-
Social Services	2,074,696	-	-	-	1,704,511	-
Economic/Community Development	-	454,779	-	-	-	-
Capital Outlay	11,211	-	-	-	-	-
Debt Service						
Principal	-	-	-	-	-	-
Interest and Fiscal Charges	-	-	-	-	-	-
Total Expenditures	<u>2,085,907</u>	<u>454,779</u>	<u>-</u>	<u>-</u>	<u>1,704,511</u>	<u>-</u>
Excess of Revenues Over (Under) Expenditures	<u>(1,125,272)</u>	<u>29,001</u>	<u>(4,569)</u>	<u>319,478</u>	<u>(71,529)</u>	<u>2,002</u>
<b>OTHER FINANCING SOURCES (USES)</b>						
Proceeds of Capital Asset Disposals	250	-	-	-	-	-
Insurance Proceeds	13,590	-	-	-	-	-
Transfers In	1,082,748	340,125	-	-	148,668	-
Transfers Out	(25,176)	-	-	-	-	-
Other Financing Sources (Uses)	<u>1,071,412</u>	<u>340,125</u>	<u>-</u>	<u>-</u>	<u>148,668</u>	<u>-</u>
Net Increase (Decrease) in Fund Balances	(53,860)	369,126	(4,569)	319,478	77,139	2,002
Fund Balances, July 1	<u>123,054</u>	<u>4,609,957</u>	<u>596,213</u>	<u>-</u>	<u>75,622</u>	<u>150,342</u>
Fund Balances, June 30	<u>\$ 69,194</u>	<u>\$ 4,979,083</u>	<u>\$ 591,644</u>	<u>\$ 319,478</u>	<u>\$ 152,761</u>	<u>\$ 152,344</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, 2013**

(CONTINUED)

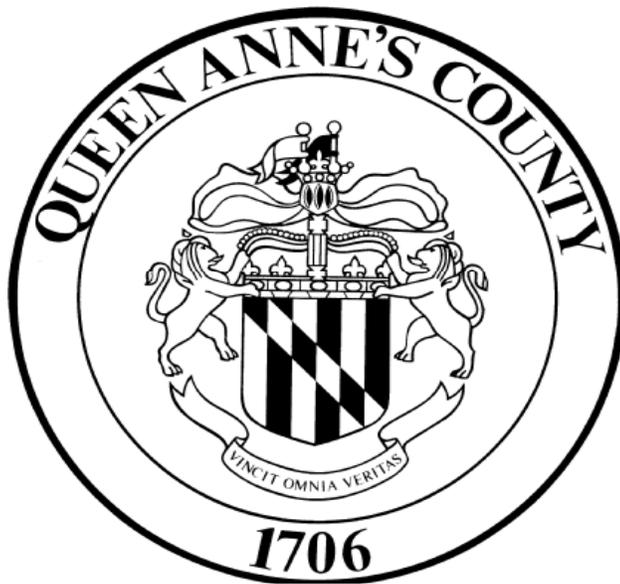
LAW LIBRARY	SHERIFF'S DRUG TASK FORCE	INMATE WELFARE	AGRICULTURAL TRANSFER	RURAL LEGACY	PURCHASE OF DEVELOPMENT RIGHTS
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	292,009
-	-	-	31,826	-	-
-	-	5,459	-	-	-
11,841	-	97,955	-	-	-
19,932	66,250	-	-	-	-
30	440	285	57	531	1,933
-	-	-	-	-	-
-	1,990	37,382	-	-	-
<u>31,803</u>	<u>68,680</u>	<u>141,081</u>	<u>31,883</u>	<u>531</u>	<u>293,942</u>
10,027	-	-	-	-	-
-	62,739	136,692	-	-	-
-	-	-	-	-	-
-	-	12,417	-	-	-
-	-	-	-	-	127,049
-	-	-	-	-	<u>6,804</u>
<u>10,027</u>	<u>62,739</u>	<u>149,109</u>	<u>-</u>	<u>-</u>	<u>133,853</u>
<u>21,776</u>	<u>5,941</u>	<u>(8,028)</u>	<u>31,883</u>	<u>531</u>	<u>160,089</u>
-	-	-	-	-	-
-	-	-	-	-	-
1,500	-	-	-	-	-
-	(22,608)	-	-	-	-
<u>1,500</u>	<u>(22,608)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
23,276	(16,667)	(8,028)	31,883	531	160,089
<u>12,234</u>	<u>199,241</u>	<u>222,872</u>	<u>49,360</u>	<u>419,299</u>	<u>1,412,343</u>
<u>\$ 35,510</u>	<u>\$ 182,574</u>	<u>\$ 214,844</u>	<u>\$ 81,243</u>	<u>\$ 419,830</u>	<u>\$ 1,572,432</u>

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, 2013**

(CONTINUED)

	DREDGING		CAPITAL PROJECTS			TOTAL NON-MAJOR GOVERNMENTAL
	SPECIAL ASSESSMENTS	KENT NARROWS	SCHOOL IMPACT FEES	FIRE COMPANY IMPACT FEES	PARKS AND RECREATION IMPACT FEES	
<b>REVENUES</b>						
Taxes						
Local Property Tax	\$ -	\$ 37,420	\$ -	\$ -	\$ -	\$ 37,420
Recordation Taxes	-	-	-	-	-	750,687
State Shared Taxes	-	-	-	-	-	31,826
Intergovernmental	-	-	-	-	-	2,593,648
Charges for Current Services	44,179	-	1,052,690	228,044	131,488	1,872,672
Fines and Forfeitures	-	-	-	-	-	86,182
Investment Income	447	-	738	261	374	200
Donations	-	-	-	-	-	29,594
Miscellaneous	-	-	-	-	-	55,640
<b>Total Revenues</b>	<b>44,626</b>	<b>37,420</b>	<b>1,053,428</b>	<b>228,305</b>	<b>131,862</b>	<b>5,457,869</b>
<b>EXPENDITURES</b>						
Current						
General Government	-	-	-	-	-	10,027
Public Safety	-	-	-	151,158	-	350,589
Social Services	-	-	-	-	-	3,779,207
Economic/Community Development	-	1,502	-	-	-	456,281
Capital Outlay	-	-	-	-	-	23,628
Debt Service						
Principal	44,425	-	-	-	-	171,474
Interest and Fiscal Charges	-	-	-	-	-	6,804
<b>Total Expenditures</b>	<b>44,425</b>	<b>1,502</b>	<b>-</b>	<b>151,158</b>	<b>-</b>	<b>4,798,010</b>
Excess of Revenues Over (Under) Expenditures	201	35,918	1,053,428	77,147	131,862	659,859
<b>OTHER FINANCING SOURCES (USES)</b>						
Proceeds of Capital Asset Disposals	-	-	-	-	-	250
Insurance Proceeds	-	-	-	-	-	13,590
Transfers In	-	-	-	93,528	-	1,666,569
Transfers Out	-	-	-	-	-	(47,784)
<b>Other Financing Sources (Uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>93,528</b>	<b>-</b>	<b>1,632,625</b>
<b>Net Increase (Decrease) in Fund Balances</b>	<b>201</b>	<b>35,918</b>	<b>1,053,428</b>	<b>170,675</b>	<b>131,862</b>	<b>2,292,484</b>
Fund Balances, July 1	17,953	221,494	777,787	84,419	240,036	9,212,226
<b>Fund Balances, June 30</b>	<b>\$ 18,154</b>	<b>\$ 257,412</b>	<b>\$ 1,831,215</b>	<b>\$ 255,094</b>	<b>\$ 371,898</b>	<b>\$ 11,504,710</b>



**QUEEN ANNE'S COUNTY, MARYLAND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGETARY BASIS**  
**NON-MAJOR GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2013**

	DEPARTMENT OF AGING				HOUSING AND COMMUNITY SERVICES			
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE POSITIVE (NEGATIVE)	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE POSITIVE (NEGATIVE)
<b>REVENUES</b>								
Taxes								
Local Property Tax	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Recordation Taxes	-	-	-	-	77,500	77,500	139,542	62,042
State Shared Taxes	-	-	-	-	-	-	-	-
Intergovernmental	809,380	904,511	857,724	(46,787)	166,853	179,651	112,737	(66,914)
Charges for Current Services	62,850	76,850	71,973	(4,877)	155,000	387,500	232,500	(155,000)
Fines and Forfeitures	-	-	-	-	-	-	-	-
Investment Income	-	-	103	103	-	-	(999)	(999)
Donations	41,000	41,000	29,594	(11,406)	3,000	3,000	-	(3,000)
Miscellaneous	1,000	1,000	1,241	241	-	-	-	-
<b>Total Revenues</b>	<b>914,230</b>	<b>1,023,361</b>	<b>960,635</b>	<b>(62,726)</b>	<b>402,353</b>	<b>647,651</b>	<b>483,780</b>	<b>(163,871)</b>
<b>EXPENDITURES</b>								
Current Operating Expenditures	2,021,034	2,109,860	2,074,696	35,164	1,190,377	1,504,945	454,779	1,050,166
Capital Outlay	-	10,089	11,211	(1,122)	-	-	-	-
Debt Service								
Principal	-	-	-	-	-	-	-	-
Interest and Fiscal Charges	-	-	-	-	-	-	-	-
<b>Total Expenditures</b>	<b>2,021,034</b>	<b>2,119,949</b>	<b>2,085,907</b>	<b>34,042</b>	<b>1,190,377</b>	<b>1,504,945</b>	<b>454,779</b>	<b>1,050,166</b>
Excess of Revenues Over (Under) Expenditures	(1,106,804)	(1,096,588)	(1,125,272)	(28,684)	(788,024)	(857,294)	29,001	886,295
<b>OTHER FINANCING SOURCES (USES)</b>								
Issuance of Debt	-	-	-	-	-	-	-	-
Proceeds of Capital Asset Disposals	-	250	250	-	-	-	-	-
Insurance Proceeds	-	13,590	13,590	-	-	-	-	-
Transfers In	1,106,804	1,082,748	1,082,748	-	441,308	441,308	340,125	(101,183)
Transfers Out	-	(25,176)	(25,176)	-	-	-	-	-
<b>Total Other Financing Sources (Uses)</b>	<b>1,106,804</b>	<b>1,071,412</b>	<b>1,071,412</b>	<b>-</b>	<b>441,308</b>	<b>441,308</b>	<b>340,125</b>	<b>(101,183)</b>
<b>Net Increase (Decrease) in Fund Balances</b>	<b>\$ -</b>	<b>\$ (25,176)</b>	<b>(53,860)</b>	<b>\$ (28,684)</b>	<b>\$ (346,716)</b>	<b>\$ (415,986)</b>	<b>369,126</b>	<b>\$ 785,112</b>
Fund Balances, July 1			123,054				4,609,957	
Fund Balances, June 30			\$ 69,194				\$ 4,979,083	

**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, 2013**  
**(CONTINUED)**

COMMUNITY PARTNERSHIPS FOR CHILDREN				LAW LIBRARY				INMATE WELFARE			
ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE POSITIVE (NEGATIVE)	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE POSITIVE (NEGATIVE)	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE POSITIVE (NEGATIVE)
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-
980,577	1,584,520	1,617,728	33,208	-	-	-	-	-	5,458	5,459	1
-	-	-	-	14,000	14,000	11,841	(2,159)	60,000	97,900	97,955	55
-	-	-	-	19,325	19,325	19,932	607	-	-	-	-
-	-	327	327	25	25	30	5	250	250	285	35
-	-	-	-	-	-	-	-	-	-	-	-
-	-	14,927	14,927	25,000	18,475	-	(18,475)	30,000	35,156	37,382	2,226
980,577	1,584,520	1,632,982	48,462	58,350	51,825	31,803	(20,022)	90,250	138,764	141,081	2,317
1,133,969	1,737,912	1,704,511	33,401	58,350	58,350	10,027	48,323	90,250	135,013	136,692	(1,679)
-	-	-	-	-	-	-	-	-	15,000	12,417	2,583
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-
1,133,969	1,737,912	1,704,511	33,401	58,350	58,350	10,027	48,323	90,250	150,013	149,109	904
(153,392)	(153,392)	(71,529)	81,863	-	(6,525)	21,776	28,301	-	(11,249)	(8,028)	3,221
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-
153,392	153,392	148,668	(4,724)	-	6,525	1,500	(5,025)	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-
153,392	153,392	148,668	(4,724)	-	6,525	1,500	(5,025)	-	-	-	-
\$ -	\$ -	77,139	\$ 77,139	\$ -	\$ -	23,276	\$ 23,276	\$ -	\$ (11,249)	(8,028)	\$ 3,221
		75,622				12,234				222,872	
		\$ 152,761				\$ 35,510				\$ 214,844	

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, 2013**  
(Continued)

	AGRICULTURAL TRANSFER				RURAL LEGACY			
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE POSITIVE (NEGATIVE)	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE POSITIVE (NEGATIVE)
<b>REVENUES</b>								
Taxes								
Local Property Tax	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Recordation Taxes	-	-	-	-	-	-	-	-
State Shared Taxes	80,000	80,000	31,826	(48,174)	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-	-
Charges for Current Services	-	-	-	-	-	-	-	-
Fines and Forfeitures	-	-	-	-	-	-	-	-
Investment Income	-	-	57	57	-	-	531	531
Donations	-	-	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-	-	-
<b>Total Revenues</b>	<b>80,000</b>	<b>80,000</b>	<b>31,883</b>	<b>(48,117)</b>	<b>-</b>	<b>-</b>	<b>531</b>	<b>531</b>
<b>EXPENDITURES</b>								
Current Operating Expenditures	80,000	80,000	-	80,000	-	-	-	-
Capital Outlay	-	-	-	-	-	-	-	-
Debt Service								
Principal	-	-	-	-	-	-	-	-
Interest and Fiscal Charges	-	-	-	-	-	-	-	-
<b>Total Expenditures</b>	<b>80,000</b>	<b>80,000</b>	<b>-</b>	<b>80,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Excess of Revenues Over (Under) Expenditures	-	-	31,883	31,883	-	-	531	531
<b>OTHER FINANCING SOURCES (USES)</b>								
Issuance of Debt	-	-	-	-	-	-	-	-
Proceeds of Capital Asset Disposals	-	-	-	-	-	-	-	-
Insurance Proceeds	-	-	-	-	-	-	-	-
Transfers In	-	-	-	-	-	-	-	-
Transfers Out	-	-	-	-	-	-	-	-
<b>Total Other Financing Sources (Uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net Increase (Decrease) in Fund Balances</b>	<b>\$ -</b>	<b>\$ -</b>	<b>31,883</b>	<b>\$ 31,883</b>	<b>\$ -</b>	<b>\$ -</b>	<b>531</b>	<b>\$ 531</b>
Fund Balances, July 1			49,360				419,299	
Fund Balances, June 30			<u>\$ 81,243</u>				<u>\$ 419,830</u>	

**QUEEN ANNE'S COUNTY, MARYLAND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGETARY BASIS**  
**NON-MAJOR GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2013**  
(Continued)

PURCHASE OF DEVELOPMENT RIGHTS				DREDGING SPECIAL ASSESSMENTS				KENT NARROWS			
ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE POSITIVE (NEGATIVE)	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE POSITIVE (NEGATIVE)	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE POSITIVE (NEGATIVE)
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 38,000	\$ 38,000	\$ 37,420	\$ (580)
312,545	312,545	292,009	(20,536)	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	44,425	44,425	44,179	(246)	-	-	-	-
-	-	1,933	1,933	-	-	-	-	-	-	-	-
-	-	-	-	-	-	447	447	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-
<u>312,545</u>	<u>312,545</u>	<u>293,942</u>	<u>(18,603)</u>	<u>44,425</u>	<u>44,425</u>	<u>44,626</u>	<u>201</u>	<u>38,000</u>	<u>38,000</u>	<u>37,420</u>	<u>(580)</u>
-	-	-	-	-	355,318	-	355,318	38,000	38,000	1,502	36,498
-	-	-	-	-	-	-	-	-	-	-	-
127,057	127,057	127,049	8	44,425	44,425	44,425	-	-	-	-	-
6,796	6,796	6,804	(8)	-	-	-	-	-	-	-	-
<u>133,853</u>	<u>133,853</u>	<u>133,853</u>	<u>-</u>	<u>44,425</u>	<u>399,743</u>	<u>44,425</u>	<u>355,318</u>	<u>38,000</u>	<u>38,000</u>	<u>1,502</u>	<u>36,498</u>
178,692	178,692	160,089	(18,603)	-	(355,318)	201	355,519	-	-	35,918	35,918
-	-	-	-	-	355,318	-	(355,318)	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	355,318	-	(355,318)	-	-	-	-
<u>\$ 178,692</u>	<u>\$ 178,692</u>	<u>160,089</u>	<u>\$ (18,603)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>201</u>	<u>\$ 201</u>	<u>\$ -</u>	<u>\$ -</u>	<u>35,918</u>	<u>\$ 35,918</u>
		<u>1,412,343</u>				<u>17,953</u>				<u>221,494</u>	
		<u>\$ 1,572,432</u>				<u>\$ 18,154</u>				<u>\$ 257,412</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, 2013**  
(Continued)

