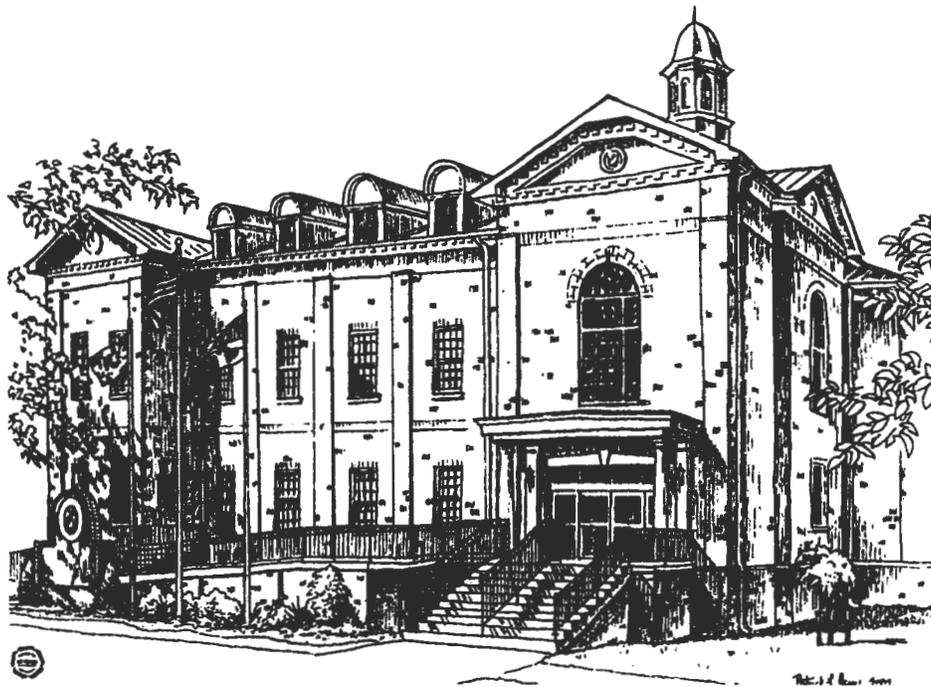


Worcester County, Maryland

Comprehensive Annual Financial Report

For Fiscal Year Ended
June 30, 2014



Worcester County Government Center

Prepared by:

Harold L. Higgins, CPA
Chief Administrative Officer

Phillip G. Thompson, CPA
Finance Officer

Jennifer C. Swanton, CPA
Assistant Finance Officer

Kathleen J. Whited
Budget Officer

WORCESTER COUNTY, MARYLAND
COMPREHENSIVE ANNUAL FINANCIAL REPORT
 for the FISCAL YEAR ENDED JUNE 30, 2014
TABLE OF CONTENTS

| | Page(s) |
|--|-----------|
| INTRODUCTORY SECTION | |
| Letter of Transmittal | 1 - 5 |
| GFOA Certificate of Achievement | 6 |
| Organizational Chart | 7 |
| List of Principal Officials | 8 |
| FINANCIAL SECTION | |
| Independent Auditors' Report | 10 - 11 |
| Management's Discussion and Analysis | 12 - 23 |
| Basic Financial Statements: | |
| Government-Wide Financial Statements: | |
| Statement of Net Position | 26 |
| Statement of Activities | 27 - 28 |
| Fund Financial Statements: | |
| Balance Sheet - Governmental Funds | 29 - 30 |
| Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position | 31 |
| Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds | 33 - 34 |
| Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities | 35 |
| Statement of Fund Net Position - Business-type Activities | 37 - 38 |
| Statement of Revenues, Expenses and Changes in Fund Net Position - Business-type Activities | 39 |
| Statement of Cash Flows - Business-type Activities | 40 - 41 |
| Statement of Fiduciary Net Position - Fiduciary Funds | 42 |
| Statement of Changes in Fiduciary Net Assets - Fiduciary Funds | 43 |
| Notes to Financial Statements | 44 - 75 |
| Required Supplementary Information: | |
| Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - General Fund | 77 - 95 |
| Other Post-Employment Benefits Trust | 96 |
| Notes to Required Supplementary Information | 97 |
| Other Supplementary Information: | |
| Combining Balance Sheet - Nonmajor Governmental Funds | 99 |
| Combining Schedule of Revenues, Expenditures, and Changes in Fund Balance - Nonmajor Governmental Funds | 100 |
| Balance Sheet - Local Management Board - Nonmajor Governmental Fund | 101 |
| Schedule of Revenues, Expenditures, and Changes in Fund Balance - Local Management Board - Nonmajor Governmental Fund | 102 |
| Combining Schedule of Fund Net Position - Operating Funds Department of Water and Wastewater Services | 103 - 104 |
| Combining Schedule of Fund Net Position - Capital Projects Funds Department of Water and Wastewater Services | 105 - 106 |
| Schedule of Revenues and Expenses - Budget and Actual - Department of Water and Wastewater Services | 107 - 112 |

WORCESTER COUNTY, MARYLAND
COMPREHENSIVE ANNUAL FINANCIAL REPORT
 for the FISCAL YEAR ENDED JUNE 30, 2014
TABLE OF CONTENTS
 (CONTINUED)

| | Page(s) |
|---|-----------|
| FINANCIAL SECTION (CONTINUED) | |
| Other Supplementary Information (continued): | |
| Combining Schedule of Revenues, Expenses, and Changes in Fund Net Position - Capital Projects Funds - Department of Water and Wastewater Services | 113 - 114 |
| Schedule of Revenues, Expenses, and Changes in Fund Net Position by Operating Fund - Budget and Actual - Landfill | 115 - 117 |
| Schedule of Revenues and Expenses - Budget and Actual - Department of Liquor Control | 118 - 121 |
| Schedule of General Expenses - Budget to Actual - Department of Liquor Control | 122 |
| Schedule of Revenues and Expenses by Store - Department of Liquor Control | 123 - 124 |
| Combining Schedule of Fiduciary Net Position - Nonmajor Agency Funds | 125 - 126 |
| Combining Schedule of Changes in Fiduciary Net Position | 127 - 132 |
| Schedule of Assessable Base - General Fund | 133 |
| Schedule of Assessable Base and Tax Levies - General Fund | 134 |
| Taxes Receivable - General Fund | 135 |
| Notes to Other Supplementary Information | 136 |
| STATISTICAL SECTION (UNAUDITED) | |
| Net Position by Component, Last Ten Fiscal Years | 138 |
| Changes in Net Position, Last Ten Fiscal Years | 139 - 140 |
| Fund Balances, Governmental Funds, Last Ten Fiscal Years | 141 |
| Changes in Fund Balances, Governmental Funds, Last Ten Fiscal Years | 142 |
| Assessed Value and Actual Value of Taxable Property, Last Ten Fiscal Years | 143 |
| Direct and Overlapping Property Tax Rates, Last Ten Years | 144 |
| Principal Property Tax Payers, Current Year and Ten Years Ago | 145 |
| Property Tax Levies and Collections, Last Ten Fiscal Years | 146 |
| Income Tax Rates, Last Ten Tax Years | 147 |
| Income Tax Filers Summary Information, Last Ten Tax Years | 148 |
| Income Tax Filers, Net Taxable Income, and Liability by Adjusted Gross Income Level, Current Year and Ten Years Ago | 149 |
| Ratios of Outstanding Debt by Type, Last Ten Fiscal Years | 150 |
| Ratios of General Bonded Debt Outstanding, Last Ten Fiscal Years | 151 |
| Direct and Overlapping Governmental Activities Debt | 152 |
| Debt Margin Information, Last Ten Fiscal Years | 153 |
| Demographic and Economic Statistics, Last Ten Fiscal Years | 154 |
| Principal Employers, Current Year and Five Years Ago | 155 |
| Full-time Equivalent County Government Employees by Function Last Ten Fiscal Years | 156 |
| Operating Indicators by Function, Last Ten Fiscal Years | 157 |
| Capital Asset Statistics by Function, Last Ten Fiscal Years | 158 |



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

PHILLIP G. THOMPSON, CPA
FINANCE OFFICER

JENNIFER C. SWANTON, CPA
ASSISTANT FINANCE OFFICER

December 9, 2014

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, 2014 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, 2014 are free of material misstatement.

The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant

estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that Worcester County, Maryland's financial statements for the fiscal year ended June 30, 2014 are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

This independent audit of the County's financial statements was part of a broader, federally mandated "Single Audit" designed to meet the special needs of federal grantor agencies. The standards governing Single Audit engagements, including the Single Audit Act of 1984 and the U.S. Office of Management and Budget Circular A-133, "Audits of States, Local Governments and Non-Profit Organizations," require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards. These reports are available in Worcester County's separately issued single audit report.

Profile of the Government

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

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

Form of Government

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

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

Budget Process

The Board adopts an operating budget for the General Fund and Enterprise Funds 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 the 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 for three fiscal years from fiscal year 2010 through fiscal year 2012. These actions combined with the impact of the national recession have resulted in a \$20.9 million decrease in the annual County operating budget since fiscal year 2009. In addition, the early retirement incentive plan created and offered to eligible general government employees in fiscal year 2009 has been continued each subsequent year through fiscal year 2014. This program has resulted in a work force reduction of 45 employees and an annual savings of \$3.05 million in salaries and benefits.

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 trends. The County is appropriately concerned about the housing market and the far reaching effects it has had on Maryland's and the Nation's overall economy. Of significant 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 recently experienced decreases 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 County to its pristine seashore and many historic sites. Room Tax revenue increased by 3.6% in the current fiscal year which translates to an \$11M increase in gross hotel, motel and condominium rentals. In addition, the Food Tax revenue increased by 4.1% in fiscal year 2014 indicating that our

tourism market appears to be faring reasonably well in the current economy. 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 5 years, that forecasts spending for all anticipated capital projects. The plan addresses both repair and replacement of existing infrastructure as well as the development of new facilities to accommodate future growth. It enables the County to identify needed capital projects and to coordinate facility financing and timing. The County has no plans to issue debt in fiscal year 2015, focusing instead on the completion of ongoing projects for which funding has already been secured. These projects include renovations and an addition to the existing Snow Hill High School and various water and wastewater improvements within the Enterprise Funds.

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, 2013. 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,



Phillip G. Thompson, CPA
Finance Officer



Government Finance Officers Association

**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, 2013

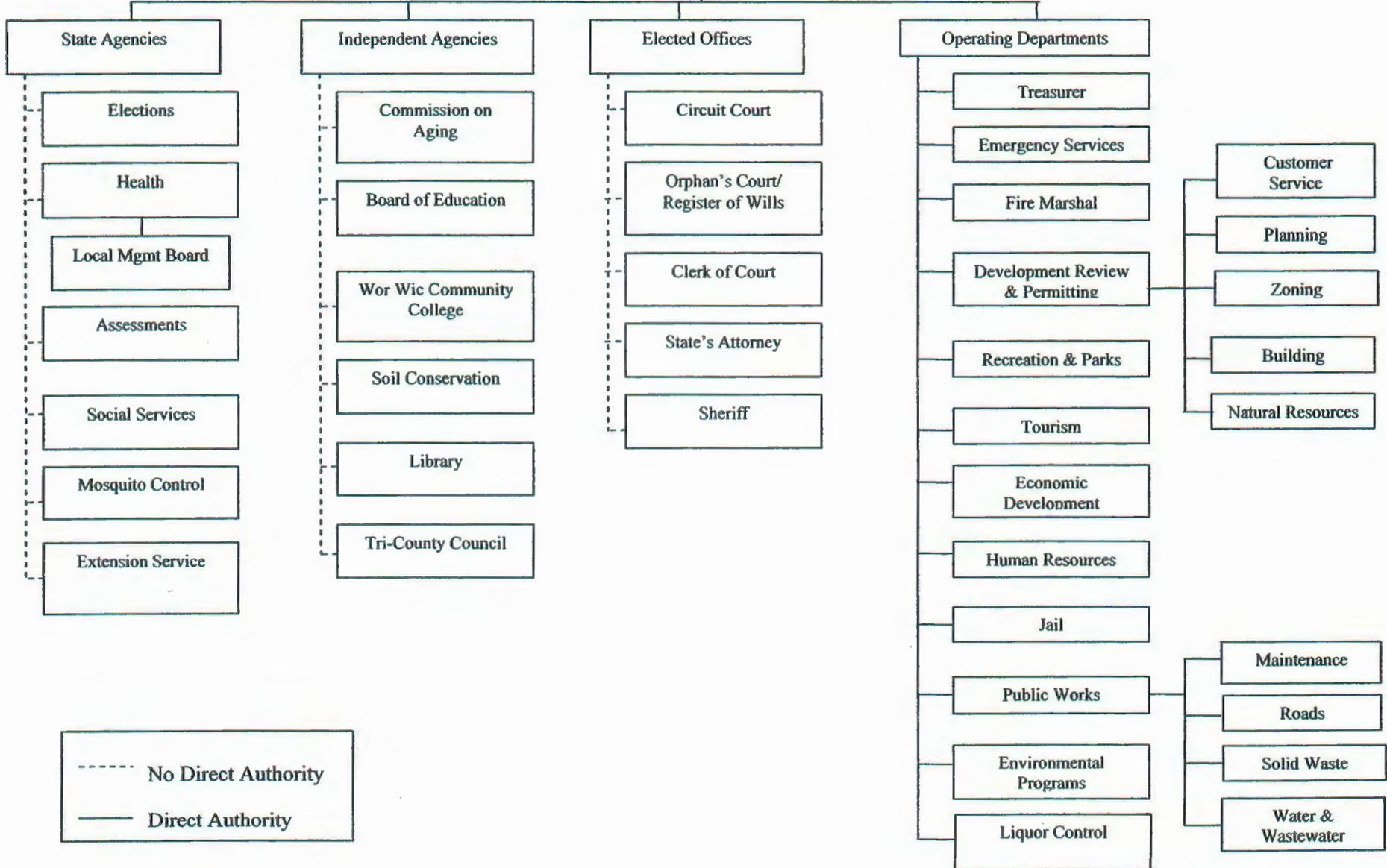
Executive Director/CEO

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, 2014

ELECTED OFFICIALS

County Commissioners

James C. Church, President
Merrill W. Lockfaw, Vice President
Judith O. Boggs
Madison J. Bunting, Jr.
Louise L. Gulyas
James L. Purnell, 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
Development Review and Permitting Director
Public Works Director
Recreation and Parks Director
Tourism Director

Harold Higgins
Kelly Shannahan
John E. Bloxom
Garry Mumford
William A. Badger
Fred Webster
Phillip G. Thompson
Jeff McMahan
George Bradley
Edward Tudor
John Tustin
Paige Hurley
Lisa Challenger

FINANCIAL SECTION



INDEPENDENT AUDITORS' REPORT

To the 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, 2014, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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, 2014, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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 97 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.

Other Information

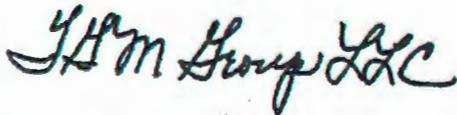
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Worcester County, Maryland's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements and other supplementary information in the financial section of the table of contents are the responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional 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 basic financial statements 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 do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 9, 2014, on our consideration of the County's internal control over financial reporting and on our tests of 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 result of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.



Salisbury, Maryland
December 9, 2014

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, 2014. 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 position* and a *statement of activities*.

- The *statement of net position* presents information on all of the County's assets and liabilities, with the difference between the two reported as net position. Over time, increases and decreases in net position 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 position changed during the most recent fiscal year. All changes in net position 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 are reported separately from financial information presented for the primary government itself.

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

2) *Fund Financial Statements*

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The County, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the County can be divided into three categories: *governmental, proprietary, and fiduciary funds.*

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

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

The County maintains seven individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balance for the General, Capital project, Department of Social Services, Local Management Board, Local Law Enforcement Block Grant, Debt service, and Casino 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 Position 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 starting on page 76 of this report.

Financial Analysis on Government-Wide Financial Statements

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the County, assets exceeded liabilities by \$159,140,293 as of June 30, 2014 compared to \$170,829,451 for the year ended June 30, 2013, a decrease of \$11,689,158.

| | Net Position | | | | | |
|----------------------------|----------------------------|-----------------------------|-----------------------|----------------------------|-----------------------------|-----------------------|
| | June 30, 2014 | | | June 30, 2013 | | |
| | Governmental Activities | Business-Type Activities | Total | Governmental Activities | Business-Type Activities | Total |
| Assets | | | | | | |
| Current and other | | | | | | |
| assets | \$ 131,214,985 | \$ 42,458,970 | \$ 173,673,955 | \$ 95,702,214 | \$ 28,778,810 | \$ 124,481,024 |
| Capital assets | 94,146,770 | 78,257,952 | 172,404,722 | 98,203,225 | 77,724,260 | 175,927,485 |
| Total assets: | 225,361,755 | 120,716,922 | 346,078,677 | 193,905,439 | 106,503,070 | 300,408,509 |
| Liabilities: | | | | | | |
| Current and other | | | | | | |
| liabilities | 23,111,845 | 39,965,107 | 63,076,952 | 18,617,426 | 31,339,287 | 49,956,713 |
| Long-term liabilities | 101,403,556 | 22,457,876 | 123,861,432 | 63,788,005 | 15,834,340 | 79,622,345 |
| Total liabilities: | 124,515,401 | 62,422,983 | 186,938,384 | 82,405,431 | 47,173,627 | 129,579,058 |
| Net position: | | | | | | |
| Invested in capital assets | | | | | | |
| net of related debt | 86,424,881 | 53,642,591 | 140,067,472 | 90,110,170 | 59,302,023 | 149,412,193 |
| Unrestricted | 14,421,473 | 4,651,348 | 19,072,821 | 21,389,838 | 27,420 | 21,417,258 |
| Total net position: | \$ 100,846,354 | \$ 58,293,939 | \$ 159,140,293 | \$ 111,500,008 | \$ 59,329,443 | \$ 170,829,451 |

One of the largest portions of the County's net position (88.0 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 \$140,067,472 at June 30, 2014. 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 \$95,200,000 at June 30, 2014. Absent the effect of this relationship, the County would have reported an unrestricted net position of \$109,621,473 on its government-wide financial statements, rather than the unrestricted net position of \$14,421,473.

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 Position

| | June 30, 2014 | | | June 30, 2013 | | |
|-------------------------------------|----------------------------|-----------------------------|-----------------------|----------------------------|-----------------------------|-----------------------|
| | Governmental Activities | Business-Type Activities | Total | Governmental Activities | Business-Type Activities | Total |
| Revenues: | | | | | | |
| Program revenues: | | | | | | |
| Charges for services | \$ 8,400,193 | \$ 32,274,803 | \$ 40,674,996 | \$ 8,839,433 | \$ 35,363,350 | \$ 44,202,783 |
| Operating grants and contributions | 4,154,275 | 25,000 | 4,179,275 | 4,181,653 | 47,000 | 4,228,653 |
| Capital grants and contributions | 1,220,927 | | 1,220,927 | 1,546,506 | | 1,546,506 |
| General revenues: | | | | | | |
| Real and personal property taxes | 117,173,133 | | 117,173,133 | 121,348,615 | | 121,348,615 |
| Income taxes | 13,673,793 | | 13,673,793 | 12,676,852 | | 12,676,852 |
| Other local taxes | 24,324,762 | | 24,324,762 | 25,047,347 | | 25,047,347 |
| State shared taxes | 891,106 | | 891,106 | 904,365 | | 904,365 |
| Distribution - WCDLC | 284,609 | (10,984) | 273,625 | 620,428 | (321,854) | 298,574 |
| Interest income | 194,221 | 59,174 | 253,395 | 193,101 | 12,468 | 205,569 |
| Transfer of assets | (250,000) | | (250,000) | (1,665,007) | | (1,665,007) |
| Other income | 690,527 | | 690,527 | 656,711 | 9746 | 666,457 |
| Total revenues: | 170,757,546 | 32,347,993 | 203,105,539 | 174,350,004 | 35,110,710 | 209,460,714 |
| Expenses: | | | | | | |
| General government | 41,815,245 | | 41,815,245 | 38,915,371 | | 38,915,371 |
| Public safety | 31,088,753 | | 31,088,753 | 33,952,043 | | 33,952,043 |
| Public works | 6,843,212 | | 6,843,212 | 6,582,195 | | 6,582,195 |
| Health and hospitals | 6,003,573 | | 6,003,573 | 5,379,303 | | 5,379,303 |
| Social services | 1,879,944 | | 1,879,944 | 1,799,550 | | 1,799,550 |
| Education | 84,004,053 | | 84,004,053 | 77,254,710 | | 77,254,710 |
| Libraries, recreation and culture | 5,438,515 | | 5,438,515 | 5,322,151 | | 5,322,151 |
| Conservation of natural resources | 241,883 | | 241,883 | 226,121 | | 226,121 |
| Economic development | 1,667,636 | | 1,667,636 | 1,947,815 | | 1,947,815 |
| Interest charges | 2,428,386 | | 2,428,386 | 2,601,958 | | 2,601,958 |
| Landfill | | 5,513,619 | 5,513,619 | | 5,424,173 | 5,424,173 |
| Water and wastewater | | 12,351,756 | 12,351,756 | | 11,502,025 | 11,502,025 |
| Liquor Control | | 15,518,122 | 15,518,122 | | 15,102,811 | 15,102,811 |
| Total expenses: | 181,411,200 | 33,383,497 | 214,794,697 | 173,981,217 | 32,029,009 | 206,010,226 |
| Increase (decrease) in net position | (10,653,654) | (1,035,504) | (11,689,158) | 368,787 | 3,081,701 | 3,450,488 |
| Net position, beginning | 111,500,008 | 59,329,443 | 170,829,451 | 111,131,221 | 56,247,742 | 167,378,963 |
| Net position, ending | \$ 100,846,354 | \$ 58,293,939 | \$ 159,140,293 | \$ 111,500,008 | \$ 59,329,443 | \$ 170,829,451 |

Financial Analysis on Government Fund Financial Statements

Governmental Activities:

Key elements in the revenue decrease of \$3,592,458 for governmental activities as compared to fiscal year 2013 are as follows:

- Real and Personal property taxes decreased \$4,175,482 due to continued decreasing assessment values from fiscal year 2013.
- Income taxes increased \$996,941 above fiscal year 2013 due to actual receipts.
- Other local taxes decreased by \$722,585 mainly due to a decrease in recordation receipts of \$1,506,133 less than FY13 which was offset by increases in transfer tax of \$252,651 and room tax receipts for \$495,288 above FY13.

Expenses for governmental activities increased from \$173,981,217 to \$181,411,200, or \$7,429,983 (4.3%) compared to FY13 primarily due to the following:

- There were no changes to the benefits provided by the County, however, health care cost increased approximately \$2.5 million attributable to the rising cost of health care and drug premiums combined with the impact and implementation of the Affordable Care Act. This increase which affected all salary related expense across all categories. Stop loss gaps and wellness programs have been adjusted to partially address rising costs. It is anticipated that these increases will level off and costs will stabilize.
- Public safety operating expenses increased by approximately \$2 million mainly due to the above mentioned health care cost increase and to the addition of 13 new school security officer positions created. However, the prior year includes a one-time planned payment of existing state pension obligation for the benefit of County correctional officers in the amount of \$4,595,000. The net decrease in this category was \$2,862,920.
- Regular appropriations to the Board of Education increased by approximately \$1.5 million. Also, \$408,501 was spent on small capital projects on behalf of the Board of Education. In addition, capital expenditures of \$3,838,599 related to the new Snow Hill High School were expensed on the Statement of Activities as these costs are assets of the Board and not the County.
- An additional \$288,784 was funded in the County's matching appropriation of the state health department due to their requirement to provide health care to contractual employees starting January 1, 2014.
- The County also increased other grants to local municipalities by \$721,956.

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, 2014 and 2013:

| <u>Governmental Activities - Fund Statements</u> | <u>June 30, 2014</u> | <u>June 30, 2013</u> | <u>Net Change in Fund Balance</u> |
|--|----------------------|----------------------|-----------------------------------|
| General Fund | \$ 49,599,733 | \$ 56,742,456 | \$ (7,142,723) |
| Capital Projects Fund | 42,954,786 | (1,247,996) | 44,202,782 |
| Debt Service Fund | 5,401 | 5,393 | 8 |
| Other Governmental Funds | <u>3,049,447</u> | <u>3,665,446</u> | <u>(615,999)</u> |
| Total | <u>\$ 95,609,367</u> | <u>\$ 59,165,299</u> | <u>\$ 36,444,068</u> |

At the end of the current fiscal year, the County's governmental funds reported combined fund balance of \$95,609,367 an increase of \$36,444,068 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 \$49,599,733. This fund balance includes non-spendable items totaling \$103,849 for prepaid expenses, assigned fund balance of \$9,662,128 for future capital projects, and \$39,833,756 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 24.7% of total general fund expenditures, while total fund balance represents 30.8% 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 increased by \$44,202,782 during the current fiscal year due to issuance of long-term debt on behalf of the Board of Education for the Snow Hill High School renovation and addition.

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 \$8 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 decreased by \$615,999 from FY13. The Energy Fund decreased by \$30,624, while The Department of Social Services and the Local Management Board increased by \$3,413 and \$1,250 respectively. The Casino Fund which was created to account for the County portion of proceeds from the Ocean Downs Casino facility reflects a \$590,038 decrease in fund balance in FY14. Further detail of this activity is on pages 99-100.

Proprietary funds:

| <u>Enterprise Fund Statements</u> | <u>June 30, 2014</u> | <u>June 30, 2013</u> | <u>Change in Net Position</u> |
|-----------------------------------|----------------------|----------------------|-------------------------------|
| Water and Sewer Utilities | \$ 56,894,948 | \$ 56,206,332 | \$ 688,616 |
| Solid Waste | 998,991 | 2,723,111 | (1,724,120) |
| Department of Liquor Control | 400,000 | 400,000 | - |
| Total | <u>\$ 58,293,939</u> | <u>\$ 59,329,443</u> | <u>\$ (1,035,504)</u> |

Solid Waste

Revenue

- Tipping fee revenue decreased from \$3.6 million in FY13 to \$3.3 million in FY14 due to less trash being brought to the central landfill from commercial businesses.
- Recycling revenues decreased from \$158,998 in FY13 to \$133,222 in FY14. Sale of recyclable materials is highly market driven and often experiences large changes from year to year.

Expenses

- Depreciation and general expenses increased from \$1.8 million in FY13 to \$1.9 million in FY14 due to a piece of leased equipment with an original buy back of \$135,000 that we decided to keep and it was fully depreciated in FY14.

Water and Wastewater

Revenues

- Overall revenue decreased from \$15.8 million in FY13 to \$13 million in FY14 due to receiving less grant funding related to rebuilding of the Mystic Harbor wastewater treatment plant.

Expenses

- Operating expenses increased from \$8.7 million in FY13 to \$9.4 million in FY14 due to approximately \$300,000 of additional personnel services, \$130,000 of additional supplies and materials, and \$280,000 of additional maintenance and services needed for the Ocean Pines and Mystic Harbor Service Areas.

Department of Liquor Control

Revenues

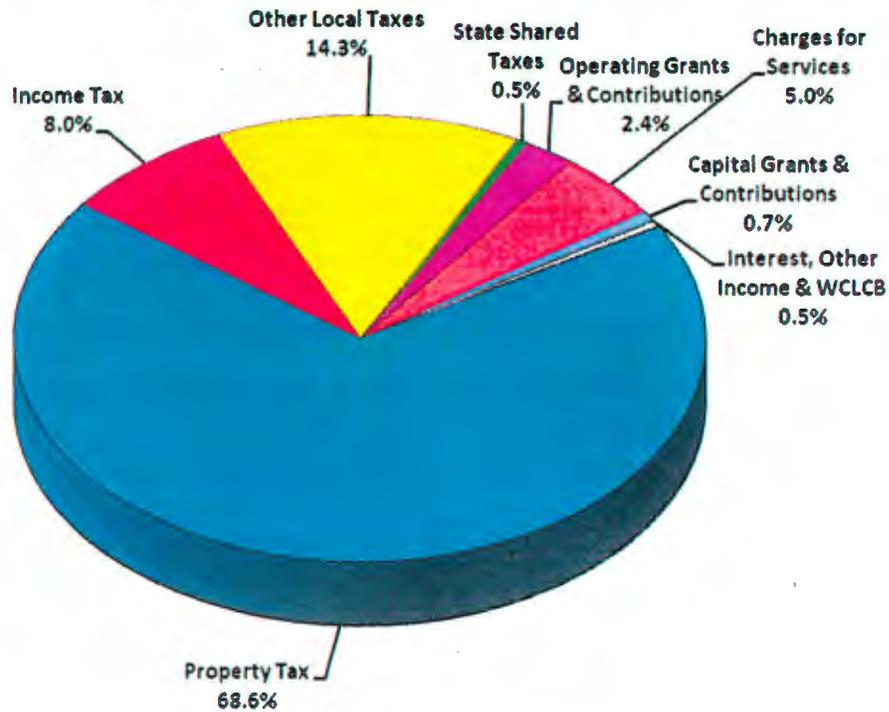
- Liquor sales remained stable from fiscal year 2013 to fiscal year 2014. The corresponding cost of sales increased from \$11.9 million in fiscal year 2013 to \$12.2 million in fiscal year 2014 due to offering the licensees large volume discounts on their purchases.

Expenses

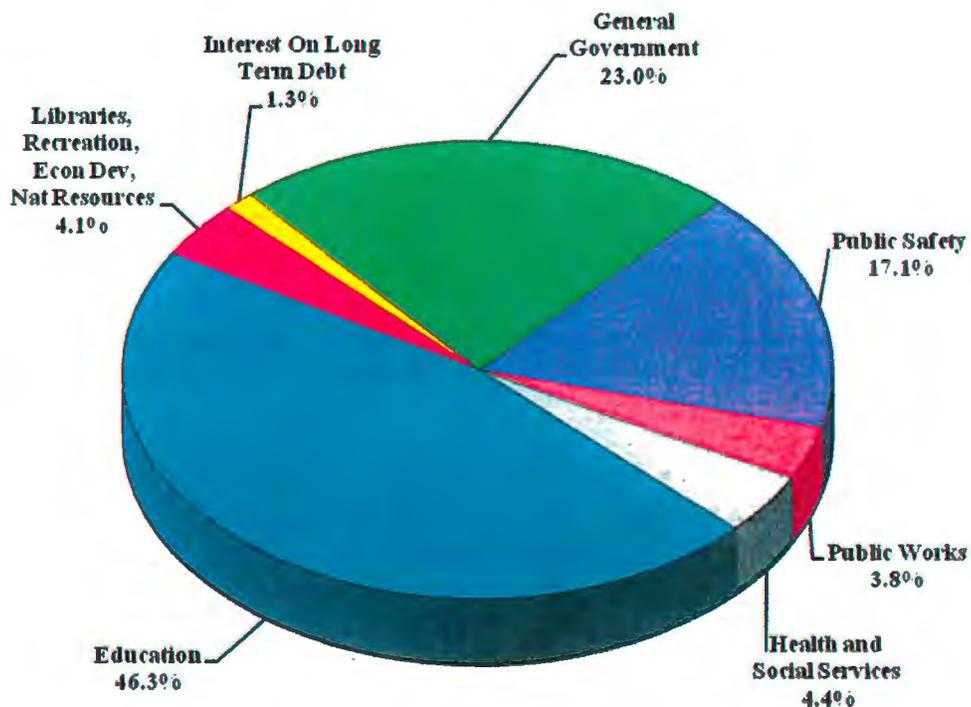
- Overall operating expenses increased slightly from \$1.9 million in fiscal year 2013 to \$2 million in fiscal year 2014 mainly due to the initial costs in opening a new retail location.

Fiscal year 2014 revenues and expenses are summarized in the following charts for both the business type (proprietary) and governmental activities.

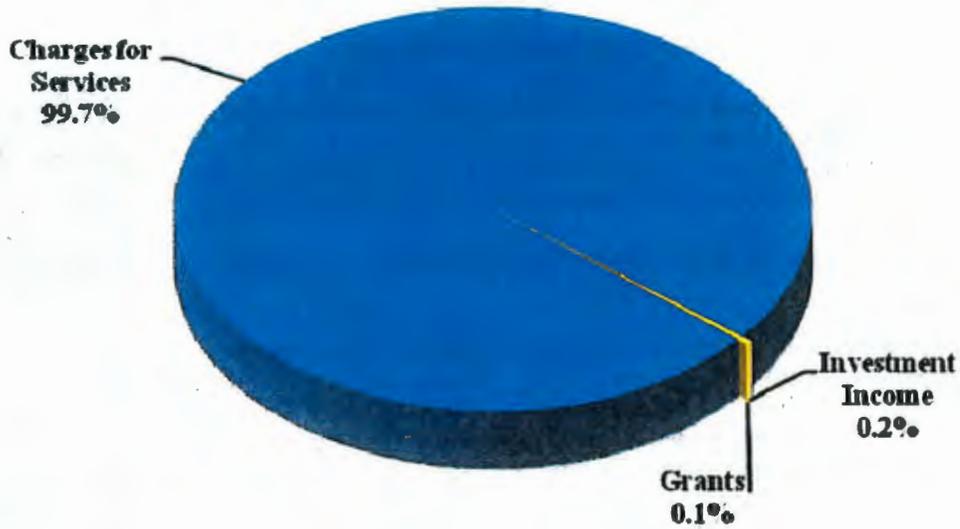
Revenues by Source- Governmental Activities For the Year Ended June 30, 2014



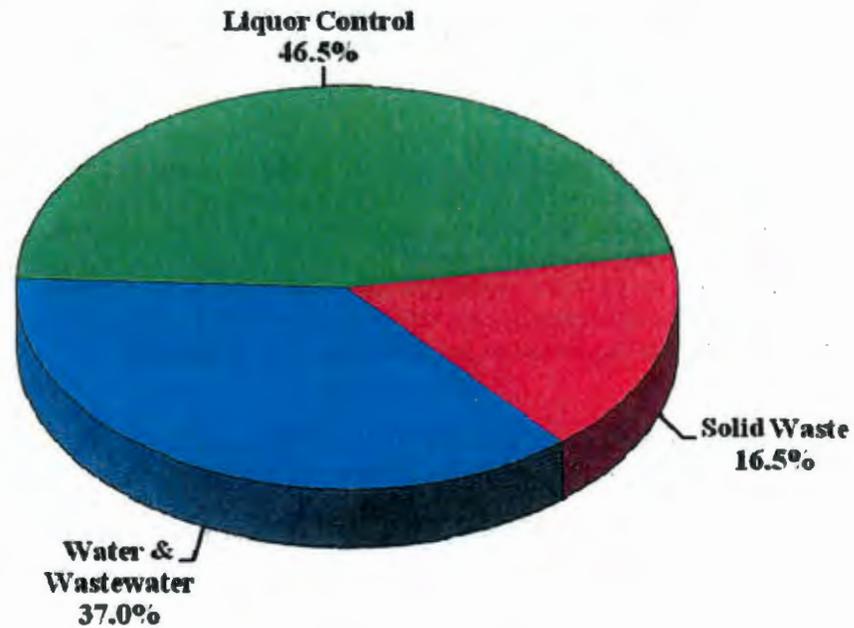
Expenses- Governmental Activities For the Year Ended June 30, 2014



**Revenues by Source- Business-Type Activities
For the Year Ended June 30, 2014**



**Expenses- Business-Type Activities
For the Year Ended June 30, 2014**



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, 2014, amounts to \$172,404,722 (net of accumulated depreciation). The total decrease in the County's investment in capital assets for the current year was 1.8%. 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 position 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:

- In June 2014 the County purchased a 6.4 acre parcel of land for \$435,278 on Harrison Avenue in Berlin, Maryland for the future construction of a new library in Berlin. On November 5, 2014 the County signed an agreement for \$39,000 for architectural and preliminary engineering to provide phase 1 services for a new Berlin branch library.

