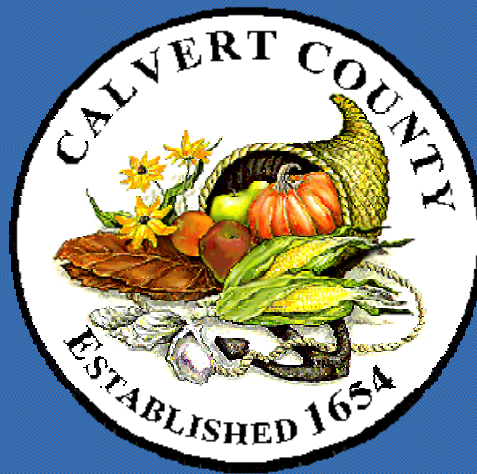


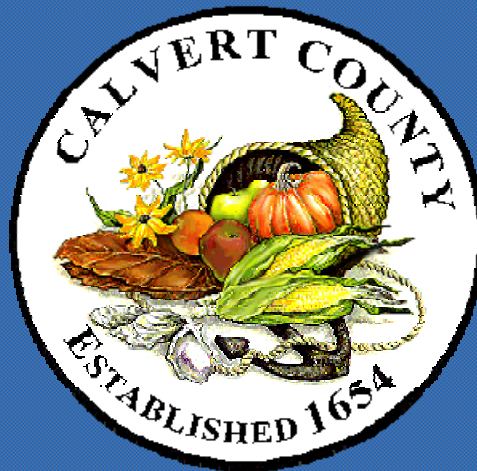
Calvert County Maryland



Comprehensive Annual Financial Report

For the fiscal year ended
June 30, 2008

Calvert County Maryland



Comprehensive Annual Financial Report

For the fiscal year ended June 30, 2008

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

COUNTY COMMISSIONERS OF CALVERT COUNTY, MARYLAND

June 30, 2008

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June 30, 2008

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COUNTY COMMISSIONERS OF CALVERT COUNTY, MARYLAND

June 30, 2008

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INTRODUCTORY SECTION





CALVERT COUNTY GOVERNMENT

Board of County Commissioners
Wilson H. Parran, President
Gerald "Jerry" W. Clark, Vice President
Linda L. Kelley, Commissioner
Susan Shaw, Commissioner
Barbara A. Stinnett, Commissioner

November 26, 2008

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, 2008, 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, 2008 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.

Calvert County occupies 213 square miles, has 143 miles of shoreline, and serves a population of 88,000. It is the smallest county in Southern Maryland. Despite recent 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 75 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 provided 81 % of the revenue for the General Fund of the Calvert County Government and have shown steady growth over the last ten years. Both of the growth rates are expected to flatten in the near term because of current economic conditions.

Property tax, the largest revenue source, represented 51 % of the total final budgeted revenue for fiscal year 2008. Property assessments have increased over the last ten fiscal years, 1999 to 2008, by 107 %. The property tax revenue increased during that same time by 81 %. Both the increases in the assessments and property tax revenue continue to be affected by the decrease in public utility tax of 31 % that took place in fiscal years 2000 and 2002 due to tax reform related to electric deregulation. The property tax revenue increase in fiscal year 2008 was 12%, 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 market value of homes and the number of new housing starts. The market value of owner occupied homes in the County had been rising steadily over several years, until fiscal year 2008. According to the Metropolitan Regional Information Systems, Inc., the median sale price of a house in the County in calendar year 2007 was \$400,009. The average of the median sales price for the first 6 months of calendar year 2008 was \$328,647. This is an 18% decrease. If and most likely when this decline in sales prices is reflected in the assessment data, the decrease is not expected to have an immediate impact on property tax revenue. The primary reasons for this are the triennial assessment schedule and the 10% homestead credit cap. The number of residential building permits issued in fiscal year 2008 was 234, a decrease of 29% or 95 permits from the prior fiscal year.

The income tax base, like the property tax base, has shown steady growth over the last ten years. Income tax revenue, at 30 % of the total final budgeted revenue for fiscal year 2008, is directly affected by personal income levels, employment levels, and population growth. Over the period of 1990 through 2000, growth in the County's population of 45% contributed to a labor force growth rate of 40%. The County's employment has increased by approximately 50%, well ahead of the State's 10% growth rate. In June 2007, the median household income for Calvert County was \$82,765, an increase of more than 6 % from 2006. With increasing national unemployment levels and significant pressures on wage increases, growth in income tax revenue is expected to be level.

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 2008 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 5.5 % increase in funding for the Board of Education operating costs. Within the Capital Improvements Program Budget for FISCAL YEAR 2008, 52 % was dedicated to new school construction, additions, renovations, and the maintenance of existing facilities. The primary focus was on constructing Barstow Elementary, Calvert County's 13th elementary school. Public Works comprised of 31 %, with Transportation comprising of 20 % with the primary road projects being the Prince Frederick Loop Road and the Southern Connector Road. Utilities comprised 11 %, with the primary projects being Chesapeake Beach WWTP and Prince Frederick Tower and Well. Over 9 % was 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 % 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 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 2008, were Aa2 from Moody's Investors

Service, Inc., AA+ from Standard & Poor's, and AA+ from Fitch Ratings. The Standard & Poor's rating was upgraded from an AA in the prior year.

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 2008 data, the County's current ratios are as follows: debt to assessed value is 1.1%, debt service to general fund revenue is 7.23%, and debt per capita is \$1,444.

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, 2007. 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 eighth GFOA Award for Distinguished Budget Presentation for its annual appropriated budget dated July 1, 2008 to June 30, 2009. 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, 2007

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



Oliver S. Cox

President

Jeffrey R. Emer

Executive Director

COUNTY COMMISSIONERS OF CALVERT COUNTY

CERTAIN ELECTED OFFICIALS

Wilson H. Parran
President, Board of County Commissioners

Gerald W. Clark
Vice President, Board of County Commissioners

Linda L. Kelley
Commissioner

Susan Shaw
Commissioner

Barbara A. Stinnett
Commissioner

Novalea Tracy-Soper
Treasurer

CERTAIN APPOINTED OFFICIALS

A. Douglas Parran
County Administrator

Terry L. Shannon
Director of Finance and Budget

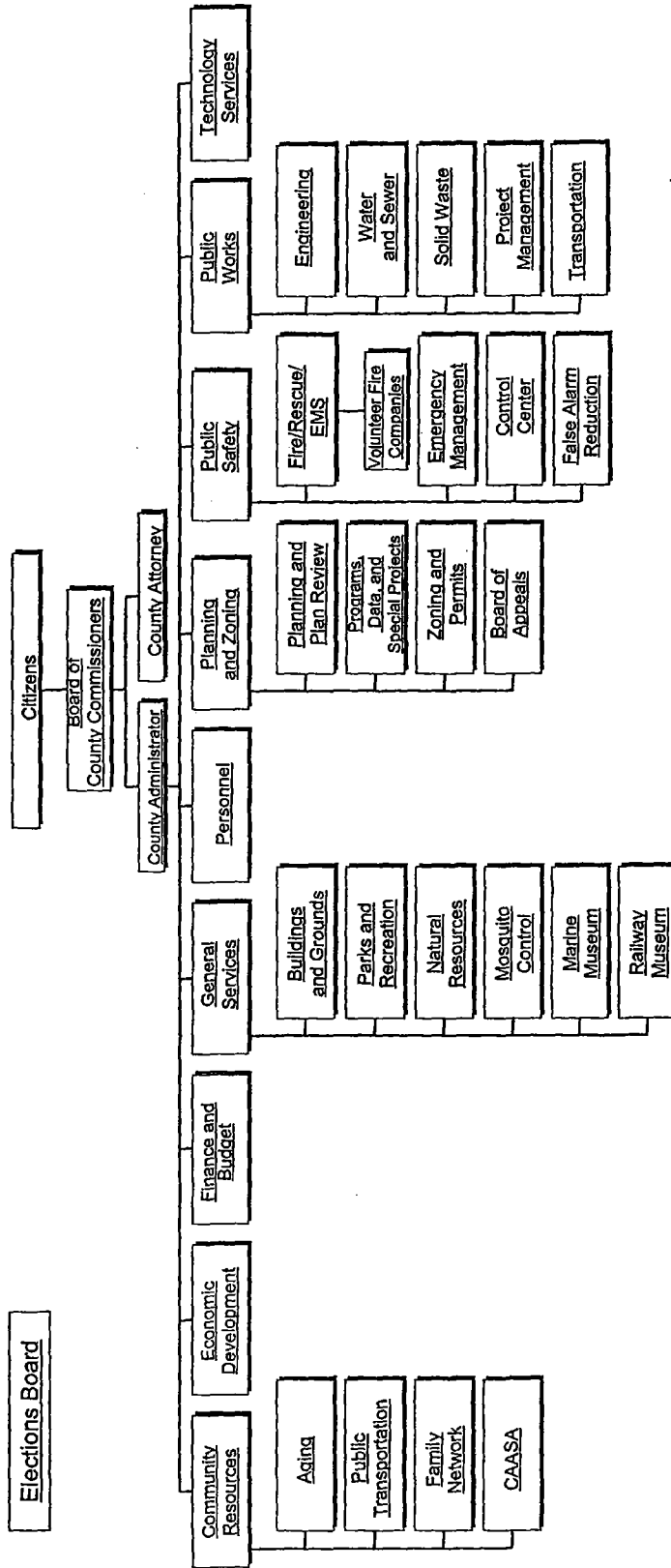
Greg Bowen
Director of Planning and Zoning

Linda Vassallo
Director of Economic Development

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

ORGANIZATIONAL CHART

Calvert County Government
175 Main Street, Prince Frederick, MD 20678
410-535-1600
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, 2008, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the County 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 33 percent of the assets and 48 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, insofar as they relate to the amounts included for the Calvert County Board of Education, are based 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 the 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, 2008, 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.

As discussed in Note 1 to the financial statements, the County adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, in 2008.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 25, 2008, 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 important for assessing the results of our audit.

The management's discussion and analysis and budgetary comparison information on pages 3 through 14 and 75, 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 of Murphy, CPA, LLC

Clinton, Maryland
November 25, 2008

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, 2008. 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 \$221.7 million (*net assets*). Approximately 15.5 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, \$72.5 million (*unrestricted net assets*) may be used to meet ongoing obligations to citizens and creditors (the \$78.5 million of the Governmental Activities' unrestricted net assets are reduced by \$6.0 million, attributable to the business-type activities), \$13.5 million is restricted for specific purposes (*restricted net assets*), and \$135.7 million is invested in capital assets, net of related debt. Included as restricted cash is \$41.6 million of which \$36.0 million represents bond proceeds, which, the majority will be used 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 \$12.8 million; a \$12.2 million increase was related to the governmental activities and an increase of \$0.6 million was related to the business type activities. The increase in governmental assets of \$12.2 million is in large part due to the increase in investment in capital assets, net of related debt.
- As of June 30, 2008, the County's governmental funds reported combined fund balances of \$140.1 million, an increase of \$13.9 million in comparison with the prior year. Approximately 85 percent of this total amount, \$119.8 million, is available to meet the County's current and future needs (*unreserved fund balance*). Of the total unreserved fund balance, \$90.0 million (prior year, \$84.6 million) has been dedicated for certain purposes, including, \$17.7 million to protect the County's good bond credit rating, \$51.5 million for approved capital projects, \$3.5 million for employee leave obligations payouts, \$4.4 million for purposes within special revenue funds and \$12.9 million for *Other Post Employment Benefits (GASB 45)*.
- The proprietary funds operating revenue decreased by \$286,092 or 1.8 percent.
- At the close of the current fiscal year, unreserved fund balance for the General Fund (primary operating fund) was \$55.6 million, or 27.1 percent of total General

Fund budgetary expenditures and other financing uses. Designated fund balance of the General Fund was \$37.9 million, or 68 percent of unreserved fund balance.

- Calvert County Government issued new general obligation bonds of \$22.3 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 15 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, 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 75 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 74 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 76 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 \$221.7 million (prior year, \$208.9 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 61 percent (prior year, 62 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 6.0 percent (6.5 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 \$72.5 million (prior year, \$65.5 million) 33 percent (prior year, 31 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 -\$6.0 million (prior year, -\$3.5 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		
	2008	2007	Difference	2008	2007	Difference	2008	2007	Difference
Current and other assets	\$ 205,334,601	\$ 188,987,270	\$ 16,347,331	\$ 3,326,074	\$ 4,146,842	\$ (820,768)	\$ 208,660,675	\$ 193,134,112	\$ 15,526,563
Capital assets	162,313,311	145,688,780	16,624,531	46,146,750	45,548,104	598,646	208,460,061	191,236,884	17,223,177
Total assets	367,647,912	334,676,050	32,971,862	49,472,824	49,694,946	(222,122)	417,120,736	384,370,996	32,749,740
Long-term liabilities	123,022,059	109,139,145	13,882,914	11,621,211	12,739,195	(1,117,984)	134,643,270	121,878,340	12,764,930
Other liabilities	57,377,287	50,510,318	6,866,969	3,420,467	3,124,286	296,181	60,797,754	53,634,604	7,163,150
Total liabilities	180,399,346	159,649,463	20,749,883	15,041,678	15,863,481	(821,803)	195,441,024	175,512,944	19,928,080
Net assets:									
Invested in capital assets,									
Net of related debt	100,994,016	96,731,172	4,262,844	34,722,581	32,980,825	1,741,756	135,716,597	129,711,997	6,004,600
Restricted	7,763,481	9,246,067	(1,482,586)	5,674,336	4,386,023	1,288,313	13,437,817	13,632,090	(194,273)
Unrestricted	78,491,069	69,049,348	9,441,721	(5,965,771)	(3,535,383)	(2,430,388)	72,525,298	65,513,965	7,011,333
Total net assets	\$ 187,248,566	\$ 175,026,587	\$ 12,221,979	\$ 34,431,146	\$ 33,831,465	\$ 599,681	\$ 221,679,712	\$ 208,858,052	\$ 12,821,660

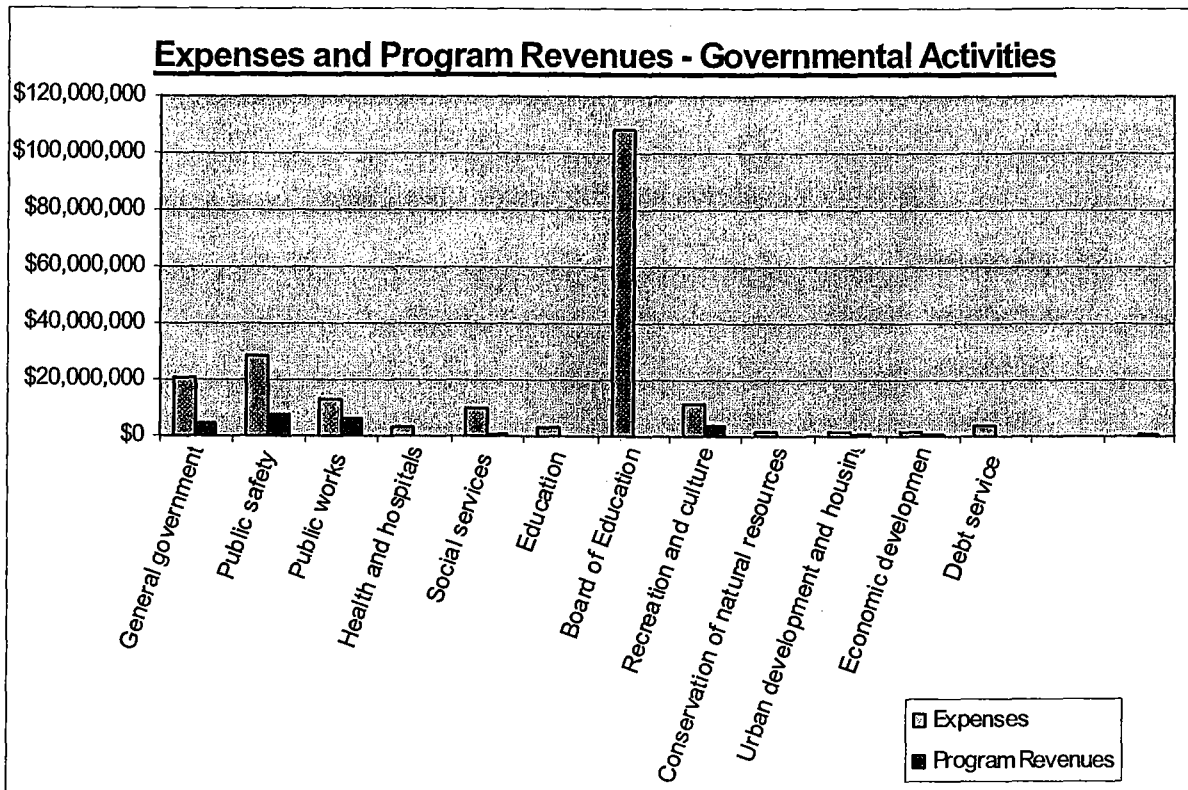
Governmental activities: Net assets of the Governmental activities increased by \$12,221,979 (prior year, an increase of \$22,760,704), accounting for the overall increase in the net assets of the Government. This increase is primarily due to \$16.6 million increased investment in capital assets net of depreciation offset in part by the recognition of the net pension and other post employment benefit obligations of the County.

Business-type activities: Business-type activities increased Calvert County Government's net assets by \$.6 million (prior year, an increase of \$.3 million). The Solid Waste and Recycling Fund had an increase in net assets of \$704,109. The Water and Sewer Fund and the Calvert Marine Museum net assets decreased by \$1,485 and \$102,943, respectively.

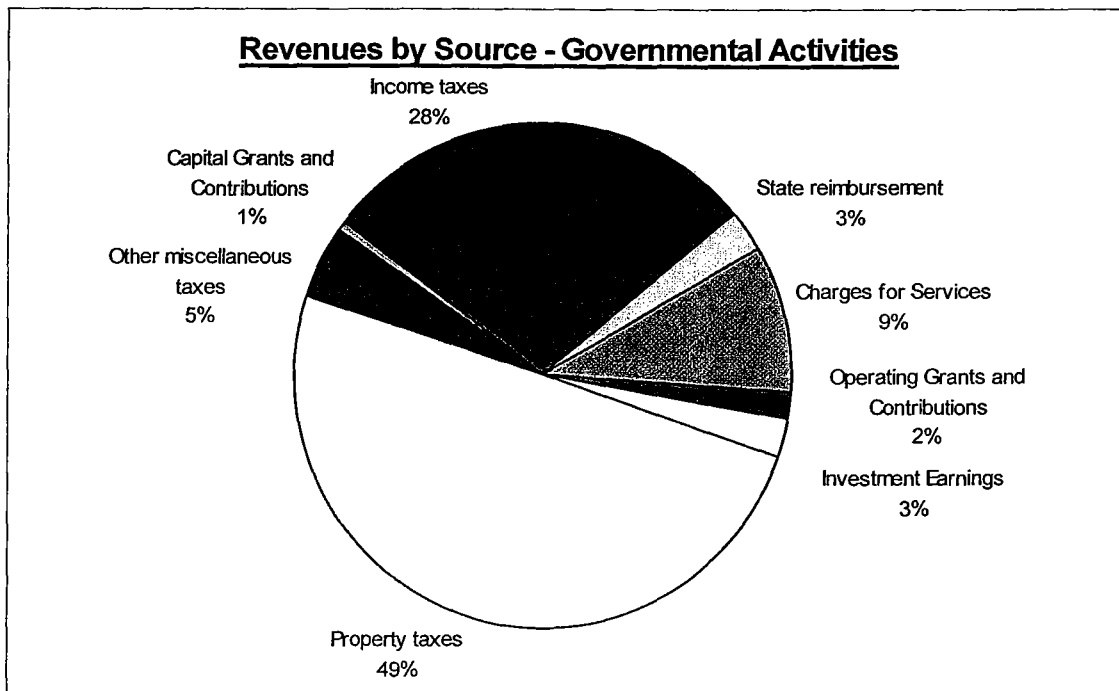
The following charts reflect the Revenues and Program expenses for the Governmental and the Business-type Activities and the changes in net assets for the year ended June 30:

	Governmental Activities			Business-type			Total		
	2008	2007	Difference	2008	2007	Difference	2008	2007	Difference
Revenues									
Program revenues:									
Charges for services	\$ 21,166,420	\$ 21,273,631	\$ (107,211)	\$ 17,437,807	\$ 17,536,408	\$ (98,601)	\$ 38,604,227	\$ 38,810,039	\$ (205,812)
Operating grants and Contributions	3,702,580	3,747,924	(45,344)	531,126	330,864	200,262	4,233,706	4,078,788	154,918
Capital grants and Contributions	1,356,301	1,707,441	(351,140)	24,849	86,900	(62,051)	1,381,150	1,794,341	(413,191)
General revenues:									
Property taxes	109,907,718	98,994,236	10,913,482	-	-	-	109,907,718	98,994,236	10,913,482
Income taxes	63,477,715	61,886,520	1,591,195	-	-	-	63,477,715	61,886,520	1,591,195
Other taxes	10,560,542	13,514,553	(2,954,011)	-	-	-	10,560,542	13,514,553	(2,954,011)
State reimbursement	5,897,437	6,096,574	(199,137)	-	-	-	5,897,437	6,096,574	(199,137)
Investment earnings	5,581,211	5,665,867	(84,656)	343,249	516,646	(173,397)	5,924,460	6,182,513	(258,053)
Transfers	(2,832,139)	(2,491,052)	(341,087)	2,832,139	2,491,052	341,087	-	-	-
Total revenues	218,817,785	210,395,694	8,422,091	21,169,170	20,961,870	207,300	239,986,955	231,357,564	8,629,391
Program Expenses									
General government	21,118,928	19,378,201	1,740,727	-	-	-	21,118,928	19,378,201	1,740,727
Public safety	28,440,488	25,832,813	2,607,675	-	-	-	28,440,488	25,832,813	2,607,675
Public works	12,747,610	16,294,562	(3,546,952)	-	-	-	12,747,610	16,294,562	(3,546,952)
Health and hospitals	3,059,513	3,091,069	(31,556)	-	-	-	3,059,513	3,091,069	(31,556)
Social services	9,674,760	9,205,328	469,432	-	-	-	9,674,760	9,205,328	469,432
Education	3,048,939	2,991,382	57,557	-	-	-	3,048,939	2,991,382	57,557
Board of education	108,689,460	90,378,744	18,310,716	-	-	-	108,689,460	90,378,744	18,310,716
Recreation and culture	11,230,664	10,608,677	621,987	-	-	-	11,230,664	10,608,677	621,987
Conservation of nat. rsrcs.	1,816,478	1,422,798	393,680	-	-	-	1,816,478	1,422,798	393,680
Urban development and housing	1,378,660	1,326,831	51,829	-	-	-	1,378,660	1,326,831	51,829
Economic development	1,209,545	1,430,435	(220,890)	-	-	-	1,209,545	1,430,435	(220,890)
Miscellaneous	-	-	-	-	-	-	-	-	-
Capital projects	-	2,034,100	(2,034,100)	-	-	-	-	2,034,100	(2,034,100)
Debt Service	4,180,761	3,640,050	540,711	-	-	-	4,180,761	3,640,050	540,711
Water and sewer	-	-	-	6,063,824	5,782,763	281,061	6,063,824	5,782,763	281,061
Solid waste	-	-	-	11,110,091	11,588,833	(478,742)	11,110,091	11,588,833	(478,742)
Culture	-	-	-	3,395,574	3,298,655	96,919	3,395,574	3,298,655	96,919
Total expenses	206,595,806	187,634,990	18,960,816	20,569,489	20,670,251	(100,762)	227,165,295	208,305,241	18,860,054
Increase (decrease) in net assets	12,221,979	22,760,704	(10,538,725)	599,681	291,619	308,062	12,821,660	23,052,323	(10,230,663)
Assets									
Net assets - beginning	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
Net assets - ending	\$ 187,248,566	\$ 175,026,587	\$ 12,221,979	\$ 34,431,146	\$ 33,831,465	\$ 599,681	\$ 221,679,712	\$ 208,858,052	\$ 12,821,660