	CAPITAL PROJECTS - SCHOOL IMPACT FEES				CAPITAL PROJECTS - FIRE COMPANY IMPACT FEES			
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE POSITIVE (NEGATIVE)	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE POSITIVE (NEGATIVE)
<b>REVENUES</b>								
Taxes								
Local Property Tax	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Recordation Taxes	-	-	-	-	-	-	-	-
State Shared Taxes	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-	-
Charges for Current Services	629,500	661,500	1,052,690	391,190	200,000	200,000	228,044	28,044
Fines and Forfeitures	-	-	-	-	-	-	-	-
Investment Income	2,000	2,000	738	(1,262)	500	500	261	(239)
Donations	-	-	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-	-	-
<b>Total Revenues</b>	<b>631,500</b>	<b>663,500</b>	<b>1,053,428</b>	<b>389,928</b>	<b>200,500</b>	<b>200,500</b>	<b>228,305</b>	<b>27,805</b>
<b>EXPENDITURES</b>								
Current Operating Expenditures	-	-	-	-	200,500	351,658	151,158	200,500
Capital Outlay	-	-	-	-	-	-	-	-
Debt Service								
Principal	-	-	-	-	-	-	-	-
Interest and Fiscal Charges	-	-	-	-	-	-	-	-
<b>Total Expenditures</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>200,500</b>	<b>351,658</b>	<b>151,158</b>	<b>200,500</b>
Excess of Revenues Over (Under) Expenditures	631,500	663,500	1,053,428	389,928	-	(151,158)	77,147	228,305
<b>OTHER FINANCING SOURCES (USES)</b>								
Issuance of Debt	-	-	-	-	-	-	-	-
Proceeds of Capital Asset Disposals	-	-	-	-	-	-	-	-
Insurance Proceeds	-	-	-	-	-	-	-	-
Transfers In	-	-	-	-	-	93,530	93,528	(2)
Transfers Out	(631,500)	(663,500)	-	663,500	-	-	-	-
<b>Total Other Financing Sources (Uses)</b>	<b>(631,500)</b>	<b>(663,500)</b>	<b>-</b>	<b>663,500</b>	<b>-</b>	<b>93,530</b>	<b>93,528</b>	<b>(2)</b>
<b>Net Increase (Decrease) in Fund Balances</b>	<b>\$ -</b>	<b>\$ -</b>	<b>1,053,428</b>	<b>\$ 1,053,428</b>	<b>\$ -</b>	<b>\$ (57,628)</b>	<b>170,675</b>	<b>\$ 228,303</b>
Fund Balances, July 1			777,787				84,419	
Fund Balances, June 30			<u>\$ 1,831,215</u>				<u>\$ 255,094</u>	

**QUEEN ANNE'S COUNTY, MARYLAND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGETARY BASIS**  
**NON-MAJOR GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2013**  
(CONTINUED)

CAPITAL PROJECTS - PARKS & RECREATION IMPACT FEES			
ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE POSITIVE (NEGATIVE)
\$ -	\$ -	\$ -	\$ -
-	-	-	-
-	-	-	-
80,000	80,000	131,488	51,488
400	400	374	(26)
-	-	-	-
-	-	-	-
<u>80,400</u>	<u>80,400</u>	<u>131,862</u>	<u>51,462</u>
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
<u>80,400</u>	<u>80,400</u>	<u>131,862</u>	<u>51,462</u>
-	-	-	-
-	-	-	-
-	-	-	-
<u>(80,400)</u>	<u>(80,400)</u>	<u>-</u>	<u>80,400</u>
<u>(80,400)</u>	<u>(80,400)</u>	<u>-</u>	<u>80,400</u>
<u>\$ -</u>	<u>\$ -</u>	131,862	<u>\$ 131,862</u>
		<u>240,036</u>	
		<u>\$ 371,898</u>	

## CAPITAL PROJECTS FUNDS

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

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

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

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

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

**QUEEN ANNE'S COUNTY MARYLAND**  
**CAPITAL PROJECTS FUNDS**  
**SCHEDULE OF APPROPRIATIONS AND EXPENDITURES**  
**FOR THE YEAR ENDED JUNE 30, 2013**

PROJ #	GENERAL CAPITAL PROJECTS:	TOTAL APPROPRIATION	EXPENDITURES			UNEXPENDED APPROPRIATIONS	INCLUDED IN CONSTRUCTION IN PROGRESS	CAPITALIZED CURRENT YEAR
			PRIOR YEARS	CURRENT YEAR	TOTAL			
<b>GENERAL GOVERNMENT</b>								
400003	County Facilities Program	\$ 1,300,446	\$ 914,985	\$ 310,010	\$ 1,224,995	\$ 75,451	\$ -	\$ 211,096
400007	GASB/Tax System Update	319,000	117,233	52,117	169,350	149,650	-	-
400015	County Wide Mapping	925,000	650,296	122,808	773,104	151,896	-	16,808
400027	Strategic Planning	576,602	386,834	-	386,834	189,768	-	-
400031	Mgt Info Systems Network	977,375	725,664	64,426	790,090	187,285	-	8,122
400233	CLS-Rec Mgmt Sys - Non Fin	205,000	159,661	-	159,661	45,339	-	-
400269	Tax Ditches - Beaverdam	84,500	43,496	15,714	59,210	25,290	-	-
400271	Tax Ditches - Longmarsh	89,000	53,140	4,950	58,090	30,910	-	-
400359	Public Drainage	575,000	-	25,867	25,867	549,133	-	-
400363	CLS-Church Hill Pond Stabilization	200,000	72,739	3,465	76,204	123,796	-	-
400375	CLS-Sustainable Communities Council	5,000	1,701	-	1,701	3,299	-	-
400377	CLS-BNR Septic Retrofit Grant	5,000	-	-	-	5,000	-	-
400449	CLS-Nesbit Road ER Infrastructure	3,000,000	2,474,123	51,115	2,525,238	474,762	-	51,115
400457	GIS & Strategic Plan Land Use	90,000	22,471	190	22,661	67,339	-	-
400491	Emergency Generators	80,000	-	-	-	80,000	-	-
400559	Courthouse Property	2,852,775	1,343,114	-	1,343,114	1,509,661	-	-
400619	CLS-DNR Natural Filters	100,000	43,912	44,020	87,932	12,068	-	44,020
400635	CLS-Coastal Bays Grant - Town of Centreville	70,000	19,084	50,916	70,000	-	-	-
400637	CLS-Coastal Bays Grant - Corsica River Conservancy	200,000	19,581	-	19,581	180,419	-	-
400645	CLS-Benefits & Compensation Studies	35,000	30,000	-	30,000	5,000	-	-
400647	Watershed Improvement Program	150,000	-	-	-	150,000	-	-
400649	CLS-ECO Restoration	35,000	34,584	415	34,999	1	-	-
400653	Coastal Community Initiative	70,705	19,012	45,486	64,498	6,207	-	-
400675	IT Fiber Infrastructure	380,000	-	114,652	114,652	265,348	114,652	114,652
400685	CLS-Xray Scanner - Circuit Court	23,000	-	22,476	22,476	524	-	22,476
400691	PHA Debt Charge	-	-	63,672	63,672	(63,672)	-	-
	Total General Government	12,348,403	7,131,630	992,299	8,123,929	4,224,474	114,652	468,289
<b>PUBLIC SAFETY</b>								
400217	Transfer to VFDs	1,537,390	1,084,689	340,470	1,425,159	112,231	-	-
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	657,700	606,819	19,187	626,006	31,694	-	-
400661	Fiber Optic - Detention Center	50,000	-	8,840	8,840	41,160	8,840	8,840
400663	Sheriff Cars - Replacement	347,345	-	347,345	347,345	-	-	347,345
400665	EMS - Supervisor Rechassis	51,169	-	51,169	51,169	-	-	51,169
400667	EMS - Rt 8 Garage	68,000	-	64,550	64,550	3,450	-	64,550
400669	EMS - Hardware Replacement	95,580	-	92,206	92,206	3,374	88,752	92,206
400671	EMS - Wireless Network	34,420	-	34,414	34,414	6	34,414	34,414
400673	EMS - Radio System Upgrade	72,834	-	72,834	72,834	-	72,834	72,834
400683	EMS - Lifepak 12 Upgrade	35,156	-	-	-	35,156	-	-
400711	EMS - Replacement Vehicles	409,996	-	409,996	409,996	-	-	409,996
	Total Public Safety	4,205,120	2,485,977	1,441,011	3,926,988	278,132	204,840	1,081,354

CONTINUED

**QUEEN ANNE'S COUNTY MARYLAND**  
**CAPITAL PROJECTS FUNDS**  
**SCHEDULE OF APPROPRIATIONS AND EXPENDITURES**  
**FOR THE YEAR ENDED JUNE 30, 2013**  
(Continued)

PROJ #	GENERAL CAPITAL PROJECTS:	TOTAL APPROPRIATION	EXPENDITURES			UNEXPENDED APPROPRIATIONS	INCLUDED IN CONSTRUCTION IN PROGRESS	CAPITALIZED CURRENT YEAR
			PRIOR YEARS	CURRENT YEAR	TOTAL			
<u>PUBLIC WORKS</u>								
400077	Wetlands Mitigation	\$ 216,560	\$ 154,626	\$ 5,274	\$ 159,900	\$ 56,660	\$ -	\$ -
400079	CLS-Roof Repair / Replacement	454,647	452,586	-	452,586	2,061	-	-
400091	DPW - Fee In Lieu	20,000	20,000	-	20,000	-	-	-
400215	Preventive Park Maintenance	1,070,480	806,473	57,319	863,792	206,688	-	-
400221	Parks Capital Equipment	290,479	182,484	107,995	290,479	-	-	95,297
400235	Solid Waste Capital Equipment	328,001	173,039	146,975	320,014	7,987	-	134,570
400241	Cash Deposit Agreements	35,748	35,748	-	35,748	-	-	-
400305	White Marsh Park	2,397,291	2,378,951	1,722	2,380,673	16,618	-	-
400391	Cross County Connec Trail PS1	1,932,688	60,935	-	60,935	1,871,753	60,935	-
400393	Davidson Property Improvements	858,444	77,112	-	77,112	781,332	77,112	-
400501	DPW Yard MTBE Remediation	200,000	43,570	91,835	135,405	64,595	-	-
400509	Solid Waste Loader Replacement	63,626	-	-	-	63,626	-	-
400513	Bay City/Matapeake Trail	30,000	-	-	-	30,000	-	-
400519	Talisman/Kudner Improvements	6,855	-	-	-	6,855	-	-
400521	County Complex Land	3,184,120	1,614,074	13,268	1,627,342	1,556,778	13,268	13,268
400529	Chesapeake Pool Improvements	100,000	79,473	941	80,414	19,586	-	-
400541	CLS-Sudlersville Middle Infrastructure	780,588	760,884	-	760,884	19,704	-	-
400607	Grasonville Tennis Courts	40,000	-	-	-	40,000	-	-
400621	YMCA Fundraising Study	25,000	-	-	-	25,000	-	-
400657	BOE Tournament Field Maintenance	20,670	-	4,438	4,438	16,232	-	-
400659	QAC Tournament Field Maintenance	42,158	-	570	570	41,588	-	-
400677	Transfer Station Improvements	50,000	-	16,128	16,128	33,872	16,128	16,128
400681	Ferry Point - Habitat Enhancement	893,303	-	56,435	56,435	836,868	56,435	56,435
400689	CLS-RT 18 Trails - Phase II	30,000	-	30,000	30,000	-	-	-
400693	Coastsmart Initiative	55,000	-	45,688	45,688	9,312	-	-
400701	Rt 18 Trails - Phase III	37,630	-	-	-	37,630	-	-
400703	Old Love Point Park	30,000	-	-	-	30,000	-	-
400705	Conquest Greenhouse	26,885	-	6,683	6,683	20,202	-	-
400707	Rubble Surcharge	695,944	-	33,760	33,760	662,184	-	33,760
	Total Public Works	13,916,117	6,839,955	619,031	7,458,986	6,457,131	223,878	349,458
<u>SOCIAL SERVICES</u>								
400679	Aging - Transportation Development Plan	100,000	-	-	-	100,000	-	-
400699	Aging - Vehicle Replacement	25,176	-	-	-	25,176	-	-
	Total Social Services	125,176	-	-	-	125,176	-	-
<u>EDUCATION</u>								
ALLOCATIONS TO COMPONENT UNIT - BOARD OF EDUCATION								
400543	CLS-Sudlersville Middle Infrastructure	694,177	694,177	-	694,177	-	-	-
700061	CLS-Matapeake Middle	16,909,456	16,838,271	-	16,838,271	71,185	-	-
700151	Bayside Elementary HVAC	1,064,153	1,039,789	-	1,039,789	24,364	-	-
700157	QACHS Field Upgrades	519,532	511,777	-	511,777	7,755	-	-
700161	Financial Hardware System	60,000	56,650	3,314	59,964	36	-	-
700169	New Sudlersville Middle School (1)	28,585,930	15,832,669	190,624	16,023,293	12,562,637	-	-
700177	BOE Security Entrance & Cameras	160,000	157,980	2,020	160,000	-	-	-
700179	Centreville Middle Boiler	224,917	91,348	-	91,348	133,569	-	-
700183	Centreville Elementary - Resurface Playcourts	29,766	29,516	-	29,516	250	-	-
700187	Kennard Elementary Addition (1)	4,412,354	1,338,073	613,510	1,951,583	2,460,771	-	-
700193	Security Entrance & Cameras	65,000	63,507	1,493	65,000	-	-	-
700195	Equipment & Vehicles	2,200,000	695,624	1,486,076	2,181,700	18,300	-	-
700205	CLS-BOE Phone System	60,000	54,664	-	54,664	5,336	-	-
700207	CLS-QACHS Bleachers	145,000	131,684	-	131,684	13,316	-	-
700215	KIHS Roof Repairs	104,729	97,278	-	97,278	7,451	-	-
700221	Warehouse Lot Paving	100,000	-	-	-	100,000	-	-
700223	BOE Parking Lot Expansion	25,000	-	-	-	25,000	-	-
700227/700229	Relocatable Classrooms	224,300	51,353	109,468	160,821	63,479	-	-
700231	Stevensville Middle	1,000,000	-	589,756	589,756	410,244	-	-
	Total Education	56,584,314	37,684,360	2,996,261	40,680,621	15,903,693	-	-
<u>CONSERVATION</u>								
400293	4-H Park Improvements	647,555	570,746	16,255	587,001	60,554	-	-
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	1,532,705	1,511,297	-	1,511,297	21,408	-	-
400643	4-H Parking Phase II	100,000	100,000	-	100,000	-	-	-
400687	Ag Preservation - Milliken Farm	336,832	4,650	332,182	336,832	-	-	-
	Total Conservation	4,574,119	3,726,859	348,437	4,075,296	498,823	-	-

CONTINUED

**QUEEN ANNE'S COUNTY MARYLAND**  
**CAPITAL PROJECTS FUNDS**  
**SCHEDULE OF APPROPRIATIONS AND EXPENDITURES**  
**FOR THE YEAR ENDED JUNE 30, 2013**  
**(CONTINUED)**

