

Worcester County, Maryland

Comprehensive Annual Financial Report

For Fiscal Year Ended
June 30, 2015



Worcester County Government Center

Prepared by:

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WORCESTER COUNTY, MARYLAND
COMPREHENSIVE ANNUAL FINANCIAL REPORT
for the FISCAL YEAR ENDED JUNE 30, 2015
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INTRODUCTORY SECTION

LETTER OF TRANSMITTAL

GFOA CERTIFICATE OF ACHIEVEMENT

ORGANIZATION CHART

LIST OF PRINCIPAL OFFICIALS AND DIRECTORS



OFFICE OF THE TREASURER

Worcester County

GOVERNMENT CENTER

ONE WEST MARKET STREET, ROOM 1105

P.O. Box 248

SNOW HILL, MARYLAND

21863

TEL: 410-632-0686
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PHILLIP G. THOMPSON, CPA
FINANCE OFFICER

JENNIFER C. SWANTON, CPA
ASSISTANT FINANCE OFFICER

November 25, 2015

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, 2015 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, 2015, 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

Citizens and Government Working Together

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, 2015 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), recreational 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 many County departments and agencies as well as holding salaries flat for three fiscal years from fiscal year 2010 through fiscal year 2012. In addition, the County enacted a hiring freeze for non-public safety employees in March 2015 in order to stabilize personnel costs and develop a plan for the use of existing budget stabilization funds for the upcoming budget year. These actions, combined with the impact of the national recession, have resulted in an \$11.5 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 2015. This program has resulted in a work force reduction of 58 employees and an annual savings of \$3.5 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 the overall economies of Maryland and the Nation. 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 country to its pristine seashore and many historic sites. Room Tax revenue increased by 4.1% in the current fiscal year which translates to a \$13M increase in gross hotel, motel and condominium rentals. In addition, Food Tax revenue increased by 4.5% in fiscal year 2015 indicating that our tourism market continues to perform 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 2016, 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, an Emergency Services radio system upgrade, and various Public Works projects including water and wastewater and landfill 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 Pension System 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 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 post-employment 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, 2014. 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 satisfy 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,

A handwritten signature in black ink, appearing to read "Phillip G. Thompson". The signature is fluid and cursive, with a large initial "P" and "T".

Phillip G. Thompson, CPA
Finance Officer



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

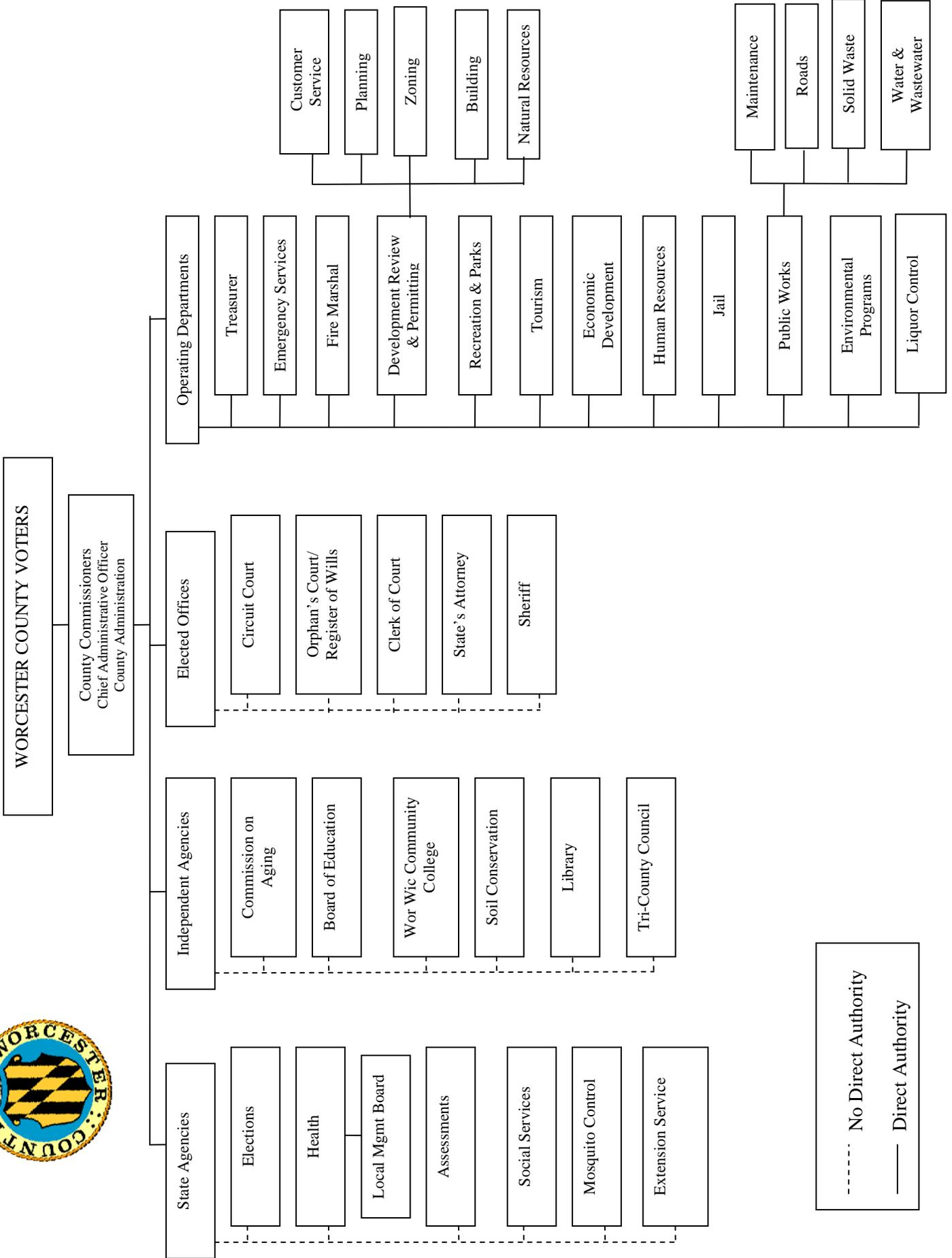
**Worcester County
Maryland**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2014

Executive Director/CEO

Worcester County Organization Chart



----- No Direct Authority
 _____ Direct Authority

Worcester County, Maryland
List of Principal Officials and Directors
June 30, 2015

ELECTED OFFICIALS

County Commissioners

Madison J. Bunting, Jr., President
Merrill W. Lockfaw, Jr., Vice President
Anthony W. Bertino, Jr.
James C. Church
Theodore J. Elder
Joseph M. Mitrecic
Diana Purnell

Sheriff
State's Attorney

Reggie T. Mason, Sr.
Beau H. Oglesby

APPOINTED OFFICIALS

County Administrator
Assistant County Administrator
Attorney
Jail Warden
Economic Development Director
Environmental Programs 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
Robert Mitchell
Fred Webster
Phillip G. Thompson
Jeff McMahon
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

Report on the Financial Statements

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, 2015, 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.

Auditor's 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, 2015, 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.

Emphasis of Matter

As discussed in Note 16 to the financial statements, during the year ended June 30, 2015, the County adopted new accounting guidance from Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions*. Our opinion is not modified with respect to this matter.

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, pension schedules, and OPEB Trust Fund information) on pages 12 through 23 and 80 through 101, respectively, 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 relate 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 combining and individual nonmajor fund financial statements and other supplementary information are 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 November 25, 2015 on our consideration of Worcester County, Maryland's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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 Worcester County, Maryland's internal control over financial reporting and compliance.



Salisbury, Maryland
November 25, 2015

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, 2015. 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 intergovernmental.
- The *business-type activities* of the County include solid waste, 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 25 – 27 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, governmental 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 balances for the General, Capital Projects, Debt Service, Department of Social Services, Local Management Board, Casino, and Energy Service funds.

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

The basic governmental fund financial statements can be found on pages 28 – 31 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 32 – 36 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 37 – 38 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 40 – 78 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 80 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 \$111,652,669 as of June 30, 2015 compared to \$139,144,824 for the year ended June 30, 2014, a decrease of \$27,492,155. The decrease is mainly due to school construction costs totaling approximately \$19 million, the use of budget stabilization/unassigned funds of approximately \$6 million, and enterprise fund net losses of approximately \$2.5 million.

Worcester County, Maryland

Net Position

	June 30, 2015			June 30, 2014		
	Governmental Activities	Business-Type Activities	Total	Governmental Activities	Business-Type Activities	Total
Assets:						
Current and other						
assets	\$ 110,846,881	\$ 41,799,149	\$ 152,646,030	\$ 131,214,985	\$ 42,458,970	\$ 173,673,955
Capital assets	91,360,130	77,757,178	169,117,308	94,146,770	78,257,952	172,404,722
Total assets:	<u>202,207,011</u>	<u>119,556,327</u>	<u>321,763,338</u>	<u>225,361,755</u>	<u>120,716,922</u>	<u>346,078,677</u>
Deferred outflows						
of resources	<u>3,073,287</u>		<u>3,073,287</u>	<u>2,703,529</u>		<u>2,703,529</u>
Liabilities:						
Current and other						
liabilities	21,357,971	39,405,633	60,763,604	22,236,431	39,714,382	61,950,813
Long-term liabilities	125,772,993	24,393,806	150,166,799	124,977,968	22,708,601	147,686,569
Total liabilities:	<u>147,130,964</u>	<u>63,799,439</u>	<u>210,930,403</u>	<u>147,214,399</u>	<u>62,422,983</u>	<u>209,637,382</u>
Deferred inflows						
of resources	<u>2,253,553</u>		<u>2,253,553</u>			
Net position:						
Net investment in						
capital assets	84,210,723	55,184,962	139,395,685	86,424,881	53,642,591	140,067,472
Unrestricted	(28,314,942)	571,926	(27,743,016)	(5,573,996)	4,651,348	(922,648)
Total net position:	<u>\$ 55,895,781</u>	<u>\$ 55,756,888</u>	<u>\$ 111,652,669</u>	<u>\$ 80,850,885</u>	<u>\$ 58,293,939</u>	<u>\$ 139,144,824</u>

One of the largest portions of the County's net position 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 \$139,395,685 at June 30, 2015. 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 \$86,035,000 at June 30, 2015. Absent the effect of this relationship, the County would have reported an unrestricted governmental activities net position of \$57,520,058 on its government-wide financial statements, rather than the unrestricted net position of (\$28,314,942).

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

	Year Ended June 30, 2015			Year Ended June 30, 2014		
	Governmental Activities	Business-Type Activities	Total	Governmental Activities	Business-Type Activities	Total
Revenues:						
Program revenues:						
Charges for services	\$ 8,094,974	\$ 26,931,245	\$ 35,026,219	\$ 8,400,193	\$ 32,274,803	\$ 40,674,996
Operating grants and contributions	5,132,554	49,202	5,181,756	4,154,275	25,000	4,179,275
Capital grants and contributions	1,861,970		1,861,970	1,220,927		1,220,927
General revenues:						
Real and personal property taxes	117,097,119		117,097,119	117,173,133		117,173,133
Income taxes	13,690,331		13,690,331	13,673,793		13,673,793
Other local taxes	25,418,688		25,418,688	24,324,762		24,324,762
State shared taxes	931,712		931,712	891,106		891,106
Distribution - WCDLC	9,005		9,005	284,609	(10,984)	273,625
Interest income	180,030	7,893	187,923	194,221	59,174	253,395
Transfer of assets	-		-	(250,000)		(250,000)
Other income	557,068		557,068	690,527		690,527
Total revenues:	172,973,451	26,988,340	199,961,791	170,757,546	32,347,993	203,105,539
Expenses:						
General government	38,635,684		38,635,684	41,815,245		41,815,245
Public safety	31,973,300		31,973,300	31,088,753		31,088,753
Public works	5,217,371		5,217,371	6,843,212		6,843,212
Health and hospitals	6,551,417		6,551,417	6,003,573		6,003,573
Social services	1,946,138		1,946,138	1,879,944		1,879,944
Education	100,313,254		100,313,254	84,004,053		84,004,053
Libraries, recreation and culture	6,092,227		6,092,227	5,438,515		5,438,515
Conservation of natural resources	375,697		375,697	241,883		241,883
Economic development	1,932,046		1,932,046	1,667,636		1,667,636
Interest charges	4,891,421		4,891,421	2,428,386		2,428,386
Landfill		5,638,012	5,638,012		5,513,619	5,513,619
Water and wastewater		13,409,381	13,409,381		12,351,756	12,351,756
Liquor Control		10,477,998	10,477,998		15,518,122	15,518,122
Total expenses:	197,928,555	29,525,391	227,453,946	181,411,200	33,383,497	214,794,697
Increase (decrease) in net position	(24,955,104)	(2,537,051)	(27,492,155)	(10,653,654)	(1,035,504)	(11,689,158)
Net position, beginning as restated	80,850,885	58,293,939	139,144,824	91,504,539	59,329,443	150,833,982
Net position, ending	\$ 55,895,781	\$ 55,756,888	\$ 111,652,669	\$ 80,850,885	\$ 58,293,939	\$ 139,144,824

Financial Analysis on Governmental Fund Financial Statements

Governmental Activities:

Key elements in the revenue increase of \$2,215,905 for governmental activities as compared to fiscal year 2014 are as follows:

- Net property taxes increased by \$652,163 in total mainly due to an increase in railroad and utility property taxes of \$460,556 above FY14. Real property taxes decreased by \$959,183 due to continued decreasing assessment values from fiscal year 2014 but were offset by an increase in homeowner tax credits of \$991,819.
- Other local taxes increased by \$1,093,926 above FY14 mainly due to an increase in recordation receipts of \$295,386, transfer taxes increased by \$113,250, room taxes increased by \$579,206, and food taxes increased by \$58,864.
- Intergovernmental grants increased \$1,339,488 over the prior year mainly due to \$252,726 from the State for pothole repairs, \$370,555 in State aid for bridges, \$399,543 for the County's share of State park receipts, and \$460,225 for the recreation center addition program open space.
- Service charges decreased \$663,366 mainly due to a decrease in jail use fees of \$513,142 over the prior year due to decreased housing for state and federal inmates.