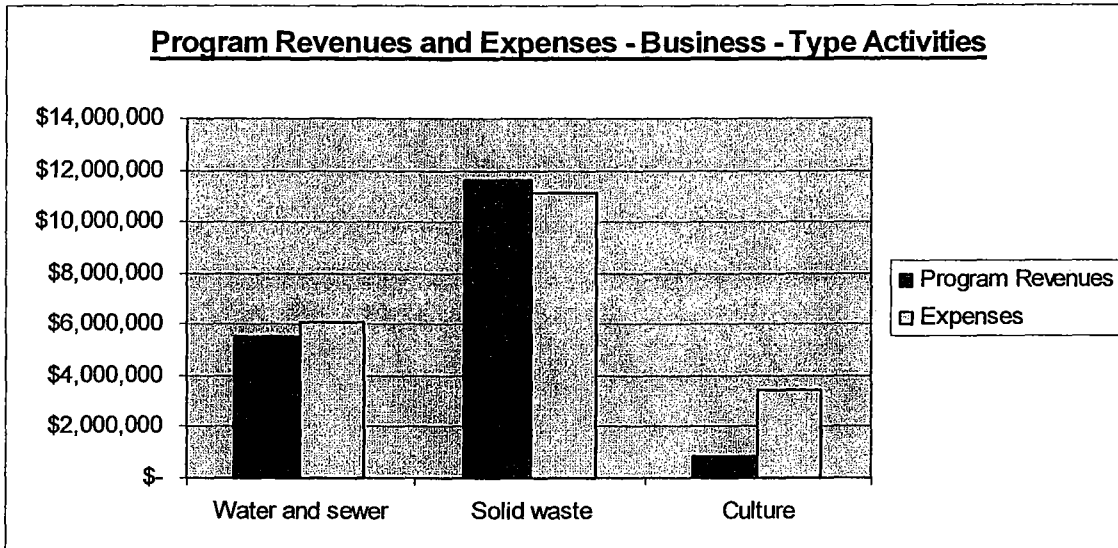
This chart matches governmental revenues and expenses by function:



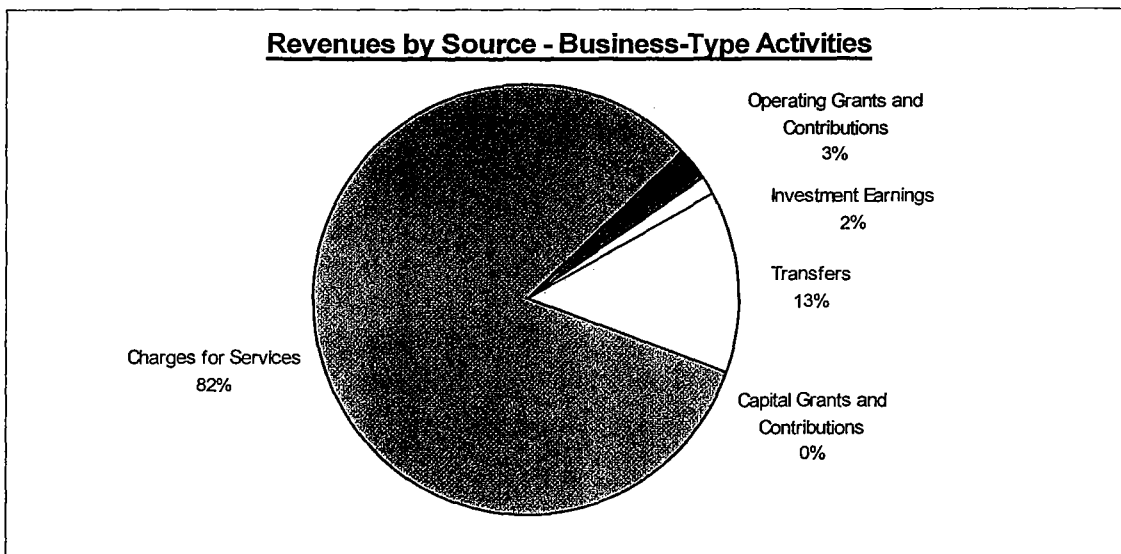
This chart reports governmental revenue sources:



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 \$140.1 million (prior year, \$126.2 million), an increase of \$13.9 million in comparison with the prior year increase of \$19.1 million. Approximately 85 percent (prior year, 93 percent) of this amount, \$119.8 million (prior year, \$116.9 million) constitutes *unreserved fund balance*, which is available for spending at the government's discretion. It should be noted that \$93.8 million (prior year, \$83.2 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 14 percent (prior year, 7.3 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 \$55.6 million (prior year, \$54.2 million), while total fund balance was \$68.2 million (prior year, \$63.4 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 27.1 percent of total General Fund budgetary expenditures and other financing sources (prior year, 27.9 percent), while total fund balance represents 33.3 percent (prior year, 32.7 percent) of that same amount.

The fund balance of Calvert County Government's General Fund increased by \$4.8 million (prior year increase of \$1.5 million). Due to strong receipts in corporate property tax as well as savings on expenditures, the county realized a budgetary surplus of \$1,970,768.

The Capital Project Fund has a total fund balance of \$51.5 million (prior year, \$45.6 million) of which the entire balance is unreserved, but designated for future capital project expenditures. Unspent bond proceeds of \$36.0 million make up 70.0 percent of the unreserved fund balance (prior year, \$28.8 million, 63.2 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 \$.6 million (prior

year, increase of \$.3 million). At the end of the year, unrestricted net assets of the Water and Sewer Fund amounted to a negative \$8.4 million (prior year, -\$5.5 million), and the Solid Waste and Recycling Fund amounted to \$2.0 million (prior year, \$1.6 million). The Calvert Marine Museum ended the year with \$3.9 million of total net assets (prior year, \$4.0 million).

General Fund Budgetary Highlights

The final budget for the General Fund was increased by \$2,072,388 over the original budget (prior year, \$7,255,848). Of this total, \$560,000 was appropriated from reserves to replenish the debt service reserve related to the Maryland Economic Development Corporation Bonds. This guarantee expired May 30, 2008. The County had also received a health insurance reimbursement in the amount of \$941,695, which was appropriated for two purposes: as a refund to employees in the amount of \$180,000 and as an additional contribution to OPEB in the amount of \$761,695. Additionally, \$273,000 of additional appropriations was necessary to cover a fuel cost budget shortage which was funded in part from reserves and the remainder from current sources. The remaining increases in appropriations were for various general operations, such as overtime for the Sheriff's Department, and were funded from various revenue sources. Overall expenditures were less than budgetary estimates by \$3.1 million and revenues were \$1.1 million less than budgetary estimates, resulting in a surplus of \$2 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, 2008, amounts to \$208.5 million (prior year, \$191.2 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 9.0 percent (prior year, 13.4 percent), a 11.4 percent increase for governmental activities (19.2 percent, prior year) and a 1.3 percent increase (prior year, 1.6 percent decrease) for business-type activities.

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

	Governmental Activities		Business-type Activities		Total	
	2008	2007	2008	2007	2008	2007
Land	\$ 23,593,616	\$ 24,052,150	\$ 3,074,352	\$ 3,074,352	\$ 26,667,968	\$ 27,126,502
Land development rights	10,413,705	7,961,655	-	-	10,413,705	7,961,655
Construction in progress	37,496,180	28,444,807	1,351,294	590,228	38,847,474	29,035,035
Buildings	23,551,287	24,090,872	1,273,759	1,773,779	24,825,046	25,864,651
Improvements	17,094,013	15,070,114	33,492,754	35,192,754	50,586,767	50,262,868
Machinery and equipment	12,329,262	10,069,150	6,954,591	4,916,991	19,283,853	14,986,141
Infrastructure	37,835,248	36,000,032	-	-	37,835,248	36,000,032
Total	<u>\$ 162,313,311</u>	<u>\$ 145,688,780</u>	<u>\$ 46,146,750</u>	<u>\$ 45,548,104</u>	<u>\$ 208,460,061</u>	<u>\$ 191,236,884</u>

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

- Continued development of an enhanced Public Safety System is in progress, with a cumulative cost of \$2.6m.
- Completion of a GIS System with a cumulative cost of \$2.1m.
- Construction of the Prince Frederick Aquatic Center is in progress, with a cumulative cost of \$4.6m.
- Construction of the Southern Connector Road is in progress with a cumulative cost of \$16.8m.
- An additional \$2.5m in land development rights were purchased.
- Completion of the conversion of an old library to new office space for \$1.4m
- The addition of \$3.8m 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 \$129.5 million (prior year, \$118.3 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, \$11.2 million (prior year, \$12.3 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 \$10.4 million (prior year, \$8 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	
	2008	2007	2008	2007	2008	2007
General Obligation Debt	\$ 118,294,975	\$ 106,025,846	\$ 11,194,282	\$ 12,305,584	\$ 129,489,257	\$ 118,331,430
The Land Preservation Program	10,413,705	7,961,655	-	-	10,413,705	7,961,655
Total Bonded Debt	\$ 128,708,680	\$ 113,987,501	\$ 11,194,282	\$ 12,305,584	\$ 139,902,962	\$ 126,293,085

Calvert County Government's total general obligation bonded debt increased by \$13.6 million (prior year, an increase of \$20.4 million), or 10.8 percent during the current fiscal year (prior year, an increase of 19.3 percent).

In April 2008, the Calvert County Government had its credit rating upgraded by Standard & Poor's from an "AA" rating to an "AA+" rating. The other rating agencies, Fitch Ratings and Moody's Investors Service, Inc., reaffirmed their current ratings of "AA+" and "Aa2" 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 1.1% debt to assessed value, \$1,444 debt per capita, and 7.23% 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 2009's Budgets and Rates

- Total personal income of County residents exceeded \$3.43 billion during calendar year 2006 (\$3.27 billion in 2005), an increase of 4.9%. The increase was 7.2% from calendar year 2004 to 2005. Increased levels of personal income were a factor in developing budgeted tax revenue estimates for fiscal year 2009.
- 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%.
- Based on preliminary information, increases in assessed real estate values have ceased. Forecasted future revenues reflect this trend.
- 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 2009 fiscal year.

During the current fiscal year, total fund balance in the General Fund increased to \$68.2 million (compared to \$63.4 million in the prior year). Calvert County Government has adopted a balanced budget for fiscal year 2009. Since the beginning of fiscal year 2009 the County has appropriated \$3.7 million planned use of fund balance for the purchase of the Chesapeake Hills Golf Course.

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, 2008

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COUNTY COMMISSIONERS OF CALVERT COUNTY, MARYLAND

**STATEMENT OF NET ASSETS
JUNE 30, 2008**

	Primary Government			Component Units	
	Governmental Activities	Business- Type Activities	Total	Board of Education	Economic Development Authority
Cash, cash equivalents and investments	\$ 118,953,529	\$ 478,942	\$ 119,432,471	\$ 11,648,016	\$ 1,722,256
Receivables					
Taxes	4,858,081	-	4,858,081	-	-
Special assessments	1,252,944	-	1,252,944	-	-
Accounts	32,216,548	2,137,538	34,354,086	-	-
Notes	5,528,787	325,041	5,853,828	-	1,312,072
Accrued interest	427,646	16,146	443,792	-	168,794
Other	-	-	-	290,921	-
Due from primary government	-	-	-	13,886,244	68,062
Internal balances	5,487,175	(5,487,175)	-	-	-
Due from other governments	64,502	-	64,502	7,080,584	-
Deferred expenses	-	71,216	71,216	-	-
Prepaid costs	-	-	-	-	-
Inventory	251,209	110,030	361,239	41,256	-
Net pension asset	320,379	-	320,379	-	-
Restricted assets					
Cash	35,973,801	5,674,336	41,648,137	-	-
Capital assets not being depreciated	71,503,501	4,425,646	75,929,147	27,043,610	22,191
Depreciable capital assets - net	90,809,810	41,721,104	132,530,914	148,615,729	-
Total assets	367,647,912	49,472,824	417,120,736	208,606,360	3,293,375
Liabilities					
Accounts payable	4,505,936	665,738	5,171,674	20,041,218	-
Notes payable	283,400	-	283,400	-	-
Accrued liabilities	9,072,960	917,715	9,990,675	-	-
Due to other governments	4,761,397	-	4,761,397	1,174,078	-
Due to component units	14,186,343	-	14,186,343	-	-
Unearned revenue	6,708,488	-	6,708,488	888,846	489,376
Net pension obligation	4,521,266	-	4,521,266	-	-
Noncurrent liabilities					
Due within one year	13,337,497	1,842,014	15,179,511	355,910	-
Due in more than one year	123,022,059	11,616,211	134,638,270	2,718,662	-
Total liabilities	180,399,346	15,041,678	195,441,024	25,178,714	489,376
Net Assets					
Invested in capital assets, net of related debt	100,994,016	34,722,581	135,716,597	175,194,325	-
Restricted for					
Land preservation	7,706,713	-	7,706,713	-	-
Cafeteria fund	-	-	-	1,610,701	-
Parks and recreation	56,768	-	56,768	-	-
Restricted capital connection	-	5,076,859	5,076,859	-	-
Gifts and bequests	-	597,477	597,477	-	-
Unrestricted	78,491,069	(5,965,771)	72,525,298	6,622,620	2,803,999
Total net assets	\$ 187,248,566	\$ 34,431,146	\$ 221,679,712	\$ 183,427,646	\$ 2,803,999

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, 2008**

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
Primary Government				
<u>Governmental activities</u>				
General government	\$ 21,118,928	\$ 3,578,294	\$ 656,429	\$ -
Public safety	28,440,488	5,188,123	1,978,083	506,301
Public works	12,747,610	6,388,285	-	-
Health and hospitals	3,059,513	46,843	11,556	-
Social services	9,674,760	2,638	794,838	-
Education	3,048,939	-	4,000	-
Board of Education	108,689,460	-	-	-
Recreation and culture	11,230,664	3,095,992	257,674	850,000
Conservation of natural resources	1,816,478	336,473	-	-
Urban development and housing	1,378,660	961,195	-	-
Economic development	1,209,545	929,119	-	-
Debt service	4,180,761	639,458	-	-
Total governmental activities	206,595,806	21,166,420	3,702,580	1,356,301
<u>Business-Type activities</u>				
Water and sewer	6,063,824	5,529,760	-	-
Solid waste	11,110,091	11,626,494	-	-
Culture	3,395,574	281,553	531,126	24,849
Total business-type activities	20,569,489	17,437,807	531,126	24,849
Total primary government	\$ 227,165,295	\$ 38,604,227	\$ 4,233,706	\$ 1,381,150
<u>Component Units</u>				
School district	\$ 214,785,426	\$ 4,715,373	\$ 40,158,716	\$ 14,294,071
Economic development	3,157	42,823	-	-
Total component units	\$ 214,788,583	\$ 4,758,196	\$ 40,158,716	\$ 14,294,071

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, 2008**

Net (Expense) Revenue and Changes in Net Assets				
Primary Government			Component Units	
Governmental Activities	Business-type Activities	Total	Board of Education	Economic Development Authority
\$ (16,884,205)	\$ -	\$ (16,884,205)	\$ -	\$ -
(20,767,981)	-	(20,767,981)	-	-
(6,359,325)	-	(6,359,325)	-	-
(3,001,114)	-	(3,001,114)	-	-
(8,877,284)	-	(8,877,284)	-	-
(3,044,939)	-	(3,044,939)	-	-
(108,689,460)	-	(108,689,460)	-	-
(7,026,998)	-	(7,026,998)	-	-
(1,480,005)	-	(1,480,005)	-	-
(417,465)	-	(417,465)	-	-
(280,426)	-	(280,426)	-	-
(3,541,303)	-	(3,541,303)	-	-
<u>(180,370,505)</u>	<u>-</u>	<u>(180,370,505)</u>	<u>-</u>	<u>-</u>
-	(534,064)	(534,064)	-	-
-	516,403	516,403	-	-
-	(2,558,046)	(2,558,046)	-	-
<u>-</u>	<u>(2,575,707)</u>	<u>(2,575,707)</u>	<u>-</u>	<u>-</u>
<u>(180,370,505)</u>	<u>(2,575,707)</u>	<u>(182,946,212)</u>	<u>-</u>	<u>-</u>
-	-	-	(155,617,266)	-
-	-	-	-	39,666
-	-	-	(155,617,266)	39,666
109,907,718	-	109,907,718	-	-
63,477,715	-	63,477,715	-	-
9,114,661	-	9,114,661	-	-
23,377	-	23,377	-	-
984,342	-	984,342	-	-
148,115	-	148,115	-	-
5,581,211	343,249	5,924,460	496,588	-
-	-	-	-	-
290,047	-	290,047	-	-
-	-	-	163,111,728	-
5,897,437	-	5,897,437	-	-
(2,832,139)	2,832,139	-	-	-
<u>192,592,484</u>	<u>3,175,388</u>	<u>195,767,872</u>	<u>163,608,316</u>	<u>-</u>
12,221,979	599,681	12,821,660	7,991,050	39,666
<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>
<u>\$ 187,248,566</u>	<u>\$ 34,431,146</u>	<u>\$ 221,679,712</u>	<u>\$ 183,427,646</u>	<u>\$ 2,803,999</u>

COUNTY COMMISSIONERS OF CALVERT COUNTY, MARYLAND

BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2008

	General Fund	Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
Assets				
Cash, cash equivalents and investments	111,033,859	-	7,919,670	118,953,529
Receivables				
Taxes	3,530,396	-	1,327,685	4,858,081
Special assessments	1,252,944	-	-	1,252,944
Accounts	30,214,439	-	2,002,110	32,216,549
Notes	5,528,787	-	-	5,528,787
Accrued interest	385,766	41,880	-	427,646
Due from other funds	9,243,581	18,112,595	13,534,959	40,891,135
Due from other governments	64,502	-	-	64,502
Inventory	243,137	-	8,072	251,209
Restricted assets				
Cash and investments	-	35,973,801	-	35,973,801
Total assets	<u>161,497,411</u>	<u>54,128,276</u>	<u>24,792,496</u>	<u>240,418,183</u>
Liabilities and Fund Balance				
Liabilities				
Accounts payable	1,285,025	1,470,988	1,749,923	4,505,936
Notes payable	-	-	283,400	283,400
Accrued liabilities	6,989,635	538,953	-	7,528,588
Due to other funds	35,403,961	-	-	35,403,961
Due to component units	13,568,062	618,281	-	14,186,343
Due to other governments	4,761,397	-	-	4,761,397
Deferred revenue	31,277,407	-	2,329,596	33,607,003
Total liabilities	<u>93,285,487</u>	<u>2,628,222</u>	<u>4,362,919</u>	<u>100,276,628</u>
Fund Balances				
Reserved	12,562,828	-	7,763,481	20,326,309
Unreserved				
Designated for, reported in:				
General fund	37,939,096	-	-	37,939,096
Capital projects fund	-	51,500,054	-	51,500,054
Special revenue funds	-	-	4,405,680	4,405,680
Undesignated reported in:				
General fund	17,710,000	-	-	17,710,000
Special revenue funds	-	-	8,260,416	8,260,416
Total fund balances	<u>68,211,924</u>	<u>51,500,054</u>	<u>20,429,577</u>	<u>140,141,555</u>
Total liabilities and fund balances	<u>161,497,411</u>	<u>54,128,276</u>	<u>24,792,496</u>	<u>240,418,183</u>

Fund balance (as reported above) 140,141,555

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. 162,313,311

 Other long-term assets are not available to pay for current-period
 expenditures and, therefore, are deferred in the funds. 27,218,894

 Long-term liabilities, including bonds payable and net pension obligations, are not due and payable
 in the current period and therefore, are not reported in the funds. (140,880,822)

 Accrued interest on long-term liabilities, including bonds payable are not reported in the funds. (1,544,372)

Net assets of governmental activities 187,248,566

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, 2008**

	<u>General Fund</u>	<u>Capital Projects</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues				
Taxes	\$ 185,031,876	\$ -	\$ 3,209,180	\$ 188,241,056
Licenses and permits	281,266	-	-	281,266
Intergovernmental	9,994,295	477,857	4,597,322	15,069,474
Charges for services	3,670,167	-	-	3,670,167
Fines and forfeitures	142,022	-	214,027	356,049
Miscellaneous	7,337,557	878,444	4,409,950	12,625,951
Total revenues	206,457,183	1,356,301	12,430,479	220,243,963
Expenditures				
General government	16,736,565	-	-	16,736,565
Public safety	24,008,176	-	-	24,008,176
Public works	7,656,572	-	-	7,656,572
Health and hospitals	2,667,985	-	-	2,667,985
Social services	1,568,520	-	6,779,324	8,347,844
Education - other	2,586,245	-	74,517	2,660,762
Board of Education	95,358,284	2,424,075	-	97,782,359
Recreation and culture	3,828,408	-	5,072,035	8,900,443
Conservation of natural resources	358,960	-	1,322,547	1,681,507
Urban development and housing	1,014,428	-	224,786	1,239,214
Economic development	1,062,995	-	-	1,062,995
Miscellaneous	18,279,910	-	-	18,279,910
Capital projects	-	20,687,852	-	20,687,852
Debt service				
Principal retirement	9,967,111	-	-	9,967,111
Interest	4,326,306	-	-	4,326,306
Total expenditures	189,420,465	23,111,927	13,473,209	226,005,601
Excess (deficiency) of revenues over expenditures	17,036,718	(21,755,626)	(1,042,730)	(5,761,638)
Other financing sources (uses)				
Issuance of debt	-	22,250,000	-	22,250,000
Premium on issuance of debt	-	290,047	-	290,047
Transfers in - other	-	5,199,633	4,981,107	10,180,740
Transfers out - other	(12,243,607)	(39,272)	(730,000)	(13,012,879)
Total other financing sources (uses)	(12,243,607)	27,700,408	4,251,107	19,707,908
Excess (deficiency) of revenue and other financing sources over expenditures and other financing use	4,793,111	5,944,782	3,208,377	13,946,270
Fund balance at beginning of year	63,418,813	45,555,272	17,221,200	126,195,285
Fund balance at end of year	\$ 68,211,924	\$ 51,500,054	\$ 20,429,577	\$ 140,141,555