PROJ #	GENERAL CAPITAL PROJECTS:	TOTAL APPROPRIATION	EXPENDITURES			UNEXPENDED APPROPRIATIONS	INCLUDED IN CONSTRUCTION IN PROGRESS	CAPITALIZED CURRENT YEAR
			PRIOR YEARS	CURRENT YEAR	TOTAL			
<u>ECONOMIC/COMMUNITY DEVELOPMENT</u>								
400201	Land Sales Proceeds (See Transfers)	\$ 30,345	\$ 30,345	\$ -	\$ 30,345	\$ -	\$ -	\$ -
400207	Housing & Community Service Transfer (See Transfers)	100,000	100,000	-	100,000	-	-	-
400573	Housing - NCI - 107 Watkins (See Transfers)	230,159	216,900	-	216,900	13,259	-	-
400583	Matapeake Business Park	1,640,000	191,285	906,219	1,097,504	542,496	1,097,504	906,219
400709	Homeless Shelter Addition	757,284	-	27,444	27,444	729,840	-	-
	Total Economic/Community Development	2,757,788	538,530	933,663	1,472,193	1,285,595	1,097,504	906,219
<u>DEBT SERVICE</u>								
400613	2011 Bond Issuance Costs	273,472	256,244	17,134	273,378	94	-	-
400655	2012 Refunding Bonds	8,724,048	8,719,850	-	8,719,850	4,198	-	-
	Total Debt Service	8,997,520	8,976,094	17,134	8,993,228	4,292	-	-
<u>TRANSFERS TO OTHER FUNDS</u>								
400045	Land Preservation Transfers	405,000	405,000	-	405,000	-	-	-
400127	Public Landings Allocation	200,000	200,000	-	200,000	-	-	-
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	550,000	450,000	-	450,000	100,000	-	-
400213	Loan Fund Transfers	460,000	460,000	-	460,000	-	-	-
400217	Transfer to VFD's	162,410	162,410	-	162,410	-	-	-
400551	Transfer to/from General Fund	8,310,000	8,310,000	-	8,310,000	-	-	-
400469	Sanitary District Transfer/Allocation	233,000	233,000	-	233,000	-	-	-
	Total Transfers	13,782,105	13,581,900	-	13,581,900	200,205	-	-
	Total General Capital Projects	\$ 117,290,662	\$ 80,965,305	\$ 7,347,836	\$ 88,313,141	\$ 28,977,521	\$ 1,640,874	\$ 2,805,320
<u>ROADS BOARD CAPITAL PROJECTS:</u>								
<u>PUBLIC WORKS</u>								
820005	Asphalt Overlays - Upgrade	\$ 2,828,957	\$ 986,282	\$ 738,062	\$ 1,724,344	\$ 1,104,613	\$ -	\$ -
820151	CLS-Island Creek Road Bridge	1,485,985	1,272,036	213,902	1,485,938	47	-	213,902
820221	Taylor Mill Road Bridge	197,500	450	-	450	197,050	450	-
820291	Carmichael Road Improvements	203,669	154,243	-	154,243	49,426	154,243	-
820295	Fogwell Road Improvements	53,215	-	-	-	53,215	-	-
820297	Rt 18-552 Improvements	1,450,248	236,244	-	236,244	1,214,004	236,244	-
820303	Roads - Capital Equipment	685,000	-	328,459	328,459	356,541	-	328,059
	Total Public Works - Roads	6,904,574	2,649,255	1,280,423	3,929,678	2,974,896	390,937	541,961
<u>TRANSFERS TO OTHER FUNDS</u>								
820209	County Wide Mapping II	80,000	80,000	-	80,000	-	-	-
	Total Transfers to Other Funds	80,000	80,000	-	80,000	-	-	-
	Total Roads Board Capital Projects	\$ 6,984,574	\$ 2,729,255	\$ 1,280,423	\$ 4,009,678	\$ 2,974,896	\$ 390,937	\$ 541,961
	Total General and Roads Capital Projects	\$ 124,275,236	\$ 83,694,560	\$ 8,628,259	\$ 92,322,819	\$ 31,952,417	\$ 2,031,811	\$ 3,347,281
Force in Kind Capital Projects reported in non-capital projects Funds and added to CIP								
400306	White March Park FIC	\$ 412,129	\$ 411,085	\$ 1,044	\$ 412,129	\$ -	\$ -	\$ -
400392	Cross County Conn II FIC	29,557	29,557	-	29,557	-	27,634	-
400394	Davidson Property FIC	43,809	43,470	339	43,809	-	43,470	-
400626	CLS-Coastal Bays Health Dept Parking - FIC	18,584	18,545	39	18,584	-	-	-
400630	CLS-Kirwan Creek WMP IMPL - FIC	43,845	43,809	36	43,845	-	-	-
400690	CLS-RT 18 Park Trail - FIC	2,118	-	2,118	2,118	-	-	-
400480	CLS - Kent Is South Trail Maintenance Equipment - FIC	426	-	426	426	-	-	-
	Total Construction in Progress and Capitalized Current Year	\$ 550,468	\$ 546,466	\$ 4,002	\$ 550,468	\$ -	\$ 71,104	\$ -
	Total Construction in Progress and Capitalized Current Year						\$ 2,102,915	\$ 3,347,281

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

## **NON-MAJOR ENTERPRISE FUNDS**

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

## **NON-MAJOR ENTERPRISE FUNDS**

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

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

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

**QUEEN ANNE'S COUNTY, MARYLAND**  
**COMBINING STATEMENT OF NET POSITION**  
**NON-MAJOR ENTERPRISE FUNDS**  
**JUNE 30, 2013**

<u>ASSETS</u>	GOLF COURSE	PUBLIC LANDINGS AND MARINAS	TOTAL NON-MAJOR ENTERPRISE
<b>Current Assets</b>			
Equity in Pooled Cash	\$ -	\$ 660,202	\$ 660,202
Accounts Receivable (Net)	-	14,560	14,560
Due from Other Governments	-	26,320	26,320
Bond Interest Reimbursement Receivable - Build America Bond	-	3,669	3,669
Inventories	7,989	-	7,989
Prepaid Expenses	-	6,738	6,738
<b>Total Current Assets</b>	<b>7,989</b>	<b>711,489</b>	<b>719,478</b>
<b>Capital Assets</b>			
Land, Improved and Unimproved	1,904,522	769,110	2,673,632
Buildings and Improvements to Buildings	313,443	-	313,443
Improvements Other Than Buildings	122,268	5,343,459	5,465,727
Automotive Equipment	-	40,881	40,881
Equipment	395,222	56,814	452,036
Furniture and Fixtures	-	4,979	4,979
<b>Capital Assets before Depreciation</b>	<b>2,735,455</b>	<b>6,215,243</b>	<b>8,950,698</b>
<b>Less Accumulated Depreciation</b>	<b>(518,179)</b>	<b>(572,693)</b>	<b>(1,090,872)</b>
<b>Total Capital Assets, Net of Accumulated Depreciation</b>	<b>2,217,276</b>	<b>5,642,550</b>	<b>7,859,826</b>
<b>Total Noncurrent Assets</b>	<b>2,217,276</b>	<b>5,642,550</b>	<b>7,859,826</b>
<b>Total Assets</b>	<b>2,225,265</b>	<b>6,354,039</b>	<b>8,579,304</b>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Accounts Payable	9,485	17,765	27,250
Accrued Interest Payable	4,186	12,216	16,402
Due to Other Funds	306,731	-	306,731
Unearned Revenue	2,452	-	2,452
Current Portion of Compensated Absences	5,717	11,556	17,273
Current Portion of Bonds/Notes Payable	76,763	43,325	120,088
<b>Total Current Liabilities</b>	<b>405,334</b>	<b>84,862</b>	<b>490,196</b>
<b>Noncurrent Liabilities</b>			
Compensated Absences	3,650	7,377	11,027
Other Post-Employment Benefit Obligation	-	159,176	159,176
Bonds/Notes Payable	506,654	973,275	1,479,929
<b>Total Noncurrent Liabilities</b>	<b>510,304</b>	<b>1,139,828</b>	<b>1,650,132</b>
<b>Total Liabilities</b>	<b>915,638</b>	<b>1,224,690</b>	<b>2,140,328</b>
<b>NET POSITION</b>			
Net Investment in Capital Assets	1,633,859	4,625,950	6,259,809
Amounts Restricted for:			
Donations	417	-	417
Unrestricted Amounts	(324,649)	503,399	178,750
<b>Total Net Position</b>	<b>\$ 1,309,627</b>	<b>\$ 5,129,349</b>	<b>\$ 6,438,976</b>

**QUEEN ANNE'S COUNTY, MARYLAND**  
**COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION**  
**NON-MAJOR ENTERPRISE FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2013**

	GOLF COURSE	PUBLIC LANDINGS AND MARINAS	TOTAL NON-MAJOR ENTERPRISE
<b><u>OPERATING REVENUES</u></b>			
Charges for Services	\$ 313,364	\$ 440,270	\$ 753,634
Intergovernmental	-	28,961	28,961
Bond Interest Reimbursement - Build America Bond	-	13,953	13,953
Material Sales	44,512	-	44,512
Miscellaneous Revenues	6,437	28,208	34,645
<b>Total Operating Revenues</b>	<b>364,313</b>	<b>511,392</b>	<b>875,705</b>
<b><u>OPERATING EXPENSES</u></b>			
Cost of Sales and Services			
Recreation	430,349	326,301	756,650
Other Post-Employment Benefit Contributions	-	49,350	49,350
Depreciation	33,603	112,933	146,536
<b>Total Operating Expenses</b>	<b>463,952</b>	<b>488,584</b>	<b>952,536</b>
<b>Operating Income (Loss)</b>	<b>(99,639)</b>	<b>22,808</b>	<b>(76,831)</b>
<b><u>NON-OPERATING (EXPENSES)</u></b>			
Interest Expense	(35,866)	(47,253)	(83,119)
Loss on Disposal of Capital Assets	(38,602)	-	(38,602)
<b>Total Non-Operating (Expenses)</b>	<b>(74,468)</b>	<b>(47,253)</b>	<b>(121,721)</b>
<b>(Loss) Before Contributions and Transfers</b>	<b>(174,107)</b>	<b>(24,445)</b>	<b>(198,552)</b>
Capital Contributions, Fees and Grants	-	18,692	18,692
Transfers In	174,108	40,599	214,707
<b>Change in Net Position</b>	<b>1</b>	<b>34,846</b>	<b>34,847</b>
<b>Total Net Position - Beginning of Year</b>	<b>1,309,626</b>	<b>5,094,503</b>	<b>6,404,129</b>
<b>Total Net Position - End of Year</b>	<b>\$ 1,309,627</b>	<b>\$ 5,129,349</b>	<b>\$ 6,438,976</b>

**QUEEN ANNE'S COUNTY, MARYLAND**  
**COMBINING STATEMENT OF CASH FLOWS**  
**NON-MAJOR ENTERPRISE FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2013**

	GOLF COURSE	PUBLIC LANDINGS AND MARINAS	TOTAL NON-MAJOR ENTERPRISE
<b><u>CASH FLOWS FROM OPERATING ACTIVITIES</u></b>			
Receipts from customers and users	\$ 313,442	\$ 426,430	\$ 739,872
Receipts from other operating revenues	50,949	46,951	97,900
Receipts from Build America Bond interest reimbursement	-	14,024	14,024
Payments to suppliers	(320,961)	(102,736)	(423,697)
Payments to employees and on behalf of employees	(108,268)	(242,374)	(350,642)
Net Cash Provided (Used) by Operating Activities	<u>(64,838)</u>	<u>142,295</u>	<u>77,457</u>
<b><u>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</u></b>			
Transfers from other funds	174,108	40,599	214,707
Loan proceeds from interfund loans	306,732	-	306,732
Principal paid on interfund loans	(310,570)	-	(310,570)
Net Cash Provided by Noncapital Financing Activities	<u>170,270</u>	<u>40,599</u>	<u>210,869</u>
<b><u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</u></b>			
Proceeds from the disposition of capital assets	7,750	-	7,750
Receipts from capital grants and contributions	-	18,692	18,692
Principal paid on capital debt	(80,000)	(42,125)	(122,125)
Receipts from bonds, including premiums, net of issuance costs	-	17,235	17,235
Interest paid on capital debt	(33,182)	(47,388)	(80,570)
Acquisition and Construction of Capital Assets	-	(48,487)	(48,487)
Net Cash (Used) by Capital and Related Financing Activities	<u>(105,432)</u>	<u>(102,073)</u>	<u>(207,505)</u>
<b><u>CASH FLOWS FROM INVESTING ACTIVITIES</u></b>			
Investment income	-	-	-
Net Cash Provided (Used) by Investing Activities	<u>-</u>	<u>-</u>	<u>-</u>
Net increase in cash and cash equivalents	-	80,821	80,821
Balances - Beginning of year	-	579,381	579,381
Balances - End of year	<u>\$ -</u>	<u>\$ 660,202</u>	<u>\$ 660,202</u>
<b><u>Reconciliation of operating income (loss) to net cash provided by operating activities</u></b>			
Operating income (loss)	\$ (99,639)	\$ 22,808	\$ (76,831)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation	33,603	112,933	146,536
Changes in assets and liabilities:			
Accounts receivable, net	-	(13,840)	(13,840)
Operating grants receivable	-	(10,218)	(10,218)
Build America Bonds Interest receivable	-	71	71
Inventories and Prepaid Expenses	19,248	(6,738)	12,510
Vendor accounts payable	(18,791)	4,358	(14,433)
Compensated absences	663	(16,428)	(15,765)
Other Post-Employment Benefit Obligation	-	49,349	49,349
Deferred revenue collected in advance	78	-	78
Net Cash Provided (Used) by Operating Activities	<u>\$ (64,838)</u>	<u>\$ 142,295</u>	<u>\$ 77,457</u>
<b><u>Noncash investing, capital and financing activities:</u></b>			
Donation of capital assets (infrastructure) by developers	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

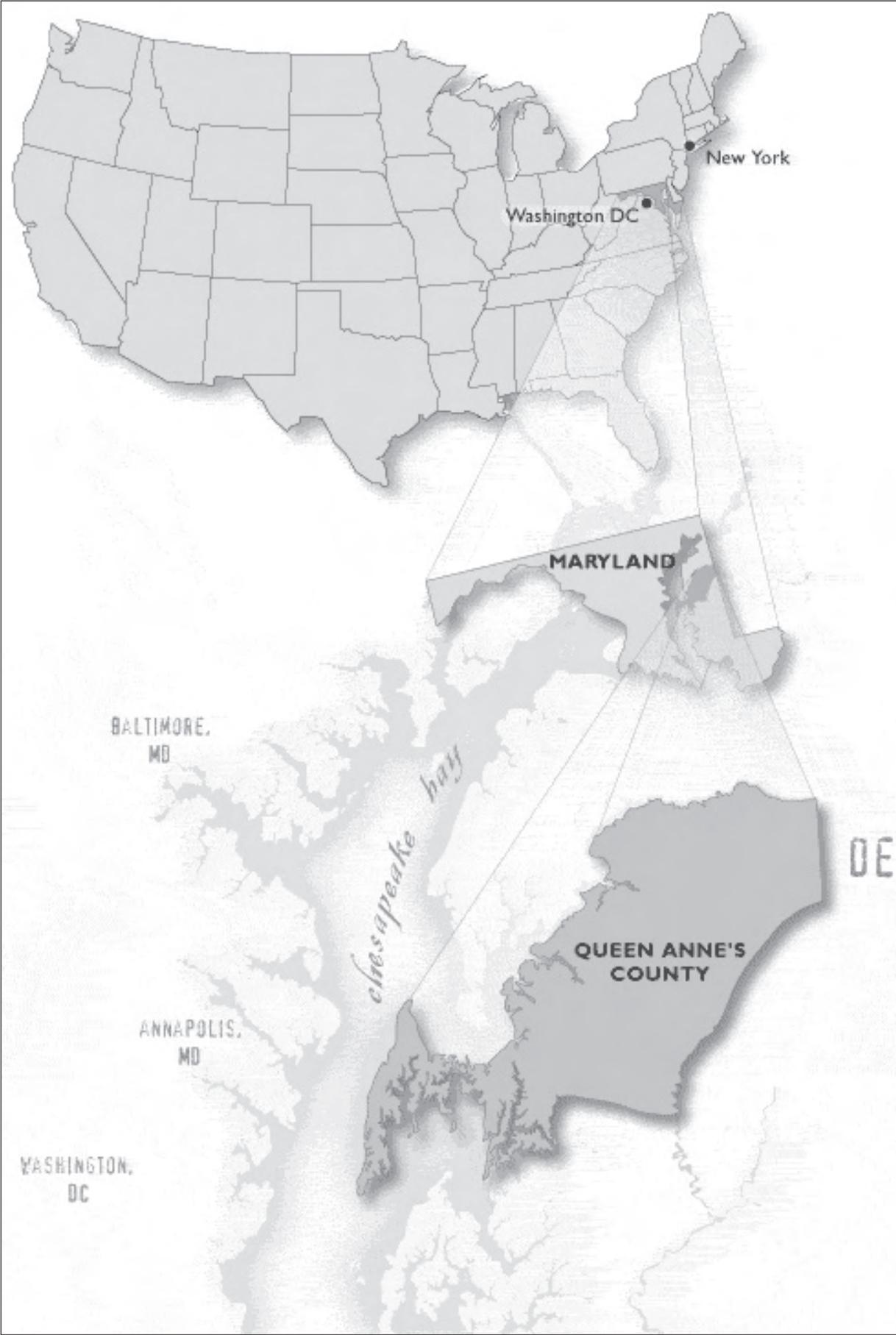
## **FIDUCIARY FUNDS**

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

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

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



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

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

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

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

## **AGENCY FUNDS**

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

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

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

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

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

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

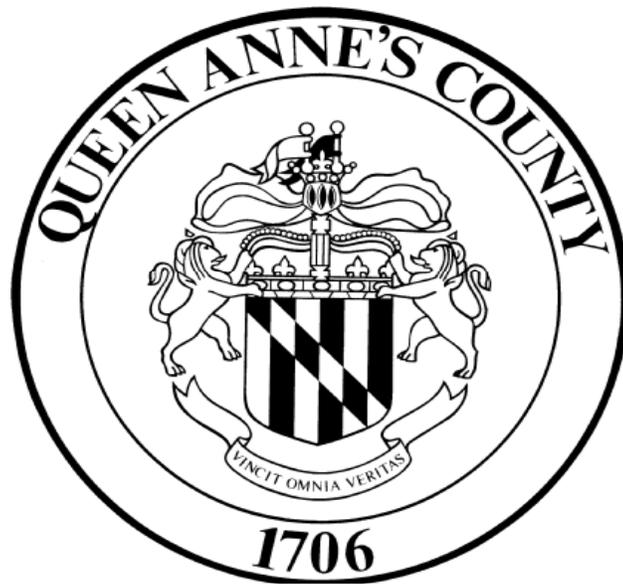
**Escheat – Abandoned Property** – This fund accounts for stale-dated County payroll and disbursements checks that are voided by the County and remitted to the State after three years as abandoned property. In accordance with State statutes, these funds are available to be claimed by the original payee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

