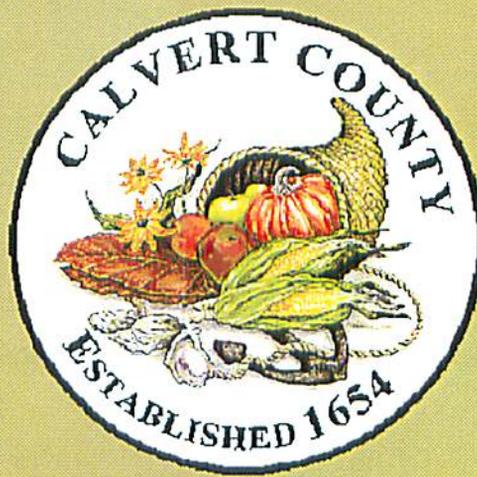


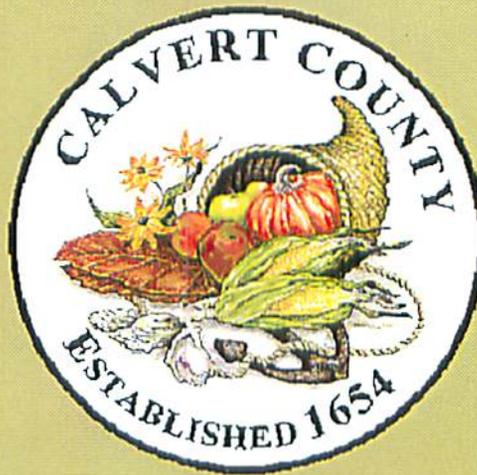
# Calvert County Maryland



## Comprehensive Annual Financial Report

For the fiscal year ended  
June 30, 2007

# Calvert County Maryland



## Comprehensive Annual Financial Report

For the fiscal year ended June 30, 2007

Prepared by: Department of Finance & Budget  
Calvert County, Maryland

**COUNTY COMMISSIONERS OF CALVERT COUNTY, MARYLAND**

**June 30, 2007**

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**COUNTY COMMISSIONERS OF CALVERT COUNTY, MARYLAND**

**June 30, 2007**

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**COUNTY COMMISSIONERS OF CALVERT COUNTY, MARYLAND**

**June 30, 2007**

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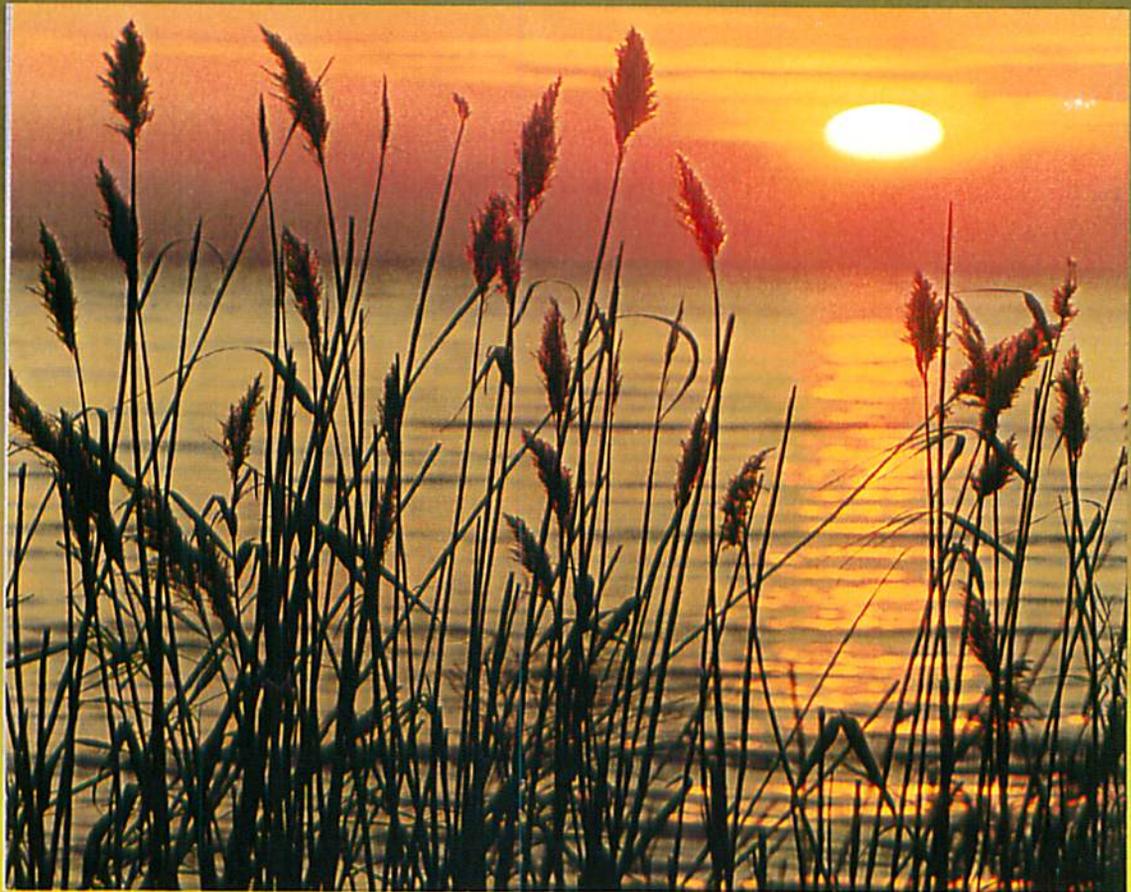
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# INTRODUCTORY SECTION





**CALVERT COUNTY GOVERNMENT**

**Board of County Commissioners**

***Wilson H. Parran, President***

***Susan Shaw, Vice President***

***Linda L. Kelley, Commissioner***

***Gerald "Jerry" W. Clark, Commissioner***

***Barbara A. Stinnett, Commissioner***

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November 13, 2007

Honorable Members of the Board of County Commissioners of Calvert County,  
County Administrator and Citizens of Calvert County

The Comprehensive Annual Financial Report of Calvert County, Maryland for the Fiscal Year ended June 30, 2007, is hereby submitted. Calvert County Code of Public Local Law requires that Calvert County annually issue a report of its financial position and activity, and that this report be audited by certified public accountants. The County is also required to undergo an annual single audit in conformity with the provisions of the Single Audit Act of 1984 (as amended in 1996) and the provisions of the U.S. Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non Profit Organizations*. Responsibility for both the accuracy of the data and the completeness and reliability of all of the information presented in these reports rests with management. To the best of our knowledge and belief, the enclosed data are accurate in all material respects and are reported in a manner that presents fairly the financial position and results of operations of Calvert County Government and its component units.

Management of the government is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the government are protected from loss, theft or misuse, and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with accounting principles generally accepted in the United State of America (GAAP). The internal control structure is designed to provide reasonable assurance that the financial statements will be free from material misstatement. The concept of reasonable assurance recognizes that: 1) the cost of a control should not exceed the benefits likely to be derived, and 2) the valuation of costs and benefits requires estimates and judgments by management.

Murphy & Murphy, CPA, LLC, Independent Certified Public Accountants have audited Calvert County Government's financial statements. The goal of the independent audit is to provide reasonable assurance that the financial statements of Calvert County Government

for the fiscal year ended June 30, 2007 are free of material misstatement. The independent audit involved 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 the financial statements are fairly presented in conformity with GAAP. The auditor's report is presented as the first component of the financial section of this report.

GAAP require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. The Calvert County Government's MD&A can be found immediately following the report of the independent auditors.

## **PROFILE OF THE GOVERNMENT**

Calvert County, Maryland was formed as one of the original counties in Maryland in 1654 and has a Commissioner form of government. A board of five Commissioners governs the County and serves the executive and legislative functions. The Commissioners operate under a Code of Public Local Laws of Calvert County, revised in 1985, and are subject to legislation adopted by the State Legislature. "Beginning with the general election to be held in Calvert County in November 1978, five county commissioners shall be elected by countywide vote. One shall be a resident of the first election district, one a resident of the second district, and one a resident of the third election district of the county. Of the remaining candidates, the two receiving the highest number of votes shall be selected. Commissioners who are elected and qualify shall take office the third Tuesday of December following election. Each commissioner shall hold office for 4 years or until a successor is elected and qualified (Code 1981, § 4-102; 1985, ch 715, § 2.)"

There are several other elected officials in Calvert County that include: Register of Wills, Sheriff, States Attorney, Treasurer, Mayor of the Town of Chesapeake Beach, Mayor of the Town of North Beach, Clerk of the Circuit Court, and five members of the Board of Education.

The Commissioners appoint a County Administrator who is responsible for the day-to-day administration of the County government. The Commissioners establish policy, enact ordinances, review and approve annual budgets, conduct public hearings and make decisions on land use matters. The Commissioners also appoint all department heads, members of boards and commissions and represent the county in dealings with other municipalities, the state and federal government. The office of the Commissioners is located at 175 Main Street, Prince Frederick, Maryland, 20678. The main phone number is 410-535-1600 and the website is [www.co.cal.md.us](http://www.co.cal.md.us).

Calvert County occupies 213 square miles, has 143 miles of shoreline, and serves a population of 87,100. It is the smallest county in Southern Maryland and has been one of the fastest growing counties in the State. Despite this growth, Calvert County retains its rural character and agrarian roots, offering good schools, a clean environment and good quality of

life. Calvert is a peninsula, bounded by the Chesapeake Bay on the east and the Patuxent River on the west. Steep cliffs and woods predominate on the bay side, while along the Patuxent, rolling fields slip gently down to the river. The County's many creeks provide refuge for wildlife, as well as scenic areas for boating and fishing.

Prince Frederick, the County seat, is located 35 miles southeast of Washington, D.C. and 55 miles south of Baltimore. There are two incorporated towns in Calvert County: North Beach and Chesapeake Beach, located on the bay at the northeast corner of the county. In addition, the Comprehensive Plan identifies seven "town centers." These include (from north to south) Dunkirk, Owings, Huntingtown, Prince Frederick, St. Leonard, Lusby, and Solomons.

The County provides a full range of municipal services, including: public safety, construction and maintenance of highways and streets, sanitation, health and social services, culture/recreation, education, public improvements, planning and zoning, and general administrative services. The County is also financially accountable for legally separate entities which are reported separately within the County's Financial Statements. The entities that meet these criteria are the Calvert County Board of Education and the Economic Development Authority of Calvert County. Additional information on the component units can be found in Note 1.

Calvert County's annual operating and capital budget represents a comprehensive financial plan for the County effective each year on the first day of July. Each County department, agency, or board receiving County funds submits a budget request to the Commissioners at a public hearing, via the Department of Finance and Budget. Additional public hearings are conducted to obtain taxpayer comments. On or before July 1 of each year, the budget is legally enacted through passage of a resolution. No expenditure of County funds may be made in excess of appropriation at the Fund level. A Summary Schedule of Revenues, Expenditures, and Other Financing Sources and Uses- Budget and Actual on a budgetary basis can be found on page 73 of this report. The capital projects fund budget is prepared on a project length basis and, accordingly, annual budgetary comparisons are not presented in the basic financial statements and supplemental information.

## **FACTORS AFFECTING FINANCIAL CONDITION**

**Local economy:** Conservative fiscal management and steady economic growth have allowed the County to maintain a sound financial position. Property taxes and income taxes provide 79 percent of the revenue for the General Fund of the Calvert County Government and have shown steady growth over the last ten years.

Property tax, the largest revenue source, represented 48 percent of the total final budgeted revenue for fiscal year 2007. Property assessments have increased over the last ten fiscal years, 1997 to 2007, by 86 percent. The property tax revenue increased during that same time by 58 percent. Both the increases in the assessments and property tax revenue continue to be affected by the decrease in public utility tax of 31 percent taken place in years 2000 and 2002 due to tax reform related to electric deregulation. The property tax revenue increase in fiscal year 2007 was 10% percent, a trend that is not expected to continue as changes real property assessments are expected to be minimal across the State of Maryland.

Property tax revenues are directly affected by the sale value of homes and the number of new housing starts. The sale value of owner occupied homes in the County has been rising steadily over several years. According to the Metropolitan Regional Information Systems, Inc., the average sale price of an improved owner occupied house in the County increased from an average of \$381,051 in 2005 to \$403,297 in 2006, an increase of 5.8 percent. Although construction activity has slowed from the pace of the mid-1990's where the County averaged 933 permits per year, 329 residential permits were issued in fiscal year 2007. Moderate building activity, when combined with changes in sale values contributes to the slowing down in the growth seen in the recent years of the property tax base.

The income tax base, like the property tax base, has shown steady growth over the last ten years. Income tax revenue, at 31 percent of the total final budgeted revenue for fiscal year 2007, is directly affected by personal income levels, employment levels, and population growth. Over the period of 1990 through 2000, growth in county population of over 45 percent contributed to a labor force growth rate of 40 percent. The County's employment has increased by approximately 50 percent well ahead of the state's 10 percent growth rate. The County's average per capita personal income has increased over this same time period by approximately 15 percent. In 2006, the median household effective buying income for Calvert County was \$87,400, an increase of 32 percent since 1999. While, the State's median household effective buying income was \$66,600 and increased during that same time period at 26 percent.

**Long-term financial planning:** Calvert County annually adopts a Capital Budget and Capital Improvement Program that is designed to plan for expenditures and commitments for the current fiscal year as well as the subsequent five fiscal years. This is one of the County's primary financial management planning tools to ensure that its major capital projects meet the needs of its citizens in a timely manner. In addition, this process ensures that the County plans for the best use of its financial resources.

The fiscal year 2007 budget reflected education, roads, public safety, and recreational opportunities as the continued top priorities of the County's administration. The General Fund operating budget included a 5.4 percent increase in funding for the Board of Education operating costs, a 52 percent increase in funding for the Highway Maintenance paving program, a 9.2% increase in the Sheriff's Office operations (including the Detention Center and Animal Control), and increased operating expenses for the new Prince Frederick Library. Within the Capital Improvements Program Budget for FY2007, 15 percent was dedicated to new school construction, additions, renovations, and the maintenance of existing facilities. The primary focus was on finalizing the classroom additions addressing the full day kindergarten requirements. Road improvements comprise 34 percent of the overall capital plan with the primary road projects being the Prince Frederick Loop Road and the Southern Connector Road. Over 28 percent is for recreational facilities and grounds improvements with the majority directed to the new Prince Frederick Indoor Aquatic Center.

The County continues its policy of maintaining a reserve of 8 percent of the total General Fund expenditures budget for the subsequent year to protect its high credit ratings. The County maintains a Rainy Day Reserve as a means to handle potential revenue shortfalls, to fund one-time non-recurring expenditures, or in the event of an emergency or unplanned expenditures. In addition, the County has set aside a reserve for future other post

employment benefits. The County has received continued credit rating upgrades in recent years. The latest ratings, received in fiscal year 2007, were Aa2 from Moody's Investors Service, Inc., AA from Standard & Poor's, and AA+ from Fitch Ratings.

In 1990, the County adopted a debt affordability model to ensure that the debt levels are kept at an affordable, manageable, moderate level. The guidelines created by the Commissioners (updated in 2001), establish maximum acceptable debt ratios. These ratios and their maximum acceptable levels are: 1) debt to assessed value, 4.5%, 2) debt service as a percent of general fund revenue, 9.5%, and 3) debt per capita \$1,500. Using fiscal year 2007 data, the County's current ratios are as follows: debt to assessed value is 1.3%, debt service to general fund revenue is 6.47%, and debt per capita is \$1,376.

## **AWARDS AND ACKNOWLEDGEMENTS**

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Calvert County Government for its comprehensive annual financial report for the fiscal year ended June 30, 2006. In order to be awarded a Certificate of Achievement, a government 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. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

The County received its seventh GFOA Award for Distinguished Budget Presentation for its annual appropriated budget dated July 1, 2007 to June 30, 2008. In order to qualify for this Distinguished Budget Award, the County must publish a budget document that meets program criteria as a policy document, operations guide, financial plan, and communications medium. We believe our current budget continues to conform to program requirements and have submitted it to the GFOA to determine its eligibility for another award.

The preparation of the comprehensive annual financial report on a timely basis was made possible by the dedicated service of the entire staff of the Finance and Budget Department. Each member of the department has my sincere appreciation for the contributions made in the preparation of this report.

I would also like to thank the County Commissioners and the County Administrator for their leadership and support in planning and conducting the financial operations of the County in a responsible and progressive manner.

Respectfully submitted,

Terry L. Shannon, CPA  
Director, Finance and Budget

# Certificate of Achievement for Excellence in Financial Reporting

Presented to

County Commissioners  
of Calvert County  
Maryland

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
June 30, 2006

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



President

Executive Director

**COUNTY COMMISSIONERS OF CALVERT COUNTY**

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**CERTAIN ELECTED OFFICIALS**

**Wilson H. Parran**  
President, Board of County Commissioners

**Susan Shaw**  
Vice President, Board of County Commissioners

**Gerald W. Clark**  
Commissioner

**Linda L. Kelley**  
Commissioner

**Barbara A. Stinnett**  
Commissioner

**Novalea Tracy-Soper**  
Treasurer

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**CERTAIN APPOINTED OFFICIALS**

**A. Douglas Parran**  
County Administrator

**Terry L. Shannon**  
Director of Finance and Budget

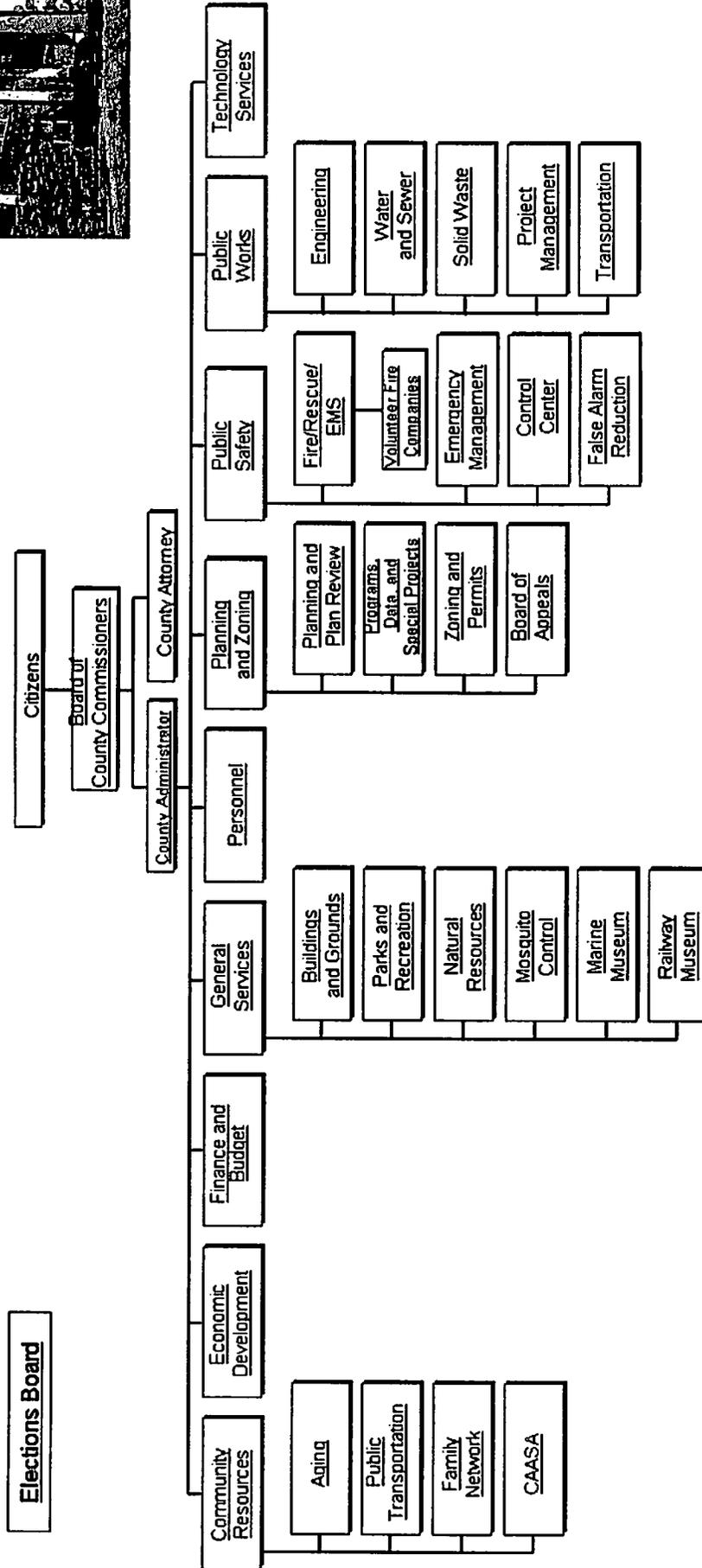
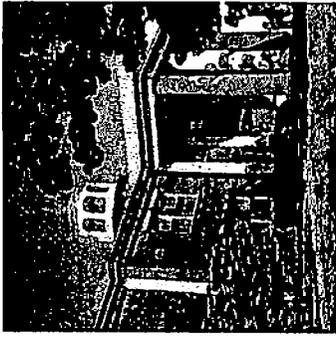
**Greg Bowen**  
Director of Planning and Zoning

**Linda Vassallo**  
Director of Economic Development

**Terry P. Carlson, P.E.**  
Director of Public Works

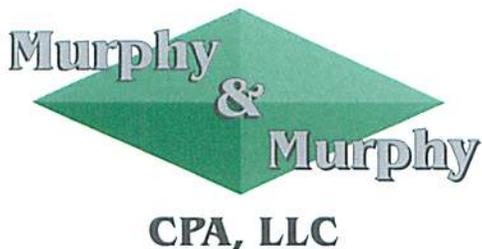
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**Calvert County Government**  
**175 Main Street, Prince Frederick, MD 20678**  
**410-535-1600**  
**[calvertcounty@co.cal.md.us](mailto:calvertcounty@co.cal.md.us)**



# FINANCIAL SECTION





## INDEPENDENT AUDITOR'S REPORT

County Commissioners of Calvert County, Maryland  
Prince Frederick, Maryland

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County Commissioners of Calvert County, Maryland, as of and for the year ended June 30, 2007, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the County Commissioners of Calvert County, Maryland's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Calvert County Board of Education, which represents 34 percent of the assets and 46 percent of the revenues of the total reporting entity. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinions on the financial statements, insofar as they relate to the amounts included for the Calvert County Board of Education, are 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the report of other auditors provide a reasonable basis for our opinions.

In our opinion, based on our audit and the report of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County Commissioners of Calvert County, Maryland, as of June 30, 2007, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Member: AICPA Private Companies Practice Section

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8023 Malcolm Road ◆ Clinton, Maryland 20735-1717 ◆ (301) 856-4100 ◆ Fax: (301) 856-4105  
P.O. Box 1919 ◆ 108 La Grange Avenue ◆ La Plata, Maryland 20646-1919 ◆ (301) 609-7515  
(301) 870-3677 ◆ Fax: (301) 609-7510 ◆ email: tim.murphy@murphycpallc.com

In accordance with *Government Auditing Standards*, we have also issued our report dated October 12, 2007, on our consideration of the County Commissioners of Calvert County, Maryland's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis and budgetary comparison information on pages 3 through 14 and 73 through 83, respectively, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County Commissioners of Calvert County, Maryland's basic financial statements. The combining and individual nonmajor fund financial statements and schedules listed in the table of contents under other supplemental information are presented for purposes of additional analysis and are not a required part of the basic financial statements of the County Commissioners of Calvert County, Maryland. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

*Murphy & Murphy, CPA, LLC*

Clinton, Maryland  
October 12, 2007

## COUNTY COMMISSIONERS OF CALVERT COUNTY, MARYLAND

### MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of the Annual Financial Report of Calvert County, Maryland presents a narrative overview and analysis of the financial activities of Calvert County Government for the fiscal year ended June 30, 2007. We encourage readers to use the information presented here in conjunction with the accompanying basic financial statements and the accompanying notes to those financial statements.

#### Financial Highlights

- The assets of Calvert County Government exceeded its liabilities at the close of the most recent fiscal year by \$208.9 million (*net assets*). Approximately 16.2 percent of this amount is attributable to the business-type activities that include the Water and Sewer Fund, the Solid Waste and Recycling Fund and the Calvert Marine Museum. Of total net assets, \$65.5 million (*unrestricted net assets*) may be used to meet ongoing obligations to citizens and creditors (-5.4 percent of this amount is attributable to the business-type activities), \$13.6 million is restricted for specific purposes (*restricted net assets*), and \$129.7 million is invested in capital assets, net of related debt. Included as restricted cash is \$33.2 million of which \$28.8 million represents bond proceeds to be used in part to pay for costs associated with the construction of a several road projects, an elementary school, and an aquatic center.
- The government's overall net assets have increased by \$23.1 million; a \$22.8 million increase was related to the governmental activities and an increase of \$.3 million was related to the business type activities. The increase in governmental assets of \$22.8 million is in large part due to the \$17.9 million increase in investments in capital assets, net of related debt.
- As of June 30, 2007, the County's governmental funds reported combined fund balances of \$126.2 million, an increase of \$19.1 million in comparison with the prior year. Approximately 93 percent of this total amount, \$116.9 million, is available to meet the County's current and future needs (*unreserved fund balance*). Of the total unreserved fund balance, \$84.6 million (prior year, \$68.8 million) has been dedicated for certain purposes, including, \$16.5 million to protect the County's good bond credit rating, \$45.6 million for approved capital projects, \$3.5 million for employee leave obligations payouts, \$6.1 million to protect against the loss of the state funding the Electric Deregulation grant and \$12.9 million for *Other Post Employment Benefits (GASB 45)*.
- The proprietary funds operating revenue increased by \$107,343 or .1 percent.
- At the close of the current fiscal year, unreserved fund balance for the General Fund (primary operating fund) was \$54.2 million, or 27.9 percent of total General

Fund budgetary expenditures and other financing uses. Designated fund balance of the General Fund was \$37.7 million, or 69 percent of unreserved fund balance.

- Calvert County Government issued new general obligation bonds of \$29.8 million during the current fiscal year. The purpose of this debt was to finance several major capital projects including the Southern Connector Road, the Prince Frederick Aquatic Center, the Prince Frederick Loop Road and the Barstow Elementary School.

## **Overview of the Financial Statements**

This discussion and analysis is intended to serve as an introduction to Calvert County Government's basic financial statements. Calvert County Government's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other required and non-required supplemental 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 Calvert County Government's finances, in a manner comparable to a private-sector business.

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

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

Both of the government-wide financial statements distinguish functions of Calvert County Government that are principally supported by taxes and intergovernmental revenues (*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 Calvert County Government include: general government, public safety, public works, health and hospitals, social services, education, natural resources, urban development and housing, economic development, agricultural land preservation, and parks and recreation. The business-type activities of Calvert County Government include: Water and Sewer, Solid Waste & Recycling, and Calvert Marine Museum operations.

The government-wide financial statements include not only Calvert County Government itself (known as the *primary government*), but also legally separate component units. Calvert County Government has the following component units: Calvert County Board of Education and Economic Development Authority. Financial information for these *component units* is reported separately from the financial information presented for the primary government itself. The government-wide financial statements can be found on pages 15 to 17 of this report.

**Fund financial statements:** A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Calvert 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 Calvert County Government can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

**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*, as well as on *balances 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 governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

Calvert County Government maintains 16 individual governmental funds: the General, Planning and Zoning, Housing, Project Graduation, Board of Library Trustees, Parks and Recreation, Bar Library, Economic Development Authority Revolving Loan, Revolving Loan, Calvert County Family Network, Excise Tax, Economic Development Incentive, Grants, Land Preservation, Calvert Country Market, and Capital Projects funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general and capital projects funds with a summary of the other funds, referred to as nonmajor governmental funds.

Calvert County Government adopts an annual appropriated budget for its General Fund. To demonstrate compliance with this budget, a budgetary comparison statement has been provided for the General Fund, the county's primary fund. The summary schedule on a budgetary basis for the General Fund can be found in the *Required Supplemental Information* section on page 73 of this report.

**Proprietary funds:** Proprietary funds, also known as, *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. Calvert County Government uses enterprise funds to account for its Water and Sewer, Solid Waste and Recycling, and Calvert Marine Museum activities. The basic proprietary fund financial statements can be found on pages 21 to 23 of this report.

**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 statement because the resources of those funds are *not* available to support Calvert County Government's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. The basic fiduciary fund financial statements can be found on pages 24 and 25 of this report.

**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 are part of the basic financial statements and can be found on pages 26 to 72 of this report.

**Other information:** In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplemental information*, other *supplemental information*, and a *statistical section* concerning Calvert County Government. Other supplemental information can be found beginning on page 84 of this report.

### **Government-wide Financial Analysis**

This is the sixth reporting period that the Governmental Accounting Standards Board (GASB) Statement No. 34 has been applied in the preparation of the financial statements of Calvert County Government.

As noted earlier, net assets may serve over time as a useful indicator of a government's overall financial condition and position. In the case of Calvert County, assets exceeded liabilities by \$208.9 million (prior year, \$185.8 million) at the close of the current fiscal year. Calvert County Government's net assets are divided into three categories, invested in capital assets, net of related debt; restricted net assets, and unrestricted net assets. Approximately 62 percent (prior year, 59 percent) of the County's net assets reflects its investment in capital assets net of depreciation (e.g. land and easements, buildings, machinery, equipment, infrastructure and improvements), less any unmatured debt used to acquire those assets. The County uses these capital assets to provide services to citizens. Consequently, these assets are not available for future spending. Restricted net assets represent 6.5 percent (5.8 percent, prior year) of total net assets. Restricted net assets are resources that are subject to external restrictions on how they may be used. Unrestricted net assets of the government have a balance of \$65.5 million (prior year, \$65.9 million) 31 percent (prior year, 35 percent) of total net assets which may be used to meet the government's ongoing obligations to citizens and creditors. Of this amount, the unrestricted net assets for business-type activities have a negative balance of -\$3.5 million (prior year, -\$1.6 million). This reduction was mostly due to the operating results of the Water and Sewer Fund.

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

**Calvert County Government's Changes in Net Assets**

	Governmental Activities			Business-type Activities			Total		
	2007	2006	Difference	2007	2006	Difference	2007	2006	Difference
Current and other assets	\$ 188,987,270	\$ 162,525,004	\$ 26,462,266	\$ 4,146,842	\$ 4,811,257	\$ (664,415)	\$ 193,134,112	\$ 167,336,261	\$ 25,797,851
Capital assets	145,688,780	122,272,363	23,416,417	45,548,104	46,306,116	(758,012)	191,236,884	168,578,479	22,658,405
Total assets	334,676,050	284,797,367	49,878,683	49,694,946	51,117,373	(1,422,427)	384,370,996	335,914,740	48,456,256
Long-term liabilities	109,139,145	89,191,489	19,947,656	12,739,195	14,377,868	(1,638,673)	121,878,340	103,569,357	18,308,983
Other liabilities	50,510,318	43,339,995	7,170,323	3,124,286	3,199,659	(75,373)	53,634,604	46,539,654	7,094,950
Total liabilities	159,649,463	132,531,484	27,117,979	15,863,481	17,577,527	(1,714,046)	175,512,944	150,109,011	25,403,933
Net assets:									
Invested in capital assets,									
Net of related debt	96,731,172	78,866,512	17,864,660	32,980,825	30,215,402	2,765,423	129,711,997	109,081,914	20,630,083
Restricted	9,246,067	5,884,509	3,361,558	4,386,023	4,903,917	(517,894)	13,632,090	10,788,426	2,843,664
Unrestricted	69,049,348	67,514,862	1,534,486	(3,535,383)	(1,579,473)	(1,955,910)	65,513,965	65,935,389	(421,424)
Total net assets	\$ 175,026,587	\$ 152,265,883	\$ 22,760,704	\$ 33,831,465	\$ 33,539,846	\$ 291,619	\$ 208,858,052	\$ 185,805,729	\$ 23,052,323

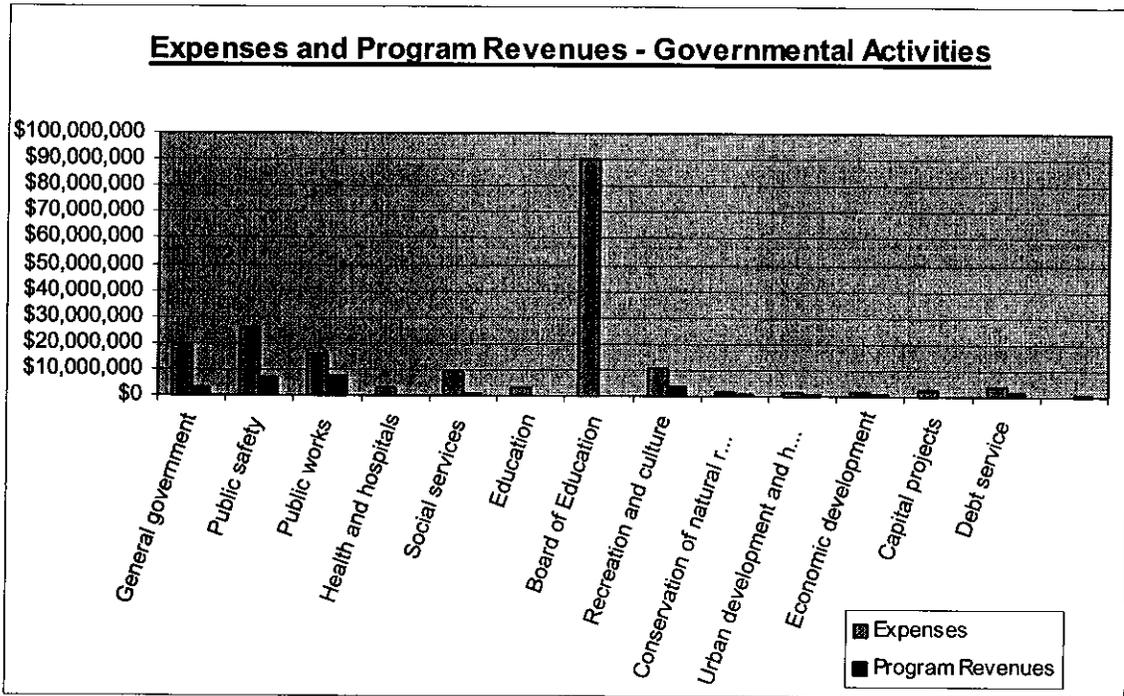
**Governmental activities:** Net assets of the Governmental activities increased by \$22,760,704 (prior year, an increase of \$20,452,393), accounting for the overall increase in the net assets of the Government. This increase is primarily due to investment in capital assets increased net of depreciation by \$17.9 million.