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, 2008**

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

Net change in fund balances - total governmental funds \$ 13,946,270

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	38,933,661		
	Depreciation	<u>(8,171,803)</u>		30,761,858

The net effect of various transactions involving capital assets including, capitalized assets reclassified from construction in progress, sales, trade-ins, and donations. (14,137,327)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. 1,324,715
(148,801)

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	(778,215)		
	Change in landfill postclosure liabilities	30,000		
	Net pension obligation	(4,200,887)		
	Issuance - Gen Obligation	(22,250,000)		
	Issuance - Land Preservation	(2,452,050)		
	Principal payments	<u>9,980,871</u>		
	Changes in long-term debt			(19,670,281)

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			<u>145,545</u>
--	----------------------------	--	--	----------------

Change in net assets of governmental activities \$ 12,221,979

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, 2008

	Water and Sewer Fund	Solid Waste and Recycling Fund	Calvert Marine Museum	Total
Assets				
<u>Current assets</u>				
Cash and cash equivalents	\$ 75,230	\$ 550	\$ 276,744	\$ 352,524
Investments	9,408	-	117,010	126,418
Total cash, cash equivalents and investments	<u>84,638</u>	<u>550</u>	<u>393,754</u>	<u>478,942</u>
Accounts receivable	1,214,156	923,382	-	2,137,538
Notes receivable	325,041	-	-	325,041
Accrued interest receivable	10,619	5,527	-	16,146
Due from other funds	-	3,756,407	-	3,756,407
Deferred expenses	51,040	3,146	-	54,186
Prepaid expenses	15,030	-	2,000	17,030
Inventory	73,741	-	36,289	110,030
Total current assets	<u>1,774,265</u>	<u>4,689,012</u>	<u>432,043</u>	<u>6,895,320</u>
<u>Non-current assets</u>				
Restricted assets				
Cash and investments	5,076,859	-	597,477	5,674,336
Capital assets not being depreciated	2,122,462	1,696,004	607,180	4,425,646
Depreciable capital assets - net	36,431,585	2,980,274	2,309,245	41,721,104
Total non-current assets	<u>43,630,906</u>	<u>4,676,278</u>	<u>3,513,902</u>	<u>51,821,086</u>
Total assets	<u>45,405,171</u>	<u>9,365,290</u>	<u>3,945,945</u>	<u>58,716,406</u>
Liabilities				
<u>Current liabilities</u>				
Vouchers and accounts payable	550,952	111,960	2,826	665,738
Accrued expenses	175,908	741,807	-	917,715
Due to other funds	9,243,581	-	-	9,243,581
Unearned revenue	-	-	-	-
Bonds and notes payable - current	1,333,052	508,962	-	1,842,014
Total current liabilities	<u>11,303,493</u>	<u>1,362,729</u>	<u>2,826</u>	<u>12,669,048</u>
<u>Noncurrent liabilities</u>				
Long-term obligations	8,887,206	2,729,006	-	11,616,212
Total liabilities	<u>20,190,699</u>	<u>4,091,735</u>	<u>2,826</u>	<u>24,285,260</u>
Net Assets				
Invested in capital assets, net of related debt	28,572,989	3,233,167	2,916,425	34,722,581
Restricted capital connection	5,076,859	-	-	5,076,859
Restricted gifts and bequests	-	-	597,477	597,477
Unrestricted	(8,435,376)	2,040,388	429,217	(5,965,771)
Total net assets	<u>\$ 25,214,472</u>	<u>\$ 5,273,555</u>	<u>\$ 3,943,119</u>	<u>\$ 34,431,146</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, 2008

	Water and Sewer Fund	Solid Waste and Recycling Fund	Calvert Marine Museum	Total
<u>Operating revenue</u>				
Charges for services	\$ 4,275,050	\$ 11,589,339	\$ 149,964	\$ 16,014,353
<u>Expenses</u>				
Salaries & benefits	2,054,198	1,845,813	2,274,013	6,174,024
Contracted services	606,095	8,013,035	108,676	8,727,806
Supplies	252,987	28,279	114,344	395,610
Heat, light and power	655,116	38,140	163,541	856,797
Depreciation	1,694,850	469,796	297,924	2,462,570
Miscellaneous	35,147	16,674	87,545	139,366
Telephone	16,423	9,106	10,430	35,959
Compensated absences	71,036	61,317	-	132,353
Maintenance and repairs	347,036	409,082	75,627	831,745
Capital outlay	34,798	141,778	14,000	190,576
Grant & restricted expenses	-	-	249,474	249,474
Total operating expenses	<u>5,767,686</u>	<u>11,033,020</u>	<u>3,395,574</u>	<u>20,196,280</u>
Operating income (loss)	(1,492,636)	556,319	(3,245,610)	(4,181,927)
<u>Non-operating revenue (expenses)</u>				
Grants	-	12,606	19,849	32,455
Contributions and fund-raising	-	-	531,126	531,126
Deferred amount on refunding	(30,191)	(11,488)	-	(41,679)
Gain(loss) on disposal of assets	-	-	-	-
Miscellaneous income	120,045	789	111,740	232,574
Tower revenue	111,206	23,760	-	134,966
Investment income	180,079	137,706	25,464	343,249
Interest expense	(265,947)	(65,583)	-	(331,530)
Net non-operating revenue (expenses)	<u>115,192</u>	<u>97,790</u>	<u>688,179</u>	<u>901,161</u>
Income (loss) before contributions and transfers	(1,377,444)	654,109	(2,557,431)	(3,280,766)
Operating transfers in (out)	15,000	50,000	2,429,639	2,494,639
Capital transfers in (out)	337,500	-	-	337,500
Capital connection charges	1,023,459	-	-	1,023,459
Capital contributions	-	-	24,849	24,849
Change in net assets	(1,485)	704,109	(102,943)	599,681
Total net assets - beginning	<u>25,215,957</u>	<u>4,569,446</u>	<u>4,046,062</u>	<u>33,831,465</u>
Total net assets - ending	<u>\$ 25,214,472</u>	<u>\$ 5,273,555</u>	<u>\$ 3,943,119</u>	<u>\$ 34,431,146</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, 2008**

	<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	\$ 4,165,313	\$ 11,442,148	\$ 150,714	\$ 15,758,175
Tower revenue	111,206	23,760	-	134,966
Payments to suppliers	(1,853,872)	(8,629,255)	(824,352)	(11,307,479)
Payments to employees	(2,083,579)	(1,872,937)	(2,274,013)	(6,230,529)
Payments from (to) other funds	2,779,158	(390,157)	-	2,389,001
Net cash provided by (used in) operating activities	<u>3,118,226</u>	<u>573,559</u>	<u>(2,947,651)</u>	<u>744,134</u>
<u>Cash flows from non-capital financing activities</u>				
Operating transfers from other funds	15,000	50,000	2,429,639	2,494,639
Contribution and fundraising receipts/misc.	120,045	789	637,580	758,414
Net cash provided by (used in) non-capital financing activities	<u>135,045</u>	<u>50,789</u>	<u>3,067,219</u>	<u>3,253,053</u>
<u>Cash flows from capital and related financing activities</u>				
Additions to capital assets and construction-in-progress	(2,697,489)	(246,982)	(24,849)	(2,969,320)
Proceeds from issuance of long term debt	572,065	-	-	572,065
Loss from retirement of asset	-	(14,607)	-	(14,607)
Grant funds received	-	12,606	19,849	32,455
Capital connection fees received	1,023,459	-	-	1,023,459
Capital transfers from other funds	337,500	-	24,849	362,349
Principal paid on long-term obligations	(1,245,121)	(438,246)	-	(1,683,367)
Interest paid on long-term obligations	(281,987)	(74,030)	-	(356,017)
Net cash provided by (used in) capital and related financing activities	<u>(2,291,573)</u>	<u>(761,259)</u>	<u>19,849</u>	<u>(3,032,983)</u>
<u>Cash flows from investing activities</u>				
Interest received on deposits	197,908	137,061	25,464	360,433
Purchase of investments	(1,189,083)	-	(104,356)	(1,293,439)
Net cash provided by (used in) investing activities	<u>(991,175)</u>	<u>137,061</u>	<u>(78,892)</u>	<u>(933,006)</u>
Increase in cash and cash equivalents	(29,477)	150	60,525	31,198
Cash and cash equivalents, beginning of year	104,707	400	216,219	321,326
Cash and cash equivalents, end of year	<u>\$ 75,230</u>	<u>\$ 550</u>	<u>\$ 276,744</u>	<u>\$ 352,524</u>
<u>Provided by (used in) operating activities</u>				
Operating income (loss)	\$ (1,492,636)	\$ 556,319	\$ (3,245,610)	\$ (4,181,927)
Adjustments to reconcile operating income (loss) to Net cash provided by (used in) operating activities				
Depreciation	1,694,850	469,796	297,924	2,462,570
Landfill closure costs and other	-	49,988	-	49,988
Tower revenue	111,206	23,670	-	134,876
<u>Changes in assets and liabilities</u>				
Inventory	(34,984)	-	(1,402)	(36,386)
Accounts receivable	(70,976)	(147,191)	750	(217,417)
Prepaid expenses	(15,030)	-	(818)	(15,848)
Deferred expenditures	6,584	2,287	-	8,871
Due from other funds	-	(390,157)	-	(390,157)
Bond payable refundable	(71,616)	-	-	(71,616)
Accounts payable	346,021	(677,269)	1,505	(329,743)
Accrued expenses	(134,351)	686,116	-	551,765
Due to other funds	2,779,158	-	-	2,779,158
Net cash provided by (used in) operating activities	<u>\$ 3,118,226</u>	<u>\$ 573,559</u>	<u>\$ (2,947,651)</u>	<u>\$ 744,134</u>
Reconciliation of cash and cash equivalents to the balance sheet:				
Cash and investments, unrestricted	\$ 84,638	\$ 550	\$ 393,754	\$ 478,942
Cash and investments, restricted	5,076,859	-	597,477	5,674,336
	5,161,497	550	991,231	6,153,278
Less - noncash equivalent investments	5,086,267	-	714,487	5,800,754
Cash and cash equivalents	<u>\$ 75,230</u>	<u>\$ 550</u>	<u>\$ 276,744</u>	<u>\$ 352,524</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, 2008

	<u>PENSION & OTHER POST EMPLOYMENT BENEFITS TRUST FUNDS</u>	<u>AGENCY FUND</u>
Assets		
Cash and short-term investments	\$ 7,050,323	\$ 35,119
<u>Investments at fair value</u>		
Fixed income fund	20,416,780	-
Common stock	16,372,197	-
Equity fund	27,914,101	-
Other assets	1,100,000	-
Total investments	<u>65,803,078</u>	<u>-</u>
Accounts receivable	-	9,184
Interest receivable	<u>195,788</u>	<u>-</u>
Total assets	<u>\$ 73,049,189</u>	<u>\$ 44,303</u>
Liabilities and Net Assets		
Liabilities	\$ -	<u>\$ 44,303</u>
Net assets		
Held in trust for pension and other post employment benefits	<u>\$ 73,049,189</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, 2008

	<u>PENSION & OTHER POST EMPLOYMENT BENEFITS TRUST FUNDS</u>
<u>Additions</u>	
<u>Contributions</u>	
Plan sponsor	\$ 8,316,469
Employee	<u>925,657</u>
Total contributions	9,242,126
<u>Investment income/(loss)</u>	
Net appreciation/(depreciation) in fair value of investments	(12,854,403)
Interest and dividends	<u>6,468,343</u>
Total investment income/(loss)	<u>(6,386,060)</u>
Total additions	2,856,066
<u>Deductions</u>	
Benefits	2,936,878
Administrative expenses	<u>827,275</u>
Total deductions	<u>3,764,153</u>
Change in net assets	(908,087)
<u>Net assets held in trust for pension and other post employment benefits</u>	
Beginning of year	<u>73,957,276</u>
End of year	<u>\$ 73,049,189</u>

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

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COUNTY COMMISSIONERS OF CALVERT COUNTY, MARYLAND

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COUNTY COMMISSIONERS OF CALVERT COUNTY, MARYLAND

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COUNTY COMMISSIONERS OF CALVERT COUNTY, MARYLAND

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2008

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, 2008

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 members of the Board of the Authority are appointed by the Commissioners. All of the services of the Authority are performed by County employees. The Authority provides services which exclusively benefit the 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, 2008

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, 2008

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

Special Revenue Funds - Special revenue funds are 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 funds include 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, and the Grants 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, the Calvert County Employees Retirement Plan and the Other Post Employment Benefits Trust Fund.

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, 2008

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, 2008

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 empowered to make administrative transfers of expenditures within the current expense budget, within the same office or department, between departments, agencies, boards or commissions, inter-project transfers of appropriations between capital projects in the capital budget and the addition of new budget items, in the amount of not more than to \$10,000. The County Administrator is authorized to transfer budgeted amounts up to \$25,000. Any change involving more than \$25,000 but less than \$100,000 can be approved by the Board of County Commissioners without passage of a resolution. 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, 2008

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.

Capital 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, 2008

Note 1 - Summary of Significant Accounting Policies - Continued
Capital 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, 2008

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.

New Pronouncements

In June 2004, GASB issued Statement No. 45, Accounting and Financial Reporting by Employers for Post-employment Benefits Other Than Pensions, which addresses how state and local governments should account for and report their costs and obligations related to post-employment healthcare and other non-pension benefits. Collectively, these benefits are commonly referred to as other post-employment benefits or OPEB. The statement generally requires that employers account for and report the annual cost of OPEB and the outstanding obligations and commitments related to OPEB in essentially the same manner as they currently do for pensions. Annual OPEB cost for most employers will be based on actuarially determined amounts that, if paid on an ongoing basis, generally would provide sufficient resources to pay benefits as they come due. This statement's provisions may be applied prospectively and do not require governments to fund their OPEB plans. An employer may establish its OPEB liability at zero as of the beginning of the initial year of implementation; however, the unfunded actuarial liability is required to be amortized over future periods. This statement also establishes disclosure requirements for information about the plans in which an employer participates, the funding policy followed, the actuarial valuation process and assumptions, and, for certain employers, the extent to which the plan has been funded over time. Application of this statement is effective for the County's fiscal year ended June 30, 2008. The additional disclosure concerning the implementation of GASB 45 is available in Note 9.

COUNTY COMMISSIONERS OF CALVERT COUNTY, MARYLAND

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2008

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, 2008, 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, 2008 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, 2008

Note 3 - Cash, Cash Equivalents and Investments

Primary Government

Cash on Hand

At June 30, 2008, cash on hand for petty cash and change was \$3,385.

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, 2008, the net carrying amount and the bank balances of the County's deposits with financial institutions were \$588,371 and \$4,061,654, 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, 2008, 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, 2008

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	\$ 86,128,831
AAA	3,084,482
AA	1,388,989
A	1,352,543
Less than A	3,666,062
Not Rated by Moody's	2,430,152
Cash and Equivalents	<u>110,165,749</u>
Total	\$ 208,216,808

COUNTY COMMISSIONERS OF CALVERT COUNTY, MARYLAND

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008**

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

Interest Rate Risk

Maturities

Cash and Equivalents	\$ 110,165,749
Less than 1 year	58,171,540
1-5 years	18,446,319
5-10 years	6,217,069
10-15 years	2,844,344
15-20 years	924,034
over 20 years	<u>11,447,753</u>
Total	\$ 208,216,808

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	\$ 2,438,630
Netherlands	385,222
Canada	185,539
Switzerland	1,100,852
Spain	77,431
Germany	538,094
New Zealand	19,400
Portugal	142,624
Mexico	264,156
Japan	1,887,720
France	855,430
Korea	265,548
Italy	<u>552,602</u>
Total	\$ 8,713,248

COUNTY COMMISSIONERS OF CALVERT COUNTY, MARYLAND

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008**

**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, 2008 is summarized in the following table.

	<u>Fair Value</u>
U.S. Agency obligations	\$ 78,709,925
U.S. Treasury Strips	7,418,539
Municipal obligations	700,000
Corporate & foreign bonds	5,645,426
Corporate obligations	5,576,803
Common stock	24,469,263
Equity and bond funds	21,611,605
Money market mutual funds	83,318,247
Certificates of deposit	588,371
Cash in banks	1,207,676
Petty cash	<u>3,385</u>
Total cash, cash equivalents and investments	*\$ <u>229,249,240</u>
Cash, cash equivalents and investments:	
Unrestricted	\$ 187,565,983
Restricted	<u>41,683,257</u>
	*\$ <u>229,249,240</u>

*Includes agency fund cash of \$35,119

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>1,722,256</u>
Total cash, cash equivalent and investments	\$ <u>1,722,256</u>

Board of Education

Deposits

At June 30, 2008, the carrying amount and bank balances of the Board of Education's deposits with financial institutions totaled \$11,300,633 and \$11,994,253, 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, 2008 the Board had invested \$787,429 in governmental activities and \$1,276,335 in business-type activities in the Maryland Local

COUNTY COMMISSIONERS OF CALVERT COUNTY, MARYLAND

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008

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.

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, 2008, were \$4,589,076. See detailed schedule at page 93.

Nastos Construction

Funds previously overpaid for construction services. Principal is payable in installments starting August 2008 to August 2010. At June 30 2008, \$33,332.92 is outstanding.

COUNTY COMMISSIONERS OF CALVERT COUNTY, MARYLAND

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008

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, 2008, \$32,800 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, 2008, \$250,600 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, 2008, outstanding principal amounted to \$152,811 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, 2008, \$470,167 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, 2008 was \$325,041.

\$5,878,435 of the Water and Sewer due to the General Fund account has been reclassified to an advance over the last two fiscal years. This is not expected to be repaid in the next 12 months. This amount is planned funding for the Water and Sewer fund as rate adjustments continue, as required to balance the budget.

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, 2008, \$28,156 is outstanding.

During Fiscal year 2008 a five-year, \$50,000 loan was made to Southern Maryland Business Center. The note bears interest at 7.5% per annum. Principal is payable monthly, beginning July 2008 through maturity in June 2013. At June 30, 2008, \$50,000 is outstanding.

COUNTY COMMISSIONERS OF CALVERT COUNTY, MARYLAND

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2008

Note 4 - Notes Receivable - Continued

Component Unit

Economic Development Authority

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, 2008 is \$41,875.

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, 2008 is \$41,875.

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, 2008 is \$31,998.

The Authority had an \$186,773 note receivable from Precision Design, Inc. related to the sale of lot number 31, which was land held for resale. This note was secured by a deed of trust on the property. The note bore interest at 6% per annum. All principal and accrued interest were payable in full on June 20, 2008. The Authority was able to forgive the entire unpaid principal and accrued interest on June 20, 2008, when certain conditions were met in accordance with the Agreement of Purchase and Sale. The gain on this land sale and the accrued interest were included in deferred revenue due to the loan forgiveness provision in the loan document. Deferred revenue was reduced as a result of the loan being forgiven.

COUNTY COMMISSIONERS OF CALVERT COUNTY, MARYLAND

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2008

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

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, 2008 is \$56,559. 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, 2008 is \$3,840.

The Authority has entered into an agreement 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 are due after December 1, 2007 and will be paid from excess revenues from the golf course when available. The balance of this note as of June 30, 2008 is \$869,861.

COUNTY COMMISSIONERS OF CALVERT COUNTY, MARYLAND

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2008

Note 5 - Interfund Accounts

At June 30, 2008, the interfund accounts were as follows:

	Due From	Due To
<u>Primary Government</u>		
<u>General Fund</u>		
Special Revenue Fund	\$ -	\$ 13,534,959
Capital Projects Fund	-	18,112,595
Enterprise fund	9,243,581	3,756,407
	9,243,581	35,403,961
<u>Special Revenue Fund</u>		
General Fund	13,534,959	-
<u>Capital Projects Fund</u>		
General Fund	18,112,595	-
<u>Enterprise Fund</u>		
General Fund	3,756,407	9,243,581
Total due from/to other funds	\$ 44,647,542	\$ 44,647,542
 <u>Component Units</u>		
Primary government - general fund	\$ -	\$ 13,568,062
Primary government - capital projects fund	-	386,244
Component unit - Board of Education	13,886,244	-
Component unit - Economic Development Authority	68,062	-
Total due from primary government		
To component unit	\$ 13,954,306	\$ 13,954,306

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, 2008**

Note 6 - Capital Assets

Primary Government

A summary of changes in capital assets follows:

	<u>Balance</u> <u>June 30, 2007</u>	<u>Additions</u>	<u>Deductions/</u> <u>Reclassifications</u>	<u>Balance</u> <u>June 30, 2008</u>
<u>Governmental Activities</u>				
Capital assets, not being depreciated:				
Construction in Progress	\$ 28,444,807	\$ 23,111,927	\$ 14,060,554	\$ 37,496,180
Land Development Rights	7,961,655	2,452,050	-	10,413,705
Land	<u>24,052,150</u>	<u>300,001</u>	<u>758,535</u>	<u>23,593,616</u>
Total capital assets, not being depreciated	60,458,612	25,863,978	14,819,089	71,503,501
Capital assets, being depreciated:				
Buildings	56,218,149	439,147	46,634	56,610,662
Improvements	19,352,537	3,598,885	-	22,951,422
Machinery & Equipment	24,253,942	4,656,853	962,842	27,947,953
Infrastructure	<u>70,255,979</u>	<u>4,374,798</u>	<u>(758,534)</u>	<u>75,389,311</u>
Total capital assets, being depreciated	170,080,607	13,069,683	250,942	182,899,348
Less accumulated depreciation for:				
Buildings	(32,127,277)	(946,088)	(13,990)	(33,059,375)
Improvements	(4,282,423)	(1,574,986)	-	(5,857,409)
Machinery & Equipment	(14,184,792)	(2,352,613)	(918,714)	(15,618,691)
Infrastructure	<u>(34,255,947)</u>	<u>(3,298,116)</u>	<u>-</u>	<u>(37,554,063)</u>
Total accumulated depreciation	<u>(84,850,439)</u>	<u>(8,171,803)</u>	<u>(932,704)</u>	<u>(92,089,538)</u>
Total capital assets, being depreciated, net	<u>85,230,168</u>	<u>4,897,880</u>	<u>(681,762)</u>	<u>90,809,810</u>
Governmental activities capital assets, net	<u>\$ 145,688,780</u>	<u>\$ 30,761,858</u>	<u>\$ 14,137,327</u>	<u>\$ 162,313,311</u>

Depreciation expense was charged to functions as

Governmental activities:

General government	\$ 2,060,613
Public Safety	1,440,171
Public Works	3,700,567
Health and hospitals	15,303
Social services	97,074
Recreation and culture	856,181
Miscellaneous	<u>1,894</u>
	<u>\$ 8,171,803</u>

