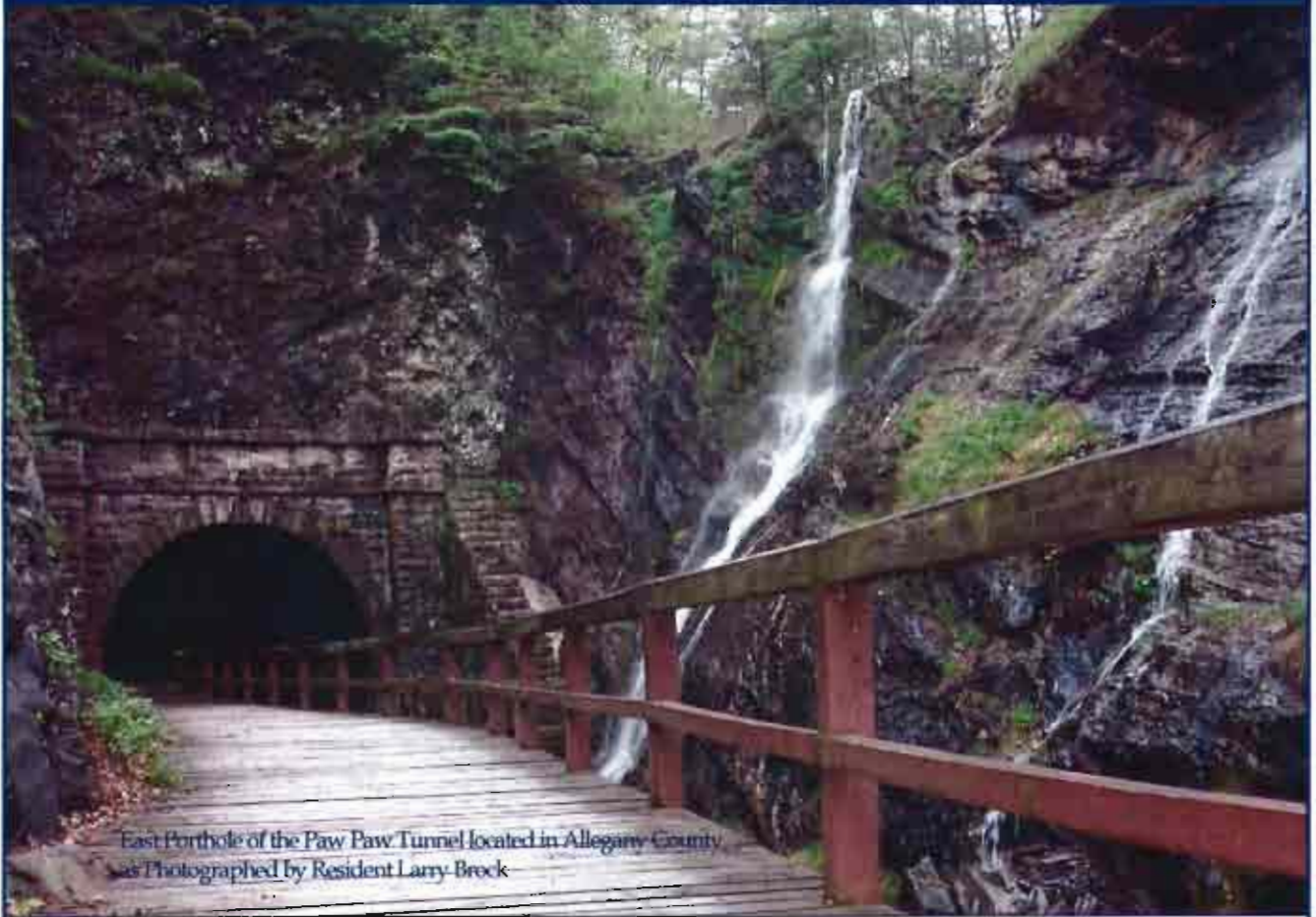


# ALLEGANY COUNTY



East Porthole of the Paw Paw Tunnel located in Allegany County  
as Photographed by Resident Larry Brock

## Comprehensive Annual Financial Report

*For the Fiscal Year Ended June 30, 2006*

# MARYLAND

**ALLEGANY COUNTY, MARYLAND**  
**COMPREHENSIVE ANNUAL**  
**FINANCIAL REPORT**

FOR THE FISCAL YEAR  
JULY 1, 2005 - JUNE 30, 2006

Prepared by:  
The Allegany County Finance Office  
Jerry L. Frantz, CPA, Director

# ALLEGANY COUNTY, MARYLAND COMPREHENSIVE ANNUAL FINANCIAL REPORT

## TABLE OF CONTENTS

	Page Number
<b><u>I. INTRODUCTORY SECTION</u></b>	
Letter of Transmittal .....	ix
Certificate of Achievement for Excellence in Financial Reporting .....	xvi
Summary of Certain County Officials .....	xvii
Organization Chart .....	xviii
<b><u>II. FINANCIAL SECTION</u></b>	
INDEPENDENT AUDITOR'S REPORT .....	A-1
MANAGEMENT'S DISCUSSION AND ANALYSIS .....	B-1
<b><u>BASIC FINANCIAL STATEMENTS:</u></b>	
Government-wide Financial Statements:	
Statement of Net Assets .....	C-5
Statement of Net Activities .....	C-6
Fund Financial Statements:	
Balance Sheet - Governmental Funds .....	C-11
Statement of Revenue, Expenditures, and Changes in Fund Balances - Governmental Funds .....	C-12
Reconciliation of the Statement of Revenue, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Net Activities.....	C-13
Statement of Net Assets - Proprietary Funds.....	C-15
Statement of Revenues, Expenses, and Changes in Fund Net Assets - Proprietary Funds .....	C-16
Statement of Cash Flows - Proprietary Funds .....	C-17
Statement of Fiduciary Net Assets - Agency Fund .....	C-18
Notes to the Financial Statements	
Note 1. Summary of Significant Accounting Policies.....	C-21
A. Introduction.....	C-21
B. Reporting Entity.....	C-21
C. Government-wide and Fund Financial Statements.....	C-23
D. Measurement Focus, Basis of Accounting, and Financial Statement Presentation.....	C-23
E. Assets, Liabilities and Net Assets or Equity.....	C-26
Note 2. Reconciliation of Government-wide and Fund Financial Statements.....	C-31
A. Explanation of certain differences between the governmental funds balance sheet and the government-wide statement of net assets.....	C-31
B. Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balances and the government-wide statement of activities .....	C-31
Note 3. Stewardship, Compliance, and Accountability	
A. Budgetary Information.....	C-33
B. Excess of Expenditures Over Appropriations.....	C-34
C. Deficit Fund Equity.....	C-34
Note 4. Deposits and Investments.....	C-35
Note 5. Property Taxes Receivable.....	C-38
Note 6. Other Receivables.....	C-38
Note 7. Capital Assets.....	C-41
Note 8. Interfund Receivables, Payables and Transfers	
A. Due To/From Other Funds.....	C-45
B. Advances and Loans To/From Other Funds.....	C-45
C. Transfers.....	C-46

**ALLEGANY COUNTY, MARYLAND**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**

**TABLE OF CONTENTS**

<b>II. <u>FINANCIAL SECTION -continued</u></b>	<b>Page</b>
<b><u>BASIC FINANCIAL STATEMENTS - continued</u></b>	<b><u>Number</u></b>
Notes to the Financial Statements - continued	
Note 9. Short-Term Debt.....	C-47
Note 10. Long-Term Debt, Capital Leases and Compensated Absences.....	C-47
Note 11. Pensions and Retirement Systems.....	C-51
Note 12. Risk Management.....	C-54
Note 13. Pending Claims and Litigation.....	C-54
Note 14. Contingent Liabilities.....	C-54
Note 15. Post-Employment Benefits.....	C-55
Note 16. Changes to Beginning Fund Balances/Net Assets.....	C-55
Note 17. Subsequent Events .....	C-56
 <b><u>REQUIRED SUPPLEMENTARY INFORMATION:</u></b>	
Pension Contributions.....	D-3
Budgetary Comparison Schedule - General Fund .....	D-4
Budgetary Comparison Schedule - Highway Special Revenue Fund .....	D-13
Budgetary Comparison Schedule - Capital Improvement Projects Fund .....	D-14
Notes to Required Supplementary Information .....	D-14
 <b><u>COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS AND SCHEDULES:</u></b>	
<b><u>Non-Major Governmental Funds:</u></b>	
Combining Balance Sheet.....	E-4
Combining Statement of Revenue, Expenditures, and Changes in Fund Balances .....	E-6
<b><u>Non-Major Enterprise Funds:</u></b>	
Combining Statement of Net Assets.....	E-10
Combining Statement of Revenues, Expenses, and Changes in Fund Net Assets .....	E-11
Combining Statement of Cash Flows .....	E-12
<b><u>Schedules of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual:</u></b>	
Debt Service Fund .....	E-15
Special Revenue Funds .....	E-16
Capital Project Funds .....	E-22
<b><u>Schedules of Revenues, Expenditures and Project Balances - From Inception to June 30, 2006</u></b>	
Capital Improvement Projects Fund .....	E-26
Pay-As-You-Go Capital Project Fund .....	E-26
Public Improvement Bonds Capital Projects Fund .....	E-26
<b><u>Schedule of Revenues, Expenditures and Changes in Fund Balances By Project-</u></b>	
<b><u>For The Year Ended June 30, 2006</u></b>	
Capital Improvement Projects Fund .....	E-30
Pay-As-You-Go Capital Project Fund .....	E-34
Public Improvement Bonds Capital Projects Fund .....	E-36
<b><u>Enterprise Funds Combining Schedules:</u></b>	
Water Districts Combining Schedule of Revenues, Expenses and Changes in Net Assets.....	E-38
Sanitary Districts Combining Schedule of Net Assets.....	E-40
Sanitary Districts Combining Schedule of Revenues, Expenses and Changes in Net Assets.....	E-42

**ALLEGANY COUNTY, MARYLAND**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**

**TABLE OF CONTENTS**

	<u>Page Number</u>
<b>II. <u>FINANCIAL SECTION -continued</u></b>	
<u>COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS AND SCHEDULES continued:</u>	
<u>Agency Fund</u>	
Agency Fund - Statement of Changes in Assets and Liabilities .....	E-44
<u>Capital Assets Used in the Operation of Governmental Funds:</u>	
Comparative Schedule By Source.....	E-46
Schedule of Assets By Function .....	E-47
Schedule of Changes in General Fixed Assets by Function .....	E-47
 <b>III. <u>STATISTICAL SECTION</u></b>	
Financial Trends:	
Net Assts by Component, Last Four Fiscal Years .....	F-3
Changes in Net Assets, Last Four Fiscal Years .....	F-4
Fund Balances, Governmental Funds, Last Ten years .....	F-6
Changes in Fund Balances, Governmental Funds, Last Ten Years .....	F-7
Revenue Capacity:	
Assessed Value and Actual Value of Taxable Property, Last Ten Fiscal Years .....	F-8
Schedule of Property Tax Rates - Direct and Overlapping, Last Ten Fiscal Years .....	F-9
Principal Property Tax Payers .....	F-10
Property Tax Levies and Collections .....	F-11
Debt Capacity:	
Ratios of Outstanding Debt by Type, Last Ten Fiscal Years .....	F-13
Ratios of General Obligation Debt Outstanding, Last Ten Fiscal Years .....	F-14
Legal Debt Margin Information, Last Ten Fiscal Years .....	F-15
Pledged Revenue Coverage, Last Ten Fiscal Years .....	F-16
Demographic and Economic Information:	
Demographic and Economic Statistics, Last Ten Calendar Years .....	F-17
Principal Employers, Current Year and Nine Years Ago .....	F-18
Operating Information:	
Full-time Equival County Government Employees by Function/Program, Last Ten Fiscal Years .....	F-19
Operating Indicators by Function/Program, Last Four Fiscal Years .....	F-20
Capital Asset Statistics by Function/Program, Last Four Fiscal Years .....	F-21

This page left blank intentionally.

# **INTRODUCTORY SECTION**

This page left blank intentionally.





# ALLEGANY COUNTY, MARYLAND

## *Finance Office*

701 Kelly Road, Suite 205, Cumberland, Maryland 21502  
(301) 777-5916 FAX (301) 777-2072 [finance@allconet.org](mailto:finance@allconet.org)

### **BOARD OF COMMISSIONERS**

James J. Stakem, *President*  
Robert M. Hutcheson  
Dale R. Lewis

Vance C. Ishler, *County Administrator*  
Jerry L. Frantz, CPA, *Director of Finance*

January 25, 2007

To the Board of County Commissioners and the  
Citizens of Allegany County, Maryland

The Comprehensive Annual Financial Report (CAFR) of Allegany County, Maryland for the fiscal year ending June 30, 2006, including the report of our independent Certified Public Accountants is presented herewith. This report has been prepared by the Allegany County Finance Department in accordance with Article 19 of the Annotated Code of the State of Maryland and with Part I, Chapter 26, Article 26-3 of the Allegany County code. This report is presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants.

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

The County's financial statements have been audited by Turnbull, Hoover & Kahl, PA., a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of Allegany County for the fiscal year ended June 30, 2006, 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 County's financial statements for the fiscal year ended June 30, 2006, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

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

Generally accepted accounting principles 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 County's MD&A can be found immediately following the report of the independent auditors.

### **Profile of Allegany County**

Allegany County, located on the Potomac River in western Maryland, was established in 1789. It is bordered by Pennsylvania to the north and West Virginia to the south, and comprises an area of 428 square miles. Cumberland, the County seat, covering eight square miles, is at an elevation of 641 feet. Cumberland is situated approximately 100 miles southeast of Pittsburgh and 130 miles northwest of Baltimore and Washington, D.C. There are seven incorporated municipalities in the County: Barton, Cumberland, Frostburg, Lonaconing, Luke, Midland and Westernport.

The County is predominately rural in character. The 1990 census showed a population of 74,946; according to the 2000 Census, the population is 74,930 for the County. The County seat and principal city is Cumberland, with a 2000 population of 21,518.

Both the executive and legislative functions of the County are vested in the elected, three member Board of County Commissioners. Commissioners are elected on a county-wide basis and serve four-year terms. The Board elects one Commissioner to serve as its President. The Board is required to meet monthly.

In 1974, the County adopted the Code Home Rule form of government provided in Article XI-F of the Maryland Constitution and Article 25B of the Annotated Code of Maryland. Under this form of government, the Board has the authority to enact, amend, and repeal public local laws relating to the incorporation, organization, and government of the county, including, laws authorizing the issuance and sale of bonds to finance capital projects for the County. Each member of the board has one vote and, except for emergency bills, a simple majority of the Board is sufficient to enact any bill into law.

In 1996, the Commissioners adopted legislation making the County Administrator of Allegany County responsible to the Board and charged with the administration of all County affairs. The Administrator will carry out the policies of the Board, direct and supervise the administration of all departments and agencies, and perform all duties enumerated in the Allegany County Code Chapter 2, Article 1.

County financial matters are administered through the Department of Finance of the County by the Director of Finance. The Director of Finance is hired by the Board on the basis of his training and experience in financial administration. The Director of Finance is charged with the administration of the financial affairs of the County, which generally include the receiving of County taxes, fees and other revenues and funds of every kind due to the County; the custody and safekeeping of all funds or securities belonging to or by law deposited with, distributed to or handled by the County; the disbursement of County funds; the keeping and supervision of all accounts; and such other functions as may be prescribed by the Board.

## **BUDGET**

The formulation of the County's Budget is a joint responsibility between the Director of Finance, who also serves as Budget Officer, and the County Administrator. In addition to formulating the Budget, the Budget Officer is responsible for the submission to the Board of periodic reports on their efficiency and economy, and such other duties and functions as may be assigned by the Board.

The County Budget is comprised of the Operating Budget, which has current year appropriations for all funds, and the Capital Budget.

### **Operating Budget**

The Operating Budget, which must be balanced, is prepared by the County Administrator and the Director of Finance on a modified accrual basis and submitted for approval of the Board of County Commissioners. It is based upon estimated revenues and expenditures for operations for the ensuing fiscal year that is submitted to the Director of Finance and the County Administrator by the head of each office, Court, department, institution, board, commission, corporation or other agency of the County government. The current Operating Budget must contain the following information: (1) a statement of all revenues estimated to be received by the County during the ensuing fiscal year, classified to show the receipts by funds and sources of income; (2) a statement of the debt service requirements for the ensuing fiscal year; (3) a statement of the receipts and expenditures for the last two completed fiscal years, the estimated receipts and expenditures of the current ending fiscal year and the expenditures recommended by the Board of County Commissioners for the ensuing fiscal year for each function, activity, and sub activity; and (5) any other material which the Board of County Commissioners may deem advisable.

Variance reports of actual revenues and expenditures versus budgeted revenues and expenditures are prepared by the Director of Finance on a monthly basis. Additionally, individual offices, departments, boards, commissions, and other agencies of the County review on a monthly basis all events affecting their budgetary estimates and can request the Board for supplemental appropriations to increase their budgetary allowances. The Board in turn has the power to grant such increases.

## **Capital Budget**

The Capital Budget is prepared by the Capital Projects Engineer after approval by the Review Committee and then submitted for approval to the Board of County Commissioners. The Review Committee consists of the County Administrator, the Director of Community Services, the Director of Public Works, the Director of Finance, the Director of Economic Development and the County Engineer. It is based on the need for having certain capital projects undertaken and the availability of financial resources. Each project is identified with estimated costs and estimated sources of funding. All funding requests are then applied to a debt affordability model to ascertain if the proposed debt is within the County's self-imposed debt guidelines.

## **Adoption of Budget**

Before the end of April in each year, the preliminary County Budget is publicly reviewed by the County Commissioners at an announced time and date. Opportunities are then available at the next several public meetings for citizens to express their views. After the public hearings, the Board of County Commissioners may revise the preliminary budget. Line item details of all individual departmental and agency requests and proposed appropriations are available. The Board is further authorized to revise the schedule of anticipated receipts and estimated rates for general and special taxes. The Budget must be approved and signed by a majority of the Commissioners by June 30th.

## **Factors Affecting Financial Condition**

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

**Local economy:** Allegany County currently enjoys a favorable economic environment and local indicators point to continued stability. The unemployment rate has decreased from 6.3% at June 30, 2005 to 5.4% at June 30, 2006. The region has diverse manufacturing and industrial base of paper manufacturing, rail transportation and the manufacturing of window coverings. A varied service provider base gives the area relative stability of the unemployment rate. Major service providers includes health services, government, education, and call centers.

The state and federal government have a major economic presence with the operation of correctional facilities. The state also operates a 4 year higher education institution that serves the region offering a variety of undergraduate and graduate programs.

Allegany County has a total labor force of 36,411. The total labor force remains relatively unchanged which mirrors the population census of the county. Recent population projections have the county maintaining its current population which reverses decades of population loss.

**Long-term financial planning:** The County adopts a five year Capital Improvement Program each year as required by state law. A major emphasis on economic development is being embarked upon to retain and grow the county's population and disposable income. The county has invested heavily in an advanced manufacturing park which saw its first tenant in January

2005 with American Woodmark Corporation beginning the manufacturing and distribution of kitchen cabinets. The County has rented a former manufacturing plant owned by the county to the Federal Emergency Management Agency (FEMA). FEMA has signed a two year lease to occupy the facility until September 2007. The county will use proceeds from this lease to redevelop the facility in order to secure a long-term agreement with FEMA or other interested parties. The county has also been involved in the development of a wireless internet system that is one of the first in the country for a rural area. High speed internet access is critical in the future development of the county by allowing the county to attract higher paying jobs of today's technology driven society.

In October 2005, a ground breaking ceremony was held for the first new high school constructed in 50 years within the county. This project is critical to replace aging structures and to attract the types of jobs the county is trying to emphasize. The County borrowed \$2.1 million in November 2004 and borrowed an additional \$3 million dollars in July, 2006 to accomplish county objectives. The majority of this new debt will be to invest \$1.6 in projects for Allegany College which a 2 year community college to enhance and maintain training programs vital to the workforce of the region. Work continues on the Allegheny Highlands Trail which is expected to attract many hiking and biking enthusiasts. When completed, the trail is expected to have a major financial impact on the county and enhance the quality of life for residents. The trail will be constructed entirely with federal, state, and donor contributions.

The Western Maryland Health System is proceeding with a project cost exceeding \$268 million for the construction of a new hospital and the relocation of its administrative offices and the relocation of the Allegany County Health Department. When implemented, this plan will place in close proximity a hospital, the health department, and the administrative staff of the health system. The County borrowed \$2 million to relocate the Allegany County Health Department.

In order to further grow the local economy, the county will undertake the repair and upgrade of several bridges throughout the county. Close to \$ 8.7 million will be invested under the supervision of county staff. These projects will be financed mainly with federal and state grants. Some of the county share of these projects will be financed with coal taxes collected by the county and will be used specifically on bridges used by the coal industry within the county. With oil prices nearing historic highs, strong demand for coal in the county is expected.

With changing federal and state environmental regulations, the county has begun to spend over \$2 million in inflow and infiltration design costs and construction in various sanitary districts the county operates. This will require modifications and upgrades to various treatment facilities of the county. Construction on the Celanese facility is nearly complete with the total project costing in excess of \$17.0 million. These projects will be financed mainly with loans from the state and federal government and will be repaid by the users of the system and not the general fund of the government.



The County recognizes that its geographic location to West Virginia and Pennsylvania as well as Garrett County, Maryland gives many housing opportunities to people who work in Allegany County to reside in another county or state. Part of the economic development efforts of the County includes efforts to promote construction of new housing. The County has a spec housing incentive for home builders and a Real Estate Tax Set Aside Program (RETSA) for new housing. Because of these programs and the attractive real estate prices within the County, several new housing developments have been announced and are being reviewed by county planning officials and boards. These developments could result in higher real estate and income taxes for the County.

### **Cash Management**

Expenditures for all funds, except those required by law or agreement, are made from one bank account to maximize investment income and for efficient operation of the accounting system.

The County's investment policy is to minimize risk while achieving a competitive yield on its cash balances. Deposits were either insured by federal depository insurance or collateralized. All collateral on deposits was held by the County's agent in the County's name. All investments of the County were classified in the lowest risk category as defined by the Governmental Accounting Standards Board.

Cash temporarily idle during the year was invested in certificates of deposit and repurchase agreements. The maturities of the investments range from 1 day to 365 days, with an average maturity of 110 days and an average yield on investments of 3.85 percent.

### **Risk Management**

Allegany County retains an insurance advisor who monitors health and life insurance coverage. Periodical inspections of County buildings and property by the insurance carriers ensure the proper levels of liability and building and contents coverage. The County's exposure to risk is limited to immaterial deductible amounts. In addition, beginning in FY 2005 two risk and safety managers were hired to recommend and enforce safety policies and to monitor workers compensation cases.

### **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 Allegany County for its comprehensive annual financial report for the fiscal year ended June 30, 2005. This was the fourteenth consecutive year that the government has received this prestigious award. 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 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.

I wish to acknowledge the support and interest of the Board of County Commissioners and the County Administrator in the recording and reporting of financial matters. It is of the utmost importance that the accounting functions have this backing. I also want to express my appreciation to Wm. Jay George, CPA, Assistant Director of Finance and the entire staff of the Finance Office for their cooperation, dedication and professionalism in the preparation of this report. In conclusion, I want to acknowledge the efforts of the many County employees that support the accounting function.

Respectfully submitted,

A handwritten signature in dark ink, appearing to read "Jerry L. Frantz", is written over a light gray rectangular background.

Jerry L. Frantz, CPA  
Director of Finance

# Certificate of Achievement for Excellence in Financial Reporting

Presented to

Allegany County  
Maryland

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
June 30, 2005

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



President

Executive Director



Allegany County, Maryland  
Summary of Certain Officials  
June 30, 2006

Board of Commissioners

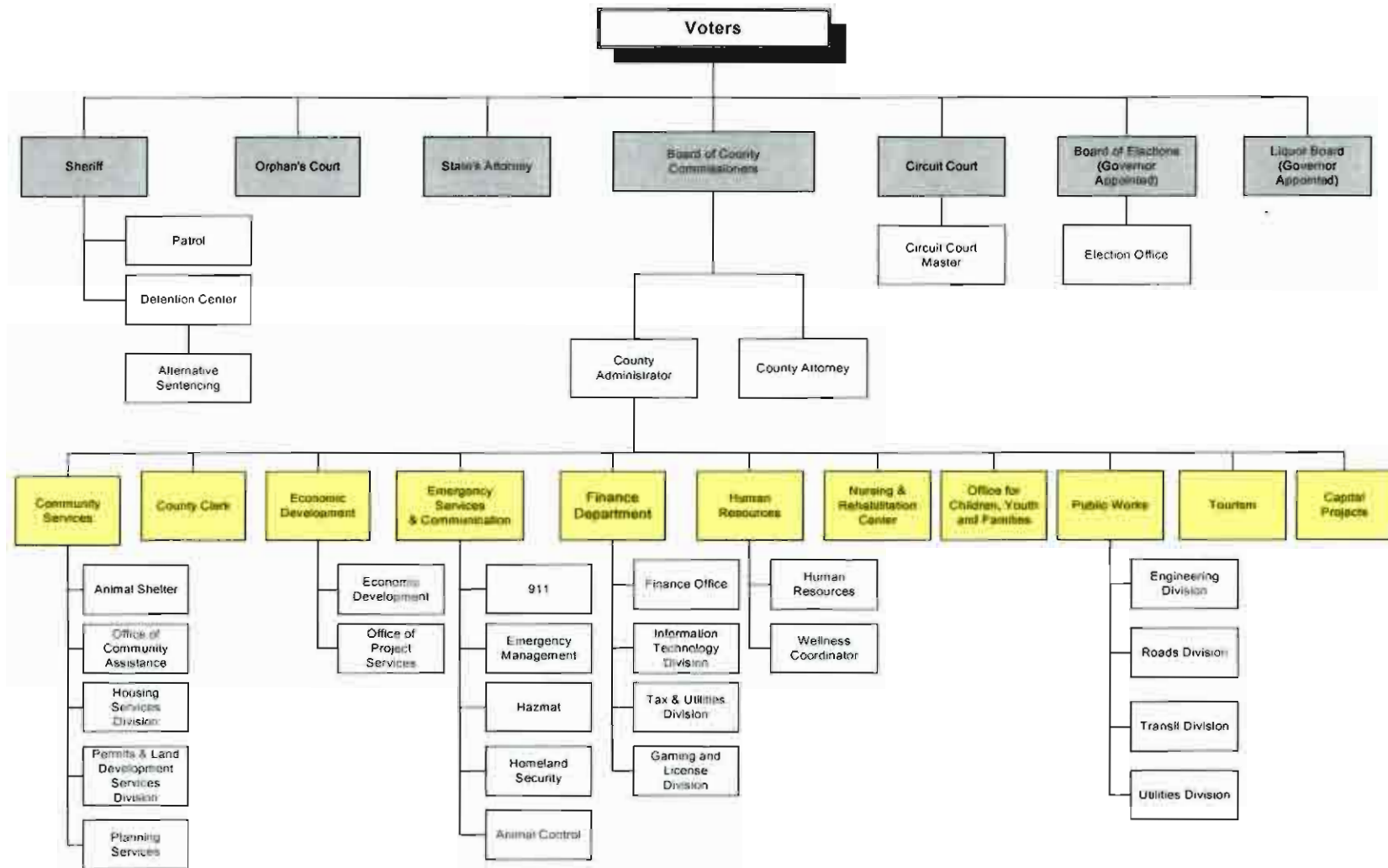
James J. Stakem, President  
Robert M. Hutcheson, Commissioner  
Barbara B. Roque, Commissioner

County Administrator	Vance C. Ishler
Clerk of the Board	Carol A. Gaffney
Director of Finance	Jerry L. Frantz, CPA
Director of Public Works	W. Stephen Young, P.E.
Director of Community Services	David A. Eberly
Director of Economic Development	Matthew W. Diaz
Director of Interagency Data Processing	Dennis M. Shankle
Director of Human Resources & Personnel Services	Brian P. Westfall
Sheriff	David A. Goad
State's Attorney	Michael O. Twigg, Esquire
County Attorney	William M. Rudd, Esquire
Election Administrator	Catherine O. Davis
Health Officer	Sue V. Raver, M.D., M.P.H.



# Allegany County

Organization Chart 2006



# **FINANCIAL SECTION**



David W. Turnbull, CPA  
Richard J. Hoover, CPA  
Bernard B. Kahl, CPA



222 Washington Street  
Cumberland, Maryland 21502  
Phone: 301.759.3270  
Fax: 301.724.1480

Board of Allegany County Commissioners  
County Office Complex  
701 Kelly Road  
Cumberland, Maryland

#### INDEPENDENT AUDITOR'S REPORT

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 Allegany County, Maryland (the County) as of and for the year ended June 30, 2006, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Allegany 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 Allegany County Board of Education and the LaVale Sanitary Commission, which represent 67 percent, 64 percent and 77 percent, respectively, of the assets, net assets, and revenues of the component units. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Allegany County Board of Education and the LaVale Sanitary Commission, is 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 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.

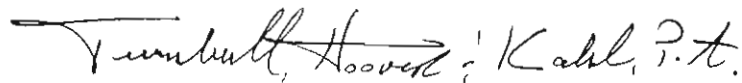
In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Allegany County, Maryland as of June 30, 2006 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.

In accordance with *Government Auditing Standards*, we have also issued a report dated January 25, 2007 on our consideration of Allegany County, Maryland's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The management's discussion and analysis on pages B-1 through B-10, the schedule of pension contributions on page D-3, and the budgetary comparison information on pages D-4 through D-14 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 Allegany County, Maryland's basic financial statements. The introductory section, combining and individual non-major fund financial statements and schedules, and statistical tables are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual non-major fund financial statements and schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and statistical tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

A handwritten signature in cursive script, reading "Turnbull, Hoover & Kahl, P.C.".

Cumberland, Maryland  
January 25, 2007

## Management's Discussion and Analysis

As management of Allegany County, we offer readers of Allegany County's financial statements this narrative overview and analysis of the financial activities of Allegany County for the fiscal year ended June 30, 2006. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found at page ix of this report.

### Financial Highlights

- The assets of Allegany County exceeded its liabilities at the close of the most recent fiscal year by \$137 million (*net assets*). Of this amount, \$133.2 million is invested in capital assets net of related debt and \$2.45 million is restricted for specific purposes (restricted net assets). The County's total unrestricted net assets are \$1.35 million. This total unrestricted net asset amount includes a balance of \$3 million from governmental activities, offset by a deficit balance in unrestricted net assets from business-type activities of \$(1.7) million.
- The government's total net assets increased by \$13.9 million or 11.3%. The governmental net assets increased \$12.6 million (or 21.3%). Business-type activities increased by \$1.4 million (or 2.0%) due to an increase in capital contributions in the water and sewer funds.
- As of the close of the current fiscal year, Allegany County's governmental funds reported combined ending fund balances of \$23.4 million, an increase of \$2.0 million in comparison with the prior year. Approximately 14.5% of this total amount, \$3.4 million, is *available for spending* at the government's discretion (*unreserved fund balance*) and another \$16 million is unreserved and designated for specific projects, programs and uses.
- At the end of the current fiscal year, unreserved fund balance for the general fund was \$1.23 million, or 2% of total general fund expenditures.
- Allegany County's governmental activity outstanding debt decreased by \$4.57 million (or 13.1%) during the current fiscal year reflecting debt principal payments of \$4.7 million and new debt of \$.1 million. The County's business-type debt increased by \$666 thousand (or 4.2%) due to borrowing for improvements to several small water systems. Debt of \$515 thousand was retired.

### Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to Allegany County's basic financial statements. Allegany County's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

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

The *statement of net assets* presents information of all of Allegany County'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 of Allegany County 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 Allegany County 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 government activities of Allegany County include general government, public safety, public works, social services, economic development, and payments to component units (the public school system, community college and library). The business-type activities of Allegany County include the Water Fund, Sewer Fund, Allconet II, and Nursing Home operations.

The government-wide financial statements include not only Allegany County itself (known as the *primary government*), but also a legally separate public school system, community college, library system and a sewer district. 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 C5-C7 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. Allegany County, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of Allegany County 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 governments' near-term financial 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 financial 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*.

Allegany County maintains sixteen individual governmental 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 fund, the highway fund, and the capital projects fund, all of which are considered to be major funds. Data from the other twelve governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of *combining statements* elsewhere in this report.

The basic governmental fund financial statements can be found on pages C9-C18 of this report.

**Proprietary funds.** Allegany County has one type of proprietary funds. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. Allegany County uses enterprise funds to account for its water fund, sewer fund, nursing home fund and loan fund

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for all of the enterprise funds, of which the water, sewer and nursing home funds are considered to be major funds of Allegany County

The basic proprietary fund financial statements can be found on pages C15-C17 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 Allegany County'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 C18 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 can be found on pages C19-C56 of this report.

**Other information.** In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* concerning Allegany County's progress in funding its obligation to provide pension benefits to certain groups of its employees

Also reported as *required supplementary information* are budgetary comparison schedules for the General Fund, the Highway Fund and the Capital Improvements Projects Fund which are reported as major funds. Required supplementary information can be found on pages D3-D14 of this report.

The combining statements referred to earlier in connection with nonmajor governmental funds and internal service funds are presented immediately following the required supplementary information. Combining and individual fund statements and schedules can be found on pages E4-E47 of this report.

## Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of Allegany County, assets exceeded liabilities by \$137.0 million at the close of the most recent fiscal year.

By far the largest portion of Allegany County's net assets (99.5 percent) reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment); less any related debt used to acquire those assets that is still outstanding. Allegany County uses these capital assets to provide services to citizens consequently; these assets are *not* available for future spending. Although Allegany County's investments in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

ALLEGANY COUNTY'S NET ASSETS						
	Governmental Activities		Business-type Activities		Total	
	FY 2006	FY 2005	FY 2006	FY 2005	FY 2006	FY 2005
<b>Assets:</b>						
Current and other assets	\$ 32,657,729	\$ 35,258,414	\$ 3,938,756	\$ 8,242,566	\$ 36,596,485	\$ 43,500,980
Capital assets	73,724,474	67,638,894	83,139,273	75,433,144	156,863,747	143,072,038
Total assets	<u>106,382,203</u>	<u>102,897,308</u>	<u>87,078,029</u>	<u>83,675,710</u>	<u>193,460,232</u>	<u>186,573,018</u>
<b>Liabilities:</b>						
Current and other liabilities	9,256,735	13,538,487	2,198,731	3,320,758	11,455,466	16,859,245
Long-term liabilities outstanding	25,638,928	30,304,445	19,375,032	19,155,229	45,013,960	49,459,674
Total liabilities	<u>34,895,663</u>	<u>43,842,932</u>	<u>21,573,763</u>	<u>22,475,987</u>	<u>56,469,426</u>	<u>66,318,919</u>
<b>Net assets:</b>						
Investment in capital assets						
net of related debt	66,160,686	60,161,453	67,030,468	59,474,528	133,191,154	119,635,981
Restricted	2,277,836	3,021,117	167,898	172,797	2,445,734	3,193,914
Unrestricted	3,048,018	(4,128,194)	(1,694,100)	1,552,398	1,353,918	(2,575,796)
Total net assets	<u>\$ 71,486,540</u>	<u>\$ 59,054,376</u>	<u>\$ 65,504,266</u>	<u>\$ 61,199,723</u>	<u>\$ 136,990,806</u>	<u>\$ 120,254,099</u>

An additional portion of Allegany County's net assets (1.8%) represents resources that are subject to external restrictions on how they may be used. The County has an *unrestricted net assets* balance of \$1.35 million. The *unrestricted net assets* balance for the business-type activities was a deficit of \$1.7 million and the governmental activities balance was \$3.0 million.

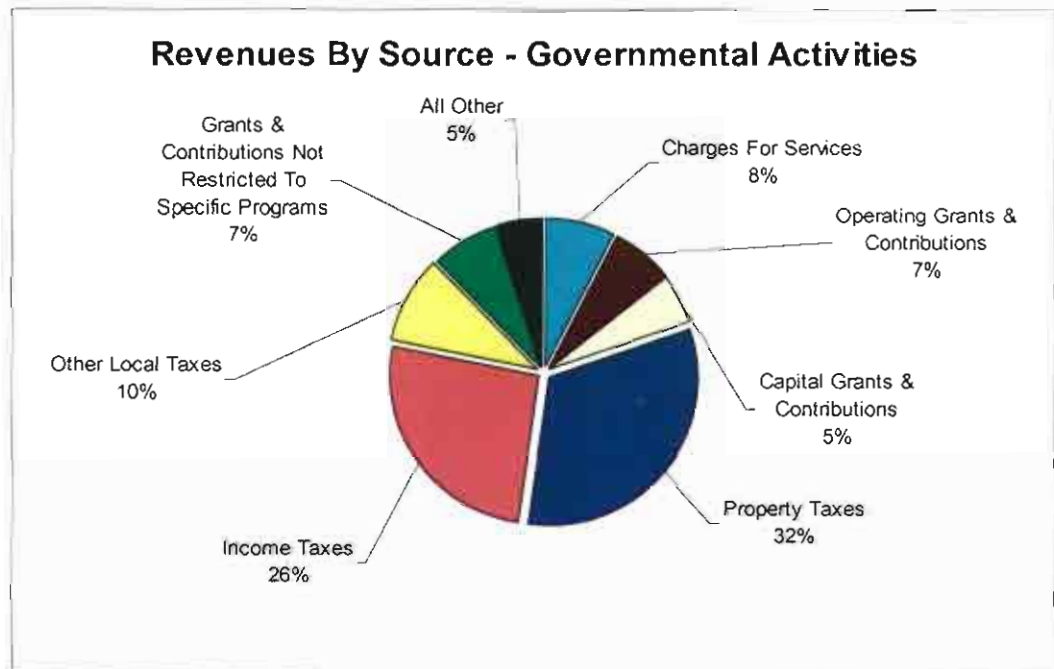
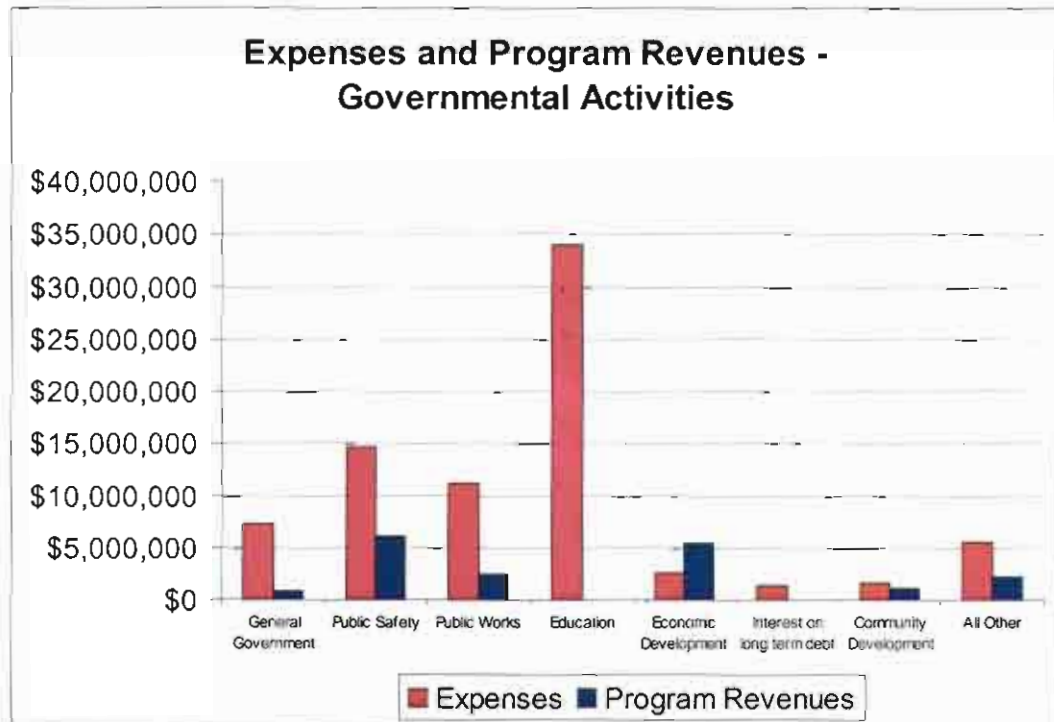
During the current fiscal year, the government's net assets increased by \$13.94 million. Revenues increased by approximately \$4.9 million dollars to \$111 million while expenses increased by \$1.9 million from the prior year to \$97 million.

