

Worcester County

MARYLAND

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FISCAL YEAR ENDED
JUNE 30, 2010

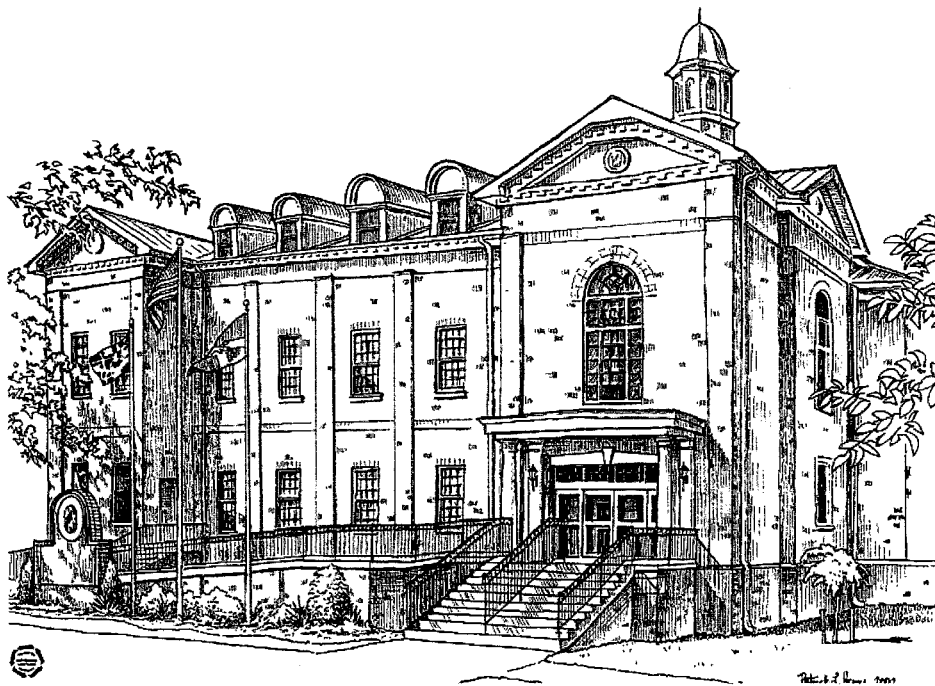


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Worcester County, Maryland

Comprehensive Annual Financial Report

For Fiscal Year Ended
June 30, 2010



Worcester County Government Center

Prepared by:

Gerald T. Mason,
Chief Administrative Officer

Phillip G. Thompson, CPA
Assistant Finance Officer

Harold L. Higgins, CPA
Finance Officer

Kathleen J. Whited,
Budget Officer



WORCESTER COUNTY, MARYLAND
COMPREHENSIVE ANNUAL FINANCIAL REPORT
for the FISCAL YEAR ENDED JUNE 30, 2010
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INTRODUCTORY SECTION

LETTER OF TRANSMITTAL

GFOA CERTIFICATE OF ACHIEVEMENT

ORGANIZATION CHART

LIST OF PRINCIPAL OFFICERS



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OFFICE OF THE TREASURER

Worcester County

GOVERNMENT CENTER

ONE WEST MARKET STREET, ROOM 1105

P.O. Box 248

SNOW HILL, MARYLAND

21863

HAROLD L. HIGGINS, CPA
FINANCE OFFICER

PHILLIP G. THOMPSON, CPA
ASSISTANT FINANCE OFFICER

December 10, 2010

To the County Commissioners and Citizens of Worcester County, Maryland:

I am pleased to submit the Comprehensive Annual Financial Report (CAFR) for Worcester County, Maryland for the fiscal year ended June 30, 2010 as required by both local and state statutes. These statutes require that Worcester County, Maryland annually issue financial statements presented in conformity with accounting principles generally accepted in the United States of America (GAAP) and audited in accordance with auditing standards generally accepted in the United States of America by a firm of licensed certified public accountants.

GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of the Management Discussion and Analysis (MD&A). This letter of transmittal is designed to be read in conjunction with the MD&A which can be found immediately following the report of the independent auditors.

This report consists of management's representations concerning the finances of the 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 these representations, the management of the 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 public accounting firm TGM Group LLC has audited Worcester County, Maryland's financial statements. The goal of the independent audit is to provide reasonable assurance that the financial statements of Worcester County, Maryland for the fiscal year ended June 30, 2010 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 Worcester County, Maryland's financial statements for

the fiscal year ended June 30, 2010 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.

This independent audit of the County's financial statements 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, including the Single Audit Act of 1984 and the U.S. Office of Management and Budget Circular A-133, "Audits of States, Local Governments and Non-Profit Organizations," 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 Worcester County's separately issued single audit report.

Profile of the Government

Worcester County, established in 1742, lies in the middle of a three-state region known as the Delmarva Peninsula, which comprises portions of Delaware, Maryland and Virginia. The County is the seventh largest in Maryland, having a land area of 483 square miles and 106 square miles of water. On the north, it is bounded by Sussex County, Delaware; on the south by Accomack County, Virginia; on the west by Wicomico and Somerset Counties, Maryland; and on the east by the Atlantic Ocean. One of Worcester County's greatest assets is its seashore. An excellent beach, which forms the entire oceanfront in Maryland, stretches for 31 miles across the entire eastern boundary of the County on a barrier island, which is separated from the mainland by a series of shallow bays.

There are four incorporated municipalities in the County: Berlin, Ocean City, Pocomoke City and Snow Hill. Berlin, Pocomoke City and Snow Hill are well-established communities ranging in size from 2,400 to about 4,100 year-round residents. Each was originally built as a residential, economic and social center to serve its surrounding agricultural communities. The Town of Ocean City is the County's most developed and its major industry is tourism. According to recent estimates, summer populations average over 295,000 in July and August and peak at nearly 325,000 on the July 4th weekend. The Towns and County provide their residents and visitors with various government services, including police and fire protection, beach patrol, water and sewage disposal, public transportation, recreational facilities and emergency health care services.

Form of Government

The County is governed by an elected seven-member Board of County Commissioners, each of whom is elected from one of the seven Commissioner districts. Elections are held every four years in November. The Commissioners must be qualified voters of the County and must have resided at least two years in Worcester County immediately preceding their election. The Board must meet at least twice each month and must remain in session so long as may be necessary to properly transact the business of the County. The Board elects its own president and vice president.

The Chief Administrative Officer of the County is charged with the administration of all departments of the County government. The County provides a full range of municipal services including education, libraries, public safety (sheriff, jail, emergency services and fire marshal), recreation activities, health and social services, sanitary districts, waste disposal, recycling, highways and streets, planning and zoning, and general administrative services.

Budget Process

The Board adopts an operating budget for the General Fund and Enterprise Fund of the County. Revenue estimates for the ensuing fiscal year from the units of the County government are reviewed and compiled by the Budget Officer in February of each year. The expenditure requests are submitted to the Chief Administrative Officer, who in turn presents a requested budget to the Board in March. The Board must then conduct a public hearing on the budget submitted on or before May 30, and shall advertise at least once per week for two weeks prior to said hearing in a publication of general circulation within the County. The Board must then adopt the budget and tax rates on or before the first Tuesday in June.

In recent years, the County has taken a number of steps to control expenses and reduce the cost of providing needed services to its residents. These initiatives include reducing operating budgets for County departments and agencies 8.4% or \$15.9M from FY09 to FY10. In addition, an early retirement incentive plan was created and offered to eligible general government employees in FY09 and FY10. This program has resulted in a work force reduction of 18 employees and an annual savings of \$1.1 million in salaries and benefits. The County recently created an efficiency committee in order to study and implement cost saving measures related to energy, transportation and general operations. These ongoing measures combined with continued conservative fiscal management have allowed the County to maintain stable property and income tax rates which have not increased in more than a decade.

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 the County operates.

Local Economy – Like state and local governments across the country Worcester County's local economic performance reflects the current national recession. The County is appropriately concerned about the slumping housing market and the far reaching effects it has had on Maryland's and the Nation's overall economy. Of greatest concern are the impacts of potential reductions in state funding and additional costs which may be passed on to local governments. The County's unemployment rates have been consistent in recent years and not until recently have we experienced increases which are in line with the national trends. The County has the second lowest property tax rate and the lowest income tax rate in the state providing the County with financial flexibility for future years.

The County has a strong tourism industry, drawing visitors from all over the Country to its pristine seashore and many historic sites. Gross hotel, motel and condominium rentals in the County totaled \$265M in FY10 which is an increase of 2% or \$4.9M from the prior year. In addition, the Admission and Amusement Taxes also increased by 5% in FY10 indicating that our tourism market appears to be faring reasonably well in the current economic downturn. Additionally, in recent years the County's central location relative to the major mid-Atlantic metropolitan areas has made it a target destination for retirees who seek a better quality of life. Development is purposely controlled to protect the County's beauty and the fragile environment of its shoreline and waters.

Long Term Financial Planning – The Board adopts a multiyear capital budget plan, covering 10 years, that forecasts spending for all anticipated capital projects. The plan addresses both repair and replacement of existing infrastructure as well as the development of new facilities to accommodate future growth. It enables the County to identify needed capital projects and to

coordinate facility financing and timing. The County does not plan to issue debt in FY11 for the General Fund, focusing instead on the completion of the ongoing projects for which funding has already been secured. These projects include the expansion and renovation of the County Jail as well as the addition and renovation of the Pocomoke High School. The County does plan to issue debt in FY11 for the Water and Wastewater Enterprise Fund for the construction of a new wastewater treatment facility in the Mystic Harbour Sanitary Service Area. It is anticipated that this project will be financed with a loan from the USDA totaling \$5,062,000.

Cash Management Policies and Practices – The County invests its funds according to its adopted investment policy, which provides for safety of principal and maximizes security, meets daily cash flow demands and seeks to achieve an adequate rate of return. Cash temporarily idle during the year is invested in the Maryland Local Government Investment Pool.

Risk Management – The County is a member of the Maryland Local Government Insurance Trust. The Trust is a public entity risk pool, which is owned and directed by the local governments that subscribe to its coverage and operates under the terms of a Trust Agreement. The Trust provides insurance and risk management services to its members.

The County obtains worker's compensation and employee medical coverage through a commercial insurance company.

Pension and Other Post Employment Benefits – County employees are covered by either the Employees Retirement System or the Employees Pension System of the State of Maryland. These are multiple-employer public retirement systems sponsored and administered by the Maryland State Retirement and Pensions Systems and created by the Maryland General Assembly. Additional State pension plan offerings include the Law Enforcement Officers' Pension System (LEOPS) for our public safety personnel as well as a Correctional Officers' Retirement System (CORS) for employees of the County Jail. In addition to the State Plan, the County assumed management of a plan that is administered by the Nationwide Life Insurance Company following the abolishment of the Worcester County Sanitary Commission in 1994. This plan provides coverage for the former employees of the Sanitary Commission, many of whom now work for the County Department of Public Works.

The County also provides other post employment benefits (OPEB) for retirees and their dependents who meet the Maryland State Retirement System benefit qualifications. The County has created OPEB trusts for the benefit of the employees of the general government as well as the Worcester County Board of Education. This was done in accordance with the Governmental Accounting Standards Board (GASB) Statement 43 and 45. The purpose of these Statements is to provide a more complete and reliable reporting of the financial obligations that governments incur when they provide postemployment benefits as part of the compensation for services rendered by their employees. The enactment of these standards by GASB and the adherence to them by the County should provide our constituents more accurate information about the total cost of the services that we provide.

Awards and Acknowledgements – The Government Finance Officers Association (GFOA) of the United States and Canada has awarded a Certificate of Achievement for Excellence in Financial Reporting to Worcester County, Maryland for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2009. The Certificate of Achievement is a prestigious national award that recognizes conformance with the highest standards for the preparation of state and local financial reports. 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 adhere to both Generally Accepted Accounting Principles (GAAP) 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 adhere to the Certificate of Achievement requirements and we will be submitting it to the GFOA to determine its eligibility for another certificate.

The preparation of the Comprehensive Annual Financial Report was made possible by the dedicated service of the entire staff of the Worcester County Treasurer's Office. In addition, we could not have produced this report without the support and guidance provided by the Worcester County Commissioner's and their staff. I would like to express my appreciation to all the members who contributed to this report for their conscientiousness and dedication throughout the year.

Respectfully submitted,

A handwritten signature in dark ink, appearing to read "Harold L. Higgins", with a long horizontal flourish extending to the right.

Harold L. Higgins, CPA
Finance Officer

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Worcester County
Maryland

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2009

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

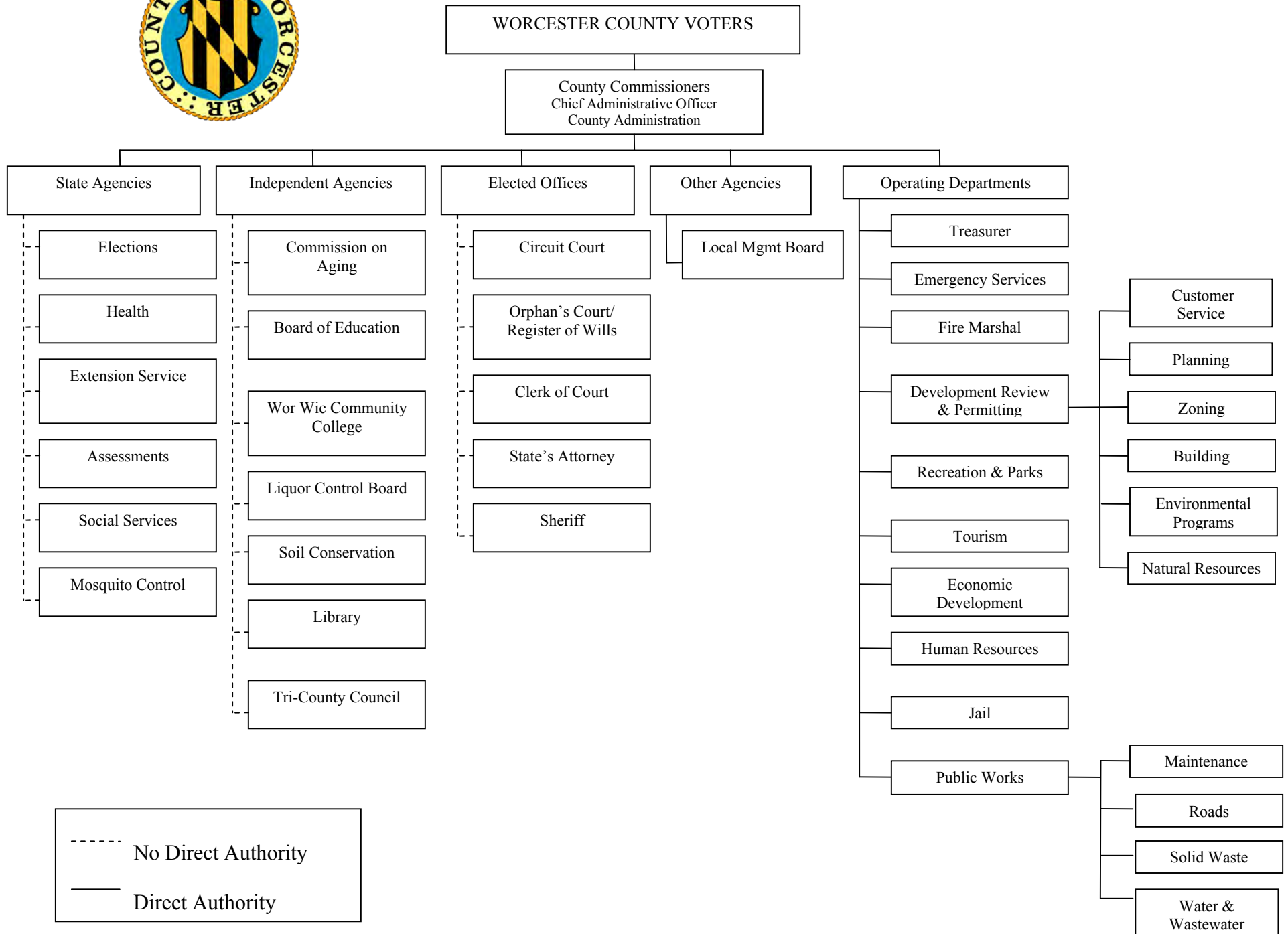


President

Executive Director



Worcester County Organization Chart



Worcester County, Maryland
List of Principal Officials and Directors
June 30, 2010

Elected Officials

County Commissioners

James C. Church, President
Linda C. Busick, Vice President
Judith O. Boggs
Robert L. Cowger, Jr.
Louise L. Gulyas
James L. Purnell, Jr.
Virgil L. Shockley

Sheriff
State's Attorney

Charles T. Martin
Joel J. Todd

Appointed Officials

County Administrator
Assistant County Administrator
Attorney
Jail Warden
Economic Development Director
Emergency Services Director
Finance Officer
Fire Marshal
Human Resources Director
Library Director
Development Review and Permitting Director
Public Works Director
Recreation and Parks Director
Tourism Director

Gerald T. Mason
Kelly Shannahan
John E. Bloxom
Ira F. Shockley
Gerald Redden
Teresa A. Owens
Harold L. Higgins
Jeff McMahon
George Bradley
Mark Thomas
Edward Tudor
John Tustin
Sharon Reilly
Lisa Challenger

FINANCIAL SECTION

INDEPENDENT AUDITORS' REPORT

County Commissioners of
Worcester County, Maryland
Snow Hill, Maryland

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Worcester County, Maryland as of and for the year ended June 30, 2010, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Worcester County, Maryland's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion 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 Worcester County, Maryland, as of June 30, 2010, and the respective changes in financial position and cash flows, where applicable, 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 our report dated December 10, 2010, on our consideration of Worcester County, Maryland's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to

provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and required supplementary information (budgetary comparison information and OPEB Trust Fund Information) on pages 12 through 23 and 75 through 95 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Worcester County, Maryland's basic financial statements as a whole. The introductory section, additional supplementary information and schedules in the financial section and statistical section as listed in the table of contents are presented for purposes of additional analysis and are not a required part of the financial statements. The additional supplementary financial information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements taken as a whole. The introductory and statistical sections 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 or provide any assurance on it.

Salisbury, Maryland
December 10, 2010

Management's Discussion and Analysis

This discussion and analysis of Worcester County's (County) financial statements is designed to introduce the basic financial statements and provide an analytical overview of the County's financial activities for the fiscal year ended June 30, 2010. The basic financial statements are comprised of the government-wide financial statements, fund financial statements, and footnotes. We hope this, in conjunction with additional information provided within the statements, will assist readers in identifying significant financial issues and changes in the County's financial position.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the County's basic financial statements. The County's basic financial statements are comprised of four components: **1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements.** This report also contains **4) supplementary information** in addition to the basic financial statements themselves.

1) *Government-wide Financial Statements*

The government-wide financial statements are designed to provide readers with a broad overview of the County's finances, in a manner similar to a private business. The government-wide financial statements include a *statement of net assets* and a *statement of activities*.

- The *statement of net assets* presents information on all of the County's assets and liabilities, with the difference between the two reported as net assets. Over time, increases and decreases in net assets may serve as a useful indicator of whether the financial position of the 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 these financial statements distinguish functions of the County that are principally supported by taxes and intergovernmental revenues (governmental activities) and activities from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities).

- The *governmental activities* of the County include general government, public safety, public works, health and hospitals, social services, education, libraries, recreation and culture, conservation of natural resources, economic development, and inter-governmental.
- The *business-type activities* of the County include solid waste and water and sewer utility operations.

The government-wide financial statements include not only the County itself (the primary government), but also includes the Worcester County Board of Education and the Worcester County Liquor Control Board as legally separate component units and are reported separately from financial information presented for the primary government itself.

The government-wide financial statements can be found on pages 26-28 of this report.

2) *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. The 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 the County can be divided into three categories: *governmental, proprietary, and fiduciary funds.*

- **Governmental Funds.** Governmental Funds are used to account for the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, government fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The County maintains seven 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 balance for the General, Capital project, Department of Social Services, Reserve, Local Management Board, Energy Service Fund, and Debt service funds.

The County adopts an annual appropriated budget for its general fund. A budgetary comparison statement has been provided for the general fund to demonstrate budgetary compliance.

The basic governmental fund financial statements can be found on pages 29-34 of this report.

- **Proprietary funds.** Proprietary funds are comprised of two types: 1) *Enterprise funds* and 2) *Internal Service funds*. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Assets and the Statement of Activities. Enterprise funds are used to account for functions of the County in which user charges are collected to cover the cost of the service being provided. The County uses enterprise funds to account for both its solid waste and its water and sewer operations. Internal service funds are used to report activities that provide supplies and services for the government's other programs and activities. The County does not utilize an internal service fund.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail.

The basic proprietary fund statements can be found on pages 37-41 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 the County's own programs. The accounting used for fiduciary funds is similar to a proprietary fund.

The basic fiduciary fund financial statements can be found on pages 42-43 of this report.

3) ***Notes to the Financial Statements***

The notes to the financial statements 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 44-73 of this report.

4) ***Supplementary Information***

In addition to the basic financial statements and accompanying notes, this report also presents certain required *supplementary information*. Required supplementary information can be found starting on page 75 of this report.

Financial Analysis on Government-Wide Financial Statements

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the County, assets exceeded liabilities by \$169,143,877 as of June 30, 2010 compared to \$177,153,848 for the year ended June 30, 2009, a decrease of \$8,009,971.

Worcester County, Maryland

Net Assets

	June 30, 2010			June 30, 2009		
	Governmental Activities	Business-Type Activities	Total	Governmental Activities	Business-Type Activities	Total
Assets						
Current and other assets	\$ 95,694,943	\$ 24,945,248	\$ 120,640,191	\$ 105,504,064	\$ 28,717,736	\$ 134,221,800
Capital assets	113,120,795	73,108,285	186,229,080	114,151,243	76,309,647	190,460,890
Total assets:	<u>208,815,738</u>	<u>98,053,533</u>	<u>306,869,271</u>	<u>219,655,307</u>	<u>105,027,383</u>	<u>324,682,690</u>
Liabilities:						
Current and other liabilities	18,135,004	23,600,637	41,735,641	18,667,118	23,392,849	42,059,967
Long-term liabilities	82,100,560	13,889,193	95,989,753	89,693,839	15,775,036	105,468,875
Total liabilities:	<u>100,235,564</u>	<u>37,489,830</u>	<u>137,725,394</u>	<u>108,360,957</u>	<u>39,167,885</u>	<u>147,528,842</u>
Net assets:						
Invested in capital assets						
net of related debt	104,803,212	56,312,951	161,116,163	104,308,508	57,477,462	161,785,970
Restricted	2,500,000		2,500,000	25,983,919		25,983,919
Unrestricted	1,276,962	4,250,752	5,527,714	(18,998,077)	8,382,036	(10,616,041)
Total net assets:	<u>\$ 108,580,174</u>	<u>\$ 60,563,703</u>	<u>\$ 169,143,877</u>	<u>\$ 111,294,350</u>	<u>\$ 65,859,498</u>	<u>\$ 177,153,848</u>

One of the largest portions of the County's net assets (95.3 percent) reflects its investments in capital assets (e.g., land, buildings, roads, equipment, and bridges) less related outstanding debt used to acquire those assets in the amount of \$161,116,163 at June 30, 2010. The County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the County's investment 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.

It is important to note that, although counties in the State of Maryland issue debt for the construction of schools, the school buildings are owned by each county's Board of Education. Therefore, while the County's financial statements include this outstanding debt, they do not include the capital assets funded by the debt. Debt outstanding for the Board of Education amounted to \$78,579,985 at June 30, 2010. Absent the effect of this relationship, the County would have reported unrestricted net assets of \$79,856,947 on its government-wide financial statements, rather than the unrestricted net assets of \$1,276,962.

The following table indicates the functional revenues and expenses of governmental activities to demonstrate the extent which the governmental functions produce revenues to offset program costs. Expenses not covered by direct program revenues are covered primarily by taxes, licenses, and state shared revenues.

Worcester County, Maryland

Changes in Net Assets

	June 30, 2010			June 30, 2009		
	Governmental Activities	Business-Type Activities	Total	Governmental Activities	Business-Type Activities	Total
Revenues:						
Program revenues:						
Charges for services	\$ 5,358,666	\$ 13,418,214	\$ 18,776,880	\$ 4,817,117	\$ 14,605,064	\$ 19,422,181
Operating grants and contributions	10,138,302	22,000	10,160,302	31,044,359	22,000	31,066,359
Capital grants and contributions	4,613,990		4,613,990	11,157,620		11,157,620
General revenues:						
Real and personal property taxes	127,176,751		127,176,751	134,015,561		134,015,561
Income taxes	10,921,118		10,921,118	13,062,134		13,062,134
Other local taxes	23,115,287		23,115,287	23,221,489		23,221,489
State shared taxes	724,582		724,582	4,809,446		4,809,446
Distribution - WCLCB	55,853		55,853	168,625		168,625
Interest income	262,333	23,676	286,009	2,597,658	117,004	2,714,662
Gain(loss) on sale of capital asset			-			-
Other income	635,708		635,708	715,103		715,103
Total revenues:	183,002,590	13,463,890	196,466,480	225,609,112	14,744,068	240,353,180
Expenses:						
General government	35,859,173		35,859,173	47,083,442		47,083,442
Public safety	28,381,381		28,381,381	36,283,485		36,283,485
Public works	9,985,598		9,985,598	15,599,323		15,599,323
Health and hospitals	5,889,198		5,889,198	6,012,215		6,012,215
Social services	2,606,989		2,606,989	3,448,378		3,448,378
Education	91,515,958		91,515,958	127,128,498		127,128,498
Libraries, recreation and culture	6,141,887		6,141,887	9,031,660		9,031,660
Conservation of natural reasources	233,393		233,393	858,559		858,559
Economic development	1,409,693		1,409,693	1,978,375		1,978,375
Interest charges	3,693,496		3,693,496	3,049,378		3,049,378
Landfill		6,910,451	6,910,451		6,760,109	6,760,109
Water and wastewater		11,849,234	11,849,234		12,009,174	12,009,174
Total expenses:	185,716,766	18,759,685	204,476,451	250,473,313	18,769,283	269,242,596
Increase (decrease) in net assets	(2,714,176)	(5,295,795)	(8,009,971)	(24,864,201)	(4,025,215)	(28,889,416)
Net assets, beginning	111,294,350	65,859,498	177,153,848	136,158,551	69,884,713	206,043,264
Net assets, ending	\$ 108,580,174	\$ 60,563,703	\$ 169,143,877	\$ 111,294,350	\$ 65,859,498	\$ 177,153,848

Financial Analysis on Government Fund Financial Statements

Governmental Activities:

Key elements in the revenue decrease of \$42,606,522 or 18.8% for governmental activities as compared to FY09 are as follows:

- The largest decrease was attributable to a decrease in Operating Grants. This variance from the prior year is primarily due to a reduction in contributions to the Other Post Employment Benefit (OPEB) Trust. In FY09 the transfer to the OPEB Trust totaled \$26.3 million for the Board of Education which represented three years of accumulated OPEB funding that was previously included in the Governmental Fund. In FY10 \$6.1 million was transferred to the OPEB Trust and represents funding for the FY10 year only. The decrease is the result of a one-time transfer of the accumulated OPEB funds from the County-held OPEB Fund to a newly created trust in accordance with the Governmental Accounting Standards Board (GASB) Statements 43 and 45.
- Other capital grants and contributions decreased by \$6,543,630 or 58.6% over FY09 primarily due to decreased State reimbursements for the Jail project in FY10. State revenues for Program Open Space, Community Development Block Grant, and Rural Legacy have also decreased in the current year.
- Real and personal property tax revenues decreased by \$6,838,810 or 5.1%. Property tax represents the County's largest revenue source, 69% of the total revenue stream. This decrease is the first downward trend that the County has experienced in property tax revenue and includes the reassessment of the greater Ocean City resort area which represents the largest tax base of the three assessment areas in the County. It is likely that this trend will continue in the next two fiscal years as the assessments are revised in our remaining taxing areas.
- Income tax revenue decreased by \$2,141,016 or 16.4% due to a number of factors including the recession, rising unemployment, and the current real estate market.
- State shared revenues decreased by \$4,084,864 or 84.9% due to a State cut to highway user revenue.
- Investment yields continued at record lows in FY10 resulting in a decrease in interest income totaling \$2,335,325 or 89.9%. Additionally, there was a reduction in the investment portfolio as the County spends down funds that are directly appropriated to specific capital projects.

Expenses for governmental activities decreased 25.9% or \$64,756,547 compared to FY09 primarily due to the following:

- The County contributed approximately \$30 million in OPEB funding (consisted of accumulated funds from the prior years and a current year amount) in FY09 to the Board of Education OPEB Trust which is held and managed by the County. In FY10 the annual OPEB contribution totaled approximately \$6 million.
- Capital expenditures decreased from the prior year by \$26.3 million or 61.3%. This decrease was due to the completion of numerous capital projects this fiscal year and the related reduction in capital outlay as these projects were completed. Such projects included the Worcester Technical High School and the Pocomoke High School projects.
- A Public Works decrease of \$1.6 million is directly related to State cuts in Highway User Fees appropriated to the County. In addition, depreciation decreased by \$800,000 in the current year since older roads reached their fully depreciated value and new road construction was significantly reduced due to State Budget cuts.
- A decrease in Education totaling \$3.6 million included an \$800,000 reduction in the operating budget due to a declining student population and reduced capital and technology funding. Retiree benefits decreased \$2.8 million and are being paid from the newly created OPEB Trust beginning in FY10.

Governmental Funds:

The County uses fund accounting to ensure and demonstrate compliance with finance related legal requirements, restrictions, and fiscal accountability.

The focus of the County's governmental funds is to provide information on near term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the County's financing requirements. In particular fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year. The following information is as of June 30, 2010 and 2009:

Governmental Activities - Fund Statements	June 30, 2010	June 30, 2009	Net Change in Fund Balance
General Fund	\$ 17,321,787	\$ 23,733,756	\$ (6,411,969)
Capital Projects Fund	16,307,860	23,326,932	(7,019,072)
Debt Service Fund	5,356	5,334	22
Reserve	18,974,224	18,974,224	-
Other Governmental Funds	565,437	732,671	(167,234)
Total	<u>\$ 53,174,664</u>	<u>\$ 66,772,917</u>	<u>\$ (13,598,253)</u>

At the end of the current fiscal year, the County's governmental funds reported combined fund balance of \$53,174,664 a decrease of \$13,598,253 in comparison with the prior year.

The **General Fund** is the chief operating fund of the County. At the end of the current fiscal year the fund balance of the General Fund was \$17,321,787. This fund balance includes designations of \$2,549,394 for encumbrances, \$70,477 for prepaid expenses, \$14,201,916 for future capital projects, and \$500,000 as undesignated fund balance. As a measure of the general fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance represents 8.2% of total general fund expenditures, while total fund balance represents 9.3% of that same amount.

The **Capital Projects Fund** is used to account for major capital acquisition and construction of County facilities. Major sources for these projects are pay-as-you-go funding, debt proceeds, and federal and state grants. The fund balance of the County's Capital Projects Fund decreased by \$7 million during the current fiscal year. This decrease was due to the continued spending of bond proceeds for school construction.

The **Debt Service Fund** is used to account for the accumulation of resources for, and the payment of, general long-term debt, including capital lease obligations, principal, interest and related costs. The fund balance of the Debt Service Fund increased by \$22 during the current fiscal year. The entire fund balance is reserved for fund purposes.

The **Reserve Fund** is maintained for contingency and emergency situations as determined by the County Commissioners. The Reserve Fund is to maintain a level of 10% of budgeted General Fund expenditures.

The **Other Governmental Funds** include the Department of Social Services, Local Management Board, and the Energy Service Fund. Fund balance in these funds decreased by \$167,234 from FY09. The Energy Fund and the Department of Social Services decreased by \$161,109 and \$8,713 respectively, while the Local Management Board increased by \$2,588. Further detail of these activities are detailed on pages 97-100.

Proprietary funds:

<u>Enterprise Fund Statements</u>	<u>June 30, 2010</u>	<u>June 30, 2009</u>	<u>Change in Net Assets</u>
Water and Sewer Utilities	\$ 54,266,383	\$ 56,521,087	\$ (2,254,704)
Solid Waste	6,297,320	9,338,411	(3,041,091)
Total	\$ 60,563,703	\$ 65,859,498	\$ (5,295,795)

Solid Waste

Revenues

- Tipping fee revenue continued to decline from \$4.4 million in FY09 to \$3.2 million in FY10 due to the Town of Ocean City outsourcing its trash disposal to incineration or alternate landfill sites.

Expenses

- Closure and postclosure costs were significantly higher in FY10 due to an increase in the estimated cost of the closure by the County's consulting engineering firm.
- Solid waste expenses (without the above closure & post closure costs) decreased \$473,504 or 17% from FY09 to FY10. This decrease was due to personnel retirements, lower fuel and vehicle costs, and reduction in leachate volume due to weather.