Expenses for governmental activities increased from \$181,411,200 to \$197,928,555, or \$16,517,355 (9.1%) compared to FY14 primarily due to the following:

- Salary accounts for County and Board of Education employees were included for the fiscal year at 3%, an increase of 1.0% as compared to FY14. The 3% included a 0.05% cost of living increase and a step increase for those eligible. Health care costs increased due to increased rates in health care and drug premiums combined with the impact and implementation of the Affordable Care Act.
- Education increased approximately \$16.3 million, of which the regular appropriations to the Board of Education increased by \$2.3 million mainly due to an increase in salary accounts and increased health care costs attributable to the rising cost of health care and drug premiums and implementation of the Affordable Care Act. In addition, capital expenditures of \$15.0 million related to the new Snow Hill High School were expensed on the Statement of Activities as costs are assets of the Board and not the County. A transfer to the OPEB Trust fund on behalf of education occurred in the prior fiscal year and not fiscal year 2015; as a result the net effect is a decrease of \$1.0 million.
- General Government decreased approximately \$2.9 million but does include an increase of \$701,125 pass-through taxes shared with towns. Capital project expenditures over the prior fiscal year decreased \$2.2 million and a transfer to the OPEB Trust fund on behalf of county employees occurred in the prior fiscal year and not fiscal year 2015; as a result the net effect decreased \$1.0 million for general government.
- Debt Service increased \$1.9 million mainly due to debt incurred for the Snow Hill High School addition and renovation project.
- Interest increased approximately \$1.3 million mainly due to debt incurred for the Snow Hill High School addition and renovation project.

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 No. 54 – Fund Balance Reporting and Governmental 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, 2015 and 2014:

Governmental Activities - Fund Statements	June 30, 2015	June 30, 2014	Net Change in Fund Balance
General Fund	\$ 42,662,014	\$ 49,599,733	\$ (6,937,719)
Capital Projects Fund	31,685,392	42,954,786	(11,269,394)
Debt Service Fund	-	5,401	(5,401)
Other Governmental Funds	<u>2,249,959</u>	<u>3,049,447</u>	<u>(799,488)</u>
Total	<u>\$ 76,597,365</u>	<u>\$ 95,609,367</u>	<u>\$ (19,012,002)</u>

At the end of the current fiscal year, the County's governmental funds reported combined fund balance of \$76,597,365, a decrease of \$19,012,002 in comparison with the prior year. This decrease is mainly due to school construction costs and general government capital projects totaling approximately \$19 million and \$2 million, respectively, less the issuance of new 2015 bond debt for general government of \$8,760,000, both in the Capital Projects Fund; the use of budget stabilization/unassigned funds of approximately \$6 million in the General Fund; and the planned use of the casino funds for the Worcester County Technical School debt for a deficiency of revenues over expenditures of approximately \$800,000.

The **General Fund** is the chief operating fund of the County. At the end of the current fiscal year, the fund balance of the General Fund was \$42,662,014. This fund balance includes nonspendable items totaling \$5,255 for prepaid expenses, assigned fund balance of \$8,679,957 for future capital projects, and \$33,976,802 as unassigned fund balance. In accordance with GASB Statement No. 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 20.4% of total General Fund expenditures, while total fund balance represents 25.6% of that same amount.

The **Capital Projects Fund** is used to account for major capital acquisition and construction of County facilities. Major sources for these projects are pay-as-you-go funding, debt proceeds, and federal and state grants. The fund balance of the County's Capital Projects Fund decreased by \$11,269,394 during the current fiscal year. This is due to a combination of spending down of approximately \$19 million in long-term debt proceeds on behalf of the Board of Education for the Snow Hill High School renovation and addition, and issuing new debt of \$8,760,000 for General Fund projects.

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 decreased by \$5,401 during the current fiscal year.

The **Other Governmental Funds** include the Department of Social Services, Local Management Board, Casino Fund, and the Energy Service Fund. Fund balances in these funds decreased by \$799,488 from fiscal year 2014. The Energy Service Fund decreased by \$4,532, while the Department of Social Services and the Local Management Board increased by \$12,566 and \$4, respectively. The Casino Fund, which was created to account for the County portion of proceeds from the Ocean Downs Casino facility, reflects an \$807,526 decrease in fund balance in fiscal year 2015. Further details of these activities is on pages 104 – 105.

Proprietary Funds:

<u>Enterprise Fund Statements</u>	<u>June 30, 2015</u>	<u>June 30, 2014</u>	<u>Change in Net Position</u>
Water and Wastewater Services	\$ 56,399,625	\$ 56,894,948	\$ (495,323)
Solid Waste	(550,183)	998,991	(1,549,174)
Department of Liquor Control	(92,554)	400,000	(492,554)
Total	<u>\$ 55,756,888</u>	<u>\$ 58,293,939</u>	<u>\$ (2,537,051)</u>

Water and Wastewater

Revenues

- Overall revenue remained stable from FY14 to FY15. There was an increase in domestic and commercial charges due to service area rate increases and additional usage, which was offset by less commercial businesses purchasing water and sewer equivalent dwelling units.

Expenses

- Operating expenses increased from \$9.4 million in FY14 to \$9.9 million in FY15 mainly due to the new Mystic Harbour wastewater treatment plant being put into service at the beginning of the fiscal year, which required additional manpower, chemicals, maintenance, and electric to run the new plant.
- Depreciation expense increased from \$2.4 million in FY14 to \$2.8 million in FY15 due to the new Mystic Harbour wastewater treatment plant being put into service at the beginning of the fiscal year and depreciated for a full year.

Solid Waste

Revenue

- Tipping fee revenue increased from \$3.3 million in FY14 to \$3.4 million in FY15 due to additional trash being brought to the central landfill from commercial businesses.
- License and permit revenue increased from \$309,505 in FY14 to \$389,215 in FY15 due to the increase in the price of homeowner permits for calendar year 2015.
- Recycling revenues increased from \$133,222 in FY14 to \$217,183 in FY15. Sales of recyclable materials are highly market driven and often experiences large changes from year to year.

Expenses

- Operating expenses increased from \$3.6 million in FY14 to \$3.75 million in FY15 due to personnel salary increases and additional equipment maintenance in FY15.
- Depreciation and general expenses decreased from \$1.9 million in FY14 to \$1.8 million in FY15 due to a piece of leased equipment with an original buy back of \$135,000 that the County decided to keep and was fully depreciated in FY14.

Department of Liquor Control

Revenues

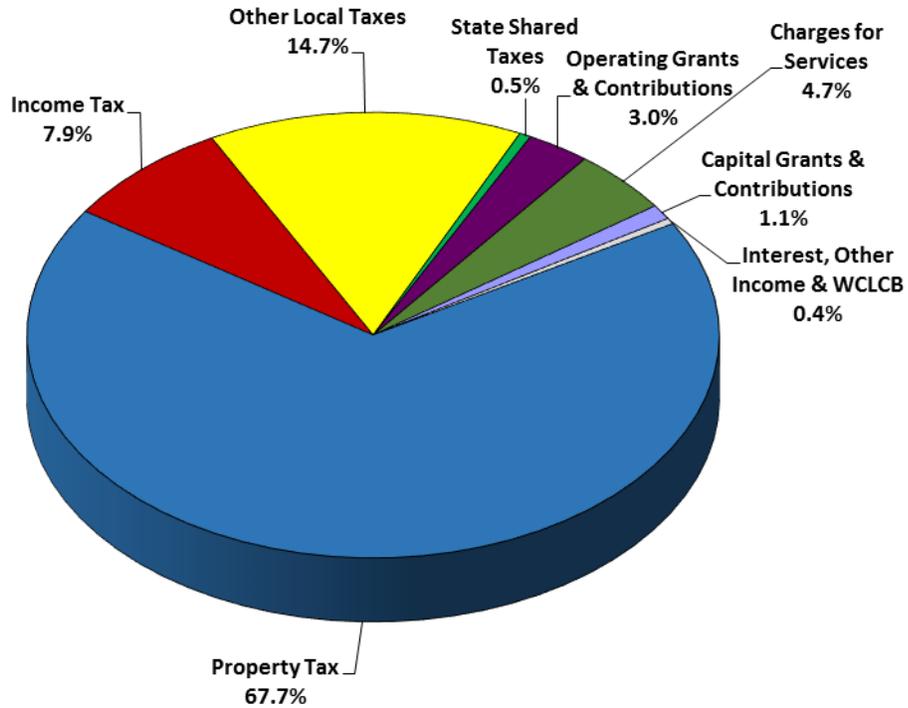
- Liquor sales substantially decreased from \$15.5 million in FY14 to \$10 million in FY15 due to the new law, effective July 1, 2014, allowing County liquor licensees to purchase liquor from licensed wholesalers. The corresponding cost of sales decreased from \$12.2 million in FY14 to \$7.8 million in FY15.

Expenses

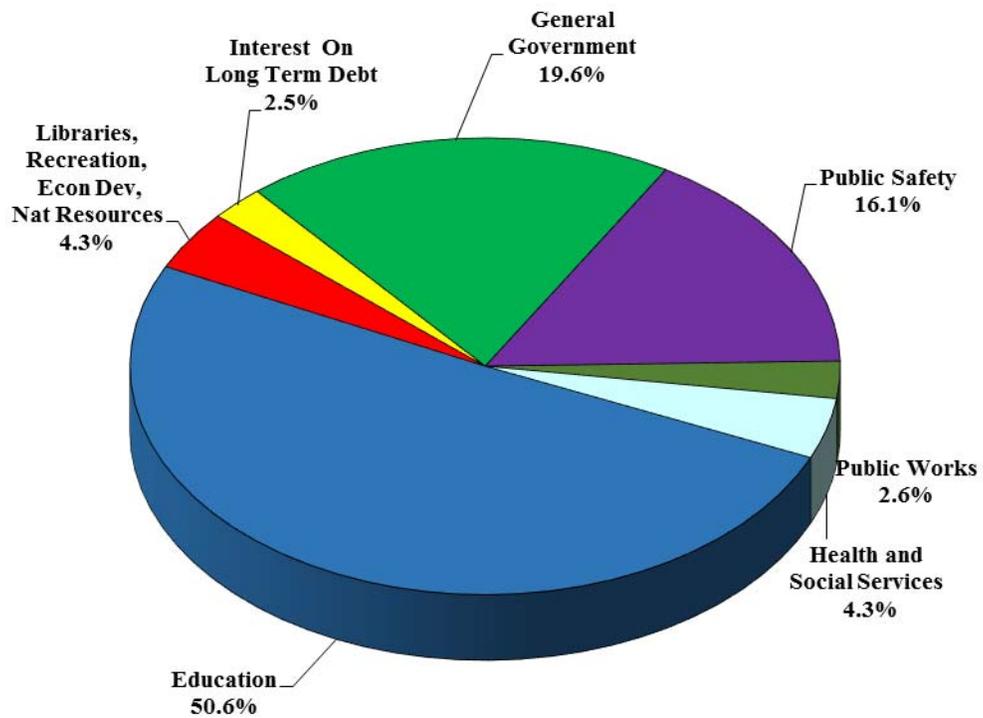
- Operating expenses decreased from \$2 million in FY14 to \$1.5 million in FY15 mainly due to adjusting operations as a result of the substantial drop in sales due to the new law effective July 1, 2014, allowing licensees to purchase liquor from licensed wholesalers.
- Depreciation and general expenses decreased from \$1.2 million in FY14 to \$1 million in FY15 mainly due to adjusting operations as a result of the substantial drop in sales due to the new law effective July 1, 2014.

Fiscal year 2015 revenues and expenses are summarized in the following charts for both the business-type (proprietary) and governmental activities.

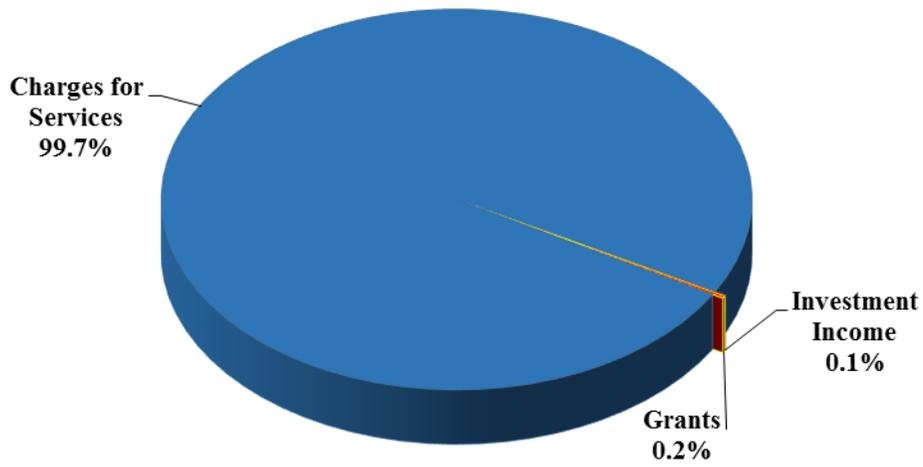
Revenues by Source- Governmental Activities For the Year Ended June 30, 2015



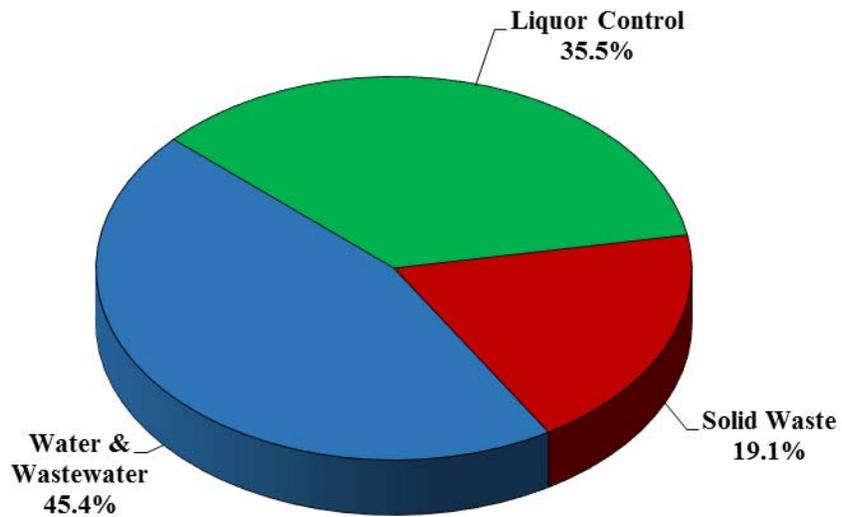
Expenses- Governmental Activities For the Year Ended June 30, 2015



**Revenues by Source- Business-Type Activities
For the Year Ended June 30, 2015**



**Expenses- Business-Type Activities
For the Year Ended June 30, 2015**

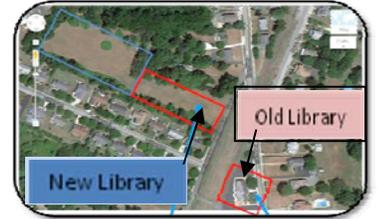


Capital Asset and Debt Administration

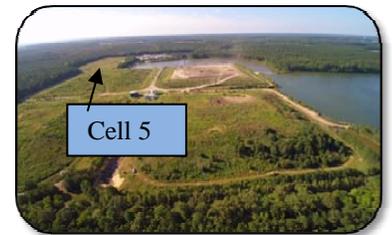
Capital assets: The County's investment in capital assets for its governmental and business-type activities as of June 30, 2015, amounts to \$169,117,308 (net of accumulated depreciation). The total decrease in the County's investment in capital assets for the current year was 1.9%. This net investment 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. In November 2014, the County applied for FY16 State grant funds and was awarded \$1,082,900 in July 2015. The current Berlin library occupies land owned by the Berlin Volunteer Fire Department.