**Business-type activities:** Business-type activities increased Calvert County Government's net assets by \$.3 million (prior year, a decrease of \$.8 million). The Solid Waste and Recycling Fund had an increase in net assets of \$1,167,244. The Water and Sewer Fund and the Calvert Marine Museum net assets decreased by \$701,033 and \$174,592, respectively.

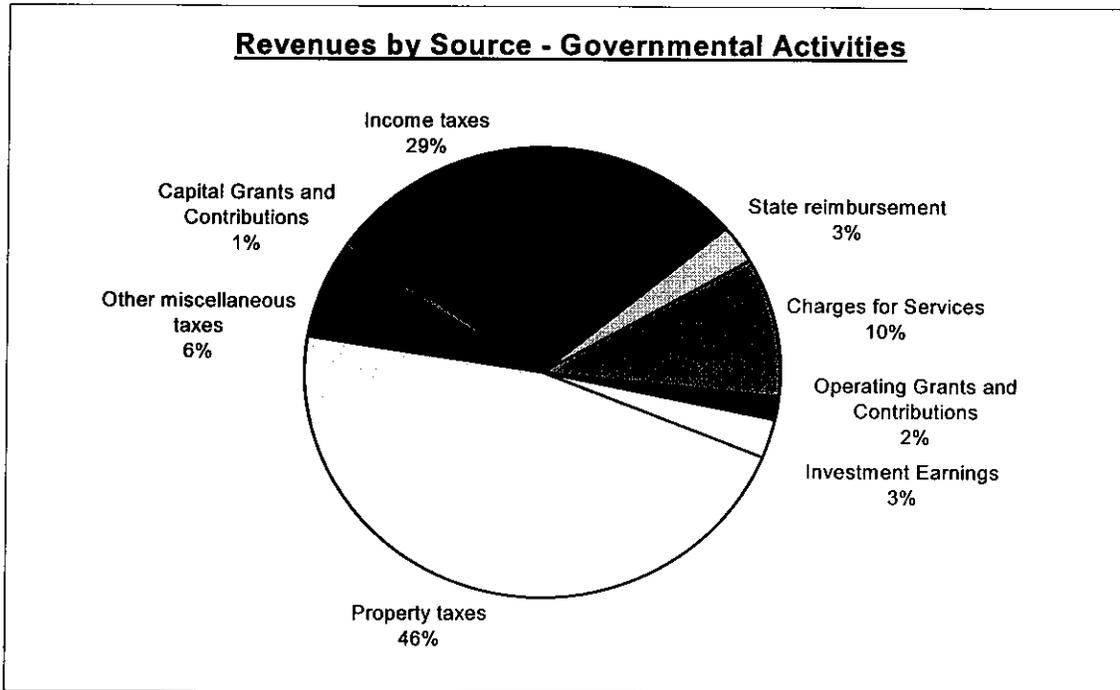
The following charts reflect the Revenues and Program expenses for the Governmental and the Business-type Activities and the changes in net assets for the year ended June 30:

	Governmental Activities			Business-type			Total		
	2007	2006	Difference	2007	2006	Difference	2007	2006	Difference
<b>Revenues</b>									
<b>Program revenues:</b>									
Charges for services	\$ 21,273,631	\$ 20,260,052	\$ 1,013,579	\$ 17,536,408	\$ 17,332,737	\$ 203,671	\$ 38,810,039	\$ 37,592,789	\$ 1,217,250
Operating grants and Contributions	3,747,924	3,733,341	14,583	330,864	295,180	35,684	4,078,788	4,028,521	50,267
Capital grants and Contributions	1,707,441	1,823,092	(115,651)	86,900	115,790	(28,890)	1,794,341	1,938,882	(144,541)
<b>General revenues:</b>									
Property taxes	98,994,236	90,833,150	8,161,086	-	-	-	98,994,236	90,833,150	8,161,086
Income taxes	61,886,520	58,647,605	3,238,915	-	-	-	61,886,520	58,647,605	3,238,915
Other taxes	13,514,553	15,686,034	(2,171,481)	-	-	-	13,514,553	15,686,034	(2,171,481)
State reimbursement	6,096,574	6,096,574	-	-	-	-	6,096,574	6,096,574	0
Investment earnings	5,665,867	4,066,075	1,599,792	516,646	372,382	144,264	6,182,513	4,438,457	1,744,056
Transfers	(2,491,052)	(2,166,490)	(324,562)	2,491,052	2,166,490	324,562	-	-	-
<b>Total revenues</b>	<b>210,395,694</b>	<b>198,979,433</b>	<b>11,416,261</b>	<b>20,961,870</b>	<b>20,282,579</b>	<b>679,291</b>	<b>231,357,564</b>	<b>219,262,012</b>	<b>12,095,552</b>
<b>Program Expenses</b>									
General government	19,378,201	15,837,498	3,540,703	-	-	-	19,378,201	15,837,498	3,540,703
Public safety	25,832,813	18,104,991	7,727,822	-	-	-	25,832,813	18,104,991	7,727,822
Public works	16,294,562	8,656,507	7,638,055	-	-	-	16,294,562	8,656,507	7,638,055
Health and hospitals	3,091,069	2,547,571	543,498	-	-	-	3,091,069	2,547,571	543,498
Social services	9,205,328	7,689,167	1,516,161	-	-	-	9,205,328	7,689,167	1,516,161
Education	2,991,382	2,391,360	600,022	-	-	-	2,991,382	2,391,360	600,022
Board of education	90,378,744	85,712,612	4,666,132	-	-	-	90,378,744	85,712,612	4,666,132
Recreation and culture	10,608,677	2,547,771	8,060,906	-	-	-	10,608,677	2,547,771	8,060,906
Conservation of nat. rsrces.	1,422,798	3,201,679	(1,778,881)	-	-	-	1,422,798	3,201,679	(1,778,881)
Urban development and housing	1,326,831	1,076,102	250,729	-	-	-	1,326,831	1,076,102	250,729
Economic development	1,430,435	1,204,049	226,386	-	-	-	1,430,435	1,204,049	226,386
Miscellaneous	-	12,480,849	(12,480,849)	-	-	-	0	12,480,849	(12,480,849)
Capital projects	2,034,100	13,792,519	(11,758,419)	-	-	-	2,034,100	13,792,519	(11,758,419)
Debt Service	3,640,050	3,284,365	355,685	-	-	-	3,640,050	3,284,365	355,685
Water and sewer	-	-	-	5,782,763	5,813,095	(30,332)	5,782,763	5,813,095	(30,332)
Solid waste	-	-	-	11,588,833	12,280,864	(692,031)	11,588,833	12,280,864	(692,031)
Culture	-	-	-	3,298,655	2,943,972	354,683	3,298,655	2,943,972	354,683
<b>Total expenses</b>	<b>187,634,990</b>	<b>178,527,040</b>	<b>9,107,950</b>	<b>20,670,251</b>	<b>21,037,931</b>	<b>(367,680)</b>	<b>208,305,241</b>	<b>199,564,971</b>	<b>8,740,270</b>
Increase (decrease) in net assets	22,760,704	20,452,393	2,308,311	291,619	(755,352)	1,046,971	23,052,323	19,697,041	3,355,282
<b>Assets</b>									
Net assets - beginning	152,265,883	131,813,490	20,452,393	33,539,846	34,295,198	(755,352)	185,805,729	166,108,688	19,697,041
Net assets - ending	\$ 175,026,587	\$ 152,265,883	\$ 22,760,704	\$ 33,831,465	\$ 33,539,846	\$ 291,619	\$ 208,858,052	\$ 185,805,729	\$ 23,052,323

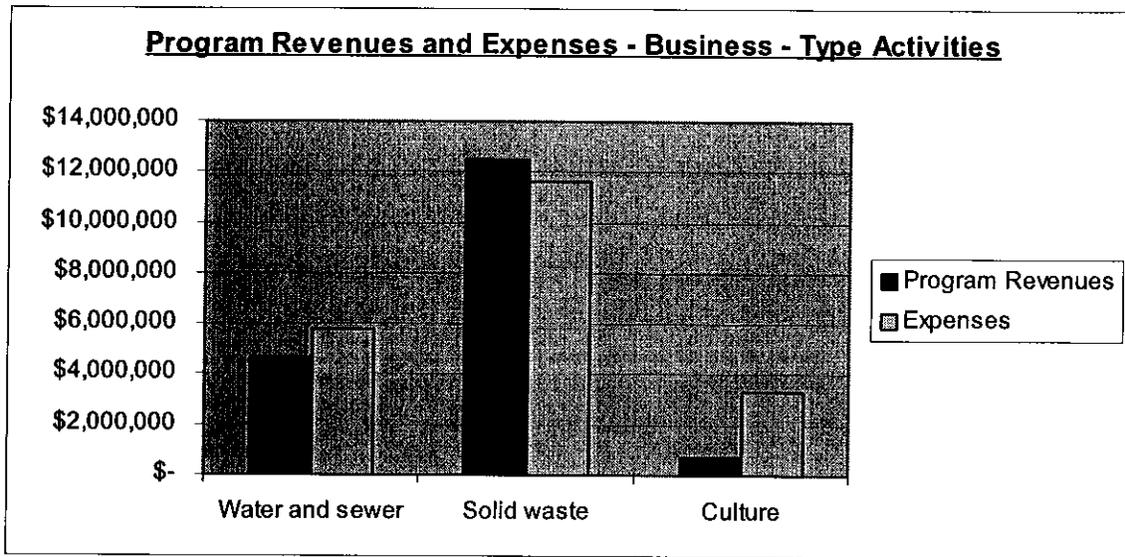
This chart matches governmental revenues and expenses by function:



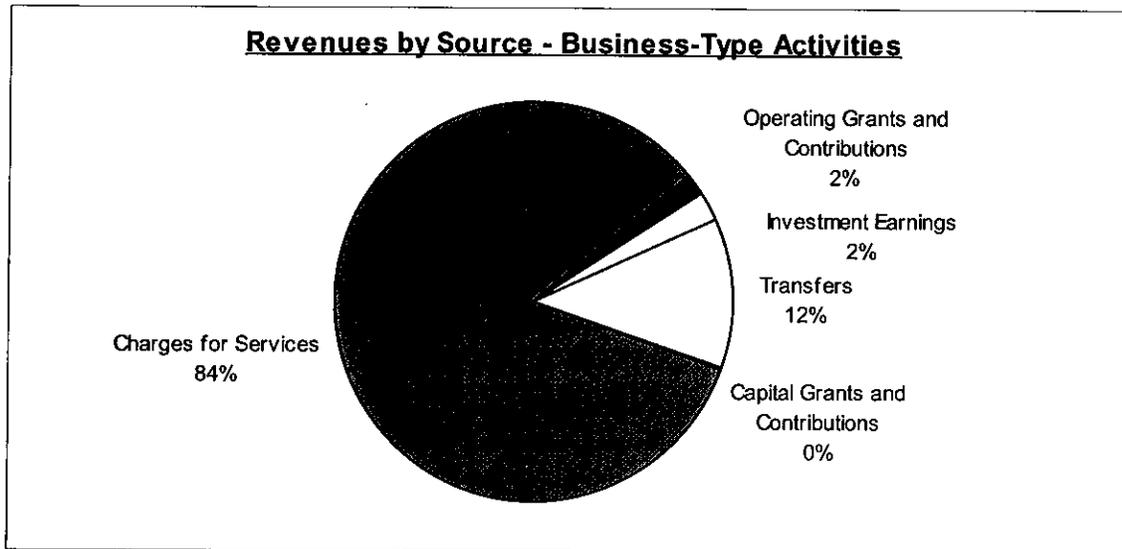
This chart reports governmental revenue sources:



This chart matches the business-type activities revenue and expenses:



This chart reports business-type activities by source:



## Financial Analysis of the Government's Funds

As noted earlier, Calvert County Government uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**Governmental funds:** The focus of Calvert 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 Calvert County Government's financing requirements. In particular, *unreserved fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, Calvert County Government's governmental funds reported combined ending fund balances of \$126.2 million (prior year, \$107.1 million), an increase of \$19.1 million in comparison with the prior year increase of \$5.8 million. Approximately 93 percent (prior year, 95 percent) of this amount, \$116.9 million (prior year, \$101.2 million) constitutes *unreserved fund balance*, which is available for spending at the government's discretion. It should be noted that \$83.2 million (prior year, \$72.9 million) of this amount has been designated for certain purposes (see *Financial Highlights* for details.). The remainder of fund balance is *reserved* to indicate that it is not available for new spending because it has already been committed: 1) to liquidate contracts and purchase orders of the prior period, 2) for inventories, or 3) dedicated for a variety of restricted purposes. The reserved fund balance, at 7.3 percent (prior year, 5.5 percent) of total fund balance, does not significantly affect the availability of fund resources for future use.

The General Fund is the chief operating fund of Calvert County Government. At the end of the current fiscal year, unreserved fund balance of the General Fund was \$54.2 million (prior year, \$56 million), while total fund balance was \$63.4 million (prior year, \$61.9 million). As a measure of the General Fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance represents 27.9 percent of total General Fund budgetary expenditures and other financing sources (prior year, 31.6 percent), while total fund balance represents 32.7 percent (prior year, 34.9 percent) of that same amount.

The fund balance of Calvert County Government's General Fund increased by \$1.5 million (prior year increase of \$8.8 million). Due to strong receipts in recordation tax as well as savings on expenditures, the county realized a budgetary surplus of \$1,641,053. This amount, combined with an encumbrance adjustment, resulted in an increase to fund balance of \$1,539,727.

The Capital Project Fund has a total fund balance of \$45.6 million (prior year, \$32 million) of which the entire balance is unreserved, but designated for future capital project expenditures. Unspent bond proceeds of \$28.8 million make up 63.2 percent of the unreserved fund balance (prior year, \$14.3 million, 45 percent).

**Proprietary funds:** Calvert County Government's proprietary fund statements provide the same type of information found in the government-wide financial statements, but in

more detail. Overall the net assets of the proprietary funds increased \$.3 million (prior year, decrease of \$.8 million). At the end of the year, unrestricted net assets of the Water and Sewer Fund amounted to a negative \$5.5 million (prior year, -\$4.7 million), and the Solid Waste and Recycling Fund amounted to \$1.6 million (prior year, \$2.8 million). The Calvert Marine Museum ended the year with \$4 million of total net assets (prior year, \$4.2 million).

### General Fund Budgetary Highlights

The final budget for the General Fund was increased by \$7,255,848 over the original budget (prior year, \$5,418,292). Of this total, \$4,655,282 were additional appropriations for one-time pay-go capital projects, such as, \$160,000 for Courthouse Security, \$220,000 for Courthouse Roof Repairs, \$300,000 for Calvert Advanced Life Support Facility Construction, \$305,000 for Marine Museum Repairs, \$116,000 for Chaneyville Bridge Replacement, \$309,000 for Willows Drainage Improvements, \$225,000 for St. Leonard Volunteer Fire Department Second Exit Construction, \$387,000 for Old Library Renovation, \$1,000,000 for Dominion Security Agreement, \$425,480 for Chesapeake Ranch Estates Legal Expenses, \$183,872 for Calvert Market Operations, \$532,110 for Sheriff Operations and \$2,540,000 for reappropriation of source of funding from excise tax to general fund. Prior year's fund balance of \$371,331 was appropriated as the source to cover the County's guarantee to replenish the debt service reserve related to Maryland Economic Development Corporation Bonds. This guarantee expires in May 2008. The remaining increases in appropriations were for various general operations, such as unprecedented increases in fuel costs, and were funded from various revenue sources. During the year, revenues exceeded budgetary estimates and expenditures were less than budgetary estimates, resulting in a surplus of \$1.6 million.

### Capital Asset and Debt Administration

**Capital assets:** Calvert County Government's investment in capital assets for its governmental and business-type activities as of June 30, 2007, amounts to \$191.2 million (prior year, \$168.6 million), net of accumulated depreciation. This investment in capital assets includes: land, construction in progress, buildings, improvements, machinery and equipment, and infrastructure and land development rights. The total increase in Calvert County Government's investment in capital assets for the current fiscal year was 13.4 percent (prior year, 9.4 percent), a 19.2 percent increase for governmental activities (14.8%, prior year) and a 1.6 percent decrease (prior year, 2.6 percent decrease) for business-type activities.

### Calvert County Government's Capital Assets (Net of Depreciation)

	Governmental Activities		Business-type Activities		Total	
	2007	2006	2007	2006	2007	2006
Land	\$ 24,052,150	\$ 19,918,448	\$ 3,074,352	\$ 3,076,474	\$ 27,126,502	\$ 22,994,922
Land development rights	7,961,655	6,881,655	-	-	7,961,655	6,881,655
Construction in progress	28,444,807	17,618,104	590,228	240,446	29,035,035	17,858,550
Building	24,090,872	16,216,721	1,773,779	1,656,953	25,864,651	17,873,674
Improvements	15,070,114	15,729,535	35,192,754	36,903,988	50,262,868	52,633,523
Machinery and equipment	10,069,150	8,753,167	4,916,991	4,428,255	14,986,141	13,181,422
Infrastructure	36,000,032	37,154,733	-	-	36,000,032	37,154,733
Total	\$ 145,688,780	\$ 122,272,363	\$ 45,548,104	\$ 46,306,116	\$ 191,236,884	\$ 168,578,479

Major capital asset events during the current fiscal year included the following:

- Development of an enhanced Public Safety System is in progress, with a cumulative cost of \$2.1m.
- Development of a GIS System is in progress, with a cumulative cost of \$2m.
- Construction of the Price Frederick Aquatic Center is in progress, with a cumulative cost of \$3.5m.
- Construction at the Hallowing Point Park is in progress with a cumulative cost of \$1.3.
- Construction of the Southern Connector Road is in progress with a cumulative cost of \$11.3m
- The completion of portions of the Prince Frederick Loop Road with a total cost of \$785,000.
- Completion of a new Prince Frederick Library with a total cost of \$8.1m.
- The addition of \$2.4m in roads to the county's inventory.

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

**Long-term debt:** At the end of the current fiscal year, Calvert County Government had total general obligation debt outstanding of \$118.3 million (prior year, \$99 million). The full faith and credit and unlimited taxing power of the County are irrevocably pledged to levy and collect taxes in order to provide for the payment of principal and interest due on the debt. Of this amount, \$12.3 million (prior year, \$14 million) are considered self-supporting bonds, funded through various surcharges and assessments related to the operation of the water and sewerage and solid waste and recycling systems of the County. Also within the governmental activities are the \$8 million (prior year, \$6.9 million) in installment purchase agreements for the land preservation program. The principal amount is supported by US Treasury Strip securities.

**Calvert County Government's Outstanding Debt**

	Governmental Activities		Business-type Activities		Total	
	2007	2006	2007	2006	2007	2006
General Obligation Debt	\$ 106,025,846	\$ 84,982,723	\$ 12,305,584	\$ 14,009,228	\$ 118,331,430	\$ 98,991,951
The Land Preservation Program	7,961,655	6,881,655	-	-	7,961,655	6,881,655
<b>Total Bonded Debt</b>	<b>\$ 113,987,501</b>	<b>\$ 91,864,378</b>	<b>\$ 12,305,584</b>	<b>\$ 14,009,228</b>	<b>\$ 126,293,085</b>	<b>\$ 105,873,606</b>

Calvert County Government's total general obligation bonded debt increased by \$20.4 million (prior year, an increase of \$2.4 million), or 19.3 percent during the current fiscal year (prior year, an increase of 2.3 percent).

In April 2007, the Calvert County Government had its credit ratings reaffirmed by Fitch Ratings, Moody's Investors Service, Inc., and Standard & Poor's at its current ratings of "AA+", "Aa2" and "AA", respectively.

The debt affordability guidelines for Calvert County Government were set by the Board of County Commissioners, as proposed by Davenport and Co., LLC, the county's financial advisor. The guidelines were approved at: debt to assessed value of 4.5%, debt per capita of \$1,500, and debt service as a percent of current General Fund revenue at

9.5%. The county's current ratios are 1.2% debt to assessed value, \$1,302 debt per capita, and 6.2% debt service as a percent of General Fund revenue.

Additional information on Calvert County Government's long-term debt can be found in Note 7 of this report.

### **Economic Factors and Fiscal Year 2008's Budgets and Rates**

- Total personal income of County residents exceeded \$3.27 billion during calendar year 2005 (\$3.05 billion in 2004), an increase of 7.2%. The increase was 8.8% from calendar year 2003 to 2004. Increased levels of personal income were a factor in developing budgeted tax revenue estimates for fiscal year 2008.
- The average unemployment rate for the County as of June 30, 2007 was 3.1%, while the average unemployment rate for the State of Maryland was 4.6%.
- The assessed real estate values continue to increase, with information received from the local State Assessment Office, the county has projected an increase in the assessable base, net of the Homestead Tax Credit, of 13.9% for fiscal year 2008 over the fiscal year 2007 actual.
- The Water and Sewer Fund rates were adjusted for fiscal year 2008, continuing with the adopted phase-in plan to achieve a structurally balanced Water & Sewer Fund by FY2012.
- The Solid Waste Fund fee was adjusted for fiscal year 2008, an increase of 2%.

All of these factors were considered in preparing the Calvert County Government's budget for the 2008 fiscal year.

During the current fiscal year, total fund balance in the General Fund increased to \$63.4 million (compared to \$61.9 million in the prior year). Calvert County Government has adopted a balanced budget, with no planned use of this fund balance in fiscal year 2008.

### **Requests for Information**

This financial report is designed to provide a general overview of Calvert 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 financial information should be addressed to the Department of Finance and Budget, Calvert County Government, 175 Main Street, Prince Frederick, MD 20678.

**COUNTY COMMISSIONERS OF CALVERT COUNTY  
CALVERT COUNTY, MARYLAND**

**FINANCIAL STATEMENTS**

**JUNE 30, 2007**

COUNTY COMMISSIONERS OF CALVERT COUNTY, MARYLAND

**STATEMENT OF NET ASSETS**  
**JUNE 30, 2007**

	Primary Government			Component Units	
	Governmental Activities	Business- Type Activities	Total	Board of Education	Economic Development Authority
Cash, cash equivalents and investments	\$ 115,767,890	\$ 442,618	\$ 116,210,508	\$ 9,648,004	\$ 1,054,489
<u>Receivables</u>					
Taxes	4,892,013	-	4,892,013	-	-
Special assessments	1,250,214	-	1,250,214	-	-
Accounts	28,986,636	1,881,360	30,867,996	-	-
Notes	4,869,010	363,802	5,232,812	-	1,342,772
Accrued interest	868,764	33,330	902,094	-	151,200
Other	-	-	-	342,145	-
Due from primary government	-	-	-	14,611,553	663,699
Internal balances	3,098,175	(3,098,175)	-	-	-
Due from other governments	92,641	-	92,641	3,407,876	-
Deferred expenses	-	64,239	64,239	-	-
Prepaid costs	-	-	-	243,586	-
Inventory	356,264	73,645	429,909	25,431	-
<u>Restricted assets</u>					
Cash	28,805,663	4,386,023	33,191,686	-	-
Capital assets not being depreciated	60,458,612	3,664,580	64,123,192	14,230,975	22,191
Depreciable capital assets - net	85,230,168	41,883,524	127,113,692	154,300,965	-
Total assets	334,676,050	49,694,946	384,370,996	196,810,535	3,234,351
<u>Liabilities</u>					
Accounts payable	3,980,819	1,024,785	5,005,604	16,202,941	-
Notes payable	327,400	-	327,400	-	-
Accrued liabilities	9,543,039	390,436	9,933,475	-	-
Due to other governments	3,504,131	-	3,504,131	1,069,631	-
Due to component units	15,275,252	-	15,275,252	-	-
Unearned revenue	6,128,660	5,286	6,133,946	1,133,464	470,018
Noncurrent liabilities					
Due within one year	11,751,017	1,703,779	13,454,796	341,569	-
Due in more than one year	109,139,145	12,739,195	121,878,340	2,626,334	-
Total liabilities	159,649,463	15,863,481	175,512,944	21,373,939	470,018
<u>Net Assets</u>					
Invested in capital assets, net of related debt	96,731,172	32,980,825	129,711,997	167,953,405	-
<u>Restricted for</u>					
Capital projects	-	-	-	84,152	-
Calvert Family Network	23	-	23	-	-
Grants	2,442	-	2,442	-	-
Cafeteria fund	-	-	-	1,608,194	-
Parks and recreation	48,084	-	48,084	-	-
Restricted capital connection	-	3,895,231	3,895,231	-	-
Long term receivables	5,349,383	-	5,349,383	-	-
Encumbrances	3,098,613	-	3,098,613	-	-
Inventory	347,522	-	347,522	-	-
Guarantee of third party debt service	400,000	-	400,000	-	-
Gifts and Bequests	-	490,792	490,792	-	-
Unrestricted	69,049,348	(3,535,383)	65,513,965	5,790,845	2,764,333
Total net assets	\$ 175,026,587	\$ 33,831,465	\$ 208,858,052	\$ 175,436,596	\$ 2,764,333

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

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COUNTY COMMISSIONERS OF CALVERT COUNTY, MARYLAND

STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2007

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>Primary Government</b>				
<u>Governmental activities</u>				
General government	\$ 19,378,201	\$ 1,951,230	\$ 782,522	\$ -
Public safety	25,832,813	5,203,091	1,722,790	-
Public works	16,294,562	7,282,186	-	-
Health and hospitals	3,091,069	54,313	16,374	-
Social services	9,205,328	1,639	1,013,073	-
Education	2,991,382	-	8,299	-
Board of Education	90,378,744	-	-	-
Recreation and culture	10,608,677	3,344,879	204,866	-
Conservation of natural resources	1,422,798	744,522	-	-
Urban development and housing	1,326,831	997,111	-	-
Economic development	1,430,435	1,058,562	-	-
Capital projects	2,034,100	-	-	1,707,441
Debt service	3,640,050	636,098	-	-
Total governmental activities	187,634,990	21,273,631	3,747,924	1,707,441
<u>Business-Type activities</u>				
Water and sewer	5,782,763	4,696,931	-	-
Solid waste	11,588,833	12,524,486	-	-
Culture	3,298,655	314,991	330,864	86,900
Total business-type activities	20,670,251	17,536,408	330,864	86,900
Total primary government	\$ 208,305,241	\$ 38,810,039	\$ 4,078,788	\$ 1,794,341
<u>Component Units</u>				
School district	\$ 188,289,127	\$ 4,762,902	\$ 33,905,476	\$ 8,348,527
Economic development	212,575	298,581	-	-
Total component units	\$ 188,501,702	\$ 5,061,483	\$ 33,905,476	\$ 8,348,527

General Revenues

Property taxes
Income taxes
Recordation taxes
Admission and amusement taxes
Franchise taxes
Other miscellaneous taxes
Interest and dividends
Miscellaneous
Unrestricted investment earnings
Unrestricted local appropriations, state and federal aid
Unrestricted state reimbursement of electricity deregulation
Transfers
Total general revenues and transfers
Change in net assets
Net assets - beginning
Net assets - ending

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

COUNTY COMMISSIONERS OF CALVERT COUNTY, MARYLAND

STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2007

Net (Expense) Revenue and Changes in Net Assets				
Primary Government			Component Units	
Governmental Activities	Business-type Activities	Total	Board of Education	Economic Development Authority
\$ (16,644,449)	\$ -	\$ (16,644,449)	\$ -	\$ -
(18,906,932)	-	(18,906,932)	-	-
(9,012,376)	-	(9,012,376)	-	-
(3,020,382)	-	(3,020,382)	-	-
(8,190,616)	-	(8,190,616)	-	-
(2,983,083)	-	(2,983,083)	-	-
(90,378,744)	-	(90,378,744)	-	-
(7,058,932)	-	(7,058,932)	-	-
(678,276)	-	(678,276)	-	-
(329,720)	-	(329,720)	-	-
(371,873)	-	(371,873)	-	-
(326,659)	-	(326,659)	-	-
(3,003,952)	-	(3,003,952)	-	-
<u>(160,905,994)</u>	<u>-</u>	<u>(160,905,994)</u>	<u>-</u>	<u>-</u>
-	(1,085,832)	(1,085,832)	-	-
-	935,653	935,653	-	-
-	(2,565,900)	(2,565,900)	-	-
<u>-</u>	<u>(2,716,079)</u>	<u>(2,716,079)</u>	<u>-</u>	<u>-</u>
<u>(160,905,994)</u>	<u>(2,716,079)</u>	<u>(163,622,073)</u>	<u>-</u>	<u>-</u>
-	-	-	(141,272,222)	-
-	-	-	-	86,006
-	-	-	(141,272,222)	86,006
98,994,236	-	98,994,236	-	-
61,886,520	-	61,886,520	-	-
11,664,698	-	11,664,698	-	-
107,310	-	107,310	-	-
892,707	-	892,707	-	-
157,516	-	157,516	-	-
5,665,867	516,646	6,182,513	606,219	-
-	-	-	-	-
692,322	-	692,322	-	-
-	-	-	147,409,544	-
6,096,574	-	6,096,574	-	-
(2,491,052)	2,491,052	-	-	-
<u>183,666,698</u>	<u>3,007,698</u>	<u>186,674,396</u>	<u>148,015,763</u>	<u>-</u>
22,760,704	291,619	23,052,323	6,743,541	86,006
<u>152,265,883</u>	<u>33,539,846</u>	<u>185,805,729</u>	<u>168,693,055</u>	<u>2,678,327</u>
<u>\$ 175,026,587</u>	<u>\$ 33,831,465</u>	<u>\$ 208,858,052</u>	<u>\$ 175,436,596</u>	<u>\$ 2,764,333</u>

**COUNTY COMMISSIONERS OF CALVERT COUNTY, MARYLAND**

**BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2007**

	<u>General Fund</u>	<u>Capital Projects</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Assets</b>				
Cash, cash equivalents and investments	\$ 110,207,183	\$ -	\$ 5,560,707	\$ 115,767,890
<u>Receivables</u>				
Taxes	2,988,833	-	1,903,180	4,892,013
Special assessments	1,250,214	-	-	1,250,214
Accounts	27,959,795	50,000	976,841	28,986,636
Notes	4,869,010	-	-	4,869,010
Accrued interest	761,229	101,562	5,973	868,764
Due from other funds	6,464,424	19,663,443	13,190,624	39,318,491
Due from other governments	92,641	-	-	92,641
Inventory	347,522	-	8,742	356,264
<u>Restricted assets</u>				
Cash and investments	-	28,805,663	-	28,805,663
<b>Total assets</b>	<b>\$ 154,940,851</b>	<b>\$ 48,620,668</b>	<b>\$ 21,646,067</b>	<b>\$ 225,207,586</b>
<b>Liabilities and Fund Balance</b>				
<u>Liabilities</u>				
Accounts payable	\$ 1,814,757	\$ 1,052,172	\$ 1,113,890	\$ 3,980,819
Notes payable	-	-	327,400	327,400
Accrued liabilities	7,101,451	751,671	-	7,853,122
Due to other funds	36,220,316	-	-	36,220,316
Due to component units	14,013,699	1,261,553	-	15,275,252
Due to other governments	3,504,131	-	-	3,504,131
Deferred revenue	28,867,684	-	2,983,577	31,851,261
<b>Total liabilities</b>	<b>91,522,038</b>	<b>3,065,396</b>	<b>4,424,867</b>	<b>99,012,301</b>
<u>Fund Balances</u>				
Reserved	9,195,518	-	50,549	9,246,067
<u>Unreserved</u>				
Designated for, reported in:				
General fund	37,671,295	-	-	37,671,295
Capital projects fund	-	45,555,272	-	45,555,272
Undesignated reported in:				
General fund	16,552,000	-	-	16,552,000
Special revenue funds	-	-	17,170,651	17,170,651
<b>Total fund balances</b>	<b>63,418,813</b>	<b>45,555,272</b>	<b>17,221,200</b>	<b>126,195,285</b>
<b>Total liabilities and fund balances</b>	<b>\$ 154,940,851</b>	<b>\$ 48,620,668</b>	<b>\$ 21,646,067</b>	<b>\$ 225,207,586</b>
Fund balance (as reported above)				\$ 126,195,285
Amounts reported for governmental activities in the statement of net assets are different because:				
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.				145,688,780
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.				25,722,601
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore, are not reported in the funds.				(120,890,162)
Accrued interest on long-term liabilities, including bonds payable are not reported in the funds.				(1,689,917)
Net assets of governmental activities				<b>\$ 175,026,587</b>

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

**COUNTY COMMISSIONERS OF CALVERT COUNTY, MARYLAND**

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2007**

	<u>General Fund</u>	<u>Capital Projects</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Revenues</b>				
Taxes	\$ 173,207,478	\$ -	\$ 3,994,188	\$ 177,201,666
Licenses and permits	257,518	-	-	257,518
Intergovernmental	10,076,305	1,653,723	5,049,692	16,779,720
Charges for services	3,202,758	-	-	3,202,758
Fines and forfeitures	124,335	-	164,717	289,052
Miscellaneous	8,254,937	53,718	3,707,948	12,016,603
<b>Total revenues</b>	<u>195,123,331</u>	<u>1,707,441</u>	<u>12,916,545</u>	<u>209,747,317</u>
<b>Expenditures</b>				
General government	15,349,833	-	-	15,349,833
Public safety	21,663,919	-	-	21,663,919
Public works	10,599,520	-	-	10,599,520
Health and hospitals	2,600,707	-	-	2,600,707
Social services	1,487,692	-	6,184,542	7,672,234
Education - other	2,482,924	-	38,971	2,521,895
Board of Education	90,378,744	4,725,405	-	95,104,149
Recreation and culture	3,547,557	-	4,719,077	8,266,634
Conservation of natural resources	338,767	-	963,340	1,302,107
Urban development and housing	955,937	-	168,596	1,124,533
Economic development	960,423	-	255,482	1,215,905
Miscellaneous	14,370,535	-	-	14,370,535
Capital projects	-	24,649,617	-	24,649,617
<b>Debt service</b>				
Principal retirement	8,724,561	-	-	8,724,561
Interest	3,441,562	-	-	3,441,562
<b>Total expenditures</b>	<u>176,902,681</u>	<u>29,375,022</u>	<u>12,330,008</u>	<u>218,607,711</u>
Excess (deficiency) of revenues over expenditures	18,220,650	(27,667,581)	586,537	(8,860,394)
<b>Other financing sources (uses)</b>				
Issuance of debt	-	29,780,000	-	29,780,000
Premium on issuance of debt	-	692,322	-	692,322
Transfers in - other	-	10,774,831	5,145,345	15,920,176
Transfers out - other	(16,680,923)	-	(1,730,306)	(18,411,229)
<b>Total other financing sources (uses)</b>	<u>(16,680,923)</u>	<u>41,247,153</u>	<u>3,415,039</u>	<u>27,981,269</u>
Excess (deficiency) of revenue and other financing sources over expenditures and other financing uses	1,539,727	13,579,572	4,001,576	19,120,875
Fund balance at beginning of year	<u>61,879,086</u>	<u>31,975,700</u>	<u>13,219,624</u>	<u>107,074,410</u>
Fund balance at end of year	<u>\$ 63,418,813</u>	<u>\$ 45,555,272</u>	<u>\$ 17,221,200</u>	<u>\$ 126,195,285</u>

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

**COUNTY COMMISSIONERS OF CALVERT COUNTY, MARYLAND**  
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCE OF THE**  
**GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2007**

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

Net change in fund balances - total governmental funds \$ 19,120,875

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.

