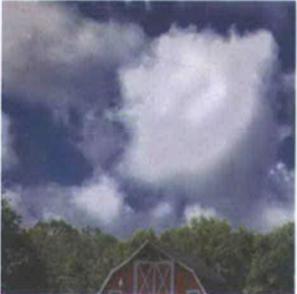
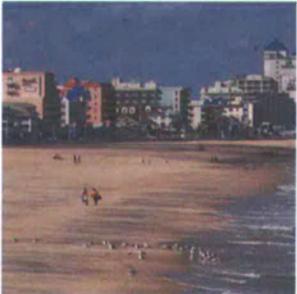
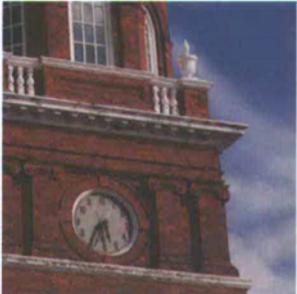


# Worcester County Maryland



## Comprehensive Annual Financial Report

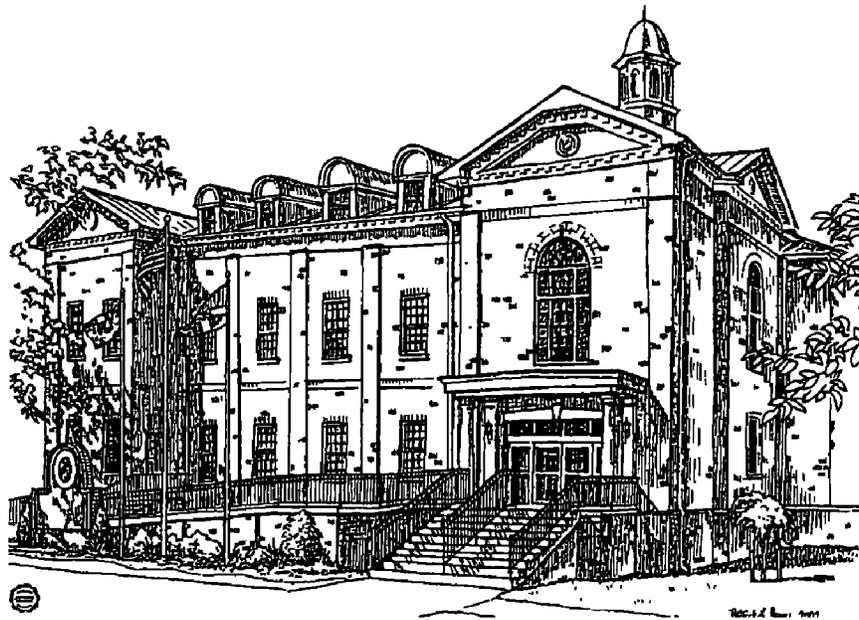
FISCAL YEAR ENDED JUNE 30, 2012  
WWW.CO.WORCESTER.MD.US



# *Worcester County, Maryland*

## **Comprehensive Annual Financial Report**

For Fiscal Year Ended  
June 30, 2012



Worcester County Government Center

*Prepared by:*

Gerald T. Mason,  
Chief Administrative Officer

Phillip G. Thompson, CPA  
Assistant Finance Officer

Harold L. Higgins, CPA  
Finance Officer

Kathleen J. Whited  
Budget Officer

**WORCESTER COUNTY, MARYLAND**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
for the FISCAL YEAR ENDED JUNE 30, 2012  
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# **INTRODUCTORY SECTION**

LETTER OF TRANSMITTAL

GFOA CERTIFICATE OF ACHIEVEMENT

ORGANIZATION CHART

LIST OF PRINCIPAL OFFICIALS



TEL. 410-632-0686  
FAX 410-632-3003

OFFICE OF THE TREASURER

## Worcester County

GOVERNMENT CENTER  
ONE WEST MARKET STREET • ROOM 1105  
P. O. Box 248  
SNOW HILL, MARYLAND  
21863

HAROLD L. HIGGINS, CPA  
FINANCE OFFICER

PHILLIP G. THOMPSON, CPA  
ASSISTANT FINANCE OFFICER

November 29, 2012

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, 2012 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, 2012 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

*Citizens and Government Working Together*

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, 2012 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 4<sup>th</sup> 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, implementing a hiring freeze for non-essential positions, and holding salaries flat over the last three fiscal years. These actions combined with the impact of the national recession have resulted in a \$26M decrease in the annual County operating budget since FY09. In addition, the early retirement incentive plan created and offered to eligible general government employees in FY09 has been continued each subsequent year through FY12. This program has resulted in a work force reduction of 43 employees and an annual savings of \$2.7 million in salaries and benefits. The County's efficiency committee, created in FY09, continues 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 only 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 6.5% in the current fiscal year which translates to an \$18.2M increase in gross hotel, motel and condominium rentals. In addition, the Food Tax revenue increased by 4.4% in FY12 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 plans to issue debt in FY2013 to refinance existing pension obligations and refund other County debt at more attractive terms.

**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

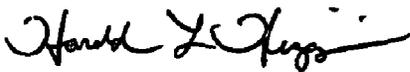
the Worcester County Board of Education. This was done in accordance with the Governmental Accounting Standards Board (GASB) Statements 43 and 45. The purpose of these Statements is to provide a more complete and reliable reporting of the financial obligations that governments incur when they provide 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, 2011. 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 Commissioners 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,



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, 2011

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.



*Christopher P. Moynell*

President

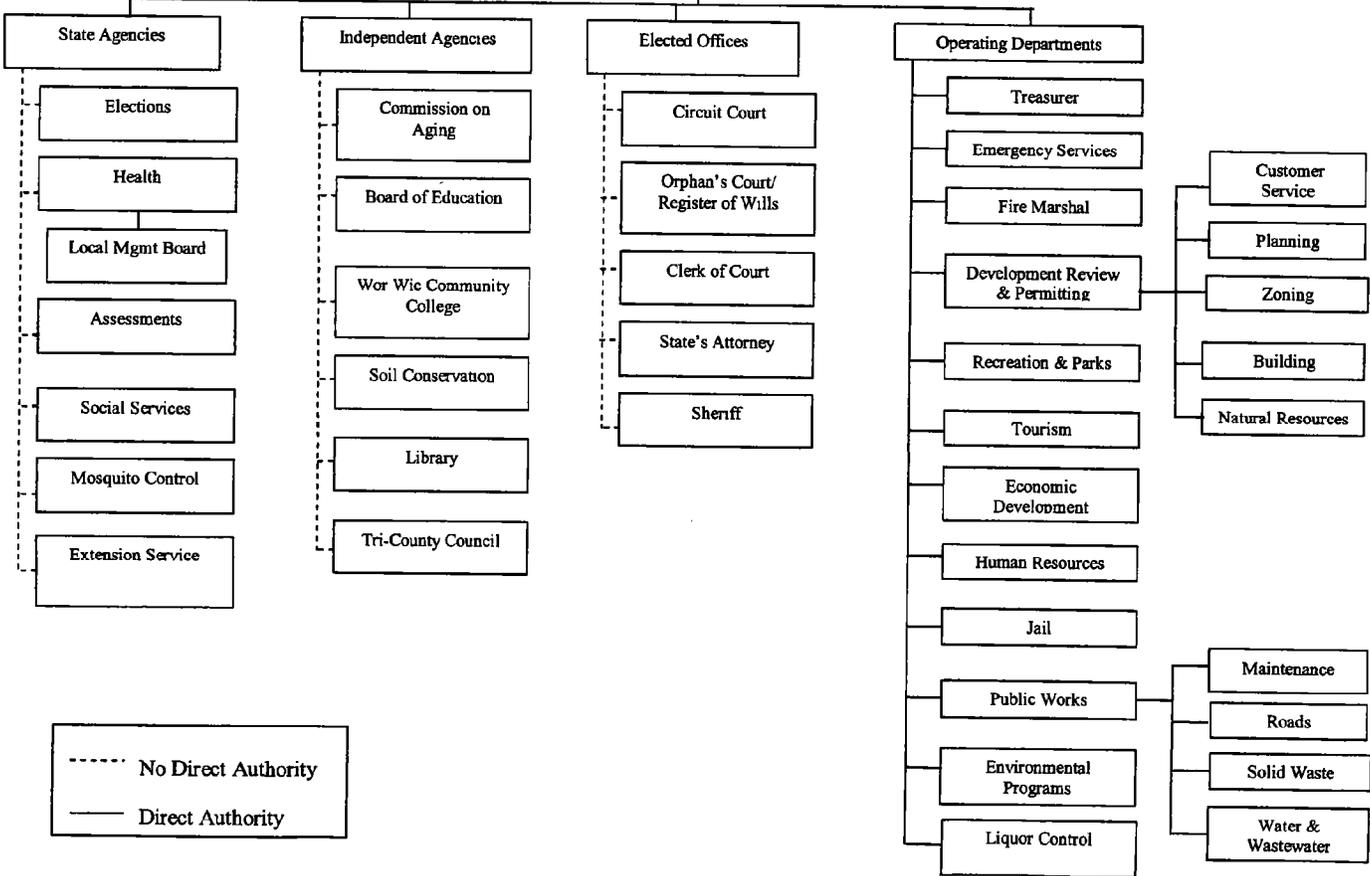
*Jeffrey R. Emer*

Executive Director

# Worcester County Organization Chart



**WORCESTER COUNTY VOTERS**  
 County Commissioners  
 Chief Administrative Officer  
 County Administration



Worcester County, Maryland  
List of Principal Officials and Directors  
June 30, 2012

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  
State's Attorney

Reggie T. Mason, Sr.  
Beau H. Oglesby

Appointed Officials

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

Gerald T. Mason  
Kelly Shannahan  
John E. Bloxom  
Garry Mumford  
William A. Badger  
Teresa A. Owens  
Harold L. Higgins  
Jeff McMahon  
George Bradley  
Mark Thomas  
Edward Tudor  
John Tustin  
Sharon Reilly  
Lisa Challenger

**FINANCIAL SECTION**



## INDEPENDENT AUDITORS' REPORT

County Commissioners of  
Worcester County, Maryland  
Snow Hill, Maryland

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Worcester County, Maryland as of and for the year ended June 30, 2012, 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, 2012, 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 November 29, 2012, 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 77 through 95 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Worcester County, Maryland's basic financial statements as a whole. The introductory section, additional supplementary information and schedules in the financial section and statistical section as listed in the table of contents are presented for purposes of additional analysis and are not a required part of the financial statements. The additional supplementary financial information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements taken as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them or provide any assurance on it.



Salisbury, Maryland  
November 29, 2012

## ***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, 2012. 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 and the recently acquired Worcester County Department of Liquor Control.

The government-wide financial statements include not only the County itself (the primary government), but also includes the Worcester County Board of Education as a legally separate component unit and is 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, Local Law Enforcement Block Grant, 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 its solid waste, water and sewer and liquor control 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 45-75 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 76 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 \$167,378,963 as of June 30, 2012 compared to \$161,814,564 for the year ended June 30, 2011, an increase of \$5,564,399.

**Worcester County, Maryland**  
**Net Assets**

	June 30, 2012			June 30, 2011		
	Governmental Activities	Business-Type Activities	Total	Governmental Activities	Business-Type Activities	Total
<b>Assets</b>						
<b>Current and other</b>						
assets	\$ 90,889,743	\$ 31,534,367	\$ 122,424,110	\$ 90,940,139	\$ 23,611,527	\$ 114,551,666
Capital assets	104,315,500	74,922,822	179,238,322	107,048,333	72,563,359	179,611,692
<b>Total assets:</b>	<b>195,205,243</b>	<b>106,457,189</b>	<b>301,662,432</b>	<b>197,988,472</b>	<b>96,174,886</b>	<b>294,163,358</b>
<b>Liabilities:</b>						
<b>Current and other</b>						
liabilities	17,339,070	32,662,350	50,001,420	19,465,992	25,464,927	44,930,919
Long-term liabilities	66,734,952	17,547,097	84,282,049	74,202,484	13,615,391	87,817,875
<b>Total liabilities:</b>	<b>84,074,022</b>	<b>50,209,447</b>	<b>134,283,469</b>	<b>93,668,476</b>	<b>39,080,318</b>	<b>132,748,794</b>
<b>Net assets:</b>						
<b>Invested in capital assets</b>						
net of related debt	105,455,263	54,334,765	159,790,028	100,290,019	55,935,777	156,225,796
Unrestricted	5,675,958	1,912,977	7,588,935	4,029,977	1,558,791	5,588,768
<b>Total net assets:</b>	<b>\$ 111,131,221</b>	<b>\$ 56,247,742</b>	<b>\$ 167,378,963</b>	<b>\$ 104,319,996</b>	<b>\$ 57,494,568</b>	<b>\$ 161,814,564</b>

One of the largest portions of the County's net assets (95.4 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 \$159,790,028 at June 30, 2012. 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 \$66,256,059 at June 30, 2012. Absent the effect of this relationship, the County would have reported unrestricted net assets of \$71,932,017 on its government-wide financial statements, rather than the unrestricted net assets of \$5,675,958.

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, 2012			June 30, 2011		
	Governmental Activities	Business-Type Activities	Total	Governmental Activities	Business-Type Activities	Total
<b>Revenues:</b>						
<b>Program revenues:</b>						
Charges for services	\$ 8,667,966	\$ 31,587,245	\$ 40,255,211	\$ 7,435,837	\$ 13,874,220	\$ 21,310,057
Operating grants and contributions	4,257,505	22,000	4,279,505	5,243,439	22,000	5,265,439
Capital grants and contributions	2,078,722		2,078,722	4,446,811		4,446,811
<b>General revenues:</b>						
<b>Real and personal</b>						
property taxes	121,290,966		121,290,966	121,990,826		121,990,826
Income taxes	12,900,072		12,900,072	10,459,699		10,459,699
Other local taxes	23,111,431		23,111,431	23,513,666		23,513,666
State shared taxes	687,960		687,960	804,689		804,689
Distribution - WCLCB	103,626	(675,340)	(571,714)	363,568		363,568
Interest income	283,728	12,334	296,062	216,726	20,043	236,769
Gain(loss) on sale of capital asset			-			-
Other income	1,530,161		1,530,161	649,917	400,000	1,049,917
<b>Total revenues:</b>	<u>174,912,137</u>	<u>30,946,239</u>	<u>205,858,376</u>	<u>175,125,178</u>	<u>14,316,263</u>	<u>189,441,441</u>
<b>Expenses:</b>						
General government	34,145,354		34,145,354	37,627,186		37,627,186
Public safety	29,409,797		29,409,797	28,164,200		28,164,200
Public works	6,579,810		6,579,810	10,211,713		10,211,713
Health and hospitals	5,414,163		5,414,163	4,841,634		4,841,634
Social services	1,861,337		1,861,337	2,138,165		2,138,165
Education	79,539,955		79,539,955	85,169,388		85,169,388
Libraries, recreation and culture	5,301,793		5,301,793	5,479,418		5,479,418
Conservation of natural resources	661,679		661,679	587,200		587,200
Economic development	2,094,400		2,094,400	1,755,183		1,755,183
Interest charges	3,092,624		3,092,624	3,411,269		3,411,269
Landfill		5,307,959	5,307,959		5,460,265	5,460,265
Water and wastewater		11,671,743	11,671,743		11,925,133	11,925,133
Liquor Control		15,213,363	15,213,363			
<b>Total expenses:</b>	<u>168,100,912</u>	<u>32,193,065</u>	<u>200,293,977</u>	<u>179,385,356</u>	<u>17,385,398</u>	<u>196,770,754</u>
Increase (decrease) in net assets	6,811,225	(1,246,826)	5,564,399	(4,260,178)	(3,069,135)	(7,329,313)
Net assets, beginning	104,319,996	57,494,568	161,814,564	108,580,174	60,563,703	169,143,877
Net assets, ending	<u>\$ 111,131,221</u>	<u>\$ 56,247,742</u>	<u>\$ 167,378,963</u>	<u>\$ 104,319,996</u>	<u>\$ 57,494,568</u>	<u>\$ 161,814,564</u>

\*FY 12 includes the Worcester County Department of Liquor Control in the Business Type Activity. In previous years this activity was reported as a component unit.

*Financial Analysis on Government Fund Financial Statements*

Governmental Activities:

Key elements in the revenue decrease of \$213,041 for governmental activities as compared to FY11 are as follows:

- Operating grants decreased, \$985,934 from FY11
- Capital grants decreased by \$2,368,089 from FY11 due to one-time grants for highway and waterway improvement projects which did not re-occur in FY12.
- Real and personal property tax revenues decreased by \$699,860. This decrease was a result of an anticipated real property reassessment decrease 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 2<sup>nd</sup> lowest in Maryland.
- Charges for services increased by \$1,232,129 primarily due to the expanded use of the County Jail facility

Expenses for governmental activities decreased 6.7% or \$11,284,444 compared to FY11 primarily due to the following:

- Public Works decreased by \$3,631,903 primarily as a result of a one-time grant received in the prior year and a reduction in depreciation expense.
- Education decreased by \$5,629,433 primarily as a result of a decrease in capital expenditures related to the Board of Education. These amounts are expensed on the Statement of Activities since the assets are those of the Board of Education and not the County. The decrease was a result of construction activity at Pocomoke High School winding down.
- Public Safety increased by \$1,245,597 primarily as a result of the increased capacity at the jail facility.

**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. 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, 2012 and 2011:

<u>Governmental Activities - Fund Statements</u>	<u>June 30, 2012</u>	<u>June 30, 2011</u>	<u>Net Change in Fund Balance</u>
General Fund	\$ 49,787,210	\$ 42,086,209	\$ 7,701,001
Capital Projects Fund	(599,589)	5,796,006	(6,395,595)
Debt Service Fund	5,385	5,374	11
Other Governmental Funds	<u>2,366,862</u>	<u>1,225,068</u>	<u>1,141,794</u>
Total	<u>\$ 51,559,868</u>	<u>\$ 49,112,657</u>	<u>\$ 2,447,211</u>

At the end of the current fiscal year, the County's governmental funds reported combined fund balance of \$51,559,868 an increase of \$2,447,211 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 \$49,787,210. This fund balance includes non-spendable items totaling \$110,609 for prepaid expenses, assigned fund balance of \$10,821,409 for future capital projects, and \$38,855,192 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 23.1 % of total general fund expenditures, while total fund balance represents 29.6% 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 \$6,395,595 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 \$11 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 \$1,141,794 from FY11. The Energy Fund remained stable, while The Department of Social Services and the Local Management Board increased by \$26,811 and \$20,883 respectively. The Casino Fund which was created to account for the County portion of proceeds from the Ocean Downs Casino facility reflects a \$1,097,527 increase in fund balance in FY12. Further detail of this activity is on page 98 .

**Proprietary funds:**

<u>Enterprise Fund Statements</u>	<u>June 30, 2012</u>	<u>June 30, 2011</u>	<u>Change in Net Assets</u>
Water and Sewer Utilities	\$ 51,893,166	\$ 52,433,822	\$ (540,656)
Solid Waste	3,954,576	4,660,746	(706,170)
Department of Liquor Control	400,000	400,000	-
<b>Total</b>	<b>\$ 56,247,742</b>	<b>\$ 57,494,568</b>	<b>\$ (1,246,826)</b>

**Solid Waste**

***Revenue***

- Tipping fee revenues increased from \$3.1million in FY11 to \$3.8 million in FY12 due to a combination of an increase in the refuse tipping fee from \$65 to \$70 per ton and small increases in the volumes of refuse, demolition/construction debris, and sludge.

***Expenses***

- Solid waste expenses remained stable from FY11 to FY12.

**Water and Wastewater**

***Revenues***

- Overall revenue increased 10% from \$10.1 million in FY11 to \$11.1 million in FY12 due to a combination of rate increases in some of the water and wastewater service areas and one time other revenues in the Ocean Pines sanitary service area.

***Expenses***

- Overall operating expenses decreased slightly from \$8.8 million in FY11 to \$8.6 million in FY12.

**Department of Liquor Control**

***Revenues***

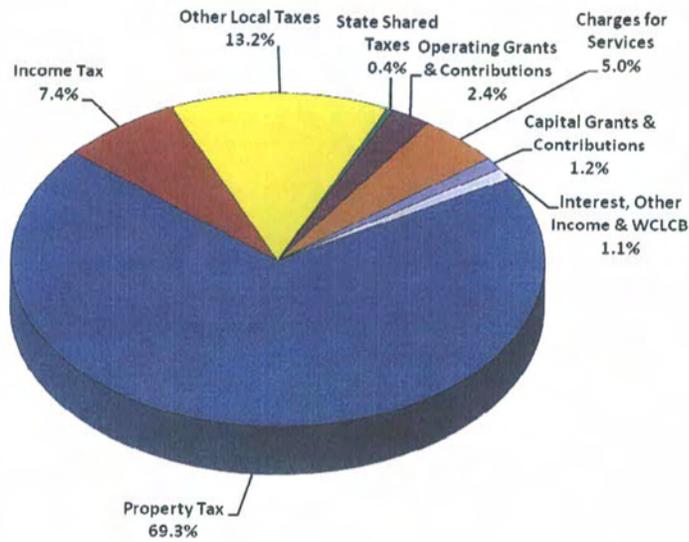
- This was the County's first year with a Liquor Control enterprise fund. In prior years the Liquor Control Board was a component unit. Overall sales and corresponding cost of goods sold were 7% and 6%, respectively, higher than the budget primarily due to a conservative first year budget for this department.

***Expenses***

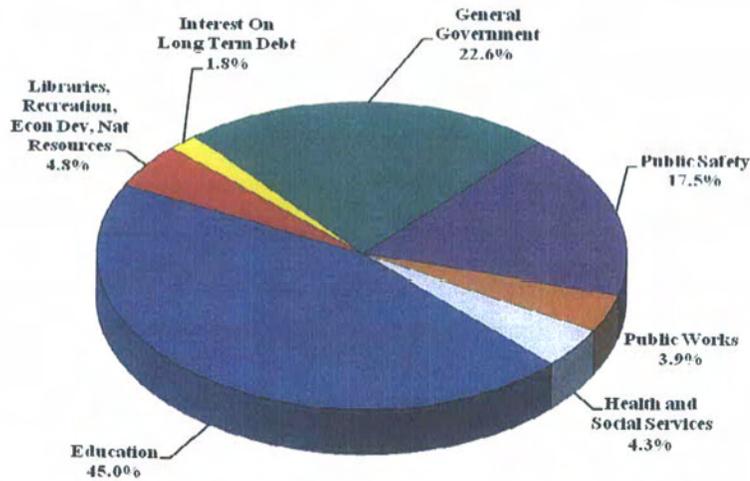
- Overall operating expenses were also higher than budgeted mainly due to under-budgeting in payroll related expenses.

Fiscal year 2012 revenues and expenses are summarized in the following charts for both the business type (proprietary) and governmental activities.

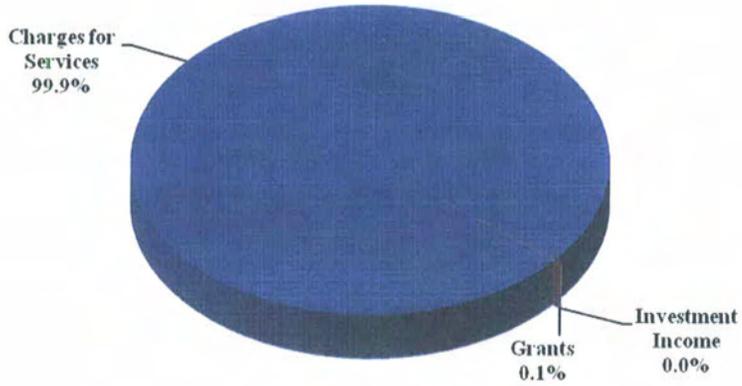
**Revenues by Source- Governmental Activities  
For the Year Ended June 30, 2012**



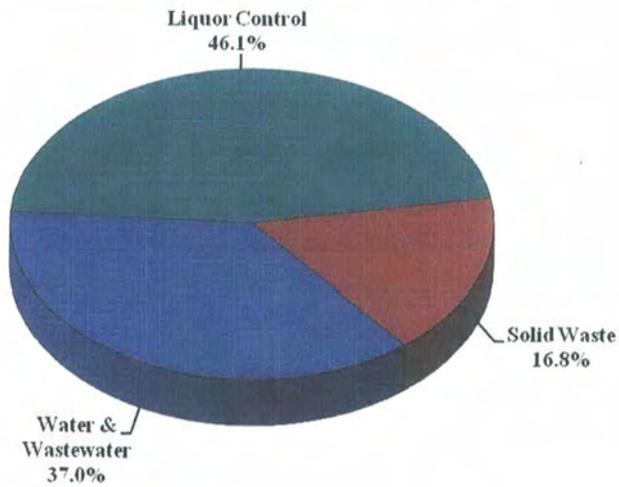
**Expenses- Governmental Activities  
For the Year Ended June 30, 2012**



Revenues by Source- Business-Type Activities  
For the Year Ended June 30, 2012



Expenses- Business-Type Activities  
For the Year Ended June 30, 2012



### *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, 2012, amounts to \$179,238,322 (net of accumulated depreciation). The total decrease in the County's investment in capital assets for the current year was 0.1%. 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 near \$600,000 and renovation is near completion for the two-and-a-half story historic brick house.
- 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. Various components of the project include: 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, in May 2011 contract services were awarded for Construction Administration for \$264,422 and Construction Inspections for \$129,932. Fiscal year 2012 spending totaled \$3,419,448.
- 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 expected to open summer of 2012. 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 2012 equated to \$599,628.
- In fiscal year 2012 the County began using solar power. Solar panels have been installed at the County's Recreation Center in Snow Hill costing \$230,844. This project was funded by a American Recovery and Reinvestment Act (ARRA) grant administered by the Maryland Energy Administration (MEA). Those panels will provide a share of the energy needed to operate the building.
- Improvements to various Boat landings totaled \$353,743 in FY12.
- The purchase of public safety new vehicles totaled \$215,450 during the fiscal year.
- The County contributed \$3,239,040 for the following education projects:
  - \$12,215 to Wor-Wic Community College towards campus development
  - \$3,007,859 for construction of an addition to the Pocomoke High School
  - \$218,966 for relocating portable classrooms to Snow Hill High School.