COUNTY COMMISSIONERS OF CALVERT COUNTY, MARYLAND

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008

Note 6 - Capital Assets - Continued
Primary Government - Continued

	<u>Balance</u> <u>June 30, 2007</u>	<u>Additions</u>	<u>Deductions/</u> <u>Reclassification</u>	<u>Balance</u> <u>June 30, 2008</u>
<u>Business-type Activities:</u>				
Capital assets, not being depreciated:				
Construction in Progress	\$ 590,228	\$ 2,727,674	\$ 1,966,608	\$ 1,351,294
Land	<u>3,074,352</u>	-	-	<u>3,074,352</u>
Total capital assets, not being depreciated	3,664,580	2,727,674	1,966,608	4,425,646
Capital assets, being depreciated:				
Buildings	9,414,286	-	-	9,414,286
Improvements	48,552,315	-	-	48,552,315
Machinery & Equipment	<u>11,995,126</u>	<u>2,314,752</u>	<u>174,921</u>	<u>14,134,957</u>
Total capital assets, being depreciated	69,961,727	2,314,752	174,921	72,101,558
Less accumulated depreciation for:				
Buildings	(7,640,507)	(500,020)	-	(8,140,527)
Improvements	(13,359,561)	(1,700,000)	-	(15,059,561)
Machinery & Equipment	<u>(7,078,135)</u>	<u>(262,550)</u>	<u>(160,319)</u>	<u>(7,180,366)</u>
Total accumulated depreciation	<u>(28,078,203)</u>	<u>(2,462,570)</u>	<u>(160,319)</u>	<u>(30,380,454)</u>
Total capital assets, being depreciated, net	<u>41,883,524</u>	<u>(147,818)</u>	<u>14,602</u>	<u>41,721,104</u>
Business-type activities capital assets, net	<u>\$ 45,548,104</u>	<u>\$ 2,579,856</u>	<u>\$ 1,981,210</u>	<u>\$ 46,146,750</u>

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

Water and Sewer	\$1,694,850
Solid Waste and Recycling	469,796
Marine Museum	<u>297,924</u>
	<u>\$2,462,570</u>

COUNTY COMMISSIONERS OF CALVERT COUNTY, MARYLAND

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008**

**Note 6 - Capital Assets - Continued
Component Units**

Board of Education

A summary of changes in capital assets for the year ended June 30, 2008 follows:

	<u>Balance</u> <u>June 30, 2007</u>	<u>Additions</u>	<u>Retirements/ Reclassifications</u>	<u>Balance</u> <u>June 30, 2008</u>
Governmental Activities:				
Land	\$ 3,757,711	\$ -	\$ -	\$ 3,757,711
Land improvements	4,155,554	186,491	-	4,342,045
Construction in progress	6,317,710	12,316,510	6,008,076	12,626,144
Building and improvements	214,433,591	6,008,076	-	220,441,667
Equipment	<u>5,950,188</u>	<u>180,900</u>	<u>129,353</u>	<u>6,001,735</u>
Totals at historical cost	234,614,754	18,691,977	6,137,429	247,169,302
Less accumulated depreciation for:				
Land improvements	(1,430,316)	(213,262)	-	(1,643,578)
Buildings and improvements	(61,110,096)	(4,777,145)	-	(65,887,241)
Equipment	<u>(3,939,867)</u>	<u>(447,999)</u>	<u>(92,255)</u>	<u>(4,295,611)</u>
Total accumulated depreciation	<u>(66,480,279)</u>	<u>(5,438,406)</u>	<u>(92,255)</u>	<u>(71,826,430)</u>
Governmental activities capital assets, net	\$ 168,134,475	\$ 13,253,571	\$ 6,045,174	\$ 175,342,872

Depreciation expense for the year ended June 30, 2008 was charged to governmental functions as follows:

Instruction:

Regular education

Special education

\$ 193,702

Support services:

9,955

Administration

Mid-level administration

151,338

Operation of plant and

equipment

1,367

Maintenance of plant

5,001,417

76,579

Total

\$ 5,438,406

Business-type activities:

Equipment at historical cost

\$ 1,684,155

\$ 17,906

\$ 19,440

\$ 1,682,621

Less accumulated depreciation

(1,286,690)

(93,312)

(14,184)

(1,365,818)

Business-type activities capital assets, net

\$ 397,465

\$ (75,406)

\$ 5,256

\$ 316,467

\$93,312 in depreciation expense was charged to business-type activities for food services for the year ended June 30, 2008.

COUNTY COMMISSIONERS OF CALVERT COUNTY, MARYLAND

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008**

**Note 6 - Capital Assets - Continued
Component Units - Continued
Board of Education- Continued**

The Board has active school construction projects as of June 30, 2008 as follows:

	Spent to Date	Remaining Commitment
Barstow Elementary	\$ 11,865,898	\$ 6,728,302
Beach Elementary	102,018	566
Calvert High	44,869	2,876,850
Calvert Middle	584,080	621,375
Northern High	29,279	48,573
Other Projects	-	539,000
Total	<u>\$ 12,626,144</u>	<u>\$ 10,814,666</u>

Economic Development Authority

A summary of changes in capital assets for the year ended June 30, 2008 follows:

	<u>Balance June 30, 2007</u>	<u>Additions</u>	<u>Deductions/ Reclassifications</u>	<u>Balance June 30, 2008</u>
<u>Governmental Activities</u>				
Capital assets, not being depreciated:				
Land	\$ 22,191	\$ -	\$ -	\$ 22,191

COUNTY COMMISSIONERS OF CALVERT COUNTY, MARYLAND

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008**

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, 2008.

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deductions</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>
<u>Governmental Activities</u>					
Bonds Payable					
General Obligation Debt	\$ 106,025,846	\$ 22,250,000	\$ (9,980,871)	\$ 118,294,975	\$ 11,527,680
The Land Preservation Program	7,961,655	2,452,050	-	10,413,705	-
Other Liabilities:					
Landfill Closure Costs	600,000	-	(30,000)	570,000	30,000
Compensated Absences	<u>6,302,661</u>	<u>1,463,215</u>	<u>(685,000)</u>	<u>7,080,876</u>	<u>1,779,817</u>
Total Long-term Liabilities related to Governmental Activities	<u>\$ 120,890,162</u>	<u>\$ 26,165,265</u>	<u>\$ (10,695,871)</u>	<u>\$ 136,359,556</u>	<u>\$ 13,337,497</u>
<u>Business-type Activities</u>					
Bonds Payable					
Debt	\$ 12,305,584	\$ 572,065	\$ (1,683,367)	\$ 11,194,282	\$ 1,787,014
Other Liabilities:					
Landfill Closure Costs	1,372,598	49,988	-	1,422,586	-
Compensated Absences	<u>764,789</u>	<u>131,568</u>	<u>(55,000)</u>	<u>841,357</u>	<u>55,000</u>
Total Long-term Liabilities related to Business-type Activities	<u>\$ 14,442,971</u>	<u>\$ 753,621</u>	<u>\$ (1,738,367)</u>	<u>\$ 13,458,225</u>	<u>\$ 1,842,014</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 \$570,000. 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

COUNTY COMMISSIONERS OF CALVERT COUNTY, MARYLAND

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008

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

associated with the closing of the landfill. The estimate of total closure and post closure costs, provided by an independent contractor specializing in landfills is \$1,906,351.

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 have been 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, \$1,422,586 represents the accrued reserve at June 30, 2008, 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, 2008, 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 rates range from 3% to 5%.	\$ 7,945,000
\$9,998,533 - Refunding Bonds, 2002 Series, due in annual installments through January 1, 2011, interest rates range from 3% to 5%. These bonds were issued to replace the 1991 and 1996 Series bonds to take advantage of a favorable interest rate environment.	4,659,836
\$30,275,000 - Consolidated Public Improvement Project Bonds, 2003 Series, due in annual installments through July 15, 2018, interest rates range from 2% to 5%.	23,790,000
\$13,614,090 - Refunding Bonds, 2003 Series, principal due in annual installments through July 15, 2019, interest rates range from 2% to 5%. These bonds were issued to replace the 1993 Series bonds to take advantage of a favorable interest rate environment.	6,123,810
\$8,910,000 - Consolidated Public Improvement Project Bonds, 2004 Series, principal due in annual installments beginning April 1, 2005 through April 1, 2019, interest rates range from 2.0% to 5.0%.	6,855,000

COUNTY COMMISSIONERS OF CALVERT COUNTY, MARYLAND

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2008

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 rates range from 3.375% to 4.1%.	\$ 5,830,000
\$10,885,000 - Consolidated Public Improvement Project Bonds, 2006 Series, principal due in annual installments beginning April 1, 2007 through April 1, 2021, interest rates range from 4.0% to 5.0%.	9,425,000
\$29,780,000 - Consolidated Public Improvement Project Bonds, 2007 Series, principal due in annual installments beginning April 1, 2008 through April 1, 2022, interest rates range from 4.0% to 5.0%.	28,220,000
\$22,250,000 - Consolidated Public Improvement Project Bonds, 2008 Series, principal due in annual installments beginning April 1, 2009 through April 1, 2023, interest rates range from 3.0% to 5.0%.	22,250,000

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.	8,836
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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.	16,128
\$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.	130,522
\$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.	22,335
\$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.	24,434

COUNTY COMMISSIONERS OF CALVERT COUNTY, MARYLAND

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2008

Note 7 - Long Term Obligations- Continued
Governmental Activities - Continued
Shore Erosion Control - Continued

\$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. 74,789

Office Building

\$6,075,000 - State Office Building Refunding Bond 1999 Series; due in annual installments through July 2010; interest at 3% - 4.4%. \$ 1,775,000

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%. 1,089,244

\$10,413,705 - 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. 10,413,705

\$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. 55,041

Estimated Landfill Postclosure Costs

Accrued estimated costs associated with monitoring the landfill at Barstow in compliance with state and federal regulations. 570,000

Accumulated Unpaid Employee Leave

Accumulated unpaid vacation, personal and sick leave 7,080,876

Total governmental activities long-term obligations \$ 136,359,556

COUNTY COMMISSIONERS OF CALVERT COUNTY, MARYLAND

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2008

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 rates range from 2% to 5%; net of deferred loss on refunding of \$182,262. These bonds were issued to replace the 1993 Series bonds to take advantage of a favorable interest rate environment. \$ 1,621,959

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. 57,710

\$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. 13,210

\$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, 1990 through 2019, principal and interest payments of \$19,969 due annually. 152,811

\$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. 470,167

\$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. 1,643,718

\$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. 235,769

\$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. 357,353

COUNTY COMMISSIONERS OF CALVERT COUNTY, MARYLAND

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2008

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>\$ 4,602,770</p>
<p>\$400,000 – Maryland Water Quality Financing Administration note for the sewer pumping station at the Patuxent Business Park in Lusby, The final principal payment will be made in February 2024. The rate of interest on this loan is 1.0%.</p>	<p>341,905</p>
<p>\$1,071,036 – Maryland Water Quality Financing Administration note for Calvert County’s share of the Chesapeake Beach Wastewater Treatment Plant Shellfish Protection Emergency Tank and Interim Expansion Project. As of June 30, 2008, \$300,423 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 1.10%.</p>	<p>300,423</p>
<p>Accumulated unpaid vacation, personal, and sick leave</p>	<p><u>422,462</u></p>
<p align="center">Total water and sewer fund</p>	<p><u>10,220,257</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 \$38,042. These bonds were issued to replace the 1991 and 1996 Series bonds to take advantage of a favorable interest rate environment.</p>	<p>862,122</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 \$8,582. These bonds were issued to replace the 1993 Series bonds to take advantage of a favorable interest rate environment.</p>	<p>534,365</p>
<p>Accumulated unpaid vacation, personal, and sick leave</p>	<p>418,895</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>1,422,586</u></p>
<p align="center">Total solid waste and recycling fund</p>	<p><u>3,237,968</u></p>
<p align="center">Total business-type activities long-term obligations</p>	<p><u>\$13,458,225</u></p>

COUNTY COMMISSIONERS OF CALVERT COUNTY, MARYLAND

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2008

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, 2008 are as follows:

Years Ending June 30,	Governmental Activities		
	Principal	Interest	Total
2009	\$ 11,527,680	\$ 5,346,041	\$ 16,873,721
2010	10,978,369	4,907,886	15,886,255
2011	11,441,011	4,460,877	15,901,888
2012	10,613,381	3,944,122	14,557,503
2013	8,193,088	3,502,654	11,695,742
2014-2018	46,974,289	12,031,681	59,005,970
2019-2023	28,762,922	3,035,330	31,798,252
2024-2028	211,141	29,711	240,852
2029-2030	6,799	0	6,799
Total	\$128,708,680	\$37,258,302	\$165,966,982

Years Ending June 30,	Business-Type Activities		
	Principal	Interest	Total
2009	\$ 1,787,014	\$ 317,482	\$ 2,104,496
2010	1,477,222	260,878	1,738,100
2011	1,302,579	216,234	1,518,813
2012	809,483	180,283	989,766
2013	829,264	162,212	991,476
2014-2018	3,103,179	483,402	3,586,581
2019-2023	1,906,572	184,191	2,090,763
2024-2028	137,322	25,741	163,063
2029-2033	70,533	10,114	80,647
Deferred loss on refunding	(228,886)	-	(228,886)
Total	\$11,194,282	\$1,840,537	\$13,034,819

COUNTY COMMISSIONERS OF CALVERT COUNTY, MARYLAND

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008**

**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, 2008:

	<u>Balance</u> <u>June 30, 2007</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>June 30, 2008</u>	<u>Due Within</u> <u>One Year</u>
Governmental activities:					
Capital lease	\$ 578,534	\$ 42,849	\$ (156,369)	\$ 465,014	\$ 161,811
Compensated absences	<u>2,352,698</u>	<u>1,858,949</u>	<u>(1,640,621)</u>	<u>2,571,026</u>	<u>194,099</u>
Total governmental activities	<u>\$ 2,931,232</u>	<u>\$ 1,901,798</u>	<u>\$ (1,796,990)</u>	<u>\$ 3,036,040</u>	<u>\$ 355,910</u>
Business-type activities:					
Compensated absences	\$ 36,671	\$ 28,200	\$ (26,339)	\$ 38,532	\$ -
Total business-type activities	<u>\$ 36,671</u>	<u>\$ 28,200</u>	<u>\$ (26,339)</u>	<u>\$ 38,532</u>	<u>\$ -</u>

The Board of Education has entered into lease agreements as lessee to finance the purchase of equipment in the amount of \$772,493. The lease agreements are for periods of five years.

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

	<u>Governmental</u> <u>Activities</u>
Computer equipment	\$ 475,054
Less accumulated depreciation	<u>(171,649)</u>
Total	<u>\$ 303,405</u>

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

<u>Year Ending June 30,</u>	<u>Governmental</u> <u>Activities</u>
2009	179,298
2010	179,298
2011	<u>139,342</u>
Total minimum lease payments	497,938
Less amount representing interest	<u>32,924</u>
Present value of minimum lease payments	<u>\$ 465,014</u>

COUNTY COMMISSIONERS OF CALVERT COUNTY, MARYLAND

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2008

Note 8 - Fund Balances

A. Governmental Funds with Reservation of Fund Balance

As of June 30, 2008, fund balances were reserved as follows:

	<u>General</u>	<u>Special Revenue</u>
<u>Reserved</u>		
Encumbrances	\$ 5,501,546	\$ -
Other long-term receivables	6,818,145	-
Reserved for special purposes	-	7,763,481
For deferred expenditures	<u>243,137</u>	<u>-</u>
 Total reserved fund balance	 <u>\$12,562,828</u>	 <u>\$ 7,763,481</u>

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

As of June 30, 2008, unreserved fund balances designated for other purposes are as follows:

	<u>General</u>	<u>Capital Projects</u>	<u>Special Revenue</u>
<u>Unreserved - Designated</u>			
Designated for:			
Vacation and sick pay	\$ 3,500,000	\$ -	\$ -
Future capital project expenditures	21,582,096	51,500,054	4,405,680
Future other post employment benefits	<u>12,857,000</u>	<u>-</u>	<u>-</u>
 Total unreserved-designated Fund balances	 <u>\$37,939,096</u>	 <u>\$51,500,054</u>	 <u>\$4,405,680</u>

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, an advance to the Water and Sewer fund, two Parks and Recreation notes and an amount due from a vendor receivable at June 30, 2008.

Reserved for special purposes - These amounts represent the portion of fund balance restricted for the special purpose of the following funds: Special Revenue Funds: Parks and Recreation Fund, and Land Preservation Fund.

COUNTY COMMISSIONERS OF CALVERT COUNTY, MARYLAND

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008

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 2008 were made in accordance with the Plan requirements as of the July 1, 2007 actuarial report. The contributions consisted of amounts contributed by the employees of \$210,121 (2% of current covered payroll). The County's costs for fiscal year 2008 were \$1,662,037 (16.2% of current covered payroll). The net pension obligation under GASB Statement No. 27 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, 2008

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

The net pension obligation was computed using the Projected Unit Credit Method as a part of an actuarial valuation performed as of July 1, 2008. 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 <u>June 30.</u>	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as % of Covered Payroll
2008	\$39,736,110	\$48,932,199	\$ 9,196,089	81.2%	\$ 10,470,627	87.8%
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%

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 <u>June 30.</u>	<u>Contribution</u>	Annual Required <u>Contribution</u>	Percentage <u>Contributed</u>
2008	\$ 1,662,037	\$ 1,662,037	100.0%
2007	1,490,000	1,489,747	100.0%
2006	1,440,000	1,477,036	97.5%

Net Pension Obligation

Actuarial Valuation Date <u>June 30.</u>	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>
2008	\$ 1,662,037	\$ 11,055	\$ 18,337	\$ (7,282)	\$ 130,911
2007	1,489,747	11,616	18,371	(7,008)	138,193
2006	1,477,036	9,026	13,685	32,377	145,201

COUNTY COMMISSIONERS OF CALVERT COUNTY, MARYLAND

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008

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'

COUNTY COMMISSIONERS OF CALVERT COUNTY, MARYLAND

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008

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

Retirement System on December 20, 1996. Based on the actuarial valuation as of June 30, 1996, the unfunded 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, 2006 through 2008 were zero. The computation of the pension contribution requirements for fiscal year 2008 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 \$204,490, \$152,623 and \$144,632 for the years ended June 30, 2008, 2007 and 2006. In accordance with GASB Statement Number 24, the State's 2008 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, 2008 were \$790,394 and \$471,629, 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

COUNTY COMMISSIONERS OF CALVERT COUNTY, MARYLAND

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008

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

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.

Funding Policy - The net pension obligation under GASB Statement No. 27 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 net pension obligation was computed as a part of an actuarial valuation performed as of July 1, 2008. 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 2008 totaling \$248,912 were made in accordance with actuarial determined requirements computed through an actuarial valuation performed as of July 1, 2007.

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 Acerued Liability (AAL)	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as % of Covered Payroll
<u>June 30,</u> 2008	\$2,525,943	\$4,370,000	\$1,844,000	57.8%	N/A	N/A
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

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, 2008**

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>June 30,</u>	<u>Contribution</u>	Annual Required <u>Contribution</u>	Percentage <u>Contributed</u>
2008	\$ 248,912	\$ 248,912	100.0%
2007	240,000	237,655	101.0%
2006	220,000	234,567	93.8%

Net Pension Obligation

Actuarial Valuation Date <u>June, 30</u>	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>
2008	\$ 248,912	\$ (25,362)	\$ (42,067)	\$ 16,705	\$ (300,315)
2007	237,655	(26,402)	(41,756)	13,009	(317,020)
2006	234,567	(28,755)	(43,599)	29,411	(330,029)

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, 2008

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

Funding Policy - The net pension obligation under GASB Statement No. 27 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 net pension obligation was computed using the Projected Unit Credit Method as a part of an actuarial valuation performed as of July 1, 2008. 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 2008 totaling \$1,685,214 were made in accordance with actuarially determined requirements computed through an actuarial valuation performed as of July 1, 2007.

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

County (22.5% of current covered payroll)	\$1,685,214
Employees (9.5% of current covered payroll)	\$715,536

COUNTY COMMISSIONERS OF CALVERT COUNTY, MARYLAND

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008

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
2008	\$ 35,102,961	\$ 41,370,310	\$ 6,267,349	84.9%	\$ 8,931,278	70.2%
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%

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>	Annual Required <u>Contribution</u>	Percentage <u>Contributed</u>
2008	\$ 1,685,214	\$ 1,627,076	103.6%
2007	1,520,000	1,518,586	100.1%
2006	1,301,600	1,310,238	99.3%

Net Pension Obligation

Actuarial Valuation Date <u>June, 30</u>	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>
2008	\$ 1,627,076	\$ 3,241	\$ 5,674	\$ (60,571)	\$ (20,064)
2007	1,518,586	3,540	5,872	(3,746)	40,507
2006	1,310,238	2,988	4,726	6,900	44,253

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

COUNTY COMMISSIONERS OF CALVERT COUNTY, MARYLAND

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008

Note 9 - Retirement Systems - Continued
Primary Government- Continued

Calvert County Maryland Post-Employment Benefit Plan

Plan description – The County contributes to the Calvert County Maryland Post-Employment Benefit Plan (Plan), an agent multiple employer defined benefit postemployment healthcare plan administered by a County appointed Board of Trustees. The plan provides healthcare, prescription drug and dental benefits to retired employees, spouses and dependants, of participating governmental entities. The plan also provides life insurance benefits for retirees of the Board of Education. Active employees of a participating governmental entity who retire or are disabled and meet the eligibility criteria will participate. Generally employees must have retired from a participating entity to be eligible.

The current County employee/retiree membership in the Plan as of June 30, 2008 is as follows:

Active	585
Retired	<u>122</u>
Total	<u>707</u>

Funding Policy – The Calvert County Board of County Commissioners will establish annually a health insurance subsidy amount under the Plan. These subsidies will be reviewed annually and are subject to change based on budgetary constraints. For retirees who retired before June 30, 2008, the subsidy is 90% of the premium, for retirees who retired after June 30, 2008 the subsidy is 75% of the premium. Retirees who retired prior to August 1, 1994 receive 100% of their individual policy and 50% of the difference between the individual policy and the policy selected. Retirees will earn or vest in the subsidy based upon their years of creditable service, at a rate ranging from 20% to 100%. Current retirees, who have a 100% subsidy, equate to the Plan covering 75% of their cost of benefit coverage. The retiree is responsible for the difference between the cost of the selected Plan and the earned subsidy. The Board of Education establishes the level of benefits for it's retirees which includes health care and life insurance benefits.

Contribution rates and the net other post employment benefits obligation for the year ended June 30, 2008 were actuarially determined, using the Projected Unit Credit Actuarial Cost Method, through an actuarial valuation dated July 1, 2006. The significant actuarial assumptions used in the valuation include; a discount rate of 7%, healthcare cost trend – medical 11% in the 2007 plan year declining 1% each plan year to 5% for 2013 and later years, dental 7% in the 2007 year declining 1% each year to 4% for 2010 and later, mortality - RP 2000 combined healthy mortality table, except for Sherriff's Plan which uses 1983 Group Annuity Mortality Table. The contributions to the Plan by the County for the year ended June 30, 2008 were \$4,761,695. Of that amount \$2,983,642 were made on behalf of the school board.