ALLEGANY COUNTY'S CHANGES IN NET ASSETS						
	Governmental Activities		Business-type Activities		Total	
	FY 2006	FY 2005	FY 2006	FY 2005	FY 2006	FY 2005
<b>Revenues:</b>						
Program revenues:						
Charges for services	\$ 6,844,561	\$ 5,734,652	\$ 15,952,374	\$ 14,923,199	\$ 22,796,935	\$ 20,657,851
Operating grants and contributions	6,162,976	6,549,718	-	-	6,162,976	6,549,718
Capital grants and contributions	4,861,929	10,626,137	3,560,637	3,320,783	8,422,566	13,946,920
General revenues:						
Property taxes	29,094,141	27,060,585	732,367	684,529	29,826,508	27,745,114
Income taxes	23,407,305	21,472,667	-	-	23,407,305	21,472,667
Other local taxes	8,769,370	7,331,664	-	-	8,769,370	7,331,664
Franchise fees	308,405	304,785	-	-	308,405	304,785
Grants and contributions not restricted to specific programs	6,300,447	6,116,059	-	-	6,300,447	6,116,059
Unrestricted fees	-	136,559	-	-	-	136,559
Unrestricted investment earnings	1,436,172	1,046,600	181,098	159,528	1,617,270	1,206,128
Gain on sale/retirement of capital assets	2,876,383	-	-	-	2,876,383	-
Miscellaneous	393,305	505,188	78,326	45,840	471,631	551,028
<b>Total revenues</b>	<b>90,454,994</b>	<b>86,884,614</b>	<b>20,504,802</b>	<b>19,133,879</b>	<b>110,959,796</b>	<b>106,018,493</b>
<b>Expenses:</b>						
General government	6,966,383	6,678,586	-	-	6,966,383	6,678,586
Payment to data processing	294,847	279,661	-	-	294,847	279,661
Public safety	14,571,046	13,320,579	-	-	14,571,046	13,320,579
Public works	11,176,350	9,691,963	-	-	11,176,350	9,691,963
Health	1,610,957	1,422,154	-	-	1,610,957	1,422,154
Social services	1,987,579	3,220,006	-	-	1,987,579	3,220,006
Education	709,684	796,573	-	-	709,684	796,573
Payment to public school system	27,262,735	27,638,498	-	-	27,262,735	27,638,498
Payment to community college	6,010,000	5,575,000	-	-	6,010,000	5,575,000
Recreation, culture & libraries	720,024	637,904	-	-	720,024	637,904
Payment to public library system	835,000	794,000	-	-	835,000	794,000
Conservation of natural resources	230,040	264,776	-	-	230,040	264,776
Community development & housing	1,666,691	2,031,225	-	-	1,666,691	2,031,225
Economic development	2,487,755	3,487,397	-	-	2,487,755	3,487,397
Miscellaneous	79,925	293,971	-	-	79,925	293,971
Interest on long-term debt	1,377,559	1,582,097	-	-	1,377,559	1,582,097
Water	-	-	1,751,458	1,448,043	1,751,458	1,448,043
Sewer	-	-	7,137,019	6,398,687	7,137,019	6,398,687
Nursing Home	-	-	9,657,283	9,550,145	9,657,283	9,550,145
Other proprietary funds	-	-	487,108	-	487,108	-
<b>Total expenses</b>	<b>77,986,575</b>	<b>77,743,390</b>	<b>19,032,868</b>	<b>17,396,875</b>	<b>97,019,443</b>	<b>95,111,265</b>
Increase in net assets before transfers	12,468,419	9,170,224	1,471,934	1,737,004	13,940,353	10,907,228
Transfers	96,895	551,293	(96,895)	(551,293)	-	-
<b>Increase (decrease) in net assets</b>	<b>12,565,314</b>	<b>9,721,517</b>	<b>1,375,039</b>	<b>1,185,711</b>	<b>13,940,353</b>	<b>10,907,228</b>
Net assets, beginning, as restated	58,921,226	50,905,961	64,129,227	58,440,912	123,050,453	109,346,873
Prior period adjustment	-	(1,573,100)	-	1,573,100	-	-
<b>Net assets, ending</b>	<b>\$ 71,486,540</b>	<b>\$ 59,054,378</b>	<b>\$ 65,504,266</b>	<b>\$ 61,199,723</b>	<b>\$ 136,990,806</b>	<b>\$ 120,254,101</b>

**Governmental activities.** Governmental activities increased Allegany County's net assets by \$12.5 million, thereby accounting for 90.1 percent of the total growth of \$13.9 million in the net assets of Allegany County. Key elements of this increase are as follows:

- Property taxes in the governmental funds increased by \$2 million primarily the result of increases in property values. Property tax revenue in the business-type activities increased 7 percent. The increase was the result of increases in property values in combination with the reduction or elimination of taxes due to the retirement of enterprise fund debt issues.
- Income tax revenue increased \$1.9 million due to an improving economy; the tax rate did not change and employment was stable.
- Other local taxes increased by \$1.4 million due to increases in recordation and property transfer taxes caused by the real estate boom experienced by the County.
- During FY 2006 the County recognized a gain on the sale of capital assets of \$2.9 million largely due to the sale of the County Health Department Building. Proceeds from the sale are being applied to the purchasing and remodeling of new facilities for the Health Department.

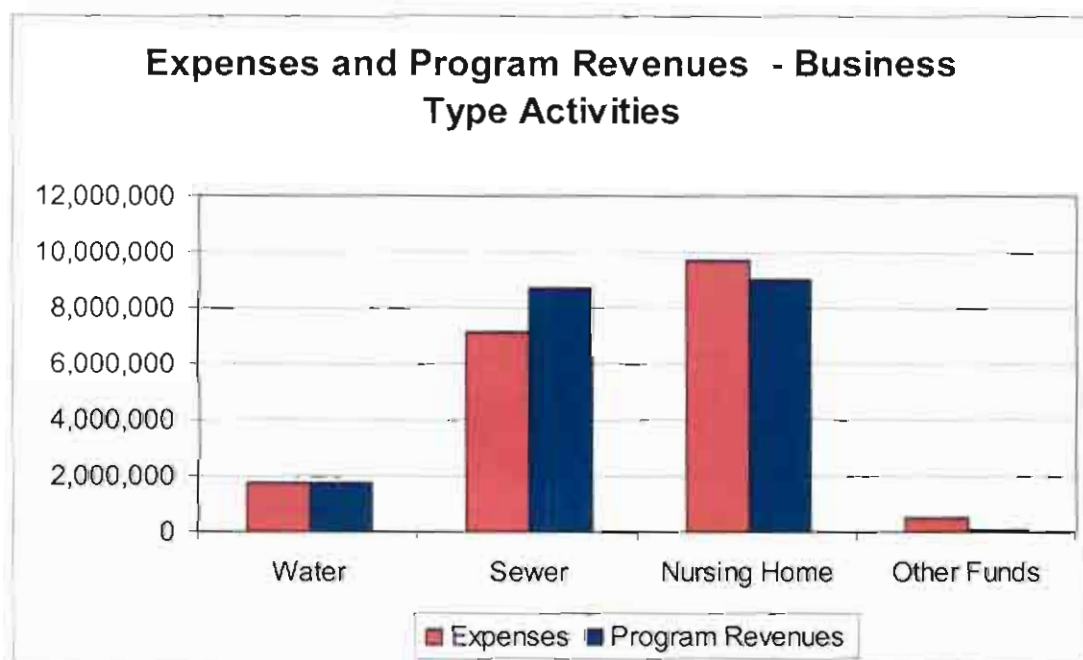
- Capital grants and contributions decreased from \$10.2 million in fiscal year 2005 to \$4.9 million in 2006, a drop of \$5.8 million. The decrease was due to the substantial completion of several large economic development projects in the previous fiscal year. They include the Barton Industrial Park and the Highlands Trail
- Service charges increased by \$1.1 million largely due to increases in economic development rental income (\$516 thousand) and public safety service charges (\$375 thousand).



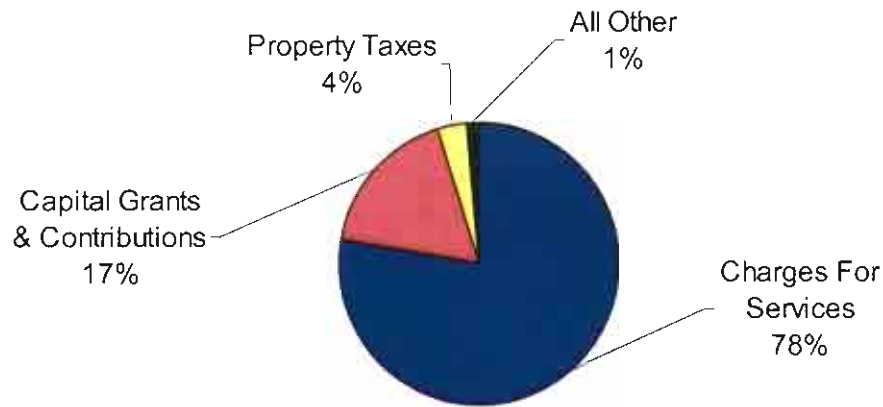
Governmental expenses increased by only \$272 thousand from the previous year. The small increase was the result of large increases in some functions being offset with significant decreases in other functions. Public safety expenses increasing \$1.25 million (9.4%) and public works expenses increased \$1.5 million (15.3%). The increase in public safety expenses was due to increases across the board in almost all public safety activities; the increase in public works was the result of an increase of \$250 thousand for the Upper Potomac River Commission, \$400 thousand for the highway department and \$535 thousand for transit operations. The preceding increases were offset by decreases in expenses for social services of \$1.2 million and a decrease in economic development expenses of \$1 million. The decrease in social service expenses was entirely due to the Office of Children, Youth and Families becoming an independent agency and no longer is a component of the County reporting entity. The decrease in economic development expenses was largely due to decreased activity in County's Revolving Building Fund for fiscal year 2006.

**Business-type activities.** Business-type activities increased Allegany County's net assets by slightly less than \$1.4 million (after transfers), accounting for 9.9 percent of the total growth in the government's net assets. Key elements of this increase are as follows.

- Charges for services for business-type activities increased by \$1 million (6.9%) due to increases in water service charges of \$234 thousand, sanitary service charges of \$591 thousand and Nursing home service charges of \$600 thousand. The increases were the result of higher fees, increases in customers and usage and higher occupancy rates.
- Capital contributions continued to be a major revenue source for the sanitary and water districts in the current fiscal year, producing \$3.6 million in revenue. The federal and state grants were received for upgrades to the Celanese Wastewater Treatment plant, an estimated \$14.7 million project to improve the quality of the water released from the plant. The treatment plant services two state correctional facilities, a County correctional facility, approximately 1,600 residential customers and part of an independent sewer district. Also under construction are water and sewer facilities for the Barton Industrial Park.
- Expenses of the business-type activities increased by \$1.6 million (or 9.5%), a large part of the increase, \$487 thousand, was related to the operations of the new Allconet II Fund. The other business-type activities had increases in expenses which were directly related to increased revenues (services provided); the water funds - \$280,000 and the sanitary fund - \$754,000. The Nursing Home expenses increased moderately - \$92,000.



## Revenues By Source - Business Type Activities



### Financial Analysis of the Government's Funds

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

**Governmental funds.** The focus of Allegany County's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing Allegany County'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, Allegany County's governmental funds reported combined ending fund balances of \$23.4 million, an increase of \$2.0 million in comparison with the prior year. Approximately 82.9 percent of this total amount (\$19.4 million) constitutes *unreserved fund balance*, of which the majority is available for spending at the government's discretion. Some amounts reported as *unreserved/designated fund balance*, are not available due to the single purpose of the fund being restricted and the requirement the fund balance be reported as unreserved. The remainder of fund balance is *reserved* to indicate that it is not available for new spending because it has already been committed for non-current assets, \$4.0 million.

The general fund is the chief operating fund of Allegany County. At the end of the current fiscal year, *unreserved/undesignated fund balance* of the general fund was \$1.23 million, out of a total fund balance of \$13.9 million. As a measure of the general fund's liquidity, it may be useful to compare both *unreserved/undesignated fund balance* and total fund balance to total fund expenditures. *Unreserved/undesignated fund balance* represents 2.0 percent of total general fund expenditures, while total fund balance represents 22.9 percent of that same amount.

Key factors in the \$2 million growth of the governmental fund balances are:

The fund balance of Allegany County's general fund increased by \$1.24 million which was the result of:

- Property taxes increased \$1.3 million (or 4.7%) due entirely to increases in the assessable base.

- Income tax revenue increased \$.6 million (or 3%) due to an improved economy.
- Other local taxes (recordation and transfer taxes) increased \$.8 million (or 27%) due to a robust housing market.
- Federal grants increased \$513,000 primarily because of increases in health and human service grants.
- General Fund expenditures increased significantly (\$3.8 million or 6.7%) largely due to increases in public safety expenditures of \$1.1 million, social service expenditures of \$600,000 and payments to component units of \$1.5 million. The increase in public safety was in all activities and medical transportation increased the social service expenditures.
- Also, transfers to other funds fell to \$8.7 million in the current year, a reduction of \$1 million dollars from the previous year as a result of lower debt service payments and reduced local matches for capital projects.

The fund balance of the highway fund remained relatively unchanged and the fund balance of the other major governmental fund, the Capital Projects Fund, increased by slightly more than \$411,000. The increase was the result of capital grants not subject to accrual in the prior year being received in fiscal year 2006.

The only other governmental fund to experience a significant change in fund balance was the Pay-As-You-Go (PAYGO) Capital Project Fund; its fund balance increased by almost \$886,000 due to transfers to the fund for future anticipated capital costs for highway paving (\$500,000), road repairs (\$250,000) and LaVale storm drains (\$200,000).

**Proprietary funds.** Allegany County's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. Net assets at year end and the change in net assets during the current year are highlighted below:

	Water Districts	Sanitary Districts	Nursing Home	Other Enterprise Funds	Totals
Net assets:					
Invested in capital assets, net of related debt	\$ 15,553,221	\$ 46,945,363	\$ 2,020,880	\$ 2,511,004	\$ 67,030,468
Restricted for debt service		167,898	-	-	167,898
Unrestricted	(280,047)	(843,875)	(1,809,686)	1,239,508	(1,694,100)
Total net assets	\$ 15,273,174	\$ 46,269,386	\$ 211,194	\$ 3,750,512	\$ 65,504,266
Change in net assets during the year, increase (decrease)	\$ 31,571	\$ 2,500,213	\$ (585,548)	\$ (571,197)	\$ 1,375,039

Other factors concerning the finances of these four funds have already been addressed in the discussion of Allegany County's business-type activities.

### General Fund Budgetary Highlights

During the year, the original budget increased \$2.2 million to a revised total of \$70.4 million, which was the final amended budget. Significant changes between the original budget and the final amended budget are summarized as follows:

- \$810,000 increase in public safety budgeted expenditures primarily for domestic preparedness grants.
- \$570,000 increase in budgeted transfers to other funds largely due to the transfers to the PAYGO capital projects fund for anticipated future capital needs.
- \$300,000 in increases for social service expenses the largest being for medical transportation.

Of this \$2.2 million increase, \$970,000 was funded by an increase in budgeted federal grants. An additional \$660,000 was funded by unexpended fund balance and \$380,000 from the sale of capital assets. The rest, \$190,000, was funded by increases in various revenues. Revenues exceeded budgetary estimates by almost \$2.9 million and actual expenditures were less than budgetary estimates by \$1.9 million. After



allowing for other financing sources and uses, the fund balance of the general fund increased by slightly more than \$1.2 million.

The General Fund's net property tax revenue exceeded budget by \$957,000 million (or 3.3%) due to increases in property tax assessments. Other local taxes exceeded budget estimates by 36.6% (\$1.06 million) due to an unusually robust real estate market making property in Allegany County an attractive investment for non-resident investors which resulted in recordation and transfer taxes being much higher than expected. Public safety charges were 50% (or \$523,000) above budgeted estimates due to the housing of additional Federal prisoners in the County's correctional facility. General Fund expenditures were \$1.9 million below the budgeted amount of \$63 million due to across the board favorable variances (total of \$1.2 million favorable variance) in most of the departments of the general government function. In addition, the County's detention center had a favorable budget variance of \$286,000.

### Capital Asset and Debt Administration

**Capital assets.** Allegany County's investment in capital assets for its governmental and business type activities as of June 30, 2006 was \$156.9 million (net of accumulated depreciation). This investment in capital assets includes land, buildings, infrastructure, furniture and fixtures, equipment, vehicles, heavy equipment and other miscellaneous assets. The total increase in Allegany County's investment in capital assets for the current fiscal year was 9.6 percent (a 9 percent increase for governmental activities and an 10.2 percent increase for business-type activities).

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

- Construction continued and was nearly completed on the Celanese waste water treatment plant and head-works in Cresaptown; additional costs incurred during the fiscal year were \$2.2 million, this project was capitalized at the end of the fiscal year with a total project cost of \$14.7 million.
- Design and construction continued on Bowling Green, Cresaptown and Georges Creek sewer rehabilitation projects with a total cost incurred of \$1.9 million during the year.
- The Barton Industrial Park construction costs were \$3.3 million during the year. Barton Park sewer was capitalized at the close of the fiscal year with a total project cost of \$4.3 million; construction in progress for the remainder of the Barton industrial park was \$2.2 million.
- Significant construction continued and was nearly completed on the Allegheny Highlands Trail with additional charges of \$1.5 million during the fiscal year, bringing the total project capitalized costs to \$7.1 million.
- The existing Allegany County Health Department was sold to the Western Maryland Health System for \$3.8 million, resulting in the relocation to and renovation of new facilities on Willowbrook Road at a total projected cost of \$8.4 million of which \$3.8 million was incurred in the current fiscal year.

#### ALLEGANY COUNTY'S CAPITAL ASSETS (net of depreciation)

	Governmental Activities		Business-type Activities		Total	
	2006	2005	2006	2005	2006	2005
Land	\$ 17,621,761	\$ 15,773,610	\$ 34,288	\$ 34,288	\$ 17,656,049	\$ 15,807,898
Work in Progress	7,144,836	4,707,638	5,202,428	2,994,814	12,347,264	7,702,452
Buildings	28,924,491	31,491,993	1,801,420	1,615,576	30,725,911	33,107,569
Infrastructure	14,878,828	11,087,905	70,501,505	67,504,026	85,380,333	78,591,931
Furniture & fixtures	101,270	174,822	589,606	635,033	690,876	809,855
Equipment	1,674,215	1,573,999	2,889,778	432,986	4,563,993	2,006,985
Vehicles	2,049,614	1,506,794	197,602	224,794	2,247,216	1,731,588
Heavy equipment	833,798	823,044	113,672	91,505	947,470	914,549
Other fixed assets	495,661	499,089	1,808,974	1,900,122	2,304,635	2,399,211
Total	\$ 73,724,474	\$ 67,638,894	\$ 83,139,273	\$ 75,433,144	\$ 156,863,747	\$ 143,072,038

Additional information on Allegany County's capital assets can be found in the notes to the financial statements, note 7 on pages C-41 through C-42 of this report.

**Long-term debt.** At the end of the current fiscal year, Allegany County had total debt outstanding of \$46.4 million. Governmental activities debt consists of \$22.9 in general obligation bonds and \$7.3 million of debt incurred with creditors for which the full faith and credit of the County has also been pledged. The \$16.1 million of debt for the business-type activities (revenue bonds) is either paid from revenues restricted for that purpose or by user fees.

ALLEGANY COUNTY'S OUTSTANDING DEBT  
General Obligation and Revenue Bonds

	Governmental Activities		Business-type Activities		Total	
	2006	2005	2006	2005	2006	2005
General obligation	\$ 22,944,000	\$ 26,596,000	\$ 501,088	\$ 525,000	\$ 23,445,088	\$ 27,121,000
Notes	699,910	784,473	-	-	699,910	784,473
Capital leases	206,123	112,435	-	-	206,123	112,435
State loans	6,433,258	7,357,164	10,137,902	10,177,907	16,571,160	17,535,071
Federal loans	-	-	5,236,197	5,137,284	5,236,197	5,137,284
County loans	-	-	233,618	118,424	233,618	118,424
<b>Total</b>	<b>\$ 30,283,291</b>	<b>\$ 34,850,072</b>	<b>\$ 16,108,805</b>	<b>\$ 15,958,615</b>	<b>\$ 46,392,096</b>	<b>\$ 50,808,687</b>

Allegany County issued \$815,000 of debt and retired \$5.2 million during the current fiscal year for a net decrease of \$4.4 million (or 8.7%). Debt issued during the year was \$666,000 for various water and sewer projects and \$149,000 in leases for vehicles for governmental activities.

Allegany County has an "A-" rating from Standard & Poor's and a "Baa1" rating from Moody's for general obligation debt.

Additional information on Allegany County's long-term debt can be found in note 10 on pages C-47 through C-50 of this report.

### Economic Factors and Next Year's Budgets and Rates

- The unemployment rate for June 2006 for Allegany County was 5.4 percent, which was a decrease from a 6.8 percent rate for June 2005.
- Property assessments increased 1.7% from the previous fiscal year.

All of these factors were considered in preparing Allegany County's budget for the 2007 fiscal year.

During the current fiscal year, unreserved fund balance in the general fund increased to \$10.4 million. Allegany County has appropriated \$1.6 million of this amount for spending in the 2007 fiscal year budget. It is intended that this use of available fund balance will avoid the need to raise taxes or charges during the 2007 fiscal year.

The sewer and water district minimum service charges were increased 3% - 8% for the 2007 budget year. These rate increases were necessary to pay for the rising costs of operations and State and Federal mandated improvements in the water and sewer systems.

### Requests for Information

This financial report is designed to provide a general overview of Allegany County'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 Allegany County Finance Director, 701 Kelly Road, Suite 205, Cumberland, Maryland 21502 or e-mail at [finance@allconet.org](mailto:finance@allconet.org).



# **BASIC FINANCIAL STATEMENTS**

This page left blank intentionally.

**GOVERNMENT WIDE  
FINANCIAL  
STATEMENTS**

This page left blank intentionally.

**ALLEGANY COUNTY, MARYLAND**  
**STATEMENT OF NET ASSETS**  
**JUNE 30, 2006**

	Primary Government			Component Units			
	Governmental Activities	Business-type Activities	Total	Board of Education	Allegany College of Maryland	Allegany County Library	LaVale Sanitary Commission
<b>ASSETS:</b>							
Current Assets:							
Cash	\$ 8,636,013	\$ 537,639	\$ 9,173,652	\$ 8,017,581	\$ 1,918,989	\$ 54,925	\$ 1,384,364
Investments	6,575,121	446,077	7,021,198	5,495,250	4,718,464	926,439	-
Property taxes receivable	2,988,363	-	2,988,363	-	-	-	-
Receivables:							
Accounts	-	3,004,524	3,004,524	10,189,544	577,202	925	632,360
Other	13,265,706	174,255	13,439,961	51,408	1,636,755	-	383,882
Internal balances	953,626	(953,626)	-	-	-	-	-
Inventory	49,190	180,036	229,226	235,874	300,610	-	231,690
Prepaid expenses	72,013	61,310	133,323	-	5,640	61,194	18,425
Deferred charges	29,482	-	29,482	-	-	-	-
Miscellaneous	75,107	-	75,107	-	-	-	-
Restricted Assets:							
Cash	13,108	320,643	333,751	-	6,336,654	-	23,462
Investments	-	-	-	-	(518,919)	-	-
Taxes	-	85,259	85,259	-	-	-	-
Receivables	-	82,639	82,639	-	-	-	-
Total current assets	<u>32,657,729</u>	<u>3,938,756</u>	<u>36,596,485</u>	<u>23,989,657</u>	<u>14,975,395</u>	<u>1,043,483</u>	<u>2,674,183</u>
Non-current Assets:							
Land	17,621,761	34,288	17,656,049	2,557,989	700,973	-	176,385
Work In Progress	7,144,836	5,202,428	12,347,264	13,636,275	554,013	-	1,907,898
Capital assets subject to depreciation/amortization	98,846,609	116,672,621	215,519,230	118,743,702	47,576,321	8,466,789	16,924,721
Accumulated depreciation	(49,888,732)	(38,770,064)	(88,658,796)	(69,585,146)	(17,336,237)	(5,042,633)	(7,876,522)
Total non-current assets	<u>73,724,474</u>	<u>83,139,273</u>	<u>156,863,747</u>	<u>65,352,820</u>	<u>31,495,070</u>	<u>3,424,156</u>	<u>11,132,482</u>
Total Assets	<u>106,382,203</u>	<u>87,078,029</u>	<u>193,460,232</u>	<u>89,342,477</u>	<u>46,470,465</u>	<u>4,467,639</u>	<u>13,806,665</u>
<b>LIABILITIES:</b>							
Current Liabilities:							
Accounts payable	1,577,776	856,161	2,433,937	7,962,908	1,033,956	1,004	1,330,197
Accrued wages payable	281,179	90,825	372,004	670,498	584,795	14,795	-
Accrued fringe benefits payable	120,985	40,648	161,633	-	227,969	-	-
Accrued interest	315,616	93,026	408,642	-	-	-	1,888
Current portion of long-term debt:							
Bonds and loans	4,088,128	747,407	4,835,535	110,488	78,566	-	37,934
Capital leases	79,194	-	79,194	-	50,678	-	-
Compensated absences	738,467	78,403	816,870	-	-	-	-
Due to Agency Fund	158,293	-	158,293	-	-	-	-
Unearned revenue	1,404,674	-	1,404,674	1,247,050	369,496	-	-
Miscellaneous liabilities	492,423	292,261	784,684	7,744,496	673,693	-	23,462
Total current liabilities	<u>9,256,735</u>	<u>2,198,731</u>	<u>11,455,466</u>	<u>17,735,440</u>	<u>3,019,153</u>	<u>15,799</u>	<u>1,393,481</u>
Non-current liabilities:							
Cash advance due general fund	(3,585,582)	3,585,582	-	-	-	-	-
Bonds and loans	25,989,040	15,127,781	41,116,821	-	3,334,249	-	1,158,266
Capital leases	126,929	-	126,929	-	197,646	-	-
Compensated absences	3,108,541	661,669	3,770,210	2,589,838	43,270	53,750	-
Total non-current liabilities	<u>25,638,928</u>	<u>19,375,032</u>	<u>45,013,960</u>	<u>2,589,838</u>	<u>3,575,165</u>	<u>53,750</u>	<u>1,158,266</u>
Total Liabilities	<u>34,895,663</u>	<u>21,573,763</u>	<u>56,469,426</u>	<u>20,325,278</u>	<u>6,594,318</u>	<u>69,549</u>	<u>2,551,747</u>
<b>NET ASSETS</b>							
Invested in capital assets net of related debt	66,160,686	67,030,468	133,191,154	65,352,820	27,868,310	3,424,156	9,900,606
Restricted for:							
Public safety	608,592	-	608,592	-	-	-	-
Highways	1,014,975	-	1,014,975	-	-	-	-
Community development & housing	607,954	-	607,954	-	-	-	-
Capital projects	46,315	-	46,315	1,430,194	-	-	-
Other purposes	-	167,898	167,898	235,874	7,385,883	369,673	-
Unrestricted	3,048,018	(1,694,100)	1,353,918	1,998,311	4,621,954	604,261	1,354,312
Total Net Assets	<u>\$ 71,486,540</u>	<u>\$ 65,504,266</u>	<u>\$ 136,990,806</u>	<u>\$ 69,017,199</u>	<u>\$ 39,876,147</u>	<u>\$ 4,398,090</u>	<u>\$ 11,254,918</u>

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

**ALLEGANY COUNTY, MARYLAND**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2006**

Functions/Programs	Expenses		Expenses		Program Revenues	
	Before Indirect Expense Allocation	Indirect Expense Allocation	After Indirect Expense Allocation	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>Primary government::</b>						
Governmental activities:						
General government:	\$ 7,615,835	\$ (649,452)	\$ 6,966,383	\$ 525,381	\$ 316,247	\$ -
Payment to data processing	294,847	-	294,847	-	-	-
Public safety	14,571,046	-	14,571,046	2,585,073	2,047,306	1,368,668
Public works	11,119,658	56,692	11,176,350	850,935	925,693	665,815
Health	1,610,957	-	1,610,957	-	132,876	72,895
Social services	1,927,478	60,101	1,987,579	36,182	1,400,116	-
Education:	709,684	-	709,684	-	-	-
Payment to public school system	27,262,735	-	27,262,735	-	-	-
Payment to community college	6,010,000	-	6,010,000	-	-	-
Recreation, culture & libraries:	720,024	-	720,024	301,530	98,538	-
Payment to public library system	835,000	-	835,000	-	-	-
Conservation of natural resources	230,040	-	230,040	31,379	24,944	-
Community development and housing	1,666,691	-	1,666,691	41,120	1,037,782	-
Economic development	2,487,755	-	2,487,755	2,472,961	179,474	2,754,551
Miscellaneous	79,925	-	79,925	-	-	-
Interest on long term debt	1,377,559	-	1,377,559	-	-	-
<b>Total governmental activities</b>	<b>78,519,234</b>	<b>(532,659)</b>	<b>77,986,575</b>	<b>6,844,561</b>	<b>6,162,976</b>	<b>4,861,929</b>
Business-type activities:						
Water	1,713,840	37,618	1,751,458	1,379,464	-	339,318
Sewer	6,927,506	209,513	7,137,019	5,488,342	-	3,221,319
Nursing Home	9,371,755	285,528	9,657,283	9,030,901	-	-
Other funds	487,108	-	487,108	53,667	-	-
<b>Total business-type activities</b>	<b>18,500,209</b>	<b>532,659</b>	<b>19,032,868</b>	<b>15,952,374</b>	<b>-</b>	<b>3,560,637</b>
<b>Total primary government</b>	<b>\$ 97,019,443</b>	<b>\$ -</b>	<b>\$ 97,019,443</b>	<b>\$ 22,796,935</b>	<b>\$ 6,162,976</b>	<b>\$ 8,422,566</b>
<b>Component units:</b>						
Board of Education			\$ 108,263,525	\$ 2,675,194	\$ 17,858,850	\$ 12,362,071
Allegany College of Md.			28,594,139	11,332,638	10,287,727	3,968,422
County Library			1,758,917	64,226	51,694	-
LaVale Sanitary Commission			3,488,859	3,042,890	-	309,301
<b>Total component units</b>			<b>\$ 142,105,440</b>	<b>\$ 17,114,948</b>	<b>\$ 28,198,271</b>	<b>\$ 16,639,794</b>

General revenues:  
Property taxes  
Income taxes  
Other local taxes  
Appropriation from Allegany County  
Franchise tax  
Grants & contributions not restricted to specific programs  
Unrestricted investment earnings  
Gain on sale/retirement of capital assets  
Miscellaneous  
Transfers, operating  
Total general revenues, transfers and special items  
Change in net assets  
Net assets - beginning as restated  
Net assets - ending

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

**ALLEGANY COUNTY, MARYLAND**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2006**

Net (Expense) Revenue and Changes in Net Assets						
Primary Government			Component Units			
Governmental Activities	Business-Type Activities	Total	Board of Education	Allegany College of MD	County Library	LaVale Sanitary Commission
\$ (6,124,755)	\$ -	\$ (6,124,755)	\$ -	\$ -	\$ -	\$ -
(294,847)	-	(294,847)	-	-	-	-
(8,569,999)	-	(8,569,999)	-	-	-	-
(8,733,907)	-	(8,733,907)	-	-	-	-
(1,405,186)	-	(1,405,186)	-	-	-	-
(551,281)	-	(551,281)	-	-	-	-
(709,684)	-	(709,684)	-	-	-	-
(27,262,735)	-	(27,262,735)	-	-	-	-
(6,010,000)	-	(6,010,000)	-	-	-	-
(319,956)	-	(319,956)	-	-	-	-
(835,000)	-	(835,000)	-	-	-	-
(173,717)	-	(173,717)	-	-	-	-
(587,789)	-	(587,789)	-	-	-	-
2,919,231	-	2,919,231	-	-	-	-
(79,925)	-	(79,925)	-	-	-	-
(1,377,559)	-	(1,377,559)	-	-	-	-
(60,117,109)	-	(60,117,109)	-	-	-	-
-	(32,676)	(32,676)	-	-	-	-
-	1,572,642	1,572,642	-	-	-	-
-	(626,382)	(626,382)	-	-	-	-
-	(433,441)	(433,441)	-	-	-	-
-	480,143	480,143	-	-	-	-
(60,117,109)	480,143	(59,636,966)	-	-	-	-
-	-	-	(75,367,410)	-	-	-
-	-	-	-	(3,005,352)	-	-
-	-	-	-	-	(1,642,997)	-
-	-	-	-	-	-	(136,668)
-	-	-	(75,367,410)	(3,005,352)	(1,642,997)	(136,668)
29,094,141	732,367	29,826,508	-	-	-	402,308
23,407,305	-	23,407,305	-	-	-	443,300
8,769,370	-	8,769,370	-	-	-	-
-	-	-	27,262,735	6,010,000	835,000	-
308,405	-	308,405	-	-	-	-
6,300,447	-	6,300,447	59,326,500	-	626,684	-
1,436,172	181,098	1,617,270	478,227	540,647	32,351	72,932
2,876,383	-	2,876,383	-	383,059	-	8,700
393,305	78,326	471,631	307,454	912,054	126,681	2,027
96,895	(96,895)	-	-	-	-	-
72,682,423	894,896	73,577,319	87,374,916	7,845,760	1,620,716	929,267
12,565,314	1,375,039	13,940,353	12,007,506	4,840,408	(22,281)	792,599
58,921,226	64,129,227	123,050,453	57,009,693	35,035,739	4,420,371	10,462,319
\$ 71,486,540	\$ 65,504,266	\$ 136,990,806	\$ 69,017,199	\$ 39,876,147	\$ 4,398,090	\$ 11,254,918

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

This page left blank intentionally.



**FUND**  
**FINANCIAL**  
**STATEMENTS**

This page left blank intentionally.

**ALLEGANY COUNTY, MARYLAND**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**JUNE 30, 2006**

	General Fund	Highway Fund	Capital Improvements Projects Fund	Other Governmental Funds	Total
<b>ASSETS:</b>					
Cash	\$ 8,539,029	\$ -	\$ -	\$ 96,984	\$ 8,636,013
Cash -restricted	-	-	-	13,108	13,108
Investments	3,050,000	-	103,281	3,421,840	6,575,121
Property tax receivable	3,138,363	-	-	-	3,138,363
Receivables					
Notes and loans	-	-	-	366,960	366,960
Other receivables	3,625,769	715,382	839,136	1,084,237	6,264,524
Due from other funds	-	1,051,707	-	4,687,743	5,739,450
Advances to other funds	3,585,582	-	-	-	3,585,582
Inventory	-	-	-	49,190	49,190
Prepays	433	-	-	71,580	72,013
Miscellaneous assets	75,105	-	-	-	75,105
Total Assets	\$ 22,014,281	\$ 1,767,089	\$ 942,417	\$ 9,791,642	\$ 34,515,429
<b>LIABILITIES AND FUND BALANCES:</b>					
<b>Liabilities:</b>					
Accounts payable	\$ 502,768	\$ 138,824	\$ 645,923	\$ 290,261	\$ 1,577,776
Accrued payroll	218,876	46,575	950	14,778	281,179
Accrued payroll fringe	86,559	27,415	93	6,918	120,985
Due to other funds	3,700,790	-	594,088	649,238	4,944,116
Amounts held in escrow	210,674	129,000	-	108,379	448,053
Unearned revenue	2,883,487	-	68,073	321,893	3,273,453
Miscellaneous liabilities	463,826	-	-	28,596	492,422
Total Liabilities	8,066,980	341,814	1,309,127	1,420,063	11,137,984
<b>Fund Balances:</b>					
<b>Reserved:</b>					
For non-current assets	3,585,582	-	-	366,960	3,952,542
For prepaid items	433	-	-	13,170	13,603
For inventories	-	-	-	-	-
For capital projects	-	-	-	44,219	44,219
<b>Unreserved/Designated:</b>					
<b>For next fiscal year:</b>					
General fund	1,600,000	-	-	-	1,600,000
Special revenue funds	-	778,730	-	2,154	780,884
Capital project funds	-	-	-	760,000	760,000
For contingencies	6,500,000	-	-	-	6,500,000
<b>For specific programs, reported in:</b>					
General fund	1,027,046	-	-	-	1,027,046
Special revenue funds	-	-	-	1,839,087	1,839,087
Debt service fund	-	-	-	1,517,200	1,517,200
Capital Project funds	-	-	-	1,945,619	1,945,619
<b>Undesignated:</b>					
General fund	1,234,240	-	-	-	1,234,240
Special revenue funds	-	646,545	-	1,734,608	2,381,153
Capital Project funds	-	-	(366,710)	148,562	(218,148)
Total Fund Balances	13,947,301	1,425,275	(366,710)	8,371,579	23,377,445
Total Liabilities and Fund Balances	\$ 22,014,281	\$ 1,767,089	\$ 942,417	\$ 9,791,642	

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.	73,724,474
Other long -term assets are not available to pay current -period expenditures and are deferred in the funds.	6,513,705
Long-term debt, including compensated absences, is not due and payable in the current period and therefore is not reported in the funds.	(34,130,300)
Other long -term liabilities are not due and payable in the current period and therefore are not reported in the funds.	2,001,216
Net assets of governmental activities	\$ 71,486,540

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

**ALLEGANY COUNTY, MARYLAND**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2006**

	General Fund	Highway Fund	Capital Improvements Projects Fund	Other Governmental Funds	Total
<b>REVENUES:</b>					
Taxes:					
Property taxes	\$ 29,786,204	\$ -	\$ -	\$ -	\$ 29,786,204
Income taxes	22,103,548	-	-	-	22,103,548
Other local taxes	3,953,065	4,813,872	-	756,683	9,523,620
Licenses and permits	586,286	-	-	-	586,286
Intergovernmental:					
Federal	1,932,665	-	1,663,248	3,188,096	6,784,009
State	7,659,800	19,218	1,490,665	1,610,043	10,779,726
Other	432,960	-	72,223	56,550	561,733
Service charges	2,799,042	-	-	337,874	3,136,916
Fines and forfeitures	23,396	-	-	56,222	79,618
Interest	622,888	-	5,945	123,349	752,182
Miscellaneous	400,237	-	195,415	2,452,299	3,047,951
Total Revenues	<u>70,300,091</u>	<u>4,833,090</u>	<u>3,427,496</u>	<u>8,581,116</u>	<u>87,141,793</u>
<b>EXPENDITURES:</b>					
Current:					
General government	6,273,586	-	-	130,289	6,403,875
Public safety	12,334,867	-	-	827,336	13,162,203
Public works	2,311,891	6,503,022	-	2,199,473	11,014,386
Health and Hospitals	414,743	-	-	132,892	547,635
Social Services	2,426,358	-	-	54,779	2,481,137
Education	6,788	-	-	-	6,788
Recreation, culture and libraries	557,173	-	-	-	557,173
Conservation of natural resources	222,849	-	-	-	222,849
Community Development and Housing	247,537	-	-	1,419,052	1,666,589
Economic development	1,450,367	-	-	2,862,761	4,313,128
Miscellaneous	12,910	-	-	4,761	17,671
Appropriation to other governments	1,044,128	-	-	-	1,044,128
Payments to component units	33,734,847	-	-	-	33,734,847
Debt Service:					
Principal	-	-	-	4,716,262	4,716,262
Interest	-	-	-	1,442,163	1,442,163
Capital Outlay:					
General government	-	-	-	73,609	73,609
Public safety	-	-	1,362,320	132,909	1,495,229
Public works	-	-	71,282	-	71,282
Health and Hospitals	-	-	3,824,825	-	3,824,825
Education	-	-	-	702,896	702,896
Economic development	-	-	1,725,302	-	1,725,302
Miscellaneous	-	-	-	33,550	33,550
Payments to component units	-	-	601,323	66,412	667,735
Total Expenditures	<u>61,038,044</u>	<u>6,503,022</u>	<u>7,585,052</u>	<u>14,799,144</u>	<u>89,925,262</u>
Excess (deficiency) of revenues over (under) expenditures	<u>9,262,047</u>	<u>(1,669,932)</u>	<u>(4,157,556)</u>	<u>(6,218,028)</u>	<u>(2,783,469)</u>
<b>OTHER FINANCING SOURCES (USES):</b>					
Transfers in	201,594	1,661,715	768,648	7,926,540	10,558,497
Transfers out	(8,649,496)	-	-	(1,812,106)	(10,461,602)
Issuance of debt	-	-	-	149,483	149,483
Sale of capital assets	430,880	-	3,800,000	322,050	4,552,930
Total Other Financing Sources and uses	<u>(8,017,022)</u>	<u>1,661,715</u>	<u>4,568,648</u>	<u>6,585,967</u>	<u>4,799,308</u>
Net change in fund balances	<u>1,245,025</u>	<u>(8,217)</u>	<u>411,092</u>	<u>367,939</u>	<u>2,015,839</u>
Fund balance, beginning as restated, see note 16	<u>12,702,276</u>	<u>1,433,492</u>	<u>(777,802)</u>	<u>8,003,640</u>	<u>21,361,606</u>
Fund balance, ending	<u>\$ 13,947,301</u>	<u>\$ 1,425,275</u>	<u>\$ (366,710)</u>	<u>\$ 8,371,579</u>	<u>\$ 23,377,445</u>

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

**ALLEGANY COUNTY, MARYLAND  
RECONCILIATION OF THE STATEMENT OF REVENUES,  
EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2006**

Amounts reported for governmental activities in the statement of activities (page C-6)  
are different because:

Net change in fund balances - total governmental funds (page C-12)	\$ 2,015,839
--	--------------

Governmental funds report capital outlay 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 exceed depreciation in the current period.

Capital outlay	\$ 10,589,653	
Depreciation	(3,104,584)	7,485,069

The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to decrease net assets.	(1,399,489)
--	-------------

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	159,760
--	---------

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.

Debt proceeds	\$ -	
Lease proceeds	(149,483)	
Effect of bond issuance costs	42	
Payment of principal	4,716,262	4,566,821

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 the governmental funds.	(262,686)
---	-----------

Change in net assets of governmental activities (pages C6-C7)	\$ 12,565,314
---	---------------

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

This page left blank intentionally.