**QUEEN ANNE'S COUNTY, MARYLAND**  
**COMBINING STATEMENT OF FIDUCIARY NET POSITION**  
**OTHER POST-EMPLOYMENT BENEFIT TRUST FUND**  
**JUNE 30, 2013**

	QUEEN ANNE'S COUNTY	QUEEN ANNE'S COUNTY BOARD OF EDUCATION	QUEEN ANNE'S COUNTY LIBRARY	PUBLIC HOUSING AUTHORITY	KENT COUNTY	TOTAL OPEB TRUST FUND
<b>ASSETS</b>						
Cash and Cash Equivalents	\$ 976,790	\$ 504,292	\$ 30,258	\$ 113,383	\$ 156,330	\$ 1,781,053
Total Assets	<u>976,790</u>	<u>504,292</u>	<u>30,258</u>	<u>113,383</u>	<u>156,330</u>	<u>1,781,053</u>
<b>LIABILITIES</b>						
Due to Other Governments	-	-	-	113,383	156,330	269,713
Total Liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>113,383</u>	<u>156,330</u>	<u>269,713</u>
<b>NET POSITION HELD IN TRUST</b>	<u>\$ 976,790</u>	<u>\$ 504,292</u>	<u>\$ 30,258</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,511,340</u>

**QUEEN ANNE'S COUNTY, MARYLAND**  
**COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION**  
**OTHER POST-EMPLOYMENT BENEFIT TRUST FUND**  
**FOR THE YEAR ENDED JUNE 30, 2013**

	QUEEN ANNE'S COUNTY	QUEEN ANNE'S COUNTY BOARD OF EDUCATION	QUEEN ANNE'S COUNTY LIBRARY	TOTAL OPEB TRUST FUND
<b>ADDITIONS</b>				
Contributions				
Employers	\$ 1,668,781	\$ 1,405,124	\$ 28,400	\$ 3,102,305
Members	251,724	793,548	-	1,045,272
Total Contributions	<u>1,920,505</u>	<u>2,198,672</u>	<u>28,400</u>	<u>4,147,577</u>
Investment Income	<u>1,088</u>	<u>938</u>	<u>57</u>	<u>2,083</u>
Total Additions	<u>1,921,593</u>	<u>2,199,610</u>	<u>28,457</u>	<u>4,149,660</u>
<b>DEDUCTIONS</b>				
Claims Paid	<u>1,435,505</u>	<u>2,198,672</u>	<u>28,400</u>	<u>3,662,577</u>
Change in Assets	486,088	938	57	487,083
<b>NET POSITION HELD IN TRUST</b>				
Net Position - Beginning of Year	<u>490,702</u>	<u>503,354</u>	<u>30,201</u>	<u>1,024,257</u>
Net Position - End of Year	<u>\$ 976,790</u>	<u>\$ 504,292</u>	<u>\$ 30,258</u>	<u>\$ 1,511,340</u>



**QUEEN ANNE'S COUNTY, MARYLAND**  
**STATEMENT OF AGENCY FUNDS ASSETS AND LIABILITIES**  
**AGENCY FUNDS**  
**JUNE 30, 2013**

	TAX DITCH FUND	ZONING DEPOSITS	STATE & TOWN TAX COLLECTIONS	MOTOR VEHICLE ADMIN DEPOSITS	MIDSHORE REGIONAL RECYCLING	ESCHEAT - ABANDONED PROPERTY	TOTAL AGENCY FUNDS
<b>ASSETS</b>							
Cash and Cash Equivalents	\$ 109,111	\$ 323,063	\$ 156,669	\$ 6,862	\$ -	\$ 12,977	\$ 608,682
Miscellaneous Receivables	-	-	-	-	33,758	-	33,758
Total Assets	<u>\$ 109,111</u>	<u>\$ 323,063</u>	<u>\$ 156,669</u>	<u>\$ 6,862</u>	<u>\$ 33,758</u>	<u>\$ 12,977</u>	<u>\$ 642,440</u>
<b>LIABILITIES</b>							
Accrued Liabilities	\$ -	\$ 5,851	\$ -	\$ -	\$ -	\$ -	\$ 5,851
Due to Other Governments	-	-	156,669	6,862	33,758	12,977	210,266
Deposits and Escrows	109,111	317,212	-	-	-	-	426,323
Total Liabilities	<u>\$ 109,111</u>	<u>\$ 323,063</u>	<u>\$ 156,669</u>	<u>\$ 6,862</u>	<u>\$ 33,758</u>	<u>\$ 12,977</u>	<u>\$ 642,440</u>

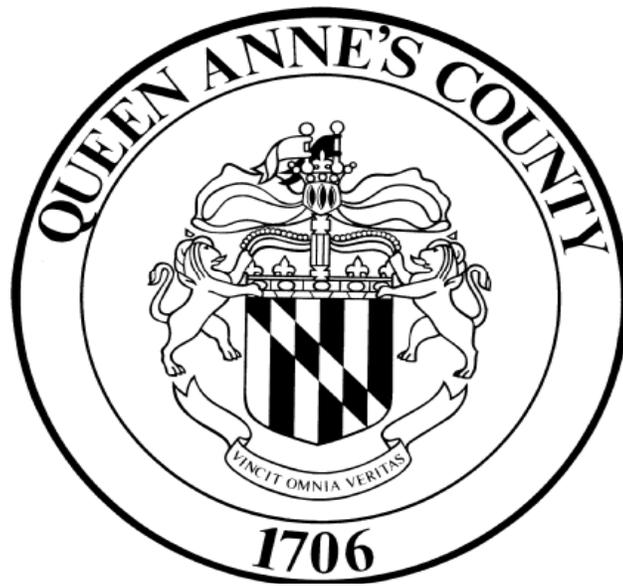
**QUEEN ANNE'S COUNTY, MARYLAND**  
**STATEMENT OF CHANGES IN AGENCY FUNDS ASSETS AND LIABILITIES**  
**AGENCY FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2013**

	<u>Cash and Cash Equivalents</u>	<u>Miscellaneous Receivables</u>	<u>Total Assets</u>
<b><u>TAX DITCH FUND</u></b>			
Balance 7-1-12	\$ 120,991	\$ -	\$ 120,991
Additions	22,226	-	22,226
Deductions	(34,106)	-	(34,106)
	<u>109,111</u>	<u>-</u>	<u>109,111</u>
Balance 6-30-13	<u>\$ 109,111</u>	<u>\$ -</u>	<u>\$ 109,111</u>
<b><u>ZONING DEPOSITS</u></b>			
Balance 7-1-12	\$ 267,511	\$ -	\$ 267,511
Additions	91,011	-	91,011
Deductions	(35,459)	-	(35,459)
	<u>323,063</u>	<u>-</u>	<u>323,063</u>
Balance 6-30-13	<u>\$ 323,063</u>	<u>\$ -</u>	<u>\$ 323,063</u>
<b><u>STATE AND TOWN TAX COLLECTIONS</u></b>			
Balance 7-1-12	\$ 79,781	\$ -	\$ 79,781
Additions	12,717,089	-	12,717,089
Deductions	(12,640,201)	-	(12,640,201)
	<u>156,669</u>	<u>-</u>	<u>156,669</u>
Balance 6-30-13	<u>\$ 156,669</u>	<u>\$ -</u>	<u>\$ 156,669</u>
<b><u>MOTOR VEHICLE ADMIN DEPOSITS</u></b>			
Balance 7-1-12	\$ 5,480	\$ -	\$ 5,480
Additions	325,623	-	325,623
Deductions	(324,241)	-	(324,241)
	<u>6,862</u>	<u>-</u>	<u>6,862</u>
Balance 6-30-13	<u>\$ 6,862</u>	<u>\$ -</u>	<u>\$ 6,862</u>
<b><u>MIDSHORE REGIONAL RECYCLING</u></b>			
Balance 7-1-12	\$ 5,661	\$ 101,686	\$ 107,347
Additions	136,104	33,758	169,862
Deductions	(141,765)	(101,686)	(243,451)
	<u>-</u>	<u>33,758</u>	<u>33,758</u>
Balance 6-30-13	<u>\$ -</u>	<u>\$ 33,758</u>	<u>\$ 33,758</u>
<b><u>ESCHEAT - ABANDONED PROPERTY</u></b>			
Balance 7-1-12	\$ 2,766	\$ -	\$ 2,766
Additions	12,977	-	12,977
Deductions	(2,766)	-	(2,766)
	<u>12,977</u>	<u>-</u>	<u>12,977</u>
Balance 6-30-13	<u>\$ 12,977</u>	<u>\$ -</u>	<u>\$ 12,977</u>
<b><u>TOTAL AGENCY FUNDS</u></b>			
Balance 7-1-12	\$ 482,190	\$ 101,686	\$ 583,876
Additions	13,305,030	33,758	13,338,788
Deductions	(13,178,538)	(101,686)	(13,280,224)
	<u>608,682</u>	<u>33,758</u>	<u>642,440</u>
Balance 6-30-13	<u>\$ 608,682</u>	<u>\$ 33,758</u>	<u>\$ 642,440</u>

**QUEEN ANNE'S COUNTY, MARYLAND**  
**STATEMENT OF CHANGES IN AGENCY FUNDS ASSETS AND LIABILITIES**  
**AGENCY FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2013**

(CONTINUED)

Due to Other Governments	Accrued Liabilities and Deposits and Escrows	Total Liabilities
\$ -	\$ 120,991	\$ 120,991
-	22,226	22,226
-	(34,106)	(34,106)
<u>\$ -</u>	<u>\$ 109,111</u>	<u>\$ 109,111</u>
\$ -	\$ 267,511	\$ 267,511
-	91,011	91,011
-	(35,459)	(35,459)
<u>\$ -</u>	<u>\$ 323,063</u>	<u>\$ 323,063</u>
\$ 79,781	\$ -	\$ 79,781
12,717,089	-	12,717,089
(12,640,201)	-	(12,640,201)
<u>\$ 156,669</u>	<u>\$ -</u>	<u>\$ 156,669</u>
\$ 5,480	\$ -	\$ 5,480
325,063	-	325,063
(323,681)	-	(323,681)
<u>\$ 6,862</u>	<u>\$ -</u>	<u>\$ 6,862</u>
\$ 107,347	\$ -	\$ 107,347
33,758	-	33,758
(107,347)	-	(107,347)
<u>\$ 33,758</u>	<u>\$ -</u>	<u>\$ 33,758</u>
\$ 2,766	\$ -	\$ 2,766
12,977	-	12,977
(2,766)	-	(2,766)
<u>\$ 12,977</u>	<u>\$ -</u>	<u>\$ 12,977</u>
\$ 195,374	\$ 388,502	\$ 583,876
13,088,887	113,237	13,202,124
(13,073,995)	(69,565)	(13,143,560)
<u>\$ 210,266</u>	<u>\$ 432,174</u>	<u>\$ 642,440</u>



## **Community Partnerships for Children**

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

**QUEEN ANNE'S COUNTY**  
**COMMUNITY PARTNERSHIPS FOR CHILDREN SPECIAL REVENUE FUND**  
**COMBINING BALANCE SHEETS**  
**BY GRANTOR**  
**JUNE 30, 2013 (with Summarized Totals as of June 30, 2012)**

	Admin	Fed/State GOCCP GOC	Federal Family Support Ctr	State OTHER
<u>ASSETS</u>				
Cash and cash equivalents	\$ 13,378	\$ 240,753	\$ 4,131	\$ 33,908
Accounts receivable	-	-	-	-
Due from State governmental agencies	65,000	406,801	-	-
Due from Federal governmental agencies	-	28,146	-	-
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total Assets	<u>\$ 78,378</u>	<u>\$ 675,700</u>	<u>\$ 4,131</u>	<u>\$ 33,908</u>
<u>LIABILITIES AND FUND BALANCES</u>				
<u>LIABILITIES</u>				
Accounts payable and accrued expenditures	\$ 8,644	\$ 235,976	\$ -	\$ -
Due to other funds	-	-	-	-
Due to State governmental agencies	2,175	291,463	4,131	33,908
Deferred revenue	-	145,656	-	-
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total Liabilities	<u>10,819</u>	<u>673,095</u>	<u>4,131</u>	<u>33,908</u>
<u>FUND BALANCES</u>				
Assigned	<u>67,559</u>	<u>2,605</u>	<u>-</u>	<u>-</u>
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total Fund Balances	<u>67,559</u>	<u>2,605</u>	<u>-</u>	<u>-</u>
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total Liabilities and Fund Balances	<u>\$ 78,378</u>	<u>\$ 675,700</u>	<u>\$ 4,131</u>	<u>\$ 33,908</u>

**QUEEN ANNE'S COUNTY**  
**COMMUNITY PARTNERSHIPS FOR CHILDREN SPECIAL REVENUE FUND**  
**COMBINING BALANCE SHEETS**  
**BY GRANTOR**  
**JUNE 30, 2013 (with Summarized Totals as of June 30, 2012)**  
**(CONTINUED)**

Total Community Partnerships	Returned Reinvestment Fund	2013 Total	2012 Summarized Total
\$ 292,170	\$ 82,597	\$ 374,767	\$ 912,515
-	-	-	9,954
471,801	-	471,801	87,399
28,146	-	28,146	77,216
<u>\$ 792,117</u>	<u>\$ 82,597</u>	<u>\$ 874,714</u>	<u>\$ 1,087,084</u>
\$ 244,620	\$ -	\$ 244,620	\$ 217,255
-	-	-	3,096
331,677	-	331,677	345,455
145,656	-	145,656	445,656
<u>721,953</u>	<u>-</u>	<u>721,953</u>	<u>1,011,462</u>
<u>70,164</u>	<u>82,597</u>	<u>152,761</u>	<u>75,622</u>
<u>70,164</u>	<u>82,597</u>	<u>152,761</u>	<u>75,622</u>
<u>\$ 792,117</u>	<u>\$ 82,597</u>	<u>\$ 874,714</u>	<u>\$ 1,087,084</u>

**QUEEN ANNE'S COUNTY**  
**COMMUNITY PARTNERSHIPS FOR CHILDREN SPECIAL REVENUE FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**BY COMMUNITY PARTNERSHIP AGREEMENTS (CPA) and NON-COMMUNITY PARTNERSHIP AGREEMENTS (NON-CPA)**  
**FOR THE YEAR ENDED JUNE 30, 2013 (with Summarized Totals for the Year Ended June 30, 2012)**

	Federal/State GOCCP/GOC					
	Administrative	CASA Start	Resource Promotion	Chesapeake Helps	Healthy Fam/Home Visiting	Family Navigators
<b>REVENUES</b>						
<b>CPA</b>						
Intergovernmental						
GOC	\$ 65,000	\$ 58,228	\$ 5,848	\$ 145,747	\$ 56,177	\$ 168,752
Miscellaneous	-	-	-	-	-	-
Subtotal CPA	<u>65,000</u>	<u>58,228</u>	<u>5,848</u>	<u>145,747</u>	<u>56,177</u>	<u>168,752</u>
<b>Non-CPA</b>						
Intergovernmental						
Federal GOCCP Youth Strategies	-	56,235	-	-	-	-
GOC - non-CPA	-	-	-	-	-	-
State GOCCP - non-CPA	-	-	-	-	-	-
Other State Grant Funding	-	-	-	-	296,372	-
Investment Income	-	-	-	-	-	-
Earned Reinvestment Donations	-	-	-	-	-	-
Miscellaneous	12,856	-	-	-	-	-
Subtotal Non-CPA	<u>12,856</u>	<u>56,235</u>	<u>-</u>	<u>-</u>	<u>296,372</u>	<u>-</u>
<b>Total Revenues</b>	<u>77,856</u>	<u>114,463</u>	<u>5,848</u>	<u>145,747</u>	<u>352,549</u>	<u>168,752</u>
<b>EXPENDITURES</b>						
<b>CPA</b>						
Program Contracted Services	-	-	5,848	145,747	-	168,752
Other Expenditures						
Salaries	59,995	-	-	-	-	-
Fringe Benefit Costs	5,005	-	-	-	-	-
Office Supplies	-	-	-	-	-	-
Training	-	-	-	-	-	-
Marketing/Promotions	-	-	-	-	-	-
Other Charges	-	58,228	-	-	56,177	-
Subtotal CPA Expenditures	<u>65,000</u>	<u>58,228</u>	<u>5,848</u>	<u>145,747</u>	<u>56,177</u>	<u>168,752</u>
<b>Non-CPA</b>						
Program Contracted Services	-	46,435	-	-	296,372	-
Other Expenditures						
Salaries	73,928	-	-	-	-	-
Fringe Benefit Costs	54,538	-	-	-	-	-
Auditing	-	-	-	-	-	-
Consultants	-	-	-	-	-	-
Equipment Rental	4,958	-	-	-	-	-
Postage	407	-	-	-	-	-
Office Supplies	602	-	-	-	-	-
Equipment Operation	1,216	-	-	-	-	-
Business Travel	500	-	-	-	-	-
Meetings & Conferences	11,530	-	-	-	-	-
Training	-	9,800	-	-	-	-
Board's Expenditures	6,071	-	-	-	-	-
Marketing/Promotions	-	-	-	-	-	-
Communications	1,310	-	-	-	-	-
Other Charges	-	-	-	-	-	-
Capital Outlay	-	-	-	-	-	-
Subtotal Non-CPA Expenditures	<u>155,060</u>	<u>56,235</u>	<u>-</u>	<u>-</u>	<u>296,372</u>	<u>-</u>
<b>Total Expenditures</b>	<u>220,060</u>	<u>114,463</u>	<u>5,848</u>	<u>145,747</u>	<u>352,549</u>	<u>168,752</u>
Excess of Revenues Over (Under) Expenditures	(142,204)	-	-	-	-	-
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers In within Partnerships	-	-	-	-	-	-
Transfers (Out) within Partnerships	-	-	-	-	-	-
Transfers In (Out) for						
Program Contracted Services - In	142,204	-	-	-	-	-
Program Contracted Services - Out	-	-	-	-	-	-
Other Financing Sources	<u>142,204</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Net Increase in Fund Balances</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</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, 2013 (with Summarized Totals for the Year Ended June 30, 2012)**