Water and Wastewater

Revenues

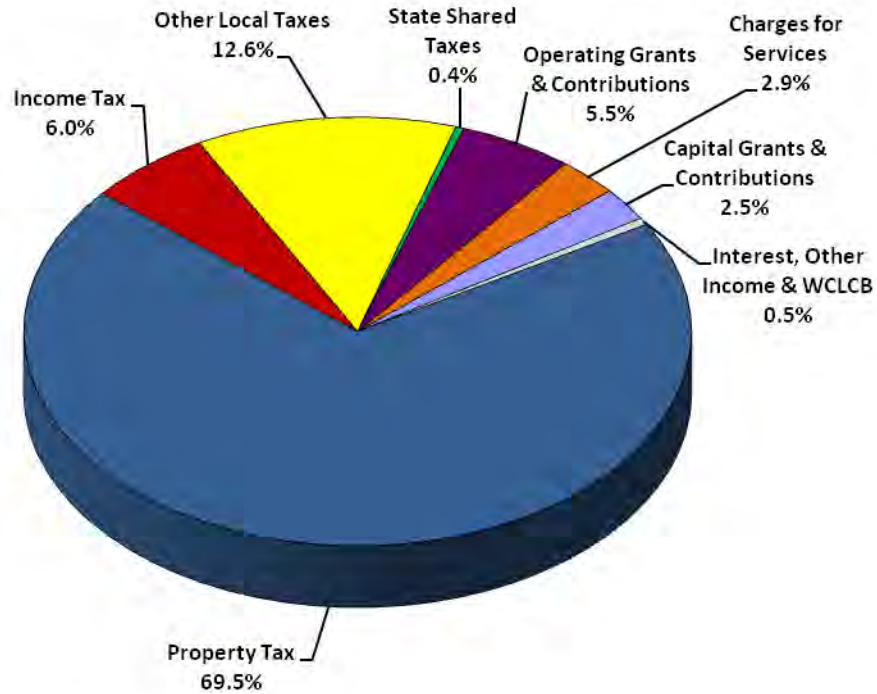
- Charges for services increased from \$7,563,566 in FY09 to \$8,171,577 in FY10 or 8% mainly due to rate increases.

Expenses

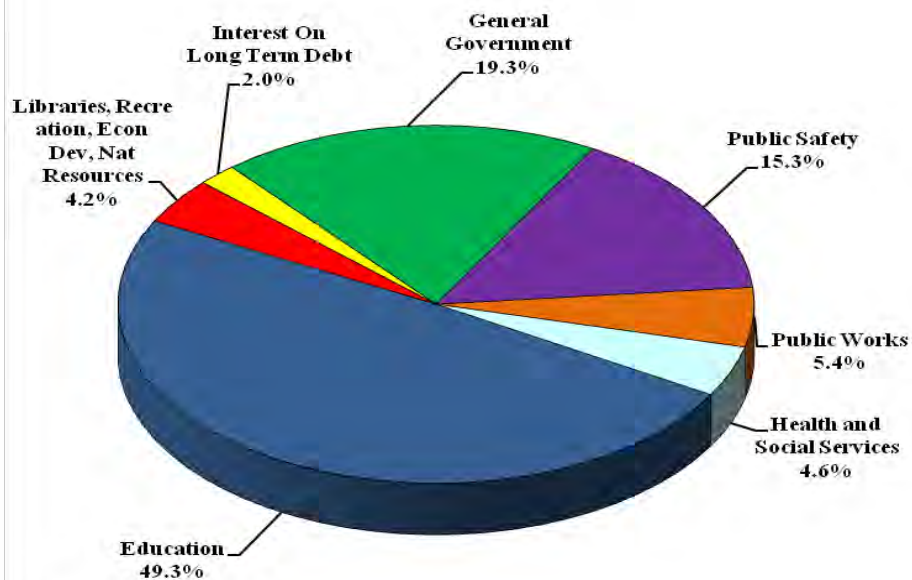
- Overall operating expenses decreased from \$8,859,758 in FY09 to \$8,683,128 in FY10 or 2% mainly due to cost cutting measures.

Fiscal year 2010 revenues and expenses are summarized in the following charts for both the business type (proprietary) and governmental activities.

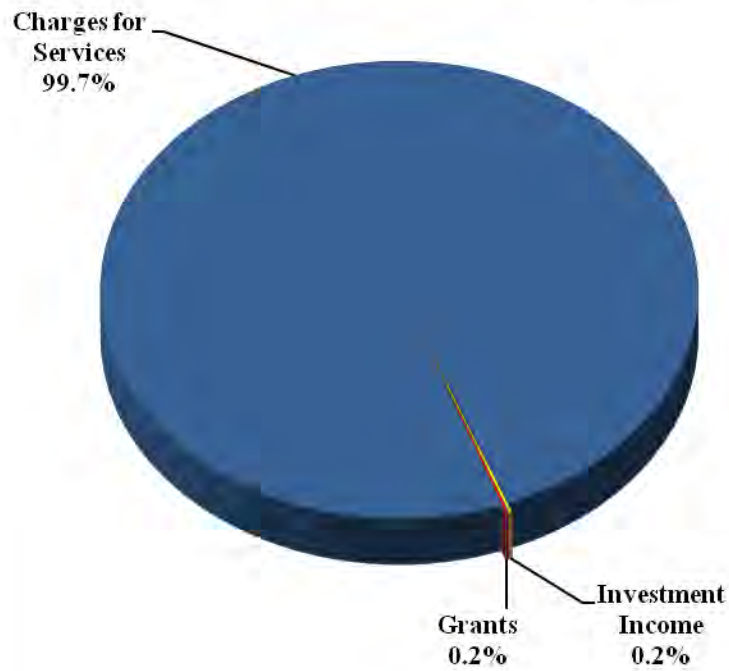
Revenues by Source- Governmental Activities
For the Year Ended June 30, 2010



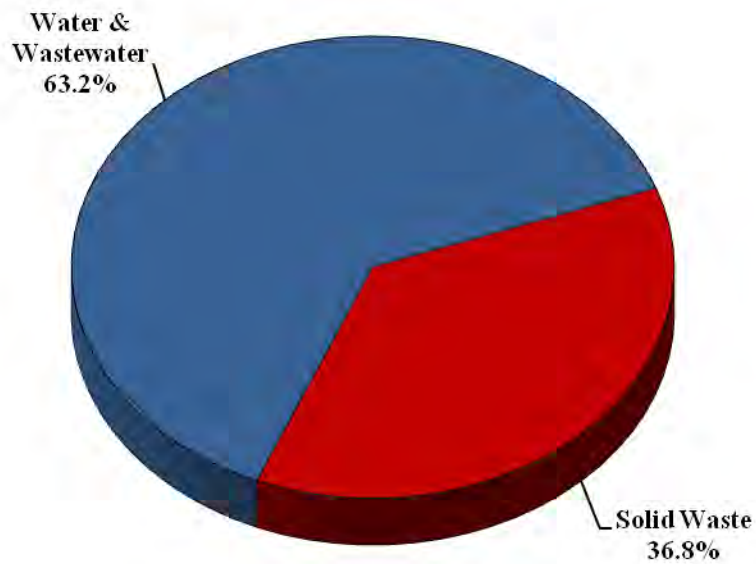
Expenses- Governmental Activities
For the Year Ended June 30, 2010



Revenues by Source- Business-Type Activities
For the Year Ended June 30, 2010



Expenses- Business-Type Activities
For the Year Ended June 30, 2010



Capital Asset and Debt Administration

Capital assets: The County's investment in capital assets for its governmental and business type activities as of June 30, 2010, amounts to \$186,229,080 (net of accumulated depreciation). The total decrease in the County's investment in capital assets for the current year was 2.2%. This investment in capital assets includes land, buildings, water and sewer infrastructure, improvements, machinery and equipment, park facilities, roads, highways, and bridges. Change in net assets over a period of time can be used as an indicator of the financial health of the County.

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

- The new States Attorney Building in Snow Hill located next to the County Government Center was opened in the fall of 2009. The new three story 10,898 square foot building accommodates the States Attorney office and includes a law library. The cost of the improvements is \$2,809,854 and utilized prior year County budgets and pay-go funds.
- In October 2008 a 6.53 acre parcel at 10129 Old Ocean City Blvd. in Berlin, was purchased which included a 5,250 square foot building and was converted to a New Berlin Senior Center. Pay-as-you-go funds of \$2,183,556 covered the purchase and renovation and the Center which opened in the spring of 2010.
- Construction began in the fall of 2007 for the addition and renovation project to the County Jail located in Snow Hill, Maryland. The current capacity of the Jail at 319 will be increased by 183 for a total capacity of 502 inmates. The additional square footage of 64,367 and renovation of 13,283 square foot cost \$20,415,318 to date and utilized State and County pay-go funds. The State contribution to the project was \$9,165,000.
- A public Dental Clinic at 107 Williams Street in Berlin will accommodate staff and patients to serve impoverished youth. An existing 3,072 square foot building is under renovation and estimated to be complete in the summer of 2011. Funding was secured by State Grant Funds for up to \$500,000 and requires no County match. Expenses incurred through June 2010 totaled \$98,348.
- In cooperation with Maryland Emergency Management Agency, the County was awarded a \$2,000,000 grant for Phase II of the Maryland Eastern Shore Interoperability Network. Funds in the amount of \$1,472,256 were capitalized during the fiscal year for radio communication system and services completed on the system expansion.
- Improvements to various County parks and Boat landings totaled \$45,347 in FY10.
- The purchase of IT infrastructure, new vehicles and library books totaled \$616,659 during the fiscal year.
- The County contributed \$11,216,183 for the following education projects:
 - \$1,334,267 to Wor-Wic Community College towards campus development
 - \$711,183 for construction of a new Worcester Career and Technology Center School (renamed Worcester Technical High School)
 - \$9,170,733 for construction of an addition to the Pocomoke High School



Worcester County, Maryland
Capital Assets (Net of Depreciation)

	June 30, 2010			June 30, 2009		
	Governmental Activities	Business-Type Activities	Total	Governmental Activities	Business-Type Activities	Total
Land and improvements	\$ 11,355,631	\$ 1,341,872	\$ 12,697,503	\$ 9,855,631	\$ 1,341,872	\$ 11,197,503
Building and building improvements	66,616,305	3,408,337	70,024,642	44,007,181	3,514,168	47,521,349
Improvements other than buildings	7,367,515	6,676,025	14,043,540	3,669,533	7,842,203	11,511,736
Machinery and equipment	11,246,937	4,296,994	15,543,931	11,541,444	5,314,378	16,855,822
Water and sewer systems		55,549,570	55,549,570		57,217,610	57,217,610
Infrastructure	14,833,624		14,833,624	19,134,052		19,134,052
Construction in progress	1,700,783	1,835,487	3,536,270	25,943,402	1,079,416	27,022,818
Total:	<u>\$ 113,120,795</u>	<u>\$ 73,108,285</u>	<u>\$ 186,229,080</u>	<u>\$ 114,151,243</u>	<u>\$ 76,309,647</u>	<u>\$ 190,460,890</u>

Additional information on Worcester County's capital assets can be found in note 5 on pages 55-56 of this report.

Long-term debt: At the end of the current fiscal year, Worcester County had total bonded long-term debt of \$86,048,230. The total debt is backed by the full faith and credit of Worcester County. Business-type activities are directly responsible for \$15,215,449 of the total debt.

Worcester County, Maryland
Outstanding Debt/General Obligation Bonds

	June 30, 2010			June 30, 2009		
	Governmental Activities	Business-Type Activities	Total	Governmental Activities	Business-Type Activities	Total
General Bonded Debt	<u>\$ 86,048,230</u>	<u>\$ 15,215,449</u>	<u>\$ 101,263,679</u>	<u>\$ 93,320,140</u>	<u>\$ 16,409,885</u>	<u>\$ 109,730,025</u>

The County's total bonded debt decreased by \$8,466,346 during the current fiscal year due to planned debt retirement of \$9,130,932 and new borrowings totaling \$664,586 for water infrastructure projects.

Worcester County maintains an "AA-" rating from Fitch and an "Aa3" rating from Moody's for general obligation debt.

Additional information on the County's long-term debt can be found in note 6 on pages 57-61 of this report.

General Fund Economic Factors and Next Year's Budgets and Rates

During FY 2010, Worcester County experienced a continuation of a number of recent trends and estimates indicated that revenues would decrease significantly. The softening real estate market produced an additional number of assessment appeals and real property assessments decreased. In order to meet current year reduced revenues, County Departments and Agencies were asked to hold back 3% of budgeted operating expenditures with the continuation of a hiring freeze. This impact to department operations kept more drastic measures from occurring before the end of the fiscal year.

While the housing market and related industries have slowed, tourism has remained relatively stable due in part to the proximity of the areas from which these visitors travel to reach Ocean City, although the trend over the last couple years includes a shorter booking window and shortened length of stay. The unemployment rate for the County as of June 30, 2010 is 8.1%, which is an increase from a rate of 7.7% a year ago. This compares to the State's average unemployment rate of 7.3%.

Revenues 2011 Budget

In FY 2011, the County operating budget decreased \$10.4 million or 6.0% less than FY10. Revenue reductions for real property tax revenues include decreased assessments and when combined with the Homestead Credit cap, net property tax estimates declined by \$8.5 million. Income Tax and Interest on Investments budget estimates declined by \$3,305,000 mainly due to economic conditions. The State of Maryland budget cut negatively impacted Highway User Tax Revenue which decreased \$813,586 over FY10. Transfer tax and Recordation tax increased by \$750,000 as compared to FY10 actual, without an increase in rates. Charges for Services increased \$1.6 million mainly by an increase in Jail Use Fees.

Expenditures 2011 Budget

The FY2011 budget includes decreases to most all departments and agencies, a 10% cut to operating expenses was required from the County board, and in select cases more than 10% was reduced. Salary increases were not included for County and Board of Education employees, while layoffs and furloughs were avoided, an early retirement incentive program would be offered for the second consecutive year at the County. The Board of Education operating budget was approved at the Maintenance of Effort level. The State of Maryland requires local governments to spend as much on school operating budgets on a per-pupil basis as they did the year before; hence, the maintenance of effort level. The other Post Employment Benefit contribution will decrease by \$9.3 million over FY10, due to the overall reduction in revenues.

Requests for Information

This financial report is designed to provide a general overview of Worcester 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 Finance Director, Government Center Room 1105, Snow Hill, MD, 21863.

BASIC FINANCIAL STATEMENTS



WORCESTER COUNTY, MARYLAND

STATEMENT OF NET ASSETS
PRIMARY GOVERNMENT AS OF JUNE 30, 2010
COMPONENT UNITS AS OF JUNE 30, 2010 AND APRIL 30, 2010

	Primary Government			Component Units	
	Governmental Activities	Business-Type Activities	Total	The Board of Education of Worcester County	Liquor Control Board of Worcester County
ASSETS					
Cash and short-term investments	\$ 46,991,431	\$ 8,237,478	\$ 55,228,909	\$ 6,206,389	\$ 185,554
Receivables:					
Taxes	4,847,251	-	4,847,251	-	-
Federal, state, and local governments	9,284,952	-	9,284,952	5,172,688	-
Mortgage receivable	-	-	-	-	-
Other	3,123,805	5,158,960	8,282,765	422,564	436,112
Internal balances	2,449,254	(2,449,254)	-	-	-
Inventories, at first-in, first-out method	-	-	-	-	2,750,602
Prepaid items	28,995,188	-	28,995,188	14,141,595	83,060
Other assets	3,062	13,998,064	14,001,126	-	-
Nondepreciable capital assets	13,056,414	3,177,359	16,233,773	6,302,862	212,158
Depreciable capital assets, net	100,064,381	69,930,926	169,995,307	123,051,481	1,804,776
Total assets	208,815,738	98,053,533	306,869,271	155,297,579	5,472,262
LIABILITIES					
Accounts payable and accrued liabilities	8,566,902	396,906	8,963,808	7,118,348	1,008,910
Due to other governmental units	-	1,676	1,676	-	111,705
Unearned revenue	397,748	7,050,157	7,447,905	1,787,230	-
Due to fiduciary funds	10,346	-	10,346	364,537	-
Compensated absences	625,000	128,329	753,329	25,222	-
Long-term liabilities					
Compensated absences	938,000	192,494	1,130,494	424,051	-
Due within one year	7,597,008	15,831,075	23,428,083	-	3,190,837
Due in more than one year	82,100,560	13,889,193	95,989,753	-	860,870
Total liabilities	100,235,564	37,489,830	137,725,394	9,719,388	5,172,322
NET ASSETS					
Invested in capital assets, net of related debt	104,803,212	56,312,951	161,116,163	129,354,343	1,099,084
Restricted for:					
Capital projects	-	-	-	52,780	-
Food service activities	-	-	-	52,888	-
Fiscal year 2011 budget	2,500,000	-	2,500,000	-	-
Unrestricted	1,276,962	4,250,752	5,527,714	16,118,180	(799,144)
Total net assets	\$108,580,174	\$ 60,563,703	\$ 169,143,877	\$ 145,578,191	\$ 299,940

The Notes to Financial Statements are an integral part of this statement.

WORCESTER COUNTY, MARYLAND

STATEMENT OF ACTIVITIES

Year Ended June 30, 2010

		Program Revenues		
Function/Program	Expenses	Charges for Services	Operating Grants, Contributions, and Interest	Capital Grants, Contributions, and Interest
<u>Governmental Activities</u>				
Current:				
General government	\$ 35,859,173	\$ 1,697,109	\$ 4,270,589	\$ 3,429
Public safety	28,381,381	2,817,223	3,620,565	4,374,582
Public works	9,985,598	131,126	769,777	50,197
Health and hospitals	5,889,198	429,184	388,071	98,348
Social services	2,606,989	-	31,530	-
Education	91,515,958	-	-	-
Libraries, recreation and culture	6,141,887	252,138	942,569	51,264
Conservation of natural resources	233,393	-	-	-
Economic development	1,409,693	31,886	115,201	36,170
Interest on long-term debt	3,693,496	-	-	-
Total Governmental Activities	185,716,766	5,358,666	10,138,302	4,613,990
<u>Business-Type Activities</u>				
Landfill	6,910,451	3,847,393	-	-
Department of Water and Wastewater	11,849,234	9,570,821	22,000	-
Total Business-Type Activities	18,759,685	13,418,214	22,000	-
Total Primary Government	204,476,451	18,776,880	10,160,302	4,613,990
<u>Component Units</u>				
The Board of Education of Worcester County	122,073,259	1,010,296	115,704,689	12,344,553
The Liquor Control Board for Worcester County	14,311,163	14,422,868	-	-
Total Component Units	136,384,422	15,433,164	115,704,689	12,344,553
<u>General Revenues</u>				
Taxes:				
Real and personal property				
Income				
Other:				
Room tax				
Admission and amusement				
Recordation				
Trailer park excise tax				
Transfer tax				
Food tax				
State shared				
Distribution from Worcester County Liquor Control Board				
Interest				
Other				
<i>Total General Revenues</i>				
Total Change in Net Assets				
<i>Net Assets Beginning of Year</i>				
<i>Net Assets End of Year</i>				

The Notes to Financial Statements are an integral part of this statement.

Net (Expense) Revenue and Changes in Net Assets				
Primary Government			Component Units	
Governmental Activities	Business-Type Activities	Total	The Board of Education of Worcester County	The Liquor Control Board of Worcester County
\$ (29,888,046)	\$ -	\$ (29,888,046)	\$ -	\$ -
(17,569,011)	-	(17,569,011)	-	-
(9,034,498)	-	(9,034,498)	-	-
(4,973,595)	-	(4,973,595)	-	-
(2,575,459)	-	(2,575,459)	-	-
(91,515,958)	-	(91,515,958)	-	-
(4,895,916)	-	(4,895,916)	-	-
(233,393)	-	(233,393)	-	-
(1,226,436)	-	(1,226,436)	-	-
(3,693,496)	-	(3,693,496)	-	-
(165,605,808)	-	(165,605,808)	-	-
-	(3,063,058)	(3,063,058)	-	-
-	(2,256,413)	(2,256,413)	-	-
-	(5,319,471)	(5,319,471)	-	-
(165,605,808)	(5,319,471)	(170,925,279)	-	-
6,986,279	-	6,986,279	6,986,279	-
-	-	-	-	111,705
6,986,279	-	6,986,279	6,986,279	111,705
127,176,751	-	127,176,751	-	-
10,921,118	-	10,921,118	-	-
11,808,110	-	11,808,110	-	-
637,463	-	637,463	-	-
6,195,293	-	6,195,293	-	-
89,341	-	89,341	-	-
3,254,790	-	3,254,790	-	-
1,130,290	-	1,130,290	-	-
724,582	-	724,582	-	-
55,853	-	55,853	-	(111,705)
262,333	23,676	286,009	32,176	-
635,708	-	635,708	12,060	-
162,891,632	23,676	162,915,308	44,236	(111,705)
(2,714,176)	(5,295,795)	(8,009,971)	7,030,515	-
111,294,350	65,859,498	177,153,848	138,547,676	299,940
\$ 108,580,174	\$ 60,563,703	\$ 169,143,877	\$ 145,578,191	\$ 299,940

WORCESTER COUNTY, MARYLAND

BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2010

	<u>General</u>	<u>Capital Projects</u>	<u>Debt Service</u>
ASSETS			
Cash and short-term investments	\$ 28,389,386	\$ 18,096,275	\$ 5,356
Receivables:			
Taxes	4,847,251	-	-
Federal, state and local governments	9,284,952	-	-
Other	3,010,345	-	-
Due from other funds	2,662,421	756,956	-
Prepaid items	70,477	-	-
Other assets	3,062	-	-
Total assets	\$ 48,267,894	\$ 18,853,231	\$ 5,356
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Accounts payable and accrued liabilities	\$ 5,452,115	\$ 2,545,371	\$ -
Due to other funds	20,467,298	-	-
Deferred revenue	4,264,395	-	-
Other	762,299	-	-
Total liabilities	30,946,107	2,545,371	-
FUND BALANCES			
Fund balances:			
Reserved for encumbrances	2,549,394	-	-
Reserved for prepaid items	70,477	-	-
Reserved for fund purposes	-	-	5,356
Unreserved:			
Designated for capital projects	14,201,916	16,307,860	-
Undesignated	500,000	-	-
Unreserved, reported in nonmajor:			
Special revenue funds	-	-	-
Total Fund Balances	17,321,787	16,307,860	5,356
Total Liabilities and Fund Balances	\$ 48,267,894	\$ 18,853,231	\$ 5,356

The Notes to Financial Statements are an integral part of this statement.

<u>Reserve</u> <u>Fund</u>	<u>Other</u> <u>Governmental</u> <u>Funds</u>	<u>Total</u>
\$ -	\$ 500,414	\$ 46,991,431
-	-	4,847,251
-	-	9,284,952
-	113,460	3,123,805
18,974,224	512,605	22,906,206
-	-	70,477
-	-	3,062
<hr/>		
\$ 18,974,224	\$ 1,126,479	\$ 87,227,184
<hr/>		

\$ -	\$ 432,117	\$ 8,429,603
-	-	20,467,298
-	128,925	4,393,320
-	-	762,299
<hr/>		
-	561,042	34,052,520
<hr/>		
-	-	2,549,394
-	-	70,477
18,974,224	-	18,979,580
-	-	30,509,776
-	-	500,000
-	565,437	565,437
<hr/>		
18,974,224	565,437	53,174,664
<hr/>		
\$ 18,974,224	\$ 1,126,479	\$ 87,227,184
<hr/>		

WORCESTER COUNTY, MARYLAND

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET ASSETS

June 30, 2010

Total fund balances, governmental funds	\$ 53,174,664
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Amounts reported for governmental activities in the statement of net assets
are different because:

Pre-payment of post retirement employment benefits	28,924,711
--	------------

Capital assets used in governmental activities are not financial resources and are therefore not reported in the fund financial statements, but are reported in the governmental activities of the Statement of Net Assets.	113,120,795
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Certain revenues that do not provide current financial resources are reported as unearned revenue in the fund financial statements, but are reported as revenue in the governmental activities of the Statement of Net Assets.	3,995,572
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Some liabilities are not due and payable in the current period and therefore are
not reported in the fund financial statements, but are reported in the governmental
activities of the Statement of Net Assets. Those liabilities consist of:

Bond, notes and capital leases payable	(89,697,568)
Compensated absences	<u>(938,000)</u>

Total long-term liabilities	<u>(90,635,568)</u>
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Net assets of governmental activities in the Statement of Net Assets	<u><u>\$108,580,174</u></u>
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The Notes to Financial Statements are an integral part of this statement.



WORCESTER COUNTY, MARYLAND

STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES

GOVERNMENTAL FUNDS

Year Ended June 30, 2010

	<u>General</u>	<u>Capital Projects</u>	<u>Debt Service</u>
REVENUES:			
Taxes and special assessments	\$ 161,809,948	\$ -	\$ -
Licenses and permits	1,712,306	-	-
Intergovernmental	7,383,183	259,308	-
Service charges and fees	3,490,909	-	-
Miscellaneous	988,876	67,878	21
Other	-	-	-
Total revenues	175,385,222	327,186	21
EXPENDITURES:			
Current:			
General government	15,855,802	-	-
Public safety	27,534,380	-	-
Public works	5,246,775	-	-
Health and hospitals	5,494,946	-	-
Social services	1,437,608	-	-
Education	80,309,872	-	-
Libraries, recreation and culture	5,504,621	-	-
Conservation of natural resources	233,393	-	-
Economic development	1,081,193	-	-
Distributions to incorporated municipalities	18,770,287	-	-
Capital projects	-	16,635,132	-
Debt service:			
Principal retirement	-	-	7,271,910
Interest and other charges	-	-	3,767,529
Total expenditures	161,468,877	16,635,132	11,039,439
(Deficiency) excess of revenues over expenditures	13,916,345	(16,307,946)	(11,039,418)
OTHER FINANCING SOURCES (USES):			
Transfers in	-	9,288,874	11,039,440
Transfers out	(20,328,314)	-	-
Total other financing sources (uses)	(20,328,314)	9,288,874	11,039,440
Net change in fund balances	(6,411,969)	(7,019,072)	22
Fund balances, beginning	23,733,756	23,326,932	5,334
Fund balances, ending	\$ 17,321,787	\$ 16,307,860	\$ 5,356

The Notes to Financial Statements are an integral part of this statement.

<u>Reserve</u>		<u>Other</u>	
<u>Fund</u>		<u>Governmental</u>	<u>Total</u>
		<u>Funds</u>	
\$	-	\$	-
	-		-
	-	1,000,818	161,809,948
	-	-	1,712,306
	-	-	8,643,309
	-	-	3,490,909
	-	-	1,056,775
	-	1,329	1,329
	-	1,002,147	176,714,576
	-	-	15,855,802
	-	-	27,534,380
	-	-	5,246,775
	-	-	5,494,946
	-	1,169,381	2,606,989
	-	-	80,309,872
	-	-	5,504,621
	-	-	233,393
	-	-	1,081,193
	-	-	18,770,287
	-	-	16,635,132
	-	-	7,271,910
	-	-	3,767,529
	-	1,169,381	190,312,829
	-	(167,234)	(13,598,253)
	-	-	20,328,314
	-	-	(20,328,314)
	-	-	-
	-	(167,234)	(13,598,253)
18,974,224		732,671	66,772,917
\$ 18,974,224	\$	565,437	\$ 53,174,664

WORCESTER COUNTY, MARYLAND

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE
STATEMENT OF ACTIVITIES

Year Ended June 30, 2010

Net change in fund balances, governmental funds \$ (13,598,253)

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

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. In the current period, these amounts are:

Capital outlay	7,284,990	
Depreciation expense	<u>(8,315,438)</u>	
Excess of depreciation expense over capital outlay		(1,030,448)

Because some revenues will not be collected for several months after the County's fiscal year ends, they are not considered "available" revenues and are deferred in the governmental funds. Unearned revenues increased by this amount this year. 127,790

Bond issue costs, premiums, discounts and similar items are reported in governmental funds when debt is issued, whereas these amounts are deferred and amortized in the statement of activities. 74,033

Governmental funds report repayment of debt principal as an expenditure. In contrast, the Statement of Activities treats such repayments as a reduction in long-term liabilities. 7,271,910

Some items 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. These activities consist of:

Increase in post retirement employee benefits, asset	<u>4,440,792</u>
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Change in net assets of governmental activities \$ (2,714,176)

The Notes to Financial Statements are an integral part of this statement.



WORCESTER COUNTY, MARYLAND

STATEMENT OF FUND NET ASSETS
BUSINESS - TYPE ACTIVITIES

June 30, 2010

	<u>Landfill</u>	Department of Water and Wastewater <u>Services</u>	<u>Total</u>
ASSETS			
<u>Current assets</u>			
Cash and short-term investments	\$ 7,297,572	\$ 939,906	\$ 8,237,478
Accounts receivable	273,685	4,885,275	5,158,960
Total current assets	7,571,257	5,825,181	13,396,438
<u>Noncurrent assets</u>			
Capital assets			
Land, land rights and improvements	1,226,989	114,883	1,341,872
Construction in progress	-	1,835,487	1,835,487
Buildings and building improvements	4,233,213	-	4,233,213
Improvements other than buildings	27,820,461	-	27,820,461
Water and sewer systems	-	77,356,177	77,356,177
Machinery and equipment	6,547,521	5,445,862	11,993,383
	39,828,184	84,752,409	124,580,593
Less accumulated depreciation	(26,080,106)	(25,392,202)	(51,472,308)
	13,748,078	59,360,207	73,108,285
<u>Other assets</u>			
Long-term edu receivable	-	13,998,064	13,998,064
Total noncurrent assets	13,748,078	73,358,271	87,106,349
Total assets	21,319,335	79,183,452	100,502,787

The Notes to Financial Statements are an integral part of this statement.

	<u>Landfill</u>	Department of Water and Wastewater <u>Services</u>	<u>Total</u>
LIABILITIES			
<u>Current liabilities</u>			
Accounts payable and accrued expenses	147,519	199,301	346,820
Due to state	-	1,676	1,676
Bonds payable - current	-	1,898,507	1,898,507
Capital leases payable - current	683,214	-	683,214
Landfill - closure and postclosure costs	13,211,729	-	13,211,729
Accrued bond interest payable	-	178,415	178,415
Due to other funds	16,967	1,981,886	1,998,853
Total current liabilities	14,059,429	4,259,785	18,319,214
<u>Noncurrent liabilities</u>			
Unearned revenues	1,375	7,048,782	7,050,157
Vacation benefits	64,539	127,955	192,494
Bonds payable	-	13,316,941	13,316,941
Bond costs deferred	-	(286,795)	(286,795)
Capital leases payable	896,672	-	896,672
Due to other funds	-	450,401	450,401
Total noncurrent liabilities	962,586	20,657,284	21,619,870
Total liabilities	15,022,015	24,917,069	39,939,084
NET ASSETS			
Invested in capital assets, net of related debt	12,168,192	44,144,759	56,312,951
Unrestricted (deficit)	(5,870,872)	10,121,624	4,250,752
Total net assets	\$ 6,297,320	\$ 54,266,383	\$ 60,563,703

WORCESTER COUNTY, MARYLAND

STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND NET ASSETS

BUSINESS - TYPE ACTIVITIES

Year Ended June 30, 2010

	<u>Landfill</u>	Department of Water and Wastewater <u>Services</u>	<u>Total</u>
OPERATING REVENUES:			
Domestic charges	\$ -	\$ 7,394,534	\$ 7,394,534
Commercial charges	-	534,293	534,293
Hook-up charges	-	32,000	32,000
Future capital development	-	21,565	21,565
Interest and penalties on overdue accounts	1,312	141,972	143,284
Additional assessments	-	316,299	316,299
Payment by developers	-	49,437	49,437
Other revenue	266	117,997	118,263
Edu revenue	-	774,724	774,724
Tank fee revenue	-	2,000	2,000
White Horse Park revenue	-	186,000	186,000
Recycling charges	290,835	-	290,835
Stump removal charges	31,887	-	31,887
Licenses and permits	350,480	-	350,480
Landfill fees	3,172,613	-	3,172,613
Total operating revenues	3,847,393	9,570,821	13,418,214
Total operating expenses	4,792,333	8,683,128	13,475,461
Operating income (loss) before depreciation	(944,940)	887,693	(57,247)
Depreciation	2,006,377	2,660,532	4,666,909
Operating (loss) income	(2,951,317)	(1,772,839)	(4,724,156)
NONOPERATING INCOME (EXPENSE):			
Interest on investments	21,967	1,709	23,676
Operating grants	-	22,000	22,000
Interest expense	(111,741)	(505,574)	(617,315)
Total nonoperating income (expense)	(89,774)	(481,865)	(571,639)
Change in net assets	(3,041,091)	(2,254,704)	(5,295,795)
Net assets, beginning	9,338,411	56,521,087	65,859,498
Net assets, ending	\$ 6,297,320	\$ 54,266,383	\$ 60,563,703

The Notes to Financial Statements are an integral part of this statement.