**Worcester County, Maryland**  
**Capital Assets (Net of Depreciation)**

	June 30, 2012			June 30, 2011		
	Governmental Activities	Business-Type Activities	Total	Governmental Activities	Business-Type Activities	Total
Land and improvements	\$ 11,355,631	\$ 1,554,029	\$ 12,909,660	\$ 11,355,631	\$ 1,341,872	\$ 12,697,503
Building and building improvements	63,694,159	4,747,475	68,441,634	65,117,101	3,302,506	68,419,607
Improvements other than buildings	7,331,595	4,301,796	11,633,391	7,306,936	5,419,277	12,726,213
Machinery and equipment	7,288,118	3,624,904	10,913,022	9,601,442	3,956,356	13,557,798
Water and sewer systems		54,856,283	54,856,283		56,216,099	56,216,099
Infrastructure	9,136,726		9,136,726	10,361,919		10,361,919
Construction in progress	5,509,271	5,838,585	11,347,856	3,305,304	2,327,249	5,632,553
<b>Total:</b>	<b>\$ 104,315,500</b>	<b>\$ 74,923,072</b>	<b>\$ 179,238,572</b>	<b>\$ 107,048,333</b>	<b>\$ 72,563,359</b>	<b>\$ 179,611,692</b>

Additional information on Worcester County's capital assets can be found in note 5 on pages 56-57 of this report.

**Long-term debt:** At the end of the current fiscal year, Worcester County had total bonded long-term debt of \$90,539,632. The total debt is backed by the full faith and credit of Worcester County. Business-type activities are directly responsible for \$19,137,149 of the total debt.

**Worcester County, Maryland**  
**Outstanding Debt/General Obligation Bonds**

	June 30, 2012			June 30, 2011		
	Governmental Activities	Business-Type Activities	Total	Governmental Activities	Business-Type Activities	Total
General Bonded Debt	\$ 71,402,483	\$ 19,137,149	\$ 90,539,632	\$ 79,300,560	\$ 14,803,882	\$ 94,104,442

The County's total bonded debt decreased by \$3,564,810 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 58-62 of this report.

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

During FY2012, Worcester County experienced a continuation of a number of recent trends, and estimates indicate that revenues continue to decrease significantly. The softening real estate market continued into the fiscal year and real property assessments continue to decrease, these combined real and personal property tax revenues decreased but were offset by reduced homestead tax credits. Thus, net property taxes increased by \$763,151 or 0.63% over FY2011. The local economic performance reflects the current national recession and resulted in an income tax revenue decrease of 14.6% and interest on investments decreased 20.0% 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 level funded the annual contribution to the Other Post Employment Benefits Trust Fund in order 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 areas from which these visitors travel to reach Ocean City, although the trend over the last couple years includes a shorter booking window and shortened length of stay. Ocean City Chamber of Commerce reports average weekly summer population is from 290,000 to nearly 340,000 on the July 4<sup>th</sup> weekend. The unemployment rate for the County as of June 30, 2012 is 8.2%, which is a decrease from a rate of 9.1% a year ago. This compares to the State's average unemployment rate of 7.2%.

### ***Fiscal Year 2013 Budget***

The approved fiscal year 2013 operating budget is \$165,904,256 and is supported by a real property tax rate of \$0.77 per \$100 of assessed value and the personal property tax rate is \$1.925 per \$100. This \$.07 rate increase resulted in additional real property tax revenue of \$10,992,970 but was still below the State Department of Assessment & Taxation (SDAT) constant yield tax rate of \$.7723 per \$100 of assessed value for real property. The County has not altered the tax rate since July 1, 2005 when it was lowered from \$.73 to \$.70 per \$100 of assessed value to offset rapidly rising property assessments. Beginning July 1, 2008, the economic downturn negatively affected the County revenues and has resulted in cumulative budget cuts totaling \$25.9 million for the three fiscal years ending June 30, 2012. Fiscal year 2013 represents the first year of a three year assessment cycle and will constitute the fourth consecutive year of declining assessments in the County, a trend that SDAT expects to last at least through fiscal year 2014.

### ***Revenues 2013 Budget***

In FY 2013, the County operating budget increased \$2,363,112 or 1.4% more than FY12 due to a minimal increase in revenues. The approved fiscal year 2013 operating budget is \$165,904,256 and is supported by a real property tax rate of \$0.77 per \$100 of assessed value and the personal property tax rate is \$1.925 per \$100. This \$.07 rate increase resulted in additional real property tax revenue of \$10,992,970 but was still below the State Department of Assessment & Taxation (SDAT) constant yield tax rate of \$.7723 per \$100 of assessed value for real property. The County has not altered the tax rate since July 1, 2005 when it was lowered from \$.73 to \$.70 per \$100 of assessed value to offset rapidly rising property assessments. Net property taxes increased by \$347,057 primarily as a result of reduced homestead tax credits and decreasing assessments. Income Tax revenue estimates increased by \$2,000,000 mainly due to actual receipts and increased estimates and is based on the current tax rate of 1.25%. Transfer tax and Recordation tax are expected to remain level with the FY12 budget. Licenses and Permits and Interest on Investments decreased \$96,050 due to continued economic decline and Federal Grants were reduced by \$247,727 mainly due to the reduction of Homeland Security grant funds.

### ***Expenditures 2013 Budget***

The FY2013 budget includes decreases to most all departments and agencies. Salary accounts included a 2% cost of living adjustment for County employees while an early retirement incentive program for County employees would be offered for the fourth consecutive year at the County. The Board of Education operating budget was approved above the Maintenance of Effort level due to additional funds for the mandated teacher pension shift of \$1,271,561 and a salary increase for the Board of Education employees. 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 maintenance of effort. The State of Maryland imposed a local cost sharing reimbursement for 90% of the costs of administering certain programs in the State Department of Assessments and Taxation; the budget includes \$1,076,147 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, 2012  
 COMPONENT UNIT AS OF JUNE 30, 2012

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	The Board of Education of Worcester County
<b>ASSETS</b>				
Cash and short-term investments	\$ 44,095,267	\$ 9,302,895	\$ 53,398,162	\$ 5,742,480
Receivables:				
Taxes	4,818,015	-	4,818,015	-
Federal, state, and local governments	5,638,447	-	5,638,447	2,838,689
Other	3,138,408	6,973,442	10,111,850	99,662
Internal balances	6,553,748	(6,553,748)	-	-
Inventories, at first-in, first-out method	-	4,452,242	4,452,242	-
Prepaid items	26,583,793	-	26,583,793	-
Other assets	62,065	17,359,286	17,421,351	-
Nondepreciable capital assets	16,864,902	7,392,614	24,257,516	3,015,468
Depreciable capital assets, net	87,450,598	67,530,458	154,981,056	130,364,575
<b>Total assets</b>	<b>195,205,243</b>	<b>106,457,189</b>	<b>301,662,432</b>	<b>142,060,874</b>
<b>LIABILITIES</b>				
Accounts payable and accrued liabilities	6,737,085	2,320,820	9,057,905	5,359,474
Due to other governmental units	-	-	-	-
Unearned revenue	1,395,796	13,635,528	15,031,324	1,206,435
Due to fiduciary funds	256,658	-	256,658	317,784
Compensated absences	667,000	191,638	858,638	29,658
Early incentive payment	-	-	-	75,350
Long-term liabilities				
Compensated absences	815,000	234,346	1,049,346	423,099
Due within one year	7,467,531	16,280,018	23,747,549	7,313,344
Due in more than one year	66,734,952	17,547,097	84,282,049	-
<b>Total liabilities</b>	<b>84,074,022</b>	<b>50,209,447</b>	<b>134,283,469</b>	<b>14,725,144</b>
<b>NET ASSETS</b>				
Invested in capital assets, net of related debt	105,455,263	54,334,765	159,790,028	133,380,043
Restricted for:				
Capital projects	-	-	-	52,812
Food service activities	-	-	-	92,687
Unrestricted	5,675,958	1,912,977	7,588,935	(6,189,812)
<b>Total net assets</b>	<b>\$ 111,131,221</b>	<b>\$ 56,247,742</b>	<b>\$ 167,378,963</b>	<b>\$ 127,335,730</b>

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

WORCESTER COUNTY, MARYLAND

STATEMENT OF ACTIVITIES

Year Ended June 30, 2012

Function/Program	Expenses	Program Revenues		
		Charges for Services	Operating Grants, Contributions, and Interest	Capital Grants, Contributions, and Interest
<b>Governmental Activities</b>				
Current.				
General government	\$ 34,145,354	\$ 1,873,888	\$ 2,872,824	\$ -
Public safety	29,409,797	6,025,129	882,277	874,265
Public works	6,579,810	79,893	-	-
Health and hospitals	5,414,163	457,086	145,237	884
Social services	1,861,337	-	-	-
Education	79,539,955	-	-	-
Libraries, recreation and culture	5,301,793	182,130	226,831	440,260
Conservation of natural resources	661,679	-	-	-
Economic development	2,094,400	49,840	130,336	763,313
Interest on long-term debt	3,092,624	-	-	-
<b>Total Governmental Activities</b>	<b>168,100,912</b>	<b>8,667,966</b>	<b>4,257,505</b>	<b>2,078,722</b>
<b>Business-Type Activities</b>				
Landfill	5,307,959	4,590,998	-	-
Department of Water and Wastewater	11,671,743	11,107,727	22,000	-
Department of Liquor Control	15,213,363	15,888,520	-	-
<b>Total Business-Type Activities</b>	<b>32,193,065</b>	<b>31,587,245</b>	<b>22,000</b>	<b>-</b>
<b>Total Primary Government</b>	<b>200,293,977</b>	<b>40,255,211</b>	<b>4,279,505</b>	<b>2,078,722</b>
<b>Component Units</b>				
The Board of Education of Worcester County	131,392,479	806,132	115,263,477	3,780,807
<b>Total Component Units</b>	<b>131,392,479</b>	<b>806,132</b>	<b>115,263,477</b>	<b>3,780,807</b>
<b>General Revenues</b>				
Taxes:				
Real and personal property				
Income				
Other:				
Room tax				
Admission and amusement				
Recordation				
Trailer park excise tax				
Transfer tax				
Food tax				
State shared				
Distribution of Liquor Department profits				
Interest				
Other				
<b>Total General Revenues</b>				
Total Change in Net Assets				
Net Assets Beginning of Year				
Net Assets End of Year				

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

**Net (Expense) Revenue and Changes in Net Assets**

Primary Government			Component Unit
Governmental Activities	Business-Type Activities	Total	The Board of Education of Worcester County
\$ (29,398,642)	\$ -	\$ (29,398,642)	\$ -
(21,628,126)	-	(21,628,126)	-
(6,499,917)	-	(6,499,917)	-
(4,810,956)	-	(4,810,956)	-
(1,861,337)	-	(1,861,337)	-
(79,539,955)	-	(79,539,955)	-
(4,452,572)	-	(4,452,572)	-
(661,679)	-	(661,679)	-
(1,150,911)	-	(1,150,911)	-
(3,092,624)	-	(3,092,624)	-
(153,096,719)	-	(153,096,719)	-
-	(716,961)	(716,961)	-
-	(542,016)	(542,016)	-
-	675,157	675,157	-
-	(583,820)	(583,820)	-
(153,096,719)	(583,820)	(153,680,539)	-
(11,542,063)	-	(11,542,063)	(11,542,063)
(11,542,063)	-	(11,542,063)	(11,542,063)
121,290,966	-	121,290,966	-
12,900,072	-	12,900,072	-
13,262,770	-	13,262,770	-
590,148	-	590,148	-
5,328,454	-	5,328,454	-
119,017	-	119,017	-
2,595,376	-	2,595,376	-
1,215,666	-	1,215,666	-
687,960	-	687,960	-
103,626	(675,340)	(571,714)	-
283,728	12,334	296,062	40,368
1,530,161	-	1,530,161	57,593
159,907,944	(663,006)	159,244,938	97,961
6,811,225	(1,246,826)	5,564,399	(11,444,102)
104,319,996	57,494,568	161,814,564	138,779,832
<b>\$ 111,131,221</b>	<b>\$ 56,247,742</b>	<b>\$ 167,378,963</b>	<b>\$ 127,335,730</b>

WORCESTER COUNTY, MARYLAND

BALANCE SHEET  
GOVERNMENTAL FUNDS  
June 30, 2012

	<u>General</u>	<u>Capital Projects</u>	<u>Debt Service</u>
<b>ASSETS</b>			
Cash and short-term investments	\$ 42,086,909	\$ 199,088	\$ 5,385
Receivables:			
Taxes	4,818,015	-	-
Federal, state and local governments	5,638,447	-	-
Other	3,112,853	-	-
Due from other funds	6,766,752	561,119	-
Prepaid items	110,609	-	-
Other assets	62,065	-	-
<b>Total assets</b>	<b>\$ 62,595,650</b>	<b>\$ 760,207</b>	<b>\$ 5,385</b>
<b>LIABILITIES AND FUND BALANCES</b>			
<b>LIABILITIES</b>			
Accounts payable and accrued liabilities	\$ 6,226,429	\$ 295,181	\$ -
Due to other funds	1,734,093	-	-
Deferred revenue	4,051,870	1,064,615	-
Other	796,048	-	-
<b>Total liabilities</b>	<b>12,808,440</b>	<b>1,359,796</b>	<b>-</b>
<b>FUND BALANCES</b>			
Fund balances:			
Nonspendable	110,609	-	-
Restricted	-	-	-
Committed	-	-	-
Assigned	10,821,409	-	5,385
Unassigned	38,855,192	(599,589)	-
<b>Total Fund Balances</b>	<b>49,787,210</b>	<b>(599,589)</b>	<b>5,385</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 62,595,650</b>	<b>\$ 760,207</b>	<b>\$ 5,385</b>

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

Other Governmental Funds		Total
\$ 1,803,885	\$	44,095,267
-		4,818,015
-		5,638,447
25,555		3,138,408
703,312		8,031,183
-		110,609
-		62,065
<hr/>		
\$ 2,532,752	\$	65,893,994

\$ 86,427	\$	6,608,037
-		1,734,093
79,463		5,195,948
-		796,048
<hr/>		
165,890		14,334,126
<hr/>		
-		110,609
-		-
-		-
2,366,862		13,193,656
-		38,255,603
<hr/>		
2,366,862		51,559,868
<hr/>		
\$ 2,532,752	\$	65,893,994

WORCESTER COUNTY, MARYLAND

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

June 30, 2012

Total fund balances, governmental funds	\$ 51,559,868
Amounts reported for governmental activities in the statement of net assets are different because:	
Pre-payment of post retirement employment benefits	26,473,184
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.	104,315,500
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.	3,800,152
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	(74,202,483)
Compensated absences	<u>(815,000)</u>
Total long-term liabilities	<u>(75,017,483)</u>
Net assets of governmental activities in the Statement of Net Assets	<u>\$111,131,221</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, 2012

	<u>General</u>	<u>Capital Projects</u>	<u>Debt Service</u>
<b>REVENUES:</b>			
Taxes and special assessments	\$ 157,943,051	\$ -	\$ -
Licenses and permits	1,739,111	-	-
Intergovernmental	3,826,091	624,495	-
Service charges and fees	6,833,192	-	-
Miscellaneous	1,951,746	4,501	11
Other	-	-	-
<b>Total revenues</b>	<b>172,293,191</b>	<b>628,996</b>	<b>11</b>
<b>EXPENDITURES:</b>			
Current:			
General government	13,272,863	-	-
Public safety	26,513,127	-	-
Public works	4,273,829	-	-
Health and hospitals	4,900,545	-	-
Social services	1,266,047	-	-
Education	75,683,870	-	-
Libraries, recreation and culture	5,133,304	-	-
Conservation of natural resources	658,252	-	-
Economic development	1,762,761	-	-
Distributions to incorporated municipalities	20,317,357	-	-
Capital projects	-	7,046,175	-
Debt service:			
Principal retirement	-	-	7,824,044
Interest and other charges	-	-	3,166,657
<b>Total expenditures</b>	<b>153,781,955</b>	<b>7,046,175</b>	<b>10,990,701</b>
(Deficiency) excess of revenues over expenditures	18,511,236	(6,417,179)	(10,990,690)
<b>OTHER FINANCING SOURCES (USES):</b>			
Transfers in	202,050	21,584	10,990,701
Transfers out	(11,012,285)	-	-
<b>Total other financing sources (uses)</b>	<b>(10,810,235)</b>	<b>21,584</b>	<b>10,990,701</b>
Net change in fund balances	7,701,001	(6,395,595)	11
Fund balances, beginning	42,086,209	5,796,006	5,374
Fund balances, ending	\$ 49,787,210	\$ (599,589)	\$ 5,385

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

Other	
Governmental	
<u>Funds</u>	<u>Total</u>
\$ -	\$ 157,943,051
-	1,739,111
1,942,005	6,392,591
-	6,833,192
-	1,956,258
556	556
<u>1,942,561</u>	<u>174,864,759</u>
-	13,272,863
-	26,513,127
-	4,273,829
-	4,900,545
595,290	1,861,337
-	75,683,870
-	5,133,304
3,427	661,679
-	1,762,761
-	20,317,357
-	7,046,175
-	7,824,044
-	3,166,657
<u>598,717</u>	<u>172,417,548</u>
<u>1,343,844</u>	<u>2,447,211</u>
-	11,214,335
<u>(202,050)</u>	<u>(11,214,335)</u>
<u>(202,050)</u>	-
1,141,794	2,447,211
<u>1,225,068</u>	<u>49,112,657</u>
<u>\$ 2,366,862</u>	<u>\$ 51,559,868</u>

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, 2012

Net change in fund balances, governmental funds \$ 2,447,211

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	3,788,623	
Loss on disposal of asset	-	
Depreciation expense	<u>(6,521,456)</u>	
Excess of depreciation expense over capital outlay		(2,732,833)

Because some revenues will not be collected for several months after the County's fiscal year ends, they are not considered "available" revenues and are deferred in the governmental funds. Unearned revenues increased by this amount this year. 47,378

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. 7,824,044

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	(999,632)
Decrease in compensated absences	<u>151,024</u>

Change in net assets of governmental activities \$ 6,811,225

*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, 2012

	<u>Landfill</u>	Department of Water and Wastewater Services	Department of Liquor Control	<u>Total</u>
<b>ASSETS</b>				
<u>Current assets</u>				
Cash and short-term investments	\$ 7,178,920	\$ 1,975,321	\$ 148,654	\$ 9,302,895
Inventory	-	-	4,452,242	4,452,242
Accounts receivable	624,870	5,335,643	1,012,929	6,973,442
<b>Total current assets</b>	<b>7,803,790</b>	<b>7,310,964</b>	<b>5,613,825</b>	<b>20,728,579</b>
<u>Noncurrent assets</u>				
<u>Capital assets</u>				
Land, land rights and improvements	1,226,989	114,883	212,157	1,554,029
Construction in progress	-	5,838,585	-	5,838,585
Buildings and building improvements	4,233,213	-	2,162,835	6,396,048
Improvements other than buildings	27,926,353	-	-	27,926,353
Water and sewer systems	-	80,967,646	-	80,967,646
Machinery and equipment	6,904,406	5,445,862	608,493	12,958,761
	40,290,961	92,366,976	2,983,485	135,641,422
Less accumulated depreciation	(29,184,362)	(30,470,047)	(1,063,941)	(60,718,350)
	11,106,599	61,896,929	1,919,544	74,923,072
<u>Other assets</u>				
Long-term edu receivable	-	17,359,286	-	17,359,286
<b>Total noncurrent assets</b>	<b>11,106,599</b>	<b>79,256,215</b>	<b>1,919,544</b>	<b>92,282,358</b>
<b>Total assets</b>	<b>18,910,389</b>	<b>86,567,179</b>	<b>7,533,369</b>	<b>113,010,937</b>

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

	<u>Landfill</u>	Department of Water and Wastewater <u>Services</u>	Department of Liquor <u>Control</u>	<u>Total</u>
<b>LIABILITIES</b>				
<u>Current liabilities</u>				
Accounts payable and accrued expenses	157,243	334,100	1,893,137	2,384,480
Bonds and notes payable - current	-	2,185,505	62,873	2,248,378
Capital leases payable - current	543,662	-	-	543,662
Landfill - closure and postclosure costs	13,450,353	-	-	13,450,353
Accrued bond interest payable	-	127,978	-	127,978
Due to other funds	9,513	636,677	-	646,190
<b>Total current liabilities</b>	<b>14,160,771</b>	<b>3,284,260</b>	<b>1,956,010</b>	<b>19,401,041</b>
<u>Noncurrent liabilities</u>				
Unearned revenues	23,906	13,611,622	-	13,635,528
Vacation benefits	75,185	119,317	39,844	234,346
Bonds and notes payable	-	16,372,333	727,983	17,100,316
Bond costs deferred	-	(211,545)	-	(211,545)
Capital leases payable	695,951	-	-	695,951
Due to other funds	-	1,498,026	4,409,532	5,907,558
<b>Total noncurrent liabilities</b>	<b>795,042</b>	<b>31,389,753</b>	<b>5,177,359</b>	<b>37,362,154</b>
<b>Total liabilities</b>	<b>14,955,813</b>	<b>34,674,013</b>	<b>7,133,369</b>	<b>56,763,195</b>
<b>NET ASSETS</b>				
Invested in capital assets, net of related debt	9,866,986	43,339,091	1,128,688	54,334,765
Unrestricted (deficit)	(5,912,410)	8,554,075	(728,688)	1,912,977
<b>Total net assets</b>	<b>\$ 3,954,576</b>	<b>\$ 51,893,166</b>	<b>\$ 400,000</b>	<b>\$ 56,247,742</b>

WORCESTER COUNTY, MARYLAND

STATEMENT OF REVENUES, EXPENSES  
AND CHANGES IN FUND NET ASSETS  
BUSINESS - TYPE ACTIVITIES  
Year Ended June 30, 2012

	Landfill	Department of Water and Wastewater Services	Department of Liquor Control	Total
<b>OPERATING REVENUES:</b>				
Domestic charges	\$ -	\$ 7,814,904	\$ -	\$ 7,814,904
Commercial charges	-	596,092	-	596,092
Hook-up charges	-	53,271	-	53,271
Future capital development	-	44,109	-	44,109
Interest and penalties on overdue accounts	623	131,046	-	131,669
Additional assessments	-	377,294	-	377,294
Payment by developers	-	11,927	-	11,927
Other revenue	18,140	778,032	14,480	810,652
Edu revenue	-	1,102,152	-	1,102,152
Tank fee revenue	-	3,600	-	3,600
White Horse Park revenue	-	195,300	-	195,300
Liquor sales	-	-	15,874,040	15,874,040
Recycling charges	379,269	-	-	379,269
Stump removal charges	33,850	-	-	33,850
Licenses and permits	352,163	-	-	352,163
Landfill fees	3,806,953	-	-	3,806,953
<b>Total operating revenues</b>	<b>4,590,998</b>	<b>11,107,727</b>	<b>15,888,520</b>	<b>31,587,245</b>
<b>Cost of goods sold</b>	<b>-</b>	<b>-</b>	<b>12,202,374</b>	<b>12,202,374</b>
Gross profit	4,590,998	11,107,727	3,686,146	19,384,871
<b>Total operating expenses</b>	<b>3,509,824</b>	<b>8,580,264</b>	<b>1,783,521</b>	<b>13,873,609</b>
Operating income (loss) before depreciation and general expenses	1,081,174	2,527,463	1,902,625	5,511,262
Depreciation and general expenses	1,741,998	2,486,559	1,085,321	5,313,878
<b>Operating (loss) income</b>	<b>(660,824)</b>	<b>40,904</b>	<b>817,304</b>	<b>197,384</b>
<b>NONOPERATING INCOME (EXPENSE):</b>				
Interest on investments	10,791	1,360	183	12,334
Operating grants	-	22,000	-	22,000
Interest expense	(56,137)	(604,920)	(142,147)	(803,204)
<b>Total nonoperating income (expense)</b>	<b>(45,346)</b>	<b>(581,560)</b>	<b>(141,964)</b>	<b>(768,870)</b>
Change in net assets before transfers	(706,170)	(540,656)	675,340	(571,486)
Transfers, net	-	-	-	-
Change in net assets before distributions	(706,170)	(540,656)	675,340	(571,486)
Distributions to municipalities	-	-	(675,340)	(675,340)
Change in net assets after distributions	(706,170)	(540,656)	-	(1,246,826)
Net assets, beginning	4,660,746	52,433,822	400,000	57,494,568
Net assets, ending	\$ 3,954,576	\$ 51,893,166	\$ 400,000	\$ 56,247,742

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, 2012

	<u>Landfill</u>	Department of <u>Water and Wastewater</u>	Department of <u>Liquor Control</u>	<u>Total</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>				
Cash received for services	\$ 4,189,423	\$15,331,783	\$ -	\$19,521,206
Receipts from customers for liquor sales	-	-	15,856,982	15,856,982
Cash received from other revenues	18,763	778,032	14,480	811,275
Cash received for future capital development	-	44,109	-	44,109
Cash received from other funds	-	-	4,409,532	4,409,532
Cash payments to employees	(1,425,529)	(4,462,496)	(870,256)	(6,758,281)
Cash payments for fringe benefits	(572,180)	(1,282,866)	(413,643)	(2,268,689)
Cash payments for inventory, materials, supplies and services	(1,355,400)	(5,103,569)	(15,490,656)	(21,949,625)
<b>Net cash provided by operating activities</b>	<b>855,077</b>	<b>5,304,993</b>	<b>3,506,439</b>	<b>9,666,509</b>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>				
Purchases of property and equipment	(155,918)	(4,280,814)	(137,345)	(4,574,077)
Proceeds from sales of property and equipment	135,000	-	-	135,000
Principal paid on capital lease maturities	(701,912)	-	-	(701,912)
Proceeds from issuance of bonds and notes	-	5,542,701	-	5,542,701
Principal paid on bonds, line of credit, and notes payable	-	(2,037,915)	(3,262,117)	(5,300,032)
Interest paid on bonds, line of credit, and notes	(56,137)	(604,920)	(142,147)	(803,204)
Bond costs deferred	-	37,625	-	37,625
Front foot assessments deferred	-	(3,669,928)	-	(3,669,928)
<b>Net cash used by capital and related financing activities</b>	<b>(778,967)</b>	<b>(5,013,251)</b>	<b>(3,541,609)</b>	<b>(9,333,827)</b>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>				
Cash distributed to governmental units in Worcester county	-	-	(675,340)	(675,340)
Cash received for operating grants	-	22,000	-	22,000
<b>Net cash provided (used) by noncapital and financing activities</b>	<b>-</b>	<b>22,000</b>	<b>(675,340)</b>	<b>(653,340)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>				
Interest on investments	10,791	1,360	183	12,334
<b>Net cash provided by investing activities</b>	<b>10,791</b>	<b>1,360</b>	<b>183</b>	<b>12,334</b>
<b>Net increase (decrease) in cash and short-term investments</b>	<b>86,901</b>	<b>315,102</b>	<b>(710,327)</b>	<b>(308,324)</b>
<b>Cash and short-term investments, beginning</b>	<b>7,092,019</b>	<b>1,660,219</b>	<b>858,981</b>	<b>9,611,219</b>
<b>Cash and short-term investments, ending</b>	<b>\$ 7,178,920</b>	<b>\$ 1,975,321</b>	<b>\$ 148,654</b>	<b>\$ 9,302,895</b>