The current Berlin library is occupied on land owned by the Berlin Volunteer Fire Department.



- Mystic Harbor wastewater treatment plant upgrades to an aging water and sewer infrastructure were completed in the summer of 2014. The plant was built in 1975 and became a County entity in 2004. Financing for the project came from the U.S. Department of Agriculture and consisted of approximately \$4.7 million in grants and \$8.1 million in low-interest loans payable over 40 years. Various components of the project included: construction of a lift station upgrade for \$723,300, wastewater treatment plant replacement for \$8,932,662, engineering fees of \$1,301,427, equipment fees of \$1,304,618, construction inspection fees of \$1,525,821, and administrative fees of \$47,172.



- A building addition to the County's recreation center in Snow Hill, Maryland was awarded in September 2013 to Becker Morgan Group, Inc. with a fixed cost contract of \$62,280 for the approval of professional services for the design of the addition. In September 2014 the County awarded a contract of \$1,318,000 to Harper & Sons, Inc to construct a 6,300 square foot addition to the recreation center that includes a multi-purpose room, exercise and fitness rooms, lockers, bathroom and storage. It is anticipated that 90% of the project costs will be reimbursed from State Program Open Space funds.



- In fiscal year 2014, the County completed a project with ReHaks Contracting LLC in the amount of \$198,227 for repairs to the Public Landing pier that was severely damaged from Hurricane Sandy. The County was reimbursed \$149,611 in total from FEMA and Local Government Insurance Trust. Public landing Marina Phase II for the construction of bulkhead for \$174,705 and dredging along the bulkhead for \$30,000 was awarded in April 2013 and completed for \$204,705 of which \$141,509 would be reimbursed from Waterway Improvement Grants from the State of Maryland.



- Improvements to various boat landings totaled \$142,712 in fiscal year 2014.
- Repairs to the Snow Hill library totaled \$84,716 in fiscal year 2014.

- The purchase of new vehicles for public safety totaled \$93,696 and public works new vehicles and equipment totaled \$430,680 during the fiscal year.

- The County contributed \$4,258,820 for the following education projects:
 - \$3,850,319 for construction of a renovation and addition to Snow Hill High School
 - \$408,501 included Snow Hill Middle School lamp & ballast replacements, school safety project phase I, student computers and the Board's new business software.

Worcester County, Maryland
Capital Assets (Net of Depreciation)

| | June 30, 2014 | | | June 30, 2013 | | |
|------------------------------------|----------------------------|-----------------------------|-----------------------|----------------------------|-----------------------------|-----------------------|
| | Governmental Activities | Business-Type Activities | Total | Governmental Activities | Business-Type Activities | Total |
| Land and improvements | \$ 12,017,475 | \$ 1,554,029 | \$ 13,571,504 | \$ 11,358,131 | \$ 1,554,029 | \$ 12,912,160 |
| Building and building improvements | 60,467,746 | 4,387,124 | 64,854,870 | 62,328,873 | 4,509,109 | 66,837,982 |
| Improvements other than buildings | 6,634,139 | 3,012,917 | 9,647,056 | 6,765,333 | 3,115,068 | 9,880,401 |
| Machinery and equipment | 6,537,199 | 3,099,256 | 9,636,455 | 7,338,013 | 3,582,480 | 10,920,493 |
| Water and sewer systems | | 53,180,638 | 53,180,638 | | 54,683,131 | 54,683,131 |
| Infrastructure | 7,426,580 | | 7,426,580 | 6,385,796 | | 6,385,796 |
| Construction in progress | 1,063,631 | 13,023,988 | 14,087,619 | 4,027,079 | 10,280,443 | 14,307,522 |
| Total: | \$ 94,146,770 | \$ 78,257,952 | \$ 172,404,722 | \$ 98,203,225 | \$ 77,724,260 | \$ 175,927,485 |

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 \$132,205,483. The total debt is backed by the full faith and credit of Worcester County. Business-type activities are directly responsible for \$23,634,937 of the total debt.

Worcester County, Maryland
Outstanding Debt/General Obligation Bonds

| | June 30, 2014 | | | June 30, 2013 | | |
|---------------------|----------------------------|-----------------------------|----------------|----------------------------|-----------------------------|---------------|
| | Governmental Activities | Business-Type Activities | Total | Governmental Activities | Business-Type Activities | Total |
| General Bonded Debt | \$ 108,570,546 | \$ 23,634,937 | \$ 132,205,483 | \$ 68,469,208 | \$ 16,888,956 | \$ 85,358,164 |

The County's total bonded debt increased by \$46,847,319 during the current fiscal year due to issuance of long-term bonds on behalf of the Board of Education, \$43,000,000 and with the water and wastewater enterprise fund, \$5,300,000.

Worcester County maintains an "AA" rating from Fitch and an "Aa2" rating from Moody's and received an upgrade to its rating with Standard and Poor's to "AA+" for general obligation debt.

Additional information on the County's long-term debt can be found in note 6 on pages 58-63 of this report.

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

During fiscal year 2014, Worcester County experienced a continuation of a number of recent trends and estimates which indicate that real property tax revenues would continue to decrease significantly. The County maintained the real property tax rate of \$.77 per \$100 of assessment however net real property taxes decreased by \$4.3 million from the prior year as a result of the fifth year of declining real property assessments. However, local income tax revenues to the County increased by \$996,941. A new appropriation for \$2 million in Casino/Local Impact Grant Funds was added as planned towards debt payment for the Worcester County Technical High School. While most department operating budgets were flat or declining, the County provided a \$1.5 million increase for Education and \$2 million for Public Safety which includes a new School Safety Program in response to the Sandy Hook Elementary School tragedy. The County funded the annual

contribution to the Other Post Employment Benefits Trust Fund for \$5 million, an increase of \$2 million over fiscal year 2013.

While the housing industry has declined in recent years, 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. It is estimated that over eight million people visit the resort each year. Although the peak months are June through August, tourism is also strong in April, May, September and October. Depending on the weekend weather, these off-season months may average over 200,000 people. The unemployment rate for the County as of June 30, 2014 is 7.2%, which is a decrease from a rate of 8.3% a year ago. This compares to the State's average unemployment rate of 6.0%.

Fiscal Year 2015 Budget

The approved fiscal year 2015 operating budget is \$177,981,133 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. Fiscal year 2015 represents the sixth consecutive year of declining real property assessments in the County. The County anticipated utilizing reserves in the short term to cover projected budget shortfalls.

Revenues 2015 Budget

In fiscal year 2015, the County operating budget increased \$9,337,479 or 5.5% more than fiscal year 2014. Based on the tax rate of \$.77, Real Property Tax revenue will decrease \$466,491 less than the current year due to slightly decreasing assessment values, while the net property tax increase is estimated to increase \$252,584 with the offset of the Homestead Credit cap. Income Tax revenue estimates increased by \$500,000 mainly due to actual receipts and increased estimates and is based on the current tax rate of 1.25%. Other Local Taxes increase by \$1,765,083 primarily due to Ocean City Room Tax, a pass thru to the Town while Recordation and Transfer Tax are expected to remain level. State Grants decreased \$178,432 mainly due to State Aid for Bridges funded in the prior year fiscal year 2014. The County will utilize for the second year the planned use of Casino/Local Impact Grant Funds totaling \$2,499,213 for the debt payment for the Worcester Career and Technical High School in fiscal year 2015. Included is the Transfer of existing Budget Stabilization funds for \$6,393,201, and \$2,001,236 for bond premium proceeds to be used for 2014 Bond interest expense payments and various bond related expenses to balance the operating budget.

Expenditures 2015 Budget

The fiscal year 2015 budget includes increases to most all departments and agencies. Salary accounts increased 3% and include a .5% cost of living adjustment for County and Board of Education employees while an early retirement program for County employees would be offered for the sixth consecutive year at the County. Taxes Shared with Towns increased \$1.6 million for the pass thru monies collected for Room Tax to Ocean City. The Board of Education operating budget was approved above the Maintenance of Effort level, an increase of \$2,188,986 above the fiscal year 2014 budget due to additional funds for the student technology and the salary increase. The State of Maryland requires local governments to spend as much on school operating budgets on a per-pupil base as they did the year before; thus, the maintenance of effort. Insurance & Benefits increased \$729,386 for insurance and includes increases for retirement and taxes related to the salary increase. Debt Service increased \$3.2 million mainly due to the 2014 bond for the additions and renovations for Snow Hill High School. The 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 POSITION
 PRIMARY GOVERNMENT AS OF JUNE 30, 2014
 COMPONENT UNIT AS OF JUNE 30, 2014

| | Primary Government | | | Component Unit |
|--|----------------------------|-----------------------------|-----------------------|---|
| | Governmental Activities | Business-Type Activities | Total | The Board of Education of Worcester County |
| ASSETS | | | | |
| Cash and short-term investments | \$ 96,743,716 | \$ 9,045,035 | \$ 105,788,751 | \$ 5,762,639 |
| Receivables: | | | | |
| Taxes | 3,606,870 | - | 3,606,870 | - |
| Federal, state, and local governments | 4,450,588 | - | 4,450,588 | 5,477,468 |
| Other | 3,188,201 | 7,978,131 | 11,166,332 | 76,185 |
| Internal balances | 3,124,092 | (3,124,092) | - | - |
| Inventories, at first-in, first-out method | - | 7,346,429 | 7,346,429 | - |
| Prepaid items | 20,000,123 | - | 20,000,123 | - |
| Other assets | 101,395 | 21,213,467 | 21,314,862 | - |
| Nondepreciable capital assets | 13,081,106 | 14,578,017 | 27,659,123 | 12,004,138 |
| Depreciable capital assets, net | 81,065,664 | 63,679,935 | 144,745,599 | 123,112,362 |
| Total assets | 225,361,755 | 120,716,922 | 346,078,677 | 146,432,792 |
| LIABILITIES | | | | |
| Accounts payable and accrued liabilities | 10,557,880 | 2,795,030 | 13,352,910 | 7,680,256 |
| Unearned revenue | 664,361 | 19,965,537 | 20,629,898 | 1,690,445 |
| Due to fiduciary funds | 331,200 | - | 331,200 | - |
| Compensated absences | 716,000 | 205,138 | 921,138 | 32,541 |
| Long-term liabilities | | | | |
| Compensated absences | 875,414 | 250,725 | 1,126,139 | 466,319 |
| Due within one year | 9,966,990 | 16,748,677 | 26,715,667 | 41,260,500 |
| Due in more than one year | 101,403,556 | 22,457,876 | 123,861,432 | - |
| Total liabilities | 124,515,401 | 62,422,983 | 186,938,384 | 51,130,061 |
| NET POSITION | | | | |
| Net investment in capital assets | 86,424,881 | 53,642,591 | 140,067,472 | 135,116,500 |
| Restricted for: | | | | |
| Capital projects | - | - | - | 111,278 |
| Food service activities | - | - | - | 52,832 |
| Unrestricted | 14,421,473 | 4,651,348 | 19,072,821 | (39,977,879) |
| Total net position | \$ 100,846,354 | \$ 58,293,939 | \$ 159,140,293 | \$ 95,302,731 |

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

WORCESTER COUNTY, MARYLAND

STATEMENT OF ACTIVITIES

Year Ended June 30, 2014

| Function/Program | Expenses | Program Revenues | | |
|--|--------------------|----------------------|---|---|
| | | Charges for Services | Operating Grants, Contributions, and Interest | Capital Grants, Contributions, and Interest |
| Governmental Activities | | | | |
| Current: | | | | |
| General government | \$ 41,815,245 | \$ 2,010,031 | \$ 2,888,452 | \$ 20,000 |
| Public safety | 31,088,753 | 5,616,912 | 680,069 | 628,281 |
| Public works | 6,843,212 | 79,207 | - | - |
| Health and hospitals | 6,003,573 | 435,267 | 149,004 | - |
| Social services | 1,879,944 | - | - | - |
| Education | 84,004,053 | - | - | - |
| Libraries, recreation and culture | 5,438,515 | 236,546 | 233,963 | 419,492 |
| Conservation of natural resources | 241,883 | - | - | - |
| Economic development | 1,667,636 | 22,230 | 202,787 | 153,154 |
| Interest on long-term debt | 2,428,386 | - | - | - |
| Total Governmental Activities | 181,411,200 | 8,400,193 | 4,154,275 | 1,220,927 |
| Business-Type Activities | | | | |
| Landfill | 5,513,619 | 3,783,926 | - | - |
| Department of Water and Wastewater | 12,351,756 | 13,013,971 | 25,000 | - |
| Department of Liquor Control | 15,518,122 | 15,476,906 | - | - |
| Total Business-Type Activities | 33,383,497 | 32,274,803 | 25,000 | - |
| Total Primary Government | 214,794,697 | 40,674,996 | 4,179,275 | 1,220,927 |
| Component Units | | | | |
| The Board of Education of Worcester County | 134,215,778 | 657,791 | 112,779,559 | 9,083,436 |
| Total Component Units | 134,215,778 | 657,791 | 112,779,559 | 9,083,436 |
| General Revenues | | | | |
| 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 | | | | |
| Transfer of assets | | | | |
| Interest | | | | |
| Other | | | | |
| Total General Revenues | | | | |
| Total Change in Net Position | | | | |
| Net Position Beginning of Year | | | | |
| Net Position End of Year | | | | |

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

Net (Expense) Revenue and Changes in Net Position

| Primary Government | | Component Unit | |
|-------------------------|--------------------------|-----------------------|--|
| Governmental Activities | Business-Type Activities | Total | The Board of Education of Worcester County |
| \$ (36,896,762) | \$ - | \$ (36,896,762) | \$ - |
| (24,163,491) | - | (24,163,491) | - |
| (6,764,005) | - | (6,764,005) | - |
| (5,419,302) | - | (5,419,302) | - |
| (1,879,944) | - | (1,879,944) | - |
| (84,004,053) | - | (84,004,053) | - |
| (4,548,514) | - | (4,548,514) | - |
| (241,883) | - | (241,883) | - |
| (1,289,465) | - | (1,289,465) | - |
| (2,428,386) | - | (2,428,386) | - |
| <u>(167,635,805)</u> | <u>-</u> | <u>(167,635,805)</u> | <u>-</u> |
| - | (1,729,693) | (1,729,693) | - |
| - | 687,215 | 687,215 | - |
| - | (41,216) | (41,216) | - |
| - | (1,083,694) | (1,083,694) | - |
| <u>(167,635,805)</u> | <u>(1,083,694)</u> | <u>(168,719,499)</u> | <u>-</u> |
| <u>(11,694,992)</u> | <u>-</u> | <u>(11,694,992)</u> | <u>(11,694,992)</u> |
| (11,694,992) | - | (11,694,992) | (11,694,992) |
| 117,173,133 | - | 117,173,133 | - |
| 13,673,793 | - | 13,673,793 | - |
| 14,127,887 | - | 14,127,887 | - |
| 466,636 | - | 466,636 | - |
| 5,142,527 | - | 5,142,527 | - |
| 123,066 | - | 123,066 | - |
| 3,165,274 | - | 3,165,274 | - |
| 1,299,372 | - | 1,299,372 | - |
| 891,106 | - | 891,106 | - |
| 284,609 | (10,984) | 273,625 | - |
| (250,000) | - | (250,000) | - |
| 194,221 | 59,174 | 253,395 | 46,867 |
| 690,527 | - | 690,527 | 170,234 |
| <u>156,982,151</u> | <u>48,190</u> | <u>157,030,341</u> | <u>217,101</u> |
| <u>(10,653,654)</u> | <u>(1,035,504)</u> | <u>(11,689,158)</u> | <u>(11,477,891)</u> |
| <u>111,500,008</u> | <u>59,329,443</u> | <u>170,829,451</u> | <u>106,780,622</u> |
| <u>\$ 100,846,354</u> | <u>\$ 58,293,939</u> | <u>\$ 159,140,293</u> | <u>\$ 95,302,731</u> |

WORCESTER COUNTY, MARYLAND

BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2014

| | <u>General</u> | <u>Capital Projects</u> | <u>Debt Service</u> |
|---|----------------------|-----------------------------|-------------------------|
| ASSETS | | | |
| Cash and short-term investments | \$ 42,028,610 | \$ 52,142,293 | \$ 5,401 |
| Receivables: | | | |
| Taxes | 3,606,870 | - | - |
| Federal, state and local governments | 4,450,588 | - | - |
| Other | 3,187,647 | - | - |
| Due from other funds | 9,000,286 | - | - |
| Prepaid items | 103,849 | - | - |
| Other assets | 101,395 | - | - |
| Total assets | \$ 62,479,245 | \$ 52,142,293 | \$ 5,401 |
| LIABILITIES AND FUND BALANCES | | | |
| LIABILITIES | | | |
| Accounts payable and accrued liabilities | \$ 4,975,069 | \$ 3,337,019 | \$ - |
| Due to other funds | 1,067,339 | 5,850,488 | - |
| Unearned revenue | 602,032 | - | - |
| Other | 2,795,169 | - | - |
| Total liabilities | 9,439,609 | 9,187,507 | - |
| DEFERRED INFLOWS OF RESOURCES | | | |
| Unavailable revenue - property taxes | 3,439,903 | - | - |
| FUND BALANCES | | | |
| Fund balances: | | | |
| Nonspendable | 103,849 | - | - |
| Restricted | - | - | - |
| Committed | - | - | - |
| Assigned | 9,662,128 | - | 5,401 |
| Unassigned | 39,833,756 | 42,954,786 | - |
| Total Fund Balances | 49,599,733 | 42,954,786 | 5,401 |
| Total Liabilities, Deferred Inflows of Resources and Fund Balances | \$ 62,479,245 | \$ 52,142,293 | \$ 5,401 |

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

| Other Governmental Funds | <u>Total</u> |
|--------------------------------|-----------------------|
| \$ 2,567,412 | \$ 96,743,716 |
| - | 3,606,870 |
| - | 4,450,588 |
| 554 | 3,188,201 |
| 710,433 | 9,710,719 |
| - | 103,849 |
| - | 101,395 |
| <u>\$ 3,278,399</u> | <u>\$ 117,905,338</u> |

| | |
|----------------|-------------------|
| \$ 166,623 | \$ 8,478,711 |
| - | 6,917,827 |
| 62,329 | 664,361 |
| - | 2,795,169 |
| <u>228,952</u> | <u>18,856,068</u> |

| | |
|---|------------------|
| - | <u>3,439,903</u> |
|---|------------------|

| | |
|------------------|-------------------|
| - | 103,849 |
| - | - |
| - | - |
| 3,049,447 | 12,716,976 |
| - | 82,788,542 |
| <u>3,049,447</u> | <u>95,609,367</u> |

| | |
|---------------------|-----------------------|
| <u>\$ 3,278,399</u> | <u>\$ 117,905,338</u> |
|---------------------|-----------------------|

WORCESTER COUNTY, MARYLAND

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

June 30, 2014

| | |
|---|-----------------------|
| Total fund balances, governmental funds | \$ 95,609,367 |
| Amounts reported for governmental activities in the statement of net position are different because: | |
| Pre-payment of post retirement employment benefits | 19,896,274 |
| 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 Position. | 94,146,770 |
| Certain revenues that do not provide current financial resources are reported as deferred inflows of resources in the fund financial statements, but are reported as revenue in the governmental activities of the Statement of Net Position. | 3,439,903 |
| 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 Position. Those liabilities consist of: | |
| Bond, notes and capital leases payable | (111,370,546) |
| Compensated absences | <u>(875,414)</u> |
| Total long-term liabilities | <u>(112,245,960)</u> |
| Net assets of governmental activities in the Statement of Net Position | <u>\$ 100,846,354</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, 2014

| | <u>General</u> | <u>Capital Projects</u> | <u>Debt Service</u> |
|--|---------------------|-----------------------------|-------------------------|
| REVENUES: | | | |
| Taxes and special assessments | \$ 156,200,854 | \$ - | \$ - |
| Licenses and permits | 1,854,757 | - | - |
| Intergovernmental | 2,751,541 | 621,060 | - |
| Service charges and fees | 6,630,311 | - | - |
| Miscellaneous | 1,050,364 | 4,771 | 8 |
| Other | - | - | - |
| Total revenues | 168,487,827 | 625,831 | 8 |
| EXPENDITURES: | | | |
| Current: | | | |
| General government | 13,134,546 | - | - |
| Public safety | 28,621,374 | - | - |
| Public works | 4,726,992 | - | - |
| Health and hospitals | 5,472,143 | - | - |
| Social services | 1,262,629 | - | - |
| Education | 78,745,233 | 4,258,820 | - |
| Libraries, recreation and culture | 5,517,089 | - | - |
| Conservation of natural resources | 211,259 | - | - |
| Economic development | 1,610,180 | - | - |
| Distributions to incorporated municipalities | 21,871,051 | - | - |
| Capital projects | - | 4,295,235 | - |
| Debt service: | | | |
| Principal retirement | - | - | 7,628,103 |
| Interest and other charges | - | 216,910 | 2,691,181 |
| Total expenditures | 161,172,496 | 8,770,965 | 10,319,284 |
| (Deficiency) excess of revenues over expenditures | 7,315,331 | (8,145,134) | (10,319,276) |
| OTHER FINANCING SOURCES (USES): | | | |
| Issuance of long-term debt | - | 43,000,000 | - |
| Premium on debt issued | - | 5,209,146 | - |
| Transfers in | - | 4,138,770 | 10,319,284 |
| Transfers out | (14,458,054) | - | - |
| Total other financing sources (uses) | (14,458,054) | 52,347,916 | 10,319,284 |
| Net change in fund balances | (7,142,723) | 44,202,782 | 8 |
| Fund balances, beginning | 56,742,456 | (1,247,996) | 5,393 |
| Fund balances, ending | \$ 49,599,733 | \$ 42,954,786 | \$ 5,401 |

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

| Other Governmental Funds | | Total |
|--------------------------------|------------------|----------------------|
| \$ | - | \$ 156,200,854 |
| | - | 1,854,757 |
| | 2,030,265 | 5,402,866 |
| | - | 6,630,311 |
| | - | 1,055,143 |
| | 1,675 | 1,675 |
| | <u>2,031,940</u> | <u>171,145,606</u> |
| | 1,000,000 | 14,134,546 |
| | - | 28,621,374 |
| | - | 4,726,992 |
| | - | 5,472,143 |
| | 617,315 | 1,879,944 |
| | 1,000,000 | 84,004,053 |
| | - | 5,517,089 |
| | 30,624 | 241,883 |
| | - | 1,610,180 |
| | - | 21,871,051 |
| | - | 4,295,235 |
| | - | 7,628,103 |
| | - | 2,908,091 |
| | <u>2,647,939</u> | <u>182,910,684</u> |
| | <u>(615,999)</u> | <u>(11,765,078)</u> |
| | - | 43,000,000 |
| | - | 5,209,146 |
| | - | 14,458,054 |
| | - | <u>(14,458,054)</u> |
| | - | <u>48,209,146</u> |
| | (615,999) | 36,444,068 |
| | <u>3,665,446</u> | <u>59,165,299</u> |
| \$ | <u>3,049,447</u> | <u>\$ 95,609,367</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, 2014

| | | |
|---|--------------------|------------------------|
| Net change in fund balances, governmental funds | | \$ 36,444,068 |
| Amounts reported for governmental activities in the statement of activities are different because: | | |
| <p>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:</p> | | |
| Capital outlay | 2,397,647 | |
| Transfer of asset | (250,000) | |
| Depreciation expense | <u>(6,204,102)</u> | |
| Excess of depreciation expense over capital outlay | | (4,056,455) |
| <p>Because some revenues will not be collected for several months after the County's fiscal year ends, they are not considered "available" revenues and are deferred in the governmental funds. Unearned revenues decreased by this amount this year.</p> | | |
| | | (138,060) |
| <p>Bond proceeds provide current financial resources to governmental funds; however, issuing debt increases long-term liabilities in the Statement of Net Position. In the current period, bonds of this amount were issued, net of premiums, discounts, and similar items.</p> | | |
| | | (48,209,146) |
| <p>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.</p> | | |
| | | 479,705 |
| <p>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.</p> | | |
| | | 7,628,103 |
| <p>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:</p> | | |
| Change in post retirement employee benefits, asset | | (2,788,455) |
| Change in compensated absences | | <u>(13,414)</u> |
| Change in net position of governmental activities | | <u>\$ (10,653,654)</u> |

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



WORCESTER COUNTY, MARYLAND

STATEMENT OF NET POSITION

BUSINESS - TYPE ACTIVITIES

June 30, 2014

| | <u>Landfill</u> | Department of Water and Wastewater <u>Services</u> | Department of Liquor <u>Control</u> | <u>Total</u> |
|-------------------------------------|-------------------|---|---|--------------------|
| ASSETS | | | | |
| <u>Current assets</u> | | | | |
| Cash and short-term investments | \$ 7,280,836 | \$ 1,311,228 | \$ 452,971 | \$ 9,045,035 |
| Inventory | - | - | 7,346,429 | 7,346,429 |
| Accounts receivable | 324,214 | 5,694,374 | 1,302,193 | 7,320,781 |
| Other receivables | - | 657,350 | - | 657,350 |
| Due from other funds | - | 5,847,678 | - | 5,847,678 |
| Total current assets | 7,605,050 | 13,510,630 | 9,101,593 | 30,217,273 |
| <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 | - | 13,023,988 | - | 13,023,988 |
| Buildings and building improvements | 4,233,213 | - | 2,104,873 | 6,338,086 |
| Improvements other than buildings | 29,078,803 | - | - | 29,078,803 |
| Water and sewer systems | - | 83,655,124 | - | 83,655,124 |
| Machinery and equipment | 6,010,174 | 5,518,669 | 368,320 | 11,897,163 |
| | 40,549,179 | 102,312,664 | 2,685,350 | 145,547,193 |
| Less accumulated depreciation | (31,169,963) | (35,144,110) | (975,168) | (67,289,241) |
| | 9,379,216 | 67,168,554 | 1,710,182 | 78,257,952 |
| <u>Other assets</u> | | | | |
| Long-term debt service receivable | - | 21,213,467 | - | 21,213,467 |
| Total noncurrent assets | 9,379,216 | 88,382,021 | 1,710,182 | 99,471,419 |
| Total assets | 16,984,266 | 101,892,651 | 10,811,775 | 129,688,692 |

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> |
|--|-------------------|---|---|----------------------|
| LIABILITIES | | | | |
| <u>Current liabilities</u> | | | | |
| Accounts payable and accrued expenses | 180,120 | 383,801 | 2,283,616 | 2,847,537 |
| Bonds and notes payable - current | - | 2,003,276 | 69,106 | 2,072,382 |
| Capital leases payable - current | 451,086 | - | - | 451,086 |
| Landfill - closure and postclosure costs | 14,179,651 | - | - | 14,179,651 |
| Bond costs deferred | - | 45,558 | - | 45,558 |
| Accrued bond interest payable | - | 152,631 | - | 152,631 |
| Due to other funds | 160,556 | 639,376 | - | 799,932 |
| Total current liabilities | 14,971,413 | 3,224,642 | 2,352,722 | 20,548,777 |
| <u>Noncurrent liabilities</u> | | | | |
| Unearned revenues | - | 19,965,537 | - | 19,965,537 |
| Compensated absences | 72,983 | 126,101 | 51,641 | 250,725 |
| Bonds and notes payable | - | 20,558,314 | 592,700 | 21,151,014 |
| Bond costs deferred | - | 365,983 | - | 365,983 |
| Capital leases payable | 940,879 | - | - | 940,879 |
| Due to other funds | - | 757,126 | 7,414,712 | 8,171,838 |
| Total noncurrent liabilities | 1,013,862 | 41,773,061 | 8,059,053 | 50,845,976 |
| Total liabilities | 15,985,275 | 44,997,703 | 10,411,775 | 71,394,753 |
| NET POSITION | | | | |
| Net investment in capital assets | 7,987,251 | 44,606,964 | 1,048,376 | 53,642,591 |
| Unrestricted (deficit) | (6,988,260) | 12,287,984 | (648,376) | 4,651,348 |
| Total net position | \$ 998,991 | \$ 56,894,948 | \$ 400,000 | \$ 58,293,939 |

WORCESTER COUNTY, MARYLAND

STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION
BUSINESS - TYPE ACTIVITIES
Year Ended June 30, 2014

| | Landfill | Department of Water and Wastewater Services | Department of Liquor Control | Total |
|---|------------------|--|------------------------------------|-------------------|
| OPERATING REVENUES: | | | | |
| Domestic charges | \$ - | \$ 7,795,420 | \$ - | \$ 7,795,420 |
| Commercial charges | - | 578,601 | - | 578,601 |
| Hook-up charges | - | 84,014 | - | 84,014 |
| Future capital development | - | 121,666 | - | 121,666 |
| Interest and penalties on overdue accounts | 2,233 | 132,093 | - | 134,326 |
| Additional assessments | - | 371,814 | - | 371,814 |
| Payment by developers | - | 21,469 | - | 21,469 |
| Other revenue | 32,889 | 2,434,278 | - | 2,467,167 |
| Debt service revenue | - | 1,271,916 | - | 1,271,916 |
| Tank fee revenue | - | 7,400 | - | 7,400 |
| White Horse Park revenue | - | 195,300 | - | 195,300 |
| Liquor sales | - | - | 15,476,906 | 15,476,906 |
| Recycling charges | 133,222 | - | - | 133,222 |
| Stump removal charges | 35,462 | - | - | 35,462 |
| Licenses and permits | 309,505 | - | - | 309,505 |
| Landfill fees | 3,270,615 | - | - | 3,270,615 |
| Total operating revenues | 3,783,926 | 13,013,971 | 15,476,906 | 32,274,803 |
| Cost of goods sold | - | - | 12,229,264 | 12,229,264 |
| Gross profit | 3,783,926 | 13,013,971 | 3,247,642 | 20,045,539 |
| Total operating expenses | 3,629,635 | 9,402,730 | 1,973,013 | 15,005,378 |
| Operating income before depreciation and general expenses | 154,291 | 3,611,241 | 1,274,629 | 5,040,161 |
| Depreciation and general expenses | 1,944,885 | 2,378,821 | 1,183,397 | 5,507,103 |
| Operating (loss) income | (1,790,594) | 1,232,420 | 91,232 | (466,942) |
| NONOPERATING INCOME (EXPENSE): | | | | |
| Interest on investments | 5,573 | 1,401 | 52,200 | 59,174 |
| Sale of assets | 108,500 | - | (2,614) | 105,886 |
| Operating grants | - | 25,000 | - | 25,000 |
| Interest expense | (47,599) | (570,205) | (129,834) | (747,638) |
| Total nonoperating income (expense) | 66,474 | (543,804) | (80,248) | (557,578) |
| Change in net position | (1,724,120) | 688,616 | 10,984 | (1,024,520) |
| Distributions to municipalities | - | - | (10,984) | (10,984) |
| Change in net position after distributions | (1,724,120) | 688,616 | - | (1,035,504) |
| Net position, beginning | 2,723,111 | 56,206,332 | 400,000 | 59,329,443 |
| Net position, ending | \$ 998,991 | \$56,894,948 | \$ 400,000 | \$58,293,939 |

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, 2014

| | <u>Landfill</u> | Department of Water and <u>Wastewater</u> | Department of Liquor <u>Control</u> | <u>Total</u> |
|--|---------------------|---|---|---------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES: | | | | |
| Cash received for services | \$ 3,734,642 | \$16,305,203 | \$ - | \$20,039,845 |
| Receipts from customers for liquor sales | - | - | 15,022,084 | 15,022,084 |
| Cash received from other revenues | 35,122 | 2,434,278 | - | 2,469,400 |
| Cash received for future capital development | - | 121,666 | - | 121,666 |
| Cash received from other funds | - | - | 432,400 | 432,400 |
| Cash payments to employees | (1,120,603) | (9,919,296) | (634,686) | (11,674,585) |
| Cash payments for fringe benefits | (664,077) | (1,322,925) | (313,411) | (2,300,413) |
| Cash payments for inventory, materials, supplies and services | (1,462,494) | (5,562,117) | (14,140,000) | (21,164,611) |
| Net cash provided by operating activities | 522,590 | 2,056,809 | 366,387 | 2,945,786 |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES: | | | | |
| Purchases of property and equipment | (1,867,064) | (3,510,857) | (77,258) | (5,455,179) |
| Proceeds from sales of property and equipment | 579,000 | - | - | 579,000 |
| Principal paid on capital lease maturities | (494,390) | - | - | (494,390) |
| Proceeds from issuance of bonds and notes | 526,994 | 8,669,837 | - | 9,196,831 |
| Principal paid on bonds, line of credit, and notes payable | - | (1,895,460) | (66,021) | (1,961,481) |
| Interest paid on bonds, line of credit, and notes | (47,599) | (570,205) | (129,834) | (747,638) |
| Bond costs deferred | - | 37,625 | - | 37,625 |
| Debt service assessments deferred | - | (5,925,752) | - | (5,925,752) |
| Net cash used by capital and related financing activities | (1,303,059) | (3,194,812) | (273,113) | (4,770,984) |
| CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES: | | | | |
| Cash distributed to governmental units in Worcester county | - | - | (10,984) | (10,984) |
| Cash received for operating grants | - | 25,000 | - | 25,000 |
| Net cash provided (used) by noncapital and financing activities | - | 25,000 | (10,984) | 14,016 |
| CASH FLOWS FROM INVESTING ACTIVITIES: | | | | |
| Interest on investments | 5,573 | 1,401 | 52,200 | 59,174 |
| Net cash provided by investing activities | 5,573 | 1,401 | 52,200 | 59,174 |
| Net (decrease) increase in cash and short-term investments | (774,896) | (1,111,602) | 134,490 | (1,752,008) |
| Cash and short-term investments, beginning | 8,055,732 | 2,422,830 | 318,481 | 10,797,043 |
| Cash and short-term investments, ending | \$ 7,280,836 | \$ 1,311,228 | \$ 452,971 | \$ 9,045,035 |

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, 2014

| | <u>Landfill</u> | Department of Water and <u>Wastewater</u> | Department of of Liquor <u>Control</u> | <u>Total</u> |
|--|-----------------|---|--|--------------|
| RECONCILIATION OF OPERATING (LOSS) INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES: | | | | |
| Operating (loss) income | \$ (1,790,594) | \$ 1,232,420 | \$ 91,232 | \$ (466,942) |
| Adjustments to reconcile operating (loss) income to net cash provided by operating activities | | | | |
| Depreciation | 1,944,885 | 2,378,821 | 124,667 | 4,448,373 |
| Changes in assets and liabilities: | | | | |
| Accounts receivable | (14,162) | (1,371,211) | (454,822) | (1,840,195) |
| Inventories | - | - | (866,520) | (866,520) |
| Due from/to other funds | 22,536 | (7,254,637) | 432,400 | (6,799,701) |
| Unearned revenue | - | 7,218,387 | - | 7,218,387 |
| Vacation benefits | 3,796 | 935 | 2,752 | 7,483 |
| Accounts payable and accrued expenses | 356,129 | (147,906) | 1,036,678 | 1,244,901 |
| Net cash provided by operating activities | \$ 522,590 | \$ 2,056,809 | \$ 366,387 | \$ 2,945,786 |
| NON-CASH INVESTING, CAPITAL AND FINANCING ACTIVITIES: | | | | |
| Equipment acquired under capital leases | \$ 526,995 | \$ - | \$ - | \$ 526,995 |
| Total non-cash activities | \$ 526,995 | \$ - | \$ - | \$ 526,995 |

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

WORCESTER COUNTY, MARYLAND

STATEMENT OF NET POSITION
FIDUCIARY FUNDS

June 30, 2014

| ASSETS | <u>Public Drainage Associations</u> | <u>Other Post Employment Benefits Trust</u> | <u>Agency</u> |
|--|---|---|------------------|
| Cash and short-term investments | \$ 465,522 | \$ 3,992,467 | \$ 2,607,227 |
| Trust investments: | | | |
| Money market funds | - | 597,519 | - |
| MLGIP | - | 691,587 | - |
| Fixed income securities | - | 10,758,688 | - |
| Equities securities | - | 24,798,809 | - |
| Certificates of deposit | - | 226,575 | - |
| Taxes receivable | - | - | 1,678,645 |
| Special assessments receivable | 6,900 | - | - |
| Due from other funds | 971 | 599,458 | 357,612 |
| Total assets | 473,393 | 41,665,103 | 4,643,484 |
| LIABILITIES | | | |
| Due to other governmental units | - | - | 2,122,978 |
| Due to other funds | - | - | 1,317 |
| Other liabilities | - | - | 2,519,189 |
| Total liabilities | - | - | 4,643,484 |
| NET POSITION | | | |
| Held in trust for other post employment benefits | - | 41,665,103 | - |
| Restricted | 473,393 | - | - |
| Total net position | \$ 473,393 | \$ 41,665,103 | \$ - |

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

WORCESTER COUNTY, MARYLAND

STATEMENT OF CHANGES IN NET POSITION
 FIDUCIARY FUNDS
 Year Ended June 30, 2014

| | Public Drainage Associations | Other Post Employment Benefits Trust |
|---------------------------------------|------------------------------------|---|
| ADDITIONS: | | |
| Contributions: | | |
| Special assessments | \$ 101,533 | \$ - |
| Intergovernmental | 4,917 | - |
| Employer contributions | - | 2,500,000 |
| Plan member contributions | - | 615,663 |
| Miscellaneous | 19,078 | - |
| Total contributions | 125,528 | 3,115,663 |
| Investment earnings: | | |
| Interest | 2,296 | 3,223 |
| Increase in fair value of investments | - | 4,771,788 |
| Total investment earnings | 2,296 | 4,775,011 |
| Total additions | 127,824 | 7,890,674 |
| DEDUCTIONS: | | |
| Ditch maintenance | 103,848 | - |
| Claims incurred | - | 2,158,280 |
| Miscellaneous | 169 | 13,680 |
| Total deductions | 104,017 | 2,171,960 |
| Change in net position | 23,807 | 5,718,714 |
| Net position, beginning | 449,586 | 35,946,389 |
| Net position, ending | \$ 473,393 | \$41,665,103 |

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. 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 position 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 position 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 position 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 position.