(CONTINUED)

Federal/State GOCCP/GOC				
MD After School Opportunity	Character Counts	Care Program	RDEF	GOCCP/GOC Operating Fund Total
\$ 52,244	\$ 28,360	\$ -	\$ -	\$ 515,356
-	-	-	-	-
<u>52,244</u>	<u>28,360</u>	<u>-</u>	<u>-</u>	<u>515,356</u>
-	-	55,328	-	111,563
-	-	-	300,000	300,000
-	-	7,592	-	7,592
-	-	-	-	296,372
-	-	-	-	-
-	2,071	-	-	2,071
<u>-</u>	<u>2,071</u>	<u>62,920</u>	<u>300,000</u>	<u>717,598</u>
<u>52,244</u>	<u>30,431</u>	<u>62,920</u>	<u>300,000</u>	<u>1,232,954</u>
52,244	-	-	-	372,591
-	25,360	-	-	25,360
-	3,000	-	-	3,000
-	-	-	-	-
-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>114,405</u>
<u>52,244</u>	<u>28,360</u>	<u>-</u>	<u>-</u>	<u>515,356</u>
-	-	62,616	-	405,423
-	4,577	-	-	4,577
-	1,927	-	-	1,927
-	-	-	-	-
-	-	-	-	-
-	287	-	-	287
-	-	-	-	-
-	-	304	-	304
-	(904)	-	-	(904)
-	-	-	-	9,800
-	-	-	-	-
-	2,648	-	-	2,648
-	-	-	-	-
-	-	-	300,000	300,000
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>-</u>	<u>8,535</u>	<u>62,920</u>	<u>300,000</u>	<u>724,062</u>
<u>52,244</u>	<u>36,895</u>	<u>62,920</u>	<u>300,000</u>	<u>1,239,418</u>
-	(6,464)	-	-	(6,464)
-	-	-	-	-
-	-	-	-	-
-	6,464	-	-	6,464
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>-</u>	<u>6,464</u>	<u>-</u>	<u>-</u>	<u>6,464</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

CONTINUED

**QUEEN ANNE'S COUNTY**  
**COMMUNITY PARTNERSHIPS FOR CHILDREN SPECIAL REVENUE FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**BY COMMUNITY PARTNERSHIP AGREEMENTS (CPA) and NON-COMMUNITY PARTNERSHIP AGREEMENTS (NON-CPA)**  
**FOR THE YEAR ENDED JUNE 30, 2013 (with Summarized Totals for the Year Ended June 30, 2012)**

(CONTINUED)

	All Programs Subtotal	State GOC	
		CPA Subtotal	Non-CPA Subtotal
<b>REVENUES</b>			
<b>CPA</b>			
Intergovernmental			
GOC	\$ 580,356	\$ 580,356	\$ -
Donations	-	-	-
Subtotal CPA	580,356	580,356	-
<b>Non-CPA</b>			
Intergovernmental			
Federal GOCCP Youth Strategies	111,563	-	-
GOC - non-CPA	300,000	-	300,000
State GOCCP - non-CPA	7,592	-	-
Other	296,372	-	-
Investment Income	-	-	-
Earned Reinvestment Donations	-	-	-
Miscellaneous	14,927	-	-
Subtotal Non-CPA	730,454	-	300,000
<b>Total Revenues</b>	<b>1,310,810</b>	<b>580,356</b>	<b>300,000</b>
<b>EXPENDITURES</b>			
<b>CPA</b>			
Program Contracted Services	372,591	372,591	-
Other Expenditures			
Salaries	85,355	85,355	-
Fringe Benefit Costs	8,005	8,005	-
Office Supplies	-	-	-
Training	-	-	-
Marketing/Promotions	-	-	-
Other Charges	114,405	114,405	-
Subtotal CPA Expenditures	580,356	580,356	-
<b>Non-CPA</b>			
Program Contracted Services	405,423	-	-
Other Expenditures			
Salaries	78,505	-	-
Fringe Benefit Costs	56,465	-	-
Auditing	-	-	-
Consultants	-	-	-
Equipment Rental	4,958	-	-
Postage	407	-	-
Office Supplies	889	-	-
Equipment Operation	1,216	-	-
Business Travel	804	-	-
Meetings & Conferences	10,626	-	-
Training	9,800	-	-
Board's Expenditures	6,071	-	-
Marketing/Promotions	2,648	-	-
Communications	1,310	-	-
Other Charges	300,000	-	300,000
Capital Outlay	-	-	-
Subtotal Non-CPA Expenditures	879,122	-	300,000
<b>Total Expenditures</b>	<b>1,459,478</b>	<b>580,356</b>	<b>300,000</b>
Excess of Revenues Over (Under) Expenditures	(148,668)	-	-
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers In within Partnerships	-	-	-
Transfers (Out) within Partnerships	-	-	-
Transfers In (Out) for			
Program Contracted Services - In	148,668	-	-
Program Contracted Services - Out	-	-	-
Other Financing Sources	148,668	-	-
Net Increase in Fund Balances	-	-	-
Fund Balances, July 1	70,164	607,286	(6,429)
Fund Balances, June 30	\$ 70,164	\$ 607,286	\$ (6,429)

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, 2013 (with Summarized Totals for the Year Ended June 30, 2012)**

(CONTINUED)

State GOCCP Non-CPA Subtotal	Federal GOCCP Youth Strategies	Federal Drug Free Community	Other Non-CPA State Grants	Other	Total Community Partnerships Operating Funds	Returned Reinvestment Fund	2013 Total	2012 Summarized Total
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 580,356	\$ -	\$ 580,356	\$ 557,839
-	-	-	-	-	-	321,845	321,845	-
-	-	-	-	-	580,356	321,845	902,201	557,839
-	111,563	-	-	-	111,563	-	111,563	178,099
-	-	-	-	-	300,000	-	300,000	-
7,592	-	-	-	-	7,592	-	7,592	24,199
-	-	-	296,372	-	296,372	-	296,372	301,892
-	-	-	-	-	-	327	327	53
-	-	-	-	-	-	-	-	1,535
-	-	-	-	14,927	14,927	-	14,927	19,640
7,592	111,563	-	296,372	14,927	730,454	327	730,781	525,418
7,592	111,563	-	296,372	14,927	1,310,810	322,172	1,632,982	1,083,257
-	-	-	-	-	372,591	-	372,591	355,453
-	-	-	-	-	85,355	-	85,355	77,690
-	-	-	-	-	8,005	-	8,005	6,978
-	-	-	-	-	-	-	-	445
-	-	-	-	-	-	-	-	250
-	-	-	-	-	-	-	-	4,637
-	-	-	-	-	114,405	-	114,405	112,386
-	-	-	-	-	580,356	-	580,356	557,839
7,592	101,459	-	296,372	-	405,423	-	405,423	404,510
-	-	-	-	78,505	78,505	-	78,505	115,467
-	-	-	-	56,465	56,465	-	56,465	68,302
-	-	-	-	-	-	-	-	1,180
-	-	-	-	-	-	-	-	900
-	-	-	-	4,958	4,958	-	4,958	5,860
-	-	-	-	407	407	-	407	587
-	-	-	-	889	889	-	889	1,101
-	-	-	-	1,216	1,216	-	1,216	180
-	304	-	-	500	804	-	804	2,294
-	-	-	-	10,626	10,626	-	10,626	8,351
-	9,800	-	-	-	9,800	-	9,800	819
-	-	-	-	6,071	6,071	-	6,071	4,928
-	-	-	-	2,648	2,648	-	2,648	-
-	-	-	-	1,310	1,310	-	1,310	1,635
-	-	-	-	-	300,000	245,033	545,033	11,465
-	-	-	-	-	-	-	-	23,457
7,592	111,563	-	296,372	163,595	879,122	245,033	1,124,155	651,036
7,592	111,563	-	296,372	163,595	1,459,478	245,033	1,704,511	1,208,875
-	-	-	-	(148,668)	(148,668)	77,139	(71,529)	(125,618)
-	-	-	-	-	-	-	-	8,317
-	-	-	-	-	-	-	-	(8,317)
-	-	-	-	148,668	148,668	-	148,668	147,265
-	-	-	-	-	-	-	-	(21,594)
-	-	-	-	148,668	148,668	-	148,668	125,671
-	-	-	-	-	-	77,139	77,139	53
3,491	1	(1,525)	-	(532,660)	70,164	5,458	75,622	75,569
\$ 3,491	\$ 1	\$ (1,525)	\$ -	\$ (532,660)	\$ 70,164	\$ 82,597	\$ 152,761	\$ 75,622

**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, 2013**

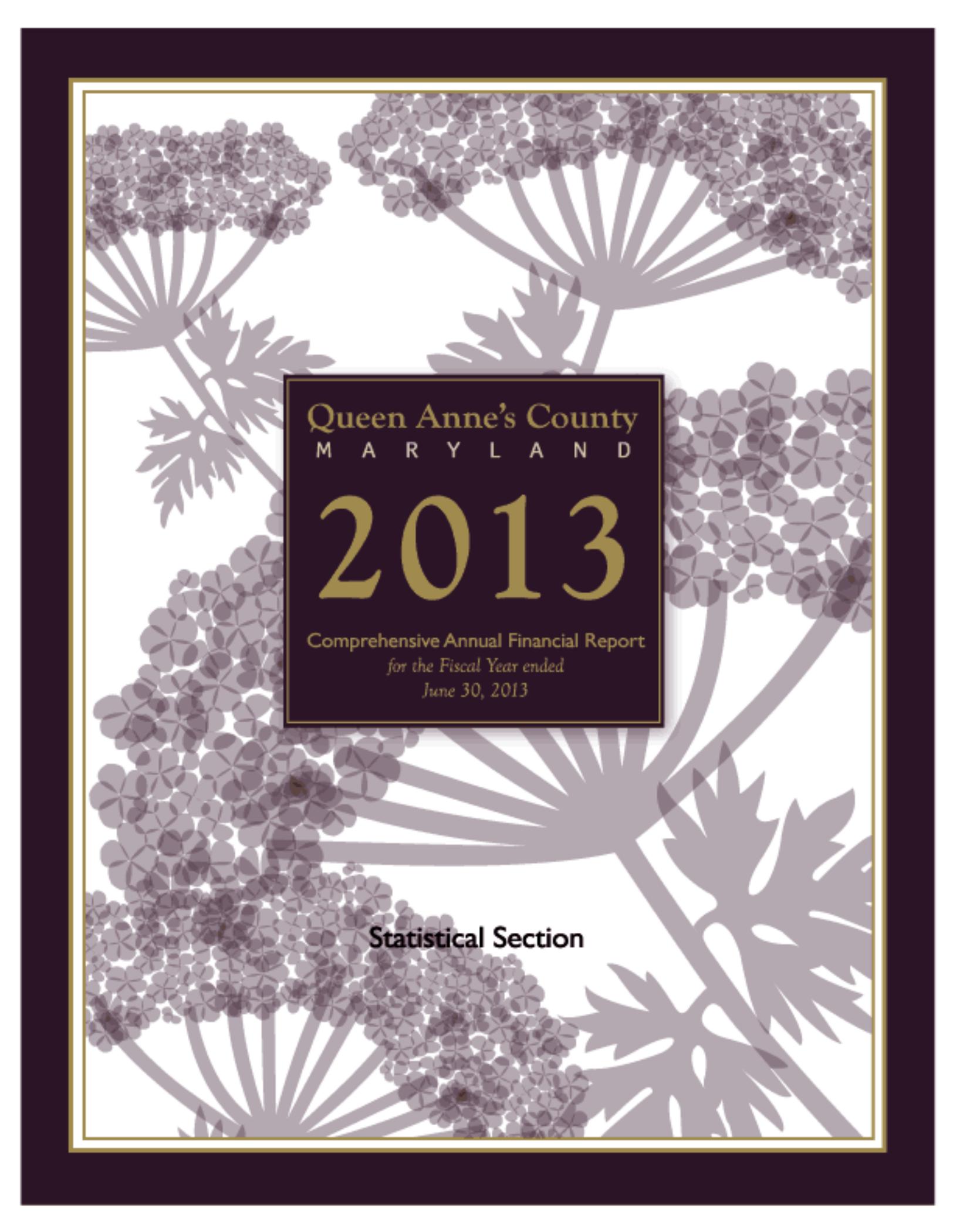
	COMMUNITY PARTNERSHIPS FOR CHILDREN				RETURNED REINVESTMENT FUND			
	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>REVENUES</b>								
Intergovernmental								
GOC - CPA and Non-CPA	\$ 586,886	\$ 886,886	\$ 880,356	\$ (6,530)	\$ -	\$ -	\$ -	\$ -
State GOCCP Non-CPA	-	12,500	7,592	(4,908)	-	-	-	-
Federal GOCCP Youth Strategies	97,319	137,199	111,563	(25,636)	-	-	-	-
Other	296,372	296,372	296,372	-	-	251,563	321,845	70,282
Investment Income	-	-	-	-	-	-	327	327
Miscellaneous	-	-	14,927	14,927	-	-	-	-
<b>Total Revenues</b>	<b>980,577</b>	<b>1,332,957</b>	<b>1,310,810</b>	<b>(22,147)</b>	<b>-</b>	<b>251,563</b>	<b>322,172</b>	<b>70,609</b>
<b>EXPENDITURES</b>								
Program Contracted Services	817,817	847,593	778,014	69,579	-	-	-	-
Other Expenditures								
Salaries	169,119	169,119	163,860	5,259	-	-	-	-
Fringe Benefit Costs	63,966	63,966	64,470	(504)	-	-	-	-
Auditing	2,988	2,988	-	2,988	-	-	-	-
Equipment Rental	5,920	5,920	4,958	962	-	-	-	-
Postage	3,614	3,614	407	3,207	-	-	-	-
Office Supplies	5,346	5,346	889	4,457	-	-	-	-
Equipment Operation	500	500	1,216	(716)	-	-	-	-
Business Travel	500	9,216	804	8,412	-	-	-	-
Meetings & Conferences	-	3,150	10,626	(7,476)	-	-	-	-
Training	-	10,738	9,800	938	-	-	-	-
Board's Expenditures	5,060	5,060	6,071	(1,011)	-	-	-	-
Marketing/Promotions	-	-	2,648	(2,648)	-	-	-	-
Communications	1,523	1,523	1,310	213	-	-	-	-
Other Charges	57,616	357,616	414,405	(56,789)	-	251,563	245,033	6,530
<b>Total Expenditures</b>	<b>1,133,969</b>	<b>1,486,349</b>	<b>1,459,478</b>	<b>26,871</b>	<b>-</b>	<b>251,563</b>	<b>245,033</b>	<b>6,530</b>
Excess of Revenues Over (Under) Expenditures	(153,392)	(153,392)	(148,668)	4,724	-	-	77,139	77,139
<b>OTHER FINANCING SOURCES (USES)</b>								
Transfers In (Out) for:								
Program Contracted Services - In	153,392	153,392	148,668	(4,724)	-	-	-	-
Other Financing Sources (Uses)	153,392	153,392	148,668	(4,724)	-	-	-	-
<b>Net Increase in Fund Balances/Net Assets</b>	<b>\$ -</b>	<b>\$ -</b>	<b>-</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>77,139</b>	<b>\$ 77,139</b>
Fund Balances, July 1			70,164				5,458	
Fund Balances, June 30			<u>\$ 70,164</u>				<u>\$ 82,597</u>	

