

OYSTER HARBOR  
SPECIAL COMMUNITY BENEFIT DISTRICT  
ANNAPOLIS, MARYLAND  
FINANCIAL REPORTS  
JUNE 30, 2008

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
Oyster Harbor Special Community Benefit District

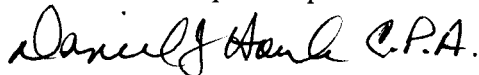
I have audited the accompanying balance sheet of Oyster Harbor Special Community Benefit District as of June 30, 2008 and the related statement of revenues, expenditures and changes in fund balance for the year then ended. These financial statements are the responsibility of the Association's management. My responsibility is to express an opinion on these financial statements based on my audit. My audit scope included procedures designed to determine whether tax funds have been received, deposited and disbursed in accordance with approved appropriations and state and local law.

I conducted my audit in accordance with generally accepted auditing standards. These standards require that I 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. I believe my audit provides a reasonable basis for my opinion.

As described in Note 2, these financial statements for Anne Arundel County were prepared in conformity with the accounting practices prescribed or permitted by the County in which it is filed, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Oyster Harbor Special Community Benefit District as of June 30, 2008, and the results of its operations for the year then ended, in conformity with generally accepted accounting principles.

This report is intended solely for the information and use of the board of directors and management of Oyster Harbor Special Community Benefit District and Anne Arundel County, Maryland and is not intended to be and should not be used by anyone other than these specific parties.



Daniel J. Houle, C.P.A.  
Annapolis, Maryland  
September 30, 2008

**Oyster Harbor  
Special Community Benefit District  
Balance Sheet  
As of June 30, 2008**

ASSETS

Cash - Checking	\$ 20,189
Cash - Savings	318,864
Cash - Held by Anne Arundel County	193,334
Deposit - BGE	<u>100</u>

Total Assets	<u>\$ 532,487</u>
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LIABILITIES AND FUND BALANCE

Fund Balance	\$ <u>532,487</u>
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Total Liabilities and Fund Balance	<u>\$ 532,487</u>
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See Accompanying Notes

**Oyster Harbor  
Special Community Benefit District  
Statement of Revenues, Expenditures and Changes in Fund Balance  
For the Year Ended June 30, 2008**

REVENUES	<u>Actual</u>	<u>Budget</u>	(Over) <u>Under</u>
Property Taxes	\$ 290,399	\$ 249,600	(\$ 40,799)
Other Revenues	<u>2,240</u>	<u>45,468</u>	<u>43,228</u>
Total Revenues	292,639	295,068	2,429
EXPENDITURES			
Capital Improvement	179,645	88,500	( 91,145)
Roads and Drainage	216,176	81,000	(135,176)
Community Property Maintenance	81,232	89,180	7,948
Beach	6,580	17,800	11,220
Security	17,259	21,500	4,241
County Administrative Fee	2,000	2,000	-
Funds Held for Future Use	<u>-</u>	<u>763,262</u>	<u>763,262</u>
Total Expenditures	<u>502,892</u>	<u>1,063,242</u>	<u>( 560,350)</u>
Excess of Expenditures over Revenues	(\$ 210,253)	(\$ <u>768,174</u> )	(\$ <u>557,921</u> )
FUND BALANCE;			
BEGINNING OF YEAR	<u>\$ 742,740</u>		
END OF YEAR	<u>\$ 532,487</u>		

See Accompanying Notes

**Oyster Harbor  
Special Community Benefit District  
Notes to the Financial Statements  
For the Year Ended June 30, 2008**

Note 1 - Basis of Presentation

The Oyster Harbor Special Community Benefit District is a legally sanctioned entity of Anne Arundel County, Maryland and was created for the purpose of maintenance and improvement of community property including administrative costs for insurance and utilities.

Note 2 - Significant Accounting Policies

Basis of Accounting

The Oyster Harbor Special Community Benefit District's policy is to prepare its financial statements on the cash basis of accounting.

Revenue Recognition

The District is a Special Taxing Zone of Anne Arundel County. As such, all taxes are assessed and collected by the County and remitted to the District. The District sets its own tax rate annually, subject to approval by the county.

Tax revenues are recorded in the fiscal year in which the tax is collected by Anne Arundel County, Maryland. The amount of the tax levy is determined as a result of the approved budgeted needs of the Oyster Harbor Special Community Benefit District.

Budgets

Budgeted expenses are subject to Anne Arundel County approval and must fall into the legally mandated categories as set forth in the Anne Arundel County Code Section 17-702.

Note 3 - Cash - Held by Anne Arundel County

This balance represents the assessments collected but not yet paid by the County to the district.

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**INDEPENDENT AUDITOR'S REPORT**

To the Board of Directors  
Oyster Harbor Special Community  
Benefit District

I have examined management's assertion about the Oyster Harbor Special Community Benefit District's compliance with State and local law in the receipt, deposit and disbursement of tax revenues during the year ended June 30, 2008 included in the accompanying Report on the Receipt, Deposit and Disbursement of County Tax Funds for the Year Ended June 30, 2008. Management is responsible for compliance with these requirements by the Oyster Harbor Special Community Benefit District. My responsibility is to express an opinion on management's assertion based on my examination.

My 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 Special Community Benefit District's compliance with these requirements and performing such other procedures as I considered necessary in the circumstances. I believe that my examination provides a reasonable basis for my opinion. My examination does not provide a legal determination on Oyster Harbor Special Community Benefit District's compliance with specified requirements.

In my opinion, management's assertion that Oyster Harbor Special Community Benefit District has received, deposited and disbursed county tax funds in accordance with State and local law, for the year ended June 30, 2008 is fairly stated, in all material respects.



Daniel J. Houle, C.P.A.  
Annapolis, Maryland  
September 30, 2008

**Oyster Harbor Community Association, Inc.  
Special Community Benefit District  
Oyster Harbor, Maryland**

September 29, 2008

Board of Directors  
Oyster Harbor Community  
Association, Inc.  
Annapolis, Maryland

**Report on Receipt, Deposit and Disbursement  
Of County Tax Funds  
For the Year Ended June 30, 2008**

Management of Oyster Harbor Special Community Benefit District is required to receive, deposit and disburse its tax fund revenues in accordance with State and local law. Further, management is required to assert that it has so received, deposited and disbursed, so that the auditor of the Special Community Benefit District is able to express an opinion on that assertion.

In accord with the above requirement, management asserts that, for the fiscal year ended June 30, 2008, it has received, deposited and disbursed tax revenues in accord with State and local law in the following manner;

The proposed budget was submitted to the property owners for their comments by December 31.

The final budget request was submitted to the Office of Budget and Finance of Anne Arundel County, Maryland before January 31.

The proposed budget was enacted in accordance with the association's bylaws.

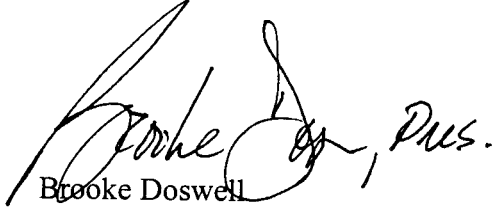
Expenditures were limited to those purposes detailed in the budget submission.

Expenditures were limited to those purposes for which the taxing district was established as set forth in the County Code.

Total expenditures did not exceed the budget appropriation.

The District did not spend any of its community-held surplus funds other than as provided in its budget.

Special Community Benefit District tax revenues were deposited into a special fund and not commingled with other non-district funds.

A handwritten signature in black ink, appearing to read "Brooke Doswell, Pres.", written in a cursive style.

Brooke Doswell  
President