COUNTY COMMISSIONERS OF CALVERT COUNTY, MARYLAND

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008**

**Note 9 - Retirement Systems - Continued
Primary Government- Continued
Calvert County Maryland Post-Employment Benefit Plan - Continued**

The following table is based on an actuarial valuation date of July 1, 2007:

<u>Entity</u>	<u>Actuarial Value of Assets</u>	<u>Actuarial Accrued Liability (AAL)</u>	<u>Unfunded AAL (UAAL)</u>	<u>Funded Ratio</u>	<u>Covered Payroll</u>	<u>UAAL as % of Covered Payroll</u>
County	\$ -	\$ 25,690,319	\$ 25,690,319	\$ -	\$ 13,000,000	198%
Board of Education	-	<u>78,032,239</u>	<u>78,032,239</u>	-	Not Avail.	Not Avail.
Total	<u>\$ -</u>	<u>\$103,722,558</u>	<u>\$103,722,558</u>	<u>\$ -</u>	N/A	N/A

The Plan's unfunded actuarial liability is being amortized using the level dollar method over a closed amortization period of 30 years.

The County implemented GASB 45 in fiscal year 2008 and elected to report a zero net OPEB obligation at the beginning of the transition year. The County makes on behalf payments for the Board of Education. The total of the County's annual other postemployment benefit cost and net OPEB obligation for the Plan as of and for the fiscal year ended June 30, 2008, were as follows:

	<u>Total</u>	<u>County</u>	<u>Board of Education</u>
Annual required contribution (ARC)	\$ 12,236,488	\$ 3,109,164	\$ 9,127,324
Interest on net OPEB obligation	-	-	-
Expected benefit payments	<u>3,084,438</u>	<u>759,915</u>	<u>2,324,523</u>
Net Annual OPEB cost	9,152,050	2,329,249	6,802,801
Contribution made	<u>(4,761,695)</u>	<u>(1,778,053)</u>	<u>(2,983,642)</u>
Increase in net OPEB obligation	4,390,355	571,196	3,819,159
Net OPEB obligation - beginning of year	-	-	-
Net OPEB obligation - end of year	\$ 4,390,355	\$ 571,196	\$ 3,819,159

The annual OPEB cost, the percentage of annual OPEB cost contributed during the fiscal year, and the net OPEB obligation at the end of FY 2008, the transition year, for the County's plan was as follows:

<u>Entity</u>	<u>Annual OPEB Cost</u>	<u>Percent Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
County	\$ 2,329,249	76%	\$ 71,196
Board of Education	<u>6,802,801</u>	44%	<u>3,819,159</u>
Total	<u>\$ 9,152,050</u>	52%	<u>\$ 4,390,355</u>

COUNTY COMMISSIONERS OF CALVERT COUNTY, MARYLAND

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008

Note 9 - Retirement Systems - Continued
Primary Government- Continued
Calvert County Maryland Post-Employment Benefit Plan - Continued

Investments – the Plan is authorized to invest in stocks, bonds and notes. At June 30, 2008 100% of the investments consisted of money market funds and US Treasury securities.

Financial statements- Separate, audited financial statements have not been issued for the Plan.

The statement of net assets and statement of changes in net assets for all of the County administered plans follows:

Combining Statement of Plan Net Assets

	Volunteer Fire and Rescue	Sheriff's Pension Plan	Employees Retirement Plan	Other Post Employment Benefits	Total
<u>Assets</u>					
Cash and cash equivalents	\$ 46,619	\$ 1,300,169	\$ 981,277	\$ 4,722,258	\$ 7,050,323
<u>Investments at Fair Value</u>					
Fixed income	694,570	9,150,556	10,571,654	-	20,416,780
Common Stocks	337	7,504,358	8,867,502	-	16,372,197
Equity funds	1,289,942	8,702,273	9,824,820	-	19,817,035
Foreign Assets	318,255	3,448,763	4,330,048	-	8,097,066
Other Assets	-	500,000	600,000	-	1,100,000
Total investments at fair value	2,303,104	29,305,950	34,194,024	-	65,803,078
Total cash, cash equivalents and investments	2,349,723	30,606,119	35,175,301	4,722,258	72,853,401
Interest receivable	695	90,129	104,964	-	195,788
Total assets	2,350,418	30,696,248	35,280,265	4,722,258	73,049,189
<u>Liabilities and Net Assets</u>					
Total Liabilities	-	-	-	-	-
Net Assets held in trust for pension and other post employment benefits	2,350,418	30,696,248	35,280,265	4,722,258	73,049,189
Total liabilities and net assets	\$ 2,350,418	\$ 30,696,248	\$ 35,280,265	\$ 4,722,258	\$ 73,049,189

COUNTY COMMISSIONERS OF CALVERT COUNTY, MARYLAND

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008

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

	Volunteer Fire and Rescue	Sheriff's Pension Plan	Employees Retirement Plan	Other Post Employment Benefits	Total
<u>Additions</u>					
<u>Contributions</u>					
Plan sponsor	\$ 248,912	\$ 1,685,214	\$ 1,662,037	\$ 4,720,306	\$ 8,316,469
Employee	-	715,536	210,121	-	925,657
Total Contributions	<u>248,912</u>	<u>2,400,750</u>	<u>1,872,158</u>	<u>4,720,306</u>	<u>9,242,126</u>
<u>Investment income/(Loss)</u>					
Net appreciation / (depreciation) in fair value of investments	(491,627)	(5,733,038)	(6,629,738)	-	(12,854,403)
Interest and dividends	298,887	2,880,438	3,287,066	1,952	6,468,343
Net investment income/(loss)	<u>(192,740)</u>	<u>(2,852,600)</u>	<u>(3,342,672)</u>	<u>1,952</u>	<u>(6,386,060)</u>
Total Additions	56,172	(451,850)	(1,470,514)	4,722,258	2,856,066
<u>Expenditures</u>					
Distributions to participants	296,366	1,249,669	1,390,843	-	2,936,878
Administrative expenses	37,680	370,510	419,085	-	827,275
Total Expenditures	<u>334,046</u>	<u>1,620,179</u>	<u>1,809,928</u>	<u>-</u>	<u>3,764,153</u>
Net increase(decrease)	(277,874)	(2,072,029)	(3,280,442)	4,722,258	(908,087)
<u>Net Assets Held in Trust for Pension and Other Post Employment Benefits</u>					
Beginning of the year	<u>2,628,292</u>	<u>32,768,277</u>	<u>38,560,707</u>	<u>-</u>	<u>73,957,276</u>
End of the year	<u>\$ 2,350,418</u>	<u>\$ 30,696,248</u>	<u>\$ 35,280,265</u>	<u>\$ 4,722,258</u>	<u>\$ 73,049,189</u>

COUNTY COMMISSIONERS OF CALVERT COUNTY, MARYLAND

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008

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, 2008

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, 2008, 2007, and 2006 were approximately \$11.7 million, \$9.2 million, and \$8.3 million, respectively.

Annual Pension Cost

For the year ended June 30, 2008, the Board's annual pension cost of \$1,176,227 was equal to its required and actual contributions. This required contribution was determined as part of the June 30, 2007 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 3.5% compounded annually, attributable to inflation, (c) additional projected salary increases ranging from 0.0% to 8.5% 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 2003 through 2006, and (f) the aggregate active member payroll is assumed to increase by 3.5% 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 distinct pieces. The equivalent single amortization period is 28 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, 2008	\$ 1,176,227	100%	-0-
June 30, 2007	1,033,155	100%	-0-
June 30, 2006	1,144,440	100%	-0-

COUNTY COMMISSIONERS OF CALVERT COUNTY, MARYLAND

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008**

**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)**

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets (a)</u>	<u>Actuarial Accrued Liability (AAL) Entry Age (b)</u>	<u>Unfunded AAL (UAAL) (b-a)</u>	<u>Funded Ratio (a/b)</u>	<u>Covered Payroll (c)</u>	<u>UAAL as a Percentage of Covered Payroll (b-a/c)</u>
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%
June 30, 2007	37,886,936	49,306,375	11,419,439	76.84%	9,971,012	115%

Note 10 - 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, 2008, the County paid \$380,000 under the terms of this guarantee. Also in 2008, the County injected \$180,000 into the operations of the Chesapeake Hills Golf Course to allow the course to continue operations.

Note 11 - Risk Management

The County is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; 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

COUNTY COMMISSIONERS OF CALVERT COUNTY, MARYLAND

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2008

Note 11 - Risk Management - Continued

Trustees elected by the members. Annual premiums are assessed for the various policy coverages. During fiscal year 2008, the County paid premiums of \$639,124 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.

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 12 - Utility Deregulation

The State of Maryland considered and passed a bill in 2000 that concerned electrical deregulation. The State of Maryland had made a grant to the county since that time, which offset about 2/3s of the loss resulting from the law change. The State, starting in FY 2008, decided to no longer fund that grant. During fiscal year 2008 the County entered into a Payment in Lieu of Tax (P.I.L.O.T.) agreement with a utility that replaces those funds grant funds.

Note 13 - Subsequent Events

Recent Changes in the Economic Environment and its Impact to the County

The recent turmoil in the financial market has been unprecedented. In September 2008, the U.S. Treasury placed government sponsored enterprises Fannie Mae (Federal National Mortgage Association) and Freddie Mac (Federal Home Loan Mortgage Corporation) into conservatorship and committed to provide as much as \$100 billion to each company to backstop any shortfalls in capital through 2009, which protected the principal and interest payments on their debt (bonds issued). In addition, the federal government recently assumed control of American International Group Inc. (AIG), the largest insurance company in the

COUNTY COMMISSIONERS OF CALVERT COUNTY, MARYLAND

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008

Note 13 - Subsequent Events - Continued

U.S.; Lehman Brothers Holdings Inc., the 4th largest investment bank in the U.S. filed for bankruptcy; and Washington Mutual Inc. was seized by government regulators and its branches and assets sold to JPMorgan Chase & Co. On October 3, 2008, the President of the United States signed into law the \$700 billion Emergency Economic Stabilization Act of 2008 in an effort to address the economic crisis.

The Retirement Systems as of October 31, 2008 have no exposure to the above referenced companies. During the four months ended October 31, 2008 the fair value of the Retirement Systems portfolios declined as follows, Employees Retirement Plan -20.9%, Sheriff's Pension Plan -20.5% and Volunteer Fire and Rescue Plan -19.6%.

As is the case with most retirement systems, the Retirement Systems are exposed to general market risk. In a pension plan context, the market risk is the risk that the rate of return earned on the pension plan assets could be below the actuarially assumed rate of return, which is 8.0%. This general market risk is reflected in asset valuations fluctuating with market volatility. Any impact from market volatility on the Retirement Systems depends in large measure on how deep the market downturn is, how long it lasts, and how it fits within fiscal year reporting periods. Market risk could impact the financial condition of the Retirement Systems and the County's required contribution to the Retirement Systems.

With respect to potential loss of principal on any of the County's operating investments, outside of the Retirement Systems investments, the County's investment policy limits the composition of the holdings as described in note 3. Operating investments have no equity exposure.

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

**REQUIRED SUPPLEMENTAL INFORMATION
JUNE 30, 2008**

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, 2008

	Budget Original	Budget Final	Actual	Variance Favorable (Unfavorable)
Revenue				
Taxes	\$ 184,030,857	\$ 184,121,059	\$ 185,031,876	\$ 910,817
Licenses and permits	233,200	233,200	281,266	48,066
Intergovernmental	10,370,017	10,376,091	10,417,477	41,386
Charges for services	3,806,226	3,867,446	3,833,151	(34,295)
Fines and forfeitures	50,000	139,362	142,022	2,660
Miscellaneous	6,863,497	8,679,454	7,274,767	(1,404,687)
Total revenue	205,353,797	207,416,612	206,980,559	(436,053)
Expenditures				
General government	16,664,122	17,202,180	16,842,544	359,636
Public safety	23,986,323	24,535,225	24,386,943	148,282
Public works	10,279,619	10,358,147	9,907,580	450,567
Health and hospitals	2,675,251	2,683,250	2,667,751	15,499
Social services	1,607,835	1,612,964	1,569,906	43,058
Education	97,944,529	97,944,529	97,944,529	-
Recreation and culture	9,957,910	10,018,422	9,662,783	355,639
Conservation of natural resources	357,054	357,054	359,114	(2,060)
Urban development and housing	1,040,493	1,055,853	1,023,850	32,003
Economic development	1,094,404	1,160,745	1,077,606	83,139
Miscellaneous	19,314,738	19,878,765	18,279,910	1,598,855
Debt Service				
Principal retirement	9,967,112	9,967,112	9,967,111	1
Interest	4,342,074	4,342,074	4,326,306	15,768
Total expenditures	199,231,464	201,116,320	198,015,933	3,100,387
Other financing sources (uses)				
Operating transfers in	796,368	805,941	112,375	(693,566)
Operating transfers out	(6,918,701)	(7,106,233)	(7,106,233)	-
Total other financing sources (uses)	(6,122,333)	(6,300,292)	(6,993,858)	(693,566)
Excess of revenue and other financing sources over expenditures and other financing uses	\$ -	\$ -	\$ 1,970,768	\$ 1,970,768

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	\$ 207,092,934
Transfer adjustment (Library)	(635,751)
Revenue and transfers in (GAAP basis)	<u>\$ 206,457,183</u>
Expenditures and operating transfers out (budgetary basis)	\$ 205,122,166
Encumbrance/accrual adjustment	(2,822,345)
Transfer adjustment (Library)	(635,751)
Expenditures and operating transfers out (GAAP basis)	<u>\$ 201,664,070</u>

See Independent Auditor's Report.

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

**OTHER SUPPLEMENTAL INFORMATION
JUNE 30, 2008**

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, 2008

	Budgeted Amounts		Actual	Variance
	Original	Final		Favorable (Unfavorable)
<u>Taxes</u>				
<u>Real estate and personal property taxes</u>				
Real estate levy	\$ 91,512,292	\$ 91,602,494	\$ 91,900,981	\$ 298,487
Personal property levy	250,000	250,000	152,788	(97,212)
Corporation levy	13,711,138	13,711,138	16,068,499	2,357,361
Public utilities tax	8,001,597	8,001,597	7,256,665	(744,932)
Additions and abatements	(115,000)	(115,000)	(95,181)	19,819
Penalties and interest	500,000	500,000	432,842	(67,158)
Tax credit	(9,385,788)	(9,385,788)	(9,437,814)	(52,026)
Land preservation credit	(135,000)	(135,000)	(156,962)	(21,962)
Total real estate and personal property	104,339,239	104,429,441	106,121,818	1,692,377
<u>Other local taxes</u>				
Income taxes	62,354,297	62,354,297	62,153,000	(201,297)
Admissions and amusements	40,000	40,000	23,377	(16,623)
Recordation	9,500,000	9,500,000	9,114,661	(385,339)
Trailer parks	155,000	155,000	148,115	(6,885)
Hotel	550,000	550,000	785,519	235,519
Total other local taxes	72,599,297	72,599,297	72,224,672	(374,625)
<u>Taxes state shared</u>				
Highway user revenue	6,232,321	6,232,321	5,701,044	(531,277)
Franchise	860,000	860,000	984,342	124,342
Total taxes state shared	7,092,321	7,092,321	6,685,386	(406,935)
Total taxes	184,030,857	184,121,059	185,031,876	910,817
<u>Licenses and permits</u>				
<u>Business licenses and permits</u>				
Builders' licenses	40,000	40,000	35,964	(4,036)
Beer, wine, and liquor licenses	70,000	70,000	79,620	9,620
Traders	75,000	75,000	98,436	23,436
Hawkers and peddlers	1,400	1,400	1,567	167
Total business licenses and permits	186,400	186,400	215,587	29,187
<u>Other permits</u>				
Animal	30,000	30,000	26,780	(3,220)
Code book sales	2,500	2,500	1,118	(1,382)
Marriage	4,300	4,300	4,511	211
Gambling permits	10,000	10,000	33,270	23,270
Total other permits	46,800	46,800	65,679	18,879
Total licenses and permits	233,200	233,200	281,266	48,066
<u>Intergovernmental revenue</u>				
Federal emergency management - federal	45,034	45,034	53,212	8,178
F.E.M.A. reimbursement	-	-	-	-
Grants fr federal government	-	-	-	-
Grants fr state government	-	5,257	5,257	-
Police protection - state	726,725	726,725	730,086	3,361
Library - state	423,182	423,182	423,182	-
Soil conservation - state	44,715	44,715	44,715	-
State prisoner housing - state	600,000	600,000	805,770	205,770
Mosquito control - state	29,000	29,000	25,479	(3,521)
Jury reimbursement - state	20,000	20,000	33,240	13,240
State reimbursement	25,000	25,000	39,680	14,680
State reimbursement - deregulation	6,096,574	6,096,574	5,897,438	(199,136)
911 grant	650,000	650,000	666,502	16,502

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, 2008

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>		<u>Favorable</u> <u>(Unfavorable)</u>
<u>Intergovernmental revenue - continued</u>				
Shore erosion	\$ 26,258	\$ 26,258	\$ 26,258	\$ -
Housing Authority	1,008,987	1,008,987	961,196	(47,791)
CMM payroll reimbursement Board of Gov.	385,041	385,041	404,268	19,227
CMM payroll reimbursement society	285,001	285,001	296,127	11,126
CASA payroll reimbursement	-	817	817	-
Waterman's Wharf	4,500	4,500	4,250	(250)
Total intergovernmental revenue	10,370,017	10,376,091	10,417,477	41,386
<u>Charges for services</u>				
<u>General government</u>				
Auto license fees	3,000	3,000	2,538	(462)
Library fines	120,000	130,000	138,919	8,919
Zoning fees	90,000	90,000	76,850	(13,150)
Total general government	213,000	223,000	218,307	(4,693)
<u>Public safety</u>				
Sheriff's fees	60,000	65,000	77,782	12,782
Chesapeake Beach Police reimbursements	640,243	640,243	640,243	-
North Beach Police reimbursements	293,511	293,511	293,511	-
Lab fees	12,000	12,000	15,859	3,859
Engineering inspections	150,000	150,000	254,216	104,216
DWI - medical	-	-	-	-
DWI facility - transportation	-	-	-	-
DWI facility	65,000	65,000	29,496	(35,504)
Electron monitor det cnt	-	-	13,459	13,459
False alarm	-	2,025	4,225	2,200
Telephone commission - detention center	85,000	85,000	108,400	23,400
Protective inspections	500,000	500,000	344,488	(155,512)
False alarm registration	1,500	1,500	3,800	2,300
Dominion police reimbursement	1,240,000	1,284,845	1,284,054	(791)
Room and board - detention center	95,000	95,000	105,115	10,115
Federal detention per diem	-	13,350	42,225	28,875
Public safety tower	72,000	72,000	65,732	(6,268)
Total public safety	3,214,254	3,279,474	3,282,605	3,131
<u>Highways and streets</u>				
Road tax districts	82,785	82,785	82,773	(12)
Developer street signs	5,000	5,000	4,647	(353)
Waterway improvements	6,837	6,837	6,837	-
Total highways and streets	94,622	94,622	94,257	(365)
<u>Miscellaneous</u>				
Mosquito control	20,000	20,000	21,364	1,364
Soil conservation grading fees	30,000	30,000	17,685	(12,315)
Erosion/sedimentary control	-	-	500	500
Replatting fees - P & Z	10,000	10,000	3,480	(6,520)
P & Z tower fees	500	500	600	100
Bd of appeals application fees	30,000	30,000	20,228	(9,772)
Library - copying and miscellaneous	37,350	23,350	24,065	715
Administration fees s/a serv. C	150,000	150,000	150,000	-
Administration planting bond	1,500	1,500	-	(1,500)
Small lot clearing fees	5,000	5,000	60	(4,940)
Total miscellaneous	284,350	270,350	237,982	(32,368)
Total charges for services	3,806,226	3,867,446	3,833,151	(34,295)

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, 2008

	Budgeted Amounts		Actual	Variance
	Original	Final		Favorable (Unfavorable)
<u>Fines and forfeitures</u>				
Fines and forfeitures	\$ 15,000	\$ 15,000	\$ 8,190	\$ (6,810)
Domestic master fees		-	846	846
Community service programs	22,000	22,000	24,866	2,866
Court fines EMS	5,000	5,000	-	(5,000)
Home study fees	3,000	3,000	2,638	(362)
Animal citation fines	5,000	5,000	8,950	3,950
State's attorney fees	-	-	7,170	7,170
Forfeiture-St. attorney	-	2,648	2,648	-
Forfeiture sheriff operating	-	86,714	86,714	-
Total fines and forfeitures	50,000	139,362	142,022	2,660
<u>Miscellaneous</u>				
Interest and dividends	5,100,000	5,100,000	4,357,014	(742,986)
Interest revenue - state office building lease	6,714	6,714	6,715	1
Interest on notes	-	-	-	-
Appreciation of investment	-	-	222,607	222,607
Administration fee - grant coordinator	80,000	80,000	147,942	67,942
Rents and concessions	30,000	30,000	32,689	2,689
Tennison charters	50,000	50,000	44,800	(5,200)
Flag Pond entrance fees	40,000	40,000	41,294	1,294
Rent concrete plant	2,400	2,400	2,400	-
State office building	616,154	616,154	531,416	(84,738)
State office building debt service	632,620	632,620	632,621	1
Boat ramp fees	6,000	6,000	6,754	754
SOB land lease	28,139	28,139	28,139	-
Kings Landing pool fees	25,000	25,000	18,731	(6,269)
Kings Landing camp fees	10,000	10,000	11,069	1,069
Map sales	10,000	10,000	558	(9,442)
P&R self sustained program	15,000	15,000	15,000	-
Salary reimbursements	45,000	53,430	49,299	(4,131)
Battle Creek PR reimbursements	5,820	5,820	5,410	(410)
Trfr from boe wireles	30,000	30,000	27,500	(2,500)
Balance from prior year fund balance	-	793,400	-	(793,400)
Library- other sources	-	19,000	20,883	1,883
Library - E-rate	6,500	6,500	8,846	2,346
Library other misc.	-	19,856	19,856	-
Vending - treatment facility	-	-	-	-
Insurance reimbursement	-	967,339	1,022,311	54,972
Private contributions	-	3,000	3,000	-
Private contributions economic development	-	1,250	1,250	-
Sick call detention center	4,000	4,000	6,090	2,090
Filing fees election office	150	150	250	100
Miscellaneous income	120,000	123,682	10,323	(113,359)
Total miscellaneous	6,863,497	8,679,454	7,274,767	(1,404,687)
Total revenue	205,353,797	207,416,612	206,980,559	(436,053)
<u>Other financing sources</u>				
Transfer from Board of Education - resident trooper	108,034	117,607	112,375	(5,232)
Transfer from excise fee fund	655,334	655,334	-	(655,334)
Transfer from Economic Development Authority	33,000	33,000	-	(33,000)
Total other financing sources	796,368	805,941	112,375	(693,566)
Total revenue and other financing sources	\$ 206,150,165	\$ 208,222,553	\$ 207,092,934	\$ (1,129,619)