WORCESTER COUNTY, MARYLAND

STATEMENT OF CASH FLOWS
BUSINESS-TYPE ACTIVITIES

Year Ended June 30, 2010

	<u>Landfill</u>	Department of <u>Water and Wastewater</u>	<u>Total</u>
CASH FLOWS FROM OPERATING ACTIVITIES:			
Cash received for services	\$ 3,916,940	\$ 8,611,918	\$ 12,528,858
Cash received from other revenues	1,578	117,997	119,575
Cash received for future capital development	-	21,565	21,565
Cash payments to employees	(1,785,223)	(1,474,543)	(3,259,766)
Cash payments for fringe benefits	(643,011)	(1,158,582)	(1,801,593)
Cash payments for materials, supplies, and services	(1,549,691)	(4,979,734)	(6,529,425)
Net cash (used) provided by operating activities	(59,407)	1,138,621	1,079,214
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Purchases of property and equipment	(110,310)	(1,355,237)	(1,465,547)
Principal paid on capital lease maturities	(792,224)	(50,190)	(842,414)
Proceeds from issuance of bonds and notes	-	664,585	664,585
Principal paid on bond and note maturities	-	(1,859,022)	(1,859,022)
Interest paid on bonds and notes	(111,741)	(505,574)	(617,315)
Bond costs deferred	-	37,625	37,625
Front foot assessments deferred	-	2,026,479	2,026,479
Net cash used by capital and related financing activities	(1,014,275)	(1,041,334)	(2,055,609)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:			
Cash received for operating grants	-	22,000	22,000
Net cash provided by noncapital and financing activities	-	22,000	22,000
CASH FLOWS FROM INVESTING ACTIVITIES:			
Interest on investments	21,967	1,709	23,676
Net cash provided by investing activities	21,967	1,709	23,676
Net (decrease) increase in cash and short-term investments	(1,051,715)	120,996	(930,719)
Cash and short-term investments, beginning	8,349,287	818,910	9,168,197
Cash and short-term investments, ending	\$ 7,297,572	\$ 939,906	\$ 8,237,478

The Notes to Financial Statements are an integral part of this statement.

WORCESTER COUNTY, MARYLAND

STATEMENT OF CASH FLOWS
BUSINESS-TYPE ACTIVITIES (Continued)
Year Ended June 30, 2010

	<u>Landfill</u>	Department of <u>Water and</u> <u>Wastewater</u>	<u>Total</u>
RECONCILIATION OF OPERATING LOSS TO			
NET CASH (USED) PROVIDED BY OPERATING ACTIVITIES:			
Operating loss	\$ (2,951,317)	\$ (1,772,839)	\$ (4,724,156)
Adjustments to reconcile operating loss to net cash (used) provided by operating activities			
Depreciation	2,006,377	2,660,532	4,666,909
Changes in assets and liabilities:			
Accounts receivable	82,970	(212,750)	(129,780)
Due to state	-	(84,728)	(84,728)
Due from/to other funds	(245,046)	1,190,116	945,070
Deferred revenue	(11,845)	(606,591)	(618,436)
Vacation benefits	(17,394)	(2,135)	(19,529)
Accounts payable and accrued expenses	1,076,848	(32,984)	1,043,864
Net cash (used) provided by operating activities	\$ (59,407)	\$ 1,138,621	\$ 1,079,214

The Notes to Financial Statements are an integral part of this statement.

WORCESTER COUNTY, MARYLAND

STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
June 30, 2010

	Public Drainage <u>Associations</u>	Other Post Employment Benefits <u>Trust</u>	<u>Agency</u>
ASSETS			
Cash and short-term investments	\$ 415,738	\$ 31,701,180	\$ 2,613,233
Taxes receivable	-	-	1,011,765
Special assessments receivable	6,994	-	-
Due from other funds	2,714	-	220,799
Total assets	425,446	31,701,180	3,845,797
LIABILITIES			
Due to other governmental units	-	-	1,303,405
Due to other funds	-	212,417	750
Other liabilities	-	-	2,541,642
Total liabilities	-	212,417	3,845,797
NET ASSETS			
Held in trust for other post employment benefits	-	31,488,763	-
Restricted	425,446	-	-
Total net assets	\$ 425,446	\$ 31,488,763	\$ -

The Notes to Financial Statements are an integral part of this statement.

WORCESTER COUNTY, MARYLAND

STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS

Year Ended June 30, 2010

	Public Drainage <u>Associations</u>	Other Post Employment Benefits <u>Trust</u>
ADDITIONS:		
Special assessments	\$ 99,623	\$ -
Intergovernmental	8,301	-
Employer contributions	-	6,160,224
Plan member contributions	-	69,088
Interest	2,860	50,473
Miscellaneous	18,500	-
Total additions	129,284	6,279,785
DEDUCTIONS:		
Ditch maintenance	89,698	-
Claims incurred	-	1,143,360
Miscellaneous	192	5,090
Total deductions	89,890	1,148,450
Change in net assets	39,394	5,131,335
Net assets, beginning	386,052	26,357,428
Net assets, ending	\$ 425,446	\$ 31,488,763

The Notes to Financial Statements are an integral part of this statement.

NOTES TO FINANCIAL STATEMENTS

NOTES TO FINANCIAL STATEMENTS

Note 1. Description of Worcester County, Maryland

Worcester County, Maryland (the “County”) is a home rule county governed by a seven-member Board of County Commissioners and is located in Snow Hill, Maryland. The County government directly provides all basic local governmental services.

The financial statements of Worcester County, Maryland are prepared in accordance with U.S. generally accepted accounting principles (GAAP) applicable to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial principles. Private sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are allowed 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 GASB. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to the same limitation. The County has elected to follow subsequent private-sector guidance provided they do not conflict with or contradict GASB pronouncements. The following is a summary of the more significant policies:

Note 2. Summary of Significant Accounting Policies

A. Financial Reporting Entity

A reporting entity is composed of the primary government, component units, and other organizations that are included to ensure the financial statements of the County are not misleading. The primary government of the County consists of all funds, departments, boards, and agencies that are not legally separate from the County.

The component unit columns contain the financial data of the County’s discretely presented component units: the Board of Education of Worcester County and the Liquor Control Board of Worcester County. They are reported in separate columns to emphasize that they are legally separate from the County. Although these organizations are legally separate entities and have separately elected governing boards, they are included in the financial statements of the County because the County is financially accountable for each organization.

The *Board of Education of Worcester* (BOE) is a separately elected body that administers the public school system in the county. The BOE is organized as a separate legal entity, but does not have the power to levy taxes or issue bonds. The BOE’s budget is subject to approval by the County Commissioners, and the BOE receives a significant portion of its operational and capital project funding from the County.

The *Liquor Control Board of Worcester County* (LCB) is a separately elected body that oversees the operation of liquor sales in the County. The LCB is organized as a separate legal entity, but does not have the power to levy taxes or issue bonds. The County approves the LCB’s budget. The Liquor Control Board is included as of and for its fiscal year ended April 30, 2010.

Separately issued financial statements can be obtained from the following:

Board of Education of Worcester County
6270 Worcester Highway
Newark, Maryland 21841

Liquor Control Board of Worcester County
5363 Snow Hill Road
Snow Hill, Maryland 21863

B. Basis of Presentation

The County’s basic financial statements consist of government-wide financial statements, including a statement of net assets and a statement of activities, and fund financial statements, which provide a more detailed level of financial information.

NOTES TO FINANCIAL STATEMENTS

Note 2. Significant Accounting Policies (continued)

B. Basis of Presentation (continued)

GOVERNMENT WIDE FINANCIAL STATEMENTS

The statement of net assets and the statement of activities display information about the County as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The statements distinguish between those activities of the County that are governmental in nature and those that are considered business-type activities.

The statement of net assets presents the financial condition of the governmental and business-type activities of the County at year-end. The statement of activities presents a comparison between direct expenses and program revenues for each program or functions of the County's governmental activities and business-type activities. Direct expenses are those that are specifically associated with a service, program, or department, and, therefore, clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program, grants, and contributions that are restricted to meeting the operational or capital requirements of a particular program, and interest earned on grants that is required to be used to support a particular program. Revenues that are not classified as program revenues are presented as general revenues of the County, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each governmental program or business activity is self-financing or draws from the general revenues of the County.

FUND FINANCIAL STATEMENTS

During the year, the County segregates transactions related to certain County functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the County at this more detailed level. The focus of governmental and proprietary fund financial statements is on major funds. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column. Fiduciary funds are reported by type.

C. Fund Accounting

The accounts of the County are organized on the basis of funds, each of which is considered to be a separate accounting entity. The operations of each fund is summarized by providing a separate set of self-balancing accounts which includes its assets, liabilities, fund equity, revenues, and expenditures, or expenses, as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The following fund types are used by the County:

GOVERNMENTAL FUND TYPES

Governmental funds are accounted for using the current financial resources measurement focus. Only current assets and current liabilities are generally included on their balance sheets. Their operating statements present sources and uses of available resources during a given period. The following are the reporting entity's major governmental funds:

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

Reserve Fund - The Reserve Fund contains funds that are reserved as a percentage of governmental expenditures.

In addition, the County has the following governmental funds which the County has chosen to show as major due to their importance to the overall performance of the County:

NOTES TO FINANCIAL STATEMENTS

Note 2. Significant Accounting Policies (continued)

Capital Projects Funds - Capital Projects Funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities, which are not financed by proprietary funds.

Debt Service Funds - The Debt Service Fund is used to account for the accumulation of resources for, and the payment of, general long-term debt, including capital lease obligations, principal, interest and related costs.

The remaining governmental funds which are non-major consist of the following:

Special Revenue Funds - Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specific purposes. The Department of Social Services Fund, the Local Management Board, and the Energy Service Fund are the special revenue funds of the County.

PROPRIETARY FUND TYPES

Proprietary funds are accounted for using the economic resources measurement focus; the accounting objectives are determination of net income, financial position, and cash flows. All assets and liabilities associated with a proprietary fund's activities are included on its balance sheet. Proprietary fund equity is segregated into investment in capital assets and unrestricted net assets.

Enterprise Funds - Enterprise Funds are established to account for operations that are financed and operated in a manner similar to private business enterprises, where the intent is that costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges. The Landfill Fund and the Department of Water and Wastewater Services are the only enterprise funds of the County.

FIDUCIARY FUND TYPES

Fiduciary funds account for assets held by the County in a trustee or agency capacity. Agency funds are custodial in nature and do not involve measurement of results of operations.

Trust and Agency Funds - Trust and Agency Funds are used to account for assets held by the County as an agent for other funds and/or other governments. The trust funds include the OPEB Trust Fund and the Public Drainage Fund (a private purpose trust fund). The agency funds include the State of Maryland Property Tax Fund, Maryland Department of Motor Vehicles Fund, Tax Sale Fund, Development Tax Fund, Performance Bond Fund, Confiscated Monies Fund, Personal Property Tax Fund, Forest Conservation Fund, Bay Restoration Fund, Snow Hill Property Tax Fund, Berlin Property Tax Fund, Pocomoke Property Tax Fund, Special Loans Fund, and Critical Areas Fund.

D. Measurement Focus

GOVERNMENT WIDE FINANCIAL STATEMENTS

The government-wide financial statements are prepared using a flow of economic resources measurement focus. All assets and all liabilities associated with the operation of the County are included on the statement of net assets.

FUND FINANCIAL STATEMENTS

All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. The statement of revenues, expenditures, and changes in fund balance reflects the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements, therefore, include a reconciliation with brief

NOTES TO FINANCIAL STATEMENTS

Note 2. Significant Accounting Policies (continued)

explanations to better identify the relationship between the government-wide statements and the fund financial statements for governmental funds.

Like the government-wide financial statements, the enterprise funds are accounted for using a flow of economic resources measurement focus. All assets and all liabilities associated with the operation of these funds are included on the statement of net assets. The statement of changes in revenues, expenses, and changes in fund net assets presents increases (i.e., revenues) and decreases (i.e., expenses) in total net assets. The statement of cash flows reflects how the County finances and meets the cash flow needs of its enterprise activities.

E. Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting; enterprise funds and fiduciary funds use the accrual basis of accounting. Differences in the accrual basis of accounting arise in the recognition of revenue, the recording of unearned revenue, and in the presentation of expenses versus expenditures.

REVENUES - EXCHANGE AND NONEXCHANGE TRANSACTIONS

Revenues resulting from exchange transactions, in which each party gives and receives essentially equal value, are recorded on the accrual basis when the exchange takes place. On the modified accrual basis, revenue is recognized in the year in which the resources are measurable and become available. Available means the resources will be collected within the current year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current year. For the County, available means expected to be received within sixty days after year end.

Nonexchange transactions, in which the County receives value without directly giving equal value in return, include property taxes, grants, entitlements, and donations. On the accrual basis, revenue from property taxes is recognized in the year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted; matching requirements, in which the County must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the County on a reimbursement basis. On the modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

Under the modified accrual basis, the following revenue sources are considered both measurable and available at year end: property taxes, franchise taxes, special assessments, intergovernmental revenues, interest revenue, and charges for services. Income taxes collected and held by the State at year-end on behalf of the County also are recognized as revenue. Licenses and permit revenues are not susceptible to accrual because generally they are not measurable until received in cash.

UNEARNED REVENUES

Unearned revenues arise when assets are recognized before the revenue recognition criteria have been satisfied.

Property taxes not collected within the available period have been recorded as unearned revenue. Grants and entitlements received before the eligibility requirements were met also have been recorded as unearned revenue.

On governmental fund financial statements, receivables that were not collected within the available period are recorded as unearned revenue.

NOTES TO FINANCIAL STATEMENTS

Note 2. Significant Accounting Policies (continued)

EXPENSES/ EXPENDITURES

On the accrual basis, expenses are recognized at the time they are incurred.

The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable. Allocations of cost, such as depreciation and amortization, are not recognized in governmental funds.

F. Budgetary Data

Formal budgetary accounting is employed as a management control for all Enterprise Funds. The annual budgets for the Enterprise Funds are prepared in accordance with the basis of accounting utilized by those funds. The general fund of the County has a legally adopted budget. The Budgetary Comparison Schedule - General Fund (schedule A) and Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - General Fund (schedule B) are prepared on a basis consistent with the budget. The County's budget includes appropriations of prior year fund balance as other sources in the current year. Also, the Statement of Activities is prepared on a basis consistent with GAAP where encumbrances are treated as reservations of fund balance and prior year fund balances are not recognized as other revenue sources. The budgets shown in the financial statements are the budget ordinances at the close of the day on June 30, 2010. All annual appropriations lapse at fiscal year end.

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

- (1) Prior to April 30, the Chief Administrative Officer submits to the County Commissioners a proposed budget for the fiscal year commencing the following July 1. The budget includes requested expenditures and the means of financing them.
- (2) Public hearings are conducted to obtain taxpayer comments.
- (3) No later than the first Tuesday in June, the budget is legally enacted through passage of a budget resolution.
- (4) The Chief Administrative Officer is not authorized to make any transfers of budgeted amounts. The County's legal level of budgetary control is at the County Commissioner level in that all transfers must be approved by the County Commissioners.

The Board of Education of Worcester County (the "Board") follows these procedures in establishing its general fund budgetary data reflected in the financial statements:

- (1) The Superintendent and Supervisor of Business Operations formulate a proposed budget for review by the Board during the second public hearing scheduled in February.
- (2) Prior to March 31, the Board adopts the proposed budget. The proposed budget, exclusive of amounts relating to restricted programs, is submitted to the County Commissioners.
- (3) In mid-May, the County Commissioners and the Board discuss the budget in public forum.
- (4) The County Commissioners approve the budget no later than the first Tuesday in June. The approved budget is subject to affirmation by the Board within thirty days of the County Commissioners' approval.

NOTES TO FINANCIAL STATEMENTS

Note 2. Significant Accounting Policies (continued)

G. Encumbrances

Encumbrances represent commitments related to unperformed contracts for goods or services. Encumbrance accounting - under which purchase orders, contracts, and other commitments for the expenditure of resources are recorded to reserve that portion of the applicable appropriation - is utilized in the governmental fund types. Encumbrances outstanding at year-end are reported as reservations of fund balances and do not constitute expenditures or liabilities because the commitments will be honored during the subsequent year.

H. Cash and Short-Term Investments

For purposes of the statement of cash flows, the County considers all highly liquid investments with original maturities of less than 30 days to be cash equivalents.

I. Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, are reported as prepaid items using the consumption method by recording a current asset for the prepaid amount and reflecting the expenditure/ expense in the year in which services are consumed.

J. Property Tax

Taxes are levied annually on July 1 and are due in full by September 30 for non-owner occupied properties. Owner occupied property taxes are due in two equal semi-annual installments on September 30 and December 31, respectively. Property taxes are attached as an enforceable lien and are in arrears on October 1 for non-owner occupied properties and January 1 for owner occupied properties. The County bills and collects its own taxes. County property tax revenues are recognized when collected.

K. Inventory

Inventory is stated at the lower of cost (first in, first out) or market.

L. Capital assets

General capital assets are capital assets, which are associated with and generally arise from governmental activities. They generally result from expenditures in governmental funds. General capital assets are reported in the governmental activities column of the government-wide financial statements of net assets but are not reported in the fund financial statements. Capital assets used by the enterprise funds are reported in both the business-type activities column of the government-wide statement of net assets and in the respective funds.

All capital assets are capitalized at cost or estimated cost and updated for additions and reductions during the year. Donated fixed assets are recorded at their fair market value on the date donated. The County maintains a capitalization threshold of \$10,000. The County's infrastructure consists of roads, bridges, curbs and gutters, streets and sidewalks, drainage systems, and lighting systems. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized.

NOTES TO FINANCIAL STATEMENTS

Note 2. Significant Accounting Policies (continued)

L. Capital assets (continued)

All capital assets are depreciated, except for land and improvements and construction in progress. Building improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using the straight-line method over the following useful lives:

Description	Estimated Lives
Buildings and building improvements	40-100 years
Improvements other than buildings	40 years
Machinery and equipment	5-20 years
Water and sewer systems	6-20 years
Infrastructure	5-50 years

M. Interfund Receivables/ Payables

On fund financial statements, receivables and payables resulting from short-term interfund loans or interfund services provided and used are classified as "Interfund Receivables/ Payables." Interfund balances within governmental activities and within business-type activities are eliminated on the government-wide financial statement of net assets. The only interfund balances, which remain on the government-wide statement of net assets are those between governmental and fiduciary activities. These amounts are reflected as due to fiduciary funds.

N. Compensated Absences

Vacation benefits are earned by employees of the reporting entity based on time in service, and the rights to such benefits are vested. Sick leave is also accumulated by employees based on time in service. However, accumulated sick leave benefits do not vest and are not paid unless sickness causes employees to be absent, except that accumulated sick time is credited to months of service in the calculation of employees' retirement benefits. The County records vested vacation benefits as earned.

The entire compensated absences liability is reported on the government-wide financial statements. Accumulated vested vacation benefits of the other component unit as of June 30, 2010 is not material.

O. Accrued Liabilities and Long-Term Obligations

All payables, accrued liabilities, and long-term obligations are reported on the government-wide financial statements. All payables, accrued liabilities, and long-term obligations payable from the enterprise funds are reported on the enterprise fund financial statements.

In general, governmental fund payables and accrued liabilities are recognized as fund liabilities when incurred. However, compensated absences and contractually required pension contributions that are paid from governmental funds are reported as liabilities on the fund financial statements only to the extent that they are due for payment during the current year. Loans and leases are recognized as a liability on the fund financial statements when due.

NOTES TO FINANCIAL STATEMENTS

Note 2. Significant Accounting Policies (continued)

P. Net Assets

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through constitutional provisions or enabling legislation adopted by the County or through external restrictions imposed by grantors, creditors or laws or regulations of other governments.

The County applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

Q. Governmental Fund Balance Reserves

The County reserves those portions of governmental fund balances that are legally segregated for specific future use or which do not represent available expendable resources and therefore are not available for appropriation or expenditure. Fund balance reserves have been established for encumbrances.

R. Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activity of the enterprise funds. For the County, these revenues are charges for services for department of water and waste water and landfill. Operating expenses are the necessary costs incurred to provide the service that is the primary activity of the fund. Revenues and expenses not meeting these definitions are reported as nonoperating.

S. Interfund Transactions

Transfers between governmental and business-type activities on the government wide financial statements are reported in the same manner as general revenues.

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/ expenses in the purchaser funds. Flow of cash or goods from one fund to another without a requirement for repayment are reported as Interfund transfers. Interfund transfers are reported as other financing sources/ uses in governmental funds and after nonoperating revenues/ expenses in enterprise funds. Repayments from funds responsible for particular expenditures/ expenses to the funds that initially paid for them are not presented on the financial statements.

T. Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

NOTES TO FINANCIAL STATEMENTS

Note 3. Cash and Short-Term Investments

Deposits are maintained in a variety of financial institutions.

The County is authorized to invest unexpended revenues from taxation, bond sales, lawful distributions to it of funds from other governmental agencies, or any other funds properly received by it, until it determines the funds are needed for proper public purpose. The County's investment policy, in order to minimize credit and interest rate risk, allows the County to invest in United States Government bonds or evidence of indebtedness, it can invest in Federally insured banking institutions, which pledge United States Treasury bills, notes or other obligations to secure such deposits, repurchase agreements and collateralized certificates of deposit.

At June 30, 2010, Worcester County had deposits of \$11,375,089 (carrying value \$9,386,961). The depository banks pledge collateral for specific accounts, which are held in the County's name at the Federal Reserve Bank of Richmond and at Mercantile-Safe Deposit and Trust Company. Deposits in financial institutions were fully insured or collateralized at June 30, 2010, and therefore have no custodial risk associated with them.

The County is a participant in the Maryland Local Government Investment Pool (MLGIP), which provides all local government units of the State a safe investment vehicle for short-term investments of funds. The State Legislature created MLGIP with the passage of Article 94 22G of the Annotated Code of Maryland. The MLGIP is managed by PNC Safe Deposit and Trust Company, which is under administrative control of the State Treasurer. A MLGIP Advisory Committee of current participants has been formed to review the activities of the Fund on a quarterly basis and provide suggestions to enhance the pool. The MLGIP is rated AAA by Standard and Poor's. The fair value of the pool is the same as the value of the pool shares. At June 30, 2010, the County had investments of \$80,564,739 with the Maryland Local Government Investment Pool, which are recorded at cost, which approximates fair value.

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The County's exposure to credit risk on deposits is minimal, as all deposits are in the form of cash, fully insured by the FDIC or collateralized by securities pledged in the County's name. The County minimizes its exposure to credit risk on investments by limiting its investments to U.S. Treasury obligations and MLGIP. Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The County's exposure to interest rate risk is minimal as of June 30, 2010, as its only investments consisted of MLGIP.

Reconciliation of cash and short term investments as shown on the Statement of Net Assets:

Petty cash	\$ 7,360
Carrying amount of deposits	9,386,961
MLGIP	80,564,739
Less amounts in fiduciary funds	<u>(34,730,151)</u>
Total	<u><u>\$ 55,228,909</u></u>

Note 4. Interfund Balances and Transfers

As a result of its operations, the County effects a variety of transactions between funds to finance operations, service debt, etc. Accordingly, to the extent that certain interfund transactions have not been paid or received as of June 30, 2010, appropriate due from/to other funds have been established.

Interfund transactions are classified as follows:

1. Transfers to support the operations of other funds are recorded as "Transfers in (out) to other funds" and classified as "Other Financing Sources (Uses)" in the fund statements. Transfers between governmental and proprietary funds are netted as part of the reconciliation of the Government-wide financial statements.

NOTES TO FINANCIAL STATEMENTS

Note 4. Interfund Balances and Transfers (continued)

2. Loans between funds are classified as Interfund loans receivable and payable or as advances to and from other funds in the fund statements. Interfund loans do not affect total equity, but advances to other funds are offset by a reservation of the fund equity. Loans and advances are netted as part of the reconciliation of the Government-wide financial statements.

Interfund balances at June 30, 2010, consisted of the following individual fund receivables and payables:

	Due From Other Funds	Due to Other Funds
General fund:		
Enterprise funds:		
Landfill	\$ 16,967	\$ -
Department of Water and Wastewater	2,432,287	-
Reserve fund	-	18,974,224
Energy service fund	-	512,605
Capital Projects fund	-	756,956
State of Maryland property tax agency fund	-	131,742
Maryland department of motor vehicles agency fund	750	-
Bay restoration agency fund	-	11,573
Snow Hill property tax agency fund	-	15,242
Berlin property tax agency fund	-	45,043
Pocomoke property tax agency fund	-	17,199
Public Drainage Association	-	2,714
OPEB Trust	212,417	-
Other governmental funds:		
General fund	512,605	-
Reserve Fund:		
General fund	18,974,224	-
Capital projects funds:		
General fund	756,956	-
Fiduciary funds:		
General fund	223,513	213,167
Enterprise funds:		
General fund	-	2,449,254
	\$ 23,129,719	\$ 23,129,719

Interfund transfers activity for the year ended June 30, 2010, consisted of the following individual amounts:

	Transfers In	Transfers Out
General fund:		
Capital Projects fund	\$ -	\$ 9,288,874
Debt service fund	-	11,039,440
Debt Service Fund:		
General fund	11,039,440	-
Capital projects funds:		
General fund	9,288,874	-
	\$ 20,328,314	\$ 20,328,314

NOTES TO FINANCIAL STATEMENTS

Note 5. Capital Assets

Capital asset activity for the year ended June 30, 2010, was as follows:

	Balance June 30, 2009	Additions	Transfers and Reductions	Balance June 30, 2010
Primary Government				
Governmental Activities:				
Nondepreciable Capital Assets:				
Land and improvements	\$ 9,855,631	\$ -	\$ 1,500,000	\$ 11,355,631
Construction in progress	25,943,402	5,150,728	(29,393,347)	1,700,783
Total Nondepreciable Capital Assets	35,799,033	5,150,728	(27,893,347)	13,056,414
Depreciable Capital Assets:				
Building and building improvements	56,672,188	-	23,903,081	80,575,269
Improvements other than buildings	6,144,465	45,347	3,952,114	10,141,926
Machinery and equipment	25,973,029	2,088,915	(901,592)	27,160,352
Infrastructure	106,429,883	-	-	106,429,883
Total Depreciable Assets	195,219,565	2,134,262	26,953,603	224,307,430
Less accumulated depreciation for:				
Buildings and building improvements	(12,665,007)	(1,332,109)	38,152	(13,958,964)
Improvements other than buildings	(2,474,932)	(299,479)	-	(2,774,411)
Machinery and equipment	(14,431,585)	(2,383,422)	901,592	(15,913,415)
Infrastructure	(87,295,831)	(4,300,428)	-	(91,596,259)
Total accumulated depreciation	(116,867,355)	(8,315,438)	939,744	(124,243,049)
Total Depreciable Capital Assets, Net	78,352,210	(6,181,176)	27,893,347	100,064,381
Governmental Activities Capital Assets, Net	\$ 114,151,243	\$ (1,030,448)	\$ -	\$ 113,120,795

Depreciation expense was charged to governmental functions as follows:

General government	\$ 686,818
Public safety	1,587,047
Public works	4,738,823
Health and hospitals	394,252
Libraries, recreation and culture	908,498
Total depreciation expense	\$ 8,315,438

NOTES TO FINANCIAL STATEMENTS

Note 5. Capital Assets (continued)

	Balance June 30, 2009	Additions	Transfers and Reductions	Balance June 30, 2010
Business-type Activities				
Nondepreciable Capital Assets:				
Land, land rights and improvements	\$ 1,341,872	\$ -	\$ -	\$ 1,341,872
Construction in progress	1,079,416	1,209,846	(453,775)	1,835,487
Total Nondepreciable Capital Assets	2,421,288	1,209,846	(453,775)	3,177,359
Depreciable Capital Assets:				
Buildings and building improvements	4,233,213	-	-	4,233,213
Improvements other than buildings	27,710,151	110,310	-	27,820,461
Machinery and equipment	11,961,460	60,595	(28,672)	11,993,383
Water and sewer systems	76,826,596	84,796	444,785	77,356,177
Total Depreciable Assets	120,731,420	255,701	416,113	121,403,234
Less accumulated depreciation for:				
Buildings and building improvements	(719,045)	(105,831)	-	(824,876)
Improvements other than buildings	(19,867,948)	(1,276,488)	-	(21,144,436)
Machinery and equipment	(6,647,082)	(1,077,979)	28,672	(7,696,389)
Water and sewer systems	(19,608,986)	(2,206,611)	8,990	(21,806,607)
Total accumulated depreciation	(46,843,061)	(4,666,909)	37,662	(51,472,308)
Total Depreciable Capital Assets, Net	73,888,359	(4,411,208)	453,775	69,930,926
Business-type Activities Capital Assets, Net	\$ 76,309,647	\$ (3,201,362)	\$ -	\$ 73,108,285

NOTES TO FINANCIAL STATEMENTS

Note 6. Long-Term Debt

Changes in the County's long-term obligations during 2010 were as follows:

	Balance at June 30, 2009	Additions	Reductions	Balance at June 30, 2010	Amount Due in One Year
Governmental Activities					
Estimated landfill closure costs	\$ 2,800,000	\$ -	\$ -	\$ 2,800,000	\$ -
General obligation bonds:					
Consolidated Public Improvement Bonds, 1998 Series; interest 4% to 5%; due annually to 2013	2,540,000	-	(465,000)	2,075,000	485,000
Consolidated Public Improvement Bonds, 2000 Series; interest 5.25% to 6%; due annually to 2015, partially redeemed with 2004 series	1,555,000	-	(1,555,000)	-	-
Consolidated Public Improvement Bonds, 2002 Series; interest 2% to 3.75%; due annually to 2017	3,013,677	-	(287,500)	2,726,177	297,647
Consolidated Public Improvement Bonds, 2004 Series; interest 2.5% to 5%; due annually to 2020	21,665,000	-	(1,455,000)	20,210,000	3,130,000
Consolidated Public Improvement Bonds, 2007 Series; interest at 3.5% to 4.5%; payable semiannually to 2022	26,715,000	-	(1,445,000)	25,270,000	1,500,000
MDE Water Quality Bond; interest at .4%, due annually to 2024	2,831,463	-	(229,410)	2,602,053	230,328
Consolidated Public Improvement Bonds, 2008 Series; interest at 3.25% to 5%; payable semiannually to 2024	35,000,000	-	(1,835,000)	33,165,000	1,880,000
Deferred Bond Discount, net	923,371	-	(74,033)	849,338	74,033
	97,043,511	-	(7,345,943)	89,697,568	7,597,008
Compensated absences	1,563,000	1,072,000	(1,072,000)	1,563,000	625,000
Total Governmental Activities	\$ 98,606,511	\$ 1,072,000	\$ (8,417,943)	\$ 91,260,568	\$ 8,222,008

NOTES TO FINANCIAL STATEMENTS

Note 6. Long-Term Debt (continued)

	Balance at June 30, 2009	Additions	Reductions	Balance at June 30, 2010	Amount Due in One Year
Business-Type Activities					
Estimated landfill closure costs	\$11,949,783	\$ 1,261,946	\$ -	\$13,211,729	\$13,211,729
General obligation bonds:					
Consolidated Public Improvement Bonds, 1998 Series; interest 4% to 5%; due annually to 2013	1,240,000	-	(225,000)	1,015,000	235,000
Consolidated Public Improvement Bonds, 2002 Series; interest 2% to 3.75%; due annually to 2017	1,441,325	-	(137,500)	1,303,825	142,352
Consolidated Public Improvement Bonds, 2004 Series; interest 2.5% to 5%, due annually to 2020	1,600,000	-	(170,000)	1,430,000	175,000
MDE Water Quality Bond; interest at .4%; due annually to 2024	5,199,555	-	(406,251)	4,793,304	407,876
Public Refunding Bonds, 2007; interest at 3.5% to 4.5%; payable semiannually to 2022	6,405,000	-	(890,000)	5,515,000	875,000
Snug Harbor Water Quality Loan Agreement, 2007; interest 0.04%, due semiannually to 2026	524,005	-	(30,271)	493,734	30,393
MDE Drinking Water Bond; interest at 1.1%; due annually to 2029	-	276,343	-	276,343	18,429
Line of credit; interest at 3.94%; converts to 15 year term note in March 2011	-	388,243	-	388,243	14,457
Deferred Bond Costs, net	(324,420)	-	37,625	(286,795)	37,625
Capital lease payable	2,422,300	-	(842,415)	1,579,885	683,214
	30,457,548	1,926,532	(2,663,812)	29,720,268	15,831,075
Compensated absences	353,370	277,453	(310,000)	320,823	128,329
Total Business-Type Activities	\$ 30,810,918	\$ 2,203,985	\$ (2,973,812)	\$ 30,041,091	\$15,959,404

The County issued \$6,800,000 in Consolidated Public Improvement Bonds, 2002 Series, with an average interest rate of 3.28% and maturing in 2017. Proceeds of \$3,100,000 was used for the renovation and equipping of the Worcester County Court House, \$1,500,000 was used for the purchase of land, construction and equipping of a new Snow Hill Senior Center/Adult Medical Day Care Center and \$2,200,000 was used for various Department of Water and Wastewater water and sewer projects.