- In fiscal year 2013, the County engaged EA Engineering, Science and Technology to complete the engineering design of Cell 5. Required permit applications have been submitted to the Maryland Department of the Environment. The County secured bond funds in June 2015 for \$2,035,000 to assist with financing Cell 5 at a total estimated cost of \$10,000,000. The estimated start date is summer of 2016.



- 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. Opening for the addition is planned for December 2015.



- In fiscal year 2015, the County completed a project with Somerset Paving and Marine of Crisfield, Maryland in the amount of \$242,312 for improvements to Taylor Landing Boat Ramp near Girdletree, Maryland, which included a stone revetment, boat ramp, shoreline stabilization project and resurfacing the parking lot. The County was reimbursed \$155,184 in total from the Maryland Department of Natural Resources and the remaining \$87,128 from County pay-as you go funds.



- Improvements to various boat landings totaled \$138,263 in fiscal year 2015.
- Bridge replacements for Millville and Nelson Roads totaled \$421,035 in fiscal year 2015.
- The purchase of new vehicles for public safety totaled \$271,752 and Public Works' new vehicles and equipment totaled \$83,784 during the fiscal year.
- The County contributed \$19,293,895 for the following education projects:
 - \$18,951,333 for the renovation and construction of an addition to Snow Hill High School.
 - \$315,081 for phase 2 of school safety projects and student devices.
 - \$27,481 to Wor-Wic Community College for the County's share for the design phase of the renovation of the Academic & Administrative Building and the Maner Technology Center.

Worcester County, Maryland
Capital Assets (Net of Depreciation)

	June 30, 2015			June 30, 2014		
	Governmental Activities	Business-Type Activities	Total	Governmental Activities	Business-Type Activities	Total
Land and improvements	\$ 12,017,475	\$ 1,554,029	\$ 13,571,504	\$ 12,017,475	\$ 1,554,029	\$ 13,571,504
Building and building improvements	58,641,562	4,187,827	62,829,389	60,467,746	4,387,124	64,854,870
Improvements other than buildings	6,565,027	2,152,748	8,717,775	6,634,139	3,012,917	9,647,056
Machinery and equipment	5,866,710	3,507,499	9,374,209	6,537,199	3,099,256	9,636,455
Water and sewer systems			-		53,180,638	53,180,638
Infrastructure	6,890,107	64,296,875	71,186,982	7,426,580		7,426,580
Construction-in-progress	1,379,249	2,058,200	3,437,449	1,063,631	13,023,988	14,087,619
Total:	<u>\$ 91,360,130</u>	<u>\$ 77,757,178</u>	<u>\$ 169,117,308</u>	<u>\$ 94,146,770</u>	<u>\$ 78,257,952</u>	<u>\$ 172,404,722</u>

Additional information on Worcester County's capital assets can be found in note 5 on pages 51 – 52 of this report.

Long-term debt: At the end of the current fiscal year, Worcester County had total bonded long-term debt of \$126,244,123. The total debt is backed by the full faith and credit of Worcester County. Business-type activities are directly responsible for \$24,299,716 of the total debt.

Worcester County, Maryland
Outstanding Debt/General Obligation Bonds

	June 30, 2015			June 30, 2014		
	Governmental Activities	Business-Type Activities	Total	Governmental Activities	Business-Type Activities	Total
General Bonded Debt	<u>\$ 101,944,407</u>	<u>\$ 24,299,716</u>	<u>\$ 126,244,123</u>	<u>\$ 102,921,889</u>	<u>\$ 23,223,396</u>	<u>\$ 126,145,285</u>

The County's total bonded debt increased by \$98,838 during the current fiscal year due to plan payments on debt of \$11.6 million, refinancing of debt leading to a \$353,000 reduction, and issuance of long-term bonds of approximately \$12 million for capital projects: general government – \$8,760,000, water and wastewater enterprise fund – \$1,220,000, and landfill enterprise fund – \$2,035,000.

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 53 – 58 of this report.

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

During fiscal year 2015, Worcester County experienced a continuation of a number of recent trends and estimates which indicated that real property tax revenues would continue to decline. The County maintained the real property tax rate of \$0.77 per \$100 of assessment; however, net real property taxes decreased by \$959,183 from the prior year as a result of the sixth year of declining real property assessments. Recordation and transfer tax revenues to the County increased by \$408,635. An appropriation for \$2,499,213 in Casino/Local Impact Grant funds was added as planned towards debt payments for the Worcester County Technical High School, an increase of \$499,213 over fiscal year 2014. Transfers in-other funds increased by \$1,057,688 based on the transfer in of bond premium proceeds. Funds were used for interest expense on the 2014 Bond issuance. The County anticipated utilizing reserves in the short-term to cover projected budget shortfalls. While most department operating budgets were flat or declining, the County provided a \$2.2 million increase for education and debt service was increased \$3.2 million for the Snow Hill High school addition and renovation project. The County funded the annual contribution to the Other Post-Employment Benefits Trust Fund for \$3 million, a decrease of \$2 million over fiscal year 2014. Salary accounts were increased 3% for the Board of Education and County for fiscal year 2015.

While the housing industry has declined in recent years, tourism has remained relatively stable partly due to the proximity of the areas from which many visitors travel to reach Ocean City, although the trend over the last couple of years includes a shorter booking window and shortened length of stay. It is estimated that millions of 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, 2015 is 7.9%, which is an increase from a rate of 7.2% a year ago. This compares to the State's average unemployment rate of 5.2%.

Fiscal Year 2016 Budget

The approved fiscal year 2016 operating budget is \$182,450,109 and is supported by an increase in the real property tax rate from \$0.77 to \$0.835 per \$100 of assessed value and an increase in the personal property tax rate from \$1.925 to \$2.0875 per \$100. Fiscal year 2016 represents the seventh consecutive year of declining real property assessments in the County. The County increased the local income tax rate from 1.25% to 1.75%, which will take effect January 1, 2016.

Revenues – 2016 Budget

In fiscal year 2016, the County's operating budget increased \$4,468,976, or 2.5% more than fiscal year 2015. The real property tax rate of \$0.835 will increase net property taxes \$9.1 million. Income tax revenue estimates increased by \$2.2 million, mainly due to actual receipts and increased estimates based on the current tax rate of 1.25% through December 31, 2015 and the new tax rate of 1.75% beginning January 1, 2016. In lieu of balancing the fiscal year 2016 budget with existing budget stabilization funds, the County increased property and income taxes, which should extend the useful life of the budget stabilization fund to future years. Other local taxes decreased by \$250,000, primarily due to an increase of \$250,000 in transfer taxes and a decrease in recordation taxes of \$500,000 based on actual estimates, while room taxes are expected to remain level. State grants increased \$593,524 mainly due to State Aid for Bridges and State Park receipts. The County will utilize, for the third year, the planned use of Casino/Local Impact Grant funds totaling \$2,501,913 for the debt payments for the Worcester Career and Technical High School in fiscal year 2016. Included is the transfer of \$1,501,884 for bond premium proceeds to be used for interest expense on the 2015 Bond issuance.

Expenditures – 2016 Budget

The fiscal year 2016 budget includes increases to most departments and agencies, mainly due to equipment and capital purchases that have been postponed since the economic downturn. Salary increases were not included for County employees; however, the early retirement program for County employees may be offered for the seventh consecutive year. The Board of Education (BOE) funded a salary increase for employees by eliminating 13 positions for educational assistants and 19 positions due to retirements. Insurance and benefits increased, primarily for medical insurance and prescription drugs; however, a new medical insurance plan for County and BOE employees will begin fiscal year 2016 in order to manage health benefit expenses. Debt service decreased \$1.8 million, mainly due to the anticipated retirement of existing debt and refunding activity. The Post-Employment Benefit General Fund transfer will remain level-funded at \$3.0 million. An estimated revenue surplus of \$1,486,583 as a result of balancing the budget is anticipated to be transferred to fund balance to increase the budget stabilization fund. The BOE operating budget was increased by \$1,203,578 above the fiscal year 2015 budget. A Maintenance of Effort level increase of \$145,613 was approved, along with additional funds for health insurance of \$793,000, and the County's share of the required teacher pension payment to the State for \$304,585. The State of Maryland requires local governments to spend as much on school operating budgets on a per-pupil basis as they did the year before; thus, the maintenance of effort.

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, 2015
COMPONENT UNIT AS OF JUNE 30, 2015

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	The Worcester County Board of Education
ASSETS				
Cash and short-term investments	\$ 72,800,479	\$ 17,812,645	\$ 90,613,124	\$ 6,987,996
Receivables:				
Taxes	3,440,186	-	3,440,186	-
Federal, state, and local governments	4,638,723	-	4,638,723	4,453,222
Other	3,291,083	6,285,776	9,576,859	185,193
Internal balances	7,870,486	(7,870,486)	-	-
Inventories, at first-in, first-out method	-	5,221,268	5,221,268	-
Prepaid items	18,618,184	-	18,618,184	-
Other assets	187,740	20,349,946	20,537,686	-
Nondepreciable capital assets	13,396,724	3,612,229	17,008,953	30,279,463
Depreciable capital assets, net	77,963,406	74,144,949	152,108,355	119,687,354
Total assets	202,207,011	119,556,327	321,763,338	161,593,228
DEFERRED OUTFLOWS OF RESOURCES				
Pensions (see Note 7)	3,073,287	-	3,073,287	547,573
LIABILITIES				
Accounts payable and accrued liabilities	11,491,291	2,413,650	13,904,941	7,803,417
Unearned revenue	300,682	19,845,953	20,146,635	1,642,836
Due to fiduciary funds	473,948	-	473,948	-
Compensated absences	797,000	171,752	968,752	34,781
Long-term liabilities:				
Compensated absences	974,756	209,920	1,184,676	436,304
Due within one year	8,295,050	16,974,278	25,269,328	-
Due in more than one year	104,209,666	24,183,886	128,393,552	55,673,839
Net pension liability (see Note 7)	20,588,571	-	20,588,571	3,821,376
Total liabilities	147,130,964	63,799,439	210,930,403	69,412,553
DEFERRED INFLOWS OF RESOURCES				
Pensions (see Note 7)	2,253,553	-	2,253,553	418,275
NET POSITION				
Net investment in capital assets	84,210,723	55,184,962	139,395,685	149,966,817
Restricted for:				
Capital projects	-	-	-	52,837
Food service activities	-	-	-	36,485
Unrestricted	(28,314,942)	571,926	(27,743,016)	(57,746,166)
Total net position	\$ 55,895,781	\$ 55,756,888	\$ 111,652,669	\$ 92,309,973

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

WORCESTER COUNTY, MARYLAND

STATEMENT OF ACTIVITIES

Year Ended June 30, 2015

Function/Program	Expenses	Program Revenues		
		Charges for Services	Operating Grants, Contributions, and Interest	Capital Grants, Contributions, and Interest
Governmental activities:				
Current:				
General government	\$ 38,635,684	\$ 2,081,072	\$ 3,227,197	\$ 11,800
Public safety	31,973,300	5,143,953	674,825	681,178
Public works	5,217,371	87,884	252,726	383,099
Health and hospitals	6,551,417	431,421	192,330	-
Social services	1,946,138	-	-	-
Education	100,313,254	-	-	-
Libraries, recreation and culture	6,092,227	312,460	631,155	733,711
Conservation of natural resources	375,697	-	5,065	-
Economic development	1,932,046	38,184	149,256	52,182
Interest on long-term debt	4,891,421	-	-	-
Total governmental activities	197,928,555	8,094,974	5,132,554	1,861,970
Business-type activities:				
Landfill	5,638,012	4,060,039	24,202	-
Department of Water and Wastewater	13,409,381	12,885,762	25,000	-
Department of Liquor Control	10,477,998	9,985,444	-	-
Total business-type activities	29,525,391	26,931,245	49,202	-
Total primary government	227,453,946	35,026,219	5,181,756	1,861,970
Component units:				
The Worcester County Board of Education	135,968,644	651,114	115,660,980	20,238,849
Total component units	135,968,644	651,114	115,660,980	20,238,849

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 Department of Liquor Control profits

Interest

Other

Total general revenues

Total change in net position

Net position, beginning of year, as restated

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 Worcester County Board of Education
\$ (33,315,615)	\$ -	\$ (33,315,615)	\$ -
(25,473,344)	-	(25,473,344)	-
(4,493,662)	-	(4,493,662)	-
(5,927,666)	-	(5,927,666)	-
(1,946,138)	-	(1,946,138)	-
(100,313,254)	-	(100,313,254)	-
(4,414,901)	-	(4,414,901)	-
(370,632)	-	(370,632)	-
(1,692,424)	-	(1,692,424)	-
(4,891,421)	-	(4,891,421)	-
(182,839,057)	-	(182,839,057)	-
-	(1,553,771)	(1,553,771)	-
-	(498,619)	(498,619)	-
-	(492,554)	(492,554)	-
-	(2,544,944)	(2,544,944)	-
(182,839,057)	(2,544,944)	(185,384,001)	-
-	-	-	582,299
-	-	-	582,299
117,097,119	-	117,097,119	-
13,690,331	-	13,690,331	-
14,707,093	-	14,707,093	-
481,275	-	481,275	-
5,437,913	-	5,437,913	-
155,647	-	155,647	-
3,278,524	-	3,278,524	-
1,358,236	-	1,358,236	-
931,712	-	931,712	-
9,005	-	9,005	-
180,030	7,893	187,923	33,422
557,068	-	557,068	102,813
157,883,953	7,893	157,891,846	136,235
(24,955,104)	(2,537,051)	(27,492,155)	718,534
80,850,885	58,293,939	139,144,824	91,591,439
\$ 55,895,781	\$ 55,756,888	\$ 111,652,669	\$ 92,309,973