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, 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 position.

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 position. The statement of changes in revenues, expenses, and changes in fund net position 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.

DEFERRED OUTFLOWS / INFLOWS OF RESOURCES

In addition to assets, the statement of financial position and or balance sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow or resources (expense / expenditure) until then. The County has no deferred outflows of resources for the current year.

NOTES TO FINANCIAL STATEMENTS

Note 2. Significant Accounting Policies (continued)

In addition to liabilities, the statement of financial position and or balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows or resources, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The County has only one type of item, which arises only under a modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, the item, unavailable revenue, is reported on the governmental funds balance sheet. The governmental funds report unavailable revenues from property taxes. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

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, 2014. 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.

NOTES TO FINANCIAL STATEMENTS

Note 2. Significant Accounting Policies (continued)

F. Budgetary Data (continued)

- (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.

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 and small business 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 position 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 position 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:

| <u>Description</u> | <u>Estimated Lives</u> |
|-------------------------------------|------------------------|
| 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 position. The only interfund balances, which remain on the government-wide statement of net position 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 Position

Net position represents the difference between assets and liabilities. Net position invested in capital assets, 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 position is 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 positions 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 a 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 approval of a 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.

It is the County's policy to consider restricted fund balances to have been depleted before using any of the components of unrestricted fund balance. When the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

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.

NOTES TO FINANCIAL STATEMENTS

Note 2. Significant Accounting Policies (continued)

S. Interfund Transactions

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

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

T. Estimates

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

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, 2014, Worcester County had deposits of \$15,727,626 (carrying value \$10,242,793). 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, 2014, 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, 2014, the County had investments of \$103,290,379 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, 2014, 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, 2014 were as follows:

| | 1 Year | 1-5 Years | Over 5 Years | Total | Rate |
|-------------------------|----------------------|-------------------|---------------------|----------------------|---------------|
| MLGIP | \$ 691,587 | \$ - | \$ - | \$ 691,587 | 0.14% |
| M&T Investments | | | | | |
| Money Market | 597,519 | - | - | 597,519 | |
| Fixed Income: | | | | | |
| U.S. Treasury | 245,125 | 149,347 | 414,262 | 808,734 | 0.25% - 3.65% |
| U.S. Government Agency | - | 308,231 | 874,250 | 1,182,481 | 1.25% - 5.00% |
| Other Fixed Income | - | 198,098 | 8,569,375 | 8,767,473 | 1.82% - 6.40% |
| Equities | 24,798,809 | - | - | 24,798,809 | N/A |
| Certificates of Deposit | 226,575 | - | - | 226,575 | 0.20% |
| Total | \$ 26,559,615 | \$ 655,676 | \$ 9,857,887 | \$ 37,073,178 | |

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

| | |
|---|-----------------------------|
| Petty cash | \$ 13,010 |
| Carrying amount of deposits | 10,242,793 |
| Money market funds | 597,519 |
| Fixed income securities | 10,758,688 |
| Equities securities | 24,798,809 |
| Certificates of deposit | 226,575 |
| MLGIP | 103,290,379 |
| Less cash and investments recorded within fiduciary funds | <u>(44,139,022)</u> |
| Total | <u><u>\$105,788,751</u></u> |

Note 4. Interfund Balances and Transfers

As a result of its operations, the County effects a variety of transactions between funds to finance operations, service debt, etc. Accordingly, to the extent that certain interfund transactions have not been paid or received as of June 30, 2014, 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, 2014, consisted of the following individual fund receivables and payables:

| | Due From Other Funds | Due to Other Funds |
|---|-------------------------|-----------------------|
| General fund: | | |
| Enterprise funds: | | |
| Landfill | \$ 160,556 | \$ - |
| Department of Liquor Control | 7,414,712 | - |
| Department of Water and Wastewater | - | (4,451,176) |
| Total due from (to) enterprise funds | 7,575,268 | (4,451,176) |
| Other funds: | | |
| Energy service fund | - | (452,527) |
| Capital Projects fund | (5,850,488) | - |
| Casino fund | - | (257,906) |
| State of Maryland property tax agency fund | - | (80,765) |
| Maryland department of motor vehicles agency fund | 1,317 | - |
| Snow Hill property tax agency fund | - | (9,651) |
| Berlin property tax agency fund | - | (28,898) |
| Ocean City property tax agency fund | - | (224,231) |
| Pocomoke property tax agency fund | - | (14,067) |
| Bay restoration fund | - | - |
| Public Drainage Association | - | (971) |
| OPEB Trust | 599,458 | - |
| Total due from (to) other funds | (5,249,713) | (1,069,016) |
| Total General fund due from (to) other funds | 2,325,555 | (5,520,192) |
| Other governmental funds: | | |
| General fund | 710,433 | - |
| Fiduciary funds | (242,192) | - |
| Capital projects funds: | | |
| General fund | - | 5,850,488 |
| Department of Water and Wastewater | - | - |
| Enterprise funds: | | |
| General fund | - | (3,124,092) |
| | \$ 2,793,796 | \$ (2,793,796) |

NOTES TO FINANCIAL STATEMENTS

Note 4. Interfund Balances and Transfers (continued)

Interfund transfers activity for the year ended June 30, 2014, consisted of the following individual amounts:

| | Transfers In | Transfers Out |
|--------------------------------|----------------------|----------------------|
| General fund: | | |
| Capital Projects fund | \$ - | \$ 2,138,770 |
| Debt service fund | - | 10,319,284 |
| Casino fund | 2,000,000 | |
| Debt Service Fund: | | |
| General fund | 10,319,284 | - |
| Capital projects funds: | | |
| General fund | - | 2,000,000 |
| Casino Fund: | | |
| General fund | 2,138,770 | - |
| | \$ 14,458,054 | \$ 14,458,054 |

Note 5. Capital Assets

Capital asset activity for the year ended June 30, 2014, was as follows:

| | Balance June 30, 2013 | Additions | Transfers and Reductions | Balance June 30, 2014 |
|--|--------------------------|-----------------------|-----------------------------|--------------------------|
| Primary Government | | | | |
| Governmental Activities: | | | | |
| Nondepreciable Capital Assets: | | | | |
| Land and improvements | \$ 11,358,131 | \$ - | \$ 659,344 | \$ 12,017,475 |
| Construction in progress | 4,027,079 | 1,060,381 | (4,023,829) | 1,063,631 |
| Total Nondepreciable Capital Assets | 15,385,210 | 1,060,381 | (3,364,485) | 13,081,106 |
| Depreciable Capital Assets: | | | | |
| Building and building improvements | 82,310,876 | 245,338 | - | 82,556,214 |
| Improvements other than buildings | 11,249,863 | 428,139 | (44,093) | 11,633,909 |
| Machinery and equipment | 27,252,362 | 663,789 | (1,519,748) | 26,396,403 |
| Infrastructure | 106,429,883 | - | 3,114,485 | 109,544,368 |
| Total Depreciable Assets | 227,242,984 | 1,337,266 | 1,550,644 | 230,130,894 |
| Less accumulated depreciation for: | | | | |
| Buildings and building improvements | (19,982,003) | (2,106,465) | - | (22,088,468) |
| Improvements other than buildings | (4,484,530) | (559,333) | 44,093 | (4,999,770) |
| Machinery and equipment | (19,914,349) | (1,464,603) | 1,519,748 | (19,859,204) |
| Infrastructure | (100,044,087) | (2,073,701) | - | (102,117,788) |
| Total accumulated depreciation | (144,424,969) | (6,204,102) | 1,563,841 | (149,065,230) |
| Total Depreciable Capital Assets, Net | 82,818,015 | (4,866,836) | 3,114,485 | 81,065,664 |
| Governmental Activities Capital Assets, Net | \$ 98,203,225 | \$ (3,806,455) | \$ (250,000) | \$ 94,146,770 |

NOTES TO FINANCIAL STATEMENTS

Note 5. Capital Assets (continued)

Depreciation expense was charged to governmental functions as follows:

| | |
|-----------------------------------|-------------------------|
| General government | \$ 572,123 |
| Public safety | 2,048,165 |
| Public works | 2,231,627 |
| Health and hospitals | 531,430 |
| Libraries, recreation and culture | 813,301 |
| Economic development | <u>7,456</u> |
| Total depreciation expense | <u>\$ 6,204,102</u> |

| | Balance June 30, 2013 | Additions | Transfers and Reductions | Balance June 30, 2014 |
|---|--------------------------|--------------|-----------------------------|--------------------------|
| Business-type Activities | | | | |
| Nondepreciable Capital Assets: | | | | |
| Land, land rights and improvements | \$ 1,554,029 | \$ - | \$ - | \$ 1,554,029 |
| Construction in progress | 10,280,443 | 3,111,891 | (368,346) | 13,023,988 |
| Total Nondepreciable Capital Assets | 11,834,472 | 3,111,891 | (368,346) | 14,578,017 |
| Depreciable Capital Assets: | | | | |
| Buildings and building improvements | 6,271,284 | 77,257 | (10,455) | 6,338,086 |
| Improvements other than buildings | 27,960,299 | 1,118,504 | - | 29,078,803 |
| Machinery and equipment | 12,588,471 | 805,676 | (1,496,984) | 11,897,163 |
| Water and sewer systems | 82,944,928 | 341,851 | 368,345 | 83,655,124 |
| Total Depreciable Assets | 129,764,982 | 2,343,288 | (1,139,094) | 130,969,176 |
| Less accumulated depreciation for: | | | | |
| Buildings and building improvements | (1,762,175) | (196,629) | 7,842 | (1,950,962) |
| Improvements other than buildings | (24,845,231) | (1,220,655) | - | (26,065,886) |
| Machinery and equipment | (9,005,991) | (818,400) | 1,026,484 | (8,797,907) |
| Water and sewer systems | (28,261,797) | (2,212,689) | - | (30,474,486) |
| Total accumulated depreciation | (63,875,194) | (4,448,373) | 1,034,326 | (67,289,241) |
| Total Depreciable Capital Assets, Net | 65,889,788 | (2,105,085) | (104,768) | 63,679,935 |
| Business-type Activities Capital Assets, Net | \$ 77,724,260 | \$ 1,006,806 | \$ (473,114) | \$ 78,257,952 |

NOTES TO FINANCIAL STATEMENTS

Note 6. Long-Term Debt

Changes in the County's long-term obligations during 2014 were as follows:

| | Balance at June 30, 2013 | Additions | Reductions | Balance at June 30, 2014 | Amount Due in One Year |
|--|-----------------------------|----------------------|-----------------------|-----------------------------|---------------------------|
| Governmental Activities | | | | | |
| Estimated landfill closure costs | \$ 2,800,000 | \$ - | \$ - | \$ 2,800,000 | \$ - |
| General obligation bonds: | | | | | |
| Consolidated Public Improvement Bonds, 1998 Series; interest 4% to 5%; due annually to 2013 | 555,000 | - | (555,000) | - | - |
| Consolidated Public Improvement Bonds, 2014 Series; interest 3.25% to 5.00%; due annually to 2029 | - | 43,000,000 | - | 43,000,000 | 2,420,000 |
| Consolidated Public Improvement Bonds, 2004 Series; interest at 2.5% to 5%; payable due annually to 2020 | 4,855,000 | - | (2,825,000) | 2,030,000 | 2,030,000 |
| Consolidated Public Improvement Bonds, 2007 Series; interest at 3.5% to 4.5%; payable semiannually to 2022 | 20,570,000 | - | (1,700,000) | 18,870,000 | 1,770,000 |
| MDE Water Quality Bond; interest at 4%, due annually to 2024 | 1,908,301 | - | (233,103) | 1,675,198 | 234,035 |
| Consolidated Public Improvement Bonds, 2008 Series; interest at 3.25% to 5%; payable semiannually to 2024 | 27,380,000 | - | (2,045,000) | 25,335,000 | 2,110,000 |
| Consolidated Public Improvement Bonds, 2013 Series; interest at 3% to 4%; payable semiannually to 2020 | 7,686,691 | - | (270,000) | 7,416,691 | 923,250 |
| Consolidated Public Improvement Bonds, 2013 Series; interest at 2.5% to 3.4%; payable semiannually to 2033 | 4,595,000 | - | - | 4,595,000 | - |
| Deferred Bond Premium, net | 919,216 | 5,209,146 | (479,705) | 5,648,657 | 479,705 |
| | 71,269,208 | 48,209,146 | (8,107,808) | 111,370,546 | 9,966,990 |
| Compensated absences | 1,568,000 | 1,119,687 | (1,096,273) | 1,591,414 | 716,000 |
| Total Governmental Activities | \$ 72,837,208 | \$ 49,328,833 | \$ (9,204,081) | \$ 112,961,960 | \$ 10,682,990 |

NOTES TO FINANCIAL STATEMENTS

Note 6. Long-Term Debt (continued)

| | Balance at June 30, 2013 | Additions | Reductions | Balance at June 30, 2014 | Amount Due in One Year |
|---|-----------------------------|---------------------|-----------------------|-----------------------------|---------------------------|
| Business-Type Activities | | | | | |
| Estimated landfill closure costs | \$ 13,809,610 | \$ 370,041 | \$ - | \$ 14,179,651 | \$14,179,651 |
| General obligation bonds: | | | | | |
| Consolidated Public Improvement Bonds, 1998 Series; interest 4% to 5%; due annually to 2013 | 270,000 | - | (270,000) | - | - |
| Consolidated Public Improvement Bonds, 2014 Series; interest 2% to 5.00%; due semi-annually to 2029 | - | 5,300,000 | - | 5,300,000 | 300,000 |
| Consolidated Public Improvement Bonds, 2013 Refunding Series; interest 3% to 4%; due annually to 2017 | 823,582 | - | (129,400) | 694,182 | 161,750 |
| Consolidated Public Improvement Bonds, 2004 Series; interest 2.5% to 5%, due annually to 2020 | 875,000 | - | (205,000) | 670,000 | 215,000 |
| MDE Water Quality Bond; interest at .4%; due annually to 2024 | 3,564,504 | - | (412,790) | 3,151,714 | 414,441 |
| Public Refunding Bonds, 2007; interest at 3.5% to 4.5%; payable semiannually to 2022 | 2,830,000 | - | (590,000) | 2,240,000 | 595,000 |
| Snug Harbor Water Quality Loan Agreement, 2007; interest 0.04%, due semiannually to 2026 | 402,312 | - | (30,759) | 371,553 | 30,882 |
| MDE Drinking Water Bond; interest at 1.1%; due annually to 2029 | 313,200 | - | (18,010) | 295,190 | 18,208 |
| Note payable; interest at 3.94%; due quarterly till 2026 | 2,278,096 | - | (133,734) | 2,144,362 | 139,081 |
| Mystic Harbor USDA note payable, 2012; interest at 2%, due quarterly till 2052 | 4,978,355 | - | (85,146) | 4,893,209 | 86,865 |
| Mystic Harbor USDA note payable, 2014; interest at 2.5%, due quarterly till 2053 | - | 2,822,000 | (20,662) | 2,801,338 | 42,049 |
| Note payable, interest at 4.09%; due monthly to 2039 | 516,505 | - | (11,934) | 504,571 | 12,431 |
| Note payable, interest at 4.76%; due monthly to 2017 | 211,322 | - | (54,045) | 157,277 | 56,675 |
| Deferred Bond Premium (Costs), net | (173,920) | 547,836 | 37,625 | 411,541 | 45,558 |
| Capital lease payable | 1,359,361 | 526,669 | (494,065) | 1,391,965 | 451,086 |
| | 32,057,927 | 9,566,546 | (2,417,920) | 39,206,553 | 16,748,677 |
| Compensated absences | 442,076 | 342,787 | (329,000) | 455,863 | 205,138 |
| Total Business-Type Activities | \$ 32,500,003 | \$ 9,909,333 | \$ (2,746,920) | \$ 39,662,416 | \$ 16,953,815 |

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 up to \$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 and Snow Hill (\$3,807,567) and various water and wastewater projects (\$6,742,000), 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 October 2006, 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 \$584,186 with an interest rate of 0.4% to be repaid over the next 19 years. The loan was used to fund the Snug Harbor Sewer Extension.

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 was used to fund the construction of the Newark water tower.

NOTES TO FINANCIAL STATEMENTS

Note 6. Long-Term Debt (continued)

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%, which matured in September 2011. At maturity, the line was converted to a 15 year term note, with an interest rate of 3.94%. The loan was used to fund the Ocean Pines fire protection system project.

In June 2011, the County acquired the debt of the previous Worcester County Liquor Control Board. This included two mortgage payable, which are secured by real estate.

During July 2012, the County entered into an agreement with the United States Department of Agriculture Rural Development to finance a portion of a wastewater treatment plant project totaling \$5,062,000 with an interest rate of 2.0% to be paid over the following 5 years. This maturity was converted to over 40 years in June 2013. In November 2013, the County obtained additional funding for this project in the amount of \$2,822,000, with an interest rate of 2.5% to be repaid over the following 40 years. These loans were used to fund the Mystic Harbor Wastewater Treatment plant upgrades.

In January 2013, the County issued \$13,105,000 in Consolidated General Obligation Refunding Bonds, 2013 series, with an average interest rate of 3.6% and maturing in 2033. Proceeds of \$8,510,000 were used to refund the Series 2002 and 2004 bonds and \$4,595,000 was used to fund the CORS pension plan. The Consolidated additional proceeds were placed in escrow for the purpose of generating resources for all future debt service payments on \$8,900,000 of general obligation bonds. As a result, the liability has been removed. A net interest savings of \$2,441,745 was achieved over the life of the bond.

During October 2013, the County issued \$48,300,000 in Consolidated General Obligation Refunding Bonds, 2014 series, with an average interest rate of 2.5% and maturing in 2029. Proceeds of \$5,300,000 were used to finance various wastewater treatment plant upgrades for the Ocean Pines service area. The remaining \$43,000,000 is being used to fund the renovation of Snow Hill High School.

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, 2014, \$2,180,000 of bonds are considered defeased during prior years which are related to Business-Type Activities.

NOTES TO FINANCIAL STATEMENTS

Note 6. Long-Term Debt (continued)

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

Governmental Activities

| <u>Year Ending June 30,</u> | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|-----------------------------|-----------------------|----------------------|-----------------------|
| 2015 | \$ 9,487,285 | \$ 4,034,517 | \$ 13,521,802 |
| 2016 | 7,940,134 | 3,788,278 | 11,728,412 |
| 2017 | 8,197,986 | 3,443,334 | 11,641,320 |
| 2018 | 8,477,460 | 3,067,481 | 11,544,941 |
| 2019 | 8,427,802 | 2,688,952 | 11,116,754 |
| 2020-2024 | 40,080,623 | 8,041,892 | 48,122,515 |
| 2025-2029 | 18,430,599 | 2,075,683 | 20,506,282 |
| 2030-2034 | 1,880,000 | 158,310 | 2,038,310 |
| Total | \$ 102,921,889 | \$ 27,298,447 | \$ 130,220,336 |

Business-Type Activities

| <u>Year Ending June 30,</u> | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|-----------------------------|----------------------|---------------------|----------------------|
| 2015 | \$ 16,252,033 | \$ 637,916 | \$ 16,889,949 |
| 2016 | 2,024,077 | 590,023 | 2,614,100 |
| 2017 | 2,050,099 | 524,350 | 2,574,449 |
| 2018 | 1,831,922 | 457,910 | 2,289,832 |
| 2019 | 1,094,386 | 415,251 | 1,509,637 |
| 2020-2024 | 4,769,703 | 1,649,289 | 6,418,992 |
| 2025-2029 | 3,693,274 | 946,971 | 4,640,245 |
| 2030-2034 | 1,056,519 | 588,308 | 1,644,827 |
| 2035-2039 | 1,166,719 | 453,469 | 1,620,188 |
| 2040-2044 | 1,158,214 | 322,426 | 1,480,640 |
| 2045-2049 | 1,291,508 | 189,132 | 1,480,640 |
| 2050-2054 | 1,014,593 | 43,104 | 1,057,697 |
| Total | \$ 37,403,047 | \$ 6,818,149 | \$ 44,221,196 |

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 | \$ 2,252,274 |
| Less accumulated depreciation | (482,893) |
| <hr/> | |
| Total | \$ 1,769,381 |
| <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> | |
|--|--------------|
| 2015 | \$ 489,136 |
| 2016 | 425,000 |
| 2017 | 354,234 |
| 2018 | 156,034 |
| 2019 | 45,569 |
| <hr/> | |
| | 1,469,973 |
| Less amount representing interest | (78,008) |
| <hr/> | |
| Present value of future minimum lease payments | \$ 1,391,965 |
| <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:

| | 2014 | 2013 | 2012 |
|--|--------------|--------------|--------------|
| Payroll covered under the plan | \$27,965,651 | \$27,838,991 | \$28,154,368 |
| Contributions paid in: | | | |
| County payments | 3,205,323 | 7,335,735 | 3,826,219 |
| Actual contributions to required contributions | 100% | 100% | 100% |
| On-behalf payments (Library) | 223,897 | 180,236 | 192,574 |

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, 2014, the latest date available, are:

| | |
|---|---------------------|
| Actuarially computed value of: | |
| Vested accrued benefit obligation | \$ 5,727,813 |
| Nonvested accrued benefit obligation | - |
| | <u>5,727,813</u> |
| Net assets available for pension benefits | <u>7,277,877</u> |
| | <u>\$ 1,550,064</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, 2014 was \$89,110 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 \$2,323,345.

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, 2014, 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 2014-2012 is as follows:

| | 2014 | 2013 | 2012 |
|--|--------------|--------------|--------------|
| Net assets available for pension benefits | \$ 7,277,877 | \$ 7,303,843 | \$ 7,015,088 |
| Pension obligation | \$ 5,727,813 | \$ 5,684,056 | \$ 5,334,563 |
| Percentage funded | 127% | 128% | 132% |
| Net pension assets | \$ 1,550,064 | \$ 1,619,787 | \$ 1,680,525 |
| Annual covered payroll | \$ 2,323,345 | \$ 2,384,769 | \$ 2,432,910 |
| Assets in excess of pension obligation as a percentage of covered payroll | 67% | 68% | 69% |
| Employer contributions | \$ 173,907 | \$ 174,314 | \$ 185,554 |
| Employer contributions as a percentage of covered payroll | 7% | 7% | 8% |

NOTES TO FINANCIAL STATEMENTS

Note 8. Other Post-Employment Benefits

Plan Description

The Worcester County Post-Retirement Medical Benefits Plan (the "Plan") is an agent multiple employer defined benefit healthcare plan administered by the County. The Plan provides medical and prescription drug benefits to eligible retirees, their spouses and eligible 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, 2012, 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 | 526 | 1,005 |
| Retirees | 296 | 670 |
| Total | 822 | 1,675 |

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, 2014, the OPEB Trust paid for coverage of 296 retirees at a total cost, net of retiree contributions, of approximately \$2,158,000.

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 | \$ 4,958,096 | \$ 19,035,256 | \$ 23,993,352 |
| Interest on net OPEB obligation | (1,853,123) | 511,934 | (1,341,189) |
| Adjustment to annual required contribution | 2,183,482 | (573,612) | 1,609,870 |
| Annual OPEB cost (expense) | 5,288,455 | 18,973,578 | 24,262,033 |
| Contributions made: | | | |
| Contributions to trust | (2,500,000) | (2,500,000) | (5,000,000) |
| Pay as you go | - | - | - |
| Total contributions made | (2,500,000) | (2,500,000) | (5,000,000) |
| Net OPEB change | 2,788,455 | 16,473,578 | 19,262,033 |
| Net OPEB obligation (asset) at beginning | (22,684,729) | 24,786,922 | 2,102,193 |
| Net OPEB obligation (asset) at ending | \$ (19,896,274) | \$ 41,260,500 | \$ 21,364,226 |

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

| | Fiscal Year Ended | Annual OPEB Cost | Percentage Contributed | Net OPEB Obligation (Asset) |
|--------------------|----------------------|---------------------|---------------------------|-----------------------------------|
| County | June 30, 2014 | \$ 5,288,455 | 50% | \$ (19,896,274) |
| Board of Education | June 30, 2014 | 18,973,578 | 13% | 41,260,500 |
| County | June 30, 2013 | 5,288,455 | 28% | (22,684,729) |
| Board of Education | June 30, 2013 | 18,973,578 | 8% | 24,786,922 |
| County | June 30, 2012 | 4,172,070 | 36% | (26,473,184) |
| Board of Education | June 30, 2012 | 16,022,387 | 9% | 7,313,344 |

Funding Status and Funding Progress

The following table is as of July 1, 2012 the most recent actuarial valuation date:

| | (June 30, 2014) Actuarial Value of Assets | Actuarial Accrued Liability (AAL) | Unfunded AAL (UAAL) | Funded Ratio | Covered Payroll | UAAL as % of Covered Payroll |
|--------------------|---|---|---------------------------|-----------------|--------------------|------------------------------------|
| County | \$ 41,665,103 | \$ 63,963,271 | \$ 22,298,168 | 65.14% | \$ 27,838,991 | 80.10% |
| Board of Education | 28,434,055 | 163,448,619 | 135,014,564 | 17.40% | 64,475,676 | 209.40% |
| Total | \$ 70,099,158 | \$ 227,411,890 | \$ 157,312,732 | 82.54% | \$ 92,314,667 | 289.50% |

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, 2012 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, an inflation rate of 3.0%, 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 entered into a contract on August 20, 2013 with Mid Atlantic Storage Systems, Inc. totaling \$1,079,440 for a leachate storage tank at the Central Landfill. The tank was completed in the summer of 2014.

The County entered into a contract on September 3, 2013 with Becker Morgan Group, Inc. in the amount of \$68,820 for professional services for the addition project for the Worcester County Recreation Center in Snow Hill.

The County entered into a contract on February 18, 2014 with Maryland Broadband Cooperative, Inc. for the construction of fiber optic cable and appurtenances for service to the Worcester County Fire Training Center (2,000 feet) and the Worcester County Landfill (8,200 feet), both which totaled \$80,905 to be completed during fiscal year 2015.

The County entered into a contract on May 20, 2014 with Hunter Allied of Maryland, Inc. totaling \$58,000 to replace the Berlin Library roof.

The County entered into two contracts on August 19, 2014 with Somerset Paving and Marine, Inc. for replacements for the Millville Road Bridge for \$218,328 and the Nelson Road Bridge for \$251,678. It is estimated that 80% of the cost will be covered using State Aid Bridge funds from the State of Maryland.

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 2014 are summarized as follows:

Assigned for:

| | |
|--|--------------|
| Berlin Health Department storage and parking lot | \$ 220,000 |
| Berlin Rubblefill Cap and Closure | 600,000 |
| Berlin Library Project | 1,564,722 |
| Board of Education Safety/Security Upgrades | 133,191 |
| Board of Education gym bleachers SDHS | 144,000 |
| Board of Education gym floors | 354,000 |
| Cedar Hall boat landing (replacement finger piers and ramps) | 99,000 |
| Economic Development Building Repairs | 60,000 |
| Emergency Services Radio System Enhancement | 50,000 |
| Encumbrances | 2,570,011 |
| Financial System upgrades and connectivity projects | 100,000 |
| Fire Training Center Pole Building (public safety trailer storage) | 100,000 |
| Government Center building repairs | 115,000 |
| Gum Point boat landing improvements | 99,000 |
| Health Department Wide Area Data Network | 106,488 |
| Isle of Wight Building | 100,000 |
| Jail building improvements and repairs | 89,573 |
| Maryland Broadband fiber project | 150,000 |
| Mason landing improvements | 25,000 |
| North End Public Works Building | 100,000 |
| Oscar Purnell House | 50,000 |
| Property tax software | 301,537 |
| Public Landing Marina | 98,518 |
| Public Landing Boat Slips and Well House | 99,000 |
| Public Works Building Expansion | 50,000 |
| Recreation Center building additions and equipment | 300,000 |
| Route 50 Service Road | 277,000 |
| Shell Mill boat ramp improvements | 56,088 |
| Snow Hill High School Construction | 300,000 |
| Snow Hill Landfill gas remediation | 750,000 |
| Taylor Landing Boat Ramp | 99,000 |
| Washington Street land and parking improvements | 176,000 |
| Wor-Wic College Building Renovations | 325,000 |
| <hr/> | |
| Total | \$ 9,662,128 |
| <hr/> | |

NOTES TO FINANCIAL STATEMENTS

Note 12. Landfill Closure and Postclosure Care Costs

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

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

The County has reported \$2,800,000 as the landfill closure and postclosure care liability at June 30, 2014 in the long-term liabilities section of the Statement of Net Position relating to the closed landfill, mentioned above (see also Note 6). Also, \$14,179,651 has been reported as the estimated landfill closure and postclosure care liability at June 30, 2014 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, 2014, cells #2 and #3 are full and cells #1 and #4 are at approximately 95% and 52% 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, and approximately 3% of capacity during the year ended June 30, 2013. The County put the mining operation on hold during fiscal year 2014 to avoid filling up cell #4 before cell #5 is complete.

Though there are currently no legal restrictions on available funds, the County has approximately \$7,605,000 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, 2013. The County expects to satisfy these requirements as of June 30, 2014 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, 2014 was \$223,897 for the Library, which is included in miscellaneous revenue and libraries, recreation and culture expenditures, respectively.

Note 15. Component Units

A. The Board of Education of Worcester County

Cash and Short-Term Investments

At June 30, 2014, the Board of Education had deposits of \$6,789,498 (carrying value \$5,762,639), which were either fully insured or collateralized with securities held in the name of the Board of Education.