The County issued \$21,740,000 in Consolidated Public Improvement Bonds, 2000 Series, with an average interest rate of 5.4%. Proceeds of the Bonds were used to finance all or a portion of the costs of the construction, equipping and acquisition of land for a new county government office building, renovation to the existing court house, renovations and improvements to Stephen Decatur High School, and to pay all costs of issuance of the Bonds.

The County issued \$9,190,000 in Consolidated Public Improvement Bonds, 1998 Series, with an average interest rate of 4.4%. Proceeds of \$6,265,000 and \$2,925,000 will be repaid by the County and the Department of Water and Wastewater, respectively. Proceeds of the Bonds were used to finance all or a portion of the costs of the construction and equipping of a new North County Library, an approximately 60-bed addition to the Worcester County Jail, renovations at various schools within the County, the County's share of the Wor-Wic Community College campus development, various improvements to the water system and

NOTES TO FINANCIAL STATEMENTS

Note 6. Long-Term Debt (continued)

wastewater collection system and upgrades to the wastewater treatment plant in the Ocean Pines Sanitary Service Area, and to pay costs of issuance of the Bonds.

During 1990, the operations of three County landfills were terminated. During 1998, changes in Federal and State regulations will cause the County to incur additional closure costs in capping the Berlin rubble fill, which had already been previously closed. The County currently estimates that related closure costs to be incurred under current Federal and State regulations will approximate \$2,800,000. Engineering studies are presently being conducted to evaluate closure alternatives and develop a more accurate estimate of the related costs. The County intends to fund such costs with future revenues and has included its current estimate of such costs in long-term debt.

In August 2004, the County entered into an agreement with the Maryland Department of the Environment's State Revolving Loan Fund to finance water quality capital projects totaling \$12,325,000 with an interest rate of 0.4% and administrative charges of 0.5% to be repaid over the next 20 years. The loan was used to fund landfill closure projects in Pocomoke (\$2,600,000) and Snow Hill (\$2,800,000) and various water and wastewater projects (\$6,900,000), including the expansion of the Ocean Pines wastewater treatment facility.

In November 2004, the County issued \$30,115,000 in Consolidated Public Improvement Project and Refunding Bonds, 2004 series, with an average interest rate of 3.55% and maturing in 2020. Proceeds of \$13,110,000 were used for the renovation and equipping for a new Ocean City Elementary School. In addition, the Consolidated Public Improvement Bonds, 1992 series was redeemed, plus a portion of the 1996 and 2000 series was also redeemed. The additional proceeds were placed in escrow for the purpose of generating resources for all future debt service payments on \$16,765,000 of general obligation bonds. As a result, the liability has been removed. A net interest savings of \$745,708 was achieved over the life of the bond.

In April 2007, the County issued \$35,865,000 in Consolidated Public Improvement Project and Refunding Bonds, 2007 series, with an average interest rate of 4.0% and maturing in 2022. Proceeds of \$28,100,000 were used to finance a new Worcester Career & Technology Center. In addition, the Sanitary District Bonds, Series J, and the Consolidated Public Improvement Project and Refunding Bonds, 1996 Series, were refunded. The Consolidated additional proceeds were placed in escrow for the purpose of generating resources for all future debt service payments on \$7,620,000 of general obligation bonds. As a result, the liability has been removed. A net interest savings of \$523,511 was achieved over the life of the bond.

In November 2008, the County issued \$35,000,000 in Consolidated Public Improvement Bonds, 2008 Series, with an average interest rate of 4.13% and maturing in 2024. Proceeds are being used to finance renovations and additions to the Pocomoke High School and to pay all costs of issuance of the bond.

In September 2008, the County entered into an agreement with the Maryland Department of the Environment's State Revolving Loan Fund to finance a portion of a drinking water capital project totaling \$653,000 with an interest rate of 1.1% and administrative charges of 5% to be repaid over the next 19 years. The loan is being used to fund the construction of the Newark water tower. At June 30, 2010, undrawn proceeds of \$90,720 were still available under this loan agreement.

In March 2010, the County obtained a \$2,500,000 line of credit from a local financial institution, with an interest rate of 3.94%, and maturing in March 2011. At maturity, the line will be converted to a 15 year term note, with an interest rate of 3.94%. The loan is being used to fund the Ocean Pines fire protection system project. At June 30, 2010, undrawn proceeds of \$2,111,757 were still available under this line.

In prior years, the County defeased certain general obligation bonds by placing the proceeds of new bonds with an escrow agent in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and liability for the defeased bonds are not included in the financial statements for the County. At June 30, 2010, \$5,235,000 of bonds are considered defeased during prior years which are related to Business-Type Activities.

NOTES TO FINANCIAL STATEMENTS

Note 6. Long-Term Debt (continued)

The following is a summary of the County's future annual debt service requirements on long-term obligations (excluding capital lease obligations, which are reported separately):

Governmental Activities

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2011	\$ 7,522,975	\$ 3,511,217	\$ 11,034,192
2012	10,624,043	3,196,515	13,820,558
2013	7,393,498	2,876,271	10,269,769
2014	7,689,573	2,553,572	10,243,145
2015	7,424,035	2,231,804	9,655,839
2016-2020	29,452,235	7,255,925	36,708,160
2021-2024	18,741,871	1,606,398	20,348,269
Total	\$ 88,848,230	\$ 23,231,702	\$ 112,079,932

Business-Type Activities

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2011	\$ 15,110,236	\$ 400,485	\$ 15,510,721
2012	1,964,799	340,995	2,305,794
2013	1,994,025	274,639	2,268,664
2014	1,706,673	214,290	1,920,963
2015	1,460,983	259,885	1,720,868
2016-2020	5,111,139	259,845	5,370,984
2021-2025	1,045,939	27,387	1,073,326
2026	33,384	156	33,540
Total	\$ 28,427,178	\$ 1,777,682	\$ 30,204,860

The County has entered into leases for the acquisition of various equipment, which transfer ownership at the end of the lease. Accordingly, the present value of future minimum lease payments and the related assets have been recorded in the appropriate fund.

The assets acquired through capital leases are as follows:

Business-Type Activities

Equipment	\$ 4,200,349
Less accumulated depreciation	(1,900,071)
Total	\$ 2,300,278

The following is a summary of the future minimum lease payments on the capital leases:

NOTES TO FINANCIAL STATEMENTS

Note 6. Long-Term Debt (continued)

Business-Type Activities

<u>Year Ending June 30,</u>	
2011	\$ 754,214
2012	548,909
2013	300,322
2014	98,420
	<hr/> 1,701,865
Less amount representing interest	(121,980)
	<hr/>
Present value of future minimum lease payments	<hr/> \$ 1,579,885 <hr/>

Neither the County nor its component units are in violation of any debt agreement provisions.

Funds Used for Debt Service and Liquidation of Compensated Absences

Payments on bonds and notes payable that pertain to the County's governmental activities are made by the debt service fund via transfers from the general fund. Payments on bonds and notes payable that pertain to the County's business-type activities are made by the fund in which the liability exists. The compensated absences liability attributable to the governmental activities will be liquidated by the County's general fund. The compensated absences liability attributable to business-type activities will be liquidated by the fund in which the liability exists.

Under provisions of Article 41, Section 266A through 266I of the Annotated Code of Maryland, the County has participated in Industrial Revenue Bonds for various projects within the County. Neither the bonds, nor the interest thereon, constitute an indebtedness or contingent liability of the County and, accordingly, they are not included in the governmental funds.

Note 7. Pension Plans

Plan Description

Generally, all regular employees of the reporting entity (except for the County's Department of Water and Wastewater Services' employees) participate in the State of Maryland Employees Retirement and Pension Systems (Employees Systems). Law enforcement officers employed by the County participate in the State of Maryland Law Enforcement Officers Pension Systems (LEOPS). Correctional officers employed by the County participate in the State of Maryland Correctional Officers Retirement System (CORRS). Teachers employed by the Board of Education generally participate in the State of Maryland Teachers Retirement and Pensions Systems (Teachers Systems). All of these plans (collectively the Systems) are cost sharing multiple-employer public retirement systems sponsored by the Maryland State Retirement and Pensions Systems and created by the Maryland General Assembly. The Maryland State Retirement Agency issues a publicly available financial report that includes financial statements and required supplementary information for the systems. That report may be obtained by writing to the Office of Legislative Audits, State Office Building, 301 West Preston Street, Baltimore, Maryland, 21201.

Participants in the Systems may retire with full benefits after thirty years of service regardless of age or at various ages with specified years of eligibility service for reduced benefits. Annual service retirement allowances are paid monthly to retired members in accordance with allowance options selected based on average final compensation. Participants terminating in the retirement system prior to specified retirement age are refunded their accumulated contributions plus earned interest or may defer receipt of accumulated contributions until age 60. Participants and their beneficiaries may also be eligible for disability and death benefits based on years of creditable service and average final compensation.

NOTES TO FINANCIAL STATEMENTS

Note 7. Pension Plans (continued)

Funding Policy

The State Personnel and Pensions Article requires active members to contribute to the System at the rate of 5% or 7% of their covered salary depending upon the retirement option selected.

Employer's payroll and contributions under the plans, are:

	2010	2009	2008
Payroll covered under the plan	\$ 28,574,711	\$ 28,436,090	\$ 24,744,468
Contributions paid in:			
County payments	3,055,837	3,015,832	2,210,432
Actual contributions to required contributions	100%	100%	100%
On-behalf payments (Library)	188,139	129,833	117,400

The employees of the Department of Water and Wastewater Services are covered by a cost sharing multiple employer defined benefit plan administered by Nationwide Life Insurance Company. Employees contribute 4% of their annual salary. The employees of the Town of Ocean City are also participating in this plan.

The pension plan provides pension, death and disability benefits. Normal retirement age is 65 although early retirement may be taken at age 55 with the completion of 10 years of service. Reduced benefits then apply. Any employee is fully vested after 5 years of service. Separate audited financial statements are not issued by the plan.

The plan's accrued benefits and net assets available as of June 30, 2009, the latest date available, are:

Actuarially computed value of:	
Vested accrued benefit obligation	\$ 4,338,399
Nonvested accrued benefit obligation	-
	<u>4,338,399</u>
Net assets available for pension benefits	<u>6,219,138</u>
Net pension (obligation) asset	<u><u>\$ 1,880,739</u></u>

Contributions to the system are defined by the retirement law to consist of a "normal contribution" which is to cover the portion of projected liabilities accruing on account of service of members during the year following the valuation date, and an "unfunded actuarial liability contribution" which together with assets on hand is to cover the portion of projected liabilities on account of service rendered prior to the valuation date.

The Department's contribution to the pension plan for the year ended June 30, 2010 was \$87,844 and is based on the entry age normal cost method. The department has contributed 100% of the required contribution for the past three years.

Covered payroll for the Department totaled approximately \$2,428,306.

The following are the major actuarial assumptions and procedures for the pension plan:

Valuation	7%, including inflation rate of 4%
Cost Method	Aggregate
Mortality Rates	1983 Group Annuity (Male) Table with Female Ages Set Back 6 Years
Salary Scale	5% per Year to Age 65, including inflation rate of 4%
Cost of living adjustment	4%

NOTES TO FINANCIAL STATEMENTS

Note 7. Pension Plans (continued)

As of June 30, 2010, all assets of the plan were held in a deposit administration (guaranteed) fund under a group annuity contract issued by Nationwide Life Insurance Company.

The plan uses the aggregate cost method to determine necessary funding. This method does not amortize past service liabilities separately from current and future expenses.

The normal cost is calculated for the plan as a whole by spreading the difference between the present value of projected future benefits, including prior years' gains and losses, less assets, less the present value of future employee contributions, in a level manner over the future salary of plan participants.

Information regarding the System's funding status for plan years 2010-2008 is as follows:

	2010	2009	2008
Net assets available for pension benefits	\$ 6,219,138	\$ 6,121,731	\$ 5,521,261
Pension obligation	\$ 4,338,399	\$ 4,325,930	\$ 3,885,260
Percentage funded	143%	142%	142%
Net pension assets	\$ 1,880,739	\$ 1,795,801	\$ 1,636,001
Annual covered payroll	\$ 2,428,306	\$ 2,662,532	\$ 2,539,351
Assets in excess of pension obligation as a percentage of covered payroll	77%	67%	64%
Employer contributions	\$ 213,592	\$ 218,636	\$ 173,850
Employer contributions as a percentage of covered payroll	9%	8%	7%

Note 8. Other Post-Employment Benefits

Plan Description

The Worcester County Post-Retirement Medical Benefits Plan (the "Plan") is an agent multiple employer defined benefit healthcare plan administered by the County. The Plan provides medical and prescription drug benefits to eligible retirees, their spouses and eligible dependants. All classes of employees are eligible to participate in the Plan upon retirement. Participants must meet the eligibility requirements of the Maryland State Retirement System, which are age 55 with 15 years of service, age 62 with 5 years of service (15 years if hired on or after November 1, 2007) or 30 years of service regardless of age. Eligible spouses and dependents desiring coverage through the eligible retiree's plan must be enrolled in the Plan immediately prior to the retiree's effective date of retirement. As of July 1, 2008, the date of the last actuarial valuation, the following number of employees were receiving or are potentially eligible to receive future benefits:

	County	Board of Education	Liquor Control Board
Active	491	956	3
Retired	189	483	5
Total	680	1,439	8

NOTES TO FINANCIAL STATEMENTS

Note 8. Other Post-Employment Benefits (continued)

Separate financial statements are not issued for the OPEB Trust.

Funding Policy

The County provides basic major medical insurance (medicare supplemental program for those over 65) and a prescription drug plan for its retired employees. It is the County's policy to pay 90% of the cost of such benefits for eligible retirees, dependents and spouses. The County's OPEB Trust currently pays for the cost of these benefits on a pay as you go basis. For the year ended June 30, 2010, the OPEB Trust paid for coverage of 176 retirees at a total cost, net of retiree contributions, of approximately \$1,074,000.

The County created the Retiree Benefit Trust of Worcester County and the Retiree Benefit Trust of the Board of Education of Worcester County (collectively the "Trust") in order to arrange for the establishment of a reserve to pay promised future health and drug benefits for employee services that have already occurred. The County intends the contributions to the Trust will qualify as "contributions in relation to the actuarial required contribution" within the meaning of GASB Statement Number 45 and that the Trust will qualify as a "trust or equivalent arrangement" within the meaning of GASB Statements 43 and 45.

Employee and retiree contributions are not permitted. The trustees of each Trust consist of a five member board who have final authority in all matters pertaining to the Trust.

The Trust prohibits any part of the Trust to be used for or diverted to purposes other than providing benefits to participants and beneficiaries under the Plan. The Trust provides that in no event will the assets of the Trust be transferred to an entity that is not a state, a political subdivision, or an entity the income of which is excluded from taxation under Section 115 of the IRS Code.

Annual OPEB Cost and Net OPEB Obligation

The County's annual other post employment benefits (OPEB) cost is calculated based on the Annual Required Contribution (ARC), an amount actuarially determined within the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year plus any unfunded liability amortized over a period not to exceed thirty years. The County pays post retirement medical benefits (normal cost) from the Trust.

The following table shows the components of the annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the net OPEB obligation.

	County	Board of Education	Total	Liquor Control Board
Annual required contribution	\$ 2,862,792	\$ 12,499,017	\$ 15,361,809	\$ 103,000
Interest on net OPEB obligation	-	-	-	-
Adjustment to annual required contribution	-	-	-	-
Annual OPEB cost (expense)	2,862,792	12,499,017	15,361,809	103,000
Contributions made:				
Contributions to trust	(6,160,224)	(6,160,225)	(12,320,449)	(135,619)
Pay as you go	(1,143,360)	(3,617,976)	(4,761,336)	-
Total contributions made	(7,303,584)	(9,778,201)	(17,081,785)	(135,619)
Net OPEB change	(4,440,792)	2,720,816	(1,719,976)	(32,619)
Net OPEB (asset) at beginning of year	(24,483,919)	(16,862,411)	(41,346,330)	24,998
Net OPEB (asset) at end of year	\$ (28,924,711)	\$ (14,141,595)	\$ (43,066,306)	\$ (7,621)

NOTES TO FINANCIAL STATEMENTS

Note 8. Other Post-Employment Benefits (continued)

The OPEB cost, the percentage of annual OPEB cost contributed to the Plan, and the net OPEB obligation was as follows:

	Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation (Asset)
County	June 30, 2010	\$ 2,862,792	255%	\$ (28,924,711)
Board of Education	June 30, 2010	12,499,017	78%	(14,141,595)
Liquor Control Board	April 30, 2010	103,000	132%	(7,621)

Funding Status and Funding Progress

The following table is as of July 1, 2008 the most recent actuarial valuation date:

	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as % of Covered Payroll
County	\$ 26,357,428	\$ 36,710,468	\$ 10,353,040	71.80%	\$ 28,436,090	36.41%
Board of Education	26,357,428	105,112,064	78,754,636	25.08%	64,512,561	122.08%
Total	\$ 52,714,856	\$ 141,822,532	\$ 89,107,676	96.87%	\$ 92,948,651	158.48%
Liquor Control Board	\$ 934,812	\$ 1,591,317	\$ 656,505	58.74%	\$ 108,000	607.88%

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. Examples include assumptions about employment, mortality, and the healthcare cost trend. Actuarially determined amounts are subject to continual revisions as actual results are compared with past expectations and new estimates are made about the future. The Schedule of Funding Progress, presented as required supplementary information following the notes to the financial statements, is designated to present multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumptions

Projections of benefits for financial reporting are based on the substantive plan and include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employer and Plan members to that point. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations on the pattern of cost sharing between the employer and Plan members in the future. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and actuarial value of net assets, consistent with the long-term perspective of the calculations.

In the July 1, 2008 actuarial valuation, the cost method used was the projected unit credit, with linear proration to decrement attribution. The actuarial assumptions include a 7.5% investment return per annum. The projected annual healthcare cost trend rate is 9.0% initially, reduced by decrements to an ultimate rate of 5.0% after ten years. The UAAL is being amortized over thirty (30) years based on a level percentage of projected payrolls.

NOTES TO FINANCIAL STATEMENTS

Note 9. Deferred Compensation

The County offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all eligible full-time County employees, permits them to defer a portion of their salaries until future years. The deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency; as approved by the County Commissioners.

The County funds all amounts of compensation deferred under the plan, at the direction of the covered employee, through investments underwritten by Security Benefits.

All amounts of compensation deferred under the plan, all property and rights purchased with those amounts, and all income attributable to those amounts, property, or rights are solely the property and rights of the plan participants and are not subject to the claims of the County's general creditors.

The County has no liability for losses under the plan but does have the duty of due care that would be required of an ordinary prudent investor.

Note 10. Commitments and Contingencies

The County is a defendant in several lawsuits. After considering all relevant facts and the opinion of legal counsel, it is management's opinion that such litigation will not, in the aggregate, have a material adverse effect on the financial position of the County.

The County regularly enters into contracts for services during the normal course of operations. The Contracts often extend over fiscal years.

The County has entered into a contract for the renovation of a historical existing building at 107 Market Street in Snow Hill, Maryland, the Purnell House. The County is currently working on bids to repair the exterior of the building. The contract for the architect is for \$18,000 of which \$18,000 was expended through June 30, 2010.

The County has entered into a contract for the renovation of an existing building at 107 William Street in Berlin, Maryland for a new public Dental Clinic to serve the County's medical assistance and uninsured children ages 1-18. The contracts are for \$555,854 of which \$61,731 was expended through June 30, 2010. This project is being funded by a grant from the Maryland Department of Health and Mental Hygiene for \$500,000 and the County Health department.

The County has entered into a contract on May 4, 2010 for construction of water and sewer lines and a pump station to extend water and sewer service from the Ocean Pines Sanitary Service Area to the Showell Elementary School at a cost of \$1,153,834 with no expenses to date as of June 30, 2010. This project is funded through pay-go funds set aside by the County.

The County has entered into a contract for the installation of water lines and associated fire hydrants in the Ocean Pines Service Area. The contract for this service is \$2,082,968 and \$346,469 was expended through June 30, 2010 through a tax exempt bank loan.

The County has entered into various contracts for the construction of the Newark Water Tower in Newark, Maryland. The contracts are for \$593,735 of which \$468,494 was expended through June 30, 2010. This project is being funded by the Maryland Department of the Environment (MDE), Water Quality Revolving Loan of \$367,063 and a MDE Grant totaling \$200,000.

NOTES TO FINANCIAL STATEMENTS

Note 11. Reserved and Designated Fund Balance

Reservations of fund balance show amounts that are not available for current appropriations or are legally restricted for specific uses. Designations of fund balance are used to show the amounts within unreserved fund balance, which are intended to be used for specific purposes but are not legally restricted. The designations for 2010 are summarized as follows:

Designated for:

ADA County Buildings	\$ 6,800
ADA Recreation Facility Access	9,100
Berlin Health Department Storage and Parking	300,000
Berlin Rubblefill Cap and Closure	600,000
Berlin Senior Center	30,000
Computer Upgrade/Document Imaging	242,572
Fire Training Center Water Tank/Tower Roof Repairs	34,400
Health Department Addition and Roof Replacement	86,751
Highway User Revenue	528,148
Isle of Wight Building	600,000
Jail Central Booking Facility	900,000
Landfill Gas Remediation	750,000
North End Public Works Building	500,000
Oscar Purnell House Renovation	1,169,564
Public Landing Marina	130,000
Public Works Building Expansion	100,000
Route 50 Service Road	1,713,256
Rural Legacy Program	6,400
Showell Elementary School Sewer Line	1,866,082
Snow Hill High School Athletic Fields	512,730
Snow Hill High School Design and Construction	1,077,000
States Attorney Office Renovate Aging Building	59,365
Budget stabilization	2,500,000
Wor-Wic College New Allied Health Building	479,748
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Total designations	\$ 14,201,916

NOTES TO FINANCIAL STATEMENTS

Note 12. Landfill Closure and Postclosure Care Costs

State and Federal laws and regulations require the County to place a final cover on Worcester County landfills when closed and to perform certain maintenance and monitoring functions at the landfill sites for thirty years after closure.

The Berlin landfill stopped accepting waste in 1990. The landfill has been capped and only has postclosure care costs associated with it, currently estimated to be approximately \$20,000 each year for the next thirty years.

The Pocomoke landfill stopped accepting waste in 1990. The landfill has been capped and only has postclosure care cost associated with it, currently estimated to be approximately \$20,000 each year for the next thirty years.

The Snow Hill landfill stopped accepting waste in 1990. The landfill has been capped and only has postclosure care cost associated with it, currently estimated to be approximately \$20,000 each year for the next thirty years.

The County has reported \$2,800,000 as the landfill closure and postclosure care liability at June 30, 2010 in the long-term liabilities section of the Statement of Net Assets relating to the closed landfills and rubble fill, mentioned above (see also Note 6). Also, \$13,211,729 has been reported as the estimated landfill closure and postclosure care liability at June 30, 2010 in the Enterprise Fund relating to the Central County Landfill. Accrual of closure and postclosure care costs have been recognized based on estimated capacity used to date.

The Central Landfill Facility in Newark is the only active landfill in the County. The state-of-the art facility is situated on a 724.5 acre parcel located approximately 3.5 miles northeast of the Town of Snow Hill. The facility, which began operation in 1990, has a permitted life span of 40 years and includes eight landfill cells. As of June 30, 2010, cells #2 and #3 are full and cells #1 and #4 are at approximately 98% and 33% of their capacity, respectively. The County received approval from the Maryland Department of the Environment to begin mining the existing cell #1 instead of closing or “capping” it in order to reclaim as much as 40% of the airspace for future use. If successful, the mining operation will likely continue to the other closed or “filled” cells in order to reclaim landfill capacity and extend the overall life of the facility. The County began mining of cell #1 during fiscal year 2010 and reclaimed approximately 2% of capacity during the year ended June 30, 2010.

Though there are currently no legal restrictions on available funds, the County has approximately \$7,571,000 of currently available assets for landfill closure and postclosure care costs available within the Landfill enterprise fund. The shortfalls may need to be covered by any combination of charges to future landfill users, future tax revenue, or additional borrowings.

The County has satisfied its financial assurance requirements based upon the local government financial ratio tests as of June 30, 2009. The County expects to satisfy these requirements as of June 30, 2010 using the same criteria.

Due to inflation and changes in technology, laws and regulations, estimated closure and postclosure care costs may change in the future.

NOTES TO FINANCIAL STATEMENTS

Note 13. Risk Management

The County's risk financing techniques include participation in a public entity pool and the purchase of commercial insurance.

For general, property, excess and environmental liability coverage, the County is a member of the Maryland Local Government Insurance Trust (LGIT). This is a public entity risk pool, which is owned and directed by the local governments that subscribe to its coverages and operates under the terms of a Trust Agreement.

Subscribers to coverage by LGIT share in the risk among participants of the pools. As a result, the County's annual premium requirements are affected by the loss experience of the various insurance pools in which it participates. Conversely, favorable performance of certain insurance pools may result in reduced premiums.

The Primary Government is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. The County carries commercial insurance for these and other risks of loss, including workers' compensation, employee health and accident insurance. Settled claims resulting from these risks have not exceeded commercial insurance in the last three years.

Note 14. On-Behalf Payments

On-Behalf Payments for Fringe Benefits represents the pension contribution by the State of Maryland to the State Retirement System for applicable employees of the Library. The amount recognized as revenue and expenditures for the fiscal year ended June 30, 2010 was \$188,139 for the Library, which is included in miscellaneous revenue and libraries, recreation and culture expenditures, respectively.

Note 15. Component Units

A. The Board of Education of Worcester County

Cash and Short-Term Investments

At June 30, 2010, the Board of Education had deposits of \$8,749,974 (carrying value \$6,206,389), which were either fully insured or collateralized with securities held in the name of the Board of Education, with \$8,282,076 of the balance invested in an overnight investment account which was repurchased the following day.

NOTES TO FINANCIAL STATEMENTS

Note 15. Component Units (continued)

A. The Board of Education of Worcester County (continued)

Capital Assets

Capital asset activity for the year ended June 30, 2010, was as follows:

	Balance June 30, 2009	Additions	Transfers and Reductions	Balance June 30, 2010
Governmental Activities:				
Nondepreciable Capital Assets:				
Land and improvements	\$ 1,886,779	\$ -	\$ -	\$ 1,886,779
Construction in progress	20,671,091	1,962,000	(18,217,008)	4,416,083
Total Nondepreciable Capital Assets	22,557,870	1,962,000	(18,217,008)	6,302,862
Depreciable Capital Assets:				
Building and building improvements	129,824,173	10,382,553	18,217,008	158,423,734
Machinery and equipment	2,983,130	29,670	(22,583)	2,990,217
Total Depreciable Assets	132,807,303	10,412,223	18,194,425	161,413,951
Less accumulated depreciation for:				
Buildings and building improvements	(33,450,401)	(3,397,182)	-	(36,847,583)
Machinery and equipment	(1,303,024)	(305,343)	15,752	(1,592,615)
Total accumulated depreciation	(34,753,425)	(3,702,525)	15,752	(38,440,198)
Total Depreciable Capital Assets, Net	98,053,878	6,709,698	18,210,177	122,973,753
Governmental Activities Capital Assets, Net	\$ 120,611,748	\$ 8,671,698	\$ (6,831)	\$ 129,276,615
Business-type Activities				
Depreciable Capital Assets:				
Machinery and equipment	\$ 255,958	\$ -	\$ (5,000)	\$ 250,958
Less accumulated depreciation for:				
Machinery and equipment	(160,455)	(17,775)	5,000	(173,230)
Total Depreciable Capital Assets, Net	95,503	(17,775)	-	77,728
Business-type Activities Capital Assets, Net	\$ 95,503	\$ (17,775)	\$ -	\$ 77,728

NOTES TO FINANCIAL STATEMENTS

Note 15. Component Units (continued)

A. The Board of Education of Worcester County (continued)

Long-Term Debt

The following is a summary of long-term debt transactions of the Board of Education for the year ended June 30, 2010:

Amounts payable at June 30, 2009	\$ 420,025
Increase in vested vacation benefits	53,061
Decrease in vested vacation benefits	(23,813)
<hr/>	
Amounts payable at June 30, 2010	\$ 449,273

Post-Retirement Benefits

The Board currently funds 90% of the health care insurance for retirees who have accumulated the required number of years of service with the Board prior to their retirement. The Board's OPEB Trust currently pays for the cost of these benefits on a pay as you go basis. For the year ended June 30, 2010, the Board's OPEB Trust, paid for coverage of 526 retirees at a total cost, net of retiree contributions, of \$3,256,679. For the year ended June 30, 2010, the County contributed \$6,160,225 to the Board's OPEB Trust to fund the ARC and the pay as you go post retirement health care benefits.

Commitments and Contingencies

The Board entered into a contract for the construction of the new Pocomoke High School. The contract is for \$34,989,159 of which \$27,535,545 was expended through June 30, 2010.

The Board receives a substantial amount of its support from Federal, state and local agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the Board.

The Board appealed a \$1,100,000 judgment awarded in 2008 to a contractor involved in the construction of the Ocean City Elementary School, which was completed several years ago, to the Court of Special Appeals of Maryland. This Court reversed the lower courts decision and remanded the case for retrial. The contractor has appealed this decision to the Court of Appeals of Maryland. The oral argument before the Court of Appeals is scheduled for December 2010. The County has made a deposit at the clerks office as security for the judgment.

Risk Management

The Board is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. In July 1995, the Board joined the Maryland Association of Boards of Education Workers' Compensation Group Insurance Fund (the Fund), a public entity risk pool currently providing workers compensation coverage for participating boards of education in the State of Maryland. The Board pays an annual premium to the Fund calculated based on projected payroll. The agreement for the Fund provides that it will be self-sustaining through member premiums and will reinsure through commercial companies for claims which exceed coverage limits as specified in the agreement. Should the Fund encounter deficits in its casualty and/or property funds, an assessment may be made up from additional assessments of boards participating in the deficit Fund. The Board continues to carry commercial insurance for all other risks of loss, including general liability, employee health and accident insurance. Settled claims resulting from these risks have not exceeded commercial insurance in the last three years.

NOTES TO FINANCIAL STATEMENTS

Note 15. Component Units (continued)

On-Behalf Payments

On-Behalf Payments for Fringe Benefits represents the pension contribution by the State of Maryland to the State Retirement System for applicable employees of the Board. The amount recognized as revenue and expenditures for the fiscal year ended June 30, 2010 was \$7,118,593 for the Board, which is included in intergovernmental revenue and education expenditures, respectively.

B. The Liquor Control Board of Worcester County

Cash and Short-Term Investments

At April 30, 2010, the Liquor Control Board of Worcester County had deposits of \$52,500 (carrying value \$180,454), which were either fully insured or collateralized with pledged securities held in the name of the Liquor Control Board at the Federal Reserve Bank of Richmond. In addition, there was \$5,100 in change funds.