Capital outlays	49,159,975	
Depreciation	(7,186,054)	
		41,973,921

The net effect of various transactions involving capital assets including, capitalized assets reclassified from construction in progress, sales, trade-ins, and donations. (18,557,504)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.

Change in unallocated income tax	2,821,631	
Other changes in deferred revenue	(373,080)	

The issuance of long-term debt (i.e. bonds, leases, installment purchase agreements) proceeds provide current financial resources to government funds, while the repayment of the principal of the long-term debt consumes the current financial resources of government funds.

Compensated absences	66,472	
Change in landfill postclosure liabilities	30,000	
Issuance - Gen Obligation	(29,781,444)	
Issuance - Land Preservation	(1,080,000)	
Principal payments	8,738,321	
Changes in long-term debt		(22,026,651)

Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.

Change in accrued interest		(198,488)
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Change in net assets of governmental activities \$ 22,760,704

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

COUNTY COMMISSIONERS OF CALVERT COUNTY, MARYLAND

STATEMENT OF NET ASSETS  
 PROPRIETARY FUNDS  
 JUNE 30, 2007

	<u>Water and Sewer Fund</u>	<u>Solid Waste and Recycling Fund</u>	<u>Calvert Marine Museum</u>	<u>Total</u>
<b>Assets</b>				
<u>Current assets</u>				
Cash and cash equivalents	\$ 104,707	\$ 400	\$ 216,219	\$ 321,326
Investments	1,953	-	119,339	121,292
Total cash, cash equivalents and investments	<u>106,660</u>	<u>400</u>	<u>335,558</u>	<u>442,618</u>
Accounts receivable	1,104,419	776,191	750	1,881,360
Notes receivable	363,802	-	-	363,802
Accrued interest receivable	28,448	4,883	-	33,331
Due from other funds	-	3,366,249	-	3,366,249
Deferred expenses	57,624	5,433	-	63,057
Prepaid expenses	-	-	1,182	1,182
Inventory	38,757	-	34,887	73,644
Total current assets	<u>1,699,710</u>	<u>4,153,156</u>	<u>372,377</u>	<u>6,225,243</u>
<u>Non-current assets</u>				
Restricted assets				
Cash and investments	3,895,231	-	490,792	4,386,023
Capital assets not being depreciated	1,221,301	1,836,099	607,180	3,664,580
Depreciable capital assets - net	36,278,273	3,022,931	2,582,320	41,883,524
Total non-current assets	<u>41,394,805</u>	<u>4,859,030</u>	<u>3,680,292</u>	<u>49,934,127</u>
Total assets	<u>43,094,515</u>	<u>9,012,186</u>	<u>4,052,669</u>	<u>56,159,370</u>
<b>Liabilities</b>				
<u>Current liabilities</u>				
Vouchers and accounts payable	234,235	789,229	1,321	1,024,785
Accrued expenses	326,298	64,138	-	390,436
Due to other funds	6,464,424	-	-	6,464,424
Unearned revenue	-	-	5,286	5,286
Bonds and notes payable - current	1,231,899	471,880	-	1,703,779
Total current liabilities	<u>8,256,856</u>	<u>1,325,247</u>	<u>6,607</u>	<u>9,588,710</u>
<u>Noncurrent liabilities</u>				
Long-term obligations	9,621,702	3,117,493	-	12,739,195
Total liabilities	<u>17,878,558</u>	<u>4,442,740</u>	<u>6,607</u>	<u>22,327,905</u>
<b>Net Assets</b>				
Invested in capital assets, net of related debt	26,822,286	2,969,039	3,189,500	32,980,825
Restricted capital connection	3,895,231	-	-	3,895,231
Restricted gifts and bequests	-	-	490,792	490,792
Unrestricted	<u>(5,501,560)</u>	<u>1,600,407</u>	<u>365,770</u>	<u>(3,535,383)</u>
Total net assets	<u>\$ 25,215,957</u>	<u>\$ 4,569,446</u>	<u>\$ 4,046,062</u>	<u>\$ 33,831,465</u>

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

**COUNTY COMMISSIONERS OF CALVERT COUNTY, MARYLAND**

**STATEMENT OF REVENUE, EXPENSES, AND CHANGES IN FUND NET ASSETS  
 PROPRIETARY FUNDS  
 YEAR ENDED JUNE 30, 2007**

	<b>Water and Sewer Fund</b>	<b>Solid Waste and Recycling Fund</b>	<b>Calvert Marine Museum</b>	<b>Total</b>
<u>Operating revenue</u>				
Charges for services	\$ 3,659,846	\$ 12,488,575	\$ 152,024	\$ 16,300,445
<u>Expenses</u>				
Salaries & benefits	1,917,418	1,670,755	2,116,638	5,704,811
Contracted services	553,566	8,808,499	130,151	9,492,216
Supplies	227,586	10,964	110,994	349,544
Heat, light and power	589,526	26,762	152,836	769,124
Depreciation	1,627,942	458,426	297,044	2,383,412
Miscellaneous	40,184	13,452	80,555	134,191
Telephone	18,533	12,236	8,163	38,932
Compensated absences	68,518	45,051	-	113,569
Maintenance and repairs	371,584	300,444	174,823	846,851
Capital outlay	39,345	91,692	27,413	158,450
Grant & restricted expenses	-	-	200,038	200,038
Total operating expenses	<u>5,454,202</u>	<u>11,438,281</u>	<u>3,298,655</u>	<u>20,191,138</u>
Operating income (loss)	(1,794,356)	1,050,294	(3,146,631)	(3,890,693)
<u>Non-operating revenue (expenses)</u>				
Capital connection charges	821,382	-	-	821,382
Grants	-	10,171	73,054	83,225
Contributions and fund-raising	-	-	330,864	330,864
Deferred amount on refunding	(30,191)	(11,488)	-	(41,679)
Gain(loss) on disposal of assets	-	(52,325)	-	(52,325)
Miscellaneous income	99,241	-	89,913	189,154
Tower revenue	116,462	25,740	-	142,202
Investment income	301,700	191,293	23,653	516,646
Interest expense	(298,370)	(86,739)	-	(385,109)
Net non-operating revenue (expenses)	<u>1,010,224</u>	<u>76,652</u>	<u>517,484</u>	<u>1,604,360</u>
Income (loss) before contributions and transfers	(784,132)	1,126,946	(2,629,147)	(2,286,333)
Operating transfers in (out)	83,099	40,298	2,367,655	2,491,052
Capital contributions	-	-	86,900	86,900
Change in net assets	(701,033)	1,167,244	(174,592)	291,619
Total net assets - beginning	<u>25,916,990</u>	<u>3,402,202</u>	<u>4,220,654</u>	<u>33,539,846</u>
Total net assets - ending	<u>\$ 25,215,957</u>	<u>\$ 4,569,446</u>	<u>\$ 4,046,062</u>	<u>\$ 33,831,465</u>

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

**COUNTY COMMISSIONERS OF CALVERT COUNTY, MARYLAND**

**STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2007**

	<u>Water and Sewer Fund</u>	<u>Solid Waste and Recycling Fund</u>	<u>Calvert Marine Museum</u>	<u>Total</u>
<u>Cash flows from operating activities</u>				
Receipts from customers	\$ 3,164,441	\$ 12,659,254	\$ 153,270	\$ 15,976,965
Payments to suppliers	(1,727,784)	(9,422,197)	(882,601)	(12,032,582)
Payments to employees	(1,918,102)	(1,670,038)	(2,116,638)	(5,704,778)
Payments from (to) other funds	557,308	(444,157)	-	113,151
Net cash provided by (used in) operating activities	<u>75,863</u>	<u>1,122,862</u>	<u>(2,845,969)</u>	<u>(1,647,244)</u>
<u>Cash flows from non-capital financing activities</u>				
Operating transfers from other funds	83,099	40,298	2,454,555	2,577,952
Contribution and fundraising receipts/misc.	99,241	-	415,673	514,914
Tower revenue	116,462	25,740	-	142,202
Net cash provided by (used in) non-capital financing activities	<u>298,802</u>	<u>66,038</u>	<u>2,870,228</u>	<u>3,235,068</u>
<u>Cash flows from capital and related financing activities</u>				
Additions to fixed assets and construction-in-progress	(871,057)	(824,052)	(86,900)	(1,782,009)
Grant funds received	-	10,171	73,054	83,225
Capital connection fees received	821,382	-	-	821,382
Principal paid on long-term obligations	(1,218,942)	(467,319)	-	(1,686,261)
Interest paid on long-term obligations	(314,130)	(99,450)	-	(413,580)
Net cash provided by (used in) capital and related financing activities	<u>(1,582,747)</u>	<u>(1,380,650)</u>	<u>(13,846)</u>	<u>(2,977,243)</u>
<u>Cash flows from investing activities</u>				
Interest received on deposits	295,202	191,900	23,653	510,755
Purchase of investments	944,796	-	54,475	999,271
Net cash provided by (used in) investing activities	<u>1,239,998</u>	<u>191,900</u>	<u>78,128</u>	<u>1,510,026</u>
Increase in cash and cash equivalents	31,916	150	88,541	120,607
Cash and cash equivalents, beginning of year	72,791	250	127,678	200,719
Cash and cash equivalents, end of year	<u>\$ 104,707</u>	<u>\$ 400</u>	<u>\$ 216,219</u>	<u>\$ 321,326</u>
<u>Provided by (used in) operating activities</u>				
Operating income (loss)	\$ (1,794,356)	\$ 1,050,294	\$ (3,146,631)	\$ (3,890,693)
Adjustments to reconcile operating income (loss) to <u>Net cash provided by (used in) operating activities</u>				
Depreciation	1,627,942	458,426	297,044	2,383,412
Landfill closure costs and other	-	64,860	-	64,860
<u>Changes in assets and liabilities</u>				
Inventory	(8,524)	-	2,640	(5,884)
Accounts receivable	(495,405)	170,679	1,246	(323,480)
Prepaid expenses	-	-	(1,017)	(1,017)
Deferred expenditures	6,584	2,287	-	8,871
Due from other funds	-	(444,157)	-	(444,157)
Bond payable refundable	12,003	-	-	12,003
Accounts payable	33,909	(180,108)	749	(145,450)
Accrued expenses	136,402	581	-	136,983
Due to other funds	557,308	-	-	557,308
Net cash provided by (used in) operating activities	<u>\$ 75,863</u>	<u>\$ 1,122,862</u>	<u>\$ (2,845,969)</u>	<u>\$ (1,647,244)</u>
Reconciliation of cash and cash equivalents to the balance sheet:				
Cash and investments, unrestricted	\$ 106,660	\$ 400	\$ 335,558	\$ 442,618
Cash and investments, restricted	3,895,231	-	490,792	4,386,023
	4,001,891	400	826,350	4,828,641
Less - noncash equivalent investments	3,897,184	-	610,131	4,507,315
Cash and cash equivalents	<u>\$ 104,707</u>	<u>\$ 400</u>	<u>\$ 216,219</u>	<u>\$ 321,326</u>

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

**COUNTY COMMISSIONERS OF CALVERT COUNTY, MARYLAND**

**STATEMENT OF FIDUCIARY NET ASSETS**

**June 30, 2007**

<b>Assets</b>	<b><u>PENSION TRUST FUNDS</u></b>	<b><u>AGENCY FUND</u></b>
Cash and short-term investments	\$ 3,785,436	\$ 23,713
<u>Investments at fair value</u>		
Fixed income fund	18,059,411	-
Common stock	20,143,103	-
Equity fund	31,356,095	-
Other assets	412,500	-
Total investments	<u>69,971,109</u>	<u>-</u>
Accounts receivable	-	9,184
Interest receivable	<u>200,731</u>	<u>-</u>
Total assets	<u>\$ 73,957,276</u>	<u>\$ 32,897</u>
 <b>Liabilities and Net Assets</b>		
Liabilities	\$ -	<u>\$ 32,897</u>
Net assets		
Held in trust for pension benefits	<u>\$ 73,957,276</u>	

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

**COUNTY COMMISSIONERS OF CALVERT COUNTY, MARYLAND**

**STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS  
FOR THE YEAR ENDED JUNE 30, 2007**

	<u>Pension Trust Funds</u>
<u>Additions</u>	
<u>Contributions</u>	
Plan sponsor	\$ 3,250,000
Employee	845,431
Total contributions	<u>4,095,431</u>
<u>Investment income</u>	
Net appreciation in fair value of investments	8,084,373
Interest and dividends	3,157,967
Total investment income	<u>11,242,340</u>
Total additions	15,337,771
<u>Deductions</u>	
Benefits	2,573,405
Administrative expenses	750,143
Total deductions	<u>3,323,548</u>
Change in net assets	12,014,223
<u>Net assets held in trust for pension benefits</u>	
Beginning of year	<u>61,943,053</u>
End of year	<u>\$ 73,957,276</u>

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

**COUNTY COMMISSIONERS OF CALVERT COUNTY, MARYLAND**

**NOTES TO FINANCIAL STATEMENTS  
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COUNTY COMMISSIONERS OF CALVERT COUNTY, MARYLAND

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2007

Note 1 - Summary of Significant Accounting Policies

**A. Reporting Entity**

Calvert County (the County), was established as one of the original counties of the Maryland colony in 1654. The County is governed by a board of five Commissioners. Three Commissioners are elected by district and two at large, all for a term of four years. This board assumes responsibilities conferred upon them by the Maryland General Assembly and provides the following services: public safety, public improvements, health and social services, sanitation, recreation and culture, education, economic development and general administrative services.

The basic financial statements of the County Commissioners of Calvert County, Maryland, (the Commissioners) have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to government units as prescribed by the Governmental Accounting Standards Board (GASB). The accompanying financial statements include various agencies, department organizations and offices which are legally part of Calvert County (the Primary Government) and the County's Component Units. As defined in GASB Statement Number 14, component units are legally separate organizations for whom the County is financially accountable or for which their relationship with the County is of such significance that exclusion would cause the County's financial statements to be misleading. The decision to include a potential component unit in the financial reporting entity was made by applying the criteria set forth in GASB Statement Number 14. These financial statements present the government and its component units. The two discretely presented component units described below are combined and reported in a separate column in the combined financial statements to emphasize their separation from the government.

Discretely Presented Component Units

Board of Education of Calvert County Public Schools - The Board of Education of Calvert County Public Schools (the Board) is responsible for elementary and secondary education within the County. The Board is fiscally dependent upon the County because the Commissioners are responsible for approving the Board's annual appropriations in the budget, the Commissioners are responsible for levying taxes and collecting and distributing the funds to the Board. The County can and does issue bonds to finance school system construction projects.

Complete financial statements of the Board may be obtained at the entity's administrative offices located at 1305 Dares Beach Road, Prince Frederick, Maryland, 20678.

COUNTY COMMISSIONERS OF CALVERT COUNTY, MARYLAND

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2007

Note 1 - Summary of Significant Accounting Policies - Continued  
Discretely Presented Component Units - Continued

Economic Development Authority of Calvert County - The Economic Development Authority (the Authority) was established in 1969, for the purpose of acquiring, constructing, developing, improving, operating, and managing an industrial park within the County and to enlarge economic development opportunities for the preservation and betterment of the economy of Calvert County.

The Calvert County Housing Authority, the Volunteer Fire and Rescue Squads, the Calvert County Fair, Inc., and the Calvert County Soil Conservation District have been excluded from the basic financial statements on the basis that they are not controlled by or financially dependent upon the County.

**B. Government-Wide and Fund Financial Statements**

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) display information about the County as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The statements distinguish between those activities of the County that are governmental, normally supported by taxes and intergovernmental revenues and those that are considered business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. 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 or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues. These sources are used to fund the general expenses of the County Government.

Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

COUNTY COMMISSIONERS OF CALVERT COUNTY, MARYLAND

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2007

Note 1 - Summary of Significant Accounting Policies - Continued

**C. Measurement focus, basis of accounting and financial statement presentation**

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. It is related to the timing of the measurements made, regardless of the measurement focus applied.

Government-wide financial statements measure and report all assets (both financial and capital), liabilities, revenues, expenses, gains and losses using the economic resources measurement focus and the accrual basis of accounting, as do the proprietary fund statements. Agency funds have no measurement focus. 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 as soon as all eligibility requirements imposed by the provider have been met.

All governmental funds are accounted for using a current financial resources measurement focus and are reported on the modified accrual basis of accounting. Revenues are recognized in the accounting period in which they become measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period that, for the County's purposes, is considered to be 60 days after year end. Revenues considered susceptible to accrual are grants, delinquent property taxes, income taxes and interest on investments.

Governmental Fund Types

General Fund - The general fund is the general operating fund of the Commissioners. All financial resources are accounted for in this fund except those required to be accounted for in another fund. The general fund is a major fund.

Capital Projects Fund - The capital projects fund is used to account for financial resources to be used for the acquisition or construction of major capital facilities of the Commissioners. The capital projects fund is a major fund.

COUNTY COMMISSIONERS OF CALVERT COUNTY, MARYLAND

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2007

Note 1 - Summary of Significant Accounting Policies - Continued  
Governmental Fund Types - Continued

Special Revenue Fund - The special revenue fund is used to account for the proceeds of specific revenue sources (other than major capital projects or expendable trusts) that are legally restricted to expenditures for specified purposes. The special revenue fund consists of the Planning and Zoning Special Revenue Fund, Housing Fund, Project Graduation, the Board of Library Trustees for Calvert County (the Library), the Parks and Recreation Fund, Bar Library Fund, Economic Development Authority Revolving Loan Fund, the Revolving Loan Fund, the Calvert County Family Network, the Excise Tax Fund, the Land Preservation Fund, the Economic Development Incentive Fund, the Grants Fund and the Calvert Country Market Fund. None of these special revenue funds are considered a major fund.

Proprietary Fund Type

Enterprise Funds - Enterprise funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be recovered primarily through user charges; or (b) where the governing body has decided that the periodic determination of revenue earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes. Enterprise funds include the operations of the Water and Sewer Fund, the Solid Waste and Recycling Fund and the Calvert Marine Museum. The Water and Sewer Fund and the Solid Waste and Recycling Fund are major funds. Although the Marine Museum Fund is not considered major, it is reported separately because it is the only enterprise fund that is not major.

Fiduciary Fund Types

Trust Funds - The County maintains pension trust funds to account for the Volunteer Fire Department and Rescue Squad Pension Plan, the Calvert County Sheriff's Department Pension Plan and the Calvert County Employees Retirement Plan.

Agency Funds - The tax redemption fund is an agency fund used to account for assets held by the County in a trustee capacity.

COUNTY COMMISSIONERS OF CALVERT COUNTY, MARYLAND

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2007

Note 1 - Summary of Significant Accounting Policies - Continued

Fund financial statements report detailed information about the County. The focus of governmental and enterprise fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column. Fiduciary funds are reported by fund type.

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

As a general rule, to avoid double counting of internal activities, the effect of internal activity has been eliminated from the financial statements. Calvert County has minimal internal activity.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds are also known as the enterprise funds, of which the County has three: The Water and Sewer Fund, the Solid Waste and Recycling Fund and the Calvert Marine Museum. The operating revenues of the enterprise funds are defined as the charges for services received from the customers that are of a recurring nature. That is, they do not include one-time fees or grants, such as capital connection charges or capital grants. Revenue sources such as these are included under non-operating revenues.

When both restricted and unrestricted resources are available for use, the County, when financially prudent to do so, utilizes restricted resources to finance qualifying activities first, then unrestricted resources, as they are needed.

COUNTY COMMISSIONERS OF CALVERT COUNTY, MARYLAND

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2007

Note 1 - Summary of Significant Accounting Policies - Continued

Budgets and Budgetary Accounting

The County follows these procedures in establishing the budgetary data reflected in the financial statements:

Each County department, agency or board receiving County funds submits a budget request to the Commissioners at a public hearing. Additional public hearings are conducted to obtain taxpayer comments. On or before July 1 of each year, the budget is legally enacted through passage of a resolution.

The Director of Finance and Budget is authorized to transfer budgeted amounts up to \$5,000 within departments in any fund. Intradepartmental budget adjustments exceeding \$5,000 and all interdepartmental budget adjustments may only be made by approval of the Commissioners. Any change totaling more than \$100,000 may only be made by resolution approved by the Commissioners after compliance with certain public hearing requirements.

Formal budgetary integration is employed as a management control device during the year for the General Fund, Capital Projects Fund, and Enterprise Funds. Enterprise fund budgets are for management control only.

The budget for the General Fund is adopted on a basis consistent with GAAP except that encumbrances are treated as expenditures rather than as a reservation of fund balance on a budgetary basis. Budgetary comparisons presented for the general fund in the basic financial statements are prepared on the budgetary basis. Budgetary control is at the fund level.

The capital projects fund budget is prepared on a project length basis and, accordingly, annual budgetary comparisons are not presented in the basic financial statements and supplemental information.

COUNTY COMMISSIONERS OF CALVERT COUNTY, MARYLAND

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2007

Note 1 - Summary of Significant Accounting Policies - Continued

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Encumbrances

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is employed as an extension of formal budgetary integration in the General Fund, Special Revenue Funds, Capital Projects Fund, and Enterprise Funds. Encumbrances outstanding at year end are reported as reservations of fund balance under accounting principles generally accepted in the United States of America since they do not constitute expenditures or liabilities.

Long-Term Receivables

Long-term receivables relating to governmental fund types are reported in their balance sheets in spite of their spending measurement focus. These receivables however, are offset by fund balance reserve accounts to indicate they should not be considered available spendable resources since they do not represent net current assets.

Fixed Assets

All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Contributed capital assets are valued at their estimated fair market value on the date contributed. The County currently defines capital assets as assets with an initial cost of \$5,000 or more and an estimated useful life of more than one year. In prior years the capital asset threshold was \$3,000. Those prior year assets are still recorded as capital assets. Assets are depreciated using the straight-line method over the estimated useful life of the asset. The table below is a general guideline for determining the estimated useful life of assets:

Buildings	25-30 years
Improvements	15-20 years
Water and Sewer Systems	20-30 years
Machinery and equipment	3-10 years
Vehicles	3-7 years
Computers	3 years

COUNTY COMMISSIONERS OF CALVERT COUNTY, MARYLAND

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2007

Note 1 - Summary of Significant Accounting Policies - Continued  
Fixed Assets - Continued

The purpose of depreciation is to spread the cost of capital assets equitably among all users over the life of these assets. The amount charged to depreciation expense each year represents that year's pro rata share of the cost of capital assets.

With the implementation of GASB Statement 34, the county has recorded its public domain (infrastructure) capital assets, which include roads, bridges, curbs and gutters, streets and sidewalks, drainage systems and lighting systems.

Inventory

Inventory is valued at the lower of cost (first-in, first-out method) or market. The inventories are recorded as expenditures when consumed rather than when purchased. Governmental fund type inventories are offset by a fund balance reserve, which indicates that they do not constitute "available spendable resources," even though they are a component of net current assets.

Accumulated Annual, Personal and Sick Leave Benefits

County employees are granted annual leave at varying rates based upon years of service. The carrying amount of accumulated annual leave may not exceed a maximum of 100 days on a calendar year basis. In addition, 15 days of sick leave and 5 days of personal leave are granted annually. Upon termination or retirement, all annual and personal leave accrued to the credit of an employee is paid. The amount of accrued sick leave paid is based upon the employee's full-time status. For 35-hour per week employees, one-fourth of the accrued sick leave up to 700 hours plus one-half of the accrued sick leave over 700 hours will be paid to the employee or credited to their retirement benefits upon meeting retirement eligibility in some defined benefit plans. The 40-hour per week employees receive one-fourth of the accrued sick leave up to 800 hours plus one-half of the accrued sick leave over 800 hours in a similar fashion.

Deferred Compensation Plan

The County has established a deferred compensation plan in accordance with Internal Revenue Code Section 457, and administered by Nationwide Retirement Solutions. All County employees may participate in the plan and defer a portion of their salary, subject to limitations imposed by the Internal Revenue Service. In September 1997, the County amended the plan in accordance with the provisions of IRC Section 457(g). The assets of the plan were placed in an independent trust for the exclusive benefit of participants and their beneficiaries. The requirements of that IRC Section prescribes that the County no longer owns the amounts deferred by employees, including the related income on those amounts. Accordingly, the assets and the liability for the compensation deferred by plan participants, including earnings on plan assets, were removed from the County's financial statements. The plan assets will not be subject to the claims of the public entity's creditors.

COUNTY COMMISSIONERS OF CALVERT COUNTY, MARYLAND

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2007

Note 1 - Summary of Significant Accounting Policies - Continued

Cash, Cash Equivalents and Investments

For purposes of the statements of cash flows, cash equivalents are considered to be investments that are a) short-term, highly liquid investments which are readily convertible to known amounts of cash; and b) so near maturity that they present insignificant risk of changes in value because of changes in interest rates.

Investments in certificates of deposit, U.S. government obligations, repurchase agreements and other investments are carried at fair value, which is determined on June 30 of each fiscal year.

Investments in the pension trust funds (Volunteer Fire and Rescue Squad Pension Fund and Calvert County Sheriff's Department Pension Plan and the Calvert County Employees Retirement Plan) are carried at fair value determined on June 30 of each year, based on appraisals or quotations by an independent investment counselor.

Note 2 - Property Taxes

Property taxes attach an enforceable lien on property as of July 1. Taxes are levied each July 1 and the taxpayer has the option to pay in full without interest by September 30 or to pay the bill semiannually. If not paid in full by September 30, the first payment is payable without interest by September 30 and the second payment, including a service charge, is payable without interest by December 31. Interest is charged for each month or fraction thereof that taxes remain unpaid beginning October 1 on accounts under the annual payment option or January 1 for accounts under the semiannual payment option. Maryland law grants the Treasurer of Calvert County the power to immediately advertise and sell any real property after the taxes are delinquent for a period of one year. Property taxes are levied at rates enacted by the Commissioners in the annual budget based on the assessed value of the property as determined by the Maryland State Department of Assessments and Taxation, an agency of the government of the State of Maryland. The rates of levy cannot exceed the constant yield tax rate furnished by the Maryland State Department of Assessments and Taxation without public notice and, then, only after public hearings. The real property tax rate during the year ended June 30, 2007, was \$.892 per \$100 of assessed value based on the full valuation method, except that within the two incorporated towns, North Beach and Chesapeake Beach, the rate was \$.556 per \$100 of assessed value based on the full valuation method. The personal property tax rate during the year ended June 30, 2007 was \$2.23 per \$100 of assessed value except that within the two incorporated towns, North Beach and Chesapeake Beach, the rate was \$1.39. The County bills and collects all property taxes.

COUNTY COMMISSIONERS OF CALVERT COUNTY, MARYLAND

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2007

Note 3 - Cash, Cash Equivalents and Investments

**Primary Government**

*Cash on Hand*

At June 30, 2007, cash on hand for petty cash and change was \$3,235.

*Deposits*

*Legal and contractual provisions governing deposits - general*

The County has agreements with its depository financial institutions, which require all deposits to be either insured by the Federal Deposit Insurance Corporation or collateralized. The County has an agreement with Bank of America to collateralize 110% of deposits. At June 30, 2007, the net carrying amount and the bank balances of the County's deposits with financial institutions were \$586,690 and \$3,140,518, respectively, all of which was covered by federal depository insurance or collateral held by a third party custodian in a segregated account for the benefit of Calvert County.

*Policies governing deposits - general*

Foreign risk related to deposits is managed by allowing no more than \$1,000,000 or 10% of the total investment portfolio to be invested with financial institutions residing in a single foreign country. At June 30, 2007, no deposits were in foreign currency.

*Investments*

*Legal and contractual provisions governing investments - general*

The County's policy for investments, as set by public code, is to invest in securities that are issued by the United States Government or any agency thereof, certificates of deposit, bankers' acceptances, any and all investments generally recognized as "money market instruments," securities issued by any state or municipal government, securities issued by the Federal Home Loan Mortgage Corporation (FHLMC), securities issued by the Government National Mortgage Association (GNMA), repurchase agreements, and reverse repurchase agreements. The County's intent is not to redeem any investment until the market value is at least equal to the carrying value.

*Policies governing investments - general*

The County manages concentration risk by using limits, stated in percentages and/or dollars, for investment classes (noted above) that are not Federally insured. The County's policy on credit risk is to only allow for Bankers' Acceptances of domestic and foreign banks that maintain the highest short-term deposit rating from Standard & Poors (A-1) and/or Moody's (P-1). These ratings are also required for Repurchase Agreements. Repurchase Agreements are required to be collateralized at 102%.

**COUNTY COMMISSIONERS OF CALVERT COUNTY, MARYLAND**

**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2007**

**Note 3 - Cash, Cash Equivalents and Investments – Continued**  
Primary Government - Continued

“Investment maturities in any permitted investment shall not exceed 24 months in duration unless prior approval is received from the Director of Finance and Budget, or a designee. Investment in securities exceeding 24 months in duration shall not exceed 20% of the total investment portfolio at the time of purchase.” This provision of the investment policy is intended to limit exposure to interest rate risk.

*Policies and legal and contractual provisions governing investments – fiduciary funds*

The Volunteer Fire and Rescue Squad Pension Plan, the Calvert County Sheriff’s Department Pension Plan and the Calvert County Employees Retirement Plan are authorized to invest in common stocks, corporate bonds and any other securities in varying proportions when and for as long as, in the opinion of the respective Plan Trustees, prevailing market and economic considerations indicate that it is in the best interest of the respective Plan to do so. Footnote nine presents the details of the pension plans.

*Policies and legal and contractual provisions governing investments – nonmajor funds*

The land preservation fund, a nonmajor governmental fund, is invested in U.S Treasury Strips (U.S. Treasury Bonds with the coupon/interest payment removed). The earliest maturity date of any of the bonds in this fund is May 15, 2011. The latest maturity date is May 16, 2026. This fund has no interest rate risk because each of the bonds was purchased to pay a specific obligation. The maturity date and amount of the bond coincides with the due date of the obligation.

The following schedules present the credit risk (issuers default risk) associated with the issuers of the bonds held and the interest rate risk (increasing interest rates decrease the value of the bonds) based on maturity of the bonds held.

**Credit Risk**

(Based on Moody’s Quality Ratings)

Government and Agencies	\$ 50,234,161
AAA	3,306,145
AA	165,490
A	690,446
Less than A	2,542,150
Not Rated by Moody's	2,355,374
Cash and Equivalents	110,164,944
Total	\$ 169,458,710

**COUNTY COMMISSIONERS OF CALVERT COUNTY, MARYLAND**

**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2007**

**Note 3 - Cash, Cash Equivalents and Investments – Continued**  
Primary Government - Continued

**Interest Rate Risk**

Maturities

Cash and Equivalents	\$ 110,164,944
Less than 1 year	24,788,250
1-5 years	16,718,355
5-10 years	2,993,447
10-15 years	2,395,940
15-20 years	1,125,736
over 20 years	<u>11,272,038</u>
Total	\$ 169,458,710

The following schedule shows the pension plans' exposure to foreign currency risk. This risk is created by the ownership of American Depository Receipts (ADR). ADRs are stocks that trade in the United States but represent a specified number of shares in a foreign corporation. ADRs are bought and sold on American markets just like regular stocks, and are issued/sponsored in the U.S. by a bank or brokerage. Because the value of an ADR is derived from the value of the foreign share price, fluctuations in that currency exchange rate create changes in value.

United Kingdom	\$ 2,136,309
Netherlands	953,523
Canada	149,903
Switzerland	361,189
Spain	733,689
Germany	833,547
New Zealand	67,287
Portugal	160,555
Mexico	105,713
Singapore	66,166
Japan	1,482,089
France	1,221,888
Korea	662,770
Italy	<u>289,510</u>
Total	\$ 9,224,138

**COUNTY COMMISSIONERS OF CALVERT COUNTY, MARYLAND**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2007**

**Note 3 - Cash, Cash Equivalents and Investments – Continued  
Primary Government - Continued**

The carrying value of all the County's cash and investments as of June 30, 2007 is summarized in the following table.

	<u>Fair Value</u>
U.S. Agency obligations	\$ 44,884,276
U.S. Treasury Strips	5,349,079
Municipal obligations	900,000
Corporate & foreign bonds	4,876,876
Corporate obligations	3,282,729
Common stock	29,826,346
Equity and bond funds	22,744,422
Money market mutual funds	110,165,749
Certificates of deposit	563,051
Cash in banks	586,690
Petty cash	<u>3,235</u>
<b>Total cash, cash equivalents and investments</b>	<b>*\$ 223,182,453</b>
Cash, cash equivalents and investments:	
Unrestricted	\$ 189,967,054
Restricted	<u>33,215,399</u>
	<b>*\$ 223,182,453</b>

\*Includes agency fund cash of \$23,713

**Component Units**

**Economic Development Authority**

The Economic Development Authority follows the investment policy of the County. The following reports its cash, cash equivalents and investments.

	<u>Fair Value</u>
Money market mutual funds	<u>\$ 1,054,489</u>
<b>Total cash, cash equivalent and investments</b>	<b><u>\$ 1,054,489</u></b>

**Board of Education**

*Deposits*

At June 30, 2007, the carrying amount and bank balances of the Board of Education's deposits with financial institutions totaled \$257,783 and \$4,512,945, respectively. All of the bank deposits are covered by Federal Deposit Insurance and/or collateral held in the Board's name at the Federal Reserve.