**QUEEN ANNE'S COUNTY**  
**COMMUNITY PARTNERSHIPS FOR CHILDREN SPECIAL REVENUE FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGETARY BASIS**  
**FOR THE YEAR ENDED JUNE 30, 2013**  
**(CONTINUED)**

TOTAL			
Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
\$ 586,886	\$ 886,886	\$ 880,356	\$ (6,530)
-	12,500	7,592	(4,908)
97,319	137,199	111,563	(25,636)
296,372	547,935	618,217	70,282
-	-	327	327
-	-	14,927	14,927
<u>980,577</u>	<u>1,584,520</u>	<u>1,632,982</u>	<u>48,462</u>
817,817	847,593	778,014	69,579
169,119	169,119	163,860	5,259
63,966	63,966	64,470	(504)
2,988	2,988	-	2,988
5,920	5,920	4,958	962
3,614	3,614	407	3,207
5,346	5,346	889	4,457
500	500	1,216	(716)
500	9,216	804	8,412
-	3,150	10,626	(7,476)
-	10,738	9,800	938
5,060	5,060	6,071	(1,011)
-	-	2,648	(2,648)
1,523	1,523	1,310	213
<u>57,616</u>	<u>609,179</u>	<u>659,438</u>	<u>(50,259)</u>
<u>1,133,969</u>	<u>1,737,912</u>	<u>1,704,511</u>	<u>33,401</u>
(153,392)	(153,392)	(71,529)	81,863
<u>153,392</u>	<u>153,392</u>	<u>148,668</u>	<u>(4,724)</u>
153,392	153,392	148,668	(4,724)
<u>\$ -</u>	<u>\$ -</u>	77,139	<u>\$ 77,139</u>
		<u>75,622</u>	
		<u>\$ 152,761</u>	



*Fresh Maryland Bluecrabs! Steam 'em up!*



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

2013

Comprehensive Annual Financial Report  
*for the Fiscal Year ended  
June 30, 2013*

**Statistical Section**



## STATISTICAL SECTION

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

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

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

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

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

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

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

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

	2004	2005	2006	2007	2008
<b>Governmental Activities:</b>					
Net Investment in Capital Assets (2)	\$ 82,209,646	\$ 85,784,267	\$ 95,644,000	\$ 103,657,227	\$ 117,831,360
Restricted	8,118,231	8,418,254	9,842,795	18,012,695	15,376,330
Unrestricted (deficit) (1)	(14,178,514)	(6,161,281)	7,339,567	(3,740,905)	(15,075,202)
Total Governmental Activities Net Position (2)	<u>76,149,363</u>	<u>88,041,240</u>	<u>112,826,362</u>	<u>117,929,017</u>	<u>118,132,488</u>
<b>Business-type Activities:</b>					
Net Investment in Capital Assets (2)	52,094,337	55,612,719	69,672,273	74,463,912	77,237,512
Restricted	7,857,202	7,742,890	11,733,254	19,133,485	18,276,271
Unrestricted	-	-	-	-	-
Total Business-type Activities Net Position (2)	<u>59,951,539</u>	<u>63,355,609</u>	<u>81,405,527</u>	<u>93,597,397</u>	<u>95,513,783</u>
<b>Primary Government:</b>					
Net Investment in Capital Assets (2)	134,303,983	141,396,986	165,316,273	178,121,139	195,068,872
Restricted	15,975,433	16,161,144	21,576,049	37,146,180	33,652,601
Unrestricted (deficit) (1)	(14,178,514)	(6,161,281)	7,339,567	(3,740,905)	(15,075,202)
Total Primary Government Net Position (2)	<u>\$ 136,100,902</u>	<u>\$ 151,396,849</u>	<u>\$ 194,231,889</u>	<u>\$ 211,526,414</u>	<u>\$ 213,646,271</u>

NOTES:

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

(1) In the government-wide financial statements, the County has reported negative unrestricted amounts for some years. This is due to the fact that the County issues general obligation bonded debt for purposes of capital construction on behalf of the Queen Anne's County Board of Education. Absent the effect of this relationship, the County would have reported positive net position for its governmental activities and for government-wide purposes. Government-wide unrestricted net position would have been:

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

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

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

(CONTINUED)

2009	2010	2011	2012	2013
\$ 123,217,989	\$ 121,702,025	\$ 118,274,533	\$ 117,436,984	\$ 121,419,314
16,582,660	22,290,307	22,399,514	5,982,041	15,691,080
(26,672,299)	(45,795,597)	(61,193,944)	(44,098,063)	(49,343,150)
<u>113,128,350</u>	<u>98,196,735</u>	<u>79,480,103</u>	<u>79,320,962</u>	<u>87,767,244</u>
77,146,688	79,032,373	78,069,061	77,891,395	78,693,078
19,886,675	18,180,809	16,821,905	3,513,948	3,176,328
-	-	-	12,002,822	12,529,594
<u>97,033,363</u>	<u>97,213,182</u>	<u>94,890,966</u>	<u>93,408,165</u>	<u>94,399,000</u>
200,364,677	200,734,398	196,343,594	195,328,379	200,112,392
36,469,335	40,471,116	39,221,419	9,495,989	18,867,408
(26,672,299)	(45,795,597)	(61,193,944)	(32,095,241)	(36,813,556)
<u>\$ 210,161,713</u>	<u>\$ 195,409,917</u>	<u>\$ 174,371,069</u>	<u>\$ 172,729,127</u>	<u>\$ 182,166,244</u>
\$ (26,672,299)	\$ (45,795,597)	\$ (61,193,944)	\$ (32,095,241)	\$ (36,813,556)
50,291,243	57,677,186	72,437,047	68,278,842	63,283,726
<u>\$ 23,618,944</u>	<u>\$ 11,881,589</u>	<u>\$ 11,243,103</u>	<u>\$ 36,183,601</u>	<u>\$ 26,470,170</u>

QUEEN ANNE'S COUNTY, MARYLAND

FINANCIAL TRENDS

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

LAST TEN FISCAL YEARS

Table 2-a

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

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

Table 2-a

(CONTINUED)

2009	2010	2011	2012	2013
\$ 13,317,683	\$ 14,089,387	\$ 15,968,633	\$ 13,421,531	\$ 14,227,799
23,570,049	25,361,341	25,413,678	25,469,721	26,174,144
10,237,718	9,432,489	9,098,949	10,373,286	11,891,013
1,590,004	1,663,321	1,701,677	1,642,723	1,812,920
5,617,621	5,554,667	5,001,240	4,526,166	5,560,196
53,296,238	53,491,659	57,506,341	53,693,309	48,354,256
5,060,018	3,618,427	3,090,228	-	-
1,414,008	1,473,689	1,457,336	1,302,163	1,304,076
2,473,308	5,281,372	3,811,748	2,802,337	838,775
2,197,116	2,001,306	1,893,570	887,837	1,108,912
2,831,002	3,510,678	4,078,105	4,196,072	4,042,236
<u>121,604,765</u>	<u>125,478,336</u>	<u>129,021,505</u>	<u>118,315,145</u>	<u>115,314,327</u>
10,689,782	10,610,705	10,905,989	10,711,211	11,783,515
2,178,163	2,789,901	4,099,507	2,269,933	538,420
38,050	96,739	67,395	110,884	535,837
879,906	1,017,780	1,167,655	1,457,087	913,845
<u>13,785,901</u>	<u>14,515,125</u>	<u>16,240,546</u>	<u>14,549,115</u>	<u>13,771,617</u>
<u>135,390,666</u>	<u>139,993,461</u>	<u>145,262,051</u>	<u>132,864,260</u>	<u>129,085,944</u>
1,055,945	1,261,230	1,086,641	1,081,808	1,272,807
403,018	546,176	694,347	742,205	697,712
<u>5,567</u>	<u>44,743</u>	<u>118,100</u>	<u>116,710</u>	<u>135,032</u>
<u>1,464,530</u>	<u>1,852,149</u>	<u>1,899,088</u>	<u>1,940,723</u>	<u>2,105,551</u>
1,394,463	1,263,212	1,090,545	1,320,647	1,387,591
1,266,869	1,891,120	1,461,080	1,113,018	1,328,493
273,176	303,566	82,885	191,223	249,594
<u>2,934,508</u>	<u>3,457,898</u>	<u>2,634,510</u>	<u>2,624,888</u>	<u>2,965,678</u>
714,765	791,796	872,352	1,107,426	1,636,604
7,566,648	632,923	546,719	488,027	624,653
298,500	264,078	901,289	541,887	1,687,783
<u>8,579,913</u>	<u>1,688,797</u>	<u>2,320,360</u>	<u>2,137,340</u>	<u>3,949,040</u>
-	-	-	-	-
68,386	67,423	69,382	71,655	71,973
2,928,291	2,666,917	2,050,062	2,076,096	2,613,905
<u>348,124</u>	<u>2,688,245</u>	<u>215,748</u>	<u>18,691</u>	<u>51,023</u>
<u>3,344,801</u>	<u>5,422,585</u>	<u>2,335,192</u>	<u>2,166,442</u>	<u>2,736,901</u>
740,213	852,201	755,443	1,169,425	1,052,691
8,050	433,000	-	-	-
161,673	-	-	-	-
<u>909,936</u>	<u>1,285,201</u>	<u>755,443</u>	<u>1,169,425</u>	<u>1,052,691</u>
240,954	177,568	187,901	-	-
509	123,336	1,868	-	-
1,087,329	631,504	199,698	-	-
<u>1,328,792</u>	<u>932,408</u>	<u>389,467</u>	<u>-</u>	<u>-</u>
97,481	101,019	75,354	98,593	63,105
55,847	93,002	1,006,138	36,872	400,193
691,085	4,191,024	1,923,471	998,757	-
<u>844,413</u>	<u>4,385,045</u>	<u>3,004,963</u>	<u>1,134,222</u>	<u>463,298</u>
4,786	-	4,236	159,492	234,100
641,305	-	239,893	245,143	176,216
-	-	110,561	81,867	575,440
<u>646,091</u>	<u>-</u>	<u>354,690</u>	<u>486,502</u>	<u>985,756</u>
<u>20,052,984</u>	<u>19,024,083</u>	<u>13,693,713</u>	<u>11,659,542</u>	<u>14,258,915</u>

CONTINUED

QUEEN ANNE'S COUNTY, MARYLAND

FINANCIAL TRENDS

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

LAST TEN FISCAL YEARS

Table 2-a

(CONTINUED)

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

NOTES:

\* Government-wide net position information is reported on the accrual basis of accounting.

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

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

QUEEN ANNE'S COUNTY, MARYLAND

FINANCIAL TRENDS

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

LAST TEN FISCAL YEARS

Table 2-a

(CONTINUED)

2009	2010	2011	2012	2013
\$ 7,695,100	\$ 8,224,428	\$ 8,192,471	\$ 7,977,667	\$ 8,181,434
-	98,492	-	55,728	161,600
682,935	208,115	837,426	347,573	2,048,768
8,378,035	8,531,035	9,029,897	8,380,968	10,391,802
1,526,244	1,633,203	1,568,227	1,501,550	313,364
45,824	41,838	39,572	52,915	-
69,068	289,895	196,487	28,680	-
1,641,136	1,964,936	1,804,286	1,583,145	313,364
100,250	62,600	84,987	102,290	440,270
-	29,017	16,241	14,183	42,914
-	545,123	588,326	78,314	18,692
100,250	636,740	689,554	194,787	501,876
34,907	50,585	37,955	58,589	48,072
-	33,922	3,715	47,412	2,621
289,112	1,519,810	448,600	693,162	2,472,782
324,019	1,604,317	490,270	799,163	2,523,475
10,443,440	12,737,028	12,014,007	10,958,063	13,730,517
30,496,424	31,761,111	25,707,720	22,617,605	27,989,432
(101,551,781)	(106,454,253)	(115,327,792)	(106,655,603)	(101,055,412)
(3,342,461)	(1,778,097)	(4,226,539)	(3,591,052)	(41,100)
\$ (104,894,242)	\$ (108,232,350)	\$ (119,554,331)	\$ (110,246,655)	\$ (101,096,512)
\$ 95,530,316	\$ 90,469,883	\$ 96,093,533	\$ 105,693,926	\$ 107,978,036
-	-	-	-	-
642,472	144,553	136,523	126,650	107,095
1,540,404	26,731	281,158	27,627	163,426
2,182,525	786,719	711,868	1,254,255	1,051,760
(3,348,074)	(559,331)	(611,922)	(605,996)	(337,843)
-	-	-	-	-
-	-	-	-	-
96,547,643	90,868,555	96,611,160	106,496,462	108,962,474
595,279	436,045	407,629	374,665	356,374
-	-	-	-	-
918,688	962,540	884,772	1,127,590	855,504
3,348,074	559,331	611,922	605,996	359,277
-	-	-	-	-
-	-	-	-	-
4,862,041	1,957,916	1,904,323	2,108,251	1,571,155
101,409,684	92,826,471	98,515,483	108,604,713	110,533,629
(5,004,138)	(15,585,698)	(18,716,632)	(159,141)	7,907,062
1,519,580	179,819	(2,322,216)	(1,482,801)	1,530,055
\$ (3,484,558)	\$ (15,405,879)	\$ (21,038,848)	\$ (1,641,942)	\$ 9,437,117

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

Table 2-b

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

	2009	2010	2011	2012	2013
Local Property Taxes	\$ 55,362,114	\$ 59,267,240	\$ 60,070,368	\$ 65,937,415	\$ 65,591,225
Local Income Tax	34,834,937	25,715,247	30,624,679	34,028,234	35,769,303
Other Local Taxes	5,333,265	5,487,396	5,398,486	5,728,277	6,617,508
Total Taxes - Governmental Activities	<u>\$ 95,530,316</u>	<u>\$ 90,469,883</u>	<u>\$ 96,093,533</u>	<u>\$ 105,693,926</u>	<u>\$ 107,978,036</u>

NOTES:

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

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

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

	2004	2005	2006	2007	2008
<b>General Fund:</b>					
Reserved	\$ 5,766,939	\$ 5,705,316	\$ 6,169,255	\$ 7,140,303	\$ 8,948,231
Unreserved	5,669,161	4,104,926	14,944,399	15,302,827	3,972,847
Total General Fund	<u>11,436,100</u>	<u>9,810,242</u>	<u>21,113,654</u>	<u>22,443,130</u>	<u>12,921,078</u>
<b>All Other Governmental Funds:</b>					
Reserved	12,329,623	15,075,521	13,751,478	20,060,988	16,706,954
Unreserved, reported in:					
Capital Projects Fund	11,835,783	11,706,521	13,579,649	17,618,012	14,409,216
Special Revenue Funds	2,698,617	3,156,479	2,810,027	3,019,522	2,185,304
Total All Other Governmental Funds	<u>26,864,023</u>	<u>29,938,521</u>	<u>30,141,154</u>	<u>40,698,522</u>	<u>33,301,474</u>
Total All Governmental Funds	<u>\$ 38,300,123</u>	<u>\$ 39,748,763</u>	<u>\$ 51,254,808</u>	<u>\$ 63,141,652</u>	<u>\$ 46,222,552</u>
<b>General Fund:</b>					
Reserved	\$ 8,643,600	\$ 7,734,692	\$ -	\$ -	\$ -
Unreserved	6,381,843	6,296,418	-	-	-
Nonspendable (1)	-	-	4,000	555,215	626,122
Restricted (1)	-	-	333,798	340,670	8,111,614
Committed (1)	-	-	657,068	695,944	-
Assigned (1)	-	-	70,000	-	1,284,657
Unassigned (1)	-	-	4,753,656	11,207,265	5,965,003
Total General Fund	<u>15,025,443</u>	<u>14,031,110</u>	<u>5,818,522</u>	<u>12,799,094</u>	<u>15,987,396</u>
<b>All Other Governmental Funds:</b>					
Reserved	17,007,368	15,153,381	-	-	-
Unreserved, reported in:					
Capital Projects Funds	1,723,066	12,538,916	-	-	-
Special Revenue Funds	2,751,120	7,842,939	-	-	-
Nonspendable (1)	-	-	4,401,483	5,136,024	5,406,512
Restricted (1)	-	-	22,065,716	12,255,292	12,724,859
Committed (1)	-	-	1,820,818	2,054,749	3,480,382
Assigned (1)	-	-	14,745,215	18,654,017	24,665,235
Unassigned (1)	-	-	(172,381)	(157,828)	(135,515)
Total All Other Governmental Funds	<u>21,481,554</u>	<u>35,535,236</u>	<u>42,860,851</u>	<u>37,942,254</u>	<u>46,141,473</u>
Total All Governmental Funds	<u>\$ 36,506,997</u>	<u>\$ 49,566,346</u>	<u>\$ 48,679,373</u>	<u>\$ 50,741,348</u>	<u>\$ 62,128,869</u>

NOTES:

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

\* Source: Balance Sheet, page 36.

