

Oyster Harbor Citizens Association, Inc.  
Special Tax Fund  
STATEMENTS OF FINANCIAL POSITION – CASH BASIS  
As of June 30, 2006 and 2005

ASSETS		
	2006	2005
<b>CURRENT ASSETS</b>		
Cash - checking	\$ 57,941	\$ 109,478
- savings	705,132	608,128
Utility deposit - BG&E	100	100
Total current assets	\$ 763,174	\$ 717,706
 <b>NET ASSETS</b>		
<b>NET ASSETS</b>		
Unrestricted	\$ 88,923	\$ 112,572
Unrestricted - board designated	674,251	605,134
Total net assets	\$ 763,174	\$ 717,706

The accompanying notes are an integral part of these financial statements.

Oyster Harbor Citizens Association, Inc.  
Special Tax Fund  
STATEMENTS OF ACTIVITIES – CASH BASIS  
Year Ended June 30, 2006

With Summarized Financial Information for Year Ended June 30, 2005

	Budgeted June 30, 2006	Actual June 30, 2006	Over (Under) Budget June 30, 2006	Actual June 30, 2005
<b>REVENUES</b>				
Property taxes	\$ 209,280	\$ 156,846	\$ (52,434)	\$ 156,900
Interest income	-	7,277	7,277	3,880
Miscellaneous income	-	-	-	-
	<u>209,280</u>	<u>164,123</u>	<u>(45,157)</u>	<u>160,780</u>
<b>EXPENSES</b>				
Community property, beach, breakwater and road repairs - Note 2	84,300	56,952	(27,348)	68,050
Administration	2,000	2,000	-	2,000
Insurance	7,500	8,480	980	7,258
Legal and accounting	13,000	7,370	(5,630)	17,267
Office and miscellaneous	7,830	5,128	(2,702)	4,698
Security	15,800	13,868	(1,932)	11,487
Taxes and assessments	1,500	2,833	1,333	434
Utilities	6,000	9,286	3,286	6,131
Capital improvements	88,500	12,738	(75,762)	17,670
	<u>226,430</u>	<u>118,655</u>	<u>(107,775)</u>	<u>134,995</u>
Increase in net assets		45,468		25,785
Unrestricted net assets, beginning of year		<u>717,706</u>		<u>691,921</u>
Unrestricted net assets, end of year		<u>\$ 763,174</u>		<u>\$ 717,706</u>

The accompanying notes are an integral part of these financial statements.

Oyster Harbor Citizens Association, Inc.  
Special Tax Fund  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2006 and 2005

Note 1 - Summary of Significant Accounting Policies

Nature of Organization

Oyster Harbor Citizens Association, Inc. Special Tax Fund operates as a taxing district of Anne Arundel County. The Association's policy is to prepare its financial statements on the basis of cash receipts and disbursements; consequently, certain revenue and the related assets are recognized when received rather than when earned and certain expenses are recognized when paid rather than when the obligation is incurred. Accordingly, the accompanying financial statements are not intended to present the financial position and results of operations in accordance with accounting principles generally accepted in the United States of America.

Basis of Presentation

Financial statement presentation follows the standards established by the Financial Accounting Standards Board Statement 117, "Financial Statements of Not-for-Profit Organizations." Under those standards, the Association is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

Revenue Recognition

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor-imposed restriction. Support that is restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or a purpose restriction is accomplished), temporarily restricted net assets are reclassified as unrestricted net assets and reported in the statement of activities as net assets released from restrictions. Unexpended grant awards are classified as refundable advances until expended for the purposes of the grants since they are considered conditional promises to give.

Oyster Harbor Citizens Association, Inc.  
Special Tax Fund  
NOTES TO FINANCIAL STATEMENTS (Cont.)  
June 30, 2006 and 2005

Note 1 - Summary of Significant Accounting Policies (Cont.)

Use of Estimates

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

Concentration of Cash Balances

At June 30, 2006 and at various times during the year, the Association maintained cash-in-bank balances in excess of the federally insured limit of \$100,000. At June 30, 2006 and 2005 the Association's uninsured cash balance totaled \$229,105 and \$175,477, respectively.

Note 2 - Community Property

Community property, beach, breakwater and road repairs consisted of the following:

	June 30	
	2006	2005
Swimming area beach	\$ 13,867	\$ 24,058
Roads	19,185	-
Ground maintenance	23,901	43,992
	\$ 56,952	\$ 68,050

Note 3 - Unrestricted - Board Designated Net Assets

The unrestricted net assets have been designated by the Board of Directors of Oyster Harbor Citizens Association, Inc. to be used for scheduled projects such as channel dredging, road upgrades, and the beach erosion project.



MULLEN & SONDBERG  
WIMBISH & STONE, P.A.  
CERTIFIED PUBLIC ACCOUNTANTS

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## INDEPENDENT ACCOUNTANT'S REPORT

To the Board of Directors of  
Oyster Harbor Citizens Association, Inc.  
Annapolis, Maryland

We have examined management's assertions, included in its representation letter dated September 14, 2006, that Oyster Harbor Citizens Association, Inc. complied with State and local laws regarding the receipt and disbursement of tax funds during the year ended June 30, 2006. As discussed in that representation letter, management is responsible for Oyster Harbor Citizens Association, Inc.'s compliance with those requirements. Our responsibility is to express an opinion on management's assertions about Oyster Harbor Citizens Association, Inc.'s compliance based on our examination.

Our examination was made in accordance with standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence about Oyster Harbor Citizens Association, Inc.'s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on Oyster Harbor Citizens Association, Inc.'s compliance with specified requirements.

In our opinion, management's assertion that Oyster Harbor Citizens Association, Inc. complied with the aforementioned requirements for the year ended June 30, 2006 is fairly stated, in all material respects.