WORCESTER COUNTY, MARYLAND

BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2015

	<u>General</u>	<u>Capital Projects</u>	<u>Debt Service</u>	<u>Other Governmental Funds</u>	<u>Total</u>
ASSETS					
Cash and short-term investments	\$ 37,304,572	\$ 33,951,789	\$ -	\$ 1,544,118	\$ 72,800,479
Receivables:					
Taxes	3,440,186	-	-	-	3,440,186
Federal, state, and local governments	4,638,723	-	-	-	4,638,723
Other	3,200,871	-	-	90,212	3,291,083
Due from other funds	8,074,416	-	-	787,504	8,861,920
Prepaid items	5,255	-	-	-	5,255
Other assets	187,740	-	-	-	187,740
Total assets	\$ 56,851,763	\$ 33,951,789	\$ -	\$ 2,421,834	\$ 93,225,386
LIABILITIES					
Accounts payable and accrued liabilities	\$ 4,883,698	\$ 2,062,467	\$ -	\$ 109,546	\$ 7,055,711
Due to other funds	1,261,452	203,930	-	-	1,465,382
Unearned revenue	238,353	-	-	62,329	300,682
Other	5,232,580	-	-	-	5,232,580
Total liabilities	11,616,083	2,266,397	-	171,875	14,054,355
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue - property taxes	2,573,666	-	-	-	2,573,666
FUND BALANCES					
Nonspendable	5,255	-	-	-	5,255
Restricted	-	31,685,392	-	-	31,685,392
Assigned	8,679,957	-	-	2,249,959	10,929,916
Unassigned	33,976,802	-	-	-	33,976,802
Total fund balances	42,662,014	31,685,392	-	2,249,959	76,597,365
Total liabilities, deferred inflows of resources, and fund balances	\$ 56,851,763	\$ 33,951,789	\$ -	\$ 2,421,834	\$ 93,225,386

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

WORCESTER COUNTY, MARYLAND
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
June 30, 2015

Total fund balances, governmental funds	\$ 76,597,365
<p>Amounts reported for governmental activities in the Statement of Net Position are different because:</p>	
Pre-payment of post-retirement employment benefits	18,612,929
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.	91,360,130
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.	2,573,666
Deferred outflows of resources - pensions (see Note 7)	3,073,287
Deferred inflows of resources - pensions (see Note 7)	(2,253,553)
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:	
Bonds, notes, and capital leases payable	(112,504,716)
Compensated absences	(974,756)
Net pension liability (see Note 7)	<u>(20,588,571)</u>
Total long-term liabilities	<u>(134,068,043)</u>
Net position of governmental activities in the Statement of Net Position	<u><u>\$ 55,895,781</u></u>

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

WORCESTER COUNTY, MARYLAND
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
Year Ended June 30, 2015

	<u>General</u>	<u>Capital Projects</u>	<u>Debt Service</u>	<u>Other Governmental Funds</u>	<u>Total</u>
REVENUES:					
Taxes and special assessments	\$158,004,087	\$ -	\$ -	\$ -	\$158,004,087
Licenses and permits	1,917,527	-	-	-	1,917,527
Intergovernmental	4,083,200	629,216	-	2,303,576	7,015,992
Service charges and fees	5,984,170	-	-	-	5,984,170
Miscellaneous	901,637	18,379	5	1,141	921,162
Total revenues	170,890,621	647,595	5	2,304,717	173,842,938
EXPENDITURES:					
Current:					
General government	13,296,067	-	-	-	13,296,067
Public safety	29,173,284	-	-	-	29,173,284
Public works	5,104,405	-	-	-	5,104,405
Health and hospitals	6,083,778	-	-	-	6,083,778
Social services	1,345,678	-	-	600,460	1,946,138
Education	81,046,840	19,266,414	-	-	100,313,254
Libraries, recreation and culture	6,052,818	-	-	-	6,052,818
Conservation of natural resources	371,165	-	-	4,532	375,697
Economic development	1,874,591	-	-	-	1,874,591
Distributions to incorporated municipalities	22,572,176	-	-	-	22,572,176
Capital projects	-	2,005,481	-	-	2,005,481
Debt service:					
Principal retirement	-	-	9,487,482	-	9,487,482
Interest and other charges	-	211,333	4,037,913	-	4,249,246
Total expenditures	166,920,802	21,483,228	13,525,395	604,992	202,534,417
Excess (deficiency) of revenues over expenditures	3,969,819	(20,835,633)	(13,525,390)	1,699,725	(28,691,479)
OTHER FINANCING SOURCES (USES):					
Issuance of long-term debt	-	33,810,000	-	-	33,810,000
Premium on debt issued	-	3,627,354	-	-	3,627,354
Payment to bond refunding escrow agent	-	(27,757,877)	-	-	(27,757,877)
Transfers in	4,500,449	1,887,998	13,519,989	-	19,908,436
Transfers out	(15,407,987)	(2,001,236)	-	(2,499,213)	(19,908,436)
Total other financing sources (uses)	(10,907,538)	9,566,239	13,519,989	(2,499,213)	9,679,477
Net change in fund balances	(6,937,719)	(11,269,394)	(5,401)	(799,488)	(19,012,002)
Fund balances, beginning	49,599,733	42,954,786	5,401	3,049,447	95,609,367
Fund balances, ending	\$ 42,662,014	\$31,685,392	\$ -	\$ 2,249,959	\$ 76,597,365

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

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, 2015

Net change in fund balances, governmental funds \$(19,012,002)

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

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. In the current period, these amounts are:

Capital outlay	2,301,105	
Transfer of assets	(3,250)	
Depreciation expense	<u>(5,084,495)</u>	
Excess of depreciation expense over capital outlay		(2,786,640)

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. (866,237)

Governmental funds report payments of debt principal to an escrow agent as an expenditure. In contrast, the Statement of Activities treats such payments as a reduction in long-term liabilities. 25,300,000

Governmental funds report payments of debt principal as an expenditure. In contrast, the Statement of Activities treats such payments as a reduction in long-term liabilities. 9,487,482

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. (37,437,354)

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. 1,815,702

The change in estimated landfill closure costs recorded in governmental activities and related expenditures increase or decrease a liability on the government-wide statements, but are not a use of current financial resources in the governmental funds. (300,000)

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 items consist of:

Change in pension expense (see Note 7)	226,632	
Change in post-retirement employee benefits, asset	(1,283,345)	
Change in compensated absences	<u>(99,342)</u>	

Change in net position of governmental activities \$(24,955,104)

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

WORCESTER COUNTY, MARYLAND

STATEMENT OF NET POSITION
BUSINESS-TYPE ACTIVITIES

June 30, 2015

	<u>Landfill</u>	<u>Department of Water and Wastewater</u>	<u>Department of Liquor Control</u>	<u>Total</u>
ASSETS				
Current assets:				
Cash and short-term investments	\$ 9,093,594	\$ 8,440,520	\$ 278,531	\$ 17,812,645
Inventory	-	-	5,221,268	5,221,268
Accounts receivable	266,885	5,502,669	302,576	6,072,130
Other receivables	-	213,646	-	213,646
Total current assets	9,360,479	14,156,835	5,802,375	29,319,689
Noncurrent assets:				
Capital assets:				
Land, land rights and improvements	1,226,989	114,883	212,157	1,554,029
Construction-in-progress	-	2,058,200	-	2,058,200
Buildings and building improvements	4,233,213	-	2,068,227	6,301,440
Improvements other than buildings	29,519,729	-	-	29,519,729
Water and sewer systems	-	97,479,948	-	97,479,948
Machinery and equipment	6,732,349	5,669,053	368,320	12,769,722
	41,712,280	105,322,084	2,648,704	149,683,068
Less: accumulated depreciation	(32,965,331)	(37,895,611)	(1,064,948)	(71,925,890)
	8,746,949	67,426,473	1,583,756	77,757,178
Other assets:				
Long-term debt service receivable	-	20,349,946	-	20,349,946
Total noncurrent assets	8,746,949	87,776,419	1,583,756	98,107,124
Total assets	18,107,428	101,933,254	7,386,131	127,426,813

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

	<u>Landfill</u>	<u>Department of Water and Wastewater</u>	<u>Department of Liquor Control</u>	<u>Total</u>
LIABILITIES				
Current liabilities:				
Accounts payable and accrued expenses	184,863	1,017,105	1,244,706	2,446,674
Bonds and notes payable - current	-	1,808,646	72,381	1,881,027
Capital leases payable - current	532,776	-	-	532,776
Landfill - closure and postclosure costs	14,548,119	-	-	14,548,119
Bond costs deferred	-	13,946	-	13,946
Accrued bond interest payable	-	138,728	-	138,728
Due to other funds	143,723	41,304	-	185,027
Total current liabilities	15,409,481	3,019,729	1,317,087	19,746,297
Noncurrent liabilities:				
Unearned revenues	-	19,845,953	-	19,845,953
Compensated absences	53,393	124,495	32,032	209,920
Bonds and notes payable	2,035,000	19,863,327	520,362	22,418,689
Capital leases payable	994,724	-	-	994,724
Bond costs deferred	165,013	603,870	-	768,883
Due to other funds	-	2,076,255	5,609,204	7,685,459
Total noncurrent liabilities	3,248,130	42,513,900	6,161,598	51,923,628
Total liabilities	18,657,611	45,533,629	7,478,685	71,669,925
NET POSITION				
Net investment in capital assets	7,219,449	46,974,500	991,013	55,184,962
Unrestricted (deficit)	(7,769,632)	9,425,125	(1,083,567)	571,926
Restricted	-	-	-	-
Total net position	\$ (550,183)	\$ 56,399,625	\$ (92,554)	\$ 55,756,888

WORCESTER COUNTY, MARYLAND

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
 BUSINESS-TYPE ACTIVITIES
 Year Ended June 30, 2015

	<u>Landfill</u>	<u>Department of Water and Wastewater</u>	<u>Department of Liquor Control</u>	<u>Total</u>
OPERATING REVENUES:				
Domestic charges	\$ -	\$ 9,033,430	\$ -	\$ 9,033,430
Commercial charges	-	657,736	-	657,736
Hook-up charges	-	128,926	-	128,926
Future capital development	-	268,359	-	268,359
Interest and penalties on overdue accounts	2,214	159,036	-	161,250
Additional assessments	-	386,365	-	386,365
Payments by developers	-	20,762	-	20,762
Other revenue	10	470,569	18,745	489,324
Debt service revenue	-	1,554,879	-	1,554,879
Tank fee revenue	-	10,400	-	10,400
White Horse Park revenue	-	195,300	-	195,300
Liquor sales	-	-	9,966,699	9,966,699
Recycling charges	217,183	-	-	217,183
Stump removal charges	24,687	-	-	24,687
Licenses and permits	389,215	-	-	389,215
Landfill fees	3,426,730	-	-	3,426,730
Total operating revenues	4,060,039	12,885,762	9,985,444	26,931,245
Cost of goods sold	-	-	7,811,557	7,811,557
Gross profit	4,060,039	12,885,762	2,173,887	19,119,688
Total operating expenses	3,755,400	9,888,487	1,521,222	15,165,109
Operating income before depreciation and general expenses	304,639	2,997,275	652,665	3,954,579
Depreciation and general expenses	1,829,368	2,843,375	996,580	5,669,323
Operating income (loss)	(1,524,729)	153,900	(343,915)	(1,714,744)
NONOPERATING INCOME (EXPENSE):				
Interest on investments	4,597	3,296	-	7,893
Sale of assets	535	-	(9,703)	(9,168)
Operating grants	24,202	25,000	-	49,202
Interest expense	(53,779)	(677,519)	(138,936)	(870,234)
Total nonoperating income (expense)	(24,445)	(649,223)	(148,639)	(822,307)
Change in net position	(1,549,174)	(495,323)	(492,554)	(2,537,051)
Net position, beginning	998,991	56,894,948	400,000	58,293,939
Net position, ending	\$ (550,183)	\$ 56,399,625	\$ (92,554)	\$ 55,756,888

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, 2015

	<u>Landfill</u>	<u>Department of Water and Wastewater</u>	<u>Department of Liquor Control</u>	<u>Total</u>
CASH FLOWS FROM OPERATING ACTIVITIES:				
Cash received for services	\$ 4,115,144	\$ 12,662,659	\$ -	\$ 16,777,803
Cash received for liquor sales	-	-	10,966,316	10,966,316
Cash received from other revenues	2,224	470,569	18,745	491,538
Cash received for future capital development	-	268,359	-	268,359
Cash payments to employees	(1,458,230)	(2,869,484)	(1,032,420)	(5,360,134)
Cash payments for fringe benefits	(809,096)	(1,356,320)	(532,244)	(2,697,660)
Cash payments for inventory, materials, supplies, and services	(1,134,453)	(5,044,888)	(7,581,330)	(13,760,671)
Net cash provided by operating activities	715,589	4,130,895	1,839,067	6,685,551
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Purchases of property and equipment	(1,197,101)	(3,101,294)	-	(4,298,395)
Proceeds from sales of property and equipment	535	-	-	535
Principal paid on capital lease maturities	(548,327)	-	-	(548,327)
Proceeds from issuance of bonds and notes	2,883,875	3,327,018	-	6,210,893
Principal paid on bonds, lines of credit, and notes	-	(4,009,575)	(69,063)	(4,078,638)
Interest paid on bonds, lines of credit, and notes	(53,779)	(677,519)	(138,936)	(870,234)
Bond costs deferred	-	(785)	-	(785)
Debt service assessments deferred	-	863,521	-	863,521
Net cash provided (used) by capital and related financing activities	1,085,203	(3,598,634)	(207,999)	(2,721,430)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
Cash received for operating grants	24,202	25,000	-	49,202
Advances from other funds	-	6,568,735	-	6,568,735
Advances to other funds	(16,833)	-	(1,805,508)	(1,822,341)
Net cash provided (used) by noncapital financing activities	7,369	6,593,735	(1,805,508)	4,795,596
CASH FLOWS FROM INVESTING ACTIVITIES:				
Interest on investments	4,597	3,296	-	7,893
Net cash provided by investing activities	4,597	3,296	-	7,893
Net increase (decrease) in cash and short-term investments	1,812,758	7,129,292	(174,440)	8,767,610
Cash and short-term investments, beginning	7,280,836	1,311,228	452,971	9,045,035
Cash and short-term investments, ending	\$ 9,093,594	\$ 8,440,520	\$ 278,531	\$ 17,812,645

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, 2015

(CONTINUED)

	<u>Landfill</u>	<u>Department of Water and Wastewater</u>	<u>Department of Liquor Control</u>	<u>Total</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES:				
Operating income (loss)	\$ (1,524,729)	\$ 153,900	\$ (343,915)	\$ (1,714,744)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:				
Depreciation	1,829,368	2,843,375	116,723	4,789,466
Changes in assets and liabilities:				
Accounts receivable	57,329	635,409	999,617	1,692,355
Inventories	-	-	2,125,161	2,125,161
Unearned revenue	-	(119,584)	-	(119,584)
Compensated absences	(19,590)	(1,606)	(19,609)	(40,805)
Accounts payable and accrued expenses	373,211	619,401	(1,038,910)	(46,298)
Net cash provided by operating activities	\$ 715,589	\$ 4,130,895	\$ 1,839,067	\$ 6,685,551
NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES:				
Equipment acquired under capital leases	\$ 683,862	\$ -	\$ -	\$ 683,862
Total non-cash activities	\$ 683,862	\$ -	\$ -	\$ 683,862