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

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

	2004	2005	2006	2007	2008
<b>Revenues</b>					
<b>Taxes</b>					
Local Property Taxes	\$ 39,771,711	\$ 42,191,297	\$ 44,657,603	\$ 46,208,342	\$ 50,007,054
Local Income Taxes	26,765,483	28,237,534	31,633,987	34,980,663	34,767,725
Other Local Taxes	7,613,374	8,853,089	10,509,826	9,379,305	6,131,518
State Shared Taxes	3,660,145	4,528,046	4,233,139	5,125,419	5,306,763
Licenses and Permits	647,633	829,784	824,917	895,931	890,821
Intergovernmental	9,261,854	6,049,496	11,476,325	10,661,130	12,199,511
Bond Interest Reimbursement - Build America Bond	-	-	-	-	-
Charges for Current Services	3,464,771	3,394,626	4,864,374	3,806,563	4,049,902
Fines and Forfeitures	38,798	48,654	77,008	239,194	1,759,370
Special Assessments	(7,528)	-	-	-	-
Investment Income	410,845	907,275	1,738,139	3,162,830	2,128,509
Donations	93,178	104,093	98,610	74,694	247,002
Miscellaneous	954,621	1,567,883	1,346,669	1,853,706	719,067
<b>Total Revenues</b>	<b>92,674,885</b>	<b>96,711,777</b>	<b>111,460,597</b>	<b>116,387,777</b>	<b>118,207,242</b>
<b>Expenditures</b>					
<b>Current</b>					
General Government (1)	8,851,440	8,933,985	9,516,299	8,772,229	10,128,699
Public Safety	11,970,575	13,199,057	16,356,949	17,918,740	19,292,661
Public Works	7,872,914	9,055,472	9,168,186	9,167,362	9,182,618
Health	1,101,713	1,261,488	1,355,057	1,428,395	1,430,670
Social Services	4,922,755	4,367,736	4,294,781	4,260,927	4,747,491
Education	46,689,001	40,421,109	42,346,958	56,163,966	58,086,283
Parks and Recreation	6,266,051	2,481,296	9,096,593	2,809,748	3,083,038
Library	997,043	1,049,612	1,144,622	1,242,573	1,247,108
Conservation of Natural Resources	565,218	578,426	508,606	483,810	2,177,820
Economic/Community Development	1,809,329	1,552,689	1,558,978	3,188,316	3,513,153
Miscellaneous	-	-	-	915,542	731,771
Capital Outlay	1,173,687	1,280,650	1,049,361	14,291,416	13,676,569
<b>Debt Service</b>					
Principal	4,029,332	5,928,559	3,677,307	3,795,769	4,888,405
Debt Issuance Costs	-	-	-	236,899	3,972
Interest and Fiscal Charges	2,780,312	2,555,411	2,569,650	2,257,928	3,147,529
<b>Total Expenditures</b>	<b>99,029,370</b>	<b>92,665,490</b>	<b>102,643,347</b>	<b>126,933,620</b>	<b>135,337,787</b>
<b>Excess (Deficiency) of Revenues over (under) Expenditures</b>	<b>(6,354,485)</b>	<b>4,046,287</b>	<b>8,817,250</b>	<b>(10,545,843)</b>	<b>(17,130,545)</b>
<b>Other Financing Sources (Uses)</b>					
Issuance of Debt	16,602,500	30,026,336	-	23,219,790	510,617
Re-allocation of 2006 Bonds	-	-	-	-	(345,955)
Bond Premiums	-	1,069,864	-	236,899	3,972
Payments to Bond Refunding Agent	-	-	-	-	-
Bond Issuance Costs	-	(159,647)	-	-	-
Proceeds of Capital Asset Disposals	135,520	154,787	1,176,860	88,535	45,494
Insurance Proceeds	-	-	-	-	8,898
Capital Contributions - Developer	-	88,750	-	-	-
Transfers In	9,647,582	10,661,440	8,578,135	13,131,736	17,014,307
Transfers Out	(9,802,498)	(13,716,802)	(6,181,284)	(14,202,033)	(17,025,888)
Defeasance of debt	-	(30,722,375)	-	-	-
<b>Total Other Financing Sources (Uses)</b>	<b>16,583,104</b>	<b>(2,597,647)</b>	<b>3,573,711</b>	<b>22,474,927</b>	<b>211,445</b>
<b>Special and Extraordinary Items</b>					
Special Item	215,000	-	-	-	-
Extraordinary Gains (Losses)	-	-	(477,707)	(42,242)	-
<b>Total Special Items and Extraordinary Gains (Losses)</b>	<b>215,000</b>	<b>-</b>	<b>(477,707)</b>	<b>(42,242)</b>	<b>-</b>
<b>Net Increase (Decrease) in Fund Balances</b>	<b>\$ 10,443,619</b>	<b>\$ 1,448,640</b>	<b>\$ 11,913,254</b>	<b>\$ 11,886,842</b>	<b>\$ (16,919,100)</b>
<b>Debt service as a percentage of non-capital expenditures (2, 3)</b>	<b>7.12%</b>	<b>9.22%</b>	<b>6.66%</b>	<b>5.31%</b>	<b>6.49%</b>

**NOTES:**

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

\* Source: Statement of Revenues, Expenditures and Changes in Fund Balances, page 38,

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

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

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

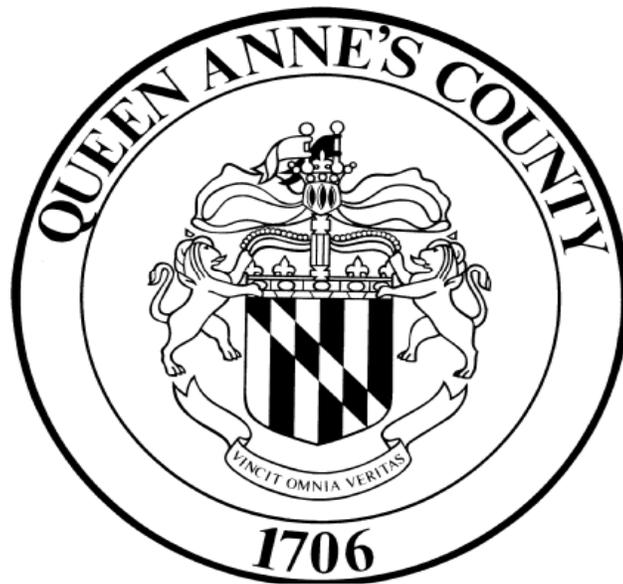
(3) Noncapital expenditures represents Total Expenditures above, less the Net Increase in Capital Assets from the Reconciliation between the Government-Wide Statement of Activities and the Statement of Revenues, Expenditures, and Changes in Fund Balance.

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

Table 4

(CONTINUED)

	2009	2010	2011	2012	2013
\$	55,374,053	\$ 59,242,742	\$ 60,097,959	\$ 65,918,832	\$ 65,554,079
	35,988,334	29,647,125	29,527,496	35,969,879	39,438,906
	5,333,265	5,487,396	5,398,486	5,728,277	6,617,508
	7,591,829	508,138	230,401	306,235	510,726
	874,639	863,782	919,663	877,365	1,004,774
	8,049,695	12,061,066	8,777,729	5,867,211	7,588,691
	-	193,567	438,022	432,212	406,337
	3,326,696	3,396,080	3,143,846	3,908,998	4,594,240
	115,658	258,937	78,345	222,683	119,857
	-	-	-	-	-
	642,472	144,553	136,523	126,650	107,095
	76,867	140,731	109,342	46,332	36,332
	2,182,525	786,719	708,455	1,254,255	1,051,760
	119,556,033	112,730,836	109,566,267	120,658,929	127,030,305
	10,841,479	10,608,976	10,397,457	9,171,830	9,282,310
	20,483,238	21,344,575	21,127,321	20,985,077	21,275,229
	8,678,715	7,671,352	7,277,767	7,733,226	9,615,805
	1,572,848	1,637,101	1,670,222	1,604,462	1,811,402
	5,029,493	4,767,647	4,098,650	3,533,022	4,051,741
	53,348,513	53,545,597	57,566,865	53,755,497	48,418,107
	3,145,367	3,055,335	2,521,175	-	-
	1,390,398	1,424,078	1,433,725	1,277,993	1,278,228
	2,445,352	5,263,577	3,872,916	2,794,262	890,480
	1,968,587	1,847,195	1,715,524	758,089	898,129
	706,792	1,373,090	4,699,452	3,704,702	4,862,189
	8,594,972	7,868,741	4,838,581	2,755,949	3,370,909
	5,089,347	4,948,144	6,964,558	7,095,307	7,069,406
	(423)	145,884	129,671	162,021	(94)
	2,778,490	3,114,505	3,629,426	4,116,939	3,675,628
	126,073,168	128,615,797	131,943,310	119,448,376	116,499,469
	(6,517,135)	(15,884,961)	(22,377,043)	1,210,553	10,530,836
	122,780	29,299,154	21,897,570	8,010,000	564,068
	-	-	-	-	-
	(423)	157,800	139,136	713,235	(101)
	-	-	-	(8,557,455)	-
	-	-	-	-	-
	64,089	30,861	582,601	47,396	308,856
	44,907	15,826	99,028	11,631	20,070
	-	-	-	-	-
	5,449,499	18,184,911	5,386,256	9,635,881	10,851,904
	(8,879,272)	(18,744,242)	(6,614,521)	(10,369,909)	(11,228,409)
	-	-	-	-	-
	(3,198,420)	28,944,310	21,490,070	(509,221)	516,388
	-	-	-	1,360,643	-
	-	-	-	-	-
	-	-	-	1,360,643	-
\$	(9,715,555)	\$ 13,059,349	\$ (886,973)	\$ 2,061,975	\$ 11,047,224
	6.48%	6.55%	8.08%	9.30%	9.22%



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

Fiscal Year	Real Property (2)			Total Direct Tax Rate (3)	Personal Property	Total	Exempt Property	Total
	Commercial Assessed Value	Residential (1) Assessed Value	Total Assessed Value		Public Utility Assessed Value (2) (4)	Taxable Assessed Value		Taxable and Exempt Property
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
2012	1,485,091,345	6,139,645,414	7,624,736,759	0.8471	60,635,440	7,685,372,199	694,372,116	8,379,744,315
2013	1,567,115,297	5,990,170,828	7,557,286,125	0.8471	63,194,130	7,620,480,255	732,300,804	8,352,781,059

NOTES:

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

(1) Residential real property includes single-family homes, townhouses, condominiums, and apartment dwellings. The assessed value shown above has been reduced for the Homestead Credit assessment.

(2) Real property and personal property assessments are done every three years and every year, respectively, by the State Department of Assessments and Taxation at 100% of estimated fair value.

(3) See Table 6-a for real property direct tax rates. Tax Rates are applied per \$100 of assessed value.

(4) The personal property tax rate for Queen Anne's County is zero.

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

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

<b>Fiscal Year</b>	<b>County Direct Rate (1)</b>
2004	\$ 0.9760
2005	0.9260
2006	0.8700
2007	0.8000
2008	0.7700
2009	0.7700
2010	0.7700
2011	0.7671
2012	0.8471
2013	0.8471

**NOTES:**

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

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

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

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Fiscal Year	Kent Narrows Commercial Management and Waterfront Improvement District
2004	\$ 0.0600
2005	0.0600
2006	0.0600
2007	0.0600
2008	0.0600
2009	0.0600
2010	0.0600
2011	0.0600
2012	0.0600
2013	0.0600

NOTES:

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

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

<b>Fiscal Year</b>	<b>Town of Centreville</b>	<b>Town of Barclay</b>	<b>Town of Church Hill</b>	<b>Town of Millington</b>	<b>Town of Queen Anne</b>
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
2012	0.3800	0.2000	0.3400	0.2800	0.1800
2013	0.3800	0.2000	0.3400	0.2800	0.1800

**NOTES:**

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

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

**(CONTINUED)**

<b>Town of Queenstown</b>	<b>Town of Sudlersville</b>	<b>Town of Templeville</b>
\$ 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
0.1890	0.1670	0.3600
0.1890	0.1670	0.3600

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

For the Fiscal Year Ended June 30, 2013		
	Assessable Base	Ratio: Taxpayer Base to Total Assessable Base
Second Horizon Group Limited Partnership	\$ 54,272,000	0.71 %
KRM Development Corporation	34,678,700	0.46
The Aspen Institute	24,220,600	0.32
White's Heritage LLC	16,771,688	0.22
Great American Life Insurance Company	15,721,000	0.21
Beach Harbor Campers Cooperative Inc	13,653,800	0.18
Queenstown Bank	12,294,487	0.16
K Hovnanian at Kent Island LLC	11,500,000	0.15
Kent Towne Market LLC	10,943,734	0.14
Mears Point Association	10,832,300	0.14
Total	<u>\$ 204,888,309</u>	<u>2.69 %</u>
Total Assessable Base	<u>\$ 7,620,480,255</u>	<u>100.00 %</u>

For the Fiscal Year Ended June 30, 2004		
	Assessable Base	Ratio: Taxpayer Base to Total Assessable Base
Second Horizon Group Limited Partnership	\$ 30,533,500	0.76 %
KRM Development	14,594,592	0.36
Mears Point Association	8,113,110	0.20
Washington Brick & Terra Cotta Company	7,761,550	0.19
Bay Bridge Limited	7,484,466	0.19
213 Centreville LLC	7,084,900	0.18
Beach Harbor Campground	6,906,580	0.17
Pasquale Didonato	6,838,936	0.17
TC Shopping Center	6,534,197	0.16
Hunter's Oak LLC	6,307,300	0.16
Total	<u>\$ 102,159,131</u>	<u>2.54 %</u>
Total Assessable Base	<u>\$ 4,039,049,012</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
2004	\$ 38,135,222	\$ 38,052,633	99.78%	\$ 82,589	\$ 38,135,222	100.00%
2005	40,608,914	40,542,167	99.84%	66,747	40,608,914	100.00%
2006	43,208,732	43,107,941	99.77%	100,564	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%	69,081	48,574,261	100.00%
2009	53,839,023	53,756,369	99.85%	80,367	53,836,736	100.00%
2010	57,788,231	57,720,564	99.88%	64,129	57,784,693	99.99%
2011	58,758,234	58,696,129	99.89%	58,675	58,754,804	99.99%
2012	64,549,671	64,459,862	99.86%	53,961	64,513,823	99.94%
2013	63,904,147	63,596,067	99.52%	-	63,596,067	99.52%

NOTES:

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

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

Governmental Activities					Ratios		
Fiscal Year	General Obligation Bonds	Notes Payable	Capital Leases	Total Governmental Activities	Total Primary Government	Debt to Total Personal Income (1)	Outstanding Debt per Capita (1)
2004	\$ 62,467,858	\$ 3,245,500	\$ 114,331	\$ 65,827,689	\$ 77,328,067	4.89%	\$ 1,784
2005	59,257,383	684,000	-	59,941,383	70,427,860	4.40%	1,586
2006	55,564,104	622,500	-	56,186,604	75,501,349	6.77%	1,661
2007	74,717,649	561,000	248,460	75,527,109	102,474,842	5.50%	2,216
2008	69,637,468	822,617	202,978	70,663,063	95,669,054	4.76%	1,998
2009	64,411,805	913,183	155,482	65,480,470	88,563,993	4.19%	1,881
2010	87,967,432	1,652,082	105,884	89,725,398	111,337,131	6.47%	2,289
2011	102,791,729	1,070,632	54,089	103,916,450	124,067,449	7.20%	2,590
2012	97,127,263	889,256	-	98,016,519	116,192,021	6.95%	2,431
2013	90,092,100	1,146,755	-	91,238,855	107,497,099	6.12%	2,210

NOTES:

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

QUEEN ANNE'S COUNTY, MARYLAND  
DEBT CAPACITY  
RATIOS OF GENERAL BONDED DEBT OUTSTANDING  
LAST TEN FISCAL YEARS  
Table 10

<b>Fiscal Year</b>	<b>General Bonded Debt (1)</b>	<b>Percentage of Total Taxable Assessable Base (2)</b>	<b>Per Capita (3)</b>
2004	\$ 68,088,472	1.69%	\$ 1,571
2005	64,400,085	1.40%	1,451
2006	60,298,268	1.19%	1,327
2007	79,148,466	1.39%	1,712
2008	73,585,383	1.15%	1,537
2009	67,870,465	0.96%	1,441
2010	91,412,798	1.21%	1,879
2011	106,250,557	1.37%	2,218
2012	100,063,806	1.30%	2,093
2013	92,582,575	1.21%	1,903

