

Worcester County, Maryland

Comprehensive Annual Financial Report

For Fiscal Year Ended
June 30, 2011



Worcester County Government Center

Prepared by:

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Budget Officer



WORCESTER COUNTY, MARYLAND
 COMPREHENSIVE ANNUAL FINANCIAL REPORT
 for the FISCAL YEAR ENDED JUNE 30, 2011
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INTRODUCTORY SECTION

LETTER OF TRANSMITTAL

GFOA CERTIFICATE OF ACHIEVEMENT

ORGANIZATION CHART

LIST OF PRINCIPAL OFFICERS



TEL: 410-632-0686
FAX: 410-632-3003

OFFICE OF THE TREASURER
Worcester County
GOVERNMENT CENTER
ONE WEST MARKET STREET, ROOM 1105

HAROLD L. HIGGINS, CPA
FINANCE OFFICER

PHILLIP G. THOMPSON, CPA
ASSISTANT FINANCE OFFICER

December 12, 2011

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, 2011 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, 2011 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, 2011 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 6% or \$10.4M from FY10 to FY11. In addition, the early retirement incentive plan created and offered to eligible general government employees in FY09 has been continued each year through FY11. This program has resulted in a work force reduction of 30 employees and an annual savings of \$1.7 million in salaries and benefits. The County's efficiency committee, created in FY09, continued 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. Room tax revenue increased by 5.4% in the current fiscal year which translates to a \$14.2M increase in gross hotel, motel and condominium rentals. In addition, the Food Tax revenue increased by 3% in FY11 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 has no plans to issue debt in FY 2012, focusing instead on the completion of ongoing projects for which funding has already been secured. These projects include funding for an addition to the Pocomoke High School.

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, 2010. 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 blue ink, reading "Harold L. Higgins". The signature is fluid and cursive, with a long horizontal stroke 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, 2010

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.



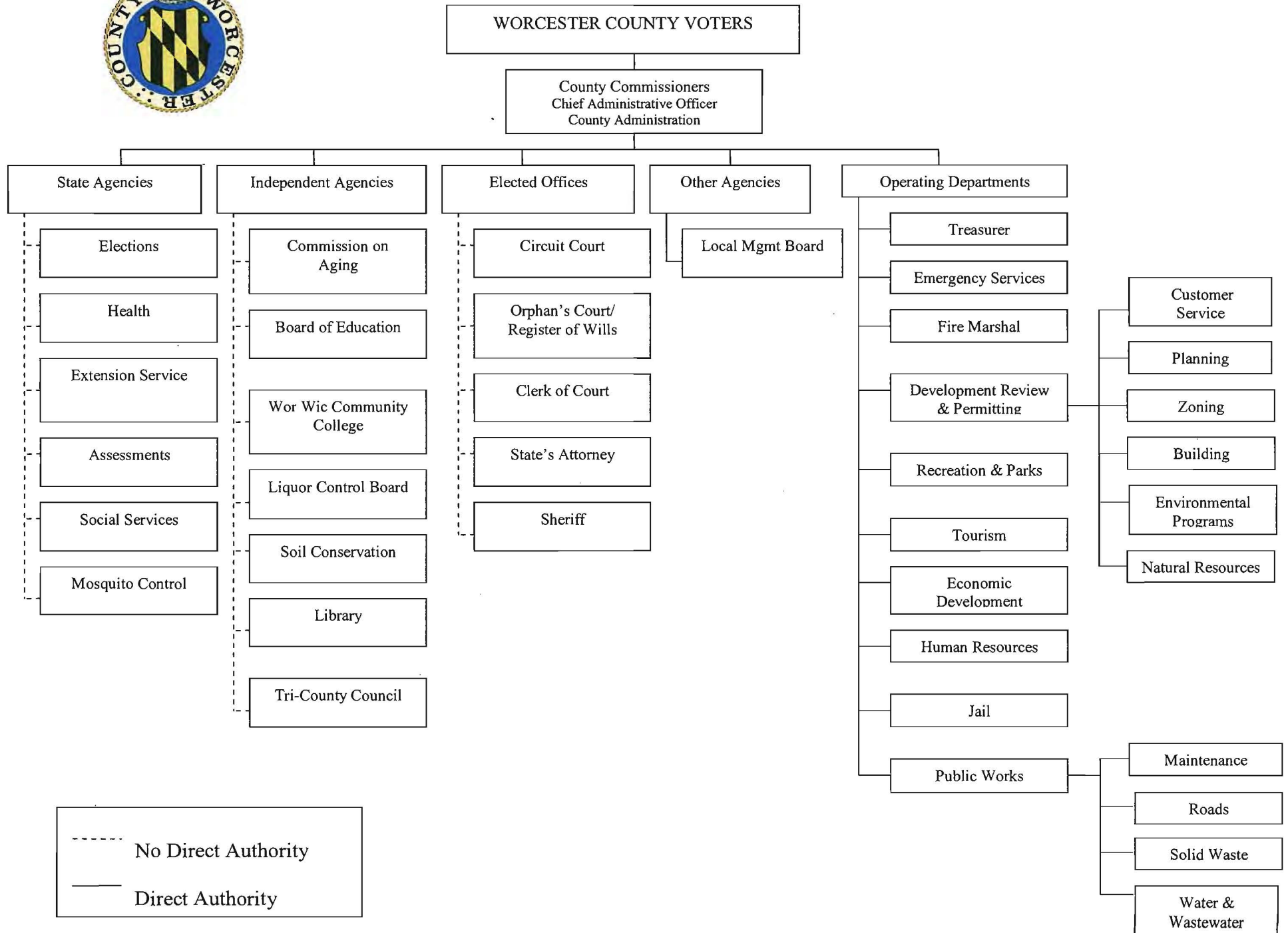
Linda C. Sandson

President

Jeffrey R. Emer

Executive Director

Worcester County Organization Chart



Worcester County, Maryland
List of Principal Officials and Directors
June 30, 2011

Elected Officials

| | |
|----------------------|--|
| County Commissioners | James C. Church, President James L. Purnell, Jr., Vice President Judith O. Boggs Madison J. Bunting, Jr. Louise L. Gulyas Merrill W. Lockfaw, Jr. Virgil L. Shockley |
| Sheriff | Reggie T. Mason, Sr. |
| State's Attorney | Beau H. Oglesby |

Appointed Officials

| | |
|--|-------------------|
| County Administrator | Gerald T. Mason |
| Assistant County Administrator | Kelly Shannahan |
| Attorney | John E. Bloxom |
| Jail Warden | Garry Mumford |
| Economic Development Director | Gerald Redden |
| Emergency Services Director | Teresa A. Owens |
| Finance Officer | Harold L. Higgins |
| Fire Marshal | Jeff McMahon |
| Human Resources Director | George Bradley |
| Library Director | Mark Thomas |
| Development Review and Permitting Director | Edward Tudor |
| Public Works Director | John Tustin |
| Recreation and Parks Director | Sharon Reilly |
| Tourism Director | 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, 2011, 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.

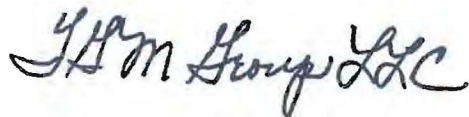
We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and 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, 2011, 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 12, 2011, 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.

A handwritten signature in dark ink, appearing to read "YHM Group LLC". The signature is fluid and cursive, with the letters "YHM" being particularly prominent and stylized.

Salisbury, Maryland
December 12, 2011

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, 2011. 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, Local Management Board, Casino Fund, 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 - 35 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 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 \$161,414,564 as of June 30, 2011 compared to \$169,143,877 for the year ended June 30, 2010, a decrease of \$7,729,313.

Worcester County, Maryland

Net Assets

| | June 30, 2011 | | | June 30, 2010 | | |
|-------------------------------|-------------------------|--------------------------|-----------------------|-------------------------|--------------------------|-----------------------|
| | Governmental Activities | Business-Type Activities | Total | Governmental Activities | Business-Type Activities | Total |
| Assets | | | | | | |
| Current and other assets | \$ 90,940,139 | \$ 23,611,527 | \$ 114,551,666 | \$ 95,694,943 | \$ 24,945,248 | \$ 120,640,191 |
| Capital assets | 107,048,333 | 72,563,359 | 179,611,692 | 113,120,795 | 73,108,285 | 186,229,080 |
| Total assets: | <u>197,988,472</u> | <u>96,174,886</u> | <u>294,163,358</u> | <u>208,815,738</u> | <u>98,053,533</u> | <u>306,869,271</u> |
| Liabilities: | | | | | | |
| Current and other liabilities | 19,465,992 | 25,464,927 | 44,930,919 | 18,135,004 | 23,600,637 | 41,735,641 |
| Long-term liabilities | 74,202,484 | 13,615,391 | 87,817,875 | 82,100,560 | 13,889,193 | 95,989,753 |
| Total liabilities: | <u>93,668,476</u> | <u>39,080,318</u> | <u>132,748,794</u> | <u>100,235,564</u> | <u>37,489,830</u> | <u>137,725,394</u> |
| Net assets: | | | | | | |
| Invested in capital assets | | | | | | |
| net of related debt | 100,290,019 | 55,935,777 | 156,225,796 | 104,803,212 | 56,312,951 | 161,116,163 |
| Restricted | - | - | - | - | - | - |
| Unrestricted | 4,029,977 | 1,158,791 | 5,188,768 | 3,776,962 | 4,250,752 | 8,027,714 |
| Total net assets: | <u>\$ 104,319,996</u> | <u>\$ 57,094,568</u> | <u>\$ 161,414,564</u> | <u>\$ 108,580,174</u> | <u>\$ 60,563,703</u> | <u>\$ 169,143,877</u> |

One of the largest portions of the County's net assets (96.8 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 \$156,225,796 at June 30, 2011. 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 \$72,542,246 at June 30, 2011. Absent the effect of this relationship, the County would have reported unrestricted net assets of \$76,572,223 on its government-wide financial statements, rather than the unrestricted net assets of \$4,029,977.

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, 2011 | | | June 30, 2010 | | |
|--|----------------------------|-----------------------------|-----------------------|----------------------------|-----------------------------|-----------------------|
| | Governmental Activities | Business-Type Activities | Total | Governmental Activities | Business-Type Activities | Total |
| Revenues: | | | | | | |
| Program revenues: | | | | | | |
| Charges for services | \$ 7,435,837 | \$ 13,874,220 | \$ 21,310,057 | \$ 5,358,666 | \$ 13,418,214 | \$ 18,776,880 |
| Operating grants and contributions | 5,243,439 | 22,000 | 5,265,439 | 10,138,302 | 22,000 | 10,160,302 |
| Capital grants and contributions | 4,446,811 | | 4,446,811 | 4,613,990 | | 4,613,990 |
| General revenues: | | | | | | |
| Real and personal property taxes | 121,990,826 | | 121,990,826 | 127,176,751 | | 127,176,751 |
| Income taxes | 10,459,699 | | 10,459,699 | 10,921,118 | | 10,921,118 |
| Other local taxes | 23,513,666 | | 23,513,666 | 23,115,287 | | 23,115,287 |
| State shared taxes | 804,689 | | 804,689 | 724,582 | | 724,582 |
| Distribution - WCLCB | 363,568 | | 363,568 | 55,853 | | 55,853 |
| Interest income | 216,726 | 20,043 | 236,769 | 262,333 | 23,676 | 286,009 |
| Gain(loss) on sale of capital asset | | | - | | | - |
| Other income | 649,917 | | 649,917 | 635,708 | | 635,708 |
| Total revenues: | 175,125,178 | 13,916,263 | 189,041,441 | 183,002,590 | 13,463,890 | 196,466,480 |
| Expenses: | | | | | | |
| General government | 37,627,186 | | 37,627,186 | 35,859,173 | | 35,859,173 |
| Public safety | 28,164,200 | | 28,164,200 | 28,381,381 | | 28,381,381 |
| Public works | 10,211,713 | | 10,211,713 | 9,985,598 | | 9,985,598 |
| Health and hospitals | 4,841,634 | | 4,841,634 | 5,889,198 | | 5,889,198 |
| Social services | 2,138,165 | | 2,138,165 | 2,606,989 | | 2,606,989 |
| Education | 85,169,388 | | 85,169,388 | 91,515,958 | | 91,515,958 |
| Libraries, recreation and culture | 5,479,418 | | 5,479,418 | 6,141,887 | | 6,141,887 |
| Conservation of natural resources | 587,200 | | 587,200 | 233,393 | | 233,393 |
| Economic development | 1,755,183 | | 1,755,183 | 1,409,693 | | 1,409,693 |
| Interest charges | 3,411,269 | | 3,411,269 | 3,693,496 | | 3,693,496 |
| Landfill | | 5,460,265 | 5,460,265 | | 6,910,451 | 6,910,451 |
| Water and wastewater | | 11,925,133 | 11,925,133 | | 11,849,234 | 11,849,234 |
| Total expenses: | 179,385,356 | 17,385,398 | 196,770,754 | 185,716,766 | 18,759,685 | 204,476,451 |
| Increase (decrease) in net assets | (4,260,178) | (3,469,135) | (7,729,313) | (2,714,176) | (5,295,795) | (8,009,971) |
| Net assets, beginning | 108,580,174 | 60,563,703 | 169,143,877 | 111,294,350 | 65,859,498 | 177,153,848 |
| Net assets, ending | \$ 104,319,996 | \$ 57,094,568 | \$ 161,414,564 | \$ 108,580,174 | \$ 60,563,703 | \$ 169,143,877 |

Financial Analysis on Government Fund Financial Statements

Governmental Activities:

Key elements in the revenue decrease of \$7,425,039 for governmental activities as compared to FY10 are as follows:

- Operating grants decreased, \$4,894,863 from FY10.
- Real and personal property tax revenues decreased by \$5,185,925 or 4.3%. This decrease was a result of planned real property reassessments cycle in the County and reflects the current national trend in property values. Property tax represents the County's largest revenue source, 65% of the total revenue stream. The County tax rate of \$0.70 per \$100 per assessed value remains the 2nd lowest in Maryland.
- Charges for services increased by \$2,533,177 primarily due to the expanded use of the County Jail facility resulting from the recently completed increase in capacity of this facility.

Expenses for governmental activities decreased 3.8% or \$7,705,697 compared to FY10 primarily due to the following:

- The County contributed \$1.5 million to the Board of Education OPEB Trust during the current year compared to approximately \$6 million in the prior year.
- Capital expenditures related to the Board of Education which are expensed on the statement of activities since the assets are those of the Board and not the County decreased over the prior fiscal year by approximately \$850 thousand due to the completion of the new Tech Center in the prior year.
- Landfill costs decreased \$1.2 million primarily as a result of closure and postclosure costs.

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. The County has implemented GASB Statement 54 – Fund Balance Reporting and Government Fund Type Definitions in FY11. The purpose of this Statement is to improve financial reporting by establishing fund balance classifications that are easier to understand and apply. It establishes a framework based largely on the spending constraints of the government in order to determine how it may use amounts reported on the governmental funds balance sheet. 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, 2011 and 2010:

| Governmental Activities - Fund Statements | June 30, 2011 | June 30, 2010 | Net Change in Fund Balance |
|--|----------------------|----------------------|-------------------------------|
| General Fund | \$ 42,086,209 | \$ 36,296,011 | \$ 5,790,198 |
| Capital Projects Fund | 5,796,006 | 16,307,860 | (10,511,854) |
| Debt Service Fund | 5,374 | 5,356 | 18 |
| Other Governmental Funds | 1,225,068 | 565,437 | 659,631 |
| Total | <u>\$ 49,112,657</u> | <u>\$ 53,174,664</u> | <u>\$ (4,062,007)</u> |

At the end of the current fiscal year, the County's governmental funds reported combined fund balance of \$49,112,657 a decrease of \$4,062,007 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 \$42,086,209. This fund balance includes non-spendable items totaling \$130,079 for prepaid expenses, assigned fund balance of \$14,963,906 for future capital projects, and \$26,992,224 as unassigned fund balance. In accordance with GASB 54 the unassigned General Fund amount includes the County reserve of \$18,974,224 which is set aside for contingency and emergency conditions. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents approximately 15% of total general fund expenditures, while total fund balance represents approximately 23% 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 \$10,511,854 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 \$18 during the current fiscal year. The entire fund balance is assigned for fund purposes.

The **Other Governmental Funds** include the Department of Social Services, Local Management Board, Casino Fund, and the Energy Service Fund. Fund balance in these funds increased by \$659,631 from FY10. The Energy Fund decreased by \$45,719, while the Department of Social Services and the Local Management Board increased by \$3,699 and \$27,279 respectively. The Casino Fund which was created to account for the County portion of proceeds from the Ocean Downs Casino facility reflects a \$674,372 increase in Fund Balance in FY11. Further detail of this activity is on pages 97 and 98.

Proprietary funds:

| <u>Enterprise Fund Statements</u> | <u>June 30, 2011</u> | <u>June 30, 2010</u> | <u>Change in Net Assets</u> |
|-----------------------------------|----------------------|----------------------|-----------------------------|
| Water and Sewer Utilities | \$ 52,433,822 | \$ 54,266,383 | \$ (1,832,561) |
| Solid Waste | 4,660,746 | 6,297,320 | (1,636,574) |
| Total | \$ 57,094,568 | \$ 60,563,703 | \$ (3,469,135) |

Solid Waste

Revenue

- Tipping fee revenues remained stable with \$3.1million in FY11 compared to \$3.2 million in FY10.

Expenses

- Solid waste expenses decreased by \$1.3 million in FY11 due to an increase in the estimated cost of closure and post-closure costs which was absorbed in FY10.

Water and Wastewater

Revenues

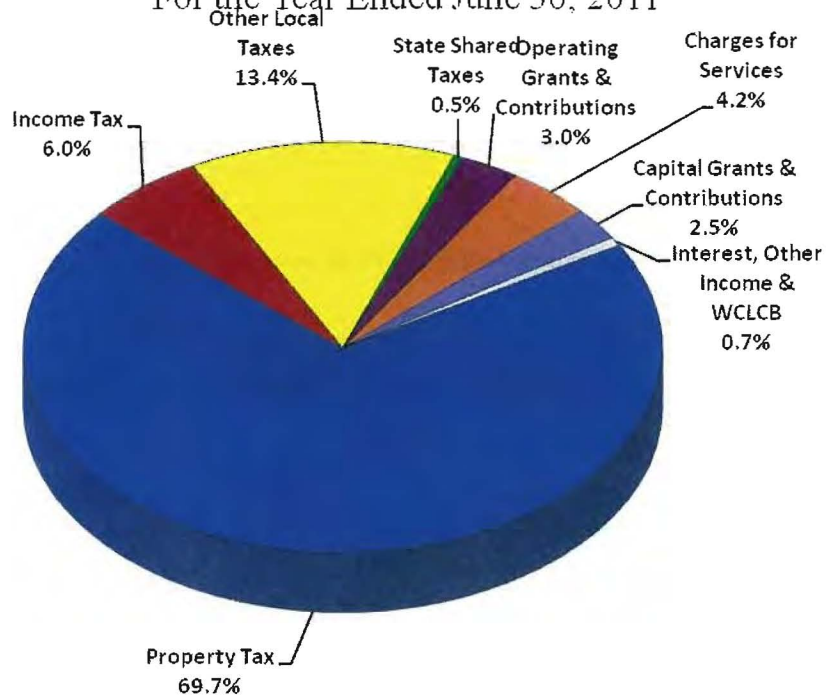
- Overall revenue increased 5% from \$9.6 million in FY10 to \$10.1 million in FY11 primarily due to increases in the Equivalent Dwelling Unit or "EDU" charges which are collected for the payment of debt in the service areas. Correlating with this increase was \$3.3 million in capital expenses associated with various water and wastewater projects.

Expenses

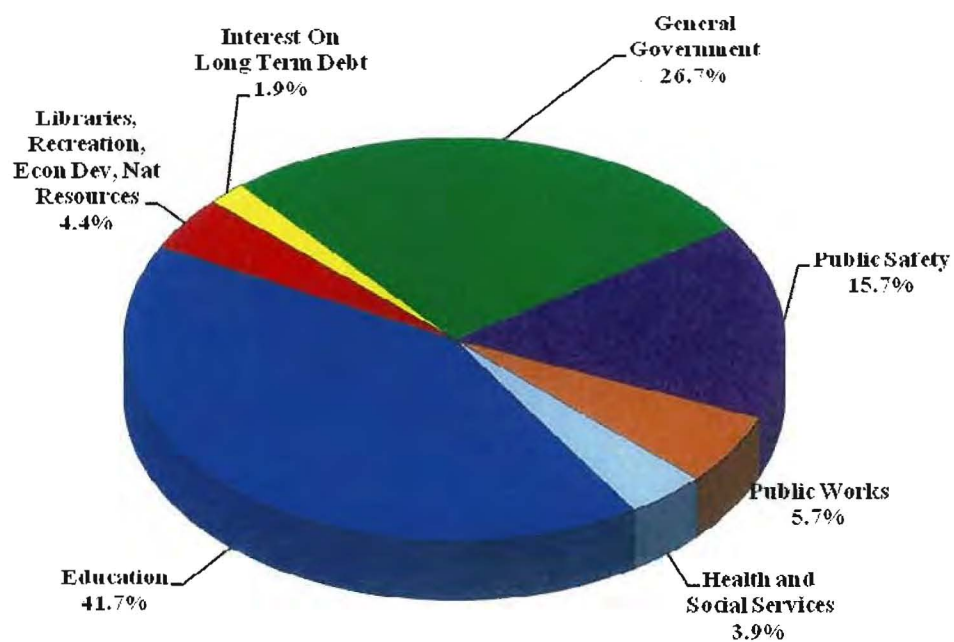
- Overall operating expenses increased slightly from \$8.7 million in FY10 to \$8.8 million in FY11.

Fiscal year 2011 revenues and expenses are summarized in the following charts for both the business type (proprietary) and governmental activities.

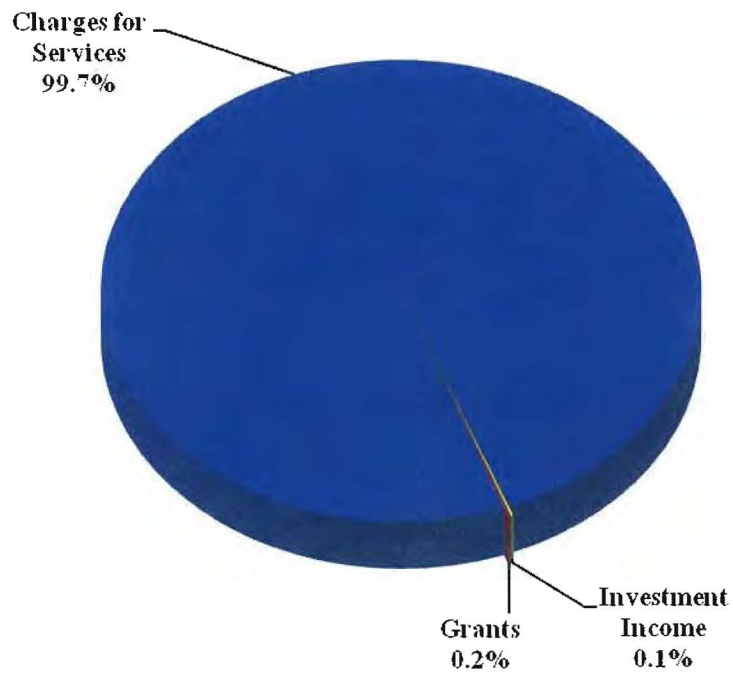
Revenues by Source- Governmental Activities
For the Year Ended June 30, 2011



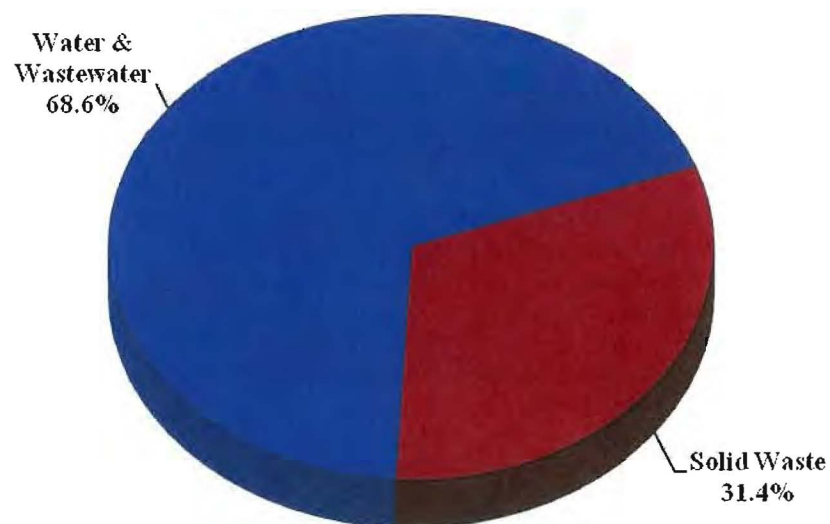
Expenses- Governmental Activities
For the Year Ended June 30, 2011



Revenues by Source- Business-Type Activities
For the Year Ended June 30, 2011



Expenses- Business-Type Activities
For the Year Ended June 30, 2011



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, 2011, amounts to \$179,611,692 (net of accumulated depreciation). The total decrease in the County's investment in capital assets for the current year was 3.7%. 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:

- Construction began in the fall of 2010 to the exterior of the historic Oscar M. Purnell House located at 104 E. Market Street in Snow Hill, Maryland. Funding for this project is \$460,150 and renovation is near completion for the two-and-a-half story historic brick house. Architectural and Engineering design services were contracted for \$32,260 in February 2011 for renovations to the interior remediation of the building.
- Mystic Harbor Wastewater Treatment Plant upgrades are currently underway to an aging water and sewer infrastructure. The plant was built in 1975 and became a County entity in 2004. Financing for the project will come from the U.S. Department of Agriculture and will consist of \$4.7 million in grants and about \$7.9 million in low-interest loans payable over 40 years. The project is expected to take 18 months to complete. Various components of the project include: a contract awarded in January 2009 for membrane bioreactor equipment at a cost of \$1,298,018; a contract awarded in August 2010 for the construction of a Lift Station Upgrade at a cost of \$736,000, a contract awarded in April 2011 for \$8,801,962 for the wastewater treatment plant replacement and contract services awarded for Construction Administration for \$264,422 and Construction Inspections for \$129,932.
- Construction began in the fall of 2007 for the addition and renovation project to the County Jail located in Snow Hill, Maryland. The previous capacity of the Jail at 319 has been 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. Revenues for Jail Use Fees have increased to the County due to the additional capacity.
- 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 renovation is near completion and estimated to be open in the fall of 2011. Funding was secured by State Grant Funds for up to \$500,000 and requires no County match. The Health department has also committed funds to cover various equipment and furniture expenses. Total expenses incurred through June 2011 equated to \$586,685.
- In January 2011 a contract for \$437,106 was awarded for an extensive boat ramp and bulkhead replacement at the West Ocean City Boat Ramp and \$337,106 has been expended in FY11. A combination of federal funds from the U.S. Fish and Wildlife Services for \$600,000 and the Maryland Department of Natural Resources Waterway Improvement for \$200,000 were available for this project. The facility will feature a completely renovated facility including a six-lane boat ramp with supporting bulkhead, ADA compliant floating docks and fixed piers.
- Improvements to various County parks and Boat landings totaled \$74,060 in FY11.
- The purchase of IT infrastructure, new vehicles and library books totaled \$420,752 during the fiscal year.
- The County contributed \$10,351,960 for the following education projects:
 - \$469,878 to Wor-Wic Community College towards campus development
 - \$8,846,336 for construction of an addition to the Pocomoke High School
 - \$1,035,746 for construction of water and sewer lines to Showell Elementary School



Worcester County, Maryland
Capital Assets (Net of Depreciation)

| | June 30, 2011 | | | June 30, 2010 | | |
|---------------------------------------|----------------------------|-----------------------------|-----------------------|----------------------------|-----------------------------|-----------------------|
| | Governmental Activities | Business-Type Activities | Total | Governmental Activities | Business-Type Activities | Total |
| Land and improvements | \$ 11,355,631 | \$ 1,341,872 | \$ 12,697,503 | \$ 11,355,631 | \$ 1,341,872 | \$ 12,697,503 |
| Building and building improvements | 65,117,101 | 3,302,506 | 68,419,607 | 66,616,305 | 3,408,337 | 70,024,642 |
| Improvements other than buildings | 7,306,936 | 5,419,277 | 12,726,213 | 7,367,515 | 6,676,025 | 14,043,540 |
| Machinery and equipment | 9,601,442 | 3,956,356 | 13,557,798 | 11,246,937 | 4,296,994 | 15,543,931 |
| Water and sewer sytems | | 56,216,099 | 56,216,099 | | 55,549,570 | 55,549,570 |
| Infrastructure | 10,361,919 | | 10,361,919 | 14,833,624 | | 14,833,624 |
| Construction in progress | 3,305,304 | 2,327,249 | 5,632,553 | 1,700,783 | 1,835,487 | 3,536,270 |
| Total: | <u>\$ 107,048,333</u> | <u>\$ 72,563,359</u> | <u>\$ 179,611,692</u> | <u>\$ 113,120,795</u> | <u>\$ 73,108,285</u> | <u>\$ 186,229,080</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 \$94,104,442. The total debt is backed by the full faith and credit of Worcester County. Business-type activities are directly responsible for \$14,803,882 of the total debt.