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

WORCESTER COUNTY, MARYLAND

STATEMENT OF NET POSITION
FIDUCIARY FUNDS

June 30, 2015

	Public Drainage <u>Associations</u>	Other Post- Employment Benefits <u>Trust</u>	Nonmajor Agency <u>Funds</u>
ASSETS			
Cash and short-term investments	\$ 503,593	\$ 2,119,281	\$ 2,211,420
Trust investments:			
Money market funds	-	1,443,427	-
MLGIP	-	764,062	-
Fixed income securities	-	10,561,209	-
Equities securities	-	27,290,769	-
Taxes receivable	-	-	1,672,872
Special assessments receivable	7,182	-	-
Other receivables	-	13,660	-
Due from other funds	1,283	-	472,665
Total assets	512,058	42,192,408	4,356,957
LIABILITIES			
Due to other governmental units	-	-	2,226,601
Other liabilities	-	-	2,130,356
Total liabilities	-	-	4,356,957
NET POSITION			
Held in trust for other post-employment benefits	-	42,192,408	-
Restricted	512,058	-	-
Total net position	\$ 512,058	\$ 42,192,408	\$ -

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, 2015

	<u>Public Drainage Associations</u>	<u>Other Post Employment Benefits Trust</u>
ADDITIONS:		
Contributions:		
Special assessments	\$ 102,563	\$ -
Intergovernmental	4,916	-
Employer contributions	-	1,500,000
Plan member contributions	-	541,081
Miscellaneous	19,400	-
Total contributions	126,879	2,041,081
Investment earnings:		
Interest	1,882	2,667
Increase in fair value of investments	-	835,613
Total investment earnings	1,882	838,280
Total additions	128,761	2,879,361
DEDUCTIONS:		
Ditch maintenance	89,925	-
Claims incurred	-	2,348,906
Miscellaneous	171	3,150
Total deductions	90,096	2,352,056
Change in net position	38,665	527,305
Net position, beginning	473,393	41,665,103
Net position, ending	\$ 512,058	\$ 42,192,408

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 with the county seat 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 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 on the government-wide financial statements contains the financial data of the County’s discretely presented component unit: the Board of Education of Worcester County (the “BOE”). 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 BOE 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.

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.

NOTES TO FINANCIAL STATEMENTS

Note 2. Summary of Significant Accounting Policies (continued)

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 function 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 are 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 County'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 funds due to their importance to the overall performance of the County:

Capital Projects Fund – The Capital Projects Fund is 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 Fund – 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.

NOTES TO FINANCIAL STATEMENTS

Note 2. Summary of Significant Accounting Policies (continued)

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 net 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 the costs of providing goods or services to the general public on a continuing basis will 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 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 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 Balances 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 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 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 position. The Statement of Cash Flows reflects how the County finances and meets the cash flow needs of its enterprise activities.

NOTES TO FINANCIAL STATEMENTS

Note 2. Summary of Significant Accounting Policies (continued)

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 in which 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 are also recognized as revenue. License and permit revenues are not susceptible to accrual because they generally are not measurable until received in cash.

DEFERRED OUTFLOWS / INFLOWS OF RESOURCES

In addition to assets, the Statement of Net 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 and, therefore, will not be recognized as an outflow of resources (expense/expenditure) until that time. The County and BOE recognize deferred outflows of resources related to their pension obligations (see Note 7) for changes in assumptions and contributions subsequent to the measurement date. These amounts are deferred and recognized as outflows of resources in the period that the amounts become available.

In addition to liabilities, the Statement of Net Position and/or Balance Sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period and, therefore, will not be recognized as an inflow of resources (revenue) until that time. The County has an item, which arises only under a modified accrual basis of accounting, which qualifies for reporting in this category. Accordingly, this item, unavailable revenue, is reported only on the governmental funds Balance Sheet. The governmental funds record unavailable revenues from property taxes. The County and BOE also recognize deferred inflows of resources related to their pension obligations (see Note 7) for the net difference between projected and actual investment earnings on pension plan investments. These amounts are deferred and recognized as inflows of resources in the period that the amounts become available.

NOTES TO FINANCIAL STATEMENTS

Note 2. Summary of Significant Accounting Policies (continued)

EXPENSES / EXPENDITURES

On the accrual basis, expenses are recognized in the period in which 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 costs, 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 Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – General Fund is 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 net position and prior year fund net position is 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, 2015. 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, such that all transfers must be approved by the County Commissioners.

The BOE 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 BOE during the second public hearing scheduled in February.
- 2) Prior to March 31, the BOE adopts the proposed budget. The proposed budget, exclusive of amounts relating to restricted programs, is submitted to the County Commissioners.
- 3) In mid-May, the County Commissioners and the BOE 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 BOE within thirty days of the County Commissioners' approval.

NOTES TO FINANCIAL STATEMENTS

Note 2. Summary of Significant Accounting Policies (continued)

G. Encumbrances

Encumbrances represent commitments related to unperformed contracts for goods or services. Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditures 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 assignments 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 year-end are reported as prepaid items using the consumption method, which records a current asset for the prepaid amount and reflects the expenditure/expense in the year in which services are consumed.

J. Property Taxes

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 semiannual 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 Statement 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 expensed.

NOTES TO FINANCIAL STATEMENTS

Note 2. Summary of Significant Accounting Policies (continued)

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

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

M. Interfund Receivables / Payables

On fund financial statements, receivables and payables resulting from short-term interfund loans or interfund services provided and used are classified as "Interfund Receivables/Payables." Interfund balances within governmental activities and within business-type activities are eliminated on the government-wide Statement of Net 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 County 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 employees are absent due to illness, 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 they are 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 liabilities on the fund financial statements when due.

P. Net Position

Net position represents the difference between assets and liabilities. Net investment in capital assets consists of capital assets net of accumulated depreciation, and 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 its use either through constitutional provisions or enabling legislation adopted by the County, or through external restrictions imposed by grantors, creditors, or laws and/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 position is available.

NOTES TO FINANCIAL STATEMENTS

Note 2. Summary of Significant Accounting Policies (continued)

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 nor 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 activities of the enterprise funds. For the County, these revenues are charges for services for the Department of Water and Wastewater and Landfill and sales of liquor for the Department of Liquor Control. Operating expenses are the necessary costs incurred to provide the service that is the primary activity of the fund. Revenues and expenses not meeting these definitions are reported as nonoperating.

S. Interfund Transactions

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

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows 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 GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

NOTES TO FINANCIAL STATEMENTS

Note 3. Cash and Short-Term Investments

Deposits are maintained in a variety of financial institutions.

The County is authorized to invest unexpended revenues from taxation, bond sales, lawful receipts of funds from other governmental agencies, or any other funds properly received by it, until it determines the funds are needed for proper public purposes. The County's investment policy, in order to minimize credit and interest rate risk, allows it to invest in United States government bonds or evidence of indebtedness; or 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, 2015, Worcester County had deposits with financial institutions totaling \$15,876,111 (with a carrying value of \$13,022,802). The depository banks pledge collateral for specific accounts, which are held in the County's name. Deposits in financial institutions were fully insured or collateralized at June 30, 2015 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 the short-term investment of funds. The State Legislature created MLGIP with the passage of Article 95 §22G of the Annotated Code of Maryland. The MLGIP, under the administrative control of the State Treasurer, is managed by PNC Capital Advisors, LLC and custodied by PNC Bank, N.A. An MLGIP Advisory Committee of current participants was formed to review, on a semiannual basis, the activities of the Fund and to provide suggestions to enhance the Pool. The MLGIP is rated "AAAm" by Standard and Poor's. The fair value of the Pool is the same as the value of the Pool shares. At June 30, 2015, the County had investments of \$83,175,612 with the MLGIP, 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 the 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, 2015, as its only investments within the primary government consisted of the MLGIP. The County's 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, 2015 were as follows:

	1 Year	1-5 Years	Over 5 Years	Total	Rate
MLGIP	\$ 764,062	\$ -	\$ -	\$ 764,062	0.07%
M&T Investments:					
Money Market	1,443,427	-	-	1,443,427	
Fixed Income:					
U.S. Treasury	-	481,434	464,054	945,488	0.625% - 3.625%
U.S. Government Agency	254,850	49,469	905,705	1,210,024	1.25% - 5.00%
Other Fixed Income	101,480	782,185	7,522,032	8,405,697	0.45% - 6.40%
Equities	27,290,769	-	-	27,290,769	N/A
Total	\$ 29,854,588	\$ 1,313,088	\$ 8,891,791	\$ 40,059,467	

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

Petty cash	\$ 13,066
Carrying amount of deposits	13,022,802
Money market funds	1,443,427
Fixed income securities	10,561,209
Equities securities	27,290,769
MLGIP	83,175,612
Less: cash and investments recorded within fiduciary funds	(44,893,761)
Total	\$ 90,613,124

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, 2015, 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/payable or as advances to/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, 2015 consisted of the following individual fund receivables and payables:

	Due from Other Funds	Due to Other Funds
General Fund:		
Enterprise funds:		
Landfill	\$ 143,723	\$ -
Department of Liquor Control	5,609,204	-
Department of Water and Wastewater	2,117,559	-
Total due from (to) enterprise funds	7,870,486	-
Other funds:		
Energy Service Fund	-	(447,995)
Capital Projects Fund	203,930	-
Casino Fund	-	(339,509)
State of Maryland Property Tax Agency Fund	-	(112,494)
Snow Hill Property Tax Agency Fund	-	(1,554)
Berlin Property Tax Agency Fund	-	(30,370)
Pocomoke Property Tax Agency Fund	-	(38,482)
Ocean City Property Tax Agency Fund	-	(289,765)
Public Drainage Association	-	(1,283)
Total due from (to) other funds	203,930	(1,261,452)
Total General Fund due from (to) other funds	8,074,416	(1,261,452)
Other governmental funds:		
General Fund	787,504	-
Fiduciary funds	473,948	-
Capital Projects Fund:		
General Fund	-	(203,930)
Enterprise funds:		
General Fund	-	(7,870,486)
	\$ 9,335,868	\$ (9,335,868)

Interfund transfer activity for the year ended June 30, 2015 consisted of the following individual amounts:

	Transfers In	Transfers Out
General Fund:		
Capital Projects Fund	\$ 2,001,236	\$ 1,887,998
Debt Service Fund	-	13,519,989
Casino Fund	2,499,213	-
Capital Projects Fund:		
General Fund	1,887,998	2,001,236
Debt Service Fund:		
General Fund	13,519,989	-
Casino Fund:		
General Fund	-	2,499,213
	\$ 19,908,436	\$ 19,908,436

NOTES TO FINANCIAL STATEMENTS

Note 5. Capital Assets

Capital asset activity for the year ended June 30, 2015 was as follows:

	Balance June 30, 2014	Additions	Transfers and Reductions	Balance June 30, 2015
Primary government:				
Governmental activities:				
Nondepreciable capital assets:				
Land and improvements	\$ 12,017,475	\$ -	\$ -	\$ 12,017,475
Construction-in-progress	1,063,631	875,866	(560,248)	1,379,249
Total nondepreciable capital assets	13,081,106	875,866	(560,248)	13,396,724
Depreciable capital assets:				
Building and building improvements	82,556,214	120,590	154,786	82,831,590
Improvements other than buildings	11,633,909	316,420	132,385	12,082,714
Machinery and equipment	26,396,403	567,194	(590,819)	26,372,778
Infrastructure	109,544,368	421,035	(199,622)	109,765,781
Total depreciable capital assets	230,130,894	1,425,239	(503,270)	231,052,863
Less accumulated depreciation for:				
Buildings and building improvements	(22,088,468)	(2,123,338)	21,778	(24,190,028)
Improvements other than buildings	(4,999,770)	(588,172)	70,255	(5,517,687)
Machinery and equipment	(19,859,204)	(1,415,477)	768,613	(20,506,068)
Infrastructure	(102,117,788)	(957,508)	199,622	(102,875,674)
Total accumulated depreciation	(149,065,230)	(5,084,495)	1,060,268	(153,089,457)
Total depreciable capital assets, net	81,065,664	(3,659,256)	556,998	77,963,406
Governmental activities capital assets, net	\$ 94,146,770	\$ (2,783,390)	\$ (3,250)	\$ 91,360,130

Depreciation expense was charged to governmental functions as follows:

General government	\$ 445,053
Public safety	2,084,103
Public works	1,216,834
Health and hospitals	524,212
Libraries, recreation and culture	806,838
Economic development	7,455
Total depreciation expense	\$ 5,084,495

NOTES TO FINANCIAL STATEMENTS

Note 5. Capital Assets (continued)

Capital asset activity for the enterprise funds for the year ended June 30, 2015 was as follows:

	Balance June 30, 2014	Additions	Transfers and Reductions	Balance June 30, 2015
Business-type activities:				
Nondepreciable capital assets:				
Land, land rights and improvements	\$ 1,554,029	\$ -	\$ -	\$ 1,554,029
Construction-in-progress	13,023,988	2,368,640	(13,334,428)	2,058,200
Total nondepreciable capital assets	14,578,017	2,368,640	(13,334,428)	3,612,229
Depreciable capital assets:				
Buildings and building improvements	6,338,086	-	(36,646)	6,301,440
Improvements other than buildings	29,078,803	440,926	-	29,519,729
Machinery and equipment	11,897,163	998,433	(125,874)	12,769,722
Water and sewer systems	83,655,124	490,396	13,334,428	97,479,948
Total depreciable capital assets	130,969,176	1,929,755	13,171,908	146,070,839
Less accumulated depreciation for:				
Buildings and building improvements	(1,950,962)	(189,594)	26,943	(2,113,613)
Improvements other than buildings	(26,065,886)	(1,268,136)	-	(27,334,022)
Machinery and equipment	(8,797,907)	(623,149)	125,874	(9,295,182)
Water and sewer systems	(30,474,486)	(2,708,587)	-	(33,183,073)
Total accumulated depreciation	(67,289,241)	(4,789,466)	152,817	(71,925,890)
Total depreciable capital assets, net	63,679,935	(2,859,711)	13,324,725	74,144,949
Business-type activities capital assets, net	\$ 78,257,952	\$ (491,071)	\$ (9,703)	\$ 77,757,178

NOTES TO FINANCIAL STATEMENTS

Note 6. Long-Term Debt

Changes in the County's long-term obligations for the year ended June 30, 2015 were as follows:

	Balance at June 30, 2014	Additions	Reductions	Balance at June 30, 2015	Amount Due in One Year
Governmental activities:					
Estimated landfill closure costs	\$ 2,800,000	\$ 300,000	\$ -	\$ 3,100,000	\$ -
General obligation bonds:					
Consolidated Public Improvement Bonds, 2004 Series; interest at 2.5% to 5%; due annually to 2020	2,030,000	-	(2,030,000)	-	-
Consolidated Public Improvement Bonds, 2007 Series; interest at 3.5% to 4.5%; due semiannually to 2022	18,870,000	-	(13,100,000)	5,770,000	1,845,000
MDE Water Quality Bond; interest at 0.4%; due annually to 2024	1,675,198	-	(233,634)	1,441,564	234,971
Consolidated Public Improvement Bonds, 2008 Series; interest at 3.25% to 5%; due semiannually to 2024	25,335,000	-	(16,080,000)	9,255,000	2,185,000
Consolidated Public Improvement Bonds, 2013 Series; interest at 3% to 4%; due semiannually to 2020	7,416,691	-	(923,848)	6,492,843	1,345,163
Consolidated Public Improvement Bonds, 2013 Series; interest at 2.5% to 3.4%; due semiannually to 2033	4,595,000	-	-	4,595,000	-
Consolidated Public Improvement Bonds, 2014 Series; interest at 3.25% to 5%; due annually to 2029	43,000,000	-	(2,420,000)	40,580,000	2,330,000
Consolidated Public Improvement Bonds, 2015 Series A; interest at 3% to 5%; due semiannually to 2030	-	8,760,000	-	8,760,000	-
Consolidated Public Improvement Refunding Bonds, 2015 Series B; interest at 2.125% to 4%; due semiannually to 2026	-	25,050,000	-	25,050,000	-
Deferred bond premium, net	5,648,657	3,627,354	(1,815,702)	7,460,309	354,916
	111,370,546	37,737,354	(36,603,184)	112,504,716	8,295,050
Compensated absences	1,591,414	1,310,737	(1,130,395)	1,771,756	797,000
Total governmental activities	\$112,961,960	\$39,048,091	\$(37,733,579)	\$114,276,472	\$ 9,092,050

NOTES TO FINANCIAL STATEMENTS

Note 6. Long-Term Debt (continued)

	Balance at June 30, 2014	Additions	Reductions	Balance at June 30, 2015	Amount Due in One Year
Business-type activities:					
Estimated landfill closure costs	\$ 14,179,651	\$ 368,468	\$ -	\$ 14,548,119	\$ 14,548,119
General obligation bonds:					
Consolidated Public Improvement Bonds, 2004 Series; interest at 2.5% to 5%; due annually to 2017					
	670,000	-	(215,000)	455,000	225,000
MDE Water Quality Bond; interest at 0.4%; due annually to 2022					
	3,151,714	-	(414,442)	2,737,272	416,099
Public Refunding Bonds, 2007; interest at 3.5% to 4.5%; due semiannually to 2017					
	2,240,000	-	(595,000)	1,645,000	530,000
Snug Harbor Water Quality Loan Agreement, 2007; interest at 0.04%; due semiannually to 2026					
	371,553	-	(31,002)	340,551	31,005
MDE Drinking Water Bond; interest at 1.1%; due annually to 2029					
	295,190	-	(18,208)	276,982	18,408
Note payable; interest at 3.94%; due quarterly to 2026					
	2,144,362	-	(2,144,362)	-	-
Mystic Harbour USDA note payable, 2012; interest at 2%; due quarterly to 2052					
	4,893,209	-	(87,230)	4,805,979	88,902
Mystic Harbour USDA note payable, 2014; interest at 2.5%; due quarterly to 2053					
	2,801,338	-	(42,578)	2,758,760	43,088
Note payable; interest at 4.09%; due monthly to 2039					
	504,571	-	(12,420)	492,151	12,949
Note payable; interest at 4.76%; due monthly to 2017					
	157,277	-	(56,685)	100,592	59,432
Consolidated Public Improvement Refunding Bonds, 2013 Series; interest at 3% to 4%; due annually to 2017					
	694,182	-	(161,753)	532,429	171,144
Consolidated Public Improvement Bonds, 2014 Series; interest at 2% to 5%; due semiannually to 2029					
	5,300,000	-	(300,000)	5,000,000	285,000
Consolidated Public Improvement Refunding Bonds, 2015 Series B; interest at 2.125% to 4%; due semiannually to 2026					
	-	1,900,000	-	1,900,000	-
Consolidated Public Improvement Bonds, 2015 Series A; interest at 3% to 5%; due semiannually to 2030					
	-	3,255,000	-	3,255,000	-
Deferred bond premium (costs), net					
	411,541	372,073	(785)	782,829	13,946
Capital lease payable	1,391,965	683,862	(548,327)	1,527,500	532,776
	39,206,553	6,579,403	(4,627,792)	41,158,164	16,975,868
Compensated absences	455,863	289,331	(363,522)	381,672	171,752
Total business-type activities	\$ 39,662,416	\$ 6,868,734	\$ (4,991,314)	\$ 41,539,836	\$ 17,147,620

NOTES TO FINANCIAL STATEMENTS

Note 6. Long-Term Debt (continued)

During 1990, the operations of three County landfills were terminated. During 1998, changes in federal and Maryland regulations will cause the County to incur additional closure costs to cap the Berlin rubble fill, which had previously closed. The County currently estimates that related closure costs to be incurred under current federal and State regulations will approximate \$3,100,000. Engineering studies are 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 of the Ocean City Elementary School. In addition, the Consolidated Public Improvement Bonds, 1992 Series was redeemed, and portions of the 1996 and 2000 Series bonds were 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 the refunded general obligation bonds. As a result, the associated liability has been removed. A net interest savings of \$745,708 will be 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 the 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 the refunded general obligation bonds. As a result, the associated liability has been removed. A net interest savings of \$523,511 will be 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 were 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.

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. 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 mortgages payable, which are secured by real estate.

NOTES TO FINANCIAL STATEMENTS

Note 6. Long-Term Debt (continued)

In 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 repaid over the next five years. The maturity date 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 Harbour 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 2002 and 2004 Series bonds and \$4,595,000 was used to fund the Correctional Officers' Retirement System 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 the refunded general obligation bonds. As a result, the associated liability has been removed. A net interest savings of \$2,441,745 will be achieved over the life of the bond.

In October 2013, the County issued \$48,300,000 in Consolidated Public Improvement 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 the Snow Hill High School.

In June 2015, the County issued \$12,015,000 in Consolidated Public Improvement Bonds, 2015 Series A, with an average interest rate of 3.8% and maturing in 2030. Proceeds of \$5,400,000 will be used to finance the 800 MHz Emergency Services radio system upgrades; \$3,360,000 will be used to finance portions of the Berlin Rubblefill cap and closure project; \$2,035,000 will be used to finance portions of the Central Landfill cell five construction project; and \$1,220,000 will be used to finance the Mystic Harbour water system interconnection project.

In June 2015, the County issued \$26,950,000 in Consolidated Public Improvement Refunding Bonds, 2015 Series B, with an average interest rate of 4% and maturing in 2026. Proceeds were used to refund portions of the 2007 and 2008 Series bonds and pay off the loan used to fund the Ocean Pines fire protection system project. The Consolidated additional proceeds were placed in escrow for the purpose of generating resources for all future debt service payments on \$25,300,000 of the refunded general obligation bonds. As a result, the associated liability has been removed. A net interest savings of \$1,187,255 will be achieved over the life of the bond.

In the current year, 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 liabilities for the defeased bonds are not included in the financial statements for the County. At June 30, 2015, \$25,300,000 of bonds are considered defeased during prior years which are General Fund obligations related to schools and the BOE.

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 landfill closure costs; deferred bond premiums; and capital lease obligations, which are reported separately):

Governmental Activities

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 7,940,134	\$ 3,534,259	\$ 11,474,393
2017	8,197,986	3,751,439	11,949,425
2018	8,952,180	3,366,091	12,318,271
2019	8,654,694	2,973,530	11,628,224
2020	9,396,875	2,585,113	11,981,988
2021-2025	37,499,934	7,430,935	44,930,869
2026-2030	19,338,289	1,891,128	21,229,417
2031-2033	1,964,315	91,029	2,055,344
Total	\$ 101,944,407	\$ 25,623,524	\$ 127,567,931

Business-Type Activities

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 1,881,027	\$ 651,443	\$ 2,532,470
2017	2,049,664	669,770	2,719,434
2018	2,010,760	601,134	2,611,894
2019	1,284,797	551,761	1,836,558
2020	1,309,271	515,574	1,824,845
2021-2025	5,569,140	1,925,628	7,494,768
2026-2030	4,415,330	991,599	5,406,929
2031-2035	1,377,858	567,274	1,945,132
2036-2040	1,161,435	425,926	1,587,361
2041-2045	1,183,710	296,930	1,480,640
2046-2050	1,319,977	160,663	1,480,640
2051-2054	736,747	27,388	764,135
Total	\$ 24,299,716	\$ 7,385,090	\$ 31,684,806

NOTES TO FINANCIAL STATEMENTS

Note 6. Long-Term Debt (continued)

The County has entered into leases for the acquisition of various equipment, whereby ownership is transferred to the County 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	\$ 2,936,136
Less: accumulated depreciation	(823,075)
Total	\$ 2,113,061

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

Business-Type Activities

<u>Year Ending June 30,</u>	
2016	\$ 573,187
2017	502,421
2018	304,222
2019	190,768
2020	38,208
	1,608,806
Less: amount representing interest	(81,306)
Present value of future minimum lease payments	\$ 1,527,500

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

The County maintains or participates in certain retirement plans which provide benefits to its employees. The various plans and plan participants are outlined below:

<u>Employees</u>	<u>Plan</u>
Board of Education	Maryland State Retirement and Pension System
Library	Maryland State Retirement and Pension System
Worcester County:	
Sheriff's office	Maryland State Retirement and Pension System
Correctional officers	Maryland State Retirement and Pension System
Board of Elections	Maryland State Retirement and Pension System
County employees and appointed officers	Maryland State Retirement and Pension System
Department of Liquor Control	Maryland State Retirement and Pension System
Elected officials	Maryland State Retirement and Pension System
Certain Department of Water and Wastewater employees	Worcester County Supplemental Pension Plan

Maryland State Retirement and Pension System

Organization

The State Retirement Agency is the administrator of the Maryland State Retirement and Pension System (the "System"). The System was established by the State Personnel and Pensions Article of the Annotated Code of Maryland to provide retirement allowances and other benefits to State employees, teachers, police, judges, legislators, and employees of participating governmental units. Responsibility for the System's administration and operation is vested in a 15-member Board of Trustees. The System is made up of two cost-sharing employer pools: the "State Pool" and the "Municipal Pool." The State Pool consists of State agencies, boards of education, community colleges, and libraries. The Municipal Pool consists of the participating governmental units that elected to join the System. Neither pool shares in each other's actuarial liabilities, thus participating governmental units that elect to join the System (the "Municipal Pool") share in the liabilities of the Municipal Pool only. The State Retirement Agency issues a publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the State Retirement and Pension System of Maryland, 120 E. Baltimore Street, Suite 1660, Baltimore, Maryland 21202-1600 or on-line at www.sra.maryland.gov.

The System is comprised of the Teachers' Retirement and Pension Systems, Employees' Retirement and Pension Systems – which includes the Correctional Officers' Retirement System ("CORS"), State Police Retirement System, Judges' Retirement System, and the Law Enforcement Officers' Pension System ("LEOPS").

The employees participating in each plan are as follows:

<u>Employees</u>	<u>Plan</u>
Board of Education – regular employees	Employees' System
Board of Education – teachers	Teachers' System
Library	Teachers' System
Worcester County:	
Sheriff's office	LEOPS
Correctional officers	CORS
Board of Elections	Employees' System
County employees and appointed officers	Employees' System
Department of Liquor Control	Employees' System
Elected officials	Employees' System

The System is a cost-sharing multiple-employer defined benefit pension plan.

NOTES TO FINANCIAL STATEMENTS

Note 7. Pension Plans (continued)

Basis of Accounting

The System's financial statements are prepared on the accrual basis of accounting in accordance with GAAP. For purposes of measuring net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the System and additions to and deductions from the System's fiduciary net position have been determined on the same basis as they are reported by the System. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with benefit terms. Investments are reported at fair value.

Covered Members

Teachers' Retirement and Pension Systems

The Teachers' Retirement System was established on August 1, 1927, to provide retirement allowances and other benefits to teachers in the State. Effective January 1, 1980, the Teachers' Retirement System was closed to new members and the Teachers' Pension System was established. As a result, teachers hired after December 31, 1979, became members of the Teachers' Pension System as a condition of employment. On or after January 1, 2005, an individual who is a member of the Teachers' Retirement System may not transfer membership to the Teachers' Pension System.

Employees' Retirement and Pension Systems

On October 1, 1941, the Employees' Retirement System was established to provide retirement allowances and other benefits to State employees, elected and appointed officials, and the employees of participating governmental units. Effective January 1, 1980, the Employees' Retirement System was essentially closed to new members and the Employees' Pension system was established. As a result, State employees (other than correctional officers) and employees of participating governmental unites hired after December 31, 1979, became members of the Employees' Pension System as a condition of employment, while all State correctional officers and members of the Maryland General Assembly continue to be enrolled as members of the Employees' Retirement System. On or after January 1, 2005, an individual who is a member of the Employees' Retirement System may not transfer membership to the Employees' Pension System.

The Law Enforcement Officers' Pension System (LEOPS)

The Law Enforcement Officers' Pension System (LEOPS) was established on July 2, 1990, to provide retirement allowances and other benefits for certain State and local law enforcement officers. This System includes both retirement plan and pension plan provisions which are applicable to separate portions of this System's membership. The retirement plan provisions are only applicable to those members who, on the date they elected to participate in LEOPS, were members of the Employees' Retirement System. This System's pension plan provisions are applicable to all other participating law enforcement officers.

NOTES TO FINANCIAL STATEMENTS

Note 7. Pension Plans (continued)

Summary of Significant Plan Provisions

All plan benefits are specified by the State Personnel and Pensions Article of the Annotated Code of Maryland. For all individuals who are members of the Employees', Teachers', Correctional Officers', or State Police Retirement System on or before June 30, 2011, retirement allowances are computed using both the highest three years' Average Final Compensation ("AFC") and the actual number of years of accumulated creditable service. For individuals who become members of the State Police Retirement System or the Correctional Officers' Retirement System on or after July 1, 2011, retirement allowances are computed using both the highest five years' AFC and the actual number of years of accumulated creditable service. For all individuals who are members of the pension systems of the State Retirement and Pension System on or before June 30, 2011, pension allowances are computed using both the highest three consecutive years' AFC and the actual number of years of accumulated creditable service. For any individual who becomes a member of one of the pension systems on or after July 1, 2011, pension allowances are computed using both the highest five consecutive year's AFC and the actual number of years of accumulated creditable service. Various retirement options are available under each system which ultimately determines how a retiree's benefit allowance will be computed. Some of these options require actuarial reductions based on the retiree's and/or designated beneficiary's attained age and similar actuarial factors.