Capital Assets

Capital asset activity for the year ended June 30, 2014, was as follows:

| | Balance June 30, 2013 | Additions | Transfers and Reductions | Balance June 30, 2014 |
|---|--------------------------|---------------------|-----------------------------|--------------------------|
| Governmental Activities: | | | | |
| Nondepreciable Capital Assets: | | | | |
| Land and improvements | \$ 1,886,779 | \$ - | \$ - | \$ 1,886,779 |
| Construction in progress | 1,644,514 | 8,743,898 | (271,053) | 10,117,359 |
| Total Nondepreciable Capital Assets | 3,531,293 | 8,743,898 | (271,053) | 12,004,138 |
| Depreciable Capital Assets: | | | | |
| Building and building improvements | 173,684,707 | 517,519 | - | 174,202,226 |
| Machinery and equipment | 3,866,469 | 170,206 | (98,550) | 3,938,125 |
| Total Depreciable Assets | 177,551,176 | 687,725 | (98,550) | 178,140,351 |
| Less accumulated depreciation for: | | | | |
| Buildings and building improvements | (48,417,401) | (3,823,162) | - | (52,240,563) |
| Machinery and equipment | (2,577,339) | (353,833) | 98,550 | (2,832,622) |
| Total accumulated depreciation | (50,994,740) | (4,176,995) | 98,550 | (55,073,185) |
| Total Depreciable Capital Assets, Net | 126,556,436 | (3,489,270) | - | 123,067,166 |
| Governmental Activities Capital Assets, Net | \$ 130,087,729 | \$ 5,254,628 | \$ (271,053) | \$ 135,071,304 |
| Business-type Activities | | | | |
| Depreciable Capital Assets: | | | | |
| Machinery and equipment | \$ 239,958 | \$ 17,008 | \$ - | \$ 256,966 |
| Less accumulated depreciation for: | | | | |
| Machinery and equipment | (199,464) | (12,306) | - | (211,770) |
| Total Depreciable Capital Assets, Net | 40,494 | 4,702 | - | 45,196 |
| Business-type Activities Capital Assets, Net | \$ 40,494 | \$ 4,702 | \$ - | \$ 45,196 |

NOTES TO FINANCIAL STATEMENTS

Note 15. Component Units (continued)

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

Long-Term Debt

The following is a summary of long-term debt transactions of the Board of Education for the year ended June 30, 2014:

| | |
|--------------------------------------|------------|
| Amounts payable at June 30, 2013 | \$ 442,760 |
| Increase in vested vacation benefits | 88,406 |
| Decrease in vested vacation benefits | (32,306) |
| <hr/> | |
| Amounts payable at June 30, 2014 | \$ 498,860 |

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, 2014, the Board's OPEB Trust, paid for coverage of 635 retirees at a total cost, net of retiree contributions, of approximately \$4,711,000. For the year ended June 30, 2014, the County contributed \$2,500,000 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, 2014.

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 15. Component Units (continued)

all other risks of loss, including general liability, employee health and accident insurance. Settled claims resulting from these risks have not exceeded commercial insurance in the last three years.

On-Behalf Payments

On-Behalf Payments for Fringe Benefits represents the pension contribution by the State of Maryland to the State Retirement System for applicable employees of the Board. The amount recognized as revenue and expenditures for the fiscal year ended June 30, 2014 was \$6,318,849 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, 2014

| | Budgeted Amounts | | Actual | Variance With Final Budget |
|-------------------------------------|--------------------|--------------------|--------------------|-------------------------------|
| | Original | Final | | |
| REVENUES: | | | | |
| Taxes: | | | | |
| Real and personal property: | | | | |
| Real property: | | | | |
| Full-year levy | \$ 113,960,000 | \$ 113,960,000 | \$ 113,622,979 | \$ (337,021) |
| Semi-year levy | 15,400 | 15,400 | 66,564 | 51,164 |
| Personal property | 590,494 | 590,494 | 329,423 | (261,071) |
| Corporations and utilities | 5,506,574 | 5,506,574 | 5,712,777 | 206,203 |
| Net additions and abatements | (350,000) | (350,000) | (465,113) | (115,113) |
| | 119,722,468 | 119,722,468 | 119,266,630 | (455,838) |
| Interest on delinquent taxes | 800,000 | 800,000 | 808,491 | 8,491 |
| Discounts allowed on taxes | (400,000) | (400,000) | (403,072) | (3,072) |
| Tax credits for assessment increase | (2,442,000) | (2,442,000) | (2,360,856) | 81,144 |
| Total real and personal property | 117,680,468 | 117,680,468 | 117,311,193 | (369,275) |
| Local income tax | 12,200,000 | 12,200,000 | 13,673,793 | 1,473,793 |
| Other local taxes: | | | | |
| Room tax | 11,250,000 | 11,250,000 | 14,127,887 | 2,877,887 |
| Admission and amusement | 560,000 | 560,000 | 466,636 | (93,364) |
| Recordation | 6,000,000 | 6,000,000 | 5,142,527 | (857,473) |
| Trailer park excise tax | 100,000 | 100,000 | 123,066 | 23,066 |
| Transfer tax | 2,750,000 | 2,750,000 | 3,165,274 | 415,274 |
| Food tax | 1,050,000 | 1,050,000 | 1,299,372 | 249,372 |
| State shared: | | | | |
| Highway user revenue | 490,220 | 490,220 | 472,202 | (18,018) |
| 911 State fees | 440,000 | 440,000 | 418,904 | (21,096) |
| Total taxes | 152,520,688 | 152,520,688 | 156,200,854 | 3,680,166 |

WORCESTER COUNTY, MARYLAND

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

GENERAL FUND

Year Ended June 30, 2014

(Continued)

| | Budgeted Amounts | | Actual | Variance With Final Budget |
|-----------------------------------|------------------|------------------|------------------|-------------------------------|
| | Original | Final | | |
| Licenses and permits: | | | | |
| Business: | | | | |
| Liquor licenses | \$ 675,000 | \$ 675,000 | \$ 788,019 | \$ 113,019 |
| Vending machine licenses | 115,000 | 115,000 | 117,000 | 2,000 |
| Traders licenses | 85,000 | 85,000 | 91,191 | 6,191 |
| Occupational licenses | 32,000 | 32,000 | 34,475 | 2,475 |
| Bingo permits | 15,000 | 15,000 | 15,731 | 731 |
| Tourist and trailer park permits | 9,000 | 9,000 | 12,795 | 3,795 |
| Other: | | | | |
| Building permits | 175,000 | 175,000 | 206,036 | 31,036 |
| Electrical permits | 10,000 | 10,000 | 14,000 | 4,000 |
| Marriage licenses | 22,700 | 22,700 | 29,430 | 6,730 |
| Civil ceremony licenses | 1,300 | 1,300 | 2,595 | 1,295 |
| Shoreline permits | 12,000 | 12,000 | 20,925 | 8,925 |
| Environmental permits | 61,975 | 61,975 | 39,330 | (22,645) |
| EDU transfer fee | - | - | 3,000 | 3,000 |
| Health permits | 358,000 | 358,000 | 382,783 | 24,783 |
| Raffle permits | 2,500 | 2,500 | 1,825 | (675) |
| Plumbing permits | 40,000 | 40,000 | 45,519 | 5,519 |
| Gas permits | 12,000 | 12,000 | 13,510 | 1,510 |
| Planning and zoning permits | 37,700 | 37,700 | 36,593 | (1,107) |
| Total licenses and permits | 1,664,175 | 1,664,175 | 1,854,757 | 190,582 |
| Intergovernmental: | | | | |
| Federal grants: | | | | |
| Payments in lieu of taxes | 17,500 | 17,500 | 18,910 | 1,410 |
| VOLT administration income | - | - | 15,593 | 15,593 |
| Maryland State police grants | - | - | 4,979 | 4,979 |
| US fish and wildlife service | - | - | 7,208 | 7,208 |
| State aid for bridges | 348,312 | 348,312 | 12,545 | (335,767) |
| Critical area grant | 13,000 | 13,000 | 13,000 | - |
| CDBG housing rehab grant | 150,000 | 150,000 | 153,514 | 3,514 |
| Homeland security grant | 124,748 | 124,748 | 189,890 | 65,142 |
| Bulletproof vest program | 4,000 | 4,000 | - | (4,000) |

WORCESTER COUNTY, MARYLAND

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

GENERAL FUND

Year Ended June 30, 2014

(Continued)

| | Budgeted Amounts | | Actual | Variance With |
|---|------------------|-----------|-----------|---------------|
| | Original | Final | | Final Budget |
| Intergovernmental, continued: | | | | |
| Federal grants, continued: | | | | |
| Emergency shelter grant | \$ 63,000 | \$ 63,000 | \$ 64,915 | \$ 1,915 |
| MDE beach monitoring grant | 3,100 | 3,100 | 3,190 | 90 |
| TEFAP grant | - | - | 133 | 133 |
| Federal overtime grant | - | - | 997 | 997 |
| Traffic safety revenues | 720 | 720 | 7,600 | 6,880 |
| State grants: | | | | |
| Police protection | 93,769 | 93,769 | 156,983 | 63,214 |
| 911 support | 2,500 | 2,500 | 7,221 | 4,721 |
| MD ADC security grant | - | - | 20,000 | 20,000 |
| Child support enforcement | 7,000 | 7,000 | 32,181 | 25,181 |
| Open space program - parks | 19,239 | 19,239 | 26,093 | 6,854 |
| Open space program - recreation | 656,097 | 656,097 | 54,914 | (601,183) |
| Library aid | 144,239 | 144,239 | 144,239 | - |
| Other housing rehab income | 2,500 | 2,500 | - | (2,500) |
| Rural Legacy administrative fee | 15,000 | 15,000 | 50,790 | 35,790 |
| Share of state forest land | 48,000 | 48,000 | 68,878 | 20,878 |
| Eastern Shore library grant | 75,000 | 75,000 | 75,000 | - |
| Other grants | - | - | 5,995 | 5,995 |
| Gun violence reduction grant | - | - | 35,540 | 35,540 |
| Family support services MACRO grant | 17,179 | 17,179 | 10,550 | (6,629) |
| Department of environmental training - LEPC | 1,320 | 1,320 | 807 | (513) |
| Homeless women grant | 24,557 | 24,557 | 23,253 | (1,304) |
| Sheriff-sex offender grant | 9,000 | 9,000 | 24,175 | 15,175 |
| Sheriff-health underage drinking | 2,000 | 2,000 | 5,100 | 3,100 |
| CREP program | 12,780 | 12,780 | 12,780 | - |
| Senator Amoss grant | 259,860 | 259,860 | 257,356 | (2,504) |
| Tourism | 120,000 | 120,000 | 168,655 | 48,655 |

WORCESTER COUNTY, MARYLAND

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

GENERAL FUND

Year Ended June 30, 2014

(Continued)

| | Budgeted Amounts | | Actual | Variance With Final Budget |
|---|------------------|------------------|------------------|-------------------------------|
| | Original | Final | | |
| Intergovernmental, continued: | | | | |
| State grants, continued: | | | | |
| DHCD housing administration fees | \$ 7,000 | \$ 7,000 | \$ 9,000 | \$ 2,000 |
| Conservation easement reimbursements | - | - | 13,276 | 13,276 |
| Rental assistance program | 40,000 | 40,000 | 40,000 | - |
| LETS Training - GOCCP | - | - | 1,901 | 1,901 |
| Septic system monitoring | 20,100 | 20,100 | 19,795 | (305) |
| Trial jury reimbursement | 54,000 | 54,000 | 40,440 | (13,560) |
| Family support grant | 161,946 | 161,946 | 167,852 | 5,906 |
| Drug court coordinator | 225,000 | 225,000 | 177,964 | (47,036) |
| Waterway improvement grants | - | - | 344,568 | 344,568 |
| Water resources grant | 280,350 | 280,350 | 263,761 | (16,589) |
| Total Intergovernmental | 3,022,816 | 3,022,816 | 2,751,541 | (271,275) |
| Service charges and fees: | | | | |
| Department of liquor control profit | 550,000 | 550,000 | 284,609 | (265,391) |
| Liquor advertising fees | 1,500 | 1,500 | 2,905 | 1,405 |
| Donation sponsorship program | 1,200 | 1,200 | 1,433 | 233 |
| Dental program reimbursement | 26,915 | 26,915 | 20,702 | (6,213) |
| Commercial plumbing plan review | 2,500 | 2,500 | 1,750 | (750) |
| Sheriff fees | 81,500 | 81,500 | 86,257 | 4,757 |
| Sales of publications and copies | 4,225 | 4,225 | 4,830 | 605 |
| Library use charges | 37,000 | 37,000 | 33,473 | (3,527) |
| Library erate reimbursements | 11,000 | 11,000 | 13,322 | 2,322 |
| First offender program fees | 75,000 | 75,000 | 98,606 | 23,606 |
| Tourism programs and events | - | - | 1,420 | 1,420 |
| Mosquito control charges | 54,328 | 54,328 | 52,484 | (1,844) |
| Security | 97,696 | 97,696 | 101,034 | 3,338 |
| Salary reimbursement | 1,500 | 1,500 | (1,552) | (3,052) |
| Recreation center fees | 65,000 | 65,000 | 77,835 | 12,835 |
| Vehicle tag fees | 4,500 | 4,500 | 3,490 | (1,010) |
| Critical area fees | 20,000 | 20,000 | 27,786 | 7,786 |
| Library special projects | 4,000 | 4,000 | - | (4,000) |
| Casino security | 15,000 | 15,000 | 11,592 | (3,408) |
| Forestry review fees | 3,000 | 3,000 | 7,541 | 4,541 |
| Shared facility fees | 500 | 500 | - | (500) |
| Stormwater management review fees | 42,000 | 42,000 | 46,713 | 4,713 |
| Tourism co-op advertising | 2,000 | 2,000 | - | (2,000) |
| Economic development program and events | - | - | 11,800 | 11,800 |
| Roads department fees | 30,000 | 30,000 | 57,321 | 27,321 |
| Bay restoration administration fee | - | - | 22,603 | 22,603 |

WORCESTER COUNTY, MARYLAND

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

Year Ended June 30, 2014
(Continued)

| | Budgeted Amounts | | Actual | Variance With Final Budget |
|---|-----------------------|-----------------------|-----------------------|-------------------------------|
| | Original | Final | | |
| Service charges and fees, continued: | | | | |
| Park fees | \$ 16,410 | \$ 16,410 | \$ 27,524 | \$ 11,114 |
| Concession stand fees | 20,000 | 20,000 | 18,187 | (1,813) |
| Environmental fees | 20,200 | 20,200 | 16,940 | (3,260) |
| Recreation fees | 40,000 | 40,000 | 45,630 | 5,630 |
| Solar renewable energy credits | 8,000 | 8,000 | 20,575 | 12,575 |
| Water and sewer plan amendment fees | 2,000 | 2,000 | - | (2,000) |
| Circuit court bar library | 5,000 | 5,000 | 1,785 | (3,215) |
| Firearms training center fees | 3,000 | 3,000 | 600 | (2,400) |
| Payments for jail use | 5,641,200 | 5,641,200 | 5,357,370 | (283,830) |
| Fire inspection fees | 50,000 | 50,000 | 61,267 | 11,267 |
| Family service legal fees | 3,000 | 3,000 | 3,785 | 785 |
| Community service fees | 88,000 | 88,000 | 67,371 | (20,629) |
| Public works pipe sales | 10,000 | 10,000 | 19,381 | 9,381 |
| Franchise fees | 30,000 | 30,000 | 21,942 | (8,058) |
| Total service charges and fees | 7,067,174 | 7,067,174 | 6,630,311 | (436,863) |
| Miscellaneous: | | | | |
| Court fines | 40,000 | 40,000 | 55,322 | 15,322 |
| Civil infraction fines | 2,500 | 2,500 | 4,950 | 2,450 |
| Retiree drug subsidy | 260,000 | 260,000 | 225,907 | (34,093) |
| Interest on investments | 225,000 | 225,000 | 187,775 | (37,225) |
| Rent revenue | 112,859 | 112,859 | 113,860 | 1,001 |
| Sale of fixed assets | 25,000 | 25,000 | 162 | (24,838) |
| Miscellaneous | 50,000 | 50,000 | 238,491 | 188,491 |
| On-behalf payments MSRS library | - | - | 223,897 | 223,897 |
| Total miscellaneous | 715,359 | 715,359 | 1,050,364 | 335,005 |
| Total revenues | \$ 164,990,212 | \$ 164,990,212 | \$ 168,487,827 | \$ 3,497,615 |

WORCESTER COUNTY, MARYLAND

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

GENERAL FUND

Year Ended June 30, 2014

(Continued)

| | Budgeted Amounts | | Actual | Variance With Final Budget |
|--------------------------------|------------------|------------|------------|-------------------------------|
| | Original | Final | | |
| EXPENDITURES: | | | | |
| General government: | | | | |
| County Commissioners' office: | | | | |
| Salaries | \$ 889,263 | \$ 889,263 | \$ 882,039 | \$ 7,224 |
| Benefits | 403,859 | 399,441 | 442,981 | (43,540) |
| Administrative | 25,880 | 14,680 | 10,551 | 4,129 |
| Other supplies and equipment | 5,000 | 5,000 | 4,888 | 112 |
| Equipment Maintenance | - | 11,200 | 11,199 | 1 |
| Legal | 6,900 | 6,900 | 1,998 | 4,902 |
| Vehicle operations | 3,000 | 3,972 | 3,972 | - |
| Building site | 6,500 | 5,528 | 4,471 | 1,057 |
| Advertisements | 17,000 | 15,582 | 9,575 | 6,007 |
| Training and travel | 31,000 | 32,418 | 32,417 | 1 |
| Enterprise fund credits | (144,108) | (144,108) | (142,825) | (1,283) |
| | 1,244,294 | 1,239,876 | 1,261,266 | (21,390) |
| Circuit Court: | | | | |
| Salaries | 844,921 | 844,921 | 836,475 | 8,446 |
| Benefits | 383,721 | 379,523 | 420,098 | (40,575) |
| Administrative | 26,200 | 26,200 | 24,207 | 1,993 |
| Other supplies and equipment | 9,085 | 9,085 | 19,804 | (10,719) |
| Equipment maintenance | 17,150 | 17,150 | 16,744 | 406 |
| Grant services | 158,760 | 158,760 | 154,617 | 4,143 |
| Legal | 123,500 | 123,500 | 65,454 | 58,046 |
| Building site | 17,700 | 17,700 | 15,673 | 2,027 |
| Other maintenance and services | 1,800 | 1,800 | 836 | 964 |
| Advertisements | 398 | 398 | - | 398 |
| Training and travel | 11,150 | 11,150 | 8,362 | 2,788 |
| | 1,594,385 | 1,590,187 | 1,562,270 | 27,917 |
| Orphans' Court: | | | | |
| Salaries | 15,000 | 15,000 | 15,000 | - |
| Benefits | 6,812 | 6,738 | 7,533 | (795) |
| Training and travel | 4,800 | 4,800 | 4,800 | - |
| | 26,612 | 26,538 | 27,333 | (795) |

WORCESTER COUNTY, MARYLAND

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

GENERAL FUND

Year Ended June 30, 2014

(Continued)

| | Budgeted Amounts | | Actual | Variance With Final Budget |
|--|------------------|--------------|--------------|-------------------------------|
| | Original | Final | | |
| General government, continued: | | | | |
| State's Attorney's office: | | | | |
| Salaries | \$ 1,133,406 | \$ 1,133,406 | \$ 1,157,822 | \$ (24,416) |
| Benefits | 517,008 | 511,351 | 581,486 | (70,135) |
| Overtime pay | 5,000 | 5,000 | - | 5,000 |
| Administrative | 25,100 | 25,100 | 25,713 | (613) |
| Other supplies and equipment | 6,250 | 6,250 | 11,981 | (5,731) |
| Equipment maintenance | 8,158 | 8,158 | 8,558 | (400) |
| Uniforms and personal equipment | 1,000 | 1,000 | 105 | 895 |
| Legal | 5,800 | 5,800 | 8,045 | (2,245) |
| Vehicle operating expense | 11,500 | 11,500 | 8,955 | 2,545 |
| Building site | 14,000 | 14,000 | 9,677 | 4,323 |
| Training and travel | 33,500 | 33,500 | 14,706 | 18,794 |
| Interfund | (55,140) | (55,140) | (49,839) | (5,301) |
| | 1,705,582 | 1,699,925 | 1,777,209 | (77,284) |
| Treasurer's office: | | | | |
| Salaries | 1,089,192 | 1,089,192 | 1,046,078 | 43,114 |
| Benefits | 494,657 | 489,245 | 525,366 | (36,121) |
| Administrative | 42,660 | 42,660 | 34,931 | 7,729 |
| Other supplies and equipment | 5,068 | 5,068 | 4,957 | 111 |
| Equipment maintenance | 14,550 | 14,550 | 15,063 | (513) |
| Legal | 1,500 | 1,500 | 1,090 | 410 |
| Building site | 16,150 | 16,150 | 14,155 | 1,995 |
| Training and travel | 6,300 | 6,300 | 2,920 | 3,380 |
| Enterprise fund credits | (308,215) | (308,215) | (303,005) | (5,210) |
| | 1,361,862 | 1,356,450 | 1,341,555 | 14,895 |
| Elections office: | | | | |
| State employees' salaries and benefits | 364,327 | 364,327 | 339,664 | 24,663 |
| Salaries | 11,400 | 11,400 | 11,400 | - |
| Benefits | 5,179 | 5,121 | 5,725 | (604) |
| Administrative | 11,410 | 15,415 | 12,861 | 2,554 |
| Other supplies and equipment | 70,717 | 69,599 | 63,337 | 6,262 |
| Voting machines and poll expenses | 147,300 | 147,300 | 116,029 | 31,271 |

WORCESTER COUNTY, MARYLAND

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

GENERAL FUND

Year Ended June 30, 2014

(Continued)

| | Budgeted Amounts | | Actual | Variance With Final Budget |
|---|------------------|-----------|-----------|-------------------------------|
| | Original | Final | | |
| General government, continued: | | | | |
| Elections office, continued: | | | | |
| Equipment maintenance | \$ 23,633 | \$ 14,522 | \$ 5,034 | \$ 9,488 |
| Consulting services | 10,000 | 11,118 | 11,117 | 1 |
| Building site | 17,809 | 22,915 | 24,681 | (1,766) |
| Training and travel | 11,446 | 11,446 | 8,016 | 3,430 |
| | 673,221 | 673,163 | 597,864 | 75,299 |
| Human resources: | | | | |
| Salaries | 321,968 | 321,968 | 309,397 | 12,571 |
| Benefits | 146,222 | 144,622 | 155,387 | (10,765) |
| Administrative | 8,805 | 8,805 | 8,322 | 483 |
| Other supplies and equipment | 3,125 | 3,125 | 1,185 | 1,940 |
| Equipment maintenance | 3,700 | 3,700 | 3,121 | 579 |
| Program expense | 1,500 | 1,500 | 902 | 598 |
| Legal | 650 | 650 | 30 | 620 |
| Consulting services | 15,500 | 15,500 | 11,530 | 3,970 |
| Vehicle operating expenses | 5,000 | 5,000 | 3,931 | 1,069 |
| Building site | 2,000 | 2,000 | 1,946 | 54 |
| Advertising | 200 | 200 | - | 200 |
| Training and travel | 1,750 | 1,750 | 316 | 1,434 |
| Enterprise fund credits | (83,712) | (83,712) | (83,712) | - |
| | 426,708 | 425,108 | 412,355 | 12,753 |
| Development review and permitting: | | | | |
| Salaries | 1,673,008 | 1,710,263 | 1,560,514 | 149,749 |
| Benefits | 759,797 | 768,219 | 783,728 | (15,509) |
| Administrative | 12,675 | 12,675 | 11,700 | 975 |
| Other supplies and equipment | 10,400 | 5,900 | 5,548 | 352 |
| Equipment maintenance | 10,800 | 6,800 | 6,468 | 332 |
| Legal | 26,500 | 36,600 | 36,575 | 25 |
| Consulting services | 39,900 | 39,900 | 44,235 | (4,335) |
| Vehicle operating expenses | 24,600 | 23,000 | 21,323 | 1,677 |

WORCESTER COUNTY, MARYLAND

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

Year Ended June 30, 2014

(Continued)

| | Budgeted Amounts | | Actual | Variance With Final Budget |
|---|-------------------|-------------------|-------------------|-------------------------------|
| | Original | Final | | |
| General government, continued: | | | | |
| Development review and permitting, continued: | | | | |
| Building site | \$ 10,000 | \$ 10,000 | \$ 8,271 | \$ 1,729 |
| Other maintenance and services | 500 | 500 | - | 500 |
| Advertisements | 17,000 | 17,000 | 16,720 | 280 |
| Training and travel | 21,200 | 22,200 | 17,928 | 4,272 |
| Program expense | - | 22,000 | 21,990 | 10 |
| Housing rehabilitation program | - | 211,100 | 211,219 | (119) |
| Enterprise fund credits | (124,243) | (124,243) | (124,242) | (1) |
| | 2,482,137 | 2,761,914 | 2,621,977 | 139,937 |
| Environmental programs: | | | | |
| Salaries | 512,834 | 512,834 | 508,781 | 4,053 |
| Benefits | 232,904 | 230,356 | 255,522 | (25,166) |
| Administrative | 3,615 | 3,615 | 2,833 | 782 |
| Other supplies and equipment | 5,045 | 5,045 | 4,241 | 804 |
| Equipment maintenance | 2,400 | 2,400 | 2,528 | (128) |
| Building and property | 3,000 | 3,000 | 3,693 | (693) |
| Vehicle operating expenses | 15,200 | 15,200 | 13,819 | 1,381 |
| Advertising | 1,730 | 1,730 | 1,661 | 69 |
| Legal | 1,000 | 1,000 | 358 | 642 |
| Other maintenance and services | 375 | 375 | - | 375 |
| Training and travel | 3,875 | 3,875 | 928 | 2,947 |
| Grant programs | 260,000 | 260,000 | 245,336 | 14,664 |
| Interfund | 28,716 | 28,716 | 28,713 | 3 |
| | 1,070,694 | 1,068,146 | 1,068,413 | (267) |
| Other general government: | | | | |
| Tri-County Council | 370,204 | 370,204 | 370,204 | - |
| Building site | 710,459 | 710,459 | 700,804 | 9,655 |
| Training and travel | 6,750 | 6,750 | 5,561 | 1,189 |
| Administrative | 176,600 | 176,600 | 169,934 | 6,666 |
| Consulting services | 50,000 | 50,000 | 37,770 | 12,230 |
| Property-liability insurance | 290,000 | 290,000 | 305,974 | (15,974) |
| Energy | 30,000 | 30,000 | - | 30,000 |
| Equipment maintenance | 252,346 | 252,346 | 210,961 | 41,385 |
| Other supplies and equipment | 44,400 | 44,400 | 34,280 | 10,120 |
| Other expenses | 63,797 | 63,797 | 24,303 | 39,494 |
| Other non-matching expenses | 1,229,400 | 625,000 | 604,513 | 20,487 |
| | 3,223,956 | 2,619,556 | 2,464,304 | 155,252 |
| Total general government | 13,809,451 | 13,460,863 | 13,134,546 | 326,317 |

WORCESTER COUNTY, MARYLAND

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

Year Ended June 30, 2014

(Continued)

| | Budgeted Amounts | | Actual | Variance With |
|-----------------------------------|------------------|--------------|--------------|---------------|
| | Original | Final | | Final Budget |
| Public safety: | | | | |
| Sheriff's office: | | | | |
| Salaries | \$ 4,329,966 | \$ 4,686,192 | \$ 4,527,176 | \$ 159,016 |
| Overtime pay | 401,406 | 401,406 | 537,068 | (135,662) |
| Benefits | 2,148,755 | 2,309,063 | 2,543,386 | (234,323) |
| Administrative | 24,345 | 27,045 | 27,014 | 31 |
| Other supplies and equipment | 209,388 | 286,959 | 285,898 | 1,061 |
| Equipment maintenance | 110,072 | 98,072 | 97,664 | 408 |
| Uniforms and personal equipment | 118,912 | 224,259 | 224,030 | 229 |
| Grant programs | 720 | 720 | - | 720 |
| Legal | 1,000 | 500 | 389 | 111 |
| Consulting | 20,288 | 20,315 | 19,538 | 777 |
| Vehicle operating expenses | 398,500 | 398,920 | 390,004 | 8,916 |
| Building site | 46,480 | 48,480 | 49,373 | (893) |
| Training and travel | 39,960 | 45,960 | 45,618 | 342 |
| | 7,849,792 | 8,547,891 | 8,747,158 | (199,267) |
| Emergency services: | | | | |
| Salaries | 1,189,873 | 1,189,873 | 1,138,029 | 51,844 |
| Overtime pay | 15,000 | 15,000 | 22,297 | (7,297) |
| Benefits | 547,194 | 541,207 | 582,744 | (41,537) |
| Administrative | 4,131 | 4,131 | 2,977 | 1,154 |
| Other supplies and equipment | 53,010 | 53,010 | 18,838 | 34,172 |
| Equipment maintenance | 303,838 | 303,838 | 282,275 | 21,563 |
| Uniforms and personal equipment | 1,000 | 1,000 | 975 | 25 |
| Grant programs | 93,799 | 93,799 | 72,428 | 21,371 |
| Legal | - | - | 120 | (120) |
| Consulting | - | - | 593 | (593) |
| Vehicle operating expenses | 8,500 | 8,500 | 9,381 | (881) |
| Building site | 181,750 | 181,750 | 164,071 | 17,679 |
| Training and travel | 3,500 | 3,500 | 2,778 | 722 |
| Information technology operations | 543,916 | 541,970 | 500,829 | 41,141 |
| | 2,945,511 | 2,937,578 | 2,798,335 | 139,243 |
| Jail: | | | | |
| Salaries | 5,151,159 | 5,151,159 | 4,966,712 | 184,447 |
| Overtime pay | 20,556 | 20,556 | 16,805 | 3,751 |
| Benefits | 2,348,737 | 2,323,040 | 2,502,843 | (179,803) |
| Administrative | 6,850 | 7,151 | 7,150 | 1 |
| Other supplies and equipment | 7,900 | 5,002 | 4,122 | 880 |
| Equipment maintenance | 28,900 | 27,600 | 27,598 | 2 |
| Uniforms and personal equipment | 33,700 | 31,847 | 30,765 | 1,082 |
| Inmate supplies and services | 2,142,616 | 2,078,202 | 2,029,415 | 48,787 |
| Legal | 250 | 250 | 45 | 205 |

WORCESTER COUNTY, MARYLAND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE- BUDGET AND ACTUAL
GENERAL FUND
Year Ended June 30, 2014
(Continued)

| | Budgeted Amounts | | Actual | Variance With Final Budget |
|---|-------------------|-------------------|-------------------|-------------------------------|
| | Original | Final | | |
| Public safety, continued: | | | | |
| Jail, continued: | | | | |
| Consulting services | \$ 3,887 | \$ 6,453 | \$ 6,452 | \$ 1 |
| Vehicle operating expenses | 13,800 | 13,800 | 13,493 | 307 |
| Building site | 761,625 | 832,273 | 832,273 | - |
| Other maintenance and services | 7,950 | 7,981 | 7,981 | - |
| Training and travel | 13,350 | 10,269 | 9,514 | 755 |
| | 10,541,280 | 10,515,583 | 10,455,168 | 60,415 |
| Fire Marshall: | | | | |
| Salaries | 293,000 | 293,000 | 292,718 | 282 |
| Overtime pay | 10,000 | 10,000 | 8,815 | 1,185 |
| Benefits | 137,608 | 136,102 | 151,437 | (15,335) |
| Administrative | 5,680 | 5,280 | 4,729 | 551 |
| Other supplies and equipment | 25,475 | 19,468 | 16,125 | 3,343 |
| Equipment maintenance | 8,700 | 7,508 | 4,831 | 2,677 |
| Uniforms and personal equipment | 3,500 | 4,197 | 3,697 | 500 |
| Consulting services | 600 | 600 | - | 600 |
| Vehicle operating expenses | 17,000 | 33,580 | 33,578 | 2 |
| Building site | 2,000 | 2,000 | 1,451 | 549 |
| Training and travel | 18,025 | 8,347 | 2,459 | 5,888 |
| New equipment | - | - | 29,960 | (29,960) |
| | 521,588 | 520,082 | 549,800 | (29,718) |
| Volunteer fire departments: | | | | |
| County grant to fire companies | 1,965,740 | 1,965,740 | 2,250,000 | (284,260) |
| Fireman's Training Center | 22,390 | 22,390 | 18,432 | 3,958 |
| State grant for fire companies | 259,864 | 259,864 | 257,357 | 2,507 |
| County grant to ambulance companies | 3,361,908 | 3,361,908 | 3,361,905 | 3 |
| Volunteer Firemen Worker's Compensation | 101,426 | 101,426 | 95,419 | 6,007 |
| LOSAP appropriation | 88,800 | 88,800 | 87,800 | 1,000 |
| | 5,800,128 | 5,800,128 | 6,070,913 | (270,785) |
| Total public safety | 27,658,299 | 28,321,262 | 28,621,374 | (300,112) |