Worcester County, Maryland
Outstanding Debt/General Obligation Bonds

| | June 30, 2011 | | | June 30, 2010 | | |
|---------------------|----------------------------|-----------------------------|----------------------|----------------------------|-----------------------------|-----------------------|
| | Governmental Activities | Business-Type Activities | Total | Governmental Activities | Business-Type Activities | Total |
| General Bonded Debt | <u>\$ 79,300,560</u> | <u>\$ 14,803,882</u> | <u>\$ 94,104,442</u> | <u>\$ 86,048,230</u> | <u>\$ 15,215,449</u> | <u>\$ 101,263,679</u> |

The County's total bonded debt decreased by \$7,159,237 during the current fiscal year due to planned debt retirement.

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 2011, Worcester County experienced a continuation of a number of recent trends. Estimates indicate that revenues continue to decrease significantly. The softening real estate market produced an additional number of assessment appeals, and real property assessments continue to decrease. These combined real and personal property tax revenues decreased 4.1% over the prior fiscal year 2010. The local economic performance reflects the current national recession and resulted in an income tax revenue decrease of 4.2%, and interest on investments decreased 17.1% from the prior year. In order to meet current year reduced revenues, County Departments and Agencies were asked to hold expenses flat with the continuation of a hiring freeze. The County reduced the annual contribution by 75.7% to the Other Post Employment Benefits Trust Fund to maintain the Real Property Tax Rate.

While the housing construction industry slowed, tourism has remained relatively stable due in part to the proximity of the Ocean City resort to many major metropolitan areas. Although, the trend over the last couple years includes a shorter booking window and shortened length of stay. The Ocean City Chamber of Commerce reports that the average weekly summer population ranges from 262,000 to 319,000 on the July 4 weekend. The County unemployment rate as of June 30, 2011 was 8.9%, an increase from 8.3% a year ago. This compares to the State's average unemployment rate of 7.4%.

Revenues 2012 Budget

The FY12 revenue budget increased \$335,333 or .2% from FY11. Notable changes in FY12 include the following. An increase in the net Real and Personal property taxes by \$763,151. A projected increase of \$750,000 in Recordation and Transfer taxes primarily due to increased transactions. The State of Maryland has included a one-time Highway User Tax Revenue appropriation to the County in FY12 which will result in additional revenue totaling \$104,217. Charges for Services are also estimated to increase by \$1.7 million due to increased Jail Use Fees associated with our recently completed Jail expansion project. Income Tax and Interest on Investments budget estimates declined by \$1,626,000 mainly due to economic conditions. State and Federal Grants were reduced \$1,332,000.

Expenditures 2012 Budget

The FY12 expense budget of \$163,541,144 includes decreases to most departments and agencies. Salary increases were not included for County and Board of Education (BOE) employees. While layoffs and furloughs were avoided, an early retirement incentive program for County employees would be offered for the third consecutive year. The BOE operating budget was approved at the Maintenance of Effort (MOE) level which equated to an increase of \$600,756 due to an increase in student population. 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; thus, the MOE is maintained. The State imposed a 90% local cost sharing reimbursement for administering certain programs in the State Department of Assessments and Taxation; the budget includes \$611,266 for this remittance. The Other Post Employment Benefit general fund transfer will remain level funded at \$3.0 million.

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, 2011 COMPONENT UNITS AS OF JUNE 30, 2011 AND APRIL 30, 2011

| | 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 | \$ 44,300,786 | \$ 8,752,238 | \$ 53,053,024 | \$ 6,048,491 | \$ 211,504 |
| Receivables: | | | | | |
| Taxes | 4,622,408 | - | 4,622,408 | - | - |
| Federal, state, and local governments | 7,148,124 | - | 7,148,124 | 5,895,556 | - |
| Other | 2,994,142 | 5,375,511 | 8,369,653 | 24,311 | 298,978 |
| Internal balances | 4,205,580 | (4,205,580) | - | - | - |
| Inventories, at first-in, first-out method | - | - | - | - | 2,537,468 |
| Prepaid items | 27,602,895 | - | 27,602,895 | 3,175,256 | 50,869 |
| Other assets | 66,204 | 13,689,358 | 13,755,562 | - | - |
| Nondepreciable capital assets | 14,660,935 | 3,669,121 | 18,330,056 | 2,964,382 | 212,158 |
| Depreciable capital assets, net | 92,387,398 | 68,894,238 | 161,281,636 | 130,947,055 | 1,707,422 |
| Total assets | 197,988,472 | 96,174,886 | 294,163,358 | 149,055,051 | 5,018,399 |
| LIABILITIES | | | | | |
| Accounts payable and accrued liabilities | 9,045,615 | 861,592 | 9,907,207 | 7,391,023 | 935,309 |
| Due to other governmental units | - | 45 | 45 | - | 815,438 |
| Unearned revenue | 785,364 | 8,387,142 | 9,172,506 | 2,124,183 | - |
| Due to fiduciary funds | 145,913 | - | 145,913 | 324,953 | - |
| Compensated absences | 625,000 | 143,856 | 768,856 | 28,148 | - |
| Long-term liabilities | | | | | |
| Compensated absences | 966,024 | 215,785 | 1,181,809 | 406,912 | - |
| Due within one year | 7,898,076 | 15,856,507 | 23,754,583 | - | 2,166,536 |
| Due in more than one year | 74,202,484 | 13,615,391 | 87,817,875 | - | 801,176 |
| Total liabilities | 93,668,476 | 39,080,318 | 132,748,794 | 10,275,219 | 4,718,459 |
| NET ASSETS | | | | | |
| Invested in capital assets, net of related debt | 100,290,019 | 55,935,777 | 156,225,796 | 133,911,437 | 1,058,725 |
| Restricted for: | | | | | |
| Capital projects | - | - | - | 52,801 | - |
| Food service activities | - | - | - | 69,429 | - |
| Unrestricted | 4,029,977 | 1,158,791 | 5,188,768 | 4,746,165 | (758,785) |
| Total net assets | \$104,319,996 | \$ 57,094,568 | \$161,414,564 | \$138,779,832 | \$ 299,940 |

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

WORCESTER COUNTY, MARYLAND

STATEMENT OF ACTIVITIES

Year Ended June 30, 2011

| 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 | \$ 37,627,186 | \$ 1,758,641 | \$ 2,880,894 | \$ - |
| Public safety | 28,164,200 | 4,955,974 | 1,415,616 | 1,997,445 |
| Public works | 10,211,713 | 85,384 | 175,382 | 1,156,654 |
| Health and hospitals | 4,841,634 | 418,806 | 186,564 | 487,480 |
| Social services | 2,138,165 | - | 5,093 | - |
| Education | 85,169,388 | - | - | - |
| Libraries, recreation and culture | 5,479,418 | 191,097 | 393,189 | 535,708 |
| Conservation of natural resources | 587,200 | - | 68,234 | - |
| Economic development | 1,755,183 | 25,935 | 118,467 | 269,524 |
| Interest on long-term debt | 3,411,269 | - | - | - |
| Total Governmental Activities | 179,385,356 | 7,435,837 | 5,243,439 | 4,446,811 |
| <u>Business-Type Activities</u> | | | | |
| Landfill | 5,460,265 | 3,805,409 | - | - |
| Department of Water and Wastewater | 11,925,133 | 10,068,811 | 22,000 | - |
| Total Business-Type Activities | 17,385,398 | 13,874,220 | 22,000 | - |
| Total Primary Government | 196,770,754 | 21,310,057 | 5,265,439 | 4,446,811 |
| <u>Component Units</u> | | | | |
| The Board of Education of Worcester County | 130,280,762 | 961,536 | 113,820,995 | 8,575,517 |
| The Liquor Control Board for Worcester County | 14,644,811 | 15,460,249 | - | - |
| Total Component Units | 144,925,573 | 16,421,785 | 113,820,995 | 8,575,517 |
| <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 |
| \$ (32,987,651) | \$ - | \$ (32,987,651) | \$ - | \$ - |
| (19,795,165) | - | (19,795,165) | - | - |
| (8,794,293) | - | (8,794,293) | - | - |
| (3,748,784) | - | (3,748,784) | - | - |
| (2,133,072) | - | (2,133,072) | - | - |
| (85,169,388) | - | (85,169,388) | - | - |
| (4,359,424) | - | (4,359,424) | - | - |
| (518,966) | - | (518,966) | - | - |
| (1,341,257) | - | (1,341,257) | - | - |
| (3,411,269) | - | (3,411,269) | - | - |
| (162,259,269) | - | (162,259,269) | - | - |
| - | (1,654,856) | (1,654,856) | - | - |
| - | (1,834,322) | (1,834,322) | - | - |
| - | (3,489,178) | (3,489,178) | - | - |
| (162,259,269) | (3,489,178) | (165,748,447) | - | - |
| (6,922,714) | - | (6,922,714) | (6,922,714) | - |
| - | - | - | - | 815,438 |
| (6,922,714) | - | (6,922,714) | (6,922,714) | 815,438 |
| 121,990,826 | - | 121,990,826 | - | - |
| 10,459,699 | - | 10,459,699 | - | - |
| 12,449,817 | - | 12,449,817 | - | - |
| 559,213 | - | 559,213 | - | - |
| 5,987,911 | - | 5,987,911 | - | - |
| 158,681 | - | 158,681 | - | - |
| 3,194,074 | - | 3,194,074 | - | - |
| 1,163,970 | - | 1,163,970 | - | - |
| 804,689 | - | 804,689 | - | - |
| 363,568 | - | 363,568 | - | (815,438) |
| 216,726 | 20,043 | 236,769 | 47,737 | - |
| 649,917 | - | 649,917 | 76,618 | - |
| 157,999,091 | 20,043 | 158,019,134 | 124,355 | (815,438) |
| (4,260,178) | (3,469,135) | (7,729,313) | (6,798,359) | - |
| 108,580,174 | 60,563,703 | 169,143,877 | 145,578,191 | 299,940 |
| \$ 104,319,996 | \$ 57,094,568 | \$ 161,414,564 | \$ 138,779,832 | \$ 299,940 |

WORCESTER COUNTY, MARYLAND

BALANCE SHEET
GOVERNMENTAL FUNDS

June 30, 2011

| | <u>General</u> | <u>Capital Projects</u> | <u>Debt Service</u> |
|--|----------------------|-----------------------------|-------------------------|
| ASSETS | | | |
| Cash and short-term investments | \$ 34,519,154 | \$ 9,082,578 | \$ 5,374 |
| Receivables: | | | |
| Taxes | 4,622,408 | - | - |
| Federal, state and local governments | 7,148,124 | - | - |
| Other | 2,936,050 | - | - |
| Due from other funds | 5,254,832 | - | - |
| Prepaid items | 130,079 | - | - |
| Other assets | 66,204 | - | - |
| Total assets | \$ 54,676,851 | \$ 9,082,578 | \$ 5,374 |
| LIABILITIES AND FUND BALANCES | | | |
| LIABILITIES | | | |
| Accounts payable and accrued liabilities | \$ 6,266,658 | \$ 2,189,930 | \$ - |
| Due to other funds | 1,282,497 | 626,253 | - |
| Deferred revenue | 3,992,486 | 470,389 | - |
| Other | 1,049,001 | - | - |
| Total liabilities | 12,590,642 | 3,286,572 | - |
| FUND BALANCES | | | |
| Fund balances: | | | |
| Nonspendable | 130,079 | - | - |
| Restricted | - | - | - |
| Committed | - | - | - |
| Assigned | 14,963,906 | 5,796,006 | 5,374 |
| Unassigned | 26,992,224 | - | - |
| Total Fund Balances | 42,086,209 | 5,796,006 | 5,374 |
| Total Liabilities and Fund Balances | \$ 54,676,851 | \$ 9,082,578 | \$ 5,374 |

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

| Other Governmental Funds | | Total |
|--------------------------------|-----------|---------------|
| \$ | 693,680 | \$ 44,300,786 |
| | - | 4,622,408 |
| | - | 7,148,124 |
| | 58,092 | 2,994,142 |
| | 713,585 | 5,968,417 |
| | - | 130,079 |
| | - | 66,204 |
| <hr/> | | |
| \$ | 1,465,357 | \$ 65,230,160 |
| <hr/> | | |

| | | |
|-------|-----------|---------------|
| \$ | 165,026 | \$ 8,621,614 |
| | - | 1,908,750 |
| | 75,263 | 4,538,138 |
| | - | 1,049,001 |
| <hr/> | | |
| | 240,289 | 16,117,503 |
| <hr/> | | |
| | - | 130,079 |
| | - | - |
| | - | - |
| | 1,225,068 | 21,990,354 |
| | - | 26,992,224 |
| <hr/> | | |
| | 1,225,068 | 49,112,657 |
| <hr/> | | |
| \$ | 1,465,357 | \$ 65,230,160 |
| <hr/> | | |

WORCESTER COUNTY, MARYLAND

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET ASSETS
June 30, 2011

| | |
|---|---------------|
| Total fund balances, governmental funds | \$ 49,112,657 |
|---|---------------|

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

| | |
|--|------------|
| Pre-payment of post retirement employment benefits | 27,472,816 |
|--|------------|

| | |
|---|-------------|
| 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. | 107,048,333 |
|---|-------------|

| | |
|--|-----------|
| 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. | 3,752,774 |
|--|-----------|

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 | (82,100,560) |
| Compensated absences | <u>(966,024)</u> |

| | |
|-----------------------------|---------------------|
| Total long-term liabilities | <u>(83,066,584)</u> |
|-----------------------------|---------------------|

| | |
|--|------------------------------|
| Net assets of governmental activities in the Statement of Net Assets | <u><u>\$ 104,319,996</u></u> |
|--|------------------------------|

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, 2011

| | <u>General</u> | <u>Capital Projects</u> | <u>Debt Service</u> |
|--|--------------------|-----------------------------|-------------------------|
| REVENUES: | | | |
| Taxes and special assessments | \$ 157,011,677 | \$ - | \$ - |
| Licenses and permits | 1,735,427 | - | - |
| Intergovernmental | 4,981,507 | 1,634,448 | - |
| Service charges and fees | 6,002,590 | - | - |
| Miscellaneous | 1,003,586 | 28,739 | 18 |
| Other | - | - | - |
| Total revenues | 170,734,787 | 1,663,187 | 18 |
| EXPENDITURES: | | | |
| Current: | | | |
| General government | 13,315,008 | - | - |
| Public safety | 25,877,097 | - | - |
| Public works | 5,569,252 | - | - |
| Health and hospitals | 4,937,219 | - | - |
| Social services | 1,327,813 | - | - |
| Education | 74,817,429 | - | - |
| Libraries, recreation and culture | 5,141,859 | - | - |
| Conservation of natural resources | 587,200 | - | - |
| Economic development | 1,426,683 | - | - |
| Distributions to incorporated municipalities | 19,357,791 | - | - |
| Capital projects | - | 13,754,003 | - |
| Debt service: | | | |
| Principal retirement | - | - | 7,522,974 |
| Interest and other charges | - | - | 3,485,302 |
| Total expenditures | 152,357,351 | 13,754,003 | 11,008,276 |
| (Deficiency) excess of revenues over expenditures | 18,377,436 | (12,090,816) | (11,008,258) |
| OTHER FINANCING SOURCES (USES): | | | |
| Transfers in | 18,974,224 | 1,578,962 | 11,008,276 |
| Transfers out | (12,587,238) | - | - |
| Total other financing sources (uses) | 6,386,986 | 1,578,962 | 11,008,276 |
| Net change in fund balances | 24,764,422 | (10,511,854) | 18 |
| Fund balances, beginning | 17,321,787 | 16,307,860 | 5,356 |
| Fund balances, ending | \$ 42,086,209 | \$ 5,796,006 | \$ 5,374 |

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> |
|-------------------------------|---|----------------|
| \$ - | \$ - | \$ 157,011,677 |
| - | - | 1,735,427 |
| - | 1,469,318 | 8,085,273 |
| - | - | 6,002,590 |
| - | - | 1,032,343 |
| - | 665 | 665 |
| - | 1,469,983 | 173,867,975 |
| - | - | 13,315,008 |
| - | - | 25,877,097 |
| - | - | 5,569,252 |
| - | - | 4,937,219 |
| - | 810,352 | 2,138,165 |
| - | - | 74,817,429 |
| - | - | 5,141,859 |
| - | - | 587,200 |
| - | - | 1,426,683 |
| - | - | 19,357,791 |
| - | - | 13,754,003 |
| - | - | 7,522,974 |
| - | - | 3,485,302 |
| - | 810,352 | 177,929,982 |
| - | 659,631 | (4,062,007) |
| - | - | 31,561,462 |
| (18,974,224) | - | (31,561,462) |
| (18,974,224) | - | - |
| (18,974,224) | 659,631 | (4,062,007) |
| 18,974,224 | 565,437 | 53,174,664 |
| \$ - | \$ 1,225,068 | \$ 49,112,657 |

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, 2011

Net change in fund balances, governmental funds \$ (4,062,007)

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 | 2,743,151 | |
| Loss on disposal of asset | 16,491 | |
| Depreciation expense | (8,832,104) | |
| Excess of depreciation expense over capital outlay | | (6,072,462) |

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 decreased by this amount this year. (242,797)

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. 7,522,974

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:

| | |
|--|-------------|
| Decrease in post retirement employee benefits, asset | (1,451,895) |
| Increase in compensated absences | (28,024) |

Change in net assets of governmental activities \$ (4,260,178)

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, 2011

| | <u>Landfill</u> | Department of Water and Wastewater <u>Services</u> | <u>Total</u> |
|-------------------------------------|-------------------|---|--------------------|
| ASSETS | | | |
| <u>Current assets</u> | | | |
| Cash and short-term investments | \$ 7,092,019 | \$ 1,660,219 | \$ 8,752,238 |
| Accounts receivable | 218,602 | 5,156,909 | 5,375,511 |
| Total current assets | 7,310,621 | 6,817,128 | 14,127,749 |
| <u>Noncurrent assets</u> | | | |
| Capital assets | | | |
| Land, land rights and improvements | 1,226,989 | 114,883 | 1,341,872 |
| Construction in progress | - | 2,327,249 | 2,327,249 |
| Buildings and building improvements | 4,233,213 | - | 4,233,213 |
| Improvements other than buildings | 27,823,180 | - | 27,823,180 |
| Water and sewer systems | - | 80,198,168 | 80,198,168 |
| Machinery and equipment | 6,858,367 | 5,445,862 | 12,304,229 |
| | 40,141,749 | 88,086,162 | 128,227,911 |
| Less accumulated depreciation | (27,681,064) | (27,983,488) | (55,664,552) |
| | 12,460,685 | 60,102,674 | 72,563,359 |
| <u>Other assets</u> | | | |
| Long-term edu receivable | - | 13,689,358 | 13,689,358 |
| Total noncurrent assets | 12,460,685 | 73,792,032 | 86,252,717 |
| Total assets | 19,771,306 | 80,609,160 | 100,380,466 |

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 | 90,503 | 758,900 | 849,403 |
| Due to state | - | 45 | 45 |
| Bonds payable - current | - | 2,016,180 | 2,016,180 |
| Capital leases payable - current | 696,263 | - | 696,263 |
| Landfill - closure and postclosure costs | 13,093,486 | - | 13,093,486 |
| Accrued bond interest payable | - | 156,045 | 156,045 |
| Due to other funds | 273,040 | 636,677 | 909,717 |
| Total current liabilities | 14,153,292 | 3,567,847 | 17,721,139 |
| <u>Noncurrent liabilities</u> | | | |
| Unearned revenues | 450 | 8,386,692 | 8,387,142 |
| Vacation benefits | 78,550 | 137,235 | 215,785 |
| Bonds payable | - | 13,036,871 | 13,036,871 |
| Bond costs deferred | - | (249,170) | (249,170) |
| Capital leases payable | 878,268 | - | 878,268 |
| Due to other funds | - | 3,295,863 | 3,295,863 |
| Total noncurrent liabilities | 957,268 | 24,607,491 | 25,564,759 |
| Total liabilities | 15,110,560 | 28,175,338 | 43,285,898 |
| NET ASSETS | | | |
| Invested in capital assets, net of related debt | 10,886,154 | 45,049,623 | 55,935,777 |
| Unrestricted (deficit) | (6,225,408) | 7,384,199 | 1,158,791 |
| Total net assets | \$ 4,660,746 | \$ 52,433,822 | \$ 57,094,568 |

WORCESTER COUNTY, MARYLAND

STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND NET ASSETS

BUSINESS - TYPE ACTIVITIES

Year Ended June 30, 2011

| | <u>Landfill</u> | Department of Water and Wastewater <u>Services</u> | <u>Total</u> |
|---|------------------|---|-------------------|
| OPERATING REVENUES: | | | |
| Domestic charges | \$ - | \$ 7,547,348 | \$ 7,547,348 |
| Commercial charges | - | 557,394 | 557,394 |
| Hook-up charges | - | 35,403 | 35,403 |
| Future capital development | - | 26,694 | 26,694 |
| Interest and penalties on overdue accounts | 715 | 136,262 | 136,977 |
| Additional assessments | - | 331,630 | 331,630 |
| Payment by developers | - | 25,596 | 25,596 |
| Other revenue | 1,531 | 98,540 | 100,071 |
| Edu revenue | - | 1,120,744 | 1,120,744 |
| Tank fee revenue | - | 3,200 | 3,200 |
| White Horse Park revenue | - | 186,000 | 186,000 |
| Recycling charges | 338,969 | - | 338,969 |
| Stump removal charges | 18,178 | - | 18,178 |
| Licenses and permits | 345,986 | - | 345,986 |
| Landfill fees | 3,064,530 | - | 3,064,530 |
| Total operating revenues | 3,769,909 | 10,068,811 | 13,838,720 |
| Total operating expenses | 3,467,909 | 8,802,827 | 12,270,736 |
| Operating income (loss) before depreciation | 302,000 | 1,265,984 | 1,567,984 |
| Depreciation | 1,905,023 | 2,591,285 | 4,496,308 |
| Operating (loss) income | (1,603,023) | (1,325,301) | (2,928,324) |
| NONOPERATING INCOME (EXPENSE): | | | |
| Interest on investments | 18,282 | 1,761 | 20,043 |
| Gain on sale of assets | 35,500 | - | 35,500 |
| Operating grants | - | 22,000 | 22,000 |
| Interest expense | (87,333) | (531,021) | (618,354) |
| Total nonoperating income (expense) | (33,551) | (507,260) | (540,811) |
| Change in net assets | (1,636,574) | (1,832,561) | (3,469,135) |
| Net assets, beginning | 6,297,320 | 54,266,383 | 60,563,703 |
| Net assets, ending | \$ 4,660,746 | \$ 52,433,822 | \$ 57,094,568 |

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, 2011

| | <u>Landfill</u> | Department of <u>Water and Wastewater</u> | <u>Total</u> |
|---|-----------------|--|---------------|
| CASH FLOWS FROM OPERATING ACTIVITIES: | | | |
| Cash received for services | \$ 3,821,821 | \$ 11,009,853 | \$ 14,831,674 |
| Cash received from other revenues | 2,246 | 98,540 | 100,786 |
| Cash received for future capital development | - | 26,694 | 26,694 |
| Cash payments to employees | (1,085,228) | (1,164,406) | (2,249,634) |
| Cash payments for fringe benefits | (617,951) | (1,278,126) | (1,896,077) |
| Cash payments for materials, supplies, and services | (1,669,905) | (4,315,164) | (5,985,069) |
| Net cash provided by operating activities | 450,983 | 4,377,391 | 4,828,374 |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES: | | | |
| Purchases of property and equipment | (2,720) | (3,333,752) | (3,336,472) |
| Proceeds from sales of property and equipment | 221,000 | - | 221,000 |
| Principal paid on capital lease maturities | (805,765) | - | (805,765) |
| Proceeds from issuance of bonds and notes | - | 1,721,653 | 1,721,653 |
| Principal paid on bond and note maturities | - | (1,884,050) | (1,884,050) |
| Interest paid on bonds and notes | (87,333) | (531,021) | (618,354) |
| Bond costs deferred | - | 37,625 | 37,625 |
| Front foot assessments deferred | - | 308,706 | 308,706 |
| Net cash used by capital and related financing activities | (674,818) | (3,680,839) | (4,355,657) |
| 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 | 18,282 | 1,761 | 20,043 |
| Net cash provided by investing activities | 18,282 | 1,761 | 20,043 |
| Net (decrease) increase in cash and short-term investments | (205,553) | 720,313 | 514,760 |
| Cash and short-term investments, beginning | 7,297,572 | 939,906 | 8,237,478 |
| Cash and short-term investments, ending | \$ 7,092,019 | \$ 1,660,219 | \$ 8,752,238 |

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, 2011

| | <u>Landfill</u> | Department of <u>Water and</u> <u>Wastewater</u> | <u>Total</u> |
|--|-----------------|--|----------------|
| RECONCILIATION OF OPERATING LOSS TO | | | |
| NET CASH PROVIDED BY OPERATING ACTIVITIES: | | | |
| Operating loss | \$ (1,603,023) | \$ (1,325,301) | \$ (2,928,324) |
| Adjustments to reconcile operating loss to net cash provided by operating activities | | | |
| Depreciation | 1,905,023 | 2,591,285 | 4,496,308 |
| Changes in assets and liabilities: | | | |
| Accounts receivable | 55,083 | (271,634) | (216,551) |
| Due to state | - | (1,631) | (1,631) |
| Due from/to other funds | 256,073 | 1,500,253 | 1,756,326 |
| Deferred revenue | (925) | 1,337,910 | 1,336,985 |
| Vacation benefits | 14,011 | 9,280 | 23,291 |
| Accounts payable and accrued expenses | (175,259) | 537,229 | 361,970 |
| Net cash provided by operating activities | \$ 450,983 | \$ 4,377,391 | \$ 4,828,374 |

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

WORCESTER COUNTY, MARYLAND

STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS

June 30, 2011

| | Public Drainage <u>Associations</u> | Other Post Employment Benefits <u>Trust</u> | <u>Agency</u> |
|--|---|--|------------------|
| ASSETS | | | |
| Cash and short-term investments | \$ 416,023 | \$ 32,380,730 | \$ 2,230,986 |
| Taxes receivable | - | - | 2,134,425 |
| Special assessments receivable | 6,030 | - | - |
| Due from other funds | 2,955 | - | 565,957 |
| Total assets | 425,008 | 32,380,730 | 4,931,368 |
| LIABILITIES | | | |
| Due to other governmental units | - | - | 1,490,011 |
| Due to other funds | - | 421,618 | 1,381 |
| Other liabilities | - | - | 3,439,976 |
| Total liabilities | - | 421,618 | 4,931,368 |
| NET ASSETS | | | |
| Held in trust for other post employment benefits | - | 31,959,112 | - |
| Restricted | 425,008 | - | - |
| Total net assets | \$ 425,008 | \$ 31,959,112 | \$ - |

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, 2011

| | Public Drainage <u>Associations</u> | Other Post Employment Benefits <u>Trust</u> |
|---------------------------|---|--|
| ADDITIONS: | | |
| Special assessments | \$ 99,469 | \$ - |
| Intergovernmental | 4,917 | - |
| Employer contributions | - | 1,500,000 |
| Plan member contributions | - | 135,241 |
| Interest | 2,514 | 55,783 |
| Miscellaneous | 18,500 | - |
| Total additions | 125,400 | 1,691,024 |
| DEDUCTIONS: | | |
| Ditch maintenance | 125,643 | - |
| Claims incurred | - | 1,220,175 |
| Miscellaneous | 195 | 500 |
| Total deductions | 125,838 | 1,220,675 |
| Change in net assets | (438) | 470,349 |
| Net assets, beginning | 425,446 | 31,488,763 |
| Net assets, ending | \$ 425,008 | \$ 31,959,112 |

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, 2011. During 2011, Maryland legislature passed Senate Bill 906, which abolished the Liquor Control Board for Worcester County and created the Worcester County Department of Liquor Control, a newly formed department of Worcester County, on July 1, 2011. This newly formed department will be governed by the County Commissioners of Worcester County.