*Investments*

At June 30, 2007 the Board had invested \$7,879,209 in governmental activities and \$1,226,808 in business-type activities in the Maryland Local

COUNTY COMMISSIONERS OF CALVERT COUNTY, MARYLAND

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2007

Note 3 - Cash, Cash Equivalents and Investments – Continued  
Component Units- Continued  
Board of Education - Continued

Government Investment Pool (MLGIP). MLGIP is rated AAA by Standard and Poors, their highest rating for money market funds. The Board also had \$1,772,210 invested in overnight repurchase agreements collateralized by U.S. Agency securities held by the bank's trust department in the Board's name. These investments are reported at cost which approximates market value due to the short-term durations of the investments.

*Investment Rate and Custodial Credit risk*

Fair Value fluctuates with interest rates. To limit the Board's exposure to fair value losses arising from increasing interest rates, the Board's investment policy limits the term of investment maturities to overnight repurchase agreements and requires that collateral securities underlying the repurchase agreements have a market value of at least 102 percent of the cost of the agreement. To reduce custodial credit risk, the Board limits its investments to overnight deposits that are insured or collateralized with securities held by a custodian in the Board's name and investments in the MLGIP.

Note 4 - Notes Receivable

**Primary Government**

*Volunteer Fire Department and Rescue Squads*

The County finances purchases of equipment by the volunteer fire department and rescue squads. To maintain control over the equipment purchased, the County Commissioners create non-interest bearing notes receivable, secured by the equipment, with three to twenty-nine year terms. Deferred revenue is also recorded for the total amount of the notes receivable. Repayment of the notes does not involve cash transactions, but is achieved by reducing notes receivable and deferred revenue based upon the value of services rendered by the fire and/or rescue companies over the lives of the notes. Notes receivable from fire and/or rescue companies at June 30, 2007, were \$3,882,801. See detailed schedule at page 90.

*Economic Development Authority*

The County had a \$1,623,499 note receivable from the Economic Development Authority that had a balance of \$766,861 at the beginning of the fiscal year. The Economic Development Authority paid off this note during the fiscal year.

COUNTY COMMISSIONERS OF CALVERT COUNTY, MARYLAND

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2007

Note 4 - Notes Receivable - Continued  
Primary Government - Continued

*Parks and Recreation*

The County has a \$82,000 note receivable from Parks and Recreation in the form of an interest-free note signed in 2003. Principal is payable annually beginning June 1, 2003 through maturity on June 1, 2012. At June 30, 2007, \$41,000 is outstanding.

The County has a \$358,000 note receivable from Parks and Recreation in the form of an interest-free note signed in 2004. Principal is payable annually beginning June 1, 2006 through maturity on June 1, 2014. At June 30, 2007, \$286,400 is outstanding.

*Dares Beach*

Funds previously advanced by the general fund to the water and sewer fund for the Dares Beach Water Supply Project were converted to a note. The note calls for annual payments of \$19,969 including interest at 6.6%, commencing June 30, 1990 through maturity in 2019. At June 30, 2007, outstanding principal amounted to \$162,091 and is offset by a reservation of fund balance to indicate these funds are not available, spendable resources.

*Prince Frederick Water and Sewer*

Funds previously advanced by the general fund to the water and sewer fund for the Prince Frederick Water and Sewer System were converted to an interest-free note in 1992. Principal is payable annually beginning January 1, 1993 through maturity on January 1, 2025. At June 30, 2007, \$496,717 is outstanding, and is offset by a reservation of fund balance to indicate these funds are not available, spendable resources.

*Water and Sewer Fund*

The Water and Sewer Fund has a note receivable from the Calvert County Detention Center and two Public Utility Payment Plans, of which the total amount outstanding at June 30, 2007 was \$363,801.

During Fiscal year 2007, \$4,363,175 of the Water and Sewer due to the General Fund account was reclassified to an advance. This portion is not expected to be repaid in the next 12 months.

*Economic Development Authority Revolving Loan Fund*

During Fiscal year 2006 a five-year, \$50,000 loan was made to CPM Fastools, Inc. The note bears interest at 7.5% per annum. Principal is payable monthly, beginning January 2006 through maturity in December 2010. At June 30, 2007, \$37,675 is outstanding.

**Component Unit**

*Economic Development Authority*

The Authority had a \$100,000 note receivable from Direct Mail Management, Inc. related to advances for tenant land improvements. This loan was paid in full during Fiscal Year 2007.

COUNTY COMMISSIONERS OF CALVERT COUNTY, MARYLAND

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2007

Note 4 - Notes Receivable – Continued  
Component Unit - Continued  
Economic Development Authority – Continued

The Authority has a \$78,300 note receivable from George Larry Burdette and Karen Lynn Burdette related to the sale of lot number 20A, which was land held for resale. This note is secured by a deed of trust on the property. The note bears interest at 5.5% per annum. Principal and interest payments of \$640 are due monthly beginning January 28, 2000 and continuing monthly thereafter until December 28, 2014. The balance of this note as of June 30, 2007 is \$47,514.

The Authority has a \$78,300 note receivable from Shadow Stone, LLC related to the sale of lot number 20B, which was land held for resale. This note is secured by a deed of trust on the property. The note bears interest at 5.5 % per annum. Principal and interest payments of \$640 are due monthly until December 28, 2014. The balance of this note as of June 30, 2007 is \$47,514.

The Authority has a \$87,141 note receivable from Cutter Court, LLC related to the sale of lot number 35, which was land held for resale. This note is secured by a deed of trust on the property. The note bears interest at 6% per annum. Principal and interest payments of \$850 are due until November 19, 2011. The balance of this note as of June 30, 2007 is \$40,051.

The Authority had two notes receivable totaling \$565,400 from D&B Properties, LLC, related to the sale of lot numbers 36R, 39R, 37, and 38, which was land held for resale. These notes were secured by a deed of trust on the properties. The notes paid 6 % per annum. All principal and accrued interest for both notes were payable in full on May 2, 2010. The Authority had the option to forgive the entire unpaid principal and accrued interest on May 2, 2010, provided that certain conditions had been met in accordance with the Agreement of Purchase and Sale. If any of the conditions were not met in the interim, the Authority had the right to immediately demand repayment of all unpaid principal and accrued interest. In Fiscal Year 2007 the determination was made that the agreed upon conditions were not met and the loan and outstanding interest were demanded. The balances are now paid in full.

The Authority has a \$186,773 note receivable from Precision Design, Inc. related to the sale of lot number 31, which was land held for resale. This note is

COUNTY COMMISSIONERS OF CALVERT COUNTY, MARYLAND

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2007

Note 4 - Notes Receivable – Continued  
Component Unit - Continued  
Economic Development Authority – Continued

secured by a deed of trust on the property. The note bears interest at 6 % per annum. All principal and accrued interest are payable in full on June 20, 2008. The Authority may forgive the entire unpaid principal and accrued interest on June 20, 2008, provided certain conditions have been met in accordance with the Agreement of Purchase and Sale. If any of these conditions are not met in the interim, the Authority may immediately demand repayment of all unpaid principal and accrued interest. The accrued interest receivable on this note at June 30, 2007 is \$98,987. The gain on this land sale and the accrued interest are included in deferred revenue due to the loan forgiveness provision in the loan document.

The Authority has a \$135,850 note receivable from R.A. B., L.L.C.. related to the sale of lot number 43 CCIP, which was land held for resale. This note is secured by a deed of trust on the property. The note bears interest at 6 % per annum. All principal and accrued interest are payable in full on June 23, 2011. The Authority may forgive the entire unpaid principal and accrued interest on June 23, 2011, provided certain conditions have been met in accordance with the Agreement of Purchase and Sale. If any of these conditions are not met in the interim, the Authority may immediately demand repayment of all unpaid principal and accrued interest. The accrued interest receivable on this note at June 30, 2007 is \$48,408. The gain on this land sale and the accrued interest are included in deferred revenue due to the loan forgiveness provision in the loan document.

The Authority has a \$55,000 note receivable from Chesapeake Plastics, LLC. This note is secured by a piece of injection molding equipment. The note bears interest at 2 % per annum. Principal and interest payments of \$964 started in November 2003 and are due through October 2008. The balance of this note as of June 30, 2007 is \$15,208.

The Authority has entered into an agreements with the Maryland Economic Development Corporation to extend a loan up to \$1,140,000 for improvements to the Chesapeake Hills Golf Course. This loan is unsecured. The note bears interest at 5% per annum. Interest only payments will come due after December 1, 2007 and will be paid from excess revenues from the golf course. The balance of this note as of June 30, 2007 is \$869,861.

**COUNTY COMMISSIONERS OF CALVERT COUNTY, MARYLAND**

**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2007**

**Note 5 - Interfund Accounts**

At June 30, 2007, the interfund accounts were as follows:

	Due From	Due To
<u>Primary Government</u>		
<u>General Fund</u>		
Special Revenue Fund	\$ -	\$ 13,190,624
Capital Projects Fund	-	19,663,443
Enterprise fund	6,464,424	3,366,249
	6,464,424	36,220,316
<u>Special Revenue Fund</u>		
General Fund	13,190,624	-
<u>Capital Projects Fund</u>		
General Fund	19,663,443	-
<u>Enterprise Fund</u>		
General Fund	3,366,249	6,464,424
Total due from/to other funds	\$ 42,684,740	\$ 42,684,740
<u>Component Units</u>		
Primary government – general fund	\$ -	\$ 14,013,699
Primary government – capital projects fund	-	1,261,553
Component unit – Board of Education	14,611,553	-
Component unit – Economic Development Authority	663,699	-
Total due from primary government		
To component unit	\$ 15,275,252	\$ 15,275,252

Interfund accounts represent activity between funds that are representative of lending/borrowing arrangements that are outstanding at the end of the year and where repayment is expected within a reasonable time. These accounts are also referred to as due to/from other funds. Most deposits and cash disbursements are processed using the General Fund bank account. These deposit and cash disbursement transactions create the interfund balances.

**COUNTY COMMISSIONERS OF CALVERT COUNTY, MARYLAND**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2007**

Note 6 - Capital Assets

**Primary Government**

A summary of changes in capital assets follows:

	<u>Balance</u> <u>June 30, 2006</u>	<u>Additions</u>	<u>Deductions/ Reclassifications</u>	<u>Balance</u> <u>June 30, 2007</u>
<u>Governmental Activities</u>				
Capital assets, not being depreciated:				
Construction in Progress	\$ 17,618,104	\$ 29,375,022	\$ 18,548,319	\$ 28,444,807
Land Development Rights	6,881,655	1,080,000	-	7,961,655
Land	<u>19,918,448</u>	<u>4,133,702</u>	<u>-</u>	<u>24,052,150</u>
Total capital assets, not being depreciated	44,418,207	34,588,724	18,548,319	60,458,612
Capital assets, being depreciated:				
Buildings	47,888,293	8,329,856	-	56,218,149
Improvements	18,578,478	774,059	-	19,352,537
Machinery & Equipment	21,978,369	2,702,991	427,418	24,253,942
Infrastructure	<u>67,491,634</u>	<u>2,764,345</u>	<u>-</u>	<u>70,255,979</u>
Total capital assets, being depreciated	155,936,774	14,571,251	427,418	170,080,607
Less accumulated depreciation for:				
Buildings	(31,671,572)	(455,705)	-	(32,127,277)
Improvements	(2,848,943)	(1,433,480)	-	(4,282,423)
Machinery & Equipment	(13,225,202)	(1,377,823)	(418,233)	(14,184,792)
Infrastructure	<u>(30,336,901)</u>	<u>(3,919,046)</u>	<u>-</u>	<u>(34,255,947)</u>
Total accumulated depreciation	<u>(78,082,618)</u>	<u>(7,186,054)</u>	<u>(418,233)</u>	<u>(84,850,439)</u>
Total capital assets, being depreciated, net	<u>77,854,156</u>	<u>7,385,197</u>	<u>9,185</u>	<u>85,230,168</u>
Governmental activities capital assets, net	<u>\$ 122,272,363</u>	<u>\$ 41,973,921</u>	<u>\$ 18,557,504</u>	<u>\$ 145,688,780</u>

Depreciation expense was charged to functions as

Governmental activities:

General government	\$ 1,530,454
Public Safety	1,157,318
Public Works	3,528,697
Health and hospitals	15,779
Social services	99,252
Recreation and culture	851,592
Miscellaneous	<u>2,962</u>
	<u>\$ 7,186,054</u>

**COUNTY COMMISSIONERS OF CALVERT COUNTY, MARYLAND**

**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2007**

**Note 6 - Capital Assets – Continued**  
**Primary Government - Continued**

	<u>Balance</u> <u>June 30, 2006</u>	<u>Additions</u>	<u>Deductions/</u> <u>Reclassification</u>	<u>Balance</u> <u>June 30, 2007</u>
<u>Business-type Activities:</u>				
Capital assets, not being depreciated:				
Construction in Progress	\$ 240,446	\$ 1,009,014	\$ 659,232	\$ 590,228
Land	<u>3,076,474</u>	<u>-</u>	<u>2,122</u>	<u>3,074,352</u>
Total capital assets, not being depreciated	3,316,920	1,009,014	661,354	3,664,580
Capital assets, being depreciated:				
Buildings	8,897,460	516,826	-	9,414,286
Improvements	48,388,549	163,766	-	48,552,315
Machinery & Equipment	<u>11,511,338</u>	<u>701,430</u>	<u>217,642</u>	<u>11,995,126</u>
Total capital assets, being depreciated	68,797,347	1,382,022	217,642	69,961,727
Less accumulated depreciation for:				
Buildings	(7,240,507)	(400,000)	-	(7,640,507)
Improvements	(11,484,561)	(1,875,000)	-	(13,359,561)
Machinery & Equipment	<u>(7,083,083)</u>	<u>(108,412)</u>	<u>(113,360)</u>	<u>(7,078,135)</u>
Total accumulated depreciation	<u>(25,808,151)</u>	<u>(2,383,412)</u>	<u>(113,360)</u>	<u>(28,078,203)</u>
Total capital assets, being depreciated, net	<u>42,989,196</u>	<u>(1,001,390)</u>	<u>104,282</u>	<u>41,883,524</u>
Business-type activities capital assets, net	<u>\$ 46,306,116</u>	<u>\$ 7,624</u>	<u>\$ 765,636</u>	<u>\$ 45,548,104</u>

Depreciation Expense was charged to Business – type activities as follows:

Water and Sewer	\$1,627,942
Solid Waste and Recycling	458,426
Marine Museum	<u>297,044</u>
	<u>\$2,383,412</u>

**COUNTY COMMISSIONERS OF CALVERT COUNTY, MARYLAND**

**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2007**

Note 6 - Capital Assets – Continued

**Component Units**

*Board of Education*

A summary of changes in capital assets for the year ended June 30, 2007 follows:

	<u>Balance</u> <u>June 30, 2006</u>	<u>Additions</u>	<u>Retirements/ Reclassifications</u>	<u>Balance</u> <u>June 30, 2007</u>
<b>Governmental Activities:</b>				
Land	\$ 3,765,811	\$ -	\$ (8,100)	\$ 3,757,711
Land improvements	4,148,353	7,201	-	4,155,554
Construction in progress	2,984,768	8,046,665	(4,713,723)	6,317,710
Building and improvements	209,719,864	4,713,727	-	214,433,591
Equipment	<u>5,276,618</u>	<u>673,570</u>	-	<u>5,950,188</u>
Totals at historical cost	225,895,414	13,441,163	(4,721,823)	234,614,754
Less accumulated depreciation for:				
Land improvements	1,225,133	205,183	-	1,430,316
Buildings and improvements	56,481,937	4,628,159	-	61,110,096
Equipment	<u>3,407,367</u>	<u>532,500</u>	-	<u>3,939,867</u>
Total accumulated depreciation	<u>61,114,437</u>	<u>5,365,842</u>	-	<u>66,480,279</u>
Governmental activities capital assets, net	<u>\$ 164,780,977</u>	<u>\$8,075,321</u>	<u>\$(4,721,823)</u>	<u>\$ 168,134,475</u>
<b>Business-type activities:</b>				
Equipment at historical cost	\$ 1,644,249	\$ 39,906	\$ -	\$ 1,684,155
Less accumulated depreciation	<u>1,155,650</u>	<u>131,040</u>	-	<u>1,286,690</u>
Business-type activities capital assets, net	<u>\$ 488,599</u>	<u>\$ (91,134)</u>	-	<u>\$ 397,465</u>

**COUNTY COMMISSIONERS OF CALVERT COUNTY, MARYLAND**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2007**

Note 6 - Capital Assets – Continued  
Component Units - Continued

*Economic Development Authority*

A summary of changes in capital assets for the year ended June 30, 2007 follows:

	<u>Balance</u> <u>June 30, 2006</u>	<u>Additions</u>	<u>Retirements/ Reclassifications</u>	<u>Balance</u> <u>June 30, 2007</u>
<b>Governmental Activities:</b>				
Land	\$ 32,936	\$ -	\$ 10,745	\$ 22,191
Building and improvements	1,620,648	-	1,620,648	-
Equipment	43,597	-	43,597	-
Infrastructure	<u>174,003</u>	-	<u>174,003</u>	-
Totals at historical cost	1,871,184	-	1,848,993	22,191
<b>Less accumulated depreciation for:</b>				
Building and improvements	(364,982)	-	364,982	-
Equipment	(43,597)	-	43,597	-
Infrastructure	<u>(136,393)</u>	-	<u>136,393</u>	-
Total accumulated depreciation	<u>(544,972)</u>	-	<u>544,972</u>	-
Governmental activities capital assets, net	<u>\$ 1,326,212</u>	<u>\$ -</u>	<u>\$ 1,304,021</u>	<u>\$ 22,191</u>

**COUNTY COMMISSIONERS OF CALVERT COUNTY, MARYLAND**

**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2007**

**Note 7 - Long-Term Obligations**

**Primary Government**

The following is a summary of the changes in long-term obligations of the County for the year ended June 30, 2007.

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deductions</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>
<b><u>Governmental Activities</u></b>					
Bonds Payable					
General Obligation Debt	\$ 84,982,723	\$ 29,781,444	\$ (8,738,321)	\$ 106,025,846	\$ 9,980,871
The Land Preservation Program	6,881,655	1,080,000	-	7,961,655	-
Other Liabilities:					
Landfill Closure Costs	630,000	-	(30,000)	600,000	30,000
Compensated Absences	<u>6,369,133</u>	<u>768,528</u>	<u>(835,000)</u>	<u>6,302,661</u>	<u>1,740,146</u>
Total Long-term Liabilities related to Governmental Activities	<u>\$ 98,863,511</u>	<u>\$ 31,629,972</u>	<u>\$ (9,603,321)</u>	<u>\$ 120,890,162</u>	<u>\$ 11,751,017</u>
<b><u>Business-type Activities</u></b>					
Bonds Payable					
Debt	\$ 14,009,228	\$ -	\$ (1,703,644)	\$ 12,305,584	\$ 1,653,779
Other Liabilities:					
Landfill Closure Costs	1,307,738	64,860	-	1,372,598	-
Compensated Absences	<u>773,748</u>	<u>41,041</u>	<u>(50,000)</u>	<u>764,789</u>	<u>50,000</u>
Total Long-term Liabilities related to Business-type Activities	<u>\$ 16,090,714</u>	<u>\$ 105,901</u>	<u>\$ (1,753,644)</u>	<u>\$ 14,442,971</u>	<u>\$ 1,703,779</u>

For governmental activities, compensated absences are generally liquidated by the governmental fund to which the liability relates.

**Estimated Closure and Postclosure Costs**

**Barstow Landfill**

An amount is recorded in the general long-term debt account group for the estimated postclosure costs associated with the Barstow Landfill based upon the estimated cost. This amount is required by state and federal regulations to provide for monitoring costs associated with the closed landfill. During 1997, the County closed the Barstow Landfill. The current estimate of postclosure costs is \$600,000. The landfill is at 100% capacity with no remaining useful life. Therefore, the total estimated cost of postclosure care has been recorded.

**Appeal Landfill**

An accrual is recorded for the estimated closure and postclosure costs associated with the Appeal Landfill. The accrual is based upon the capacity used to date. Although closure and postclosure care costs will be paid only near or after the date the landfill stops accepting waste, a portion of these closure and postclosure care costs are reported as an operating expense in each period based on landfill capacity used as of each balance sheet date. This accrual is required by state and federal regulations to provide for the capping and monitoring costs associated with the closing of the landfill. The current estimate of total closure and postclosure costs, provided by an independent contractor specializing in landfills is \$1,906,351.

COUNTY COMMISSIONERS OF CALVERT COUNTY, MARYLAND

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2007

Note 7 - Long-Term Obligations - Continued  
Estimated Closure and Postclosure Costs - Continued  
Appeal Landfill - Continued

This amount has been and will be increased by a factor of 3.5% to account for inflation, through fiscal year 2023. These cost estimates are analyzed by an independent contractor to ensure compliance with changing federal and state laws, potential changes in costs due to inflation or deflation, and changes in technology in an effort to maintain accurate accruals. The percentage of the landfill used to date is 72%; therefore, \$1,372,598 represents the accrued reserve at June 30, 2007, which is reported in the solid waste and recycling fund. The reserve will be increased with annual contributions and an estimated 5.0% return on investment. In 1998, the County entered into a long-term arrangement under which the County's waste is transferred out of the County, which extended the life of the landfill.

Long-term obligations as of June 30, 2007, consist of the following:

Governmental Activities

General Obligation Bonds

\$11,970,000 – Consolidated Public Improvement Project Bonds, 2002 Series, principal due in annual installments through January 1, 2017, interest at 3% to 5%.	\$ 8,665,000
\$9,998,533 – Refunding Bonds, 2002 Series, due in annual installments through January 1, 2011, interest at 3% to 5%. These bonds were issued to replace the 1991 and 1996 Series bonds to take advantage of a favorable interest rate environment.	6,000,796
\$30,275,000 – Consolidated Public Improvement Project Bonds, 2003 Series, due in annual installments through July 15, 2018, interest at 2% to 5%.	25,455,000
\$13,614,090 – Refunding Bonds, 2003 Series, principal due in annual installments through July 15, 2019, interest at 2% to 5%. These bonds were issued to replace the 1993 Series bonds to take advantage of a favorable interest rate environment.	8,245,815
\$8,910,000 – Consolidated Public Improvement Project Bonds, 2004 Series, principal due in annual installments beginning April 1, 2005 through April 1, 2019, interest at 2% to 4.2%.	7,380,000

COUNTY COMMISSIONERS OF CALVERT COUNTY, MARYLAND

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2007

Note 7 - Long-Term Obligations - Continued  
Governmental Activities - Continued  
General Obligation Bonds - Continued

\$6,995,000 – Consolidated Public Improvement Project Bonds, 2005 Series, principal due in annual installments beginning April 1, 2006 through April 1, 2020, interest at 2.3% to 4.2%.	\$ 6,225,000
\$10,885,000 – Consolidated Public Improvement Project Bonds, 2006 Series, principal due in annual installments beginning April 1, 2007 through April 1, 2021, interest at 3.5% to 4.3%.	10,155,000
\$29,780,000 – Consolidated Public Improvement Project Bonds, 2007 Series, principal due in annual installments beginning April 1, 2008 through April 1, 2022, interest at 3.55% to 4.15%.	29,780,000

Waterway Improvement Projects

\$44,182 - 1992 loan for construction of waterway improvement at Spring Cove; due in annual installments through November 2011; non-interest bearing.	11,045
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Shore Erosion Control

\$91,392 - Ship Point - This is a loan with the Maryland Department of Natural Resources for a shore erosion project. The loan is interest-free and final payment will be made on July 1, 2010.	21,504
\$261,042 - Western Shores - The County signed a 20-year note for a shore erosion control project with the State of Maryland Department of Natural Resources. Beginning in July 1998, principal payments of \$13,052 are due annually through July 2017. This note is non-interest bearing.	143,574
\$83,758 - Mears Creek - 1997 loan for construction of shore erosion protection. Beginning in July 1997, payments of \$5,584 are due annually through July 2012. This note is non-interest bearing.	27,919
\$32,150 – Solomons United Methodist Church – 2002 loan for construction of shore erosion protection. Beginning in July 2002, payments of \$1,286 are due annually through July 2026. This note is non-interest bearing.	25,720
\$84,987 – Our Lady Star of the Sea – 2005 loan for construction of shore erosion protection. Beginning in July 2005, payments of \$3,399 are due annually through July 2029. This note is non-interest bearing.	78,188

COUNTY COMMISSIONERS OF CALVERT COUNTY, MARYLAND

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2007

Note 7 - Long Term Obligations- Continued  
Governmental Activities – Continued

Office Building

\$6,075,000 - State Office Building Refunding Bond 1999 Series; due in annual installments through July 2010; interest at 3% - 4.4%. \$ 2,320,000

Other

\$4,534,279 – Maryland Water Quality Bond, 1996 Series, due in annual installments commencing February 1, 1997 through February 2011. Interest is due semiannually at 4.35%. 1,422,484

\$7,961,655 – The Land Preservation Program. This program is run by the County and is designed to preserve prime forest and farmland. The pay-out is spread over 10 to 20 years. The land owner receives annual tax-free interest payments and a balloon payment at the end of the term. The debt is supported by Treasury Strips. 7,961,655

\$137,602 – Detention Center Note – This is money due to the Water and Sewer Fund for work related to the Detention Center’s plumbing system. The note is due in annual installments of \$13,760 commencing June 1, 2003 through June 1, 2012. The note is interest-free. 68,801

Estimated Landfill Postclosure Costs

Accrued estimated costs associated with monitoring the landfill at Barstow in compliance with state and federal regulations. 600,000

Accumulated Unpaid Employee Leave

Accumulated unpaid vacation, personal and sick leave 6,302,661

Total governmental activities long-term obligations \$ 120,890,162

COUNTY COMMISSIONERS OF CALVERT COUNTY, MARYLAND

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2007

Note 7 - Long-Term Obligations- Continued  
Business-Type Activities

Water and Sewer Fund

General Obligation Bonds

\$4,010,790 -- Refunding Bonds, 2003 series, due in annual installments through July 15, 2019, interest at 2% to 5%; net of deferred loss on refunding of \$205,869. These bonds were issued to replace the 1993 Series bonds to take advantage of a favorable interest rate environment. \$ 2,223,507

Notes Payable

\$89,775 - Water Supply Facilities Loan Note from the State of Maryland for the Dares Beach Water Supply Project. Interest payable annually at 6.6% commencing November 1, 1992 through 2019, principal and interest payments of \$7,110 due annually. 60,809

\$218,172 - Note payable representing the value of the Calvert Memorial Hospital Water Tower that was transferred from the hospital to the water and sewer fund. Payable amount is reduced quarterly by the amount of water use billed to the hospital. Note is non-interest bearing. 69,649

\$258,225- Funds previously advanced by the General Fund to the Water and Sewer Fund for the Dares Beach Water Supply Project were converted to a note. Interest payable annually at 6.6% commencing June 30, 1998 through 2019, principal and interest payments of \$19,969 due annually. 162,091

\$863,254 - Funds previously advanced by the General Fund to the Water and Sewer Fund for Prince Frederick Water and Sewer were converted to an interest-free note. Principal is payable annually commencing January 1, 1993 through 2025. 496,717

\$3,982,024 – Water Quality Revolving Loan from the State of Maryland for the Solomons Island Wastewater Treatment Plant Modifications Project. Interest payable annually at 3.25% commencing August 1, 1993 through 2015. Debt service payments are variable based on the amount of funds drawn on the revolving loan. 1,849,915

\$250,000 – Maryland Department of the Environment (MDE) note for the Kenwood Beach Water Supply Project. Interest payable annually at 4.64% commencing February 1, 2004 through 2033, principal and interest payments starting February 1, 2006 of \$16,129 due annually. 240,729

\$500,000 – Maryland Water Quality Financing Administration note to expand sewer lines into the Dares Beach Community. Interest payable semiannually at 1.6% commencing August 1 2002, principal and interest payments total \$32,128 each year. 381,907

**COUNTY COMMISSIONERS OF CALVERT COUNTY, MARYLAND**

**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2007**

**Note 7 - Long-Term Obligations - Continued  
Business-Type Activities - Continued**

<p>\$6,300,000 – Maryland Water Quality Financing Administration note for the expansion of a sewer plant in Prince Frederick. The final principal payment will be made in February 2022. The rate of interest on this loan is 1.5%.</p>	<p>\$ 4,896,274</p>
<p>\$400,000 – Maryland Water Quality Financing Administration note for the sewer pumping station at the Patuxent Business Park in Lusby, As of June 30, 2007, \$128,358 in draws have been taken on the note. A final amortization schedule of this loan will be available after the project is complete. Based on estimates, the duration will be 20 years and the rate will be 1.0%.</p>	<p>89,820</p>
<p>Accumulated unpaid vacation, personal, and sick leave</p>	<p><u>382,180</u></p>
<p align="center">Total water and sewer fund</p>	<p><u>10,853,598</u></p>
<p><u>Solid Waste and Recycling Fund</u></p>	
<p>\$1,931,467 – Refunding Bonds, 2002 series, due in annual installments through January 1, 2011, interest at 3% to 5%; net of deferred loss on refunding of \$44,382. These bonds were issued to replace the 1991 and 1996 Series bonds to take advantage of a favorable interest rate environment.</p>	<p>1,114,822</p>
<p>\$1,205,120 – Refunding Bonds, 2003 series, due in annual installments through January 1, 2019, interest at 2% to 5%; net of deferred loss on refunding of \$11,443. These bonds were issued to replace the 1993 Series bonds to take advantage of a favorable interest rate environment.</p>	<p>719,344</p>
<p>Accumulated unpaid vacation, personal, and sick leave</p>	<p>382,609</p>
<p><u>Estimated Landfill Closure and Postclosure Costs</u></p>	
<p>Accrued estimated costs associated with closing and monitoring the landfill at the Appeal Landfill in compliance with state and federal regulations.</p>	<p><u>1,372,598</u></p>
<p align="center">Total solid waste and recycling fund</p>	<p><u>3,589,373</u></p>
<p align="center">Total business-type activities long-term obligations</p>	<p><u>\$14,442,971</u></p>

**COUNTY COMMISSIONERS OF CALVERT COUNTY, MARYLAND**

**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2007**

**Note 7 - Long-Term Obligations - Continued**

The minimum annual requirements to amortize all outstanding debt, except accumulated unpaid vacation, personal and sick leave, estimated landfill closure and postclosure costs as of June 30, 2007 are as follows:

Years Ending June 30,	Governmental Activities		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2008	\$ 9,980,871	\$ 4,763,852	\$ 14,744,723
2009	10,322,680	4,436,275	14,758,955
2010	9,778,369	4,012,860	13,791,229
2011	10,211,011	3,601,850	13,812,861
2012	9,348,381	3,121,996	12,470,377
2013-2017	39,045,639	10,491,566	49,537,205
2018-2022	25,077,925	2,669,651	27,747,576
2023-2027	212,427	39,614	252,041
2028-2030	<u>10,198</u>	<u>0</u>	<u>10,198</u>
<b>Total</b>	<b><u>\$113,987,501</u></b>	<b><u>\$33,137,664</u></b>	<b><u>\$147,125,165</u></b>

Years Ending June 30,	Business-Type Activities		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2008	\$ 1,653,779	\$ 354,502	\$ 2,008,281
2009	1,719,009	302,542	2,021,551
2010	1,422,230	246,066	1,668,296
2011	1,247,388	201,551	1,448,939
2012	757,090	165,732	922,822
2013-2017	3,305,301	545,519	3,850,820
2018-2022	2,239,982	237,801	2,477,783
2023-2027	138,921	29,136	168,057
2028-2032	68,164	13,242	81,406
2033	15,414	715	16,129
Deferred loss on refunding	<u>(261,694)</u>	<u>-</u>	<u>(261,694)</u>
<b>Total</b>	<b><u>\$12,305,584</u></b>	<b><u>\$2,096,806</u></b>	<b><u>\$14,402,390</u></b>

**COUNTY COMMISSIONERS OF CALVERT COUNTY, MARYLAND**

**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2007**

**Note 7 - Long Term Obligations- Continued**  
**Component Units**

The following is a summary of the changes in the Long-Term Obligations of the Board of Education for the year ended June 30, 2007:

	<u>Balance</u> <u>June 30, 2006</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>June 30, 2007</u>	<u>Due Within</u> <u>One Year</u>
<b>Governmental activities:</b>					
Capital lease	\$ 245,323	\$ 512,509	\$ (179,298)	\$ 578,534	\$ 156,369
Compensated absences	<u>2,469,573</u>	<u>1,775,267</u>	<u>(1,892,142)</u>	<u>2,352,698</u>	<u>185,200</u>
<b>Total governmental activities</b>	<u>\$ 2,714,896</u>	<u>\$ 2,287,776</u>	<u>\$ (2,071,440)</u>	<u>\$ 2,931,232</u>	<u>\$ 341,569</u>
<b>Business-type activities:</b>					
Compensated absences	\$ 31,253	\$ 5,418	\$ -	\$ 36,671	\$ -
<b>Total business-type activities</b>	<u>\$ 31,253</u>	<u>\$ 5,418</u>	<u>\$ -</u>	<u>\$ 36,671</u>	<u>\$ -</u>

The Board of Education has entered into lease agreements as lessee to finance the purchase of equipment in the amount of \$578,534. The lease agreements are for periods of five years.