Beginning July 1, 2011, the member contribution rate was increased for members of the Teachers' Pension System and Employees' Pension Systems from 5% to 7% and from 4% to 6% respectively, in fiscal year 2013 and 7% in fiscal year 2014 and beyond for members of the Law Enforcement Officers' Pension System. Beginning July 1, 2013, the member contribution rate was increased for members of the Judges' Retirement System from 6% to 8%.

In addition, the benefit attributable to service on or after July 1, 2011 in many of the pension systems now will be subject to different cost-of-living adjustments ("COLA") that is based on the increase in the Consumer Price Index ("CPI") and capped at 2.5% or 1.0% based on whether the market value investment return for the preceding calendar year was higher or lower than the investment return assumption used in the valuation.

A brief summary of the retirement eligibility requirements of and the benefits available under the various systems are as follows:

Service Retirement Allowances

A member of either the Teachers' or Employees' Retirement System is generally eligible for full retirement benefits upon the earlier of attaining age 60 or accumulating 30 years of creditable service regardless of age. The annual retirement allowance equals $1/55$ (1.81%) of the member's AFC multiplied by the number of years of accumulated creditable service.

An individual who is a member of either the Teachers' or Employees' Pension System on or before June 30, 2011, is eligible for full retirement benefits upon the earlier of attaining age 62, with specified years of eligibility service, or accumulating 30 years of eligibility service regardless of age. An individual who becomes a member of either the Teachers' or Employees' Pension System on or after July 1, 2011, is eligible for full retirement benefits if the member's combined age and eligibility service equals at least 90 years or if the member is at least age 65 and has accrued at least 10 years of eligibility service.

NOTES TO FINANCIAL STATEMENTS

Note 7. Pension Plans (continued)

For most individuals who retired from either the Teachers' or Employees' Pension System on or before June 30, 2006, the annual pension allowance equals 1.2% of the member's AFC, multiplied by the number of years of creditable service accumulated prior to July 1, 1998, plus 1.4% of the member's AFC, multiplied by the number of years of creditable service accumulated subsequent to June 30, 1998. With certain exceptions, for individuals who are members of the Teachers' or Employees' Pension System on or after July 1, 2006, the annual pension allowance equals 1.2% of the member's AFC, multiplied by the number of years of creditable service accumulated prior to July 1, 1998, plus 1.8% of the member's AFC, multiplied by the number of years of creditable service accumulated subsequent to June 30, 1998. Beginning July 1, 2011, any new member of the Teachers' or Employees' Pension System shall earn an annual pension allowance equal to 1.5% of the member's AFC multiplied by the number of years of creditable service accumulated as a member of the Teachers' or Employee's Pension System.

Exceptions to these benefit formulas apply to members of the Employees' Pension System, who are employed by a participating governmental unit that does not provide the 1998 or 2006 enhanced pension benefits or the 2011 reformed pension benefits. The pension allowance for these members equals 0.8% of the member's AFC up to the social security integration level ("SSIL"), plus 1.5% of the member's AFC in excess of the SSIL, multiplied by the number of years of accumulated creditable service. For the purpose of computing pension allowances, the SSIL is the average of the social security wage bases for the past 35 calendar years ending with the year the retiree separated from service.

A member of the Law Enforcement Officers' Pension System is eligible for full retirement benefits upon the earlier of attaining age 50 or accumulating 25 years of eligibility service regardless of age. The annual retirement allowance for a member who is covered under the retirement plan provisions equals 1/50 (2.0%) of the member's AFC multiplied by the number of years of accumulated creditable service up to 30 years, plus 1/100 (1.0%) of the member's AFC multiplied by the number of years of accumulated creditable service in excess of 30 years. For members subject to the pension provisions, full service pension allowances equal 2.0% of AFC up to a maximum benefit of 60% (30 years of credit).

Vested Allowances

Any individual who is a member of the State Retirement and Pension System on or before June 30, 2011 (other than a judge or a legislator), and who terminates employment before attaining retirement age but after accumulating 5 years of eligibility service is eligible for a vested retirement allowance. Any individual who joins the State Retirement and Pension System on or after July 1, 2011 (other than a judge or a legislator), and who terminates employment before attaining retirement age but after accumulating 10 years of eligibility service is eligible for a vested retirement allowance. A member, who terminates employment prior to attaining retirement age and before vesting, receives a refund of all member contributions and interest.

Early Service Retirement

A member of either the Teachers' or Employees' Retirement System may retire with reduced benefits after completing 25 years of eligibility service. Benefits are reduced by 0.5% per month for each month remaining until the retiree either attains age 60 or would have accumulated 30 years of creditable service, whichever is less. The maximum reduction for a Teachers' or Employees' Retirement System member is 30%.

An individual who is a member of either the Teachers' or Employees' Pension System on or before June 30, 2011, may retire with reduced benefits upon attaining age 55 with at least 15 years of eligibility service. Benefits are reduced by 0.5% per month for each month remaining until the retiree attains age 62. The maximum reduction for these members of the Teachers' or Employees' Pension System is 42%. An individual who becomes a member of either the Teachers' or Employees' Pension System on or after July 1, 2011, may retire with reduced benefits upon attaining age 60 with at least 15 years of eligibility service. Benefits are reduced by 0.5% per month for each month remaining until the retiree attains age 65. The maximum reduction for these members of the Teachers' or Employees' Pension System is 30%.

NOTES TO FINANCIAL STATEMENTS

Note 7. Pension Plans (continued)

Members of the State Police, Judges', Law Enforcement Officers', and Local Fire and Police Systems are not eligible for early service benefits.

Disability and Death Benefits

Generally, a member covered under retirement plan provisions who is permanently disabled after 5 years of service receives a service allowance based on a minimum percentage (usually 25%) of the member's AFC. A member covered under pension plan provisions who is permanently disabled after accumulating 5 years of eligibility service receives a service allowance computed as if service had continued with no change in salary until the retiree attained age 62. A member (other than a member of the Maryland General Assembly or a judge, both of which are ineligible for accidental disability benefits) who is permanently and totally disabled as the result of an accident occurring in the line of duty receives 2/3 (66.7%) of the member's AFC plus an annuity based on all member contributions and interest. Death benefits are equal to a member's annual salary as of the date of death plus all member contributions and interest.

Adjusted Retirement Allowances

Retirement and pension allowances are increased annually to provide for changes in the cost of living according to prescribed formulae. Such adjustments for retirees are based on the annual change in the CPI. For the Teachers' and Employees' Retirement Systems ("TRS"/"ERS") the method by which the annual COLA's are computed depends upon elections made by members who were active on July 1, 1984 (or within 90 days of returning to service, for members who were inactive on July 1, 1984) enabling the member to receive either an unlimited COLA, a COLA limited to 5%, or a two-part combination COLA depending upon the COLA election made by the member.

For Correctional Officers' Retirement System retirees, prior to July 1, 2011, unlimited compounded COLAs are effective July 1 and are applied to all benefits which have been in payment for one year. With certain exceptions, effective July 1, 1998, for Teachers', Employees', and LEOPS retirees, the adjustment is capped at a maximum 3% compounded and is applied to all benefits which have been in payment for one year. The annual increases to pension allowances for Employees' Pension System retirees who were employed by a participating governmental unit that does not provide enhanced pension benefits are limited to 3% of the initial allowance.

However, beginning July 1, 2011, for benefits attributable to service earned on or after July 1, 2011, in all of the systems except the judges' and legislators' systems, the adjustment is capped at the lesser of 2.5% or the increase in CPI if the most recent calendar year market value rate of return was greater than or equal to the assumed rate. The adjustment is capped at the lesser of 1% or the increase in CPI if the market value return was less than the assumed rate of return. In years in which COLAs would be less than zero due to a decline in the CPI, retirement allowances will not be adjusted. COLAs in succeeding years are adjusted until the difference between the negative COLA that would have applied and the zero COLA is fully recovered.

NOTES TO FINANCIAL STATEMENTS

Note 7. Pension Plans (continued)

Actuarial Assumptions

The total pension liability in the June 30, 2014 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial	Entry Age Normal
Amortization Method	Level Percentage of Payroll, Closed
Remaining Amortization Period	24 years for State system, 25 years for LEOPS Muni, and 32 years for CORS Muni as of June 30, 2014. For ECS Muni, 6 years remaining as of June 30, 2014 for prior UAAL existing on June 30, 2000. 25 years from each subsequent valuation date for each year's additional UAAL.
Asset Valuation Method	5-year smoothed market; 20% collar
Inflation	2.90% general, 3.40% wage
Salary Increases	3.40% to 11.90% including inflation
Discount Rate	7.65%
Investment Rate of Return	7.65%
Retirement Age	Experienced-based table of rates that are specific to the type of eligibility condition. Last updated for the 2012 valuation pursuant to an experience study of the period 2006 - 2010.
Mortality	RP-2000 Combined Healthy Mortality table projected to the year 2025
Note	<p>There were no benefit changes during the year. Adjustments to the roll-forward liabilities were made to reflect the following assumptions changes in the 2014 valuation:</p> <ul style="list-style-type: none"> Investment return assumption changed from 7.70% to 7.65% Inflation assumption changed from 2.95% to 2.90%; Disability mortality assumption for State Police and LEOPS changed to: <ul style="list-style-type: none"> RP-2000 Disabled Mortality: 50% table for males and 75% for females, but not less than the RP-2000 Combined Healthy Mortality table projected to year 2025

NOTES TO FINANCIAL STATEMENTS

Note 7. Pension Plans (continued)

Investments

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of geometric real rates of return were adopted by the Board of Trustees after considering input from the System's investment consultant(s) and actuary(s). For each major asset class that is included in the System's target asset allocation, these best estimates are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Public Equity	35%	4.70%
Fixed Income	10%	2.00%
Credit Opportunity	10%	3.00%
Real Return	14%	2.80%
Absolute Return	10%	5.00%
Private Equity	10%	6.30%
Real Estate	10%	4.50%
Cash	1%	1.40%
Total	<u>100%</u>	

The above was the Board of Trustees adopted asset allocation policy and best estimate of geometric real rates of return for each major asset class as of June 30, 2014.

For the year ended June 30, 2014, the annual money-weighted rate of return on pension plan investments, net of the pension plan investment expense, was 14.38%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Discount Rate

A single discount rate of 7.65% was used to measure the total pension liability. This single discount rate was based on the expected rate of return on pension plan investments of 7.65%. The projection of cash flows used to determine this single discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

NOTES TO FINANCIAL STATEMENTS

Note 7. Pension Plans (continued)

Sensitivity of the Net Pension Liability

Regarding the sensitivity of the net pension liability to changes in the single discount rate, the following presents the plan's net pension liability, calculated using a single discount rate of 7.65%, as well as what the plan's net pension liability would be if it were calculated using a single discount rate that is 1-percentage-point lower or 1-percentage-point higher:

System	1% Decrease to 6.65%	Current Discount	1% Increase to 8.65%
County	\$ 29,670,721	\$ 20,588,571	\$ 12,981,123
Board of Education	5,507,084	3,821,376	2,409,383

Teachers' and Employees' Retirement Systems and Teachers' and Employees' Pension Systems

Employer Contributions:

In accordance with Maryland Senate Bill 1301, *Budget Reconciliation and Financing Act of 2012*, the Board of Education is required to pay the State a specified percentage of the normal cost portion of the total pension cost for teachers. The normal cost is the portion of the total retirement benefit cost that is allocated to the current year of the employee's service. The specified percentage increases each fiscal year, until fiscal year 2017, when the BOE will be paying 100% of the normal cost for each teacher. The related payment for the fiscal year ending June 30, 2015, was \$1,647,903.

Pension Liabilities, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions

Because the State of Maryland pays the unfunded liability for the Teachers' Systems on behalf of the BOE and Library, and the BOE pays the normal cost for the Teachers' Systems, the BOE and Library are not required to record their respective shares of the unfunded pension liability for the Teachers' Systems – the State of Maryland is required to record that liability. The BOE is required to record a liability for the Employees' Systems.

At June 30, 2015, the BOE reported a liability for its proportionate share of the net pension liability that reflected a reduction for State pension support provided to the BOE. The amount recognized by the BOE as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the BOE were as follows:

BOE's proportionate share of the net pension liability (Employees' Systems)	\$ 3,821,376
State's proportionate share of the net pension liability (Teachers' Systems)	51,503,242
Total	\$ 55,324,618

NOTES TO FINANCIAL STATEMENTS

Note 7. Pension Plans (continued)

The net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The BOE's proportion of the net pension liability was calculated as follows by the System(s):

- 1) Calculate the net pension liability for the entire System. For purposes of funding the System, all calculations are determined on an actuarial basis and are completed through the development of rates based on two separate asset pools, one for employees of the State of Maryland (the "State") and one for the Participating Governmental Units ("PGUs"). These pools are kept on an actuarial basis and allow for the State to fund only State employees and PGUs to fund only PGU employees. For the accounting of the System, however, the assets of the System are accounted for in a single pool which is audited annually.
- 2) Determine the total contributions to the System by the State and PGUs, inclusive of any underfunding of contributions.
- 3) Based on the number of participants at each Board of Education, calculate the difference between what each BOE would have contributed if they funded at the rate of all other participating governments and what the BOE actually contributed. The difference between what the BOE contributed and what they would have contributed if they funded at the rate of the other participating governments is then added to the total contribution to the System, to calculate the System's adjusted contribution.
- 4) Calculate, for each participating government, their percentage of the adjusted System contribution by dividing the total adjusted System contribution into each primary government contribution.
- 5) Provide each PGU its adjusted percentage of the contribution and the System's net pension liability and other related amounts.