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, 2012

	<u>Landfill</u>	Department of <u>Water and</u> <u>Wastewater</u>	Department of <u>of Liquor</u> <u>Control</u>	<u>Total</u>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO</b>				
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES:</b>				
Operating (loss) income	\$ (660,824)	\$ 40,904	\$ 817,304	\$ 197,384
Adjustments to reconcile operating income (loss) to net cash provided by operating activities				
Depreciation	1,741,998	2,486,559	117,584	4,346,141
Changes in assets and liabilities:				
Accounts receivable	(406,268)	(178,733)	(17,058)	(602,059)
Due to state	-	(45)	-	(45)
Inventories	-	-	(1,056,901)	(1,056,901)
Prepays	-	-	25,612	25,612
Due from/to other funds	(263,527)	(1,797,837)	4,409,532	2,348,168
Deferred revenue	23,456	5,224,930	-	5,248,386
Vacation benefits	(3,365)	(17,918)	39,844	18,561
Accounts payable and accrued expenses	423,607	(452,867)	(829,478)	(858,738)
<b>Net cash provided by operating activities</b>	<b>\$ 855,077</b>	<b>\$ 5,304,993</b>	<b>\$ 3,506,439</b>	<b>\$ 9,666,509</b>
<b>NON-CASH INVESTING, CAPITAL AND FINANCING ACTIVITIES:</b>				
Equipment acquired under capital leases	\$ 366,995	\$ -	\$ -	\$ 366,995
<b>Total non-cash activities</b>	<b>\$ 366,995</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 366,995</b>

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

WORCESTER COUNTY, MARYLAND

STATEMENT OF FIDUCIARY NET ASSETS  
FIDUCIARY FUNDS

June 30, 2012

<b>ASSETS</b>	<u>Public Drainage Associations</u>	<u>Other Post Employment Benefits Trust</u>	<u>Agency</u>
Cash and short-term investments	\$ 436,774	\$ 4,198,164	\$ 2,520,361
Trust investments:			
Money market funds	-	3,536,669	-
MLGIP	-	623,735	-
Fixed income securities	-	8,541,762	-
Equities securities	-	16,497,517	-
Certificates of deposit	-	225,431	-
Taxes receivable	-	-	2,161,036
Special assessments receivable	6,962	-	-
Due from other funds	1,677	-	467,985
<b>Total assets</b>	<b>445,413</b>	<b>33,623,278</b>	<b>5,149,382</b>
<b>LIABILITIES</b>			
Due to other governmental units	-	-	2,697,448
Due to other funds	-	212,698	306
Other liabilities	-	-	2,451,628
<b>Total liabilities</b>	<b>-</b>	<b>212,698</b>	<b>5,149,382</b>
<b>NET ASSETS</b>			
Held in trust for other post employment benefits	-	33,410,580	-
Restricted	445,413	-	-
<b>Total net assets</b>	<b>\$ 445,413</b>	<b>\$ 33,410,580</b>	<b>\$ -</b>

*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, 2012

	Public Drainage Associations	Other Post Employment Benefits Trust
<b>ADDITIONS:</b>		
Contributions:		
Special assessments	\$ 98,985	\$ -
Intergovernmental	4,917	-
Other	-	1,041,170
Employer contributions	-	1,500,000
Plan member contributions	-	162,347
Miscellaneous	24,500	-
<b>Total contributions</b>	<b>128,402</b>	<b>2,703,517</b>
Investment earnings:		
Interest	3,034	32,245
Increase in fair value of investments	-	395,429
<b>Total investment earnings</b>	<b>3,034</b>	<b>427,674</b>
<b>Total additions</b>	<b>131,436</b>	<b>3,131,191</b>
<b>DEDUCTIONS:</b>		
Ditch maintenance	110,811	-
Claims incurred	-	1,672,438
Miscellaneous	220	7,285
<b>Total deductions</b>	<b>111,031</b>	<b>1,679,723</b>
<b>Change in net assets</b>	<b>20,405</b>	<b>1,451,468</b>
<b>Net assets, beginning</b>	<b>425,008</b>	<b>31,959,112</b>
<b>Net assets, ending</b>	<b>\$ 445,413</b>	<b>\$33,410,580</b>

*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 column contains the financial data of the County's discretely presented component unit: the Board of Education of Worcester County. It is reported in a separate column to emphasize that it is legally separate from the County. Although this organization is a legally separate entity and has a separately elected governing board, it is included in the financial statements of the County because the County is financially accountable for the 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.

Separately issued financial statements can be obtained from the following:

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

#### 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, the Department of Liquor Control, 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, 2012. 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 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.

#### 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 are established only for specific purposes, modified, or rescinded, as determined through formal action by the County Commissioners, by the approval of an 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 and sales of liquor in the department of liquor control. 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, 2012, Worcester County had deposits of \$12,384,597 (carrying value \$9,511,145). 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, 2012, 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, 2012, the County had investments of \$51,652,691 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, 2012, as its only investments consisted of MLGIP within the primary government. The only other investments are within the Retiree Benefit Trust Fund.

## NOTES TO FINANCIAL STATEMENTS

### Note 3. Cash and Short-Term Investments (continued)

Investments within the Retiree Benefit Trust Fund are as follows:

Investments in the Retiree Benefit Trust Fund by type and maturity at June 30, 2012 were as follows:

	1 Year	1-5 Years	Over 5 Years	Total	Rate
MLGIP	\$ 623,735	\$ -	\$ -	\$ 623,735	0.14%
M&T Investments					
Money Market	3,536,699	-	-	3,536,699	
Fixed Income:					
U.S. Treasury	-	713,870	997,281	1,711,151	1.25% - 3.00%
U.S. Government Agency	-	-	2,084,903	2,084,903	3.00% - 5.00%
Other Fixed Income	-	267,290	4,478,418	4,745,708	1.95% - 7.25%
Equities	16,497,517	-	-	16,497,517	N/A
Certificates of Deposit	225,431	-	-	225,431	0.40%
<b>Total</b>	<b>\$ 20,883,382</b>	<b>\$ 981,160</b>	<b>\$ 7,560,602</b>	<b>\$ 29,425,144</b>	

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

Petty cash	\$ 13,360
Carrying amount of deposits	9,511,145
Money market funds	3,536,669
Fixed income securities	8,541,762
Equities securities	16,497,517
Certificates of deposit	225,431
MLGIP	51,652,691
Less cash and investments recorded within fiduciary funds	<u>(36,580,413)</u>
<b>Total</b>	<b><u>\$ 53,398,162</u></b>

### 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, 2012, appropriate due from/to other funds have been established.

Interfund transactions are classified as follows:

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

## NOTES TO FINANCIAL STATEMENTS

### Note 4. Interfund Balances and Transfers (continued)

Interfund balances at June 30, 2012, consisted of the following individual fund receivables and payables:

	Due From Other Funds	Due to Other Funds
<b>General fund:</b>		
Enterprise funds:		
Landfill	\$ 9,513	\$ -
Department of Liquor Control	4,409,532	-
Department of Water and Wastewater	2,134,703	-
Total due from enterprise funds	6,553,748	-
Other funds:		
Energy service fund	-	(463,459)
Capital Projects fund	-	(561,119)
Casino fund	-	(239,853)
State of Maryland property tax agency fund	-	(123,046)
Maryland department of motor vehicles agency fund	306	-
Snow Hill property tax agency fund	-	(11,242)
Berlin property tax agency fund	-	(18,130)
Ocean City property tax agency fund	-	(287,672)
Pocomoke property tax agency fund	-	(16,980)
Bay restoration fund	-	(10,915)
Public Drainage Association	-	(1,677)
OPEB Trust	212,698	-
Total due from (to) other funds	213,004	(1,734,093)
<b>Total General fund due from (to) other funds</b>	<b>6,766,752</b>	<b>(1,734,093)</b>
<b>Other governmental funds:</b>		
General fund	703,312	-
Fiduciary funds	256,658	-
<b>Capital projects funds:</b>		
General fund	561,119	-
<b>Enterprise funds:</b>		
General fund	-	(6,553,748)
	<b>\$ 8,287,841</b>	<b>\$ (8,287,841)</b>

## NOTES TO FINANCIAL STATEMENTS

### Note 4. Interfund Balances and Transfers (continued)

Interfund transfers activity for the year ended June 30, 2012, consisted of the following individual amounts:

	Transfers In	Transfers Out
<b>General fund:</b>		
Capital Projects fund	\$ -	\$ 21,584
Debt service fund	-	10,990,701
Casino fund	202,050	
<b>Other General Government fund:</b>		
Casino fund	-	202,050
<b>Debt Service Fund:</b>		
General fund	10,990,701	-
<b>Capital projects funds:</b>		
General fund	21,584	-
	<b>\$ 11,214,335</b>	<b>\$ 11,214,335</b>

### Note 5. Capital Assets

Capital asset activity for the year ended June 30, 2012, was as follows:

	Balance June 30, 2011	Additions	Transfers and Reductions	Balance June 30, 2012
<b>Primary Government</b>				
<b>Governmental Activities:</b>				
<b>Nondepreciable Capital Assets:</b>				
Land and improvements	\$ 11,355,631	\$ -	\$ -	\$ 11,355,631
Construction in progress	3,305,304	3,060,763	(856,796)	5,509,271
<b>Total Nondepreciable Capital Assets</b>	<b>14,660,935</b>	<b>3,060,763</b>	<b>(856,796)</b>	<b>16,864,902</b>
<b>Depreciable Capital Assets:</b>				
Building and building improvements	80,946,750	-	642,524	81,589,274
Improvements other than buildings	10,665,546	584,317	-	11,249,863
Machinery and equipment	26,989,075	143,543	(462,959)	26,669,659
Infrastructure	106,429,883	-	-	106,429,883
<b>Total Depreciable Assets</b>	<b>225,031,254</b>	<b>727,860</b>	<b>179,565</b>	<b>225,938,679</b>
<b>Less accumulated depreciation for:</b>				
Buildings and building improvements	(15,829,649)	(2,065,466)	-	(17,895,115)
Improvements other than buildings	(3,358,610)	(559,658)	-	(3,918,268)
Machinery and equipment	(17,558,910)	(1,822,631)	-	(19,381,541)
Infrastructure	(95,896,687)	(2,073,701)	677,231	(97,293,157)
<b>Total accumulated depreciation</b>	<b>(132,643,856)</b>	<b>(6,521,456)</b>	<b>677,231</b>	<b>(138,488,081)</b>
<b>Total Depreciable Capital Assets, Net</b>	<b>92,387,398</b>	<b>(5,793,596)</b>	<b>856,796</b>	<b>87,450,598</b>
<b>Governmental Activities Capital Assets, Net</b>	<b>\$ 107,048,333</b>	<b>\$ (2,732,833)</b>	<b>\$ -</b>	<b>\$ 104,315,500</b>

NOTES TO FINANCIAL STATEMENTS

**Note 5. Capital Assets (continued)**

Depreciation expense was charged to governmental functions as follows:

General government	\$ 600,426
Public safety	2,203,120
Public works	2,305,981
Health and hospitals	513,618
Libraries, recreation and culture	895,172
Economic development	<u>3,139</u>
<b>Total depreciation expense</b>	<b><u>\$ 6,521,456</u></b>

	Balance June 30, 2011	Additions	Transfers and Reductions	Balance June 30, 2012
<b>Business-type Activities</b>				
<b>Nondepreciable Capital Assets:</b>				
Land, land rights and improvements	\$ 1,554,029	\$ -	\$ -	\$ 1,554,029
Construction in progress	2,327,249	3,552,773	(41,437)	5,838,585
<b>Total Nondepreciable Capital Assets</b>	<b>3,881,278</b>	<b>3,552,773</b>	<b>(41,437)</b>	<b>7,392,614</b>
<b>Depreciable Capital Assets:</b>				
Buildings and building improvements	6,396,048	-	-	6,396,048
Improvements other than buildings	27,823,180	103,173	-	27,926,353
Machinery and equipment	12,775,241	556,770	(373,000)	12,959,011
Water and sewer systems	80,198,168	727,941	41,537	80,967,646
<b>Total Depreciable Assets</b>	<b>127,192,637</b>	<b>1,387,884</b>	<b>(331,463)</b>	<b>128,249,058</b>
<b>Less accumulated depreciation for:</b>				
Buildings and building improvements	(1,446,115)	(202,458)	-	(1,648,573)
Improvements other than buildings	(22,403,903)	(1,220,654)	-	(23,624,557)
Machinery and equipment	(8,779,072)	(793,735)	238,700	(9,334,107)
Water and sewer systems	(23,982,069)	(2,129,294)	-	(26,111,363)
<b>Total accumulated depreciation</b>	<b>(56,611,159)</b>	<b>(4,346,141)</b>	<b>238,700</b>	<b>(60,718,600)</b>
<b>Total Depreciable Capital Assets, Net</b>	<b>70,581,478</b>	<b>(2,958,257)</b>	<b>(92,763)</b>	<b>67,530,458</b>
<b>Business-type Activities Capital Assets, Net</b>	<b>\$ 74,462,756</b>	<b>\$ 594,516</b>	<b>\$ (134,200)</b>	<b>\$ 74,923,072</b>

## NOTES TO FINANCIAL STATEMENTS

### Note 6. Long-Term Debt

Changes in the County's long-term obligations during 2012 were as follows:

	Balance at June 30, 2011	Additions	Reductions	Balance at June 30, 2012	Amount Due in One Year
<b>Governmental Activities</b>					
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	1,590,000	-	(505,000)	1,085,000	530,000
Consolidated Public Improvement Bonds, 2002 Series; interest 2% to 3.75%; due annually to 2017	2,428,530	-	(307,794)	2,120,736	321,324
Consolidated Public Improvement Bonds, 2004 Series; interest 2.5% to 5%; due annually to 2020	17,080,000	-	(3,290,000)	13,790,000	2,695,000
Consolidated Public Improvement Bonds, 2007 Series; interest at 3.5% to 4.5%; payable semiannually to 2022	23,770,000	-	(1,565,000)	22,205,000	1,635,000
MDE Water Quality Bond; interest at .4%, due annually to 2024	2,371,725	-	(231,250)	2,140,475	232,174
Consolidated Public Improvement Bonds, 2008 Series; interest at 3.25% to 5%; payable semiannually to 2024	31,285,000	-	(1,925,000)	29,360,000	1,980,000
Deferred Bond Discount, net	775,305	-	(74,033)	701,272	74,033
	82,100,560	-	(7,898,077)	74,202,483	7,467,531
Compensated absences	1,591,024	1,126,142	(1,235,166)	1,482,000	667,000
<b>Total Governmental Activities</b>	<b>\$ 83,691,584</b>	<b>\$ 1,126,142</b>	<b>\$ (9,133,243)</b>	<b>\$ 75,684,483</b>	<b>\$ 8,134,531</b>

NOTES TO FINANCIAL STATEMENTS

**Note 6. Long-Term Debt (continued)**

	Balance at June 30, 2011	Additions	Reductions	Balance at June 30, 2012	Amount Due in One Year
<b>Business-Type Activities</b>					
Estimated landfill closure costs	\$13,093,486	\$ 356,867	\$ -	\$13,450,353	\$13,450,353
General obligation bonds:					
Consolidated Public Improvement Bonds, 1998 Series; interest 4% to 5%; due annually to 2013	780,000	-	(250,000)	530,000	260,000
Consolidated Public Improvement Bonds, 2002 Series; interest 2% to 3.75%; due annually to 2017	1,161,473	-	(147,205)	1,014,268	153,798
Consolidated Public Improvement Bonds, 2004 Series; interest 2.5% to 5%, due annually to 2020	1,255,000	-	(185,000)	1,070,000	195,000
MDE Water Quality Bond; interest at .4%; due annually to 2024	4,385,428	-	(409,508)	3,975,920	411,146
Public Refunding Bonds, 2007; interest at 3.5% to 4.5%; payable semiannually to 2022	4,640,000	-	(905,000)	3,735,000	905,000
Snug Harbor Water Quality Loan Agreement, 2007; interest 0.04%, due semiannually to 2026	463,341	-	(30,393)	432,948	30,514
MDE Drinking Water Bond; interest at 1.1%; due annually to 2029	348,634	-	(17,620)	331,014	17,814
Line of credit; interest at 3.94%; converts to 15 year term note in September 2011	2,019,176	480,701	(93,189)	2,406,688	128,592
Mystic Harbor USDA note payable, 2012; interest at 2%, due quarterly till 2052	-	5,062,000	-	5,062,000	83,641
Line of credit; interest at 5%, due annually	3,201,857	-	(3,201,857)	-	-
Note payable, interest at 4.09%; due monthly to 2039	538,994	-	(10,998)	527,996	11,335
Note payable, interest at 4.76%; due monthly to 2017	312,007	-	(49,147)	262,860	51,538
Deferred Bond Costs, net	(249,170)	-	37,625	(211,545)	37,625
Capital lease payable	1,574,530	366,995	(701,912)	1,239,613	543,662
	33,524,756	6,266,563	(5,964,204)	33,827,115	16,280,018
Compensated absences	359,641	344,442	(278,000)	426,083	191,638
<b>Total Business-Type Activities</b>	<b>\$ 33,884,397</b>	<b>\$ 6,611,005</b>	<b>\$ (6,242,204)</b>	<b>\$ 34,253,198</b>	<b>\$ 16,471,656</b>

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.

## NOTES TO FINANCIAL STATEMENTS

### Note 6. Long-Term Debt (continued)

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.

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, 2012, undrawn proceeds of \$480,825 were still available under this line.

## NOTES TO FINANCIAL STATEMENTS

### Note 6. Long-Term Debt (continued)

In June 2011, the County acquired the debt of the previous Worcester County Liquor Control Board. This included a line of credit and two mortgage payables. The line of credit had a limit of \$4,300,000, with interest at 5%, secured by a second mortgage on two properties and a first position security interest on all inventories and other non real estate business property. This line of credit was subsequently paid off. The mortgage payables are secured by real estate.

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, 2012, \$4,430,000 of bonds are considered defeased during prior years which are related to Business-Type Activities.

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>
2013	\$ 7,393,498	\$ 2,867,271	\$ 10,260,769
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	5,816,352	1,707,639	7,523,991
2018-2022	28,354,381	4,859,724	33,214,105
2023-2027	11,219,871	367,979	11,587,850
<b>Total</b>	<b>\$ 73,501,211</b>	<b>\$ 16,514,970</b>	<b>\$ 90,016,181</b>

#### Business-Type Activities

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2013	\$ 15,698,731	\$ 527,241	\$ 16,225,972
2014	1,970,128	438,644	2,408,772
2015	1,733,767	366,204	2,099,971
2016	1,697,806	308,161	2,005,967
2017	1,717,736	255,399	1,973,135
2018-2022	4,318,160	844,959	5,163,119
2023-2027	1,752,902	547,511	2,300,413
2028-2032	702,164	383,309	1,085,473
2033-2037	789,785	295,687	1,085,472
2038-2042	757,055	205,415	962,470
2043-2047	792,174	129,110	921,284
2048-2052	868,639	46,016	914,655
<b>Total</b>	<b>\$ 32,799,047</b>	<b>\$ 4,347,656</b>	<b>\$ 37,146,703</b>

## NOTES TO FINANCIAL STATEMENTS

### Note 6. Long-Term Debt (continued)

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	\$ 4,429,189
Less accumulated depreciation	(2,023,718)
<hr/>	
Total	\$ 2,405,471
<hr/>	

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

#### Business-Type Activities

<u>Year Ending June 30.</u>	
2013	\$ 581,762
2014	306,220
2015	207,800
2016	143,664
2017	72,898
<hr/>	
	1,312,344
Less amount representing interest	(72,731)
<hr/>	
Present value of future minimum lease payments	\$ 1,239,613
<hr/>	

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

#### Funds Used for Debt Service and Liquidation of Compensated Absences

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

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

## NOTES TO FINANCIAL STATEMENTS

### 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 (CORS). Teachers employed by the Board of Education generally participate in the State of Maryland Teachers Retirement and Pensions Systems (Teachers Systems). All of these plans (collectively the Systems) are cost sharing multiple-employer public retirement systems sponsored by the Maryland State Retirement and Pensions Systems and created by the Maryland General Assembly. The Maryland State Retirement Agency issues a publicly available financial report that includes financial statements and required supplementary information for the systems. That report may be obtained by writing to the Office of Legislative Audits, State Office Building, 301 West Preston Street, Baltimore, Maryland, 21201.

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

#### 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:

	2012	2011	2010
Payroll covered under the plan	\$ 28,154,368	\$ 28,161,540	\$ 28,574,711
Contributions paid in:			
County payments	3,826,219	3,862,556	3,055,837
Actual contributions to required contributions	100%	100%	100%
On-behalf payments (Library)	192,574	204,062	188,139

## NOTES TO FINANCIAL STATEMENTS

### Note 7. Pension Plans (continued)

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, 2012, the latest date available, are:

Actuarially computed value of:	
Vested accrued benefit obligation	\$ 5,334,563
Nonvested accrued benefit obligation	-
	<u>5,334,563</u>
Net assets available for pension benefits	<u>7,015,088</u>
Net pension (obligation) asset	<u>\$ 1,680,525</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, 2012 was \$87,071 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 \$2,432,910.

## 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, 2012, 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 2012-2010 is as follows:

	2012	2011	2010
Net assets available for pension benefits	\$ 7,015,088	\$ 6,657,801	\$ 6,219,138
Pension obligation	\$ 5,334,563	\$ 4,867,778	\$ 4,338,399
Percentage funded	132%	137%	143%
Net pension assets	\$ 1,680,525	\$ 1,790,023	\$ 1,880,739
Annual covered payroll	\$ 2,432,910	\$ 2,489,490	\$ 2,428,306
Assets in excess of pension obligation as a percentage of covered payroll	69%	72%	77%
Employer contributions	\$ 185,554	\$ 175,677	\$ 213,592
Employer contributions as a percentage of covered payroll	8%	7%	9%

## 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 dependents. 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
Active	500	1,015
Retired	176	408
Total	676	1,423

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, 2012, the OPEB Trust paid for coverage of 196 retirees at a total cost, net of retiree contributions, of approximately \$1,510,000.

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
Annual required contribution	\$ 3,865,862	\$ 15,872,679	\$ 19,738,541
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
Contributions made:			
Contributions to trust	(1,500,000)	(1,500,000)	(3,000,000)
Pay as you go	(1,672,438)	(4,033,787)	(5,706,225)
Total contributions made	(3,172,438)	(5,533,787)	(8,706,225)
Net OPEB change	999,632	10,488,600	11,488,232
Net OPEB (asset) at beginning of year	(27,472,816)	(3,175,256)	(30,648,072)
Net OPEB (asset) at end of year	\$ (26,473,184)	\$ 7,313,344	\$ (19,159,840)

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 Required Contribution	Percentage of Annual Required Contribution	Net OPEB Obligation (Asset)
County	June 30, 2012	\$ 3,865,862	82%	\$ (26,473,184)
Board of Education	June 30, 2012	15,872,679	35%	7,313,344

### 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%

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 and an assumed medical trend rate of 5%-8.2%. 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.

## 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 April 2011 for \$8,801,962 for the Wastewater Treatment Plant replacement and contract services awarded in May 2011 for Construction Administration for \$264,422 and Construction Inspections for \$129,932.

The County entered into a contract on October 18, 2011 totaling \$47,415 for groundwater monitoring and analytical services at the Central Landfill by EA Engineering with services to continue through December 31, 2012.

## 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 2012 are summarized as follows:

Assigned for:

ADA County Buildings	\$ 10,000
Berlin Health Department storage and parking lot	220,000
Berlin Rubblefill Cap and Closure	600,000
Commission on Aging - Snow Hill building parking lot lights	10,000
Economic Development Building Renovations	2,500
Encumbrances	1,555,107
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
Isle of Wight Building	400,000
Landfill Gas Remediation	750,000
Mystic Harbor sewer plant improvements	1,000,000
North End Public Works Building	500,000
Oscar Purnell House Renovation	925,000
Public Landing Marina	130,000
Public Works Building Expansion	100,000
Recreation Center building and grounds improvement	76,000
Roads department paving projects	500,000
Roads right-of-way land purchase	2,500
Roads equipment building roof replacement	100,000
Route 50 Service Road	810,000
Snow Hill High School Athletic Fields	512,730
Snow Hill High School Design and Construction	1,602,000
Snow Hill High School temporary improvements	400,000
Virtual Network Server upgrade	45,000
West Ocean City waterline extension	250,000
Total	\$ 10,821,409

### 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, 2012 in the long-term liabilities section of the Statement of Net Assets relating to the closed landfill, mentioned above (see also Note 6). Also, \$13,450,353 has been reported as the estimated landfill closure and postclosure care liability at June 30, 2012 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, 2012.

Though there are currently no legal restrictions on available funds, the County has approximately \$7,803,000 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, 2011. The County expects to satisfy these requirements as of June 30, 2012 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, 2012 was \$192,574 for the Library, which is included in miscellaneous revenue and libraries, recreation and culture expenditures, respectively.