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.

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, the Casino Fund, 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, Ocean City 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 assignments 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, 2011. 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 assignment 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, 2011 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

In the governmental fund financial statements, fund balances are classified as follows:

Nonspendable – Amounts that cannot be spent either because they are in a nonspendable form or because they are legally or contractually required to be maintained intact.

Restricted – Amounts that can be spent only for specific purposes because of the County charter or code, state or federal laws, or externally imposed conditions by grantors or creditors.

Committed – Amounts that can be used only for specific purposes determined by formal action by the County Commissioners ordinance or resolution.

Assigned – Amounts that are designated by the Commissioners or management with intent to be used for specific purposes, but are neither restricted or committed by ordinance or resolution.

Unassigned – Amounts not included in other spendable classifications. In accordance with County policy, included within unassigned fund balance are reserve amounts of \$18,974,224 for contingency and emergency conditions. These reserve amounts do not meet the definition of assigned in accordance with GASB 54 and are thus included within unassigned fund balance.

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.

NOTES TO FINANCIAL STATEMENTS

Note 2. Significant Accounting Policies (continued)

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.

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, 2011, Worcester County had deposits of \$10,842,901 (carrying value \$9,589,703). 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, 2011, 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, 2011, the County had investments of \$78,484,049 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, 2011, as its only investments consisted of MLGIP.

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

| | |
|---------------------------------|----------------------|
| Petty cash | \$ 7,010 |
| Carrying amount of deposits | 9,589,704 |
| MLGIP | 78,484,049 |
| Less amounts in fiduciary funds | <u>(35,027,739)</u> |
| Total | <u>\$ 53,053,024</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, 2011, appropriate due from/to other funds have been established.

NOTES TO FINANCIAL STATEMENTS

Note 4. Interfund Balances and Transfers (continued)

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.
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, 2011, consisted of the following individual fund receivables and payables:

| | Due From Other Funds | Due to Other Funds |
|---|-------------------------|-----------------------|
| General fund: | | |
| Enterprise funds: | | |
| Landfill | \$ 273,040 | \$ - |
| Department of Water and Wastewater | 3,932,540 | - |
| Total due from enterprise funds | 4,205,580 | - |
| Other funds: | | |
| Energy service fund | - | (466,886) |
| Capital Projects fund | 626,253 | - |
| Casino fund | - | (246,699) |
| State of Maryland property tax agency fund | - | (163,933) |
| Maryland department of motor vehicles agency fund | 1,381 | - |
| Snow Hill property tax agency fund | - | (13,347) |
| Berlin property tax agency fund | - | (59,784) |
| Ocean City property tax agency fund | - | (301,039) |
| Pocomoke property tax agency fund | - | (27,854) |
| Public Drainage Association | - | (2,955) |
| OPEB Trust | 421,618 | - |
| Total due from (to) other funds | 1,049,252 | (1,282,497) |
| Total General fund due from (to) other funds | 5,254,832 | (1,282,497) |
| Other governmental funds: | | |
| General fund | 713,585 | - |
| Fiduciary funds | 145,913 | - |
| Capital projects funds: | | |
| General fund | - | (626,253) |
| Enterprise funds: | | |
| General fund | - | (4,205,580) |
| | \$ 6,114,330 | \$ (6,114,330) |

NOTES TO FINANCIAL STATEMENTS

Note 4. Interfund Balances and Transfers (continued)

Interfund transfers activity for the year ended June 30, 2011, consisted of the following individual amounts:

| | Transfers In | Transfers Out |
|--------------------------------|----------------------|----------------------|
| General fund: | | |
| Capital Projects fund | \$ - | \$ 1,578,962 |
| Debt service fund | - | 11,008,276 |
| Reserve fund | 18,974,224 | - |
| Debt Service Fund: | | |
| General fund | 11,008,276 | - |
| Capital projects funds: | | |
| General fund | 1,578,962 | - |
| Reserve Fund: | - | 18,974,224 |
| | \$ 31,561,462 | \$ 31,561,462 |

The transfer from the reserve fund was related to a fund no longer meeting the definition of a special revenue fund in accordance with Governmental Accounting Standards No. 54.

Note 5. Capital Assets

Capital asset activity for the year ended June 30, 2011, was as follows:

| | Balance June 30, 2010 | Additions | Transfers and Reductions | Balance June 30, 2011 |
|--|--------------------------|-----------------------|-----------------------------|--------------------------|
| Primary Government | | | | |
| Governmental Activities: | | | | |
| Nondepreciable Capital Assets: | | | | |
| Land and improvements | \$ 11,355,631 | \$ - | \$ - | \$ 11,355,631 |
| Construction in progress | 1,700,783 | 2,339,007 | (734,486) | 3,305,304 |
| Total Nondepreciable Capital Assets | 13,056,414 | 2,339,007 | (734,486) | 14,660,935 |
| Depreciable Capital Assets: | | | | |
| Building and building improvements | 80,575,269 | 4,400 | 367,081 | 80,946,750 |
| Improvements other than buildings | 10,141,926 | 156,215 | 367,405 | 10,665,546 |
| Machinery and equipment | 27,160,352 | - | - | 27,160,352 |
| Infrastructure | 106,429,883 | 243,529 | (414,806) | 106,258,606 |
| Total Depreciable Assets | 224,307,430 | 404,144 | 319,680 | 225,031,254 |
| Less accumulated depreciation for: | | | | |
| Buildings and building improvements | (13,958,964) | (1,947,877) | 77,192 | (15,829,649) |
| Improvements other than buildings | (2,774,411) | (507,007) | (77,192) | (3,358,610) |
| Machinery and equipment | (15,913,415) | (2,076,792) | 431,297 | (17,558,910) |
| Infrastructure | (91,596,259) | (4,300,428) | - | (95,896,687) |
| Total accumulated depreciation | (124,243,049) | (8,832,104) | 431,297 | (132,643,856) |
| Total Depreciable Capital Assets, Net | 100,064,381 | (8,427,960) | 750,977 | 92,387,398 |
| Governmental Activities Capital Assets, Net | \$ 113,120,795 | \$ (6,088,953) | \$ 16,491 | \$107,048,333 |

NOTES TO FINANCIAL STATEMENTS

Note 5. Capital Assets (continued)

Depreciation expense was charged to governmental functions as follows:

| | |
|-----------------------------------|---------------------|
| General government | \$ 712,622 |
| Public safety | 2,200,268 |
| Public works | 4,642,461 |
| Health and hospitals | 392,778 |
| Libraries, recreation and culture | 883,975 |
| | <u>883,975</u> |
| Total depreciation expense | <u>\$ 8,832,104</u> |

| | Balance June 30, 2010 | Additions | Transfers and Reductions | Balance June 30, 2011 |
|---|--------------------------|---------------------|-----------------------------|--------------------------|
| Business-type Activities | | | | |
| Nondepreciable Capital Assets: | | | | |
| Land, land rights and improvements | \$ 1,341,872 | \$ - | \$ - | \$ 1,341,872 |
| Construction in progress | 1,835,487 | 3,166,930 | (2,675,168) | 2,327,249 |
| Total Nondepreciable Capital Assets | 3,177,359 | 3,166,930 | (2,675,168) | 3,669,121 |
| Depreciable Capital Assets: | | | | |
| Buildings and building improvements | 4,233,213 | - | - | 4,233,213 |
| Improvements other than buildings | 27,820,461 | 2,719 | - | 27,823,180 |
| Machinery and equipment | 11,993,383 | 800,410 | (489,564) | 12,304,229 |
| Water and sewer systems | 77,356,177 | 166,823 | 2,675,168 | 80,198,168 |
| Total Depreciable Assets | 121,403,234 | 969,952 | 2,185,604 | 124,558,790 |
| Less accumulated depreciation for: | | | | |
| Buildings and building improvements | (824,876) | (105,831) | - | (930,707) |
| Improvements other than buildings | (21,144,436) | (1,259,467) | - | (22,403,903) |
| Machinery and equipment | (7,696,389) | (955,548) | 304,064 | (8,347,873) |
| Water and sewer systems | (21,806,607) | (2,175,462) | - | (23,982,069) |
| Total accumulated depreciation | (51,472,308) | (4,496,308) | 304,064 | (55,664,552) |
| Total Depreciable Capital Assets, Net | 69,930,926 | (3,526,356) | 2,489,668 | 68,894,238 |
| Business-type Activities Capital Assets, Net | \$ 73,108,285 | \$ (359,426) | \$ (185,500) | \$ 72,563,359 |

NOTES TO FINANCIAL STATEMENTS

Note 6. Long-Term Debt

Changes in the County's long-term obligations during 2011 were as follows:

| | Balance at June 30, 2010 | Additions | Reductions | Balance at June 30, 2011 | 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 | 2,075,000 | - | (485,000) | 1,590,000 | 505,000 |
| Consolidated Public Improvement Bonds, 2002 Series; interest 2% to 3.75%; due annually to 2017 | 2,726,177 | - | (297,647) | 2,428,530 | 307,794 |
| Consolidated Public Improvement Bonds, 2004 Series; interest 2.5% to 5%; due annually to 2020 | 20,210,000 | - | (3,130,000) | 17,080,000 | 3,290,000 |
| Consolidated Public Improvement Bonds, 2007 Series; interest at 3.5% to 4.5%; payable semiannually to 2022 | 25,270,000 | - | (1,500,000) | 23,770,000 | 1,565,000 |
| MDE Water Quality Bond; interest at .4%, due annually to 2024 | 2,602,053 | - | (230,328) | 2,371,725 | 231,249 |
| Consolidated Public Improvement Bonds, 2008 Series; interest at 3.25% to 5%; payable semiannually to 2024 | 33,165,000 | - | (1,880,000) | 31,285,000 | 1,925,000 |
| Deferred Bond Discount, net | 849,338 | - | (74,033) | 775,305 | 74,033 |
| | 89,697,568 | - | (7,597,008) | 82,100,560 | 7,898,076 |
| Compensated absences | 1,563,000 | 1,244,630 | (1,216,606) | 1,591,024 | 625,000 |
| Total Governmental Activities | \$ 91,260,568 | \$ 1,244,630 | \$ (8,813,614) | \$ 83,691,584 | \$ 8,523,076 |

NOTES TO FINANCIAL STATEMENTS

Note 6. Long-Term Debt (continued)

| | Balance at June 30, 2010 | Additions | Reductions | Balance at June 30, 2011 | Amount Due in One Year |
|--|-----------------------------|---------------------|-----------------------|-----------------------------|---------------------------|
| Business-Type Activities | | | | | |
| Estimated landfill closure costs | \$13,211,729 | \$ - | \$ (118,243) | \$13,093,486 | \$ 13,093,486 |
| General obligation bonds: | | | | | |
| Consolidated Public Improvement Bonds, 1998 Series; interest 4% to 5%; due annually to 2013 | 1,015,000 | - | (235,000) | 780,000 | 250,000 |
| Consolidated Public Improvement Bonds, 2002 Series; interest 2% to 3.75%; due annually to 2017 | 1,303,825 | - | (142,352) | 1,161,473 | 147,205 |
| Consolidated Public Improvement Bonds, 2004 Series; interest 2.5% to 5%, due annually to 2020 | 1,430,000 | - | (175,000) | 1,255,000 | 185,000 |
| MDE Water Quality Bond; interest at .4%; due annually to 2024 | 4,793,304 | - | (407,876) | 4,385,428 | 409,508 |
| Public Refunding Bonds, 2007; interest at 3.5% to 4.5%; payable semiannually to 2022 | 5,515,000 | - | (875,000) | 4,640,000 | 905,000 |
| Snug Harbor Water Quality Loan Agreement, 2007; interest 0.04%, due semiannually to 2026 | 493,734 | - | (30,393) | 463,341 | 30,514 |
| MDE Drinking Water Bond; interest at 1.1%; due annually to 2029 | 276,343 | 90,720 | (18,429) | 348,634 | 26,716 |
| Line of credit; interest at 3.94%; converts to 15 year term note in September 2011 | 388,243 | 1,630,933 | - | 2,019,176 | 75,190 |
| Deferred Bond Costs, net | (286,795) | - | 37,625 | (249,170) | 37,625 |
| Capital lease payable | 1,579,885 | 800,410 | (805,765) | 1,574,530 | 696,263 |
| | 29,720,268 | 2,522,063 | (2,770,433) | 29,471,898 | 15,856,507 |
| Compensated absences | 320,823 | 324,818 | (286,000) | 359,641 | 143,856 |
| Total Business-Type Activities | \$ 30,041,091 | \$ 2,846,881 | \$ (3,056,433) | \$ 29,831,539 | \$ 16,000,363 |

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 \$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 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.

NOTES TO FINANCIAL STATEMENTS

Note 6. Long-Term Debt (continued)

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. The County does not anticipate this to occur in the next fiscal year, therefore the entire amount is included as long-term.

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.

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 September 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, 2011, undrawn proceeds of \$480,825 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, 2011, \$4,430,000 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> |
|-----------------------------|----------------------|----------------------|-----------------------|
| 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 | 5,603,501 | 1,926,981 | 7,530,482 |
| 2017-2021 | 29,013,443 | 6,050,906 | 35,064,349 |
| 2022-2026 | 13,577,162 | 884,436 | 14,461,598 |
| Total | \$ 81,325,255 | \$ 19,720,485 | \$ 101,045,740 |

Business-Type Activities

| <u>Year Ending June 30,</u> | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|-----------------------------|----------------------|---------------------|----------------------|
| 2012 | \$ 15,122,619 | \$ 385,813 | \$ 15,508,432 |
| 2013 | 2,077,040 | 335,802 | 2,412,842 |
| 2014 | 1,793,018 | 272,123 | 2,065,141 |
| 2015 | 1,550,793 | 214,254 | 1,765,047 |
| 2016 | 1,508,747 | 168,634 | 1,677,381 |
| 2017-2021 | 4,726,167 | 351,654 | 5,077,821 |
| 2022-2026 | 1,269,941 | 101,023 | 1,370,964 |
| 2027 | 98,213 | 1,681 | 99,894 |
| Total | \$ 28,146,538 | \$ 1,830,984 | \$ 29,977,522 |

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 | \$ 4,306,977 |
| Less accumulated depreciation | (1,773,643) |
| Total | \$ 2,533,334 |

NOTES TO FINANCIAL STATEMENTS

Note 6. Long-Term Debt (continued)

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

Business-Type Activities

| <u>Year Ending June 30,</u> | |
|--|-----------------|
| 2012 | \$ 751,421 |
| 2013 | 502,237 |
| 2014 | 226,696 |
| 2015 | 128,275 |
| 2016 | 64,140 |
| | <hr/> 1,672,769 |
| Less amount representing interest | (98,239) |
| | <hr/> |
| Present value of future minimum lease payments | \$ 1,574,530 |

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

NOTES TO FINANCIAL STATEMENTS

Note 7. Pension Plans (continued)

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.

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:

| | 2011 | 2010 | 2009 |
|--|---------------|---------------|---------------|
| Payroll covered under the plan | \$ 28,161,540 | \$ 28,574,711 | \$ 28,436,090 |
| Contributions paid in: | | | |
| County payments | 3,862,556 | 3,055,837 | 3,015,832 |
| Actual contributions to required contributions | 100% | 100% | 100% |
| On-behalf payments (Library) | 204,062 | 188,139 | 129,833 |

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, 2011, the latest date available, are:

| | |
|---|----------------------------|
| Actuarially computed value of: | |
| Vested accrued benefit obligation | \$ 4,867,778 |
| Nonvested accrued benefit obligation | - |
| | <u>4,867,778</u> |
| Net assets available for pension benefits | <u>6,657,801</u> |
| Net pension (obligation) asset | <u><u>\$ 1,790,023</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, 2011 was \$90,297 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 \$2,489,490.

NOTES TO FINANCIAL STATEMENTS

Note 7. Pension Plans (continued)

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% |

As of June 30, 2011, 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 2011-2009 is as follows:

| | 2011 | 2010 | 2009 |
|--|--------------|--------------|--------------|
| Net assets available for pension benefits | \$ 6,657,801 | \$ 6,219,138 | \$ 6,121,731 |
| Pension obligation | \$ 4,867,778 | \$ 4,338,399 | \$ 4,325,930 |
| Percentage funded | 137% | 143% | 142% |
| Net pension assets | \$ 1,790,023 | \$ 1,880,739 | \$ 1,795,801 |
| Annual covered payroll | \$ 2,489,490 | \$ 2,428,306 | \$ 2,662,532 |
| Assets in excess of pension obligation as a percentage of covered payroll | 72% | 77% | 67% |
| Employer contributions | \$ 175,677 | \$ 213,592 | \$ 218,636 |
| Employer contributions as a percentage of covered payroll | 7% | 9% | 8% |

NOTES TO FINANCIAL STATEMENTS

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, 2010, 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 | 497 | 1,015 | 3 |
| Retired | 164 | 408 | 12 |
| Total | 661 | 1,423 | 15 |

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, 2011, the OPEB Trust paid for coverage of 196 retirees at a total cost, net of retiree contributions, of approximately \$1,085,000.

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.

NOTES TO FINANCIAL STATEMENTS

Note 8. Other Post-Employment Benefits (continued)

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 | \$ 3,865,862 | \$ 15,872,679 | \$ 19,738,541 | \$ 103,000 |
| Interest on net OPEB obligation | (2,024,730) | (989,912) | (3,014,642) | - |
| Adjustment to annual required contribution | 2,330,938 | 1,139,620 | 3,470,558 | - |
| Annual OPEB cost (expense) | 4,172,070 | 16,022,387 | 20,194,457 | 103,000 |
| Contributions made: | | | | |
| Contributions to trust | (1,500,000) | (1,500,000) | (3,000,000) | (152,251) |
| Pay as you go | (1,220,175) | (3,556,048) | (4,776,223) | - |
| Total contributions made | (2,720,175) | (5,056,048) | (7,776,223) | (152,251) |
| Net OPEB change | 1,451,895 | 10,966,339 | 12,418,234 | (49,251) |
| Net OPEB (asset) at beginning of year | (28,924,711) | (14,141,595) | (43,066,306) | (7,621) |
| Net OPEB (asset) at end of year | \$ (27,472,816) | \$ (3,175,256) | \$ (30,648,072) | \$ (56,872) |

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, 2011 | \$ 4,172,070 | 65% | \$ (27,472,816) |
| Board of Education | June 30, 2011 | 16,022,387 | 32% | (3,175,256) |
| Liquor Control Board | April 30, 2011 | 103,000 | 148% | (56,872) |

Funding Status and Funding Progress

The following table is as of July 1, 2010 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 | \$ 31,701,180 | \$ 51,768,790 | \$ 20,067,610 | 61.24% | \$ 28,161,540 | 71.26% |
| Board of Education | 29,842,558 | 138,892,659 | 109,050,101 | 21.49% | 64,335,742 | 169.50% |
| Total | \$ 61,543,738 | \$ 190,661,449 | \$ 129,117,711 | 82.72% | \$ 92,497,282 | 240.76% |
| Liquor Control Board | \$ 1,096,000 | \$ 1,591,317 | \$ 495,317 | 68.87% | \$ 108,000 | 458.63% |

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.

NOTES TO FINANCIAL STATEMENTS

Note 8. Other Post-Employment Benefits (continued)

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, 2010 actuarial valuation, the cost method used was the projected unit credit, with linear proration to decrement attribution. The actuarial assumptions include a 7.0% 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 on a closed basis.

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 entered into a contract on September 21, 2010 for the renovation of an existing historical building at 107 Market Street in Snow Hill, Maryland, the Purnell House. The County entered into a contract to repair the exterior for a total project cost of \$460,150, of which, \$406,949 was expended through June 30, 2011. Architectural and Engineering design services were contracted for \$32,260 in February 2011 for renovations to the interior remediation of the building.

The County has entered into a multiple contracts for the renovation of an existing building and dental equipment at 107 William Street in Berlin, MD for a new public Dental Clinic to serve the County's medical assistance and uninsured children ages 1-18. Contracts total \$194,864 for dental equipment and architectural services, of which \$194,864 has been expended through June 30, 2011. A separate contract for renovation of the building in the amount of \$326,500 was awarded on February 2, 2010 and \$325,914 was expended through June 2011. This project is being funded by a grant from the Maryland Department of Health and Mental Hygiene for \$500,000 and the Health department.

NOTES TO FINANCIAL STATEMENTS

Note 10. Commitments and Contingencies (continued)

The County signed an agreement on November 3, 2010 with Worcester Retail, LLC and OCP to provide for the construction of the US Route 50 Service Road by the developer at a fixed cost not to exceed \$531,540. The County will utilize pay-as-you-go funds to cover the cost of the road improvement.

The County has entered into multiple contracts for the replacement of the Mystic Harbor Wastewater Treatment Plant. Financing for the project will come from the U.S. Department of Agriculture and will consist of \$4.7 million in Grants and about \$7.9 million in low-interest loans payable over 40 years. The project is expected to take 18 months. Various components of the project include: a contract awarded in January 2009 for membrane bioreactor equipment at a cost of \$1,298,018; a contract awarded in August 2010 for the construction of a Lift Station Upgrade at a cost of \$736,000, a contract awarded in April 2011 for \$8,801,962 for the Wastewater Treatment Plant replacement and in May 2011 contract services were awarded for Construction Administration for \$264,422 and Construction Inspections for \$129,932.

A contract was awarded on January 18, 2011 for the West Ocean City Harbor Boat Ramp and Bulkhead Replacement Project at a total lump sum cost of \$437,106 with construction to begin February 2011. This project is being funded by two grants; Maryland Department of Natural Resources Waterway Improvement Funds for \$200,000 and the U.S. Fish and Wildlife Service for \$600,000. Through June 2011, \$337,106 was expended on this project.

The County entered into a contract on June 21, 2011 for \$234,500 for the replacement of two boilers, water heater, pumps, controls and ancillary equipment to the original section of the County Jail. The project will be paid for with pay-as-you-go funds.

NOTES TO FINANCIAL STATEMENTS

Note 11. Assigned Fund Balance

Assignments of fund balance are intended to be used for specific purposes but are not legally restricted. The assignments for 2011 are summarized as follows:

Assigned for:

| | |
|--|---------------|
| ADA County Buildings | \$ 10,000 |
| Berlin Health Department Storage and Parking | 220,000 |
| Berlin Rubblefill Cap and Closure | 600,000 |
| Economic Development Building Renovations | 35,000 |
| Encumbrances | 3,044,812 |
| Financial System upgrades and connectivity projects | 190,572 |
| Fire Training Center Water Tank | 30,000 |
| Fire Training Center Pole Building (public safety trailer storage) | 100,000 |
| Health Department Snow Hill Electric Equipment | 22,030 |
| Health Department WACS renovation - County match | 96,000 |
| Isle of Wight Building | 470,987 |
| Jail Addition | 269,000 |
| Jail Conmed Healthcare Management | 150,000 |
| Landfill Gas Remediation | 750,000 |
| Mystic Harbor sewer plant improvements | 1,000,000 |
| North End Public Works Building | 500,000 |
| Oscar Purnell House Renovation | 1,150,000 |
| Public Landing Marina | 130,000 |
| Public Works Building Expansion | 100,000 |
| Roads department paving projects | 1,000,000 |
| Route 50 Service Road | 1,688,559 |
| Showell Elementary School EDU | 650,000 |
| Snow Hill High School Athletic Fields | 512,730 |
| Snow Hill High School Design and Construction | 1,602,000 |
| Snow Hill High School portable relocation | 230,000 |
| Snow Hill High School temporary improvements | 400,000 |
| Wor-Wic College New Allied Health Building | 12,216 |
| <hr/> | |
| Total | \$ 14,963,906 |

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, Pocumoke and Snow Hill landfills stopped accepting waste in 1990. These landfills have been capped and only have postclosure care costs associated with them.

NOTES TO FINANCIAL STATEMENTS

Note 12. Landfill Closure and Postclosure Care Costs (continued)

The County has reported \$2,800,000 as the landfill closure and postclosure care liability at June 30, 2011 in the long-term liabilities section of the Statement of Net Assets relating to the closed landfill, mentioned above (see also Note 6). Also, \$13,093,486 has been reported as the estimated landfill closure and postclosure care liability at June 30, 2011 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, 2011, 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, 2011.

Though there are currently no legal restrictions on available funds, the County has approximately \$7,311,000 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, 2010. The County expects to satisfy these requirements as of June 30, 2011 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.

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.

NOTES TO FINANCIAL STATEMENTS

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, 2011 was \$204,062 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, 2011, the Board of Education had deposits of \$8,022,046 (carrying value \$6,048,491), which were either fully insured or collateralized with securities held in the name of the Board of Education, with \$7,559,808 of the balance invested in an overnight investment account which was repurchased the following day.