WORCESTER COUNTY, MARYLAND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
 IN FUND BALANCE- BUDGET AND ACTUAL
 GENERAL FUND
 Year Ended June 30, 2014
 (Continued)

| | Budgeted Amounts | | Actual | Variance With Final Budget |
|---------------------------------|------------------|------------------|------------------|-------------------------------|
| | Original | Final | | |
| Public works: | | | | |
| Maintenance: | | | | |
| Salaries | \$ 727,010 | \$ 727,010 | \$ 658,572 | \$ 68,438 |
| Benefits | 330,172 | 326,560 | 330,751 | (4,191) |
| Administrative | 1,700 | 1,538 | 1,520 | 18 |
| Other supplies and equipment | 13,676 | 13,676 | 12,123 | 1,553 |
| Equipment maintenance | 1,680 | 1,680 | 1,395 | 285 |
| Uniforms and personal equipment | 3,910 | 3,910 | 2,927 | 983 |
| Vehicle operating expenses | 44,300 | 44,300 | 48,739 | (4,439) |
| Building expenses | 22,954 | 22,954 | 20,783 | 2,171 |
| Custodial services | - | 162 | 162 | - |
| Advertising | 500 | 500 | 237 | 263 |
| Training and travel | 600 | 600 | 189 | 411 |
| | <u>1,146,502</u> | <u>1,142,890</u> | <u>1,077,398</u> | <u>65,492</u> |
| Roads department: | | | | |
| Salaries | 1,257,529 | 1,257,529 | 1,189,735 | 67,794 |
| Benefits | 571,107 | 564,859 | 597,514 | (32,655) |
| Administrative | 1,800 | 1,800 | 727 | 1,073 |
| Other supplies and equipment | 68,360 | 68,360 | 59,607 | 8,753 |
| Equipment maintenance | 2,300 | 2,300 | 1,812 | 488 |
| Road maintenance materials | 567,000 | 567,000 | 547,973 | 19,027 |
| Uniforms and personal equipment | 7,800 | 7,800 | 6,217 | 1,583 |
| Consulting services | 1,000 | 1,000 | 220 | 780 |
| Vehicle operating expenses | 282,100 | 282,100 | 294,734 | (12,634) |
| Building and property | 39,900 | 38,876 | 30,418 | 8,458 |
| Road maintenance | 591,647 | 591,647 | 157,861 | 433,786 |
| Advertising | 400 | 1,424 | 1,423 | 1 |
| Training and travel | 1,000 | 1,000 | 320 | 680 |
| | <u>3,391,943</u> | <u>3,385,695</u> | <u>2,888,561</u> | <u>497,134</u> |
| Public works administration: | | | | |
| Salaries | 509,671 | 509,671 | 524,458 | (14,787) |
| Benefits | 231,467 | 228,935 | 263,396 | (34,461) |
| Administrative | 3,200 | 3,200 | 3,068 | 132 |
| Supplies and equipment | 6,360 | 5,070 | 4,489 | 581 |

WORCESTER COUNTY, MARYLAND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE- BUDGET AND ACTUAL
GENERAL FUND
Year Ended June 30, 2014
(Continued)

| | Budgeted Amounts | | Actual | Variance With |
|---|------------------|------------------|------------------|----------------|
| | Original | Final | | Final Budget |
| Public works, continued: | | | | |
| Public works administration, continued: | | | | |
| Equipment maintenance | \$ 5,645 | \$ 6,935 | \$ 6,684 | \$ 251 |
| Uniforms and personal equipment | 705 | 801 | 800 | 1 |
| Program expense | 225 | 225 | 204 | 21 |
| Legal | 2,700 | 2,700 | 2,254 | 446 |
| Consulting services | 130,300 | 130,300 | 106,900 | 23,400 |
| Vehicle operating expenses | 9,500 | 9,191 | 8,273 | 918 |
| Building and property | 10,600 | 10,600 | 8,170 | 2,430 |
| Other maintenance and services | 1,200 | 1,413 | 1,412 | 1 |
| Fleet services | (82,124) | (82,124) | 33,563 | (115,687) |
| Custodial services | 5,000 | 5,000 | 12,233 | (7,233) |
| Central gas facility | - | - | (59,037) | 59,037 |
| Advertising | 150 | 235 | 235 | - |
| Training and travel | 2,450 | 2,365 | 709 | 1,656 |
| Enterprise fund credits | (156,773) | (156,773) | (156,778) | 5 |
| | 680,276 | 677,744 | 761,033 | (83,289) |
| Total public works | 5,218,721 | 5,206,329 | 4,726,992 | 479,337 |
| Health and hospitals: | | | | |
| Health department: | | | | |
| Administrative | 3,000 | 3,000 | 411 | 2,589 |
| Health clinic's building expenses | 403,990 | 403,990 | 407,445 | (3,455) |
| Other non-matching expenses | 159,666 | 159,666 | 158,800 | 866 |
| Matching appropriation | 4,454,952 | 4,454,952 | 4,454,952 | - |
| | 5,021,608 | 5,021,608 | 5,021,608 | - |
| Mosquito control: | | | | |
| Salaries | 37,234 | 37,234 | 37,232 | 2 |
| Benefits | 16,910 | 15,365 | 18,699 | (3,334) |
| Administrative | 375 | 375 | 236 | 139 |
| Equipment maintenance | 520 | 520 | 507 | 13 |
| Uniforms and personal equipment | 235 | 235 | 223 | 12 |
| Vehicle operations | 23,000 | 24,360 | 12,164 | 12,196 |
| Building and property expenses | 3,900 | 3,900 | 3,253 | 647 |
| Appropriation for spraying | 90,000 | 90,000 | 97,474 | (7,474) |
| | 172,174 | 171,989 | 169,788 | 2,201 |

WORCESTER COUNTY, MARYLAND

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

GENERAL FUND

Year Ended June 30, 2014

(Continued)

| | Budgeted Amounts | | Actual | Variance With Final Budget |
|--|------------------|------------------|------------------|-------------------------------|
| | Original | Final | | |
| Health and hospitals, continued: | | | | |
| Other health and hospitals: | | | | |
| Worcester Development Center | \$ 219,497 | \$ 219,497 | \$ 219,497 | \$ - |
| Hartley Hall | 11,250 | 11,250 | 11,250 | - |
| Atlantic General Hospital | 50,000 | 50,000 | 50,000 | - |
| | 280,747 | 280,747 | 280,747 | - |
| Total health and hospitals | 5,474,529 | 5,474,344 | 5,472,143 | 2,201 |
| Social services: | | | | |
| Commission on Aging: | | | | |
| Administrative | 2,250 | 2,250 | 2,250 | - |
| Supplies and equipment | 1,300 | 1,300 | 1,300 | - |
| Consulting services | 14,000 | 14,000 | 14,000 | - |
| Senior Transportation | 7,500 | 7,500 | 7,500 | - |
| Senior center building expenses | 217,134 | 217,134 | 223,008 | (5,874) |
| Other maintenance and services | 200 | 200 | 200 | - |
| Training and travel | 2,000 | 2,000 | 2,000 | - |
| Appropriation for Commission on Aging | 646,760 | 646,760 | 646,760 | - |
| | 891,144 | 891,144 | 897,018 | (5,874) |
| Other social services: | | | | |
| State pass through grant Diakonia | 68,307 | 68,307 | 79,389 | (11,082) |
| State pass through grant Samaritan Shelter | 19,250 | 19,250 | 8,779 | 10,471 |
| State pass through grant Social Services | 40,000 | 40,000 | 40,133 | (133) |
| Social Services Pharmacy grant | 15,000 | 15,000 | 15,000 | - |
| 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 | 20,000 | 20,000 | 20,000 | - |
| 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 | - |
| Big brother/big sisters | 1,000 | 1,000 | 1,000 | - |

WORCESTER COUNTY, MARYLAND

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

GENERAL FUND

Year Ended June 30, 2014

(Continued)

| | Budgeted Amounts | | Actual | Variance With Final Budget |
|--|-------------------|-------------------|-------------------|-------------------------------|
| | Original | Final | | |
| Social services, continued: | | | | |
| Other social services, continued: | | | | |
| BRAVE program | \$ 3,600 | \$ 3,600 | \$ 3,600 | \$ - |
| Jesse Klump memorial fund | 1,000 | 1,000 | 1,000 | - |
| Worcester County G.O.L.D. | 9,000 | 9,000 | 9,000 | - |
| | 364,867 | 364,867 | 365,611 | (744) |
| Total social services | 1,256,011 | 1,256,011 | 1,262,629 | (6,618) |
| Education: | | | | |
| Board of Education: | | | | |
| Non-recurring school construction appropriations | 100,000 | 100,000 | 79,598 | 20,402 |
| Retirement | 501,393 | 501,393 | 501,794 | (401) |
| Post retirement benefits | 1,500,000 | 1,500,000 | 1,500,000 | - |
| School building improvements | 100,000 | 100,000 | 100,000 | - |
| Operating appropriations | 73,265,938 | 73,265,938 | 73,265,938 | - |
| Technology program | 200,000 | 200,000 | 200,000 | - |
| Teacher pension shift | 1,611,739 | 1,611,739 | 1,611,739 | - |
| | 77,279,070 | 77,279,070 | 77,259,069 | 20,001 |
| WOR-WIC Community College: | | | | |
| Operating appropriation | 1,486,164 | 1,486,164 | 1,486,164 | - |
| | 1,486,164 | 1,486,164 | 1,486,164 | - |
| Total education | 78,765,234 | 78,765,234 | 78,745,233 | 20,001 |
| Libraries, recreation, parks and culture: | | | | |
| Recreation department: | | | | |
| Salaries | 565,049 | 565,049 | 531,062 | 33,987 |
| Benefits | 256,617 | 253,810 | 266,712 | (12,902) |
| Administrative | 12,160 | 18,382 | 6,962 | 11,420 |
| Other supplies and equipment | 16,690 | 16,690 | 16,436 | 254 |
| Consulting services | - | 5,866 | 5,866 | - |
| Equipment maintenance | 5,100 | 5,100 | 4,336 | 764 |
| Uniforms and personal equipment | 1,185 | 1,185 | 1,025 | 160 |
| Grant programs | 728,996 | 728,996 | 61,788 | 667,208 |
| Recreation program | 72,625 | 68,575 | 66,782 | 1,793 |
| Vehicle and equipment operating | 5,200 | 5,200 | 3,392 | 1,808 |
| Building site | 134,844 | 124,844 | 118,873 | 5,971 |

WORCESTER COUNTY, MARYLAND

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

GENERAL FUND

Year Ended June 30, 2014

(Continued)

| | Budgeted Amounts | | Actual | Variance With Final Budget |
|--|------------------|-----------|-----------|-------------------------------|
| | Original | Final | | |
| Libraries, recreation, parks and culture: | | | | |
| Recreation department, continued: | | | | |
| Advertising | \$ - | \$ 189 | \$ 189 | \$ - |
| Training and travel | 4,700 | 4,551 | 2,937 | 1,614 |
| | 1,803,166 | 1,798,437 | 1,086,360 | 712,077 |
| Parks department: | | | | |
| Salaries | 266,400 | 266,400 | 243,007 | 23,393 |
| Benefits | 120,986 | 119,662 | 122,044 | (2,382) |
| Administrative | 1,325 | 626 | 625 | 1 |
| Supplies and equipment | 11,575 | 13,220 | 13,219 | 1 |
| Uniforms and personal equipment | 1,820 | 1,709 | 1,709 | - |
| Grant programs | 21,377 | 21,377 | 28,993 | (7,616) |
| Other supplies and materials | 19,941 | 27,081 | 27,075 | 6 |
| Vehicle and equipment operating | 27,000 | 27,319 | 27,319 | - |
| Park expenses | 54,235 | 47,345 | 47,346 | (1) |
| Other maintenance and services | 1,075 | 1,733 | 1,730 | 3 |
| Advertisements | 200 | - | - | - |
| Training and travel | 210 | 270 | 270 | - |
| | 526,144 | 526,742 | 513,337 | 13,405 |
| Boat Landings: | | | | |
| Grant programs | - | - | 609,070 | (609,070) |
| Landing expenses | 14,333 | 14,333 | 16,407 | (2,074) |
| Advertisements | 1,000 | 1,000 | 249 | 751 |
| | 15,333 | 15,333 | 625,726 | (610,393) |
| Library: | | | | |
| Salaries | 1,540,377 | 1,540,377 | 1,560,830 | (20,453) |
| Benefits | 699,563 | 691,909 | 783,887 | (91,978) |
| Administrative | 52,800 | 52,800 | 51,497 | 1,303 |
| Other supplies and equipment | 206,350 | 211,410 | 211,410 | - |
| Equipment maintenance | 39,500 | 44,007 | 44,006 | 1 |
| Grant services | 77,000 | 77,000 | 77,390 | (390) |

WORCESTER COUNTY, MARYLAND

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

GENERAL FUND

Year Ended June 30, 2014

(Continued)

| | Budgeted Amounts | | Actual | Variance With |
|---|------------------|------------------|------------------|------------------|
| | Original | Final | | Final Budget |
| Libraries, recreation, parks and culture, continued: | | | | |
| Library, continued: | | | | |
| Building site expense | \$ 320,665 | \$ 310,015 | \$ 305,666 | \$ 4,349 |
| Training and travel | 7,000 | 8,083 | 8,083 | - |
| MSRS library on behalf payments | - | - | 223,897 | (223,897) |
| | 2,943,255 | 2,935,601 | 3,266,666 | (331,065) |
| Other recreation and culture | | | | |
| Berlin Little League | 5,000 | 5,000 | 5,000 | - |
| Art League of Ocean City | 20,000 | 20,000 | 20,000 | - |
| | 25,000 | 25,000 | 25,000 | - |
| Total libraries, recreation, parks and culture | 5,312,898 | 5,301,113 | 5,517,089 | (215,976) |
| Conservation of natural resources: | | | | |
| Extension service: | | | | |
| Administrative | 7,449 | 7,449 | 6,978 | 471 |
| Other supplies and equipment | 9,000 | 9,000 | 9,547 | (547) |
| Equipment maintenance | 4,363 | 4,363 | 4,308 | 55 |
| Building and property | 21,707 | 21,707 | 21,281 | 426 |
| Operating appropriation | 134,998 | 134,998 | 129,620 | 5,378 |
| | 177,517 | 177,517 | 171,734 | 5,783 |
| Other natural resources: | | | | |
| Gypsy moth control | 1,500 | 1,500 | 1,200 | 300 |
| Soil Conservation District | 32,450 | 32,450 | 32,450 | - |
| Maryland agricultural land preservation fund | 9,717 | 9,717 | - | 9,717 |
| Conservation Easements | - | - | 5,875 | (5,875) |
| | 43,667 | 43,667 | 39,525 | 4,142 |
| Total conservation of natural resources | 221,184 | 221,184 | 211,259 | 9,925 |

WORCESTER COUNTY, MARYLAND

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

GENERAL FUND

Year Ended June 30, 2014

(Continued)

| | Budgeted Amounts | | Actual | Variance With Final Budget |
|---|------------------|------------------|------------------|-------------------------------|
| | Original | Final | | |
| Economic development: | | | | |
| Economic development department: | | | | |
| Salaries | \$ 181,783 | \$ 144,528 | \$ 146,131 | \$ (1,603) |
| Benefits | 82,557 | 64,919 | 73,391 | (8,472) |
| Administrative | 28,650 | 24,219 | 11,845 | 12,374 |
| Equipment maintenance | 500 | 1,234 | 1,233 | 1 |
| Other supplies and equipment | 2,100 | 2,611 | 2,603 | 8 |
| Grant programs | - | 214 | 14,655 | (14,441) |
| Home innovation | 99,000 | 77,000 | 82,759 | (5,759) |
| Housing rehabilitation program | 211,100 | - | - | - |
| Consulting services | 36,500 | 36,500 | 40,455 | (3,955) |
| Vehicle operating expenses | 3,000 | 3,000 | 2,641 | 359 |
| Building and property | 3,000 | 3,118 | 3,118 | - |
| Advertisements | 4,000 | 3,786 | 2,647 | 1,139 |
| Training and travel | 12,000 | 14,068 | 13,944 | 124 |
| Other maintenance and services | 2,500 | 2,500 | 177 | 2,323 |
| | 666,690 | 377,697 | 395,599 | (17,902) |
| Tourism: | | | | |
| Salaries | 205,214 | 205,214 | 194,913 | 10,301 |
| Benefits | 93,198 | 92,178 | 97,890 | (5,712) |
| Administrative | 2,815 | 2,369 | 2,369 | - |
| Other supplies and equipment | 32,045 | 34,412 | 41,669 | (7,257) |
| Equipment maintenance | 1,098 | 1,098 | 1,093 | 5 |
| Grant programs | 120,000 | 120,000 | 168,683 | (48,683) |
| Consulting services | 20,000 | 18,464 | 18,464 | - |
| Vehicle operating expenses | 1,100 | 1,100 | 1,432 | (332) |
| Building and property | 17,370 | 17,370 | 19,391 | (2,021) |
| Advertising | 583,500 | 583,500 | 583,812 | (312) |
| Training and travel | 5,250 | 4,865 | 4,865 | - |
| Economic/Industrial development program | 180,000 | 180,000 | 80,000 | 100,000 |
| | 1,261,590 | 1,260,570 | 1,214,581 | 45,989 |
| Total economic development | 1,928,280 | 1,638,267 | 1,610,180 | 28,087 |

WORCESTER COUNTY, MARYLAND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE- BUDGET AND ACTUAL
GENERAL FUND
Year Ended June 30, 2014
(Continued)

| | <u>Budgeted Amounts</u> | | <u>Actual</u> | Variance With |
|--|-------------------------|--------------------|----------------------|-----------------------|
| | <u>Original</u> | <u>Final</u> | | <u>Final Budget</u> |
| Intergovernmental: | | | | |
| Towns share county room tax | \$ 10,867,500 | \$ 10,867,500 | \$ 13,508,983 | \$ (2,641,483) |
| Towns share county bingo fees | 2,000 | 2,000 | 3,193 | (1,193) |
| Towns share county income tax | 1,155,000 | 1,155,000 | 1,445,545 | (290,545) |
| Towns share county food tax | 997,500 | 997,500 | 1,234,404 | (236,904) |
| Towns share liquor license fees | 317,719 | 317,719 | 333,470 | (15,751) |
| Grants to towns for police | 459,500 | 459,500 | 459,500 | - |
| Grants to towns for fire | 484,000 | 484,000 | 484,000 | - |
| Grants to towns for tourism | 50,000 | 50,000 | 50,000 | - |
| Other grants to towns | 4,351,956 | 4,351,956 | 4,351,956 | - |
| Total intergovernmental | 18,685,175 | 18,685,175 | 21,871,051 | (3,185,876) |
| Total expenditures | 158,329,782 | 158,329,782 | 161,172,496 | (2,842,714) |
| Excess of revenues over expenditures | 6,660,430 | 6,660,430 | 7,315,331 | 654,901 |
| OTHER FINANCING (SOURCES) USES: | | | | |
| Transfer to Worcester County Debt Service Fund | 10,313,872 | 10,313,872 | 10,319,284 | (5,412) |
| Transfer to Worcester County Capital Projects Fund | - | - | 4,138,770 | (4,138,770) |
| Other transfers | (3,653,442) | (3,653,442) | - | (3,653,442) |
| Total other financing uses | 6,660,430 | 6,660,430 | 14,458,054 | (7,797,624) |
| Net change in fund balance | \$ - | \$ - | (7,142,723) | \$ (7,142,723) |
| Fund balance, beginning | | | <u>56,742,456</u> | |
| Fund balance, ending | | | <u>\$ 49,599,733</u> | |

WORCESTER COUNTY, MARYLAND

OTHER POST-EMPLOYMENT BENEFITS TRUST

June 30, 2014

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% |
| County | July 1, 2012 | \$36,291,262 | \$ 63,963,271 | 56.74% | \$ 30,552,691 | \$27,838,991 | 109.75% |
| 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% |
| Board of Education | July 1, 2012 | \$25,928,324 | \$163,448,619 | 15.86% | \$ 137,520,295 | \$64,475,676 | 213.29% |

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) |
| County | 2013 | \$ 4,958,096 | 30% | \$ (22,684,729) |
| County | 2014 | \$ 4,958,096 | 30% | \$ (19,896,274) |
| 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 |
| Board of Education | 2013 | \$ 19,035,256 | 8% | \$ 24,786,922 |
| Board of Education | 2014 | \$ 19,035,256 | 8% | \$ 41,260,500 |

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, 2014

| | Department of Social Services <u>Fund</u> | Local Management Board | Casino <u>Fund</u> | Energy Service <u>Fund</u> | <u>Total</u> |
|--|--|------------------------------|-----------------------|----------------------------------|---------------------|
| ASSETS | | | | | |
| Assets: | | | | | |
| Cash and short-term investments | \$ 78,327 | \$ 198,471 | \$ 2,290,614 | \$ - | \$ 2,567,412 |
| Accounts receivable | - | 554 | - | - | 554 |
| Due from other funds | - | - | 257,906 | 452,527 | 710,433 |
| Total assets | \$ 78,327 | \$ 199,025 | \$ 2,548,520 | \$ 452,527 | \$ 3,278,399 |
| LIABILITIES AND FUND BALANCES | | | | | |
| Liabilities: | | | | | |
| Accounts payable | \$ - | \$ 166,623 | \$ - | \$ - | \$ 166,623 |
| Unearned revenue | - | 62,329 | - | - | 62,329 |
| Total liabilities | - | 228,952 | - | - | 228,952 |
| Fund balances (deficit) | 78,327 | (29,927) | 2,548,520 | 452,527 | 3,049,447 |
| Total liabilities and fund balances | \$ 78,327 | \$ 199,025 | \$ 2,548,520 | \$ 452,527 | \$ 3,278,399 |

WORCESTER COUNTY, MARYLAND

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
Year Ended June 30, 2014

| | Department of Social Services <u>Fund</u> | Local Management <u>Board</u> | Casino <u>Fund</u> | Energy Service <u>Fund</u> | <u>Total</u> |
|---|--|-------------------------------------|-----------------------|----------------------------------|---------------------|
| REVENUES: | | | | | |
| Intergovernmental | \$ 82,577 | \$ 539,397 | \$ 1,408,291 | \$ - | \$ 2,030,265 |
| Interest income | - | 4 | 1,671 | - | 1,675 |
| Total revenues | 82,577 | 539,401 | 1,409,962 | - | 2,031,940 |
| EXPENDITURES: | | | | | |
| Social services | 79,164 | 538,151 | - | - | 617,315 |
| Administrative expenses | - | - | - | 30,624 | 30,624 |
| Total expenditures | 79,164 | 538,151 | - | 30,624 | 647,939 |
| (Deficiency) excess of revenues over expenditures | 3,413 | 1,250 | 1,409,962 | (30,624) | 1,384,001 |
| OTHER FINANCING SOURCES: | | | | | |
| Operating transfers in (out) | - | - | (2,000,000) | - | (2,000,000) |
| Excess (deficiency) of revenues and other financing sources over expenditures | 3,413 | 1,250 | (590,038) | (30,624) | (615,999) |
| Fund balances (deficit), beginning | 74,914 | (31,177) | 3,138,558 | 483,151 | 3,665,446 |
| Fund balances (deficit), ending | \$ 78,327 | \$ (29,927) | \$ 2,548,520 | \$ 452,527 | \$ 3,049,447 |

WORCESTER COUNTY, MARYLAND

BALANCE SHEET
LOCAL MANAGEMENT BOARD - NONMAJOR GOVERNMENTAL FUND
June 30, 2014

ASSETS

| | |
|---------------------|-------------------|
| Cash | \$ 198,471 |
| Accounts receivable | 554 |
| <hr/> | |
| Total assets | \$ 199,025 |

LIABILITIES AND FUND BALANCE (DEFICIT)

| | |
|---|-------------------|
| Liabilities: | |
| Accounts payable | \$ 166,623 |
| Unearned revenue | 62,329 |
| <hr/> | |
| Total liabilities | 228,952 |
| <hr/> | |
| Fund balance (deficit) | (29,927) |
| <hr/> | |
| Total liabilities and fund balance (deficit) | \$ 199,025 |

WORCESTER COUNTY, MARYLAND

SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE

LOCAL MANAGEMENT BOARD - NONMAJOR GOVERNMENTAL FUND

Year Ended June 30, 2014

REVENUES:

| | |
|-----------------------------|----------------|
| Community partnership grant | \$ 472,947 |
| Administrative receipts | 65,000 |
| Miscellaneous | 1,450 |
| <hr/> | |
| Total revenues | 539,397 |

EXPENDITURES:

| | |
|----------------------------------|----------------|
| Administrative: | |
| Salaries | 35,740 |
| Benefits | 4,929 |
| Training | 485 |
| Travel | 550 |
| Supplies | 724 |
| Equipment | 2,085 |
| Postage | 2,500 |
| Printing | 500 |
| Admin support | 6,000 |
| Information technology | 6,003 |
| Indirect administrative expenses | 4,252 |
| Communications | 500 |
| Board member stipend | 550 |
| Advertising | 386 |
| Community partnership grant | 472,947 |
| <hr/> | |
| Total expenditures | 538,151 |

| | |
|---|-------|
| Change in fund balance before other financing sources | 1,246 |
|---|-------|

OTHER FINANCING SOURCES:

| | |
|-----------------------------------|-------------|
| Interest income | 4 |
| <hr/> | |
| Change in fund balance | 1,250 |
| Fund balance (deficit), beginning | (31,177) |
| <hr/> | |
| Fund balance (deficit), ending | \$ (29,927) |

WORCESTER COUNTY, MARYLAND

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

June 30, 2014

| | West Ocean City S.A. | Ocean Pines S.A. | Newark Service Area | Bridgetown Service Area | Shared Facilities | Edgewater Acres S.A. |
|---------------------------------------|----------------------------|------------------------|---------------------------|-------------------------------|----------------------|----------------------------|
| ASSETS | | | | | | |
| <u>Current assets</u> | | | | | | |
| Cash and short-term investments | \$ 612,346 | \$ (402,876) | \$ (60,632) | \$ 6,753 | \$ 35,552 | \$ (56,065) |
| Accounts receivable - usage billings | 356,144 | 1,964,370 | 33,546 | 3,605 | - | 51,681 |
| Total current assets | 968,490 | 1,561,494 | (27,086) | 10,358 | 35,552 | (4,384) |
| <u>Capital assets</u> | | | | | | |
| Land and land rights | 47,037 | 63,319 | 4,527 | - | - | - |
| Water and sewer systems | 10,566,997 | 41,384,171 | 1,480,788 | 341,349 | - | 94,806 |
| Machinery and equipment | - | 4,038,650 | - | - | - | 81,156 |
| Construction in progress | 115,322 | 561,453 | - | - | - | - |
| | 10,729,356 | 46,047,593 | 1,485,315 | 341,349 | - | 175,962 |
| Less accumulated depreciation | (7,331,508) | (19,528,012) | (621,540) | (204,222) | - | (114,763) |
| | 3,397,848 | 26,519,581 | 863,775 | 137,127 | - | 61,199 |
| Total assets | 4,366,338 | 28,081,075 | 836,689 | 147,485 | 35,552 | 56,815 |
| LIABILITIES | | | | | | |
| <u>Current liabilities</u> | | | | | | |
| Accounts payable and accrued expenses | 12,403 | 267,811 | 6,678 | 8,686 | 6,750 | 9,907 |
| Due to other funds | (2,195) | 135,887 | (382) | (81) | - | (220) |
| Interfund payable | 2,323 | 2,631,210 | 39,810 | - | - | - |
| Total current liabilities | 12,531 | 3,034,908 | 46,106 | 8,605 | 6,750 | 9,687 |
| NET POSITION | | | | | | |
| Unrestricted net position | \$ 4,353,807 | \$ 25,046,167 | \$ 790,583 | \$ 138,880 | \$ 28,802 | \$ 47,128 |

| 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 |
|-----------------------------|----------------------|---------------------------|-----------------------------|------------------------|-------------------------|-------------------|---------------|
| \$ 166,241 | \$ 278,363 | \$ (9,302) | \$ 81,964 | \$ (348,682) | \$ (163,216) | \$ 112,449 | \$ 252,895 |
| 57,808 | 28,796 | 207,932 | 26,445 | 85,697 | 73,896 | - | 2,889,920 |
| 224,049 | 307,159 | 198,630 | 108,409 | (262,985) | (89,320) | 112,449 | 3,142,815 |
| - | - | - | - | - | - | - | 114,883 |
| 1,130,229 | - | 958,605 | - | 18,645,798 | 9,052,381 | - | 83,655,124 |
| - | 128,233 | 577,325 | - | - | - | 693,305 | 5,518,669 |
| - | - | 58,820 | - | - | - | - | 735,595 |
| 1,130,229 | 128,233 | 1,594,750 | - | 18,645,798 | 9,052,381 | 693,305 | 90,024,271 |
| (518,253) | (117,163) | (742,684) | - | (3,738,872) | (1,578,206) | (648,887) | (35,144,110) |
| 611,976 | 11,070 | 852,066 | - | 14,906,926 | 7,474,175 | 44,418 | 54,880,161 |
| 836,025 | 318,229 | 1,050,696 | 108,409 | 14,643,941 | 7,384,855 | 156,867 | 58,022,976 |
| 8,064 | 744 | 153,828 | 2,708 | 12,388 | 7,845 | 12,090 | 509,902 |
| (498) | (28) | (3,262) | (270) | (2,071) | 186,945 | 94,595 | 408,420 |
| 21,131 | - | (660,422) | - | - | - | - | 2,034,052 |
| 28,697 | 716 | (509,856) | 2,438 | 10,317 | 194,790 | 106,685 | 2,952,374 |
| \$ 807,328 | \$ 317,513 | \$ 1,560,552 | \$ 105,971 | \$ 14,633,624 | \$ 7,190,065 | \$ 50,182 | \$ 55,070,602 |

WORCESTER COUNTY, MARYLAND

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

June 30, 2014

| | West Ocean City S.A. | Ocean Pines S.A. | Oyster Harbor S.A. | Newark Service Area |
|-------------------------------------|----------------------------|------------------------|--------------------------|---------------------------|
| ASSETS | | | | |
| <u>Current assets</u> | | | | |
| Cash and short-term investments | \$ 297,604 | \$ 651,565 | \$ 35,933 | \$ 2,199 |
| Accounts receivable - edu | 92,024 | 2,376,238 | 52,647 | 34,467 |
| Other receivables | - | - | - | - |
| Due from general fund | - | 5,847,678 | - | - |
| Interfund receivable | 2,323 | 2,631,210 | 25,388 | - |
| Total current assets | 391,951 | 11,506,691 | 113,968 | 36,666 |
| <u>Other assets</u> | | | | |
| Long-term edu receivable | 261,045 | 12,389,006 | 274,247 | 309,882 |
| Construction in process | - | - | - | - |
| Total other assets | 261,045 | 12,389,006 | 274,247 | 309,882 |
| Total assets | 652,996 | 23,895,697 | 388,215 | 346,548 |
| LIABILITIES | | | | |
| <u>Current liabilities</u> | | | | |
| Interfund payable | - | - | - | (39,810) |
| Due to other funds | - | 600,000 | 36,677 | 2,699 |
| Bonds payable - current portion | 62,853 | 1,730,244 | - | 28,208 |
| Accrued bond interest payable | 4,114 | 146,071 | - | 858 |
| Total current liabilities | 66,967 | 2,476,315 | 36,677 | (8,045) |
| <u>Other</u> | | | | |
| Unearned revenue | - | 11,152,240 | 313,948 | 338,090 |
| Due to general fund | - | - | 303,203 | - |
| Bonds payable | 176,505 | 12,092,638 | - | 309,882 |
| Bond costs deferred | (7,793) | 420,464 | - | (368) |
| Total other liabilities | 168,712 | 23,665,342 | 617,151 | 647,604 |
| Total liabilities | 235,679 | 26,141,657 | 653,828 | 639,559 |
| NET POSITION | | | | |
| Unrestricted net position (deficit) | \$ 417,317 | \$(2,245,960) | \$(265,613) | \$(293,011) |

| | 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> |
|----|-------------------------------|----------------------------------|---------------------------------|-------------------------------|---------------------|
| \$ | 8,953 | \$ 14,145 | \$ 47,934 | \$ - | \$ 1,058,333 |
| | 8,210 | 20,198 | 178,085 | 42,585 | 2,804,454 |
| | - | - | 657,350 | - | 657,350 |
| | - | - | - | - | 5,847,678 |
| | 4,320 | 8,096 | - | 21,131 | 2,692,468 |
| | <u>21,483</u> | <u>42,439</u> | <u>883,369</u> | <u>63,716</u> | <u>13,060,283</u> |
| | 19,905 | 53,134 | 7,565,699 | 340,549 | 21,213,467 |
| | - | - | 12,288,393 | - | 12,288,393 |
| | <u>19,905</u> | <u>53,134</u> | <u>19,854,092</u> | <u>340,549</u> | <u>33,501,860</u> |
| | 41,388 | 95,573 | 20,737,461 | 404,265 | 46,562,143 |
| | - | - | 698,226 | - | 658,416 |
| | - | - | - | - | 639,376 |
| | 6,050 | 16,150 | 128,889 | 30,882 | 2,003,276 |
| | 433 | 1,155 | - | - | 152,631 |
| | <u>6,483</u> | <u>17,305</u> | <u>827,115</u> | <u>30,882</u> | <u>3,453,699</u> |
| | 25,955 | 69,284 | 7,694,588 | 371,432 | 19,965,537 |
| | - | - | 25,000 | 20,503 | 348,706 |
| | 19,905 | 53,134 | 7,565,699 | 340,551 | 20,558,314 |
| | (197) | (565) | - | - | 411,541 |
| | <u>45,663</u> | <u>121,853</u> | <u>15,285,287</u> | <u>732,486</u> | <u>41,284,098</u> |
| | 52,146 | 139,158 | 16,112,402 | 763,368 | 44,737,797 |
| \$ | <u>(10,758)</u> | <u>(43,585)</u> | <u>\$ 4,625,059</u> | <u>\$ (359,103)</u> | <u>\$ 1,824,346</u> |