**ALLEGANY COUNTY, MARYLAND**  
**STATEMENT OF NET ASSETS**  
**PROPRIETARY FUND TYPE - ENTERPRISE FUNDS**  
**June 30, 2006**

	Allegany County Water Districts	Allegany County Sanitary Districts	Allegany County Nursing Home	Other Enterprise Funds	Total
<b>ASSETS</b>					
Current Assets:					
Cash:					
Cash	\$ -	\$ 536,439	\$ 1,200	\$ -	\$ 537,639
Cash - restricted	-	320,643	-	-	320,643
Investments	173,140	226,271	46,666	-	446,077
Receivables:					
Accounts (net)	395,688	1,167,522	1,043,240	398,074	3,004,524
Taxes - restricted	-	85,259	-	-	85,259
Accounts (net) - restricted	-	82,639	-	-	82,639
Other	4,985	167,363	56	1,851	174,255
Due from other funds	3,590	3,486,492	-	674,969	4,165,051
Prepaid expenses	-	-	61,310	-	61,310
Inventory	-	150,304	29,732	-	180,036
Miscellaneous assets	-	-	-	-	-
Total current assets	<u>577,403</u>	<u>6,222,932</u>	<u>1,182,204</u>	<u>1,074,894</u>	<u>9,057,433</u>
Non-current Assets:					
Advances to other funds	-	-	-	233,616	233,616
Land	6,570	27,718	-	-	34,288
Construction in Progress	280,250	4,922,178	-	-	5,202,428
Capital assets subject to depreciation	24,303,056	83,497,974	5,942,087	2,929,504	116,672,621
Accumulated depreciation	<u>(4,661,681)</u>	<u>(30,269,764)</u>	<u>(3,420,119)</u>	<u>(418,500)</u>	<u>(38,770,064)</u>
Total noncurrent assets	<u>19,928,195</u>	<u>58,178,106</u>	<u>2,521,968</u>	<u>2,744,620</u>	<u>83,372,889</u>
Total Assets	<u>20,505,598</u>	<u>64,401,038</u>	<u>3,704,172</u>	<u>3,819,514</u>	<u>92,430,322</u>
<b>LIABILITIES</b>					
Current Liabilities:					
Accounts payable	42,685	666,691	146,513	272	856,161
Accrued payroll	-	16,930	73,126	769	90,825
Accrued payroll fringe	-	7,688	32,900	60	40,648
Accrued interest	14,544	74,102	4,380	-	93,026
Current portion of long-term debt					
Revenue debt:					
Bonds and loans	57,584	664,661	25,162	-	747,407
Advances from other funds	3,285	57,931	-	-	61,216
Compensated absences	-	45,910	32,493	-	78,403
Due to other funds	-	5,050,776	-	67,901	5,118,677
Miscellaneous liabilities	221	292,039	-	-	292,260
Total current liabilities	<u>118,319</u>	<u>6,876,728</u>	<u>314,574</u>	<u>69,002</u>	<u>7,378,623</u>
Noncurrent Liabilities:					
Cash advance due to General Fund	800,000	500,000	2,285,582	-	3,585,582
Long term debt:					
Revenue debt:					
Bonds and loans	4,161,207	10,490,648	475,926	-	15,127,781
Advance from other funds	152,898	19,503	-	-	172,401
Compensated absences	-	244,773	416,896	-	661,669
Total noncurrent liabilities	<u>5,114,105</u>	<u>11,254,924</u>	<u>3,178,404</u>	<u>-</u>	<u>19,547,433</u>
Total Liabilities	<u>5,232,424</u>	<u>18,131,652</u>	<u>3,492,978</u>	<u>69,002</u>	<u>26,926,056</u>
<b>NET ASSETS</b>					
Invested in capital assets, net of related debt	15,553,221	46,945,363	2,020,880	2,511,004	67,030,468
Restricted for debt service	-	167,898	-	-	167,898
Unrestricted	<u>(280,047)</u>	<u>(843,875)</u>	<u>(1,809,686)</u>	<u>1,239,508</u>	<u>(1,694,100)</u>
Total Net Assets	<u>\$ 15,273,174</u>	<u>\$ 46,269,386</u>	<u>\$ 211,194</u>	<u>\$ 3,750,512</u>	<u>\$ 65,504,266</u>

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

**ALLEGANY COUNTY, MARYLAND**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS**  
**PROPRIETARY FUND TYPE - ENTERPRISE FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2006**

	Allegany County Water Districts	Allegany County Sanitary Districts	Allegany County Nursing Home	Other Enterprise Funds	Total
<b>OPERATING REVENUES:</b>					
Service charges	\$ 1,379,464	\$ 5,381,789	\$ -	\$ 53,667	\$ 6,814,920
Patient fees	-	-	9,030,901	-	9,030,901
Miscellaneous	498	-	33,608	17,833	51,939
Total Operating Revenues	1,379,962	5,381,789	9,064,509	71,500	15,897,760
<b>OPERATING EXPENSES:</b>					
Salaries	143,604	746,040	4,135,896	22,308	5,047,848
Employee benefits	66,854	354,021	2,384,709	1,733	2,807,317
Office expenses	-	45,254	129,392	5,431	180,077
Utilities	751,030	1,425,395	228,142	7,757	2,412,324
Repairs & maintenance	57,126	321,687	148,192	3,451	530,456
Contractual services	-	29,831	24,651	25,757	80,239
Treatment costs	-	1,653,585	-	-	1,653,585
Professional services	1,300	21,281	999,845	2,171	1,024,597
Materials and supplies	11,069	211,424	893,670	-	1,116,163
Insurance	316	127,501	157,241	-	285,058
Indirect cost	37,618	209,512	285,528	-	532,658
Miscellaneous	-	23,300	21,956	-	45,256
Depreciation	501,334	1,777,473	219,096	418,500	2,916,403
Total operating expenses	1,570,251	6,946,304	9,628,318	487,108	18,631,981
Operating Income (Loss)	(190,289)	(1,564,515)	(563,809)	(415,608)	(2,734,221)
<b>NON-OPERATING REVENUE (EXPENSES):</b>					
Real and personal property taxes	-	732,256	-	-	732,256
Interest & penalties on taxes	-	20,276	-	-	20,276
Discounts on taxes	-	(3,495)	-	-	(3,495)
Enterprise/industrial exemptions	-	23	-	-	23
Collection fees	-	(16,693)	-	-	(16,693)
Front footage assessments	-	103,233	-	-	103,233
Interest income	31,479	142,393	7,226	-	181,098
Interest income, debt service	-	3,320	-	-	3,320
Interest expense	(181,207)	(190,715)	(28,965)	-	(400,887)
Loss on sale of capital assets	-	-	-	-	-
Other income (expense)	19,348	7,039	-	-	26,387
Total non-operating revenue (expenses)	(130,380)	797,637	(21,739)	-	645,518
Income (Loss) before contributions and transfers	(320,669)	(766,878)	(585,548)	(415,608)	(2,088,703)
Capital contributions:					
Federal grants	339,318	492,459	-	-	831,777
State grants	-	2,728,860	-	-	2,728,860
Transfers:					
Transfer in, operating	12,922	45,772	-	-	58,694
Transfer out, operating	-	-	-	(155,589)	(155,589)
Change in net assets	31,571	2,500,213	(585,548)	(571,197)	1,375,039
Total net assets - beginning as restated, see Note 16	15,241,603	43,769,173	796,742	4,321,709	64,129,227
Total net assets - ending	\$ 15,273,174	\$ 46,269,386	\$ 211,194	\$ 3,750,512	\$ 65,504,266

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



**ALLEGANY COUNTY, MARYLAND**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUND TYPE - ENTERPRISE FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2006**

	Allegany County Water Districts	Allegany County Sanitary Districts	Allegany County Nursing Home	Other Enterprise Funds	Total
<b>Cash flows from operating activities:</b>					
Cash received from customers	\$ 1,313,656	\$ 5,252,785	\$ 9,187,841	\$ 41,971	\$ 15,796,253
Cash payments for goods and services	(884,534)	(4,153,163)	(2,967,791)	(44,294)	(8,049,782)
Cash payments to employees for services	(210,459)	(1,125,671)	(6,725,991)	(23,212)	(8,085,333)
Other operating revenues	718	38,856	33,607	-	73,181
Net cash provided by operating activities	219,381	12,807	(472,334)	(25,535)	(265,681)
<b>Cash flows from noncapital financing activities:</b>					
Advances from other funds	3,741,426	23,784,205	10,857,887	507,947	38,891,465
Advances to other funds	(4,064,230)	(21,558,144)	(10,274,180)	(326,823)	(36,223,377)
Transfers from other funds	12,922	45,772	-	-	58,694
Transfers to other funds	-	-	-	(155,589)	(155,589)
Net cash provided by noncapital financing activities	(309,882)	2,271,833	583,707	25,535	2,571,193
<b>Cash flows from capital and related financing activities:</b>					
Proceeds from new debt	324,872	642,054	-	-	966,926
Acquisition and construction of capital assets	(379,184)	(7,713,507)	(335,168)	-	(8,427,859)
Principal paid on capital debt	(56,268)	(736,555)	(23,911)	-	(816,734)
Interest paid on capital debt	(181,281)	(195,552)	(26,860)	-	(403,693)
Proceeds from sale of assets	-	-	-	-	-
Grant revenues	339,318	4,615,773	-	-	4,955,091
Debt fees	19,348	876,998	-	-	896,346
Net cash used for capital and related financing activities	66,805	(2,510,789)	(385,939)	-	(2,829,923)
<b>Cash flows from investing activities:</b>					
Purchase of investments	(173,140)	(226,271)	(1,288,444)	-	(1,687,855)
Sale of investments	170,202	222,422	1,554,882	-	1,947,506
Interest on investments	26,634	138,774	8,128	-	173,536
Net cash used in investing activities	23,696	134,925	274,566	-	433,187
Net increase (decrease) in cash	-	(91,224)	-	-	(91,224)
Cash at beginning of the year	-	948,305	1,200	-	949,505
Cash at end of year	\$ -	\$ 857,081	\$ 1,200	\$ -	\$ 858,281
<b>Reconciliation of operating income to net cash provided by operating activities:</b>					
Operating income (loss)	\$ (190,289)	\$ (1,564,515)	\$ (563,809)	\$ (415,608)	\$ (2,734,221)
Adjustments to reconcile operating income to net cash provided by operating activities:					
Depreciation	501,334	1,777,473	219,096	418,500	2,916,403
Provision for uncollectible accounts	(16)	13,003	457,789	-	470,776
Change in assets & liabilities:					
(Increase) decrease in receivables	(65,792)	(103,150)	(300,850)	(29,528)	(499,320)
(Increase) decrease in inventory	-	(15,558)	497	-	(15,061)
(Increase) decrease in prepaids	-	-	(1,093)	-	(1,093)
Increase (decrease) in acc'ts payable	(25,856)	(68,834)	(78,578)	1,101	(172,167)
Increase (decrease) in accrued payroll	-	(25,612)	(205,386)	-	(230,998)
Total adjustments	409,670	1,577,322	91,475	390,073	2,468,540
Net cash provided by operating activities	\$ 219,381	\$ 12,807	\$ (472,334)	\$ (25,535)	\$ (265,681)

Schedule of noncash investing and financing activities:

Contributions of assets from  
other governments

2,929,504

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

**ALLEGANY COUNTY, MARYLAND**  
**STATEMENT OF FIDUCIARY NET ASSETS**  
**FIDUCIARY FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2006**

<b>ASSETS:</b>	Agency Fund
Taxes levied for State:	
Taxes receivable - State	\$ 334,610
Bay restoration fee	150,625
Other receivables	(25)
Taxes levied for Special Areas:	
Lonaconing, Town of	\$ 10,678
Midland, Town of	3,921
Westernport, Town of	35,290
Cumberland differential	6,220
Bel Air Special Tax Area	945
Bowling Green Fire Co.	2,902
Bedford Road Fire Co.	2,314
Bowling Green Special Tax Area	979
Cresaptown Ambulance	7,722
Cresaptown Civic Imp. Assoc.	1,990
Cresaptown Fire Co.	8,642
Corriganville Light & Imp.	1,569
Ellerslie Special Tax Area	1,274
LaVale Volunteer Fire Dept.	6,909
LaVale Rescue Squad	3,458
LaVale Sanitary District	28,907
McCoole Special Tax Area	1,082
Moscow Light	458
Mt. Savage Special Tax Area	987
Potomac Park Special Tax Area	1,165
Rawlings Fire Co.	1,753
Sub-total special areas	129,165
Due from other funds	158,293
Total Assets	<u>\$ 772,668</u>
 <b>LIABILITIES:</b>	
Accounts payable	\$ 308,893
A/P Special Areas	129,165
Taxes payable - State	334,610
A/P Bay restoration fee	150,625
Total Liabilities	<u>\$ 772,668</u>

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

**Notes  
to the  
Financial Statements  
June 30, 2006**

This page left blank intentionally.

**ALLEGANY COUNTY, MARYLAND**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2006**

**Note 1. Summary of Significant Accounting Policies**

---

**A. *Introduction***

Allegany County, Maryland (the County) was established in 1789. The County in 1974 adopted the Code Home Rule form of government provided in Article XI-F of the Maryland Constitution and Article 25B of the Annotated Code of Maryland. Under this form of government, the Board has the authority to enact, amend and repeal public local laws relating to the incorporation, organization and government of the county, including laws authorizing the issuance and sale of bonds to finance capital projects for the County. Each member of the Board has one vote and, except for emergency bills, a simple majority of the Board is sufficient to enact any bill into law.

In 1996, the Commissioners adopted legislation making the County Administrator the Chief Administrative Officer of Allegany County responsible to the Board and charged with the administration of all County affairs. The Administrator will carry out the policies of the Board, direct and supervise the administration of all departments and agencies and perform all duties enumerated in the Allegany County Code Chapter 2, Article 1.

The executive offices of the County are located at the County Office Complex, 701 Kelly Road, Cumberland, Maryland 21502. The County Commissioners' office telephone number is 301-777-5911. The County's website can be viewed at [www.allconet.org](http://www.allconet.org).

The financial statements of Allegany County have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The significant County principles, policies and procedures are summarized in the following Notes to the Financial Statements.

**B. *Reporting Entity***

The reporting entity includes Allegany County's departments and agencies (the primary government) and its component units, entities for which the government is considered to be financially accountable. Each discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that is legally separate from Allegany County.

As a result of its evaluation, the County has concluded that the following are component units of Allegany County and should be included in the reporting entity:

Blended Component Units – no external governmental units are blended in the combined financial statements.

**ALLEGANY COUNTY, MARYLAND**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2006**

Note 1. Summary of Significant Accounting Policies - continued

---

**B.     *Reporting Entity – continued***

Discretely Presented Component Units – the component unit columns of the government wide financial statements include the financial data of the County's component units. They are reported in a separate column to emphasize that they are legally separate from the County.

1.     The Board of Education – operates the public school system. The Board of Education may not issue debt without the County's approval and the County provides a significant portion of the Board's funding. The members of the board are elected by the voters of Allegany County.
2.     The Allegany County Library – operates the County's Library system. The Library System may not issue debt without the County's approval. The County provides a major portion of the Library's funding and appoints the members of the board.
3.     The LaVale Sanitary Commission – provides water and waste treatment facilities for LaVale and surrounding areas. Allegany County has pledged its full faith and credit for the debt of the LaVale Sanitary Commission. The governing board is appointed by the County Commissioners. The County provides no operating subsidies to the LaVale Sanitary Commission.
4.     Allegany College of Maryland – offers two years of higher education to area residents. The College is fiscally dependent on Allegany County which provides a significant portion of the funding for its operations and the College can not issue debt without the approval of the Allegany County Board of Commissioners. The College has elected to report its financial information in accordance with GASB 34 special-purpose government type using the business-type activity model.

Complete financial statements of the individual component units can be obtained from their respective administrative offices:

**Administrative Offices:**

Allegany County Board of Education  
108 Washington Street  
Cumberland, Maryland 21502

LaVale Sanitary Commission  
1 Roselawn Avenue  
LaVale, Maryland 21502

Allegany County Library System  
31 Washington Street  
Cumberland, Maryland 21502

Allegany College  
12401 Willowbrook Road  
Cumberland, Maryland 21502

**ALLEGANY COUNTY, MARYLAND**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2006**

**Note 1. Summary of Significant Accounting Policies - continued**

---

**C. *Government-wide and Fund Financial Statements***

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the non-fiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segments 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 or other items not properly included among program revenues are reported instead as general revenues.

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.

**D. *Measurement Focus, Basis of Accounting, and Financial Statement Presentation***

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectable within the current period or soon enough thereafter to pay the liabilities of the current period. For this purpose, the County considers property tax revenues to be available if they are collected within 60 days of the year-end and a 90-day availability period is used for all other general fund revenues. Other major revenue sources subject to accrual are income taxes, federal and state grants, service charges and interest. All other governmental funds use a 6-month availability period for revenue recognition. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when the payment is due.

**ALLEGANY COUNTY, MARYLAND**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2006**

Note 1. Summary of Significant Accounting Policies - continued

---

D. *Measurement Focus, Basis of Accounting, and Financial Statement Presentation - continued*

The following is a description of the governmental fund types of the County:

1. General fund – the general operating fund of the County. It is used to account for all financial resources except those necessary to be accounted for in another fund
2. Special revenue funds – are used to account for the proceeds of specific revenue sources that are legally restricted to expenditure for a specified purpose.
3. Capital projects funds – are used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by business-type/proprietary funds).

The County reports the following major governmental funds:

The *General Fund* is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The Highway Fund accounts for the activities used to enhance and maintain the County's highway system. Though not required to be reported as a major fund, due to its relative size and significance the County has elected to do so.

The Capital Improvements Project Fund accounts for most of the activity used to acquire or construct capital assets for the County or on the behalf of other organizations.

The government reports the following major proprietary funds:

The Water Districts Fund accounts for the activities of eleven individual water districts in various unincorporated areas of the County.

The Sewer and Water Fund reports the activities of sixteen individual sewer and water districts in various unincorporated areas of the County.

The Nursing Home Fund accounts for the operations of the County Nursing Home with resources being provided by user's charges paid either by the patient or Medicaid/Medicare on behalf of the patient.

Additionally, the government reports the following fund type:

The Agency Fund accounts for taxes billed and collected for the State of Maryland, four municipalities and seventeen special taxing districts.



**ALLEGANY COUNTY, MARYLAND**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2006**

**Note 1. Summary of Significant Accounting Policies - continued**

---

**D. *Measurement Focus, Basis of Accounting, and Financial Statement Presentation - continued***

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. Allegany County has elected not to follow subsequent private-sector guidance.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the government's water and sewer functions, the nursing home and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

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 distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the water and sewer funds are service charges, and the nursing home's principal operating revenue is service fees paid by the patient or the State of Maryland/Federal Government on behalf of the patient. The water and sewer funds also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the County's policy to use restricted resources first, then unrestricted resources as they are needed.

**ALLEGANY COUNTY, MARYLAND**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2006**

Note 1. Summary of Significant Accounting Policies - continued

---

E. *Assets, liabilities, and net assets or equity*

1. Deposits and investments

The County's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

Article 95, Section 22 of the Annotated Code of Maryland authorizes the County to invest surplus funds in bonds or in other obligations of which the full faith and credit of the United States of America are pledged, obligations of federal government agencies issued in accordance with an Act of Congress, repurchase agreements that are secured by any bond or other obligation for the payment of which the full faith and credit of the United States are pledged, any bank or banks in the State of Maryland, any savings and loan association, any building and loan association, in interest-bearing time deposit; and/or savings accounts, or in the Local Government Investment Pool.

Investments for the County, as well as for its component units, are reported at fair value.

2. Receivables and payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

All trade receivables of the enterprise funds are shown net of an allowance for uncollectibles. The allowance accounts for trade accounts receivable for the water and sewer funds are comprised of 50% of the balance six to nine months of age and 100% of account balances in excess of nine months. The allowance accounts of the nursing home and loan fund are based on the analysis of individual accounts the expected ability to collect those accounts. The allowance for property taxes receivable is one-half of one percent of the annual levy and is based on historical trends.

**ALLEGANY COUNTY, MARYLAND**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2006**

**Note 1. Summary of Significant Accounting Policies - continued**

---

**E. Assets, liabilities, and net assets or equity – continued**

**2. Receivables and payables - continued**

As of July 1, 1996, State law mandates owner-occupied residential property owners may elect to pay real property taxes under a semiannual or annual payment schedule. The first installment for a semiannual payment or the annual payment is due by September 30, and the second installment of a semiannual schedule is due December 31, of the tax year without interest. Any unpaid installments after January 1 are charged interest of 1.5% monthly. Property owners electing to pay real property taxes semiannually may not have delinquent taxes on the property.

The assessment of all real and personal property for purposes of property taxation by the County is the sole responsibility of the State Department of Assessments and Taxation. Real property is valued at market value and is assessed at 100% of that value. The real estate assessment of 100% is the result of The Maryland Truth in Taxation Act, Chapter 80 of the Laws of Maryland of 2000 effective October 1, 2000. Prior to the law change, the assessment was 40% of the market value. Real property tax rates were adjusted to make the law revenue neutral. Tangible personal property is assessed at cost, less 10% depreciation for each year held, to a minimum of 25% of cost. The County granted tax differential rates to municipalities located within the County in accordance with Article 32A of the Annotated Code of Maryland which reduced the tax rates for owners of municipal property. The various tax rates for Allegany County for fiscal year 2006 are as follows:

	<u>Real</u>	<u>Personal Property</u>
Unincorporated	1.0007	2.5018
Barton	.9727	2.4318
Cumberland	.9309	2.3273
Frostburg	.9366	2.3415
Lonaconing	.9548	2.3870
Luke	.9516	2.3790
Midland	.9727	2.4318
Westernport	.9548	2.3870

**3. Inventories and prepaid items**

All inventories are valued at cost using the first-in/first-out (FIFO) method. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

**ALLEGANY COUNTY, MARYLAND**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2006**

Note 1. Summary of Significant Accounting Policies - continued

---

E. *Assets, liabilities, and net assets or equity - continued*

4. Restricted assets

Certain revenues of the County's sewer funds are set aside for their repayment of loans used to fund construction of sewer systems. They are classified as restricted assets on the balance sheet because they are limited by State law and debt covenants to the repayment of debt or construction.

5. Capital assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$2,000 (\$50,000 for infrastructure assets) and an estimated useful life of two years or more. Such assets are recorded at historical costs or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

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

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

Property, plant, and equipment of the primary government, as well as the component units, are depreciated using the straight line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	30-40
Sewer/Water Systems	30-50
Other infrastructure	30-40
Furniture & Fixtures	7-10
Vehicles	5-7
Equipment	5-10
Heavy equipment	7-10
Other capital assets	7-50

**ALLEGANY COUNTY, MARYLAND**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2006**

**Note 1. Summary of Significant Accounting Policies - continued**

**E. *Assets, liabilities, and net assets or equity - continued***

**6. Compensated absences**

It is the government's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. All vacation pay and sick pay is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

A liability is accrued for certain future vacation, sick, and other leave benefits, provided the following conditions are met:

- a. The employer's obligation relating to employees' rights to receive compensation for future absences is attributable to employees' services already rendered.
- b. The obligation relates to rights that vest.
- c. Payment of the compensation is probable and not contingent on a specific event outside the control of the County or the employee.
- d. The amount can be reasonably estimated.

County employees earn vacation time depending upon their length of service and are eligible to use this time in the year in which it is earned. Vacation time may be carried from one year to the next, but may not exceed 200% of the annual accrual at any point in time. Vacation time earned when the 200% ceiling has been reached is accrued as sick time and remains as such. All vacation time outstanding and earned upon leaving County service is paid to the employee at the current salary level.

County employees earn fifteen sick leave days per year with no accumulation ceiling. It is the policy of the County to pay for up to 120 days, if earned, of sick leave accumulated, upon the retirement of most employees. Any reduction in the liability for compensated absences is charged to the fund and function where the employee's time was charged which historically has been the general fund, highway fund or the transit fund for the governmental funds and the Sanitary Districts and the Nursing Home for the enterprise funds.

At June 30, 2006, compensated absence liabilities for Allegany County are summarized as follows:

	Current Portion	Long-term Portion	Total Liability
Total Governmental Fund Types	\$ 738,467	\$ 3,108,541	\$ 3,847,008
Sanitary Districts	45,910	244,773	290,683
Nursing Home	32,493	416,896	449,389
	<u>\$ 816,870</u>	<u>\$ 3,770,210</u>	<u>\$ 4,587,080</u>

**ALLEGANY COUNTY, MARYLAND**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2006**

Note 1. Summary of Significant Accounting Policies - continued

---

7. Long-term obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. For debt acquired after July 1, 2003, bond premiums and discounts, as well as issuance costs, will be deferred and amortized over the life of the bonds using the effective interest method. Bonds payable will be reported net of the applicable bond premium or discount. Bond issuance costs will be reported as deferred charges and amortized over the term of the related debt.

8. Fund Classifications

Government-wide Statements

Equity is classified as net assets and displayed in three components:

- a. Invested in capital assets, net of related debt – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net assets – consists of net assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors or laws or regulations of other governments; or (2) law through enabling legislation.
- c. Unrestricted net assets – all other net assets that do not meet the definition of “restricted” or “investment in capital assets, net of related debt”.

Fund Statements

Government fund equity is classified as fund balance. Fund balance is further classified as reserved and unreserved, with unreserved further split between designated and undesignated. Proprietary fund equity is classified the same as in the government-wide statements.

**ALLEGANY COUNTY, MARYLAND**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2006**

**Note 2. Reconciliation of Government-wide and Fund Financial Statements**

---

- A. Explanation of certain differences between the governmental fund balance sheet and the Government-wide statement of net assets.

The governmental fund balance sheet includes a reconciliation between fund balance – total governmental funds and net assets – governmental activities as reported in the government-wide statement of net assets. One element of that reconciliation explains that “long-term debt, including compensated absences, is not due and payable in the current period and therefore is not reported in the funds.” The details of this \$34,130,300 are as follows:

Bonds payable	\$ 22,944,000
Notes payable	699,910
State loans	6,433,258
Capital leases	206,123
Compensated absences	<u>3,847,009</u>
Net adjustments to reduce fund balance - total governmental funds to arrive at net assets – governmental activities.	<u>\$ 34,130,300</u>

- B. Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balances and the government-wide statement of activities.

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between *net changes in fund balances—total governmental funds* and *changes in net assets of governmental activities* as reported in the government-wide statement of activities. One element of that reconciliation explains that “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.” The details of this \$7,485,069 difference are as follows:

Capital outlay	\$10,589,653
Depreciation expense	<u>(3,104,584)</u>
Net adjustment to increase <i>net changes in fund balances—total governmental funds</i> to arrive at <i>changes in net assets of governmental activities</i>	<u>\$7,485,069</u>

**ALLEGANY COUNTY, MARYLAND**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2006**

**Note 2. Reconciliation of Government-wide and Fund Financial Statements - continued**

---

Another element of that reconciliation states the “The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to increase net assets.” The details of this \$(1,399,489) difference are as follows:

In the statement of activities, only the <i>gain</i> on the sale of capital assets is reported. However, in the governmental funds, the proceeds from the sale increase financial resources. Thus, the change in net assets differs from the change in fund balance by the cost of the capital assets sold.	<u>(1,399,489)</u>
---	--------------------

Net adjustment to increase <i>net changes in fund balances—total governmental funds</i> to arrive at <i>changes in net assets of governmental activities</i> .	<u>\$(1,399,489)</u>
--	----------------------

Another element of that reconciliation states that “the issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.”

The details of this \$4,566,821 difference are as follows:

Debt issued or incurred:	
Lease obligation	(149,483)
Bond issue costs, net of amortization	42
Principal repayments:	
General obligation debt	4,660,468
Lease payments	55,794
Net adjustment to decrease <i>net changes in fund balances—total governmental funds</i> to arrive at <i>changes in net assets of governmental activities</i>	<u>\$4,566,821</u>

Another element of that reconciliation states that “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.” The details of this \$(262,686) difference are as follows:

Compensated absences	\$(327,290)
Accrued interest adjustment, net	<u>64,604</u>
Net adjustment to decrease <i>net changes in fund balances—total governmental funds</i> to arrive at <i>changes in net assets of governmental activities</i>	<u>\$(262,686)</u>



**ALLEGANY COUNTY, MARYLAND**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2006**

**Note 3. Stewardship, Compliance, and Accountability**

---

*A. Budgetary Information*

Annual budgets are adopted for all General, Special Revenue, Debt Service and Capital Project Funds. All governmental fund budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP). Encumbrances and appropriations generally lapse at year-end and are treated as expenditures in the year the liability is incurred. Budgets are adopted for the Enterprise Funds, though not required, on a revenue and expenditure basis to permit monitoring of the financial activity. Budgets to actual comparisons are presented in this report for all the primary government's major governmental fund types. Budget-to-actual comparisons for the non-major governmental funds, though not required, are presented as supplementary information. Budget-to-actual comparisons are not required for component units and the enterprise funds and are not presented.

The County uses the following procedures in establishing the budgetary data reflected in the financial statements:

1. Prior to January 15, the County Administrator submits recommended budget guidelines to the Board of Commissioners for their approval.
2. After receiving approval of the budget guidelines, the County Administrator and the Director of Finance meet with the various departments and agencies to explain and distribute the guidelines.
3. The County Administrator and the Director of Finance compile all budget requests; after making departmental and agency review of the requests, a recommended budget is presented to the Board of County Commissioners for review and approval.
4. A public hearing is held to obtain public input and opinion of a preliminary budget.
5. Under Local Code Home Rule, the property tax rate must be set by June 30, and by that time, the budget is publicly adopted by the County Commissioners.
6. During the year supplemental appropriations shall be made by public approval of the Board of Commissioners. Supplemental appropriations in the General Fund for fiscal year 2006 were increased by \$1.6 million; the majority of the increase was due to increases in funding for public safety and was funded by grants. Other material supplemental appropriations were an increase of \$686,000 for the Community Development Block Grant Fund due to the approval of grants for lead hazard control and a sewer project. The increased budgeted appropriation of \$387,834 in the debt service fund was made to reflect the payoff of a Maryland Industrial Land Act loan made during the year.
7. During the year, budget amendments within a department are approved by the Director of Finance. Budget amendments between departments and/or funds require Commissioner public approval.
8. Legally, total expenditures for all individual governmental funds may not exceed the total budget for a particular fund except for emergencies, state-mandated programs, or by approval of a majority of the Board of Commissioners.

**ALLEGANY COUNTY, MARYLAND**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2006**

Note 3. Stewardship, Compliance, and Accountability - continued

---

*A. Budgetary Information - continued*

9. Appropriations lapse at the end of the fiscal year for all funds, except the Capital Project Funds, and certain federal grants that do not have a year-end date of June 30.
10. Budget monitoring is the responsibility of the Finance Department and the appropriate department head.

The County has elected not to employ the use of encumbrance accounting for financial reporting purposes. The County utilizes an encumbrance-based accounting system for internal reporting. However, these encumbrances lapse at year-end. Accordingly, the County does not prepare budgetary basis statements of revenues, expenditures and changes in fund balance.

*B. Excess of Expenditures Over Appropriations*

For the year ended June 30, 2006, expenditures exceeded appropriations for the following funds (the legal level of budgetary control):

Fund	Excess
Community Development Block Grant Fund	\$3,419
Drug Task Force Fund	2,898

- The expenditures over budget in the Community Development Block Grant Fund were funded by unbudgeted block grants approved after the start of the fiscal year.
- The Drug Task Force excess expenditures over budget were funded by the unexpended fund balance which existed at the beginning of the year.

*C. Deficit Fund Equity*

The Community Development Block Grant Fund had a deficit balance at June 30, 2006 of \$23,476. The deficit was the result the County not receiving the revenue (grant reimbursement) within the accrual period for the modified accrual basis of accounting for cost incurred prior to year-end. The Capital Improvements Project Fund had a deficit balance of \$366,710. The deficit was the result of revenues not being subject to accrual for expenditures made for the flood wall in the Upper Potomac Industrial Park and Highland Trail project which are funded by Federal and State grants.

**ALLEGANY COUNTY, MARYLAND**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2006**

**Note 4. Deposits and Investments**

---

*Allegany County Primary Government:*

As of June 30, 2006, the County had the following investments and maturities:

Investment Type	Fair Value	Investment Maturity in Months		
		Less Than 1	1-6	6-12
Certificates of Deposit	<u>\$ 7,021,198</u>	<u>\$ 7,822,033</u>	<u>\$ 4,108,473</u>	<u>\$ -</u>

**Interest Rate Risk.** As a means of limiting its exposure to fair value losses arising from interest rates, the County's investment policy prohibits investments that mature more than 2 years from the date of purchase. However, the County may collateralize its repurchase agreements using longer dated investments. Reserve funds may be invested in securities exceeding 2 years if the maturity of such investments is made to coincide as nearly as practicable with the expected use of the funds.

**Credit Risk -** The County investment policy and State law requires collateralization of 102% of market value of investments. ARTICLE 95, Section 22 of the Annotated Code of Maryland authorizes the County to invest surplus funds in bonds or in other obligations of which the full faith and credit of the United States of America are pledged, obligations of federal government agencies issued in accordance with an Act of Congress, repurchase agreements that are secured by any bond or other obligation for the payment of which the full faith and credit of the United States are pledged, any bank or banks in the State of Maryland, any savings and loan association, any building and loan association, in interest-bearing time deposit; and/or savings accounts, or in the Local Government Investment Pool. Allegany County is in compliance with its investment policy and State law having all deposits and investments collateralized at 102% of market value with bonds or other obligations secured by the full faith and credit of the United States.

**Concentration of Credit Risk -** The County investment policy limits investments of the portfolio to 5% of Bankers Acceptances, 5% to money market mutual funds, and 5% to commercial paper. The County investment policy complies with Maryland state law limits.

**Custodial Credit Risk.** Deposits and investments are exposed to custodial credit risk if they are not covered by depository insurance and the deposits are:

- a. Uncollateralized
- b. Collateralized with securities held by the pledging financial institution, or
- c. Collateralized with securities held by the pledging financial institution's trust department or agent but not in the depositor-government's name

The County carries its investments at fair value. Investments consist entirely of nonparticipating contracts (nonnegotiable certificates of deposit) with maturities of less than one year.

**ALLEGANY COUNTY, MARYLAND**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2006**

Note 4. Deposits and Investments - continued

*Allegany County Discretely Presented Component Units:*

Allegany County Board of Education

Cash deposits – At year-end, the carrying amount of the Board's deposits was \$9,008,121 and the bank balances were \$9,646,173. Of the bank balances, \$432,442 was covered by depository insurance; \$9,213,731 was covered by collateral held at various banks in the Board's name.

Investments - As of June 30, 2006, the Board of Education had the following investments and maturities:

Investment Type	Total	Investment Maturity (in months)			
		Less than 1	1-6	6-12	More than 12
U.S. Government obligations	\$ 5,495,250	\$ -	\$ 2,495,250	\$ 1,000,000	\$ 2,000,000
Certificates of Deposit	625,342	-	169,486	124,786	331,070
	<u>\$ 6,120,592</u>	<u>\$ -</u>	<u>\$ 2,664,736</u>	<u>\$ 1,124,786</u>	<u>\$ 2,331,070</u>

Allegany County Library System

Cash – Risks and Policies

As of June 30, 2006, the carrying amount of the Library's deposits was \$54,350.

Custodial credit risk for deposits is the risk that in the event of a bank failure the Library's deposits may not be returned or the Library will not recover collateral securities in the possession of an outside party. The Library's policy requires deposits with financial institutions to be fully secured by collateral. The Library's cash balances at financial institutions at June 30, 2006 are fully collateralized with securities held by the Library's agent in the Library's name.

Investments – Risks and Policies

As of June 30, 2006, the Library had the following investments and maturities:

Investment Type	Total	Investment Maturity			Credit Rating
		Less than 90 Days	90 Days to One Year	Over One Year	
U.S. Treasury Bonds	\$ 16,704	\$ -	\$ 16,704	\$ -	N/A
Other Federal Government Obligations	221,920	-	-	221,920	N/A
Investment in MD Local Government Fund Pool	687,815	687,815	-	-	N/A
	<u>\$ 926,439</u>	<u>\$ 687,815</u>	<u>\$ 16,704</u>	<u>\$ 221,920</u>	

ALLEGANY COUNTY, MARYLAND  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2006

Note 4. Deposits and Investments - continued

---

*Allegany County Discretely Presented Component Units:*

Allegany County Library System (Continued)

**Credit Risk** is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The Library investment policy specifies with the exception of U.S. Treasury securities and authorized pools, no more than 5% of Bankers acceptance, 5% of money market mutual funds and 5% to commercial paper.

**Interest Rate Risk** is the risk that changes in interest rates will adversely affect the fair value of an investment. Investments held for longer periods are subject to increased risk of adverse interest rate changes. The Library policy provides that to the extent practicable, investments are matched with anticipated cash flows. Unless matched to a specific cash flow, the Library will not directly invest in securities maturing more than one year from the date of purchase. Reserve funds may be invested in securities exceeding one year if the maturity of such investments are made to coincide as nearly as practicable with the expected use of the funds.

**Concentration of Credit Risk** is the risk of loss attributed to the magnitude of the Library's investment in a single issuer. With the exception of U.S. Government securities and authorized pools, the Library may not invest in no more than 5% of Bankers Acceptance, 5% of money market mutual funds, and 5% of commercial paper. The Library's investment policy complies with Maryland State Law limits.

**Custodial Credit Risk** is the risk that, in the event of a failure of the counterparty, the Library will not be able to recover the value of its investments or collateral securities in the possession of an outside party. Library policy provides that investment collateral is to be held by a third party custodian with whom the Library has a current custodial agreement in the Library's name. All of the Library's investments are collateralized with securities held by the Library's agent in the Library's name. The Library is in compliance with its investments policy and State law having all deposits and investments collateralized at 102% of market value with bonds and other obligations secured by the full faith and credit of the United States.

LaVale Sanitary Commission

Cash deposits – At year-end, the carrying amount of the LaVale Sanitary Commission's cash deposits was \$1,417,640. The entire bank balance was either covered by federal depository insurance or by pledged government securities. The commission held no investments at year end.

**ALLEGANY COUNTY, MARYLAND**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2006**

**Note 4. Deposits and Investments - continued**

*Allegany County Discretely Presented Component Units - continued:*

Allegany College

Cash deposits – At year-end, the carrying amount of the primary entity's cash deposits was \$799,562. The bank balance was fully collateralized with securities held by the college's agent in the College's name.

Investment Type	Total	Less Than 90 Days	90 Days To One Year
Certificates of deposit	\$ 3,202,155	\$ -	\$ 3,202,155
Repurchase agreements of			
U.S. Government obligations	1,082,893	1,082,893	-
Maryland Local Government			
Investment Pool	1,100,753	1,100,753	-
	<u>\$ 5,385,801</u>	<u>\$ 2,183,646</u>	<u>\$ 3,202,155</u>

**Note 5. Property Taxes Receivable**

Property taxes are levied each July 1 and due on or before September 30 of that year. Unpaid property taxes attach as an enforceable lien on the property as of October 1. Property tax assessments are performed by the State of Maryland on which the County bills and collects its property taxes.

Property tax receivable at June 30, 2006 was \$2,988,363 (net an allowance of \$150,000) of which \$1,770,572 were current year's taxes receivable and the balance of \$1,277,791 was prior years' unpaid taxes.

**Note 6. Other Receivables**

Receivables, other than property taxes receivable and loans to the County's enterprise funds, as reported in the Statement of Net Assets as of the year end for the County's individual major funds, non-major funds in the aggregate and the individual enterprise funds consist of the following:

Governmental Activities:	General Fund	Highway Fund	OCYF Fund	Capital Projects Fund	Non-major Governmental Funds	Total
<b>Receivables:</b>						
Interest	\$ 32,412	\$ -	\$ -	\$ 2,329	\$ 33,359	\$ 68,100
Income taxes	1,791,488	-	-	-	-	1,791,488
Other taxes	88,391	714,269	-	-	22,324	824,984
<b>Current:</b>						
Accrued revenues	1,713,478	1,113	-	836,807	1,028,554	3,579,952
Loans, notes	-	-	-	-	152,173	152,173
Leases, capital	-	-	-	-	156,064	156,064
<b>Long-term:</b>						
Accrued revenues	1,303,757	-	-	1,597,154	-	2,900,911
Loans, notes	-	-	-	-	2,502,035	2,502,035
Leases, capital	-	-	-	-	1,289,999	1,289,999
<b>Total receivables</b>	<b>\$ 4,929,526</b>	<b>\$ 715,382</b>	<b>\$ -</b>	<b>\$ 2,436,290</b>	<b>\$ 5,184,508</b>	<b>\$ 13,265,706</b>

**ALLEGANY COUNTY, MARYLAND**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2006**

**Note 6. Other Receivables - continued**

Business-type Activities:	Water Districts	Sewer Districts	Nursing Home	Non-Major Enterprise Funds	Total
Receivables:					
Interest	\$ 4,985	\$ 4,602	\$ 56	\$ -	\$ 9,643
Accounts, other	-	162,761	-	1,851	164,612
Accounts, trade	441,950	1,313,418	1,893,240	-	3,648,608
Less allowance	(46,262)	(145,896)	(850,000)	-	(1,042,158)
Net accounts, trade	395,688	1,167,522	1,043,240	-	2,606,450
Accounts, restricted	-	176,694	-	-	176,694
Less allowance	-	(8,796)	-	-	(8,796)
Net accounts, restricted	-	167,898	-	-	167,898
Loans	-	-	-	648,074	648,074
Less allowance	-	-	-	(250,000)	(250,000)
Net loans	-	-	-	398,074	398,074
Total receivables	\$ 400,673	\$ 1,502,783	\$ 1,043,296	\$ 399,925	\$ 3,346,677

*Leases – Operating and Capital:*

The County, as part of its economic development efforts, has constructed numerous shell buildings which are sold (capital leases) or rented (operating leases) to various employers. The amount of capital lease payments and future minimum non-cancelable operating lease payments due each of the next five years and beyond is as follows:

Fiscal Year	Capital Leases			Operating Leases
	Principal	Interest	Total	Minimum Payments
2007	\$ 166,676	\$ 91,757	\$ 258,433	\$ 378,554
2008	178,010	80,423	258,433	325,464
2009	190,117	68,316	258,433	134,136
2010	203,049	55,384	258,433	80,511
2011	146,853	42,837	189,690	86,511
2012-	561,356	90,091	651,447	518,356
Totals	<u>\$ 1,446,061</u>	<u>\$ 428,808</u>	<u>\$ 1,874,869</u>	<u>\$ 1,523,532</u>

The net book value of buildings with operating leases at June 30, 2006 is \$2,047,062.

*Unearned Revenues:*

Governmental funds report unearned revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of unearned revenue reported in the governmental funds were as follows:

Delinquent property taxes receivable, General Fund	\$ 2,816,816
Grants/revenues received prior to meeting eligibility requirements:	
Homeland security grant, General Fund	66,671
Flood mitigation grant, Capital Projects Fund	68,073
Community Development Block Grant Fund	62,760
Community Development & Housing Fund	107,633
Revolving Building Fund	151,500
	<u>\$ 3,273,453</u>

**ALLEGANY COUNTY, MARYLAND**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2006**

Note 6. Other Receivables - continued

---

*Loans receivable:*

The following table summarizes the loan receivable balances in the County Loan Fund at June 30, 2006:

Entity	Source of funds	Balance June 30, 2006
Loans:		
Fire Companies	General Fund	\$ 11,643
Western Maryland Scenic Railroad	Gen Fund/PIB of 1988	250,000
City of Frostburg	PIB of 1991	28,735
YMCA	General Fund	100,000
Paving project	General Fund	56,962
Agriculture Expo Building (1)	General Fund	13,595
Agriculture Expo Building (2)	General Fund	80,229
Agriculture Expo Building (3)	General Fund	17,544
TWR Loan	General Fund	0
Upper Potomac Industrial Park flood wall loans	General Fund	34,352
Allowance for doubtful accounts		(250,000)
Total		\$ 343,060

The County has established a Loan Fund to account for the long-term receivables due from other entities and the proprietary funds. Except for the payments received from fire companies, which is a revolving pool, the cash receipts are transferred to the General Fund, as they become available.