The assets acquired and capitalized as fixed assets under the capital lease are as follows:

	<b><u>Governmental</u></b> <b><u>Activities</u></b>
Computer equipment	\$ 443,919
Less accumulated depreciation	<u>70,075</u>
<b>Total</b>	<u>\$ 373,844</u>

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2007 were as follows:

<b><u>Year Ending June 30,</u></b>	<b><u>Governmental</u></b> <b><u>Activities</u></b>
2008	\$ 179,298
2009	179,298
2010	179,298
2011	<u>113,046</u>
Total minimum lease payments	650,940
Less amount representing interest	<u>72,406</u>
<b>Present value of minimum lease payments</b>	<u>\$ 578,534</u>

**COUNTY COMMISSIONERS OF CALVERT COUNTY, MARYLAND**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2007**

**Note 7 - Long Term Obligations- Continued  
Component Units - Continued**

**Economic Development Authority  
*Note Payable***

The Economic Development Authority had a \$1,623,499 note payable to the County Commissioners of Calvert County that was paid off during fiscal year 2007. The following is a summary of this activity and shows that this loan was the only long-term obligation of the Economic Development Authority as of the year ended June 30, 2007:

	<u>Balance</u> <u>June 30, 2006</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>June 30, 2007</u>	<u>Due Within</u> <u>One Year</u>
<b>Economic Development:</b>					
<b>Authority – note payable</b>	<b><u>\$ 766,861</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 766,861</u></b>	<b><u>\$ -</u></b>	<b><u>\$ -</u></b>

**COUNTY COMMISSIONERS OF CALVERT COUNTY, MARYLAND**

**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2007**

**Note 8 - Fund Balances**

**A. Governmental Funds with Reservation of Fund Balance**

As of June 30, 2007, fund balances were reserved as follows:

	General	Special Revenue
<b><u>Reserved</u></b>		
Encumbrances	\$3,098,613	\$ -
Other long-term receivables	5,349,383	-
Reserved for special purposes	400,000	50,549
For deferred expenditures	347,522	-
<b>Total reserved fund balance</b>	<b>\$9,195,518</b>	<b>\$ 50,549</b>

**B. Governmental Funds with Unreserved Fund Balances Designated for Other Purposes**

As of June 30, 2007, unreserved fund balances designated for other purposes are as follows:

	General	Capital Projects
<b><u>Unreserved – Designated</u></b>		
<b>Designated for:</b>		
Vacation and sick pay	\$ 3,500,000	\$ -
Future capital project expenditures	15,217,721	45,555,272
Future other post employment benefits	12,857,000	
Utility deregulation	6,096,574	-
<b>Total unreserved-designated Fund balances</b>	<b>\$37,671,295</b>	<b>\$45,555,272</b>

The reservations of fund balance represent:

Other long-term receivables - The amount of notes receivable advanced to Dares Beach Water, Prince Frederick Water and Sewer, two Parks and Recreation notes receivable at June 30, 2007.

Reserved for special purposes - These amounts represent the portion of fund balance restricted for the special purpose of the following funds: General Fund: MEDCo Bonds, Special Revenue Funds: Parks and Recreation Fund, Grants Fund and Calvert County Family Network Fund.

COUNTY COMMISSIONERS OF CALVERT COUNTY, MARYLAND

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2007

Note 9 - Retirement Systems

**Primary Government**

*Calvert County Employees Retirement Plan*

Plan Description - The County contributes to the Calvert County Employees Retirement Plan (the Plan), a single employer defined benefit pension plan that provides retirement benefits and death and disability benefits to participating employees and their beneficiaries. All full-time employees of the County plus part-time employees working at least 50% of a regular work week and employees of the office of the State's Attorney and the Calvert County Housing Authority are eligible to participate in the Plan. If hired before July 1, 1996, benefits vest 100% for service greater or equal to 5 years, or if hired on or after July 1, 1996, benefits vest 100% for service greater or equal to seven years. County employees are eligible to receive retirement benefits the first month following completion of 30 years of eligibility service or (1) if hired prior to July 1, 1996, first month following attainment of age 62, completion of 2 years eligibility service and sum of age and service is at least 67, and (2) if hired on or after July 1, 1996, the first of the month following attainment of age 62 and completion of 7 years eligibility service. Benefits are payable monthly for life, in an amount equal to 1.5% of the average final salary (the highest consecutive thirty-six month period of base pay) up to covered compensation for each year of service up to 30 years plus .3% of average final salary over the Social Security integration level for each year of service up to 30 years, plus 1.0% of the average final salary for each year in excess of 30 years up to 5 years. Benefit provisions and all other requirements are established by the County Commissioners and administered by a County-appointed Board of Trustees.

Funding Policy - Participating County employees are required to contribute 2% of their annual compensation to the Plan, plus an additional 2% of base salary in excess of Social Security Wage Base. The County contributes the remaining amounts necessary to fund the payments of benefits under the Plan based upon the direction of its consulting actuary. The contributions made to the Plan for fiscal year 2007 were made in accordance with the Plan requirements as of the July 1, 2006 actuarial report. The contributions consisted of amounts contributed by the employees of \$208,773 (2% of current covered payroll). The County's costs for fiscal year 2007 were \$1,490,000 (14.2% of current covered payroll). The pension benefit obligation under GASB Statement No. 5 is a standard disclosure measure of the present value of pension benefits, adjusted for the effects of projected salary increases and step rate benefits, estimated to be payable in the future as a result of employee service to date. The measure is intended to help users assess, on a going concern basis, the funding status of the Plan to which contributions are made, assess progress made in accumulating sufficient assets to pay benefits when due, and make comparisons among employers.

**COUNTY COMMISSIONERS OF CALVERT COUNTY, MARYLAND**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2007**

Note 9 - Retirement Systems - Continued  
Primary Government- Continued  
Calvert County Employees Retirement Plan - Continued  
Funding Policy - Continued

The pension benefit obligation was computed using the Projected Unit Credit Method as a part of an actuarial valuation performed as of July 1, 2007. The significant actuarial assumptions used in the valuation include, rate of return on the investments of present and future assets of 8% a year compounded annually, additional projected salary increases of 5% compounded annually, and no postretirement benefit increases.

Funding Progress - The following schedule gives an analysis of the funding progress for the past three years:

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as % of Covered Payroll
June 30, 2007	\$36,354,279	\$42,656,369	\$ 6,302,090	85.2%	\$ 10,285,756	61.3%
2006	33,368,565	37,507,215	4,138,650	89.0%	10,524,821	39.3%
2005	30,312,614	34,173,079	3,860,465	88.7%	10,811,691	35.7%

The plan's unfunded actuarial liability is being amortized using the level dollar method over a closed amortization period of 20 years.

Employer Contributions - The following schedule gives information on employer required contributions for the past three years:

Years Ended June 30,	Contribution	Annual Required Contribution	Percentage Contributed
2007	\$ 1,490,000	\$ 1,489,747	100.0%
2006	1,440,000	1,477,036	97.5%
2005	1,415,000	1,395,420	101.4%

Net Pension Obligation

Actuarial Valuation Date	Annual Required Contribution	Interest on Net Pension Obligation	Adjustment to Annual Required Contribution	Increase - (Decrease) in Net Pension Obligation	Net Pension Obligation
June 30, 2007	\$1,489,747	\$11,616	\$18,371	\$ (7,008)	\$138,193
2006	1,477,036	9,026	13,685	32,377	145,201
2005	1,395,420	10,997	16,060	(24,643)	112,824

COUNTY COMMISSIONERS OF CALVERT COUNTY, MARYLAND

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2007

Note 9 - Retirement Systems - Continued  
Primary Government- Continued  
Calvert County Employees Retirement Plan - Continued

Investments - The Plan invests in stocks, bonds and notes.

Financial Statements

Separate, audited financial statements have not been issued for the plan. The plan's statement of net assets and statement of changes in net assets are presented at the end of the primary government section of Note 9.

*State Retirement System of Maryland*

Plan Description - On October 29, 1996, the Commissioners approved the withdrawal of employees of Calvert County from the State Retirement and Pension System of Maryland (the System) based on the establishment of the Calvert County Employees Retirement Plan. All employees covered under the System were given the option to participate in the new plan or remain in the System. All but 58 County employees opted to participate in the new plan.

Thirty employees remained in the State of Maryland Employees' Retirement System and 28 employees remained in the State of Maryland Employees' Pension System (collectively the Employees' Systems). The effective date of the withdrawal from the System was June 30, 1996.

The State Retirement Agency (the Agency) is the administrator of the System, a cost-sharing multiple-employer public-employee retirement system. The System was established by the State Personnel and Pension Articles of the Annotated Code of Maryland Rules and Regulations and provides retirement allowances to System members and beneficiaries. Responsibility for the administration and operation of the System is vested with a 14-member Board of Trustees. The System issues a publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the State Retirement and Pension System of Maryland, 120 East Baltimore Street, Baltimore, Maryland 21202 or by calling (800) 492-5909.

Funding Policy - Members of the Employees Systems may elect to contribute 5% to 7% of their earnable compensation depending on the retirement option selected. Employer contribution rates are determined actuarially. The System paid the County the sum of \$10,212,854, the amount of the reserves allocable to the withdrawing employees on a market value basis as determined by an actuary, together with interest at the rate of 7.5% compounded annually from July 1, 1996, to the date of payment, reduced by the partial payment of \$700,000 to the Calvert County Employees' Retirement System on December 20, 1996. Based on the actuarial valuation as of June 30, 1996, the unfunded

COUNTY COMMISSIONERS OF CALVERT COUNTY, MARYLAND

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2007

Note 9 - Retirement Systems - Continued  
Primary Government - Continued  
State Retirement System of Maryland - Continued  
Funding Policy - Continued

liability for the employees and officers of the County who elected to remain in the System amounted to \$1,383,013. The County paid the unfunded liability in two installments: an initial installment of \$800,000 on the date of this agreement, and a final installment of \$583,013 on July 1, 1996. The County's required contributions and actual contributions to the Employee's Systems for the years ended June 30, 2005 through 2007 were zero. The computation of the pension contribution requirements for fiscal year 2007 was based on the same actuarial assumptions, benefits provisions, actuarial funding method and other significant factors used to determine pension contributions requirements in the previous year. Contributions by the State of Maryland on behalf of the Calvert County Public Library were \$152,623, \$144,632 and \$131,306 for the years ended June 30, 2007, 2006 and 2005. In accordance with GASB Statement Number 24, the State's 2007 contribution amount has been shown as State aid revenue and pension expenditure.

*Calvert County's Employee Retirement Savings Plan*

On July 28, 1998, the Commissioners approved the formation of a single employer defined contribution pension plan with a 5% County contribution and a required 3% contribution from all eligible employees. The plan was put in place January 1, 1999. All employees hired after June 30, 1998 were automatically enrolled in the defined contribution pension plan. The contributions by the County and the employees for the year ended June 30, 2007 were \$693,245 and \$415,739, respectively.

*Volunteer Fire Departments and Rescue Squads*

Plan Description - The County contributes to the Length of Service Awards Program (LSAP) for the Volunteer Fire and Rescue Squads personnel of Calvert County (Plan), a single-employer noncontributory retirement and pension plan. Any person who is certified as an active member with any Calvert County Volunteer Fire Company or Rescue Squad is eligible to participate in the Plan. Active members who attain age 55 and have completed 25 years of certified volunteer service shall receive \$400 per month plus \$4 per month additional for each year of service in excess of 25 years, with a maximum benefit of \$500 per month. If an active member attains age 70 and has 2 years of qualifying service out of the last 5 years, but does not complete 25 years of service, a monthly benefit equal to \$8 times the years of service will be payable. The Plan also provides for death and disability benefits to participating volunteers. Benefit provisions and all other requirements are established by the Fire and Rescue Commission and approved by the Commissioners as authorized by the legislative assembly. The County contributes all amounts necessary to fund the payments of benefits under the Plan.

**COUNTY COMMISSIONERS OF CALVERT COUNTY, MARYLAND**

**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2007**

Note 9 - Retirement Systems - Continued  
Primary Government- Continued  
Volunteer Fire Departments and Rescue Squads - Continued

Funding Policy - The pension benefit obligation under GASB Statement No. 5 is a standardized disclosure measure of the present value of pension benefits estimated to be payable in the future as a result of participants' service to date. The measure is intended to help users assess, on a going concern basis, the funding status of the Plan to which contributions are made, assess progress made in accumulating sufficient assets to pay benefits when due, and make comparisons among employers. The pension benefit obligation was computed as a part of an actuarial valuation performed as of July 1, 2007.

The significant actuarial assumptions used in the valuation include rate of return on the investments of present and future assets of 8% a year compounded annually; 80% of the participants are assumed to be married with spouses four years younger; participants, who have already earned at least two years of credit and have attained age 30, are assumed to earn credit in 50% of their future years. All others are assumed to earn no credit; and calculations have been made using the Unit Credit Cost Method.

The contributions made by the County to the Plan for fiscal 2007 totaling \$240,000 were made in accordance with actuarial determined requirements computed through an actuarial valuation performed as of July 1, 2006.

Trend Information - The following schedule gives an analysis of the funding progress for the past three years:

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as % of Covered Payroll
<u>June 30,</u> 2007	\$2,385,639	\$4,248,438	\$1,862,799	56.2%	N/A	N/A
2006	2,269,601	4,090,378	1,820,777	55.5%	N/A	N/A
2005	2,183,821	4,072,786	1,888,965	53.6%	N/A	N/A

The plans unfunded actuarial liability is being amortized using the level dollar method over a closed period of 20 years.

**COUNTY COMMISSIONERS OF CALVERT COUNTY, MARYLAND**

**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2007**

Note 9 - Retirement Systems - Continued  
Primary Government - Continued  
Volunteer Fire Departments and Rescue Squads - Continued

Employer Contributions - The following schedule gives information on employer contributions for the past three years:

Years Ended	<u>Contribution</u>	Annual Required <u>Contribution</u>	Percentage <u>Contributed</u>
<u>June 30,</u> 2007	\$ 240,000	\$ 237,655	101.0%
2006	220,000	234,567	93.8%
2005	210,884	210,884	100.0%

Net Pension Obligation

Actuarial Valuation Date	Annual Required <u>Contribution</u>	Interest on Net Pension <u>Obligation</u>	Adjustment to Annual Required <u>Contribution</u>	Increase (Decrease) in Net Pension <u>Obligation</u>	Net Pension <u>Obligation</u>
<u>June, 30</u> 2007	\$237,655	\$(26,402)	\$(41,756)	\$13,009	\$(317,020)
2006	234,567	(28,755)	(43,599)	29,411	(330,029)
2005	210,884	(29,855)	(43,599)	13,744	(359,440)

Investments - The Plan invests in stocks, bonds and notes.

Financial Statements - Separate, audited financial statements have not been issued for the plan. The plan's statement of net assets and statement of changes in net assets are presented at the end of the primary government section of Note 9.

*Calvert County Sheriff's Department Pension Plan*

Plan Description - The County contributes to the Calvert County Sheriff's Department Pension Plan (Plan), a single-employer defined benefit pension plan. All full-time deputy sheriffs and correctional officers employed by the County, excluding those who were hired prior to July 1, 1989, who elected to remain in the State Pension System, are eligible to participate in the Plan. Benefits vest 50% after 5 years, increasing 5% a year to 100% after 15 years. County employees who retire at or after age 55 or after 25 years of service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 2.4% of their final average earnings for each year of service up to 20, plus 2% of final average earnings for service over 20 years and up to 27 years. The Plan also provides for death and disability benefits to participating employees. Benefit provisions and all other requirements are established by a County-appointed Board of Trustees.

COUNTY COMMISSIONERS OF CALVERT COUNTY, MARYLAND

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2007

Note 9 - Retirement Systems - Continued  
Primary Government- Continued  
Calvert County Sheriff's Department Pension Plan - Continued

Funding Policy - The pension benefit obligation under GASB Statement No. 5 is a standardized disclosure measure of the present value of pension benefits, adjusted for the effects of projected salary increases and step-rate benefits, estimated to be payable in the future as a result of employee service to date. The measure is intended to help users assess, on a going concern basis, the funding status of the Plan to which contributions are made, assess progress made in accumulating sufficient assets pay benefits when due, and make comparisons among employers.

The pension benefit obligation was computed using the Projected Unit Credit Method as a part of an actuarial valuation performed as of July 1, 2007. The significant actuarial assumptions used in the valuation include rate of return on the investments of present and future assets of 8% a year compounded annually; additional projected salary increases of 6.50% to age 37, 4.50% from age 38 to 42 and 4.00% thereafter; costs of living increases to all plan participants of 3.00% per year calculated on a compound interest basis, and calculations have been made using the Projected Unit Credit Method.

Participating County employees are required to contribute 8% of their annual compensation to the Plan, compounded annually with 5% interest. The County contributes the remaining amounts necessary to fund the payments of benefits under the Plan based upon the direction of its consulting actuary.

The contributions made to the Plan for fiscal 2007 totaling \$1,520,000 were made in accordance with actuarially determined requirements computed through an actuarial valuation performed as of July 1, 2006.

Amounts contributed by the County and Employees consisted of the following:

County (22.2% of current covered payroll)	\$1,520,000
Employees (9.2% of current covered payroll)	\$627,367

**COUNTY COMMISSIONERS OF CALVERT COUNTY, MARYLAND**

**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2007**

Note 9 - Retirement Systems - Continued  
Primary Government- Continued  
Calvert County Sheriff's Department Pension Plan - Continued

Trend Information - The following schedule gives an analysis of trend information for the past three years:

Actuarial Valuation Date <u>June 30,</u>	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as % of Covered Payroll
2007	\$ 31,577,163	\$ 37,774,661	\$ 6,197,498	83.6%	\$ 7,506,278	82.6%
2006	28,328,827	34,454,883	6,126,056	82.2%	6,834,402	89.6%
2005	25,497,069	30,027,781	4,530,712	84.9%	6,202,680	73.0%

The plan's unfunded actuarial liability is being amortized using the level dollar method over a closed amortization period of 20 years.

Employer Contributions - The following schedule gives information on employer contributions for the past three years:

Years Ended <u>June 30,</u>	<u>Contribution</u>	<u>Annual Required Contribution</u>	<u>Percentage Contributed</u>
2007	\$1,520,000	\$1,518,586	100.1%
2006	1,301,600	1,310,238	99.3%
2005	1,050,000	1,019,164	103.0%

Net Pension Obligation

Actuarial Valuation Date <u>June, 30</u>	<u>Annual Required Contribution</u>	<u>Interest on Net Pension Obligation</u>	<u>Adjustment to Annual Required Contribution</u>	<u>Increase (Decrease) in Net Pension Obligation</u>	<u>Net Pension Obligation</u>
2007	\$ 1,518,586	\$3,540	\$5,872	\$(3,746)	\$ 40,507
2006	1,310,238	2,988	4,726	6,900	44,253
2005	1,019,164	5,863	8,746	(33,719)	37,353

Investments - The plan invests in stocks, bonds and notes.

**COUNTY COMMISSIONERS OF CALVERT COUNTY, MARYLAND**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2007**

Note 9 - Retirement Systems – Continued  
Primary Government- Continued  
Combining Statement of Plan Net Assets

	<b>Volunteer Fire and Rescue Pension Fund</b>	<b>Sheriff Pension Fund</b>	<b>Employee Retirement Fund</b>	<b>Total Pension Trust Funds</b>
<b>Assets</b>				
Cash and cash equivalents	\$ 44,757	\$ 1,908,939	\$ 1,831,740	\$ 3,785,436
<u>Investments at Fair Value</u>				
Fixed income	659,070	8,059,247	9,341,094	18,059,411
Common stocks	28	8,988,814	11,154,261	20,143,103
Equity funds	1,922,794	9,383,742	10,748,356	22,054,892
Foreign Assets	-	4,148,034	5,153,169	9,301,203
Other Assets	-	187,500	225,000	412,500
Total investments at fair value	<u>2,581,892</u>	<u>30,767,337</u>	<u>36,621,880</u>	<u>69,971,109</u>
Total cash, cash equivalents and investments	2,626,649	32,676,276	38,453,620	73,756,545
Interest receivable	<u>1,643</u>	<u>92,001</u>	<u>107,087</u>	<u>200,731</u>
Total assets	<u>\$ 2,628,292</u>	<u>\$ 32,768,277</u>	<u>\$ 38,560,707</u>	<u>\$ 73,957,276</u>
<b>Liabilities and Net Assets</b>				
<u>Liabilities</u>	\$ -	\$ -	\$ -	\$ -
<b>Net Assets</b>				
Held in trust for pension benefits	<u>2,628,292</u>	<u>32,768,277</u>	<u>38,560,707</u>	<u>73,957,276</u>
Total liabilities and net assets	<u>\$ 2,628,292</u>	<u>\$ 32,768,277</u>	<u>\$ 38,560,707</u>	<u>\$ 73,957,276</u>

**COUNTY COMMISSIONERS OF CALVERT COUNTY, MARYLAND**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2007**

**Note 9 - Retirement Systems – Continued  
Primary Government- Continued  
Combining Statement of Changes in Plan Net Assets**

	<u>Volunteer Fire and Rescue</u>	<u>Sheriff</u>	<u>Employees Retirement Plan</u>	<u>Total</u>
<u>Additions</u>				
<u>Contributions</u>				
Plan sponsor	\$ 240,000	\$ 1,520,000	\$ 1,490,000	\$ 3,250,000
Employee	-	627,367	208,773	836,140
Total contributions	240,000	2,147,367	1,698,773	4,086,140
<u>Investment Income</u>				
Net appreciation in fair value of investments	214,375	3,004,099	4,865,899	8,084,373
Interest and dividends	194,602	1,931,822	1,031,543	3,157,967
Net investment income	408,977	4,935,921	5,897,442	11,242,340
Total additions	648,977	7,083,288	7,596,215	15,328,480
<u>Expenditures</u>				
Distributions to participants	295,432	1,059,980	1,217,993	2,573,405
Administrative expenses	26,227	337,506	377,119	740,852
Total expenditures	321,659	1,397,486	1,595,112	3,314,257
Net increase (decrease)	327,318	5,685,802	6,001,103	12,014,223
<u>Net Assets Held in Trust for Pension Benefits</u>				
Beginning of year	2,300,974	27,082,475	32,559,604	61,943,053
End of year	\$ 2,628,292	\$ 32,768,277	\$ 38,560,707	\$ 73,957,276

COUNTY COMMISSIONERS OF CALVERT COUNTY, MARYLAND

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2007

Note 9 - Retirement Systems – Continued

***Board of Education (Component Unit)***

Plan Description - The employees of the Board of Education (the Board), a component unit, are covered by either the Teachers Retirement System or the Teachers Pension System of the State of Maryland (the Teachers Systems). The Employees Retirement System and Employees Pension System of the State of Maryland (the Employees' Systems) cover principally custodial maintenance personnel, and cafeteria employees not eligible to participate in the Teachers Retirement or Teachers Pension Systems. These systems are part of the Maryland State Retirement and Pension System, (the System) and are cost-sharing, multiple-employer, defined benefit public employee retirement systems.

The System was established in accordance with the State Personnel and Pensions Article of the Annotated Code of Maryland. Responsibility for the administration and operation of the systems is vested in a Board of Trustees (Trustees). The Trustees also have the authority to establish and amend the respective benefit provisions. The System provides retirement and disability benefits, annual cost of living adjustments, and death benefits to system members and beneficiaries. Members of the Retirement systems may retire with full benefits after completing 30 years of creditable service, regardless of age, or after attaining age 60. Members of the Pension systems may retire with full benefits after completing 30 years of creditable service, regardless of age, or after obtaining age 62 with specified years of creditable service.

Both the Retirement and Pension systems provide for reduced benefit allowances upon completing five years of creditable service provided the participant lives to attain age 60 or age 62 for the Retirement and Pension systems, respectively. The System issues a publicly available comprehensive annual financial report that includes financial statements and required supplementary information for the Systems. That report may be obtained by writing to the State Retirement and Pension System of Maryland, State Retirement Agency, 120 East Baltimore Street, Baltimore, Maryland 21202, or by calling (800) 492-5909.

Funding Policy - The State Personnel and Pensions Article requires active members to contribute to the System at the rate of 5% to 7% of their covered salary depending upon the retirement option selected. Contribution rates for employees and other “non-employer” contributing entities are established by annual actuarial valuations using the entry age normal test method. The contribution rates have been established as the rates necessary to fully fund normal costs and amortize the unfunded actuarial accrued liability. The State makes a substantial portion of the Board's annual required

**COUNTY COMMISSIONERS OF CALVERT COUNTY, MARYLAND**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2007**

Note 9 - Retirement Systems – Continued  
Board of Education (Component Unit) – Continued  
Funding Policy - Continued

contributions to the Teachers systems on behalf of the Board. The State's contributions on behalf of the Board to the Teachers systems for the years ended June 30, 2007, 2006, and 2005 were approximately \$9.2 million, \$8.3 million and \$7.7 million, respectively.

The fiscal 2007 contributions made by the State on behalf of the Board have been included as both revenue and expenditures in the General Fund in the accompanying combined statement of revenue, expenditures, and changes in fund balances. The Board makes all of the employer-required annual contributions to the employees' systems as well as those that relate to positions in the Teachers systems funded through Federal- and State-restricted programs.

Annual Pension Cost

For the year ended June 30, 2007, the Board's annual pension cost of \$1,033,155 was equal to its required and actual contributions. This required contribution was determined as part of the June 30, 2006 actuarial valuation using the entry age actuarial cost method. The actuarial assumptions included (a) 7.75% investment rate of return, compounded annually, (b) projected salary increases of 4% compounded annually, attributable to inflation, (c) additional projected salary increases ranging from 0.0% to 11.96% per year attributable to seniority and merit, (d) post-retirement benefit increases ranging from 3% to 4% per year depending on the system, (e) rates of mortality, termination of service, disablement and retirement based on actual experience from 1981 through 2002, and (f) the aggregate active member payroll is assumed to increase by 4% annually. The actuarial value of the Systems' assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments by using a simplified five-year moving average. The Board's unfunded actuarial accrued liability is being amortized in two distinct pieces. The equivalent single amortization period is 30 years. The Board's annual pension cost for the last three years was:

<u>Fiscal Year</u> <u>Ending</u>	<u>Annual Pension</u> <u>Cost (APC)</u>	<u>Percentage of</u> <u>APC Contributed</u>	<u>Net Pension</u> <u>Obligation</u>
June 30, 2007	\$1,033,155	100%	\$-0-
June 30, 2006	1,144,440	100%	-0-
June 30, 2005	797,528	100%	-0-

**COUNTY COMMISSIONERS OF CALVERT COUNTY, MARYLAND**

**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2007**

**Note 9 - Retirement Systems – Continued**  
Board of Education (Component Unit) – Continued  
Annual Pension Cost - Continued

Required Supplemental Information - Schedule of Funding Progress for the State Retirement and Pension Systems of Maryland.

(expressed in thousands)

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll (b-a/c)
June 30, 2004	\$33,484,657	\$36,325,704	\$2,841,047	92.18%	\$8,069,481	35%
June 30, 2005	34,519,500	39,133,450	4,613,950	88.21%	8,603,761	54%
June 30, 2006	35,795,025	43,243,492	7,448,467	82.78%	9,287,576	80%

**Note 10 - Postretirement Healthcare Benefits**

In addition to the pension benefits described in Note 9, the County provides postretirement health care benefits to all employees who retire from County service. Currently 146 retirees meet those eligibility requirements. For employees who were retired prior to August 1, 1994, the County provides health and dental coverage for eligible retirees and their dependents. For those retirees, the County presently pays 100% of the cost for the retirees' coverage and 50% of the cost for dependents' coverage. For employees who retired August 1, 1994 and thereafter, the County provides health and dental coverage for the retiree only. For these employees, the County pays a pro rata portion of the premium cost for the retiree based on length of service. Health coverage for eligible retirees and dependents 65 years of age and older is converted to a Medicare supplement plan effective the first of the month prior to the individual's 65th birthday. In Fiscal Year 2007, Calvert County paid \$647,670 towards the cost of retirees' health and dental benefits.

The County requested an actuarial valuation to determine the impact on its financial position and results of operations resulting from the implementation of GASB Statement No. 45, *Accounting and Reporting by Employers for Postemployment Benefits Other than Pensions*. The result of the valuation was an annual estimated expense to the County of \$2.7 million under the least expensive expensing method. This statement will be effective for the County in fiscal year 2008. Additionally, GASB Statement No 43, *Financial Reporting for Postemployment Benefit Plans Other than Pension Plans*, requires disclosures in fiscal year 2007 to include the reporting of the actuarial liabilities. It will require prospective recognition of the cost of these benefits as they are earned rather than as they are paid in the government-wide and proprietary and fiduciary fund financial statements. Recognition in governmental fund financial statements will be on the modified accrual basis.

COUNTY COMMISSIONERS OF CALVERT COUNTY, MARYLAND

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2007

Note 11 - Commitments and Contingent Liabilities

The Commissioners are defendants in several lawsuits. In the opinion of the County attorney and legal counsel pending legal proceedings are not likely to have a material adverse impact on the County's financial condition and to the best of his knowledge, the County is in compliance with all state and local laws and ordinances.

Calvert County has guaranteed a certain debt of MEDCO, which owns and operates the Chesapeake Hills Golf Course. If the operating results of the golf course do not cover the debt service requirements, the County has agreed to cover the deficiency until May 2008. During the year ended June 30, 2007, the County paid \$371,331 under the terms of this guarantee.

Calvert County had guaranteed the lease obligations of Calvert Country Market, Inc. In fiscal year 2004 the county took over the operations of the Calvert Country Market, Inc. During the year ended June 30, 2007, \$143,726 was paid under the terms of the lease. The lease expired, was not renewed and the market was closed.

Note 12 - 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; injuries to employees; and related disasters. The County is a capital member of the Local Government Insurance Trust (LGIT) sponsored by the Maryland Municipal League (MML), and the Maryland Association of Counties. The LGIT is a self-insured public entity risk pool offering general liability, excess liability, business auto liability, police legal liability, public official liability, environmental liability, and property coverage.

LGIT is capitalized at an actuarially determined level to provide financial stability for its local government members and to reduce the possibility of assessments. The trust is owned by the participating counties and cities and managed by a Board of Trustees elected by the members. Annual premiums are assessed for the various policy coverages. During fiscal year 2007, the County paid premiums of \$688,401 to the trust. The agreement for the formation of LGIT provides that the trust will be self-sustaining through member premiums and will reinsure through commercial companies for claims in excess of \$500,000 for each insured event. Settled claims resulting from these risks have not exceeded commercial insurance coverage in the past three fiscal years.

COUNTY COMMISSIONERS OF CALVERT COUNTY, MARYLAND

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2007

Note 12 - Risk Management– Continued

The County is under a modified retrospective billing arrangement with a commercial insurance carrier to provide group health coverage. Under this arrangement the insurance carrier assesses an initial charge paid by the County through monthly premiums. At the end of the coverage period, there is a settlement of the difference between the billed premium and the actual claims and expenses. A deficiency in the billed premium represents the callable margin, which is owed by the County, up to a maximum of 5%. If the actual claims and expenses are less than the billed premium, the County would be entitled to a refund.

Note 13 - Utility Deregulation

The State of Maryland considered and passed a bill in 2000 that concerned electrical deregulation. At June 30, 2007, the County has reserved \$6,096,574 in connection therewith to offset any future tax revenue losses related to this bill. Management feels this will adequately cover the effects of this bill through the fiscal year ended June 30, 2008.

**COUNTY COMMISSIONERS OF CALVERT COUNTY  
CALVERT COUNTY, MARYLAND**

**REQUIRED SUPPLEMENTAL INFORMATION  
JUNE 30, 2007**

COUNTY COMMISSIONERS OF CALVERT COUNTY, MARYLAND

SUMMARY SCHEDULE OF REVENUE AND EXPENDITURES, AND OTHER  
FINANCING SOURCES AND USES - BUDGET  
AND ACTUAL (BUDGETARY BASIS) - GENERAL FUND  
FOR THE YEAR ENDED JUNE 30, 2007

	Budget Original	Budget Final	Actual	Variance Favorable (Unfavorable)
<b>Revenue</b>				
Taxes	\$ 170,303,575	\$ 170,875,931	\$ 173,207,478	\$ 2,331,547
Licenses and permits	201,600	206,600	257,518	50,918
Intergovernmental	10,098,306	10,105,249	10,462,688	357,439
Charges for services	2,292,730	3,414,920	3,355,816	(59,104)
Fines and forfeitures	48,000	128,178	124,335	(3,843)
Miscellaneous	3,836,047	9,305,036	8,156,994	(1,148,042)
<b>Total revenue</b>	<b>186,780,258</b>	<b>194,035,914</b>	<b>195,564,829</b>	<b>1,528,915</b>
<b>Expenditures</b>				
General government	16,019,386	16,667,697	15,915,610	752,087
Public safety	20,272,675	21,873,328	21,700,282	173,046
Public works	9,905,718	10,024,151	9,776,016	248,135
Health and hospitals	2,621,397	2,621,397	2,600,376	21,021
Social services	1,503,996	1,509,123	1,477,630	31,493
Education	92,843,983	92,863,113	92,861,668	1,445
Recreation and culture	9,386,918	9,552,440	9,074,266	478,174
Conservation of natural resources	340,053	340,053	338,721	1,332
Urban development and housing	958,809	952,309	945,517	6,792
Economic development	1,005,303	1,003,803	966,393	37,410
Miscellaneous	15,151,149	14,946,345	14,366,902	579,443
<b>Debt Service</b>				
Principal retirement	8,723,115	8,723,115	8,724,561	(1,446)
Interest	3,447,287	3,447,287	3,441,562	5,725
<b>Total expenditures</b>	<b>182,179,789</b>	<b>184,524,161</b>	<b>182,189,504</b>	<b>2,334,657</b>
<b>Other financing sources (uses)</b>				
Operating transfers in	2,608,909	2,609,101	131,492	(2,477,609)
Operating transfers out	(7,209,378)	(12,120,854)	(11,865,764)	255,090
<b>Total other financing sources (uses)</b>	<b>(4,600,469)</b>	<b>(9,511,753)</b>	<b>(11,734,272)</b>	<b>(2,222,519)</b>
<b>Excess of revenue and other financing sources over expenditures and other financing uses</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 1,641,053</b>	<b>\$ 1,641,053</b>

A reconciliation of the revenue and expenditures of the general fund to present the combined statement of revenue and expenditures on a GAAP basis follows:

Revenue and transfers in (budgetary basis)	\$ 195,696,321
Transfer adjustment (Library)	(572,990)
Revenue and transfers in (GAAP basis)	<u>\$ 195,123,331</u>
Expenditures and operating transfers out (budgetary basis)	\$ 194,055,268
Encumbrance/accrual adjustment	101,326
Transfer adjustment (Library)	(572,990)
Expenditures and operating transfers out (GAAP basis)	<u>\$ 193,583,604</u>

See Independent Auditor's Report.