Capital Assets

Capital asset activity for the year ended April 30, 2010, was as follows:

	Balance April 30, 2009	Additions	Transfers and Reductions	Balance April 30, 2010
Business-type Activities				
Nondepreciable Capital Assets:				
Land	\$ 212,158	\$ -	\$ -	\$ 212,158
Construction in progress	-	-	-	-
Total Nondepreciable Capital Assets	212,158	-	-	212,158
Depreciable Capital Assets:				
Buildings and building improvements	2,138,951	-	-	2,138,951
Machinery and equipment	456,114	14,898	-	471,012
Total Depreciable Assets	2,595,065	14,898	-	2,609,963
Less accumulated depreciation for:				
Buildings and building improvements	(304,534)	(97,510)	-	(402,044)
Machinery and equipment	(369,183)	(33,960)	-	(403,143)
Total accumulated depreciation	(673,717)	(131,470)	-	(805,187)
Total Depreciable Capital Assets, Net	1,921,348	(116,572)	-	1,804,776
Business-type Activities Capital Assets, Net	\$ 2,133,506	\$ (116,572)	\$ -	\$ 2,016,934

NOTES TO FINANCIAL STATEMENTS

Note 15. Component Units (continued)

Long-Term Debt

The following is a summary of long-term debt as of April 30, 2010:

	April 30, 2009	Additions	Reductions	April 30, 2010	Due in one year
Notes payable	\$ 972,190	\$ -	\$ 54,340	\$ 917,850	\$ 56,980
Line of Credit	4,627,437	4,865,781	6,359,361	3,133,857	3,133,857
	<u>\$ 5,599,627</u>	<u>\$ 4,865,781</u>	<u>\$ 6,413,701</u>	<u>\$ 4,051,707</u>	<u>\$ 3,190,837</u>

REQUIRED SUPPLEMENTARY INFORMATION

WORCESTER COUNTY, MARYLAND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE- BUDGET AND ACTUAL
GENERAL FUND

Year Ended June 30, 2010

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance With <u>Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES:				
Taxes:				
Real and personal property:				
Real property:				
Full-year levy	\$ 134,959,118	\$ 134,959,118	\$ 132,615,258	\$ (2,343,860)
Semi-year levy	262,500	262,500	65,178	(197,322)
Personal property	553,809	553,809	300,992	(252,817)
Corporations and utilities	5,030,850	5,030,850	5,284,958	254,108
Net additions and abatements	(358,200)	(358,200)	(420,624)	(62,424)
	140,448,077	140,448,077	137,845,762	(2,602,315)
Interest on delinquent taxes	450,000	450,000	1,021,557	571,557
Discounts allowed on taxes	(953,336)	(953,336)	(925,183)	28,153
Tax credits for assessment increase	(11,187,134)	(11,187,134)	(10,893,175)	293,959
Total real and personal property	128,757,607	128,757,607	127,048,961	(1,708,646)
Local income tax	13,000,000	13,000,000	10,921,118	(2,078,882)
Other local taxes:				
Room tax	11,250,000	11,250,000	11,808,110	558,110
Admission and amusement	560,000	560,000	637,463	77,463
Recordation	4,750,000	4,750,000	6,195,293	1,445,293
Trailer park excise tax	100,000	100,000	89,341	(10,659)
Transfer tax	2,250,000	2,250,000	3,254,790	1,004,790
Food tax	1,050,000	1,050,000	1,130,290	80,290
State shared:				
Highway user revenue	961,111	961,111	241,129	(719,982)
911 State fees	510,044	510,044	483,453	(26,591)
Total taxes	163,188,762	163,188,762	161,809,948	(1,378,814)

WORCESTER COUNTY, MARYLAND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE- BUDGET AND ACTUAL
GENERAL FUND

Year Ended June 30, 2010
(Continued)

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance With <u>Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Licenses and permits:				
Business:				
Liquor licenses	\$ 675,000	\$ 675,000	\$ 724,723	\$ 49,723
Vending machine licenses	125,000	125,000	112,540	(12,460)
Traders licenses	133,250	133,250	92,090	(41,160)
Occupational licenses	30,000	30,000	33,515	3,515
Bingo permits	15,000	15,000	16,285	1,285
Tourist and trailer park permits	10,000	10,000	25,029	15,029
Other:				
Building permits	200,000	200,000	154,620	(45,380)
Electrical permits	-	-	9,450	9,450
Marriage licenses	14,000	14,000	22,260	8,260
Civil ceremony licenses	10,000	10,000	1,260	(8,740)
Shoreline permits	26,000	26,000	16,500	(9,500)
Environmental permits	98,332	98,332	44,485	(53,847)
EDU transfer fee	-	-	1,000	1,000
Health permits	358,000	358,000	385,898	27,898
Raffle permits	2,500	2,500	2,900	400
Plumbing permits	65,000	65,000	30,650	(34,350)
Gas permits	10,000	10,000	6,375	(3,625)
Planning and zoning permits	70,000	70,000	32,726	(37,274)
Total licenses and permits	1,842,082	1,842,082	1,712,306	(129,776)
Intergovernmental:				
Federal grants:				
Payments in lieu of taxes	6,300	6,300	18,183	11,883
CDBG economic development grant	225,000	225,000	-	(225,000)
MD Coastal Bays	5,000	5,000	3,702	(1,298)
Coastal zone grant	40,000	40,000	-	(40,000)
Critical area grant	30,000	30,000	14,000	(16,000)
Agricultural transfer tax	15,000	15,000	-	(15,000)
Crime analyst state's attorney	45,000	45,000	44,002	(998)
CDBG housing rehab grant	150,000	150,000	36,170	(113,830)
Grant for economic development	3,000	3,000	10,000	7,000
Homeland security grant	463,127	463,127	468,446	5,319
Department of commerce grants	-	-	1,488,869	1,488,869
Bulletproof vest program	2,700	2,700	3,387	687
DOJ - sheriff grant	41,716	41,716	-	(41,716)

WORCESTER COUNTY, MARYLAND

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

GENERAL FUND

Year Ended June 30, 2010

(Continued)

	Budgeted Amounts		Actual	Variance With Final Budget
	Original	Final		
Intergovernmental, continued:				
Federal grants, continued:				
Emergency shelter grant	\$ 26,700	\$ 26,700	\$ 27,443	\$ 743
MDE beach monitoring grant	3,500	3,500	3,249	(251)
TEFAP grant	1,725	1,725	-	(1,725)
Library grants	-	-	25,650	25,650
Sheriff-C-Safe grant	4,000	4,000	4,834	834
State grants:				
Police protection	120,131	120,131	93,769	(26,362)
911 support	2,500	2,500	6,631	4,131
Child support enforcement	52,267	52,267	20,060	(32,207)
State park revenues	300,000	300,000	-	(300,000)
Open space program	76,462	76,462	51,264	(25,198)
Library aid	138,247	138,247	138,247	-
Other housing rehab income	-	-	7,755	7,755
MDE green building grant	1,000	1,000	-	(1,000)
Rural Legacy administrative fee	7,500	7,500	-	(7,500)
Eastern Shore library grant	60,000	60,000	75,804	15,804
Traffic grant health department	16,500	16,500	20,699	4,199
DHMH dental clinic grant	-	-	98,348	98,348
State hurricane conference	1,000	1,000	-	(1,000)
MEIMSS grant - emergency services	-	-	2,200	2,200
Maryland energy block grant	-	-	-	-
Dedicated service/DVUP grant	10,000	10,000	3,035	(6,965)
Family support services MACRO grant	-	-	15,920	15,920
Chesapeake Bay trust	-	-	3,429	3,429
Department of environmental training - LEPC	6,077	6,077	6,127	50
Sheriff fees-star team reimbursement	25,000	25,000	21,859	(3,141)
Homeless women grant	24,557	24,557	22,101	(2,456)
Sheriff-sex offender grant	20,000	20,000	23,304	3,304
Sher-health tobacco enforcement	3,565	3,565	-	(3,565)
Sheriff-health underage drinking	2,000	2,000	484	(1,516)
CREP program	11,324	11,324	12,780	1,456
State grant for Jail Construction	-	-	2,633,000	2,633,000
Biodiesel grant	3,089	3,089	3,551	462
Intern program grant	75,000	75,000	84,454	9,454
Library grant	10,500	10,500	10,493	(7)
Fire companies	262,267	262,267	261,176	(1,091)
Highway safety	64,000	64,000	73,802	9,802
Tourism	50,000	50,000	40,715	(9,285)

WORCESTER COUNTY, MARYLAND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE- BUDGET AND ACTUAL
GENERAL FUND

Year Ended June 30, 2010
(Continued)

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance With <u>Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Intergovernmental, continued:				
State grants, continued:				
DHCD housing administration fees	\$ -	\$ -	\$ 18,080	\$ 18,080
Septic system monitoring	17,100	17,100	16,795	(305)
Social services programs	162,826	162,826	218,520	55,694
Family support grant	218,679	218,679	190,557	(28,122)
Drug court coordinator	351,855	351,855	256,302	(95,553)
State's Attorney macro grant	39,911	39,911	-	(39,911)
State Aid for Highways	156,000	156,000	50,197	(105,803)
IOW Restoration grant	96,000	96,000	3,510	(92,490)
Waterway improvement grants	100,000	100,000	49,562	(50,438)
Water resources grant	400,000	400,000	698,968	298,968
Other grants	-	-	1,750	1,750
Total intergovernmental	3,948,125	3,948,125	7,383,183	3,435,058
Service charges and fees:				
Liquor dispensary profits	348,000	348,000	55,853	(292,147)
Liquor advertising fees	1,500	1,500	1,800	300
Donation sponsorship program	150	150	331	181
Sheriff fees	88,500	88,500	55,640	(32,860)
Sales of publications and copies	6,500	6,500	6,449	(51)
Library use charges	35,000	35,000	35,457	457
Library erate reimbursements	12,000	12,000	12,785	785
Mosquito control charges	50,000	50,000	43,286	(6,714)
Salary reimbursement	6,704	6,704	3,500	(3,204)
Recreation center fees	45,000	45,000	61,729	16,729
Tourism event fees	2,000	2,000	-	(2,000)
Vehicle tag fees	2,000	2,000	4,708	2,708
Critical area fees	30,000	30,000	20,830	(9,170)
Library special projects	8,000	8,000	-	(8,000)
Forestry review fees	12,000	12,000	5,035	(6,965)
Stormwater management review fees	60,000	60,000	37,418	(22,582)
Tourism co-op advertising	-	-	2,450	2,450
Public works revenues	15,000	15,000	19,028	4,028
Roads department fees	-	-	98,453	98,453
Recreation fees	55,000	55,000	55,446	446
Water and sewer plan amendment fees	-	-	700	700
Motor coach fees	155,000	155,000	41,275	(113,725)

WORCESTER COUNTY, MARYLAND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE- BUDGET AND ACTUAL
GENERAL FUND

Year Ended June 30, 2010
(Continued)

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance With <u>Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Service charges and fees, continued:				
Park fees	\$ 22,400	\$ 22,400	\$ 26,284	\$ 3,884
Concession stand fees	20,000	20,000	19,162	(838)
Environmental fees	-	-	20,335	20,335
Circuit court bar library	5,000	5,000	2,819	(2,181)
Firearms training center fees	22,800	22,800	11,765	(11,035)
Payments for jail use	1,700,000	1,700,000	2,686,298	986,298
Fire inspection fees	50,000	50,000	53,606	3,606
Prosecution fees	10,000	10,000	150	(9,850)
Family service fees	4,000	4,000	4,091	91
Shared facility service area fee	3,500	3,500	-	(3,500)
Community service fees	70,000	70,000	81,964	11,964
Housing program fees	8,500	8,500	50	(8,450)
Franchise fees	22,800	22,800	22,212	(588)
Total service charges and fees	2,871,354	2,871,354	3,490,909	619,555
Miscellaneous:				
Court fines	72,000	72,000	55,903	(16,097)
Civil infraction fines	3,550	3,550	1,775	(1,775)
Retiree drug subsidy	250,000	250,000	284,330	34,330
Interest on investments	1,300,000	1,300,000	193,126	(1,106,874)
Rent revenue	80,150	80,150	102,383	22,233
Sale of fixed assets	10,000	10,000	39,480	29,480
Miscellaneous	25,000	25,000	123,740	98,740
On-behalf payments	-	-	188,139	188,139
Total miscellaneous	1,740,700	1,740,700	988,876	(751,824)
Total revenues	\$ 173,591,023	\$ 173,591,023	\$ 175,385,222	\$ 1,794,199

WORCESTER COUNTY, MARYLAND

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

GENERAL FUND

Year Ended June 30, 2010

(Continued)

EXPENDITURES:

General government:

County Commissioners' office:

Salaries	\$ 864,323	\$ 864,323	\$ 860,662	\$ 3,661
Benefits	607,757	607,757	540,105	67,652
Administrative	34,425	34,425	26,411	8,014
Other supplies and equipment	8,900	8,900	7,081	1,819
Legal	(27,000)	(27,000)	21,231	(48,231)
Vehicle operations	5,900	5,900	2,827	3,073
Building site	8,000	8,000	6,568	1,432
Advertisements	28,280	28,280	16,478	11,802
Training and travel	46,000	46,000	21,703	24,297
Enterprise fund credits	(141,489)	(141,489)	(142,370)	881
	1,435,096	1,435,096	1,360,696	74,400

Circuit Court:

Salaries	851,073	851,073	839,834	11,239
Benefits	593,050	593,050	527,035	66,015
Administrative	22,840	25,335	24,357	978
Other supplies and equipment	9,400	16,955	15,010	1,945
Equipment maintenance	27,660	27,710	26,856	854
Grant services	367,540	367,540	233,561	133,979
Legal	79,000	41,400	39,660	1,740
Building site	16,800	16,800	15,442	1,358
Other maintenance and services	2,000	2,000	1,761	239
Advertisements	475	475	-	475
Training and travel	15,500	10,500	6,139	4,361
	1,985,338	1,952,838	1,729,655	223,183

Orphans' Court:

Salaries	15,000	15,000	15,000	-
Benefits	10,592	10,592	9,413	1,179
Administrative	100	100	60	40
Training and travel	4,800	4,800	4,800	-
	30,492	30,492	29,273	1,219

WORCESTER COUNTY, MARYLAND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE- BUDGET AND ACTUAL
GENERAL FUND

Year Ended June 30, 2010
(Continued)

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance With <u>Final Budget</u>
	<u>Original</u>	<u>Final</u>		
General government, continued:				
State's Attorney's office:				
Salaries	\$ 1,273,984	\$ 1,273,984	\$ 1,225,903	\$ 48,081
Benefits	886,972	886,972	788,239	98,733
Overtime pay	30,000	30,000	30,162	(162)
Administrative	32,425	32,425	18,665	13,760
Other supplies and equipment	4,125	4,125	5,619	(1,494)
Equipment maintenance	6,312	6,312	8,627	(2,315)
Uniforms and personal equipment	541	541	218	323
Grant services	8,928	8,928	2,277	6,651
Legal	6,750	6,750	5,116	1,634
Vehicle operating expense	15,800	15,800	8,413	7,387
Building site	21,100	21,100	37,002	(15,902)
Other maintenance and services	-	-	403	(403)
Training and travel	18,000	18,000	21,880	(3,880)
Interfund	(53,000)	(53,000)	(53,000)	-
	2,251,937	2,251,937	2,099,524	152,413
Treasurer's office:				
Salaries	1,479,746	1,479,746	1,424,705	55,041
Benefits	1,006,057	1,006,057	894,069	111,988
Administrative	52,500	52,500	39,383	13,117
Other supplies and equipment	7,250	7,250	13,298	(6,048)
Equipment maintenance	19,500	19,500	18,280	1,220
Legal	1,500	1,500	164	1,336
Consulting services	2,500	2,500	2,500	-
Vehicle operating expense	1,000	1,000	366	634
Building site	16,150	16,150	16,889	(739)
Training and travel	15,000	15,000	14,351	649
Enterprise fund credits	(366,376)	(366,376)	(365,776)	(600)
	2,234,827	2,234,827	2,058,229	176,598
Elections office:				
State employees' salaries and benefits	315,623	315,623	296,285	19,338
Salaries	7,800	7,800	7,385	415
Benefits	5,215	5,215	4,634	581
Administrative	15,200	15,200	5,342	9,858
Other supplies and equipment	7,503	7,503	18,638	(11,135)
Voting machines and poll expenses	31,000	31,000	16,437	14,563

WORCESTER COUNTY, MARYLAND

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

GENERAL FUND

Year Ended June 30, 2010

(Continued)

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance With <u>Final Budget</u>
	<u>Original</u>	<u>Final</u>		
General government, continued:				
Elections office, continued:				
Equipment maintenance	\$ 32,090	\$ 32,090	\$ 6,895	\$ 25,195
Consulting services	3,200	3,200	1,903	1,297
Building site	14,430	14,430	13,541	889
Other maintenance and services	7,900	7,900	295	7,605
Training and travel	9,643	9,643	3,848	5,795
New equipment	51,591	51,591	14,380	37,211
	501,195	501,195	389,583	111,612
Human resources:				
Salaries	327,361	327,361	278,607	48,754
Benefits	196,739	196,739	174,839	21,900
Administrative	12,800	12,827	7,493	5,334
Other supplies and equipment	300	1,304	1,333	(29)
Equipment maintenance	4,700	4,663	3,521	1,142
Program expense	500	500	203	297
Legal	770	770	-	770
Consulting services	16,500	16,500	14,625	1,875
Vehicle operating expenses	7,900	7,900	4,263	3,637
Building site	2,600	2,575	1,886	689
Other maintenance and services	900	150	141	9
Advertising	500	500	-	500
Training and travel	3,700	3,481	1,271	2,210
Enterprise fund credits	(62,198)	(62,198)	(60,883)	(1,315)
	513,072	513,072	427,299	85,773
Development review and permitting:				
Salaries	2,514,076	2,514,076	2,479,746	34,330
Benefits	1,751,075	1,751,075	1,556,156	194,919
Administrative	41,100	42,370	21,999	20,371
Other supplies and equipment	17,000	15,730	6,216	9,514
Equipment maintenance	55,556	55,556	46,150	9,406
Grant programs	537,100	537,100	717,202	(180,102)
Legal	51,223	51,223	25,622	25,601
Consulting services	57,000	57,000	35,309	21,691
Vehicle operating expenses	46,153	46,153	33,324	12,829

WORCESTER COUNTY, MARYLAND

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

GENERAL FUND

Year Ended June 30, 2010

(Continued)

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance With</u>
	<u>Original</u>	<u>Final</u>		<u>Final Budget</u>
General government, continued:				
Development review and permitting, continued:				
Building site	\$ 17,500	\$ 16,470	\$ 13,988	\$ 2,482
Other maintenance and services	-	1,030	1,029	1
Advertisements	18,730	18,730	13,280	5,450
Training and travel	50,450	50,450	18,980	31,470
Enterprise fund credits	(83,796)	(83,796)	(83,988)	192
	5,073,167	5,073,167	4,885,013	188,154
Other general government:				
Tri-County Council	396,667	396,667	300,000	96,667
Building site	997,141	1,019,841	1,281,033	(261,192)
Training and travel	8,700	8,700	2,935	5,765
Administrative	170,827	176,427	153,025	23,402
Consulting services	62,400	61,544	62,025	(481)
Property-liability insurance	580,000	580,000	456,562	123,438
Equipment maintenance	130,560	131,416	124,406	7,010
Other maintenance and services	4,428	2,228	55,655	(53,427)
Program expense	3,000	3,000	976	2,024
Other supplies and equipment	84,500	84,500	404,249	(319,749)
Other expenses	35,030	29,430	13,664	15,766
Other non-matching expenses	22,000	22,000	22,000	-
New equipment	12,000	12,000	-	12,000
	2,507,253	2,527,753	2,876,530	(348,777)
Total general government	16,532,377	16,520,377	15,855,802	664,575
Public safety:				
Sheriff's office:				
Salaries	4,155,797	4,155,797	3,757,108	398,689
Overtime pay	183,000	183,000	207,478	(24,478)
Benefits	2,799,596	2,799,596	2,487,962	311,634
Administrative	21,080	21,080	17,923	3,157
Other supplies and equipment	93,370	93,370	92,101	1,269
Equipment maintenance	85,032	85,032	74,511	10,521
Uniforms and personal equipment	114,267	114,267	95,413	18,854
Grant programs	41,716	41,716	-	41,716
Legal	1,000	3,662	3,162	500
Consulting	8,900	8,900	4,798	4,102

WORCESTER COUNTY, MARYLAND

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

GENERAL FUND

Year Ended June 30, 2010

(Continued)

	Budgeted Amounts			Variance With
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Final Budget</u>
Public safety, continued:				
Sheriff's office, continued:				
Vehicle operating expenses	\$ 339,050	\$ 336,388	\$ 315,855	\$ 20,533
Building site	48,580	48,580	45,357	3,223
Training and travel	29,500	29,500	23,100	6,400
New equipment	197,790	197,790	197,790	-
	8,118,678	8,118,678	7,322,558	796,120
Emergency services:				
Salaries	1,176,889	1,189,464	1,189,464	-
Overtime pay	20,000	15,698	15,698	-
Benefits	851,026	851,026	756,295	94,731
Administrative	5,400	5,705	2,927	2,778
Other supplies and equipment	99,200	93,036	156,880	(63,844)
Equipment maintenance	295,289	294,736	289,480	5,256
Uniforms and personal equipment	1,000	1,000	452	548
Grant programs	413,363	413,363	1,819,504	(1,406,141)
Legal	-	60	60	-
Consulting	-	2,557	2,557	-
Vehicle operating expenses	9,500	9,500	7,187	2,313
Building site	195,000	196,335	176,193	20,142
Training and travel	9,000	3,187	3,153	34
Enterprise fund credits	(13,500)	(13,500)	-	(13,500)
New equipment	-	-	748	(748)
	3,062,167	3,062,167	4,420,598	(1,358,431)
Jail:				
Salaries	4,434,011	4,434,011	4,578,331	(144,320)
Overtime pay	10,000	12,300	12,230	70
Benefits	3,241,629	3,241,629	2,880,790	360,839
Administrative	7,650	7,650	1,448	6,202
Other supplies and equipment	11,020	11,020	32,504	(21,484)
Equipment maintenance	25,900	25,900	23,345	2,555
Uniforms and personal equipment	21,650	34,698	34,548	150
Inmate supplies and services	953,875	938,527	917,727	20,800
Legal	250	250	90	160
Consulting services	4,300	4,300	9,574	(5,274)
Vehicle operating expenses	12,100	12,100	8,914	3,186
Building site	514,075	514,075	621,667	(107,592)

WORCESTER COUNTY, MARYLAND

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

GENERAL FUND

Year Ended June 30, 2010

(Continued)

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance With <u>Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Public safety, continued:				
Jail, continued:				
Other maintenance and services	\$ 5,650	\$ 5,650	\$ 8,839	\$ (3,189)
Training and travel	7,450	7,450	6,392	1,058
	9,249,560	9,249,560	9,136,399	113,161
Fire Marshall:				
Salaries	324,296	324,296	297,789	26,507
Overtime pay	12,500	12,500	8,891	3,609
Benefits	216,562	216,562	192,456	24,106
Administrative	7,255	7,255	4,659	2,596
Other supplies and equipment	27,930	27,930	11,831	16,099
Equipment maintenance	9,300	9,300	5,443	3,857
Uniforms and personal equipment	3,500	3,500	2,500	1,000
Legal	-	-	60	(60)
Consulting services	600	600	-	600
Vehicle operating expenses	18,000	18,000	17,594	406
Building site	2,000	2,000	1,602	398
Other maintenance and services	-	-	13	(13)
Training and travel	36,665	36,665	2,694	33,971
	658,608	658,608	545,532	113,076
Volunteer fire departments:				
County grant to fire companies	2,545,910	2,545,910	2,545,910	-
Fireman's Training Center	21,375	21,375	18,359	3,016
State grant for fire companies	262,263	262,263	261,175	1,088
County grant to ambulance companies	3,166,845	3,166,845	3,166,849	(4)
LOSAP appropriation	122,009	122,009	117,000	5,009
	6,118,402	6,118,402	6,109,293	9,109
Total public safety	27,207,415	27,207,415	27,534,380	(326,965)

WORCESTER COUNTY, MARYLAND

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

GENERAL FUND

Year Ended June 30, 2010

(Continued)

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance With <u>Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Public works:				
Maintenance:				
Salaries	\$ 840,684	\$ 840,684	\$ 809,868	\$ 30,816
Benefits	571,889	571,889	508,230	63,659
Administrative	2,300	2,300	1,543	757
Other supplies and equipment	20,280	20,320	16,837	3,483
Equipment maintenance	2,175	2,175	1,950	225
Uniforms and personal equipment	4,515	4,515	3,432	1,083
Consulting services	900	900	-	900
Vehicle operating expenses	48,850	45,450	39,019	6,431
Building expenses	19,625	26,585	19,111	7,474
Other maintenance and services	3,600	-	-	-
Advertising	2,000	2,000	1	1,999
Training and travel	560	560	330	230
	1,517,378	1,517,378	1,400,321	117,057
Roads department:				
Salaries	1,667,961	1,667,961	1,596,726	71,235
Benefits	1,127,530	1,127,530	1,002,020	125,510
Administrative	2,700	2,700	1,166	1,534
Other supplies and equipment	88,180	88,180	32,155	56,025
Equipment maintenance	-	-	1,927	(1,927)
Road maintenance materials	50,000	50,000	45,622	4,378
Uniforms and personal equipment	10,140	10,140	6,471	3,669
Consulting services	625	625	464	161
Vehicle operating expenses	343,500	343,500	256,446	87,054
Building and property	50,900	50,900	33,853	17,047
Road maintenance	252,913	252,913	186,126	66,787
Special road construction	500	500	-	500
Advertising	-	-	805	(805)
Training and travel	1,000	1,000	288	712
Enterprise fund credits	(29,150)	(29,150)	(29,150)	-
	3,566,799	3,566,799	3,134,919	431,880
Public works administration:				
Salaries	445,844	445,844	441,888	3,956
Benefits	312,040	312,040	277,305	34,735
Administrative	4,500	4,500	2,349	2,151
Supplies and equipment	14,740	14,740	6,019	8,721

WORCESTER COUNTY, MARYLAND

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

GENERAL FUND

Year Ended June 30, 2010

(Continued)

	Budgeted Amounts			Variance With
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Final Budget</u>
Public works, continued:				
Public works administration, continued:				
Equipment maintenance	\$ 5,800	\$ 5,800	\$ 4,873	\$ 927
Uniforms and personal equipment	780	780	752	28
Grant programs	3,089	3,089	-	3,089
Program expense	400	400	285	115
Legal	3,500	3,500	313	3,187
Consulting services	200,500	200,500	137,288	63,212
Vehicle operating expenses	15,500	15,500	8,786	6,714
Building and property	10,760	10,760	7,201	3,559
Other maintenance and services	1,200	1,200	973	227
Fleet services	(83,649)	(83,649)	(54,125)	(29,524)
Custodial services	10,000	10,000	(1,096)	11,096
Central gas facility	-	-	(1,128)	1,128
Advertising	800	800	-	800
Training and travel	3,200	3,200	1,453	1,747
Enterprise fund credits	(120,577)	(120,577)	(121,601)	1,024
	828,427	828,427	711,535	116,892
Total public works	5,912,604	5,912,604	5,246,775	665,829
Health and hospitals:				
Health department:				
Administrative	3,000	3,000	633	2,367
Health clinic's building expenses	408,659	408,659	442,447	(33,788)
Other non-matching expenses	37,468	37,468	32,191	5,277
Matching appropriation	4,064,017	4,064,017	4,081,060	(17,043)
	4,513,144	4,513,144	4,556,331	(43,187)
Mosquito control:				
Salaries	30,921	32,234	32,234	-
Benefits	22,762	22,762	20,228	2,534
Administrative	350	451	406	45
Equipment maintenance	350	708	708	-
Uniforms and personal equipment	180	180	165	15
Vehicle operations	10,500	17,828	17,828	-
Building and property expenses	2,955	3,815	3,312	503
Appropriation for spraying	138,084	128,124	94,592	33,532
	206,102	206,102	169,473	36,629

WORCESTER COUNTY, MARYLAND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE- BUDGET AND ACTUAL
GENERAL FUND

Year Ended June 30, 2010
(Continued)

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance With <u>Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Health and hospitals, continued:				
Other health and hospitals:				
Worcester Development Center	\$ 219,497	\$ 219,497	\$ 684,090	\$ (464,593)
Hartley Hall	11,250	11,250	11,250	-
Highway Safety Program	64,000	64,000	73,802	(9,802)
	294,747	294,747	769,142	(474,395)
Total health and hospitals	5,013,993	5,013,993	5,494,946	(480,953)
Social services:				
Commission on Aging:				
Administrative	9,000	9,000	8,730	270
Supplies and equipment	5,500	5,500	5,335	165
Consulting services	25,000	25,000	24,250	750
Senior Transportation	15,000	15,000	14,550	450
Senior center building expenses	251,850	251,850	238,651	13,199
Other maintenance and services	200	200	-	200
Training and travel	5,000	5,000	4,850	150
Appropriation for Commission on Aging	721,559	721,559	699,937	21,622
	1,033,109	1,033,109	996,303	36,806
Other social services:				
Salaries	115,595	115,595	116,673	(1,078)
Benefits	82,389	82,389	73,218	9,171
State pass through grant Diakonia	35,557	35,557	40,401	(4,844)
State pass through grant Samaritan Shelter	2,700	2,700	9,143	(6,443)
State pass through grant Social Services	14,725	14,725	1,710	13,015
Social Services Pharmacy grant	6,300	6,300	6,300	-
Maryland Food Bank	900	900	900	-
Life Crisis Center	8,100	8,100	8,100	-
Youth and Family counseling	91,710	91,710	91,710	-
Diakonia	27,000	27,000	27,000	-
Samaritan shelter	8,550	8,550	8,550	-
Save the Youth programs	18,000	18,000	18,000	-
Drug and alcohol council	9,000	9,000	9,000	-
Oasis Ministries, Inc.	9,000	9,000	9,000	-
Salvation Army Pocomoke youth	9,000	9,000	9,000	-

WORCESTER COUNTY, MARYLAND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE- BUDGET AND ACTUAL
GENERAL FUND

Year Ended June 30, 2010
(Continued)

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance With</u> <u>Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Social services, continued:				
Other social services, continued:				
BRAVE program	\$ 3,600	\$ 3,600	\$ 3,600	\$ -
Worcester County G.O.L.D.	9,000	9,000	9,000	-
	451,126	451,126	441,305	9,821
Total social services	1,484,235	1,484,235	1,437,608	46,627
Education:				
Board of Education:				
Retirement	387,386	387,386	376,381	11,005
Post retirement benefits	6,160,224	6,160,224	6,160,224	-
School building improvements	100,000	100,000	100,000	-
Operating appropriations	71,654,064	71,654,064	71,654,064	-
Technology program	200,000	200,000	200,000	-
	78,501,674	78,501,674	78,490,669	11,005
WOR-WIC Community College:				
Operating appropriation	1,764,188	1,764,188	1,764,188	-
Campus development	-	-	55,015	(55,015)
	1,764,188	1,764,188	1,819,203	(55,015)
Total education	80,265,862	80,265,862	80,309,872	(44,010)
Libraries, recreation, parks and culture:				
Recreation department:				
Salaries	648,044	648,044	578,871	69,173
Benefits	408,770	408,770	363,268	45,502
Administrative	22,720	21,843	11,429	10,414
Other supplies and equipment	22,140	44,967	40,561	4,406
Equipment maintenance	7,400	7,400	5,386	2,014
Uniforms and personal equipment	2,616	2,616	1,407	1,209
Grant programs	11,000	-	-	-
Recreation program	261,657	230,845	155,723	75,122
Vehicle and equipment operating	4,650	4,650	2,191	2,459
Building site	151,100	169,211	173,737	(4,526)

WORCESTER COUNTY, MARYLAND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE- BUDGET AND ACTUAL
GENERAL FUND

Year Ended June 30, 2010

(Continued)

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance With</u> <u>Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Libraries, recreation, parks and culture:				
Recreation department, continued:				
Park improvements	\$ -	\$ 1,751	\$ 1,751	\$ -
Training and travel	4,125	4,125	4,025	100
	1,544,222	1,544,222	1,338,349	205,873
Parks department:				
Salaries	298,617	298,617	248,948	49,669
Benefits	175,795	175,795	156,226	19,569
Administrative	2,813	2,813	1,506	1,307
Supplies and equipment	11,100	17,677	17,134	543
Uniforms and personal equipment	1,000	1,000	830	170
Grant programs	84,958	84,958	36,791	48,167
Other supplies and materials	23,470	30,440	24,036	6,404
Vehicle and equipment operating	30,000	23,423	21,391	2,032
Park expenses	76,517	69,547	49,597	19,950
Other maintenance and services	1,000	1,000	11,147	(10,147)
Advertisements	200	200	103	97
Training and travel	3,920	3,920	339	3,581
Enterprise fund credits	-	-	30	(30)
	709,390	709,390	568,078	141,312
Boat Landings:				
Grant programs	92,500	92,500	54,488	38,012
Landing expenses	23,250	23,250	10,070	13,180
Advertisements	2,000	2,000	-	2,000
	117,750	117,750	64,558	53,192
Library:				
Salaries	1,578,386	1,578,386	1,508,941	69,445
Benefits	1,065,540	1,065,540	946,931	118,609
Administrative	64,900	63,855	51,112	12,743
Other supplies and equipment	330,300	330,300	318,876	11,424
Equipment maintenance	42,800	42,800	32,101	10,699
Grant services	87,300	87,300	125,599	(38,299)
Program expense	12,000	13,045	13,045	-

WORCESTER COUNTY, MARYLAND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE- BUDGET AND ACTUAL
GENERAL FUND

Year Ended June 30, 2010

(Continued)