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, 2008

	Budgeted Amount		Actual	Variance Favorable (Unfavorable)
	Original	Final		
General government				
<u>County commissioners</u>				
Salaries	\$ 299,707	\$ 240,295	\$ 240,183	\$ 112
Operating expense	41,900	623,555	622,349	1,206
Contracted services	7,900	10,714	10,500	214
Capital outlay	4,761	350	-	350
Total county commissioners	354,268	874,914	873,032	1,882
<u>Clerk to commissioners</u>				
Salaries	53,000	55,000	55,297	(297)
Operating expense	1,850	2,350	1,804	546
Contracted services	500	-	-	-
Total clerk to commissioners	55,350	57,350	57,101	249
<u>County administrators</u>				
Salaries	227,810	226,622	221,166	5,456
Operating expense	15,375	15,575	7,146	8,429
Contracted services	9,863	9,663	4,275	5,388
Capital outlay	1,900	1,900	650	1,250
Total county administrators	254,948	253,760	233,237	20,523
<u>Office of management information systems</u>				
Salaries	1,157,447	1,157,447	1,105,973	51,474
Operating expense	155,649	167,649	157,776	9,873
Contracted services	563,580	563,580	557,245	6,335
Capital outlay	347,960	338,360	337,340	1,020
Total office of management info. systems	2,224,636	2,227,036	2,158,334	68,702
<u>Circuit court</u>				
Salaries	496,357	487,092	484,293	2,799
Operating expense	88,475	80,766	76,530	4,236
Contracted services	31,033	41,192	41,191	1
Capital outlay	23,505	34,465	34,465	-
Total circuit court	639,370	643,515	636,479	7,036
<u>Orphans' court</u>				
Salaries	25,325	25,325	25,421	(96)
Operating expense	1,860	1,860	441	1,419
Total orphans' court	27,185	27,185	25,862	1,323
<u>State's attorney</u>				
Salaries	1,211,455	1,212,295	1,200,684	11,611
Operating expense	82,254	85,678	79,618	6,060
Contracted services	24,400	23,581	18,190	5,391
Capital outlay	6,334	6,377	5,003	1,374
Total state's attorney	1,324,443	1,327,931	1,303,495	24,436
<u>Grand jury</u>				
Salary and operating expense	5,000	5,000	5,000	-
<u>Law library</u>				
Operating expense	18,000	18,000	18,000	-

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, 2008**

	Budgeted Amount		Actual	Variance
	Original	Final		Favorable (Unfavorable)
<u>Department of employment services</u>				
Salaries	\$ 466,265	\$ 449,416	\$ 452,393	\$ (2,977)
Operating expense	61,675	64,315	51,413	12,902
Tuition program	34,400	34,400	22,448	11,952
Contracted services	49,290	46,650	41,123	5,527
Total department of employment services	611,630	594,781	567,377	27,404
<u>Elections</u>				
Salaries	273,556	276,131	270,667	5,464
Operating expense	112,285	89,582	81,518	8,064
Contracted services	144,268	168,652	162,196	6,456
Total elections	530,109	534,365	514,381	19,984
<u>Finance and budget</u>				
Salaries	1,250,701	1,253,267	1,280,642	(27,375)
Operating expense	128,000	126,610	104,315	22,295
Contracted services	150,000	140,992	116,046	24,946
Capital outlay	12,500	13,890	5,654	8,236
Total administration and finance	1,541,201	1,534,759	1,506,657	28,102
<u>Tax collections and disbursements</u>				
Salaries	293,371	293,371	277,059	16,312
Operating expense	47,637	47,150	42,196	4,954
Contracted services	19,825	19,825	19,738	87
Capital outlay	-	487	487	-
Total tax collections and disbursements	360,833	360,833	339,480	21,353
<u>Independent accounting and auditing</u>				
	73,378	73,378	72,983	395
<u>County attorney</u>				
Salaries	294,367	295,496	319,619	(24,123)
Operating expense	22,350	36,864	32,950	3,914
Contracted services	40,000	53,510	53,483	27
Capital outlay	-	200	-	200
Total county attorney	356,717	386,070	406,052	(19,982)
<u>Planning and zoning</u>				
Salaries	1,643,537	1,657,085	1,644,423	12,662
Operating expense	95,306	91,606	77,685	13,921
Contracted services	68,200	52,801	49,820	2,981
Capital outlay	27,050	27,050	17,697	9,353
Total planning and zoning	1,834,093	1,828,542	1,789,625	38,917
<u>Public facilities director</u>				
Salaries	163,090	155,290	142,107	13,183
Operating expense	4,000	4,000	2,908	1,092
Total public facilities director	167,090	159,290	145,015	14,275
<u>State office building</u>				
Salaries	95,157	95,157	92,109	3,048
Fringe benefits	32,065	32,065	31,048	1,017
Operating expense	36,687	80,396	69,620	10,776
Utilities	229,281	229,281	222,787	6,494
Maintenance and repair projects	133,354	84,645	84,645	-
Contracted services	89,610	94,610	92,867	1,743
Total state office building	616,154	616,154	593,076	23,078

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, 2008

	Budgeted Amount		Actual	Variance Favorable (Unfavorable)
	Original	Final		
County buildings				
Salaries	\$ 1,162,309	\$ 1,170,109	\$ 1,196,069	\$ (25,960)
Operating expense	864,332	1,131,431	1,083,691	47,740
Utilities	1,209,479	1,184,979	1,178,860	6,119
Maintenance and repair projects	668,926	422,275	379,726	42,549
Contracted services	483,660	477,094	471,330	5,764
Capital outlay	145,211	147,829	145,742	2,087
Total county buildings	4,533,917	4,533,717	4,455,418	78,299
Other general government				
Maryland Association of Counties	14,165	14,465	14,465	-
Commission for Women	4,215	4,215	4,210	5
Environmental Commission	4,195	4,195	2,332	1,863
Non-county agencies	1,113,225	1,122,725	1,120,933	1,792
Total other general government	1,135,800	1,145,600	1,141,940	3,660
Total general government	16,664,122	17,202,180	16,842,544	359,636
Public safety				
Director of public safety				
Salaries	135,004	135,004	142,546	(7,542)
Operating expense	22,835	37,535	23,402	14,133
Contracted services	2,100	3,225	2,624	601
Capital outlay	-	200	179	21
Total director of public safety	159,939	175,964	168,751	7,213
Transportation chief				
Salaries	125,096	125,096	127,291	(2,195)
Operating expense	46,773	44,803	21,138	23,665
Transportation subsidy	60,000	60,000	60,000	-
Contracted services	39,140	46,110	45,180	930
Capital outlay	20,000	20,000	16,625	3,375
Total transportation chief	291,009	296,009	270,234	25,775
Sheriff's office				
Salaries	8,474,190	8,591,990	8,787,449	(195,459)
Operating expense	769,664	956,013	1,326,397	(370,384)
Vehicle supplies and repairs	556,919	572,493	254,821	317,672
Contracted services	63,132	86,676	71,701	14,975
Capital outlay	486,020	537,092	512,715	24,377
Total sheriff's office	10,349,925	10,744,264	10,953,083	(208,819)
Control center				
Salaries	1,597,099	1,597,099	1,594,348	2,751
Operating expense	154,952	154,399	129,856	24,543
Radio maintenance	227,901	225,364	212,675	12,689
Contracted services	280,456	280,456	276,794	3,662
Capital outlay	45,201	48,291	48,205	86
Total control center	2,305,609	2,305,609	2,261,878	43,731
Resident trooper program	150,432	160,005	154,773	5,232
Volunteer fire companies and rescue squads				
Operating expense	1,823,876	1,925,023	1,918,647	6,376
Insurance	381,933	381,933	374,953	6,980
Capital outlay	164,380	169,319	169,041	278
Total volunteer fire	2,370,189	2,476,275	2,462,641	13,634

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, 2008

	Budgeted Amount		Actual	Variance
	Original	Final		Favorable (Unfavorable)
<u>County jail</u>				
Salaries	\$ 4,279,491	\$ 4,288,391	\$ 4,284,219	\$ 4,172
Operating expense	246,944	290,204	282,255	7,949
Utilities	386,460	381,460	395,913	(14,453)
Inmate Care	333,080	229,480	163,546	65,934
Food	283,920	340,863	340,654	209
Contract services	332,329	324,829	318,959	5,870
Capital outlay	101,600	129,540	109,628	19,912
Total county jail	5,963,824	5,984,767	5,895,174	89,593
<u>Inspections and permits</u>				
Salaries	685,021	685,021	683,162	1,859
Operating expense	49,519	44,519	55,667	(11,148)
Vehicle supplies and repair	8,200	20,200	5,248	14,952
Contracted services	14,118	10,118	10,615	(497)
Capital outlay	27,082	24,082	21,085	2,997
Total inspections and permits	783,940	783,940	775,777	8,163
<u>Residential substance abuse treatment</u>				
Contracted services	180,000	180,000	150,177	29,823
Total treatment facility	180,000	180,000	150,177	29,823
<u>Emergency management</u>				
Salaries	156,000	156,336	159,148	(2,812)
Operating expense	51,950	44,107	37,264	6,843
Contracted services	30,507	24,850	23,988	862
Capital outlay	4,277	4,777	4,660	117
Total emergency management	242,734	230,070	225,060	5,010
<u>Liquor board</u>				
Salaries	14,220	14,220	13,180	1,040
Operating expense	2,034	2,034	561	1,473
Contracted services	3,500	3,500	3,000	500
Total liquor board	19,754	19,754	16,741	3,013
<u>Fire, rescue, and emergency services</u>				
Salaries	198,888	199,888	197,789	2,099
Operating expense	202,121	189,463	156,479	32,984
Contracted services	63,830	63,570	42,162	21,408
Capital outlay	25,000	36,918	35,407	1,511
Total fire, rescue, and emergency services	489,839	489,839	431,837	58,002
<u>Animal warden</u>				
Salaries	270,963	270,963	243,425	27,538
Operating expense	37,452	37,452	60,980	(23,528)
Vehicle supplies and repairs	36,399	36,399	8,764	27,635
Contracted services	243,910	243,910	209,948	33,962
Capital outlay	90,405	100,005	97,700	2,305
Total animal warden	679,129	688,729	620,817	67,912
Total public safety	23,986,323	24,535,225	24,386,943	148,282

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, 2008

	Budgeted Amount		Actual	Variance Favorable (Unfavorable)
	Original	Final		
Public works				
<u>Engineering services</u>				
Salaries	\$ 1,145,699	\$ 1,151,699	\$ 1,143,997	\$ 7,702
Operating expense	86,540	95,060	79,305	15,755
Contracted Services	44,246	35,126	34,822	304
Capital outlay	1,120	1,120	550	570
Total engineering services	1,277,605	1,283,005	1,258,674	24,331
<u>Highway lighting</u>				
Operating expense	200,000	205,600	219,151	(13,551)
<u>Highway maintenance</u>				
Salaries	1,610,069	1,610,069	1,505,324	104,745
Operating expense	44,750	52,038	45,883	6,155
Vehicle supplies and repairs	283,101	283,101	296,244	(13,143)
Utilities	19,372	14,372	13,072	1,300
Road maintenance and repairs	682,709	563,809	442,336	121,473
Paving	4,222,500	4,222,500	4,222,499	1
Snowremoval contractors	207,000	186,000	25,116	160,884
Rental service contract	265,000	265,000	263,588	1,412
Contracted services	248,538	261,394	285,502	(24,108)
Capital outlay	70,711	199,996	195,568	4,428
Total highway maintenance	7,653,750	7,658,279	7,295,132	363,147
<u>Fleet maintenance</u>				
Salaries	525,786	525,786	493,823	31,963
Operating expense	21,238	89,966	174,000	(84,034)
Vehicle supplies and repairs	31,762	31,762	(95,756)	127,518
Utilities	26,676	26,676	21,823	4,853
Contracted services	17,390	9,595	8,505	1,090
Capital outlay	-	2,066	2,066	-
Total fleet maintenance	622,852	685,851	604,461	81,390
<u>Project management and inspections</u>				
Salaries	485,662	485,662	491,212	(5,550)
Operating expense	17,150	13,656	30,607	(16,951)
Vehicle supplies and repairs	22,600	26,094	8,343	17,751
Total project management and inspections	525,412	525,412	530,162	(4,750)
Total public works	10,279,619	10,358,147	9,907,580	450,567
<u>Health and hospitals</u>				
<u>Health department</u>				
Operations	-	-	995	(995)
Salaries	32,500	32,500	32,625	(125)
Operating expense	2,448,202	2,448,202	2,448,202	-
Total operations	2,480,702	2,480,702	2,481,822	(1,120)
<u>Mosquito control</u>				
Salaries	128,365	128,365	113,643	14,722
Operating expense	18,189	21,188	23,585	(2,397)
Chemicals	14,700	14,700	14,643	57
Contracted services	18,090	23,090	18,853	4,237
Capital outlay	15,205	15,205	15,205	-
Total mosquito control	194,549	202,548	185,929	16,619
Total health and hospitals	2,675,251	2,683,250	2,667,751	15,499

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, 2008

	Budgeted Amount		Actual	Variance
	Original	Final		Favorable (Unfavorable)
<u>Social services</u>				
<u>Community service director</u>				
Salaries	\$ 269,565	\$ 270,269	\$ 276,670	\$ (6,401)
Operating expense	36,342	33,273	31,113	2,160
Contracted services	1,000	1,000	1,170	(170)
Capital outlay	-	3,069	3,068	1
Total community service director	306,907	307,611	312,021	(4,410)
<u>Department of Social Services -</u>				
<u>County contribution</u>				
	64,982	64,982	64,570	412
<u>Pauper's burial</u>	1,000	1,000	-	1,000
<u>Commission on aging</u>				
Salaries	1,158,199	1,159,080	1,123,425	35,655
Operating expense	72,247	73,475	64,324	9,151
Contracted services	1,600	1,750	500	1,250
Capital outlay	2,900	5,066	5,066	-
Total commission on aging	1,234,946	1,239,371	1,193,315	46,056
Total social services	1,607,835	1,612,964	1,569,906	43,058
<u>Education</u>				
<u>Tuition programs</u>				
	2,586,245	2,586,245	2,586,245	-
<u>Board of Education</u>				
	95,358,284	95,358,284	95,358,284	-
Total education	97,944,529	97,944,529	97,944,529	-
<u>Recreation and culture</u>				
<u>Participation recreation</u>				
Salaries	2,477,069	2,477,069	2,195,410	281,659
Operating expense	548,876	512,080	493,189	18,891
Utilities	153,070	162,570	154,767	7,803
Maintenance and repair projects	77,687	77,687	75,330	2,357
Contracted services	74,758	86,158	74,458	11,700
Capital outlay	22,711	38,607	30,837	7,770
Total participation recreation	3,354,171	3,354,171	3,023,991	330,180
<u>Railroad museum</u>				
Salaries	89,435	89,435	87,632	1,803
Operating expense	11,845	11,191	9,686	1,505
Utilities	5,500	5,500	4,206	1,294
Contracted services	24,550	23,023	22,983	40
Capital outlay	3,675	5,855	5,841	14
Total Railroad museum	135,005	135,004	130,348	4,656

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, 2008

	Budgeted Amount		Actual	Variance
	Original	Final		Favorable (Unfavorable)
<u>Marine museum</u>				
Salaries	\$ 1,916,252	\$ 1,916,252	\$ 1,958,227	\$ (41,975)
Operating expense	196,915	212,894	208,674	4,220
Utilities	181,087	165,740	163,541	2,199
Maintenance and repair projects	33,500	33,500	33,500	-
Contracted services	60,074	61,442	59,398	2,044
Capital outlay	-	14,000	14,000	-
Total Marine museum	2,387,828	2,403,828	2,437,340	(33,512)
<u>Libraries</u>				
Salaries	-	2,175,415	2,177,648	(2,233)
Operating expense	3,326,498	1,148,696	1,116,411	32,285
Capital outlay	-	42,500	42,500	-
Total libraries	3,326,498	3,366,611	3,336,559	30,052
<u>Natural resources division</u>				
Salaries	619,413	623,813	622,755	1,058
Operating expense	55,635	64,485	54,546	9,939
Utilities	38,850	38,850	35,272	3,578
Maintenance and repair projects	18,000	10,000	3,978	6,022
Contracted services	11,840	10,990	7,324	3,666
Total natural resources division	743,738	748,138	723,875	24,263
<u>Arts council</u>				
Operating expense	10,670	10,670	10,670	-
Total recreation and culture	9,957,910	10,018,422	9,662,783	355,639
<u>Conservation of natural resources</u>				
<u>Agricultural extension service</u>				
Operating expense	96,016	96,016	93,610	2,406
Total agricultural extension	96,016	96,016	93,610	2,406
<u>Soil conservation service</u>				
Salaries	234,070	234,070	238,601	(4,531)
Operating expense	3,723	3,723	3,658	65
Total soil conservation service	237,793	237,793	242,259	(4,466)
<u>Forestry</u>				
	23,245	23,245	23,245	-
Total conservation of natural resources	357,054	357,054	359,114	(2,060)
<u>Urban development and housing</u>				
<u>Housing</u>				
Salaries	830,398	830,398	801,280	29,118
Total urban development and housing	830,398	830,398	801,280	29,118
<u>Historical District Commission</u>				
Salaries	3,609	3,609	3,580	29
Operating expense	4,709	4,709	3,921	788
Contracted services	6,500	6,500	6,500	-
Total Historical District Commission	14,818	14,818	14,001	817

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, 2008**

	Budgeted Amount		Actual	Variance
	Original	Final		Favorable (Unfavorable)
<u>Board of appeals</u>				
Salaries	\$ 36,473	\$ 36,473	\$ 36,613	\$ (140)
Operating expense	14,500	14,500	13,141	1,359
Contracted services	16,500	23,500	25,288	(1,788)
Honorarium	22,500	25,000	25,400	(400)
Total Board of Appeals	89,973	99,473	100,442	(969)
<u>Planning commission</u>				
Salaries	38,729	38,729	38,075	654
Operating expense	46,575	50,275	49,392	883
Contracted services	20,000	22,160	20,660	1,500
Total planning commission	105,304	111,164	108,127	3,037
Total urban development and housing	1,040,493	1,055,853	1,023,850	32,003
<u>Economic development</u>				
<u>EDA/EDC/Tourism</u>				
Salaries	600,954	664,398	619,706	44,692
Operating expense	112,190	122,740	96,238	26,502
Advertising	243,575	220,533	211,020	9,513
Chamber of commerce	90,085	90,085	90,085	-
Sbdc	20,000	15,000	15,000	-
Contracted services	23,100	23,100	21,437	1,663
Capital outlay	4,500	24,889	24,120	769
Total economic development	1,094,404	1,160,745	1,077,606	83,139
<u>Miscellaneous</u>				
Pension contribution	7,071,581	7,077,410	6,709,401	368,009
Workmen's' compensation	1,574,890	1,574,774	1,196,138	378,636
General insurance	6,168,267	6,344,298	5,612,676	731,622
Other post employment benefits (OPEB)	4,000,000	4,761,695	4,761,695	-
Contingency	500,000	120,588	-	120,588
Total miscellaneous	19,314,738	19,878,765	18,279,910	1,598,855
<u>Debt service</u>				
<u>Bond principal retirement</u>				
General obligations	9,967,112	9,967,112	9,967,111	1
<u>Bond interest</u>				
General obligations	4,342,074	4,342,074	4,326,306	15,768
Total debt service	14,309,186	14,309,186	14,293,417	15,769
Total expenditures	199,231,464	201,116,320	198,015,933	3,100,387
<u>Other financing uses</u>				
<u>Operating transfers out</u>				
Capital projects fund	4,663,733	4,807,133	4,807,133	-
Transfer to grants fund	1,670,968	1,680,100	1,680,100	-
Transfer to p&r self sustaining	41,000	41,000	41,000	-
Transfer to land preservation	513,000	513,000	513,000	-
Transfer to water and sewer	-	15,000	15,000	-
Solid waste	30,000	50,000	50,000	-
Total other financing uses	6,918,701	7,106,233	7,106,233	-
Total expenditures and other financing uses	\$ 206,150,165	\$ 208,222,553	\$ 205,122,166	\$ 3,100,387

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COUNTY COMMISSIONERS OF CALVERT COUNTY, MARYLAND

**COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2008**

	<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>
Assets						
Cash, cash equivalents and investments					\$ 23,415	\$ 7,418,539
Taxes receivable				1,327,685		
Accounts receivable	25,000			12,600		154,889
Accrued interest receivable						
Due from other funds	292,111	1,715,182	2,769	6,278,502		2,633,820
Inventory						
Total assets	\$ 317,111	\$ 1,715,182	\$ 2,769	\$ 7,618,787	\$ 23,415	\$ 10,207,248
Liabilities and Fund Balance						
Liabilities						
Vouchers and accounts payable	\$ 178,205					\$ 837,000
Notes payable						
Deferred revenue				1,256,277		
Total liabilities	178,205	-	-	1,256,277	-	837,000
Fund Balance						
Reserved						7,706,713
Unreserved						
Designated				4,405,680		
Undesignated	138,906	1,715,182	2,769	1,956,830	23,415	1,663,535
Total Fund Balance	138,906	1,715,182	2,769	6,362,510	23,415	9,370,248
Total Liabilities and Fund Balance	\$ 317,111	\$ 1,715,182	\$ 2,769	\$ 7,618,787	\$ 23,415	\$ 10,207,248

COUNTY COMMISSIONERS OF CALVERT COUNTY, MARYLAND

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2008

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	Total
	\$ 477,716						\$ 7,919,670
189,658	11,282	28,711	78,155		1,247,282	254,533	1,327,685
111,970	1,085,459	229,708	225,343	1,012,100	(582,179)	530,174	2,002,110
	8,072						-
							13,534,959
							8,072
<u>\$ 301,628</u>	<u>\$ 1,582,529</u>	<u>\$ 258,419</u>	<u>\$ 303,498</u>	<u>\$ 1,012,100</u>	<u>\$ 665,103</u>	<u>\$ 784,707</u>	<u>\$ 24,792,496</u>
	\$ 88,152	\$ 3,360			\$ 513,891	\$ 129,315	\$ 1,749,923
	283,400						283,400
	328,997				130,153	614,169	2,329,596
	700,549	3,360	-	-	644,044	743,484	4,362,919
	56,768						7,763,481
							-
							4,405,680
301,628	825,212	255,059	303,498	1,012,100	21,059	41,223	8,260,416
301,628	881,980	255,059	303,498	1,012,100	21,059	41,223	20,429,577
<u>\$ 301,628</u>	<u>\$ 1,582,529</u>	<u>\$ 258,419</u>	<u>\$ 303,498</u>	<u>\$ 1,012,100</u>	<u>\$ 665,103</u>	<u>\$ 784,707</u>	<u>\$ 24,792,496</u>

COUNTY COMMISSIONERS OF CALVERT COUNTY, MARYLAND

**COMBINING SCHEDULE OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2008**

	(Fund 0012) Planning and Zoning Special Revenue Fund	(Fund 0010) Housing Fund	(Fund 0007) Project Graduation	(Fund 0027) Excise Tax	Board of Library Trustees for Calvert County	(Fund 0028) Land Preservation Fund
Revenue						
Taxes	\$ -	\$ -	\$ -	\$ 3,209,180	\$ -	\$ -
Intergovernmental	-	-	-	-	627,670	126,617
Fines and forfeitures	3,556	-	-	-	138,919	-
Miscellaneous	155,760	45,699	73	158,758	105,362	982,621
Total revenue	159,316	45,699	73	3,367,938	871,951	1,109,238
Expenditures						
Salaries and fringe benefits	85,595	-	-	-	2,949,526	-
Education and miscellaneous	104,375	34,816	-	70,801	609,779	1,322,547
Total expenditures	189,970	34,816	-	70,801	3,559,305	1,322,547
Excess (deficiency) of revenue over expenditures	(30,654)	10,883	73	3,297,137	(2,687,354)	(213,309)
Other Financing Sources (Uses)						
Operating transfer in	-	-	-	39,272	2,689,735	513,000
Operating transfer out	-	-	-	(730,000)	-	-
Total other financing sources (uses)	-	-	-	(690,728)	2,689,735	513,000
Excess (deficiency) of revenue and other financing sources over expenditures and other financing uses	(30,654)	10,883	73	2,606,409	2,381	299,691
Fund balance - beginning of year	169,560	1,704,299	2,696	3,756,101	21,034	9,070,557
Fund balance - end of year	\$ 138,906	\$ 1,715,182	\$ 2,769	\$ 6,362,510	\$ 23,415	\$ 9,370,248