**COUNTY COMMISSIONERS OF CALVERT COUNTY, MARYLAND**  
**SCHEDULE OF REVENUE AND OTHER FINANCING SOURCES -**  
**BUDGET AND ACTUAL (BUDGETARY BASIS) - GENERAL FUND**  
**FOR THE YEAR ENDED JUNE 30, 2007**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>		<u>Favorable</u> <u>(Unfavorable)</u>
<b><u>Taxes</u></b>				
<b><u>Real estate and personal property taxes</u></b>				
Real estate levy	\$ 74,131,764	\$ 74,131,764	\$ 74,334,994	\$ 203,230
Personal property levy	267,000	267,000	235,726	(31,274)
Corporation levy	1,930,000	1,930,000	2,240,293	310,293
Public utilities tax	21,878,374	21,878,374	22,418,207	539,833
Additions and abatements	(115,000)	(115,000)	(220,266)	(105,266)
Penalties and interest	360,000	360,000	519,627	159,627
Tax credit	(4,935,956)	(4,935,956)	(4,667,512)	268,444
Land preservation credit	(100,000)	(100,000)	(132,273)	(32,273)
Total real estate and personal property	93,416,182	93,416,182	94,728,796	1,312,614
<b><u>Other local taxes</u></b>				
Income taxes	60,200,000	60,200,000	59,064,889	(1,135,111)
Admissions and amusements	40,000	40,000	107,310	67,310
Recordation	9,000,000	9,572,356	11,664,698	2,092,342
Trailer parks	155,000	155,000	157,516	2,516
Hotel	500,000	500,000	644,328	144,328
Total other local taxes	69,895,000	70,467,356	71,638,741	1,171,385
<b><u>Taxes state shared</u></b>				
Highway user revenue	6,242,393	6,242,393	5,947,234	(295,159)
Franchise	750,000	750,000	892,707	142,707
Total taxes state shared	6,992,393	6,992,393	6,839,941	(152,452)
<b>Total taxes</b>	<b>170,303,575</b>	<b>170,875,931</b>	<b>173,207,478</b>	<b>2,331,547</b>
<b><u>Licenses and permits</u></b>				
<b><u>Business licenses and permits</u></b>				
Builders' licenses	24,000	24,000	29,426	5,426
Beer, wine, and liquor licenses	75,000	75,000	83,790	8,790
Traders	65,000	65,000	97,698	32,698
Hawkers and peddlers	1,800	1,800	855	(945)
Total business licenses and permits	165,800	165,800	211,769	45,969
<b><u>Other permits</u></b>				
Animal	20,000	25,000	27,541	2,541
Code book sales	1,500	1,500	2,543	1,043
Marriage	4,300	4,300	2,435	(1,865)
Gambling permits	10,000	10,000	13,230	3,230
Total other permits	35,800	40,800	45,749	4,949
<b>Total licenses and permits</b>	<b>201,600</b>	<b>206,600</b>	<b>257,518</b>	<b>50,918</b>
<b><u>Intergovernmental revenue</u></b>				
Federal emergency management - federal	45,034	45,034	48,482	3,448
F.E.M.A. reimbursement	-	-	10,717	10,717
Grants fr federal government	-	-	2,217	2,217
Grants fr state government	-	3,443	3,443	-
Police protection - state	713,000	713,000	714,680	1,680
Library - state	386,383	386,383	386,383	-
Soil conservation - state	44,715	44,715	44,715	-
State prisoner housing - state	600,000	600,000	664,673	64,673
Mosquito control - state	29,000	29,000	31,394	2,394
Jury reimbursement - state	20,000	20,000	25,200	5,200
State reimbursement	25,000	25,000	29,411	4,411
State reimbursement - deregulation	6,096,574	6,096,574	6,096,574	-
911 grant	575,000	575,000	811,796	236,796

**COUNTY COMMISSIONERS OF CALVERT COUNTY, MARYLAND**  
**SCHEDULE OF REVENUE AND OTHER FINANCING SOURCES -**  
**BUDGET AND ACTUAL (BUDGETARY BASIS) - GENERAL FUND**  
**FOR THE YEAR ENDED JUNE 30, 2007**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>		<u>Favorable</u> <u>(Unfavorable)</u>
<b><u>Intergovernmental revenue - continued</u></b>				
Shore erosion	\$ 26,258	\$ 26,258	\$ 26,258	\$ -
Housing Authority	921,642	921,642	912,817	(8,825)
CMM payroll reimbursement Board of Gov.	336,500	340,000	388,725	48,725
CMM payroll reimbursement society	274,700	274,700	260,768	(13,932)
Waterman's Wharf	4,500	4,500	4,435	(65)
<b>Total intergovernmental revenue</b>	<b>10,098,306</b>	<b>10,105,249</b>	<b>10,462,688</b>	<b>357,439</b>
<b><u>Charges for services</u></b>				
<b><u>General government</u></b>				
Auto license fees	3,000	3,000	2,897	(103)
Library fines	100,000	120,000	130,154	10,154
Zoning fees	90,000	90,000	40,704	(49,296)
<b>Total general government</b>	<b>193,000</b>	<b>213,000</b>	<b>173,755</b>	<b>(39,245)</b>
<b><u>Public safety</u></b>				
Sheriff's fees	60,000	60,000	68,185	8,185
Chesapeake Beach Police reimbursements	525,693	642,833	642,833	-
North Beach Police reimbursements	283,065	283,065	283,065	-
Lab fees	12,000	12,000	13,911	1,911
Engineering inspections	150,000	150,000	230,277	80,277
DWI - medical	-	-	-	-
DWI facility - transportation	-	-	-	-
DWI facility	65,000	65,000	36,989	(28,011)
False alarm	5,000	5,000	1,150	(3,850)
Telephone commission - detention center	55,000	55,000	99,068	44,068
Protective inspections	520,000	520,000	403,234	(116,766)
False alarm registration	1,500	1,500	4,195	2,695
Dominion police reimbursement	-	1,000,000	950,065	(49,935)
Room and board - detention center	95,000	95,000	97,370	2,370
Federal detention per diem	-	4,050	6,750	2,700
Public safety tower	60,000	60,000	76,447	16,447
<b>Total public safety</b>	<b>1,832,258</b>	<b>2,953,448</b>	<b>2,913,539</b>	<b>(39,909)</b>
<b><u>Highways and streets</u></b>				
Road tax districts	82,785	82,785	76,537	(6,248)
Developer street signs	5,000	5,000	6,735	1,735
Waterway improvements	6,837	6,837	6,837	-
<b>Total highways and streets</b>	<b>94,622</b>	<b>94,622</b>	<b>90,109</b>	<b>(4,513)</b>
<b><u>Miscellaneous</u></b>				
Mosquito control	20,000	20,000	18,328	(1,672)
Soil conservation grading fees	30,000	30,000	20,745	(9,255)
Replatting fees - P & Z	7,000	7,000	7,360	360
P & Z tower fees	1,000	1,000	2,700	1,700
Bd of appeals application fees	15,000	15,000	29,888	14,888
Library - copying and miscellaneous	37,350	18,350	22,904	4,554
Administration fees s/a serv. C	56,000	56,000	64,093	8,093
Administration planting bond	1,500	1,500	6,582	5,082
Small lot clearing fees	5,000	5,000	5,813	813
<b>Total miscellaneous</b>	<b>172,850</b>	<b>153,850</b>	<b>178,413</b>	<b>24,563</b>
<b>Total charges for services</b>	<b>2,292,730</b>	<b>3,414,920</b>	<b>3,355,816</b>	<b>(59,104)</b>
<b><u>Fines and forfeitures</u></b>				
Fines and forfeitures	15,000	15,000	10,383	(4,617)
Domestic master fees	-	-	969	969
Community service programs	20,000	20,000	20,221	221
Court fines EMS	5,000	5,000	-	(5,000)

See Independent Auditor's Report.

**COUNTY COMMISSIONERS OF CALVERT COUNTY, MARYLAND**  
**SCHEDULE OF REVENUE AND OTHER FINANCING SOURCES -**  
**BUDGET AND ACTUAL (BUDGETARY BASIS) - GENERAL FUND**  
**FOR THE YEAR ENDED JUNE 30, 2007**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>		<u>Favorable</u> <u>(Unfavorable)</u>
<b><u>Fines and forfeitures - continued</u></b>				
Home study fees	\$ 3,000	\$ 3,000	\$ 1,500	\$ (1,500)
Animal citation fines	5,000	5,000	9,750	4,750
State's attorney fees	-	750	2,084	1,334
Forfeiture-St. attorney	-	4,084	4,084	-
Forfeiture sheriff operating	-	75,344	75,344	-
<b>Total fines and forfeitures</b>	<b>48,000</b>	<b>128,178</b>	<b>124,335</b>	<b>(3,843)</b>
<b><u>Miscellaneous</u></b>				
Interest and dividends	2,178,229	4,725,240	5,104,717	379,477
Interest revenue - state office building lease	8,573	8,573	8,573	-
Interest on notes	-	-	11,264	11,264
Appreciation of investment	-	-	(39,089)	(39,089)
Administration fee - grant coordinator	65,000	65,150	131,705	66,555
Rents and concessions	30,000	30,000	150,643	120,643
Tennison charters	50,000	50,000	48,207	(1,793)
Flag Pond entrance fees	40,000	40,000	38,234	(1,766)
Rent concrete plant	2,400	2,400	2,400	-
State office building	604,470	603,959	564,448	(39,511)
State office building debt service	629,261	629,261	629,261	-
Boat ramp fees	6,000	6,000	11,000	5,000
SOB land lease	25,644	25,644	25,644	-
Kings Landing pool fees	25,000	25,000	22,057	(2,943)
Kings Landing camp fees	10,000	10,000	8,364	(1,636)
Map sales	10,000	10,000	667	(9,333)
P&R self sustained program	30,000	30,000	15,000	(15,000)
Salary reimbursements	45,000	56,531	30,703	(25,828)
Battle Creek PR reimbursements	5,820	5,820	2,735	(3,085)
Trfr from boe wireles	-	-	30,237	30,237
Balance from prior year fund balance	-	2,677,043	-	(2,677,043)
Library- other sources	-	8,755	8,755	-
Library - E-rate	6,500	6,500	4,407	(2,093)
Library other misc.	-	19,000	20,387	1,387
Vending - treatment facility	-	-	-	-
Insurance reimbursement	-	199,388	1,217,166	1,017,778
Private contributions	-	-	135	135
Sick call detention center	4,000	4,000	4,800	800
Filing fees election office	150	150	1,140	990
Miscellaneous income	60,000	66,622	103,434	36,812
<b>Total miscellaneous</b>	<b>3,836,047</b>	<b>9,305,036</b>	<b>8,156,994</b>	<b>(1,148,042)</b>
<b>Total revenue</b>	<b>186,780,258</b>	<b>194,035,914</b>	<b>195,564,829</b>	<b>1,528,915</b>
<b><u>Other financing sources</u></b>				
Transfer from Board of Education - resident trooper	88,006	88,198	88,006	(192)
Transfer from excise fee fund	2,481,171	2,481,171	-	(2,481,171)
Transfer from Economic Development Authority	39,732	39,732	43,486	3,754
<b>Total other financing sources</b>	<b>2,608,909</b>	<b>2,609,101</b>	<b>131,492</b>	<b>(2,477,609)</b>
<b>Total revenue and other financing sources</b>	<b>\$ 189,389,167</b>	<b>\$ 196,645,015</b>	<b>\$ 195,696,321</b>	<b>\$ (948,694)</b>

COUNTY COMMISSIONERS OF CALVERT COUNTY, MARYLAND

SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES -  
BUDGET AND ACTUAL (BUDGETARY BASIS) - GENERAL FUND  
FOR THE YEAR ENDED JUNE 30, 2007

	Budgeted Amount		Actual	Variance Favorable (Unfavorable)
	Original	Final		
<u>General government</u>				
<u>County commissioners</u>				
Salaries	\$ 259,842	\$ 259,842	\$ 230,297	\$ 29,545
Operating expense	46,000	450,832	451,330	(498)
Capital outlay	-	-	-	-
Total county commissioners	305,842	710,674	681,627	29,047
<u>Clerk to commissioners</u>				
Salaries	47,957	49,653	50,653	(1,000)
Operating expense	2,600	2,600	822	1,778
Total clerk to commissioners	50,557	52,253	51,475	778
<u>County administrators</u>				
Salaries	209,374	199,962	151,176	48,786
Operating expense	24,775	24,666	18,782	5,884
Capital outlay	28,500	28,609	27,758	851
Total county administrators	262,649	253,237	197,716	55,521
<u>Office of management information systems</u>				
Salaries	1,042,928	1,043,928	986,363	57,565
Operating expense	587,720	587,720	585,641	2,079
Capital outlay	282,908	282,908	280,780	2,128
Total office of management info. systems	1,913,556	1,914,556	1,852,784	61,772
<u>Circuit court</u>				
Salaries	459,084	459,084	455,603	3,481
Operating expense	148,370	143,312	117,718	25,594
Capital outlay	29,570	29,301	20,372	8,929
Total circuit court	637,024	631,697	593,693	38,004
<u>Orphans' court</u>				
Salaries	24,200	24,200	24,269	(69)
Operating expense	1,710	1,710	372	1,338
Total orphans' court	25,910	25,910	24,641	1,269
<u>State's attorney</u>				
Salaries	1,082,712	1,082,712	1,094,238	(11,526)
Operating expense	96,189	102,448	84,486	17,962
Capital outlay	8,200	8,200	5,243	2,957
Total state's attorney	1,187,101	1,193,360	1,183,967	9,393
<u>Grand jury</u>				
Salary and operating expense	5,000	5,000	4,800	200
<u>Law library</u>				
Operating expense	18,000	18,000	18,000	-
<u>Department of employment services</u>				
Salaries	424,220	409,692	404,420	5,272
Operating expense	115,145	102,150	83,294	18,856
Capital outlay	-	995	995	-
Total department of employment services	539,365	512,837	488,709	24,128

**COUNTY COMMISSIONERS OF CALVERT COUNTY, MARYLAND**

**SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES -  
BUDGET AND ACTUAL (BUDGETARY BASIS) - GENERAL FUND  
FOR THE YEAR ENDED JUNE 30, 2007**

	Budgeted Amount		Actual	Variance
	Original	Final		Favorable (Unfavorable)
<u>Elections</u>				
Salaries	\$ 287,391	\$ 287,391	\$ 265,431	\$ 21,960
Operating expense	363,050	363,050	236,975	126,075
Capital outlay	-	-	-	-
Total elections	650,441	650,441	502,406	148,035
<u>Finance and budget</u>				
Salaries	1,209,102	1,209,102	1,224,148	(15,046)
Operating expense	261,400	255,514	233,250	22,264
Capital outlay	800	1,512	711	801
Total administration and finance	1,471,302	1,466,128	1,458,109	8,019
<u>Tax collections and disbursements</u>				
Salaries	283,588	283,588	276,309	7,279
Operating expense	67,462	67,462	63,967	3,495
Capital outlay	-	-	-	-
Total tax collections and disbursements	351,050	351,050	340,276	10,774
<u>Independent accounting and auditing</u>	73,378	69,678	68,604	1,074
<u>County attorney</u>				
Salaries	280,746	280,746	282,656	(1,910)
Operating expense	60,630	504,762	501,141	3,621
	-	360	355	5
Total county attorney	341,376	785,868	784,152	1,716
<u>Planning and zoning</u>				
Salaries	1,506,924	1,536,292	1,567,644	(31,352)
Operating expense	161,060	151,271	95,697	55,574
Capital outlay	42,969	45,990	42,524	3,466
Total planning and zoning	1,710,953	1,733,553	1,705,865	27,688
<u>Public facilities director</u>				
Salaries	157,030	157,030	124,414	32,616
Operating expense	4,000	4,000	3,077	923
Total public facilities director	161,030	161,030	127,491	33,539
<u>State office building</u>				
Salaries	90,070	90,070	90,195	(125)
Operating expense	514,400	514,400	429,537	84,863
Total state office building	604,470	604,470	519,732	84,738
<u>County buildings</u>				
Salaries	1,058,409	1,057,409	1,069,637	(12,228)
Operating expense	3,153,997	3,141,425	2,964,284	177,141
Capital outlay	118,075	149,166	148,917	249
Total county buildings	4,330,481	4,348,000	4,182,838	165,162
<u>Other general government</u>				
Maryland Association of Counties	14,667	14,667	14,667	-
Commission for Women	4,215	4,215	3,852	363
Environmental Commission	3,708	4,208	2,743	1,465
Non-county agencies	1,357,311	1,156,865	1,107,463	49,402
Total other general government	1,379,901	1,179,955	1,128,725	51,230
<b>Total general government</b>	<b>16,019,386</b>	<b>16,667,697</b>	<b>15,915,610</b>	<b>752,087</b>

See Independent Auditor's Report.

COUNTY COMMISSIONERS OF CALVERT COUNTY, MARYLAND

SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES -  
BUDGET AND ACTUAL (BUDGETARY BASIS) - GENERAL FUND  
FOR THE YEAR ENDED JUNE 30, 2007

	Budgeted Amount		Actual	Variance
	Original	Final		Favorable (Unfavorable)
<u>Public safety</u>				
Director of public safety				
Salaries	\$ 125,150	\$ 127,082	\$ 175,156	\$ (48,074)
Operating expense	20,670	21,870	15,856	6,014
Capital outlay	10,000	8,800	5,127	3,673
Total director of public safety	155,820	157,752	196,139	(38,387)
<u>Transportation chief</u>				
Salaries	131,642	131,642	122,741	8,901
Operating expense	124,163	144,163	135,749	8,414
Total transportation chief	255,805	275,805	258,490	17,315
<u>Sheriff's office</u>				
Salaries	7,224,393	7,793,121	7,880,199	(87,078)
Operating expense	757,842	1,394,750	1,341,853	52,897
Capital outlay	454,969	781,443	775,948	5,495
Total sheriff's office	8,437,204	9,969,314	9,998,000	(28,686)
<u>Control center</u>				
Salaries	1,597,062	1,597,820	1,502,091	95,729
Operating expense	405,520	408,020	368,909	39,111
Capital outlay	3,540	3,540	2,460	1,080
Total control center	2,006,122	2,009,380	1,873,460	135,920
<u>Resident trooper program</u>				
	130,404	130,596	129,240	1,356
<u>Volunteer fire companies and rescue squads</u>				
Operating expense	1,934,833	2,091,132	2,057,938	33,194
Capital outlay	143,196	133,251	132,443	808
Total volunteer fire	2,078,029	2,224,383	2,190,381	34,002
<u>County jail</u>				
Salaries	3,597,373	3,645,423	3,762,797	(117,374)
Operating expense	1,455,495	1,322,286	1,270,804	51,482
Capital outlay	55,641	50,886	50,885	1
Total county jail	5,108,509	5,018,595	5,084,486	(65,891)
<u>Inspections and permits</u>				
Salaries	670,974	656,515	653,798	2,717
Operating expense	69,047	67,196	63,722	3,474
Capital outlay	28,000	29,851	27,388	2,463
Total inspections and permits	768,021	753,562	744,908	8,654
<u>Treatment facility</u>				
Salaries	-	-	-	-
Operating expense	180,000	180,000	149,540	30,460
Total treatment facility	180,000	180,000	149,540	30,460
<u>Emergency management</u>				
Salaries	137,833	144,105	144,264	(159)
Operating expense	39,507	53,640	52,022	1,618
Capital outlay	4,467	6,775	6,743	32
Total emergency management	181,807	204,520	203,029	1,491

**COUNTY COMMISSIONERS OF CALVERT COUNTY, MARYLAND**

**SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES -  
BUDGET AND ACTUAL (BUDGETARY BASIS) - GENERAL FUND  
FOR THE YEAR ENDED JUNE 30, 2007**

	Budgeted Amount		Actual	Variance
	Original	Final		Favorable (Unfavorable)
<u>Liquor board</u>				-
Salaries	\$ 14,220	\$ 14,220	\$ 13,793	\$ 427
Operating expense	5,534	6,273	6,292	(19)
Total liquor board	19,754	20,493	20,085	408
<u>Fire, rescue, and emergency services</u>				
Salaries	185,657	186,665	166,578	20,087
Operating expense	263,351	234,351	208,918	25,433
Capital outlay	2,000	2,250	1,875	375
Total fire, rescue, and emergency services	451,008	423,266	377,371	45,895
<u>Animal warden</u>				
Salaries	209,874	221,772	225,443	(3,671)
Operating expense	253,016	252,293	218,358	33,935
Capital outlay	37,302	31,597	31,352	245
Total animal warden	500,192	505,662	475,153	30,509
Total public safety	20,272,675	21,873,328	21,700,282	173,046
<u>Public works</u>				
<u>Engineering services</u>				
Salaries	1,027,788	1,071,223	1,076,653	(5,430)
Operating expense	134,360	137,617	137,395	222
Capital outlay	3,839	2,208	2,070	138
Total engineering services	1,165,987	1,211,048	1,216,118	(5,070)
<u>Highway lighting</u>				
Operating expense	200,000	200,000	175,166	24,834
<u>Highway maintenance</u>				
Salaries	1,529,929	1,555,109	1,500,355	54,754
Operating expense	5,648,932	5,667,367	5,651,879	15,488
Capital outlay	270,000	330,757	328,632	2,125
Total highway maintenance	7,448,861	7,553,233	7,480,866	72,367
<u>Fleet maintenance</u>				
Salaries	486,433	481,733	459,604	22,129
Operating expense	84,241	57,820	(35,130)	92,950
Capital outlay	3,436	3,557	3,540	17
Total fleet maintenance	574,110	543,110	428,014	115,096
<u>Project management and inspections</u>				
Salaries	452,010	452,010	422,000	30,010
Operating expense	39,750	39,750	35,281	4,469
Capital outlay	25,000	25,000	18,571	6,429
Total project management and inspections	516,760	516,760	475,852	40,908
Total public works	9,905,718	10,024,151	9,776,016	248,135
<u>Health and hospitals</u>				
<u>Health department</u>				
Operations				
Salaries	32,500	32,500	32,500	-
Operating expense	2,400,198	2,400,198	2,400,198	-
Total operations	2,432,698	2,432,698	2,432,698	-

See Independent Auditor's Report.

COUNTY COMMISSIONERS OF CALVERT COUNTY, MARYLAND

SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES -  
BUDGET AND ACTUAL (BUDGETARY BASIS) - GENERAL FUND  
FOR THE YEAR ENDED JUNE 30, 2007

	Budgeted Amount		Actual	Variance
	Original	Final		Favorable (Unfavorable)
<u>Mosquito control</u>				
Salaries	\$ 123,720	\$ 123,720	\$ 104,793	\$ 18,927
Operating expense	47,829	52,314	50,683	1,631
Capital outlay	17,150	12,665	12,202	463
Total mosquito control	188,699	188,699	167,678	21,021
Total health and hospitals	2,621,397	2,621,397	2,600,376	21,021
<u>Social services</u>				
<u>Community service director</u>				
Salaries	252,452	252,452	252,902	(450)
Operating expense	39,621	39,621	28,925	10,696
Total community service director	292,073	292,073	281,827	10,246
<u>Department of Social Services - County contribution</u>	64,982	64,982	64,962	20
<u>Pauper's burial</u>	1,000	1,000	-	1,000
<u>Commission on aging</u>				
Salaries	1,074,594	1,075,393	1,067,776	7,617
Operating expense	71,347	75,675	63,065	12,610
Total commission on aging	1,145,941	1,151,068	1,130,841	20,227
Total social services	1,503,996	1,509,123	1,477,630	31,493
<u>Education</u>				
<u>Tuition programs</u>	2,465,239	2,484,369	2,482,924	1,445
<u>Board of Education</u>	90,378,744	90,378,744	90,378,744	-
Total education	92,843,983	92,863,113	92,861,668	1,445
<u>Recreation and culture</u>				
<u>Participation recreation</u>				
Salaries	2,334,300	2,334,300	2,022,830	311,470
Operating expense	820,745	784,933	734,957	49,976
Capital outlay	37,500	72,706	72,078	628
Total participation recreation	3,192,545	3,191,939	2,829,865	362,074
<u>Railroad museum</u>				
Salaries	68,593	70,125	70,811	(686)
Operating expense	40,480	38,083	36,812	1,271
Capital outlay	-	2,284	2,274	10
Total Railroad museum	109,073	110,492	109,897	595
<u>Marine museum</u>				
Salaries	1,820,843	1,825,457	1,833,839	(8,382)
Operating expense	467,998	580,703	542,519	38,184
Capital outlay	30,300	27,540	27,412	128
Total Marine museum	2,319,141	2,433,700	2,403,770	29,930

COUNTY COMMISSIONERS OF CALVERT COUNTY, MARYLAND

SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES -  
BUDGET AND ACTUAL (BUDGETARY BASIS) - GENERAL FUND  
FOR THE YEAR ENDED JUNE 30, 2007

	Budgeted Amount		Actual	Variance Favorable (Unfavorable)
	Original	Final		
<u>Libraries</u>				
Salaries	\$ 2,012,020	\$ 2,015,608	\$ 1,999,652	\$ 15,956
Operating expense	972,463	997,630	971,100	26,530
Capital outlay	42,500	42,500	42,500	-
Total libraries	3,026,983	3,055,738	3,013,252	42,486
<u>Natural resources division</u>				
Salaries	593,681	597,201	582,499	14,702
Operating expense	125,325	133,200	105,218	27,982
Capital outlay	9,500	19,500	19,095	405
Total natural resources division	728,506	749,901	706,812	43,089
<u>Arts council</u>				
Operating expense	10,670	10,670	10,670	-
Total recreation and culture	9,386,918	9,552,440	9,074,266	478,174
<u>Conservation of natural resources</u>				
<u>Agricultural extension service</u>				
Operating expense	90,726	90,726	87,430	3,296
Total agricultural extension	90,726	90,726	87,430	3,296
<u>Soil conservation service</u>				
Salaries	222,459	222,459	224,408	(1,949)
Operating expense	3,623	3,623	3,638	(15)
Total soil conservation service	226,082	226,082	228,046	(1,964)
<u>Forestry</u>	23,245	23,245	23,245	-
Total conservation of natural resources	340,053	340,053	338,721	1,332
<u>Urban development and housing</u>				
<u>Housing</u>				
Salaries	776,809	776,809	777,550	(741)
Total urban development and housing	776,809	776,809	777,550	(741)
<u>Historical District Commission</u>				
Salaries	3,497	3,497	3,445	52
Operating expense	11,209	4,709	4,547	162
Total Historical District Commission	14,706	8,206	7,992	214
<u>Board of appeals</u>				
Salaries	17,076	17,076	17,379	(303)
Operating expense	53,183	53,183	48,782	4,401
Total Board of Appeals	70,259	70,259	66,161	4,098
<u>Planning commission</u>				
Salaries	37,346	37,346	35,172	2,174
Operating expense	59,689	59,689	58,642	1,047
Total planning commission	97,035	97,035	93,814	3,221
Total urban development and housing	958,809	952,309	945,517	6,792

COUNTY COMMISSIONERS OF CALVERT COUNTY, MARYLAND

SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES -  
 BUDGET AND ACTUAL (BUDGETARY BASIS) - GENERAL FUND  
 FOR THE YEAR ENDED JUNE 30, 2007

	Budgeted Amount		Actual	Variance Favorable (Unfavorable)
	Original	Final		
<u>Economic development</u>				
<u>EDA/EDC/Tourism</u>				
Salaries	\$ 574,053	\$ 574,053	\$ 556,473	\$ 17,580
Operating expense	426,750	423,118	403,563	19,555
Capital outlay	4,500	6,632	6,357	275
Total economic development	1,005,303	1,003,803	966,393	37,410
<u>Miscellaneous</u>				
Pension contribution	6,826,149	6,841,002	6,838,622	2,380
Workmen's compensation	1,580,000	1,581,300	1,026,650	554,650
General insurance	6,295,000	6,502,269	6,501,630	639
Contingency	450,000	21,774	-	21,774
Total miscellaneous	15,151,149	14,946,345	14,366,902	579,443
<u>Debt service</u>				
<u>Bond principal retirement</u>				
General obligations	8,723,115	8,723,115	8,724,561	(1,446)
<u>Bond interest</u>				
General obligations	3,447,287	3,447,287	3,441,562	5,725
Total debt service	12,170,402	12,170,402	12,166,123	4,279
Total expenditures	182,179,789	184,524,161	182,189,504	2,334,657
<u>Other financing uses</u>				
<u>Operating transfers out</u>				
Capital projects fund	4,409,243	9,064,525	9,064,525	-
Transfer to grants fund	1,579,098	1,578,023	1,578,023	-
Transfer to p&r self sustaining	141,037	141,037	-	141,037
Transfer to land preservation	1,050,000	1,050,000	1,050,000	-
Transfer to country market	-	183,872	69,819	114,053
Transfer to water and sewer	-	63,099	63,099	-
Solid waste	30,000	40,298	40,298	-
Total other financing uses	7,209,378	12,120,854	11,865,764	255,090
Total expenditures and other financing uses	\$ 189,389,167	\$ 196,645,015	\$ 194,055,268	\$ 2,589,747

**COUNTY COMMISSIONERS OF CALVERT COUNTY  
CALVERT COUNTY, MARYLAND**

**OTHER SUPPLEMENTAL INFORMATION  
JUNE 30, 2007**

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**COUNTY COMMISSIONERS OF CALVERT COUNTY, MARYLAND**

**COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2007**

	<u>Planning and Zoning Special Revenue Fund</u>	<u>Housing Fund</u>	<u>Project Graduation</u>	<u>Excise Tax</u>	<u>Board of Library Trustees for Calvert County</u>	<u>Land Preservation Fund</u>
<b>Assets</b>						
Cash, cash equivalents and investments	\$ -	\$ -	\$ -	\$ -	\$ 21,034	\$ 5,349,080
Taxes receivable	-	-	-	1,903,180	-	-
Accounts receivable	25,000	-	-	12,600	-	194,054
Accrued interest receivable	-	-	-	5,973	-	-
Due from other funds	256,577	1,704,299	2,696	3,700,588	-	3,663,734
Inventory	-	-	-	-	-	-
<b>Total assets</b>	<b>\$ 281,577</b>	<b>\$ 1,704,299</b>	<b>\$ 2,696</b>	<b>\$ 5,622,341</b>	<b>\$ 21,034</b>	<b>\$ 9,206,868</b>
<b>Liabilities and Fund Balance</b>						
<b>Liabilities</b>						
Vouchers and accounts payable	\$ 112,017	\$ -	\$ -	\$ 33,356	\$ -	\$ 136,311
Notes payable	-	-	-	-	-	-
Deferred revenue	-	-	-	1,832,884	-	-
<b>Total liabilities</b>	<b>112,017</b>	<b>-</b>	<b>-</b>	<b>1,866,240</b>	<b>-</b>	<b>136,311</b>
<b>Fund Balance</b>						
Reserved	-	-	-	-	-	-
<u>Unreserved</u>						
Undesignated	169,560	1,704,299	2,696	3,756,101	21,034	9,070,557
<b>Total Fund Balance</b>	<b>169,560</b>	<b>1,704,299</b>	<b>2,696</b>	<b>3,756,101</b>	<b>21,034</b>	<b>9,070,557</b>
<b>Total Liabilities and Fund Balance</b>	<b>\$ 281,577</b>	<b>\$ 1,704,299</b>	<b>\$ 2,696</b>	<b>\$ 5,622,341</b>	<b>\$ 21,034</b>	<b>\$ 9,206,868</b>

COUNTY COMMISSIONERS OF CALVERT COUNTY, MARYLAND

COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2007

<u>Economic Development Incentive Fund</u>	<u>Parks and Recreation Fund</u>	<u>Bar Library Fund</u>	<u>Economic Development Authority Revolving Loan Fund</u>	<u>Revolving Loan Fund</u>	<u>Grants Fund</u>	<u>Calvert Co. Family Network</u>	<u>Calvert Country Market</u>	<u>Total</u>
\$ -	\$ 190,593	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,560,707
-	-	-	-	-	-	-	-	1,903,180
-	5,805	-	37,675	-	675,300	26,407	-	976,841
-	-	-	-	-	-	-	-	5,973
300,000	1,207,143	234,443	255,877	1,012,100	230,113	619,610	3,444	13,190,624
-	8,742	-	-	-	-	-	-	8,742
<u>\$ 300,000</u>	<u>\$ 1,412,283</u>	<u>\$ 234,443</u>	<u>\$ 293,552</u>	<u>\$ 1,012,100</u>	<u>\$ 905,413</u>	<u>\$ 646,017</u>	<u>\$ 3,444</u>	<u>\$ 21,646,067</u>
\$ -	\$ 75,445	\$ 986	\$ -	\$ -	\$ 634,882	\$ 117,449	\$ 3,444	\$ 1,113,890
-	327,400	-	-	-	-	-	-	327,400
-	354,059	-	-	-	268,089	528,545	-	2,983,577
-	756,904	986	-	-	902,971	645,994	3,444	4,424,867
-	48,084	-	-	-	2,442	23	-	50,549
300,000	607,295	233,457	293,552	1,012,100	-	-	-	17,170,651
300,000	655,379	233,457	293,552	1,012,100	2,442	23	-	17,221,200
<u>\$ 300,000</u>	<u>\$ 1,412,283</u>	<u>\$ 234,443</u>	<u>\$ 293,552</u>	<u>\$ 1,012,100</u>	<u>\$ 905,413</u>	<u>\$ 646,017</u>	<u>\$ 3,444</u>	<u>\$ 21,646,067</u>

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**COUNTY COMMISSIONERS OF CALVERT COUNTY, MARYLAND**

**COMBINING STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE  
NONMAJOR GOVERNMENTAL FUNDS  
YEAR ENDED JUNE 30, 2007**

	<u>Planning and Zoning Special Revenue Fund</u>	<u>Housing Fund</u>	<u>Project Graduation</u>	<u>Excise Tax</u>	<u>Board of Library Trustees for Calvert County</u>	<u>Land Preservation Fund</u>
<b>Revenue</b>						
Taxes	\$ -	\$ -	\$ -	\$ 3,994,188	\$ -	\$ -
Intergovernmental	-	-	-	-	539,006	342,573
Fines and forfeitures	-	-	-	-	130,154	-
Miscellaneous	130,744	73,625	114	186,197	101,388	898,279
<b>Total revenue</b>	<b>130,744</b>	<b>73,625</b>	<b>114</b>	<b>4,180,385</b>	<b>770,548</b>	<b>1,240,852</b>
<b>Expenditures</b>						
Salaries and fringe benefits	85,622	-	-	-	2,602,198	-
Education and miscellaneous	32,663	50,311	-	99,194	600,901	963,340
<b>Total expenditures</b>	<b>118,285</b>	<b>50,311</b>	<b>-</b>	<b>99,194</b>	<b>3,203,099</b>	<b>963,340</b>
<b>Excess (deficiency) of revenue over expenditures</b>	<b>12,459</b>	<b>23,314</b>	<b>114</b>	<b>4,081,191</b>	<b>(2,432,551)</b>	<b>277,512</b>
<b>Other Financing Sources (Uses)</b>						
Operating transfer in	-	-	-	-	2,429,503	1,050,000
Operating transfer out	-	-	-	(1,730,306)	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(1,730,306)</b>	<b>2,429,503</b>	<b>1,050,000</b>
<b>Excess (deficiency) of revenue and other financing sources over expenditures and other financing uses</b>	<b>12,459</b>	<b>23,314</b>	<b>114</b>	<b>2,350,885</b>	<b>(3,048)</b>	<b>1,327,512</b>
<b>Fund balance - beginning of year</b>	<b>157,101</b>	<b>1,680,985</b>	<b>2,582</b>	<b>1,405,216</b>	<b>24,082</b>	<b>7,743,045</b>
<b>Fund balance - end of year</b>	<b>\$ 169,560</b>	<b>\$ 1,704,299</b>	<b>\$ 2,696</b>	<b>\$ 3,756,101</b>	<b>\$ 21,034</b>	<b>\$ 9,070,557</b>