This report is intended solely for the use of management and the Anne Arundel County, Maryland government agency. However, this report is a matter of public record and its distribution is not limited.

MULLEN, SONDBERG, WIMBISH & STONE, P.A.

Annapolis, Maryland  
September 14, 2006

Oyster Harbor Citizens Association, Inc.  
Special Tax Fund  
STATEMENTS OF FINANCIAL POSITION – CASH BASIS  
As of June 30, 2007 and 2006

ASSETS

	<u>2007</u>	<u>2006</u>
<b>CURRENT ASSETS</b>		
Cash - checking	\$ 168,693	\$ 57,941
- savings	434,579	705,133
- held by County	146,906	181,230
Utility deposit - BG&E	<u>100</u>	<u>100</u>
 Total current assets	 <u><u>\$ 750,278</u></u>	 <u><u>\$ 944,404</u></u>

NET ASSETS

<b>NET ASSETS</b>		
Unrestricted	\$ -	\$ 270,153
Unrestricted - board designated	<u>750,278</u>	<u>674,251</u>
 Total net assets	 <u><u>\$ 750,278</u></u>	 <u><u>\$ 944,404</u></u>

The accompanying notes are an integral part of these financial statements.

Oyster Harbor Citizens Association, Inc.  
Special Tax Fund  
STATEMENTS OF ACTIVITIES – CASH BASIS  
Year Ended June 30, 2007 and 2006

	Budgeted	Actual	Over (Under)	
	June 30, 2007	June 30, 2007	Budget	Actual
	<u>June 30, 2007</u>	<u>June 30, 2007</u>	<u>June 30, 2007</u>	<u>June 30, 2006</u>
<b>REVENUES</b>				
Property taxes	\$ 879,751	\$ 289,857	\$ (589,894)	\$ 225,543
Interest income	-	8,380	8,380	7,277
Other income	-	803	803	-
	<u>879,751</u>	<u>299,040</u>	<u>(580,711)</u>	<u>232,820</u>
<b>EXPENSES</b>				
Community property, beach, breakwater and road repairs - Note 2	94,200	120,414	26,214	56,953
Administration	2,000	2,000	-	2,000
Insurance	7,500	4,457	(3,043)	8,480
Legal and accounting	11,500	18,246	6,746	7,370
Office and miscellaneous	11,280	5,448	(5,832)	5,128
Security	15,500	18,249	2,749	13,867
Taxes and assessments	1,500	2,038	538	2,832
Utilities	6,000	1,128	(4,872)	9,287
Capital improvements	73,500	64,747	(8,753)	12,738
Escrow	656,771	256,439	(400,332)	-
	<u>879,751</u>	<u>493,166</u>	<u>(386,585)</u>	<u>118,655</u>
Change in net assets		(194,126)		114,165
Net assets at beginning of year		<u>944,404</u>		<u>830,239</u>
Net assets at end of year		<u>\$ 750,278</u>		<u>\$ 944,404</u>

The accompanying notes are an integral part of these financial statements.

Oyster Harbor Citizens Association, Inc.  
Special Tax Fund  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2007 and 2006

Note 1 - Summary of Significant Accounting Policies

Nature of Organization

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Use of Estimates

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

Oyster Harbor Citizens Association, Inc.  
Special Tax Fund  
NOTES TO FINANCIAL STATEMENTS (Cont.)  
June 30, 2007 and 2006

Note 1 - Summary of Significant Accounting Policies (Cont.)

Concentration of Cash Balances

At June 30, 2007 and at various times during the year, the Association maintained cash-in-bank balances in excess of the federally insured limit of \$100,000. At June 30, 2007 and 2006 the Association's uninsured cash balance totaled \$225,424 and \$229,105, respectively.

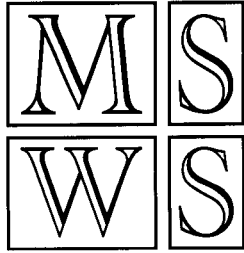
Note 2 - Community Property

Community property, beach, breakwater and road repairs consisted of the following:

	June 30	
	2007	2006
Swimming area beach	\$ 23,636	\$ 13,867
Roads	47,639	19,185
Ground maintenance	49,139	23,901
	\$ 120,414	\$ 56,953

Note 3 - Unrestricted - Board Designated Net Assets

The unrestricted net assets have been designated by the Board of Directors of Oyster Harbor Citizens Association, Inc. to be used for scheduled projects such as channel dredging, road upgrades, and the beach erosion project.



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## INDEPENDENT ACCOUNTANT'S REPORT

To the Board of Directors of  
Oyster Harbor Citizens Association, Inc.  
Annapolis, Maryland

We have examined management's assertions, included in its representation letter dated September 13, 2007, that Oyster Harbor Citizens Association, Inc. complied with State and local laws regarding the receipt and disbursement of tax funds during the year ended June 30, 2007. As discussed in that representation letter, management is responsible for Oyster Harbor Citizens Association, Inc.'s compliance with those requirements. Our responsibility is to express an opinion on management's assertions about Oyster Harbor Citizens Association, Inc.'s compliance based on our examination.

Our examination was made in accordance with standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence about Oyster Harbor Citizens Association, Inc.'s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on Oyster Harbor Citizens Association, Inc.'s compliance with specified requirements.

In our opinion, management's assertion that Oyster Harbor Citizens Association, Inc. complied with the aforementioned requirements for the year ended June 30, 2007 is fairly stated, in all material respects.

This report is intended solely for the use of management and the Anne Arundel County, Maryland government agency. However, this report is a matter of public record and its distribution is not limited.

*Mullen & Sondborg Wimbish & Stone*

MULLEN, SONDBERG, WIMBISH & STONE, P.A.

Annapolis, Maryland  
September 13, 2007