WORCESTER COUNTY, MARYLAND
SCHEDULE OF REVENUES AND EXPENSES
BUDGET AND ACTUAL
DEPARTMENT OF WATER AND WASTEWATER SERVICES
Year Ended June 30, 2014

| | <u>West Ocean City Service Area</u> | | | <u>Ocean Pines Service Area</u> | | |
|--|-------------------------------------|--------------------|-----------------------------------|----------------------------------|---------------------|-----------------------------------|
| | <u>Original and Final Budget</u> | <u>Actual</u> | <u>Variance With Final Budget</u> | <u>Original and Final Budget</u> | <u>Actual</u> | <u>Variance With Final Budget</u> |
| OPERATING REVENUES | | | | | | |
| Charges for service | \$1,270,000 | \$ 1,329,538 | \$ 59,538 | \$ 5,549,300 | \$ 5,504,946 | \$ (44,354) |
| Interest and penalties | 18,000 | 17,326 | (674) | 75,000 | 83,289 | 8,289 |
| Operating grants | - | - | - | - | - | - |
| Other revenue | - | 5,900 | 5,900 | 30,000 | 1,368,900 | 1,338,900 |
| Total operating revenues | 1,288,000 | 1,352,764 | 64,764 | 5,654,300 | 6,957,135 | 1,302,835 |
| OPERATING EXPENSES | | | | | | |
| Personnel services | 194,995 | 140,938 | (54,057) | 3,046,562 | 3,228,274 | 181,712 |
| Supplies and materials | 23,990 | 24,358 | 368 | 433,600 | 447,477 | 13,877 |
| Maintenance and services | 862,264 | 829,166 | (33,098) | 1,614,246 | 1,772,480 | 158,234 |
| Other charges | 10,550 | 14,401 | 3,851 | 47,250 | 62,574 | 15,324 |
| Interfund charges | 94,831 | 94,525 | (306) | 410,308 | 408,320 | (1,988) |
| Total operating expenses | 1,186,630 | 1,103,388 | (83,242) | 5,551,966 | 5,919,125 | 367,159 |
| Operating income (loss) before depreciation | 101,370 | 249,376 | 148,006 | 102,334 | 1,038,010 | 935,676 |
| Depreciation | - | 290,505 | 290,505 | - | 1,173,657 | 1,173,657 |
| Net operating income (loss) | 101,370 | (41,129) | (142,499) | 102,334 | (135,647) | (237,981) |
| NON-OPERATING REVENUES (EXPENSES) | | | | | | |
| Transfer (to) from reserves | (41,370) | - | 41,370 | 87,666 | - | (87,666) |
| Interest income (expense) | - | 72 | 72 | - | 2 | 2 |
| Net non-operating revenues (expenses) | (41,370) | 72 | 41,442 | 87,666 | 2 | (87,664) |
| Net income (loss) | \$ 60,000 | \$ (41,057) | \$ (101,057) | \$ 190,000 | \$ (135,645) | \$ (325,645) |
| OTHER BUDGETED EXPENDITURES | | | | | | |
| Capital outlay | (60,000) | | | \$ (190,000) | | |
| Debt service | - | | | - | | |
| Total other budgeted expenditures | (60,000) | | | (190,000) | | |
| Budgeted net income (loss) | \$ - | | | \$ - | | |

| 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 |
| \$ 113,000 | \$ 116,968 | \$ 3,968 | \$ 10,000 | \$ 9,948 | \$ (52) | \$ 196,200 | \$ 194,011 | \$ (2,189) |
| 2,500 | 2,629 | 129 | 1,000 | 891 | (109) | 1,200 | 1,319 | 119 |
| - | - | - | 25,000 | 25,000 | - | - | - | - |
| - | (163) | (163) | - | 168 | 168 | 3,700 | 3,716 | 16 |
| 115,500 | 119,434 | 3,934 | 36,000 | 36,007 | 7 | 201,100 | 199,046 | (2,054) |
| 59,602 | 53,205 | (6,397) | 12,341 | 10,351 | (1,990) | 41,240 | 29,795 | (11,445) |
| 15,423 | 12,154 | (3,269) | 849 | 850 | 1 | 4,533 | 3,815 | (718) |
| 33,004 | 44,449 | 11,445 | 21,388 | 33,701 | 12,313 | 144,584 | 137,278 | (7,306) |
| 1,235 | 1,186 | (49) | 355 | 319 | (36) | 1,685 | 1,513 | (172) |
| 4,943 | 4,918 | (25) | 1,209 | 1,230 | 21 | 9,029 | 9,478 | 449 |
| 114,207 | 115,912 | 1,705 | 36,142 | 46,451 | 10,309 | 201,071 | 181,879 | (19,192) |
| 1,293 | 3,522 | 2,229 | (142) | (10,444) | (10,302) | 29 | 17,167 | 17,138 |
| - | 28,716 | 28,716 | - | 11,411 | 11,411 | - | 4,370 | 4,370 |
| 1,293 | (25,194) | (26,487) | (142) | (21,855) | (21,713) | 29 | 12,797 | 12,768 |
| (1,293) | - | 1,293 | 142 | - | (142) | (29) | - | 29 |
| - | - | - | - | - | - | - | - | - |
| (1,293) | - | 1,293 | 142 | - | (142) | (29) | - | 29 |
| \$ - | \$ (25,194) | \$ (25,194) | \$ - | \$ (21,855) | \$ (21,855) | \$ - | \$ 12,797 | \$ 12,797 |
| \$ - | | | \$ - | | | \$ - | | |
| - | | | - | | | - | | |
| - | | | - | | | - | | |
| \$ - | | | \$ - | | | \$ - | | |

WORCESTER COUNTY, MARYLAND
SCHEDULE OF REVENUES AND EXPENSES
BUDGET AND ACTUAL
DEPARTMENT OF WATER AND WASTEWATER SERVICES
Year Ended June 30, 2014 (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 |
| OPERATING REVENUES | | | | | | |
| Charges for service | \$ 215,800 | \$ 216,608 | \$ 808 | \$ 144,000 | \$ 145,905 | \$ 1,905 |
| Interest and penalties | 4,000 | 3,927 | (73) | 500 | 514 | 14 |
| Operating grants | - | - | - | - | - | - |
| Other revenue | - | 37,704 | 37,704 | - | 710 | 710 |
| Total operating revenues | 219,800 | 258,239 | 38,439 | 144,500 | 147,129 | 2,629 |
| OPERATING EXPENSES | | | | | | |
| Personnel services | 72,361 | 69,579 | (2,782) | 35,467 | 29,679 | (5,788) |
| Supplies and materials | 23,722 | 20,772 | (2,950) | 8,545 | 19,641 | 11,096 |
| Maintenance and services | 57,259 | 59,664 | 2,405 | 73,179 | 68,236 | (4,943) |
| Other charges | 4,290 | 3,661 | (629) | 1,025 | 827 | (198) |
| Interfund charges | 25,659 | 25,565 | (94) | 7,535 | 7,480 | (55) |
| Total operating expenses | 183,291 | 179,241 | (4,050) | 125,751 | 125,863 | 112 |
| Operating income (loss) before depreciation | 36,509 | 78,998 | 42,489 | 18,749 | 21,266 | 2,517 |
| Depreciation | - | 80,209 | 80,209 | - | 8,025 | 8,025 |
| Net operating income (loss) | 36,509 | (1,211) | (37,720) | 18,749 | 13,241 | (5,508) |
| NON-OPERATING REVENUES (EXPENSES) | | | | | | |
| Transfer (to) from reserves | (36,509) | - | 36,509 | (18,749) | - | 18,749 |
| Interest income (expense) | - | - | - | - | - | - |
| Net non-operating revenues (expenses) | (36,509) | - | 36,509 | (18,749) | - | 18,749 |
| Net income (loss) | \$ - | \$ (1,211) | \$ (1,211) | \$ - | \$ 13,241 | \$ 13,241 |
| OTHER BUDGETED EXPENDITURES | | | | | | |
| Capital outlay | \$ - | - | - | - | - | - |
| Debt service | - | - | - | - | - | - |
| Total other budgeted expenditures | - | - | - | - | - | - |
| Budgeted net income (loss) | \$ - | - | - | \$ - | - | - |

| Mystic Harbor Service Area | | | Lighthouse Sound Service Area | | | Riddle Farm Service Area | | |
|----------------------------|-------------------|----------------------------|-------------------------------|------------------|----------------------------|---------------------------|---------------------|----------------------------|
| Original and Final Budget | Actual | Variance With Final Budget | Original and Final Budget | Actual | Variance With Final Budget | Original and Final Budget | Actual | Variance With Final Budget |
| \$ 833,000 | \$ 884,525 | \$ 51,525 | \$ 96,100 | \$ 95,700 | \$ (400) | \$ 383,000 | \$ 369,250 | \$ (13,750) |
| 14,000 | 10,898 | (3,102) | 800 | 762 | (38) | 4,500 | 3,869 | (631) |
| - | - | - | - | - | - | - | - | - |
| - | 261,857 | 261,857 | - | 391 | 391 | - | 1,300 | 1,300 |
| 847,000 | 1,157,280 | 310,280 | 96,900 | 96,853 | (47) | 387,500 | 374,419 | (13,081) |
| 375,874 | 334,228 | (41,646) | 50,394 | 38,802 | (11,592) | 169,606 | 201,565 | 31,959 |
| 70,700 | 85,000 | 14,300 | 11,396 | 10,337 | (1,059) | 35,440 | 61,239 | 25,799 |
| 279,167 | 360,143 | 80,976 | 25,565 | 24,663 | (902) | 152,955 | 176,726 | 23,771 |
| 12,500 | 10,594 | (1,906) | 1,220 | 909 | (311) | 3,800 | 4,049 | 249 |
| 72,328 | 71,722 | (606) | 2,938 | 2,985 | 47 | 19,339 | 19,238 | (101) |
| 810,569 | 861,687 | 51,118 | 91,513 | 77,696 | (13,817) | 381,140 | 462,817 | 81,677 |
| 36,431 | 295,593 | 259,162 | 5,387 | 19,157 | 13,770 | 6,360 | (88,398) | (94,758) |
| - | 48,238 | 48,238 | - | - | - | - | 485,570 | 485,570 |
| 36,431 | 247,355 | 210,924 | 5,387 | 19,157 | 13,770 | 6,360 | (573,968) | (580,328) |
| (6,431) | - | 6,431 | (5,387) | - | 5,387 | (6,360) | - | 6,360 |
| - | 417 | 417 | - | - | - | - | - | - |
| (6,431) | 417 | 6,848 | (5,387) | - | 5,387 | (6,360) | - | 6,360 |
| <u>\$ 30,000</u> | <u>\$ 247,772</u> | <u>\$ 217,772</u> | <u>\$ -</u> | <u>\$ 19,157</u> | <u>\$ 19,157</u> | <u>\$ -</u> | <u>\$ (573,968)</u> | <u>\$ (573,968)</u> |
| \$ (30,000) | | | \$ - | | | \$ - | | |
| - | | | - | | | - | | |
| (30,000) | | | - | | | - | | |
| <u>\$ -</u> | | | <u>\$ -</u> | | | <u>\$ -</u> | | |

WORCESTER COUNTY, MARYLAND
SCHEDULE OF REVENUES AND EXPENSES
BUDGET AND ACTUAL
DEPARTMENT OF WATER AND WASTEWATER SERVICES
Year Ended June 30, 2014 (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> |
| OPERATING REVENUES | | | | | | |
| Charges for service | \$ 274,500 | \$ 277,810 | \$ 3,310 | \$ - | \$ - | \$ - |
| Interest and penalties | 4,000 | 6,668 | 2,668 | - | - | - |
| Operating grants | - | - | - | - | - | - |
| Other revenue | - | 54,928 | 54,928 | - | 25,245 | 25,245 |
| Total operating revenues | 278,500 | 339,406 | 60,906 | - | 25,245 | 25,245 |
| OPERATING EXPENSES | | | | | | |
| Personnel services | 126,487 | 142,051 | 15,564 | - | 18,706 | 18,706 |
| Supplies and materials | 22,835 | 24,753 | 1,918 | - | - | - |
| Maintenance and services | 95,567 | 104,546 | 8,979 | - | - | - |
| Other charges | 2,575 | 2,211 | (364) | - | - | - |
| Interfund charges | 6,962 | 6,916 | (46) | - | - | - |
| Total operating expenses | 254,426 | 280,477 | 26,051 | - | 18,706 | 18,706 |
| Operating income (loss) before depreciation | 24,074 | 58,929 | 34,855 | - | 6,539 | 6,539 |
| Depreciation | - | 229,913 | 229,913 | - | 18,207 | 18,207 |
| Net operating income (loss) | 24,074 | (170,984) | (195,058) | - | (11,668) | (11,668) |
| NON-OPERATING REVENUES (EXPENSES) | | | | | | |
| Transfer (to) from reserves | 45,926 | - | (45,926) | - | - | - |
| Interest income (expense) | - | - | - | - | - | - |
| Net non-operating revenues (expenses) | 45,926 | - | (45,926) | - | - | - |
| Net income (loss) | \$ 70,000 | \$ (170,984) | \$ (240,984) | \$ - | \$ (11,668) | \$ (11,668) |
| OTHER BUDGETED EXPENDITURES | | | | | | |
| Capital outlay | \$ (70,000) | | | \$ - | | |
| Debt service | - | | | - | | |
| Total other budgeted expenditures | (70,000) | | | - | | |
| Budgeted net income (loss) | \$ - | | | \$ - | | |

| Shared Facilities | | | Combined Totals | | |
|---------------------------|------------|----------------------------|---------------------------|--------------|----------------------------|
| Original and Final Budget | Actual | Variance With Final Budget | Original and Final Budget | Actual | Variance With Final Budget |
| \$ - | \$ - | \$ - | \$9,084,900 | \$ 9,145,209 | \$ 60,309 |
| - | - | - | 125,500 | 132,092 | 6,592 |
| - | - | - | 25,000 | 25,000 | - |
| - | 21,469 | 21,469 | 33,700 | 1,782,125 | 1,748,425 |
| - | 21,469 | 21,469 | 9,269,100 | 11,084,426 | 1,815,326 |
| - | 22,188 | 22,188 | 4,184,929 | 4,319,361 | 134,432 |
| - | - | - | 651,033 | 710,396 | 59,363 |
| - | - | - | 3,359,178 | 3,611,052 | 251,874 |
| - | 7,300 | 7,300 | 86,485 | 109,544 | 23,059 |
| - | - | - | 655,081 | 652,377 | (2,704) |
| - | 29,488 | 29,488 | 8,936,706 | 9,402,730 | 466,024 |
| - | (8,019) | (8,019) | 332,394 | 1,681,696 | 1,349,302 |
| - | - | - | - | 2,378,821 | 2,378,821 |
| - | (8,019) | (8,019) | 332,394 | (697,125) | (1,029,519) |
| - | - | - | 17,606 | - | (17,606) |
| - | - | - | - | 491 | 491 |
| - | - | - | 17,606 | 491 | (17,115) |
| \$ - | \$ (8,019) | \$ (8,019) | \$ 350,000 | \$ (696,634) | \$ (1,046,634) |
| \$ - | | | (350,000) | | |
| - | | | - | | |
| - | | | (350,000) | | |
| \$ - | | | \$ - | | |

WORCESTER COUNTY, MARYLAND

COMBINING SCHEDULE OF REVENUES, EXPENSES AND CHANGES
 IN FUND NET POSITION - CAPITAL PROJECTS FUNDS
 DEPARTMENT OF WATER AND WASTEWATER SERVICES
 Year Ended June 30, 2014

| | West Ocean City S.A. | Ocean Pines S.A. | Oyster Harbor S.A. | Newark Service Area |
|--|----------------------------|------------------------|--------------------------|---------------------------|
| Revenues: | | | | |
| Debt service revenue | \$ (91,034) | \$ 1,042,599 | \$ 51,408 | \$ 22,464 |
| Other revenues | - | 7,776 | - | - |
| Total revenues | (91,034) | 1,050,375 | 51,408 | 22,464 |
| Operating income | (91,034) | 1,050,375 | 51,408 | 22,464 |
| Nonoperating income (expense): | | | | |
| Interest on investments | 178 | 638 | 17 | 15 |
| Bond interest expense | (16,286) | (367,133) | (13,706) | (6,414) |
| Total nonoperating income (expense) | (16,108) | (366,495) | (13,689) | (6,399) |
| Change in net position | (107,142) | 683,880 | 37,719 | 16,065 |
| Net position (deficit), beginning | 524,459 | (2,929,840) | (303,332) | (309,076) |
| Net position (deficit), ending | \$ 417,317 | \$ (2,245,960) | \$ (265,613) | \$ (293,011) |

| 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> |
|-------------------------------|----------------------------------|---------------------------------|-------------------------------|--------------|
| \$ 8,639 | \$ 16,192 | \$ 185,088 | \$ 34,450 | \$ 1,269,806 |
| - | - | 666,163 | 10,800 | 684,739 |
| 8,639 | 16,192 | 851,251 | 45,250 | 1,954,545 |
| 8,639 | 16,192 | 851,251 | 45,250 | 1,954,545 |
| 12 | 22 | 28 | - | 910 |
| (1,111) | (2,979) | (159,427) | (3,149) | (570,205) |
| (1,099) | (2,957) | (159,399) | (3,149) | (569,295) |
| 7,540 | 13,235 | 691,852 | 42,101 | 1,385,250 |
| (18,298) | (56,820) | 3,933,207 | (401,204) | 439,096 |
| \$ (10,758) | \$ (43,585) | \$ 4,625,059 | \$ (359,103) | \$ 1,824,346 |

WORCESTER COUNTY, MARYLAND

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

Year Ended June 30, 2014

| | Budget Original/ Final | Actual | Variance with Final Budget |
|--|------------------------------|-------------|----------------------------------|
| Operating Revenues: | | | |
| Licenses and permits | \$ 386,000 | \$ 309,505 | \$ (76,495) |
| Recycling charges | 235,000 | 133,222 | (101,778) |
| Stump, yard waste, and mulch revenue | 30,000 | 35,462 | 5,462 |
| Interest and penalties on overdue accounts | 1,000 | 2,233 | 1,233 |
| Other revenue | 399,500 | 32,889 | (366,611) |
| Tipping fees | 3,800,000 | 3,270,615 | (529,385) |
| Total operating revenues | 4,851,500 | 3,783,926 | (1,067,574) |
| Total operating expenses | 3,956,321 | 3,629,635 | 326,686 |
| Operating income before depreciation | 895,179 | 154,291 | (740,888) |
| Depreciation | 650,000 | 1,944,885 | (1,294,885) |
| Operating income (loss) | 245,179 | (1,790,594) | (2,035,773) |
| Nonoperating income (expense): | | | |
| Interest on investments | 10,000 | 5,573 | (4,427) |
| Sale of fixed assets | - | 108,500 | 108,500 |
| Transfer from other funds | 389,821 | - | (389,821) |
| Interest expense | (645,000) | (47,599) | 597,401 |
| Total nonoperating (expense) income | (245,179) | 66,474 | 311,653 |
| Change in net position | \$ - | (1,724,120) | \$ (1,724,120) |
| Net position, beginning | | 2,723,111 | |
| Net position, ending | | \$ 998,991 | |

WORCESTER COUNTY, MARYLAND

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

LANDFILL

Year Ended June 30, 2014

| | Budget Original/ Final | Actual | Variance with Final Budget |
|-----------------------------------|------------------------------|-----------|----------------------------------|
| Expenses: | | | |
| Department: Administration | | | |
| Salaries | \$ 95,981 | \$ 96,714 | \$ (733) |
| Benefits | 58,909 | 69,437 | (10,528) |
| Salaries - Treasurer's support | 79,198 | 77,913 | 1,285 |
| Salaries - Public works | 48,825 | 48,826 | (1) |
| Administrative support | 124,141 | 124,145 | (4) |
| Administrative expenses | 15,000 | 15,679 | (679) |
| Audit services | 7,000 | 7,500 | (500) |
| Insurance | 12,000 | 10,704 | 1,296 |
| Uniforms | 470 | 470 | - |
| Supplies/equipment | 6,000 | 5,956 | 44 |
| Solid waste committee | 1,200 | 1,050 | 150 |
| | 448,724 | 458,394 | (9,670) |
| Department: Solid Waste | | | |
| Salaries | 613,718 | 617,078 | (3,360) |
| Benefits | 374,283 | 398,172 | (23,889) |
| Telephone | 6,000 | 5,243 | 757 |
| Utilities | 25,000 | 20,564 | 4,436 |
| Training | 1,000 | 1,189 | (189) |
| Consulting services | 170,000 | 221,171 | (51,171) |
| Fuel | 205,000 | 166,621 | 38,379 |
| Leachate expense | 150,000 | 155,309 | (5,309) |
| Supplies/equipment | 2,000 | 1,466 | 534 |
| Safety | 500 | 490 | 10 |
| Vehicles expense | 115,000 | 115,025 | (25) |
| Uniforms | 5,875 | 3,955 | 1,920 |
| Buildings and grounds | 60,000 | 64,886 | (4,886) |
| Capital equipment | 251,330 | - | 251,330 |
| Closure and postclosure costs | 400,000 | 370,623 | 29,377 |
| | 2,379,706 | 2,141,792 | 237,914 |

WORCESTER COUNTY, MARYLAND

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

Year Ended June 30, 2014

(Continued)

| | Budget Original/ Final | Actual | Variance with Final Budget |
|-------------------------------|------------------------------|--------------|----------------------------------|
| Department: Mining | | | |
| Salaries | \$ 207,683 | \$ 153,247 | \$ 54,436 |
| Benefits | 121,030 | 106,436 | 14,594 |
| Consulting | 5,000 | - | 5,000 |
| Fuel | 30,000 | 13,840 | 16,160 |
| Vehicle expense | 20,000 | 10,212 | 9,788 |
| Miscellaneous | - | 4,997 | (4,997) |
| Closure and postclosure costs | (50,000) | (583) | (49,417) |
| | 333,713 | 288,149 | 45,564 |
| Department: Recycling | | | |
| Salaries | 352,564 | 302,608 | 49,956 |
| Benefits | 216,129 | 200,264 | 15,865 |
| Telephone | 2,400 | 2,896 | (496) |
| Utilities | 30,000 | 24,264 | 5,736 |
| Training | 1,500 | 576 | 924 |
| Fuel | 52,000 | 50,073 | 1,927 |
| Removal expenses | 37,000 | 43,032 | (6,032) |
| Safety expense | 1,000 | 1,257 | (257) |
| Supplies/equipment | 500 | 385 | 115 |
| Vehicle expense | 31,500 | 27,373 | 4,127 |
| Uniforms | 2,585 | 2,384 | 201 |
| Buildings and grounds | 20,000 | 24,040 | (4,040) |
| Special events | 47,000 | 62,148 | (15,148) |
| | 794,178 | 741,300 | 52,878 |
| | \$ 3,956,321 | \$ 3,629,635 | \$ 326,686 |

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, 2014

| | Budget Original/ Final | Actual | Variance with Final Budget |
|---|------------------------------|---------------|----------------------------------|
| Sales | | | |
| Wholesale | \$ 10,642,500 | \$ 10,786,304 | \$ 143,804 |
| Berlin | - | 139,522 | 139,522 |
| Pocomoke City | 874,000 | 975,826 | 101,826 |
| Snow Hill | 300,000 | 392,162 | 92,162 |
| Gold Coast Mall | 875,000 | 954,086 | 79,086 |
| Northern Worcester County | 1,870,600 | 1,415,373 | (455,227) |
| 16th Street Ocean City | - | 235,393 | 235,393 |
| 18th Street Ocean City | 1,100,000 | 578,240 | (521,760) |
| Total sales | 15,662,100 | 15,476,906 | (185,194) |
| Cost of goods sold | 12,006,220 | 12,229,264 | (223,044) |
| Gross profit | 3,655,880 | 3,247,642 | (408,238) |
| Total operating expenses | 1,711,585 | 1,973,013 | (261,428) |
| Operating income before general expenses | 1,944,295 | 1,274,629 | (669,666) |
| General expenses | 1,232,720 | 1,183,397 | 49,323 |
| Operating income (loss) | 711,575 | 91,232 | (620,343) |
| Nonoperating income (expense): | | | |
| Sale of assets | - | (2,614) | (2,614) |
| Miscellaneous revenues | - | 52,200 | 52,200 |
| Interest expense | (122,000) | (129,834) | (7,834) |
| Total nonoperating (expense) income | (122,000) | (80,248) | 41,752 |
| Change in net position before distributions | 589,575 | 10,984 | (578,591) |
| Distributions to municipalities | (589,575) | (10,984) | 578,591 |
| Change in net position after distributions | \$ - | - | \$ - |
| Net position, beginning | | 400,000 | |
| Net position, 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, 2014

| | Budget Original/ Final | Actual | Variance with Final Budget |
|-------------------------------|------------------------------|------------|----------------------------------|
| Expenses: | | | |
| Store: Wholesale | | | |
| Salaries | \$ 409,589 | \$ 393,997 | \$ 15,592 |
| Bank fees | 1,500 | 2,685 | (1,185) |
| Utilities | 10,000 | 12,493 | (2,493) |
| Payroll taxes and benefits | 197,101 | 198,759 | (1,658) |
| Outsourced labor | - | 82,137 | (82,137) |
| Repairs and maintenance | 5,000 | 6,130 | (1,130) |
| Office expenses | - | 10,262 | (10,262) |
| Supplies | 35,000 | 56,034 | (21,034) |
| Truck expense | 70,000 | 48,585 | 21,415 |
| | 728,190 | 811,082 | (82,892) |
| Store: Berlin | | | |
| Salaries | - | 19,485 | (19,485) |
| Bank fees | - | 2,637 | (2,637) |
| Utilities | - | 1,435 | (1,435) |
| Payroll taxes and benefits | - | 7,824 | (7,824) |
| Outsourced labor | - | 7,366 | (7,366) |
| Rent | - | 7,130 | (7,130) |
| Repairs and maintenance | - | 1,649 | (1,649) |
| Security | - | 54 | (54) |
| Supplies | - | 344 | (344) |
| Telephone | - | 718 | (718) |
| | - | 48,642 | (48,642) |
| Store: West Ocean City | | | |
| Salaries | - | 763 | (763) |
| | - | 763 | (763) |

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, 2014
 (Continued)

| | Budget Original/ <u>Final</u> | <u>Actual</u> | Variance with Final <u>Budget</u> |
|-------------------------------|-------------------------------------|----------------|---|
| Store: Pocomoke City | | | |
| Salaries | \$ 81,883 | \$ 105,390 | \$ (23,507) |
| Bank fees | 12,000 | 12,978 | (978) |
| Utilities | 9,500 | 8,852 | 648 |
| Payroll taxes and benefits | 37,821 | 35,132 | 2,689 |
| Repairs and maintenance | 5,000 | 15,328 | (10,328) |
| Security | 500 | 302 | 198 |
| Supplies | 3,000 | 2,514 | 486 |
| Telephone | 4,000 | 4,071 | (71) |
| | <u>153,704</u> | <u>184,567</u> | <u>(30,863)</u> |
| Store: Snow Hill | | | |
| Salaries | 54,104 | 56,679 | (2,575) |
| Bank fees | 5,000 | 5,420 | (420) |
| Utilities | 5,000 | 5,207 | (207) |
| Payroll taxes and benefits | 32,387 | 37,446 | (5,059) |
| Outsourced labor | - | 394 | (394) |
| Rent | 24,000 | 19,203 | 4,797 |
| Repairs and maintenance | 7,000 | 10,642 | (3,642) |
| Security | 1,500 | 850 | 650 |
| Supplies | 2,000 | 2,224 | (224) |
| Telephone | 1,500 | 2,381 | (881) |
| | <u>132,491</u> | <u>140,446</u> | <u>(7,955)</u> |
| Store: Gold Coast Mall | | | |
| Salaries | 70,592 | 41,609 | 28,983 |
| Bank fees | 14,000 | 13,438 | 562 |
| Utilities | 7,200 | 7,685 | (485) |
| Payroll taxes and benefits | 35,930 | 23,799 | 12,131 |
| Outsourced labor | - | 60,888 | (60,888) |
| Rent | 46,000 | 47,623 | (1,623) |
| Repairs and maintenance | 3,000 | 2,722 | 278 |
| Security | 1,000 | 216 | 784 |
| Supplies | 2,000 | 7,357 | (5,357) |
| Telephone | 3,500 | 3,545 | (45) |
| | <u>183,222</u> | <u>208,882</u> | <u>(25,660)</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, 2014

(Continued)

| | Budget Original/ <u>Final</u> | <u>Actual</u> | Variance with Final <u>Budget</u> |
|---|-------------------------------------|---------------------|---|
| Store: Northern Worcester County | | | |
| Salaries | \$ 126,400 | \$ 108,633 | \$ 17,767 |
| Advertising | - | 11,873 | (11,873) |
| Bank fees | 24,000 | 20,530 | 3,470 |
| Utilities | 7,500 | 12,139 | (4,639) |
| Payroll taxes and benefits | 69,383 | 42,968 | 26,415 |
| Outsourced labor | - | 71,396 | (71,396) |
| Rent | 84,000 | 93,120 | (9,120) |
| Repairs and maintenance | 2,500 | 2,591 | (91) |
| Security | 1,000 | 540 | 460 |
| Supplies | 3,500 | 4,363 | (863) |
| Telephone | 4,000 | 3,945 | 55 |
| | <u>322,283</u> | <u>372,098</u> | <u>(49,815)</u> |
| Store: 16th Street Ocean City | | | |
| Salaries | - | 17,440 | (17,440) |
| Bank fees | - | 1,569 | (1,569) |
| Utilities | - | 2,233 | (2,233) |
| Payroll taxes and benefits | - | 5,684 | (5,684) |
| Outsourced labor | - | 34,344 | (34,344) |
| Rent | - | 19,503 | (19,503) |
| Repairs and maintenance | - | 4,227 | (4,227) |
| Security | - | 105 | (105) |
| Supplies | - | 13,297 | (13,297) |
| Telephone | - | 1,402 | (1,402) |
| | - | <u>99,804</u> | <u>(99,804)</u> |
| Store: 18th Street Ocean City | | | |
| Salaries | 76,562 | 16,763 | 59,799 |
| Bank fees | 14,000 | 7,777 | 6,223 |
| Utilities | 5,500 | 3,032 | 2,468 |
| Payroll taxes and benefits | 34,633 | 7,699 | 26,934 |
| Outsourced labor | - | 44,655 | (44,655) |
| Rent | 47,000 | 22,070 | 24,930 |
| Repairs and maintenance | 5,000 | 2,193 | 2,807 |
| Security | 4,000 | 212 | 3,788 |
| Supplies | 2,000 | 1,134 | 866 |
| Telephone | 3,000 | 1,194 | 1,806 |
| | <u>191,695</u> | <u>106,729</u> | <u>84,966</u> |
| Total expenses | \$ 1,711,585 | \$ 1,973,013 | \$ (261,428) |

WORCESTER COUNTY, MARYLAND

SCHEDULE OF GENERAL EXPENSES - BUDGET AND ACTUAL
 DEPARTMENT OF LIQUOR CONTROL
 Year ended June 30, 2014

| | <u>Budget</u> <u>Original/</u> <u>Final</u> | <u>Actual</u> | Variance with Final <u>Budget</u> |
|---|---|---------------|---|
| General and administrative expenses: | | | |
| Salaries | \$ 581,643 | \$ 552,224 | \$ 29,419 |
| Payroll taxes and benefits | 158,847 | 140,208 | 18,639 |
| Group insurance | 16,500 | 15,277 | 1,223 |
| Other postemployment benefits | 180,730 | 180,730 | - |
| Advertising | 10,000 | 5,829 | 4,171 |
| Credit card fees | 500 | - | 500 |
| Depreciation | 150,000 | 124,667 | 25,333 |
| Dues | 4,000 | 2,610 | 1,390 |
| Electric | 16,000 | 21,832 | (5,832) |
| Internet access | 5,000 | 1,567 | 3,433 |
| Office expense | 41,000 | 30,998 | 10,002 |
| Professional fees | 25,000 | 70,851 | (45,851) |
| Repairs and maintenance | 27,000 | 27,246 | (246) |
| Security | 1,500 | 866 | 634 |
| Telephone | 10,000 | 8,492 | 1,508 |
| Travel | 5,000 | - | 5,000 |
| <hr/> | | | |
| Total general and administrative expenses | \$ 1,232,720 | \$ 1,183,397 | \$ 49,323 |

WORCESTER COUNTY, MARYLAND

SCHEDULE OF REVENUES AND EXPENSES BY STORE
DEPARTMENT OF LIQUOR CONTROL
Year ended June 30, 2014

| | 2014 Total | Percentage |
|-----------------------------|---------------|------------|
| Sales | | |
| Retail, less discounts | \$ 4,690,602 | |
| Wholesale, less discounts | 10,786,304 | |
| Net sales | 15,476,906 | 100.00 % |
| Cost of sales | 12,229,264 | 79.02% |
| Gross profit | 3,247,642 | 20.98% |
| Store expenses | | |
| Salaries | 760,759 | 4.92% |
| Advertising | 11,873 | 0.08% |
| Credit card and bank fees | 67,034 | 0.43% |
| Utilities | 53,076 | 0.34% |
| Payroll taxes and benefits | 359,311 | 2.32% |
| Outsourced labor | 301,180 | 1.95% |
| Rent | 208,649 | 1.35% |
| Repairs and maintenance | 45,482 | 0.29% |
| Office expenses | 10,262 | 0.07% |
| Security | 2,279 | 0.01% |
| Supplies | 87,267 | 0.56% |
| Truck expense | 48,585 | 0.31% |
| Telephone | 17,256 | 0.11% |
| | 1,973,013 | 12.75% |
| Income after store expenses | 1,274,629 | 8.24% |
| General expenses | 1,183,397 | 7.65% |
| Income from operations | 91,232 | 0.59% |
| Other income (expense) | | |
| Financial expense, net | (129,834) | -0.84% |
| Loss on sale of assets | (2,614) | -0.02% |
| Other income (expense) | 52,200 | 0.34% |
| | (80,248) | -0.52% |
| Net income | \$ 10,984 | 0.07% % |

| Total Wholesale | Total Retail | Berlin | West Ocean City | Pocomoke City | Snow Hill | Gold Coast Mall | Northern Worcester County | 16th Street | 18th Street |
|-----------------|--------------|------------|-----------------|---------------|------------|-----------------|---------------------------|-------------|-------------|
| \$ - | \$ 4,690,602 | \$139,522 | \$ - | \$975,826 | \$392,162 | \$954,086 | \$1,415,373 | \$ 235,393 | \$578,240 |
| 10,786,304 | - | - | - | - | - | - | - | - | - |
| 10,786,304 | 4,690,602 | 139,522 | - | 975,826 | 392,162 | 954,086 | 1,415,373 | 235,393 | 578,240 |
| 8,806,271 | 3,422,993 | 104,063 | - | 707,628 | 295,373 | 686,822 | 1,050,580 | 175,364 | 403,163 |
| 1,980,033 | 1,267,609 | 35,459 | - | 268,198 | 96,789 | 267,264 | 364,793 | 60,029 | 175,077 |
| 393,997 | 366,762 | 19,485 | 763 | 105,390 | 56,679 | 41,609 | 108,633 | 17,440 | 16,763 |
| - | 11,873 | - | - | - | - | - | 11,873 | - | - |
| 2,685 | 64,349 | 2,637 | - | 12,978 | 5,420 | 13,438 | 20,530 | 1,569 | 7,777 |
| 12,493 | 40,583 | 1,435 | - | 8,852 | 5,207 | 7,685 | 12,139 | 2,233 | 3,032 |
| 198,759 | 160,552 | 7,824 | - | 35,132 | 37,446 | 23,799 | 42,968 | 5,684 | 7,699 |
| 82,137 | 219,043 | 7,366 | - | - | 394 | 60,888 | 71,396 | 34,344 | 44,655 |
| - | 208,649 | 7,130 | - | - | 19,203 | 47,623 | 93,120 | 19,503 | 22,070 |
| 6,130 | 39,352 | 1,649 | - | 15,328 | 10,642 | 2,722 | 2,591 | 4,227 | 2,193 |
| 10,262 | - | - | - | - | - | - | - | - | - |
| - | 2,279 | 54 | - | 302 | 850 | 216 | 540 | 105 | 212 |
| 56,034 | 31,233 | 344 | - | 2,514 | 2,224 | 7,357 | 4,363 | 13,297 | 1,134 |
| 48,585 | - | - | - | - | - | - | - | - | - |
| - | 17,256 | 718 | - | 4,071 | 2,381 | 3,545 | 3,945 | 1,402 | 1,194 |
| 811,082 | 1,161,931 | 48,642 | 763 | 184,567 | 140,446 | 208,882 | 372,098 | 99,804 | 106,729 |
| 1,168,951 | 105,678 | (13,183) | (763) | 83,631 | (43,657) | 58,382 | (7,305) | (39,775) | 68,348 |
| 824,744 | 358,653 | 10,668 | - | 74,614 | 29,986 | 72,951 | 108,222 | 17,999 | 44,213 |
| 344,207 | (252,975) | (23,851) | (763) | 9,017 | (73,643) | (14,569) | (115,527) | (57,774) | 24,135 |
| (90,485) | (39,349) | (1,170) | - | (8,186) | (3,290) | (8,004) | (11,873) | (1,975) | (4,851) |
| (1,822) | (792) | (24) | - | (164) | (66) | (161) | (239) | (40) | (98) |
| 36,380 | 15,820 | 470 | - | 3,291 | 1,323 | 3,218 | 4,774 | 794 | 1,950 |
| (55,927) | (24,321) | (724) | - | (5,059) | (2,033) | (4,947) | (7,338) | (1,221) | (2,999) |
| \$ 288,280 | \$ (277,296) | \$(24,575) | \$ (763) | \$ 3,958 | \$(75,676) | \$(19,516) | \$(122,865) | \$(58,995) | \$ 21,136 |