COUNTY COMMISSIONERS OF CALVERT COUNTY, MARYLAND

COMBINING STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE  
 NONMAJOR GOVERNMENTAL FUNDS  
 YEAR ENDED JUNE 30, 2007

Economic Development Incentive Fund	Parks and Recreation Fund	Bar Library Fund	Economic Development Authority Revolving Loan Fund	Revolving Loan Fund	Grants Fund	Calvert Co. Family Network	Calvert Country Market	Total
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,994,188
-	-	-	-	-	3,209,830	958,283	-	5,049,692
-	-	34,563	-	-	-	-	-	164,717
-	1,685,628	9,623	13,844	-	438,625	-	169,881	3,707,948
-	1,685,628	44,186	13,844	-	3,648,455	958,283	169,881	12,916,545
-	441,647	-	-	-	2,639,078	248,021	55,896	6,072,462
-	975,137	38,971	-	-	2,587,181	710,262	199,586	6,257,546
-	1,416,784	38,971	-	-	5,226,259	958,283	255,482	12,330,008
-	268,844	5,215	13,844	-	(1,577,804)	-	(85,601)	586,537
-	-	18,000	-	-	1,578,023	-	69,819	5,145,345
-	-	-	-	-	-	-	-	(1,730,306)
-	-	18,000	-	-	1,578,023	-	69,819	3,415,039
-	268,844	23,215	13,844	-	219	-	(15,782)	4,001,576
300,000	386,535	210,242	279,708	1,012,100	2,223	23	15,782	13,219,624
<u>\$ 300,000</u>	<u>\$ 655,379</u>	<u>\$ 233,457</u>	<u>\$ 293,552</u>	<u>\$ 1,012,100</u>	<u>\$ 2,442</u>	<u>\$ 23</u>	<u>\$ -</u>	<u>\$ 17,221,200</u>

COUNTY COMMISSIONERS OF CALVERT COUNTY, MARYLAND

**COMBINING STATEMENT OF REVENUE, EXPENSES, AND CHANGES IN FUND NET ASSETS  
WATER AND SEWER FUND  
YEAR ENDED JUNE 30, 2007**

	<u>Water Systems</u>	<u>Sewer Systems</u>	<u>Contracted Systems</u>	<u>Administrative and Shared Costs</u>	<u>Total</u>
<u>Operating revenue</u>					
Charges for services	\$ 1,019,028	\$ 2,117,866	\$ 522,952	\$ -	\$ 3,659,846
<u>Expenses</u>					
Salaries & benefits	558,125	562,340	245,240	551,713	1,917,418
Contracted services	26,056	416,960	85,470	25,080	553,566
Supplies	82,490	74,687	44,173	26,236	227,586
Heat, light and power	172,048	417,478	-	-	589,526
Depreciation	551,818	1,066,041	-	10,083	1,627,942
Miscellaneous	9,614	5,027	102	25,441	40,184
Telephone	1,592	11,440	970	4,531	18,533
Compensated absences	51,913	21,397	8,776	(13,568)	68,518
Maintenance and repairs	150,239	183,033	29,155	9,157	371,584
Capital outlay	1,901	21,829	-	15,615	39,345
Grant & restricted expenses	-	-	-	-	-
Total operating expenses	<u>1,605,796</u>	<u>2,780,232</u>	<u>413,886</u>	<u>654,288</u>	<u>5,454,202</u>
Operating income (loss)	(586,768)	(662,366)	109,066	(654,288)	(1,794,356)
<u>Non-operating revenue (expenses)</u>					
Capital connection charges	407,996	413,386	-	-	821,382
Grants	-	-	-	-	-
Deferred amount on refunding	-	(30,191)	-	-	(30,191)
Miscellaneous income	75,850	15,457	-	7,934	99,241
Tower revenue	116,462	-	-	-	116,462
Investment income	124,340	177,360	-	-	301,700
Interest expense	(26,750)	(271,620)	-	-	(298,370)
Administrative allocation	(328,600)	(208,688)	(109,066)	646,354	-
Net non-operating revenue (expenses)	<u>369,298</u>	<u>95,704</u>	<u>(109,066)</u>	<u>654,288</u>	<u>1,010,224</u>
Income (loss) before contributions and transfers	(217,470)	(566,662)	-	-	(784,132)
Operating transfers in (out)	18,745	64,354	-	-	83,099
Capital contributions	-	-	-	-	-
Change in net assets	(198,725)	(502,308)	-	-	(701,033)
Total net assets - beginning	<u>7,092,674</u>	<u>16,824,484</u>	<u>-</u>	<u>1,999,832</u>	<u>25,916,990</u>
Total net assets - ending	<u>\$ 6,893,949</u>	<u>\$ 16,322,176</u>	<u>\$ -</u>	<u>\$ 1,999,832</u>	<u>\$ 25,215,957</u>

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

**COUNTY COMMISSIONERS OF CALVERT COUNTY, MARYLAND**

**STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
AGENCY FUND  
YEAR ENDED JUNE 30, 2007**

	<u>Balance</u> <u>July 1, 2006</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2007</u>
<b>Tax Redemption Fund</b>				
<b>Assets</b>				
Cash	\$ 34,655	\$ 236,677	\$ 247,619	\$ 23,713
Accounts receivable	-	9,184	-	9,184
<b>Total Assets</b>	<u>\$ 34,655</u>	<u>\$ 245,861</u>	<u>\$ 247,619</u>	<u>\$ 32,897</u>
<b>Liabilities</b>				
Accounts payable	\$ 4,174	\$ 245,992	\$ 247,750	\$ 2,416
Deposits	30,481	-	-	30,481
<b>Total Liabilities</b>	<u>\$ 34,655</u>	<u>\$ 245,992</u>	<u>\$ 247,750</u>	<u>\$ 32,897</u>

**COUNTY COMMISSIONERS OF CALVERT COUNTY, MARYLAND**

**SCHEDULE OF NOTES RECEIVABLE - VOLUNTEER FIRE DEPARTMENTS  
AND RESCUE SQUADS - GENERAL FUND  
JUNE 30, 2007**

<b>Volunteer Fire Departments and Rescue Squads</b>	<b>Term</b>	<b>Payment Period</b>	<b>Balance July 1, 2006</b>	<b>Additions</b>	<b>Reductions</b>	<b>Balance June 30, 2007</b>
North Beach	25 years	Semiannually	\$ 196,250	\$ -	\$ 10,329	\$ 185,921
	9 years	Semiannually	15,415	-	3,425	11,990
	12 years	Semiannually	19,558	-	2,608	16,950
	7 years	Semiannually	17,307	-	11,537	5,770
	26 years	Semiannually	8,700	-	8,700	-
	19 years	Semiannually	41,250	-	7,500	33,750
	7 years	Semiannually	50,432	-	12,606	37,826
	14 years	Semiannually	30,002	-	6,666	23,336
	24 years	Semiannually	144,430	-	9,631	134,799
			<u>\$ 523,344</u>	<u>\$ -</u>	<u>\$ 73,002</u>	<u>\$ 450,342</u>
	Prince Frederick (PF)	25 years	Semiannually	\$ 22,923	\$ -	\$ 4,168
10 years		Semiannually	24,805	-	4,510	20,295
25 years		Semiannually	78,400	-	7,840	70,560
19 years		Semiannually	7,325	-	7,325	-
19 years		Semiannually	104,625	-	13,950	90,675
25 years		Semiannually	572,000	-	26,000	546,000
12 years		Semiannually	29,953	-	3,328	26,625
			<u>\$ 840,031</u>	<u>\$ -</u>	<u>\$ 67,121</u>	<u>\$ 772,910</u>
Solomons	25 years	Semiannually	\$ 111,269	\$ -	\$ 11,126	\$ 100,143
	25 years	Semiannually	158,975	-	15,901	143,074
	7 years	Semiannually	17,306	-	11,541	5,765
	7 years	Semiannually	18,246	-	18,246	-
	29 years	Semiannually	39,084	-	11,161	27,923
	19 years	Semiannually	68,600	-	9,800	58,800
	19 years	Semiannually	60,000	-	8,000	52,000
	7 years	Semiannually	63,036	-	12,607	50,429
	12 years	Semiannually	40,604	-	3,530	37,074
	9 years	Semiannually	35,427	-	4,168	31,259
	8 years	Semiannually	-	120,429	7,527	112,902
			<u>\$ 612,547</u>	<u>\$ 120,429</u>	<u>\$ 113,607</u>	<u>\$ 619,369</u>
PF Second District	8 years	Semiannually	\$ 80,250	\$ -	\$ 13,375	\$ 66,875
	8 years	Semiannually	106,421	-	14,190	92,231
	9 years	Semiannually	16,440	-	3,653	12,787
		<u>\$ 203,111</u>	<u>\$ -</u>	<u>\$ 31,218</u>	<u>\$ 171,893</u>	
Dunkirk	25 years	Semiannually	\$ 82,321	\$ -	\$ 82,321	\$ -
	24 years	Semiannually	161,092	-	9,476	151,616
	8 years	Semiannually	86,936	-	13,376	73,560
	8 years	Semiannually	89,546	-	13,775	75,771
	9 years	Semiannually	25,007	-	4,168	20,839
	25 years	Semiannually	-	325,000	6,500	318,500
	12 years	Semiannually	30,854	-	3,427	27,427
		<u>\$ 475,756</u>	<u>\$ 325,000</u>	<u>\$ 133,043</u>	<u>\$ 667,713</u>	
Huntingtown	25 years	Semiannually	\$ 60,206	\$ -	\$ 6,020	\$ 54,186
	25 years	Semiannually	78,400	-	7,843	70,557
	24 years	Semiannually	118,800	-	7,200	111,600
	18.5 years	Semiannually	42,034	-	16,812	25,222
	24 years	Semiannually	137,168	-	9,144	128,024
	24 years	Semiannually	93,625	-	13,375	80,250
	9 years	Semiannually	25,007	-	4,168	20,839
	8 years	Semiannually	71,420	-	12,984	58,436
		<u>\$ 626,660</u>	<u>\$ -</u>	<u>\$ 77,546</u>	<u>\$ 549,114</u>	
St. Leonard	25 years	Semiannually	\$ 125,073	\$ -	\$ 12,507	\$ 112,566
	25 years	Semiannually	218,096	-	10,639	207,457
	24 years	Semiannually	177,027	-	9,569	167,458
	7 years	Semiannually	50,429	-	12,606	37,823
	8 years	Semiannually	5,407	-	3,604	1,803
	8 years	Semiannually	80,250	-	13,375	66,875
	12 years	Semiannually	30,850	-	3,428	27,422
		<u>\$ 687,132</u>	<u>\$ -</u>	<u>\$ 65,728</u>	<u>\$ 621,404</u>	
Calvert Advanced Life Support Unit	3 years	Semiannually	\$ 19,454	\$ -	\$ 19,454	\$ -
	3 years	Semiannually	50,096	-	20,040	30,056
		<u>\$ 69,550</u>	<u>\$ -</u>	<u>\$ 39,494</u>	<u>\$ 30,056</u>	
		<u>\$ 4,038,131</u>	<u>\$ 445,429</u>	<u>\$ 600,759</u>	<u>\$ 3,882,801</u>	

**COUNTY COMMISSIONERS OF CALVERT COUNTY, MARYLAND**

**SCHEDULE OF REAL AND PERSONAL TAXES RECEIVABLE  
GENERAL FUND  
JUNE 30, 2007**

	<b>Total Assessed Value of Taxable Property</b>	<b>Tax Rate Per \$100 of Assessed Value</b>	<b>Actual Tax Levy</b>	<b>Amount Collected</b>	<b>Balance of Taxes Receivable</b>
<u>County Portion</u>					
<u>Current Year Property - Locally Assessed</u>					
Real property:					
For full year levy	\$ 7,886,564,293	\$ 0.892	\$ 70,348,153	\$ 69,012,241	\$ 1,335,912
For half year levy	65,911,677	0.446	293,966	293,966	-
North Beach	158,484,639	0.556	881,175	881,175	-
Chesapeake Beach	519,284,726	0.556	2,887,223	2,887,223	-
Total real property	<u>8,630,245,335</u>		<u>74,410,517</u>	<u>73,074,605</u>	<u>1,335,912</u>
Personal property, including corporations and banks	112,632,580	2.230	2,511,707	2,291,874	219,833
Public utilities operating and personal property	<u>1,006,164,710</u>	2.230	<u>22,437,473</u>	<u>22,420,563</u>	<u>16,910</u>
Total current year	<u>\$ 9,749,042,625</u>		<u>\$ 99,359,697</u>	<u>\$ 97,787,042</u>	<u>\$ 1,572,655</u>
Prior years, real, personal, and corporate property					583,704
Accrued interest receivable and service charge					<u>425,496</u>
Total prior years, accrued interest and interest and outstanding tax credit					<u>1,009,200</u>
Total taxes receivable - county portion					2,581,855
Taxes receivable - state portion net of tax credits					206,380
Taxes receivable- towns portion, net of tax credits					196,915
Bay Restoration fee due to state - Billed with Real estate taxes					<u>3,683</u>
Total taxes receivable					<u>\$ 2,988,833</u>

**COUNTY COMMISSIONERS OF CALVERT COUNTY, MARYLAND**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND EQUITY - CALVERT COUNTY FAMILY NETWORK**  
**FOR THE YEAR ENDED JUNE 30, 2007**

	Community Service Initiative	Family Preservation	Health Families	LCC Flex Funds	Saturday Schools	Consolidated Youth Strategies YSPI	Consolidated Youth Strategies JAIB	RDEF Asset Development	RDEF Strategic Plan	Family Navigator	LCC Coordinator	Reinvest Funds	Doran Foundation	CCFN Administrative	Total
<b>Revenue</b>															
Federal revenue	\$ 31,406	85,624	253,780	24,965	85,500	28,695	151,090	1,241	278	26,733	68,668	4,481	-	195,822	\$ 151,090
State revenue															807,193
<b>Total revenue</b>	31,406	85,624	253,780	24,965	85,500	28,695	151,090	1,241	278	26,733	68,668	4,481	-	195,822	958,283
<b>Expenditures</b>															
Salaries	-	-	-	-	-	-	10,130	-	-	-	47,679	-	-	-	133,681
Advertising	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Printing & office supp	-	-	-	-	-	-	-	-	147	-	131	-	-	-	2,680
Postage	-	-	-	-	-	-	-	-	131	-	-	-	-	-	310
Mileage allowance	-	-	-	-	-	-	426	-	-	-	230	-	-	-	1,033
Conferences	-	-	-	-	-	-	-	-	-	-	-	-	-	-	108
Board of Education	-	-	253,780	-	85,500	-	-	-	-	-	-	-	-	-	339,280
Equipment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Prime time	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Contracted services	31,406	85,624	-	24,965	-	28,695	137,499	1,241	-	26,733	-	2,441	-	1,000	312,871
Calvert ARC	-	-	-	-	-	-	-	-	-	-	-	-	-	-	26,733
MSP supplies	-	-	-	-	-	-	-	-	-	-	-	2,040	-	-	2,040
Parks & recreation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Training/reimb	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Subscription/membership	-	-	-	-	-	-	-	-	-	-	6	-	-	-	581
Telephone/comm	-	-	-	-	-	-	-	-	-	-	25	-	-	-	74
Electric	-	-	-	-	-	-	-	-	-	-	480	-	-	-	1,979
Rent	-	-	-	-	-	-	-	-	-	-	320	-	-	-	1,324
Food	-	-	-	-	-	-	-	-	-	-	4,540	-	-	-	14,802
Computer hardware	-	-	-	-	-	-	-	-	-	-	-	-	-	-	622
Computer software	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Benefits	-	-	-	-	-	-	3,035	-	-	-	15,257	-	-	-	38,239
<b>Total expenditures</b>	31,406	85,624	253,780	24,965	85,500	28,695	151,090	1,241	278	26,733	68,668	4,481	-	195,822	958,283
Excess (deficiency) of revenue over expenditures	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Fund balance - beginning of year	-	-	-	-	-	-	-	-	-	-	-	-	-	-	23
Fund balance - end of year	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 23



**CPA, LLC**

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON  
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL  
STATEMENTS PERFORMED IN ACCORDANCE WITH  
GOVERNMENT AUDITING STANDARDS**

County Commissioners of Calvert County, Maryland  
Prince Frederick, Maryland

We have audited the 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 the County Commissioners of Calvert County, Maryland, as of and for the year ended June 30, 2007, which collectively comprise the County Commissioners of Calvert County, Maryland's basic financial statements and have issued our report thereon dated October 12, 2007. Our report was modified to include a reference to 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. Other auditors audited the financial statements of the Calvert County Board of Education, as described in our report on the County Commissioners of Calvert County, Maryland's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the County Commissioners of Calvert County, Maryland's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County Commissioners of Calvert County, Maryland's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the County Commissioners of Calvert County, Maryland's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the County Commissioners of Calvert County, Maryland's ability to initiate, authorize,

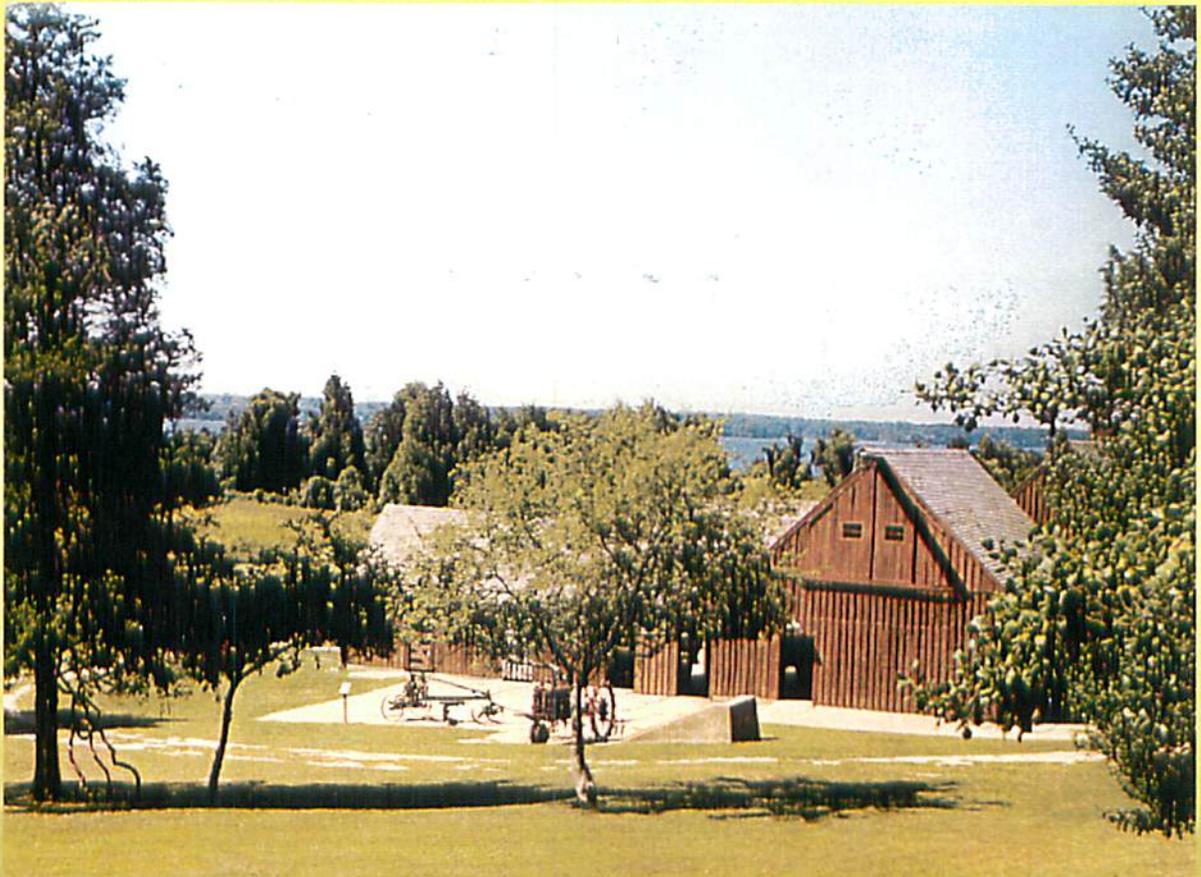
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8023 Malcolm Road ◆ Clinton, Maryland 20735-1717 ◆ (301) 856-4100 ◆ Fax: (301) 856-4105  
P.O. Box 1919 ◆ 108 La Grange Avenue ◆ La Plata, Maryland 20646-1919 ◆ (301) 609-7515  
(301) 870-3677 ◆ Fax: (301) 609-7510 ◆ email: tim.murphy@murphycpallc.com

# STATISTICAL SECTION



**COUNTY COMMISSIONERS OF CALVERT COUNTY  
CALVERT COUNTY, MARYLAND**

**FINANCIAL TREND DATA  
JUNE 30, 2007**

**THESE SCHEDULES CONTAIN TREND INFORMATION TO HELP THE READER UNDERSTAND HOW THE  
GOVERNMENT'S FINANCIAL PERFORMANCE AND WELL-BEING HAVE CHANGED OVER TIME.**

County Commissioners of Calvert County, Maryland  
 Net Asset by Category (1),(2),(3)  
 (Unaudited)  
 Schedule 1

	<u>FY02</u>	<u>FY03</u>	<u>FY04</u>	<u>FY05</u>	<u>FY06</u>	<u>FY07</u>
<b>Governmental activities</b>						
Invested in capital assets, net of related debt	\$ 27,577,737	\$ 56,233,384	\$ 61,146,224	\$ 63,129,333	\$ 78,866,512	\$ 96,731,172
Restricted	2,597,225	4,883,359	5,055,707	5,516,116	5,884,509	9,246,067
Unrestricted	81,993,042	54,135,918	45,990,097	63,188,041	67,514,862	69,049,348
<b>Total Governmental activities net assets</b>	<u>\$112,168,004</u>	<u>\$115,252,661</u>	<u>\$112,192,028</u>	<u>\$131,813,480</u>	<u>\$152,265,883</u>	<u>\$175,026,587</u>
<b>Business-type activities</b>						
Invested in capital assets, net of related debt	\$ 30,262,060	\$ 27,314,438	\$ 28,843,560	\$ 30,186,513	\$ 30,215,402	\$ 32,980,825
Restricted	-	4,845,269	4,804,303	4,091,718	4,903,917	4,386,023
Unrestricted	4,526,039	1,919,870	1,330,155	16,967	(1,579,473)	(3,535,383)
<b>Total business-type activities net assets</b>	<u>\$ 34,788,099</u>	<u>\$ 34,079,577</u>	<u>\$ 34,778,018</u>	<u>\$ 34,295,198</u>	<u>\$ 33,539,846</u>	<u>\$ 33,831,465</u>
<b>Primary government</b>						
Invested in capital assets, net of related debt	\$ 57,839,797	\$ 83,547,822	\$ 89,989,784	\$ 93,315,846	\$109,081,914	\$129,711,997
Restricted	2,597,225	9,728,628	9,660,010	9,607,834	10,788,426	13,632,090
Unrestricted	86,519,081	58,055,788	47,320,252	63,185,008	65,935,389	65,513,965
<b>Total primary government net assets</b>	<u>\$146,956,103</u>	<u>\$149,332,238</u>	<u>\$146,970,046</u>	<u>\$166,108,688</u>	<u>\$185,805,729</u>	<u>\$208,858,052</u>

NOTE:

(1) Accounting standards require the net assets be reported in three components in the financial statements: capital assets, net of related debt: restricted: and unrestricted. Net assets are considered restricted when (1) an external party, such as the state or federal government, places a restriction on how the resources may be used, or (2) enabling legislation is enacted by the County.

(2) Government-wide net asset information is reported on the accrual basis of accounting.

(3) Information prior to FY02 is not available, due to the FY02 implementation of GASB 34.

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Calvert County Government  
Changes in Net Assets (2),(3)  
(accrual basis of accounting)  
(Unaudited)  
Schedule 2

Expenses	2002	2003	2004	2005	2006	2007
<b>Governmental activities:</b>						
General government	\$ 10,750,568	\$ 12,587,597	\$ 13,369,218	\$ 14,641,034	\$ 15,837,498	\$ 19,378,201
Public safety	14,697,604	17,249,535	17,642,496	18,794,313	18,104,991	25,832,813
Public works	10,616,524	10,581,311	10,379,211	4,954,308	8,656,507	16,294,562
Health and hospitals	2,500,870	2,604,086	2,581,456	2,439,169	2,547,571	3,091,069
Social services	6,262,634	6,443,024	7,031,034	7,671,801	7,689,167	9,205,328
Education	1,484,604	1,802,882	1,624,356	2,020,184	2,391,360	2,991,382
Board of Education	71,819,255	78,087,440	93,320,807	87,372,370	85,712,612	90,378,744
Recreation and culture	6,022,241	6,297,878	6,564,078	6,831,068	2,547,771	10,608,677
Conservation of natural resources	276,333	291,651	770,377	1,050,357	3,201,679	1,422,798
Urban development and housing	761,363	820,511	939,441	970,288	1,078,102	1,326,831
Economic development	684,297	899,803	1,232,521	1,179,816	1,204,049	1,430,435
Miscellaneous	7,802,417	8,641,128	9,753,996	10,455,449	12,480,849	-
Capital projects	5,842,422	3,328,279	4,973,978	4,769,708	13,792,519	2,034,100
Debt service	2,413,522	2,666,968	3,071,809	3,203,820	3,284,365	3,640,050
<b>Subtotal governmental activities expenses</b>	<b>142,014,654</b>	<b>152,282,091</b>	<b>173,254,778</b>	<b>188,353,795</b>	<b>178,527,040</b>	<b>187,634,990</b>
<b>Business-type activities:</b>						
Water and sewer	3,784,783	4,773,683	5,186,540	5,179,836	5,813,095	5,782,763
Solid waste	9,918,548	10,048,130	11,495,314	12,041,497	12,280,864	11,588,833
Culture	2,515,451	2,527,056	2,922,806	2,942,141	2,943,972	3,298,655
<b>Subtotal business-type activities expenses</b>	<b>16,218,782</b>	<b>17,348,869</b>	<b>19,604,660</b>	<b>20,163,474</b>	<b>21,037,931</b>	<b>20,670,251</b>
<b>Total primary government expenses</b>	<b>\$ 158,233,436</b>	<b>\$ 169,630,960</b>	<b>\$ 192,859,438</b>	<b>\$ 188,517,269</b>	<b>\$ 199,564,971</b>	<b>\$ 208,305,241</b>
<b>Program Revenues</b>						
<b>Governmental activities:</b>						
General government	\$ 1,552,755	\$ 1,566,147	\$ 2,163,364	\$ 1,979,433	\$ 3,084,507	\$ 2,733,752
Public safety	4,658,490	4,123,398	5,604,444	6,343,750	5,848,001	6,925,881
Public works	5,606,873	5,373,336	7,849,342	5,439,168	6,446,786	7,282,186
Health and hospitals	16,513	41,329	82,608	54,343	58,187	70,687
Social services	1,165,672	814,116	682,748	753,748	754,048	1,014,712
Education	23,254	5,148	12,103	34,193	34,193	8,299
Board of Education	59,837	-	-	-	-	-
Recreation and culture	1,521,091	2,026,048	4,323,459	2,563,470	3,226,166	3,549,745
Conservation of natural resources	207,266	155,458	151,279	166,788	143,702	744,522
Urban development and housing	632,027	700,488	744,894	845,954	1,018,478	997,111
Economic development	1,250,954	1,293,689	1,083,522	989,167	1,007,398	1,058,562
Miscellaneous	1,026,941	1,126,307	1,353,007	2,097,004	1,730,581	-
Capital projects	5,357,324	10,644,669	1,987,109	838,894	1,823,092	1,707,441
Debt service	640,926	641,103	638,943	640,651	641,346	636,098
<b>Subtotal governmental activities revenues</b>	<b>23,719,923</b>	<b>28,511,236</b>	<b>26,676,822</b>	<b>22,746,543</b>	<b>25,816,485</b>	<b>26,728,996</b>
<b>Business-type activities:</b>						
Water and sewer	4,044,769	3,632,580	5,152,447	4,518,241	4,504,973	4,696,931
Solid waste	10,079,298	10,433,675	11,806,448	12,318,489	12,569,922	12,524,486
Culture	470,608	497,522	1,181,133	607,406	668,812	732,755
<b>Subtotal business-type activities revenues</b>	<b>14,594,675</b>	<b>14,563,777</b>	<b>18,140,028</b>	<b>17,444,136</b>	<b>17,743,707</b>	<b>17,954,172</b>
<b>Total primary government revenues</b>	<b>\$ 38,314,598</b>	<b>\$ 43,075,013</b>	<b>\$ 44,816,850</b>	<b>\$ 40,190,679</b>	<b>\$ 43,560,192</b>	<b>\$ 44,683,168</b>

Calvert County Government  
Changes in Net Assets (2),(3)  
(accrual basis of accounting)  
(Unaudited)  
Schedule 2

Net (Expense)/Revenue (1)	2002	2003	2004	2005	2006	2007
<b>Governmental activities:</b>						
General government	\$ (9,197,813)	\$ (11,021,450)	\$ (11,205,854)	\$ (12,661,601)	\$ (12,752,991)	\$ (16,644,449)
Public safety	(10,039,114)	(13,126,137)	(12,038,052)	(12,450,563)	(12,256,990)	(18,906,932)
Public works	(5,009,651)	(5,187,975)	(2,529,869)	484,860	(2,209,721)	(9,012,376)
Health and hospitals	(2,484,357)	(2,562,757)	(2,498,848)	(2,384,826)	(2,489,384)	(3,020,382)
Social services	(5,096,962)	(5,628,908)	(6,348,286)	(6,918,153)	(6,935,119)	(8,190,616)
Education	(1,441,350)	(1,797,734)	(1,812,253)	(1,986,001)	(2,357,167)	(2,983,083)
Board of Education	(71,759,418)	(78,087,440)	(93,320,807)	(87,372,370)	(85,712,612)	(90,378,744)
Recreation and culture	(4,501,150)	(4,271,830)	(2,240,619)	(4,267,598)	678,395	(7,058,932)
Conservation of natural resources	(69,067)	(136,193)	(619,098)	(883,589)	(3,057,977)	(678,276)
Urban development and housing	(129,336)	(120,023)	(194,547)	(124,334)	(57,624)	(329,720)
Economic development	566,657	393,886	(148,999)	(190,649)	(196,651)	(371,873)
Miscellaneous	(6,775,476)	(7,514,819)	(8,400,989)	(8,358,445)	(10,750,268)	-
Capital projects	(585,098)	7,316,390	(2,986,869)	(3,930,814)	(11,969,427)	(326,659)
Debt service	(1,772,596)	(2,025,865)	(2,432,866)	(2,563,189)	(2,643,019)	(3,003,952)
Subtotal governmental activities expenses	<u>(118,294,731)</u>	<u>(123,770,855)</u>	<u>(146,577,956)</u>	<u>(143,607,252)</u>	<u>(152,710,555)</u>	<u>(160,905,994)</u>
<b>Business-type activities:</b>						
Water and sewer	259,986	(1,141,103)	(34,093)	(661,595)	(1,308,122)	(1,085,832)
Solid waste	160,750	385,545	311,134	276,992	289,058	935,653
Culture	(2,044,843)	(2,029,534)	(1,741,673)	(2,334,735)	(2,275,160)	(2,565,900)
Subtotal business-type activities expenses	<u>(1,624,107)</u>	<u>(2,785,092)</u>	<u>(1,464,632)</u>	<u>(2,719,338)</u>	<u>(3,294,224)</u>	<u>(2,716,079)</u>
<b>Total primary government expenses</b>	<u><b>\$(119,918,838)</b></u>	<u><b>\$(126,555,947)</b></u>	<u><b>\$(148,042,588)</b></u>	<u><b>\$(146,326,590)</b></u>	<u><b>\$(156,004,779)</b></u>	<u><b>\$(163,622,073)</b></u>
<b>General Revenues and Other Changes In Net Assets</b>						
<b>Governmental activities:</b>						
Property taxes	\$ 66,461,275	\$ 69,922,260	\$ 77,471,702	\$ 85,133,807	\$ 90,833,150	\$ 98,994,236
Income taxes	37,595,088	39,753,312	49,978,622	56,880,109	58,647,605	61,886,520
Recordation taxes	7,180,740	9,067,979	11,322,287	13,630,156	14,481,819	11,664,698
Admission and amusement taxes	38,351	40,472	198,063	269,049	293,735	107,310
Franchise taxes	486,179	551,667	618,105	714,446	778,416	892,707
Other miscellaneous taxes	528,118	970,841	154,886	182,573	132,064	157,516
State reimbursement of electricity deregulation	6,096,574	6,096,574	5,425,079	6,096,574	6,096,574	6,096,574
Interest and dividends	2,354,938	1,571,307	460,472	2,366,403	4,066,075	6,358,189
Miscellaneous	(1,746,688)	(1,118,900)	(2,111,893)	(2,044,203)	(2,166,490)	(2,491,052)
Subtotal governmental activities revenues	<u>118,974,575</u>	<u>126,855,512</u>	<u>143,517,323</u>	<u>163,228,714</u>	<u>173,162,948</u>	<u>183,668,698</u>
<b>Business-type activities:</b>						
State reimbursement of electric deregulation	327,497	349,539	51,180	192,315	372,382	-
Miscellaneous	1,758,295	1,727,031	2,111,893	2,044,203	2,166,490	3,007,698
Subtotal business-type activities revenues	<u>2,085,792</u>	<u>2,076,570</u>	<u>2,163,073</u>	<u>2,236,518</u>	<u>2,538,872</u>	<u>3,007,698</u>
<b>Total primary government revenues</b>	<u><b>\$ 121,060,367</b></u>	<u><b>\$ 128,932,082</b></u>	<u><b>\$ 145,680,396</b></u>	<u><b>\$ 165,465,232</b></u>	<u><b>\$ 175,701,820</b></u>	<u><b>\$ 186,674,396</b></u>
<b>Change In Net assets</b>						
Governmental activities	\$ 679,844	\$ 3,084,857	\$ (3,060,633)	\$ 19,621,462	\$ 20,452,393	\$ 22,760,704
Business-type activities	481,685	(708,522)	698,441	(482,820)	(755,352)	291,819
<b>Total primary government</b>	<u><b>\$ 1,141,529</b></u>	<u><b>\$ 2,376,135</b></u>	<u><b>\$ (2,362,192)</b></u>	<u><b>\$ 19,138,642</b></u>	<u><b>\$ 19,697,041</b></u>	<u><b>\$ 23,052,323</b></u>

NOTES:

(1) Net (expense)/revenue is the difference between the expenses and program revenues of a function or program. It indicates the degree which a function or program is supported with its own fees and program-specific grants versus its reliance upon funding from taxes and other 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) Government-wide net asset information is reported on the accrual basis of accounting.