COUNTY COMMISSIONERS OF CALVERT COUNTY, MARYLAND

COMBINING SCHEDULE OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2008

(Fund 0026) Economic Development Incentive Fund	(Fund 0005) Parks and Recreation Fund	(Fund 0016) Bar Library Fund	(Fund 0022) Economic Development Authority Revolving Loan Fund	(Fund 0018) Revolving Loan Fund	(Fund 0025) Grants Fund	(Fund 0024) Calvert Co. Family Network	Total
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,209,180
-	13,384	-	-	-	3,823,828	5,823	4,597,322
-	-	71,552	-	-	-	-	214,027
1,628	1,614,146	6,567	9,946	-	417,287	912,103	4,409,950
1,628	1,627,530	78,119	9,946	-	4,241,115	917,926	12,430,479
-	474,613	31,408	-	-	2,838,451	237,085	6,616,678
-	967,316	43,109	-	-	3,064,147	639,641	6,856,531
-	1,441,929	74,517	-	-	5,902,598	876,726	13,473,209
1,628	185,601	3,602	9,946	-	(1,661,483)	41,200	(1,042,730)
-	41,000	18,000	-	-	1,680,100	-	4,981,107
-	-	-	-	-	-	-	(730,000)
-	41,000	18,000	-	-	1,680,100	-	4,251,107
1,628	226,601	21,602	9,946	-	18,617	41,200	3,208,377
300,000	655,379	233,457	293,552	1,012,100	2,442	23	17,221,200
\$ 301,628	\$ 881,980	\$ 255,059	\$ 303,498	\$ 1,012,100	\$ 21,059	\$ 41,223	\$ 20,429,577

COUNTY COMMISSIONERS OF CALVERT COUNTY, MARYLAND

COMBINING SCHEDULE OF REVENUE, EXPENSES, AND CHANGES IN FUND NET ASSETS
WATER AND SEWER FUND
YEAR ENDED JUNE 30, 2008

	Water Systems	Sewer Systems	Contracted Systems	Administrative and Shared Costs	Total
Operating revenue					
Charges for services	\$ 1,357,164	\$ 2,394,287	\$ 523,599	\$ -	4,275,050
Expenses					
Salaries & benefits	577,737	629,725	261,324	585,412	2,054,198
Contracted services	57,134	472,800	65,491	10,670	606,095
Supplies	85,118	92,222	41,968	33,679	252,987
Heat, light and power	188,065	467,051	-	-	655,116
Depreciation	620,212	1,059,790	-	14,848	1,694,850
Miscellaneous	8,716	1,619	157	24,655	35,147
Telephone	2,239	10,039	948	3,197	16,423
Compensated absences	10,476	27,166	11,409	21,985	71,036
Maintenance and repairs	146,997	163,730	22,016	14,293	347,036
Capital outlay	22,050	6,534	-	6,214	34,798
Grant & restricted expenses	-	-	-	-	-
Total operating expenses	<u>1,718,744</u>	<u>2,930,676</u>	<u>403,313</u>	<u>714,953</u>	<u>5,767,686</u>
Operating income (loss)	(361,580)	(536,389)	120,286	(714,953)	(1,492,636)
Non-operating revenue (expenses)					
Grants	-	-	-	-	-
Deferred amount on refunding	-	(30,191)	-	-	(30,191)
Miscellaneous income	93,717	20,564	-	5,764	120,045
Tower revenue	111,206	-	-	-	111,206
Investment income	66,326	113,753	-	-	180,079
Interest expense	(25,759)	(240,188)	-	-	(265,947)
Administrative allocation	(364,554)	(224,349)	(120,286)	709,189	-
Net non-operating revenue (expenses)	<u>(119,064)</u>	<u>(360,411)</u>	<u>(120,286)</u>	<u>714,953</u>	<u>115,192</u>
Income (loss) before contributions and transfers	(480,644)	(896,800)	-	-	(1,377,444)
Transfers					
Operating transfers in (out)	7,500	7,500	-	-	15,000
Capital transfers in (out)	337,500	-	-	-	337,500
Capital connection charges	447,455	576,004	-	-	1,023,459
Capital contributions	-	-	-	-	-
Change in net assets	311,811	(313,296)	-	-	(1,485)
Total net assets - beginning	<u>6,893,949</u>	<u>16,322,176</u>	<u>-</u>	<u>1,999,832</u>	<u>25,215,957</u>
Total net assets - ending	<u>\$ 7,205,760</u>	<u>\$ 16,008,880</u>	<u>\$ -</u>	<u>\$ 1,999,832</u>	<u>25,214,472</u>

COUNTY COMMISSIONERS OF CALVERT COUNTY, MARYLAND

STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 AGENCY FUND
 YEAR ENDED JUNE 30, 2008

	<u>Balance</u> <u>July 1, 2007</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2008</u>
Tax Redemption Fund				
Assets				
Cash	\$ 23,713	\$ 414,434	\$ 403,028	\$ 35,119
Accounts receivable	9,184	-	-	9,184
Total Assets	<u>\$ 32,897</u>	<u>\$ 414,434</u>	<u>\$ 403,028</u>	<u>\$ 44,303</u>
Liabilities				
Accounts payable	\$ 2,416	\$ 416,850	\$ 405,444	\$ 13,822
Deposits	30,481	-	-	30,481
Total Liabilities	<u>\$ 32,897</u>	<u>\$ 416,850</u>	<u>\$ 405,444</u>	<u>\$ 44,303</u>

COUNTY COMMISSIONERS OF CALVERT COUNTY, MARYLAND

**SCHEDULE OF NOTES RECEIVABLE - VOLUNTEER FIRE DEPARTMENTS
AND RESCUE SQUADS - GENERAL FUND
JUNE 30, 2008**

Volunteer Fire Departments and Rescue Squads	Term	Payment Period	Balance July 1, 2007	Additions	Reductions	Balance June 30, 2008	
North Beach	25 years	Semiannually	\$ 185,921	\$ -	\$ 10,328	\$ 175,593	
	7 years	Semiannually	5,770	-	5,770	-	
	9 years	Semiannually	11,990	-	3,425	8,565	
	12 years	Semiannually	16,950	-	2,608	14,342	
	8 years	Semiannually	-	127,655	-	127,655	
	19 years	Semiannually	33,750	-	7,500	26,250	
	7 years	Semiannually	37,826	-	12,606	25,220	
	14 years	Semiannually	23,336	-	6,666	16,670	
	24 years	Semiannually	134,799	-	9,629	125,170	
				<u>\$ 450,342</u>	<u>\$ 127,655</u>	<u>\$ 58,532</u>	<u>\$ 519,465</u>
Prince Frederick (PF)	25 years	Semiannually	\$ 18,755	\$ -	\$ 4,168	\$ 14,587	
	10 years	Semiannually	20,295	-	4,510	15,785	
	25 years	Semiannually	70,560	-	7,840	62,720	
	25 years	Semiannually	-	365,000	7,300	357,700	
	19 years	Semiannually	90,675	-	13,950	76,725	
	25 years	Semiannually	546,000	-	26,000	520,000	
	26 years	Semiannually	26,625	-	3,328	23,297	
	12 years	Semiannually	-	-	-	-	
			<u>\$ 772,910</u>	<u>\$ 365,000</u>	<u>\$ 67,096</u>	<u>\$ 1,070,814</u>	
Solomons	25 years	Semiannually	\$ 100,143	\$ -	\$ 11,127	\$ 89,016	
	25 years	Semiannually	143,074	-	15,900	127,174	
	7 years	Semiannually	5,765	-	5,765	-	
	7 years	Semiannually	-	127,655	7,978	119,677	
	29 years	Semiannually	27,923	-	11,167	16,756	
	19 years	Semiannually	58,800	-	9,800	49,000	
	19 years	Semiannually	52,000	-	8,000	44,000	
	7 years	Semiannually	50,429	-	12,607	37,822	
	12 years	Semiannually	37,074	-	3,530	33,544	
	9 years	Semiannually	31,259	-	4,168	27,091	
	8 years	Semiannually	112,902	-	15,054	97,848	
				<u>\$ 619,369</u>	<u>\$ 127,655</u>	<u>\$ 105,096</u>	<u>\$ 641,928</u>
	PF Second District	8 years	Semiannually	\$ 66,875	\$ -	\$ 13,375	\$ 53,500
8 years		Semiannually	92,231	-	14,190	78,041	
9 years		Semiannually	12,787	-	3,653	9,134	
8 years		Semiannually	-	127,655	7,978	119,677	
				<u>\$ 171,893</u>	<u>\$ 127,655</u>	<u>\$ 39,196</u>	<u>\$ 260,352</u>
Dunkirk	24 years	Semiannually	151,616	-	9,476	142,140	
	8 years	Semiannually	73,560	-	13,375	60,185	
	8 years	Semiannually	75,771	-	13,776	61,995	
	9 years	Semiannually	20,839	-	4,169	16,670	
	25 years	Semiannually	318,500	-	13,000	305,500	
	12 years	Semiannually	27,427	-	3,428	23,999	
				<u>\$ 667,713</u>	<u>\$ -</u>	<u>\$ 57,224</u>	<u>\$ 610,489</u>
Huntingtown	25 years	Semiannually	\$ 54,186	\$ -	\$ 54,186	\$ -	
	25 years	Semiannually	70,557	-	7,843	62,714	
	24 years	Semiannually	111,600	-	7,200	104,400	
	18.5 years	Semiannually	25,222	-	16,812	8,410	
	24 years	Semiannually	128,024	-	9,144	118,880	
	24 years	Semiannually	80,250	-	13,375	66,875	
	9 years	Semiannually	20,839	-	4,168	16,671	
	12 years	Semiannually	-	49,075	-	49,075	
	25 years	Semiannually	-	344,500	-	344,500	
	8 years	Semiannually	58,436	-	12,984	45,452	
			<u>\$ 549,114</u>	<u>\$ 393,575</u>	<u>\$ 125,712</u>	<u>\$ 816,977</u>	
St. Leonard	25 years	Semiannually	\$ 112,566	\$ -	\$ 12,507	\$ 100,059	
	25 years	Semiannually	207,457	-	10,639	196,818	
	8 years	Semiannually	1,803	-	1,803	-	
	24 years	Semiannually	167,458	-	9,569	157,889	
	7 years	Semiannually	37,823	-	12,606	25,217	
	9 years	Semiannually	-	46,095	2,561	43,534	
	8 years	Semiannually	66,875	-	13,375	53,500	
	12 years	Semiannually	27,422	-	3,428	23,994	
				<u>\$ 621,404</u>	<u>\$ 46,095</u>	<u>\$ 66,488</u>	<u>\$ 601,011</u>
Calvert Advanced Life Support Unit	3 years	Semiannually	\$ -	\$ 69,627	\$ 11,605	\$ 58,022	
	3 years	Semiannually	30,056	-	20,038	10,018	
			<u>\$ 30,056</u>	<u>\$ 69,627</u>	<u>\$ 31,643</u>	<u>\$ 68,040</u>	
			<u>\$ 3,882,801</u>	<u>\$ 1,257,262</u>	<u>\$ 550,987</u>	<u>\$ 4,589,076</u>	

COUNTY COMMISSIONERS OF CALVERT COUNTY, MARYLAND

SCHEDULE OF REAL AND PERSONAL TAXES RECEIVABLE

GENERAL FUND

JUNE 30, 2008

	Total Assessed Value of Taxable Property	Tax Rate Per \$100 of Assessed Value	Actual Tax Levy	Amount Collected	Balance of Taxes Receivable
<u>County Portion</u>					
<u>Current Year Property - Locally Assessed</u>					
Real property:					
For full year levy	\$ 9,857,465,357	\$ 0.892	\$ 87,928,591	\$ 86,288,420	\$ 1,640,171
For half year levy	86,595,567	0.446	386,216	386,216	-
North Beach	186,750,010	0.556	1,038,330	1,038,330	-
Chesapeake Beach	544,776,530	0.556	3,028,958	3,028,958	-
Total real property	<u>10,675,587,464</u>		<u>92,382,095</u>	<u>90,741,924</u>	<u>1,640,171</u>
Personal property, including corporations and banks	725,704,320	2.230	16,183,206	15,927,541	255,665
Public utilities operating and personal property	326,701,430	2.230	7,285,442	7,285,442	-
Total current year	<u>\$ 11,727,993,214</u>		<u>\$ 115,850,743</u>	<u>\$ 113,954,907</u>	<u>\$ 1,895,836</u>
Prior years, real, personal, and corporate property					659,661
Accrued interest receivable and service charge					<u>486,621</u>
Total prior years, accrued interest and interest and outstanding tax credit					<u>1,146,282</u>
Total taxes receivable - county portion					3,042,118
Taxes receivable - state portion net of tax credits					253,974
Taxes receivable- towns portion, net of tax credits					222,088
Bay Restoration fee due to state - Billed with Real estate taxes					<u>12,216</u>
Total taxes receivable					<u>\$ 3,530,396</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, 2008

	Community Service Initiative	Healthy Families	LCC Flex Funds	Saturday Schools	Consolidated Youth Strategies YSPI	GOCCP YSB	LAM	Family Navigator	LCC Coordinator	Reinvest Funds	CCFN Administrative	Total
Revenue												
Federal revenue	56,174	248,780	73,365	85,500	28,695	5,933	66,525	57,299	69,514	19,667	206,473	917,926
State revenue												
Total revenue	56,174	248,780	73,365	85,500	28,695	5,933	66,525	57,299	69,514	19,667	206,473	917,926
Expenditures												
Salaries											128,496	179,816
Printing & office supp										1,667	3,674	5,341
Postage											197	197
Mileage allowance											1,092	1,636
Board of Education		248,780	1,806								690	2,496
Equipment			2,467									332,417
Contracted services	33,664		64,952		28,695	5,933	66,525	57,299		18,000	1,000	276,068
Training/reimb			1,980									4,226
Subscription/membership											98	2,078
Telephone/comm											123	123
Electric											2,056	2,056
Rent											963	963
Food											9,133	9,133
Computer hardware			2,161						200		545	745
Benefits									17,449		39,820	2,161
Total expenditures	33,664	248,780	73,365	83,637	28,695	5,933	66,525	57,299	69,514	19,667	189,646	876,726
Excess (deficiency) of revenue over expenditures	22,510			1,863							16,828	41,200
Fund balance - beginning of year											23	23
Fund balance - end of year	\$ 22,510	\$ -	\$ -	\$ 1,863	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 16,851	\$ 41,223



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, 2008, which collectively comprise the County Commissioners of Calvert County, Maryland's basic financial statements and have issued our report thereon dated November 25, 2008. 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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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 & Murphy, CPA, LLC

Clinton, Maryland
November 25, 2008

STATISTICAL SECTION



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

**FINANCIAL TREND DATA
JUNE 30, 2008**

THE FOLLOWING SCHEDULES CONTAIN TREND INFORMATION TO HELP THE READER UNDERSTAND HOW THE GOVERNMENT'S FINANCIAL PERFORMANCE AND WELL-BEING HAVE CHANGED OVER THE PAST SIX YEARS. THE SCHEDULES ARE NET ASSETS BY CATEGORY, CHANGES IN NET ASSETS, GENERAL TAX REVENUE-GOVERNMENT ACTIVITIES, AND FUND BALANCE OF GOVERNMENTAL FUNDS.

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

	FY03	FY04	FY05	FY06	FY07	FY08
Governmental activities						
Invested in capital assets, net of related debt	\$ 56,233,384	\$ 61,146,224	\$ 63,129,333	\$ 78,866,512	\$ 96,731,172	\$113,355,703
Restricted	4,883,359	5,055,707	5,516,116	5,884,509	9,246,067	7,763,481
Unrestricted	54,135,918	45,990,097	63,168,041	67,514,862	69,049,348	66,129,382
Total Governmental activities net assets	\$115,252,661	\$112,192,028	\$131,813,490	\$152,265,883	\$175,026,597	\$187,248,566
Business-type activities						
Invested in capital assets, net of related debt	\$ 27,314,438	\$ 28,843,560	\$ 30,186,513	\$ 30,215,402	\$ 32,980,825	\$ 34,722,581
Restricted	4,845,269	4,604,303	4,091,718	4,903,917	4,386,023	5,674,336
Unrestricted	1,919,870	1,330,155	16,967	(1,579,473)	(3,535,383)	(5,965,771)
Total business-type activities net assets	\$ 34,079,577	\$ 34,778,018	\$ 34,295,198	\$ 33,539,846	\$ 33,831,465	\$ 34,431,146
Primary government						
Invested in capital assets, net of related debt	\$ 83,547,822	\$ 89,989,784	\$ 93,315,846	\$109,081,914	\$129,711,997	\$148,078,284
Restricted	9,728,628	9,660,010	9,607,834	10,788,426	13,632,090	13,437,817
Unrestricted	56,055,788	47,320,252	63,185,008	65,935,389	65,513,965	60,163,611
Total primary government net assets	\$149,332,238	\$146,870,046	\$166,108,688	\$185,605,729	\$208,858,052	\$221,679,712

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.

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

Expenses	2003	2004	2005	2006	2007	2008
Governmental activities:						
General government	\$ 12,587,597	\$ 13,369,218	\$ 14,641,034	\$ 15,837,498	\$ 19,376,201	\$ 21,118,928
Public safety	17,249,535	17,642,486	18,794,313	18,104,991	25,832,813	28,440,488
Public works	10,561,311	10,379,211	4,954,308	8,656,507	16,294,562	12,747,610
Health and hospitals	2,604,086	2,581,456	2,439,169	2,547,571	3,091,069	3,059,513
Social services	6,443,024	7,031,034	7,671,901	7,689,167	9,205,328	9,674,760
Education	1,802,882	1,624,356	2,020,194	2,391,360	2,991,382	3,048,939
Board of Education	78,087,440	93,320,807	87,372,370	85,712,612	90,378,744	108,689,460
Recreation and culture	6,297,878	6,564,078	6,831,068	2,547,771	10,608,677	11,230,664
Conservation of natural resources	291,651	770,377	1,050,357	3,201,679	1,422,798	1,816,478
Urban development and housing	820,511	939,441	970,288	1,076,102	1,326,831	1,378,660
Economic development	899,803	1,232,521	1,179,816	1,204,049	1,430,435	1,209,545
Miscellaneous	8,641,126	9,753,896	10,455,449	12,480,849	-	-
Capital projects	3,328,279	4,973,978	4,769,708	13,792,519	2,034,100	-
Debt service	2,666,968	3,071,809	3,203,820	3,284,365	3,640,050	4,180,761
Subtotal governmental activities expenses	152,282,091	173,254,778	166,353,795	178,527,040	187,634,990	206,595,806
Business-type activities:						
Water and sewer	4,773,683	5,186,540	5,179,836	5,813,095	5,782,763	6,063,824
Solid waste	10,048,130	11,495,314	12,041,497	12,280,864	11,588,833	11,110,091
Culture	2,527,056	2,922,806	2,942,141	2,943,972	3,298,655	3,395,574
Subtotal business-type activities expenses	17,348,869	19,604,660	20,163,474	21,037,931	20,670,251	20,569,489
Total primary government expenses	\$ 169,630,960	\$ 192,859,438	\$ 186,517,269	\$ 199,564,971	\$ 208,305,241	\$ 227,165,295
Program Revenues						
Governmental activities:						
General government	\$ 1,566,147	\$ 2,163,364	\$ 1,979,433	\$ 3,084,507	\$ 2,733,752	\$ 4,234,723
Public safety	4,123,398	5,604,444	6,343,750	5,848,001	6,925,881	7,166,206
Public works	5,373,336	7,849,342	5,439,168	6,446,786	7,282,186	6,388,285
Health and hospitals	41,329	82,608	54,343	58,187	70,687	58,399
Social services	814,116	682,748	753,748	754,048	1,014,712	797,476
Education	5,148	12,103	34,193	34,193	8,299	4,000
Board of Education	-	-	-	-	-	-
Recreation and culture	2,026,048	4,323,459	2,563,470	3,226,166	3,549,745	3,353,666
Conservation of natural resources	155,458	151,279	166,768	143,702	744,522	336,473
Urban development and housing	700,488	744,894	845,954	1,018,478	997,111	961,195
Economic development	1,293,689	1,083,522	989,167	1,007,398	1,058,562	929,119
Miscellaneous	1,126,307	1,353,007	2,097,004	1,730,581	-	-
Capital projects	10,644,669	1,987,109	838,894	1,823,092	1,707,441	1,356,301
Debt service	641,103	638,943	640,651	641,346	636,098	639,458
Subtotal governmental activities revenues	28,511,236	26,676,822	22,746,543	25,816,485	26,728,996	28,225,301
Business-type activities:						
Water and sewer	3,632,580	5,152,447	4,518,241	4,504,973	4,696,931	5,529,760
Solid waste	10,433,675	11,806,448	12,318,489	12,569,922	12,524,486	11,626,494
Culture	497,522	1,181,133	607,406	668,812	732,755	837,528
Subtotal business-type activities revenues	14,563,777	18,140,028	17,444,136	17,743,707	17,954,172	17,993,782
Total primary government revenues	\$ 43,075,013	\$ 44,816,850	\$ 40,190,679	\$ 43,560,192	\$ 44,683,168	\$ 44,219,083