### Note 15. Department of Liquor Control

On July 1, 2011 the Worcester County Liquor Control Board (WCLB), a separate entity, was absorbed into the County as a new department. Previously the WCLB had been reported as a component unit of the County. Beginning balances transferred from the WCLB are reported in the financial statements as beginning balances within the proprietary fund statements and are as follows:

	Balance at June 30, 2011 per financial statements	Balances transferred from WCLB	Balance at June 30, 201 as revised
Capital assets	\$ 72,563,359	\$ 1,899,397	\$ 74,462,756
Debt	29,831,539	4,052,858	33,884,397
Net equity	161,414,564	400,000	161,814,564

## NOTES TO FINANCIAL STATEMENTS

### Note 16. Component Units

#### A. The Board of Education of Worcester County

##### Cash and Short-Term Investments

At June 30, 2012, the Board of Education had deposits of \$1,205,397 (carrying value \$5,742,480), which were either fully insured or collateralized with securities held in the name of the Board of Education, with \$6,369,604 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, 2012, was as follows:

	Balance June 30, 2011	Additions	Transfers and Reductions	Balance June 30, 2012
<b>Governmental Activities:</b>				
<b>Nondepreciable Capital Assets:</b>				
Land and improvements	\$ 1,886,779	\$ -	\$ -	\$ 1,886,779
Construction in progress	1,077,603	51,086	-	1,128,689
<b>Total Nondepreciable Capital Assets</b>	<b>2,964,382</b>	<b>51,086</b>	<b>-</b>	<b>3,015,468</b>
<b>Depreciable Capital Assets:</b>				
Building and building improvements	169,761,944	3,670,706	-	173,432,650
Machinery and equipment	3,590,014	83,825	(15,000)	3,658,839
<b>Total Depreciable Assets</b>	<b>173,351,958</b>	<b>3,754,531</b>	<b>(15,000)</b>	<b>177,091,489</b>
<b>Less accumulated depreciation for:</b>				
Buildings and building improvements	(40,564,136)	(3,971,720)	-	(44,535,856)
Machinery and equipment	(1,905,841)	(352,637)	15,000	(2,243,478)
<b>Total accumulated depreciation</b>	<b>(42,469,977)</b>	<b>(4,324,357)</b>	<b>15,000</b>	<b>(46,779,334)</b>
<b>Total Depreciable Capital Assets, Net</b>	<b>130,881,981</b>	<b>(569,826)</b>	<b>-</b>	<b>130,312,155</b>
<b>Governmental Activities Capital Assets, Net</b>	<b>\$ 133,846,363</b>	<b>\$ (518,740)</b>	<b>\$ -</b>	<b>\$ 133,327,623</b>
<b>Business-type Activities</b>				
<b>Depreciable Capital Assets:</b>				
Machinery and equipment	\$ 250,958	\$ -	\$ (11,000)	\$ 239,958
<b>Less accumulated depreciation for:</b>				
Machinery and equipment	(185,884)	(12,654)	11,000	(187,538)
<b>Total Depreciable Capital Assets, Net</b>	<b>65,074</b>	<b>(12,654)</b>	<b>-</b>	<b>52,420</b>
<b>Business-type Activities Capital Assets, Net</b>	<b>\$ 65,074</b>	<b>\$ (12,654)</b>	<b>\$ -</b>	<b>\$ 52,420</b>

## NOTES TO FINANCIAL STATEMENTS

### Note 16. 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, 2012:

Amounts payable at June 30, 2011	\$ 435,060
Increase in vested vacation benefits	45,845
Increase in early retirement incentive payments	75,350
Decrease in vested vacation benefits	(28,148)
<hr/>	
Amounts payable at June 30, 2012	\$ 528,107

##### 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, 2012, the Board's OPEB Trust, paid for coverage of 570 retirees at a total cost, net of retiree contributions, of \$3,607,297. For the year ended June 30, 2012, 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 not entered into any material contracts as of June 30, 2012.

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.

##### 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 16. 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, 2012 was \$7,816,557 for the Board, which is included in intergovernmental revenue and education expenditures, respectively.

**REQUIRED SUPPLEMENTARY INFORMATION**

WORCESTER COUNTY, MARYLAND

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

Year Ended June 30, 2012

	Budgeted Amounts		Actual	Variance With Final Budget
	Original	Final		
<b>REVENUES:</b>				
<b>Taxes:</b>				
Real and personal property:				
Real property:				
Full-year levy	\$ 121,415,434	\$ 121,415,434	\$ 120,392,358	\$ (1,023,076)
Semi-year levy	56,000	56,000	54,382	(1,618)
Personal property	549,914	549,914	285,631	(264,283)
Corporations and utilities	4,960,562	4,960,562	5,216,369	255,807
Net additions and abatements	(358,200)	(358,200)	297,955	656,155
	<u>126,623,710</u>	<u>126,623,710</u>	<u>126,246,695</u>	<u>(377,015)</u>
Interest on delinquent taxes	500,000	500,000	916,640	416,640
Discounts allowed on taxes	(900,000)	(900,000)	(843,261)	56,739
Tax credits for assessment increase	(5,250,000)	(5,250,000)	(5,076,486)	173,514
	<u>120,973,710</u>	<u>120,973,710</u>	<u>121,243,588</u>	<u>269,878</u>
Local income tax	9,200,000	9,200,000	12,900,072	3,700,072
Other local taxes:				
Room tax	11,250,000	11,250,000	13,262,770	2,012,770
Admission and amusement	560,000	560,000	590,148	30,148
Recordation	5,750,000	5,750,000	5,328,454	(421,546)
Trailer park excise tax	100,000	100,000	119,017	19,017
Transfer tax	2,750,000	2,750,000	2,595,376	(154,624)
Food tax	1,050,000	1,050,000	1,215,666	165,666
State shared:				
Highway user revenue	251,742	251,742	248,144	(3,598)
911 State fees	460,000	460,000	439,816	(20,184)
	<u>152,345,452</u>	<u>152,345,452</u>	<u>157,943,051</u>	<u>5,597,599</u>

WORCESTER COUNTY, MARYLAND

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

GENERAL FUND

Year Ended June 30, 2012

(Continued)

	Budgeted Amounts		Actual	Variance With
	Original	Final		Final Budget
<b>Licenses and permits:</b>				
<b>Business:</b>				
Liquor licenses	\$ 675,000	\$ 675,000	\$ 722,392	\$ 47,392
Vending machine licenses	110,000	110,000	118,367	8,367
Traders licenses	95,000	95,000	81,893	(13,107)
Occupational licenses	30,000	30,000	32,275	2,275
Bingo permits	15,000	15,000	19,126	4,126
Tourist and trailer park permits	9,000	9,000	10,390	1,390
<b>Other:</b>				
Building permits	200,000	200,000	179,859	(20,141)
Electrical permits	8,000	8,000	12,255	4,255
Marriage licenses	22,700	22,700	24,780	2,080
Civil ceremony licenses	1,300	1,300	1,540	240
Shoreline permits	12,000	12,000	17,075	5,075
Fraternal slots licenses	1,000	1,000	1,850	850
Environmental permits	57,625	57,625	44,550	(13,075)
EDU transfer fee	-	-	1,800	1,800
Health permits	358,000	358,000	385,237	27,237
Raffle permits	2,500	2,500	2,500	-
Plumbing permits	40,000	40,000	40,198	198
Gas permits	10,000	10,000	5,695	(4,305)
Planning and zoning permits	34,200	34,200	37,329	3,129
<b>Total licenses and permits</b>	<b>1,681,325</b>	<b>1,681,325</b>	<b>1,739,111</b>	<b>57,786</b>
<b>Intergovernmental:</b>				
<b>Federal grants:</b>				
Payments in lieu of taxes	6,300	6,300	18,102	11,802
CDBG economic development grant	-	-	455,642	455,642
MD Coastal Bays	-	-	1,816	1,816
US fish and wildlife service	-	-	182,008	182,008
Critical area grant	-	-	14,000	14,000
Crime analyst state's attorney	45,000	45,000	12,546	(32,454)
CDBG housing rehab grant	150,000	150,000	74,000	(76,000)
Grant for economic development	2,000	2,000	-	(2,000)
Homeland security grant	390,184	390,184	243,165	(147,019)
Department of commerce grants	-	-	362,394	362,394
Bulletproof vest program	3,380	3,380	3,245	(135)
DOJ - sheriff grant	-	-	12,204	12,204

WORCESTER COUNTY, MARYLAND

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

GENERAL FUND

Year Ended June 30, 2012  
(Continued)

	Budgeted Amounts		Actual	Variance With Final Budget
	Original	Final		
<b>Intergovernmental, continued:</b>				
<b>Federal grants, continued:</b>				
Emergency shelter grant	\$ 30,000	\$ 30,000	\$ 33,688	\$ 3,688
MDE beach monitoring grant	3,500	3,500	3,006	(494)
TEFAP grant	-	-	3,848	3,848
Library grants	-	-	1,000	1,000
Disaster grant	-	-	76,609	76,609
Sheriff-C-Safe grant	3,200	3,200	-	(3,200)
<b>State grants:</b>				
Police protection	89,427	89,427	93,769	4,342
911 support	2,500	2,500	749	(1,751)
Child support enforcement	20,000	20,000	42,834	22,834
Open space program - parks	110,190	110,190	25,032	(85,158)
Open space program - recreation	-	-	8,691	8,691
Library aid	137,542	137,542	139,507	1,965
Other housing rehab income	2,500	2,500	3,635	1,135
Rural Legacy administrative fee	50,000	50,000	14,486	(35,514)
Share of state forest land	-	-	47,075	47,075
Eastern Shore library grant	75,000	75,000	75,000	-
Traffic grant health department	16,500	16,500	25,111	8,611
DHMH dental clinic grant	-	-	884	884
Energy block grant	-	-	230,833	230,833
Gun violence reduction grant	-	-	42,602	42,602
Family support services MACRO grant	15,920	15,920	17,530	1,610
Department of environmental training - LEPC	8,850	8,850	8,850	-
Homeless women grant	24,557	24,557	23,253	(1,304)
Sheriff-sex offender grant	22,000	22,000	22,838	838
Sheriff-health underage drinking	2,000	2,000	4,000	2,000
CREP program	12,780	12,780	12,780	-
State aid for highways grant	-	-	3,000	3,000
Fire companies	262,172	262,172	261,392	(780)
Tourism	60,000	60,000	110,336	50,336

WORCESTER COUNTY, MARYLAND

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

GENERAL FUND

Year Ended June 30, 2012

(Continued)

	Budgeted Amounts		Actual	Variance With
	Original	Final		Final Budget
<b>Intergovernmental, continued:</b>				
State grants, continued:				
DHCD housing administration fees	\$ 7,000	\$ 7,000	\$ 16,735	\$ 9,735
Conservation easement reimbursements	-	-	118,217	118,217
Rental assistance program	30,000	30,000	40,000	10,000
Prosecuting homicide cases	-	-	3,046	3,046
Technical operations investigator	-	-	49,912	49,912
Septic system monitoring	21,000	21,000	20,065	(935)
Social services programs	-	-	7,212	7,212
Trial jury reimbursement	42,000	42,000	48,120	6,120
Family support grant	188,339	188,339	193,113	4,774
Drug court coordinator	239,680	239,680	187,095	(52,585)
Waterway improvement grants	174,000	174,000	224,524	50,524
Welcome center grant	-	-	20,000	20,000
Water resources grant	310,100	310,100	173,028	(137,072)
Other grants	-	-	13,564	13,564
<b>Total intergovernmental</b>	<b>2,557,621</b>	<b>2,557,621</b>	<b>3,826,091</b>	<b>1,268,470</b>
<b>Service charges and fees:</b>				
Liquor dispensary profits	250,000	250,000	103,626	(146,374)
Liquor advertising fees	1,500	1,500	2,620	1,120
Donation sponsorship program	150	150	-	(150)
Dental program reimbursement	26,915	26,915	12,126	(14,789)
Sheriff fees	69,000	69,000	84,822	15,822
Sales of publications and copies	5,000	5,000	5,218	218
Library use charges	37,000	37,000	32,697	(4,303)
Library erate reimbursements	12,000	12,000	10,797	(1,203)
First offender program fees	-	-	101,853	101,853
Tourism programs and events	-	-	4,775	4,775
Mosquito control charges	100,000	100,000	71,848	(28,152)
Security	-	-	12,606	12,606
Salary reimbursement	6,704	6,704	2,933	(3,771)
Recreation center fees	55,000	55,000	64,654	9,654
Vehicle tag fees	3,000	3,000	3,423	423
Critical area fees	20,000	20,000	23,317	3,317
Library special projects	4,000	4,000	-	(4,000)
Casino security	15,000	15,000	27,608	12,608
Forestry review fees	10,000	10,000	2,878	(7,122)
Stormwater management review fees	60,000	60,000	37,289	(22,711)
Tourism co-op advertising	2,000	2,000	8,000	6,000
Public works revenues	10,000	10,000	19,440	9,440
Roads department fees	30,000	30,000	58,153	28,153

WORCESTER COUNTY, MARYLAND

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

GENERAL FUND

Year Ended June 30, 2012  
(Continued)

	Budgeted Amounts		Actual	Variance With
	Original	Final		Final Budget
<b>Service charges and fees, continued:</b>				
Park fees	\$ 13,410	\$ 13,410	\$ 18,456	\$ 5,046
Concession stand fees	20,000	20,000	21,299	1,299
Environmental fees	25,200	25,200	20,100	(5,100)
Recreation fees	50,000	50,000	34,226	(15,774)
Water and sewer plan amendment fees	1,500	1,500	500	(1,000)
Circuit court bar library	5,000	5,000	2,172	(2,828)
Firearms training center fees	11,000	11,000	3,600	(7,400)
Payments for jail use	5,294,600	5,294,600	5,811,195	516,595
Fire inspection fees	50,000	50,000	83,445	33,445
Family service fees	4,000	4,000	2,175	(1,825)
Community service fees	88,000	88,000	96,668	8,668
Housing program fees	-	-	16,695	16,695
Franchise fees	22,800	22,800	31,978	9,178
<b>Total service charges and fees</b>	<b>6,302,779</b>	<b>6,302,779</b>	<b>6,833,192</b>	<b>530,413</b>
<b>Miscellaneous:</b>				
Court fines	40,000	40,000	44,277	4,277
Civil infraction fines	3,550	3,550	2,650	(900)
Retiree drug subsidy	260,000	260,000	141,277	(118,723)
Interest on investments	200,000	200,000	278,671	78,671
Lawsuit reimbursement	-	-	1,100,000	1,100,000
Rent revenue	100,417	100,417	95,997	(4,420)
Sale of fixed assets	25,000	25,000	22,661	(2,339)
Miscellaneous	25,000	25,000	73,639	48,639
On-behalf payments	-	-	192,574	192,574
<b>Total miscellaneous</b>	<b>653,967</b>	<b>653,967</b>	<b>1,951,746</b>	<b>1,297,779</b>
<b>Total revenues</b>	<b>\$ 163,541,144</b>	<b>\$ 163,541,144</b>	<b>\$ 172,293,191</b>	<b>\$ 8,752,047</b>

WORCESTER COUNTY, MARYLAND

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

GENERAL FUND

Year Ended June 30, 2012

(Continued)

	Budgeted Amounts		Actual	Variance With Final Budget
	Original	Final		
<b>EXPENDITURES:</b>				
<b>General government:</b>				
County Commissioners' office:				
Salaries	\$ 864,323	\$ 864,323	\$ 864,321	\$ 2
Benefits	466,831	466,831	378,934	87,897
Administrative	27,700	27,700	19,929	7,771
Other supplies and equipment	5,400	5,400	4,872	528
Legal	6,400	6,400	1,134	5,266
Vehicle operations	5,400	5,400	1,956	3,444
Building site	8,000	8,000	4,540	3,460
Advertisements	26,000	26,000	8,850	17,150
Training and travel	36,500	36,500	25,630	10,870
Enterprise fund credits	(141,489)	(141,489)	(141,489)	-
	1,305,065	1,305,065	1,168,677	136,388
Circuit Court:				
Salaries	820,896	820,896	823,706	(2,810)
Benefits	444,894	444,894	361,128	83,766
Administrative	18,623	18,398	17,121	1,277
Other supplies and equipment	8,710	8,935	8,934	1
Equipment maintenance	24,894	24,894	15,755	9,139
Grant services	212,629	212,629	210,346	2,283
Legal	107,000	107,000	86,005	20,995
Building site	15,120	15,745	15,745	-
Other maintenance and services	1,800	1,590	1,576	14
Advertisements	428	13	-	13
Training and travel	8,850	8,850	6,334	2,516
	1,663,844	1,663,844	1,546,650	117,194
Orphans' Court:				
Salaries	15,000	15,000	15,000	-
Benefits	8,102	8,102	6,576	1,526
Training and travel	5,390	5,390	4,800	590
	28,492	28,492	26,376	2,116

WORCESTER COUNTY, MARYLAND

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

Year Ended June 30, 2012

(Continued)

	Budgeted Amounts		Actual	Variance With
	Original	Final		Final Budget
<b>General government, continued:</b>				
State's Attorney's office:				
Salaries	\$ 1,205,625	\$ 1,205,625	\$ 1,263,577	\$ (57,952)
Benefits	682,494	682,494	553,992	128,502
Overtime pay	30,000	30,000	37	29,963
Administrative	23,900	26,944	26,659	285
Other supplies and equipment	13,750	15,300	15,298	2
Equipment maintenance	8,158	8,508	8,487	21
Uniforms and personal equipment	1,000	3,375	3,359	16
Grant services	-	-	3,595	(3,595)
Legal	5,800	5,800	4,510	1,290
Vehicle operating expense	12,000	12,000	11,598	402
Building site	15,000	15,000	11,879	3,121
Other maintenance and services	-	365	363	2
Training and travel	41,000	33,316	19,665	13,651
Interfund	(53,000)	(53,000)	(46,885)	(6,115)
	1,985,727	1,985,727	1,876,134	109,593
Treasurer's office:				
Salaries	1,129,911	1,129,911	1,124,107	5,804
Benefits	607,144	607,144	492,829	114,315
Administrative	49,760	49,760	37,899	11,861
Other supplies and equipment	5,068	5,068	1,118	3,950
Equipment maintenance	15,250	15,250	14,516	734
Legal	1,500	1,500	30	1,470
Consulting services	2,000	2,000	1,200	800
Building site	16,150	16,150	16,834	(684)
Training and travel	6,050	6,050	3,915	2,135
Enterprise fund credits	(337,583)	(337,583)	(351,124)	13,541
	1,495,250	1,495,250	1,341,324	153,926
Elections office:				
State employees' salaries and benefits	343,962	343,962	316,307	27,655
Salaries	11,400	11,400	11,455	(55)
Benefits	6,187	6,187	5,022	1,165
Administrative	11,700	11,700	10,382	1,318
Other supplies and equipment	6,672	6,672	4,046	2,626
Voting machines and poll expenses	188,900	188,900	92,791	96,109

WORCESTER COUNTY, MARYLAND

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

Year Ended June 30, 2012

(Continued)

	Budgeted Amounts		Actual	Variance With
	Original	Final		Final Budget
<b>General government, continued:</b>				
Elections office, continued:				
Equipment maintenance	\$ 41,499	\$ 34,499	\$ 3,582	\$ 30,917
Consulting services	43,600	43,600	9,473	34,127
Building site	18,250	27,450	14,087	13,363
Other maintenance and services	1,000	1,000	519	481
Training and travel	11,000	11,000	12,616	(1,616)
New equipment	106,200	106,200	80,469	25,731
	790,370	792,570	560,749	231,821
<b>Human resources:</b>				
Salaries	327,361	327,361	312,536	14,825
Benefits	168,805	168,805	137,022	31,783
Administrative	9,925	9,925	4,690	5,235
Other supplies and equipment	1,275	1,275	800	475
Equipment maintenance	4,600	4,600	3,121	1,479
Program expense	1,500	1,500	1,253	247
Legal	770	770	45	725
Consulting services	14,100	15,085	15,085	-
Vehicle operating expenses	6,400	5,415	3,145	2,270
Building site	2,500	2,500	1,582	918
Advertising	350	350	-	350
Training and travel	3,355	3,355	476	2,879
Enterprise fund credits	(60,882)	(60,882)	(83,313)	22,431
	480,059	480,059	396,442	83,617
<b>Development review and permitting:</b>				
Salaries	2,332,888	1,774,430	1,652,338	122,092
Benefits	1,187,959	892,448	724,415	168,033
Administrative	23,900	19,185	12,982	6,203
Other supplies and equipment	17,500	11,330	5,480	5,850
Equipment maintenance	20,500	18,100	8,411	9,689
Grant programs	250,000	1,816	1,816	-
Legal	34,500	32,500	25,359	7,141
Consulting services	57,000	55,184	35,270	19,914
Vehicle operating expenses	34,000	22,974	22,973	1

WORCESTER COUNTY, MARYLAND

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

Year Ended June 30, 2012

(Continued)

	Budgeted Amounts		Actual	Variance With
	Original	Final		Final Budget
<b>General government, continued:</b>				
Development review and permitting, continued:				
Building site	\$ 15,000	\$ 12,000	\$ 6,681	\$ 5,319
Other maintenance and services	2,500	2,000	-	2,000
Advertisements	18,730	17,000	15,140	1,860
Training and travel	34,750	26,426	19,424	7,002
Enterprise fund credits	(91,822)	(115,615)	(115,615)	-
	3,937,405	2,769,778	2,414,674	355,104
<b>Environmental programs:</b>				
Salaries	-	558,458	547,129	11,329
Benefits	-	295,511	239,871	55,640
Administrative	-	4,715	1,379	3,336
Other supplies and equipment	-	6,170	1,157	5,013
Equipment maintenance	-	2,400	1,912	488
Building and property	-	3,000	4,260	(1,260)
Vehicle operating expenses	-	14,200	15,727	(1,527)
Advertising	-	1,730	487	1,243
Legal	-	2,000	60	1,940
Other maintenance and services	-	500	-	500
Training and travel	-	5,150	917	4,233
Grant programs	-	250,000	119,363	130,637
Interfund	-	23,793	23,793	-
	-	1,167,627	956,055	211,572
<b>Other general government:</b>				
Tri-County Council	328,726	328,726	425,393	(96,667)
Building site	851,812	854,980	828,235	26,745
Training and travel	8,700	8,700	8,007	693
Administrative	173,735	173,735	169,621	4,114
Consulting services	52,500	52,500	43,378	9,122
Grant programs	-	-	2,416	(2,416)
Property-liability insurance	425,000	425,000	272,032	152,968
Energy	145,000	145,000	-	145,000
Equipment maintenance	233,000	233,000	215,488	17,512
Other maintenance and services	7,550	7,550	-	7,550
Other supplies and equipment	49,500	49,500	38,724	10,776
Other expenses	25,000	25,000	24,701	299
Other non-matching expenses	633,266	633,266	755,737	(122,471)
New equipment	-	-	202,050	(202,050)
	2,933,789	2,936,957	2,985,782	(48,825)
<b>Total general government</b>	<b>14,620,001</b>	<b>14,625,369</b>	<b>13,272,863</b>	<b>1,352,506</b>

WORCESTER COUNTY, MARYLAND

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

GENERAL FUND  
Year Ended June 30, 2012  
(Continued)

	Budgeted Amounts		Actual	Variance With
	Original	Final		Final Budget
<b>Public safety:</b>				
Sheriff's office.				
Salaries	\$ 4,032,036	\$ 4,032,036	\$ 4,035,368	\$ (3,332)
Overtime pay	209,065	209,065	362,523	(153,458)
Benefits	2,375,356	2,375,356	1,928,116	447,240
Administrative	18,395	30,215	28,195	2,020
Other supplies and equipment	143,290	151,479	151,193	286
Equipment maintenance	99,987	75,890	75,758	132
Uniforms and personal equipment	88,242	89,474	97,277	(7,803)
Grant programs	-	-	12,204	(12,204)
Legal	1,000	916	776	140
Consulting	8,900	6,859	7,468	(609)
Vehicle operating expenses	311,450	311,450	360,791	(49,341)
Building site	40,300	43,881	38,615	5,266
Training and travel	29,500	30,900	30,900	-
	7,357,521	7,357,521	7,129,184	228,337
<b>Emergency services:</b>				
Salaries	1,159,545	1,159,545	1,122,691	36,854
Overtime pay	15,000	15,000	14,011	989
Benefits	613,947	613,947	498,351	115,596
Administrative	4,326	4,326	3,986	340
Other supplies and equipment	55,594	55,594	44,677	10,917
Equipment maintenance	316,241	316,241	303,695	12,546
Uniforms and personal equipment	1,000	1,000	-	1,000
Grant programs	330,524	330,524	583,752	(253,228)
Legal	-	-	60	(60)
Consulting	-	-	707	(707)
Vehicle operating expenses	8,500	8,500	9,811	(1,311)
Building site	181,900	181,900	177,287	4,613
Training and travel	4,500	4,500	4,214	286
Information technology operations	413,103	413,103	329,600	83,503
	3,104,180	3,104,180	3,092,842	11,338
<b>Jail:</b>				
Salaries	5,155,625	5,155,625	4,789,028	366,597
Overtime pay	17,500	17,500	16,739	761
Benefits	2,595,655	2,595,655	2,106,937	488,718
Administrative	5,850	5,850	5,601	249
Other supplies and equipment	9,850	9,850	1,722	8,128
Equipment maintenance	25,200	25,200	28,908	(3,708)
Uniforms and personal equipment	46,850	46,850	30,109	16,741
Inmate supplies and services	1,069,375	1,069,375	1,925,969	(856,594)
Legal	250	250	164	86
Consulting services	4,300	4,300	5,930	(1,630)
Vehicle operating expenses	10,100	10,100	14,002	(3,902)
Building site	723,825	723,825	798,589	(74,764)

WORCESTER COUNTY, MARYLAND

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

Year Ended June 30, 2012

(Continued)

	Budgeted Amounts		Actual	Variance With Final Budget
	Original	Final		
<b>Public safety, continued:</b>				
Jail, continued:				
Other maintenance and services	\$ 7,950	\$ 7,950	\$ 9,681	\$ (1,731)
Training and travel	17,350	17,350	10,214	7,136
	<u>9,689,680</u>	<u>9,689,680</u>	<u>9,743,593</u>	<u>(53,913)</u>
Fire Marshall:				
Salaries	281,873	281,873	281,616	257
Overtime pay	10,000	10,000	10,248	(248)
Benefits	157,639	157,639	127,959	29,680
Administrative	6,180	6,180	4,386	1,794
Other supplies and equipment	20,975	20,975	14,914	6,061
Equipment maintenance	8,700	8,700	6,213	2,487
Uniforms and personal equipment	3,500	3,500	2,000	1,500
Legal	-	75	75	-
Consulting services	600	525	-	525
Vehicle operating expenses	19,500	24,491	24,490	1
Building site	2,000	2,000	1,352	648
Training and travel	35,325	30,334	19,216	11,118
	<u>546,292</u>	<u>546,292</u>	<u>492,469</u>	<u>53,823</u>
Volunteer fire departments:				
County grant to fire companies	1,997,430	1,997,430	2,297,930	(300,500)
Fireman's Training Center	21,090	22,938	18,908	4,030
State grant for fire companies	262,172	262,172	261,345	827
County grant to ambulance companies	3,381,861	3,381,861	3,381,856	5
LOSAP appropriation	100,400	100,400	95,000	5,400
	<u>5,762,953</u>	<u>5,764,801</u>	<u>6,055,039</u>	<u>(290,238)</u>
<b>Total public safety</b>	<u>26,460,626</u>	<u>26,462,474</u>	<u>26,513,127</u>	<u>(50,653)</u>

WORCESTER COUNTY, MARYLAND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCE- BUDGET AND ACTUAL  
GENERAL FUND  
Year Ended June 30, 2012  
(Continued)