Capital Assets

Capital asset activity for the year ended June 30, 2011, was as follows:

| | Balance June 30, 2010 | Additions | Transfers and Reductions | Balance June 30, 2011 |
|---|--------------------------|---------------------|-----------------------------|--------------------------|
| Governmental Activities: | | | | |
| Nondepreciable Capital Assets: | | | | |
| Land and improvements | \$ 1,886,779 | \$ - | \$ - | \$ 1,886,779 |
| Construction in progress | 4,416,083 | 123,520 | (3,462,000) | 1,077,603 |
| Total Nondepreciable Capital Assets | 6,302,862 | 123,520 | (3,462,000) | 2,964,382 |
| Depreciable Capital Assets: | | | | |
| Building and building improvements | 158,423,734 | 7,876,210 | 3,462,000 | 169,761,944 |
| Machinery and equipment | 2,990,217 | 609,873 | (10,076) | 3,590,014 |
| Total Depreciable Assets | 161,413,951 | 8,486,083 | 3,451,924 | 173,351,958 |
| Less accumulated depreciation for: | | | | |
| Buildings and building improvements | (36,847,583) | (3,716,553) | - | (40,564,136) |
| Machinery and equipment | (1,592,615) | (323,302) | 10,076 | (1,905,841) |
| Total accumulated depreciation | (38,440,198) | (4,039,855) | 10,076 | (42,469,977) |
| Total Depreciable Capital Assets, Net | 122,973,753 | 4,446,228 | 3,462,000 | 130,881,981 |
| Governmental Activities Capital Assets, Net | \$ 129,276,615 | \$ 4,569,748 | \$ - | \$ 133,846,363 |
| Business-type Activities | | | | |
| Depreciable Capital Assets: | | | | |
| Machinery and equipment | \$ 250,958 | \$ - | \$ - | \$ 250,958 |
| Less accumulated depreciation for: | | | | |
| Machinery and equipment | (173,230) | (12,654) | - | (185,884) |
| Total Depreciable Capital Assets, Net | 77,728 | (12,654) | - | 65,074 |
| Business-type Activities Capital Assets, Net | \$ 77,728 | \$ (12,654) | \$ - | \$ 65,074 |

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, 2011:

| | |
|--------------------------------------|------------|
| Amounts payable at June 30, 2010 | \$ 449,273 |
| Increase in vested vacation benefits | 11,009 |
| Decrease in vested vacation benefits | (25,222) |
| <hr/> | |
| Amounts payable at June 30, 2011 | \$ 435,060 |

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, 2011, the Board's OPEB Trust, paid for coverage of 570 retirees at a total cost, net of retiree contributions, of \$3,158,831. For the year ended June 30, 2011, the County contributed \$1,500,000 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 regularly enters into contracts for goods and services during the normal course of operations. The contracts often extend over fiscal years. The Board has entered into a contract for the construction of the new Pocomoke High School. The contract is for \$34,989,159 of which \$34,764,657 was expended through June 30, 2011. This contract is being funded by Worcester County and the State of Maryland.

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 to the Court of Special Appeals of Maryland. The Court of Special Appeals 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 Court of Appeal remanded this case to the Circuit Court of Worcester County. A new trial is scheduled for April 2012.

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

NOTES TO FINANCIAL STATEMENTS

Note 15. Component Units (continued)

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.

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, 2011 was \$8,069,813 for the Board, which is included in intergovernmental revenue and education expenditures, respectively.

A. The Liquor Control Board of Worcester County

Cash and Short-Term Investments

At April 30, 2011, the Liquor Control Board of Worcester County had deposits of \$288,604 (carrying value \$206,004), 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 \$5,500 in change funds.

Capital Assets

Capital asset activity for the year ended April 30, 2011, was as follows:

| | Balance April 30, 2010 | Additions | Transfers and Reductions | Balance April 30, 2011 |
|---|---------------------------|--------------------|-----------------------------|---------------------------|
| 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 | 23,884 | - | 2,162,835 |
| Machinery and equipment | 471,012 | - | - | 471,012 |
| Total Depreciable Assets | 2,609,963 | 23,884 | - | 2,633,847 |
| Less accumulated depreciation for: | | | | |
| Buildings and building improvements | (402,044) | (97,004) | - | (499,048) |
| Machinery and equipment | (403,143) | (24,234) | - | (427,377) |
| Total accumulated depreciation | (805,187) | (121,238) | - | (926,425) |
| Total Depreciable Capital Assets, Net | 1,804,776 | (97,354) | - | 1,707,422 |
| Business-type Activities Capital Assets, Net | \$ 2,016,934 | \$ (97,354) | \$ - | \$ 1,919,580 |

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, 2011:

| | April 30, 2010 | Additions | Reductions | April 30, 2011 | Due in one year |
|----------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| Notes payable | \$ 917,850 | \$ - | \$ 56,995 | \$ 860,855 | \$ 59,679 |
| Line of Credit | 3,133,857 | 1,098,000 | 2,125,000 | 2,106,857 | 2,106,857 |
| | <u>\$ 4,051,707</u> | <u>\$ 1,098,000</u> | <u>\$ 2,181,995</u> | <u>\$ 2,967,712</u> | <u>\$ 2,166,536</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, 2011

| | Budgeted Amounts | | | Variance With |
|-------------------------------------|------------------|----------------|----------------|---------------|
| | Original | Final | Actual | Final Budget |
| REVENUES: | | | | |
| Taxes: | | | | |
| Real and personal property: | | | | |
| Real property: | | | | |
| Full-year levy | \$ 122,500,000 | \$ 122,500,000 | \$ 124,569,807 | \$ 2,069,807 |
| Semi-year levy | 78,750 | 78,750 | 53,131 | (25,619) |
| Personal property | 558,490 | 558,490 | 287,492 | (270,998) |
| Corporations and utilities | 5,041,230 | 5,041,230 | 4,974,378 | (66,852) |
| Net additions and abatements | (358,200) | (358,200) | (475,945) | (117,745) |
| | 127,820,270 | 127,820,270 | 129,408,863 | 1,588,593 |
| Interest on delinquent taxes | 500,000 | 500,000 | 950,587 | 450,587 |
| Discounts allowed on taxes | (900,000) | (900,000) | (871,711) | 28,289 |
| Tax credits for assessment increase | (7,209,711) | (7,209,711) | (7,254,116) | (44,405) |
| Total real and personal property | 120,210,559 | 120,210,559 | 122,233,623 | 2,023,064 |
| Local income tax | 10,776,000 | 10,776,000 | 10,459,699 | (316,301) |
| Other local taxes: | | | | |
| Room tax | 11,250,000 | 11,250,000 | 12,449,817 | 1,199,817 |
| Admission and amusement | 560,000 | 560,000 | 559,213 | (787) |
| Recordation | 5,250,000 | 5,250,000 | 5,987,911 | 737,911 |
| Trailer park excise tax | 100,000 | 100,000 | 158,681 | 58,681 |
| Transfer tax | 2,500,000 | 2,500,000 | 3,194,074 | 694,074 |
| Food tax | 1,050,000 | 1,050,000 | 1,163,970 | 113,970 |
| State shared: | | | | |
| Highway user revenue | 147,525 | 147,525 | 348,136 | 200,611 |
| 911 State fees | 510,044 | 510,044 | 456,553 | (53,491) |
| Total taxes | 152,354,128 | 152,354,128 | 157,011,677 | 4,657,549 |

WORCESTER COUNTY, MARYLAND

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

GENERAL FUND

Year Ended June 30, 2011

(Continued)

| | Budgeted Amounts | | | Variance With |
|-----------------------------------|------------------|------------------|------------------|---------------|
| | Original | Final | Actual | Final Budget |
| Licenses and permits: | | | | |
| Business: | | | | |
| Liquor licenses | \$ 675,000 | \$ 675,000 | \$ 741,575 | \$ 66,575 |
| Vending machine licenses | 115,000 | 115,000 | 128,990 | 13,990 |
| Traders licenses | 133,250 | 133,250 | 85,737 | (47,513) |
| Occupational licenses | 4,000 | 4,000 | 3,795 | (205) |
| Bingo permits | 15,000 | 15,000 | 19,270 | 4,270 |
| Tourist and trailer park permits | 10,000 | 10,000 | 10,490 | 490 |
| Other: | | | | |
| Building permits | 200,000 | 200,000 | 179,960 | (20,040) |
| Electrical permits | 6,000 | 6,000 | 12,785 | 6,785 |
| Marriage licenses | 14,000 | 14,000 | 24,570 | 10,570 |
| Civil ceremony licenses | 10,000 | 10,000 | 1,640 | (8,360) |
| Shoreline permits | 23,000 | 23,000 | 12,050 | (10,950) |
| Fraternal slots licenses | - | - | 500 | 500 |
| Environmental permits | 53,800 | 53,800 | 49,195 | (4,605) |
| EDU transfer fee | - | - | 3,800 | 3,800 |
| Health permits | 358,000 | 358,000 | 367,582 | 9,582 |
| Raffle permits | 2,500 | 2,500 | 1,975 | (525) |
| Plumbing permits | 35,000 | 35,000 | 39,542 | 4,542 |
| Gas permits | 10,000 | 10,000 | 6,730 | (3,270) |
| Planning and zoning permits | 37,600 | 37,600 | 45,241 | 7,641 |
| Total licenses and permits | 1,702,150 | 1,702,150 | 1,735,427 | 33,277 |
| Intergovernmental: | | | | |
| Federal grants: | | | | |
| Payments in lieu of taxes | 6,300 | 6,300 | 23,840 | 17,540 |
| CDBG economic development grant | 300,000 | 300,000 | 69,358 | (230,642) |
| MD Coastal Bays | - | - | (165) | (165) |
| US fish and wildlife service | - | - | 252,830 | 252,830 |
| AARA highway allocation grant | - | - | 1,156,654 | 1,156,654 |
| Critical area grant | - | - | 14,000 | 14,000 |
| Agricultural transfer tax | 15,000 | 15,000 | - | (15,000) |
| Crime analyst state's attorney | 45,000 | 45,000 | 54,222 | 9,222 |
| CDBG housing rehab grant | 150,000 | 150,000 | 200,166 | 50,166 |
| Grant for economic development | 2,000 | 2,000 | - | (2,000) |
| Homeland security grant | 697,183 | 697,183 | 295,369 | (401,814) |
| Department of commerce grants | 427,774 | 427,774 | 239,080 | (188,694) |
| Bulletproof vest program | 2,700 | 2,700 | 1,628 | (1,072) |
| DOJ - ATF sheriff grant | - | - | 2,101 | 2,101 |
| DOJ - sheriff grant | - | - | 29,332 | 29,332 |

WORCESTER COUNTY, MARYLAND

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

GENERAL FUND

Year Ended June 30, 2011

(Continued)

| | Budgeted Amounts | | Actual | Variance With Final Budget |
|---|------------------|-----------|-----------|-------------------------------|
| | Original | Final | | |
| Intergovernmental, continued: | | | | |
| Federal grants, continued: | | | | |
| Emergency shelter grant | \$ 30,890 | \$ 30,890 | \$ 31,622 | \$ 732 |
| MDE beach monitoring grant | 3,500 | 3,500 | 3,190 | (310) |
| TEFAP grant | 1,725 | 1,725 | - | (1,725) |
| Library grants | - | - | 750 | 750 |
| Sheriff-C-Safe grant | 4,000 | 4,000 | 2,200 | (1,800) |
| State grants: | | | | |
| Police protection | 89,427 | 89,427 | 93,769 | 4,342 |
| 911 support | 2,500 | 2,500 | 92,958 | 90,458 |
| MD ADC security grant | - | - | 38,267 | 38,267 |
| Child support enforcement | 52,267 | 52,267 | 7,243 | (45,024) |
| State park revenues | 300,000 | 300,000 | - | (300,000) |
| Open space program - parks | 27,750 | 27,750 | 53,629 | 25,879 |
| Open space program - recreation | - | - | 89,900 | 89,900 |
| Library aid | 137,967 | 137,967 | 137,967 | - |
| Other housing rehab income | 2,500 | 2,500 | 13,650 | 11,150 |
| Rural Legacy administrative fee | 12,000 | 12,000 | 68,234 | 56,234 |
| Share of state forest land | - | - | 52,924 | 52,924 |
| Eastern Shore library grant | 60,000 | 60,000 | 84,196 | 24,196 |
| Traffic grant health department | 16,500 | 16,500 | 500 | (16,000) |
| DHMH dental clinic grant | - | - | 400,768 | 400,768 |
| MEIMSS grant - emergency services | 2,200 | 2,200 | - | (2,200) |
| Dedicated service/DVUP grant | 10,000 | 10,000 | - | (10,000) |
| Family support services MACRO grant | - | - | 17,250 | 17,250 |
| Department of environmental training - LEPC | 5,367 | 5,367 | 5,367 | - |
| Homeless women grant | 22,101 | 22,101 | 24,557 | 2,456 |
| Sheriff-sex offender grant | 20,000 | 20,000 | 39,504 | 19,504 |
| Sheriff-health underage drinking | 2,000 | 2,000 | 2,500 | 500 |
| CREP program | 12,780 | 12,780 | 12,780 | - |
| Intern program grant | 75,000 | 75,000 | - | (75,000) |
| Library grant | 2,000 | 2,000 | - | (2,000) |
| Fire companies | 261,169 | 261,169 | 262,172 | 1,003 |
| Tourism | 25,000 | 25,000 | 60,723 | 35,723 |

WORCESTER COUNTY, MARYLAND

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

Year Ended June 30, 2011
(Continued)

| | <u>Budgeted Amounts</u> | | <u>Actual</u> | <u>Variance With</u> <u>Final Budget</u> |
|--------------------------------------|-------------------------|------------------|------------------|---|
| | <u>Original</u> | <u>Final</u> | | |
| Intergovernmental, continued: | | | | |
| State grants, continued: | | | | |
| DHCD housing administration fees | \$ 7,000 | \$ 7,000 | \$ 8,535 | \$ 1,535 |
| Rental assistance program | 30,000 | 30,000 | - | (30,000) |
| Septic system monitoring | 17,100 | 17,100 | 24,131 | 7,031 |
| Social services programs | - | - | 115,104 | 115,104 |
| Family support grant | 189,897 | 189,897 | 188,439 | (1,458) |
| Drug court coordinator | 256,446 | 256,446 | 239,679 | (16,767) |
| Waterway improvement grants | 75,000 | 75,000 | 149,558 | 74,558 |
| Welcome center grant | - | - | 30,000 | 30,000 |
| Water resources grant | - | - | 280,344 | 280,344 |
| Other grants | 50,000 | 50,000 | 10,682 | (39,318) |
| Total intergovernmental | 3,450,043 | 3,450,043 | 4,981,507 | 1,531,464 |
| Service charges and fees: | | | | |
| Liquor dispensary profits | 168,625 | 168,625 | 363,568 | 194,943 |
| Liquor advertising fees | 1,500 | 1,500 | 2,160 | 660 |
| Donation sponsorship program | - | - | 3 | 3 |
| Dental program reimbursement | - | - | 98,399 | 98,399 |
| Sheriff fees | 88,500 | 88,500 | 71,662 | (16,838) |
| Sales of publications and copies | 6,000 | 6,000 | 5,428 | (572) |
| Library use charges | 37,000 | 37,000 | 37,141 | 141 |
| Library erate reimbursements | 12,000 | 12,000 | 11,354 | (646) |
| First offender program fees | - | - | 600 | 600 |
| Prosecution fees | 4,000 | 4,000 | - | (4,000) |
| Mosquito control charges | 40,000 | 40,000 | 51,224 | 11,224 |
| Sheriff fees-star team reimbursement | 25,000 | 25,000 | - | (25,000) |
| Salary reimbursement | 6,704 | 6,704 | (926) | (7,630) |
| Recreation center fees | 45,000 | 45,000 | 67,330 | 22,330 |
| Vehicle tag fees | 3,000 | 3,000 | 4,527 | 1,527 |
| Critical area fees | 30,000 | 30,000 | 21,150 | (8,850) |
| Library special projects | 5,000 | 5,000 | - | (5,000) |
| Casino security | - | - | 4,590 | 4,590 |
| Forestry review fees | 10,000 | 10,000 | 6,573 | (3,427) |
| Stormwater management review fees | 60,000 | 60,000 | 55,978 | (4,022) |
| Tourism co-op advertising | 2,000 | 2,000 | 3,750 | 1,750 |
| Trial jury reimbursement | - | - | 50,340 | 50,340 |
| Public works revenues | 25,000 | 25,000 | 15,858 | (9,142) |
| Roads department fees | - | - | 65,126 | 65,126 |
| Recreation fees | 50,000 | 50,000 | 41,223 | (8,777) |
| Water and sewer plan amendment fees | 1,000 | 1,000 | 600 | (400) |

WORCESTER COUNTY, MARYLAND

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

Year Ended June 30, 2011
(Continued)

| | Budgeted Amounts | | Actual | Variance With Final Budget |
|---|-----------------------|-----------------------|-----------------------|-------------------------------|
| | Original | Final | | |
| Service charges and fees, continued: | | | | |
| Park fees | \$ 22,800 | \$ 22,800 | \$ 14,832 | \$ (7,968) |
| Concession stand fees | 20,000 | 20,000 | 19,214 | (786) |
| Environmental fees | 28,200 | 28,200 | 16,710 | (11,490) |
| Circuit court bar library | 5,000 | 5,000 | 2,795 | (2,205) |
| Firearms training center fees | 22,800 | 22,800 | - | (22,800) |
| Payments for jail use | 3,575,800 | 3,575,800 | 4,796,713 | 1,220,913 |
| Fire inspection fees | 50,000 | 50,000 | 82,176 | 32,176 |
| Family service fees | 4,000 | 4,000 | 3,425 | (575) |
| Community service fees | 88,000 | 88,000 | 66,984 | (21,016) |
| Housing program fees | 9,750 | 9,750 | - | (9,750) |
| Franchise fees | 22,800 | 22,800 | 22,083 | (717) |
| Total service charges and fees | 4,469,479 | 4,469,479 | 6,002,590 | 1,533,111 |
| Miscellaneous: | | | | |
| Court fines | 74,000 | 74,000 | 40,485 | (33,515) |
| Civil infraction fines | 3,550 | 3,550 | 2,400 | (1,150) |
| Retiree drug subsidy | 250,000 | 250,000 | 261,690 | 11,690 |
| Interest on investments | 250,000 | 250,000 | 187,322 | (62,678) |
| Conservation easement reimbursements | - | - | 28,764 | 28,764 |
| Rent revenue | 89,314 | 89,314 | 94,716 | 5,402 |
| Sale of fixed assets | 10,000 | 10,000 | 23,141 | 13,141 |
| Miscellaneous | 25,000 | 25,000 | 161,006 | 136,006 |
| On-behalf payments | - | - | 204,062 | 204,062 |
| Total miscellaneous | 701,864 | 701,864 | 1,003,586 | 301,722 |
| Total revenues | \$ 162,677,664 | \$ 162,677,664 | \$ 170,734,787 | \$ 8,057,123 |

WORCESTER COUNTY, MARYLAND

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

Year Ended June 30, 2011
(Continued)

EXPENDITURES:

General government:

County Commissioners' office:

| | | | | |
|------------------------------|------------|------------|------------|-------------|
| Salaries | \$ 864,323 | \$ 864,323 | \$ 897,564 | \$ (33,241) |
| Benefits | 460,678 | 460,678 | 376,632 | 84,046 |
| Administrative | 31,200 | 29,675 | 26,504 | 3,171 |
| Other supplies and equipment | 7,000 | 7,000 | 3,111 | 3,889 |
| Legal | (31,100) | (29,575) | 4,582 | (34,157) |
| Vehicle operations | 5,700 | 5,700 | 1,779 | 3,921 |
| Building site | 8,000 | 8,000 | 6,886 | 1,114 |
| Advertisements | 26,000 | 26,000 | 8,613 | 17,387 |
| Training and travel | 38,000 | 38,000 | 28,314 | 9,686 |
| Enterprise fund credits | (141,489) | (141,489) | (141,489) | - |
| | 1,268,312 | 1,268,312 | 1,212,496 | 55,816 |

Circuit Court:

| | | | | |
|--------------------------------|-----------|-----------|-----------|----------|
| Salaries | 851,073 | 851,073 | 835,242 | 15,831 |
| Benefits | 428,691 | 428,691 | 350,481 | 78,210 |
| Administrative | 19,406 | 18,456 | 18,611 | (155) |
| Other supplies and equipment | 9,610 | 9,370 | 10,039 | (669) |
| Equipment maintenance | 24,894 | 25,844 | 25,838 | 6 |
| Grant services | 199,993 | 199,993 | 225,827 | (25,834) |
| Legal | 71,100 | 71,340 | 89,650 | (18,310) |
| Building site | 15,120 | 16,485 | 16,483 | 2 |
| Other maintenance and services | 1,800 | 1,800 | 1,119 | 681 |
| Advertisements | 428 | 428 | - | 428 |
| Training and travel | 13,950 | 12,585 | 5,592 | 6,993 |
| | 1,636,065 | 1,636,065 | 1,578,882 | 57,183 |

Orphans' Court:

| | | | | |
|---------------------|--------|--------|--------|-------|
| Salaries | 15,000 | 15,000 | 15,577 | (577) |
| Benefits | 7,995 | 7,995 | 6,536 | 1,459 |
| Training and travel | 5,390 | 5,390 | 4,800 | 590 |
| | 28,385 | 28,385 | 26,913 | 1,472 |

WORCESTER COUNTY, MARYLAND

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

Year Ended June 30, 2011
(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: | | | | |
| State's Attorney's office: | | | | |
| Salaries | \$ 1,264,225 | \$ 1,264,225 | \$ 1,301,023 | \$ (36,798) |
| Benefits | 671,785 | 671,785 | 549,225 | 122,560 |
| Overtime pay | 30,000 | 27,530 | 7,853 | 19,677 |
| Administrative | 17,875 | 21,354 | 21,775 | (421) |
| Other supplies and equipment | 4,051 | 3,344 | 3,320 | 24 |
| Equipment maintenance | 7,770 | 9,191 | 9,191 | - |
| Uniforms and personal equipment | 150 | 104 | 104 | - |
| Grant services | - | - | 6,234 | (6,234) |
| Legal | 7,400 | 8,014 | 8,014 | - |
| Vehicle operating expense | 11,675 | 9,242 | 9,231 | 11 |
| Building site | 15,000 | 10,310 | 10,310 | - |
| Other maintenance and services | - | 502 | 502 | - |
| Training and travel | 9,926 | 12,427 | 26,121 | (13,694) |
| Consulting services | - | 2,922 | 2,922 | - |
| New Equipment | 24,074 | 22,981 | 22,881 | 100 |
| Interfund | (53,000) | (53,000) | (45,865) | (7,135) |
| | 2,010,931 | 2,010,931 | 1,932,841 | 78,090 |
| Treasurer's office: | | | | |
| Salaries | 1,466,739 | 1,148,781 | 1,186,371 | (37,590) |
| Benefits | 608,909 | 608,909 | 497,820 | 111,089 |
| Administrative | 50,486 | 50,486 | 36,146 | 14,340 |
| Other supplies and equipment | 7,900 | 4,300 | 4,170 | 130 |
| Equipment maintenance | 11,600 | 11,600 | 16,185 | (4,585) |
| Legal | 1,500 | 1,500 | - | 1,500 |
| Consulting services | 2,000 | 2,000 | 1,369 | 631 |
| Vehicle operating expense | 1,000 | - | - | - |
| Building site | 16,150 | 16,150 | 18,077 | (1,927) |
| Training and travel | 14,250 | 5,800 | 4,711 | 1,089 |
| Enterprise fund credits | (366,376) | (338,184) | (337,585) | (599) |
| | 1,814,158 | 1,511,342 | 1,427,264 | 84,078 |
| Elections office: | | | | |
| State employees' salaries and benefits | 326,803 | 326,803 | 302,779 | 24,024 |
| Salaries | 8,100 | 8,100 | 8,238 | (138) |
| Benefits | 4,228 | 4,228 | 3,457 | 771 |
| Administrative | 16,700 | 16,463 | 9,927 | 6,536 |
| Other supplies and equipment | 12,305 | 13,529 | 3,941 | 9,588 |
| Voting machines and poll expenses | 306,680 | 305,693 | 163,921 | 141,772 |

WORCESTER COUNTY, MARYLAND

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

GENERAL FUND

Year Ended June 30, 2011

(Continued)

| | <u>Budgeted Amounts</u> | | <u>Actual</u> | <u>Variance With Final Budget</u> |
|---------------------------------------|-------------------------|--------------|---------------|---------------------------------------|
| | <u>Original</u> | <u>Final</u> | | |
| General government, continued: | | | | |
| Elections office, continued: | | | | |
| Equipment maintenance | \$ 54,500 | \$ 54,500 | \$ 6,965 | \$ 47,535 |
| Consulting services | 50,000 | 50,000 | 15,866 | 34,134 |
| Building site | 20,300 | 20,300 | 13,892 | 6,408 |
| Other maintenance and services | 2,520 | 2,520 | 887 | 1,633 |
| Training and travel | 21,694 | 21,694 | 12,079 | 9,615 |
| New equipment | 141,200 | 141,200 | 98,638 | 42,562 |
| | 965,030 | 965,030 | 640,590 | 324,440 |
| Human resources: | | | | |
| Salaries | 327,361 | 327,361 | 330,838 | (3,477) |
| Benefits | 169,804 | 169,804 | 138,825 | 30,979 |
| Administrative | 11,025 | 11,025 | 5,089 | 5,936 |
| Other supplies and equipment | 300 | 1,150 | 1,101 | 49 |
| Equipment maintenance | 4,700 | 4,700 | 2,946 | 1,754 |
| Program expense | 1,500 | 1,500 | 1,947 | (447) |
| Legal | 770 | 770 | - | 770 |
| Consulting services | 14,100 | 14,100 | 9,525 | 4,575 |
| Vehicle operating expenses | 6,400 | 6,400 | 3,427 | 2,973 |
| Building site | 2,500 | 2,500 | 2,209 | 291 |
| Other maintenance and services | 850 | - | - | - |
| Advertising | 350 | 350 | - | 350 |
| Training and travel | 3,355 | 3,355 | 445 | 2,910 |
| Enterprise fund credits | (62,198) | (62,198) | (60,883) | (1,315) |
| | 480,817 | 480,817 | 435,469 | 45,348 |
| Development review and permitting: | | | | |
| Salaries | 2,364,490 | 2,364,490 | 2,459,096 | (94,606) |
| Benefits | 1,262,140 | 1,262,140 | 1,031,876 | 230,264 |
| Administrative | 32,900 | 32,900 | 15,326 | 17,574 |
| Other supplies and equipment | 22,300 | 22,300 | 5,922 | 16,378 |
| Equipment maintenance | 55,556 | 55,556 | 45,162 | 10,394 |
| Grant programs | - | - | 235,576 | (235,576) |
| Legal | 34,500 | 34,500 | 23,124 | 11,376 |
| Consulting services | 57,000 | 57,000 | 53,179 | 3,821 |
| Vehicle operating expenses | 37,000 | 37,000 | 34,464 | 2,536 |

WORCESTER COUNTY, MARYLAND

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

GENERAL FUND

Year Ended June 30, 2011

(Continued)

| | Budgeted Amounts | | | Variance With |
|---|-------------------|-------------------|-------------------|---------------------|
| | <u>Original</u> | <u>Final</u> | <u>Actual</u> | <u>Final Budget</u> |
| General government, continued: | | | | |
| Development review and permitting, continued: | | | | |
| Building site | \$ 17,500 | \$ 17,500 | \$ 13,167 | \$ 4,333 |
| Other maintenance and services | 2,500 | 2,500 | 468 | 2,032 |
| Advertisements | 18,730 | 18,730 | 13,791 | 4,939 |
| Training and travel | 39,750 | 39,750 | 17,063 | 22,687 |
| Enterprise fund credits | (91,822) | (91,822) | (91,822) | - |
| | 3,852,544 | 3,852,544 | 3,856,392 | (3,848) |
| Other general government: | | | | |
| Tri-County Council | 279,000 | 279,000 | 279,000 | - |
| Building site | 858,874 | 884,850 | 859,788 | 25,062 |
| Training and travel | 8,700 | 8,700 | 5,361 | 3,339 |
| Administrative | 173,127 | 173,127 | 153,257 | 19,870 |
| Consulting services | 62,400 | 62,400 | 58,119 | 4,281 |
| Property-liability insurance | 425,000 | 425,000 | 321,493 | 103,507 |
| Equipment maintenance | 190,460 | 190,460 | 166,066 | 24,394 |
| Other maintenance and services | 4,428 | 4,428 | 525 | 3,903 |
| Other supplies and equipment | 43,700 | 43,700 | 91,181 | (47,481) |
| Other expenses | 25,000 | 45,000 | 2,793 | 42,207 |
| Other non-matching expenses | 22,000 | 22,000 | 266,578 | (244,578) |
| | 2,092,689 | 2,138,665 | 2,204,161 | (65,496) |
| Total general government | 14,148,931 | 13,892,091 | 13,315,008 | 577,083 |
| Public safety: | | | | |
| Sheriff's office: | | | | |
| Salaries | 4,094,480 | 4,094,480 | 3,971,599 | 122,881 |
| Overtime pay | 183,000 | 183,000 | 240,280 | (57,280) |
| Benefits | 2,161,762 | 2,161,762 | 1,767,371 | 394,391 |
| Administrative | 19,850 | 13,300 | 22,062 | (8,762) |
| Other supplies and equipment | 143,890 | 135,322 | 143,492 | (8,170) |
| Equipment maintenance | 99,032 | 75,659 | 80,347 | (4,688) |
| Uniforms and personal equipment | 98,242 | 120,209 | 124,754 | (4,545) |
| Grant programs | - | - | 29,332 | (29,332) |
| Legal | 1,000 | 1,000 | 806 | 194 |
| Consulting | 8,900 | 8,900 | 7,019 | 1,881 |