WORCESTER COUNTY, MARYLAND

COMBINING STATEMENT OF FIDUCIARY NET POSITION
NONMAJOR AGENCY FUNDS

June 30, 2014

| | State of Maryland Property Taxes | Maryland Department of Motor Vehicles - License Fees | Tax Sale Fund | Development Taxes | Performance Bonds | Personal Property Tax Liability | Forest Conservation |
|---------------------------------|---|--|---------------------|----------------------|----------------------|--|------------------------|
| ASSETS | | | | | | | |
| Cash and short-term investments | \$ - | \$ 15,688 | \$ 1,160,185 | \$ 172,031 | \$ 759,340 | \$ 181,183 | \$ 121,506 |
| Taxes receivable | 419,251 | - | - | - | - | - | - |
| Due from other funds | 80,765 | - | - | - | - | - | - |
| Total assets | 500,016 | 15,688 | 1,160,185 | 172,031 | 759,340 | 181,183 | 121,506 |
| LIABILITIES | | | | | | | |
| Due to other governmental units | 500,016 | 14,371 | - | - | - | - | - |
| Due to other funds | - | 1,317 | - | - | - | - | - |
| Other liabilities | - | - | 1,160,185 | 172,031 | 759,340 | 181,183 | 121,506 |
| Total liabilities | 500,016 | 15,688 | 1,160,185 | 172,031 | 759,340 | 181,183 | 121,506 |
| NET POSITION | | | | | | | |
| Restricted | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |

| <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> |
|----------------------------|---------------------------------------|------------------------------------|--------------------------------------|--|--------------------------|---------------------------|------------------|
| \$ 72,350 | \$ - | \$ - | \$ - | \$ - | \$ 45,109 | \$ 79,835 | \$2,607,227 |
| 93,138 | 48,161 | 100,304 | 181,163 | 836,628 | - | - | 1,678,645 |
| - | 9,651 | 28,898 | 14,067 | 224,231 | - | - | 357,612 |
| <u>165,488</u> | <u>57,812</u> | <u>129,202</u> | <u>195,230</u> | <u>1,060,859</u> | <u>45,109</u> | <u>79,835</u> | <u>4,643,484</u> |
| 165,488 | 57,812 | 129,202 | 195,230 | 1,060,859 | - | - | 2,122,978 |
| - | - | - | - | - | - | - | 1,317 |
| - | - | - | - | - | 45,109 | 79,835 | 2,519,189 |
| <u>165,488</u> | <u>57,812</u> | <u>129,202</u> | <u>195,230</u> | <u>1,060,859</u> | <u>45,109</u> | <u>79,835</u> | <u>4,643,484</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 POSITION
AGENCY FUNDS
FOR THE YEAR ENDED JUNE 30, 2014

| | <u>Cash</u> | <u>Taxes Receivable</u> | <u>Due from</u> | <u>Total Assets</u> |
|---|---------------------|-----------------------------|------------------|-------------------------|
| STATE OF MARYLAND PROPERTY TAXES | | | | |
| Balance 7-1-2013 | \$ - | \$ 506,271 | \$ 106,341 | \$ 612,612 |
| Additions | - | 16,526,730 | 16,205,113 | 32,731,843 |
| Deductions | - | (16,613,750) | (16,230,689) | (32,844,439) |
| Balance 6-30-2014 | <u>\$ -</u> | <u>\$ 419,251</u> | <u>\$ 80,765</u> | <u>\$ 500,016</u> |
| MARYLAND DEPT. of MOTOR VEHICLE - LICENSE FEES | | | | |
| Balance 7-1-2013 | \$ 26,620 | \$ - | \$ - | \$ 26,620 |
| Additions | 374,509 | - | - | 374,509 |
| Deductions | (385,441) | - | - | (385,441) |
| Balance 6-30-2014 | <u>\$ 15,688</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 15,688</u> |
| TAX SALE FUND | | | | |
| Balance 7-1-2013 | \$ 1,136,268 | \$ - | \$ - | \$ 1,136,268 |
| Additions | 1,278,295 | - | - | 1,278,295 |
| Deductions | (1,254,378) | - | - | (1,254,378) |
| Balance 6-30-2014 | <u>\$ 1,160,185</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 1,160,185</u> |
| DEVELOPMENT TAXES | | | | |
| Balance 7-1-2013 | \$ 174,901 | \$ - | \$ - | \$ 174,901 |
| Additions | 28,948 | - | - | 28,948 |
| Deductions | (31,818) | - | - | (31,818) |
| Balance 6-30-2014 | <u>\$ 172,031</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 172,031</u> |
| PERFORMANCE BONDS | | | | |
| Balance 7-1-2013 | \$ 674,715 | \$ - | \$ - | \$ 674,715 |
| Additions | 195,303 | - | - | 195,303 |
| Deductions | (110,678) | - | - | (110,678) |
| Balance 6-30-2014 | <u>\$ 759,340</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 759,340</u> |

WORCESTER COUNTY, MARYLAND
 STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
 AGENCY FUNDS
 FOR THE YEAR ENDED JUNE 30, 2014
 (Continued)

| Due to Other Funds | Due to Other Governments | Other Liabilities | Total Liabilities |
|--------------------------|--------------------------------|----------------------|----------------------|
| \$ - | \$ 612,612 | \$ - | \$ 612,612 |
| - | 16,593,369 | - | 16,593,369 |
| - | (16,705,965) | - | (16,705,965) |
| - | - | - | - |
| <u>\$ -</u> | <u>\$ 500,016</u> | <u>\$ -</u> | <u>\$ 500,016</u> |
| \$ 383 | \$ 26,237 | \$ - | \$ 26,620 |
| 4,424 | 374,110 | - | 378,534 |
| (3,490) | (385,976) | - | (389,466) |
| - | - | - | - |
| <u>\$ 1,317</u> | <u>\$ 14,371</u> | <u>\$ -</u> | <u>\$ 15,688</u> |
| \$ - | \$ - | \$ 1,136,268 | \$ 1,136,268 |
| - | - | 1,275,763 | 1,275,763 |
| - | - | (1,251,846) | (1,251,846) |
| - | - | - | - |
| <u>\$ -</u> | <u>\$ -</u> | <u>\$ 1,160,185</u> | <u>\$ 1,160,185</u> |
| \$ - | \$ - | \$ 174,901 | \$ 174,901 |
| - | - | 61,445 | 61,445 |
| - | - | (64,315) | (64,315) |
| - | - | - | - |
| <u>\$ -</u> | <u>\$ -</u> | <u>\$ 172,031</u> | <u>\$ 172,031</u> |
| \$ - | \$ - | \$ 674,715 | \$ 674,715 |
| - | - | 178,057 | 178,057 |
| - | - | (93,432) | (93,432) |
| - | - | - | - |
| <u>\$ -</u> | <u>\$ -</u> | <u>\$ 759,340</u> | <u>\$ 759,340</u> |

WORCESTER COUNTY, MARYLAND
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
AGENCY FUNDS
FOR THE YEAR ENDED JUNE 30, 2014
(Continued)

| | Cash | Taxes Receivable | Due from | Total Assets |
|--|-------------------|---------------------|--------------------|--------------------|
| PERSONAL PROPERTY TAX LIABILITY | | | | |
| Balance 7-1-2013 | \$ 162,056 | \$ - | \$ - | \$ 162,056 |
| Additions | 63,258 | - | - | 63,258 |
| Deductions | <u>(44,131)</u> | <u>-</u> | <u>-</u> | <u>(44,131)</u> |
| Balance 6-30-2014 | <u>\$ 181,183</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 181,183</u> |
| FOREST CONSERVATION | | | | |
| Balance 7-1-2013 | \$ 121,428 | \$ - | \$ - | \$ 121,428 |
| Additions | 207 | - | - | 207 |
| Deductions | <u>(129)</u> | <u>-</u> | <u>-</u> | <u>(129)</u> |
| Balance 6-30-2014 | <u>\$ 121,506</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 121,506</u> |
| BAY RESTORATION | | | | |
| Balance 7-1-2013 | \$ 75,367 | \$ 90,955 | \$ 20,160 | \$ 186,482 |
| Additions | 390,098 | 717,578 | 460,331 | 1,568,007 |
| Deductions | <u>(393,115)</u> | <u>(715,395)</u> | <u>(480,491)</u> | <u>(1,589,001)</u> |
| Balance 6-30-2014 | <u>\$ 72,350</u> | <u>\$ 93,138</u> | <u>\$ -</u> | <u>\$ 165,488</u> |
| SNOW HILL PROPERTY TAX | | | | |
| Balance 7-1-2013 | \$ - | \$ 58,086 | \$ 32,165 | \$ 90,251 |
| Additions | - | 989,230 | 1,001,766 | 1,990,996 |
| Deductions | <u>-</u> | <u>(999,155)</u> | <u>(1,024,280)</u> | <u>(2,023,435)</u> |
| Balance 6-30-2014 | <u>\$ -</u> | <u>\$ 48,161</u> | <u>\$ 9,651</u> | <u>\$ 57,812</u> |
| BERLIN PROPERTY TAX | | | | |
| Balance 7-1-2013 | \$ - | \$ 109,838 | \$ 14,949 | \$ 124,787 |
| Additions | - | 2,532,859 | 2,530,089 | 5,062,948 |
| Deductions | <u>-</u> | <u>(2,542,393)</u> | <u>(2,516,140)</u> | <u>(5,058,533)</u> |
| Balance 6-30-2014 | <u>\$ -</u> | <u>\$ 100,304</u> | <u>\$ 28,898</u> | <u>\$ 129,202</u> |

WORCESTER COUNTY, MARYLAND
 STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
 AGENCY FUNDS
 FOR THE YEAR ENDED JUNE 30, 2014
 (Continued)

| Due to Other Funds | Due to Other Governments | Other Liabilities | Total Liabilities |
|--------------------------|--------------------------------|----------------------|----------------------|
| \$ - | \$ - | \$ 162,056 | \$ 162,056 |
| - | - | 72,277 | 72,277 |
| - | - | (53,150) | (53,150) |
| <u>\$ -</u> | <u>\$ -</u> | <u>\$ 181,183</u> | <u>\$ 181,183</u> |
| \$ - | \$ - | \$ 121,428 | \$ 121,428 |
| - | - | 207 | 207 |
| - | - | (129) | (129) |
| <u>\$ -</u> | <u>\$ -</u> | <u>\$ 121,506</u> | <u>\$ 121,506</u> |
| \$ - | \$ 186,482 | \$ - | \$ 186,482 |
| - | 318,999 | - | 318,999 |
| - | (339,993) | - | (339,993) |
| <u>\$ -</u> | <u>\$ 165,488</u> | <u>\$ -</u> | <u>\$ 165,488</u> |
| \$ - | \$ 90,251 | \$ - | \$ 90,251 |
| - | 1,048,195 | - | 1,048,195 |
| - | (1,080,634) | - | (1,080,634) |
| <u>\$ -</u> | <u>\$ 57,812</u> | <u>\$ -</u> | <u>\$ 57,812</u> |
| \$ - | \$ 124,787 | \$ - | \$ 124,787 |
| - | 2,625,076 | - | 2,625,076 |
| - | (2,620,661) | - | (2,620,661) |
| <u>\$ -</u> | <u>\$ 129,202</u> | <u>\$ -</u> | <u>\$ 129,202</u> |

WORCESTER COUNTY, MARYLAND
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
AGENCY FUNDS
FOR THE YEAR ENDED JUNE 30, 2014
(Continued)

| | Cash | Taxes Receivable | Due from | Total Assets |
|--------------------------------|---------------------|---------------------|-------------------|---------------------|
| POCOMOKE PROPERTY TAX | | | | |
| Balance 7-1-2013 | \$ - | \$ 213,062 | \$ 18,325 | \$ 231,387 |
| Additions | - | 2,314,992 | 2,379,613 | 4,694,605 |
| Deductions | - | (2,346,891) | (2,383,871) | (4,730,762) |
| Balance 6-30-2014 | <u>\$ -</u> | <u>\$ 181,163</u> | <u>\$ 14,067</u> | <u>\$ 195,230</u> |
| OCEAN CITY PROPERTY TAX | | | | |
| Balance 7-1-2013 | \$ - | \$ 847,724 | \$ 283,082 | \$ 1,130,806 |
| Additions | - | 40,636,481 | 41,337,711 | 81,974,192 |
| Deductions | - | (40,647,577) | (41,396,562) | (82,044,139) |
| Balance 6-30-2014 | <u>\$ -</u> | <u>\$ 836,628</u> | <u>\$ 224,231</u> | <u>\$ 1,060,859</u> |
| SPECIAL LOANS | | | | |
| Balance 7-1-2013 | \$ 68,411 | \$ - | \$ - | \$ 68,411 |
| Additions | 235,230 | - | - | 235,230 |
| Deductions | (258,532) | - | - | (258,532) |
| Balance 6-30-2014 | <u>\$ 45,109</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 45,109</u> |
| CRITICAL AREAS | | | | |
| Balance 7-1-2013 | \$ 79,749 | \$ - | \$ - | \$ 79,749 |
| Additions | 86 | - | - | 86 |
| Deductions | - | - | - | - |
| Balance 6-30-2014 | <u>\$ 79,835</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 79,835</u> |
| TOTALS | | | | |
| Balance 7-1-2013 | \$ 2,519,515 | \$ 1,825,936 | \$ 475,022 | \$ 4,820,473 |
| Additions | 2,565,934 | 63,717,870 | 63,914,623 | 130,198,427 |
| Deductions | (2,478,222) | (63,865,161) | (64,032,033) | (130,375,416) |
| Balance 6-30-2014 | <u>\$ 2,607,227</u> | <u>\$ 1,678,645</u> | <u>\$ 357,612</u> | <u>\$ 4,643,484</u> |

WORCESTER COUNTY, MARYLAND
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
AGENCY FUNDS
FOR THE YEAR ENDED JUNE 30, 2014
(Continued)

| Due to Other Funds | Due to Other Governments | Other Liabilities | Total Liabilities |
|--------------------------|--------------------------------|----------------------|----------------------|
| \$ - | \$ 231,387 | \$ - | \$ 231,387 |
| - | 4,694,605 | - | 4,694,605 |
| - | (4,730,762) | - | (4,730,762) |
| <u>\$ -</u> | <u>\$ 195,230</u> | <u>\$ -</u> | <u>\$ 195,230</u> |
| \$ - | \$ 1,130,806 | \$ - | \$ 1,130,806 |
| - | 81,974,192 | - | 81,974,192 |
| - | (82,044,139) | - | (82,044,139) |
| <u>\$ -</u> | <u>\$ 1,060,859</u> | <u>\$ -</u> | <u>\$ 1,060,859</u> |
| \$ - | \$ - | \$ 68,411 | \$ 68,411 |
| - | - | 235,230 | 235,230 |
| - | - | (258,532) | (258,532) |
| <u>\$ -</u> | <u>\$ -</u> | <u>\$ 45,109</u> | <u>\$ 45,109</u> |
| \$ - | \$ - | \$ 79,749 | \$ 79,749 |
| - | - | 86 | 86 |
| - | - | - | - |
| <u>\$ -</u> | <u>\$ -</u> | <u>\$ 79,835</u> | <u>\$ 79,835</u> |
| \$ 383 | \$ 2,402,562 | \$ 2,417,528 | \$ 4,820,473 |
| 4,424 | 107,628,546 | 1,823,065 | 109,456,035 |
| (3,490) | (107,908,130) | (1,721,404) | (109,633,024) |
| <u>\$ 1,317</u> | <u>\$ 2,122,978</u> | <u>\$ 2,519,189</u> | <u>\$ 4,643,484</u> |

WORCESTER COUNTY, MARYLAND

SCHEDULE OF ASSESSABLE BASE
GENERAL FUND

Year Ended June 30, 2014

| | <u>Full-Year Assessment</u> | <u>Half-Year Assessment</u> | <u>Total</u> |
|---|---------------------------------|---------------------------------|--------------------------|
| Real property | \$ 14,738,301,082 | \$ 17,289,420 | \$ 14,755,590,502 |
| Personal property - individuals and firms - all districts | 17,112,844 | - | 17,112,844 |
| Railroads and public utilities | 102,642,390 | - | 102,642,390 |
| Railroads and public utilities- reduced rate | 637,190 | - | 637,190 |
| Ordinary business corporations | 193,870,378 | - | 193,870,378 |
| Total | \$ 15,052,563,884 | \$ 17,289,420 | \$ 15,069,853,304 |

Computation of Taxes for County Purposes

| | |
|--|-----------------------|
| \$14,738,301,082 assessable base at \$.77 per \$100 base (full-year) | \$ 113,484,918 |
| \$313,625,612 assessable base at \$1.925 per \$100 base (full-year) | 6,037,293 |
| \$637,190 assessable base at \$.77 per \$100 base (full-year) | 4,906 |
| \$17,289,420 assessable base at \$.385 per \$100 base (half-year) | 66,564 |
| | 119,593,682 |
| Adjustment for deferred property taxes receivable | 138,061 |
| Net additions and abatements | (465,113) |
| Total County taxes for year ended June 30, 2014 | \$ 119,266,630 |

WORCESTER COUNTY, MARYLAND

SCHEDULE OF ASSESSABLE BASES AND TAX LEVIES
GENERAL FUND

Fiscal Years Ended June 30, 2014

| <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> |
|--------------------|---|--|---------------------|--------------|--|
| 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) % |
| 2012 - 2013 | 15,775,515,175 | (9.97) % | .77-1.925 | 125,175,667 | (0.58) % |
| 2013 - 2014 | 15,069,853,304 | (4.47) % | .77-1.925 | 119,266,630 | (4.72) % |

* 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, 2014

Levies of years ended June 30:

| | |
|----------------|--------------|
| 2014 | \$ 2,851,838 |
| 2013 | 136,990 |
| 2012 | 81,639 |
| 2011 | 79,725 |
| 2010 and prior | 456,678 |
| <hr/> | |
| Total | \$ 3,606,870 |
| <hr/> | |

WORCESTER COUNTY, MARYLAND
NOTES TO OTHER SUPPLEMENTARY INFORMATION

Note 1. Budgetary Basis

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

Budgetary Comparison Schedules:

- Department of Water and Wasterwater Services
- Landfill
- 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> |
|--|------------------------|
| Financial Trends <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 |
| Revenue Capacity <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 |
| Debt Capacity <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 |
| Demographic and Economic Information <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 |
| Operating Information <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 Position by Component, Last Ten Fiscal Years
(accrual basis of accounting)

| | Fiscal Year | | | | | | | | | |
|--|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 |
| Governmental activities | | | | | | | | | | |
| Net investment in capital assets | \$ 62,938,380 | \$ 70,423,370 | \$ 77,605,845 | \$ 88,196,133 | \$ 104,308,508 | \$ 104,803,212 | \$ 100,290,019 | \$ 99,870,348 | \$ 90,110,170 | \$ 86,424,881 |
| Restricted | 1,500,000 | 1,500,000 | 1,500,000 | 1,500,000 | 1,500,000 | - | - | - | - | - |
| Unrestricted | 26,038,080 | 40,972,251 | 53,932,414 | 46,462,418 | 5,485,842 | 3,776,962 | 4,029,977 | 11,260,873 | 21,389,838 | 14,421,473 |
| Total governmental activities net position | \$ 90,476,460 | \$ 112,895,621 | \$ 133,038,259 | \$ 136,158,551 | \$ 111,294,350 | \$ 108,580,174 | \$ 104,319,996 | \$ 111,131,221 | \$ 111,500,008 | \$ 100,846,354 |
| Business-type activities | | | | | | | | | | |
| Net investment in capital assets | \$ 22,580,920 | \$ 42,728,506 | \$ 57,150,700 | \$ 58,545,520 | \$ 57,477,462 | \$ 56,312,951 | \$ 55,935,777 | \$ 54,334,765 | \$ 59,302,023 | \$ 53,642,591 |
| Restricted | 6,967,061 | - | - | - | - | - | - | - | - | - |
| Unrestricted | 13,992,031 | 20,745,045 | 15,832,651 | 11,339,193 | 8,382,036 | 4,250,752 | 1,158,971 | 1,912,977 | 27,420 | 4,651,348 |
| Total business-type activities net position | \$ 43,540,012 | \$ 63,473,551 | \$ 72,983,351 | \$ 69,884,713 | \$ 65,859,498 | \$ 60,563,703 | \$ 57,094,748 | \$ 56,247,742 | \$ 59,329,443 | \$ 58,293,939 |
| Primary government | | | | | | | | | | |
| Net investment in capital assets | \$ 85,519,300 | \$ 113,151,876 | \$ 134,756,545 | \$ 146,741,653 | \$ 161,785,970 | \$ 161,116,163 | \$ 156,225,796 | \$ 154,205,113 | \$ 149,412,193 | \$ 140,067,472 |
| Restricted | 8,467,061 | 1,500,000 | 1,500,000 | 1,500,000 | 1,500,000 | - | - | - | - | - |
| Unrestricted | 40,030,111 | 61,717,296 | 69,765,065 | 57,801,611 | 13,867,878 | 8,027,714 | 5,188,948 | 13,173,850 | 21,417,258 | 19,072,821 |
| Total primary government net position | \$ 134,016,472 | \$ 176,369,172 | \$ 206,021,610 | \$ 206,043,264 | \$ 177,153,848 | \$ 169,143,877 | \$ 161,414,744 | \$ 167,378,963 | \$ 170,829,451 | \$ 159,140,293 |

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

| | Fiscal Year | | | | | | | | | |
|--|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|
| | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 |
| Expenses | | | | | | | | | | |
| Governmental activities: | | | | | | | | | | |
| General government | \$ 34,903,964 | \$ 34,137,670 | \$ 32,654,118 | \$ 32,663,595 | \$ 47,083,442 | \$ 35,859,173 | \$ 37,627,186 | \$ 38,001,439 | \$ 38,915,371 | \$ 41,815,245 |
| Public safety | 16,276,341 | 17,754,189 | 21,786,643 | 23,542,080 | 36,283,485 | 28,381,381 | 28,164,200 | 29,409,797 | 33,952,043 | 31,088,753 |
| Public works | 10,582,687 | 11,269,651 | 13,733,952 | 12,833,648 | 15,599,323 | 9,985,598 | 10,211,713 | 6,579,810 | 6,582,195 | 6,843,212 |
| Health and hospitals | 3,506,813 | 4,106,444 | 4,759,554 | 5,335,022 | 6,012,215 | 5,889,198 | 4,841,634 | 5,414,163 | 5,379,303 | 6,003,573 |
| Social services | 1,120,110 | 944,708 | 1,360,501 | 1,634,695 | 3,448,378 | 2,606,989 | 2,138,165 | 1,861,337 | 1,799,550 | 1,879,944 |
| Education | 56,469,938 | 58,884,554 | 65,947,811 | 88,762,738 | 127,128,498 | 91,515,958 | 85,169,388 | 75,683,870 | 77,254,710 | 84,004,053 |
| Libraries, recreation, and culture | 3,265,946 | 4,406,244 | 4,880,260 | 5,882,121 | 9,031,660 | 6,141,887 | 5,479,418 | 5,301,793 | 5,322,151 | 5,438,515 |
| Conservation of natural resources | 622,293 | 600,795 | 562,929 | 584,921 | 858,559 | 233,393 | 587,200 | 661,679 | 226,121 | 241,883 |
| Economic Development | 1,751,737 | 2,258,929 | 1,881,698 | 2,461,997 | 1,978,375 | 1,409,693 | 1,755,183 | 2,094,400 | 1,947,815 | 1,667,636 |
| Interest on long-term debt | 1,681,909 | 1,938,493 | 1,848,694 | 2,477,071 | 3,049,378 | 3,693,496 | 3,411,269 | 3,092,624 | 2,601,958 | 2,428,386 |
| Total governmental activities expenses | 130,181,738 | 136,301,677 | 149,416,160 | 176,177,888 | 250,473,313 | 185,716,766 | 179,385,356 | 168,100,912 | 173,981,217 | 181,411,200 |
| Business-type activities: | | | | | | | | | | |
| Landfill | 6,137,637 | 6,982,920 | 6,071,486 | 7,639,296 | 6,760,109 | 6,910,451 | 5,460,265 | 5,307,959 | 5,424,173 | 5,513,619 |
| Department of Water and Wastewater | 9,101,615 | 8,404,660 | 10,931,337 | 11,860,477 | 12,009,174 | 11,849,234 | 11,925,133 | 11,671,743 | 11,502,025 | 12,351,756 |
| Department of Liquor Control | - | - | - | - | - | - | - | 15,213,363 | 15,102,811 | 15,518,122 |
| Total business-type activities expenses | 15,239,252 | 15,387,580 | 17,002,823 | 19,499,773 | 18,769,283 | 18,759,685 | 17,385,398 | 32,193,065 | 32,029,009 | 33,383,497 |
| Total primary government expenses | \$ 145,420,990 | \$ 151,689,257 | \$ 166,418,983 | \$ 195,677,661 | \$ 269,242,596 | \$ 204,476,451 | \$ 196,770,754 | \$ 200,293,977 | \$ 206,010,226 | \$ 214,794,697 |
| Program Revenues | | | | | | | | | | |
| Governmental activities: | | | | | | | | | | |
| Charges for services: | | | | | | | | | | |
| General government | \$ 2,521,664 | \$ 2,596,076 | \$ 2,021,984 | \$ 1,948,504 | \$ 1,693,885 | \$ 1,697,109 | \$ 1,758,641 | \$ 1,873,888 | \$ 1,932,275 | \$ 2,010,031 |
| Public safety | 1,762,888 | 1,760,807 | 1,985,066 | 1,636,510 | 2,268,650 | 2,817,223 | 4,955,974 | 6,025,129 | 6,182,160 | 5,616,912 |
| Public works | 168,325 | 125,097 | 58,632 | 37,233 | 31,372 | 131,126 | 85,384 | 79,893 | 75,543 | 79,207 |
| Health and hospitals | 240,733 | 498,681 | 456,345 | 503,239 | 486,954 | 429,184 | 418,806 | 457,086 | 434,917 | 435,267 |
| Libraries recreation, and culture | 263,029 | 322,424 | 327,306 | 294,456 | 328,879 | 252,138 | 191,097 | 182,130 | 196,705 | 236,546 |
| Economic development | 50,504 | 23,642 | 47,739 | 19,983 | 7,377 | 31,886 | 25,935 | 49,840 | 17,833 | 22,230 |
| Operating grants and contributions | 10,556,990 | 5,518,848 | 5,675,002 | 4,036,459 | 31,044,359 | 10,138,302 | 5,243,439 | 4,257,505 | 4,181,653 | 4,154,275 |
| Capital grants and contributions | 1,651,819 | 2,006,905 | 1,908,265 | 1,463,798 | 11,157,620 | 4,613,990 | 4,446,811 | 2,078,722 | 1,546,506 | 1,220,927 |
| Total governmental activities program revenues | 17,215,952 | 12,852,480 | 12,480,339 | 9,940,182 | 47,019,096 | 20,110,958 | 17,126,087 | 15,004,193 | 14,567,592 | 13,775,395 |
| Business-type activities: | | | | | | | | | | |
| Charges for services: | | | | | | | | | | |
| Department of Water and Wastewater | 8,929,288 | 8,363,401 | 10,311,596 | 9,919,770 | 9,556,043 | 9,570,821 | 10,068,811 | 11,107,727 | 15,766,173 | 13,013,971 |
| Landfill | 7,530,420 | 7,872,851 | 6,587,119 | 6,048,653 | 5,049,021 | 3,847,393 | 3,805,409 | 4,590,998 | 4,182,238 | 3,783,926 |
| Department of Liquor Control | - | - | - | - | - | - | - | 15,888,520 | 15,414,939 | 15,476,906 |
| Operating grants and contributions | 25,000 | 55,000 | 30,000 | 25,000 | 22,000 | 22,000 | 22,000 | 22,000 | 47,000 | 25,000 |
| Capital grants and contributions | - | 18,490,430 | 8,983,508 | - | - | - | - | - | - | - |
| Total business-type activities program revenues | 16,484,708 | 34,781,682 | 25,912,223 | 15,993,423 | 14,627,064 | 13,440,214 | 13,896,220 | 31,609,245 | 35,410,350 | 32,299,803 |
| Total primary government program revenues | \$ 33,700,660 | \$ 47,634,162 | \$ 38,392,562 | \$ 25,933,605 | \$ 61,646,160 | \$ 33,551,172 | \$ 31,022,307 | \$ 46,613,438 | \$ 49,977,942 | \$ 46,075,198 |
| Net (Expense)/Revenue | | | | | | | | | | |
| Governmental activities | \$ (112,965,786) | \$ (123,449,197) | \$ (136,935,821) | \$ (166,237,706) | \$ (203,454,217) | \$ (165,605,808) | \$ (162,259,269) | \$ (153,096,719) | \$ (159,413,625) | \$ (167,635,805) |
| Business-type activities | 1,245,456 | 19,394,102 | 8,909,400 | (3,506,350) | (4,142,219) | (5,319,471) | (3,489,178) | (583,820) | 3,381,341 | (1,083,694) |
| Total primary government net expense | \$ (111,720,330) | \$ (104,055,095) | \$ (128,026,421) | \$ (169,744,056) | \$ (207,596,436) | \$ (170,925,279) | \$ (165,748,447) | \$ (153,680,539) | \$ (156,032,284) | \$ (168,719,499) |

| | Fiscal Year | | | | | | | | | |
|---|-----------------------|-----------------------|-----------------------|-----------------------|------------------------|-----------------------|-----------------------|-----------------------|-----------------------|------------------------|
| | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 |
| General Revenues and Other Changes in Net Position | | | | | | | | | | |
| Governmental activities: | | | | | | | | | | |
| Property taxes | \$ 73,514,568 | \$ 85,706,377 | \$ 99,594,792 | \$ 116,778,663 | \$ 134,015,561 | \$ 127,176,751 | \$ 121,990,826 | \$ 121,290,966 | \$ 121,348,615 | \$ 117,173,133 |
| Local income tax | 13,133,760 | 14,310,438 | 15,842,045 | 13,684,600 | 13,062,134 | 10,921,118 | 10,459,699 | 12,900,072 | 12,676,852 | 13,673,793 |
| Other local taxes | 36,611,540 | 36,183,091 | 30,073,645 | 26,305,749 | 23,221,489 | 23,115,287 | 23,513,666 | 23,111,431 | 25,047,347 | 24,324,762 |
| State shared | 4,610,345 | 5,703,290 | 6,194,180 | 5,654,165 | 4,809,446 | 724,582 | 804,689 | 687,960 | 904,365 | 891,106 |
| Distribution from Liquor Control | 388,579 | 460,862 | 363,442 | 415,403 | 168,625 | 55,853 | 363,568 | 103,626 | 620,428 | 284,609 |
| Interest | 1,245,373 | 3,246,509 | 5,069,327 | 5,980,550 | 2,597,658 | 262,333 | 216,726 | 283,728 | 193,101 | 194,221 |
| Gain (loss) on sale of capital assets | - | - | (643,251) | - | - | - | - | - | (1,665,007) | (250,000) |
| Transfers in (out) | - | - | - | (38,860) | (81,154) | 635,708 | 649,917 | - | - | - |
| Other | 298,738 | 415,647 | 584,279 | 577,728 | 796,257 | - | - | 1,530,161 | 656,711 | 690,527 |
| Total governmental activities | 129,802,903 | 146,026,214 | 157,078,459 | 169,357,998 | 178,590,016 | 162,891,632 | 157,999,091 | 159,907,944 | 159,782,412 | 156,982,151 |
| Business-type activities: | | | | | | | | | | |
| Transfers in (out) | - | - | - | 38,860 | - | - | - | (675,340) | (321,854) | (10,984) |
| Interest | 196,430 | 539,437 | 600,400 | 368,852 | 117,004 | 23,676 | 20,043 | 12,334 | 22,214 | 59,174 |
| Total business-type activities | 196,430 | 539,437 | 600,400 | 407,712 | 117,004 | 23,676 | 20,043 | (663,006) | (299,640) | 48,190 |
| Total primary government | \$ 129,999,333 | \$ 146,565,651 | \$ 157,678,859 | \$ 169,765,710 | \$ 178,707,020 | \$ 162,915,308 | \$ 158,019,134 | \$ 159,244,938 | \$ 159,482,772 | \$ 157,030,341 |
| Change in Net Position | | | | | | | | | | |
| Governmental activities | \$ 16,837,117 | \$ 22,577,017 | \$ 20,142,638 | \$ 3,120,292 | \$ (24,864,201) | \$ (2,714,176) | \$ (4,260,178) | \$ 6,811,225 | \$ 368,787 | \$ (10,653,654) |
| Business-type activities | 1,441,886 | 19,933,539 | 9,509,800 | (3,098,638) | (4,025,215) | (5,295,795) | (3,469,135) | (1,246,826) | 3,081,701 | (1,035,504) |
| Total primary government | \$ 18,279,003 | \$ 42,510,556 | \$ 29,652,438 | \$ 21,654 | \$ (28,889,416) | \$ (8,009,971) | \$ (7,729,313) | \$ 5,564,399 | \$ 3,450,488 | \$ (11,689,158) |