	Budgeted Amounts		Actual	Variance With
	Original	Final		Final Budget
<b>Public works:</b>				
Maintenance:				
Salaries	\$ 808,100	\$ 798,156	\$ 848,055	\$ (49,899)
Benefits	458,045	458,045	371,803	86,242
Administrative	2,200	1,543	501	1,042
Other supplies and equipment	12,876	18,626	10,841	7,785
Equipment maintenance	1,680	1,680	1,646	34
Uniforms and personal equipment	3,890	3,890	3,060	830
Consulting services	450	450	-	450
Vehicle operating expenses	48,850	43,100	41,795	1,305
Building expenses	22,509	22,509	18,913	3,596
Advertising	500	500	-	500
Training and travel	410	1,067	1,066	1
	1,359,510	1,349,566	1,297,680	51,886
Roads department:				
Salaries	1,363,654	1,363,654	1,303,914	59,740
Benefits	704,260	704,260	571,660	132,600
Administrative	1,800	1,800	819	981
Other supplies and equipment	120,693	120,693	80,328	40,365
Equipment maintenance	2,000	2,029	2,029	-
Road maintenance materials	95,400	95,400	85,430	9,970
Uniforms and personal equipment	7,300	7,300	6,868	432
Consulting services	1,000	1,000	530	470
Vehicle operating expenses	316,500	316,500	268,276	48,224
Building and property	43,900	41,798	29,849	11,949
Road maintenance	122,959	122,959	112,111	10,848
Advertising	200	271	269	2
Training and travel	1,000	4,630	4,430	200
Enterprise fund credits	(29,150)	(29,150)	(29,150)	-
	2,751,516	2,753,144	2,437,363	315,781
Public works administration				
Salaries	444,319	444,319	419,658	24,661
Benefits	226,663	226,663	183,986	42,677
Administrative	3,805	3,751	2,322	1,429
Supplies and equipment	8,385	8,385	5,395	2,990

WORCESTER COUNTY, MARYLAND

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

Year Ended June 30, 2012

(Continued)

	Budgeted Amounts		Actual	Variance With Final Budget
	Original	Final		
<b>Public works, continued:</b>				
Public works administration, continued:				
Equipment maintenance	\$ 5,800	\$ 5,800	\$ 8,978	\$ (3,178)
Uniforms and personal equipment	705	705	587	118
Program expense	350	350	-	350
Legal	3,000	3,000	1,194	1,806
Consulting services	140,300	140,300	68,950	71,350
Vehicle operating expenses	14,000	13,888	8,954	4,934
Building and property	9,500	9,500	5,016	4,484
Other maintenance and services	1,200	1,312	1,311	1
Fleet services	(82,124)	(82,124)	(55,175)	(26,949)
Custodial services	10,000	10,000	14,354	(4,354)
Central gas facility	-	-	(80)	80
Advertising	180	234	234	-
Training and travel	2,880	2,880	1,453	1,427
Enterprise fund credits	(121,577)	(121,577)	(128,351)	6,774
	667,386	667,386	538,786	128,600
<b>Total public works</b>	<b>4,778,412</b>	<b>4,770,096</b>	<b>4,273,829</b>	<b>496,267</b>
<b>Health and hospitals:</b>				
Health department:				
Administrative	3,000	3,000	677	2,323
Health clinic's building expenses	435,574	435,574	419,524	16,050
Other non-matching expenses	47,468	47,468	46,996	472
Matching appropriation	4,057,441	4,057,441	4,057,441	-
	4,543,483	4,543,483	4,524,638	18,845
<b>Mosquito control.</b>				
Salaries	35,796	35,796	35,796	-
Benefits	19,334	19,334	15,694	3,640
Administrative	375	1,009	1,009	-
Equipment maintenance	520	520	506	14
Uniforms and personal equipment	235	235	169	66
Vehicle operations	22,000	21,366	14,599	6,767
Building and property expenses	3,470	3,470	2,948	522
Appropriation for spraying	82,944	82,944	74,439	8,505
	164,674	164,674	145,160	19,514

WORCESTER COUNTY, MARYLAND

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

Year Ended June 30, 2012

(Continued)

	Budgeted Amounts		Actual	Variance With
	Original	Final		Final Budget
<b>Health and hospitals, continued:</b>				
Other health and hospitals:				
Worcester Development Center	\$ 219,492	\$ 219,497	\$ 219,497	\$ -
Hartley Hall	11,250	11,250	11,250	-
	230,742	230,747	230,747	-
<b>Total health and hospitals</b>	<b>4,938,899</b>	<b>4,938,904</b>	<b>4,900,545</b>	<b>38,359</b>
<b>Social services:</b>				
Commission on Aging:				
Administrative	3,000	3,000	3,000	-
Supplies and equipment	4,500	4,500	4,500	-
Consulting services	22,000	22,000	22,000	-
Senior Transportation	15,000	15,000	15,000	-
Senior center building expenses	232,544	232,544	237,880	(5,336)
Other maintenance and services	200	200	200	-
Training and travel	3,000	3,000	3,000	-
Appropriation for Commission on Aging	648,865	648,865	648,865	-
	929,109	929,109	934,445	(5,336)
<b>Other social services:</b>				
Salaries	-	-	6,395	(6,395)
Benefits	3,454	3,454	2,804	650
State pass through grant Diakonia	39,557	39,557	45,976	(6,419)
State pass through grant Samaritan Shelter	15,000	15,000	12,269	2,731
State pass through grant Social Services	30,000	30,000	43,848	(13,848)
Social Services Pharmacy grant	8,000	8,000	8,000	-
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	42,000	42,000	42,000	-
Samaritan shelter	12,000	12,000	12,000	-
Save the Youth programs	18,000	18,000	18,000	-
Drug and alcohol council	9,000	9,000	9,000	-
Oasis Ministries, Inc.	9,000	9,000	9,000	-
Salvation Army Pocomoke youth	9,000	9,000	9,000	-

WORCESTER COUNTY, MARYLAND

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

Year Ended June 30, 2012

(Continued)

	Budgeted Amounts		Actual	Variance With
	Original	Final		Final Budget
<b>Social services, continued:</b>				
Other social services, continued:				
BRAVE program	\$ 3,600	\$ 3,600	\$ 3,600	\$ -
Worcester County G.O.L.D.	9,000	9,000	9,000	-
	308,321	308,321	331,602	(23,281)
<b>Total social services</b>	<b>1,237,430</b>	<b>1,237,430</b>	<b>1,266,047</b>	<b>(28,617)</b>
<b>Education:</b>				
Board of Education:				
Retirement	547,335	547,335	543,922	3,413
Post retirement benefits	1,500,000	1,500,000	1,500,000	-
School building improvements	100,000	100,000	100,000	-
Operating appropriations	71,639,828	71,639,828	71,639,828	-
Technology program	200,000	200,000	200,000	-
Construction	-	-	275,000	(275,000)
	73,987,163	73,987,163	74,258,750	(271,587)
WOR-WIC Community College:				
Operating appropriation	1,425,120	1,425,120	1,425,120	-
<b>Total education</b>	<b>75,412,283</b>	<b>75,412,283</b>	<b>75,683,870</b>	<b>(271,587)</b>
<b>Libraries, recreation, parks and culture:</b>				
Recreation department:				
Salaries	545,417	545,417	556,881	(11,464)
Benefits	300,778	300,778	244,147	56,631
Administrative	14,643	13,850	8,698	5,152
Other supplies and equipment	18,390	18,390	18,121	269
Equipment maintenance	6,000	6,000	5,032	968
Uniforms and personal equipment	985	985	609	376
Grant programs	-	-	248,852	(248,852)
Recreation program	69,192	69,192	56,846	12,346
Vehicle and equipment operating	2,500	2,708	2,707	1
Building site	160,061	159,853	141,195	18,658

WORCESTER COUNTY, MARYLAND

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

Year Ended June 30, 2012

(Continued)

	Budgeted Amounts		Actual	Variance With
	Original	Final		Final Budget
<b>Libraries, recreation, parks and culture:</b>				
Recreation department, continued:				
Park improvements	\$ -	\$ 170	\$ 170	\$ -
Advertising	-	623	623	-
Training and travel	5,200	5,200	2,051	3,149
	1,123,166	1,123,166	1,285,932	(162,766)
Parks department:				
Salaries	223,555	223,555	223,554	1
Benefits	120,744	120,744	98,010	22,734
Administrative	2,268	1,209	893	316
Supplies and equipment	11,760	10,957	13,980	(3,023)
Uniforms and personal equipment	2,020	2,020	1,679	341
Grant programs	112,962	112,962	33,009	79,953
Other supplies and materials	23,100	23,580	21,413	2,167
Vehicle and equipment operating	27,000	28,990	28,989	1
Park expenses	62,610	61,822	53,011	8,811
Other maintenance and services	925	1,105	1,023	82
Advertisements	200	437	436	1
Training and travel	575	338	285	53
New equipment	-	-	16,483	(16,483)
	587,719	587,719	492,765	94,954
Boat Landings.				
Grant programs	174,000	174,000	382,973	(208,973)
Landing expenses	4,250	5,014	4,250	764
Advertisements	2,600	1,836	479	1,357
	180,850	180,850	387,702	(206,852)
Library:				
Salaries	1,492,099	1,492,099	1,459,499	32,600
Benefits	788,294	788,294	639,871	148,423
Administrative	56,800	56,800	54,421	2,379
Other supplies and equipment	222,350	222,350	223,662	(1,312)
Equipment maintenance	37,800	37,800	37,591	209
Grant services	79,000	79,000	78,842	158

WORCESTER COUNTY, MARYLAND

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

Year Ended June 30, 2012

(Continued)

	Budgeted Amounts		Actual	Variance With Final Budget
	Original	Final		
<b>Libraries, recreation, parks and culture, continued:</b>				
Library, continued:				
Building site expense	\$ 348,395	\$ 347,585	\$ 271,635	\$ 75,950
Training and travel	8,000	8,810	8,810	-
On-behalf payments	-	-	192,574	(192,574)
	3,032,738	3,032,738	2,966,905	65,833
<b>Total libraries, recreation, parks and culture</b>	<b>4,924,473</b>	<b>4,924,473</b>	<b>5,133,304</b>	<b>(208,831)</b>
<b>Conservation of natural resources:</b>				
Extension service:				
Administrative	7,749	7,749	8,025	(276)
Other supplies and equipment	9,000	9,000	9,135	(135)
Equipment maintenance	3,000	3,000	3,937	(937)
Building and property	23,770	23,770	22,043	1,727
Operating appropriation	129,358	129,358	120,889	8,469
	172,877	172,877	164,029	8,848
Other natural resources:				
Gypsy moth control	1,500	1,500	1,200	300
Soil Conservation District	30,450	30,450	30,450	-
Matching appropriations	434,680	434,680	428,452	6,228
Conservation Easements	-	-	34,121	(34,121)
	466,630	466,630	494,223	(27,593)
<b>Total conservation of natural resources</b>	<b>639,507</b>	<b>639,507</b>	<b>658,252</b>	<b>(18,745)</b>

WORCESTER COUNTY, MARYLAND

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

Year Ended June 30, 2012

(Continued)

	Budgeted Amounts		Actual	Variance With
	Original	Final		Final Budget
<b>Economic development:</b>				
Economic development department:				
Salaries	\$ 111,058	\$ 111,058	\$ 115,241	\$ (4,183)
Benefits	62,243	62,243	50,524	11,719
Administrative	2,800	4,598	4,598	-
Equipment maintenance	-	-	514	(514)
Other supplies and equipment	1,450	2,948	2,947	1
Economic/industrial development	-	-	455,217	(455,217)
Home innovation	99,500	99,500	103,590	(4,090)
Housing rehabilitation program	216,300	216,300	154,238	62,062
Consulting services	12,300	8,188	7,337	851
Vehicle operating expenses	1,500	1,500	2,755	(1,255)
Building and property	1,600	1,600	2,887	(1,287)
Advertisements	-	-	2,933	(2,933)
Training and travel	8,053	8,869	8,869	-
	<u>516,804</u>	<u>516,804</u>	<u>911,650</u>	<u>(394,846)</u>
Tourism:				
Salaries	192,918	192,918	168,801	24,117
Benefits	91,172	91,172	74,005	17,167
Administrative	2,596	3,095	2,730	365
Other supplies and equipment	67,965	70,140	72,810	(2,670)
Equipment maintenance	1,098	1,098	1,093	5
Grant programs	60,000	60,000	95,923	(35,923)
Consulting services	20,000	15,092	12,993	2,099
Vehicle operating expenses	2,010	2,010	1,032	978
Building and property	21,545	22,645	15,885	6,760
Advertising	300,000	300,000	329,555	(29,555)
Training and travel	4,800	7,034	6,284	750
Furnace Town, Inc.	30,000	30,000	30,000	-
Pocomoke marketing partnership	40,000	40,000	40,000	-
	<u>834,104</u>	<u>835,204</u>	<u>851,111</u>	<u>(15,907)</u>
<b>Total economic development</b>	<u>1,350,908</u>	<u>1,352,008</u>	<u>1,762,761</u>	<u>(410,753)</u>

WORCESTER COUNTY, MARYLAND

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

Year Ended June 30, 2012

(Continued)

	Budgeted Amounts		Actual	Variance With
	Original	Final		Final Budget
<b>Intergovernmental:</b>				
Towns share county room tax	\$ 10,867,500	\$ 10,867,500	\$ 12,701,653	\$ (1,834,153)
Towns share county bingo fees	2,000	2,000	3,380	(1,380)
Towns share county income tax	1,027,078	1,027,073	1,272,223	(245,150)
Towns share county food tax	997,500	997,500	1,154,882	(157,382)
Towns share liquor license fees	311,345	311,345	317,719	(6,374)
Grants to towns for police	400,000	400,000	400,000	-
Grants to towns for fire	509,000	509,000	509,000	-
Grants to towns for tourism	328,500	328,500	328,500	-
Other payments to municipalities	-	-	-	-
Other grants to towns	3,630,000	3,630,000	3,630,000	-
<b>Total intergovernmental</b>	<b>18,072,923</b>	<b>18,072,918</b>	<b>20,317,357</b>	<b>(2,244,439)</b>
<b>Total expenditures</b>	<b>152,435,462</b>	<b>152,435,462</b>	<b>153,781,955</b>	<b>(1,346,493)</b>
<b>Excess of revenues over expenditures</b>	<b>11,105,682</b>	<b>11,105,682</b>	<b>18,511,236</b>	<b>7,405,554</b>
<b>OTHER FINANCING (SOURCES) USES:</b>				
Transfer to Worcester County Debt Service Fund	10,987,942	10,987,942	10,990,701	(2,759)
Transfer to Worcester County Capital Projects Fund	117,740	117,740	21,584	96,156
Other transfers	-	-	(202,050)	202,050
<b>Total other financing uses</b>	<b>11,105,682</b>	<b>11,105,682</b>	<b>10,810,235</b>	<b>295,447</b>
<b>Net change in fund balance</b>	<b>\$ -</b>	<b>\$ -</b>	<b>7,701,001</b>	<b>\$ 7,701,001</b>
Fund balance, beginning			<u>42,086,209</u>	
Fund balance, ending			<u>\$ 49,787,210</u>	

**WORCESTER COUNTY, MARYLAND**

**OTHER POST-EMPLOYMENT BENEFITS TRUST**

June 30, 2012

**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%

**Schedule of Employer Contributions**

Entity	Year Ended June 30,	Annual Required Contribution	Percentage of Annual Required Contribution	Net OPEB (Asset) Obligation
County	2009	\$ 2,862,792	955%	\$ (24,483,919)
County	2010	\$ 2,862,792	255%	\$ (28,924,711)
County	2011	\$ 3,865,862	70%	\$ (27,472,816)
County	2012	\$ 3,865,862	82%	\$ (26,473,184)
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	\$ 15,872,679	32%	\$ (3,175,256)
Board of Education	2012	\$ 15,872,679	35%	\$ 7,313,344

**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.

**ADDITIONAL SUPPLEMENTARY INFORMATION**

WORCESTER COUNTY, MARYLAND

COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS

June 30, 2012

<b>ASSETS</b>	Department of Social Services <u>Fund</u>	Local Management Board	Casino <u>Fund</u>	Energy Service <u>Fund</u>	<u>Total</u>
<b>Assets:</b>					
Cash and short-term investments	\$ 76,005	\$ 195,834	\$ 1,532,046	\$ -	\$ 1,803,885
Accounts receivable	-	555	-	25,000	25,555
Due from other funds	-	-	239,853	463,459	703,312
<b>Total assets</b>	<b>\$ 76,005</b>	<b>\$ 196,389</b>	<b>\$ 1,771,899</b>	<b>\$ 488,459</b>	<b>\$ 2,532,752</b>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>Liabilities:</b>					
Accounts payable	\$ -	\$ 86,427	\$ -	\$ -	\$ 86,427
Deferred revenue	-	79,463	-	-	79,463
<b>Total liabilities</b>	<b>-</b>	<b>165,890</b>	<b>-</b>	<b>-</b>	<b>165,890</b>
<b>Fund balances:</b>					
Reserved for fund purposes	76,005	30,499	1,771,899	488,459	2,366,862
<b>Total liabilities and fund balances</b>	<b>\$ 76,005</b>	<b>\$ 196,389</b>	<b>\$ 1,771,899</b>	<b>\$ 488,459</b>	<b>\$ 2,532,752</b>

WORCESTER COUNTY, MARYLAND

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
Year Ended June 30, 2012

	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>
<b>REVENUES:</b>					
Intergovernmental	\$ 84,655	\$ 558,169	\$ 1,299,181	\$ -	\$ 1,942,005
Interest income	-	160	396	-	556
<b>Total revenues</b>	<b>84,655</b>	<b>558,329</b>	<b>1,299,577</b>	<b>-</b>	<b>1,942,561</b>
<b>EXPENDITURES:</b>					
Social services	57,844	537,446	-	-	595,290
Administrative expenses	-	-	-	3,427	3,427
<b>Total expenditures</b>	<b>57,844</b>	<b>537,446</b>	<b>-</b>	<b>3,427</b>	<b>598,717</b>
Excess (deficiency) of revenues over expenditures	26,811	20,883	1,299,577	(3,427)	1,343,844
<b>OTHER FINANCING SOURCES:</b>					
Operating transfers in (out)	-	-	(202,050)	-	(202,050)
Excess (deficiency) of revenues and other financing sources over expenditures	26,811	20,883	-	(3,427)	1,141,794
Fund balances, beginning	49,194	9,616	674,372	491,886	1,225,068
Fund balances, ending	\$ 76,005	\$ 30,499	\$ 1,771,899	\$ 488,459	\$ 2,366,862

WORCESTER COUNTY, MARYLAND

BALANCE SHEET  
LOCAL MANAGEMENT BOARD- NONMAJOR GOVERNMENTAL FUND  
June 30, 2012

**ASSETS**

Cash	\$ 195,834
Accounts receivable	555
<b>Total assets</b>	<b>\$ 196,389</b>

**LIABILITIES AND FUND BALANCE**

Liabilities:	
Accounts payable	\$ 86,427
Deferred revenue	79,463
<b>Total liabilities</b>	<b>165,890</b>
Fund balance	30,499
<b>Total liabilities and fund balance</b>	<b>\$ 196,389</b>

WORCESTER COUNTY, MARYLAND

SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE  
LOCAL MANAGEMENT BOARD- NONMAJOR GOVERNMENTAL FUND  
Year Ended June 30, 2012

<b>REVENUES:</b>	
Administrative grant	\$ 175,876
Community partnership grant	362,071
CARP	20,222
Cultural diversity	-
System of care grant	-
<hr/>	
<b>Total revenues</b>	<b>558,169</b>
<hr/>	
<b>EXPENDITURES:</b>	
Administrative:	
Salaries and benefits	54,122
Training, travel and support	5,332
Supplies and equipment	202
Miscellaneous	5,343
Community partnership grant	361,571
Direct program grant	110,876
<hr/>	
<b>Total expenditures</b>	<b>537,446</b>
<hr/>	
Excess of revenues over expenditures	20,723
 <b>OTHER FINANCING SOURCES:</b>	
Interest income	160
<hr/>	
Excess of revenues over expenditures and other financing sources	20,883
 <b>Fund balance, beginning</b>	
	<b>9,616</b>
<hr/>	
<b>Fund balance, ending</b>	<b>\$ 30,499</b>
<hr/>	

WORCESTER COUNTY, MARYLAND

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

June 30, 2012

	West Ocean City S.A.	Ocean Pines S.A.	Newark Service Area	Bridgetown Service Area	Shared Facilities	Edgewater Acres S.A.
<b>ASSETS</b>						
<u>Current assets</u>						
Cash and short-term investments	\$ 287,010	\$ (307,211)	\$(108,343)	\$ 24,102	\$ 55,396	\$ (67,162)
Accounts receivable - usage billings	363,893	1,378,594	33,148	3,872	-	48,230
<b>Total current assets</b>	<b>650,903</b>	<b>1,071,383</b>	<b>(75,195)</b>	<b>27,974</b>	<b>55,396</b>	<b>(18,932)</b>
<u>Capital assets</u>						
Land and land rights	47,037	63,319	4,527	-	-	-
Water and sewer systems	10,566,997	39,324,629	1,480,788	315,439	-	94,806
Machinery and equipment	-	3,985,093	-	-	-	81,156
Construction in progress	60,704	-	-	-	-	-
	10,674,738	43,373,041	1,485,315	315,439	-	175,962
Less accumulated depreciation	(6,750,498)	(17,264,300)	(564,108)	(182,999)	-	(105,194)
	3,924,240	26,108,741	921,207	132,440	-	70,768
<b>Total assets</b>	<b>4,575,143</b>	<b>27,180,124</b>	<b>846,012</b>	<b>160,414</b>	<b>55,396</b>	<b>51,836</b>
<b>LIABILITIES</b>						
<u>Current liabilities</u>						
Accounts payable and accrued expenses	16,102	210,341	9,384	7,641	2,524	7,619
Due to state	-	-	-	-	-	-
Due to other funds	64,350	517,888	(4,316)	3,711	6,651	6,994
Interfund payable	26,904	1,803,021	3,596	-	300	-
<b>Total current liabilities</b>	<b>107,356</b>	<b>2,531,250</b>	<b>8,664</b>	<b>11,352</b>	<b>9,475</b>	<b>14,613</b>
<b>NET ASSETS</b>						
Unrestricted net assets	\$ 4,467,787	\$ 24,648,874	\$ 837,348	\$ 149,062	\$ 45,921	\$ 37,223

Assateague Point S.A.	River Run S.A.	Mystic Harbour S.A.	Lighthouse Sound S.A.	Riddle Farm S.A.	The Landings S.A.	Support Groups	Total
\$ 5,062	\$ 235,030	\$ 214,006	\$ 59,715	\$ (81,536)	\$ (241,761)	\$ 48,867	\$ 123,175
54,953	27,388	222,184	25,858	93,130	70,273	-	2,321,523
60,015	262,418	436,190	85,573	11,594	(171,488)	48,867	2,444,698
-	-	-	-	-	-	-	114,883
1,093,779	-	539,602	-	18,568,098	8,983,508	-	80,967,646
-	128,233	577,325	-	-	-	674,055	5,445,862
-	-	58,820	-	-	8,350	-	127,874
1,093,779	128,233	1,175,747	-	18,568,098	8,991,858	674,055	86,656,265
(363,303)	(95,655)	(649,652)	-	(2,775,502)	(1,122,939)	(595,897)	(30,470,047)
730,476	32,578	526,095	-	15,792,596	7,868,919	78,158	56,186,218
790,491	294,996	962,285	85,573	15,804,190	7,697,431	127,025	58,630,916
4,231	1,652	126,024	3,004	28,408	3,340	33,147	453,417
-	-	-	-	-	-	-	-
16,087	8,847	79,748	6,035	45,547	206,262	31,374	989,178
2,353	-	(395,326)	-	-	-	-	1,440,848
22,671	10,499	(189,554)	9,039	73,955	209,602	64,521	2,883,443
\$ 767,820	\$ 284,497	\$ 1,151,839	\$ 76,534	\$ 15,730,235	\$ 7,487,829	\$ 62,504	\$ 55,747,473

WORCESTER COUNTY, MARYLAND

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

June 30, 2012

	West Ocean City <u>S.A.</u>	Ocean Pines <u>S.A.</u>	Oyster Harbor <u>S.A.</u>	Newark Service Area
<b>ASSETS</b>				
<u>Current assets</u>				
Cash and short-term investments	\$ 324,670	\$ 1,372,822	\$ 23,171	\$ 58,671
Accounts receivable - edu	156,600	2,575,033	49,495	33,814
Interfund receivable	26,904	1,804,896	13,202	-
<b>Total current assets</b>	<b>508,174</b>	<b>5,752,751</b>	<b>85,868</b>	<b>92,485</b>
<u>Other assets</u>				
Long-term edu receivable	443,111	10,698,988	352,106	366,373
Construction in process	-	-	-	-
<b>Total other assets</b>	<b>443,111</b>	<b>10,698,988</b>	<b>352,106</b>	<b>366,373</b>
<b>Total assets</b>	<b>951,285</b>	<b>16,451,739</b>	<b>437,974</b>	<b>458,858</b>
<b>LIABILITIES</b>				
<u>Current liabilities</u>				
Interfund payable	-	1,575	-	(3,596)
Due to other funds	-	600,000	36,677	-
Bonds payable - current portion	97,293	1,925,526	-	27,309
Accrued bond interest payable	6,857	116,464	-	3,442
<b>Total current liabilities</b>	<b>104,150</b>	<b>2,643,565</b>	<b>36,677</b>	<b>27,155</b>
<u>Other</u>				
Unearned revenue	-	7,195,070	388,784	393,682
Due to general fund	-	-	352,107	-
Bonds payable	302,211	10,205,040	-	366,373
Bond costs deferred	(20,158)	(189,561)	-	(595)
<b>Total other liabilities</b>	<b>282,053</b>	<b>17,210,549</b>	<b>740,891</b>	<b>759,460</b>
<b>Total liabilities</b>	<b>386,203</b>	<b>19,854,114</b>	<b>777,568</b>	<b>786,615</b>
<b>NET ASSETS</b>				
Unrestricted net assets	\$ 565,082	\$(3,402,375)	\$ (339,594)	\$ (327,757)

South Point S.A.	Sunset Village S.A.	Mystic Harbor S.A.	Snug Harbor S.A.	Total
\$ 6,201	\$ 18,765	\$ 47,846	\$ -	\$ 1,852,146
7,927	19,381	130,998	40,872	3,014,120
2,160	4,048	-	2,353	1,853,563
16,288	42,194	178,844	43,225	6,719,829
32,296	85,863	4,978,359	402,190	17,359,286
-	-	5,710,711	-	5,710,711
32,296	85,863	10,689,070	402,190	23,069,997
48,584	128,057	10,867,914	445,415	29,789,826
-	-	414,736	-	412,715
-	-	-	-	636,677
5,767	15,333	83,641	30,636	2,185,505
332	883	-	-	127,978
6,099	16,216	498,377	30,636	3,362,875
38,063	101,196	5,062,000	432,827	13,611,622
-	-	130,198	26,543	508,848
32,296	85,863	4,978,359	402,191	16,372,333
(318)	(913)	-	-	(211,545)
70,041	186,146	10,170,557	861,561	30,281,258
76,140	202,362	10,668,934	892,197	33,644,133
\$ (27,556)	\$ (74,305)	\$ 198,980	\$ (446,782)	\$ (3,854,307)