**ALLEGANY COUNTY, MARYLAND**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2006**

**Note 7. Capital Assets**

Capital asset activity for the year ended June 30, 2006 was as follows:

<b>Primary Government:</b>	<b>Beginning Balance</b>	<b>Increases</b>	<b>Decreases</b>	<b>Transfers In (Out)</b>	<b>Ending Balance</b>
<b>Governmental activities:</b>					
Capital assets, not being depreciated:					
Land	\$15,773,610	\$ 391,206	\$ (73,302)	\$ 1,530,247	\$17,621,761
Work in Progress	4,707,638	8,129,564	-	(5,692,366)	7,144,836
Total capital assets not being depreciated:	20,481,248	8,520,770	(73,302)	(4,162,119)	24,766,597
Capital assets, being depreciated:					
Buildings	43,251,296	127,372	(2,122,638)	-	41,256,030
Infrastructure	35,871,506	161,138	-	4,162,119	40,194,763
Furniture & Fixtures	952,127	-	(371,160)	-	580,967
Equipment	4,390,180	455,291	-	-	4,845,471
Vehicles	6,991,516	1,080,765	(448,879)	-	7,623,402
Heavy Equipment	3,380,880	221,117	(153,614)	-	3,448,383
Other Fixed Assets	874,393	23,200	-	-	897,593
Total capital assets, being depreciated:	95,711,898	2,068,883	(3,096,291)	4,162,119	98,846,609
Less accumulated depreciation for:					
Buildings	(11,759,303)	(1,405,595)	833,359	-	(12,331,539)
Infrastructure	(24,783,601)	(532,334)	-	-	(25,315,935)
Furniture & Fixtures	(777,305)	(58,087)	355,695	-	(479,697)
Equipment	(2,816,181)	(355,075)	-	-	(3,171,256)
Vehicles	(5,484,722)	(536,440)	447,374	-	(5,573,788)
Heavy Equipment	(2,557,836)	(190,425)	133,676	-	(2,614,585)
Other Fixed Assets	(375,304)	(26,628)	-	-	(401,932)
Total accumulated depreciation	(48,554,252)	(3,104,584)	1,770,104	-	(49,888,732)
Total capital assets, being depreciated, net:	47,157,646	(1,035,701)	(1,326,187)	4,162,119	48,957,877
Governmental activities capital assets, net	\$67,638,894	\$ 7,485,069	\$ (1,399,489)	\$ -	\$73,724,474

<b>Primary Government:</b>	<b>Ending Balance</b>	<b>Increases</b>	<b>Decreases</b>	<b>Transfers In (Out)</b>	<b>Ending Balance</b>
<b>Business-type activities:</b>					
Capital assets, not being depreciated:					
Land	\$ 34,288	\$ -	\$ -	\$ -	\$ 34,288
Work in Progress	2,994,814	7,447,966	-	(5,240,352)	5,202,428
Total capital assets not being depreciated:	3,029,102	7,447,966	-	(5,240,352)	5,236,716
Capital assets, being depreciated:					
Buildings	3,316,290	2,951	-	276,200	3,595,441
Infrastructure	98,237,455	85,664	-	4,964,152	103,287,271
Furniture & Fixtures	1,486,430	32,795	-	-	1,519,225
Equipment	1,733,584	2,977,381	(7)	-	4,710,958
Vehicles	706,112	36,565	-	-	742,677
Heavy Equipment	295,771	39,218	-	-	334,989
Other Fixed Assets	2,482,060	-	-	-	2,482,060
Total capital assets, being depreciated:	108,257,702	3,174,574	(7)	5,240,352	116,672,621
Less accumulated depreciation for:					
Buildings	(1,700,714)	(93,307)	-	-	(1,794,021)
Infrastructure	(30,733,429)	(2,052,337)	-	-	(32,785,766)
Furniture & Fixtures	(851,397)	(78,222)	-	-	(929,619)
Equipment	(1,300,598)	(520,581)	(1)	-	(1,821,180)
Vehicles	(481,318)	(63,757)	-	-	(545,075)
Heavy Equipment	(204,266)	(17,051)	-	-	(221,317)
Other Fixed Assets	(581,938)	(91,148)	-	-	(673,086)
Total accumulated depreciation	(35,853,660)	(2,916,403)	(1)	-	(38,770,064)
Total capital assets, being depreciated, net:	72,404,042	258,171	(8)	5,240,352	77,902,557
Business-type activities capital assets, net	\$75,433,144	\$ 7,706,137	\$ (8)	\$ -	\$83,139,273

**ALLEGANY COUNTY, MARYLAND**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2006**

**Note 7. Capital Assets - continued**

Depreciation expense was charged to functions/programs of the primary government, as reported in the statement of activities, for the year ended June 30, 2006 as follows:

<u>Governmental activities:</u>	
General government	\$ 507,547
Public safety	795,877
Public works	1,099,935
Health	60,702
Social services	37,585
Recreation, culture and libraries	162,683
Natural resources	2,355
Community development and housing	25,713
Economic development	412,187
Total depreciation expense - governmental activities	<u>\$ 3,104,584</u>
<u>Business type activities:</u>	
Water districts	\$ 501,334
Sewer districts	1,777,473
Nursing Home	219,096
Allconet II	418,500
Total depreciation expense - governmental activities	<u>\$ 2,916,403</u>

*Construction Commitments*

The County has active construction projects as of June 30, 2006. The projects include industrial park infrastructure, a wastewater treatment plant upgrade, and a new water district. At year end the County's commitments with contractors are as follows:

<u>Project</u>	<u>Spent-to-date</u>	<u>Remaining Commitment</u>
Niners Lane Sewer Project	\$ 261,222	\$ 24,910
Micro-Integration Building	71,496	24,504
Barton Industrial Park Sewage Treatment Plant	1,731,640	101,650
NRCS Flood Project	126,241	7,859
Potomac River Water Study	22,950	29,705
Allegheny Highlands Trail	590,105	2,572,684
Cresaptown/Bowling Green I&I Design	1,600,499	910,362
Georges Creek I&I Design	290,076	27,056
Celanese Headworks	1,673,745	90,309
Morantown Water	641,461	26,980
Celanese Waste Water Treatment Plant	13,021,481	23,049
Totals	<u>\$ 20,030,916</u>	<u>\$ 3,839,068</u>

Funding for all projects is a combination of federal and/or state grants and a local share funded by long-term debt. Funding for the projects was in place prior to the commencement of construction.

**ALLEGANY COUNTY, MARYLAND**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2006**

**Note 7. Capital Assets - continued**

*Discretely Presented Component Units:*

Capital asset activity for the Board of Education of Allegany County for the year ended June 30, 2006, was as follows:

<b>Board of Education</b>	Beginning Balance	Increases	Decreases	Ending Balance
<b>Governmental activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 2,377,989	\$ 180,000	\$ -	\$ 2,557,989
Work in process	\$ 1,466,829	12,513,524	\$ (344,078)	13,636,275
Total capital assets not being depreciated:	3,844,818	12,693,524	(344,078)	16,194,264
Capital assets, being depreciated:				
Land Improvements	-	33,125	43,886	77,011
Buildings & Improvements	108,596,572	1,553,978	(43,886)	110,106,664
Furniture, Equipment & Vehicles	7,158,479	900,815	(37,821)	8,021,473
Total capital assets, being depreciated:	115,755,051	2,487,918	(37,821)	118,205,148
Less accumulated depreciation for:				
Land Improvements	-	(3,102)	(1,594)	(4,696)
Buildings & Improvements	(60,384,819)	(3,269,266)	1,594	(63,652,491)
Furniture, Equipment & Vehicles	(5,105,302)	(468,340)	30,761	(5,542,881)
Total accumulated depreciation	(65,490,121)	(3,740,708)	30,761	(69,200,068)
Total capital assets, being depreciated, net:	50,264,930	(1,252,790)	(7,060)	49,005,080
Governmental activities capital assets, net	\$54,109,748	\$11,440,734	\$ (351,138)	65,199,344
<b>Board of Education</b>				
<b>Business-type activities:</b>				
Capital assets, being depreciated:				
Furniture, Equipment & Vehicles	\$ 3,966,657	\$ 43,703	\$ (3,471,806)	\$ 538,554
Less accumulated depreciation	(918,072)	(38,285)	571,279	(385,078)
Business-type activities capital assets, net	\$ 3,048,585	\$ 5,418	\$ (2,900,527)	\$ 153,476

Capital asset activity for the Library of Allegany County for the year ended June 30, 2006 was as follows:

<b>Library</b>	Beginning Balance	Increases	Decreases	Ending Balance
<b>Governmental activities:</b>				
Capital assets, being depreciated:				
Buildings & Improvements	\$ 3,277,220	\$ -	\$ -	\$ 3,277,220
Furniture & Equipment	929,451	26,212	(9,443)	946,220
Vehicles/Bookmobile	127,198	15,515	(105,821)	36,892
Library Books	4,204,211	184,139	(181,893)	4,206,457
Total capital assets, being depreciated:	8,538,080	225,866	(297,157)	8,466,789
Less accumulated depreciation for:				
Buildings & Improvements	(784,661)	(65,544)	-	(850,205)
Furniture & Equipment	(402,339)	(92,507)	9,443	(485,403)
Vehicles/Bookmobile	(113,876)	(5,351)	100,243	(18,984)
Library Books	(3,702,952)	(140,382)	155,293	(3,688,041)
Total accumulated depreciation	(5,003,828)	(303,784)	264,979	(5,042,633)
Total capital assets, being depreciated, net:	\$ 3,534,252	\$ (77,918)	\$ (32,178)	\$ 3,424,156

**ALLEGANY COUNTY, MARYLAND**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2006**

Note 7. Capital Assets - continued

*Discretely Presented Component Units - continued:*

Capital asset activity for Allegany College of Maryland and its component units for the year ended June 30, 2006, were as follows:

<b>Allegany College of Maryland</b>	<b>Beginning Balance</b>	<b>Increases</b>	<b>Decreases</b>	<b>Ending Balance</b>
<b>Business-type activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 515,263	\$ 196,850	\$ (11,140)	\$ 700,973
Work in Progress	1,484,976	7,181,629	(8,112,592)	554,013
Total capital assets not being depreciated:	2,000,239	7,378,479	(8,123,732)	1,254,986
Capital assets, being depreciated:				
Buildings	31,479,902	9,051,932	-	40,531,834
Equipment	5,407,554	565,397	(117,500)	5,855,451
Auxiliary Equipment	191,222	-	-	191,222
Library Books	949,043	64,074	(15,303)	997,814
Total capital assets, being depreciated:	38,027,721	9,681,403	(132,803)	47,576,321
Less accumulated depreciation :	(15,911,519)	(1,551,721)	127,003	(17,336,237)
Total capital assets, being depreciated, net:	22,116,202	8,129,682	(5,800)	30,240,084
Business-type activities capital assets, net	\$24,116,441	\$15,508,161	\$ (8,129,532)	\$31,495,070

Capital asset activity for the LaVale Sanitary Commission for the year ended June 30, 2006, was as follows:

<b>LaVale Sanitary Commission</b>	<b>Beginning Balance</b>	<b>Increases</b>	<b>Decreases</b>	<b>Ending Balance</b>
<b>Business-type activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 176,385	\$ -	\$ -	\$ 176,385
Work in Progress	321,080	1,788,338	(201,520)	1,907,898
Total capital assets not being depreciated:	497,465	1,788,338	(201,520)	2,084,283
Capital assets, being depreciated:				
Buildings	516,945	-	-	516,945
Infrastructure	14,530,936	307,725	-	14,838,661
Machinery, Vehicles & Equipment	1,020,991	35,946	(24,312)	1,032,625
Office Furniture and Equipment	74,430	34,819	-	109,249
Total capital assets, being depreciated:	16,143,302	378,490	(24,312)	16,497,480
Less accumulated depreciation for:	(7,438,749)	(437,773)	-	(7,876,522)
Total capital assets, being depreciated, net:	8,704,553	(59,283)	(24,312)	8,620,958
Business-type activities capital assets, net	\$ 9,202,018	\$ 1,729,055	\$ (225,832)	\$10,705,241

**ALLEGANY COUNTY, MARYLAND**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2006**

**Note 8. Interfund Receivables, Payables, and Transfers**

The composition of interfund balances as of June 30, 2006, is as follows:

**A. Due to/from other funds**

	Due From Other Funds	Due To Other Funds
Governmental funds:		
General Fund	\$ -	\$ 3,700,790
Highway Fund	1,051,707	-
Capital Improvement Projects Fund	-	594,088
Non-major Governmental Funds	4,687,743	649,238
Sub-total	5,739,450	4,944,116
Enterprise Funds:		
Water Districts	3,590	-
Sanitary Districts	3,486,492	5,050,776
Non-major Enterprise Funds	674,969	67,901
Sub-total	4,165,051	5,118,677
Fiduciary Funds:		
Rounding		
Agency Fund	158,293	-
Rounding	-	1
<b>TOTALS</b>	<b>\$ 10,062,794</b>	<b>\$ 10,062,794</b>

The interfund balances as of June 30, 2006 are the result of a centralized cash receipt and disbursement function. This results in funds having a deficiency or excess of cash depending on the timing of the receipt of revenues or other sources and/or the payment of expenditures (or expenses) or other uses of cash.

**B. Advances and Loans To/From Other Funds**

	Advances to Other Funds	Advances from Other Funds
Advances:		
General Fund	\$ 3,585,582	
Nursing Home Fund		\$ 2,285,581
Sanitary Districts		500,000
Water Districts		800,000
Loans:		
Loan Fund	233,616	
Allegany County Sanitary Districts:		
Current portion of long-term debt		57,931
Long-term debt		19,503
Allegany County Water Districts:		
Current portion of long-term debt		3,285
Long-term debt		152,898
	<b>\$ 3,819,198</b>	<b>\$ 3,819,198</b>

The amounts owed to the General fund from the Nursing Home and Sanitary District Funds and the amounts owed to the County Loan Fund from the Sanitary District and Water District Funds are reported as advances to indicate that such amounts are long-term assets and are not to be considered as "available spendable resources."

**ALLEGANY COUNTY, MARYLAND**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2006**

Note 8. Interfund Receivables, Payables, and Transfers - continued

*C. Transfers*

Transfers to other funds for the year ending June 30, 2006 are as follows:

Transferred From: Transferred To:	Amount	Total By Fund
From the General Fund to:		
Highway Fund	\$ 1,661,715	
Capital Projects Fund	1,400,356	
Non-major funds governmental funds	5,528,731	
Enterprise funds:		
Water Fund	12,922	
Sewer Fund	45,772	\$ 8,649,496
From the Non-major Funds to:		
General Fund	46,005	
Highway Fund	-	
Capital Projects Fund	424,899	
Other Non-major governmental fund	1,341,202	1,812,106
From the County Loan Fund to:		
General Fund	155,589	155,589
<b>TOTALS</b>	<b>\$ 10,617,191</b>	<b>\$ 10,617,191</b>

Transfers from the General Fund to the Highway Fund were to fund the portion of highway expenditures not funded by revenues restricted for highway maintenance. General Fund transfers to the Capital Project fund and the non-major governmental funds were to fund the local share of grant funded programs, pay debt service and fund the local share of capital projects. Transfers to the enterprise funds were to assist in operating costs. The transfers from the Loan Fund to the General Fund and Capital Projects fund were to reimburse monies advanced in the past for the operation of the Loan Fund which were no longer required.

Payments to component units for the year ending June 30, 2006 are as follows:

Payment From: Payment To:	Amount	Total By Fund Type
From the General Fund (appropriations) to:		
Board of Education	\$ 26,630,000	
Board of Education, Data Processing	294,847	
Allegany College of Maryland	5,975,000	
Library	835,000	\$ 33,734,847
From the County Capital Projects Funds to:		
Board of Education:		
Eckhart School Roof	40,389	
Allconet II	238,151	
Mountain Ridge High School	322,783	
John Humbird School	31,412	
Allegany College of Maryland		
Gateway Center	35,000	667,735
	<b>\$ 34,402,582</b>	<b>\$ 34,402,582</b>

**ALLEGANY COUNTY, MARYLAND**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2006**

**Note 9. Short-term Debt**

Allegany County did not issue short-term debt during the fiscal year ending June 30, 2006 and had no balance payable at year end.

**Note 10. Long-Term Debt, Capital Leases and Compensated Absences**

Long-term liability activity of the County for the year ended June 30, 2006, was as follows:

<b>Long-term Debt</b>					
<b>Governmental Activities</b>					
	Beginning Balance	Amount Issued	Amount Retired	Ending Balance	Due Within One Year
General Obligation	\$ 26,596,000	\$ -	\$ (3,652,000)	\$ 22,944,000	\$ 3,492,000
Notes	784,473	-	(84,563)	699,910	89,027
Capital Leases	112,435	149,481	(55,793)	206,123	79,194
State Loans	7,357,164	-	(923,906)	6,433,258	507,101
Total	\$ 34,850,072	\$ 149,481	\$ (4,716,262)	\$ 30,283,291	\$ 4,167,322
<b>Business-type activities</b>					
	Beginning Balance	Amount Issued	Amount Retired	Ending Balance	Due Within One Year
Water districts:					
Rural development loans	\$ 4,103,242	\$ 169,166	\$ (53,617)	\$ 4,218,791	\$ 57,584
County loans	3,130	154,872	(1,819)	156,183	3,285
Total water districts	\$ 4,106,372	\$ 324,038	\$ (55,436)	\$ 4,374,974	\$ 60,869
Sewer districts:					
Maryland water quality loans	\$ 1,264,161	\$ -	\$ (204,892)	\$ 1,059,269	\$ 215,122
Maryland environmental loans	8,913,746	321,768	(156,881)	9,078,633	432,071
Rural development loans	1,034,042	-	(16,636)	1,017,406	17,468
County loans	115,294	19,823	(57,682)	77,435	57,931
Total sewer districts	\$ 11,327,243	\$ 341,591	\$ (436,091)	\$ 11,232,743	\$ 722,592
Nursing Home					
General obligation debt	\$ 525,000	\$ -	\$ (23,912)	\$ 501,088	\$ 25,162
Total business-type activities:					
General obligation debt	\$ 525,000	\$ -	\$ (23,912)	\$ 501,088	\$ 25,162
Maryland water quality loans	1,264,161	-	(204,892)	1,059,269	215,122
Maryland environmental loans	8,913,746	321,768	(156,881)	9,078,633	432,071
Rural development loans	5,137,284	169,166	(70,253)	5,236,197	75,052
County loans	118,424	174,695	(59,501)	233,618	61,216
Total business-type activities	\$ 15,958,615	\$ 665,629	\$ (515,439)	\$ 16,108,805	\$ 808,623
<b>Other Long-term Liabilities</b>					
<b>Governmental Activities</b>					
	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Compensated Absences	\$ 3,519,718	\$ 448,665	\$ (121,375)	\$ 3,847,008	\$ 738,467
<b>Business-type activities</b>					
Water & sewer districts					
Compensated absences	\$ 278,590	\$ 34,133	\$ (22,040)	\$ 290,683	\$ 45,910
Nursing Home					
Compensated Absences	452,153	10,612	(13,376)	449,389	32,493
Total	\$ 730,743	\$ 44,745	\$ (35,416)	\$ 740,072	\$ 78,403



**ALLEGANY COUNTY, MARYLAND**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2006**

**Note 10. Long-Term Debt, Capital Leases and Compensated Absences - continued**

Annual debt service requirements to maturity for Allegany County's governmental activities long-term debt outstanding as of June 30, 2006 are as follows:

Year Ending June 30,	General Obligation Bonds		Notes		Capital Leases		State Loans		Totals	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2007	\$ 3,492,000	\$ 952,644	\$ 89,027	\$ 36,571	\$ 79,194	\$ 11,187	\$ 507,101	\$ 327,916	\$ 4,167,322	\$ 1,328,318
2008	2,880,000	812,659	93,727	31,871	30,950	7,481	445,560	299,846	3,450,237	1,151,857
2009	3,010,000	681,401	92,453	26,987	17,047	5,701	421,826	275,789	3,541,326	989,878
2010	2,659,000	542,708	93,873	22,209	18,059	4,689	445,357	252,257	3,216,289	821,863
2011	2,798,000	406,146	98,848	17,234	19,132	3,616	470,310	227,305	3,386,290	654,301
2012-2016	7,036,000	752,647	33,675	62,563	41,741	3,754	2,303,955	732,970	9,415,371	1,551,934
2017-2021	1,069,000	48,450	44,711	51,528	-	-	1,426,537	232,735	2,540,248	332,713
2022-2026	-	-	59,363	36,876	-	-	412,612	14,501	471,975	51,377
2027-2031	-	-	78,816	17,423	-	-	-	-	78,816	17,423
2032-2036	-	-	15,417	633	-	-	-	-	15,417	633
Totals	\$ 22,944,000	\$ 4,196,655	\$ 699,910	\$ 303,895	\$ 206,123	\$ 36,428	\$ 6,433,258	\$ 2,363,319	\$ 30,283,291	\$ 6,900,297

Annual debt service requirements to maturity for Allegany County's business-type activities long-term debt outstanding as of June 30, 2006 are as follows:

The annual debt service requirements to maturity for the Water Districts long-term debt outstanding at June 30, 2006 are:

Year Ending June 30,	Farmers Home Admin. Loans		County Advances		Totals	
	Principal	Interest	Principal	Interest	Principal	Interest
2007	\$ 57,584	\$ 182,364	\$ 3,285	\$ 7,079	\$ 60,869	\$ 189,443
2008	60,107	179,841	2,064	6,922	62,171	186,763
2009	62,741	177,207	2,159.00	6,827.00	64,900	184,034
2010	65,495	174,453	2,258.00	6,728.00	67,753	181,181
2011	68,373	171,575	2,362.00	6,624.00	70,735	178,199
2012-2016	389,821	809,919	13,541.00	31,391.00	403,362	841,310
2017-2021	484,172	715,568	16,951.00	27,981.00	501,123	743,549
2022-2026	602,221	597,519	21,219.00	23,713.00	623,440	621,232
2027-2031	755,909	449,607	26,562.00	18,370.00	782,471	467,977
2032-2036	789,882	278,758	33,250.00	11,682.00	823,132	290,440
2037-2041	671,752	109,630	32,532.00	3,113.00	704,284	112,743
2042-2046	210,734	24,162	-	-	210,734	24,162
Totals	\$ 4,218,791	\$ 3,870,603	\$ 156,183	\$ 150,430	\$ 4,374,974	\$ 4,021,033

The annual debt service requirements to maturity for the Sanitary Districts long-term debt outstanding at June 30, 2006 are:

Year Ending June 30,	Water Quality Loans		Md. Environmental Loans		Farmers Home Admin. Loans		County Advances		Totals	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2007	\$ 215,122	\$ 60,024	\$ 432,071	\$ 78,203	\$ 17,468	\$ 49,258	\$ 57,931	\$ 4,502	\$ 722,592	\$ 191,987
2008	225,868	49,236	435,839	74,435	18,337	48,389	334	882	680,378	172,942
2009	200,689	37,862	439,641	70,633	19,250	47,476	350	867	659,930	156,838
2010	137,131	27,720	443,476	66,799	20,209	46,517	366	851	601,182	141,887
2011	99,619	19,743	447,344	62,931	21,216	45,510	383	834	568,562	129,018
2012-2016	180,840	22,331	2,295,931	255,440	123,047	210,583	2,194	3,889	2,602,012	492,243
2017-2021	-	-	2,397,822	153,549	157,016	176,614	2,747	3,337	2,557,585	333,500
2022-2026	-	-	2,186,509	50,953	200,476	133,154	3,438	2,645	2,390,423	186,752
2027-2031	-	-	-	-	245,256	78,394	4,304	1,779	249,560	80,173
2032-2036	-	-	-	-	195,131	19,979	5,388	695	200,519	20,674
2037-2041	-	-	-	-	-	-	-	-	-	-
2042-2046	-	-	-	-	-	-	-	-	-	-
Totals	\$ 1,059,269	\$ 216,916	\$ 9,078,633	\$ 812,943	\$ 1,017,406	\$ 855,874	\$ 77,435	\$ 20,281	\$ 11,232,743	\$ 1,906,014



**ALLEGANY COUNTY, MARYLAND**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2006**

**Note 10. Long-Term Debt, Capital Leases and Compensated Absences - continued**

The annual debt service requirements to maturity for the Nursing Home long-term debt outstanding at June 30, 2006 are:

Year Ending June 30,	General Obligation Debt	
	Principal	Interest
2007	\$ 25,162	\$ 25,549
2008	26,478	24,199
2009	27,863	22,778
2010	29,320	21,282
2011	30,854	19,709
2012-2016	180,228	71,904
2017-2021	181,183	19,555
Totals	\$ 501,088	\$ 204,976

A summary of individual long-term debt balances for governmental activities for the current and prior year is as follows:

Allegany County Primary Government Schedule of Long - Term General Obligation Debt:					
General Obligation Bonds: Public Improvement Bonds:	Date of Issue	Date of Maturity	Interest Rate (%)	June 30,	
				2006	2005
Bonds of 1994	01/01/94	01/01/09	4.05-4.70	\$ 1,335,000	\$ 1,740,000
Bonds of 1995	11/01/95	11/01/10	4.25-5.10	2,555,000	2,995,000
Bonds of 1997	03/01/97	03/01/10	3.65-5.40	2,050,000	2,505,000
Bonds of 1998	08/15/98	08/01/13	4.375-4.65	9,310,000	10,260,000
Bonds of 2001	09/01/01	11/01/16	3.50-4.40	5,720,000	7,010,000
Bonds of 2004	10/26/04	10/01/19	3.50	1,974,000	2,086,000
Notes:					
Farmers Home Admin	1992	2032	5.75	257,346	261,612
Tri - County Council Loan	06/22/93	06/22/08	5.00	20,997	29,205
PPG Loan	01/05/96	2011	5.20	421,567	493,656
Capital Leases:					
Sheriff's vehicles	10/27/04	10/27/06	4.05	78,865	112,435
Transit Bus	04/11/06	04/11/13	5.94	127,258	-
State Loans:					
Md Industrial Land Act:					
Precise Metals Bldg	03/19/80	03/19/09	6.32	84,591	183,483
Superfos Expansion	1991	2028	6.90	546,156	581,329
Blue Cross Bldg	1992	2012	6.80	963,926	1,012,228
Schwab Bldg I	1992	2012	6.44	0	423,488
Hunter Douglas	1993	2019	5.93	376,320	396,683
Micro - Integration	1994	2014	5.93	524,051	579,031
Superfos III	1995	2014	5.93	796,778	870,089
Hunter Douglas II	1998	2018	4.64	65,384	70,120
MICRF Loans:					
Potomac Farms	06/22/93	06/22/08	5.00	89,737	131,654
PPG Purchase	01/05/96	2020	5.00	2,032,596	2,063,292
PPG Improvements	2001	2022	4.69	226,561	226,662
MAHF Loan	08/10/90	08/10/30	1.00	0	54,793
MD Historical Trust Loan	2000	2020	1.00	150,000	150,000
Md Environmental Loan	2003	2023	0.89	577,158	614,312
Total Long - Term General Obligation Debt				30,283,291	34,850,072
Compensated Absences				3,847,008	3,519,718
Total long-term liabilities				\$ 34,130,299	\$ 38,369,790

**ALLEGANY COUNTY, MARYLAND**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2006**

**Note 10. Long-Term Debt, Capital Leases and Compensated Absences - continued**

A summary of individual long-term debt balances for business-type activities is as follows:

Schedule of Business-type Debt					
	Date of Issue	Date of Maturity	Interest Rate (%)	June 30,	
				2006	2005
<b>Water Districts Debt:</b>					
Eckhart FHA Loan 1991 Series A	02/21/91	2013	6.0	\$ 97,788	\$ 99,464
Eckhart FHA Loan 1991 Series B	02/21/91	2013	6.0	238,735	242,830
Borden/Zhilman FHA Loan 1998	10/22/97	2037	4.5	307,899	312,267
Carlos/Shaft FHA Loan 2000	12/28/99	12/28/2039	3.25	463,575	471,146
Oldtown Rd FHA Loan 2000 R-1	12/28/99	12/28/2039	3.25	218,718	222,289
Oldtown Rd FHA Loan 2000 R-2	12/28/99	12/28/2039	3.25	223,274	226,920
Grahamtown FHA Loan 2001 R-2	2001	2042	4.5	573,075	579,527
Consol FHA loan	2004	2044	4.5	102,244	103,262
McCoole FHA Loan	1999	2039	4.5	1,011,669	1,025,197
Barton Industrial Park	2005	2045	4.5	352,981	356,349
Klondike FHA	2005	2045	4.5	459,667	463,991
Morantown FHA Loan	2005	2046	4.25	169,166	0
Sub-total				4,218,791	4,103,242
Hoffman Allegany Co. Advance	06/30/93	06/30/23	8.0	1,311	3,130
Carlos/Shaft Allegany Advance	2006	2040	4.5	49,454	0
Missick Rd Alleg Co Advance	2006	2040	4.5	77,919	0
Rt. 51 Allegany Co Advance	2006	2040	4.5	27,499	0
Sub - total				156,183	3,130
Total debt				4,374,974	4,106,372
Less: Current maturities of long - term debt				(60,869)	(55,356)
Total Water Districts long - term debt				\$ 4,314,105	\$ 4,051,016
<b>Sanitary Districts Debt:</b>					
Maryland Water Quality Loans					
Bowling Green	1980	2010	5.5	\$ 3,373	\$ 4,110
Bowling Green	1984	2014	8.3	31,295	33,581
Cresaptown	1980	2010	5.5	3,233	3,939
Cresaptown	1984	2014	8.3	19,491	20,915
Cresaptown	1986	2015	8.8	10,303	10,933
Bedford Road	1977	2007	5.5	20,207	29,538
Bedford Road	1983	2013	8.2	166,554	183,737
McCoole	1978	2008	5.5	32,607	47,663
Oldtown	1981	2011	6.1	17,394	20,301
Flintstone	1980	2010	6.1	52,182	60,902
Georges Creek	1981	2011	6.1	113,362	128,660
Georges Creek	1982	2012	6.1	209,457	232,930
Celanese Treatment Plant	1991	2010	3.705	161,827	198,964
Mexico Farms	1992	2009	3.705	217,984	287,988
Sub - total				1,059,269	1,264,161
Maryland Department of Environment					
Celanese WWTP Upgrade	06/03	2023	0.0867	7,591,879	7,681,240
Inflow and Infiltration Study	12/03	2023	0.8807	1,164,986	1,232,506
Celanese	2006	2026	0.40	321,768	-
				9,078,633	8,913,746
Farmers Home Administration Loans					
Georges Creek	1988	2027	5.0	33,912	34,797
Mexico Farms	1992	2032	5.5	361,610	367,556
Cash Valley Road	1966	2036	4.5	129,762	131,808
Oldtown Road	1966	2036	4.5	492,122	499,881
Sub - total				1,017,406	1,034,042
Allegany County Advances:					
Jennings Run	1992	2007	5.4-7.125	17,822	35,616
Georges Creek	1992	2007	5.4-7.125	23,078	46,356
Bedford Road	1992	2007	5.4-7.125	16,712	33,322
Oldtown	2006	2036	4.5	19,823	-
Sub - total				77,435	115,294
Total				11,232,743	11,327,243
Less: Current maturities of long - term debt				(722,592)	(700,003)
Total Sanitary Districts Long - term Debt				\$10,510,151	\$10,627,240
<b>Nursing Home Debt:</b>					
General obligation debt	2004	2018	5.23	\$ 501,088	\$ 525,000
Less: Current maturities of long - term debt				(25,162)	(23,912)
Total Nursing Home long - term debt				\$ 475,926	\$ 501,088

**ALLEGANY COUNTY, MARYLAND**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2006**

**Note 10. Long-Term Debt - continued**

The following is a summary of debt transactions for the discretely presented component units for the fiscal year ended June 30, 2006.

Long-term Liabilities - Component Units						
Long-term debt activity for the year ended June 30, 2006:						
	Allegany College of Maryland	LaVale Sanitary Commission				
Payable at July 1, 2005	\$ 127,006	\$ 1,017,769				
Amount issued	246,071	238,000				
Amount retired	(124,753)	(59,569)				
Payable at June 30, 2006	<u>\$ 248,324</u>	<u>\$ 1,196,200</u>				
Annual debt service requirements to maturity:						
	Allegany College of Maryland (Capital Leases)		LaVale Sanitary Commission			
Fiscal Year	Principal	Interest	Total	Principal	Interest	Total
2007	\$ 50,678	\$ 20,443	\$ 71,121	\$ 37,934	\$ 35,516	\$ 73,450
2008	51,765	16,064	67,829	38,698	34,752	73,450
2009	51,147	11,733	62,880	39,492	33,958	73,450
2010	48,731	7,174	55,905	40,316	33,134	73,450
2011	42,288	2,656	44,944	41,173	32,278	73,451
2012-2016	3,715	30	3,745	219,932	147,319	367,251
2017-2021	-	-	-	247,018	120,233	367,251
2022-2026	-	-	-	208,103	87,556	295,659
2027-2031	-	-	-	198,438	49,462	247,900
2032-2036	-	-	-	125,096	8,548	133,644
	<u>\$ 248,324</u>	<u>\$ 58,100</u>	<u>\$ 306,424</u>	<u>\$ 1,196,200</u>	<u>\$ 582,756</u>	<u>\$ 1,778,956</u>

**Note 11. Pension and Retirement Systems**

*Allegany County Primary Government*

**Plan Descriptions**

Allegany County contributes to the Maryland State Retirement and Pension Systems ("Systems"). Both systems are cost sharing multiple-employer defined benefit plans. The Systems were established by Article 73B of the Annotated Code of Maryland to provide retirement, disability, annual cost-of-living adjustments and death benefits to plan members and their beneficiaries. Responsibility for the organization and administration of the Systems is vested in the Board of Trustees of the Maryland State Retirement and Pension Systems. The retirement and pension systems issue a publicly available financial report, which includes financial statements and required supplementary information. The report may be obtained by writing to the following:

Maryland State Retirement Agency  
301 W. Preston Street  
Baltimore, Maryland 21201

**ALLEGANY COUNTY, MARYLAND**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2006**

Note 11. Pension and Retirement Systems - continued

---

*Allegany County Primary Government-continued*

Allegany County has also established two defined contribution plans; the County Administrator's Retirement Plan and the Management Contractual Employees Retirement Plan, to provide retirement benefits to certain contractual employees of the County. The ICMA Retirement Corporation administers both plans. At June 30, 2006, there are 9 members enrolled in the plans.

**Funding Policy**

Employees covered under the retirement system are required to contribute five percent of their base salary, and the County is required to contribute at an actuarially determined rate. The current rate is 10.10% of covered payroll. The employees belonging to the pension system must contribute two percent of their base salary and five percent of the base salary that exceeds the social security wage base. The County is required to contribute at an actuarially determined rate also. The contribution rate for the County is currently 7.22% of covered payroll. The contribution requirements of plan members and Allegany County are established and may be amended by the plan's board of trustees. Allegany County's contributions for the years ended June 30, 2006, 2005, 2004, were \$1,178,405 \$1,000,502, and \$680,072 respectively, equal to the required employer contributions for each year.

The two defined contribution plans require the County to contribute 9% to the Administrators Retirement Plan and 7.22% to the Management Contractual Employees Retirement Plan of annual covered payroll. The annual covered payroll was \$463,737 and the required contribution was \$35,095 which was made. Plan provisions and contribution requirements are established and may be amended by the County Commissioners.

The financial statements of the defined contribution plans are prepared using the accrual basis of accounting. Employer and plan member contributions are recognized in the period the contributions are due. Plan investments are reported at fair market value.

*Allegany County Component Units*

**Board of Education-Component Unit**

The Board of Education participates in the Maryland State Retirement System part of the same cost sharing multiple-employer defined benefit pension and retirement systems the County participates in. The employees are covered under either the Teachers' Retirement System, the Employees' Retirement System, the Teachers' Pension System or the Employees' Pension System Plans. A copy of the report can be obtained by writing to the Maryland State Retirement Agency at the address listed above.

Members of the retirement systems entering on or after July 1, 1973 are required to contribute 5% or 7%, based on personal election, of earnable compensation; members before that date contribute the lesser of 5% or the percentage they were contributing prior to July 1, 1973.

**ALLEGANY COUNTY, MARYLAND**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2006**

**Note 11. Pension and Retirement Systems - continued**

---

*Allegany County Component Units - continued*

**Board of Education-Component Unit - continued**

Members of the contributory pensions are required to make contributions of 2% of earnable compensation. The Board of Education is required to contribute at an actuarially determined rate for individuals in the employee retirement system and the employee contributory pension system. The current rates are 12.22% and 7.22% respectively. The contribution requirements of plan members and the Board are established and may be amended by the State Retirement and Pension System Board of Trustees. The Board contributions for the years ended June 30, 2006, 2005 and 2004 were \$758,376, \$792,988, and \$746,408, respectively, equal to the required contributions for each year.

**Allegany County Library System-Component Unit**

The employees of the Library are provided retirement benefits through the Maryland State Retirement and Pension Systems; the same cost sharing multiple-employer defined benefit retirement system in which the County participates. All employees of the Library System except custodial personnel are covered by the Maryland State Teacher's Retirement Systems. The Maryland State Department of Education is directly responsible for all financial and administrative requirements of the employees' participation in the Teachers Retirement System. The Library System itself is only financially and administratively responsible for custodial employees' participation in the Maryland State Retirement Systems. As of year-end, all custodial employees participated in the pension system. Detailed information on the Library's retirement plan provisions, funding status, required contributions and trends may be obtained in their financial reports for the period ending June 30, 2006. The Library's contributions for the years ended June 30, 2006, 2005 and 2004 were \$6,721, \$6,786, and \$4,314, respectively, equal to the required employer contributions for custodial staff for each year. All payments have been made by the State of Maryland for the non-custodial employees.

**Allegany College-Component Unit**

The College's permanent employees are provided pension benefits through one of several pension plans: Maryland State Teachers' Retirement System, Maryland State Teachers' Pension System, TIAA/CREF Retirement Plan, Maryland State Employees' Retirement System, and the Maryland State Employees' Pension System. All of the plans the College participates in are the same cost sharing multiple-employer defined benefit plans the County participates in, with the exception of TIAA/CREF Retirement Plan which is a separate plan the County is not associated with. The State of Maryland is responsible for funding the employee portion of pension costs for substantially all employees covered by the Teachers' Retirement System, Teachers' Pension System, and the TIAA/CREF Retirement Plan. The State of Maryland's total contributions to these plans for fiscal year 2006 were \$885,107.

**ALLEGANY COUNTY, MARYLAND**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2006**

**Note 11. Pension and Retirement Systems - continued**

---

**Allegany College-Component Unit - continued**

Detailed information on the College's retirement plan provisions, funding status, required contributions and trends may be obtained in their financial reports for the period ending June 30, 2005. Allegany College's contributions for the years ended June 30, 2006, 2005 and 2004 were \$72,142, \$71,491, and \$45,981, respectively, equal to the required employer contributions for each year.

**LaVale Sanitary Commission – Component Unit**

The Sanitary Commission provides a defined benefit pension plan for all their full-time employees. The plan is a single employer non-contributory plan and is not a part of any of the plans in which the County participates. Detailed information on LaVale Sanitary Commission's retirement plan provisions, funding status, required contributions and trends may be obtained in their financial reports for the period ending June 30, 2006. LaVale Sanitary's contributions for the years ended June 30, 2006, 2005 and 2004 were \$55,189, \$55,463, and \$52,105, respectively, equal to the required employer contributions for each year.

**Note 12. Risk Management**

---

The County is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which it carries commercial insurance. The County retains no risk for claims up to the maximum amount of the policy except for deductible amounts. During the fiscal year and for the three prior fiscal years, the County did not have any losses exceeding its insurance coverage.

**Note 13. Pending Claims and Litigation**

---

The County is the defendant in several lawsuits in which plaintiffs are seeking to recover amounts from the County as a result of alleged damages incurred by those plaintiffs. Although the outcome of these lawsuits and any other potential proceeding, lawsuit or claim that is pending or threatened are not presently determinable, it is the opinion of the County's legal counsel and County management that resolution of these matters will not have a material effect on the financial condition of the County.

**Note 14. Contingent Liabilities**

---

The County participates in a number of state- and federally-assisted grant programs, principal of which are Homeland Security Grants, Community Development Block Grants, as well as, Economic Development Administration, and Housing and Urban Development economic development and housing assistance grant programs. These programs are subject to program compliance audits by the grantors or their representatives. The audits of these programs for and including the year ended June 30, 2006 may not have been concluded.

**ALLEGANY COUNTY, MARYLAND**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2006**

**Note 14. Contingent Liabilities - continued**

The State of Maryland's Department of the Environment and Allegany County has entered an agreement setting a timetable for fixing the County's combined sewer and storm water system overflow problem. The cost associated with correcting the problem cannot be reasonably estimated. However those costs will likely be spread over an extended period of years and will be borne by the users of the sewer systems.

**Note 15. Post-Employment Benefits**

In addition to providing pension benefits, the County provides health and life insurance, in accordance with County resolutions, to certain retired employees with ten years of continuous service. Employees hired prior to July 1, 1997 have 100% of their premiums paid for by the County, employees hired on or after July 1, 1997 are responsible for paying 50% of their health insurance premiums. Expenditures for post-retirement health and life insurance premiums are recognized on a pay-as-you-go basis. During fiscal year 2006, expenditures of \$749,310 were recorded for post-retirement benefits for 298 retirees in the governmental and proprietary funds.

**Note 16. Changes to Beginning Fund Balances/Net Assets**

The beginning fund and net asset balances as of July 1, 2005 have been adjusted as follows:

	Governmental Funds		Enterprise Funds		
	Office of Children, Youth & Families Major Fund	Total Major Funds	County Loan Fund	Other Enterprise Funds	Total Enterprise Funds
Fund balance as originally reported at 6/30/05	\$ 133,152	\$ 21,494,758	\$ 1,392,205	\$ -	\$ 61,199,723
Office of Children, Youth and Families reorganization (1)	(133,152)	(133,152)			
Reclassification of the County Loan Fund as a non-major fund (2)			(1,392,205)	1,392,205	-
Allconet II operations assumed by Allegany County (3)				2,929,504	2,929,504
Restated beginning fund at July 1, 2005	<u>\$ -</u>	<u>\$ 21,361,606</u>	<u>\$ -</u>	<u>\$ 4,321,709</u>	<u>\$ 64,129,227</u>

- (1) Effective July 1, 2005 the Office of Children, Youth and Families Fund commenced operations as an independent and legally separate nonprofit entity. The Allegany County Office of Children, Youth and Families was created as an Internal revenue Service Code Section 501(c)(3) organization. As a result, the beginning fund balance of the County's major funds was reduced by \$133,152.

**ALLEGANY COUNTY, MARYLAND**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2006**

**Note 16. Changes to Beginning Fund Balances/Net Assets - Continued**

---

- (2) The County Loan Fund prior to fiscal year 2006 was classified as a major fund to simplify the reporting of the County's enterprise funds; all enterprise funds were reported as major funds. Beginning with the 2006 fiscal year the County has two non-major enterprise funds and reports a combining non-major enterprise funds schedules in addition to statements for enterprise funds with a column for other enterprise funds.
- (3) On July 1, 2005 Allegany County assumed the operations of Allconet II, which provides the infrastructure to connect the private and public sector to broadband/wideband technologies. As a result, the beginning net assets of the County's enterprise funds were increased by \$2,929,504.

**Note 17. Subsequent Events**

---

On July 7, 2006, the County issued \$3,030,000 of general obligations bonds to fund the following projects:

Allegany College Library Building	\$ 101,000
Health Department Building	2,000,000
Hazardous Materials Building	240,000
Board of Education Warehouse Building	487,000
Westport Library Building	145,000
Bond Closing costs	57,000

The interest rate on the bonds is 4.24% for a period of ten years and the final maturity is on August 1, 2016. Annual debt service payments range from \$375,264-\$380,400.



**REQUIRED  
SUPPLEMENTARY  
INFORMATION**

This page left blank intentionally.

**ALLEGANY COUNTY, MARYLAND  
REQUIRED SUPPLEMENTARY INFORMATION  
PENSION CONTRIBUTIONS**

Allegany County has established two defined contribution retirement plans, the County Administrators Retirement Plan (one member) and the Management Contractual Employees Retirement Plan (seven members), administered by the ICMA Retirement Corporation. Contributions to the defined contribution plans are made entirely by the County for the Administrators Plan and the Management Contractual Employees Plan.