WORCESTER COUNTY, MARYLAND

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

Year Ended June 30, 2011
(Continued)

| | <u>Budgeted Amounts</u> | | <u>Actual</u> | <u>Variance With</u> |
|-----------------------------------|-------------------------|--------------|---------------|----------------------|
| | <u>Original</u> | <u>Final</u> | | <u>Final Budget</u> |
| Public safety, continued: | | | | |
| Sheriff's office, continued: | | | | |
| Vehicle operating expenses | \$ 281,450 | \$ 311,597 | \$ 311,126 | \$ 471 |
| Building site | 40,300 | 42,133 | 38,593 | 3,540 |
| Training and travel | 29,500 | 24,299 | 26,156 | (1,857) |
| New equipment | 130,125 | 119,870 | 119,870 | - |
| | 7,291,531 | 7,291,531 | 6,882,807 | 408,724 |
| Emergency services: | | | | |
| Salaries | 1,185,848 | 1,185,848 | 1,152,875 | 32,973 |
| Overtime pay | 15,000 | 15,000 | 20,490 | (5,490) |
| Benefits | 729,412 | 602,234 | 492,338 | 109,896 |
| Administrative | 4,416 | 4,416 | 3,570 | 846 |
| Advertising | - | - | 680 | (680) |
| Other supplies and equipment | 57,978 | 57,978 | 58,218 | (240) |
| Equipment maintenance | 311,739 | 311,739 | 298,962 | 12,777 |
| Uniforms and personal equipment | 1,000 | 1,000 | 937 | 63 |
| Grant programs | 1,103,108 | 1,103,108 | 475,878 | 627,230 |
| Legal | - | - | 60 | (60) |
| Consulting | - | - | 2,339 | (2,339) |
| Vehicle operating expenses | 8,500 | 8,500 | 8,512 | (12) |
| Building site | 184,108 | 184,108 | 175,717 | 8,391 |
| Training and travel | 4,500 | 4,500 | 3,437 | 1,063 |
| Enterprise fund credits | (13,500) | (13,500) | - | (13,500) |
| Information technology operations | - | 409,994 | 330,862 | 79,132 |
| | 3,592,109 | 3,874,925 | 3,024,875 | 850,050 |
| Jail: | | | | |
| Salaries | 5,086,728 | 5,086,728 | 5,217,485 | (130,757) |
| Overtime pay | 10,000 | 10,000 | 10,382 | (382) |
| Benefits | 2,683,221 | 2,683,221 | 2,193,696 | 489,525 |
| Administrative | 5,850 | 5,850 | 10,653 | (4,803) |
| Other supplies and equipment | 9,850 | 9,850 | 11,056 | (1,206) |
| Equipment maintenance | 25,200 | 25,200 | 22,403 | 2,797 |
| Uniforms and personal equipment | 40,550 | 40,550 | 35,350 | 5,200 |
| Inmate supplies and services | 1,066,875 | 1,066,875 | 1,380,751 | (313,876) |
| Legal | 250 | 250 | 209 | 41 |
| Consulting services | 4,300 | 4,300 | 7,704 | (3,404) |
| Vehicle operating expenses | 10,100 | 10,100 | 16,429 | (6,329) |
| Building site | 733,825 | 733,825 | 761,826 | (28,001) |

WORCESTER COUNTY, MARYLAND

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

GENERAL FUND

Year Ended June 30, 2011

(Continued)

| | <u>Budgeted Amounts</u> | | <u>Actual</u> | <u>Variance With</u> |
|-------------------------------------|-------------------------|-------------------|-------------------|----------------------|
| | <u>Original</u> | <u>Final</u> | | <u>Final Budget</u> |
| Public safety, continued: | | | | |
| Jail, continued: | | | | |
| Other maintenance and services | \$ 7,950 | \$ 7,950 | \$ 10,901 | \$ (2,951) |
| Training and travel | 17,350 | 17,350 | 13,846 | 3,504 |
| | 9,702,049 | 9,702,049 | 9,692,691 | 9,358 |
| Fire Marshall: | | | | |
| Salaries | 281,873 | 281,873 | 286,076 | (4,203) |
| Overtime pay | 10,000 | 10,000 | 9,445 | 555 |
| Benefits | 151,677 | 151,677 | 124,005 | 27,672 |
| Administrative | 7,255 | 7,255 | 4,467 | 2,788 |
| Other supplies and equipment | 19,900 | 19,900 | 8,312 | 11,588 |
| Equipment maintenance | 8,700 | 8,700 | 7,046 | 1,654 |
| Uniforms and personal equipment | 3,500 | 3,500 | 2,000 | 1,500 |
| Legal | - | - | 30 | (30) |
| Consulting services | 600 | 600 | - | 600 |
| Vehicle operating expenses | 19,500 | 19,500 | 17,564 | 1,936 |
| Building site | 2,000 | 2,000 | 1,640 | 360 |
| Other maintenance and services | - | - | 31 | (31) |
| Training and travel | 35,325 | 35,325 | 6,592 | 28,733 |
| | 540,330 | 540,330 | 467,208 | 73,122 |
| Volunteer fire departments: | | | | |
| County grant to fire companies | 2,287,100 | 2,287,100 | 2,288,800 | (1,700) |
| Fireman's Training Center | 16,090 | 16,090 | 22,527 | (6,437) |
| State grant for fire companies | 261,170 | 261,170 | 262,172 | (1,002) |
| County grant to ambulance companies | 3,117,621 | 3,117,621 | 3,117,617 | 4 |
| LOSAP appropriation | 126,600 | 126,600 | 118,400 | 8,200 |
| | 5,808,581 | 5,808,581 | 5,809,516 | (935) |
| Total public safety | 26,934,600 | 27,217,416 | 25,877,097 | 1,340,319 |

WORCESTER COUNTY, MARYLAND

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

Year Ended June 30, 2011

(Continued)

| | <u>Budgeted Amounts</u> | | | <u>Variance With</u> |
|----------------------------------|-------------------------|--------------|---------------|----------------------|
| | <u>Original</u> | <u>Final</u> | <u>Actual</u> | <u>Final Budget</u> |
| Public works: | | | | |
| Maintenance: | | | | |
| Salaries | \$ 840,684 | \$ 840,684 | \$ 836,910 | \$ 3,774 |
| Benefits | 429,547 | 429,547 | 351,181 | 78,366 |
| Administrative | 2,200 | 933 | 863 | 70 |
| Other supplies and equipment | 16,430 | 14,730 | 13,754 | 976 |
| Equipment maintenance | 1,800 | 1,800 | 1,779 | 21 |
| Uniforms and personal equipment | 4,515 | 4,515 | 3,705 | 810 |
| Consulting services | 650 | 650 | - | 650 |
| Vehicle operating expenses | 48,850 | 48,850 | 44,732 | 4,118 |
| Building expenses | 17,660 | 20,627 | 19,303 | 1,324 |
| Custodial services | 300 | 300 | - | 300 |
| Advertising | 1,000 | 1,000 | 501 | 499 |
| Training and travel | 410 | 410 | 294 | 116 |
| | 1,364,046 | 1,364,046 | 1,273,022 | 91,024 |
| Roads department: | | | | |
| Salaries | 1,485,334 | 1,485,334 | 1,453,409 | 31,925 |
| Benefits | 745,967 | 745,967 | 609,874 | 136,093 |
| Administrative | 2,125 | 2,150 | 1,217 | 933 |
| Other supplies and equipment | 77,100 | 78,245 | 39,527 | 38,718 |
| Grant programs | - | - | 1,156,654 | (1,156,654) |
| Equipment maintenance | 2,000 | 2,005 | 2,003 | 2 |
| Road maintenance materials | 53,000 | 53,000 | 32,879 | 20,121 |
| Uniforms and personal equipment | 8,500 | 8,500 | 6,875 | 1,625 |
| Consulting services | 625 | 1,285 | 828 | 457 |
| Vehicle operating expenses | 319,500 | 282,300 | 247,816 | 34,484 |
| Building and property | 46,400 | 48,495 | 32,013 | 16,482 |
| Road maintenance | 110,227 | 143,497 | 127,778 | 15,719 |
| Special road construction | 500 | 500 | - | 500 |
| Advertising | 200 | 200 | 130 | 70 |
| Training and travel | 1,300 | 1,300 | 649 | 651 |
| Enterprise fund credits | (29,150) | (29,150) | (29,150) | - |
| | 2,823,628 | 2,823,628 | 3,682,502 | (858,874) |
| Public works administration: | | | | |
| Salaries | 444,319 | 444,319 | 483,506 | (39,187) |
| Benefits | 248,161 | 248,161 | 202,887 | 45,274 |
| Administrative | 3,975 | 3,975 | 2,047 | 1,928 |
| Supplies and equipment | 10,110 | 8,097 | 6,126 | 1,971 |

WORCESTER COUNTY, MARYLAND

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

Year Ended June 30, 2011
(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 | \$ 10,013 | \$ 4,466 | \$ 5,547 |
| Uniforms and personal equipment | 780 | 780 | 759 | 21 |
| Program expense | 350 | 350 | 13 | 337 |
| Legal | 3,000 | 3,000 | 388 | 2,612 |
| Consulting services | 90,300 | 64,324 | 74,250 | (9,926) |
| Vehicle operating expenses | 14,000 | 11,800 | 9,010 | 2,790 |
| Building and property | 9,500 | 9,500 | 4,711 | 4,789 |
| Other maintenance and services | 1,200 | 1,200 | 1,131 | 69 |
| Fleet services | (82,124) | (82,124) | (25,589) | (56,535) |
| Custodial services | 10,000 | 10,000 | 2,966 | 7,034 |
| Central gas facility | - | - | (32,394) | 32,394 |
| Advertising | 720 | 720 | - | 720 |
| Training and travel | 2,880 | 2,880 | 1,027 | 1,853 |
| Enterprise fund credits | (120,577) | (120,577) | (121,576) | 999 |
| | 642,394 | 616,418 | 613,728 | 2,690 |
| Total public works | 4,830,068 | 4,804,092 | 5,569,252 | (765,160) |
| Health and hospitals: | | | | |
| Health department: | | | | |
| Administrative | 3,000 | 3,000 | 887 | 2,113 |
| Health clinic's building expenses | 408,659 | 408,659 | 483,732 | (75,073) |
| Maintenance | - | - | 787 | (787) |
| Other non-matching expenses | 69,763 | 69,763 | 69,750 | 13 |
| Matching appropriation | 4,015,897 | 4,015,897 | 4,015,897 | - |
| | 4,497,319 | 4,497,319 | 4,571,053 | (73,734) |
| Mosquito control: | | | | |
| Salaries | 35,796 | 35,796 | 37,173 | (1,377) |
| Benefits | 19,079 | 19,079 | 15,598 | 3,481 |
| Administrative | 350 | 540 | 443 | 97 |
| Equipment maintenance | 516 | 939 | 939 | - |
| Uniforms and personal equipment | 180 | 180 | 113 | 67 |
| Vehicle operations | 10,500 | 18,441 | 18,440 | 1 |
| Building and property expenses | 2,620 | 3,798 | 3,384 | 414 |
| Appropriation for spraying | 133,378 | 123,646 | 59,329 | 64,317 |
| | 202,419 | 202,419 | 135,419 | 67,000 |

WORCESTER COUNTY, MARYLAND

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

Year Ended June 30, 2011
(Continued)

| | Budgeted Amounts | | | Variance With |
|--|------------------|------------------|------------------|---------------------|
| | <u>Original</u> | <u>Final</u> | <u>Actual</u> | <u>Final Budget</u> |
| Health and hospitals, continued: | | | | |
| Other health and hospitals: | | | | |
| Worcester Development Center | \$ 219,497 | \$ 219,497 | \$ 219,497 | \$ - |
| Hartley Hall | 11,250 | 11,250 | 11,250 | - |
| | 230,747 | 230,747 | 230,747 | - |
| Total health and hospitals | 4,930,485 | 4,930,485 | 4,937,219 | (6,734) |
| Social services: | | | | |
| Commission on Aging: | | | | |
| Administrative | 4,000 | 4,000 | 4,000 | - |
| Supplies and equipment | 4,500 | 4,500 | 4,500 | - |
| Consulting services | 21,000 | 21,000 | 21,000 | - |
| Senior Transportation | 15,000 | 15,000 | 15,000 | - |
| Senior center building expenses | 248,065 | 248,065 | 275,758 | (27,693) |
| Other maintenance and services | 200 | 200 | 200 | - |
| Training and travel | 3,000 | 3,000 | 3,000 | - |
| Appropriation for Commission on Aging | 633,344 | 633,344 | 633,344 | - |
| | 929,109 | 929,109 | 956,802 | (27,693) |
| Other social services: | | | | |
| Salaries | - | - | 80,557 | (80,557) |
| Benefits | 41,346 | 41,346 | 33,803 | 7,543 |
| State pass through grant Diakonia | 40,401 | 40,401 | 39,557 | 844 |
| State pass through grant Samaritan Shelter | 12,590 | 12,590 | 16,622 | (4,032) |
| State pass through grant Social Services | 31,725 | 31,725 | - | 31,725 |
| 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 | 9,312 | (312) |
| 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, 2011
(Continued)

| | Budgeted Amounts | | Actual | Variance With Final Budget |
|--|-------------------|-------------------|-------------------|-------------------------------|
| | Original | Final | | |
| 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 | - |
| | 326,222 | 326,222 | 371,011 | (44,789) |
| Total social services | 1,255,331 | 1,255,331 | 1,327,813 | (72,482) |
| Education: | | | | |
| Board of Education: | | | | |
| Retirement | 537,757 | 537,757 | 536,595 | 1,162 |
| Post retirement benefits | 1,500,000 | 1,500,000 | 1,500,000 | - |
| School building improvements | 100,000 | 100,000 | 100,000 | - |
| Operating appropriations | 71,039,072 | 71,039,072 | 71,039,072 | - |
| Technology program | 200,000 | 200,000 | 200,000 | - |
| | 73,376,829 | 73,376,829 | 73,375,667 | 1,162 |
| WOR-WIC Community College: | | | | |
| Operating appropriation | 1,441,762 | 1,441,762 | 1,441,762 | - |
| | 1,441,762 | 1,441,762 | 1,441,762 | - |
| Total education | 74,818,591 | 74,818,591 | 74,817,429 | 1,162 |
| Libraries, recreation, parks and culture: | | | | |
| Recreation department: | | | | |
| Salaries | 610,548 | 610,548 | 583,715 | 26,833 |
| Benefits | 299,594 | 299,594 | 244,936 | 54,658 |
| Administrative | 20,800 | 20,672 | 9,520 | 11,152 |
| Other supplies and equipment | 18,840 | 18,840 | 16,190 | 2,650 |
| Equipment maintenance | 6,500 | 6,500 | 5,693 | 807 |
| Uniforms and personal equipment | 1,185 | 1,185 | 925 | 260 |
| Recreation program | 81,067 | 81,067 | 66,333 | 14,734 |
| Vehicle and equipment operating | 2,500 | 2,500 | 2,268 | 232 |
| Building site | 152,424 | 152,424 | 225,663 | (73,239) |

WORCESTER COUNTY, MARYLAND

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

Year Ended June 30, 2011
(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: | | | | |
| Recreation department, continued: | | | | |
| Park improvements | \$ - | \$ 128 | \$ 128 | \$ - |
| Training and travel | 4,700 | 4,700 | 3,276 | 1,424 |
| | 1,198,158 | 1,198,158 | 1,158,647 | 39,511 |
| Parks department: | | | | |
| Salaries | 248,949 | 248,949 | 246,803 | 2,146 |
| Benefits | 126,672 | 126,672 | 103,562 | 23,110 |
| Administrative | 1,963 | 1,963 | 1,906 | 57 |
| Supplies and equipment | 10,900 | 13,723 | 68,742 | (55,019) |
| Uniforms and personal equipment | 2,020 | 1,638 | 1,632 | 6 |
| Other supplies and materials | 21,700 | 17,887 | 19,223 | (1,336) |
| Vehicle and equipment operating | 27,000 | 26,235 | 26,210 | 25 |
| Park expenses | 69,176 | 55,319 | 57,760 | (2,441) |
| Other maintenance and services | 1,110 | 587 | 593 | (6) |
| Advertisements | 200 | 203 | 203 | - |
| Training and travel | 445 | 476 | 476 | - |
| New equipment | - | 16,483 | - | 16,483 |
| | 510,135 | 510,135 | 527,110 | (16,975) |
| Boat Landings: | | | | |
| Grant programs | 75,000 | 75,000 | 353,325 | (278,325) |
| Landing expenses | 4,100 | 4,100 | 8,195 | (4,095) |
| Advertisements | 2,750 | 2,750 | 362 | 2,388 |
| | 81,850 | 81,850 | 361,882 | (280,032) |
| Library: | | | | |
| Salaries | 1,528,446 | 1,528,446 | 1,521,989 | 6,457 |
| Benefits | 781,166 | 781,166 | 638,651 | 142,515 |
| Insurance | - | - | 7,813 | (7,813) |
| Administrative | 57,300 | 57,300 | 54,049 | 3,251 |
| Other supplies and equipment | 218,500 | 215,413 | 203,089 | 12,324 |
| Equipment maintenance | 37,800 | 37,800 | 34,751 | 3,049 |
| Grant services | 67,000 | 67,000 | 78,485 | (11,485) |

WORCESTER COUNTY, MARYLAND

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

GENERAL FUND

Year Ended June 30, 2011

(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, continued: | | | | |
| Library, continued: | | | | |
| Building site expense | \$ 316,549 | \$ 319,235 | \$ 343,931 | \$ (24,696) |
| Training and travel | 7,000 | 7,401 | 7,400 | 1 |
| On-behalf payments | - | - | 204,062 | (204,062) |
| | 3,013,761 | 3,013,761 | 3,094,220 | (80,459) |
| Total libraries, recreation, parks and culture | 4,803,904 | 4,803,904 | 5,141,859 | (337,955) |
| Conservation of natural resources: | | | | |
| Extension service: | | | | |
| Administrative | 8,049 | 8,049 | 7,762 | 287 |
| Other supplies and equipment | 9,000 | 9,000 | 9,502 | (502) |
| Equipment maintenance | 3,000 | 3,000 | 3,080 | (80) |
| Building and property | 23,470 | 23,470 | 23,128 | 342 |
| Operating appropriation | 129,358 | 129,358 | 127,588 | 1,770 |
| | 172,877 | 172,877 | 171,060 | 1,817 |
| Other natural resources: | | | | |
| Gypsy moth control | 2,500 | 2,500 | 1,140 | 1,360 |
| Soil Conservation District | 30,450 | 30,450 | 30,450 | - |
| Matching appropriations | 350,000 | 350,000 | 323,936 | 26,064 |
| Conservation Easements | - | - | 60,614 | (60,614) |
| | 382,950 | 382,950 | 416,140 | (33,190) |
| Total conservation of natural resources | 555,827 | 555,827 | 587,200 | (31,373) |

WORCESTER COUNTY, MARYLAND

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

Year Ended June 30, 2011

(Continued)

| | <u>Budgeted Amounts</u> | | <u>Actual</u> | <u>Variance With</u> <u>Final Budget</u> |
|-----------------------------------|-------------------------|--------------|---------------|---|
| | <u>Original</u> | <u>Final</u> | | |
| Economic development: | | | | |
| Economic development department: | | | | |
| Salaries | \$ 111,058 | \$ 111,058 | \$ 115,330 | \$ (4,272) |
| Benefits | 59,194 | 59,194 | 48,394 | 10,800 |
| Administrative | 4,600 | 1,282 | 1,891 | (609) |
| Other supplies and equipment | 2,925 | 1,286 | 1,610 | (324) |
| Economic/industrial development | 300,000 | 300,000 | 69,358 | 230,642 |
| Home innovation | 172,500 | 172,500 | 98,190 | 74,310 |
| Housing rehabilitation program | 203,600 | 203,600 | 269,715 | (66,115) |
| Consulting services | 10,800 | 10,000 | 16,624 | (6,624) |
| Vehicle operating expenses | 1,500 | 895 | 895 | - |
| Building and property | 600 | 2,754 | 2,754 | - |
| Training and travel | 7,553 | 11,761 | 13,208 | (1,447) |
| | 874,330 | 874,330 | 637,969 | 236,361 |
| Tourism: | | | | |
| Salaries | 199,560 | 199,560 | 166,267 | 33,293 |
| Benefits | 85,337 | 85,337 | 69,768 | 15,569 |
| Administrative | 7,315 | 6,494 | 1,972 | 4,522 |
| Advertising | - | - | 239 | (239) |
| Other supplies and equipment | 74,565 | 74,462 | 73,245 | 1,217 |
| Equipment maintenance | 696 | 696 | 703 | (7) |
| Grant programs | 25,000 | 8,302 | 28,685 | (20,383) |
| Consulting services | 20,000 | 20,000 | 19,858 | 142 |
| Vehicle operating expenses | 1,900 | 1,900 | 1,141 | 759 |
| Building and property | 22,770 | 24,068 | 26,351 | (2,283) |
| Advertising | 300,000 | 316,698 | 316,498 | 200 |
| Training and travel | 4,800 | 4,426 | 3,987 | 439 |
| 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 | 40,000 | 40,000 | 40,000 | - |
| | 821,943 | 821,943 | 788,714 | 33,229 |
| Total economic development | 1,696,273 | 1,696,273 | 1,426,683 | 269,590 |

WORCESTER COUNTY, MARYLAND

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

Year Ended June 30, 2011

(Continued)

| | Budgeted Amounts | | Actual | Variance With Final Budget |
|--|--------------------|--------------------|-----------------------------|-------------------------------|
| | Original | Final | | |
| Intergovernmental: | | | | |
| Towns share county room tax | \$ 10,867,500 | \$ 10,867,500 | \$ 11,963,186 | \$ (1,095,686) |
| Towns share county bingo fees | 2,000 | 2,000 | 3,391 | (1,391) |
| Towns share county income tax | 1,127,074 | 1,127,074 | 1,075,572 | 51,502 |
| Towns share county food tax | 997,500 | 997,500 | 1,108,772 | (111,272) |
| Towns share liquor license fees | 310,689 | 310,689 | 319,219 | (8,530) |
| Grants to towns for police | 400,000 | 400,000 | 400,000 | - |
| Grants to towns for fire | 426,000 | 426,000 | 426,000 | - |
| Grants to towns for tourism | 328,500 | 328,500 | 328,500 | - |
| Other payments to municipalities | - | - | 103,151 | (103,151) |
| Other grants to towns | 3,630,000 | 3,630,000 | 3,630,000 | - |
| Total intergovernmental | 18,089,263 | 18,089,263 | 19,357,791 | (1,268,528) |
| Total expenditures | 152,063,273 | 152,063,273 | 152,357,351 | (294,078) |
| Excess of revenues over expenditures | 10,614,391 | 10,614,391 | 18,377,436 | 7,763,045 |
| OTHER FINANCING USES: | | | | |
| Transfer to Worcester County Debt Service Fund | 11,005,675 | 11,005,675 | 11,008,275 | (2,600) |
| Transfer to Worcester County Capital Projects Fund | - | - | 1,578,963 | (1,578,963) |
| Other transfers | (391,284) | (391,284) | (18,974,224) | 18,582,940 |
| Total other financing uses | 10,614,391 | 10,614,391 | (6,386,986) | 17,001,377 |
| Net change in fund balance | \$ - | \$ - | 24,764,422 | \$ 24,764,422 |
| Fund balance, beginning | | | <u>17,321,787</u> | |
| Fund balance, ending | | | <u><u>\$ 42,086,209</u></u> | |

WORCESTER COUNTY, MARYLAND

OTHER POST-EMPLOYMENT BENEFITS TRUST

June 30, 2011

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 | \$28,161,540 | 36.76% |
| County | July 1, 2010 | \$31,701,180 | \$ 51,768,790 | 61.24% | \$ 20,067,610 | \$28,161,540 | 71.26% |
| Board of Education | July 1, 2008 | \$26,357,428 | \$105,112,064 | 25.08% | \$ 78,754,636 | \$64,512,561 | 122.08% |
| Board of Education | July 1, 2010 | \$29,842,558 | \$138,892,659 | 21.49% | \$ 109,050,101 | \$64,335,742 | 169.50% |
| Liquor Control Board | July 1, 2008 | \$ 934,812 | \$ 1,591,317 | 58.74% | \$ 656,505 | \$ 108,000 | 607.88% |
| Liquor Control Board | July 1, 2010 | \$ 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 | 2009 | \$ 2,862,792 | 955% | \$(24,483,919) |
| County | 2010 | \$ 2,862,792 | 255% | \$(28,924,711) |
| County | 2011 | \$ 4,172,070 | 65% | \$(27,472,816) |
| Board of Education | 2009 | \$ 12,499,017 | 235% | \$(16,862,411) |
| Board of Education | 2010 | \$ 12,499,017 | 78% | \$(14,141,595) |
| Board of Education | 2011 | \$ 16,022,387 | 32% | \$ (3,175,256) |
| Liquor Control Board | 2009 * | \$ 103,000 | 0% | \$ 24,998 |
| Liquor Control Board | 2010 * | \$ 103,000 | 146% | \$ (7,621) |
| Liquor Control Board | 2011 * | \$ 103,000 | 208% | \$ (56,872) |

* - 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, 2011:

| Fund | Budgeted Expenditures | Actual Expenditures | Excess of Actual Over Budgeted Expenditures |
|---------|--------------------------|------------------------|---|
| General | \$ 162,677,664 | \$ 164,944,589 | \$ 2,266,925 |

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, 2011

| | Department of Social Services <u>Fund</u> | Local Management Board <u>Board</u> | Casino <u>Fund</u> | Energy Service <u>Fund</u> | <u>Total</u> |
|--|--|--|-----------------------|----------------------------------|---------------------|
| ASSETS | | | | | |
| Assets: | | | | | |
| Cash and short-term investments | \$ 49,194 | \$ 216,813 | \$ 427,673 | \$ - | \$ 693,680 |
| Accounts receivable | - | 33,092 | - | 25,000 | 58,092 |
| Due from other funds | - | - | 246,699 | 466,886 | 713,585 |
| Total assets | \$ 49,194 | \$ 249,905 | \$ 674,372 | \$ 491,886 | \$ 1,465,357 |
| LIABILITIES AND FUND BALANCES | | | | | |
| Liabilities: | | | | | |
| Accounts payable | \$ - | \$ 165,026 | \$ - | \$ - | \$ 165,026 |
| Deferred revenue | - | 75,263 | - | - | 75,263 |
| Total liabilities | - | 240,289 | - | - | 240,289 |
| Fund balances: | | | | | |
| Reserved for fund purposes | 49,194 | 9,616 | 674,372 | 491,886 | 1,225,068 |
| Total liabilities and fund balances | \$ 49,194 | \$ 249,905 | \$ 674,372 | \$ 491,886 | \$ 1,465,357 |