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

| | Fiscal Year | | | | | | | | | |
|------------------------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| | <u>2005</u> | <u>2006</u> | <u>2007</u> | <u>2008</u> | <u>2009</u> | <u>2010</u> | <u>2011</u> | <u>2012</u> | <u>2013</u> | <u>2014</u> |
| General Fund | | | | | | | | | | |
| Nonspendable | \$ 4,106,822 | \$ 5,323,510 | \$ 4,706,880 | \$ 5,564,944 | \$ 5,287,250 | \$ 2,619,871 | \$ 130,079 | \$ 110,609 | \$ 102,938 | \$ 103,849 |
| Restricted | | | | | | | | | | |
| Assigned | 27,703,604 | 37,355,792 | 31,186,920 | 27,991,458 | 17,946,506 | 14,201,916 | 14,963,906 | 10,821,409 | 15,735,019 | 9,662,128 |
| Unassigned | <u>500,000</u> | <u>500,000</u> | <u>500,000</u> | <u>500,000</u> | <u>500,000</u> | <u>500,000</u> | <u>26,992,224</u> | <u>38,855,192</u> | <u>40,904,499</u> | <u>39,833,756</u> |
| Total General Fund | <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> | <u>\$ 56,742,456</u> | <u>\$ 49,599,733</u> |
| All Other Governmental Funds | | | | | | | | | | |
| Assigned | \$ 22,265,342 | \$ 24,603,073 | \$ 70,206,804 | \$ 65,373,635 | \$ 43,039,161 | \$ 35,852,877 | \$ 5,801,380 | \$ 2,372,247 | \$ 3,670,839 | \$ 3,054,848 |
| Unassigned | - | - | - | - | - | - | 1,225,068 | (599,589) | (1,247,996) | 42,954,786 |
| Total all other governmental funds | <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> | <u>\$ 2,422,843</u> | <u>\$ 46,009,634</u> |
| Total Governmental Funds | \$ 54,575,768 | \$ 67,782,375 | \$ 106,600,604 | \$ 99,430,037 | \$ 66,772,917 | \$ 53,174,664 | \$ 49,112,657 | \$ 51,559,868 | \$ 59,165,299 | \$ 95,609,367 |

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

| | Fiscal Year | | | | | | | | | |
|--|----------------------|----------------------|----------------------|-----------------------|------------------------|------------------------|-----------------------|---------------------|---------------------|----------------------|
| | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 |
| Revenues | | | | | | | | | | |
| Property tax | \$ 73,921,933 | \$ 85,504,049 | \$ 98,902,050 | \$ 116,556,479 | \$ 133,037,649 | \$ 127,048,961 | \$ 122,233,623 | \$ 121,243,588 | \$ 121,570,804 | \$ 117,311,193 |
| Income tax | 13,133,760 | 14,310,438 | 15,842,045 | 13,684,600 | 13,062,134 | 10,921,118 | 10,459,699 | 12,900,072 | 12,676,852 | 13,673,793 |
| Room tax | 10,049,870 | 10,209,181 | 10,842,013 | 11,284,976 | 11,589,393 | 11,808,110 | 12,449,817 | 13,262,770 | 13,632,599 | 14,127,887 |
| Food tax | 2,041,504 | 2,151,623 | 2,227,465 | 2,230,516 | 2,064,542 | 1,130,290 | 1,163,970 | 1,215,666 | 1,247,890 | 1,299,372 |
| Transfer tax | 8,737,908 | 8,282,788 | 5,395,746 | 3,984,963 | 2,843,502 | 3,254,790 | 3,194,074 | 2,595,376 | 2,912,623 | 3,165,274 |
| Recordation tax | 14,982,660 | 14,788,218 | 10,905,366 | 8,026,476 | 5,962,649 | 6,195,293 | 5,987,911 | 5,328,454 | 6,648,660 | 5,142,527 |
| Other local taxes | 799,559 | 751,281 | 703,055 | 778,818 | 761,403 | 726,804 | 717,894 | 709,165 | 605,575 | 589,702 |
| State-shared taxes | 4,610,345 | 5,703,290 | 6,194,180 | 5,654,165 | 4,809,446 | 724,582 | 804,689 | 687,960 | 904,365 | 891,106 |
| Licenses and permits | 2,216,325 | 2,498,979 | 2,000,074 | 2,010,919 | 1,668,670 | 1,712,306 | 1,735,427 | 1,739,111 | 1,756,502 | 1,854,757 |
| Intergovernmental | 12,209,881 | 7,539,229 | 7,595,453 | 5,505,717 | 13,807,495 | 8,643,309 | 8,085,938 | 6,393,147 | 5,747,750 | 5,402,866 |
| Service charges | 2,967,709 | 3,105,386 | 3,097,255 | 2,704,784 | 3,145,711 | 3,490,909 | 6,002,590 | 6,833,192 | 7,513,274 | 6,630,311 |
| Miscellaneous | 936,528 | 740,528 | 1,632,149 | 1,854,426 | 2,058,850 | 863,649 | 817,611 | 1,673,075 | 830,237 | 869,043 |
| Interest income | 1,059,872 | 3,068,379 | 4,172,456 | 4,838,017 | 1,505,668 | 194,455 | 214,732 | 283,183 | 190,069 | 187,775 |
| Total revenues | 147,667,854 | 158,653,369 | 169,509,307 | 178,914,856 | 196,317,112 | 176,714,576 | 173,867,975 | 174,864,759 | 176,237,200 | 171,145,606 |
| Expenditures | | | | | | | | | | |
| General government | 10,461,514 | 11,651,065 | 13,158,875 | 14,010,326 | 24,865,890 | 15,855,802 | 13,315,008 | 13,272,863 | 12,850,452 | 14,134,546 |
| Public safety | 16,174,634 | 18,589,231 | 20,977,696 | 21,552,888 | 34,370,015 | 27,534,380 | 25,877,097 | 26,513,127 | 31,157,171 | 28,621,374 |
| Public works | 5,531,947 | 5,992,977 | 8,801,444 | 8,136,481 | 10,026,907 | 5,246,775 | 5,569,252 | 4,273,829 | 4,641,049 | 4,726,992 |
| Health and hospitals | 3,376,410 | 3,886,048 | 4,586,294 | 5,066,899 | 5,588,851 | 5,494,946 | 4,937,219 | 4,900,545 | 5,060,999 | 5,472,143 |
| Social services | 2,174,949 | 1,886,966 | 2,539,439 | 2,822,890 | 3,448,378 | 2,606,989 | 2,138,165 | 1,861,337 | 1,799,550 | 1,879,944 |
| Education | 56,469,938 | 58,884,554 | 65,947,811 | 73,140,412 | 104,090,392 | 80,309,872 | 74,817,429 | 75,683,870 | 77,254,710 | 80,510,956 |
| Libraries, recreation and culture | 5,540,567 | 4,139,846 | 4,846,976 | 6,136,628 | 8,772,282 | 5,504,621 | 5,141,859 | 5,133,304 | 4,674,945 | 5,517,089 |
| Conservation of natural resources | 622,293 | 600,795 | 562,929 | 584,921 | 858,559 | 233,393 | 587,200 | 661,679 | 226,121 | 241,883 |
| Economic development | 1,748,182 | 2,257,929 | 1,881,698 | 2,096,997 | 1,613,375 | 1,081,193 | 1,426,683 | 1,762,761 | 1,897,159 | 1,610,180 |
| Distributions to municipalities | 14,366,585 | 14,681,488 | 16,856,357 | 17,249,935 | 19,570,744 | 18,770,287 | 19,357,791 | 20,317,357 | 20,450,152 | 21,871,051 |
| Debt service interest | 1,858,272 | 1,938,493 | 1,871,691 | 2,500,068 | 3,108,154 | 3,767,529 | 3,485,302 | 3,166,657 | 2,675,991 | 2,908,091 |
| Debt service principal | 4,044,085 | 5,444,242 | 5,047,700 | 4,026,300 | 5,219,231 | 7,271,910 | 7,522,974 | 7,824,044 | 7,393,498 | 7,628,103 |
| Capital projects | 19,304,370 | 17,150,368 | 11,919,855 | 28,721,826 | 42,970,601 | 16,635,132 | 13,754,003 | 7,046,175 | 3,084,228 | 7,788,332 |
| Total expenditures | 141,673,746 | 147,104,002 | 158,998,765 | 186,046,571 | 264,503,379 | 190,312,829 | 177,929,982 | 172,417,548 | 173,166,025 | 182,910,684 |
| Excess of revenues over (under) expenditures | 5,994,108 | 11,549,367 | 10,510,542 | (7,131,715) | (68,186,267) | (13,598,253) | (4,062,007) | 2,447,211 | 3,071,175 | (11,765,078) |
| Other Financing Sources (Uses) | | | | | | | | | | |
| Issuance of long-term debt | 31,665,210 | 1,815,096 | 28,307,695 | - | 35,610,301 | - | - | - | 14,212,936 | 48,209,146 |
| Payment to refunded debt escrow agent | (16,139,868) | - | - | - | - | - | - | - | (9,678,680) | - |
| Transfers: | | | | | | | | | | |
| Operating transfers in | 15,924,734 | 22,731,329 | 33,177,229 | 31,704,276 | 20,289,317 | 20,328,314 | 20,328,314 | 11,214,335 | 11,467,814 | 14,458,054 |
| Operating transfers out | (15,924,734) | (22,731,329) | (33,177,229) | (31,743,136) | (20,370,471) | (20,328,314) | (20,328,314) | (11,214,335) | (11,467,814) | (14,458,054) |
| Total other financing sources (uses) | 15,525,342 | 1,815,096 | 28,307,695 | (38,860) | 35,529,147 | - | - | - | 4,534,256 | 48,209,146 |
| Net change in fund balances | \$ 21,519,450 | \$ 13,364,463 | \$ 38,818,237 | \$ (7,170,575) | \$ (32,657,120) | \$ (13,598,253) | \$ (4,062,007) | \$ 2,447,211 | \$ 7,605,431 | \$ 36,444,068 |
| Debt service as a percentage of noncapital expenditures | 5.07% | 6.02% | 4.94% | 4.33% | 4.69% | 6.79% | 7.19% | 7.12% | 6.48% | 6.43% |

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

| | <u>Real Property</u> | <u>Personal Property Indiv. & Firms</u> | <u>Business, Corporations & Utilities</u> | <u>Total Assessable Base</u> | <u>County Tax Rate*</u> | <u>State Tax Rate</u> |
|------|----------------------|---|---|------------------------------|-------------------------|-----------------------|
| 2014 | \$ 14,755,590,502 | \$ 17,112,844 | \$ 297,149,958 | \$ 15,069,853,304 | 0.770 | 0.112 |
| 2013 | 15,462,442,895 | 15,847,573 | 297,224,707 | 15,775,515,175 | 0.700 | 0.112 |
| 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 |

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)

| | Year Taxes Are Payable | | | | | | | | | |
|----------------------------|-------------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| | <u>2005</u> | <u>2006</u> | <u>2007</u> | <u>2008</u> | <u>2009</u> | <u>2010</u> | <u>2011</u> | <u>2012</u> | <u>2013</u> | <u>2014</u> |
| County Direct Rates | | | | | | | | | | |
| General | \$ 0.73 | \$ 0.73 | \$ 0.70 | \$ 0.70 | \$ 0.70 | \$ 0.70 | \$ 0.70 | \$ 0.70 | \$ 0.77 | \$ 0.77 |
| Town Rates | | | | | | | | | | |
| Berlin | 0.73 | 0.73 | 0.73 | 0.73 | 0.73 | 0.73 | 0.73 | 0.73 | 0.68 | 0.68 |
| Ocean City | 0.48 | 0.47 | 0.43 | 0.41 | 0.38 | 0.395 | 0.395 | 0.395 | 0.472 | 0.4704 |
| Pocomoke | 0.76 | 0.76 | 0.76 | 0.76 | 0.76 | 0.76 | 0.76 | 0.75 | 0.82 | 0.9285 |
| 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 Ten Years Ago

| <u>Taxpayer</u> | <u>Fiscal Year 2014</u> | | | <u>Fiscal Year 2004</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> |
| Delmarva Power | \$ 55,505,570 | 1 | 0.37% | \$ 39,630,268 | 2 | 0.47% |
| Harrison Inn Stardust | 54,027,500 | 2 | 0.36% | 14,926,966 | 9 | 0.18% |
| 91st Street Joint Venture | 28,944,200 | 3 | 0.19% | 29,705,866 | 3 | 0.35% |
| Americana Stowaway Motel Inc. | 25,566,067 | 4 | 0.17% | 23,927,300 | 4 | 0.28% |
| Choptank Electric Cooperative | 22,395,200 | 5 | 0.15% | 13,092,300 | 10 | 0.16% |
| Verizon Maryland | 22,027,380 | 6 | 0.15% | 40,546,020 | 1 | 0.48% |
| Individual | 20,002,467 | 7 | 0.13% | 16,649,400 | 7 | 0.20% |
| Harrison Inn Ocean View | 19,027,767 | 8 | 0.13% | 22,468,400 | 5 | 0.27% |
| Harrison Ili 18 LLC | 18,983,867 | 9 | 0.13% | 16,912,633 | 6 | 0.20% |
| LPBOC Hotel | 18,461,100 | 10 | 0.12% | 15,473,300 | 8 | 0.18% |
| Total | \$ 284,941,118 | | 1.52% | \$ 233,332,453 | | 2.29% |

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 |
| 2014 | \$ 117,232,826 | \$ 113,637,017 | 96.93% | \$ 2,865,685 | \$ 116,502,702 | 99.38% |
| 2013 | 120,978,969 | 118,039,082 | 97.57% | 2,668,186 | 120,707,268 | 99.78% |
| 2012 | 120,824,876 | 117,865,015 | 97.55% | 2,461,933 | 120,326,948 | 99.59% |
| 2011 | 122,758,482 | 118,346,054 | 96.41% | 2,936,982 | 121,283,036 | 98.80% |
| 2010 | 127,501,001 | 123,185,310 | 96.62% | 2,842,094 | 126,027,404 | 98.84% |
| 2009 | 134,758,214 | 129,987,549 | 96.46% | 2,216,085 | 132,203,634 | 98.10% |
| 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% |

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

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

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

| Tax Year | State Income Tax Rate | | | | | | | | Worcester County Local Income Tax Direct Rate |
|----------|-----------------------------------|---------------------------------------|---------------------------------------|---|---|---|---|---|---|
| | \$0 to \$1,000 Net Taxable Income | \$1,000 to \$2,000 Net Taxable Income | \$2,000 to \$3,000 Net Taxable Income | \$3,000 to \$100,000 Net Taxable Income | \$100,000 to \$125,000 Net Taxable Income | \$125,000 to \$150,000 Net Taxable Income | \$150,000 to \$250,000 Net Taxable Income | In excess of \$250,000 Net Taxable Income | |
| 2013 | 2.00% | 3.00% | 4.00% | 4.75% | 5.00% | 5.25% | 5.50% | 5.75% | 1.25% |
| 2012 | 2.00% | 3.00% | 4.00% | 4.75% | 5.00% | 5.25% | 5.50% | 5.75% | 1.25% |
| 2011 | 2.00% | 3.00% | 4.00% | 4.75% | 4.75% | 4.75% | 4.75% | 4.75% | 1.25% |
| 2010 | 2.00% | 3.00% | 4.00% | 4.75% | 4.75% | 4.75% | 4.75% | 4.75% | 1.25% |
| 2009 | 2.00% | 3.00% | 4.00% | 4.75% | 4.75% | 4.75% | 4.75% | 4.75% | 1.25% |
| 2008 | 2.00% | 3.00% | 4.00% | 4.75% | 4.75% | 4.75% | 4.75% | 4.75% | 1.25% |
| 2007 | 2.00% | 3.00% | 4.00% | 4.75% | 4.75% | 4.75% | 4.75% | 4.75% | 1.25% |
| 2006 | 2.00% | 3.00% | 4.00% | 4.75% | 4.75% | 4.75% | 4.75% | 4.75% | 1.25% |
| 2005 | 2.00% | 3.00% | 4.00% | 4.75% | 4.75% | 4.75% | 4.75% | 4.75% | 1.25% |
| 2004 | 2.00% | 3.00% | 4.00% | 4.75% | 4.75% | 4.75% | 4.75% | 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

| Tax Year | Number of Taxable Returns | Maryland Adjusted Gross Income | Net Taxable Income | Net State Income Tax | Local Income Tax | Total Tax Liability | Worcester County Income Tax Direct Rate |
|----------|---------------------------|--------------------------------|--------------------|----------------------|------------------|---------------------|---|
| 2013 | 20,617 | \$ 1,286,708,049 | \$ 990,978,118 | \$ 43,499,534 | \$ 12,128,750 | \$ 55,628,284 | 1.25% |
| 2012 | 20,440 | 1,290,129,238 | 994,950,253 | 43,469,925 | 12,174,791 | 55,644,716 | 1.25% |
| 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% |

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

| Adjusted Gross Income Level | Tax Year 2013 | | | | | |
|-----------------------------|---------------------------|---------------------|--------------------|---------------------|---------------------|---------------------|
| | Number of Taxable Returns | Percentage of Total | Net Taxable Income | Percentage of Total | Local Tax Liability | Percentage of Total |
| \$200,000 and higher | 740 | 3.6% | \$ 286,533,323 | 28.9% | \$ 3,581,668 | 29.5% |
| \$100,000 - 199,999 | 2,163 | 10.5% | 237,485,155 | 24.0% | 2,972,929 | 24.5% |
| \$50,000 - 99,999 | 4,984 | 24.2% | 259,118,470 | 26.1% | 3,238,596 | 26.7% |
| \$25,000 - 49,999 | 6,269 | 30.4% | 148,938,804 | 15.0% | 1,726,144 | 14.2% |
| \$5,000 - 24,999 | 6,322 | 30.7% | 58,667,339 | 5.9% | 606,694 | 5.0% |
| Under \$5,000 | 139 | 0.7% | 235,027 | 0.0% | 2,719 | 0.0% |
| Totals | 20,617 | 100.0% | \$ 990,978,118 | 100.0% | \$ 12,128,750 | 100.0% |

| Adjusted Gross Income Level | Tax Year 2003 | | | | | |
|-----------------------------|---------------------------|---------------------|--------------------|---------------------|---------------------|---------------------|
| | Number of Taxable Returns | Percentage of Total | Net Taxable Income | Percentage of Total | Local Tax Liability | Percentage of Total |
| \$200,000 and higher | 445 | 2.3% | \$ 213,684,954 | 27.4% | \$ 2,671,052 | 27.9% |
| \$100,000 - 199,999 | 1,184 | 6.0% | 129,507,305 | 16.6% | 1,618,818 | 16.9% |
| \$50,000 - 99,999 | 4,178 | 21.2% | 218,610,082 | 28.0% | 2,732,657 | 28.6% |
| \$25,000 - 49,999 | 5,978 | 30.4% | 145,546,147 | 18.7% | 1,786,215 | 18.7% |
| \$5,000 - 24,999 | 7,727 | 39.2% | 72,576,059 | 9.3% | 749,984 | 7.8% |
| Under \$5,000 | 180 | 0.9% | 291,579 | 0.0% | 3,210 | 0.0% |
| Totals | 19,692 | 100.0% | \$ 780,216,126 | 100.0% | \$ 9,561,936 | 100.0% |

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

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

| Fiscal Year | Governmental Activities | | Business Activities | | Total Primary Government | Percentage of Personal Income | Bond/Lease Debt Per Capita |
|-------------|--------------------------|----------------|--------------------------|----------------|--------------------------|-------------------------------|----------------------------|
| | General Obligation Bonds | Capital Leases | General Obligation Bonds | Capital Leases | | | |
| 2014 | \$ 98,846,807 | \$ - | \$ 23,634,937 | \$ 1,391,965 | 123,873,709 | 4.77% | \$ 2,402 |
| 2013 | 68,469,208 | - | 16,888,956 | 1,359,361 | 86,717,525 | 3.34% | 1,680 |
| 2012 | 71,402,483 | - | 19,137,149 | 1,239,613 | 91,779,245 | 3.68% | 1,779 |
| 2011 | 79,300,560 | - | 14,803,882 | 1,574,530 | 95,678,972 | 4.22% | 1,857 |
| 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 |

Notes: 2014 percentage of personal income calculated using 2013 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

| <u>Fiscal Year</u> | <u>General Obligation Bonds</u> | <u>Total Taxable Assessable Base</u> | <u>Percentage of Total Taxable Assessable Base</u> | <u>Population*</u> | <u>Bond Debt Per Capita</u> |
|--------------------|---------------------------------|--------------------------------------|--|--------------------|-----------------------------|
| 2014 | \$ 122,481,744 | \$ 15,061,452,967 | 0.81% | 51,620 | 2,373 |
| 2013 | 85,358,164 | 15,775,515,175 | 0.54% | 51,578 | 1,655 |
| 2012 | 90,539,632 | 17,522,393,962 | 0.52% | 51,514 | 1,758 |
| 2011 | 94,104,442 | 18,130,187,255 | 0.52% | 49,122 | 1,916 |
| 2010 | 101,826,222 | 19,301,510,253 | 0.53% | 49,274 | 2,067 |
| 2009 | 110,328,976 | 20,247,338,533 | 0.54% | 49,270 | 2,239 |
| 2008 | 81,818,104 | 17,371,368,530 | 0.47% | 49,069 | 1,667 |
| 2007 | 87,234,814 | 14,580,162,820 | 0.60% | 48,785 | 1,788 |
| 2006 | 64,259,486 | 11,906,248,133 | 0.54% | 48,868 | 1,315 |
| 2005 | 66,524,903 | 10,074,151,360 | 0.66% | 48,681 | 1,367 |

Source: Worcester County Finance Office

*Using prior calendar year population data for fiscal year calculation.

Schedule 14
Worcester County, Maryland
Direct and Overlapping Governmental Activities Debt
As of June 30, 2014

| <u>Governmental Unit</u> | <u>Total Assessed Valuation of Real Property</u> | <u>% of Assessed Valuation to County Total</u> | <u>Pro Rata Share of County General Obligation Bonded Debt</u> | <u>Municipal Debt Outstanding^a</u> | <u>Estimated Share of Direct and Overlapping Debt</u> |
|--------------------------|--|--|--|---|---|
| Berlin | \$ 387,594,531 | 2.63% | \$ 2,600,167 | \$ 23,663,256 | \$ 26,263,423 |
| Ocean City | 8,572,720,189 | 58.18% | 57,509,859 | 94,683,811 | 152,193,670 |
| Pocomoke | 266,047,400 | 1.81% | 1,784,772 | 4,899,629 | 6,684,401 |
| Snow Hill | 120,216,600 | 0.82% | 806,470 | 2,297,138 | 3,103,608 |
| Unincorporated | 5,388,042,921 | 36.57% | 36,145,539 | - | 36,145,539 |
| Total | \$ 14,734,621,641 | 100.00% | \$ 98,846,807 | \$ 125,543,834 | \$ 224,390,641 |

Source: Worcester County Finance Office

^a Municipal Financial Statements

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

| Total Debt Outstanding Limit | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 |
|---|------------------|------------------|------------------|-------------------|-------------------|-------------------|-------------------|-------------------|------------------|------------------|
| Taxable Assessable Base | \$ 10,074,151 | \$ 11,906,248 | \$ 14,580,163 | \$ 17,371,369 | \$ 20,247,339 | \$ 19,301,510 | \$ 18,130,187 | \$ 17,522,394 | \$ 15,775,515 | \$ 15,061,453 |
| Debt Limit, 1% of Assessable Base | 100,742 | 119,062 | 145,802 | 173,714 | 202,473 | 193,015 | 181,302 | 175,224 | 157,755 | 150,615 |
| Amount of Debt Applicable to Limit | 47,160 | 44,106 | 67,961 | 63,911 | 94,244 | 86,898 | 79,301 | 71,402 | 68,469 | 98,847 |
| Debt Margin | <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> | <u>\$ 89,286</u> | <u>\$ 51,768</u> |
| Total debt applicable to the limit as a percentage of debt limit | 46.81% | 37.04% | 46.61% | 36.79% | 46.55% | 45.02% | 43.74% | 40.75% | 43.40% | 65.63% |
| Total Debt Service Limit | | | | | | | | | | |
| Total Governmental Fund Revenue | \$ 147,668 | \$ 158,653 | \$ 169,509 | \$ 178,915 | \$ 196,317 | \$ 176,715 | \$ 173,868 | \$ 174,865 | \$ 176,237 | \$ 171,146 |
| Debt Service Limit 10% of Revenue | 14,767 | 15,865 | 16,951 | 17,891 | 19,632 | 17,671 | 17,387 | 17,486 | 17,624 | 17,115 |
| Debt Service Applicable to Limit | 5,902 | 7,383 | 6,919 | 6,526 | 8,327 | 11,039 | 11,008 | 10,991 | 10,069 | 10,536 |
| Debt Service Margin | <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> | <u>\$ 7,554</u> | <u>\$ 6,578</u> |
| Total debt service applicable to the limit as a percentage of debt service limit | 39.97% | 46.53% | 40.82% | 36.48% | 42.42% | 62.47% | 63.31% | 62.85% | 57.14% | 61.56% |

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

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

| Year | Population ^a | Personal Income ^b (thousands of dollars) | Per Capita Personal Income ^b | Public School Enrollment^c | Unemployment Rate ^d |
|-------------|--------------------------------|--|--|---|---|
| 2014 | * | * | * | 6,649 | 7.2% |
| 2013 | 51,620 | 2,597,794 | 50,325 | 6,650 | 8.5% |
| 2012 | 51,578 | 2,493,986 | 48,354 | 6,643 | 8.2% |
| 2011 | 51,514 | 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 | 40,870 | 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% |

* Information not yet available.

Notes:

^a 2009-1999 Maryland Department of Planning

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

^c Worcester County Board of Education

^d Maryland Dept of Labor, Licensing and Regulation

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

| <u>Employer</u> | <u>2014</u> | | | <u>2009</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> |
| Town of Ocean City | 1,343 | 1 | 4.46% | 1,421 | 1 | 4.83% |
| Worcester Board of Education | 1,290 | 2 | 4.29% | 1,190 | 2 | 4.05% |
| Harrison Group | 1,083 | 3 | 3.60% | 1,100 | 3 | 3.74% |
| Atlantic General Hospital | 830 | 4 | 2.76% | 593 | 6 | 2.02% |
| Worcester County Government | 683 | 5 | 2.27% | 611 | 4 | 2.08% |
| Wal-Mart Super Center | 500 | 6 | 1.66% | 370 | 10 | 1.26% |
| O C Seacrets, Inc. | 380 | 7 | 1.26% | 530 | 7 | 1.80% |
| Dough Roller | 350 | 8 | 1.16% | | | |
| Phillips Seafood Restaurant | 326 | 9 | 1.08% | 595 | 5 | 2.02% |
| Bayshore Development | 296 | 10 | 0.98% | 500 | 8 | 1.70% |
| Clarion Fountainebleu Hotel | | | | 448 | 9 | 1.52% |
| | <u>7,081</u> | | <u>19.07%</u> | <u>7,358</u> | | <u>20.19%</u> |
| Total Worcester County Employees | | | 30,089 | | | 29,410 |

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>2005</u> | <u>2006</u> | <u>2007</u> | <u>2008</u> | <u>2009</u> | <u>2010</u> | <u>2011</u> | <u>2012</u> | <u>2013</u> | <u>2014</u> |
| General government | 121.4 | 134.8 | 144.8 | 149.7 | 153.4 | 137.1 | 127.4 | 125.0 | 124.3 | 122.0 |
| Commissioners, judges, & boards | 20.0 | 20.0 | 20.0 | 20.0 | 20.0 | 20.0 | 21.0 | 21.0 | 22.0 | 21.0 |
| Public safety | 162.1 | 165.1 | 174.6 | 174.4 | 180.3 | 191.5 | 203.3 | 207.1 | 212.1 | 222.3 |
| Public works | 68.1 | 68.1 | 68.7 | 70.0 | 70.6 | 64.8 | 61.9 | 59.7 | 57.7 | 56.9 |
| Social services - lmb | 2.2 | 2.9 | 3.7 | 3.8 | 3.5 | 3.0 | 1.0 | - | - | - |
| Library & recreation | 44.5 | 53.6 | 63.2 | 67.1 | 70.0 | 65.1 | 62.0 | 60.4 | 63.1 | 63.1 |
| Natural resources | 0.3 | 0.3 | 0.2 | 0.2 | - | - | - | - | - | - |
| Water & wastewater | 60.3 | 64.0 | 66.6 | 66.6 | 67.2 | 63.7 | 65.0 | 62.6 | 62.9 | 65.2 |
| Solid waste | 41.5 | 46.5 | 47.6 | 46.6 | 45.3 | 40.9 | 39.0 | 36.6 | 35.0 | 35.6 |
| Liquor control | - | - | - | - | - | - | - | 36.0 | 31.8 | 31.0 |
| Total | <u>520.4</u> | <u>555.3</u> | <u>589.4</u> | <u>598.4</u> | <u>610.3</u> | <u>586.1</u> | <u>580.6</u> | <u>608.4</u> | <u>608.9</u> | <u>617.1</u> |

Source: Worcester County Finance Office.

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

Note 2: County Commissioners, Orphan's Court Judges and Board Members noted as full time 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>2005</u> | <u>2006</u> | <u>2007</u> | <u>2008</u> | <u>2009</u> | <u>2010</u> | <u>2011</u> | <u>2012</u> | <u>2013</u> | <u>2014</u> |
| General Government | | | | | | | | | | |
| Building Permits issued* | 454 | 444 | 194 | 98 | 73 | 75 | 59 | 65 | 76 | 124 |
| Value of new construction (000's) | 93,580 | 112,867 | 52,891 | 31,990 | 17,063 | 17,524 | 13,317 | 14,437 | 20,344 | 31,150 |
| Public Safety | | | | | | | | | | |
| Detention Center | | | | | | | | | | |
| Avg. daily population | 297 | 305 | 308 | 274 | 196 | 267 | 334 | 375 | 376 | 335 |
| Fire Protection (All Volunteer) | | | | | | | | | | |
| Fire calls answered | 759 | 1,695 | 1,756 | 1,526 | 1,425 | 1,370 | 1,490 | 1,539 | 1,612 | 2,164 |
| Emergency Medical Services | | | | | | | | | | |
| EMS Calls answered | 4,538 | 5,535 | 5,700 | 5,812 | 5,621 | 5,928 | 5,572 | 6,050 | 6,243 | 5,937 |
| Education | | | | | | | | | | |
| Students | 6,834 | 6,756 | 6,727 | 6,747 | 6,673 | 6,659 | 6,699 | 6,643 | 6,650 | 6,649 |
| Teachers | 546 | 559 | 575 | 577 | 579 | 572 | 571 | 570 | 571 | 572 |
| Public Works | | | | | | | | | | |
| Centerline miles of road maintained | 519 | 520 | 519 | 524 | 524 | 529 | 530 | 530 | 530 | 530 |
| Wastewater treated (mgd) | 2.2 | 2.3 | 2.3 | 2.3 | 2.3 | 2.3 | 2.3 | 2.3 | 2.3 | 2.4 |

Sources: Worcester County Finance Office and individual County departments.

* Single Family Dwelling Units

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

| Function/Program | Fiscal Year | | | | | | | | | |
|--------------------------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| | <u>2005</u> | <u>2006</u> | <u>2007</u> | <u>2008</u> | <u>2009</u> | <u>2010</u> | <u>2011</u> | <u>2012</u> | <u>2013</u> | <u>2014</u> |
| Public Safety | | | | | | | | | | |
| Detention center capacity | 300 | 300 | 300 | 300 | 300 | 507 | 507 | 507 | 507 | 507 |
| Fire companies | 9 | 9 | 9 | 9 | 9 | 9 | 9 | 9 | 9 | 9 |
| Emergency medical services companies | 6 | 6 | 6 | 6 | 7 | 7 | 7 | 7 | 7 | 7 |
| Education | | | | | | | | | | |
| Elementary schools | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 |
| Intermediate schools | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Middle schools | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 |
| Special school | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| High schools | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 |
| Technical high school | - | - | - | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Career & technology center | 1 | 1 | 1 | - | - | - | - | - | - | - |
| Public libraries | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 |
| Recreation Facilities | | | | | | | | | | |
| Recreation center | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| County parks | 11 | 12 | 12 | 12 | 13 | 13 | 13 | 13 | 13 | 13 |
| Park acreage | 306 | 880 | 880 | 880 | 883 | 883 | 883 | 883 | 883 | 883 |
| Public landings & wharves | 9 | 9 | 9 | 9 | 9 | 9 | 9 | 9 | 9 | 9 |
| Boat slips | 8 | 18 | 8 | 8 | 8 | 8 | 8 | 8 | 8 | 8 |
| Public Works | | | | | | | | | | |
| Centerline miles of county roads | 519 | 520 | 519 | 524 | 527 | 529 | 530 | 530 | 530 | 530 |
| Public easements - Ocean Pines | 59.24 | 59.24 | 62.88 | 64.16 | 64.16 | 64.12 | 64.12 | 64.12 | 64.12 | 64.12 |
| Bridges | 40 | 40 | 40 | 40 | 40 | 44 | 44 | 44 | 44 | 44 |
| Wastewater treatment plants | 7 | 7 | 8 | 8 | 8 | 8 | 8 | 8 | 8 | 8 |
| Miles of sewer pipeline | 175 | 185 | 187 | 187 | 187 | 187 | 187 | 187 | 187 | 190 |
| Water well house facilities | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 |
| Pump stations | 48 | 51 | 53 | 53 | 53 | 53 | 54 | 54 | 54 | 54 |
| Water tanks | 4 | 5 | 5 | 5 | 6 | 6 | 6 | 6 | 6 | 6 |
| Waterlines | 144 | 147 | 148 | 148 | 149 | 150 | 150 | 150 | 151 | 151 |
| Water treatment facilities | 9 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 |
| Recycling center | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |

Sources: Worcester County Finance Office and individual County departments