(3) Information prior to FY02 is not available, due to the FY02 implementation of GASB34.

Calvert County Government  
 General Tax Revenues - Governmental Activities (1),(2),(3)  
 (Unaudited)  
 Schedule 3

	2002	2003	2004	2005	2006	2007
Real and personal property taxes	\$ 63,634,502	\$ 65,763,330	\$ 70,820,349	\$ 78,790,203	\$ 86,051,217	\$ 94,728,796
Income taxes	38,102,620	40,161,499	46,585,767	54,386,967	55,625,569	59,064,889
Admission and amusements	38,351	40,472	198,063	269,049	293,735	107,310
Recordation	7,180,740	9,067,979	11,322,287	13,630,156	14,481,819	11,664,698
Trailer parks	145,216	154,844	154,885	149,036	132,063	157,516
Hotel	-	-	528,181	498,039	519,919	644,328
Highway user revenue	4,599,518	4,470,538	3,632,858	4,611,142	5,683,147	5,947,234
Franchise	466,179	551,667	618,105	714,446	778,416	892,707
<b>Total Taxes</b>	<b>\$114,167,126</b>	<b>\$120,210,329</b>	<b>\$133,860,495</b>	<b>\$153,049,038</b>	<b>\$163,565,885</b>	<b>\$173,207,478</b>

NOTES:

- (1) Government-wide general tax revenue information is reported on the accrual basis of accounting.
- (2) Information prior to FY02 is not available, due to the FY02 implementation of GASB34.
- (3) Calvert County began collecting hotel tax in FY04.

County Commissioners of Calvert County, Maryland  
Fund Balance of Governmental funds(1),(2)  
(Unaudited)  
Schedule 4

	<u>FY02</u>	<u>FY03</u>	<u>FY04</u>	<u>FY05</u>	<u>FY06</u>	<u>FY07</u>
General fund						
Reserved	\$ 4,591,642	\$ 4,625,004	\$ 4,968,812	\$ 5,383,571	\$ 5,839,319	\$ 9,195,518
Unreserved	<u>46,915,145</u>	<u>38,883,863</u>	<u>39,447,501</u>	<u>47,719,807</u>	<u>56,039,767</u>	<u>54,223,295</u>
Total general fund	<u>\$ 51,506,787</u>	<u>\$ 43,508,867</u>	<u>\$ 44,416,313</u>	<u>\$ 53,103,378</u>	<u>\$ 61,879,086</u>	<u>\$ 63,418,813</u>
All other governmental funds						
Reserved	\$ 2,197,225	\$ 258,355	\$ 86,895	\$ 132,545	\$ 45,190	\$ 50,549
Unreserved, reported in:						
Special revenue funds	7,921,688	11,250,173	17,421,221	15,717,939	13,174,434	17,170,651
Capital projects funds	17,377,305	44,647,155	27,267,249	32,317,075	31,975,700	45,555,272
Permanent funds						
Total all other governmental funds	<u>\$ 27,496,218</u>	<u>\$ 56,155,683</u>	<u>\$ 44,775,365</u>	<u>\$ 48,167,559</u>	<u>\$ 45,195,324</u>	<u>\$ 62,776,472</u>

NOTES:

- (1) Fund balance information for governmental funds is reported on the modified accrual basis of accounting.  
(2) Information prior to FY02 is not available, due to the FY02 implementation of GASB34.

**COUNTY COMMISSIONERS OF CALVERT COUNTY  
CALVERT COUNTY, MARYLAND**

**REVENUE CAPACITY  
JUNE 30, 2007**

**THESE SCHEDULES CONTAIN INFORMATION TO HELP THE READER ACCESS THE GOVERNMENT'S  
MOST SIGNIFICANT LOCAL REVENUE SOURCE, THE PROPERTY TAX.**

County Commissioners of Calvert County, Maryland  
 Changes in Fund Balance of Governmental funds  
 Last Ten Fiscal Years  
 (Unaudited)  
 Schedule 5

	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
<b>Revenues</b>										
Taxes	\$ 95,548,321	\$ 104,277,504	\$ 109,699,016	\$ 115,136,885	\$ 117,356,069	\$ 123,642,161	\$ 130,456,056	\$ 159,070,689	\$ 160,668,174	\$ 177,201,688
Licenses and permits	176,337	140,568	206,029	182,221	166,618	165,953	169,960	216,014	232,123	257,510
Intergovernmental	11,042,640	6,316,639	7,119,413	14,716,495	10,308,165	16,126,762	15,655,731	15,750,563	10,350,627	16,779,720
Charges for services	1,976,113	2,453,099	2,465,174	2,703,636	3,101,343	3,116,582	3,236,323	3,294,595	2,900,487	3,202,758
Fines and forfeitures	166,862	142,037	230,186	238,960	200,371	236,545	273,920	252,017	328,260	289,052
Miscellaneous	6,553,025	5,734,279	6,813,015	7,923,604	5,944,434	5,168,607	3,640,023	7,110,816	6,478,435	12,016,803
<b>Total revenues</b>	<b>117,468,268</b>	<b>119,886,144</b>	<b>126,733,435</b>	<b>140,915,201</b>	<b>145,176,940</b>	<b>150,903,810</b>	<b>161,941,015</b>	<b>165,702,601</b>	<b>169,159,026</b>	<b>209,747,317</b>
<b>Expenditures</b>										
General government	6,277,395	8,593,785	9,212,867	9,139,446	9,959,210	11,312,244	11,602,003	12,764,613	14,970,769	15,349,833
Public safety	10,719,596	12,250,242	13,324,496	14,156,764	14,005,510	16,070,046	16,851,470	17,999,859	19,310,261	21,663,919
Public works	6,154,338	5,334,348	6,179,503	6,675,392	6,577,394	7,763,754	7,161,352	6,917,035	7,715,592	10,589,520
Health and hospitals	2,630,689	2,791,461	2,843,065	2,391,310	2,464,813	2,613,224	2,649,561	2,556,677	2,539,526	2,600,707
Social services	1,363,737	1,453,365	1,753,424	1,038,402	2,484,200	6,411,220	6,982,937	7,184,652	7,746,163	7,672,234
Education - other	812,397	654,245	697,975	1,368,465	1,464,604	1,802,882	1,624,356	2,020,194	2,391,360	2,521,695
Board of Education	50,204,375	50,736,061	64,973,080	67,484,852	71,799,416	76,037,440	82,992,336	87,372,370	89,552,781	95,104,149
Recreation and culture	2,066,647	2,141,977	2,212,561	2,368,132	5,951,972	5,971,106	6,573,869	6,917,349	7,460,244	8,266,634
Conservation of natural resources	223,224	246,501	249,055	263,096	270,893	289,609	770,448	1,050,019	3,230,167	1,302,107
Urban development and housing	547,474	529,365	545,331	607,617	744,654	803,429	914,646	948,487	1,033,349	1,124,533
Economic development	600,020	641,203	601,710	624,310	684,360	667,642	1,235,265	1,169,234	1,211,752	1,215,905
Miscellaneous	6,442,176	6,296,249	6,657,127	7,190,967	7,802,416	8,641,126	9,733,411	10,427,861	12,457,695	14,370,535
Capital projects	13,193,719	7,359,670	9,033,618	16,407,356	13,222,893	11,443,746	12,104,557	11,163,377	20,124,272	24,649,617
Debt service										
Principal retirement	5,214,927	9,722,100	4,030,305	4,003,021	4,133,534	5,197,841	5,141,946	6,920,962	7,940,391	6,724,561
Interest	3,103,431	2,620,897	2,526,323	2,362,670	2,449,082	2,406,741	2,853,819	3,235,937	3,317,092	3,441,562
<b>Total expenditures</b>	<b>111,583,145</b>	<b>119,819,559</b>	<b>125,031,500</b>	<b>136,062,730</b>	<b>140,594,963</b>	<b>159,702,052</b>	<b>170,211,994</b>	<b>176,548,916</b>	<b>202,085,665</b>	<b>218,607,711</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>5,885,123</b>	<b>(753,415)</b>	<b>1,701,935</b>	<b>4,832,471</b>	<b>(3,408,023)</b>	<b>(6,198,242)</b>	<b>(17,270,978)</b>	<b>7,153,685</b>	<b>(2,929,639)</b>	<b>(8,860,394)</b>
<b>Other financing sources (uses)</b>										
Proceeds from bond issuance		6,075,000	-	2,727,000	9,962,517	31,192,767	6,910,000	6,995,000	10,695,000	28,760,000
Premium of issuance of debt										692,322
Forgiveness of debt										
Transfers in - other	4,335,838	15,215,016	20,425,987	11,571,612	12,851,036	15,138,766	13,931,333	21,782,860	16,563,370	15,920,176
Transfers out - other	(11,319,983)	(16,705,968)	(21,971,495)	(13,076,385)	(14,627,774)	(16,692,797)	(10,043,226)	(23,852,386)	(20,717,256)	(18,411,229)
<b>Total other financing sources (uses)</b>	<b>(6,984,147)</b>	<b>4,594,020</b>	<b>(1,545,508)</b>	<b>1,220,227</b>	<b>8,215,829</b>	<b>28,859,767</b>	<b>6,796,107</b>	<b>4,925,574</b>	<b>6,733,112</b>	<b>27,891,269</b>
<b>Net change in fund balances</b>	<b>\$ (1,101,024)</b>	<b>\$ 3,630,605</b>	<b>\$ 156,427</b>	<b>\$ 6,052,639</b>	<b>\$ 4,807,806</b>	<b>\$ 20,661,545</b>	<b>\$ (10,472,072)</b>	<b>\$ 12,079,259</b>	<b>\$ 5,803,473</b>	<b>\$ 19,120,675</b>
<b>Debt service as a percentage of noncapital expenditures</b>	<b>8.45%</b>	<b>10.57%</b>	<b>5.65%</b>	<b>5.20%</b>	<b>4.53%</b>	<b>4.23%</b>	<b>(3).64%</b>	<b>(3).61%</b>	<b>(3).62%</b>	<b>(3).71%</b>

NOTES:  
 \* Governmental fund information is reported on the modified accrual basis of accounting.  
 (1) Debt service represents debt service principal, interest and any proceeds of bond issuance.  
 (2) Noncapital expenditures represents Total Expenditures above, plus proceeds of bond issuance, less Capital Projects Expenses.  
 (3) Calculation based on Expenses minus Capital Outlays pp. 20 divided by debt service, beginning in 2004.

County Commissioners of Calvert County, Maryland  
 Assessed and Estimated Actual Value of Taxable Property  
 Last Ten Fiscal Years  
 (Unaudited)  
 Schedule 6

Fiscal Year	Real Property			Personal Property			Total			% Taxable Assessed to total Estimated Actual Value
	Assessed Value	Exempt Property	Taxable Assessed Value	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	
1998	4,721,906,650	400,000,000 est.	4,321,906,650	1,107,924,240	1,107,924,240	5,829,830,890	5,829,830,890	5,429,830,890	5,829,830,890	93.14%
1999	4,925,212,825	412,500,000 est.	4,512,712,825	1,118,829,640	1,118,829,640	6,044,042,465	6,044,042,465	5,631,542,465	6,044,042,465	93.18%
2000	5,133,985,725	420,419,763	4,713,565,963	1,147,095,500	1,147,095,500	6,281,081,225	6,281,081,225	5,860,661,463	6,281,081,225	93.31%
2001	5,387,133,795	442,952,913	4,944,180,883	978,853,722	978,853,722	6,365,987,517	6,365,987,517	5,923,034,605	6,365,987,517	93.04%
2002	(1) 5,671,566,808	468,515,724	5,203,051,084	825,125,530	825,125,530	6,496,692,338	6,496,692,338	6,028,176,614	6,496,692,338	92.79%
2003	6,072,549,179	495,002,976	5,577,546,203	822,606,880	822,606,880	6,895,156,059	6,895,156,059	6,400,153,083	6,895,156,059	92.82%
2004	6,531,076,135	563,391,239	5,967,684,896	882,393,920	882,393,920	7,413,470,055	7,413,470,055	6,850,078,816	7,413,470,055	92.40%
2005	7,093,440,835	570,848,991	6,522,591,844	1,026,470,460	1,026,470,460	8,119,911,295	8,119,911,295	7,549,062,304	8,119,911,295	92.97%
2006	7,950,408,153	594,754,848	7,355,653,305	1,087,505,840	1,087,505,840	9,037,913,993	9,037,913,993	8,443,159,145	9,037,913,993	93.42%
2007	9,286,512,820	656,267,485	8,630,245,335	1,123,614,063	1,123,614,063	10,410,126,883	10,410,126,883	9,753,859,398	10,410,126,883	93.70%

NOTES:

- (1) As of Fiscal Year 2002, real property taxes are assessed at the property's estimated actual value. Previously real property taxes were assessed at 40% of the property's estimated actual value.
- (2) Reflects decrease in assessment due to tax reform related to electric deregulation. A 50% exemption was given on assets used in the generation of electricity. This exemption was phased in over two years.

Source: State of Maryland, Department of Assessments and Taxation

County Commissioners of Calvert County, Maryland  
 Direct and Overlapping Property Tax Rates  
 (Per \$100 of Assessed Value )  
 Last Ten Fiscal Years  
 (Unaudited)  
 Schedule 7

Fiscal Year	Calvert County	State	County Rate	
			Town of North Beach	Town of Chesapeake Beach
1998	2.23	0.21	1.39	1.39
1999	2.23	0.21	1.39	1.39
2000	2.23	0.21	1.39	1.39
2001	2.23	0.21	1.39	1.39
2002 (1)	0.892	0.084	0.556	0.556
2003	0.892	0.084	0.556	0.556
2004	0.892	0.132	0.556	0.556
2005	0.892	0.132	0.556	0.556
2006	0.892	0.112	0.556	0.556
2007	0.892	0.112	0.556	0.556

(1) As of Fiscal Year 2002, real property taxes are assessed at the property's full estimated actual value, previously real property taxes were assessed at 40% of the property's estimated actual value. Accordingly, the tax rates were adjusted to maintain the effective tax rate.

County Commissioners of Calvert County, Maryland  
 Principal Property Taxpayers  
 Current Year and Nine Years Ago  
 (Unaudited)  
 Schedule 8

Name of Taxpayer	FY07			FY98		
	Taxable Assessed Value (1)	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value (2)	Rank	Percentage of Total Taxable Assessed Value
Baltimore, Gas & Electric	\$ 725,910,620	1	7.44%	924,802,010	1	32.60%
Cove Point LNG Plant	193,668,870	2	1.99%	32,981,330	5	1.16%
Southern Maryland Electric Co.	42,048,630	3	0.43%	38,099,850	4	1.34%
Verizon	34,361,670	4	0.35%	41,398,220	3	1.46%
Fox Run Ltd. Partnership	23,579,200	5	0.24%			
Asbury-Solomons	22,767,733	6	0.23%			
Holiday Inn - Solomons	20,094,766	7	0.21%	6,684,782 *	8	0.24%
Dunkirk Market Place	10,428,200	8	0.11%			
Town Square Shopping Center	8,747,160	9	0.09%			
Calvert Marina	6,980,833	10	0.07%	6,541,396 *	9	0.23%
Bell Atlantic				43,691,858 *	2	1.54%
Fox Run Shopping Center				8,767,473 *	6	0.31%
Pepco				6,766,520	7	0.24%
Calvert Village Shopping Center				2,448,166 *	10	0.09%
	\$ 1,088,587,682		11.16%	\$ 1,112,181,606		39.21%

Source: (1) Maryland State Department of Assessments and Taxation  
 (2) Department of Finance and Budget  
 \* Estimated

County Commissioners of Calvert County, Maryland  
 Summary of Property Tax Levies and Collections  
 Last Ten Fiscal years  
 (Unaudited)  
 Schedule 9

Fiscal Year	Total Tax Levy for Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percent of levy		Amount	Percent of Levy
1998	62,053,362	59,567,155	95.99%	2,478,448	62,045,603	99.99%
1999	63,914,340	62,214,271	97.34%	1,689,682	63,903,953	99.98%
2000	66,287,086	64,176,673	96.82%	2,093,039	66,269,712	99.97%
2001	64,521,905	62,615,348	97.05%	1,869,269	64,484,617	99.94%
2002	63,182,466	61,686,664	97.63%	1,446,143	63,132,807	99.92%
2003	66,188,158	64,420,874	97.33%	1,693,931	66,114,805	99.89%
2004	71,093,332	69,525,551	97.79%	1,464,226	70,989,777	99.85%
2005	78,990,817	77,613,438	98.26%	1,294,300	78,907,738	99.89%
2006	87,749,160	86,285,379	98.33%	1,308,330	87,593,709	99.82%
2007	99,359,697	97,787,042	98.42%	-	97,787,042	98.42%

**COUNTY COMMISSIONERS OF CALVERT COUNTY  
CALVERT COUNTY, MARYLAND**

**DEBT CAPACITY  
JUNE 30, 2007**

**THESE SCHEDULES PRESENT INFORMATION TO HELP THE READER ASSESS THE AFFORDABILITY OF  
GOVERNMENT'S CURRENT LEVELS OF OUTSTANDING DEBT AND THE GOVERNMENT'S ABILITY TO  
ISSUE ADDITIONAL DEBT IN THE FUTURE.**

County Commissioners of Calvert County, Maryland

Ratios of Outstanding debt by type

Last Ten Fiscal Years

(in thousands of dollars, except per capita)

(Unaudited)

Schedule 10

Fiscal Year	Governmental Activity						Business Type Activity						Total Primary Government	Percentage of Personal Income (a)	Per Capita(a)
	General Obligation Bonds	State Transportation Bonds	Revenue Bonds	Bond Anticipation Note	General Obligation Mortgages	Office Building	Leveraging	Misc.	Notes payable	General Obligation Bonds					
1998	43,555	1,555	5,715	-	-	-	4,882	5,138	10,622	71,477	3.60%	1,017			
1999	40,884	1,188	-	-	-	-	4,618	5,034	10,033	67,832	3.20%	934			
2000	38,018	807	-	-	-	-	4,283	4,719	9,410	62,837	2.67%	843			
2001	35,090	410	-	2,727	-	-	4,025	4,498	8,718	60,646	2.41%	796			
2002	44,533	103	-	-	-	4,839	3,684	9,353	8,009	75,276	2.81%	955			
2003	70,740	-	-	-	-	5,589	3,117	10,157	7,253	101,151	3.56%	1,235			
2004	75,290	-	-	-	-	5,931	2,797	9,885	6,715	104,448	3.39%	1,243			
2005	76,178	-	-	-	-	5,931	2,528	9,461	6,055	103,498	3.16%	1,215			
2006	79,973	-	-	-	-	6,882	2,170	8,841	5,169	105,875	N/A	1,193			
2007	101,907	-	-	-	-	7,961	1,800	8,248	4,057	126,293	N/A	1,435			

**Ratio of Net General Bonded Debt to Assessed Value and  
 Net Bonded Debt Per Capita  
 County Commissioners of Calvert County, Maryland  
 Last Ten Fiscal Years  
 (Unaudited)  
 Schedule 11**

Fiscal Year	Population	Taxable Assessed Value			Gross Bonded Debt	Self Supporting Debt (1)	Net Bonded Debt	Ratio of Net Bonded Debt to Assessed Value	Net Bonded Debt Per Capita
		Real & Personal Property (2)							
1998	70,280	5,429,830,890		55,716,931	548,516	55,168,415	1.02%	784.98	
1999	72,640	5,631,542,465		52,766,026	6,544,549	46,221,477	0.82%	636.31	
2000	74,563	5,860,661,463		48,707,553	5,983,860	42,723,693	0.73%	572.99	
2001	76,200	5,923,034,605		47,431,532	5,588,655	41,842,877	0.71%	549.12	
2002	78,800	6,028,176,614		53,075,211	5,119,312	47,955,899	0.80%	608.58	
2003	81,900	6,400,153,083		78,151,519	4,665,831	73,485,688	1.15%	897.26	
2004	84,000	6,850,078,816		81,916,937	4,175,533	77,741,404	1.13%	925.49	
2005	85,200	7,549,062,304		82,051,874	3,697,306	78,354,568	1.04%	919.65	
2006	87,000	8,193,159,145		85,141,476	3,158,657	81,982,819	1.00%	942.33	
2007	88,000	9,753,859,398		105,964,284	2,606,446	103,357,838	1.06%	1,174.52	

(1) - Includes Waterway Improvement, Shore Erosion and Office Building Debt

(2) - Assessments prior to FY 2002 are restated to equal full value assessment.

**COUNTY COMMISSIONERS OF CALVERT COUNTY  
CALVERT COUNTY, MARYLAND**

**DEMOGRAPHIC AND ECONOMIC INFORMATION  
JUNE 30, 2007**

**THESE SCHEDULES OFFER DEMOGRAPHIC AND ECONOMIC INDICATORS TO HELP THE READER UNDERSTAND THE ENVIRONMENT WITHIN WHICH THE GOVERNMENT'S FINANCIAL ACTIVITIES TAKE PLACE.**

County Commissioners of Calvert County, Maryland  
Pledged-Revenue Coverage  
Last Ten Fiscal Years  
(Unaudited)  
Schedule 12

Fiscal Year	State Office Building			Shore Erosion Bonds			Waterway Improvement Bonds					
	State Office Building Receipts	Debt Service Principal	Debt Service Interest	Coverage	Shore Erosion Billed	Debt Service Principal	Debt Service Interest	Coverage	Waterway Improvement Billed	Debt Service Principal	Debt Service Interest	Coverage
2007	629,261	520,000	109,262	1.00	30,446	23,322	-	1.31	-	-	-	0.00
2006	634,509	505,000	129,509	1.00	30,446	23,322	-	1.31	6,837	6,676	-	1.02
2005	633,814	485,000	148,814	1.00	30,446	23,322	-	1.31	6,837	8,122	-	0.84
2004	632,106	465,000	167,106	1.00	27,012	19,922	-	1.36	6,837	8,122	-	0.84
2003	634,266	450,000	184,266	1.00	27,012	19,922	-	1.36	6,837	8,122	-	0.84
2002	634,089	435,000	200,421	1.00	27,012	19,927	-	1.36	6,837	8,122	-	0.84
2001	635,496	420,000	215,496	1.00	25,713	18,636	-	1.38	6,837	8,122	-	0.84
2000	754,898	475,000	279,898	1.00	25,713	18,636	-	1.38	6,837	8,122	-	0.84
1999	-	-	-	0.00	21,526	18,636	-	1.16	6,837	8,122	-	0.84
1998	-	-	-	0.00	21,526	18,636	-	1.16	-	8,122	-	0.00

County Commissioners of Calvert County, Maryland  
Demographic and Economic Statistics  
Last Ten Fiscal Years  
(Unaudited)  
Schedule 13

Fiscal Year	Personal			Civilian		Unemployment Rate Percent (3)	Public School Enrollment (4)
	Population (1)	Income (\$ thousands)(2)	Per Capita Income (2)	Labor Force (3)			
1997	69,400	1,884,890	26,450	35,426		3.70%	13,361
1998	70,280	1,984,896	26,979	35,950		3.60%	13,899
1999	72,640	2,117,423	28,209	37,721		2.60%	14,298
2000	74,563	2,352,217	30,364	38,894		2.60%	14,823
2001	76,200	2,513,986	31,091	39,411		2.50%	15,791
2002	78,800	2,674,927	32,055	40,188		2.70%	16,371
2003	81,900	2,834,014	32,950	41,365		3.00%	16,745
2004	84,000	3,051,852	34,465	42,339		2.80%	16,904
2005	85,200	3,270,323	35,990	45,503		3.40%	16,842
2006	87,000	N/A	N/A	47,085		3.50%	17,113
2007	88,000	N/A	N/A	47,448		3.60%	17,468

- (1) Source: Calvert County Department of Planning and Zoning.  
(2) Source: Maryland Department of Planning , Planning data Sources from U.S. Bureau of Economic Analysis.  
(3) Source: U.S. Department of Labor Bureau of Labor Statistics.  
(4) Source: Calvert County Public Schools Financial Statements.

County Commissioners of Calvert County, Maryland  
Principal Employers  
Current Year and Nine Years ago  
(Unaudited)  
Schedule 14

Employer	Fiscal Year 2007			Fiscal Year 1998		
	Employees	Rank	Percentage of Total County Employment	Employees	Rank	Percentage of Total County Employment
Calvert County Board of Education	2,456	1	5.37%	1500	1	4.24%
Calvert Memorial Hospital	1,040	2	2.27%	700	4	1.98%
Calvert County Government	975	3	2.13%	750	3	1.92%
Constellation Energy Group (1)	800	4	1.75%			
ARC of Southern Maryland	344	5	0.75%			
Wal-Mart	305	6	0.67%	260	5	0.71%
Safeway	302	7	0.66%			
DynCorp	277	8	0.61%			
Recorded Books	251	9	0.55%			
DM Group	250	10	0.55%			
Calvert Nursing Center				170	7	1.92%
Baltimore Gas and Electric (1)				1450	2	3.98%
Chesapeake Biological Laboratory				140	10	0.38%
Direct Mail Mgmt., Inc				160	8	0.44%
DynCorp				210	6	0.58%
Giant Food				150	9	0.41%

Source: Calvert County Department of Economic Development

(1) Employees of Calvert Cliffs Nuclear Power Plant - Corporate owner was Baltimore Gas and Electric (1997), and is now Constellation Energy Group.

County Commissioners of Calvert County, Maryland  
 Full-time Calvert County Employees by Function  
 Last Three Fiscal Years  
 (Unaudited)  
 Schedule 15

<b>Function:</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>
<b>General Government</b>				
Commissioners	8	7	7	7
Circuit court	7	10	10	11
Clerk of the Commissioners	1	1	1	1
County Administration	3	2	2	3
County Attorney	3	3	3	4
Treasurers	6	6	6	7
Election	8	8	9	9
Finance	21	20	22	23
General Services	2	2	2	2
Buildings and grounds	24	26	28	26
Orphans court	3	3	3	3
Personnel	5	5	6	8
States Attorney	18	18	18	19
Technology Services	15	17	17	18
<b>Public Safety</b>				
Transportation	1	1	2	3
Mosquito control	1	1	1	1
Public safety	2	2	2	2
Control Center	25	25	29	2
Emergency Management	2	2	2	3
Fire/Rescue	3	3	4	4
Inspections/Permits	13	13	13	13
Animal Control	4	5	5	5
Detention Center	64	64	65	65
Sheriffs Office	100	105	115	119
Liquor board	3	3	3	3
<b>Public Works</b>	14	14	14	15
Planning commission	1	1	1	2
Project Management	8	8	8	8
Fleet Maintenance	7	7	8	9
Highway Maintenance	33	33	33	33
<b>Social Services</b>				
Community Resources	4	4	4	5
Office on Aging	23	23	23	24
<b>Recreation</b>				
Marine Museum	35	36	36	37
Railway Museum	1	1	1	2
Recreation Programs	57	59	62	68
<b>Conservation of Natural Resources</b>	8	8	9	9
Soil Conservation	4	4	4	4
<b>Urban Development</b>				
Planning and Zoning	19	21	21	26
Economic Development	10	8	9	10
<b>Water and Sewer</b>	30	30	30	30
<b>Solid Waste</b>	34	32	33	37
<b>Total</b>	<b>630</b>	<b>641</b>	<b>671</b>	<b>677</b>

Source: Calvert County adopted Operating and Capital Budget Fiscal Years 2006 and 2007.

County Commissioners of Calvert County, Maryland  
 Operating Indicators by Function  
 Last Ten Fiscal Years  
 (Unaudited)  
 Schedule 16

Function:	1999 Actual	2000 Actual	2001 Actual	2002 Actual	2003 Actual	2004 Actual	2005 Actual	2006 Actual	2007 (1) Projected
<b>General Government</b>									
Circuit court									
Case Transactions	-	5,891	5,523	6,912	5,927	6,680	7,007	9,763	12,025
Treasurers									
Credit Card dollars collected	-	-	-	5,702	55,692	146,477	182,444	300,051	347,600
Credit card transactions	-	-	-	5	58	139	168	287	316
Real Estate Tax bills	-	-	-	-	-	39,765	40,468	40,988	41,267
Water & Sewer Payments	-	-	-	-	-	16,200	18,400	N/A	N/A
Finance									
Purchase orders Processed	-	-	-	5,771	5,916	5,632	5,641	6,705	7,912
Accounts Payable checks	-	-	-	15,038	15,374	15,949	15,493	15,015	16,606
Average number of employees per pay	-	-	-	800	860	906	930	936	960
Fixed Assets Maintained	-	-	-	12,072	12,491	13,326	14,551	15,364	16,132
Health Care benefits managed	-	-	-	650	667	692	717	738	770
<b>Public Safety</b>									
Transportation									
Yearly rider ship	95,460	105,686	112,255	112,672	108,094	107,753	113,354	132,648	136,627
Control Center									
Number of incidents handled	55,974	-	-	-	106,560	-	117,936	130,478	123,047
Fire/Rescue									
Total calls responded	14000	14,500	15,000	16,000	16,100	16,500	16,900	17,560	18,086
Inspections/Permits									
Building permits issued	-	-	-	-	2,410	2,430	2,425	2,504	2,470
Grading Permits Issued	-	-	-	-	1,256	1,053	855	820	742
Electrical Permits issued	-	-	-	-	2,298	2,007	2,424	2,438	2,129
Plumbing permits issued	-	-	-	-	1,746	1,625	1,667	1,279	974
Animal Control									
Calls for service	-	4,880	4,841	4,325	4,955	5,103	5,354	7,377	NA
Detention Center									
Average Daily Population	-	-	148	168	181	212	227	212	237
Work release (adp)	-	-	52	62	69	74	73	68	75
Sheriffs Office									
Calls for service	31726	33,342	36,820	38,849	49,148	54,789	71,959	65,454	71,344
Murder cases	-	1	1	-	2	1	N/A	N/A	N/A
Rape cases	-	7	15	16	7	8	N/A	N/A	N/A
Robbery cases	-	12	18	14	15	10	N/A	N/A	N/A
Aggravated Assault cases	-	195	164	221	177	120	N/A	N/A	N/A
Theft cases	-	667	712	622	753	677	N/A	N/A	N/A
Auto theft cases	-	55	48	56	69	62	N/A	N/A	N/A
<b>Public Works</b>									
Major and Minor Subdivisions	-	-	-	-	1,073	989	1,040	205	212
Road plans	-	-	-	-	48	67	120	32	10
Project Management									
Miles of roadway resurfaced	-	-	-	20	20	17	13	11	18
Fleet Maintenance									
Work orders	-	-	-	-	2,350	2,500	2,600	2,226	2,250
Recreation									
Public Library									
Circulation of materials	544,807	601,640	670,640	707,703	808,178	879,152	930,098	920,727	962,246
Railway Museum									
Outreach participants	-	-	-	-	-	3,300	3,924	3,621	3,900
<b>Urban Development</b>									
Planning and zoning									
Major and Minor Subdivisions	-	-	-	49	60	49	47	47	63
<b>Water and Sewer</b>									
Number of customers								4,943	4,993

Source: Calvert County Adopted Operating and Capital Budget Fiscal Year 2007.

record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the County Commissioners of Calvert County, Maryland's financial statements that is more than inconsequential will not be prevented or detected by the County Commissioners of Calvert County, Maryland's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the County Commissioners of Calvert County, Maryland's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

#### Compliance and Other Matters

As part of obtaining reasonable assurance about whether the County Commissioners of Calvert County, Maryland's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the County Commissioners of Calvert County, Maryland and management, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

*Murphy et Murphy, CPA, LLC*

Clinton, Maryland  
October 12, 2007

County Commissioners of Calvert County, Maryland  
 Capital Asset Statistics by function  
 Last Three Fiscal Years  
 (Unaudited)  
 Schedule 17

<b>Function:</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>
<b>Public Safety</b>			
Police:			
Stations	1	1	1
Patrol Units	89	115	115
Fire Protection			
Fire Stations	7	7	7
Pumpers	12	12	12
Ambulances	15	15	15
Rescue Trucks	6	6	6
Aerial Trucks/towers	3	3	3
Brush Units	12	12	12
Tankers	5	5	5
Jet skis	2	2	2
Dive rescue van	1	1	1
Fire-rescue boats	3	3	3
Mass casualty unit/trailer	1	1	1
Inflatable boats	6	6	6
Paramedic units	5	5	5
Air Cascade Unit	0	0	1
Other utility type	24	24	24
<b>Public Works</b>			
Transportation			
Passenger buses	17	17	18
County owned streets in miles	435	460	460
<b>Recreation</b>			
Baseball fields	20	20	20
Football fields	7	7	7
Basketball courts	6	6	6
Tennis courts	10	10	10
Pools	1	2	2
Playgrounds and parks in acres	360	360	360
<b>Water and Sewer</b>			
Water mains in miles	3	3	3
Water treatment plants	22	22	22
Storage tanks	14	14	14
Sewer lines and storm drains in miles	1	1	1
Sewer treatment plants	7	7	7
Sewer pumping stations	27	27	27

Source: Various county departments.