WORCESTER COUNTY, MARYLAND

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES

NONMAJOR GOVERNMENTAL FUNDS

Year Ended June 30, 2011

| | Department of Social Services <u>Fund</u> | Local Management <u>Board</u> | Casino <u>Fund</u> | Energy Service <u>Fund</u> | <u>Total</u> |
|--|--|-------------------------------------|-----------------------|----------------------------------|--------------|
| REVENUES: | | | | | |
| Intergovernmental | \$ 66,066 | \$ 728,880 | \$ 674,372 | \$ - | \$ 1,469,318 |
| Interest income | - | 665 | - | - | 665 |
| Total revenues | 66,066 | 729,545 | 674,372 | - | 1,469,983 |
| EXPENDITURES: | | | | | |
| Social services | 62,367 | 702,266 | - | 45,719 | 810,352 |
| Total expenditures | 62,367 | 702,266 | - | 45,719 | 810,352 |
| Excess (deficiency) of revenues over expenditures | 3,699 | 27,279 | 674,372 | (45,719) | 659,631 |
| Fund balances, beginning | 45,495 | (17,663) | - | 537,605 | 565,437 |
| Fund balances, ending | \$ 49,194 | \$ 9,616 | \$ 674,372 | \$ 491,886 | \$ 1,225,068 |

WORCESTER COUNTY, MARYLAND

BALANCE SHEET
LOCAL MANAGEMENT BOARD- NONMAJOR GOVERNMENTAL FUND
June 30, 2011

ASSETS

| | |
|---------------------|-------------------|
| Cash | \$ 216,813 |
| Accounts receivable | 33,092 |
| <hr/> | |
| Total assets | \$ 249,905 |

LIABILITIES AND FUND BALANCE

| | |
|---|-------------------|
| Liabilities: | |
| Accounts payable | \$ 165,026 |
| Deferred revenue | 75,263 |
| <hr/> | |
| Total liabilities | 240,289 |
| <hr/> | |
| Fund balance | 9,616 |
| <hr/> | |
| Total liabilities and fund balance | \$ 249,905 |

WORCESTER COUNTY, MARYLAND

SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
LOCAL MANAGEMENT BOARD- NONMAJOR GOVERNMENTAL FUND
Year Ended June 30, 2011

REVENUES:

| | |
|-----------------------------|-----------|
| Administrative grant | \$ 91,829 |
| Community partnership grant | 427,071 |
| CARP | 98,429 |
| Cultural diversity | 675 |
| System of care grant | 110,876 |
| <hr/> | |
| Total revenues | 728,880 |

EXPENDITURES:

| | |
|------------------------------|---------|
| Administrative: | |
| Salaries and benefits | 117,952 |
| Training, travel and support | 2,333 |
| Supplies and equipment | 372 |
| Miscellaneous | 10,233 |
| Community partnership grant | 362,071 |
| Direct program grant | 209,305 |
| <hr/> | |
| Total expenditures | 702,266 |

| | |
|--------------------------------------|--------|
| Excess of revenues over expenditures | 26,614 |
|--------------------------------------|--------|

OTHER FINANCING SOURCES:

| | |
|--|----------|
| Interest income | 665 |
| <hr/> | |
| Excess of revenues over expenditures and other financing sources | 27,279 |
| Fund balance, beginning | (17,663) |
| <hr/> | |
| Fund balance, ending | \$ 9,616 |

WORCESTER COUNTY, MARYLAND

COMBINING SCHEDULE OF FUND NET ASSETS - OPERATING FUNDS
DEPARTMENT OF WATER AND WASTEWATER SERVICES
June 30, 2011

| | West Ocean City S.A. | Ocean Pines S.A. | Newark Service Area | Bridgetown Service Area | Shared Facilities | Edgewater Acres S.A. |
|---------------------------------------|----------------------------|------------------------|---------------------------|-------------------------------|----------------------|----------------------------|
| ASSETS | | | | | | |
| <u>Current assets</u> | | | | | | |
| Cash and short-term investments | \$ 116,682 | \$ (230,515) | \$ (99,258) | \$ 35,454 | \$ 44,995 | \$ (46,464) |
| Accounts receivable - usage billings | 333,624 | 1,370,535 | 24,511 | 3,175 | - | 44,375 |
| Total current assets | 450,306 | 1,140,020 | (74,747) | 38,629 | 44,995 | (2,089) |
| <u>Capital assets</u> | | | | | | |
| Land and land rights | 47,037 | 63,319 | 4,527 | - | - | - |
| Water and sewer systems | 10,566,997 | 38,647,673 | 1,480,788 | 300,620 | - | 94,806 |
| Machinery and equipment | - | 3,985,093 | - | - | - | 81,156 |
| Construction in progress | 29,383 | 41,537 | - | - | - | - |
| | 10,643,417 | 42,737,622 | 1,485,315 | 300,620 | - | 175,962 |
| Less accumulated depreciation | (6,459,994) | (16,047,779) | (524,329) | (174,668) | - | (98,966) |
| | 4,183,423 | 26,689,843 | 960,986 | 125,952 | - | 76,996 |
| Total assets | 4,633,729 | 27,829,863 | 886,239 | 164,581 | 44,995 | 74,907 |
| LIABILITIES | | | | | | |
| <u>Current liabilities</u> | | | | | | |
| Accounts payable and accrued expenses | 15,438 | 262,928 | 4,603 | 2,678 | 2,555 | 13,243 |
| Due to state | 45 | - | - | - | - | - |
| Due to other funds | 21,689 | 709,896 | 11,750 | 1,371 | 1,613 | 5,674 |
| Interfund payable | 33,367 | 1,840,056 | (22,793) | - | - | - |
| Total current liabilities | 70,539 | 2,812,880 | (6,440) | 4,049 | 4,168 | 18,917 |
| NET ASSETS | | | | | | |
| Unrestricted net assets | \$ 4,563,190 | \$ 25,016,983 | \$ 892,679 | \$ 160,532 | \$ 40,827 | \$ 55,990 |

| 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> |
|------------------------------------|-----------------------------|----------------------------------|------------------------------------|-------------------------------|--------------------------------|-------------------|---------------|
| \$ (20,754) | \$ 210,832 | \$ 218,642 | \$ 37,208 | \$ (8,519) | \$ (252,415) | \$ 175,749 | \$ 181,637 |
| 45,524 | 27,563 | 225,349 | 25,797 | 79,648 | 61,016 | - | 2,241,117 |
| 24,770 | 238,395 | 443,991 | 63,005 | 71,129 | (191,399) | 175,749 | 2,422,754 |
| - | - | - | - | - | - | - | 114,883 |
| 1,093,779 | - | 539,602 | - | 18,490,395 | 8,983,508 | - | 80,198,168 |
| - | 128,233 | 577,325 | - | - | - | 674,055 | 5,445,862 |
| - | - | 288,169 | - | - | - | - | 359,089 |
| 1,093,779 | 128,233 | 1,405,096 | - | 18,490,395 | 8,983,508 | 674,055 | 86,118,002 |
| (290,384) | (82,172) | (599,321) | - | (2,311,299) | (898,351) | (496,225) | (27,983,488) |
| 803,395 | 46,061 | 805,775 | - | 16,179,096 | 8,085,157 | 177,830 | 58,134,514 |
| 828,165 | 284,456 | 1,249,766 | 63,005 | 16,250,225 | 7,893,758 | 353,579 | 60,557,268 |
| 7,232 | 1,184 | 565,169 | 1,307 | 8,536 | 5,123 | 6,139 | 896,135 |
| - | - | - | - | - | - | - | 45 |
| 7,553 | 4,945 | 34,673 | 4,642 | 20,712 | 208,596 | 190,312 | 1,223,426 |
| 30,246 | - | (325,256) | - | - | - | - | 1,555,620 |
| 45,031 | 6,129 | 274,586 | 5,949 | 29,248 | 213,719 | 196,451 | 3,675,226 |
| \$ 783,134 | \$ 278,327 | \$ 975,180 | \$ 57,056 | \$ 16,220,977 | \$ 7,680,039 | \$ 157,128 | \$ 56,882,042 |

WORCESTER COUNTY, MARYLAND

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

June 30, 2011

| | West Ocean City <u>S.A.</u> | Ocean Pines <u>S.A.</u> | Oyster Harbor <u>S.A.</u> | Newark Service <u>Area</u> |
|----------------------------------|-----------------------------------|-------------------------------|---------------------------------|----------------------------------|
| ASSETS | | | | |
| <u>Current assets</u> | | | | |
| Cash and short-term investments | \$ 319,245 | \$ 970,791 | \$ 23,020 | \$ 92,955 |
| Accounts receivable - edu | 167,763 | 2,418,969 | 48,707 | 37,146 |
| Interfund receivable | 33,369 | 1,849,339 | 12,793 | - |
| Total current assets | 520,377 | 5,239,099 | 84,520 | 130,101 |
| <u>Other assets</u> | | | | |
| Long-term edu receivable | 568,584 | 10,316,223 | 388,784 | 393,682 |
| Construction in process | - | - | - | - |
| Total other assets | 568,584 | 10,316,223 | 388,784 | 393,682 |
| Total assets | 1,088,961 | 15,555,322 | 473,304 | 523,783 |
| LIABILITIES | | | | |
| <u>Current liabilities</u> | | | | |
| Interfund payable | - | 9,284 | - | 22,793 |
| Due to other funds | - | 600,000 | 36,677 | - |
| Bonds payable - current portion | 97,293 | 1,841,446 | - | 26,716 |
| Accrued bond interest payable | 8,573 | 139,386 | - | 4,116 |
| Total current liabilities | 105,866 | 2,590,116 | 36,677 | 53,625 |
| <u>Other</u> | | | | |
| Unearned revenue | - | 5,315,396 | 428,088 | 420,397 |
| Due to general fund | - | - | 383,307 | - |
| Bonds payable | 399,504 | 11,671,599 | - | 393,682 |
| Bond costs deferred | (26,341) | (220,655) | - | (709) |
| Total other liabilities | 373,163 | 16,766,340 | 811,395 | 813,370 |
| Total liabilities | 479,029 | 19,356,456 | 848,072 | 866,995 |
| NET ASSETS | | | | |
| Unrestricted net assets | \$ 609,932 | \$(3,801,134) | \$ (374,768) | \$ (343,212) |

| South Point <u>S.A.</u> | Sunset Village <u>S.A.</u> | Mystic Harbor <u>S.A.</u> | Snug Harbor <u>S.A.</u> | <u>Total</u> |
|-------------------------------|----------------------------------|---------------------------------|-------------------------------|----------------|
| \$ 3,779 | \$ 20,994 | \$ 47,798 | \$ - | \$ 1,478,582 |
| 8,044 | 18,735 | 175,063 | 41,365 | 2,915,792 |
| 2,520 | 4,048 | - | 30,246 | 1,932,315 |
| 14,343 | 43,777 | 222,861 | 71,611 | 6,326,689 |
| 38,063 | 101,196 | 1,450,000 | 432,826 | 13,689,358 |
| - | - | 1,968,160 | - | 1,968,160 |
| 38,063 | 101,196 | 3,418,160 | 432,826 | 15,657,518 |
| 52,406 | 144,973 | 3,641,021 | 504,437 | 21,984,207 |
| - | - | 344,618 | - | 376,695 |
| - | - | - | - | 636,677 |
| 5,524 | 14,687 | - | 30,514 | 2,016,180 |
| 377 | 1,003 | - | 2,590 | 156,045 |
| 5,901 | 15,690 | 344,618 | 33,104 | 3,185,597 |
| 43,587 | 115,883 | 1,600,000 | 463,341 | 8,386,692 |
| - | - | 1,640,667 | 48,463 | 2,072,437 |
| 38,063 | 101,196 | - | 432,827 | 13,036,871 |
| (378) | (1,087) | - | - | (249,170) |
| 81,272 | 215,992 | 3,240,667 | 944,631 | 23,246,830 |
| 87,173 | 231,682 | 3,585,285 | 977,735 | 26,432,427 |
| \$ (34,767) | \$ (86,709) | \$ 55,736 | \$ (473,298) | \$ (4,448,220) |

WORCESTER COUNTY, MARYLAND
SCHEDULE OF REVENUES AND EXPENSES
BUDGET AND ACTUAL
DEPARTMENT OF WATER AND WASTEWATER SERVICES
Year Ended June 30, 2011

| | <u>West Ocean City Service Area</u> | | | <u>Ocean Pines Service Area</u> | | |
|--|-------------------------------------|---------------|----------------------|---------------------------------|---------------|----------------------|
| | <u>Original and</u> | <u>Actual</u> | <u>Variance With</u> | <u>Original and</u> | <u>Actual</u> | <u>Variance With</u> |
| | <u>Final Budget</u> | | <u>Final Budget</u> | <u>Final Budget</u> | | <u>Final Budget</u> |
| OPERATING REVENUES | | | | | | |
| Charges for service | \$1,150,000 | \$ 1,156,257 | \$ 6,257 | \$ 5,572,000 | \$ 5,351,243 | \$ (220,757) |
| Interest and penalties | 30,000 | (2,580) | (32,580) | 90,000 | 116,096 | 26,096 |
| Operating grants | - | - | - | - | - | - |
| Other revenue | - | 7,429 | 7,429 | 71,870 | 49,139 | (22,731) |
| Total operating revenues | 1,180,000 | 1,161,106 | (18,894) | 5,733,870 | 5,516,478 | (217,392) |
| OPERATING EXPENSES | | | | | | |
| Personnel services | 184,744 | 196,084 | 11,340 | 3,221,481 | 3,022,373 | (199,108) |
| Supplies and materials | 22,991 | 28,276 | 5,285 | 354,250 | 393,082 | 38,832 |
| Maintenance and services | 821,899 | 830,414 | 8,515 | 1,440,100 | 1,558,807 | 118,707 |
| Other charges | 24,780 | 8,941 | (15,839) | 87,500 | 53,352 | (34,148) |
| Interfund charges | 121,107 | 121,104 | (3) | 532,863 | 532,853 | (10) |
| Total operating expenses | 1,175,521 | 1,184,819 | 9,298 | 5,636,194 | 5,560,467 | (75,727) |
| Operating income (loss) before depreciation | 4,479 | (23,713) | (28,192) | 97,676 | (43,989) | (141,665) |
| Depreciation | - | 291,537 | 291,537 | - | 1,295,339 | 1,295,339 |
| Net operating income (loss) | 4,479 | (315,250) | (319,729) | 97,676 | (1,339,328) | (1,437,004) |
| NON-OPERATING REVENUES | | | | | | |
| (EXPENSES) | | | | | | |
| Transfer (to) from district | 45,521 | - | (45,521) | 12,824 | 1,955,388 | 1,942,564 |
| Interest income | - | 64 | 64 | 1,500 | 5 | (1,495) |
| Interest expense | - | - | - | - | - | - |
| Net non-operating revenues (expenses) | 45,521 | 64 | (45,457) | 14,324 | 1,955,393 | 1,941,069 |
| Net income (loss) | \$ 50,000 | \$ (315,186) | \$ (365,186) | \$ 112,000 | \$ 616,065 | \$ 504,065 |
| OTHER BUDGETED EXPENDITURES | | | | | | |
| Capital outlay | (50,000) | | | \$ (112,000) | | |
| Debt service | - | | | - | | |
| Total other budgeted expenditures | (50,000) | | | (112,000) | | |
| 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 |
| \$ 113,500 | \$ 93,144 | \$ (20,356) | \$ 10,000 | \$ 9,948 | \$ (52) | \$ 192,200 | \$ 186,093 | \$ (6,107) |
| 1,500 | 2,447 | 947 | 1,000 | 896 | (104) | 1,600 | 2,003 | 403 |
| - | - | - | 22,000 | 22,000 | - | - | - | - |
| - | 62 | 62 | - | 27 | 27 | 3,600 | 3,607 | 7 |
| 115,000 | 95,653 | (19,347) | 33,000 | 32,871 | (129) | 197,400 | 191,703 | (5,697) |
| 75,444 | 122,079 | 46,635 | 9,843 | 11,508 | 1,665 | 41,715 | 41,768 | 53 |
| 18,074 | 19,185 | 1,111 | 844 | 771 | (73) | 4,130 | 4,620 | 490 |
| 36,717 | 35,952 | (765) | 20,154 | 20,171 | 17 | 135,887 | 142,572 | 6,685 |
| 1,920 | 1,564 | (356) | 460 | 199 | (261) | 2,240 | 1,269 | (971) |
| 6,619 | 6,620 | 1 | 1,755 | 1,755 | - | 13,088 | 13,088 | - |
| 138,774 | 185,400 | 46,626 | 33,056 | 34,404 | 1,348 | 197,060 | 203,317 | 6,257 |
| (23,774) | (89,747) | (65,973) | (56) | (1,533) | (1,477) | 340 | (11,614) | (11,954) |
| - | 39,945 | 39,945 | - | 8,331 | 8,331 | - | 6,282 | 6,282 |
| (23,774) | (129,692) | (105,918) | (56) | (9,864) | (9,808) | 340 | (17,896) | (18,236) |
| 23,774 | 743,554 | 719,780 | 56 | - | (56) | (340) | - | 340 |
| - | - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - | - |
| 23,774 | 743,554 | 719,780 | 56 | - | (56) | (340) | - | 340 |
| \$ - | \$ 613,862 | \$ 613,862 | \$ - | \$ (9,864) | \$ (9,864) | \$ - | \$ (17,896) | \$ (17,896) |
| \$ - | | | \$ - | | | \$ - | | |
| - | | | - | | | - | | |
| - | | | - | | | - | | |
| \$ - | | | \$ - | | | \$ - | | |

WORCESTER COUNTY, MARYLAND
SCHEDULE OF REVENUES AND EXPENSES
BUDGET AND ACTUAL
DEPARTMENT OF WATER AND WASTEWATER SERVICES
Year Ended June 30, 2011 (Continued)

| | <u>Assateague Point Service Area</u> | | | <u>River Run Service Area</u> | | |
|--|--------------------------------------|---------------|---------------------------------------|--------------------------------------|---------------|---------------------------------------|
| | <u>Original and Final Budget</u> | <u>Actual</u> | <u>Variance With Final Budget</u> | <u>Original and Final Budget</u> | <u>Actual</u> | <u>Variance With Final Budget</u> |
| OPERATING REVENUES | | | | | | |
| Charges for service | \$ 176,000 | \$ 174,750 | \$ (1,250) | \$ 139,000 | \$ 145,141 | \$ 6,141 |
| Interest and penalties | 4,000 | 3,937 | (63) | 1,500 | 2,497 | 997 |
| Operating grants | - | - | - | - | - | - |
| Other revenue | - | 83 | 83 | - | 63 | 63 |
| Total operating revenues | 180,000 | 178,770 | (1,230) | 140,500 | 147,701 | 7,201 |
| OPERATING EXPENSES | | | | | | |
| Personnel services | 69,474 | 59,640 | (9,834) | 41,923 | 28,611 | (13,312) |
| Supplies and materials | 21,960 | 17,082 | (4,878) | 9,888 | 7,676 | (2,212) |
| Maintenance and services | 46,810 | 35,752 | (11,058) | 66,350 | 69,461 | 3,111 |
| Other charges | 5,360 | 2,816 | (2,544) | 1,360 | 714 | (646) |
| Interfund charges | 34,693 | 34,691 | (2) | 9,962 | 9,961 | (1) |
| Total operating expenses | 178,297 | 149,981 | (28,316) | 129,483 | 116,423 | (13,060) |
| Operating income (loss) before depreciation | 1,703 | 28,789 | 27,086 | 11,017 | 31,278 | 20,261 |
| Depreciation | - | 72,919 | 72,919 | - | 13,483 | 13,483 |
| Net operating income (loss) | 1,703 | (44,130) | (45,833) | 11,017 | 17,795 | 6,778 |
| NON-OPERATING REVENUES (EXPENSES) | | | | | | |
| Transfer (to) from district | (1,703) | - | 1,703 | 8,983 | - | (8,983) |
| Interest income | - | - | - | - | - | - |
| Interest expense | - | - | - | - | - | - |
| Net non-operating revenues (expenses) | (1,703) | - | 1,703 | 8,983 | - | (8,983) |
| Net income (loss) | \$ - | \$ (44,130) | \$ (44,130) | \$ 20,000 | \$ 17,795 | \$ (2,205) |
| OTHER BUDGETED EXPENDITURES | | | | | | |
| Capital outlay | \$ - | | | (20,000) | | |
| Debt service | - | | | - | | |
| Total other budgeted expenditures | - | | | (20,000) | | |
| 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 |
| \$ 822,000 | \$ 775,343 | \$ (46,657) | \$ 85,000 | \$ 86,520 | \$ 1,520 | \$ 265,000 | \$ 265,515 | \$ 515 |
| 73,000 | 115,604 | 42,604 | 10,000 | 10,059 | 59 | 75,000 | 79,570 | 4,570 |
| - | - | - | - | - | - | - | - | - |
| - | 3,778 | 3,778 | - | - | - | 20,000 | 4,400 | (15,600) |
| 895,000 | 894,725 | (275) | 95,000 | 96,579 | 1,579 | 360,000 | 349,485 | (10,515) |
| 417,732 | 236,210 | (181,522) | 53,382 | 46,882 | (6,500) | 133,999 | 166,599 | 32,600 |
| 77,000 | 62,871 | (14,129) | 10,658 | 12,145 | 1,487 | 52,792 | 32,446 | (20,346) |
| 267,980 | 191,801 | (76,179) | 24,936 | 19,898 | (5,038) | 108,046 | 183,584 | 75,538 |
| 15,740 | 9,439 | (6,301) | 1,600 | 761 | (839) | 5,420 | 3,501 | (1,919) |
| 95,759 | 95,756 | (3) | 4,312 | 4,312 | - | 26,094 | 26,103 | 9 |
| 874,211 | 596,077 | (278,134) | 94,888 | 83,998 | (10,890) | 326,351 | 412,233 | 85,882 |
| 20,789 | 298,648 | 277,859 | 112 | 12,581 | 12,469 | 33,649 | (62,748) | (96,397) |
| - | 61,991 | 61,991 | - | - | - | - | 462,260 | 462,260 |
| 20,789 | 236,657 | 215,868 | 112 | 12,581 | 12,469 | 33,649 | (525,008) | (558,657) |
| (20,789) | - | 20,789 | (112) | - | 112 | (33,649) | - | 33,649 |
| - | 115 | 115 | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - | - |
| (20,789) | 115 | 20,904 | (112) | - | 112 | (33,649) | - | 33,649 |
| \$ - | \$ 236,772 | \$ 236,772 | \$ - | \$ 12,581 | \$ 12,581 | \$ - | \$ (525,008) | \$ (525,008) |
| \$ - | | | \$ - | | | \$ - | | |
| - | | | - | | | - | | |
| - | | | - | | | - | | |
| \$ - | | | \$ - | | | \$ - | | |

WORCESTER COUNTY, MARYLAND
SCHEDULE OF REVENUES AND EXPENSES
BUDGET AND ACTUAL
DEPARTMENT OF WATER AND WASTEWATER SERVICES
Year Ended June 30, 2011 (Continued)

| | <u>The Landings Service Area</u> | | | <u>Support Group</u> | | |
|--|----------------------------------|---------------|----------------------|----------------------|---------------|----------------------|
| | <u>Original and</u> | <u>Actual</u> | <u>Variance With</u> | <u>Original and</u> | <u>Actual</u> | <u>Variance With</u> |
| | <u>Final Budget</u> | | <u>Final Budget</u> | <u>Final Budget</u> | | <u>Final Budget</u> |
| OPERATING REVENUES | | | | | | |
| Charges for service | \$ 127,000 | \$ 103,061 | \$ (23,939) | \$ - | \$ - | \$ - |
| Interest and penalties | 158,000 | 143,186 | (14,814) | - | - | - |
| Operating grants | - | - | - | - | - | - |
| Other revenue | 40,000 | 4,833 | (35,167) | - | 5,000 | 5,000 |
| Total operating revenues | 325,000 | 251,080 | (73,920) | - | 5,000 | 5,000 |
| OPERATING EXPENSES | | | | | | |
| Personnel services | 125,215 | 124,978 | (237) | - | 335 | 335 |
| Supplies and materials | 28,010 | 21,809 | (6,201) | - | - | - |
| Maintenance and services | 96,415 | 89,745 | (6,670) | - | - | - |
| Other charges | 3,020 | 2,143 | (877) | - | - | - |
| Interfund charges | 9,616 | 9,625 | 9 | - | - | - |
| Total operating expenses | 262,276 | 248,300 | (13,976) | - | 335 | 335 |
| Operating income (loss) before depreciation | 62,724 | 2,780 | (59,944) | - | 4,665 | 4,665 |
| Depreciation | - | 224,586 | 224,586 | - | 114,612 | 114,612 |
| Net operating income (loss) | 62,724 | (221,806) | (284,530) | - | (109,947) | (109,947) |
| NON-OPERATING REVENUES | | | | | | |
| (EXPENSES) | | | | | | |
| Transfer (to) from district | (62,724) | - | 62,724 | - | - | - |
| Interest income | - | - | - | - | - | - |
| Interest expense | - | - | - | - | - | - |
| Net non-operating revenues (expenses) | (62,724) | - | 62,724 | - | - | - |
| Net income (loss) | \$ - | \$ (221,806) | \$ (221,806) | \$ - | \$ (109,947) | \$ (109,947) |
| 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 |
| \$ - | \$ - | \$ - | \$ 8,651,700 | \$ 8,347,015 | \$ (304,685) |
| - | - | - | 445,600 | 473,715 | 28,115 |
| - | - | - | 22,000 | 22,000 | - |
| - | 25,599 | 25,599 | 135,470 | 104,020 | (31,450) |
| - | 25,599 | 25,599 | 9,254,770 | 8,946,750 | (308,020) |
| - | - | - | 4,374,952 | 4,057,067 | (317,885) |
| - | - | - | 600,597 | 599,963 | (634) |
| - | - | - | 3,065,294 | 3,178,157 | 112,863 |
| - | 27,073 | 27,073 | 149,400 | 111,772 | (37,628) |
| - | - | - | 855,868 | 855,868 | - |
| - | 27,073 | 27,073 | 9,046,111 | 8,802,827 | (243,284) |
| - | (1,474) | (1,474) | 208,659 | 143,923 | (64,736) |
| - | - | - | - | 2,591,285 | 2,591,285 |
| - | (1,474) | (1,474) | 208,659 | (2,447,362) | (64,736) |
| - | - | - | (28,159) | 2,698,942 | 2,727,101 |
| - | - | - | 1,500 | 184 | (1,316) |
| - | - | - | - | - | - |
| - | - | - | (26,659) | 2,699,126 | 2,725,785 |
| \$ - | \$ (1,474) | \$ (1,474) | \$ 182,000 | \$ 251,764 | \$ 69,764 |
| \$ - | | | (182,000) | | |
| - | | | - | | |
| - | | | (182,000) | | |
| \$ - | | | \$ - | | |