**WORCESTER COUNTY, MARYLAND**  
**SCHEDULE OF REVENUES AND EXPENSES**  
**BUDGET AND ACTUAL**  
**DEPARTMENT OF WATER AND WASTEWATER SERVICES**  
**Year Ended June 30, 2012**

	West Ocean City Service Area			Ocean Pines Service Area		
	Original and Final Budget	Actual	Variance With Final Budget	Original and Final Budget	Actual	Variance With Final Budget
<b>OPERATING REVENUES</b>						
Charges for service	\$1,240,000	\$ 1,264,621	\$ 24,621	\$ 5,562,800	\$ 5,470,056	\$ (92,744)
Interest and penalties	25,000	41,269	16,269	105,000	125,976	20,976
Operating grants	-	-	-	-	-	-
Other revenue	-	1,394	1,394	155,753	645,803	490,050
<b>Total operating revenues</b>	<b>1,265,000</b>	<b>1,307,284</b>	<b>42,284</b>	<b>5,823,553</b>	<b>6,241,835</b>	<b>418,282</b>
<b>OPERATING EXPENSES</b>						
Personnel services	184,880	190,100	5,220	3,174,287	2,854,630	(319,657)
Supplies and materials	24,118	18,080	(6,038)	353,200	337,512	(15,688)
Maintenance and services	838,098	794,436	(43,662)	1,520,198	1,705,653	185,455
Other charges	24,600	7,146	(17,454)	85,500	44,805	(40,695)
Interfund charges	121,107	102,420	(18,687)	532,863	450,893	(81,970)
<b>Total operating expenses</b>	<b>1,192,803</b>	<b>1,112,182</b>	<b>(80,621)</b>	<b>5,666,048</b>	<b>5,393,493</b>	<b>(272,555)</b>
Operating income (loss) before depreciation	72,197	195,102	122,905	157,505	848,342	690,837
Depreciation	-	290,505	290,505	-	1,216,521	1,216,521
<b>Net operating income (loss)</b>	<b>72,197</b>	<b>(95,403)</b>	<b>(167,600)</b>	<b>157,505</b>	<b>(368,179)</b>	<b>(525,684)</b>
<b>NON-OPERATING REVENUES (EXPENSES)</b>						
Transfer (to) from district	(22,197)	-	22,197	(3,605)	-	3,605
Interest income	-	-	-	100	70	(30)
Interest expense	-	-	-	-	-	-
<b>Net non-operating revenues (expenses)</b>	<b>(22,197)</b>	<b>-</b>	<b>22,197</b>	<b>(3,505)</b>	<b>70</b>	<b>3,575</b>
<b>Net income (loss)</b>	<b>\$ 50,000</b>	<b>\$ (95,403)</b>	<b>\$ (145,403)</b>	<b>\$ 154,000</b>	<b>\$ (368,109)</b>	<b>\$ (522,109)</b>
<b>OTHER BUDGETED EXPENDITURES</b>						
Capital outlay	(50,000)			\$ (154,000)		
Debt service	-			-		
<b>Total other budgeted expenditures</b>	<b>(50,000)</b>			<b>(154,000)</b>		
<b>Budgeted net income (loss)</b>	<b>\$ -</b>			<b>\$ -</b>		

Newark Service Area			Bridletown 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
\$ 137,200	\$ 113,178	\$ (24,022)	\$ 10,000	\$ 9,948	\$ (52)	\$ 197,100	\$ 187,926	\$ (9,174)
2,500	7,459	4,959	1,000	828	(172)	1,500	1,159	(341)
-	-	-	22,000	22,000	-	-	-	-
-	43	43	-	8	8	3,927	3,716	(211)
139,700	120,680	(19,020)	33,000	32,784	(216)	202,527	192,801	(9,726)
74,391	78,897	4,506	10,827	14,631	3,804	40,090	45,899	5,809
20,560	13,222	(7,338)	995	728	(267)	4,310	4,077	(233)
35,886	37,478	1,592	20,563	18,989	(1,574)	142,859	143,289	430
1,825	1,052	(773)	455	159	(296)	2,180	1,021	(1,159)
6,619	5,583	(1,036)	1,755	1,416	(339)	13,088	11,054	(2,034)
139,281	136,232	(3,049)	34,595	35,923	1,328	202,527	205,340	2,813
419	(15,552)	(15,971)	(1,595)	(3,139)	(1,544)	-	(12,539)	(12,539)
-	39,779	39,779	-	8,331	8,331	-	6,228	6,228
419	(55,331)	(55,750)	(1,595)	(11,470)	(9,875)	-	(18,767)	(18,767)
(419)	-	419	1,595	-	(1,595)	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
(419)	-	419	1,595	-	(1,595)	-	-	-
\$ -	\$ (55,331)	\$ (55,331)	\$ -	\$ (11,470)	\$ (11,470)	\$ -	\$ (18,767)	\$ (18,767)
\$ -			\$ -			\$ -		
-			-			-		
-			-			-		
\$ -			\$ -			\$ -		

**WORCESTER COUNTY, MARYLAND**  
**SCHEDULE OF REVENUES AND EXPENSES**  
**BUDGET AND ACTUAL**  
**DEPARTMENT OF WATER AND WASTEWATER SERVICES**  
**Year Ended June 30, 2012 (Continued)**

	Assateague Point Service Area			River Run Service Area		
	Original and Final Budget	Actual	Variance With Final Budget	Original and Final Budget	Actual	Variance With Final Budget
<b>OPERATING REVENUES</b>						
Charges for service	\$ 210,800	\$ 215,158	\$ 4,358	\$ 141,000	\$ 142,239	\$ 1,239
Interest and penalties	4,000	4,461	461	1,500	(13,517)	(15,017)
Operating grants	-	-	-	-	-	-
Other revenue	-	25,213	25,213	-	71	71
<b>Total operating revenues</b>	<b>214,800</b>	<b>244,832</b>	<b>30,032</b>	<b>142,500</b>	<b>128,793</b>	<b>(13,707)</b>
<b>OPERATING EXPENSES</b>						
Personnel services	75,341	62,134	(13,207)	39,874	29,097	(10,777)
Supplies and materials	24,260	19,507	(4,753)	16,869	4,054	(12,815)
Maintenance and services	63,520	74,202	10,682	71,727	66,983	(4,744)
Other charges	5,300	2,235	(3,065)	1,340	562	(778)
Interfund charges	34,693	29,149	(5,544)	9,962	8,444	(1,518)
<b>Total operating expenses</b>	<b>203,114</b>	<b>187,227</b>	<b>(15,887)</b>	<b>139,772</b>	<b>109,140</b>	<b>(30,632)</b>
Operating income (loss) before depreciation	11,686	57,605	45,919	2,728	19,653	16,925
Depreciation	-	72,919	72,919	-	13,483	13,483
<b>Net operating income (loss)</b>	<b>11,686</b>	<b>(15,314)</b>	<b>(27,000)</b>	<b>2,728</b>	<b>6,170</b>	<b>3,442</b>
<b>NON-OPERATING REVENUES (EXPENSES)</b>						
Transfer (to) from district	(11,686)	-	11,686	(2,728)	-	2,728
Interest income	-	-	-	-	-	-
Interest expense	-	-	-	-	-	-
<b>Net non-operating revenues (expenses)</b>	<b>(11,686)</b>	<b>-</b>	<b>11,686</b>	<b>(2,728)</b>	<b>-</b>	<b>2,728</b>
<b>Net income (loss)</b>	<b>\$ -</b>	<b>\$ (15,314)</b>	<b>\$ (15,314)</b>	<b>\$ -</b>	<b>\$ 6,170</b>	<b>\$ 6,170</b>
<b>OTHER BUDGETED EXPENDITURES</b>						
Capital outlay	\$ -	-	-	-	-	-
Debt service	-	-	-	-	-	-
<b>Total other budgeted expenditures</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Budgeted net income (loss)</b>	<b>\$ -</b>	<b>-</b>	<b>-</b>	<b>\$ -</b>	<b>-</b>	<b>-</b>

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
\$ 778,000	\$ 768,718	\$ (9,282)	\$ 87,000	\$ 86,520	\$ (480)	\$ 293,300	\$ 288,316	\$ (4,984)
77,000	97,771	20,771	10,000	10,193	193	104,000	101,953	(2,047)
-	-	-	-	-	-	-	-	-
-	360	360	-	39	39	-	127	127
855,000	866,849	11,849	97,000	96,752	(248)	397,300	390,396	(6,904)
420,737	291,364	(129,373)	50,768	45,131	(5,637)	137,150	189,767	52,617
72,994	58,433	(14,561)	12,388	10,237	(2,151)	55,688	32,953	(22,735)
252,151	201,150	(51,001)	24,245	17,828	(6,417)	133,476	169,386	35,910
15,450	7,704	(7,746)	1,525	595	(930)	5,420	2,836	(2,584)
95,759	81,291	(14,468)	4,312	3,483	(829)	26,094	21,994	(4,100)
857,091	639,942	(217,149)	93,238	77,274	(15,964)	357,828	416,936	59,108
(2,091)	226,907	228,998	3,762	19,478	15,716	39,472	(26,540)	(66,012)
-	50,331	50,331	-	-	-	-	464,202	464,202
(2,091)	176,576	178,667	3,762	19,478	15,716	39,472	(490,742)	(530,214)
2,091	-	(2,091)	(3,762)	-	3,762	40,528	-	(40,528)
-	83	83	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
2,091	83	(2,008)	(3,762)	-	3,762	40,528	-	(40,528)
\$ -	\$ 176,659	\$ 176,659	\$ -	\$ 19,478	\$ 19,478	\$ 80,000	\$ (490,742)	\$ (570,742)
\$ -			\$ -			\$ (80,000)		
-			-			-		
-			-			(80,000)		
\$ -			\$ -			\$ -		

**WORCESTER COUNTY, MARYLAND**  
**SCHEDULE OF REVENUES AND EXPENSES**  
**BUDGET AND ACTUAL**  
**DEPARTMENT OF WATER AND WASTEWATER SERVICES**  
**Year Ended June 30, 2012 (Continued)**

	<u>The Landings Service Area</u>			<u>Support Group</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>
<b>OPERATING REVENUES</b>						
Charges for service	\$ 125,000	\$ 115,515	\$ (9,485)	\$ -	\$ -	\$ -
Interest and penalties	159,000	164,560	5,560	-	-	-
Operating grants	-	-	-	-	-	-
Other revenue	8,000	12,042	4,042	-	5,048	5,048
<b>Total operating revenues</b>	<b>292,000</b>	<b>292,117</b>	<b>117</b>	<b>-</b>	<b>5,048</b>	<b>5,048</b>
<b>OPERATING EXPENSES</b>						
Personnel services	128,488	123,495	(4,993)	-	0	-
Supplies and materials	23,832	18,039	(5,793)	-	-	-
Maintenance and services	95,943	108,445	12,502	-	-	-
Other charges	1,600	1,656	56	-	-	-
Interfund charges	8,662	8,104	(558)	-	-	-
<b>Total operating expenses</b>	<b>258,525</b>	<b>259,739</b>	<b>1,214</b>	<b>-</b>	<b>-</b>	<b>-</b>
Operating income (loss) before depreciation	33,475	32,378	(1,097)	-	5,048	5,048
Depreciation	-	224,588	224,588	-	99,672	99,672
<b>Net operating income (loss)</b>	<b>33,475</b>	<b>(192,210)</b>	<b>(225,685)</b>	<b>-</b>	<b>(94,624)</b>	<b>(94,624)</b>
<b>NON-OPERATING REVENUES (EXPENSES)</b>						
Transfer (to) from district	(30,221)	-	30,221	-	-	-
Interest income	-	-	-	-	-	-
Interest expense	-	-	-	-	-	-
<b>Net non-operating revenues (expenses)</b>	<b>(30,221)</b>	<b>-</b>	<b>30,221</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net income (loss)</b>	<b>\$ 3,254</b>	<b>\$ (192,210)</b>	<b>\$ (195,464)</b>	<b>\$ -</b>	<b>\$ (94,624)</b>	<b>\$ (94,624)</b>
<b>OTHER BUDGETED EXPENDITURES</b>						
Capital outlay	\$ (3,254)			\$ -		
Debt service	-			-		
<b>Total other budgeted expenditures</b>	<b>(3,254)</b>			<b>-</b>		
<b>Budgeted net income (loss)</b>	<b>\$ -</b>			<b>\$ -</b>		

<u>Shared Facilities</u>			<u>Combined Totals</u>		
<u>Original and</u>		<u>Variance With</u>	<u>Original and</u>		<u>Variance With</u>
<u>Final Budget</u>	<u>Actual</u>	<u>Final Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Final Budget</u>
\$ -	\$ -	\$ -	\$ 8,782,200	\$ 8,662,195	\$ (120,005)
-	-	-	490,500	542,112	51,612
-	-	-	22,000	22,000	-
-	11,930	11,930	167,680	705,794	538,114
-	11,930	11,930	9,462,380	9,932,101	469,721
-	-	-	4,336,833	3,925,145	(411,688)
-	-	-	609,214	516,842	(92,372)
-	-	-	3,198,666	3,337,839	139,173
-	6,836	6,836	145,195	76,607	(68,588)
-	-	-	854,914	723,831	(131,083)
-	6,836	6,836	9,144,822	8,580,264	(564,558)
-	5,094	5,094	317,558	1,351,837	1,034,279
-	-	-	-	2,486,559	2,486,559
-	5,094	5,094	317,558	(1,134,722)	1,034,279
-	-	-	(30,404)	-	30,404
-	-	-	100	153	53
-	-	-	-	-	-
-	-	-	(30,304)	153	30,457
<u>\$ -</u>	<u>\$ 5,094</u>	<u>\$ 5,094</u>	<u>\$ 287,254</u>	<u>\$ (1,134,569)</u>	<u>\$ (1,421,823)</u>
\$ -			(287,254)		
-			-		
-			(287,254)		
<u>\$ -</u>			<u>\$ -</u>		

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, 2012

	West Ocean City S.A.	Ocean Pines S.A.	Oyster Harbor S.A.	Newark Service Area
Revenues:				
EDU revenue	\$ (22,065)	\$ 802,259	\$ 51,408	\$ 22,464
Other revenues	-	7,775	-	-
<b>Total revenues</b>	<b>(22,065)</b>	<b>817,743</b>	<b>51,408</b>	<b>22,464</b>
<b>Operating income</b>	<b>(22,065)</b>	<b>817,743</b>	<b>51,408</b>	<b>22,464</b>
Nonoperating income (expense):				
Interest on investments	272	636	29	179
Bond interest expense	(23,057)	(419,620)	(16,263)	(7,188)
Transfer from (to) service area	-	-	-	-
<b>Total nonoperating income (expense)</b>	<b>(22,785)</b>	<b>(418,984)</b>	<b>(16,234)</b>	<b>(7,009)</b>
Change in net assets	(44,850)	398,759	35,174	15,455
Net assets, beginning	609,932	(3,801,134)	(374,768)	(343,212)
<b>Net assets, ending</b>	<b>\$ 565,082</b>	<b>\$(3,402,375)</b>	<b>\$ (339,594)</b>	<b>\$ (327,757)</b>

	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>
\$	8,640	\$ 16,192	\$ 185,088	\$ 34,450	\$ 1,098,436
	-	-	88,306	(4,600)	91,481
	8,640	16,192	273,394	29,850	1,197,626
	8,640	16,192	273,394	29,850	1,197,626
	5	38	48	-	1,207
	(1,434)	(3,826)	(130,198)	(3,334)	(604,920)
	-	-	-	-	-
	(1,429)	(3,788)	(130,150)	(3,334)	(603,713)
	7,211	12,404	143,244	26,516	593,913
	(34,767)	(86,709)	55,736	(473,298)	(4,448,220)
\$	(27,556)	\$ (74,305)	\$ 198,980	\$ (446,782)	\$ (3,854,307)

WORCESTER COUNTY, MARYLAND

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

Year Ended June 30, 2012

	Budget Original/ <u>Final</u>	<u>Actual</u>	Variance with Final <u>Budget</u>
<b>Operating Revenues:</b>			
Licenses and permits	\$ 455,000	\$ 352,163	\$ (102,837)
Recycling charges	302,500	379,269	76,769
Stump, yard waste, and mulch revenue	30,000	33,850	3,850
Interest and penalties on overdue accounts	1,000	623	(377)
Other grants	-	-	-
Other revenue	419,500	18,140	(401,360)
Tipping fees	3,550,000	3,806,953	256,953
<b>Total operating revenues</b>	<b>4,758,000</b>	<b>4,590,998</b>	<b>(167,002)</b>
<b>Total operating expenses</b>	<b>3,064,908</b>	<b>3,509,824</b>	<b>(444,916)</b>
<b>Operating income before depreciation</b>	<b>1,693,092</b>	<b>1,081,174</b>	<b>(611,918)</b>
<b>Depreciation</b>	<b>1,190,000</b>	<b>1,741,998</b>	<b>(551,998)</b>
<b>Operating income (loss)</b>	<b>503,092</b>	<b>(660,824)</b>	<b>(1,163,916)</b>
<b>Nonoperating income (expense):</b>			
Interest on investments	20,000	10,791	(9,209)
Transfer from other funds	298,908	-	(298,908)
Interest expense	(822,000)	(56,137)	765,863
<b>Total nonoperating (expense) income</b>	<b>(503,092)</b>	<b>(45,346)</b>	<b>457,746</b>
<b>Change in net assets</b>	<b>\$ -</b>	<b>(706,170)</b>	<b>\$ (706,170)</b>
Net assets, beginning		<u>4,660,746</u>	
Net assets, ending		<u>\$ 3,954,576</u>	

WORCESTER COUNTY, MARYLAND

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

Year Ended June 30, 2012

	Budget Original/ <u>Final</u>	<u>Actual</u>	Variance with Final <u>Budget</u>
<b>Expenses:</b>			
<b>Department: Administration</b>			
Salaries	\$ 108,451	\$ 91,055	\$ 17,396
Benefits	68,803	47,104	21,699
Salaries - Treasurer's support	97,015	79,615	17,400
Salaries - Public works	64,196	53,985	10,211
Administrative support	144,261	126,964	17,297
Administrative expenses	15,000	16,093	(1,093)
Audit services	7,000	7,000	-
Insurance	15,000	9,557	5,443
Uniforms	470	382	88
Supplies/equipment	1,000	1,251	(251)
Solid waste committee	1,000	1,304	(304)
	<u>522,196</u>	<u>434,310</u>	<u>87,886</u>
<b>Department: Solid Waste</b>			
Salaries	573,460	600,878	(27,418)
Benefits	384,278	332,554	51,724
Telephone	6,000	5,338	662
Utilities	29,000	15,187	13,813
Training	2,000	736	1,264
Consulting services	150,000	169,163	(19,163)
Fuel	190,000	189,922	78
Leachate expense	170,000	158,199	11,801
Supplies/equipment	3,000	25	2,975
Safety	1,000	259	741
Vehicles expense	85,000	138,001	(53,001)
Uniforms	5,405	4,543	862
Buildings and grounds	75,000	62,287	12,713
Closure and postclosure costs	315,000	398,485	(83,485)
	<u>1,989,143</u>	<u>2,075,577</u>	<u>(86,434)</u>

WORCESTER COUNTY, MARYLAND

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

Year Ended June 30, 2012  
(Continued)

	Budget Original/ Final	Actual	Variance with Final Budget
<b>Department: Mining</b>			
Salaries	\$ 197,009	\$ 174,332	\$ 22,677
Benefits	129,529	101,767	27,762
Consulting	50,000	2,470	47,530
Fuel	40,000	27,767	12,233
Vehicle expense	99,300	6,838	92,462
Closure and postclosure costs	(780,000)	(41,618)	(738,382)
	(264,162)	271,556	(535,718)
<b>Department: Recycling</b>			
Salaries	344,795	336,468	8,327
Benefits	233,451	189,157	44,294
Telephone	2,400	2,014	386
Utilities	32,000	29,285	2,715
Training	1,000	1,897	(897)
Fuel	40,000	55,086	(15,086)
Removal expenses	85,000	13,014	71,986
Safety expense	500	200	300
Supplies/equipment	1,000	905	95
Vehicle expense	17,000	31,631	(14,631)
Uniforms	2,585	3,148	(563)
Buildings and grounds	15,000	18,828	(3,828)
Special events	43,000	46,747	(3,747)
	817,731	728,380	89,351
	\$ 3,064,908	\$ 3,509,824	\$ (444,916)

WORCESTER COUNTY, MARYLAND

SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN FUND  
NET ASSETS BY OPERATING STORE - BUDGET AND ACTUAL  
DEPARTMENT OF LIQUOR CONTROL  
Year Ended June 30, 2012

	Budget Original/ Final	Actual	Variance with Final Budget
Sales			
Wholesale	\$ 9,650,000	\$ 10,923,657	\$ 1,273,657
Berlin	760,000	684,298	(75,702)
West Ocean City	1,020,000	1,035,604	15,604
Pocomoke City	920,000	883,339	(36,661)
Snow Hill	380,000	412,290	32,290
Gold Coast Mall	920,000	873,596	(46,404)
18th Street Ocean City	1,150,000	1,061,256	(88,744)
Total sales	14,800,000	15,874,040	1,074,040
Cost of goods sold	11,535,000	12,202,374	667,374
Gross profit	3,265,000	3,671,666	(406,666)
Total operating expenses	1,594,700	1,783,521	188,821
Operating income before general expenses	1,670,300	1,888,145	217,845
General expenses	855,300	1,085,321	230,021
Operating income (loss)	815,000	802,824	(12,176)
Nonoperating income (expense):			
Interest on investments	-	183	183
Miscellaneous revenues	-	14,480	14,480
Interest expense	(100,000)	(142,147)	(42,147)
Total nonoperating (expense) income	(100,000)	(127,484)	(27,484)
Change in net assets before distributions	715,000	675,340	(39,660)
Distributions to municipalities	(715,000)	(675,340)	39,660
Change in net assets after distributions	\$ -	-	\$ -
Net assets, beginning		400,000	
Net assets, ending		\$ 400,000	

WORCESTER COUNTY, MARYLAND

SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN FUND  
NET ASSETS BY OPERATING STORE - BUDGET AND ACTUAL  
DEPARTMENT OF LIQUOR CONTROL  
Year Ended June 30, 2012

	Budget Original/ Final	Actual	Variance with Final Budget
<b>Expenses:</b>			
<b>Store: Wholesale</b>			
Salaries	\$ 408,000	\$ 424,174	\$ 16,174
Bank fees	-	197	197
Utilities	10,000	9,105	(895)
Payroll taxes and benefits	115,400	190,849	75,449
Rent	-	22,787	22,787
Outsourced labor	-	33,812	33,812
Repairs and maintenance	5,000	4,457	(543)
Supplies	30,500	42,577	12,077
Truck expense	30,000	52,079	22,079
	<b>598,900</b>	<b>780,037</b>	<b>181,137</b>
<b>Store: Berlin</b>			
Salaries	68,500	83,039	14,539
Bank fees	7,000	8,607	1,607
Utilities	11,000	6,034	(4,966)
Payroll taxes and benefits	19,700	39,668	19,968
Rent	27,500	25,297	(2,203)
Repairs and maintenance	9,000	9,442	442
Security	1,000	177	(823)
Supplies	3,000	1,676	(1,324)
Telephone	7,500	6,870	(630)
	<b>154,200</b>	<b>180,810</b>	<b>26,610</b>
<b>Store: West Ocean City</b>			
Salaries	81,500	82,994	1,494
Bank fees	12,000	13,332	1,332
Utilities	14,000	8,478	(5,522)
Payroll taxes and benefits	20,100	28,647	8,547
Outsourced labor	-	8,123	8,123
Rent	61,000	37,901	(23,099)
Repairs and maintenance	7,000	5,731	(1,269)
Security	1,000	229	(771)
Supplies	5,000	3,503	(1,497)
Telephone	4,000	3,714	(286)
	<b>205,600</b>	<b>192,652</b>	<b>(3,823)</b>

WORCESTER COUNTY, MARYLAND

SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN FUND  
NET ASSETS BY OPERATING STORE - BUDGET AND ACTUAL  
DEPARTMENT OF LIQUOR CONTROL

Year Ended June 30, 2012

(Continued)

	Budget Original/ <u>Final</u>	<u>Actual</u>	Variance with Final <u>Budget</u>
<b>Store: Pocomoke City</b>			
Salaries	\$ 79,500	\$ 71,457	\$ (8,043)
Bank fees	7,500	11,144	3,644
Utilities	11,500	8,503	(2,997)
Payroll taxes and benefits	20,200	24,600	4,400
Repairs and maintenance	7,000	4,201	(2,799)
Security	1,000	269	(731)
Supplies	3,500	3,175	(325)
Telephone	3,500	3,868	368
	<u>133,700</u>	<u>127,217</u>	<u>(6,483)</u>
<b>Store: Snow Hill</b>			
Salaries	66,000	57,470	(8,530)
Bank fees	3,500	5,204	1,704
Utilities	7,000	6,391	(609)
Payroll taxes and benefits	19,400	42,880	23,480
Rent	18,500	17,893	(607)
Repairs and maintenance	8,000	6,467	(1,533)
Security	1,500	4,304	2,804
Supplies	4,500	2,027	(2,473)
Telephone	3,000	2,431	(569)
	<u>131,400</u>	<u>145,067</u>	<u>13,667</u>
<b>Store: Gold Coast Mall</b>			
Salaries	77,500	70,030	(7,470)
Bank fees	16,000	11,756	(4,244)
Utilities	9,000	7,240	(1,760)
Payroll taxes and benefits	20,000	25,457	5,457
Outsourced labor	-	4,782	4,782
Rent	46,000	45,522	(478)
Repairs and maintenance	7,000	2,992	(4,008)
Security	1,000	357	(643)
Supplies	3,500	1,895	(1,605)
Telephone	3,500	3,688	188
	<u>183,500</u>	<u>173,719</u>	<u>(9,781)</u>

WORCESTER COUNTY, MARYLAND

SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN FUND  
NET ASSETS BY OPERATING STORE - BUDGET AND ACTUAL  
DEPARTMENT OF LIQUOR CONTROL

Year Ended June 30, 2012

(Continued)