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

Net (Expense)/Revenue (1)	2003	2004	2005	2006	2007	2008
Governmental activities:						
General government	\$ (11,021,450)	\$ (11,205,854)	\$ (12,661,601)	\$ (12,752,991)	\$ (16,644,449)	\$ (16,884,205)
Public safety	(13,126,137)	(12,038,052)	(12,450,563)	(12,256,990)	(18,906,932)	(21,274,282)
Public works	(5,187,975)	(2,529,869)	484,860	(2,209,721)	(9,012,376)	(6,359,325)
Health and hospitals	(2,562,757)	(2,498,848)	(2,384,826)	(2,489,384)	(3,020,382)	(3,001,114)
Social services	(5,628,908)	(6,348,286)	(6,918,153)	(6,935,119)	(8,190,616)	(8,877,284)
Education	(1,797,734)	(1,612,253)	(1,986,001)	(2,357,167)	(2,983,083)	(3,044,939)
Board of Education	(78,087,440)	(93,320,807)	(87,372,370)	(85,712,612)	(90,378,744)	(108,689,460)
Recreation and culture	(4,271,830)	(2,240,619)	(4,267,598)	678,395	(7,058,932)	(7,876,998)
Conservation of natural resources	(136,193)	(619,098)	(683,589)	(3,057,977)	(678,276)	(1,480,005)
Urban development and housing	(120,023)	(194,547)	(124,334)	(57,624)	(329,720)	(417,465)
Economic development	393,886	(148,999)	(190,649)	(196,651)	(371,873)	(280,426)
Miscellaneous	(7,514,819)	(8,400,989)	(8,358,445)	(10,750,268)	-	-
Capital projects	7,316,390	(2,986,869)	(3,930,814)	(11,989,427)	(326,659)	1,356,301
Debt service	(2,025,865)	(2,432,866)	(2,563,169)	(2,643,019)	(3,003,952)	(3,541,303)
Subtotal governmental activities expenses	(123,770,855)	(146,577,956)	(143,607,252)	(152,710,555)	(160,905,994)	(180,370,505)
Business-type activities:						
Water and sewer	(1,141,103)	(34,093)	(661,595)	(1,308,122)	(1,085,832)	(534,064)
Solid waste	385,545	311,134	276,992	289,058	935,653	516,403
Culture	(2,029,534)	(1,741,673)	(2,334,735)	(2,275,160)	(2,565,900)	(2,558,046)
Subtotal business-type activities expenses	(2,785,092)	(1,464,632)	(2,719,338)	(3,294,224)	(2,716,079)	(2,575,707)
Total primary government expenses	<u>\$(126,555,947)</u>	<u>\$(148,042,588)</u>	<u>\$(146,326,590)</u>	<u>\$(156,004,779)</u>	<u>\$(163,622,073)</u>	<u>\$(182,946,212)</u>
General Revenues and Other Changes in Net Assets						
Governmental activities:						
Property taxes	\$ 69,922,260	\$ 77,471,702	\$ 85,133,607	\$ 90,833,150	\$ 98,994,236	\$ 109,907,718
Income taxes	39,753,312	49,978,622	56,880,109	58,647,605	61,886,520	63,477,715
Recordation taxes	9,067,979	11,322,287	13,630,156	14,481,819	11,664,698	9,114,661
Admission and amusement taxes	40,472	198,063	269,049	293,735	107,310	23,377
Franchise taxes	551,667	618,105	714,446	778,416	892,707	984,342
Other miscellaneous taxes	970,841	154,886	182,573	132,064	157,516	148,115
State reimbursement of electricity deregulation	6,096,574	5,425,079	6,096,574	6,096,574	6,096,574	5,897,437
Interest and dividends	1,571,307	460,472	2,366,403	4,066,075	6,358,189	5,871,258
Miscellaneous	(1,118,900)	(2,111,893)	(2,044,203)	(2,166,490)	(2,491,052)	(2,832,139)
Subtotal governmental activities revenues	126,855,512	143,517,323	163,228,714	173,162,948	183,666,698	192,592,484
Business-type activities:						
State reimbursement of electric deregulation	349,539	51,180	192,315	372,382	-	-
Miscellaneous	1,727,031	2,111,893	2,044,203	2,166,490	3,007,698	3,175,388
Subtotal business-type activities revenues	2,076,570	2,163,073	2,236,518	2,538,872	3,007,698	3,175,388
Total primary government revenues	<u>\$ 128,932,082</u>	<u>\$ 145,680,396</u>	<u>\$ 165,465,232</u>	<u>\$ 175,701,820</u>	<u>\$ 186,674,396</u>	<u>\$ 195,767,872</u>
Change in Net assets						
Governmental activities	\$ 3,084,657	\$ (3,060,633)	\$ 19,621,462	\$ 20,452,393	\$ 22,760,704	\$ 12,221,979
Business-type activities	(708,522)	696,441	(482,820)	(755,352)	291,619	599,681
Total primary government	<u>\$ 2,376,135</u>	<u>\$ (2,362,192)</u>	<u>\$ 19,138,642</u>	<u>\$ 19,697,041</u>	<u>\$ 23,052,323</u>	<u>\$ 12,821,660</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.

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

	2003	2004	2005	2006	2007	2008
Real and personal property taxes	\$ 65,763,330	\$ 70,820,349	\$ 78,790,203	\$ 86,051,217	\$ 94,728,796	\$106,121,819
Income taxes	40,161,499	46,585,767	54,386,967	55,625,569	59,064,889	62,153,000
Admission and amusements	40,472	198,063	269,049	293,735	107,310	23,377
Recordation	9,067,979	11,322,287	13,630,156	14,481,819	11,664,698	9,114,661
Trailer parks	154,844	154,885	149,036	132,063	157,516	148,115
Hotel	-	528,181	498,039	519,919	644,328	785,519
Highway user revenue	4,470,538	3,632,858	4,611,142	5,683,147	5,947,234	5,701,044
Franchise	551,667	618,105	714,446	778,416	892,707	984,342
Total Taxes	\$120,210,329	\$133,860,495	\$153,049,038	\$163,565,885	\$173,207,478	\$185,031,877

NOTES:

- (1) Government-wide general tax revenue information is reported on the accrual basis of accounting.
- (2) 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>FY03</u>	<u>FY04</u>	<u>FY05</u>	<u>FY06</u>	<u>FY07</u>	<u>FY08</u>
General Fund						
Reserved	\$ 4,625,004	\$ 4,968,812	\$ 5,383,571	\$ 5,839,319	\$ 9,195,518	\$ 12,562,828
Unreserved	38,883,863	39,447,501	47,719,807	56,039,767	54,223,295	55,649,096
Total General fund	<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>	<u>\$ 68,211,924</u>
All other governmental funds						
Reserved	\$ 258,355	\$ 86,895	\$ 132,545	\$ 45,190	\$ 50,549	\$ 7,763,481
Unreserved, reported in:						
Special revenue funds	11,250,173	17,421,221	15,717,939	13,174,434	17,170,651	12,866,097
Capital projects funds	44,647,155	27,267,249	32,317,075	31,975,700	45,555,272	51,500,054
Permanent funds						
Total all other governmental funds	<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>	<u>\$ 71,929,632</u>

NOTES:

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

County Commissioners of Calvert County, Maryland
 Changes in Fund Balance or Governmental Funds
 Last Ten Fiscal Years
 (continued)
 Schedule 5

	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Revenues										
Taxes	\$ 104,277,504	\$ 108,880,018	\$ 115,138,895	\$ 117,358,009	\$ 123,842,161	\$ 138,458,058	\$ 159,070,869	\$ 168,868,174	\$ 177,201,660	\$ 188,241,058
Licenses and permits	140,588	208,028	192,221	186,618	188,953	169,960	216,014	232,123	257,516	281,288
Ineovernmental	6,318,839	7,119,413	14,716,485	16,886,185	18,128,762	16,895,231	15,738,563	18,330,527	16,778,720	15,089,474
Charges for services	2,483,069	2,465,174	2,708,638	3,101,343	3,118,562	3,236,923	3,294,503	2,900,487	3,202,755	3,970,167
Fines and forfeitures	142,037	230,199	236,990	200,371	238,545	273,920	252,017	328,280	288,052	358,049
Miscellaneous	5,734,279	6,813,615	7,923,504	5,844,434	5,188,607	3,949,023	7,110,816	5,479,455	12,018,603	12,023,861
Total revenues	119,089,144	126,733,495	140,915,201	145,178,940	150,603,610	161,941,015	185,702,601	199,159,029	209,747,517	220,243,983
Expenditures										
General government	8,593,785	9,212,887	9,138,448	9,859,210	11,312,244	11,802,003	12,784,613	14,970,798	15,349,893	16,738,565
Public safety	12,250,242	13,324,468	14,189,764	14,805,618	16,070,046	16,851,428	17,999,869	19,319,261	21,699,819	24,008,178
Public works	5,994,348	6,178,503	6,675,392	6,577,394	7,763,754	7,161,352	6,917,035	7,715,592	10,599,520	7,656,572
Health and hospitals	2,781,481	2,843,905	2,391,310	2,484,813	2,613,224	2,568,691	2,556,677	2,539,528	2,609,707	2,667,965
Social services	1,463,385	1,753,424	1,038,402	6,255,200	6,411,220	6,962,697	7,164,652	7,746,163	7,872,234	8,347,844
Education - other	854,245	887,575	1,386,488	1,464,804	1,802,852	1,624,366	2,020,164	2,391,860	2,521,895	2,660,782
Board of Education	58,738,091	64,973,650	67,484,882	71,759,418	78,087,440	82,892,338	87,372,370	90,352,781	95,104,149	97,782,359
Recreation and culture	2,141,877	2,212,581	2,388,132	5,851,972	5,871,106	6,573,669	6,517,349	7,488,244	6,286,634	8,600,443
Conservation of natural resources	248,501	248,095	293,998	279,693	289,809	770,449	1,050,019	3,290,187	1,302,107	1,881,587
Urban development and housing	578,965	546,331	607,617	744,654	803,429	914,646	948,487	1,063,348	1,124,533	1,239,214
Economic development	641,203	601,710	624,910	684,360	857,642	1,235,285	1,169,234	1,211,752	1,215,905	1,082,995
Miscellaneous	6,288,248	6,657,127	7,160,987	7,802,418	8,641,128	8,793,411	10,427,861	12,457,665	14,370,535	18,278,910
Capital projects	7,359,670	9,033,618	10,407,356	13,222,693	11,443,746	12,104,657	11,163,377	20,124,272	24,846,617	20,697,662
Debt service										
Principal retirement	6,722,100	4,030,305	4,003,021	4,133,634	5,167,841	5,141,846	6,920,982	7,940,391	8,724,561	9,987,111
Interest	2,608,967	2,528,323	2,382,670	2,449,082	2,408,741	2,653,819	3,235,987	3,317,092	3,441,582	4,326,305
Total expenditures	119,879,559	128,031,500	136,026,739	148,564,663	159,702,052	178,211,894	178,548,916	202,088,665	218,607,711	229,009,601
Excess (deficiency) of revenues over expenditures:	(753,415)	1,701,995	4,832,471	(3,400,023)	(9,108,242)	(17,270,879)	7,153,685	(2,929,639)	(8,860,394)	(5,761,633)
Other financing sources (uses)										
Proceeds from bond issuance	6,075,000	-	2,727,900	9,802,517	31,192,787	6,910,000	6,985,000	10,685,000	29,780,000	22,250,000
Premium of issuance of debt					428,048				692,322	290,047
Forgiveness of debt										
Transfers in - other	16,215,018	20,425,987	11,571,612	12,881,085	15,198,766	13,991,933	21,762,860	18,566,370	15,920,176	10,160,740
Transfers out - other	(16,705,995)	(21,971,465)	(13,076,315)	(14,827,774)	(16,599,797)	(16,043,229)	(23,852,309)	(20,717,259)	(18,411,239)	(13,012,879)
Total other financing sources (uses)	4,584,020	(1,546,608)	1,220,227	6,215,623	29,659,787	6,768,107	4,925,574	8,733,112	27,681,239	19,707,603
Net change in fund balances	\$ 3,830,605	\$ 158,427	\$ 6,052,608	\$ 4,807,308	\$ 20,951,545	\$ (10,472,872)	\$ 12,079,259	\$ 6,803,473	\$ 19,120,875	\$ 13,946,270
Debt service as a percentage of noncapital expenditures	10.57%	5.66%	5.20%	4.63%	4.23%	(34.54)%	(35.62)%	(35.84)%	(35.44)%	(36.28)%

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 pg. 20 divided by debt service, beginning in 2004.

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

**REVENUE CAPACITY
JUNE 30, 2008**

THE FOLLOWING SCHEDULES CONTAIN INFORMATION TO HELP THE READER ACCESS THE GOVERNMENT'S MOST SIGNIFICANT LOCAL REVENUE SOURCE, THE PROPERTY TAX. THE SCHEDULES ARE CHANGES IN FUND BALANCE OF GOVERNMENTAL FUNDS, ASSESSED AND ESTIMATED ACTUAL VALUE OF TAXABLE PRPOERTY, DIRECT AND OVERLAPPING PROPERTY TAX RATES, PRINCIPAL PROPERTY TAXPAYERS, AND SUMMARY OF PROPERTY TAX LEVIES AND COLLECTIONS.

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
	Assessed Value	Exempt Property	Taxable Assessed Value	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	
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	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%
2008	11,464,556,220	788,968,756	10,675,587,464	1,052,405,750	1,052,405,750	12,516,961,970	12,516,961,970	11,727,993,214	12,516,961,970	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

Calvert County Government
 Real Property Tax Rates - Direct and Overlapping Governments
 (Per \$100 of assessed Value
 Last Ten Fiscal Years
 (Unaudited)

Fiscal Year	Calvert County	Town of North Beach	Town of Chesapeake Beach
1999	2.23	1.39	1.39
2000	2.23	1.39	1.39
2001	2.23	1.39	1.39
2002 (1)	0.892	0.556	0.556
2003	0.892	0.556	0.556
2004	0.892	0.556	0.556
2005	0.892	0.556	0.556
2006	0.892	0.556	0.556
2007	0.892	0.556	0.556
2008	0.892	0.556	0.556

NOTES:

* Tax rates are \$100 of assessed value

(1) As of Fiscal Year 2002, real property taxes are assessed at the property's full estimate 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	FY08				FY99			
	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	\$ 977,421,087	1	8.33%	952,546,070 *	1	16.91%		
Cove Point LNG Plant	203,887,410	2	1.74%	33,970,770 *	5	0.60%		
Southern Maryland Electric Co.	41,660,000	3	0.36%	39,242,845 *	4	0.70%		
Verizon	33,108,650	4	0.28%	42,640,167 *	3	0.76%		
Fox Run Ltd. Partnership	29,347,732	5	0.25%					
Asbury-Solomons	26,236,200	6	0.22%					
Holiday Inn - Solomons	24,511,500	7	0.21%	6,885,325 *	8	0.12%		
Dunkirk Market Place	12,102,066	10	0.10%					
Market Square	13,694,366	9	0.12%					
Dunkirk Gateway	16,795,833	8	0.14%					
Bell Atlantic				6,737,638 *	9	0.12%		
Fox Run Shopping Center				45,002,614 *	2	0.80%		
Pepco				9,030,497 *	6	0.16%		
Calvert Village Shopping Center				6,969,516 *	7	0.12%		
	\$ 1,378,764,844		11.76%	\$ 1,145,547,053	10	0.04%	20.34%	

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

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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
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%
2008	115,850,743	113,954,907	98.36%	1,842,551	115,797,458	99.95%

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

**DEBT CAPACITY
JUNE 30, 2008**

THE FOLLOWING SCHEDULES PRESENT INFORMATION TO HELP THE READER ASSESS THE AFFORDABILITY OF GOVERNMENT'S CURRENT LEVELS OF OUTSTANDING DEBT AND GOVERNMENT'S ABILITY TO ISSUE ADDITIONAL DEBT IN THE FUTURE. THE SCHEDULES ARE RATIOS OF OUTSTANDING DEBT BY TYPE, NET BONDED DEBT PER CAPITA, AND PLEDGED-REVENUE COVERAGE.

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 (e)	Per Capita(e)
	General Obligation Bonds	State Transportation Bonds	Revenue Bonds	Bond Anticipation Note	General Obligation Mortgages	Office Building	Leveraging	Misc.	Notes payable	General Obligation Bonds			
1999	40,884	1,188	-	-	-	6,075	-	4,918	5,034	10,033	67,832	3.20%	934
2000	38,018	807	-	-	-	5,600	-	4,283	4,719	9,410	62,837	2.87%	843
2001	35,090	410	-	2,727	-	5,180	-	4,025	4,488	8,718	60,848	2.41%	796
2002	44,533	103	-	-	-	4,745	4,839	3,994	9,353	8,009	75,276	2.81%	955
2003	70,740	-	-	-	-	4,295	5,589	3,117	10,157	7,253	101,151	3.56%	1,235
2004	75,290	-	-	-	-	3,830	5,931	2,797	9,885	6,715	104,448	3.39%	1,243
2005	76,178	-	-	-	-	3,345	5,931	2,528	9,461	6,055	103,498	3.16%	1,215
2006	79,973	-	-	-	-	2,840	6,882	2,170	8,841	5,169	105,875	N/A	1,193
2007	101,907	-	-	-	-	2,320	7,961	1,800	8,248	4,057	126,293	N/A	1,435
2008	115,099	-	-	-	-	1,775	10,414	1,421	8,176	3,018	139,903	N/A	1,411

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		Net Bonded Debt Per Capita
		Real & Personal Property (2)	Property (2)				Assessed Value	Bonded Value	
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		
2008	89,500	11,464,556,220	118,117,092	2,035,916	116,081,176	1.01%	1,297.00		

(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, 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 Billied	Debt Service Principal	Debt Service Interest	Coverage	Waterway Improvement Billied	Debt Service Principal	Debt Service Interest	Coverage
2008	632,621	545,000	87,621	1.00	30,446	23,322	-	1.31	-	-	-	0.00
2007	628,261	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	635,421	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

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

**DEMOGRAPHIC AND ECONOMIC INFORMATION
JUNE 30, 2008**

THE FOLLOWING SCHEDULES OFFER DEMOGRAPHIC AND ECONOMIC INDICATORS TO HELP THE READER UNDERSTAND THE ENVIRONMENT WITHIN WHICH THE GOVERNMENT'S FINANCIAL ACTIVITIES TAKE PLACE. THE SCHEDULES ARE DEMOGRAPHIC AND ECONOMIC STATISTICS AND PRINCIPAL EMPLOYERS.

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)	Enrollment (4)		
1999	72,640	2,117,423	28,209	37,721	14,298	2.60%	14,298
2000	74,563	2,352,217	30,364	38,894	14,823	2.60%	14,823
2001	76,200	2,513,986	31,091	39,411	15,791	2.50%	15,791
2002	78,800	2,674,927	32,055	40,188	16,371	2.70%	16,371
2003	81,900	2,834,014	32,950	41,365	16,745	3.00%	16,745
2004	84,000	3,051,852	34,465	42,339	16,904	2.80%	16,904
2005	85,200	3,270,323	35,990	45,503	16,842	3.40%	16,842
2006	87,000	N/A	N/A	47,085	17,113	3.50%	17,113
2007	88,000	N/A	N/A	47,448	17,468	3.60%	17,468
2008	89,500	N/A	N/A	48,265	17,029	3.70%	17,029

- (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.

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

Employer	Fiscal Year 2008			Fiscal Year 1999		
	Employees	Rank	Percentage of Total County Employment	Employees	Rank	Percentage of Total County Employment
Calvert County Public Schools	2,308	1	4.78%	1677	1	4.35%
Calvert Memorial Hospital	1,040	3	2.15%	829	3	2.15%
Calvert County Government	1,117	2	2.31%	800	4	2.08%
Constellation Energy Group (1)	800	4	1.66%			
ARC of Southern Maryland	350	7	0.73%	360	5	0.93%
Wal-Mart	571	5	1.18%	275	6	0.71%
Safeway	302	8	0.63%			
DynCorp				213	7	0.55%
Recorded Books	226	10	0.47%			
Calvert Nursing Center						
Baltimore Gas and Electric (1)				1319	2	3.42%
Chesapeake Biological Laboratory				170	9	0.44%
Direct Mail Mgmt., Inc	250	9	0.52%			
Giant Food	397	6	0.82%			
The Gott Company				205	8	0.53%
Holiday Inn Select Solomons				166	10	0.43%

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 Four Fiscal Years
 (Unaudited)
 Schedule 15

Function:	2005	2006	2007	2008
General Government				
Commissioners	7	7	7	7
Circuit court	10	10	11	11
Clerk of the Commissioners	1	1	1	1
County Administration	2	2	3	3
County Attorney	3	3	4	4
Treasurers	6	6	7	7
Election	8	9	9	9
Finance	20	22	23	23
General Services	2	2	2	2
Buildings and grounds	26	28	30	31
Orphans court	3	3	3	3
Personnel	5	6	8	8
States Attorney	18	18	19	20
Technology Services	17	17	18	19
Public Safety				
Transportation	1	2	3	3
Mosquito control	1	1	1	2
Public safety	2	2	2	2
Control Center	25	29	30	30
Emergency Management	2	2	3	3
Fire/Rescue	3	4	4	4
Inspections/Permits	13	13	13	14
Animal Control	5	5	5	6
Detention Center	64	65	65	78
Sheriffs Office	105	115	131	134
Liquor board	3	3	3	3
Public Works	14	14	15	16
Planning commission	1	1	2	1
Project Management	8	8	8	8
Fleet Maintenance	7	8	9	9
Highway Maintenance	33	33	33	33
Social Services				
Community Resources	4	4	5	5
Office on Aging	23	23	24	24
Recreation				
Marine Museum	36	36	37	37
Railway Museum	1	1	2	2
Recreation Programs	59	62	68	68
Conservation of Natural Resources	8	9	9	9
Soil Conservation	4	4	4	4
Urban Development				
Planning and Zoning	21	21	26	26
Economic Development	8	9	10	10
Water and Sewer	30	30	30	33
Solid Waste	32	33	37	38
Total	641	671	721	747

Source: Calvert County adopted Operating and Capital Budget Fiscal Years 2006, 2007, and 2008.

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

**OPERATING INFORMATION
JUNE 30, 2008**

THE FOLLOWING SCHEDULES CONTAIN SERVICE AND INFRASTRUCTURE DATA THAT SHOWS THE READER HOW THE INFORMATION IN THE GOVERNMENT'S FINANCIAL REPORT RELATES TO THE SERVICES THE GOVERNMENT PROVIDES AND THE ACTIVITIES IT PERFORMS. THE SCHEDULES ARE FULL-TIME CALVERT COUNTY EMPLOYEES BY FUNCTION, OPERATING INDICATORS BY FUNCTION, AND CAPITAL ASSET STATISTICS BY FUNCTION.

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

Function:	2005	2006	2007	2008
Public Safety				
Police:				
Stations	1	1	1	1
Patrol Units	89	115	115	120
Fire Protection				
Fire Stations	7	7	7	7
Pumpers	12	12	12	12
Ambulances	15	15	15	15
Rescue Trucks	6	6	6	6
Aerial Trucks/towers	3	3	3	3
Brush Units	12	12	12	12
Tankers	5	5	5	5
Jet skis	2	2	2	2
Dive rescue van	1	1	1	1
Fire-rescue boats	3	3	3	3
Mass casualty unit/trailer	1	1	1	1
Inflatable boats	6	6	6	6
Paramedic units	5	5	5	5
Air Cascade Unit	0	0	1	1
Other utility type	24	24	24	24
Public Works				
Transportation				
Passenger buses	17	17	18	18
County owned streets in miles	435	460	460	460
Recreation				
Baseball fields	20	20	20	20
Football fields	7	7	7	7
Basketball courts	6	6	6	6
Tennis courts	10	10	10	10
Pools	1	2	2	2
Playgrounds and parks in acres	360	360	360	360
Water and Sewer				
Water mains in miles	3	3	3	3
Water treatment plants	22	22	22	22
Storage tanks	14	14	14	14
Sewer lines and storm drains in miles	1	1	1	1
Sewer treatment plants	7	7	7	7
Sewer pumping stations	27	27	27	27

Source: Various county departments.