Administrators Plan						
Contribution For Fiscal Year	Number of Members	Covered Payroll	Contribution Percentage	Required Contributions	Contribution Made	Unfunded Liability
2006	1	\$114,393	9.00%	\$10,157	\$10,157	-
2005	1	103,089	9.00%	9,278	9,278	-
2004	1	100,700	9.00%	9,063	9,063	-
2003	1	100,467	9.00%	9,042	9,042	-
2002	1	94,833	9.00%	8,535	8,535	-
2001	1	89,377	9.00%	8,044	8,044	-
2000	1	99,856	9.00%	8,987	8,987	-
1999	-	-	0.00%	-	-	-

Management Contractual Employees Plan						
Contribution For Fiscal Year	Number of Members	Covered Payroll	Contribution Percentage	Required Contributions	Contribution Made	Unfunded Liability
2006	8	\$463,737	7.22%	\$35,095	\$35,095	-
2005	7	275,281	7.29%	20,068	20,068	-
2004	6	257,246	5.01%	12,888	12,888	-
2003	7	260,252	4.37%	11,373	11,373	-
2002	7	289,448	4.17%	12,070	12,070	-
2001	6	181,731	5.23%	9,505	9,505	-
2000	2	63,333	6.12%	3,876	3,876	-
1999	-	-	0.00%	-	-	-

**ALLEGANY COUNTY, MARYLAND**  
**BUDGETARY COMPARISON SCHEDULE**  
**GENERAL FUND**  
**FOR THE YEAR ENDED JUNE 30, 2006**

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amount	Final Budget -
REVENUES				Positive
				(Negative)
<u>Taxes:</u>				
Property Taxes:				
Real and personal property	\$ 31,770,695	\$ 31,770,695	\$ 32,297,107	\$ 526,412
Payments in lieu of taxes:				
Coal companies	210,000	210,000	261,092	51,092
Housing Authorities	35,000	35,000	35,458	458
Interest on Delinquent taxes	625,000	625,000	685,146	60,146
Sub-total	32,640,695	32,640,695	33,278,803	638,108
Less:				
Prompt payment discounts	121,000	121,000	119,770	1,230
Deferred revenues	105,000	105,000	269,492	(164,492)
Industrial exemptions	3,325,000	3,325,000	2,906,180	418,820
Coal tax exemptions	50,000	50,000	-	50,000
Enterprise zone exemptions	175,000	175,000	178,078	(3,078)
Brownfield's Credit	5,000	5,000	657	4,343
Historic tax credit	30,000	30,000	18,422	11,578
Sub-total	3,811,000	3,811,000	3,492,599	318,401
Total Net Property Taxes	28,829,695	28,829,695	29,786,204	956,509
Income Taxes	21,950,000	21,950,000	22,103,548	153,548
Other Local Taxes:				
Hotel/motel tax	476,000	522,000	572,351	50,351
Admissions	172,000	172,000	149,945	(22,055)
Recordation	1,280,000	1,280,000	1,808,108	528,108
911 Fees	480,000	480,000	555,503	75,503
Trailer court	71,000	71,000	75,958	4,958
Transfer Tax	370,000	370,000	791,200	421,200
Total Local Taxes	2,849,000	2,895,000	3,953,065	1,058,065
Total Taxes	53,628,695	53,674,695	55,842,817	2,168,122
Licenses and Permits				
Alcoholic beverage licenses	93,000	93,000	91,239	(1,761)
Amusement licenses	3,000	3,000	2,692	(308)
Traders licenses	97,000	97,000	94,863	(2,137)
Occupational licenses	1,200	1,200	1,300	100
Animal licenses	16,000	16,000	12,849	(3,151)
Building permits	40,000	40,000	37,854	(2,146)
Marriage licenses	4,500	4,500	5,705	1,205
Cable franchise fees	310,000	310,000	308,405	(1,595)
Sediment control permits	30,000	30,000	31,379	1,379
Total Licenses and Permits	594,700	594,700	586,286	(8,414)

Continued

**ALLEGANY COUNTY, MARYLAND**  
**BUDGETARY COMPARISON SCHEDULE**  
**GENERAL FUND**  
**FOR THE YEAR ENDED JUNE 30, 2006**

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amount	Final Budget -
				Positive
				(Negative)
<b>REVENUES (Continued):</b>				
<u>Intergovernmental:</u>				
Federal Funds:				
Homeland security grant	78,217	585,717	575,424	(10,293)
Justice department grant	-	51,000	55,746	4,746
Civil defense	30,000	30,000	32,246	2,246
FEMA Grant	-	7,850	23,849	15,999
EMT Grant	20,000	25,000	42,184	17,184
MTA Grant	123,000	123,000	87,453	(35,547)
MTA Transportation planning	58,258	98,393	79,561	(18,832)
Health and Human Services Grant	114,750	331,563	346,705	15,142
Med Trans Grant	423,000	548,000	490,652	(57,348)
Food distribution to the needy	17,000	17,000	17,381	381
Summer camp program	-	-	739	739
Emergency shelter grant	25,000	45,000	52,366	7,366
ARC Grants	30,000	30,000	34,240	4,240
Masters program	76,539	76,539	73,095	(3,444)
Miscellaneous federal grants	13,500	13,500	16,600	3,100
Payments in lieu of property taxes	2,500	2,500	4,424	1,924
Sub-total Federal funds	1,011,764	1,985,062	1,932,665	(52,397)
State Funds:				
Public Health	22,000	22,000	24,946	2,946
Police protection	235,000	235,000	240,594	5,594
State 911 grant	-	2,200	2,200	-
State MTA operating assistance	61,500	61,500	-	(61,500)
Alltrans Grant	209,945	209,945	288,541	78,596
State transportation planning	7,283	12,299	9,945	(2,354)
Maryland Department of Environment grant	6,120	6,120	11,210	5,090
Summer camp program	7,767	7,767	-	(7,767)
Juvenile services grant	14,194	14,194	14,070	(124)
JSA Crisis Intervention	33,729	33,729	32,445	(1,284)
Dept. of Social Services	61,500	61,500	61,500	-
Department of Natural Resources	175,000	175,000	311,976	136,976
Conservation aid salary	24,492	24,492	24,944	452
Program Open Space grant	200,000	200,000	98,538	(101,462)
Fire suppression, DNR	1,000	1,000	-	(1,000)
Disparity grant	6,100,040	6,100,040	6,100,040	-
State Jury Reimbursement	50,000	50,000	38,530	(11,470)
Tourism grant	40,000	40,000	36,974	(3,026)
Work Crew Supervisor	40,000	40,000	42,223	2,223
Miscellaneous	410,501	430,091	321,124	(108,967)
Sub-total State Funds	7,700,071	7,726,877	7,659,800	(67,077)

Continued

**ALLEGANY COUNTY, MARYLAND**  
**BUDGETARY COMPARISON SCHEDULE**  
**GENERAL FUND**  
**FOR THE YEAR ENDED JUNE 30, 2006**

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final	Amount	
<b>REVENUES (Continued)</b>				
<u>Intergovernmental (continued):</u>				
Other Intergovernmental:				
Other agencies	263,512	367,012	432,960	65,948
Sub-total Other Intergovernmental:	263,512	367,012	432,960	65,948
Total Intergovernmental	8,975,347	10,078,951	10,025,425	(53,526)
<u>Service Charges:</u>				
General government charges:				
State civil process	30,000	30,000	52,055	22,055
Child support incentive	-	-	808	808
Publication sales	-	-	835	835
Plans & specifications	4,000	4,000	2,779	(1,221)
Regulation & Maps	2,000	2,000	8,216	6,216
Tax sale fees	15,000	15,000	15,245	245
Election Filing fee	200	200	530	330
Security interest filing fee	100	100	95	(5)
License application fees	8,500	8,500	8,160	(340)
Liquor License transfer fee	3,500	3,500	4,110	610
Bay restoration collection fee	-	-	19,766	19,766
Health Ins Admin fee	600	600	642	42
Tourism promotion charges	70,000	70,000	59,536	(10,464)
Collection fees-special areas	38,000	38,000	46,459	8,459
Liquor License Collection fee	3,500	3,500	3,890	390
Hotel/Motel collection fee	12,000	12,000	14,181	2,181
Partial payment fee	1,000	1,000	1,032	32
Engineering fees	30,000	30,000	28,355	(1,645)
Miscellaneous general government	558,114	558,114	137,236	(420,878)
Sub-total general government charges	776,514	776,514	403,930	(372,584)
Public safety charges:				
Police protection charges	14,000	14,000	16,742	2,742
Fingerprinting fee	1,500	1,500	1,090	(410)
Jail work release	40,000	40,000	28,483	(11,517)
Boarding state prisoners	300,000	300,000	371,104	71,104
Boarding Federal prisoners	600,000	600,000	1,078,638	478,638
Community service fee	13,000	13,000	13,820	820
Home detention fee	45,000	45,000	24,485	(20,515)
Inmate Medical Copay	3,400	3,400	3,119	(281)
Building Inspection fees	32,000	32,000	34,620	2,620
Sub-total public safety charges	1,048,900	1,048,900	1,572,101	523,201
Sanitation and Waste Removal:				
Landfill fees	150,000	150,000	142,375	(7,625)
Recycling fees	100,000	100,000	110,338	10,338
Recycled material sales	15,000	15,000	19,155	4,155
Sub-total Sanitation and Waste	265,000	265,000	271,868	6,868

Continued

**ALLEGANY COUNTY, MARYLAND**  
**BUDGETARY COMPARISON SCHEDULE**  
**GENERAL FUND**  
**FOR THE YEAR ENDED JUNE 30, 2006**

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amount	Final Budget -
				Positive
				(Negative)
<b>REVENUES (Continued):</b>				
<u>Service Charges (continued):</u>				
Health service charges:				
Dog adoption fees	18,000	18,000	20,333	2,333
Sub-total Health service charges	18,000	18,000	20,333	2,333
Recreation Charges:				
Host fee, Rocky Gap	-	-	-	-
Hotel fee, Rocky gap	-	-	100,221	100,221
Sub-total recreation service charges	-	-	100,221	100,221
Public service enterprises:				
Upper Potomac River Commission	393,957	393,957	393,957	-
AllTrans fares	15,000	15,000	36,182	21,182
Road closing fees	450	450	450	-
Maintenance fees	5,778	5,778	-	(5,778)
Sub-total public service charges	415,185	415,185	430,589	15,404
Total Service Charges	2,523,599	2,523,599	2,799,042	275,443
<u>Fines and Forfeitures:</u>				
Circuit court fines	8,000	8,000	9,405	1,405
Dog ordinance fines	12,000	12,000	11,841	(159)
Other fines	3,600	3,600	2,150	(1,450)
Total Fines and Forfeitures	23,600	23,600	23,396	(204)
<u>Miscellaneous:</u>				
Interest	183,147	183,147	622,888	439,741
Rents and concessions	279,568	287,068	307,365	20,297
Contributions & donations	-	7,578	7,088	(490)
Miscellaneous	58,050	58,050	85,784	27,734
Total Miscellaneous	520,765	535,843	1,023,125	487,282
Total Revenues	66,266,706	67,431,388	70,300,091	2,868,703

(continued)

**ALLEGANY COUNTY, MARYLAND  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE YEAR ENDED JUNE 30, 2006**

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amount	Final Budget - Positive (Negative)
<b>EXPENDITURES:</b>				
<u>General Government:</u>				
Legislative:				
County Commissioners	163,671	163,671	154,833	8,838
County Commissioners Office	170,708	170,708	131,351	39,357
Total legislative	334,379	334,379	286,184	48,195
Judicial:				
Family Support Services	185,645	185,645	183,516	2,129
Alternative dispute resolution	27,688	27,688	5,409	22,279
Circuit court masters program	120,889	120,889	122,989	(2,100)
Circuit court	293,679	293,679	300,310	(6,631)
Family Law Master	51,703	51,703	47,908	3,795
Orphans court	43,263	43,263	40,804	2,459
State's attorney	945,661	945,661	937,033	8,628
Law library	38,000	38,000	38,000	-
Victim-Witness coordinator	33,277	33,277	33,676	(399)
Grand and petit juries	63,258	63,258	52,430	10,828
Total Judicial	1,803,063	1,803,063	1,762,075	40,988
Executive:				
Administrator	230,605	257,880	217,750	40,130
Elections:				
Registration and elections	373,655	373,655	232,164	141,491
Financial Administration:				
Finance Office	668,544	668,544	530,265	138,279
Tax Office	462,471	462,471	359,703	102,768
Professional services	38,000	38,000	32,786	5,214
Total Financial Administration	1,169,015	1,169,015	922,754	246,261
Legal:				
Legal counsel	186,346	186,346	144,250	42,096
Other legal	58,000	88,000	84,590	3,410
Total legal	244,346	274,346	228,840	45,506
Personnel Administration:				
Human Resources department	301,193	301,193	162,390	138,803
Human resources board of appeals	4,960	4,960	1,640	3,320
Wellness/Employee recognition	22,172	22,172	12,992	9,180
Total personnel administration	328,325	328,325	177,022	151,303
Planning and Zoning:				
Planning and zoning department	150,787	150,787	150,754	33
Land use planning	151,750	151,750	136,400	15,350
Total Planning and Zoning	302,537	302,537	287,154	15,383
General Services:				
County Building Maintenance	1,116,845	1,116,845	1,073,715	43,130
Data Processing	197,108	197,108	151,492	45,616
Total general services	1,313,953	1,313,953	1,225,207	88,746

Continued



**ALLEGANY COUNTY, MARYLAND**  
**BUDGETARY COMPARISON SCHEDULE**  
**GENERAL FUND**  
**FOR THE YEAR ENDED JUNE 30, 2006**

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amount	Final Budget -
				Positive
				(Negative)
<b>EXPENDITURES (Continued):</b>				
<u>General Government (continued):</u>				
Other general government:				
Liquor control board	110,910	110,910	109,492	1,418
Insurance	297,600	297,600	295,660	1,940
Employee benefits	350,000	350,000	19,032	330,968
Post retirement benefits	503,200	528,200	510,252	17,948
Total Other General Government	1,261,710	1,286,710	934,436	352,274
Total General Government	7,361,588	7,443,863	6,273,586	1,170,277
<u>Public Safety:</u>				
Police:				
Sheriffs department	1,742,332	1,798,702	1,945,531	(146,829)
Aggressive driver grant	5,500	5,500	5,418	82
Highway safety	6,000	10,000	6,513	3,487
C3I Unit	13,000	13,000	10,148	2,852
Multi-agency team 90%	52,556	52,556	53,834	(1,278)
Attendance resource program	75,304	75,304	63,242	12,062
Multi-agency team 100%	48,508	48,508	47,546	962
Parents and law enforcement	-	6,500	5,918	582
Marijuana eradication	2,000	2,000	-	2,000
CASASTART/Substance abuse	-	30,000	19,844	10,156
Total Police	1,945,200	2,042,070	2,157,994	(115,924)
Fire:				
Suppression of forest fires	6,500	6,500	-	6,500
Volunteer fire companies	902,811	902,811	881,237	21,574
Total Fire	909,311	909,311	881,237	28,074
Correction:				
County detention center maintenance	119,811	119,811	115,939	3,872
County detention center	5,954,691	5,950,691	5,664,429	286,262
JSA crisis intervention	33,729	33,729	32,445	1,284
Juvenile service grant	14,194	14,194	14,070	124
Alternative sentencing	154,578	154,578	148,057	6,521
Home detention grant	132,747	132,747	111,589	21,158
Total Correction	6,409,750	6,405,750	6,086,529	319,221
Other Protection:				
Permits & enforcement	284,211	284,211	285,093	(882)
Building Codes	116,284	116,284	98,195	18,089
Emergency Management Agency	151,829	159,679	167,223	(7,544)
Local emergency planning	8,620	8,620	13,472	(4,852)
Transportation planning	84,535	129,686	99,451	30,235
Animal control	232,506	240,084	242,899	(2,815)
Animal shelter	115,254	118,254	108,177	10,077
911	1,332,729	1,339,429	1,303,356	36,073
Hazardous materials operations	79,056	79,056	77,183	1,873
Emergency medical assistance	40,000	75,000	88,539	(13,539)
Domestic preparedness grant	58,217	645,030	591,675	53,355
Community emergency response	20,000	27,500	19,797	7,703
Flood control	45,000	155,940	114,047	41,893
Total Other Protection	2,568,241	3,378,773	3,209,107	169,666
Total Public Safety	11,832,502	12,735,904	12,334,867	401,037

Continued

**ALLEGANY COUNTY, MARYLAND  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE YEAR ENDED JUNE 30, 2006**

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final	Amount	
<b>EXPENDITURES (Continued):</b>				
<u>Public Works:</u>				
Public Services:				
Airport	240,000	240,000	240,000	-
Waste collection:				
Solid waste disposal	416,258	416,258	346,792	69,466
Solid waste recycling	173,433	213,433	221,299	(7,866)
UPRC	492,446	624,770	624,770	-
County engineer	925,199	977,653	879,030	98,623
Total Public Works	2,247,336	2,472,114	2,311,891	160,223
<u>Health and Hospitals:</u>				
Health Dept bldg. maintenance	269,379	304,379	311,159	(6,780)
Allegany County Health Department	33,092	33,092	27,538	5,554
Western Maryland Health Planning	6,046	6,046	6,046	-
Pre-hospital Care Coordinator	20,000	20,000	20,000	-
Prescribed medication program	-	50,000	50,000	-
Total Health and Hospitals	328,517	413,517	414,743	(1,226)
<u>Social Services:</u>				
Family violence council	-	27,000	26,791	209
Medtrans/Alltrans	948,727	1,073,727	1,235,311	(161,584)
Pauper's burials	1,950	1,950	-	1,950
TANF grant	114,750	244,750	246,560	(1,810)
Human Resources Devel. Comm.	683,400	683,400	683,400	-
Emergency shelter grant	25,000	45,000	52,366	(7,366)
New Hope, Inc.	7,767	7,767	739	7,028
Child abuse coordinator	85,012	85,012	85,810	(798)
Family Crisis Center	78,000	78,000	78,000	-
Food distribution to the needy	17,000	17,000	17,381	(381)
Total Social Services	1,961,606	2,263,606	2,426,358	(162,752)
<u>Education:</u>				
Maryland School for the Blind	500	500	-	500
State debt reimbursement	26,500	26,500	-	26,500
Parkside Flag-in-the-Air	7,000	7,000	6,788	212
Total Education	34,000	34,000	6,788	27,212
<u>Recreation and Culture:</u>				
Program Open Space	215,000	215,000	74,562	140,438
Allegany County fair	139,220	146,720	148,623	(1,903)
Fairgrounds maintenance	176,415	216,715	226,527	(9,812)
Highland trail operations	50,000	50,000	52,711	(2,711)
Allegany County Arts Council	31,000	31,000	31,000	-
Cumberland Summer Theatre	8,000	8,000	8,000	-
Agriculture Expo	13,500	13,500	13,500	-
Allegany Co. homecoming	2,250	2,250	2,250	-
Total Recreation and Culture	635,385	683,185	557,173	126,012

(continued)

**ALLEGANY COUNTY, MARYLAND**  
**BUDGETARY COMPARISON SCHEDULE**  
**GENERAL FUND**  
**FOR THE YEAR ENDED JUNE 30, 2006**

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amount	Final Budget -
				Positive
				(Negative)
<b>EXPENDITURES (Continued):</b>				
<u>Conservation of Natural Resources:</u>				
Agricultural Extension Service	110,321	110,321	67,755	42,566
Soil conservation services	157,235	157,235	155,094	2,141
Total Conservation of Natural Resources	267,556	267,556	222,849	44,707
<u>Community Development &amp; Housing</u>				
Office of Community Assistance	108,194	108,194	106,341	1,853
Capital projects office	189,543	137,089	133,196	3,893
Allegany Co. Public Housing Authority	8,000	8,000	8,000	-
Total Community Development & Housing	305,737	253,283	247,537	5,746
<u>Economic Development:</u>				
Office of Project Services	101,382	101,382	89,611	11,771
Department of Economic Development	541,450	541,450	427,280	114,170
Scenic railroad development	282,000	282,000	321,252	(39,252)
Tri-County Council	17,500	18,750	18,750	-
Tourism department	449,439	520,439	512,255	8,184
Toll House	5,600	5,600	3,127	2,473
Thrasher Museum	67,000	67,000	67,000	-
Community promotion	10,000	11,100	11,092	8
Total Economic Development	1,474,371	1,547,721	1,450,367	97,354
<u>Miscellaneous:</u>				
Contingency	56,975	21,895	-	21,895
Miscellaneous	25,600	25,600	12,910	12,690
Total Miscellaneous	82,575	47,495	12,910	34,585
<u>Appropriations to Other Governmental Units:</u>				
Grants in Lieu of Taxes	28,704	28,704	28,704	-
Health Department	1,047,227	1,047,227	1,005,624	41,603
Department of Social Services	9,800	9,800	9,800	-
Total Appropriations to Other Gov't Units:	1,085,731	1,085,731	1,044,128	41,603
<u>Payments to Component Units</u>				
Allegany Co. Board of Education	26,630,000	26,630,000	26,630,000	-
Allegany College	5,975,000	5,975,000	5,975,000	-
Allegany County Library	835,000	835,000	835,000	-
Information Technology	294,847	294,847	294,847	-
Total payments to component units	33,734,847	33,734,847	33,734,847	-
Total Expenditures	61,351,751	62,982,822	61,038,044	1,944,778
Excess (deficiency) of revenues over (under) expenditures	4,914,955	4,448,566	9,262,047	4,813,481

Continued

**ALLEGANY COUNTY, MARYLAND**  
**BUDGETARY COMPARISON SCHEDULE**  
**GENERAL FUND**  
**FOR THE YEAR ENDED JUNE 30, 2006**

OTHER FINANCING SOURCES (USES)	Budgeted Amounts		Actual Amount	Variance with Final Budget - Positive (Negative)
	Original	Final		
<u>Unexpended balance - prior years</u>	<u>1,750,000</u>	<u>2,408,389</u>	<u>-</u>	<u>(2,408,389)</u>
<u>Transfers In from other funds:</u>				
Transfers from special revenue funds	45,380	45,380	46,005	625
Transfers from capital project funds	-	-	-	-
Transfers from enterprise funds	126,298	126,298	155,589	29,291
Total Transfers In	<u>171,678</u>	<u>171,678</u>	<u>201,594</u>	<u>29,916</u>
<u>Operating Transfers to Other Funds:</u>				
Special revenue funds:				
Highway fund	(1,661,715)	(1,661,715)	(1,661,715)	-
Transit Fund	(197,933)	(197,933)	(197,933)	-
Community Development Block Grant	-	(9,000)	(9,000)	-
Housing & Section 8 fund	(181,763)	(181,763)	(149,609)	32,154
Narcotics Task Force	(18,501)	(18,501)	(18,300)	201
Revolving Building Fund	-	-	-	-
Debt service Fund:				
From General government	(4,697,773)	(5,077,773)	(5,094,129)	(16,356)
From Sheriff department	(51,948)	(51,948)	(51,948)	-
From CASASTART program	-	(8,000)	(7,812)	188
Capital projects funds:				
Capital projects fund	-	(175,000)	(325,356)	(150,356)
Pay-As-You-GO Capital Proj. Fund	-	-	(1,075,000)	(1,075,000)
Enterprise funds:				
Water fund	-	-	5,881	5,881
Sanitary fund	(45,000)	(45,000)	(64,575)	(19,575)
Loan fund	-	-	-	-
Total operating transfers to other funds	<u>(6,854,633)</u>	<u>(7,426,633)</u>	<u>(8,649,496)</u>	<u>(1,222,863)</u>
<u>Sale of capital assets</u>	<u>18,000</u>	<u>398,000</u>	<u>430,880</u>	<u>32,880</u>
Total Other Financing Sources and Uses	<u>(4,914,955)</u>	<u>(4,448,566)</u>	<u>(8,017,022)</u>	<u>(3,568,456)</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	<u>-</u>	<u>-</u>	<u>1,245,025</u>	<u>1,245,025</u>
Fund balance, beginning			<u>12,702,276</u>	
Fund balance, ending			<u>\$ 13,947,301</u>	

**ALLEGANY COUNTY, MARYLAND  
BUDGETARY COMPARISON SCHEDULE  
HIGHWAY SPECIAL REVENUE FUND  
FOR THE YEAR ENDED JUNE 30, 2006**

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amount	Final Budget - Positive (Negative)
<b>REVENUES:</b>				
Taxes - State shared	4,717,500	4,717,500	4,813,872	96,372
Intergovernmental:				
State	-	-	19,218	19,218
Miscellaneous	-	-	-	-
Total Revenues	4,717,500	4,717,500	4,833,090	115,590
<b>EXPENDITURES</b>				
Public works - Highway	6,911,715	6,911,715	6,503,022	408,693
Total Expenditures	6,911,715	6,911,715	6,503,022	408,693
Excess (deficiency) of revenues over (under) expenditures	(2,194,215)	(2,194,215)	(1,669,932)	524,283
<b>OTHER FINANCING SOURCES AND USES:</b>				
Unexpended balance - prior years	532,500	532,500	-	(532,500)
Transfer from other funds	1,661,715	1,661,715	1,661,715	-
Transfers to other funds	-	-	-	-
Total Other Financing Sources and Uses	2,194,215	2,194,215	1,661,715	(532,500)
Net change in fund balances	-	-	(8,217)	(8,217)
Fund balance, beginning			1,433,492	
Fund balance, ending			1,425,275	

**BUDGETARY COMPARISON SCHEDULE  
CAPITAL IMPROVEMENT PROJECTS FUND  
FOR THE YEAR ENDED JUNE 30, 2006**

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final	Amount	
<b>REVENUES:</b>				
Intergovernmental:				
Federal	3,318,300	3,318,300	1,663,248	(1,655,052)
State	80,000	80,000	1,157,343	1,077,343
Other	-	-	72,223	72,223
Interest	-	-	5,945	5,945
Miscellaneous	295,666	295,666	195,415	(100,251)
Total Revenues	3,693,966	3,693,966	3,094,174	(599,792)
<b>EXPENDITURES:</b>				
Public safety	4,752	67,752	1,362,320	(1,294,568)
Public works	118,300	118,300	71,282	47,018
Health & hospitals	4,830,000	4,872,000	3,824,825	1,047,175
Conservation of natural resources	25,000	70,000		70,000
Economic development	3,675,666	3,675,666	1,725,302	1,950,364
Payments to component units	7,142,700	7,142,700	601,323	6,541,377
Total Expenditures	15,796,418	15,946,418	7,585,052	8,361,366
Excess (deficiency) of revenues over (under) expenditures	(12,102,452)	(12,252,452)	(4,490,878)	7,761,574
<b>OTHER FINANCING SOURCES AND USES:</b>				
Unexpended balance	1,197,700	1,197,700	-	(1,197,700)
Transfers in	427,752	577,752	768,648	190,896
Issuance of debt	6,677,000	6,677,000	-	(6,677,000)
Sale of capital assets	3,800,000	3,800,000	3,800,000	-
Total other financing sources and uses	12,102,452	12,252,452	4,568,648	(7,683,804)
Net change in fund balances	-	-	77,770	77,770
Fund balance, beginning			(777,802)	
Fund balance, ending			(700,032)	

**Notes to Required Supplementary Information  
June 30, 2006**

**Budgetary Basis**

Annual budgets are adopted for all General, Special Revenue, and Capital Project Funds which include the major funds presented in the Required Supplementary Information. All governmental fund budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP). Encumbrances and appropriations generally lapse at year-end and are treated as expenditures in the year the liability is incurred.

**COMBINING & INDIVIDUAL  
FUND FINANCIAL  
STATEMENTS  
&  
SCHEDULES**

This page left blank intentionally.



# **NONMAJOR GOVERNMENTAL FUNDS**

## **Special Revenue Funds**

Special revenue funds are used to account for the proceeds of specific revenue sources that are legally restricted for specific purposes.

Coal Haul Roads Fund - this fund accounts for taxes levied on mined coal which are locally restricted for repairing those roads used in transporting coal.

Transit Fund - the Transit Fund accounts for the operation of a public transit system. The primary sources of revenues are federal and state grants.

CDBG Fund - this fund accounts for revenues from the federal Department of Housing and Urban Development. These revenues are restricted to accomplish the various objectives of CDBG programs.

Block Grant Program Income Fund - program income from Community Development Block Grants which are restricted to specific programs are recorded in this fund.

Community Development and Housing - this fund accounts for federal grants restricted for low income housing programs as well as various other state and federal housing programs administered by the County.

Gaming Fund - this fund reports paper gaming revenues and their support of County fire companies and public education.

Drug Task Force Fund - this fund accounts for federal and state grants and local seizure revenues that are used to prevent the distribution and manufacture of illegal drugs.

Revolving Building Fund - the building fund is used to account for the financial activity arising from economic development efforts to locate businesses in the County and any revenue derived from those efforts.

State Fire and Rescue Fund - this fund accounts for the receipt and distribution of State Section 508 funds to the various County fire and rescue organizations.

## **Debt Service Fund**

The Debt Service Fund is used to account for the accumulation of resources and payment of general obligation bond principal and interest from governmental resources.

## **Capital Projects Funds**

The PAYGO (Pay-As-You-Go) Capital Project Fund is used to accumulate resources for future capital projects and is funded by transfers from the general fund and other sources.

The Public Improvement Bond Fund is used to account for the debt proceeds of various bond issues.

ALLEGANY COUNTY, MARYLAND  
COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2006

	Special Revenue Funds					
	Coal Haul Roads Fund	Transit Fund	Community Development Block Grant Fund	Block Grant Program Income Fund	Community Development & Housing Fund	Drug Task Force Fund
<b>ASSETS:</b>						
Cash	\$ -	\$ 275	\$ -	\$ -	\$ -	\$ 96,709
Cash - restricted	-	-	-	10,482	2,626	-
Investments	887,707	-	-	-	-	-
Receivables						
Notes and loans	-	-	-	366,960	-	-
Other	20,022	650,818	87,372	-	7,050	9,409
Due from other funds	107,246	-	55,160	212,638	48,003	43,743
Inventory	-	49,190	-	-	-	-
Prepays	-	-	-	-	71,580	-
Total Assets	<u>1,014,975</u>	<u>700,283</u>	<u>142,532</u>	<u>590,080</u>	<u>129,259</u>	<u>149,861</u>
<b>LIABILITIES:</b>						
Accounts payable	-	11,362	103,248	158	1,476	1,868
Accrued payroll	-	9,131	-	-	2,832	705
Accrued payroll fringe	-	4,382	-	-	1,522	195
Due to other funds	-	647,158	-	-	-	-
Amounts held in escrow	-	-	-	-	2,626	105,753
Unearned revenue	-	-	62,760	-	107,633	-
Miscellaneous	-	26,096	-	-	-	-
Total Liabilities	<u>-</u>	<u>698,129</u>	<u>166,008</u>	<u>158</u>	<u>116,089</u>	<u>108,521</u>
<b>FUND BALANCES</b>						
Reserved:						
For noncurrent assets	-	-	-	366,960	-	-
For prepaid items	-	-	-	-	13,170	-
For inventories	-	-	-	-	-	-
For capital projects	-	-	-	-	-	-
Unreserved/Designated:						
For next fiscal year	-	2,154	-	-	-	-
For specific programs	1,014,975	-	-	222,962	-	41,340
Undesignated	-	-	(23,476)	-	-	-
Total Fund Balances	<u>1,014,975</u>	<u>2,154</u>	<u>(23,476)</u>	<u>589,922</u>	<u>13,170</u>	<u>41,340</u>
Total Liabilities and Fund Balances	<u>\$ 1,014,975</u>	<u>\$ 700,283</u>	<u>\$ 142,532</u>	<u>\$ 590,080</u>	<u>\$ 129,259</u>	<u>\$ 149,861</u>

ALLEGANY COUNTY, MARYLAND  
COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2006

Special Revenue Funds				Debt Service	Capital Project Funds		Total Nonmajor Governmental Funds
Gaming Fund	Revolving Building Fund	State Fire, Rescue & Public Safety Fund	Total	Debt Service Fund	PAYGO Capital Project Fund	Public Improvement Bond Fund	
\$ -	\$ -	\$ -	\$ 96,984	\$ -	\$ -	\$ -	\$ 96,984
-	-	-	13,108	-	-	-	13,108
-	-	251,126	1,138,833	380,000	1,857,347	45,660	3,421,840
-	-	-	366,960	-	-	-	366,960
22,324	226,666	11,202	1,034,863	47,006	2,313	55	1,084,237
122,302	1,804,585	164,386	2,558,063	1,090,194	1,038,885	601	4,687,743
-	-	-	49,190	-	-	-	49,190
-	-	-	71,580	-	-	-	71,580
<u>144,626</u>	<u>2,031,251</u>	<u>426,714</u>	<u>5,329,581</u>	<u>1,517,200</u>	<u>2,898,545</u>	<u>46,316</u>	<u>9,791,642</u>
796	118,435	8,537	245,880	-	44,364	17	290,261
1,706	404	-	14,778	-	-	-	14,778
491	328	-	6,918	-	-	-	6,918
-	-	-	647,158	-	-	2,080	649,238
-	-	-	108,379	-	-	-	108,379
-	151,500	-	321,893	-	-	-	321,893
-	2,500	-	28,596	-	-	-	28,596
<u>2,993</u>	<u>273,167</u>	<u>8,537</u>	<u>1,373,602</u>	<u>-</u>	<u>44,364</u>	<u>2,097</u>	<u>1,420,063</u>
-	-	-	366,960	-	-	-	366,960
-	-	-	13,170	-	-	-	13,170
-	-	-	-	-	-	-	-
-	-	-	-	-	-	44,219	44,219
-	-	-	2,154	-	760,000	-	762,154
141,633	-	418,177	1,839,087	1,517,200	1,945,619	-	5,301,906
-	1,758,084	-	1,734,608	-	148,562	-	1,883,170
<u>141,633</u>	<u>1,758,084</u>	<u>418,177</u>	<u>3,955,979</u>	<u>1,517,200</u>	<u>2,854,181</u>	<u>44,219</u>	<u>8,371,579</u>
<u>\$ 144,626</u>	<u>\$ 2,031,251</u>	<u>\$ 426,714</u>	<u>\$ 5,329,581</u>	<u>\$ 1,517,200</u>	<u>\$ 2,898,545</u>	<u>\$ 46,316</u>	<u>\$ 9,791,642</u>

**ALLEGANY COUNTY, MARYLAND**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2006**

	Special Revenue Funds					
	Coal Haul Roads Fund	Transit Fund	Community Development Block Grant Fund	Block Grant Program Income Fund	Community Development & Housing Fund	Drug Task Force Fund
<b>REVENUES:</b>						
Taxes - State Shared	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other local taxes	117,492	-	-	-	-	-
Intergovernmental:						
Federal	-	771,454	880,899	22,570	909,838	-
State	-	244,918	-	-	89,693	-
Other	-	-	32,250	-	6,000	18,300
Service charges	-	149,844	-	-	38,500	-
Fines and forfeitures	-	-	-	-	-	56,222
Interest	28,899	-	-	13	-	1,435
Miscellaneous	-	9,966	-	5,400	578	-
Total Revenues	<u>146,391</u>	<u>1,176,182</u>	<u>913,149</u>	<u>27,983</u>	<u>1,044,609</u>	<u>75,957</u>
<b>EXPENDITURES:</b>						
<b>Current:</b>						
General government	-	-	-	-	-	-
Public safety	-	-	244,571	-	-	80,150
Public works	-	1,631,425	548,926	-	-	-
Highway	19,122	-	-	-	-	-
Health & hospitals	-	-	132,892	-	-	-
Social Services	-	-	54,779	-	-	-
Community Development and Housing	-	-	49,251	38,285	1,331,516	-
Economic development	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-
Debt Service:						
Principal	-	-	-	-	-	-
Interest	-	-	-	-	-	-
Capital Outlay:						
General government	-	-	-	-	-	-
Public Safety	-	-	-	-	-	-
Public works	-	-	-	-	-	-
Education	-	-	-	-	-	-
Library	-	-	-	-	-	-
Economic development	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-
Payments to component units:						
Allegany College	-	-	-	-	-	-
Board of Education	-	-	-	-	-	-
Total Expenditures	<u>19,122</u>	<u>1,631,425</u>	<u>1,030,419</u>	<u>38,285</u>	<u>1,331,516</u>	<u>80,150</u>
Excess (deficiency) of revenues over (under) expenditures	<u>127,269</u>	<u>(455,243)</u>	<u>(117,270)</u>	<u>(10,302)</u>	<u>(286,907)</u>	<u>(4,193)</u>
<b>OTHER FINANCING SOURCES (USES):</b>						
Transfers in	-	197,933	9,000	-	149,609	18,301
Transfers out	-	-	(55,966)	-	-	-
Capital leases	-	127,259	-	-	-	-
Sale of capital assets	-	-	-	-	-	-
Total Other Financing Sources and uses	<u>-</u>	<u>325,192</u>	<u>(46,966)</u>	<u>-</u>	<u>149,609</u>	<u>18,301</u>
Net change in fund balances	127,269	(130,051)	(164,236)	(10,302)	(137,298)	14,108
Fund balance, beginning, as restated, see note	887,706	132,205	140,760	600,224	150,468	27,232
Fund balance, ending	<u>\$ 1,014,975</u>	<u>\$ 2,154</u>	<u>\$ (23,476)</u>	<u>\$ 589,922</u>	<u>\$ 13,170</u>	<u>\$ 41,340</u>

ALLEGANY COUNTY, MARYLAND  
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2006

Special Revenue Funds				Debt Service	Capital Project Funds		Total Nonmajor Governmental Funds
Gaming Fund	Revolving Building Fund	State Fire, Rescue & Public Safety Fund	Total Special Revenue Funds	Debt Service Fund	PAYGO Capital Project Fund	Public Improvement Bond Fund	
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
639,191	-	-	756,683	-	-	-	756,683
-	603,335	-	3,188,096	-	-	-	3,188,096
-	1,046,987	228,445	1,610,043	-	-	-	1,610,043
-	-	-	56,550	-	-	-	56,550
57,600	-	91,930	337,874	-	-	-	337,874
-	-	-	56,222	-	-	-	56,222
-	-	7,697	38,044	10,296	66,707	8,302	123,349
30	2,346,383	89,942	2,452,299	-	-	-	2,452,299
<u>696,821</u>	<u>3,996,705</u>	<u>418,014</u>	<u>8,495,811</u>	<u>10,296</u>	<u>66,707</u>	<u>8,302</u>	<u>8,581,116</u>
130,289	-	-	130,289	-	-	-	130,289
151,145	-	351,470	827,336	-	-	-	827,336
-	-	-	2,180,351	-	-	-	2,180,351
-	-	-	19,122	-	-	-	19,122
-	-	-	132,892	-	-	-	132,892
-	-	-	54,779	-	-	-	54,779
-	-	-	-	-	-	-	-
-	-	-	1,419,052	-	-	-	1,419,052
-	2,862,761	-	2,862,761	-	-	-	2,862,761
-	-	-	-	4,761	-	-	4,761
-	-	-	-	4,716,262	-	-	4,716,262
-	-	-	-	1,442,163	-	-	1,442,163
-	-	-	-	-	72,590	1,019	73,609
-	-	-	-	-	-	-	-
-	-	-	-	-	132,909	-	132,909
-	-	-	-	-	-	702,896	702,896
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	22,224	11,326	33,550
-	35,000	-	35,000	-	-	-	35,000
-	-	-	-	-	31,412	-	31,412
<u>281,434</u>	<u>2,897,761</u>	<u>351,470</u>	<u>7,661,582</u>	<u>6,163,186</u>	<u>259,135</u>	<u>715,241</u>	<u>14,799,144</u>
415,387	1,098,944	66,544	834,229	(6,152,890)	(192,428)	(706,939)	(6,218,028)
-	-	-	374,843	6,495,090	1,056,607	-	7,926,540
(424,899)	(1,331,241)	-	(1,812,106)	-	-	-	(1,812,106)
-	-	-	127,259	-	22,224	-	149,483
-	322,050	-	322,050	-	-	-	322,050
<u>(424,899)</u>	<u>(1,009,191)</u>	<u>-</u>	<u>(987,954)</u>	<u>6,495,090</u>	<u>1,078,831</u>	<u>-</u>	<u>6,585,967</u>
(9,512)	89,753	66,544	(153,725)	342,200	886,403	(706,939)	367,939
151,145	1,668,331	351,633	4,109,704	1,175,000	1,967,778	797,158	8,003,640
<u>\$ 141,633</u>	<u>\$ 1,758,084</u>	<u>\$ 418,177</u>	<u>\$ 3,955,979</u>	<u>\$ 1,517,200</u>	<u>\$ 2,854,181</u>	<u>\$ 44,219</u>	<u>\$ 8,371,579</u>

This page left blank intentionally.

# **NONMAJOR ENTERPRISE FUNDS**

## **Enterprise Funds**

Enterprise funds are used when debt is backed solely by fees or charges, or there is a legal requirement to recover costs through fees or charges or a policy decision has been made to recover costs of providing services through user fees.

Allconet II Fund - this fund is used to account for the assets and operations of the second phase of the Allegany County high speed internet network which provides the infrastructure to connect the private and public sector to broadband/wideband technologies.

County Loan Fund - this fund accounts for the loan activity between the County, various agencies and the community. It includes loans to the County's enterprise funds.