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance With</u>
	<u>Original</u>	<u>Final</u>		<u>Final Budget</u>
Libraries, recreation, parks and culture, continued:				
Library, continued:				
Building site expense	\$ 336,440	\$ 348,440	\$ 338,892	\$ 9,548
Training and travel	10,000	10,000	10,000	-
On-behalf payments	-	-	188,139	(188,139)
	3,527,666	3,539,666	3,533,636	6,030
Total libraries, recreation, parks and culture	5,899,028	5,911,028	5,504,621	406,407
Conservation of natural resources:				
Extension service:				
Administrative	9,310	9,310	7,596	1,714
Other supplies and equipment	10,150	10,150	10,409	(259)
Equipment maintenance	3,000	3,000	2,976	24
Building and property	24,731	24,731	22,894	1,837
Other maintenance and services	450	450	450	-
Training and travel	713	713	135	578
Operating appropriation	129,358	129,358	129,358	-
	177,712	177,712	173,818	3,894
Other natural resources:				
Gypsy moth control	2,500	2,500	875	1,625
Soil Conservation District	33,495	33,495	33,495	-
Matching appropriations	1,200	1,200	1,200	-
Conservation Easements	-	-	24,005	(24,005)
	37,195	37,195	59,575	(22,380)
Total conservation of natural resources	214,907	214,907	233,393	(18,486)

WORCESTER COUNTY, MARYLAND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE- BUDGET AND ACTUAL
GENERAL FUND

Year Ended June 30, 2010

(Continued)

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance With</u>
	<u>Original</u>	<u>Final</u>		<u>Final Budget</u>
Economic development:				
Economic development department:				
Salaries	\$ 111,058	\$ 111,058	\$ 111,058	\$ -
Benefits	78,424	78,424	69,694	8,730
Administrative	6,225	4,625	4,601	24
Other supplies and equipment	1,300	2,450	2,471	(21)
Economic/industrial development	225,000	225,000	-	225,000
Home innovation	172,500	172,500	187,991	(15,491)
Housing rehabilitation program	203,300	203,300	108,247	95,053
Consulting services	15,800	16,781	15,982	799
Vehicle operating expenses	1,500	969	2,140	(1,171)
Building and property	-	-	2,347	(2,347)
Advertisements	600	-	-	-
Training and travel	8,303	8,903	12,380	(3,477)
	824,010	824,010	516,911	307,099
Tourism:				
Salaries	121,900	121,900	121,090	810
Benefits	85,508	85,508	75,990	9,518
Administrative	5,590	5,319	2,815	2,504
Other supplies and equipment	78,184	77,096	67,182	9,914
Equipment maintenance	-	449	449	-
Grant programs	53,000	53,000	48,112	4,888
Consulting services	20,000	20,000	1,272	18,728
Vehicle operating expenses	1,900	1,900	1,651	249
Building and property	3,767	3,767	3,034	733
Advertising	150,000	150,000	149,999	1
Training and travel	4,050	4,960	4,688	272
Furnace Town, Inc.	30,000	30,000	30,000	-
Lower Eastern Shore Heritage	5,000	5,000	5,000	-
Delmarva Low-Impact Tourism	5,000	5,000	5,000	-
Pocomoke marketing partnership	-	48,000	48,000	-
	563,899	563,899	564,282	(383)
Total economic development	1,387,909	1,387,909	1,081,193	306,716

WORCESTER COUNTY, MARYLAND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE- BUDGET AND ACTUAL
GENERAL FUND

Year Ended June 30, 2010

(Continued)

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance With</u>
	<u>Original</u>	<u>Final</u>		<u>Final Budget</u>
Intergovernmental:				
Towns share county room tax	\$ 10,867,500	\$ 10,867,500	\$ 11,362,163	\$ (494,663)
Towns share county bingo fees	2,000	2,000	2,892	(892)
Towns share county income tax	1,439,100	1,439,100	1,131,611	307,489
Towns share county food tax	997,500	997,500	1,073,776	(76,276)
Towns share liquor license fess	303,000	303,000	311,345	(8,345)
Grants to towns for police	400,000	400,000	400,000	-
Grants to towns for fire	530,000	530,000	530,000	-
Grants to towns for tourism	328,500	328,500	328,500	-
Other grants to towns	3,630,000	3,630,000	3,630,000	-
Total intergovernmental	18,497,600	18,497,600	18,770,287	(272,687)
Total expenditures	162,415,930	162,415,930	161,468,877	947,053
Excess of revenues over expenditures	11,175,093	11,175,093	13,916,345	2,741,252
OTHER FINANCING USES:				
Transfer to Worcester County Debt Service Fund	11,032,620	11,032,620	11,039,440	(6,820)
Transfer to Critical Areas Fund	142,473	142,473	-	142,473
Transfer to Worcester County Capital Projects Fund	-	-	9,288,874	(9,288,874)
Total other financing uses	11,175,093	11,175,093	20,328,314	(9,153,221)
Net change in fund balance	\$ -	\$ -	(6,411,969)	\$ (6,411,969)
Fund balance, beginning			<u>23,733,756</u>	
Fund balance, ending			<u><u>\$ 17,321,787</u></u>	

WORCESTER COUNTY, MARYLAND

OTHER POST-EMPLOYMENT BENEFITS TRUST

June 30, 2010

Schedule of Funding Progress

Entity	Actuarial Valuation Date	Actuarial Value of Plan Assets	Actuarial Accrued Liability	Funded Ratio	Unfunded Actuarial Accrued Liability (UAAL)	Annual Covered Payroll	UAAL as a Percentage of Covered Payroll
County	July 1, 2008	\$26,357,428	\$ 36,710,468	71.80%	\$ 10,353,040	\$28,436,090	36.41%
Board of Education	July 1, 2008	\$26,357,428	\$105,112,064	25.08%	\$ 78,754,636	\$64,512,561	122.08%
Liquor Control Board	July 1, 2008	\$ 934,812	\$ 1,591,317	58.74%	\$ 656,505	\$ 108,000	607.88%

Schedule of Employer Contributions

Entity	Year Ended June 30,	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB (Asset) Obligation
County	2010	\$ 2,862,792	255%	\$(28,924,711)
County	2009	\$ 2,862,792	955%	\$(24,483,919)
Board of Education	2010	\$ 12,499,017	78%	\$(14,141,595)
Board of Education	2009	\$ 12,499,017	235%	\$(16,862,411)
Liquor Control Board	2010 *	\$ 103,000	146%	\$ (7,621)
Liquor Control Board	2009 *	\$ 103,000	0%	\$ 24,998

* - Liquor Control Board is for fiscal year ended April 30.

WORCESTER COUNTY, MARYLAND
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

Note 1. Budgetary Basis

Required supplementary information includes financial information and disclosures that are required by the Governmental Accounting Standards Board but are not considered part of the basic financial statements. Such information includes budgetary comparison schedules for the general fund. The budgetary information is prepared and adopted on a basis that is consistent with generally accepted accounting principles.

Note 2. Excess of Expenditures Over Appropriations

The following fund had an excess of expenditures, including other financing sources, over appropriations for the year ended June 30, 2010:

Fund	Budgeted Expenditures	Actual Expenditures	Excess of Actual Over Budgeted Expenditures
General	\$ 173,591,023	\$ 181,797,191	\$ 8,206,168

Funds to provide for the excess expenditures were made available from unbudgeted revenues and from prior years fund balance.

ADDITIONAL SUPPLEMENTARY INFORMATION

WORCESTER COUNTY, MARYLAND

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
June 30, 2010

	Department of Social Services <u>Fund</u>	Local Management <u>Board</u>	Energy Service <u>Fund</u>	<u>Total</u>
ASSETS				
Assets:				
Cash and short-term investments	\$ 45,495	\$ 454,919	\$ -	\$ 500,414
Accounts receivable	-	88,460	25,000	113,460
Due from other funds	-	-	512,605	512,605
Total assets	\$ 45,495	\$ 543,379	\$ 537,605	\$ 1,126,479
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ -	\$ 432,117	\$ -	\$ 432,117
Deferred revenue	-	128,925	-	128,925
Total liabilities	-	561,042	-	561,042
Fund balances:				
Reserved for fund purposes	45,495	(17,663)	537,605	565,437
Total liabilities and fund balances	\$ 45,495	\$ 543,379	\$ 537,605	\$ 1,126,479

WORCESTER COUNTY, MARYLAND

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES

NONMAJOR GOVERNMENTAL FUNDS

Year Ended June 30, 2010

	Department of Social Services <u>Fund</u>	Local Management <u>Board</u>	Energy Service <u>Fund</u>	<u>Total</u>
REVENUES:				
Intergovernmental	\$ 116,327	\$ 884,491	\$ -	\$ 1,000,818
Interest income	-	1,329	-	1,329
Total revenues	116,327	885,820	-	1,002,147
EXPENDITURES:				
Social services	125,040	883,232	161,109	1,169,381
Total expenditures	125,040	883,232	161,109	1,169,381
Excess (deficiency) of revenues over expenditures	(8,713)	2,588	(161,109)	(167,234)
Fund balances, beginning	54,208	(20,251)	698,714	732,671
Fund balances, ending	\$ 45,495	\$ (17,663)	\$ 537,605	\$ 565,437

WORCESTER COUNTY, MARYLAND

BALANCE SHEET

LOCAL MANAGEMENT BOARD- NONMAJOR GOVERNMENTAL FUND

June 30, 2010

ASSETS

Cash	454,919
Accounts receivable	88,460
<hr/>	
Total assets	\$ 543,379

LIABILITIES AND FUND BALANCE

Liabilities:	
Accounts payable	432,117
Deferred revenue	128,925
<hr/>	
Total liabilities	561,042
<hr/>	
Fund balance	(17,663)
<hr/>	
Total liabilities and fund balance	\$ 543,379

WORCESTER COUNTY, MARYLAND

SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
LOCAL MANAGEMENT BOARD- NONMAJOR GOVERNMENTAL FUND
Year Ended June 30, 2010

REVENUES:

Administrative grant	\$ 202,834
Community partnership grant	405,338
CARP	79,008
Community Foundation - fathering with out violence	4,472
Grants	16,293
Cultural diversity	1,020
Rehabilitation options	25,313
Systems of care grant	110,879
Youth strategies grant - CMCA	39,334
Total revenues	884,491

EXPENDITURES:

Administrative:	
Salaries and benefits	154,844
Training, travel and support	3,788
Rent	21,600
Supplies and equipment	1,296
Miscellaneous	20,049
Community partnership grant	405,338
Local coordinating council grant	79,008
Direct program grant	141,682
Youth strategies grant	39,334
Other grants	16,293
Total expenditures	883,232

Excess of revenues over expenditures	1,259
--------------------------------------	-------

OTHER FINANCING SOURCES:

Interest income	1,329
Excess of revenues over expenditures and other financing sources	2,588
Fund balance, beginning	(20,251)
Fund balance, ending	\$ (17,663)

WORCESTER COUNTY, MARYLAND

COMBINING SCHEDULE OF FUND NET ASSETS - OPERATING FUNDS
DEPARTMENT OF WATER AND WASTEWATER SERVICES

June 30, 2010

	West Ocean City <u>S.A.</u>	Ocean Pines <u>S.A.</u>	Newark Service <u>Area</u>	Briddletown Service <u>Area</u>	Shared Facilities	Edgewater Acres <u>S.A.</u>
ASSETS						
<u>Current assets</u>						
Cash and short-term investments	\$ 280,378	\$ (184,925)	\$ 6,188	\$ 36,820	\$ 44,833	\$ (42,346)
Accounts receivable - usage billings	324,249	1,419,231	27,679	2,853	-	49,674
Total current assets	604,627	1,234,306	33,867	39,673	44,833	7,328
<u>Capital assets</u>						
Land and land rights	47,037	63,319	4,527	-	-	-
Water and sewer systems	10,566,997	36,525,463	761,008	300,620	-	94,806
Machinery and equipment	-	3,985,093	-	-	-	81,156
Construction in progress	-	21,215	-	-	-	-
	10,614,034	40,595,090	765,535	300,620	-	175,962
Less accumulated depreciation	(6,168,457)	(14,752,439)	(484,384)	(166,338)	-	(92,684)
	4,445,577	25,842,651	281,151	134,282	-	83,278
Total assets	5,050,204	27,076,957	315,018	173,955	44,833	90,606
LIABILITIES						
<u>Current liabilities</u>						
Accounts payable and accrued expenses	11,979	239,331	4,312	2,677	2,532	12,222
Due to state	1,462	-	-	-	-	-
Due to other funds	41,972	305,428	7,649	882	-	4,498
Interfund payable	116,415	2,131,280	24,240	-	-	-
Total current liabilities	171,828	2,676,039	36,201	3,559	2,532	16,720
NET ASSETS						
Unrestricted net assets	\$ 4,878,376	\$ 24,400,918	\$ 278,817	\$ 170,396	\$ 42,301	\$ 73,886

Assateague Point <u>S.A.</u>	River Run <u>S.A.</u>	Mystic Harbour <u>S.A.</u>	Lighthouse Sound <u>S.A.</u>	Riddle Farm <u>S.A.</u>	The Landings <u>S.A.</u>	Support Groups	<u>Total</u>
\$ (42,609)	\$ 187,999	\$ 14,423	\$ 20,181	\$ 55,858	\$ (263,946)	\$ 16,842	\$ 129,696
46,322	27,016	228,966	28,921	71,051	59,367	-	2,285,329
3,713	215,015	243,389	49,102	126,909	(204,579)	16,842	2,415,025
-	-	-	-	-	-	-	114,883
1,093,779	-	539,602	-	18,490,395	8,983,507	-	77,356,177
-	128,233	577,325	-	-	-	674,055	5,445,862
-	-	828,979	-	-	-	-	850,194
1,093,779	128,233	1,945,906	-	18,490,395	8,983,507	674,055	83,767,116
(217,465)	(68,688)	(537,330)	-	(1,849,039)	(673,764)	(381,614)	(25,392,202)
876,314	59,545	1,408,576	-	16,641,356	8,309,743	292,441	58,374,914
880,027	274,560	1,651,965	49,102	16,768,265	8,105,164	309,283	60,789,939
6,213	10,007	21,048	1,537	9,303	4,087	2,008	327,256
23	30	113	48	-	-	-	1,676
12,125	3,991	827,763	3,042	12,977	199,232	40,200	1,459,759
34,402	-	64,633	-	-	-	-	2,370,970
52,763	14,028	913,557	4,627	22,280	203,319	42,208	4,159,661
\$ 827,264	\$ 260,532	\$ 738,408	\$ 44,475	\$ 16,745,985	\$ 7,901,845	\$ 267,075	\$ 56,630,278

WORCESTER COUNTY, MARYLAND

COMBINING SCHEDULE OF FUND NET ASSETS - CAPITAL PROJECTS FUNDS

DEPARTMENT OF WATER AND WASTEWATER SERVICES

June 30, 2010

	West Ocean City <u>S.A.</u>	Ocean Pines <u>S.A.</u>	Oyster Harbor <u>S.A.</u>	Newark Service Area <u>Area</u>
ASSETS				
<u>Current assets</u>				
Cash and short-term investments	\$ 219,339	\$ 451,208	\$ 22,456	\$ 113,232
Accounts receivable - edu	161,106	2,306,992	48,822	15,761
Interfund receivable	116,415	2,140,564	38,217	24,240
Total current assets	496,860	4,898,764	109,495	153,233
<u>Other assets</u>				
Long-term edu receivable	694,058	12,185,396	424,036	71,763
Construction in process	-	402,098	-	583,195
Total other assets	694,058	12,587,494	424,036	654,958
Total assets	1,190,918	17,486,258	533,531	808,191
LIABILITIES				
<u>Current liabilities</u>				
Interfund payable	-	9,284	-	-
Due to other funds	-	416,517	33,884	-
Bonds payable - current portion	94,710	1,726,636	-	27,223
Accrued bond interest payable	10,145	161,118	-	3,024
Total current liabilities	104,855	2,313,555	33,884	30,247
<u>Other</u>				
Unearned revenue	-	5,837,554	457,920	80,559
Due to general fund	-	-	449,969	-
Bonds payable	496,797	11,867,655	-	329,678
Bond costs deferred	(32,524)	(251,750)	-	(822)
Total other liabilities	464,273	17,453,459	907,889	409,415
Total liabilities	569,128	19,767,014	941,773	439,662
NET ASSETS				
Unrestricted net assets	\$ 621,790	\$ (2,280,756)	\$ (408,242)	\$ 368,529

South Point <u>S.A.</u>	Sunset Village <u>S.A.</u>	Snug Harbor <u>S.A.</u>	<u>Total</u>
\$ (6,244)	\$ 10,219	\$ -	\$ 810,210
7,862	18,251	41,152	2,599,946
9,396	17,020	34,402	2,380,254
<hr/>			
11,014	45,490	75,554	5,790,410
<hr/>			
43,587	115,883	463,341	13,998,064
-	-	-	985,293
<hr/>			
43,587	115,883	463,341	14,983,357
<hr/>			
54,601	161,373	538,895	20,773,767
<hr/>			
-	-	-	9,284
-	-	-	450,401
5,342	14,203	30,393	1,898,507
420	1,118	2,590	178,415
<hr/>			
5,762	15,321	32,983	2,536,607
<hr/>			
48,929	130,086	493,734	7,048,782
-	-	72,158	522,127
43,587	115,883	463,341	13,316,941
(438)	(1,261)	-	(286,795)
<hr/>			
92,078	244,708	1,029,233	20,601,055
<hr/>			
97,840	260,029	1,062,216	23,137,662
<hr/>			
\$ (43,239)	\$ (98,656)	\$ (523,321)	\$ (2,363,895)
<hr/>			

WORCESTER COUNTY, MARYLAND
SCHEDULE OF REVENUES AND EXPENSES
BUDGET AND ACTUAL
DEPARTMENT OF WATER AND WASTEWATER SERVICES
Year Ended June 30, 2010

	<u>West Ocean City Service Area</u>			<u>Ocean Pines Service Area</u>		
	<u>Original and</u> <u>Final Budget</u>	<u>Actual</u>	<u>Variance With</u> <u>Final Budget</u>	<u>Original and</u> <u>Final Budget</u>	<u>Actual</u>	<u>Variance With</u> <u>Final Budget</u>
OPERATING REVENUES						
Charges for service	\$1,123,000	\$ 1,146,082	\$ 23,082	\$ 5,561,000	\$ 5,272,481	\$ (288,519)
Interest and penalties	27,500	38,929	11,429	65,000	103,869	38,869
Operating grants	-	-	-	-	-	-
Other revenue	-	15	15	79,200	33,028	(46,172)
Total operating revenues	1,150,500	1,185,026	34,526	5,705,200	5,409,378	(295,822)
OPERATING EXPENSES						
Personnel services	164,964	133,819	(31,145)	3,117,768	2,823,520	(294,248)
Supplies and materials	20,250	22,070	1,820	380,084	333,677	(46,407)
Maintenance and services	793,875	831,403	37,528	1,452,937	1,484,551	31,614
Other charges	29,835	18,711	(11,124)	100,000	66,146	(33,854)
Interfund charges	143,078	143,614	536	493,114	495,173	2,059
Total operating expenses	1,152,002	1,149,617	(2,385)	5,543,903	5,203,067	(340,836)
Operating income before depreciation	(1,502)	35,409	36,911	161,297	206,311	45,014
Depreciation	-	291,537	291,537	-	1,374,855	1,374,855
Net operating income (loss)	(1,502)	(256,128)	(254,626)	161,297	(1,168,544)	(1,329,841)
NON-OPERATING REVENUES (EXPENSES)						
Transfer (to) from district	(498)	-	498	(1,297)	19,045	20,342
Interest income	2,000	124	(1,876)	5,000	82	(4,918)
Interest expense	-	-	-	-	-	-
Net non-operating revenues (expenses)	1,502	124	(1,378)	3,703	19,127	15,424
Net income (loss)	\$ -	\$ (256,004)	\$ (256,004)	\$ 165,000	\$ (1,149,417)	\$ (1,314,417)
OTHER BUDGETED EXPENDITURES						
Capital outlay	\$ -			\$ (165,000)		
Debt service	-			-		
Total other budgeted expenditures	-			(165,000)		
Budgeted net income (loss)	\$ -			\$ -		

Newark Service Area			Briddletown Service Area			Edgewater Acres Service Area		
Original and Final Budget	Actual	Variance With Final Budget	Original and Final Budget	Actual	Variance With Final Budget	Original and Final Budget	Actual	Variance With Final Budget
\$ 108,000	\$ 95,752	\$ (12,248)	\$ 10,000	\$ 9,615	\$ (385)	\$ 184,300	\$ 177,056	\$ (7,244)
1,000	2,229	1,229	800	693	(107)	1,700	1,216	(484)
-	-	-	22,000	22,000	-	-	-	-
10,000	-	(10,000)	-	-	-	3,715	3,607	(108)
119,000	97,981	(21,019)	32,800	32,308	(492)	189,715	181,879	(7,836)
72,861	91,572	18,711	8,409	9,676	1,267	37,220	32,311	(4,909)
17,712	24,125	6,413	826	1,177	351	3,272	4,103	831
36,343	46,236	9,893	18,742	18,224	(518)	134,025	130,953	(3,072)
1,950	1,446	(504)	545	326	(219)	2,631	1,640	(991)
6,399	6,425	26	2,241	2,251	10	12,445	12,496	51
135,265	169,804	34,539	30,763	31,654	891	189,593	181,503	(8,090)
(16,265)	(71,823)	(55,558)	2,037	654	(1,383)	122	376	254
-	22,841	22,841	-	8,331	8,331	-	6,282	6,282
(16,265)	(94,664)	(78,399)	2,037	(7,677)	(9,714)	122	(5,906)	(6,028)
16,165	121,218	105,053	(2,037)	-	2,037	(122)	-	122
100	-	(100)	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
16,265	121,218	104,953	(2,037)	-	2,037	(122)	-	122
\$ -	\$ 26,554	\$ 26,554	\$ -	\$ (7,677)	\$ (7,677)	\$ -	\$ (5,906)	\$ (5,906)
\$ -			\$ -			\$ -		
-			-			-		
-			-			-		
\$ -			\$ -			\$ -		

WORCESTER COUNTY, MARYLAND
SCHEDULE OF REVENUES AND EXPENSES
BUDGET AND ACTUAL
DEPARTMENT OF WATER AND WASTEWATER SERVICES
Year Ended June 30, 2010 (Continued)

	<u>Assateague Point Service Area</u>			<u>River Run Service Area</u>		
	<u>Original and</u> <u>Final Budget</u>	<u>Actual</u>	<u>Variance With</u> <u>Final Budget</u>	<u>Original and</u> <u>Final Budget</u>	<u>Actual</u>	<u>Variance With</u> <u>Final Budget</u>
OPERATING REVENUES						
Charges for service	\$ 181,000	\$ 174,750	\$ (6,250)	\$ 137,000	\$ 141,609	\$ 4,609
Interest and penalties	3,000	4,409	1,409	1,500	2,134	634
Operating grants	-	-	-	-	-	-
Other revenue	-	-	-	-	-	-
Total operating revenues	184,000	179,159	(4,841)	138,500	143,743	5,243
OPERATING EXPENSES						
Personnel services	78,781	63,792	(14,989)	38,809	19,533	(19,276)
Supplies and materials	25,634	27,085	1,451	9,625	5,957	(3,668)
Maintenance and services	44,399	50,565	6,166	66,840	83,517	16,677
Other charges	6,450	4,034	(2,416)	2,545	1,008	(1,537)
Interfund charges	33,621	33,761	140	8,788	8,825	37
Total operating expenses	188,885	179,237	(9,648)	126,607	118,840	(7,767)
Operating income before depreciation	(4,885)	(78)	4,807	11,893	24,903	13,010
Depreciation	-	72,919	72,919	-	12,477	12,477
Net operating income (loss)	(4,885)	(72,997)	(68,112)	11,893	12,426	533
NON-OPERATING REVENUES (EXPENSES)						
Transfer (to) from district	4,385	-	(4,385)	(12,393)	-	12,393
Interest income	500	-	(500)	500	-	(500)
Interest expense	-	-	-	-	-	-
Net non-operating revenues (expenses)	4,885	-	(4,885)	(11,893)	-	11,893
Net income (loss)	\$ -	\$ (72,997)	\$ (72,997)	\$ -	\$ 12,426	\$ 12,426
OTHER BUDGETED EXPENDITURES						
Capital outlay	\$ -			\$ -		
Debt service	-			-		
Total other budgeted expenditures	-			-		
Budgeted net income (loss)	\$ -			\$ -		

Mystic Harbor Service Area			Lighthouse Sound Service Area			Riddle Farm Service Area		
Original and Final Budget	Actual	Variance With Final Budget	Original and Final Budget	Actual	Variance With Final Budget	Original and Final Budget	Actual	Variance With Final Budget
\$ 815,000	\$ 751,024	\$ (63,976)	\$ 78,750	\$ 86,100	\$ 7,350	\$ 265,000	\$ 229,992	\$ (35,008)
77,500	81,148	3,648	12,500	10,510	(1,990)	76,000	81,241	5,241
-	-	-	-	-	-	-	-	-
-	1,100	1,100	-	-	-	-	11,000	11,000
892,500	833,272	(59,228)	91,250	96,610	5,360	341,000	322,233	(18,767)
415,218	324,889	(90,329)	54,427	39,285	(15,142)	159,983	140,909	(19,074)
71,233	70,477	(756)	11,427	16,763	5,336	42,499	62,720	20,221
279,244	214,714	(64,530)	22,943	19,488	(3,455)	105,840	133,713	27,873
17,901	11,277	(6,624)	1,853	1,113	(740)	5,534	4,088	(1,446)
83,701	84,053	352	5,456	5,478	22	24,066	24,168	102
867,297	705,410	(161,887)	96,106	82,127	(13,979)	337,922	365,598	27,676
25,203	127,862	102,659	(4,856)	14,483	19,339	3,078	(43,365)	(46,443)
-	69,832	69,832	-	-	-	-	462,260	462,260
25,203	58,030	32,827	(4,856)	14,483	19,339	3,078	(505,625)	(508,703)
3,797	-	(3,797)	4,356	-	(4,356)	(3,078)	-	3,078
1,000	172	(828)	500	-	(500)	-	-	-
-	-	-	-	-	-	-	-	-
4,797	172	(4,625)	4,856	-	(4,856)	(3,078)	-	3,078
\$ 30,000	\$ 58,202	\$ 28,202	\$ -	\$ 14,483	\$ 14,483	\$ -	\$ (505,625)	\$ (505,625)
\$ (30,000)			\$ -			\$ -		
-			-			-		
(30,000)			-			-		
\$ -			\$ -			\$ -		

WORCESTER COUNTY, MARYLAND
SCHEDULE OF REVENUES AND EXPENSES
BUDGET AND ACTUAL
DEPARTMENT OF WATER AND WASTEWATER SERVICES
Year Ended June 30, 2010 (Continued)

	<u>The Landings Service Area</u>			<u>Support Group</u>		
	<u>Original and</u>		<u>Variance With</u>	<u>Original and</u>		<u>Variance With</u>
	<u>Final Budget</u>	<u>Actual</u>	<u>Final Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Final Budget</u>
OPERATING REVENUES						
Charges for service	\$ 115,000	\$ 87,096	\$ (27,904)	\$ -	\$ -	\$ -
Interest and penalties	122,000	126,162	4,162	-	-	-
Operating grants	-	-	-	-	-	-
Other revenue	-	16,800	16,800	-	62,354	62,354
Total operating revenues	237,000	230,058	(6,942)	-	62,354	62,354
OPERATING EXPENSES						
Personnel services	104,769	126,355	21,586	-	-	-
Supplies and materials	19,039	37,177	18,138	-	-	-
Maintenance and services	107,829	286,953	179,124	-	-	-
Other charges	2,155	2,069	(86)	-	-	-
Interfund charges	9,349	9,388	39	-	-	-
Total operating expenses	243,141	461,942	218,801	-	-	-
Operating income before depreciation	(6,141)	(231,884)	(225,743)	-	62,354	62,354
Depreciation	-	224,586	224,586	-	114,612	114,612
Net operating income (loss)	(6,141)	(456,470)	(450,329)	-	(52,258)	(52,258)
NON-OPERATING REVENUES						
(EXPENSES)						
Transfer (to) from district	6,141	-	(6,141)	-	-	-
Interest income	-	-	-	-	-	-
Interest expense	-	-	-	-	(2,163)	(2,163)
Net non-operating revenues (expenses)	6,141	-	(6,141)	-	(2,163)	(2,163)
Net income (loss)	\$ -	\$ (456,470)	\$ (456,470)	\$ -	\$ (54,421)	\$ (54,421)
OTHER BUDGETED EXPENDITURES						
Capital outlay	\$ -			\$ -		
Debt service	-			-		
Total other budgeted expenditures	-			-		
Budgeted net income (loss)	\$ -			\$ -		

Shared Facilities			Combined Totals		
Original and Final Budget	Actual	Variance With Final Budget	Original and Final Budget	Actual	Variance With Final Budget
\$ -	\$ -	\$ -	\$8,578,050	\$ 8,171,557	\$ (406,493)
-	-	-	388,500	452,540	64,040
-	-	-	22,000	22,000	-
-	49,437	49,437	92,915	177,341	84,426
-	49,437	49,437	9,081,465	8,823,438	(258,027)
-	-	-	4,253,209	3,805,661	(447,548)
-	-	-	601,601	605,331	3,730
-	-	-	3,063,017	3,300,317	237,300
-	34,329	34,329	171,399	146,187	(25,212)
-	-	-	822,258	825,632	3,374
-	34,329	34,329	8,911,484	8,683,128	(228,356)
-	15,108	15,108	169,981	140,310	(29,671)
-	-	-	-	2,660,532	2,660,532
-	15,108	15,108	169,981	(2,520,222)	(27,508)
-	-	-	15,419	140,263	124,844
-	-	-	9,600	378	(9,222)
-	-	-	-	(2,163)	(2,163)
-	-	-	25,019	138,478	113,459
\$ -	\$ 15,108	\$ 15,108	\$ 195,000	\$ (2,381,744)	\$ (2,576,744)
\$ -			(195,000)		
-			-		
-			(195,000)		
\$ -			\$ -		

WORCESTER COUNTY, MARYLAND

COMBINING SCHEDULE OF REVENUES, EXPENSES AND CHANGES
IN FUND NET ASSETS- CAPITAL PROJECTS FUNDS
DEPARTMENT OF WATER AND WASTEWATER SERVICES
Year Ended June 30, 2010

	West Ocean City <u>S.A.</u>	Ocean Pines <u>S.A.</u>	Oyster Harbor <u>S.A.</u>	Newark Service Area
Revenues:				
Future capital development	\$ -	\$ 2,565	\$ -	\$ -
EDU revenue	15,240	617,123	51,408	26,624
Other revenues	(14,850)	7,776	-	-
Total revenues	390	627,464	51,408	26,624
Operating income	390	627,464	51,408	26,624
Nonoperating income (expense):				
Interest on investments	169	512	74	532
Bond interest expense	(30,957)	(437,151)	(19,297)	(5,827)
Transfer from (to) service area	-	(19,045)	-	(121,218)
Total nonoperating income (expense)	(30,788)	(455,684)	(19,223)	(126,513)
Change in net assets	(30,398)	171,780	32,185	(99,889)
Net assets, beginning	652,188	(2,452,536)	(440,427)	468,418
Net assets, ending	\$ 621,790	\$ (2,280,756)	\$ (408,242)	\$ 368,529

South Point <u>S.A.</u>	Sunset Village <u>S.A.</u>	Snug Harbor <u>S.A.</u>	<u>Total</u>
\$ -	\$ -	\$ -	\$ 2,565
10,080	16,192	34,450	771,117
-	-	2,775	(4,299)
10,080	16,192	37,225	769,383
10,080	16,192	37,225	769,383
-	44	-	1,331
(1,784)	(4,757)	(3,638)	(503,411)
-	-	-	(140,263)
(1,784)	(4,713)	(3,638)	(642,343)
8,296	11,479	33,587	127,040
(51,535)	(110,135)	(556,908)	(2,490,935)
\$ (43,239)	\$ (98,656)	\$ (523,321)	\$ (2,363,895)