	Budget Original/ <u>Final</u>	<u>Actual</u>	Variance with Final <u>Budget</u>
<b>Store: 18th Street Ocean City</b>			
Salaries	\$ 81,000	\$ 81,092	\$ 92
Bank fees	16,000	11,830	(4,170)
Utilities	7,000	5,144	(1,856)
Payroll taxes and benefits	19,900	21,698	1,798
Outsourced labor	-	9,707	9,707
Rent	47,000	38,500	(8,500)
Repairs and maintenance	7,000	4,336	(2,664)
Security	3,000	6,457	3,457
Supplies	3,500	2,217	(1,283)
Telephone	3,000	3,038	38
	<u>187,400</u>	<u>184,019</u>	<u>(3,381)</u>
	<u>\$ 1,594,700</u>	<u>\$ 1,783,521</u>	<u>\$ 197,946</u>

LIQUOR CONTROL BOARD FOR WORCESTER COUNTY

SCHEDULE OF GENERAL EXPENSES - BUDGET TO ACTUAL

DEPARTMENT OF LIQUOR CONTROL

Year ended June 30, 2012

	<u>Budget</u> <u>Original/</u> <u>Final</u>	<u>Actual</u>	Variance with Final <u>Budget</u>
General and administrative expenses:			
Salaries	\$ 268,000	\$ 506,623	\$ 238,623
Payroll taxes and benefits	87,300	149,762	62,462
Group insurance	100,000	16,300	(83,700)
Other postemployment benefits	100,000	163,240	63,240
Advertising	55,000	16,098	(38,902)
Credit card fees	-	612	612
Depreciation	105,000	117,717	12,717
Dues	4,000	5,827	1,827
Electric	16,000	16,232	232
Internet access	1,500	11,430	9,930
Office expense	33,000	32,193	(807)
Professional fees	30,000	16,533	(13,467)
Repairs and maintenance	35,000	22,232	(12,768)
Security	1,500	1,353	(147)
Telephone	11,500	8,992	(2,508)
Travel	7,500	177	(7,323)
<b>Total general and administrative expenses</b>	<b>\$ 855,300</b>	<b>\$ 1,085,321</b>	<b>\$ 230,021</b>

**DEPARTMENT OF LIQUOR CONTROL**

**SCHEDULE OF REVENUES AND EXPENSES BY STORE**

**Year ended June 30, 2012**

	<u>2012</u> <u>Total</u>	<u>Percentage</u>
Sales		
Retail, less discounts	\$ 4,950,383	
Wholesale, less discounts	10,923,657	
Net sales	15,874,040	100.00 %
Cost of sales	12,202,374	76.87%
Gross profit	3,671,666	23.13%
Store expenses		
Salaries	870,256	5.48%
Credit card and bank fees	62,070	0.39%
Utilities	50,895	0.32%
Payroll taxes and benefits	373,799	2.35%
Outsourced labor	56,424	0.36%
Rent	187,900	1.18%
Repairs and maintenance	37,626	0.24%
Security	11,793	0.07%
Supplies	57,070	0.36%
Truck expense	52,079	0.33%
Telephone	23,609	0.15%
	1,783,521	11.24%
Income after store expenses	1,888,145	11.89%
General expenses	1,085,321	6.84%
Income from operations	802,824	5.06%
Other income (expense)		
Financial expense, net	(141,964)	-0.89%
Other income (expense)	14,480	0.09%
	(127,484)	-0.80%
Net income	\$ 675,340	4.25% %

Total Wholesale	Total Retail	Berlin	West Ocean City	Pocomoke City	Snow Hill	Gold Coast Mall	18th Street
\$ -	\$ 4,950,383	\$ 684,298	\$ 1,035,604	\$ 883,339	\$ 412,290	\$ 873,596	\$ 1,061,256
10,923,657	-	-	-	-	-	-	-
10,923,657	4,950,383	684,298	1,035,604	883,339	412,290	873,596	1,061,256
8,596,237	3,606,137	495,126	739,661	657,305	363,251	618,056	732,738
2,327,420	1,344,246	189,172	295,943	226,034	49,039	255,540	328,518
424,174	446,082	83,039	82,994	71,457	57,470	70,030	81,092
197	61,873	8,607	13,332	11,144	5,204	11,756	11,830
9,105	41,790	6,034	8,478	8,503	6,391	7,240	5,144
190,849	182,950	39,668	28,647	24,600	42,880	25,457	21,698
33,812	22,612	-	8,123	-	-	4,782	9,707
22,787	165,113	25,297	37,901	-	17,893	45,522	38,500
4,457	33,169	9,442	5,731	4,201	6,467	2,992	4,336
-	11,793	177	229	269	4,304	357	6,457
42,577	14,493	1,676	3,503	3,175	2,027	1,895	2,217
52,079	-	-	-	-	-	-	-
-	23,609	6,870	3,714	3,868	2,431	3,688	3,038
780,037	1,003,484	180,810	192,652	127,217	145,067	173,719	184,019
1,547,383	340,762	8,362	103,291	98,817	(96,028)	81,821	144,499
746,859	338,462	46,786	70,805	60,395	28,189	59,728	72,559
800,524	2,300	(38,424)	32,486	38,422	(124,217)	22,093	71,940
(97,691)	(44,273)	(6,120)	(9,262)	(7,900)	(3,687)	(7,813)	(9,491)
9,964	4,516	624	945	806	376	797	968
(87,727)	(39,757)	(5,496)	(8,317)	(7,094)	(3,311)	(7,016)	(8,523)
\$ 712,797	\$ (37,457)	\$ (43,920)	\$ 24,169	\$ 31,328	\$ (127,528)	\$ 15,077	\$ 63,417

WORCESTER COUNTY, MARYLAND

COMBINING SCHEDULE OF FIDUCIARY NET ASSETS  
NONMAJOR AGENCY FUNDS  
Year Ended June 30, 2012

	State of Maryland Property Taxes	Maryland Department of Motor Vehicles - License Fees	Tax Sale Fund	Development Taxes	Performance Bonds	Confiscated Monies Fund
<b>ASSETS</b>						
Cash and short-term investments	\$ -	\$ 19,065	\$ 1,052,791	\$ 142,109	\$ 730,947	\$ 4,848
Taxes receivable	602,759	-	-	-	-	-
Due from other funds	123,046	-	-	-	-	-
<b>Total assets</b>	<b>725,805</b>	<b>19,065</b>	<b>1,052,791</b>	<b>142,109</b>	<b>730,947</b>	<b>4,848</b>
<b>LIABILITIES</b>						
Due to other governmental units	725,805	18,759	-	-	-	-
Due to other funds	-	306	-	-	-	-
Other liabilities	-	-	1,052,791	142,109	730,947	4,848
<b>Total liabilities</b>	<b>725,805</b>	<b>19,065</b>	<b>1,052,791</b>	<b>142,109</b>	<b>730,947</b>	<b>4,848</b>
<b>NET ASSETS</b>						
Restricted	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

<u>Personal Property Tax Liability</u>	<u>Forest Conservation</u>	<u>Bay Restoration</u>	<u>Snow Hill Property Tax</u>	<u>Berlin Property Tax</u>	<u>Pocomoke Property Tax</u>	<u>Ocean City Property Tax</u>	<u>Special Loans</u>	<u>Critical Areas</u>	<u>Total</u>
\$ 170,287	\$ 121,298	\$ 49,668	\$ -	\$ -	\$ -	\$ -	\$ 149,678	\$ 79,670	\$ 2,520,361
-	-	62,284	81,961	211,517	175,985	1,026,530	-	-	2,161,036
-	-	10,915	11,242	18,130	16,980	287,672	-	-	467,985
<u>170,287</u>	<u>121,298</u>	<u>122,867</u>	<u>93,203</u>	<u>229,647</u>	<u>192,965</u>	<u>1,314,202</u>	<u>149,678</u>	<u>79,670</u>	<u>5,149,382</u>
-	-	122,867	93,203	229,647	192,965	1,314,202	-	-	2,697,448
-	-	-	-	-	-	-	-	-	306
<u>170,287</u>	<u>121,298</u>	-	-	-	-	-	<u>149,678</u>	<u>79,670</u>	<u>2,451,628</u>
<u>170,287</u>	<u>121,298</u>	<u>122,867</u>	<u>93,203</u>	<u>229,647</u>	<u>192,965</u>	<u>1,314,202</u>	<u>149,678</u>	<u>79,670</u>	<u>5,149,382</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

WORCESTER COUNTY, MARYLAND  
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS AND LIABILITIES  
AGENCY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2012

	<u>Cash</u>	<u>Taxes Receivable</u>	<u>Due from</u>	<u>Total Assets</u>
<b>STATE OF MARYLAND PROPERTY TAXES</b>				
Balance 7-1-2011	\$ -	\$ 593,558	\$ 163,933	\$ 757,491
Additions	-	19,296,664	19,007,016	38,303,680
Deductions	-	(19,287,463)	(19,047,903)	(38,335,366)
Balance 6-30-2012	<u>\$ -</u>	<u>\$ 602,759</u>	<u>\$ 123,046</u>	<u>\$ 725,805</u>
<b>MARYLAND DEPT. of MOTOR VEHICLE - LICENSE FEES</b>				
Balance 7-1-2011	\$ 27,299	\$ -	\$ -	\$ 27,299
Additions	14,909	-	-	14,909
Deductions	(23,143)	-	-	(23,143)
Balance 6-30-2012	<u>\$ 19,065</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 19,065</u>
<b>TAX SALE FUND</b>				
Balance 7-1-2011	\$ 906,049	\$ -	\$ -	\$ 906,049
Additions	1,474,995	-	-	1,474,995
Deductions	(1,328,253)	-	-	(1,328,253)
Balance 6-30-2012	<u>\$ 1,052,791</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,052,791</u>
<b>DEVELOPMENT TAXES</b>				
Balance 7-1-2011	\$ 88,950	\$ -	\$ -	\$ 88,950
Additions	190,727	-	-	190,727
Deductions	(137,568)	-	-	(137,568)
Balance 6-30-2012	<u>\$ 142,109</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 142,109</u>
<b>PERFORMANCE BONDS</b>				
Balance 7-1-2011	\$ 627,198	\$ -	\$ -	\$ 627,198
Additions	198,541	-	-	198,541
Deductions	(94,792)	-	-	(94,792)
Balance 6-30-2012	<u>\$ 730,947</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 730,947</u>
<b>CONFISCATED MONIES</b>				
Balance 7-1-2011	\$ 15,641	\$ -	\$ -	\$ 15,641
Additions	2,815	-	-	2,815
Deductions	(13,608)	-	-	(13,608)
Balance 6-30-2012	<u>\$ 4,848</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,848</u>

**WORCESTER COUNTY, MARYLAND**  
**STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS AND LIABILITIES**  
**AGENCY FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2012**  
 (Continued)

Due to Other Funds	Due to Other Governments	Other Liabilities	Total Liabilities
\$ -	\$ 757,491	\$ -	\$ 757,491
-	19,618,517	-	19,618,517
-	(19,650,203)	-	(19,650,203)
<u>\$ -</u>	<u>\$ 725,805</u>	<u>\$ -</u>	<u>\$ 725,805</u>
\$ 1,381	\$ 25,918	\$ -	\$ 27,299
-	-	-	-
(1,075)	(7,159)	-	(8,234)
<u>\$ 306</u>	<u>\$ 18,759</u>	<u>\$ -</u>	<u>\$ 19,065</u>
\$ -	\$ -	\$ 906,049	\$ 906,049
-	-	146,742	146,742
-	-	-	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,052,791</u>	<u>\$ 1,052,791</u>
\$ -	\$ -	\$ 88,950	\$ 88,950
-	-	53,159	53,159
-	-	-	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 142,109</u>	<u>\$ 142,109</u>
\$ -	\$ -	\$ 627,198	\$ 627,198
-	-	103,749	103,749
-	-	-	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 730,947</u>	<u>\$ 730,947</u>
\$ -	\$ -	\$ 15,641	\$ 15,641
-	-	2,815	2,815
-	-	(13,608)	(13,608)
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,848</u>	<u>\$ 4,848</u>

**WORCESTER COUNTY, MARYLAND**  
**STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS AND LIABILITIES**  
**AGENCY FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2012**  
 (Continued)

	<u>Cash</u>	<u>Taxes Receivable</u>	<u>Due from</u>	<u>Total Assets</u>
<b>PERSONAL PROPERTY TAX LIABILITY</b>				
Balance 7-1-2011	\$ 193,692	\$ -	\$ -	\$ 193,692
Additions	35,609	-	-	35,609
Deductions	<u>(59,014)</u>	<u>-</u>	<u>-</u>	<u>(59,014)</u>
Balance 6-30-2012	<u>\$ 170,287</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 170,287</u>
<b>FOREST CONSERVATION</b>				
Balance 7-1-2011	\$ 124,231	\$ -	\$ -	\$ 124,231
Additions	3,038	-	-	3,038
Deductions	<u>(5,971)</u>	<u>-</u>	<u>-</u>	<u>(5,971)</u>
Balance 6-30-2012	<u>\$ 121,298</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 121,298</u>
<b>BAY RESTORATION</b>				
Balance 7-1-2011	\$ 45,967	\$ 61,190	\$ -	\$ 107,157
Additions	242,705	390,436	246,891	880,032
Deductions	<u>(239,004)</u>	<u>(389,342)</u>	<u>(235,976)</u>	<u>(864,322)</u>
Balance 6-30-2012	<u>\$ 49,668</u>	<u>\$ 62,284</u>	<u>\$ 10,915</u>	<u>\$ 122,867</u>
<b>SNOW HILL PROPERTY TAX</b>				
Balance 7-1-2011	\$ -	\$ 93,548	\$ 13,347	\$ 106,895
Additions	-	972,472	991,870	1,964,342
Deductions	<u>-</u>	<u>(984,059)</u>	<u>(993,975)</u>	<u>(1,978,034)</u>
Balance 6-30-2012	<u>\$ -</u>	<u>\$ 81,961</u>	<u>\$ 11,242</u>	<u>\$ 93,203</u>
<b>BERLIN PROPERTY TAX</b>				
Balance 7-1-2011	\$ -	\$ 189,917	\$ 59,784	\$ 249,701
Additions	-	2,870,275	2,844,517	5,714,792
Deductions	<u>-</u>	<u>(2,848,675)</u>	<u>(2,886,171)</u>	<u>(5,734,846)</u>
Balance 6-30-2012	<u>\$ -</u>	<u>\$ 211,517</u>	<u>\$ 18,130</u>	<u>\$ 229,647</u>
<b>POCOMOKE PROPERTY TAX</b>				
Balance 7-1-2011	\$ -	\$ 214,995	\$ 27,854	\$ 242,849
Additions	-	2,074,552	2,133,917	4,208,469
Deductions	<u>-</u>	<u>(2,113,562)</u>	<u>(2,144,791)</u>	<u>(4,258,353)</u>
Balance 6-30-2012	<u>\$ -</u>	<u>\$ 175,985</u>	<u>\$ 16,980</u>	<u>\$ 192,965</u>

WORCESTER COUNTY, MARYLAND  
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS AND LIABILITIES  
AGENCY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2012  
(Continued)

<u>Due to Other Funds</u>	<u>Due to Other Governments</u>	<u>Other Liabilities</u>	<u>Total Liabilities</u>
\$ -	\$ -	\$ 193,692	\$ 193,692
-	-	-	-
-	-	(23,405)	(23,405)
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 170,287</u>	<u>\$ 170,287</u>
\$ -	\$ -	\$ 124,231	\$ 124,231
-	-	-	-
-	-	(2,933)	(2,933)
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 121,298</u>	<u>\$ 121,298</u>
\$ -	\$ 107,157	\$ -	\$ 107,157
-	343,159	-	343,159
-	(327,449)	-	(327,449)
<u>\$ -</u>	<u>\$ 122,867</u>	<u>\$ -</u>	<u>\$ 122,867</u>
\$ -	\$ 106,895	\$ -	\$ 106,895
-	1,069,241	-	1,069,241
-	(1,082,933)	-	(1,082,933)
<u>\$ -</u>	<u>\$ 93,203</u>	<u>\$ -</u>	<u>\$ 93,203</u>
\$ -	\$ 249,701	\$ -	\$ 249,701
-	3,106,769	-	3,106,769
-	(3,126,823)	-	(3,126,823)
<u>\$ -</u>	<u>\$ 229,647</u>	<u>\$ -</u>	<u>\$ 229,647</u>
\$ -	\$ 242,849	\$ -	\$ 242,849
-	2,294,765	-	2,294,765
-	(2,344,649)	-	(2,344,649)
<u>\$ -</u>	<u>\$ 192,965</u>	<u>\$ -</u>	<u>\$ 192,965</u>

**WORCESTER COUNTY, MARYLAND**  
**STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS AND LIABILITIES**  
**AGENCY FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2012**  
 (Continued)

	<u>Cash</u>	<u>Taxes Receivable</u>	<u>Due from</u>	<u>Total Assets</u>
<b>OCEAN CITY PROPERTY TAX</b>				
Balance 7-1-2011	\$ -	\$ 981,217	\$ 301,039	\$ 1,282,256
Additions	-	40,783,876	41,124,598	81,908,474
Deductions	-	(40,738,563)	(41,137,965)	(81,876,528)
Balance 6-30-2012	<u>\$ -</u>	<u>\$ 1,026,530</u>	<u>\$ 287,672</u>	<u>\$ 1,314,202</u>
<b>SPECIAL LOANS</b>				
Balance 7-1-2011	\$ 122,591	\$ -	\$ -	\$ 122,591
Additions	391,792	-	-	391,792
Deductions	(364,705)	-	-	(364,705)
Balance 6-30-2012	<u>\$ 149,678</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 149,678</u>
<b>CRITICAL AREAS</b>				
Balance 7-1-2011	\$ 79,368	\$ -	\$ -	\$ 79,368
Additions	328	-	-	328
Deductions	(26)	-	-	(26)
Balance 6-30-2012	<u>\$ 79,670</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 79,670</u>
<b>TOTALS</b>				
Balance 7-1-2011	\$ 2,230,986	\$ 2,134,425	\$ 565,957	\$ 4,931,368
Additions	2,555,459	66,388,275	66,348,809	135,292,543
Deductions	(2,266,084)	(66,361,664)	(66,446,781)	(135,074,529)
Balance 6-30-2012	<u>\$ 2,520,361</u>	<u>\$ 2,161,036</u>	<u>\$ 467,985</u>	<u>\$ 5,149,382</u>

WORCESTER COUNTY, MARYLAND  
 STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS AND LIABILITIES  
 AGENCY FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2012  
 (Continued)

Due to Other Funds	Due to Other Governments	Other Liabilities	Total Liabilities
\$ -	\$ 1,282,256	\$ -	\$ 1,282,256
-	42,224,741	-	42,224,741
-	(42,192,795)	-	(42,192,795)
<u>\$ -</u>	<u>\$ 1,314,202</u>	<u>\$ -</u>	<u>\$ 1,314,202</u>
\$ -	\$ -	\$ 122,591	\$ 122,591
-	-	382,183	382,183
-	-	(355,096)	(355,096)
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 149,678</u>	<u>\$ 149,678</u>
\$ -	\$ -	\$ 79,368	\$ 79,368
-	-	302	302
-	-	-	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 79,670</u>	<u>\$ 79,670</u>
\$ 1,381	\$ 2,772,267	\$ 2,157,720	\$ 4,931,368
-	68,657,192	688,950	69,346,142
(1,075)	(68,732,011)	(395,042)	(69,128,128)
<u>\$ 306</u>	<u>\$ 2,697,448</u>	<u>\$ 2,451,628</u>	<u>\$ 5,149,382</u>

WORCESTER COUNTY, MARYLAND

SCHEDULE OF ASSESSABLE BASE  
GENERAL FUND

Year Ended June 30, 2012

	<u>Full-Year Assessment</u>	<u>Half-Year Assessment</u>	<u>Total</u>
Real property	\$ 17,192,139,946	\$ 15,537,687	\$ 17,207,677,633
Personal property - individuals and firms - all districts	16,321,783	-	16,321,783
Railroads and public utilities	110,466,430	-	110,466,430
Railroads and public utilities- reduced rate	527,170	-	527,170
Ordinary business corporations	187,400,946	-	187,400,946
<b>Total</b>	<b>\$ 17,506,856,275</b>	<b>\$ 15,537,687</b>	<b>\$ 17,522,393,962</b>

Computation of Taxes for County Purposes

\$17,192,139,946 assessable base at \$.70 per \$100 base (full-year)	\$ 120,344,980
\$314,189,159 assessable base at \$1.750 per \$100 base (full-year)	5,498,310
\$527,170 assessable base at \$.70 per \$100 base (full-year)	3,690
\$15,537,687 assessable base at \$.35 per \$100 base (half-year)	54,382
	125,901,362
Adjustment for deferred property taxes receivable	47,378
Net additions and abatements	297,955
<b>Total County taxes for year ended June 30, 2012</b>	<b>\$ 126,246,695</b>

WORCESTER COUNTY, MARYLAND

SCHEDULE OF ASSESSABLE BASES AND TAX LEVIES  
GENERAL FUND

Fiscal Years Ended June 30, 2012

<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) %
2011 - 2012	17,522,393,962	(3.35) %	.70-1.750	125,901,362	(3.16) %

\* 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, 2012

Levies of years ended June 30:

2012	\$ 3,574,180
2011	242,512
2010	233,114
2009	277,607
2008 and prior	490,602
<b>Total</b>	<b>\$ 4,818,015</b>

**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
- Department of Liquor Control

## 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.*

<u>Contents</u>	<u>Schedule</u>
<b>Financial Trends</b> <i>These schedules contain trend information to help the reader understand how the County's financial performance and well-being have changed over time.</i>	1 - 4
<b>Revenue Capacity</b> <i>These schedules contain information to help the reader assess the factors affecting the County's ability to generate its property taxes.</i>	5 - 11
<b>Debt Capacity</b> <i>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.</i>	12 - 15
<b>Demographic and Economic Information</b> <i>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.</i>	16 - 17
<b>Operating Information</b> <i>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.</i>	18 - 20

**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 Ten Fiscal Years  
(accural basis of accounting)

	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
<b>Governmental activities</b>										
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	\$ 105,455,263
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	5,675,958
<b>Total governmental activities net assets</b>	<b>\$ 65,330,822</b>	<b>\$ 75,251,038</b>	<b>\$ 90,476,460</b>	<b>\$ 112,895,621</b>	<b>\$ 133,038,259</b>	<b>\$ 136,158,551</b>	<b>\$ 111,294,350</b>	<b>\$ 108,580,174</b>	<b>\$ 104,319,996</b>	<b>\$ 111,131,221</b>
<b>Business-type activities</b>										
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	\$ 54,334,765
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	1,158,971	1,912,977
<b>Total business-type activities net assets</b>	<b>\$ 42,843,303</b>	<b>\$ 42,417,686</b>	<b>\$ 43,540,012</b>	<b>\$ 63,473,551</b>	<b>\$ 72,983,351</b>	<b>\$ 69,884,713</b>	<b>\$ 65,859,498</b>	<b>\$ 60,563,703</b>	<b>\$ 57,094,748</b>	<b>\$ 56,247,742</b>
<b>Primary government</b>										
Invested in capital assets, net of related debt	\$ 57,168,486	\$ 62,933,685	\$ 85,519,300	\$ 113,151,876	\$ 134,756,545	\$ 146,741,633	\$ 161,785,970	\$ 161,116,163	\$ 156,225,796	\$ 159,790,028
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	5,188,948	7,588,935
<b>Total primary government net assets</b>	<b>\$ 108,174,125</b>	<b>\$ 117,668,724</b>	<b>\$ 134,016,472</b>	<b>\$ 176,369,172</b>	<b>\$ 206,021,610</b>	<b>\$ 206,043,264</b>	<b>\$ 177,153,848</b>	<b>\$ 169,143,877</b>	<b>\$ 161,414,744</b>	<b>\$ 167,378,963</b>

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

Expenses	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
<b>Governmental activities</b>										
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	\$ 34,145,354
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	29,409,797
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	6,379,810
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	5,414,163
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	1,861,337
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	79,539,955
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	5,301,793
Conservation of natural resources	600,161	665,363	622,293	600,795	562,929	584,921	858,559	233,393	587,200	661,679
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	2,094,400
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	3,092,624
<b>Total governmental activities expenses</b>	<b>104,216,428</b>	<b>116,033,379</b>	<b>130,181,738</b>	<b>136,301,677</b>	<b>149,416,160</b>	<b>176,177,888</b>	<b>250,473,313</b>	<b>185,716,766</b>	<b>179,385,356</b>	<b>168,100,912</b>
<b>Business-type activities</b>										
Landfill	4,933,251	5,525,548	6,137,637	6,982,920	6,071,486	7,639,296	6,760,109	6,910,451	5,460,265	5,307,959
Department of Water and Wastewater	7,829,450	8,299,684	9,101,615	8,404,660	10,931,337	11,860,477	12,009,174	11,849,234	11,925,133	11,671,743
Department of Liquor Control	-	-	-	-	-	-	-	-	-	15,213,363
<b>Total business-type activities expenses</b>	<b>12,762,701</b>	<b>13,825,232</b>	<b>15,239,252</b>	<b>15,387,580</b>	<b>17,002,823</b>	<b>19,499,773</b>	<b>18,769,283</b>	<b>18,759,685</b>	<b>17,385,398</b>	<b>32,193,065</b>
<b>Total primary government expenses</b>	<b>\$ 116,979,129</b>	<b>\$ 129,858,611</b>	<b>\$ 145,420,990</b>	<b>\$ 151,689,257</b>	<b>\$ 166,418,983</b>	<b>\$ 195,677,661</b>	<b>\$ 269,242,596</b>	<b>\$ 204,476,451</b>	<b>\$ 196,770,754</b>	<b>\$ 200,293,977</b>
<b>Program Revenues</b>										
<b>Governmental activities</b>										
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	\$ 1,873,888
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	6,025,129
Public works	118,944	161,731	168,325	125,097	58,632	37,233	31,372	131,126	85,384	79,893
Health and hospitals	304,939	338,810	240,733	498,681	456,345	503,239	486,954	429,184	418,806	457,086
Libraries recreation, and culture	285,293	330,991	263,029	322,424	327,306	294,456	328,879	252,138	191,097	182,130
Economic development	80,270	6,051	50,504	23,642	47,739	19,983	7,377	31,886	25,935	49,840
Operating grants and contributions	5,670,303	7,692,381	10,556,990	5,518,848	5,675,002	4,036,459	31,044,359	10,138,302	5,243,439	4,257,505
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	2,078,722
<b>Total governmental activities program revenues</b>	<b>11,211,191</b>	<b>14,799,453</b>	<b>17,215,952</b>	<b>12,852,480</b>	<b>12,480,339</b>	<b>9,940,182</b>	<b>47,019,096</b>	<b>20,110,958</b>	<b>17,126,087</b>	<b>15,004,193</b>
<b>Business-type activities</b>										
Charges for services										
Department of 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	11,107,727
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	4,590,998
Department of Liquor Control	-	-	-	-	-	-	-	-	-	15,888,520
Operating grants and contributions	40,000	40,000	25,000	55,000	30,000	25,000	22,000	22,000	22,000	22,000
Capital grants and contributions	-	-	-	18,490,430	8,983,508	-	-	-	-	-
<b>Total business-type activities program revenues</b>	<b>11,734,586</b>	<b>13,320,216</b>	<b>16,484,708</b>	<b>34,781,682</b>	<b>25,912,223</b>	<b>15,993,423</b>	<b>14,627,064</b>	<b>13,440,214</b>	<b>13,896,220</b>	<b>31,609,245</b>
<b>Total primary government program revenues</b>	<b>\$ 22,945,777</b>	<b>\$ 28,119,669</b>	<b>\$ 33,700,660</b>	<b>\$ 47,634,162</b>	<b>\$ 38,392,562</b>	<b>\$ 25,933,605</b>	<b>\$ 61,646,160</b>	<b>\$ 33,551,172</b>	<b>\$ 31,022,307</b>	<b>\$ 46,613,438</b>
<b>Net (Expense)/Revenue</b>										
Governmental activities	\$ (93,065,237)	\$ (101,233,926)	\$ (112,965,786)	\$ (123,449,197)	\$ (136,935,821)	\$ (166,237,706)	\$ (203,454,217)	\$ (165,605,808)	\$ (162,259,269)	\$ (153,096,719)
Business-type activities	(1,028,115)	(505,016)	1,245,456	19,394,102	8,909,400	(3,506,350)	(4,142,219)	(5,319,471)	(3,489,178)	(583,820)
<b>Total primary government net expense</b>	<b>\$ (94,093,352)</b>	<b>\$ (101,738,942)</b>	<b>\$ (111,720,330)</b>	<b>\$ (104,055,095)</b>	<b>\$ (128,026,421)</b>	<b>\$ (169,744,056)</b>	<b>\$ (207,596,436)</b>	<b>\$ (170,925,279)</b>	<b>\$ (165,748,447)</b>	<b>\$ (153,680,539)</b>