ALLEGANY COUNTY, MARYLAND  
 COMBINING STATEMENT OF NET ASSETS  
 PROPRIETARY FUND TYPE - NON-MAJOR ENTERPRISE FUNDS  
 June 30, 2006

		Allegany County Loan Fund	Total
<b>ASSETS</b>	Allconet II		
Current Assets:			
Cash:			
Cash	\$ -	\$ -	\$ -
Receivables:			
Accounts (net)	55,014	343,060	398,074
Other	1,851	-	1,851
Due from other funds	-	674,969	674,969
Miscellaneous assets	-	-	-
Total current assets	<u>56,865</u>	<u>1,018,029</u>	<u>1,074,894</u>
Non-current Assets:			
Advances to other funds	-	233,616	233,616
Construction in Progress	-	-	-
Capital assets subject to depreciation	2,929,504	-	2,929,504
Accumulated depreciation	(418,500)	-	(418,500)
Total noncurrent assets	<u>2,511,004</u>	<u>233,616</u>	<u>2,744,620</u>
Total Assets	<u>2,567,869</u>	<u>1,251,645</u>	<u>3,819,514</u>
<b>LIABILITIES</b>			
Current Liabilities:			
Accounts payable	272	-	272
Accrued payroll	769	-	769
Accrued payroll fringe	60	-	60
Due to other funds	67,901	-	67,901
Miscellaneous liabilities	-	-	-
Total current liabilities	<u>69,002</u>	<u>-</u>	<u>69,002</u>
Noncurrent Liabilities:			
Cash advance due to General Fund	-	-	-
Long term debt:			
Compensated absences	-	-	-
Total noncurrent liabilities	<u>-</u>	<u>-</u>	<u>-</u>
Total Liabilities	<u>69,002</u>	<u>-</u>	<u>69,002</u>
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	2,511,004	-	2,511,004
Unrestricted	(12,137)	1,251,645	1,239,508
Total Net Assets	<u>\$ 2,498,867</u>	<u>\$ 1,251,645</u>	<u>\$ 3,750,512</u>



**ALLEGANY COUNTY, MARYLAND**  
**COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS**  
**PROPRIETARY FUND TYPE - NON-MAJOR ENTERPRISE FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2006**

	Alconet II	Allegany County Loan Fund	Total
<b>OPERATING REVENUES:</b>			
Service charges	\$ 53,667	\$ -	\$ 53,667
Patient fees	-	-	-
Miscellaneous	2,804	15,029	17,833
Total Operating Revenues	56,471	15,029	71,500
<b>OPERATING EXPENSES:</b>			
Salaries	22,308	-	22,308
Employee benefits	1,733	-	1,733
Office expenses	5,431	-	5,431
Utilities	7,757	-	7,757
Repairs & maintenance	3,451	-	3,451
Contractual services	25,757	-	25,757
Treatment costs	-	-	-
Professional services	2,171	-	2,171
Materials and supplies	-	-	-
Insurance	-	-	-
Miscellaneous	-	-	-
Depreciation	418,500	-	418,500
Total operating expenses	487,108	-	487,108
Operating Income (Loss)	(430,637)	15,029	(415,608)
<b>NON-OPERATING REVENUE (EXPENSES):</b>			
Interest income	-	-	-
Interest expense	-	-	-
Loss on sale of capital assets	-	-	-
Other income (expense)	-	-	-
Total non-operating revenue (expenses)	-	-	-
Income (Loss) before contributions and transfers	(430,637)	15,029	(415,608)
Transfer in	-	-	-
Transfer out	-	(155,589)	(155,589)
Change in net assets	(430,637)	(140,560)	(571,197)
Total net assets - beginning as restated, see note 16	2,929,504	1,392,205	4,321,709
Total net assets - ending	\$ 2,498,867	\$ 1,251,645	\$ 3,750,512

ALLEGANY COUNTY, MARYLAND  
COMBINING STATEMENT OF CASH FLOWS  
PROPRIETARY FUND TYPE - NON-MAJOR ENTERPRISE FUNDS  
FOR THE YEAR ENDED JUNE 30, 2006

	Allegany County Loan Fund	Total
<b>Cash flows from operating activities:</b>		
Cash received from customers	\$ (395)	\$ 41,971
Cash payments for goods and services	(44,294)	(44,294)
Cash payments to employees for services	(23,212)	(23,212)
Other operating revenues	-	-
Net cash provided by operating activities	(67,901)	(25,535)
<b>Cash flows from noncapital financing activities:</b>		
Advances from other funds	174,469	507,947
Advances to other funds	(106,568)	(326,823)
Transfers from other funds	-	-
Transfers to other funds	(155,589)	(155,589)
Net cash provided by noncapital financing activities	67,901	25,535
<b>Cash flows from capital and related financing activities:</b>		
Acquisition and construction of capital assets	-	-
Proceeds from sale of assets	-	-
Grant revenues	-	-
Net cash used for capital and related financing activities	-	-
<b>Cash flows from investing activities:</b>		
Purchase of investments	-	-
Sale of investments	-	-
Interest on investments	-	-
Net cash used in investing activities	-	-
Net increase (decrease) in cash	-	-
Cash at beginning of the year	-	-
Cash at end of year	\$ -	\$ -
<b>Reconciliation of operating income to net cash provided by operating activities:</b>		
Operating income (loss)	\$ (430,637)	\$ 15,029
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	418,500	418,500
Provision for uncollectible accounts	-	-
Change in assets & liabilities:		
(Increase) decrease in receivables	(56,865)	(29,528)
(Increase) decrease in inventory	-	-
(Increase) decrease in prepaids	-	-
Increase (decrease) in acc'ts payable	1,101	1,101
Increase (decrease) in accrued payroll	-	-
Total adjustments	362,736	390,073
Net cash provided by operating activities	\$ (67,901)	\$ (25,535)
<b>Schedule of noncash investing and financing activities:</b>		
Contributions of assets from other governments	\$ 2,929,504	-

**SCHEDULES OF REVENUES,  
EXPENDITURES AND CHANGES  
IN FUND BALANCE -  
BUDGET AND ACTUAL**

**Debt Service Fund,  
Special Revenue Funds  
&  
Capital Project Funds**

This page left blank intentionally.

ALLEGANY COUNTY, MARYLAND  
DEBT SERVICE FUND  
SCHEDULE OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2006

	Original Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)
<u>Revenues:</u>				
Interest	-	-	10,296	10,296
<u>Expenditures:</u>				
Current:				
Miscellaneous:				
Paying agent fees	\$ 25,000	\$ 25,000	\$ 4,761	\$ 20,239
Debt Service:				
Principal payments on :				
General obligation debt	3,821,705	3,792,551	3,792,357	194
State loans	559,211	960,882	923,905	36,977
Total principal payments	4,380,916	4,753,433	4,716,262	37,171
Interest payments on:				
General obligation debt	1,256,729	1,251,961	1,135,488	116,473
State loans	311,500	331,585	306,675	24,910
Total interest payments	1,568,229	1,583,546	1,442,163	141,383
Total Expenditures	5,974,145	6,361,979	6,163,186	198,793
Deficiency of revenues under expenditures	(5,974,145)	(6,361,979)	(6,152,890)	209,089
<u>Other Financing Sources and (Uses):</u>				
Unexpended fund balance	125,000	(255,000)	-	255,000
Transfers from other funds:				
From the General Fund	4,749,721	5,137,721	5,153,888	16,167
From the Community Devel Block Grant Fund	55,341	55,341	55,341	-
From the Revolving Building Fund	1,044,083	1,423,917	1,285,861	(138,056)
Total Other Financing Sources and Uses	5,974,145	6,361,979	6,495,090	133,111
Net change in fund balances	\$ -	\$ -	342,200	\$ 342,200
Fund balance, beginning			1,175,000	
Fund balance, ending			\$ 1,517,200	

ALLEGANY COUNTY, MARYLAND  
SPECIAL REVENUE FUNDS  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2006

	Highway Fund				Coal Haul Roads Fund			
	Original Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)	Original Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)
<b>REVENUES:</b>								
Taxes - State Shared	\$4,717,500	\$4,717,500	\$ 4,813,872	\$ 96,372	\$ -	\$ -	\$ -	\$ -
Other local taxes	-	-	-	-	214,000	214,000	117,492	(96,508)
Intergovernmental:								
Federal	-	-	-	-	857,500	857,500	-	(857,500)
State	-	-	19,218	19,218	-	-	-	-
Other	-	-	-	-	-	-	-	-
Service charges	-	-	-	-	-	-	-	-
Fines and forfeitures	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	28,899	28,899
Miscellaneous	-	-	-	-	-	-	-	-
Total Revenues	<u>4,717,500</u>	<u>4,717,500</u>	<u>4,833,090</u>	<u>115,590</u>	<u>1,071,500</u>	<u>1,071,500</u>	<u>146,391</u>	<u>(925,109)</u>
<b>EXPENDITURES:</b>								
General government	-	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	-	-
Public works	-	-	-	-	-	-	-	-
Health & hospitals	-	-	-	-	-	-	-	-
Highway	6,911,715	6,911,715	6,503,022	408,693	1,071,500	1,071,500	19,122	1,052,378
Social Services	-	-	-	-	-	-	-	-
Community Development and Housing	-	-	-	-	-	-	-	-
Economic development	-	-	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-	-	-
Payments to Component Units	-	-	-	-	-	-	-	-
Total Expenditures	<u>6,911,715</u>	<u>6,911,715</u>	<u>6,503,022</u>	<u>408,693</u>	<u>1,071,500</u>	<u>1,071,500</u>	<u>19,122</u>	<u>1,052,378</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(2,194,215)</u>	<u>(2,194,215)</u>	<u>(1,669,932)</u>	<u>524,283</u>	<u>-</u>	<u>-</u>	<u>127,269</u>	<u>127,269</u>
<b>OTHER FINANCING SOURCES AND (USES):</b>								
Unexpended balance - prior years	532,500	532,500	-	(532,500)	-	-	-	-
Transfer from other funds	1,661,715	1,661,715	1,661,715	-	-	-	-	-
Transfers to other funds	-	-	-	-	-	-	-	-
Capital leases	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-
Total Other Financing Sources and Uses	<u>2,194,215</u>	<u>2,194,215</u>	<u>1,661,715</u>	<u>(532,500)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ -</u>	<u>(8,217)</u>	<u>\$ (8,217)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>127,269</u>	<u>\$ 127,269</u>
Fund balance, beginning, As adjusted			1,433,492				887,706	
Fund balance, ending			<u>\$ 1,425,275</u>				<u>\$1,014,975</u>	

ALLEGANY COUNTY, MARYLAND  
SPECIAL REVENUE FUNDS  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2006

Transit Fund				Community Development Block Grant Fund			
Original Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)	Original Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
1,112,546	1,112,546	771,454	(341,092)	244,900	921,900	880,899	(41,001)
316,680	316,680	244,918	(71,762)	-	-	-	-
-	-	-	-	50,000	50,000	32,250	(17,750)
138,000	138,000	149,844	11,844	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
5,000	5,000	9,966	4,966	4,441	4,441	-	(4,441)
<u>1,572,226</u>	<u>1,572,226</u>	<u>1,176,182</u>	<u>(396,044)</u>	<u>299,341</u>	<u>976,341</u>	<u>913,149</u>	<u>(63,192)</u>
-	-	-	-	-	-	-	-
-	-	-	-	291,000	300,000	244,571	55,429
1,982,278	1,982,278	1,631,425	350,853	-	455,000	548,926	(93,926)
-	-	-	-	-	167,000	132,892	34,108
-	-	-	-	-	-	-	-
-	-	-	-	50,000	50,000	54,779	(4,779)
-	-	-	-	-	55,000	49,251	5,749
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>1,982,278</u>	<u>1,982,278</u>	<u>1,631,425</u>	<u>350,853</u>	<u>341,000</u>	<u>1,027,000</u>	<u>1,030,419</u>	<u>(3,419)</u>
(410,052)	(410,052)	(455,243)	(45,191)	(41,659)	(50,659)	(117,270)	(66,611)
212,119	212,119	-	(212,119)	97,000	97,000	-	(97,000)
197,933	197,933	197,933	-	-	9,000	9,000	-
-	-	-	-	(55,341)	(55,341)	(55,966)	(625)
-	-	127,259	127,259	-	-	-	-
-	-	-	-	-	-	-	-
<u>410,052</u>	<u>410,052</u>	<u>325,192</u>	<u>(84,860)</u>	<u>41,659</u>	<u>50,659</u>	<u>(46,966)</u>	<u>(97,625)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>(130,051)</u>	<u>\$ (130,051)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>(164,236)</u>	<u>\$ (164,236)</u>
		<u>132,205</u>				<u>140,760</u>	
		<u>\$ 2,154</u>				<u>\$ (23,476)</u>	

(Continued)

ALLEGANY COUNTY, MARYLAND  
SPECIAL REVENUE FUNDS  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2006

	Block Grant Program Income Fund				Community Development & Housing Fund			
	Original Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)	Original Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)
<b>REVENUES:</b>								
Taxes - State Shared	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other local taxes	-	-	-	-	-	-	-	-
Intergovernmental:								
Federal	-	20,000	22,570	2,570	1,042,613	1,042,613	909,838	(132,775)
State	-	-	-	-	236,678	236,678	89,693	(146,985)
Other	-	-	-	-	7,500	7,500	6,000	(1,500)
Service charges	-	-	-	-	32,800	32,800	38,500	5,700
Fines and forfeitures	-	-	-	-	-	-	-	-
Interest	-	-	13	13	-	-	-	-
Miscellaneous	5,400	5,400	5,400	-	1,000	1,000	578	(422)
<b>Total Revenues</b>	<u>5,400</u>	<u>25,400</u>	<u>27,983</u>	<u>2,583</u>	<u>1,320,591</u>	<u>1,320,591</u>	<u>1,044,609</u>	<u>(275,982)</u>
<b>EXPENDITURES:</b>								
General government	-	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	-	-
Public works	-	-	-	-	-	-	-	-
Health & hospitals	-	-	-	-	-	-	-	-
Highway	-	-	-	-	-	-	-	-
Social Services	-	-	-	-	-	-	-	-
Community Development and Housing	55,400	75,400	38,285	37,115	1,502,354	1,502,354	1,331,516	170,838
Economic development	-	-	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-	-	-
Payments to Component Units	-	-	-	-	-	-	-	-
<b>Total Expenditures</b>	<u>55,400</u>	<u>75,400</u>	<u>38,285</u>	<u>37,115</u>	<u>1,502,354</u>	<u>1,502,354</u>	<u>1,331,516</u>	<u>170,838</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(50,000)</u>	<u>(50,000)</u>	<u>(10,302)</u>	<u>39,698</u>	<u>(181,763)</u>	<u>(181,763)</u>	<u>(286,907)</u>	<u>(105,144)</u>
<b>OTHER FINANCING SOURCES AND (USES):</b>								
Unexpended balance - prior years	50,000	50,000	-	(50,000)	-	-	-	-
Transfer from other funds	-	-	-	-	181,763	181,763	149,609	(32,154)
Transfers to other funds	-	-	-	-	-	-	-	-
Proceeds from debt issuance	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-
<b>Total Other Financing Sources and Uses</b>	<u>50,000</u>	<u>50,000</u>	<u>-</u>	<u>(50,000)</u>	<u>181,763</u>	<u>181,763</u>	<u>149,609</u>	<u>(32,154)</u>
<b>Net change in fund balances</b>	<u>\$ -</u>	<u>\$ -</u>	<u>(10,302)</u>	<u>\$ (10,302)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>(137,298)</u>	<u>\$ (137,298)</u>
Fund balance, beginning								
As adjusted			600,224				150,468	
<b>Fund balance, ending</b>			<u>\$ 589,922</u>				<u>\$ 13,170</u>	



ALLEGANY COUNTY, MARYLAND  
SPECIAL REVENUE FUNDS  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2006

Drug Task Force Fund				Gaming Fund			
Original Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)	Original Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	630,155	648,455	639,191	(9,264)
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
18,501	18,501	18,300	(201)	-	-	-	-
-	-	-	-	66,000	66,000	57,600	(8,400)
38,250	38,250	56,222	17,972	-	-	-	-
2,000	2,000	1,435	(565)	-	-	-	-
-	-	-	-	-	-	30	30
<u>58,751</u>	<u>58,751</u>	<u>75,957</u>	<u>17,206</u>	<u>696,155</u>	<u>714,455</u>	<u>696,821</u>	<u>(17,634)</u>
-	-	-	-	-	-	-	-
-	-	-	-	132,155	132,155	130,289	1,866
77,252	77,252	80,150	(2,898)	141,000	153,500	151,145	2,355
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>77,252</u>	<u>77,252</u>	<u>80,150</u>	<u>(2,898)</u>	<u>273,155</u>	<u>285,655</u>	<u>281,434</u>	<u>4,221</u>
-	-	-	-	-	-	-	-
(18,501)	(18,501)	(4,193)	14,308	423,000	428,800	415,387	(13,413)
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
18,501	18,501	18,301	(200)	-	-	-	-
-	-	-	-	(423,000)	(428,800)	(424,899)	3,901
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>18,501</u>	<u>18,501</u>	<u>18,301</u>	<u>(200)</u>	<u>(423,000)</u>	<u>(428,800)</u>	<u>(424,899)</u>	<u>3,901</u>
<u>\$ -</u>	<u>\$ -</u>	<u>14,108</u>	<u>\$ 14,108</u>	<u>\$ -</u>	<u>\$ -</u>	<u>(9,512)</u>	<u>\$ (9,512)</u>
		<u>27,232</u>				<u>151,145</u>	
		<u>\$ 41,340</u>				<u>\$ 141,633</u>	

(Continued)

ALLEGANY COUNTY, MARYLAND  
SPECIAL REVENUE FUNDS  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2006

	Revolving Building Fund				Fire, Rescue & Public Safety Fund			
	Original Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)	Original Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)
<b>REVENUES:</b>								
Taxes - State Shared	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other local taxes	-	-	-	-	-	-	-	-
Intergovernmental:								
Federal	1,474,335	1,474,335	603,335	(871,000)	-	-	-	-
State	1,693,543	1,693,543	1,046,987	(646,556)	243,556	243,556	228,445	(15,111)
Other	-	-	-	-	-	-	-	-
Service charges	-	-	-	-	84,000	84,000	91,930	7,930
Fines and forfeitures	-	-	-	-	-	-	-	-
Interest	-	-	-	-	4,000	4,000	7,697	3,697
Miscellaneous	1,909,310	2,289,144	2,346,383	57,239	50,000	50,000	89,942	39,942
Total Revenues	<u>5,077,188</u>	<u>5,457,022</u>	<u>3,996,705</u>	<u>(1,460,317)</u>	<u>381,556</u>	<u>381,556</u>	<u>418,014</u>	<u>36,458</u>
<b>EXPENDITURES:</b>								
General government	-	-	-	-	-	-	-	-
Public safety	-	-	-	-	645,112	645,112	351,470	293,642
Public works	-	-	-	-	-	-	-	-
Health & hospitals	-	-	-	-	-	-	-	-
Highway	-	-	-	-	-	-	-	-
Social Services	-	-	-	-	-	-	-	-
Community Development and Housing	-	-	-	-	-	-	-	-
Economic development	5,859,911	5,859,911	2,862,761	2,997,150	-	-	-	-
Miscellaneous	-	-	-	-	-	-	-	-
Payments to Component Units	-	-	35,000	(35,000)	-	-	-	-
Total Expenditures	<u>5,859,911</u>	<u>5,859,911</u>	<u>2,897,761</u>	<u>2,962,150</u>	<u>645,112</u>	<u>645,112</u>	<u>351,470</u>	<u>293,642</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(782,723)</u>	<u>(402,889)</u>	<u>1,098,944</u>	<u>1,501,833</u>	<u>(263,556)</u>	<u>(263,556)</u>	<u>66,544</u>	<u>330,100</u>
<b>OTHER FINANCING SOURCES AND (USES):</b>								
Unexpended balance - prior year	1,899,686	1,899,686	-	(1,899,686)	263,556	263,556	-	(263,556)
Transfer from other funds	-	-	-	-	-	-	-	-
Transfers to other funds	(1,116,963)	(1,496,797)	(1,331,241)	165,556	-	-	-	-
Proceeds from debt issuance	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	322,050	322,050	-	-	-	-
Total Other Financing Sources and Uses	<u>782,723</u>	<u>402,889</u>	<u>(1,009,191)</u>	<u>(1,412,080)</u>	<u>263,556</u>	<u>263,556</u>	<u>-</u>	<u>(263,556)</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ -</u>	<u>89,753</u>	<u>\$ 89,753</u>	<u>\$ -</u>	<u>\$ -</u>	<u>66,544</u>	<u>\$ 66,544</u>
Fund balance, beginning								
As adjusted			1,668,331				351,633	
Fund balance, ending			<u>\$ 1,758,084</u>				<u>\$ 418,177</u>	

ALLEGANY COUNTY, MARYLAND  
SPECIAL REVENUE FUNDS  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2006

Total Special Revenue Funds			Variance With Final Budget Positive (Negative)
Original Budget	Final Budget	Actual	
\$ 4,717,500	\$ 4,717,500	\$ 4,813,872	\$ 96,372
844,155	862,455	756,683	(105,772)
4,731,894	5,428,894	3,188,096	(2,240,798)
2,490,457	2,490,457	1,629,261	(861,196)
76,001	76,001	56,550	(19,451)
320,800	320,800	337,874	17,074
38,250	38,250	56,222	17,972
6,000	6,000	38,044	32,044
1,975,151	2,354,985	2,452,299	97,314
15,200,208	16,295,342	13,328,901	(2,966,441)
132,155	132,155	130,289	1,866
1,154,364	1,175,864	827,336	348,528
1,982,278	2,437,278	2,180,351	256,927
-	167,000	132,892	34,108
7,983,215	7,983,215	6,522,144	1,461,071
50,000	50,000	54,779	(4,779)
1,557,754	1,632,754	1,419,052	213,702
5,859,911	5,859,911	2,862,761	2,997,150
-	-	-	-
-	-	35,000	(35,000)
18,719,677	19,438,177	14,164,604	5,273,573
(3,519,469)	(3,142,835)	(835,703)	2,307,132
3,054,861	3,054,861	-	(3,054,861)
2,059,912	2,068,912	2,036,558	(32,354)
(1,595,304)	(1,980,938)	(1,812,106)	168,832
-	-	127,259	127,259
-	-	322,050	322,050
3,519,469	3,142,835	673,761	(2,469,074)
\$ -	\$ -	(161,942)	\$ (161,942)
		5,543,196	
		\$ 5,381,254	

ALLEGANY COUNTY, MARYLAND  
CAPITAL PROJECT FUNDS  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2006

	Capital Improvement Projects Fund				Pay-As-You-Go (PAYGO) Fund			
	Original Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)	Original Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)
<b>REVENUES:</b>								
Intergovernmental								
Federal grants	\$ 3,318,300	\$ 3,318,300	\$ 1,663,248	\$ (1,655,052)	\$ 240,000	\$ 240,000	\$ -	\$ (240,000)
State grants	80,000	80,000	1,490,665	1,410,665	-	-	-	-
Other	-	-	72,223	72,223	-	-	-	-
Miscellaneous:								
Interest	-	-	5,945	5,945	-	-	66,707	66,707
Miscellaneous	295,666	295,666	195,415	(100,251)	25,000	25,000	-	(25,000)
Total Revenues	3,693,966	3,693,966	3,427,496	(266,470)	265,000	265,000	66,707	(198,293)
<b>EXPENDITURES:</b>								
General Government	-	-	-	-	100,000	100,000	72,590	27,410
Public Safety	4,752	67,752	1,362,320	(1,294,568)	300,000	300,000	-	300,000
Public Works	118,300	118,300	71,282	47,018	50,000	75,000	132,909	(57,909)
Health	4,830,000	4,872,000	3,824,825	1,047,175	-	-	-	-
Social Services	-	-	-	-	-	-	-	-
Education	-	-	-	-	-	-	-	-
Recreation, Culture & Libraries	-	-	-	-	-	-	-	-
Conservation of Natural Resources	25,000	70,000	-	70,000	-	-	-	-
Economic Development	3,675,666	3,675,666	1,725,302	1,950,364	-	-	-	-
Miscellaneous	-	-	-	-	-	-	22,224	(22,224)
Payments to component units	7,142,700	7,142,700	601,323	6,541,377	-	-	31,412	(31,412)
Total Expenditures	15,796,418	15,946,418	7,585,052	8,361,366	450,000	475,000	259,135	215,865
Excess (deficiency) of revenues over (under) expenditures	(12,102,452)	(12,252,452)	(4,157,556)	8,094,896	(185,000)	(210,000)	(192,428)	17,572
<b>OTHER FINANCING SOURCES AND USES:</b>								
Unexpended fund balance	1,197,700	1,197,700	-	(1,197,700)	185,000	210,000	-	(210,000)
Transfers In:								
From other funds	427,752	577,752	768,648	190,896	-	-	1,056,607	1,056,607
Transfers Out:								
To other funds	-	-	-	-	-	-	-	-
Issuance of debt	6,677,000	6,677,000	-	(6,677,000)	-	-	-	-
Capital leases	-	-	-	-	-	-	22,224	22,224
Sale of capital assets	3,800,000	3,800,000	3,800,000	-	-	-	-	-
Total Other Financing Uses	12,102,452	12,252,452	4,568,648	(7,683,804)	185,000	210,000	1,078,831	868,831
Net change in fund balances	\$ -	\$ -	411,092	\$ 411,092	\$ -	\$ -	886,403	\$ 886,403
Fund balance, beginning			(777,802)				1,967,778	
Fund balance, ending			<u>\$ (366,710)</u>				<u>\$ 2,854,181</u>	

ALLEGANY COUNTY, MARYLAND  
CAPITAL PROJECT FUNDS  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2006

Public Improvement Bonds Capital Projects Fund				Total All Capital Projects			
Original Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)	Original Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)
\$ -	\$ -	\$ -	\$ -	\$ 3,558,300	\$ 3,558,300	\$ 1,663,248	\$ (1,895,052)
-	-	-	-	80,000	80,000	1,490,665	1,410,665
-	-	-	-	-	-	72,223	72,223
-	-	8,302	8,302	-	-	-	-
-	-	-	-	320,666	320,666	195,415	(125,251)
-	-	8,302	8,302	3,958,966	3,958,966	3,502,505	(456,461)
45,000	45,000	1,019	43,981	145,000	145,000	73,609	71,391
-	-	-	-	304,752	367,752	1,362,320	(994,568)
-	-	-	-	168,300	193,300	204,191	(10,891)
2,250,000	2,250,000	-	2,250,000	7,080,000	7,122,000	3,824,825	3,297,175
-	-	-	-	-	-	-	-
-	-	702,896	(702,896)	-	-	702,896	(702,896)
-	-	-	-	-	-	-	-
-	-	-	-	25,000	70,000	-	70,000
250,000	250,000	-	250,000	3,925,666	3,925,666	1,725,302	2,200,364
-	-	11,326	(11,326)	-	-	33,550	(33,550)
917,600	917,600	-	917,600	8,060,300	8,060,300	632,735	7,427,565
3,462,600	3,462,600	715,241	2,747,359	19,709,018	19,884,018	8,559,428	11,324,590
(3,462,600)	(3,462,600)	(706,939)	2,755,661	(15,750,052)	(15,925,052)	(5,056,923)	10,868,129
917,600	917,600	-	(917,600)	2,300,300	2,325,300	-	(2,325,300)
-	-	-	-	427,752	577,752	1,825,255	1,247,503
-	-	-	-	-	-	-	-
2,545,000	2,545,000	-	(2,545,000)	9,222,000	9,222,000	-	(9,222,000)
-	-	-	-	-	-	22,224	22,224
-	-	-	-	3,800,000	3,800,000	3,800,000	-
3,462,600	3,462,600	-	(3,462,600)	15,750,052	15,925,052	5,647,479	(10,277,573)
\$ -	\$ -	(706,939)	\$ (706,939)	\$ -	\$ -	590,556	\$ 590,556
		751,158				1,941,134	
		\$ 44,219				\$ 2,531,690	

This page left blank intentionally.

**CAPITAL PROJECT FUNDS**

**SCHEDULES OF REVENUES,  
EXPENDITURES AND PROJECT  
BALANCES**

**FROM INCEPTION TO JUNE 30, 2006**

ALLEGANY COUNTY, MARYLAND  
CAPITAL PROJECT FUNDS  
SCHEDULE OF REVENUES, EXPENDITURES, AND PROJECT BALANCES  
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2005

	Proj No.	Project Length Budget	Revenues and other Sources				
			Federal Grants	State Grants	Other Intergov'l	Service Charges	Miscell. Revenues
Capital Improvement Projects Fund							
Upper Potomac Ind. Park	409G	1,760,000	-	-	-	-	83,183
Eckhart School Roof	409K	51,000	-	-	-	-	-
NRCS Flood Project	409M	2,081,910	1,513,054	5,120	127,851	-	38,625
Health Department Relocation	409N	8,000,000	-	-	-	-	3,876,673
Porter Road	409P	-	-	30,495	-	-	-
Allconet II	409Q	4,131,906	1,045,905	2,026,284	300,223	-	-
Rye Street Bridge	409R	796,600	-	10,738	-	-	-
Potomac River Water Study	409T	70,000	-	-	-	-	-
Cooperative Extension	409U	-	-	-	-	-	25,000
Mt. Ridge High School	409W	11,000,000	-	-	-	-	-
FEMA FMAP 05 Flood Mitigation	409Y	-	119,589	9,213	-	-	-
FEMA FMAP 06 Flood Mitigation	409Z	-	-	-	-	-	-
Landfill Closeout	4090	1,589,160	-	200,000	-	-	289,090
State Flood Grant	410D	167,000	-	173,879	-	-	7,969
Westernport Storm Pond	410P	95,100	-	33,712	-	-	-
Riverside Industrial Park	410R	2,099,971	-	-	-	-	399,323
Highland Trail	410X	10,606,000	3,224,644	3,209,330	6,772	-	215,706
			5,903,192	5,698,771	434,846	-	4,935,569
Pay-As-You-Go Capital Project Fund							
Computer Network	418I	150,000	-	-	-	-	-
Roads Paving Program	418R	2,350,000	-	-	-	-	-
Capital Outlay	418Z	276,048	-	-	-	-	22,224
Capital Project Reserves	418I	-	-	-	-	-	2,661,070
Bowman's Addition Flood Buyouts	420B	2,332,300	1,083,979	498,534	-	-	-
John Hambird School	420H	833,000	-	-	-	-	-
LaVale Blvd Storm Drain	420O	1,500,000	-	-	-	-	-
County Office Bldg Addition	420R	500,000	-	-	-	-	-
Payroll/General Ledger Software	420S	500,000	-	-	-	-	-
Emergency Capital	420V	-	-	-	-	-	-
Telecommunications Program	420Z	160,000	-	-	-	-	-
OP Roads Improvements	4203	500,000	-	-	-	16,392	-
			1,083,979	498,534	-	16,392	2,683,294
Public Improvement Bonds Capital Project Fund							
Allegany College, Physical Ed.	430A	1,511,510	-	-	-	-	-
Allegany College, Library Roof	430D	91,700	-	-	-	-	-
Bond Interest	430Z	27,104	-	-	-	-	27,104
Bond Closing Costs	431I	-	-	-	-	-	-
			-	-	-	-	27,104
Total Capital Project Funds			\$ 6,987,171	\$ 6,197,305	\$ 434,846	\$ 16,392	\$ 7,645,967



ALLEGANY COUNTY, MARYLAND  
CAPITAL PROJECT FUNDS  
SCHEDULE OF REVENUES, EXPENDITURES, AND PROJECT BALANCES  
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2005

Revenues and other Sources			Expenditures and other Uses			Project Balance	Remaining Project Budget
Debt Proceeds	Transfers In	Total Sources	Expenditures	Transfers Out	Total Uses		
-	265,500	348,683	1,703,685	-	1,703,685	(1,355,002)	56,315
-	47,107	47,107	51,000	-	51,000	(3,893)	-
-	526,000	2,210,650	2,100,718	-	2,100,718	109,932	(18,808)
-	1,035,378	4,912,051	3,835,553	-	3,835,553	1,076,498	4,164,447
-	-	30,495	30,495	-	30,495	-	(30,495)
-	897,907	4,270,319	4,210,319	60,000	4,270,319	-	(138,413)
-	124,660	135,398	46,044	-	46,044	89,354	750,556
-	-	-	39,762	-	39,762	(39,762)	30,238
-	-	25,000	-	-	-	25,000	-
-	1,000,000	1,000,000	1,062,116	-	1,062,116	(62,116)	9,937,884
-	63,000	191,802	160,178	-	160,178	31,624	(160,178)
-	82,000	82,000	-	-	-	82,000	-
652,318	127,240	1,268,648	999,646	220,699	1,220,345	48,303	368,815
-	17,851	199,699	200,208	-	200,208	(509)	(33,208)
-	61,385	95,097	95,097	-	95,097	-	3
-	2,015,640	2,414,963	1,930,681	484,282	2,414,963	-	(314,992)
-	56,649	6,713,101	7,081,240	-	7,081,240	(368,139)	3,524,760
652,318	6,320,317	23,945,013	23,546,742	764,981	24,311,723	(366,710)	18,136,924
-	155,725	155,725	108,342	5,725	114,067	41,658	35,933
-	3,581,607	3,581,607	2,079,819	250,347	2,330,166	1,251,441	19,834
298,304	214,827	535,355	446,768	88,587	535,355	-	(259,307)
-	1,784,595	4,445,665	-	3,755,457	3,755,457	690,208	(3,755,457)
-	250,150	1,832,663	1,808,254	-	1,808,254	24,409	524,046
-	833,000	833,000	833,000	-	833,000	-	-
-	200,000	200,000	-	-	-	200,000	1,500,000
-	250,000	250,000	576	-	576	249,424	499,424
-	485,000	485,000	371,656	-	371,656	113,344	128,344
-	200,000	200,000	-	-	-	200,000	-
-	160,000	160,000	151,718	-	151,718	8,282	8,282
-	621,731	638,123	562,708	-	562,708	75,415	(62,708)
298,304	8,736,635	13,317,138	6,362,841	4,100,116	10,462,957	2,854,181	(1,361,609)
1,463,490	51,510	1,515,000	1,470,270	-	1,470,270	44,730	41,240
91,700	-	91,700	91,700	-	91,700	-	-
-	-	27,104	25,519	-	25,519	1,585	1,585
-	-	-	2,096	-	2,096	(2,096)	(2,096)
1,555,190	51,510	1,633,804	1,589,585	-	1,589,585	44,219	40,729
<u>\$ 2,505,812</u>	<u>\$ 15,108,462</u>	<u>\$ 38,895,955</u>	<u>\$ 31,499,168</u>	<u>\$ 4,865,097</u>	<u>\$ 36,364,265</u>	<u>\$ 2,531,690</u>	<u>\$ 16,816,044</u>

This page left blank intentionally

**CAPITAL PROJECT FUNDS**

**SCHEDULES OF REVENUES,  
EXPENDITURES AND CHANGES  
IN FUND BALANCES  
BY PROJECT**

**FOR THE YEAR ENDED JUNE 30, 2006**

**ALLEGANY COUNTY, MARYLAND**  
**CAPITAL PROJECTS FUND**  
**CAPITAL IMPROVEMENT PROJECT FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BY PROJECT**  
**FOR THE YEAR ENDED JUNE 30, 2006**

	Upper Potomac Ind Park (409G)	Eckhart School Roof (409K)	NRCS Flood Project (409M)	Health Department Relocation (409N)	Porter Road (409P)
<b>REVENUES:</b>					
Intergovernmental:					
Federal:					
FEMA grant	\$ -	\$ -	\$ -	\$ -	\$ -
Highway grant	-	-	-	-	-
Soil Conservation grant	-	-	805,366	-	-
FmHA grant	-	-	-	-	-
ARC grant	-	-	-	-	-
State:					
State Aid Highway	-	-	5,120	-	-
MD Dept. of Environment	-	-	-	-	30,495
Program Open Space	-	-	-	-	-
Miscellaneous State Grants	-	-	86,491	72,895	-
Other Intergovernmental	-	-	41,360	-	-
Miscellaneous:					
Interest	-	-	-	-	-
Contribution & donations	-	-	10,715	-	-
Miscellaneous	-	-	-	-	-
Total Revenues	-	-	949,052	72,895	30,495
<b>EXPENDITURES:</b>					
Public Safety	290,251	-	911,889	-	-
Public Works	-	-	-	-	30,495
Health and hospitals	-	-	-	3,824,825	-
Libraries	-	-	-	-	-
Economic Development	-	-	-	-	-
Payments to component units:					
Board of Education	-	40,389	-	-	-
Total Expenditures	290,251	40,389	911,889	3,824,825	30,495
<b>OTHER FINANCING SOURCES and (USES):</b>					
Transfers in:					
General Fund	-	-	-	41,603	-
General Fund, internal transfers	-	-	-	-	-
Gaming Fund	-	36,496	-	-	-
Sale of capital assets	-	-	-	3,800,000	-
Total Other Financing	-	36,496	-	3,841,603	-
Sources and Uses	-	36,496	-	3,841,603	-
Net change in fund balances	(290,251)	(3,893)	37,163	89,673	-
Fund Balance, beginning	(1,064,751)	-	72,769	986,825	-
Fund Balance, Ending	\$ (1,355,002)	\$ (3,893)	\$ 109,932	\$ 1,076,498	\$ -

ALLEGANY COUNTY, MARYLAND  
CAPITAL PROJECTS FUND  
CAPITAL IMPROVEMENT PROJECT FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BY PROJECT  
FOR THE YEAR ENDED JUNE 30, 2006

Alliconet II (409Q)	Rye Street Bridge (409R)	Potomac River Water Study (409T)	CoOperative Extension (409U)	Mt. Ridge High School (409W)	Total This Page
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	805,366
21,271	-	-	-	-	21,271
9,844	-	-	-	-	9,844
-	-	-	-	-	5,120
-	-	-	-	-	30,495
-	-	-	-	-	-
26,285	-	-	-	-	185,671
30,863	-	-	-	-	72,223
-	-	-	-	-	-
-	-	-	-	-	10,715
-	-	-	-	-	-
88,263	-	-	-	-	1,140,705
-	-	-	-	-	1,202,140
-	1,025	39,762	-	-	71,282
-	-	-	-	-	3,824,825
-	-	-	-	-	-
110,465	-	-	-	-	110,465
238,151	-	-	-	322,783	601,323
348,616	1,025	39,762	-	322,783	5,810,035
94,987	-	-	43,766	-	180,356
-	-	-	(54,271)	-	(54,271)
-	-	-	-	388,403	424,899
-	-	-	-	-	3,800,000
94,987	-	-	(10,505)	388,403	4,350,984
(165,366)	(1,025)	(39,762)	(10,505)	65,620	(318,346)
165,366	90,379	-	35,505	(127,736)	158,357
\$ -	\$ 89,354	\$ (39,762)	\$ 25,000	\$ (62,116)	\$ (159,989)

(Continued)

ALLEGANY COUNTY, MARYLAND  
CAPITAL PROJECTS FUND  
CAPITAL IMPROVEMENT PROJECT FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BY PROJECT  
FOR THE YEAR ENDED JUNE 30, 2006

	Total Previous Page	FEMA Flood Grant (409Y)	FEMA Flood Grant (409Z)	Landfill Closeout (4090)
<b>REVENUES:</b>				
Intergovernmental:				
Federal:				
FEMA Grant	\$ -	\$ 119,589	\$ -	\$ -
Highway grant	-	-	-	-
Soil Conservation grant	805,366	-	-	-
FmHA grant	21,271	-	-	-
ARC grant	9,844	-	-	-
State:				
State Aid Highway	5,120	-	-	-
MD Dept. of Environment	30,495	9,213	-	-
Program Open Space	-	-	-	-
Miscellaneous State Grants	185,671	-	-	-
Other Intergovernmental	72,223	-	-	-
Miscellaneous:				
Interest	-	-	-	(1,925)
Contribution & donations	10,715	-	-	-
Miscellaneous	-	-	-	-
Total Revenues	<u>1,140,705</u>	<u>128,802</u>	<u>-</u>	<u>(1,925)</u>
<b>EXPENDITURES:</b>				
Public Safety	1,202,140	160,178	-	-
Public Works	71,282	-	-	-
Health and hospitals	3,824,825	-	-	-
Libraries	-	-	-	-
Economic Development	110,465	-	-	-
Payments to component units:				
Board of Education	601,323	-	-	-
Total Expenditures	<u>5,810,035</u>	<u>160,178</u>	<u>-</u>	<u>-</u>
<b>OTHER FINANCING SOURCES and (USES):</b>				
Transfers in:				
General Fund	180,356	63,000	82,000	-
General Fund, internal transfers	(54,271)	-	-	-
Gaming Fund	424,899	-	-	-
Sale of capital assets	3,800,000	-	-	-
Total Other Financing				
Sources and Uses	<u>4,350,984</u>	<u>63,000</u>	<u>82,000</u>	<u>-</u>
Net change in fund balances	(318,346)	31,624	82,000	(1,925)
Fund Balance, beginning	158,357	-	-	50,228
Fund Balance, Ending	<u>\$ (159,989)</u>	<u>\$ 31,624</u>	<u>\$ 82,000</u>	<u>\$ 48,303</u>

ALLEGANY COUNTY, MARYLAND  
CAPITAL PROJECTS FUND  
CAPITAL IMPROVEMENT PROJECT FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BY PROJECT  
FOR THE YEAR ENDED JUNE 30, 2006

\$3.2 Million Flood Grant (410D)	Westport Storm Sewer (410P)	Riverside Industrial Park (410R)	Highland Trail (410X)	Fund Total
\$ -	\$ -	\$ -	\$ -	\$ 119,589
-	-	-	311,918	311,918
-	-	-	-	805,366
-	-	-	-	21,271
-	-	-	395,260	405,104
-	-	-	750,997	756,117
-	-	-	-	39,708
-	-	-	89,500	89,500
24,669	-	-	395,000	605,340
-	-	-	-	72,223
-	-	7,870	-	5,945
7,969	-	-	176,731	195,415
-	-	-	-	-
<u>32,638</u>	<u>-</u>	<u>7,870</u>	<u>2,119,406</u>	<u>3,427,496</u>
2	-	-	-	1,362,320
-	-	-	-	71,282
-	-	-	-	3,824,825
-	-	-	-	-
-	-	84,589	1,530,248	1,725,302
-	-	-	-	601,323
<u>2</u>	<u>-</u>	<u>84,589</u>	<u>1,530,248</u>	<u>7,585,052</u>
-	-	-	18,393	343,749
17,851	28,444	(30,280)	38,256	-
-	-	-	-	424,899
-	-	-	-	3,800,000
<u>17,851</u>	<u>28,444</u>	<u>(30,280)</u>	<u>56,649</u>	<u>4,568,648</u>
50,487	28,444	(106,999)	645,807	411,092
(50,996)	(28,444)	106,999	(1,013,946)	(777,802)
<u>\$ (509)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (368,139)</u>	<u>\$ (366,710)</u>

ALLEGANY COUNTY, MARYLAND  
CAPITAL PROJECTS FUND  
PAY-AS-YOU-GO (PAYGO) CAPITAL PROJECT FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BY PROJECT  
FOR THE YEAR ENDED JUNE 30, 2006

	Computer Network (418I)	Roads Paving Program (418R)	Capital Outlay (418Z)	Bowman's Addition Flood (420B)	John Humbird School (420H)	LaVale Storm Drains (420O)
<b>REVENUES:</b>						
Miscellaneous:						
Interest	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Miscellaneous	-	-	-	-	-	-
Total Revenues	-	-	-	-	-	-
<b>EXPENDITURES:</b>						
General Government	7,041	-	-	-	-	-
Public Works	-	71,345	-	-	-	-
Miscellaneous	-	-	22,224	-	-	-
Payments to component units:						
Board of Education	-	-	-	-	31,412	-
Total Expenditures	7,041	71,345	22,224	-	31,412	-
<b>OTHER FINANCING SOURCES and (USES):</b>						
Transfers-in from:						
General fund	-	481,607	-	-	-	200,000
Transfers out	-	-	-	-	-	-
Issuance of debt	-	-	-	-	-	-
Capital leases	-	-	22,224	-	-	-
Total Other Financing Sources and Uses	-	481,607	22,224	-	-	200,000
Net change in fund balances	(7,041)	410,262	-	-	(31,412)	200,000
Fund Balance, beginning	48,699	841,179	-	24,409	31,412	-
Fund Balance, Ending	\$ 41,658	\$ 1,251,441	\$ -	\$ 24,409	\$ -	\$ 200,000