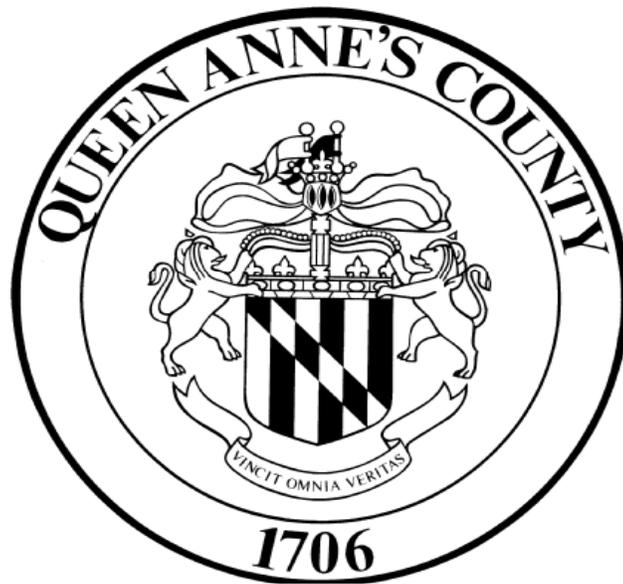
NOTES:

\* 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**  
**DEBT CAPACITY**  
**COMPUTATION OF NET DIRECT AND OVERLAPPING DEBT**  
**AS OF JUNE 30, 2013**  
**Table 11**

Name of Jurisdiction	Gross Debt
Queen Anne's County:	
County Government	
Total Net Direct Debt (1)	<u>\$ 91,238,855</u>
Towns: (2)	
Centreville (100%)	13,163,443
Millington (100%)	1,287,315
Queenstown (100%)	684,436
Sudlersville (100%)	<u>2,158,686</u>
Total Net Overlapping Debt	<u>17,293,880</u>
Total Net Direct and Overlapping Debt	<u><u>\$ 108,532,735</u></u>

NOTES:

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

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

	<b>2004</b>	<b>2005</b>	<b>2006</b>
<b>Computation of Legal Debt Margin - for Queen Anne's County</b>			
<b>Other than Debt related to the Sanitary District:</b>			
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)	1,440,000	1,349,878	1,354,131
General Obligation Debt (4)	<u>62,467,858</u>	<u>59,257,383</u>	<u>55,564,104</u>
Subtotal	<u>63,907,858</u>	<u>60,607,261</u>	<u>56,918,235</u>
Total authorized debt under Title 5 and specific public laws	71,907,858	68,607,261	64,918,235
<b>LESS</b> Outstanding bonds, notes payable, and capital leases (5)	77,328,067	70,427,860	75,501,349
Less: Sanitary District debt (4)	<u>10,005,867</u>	<u>9,088,902</u>	<u>17,919,731</u>
Subtotal	<u>67,322,200</u>	<u>61,338,958</u>	<u>57,581,618</u>
Legal Debt Margin - Other than the Sanitary District	<u>\$ 4,585,658</u>	<u>\$ 7,268,303</u>	<u>\$ 7,336,617</u>
<b>Debt related to the Sanitary District Proprietary Fund:</b>			
Total taxable assessed value (3)	\$ 4,039,049,012	\$ 4,596,665,870	\$ 5,061,055,866
Plus exempt property (3)	<u>297,843,389</u>	<u>330,840,259</u>	<u>369,542,935</u>
Total assessed value	<u>\$ 4,336,892,401</u>	<u>\$ 4,927,506,129</u>	<u>\$ 5,430,598,801</u>
Debt Limit - 6% of total assessed value (2)	\$ 260,213,544	\$ 295,650,368	\$ 325,835,928
<b>LESS</b> Sanitary District	10,005,867	9,266,078	18,069,698
Less: Restricted Cash and Investments in the Debt Service Fund available for payment of principal	<u>4,289,452</u>	<u>4,105,842</u>	<u>3,940,626</u>
	<u>5,716,415</u>	<u>5,160,236</u>	<u>14,129,072</u>
Legal Debt Margin - Sanitary District	<u>\$ 254,497,129</u>	<u>\$ 290,490,132</u>	<u>\$ 311,706,856</u>

**NOTES:**

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

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

(CONTINUED)

<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
\$ 8,000,000	\$ 8,000,000	\$ 8,000,000	\$ 8,000,000	\$ 8,000,000	\$ 8,000,000	\$ 8,000,000
1,483,571	1,458,458	1,446,993	1,862,866	2,340,495	2,304,876	2,160,475
<u>74,717,649</u>	<u>69,637,468</u>	<u>64,411,805</u>	<u>87,967,432</u>	<u>102,791,729</u>	<u>97,127,263</u>	<u>90,092,100</u>
<u>76,201,220</u>	<u>71,095,926</u>	<u>65,858,798</u>	<u>89,830,298</u>	<u>105,132,224</u>	<u>99,432,139</u>	<u>92,252,575</u>
84,201,220	79,095,926	73,858,798	97,830,298	113,132,224	107,432,139	100,252,575
102,474,842	95,669,054	88,563,993	111,337,131	124,067,449	116,192,021	107,497,099
<u>25,430,093</u>	<u>23,520,278</u>	<u>21,616,088</u>	<u>19,735,239</u>	<u>17,803,690</u>	<u>15,870,626</u>	<u>14,097,769</u>
<u>78,072,206</u>	<u>72,148,776</u>	<u>66,947,905</u>	<u>91,601,892</u>	<u>106,263,759</u>	<u>100,321,395</u>	<u>93,399,330</u>
<u>\$ 7,404,931</u>	<u>\$ 6,947,150</u>	<u>\$ 6,910,893</u>	<u>\$ 6,228,406</u>	<u>\$ 6,868,465</u>	<u>\$ 7,110,744</u>	<u>\$ 6,853,245</u>
\$ 5,693,764,229	\$ 6,398,550,545	\$ 7,083,072,750	\$ 7,580,931,277	\$ 7,740,096,715	\$ 7,685,372,199	\$ 7,620,480,255
<u>419,303,486</u>	<u>474,798,401</u>	<u>547,163,868</u>	<u>596,219,654</u>	<u>644,654,739</u>	<u>694,372,116</u>	<u>732,300,804</u>
<u>\$ 6,113,067,715</u>	<u>\$ 6,873,348,946</u>	<u>\$ 7,630,236,618</u>	<u>\$ 8,177,150,931</u>	<u>\$ 8,384,751,454</u>	<u>\$ 8,379,744,315</u>	<u>\$ 8,352,781,059</u>
\$ 366,784,063	\$ 412,400,937	\$ 457,814,197	\$ 490,629,056	\$ 503,085,087	\$ 502,784,659	\$ 501,166,864
25,552,847	23,520,278	21,616,088	19,735,239	17,803,690	15,870,626	14,097,769
<u>4,746,865</u>	<u>4,551,821</u>	<u>4,180,188</u>	<u>3,925,026</u>	<u>3,658,194</u>	<u>3,244,564</u>	<u>2,840,468</u>
<u>20,805,982</u>	<u>18,968,457</u>	<u>17,435,900</u>	<u>15,810,213</u>	<u>14,145,496</u>	<u>12,626,062</u>	<u>11,257,301</u>
<u>\$ 345,978,081</u>	<u>\$ 393,432,480</u>	<u>\$ 440,378,297</u>	<u>\$ 474,818,843</u>	<u>\$ 488,939,591</u>	<u>\$ 490,158,597</u>	<u>\$ 489,909,563</u>

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

**Table 12-b**

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
Computation of Local Debt Limit, as Authorized under Article 95, Section 22F of the Annotated Code of Maryland and per criteria established by Queen Anne's County Resolution No. 13-04, as adopted May 2013.					
<b>CALCULATION PER FIRST FINANCIAL CRITERIA:</b>					
The sum of all outstanding and new general obligation and/or bonded debt is 2.5% or less of the total taxable assessed base.					
Total Taxable Assessed Base (1)	\$ 7,083,072,750	\$ 7,580,931,277	\$ 7,740,096,715	\$ 7,685,372,199	\$ 7,620,480,255
	2.5%	2.5%	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>	<u>\$ 192,134,305</u>	<u>\$ 190,512,006</u>
LESS Outstanding and New General Obligation Debt (2) (3)					
Enterprise Funds' Debt - Bonds and Notes	\$ 23,083,523	\$ 21,611,733	\$ 20,150,999	\$ 18,175,502	\$ 16,258,244
General Obligation Debt - Bonds and Notes	<u>65,324,988</u>	<u>89,619,514</u>	<u>103,862,361</u>	<u>98,016,519</u>	<u>91,238,855</u>
Total Outstanding and New General Obligation Debt	<u>\$ 88,408,511</u>	<u>\$ 111,231,247</u>	<u>\$ 124,013,360</u>	<u>\$ 116,192,021</u>	<u>\$ 107,497,099</u>
2.5% of Total Taxable Assessed Base in Excess of					
Total Outstanding and New General Obligation Debt	<u>\$ 88,668,308</u>	<u>\$ 78,292,035</u>	<u>\$ 69,489,058</u>	<u>\$ 75,942,284</u>	<u>\$ 83,014,907</u>
<b>CALCULATION PER SECOND FINANCIAL CRITERIA:</b>					
The sum of all outstanding and new general obligation and/or bonded debt is \$3,000 or less per capita.					
Total County Population (4)	47,091	48,650	47,899	47,798	48,650
\$3,000 Per Capita	<u>\$ 3,000</u>				
	<u>\$ 141,273,000</u>	<u>\$ 145,950,000</u>	<u>\$ 143,697,000</u>	<u>\$ 143,394,000</u>	<u>\$ 145,950,000</u>
LESS Outstanding and New General Obligation Debt (1)	<u>\$ 88,408,511</u>	<u>\$ 111,231,247</u>	<u>\$ 124,013,360</u>	<u>\$ 116,192,021</u>	<u>\$ 107,497,099</u>
\$3,000 Per Capita in Excess of					
Total Outstanding and New General Obligation Debt	<u>\$ 52,864,489</u>	<u>\$ 34,718,753</u>	<u>\$ 19,683,640</u>	<u>\$ 27,201,979</u>	<u>\$ 38,452,901</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 May, 2013, as described in Note 9 F, Queen Anne's County adopted Resolution No. 13-04, thereby continuing a local debt policy in compliance with Article 95, Section 22F of the Annotated Code of Maryland.

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

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

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

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

Table 13

For the Fiscal Year Ended June 30, 2013			
<u>Employer</u>	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total County Employment</u>
Queen Anne's County Board of Education	926	1	8.20%
Chesapeake College	485	2	4.30%
Queen Anne's County Government	427	3	3.78%
S.E.W. Friel	275	4	2.44%
Paul Reed Smith Guitars	250	5	2.21%
Reeb Millwork	180	6	1.59%
Cracker Barrel Old Country Store	170	7	1.51%
Safeway	150	8	1.33%
Fisherman's Inn	135	9	1.20%
Genesis Healthcare	134	10	1.19%
Total	<u>3,132</u>		<u>27.75%</u>

For the Fiscal Year Ended June 30, 2004			
<u>Employer</u>	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total County Employment</u>
Queen Anne's County Board of Education	843	1	8.69%
Queen Anne's County Government	467	2	4.82%
S.E.W. Friel	275	3	2.84%
Fisherman's Crab Deck	225	4	2.32%
Chesapeake College	215	5	2.22%
Paul Reed Smith Guitars	177	6	1.83%
Harris Crab House	160	7	1.65%
Delmarva Sash & Door, Inc.	150	8	1.55%
Acme Markets	147	9	1.52%
Sisk Mailing Services	145	10	1.50%
Total	<u>2,804</u>		<u>28.94%</u>

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

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

**Table 14**

<b>Fiscal Year</b>	<b>Population (1)</b>	<b>Total Personal Income (2)</b>	<b>Per Capita Income (3)</b>	<b>Unemployment Rate (3)</b>	<b>Average Registered Number of Pupils (4)</b>
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
2012	47,798	1,672,547,616	34,992	6.60%	7,757
2013	48,650	1,757,238,000	36,120	6.80%	7,717

NOTES:

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



*One of our ever popular and graceful residents...an Osprey on the beach at Terrapin Park.*

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

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
Number of Exempt Employees	33	35	35	36	31	29	29	26	26	28
Number of Full Time Employees	413	420	432	470	481	475	461	406	395	391
Number of Part Time Employees (FTE)	<u>21</u>	<u>21</u>	<u>23</u>	<u>25</u>	<u>20</u>	<u>18</u>	<u>17</u>	<u>10</u>	<u>9</u>	<u>8</u>
Total County Government Employees	<u>467</u>	<u>476</u>	<u>490</u>	<u>531</u>	<u>532</u>	<u>522</u>	<u>507</u>	<u>442</u>	<u>430</u>	<u>427</u>

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

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

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

NOTES:

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

Source: Queen Anne's County Finance Office.

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

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Governmental Activities:										
General Government:										
Planning & Zoning:										
Number of commercial permits issued	295	272	256	235	23	40	35	27	99	75
Number of residential permits issued:										
Single Family Permits	271	247	224	160	138	90	153	106	119	161
Multi Family Permits	-	1	-	-	-	13	28	4	20	21
Renovations and Additions Permits	745	680	608	541	539	324	304	295	207	312
Total residential permits issued	<u>1,016</u>	<u>928</u>	<u>832</u>	<u>701</u>	<u>677</u>	<u>427</u>	<u>485</u>	<u>405</u>	<u>346</u>	<u>494</u>
Public Safety:										
Fire and Rescue:										
Number of volunteer members	649	630	630	600	663	663	689	689	689	689
Police:										
Uniformed Police Officers	50	49	49	49	53	54	54	55	59	61
Number of law violations:										
Physical arrests	1,112	1,536	1,115	1,413	1,373	1,429	917	1,216	848	1,144
Traffic violations	4,363	5,307	4,962	5,310	5,745	8,276	6,183	5,760	5,818	5,915
Detention Center:										
Detention Center Officers	32	30	31	33	35	37	39	40	38	40
Average yearly prison population	92	96	99	113	112	97	102	103	86	128
Public Works:										
Wastewater Treated - Daily (mgd)	1.5	1.5	1.5	1.5	1.6	1.7	2.1	1.7	1.9	2.0
Education:										
Number of Personnel										
Teachers	459	479	496	501	522	528	533	530	537	546
Administrators	39	39	39	40	40	38	37	37	39	39
Support	302	321	318	327	338	338	336	310	300	294
Other	43	53	59	55	77	76	76	64	47	47
Number of Students	7,530	7,649	7,162	7,774	7,790	7,774	7,723	7,722	7,757	7,717
Number of High School Graduates	N/A	N/A	514	563	560	590	562	566	598	537

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

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Governmental Activities:										
Public Safety:										
Fire and Rescue:										
Number of volunteer stations	9	10	10	10	10	10	10	10	10	9
Equipment:										
Engines	16	17	17	16	16	16	17	17	17	18
Tankers	7	7	7	9	9	9	9	9	9	9
Aerial Units	4	4	4	4	4	4	5	5	5	5
Rescue Units	5	5	5	5	6	6	7	7	7	8
Brush Units	7	7	7	8	8	8	8	8	8	8
Air Units (MD State Police)	8	1	1	1	3	3	-	-	-	-
Boats	5	5	5	3	1	1	5	5	5	5
Ambulance/Medic Units	15	15	18	20	16	16	17	17	17	17
Cars/Other	20	20	20	16	17	17	22	22	22	22
Police:										
Number of Stations	1	1	1	1	1	1	1	1	1	1
Number of Vehicles										
Patrol	58	43	34	54	57	64	60	53	62	62
Other	6	15	26	15	7	13	17	21	3	3
Detention Center										
Capacity	104	104	104	104	104	104	148	148	148	148
Public Works:										
County Maintained Roads and Streets										
Paved (miles)	522	524	534	536	530	539	540	540	540	541
Unpaved (miles)	13	13	13	12	15	12	12	12	12	12
County Owned Water and Wastewater Facilities										
Water										
Miles of Mains	47	47	49	51	56	57	58	59	59	61
Water Treatment Plants	10	10	10	10	11	11	11	11	11	11
Booster Stations	2	2	2	2	2	2	2	2	2	2
Wastewater										
Miles of Mains	105	105	107	109	114	116	117	118	118	120
Wastewater Treatment Plants	1	1	1	1	1	1	1	1	1	1
Wastewater Collection, Lift, and Pumping Stations	29	29	29	29	31	31	31	31	31	31
Education:										
Number of Schools										
High Schools	2	2	2	2	2	2	2	2	2	2
Middle Schools	3	3	3	3	3	4	4	4	4	4
Elementary Schools	7	8	8	8	8	8	8	8	8	8
Parks and Recreation:										
Parks	24	24	28	29	32	33	33	33	33	33
Park Acreage	2,024	2,024	2,579	2,572	2,633	2,633	2,915	2,915	2,915	2,915
Public Landings	22	21	21	21	21	20	20	21	21	19
Library:										
Number of Libraries	3	3	3	3	3	3	3	3	3	3

NOTES:  
 Source: Various County departments.



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