WORCESTER COUNTY, MARYLAND

SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN FUND
NET ASSETS BY OPERATING FUND- BUDGET AND ACTUAL
LANDFILL

Year Ended June 30, 2010

	Budget Original/ <u>Final</u>	<u>Actual</u>	Variance Positive (Negative)
Operating Revenues:			
Licenses and permits	\$ 368,000	\$ 350,480	\$ (17,520)
Recycling charges	161,000	290,835	129,835
Stump, yard waste, and mulch revenue	50,000	31,887	(18,113)
Interest and penalties on overdue accounts	1,500	1,312	(188)
Other grants	25,000	-	(25,000)
Other revenue	-	266	266
Tipping fees	4,250,000	3,172,613	(1,077,387)
Total operating revenues	4,855,500	3,847,393	(1,008,107)
Total operating expenses	3,820,613	4,792,333	(971,720)
Operating income before depreciation	1,034,887	(944,940)	(1,979,827)
Depreciation	900,000	2,006,377	(1,106,377)
Operating income (loss)	134,887	(2,951,317)	(3,086,204)
Nonoperating income (expense):			
Interest on investments	200,000	21,967	(178,033)
Transfer from other funds	515,113	-	(515,113)
Interest expense	(850,000)	(111,741)	738,259
Total nonoperating (expense) income	(134,887)	(89,774)	45,113
Change in net assets	\$ -	(3,041,091)	\$ (3,041,091)
Net assets, beginning		<u>9,338,411</u>	
Net assets, ending		<u>\$ 6,297,320</u>	

WORCESTER COUNTY, MARYLAND

SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN FUND
NET ASSETS BY OPERATING FUND- BUDGET AND ACTUAL
LANDFILL

Year Ended June 30, 2010

	Budget Original/ <u>Final</u>	<u>Actual</u>	Variance Positive (Negative)
Expenses:			
Department: Administration			
Salaries	\$ 135,115	\$ 130,756	\$ 4,359
Benefits	76,993	61,551	15,442
Salaries - Treasurer's support	94,302	94,873	(571)
Salaries - Public works	58,974	59,594	(620)
Administrative support	145,489	144,260	1,229
Administrative expenses	13,000	15,695	(2,695)
Audit services	6,000	7,200	(1,200)
Insurance	35,000	18,309	16,691
Uniforms	500	451	49
Supplies/equipment	1,000	248	752
Solid waste committee	1,200	864	336
	<u>567,573</u>	<u>533,801</u>	<u>33,772</u>
Department: Solid Waste			
Salaries	901,712	923,178	(21,466)
Benefits	515,633	398,795	116,838
Telephone	8,000	5,511	2,489
Utilities	28,000	28,046	(46)
Training	3,500	1,737	1,763
Consulting services	100,000	156,110	(56,110)
Fuel	150,000	190,375	(40,375)
Leachate expense	100,000	244,869	(144,869)
Supplies/equipment	5,000	1,090	3,910
Safety	2,000	513	1,487
Vehicles expense	225,000	242,780	(17,780)
Uniforms	7,000	5,633	1,367
Buildings and grounds	100,000	73,800	26,200
Closure and postclosure costs	350,000	1,261,946	(911,946)
	<u>2,495,845</u>	<u>3,534,383</u>	<u>(1,038,538)</u>

WORCESTER COUNTY, MARYLAND

SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN FUND
NET ASSETS BY OPERATING FUND- BUDGET AND ACTUAL
LANDFILL

Year Ended June 30, 2010
(Continued)

	Budget Original/ <u>Final</u>	<u>Actual</u>	Variance Positive <u>(Negative)</u>
Department: Recycling			
Salaries	\$ 363,719	\$ 331,776	\$ 31,943
Benefits	207,576	165,271	42,305
Telephone	2,400	1,890	510
Utilities	27,500	31,644	(4,144)
Training	2,000	536	1,464
Fuel	30,000	38,984	(8,984)
Removal expenses	27,000	88,830	(61,830)
Safety expense	500	1,057	(557)
Supplies/equipment	1,000	700	300
Vehicle expense	30,000	14,046	15,954
Uniforms	3,000	2,636	364
Buildings and grounds	17,500	15,778	1,722
Special events	45,000	31,001	13,999
	757,195	724,149	33,046
	\$ 3,820,613	\$ 4,792,333	\$ (971,720)



WORCESTER COUNTY, MARYLAND

COMBINING SCHEDULE OF FIDUCIARY NET ASSETS

NONMAJOR AGENCY FUNDS

Year Ended June 30, 2010

	State of Maryland Property Taxes	Maryland Department of Motor Vehicles - License Fees	Tax Sale Fund	Development Taxes	Performance Bonds	Confiscated Monies Fund
ASSETS						
Cash and short-term investments	\$ -	\$ 25,895	\$ 835,937	\$ 422,340	\$ 784,081	\$ 23,004
Taxes receivable	573,911	-	-	-	-	-
Due from other funds	131,742	-	-	-	-	-
Total assets	705,653	25,895	835,937	422,340	784,081	23,004
LIABILITIES						
Due to other governmental units	705,653	25,145	-	-	-	-
Due to other funds	-	750	-	-	-	-
Other liabilities	-	-	835,937	422,340	784,081	23,004
Total liabilities	705,653	25,895	835,937	422,340	784,081	23,004
NET ASSETS						
Restricted	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

<u>Personal Property Tax Liability</u>	<u>Forest Conservation</u>	<u>Bay Restoration</u>	<u>Snow Hill Property Tax</u>	<u>Berlin Property Tax</u>	<u>Pocomoke Property Tax</u>	<u>Special Loans</u>	<u>Critical Areas</u>	<u>Total</u>
\$ 201,361	\$ 123,612	\$ 45,696	\$ -	\$ -	\$ -	\$ 62,872	\$ 88,435	\$2,613,233
-	-	59,239	66,395	123,625	188,595	-	-	1,011,765
-	-	11,573	15,242	45,043	17,199	-	-	220,799
201,361	123,612	116,508	81,637	168,668	205,794	62,872	88,435	3,845,797
-	-	116,508	81,637	168,668	205,794	-	-	1,303,405
-	-	-	-	-	-	-	-	750
201,361	123,612	-	-	-	-	62,872	88,435	2,541,642
201,361	123,612	116,508	81,637	168,668	205,794	62,872	88,435	3,845,797
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

WORCESTER COUNTY, MARYLAND
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS AND LIABILITIES
AGENCY FUNDS
FOR THE YEAR ENDED JUNE 30, 2010

	Cash	Taxes Receivable	Due from	Total Assets
STATE OF MARYLAND PROPERTY TAXES				
Balance 7-1-2009	\$ -	\$ 642,368	\$ 112,717	\$ 755,085
Additions	-	20,583,399	20,314,417	40,897,816
Deductions	-	(20,651,856)	(20,295,392)	(40,947,248)
Balance 6-30-2010	<u>\$ -</u>	<u>\$ 573,911</u>	<u>\$ 131,742</u>	<u>\$ 705,653</u>
MARYLAND DEPT. of MOTOR VEHICLE - LICENSE FEES				
Balance 7-1-2009	\$ 34,722	\$ -	\$ -	\$ 34,722
Additions	48,283	-	-	48,283
Deductions	(57,110)	-	-	(57,110)
Balance 6-30-2010	<u>\$ 25,895</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 25,895</u>
TAX SALE FUND				
Balance 7-1-2009	\$ 964,935	\$ -	\$ -	\$ 964,935
Additions	95,716	-	-	95,716
Deductions	(224,714)	-	-	(224,714)
Balance 6-30-2010	<u>\$ 835,937</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 835,937</u>
DEVELOPMENT TAXES				
Balance 7-1-2009	\$ 605,400	\$ -	\$ -	\$ 605,400
Additions	16,122	-	-	16,122
Deductions	(199,182)	-	-	(199,182)
Balance 6-30-2010	<u>\$ 422,340</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 422,340</u>
PERFORMANCE BONDS				
Balance 7-1-2009	\$ 842,550	\$ -	\$ -	\$ 842,550
Additions	105,630	-	-	105,630
Deductions	(164,099)	-	-	(164,099)
Balance 6-30-2010	<u>\$ 784,081</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 784,081</u>
CONFISCATED MONIES				
Balance 7-1-2009	\$ 18,554	\$ -	\$ -	\$ 18,554
Additions	19,286	-	-	19,286
Deductions	(14,836)	-	-	(14,836)
Balance 6-30-2010	<u>\$ 23,004</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 23,004</u>

WORCESTER COUNTY, MARYLAND
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS AND LIABILITIES
AGENCY FUNDS
FOR THE YEAR ENDED JUNE 30, 2010
(Continued)

Due to Other Funds	Due to Other Governments	Other Liabilities	Total Liabilities
\$ -	\$ 755,085	\$ -	\$ 755,085
-	20,816,921	-	20,816,921
-	(20,866,353)	-	(20,866,353)
-	-	-	-
<u>\$ -</u>	<u>\$ 705,653</u>	<u>\$ -</u>	<u>\$ 705,653</u>
\$ -	\$ 34,722	\$ -	\$ 34,722
750	-	-	750
-	(9,577)	-	(9,577)
-	-	-	-
<u>\$ 750</u>	<u>\$ 25,145</u>	<u>\$ -</u>	<u>\$ 25,895</u>
\$ -	\$ -	\$ 964,935	\$ 964,935
-	-	-	-
-	-	(128,998)	(128,998)
-	-	-	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 835,937</u>	<u>\$ 835,937</u>
\$ -	\$ -	\$ 605,400	\$ 605,400
-	-	-	-
-	-	(183,060)	(183,060)
-	-	-	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 422,340</u>	<u>\$ 422,340</u>
\$ -	\$ -	\$ 842,550	\$ 842,550
-	-	-	-
-	-	(58,469)	(58,469)
-	-	-	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 784,081</u>	<u>\$ 784,081</u>
\$ -	\$ -	\$ 18,554	\$ 18,554
-	-	4,450	4,450
-	-	-	-
-	-	-	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 23,004</u>	<u>\$ 23,004</u>

WORCESTER COUNTY, MARYLAND
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS AND LIABILITIES
AGENCY FUNDS
FOR THE YEAR ENDED JUNE 30, 2010
(Continued)

	Cash	Taxes Receivable	Due from	Total Assets
PERSONAL PROPERTY TAX LIABILITY				
Balance 7-1-2009	\$ 180,720	\$ -	\$ -	\$ 180,720
Additions	27,565	-	-	27,565
Deductions	<u>(6,924)</u>	<u>-</u>	<u>-</u>	<u>(6,924)</u>
Balance 6-30-2010	<u>\$ 201,361</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 201,361</u>
FOREST CONSERVATION				
Balance 7-1-2009	\$ 125,270	\$ -	\$ -	\$ 125,270
Additions	2,582	-	-	2,582
Deductions	<u>(4,240)</u>	<u>-</u>	<u>-</u>	<u>(4,240)</u>
Balance 6-30-2010	<u>\$ 123,612</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 123,612</u>
BAY RESTORATION				
Balance 7-1-2009	\$ -	\$ 15,595	\$ 9,525	\$ 25,120
Additions	227,672	384,923	223,288	835,883
Deductions	<u>(181,976)</u>	<u>(341,279)</u>	<u>(221,240)</u>	<u>(744,495)</u>
Balance 6-30-2010	<u>\$ 45,696</u>	<u>\$ 59,239</u>	<u>\$ 11,573</u>	<u>\$ 116,508</u>
SNOW HILL PROPERTY TAX				
Balance 7-1-2009	\$ -	\$ 55,637	\$ 5,199	\$ 60,836
Additions	-	1,026,807	1,012,489	2,039,296
Deductions	<u>-</u>	<u>(1,016,049)</u>	<u>(1,002,446)</u>	<u>(2,018,495)</u>
Balance 6-30-2010	<u>\$ -</u>	<u>\$ 66,395</u>	<u>\$ 15,242</u>	<u>\$ 81,637</u>
BERLIN PROPERTY TAX				
Balance 7-1-2009	\$ -	\$ 89,161	\$ 23,989	\$ 113,150
Additions	-	3,032,600	2,981,486	6,014,086
Deductions	<u>-</u>	<u>(2,998,136)</u>	<u>(2,960,432)</u>	<u>(5,958,568)</u>
Balance 6-30-2010	<u>\$ -</u>	<u>\$ 123,625</u>	<u>\$ 45,043</u>	<u>\$ 168,668</u>
POCOMOKE PROPERTY TAX				
Balance 7-1-2009	\$ -	\$ -	\$ -	\$ -
Additions	-	2,024,657	1,821,471	3,846,128
Deductions	<u>-</u>	<u>(1,836,062)</u>	<u>(1,804,272)</u>	<u>(3,640,334)</u>
Balance 6-30-2010	<u>\$ -</u>	<u>\$ 188,595</u>	<u>\$ 17,199</u>	<u>\$ 205,794</u>

WORCESTER COUNTY, MARYLAND
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS AND LIABILITIES
AGENCY FUNDS
FOR THE YEAR ENDED JUNE 30, 2010
(Continued)

<u>Due to Other Funds</u>	<u>Due to Other Governments</u>	<u>Other Liabilities</u>	<u>Total Liabilities</u>
\$ -	\$ -	\$ 180,720	\$ 180,720
-	-	20,641	20,641
-	-	-	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 201,361</u>	<u>\$ 201,361</u>
\$ -	\$ -	\$ 125,270	\$ 125,270
-	-	-	-
-	-	(1,658)	(1,658)
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 123,612</u>	<u>\$ 123,612</u>
\$ -	\$ 25,120	\$ -	\$ 25,120
-	326,050	-	326,050
-	(234,662)	-	(234,662)
<u>\$ -</u>	<u>\$ 116,508</u>	<u>\$ -</u>	<u>\$ 116,508</u>
\$ -	\$ 60,836	\$ -	\$ 60,836
-	1,091,165	-	1,091,165
-	(1,070,364)	-	(1,070,364)
<u>\$ -</u>	<u>\$ 81,637</u>	<u>\$ -</u>	<u>\$ 81,637</u>
\$ -	\$ 113,150	\$ -	\$ 113,150
-	3,095,030	-	3,095,030
-	(3,039,512)	-	(3,039,512)
<u>\$ -</u>	<u>\$ 168,668</u>	<u>\$ -</u>	<u>\$ 168,668</u>
\$ -	\$ -	\$ -	\$ -
-	2,010,066	-	2,010,066
-	(1,804,272)	-	(1,804,272)
<u>\$ -</u>	<u>\$ 205,794</u>	<u>\$ -</u>	<u>\$ 205,794</u>

WORCESTER COUNTY, MARYLAND
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS AND LIABILITIES
AGENCY FUNDS
FOR THE YEAR ENDED JUNE 30, 2010
(Continued)

	Cash	Taxes Receivable	Due from	Total Assets
SPECIAL LOANS				
Balance 7-1-2009	\$ 155,690	\$ -	\$ 323	\$ 156,013
Additions	122,440	-	-	122,440
Deductions	<u>(215,258)</u>	<u>-</u>	<u>(323)</u>	<u>(215,581)</u>
Balance 6-30-2010	<u>\$ 62,872</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 62,872</u>
CRITICAL AREAS				
Balance 7-1-2009	\$ 88,189	\$ -	\$ -	\$ 88,189
Additions	88,812	-	-	88,812
Deductions	<u>(88,566)</u>	<u>-</u>	<u>-</u>	<u>(88,566)</u>
Balance 6-30-2010	<u>\$ 88,435</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 88,435</u>
TOTALS				
Balance 7-1-2009	\$ 3,016,030	\$ 802,761	\$ 151,753	\$ 3,970,544
Additions	754,108	27,052,386	26,353,151	54,159,645
Deductions	<u>(1,156,905)</u>	<u>(26,843,382)</u>	<u>(26,284,105)</u>	<u>(54,284,392)</u>
Balance 6-30-2010	<u>\$ 2,613,233</u>	<u>\$ 1,011,765</u>	<u>\$ 220,799</u>	<u>\$ 3,845,797</u>

WORCESTER COUNTY, MARYLAND
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS AND LIABILITIES
AGENCY FUNDS
FOR THE YEAR ENDED JUNE 30, 2010
(Continued)

Due to Other Funds	Due to Other Governments	Other Liabilities	Total Liabilities
\$ -	\$ 4,481	\$ 151,532	\$ 156,013
-	-	-	-
-	(4,481)	(88,660)	(93,141)
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 62,872</u>	<u>\$ 62,872</u>
\$ -	\$ -	\$ 88,189	\$ 88,189
-	-	246	246
-	-	-	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 88,435</u>	<u>\$ 88,435</u>
\$ -	\$ 993,394	\$ 2,977,150	\$ 3,970,544
750	27,339,232	25,337	27,365,319
-	(27,029,221)	(460,845)	(27,490,066)
<u>\$ 750</u>	<u>\$ 1,303,405</u>	<u>\$ 2,541,642</u>	<u>\$ 3,845,797</u>

WORCESTER COUNTY, MARYLAND

SCHEDULE OF ASSESSABLE BASE
GENERAL FUND

Year Ended June 30, 2010

	<u>Full-Year Assessment</u>	<u>Half-Year Assessment</u>	<u>Total</u>
Real property	\$ 18,963,283,811	\$ 18,622,285	\$ 18,981,906,096
Personal property - individuals and firms - all districts	17,203,174	-	17,203,174
Railroads and public utilities	107,670,050	-	107,670,050
Railroads and public utilities- reduced rate	672,510	-	672,510
Ordinary business corporations	194,058,423	-	194,058,423
Total	\$ 19,282,887,968	\$ 18,622,285	\$ 19,301,510,253

Computation of Taxes for County Purposes

\$18,963,283,811 assessable base at \$.70 per \$100 base (full-year)	\$ 132,742,987
\$318,931,647 assessable base at \$1.750 per \$100 base (full-year)	5,581,304
\$672,510 assessable base at \$.70 per \$100 base (full-year)	4,708
\$18,622,285 assessable base at \$.35 per \$100 base (half-year)	65,178
	138,394,176
Adjustment for deferred property taxes receivable	(127,790)
Net additions and abatements	(420,624)
Total County taxes for year ended June 30, 2010	\$ 137,845,762

WORCESTER COUNTY, MARYLAND

SCHEDULE OF ASSESSABLE BASES AND TAX LEVIES

GENERAL FUND

Fiscal Years Ended June 30, 2010

<u>Fiscal Year</u>	<u>Assessable Base at June 30</u>	<u>Percentage Change From Prior Year</u>	<u>Tax Rate</u>	<u>Taxes</u>	<u>Percentage Change From Prior Year</u>
1988 - 1989	1,750,961,321	8.98 %	1.59	27,715,124	16.44 %
1989 - 1990	1,884,056,226	7.60 %	1.59	29,821,917	7.60 %
1990 - 1991	1,984,118,930	5.31 %	1.59	31,437,648	5.42 %
1991 - 1992	2,045,723,202	3.10 %	1.59	32,436,970	3.18 %
1992 - 1993	2,150,811,675	5.14 %	1.62	34,752,125	7.14 %
1993 - 1994	2,250,431,661	4.63 %	1.68	37,729,271	8.57 %
1994 - 1995	2,288,466,700	1.69 %	1.68	38,367,332	1.69 %
1995 - 1996	2,309,492,502	0.92 %	1.68	38,687,619	0.83 %
1996 - 1997	2,380,191,243	3.06 %	1.68	39,864,643	3.04 %
1997 - 1998	2,426,505,995	1.95 %	1.72	41,606,010	4.37 %
1998 - 1999	2,491,029,177	2.66 %	1.72	42,705,429	2.64 %
1999 - 2000	2,586,502,181	3.83 %	1.74	44,830,570	4.98 %
2000 - 2001	2,712,238,607	4.86 %	1.74	46,883,527	4.58 %
2001 - 2002	6,748,561,217 *	148.82 %	.73- 1.825	52,068,932	11.06 %
2002 - 2003	7,264,345,677	7.64 %	.73- 1.825	56,057,444	7.66 %
2003 - 2004	8,441,544,002	16.21 %	.73- 1.825	64,473,123	15.01 %
2004 - 2005	10,074,216,702	19.34 %	.73- 1.825	76,196,731	18.18 %
2005 - 2006	11,906,248,133	18.19 %	.73-1.825	89,397,911	17.33 %
2006 - 2007	14,580,162,820	22.46 %	.70-1.750	104,613,265	17.02 %
2007 - 2008	17,371,368,530	19.14 %	.70-1.750	124,489,545	19.00 %
2008 - 2009	20,247,338,533	16.56 %	.70-1.750	144,925,736	16.42 %
2009 - 2010	19,301,510,253	(4.67) %	.70-1.750	138,394,176	(4.51) %

* Effective in fiscal year 2002, the State of Maryland converted to a full cash value for assessment purposes.
Prior to fiscal year 2002, the State of Maryland assessed properties at 40% of market value.

WORCESTER COUNTY, MARYLAND

TAXES RECEIVABLE

GENERAL FUND

June 30, 2010

Levies of years ended June 30:

2010	\$ 3,926,191
2009	372,862
2008	163,308
2007	1,757
2006 and prior	383,133
<hr/>	
Total	\$ 4,847,251
<hr/>	

WORCESTER COUNTY, MARYLAND
NOTES TO OTHER SUPPLEMENTARY INFORMATION

Note 1. Budgetary Basis

Other supplementary information includes financial statements and schedules that are not required by the Governmental Accounting Standards Board nor are they considered part of the basic financial statements. Such information is included for purposes of additional analysis. The budgetary information contained in this section is prepared and adopted on a basis consistent with generally accepted accounting principles. Such statements and schedules include:

Budgetary Comparison Schedules:

Department of Water and Wasterwater Services
Landfill

STATISTICAL SECTION

This part of Worcester 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. The Statistical Section contains data which usually covers more than one year and may present non-accounting data. As a result, this section of the report is unaudited.

Contents

Schedule

Financial Trends

1 - 4

These schedules contain trend information to help the reader understand how the County's financial performance and well-being have changed over time.

Revenue Capacity

5 - 11

These schedules contain information to help the reader assess the factors affecting the County's ability to generate its property taxes.

Debt Capacity

12 - 15

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 additional debt in the future.

Demographic and Economic Information

16 - 17

These schedules offer demographic and economic indicators to help the reader understand the environment within which the County's financial activities take place and to help make comparisons over time with other governments.

Operating Information

18 - 20

These schedules contain information about the County's operations and resources to help the reader understand how the County's financial information relates to the services the County provides and the activities it performs.

Sources: *Unless otherwise noted, the information in these schedules is derived from the financial reports for the relevant year. The County implemented GASB Statement Number 34 in 2003; schedules presenting government-wide information include information beginning in that year.*

Schedule 1
Worcester County, Maryland
Net Assets by Component, Last Eight Fiscal Years
(accrual basis of accounting)

	Fiscal Year							
	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
Governmental activities								
Invested in capital assets, net of related debt	\$ 35,190,773	\$ 39,123,045	\$ 62,938,380	\$ 70,423,370	\$ 77,605,845	\$ 88,196,133	\$ 104,308,508	\$ 104,803,212
Restricted	1,000,000	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	2,500,000
Unrestricted	<u>29,140,049</u>	<u>34,627,993</u>	<u>26,038,080</u>	<u>40,972,251</u>	<u>53,932,414</u>	<u>46,462,418</u>	<u>5,485,842</u>	<u>1,276,962</u>
Total governmental activities net assets	\$ 65,330,822	\$ 75,251,038	\$ 90,476,460	\$ 112,895,621	\$ 133,038,259	\$ 136,158,551	\$ 111,294,350	\$ 108,580,174
Business-type activities								
Invested in capital assets, net of related debt	\$ 21,977,713	\$ 23,810,640	\$ 22,580,920	\$ 42,728,506	\$ 57,150,700	\$ 58,545,520	\$ 57,477,462	\$ 56,312,951
Restricted	2,922,846	6,295,141	6,967,061	-	-	-	-	-
Unrestricted	<u>17,942,744</u>	<u>12,311,905</u>	<u>13,992,031</u>	<u>20,745,045</u>	<u>15,832,651</u>	<u>11,339,193</u>	<u>8,382,036</u>	<u>4,250,752</u>
Total business-type activities net assets	\$ 42,843,303	\$ 42,417,686	\$ 43,540,012	\$ 63,473,551	\$ 72,983,351	\$ 69,884,713	\$ 65,859,498	\$ 60,563,703
Primary government								
Invested in capital assets, net of related debt	\$ 57,168,486	\$ 62,933,685	\$ 85,519,300	\$ 113,151,876	\$ 134,756,545	\$ 146,741,653	\$ 161,785,970	\$ 161,116,163
Restricted	3,922,846	7,795,141	8,467,061	1,500,000	1,500,000	1,500,000	1,500,000	2,500,000
Unrestricted	<u>47,082,793</u>	<u>46,939,898</u>	<u>40,030,111</u>	<u>61,717,296</u>	<u>69,765,065</u>	<u>57,801,611</u>	<u>13,867,878</u>	<u>5,527,714</u>
Total primary government net assets	<u>\$ 108,174,125</u>	<u>\$ 117,668,724</u>	<u>\$ 134,016,472</u>	<u>\$ 176,369,172</u>	<u>\$ 206,021,610</u>	<u>\$ 206,043,264</u>	<u>\$ 177,153,848</u>	<u>\$ 169,143,877</u>

Note: Accrual-basis financial information for the county government as a whole is available back to 2003 only, the year GASB Statement 34 was implemented.

Schedule 2
Worcester County, Maryland
Changes in Net Assets, Last Eight Fiscal Years
(accrual basis of accounting)

	Fiscal Year							
	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
Expenses								
Governmental activities:								
General government	\$ 27,753,711	\$ 25,174,360	\$ 34,903,964	\$ 34,137,670	\$ 32,654,118	\$ 32,663,595	\$ 47,083,442	\$ 35,859,173
Public safety	3,397,109	13,559,658	16,276,341	17,754,189	21,786,643	23,542,080	36,283,485	28,381,381
Public works	10,837,742	10,437,967	10,582,687	11,269,651	13,733,952	12,833,648	15,599,323	9,985,598
Health and hospitals	2,746,183	3,151,397	3,506,813	4,106,444	4,759,554	5,335,022	6,012,215	5,889,198
Social services	1,893,964	2,168,903	1,120,110	944,708	1,360,501	1,634,695	3,448,378	2,606,989
Education	51,083,235	53,136,216	56,469,938	58,884,554	65,947,811	88,762,738	127,128,498	91,515,958
Libraries, recreation and culture	2,986,137	3,329,185	3,265,946	4,406,244	4,880,260	5,882,121	9,031,660	6,141,887
Conservation of natural resources	600,161	665,363	622,293	600,795	562,929	584,921	858,559	233,393
Economic Development	854,606	2,496,321	1,751,737	2,258,929	1,881,698	2,461,997	1,978,375	1,409,693
Interest on long-term debt	2,063,580	1,914,009	1,681,909	1,938,493	1,848,694	2,477,071	3,049,378	3,693,496
Total governmental activities expenses	<u>104,216,428</u>	<u>116,033,379</u>	<u>130,181,738</u>	<u>136,301,677</u>	<u>149,416,160</u>	<u>176,177,888</u>	<u>250,473,313</u>	<u>185,716,766</u>
Business-type activities:								
Landfill	4,933,251	5,525,548	6,137,637	6,982,920	6,982,920	7,639,296	6,760,109	6,910,451
Department of Water and Wastewater	7,829,450	8,299,684	9,101,615	8,404,660	8,404,660	11,860,477	12,009,174	11,849,234
Total business-type activities expenses	<u>12,762,701</u>	<u>13,825,232</u>	<u>15,239,252</u>	<u>15,387,580</u>	<u>15,387,580</u>	<u>19,499,773</u>	<u>18,769,283</u>	<u>18,759,685</u>
Total primary government expenses	<u>\$ 116,979,129</u>	<u>\$ 129,858,611</u>	<u>\$ 145,420,990</u>	<u>\$ 151,689,257</u>	<u>\$ 164,803,740</u>	<u>\$ 195,677,661</u>	<u>\$ 269,242,596</u>	<u>\$ 204,476,451</u>
Program Revenues								
Governmental activities:								
Charges for services:								
General Government	\$ 2,458,180	\$ 2,382,150	\$ 2,521,664	\$ 2,596,076	\$ 2,021,984	\$ 1,948,504	\$ 1,693,885	\$ 1,697,109
Public Safety	1,724,685	1,868,910	1,762,888	1,760,807	1,985,066	1,636,510	2,268,650	2,817,223
Public Works	118,944	161,731	168,325	125,097	58,632	37,233	31,372	131,126
Health and Hospitals	304,939	338,810	240,733	498,681	456,345	503,239	486,954	429,184
Libraries Recreation and Culture	285,293	330,991	263,029	322,424	327,306	294,456	328,879	252,138
Economic Development	80,270	6,051	50,504	23,642	47,739	19,983	7,377	31,886
Operating grants and contributions	5,670,303	7,692,581	10,556,990	5,518,848	5,675,002	4,036,459	31,044,359	10,138,302
Capital grants and contributions	568,577	2,018,229	1,651,819	2,006,905	1,908,265	1,463,798	11,157,620	4,613,990
Total governmental activities program revenues	<u>11,211,191</u>	<u>14,799,453</u>	<u>17,215,952</u>	<u>12,852,480</u>	<u>12,480,339</u>	<u>9,940,182</u>	<u>47,019,096</u>	<u>20,110,958</u>
Business-type activities:								
Charges for services:								
Water and Wastewater	6,907,347	7,730,598	8,929,288	8,363,401	10,311,596	9,919,770	9,556,043	9,570,821
Landfill	4,787,239	5,549,618	7,530,420	7,872,851	6,587,119	6,048,653	5,049,021	3,847,393
Operating grants and contributions	40,000	40,000	25,000	55,000	30,000	25,000	22,000	22,000
Capital grants and contributions	-	-	-	18,490,430	8,983,508	-	-	-
Total business-type activities program revenues	<u>11,734,586</u>	<u>13,320,216</u>	<u>16,484,708</u>	<u>34,781,682</u>	<u>25,912,223</u>	<u>15,993,423</u>	<u>14,627,064</u>	<u>13,440,214</u>
Total primary government program revenues	<u>\$ 22,945,777</u>	<u>\$ 28,119,669</u>	<u>\$ 33,700,660</u>	<u>\$ 47,634,162</u>	<u>\$ 38,392,562</u>	<u>\$ 25,933,605</u>	<u>\$ 61,646,160</u>	<u>\$ 33,551,172</u>
Net (Expense)/Revenue								
Governmental activities	\$ (93,005,237)	\$ (101,233,926)	\$ (112,965,786)	\$ (123,449,197)	\$ (136,935,821)	\$ (166,237,706)	\$ (203,454,217)	\$ (165,605,808)
Business-type activities	<u>(1,028,115)</u>	<u>(505,016)</u>	<u>1,245,456</u>	<u>19,394,102</u>	<u>10,524,643</u>	<u>(3,506,350)</u>	<u>(4,142,219)</u>	<u>(5,319,471)</u>
Total primary government net expense	<u>\$ (94,033,352)</u>	<u>\$ (101,738,942)</u>	<u>\$ (111,720,330)</u>	<u>\$ (104,055,095)</u>	<u>\$ (126,411,178)</u>	<u>\$ (169,744,056)</u>	<u>\$ (207,596,436)</u>	<u>\$ (170,925,279)</u>

	Fiscal Year							
	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
General Revenues and Other Changes in Net Assets								
Governmental activities:								
Property taxes	\$ 63,461,421	\$ 63,461,421	\$ 73,514,568	\$ 85,706,377	\$ 99,594,792	\$ 116,778,663	\$ 134,015,561	\$ 127,176,751
Local income tax	10,756,250	10,756,250	13,133,760	14,310,438	15,842,045	13,684,600	13,062,134	10,921,118
Other local taxes	31,856,389	31,856,389	36,611,540	36,183,091	30,073,645	26,305,749	23,221,489	23,115,287
State Shared	3,882,807	3,882,807	4,610,345	5,703,290	6,194,180	5,654,165	4,809,446	724,582
Distribution from Worcester Liquor Control Bd.	356,450	356,450	388,579	460,862	363,442	415,403	168,625	55,853
Interest	454,909	454,909	1,245,373	3,246,509	5,069,327	5,980,550	2,597,658	262,333
Gain (loss) on sale of capital assets	-	-	-	-	(643,251)	-	-	-
Transfers in (out)	-	-	-	-	-	(38,860)	(81,154)	635,708
Other	367,107	367,107	278,961	394,839	562,566	555,387	796,257	-
Total governmental activities	<u>111,135,333</u>	<u>111,135,333</u>	<u>129,783,126</u>	<u>146,005,406</u>	<u>157,056,746</u>	<u>169,335,657</u>	<u>178,590,016</u>	<u>162,891,632</u>
Business-type activities:								
Transfers in (out)	-	-	-	-	-	38,860	-	-
Interest	79,399	79,399	196,430	539,437	600,400	368,852	117,004	23,676
Total business-type activities	<u>79,399</u>	<u>79,399</u>	<u>196,430</u>	<u>539,437</u>	<u>600,400</u>	<u>407,712</u>	<u>117,004</u>	<u>23,676</u>
Total primary government	<u>\$ 111,214,732</u>	<u>\$ 111,214,732</u>	<u>\$ 129,979,556</u>	<u>\$ 146,544,843</u>	<u>\$ 157,657,146</u>	<u>\$ 169,743,369</u>	<u>\$ 178,707,020</u>	<u>\$ 162,915,308</u>
Change in Net Assets								
Governmental activities	\$ 18,130,096	\$ 9,901,407	\$ 16,817,340	\$ 22,556,209	\$ 20,120,925	\$ 3,097,951	\$ (24,864,201)	\$ (2,714,176)
Business-type activities	(948,716)	(425,617)	1,441,886	19,933,539	11,125,043	(3,098,638)	(4,025,215)	(5,295,795)
Total primary government	<u>\$ 17,181,380</u>	<u>\$ 9,475,790</u>	<u>\$ 18,259,226</u>	<u>\$ 42,489,748</u>	<u>\$ 31,245,968</u>	<u>\$ (687)</u>	<u>\$ (28,889,416)</u>	<u>\$ (8,009,971)</u>

Note: Accrual-basis financial information for the county government as a whole is only available back to 2003, the year GASB Statement 34 was implemented.