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, 2011

| | West Ocean City <u>S.A.</u> | Ocean Pines <u>S.A.</u> | Oyster Harbor <u>S.A.</u> | Newark Service <u>Area</u> |
|-------------------------------------|-----------------------------------|-------------------------------|---------------------------------|----------------------------------|
| Revenues: | | | | |
| EDU revenue | \$ 14,968 | \$ 854,535 | \$ 51,408 | \$ 39,103 |
| Other revenues | - | 7,775 | - | - |
| Total revenues | 14,968 | 862,310 | 51,408 | 39,103 |
| Operating income | 14,968 | 862,310 | 51,408 | 39,103 |
| Nonoperating income (expense): | | | | |
| Interest on investments | 336 | 740 | .47 | 393 |
| Bond interest expense | (27,162) | (428,040) | (17,981) | (7,683) |
| Transfer from (to) service area | - | (1,955,388) | - | (743,554) |
| Total nonoperating income (expense) | (26,826) | (2,382,688) | (17,934) | (750,844) |
| Change in net assets | (11,858) | (1,520,378) | 33,474 | (711,741) |
| Net assets, beginning | 621,790 | (2,280,756) | (408,242) | 368,529 |
| Net assets, ending | \$ 609,932 | \$ (3,801,134) | \$ (374,768) | \$ (343,212) |

| South Point <u>S.A.</u> | Sunset Village <u>S.A.</u> | Mystic Harbor <u>S.A.</u> | Snug Harbor <u>S.A.</u> | <u>Total</u> |
|-------------------------------|----------------------------------|---------------------------------|-------------------------------|----------------|
| \$ 10,080 | \$ 16,192 | \$ 96,400 | \$ 34,450 | \$ 1,117,136 |
| - | - | - | 19,150 | 26,925 |
| 10,080 | 16,192 | 96,400 | 53,600 | 1,144,061 |
| 10,080 | 16,192 | 96,400 | 53,600 | 1,144,061 |
| 4 | 54 | 3 | - | 1,577 |
| (1,612) | (4,299) | (40,667) | (3,577) | (531,021) |
| - | - | - | - | (2,698,942) |
| (1,608) | (4,245) | (40,664) | (3,577) | (3,228,386) |
| 8,472 | 11,947 | 55,736 | 50,023 | (2,084,325) |
| (43,239) | (98,656) | - | (523,321) | (2,363,895) |
| \$ (34,767) | \$ (86,709) | \$ 55,736 | \$ (473,298) | \$ (4,448,220) |

WORCESTER COUNTY, MARYLAND

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

Year Ended June 30, 2011

| | Budget Original/ Final | Actual | Variance with Final Budget |
|--|------------------------------|--------------|----------------------------------|
| Operating Revenues: | | | |
| Licenses and permits | \$ 365,000 | \$ 345,986 | \$ (19,014) |
| Recycling charges | 195,000 | 338,969 | 143,969 |
| Stump, yard waste, and mulch revenue | 25,000 | 18,178 | (6,822) |
| Interest and penalties on overdue accounts | 1,000 | 715 | (285) |
| Other grants | 39,000 | - | (39,000) |
| Other revenue | - | 1,531 | 1,531 |
| Tipping fees | 3,250,000 | 3,064,530 | (185,470) |
| Total operating revenues | 3,875,000 | 3,769,909 | (105,091) |
| Total operating expenses | 3,164,566 | 3,467,909 | (303,343) |
| Operating income before depreciation | 710,434 | 302,000 | (408,434) |
| Depreciation | 1,384,000 | 1,905,023 | (521,023) |
| Operating income (loss) | (673,566) | (1,603,023) | (929,457) |
| Nonoperating income (expense): | | | |
| Interest on investments | 100,000 | 18,282 | (81,718) |
| Sale of fixed assets | - | 35,500 | - |
| Transfer from other funds | 1,393,566 | - | (1,393,566) |
| Interest expense | (820,000) | (87,333) | 732,667 |
| Total nonoperating (expense) income | 673,566 | (33,551) | (742,617) |
| Change in net assets | \$ - | (1,636,574) | \$ (1,672,074) |
| Net assets, beginning | | 6,297,320 | |
| Net assets, ending | | \$ 4,660,746 | |

WORCESTER COUNTY, MARYLAND

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

Year Ended June 30, 2011

| | Budget Original/ <u>Final</u> | <u>Actual</u> | Variance with Final <u>Budget</u> |
|-----------------------------------|-------------------------------------|---------------|---|
| Expenses: | | | |
| Department: Administration | | | |
| Salaries | \$ 135,115 | \$ 136,230 | \$ (1,115) |
| Benefits | 90,777 | 65,300 | 25,477 |
| Salaries - Treasurer's support | 97,015 | 97,015 | - |
| Salaries - Public works | 64,196 | 64,196 | - |
| Administrative support | 144,261 | 144,260 | 1 |
| Administrative expenses | 13,000 | 15,308 | (2,308) |
| Audit services | 6,000 | 6,545 | (545) |
| Insurance | 30,000 | 10,342 | 19,658 |
| Uniforms | 500 | 412 | 88 |
| Supplies/equipment | 1,000 | - | 1,000 |
| Solid waste committee | 1,200 | 1,250 | (50) |
| | 583,064 | 540,858 | 42,206 |
| Department: Solid Waste | | | |
| Salaries | 676,681 | 683,666 | (6,985) |
| Benefits | 454,228 | 363,416 | 90,812 |
| Telephone | 8,000 | 5,836 | 2,164 |
| Utilities | 28,000 | 21,502 | 6,498 |
| Training | 3,500 | 841 | 2,659 |
| Consulting services | 100,000 | 238,399 | (138,399) |
| Fuel | 99,000 | 220,609 | (121,609) |
| Leachate expense | 100,000 | 210,622 | (110,622) |
| Supplies/equipment | 5,000 | 654 | 4,346 |
| Safety | 2,000 | 340 | 1,660 |
| Vehicles expense | 155,000 | 110,378 | 44,622 |
| Uniforms | 7,000 | 5,162 | 1,838 |
| Buildings and grounds | 100,000 | 55,960 | 44,040 |
| Closure and postclosure costs | 325,000 | (62,100) | 387,100 |
| | 2,063,409 | 1,855,285 | 208,124 |

WORCESTER COUNTY, MARYLAND

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

Year Ended June 30, 2011

(Continued)

| | Budget Original/ Final | Actual | Variance with Final Budget |
|-------------------------------|------------------------------|--------------|----------------------------------|
| Department: Mining | | | |
| Salaries | \$ 219,770 | \$ 177,972 | \$ 41,798 |
| Benefits | 140,411 | 97,070 | 43,341 |
| Consulting | 75,000 | - | 75,000 |
| Fuel | 156,728 | 24,024 | 132,704 |
| Vehicle expense | 202,000 | 19,862 | 182,138 |
| Closure and postclosure costs | (1,105,000) | (56,143) | (1,048,857) |
| | (311,091) | 262,785 | (573,876) |
| Department: Recycling | | | |
| Salaries | 344,795 | 360,194 | (15,399) |
| Benefits | 242,989 | 203,246 | 39,743 |
| Telephone | 2,400 | 2,822 | (422) |
| Utilities | 27,500 | 27,335 | 165 |
| Training | 2,000 | 703 | 1,297 |
| Fuel | 30,000 | 49,024 | (19,024) |
| Removal expenses | 85,000 | 61,960 | 23,040 |
| Safety expense | 500 | 724 | (224) |
| Supplies/equipment | 1,000 | 27 | 973 |
| Vehicle expense | 30,000 | 31,473 | (1,473) |
| Uniforms | 3,000 | 3,060 | (60) |
| Buildings and grounds | 15,000 | 21,558 | (6,558) |
| Special events | 45,000 | 46,855 | (1,855) |
| | 829,184 | 808,981 | 20,203 |
| | \$ 3,164,566 | \$ 3,467,909 | \$ (303,343) |



WORCESTER COUNTY, MARYLAND

COMBINING SCHEDULE OF FIDUCIARY NET ASSETS

NONMAJOR AGENCY FUNDS

Year Ended June 30, 2011

| | State of Maryland Property <u>Taxes</u> | Maryland Department of Motor Vehicles - <u>License Fees</u> | Tax Sale <u>Fund</u> | Development <u>Taxes</u> | Performance <u>Bonds</u> | Confiscated Monies <u>Fund</u> |
|---------------------------------|--|---|----------------------------|-----------------------------|-----------------------------|--------------------------------------|
| ASSETS | | | | | | |
| Cash and short-term investments | \$ - | \$ 27,299 | \$ 906,049 | \$ 88,950 | \$ 627,198 | \$ 15,641 |
| Taxes receivable | 593,558 | - | - | - | - | - |
| Due from other funds | 163,933 | - | - | - | - | - |
| Total assets | 757,491 | 27,299 | 906,049 | 88,950 | 627,198 | 15,641 |
| LIABILITIES | | | | | | |
| Due to other governmental units | 757,491 | 25,918 | - | - | - | - |
| Due to other funds | - | 1,381 | - | - | - | - |
| Other liabilities | - | - | 906,049 | 88,950 | 627,198 | 15,641 |
| Total liabilities | 757,491 | 27,299 | 906,049 | 88,950 | 627,198 | 15,641 |
| NET ASSETS | | | | | | |
| Restricted | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |

| Personal Property Tax <u>Liability</u> | Forest <u>Conservation</u> | Bay <u>Restoration</u> | Snow Hill Property <u>Tax</u> | Berlin Property <u>Tax</u> | Pocomoke Property <u>Tax</u> | Ocean City Property <u>Tax</u> | Special <u>Loans</u> | Critical <u>Areas</u> | <u>Total</u> |
|---|-------------------------------|---------------------------|-------------------------------------|----------------------------------|------------------------------------|--------------------------------------|-------------------------|--------------------------|--------------|
| \$ 193,692 | \$ 124,231 | \$ 45,967 | \$ - | \$ - | \$ - | \$ - | \$ 122,591 | \$ 79,368 | \$ 2,230,986 |
| - | - | 61,190 | 93,548 | 189,917 | 214,995 | 981,217 | - | - | 2,134,425 |
| - | - | - | 13,347 | 59,784 | 27,854 | 301,039 | - | - | 565,957 |
| 193,692 | 124,231 | 107,157 | 106,895 | 249,701 | 242,849 | 1,282,256 | 122,591 | 79,368 | 4,931,368 |
| - | - | 107,157 | 106,895 | 249,701 | 242,849 | 1,282,256 | - | - | 2,772,267 |
| - | - | - | - | - | - | - | - | - | 1,381 |
| 193,692 | 124,231 | - | - | - | - | - | 122,591 | 79,368 | 2,157,720 |
| 193,692 | 124,231 | 107,157 | 106,895 | 249,701 | 242,849 | 1,282,256 | 122,591 | 79,368 | 4,931,368 |
| \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |

WORCESTER COUNTY, MARYLAND
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS AND LIABILITIES
AGENCY FUNDS
FOR THE YEAR ENDED JUNE 30, 2011

| | <u>Cash</u> | <u>Taxes Receivable</u> | <u>Due from</u> | <u>Total Assets</u> |
|---|--------------------|-----------------------------|---------------------|-------------------------|
| STATE OF MARYLAND PROPERTY TAXES | | | | |
| Balance 7-1-2010 | \$ - | \$ 573,911 | \$ 131,742 | \$ 705,653 |
| Additions | - | 20,117,931 | 19,310,864 | 39,428,795 |
| Deductions | - | (20,098,284) | (19,278,673) | (39,376,957) |
| | <u>-</u> | <u>(20,098,284)</u> | <u>(19,278,673)</u> | <u>(39,376,957)</u> |
| Balance 6-30-2011 | <u>\$ -</u> | <u>\$ 593,558</u> | <u>\$ 163,933</u> | <u>\$ 757,491</u> |
| MARYLAND DEPT. of MOTOR VEHICLE - LICENSE FEES | | | | |
| Balance 7-1-2010 | \$ 25,895 | \$ - | \$ - | \$ 25,895 |
| Additions | 39,828 | - | - | 39,828 |
| Deductions | (38,424) | - | - | (38,424) |
| | <u>(38,424)</u> | <u>-</u> | <u>-</u> | <u>(38,424)</u> |
| Balance 6-30-2011 | <u>\$ 27,299</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 27,299</u> |
| TAX SALE FUND | | | | |
| Balance 7-1-2010 | \$ 835,937 | \$ - | \$ - | \$ 835,937 |
| Additions | 1,416,211 | - | - | 1,416,211 |
| Deductions | (1,346,099) | - | - | (1,346,099) |
| | <u>(1,346,099)</u> | <u>-</u> | <u>-</u> | <u>(1,346,099)</u> |
| Balance 6-30-2011 | <u>\$ 906,049</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 906,049</u> |
| DEVELOPMENT TAXES | | | | |
| Balance 7-1-2010 | \$ 422,340 | \$ - | \$ - | \$ 422,340 |
| Additions | 624,532 | - | - | 624,532 |
| Deductions | (957,922) | - | - | (957,922) |
| | <u>(957,922)</u> | <u>-</u> | <u>-</u> | <u>(957,922)</u> |
| Balance 6-30-2011 | <u>\$ 88,950</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 88,950</u> |
| PERFORMANCE BONDS | | | | |
| Balance 7-1-2010 | \$ 784,081 | \$ - | \$ - | \$ 784,081 |
| Additions | 87,454 | - | - | 87,454 |
| Deductions | (244,337) | - | - | (244,337) |
| | <u>(244,337)</u> | <u>-</u> | <u>-</u> | <u>(244,337)</u> |
| Balance 6-30-2011 | <u>\$ 627,198</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 627,198</u> |
| CONFISCATED MONIES | | | | |
| Balance 7-1-2010 | \$ 23,004 | \$ - | \$ - | \$ 23,004 |
| Additions | 31,400 | - | - | 31,400 |
| Deductions | (38,763) | - | - | (38,763) |
| | <u>(38,763)</u> | <u>-</u> | <u>-</u> | <u>(38,763)</u> |
| Balance 6-30-2011 | <u>\$ 15,641</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 15,641</u> |

WORCESTER COUNTY, MARYLAND
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS AND LIABILITIES
AGENCY FUNDS
FOR THE YEAR ENDED JUNE 30, 2011
(Continued)

| Due to Other Funds | Due to Other Governments | Other Liabilities | Total Liabilities |
|--------------------------|--------------------------------|----------------------|----------------------|
| \$ - | \$ 705,653 | \$ - | \$ 705,653 |
| - | 19,777,223 | - | 19,777,223 |
| - | (19,725,385) | - | (19,725,385) |
| - | - | - | - |
| <u>\$ -</u> | <u>\$ 757,491</u> | <u>\$ -</u> | <u>\$ 757,491</u> |
| | | | |
| \$ 750 | \$ 25,145 | \$ - | \$ 25,895 |
| 1,000 | 773 | - | 1,773 |
| (369) | - | - | (369) |
| <u>\$ 1,381</u> | <u>\$ 25,918</u> | <u>\$ -</u> | <u>\$ 27,299</u> |
| | | | |
| \$ - | \$ - | \$ 835,937 | \$ 835,937 |
| - | - | 70,112 | 70,112 |
| - | - | - | - |
| <u>\$ -</u> | <u>\$ -</u> | <u>\$ 906,049</u> | <u>\$ 906,049</u> |
| | | | |
| \$ - | \$ - | \$ 422,340 | \$ 422,340 |
| - | - | - | - |
| - | - | (333,390) | (333,390) |
| <u>\$ -</u> | <u>\$ -</u> | <u>\$ 88,950</u> | <u>\$ 88,950</u> |
| | | | |
| \$ - | \$ - | \$ 784,081 | \$ 784,081 |
| - | - | - | - |
| - | - | (156,883) | (156,883) |
| <u>\$ -</u> | <u>\$ -</u> | <u>\$ 627,198</u> | <u>\$ 627,198</u> |
| | | | |
| \$ - | \$ - | \$ 23,004 | \$ 23,004 |
| - | - | 30,150 | 30,150 |
| - | - | (37,513) | (37,513) |
| <u>\$ -</u> | <u>\$ -</u> | <u>\$ 15,641</u> | <u>\$ 15,641</u> |

WORCESTER COUNTY, MARYLAND
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS AND LIABILITIES
AGENCY FUNDS
FOR THE YEAR ENDED JUNE 30, 2011
(Continued)

| | Cash | Taxes Receivable | Due from | Total Assets |
|--|-------------------|---------------------|--------------------|--------------------|
| PERSONAL PROPERTY TAX LIABILITY | | | | |
| Balance 7-1-2010 | \$ 201,361 | \$ - | \$ - | \$ 201,361 |
| Additions | 40,973 | - | - | 40,973 |
| Deductions | <u>(48,642)</u> | <u>-</u> | <u>-</u> | <u>(48,642)</u> |
| Balance 6-30-2011 | <u>\$ 193,692</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 193,692</u> |
| FOREST CONSERVATION | | | | |
| Balance 7-1-2010 | \$ 123,612 | \$ - | \$ - | \$ 123,612 |
| Additions | 125,889 | - | - | 125,889 |
| Deductions | <u>(125,270)</u> | <u>-</u> | <u>-</u> | <u>(125,270)</u> |
| Balance 6-30-2011 | <u>\$ 124,231</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 124,231</u> |
| BAY RESTORATION | | | | |
| Balance 7-1-2010 | \$ 45,696 | \$ 59,239 | \$ 11,573 | \$ 116,508 |
| Additions | 213,987 | 450,153 | 223,815 | 887,955 |
| Deductions | <u>(213,716)</u> | <u>(448,202)</u> | <u>(235,388)</u> | <u>(897,306)</u> |
| Balance 6-30-2011 | <u>\$ 45,967</u> | <u>\$ 61,190</u> | <u>\$ -</u> | <u>\$ 107,157</u> |
| SNOW HILL PROPERTY TAX | | | | |
| Balance 7-1-2010 | \$ - | \$ 66,395 | \$ 15,242 | \$ 81,637 |
| Additions | - | 1,395,658 | 1,217,064 | 2,612,722 |
| Deductions | <u>-</u> | <u>(1,368,505)</u> | <u>(1,218,959)</u> | <u>(2,587,464)</u> |
| Balance 6-30-2011 | <u>\$ -</u> | <u>\$ 93,548</u> | <u>\$ 13,347</u> | <u>\$ 106,895</u> |
| BERLIN PROPERTY TAX | | | | |
| Balance 7-1-2010 | \$ - | \$ 123,625 | \$ 45,043 | \$ 168,668 |
| Additions | - | 3,084,655 | 2,813,974 | 5,898,629 |
| Deductions | <u>-</u> | <u>(3,018,363)</u> | <u>(2,799,233)</u> | <u>(5,817,596)</u> |
| Balance 6-30-2011 | <u>\$ -</u> | <u>\$ 189,917</u> | <u>\$ 59,784</u> | <u>\$ 249,701</u> |
| POCOMOKE PROPERTY TAX | | | | |
| Balance 7-1-2010 | \$ - | \$ 188,595 | \$ 17,199 | \$ 205,794 |
| Additions | - | 2,243,260 | 2,176,907 | 4,420,167 |
| Deductions | <u>-</u> | <u>(2,216,860)</u> | <u>(2,166,252)</u> | <u>(4,383,112)</u> |
| Balance 6-30-2011 | <u>\$ -</u> | <u>\$ 214,995</u> | <u>\$ 27,854</u> | <u>\$ 242,849</u> |

WORCESTER COUNTY, MARYLAND
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS AND LIABILITIES
AGENCY FUNDS
FOR THE YEAR ENDED JUNE 30, 2011
(Continued)

| Due to Other Funds | Due to Other Governments | Other Liabilities | Total Liabilities |
|--------------------------|--------------------------------|----------------------|----------------------|
| \$ - | \$ - | \$ 201,361 | \$ 201,361 |
| - | - | - | - |
| - | - | (7,669) | (7,669) |
| <u>\$ -</u> | <u>\$ -</u> | <u>\$ 193,692</u> | <u>\$ 193,692</u> |
| \$ - | \$ - | \$ 123,612 | \$ 123,612 |
| - | - | 619 | 619 |
| - | - | - | - |
| <u>\$ -</u> | <u>\$ -</u> | <u>\$ 124,231</u> | <u>\$ 124,231</u> |
| \$ - | \$ 116,508 | \$ - | \$ 116,508 |
| - | 339,499 | - | 339,499 |
| - | (348,850) | - | (348,850) |
| <u>\$ -</u> | <u>\$ 107,157</u> | <u>\$ -</u> | <u>\$ 107,157</u> |
| \$ - | \$ 81,637 | \$ - | \$ 81,637 |
| - | 1,314,915 | - | 1,314,915 |
| - | (1,289,657) | - | (1,289,657) |
| <u>\$ -</u> | <u>\$ 106,895</u> | <u>\$ -</u> | <u>\$ 106,895</u> |
| \$ - | \$ 168,668 | \$ - | \$ 168,668 |
| - | 2,999,363 | - | 2,999,363 |
| - | (2,918,330) | - | (2,918,330) |
| <u>\$ -</u> | <u>\$ 249,701</u> | <u>\$ -</u> | <u>\$ 249,701</u> |
| \$ - | \$ 205,794 | \$ - | \$ 205,794 |
| - | 2,385,930 | - | 2,385,930 |
| - | (2,348,875) | - | (2,348,875) |
| <u>\$ -</u> | <u>\$ 242,849</u> | <u>\$ -</u> | <u>\$ 242,849</u> |

WORCESTER COUNTY, MARYLAND
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS AND LIABILITIES
AGENCY FUNDS
FOR THE YEAR ENDED JUNE 30, 2011
(Continued)

| | Cash | Taxes Receivable | Due from | Total Assets |
|-------------------------|---------------------|---------------------|-------------------|---------------------|
| OCEAN CITY PROPERTY TAX | | | | |
| Balance 7-1-2010 | \$ - | \$ - | \$ - | \$ - |
| Additions | - | 42,162,797 | 39,677,571 | 81,840,368 |
| Deductions | - | (41,181,580) | (39,376,532) | (80,558,112) |
| Balance 6-30-2011 | <u>\$ -</u> | <u>\$ 981,217</u> | <u>\$ 301,039</u> | <u>\$ 1,282,256</u> |
| SPECIAL LOANS | | | | |
| Balance 7-1-2010 | \$ 62,872 | \$ - | \$ - | \$ 62,872 |
| Additions | 185,070 | - | - | 185,070 |
| Deductions | (125,351) | - | - | (125,351) |
| Balance 6-30-2011 | <u>\$ 122,591</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 122,591</u> |
| CRITICAL AREAS | | | | |
| Balance 7-1-2010 | \$ 88,435 | \$ - | \$ - | \$ 88,435 |
| Additions | 411 | - | - | 411 |
| Deductions | (9,478) | - | - | (9,478) |
| Balance 6-30-2011 | <u>\$ 79,368</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 79,368</u> |
| TOTALS | | | | |
| Balance 7-1-2010 | \$ 2,613,233 | \$ 1,011,765 | \$ 220,799 | \$ 3,845,797 |
| Additions | 2,765,755 | 69,454,454 | 65,420,195 | 137,640,404 |
| Deductions | (3,148,002) | (68,331,794) | (65,075,037) | (136,554,833) |
| Balance 6-30-2011 | <u>\$ 2,230,986</u> | <u>\$ 2,134,425</u> | <u>\$ 565,957</u> | <u>\$ 4,931,368</u> |

WORCESTER COUNTY, MARYLAND
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS AND LIABILITIES
AGENCY FUNDS
FOR THE YEAR ENDED JUNE 30, 2011
(Continued)

| Due to Other Funds | Due to Other Governments | Other Liabilities | Total Liabilities |
|--------------------------|--------------------------------|----------------------|----------------------|
| \$ - | \$ - | \$ - | \$ - |
| - | 40,658,789 | - | 40,658,789 |
| - | (39,376,533) | - | (39,376,533) |
| <u>\$ -</u> | <u>\$ 1,282,256</u> | <u>\$ -</u> | <u>\$ 1,282,256</u> |
| \$ - | \$ - | \$ 62,872 | \$ 62,872 |
| - | - | 59,719 | 59,719 |
| - | - | - | - |
| <u>\$ -</u> | <u>\$ -</u> | <u>\$ 122,591</u> | <u>\$ 122,591</u> |
| \$ - | \$ - | \$ 88,435 | \$ 88,435 |
| - | - | - | - |
| - | - | (9,067) | (9,067) |
| <u>\$ -</u> | <u>\$ -</u> | <u>\$ 79,368</u> | <u>\$ 79,368</u> |
| \$ 750 | \$ 1,303,405 | \$ 2,541,642 | \$ 3,845,797 |
| 1,000 | 67,476,492 | 160,600 | 67,638,092 |
| (369) | (66,007,630) | (544,522) | (66,552,521) |
| <u>\$ 1,381</u> | <u>\$ 2,772,267</u> | <u>\$ 2,157,720</u> | <u>\$ 4,931,368</u> |

WORCESTER COUNTY, MARYLAND

SCHEDULE OF ASSESSABLE BASE

GENERAL FUND

Year Ended June 30, 2011

| | <u>Full-Year Assessment</u> | <u>Half-Year Assessment</u> | <u>Total</u> |
|---|---------------------------------|---------------------------------|-------------------|
| Real property | \$ 17,813,943,707 | \$ 15,180,338 | \$ 17,829,124,045 |
| Personal property - individuals and firms - all districts | 16,428,122 | - | 16,428,122 |
| Railroads and public utilities | 106,083,330 | - | 106,083,330 |
| Railroads and public utilities- reduced rate | 642,410 | - | 642,410 |
| Ordinary business corporations | 177,909,348 | - | 177,909,348 |
| Total | \$ 18,115,006,917 | \$ 15,180,338 | \$ 18,130,187,255 |

Computation of Taxes for County Purposes

| | |
|--|----------------|
| \$17,813,943,707 assessable base at \$.70 per \$100 base (full-year) | \$ 124,697,606 |
| \$300,420,800 assessable base at \$1.750 per \$100 base (full-year) | 5,257,364 |
| \$642,410 assessable base at \$.70 per \$100 base (full-year) | 4,497 |
| \$15,180,338 assessable base at \$.35 per \$100 base (half-year) | 53,131 |
| | 130,012,598 |
| Adjustment for deferred property taxes receivable | (127,790) |
| Net additions and abatements | (475,945) |
| Total County taxes for year ended June 30, 2011 | \$ 129,408,863 |

WORCESTER COUNTY, MARYLAND

SCHEDULE OF ASSESSABLE BASES AND TAX LEVIES GENERAL FUND

Fiscal Years Ended June 30, 2011

| <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 | 138,391,588 | (4.51) % |
| 2010 - 2011 | 18,130,187,255 | (6.07) % | .70-1.750 | 130,012,598 | (6.05) % |

* 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, 2011

Levies of years ended June 30:

| | |
|----------------|--------------|
| 2011 | \$ 3,662,726 |
| 2010 | 300,117 |
| 2009 | 168,963 |
| 2008 | 105,713 |
| 2007 and prior | 384,889 |
| Total | \$ 4,622,408 |

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 Nine Fiscal Years
(accrual basis of accounting)

| | Fiscal Year | | | | | | | | |
|---|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 |
| 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 | \$ 100,290,019 |
| Restricted | 1,000,000 | 1,500,000 | 1,500,000 | 1,500,000 | 1,500,000 | 1,500,000 | 1,500,000 | - | - |
| Unrestricted | 29,140,049 | 34,627,993 | 26,038,080 | 40,972,251 | 53,932,414 | 46,462,418 | 5,485,842 | 3,776,962 | 4,029,977 |
| 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 | \$ 104,319,996 |
| 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 | \$ 55,935,777 |
| Restricted | 2,922,846 | 6,295,141 | 6,967,061 | - | - | - | - | - | - |
| Unrestricted | 17,942,744 | 12,311,905 | 13,992,031 | 20,745,045 | 15,832,651 | 11,339,193 | 8,382,036 | 4,250,752 | 1,158,791 |
| 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 | \$ 57,094,568 |
| 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 | \$ 156,225,796 |
| Restricted | 3,922,846 | 7,795,141 | 8,467,061 | 1,500,000 | 1,500,000 | 1,500,000 | 1,500,000 | - | - |
| Unrestricted | 47,082,793 | 46,939,898 | 40,030,111 | 61,717,296 | 69,765,065 | 57,801,611 | 13,867,878 | 8,027,714 | 5,188,768 |
| Total primary government net assets | \$ 108,174,125 | \$ 117,668,724 | \$ 134,016,472 | \$ 176,369,172 | \$ 206,021,610 | \$ 206,043,264 | \$ 177,153,848 | \$ 169,143,877 | \$ 161,414,564 |