General Revenues and Other Changes in Net Assets	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
<b>Governmental activities</b>										
Property taxes	\$ 56,320,517	\$ 63,461,421	\$ 73,514,568	\$ 85,706,377	\$ 99,594,792	\$ 116,778,663	\$ 134,015,561	\$ 127,176,751	\$ 121,990,826	\$ 121,290,966
Local income tax	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	12,900,072
Other local taxes	27,583,012	31,856,389	36,611,540	36,183,091	30,073,645	26,305,749	23,221,489	23,115,287	23,513,666	23,111,431
State shared	4,170,891	3,882,807	4,610,345	5,703,290	6,194,180	5,654,165	4,809,446	724,582	804,689	687,960
Distribution from Liquor Control	348,001	356,450	388,579	460,862	363,442	415,403	168,623	55,853	363,568	103,626
Interest	485,682	454,909	1,245,373	3,246,509	5,069,327	5,980,550	2,597,658	262,333	216,726	283,728
Gain (loss) on sale of capital assets	46,780	-	-	-	(643,251)	-	-	-	-	-
Transfers in (out)	-	-	-	-	-	(38,860)	(81,154)	635,708	649,917	-
Other	1,246,963	385,916	298,738	415,647	584,279	577,728	796,257	-	-	1,530,161
<b>Total governmental activities</b>	<b>100,158,306</b>	<b>111,154,142</b>	<b>129,802,903</b>	<b>146,026,214</b>	<b>157,078,459</b>	<b>169,357,998</b>	<b>178,590,016</b>	<b>162,891,632</b>	<b>157,999,091</b>	<b>159,907,944</b>
<b>Business-type activities</b>										
Transfers in (out)	-	-	-	-	-	38,860	-	-	-	(675,340)
Interest	160,926	79,399	196,430	539,437	600,400	368,852	117,004	23,676	20,043	12,334
<b>Total business-type activities</b>	<b>160,926</b>	<b>79,399</b>	<b>196,430</b>	<b>539,437</b>	<b>600,400</b>	<b>407,712</b>	<b>117,004</b>	<b>23,676</b>	<b>20,043</b>	<b>(663,006)</b>
<b>Total primary government</b>	<b>\$ 100,319,232</b>	<b>\$ 111,233,541</b>	<b>\$ 129,999,333</b>	<b>\$ 146,565,651</b>	<b>\$ 157,678,859</b>	<b>\$ 169,765,710</b>	<b>\$ 178,707,020</b>	<b>\$ 162,915,308</b>	<b>\$ 158,019,134</b>	<b>\$ 159,244,938</b>
<b>Change in Net Assets</b>										
Governmental activities	\$ 7,153,069	\$ 9,920,216	\$ 16,837,117	\$ 22,577,017	\$ 20,142,638	\$ 3,120,292	\$ (24,864,201)	\$ (2,714,176)	\$ (4,260,178)	\$ 6,811,225
Business-type activities	(867,189)	(425,517)	1,441,886	19,933,539	9,509,800	(3,098,638)	(4,025,215)	(5,295,795)	(3,469,135)	(1,246,826)
<b>Total primary government</b>	<b>\$ 6,285,880</b>	<b>\$ 9,494,699</b>	<b>\$ 18,279,003</b>	<b>\$ 42,510,556</b>	<b>\$ 29,652,438</b>	<b>\$ 21,654</b>	<b>\$ (28,889,416)</b>	<b>\$ (8,009,971)</b>	<b>\$ (7,729,313)</b>	<b>\$ 5,564,399</b>

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

	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
General Fund										
Nondisposable	\$ 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	\$ 110,609
Restricted										
Assigned	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	10,821,409
Unassigned	<u>500,000</u>	<u>26,992,224</u>	<u>38,855,192</u>							
Total General Fund	<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>	<u>\$ 49,787,210</u>
All Other Governmental Funds										
Assigned	\$ 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	\$ 2,372,247
Unassigned	-	-	-	-	-	-	-	-	<u>1,225,068</u>	<u>(599,589)</u>
Total all other governmental funds	<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>	<u>\$ 1,772,658</u>
Total Governmental Funds	\$ 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	\$ 51,559,868

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

	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
<b>Revenues</b>										
Property tax	\$ 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	\$ 121,243,588
Income tax	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	12,900,072
Room tax	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	13,262,770
Food tax	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	1,215,666
Transfer tax	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	2,595,376
Recordation tax	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	5,328,454
Other local taxes	844,691	806,729	799,559	751,281	703,055	778,818	761,403	726,804	717,894	709,165
State-shared taxes	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	687,960
Licenses and permits	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	1,739,111
Intergovernmental	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	6,393,147
Service charges	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	6,833,192
Miscellaneous	1,522,018	2,267,733	936,528	740,528	1,632,149	1,854,426	2,038,850	863,649	817,611	1,673,075
Interest income	1,415,421	422,904	1,059,872	3,068,379	4,172,456	4,838,017	1,505,668	194,455	214,732	283,183
<b>Total revenues</b>	<b>111,701,003</b>	<b>125,807,229</b>	<b>147,667,854</b>	<b>158,653,369</b>	<b>169,309,307</b>	<b>178,914,856</b>	<b>196,317,112</b>	<b>176,714,576</b>	<b>173,867,975</b>	<b>174,864,759</b>
<b>Expenditures</b>										
General government	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	13,272,863
Public safety	10,925,642	13,149,606	16,174,634	18,589,231	20,977,696	21,352,888	34,370,015	27,534,380	25,877,097	26,513,127
Public works	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	4,273,829
Health and hospitals	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	4,900,545
Social services	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	1,861,337
Education	50,224,884	51,136,216	56,469,938	58,884,554	65,947,811	73,140,412	104,090,392	80,309,872	74,817,429	75,683,870
Libraries, recreation and culture	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	5,133,304
Conservation of natural resources	600,161	662,829	622,293	600,795	562,929	584,921	858,559	733,393	587,200	661,679
Economic development	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	1,762,761
Distributions to municipalities	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	20,317,357
Debt service interest	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	7,824,044
Debt service principal	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	3,166,657
Capital projects	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	7,046,175
<b>Total expenditures</b>	<b>111,383,573</b>	<b>118,965,651</b>	<b>141,673,746</b>	<b>147,104,002</b>	<b>158,998,765</b>	<b>186,046,571</b>	<b>264,503,379</b>	<b>190,312,829</b>	<b>177,929,982</b>	<b>172,417,548</b>
<b>Excess of revenues over (under) expenditures</b>	<b>317,430</b>	<b>6,841,578</b>	<b>5,994,108</b>	<b>11,549,367</b>	<b>10,510,542</b>	<b>(7,131,715)</b>	<b>(68,186,267)</b>	<b>(13,598,253)</b>	<b>(4,062,007)</b>	<b>2,447,211</b>
<b>Other Financing Sources (Uses)</b>										
Issuance of long-term debt	4,600,000	-	31,665,210	1,815,096	28,307,695	-	35,610,301	-	-	-
Payment to refunded debt escrow agent	-	-	(16,139,868)	-	-	-	-	-	-	-
<b>Transfers:</b>										
Operating transfers in	8,567,620	7,782,315	15,924,734	22,731,329	33,177,229	31,704,276	20,289,317	20,328,314	20,328,314	11,214,335
Operating transfers out	(8,567,620)	(7,782,315)	(15,924,734)	(22,731,329)	(33,177,229)	(31,743,136)	(20,370,471)	(20,328,314)	(20,328,314)	(11,214,335)
<b>Total other financing sources (uses)</b>	<b>4,600,000</b>	<b>-</b>	<b>15,525,342</b>	<b>1,815,096</b>	<b>28,307,695</b>	<b>(38,860)</b>	<b>35,529,147</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net change in fund balances</b>	<b>\$ 4,917,430</b>	<b>\$ 6,841,578</b>	<b>\$ 21,519,450</b>	<b>\$ 13,364,463</b>	<b>\$ 38,818,237</b>	<b>\$ (7,170,575)</b>	<b>\$ (32,657,120)</b>	<b>\$ (13,598,253)</b>	<b>\$ (4,062,007)</b>	<b>\$ 2,447,211</b>
<b>Debt service as a percentage of noncapital expenditures</b>	<b>5.99%</b>	<b>5.21%</b>	<b>4.82%</b>	<b>5.68%</b>	<b>4.70%</b>	<b>4.15%</b>	<b>3.76%</b>	<b>6.36%</b>	<b>6.71%</b>	<b>6.65%</b>

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

		<b>Real Property</b>	<b>Personal Property Indiv. &amp; Firms</b>	<b>Business, Corporations &amp; Utilities</b>	<b>Total Assessable Base</b>	<b>County Tax Rate*</b>	<b>State Tax Rate</b>
2012	\$	17,207,677,633	\$ 16,321,783	\$ 298,394,546	\$ 17,522,393,962	0.700	0.112
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

**Source:** State of Maryland, Department of Assessments and Taxation

**Notes:**  
\*Per \$100 of value.

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

	<b>Year Taxes Are Payable</b>									
	<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>	<u>2012</u>
<b>County Direct Rates</b>										
General	\$ 0.730	\$ 0.730	\$ 0.730	\$ 0.730	\$ 0.700	\$ 0.700	\$ 0.700	\$ 0.700	\$ 0.700	\$ 0.700
<b>Town Rates</b>										
Berlin	0.68	0.68	0.73	0.73	0.73	0.73	0.73	0.73	0.73	0.73
Ocean City	0.52	0.51	0.48	0.47	0.43	0.41	0.38	0.395	0.395	0.395
Pocomoke	0.76	0.76	0.76	0.76	0.76	0.76	0.76	0.76	0.76	0.75
Snow Hill	0.86	0.86	0.86	0.86	0.86	0.86	0.86	0.86	0.86	0.86

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

<u>Taxpayer</u>	<u>Fiscal Year 2012</u>			<u>Fiscal Year 2008</u>		
	<u>Assessed Value</u>	<u>Rank</u>	<u>Percentage of Total Taxable Assessed Value</u>	<u>Assessed Value</u>	<u>Rank</u>	<u>Percentage of Total Taxable Assessed Value</u>
Harrison Inn Stardust	\$ 62,420,580	1	0.36%	\$ 55,385,966	1	0.38%
Delmarva Power	47,504,070	2	0.27%	43,583,160	2	0.30%
91st Street Joint Venture	29,714,050	3	0.17%	29,908,700	4	0.21%
Verizon Maryland	28,237,950	4	0.16%	39,420,460	3	0.27%
Americana Stowaway Motel Inc	24,333,840	5	0.14%	29,100,300	5	0.20%
Ocean Enterprise 589 LLC	21,534,970	6	0.12%			
Harrison Hi 18 LLC	19,942,030	7	0.11%	20,678,733	7	0.14%
Choptank Electric Cooperative	19,563,720	8	0.11%			
Individual	19,415,933	9	0.11%	18,608,800	8	0.13%
LPBOC Hotel	18,844,800	10	0.11%	18,378,032	10	0.13%
Harrison Q1 17 LLC				18,548,932	9	0.13%
Harrison Inn Ocean View				26,701,066	6	0.18%
<b>Total</b>	<b>\$ 291,511,943</b>		<b>1.66%</b>	<b>\$ 300,314,149</b>		<b>2.06%</b>

**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
2012	\$ 120,824,876	\$ 117,865,015	97.55%	\$ 3,378,573	121,243,588	100.35%
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%

**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**

<b>Tax Year</b>	<b>State Income Tax Rate</b>				<b>Worcester County Local Income Tax Direct Rate</b>
	<b>1st \$1,000 of Net Taxable Income</b>	<b>2nd \$1,000 of Net Taxable Income</b>	<b>3rd \$1,000 of Net Taxable Income</b>	<b>In excess of \$3,000 Net Taxable Income</b>	
2011	2.00%	3.00%	4.00%	4.75%	1.25%
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%

**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**

<b>Tax Year</b>	<b>Number of Taxable Returns</b>	<b>Maryland Adjusted Gross Income</b>	<b>Net Taxable Income</b>	<b>Net State Income Tax</b>	<b>Local Income Tax</b>	<b>Total Tax Liability</b>	<b>Worcester County Income Tax Direct Rate</b>
2011	20,024	\$ 1,217,864,067	\$ 914,819,943	\$ 38,544,724	\$ 11,193,861	\$ 49,738,585	1.25%
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%

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 2011					
	Number of Taxable Returns	Percentage of Total	Net Taxable Income	Percentage of Total	Local Tax Liability	Percentage of Total
<b>Adjusted Gross Income Level</b>						
\$200,000 and higher	607	2.3%	\$ 260,408,003	28.5%	\$ 3,255,101	29.1%
\$100,000 - 199,999	1,995	7.5%	212,000,871	23.2%	2,648,930	23.7%
\$50,000 - 99,999	4,760	18.0%	239,620,809	26.2%	2,995,266	26.8%
\$25,000 - 49,999	6,128	23.2%	143,333,869	15.7%	1,682,873	15.0%
\$5,000 - 24,999	6,411	24.2%	59,255,223	6.5%	609,522	5.4%
Under \$5,000	6,561	24.8%	201,168	0.0%	2,169	0.0%
<b>Totals</b>	<b>26,462</b>	<b>100.0%</b>	<b>\$ 914,819,943</b>	<b>100.0%</b>	<b>\$ 11,193,861</b>	<b>100.0%</b>

	Tax Year 2001					
	Number of Taxable Returns	Percentage of Total	Net Taxable Income	Percentage of Total	Local Tax Liability	Percentage of Total
<b>Adjusted Gross Income Level</b>						
\$200,000 and higher	352	1.5%	\$ 172,727,383	24.0%	\$ 2,159,093	24.5%
\$100,000 - 199,999	975	4.0%	106,554,772	14.8%	1,331,936	15.1%
\$50,000 - 99,999	3,977	16.4%	210,962,482	29.3%	2,637,033	29.9%
\$25,000 - 49,999	6,001	24.8%	149,433,024	20.8%	1,849,330	21.0%
\$5,000 - 24,999	8,410	34.7%	79,936,355	11.1%	829,167	9.4%
Under \$5,000	4,504	18.6%	344,465	0.0%	3,848	0.0%
<b>Totals</b>	<b>24,219</b>	<b>100.0%</b>	<b>\$ 719,958,481</b>	<b>100.0%</b>	<b>\$ 8,810,407</b>	<b>100.0%</b>

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			
2012	\$ 71,402,483	\$ -	\$ 19,137,149	\$ 1,239,613	91,779,245	4.05%	\$ 1,782
2011	79,300,560	-	14,803,882	1,574,530	95,678,972	4.22%	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	5.60%	2,288
2008	63,911,217	-	17,906,887	2,475,233	84,293,337	4.53%	1,711
2007	67,960,514	-	19,274,300	2,453,842	89,688,656	5.16%	1,828
2006	44,106,276	617,240	20,153,210	1,384,919	66,261,645	4.01%	1,358
2005	47,159,878	1,215,781	19,365,025	1,478,260	69,218,944	4.36%	1,416
2004	35,032,941	1,796,190	16,079,658	1,316,123	54,224,912	3.72%	1,114
2003	38,647,934	2,079,767	17,164,940	1,175,121	59,067,762	4.18%	1,226

Notes: 2012 percentage of personal income calculated using 2011 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**

<b>Fiscal Year</b>	<b>General Obligation Bonds</b>	<b>Total Taxable Assessable Base</b>	<b>Percentage of Total Taxable Assessable Base</b>	<b>Population</b>	<b>Debt Per Capita</b>
2012	\$ 90,539,632	\$ 17,522,393,962	0.52%	51,514	1,758
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	17,371,368,530	0.47%	49,270	1,661
2007	87,234,814	14,580,162,820	0.60%	49,069	1,778
2006	64,259,486	11,906,248,133	0.54%	48,785	1,317
2005	66,524,903	10,074,151,360	0.66%	48,868	1,361
2004	51,112,599	8,441,544,002	0.61%	48,681	1,050
2003	55,812,874	7,264,345,677	0.77%	48,191	1,158

Source: Worcester County Finance Office

**Schedule 14**  
**Worcester County, Maryland**  
**Direct and Overlapping Governmental Activities Debt**  
**As of June 30, 2012**

<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<sup>a</sup></u>	<u>Estimated Share of Direct and Overlapping Debt</u>
Berlin	412,984,263	2.40%	1,713,660	\$ 19,917,323	\$ 21,630,983
Ocean City	10,467,430,305	60.83%	43,434,130	96,769,939	140,204,069
Pocomoke	266,719,003	1.55%	1,106,738	7,576,723	8,683,461
Snow Hill	120,453,743	0.70%	499,817	1,975,490	2,475,307
Unincorporated	5,940,090,319	34.52%	24,648,137	-	24,648,137
<b>Total</b>	<b>17,207,677,633</b>	<b>100.00%</b>	<b>71,402,482</b>	<b>\$ 126,239,475</b>	<b>\$ 197,641,957</b>

Source: Worcester County Finance Office

<sup>a</sup> Municipal Town Clerks

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

	<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>	<u>2012</u>
<b>Total Debt Outstanding Limit</b>										
Taxable Assessable Base	\$ 7,264,346	\$ 8,441,544	\$ 10,074,151	\$ 11,906,248	\$ 14,580,163	\$ 17,371,369	\$ 20,247,339	\$ 19,301,510	\$ 18,130,187	\$ 17,522,394
Debt Limit, 1% of Assessable Base	72,643	84,415	100,742	119,062	145,802	173,714	202,473	193,015	181,302	175,224
Amount of Debt Applicable to Limit	38,648	35,033	47,160	44,106	67,961	63,911	94,244	86,898	79,301	71,402
Debt Margin	<u>\$ 33,996</u>	<u>\$ 49,382</u>	<u>\$ 53,582</u>	<u>\$ 74,956</u>	<u>\$ 77,841</u>	<u>\$ 109,802</u>	<u>\$ 108,230</u>	<u>\$ 106,118</u>	<u>\$ 102,001</u>	<u>\$ 103,821</u>
Total debt applicable to the limit as a percentage of debt limit	53.20%	41.50%	46.81%	37.04%	46.61%	36.79%	46.55%	45.02%	43.74%	40.75%
<b>Total Debt Service Limit</b>										
Total Governmental Fund Revenue	\$ 111,701	\$ 125,807	\$ 147,668	\$ 158,653	\$ 169,509	\$ 178,915	\$ 196,317	\$ 176,715	\$ 173,868	\$ 174,865
Debt Service Limit 10% of Revenue	11,170	12,581	14,767	15,865	16,951	17,891	19,632	17,671	17,387	17,486
Debt Service Applicable to Limit	6,200	5,813	5,902	7,383	6,919	6,526	8,327	11,039	11,008	10,991
Debt Service Margin	<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>	<u>\$ 6,496</u>
Total debt service applicable to the limit as a percentage of debt service limit	55.51%	46.20%	39.97%	46.53%	40.82%	36.48%	42.42%	62.47%	63.31%	62.85%

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**

<b>Year</b>	<b>Population <sup>a</sup></b>	<b>Personal Income <sup>b</sup> (thousands of dollars)</b>	<b>Per Capita Personal Income <sup>b</sup></b>	<b>Public School Enrollment<sup>c</sup></b>	<b>Unemployment Rate <sup>d</sup></b>
2012	51,514	*	*	6,643	8.2%
2011	51,454	2,265,940	43,987	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%
2001	46,776	1,299,036	27,771	6,892	3.9%

\* Information not yet available.

**Notes:**

<sup>a</sup> 2012 -U.S Census Bureau

<sup>b</sup> U S. Department of Commerce Bureau of Economic Analysis - 2011

<sup>c</sup> Worcester County Board of Education

<sup>d</sup> Maryland Dept of Labor, Licensing and Regulation

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

<u>Employer</u>	<u>2012</u>			<u>2008</u>		
	<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	1,187	1	3.99%	1,150	1	3.77%
Harrison Group	1,099	2	3.69%	1,130	2	3.71%
Town of Ocean City	1,365	3	4.59%	600	5	1.97%
Atlantic General Hospital	802	4	2.70%	599	6	1.97%
Worcester County Government	644	5	2.17%	681	3	2.24%
Wal-Mart Super Center	600	6	2.02%	500	9	1.64%
Phillips Seafood Restaurant	600	7	2.02%	650	4	2.13%
Dough Roller	322	10	1.08%	504	8	1.65%
O C Seacrets, Inc.	550	8	1.85%	510	7	1.67%
Bayshore Development				500	10	1.64%
Clarion Fountainebleu Hotel	350	9	1.18%			
	<u>7,519</u>		<u>25.28%</u>	<u>6,824</u>		<u>22.40%</u>
Total Worcester County Employees			29,745			30,464

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**

<u>Function/Program</u>	<u>Full-time Equivalent Employees as of June 30</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>	<u>2012</u>
General government	110.5	110.4	113.5	121.4	134.8	144.8	149.7	153.4	137.1	127.4	125.0
Commissioners, judges, & boards	18.0	20.0	20.0	20.0	20.0	20.0	20.0	20.0	20.0	21.0	21.0
Public safety	137.8	141.7	154.5	162.1	165.1	174.6	174.4	180.3	191.5	203.3	207.1
Public works	73.1	80.2	86.1	68.1	68.1	68.7	70.0	70.6	64.8	61.9	59.7
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	60.4
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	62.6
Solid waste	35.2	36.8	38.6	41.5	46.5	47.6	46.6	45.3	40.9	39.0	36.6
Liquor control department											36.0
<b>Total</b>	<b>472.5</b>	<b>495.5</b>	<b>518.7</b>	<b>520.4</b>	<b>555.3</b>	<b>589.4</b>	<b>598.4</b>	<b>610.3</b>	<b>586.1</b>	<b>580.6</b>	<b>608.4</b>

Source: Worcester County Finance Office

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

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

Note 3: Department of Liquor Control new FY12

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

<u>Function/Program</u>	<u>Fiscal Year</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>	<u>2012</u>
<b>General Government</b>										
Building Permits issued	622	450	454	444	194	98	73	75	59	65
Value of new construction (000's)	109,469	83,283	93,580	112,867	52,891	31,990	17,063	17,524	13,317	14,437
<b>Public Safety</b>										
Detention Center										
Avg. daily population	285	293	297	305	308	274	196	267	334	375
Fire Protection (All Volunteer)										
Fire calls answered	748	679	759	1,695	1,756	1,526	1,425	1,370	1,490	1,539
Emergency Medical Services										
EMS Calls answered	4,320	4,406	4,538	5,535	5,700	5,812	5,621	5,928	5,572	6,050
<b>Education</b>										
Students	6,916	6,869	6,834	6,756	6,727	6,747	6,673	6,659	6,699	6,643
Teachers	510	520	546	559	575	577	579	572	571	570
<b>Public Works</b>										
Centerline miles of road maintained	519	520	519	520	519	524	524	529	530	530
Wastewater treated (mgd)	1.9	2.1	2.2	2.3	2.3	2.3	2.3	2.3	2.3	2.3

Sources: Worcester County Finance Office and individual County departments.

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

<b>Function/Program</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>
<b>Public Safety</b>										
Detention center capacity	300	300	300	300	300	300	300	507	507	507
Fire Companies	9	9	9	9	9	9	9	9	9	9
Emergency Medical Services Companies	5	5	6	6	6	6	7	7	7	7
<b>Education</b>										
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	1
Career & Technology Center	1	1	1	1	1	-	-	-	-	-
Public Libraries	5	5	5	5	5	5	5	5	5	5
<b>Recreation Facilities</b>										
Recreation Center	-	-	1	1	1	1	1	1	1	1
County Parks	11	11	11	12	12	12	13	13	13	13
Park acreage	306	306	306	880	880	880	883	883	883	883
Public Landings & Wharves	9	9	9	9	9	9	9	9	9	9
Boat Slips	8	8	8	18	8	8	8	8	8	8
<b>Public Works</b>										
Centerline miles of county roads	519	520	519	520	519	524	527	529	530	530
Public Easements - Ocean Pines	58.09	58.14	59.24	59.24	62.88	64.16	64.16	64.12	64.12	64.12
Bridges	40	40	40	40	40	40	40	44	44	44
Wastewater Treatment Plants	6	7	7	7	8	8	8	8	8	8
Miles of sewer pipeline	168	172	175	185	187	187	187	187	187	187
Water well house facilities	5	5	5	5	5	5	5	5	5	5
Pump stations	46	46	48	51	53	53	53	53	54	54
Water Tanks	3	4	4	5	5	5	6	6	6	6
Waterlines	133	143	144	147	148	148	149	150	150	150
Water Treatment Facilities	8	9	9	10	10	10	10	10	10	10
Recycling Center	-	1	1	1	1	1	1	1	1	1

Sources: Worcester County Finance Office and individual County departments



# **Worcester County Maryland**

## **Comprehensive Annual Financial Report**

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