ALLEGANY COUNTY, MARYLAND  
CAPITAL PROJECTS FUND  
PAY-AS-YOU-GO (PAYGO) CAPITAL PROJECT FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BY PROJECT  
FOR THE YEAR ENDED JUNE 30, 2006

County Office Building (420R)	Payroll/ Gen Ledger Software Upgrade (420S)	Emergency Capital (420V)	Tele- communications Project (420Z)	Road Improvements (4203)	Capital Reserves (4181)	Designated Projects (4181)	Total
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 66,707	\$ -	\$ 66,707
-	-	-	-	-	-	-	-
-	-	-	-	-	66,707	-	66,707
576	45,048	-	19,925	-	-	-	72,590
-	-	-	-	61,564	-	-	132,909
-	-	-	-	-	-	-	22,224
-	-	-	-	-	-	-	31,412
576	45,048	-	19,925	61,564	-	-	259,135
250,000	-	-	-	85,000	40,000	-	1,056,607
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	22,224
250,000	-	-	-	85,000	40,000	-	1,078,831
249,424	(45,048)	-	(19,925)	23,436	106,707	-	886,403
-	158,392	200,000	28,207	51,979	41,855	541,646	1,967,778
<u>\$ 249,424</u>	<u>\$ 113,344</u>	<u>\$ 200,000</u>	<u>\$ 8,282</u>	<u>\$ 75,415</u>	<u>\$ 148,562</u>	<u>\$ 541,646</u>	<u>\$ 2,854,181</u>

(Continued)

ALLEGANY COUNTY, MARYLAND  
CAPITAL PROJECTS FUND  
PUBLIC IMPROVEMENT BOND FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BY PROJECT  
FOR THE YEAR ENDED JUNE 30, 2006

	2004 Public Improvement Bonds			2006 Public Improvement Bonds	Total Public Improvement Bonds Fund
	Allegany College, Md Physical Ed (430A)	Allegany College Library Roof (430D)	Bond Interest (430Z)	Bond Closing Costs (4311)	
<b>REVENUES:</b>					
Intergovernmental:					
State					
State Dept of Public Safety	\$ -	\$ -	\$ -	\$ -	\$ -
Miscellaneous:					
Interest	-	-	8,302	-	8,302
Total Revenues	-	-	8,302	-	8,302
<b>EXPENDITURES:</b>					
General government	-	-	-	1,019	1,019
Education	611,196	91,700	-	-	702,896
Recreation, culture and libraries	-	-	-	-	-
Miscellaneous	-	-	11,326	-	11,326
Payments to component units:					
Board of Education	-	-	-	-	-
Total Expenditures	611,196	91,700	11,326	1,019	715,241
<b>OTHER FINANCING SOURCES and (USES):</b>					
Transfers in:					
PAYGO fund	-	-	-	-	-
Transfers to:					
Capital projects fund	-	-	-	-	-
Issuance of debt	-	-	-	-	-
Total Other Financing Sources and Uses	-	-	-	-	-
Net change in fund balances	(611,196)	(91,700)	(3,024)	(1,019)	(706,939)
Fund Balance, beginning	655,926	91,700	4,609	(1,077)	751,158
Fund Balance, Ending	\$ 44,730	\$ -	\$ 1,585	\$ (2,096)	\$ 44,219

**ENTERPRISE FUNDS**  
**COMBINING SCHEDULES**

**WATER DISTRICTS**  
**COMBINING SCHEDULE OF**  
**REVENUES, EXPENSES**  
**AND CHANGES IN**  
**NET ASSETS**

**SANITARY DISTRICTS**  
**COMBINING SCHEDULE**  
**OF NET ASSETS**

**SANITARY DISTRICTS**  
**COMBINING SCHEDULE OF**  
**REVENUES, EXPENSES**  
**AND CHANGES IN**  
**NET ASSETS**

ALLEGANY COUNTY, MARYLAND  
ALLEGANY COUNTY WATER DISTRICTS  
COMBINING SCHEDULE OF REVENUES, EXPENSES  
AND CHANGES IN NET ASSETS  
PROPRIETARY FUND TYPE - (ENTERPRISE FUNDS)  
FOR THE YEAR ENDED JUNE 30, 2006

	Grahamtown	Consol	Barton Ind. Park	Oldtown Road	McCoole
<b>OPERATING REVENUES:</b>					
Service charges	\$ 134,701	\$ 32,723	\$ 2,874	\$ 156,108	\$ 143,583
Miscellaneous	-	-	-	-	-
Total Operating Revenues	<u>134,701</u>	<u>32,723</u>	<u>2,874</u>	<u>156,108</u>	<u>143,583</u>
<b>OPERATING EXPENSES:</b>					
Salaries	14,042	4,151	-	16,809	19,023
Fringe benefits	6,537	1,932	-	7,826	8,856
Office expenses	-	-	-	-	-
Utilities	85,130	20,270	3,862	60,355	54,300
Repairs and maintenance	989	2,789	2,692	5,949	3,407
Professional fees	-	-	-	-	-
Materials and supplies	776	229	1,322	1,649	1,353
Insurance	-	-	-	-	-
Indirect cost	4,169	1,242	-	3,785	5,949
Miscellaneous	-	-	-	-	-
Depreciation	39,576	18,212	44,422	73,890	96,707
Total Operating Expenses	<u>151,219</u>	<u>48,825</u>	<u>52,298</u>	<u>170,263</u>	<u>189,595</u>
Operating Income (Loss)	<u>(16,518)</u>	<u>(16,102)</u>	<u>(49,424)</u>	<u>(14,155)</u>	<u>(46,012)</u>
<b>NON-OPERATING REVENUE (EXPENSES):</b>					
Debt Service fees	-	-	19,348	-	-
Interest income	1,599	-	-	2,486	4,406
Interest expense	(25,971)	(4,625)	(15,975)	(14,511)	(45,889)
Total Non-operating Revenue (Expenses)	<u>(24,372)</u>	<u>(4,625)</u>	<u>3,373</u>	<u>(12,025)</u>	<u>(41,483)</u>
Income Before Contributions and Transfers	(40,890)	(20,727)	(46,051)	(26,180)	(87,495)
Capital Contributions:					
Federal grants	-	-	-	-	-
Transfers in, operating:					
General fund, operating	-	-	12,922	-	-
Change in Net Assets	<u>\$ (40,890)</u>	<u>\$ (20,727)</u>	<u>\$ (33,129)</u>	<u>\$ (26,180)</u>	<u>\$ (87,495)</u>

ALLEGANY COUNTY, MARYLAND  
ALLEGANY COUNTY WATER DISTRICTS  
COMBINING SCHEDULE OF REVENUES, EXPENSES  
AND CHANGES IN NET ASSETS  
PROPRIETARY FUND TYPE - (ENTERPRISE FUNDS)  
FOR THE YEAR ENDED JUNE 30, 2006

Ellerslie	Eckhart	Hoffman	Route 36 Vale Summit	Borden/ Zhilman	Carlos/ Shaft	Total
\$ 287,852	\$ 280,151	\$ 8,433	\$ 47,841	\$ 102,167	\$ 183,031	\$ 1,379,464
498	-	-	-	-	-	498
<u>288,350</u>	<u>280,151</u>	<u>8,433</u>	<u>47,841</u>	<u>102,167</u>	<u>183,031</u>	<u>1,379,962</u>
37,146	25,871	899	5,257	9,200	11,206	143,604
17,293	12,044	419	2,447	4,283	5,217	66,854
-	-	-	-	-	-	-
153,274	155,041	4,156	43,537	57,722	113,383	751,030
3,555	33,833	64	370	646	2,832	57,126
800	500	-	-	-	-	1,300
2,054	1,736	50	291	507	1,102	11,069
158	158	-	-	-	-	316
6,277	6,504	204	1,981	3,178	4,329	37,618
-	-	-	-	-	-	-
53,700	51,967	2,336	28,603	34,596	57,325	501,334
<u>274,257</u>	<u>287,654</u>	<u>8,128</u>	<u>82,486</u>	<u>110,132</u>	<u>195,394</u>	<u>1,570,251</u>
14,093	(7,503)	305	(34,645)	(7,965)	(12,363)	(190,289)
-	-	-	-	-	-	19,348
9,112	8,186	104	656	2,671	2,259	31,479
-	(20,326)	(215)	-	(17,682)	(36,013)	(181,207)
<u>9,112</u>	<u>(12,140)</u>	<u>(111)</u>	<u>656</u>	<u>(15,011)</u>	<u>(33,754)</u>	<u>(130,380)</u>
23,205	(19,643)	194	(33,989)	(22,976)	(46,117)	(320,669)
-	-	-	-	188,261	151,057	339,318
-	-	-	-	-	-	12,922
<u>\$ 23,205</u>	<u>\$ (19,643)</u>	<u>\$ 194</u>	<u>\$ (33,989)</u>	<u>\$ 165,285</u>	<u>\$ 104,940</u>	31,571
Total net assets - beginning, as restated						15,241,603
Total net assets - ending						<u>\$ 15,273,174</u>

**ALLEGANY COUNTY, MARYLAND**  
**ALLEGANY COUNTY SANITARY DISTRICTS**  
**COMBINING SCHEDULE OF NET ASSETS**  
**PROPRIETARY FUND TYPE - (ENTERPRISE FUNDS)**  
**June 30, 2006**

	General Fund	Bowling Green	Cresaptown	Braddock Run	Bedford Road	Jennings Run/Wills Creek	McCoole
<b>ASSETS</b>							
Current Assets:							
Cash:							
Cash	\$ 536,439	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Cash - Restricted	-	-	-	320,643	-	-	-
Investments	173,140	-	-	-	53,131	-	-
Receivables:							
Accounts (net)	2,600	166,986	70,453	260,764	93,062	72,821	15,692
Taxes - restricted	-	17,923	15,228	1,098	6,548	4,586	5,400
Accounts (net) - restricted	-	-	-	-	-	5,757	3,425
Other	164,300	-	-	-	1,481	-	-
Due from other funds	-	401,878	897,924	149,725	-	-	-
Inventory	150,304	-	-	-	-	-	-
Total current assets	<u>1,026,783</u>	<u>586,787</u>	<u>983,605</u>	<u>732,230</u>	<u>154,222</u>	<u>83,164</u>	<u>24,517</u>
Noncurrent Assets:							
Land	-	6,750	5,000	500	1,000	1,500	-
Construction in progress	2,398,345	-	-	-	-	-	-
Capital assets subject to depreciation	2,547,158	5,396,430	2,715,300	3,208,460	4,904,853	6,105,179	2,282,006
Less: Accumulated depreciation	(1,136,700)	(2,865,162)	(1,422,298)	(2,372,608)	(2,829,948)	(3,481,831)	(1,084,658)
Total noncurrent assets	<u>3,808,803</u>	<u>2,538,018</u>	<u>1,298,002</u>	<u>836,352</u>	<u>2,075,905</u>	<u>2,624,848</u>	<u>1,197,348</u>
Total Assets	<u>4,835,586</u>	<u>3,124,805</u>	<u>2,281,607</u>	<u>1,568,582</u>	<u>2,230,127</u>	<u>2,708,012</u>	<u>1,221,865</u>
<b>LIABILITIES</b>							
Current liabilities:							
Accounts payable	395,345	26,330	514	43,470	20,397	9,212	\$ 15,006
Accrued wages payable	16,006	-	-	-	-	-	-
Accrued payroll fringe benefits	7,228	-	-	-	-	-	-
Accrued interest payable	4,931	1,627	1,862	-	2,398	905	230
Current portion of long term debt							
Bonds & loans	68,116	3,254	2,974	-	28,431	-	15,881
Advances from other funds	-	-	-	-	16,711	17,822	-
Compensated absences	45,910	-	-	-	-	-	-
Due to other funds	2,571,170	-	-	-	271,182	1,140,959	422,480
Miscellaneous liabilities	52,752	-	-	199,286	-	-	-
Total current liabilities	<u>3,161,458</u>	<u>31,211</u>	<u>5,350</u>	<u>242,756</u>	<u>339,119</u>	<u>1,168,898</u>	<u>453,597</u>
Noncurrent Liabilities:							
Cash advance due General Fund	-	-	-	-	-	500,000	-
Long term debt:							
Bonds & loans	1,096,870	31,414	30,053	-	158,330	-	16,726
Advances from other funds	-	-	-	-	-	-	-
Compensated absences	244,773	-	-	-	-	-	-
Total noncurrent liabilities	<u>1,341,643</u>	<u>31,414</u>	<u>30,053</u>	<u>-</u>	<u>158,330</u>	<u>500,000</u>	<u>16,726</u>
Total Liabilities	<u>4,503,101</u>	<u>62,625</u>	<u>35,403</u>	<u>242,756</u>	<u>497,449</u>	<u>1,668,898</u>	<u>470,323</u>
<b>NET ASSETS</b>							
Invested in capital assets, net of related debt	2,643,817	2,503,350	1,264,975	836,352	1,872,433	2,607,026	1,164,741
Restricted for debt service	-	17,923	15,228	1,098	6,548	10,343	8,825
Unrestricted	(2,311,332)	540,907	966,001	488,376	(146,303)	(1,578,255)	(422,024)
Total Net Assets	<u>\$ 332,485</u>	<u>\$ 3,062,180</u>	<u>\$ 2,246,204</u>	<u>\$ 1,325,826</u>	<u>\$ 1,732,678</u>	<u>\$ 1,039,114</u>	<u>\$ 751,542</u>

ALLEGANY COUNTY, MARYLAND  
ALLEGANY COUNTY SANITARY DISTRICTS  
COMBINING SCHEDULE OF NET ASSETS  
PROPRIETARY FUND TYPE - (ENTERPRISE FUNDS)  
June 30, 2006

Oldtown	Flintstone	Georges Creek	Franklin/Brophytown	Celanese Treatment Plant	Mexico Farms	Cash Valley Road	Oldtown Road	Barton Industrial Park	Total All Districts
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 536,439
-	-	-	-	-	-	-	-	-	320,643
-	-	-	-	-	-	-	-	-	226,271
3,982	7,857	187,918	12,563	15,400	234,225	4,946	17,947	306	1,167,522
348	1,177	24,441	289	-	2,933	1,775	3,513	-	85,259
2,670	1,291	69,496	-	-	-	-	-	-	82,639
-	-	1,087	-	-	495	-	-	-	167,363
-	-	1,112,570	402,305	-	522,090	-	-	-	3,486,492
-	-	-	-	-	-	-	-	-	150,304
<u>7,000</u>	<u>10,325</u>	<u>1,395,512</u>	<u>415,157</u>	<u>15,400</u>	<u>759,743</u>	<u>6,721</u>	<u>21,460</u>	<u>306</u>	<u>6,222,932</u>
500	3,000	5,968	-	-	2,500	-	1,000	-	27,718
-	-	869,824	-	1,654,009	-	-	-	-	4,922,178
852,987	1,152,461	24,007,910	561,728	19,857,863	4,211,255	813,332	2,816,919	2,064,133	83,497,974
(425,606)	(545,080)	(10,251,748)	(266,289)	(1,631,462)	(1,129,252)	(203,333)	(620,349)	(3,440)	(30,269,764)
<u>427,881</u>	<u>610,381</u>	<u>14,631,954</u>	<u>295,439</u>	<u>19,880,410</u>	<u>3,084,503</u>	<u>609,999</u>	<u>2,197,570</u>	<u>2,060,693</u>	<u>58,178,106</u>
<u>434,881</u>	<u>620,706</u>	<u>16,027,466</u>	<u>710,596</u>	<u>19,895,810</u>	<u>3,844,246</u>	<u>616,720</u>	<u>2,219,030</u>	<u>2,060,999</u>	<u>64,401,038</u>
-	1,185	11,620	-	4,002	169,618	-	(29,633)	(375)	666,691
-	-	-	-	924	-	-	-	-	16,930
-	-	-	-	460	-	-	-	-	7,688
177	2,512	17,835	-	32,549	4,801	892	3,383	-	74,102
3,084	9,252	42,065	-	402,468	78,877	2,141	8,118	-	664,661
-	-	23,078	-	-	-	-	320	-	57,931
-	-	-	-	-	-	-	-	-	45,910
38,309	121,577	-	-	238,051	-	2,133	7,065	237,850	5,050,776
-	-	-	-	40,001	-	-	-	-	292,039
<u>41,570</u>	<u>134,526</u>	<u>94,598</u>	<u>-</u>	<u>718,455</u>	<u>253,296</u>	<u>5,166</u>	<u>(10,747)</u>	<u>237,475</u>	<u>6,876,728</u>
-	-	-	-	-	-	-	-	-	500,000
14,310	42,931	314,666	-	7,673,006	500,717	127,621	484,004	-	10,490,648
-	-	-	-	-	-	-	19,503	-	19,503
-	-	-	-	-	-	-	-	-	244,773
<u>14,310</u>	<u>42,931</u>	<u>314,666</u>	<u>-</u>	<u>7,673,006</u>	<u>500,717</u>	<u>127,621</u>	<u>503,507</u>	<u>-</u>	<u>11,254,924</u>
<u>55,880</u>	<u>177,457</u>	<u>409,264</u>	<u>0</u>	<u>8,391,461</u>	<u>754,013</u>	<u>132,787</u>	<u>492,760</u>	<u>237,475</u>	<u>18,131,652</u>
410,487	558,198	14,252,145	295,439	11,804,936	2,504,909	480,237	1,685,625	2,060,693	46,945,363
3,018	2,468	93,937	289	-	2,933	1,775	3,513	-	167,898
(34,504)	(117,417)	1,272,120	414,868	(300,587)	582,391	1,921	37,132	(237,169)	(843,875)
<u>\$ 379,001</u>	<u>\$ 443,249</u>	<u>\$ 15,618,202</u>	<u>\$ 710,596</u>	<u>\$ 11,504,349</u>	<u>\$ 3,090,233</u>	<u>\$ 483,933</u>	<u>\$ 1,726,270</u>	<u>\$ 1,823,524</u>	<u>\$ 46,269,386</u>

ALLEGANY COUNTY, MARYLAND  
ALLEGANY COUNTY SANITARY DISTRICTS  
COMBINING SCHEDULE OF REVENUES, EXPENSES  
AND CHANGES IN NET ASSETS  
PROPRIETARY FUND TYPE - (ENTERPRISE FUNDS)  
FOR THE YEAR ENDED JUNE 30, 2006

	General Fund	Bowling Green	Cresaptown	Braddock Run	Bedford Road	Jennings Run/Wills Creek	McCoole
<b>OPERATING REVENUES:</b>							
Service charges	\$ 9,036	\$ 650,606	\$ 295,532	\$ 812,291	\$ 359,748	\$ 286,877	\$ 54,157
Miscellaneous	-	-	-	-	-	-	-
Total Operating Revenues	9,036	650,606	295,532	812,291	359,748	286,877	54,157
<b>OPERATING EXPENSES:</b>							
Wages and salaries	2,974	92,555	39,429	93,177	76,990	56,722	11,345
Employee benefits	1,473	43,088	18,356	43,375	35,842	26,407	5,281
Office expenses	422	7,523	4,014	7,021	5,510	4,269	812
Utilities	2,239	310,934	9,951	32,422	18,376	10,161	8,076
Repairs and maintenance	2,285	57,523	9,232	30,787	22,042	11,928	25,677
Contractual services	92	5,031	2,143	5,067	4,188	3,085	617
Water/Sewage treatment costs	-	268,483	219,136	588,069	206,079	158,457	61,433
Professional fees	33	4,866	776	1,834	1,516	1,117	223
Materials and supplies	3,523	17,615	5,508	21,128	11,089	8,056	4,931
Insurance	332	19,060	7,693	18,188	15,032	14,417	2,215
Indirect cost	649	35,366	15,064	35,617	29,437	21,685	4,337
Miscellaneous	60	3,616	2,441	3,395	2,718	2,003	400
Depreciation	453	132,459	64,719	104,257	119,289	137,413	52,281
Total Operating Expenses	14,535	998,119	398,462	984,337	548,108	455,720	177,628
Operating Income (Loss)	(5,499)	(347,513)	(102,930)	(172,046)	(188,360)	(168,843)	(123,471)
<b>NON-OPERATING REVENUE (EXPENSES):</b>							
Real and personal property taxes	-	159,307	156,367	11,588	91,946	32,848	15,664
Interest & Penalties, taxes	-	3,984	3,046	282	1,869	1,096	857
Discounts, taxes	-	(837)	(813)	(57)	(451)	(162)	(45)
Enterprise/industrial exemptions	-	-	-	23	-	-	-
Collection fees	-	(3,614)	(3,494)	(262)	(2,106)	(747)	(348)
Front footage assessments	-	64	-	-	(76)	3,331	8,974
Interest income	133	14,767	7,977	13,941	13,323	14,839	2,991
Interest income, debt service	-	17	-	-	283	772	179
Interest expense	(10,282)	(2,895)	(2,786)	-	(18,244)	(2,224)	(2,506)
Allocated debt service revenue	77,802	(7,958)	(6,449)	(15,250)	(12,600)	(9,283)	(1,860)
Sale of capital assets	-	-	-	-	-	-	-
Miscellaneous non-operating revenue	-	-	-	7,039	-	-	-
Total Nonoperating revenue (expenses)	67,653	162,835	153,848	17,304	73,944	55,470	23,906
Income Before Contributions and Transfers	62,154	(184,678)	50,918	(154,742)	(114,416)	(113,373)	(99,565)
Capital Contributions:							
Federal	-	30,927	30,927	-	-	-	-
State	-	-	-	-	-	-	-
Transfers in, operating:							
General Fund, operating	-	-	-	-	-	-	-
Change in Net Assets	62,154	(153,751)	81,845	(154,742)	(114,416)	(113,373)	(99,565)
Net assets - beginning	270,331	3,215,931	2,164,359	1,480,568	1,847,094	1,152,487	851,107
Net assets - ending	\$ 332,485	\$ 3,062,180	\$ 2,246,204	\$ 1,325,826	\$ 1,732,678	\$ 1,039,114	\$ 751,542



ALLEGANY COUNTY, MARYLAND  
ALLEGANY COUNTY SANITARY DISTRICTS  
COMBINING SCHEDULE OF REVENUES, EXPENSES  
AND CHANGES IN NET ASSETS  
PROPRIETARY FUND TYPE - (ENTERPRISE FUNDS)  
FOR THE YEAR ENDED JUNE 30, 2006

	Oldtown	Flintstone	Georges Creek	Franklin/ Brophytown	Celanese Treatment Plant	Mexico Farms	Cash Valley Road	Oldtown Road	Barton Industrial Park	Total All Districts
\$	12,034	\$ 26,157	\$ 604,895	\$ 82,726	\$ 966,675	\$ 1,126,794	\$ 17,733	\$ 75,132	\$ 1,396	\$ 5,381,789
	-	-	-	-	-	-	-	-	-	0
	12,034	26,157	604,895	82,726	966,675	1,126,794	17,733	75,132	1,396	5,381,789
	4,064	6,667	199,416	5,188	97,645	26,563	4,012	15,495	13,798	746,040
	2,014	3,302	98,567	2,415	44,720	12,366	1,868	7,214	7,733	354,021
	169	275	8,883	369	2,454	1,902	286	1,110	235	45,254
	8,286	10,472	92,567	27,034	184,188	688,553	212	6,170	15,754	1,425,395
	5,271	26,791	27,335	8,824	67,960	12,577	409	9,639	3,407	321,687
	128	209	6,484	280	-	1,446	218	843	-	29,831
	510	268	763	7,036	2,553	121,181	11,234	8,383	-	1,653,585
	46	76	2,338	401	7,148	523	79	305	-	21,281
	531	1,553	34,221	747	78,660	9,381	538	7,702	6,241	211,424
	460	2,559	35,731	1,006	-	5,189	781	4,838	-	127,501
	901	1,467	45,401	1,969	-	10,161	1,529	5,929	-	209,512
	83	136	6,642	181	-	938	140	547	-	23,300
	17,557	23,925	513,727	12,592	394,643	97,495	21,399	81,824	3,440	1,777,473
	40,020	77,700	1,072,075	68,042	879,971	988,275	42,705	149,999	50,608	6,946,304
	(27,986)	(51,543)	(467,180)	14,684	86,704	138,519	(24,972)	(74,867)	(49,212)	(1,564,515)
	2,006	9,124	168,349	6,302	-	25,021	9,405	44,329	-	732,256
	119	715	5,647	68	-	1,253	396	944	-	20,276
	(10)	(40)	(901)	(54)	-	(121)	(38)	34	-	(3,495)
	-	-	-	-	-	-	-	-	-	23
	(50)	(264)	(3,814)	(141)	-	(615)	(214)	(1,024)	-	(16,693)
	2,760	3,567	69,634	(21)	-	-	-	-	-	103,233
	663	878	21,237	705	46,039	2,960	597	1,343	-	142,393
	112	117	1,772	68	-	-	-	-	-	3,320
	(1,209)	(3,295)	(24,719)	-	(62,433)	(31,862)	(5,897)	(22,363)	-	(190,715)
	(386)	(632)	(18,233)	(667)	-	(1,290)	(658)	(2,536)	-	0
	-	-	-	-	-	-	-	-	-	0
	-	-	-	-	-	-	-	-	-	7,039
	4,005	10,170	218,972	6,260	(16,394)	(4,654)	3,591	20,727	-	797,637
	(23,981)	(41,373)	(248,208)	20,944	70,310	133,865	(21,381)	(54,140)	(49,212)	(766,878)
	-	-	187,847	-	-	-	-	-	242,758	492,459
	-	-	-	-	1,899,065	-	-	-	829,795	2,728,860
	-	-	-	-	-	-	-	-	45,772	45,772
	(23,981)	(41,373)	(60,361)	20,944	1,969,375	133,865	(21,381)	(54,140)	1,069,113	2,500,213
	402,982	484,622	15,678,563	689,652	9,534,974	2,956,368	505,314	1,780,410	754,411	43,769,173
\$	379,001	\$ 443,249	\$ 15,618,202	\$ 710,596	\$ 11,504,349	\$ 3,090,233	\$ 483,933	\$ 1,726,270	\$ 1,823,524	\$ 46,269,386

**ALLEGANY COUNTY, MARYLAND**  
**AGENCY FUND**  
**STATEMENT OF CHANGES IN ASSETS AND LIABILITIES**  
**FOR THE YEAR ENDED JUNE 30, 2006**

	Balance July 1, 2005	Additions	Deductions	Balance June 30, 2006
<b>ASSETS:</b>				
Taxes levied for State:				
Taxes receivable - State	\$ 323,802	\$ 3,283,699	\$ 3,272,891	\$ 334,610
Bay restoration fee	84,267	499,249	432,891	150,625
Other receivables	1	8,630	8,656	(25)
Taxes levied for Special Areas:				
Lonaconing, Town of	6,340	92,491	88,153	10,678
Midland, Town of	3,052	27,785	26,916	3,921
Westernport, Town of	36,164	285,743	286,617	35,290
Cumberland differential	18,317	1,825	13,922	6,220
Bel Air Special Tax Area	800	24,039	23,894	945
Bowling Green Fire Co.	3,023	25,426	25,547	2,902
Bedford Road Fire Co.	1,995	27,735	27,416	2,314
Bowling Green Special Tax Area	1,181	9,653	9,855	979
Cresaptown Ambulance	7,902	101,745	101,925	7,722
Cresaptown Civic Imp. Assoc.	1,841	17,807	17,658	1,990
Cresaptown Fire Co.	8,685	134,453	134,496	8,642
Corriganville Light & Imp.	1,429	12,158	12,018	1,569
Ellerslie Special Tax Area	804	6,496	6,026	1,274
LaVale Volunteer Fire Dept.	8,071	117,343	118,505	6,909
LaVale Rescue Squad	4,046	58,672	59,260	3,458
LaVale Sanitary District	31,273	421,526	423,892	28,907
McCoole Special Tax Area	1,038	3,354	3,310	1,082
Moscow Light	377	2,548	2,467	458
Mt. Savage Special Tax Area	1,137	7,701	7,851	987
Potomac Park Special Tax Area	1,075	8,103	8,013	1,165
Rawlings Fire Co.	1,880	22,555	22,682	1,753
Sub-total special areas	140,430	1,409,158	1,420,423	129,165
Due from other funds	261,287	5,429,641	5,532,635	158,293
Total Assets	<u>\$ 809,787</u>	<u>\$ 10,630,377</u>	<u>\$ 10,667,496</u>	<u>\$ 772,668</u>
<b>LIABILITIES:</b>				
Accounts payable	\$ 345,555	\$ 5,937,520	\$ 5,974,182	\$ 308,893
A/P Special Areas	140,430	1,409,158	1,420,423	129,165
Taxes payable - State	323,802	3,283,699	3,272,891	334,610
A/P Bay restoration fee	84,267	499,249	432,891	150,625
Total Liabilities	<u>\$ 809,787</u>	<u>\$ 10,630,377</u>	<u>\$ 10,667,496</u>	<u>\$ 772,668</u>

**CAPITAL ASSETS  
USED IN THE OPERATION  
OF GOVERNMENTAL FUNDS**

**ALLEGANY COUNTY, MARYLAND**  
**CAPITAL ASSETS USED IN THE OPERATION OF**  
**GOVERNMENTAL FUNDS**  
**COMPARATIVE SCHEDULES BY SOURCE**  
**June 30, 2006 and 2005**

ASSETS	Primary Government			
	At June 30, 2006			Net
	Cost	Accumulated Depreciation	Net Book Value	Book Value June 30, 2005
Land	\$ 17,621,761	\$ -	\$ 17,621,761	\$ 15,773,610
Construction in progress	7,144,836	-	7,144,836	4,707,638
Buildings	41,256,030	12,331,539	28,924,491	31,491,993
Infrastructure	40,194,763	25,315,935	14,878,828	11,087,905
Furniture & fixtures	580,967	479,697	101,270	174,822
Machinery & equipment	4,845,471	3,171,256	1,674,215	1,573,999
Vehicles	7,623,402	5,573,788	2,049,614	1,506,794
Heavy equipment	3,448,383	2,614,585	833,798	823,044
Other fixed assets	897,593	401,932	495,661	499,089
Total Assets	<u>\$ 123,613,206</u>	<u>\$ 49,888,732</u>	<u>\$ 73,724,474</u>	<u>\$ 67,638,894</u>
<b>FUND EQUITY</b>				
Investment in general fixed assets acquired before July 1, 1993 - source unidentified			\$ 11,705,099	\$ 12,197,141
Investment in construction in progress			7,144,836	4,707,637
Investment in general fixed assets by source:				
General Fund:				
General revenues			4,158,058	3,163,919
Federal grants			1,239,149	1,029,714
State grants			842,914	1,208,612
Miscellaneous revenues			455,416	433,416
Debt proceeds			212,400	167,777
Special Revenue Funds:				
General revenues			40,006,547	39,684,351
Federal grants			4,664,630	3,560,289
State grants			2,304,134	929,135
Miscellaneous revenues			215,592	821,934
Debt proceeds			3,316,952	3,240,862
Capital Project Funds:				
General revenues			9,103,556	9,141,926
Federal grants			8,038,319	5,418,191
State grants			19,261,877	18,723,600
Miscellaneous revenues			1,082,822	1,003,325
Debt proceeds			8,489,315	9,389,727
Other			1,371,590	1,371,590
Less:				
Accumulated depreciation			(49,888,732)	(48,554,252)
Total Fund Equity			<u>\$ 73,724,474</u>	<u>\$ 67,638,894</u>

**ALLEGANY COUNTY, MARYLAND**  
**CAPITAL ASSETS USED IN THE OPERATION OF**  
**GOVERNMENTAL FUNDS**  
**SCHEDULE OF ASSETS BY FUNCTION**  
**June 30, 2006**

Function	Land	Buildings	Infrastructure	Furniture & Fixtures	Equipment	Vehicles	Other Fixed Assets	Construction In Progress	Total Cost	Less Depreciation	Total
General Government	\$ 1,730,427	\$ 4,499,660	\$ 39,776	\$ 132,989	\$ 1,215,092	\$ 297,939	\$ 122,482	\$ 224,126	\$ 8,262,491	\$ (2,667,408)	\$ 5,595,083
Public Safety	1,667,656	16,877,910	1,703,071	145,319	2,680,645	1,077,660	113,896	725	24,266,882	(4,477,734)	19,789,148
Public Works	1,331,238	1,187,679	35,775,786	298,253	713,548	5,399,891	3,599,725	203,836	48,509,956	(33,837,269)	14,672,687
Health	-	-	-	-	-	-	4,121	3,835,552	3,839,673	(4,121)	3,835,552
Social Services	116	-	24,331	-	104,236	698,961	13,000	-	840,644	(223,781)	616,863
Recreation & Culture	583,119	2,620,688	214,288	246	6,528	39,248	414,531	-	3,878,648	(706,655)	3,171,993
Libraries	6,000	1,631,033	-	-	-	-	-	-	1,637,033	(330,684)	1,306,349
Natural Resources	-	-	-	-	15,839	15,999	-	-	31,838	(30,369)	1,469
Urban Development & Housing	56,640	651,377	-	4,160	31,164	9,302	-	-	752,643	(335,579)	417,064
Economic Development	12,246,565	13,787,683	2,437,511	-	78,419	84,402	78,221	2,880,597	31,593,398	(7,275,132)	24,318,266
Total General Fixed Assets	\$ 17,621,761	\$ 41,256,030	\$ 40,194,763	\$ 580,967	\$ 4,845,471	\$ 7,623,402	\$ 4,345,976	\$ 7,144,836	\$ 123,613,206	\$ (49,888,732)	\$ 73,724,474

**ALLEGANY COUNTY, MARYLAND**  
**CAPITAL ASSETS USED IN THE OPERATION OF**  
**GOVERNMENTAL FUNDS**  
**SCHEDULE OF CHANGES BY FUNCTION**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2006**

Function	General Fixed Assets June 30, 2005	Transfers to Other Funds	Asset Reclass	Additions	Deductions	Total Cost	Accumulated Depreciation June 30, 2005	Less Current Year Depreciation	Add Depreciation on Disposals	General Fixed Assets June 30, 2006
General Government	\$ 8,226,735	\$ -	\$ (10,538)	\$ 100,855	\$ (54,561)	\$ 8,262,491	\$ (2,201,100)	\$ (507,547)	\$ 41,239	\$ 5,595,083
Public Safety	23,443,279	-	(2,150)	981,299	(155,546)	24,266,882	(3,815,961)	(795,877)	134,104	19,789,148
Public Works	47,711,330	-	2,150	1,173,542	(377,066)	48,509,956	(33,114,400)	(1,099,935)	377,066	14,672,687
Health	1,104,094	-	10,728	3,824,824	(1,099,973)	3,839,673	(630,232)	(60,702)	686,813	3,835,552
Social Services	305,577	-	-	563,709	(28,642)	840,644	(214,838)	(37,585)	28,642	616,863
Recreation & Culture	3,878,648	-	-	-	-	3,878,648	(605,273)	(101,382)	-	3,171,993
Libraries	1,637,033	-	-	-	-	1,637,033	(269,383)	(61,301)	-	1,306,349
Natural Resources	31,838	-	-	-	-	31,838	(28,014)	(2,355)	-	1,469
Urban Development & Housing	744,722	-	-	7,921	-	752,643	(309,866)	(25,713)	-	417,064
Economic Development	29,109,890	-	(190)	3,937,503	(1,453,805)	31,593,398	(7,365,185)	(412,187)	502,240	24,318,266
Total General Fixed Assets	\$ 116,193,146	\$ -	\$ -	\$ 10,589,653	\$ (3,169,593)	\$ 123,613,206	\$ (48,554,252)	\$ (3,104,584)	\$ 1,770,104	\$ 73,724,474

This page left blank intentionally.

# Statistical Section

This part of the Allegany County's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the County's overall financial health.

Contents	Pages
<b>Financial Trends</b>	
These schedules contain trend information to help the reader understand how the County's financial performance and well-being have changed over time.	
Net Assts by Component, Last Four Fiscal Years .....	F-3
Changes in Net Assets, Last Four Fiscal Years .....	F-4
Fund Balances, Governmental Funds, Last Ten years .....	F-6
Changes in Fund Balances, Governmental Funds, Last Ten Years .....	F-7
<b>Revenue Capacity</b>	
These schedules contain information to help the reader assess the County's most significant local revenue source, the property tax	
Assessed Value and Actual Value of Taxable Property, Last Ten Fiscal Years .....	F-8
Schedule of Property Tax Rates - Direct and Overlapping, Last Ten Fiscal Years .....	F-9
Principal Property Tax Payers .....	F-10
Property Tax Levies and Collections .....	F-11
<b>Debt Capacity</b>	
These schedules present information to help the reader assess the affordability of the County's current levels of outstanding debt and the County's ability to issue debt in the future.	
Ratios of Outstanding Debt by Type, Last Ten Fiscal Years .....	F-13
Ratios of General Obligation Debt Outstanding, Last Ten Fiscal Years .....	F-14
Legal Debt Margin Information, Last Ten Fiscal Years .....	F-15
Pledged Revenue Coverage, Last Ten Fiscal Years .....	F-16
<b>Demographic and Economic Information</b>	
These schedules offer demographic and economic indicators to help the reader understand the environment within which the County's financial activities take place.	
Demographic and Economic Statistics, Last Ten Calendar Years .....	F-17
Principal Employers, Current Year and Nine Years Ago .....	F-18
<b>Operating Information</b>	
These schedules contain service and infrastructure data to help the reader understand how the information in the County's financial report relates to the services the County provides and the activities it performs.	
Full-time Equival County Government Employees by Function/Program, Last Ten Fiscal Years .....	F-19
Operating Indicators by Function/Program, Last Four Fiscal Years .....	F-20
Capital Asset Statistics by Function/Program, Last Four Fiscal Years .....	F-21
<b>Sources:</b>	
Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year. The County implemented GASB Statement 34 in FY 2003; schedules presenting government-wide information include information beginning in that year.	

This page left blank intentionally.



**Allegany County, Maryland**  
**Net Assets By Component**  
**Last Four Fiscal Years**  
(accrual basis of accounting)

	Fiscal Year			
	2003	2004	2005	2006
<b>Governmental activities</b>				
Invested in capital assets, net of related debt	\$ 49,601,139	\$ 53,978,694	\$ 60,161,453	\$ 66,160,686
Restricted	1,684,063	2,093,507	3,021,117	2,277,836
Unrestricted	(11,733,113)	(5,166,240)	(4,128,194)	3,048,018
Total governmental activities net assets	<u>\$ 39,552,089</u>	<u>\$ 50,905,961</u>	<u>\$ 59,054,376</u>	<u>\$ 71,486,540</u>
<b>Business-type activities</b>				
Invested in capital assets, net of related debt	\$ 51,533,344	\$ 56,841,888	\$ 59,474,528	\$ 67,030,468
Restricted	185,808	159,657	172,797	167,898
Unrestricted	5,398,109	1,439,367	1,552,398	(1,694,100)
Total business-type activities net assets	<u>\$ 57,117,261</u>	<u>\$ 58,440,912</u>	<u>\$ 61,199,723</u>	<u>\$ 65,504,266</u>
<b>Primary Government</b>				
Invested in capital assets, net of related debt	\$ 101,134,483	\$ 110,820,582	\$ 119,635,981	\$ 133,191,154
Restricted	1,869,871	2,253,164	3,193,914	2,445,734
Unrestricted	(6,335,004)	(3,726,873)	(2,575,796)	1,353,918
Total primary government net assets	<u>\$ 96,669,350</u>	<u>\$ 109,346,873</u>	<u>\$ 120,254,099</u>	<u>\$ 136,990,806</u>

**Allegany County, Maryland**  
**Changes In Net Assets, Last Four Fiscal Years**  
**(accrual basis of accounting)**

Expenses	Fiscal Year			
	2003	2004	2005	2006
<b>Governmental activities:</b>				
General Government:	\$ 5,650,431	\$ 6,433,962	\$ 6,569,557	\$ 6,966,383
Payment to data processing	255,757	264,767	279,661	294,847
Public Safety	10,729,932	10,878,035	13,320,579	14,571,046
Public Works	10,320,589	9,277,395	9,691,963	11,176,350
Health	1,311,200	1,345,102	1,422,154	1,610,957
Social Services	3,158,083	3,372,943	3,220,006	1,987,579
Education:	106,438	51,733	796,573	709,684
Payment to public school system	27,832,107	27,503,531	27,638,498	27,262,735
Payments to community college	5,543,512	5,575,000	5,575,000	6,010,000
Recreation, culture & libraries:	525,002	517,927	637,904	720,024
Payment to public library system	769,000	781,000	794,000	835,000
Conservation of natural resources	336,469	232,345	264,776	230,040
Community development & housing	1,338,847	1,659,272	2,031,225	1,666,691
Economic Development	2,865,480	2,412,668	3,487,397	2,487,755
Miscellaneous	47,479	49,292	293,971	79,925
Interest on long term debt	1,972,084	1,741,664	1,582,097	1,377,559
Total governmental activities expenses	\$ 72,762,410	\$ 72,096,636	\$ 77,605,361	\$ 77,986,575
<b>Business-type activities:</b>				
Water	1,446,660	1,483,542	1,448,043	1,751,458
Sewer	5,845,641	5,796,718	6,398,687	7,137,019
Nursing Home	8,174,160	8,620,622	9,550,145	9,657,283
Other Funds	-	-	-	487,108
Total business-type activities expenses	15,466,461	15,900,882	17,396,875	19,032,868
Total primary government expenses	88,228,871	87,997,518	95,002,236	97,019,443
<b>Program Revenues</b>				
<b>Governmental activities:</b>				
Charges For services:				
Public safety	1,279,568	1,903,640	2,210,969	2,585,073
Public works	858,844	915,434	834,819	850,935
Economic development	1,259,978	1,152,183	1,956,832	2,472,961
Other activities	478,640	597,748	626,097	935,592
Operating grants and contributions	5,657,933	6,398,218	6,549,718	6,162,976
Capital grants and contributions	5,783,782	5,704,736	10,626,139	4,861,929
Total governmental activities program revenues	15,318,745	16,671,959	22,804,574	17,869,466
<b>Business-type activities:</b>				
Charges For services:				
Water	1,059,355	1,107,522	1,152,638	1,379,464
Sewer	4,522,491	4,614,481	5,142,139	5,488,342
Nursing Home	8,027,848	8,690,049	8,464,607	9,030,901
Other Funds	157,703	128,362	163,815	53,667
Operating grants and contributions	-	-	-	-
Capital grants and contributions	2,054,418	3,816,273	3,320,783	3,560,637
Total business-type activities program revenues	15,821,815	18,356,687	18,243,982	19,513,011
Total primary government program revenues	31,140,560	35,028,646	41,048,556	37,382,477

	Fiscal Year			
	2003	2004	2005	2006
<b>Net (Expense)/Revenue</b>				
Governmental activities	(57,443,665)	(55,424,677)	(54,800,787)	(60,117,109)
Business-type activities	355,354	2,455,805	847,107	480,143
Total primary government net expense	<u>(57,088,311)</u>	<u>(52,968,872)</u>	<u>(53,953,680)</u>	<u>(59,636,966)</u>
<b>General Revenues And Other Changes In Net Assets</b>				
Governmental Activities:				
Taxes				
Property taxes	\$ 25,545,098	\$ 26,865,528	\$ 27,060,585	\$ 29,094,141
Income taxes	19,451,155	21,536,150	21,472,667	23,407,305
Other local taxes	5,384,666	6,170,086	7,132,917	8,769,370
Licenses	411,923	426,638	410,720	308,405
Unrestricted grants	8,374,810	7,791,350	6,252,618	6,300,447
Investment earnings	1,641,108	827,216	1,046,600	1,436,172
Gain/(loss) on sale/retirement of capital assets	45,381	(396,544)	(112,531)	2,876,383
Miscellaneous	555,409	421,048	505,188	393,305
Transfers	882,228	1,776,087	551,293	96,895
Special item	(2,108,051)	1,360,990 <sup>e</sup>	-	
Total governmental activities	<u>\$ 60,183,727</u>	<u>\$ 66,778,549</u>	<u>\$ 64,320,057</u>	<u>\$ 72,682,423</u>
Business-type activities:				
Property taxes	\$ 474,742	\$ 542,636	\$ 684,529	\$ 732,367
Investment earnings	71,022	92,621	159,528	181,098
Miscellaneous	8,202	8,676	49,342	78,326
Transfers	(882,228)	(1,776,087)	(551,293)	(96,895)
Total business-type activities	<u>\$ (328,262)</u>	<u>\$ (1,132,154)</u>	<u>\$ 342,106</u>	<u>\$ 894,896</u>
Total primary government	<u>\$ 59,855,465</u>	<u>\$ 65,646,395</u>	<u>\$ 64,662,163</u>	<u>\$ 73,577,319</u>
<b>Change In Net Assets</b>				
Governmental activities	\$ 2,740,062	\$ 11,353,872 <sup>f</sup>	\$ 9,519,270	\$ 12,565,314
Business-type activities	27,092	1,323,651	1,189,213	1,375,039
Total primary government	<u>\$ 2,767,154</u>	<u>\$ 12,677,523</u>	<u>\$ 10,708,483</u>	<u>\$ 13,940,353</u>

Note: Expenses include indirect expense allocation.