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 Nine Fiscal Years
(accrual basis of accounting)

| | Fiscal Year | | | | | | | | |
|---|-----------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 |
| 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 | \$ 37,627,186 |
| 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 | 28,164,200 |
| 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 | 10,211,713 |
| 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 | 4,841,634 |
| 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 | 2,138,165 |
| 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 | 85,169,388 |
| 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 | 5,479,418 |
| Conservation of natural resources | 600,161 | 665,363 | 622,293 | 600,795 | 562,929 | 584,921 | 858,559 | 233,393 | 587,200 |
| 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 | 1,755,183 |
| 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 | 3,411,269 |
| Total governmental activities expenses | 104,216,428 | 116,033,379 | 130,181,738 | 136,301,677 | 149,416,160 | 176,177,888 | 250,473,313 | 185,716,766 | 179,385,356 |
| 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 | 5,460,265 |
| Department of Water and Wastewater | 7,829,430 | 8,299,684 | 9,101,615 | 8,404,660 | 8,404,660 | 11,860,477 | 12,009,174 | 11,849,234 | 11,925,133 |
| Total business-type activities expenses | 12,762,701 | 13,825,232 | 15,239,252 | 15,387,580 | 15,387,580 | 19,499,773 | 18,769,283 | 18,759,685 | 17,385,398 |
| Total primary government expenses | \$ 116,979,129 | \$ 129,858,611 | \$ 145,420,990 | \$ 151,689,257 | \$ 164,803,740 | \$ 195,677,661 | \$ 269,242,596 | \$ 204,476,451 | \$ 196,770,754 |
| 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 | \$ 1,758,641 |
| 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 | 4,955,974 |
| Public Works | 118,944 | 161,731 | 168,325 | 125,097 | 58,632 | 37,233 | 31,372 | 131,126 | 85,384 |
| Health and Hospitals | 304,939 | 338,810 | 240,733 | 498,681 | 456,345 | 503,239 | 486,954 | 429,184 | 418,806 |
| Libraries Recreation and Culture | 285,293 | 330,991 | 263,029 | 322,424 | 327,306 | 294,456 | 328,879 | 252,138 | 191,097 |
| Economic Development | 80,270 | 6,051 | 50,504 | 23,642 | 47,739 | 19,983 | 7,377 | 31,886 | 25,935 |
| 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 | 5,243,439 |
| 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 | 4,446,811 |
| Total governmental activities program revenues | 11,211,191 | 14,799,453 | 17,215,952 | 12,852,480 | 12,480,339 | 9,940,182 | 47,019,096 | 20,110,958 | 17,126,087 |
| 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 | 10,068,811 |
| 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 | 3,805,409 |
| Operating grants and contributions | 40,000 | 40,000 | 25,000 | 55,000 | 30,000 | 25,000 | 22,000 | 22,000 | 22,000 |
| Capital grants and contributions | - | - | - | 18,490,430 | 8,983,508 | - | - | - | - |
| Total business-type activities program revenues | 11,734,586 | 13,320,216 | 16,484,708 | 34,781,682 | 25,912,223 | 15,993,423 | 14,627,064 | 13,440,214 | 13,896,220 |
| Total primary government program revenues | \$ 22,945,777 | \$ 28,119,669 | \$ 33,700,660 | \$ 47,634,162 | \$ 38,392,562 | \$ 25,933,605 | \$ 61,646,160 | \$ 33,551,172 | \$ 31,022,307 |
| 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) | \$ (162,259,269) |
| Business-type activities | (1,028,115) | (505,016) | 1,245,456 | 19,394,102 | 10,524,643 | (3,506,350) | (4,142,219) | (5,319,471) | (3,489,178) |
| Total primary government net expense | \$ (94,033,352) | \$ (101,738,942) | \$ (111,720,330) | \$ (104,055,095) | \$ (126,411,178) | \$ (169,744,056) | \$ (207,596,436) | \$ (170,925,279) | \$ (165,748,447) |

| | Fiscal Year | | | | | | | | |
|---|----------------|----------------|----------------|----------------|----------------|----------------|-----------------|----------------|----------------|
| | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 |
| 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 | \$ 121,990,826 |
| 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 | 10,459,699 |
| 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 | 23,513,666 |
| 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 | 804,689 |
| Distribution from Worcester Liquor Control Bd. | 356,450 | 356,450 | 388,579 | 460,862 | 363,442 | 415,403 | 168,625 | 55,853 | 363,568 |
| Interest | 454,909 | 454,909 | 1,245,373 | 3,246,509 | 5,069,327 | 5,980,550 | 2,597,658 | 262,333 | 216,726 |
| Gain (loss) on sale of capital assets | - | - | - | - | (643,251) | - | - | - | - |
| Transfers in (out) | - | - | - | - | - | (38,860) | (81,154) | 635,708 | 649,917 |
| Other | 367,107 | 367,107 | 278,961 | 394,839 | 562,566 | 555,387 | 796,257 | - | - |
| Total governmental activities | 111,135,333 | 111,135,333 | 129,783,126 | 146,005,406 | 157,056,746 | 169,335,657 | 178,590,016 | 162,891,632 | 157,999,091 |
| 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 | 20,043 |
| Total business-type activities | 79,399 | 79,399 | 196,430 | 539,437 | 600,400 | 407,712 | 117,004 | 23,676 | 20,043 |
| Total primary government | \$ 111,214,732 | \$ 111,214,732 | \$ 129,979,556 | \$ 146,544,843 | \$ 157,657,146 | \$ 169,743,369 | \$ 178,707,020 | \$ 162,915,308 | \$ 158,019,134 |
| 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) | \$ (4,260,178) |
| 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) | (3,469,135) |
| Total primary government | \$ 17,181,380 | \$ 9,475,790 | \$ 18,259,226 | \$ 42,489,748 | \$ 31,245,968 | \$ (687) | \$ (28,889,416) | \$ (8,009,971) | \$ (7,729,313) |

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>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> | <u>2011</u> |
| General Fund | | | | | | | | | | |
| Nonspendable | \$ 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 | \$ 130,079 |
| Restricted | | | | | | | | | | |
| Assigned | 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 | 14,963,906 |
| Unassigned | <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>26,992,224</u> |
| Total General Fund | <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> | <u>\$ 42,086,209</u> |
| All Other Governmental Funds | | | | | | | | | | |
| Assigned | \$ 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 | \$ 5,801,380 |
| Unassigned | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>1,225,068</u> |
| Total all other governmental funds | <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> | <u>\$ 7,026,448</u> |
| Total Governmental Funds | \$ 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 | \$ 49,112,657 |

Note: The County implemented GASB 54 in fiscal year 2011 resulting in some reclassifications of fund balance and the elimination of a special revenue fund.

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

| | Fiscal Year | | | | | | | | | |
|---|-----------------------|---------------------|---------------------|----------------------|----------------------|----------------------|-----------------------|------------------------|------------------------|-----------------------|
| | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 |
| Revenues | | | | | | | | | | |
| Property Tax | \$ 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 | \$ 122,233,623 |
| Income tax | 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 | 10,459,699 |
| Room Tax | 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 | 12,449,817 |
| Food Tax | 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 | 1,163,970 |
| Transfer tax | 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 | 3,194,074 |
| Recordation Tax | 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 | 5,987,911 |
| Other local taxes | 863,984 | 844,691 | 806,729 | 799,559 | 751,281 | 703,055 | 778,818 | 761,403 | 726,804 | 717,894 |
| State-shared taxes | 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 | 804,689 |
| Licenses and permits | 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 | 1,735,427 |
| Intergovernmental | 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 | 8,085,938 |
| Service charges | 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 | 6,002,590 |
| Miscellaneous | 761,286 | 1,522,018 | 2,267,733 | 936,528 | 740,528 | 1,632,149 | 1,854,426 | 2,058,850 | 863,649 | 817,611 |
| Interest Income | 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 | 214,732 |
| Total revenues | 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 | 173,867,975 |
| Expenditures | | | | | | | | | | |
| General Government | 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 | 13,315,008 |
| Public Safety | 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 | 25,877,097 |
| Public Works | 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 | 5,569,252 |
| Health and hospitals | 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 | 4,937,219 |
| Social services | 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 | 2,138,165 |
| Education | 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 | 74,817,429 |
| Libraries, recreation and culture | 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 | 5,141,859 |
| Conservation of natural resources | 546,583 | 600,161 | 662,829 | 622,293 | 600,795 | 562,929 | 584,921 | 858,559 | 233,393 | 587,200 |
| Economic development | 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 | 1,426,683 |
| Distributions to municipalities | 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 | 19,357,791 |
| Debt service interest | 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 | 3,485,302 |
| Debt service principal | 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 | 7,522,974 |
| Capital Projects | 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 | 13,754,003 |
| Total expenditures | 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 | 177,929,982 |
| Excess of revenues over (under) expenditures | (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) | (4,062,007) |
| 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 | 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 | 31,561,462 |
| Operating transfers out | (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) | (31,561,462) |
| 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 | \$ (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) | \$ (4,062,007) |
| Debt service as a percentage of noncapital expenditures | 5.51% | 5.99% | 5.21% | 4.82% | 5.68% | 4.70% | 4.15% | 3.76% | 6.03% | 6.28% |

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 |
|------|--------------------------|---|---|----------------------------------|----------------------------|---------------------------|
| 2011 | 17,829,124,045 | 16,428,122 | 284,635,088 | 18,130,187,255 | 0.700 | 0.112 |
| 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 |

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>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> | <u>2011</u> |
| County Direct Rates | | | | | | | | | | |
| General | \$ 0.730 | \$ 0.730 | \$ 0.730 | \$ 0.730 | \$ 0.730 | \$ 0.700 | \$ 0.700 | \$ 0.700 | \$ 0.700 | \$ 0.700 |
| Town Rates | | | | | | | | | | |
| Berlin | 0.68 | 0.68 | 0.68 | 0.73 | 0.73 | 0.73 | 0.73 | 0.73 | 0.73 | 0.73 |
| Ocean City | 0.52 | 0.52 | 0.51 | 0.48 | 0.47 | 0.43 | 0.41 | 0.38 | 0.395 | 0.395 |
| Pocomoke | 0.72 | 0.76 | 0.76 | 0.76 | 0.76 | 0.76 | 0.76 | 0.76 | 0.76 | 0.76 |
| Snow Hill | 0.86 | 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 Accounts
Current Year and Five Years Ago

| Taxpayer | Fiscal Year 2011 | | | Fiscal Year 2007 | | |
|-------------------------------|-----------------------|------|--|-----------------------|------|--|
| | Assessed Value | Rank | Percentage of Total Taxable Assessed Value | Assessed Value | Rank | Percentage of Total Taxable Assessed Value |
| Harrison Inn Stardust | \$ 61,892,862 | 1 | 0.34% | \$ 54,590,633 | 1 | |
| Delmarva Power | 44,117,850 | 2 | 0.24% | 45,510,300 | 2 | 0.38% |
| Verizon Maryland | 31,970,200 | 3 | 0.18% | 40,308,960 | 3 | 0.34% |
| 91st Street Joint Venture | 28,948,700 | 4 | 0.16% | 29,908,700 | 4 | 0.25% |
| Americana Stowaway Motel Inc. | 24,444,150 | 5 | 0.13% | 28,131,900 | 5 | 0.24% |
| L P B O C Hotel | 22,540,620 | 6 | 0.12% | 16,925,666 | 9 | 0.14% |
| Harrison Hi 18 LLC | 19,689,590 | 7 | 0.11% | 18,513,300 | 8 | |
| Individual | 18,886,666 | 8 | 0.10% | 20,405,100 | 7 | |
| Individual | 18,171,500 | 9 | 0.10% | | | 0.00% |
| Harrison Inn Ocean View | 18,164,600 | 10 | 0.10% | | | 0.00% |
| Ocean View Inc. | | | | 24,338,000 | 6 | 0.20% |
| Harrison Hi 17 LLC | | | | 16,530,400 | 10 | 0.14% |
| Total | \$ 288,826,738 | | 1.59% | \$ 295,162,959 | | 1.69% |

Note: Data for ten years ago is not currently available. Five years used for comparison purposes.

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 |
| 2011 | \$ 122,758,482 | \$ 118,346,054 | 96.41% | \$ 3,887,569 | 122,233,623 | 99.57% |
| 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% |

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 | |
| 2010 | 2.00% | 3.00% | 4.00% | 4.75% | 1.25% |
| 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% |

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 |
|---------------------|--|---|-------------------------------|---------------------------------|-----------------------------|--------------------------------|--|
| 2010 | 20,005 | \$ 1,210,435,351 | \$ 902,488,197 | \$ 38,732,378 | \$ 11,049,389 | \$ 49,693,809 | 1.25% |
| 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% |

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 2010 | | | | | |
|------------------------------------|------------------------------|------------------------|-----------------------|------------------------|------------------------|------------------------|
| | 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 | 574 | 2.2% | \$ 262,161,730 | 29.0% | \$ 3,277,019 | 29.7% |
| \$100,000 - 199,999 | 1,915 | 7.3% | 201,522,391 | 22.3% | 2,519,032 | 22.8% |
| \$50,000 - 99,999 | 4,752 | 18.1% | 237,352,781 | 26.3% | 2,966,400 | 26.8% |
| \$25,000 - 49,999 | 6,200 | 23.6% | 143,106,754 | 15.9% | 1,688,334 | 15.3% |
| \$5,000 - 24,999 | 6,455 | 24.6% | 58,179,834 | 6.4% | 596,675 | 5.4% |
| Under \$5,000 | 6,350 | 24.2% | 164,707 | 0.0% | 1,929 | 0.0% |
| Totals | 26,246 | 100.0% | \$ 902,488,197 | 100.0% | \$ 11,049,389 | 100.0% |

| | Tax Year 2000 | | | | | |
|------------------------------------|------------------------------|------------------------|-----------------------|------------------------|------------------------|------------------------|
| | 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 | 372 | 1.5% | \$ 179,557,718 | 24.7% | \$ 2,244,465 | 25.3% |
| \$100,000 - 199,999 | 931 | 3.9% | 104,940,289 | 14.4% | 1,311,754 | 14.8% |
| \$50,000 - 99,999 | 3,812 | 15.8% | 203,317,089 | 28.0% | 2,541,443 | 28.6% |
| \$25,000 - 49,999 | 5,959 | 24.7% | 154,017,863 | 21.2% | 1,913,195 | 21.5% |
| \$5,000 - 24,999 | 8,753 | 36.3% | 84,217,635 | 11.6% | 866,333 | 9.8% |
| Under \$5,000 | 4,270 | 17.7% | 434,323 | 0.1% | 4,761 | 0.1% |
| Totals | 24,097 | 100.0% | \$ 726,484,917 | 100.0% | \$ 8,881,951 | 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 | | | |
| 2011 | \$ 79,300,560 | \$ - | \$ 14,803,882 | \$ 1,574,530 | 95,678,972 | 4.68% | \$ 1,860 |
| 2010 | 86,897,568 | - | 14,928,654 | 1,579,885 | 103,406,107 | 5.05% | \$ 2,105 |
| 2009 | 94,243,511 | - | 16,085,465 | 2,422,300 | 112,751,276 | 5.51% | \$ 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 |

Notes: 2011 percentage of personal income calculated using 2010 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 |
|------------------------|---|--|--|-------------------|----------------------------|
| 2011 | 94,104,442 | 18,130,187,255 | 0.52% | 51,454 | 1,829 |
| 2010 | 101,826,222 | 19,301,510,253 | 0.53% | 49,122 | 2,073 |
| 2009 | 110,328,976 | 20,247,338,533 | 0.54% | 49,274 | 2,239 |
| 2008 | 81,818,104 | 19,301,510,253 | 0.42% | 49,270 | 1,661 |
| 2007 | 87,234,814 | 20,247,338,533 | 0.43% | 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 | 8,441,544,002 | 0.61% | 48,681 | 1,050 |
| 2003 | 55,812,874 | 7,264,345,677 | 0.77% | 48,191 | 1,158 |
| 2002 | 56,480,304 | 8,441,544,002 | 0.67% | 47,590 | 1,187 |

Source: Worcester County Finance Office

Schedule 14
Worcester County, Maryland
Direct and Overlapping Governmental Activities Debt
As of June 30, 2011

| <u>Governmental Unit</u> | <u>Total Assessed Valuation of Real Property</u> | <u>% of Assessed Valuation to County Total</u> | <u>Pro Rata Share of County General Obligation Bonded Debt</u> | <u>Municipal Debt Outstanding^a</u> | <u>Estimated Share of Direct and Overlapping Debt</u> |
|--------------------------|--|--|--|---|---|
| Berlin | 427,384,248 | 2.40% | 2,255,790 | \$ 18,134,713 | \$ 20,390,503 |
| Ocean City | 10,625,491,391 | 59.60% | 56,082,729 | 81,688,603 | 137,771,332 |
| Pocomoke | 295,301,411 | 1.66% | 1,558,639 | 5,228,000 | 6,786,639 |
| Snow Hill | 147,459,294 | 0.83% | 778,309 | 1,086,000 | 1,864,309 |
| Unincorporated | 6,333,487,701 | 35.52% | 33,428,974 | - | 33,428,974 |
| Total | 17,829,124,045 | 100.00% | 94,104,442 | \$ 106,137,316 | \$ 200,241,758 |

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>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> | <u>2011</u> |
|---|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| Taxable Assessable Base | \$ 8,441,544 | \$ 7,264,346 | \$ 11,906,248 | \$ 10,074,151 | \$ 11,906,248 | \$ 20,247,339 | \$ 19,301,510 | \$ 20,247,339 | \$ 19,301,510 | \$ 18,130,187 |
| Debt Limit, 1% of Assessable Base | 84,415 | 72,643 | 119,062 | 100,742 | 119,062 | 202,473 | 193,015 | 202,473 | 193,015 | 181,302 |
| Amount of Debt Applicable to Limit | 40,562 | 38,648 | 35,033 | 47,160 | 44,106 | 67,961 | 63,911 | 94,244 | 86,898 | 79,301 |
| Debt Margin | <u>\$ 43,853</u> | <u>\$ 33,996</u> | <u>\$ 84,030</u> | <u>\$ 53,582</u> | <u>\$ 74,956</u> | <u>\$ 134,513</u> | <u>\$ 129,104</u> | <u>\$ 108,230</u> | <u>\$ 106,118</u> | <u>\$ 102,001</u> |
| Total debt applicable to the limit as a percentage of debt limit | 48.05% | 53.20% | 29.42% | 46.81% | 37.04% | 33.57% | 33.11% | 46.55% | 45.02% | 43.74% |
| Total Debt Service Limit | | | | | | | | | | |
| Total Governmental Fund Revenue | \$ 102,743 | \$ 111,701 | \$ 125,807 | \$ 147,668 | \$ 158,653 | \$ 169,509 | \$ 178,915 | \$ 196,317 | \$ 176,715 | \$ 173,869 |
| Debt Service Limit 10% of Revenue | 10,274 | 11,170 | 12,581 | 14,767 | 15,865 | 16,951 | 17,891 | 19,632 | 17,671 | 17,387 |
| Debt Service Applicable to Limit | 5,278 | 6,200 | 5,813 | 5,902 | 7,383 | 6,919 | 6,526 | 8,327 | 11,039 | 11,008 |
| Debt Service Margin | <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>\$ 6,632</u> | <u>\$ 6,379</u> |
| Total debt service applicable to the limit as a percentage of debt service limit | 51.37% | 55.51% | 46.20% | 39.97% | 46.53% | 40.82% | 36.48% | 42.42% | 62.47% | 63.31% |

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 ^b (thousands of dollars) | Per Capita Personal Income ^b | Public School Enrollment^c | Unemployment Rate ^d |
|-------------|--------------------------------|--|--|---|---|
| 2011 | 51,454 | * | * | 6,699 | 8.9% |
| 2010 | 49,122 | 2,045,692 | 41,645 | 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% |

* Information not yet available.

Notes:

^a 2011 -U.S. Census Bureau

^b U.S. Department of Commerce Bureau of Economic Analysis

^c Worcester County Board of Education

^d Maryland Dept of Labor, Licensing and Regulation

Schedule 17
Worcester County, Maryland
Principal Employers
Current Year and Five Years Ago

| <u>Employer</u> | 2011 | | | 2007 | | |
|----------------------------------|------------------|-------------|--|------------------|-------------|--|
| | <u>Employees</u> | <u>Rank</u> | <u>Percentage of Total County Employment</u> | <u>Employees</u> | <u>Rank</u> | <u>Percentage of Total County Employment</u> |
| Worcester Board of Education | 1,200 | 1 | 4.15% | 1,129 | 1 | 3.68% |
| Harrison Group | 1,090 | 2 | 3.77% | 800 | 2 | 2.61% |
| Town of Ocean City | 799 | 3 | 2.76% | 600 | 6 | 1.95% |
| Atlantic General Hospital | 795 | 4 | 2.75% | 599 | 7 | 1.95% |
| Worcester County Government | 675 | 5 | 2.33% | 668 | 5 | 2.18% |
| Phillips Seafood Restaurant | 600 | 6 | 2.07% | 725 | 4 | 2.36% |
| Dough Roller | 559 | 7 | 1.93% | 737 | 3 | 2.40% |
| O C Seacrets | 505 | 8 | 1.75% | 504 | 8 | 1.64% |
| Wal-Mart | 500 | 9 | 1.73% | 500 | 9 | 1.63% |
| Clarion Fountainebleu Hotel | 185 | 10 | 0.64% | 294 | 10 | 0.96% |
| | <u>6,908</u> | | <u>23.89%</u> | <u>6,556</u> | | <u>21.36%</u> |
| Total Worcester County Employees | | | 28,917 | | | 30,692 |

Source: Worcester County Economic Development.
Total 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

| Function/Program | Full-time Equivalent Employees as of June 30 | | | | | | | | | |
|---------------------------------|---|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| | <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> | <u>2011</u> |
| General Government | 110.5 | 110.4 | 113.5 | 121.4 | 134.8 | 144.8 | 149.7 | 153.4 | 137.1 | 127.4 |
| Commissioners, Judges, & Boards | 18.0 | 20.0 | 20.0 | 20.0 | 20.0 | 20.0 | 20.0 | 20.0 | 20.0 | 21.0 |
| Public Safety | 137.8 | 141.7 | 154.5 | 162.1 | 165.1 | 174.6 | 174.4 | 180.3 | 191.5 | 203.3 |
| Public Works | 73.1 | 80.2 | 86.1 | 68.1 | 68.1 | 68.7 | 70.0 | 70.6 | 64.8 | 61.9 |
| Social Services - LMB | 1.6 | 2.7 | 2.0 | 2.2 | 2.9 | 3.7 | 3.8 | 3.5 | 3.0 | 1.0 |
| Library & Recreation | 41.7 | 41.4 | 42.1 | 44.5 | 53.6 | 63.2 | 67.1 | 70.0 | 65.1 | 62.0 |
| Natural Resources | 0.3 | 0.3 | 0.3 | 0.3 | 0.3 | 0.2 | 0.2 | - | - | - |
| Water & Wastewater | 54.3 | 62.0 | 61.6 | 60.3 | 64.0 | 66.6 | 66.6 | 67.2 | 63.7 | 65.0 |
| Solid Waste | 35.2 | 36.8 | 38.6 | 41.5 | 46.5 | 47.6 | 46.6 | 45.3 | 40.9 | 39.0 |
| Total | <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>610.3</u> | <u>586.1</u> | <u>580.6</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

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

| <u>Function/Program</u> | <u>Fiscal Year</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> | <u>2011</u> |
| General Government | | | | | | | | | | |
| Building Permits issued* | 583 | 622 | 450 | 454 | 444 | 194 | 98 | 73 | 75 | 59 |
| Value of new construction (000's) | 101,945 | 109,469 | 83,283 | 93,580 | 112,867 | 52,891 | 31,990 | 17,063 | 17,524 | 13,317 |
| Public Safety | | | | | | | | | | |
| Detention Center | | | | | | | | | | |
| Avg. daily population | 279 | 285 | 293 | 297 | 305 | 308 | 274 | 196 | 267 | 334 |
| Fire Protection (All Volunteer) | | | | | | | | | | |
| Fire calls answered | 735 | 748 | 679 | 759 | 1,695 | 1,756 | 1,526 | 1,425 | 1,370 | 1,490 |
| Emergency Medical Services | | | | | | | | | | |
| EMS Calls answered | 4,242 | 4,320 | 4,406 | 4,538 | 5,535 | 5,700 | 5,812 | 5,621 | 5,928 | 5,572 |
| Education | | | | | | | | | | |
| Students | 6,934 | 6,916 | 6,869 | 6,834 | 6,756 | 6,727 | 6,747 | 6,673 | 6,659 | 6,699 |
| Teachers | 497 | 510 | 520 | 546 | 559 | 575 | 577 | 579 | 572 | 571 |
| Public Works | | | | | | | | | | |
| Centerline miles of road maintained | 517 | 519 | 520 | 519 | 520 | 519 | 524 | 524 | 529 | 530 |
| Wastewater treated (mgd) | 1.7 | 1.9 | 2.1 | 2.2 | 2.3 | 2.3 | 2.3 | 2.3 | 2.3 | 2.3 |

Sources: Worcester County Finance Office and individual County departments.

* Single Family Dwelling Units

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

| <u>Function/Program</u> | <u>Fiscal Year</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> | <u>2011</u> |
| Public Safety | | | | | | | | | | |
| Detention center capacity | 300 | 300 | 300 | 300 | 300 | 300 | 300 | 300 | 507 | 507 |
| Fire Companies | 9 | 9 | 9 | 9 | 9 | 9 | 9 | 9 | 9 | 9 |
| Emergency Medical Services Companies | 5 | 5 | 5 | 6 | 6 | 6 | 6 | 7 | 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 | 1 |
| Career & Technology Center | 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 | 1 |
| County Parks | 9 | 11 | 11 | 11 | 12 | 12 | 12 | 13 | 13 | 13 |
| Park acreage | 293 | 306 | 306 | 306 | 880 | 880 | 880 | 883 | 883 | 883 |
| Public Landings & Wharves | 9 | 9 | 9 | 9 | 9 | 9 | 9 | 9 | 9 | 9 |
| Boat Slips | 8 | 8 | 8 | 8 | 18 | 8 | 8 | 8 | 8 | 8 |
| Public Works | | | | | | | | | | |
| Centerline miles of county roads | 517 | 519 | 520 | 519 | 520 | 519 | 524 | 527 | 529 | 530 |
| Public Easements - Ocean Pines | 58.09 | 58.09 | 58.14 | 59.24 | 59.24 | 62.88 | 64.16 | 64.16 | 64.12 | 64.12 |
| Bridges | 40 | 40 | 40 | 40 | 40 | 40 | 40 | 40 | 44 | 44 |
| Wastewater Treatment Plants | 6 | 6 | 7 | 7 | 7 | 8 | 8 | 8 | 8 | 8 |
| Miles of sewer pipeline | 165 | 168 | 172 | 175 | 185 | 187 | 187 | 187 | 187 | 187 |
| Water well house facilities | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 |
| Pump stations | 46 | 46 | 46 | 48 | 51 | 53 | 53 | 53 | 53 | 54 |
| Water Tanks | 3 | 3 | 4 | 4 | 5 | 5 | 5 | 6 | 6 | 6 |
| Waterlines | 131 | 133 | 143 | 144 | 147 | 148 | 148 | 149 | 150 | 150 |
| Water Treatment Facilities | 8 | 8 | 9 | 9 | 10 | 10 | 10 | 10 | 10 | 10 |
| Recycling Center | - | - | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |

Sources: Worcester County Finance Office and individual County departments.