Schedule 3
Worcester County, Maryland
Fund Balances, Governmental Funds,
Last Ten Fiscal Years
(modified accrual basis of accounting)

	Fiscal Year									
	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
General Fund										
Reserved	\$ 1,267,903	\$ 1,878,820	\$ 2,461,201	\$ 2,996,264	\$ 4,106,822	\$ 5,323,510	\$ 4,706,880	\$ 5,564,944	\$ 5,287,250	\$ 2,619,871
Unreserved										
Designated	11,737,057	12,079,929	13,352,494	20,622,163	27,703,604	37,355,792	31,186,920	27,991,458	17,946,506	14,201,916
Undesignated	<u>500,000</u>	<u>500,000</u>	<u>500,000</u>	<u>500,000</u>	<u>500,000</u>	<u>500,000</u>	<u>500,000</u>	<u>500,000</u>	<u>500,000</u>	<u>500,000</u>
Total General Fund	<u>\$ 13,504,960</u>	<u>\$ 14,458,749</u>	<u>\$ 16,313,695</u>	<u>\$ 24,118,427</u>	<u>\$ 32,310,426</u>	<u>\$ 43,179,302</u>	<u>\$ 36,393,800</u>	<u>\$ 34,056,402</u>	<u>\$ 23,733,756</u>	<u>\$ 17,321,787</u>
All Other Governmental Funds										
Reserved	\$ 13,316,390	\$ 9,405,439	\$ 11,538,185	\$ 10,549,585	\$ 22,265,342	\$ 24,603,073	\$ 70,206,804	\$ 65,373,635	\$ 43,039,161	\$ 35,852,877
Unreserved	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total all other governmental funds	<u>\$ 13,316,390</u>	<u>\$ 9,405,439</u>	<u>\$ 11,538,185</u>	<u>\$ 10,549,585</u>	<u>\$ 22,265,342</u>	<u>\$ 24,603,073</u>	<u>\$ 70,206,804</u>	<u>\$ 65,373,635</u>	<u>\$ 43,039,161</u>	<u>\$ 35,852,877</u>
Total Governmental Funds	\$ 26,821,350	\$ 23,864,188	\$ 27,851,880	\$ 34,668,012	\$ 54,575,768	\$ 67,782,375	\$ 106,600,604	\$ 99,430,037	\$ 66,772,917	\$ 53,174,664

Schedule 4
Worcester County, Maryland
Changes in Fund Balances, Governmental Funds,
Last Ten Fiscal Years
(modified accrual basis of accounting)

	Fiscal Year									
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Revenues										
Property Tax	\$ 46,284,880	\$ 51,474,523	\$ 55,722,284	\$ 63,315,055	\$ 73,921,933	\$ 85,504,049	\$ 98,902,050	\$ 116,356,479	\$ 133,037,649	\$ 127,048,961
Income tax	10,016,666	10,474,627	9,956,460	10,756,250	13,133,760	14,310,438	15,842,045	13,684,600	13,062,134	10,921,118
Room Tax	7,633,595	9,541,556	9,652,580	10,009,637	10,049,870	10,209,181	10,842,013	11,284,976	11,589,393	11,808,110
Food Tax	1,786,962	1,908,302	1,889,742	1,986,349	2,041,504	2,151,623	2,227,465	2,230,516	2,064,542	1,130,290
Transfer tax	2,911,051	3,709,077	4,817,267	6,431,455	8,737,908	8,282,788	5,395,746	3,984,963	2,843,502	3,254,790
Recordation Tax	5,315,977	7,415,897	10,378,668	12,622,178	14,982,660	14,788,218	10,905,366	8,026,476	5,962,649	6,195,293
Other local taxes	772,115	863,984	844,691	806,729	799,559	751,281	703,055	778,818	761,403	726,804
State-shared taxes	4,728,825	4,661,590	4,447,756	3,882,807	4,610,345	5,703,290	6,194,180	5,654,165	4,809,446	724,582
Licenses and permits	1,823,895	2,367,595	2,311,722	2,173,730	2,216,325	2,498,979	2,000,074	2,010,919	1,668,670	1,712,306
Intergovernmental	6,450,572	5,545,849	6,238,880	8,097,480	12,209,881	7,539,229	7,595,453	5,505,717	13,807,495	8,643,309
Service charges	2,355,342	2,603,636	2,503,514	3,034,922	2,967,709	3,105,386	3,097,255	2,704,784	3,145,711	3,490,909
Miscellaneous	1,688,849	761,286	1,522,018	2,267,733	936,528	740,528	1,632,149	1,854,426	2,058,850	863,649
Interest Income	1,415,421	1,415,421	1,415,421	422,904	1,059,872	3,068,379	4,172,456	4,838,017	1,505,668	194,455
Total revenues	93,184,150	102,743,343	111,701,003	125,807,229	147,667,854	158,653,369	169,509,307	178,914,856	196,317,112	176,714,576
Expenditures										
General Government	5,428,601	6,489,789	7,511,957	8,434,589	10,461,514	11,651,065	13,158,875	14,010,326	24,865,890	15,855,802
Public Safety	9,208,857	10,225,363	10,925,642	13,149,606	16,174,634	18,589,231	20,977,696	21,552,888	34,370,015	27,534,380
Public Works	4,940,793	5,110,093	5,532,102	5,112,875	5,531,947	5,992,977	8,801,444	8,136,481	10,026,907	5,246,775
Health and hospitals	1,825,458	2,361,306	2,709,223	3,149,628	3,376,410	3,886,048	4,586,294	5,066,899	5,588,851	5,494,946
Social services	1,495,166	1,752,363	2,868,957	3,061,738	2,174,949	1,886,966	2,539,439	2,822,890	3,448,378	2,606,989
Education	43,546,851	46,831,509	50,224,884	53,136,216	56,469,938	58,884,554	65,947,811	73,140,412	104,090,392	80,309,872
Libraries, recreation and culture	2,346,084	2,827,896	2,817,653	3,148,922	5,540,567	4,139,846	4,846,976	6,136,628	8,772,282	5,504,621
Conservation of natural resources	705,437	546,583	600,161	662,829	622,293	600,795	562,929	584,921	858,559	233,393
Economic development	890,051	928,799	851,051	2,492,766	1,748,182	2,257,929	1,881,698	2,096,997	1,613,375	1,081,193
Distributions to municipalities	11,219,374	13,528,834	13,221,734	13,453,369	14,366,585	14,681,488	16,856,357	17,249,935	19,570,744	18,770,287
Debt service interest	2,286,523	2,127,026	2,063,580	1,914,009	1,858,272	5,444,242	1,871,691	2,500,068	3,108,154	3,767,529
Debt service principal	3,040,356	3,151,251	4,136,704	3,898,570	4,044,085	1,938,493	5,047,700	4,026,300	5,219,231	7,271,910
Capital Projects	13,241,534	12,355,960	7,919,925	7,350,534	19,304,370	17,150,368	11,919,855	28,721,826	42,970,601	16,635,132
Total expenditures	100,175,085	108,236,772	111,383,573	118,965,651	141,673,746	147,104,002	158,998,765	186,046,571	264,503,379	190,312,829
Excess of revenues over (under) expenditures	(6,990,935)	(5,493,429)	317,430	6,841,578	5,994,108	11,549,367	10,510,542	(7,131,715)	(68,186,267)	(13,598,253)
Other Financing Sources (Uses)										
Issuance of long-term debt	-	3,200,000	4,600,000	-	31,665,210	1,815,096	28,307,695	-	35,610,301	-
Payment to refunded debt escrow agent	-	-	-	-	(16,139,868)	-	-	-	-	-
Transfers:										
Operating transfers in	5,767,583	7,785,439	8,567,620	7,782,315	15,924,734	22,731,329	33,177,229	31,704,276	20,289,317	20,328,314
Operating transfers out	(5,767,583)	(7,785,439)	(8,567,620)	(7,782,315)	(15,924,734)	(22,731,329)	(33,177,229)	(31,743,136)	(20,370,471)	(20,328,314)
Total other financing sources (uses)	-	3,200,000	4,600,000	-	15,525,342	1,815,096	28,307,695	(38,860)	35,529,147	-
Net change in fund balances	\$ (6,990,935)	\$ (2,293,429)	\$ 4,917,430	\$ 6,841,578	\$ 21,519,450	\$ 13,364,463	\$ 38,818,237	\$ (7,170,575)	\$ (32,657,120)	\$ (13,598,253)
Debt service as a percentage of noncapital expenditures	6.13%	5.51%	5.99%	5.21%	4.82%	5.68%	4.70%	4.15%	3.76%	6.36%

Schedule 5
Worcester County, Maryland
Assessed Value (Full Cash Value) of Taxable Property
Last Ten Fiscal Years

	Real Property	Personal Property Indiv. & Firms	Business, Corporations & Utilities	Total Assessable Base	County Tax Rate	State Tax Rate
2010	\$ 18,981,906,096	\$ 17,203,174	\$ 302,400,983	19,301,510,253	0.700	0.112
2009	19,919,553,300	19,948,057	307,837,176	20,247,338,533	0.700	0.112
2008	17,044,842,573	19,730,065	306,795,892	17,371,368,530	0.700	0.112
2007	14,276,994,202	18,282,490	284,886,128	14,580,162,820	0.700	0.112
2006	11,614,252,807	18,395,283	273,600,043	11,906,248,133	0.730	0.132
2005	9,789,426,649	19,186,630	265,538,081	10,074,151,360	0.730	0.132
2004	8,147,706,928	26,203,381	267,633,693	8,441,544,002	0.730	0.132
2003	6,961,282,759	26,668,720	276,394,198	7,264,345,677	0.730	0.132
2002	6,457,108,591	26,776,758	264,675,868	6,748,561,217	0.730	0.084
2001	6,066,153,693	30,032,690	255,744,440	6,351,930,823	1.740	0.084

Source: State of Maryland, Department of Assessments and Taxation

Notes:

^a For fiscal years ending June 30, 2002 and later, real property is assessed at full cash value; prior to fiscal year 2002, real property was assessed at 40% of cash value.

^b For all years, Public Utility Personal Property is assessed at full cash value.

^c Per \$100 of value.

Schedule 6
Worcester County, Maryland
Direct and Overlapping Property Tax Rates,
Last Ten Years
(rate per \$100 of assessed value)

	Year Taxes Are Payable									
	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
County Direct Rates										
General	\$ 1.74	\$ 0.730	\$ 0.730	\$ 0.730	\$ 0.730	\$ 0.730	\$ 0.700	\$ 0.700	\$ 0.700	\$ 0.700
Town Rates										
Berlin	1.70	0.68	0.68	0.68	0.73	0.73	0.73	0.73	0.73	0.73
Ocean City	1.29	0.52	0.52	0.51	0.48	0.47	0.43	0.41	0.38	0.395
Pocomoke	0.72	0.72	0.76	0.76	0.76	0.76	0.76	0.76	0.76	0.76
Snow Hill	1.80	0.86	0.86	0.86	0.86	0.86	0.86	0.86	0.86	0.86

Note: For fiscal years ending June 30, 2002 and later, real property is assessed at full cash value; prior to fiscal year 2002, real property was assessed at 40% of cash value.

Schedule 7
Worcester County, Maryland
Principal Property Tax Payers,
Current Year and Five Years Ago

<u>Taxpayer</u>	Fiscal Year 2010			Fiscal Year 2005		
	Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Harrison Inn Stardust	\$ 58,176,966	1	0.30%	\$ 14,926,966	9	0.15%
Delmarva Power	45,106,110	2	0.23%	26,724,460	3	0.27%
Verizon Maryland	35,872,850	3	0.19%	40,546,020	1	0.40%
Harrison Inn Ocean View	31,427,200	4	0.16%			
Americana Stowaway Motel Inc.	31,037,100	5	0.16%	23,927,300	4	0.24%
91st Street Joint Venture	28,948,700	6	0.15%	29,705,866	2	0.29%
Harrison Hi 18 LLC	25,009,600	7	0.13%	16,912,633	6	0.17%
Ocean Jetty, LLC	20,850,300	8	0.11%			
Choptank Electric Co-op	17,290,590	9	0.09%	12,958,470	10	0.13%
Eastern Shore Gas	9,136,320	10	0.05%			
L P B O C Hotel				15,473,300	8	0.15%
Individual				16,649,400	7	0.17%
Ocean View Inc.				22,468,400	5	0.22%
Total	\$ 302,855,736		1.57%	\$ 220,292,815		2.19%

Schedule 8
Worcester County, Maryland
Property Tax Levies and Collections,
Last Ten Fiscal Years

Fiscal Year	Net Taxes Levied for Fiscal Year*	Collected within the Fiscal Year of the Levy		Delinquent Collections	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2010	\$ 127,501,001	\$ 123,185,310	96.62%	\$ 3,863,651	127,048,961	99.65%
2009	134,758,214	129,987,549	96.46%	3,050,100	133,037,649	98.72%
2008	117,235,050	113,909,952	97.16%	2,446,527	116,356,479	99.25%
2007	100,027,236	97,270,141	97.24%	1,631,909	98,902,050	98.88%
2006	86,380,357	83,985,400	97.23%	1,518,649	85,504,049	98.99%
2005	74,554,554	71,917,961	96.46%	2,003,972	73,921,933	99.15%
2004	64,201,999	61,948,791	96.49%	1,366,264	63,315,055	98.62%
2003	56,027,741	53,962,723	96.31%	1,759,561	55,722,284	99.45%
2002	52,043,380	50,096,556	96.26%	1,377,967	51,474,523	98.91%
2001	46,877,815	44,771,158	95.51%	1,513,722	46,284,880	98.74%

Note: The information in this schedule relates to the County's own property tax levies, and does not include those it collects on behalf of other governments.

* This chart nets the Homestead Credit with the total tax levy for each year.

Schedule 9
Worcester County, Maryland
Income Tax Rates
Last Ten Tax Years

Tax Year	State Income Tax Rate				Worcester County Local Income Tax Direct Rate
	1st \$1,000 of Net Taxable Income	2nd \$1,000 of Net Taxable Income	3rd \$1,000 of Net Taxable Income	In excess of \$3,000 Net Taxable Income	
2009	2.00%	3.00%	4.00%	4.75%	1.25%
2008	2.00%	3.00%	4.00%	4.75%	1.25%
2007	2.00%	3.00%	4.00%	4.75%	1.25%
2006	2.00%	3.00%	4.00%	4.75%	1.25%
2005	2.00%	3.00%	4.00%	4.75%	1.25%
2004	2.00%	3.00%	4.00%	4.75%	1.25%
2003	2.00%	3.00%	4.00%	4.75%	1.25%
2002	2.00%	3.00%	4.00%	4.75%	1.25%
2001	2.00%	3.00%	4.00%	4.80%	1.25%
2000	2.00%	3.00%	4.00%	4.85%	1.25%

Notes:

The current maximum allowed local income tax rate is 3.2%.

Schedule 10
Worcester County, Maryland
Income Tax Filers Summary Information
Last Ten Tax Years

Tax Year	Number of Taxable Returns	Maryland Adjusted Gross Income	Net Taxable Income	Net State Income Tax	Local Income Tax	Total Tax Liability	Worcester County Income Tax Direct Rate
2009	19,568	\$ 1,134,122,027	\$ 830,593,787	\$ 35,899,902	\$ 10,154,650	\$ 46,054,552	1.25%
2008	20,223	1,227,188,627	910,200,259	39,699,296	11,184,183	50,883,479	1.25%
2007	21,233	1,334,945,488	1,026,855,196	43,562,023	12,604,859	56,166,882	1.25%
2006	21,009	1,295,487,063	1,004,316,908	42,084,216	12,342,088	54,426,304	1.25%
2005	20,627	1,300,452,155	1,028,181,007	43,982,552	12,647,518	56,630,070	1.25%
2004	19,918	1,133,965,472	891,214,100	38,436,429	10,949,175	49,385,604	1.25%
2003	19,692	1,013,120,543	780,216,126	33,150,372	9,561,936	42,712,308	1.25%
2002	19,737	1,032,647,217	718,809,048	30,610,803	8,789,938	39,400,741	1.25%
2001	19,925	935,756,688	719,958,481	30,696,572	8,810,407	39,506,979	1.25%
2000	20,069	926,972,772	726,484,917	31,745,165	8,881,951	40,627,116	1.25%

Source: Revenue Administration Division, State of Maryland Comptroller's Office.

Notes:

See Schedule 11 for detailed breakout of adjusted gross income.

Schedule 11

Worcester County, Maryland

Income Tax Filers, Net Taxable Income, and Liability by Adjusted Gross Income Level

Current Year and Ten Years Ago

	Tax Year 2009					
	Number of Taxable Returns	Percentage of Total	Net Taxable Income	Percentage of Total	Local Tax Liability	Percentage of Total
Adjusted Gross Income Level						
\$200,000 and higher	536	2.1%	\$ 212,988,764	25.6%	\$ 2,662,362	26.2%
\$100,000 - 199,999	1,794	6.9%	185,420,259	22.3%	2,317,755	22.8%
\$50,000 - 99,999	4,772	18.3%	236,465,714	28.5%	2,955,202	29.1%
\$25,000 - 49,999	6,010	23.1%	138,732,413	16.7%	1,636,386	16.1%
\$5,000 - 24,999	6,335	24.4%	56,755,533	6.8%	580,325	5.7%
Under \$5,000	6,566	25.2%	231,104	0.0%	2,620	0.0%
Totals	26,013	100.0%	\$ 830,593,787	100.0%	\$ 10,154,650	100.0%

	Tax Year 1999					
	Number of Taxable Returns	Percentage of Total	Net Taxable Income	Percentage of Total	Local Tax Liability	Percentage of Total
Adjusted Gross Income Level						
\$200,000 and higher	290	1.2%	\$ 154,513,177	23.5%	\$ 1,560,583	24.1%
\$100,000 - 199,999	771	3.3%	86,811,885	13.2%	876,800	13.5%
\$50,000 - 99,999	3,448	14.8%	183,949,685	28.0%	1,857,441	28.7%
\$25,000 - 49,999	5,710	24.6%	146,630,161	22.3%	1,472,982	22.7%
\$5,000 - 24,999	8,832	38.0%	84,431,995	12.9%	703,820	10.9%
Under \$5,000	4,184	18.0%	376,609	0.1%	3,313	0.1%
Totals	23,235	100.0%	\$ 656,713,512	100.0%	\$ 6,474,939	100.0%

Source: Revenue Administration Division, State of Maryland Comptroller's Office.

Schedule 12
Worcester County, Maryland
Ratios of Outstanding Debt by Type,
Last Ten Fiscal Years

Fiscal Year	Governmental Activities		Business Activities		Total Primary Government	Percentage of Personal Income	Debt Per Capita
	General Obligation Bonds	Capital Leases	General Obligation Bonds	Capital Leases			
2010	\$ 86,897,568	\$ -	\$ 14,928,654	\$ 1,579,885	103,406,107	5.13%	\$ 2,105
2009	94,243,511	-	16,085,465	2,422,300	112,751,276	5.60%	\$ 2,288
2008	63,911,217		17,906,887	2,475,233	84,293,337	4.53%	\$ 1,711
2007	67,960,514	-	19,274,300	2,453,842	89,688,656	5.16%	\$ 1,828
2006	44,106,276	617,240	20,153,210	1,384,919	66,261,645	4.01%	\$ 1,358
2005	47,159,878	1,215,781	19,365,025	1,478,260	69,218,944	4.36%	\$ 1,416
2004	35,032,941	1,796,190	16,079,658	1,316,123	54,224,912	3.72%	\$ 1,114
2003	38,647,934	2,079,767	17,164,940	1,175,121	59,067,762	4.18%	\$ 1,226
2002	40,562,325	3,200,000	15,917,979	681,056	60,361,360	4.42%	\$ 1,268
2001	40,513,576	-	16,791,335	552,482	57,857,393	4.45%	\$ 1,237

Notes: 2010 percentage of personal income calculated using 2009 personal income data, which is the most recent available.

See Schedule 13 for population and personal income data.

Schedule 13
Worcester County, Maryland
Ratios of General Bonded Debt Outstanding,
Last Ten Fiscal Years

Fiscal Year	General Obligation Bonds	Total Taxable Assessable Base	Percentage of Total Taxable Assessable Base	Population	Debt Per Capita
2010	\$ 101,826,222	\$ 19,301,510,523	0.53%	49,122	2,073
2009	110,328,976	20,247,338,533	0.54%	49,274	2,239
2008	81,818,104	17,371,368,530	0.47%	49,270	1,661
2007	87,234,814	14,580,162,820	0.60%	49,069	1,778
2006	64,259,486	11,906,248,133	0.54%	48,785	1,317
2005	66,524,903	10,074,151,360	0.66%	48,868	1,361
2004	51,112,599	10,074,151,360	0.51%	48,681	1,050
2003	55,812,874	7,264,345,677	0.77%	48,191	1,158
2002	56,480,304	6,748,561,217	0.84%	47,590	1,187
2001	57,304,911	6,351,930,823	0.90%	46,776	1,225

Source: Worcester County Finance Office

Schedule 14
Worcester County, Maryland
Direct and Overlapping Governmental Activities Debt
As of June 30, 2010

Governmental Unit	Total Assessed Valuation of Real Property	% of Assessed Valuation to County Total	Pro Rata Share of County General Obligation Bonded Debt	Municipal Debt Outstanding^a	Estimated Share of Direct and Overlapping Debt
Berlin	487,834,987	2.57%	2,616,934	\$ 15,450,695	\$ 18,067,629
Ocean City	10,836,770,190	57.09%	58,132,590	70,244,671	128,377,261
Pocomoke	271,441,257	1.43%	1,456,115	4,104,000	5,560,115
Snow Hill	134,771,533	0.71%	722,966	1,127,779	1,850,745
Unincorporated	7,251,088,129	38.20%	38,897,617	-	38,897,617
Total	18,981,906,096	100.00%	101,826,222	\$ 90,927,145	\$ 192,753,367

Source: Worcester County Finance Office

^a Municipal Town Clerks

Schedule 15
Worcester County, Maryland
Debt Margin Information,
Last Ten Fiscal Years
(dollars in thousands)

Total Debt Outstanding Limit	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
Taxable Assessable Base	\$ 6,351,931	\$ 6,748,561	\$ 7,264,346	\$ 10,074,151	\$ 10,074,151	\$ 11,906,248	\$ 14,580,163	\$ 17,371,369	\$ 20,247,339	\$ 19,301,511
Debt Limit, 1% of Assessable Base	63,519	67,486	72,643	100,742	100,742	119,062	145,802	173,714	202,473	193,015
Amount of Debt Applicable to Limit	40,514	40,562	38,648	35,033	47,160	44,106	67,961	63,911	94,244	86,898
Debt Margin	<u>\$ 23,006</u>	<u>\$ 26,923</u>	<u>\$ 33,996</u>	<u>\$ 65,709</u>	<u>\$ 53,582</u>	<u>\$ 74,956</u>	<u>\$ 77,841</u>	<u>\$ 109,802</u>	<u>\$ 108,230</u>	<u>\$ 108,229</u>
Total debt applicable to the limit as a percentage of debt limit	63.78%	60.11%	53.20%	34.78%	46.81%	37.04%	46.61%	36.79%	46.55%	45.02%
Total Debt Service Limit										
Total Governmental Fund Revenue	\$ 93,184	\$ 102,743	\$ 111,701	\$ 125,807	\$ 147,668	\$ 158,653	\$ 169,509	\$ 178,915	\$ 196,317	\$ 176,715
Debt Service Limit 10% of Revenue	9,318	10,274	11,170	12,581	14,767	15,865	16,951	17,891	19,632	17,672
Debt Service Applicable to Limit	5,327	5,278	6,200	5,813	5,902	7,383	6,919	6,526	8,327	11,039
Debt Service Margin	<u>\$ 3,992</u>	<u>\$ 4,996</u>	<u>\$ 4,970</u>	<u>\$ 6,768</u>	<u>\$ 8,864</u>	<u>\$ 8,483</u>	<u>\$ 10,032</u>	<u>\$ 11,365</u>	<u>\$ 11,304</u>	<u>\$ 6,633</u>
Total debt service applicable to the limit as a percentage of debt service limit	57.17%	51.37%	55.51%	46.20%	39.97%	46.53%	40.82%	36.48%	42.42%	62.47%

Note: The County has established a debt capacity policy by adopting Resolution 07-1. The policy limits the County's outstanding general obligation long-term debt to no more than 1 percent of the assessable property tax base of the County and the annual debt service to no more than 10 percent of the annual government revenue.

Schedule 16
Worcester County, Maryland
Demographic and Economic Statistics,
Last Ten Fiscal Years

Year	Population ^a	Personal Income ^a (thousands of dollars)	Per Capita Personal Income ^b	Public School Enrollment ^c	Unemployment Rate ^d
2010	49,122	*	*	6,659	8.1%
2009	49,274	2,013,834	40,957	6,673	7.5%
2008	49,270	1,860,874	37,769	6,747	4.6%
2007	49,069	1,737,887	35,417	6,830	3.8%
2006	48,785	1,652,944	33,882	6,727	4.0%
2005	48,868	1,586,005	32,455	6,676	4.4%
2004	48,681	1,456,854	29,927	6,783	4.7%
2003	48,191	1,411,897	29,298	6,871	4.4%
2002	47,590	1,364,886	28,680	6,884	4.0%
2001	46,776	1,299,036	27,771	6,892	3.9%

* Information not yet available.

Notes:

^a 2010 -U.S. Census Bureau

^a 2009-1999 Maryland Department of Planning

^b Maryland Department of Planning

^c Worcester County Board of Education

^d U.S. Dept of Labor, Bureau of Labor Statistics

Schedule 17
Worcester County, Maryland
Principal Employers
Current Year
For the quarter ended June 30, 2010

<u>Employer</u>	<u>2010</u>		
	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total County Employment</u>
Worcester Board of Education	1,187	1	4.15%
Harrison Group	1,000	2	3.50%
Atlantic General Hospital	787	3	2.75%
Worcester County Government	653	4	2.29%
Phillips Seafood Restaurant	550	5	1.92%
Town of Ocean City	530	6	1.85%
Wal-Mart	500	7	1.75%
O C Seacrets	495	8	1.73%
Dough Roller	322	9	1.13%
Clarion Fountainebleu Hotel	250	10	0.87%
	<u>6,274</u>		<u>21.95%</u>
Total Worcester County Employees			28,577

Source: Worcester County Economic Development. Data for 2001 is unavailable.
Toal County employment figures from the Maryland Department of Labor,
Licensing & Regulation Career and Workforce Information.

Schedule 18
Worcester County, Maryland
Full-time Equivalent County Government Employees by Function,
Last Ten Fiscal Years

<u>Function/Program</u>	Full-time Equivalent Employees as of June 30									
	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
General Government	101.7	110.5	110.4	113.5	121.4	134.8	144.8	149.7	153.4	133.1
Commissioners, Judges, & Boards	18.0	18.0	20.0	20.0	20.0	20.0	20.0	20.0	19.0	19.0
Public Safety	126.9	137.8	141.7	154.5	162.1	165.1	174.6	174.4	180.3	191.5
Public Works	71.3	73.1	80.2	86.1	68.1	68.1	68.7	70.0	70.6	64.8
Social Services - LMB	1.0	1.6	2.7	2.0	2.2	2.9	3.7	3.8	3.5	3.0
Library & Recreation	37.9	41.7	41.4	42.1	44.5	53.6	63.2	67.1	70.0	65.1
Natural Resources	0.3	0.3	0.3	0.3	0.3	0.3	0.2	0.2	-	-
Water & Wastewater	46.3	54.3	62.0	61.6	60.3	64.0	66.6	66.6	67.2	63.7
Solid Waste	31.4	35.2	36.8	38.6	41.5	46.5	47.6	46.6	45.3	40.9
Total	<u>434.8</u>	<u>472.5</u>	<u>495.5</u>	<u>518.7</u>	<u>520.4</u>	<u>555.3</u>	<u>589.4</u>	<u>598.4</u>	<u>609.3</u>	<u>581.1</u>

Source: Worcester County Finance Office.

Note 1: A full-time employee is scheduled to work 260 days per year (52 weeks x 5 days per week). At eight hours per day, 2,080 hours are scheduled per year (including vacation and sick leave). Full-time-equivalent employment is calculated by dividing total labor hours by 2,080.

Note 2: County Commissioners, Orphan's Court Judges and Board Members noted as full time

Schedule 19
Worcester County, Maryland
Operating Indicators by Function,
Last Ten Fiscal Years

<u>Function/Program</u>	<u>Fiscal Year</u>									
	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
General Government										
Building Permits issued	500	583	622	450	454	444	194	98	73	75
Value of new construction (000's)	70,077	101,945	109,469	83,283	93,580	112,867	52,891	31,990	17,063	17,524
Public Safety										
Detention Center										
Avg. daily population	265	279	285	293	297	305	308	274	196	267
Fire Protection (All Volunteer)										
Fire calls answered	703	735	748	679	759	1,695	1,756	1,526	1,425	1,370
Emergency Medical Services										
EMS Calls answered	4,026	4,242	4,320	4,406	4,538	5,535	5,700	5,812	5,621	5,928
Education										
Students	7,025	6,934	6,916	6,869	6,834	6,756	6,727	6,747	6,673	6,659
Teachers	487	497	510	520	546	559	575	577	579	572
Public Works										
Centerline miles of road maintained	513	517	519	520	519	520	519	524	524	529
Wastewater treated (mgd)	1.7	1.7	1.9	2.1	2.2	2.3	2.3	2.3	2.3	2.3

Sources: Worcester County Finance Office and individual County departments.

Schedule 20
Worcester County, Maryland
Capital Asset Statistics by Function,
Last Ten Fiscal Years

<u>Function/Program</u>	Fiscal Year									
	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
Public Safety										
Detention center capacity	300	300	300	300	300	300	300	300	300	507
Fire Companies	9	9	9	9	9	9	9	9	9	9
Emergency Medical Services Companies	5	5	5	5	6	6	6	6	7	7
Education										
Elementary Schools	5	5	5	5	5	5	5	5	5	5
Intermediate Schools	1	1	1	1	1	1	1	1	1	1
Middle Schools	3	3	3	3	3	3	3	3	3	3
Special School	1	1	1	1	1	1	1	1	1	1
High Schools	3	3	3	3	3	3	3	3	3	3
Technical High School	-	-	-	-	-	-	-	1	1	1
Career & Technology Center	1	1	1	1	1	1	1	-	-	-
Public Libraries	5	5	5	5	5	5	5	5	5	5
Recreation Facilities										
Recreation Center	-	-	-	-	1	1	1	1	1	1
County Parks	9	9	11	11	11	12	12	12	13	13
Park acreage	293	293	306	306	306	880	880	880	883	883
Public Landings & Wharves	9	9	9	9	9	9	9	9	9	9
Boat Slips	8	8	8	8	8	18	8	8	8	8
Public Works										
Centerline miles of county roads	513	517	519	520	519	520	519	524	527	529
Public Easements - Ocean Pines	58.09	58.09	58.09	58.14	59.24	59.24	62.88	64.16	64.16	64.12
Bridges	40	40	40	40	40	40	40	40	40	44
Wastewater Treatment Plants	6	6	6	7	7	7	8	8	8	8
Miles of sewer pipeline	160	165	168	172	175	185	187	187	187	187
Water well house facilities	4	5	5	5	5	5	5	5	5	5
Pump stations	45	46	46	46	48	51	53	53	53	53
Water Tanks	3	3	3	4	4	5	5	5	6	6
Waterlines	131	131	133	143	144	147	148	148	149	150
Water Treatment Facilities	8	8	8	9	9	10	10	10	10	10
Recycling Center	-	-	-	1	1	1	1	1	1	1

Sources: Worcester County Finance Office and individual County departments.