**Explanation of Significant Variances:**

- a Increase due to Allegany County's portion of new school construction.
- b Increase due to an increase in personnel salaries and fringe
- c Increase in grants due to significant grants received for Allegany Highlands Trail and Barton Business Park
- d Increase in grants due to grants received for Celanese Wastewater Treatment Plant
- e Increase due to donation of land from the State of Maryland for the Allegany Highlands Trail
- f Increase due to revenue growth from sources such as increase in tax rate, income tax increase, charges from boarding federal/state prisoners while expenses remained relatively the same.

**Allegany County, Maryland**  
**Fund Balances, Governmental Funds**  
**Last Ten Fiscal Years**  
(modified accrual basis of accounting)

	Fiscal Year									
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
<b>General Fund</b>										
Reserved	\$ 3,369,174	\$ 3,307,928	\$ 3,019,557	\$ 2,185,628	\$ 1,928,325	\$ 1,705,332	\$ 2,300,641	\$ 2,709,317	\$ 3,302,308	\$ 3,586,015
Unreserved	5,684,831	6,933,998	8,619,547	9,835,272	8,083,225	8,193,358	8,274,597	9,990,236	9,399,968	10,361,286
Total General Fund	<u>\$ 9,054,005</u>	<u>\$ 10,241,926</u>	<u>\$ 11,639,104</u>	<u>\$ 12,020,900</u>	<u>\$ 10,011,550</u>	<u>\$ 9,898,690</u>	<u>\$ 10,575,238</u>	<u>\$ 12,699,553</u>	<u>\$ 12,702,276</u>	<u>\$ 13,947,301</u>
<b>All Other Governmental Funds</b>										
Reserved	\$ 5,470,359	\$ 1,887,278	\$ 8,439,283	\$ 4,304,911	\$ 2,144,563	\$ 1,740,443	\$ 416,165	\$ 100,856	\$ 1,294,529	\$ 424,349
Unreserved, reported in:										
Special revenue funds	1,444,826	1,815,662	2,505,082	3,568,955	1,796,349	2,559,231	3,260,273	3,793,401	5,102,167	5,001,124
Capital project funds	2,240,180	2,789,465	5,850,003	9,689,200	5,724,934	2,745,547	1,370,878	2,228,198	1,220,786	2,487,471
Debt service funds	-	-	-	300,000	1,400,000	1,400,000	1,275,000	1,150,000	1,175,000	1,517,200
Total all other governmental funds	<u>\$ 9,155,365</u>	<u>\$ 6,492,405</u>	<u>\$ 16,794,368</u>	<u>\$ 17,863,066</u>	<u>\$ 11,065,846</u>	<u>\$ 8,445,221</u>	<u>\$ 6,322,316</u>	<u>\$ 7,272,455</u>	<u>\$ 8,792,482</u>	<u>\$ 9,430,144</u>

**Allegany County, Maryland**  
**Changes In Fund Balances, Governmental Funds**  
**Last Ten Fiscal Years**  
(modified accrual basis of accounting)

	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
<b>Revenues</b>										
Property taxes	\$ 23,532,238	\$ 23,767,146	\$ 24,974,964	\$ 26,028,928	\$ 26,205,688	\$ 26,949,364	\$ 26,823,761	\$ 27,527,977	\$ 28,460,485	\$ 29,786,204
Income taxes	15,930,461	16,831,635	17,212,342	17,007,620	19,177,773	18,441,780	19,391,155	21,536,150	21,472,667	22,103,548
Highway user taxes	3,010,000	3,499,706	3,936,506	4,025,755	4,108,731	4,207,379	3,942,972	3,360,759	3,688,177	4,813,872
Other local taxes	1,344,940	1,451,159	1,793,090	1,610,351	1,539,919	1,842,004	1,683,107	3,205,042	3,912,061	4,709,748
Licenses and permits	486,796	468,556	486,641	508,317	534,121	558,218	580,355	606,228	583,575	586,286
Intergovernmental:										
Federal	3,962,122	3,810,077	3,720,745	4,674,620	5,484,707	4,528,456	4,012,379	5,047,771	7,136,309	6,784,009
State	5,273,948	6,804,911	6,482,782	13,858,827	8,194,787	12,990,625	14,842,988	13,997,115	13,829,081	10,779,726
Other	62,349	39,787	73,417	95,310	55,526	110,275	135,025	269,579	495,599	561,733
Service charges	1,291,882	1,458,140	1,702,350	1,569,630	1,796,506	1,772,777	1,813,967	2,454,089	3,397,304	3,136,916
Fines and forfeitures	58,689	39,582	59,531	101,025	58,531	72,008	147,986	2,560	91,420	79,618
Interest	1,126,786	995,099	1,597,702	1,282,274	1,625,162	680,463	343,052	194,563	402,229	752,182
Miscellaneous	1,938,139	2,132,919	1,748,194	4,797,971	2,631,075	2,120,149	2,293,436	2,131,346	2,584,812	3,047,951
Total revenues	\$ 58,018,350	\$ 61,298,717	\$ 63,788,264	\$ 75,560,628	\$ 71,412,526	\$ 74,273,498	\$ 76,010,183	\$ 80,333,179	\$ 86,053,719	\$ 87,141,793
<b>Expenditures</b>										
General government	\$ 4,681,245	\$ 4,693,493	\$ 5,037,060	\$ 5,328,287	\$ 5,879,131	\$ 5,844,282	\$ 5,561,787	5,830,837	6,081,966	6,403,875
Public safety	5,462,114	5,894,660	6,308,244	6,551,254	7,895,973	8,526,503	9,882,124	10,531,391	11,845,960	13,162,203
Public works	7,564,360	8,319,389	7,704,681	7,524,526	8,873,426	8,582,583	9,914,877	8,184,441	9,318,237	11,014,386
Health and Hospitals	292,373	285,882	310,605	296,818	299,806	291,868	297,275	314,944	365,730	547,635
Social Services	1,253,436	1,385,751	1,774,249	1,778,194	2,719,978	2,821,402	3,217,712	3,340,700	3,153,780	2,481,137
Education	400	400	400	-	-	6,872	106,438	7,125	6,487	6,788
Recreation, culture and libraries	252,053	464,854	381,286	310,749	284,468	529,568	400,679	416,091	525,238	557,173
Conservation of natural resources	178,638	171,048	179,116	189,422	232,807	212,488	236,697	223,675	254,764	222,849
Community development and housing	1,062,078	1,284,327	1,217,612	1,269,185	1,360,449	1,485,712	1,362,694	1,640,267	1,981,444	1,666,589
Economic development	1,183,351	1,361,763	2,022,876	2,671,828	3,447,518	1,972,049	1,870,090	2,778,199	5,244,944	4,313,128
Miscellaneous	108,706	11,333	11,383	21,332	11,693	4,678	18,775	18,721	13,991	17,671
Appropriation to other governments	762,317	782,607	647,446	847,128	905,343	961,388	990,488	1,005,981	1,017,170	1,044,128
Capital Outlay	10,630,782	5,089,879	8,685,724	10,444,573	8,625,593	8,168,579	4,505,874	6,737,970	10,838,212	8,594,428
Debt Service										
Interest	2,061,806	2,315,773	2,455,549	2,648,162	2,530,986	2,178,629	2,027,073	1,839,382	1,624,695	1,442,163
Principal	2,612,281	2,830,350	2,890,117	3,606,289	3,777,228	3,936,483	4,090,571	4,221,604	4,005,632	4,716,262
Total expenditures	\$ 38,105,940	\$ 34,891,509	\$ 39,626,348	\$ 43,487,747	\$ 46,844,399	\$ 45,523,084	\$ 44,483,154	\$ 47,091,328	\$ 56,278,250	\$ 56,190,415
Excess of revenues over (under) Expenditures	\$ 19,912,410	\$ 26,407,208	\$ 24,161,916	\$ 32,072,881	\$ 24,568,127	\$ 28,750,414	\$ 31,527,029	\$ 33,241,851	\$ 29,775,469	\$ 30,951,378
<b>Other Financing Sources (Uses)</b>										
Proceeds from borrowing	\$ 6,782,500	\$ 207,625	\$ 15,251,008	\$ 400,000	\$ -	\$ 322,680	\$ 63,710	\$ 588,607	\$ 2,258,256	\$ 149,483
Proceeds from refunding	-	-	-	-	-	9,683,148	-	-	-	-
Payments to escrow agent	-	-	-	-	-	(9,683,148)	-	-	-	-
Transfers in	11,024,671	10,892,874	11,120,891	12,503,364	11,504,826	10,704,292	10,516,889	11,735,629	14,107,776	10,558,497
Transfers from component units	-	-	-	-	-	-	65,050	390,603	-	-
Transfers out	(10,312,097)	(10,293,126)	(10,644,868)	(11,900,806)	(12,298,277)	(9,953,385)	(9,634,659)	(9,959,540)	(13,556,482)	(10,461,602)
Transfers to Component units	(29,964,870)	(28,689,620)	(28,189,806)	(31,624,945)	(31,970,969)	(32,557,486)	(34,400,376)	(32,550,767)	(32,278,661)	(33,734,847)
Sale of capital assets	-	-	-	-	-	-	416,000	18,674	298,110	4,552,930
Total Other Financing Sources (Uses)	\$ (22,469,796)	\$ (27,882,247)	\$ (12,462,775)	\$ (30,622,387)	\$ (32,764,420)	\$ (31,483,899)	\$ (32,973,386)	\$ (30,167,397)	\$ (28,780,398)	\$ (28,935,539)
Net Change in fund balances	\$ (2,557,386)	\$ (1,475,039)	\$ 11,699,141	\$ 1,450,494	\$ (8,196,293)	\$ (2,733,485)	\$ (1,446,357)	\$ 3,074,454	\$ 995,071	\$ 2,015,839
Debt service as a percentage of noncapital expenditures	17.0%	17.3%	17.3%	18.9%	16.5%	16.4%	15.3%	15.0%	12.4%	12.9%

**Allegany County, Maryland**  
**Assessed Value and Actual Value Of Taxable Property**  
**Last Ten Fiscal Years**

Fiscal Year	Real Property		Real Property Total Direct Tax Rate	Personal Property		Corporate Personal Property		Totals		Personal & Corporate Personal Total Direct Tax Rate
	Market Value	Assessed Value		Market Value	Assessed Value	Market Value	Assessed Value	Market Value	Assessed Value	
1997	1,786,714,125	714,685,650	0.9880	12,839,150	12,839,150	449,714,780	449,714,780	2,249,268,055	1,177,239,580	2.4700
1998	1,830,044,875	732,017,950	0.9880	11,762,460	11,762,460	426,419,050	426,419,050	2,268,226,385	1,170,199,460	2.4700
1999	1,908,270,840	763,308,336	0.9880	10,700,350	10,700,350	529,490,145	529,490,145	2,448,461,335	1,303,498,831	2.4700
2000	1,986,586,538	794,638,615	0.9880	10,869,940	10,869,940	736,321,330	736,321,330	2,733,787,808	1,541,829,885	2.4700
2001	2,027,094,175	810,837,670	0.9840	8,839,920	8,869,920	662,748,955	662,748,955	2,698,683,050	1,482,456,545	2.4600
2002	2,072,981,398	2,072,981,398	0.9840	10,142,410	10,142,410	493,595,405	493,595,405	2,576,719,213	2,576,719,213	2.4600
2003	2,158,322,043	2,158,322,043	0.9838	10,417,090	10,417,090	360,582,630	360,582,630	2,529,321,763	2,529,321,763	2.4595
2004	2,223,185,344	2,223,185,344	1.0000	11,255,730	11,255,730	334,611,519	334,611,519	2,569,052,593	2,569,052,593	2.5000
2005	2,346,218,412	2,346,218,412	1.0007	10,253,280	10,253,280	351,375,290	351,375,290	2,707,846,982	2,707,846,982	2.5018
2006	2,439,119,223	2,439,119,223	1.0007	9,047,760	9,047,760	344,568,390	344,568,390	2,792,735,373	2,792,735,373	2.5018

Source: Allegany County Finance Office & Allegany Tax Office

Note: Tax rates expressed in \$100 of assessed value

Real property tax rate years 2001 and prior have been restated to a full cash value assessment



**Allegany County, Maryland**  
**Schedule Of Real Property Tax Rates - Direct And Overlapping**  
**Last Ten Fiscal Years**

	2006	2005	2004	2003	2002	2001	2000	1999	1998	1997
<b><u>Allegany County Direct Tax Rates</u></b>										
Barton	0.9727	0.9724	0.9721	0.9520	0.9513	0.9520	0.9520	0.9480	0.9480	0.9480
Cumberland	0.9309	0.9248	1.0000	0.9838	0.9840	0.9040	0.9040	0.9040	0.9040	0.9040
Frostburg	0.9366	0.9305	0.9312	0.9128	0.9128	0.9120	0.9120	0.9120	0.9120	0.9120
Lonaconing	0.9548	0.9517	0.9535	0.9334	0.9330	0.9320	0.9320	0.9320	0.9320	0.9320
Luke	0.9516	0.9484	0.9498	0.9299	0.9287	0.9280	0.9280	0.9280	0.9280	0.9240
Midland	0.9727	0.9724	0.9721	0.9520	0.9513	0.9520	0.9520	0.9480	0.9480	0.9480
Westemport	0.9548	0.9517	0.9535	0.9344	0.9330	0.9320	0.9320	0.9320	0.9320	0.9320
Unincorporated	1.0007	1.0007	1.0000	0.9838	0.9840	0.9840	0.9880	0.9880	0.9880	0.9880
<b><u>Municipal Direct Tax Rates</u></b>										
Barton	0.2220	0.2220	0.2220	0.2260	0.2320	0.2320	0.2320	0.2320	0.2320	0.2320
Cumberland	0.9479	0.9479	0.8720	0.8720	0.8720	1.0400	1.0480	1.0480	1.0480	1.0480
Frostburg	0.5500	0.5500	0.5500	0.5000	0.5000	0.5000	0.5000	0.5000	0.5000	0.5000
Lonaconing	0.3400	0.3400	0.3400	0.3400	0.3400	0.3400	0.3400	0.3400	0.3400	0.3400
Luke	0.5000	0.3500	0.3500	0.2400	0.2400	0.2400	0.2400	0.2400	0.2400	0.2120
Midland	0.2800	0.2800	0.2800	0.2800	0.2800	0.2800	0.2800	0.2800	0.2800	0.2800
Westemport	0.6000	0.6000	0.6000	0.6000	0.6000	0.6000	0.6000	0.6000	0.6000	0.6000
<b><u>Special Taxing Areas</u></b>										
<b><u>Sanitary Districts</u></b>										
Bedford Road	0.1000	0.1000	0.1000	0.1000	0.1000	0.0880	0.0880	0.0880	0.0880	0.0880
Bowling Green	0.2530	0.2530	0.1580	0.1480	0.1480	0.1440	0.1560	0.1560	0.1560	0.1560
Bradlock Run	0.0040	0.0040	0.0040	0.0040	0.0040	0.0040	0.0160	0.0160	0.0160	0.0200
Cresaptown	0.3000	0.3000	0.1600	0.0480	0.0480	0.0360	0.0360	0.0360	0.0360	0.0360
Jennings Run - Wilds Creek	0.9520	0.9520	0.0520	0.0520	0.0520	0.0320	0.0320	0.0320	0.0320	0.0320
Cash Valley Subdistrict	0.2200	0.2440	0.2440	0.2440	0.2440	0.2370	0.2440	0.2440	0.2440	0.2440
McCoole	0.1400	0.1400	0.1400	0.1400	0.1400	0.1400	0.1400	0.1400	0.1400	0.1400
Flinstone/ Gilpin	0.2000	0.2000	0.2000	0.2000	0.2000	0.2000	0.2000	0.2000	0.2000	0.2000
Franklin/ Brophytown	0.0920	0.0920	0.0920	0.0920	0.0920	0.0920	0.0920	0.0920	0.0920	0.0920
Oldtown	0.0960	0.0960	0.0960	0.0960	0.0960	0.0880	0.0880	0.0880	0.0880	0.0880
George's Creek	0.1600	0.1600	0.1600	0.1600	0.1600	0.1600	0.1600	0.1600	0.1600	0.1600
Mexico Farms	0.1840	0.1840	0.1840	0.1840	0.1840	0.2000	0.2000	0.2000	0.2000	0.2000
Oldtown Road	0.2400	0.2600	0.2600	0.2600	0.2600	0.2600	0.3840	0.3840	0.3840	0.3840
<b><u>Other Special Districts</u></b>										
Bedford Road Volunteer Fire Co	0.0400	0.0400	0.0400	0.0400	0.0400	0.0400	0.0400	0.0400	0.0400	0.0400
Bel Air Special Tax Area	0.0400	0.0400	0.0400	0.0400	0.0400	0.0400	0.0400	0.0400	0.0400	0.0400
Bowling Green and Roberts Place	0.0320	0.0320	0.0320	0.0400	0.0320	0.0320	0.0320	0.0320	0.0320	0.0320
Bowling Green Volunteer Fire Co	0.0400	0.0400	0.0400	0.0400	0.0400	0.0400	0.0400	0.0400	0.0400	0.0400
Corriganville Light & Imp Assoc	0.0600	0.0600	0.0600	0.0600	0.0600	0.0600	0.0600	0.0600	0.0600	0.0600
Cresaptown Ambulance Taxing Area	0.0280	0.0280	0.0280	0.0280	0.0280	0.0280	0.0280	0.0280	0.0280	0.0280
Cresaptown Civic Improvement Assoc	0.0400	0.0400	0.0400	0.0400	0.0400	0.0400	0.0400	0.0400	0.0400	0.0400
Cresaptown Special Fire Tax Area	0.0520	0.0520	0.0520	0.0520	0.0520	0.0520	0.0520	0.0520	0.0520	0.0520
Ellerslie Special Taxing Area	0.0400	0.0400	0.0400	0.0400	0.0400	0.0400	0.0400	0.0400	0.0400	0.0400
LaVale Sanitary Commission	0.1000	0.1000	0.1000	0.1000	0.1000	0.1000	0.1000	0.1200	0.1200	0.1200
LaVale Fire Department	0.0400	0.0400	0.0400	0.0400	0.0400	0.0400	0.0400	0.0400	0.0400	0.0400
LaVale Volunteer Rescue Squad	0.0200	0.0200	0.0200	0.0200	0.0200	0.0200	0.0200	0.0200	0.0200	0.0200
McCoole Special Taxing Area	0.0400	0.0400	0.0400	0.0400	0.0400	0.0400	0.0400	0.0400	0.0400	0.0400
Moscow Special Taxing Area	0.1200	0.1200	0.1200	0.1200	0.1200	0.1200	0.1200	0.1200	0.1200	0.1200
Mt Savage Special Taxing Area	0.0400	0.0400	0.0400	0.0400	0.0400	0.0400	0.0400	0.0400	0.0400	0.0400
Potomac Park Citizens Committee	0.0320	0.0320	0.0320	0.0320	0.0320	0.0320	0.0320	0.0320	0.0320	0.0320
Rawlings Special Fire Tax Area	0.0600	0.0600	0.0600	0.0600	0.0600	0.0600	0.0600	0.0600	0.0600	0.0600

Notes: Thirty special taxing areas have been established in the County. As provided by various statutes, taxes are levied and assessed within the special taxing areas to provide revenues for the amortization of bonded indebtedness of sanitary districts and to pay for fire protection, street lighting and other civic services.

All tax rates are per \$100 of assessed value. Years 2001 and prior have been restated to a full cash value assessment.

Source: Allegany County Finance Department, Maryland State Assessment Office

**Allegany County, Maryland  
Principal Property Tax Payers  
Current Year and Nine Years Ago**

Taxpayer	2006			1997		
	Taxable Assessed Value	Rank	Percentage Of County Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage Of County Taxable Assessed Value
AES WR Limited Partnership	\$ 122,313,948	1	4.38%			
New Page (Mead/Westvaco)	73,144,233	2	2.62%	\$ 245,485,490	1	20.85%
Sacred Heart Hospital	55,998,900	3	2.01%	-		
Potomac Edison Co	49,813,260	4	1.78%	47,932,860	3	4.07%
Verizon-Maryland	39,157,940	5	1.40%	49,382,250	2	4.19%
LaVale Associates	28,746,420	6	1.03%	14,079,510	4	1.20%
Columbia Gas of Maryland	23,266,290	7	0.83%	11,992,960	5	1.02%
CSX Transportation	18,559,381	8	0.66%	9,540,220	6	0.81%
Western MD Health Systems	6,133,966	9	0.22%			
American Woodmark Corp	3,457,760	10	0.12%			
Kelly Springfield Tire Co				4,767,340	7	0.40%
MD Economic Development Corp.				5,184,080	8	0.44%
Biederlack Of America Corp				7,293,210	9	0.62%
Superfos Packaging, Inc.				5,906,400	10	0.50%
<b>Total</b>	<b>\$ 420,592,098</b>		<b>15.06%</b>	<b>\$ 401,564,320</b>		<b>34.10%</b>

Source: Allegany County Tax and Utility Office

Note: Total county taxable assessed value includes real estate and personal property



**Allegany County, Maryland**  
**Property Tax Levies and Collections**  
**Last Ten Fiscal Years**

**Real Property**

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Levy Changes in Subsequent Years	Collections in Subsequent Years	Grand Total Information		
		Amount	Percentage of Levy			Levy	Collections	Percentage of Levy
1997	16,829,374	15,577,450	92.56%	(105,211)	1,121,788	16,724,163	16,699,238	99.85%
1998	17,295,160	15,927,233	92.09%	(2,928)	1,340,183	17,292,232	17,267,416	99.86%
1999	18,044,743	16,559,997	91.77%	(47,271)	1,412,522	17,997,472	17,972,519	99.86%
2000	18,779,731	17,392,441	92.61%	(79,738)	1,282,200	18,699,993	18,674,641	99.86%
2001	19,287,454	17,801,226	92.29%	(40,787)	1,417,811	19,246,667	19,219,037	99.86%
2002	19,739,787	18,208,781	92.24%	(49,106)	1,445,677	19,690,681	19,654,458	99.82%
2003	20,190,074	18,729,500	92.77%	(9,432)	1,416,956	20,180,642	20,146,456	99.83%
2004	21,239,040	19,838,116	93.40%	(24,563)	1,345,275	21,214,477	21,183,391	99.85%
2005	22,263,407	20,665,094	92.82%	(36,203)	896,572	22,227,204	21,561,666	97.01%
2006	23,311,852	21,694,064	93.06%			23,311,852	21,694,064	93.06%

**Personal Property**

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Levy Changes in Subsequent Years	Collections in Subsequent Years	Grand Total Information		
		Amount	Percentage of Levy			Levy	Collections	Percentage of Levy
1997	306,030	241,579	78.94%	(38,252)	24,672	267,778	266,251	99.43%
1998	280,996	205,900	73.28%	(47,180)	24,536	233,816	230,436	98.55%
1999	269,137	198,792	73.86%	(43,311)	23,810	225,826	222,602	98.57%
2000	259,145	204,901	79.07%	(49,500)	(769)	209,645	204,132	97.37%
2001	191,726	170,281	88.81%	9,674	22,983	201,400	193,264	95.96%
2002	240,872	195,019	80.96%	(9,297)	21,505	231,575	216,524	93.50%
2003	249,305	196,207	78.70%	(13,324)	14,604	235,981	210,811	89.33%
2004	274,789	216,817	78.90%	(13,201)	14,532	261,588	231,349	88.44%
2005	249,585	217,982	87.34%	(317)	14,889	249,268	232,871	93.42%
2006	221,878	201,105	90.64%			221,878	201,105	90.64%

Source: Allegany County Tax and Utility Office & Allegany County Finance Office

**Allegany County, Maryland  
Property Tax Levies and Collections  
Last Ten Fiscal Years**

**Corporate Personal Property**

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Levy Changes in Subsequent Years	Collections in Subsequent Years	Grand Total Information		
		Amount	Percentage of Levy			Levy	Collections	Percentage of Levy
1997	10,350,893	9,921,882	95.86%	(36,349)	376,621	10,314,544	10,298,503	99.84%
1998	10,061,447	9,625,733	95.67%	(88,470)	326,041	9,972,977	9,951,774	99.79%
1999	12,431,900	12,085,500	97.21%	(22,303)	281,354	12,409,597	12,366,854	99.66%
2000	17,560,034	17,393,342	99.05%	(112,546)	26,679	17,447,488	17,420,021	99.84%
2001	15,858,558	15,708,793	99.06%	(71,237)	42,410	15,787,321	15,751,203	99.77%
2002	11,671,917	11,416,395	97.81%	(20,609)	192,304	11,651,308	11,608,699	99.63%
2003	9,282,992	9,163,854	98.72%	20,416	81,355	9,303,408	9,245,209	99.37%
2004	8,897,728	8,790,614	98.80%	(269,759)	(190,802)	8,627,969	8,599,812	99.67%
2005	8,501,900	8,407,644	98.89%	(455)	33,767	8,501,445	8,441,411	99.29%
2006	8,408,395	8,276,381	98.43%			8,408,395	8,276,381	98.43%

**Total Taxes Levied**

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Levy Changes in Subsequent Years	Collections in Subsequent Years	Grand Total Information		
		Amount	Percentage of Levy			Levy	Collections	Percentage of Levy
1997	27,486,297	25,740,911	93.65%	(179,812)	1,523,081	27,306,485	27,263,992	99.84%
1998	27,637,603	25,758,866	93.20%	(138,578)	1,690,760	27,499,025	27,449,626	99.82%
1999	30,745,780	28,844,289	93.82%	(112,885)	1,717,686	30,632,895	30,561,975	99.77%
2000	36,598,910	34,990,684	95.61%	(241,784)	1,308,110	36,357,126	36,298,794	99.84%
2001	35,337,738	33,680,300	95.31%	(102,350)	1,483,204	35,235,388	35,163,504	99.80%
2002	31,652,576	29,820,195	94.21%	(79,012)	1,659,486	31,573,564	31,479,681	99.70%
2003	29,722,371	28,089,561	94.51%	(2,340)	1,512,915	29,720,031	29,602,476	99.60%
2004	30,411,557	28,845,547	94.85%	(307,523)	1,169,005	30,104,034	30,014,552	99.70%
2005	31,014,892	29,290,720	94.44%	(36,975)	945,228	30,977,917	30,235,948	97.60%
2006	31,942,125	30,171,550	94.46%	-	-	31,942,125	30,171,550	94.46%

Source: Allegany County Tax and Utility Office & Allegany County Finance Office

**Allegany County, Maryland**  
**Ratios Of Outstanding Debt By Type**  
**Last Ten Fiscal Years**

Fiscal Year	Governmental Activities				Business -Type Activities						Total Primary Government	Percentage of Personal Income	Debt Per Capita
	General Obligation Bonds	Term Notes	Capital Leases	State Loans	Water Term Notes	Water Federal Loans	Sanitary Term Notes	Sanitary State Loans	Sanitary Federal Loans	Nursing Home Loans			
1997	33,859,205	1,322,913	336,977	9,263,996	409,311	378,002	2,051,996	2,710,004	1,141,706	55,795	51,529,905	3.66%	684
1998	31,520,000	1,266,629	272,282	9,101,455	360,634	712,342	1,785,482	2,542,007	1,130,415	0	48,691,246	3.37%	645
1999	44,370,000	1,207,551	233,671	8,710,034	307,986	705,333	1,504,933	2,365,755	2,213,367	0	61,618,630	4.16%	818
2000	41,215,000	1,145,756	145,619	8,808,593	251,041	1,685,463	1,207,983	2,181,089	2,190,587	0	58,831,131	3.78%	786
2001	37,945,000	1,080,232	51,783	8,460,725	189,449	1,665,100	2,120,833	2,014,938	2,166,706	0	55,694,766	3.43%	748
2002	35,115,000	1,013,492	82,761	8,046,052	122,832	3,303,469	1,792,880	1,840,612	1,079,369	0	52,396,467	3.15%	707
2003	31,580,000	941,011	41,978	7,667,455	50,779	3,263,926	1,455,938	1,842,994	1,064,987	0	47,909,068	2.82%	649
2004	27,945,000	864,699	0	7,787,748	4,811	3,326,911	172,977	8,432,882	1,049,890		49,584,918	2.80%	670
2005	26,596,000	784,473	112,435	7,357,164	3,130	4,103,242	115,294	10,177,907	1,034,042	525,000	50,808,687	2.80%	690
2006	22,944,000	699,910	206,123	6,433,258	156,183	4,218,791	77,435	10,137,902	1,017,406	501,088	46,392,096	2.50%	631

Note: Details regarding the County's outstanding debt can be found in the notes to the financial statements  
Population and Per Capita Income information provided on Demographic and Economic Statistics Chart

Source: Allegany County Finance Office and Bureau Of Economic Analysis

**Allegany County, Maryland**  
**Ratios of General Obligation Debt Outstanding**  
**Last Ten Fiscal Years**

Fiscal Year	General Obligation Debt Outstanding					Taxable Value of Property	Percentage of Actual Taxable Value of Property	Population	Debt Per Capita
	General Obligation Bonds	Term Notes	Capital Leases	State Loans	Total				
1997	33,859,205	1,322,913	336,977	9,263,996	44,783,091	1,177,239,580	3.80%	75,310	594.65
1998	31,520,000	1,266,629	272,282	9,101,455	42,160,366	1,170,199,460	3.60%	75,547	558.07
1999	44,370,000	1,207,551	233,671	8,710,034	54,521,256	1,303,498,831	4.18%	75,288	724.17
2000	41,215,000	1,145,756	145,619	8,808,593	51,314,968	1,541,829,885	3.33%	74,819	685.85
2001	37,945,000	1,080,232	51,783	8,460,725	47,537,740	1,482,426,545	3.21%	74,449	638.53
2002	35,115,000	1,013,492	82,761	8,046,052	44,257,305	2,576,719,213	1.72%	74,059	597.60
2003	31,580,000	941,011	41,978	7,667,455	40,230,444	2,529,321,763	1.59%	73,867	544.63
2004	27,945,000	864,699	-	7,787,748	36,597,447	2,569,052,593	1.42%	73,999	494.57
2005	26,596,000	784,473	112,435	7,357,164	34,850,072	2,707,846,982	1.29%	73,639	473.26
2006	22,944,000	699,910	206,123	6,433,258	30,283,291	2,792,735,373	1.08%	73,500	412.02

Note: Details regarding the County's outstanding debt can be found in the notes to the financial statements  
 Long-term compensated absences payable balances are not included in this schedule

Source: Allegany County Finance Office and Bureau Of Economic Analysis

**Allegany County, Maryland**  
**Legal Debt Margin Information**  
**Last Ten Fiscal Years**

	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Population	75,310	75,547	75,288	74,819	74,449	74,059	73,867	73,999	73,639	73,500
Inmate population excluded	-	-	-	3,279	3,279	3,279	3,279	3,279	3,279	3,279
Net population for debt limit	75,310	75,547	75,288	71,540	71,170	70,780	70,588	70,720	70,360	70,221
Debt Per Capita	585	585	585	585	585	585	585	585	585	585
Debt Limit	44,056,350	44,194,995	44,043,480	41,850,900	41,634,450	41,406,300	41,293,980	41,371,200	41,160,600	41,079,285
Total Net Debt applicable to limit	44,783,091	42,160,366	54,521,256	51,314,968	47,537,740	44,257,305	40,230,444	36,597,447	34,850,072	30,283,291
Legal Debit Margin	(726,741)	2,034,629	(10,477,776)	(9,464,068)	(5,903,290)	(2,851,005)	1,063,536	4,773,753	6,310,528	10,795,994
Total net debt applicable to the limit as a percentage of debt limit	101.6%	95.4%	123.8%	122.6%	114.2%	106.9%	97.4%	88.5%	84.7%	73.7%

Source: Bureau of Economic Analysis, U.S. Census Bureau & Allegany County Finance Office

County debt policy dated May 1996

**Allegany County, Maryland  
Pledged-Revenue Coverage  
Last Ten Fiscal Years**

**SANITARY DISTRICTS**

Fiscal Year	Gross Revenues (1)	Operating Expenses (2)	Net Revenue Available for Debt Service	Principal	Interest	Total	Coverage
2006	6,390,329	5,189,019	1,201,310	436,091	190,715	626,806	1.92
2005	6,138,374	4,705,332	1,433,042	342,541	206,399	548,940	2.61
2004	5,380,331	4,121,055	1,259,276	379,008	(3) 219,141	598,149	2.11
2003	5,196,676	4,135,237	1,061,439	534,257	253,771	788,028	1.35
2002	5,322,012	3,870,291	1,451,721	515,979	288,075	804,054	1.81
2001	5,225,033	3,805,192	1,419,841	477,182	301,188	778,370	1.82
2000	4,717,029	3,407,505	1,309,524	504,396	333,245	837,641	1.56
1999	4,489,346	3,383,497	1,105,849	473,846	344,220	818,066	1.35
1998	4,102,355	3,375,064	727,291	445,802	342,069	787,871	0.92
1997	3,827,804	3,095,107	732,697	424,029	367,263	791,292	0.93

**WATER DISTRICTS**

Fiscal Year	Gross Revenues (1)	Operating Expenses (2)	Net Revenue Available for Debt Service	Principal	Interest	Total	Coverage
2006	1,430,789	1,068,917	361,872	55,436	181,207	236,643	1.53
2005	1,180,132	833,099	347,033	48,352	158,073	206,425	1.68
2004	1,124,973	909,646	215,327	87,484	144,383	231,867	0.93
2003	1,073,757	878,777	194,980	111,596	150,978	262,574	0.74
2002	1,043,256	826,387	216,869	101,883	139,236	241,119	0.90
2001	754,227	682,149	72,078	81,955	87,478	169,433	0.43
2000	606,260	565,537	40,723	70,515	76,905	147,420	0.28
1999	533,325	478,747	54,578	59,657	65,273	124,930	0.44
1998	465,612	298,190	167,422	53,837	64,571	118,408	1.41
1997	435,286	272,717	162,569	56,339	58,807	115,146	1.41

1 - Total revenues includes interest, but does not include capital grants.

2 - Total operating expenses less depreciation.

3 - Does not include principal payments of \$1,111,052 paid with debt proceeds from current refunding.

**Allegany County, Maryland**  
**Demographic and Economic Statistics**  
**Last Ten Calendar Years**

<u>Year</u>	<u>Population</u>	<u>Personal Income In 000s</u>	<u>Per Capita Personal Income</u>	<u>Public School Enrollment</u>	<u>Unemployment Rate</u>
1997	75,310	1,409,005	18,709	11,190	9.80%
1998	75,547	1,443,913	19,113	11,110	8.80%
1999	75,288	1,479,760	19,655	10,987	7.10%
2000	74,819	1,556,953	20,810	10,678	5.90%
2001	74,449	1,623,601	21,808	10,425	6.70%
2002	74,059	1,661,981	22,441	10,180	6.50%
2003	73,867	1,701,416	23,034	10,128	6.30%
2004	73,999	1,785,371	24,127	9,926	6.40%
2005	73,639	1,821,078 (b)	24,729	9,840	6.50%
2006	73,500 (a)	1,857,500 (b)	25,272	9,715	5.59%

Source - Population, personal income and per capita - Bureau of Econom Analysis  
Public School Enrollment - Allegany County Board Of Education  
Unemployment Rate - Maryland Department Of Labor, Licensing and Regulation

(a) Estimated

(b) Estimated based on average growth of 2%

**Allegany County, Maryland**  
**Principal Employers**  
**Current Year and Nine Years Ago**

Employer	2006			1997		
	Employees	Rank	Percentage Of Total County Employment	Employees	Rank	Percentage Of Total County Employment
Western Maryland Health Systems	2,400	1	7.48%	2,300	1	7.00%
Allegany County Board Of Education	1,418	2	4.42%	1,291	3	3.93%
New Page Corporation (Westvacc)	1,100	3	3.43%	1,640	2	4.99%
ATK Tactical System	1,032	4	3.22%			
CSX Transportation	925	5	2.88%	1,000	4	3.04%
Frostburg State University	904	6	2.82%	850	5	2.59%
Allegany County Government	593	7	1.85%	434	8	1.32%
Hunter Douglas	570	8	1.78%	373	9	
Western Correctional Institute	550	9	1.71%			0.00%
Allegany College	507	10	1.58%			
Bayliner				500	6	1.52%
S. Schwab Company				475	7	1.45%
Kelly Springfield Tire Company				350	10	1.07%
Total	<u>9,999</u>		<u>31.17%</u>	<u>9,213</u>		<u>26.91%</u>

Source: Allegany County Ecomic Development Office and Maryland Department of Business & Economic Development



**Allegany County, Maryland**  
**Full-time Equivalent County Government Employees by Function/Program**  
**Last Ten Fiscal Years**

Function/Program	Full-time Equivalent Employees as of June 30			
	2003	2004	2005	2006
General Government				
Commissioners & Staff	7.0	7.0	7.0	7.0
Judicial	28.5	26.5	27.3	27.3
Finance	9.3	9.3	9.3	9.6
Tax Office	7.5	7.5	7.5	7.5
Maintenance	16.1	15.5	16.5	16.1
Other	33.3	35.8	28.7	32.1
Public Safety				
Sheriff	27.0	24.0	27.9	31.6
Detention Center	78.5	79.8	84.8	85.3
911	17.2	19.3	21.0	25.0
Other	5.1	1.1	13.9	13.1
Public Works				
Roads division	76.3	76.3	74.5	74.5
Engineering	18.3	18.2	16.7	15.4
Solid Waste	5.5	5.4	5.4	5.4
Transit	27.1	27.1	27.1	29.6
Health and Hospitals	3.3	3.3	3.3	3.3
Social Services	6.0	7.0	7.0	1.0
Recreation, culture, libraries, tourism	1.0	5.0	2.0	2.0
Conservation of natural resources	2.0	2.0	2.0	2.0
Community Development and Housing	5.3	4.3	5.6	5.6
Economic Development	8.2	9.4	9.1	10.1
Sanitary	23.5	23.5	23.0	24.0
Nursing Home	150.0	150.0	161.5	165.5
Total	556.0	557.3	581.1	593.0

Source: Allegany County Finance Office-Budget

**Allegany County, Maryland**  
**Operating Indicators By Function/Program**  
**Last Four Fiscal Years**

<u>Function/Program</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
General Government				
Average number of tax bills issued	38,000	38,020	38,060	38,130
Number of building permits issued	421	479	469	424
Public Safety				
Total Number of arrests	1,430	1,505	1,341	1,246
Total Number of traffic tickets issued	1,157	199	613	1,527
Average number of inmates	176	180	180	172
Number of Volunteer Fire Stations	23	23	23	23
Public Works				
Miles of roads maintained	544	544	544	544
Street resurfacing (miles)	56	47	35	23
Recycling, total tons	20,577	20,058	22,468	Not Available
Social Services				
Transit route miles	538,567	470,456	445,957	500,772
Transit passengers	88,650	99,441	94,813	119,027
Community Development and Housing				
Number of families' rent subsidized	253	274	253	262
Low-Income Housing loans issued	42	32	43	36
Economic Development				
Sanitary				
Average number of sanitary/water customers	8,500	8,500	8,500	8,500
Nursing Home				
Total Number of Beds Available, Annually	55,845	55,998	55,845	55,845
Number of Beds Occupied Annually	49,660	51,427	48,701	47,422
Occupancy Rate, Annual	89%	92%	87%	85%
Gaming				
Games Sold	N/A	39,935 *	50,870	49,901
Operators Licensed	N/A	79 *	94	100
Inspections Conducted	N/A	1,200 *	1,180	1,035

\* Only in operation for 7 months of the fiscal year

Source: Various County Departments

**Allegany County, Maryland**  
**Capital Asset Statistics by Function/Program**  
**Last Four Fiscal Years**

<u>Function/Program</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
General Government				
Number of major buildings maintained	10	10	10	10
Public Safety				
Number of police stations	1	1	1	1
Number of patrol vehicles	9	9	9	9
Public Works				
Miles of roads maintained	544	544	544	544
Average number of highway vehicles	140	140	140	140
Number of Garages-Roads Dept	4	4	4	4
Number of operating transit buses	9	9	9	10
Economic Development				
Number of Industrial parks	8	8	8	8
Number of Buildings leased	14	14	14	14
Sanitary				
Sanitary/Water (miles)	175	175	175	175
Number of Wastewater Treatment plants	6	6	6	6
Number of Water Storage Tanks	6	6	6	6
Nursing Home				
Number of buildings maintained	1	1	1	1

Source: Various County Departments

This page left blank intentionally.