NOTES TO FINANCIAL STATEMENTS

Note 7. Pension Plans (continued)

At June 30, 2015, the County reported the following related to pensions:

	<u>BOE</u>	<u>County</u>
Employer's proportion (percentage) of the collective net pension liability	0.0215328%	0.1160133%
Employer's proportionate share of the collective net pension liability	\$ 3,821,376	\$ 20,588,571
Pension expense recognized by the employer for the year ended June 30, 2015	492,294	2,775,458
Change in net pension liability factored for contributions	110,084	593,102
Deferred inflows of resources:		
Difference between expected and actual experience	-	-
Net difference between projected and actual investment earnings on pension plan investments	(418,275)	(2,253,553)
Change in assumptions	-	-
<u>Total deferred inflows of resources</u>	<u>(418,275)</u>	<u>(2,253,553)</u>
Deferred outflows of resources:		
Difference between expected and actual experience	-	-
Change in assumptions	55,279	297,829
Year ended June 30, 2015 contributions	492,294	2,775,458
<u>Total deferred outflows of resources</u>	<u>547,573</u>	<u>3,073,287</u>
Net pension liability June 30, 2014	4,213,085	22,698,998
Year ended June 30, 2014 contributions	(501,793)	(2,703,529)
Change in net pension liability factored for contributions	110,084	593,102
<u>Net pension liability June 30, 2015</u>	<u>3,821,376</u>	<u>20,588,571</u>

The \$492,294 and \$2,775,458 of deferred outflows of resources resulting from the BOE's and County's respective contributions to the Employees' Systems subsequent to the measurement date will be recognized as a reduction of the net pension liability for the year ending June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in pension expense as follows:

Year ended June 30:	<u>BOE</u>	<u>County</u>
2016	\$ 72,599	\$ 391,145
2017	72,599	391,145
2018	72,599	391,145
2019	72,599	391,145
2020	72,599	391,144

	Total Payroll	Covered Payroll	On-Behalf by State
County - MD Retirement and Pension System	\$ 29,382,181	\$ 23,419,512	\$ -
Board of Education	65,912,693	59,107,236	6,780,001
Library	1,641,336	1,401,132	242,196

Covered payroll refers to all compensation paid to active employees covered by the Systems.

NOTES TO FINANCIAL STATEMENTS

Note 7. Pension Plans (continued)

Pension contributions made by the State of Maryland on behalf of the Board of Education and the Library are recognized as both revenue and expenditure.

Worcester County Supplemental Pension Plan

Certain eligible employees of the Department of Water and Wastewater Services (the "Department") are covered by a cost-sharing multiple-employer defined benefit pension plan administered by Nationwide Life Insurance Company. Employees who participate in the plan are required to contribute 4% of their annual compensation. Certain employees of the Town of Ocean City are also eligible to participate in the plan. Participation in the plan is split approximately 50/50 between the Department and the Town of Ocean City. Disclosures and related amounts in addition to those presented here are immaterial to the County's financial statements.

The pension plan provides pension, death, and disability benefits. The normal retirement age is 65, although reduced retirement benefits may be taken at age 55 with the completion of ten years of service. Participating employees are fully vested after five years of service. Separate audited financial statements are not issued by the plan.

The plan's accrued benefits and net assets available as of July 1, 2014, the latest date available, are:

Actuarially computed value of:	
Vested accrued benefit obligation	\$ 5,761,202
Nonvested accrued benefit obligation	-
	5,761,202
Net assets available for pension benefits	7,216,019
Net pension asset (obligation)	\$ 1,454,817

Contributions to the plan are defined by the retirement law to consist of a "normal contribution" 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 used 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, 2015 was \$77,577 and is based on the entry age normal cost method. The Department has contributed 100% of the required contribution for the past four years.

Covered payroll for the Department totaled approximately \$2,173,187.

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

Interest	7%, including inflation rate of 4%
Cost Method	Aggregate
Mortality Rates	1983 Group Annuity Mortality Sex Distinct Tables
Salary Increases	5% per year to age 65, including inflation rate of 4%
Cost of Living Adjustment	4%

As of June 30, 2015, 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.

NOTES TO FINANCIAL STATEMENTS

Note 7. Pension Plans (continued)

The normal cost is calculated for the plan as a whole by allocating the difference between the actuarial present value of projected benefits, including prior years' gains and losses, less the actuarial value of assets and the present value of future employee contributions, on a level basis over the future salaries of active plan participants.

Information regarding the plan's funding status for plan fiscal years 2015 – 2013 is as follows:

	2015	2014	2013
Net assets available for pension benefits	\$ 7,216,019	\$ 7,277,877	\$ 7,303,843
Pension obligation	\$ 5,761,202	\$ 5,727,813	\$ 5,684,056
Percentage funded	125%	127%	128%
Net pension assets	\$ 1,454,817	\$ 1,550,064	\$ 1,619,787
Annual covered payroll	\$ 2,173,187	\$ 2,323,345	\$ 2,384,769
Assets in excess of pension obligation as a percentage of covered payroll	67%	67%	68%
Employer contributions	\$ 147,788	\$ 173,907	\$ 174,314
Employer contributions as a percentage of covered payroll	7%	7%	7%

Note 8. Other Post-Employment Benefits

Plan Description

The Worcester County Post-Retirement Medical Benefits Plan (the "Plan") is an agent multiple-employer defined benefit healthcare plan administered by the County. The Plan provides medical and prescription drug benefits to eligible retirees, their spouses, and eligible dependents. All classes of employees are eligible to participate in the Plan upon retirement. Participants must meet the following eligibility requirements of the Maryland State Retirement System to be eligible for benefits:

- 1) Age 55 and 15 years of service, or
- 2) Age 62 and 5 years of service (if hired prior to November 1, 2007), or
- 3) 30 years of service at any 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, 2014, the date of the last actuarial valuation, the following number of employees were receiving or were potentially eligible to receive future benefits:

	County	Board of Education
Active	492	972
Retirees	222	530
Total	714	1,502

Separate financial statements are not issued for the Other Post-Employment Benefit ("OPEB") Trust.

NOTES TO FINANCIAL STATEMENTS

Note 8. Other Post-Employment Benefits (continued)

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, 2015, the OPEB Trust paid for coverage of 222 retirees at a total cost, net of retiree contributions, of approximately \$2,349,000.

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 to qualify as "contributions in relation to the actuarial required contribution" within the meaning of GASB Statement 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 that has 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 Internal Revenue Code Section 115.

Annual OPEB Cost and Net OPEB Obligation

The County's annual 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 30 years. The County pays post-retirement medical benefits (normal cost) from the Trust.

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

	County	Board of Education	Total
Annual required contribution	\$ 2,677,608	\$ 16,132,614	\$ 18,810,222
Interest on net OPEB obligation	(1,392,739)	2,888,235	1,495,496
Adjustment to annual required contribution	1,498,476	(3,107,510)	(1,609,034)
Annual OPEB cost	2,783,345	15,913,339	18,696,684
Trust fund contributions	(1,500,000)	(1,500,000)	(3,000,000)
Change in net OPEB obligation	1,283,345	14,413,339	15,696,684
Net OPEB obligation (asset), beginning of year	(19,896,274)	41,260,500	21,364,226
Net OPEB obligation (asset), end of year	\$ (18,612,929)	\$ 55,673,839	\$ 37,060,910

NOTES TO FINANCIAL STATEMENTS

Note 8. Other Post-Employment Benefits (continued)

The OPEB cost, the percentage of annual OPEB cost contributed to the Plan, and the net OPEB obligation (asset) for the County and BOE during the three most recent fiscal years was as follows:

	Fiscal Year Ended	Annual OPEB Cost	Percentage Contributed	Net OPEB Obligation (Asset)
County	June 30, 2015	\$ 2,783,345	54%	\$ (18,612,929)
Board of Education	June 30, 2015	15,913,339	9%	55,673,839
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

Funding Status and Funding Progress

The following table is as of July 1, 2014, the most recent actuarial valuation date:

	(June 30, 2015) Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as % of Covered Payroll
County	\$ 42,192,408	\$ 51,051,706	\$ 8,859,298	82.65%	\$ 29,382,181	30.15%
Board of Education	25,825,853	146,113,607	120,287,754	17.68%	65,912,693	182.50%
Total	\$ 68,018,261	\$ 197,165,313	\$ 129,147,052		\$ 95,294,874	

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 designed 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 liability for benefits.

Actuarial Methods and Assumptions

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

For the July 1, 2014 actuarial valuation, the cost method used was the projected unit credit, with linear proration to decrement attribution. The actuarial assumptions include an expected 7.0% investment rate of return on plan assets per annum, an inflation rate of 3.0%, and an assumed medical trend rate of 6% - 6.5%. The projected annual healthcare cost trend rate is 6.33% initially, reduced by decrements to an ultimate rate of 5.0% after ten years. The UAAL is being amortized over 24 years based on a level percentage of projected payrolls on a closed basis.

NOTES TO FINANCIAL STATEMENTS

Note 9. Deferred Compensation

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

The County funds all 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 care that would be required of an ordinary prudent investor.

Note 10. Commitments and Contingencies

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

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

The County entered into a contract on September 16, 2014 with Harper & Sons, Inc. of Easton, Maryland at a total cost of \$1,318,000 to construct a 6,300 square foot addition to the existing Worcester County Recreation Center. The addition will be reimbursed 90% through the Maryland Department of Natural Resources Program Open Space with the remaining funds from the County budget and pay-as-you-go funds. The addition is expected to be completed in November 2015.

The County entered into a contract on November 5, 2014 with The Design Group of Warren, Vermont in the amount of \$326,000 plus reimbursable expenses to complete architectural and engineering design services through completion of construction of the new Berlin Branch Library on Harrison Street in Berlin, Maryland. The contract is funded through County pay-as-you-go funds.

The County entered into a contract on November 18, 2014 with A-Del Construction Company, Inc. of Newark, Delaware at a total cost of \$1,666,530 to replace the sewage force mains on Ocean Parkway and Birdnest Drive transporting wastewater from the north side of Ocean Pines to the wastewater treatment plant. Funding for the project is available with 2014 bonds.

The County entered into a contract on March 17, 2015 with Murtech, Inc. totaling \$174,417 for the reconstruction of the Cedar Hall Boat Ramp in Pocomoke City, Maryland. Maryland Department of Natural Resources Waterway Improvement Grant funds will cover all project costs.

The County entered into a contract on July 21, 2015 with Tyler Technologies at a total cost of \$448,811 to purchase tax billing software and Munis Analytics and Reporting software to replace the existing AS400 software that the County has been using for approximately 20 years with limited options for the County and taxpayers.

The County entered into a contract on August 4, 2015 with Harris Corporation for 800 MHz P25 radio system equipment and service at a total cost of \$4,800,000, with 15-year operational costs of \$3,802,861. The cost of the radio system is funded with 2015 bonds.

NOTES TO FINANCIAL STATEMENTS

Note 10. Commitments and Contingencies (continued)

On May 18, 2015, the United States Supreme Court ruled in *Maryland State Comptroller of the Treasury of Maryland v. Brian Wynne* that Maryland's income tax system must be altered to allow for out-of-state tax credits to be granted against local income tax. The annual revenue loss to Worcester County is estimated at approximately \$250,000 per year beginning in fiscal year 2016. Maryland House Bill 72, at the State level, allows for any prior year amendments/claims to be smoothed out through the Local Income Tax Reserve Account fiscal years 2017-2019; the effect of which we feel is insignificant. The proposed fiscal year 2016 budget has been reduced for this impact.

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 the year ended June 30, 2015 are summarized as follows:

Assigned for:

Berlin Health Department storage and parking lot	\$ 220,000
Berlin Rubblefill cap and closure	534,307
Berlin Library project	1,721,985
Board of Education gym bleachers for SDHS	144,000
Board of Education gym floors for PMS, SHMS, and BIS	173,275
Board of Education HVAC rooftop units for PMS and SHMS	180,725
Cedar Hall boat landing replacement finger piers and ramps	99,000
Economic Development building repairs	60,000
Elections voting unit warehouse improvements	10,000
Emergency Services radio system enhancement	50,000
Encumbrances	1,707,566
Financial system upgrades and connectivity projects	150,000
Financial tax software	301,537
Fire Training Center pole building (Public Safety trailer storage)	100,000
Government Center (building repairs)	115,000
Health Department wide area data network	106,488
Isle of Wight building repairs	100,000
Jail building improvements and repairs	89,573
Maryland Broadband fiber project	150,000
Mason Landing (resurface existing parking lot)	15,000
North End Public Works building	100,000
Public Landing marina	93,742
Public Landing (boat slip construction and well house)	99,000
Public Works building expansion	50,000
Recreation Center building (addition and equipment)	300,000
Route 50 service road	277,000
Shell Mill boat ramp (parking lot overlay)	52,633
Showell Elementary School	255,000
Snow Hill High School construction	300,000
Snow Hill Landfill gas remediation	641,497
Taylor Landing (design pier)	9,557
Washington Street (parking improvements)	76,648
Wor-Wic College (building renovations)	396,424
Total	\$ 8,679,957

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 30 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 \$3,100,000 as the landfill closure and postclosure care liability at June 30, 2015 in the long-term liabilities section of the Statement of Net Position related to the closed landfills mentioned above (see also Note 6). The County has also reported \$14,548,119 in estimated landfill closure and postclosure care liabilities at June 30, 2015 in the enterprise fund related to the Central 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 operations in 1990, has a permitted life span of 40 years and includes eight landfill cells. As of June 30, 2015, cells #2 and #3 are full and cells #1 and #4 are at approximately 86% and 84% of their respective capacities. 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, but put the mining operation on hold during fiscal years 2014 and 2015 to avoid filling up cell #4 before cell #5 is complete.

As there are currently no legal restrictions on available funds, the County has approximately \$9,360,000 of current assets available for landfill closure and postclosure care costs within the Landfill Fund. The shortfalls may need to be covered by any combination of charges to future landfill users, future tax revenues, or additional borrowings.

The County has satisfied its financial assurance requirements based upon the local government financial ratio tests as of June 30, 2014. The County expects to satisfy these requirements as of June 30, 2015 using the same criteria.

Estimated closure and postclosure care costs may change in the future due to inflation and changes in technology, laws, and/or regulations.

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.

LGIT subscribers share 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 coverage limits for the three most recent fiscal years.

NOTES TO FINANCIAL STATEMENTS

Note 14. On-Behalf Payments

On-behalf payments for fringe benefits represent 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 year ended June 30, 2015 was \$242,196 for the Library, which is included in miscellaneous revenues and libraries, recreation, parks and culture expenditures, respectively.

Note 15. Component Units

The Board of Education of Worcester County

Cash and Short-Term Investments

At June 30, 2015, the BOE had deposits of \$6,762,165 (carrying value \$6,987,996), which were either fully insured or collateralized by securities held in the name of the BOE.

Capital Assets

Capital asset activity for the year ended June 30, 2015 was as follows:

	Balance June 30, 2014	Additions	Transfers and Reductions	Balance June 30, 2015
Governmental activities:				
Nondepreciable capital assets:				
Land and improvements	\$ 1,886,779	\$ -	\$ -	\$ 1,886,779
Construction-in-progress	10,117,359	18,518,244	(242,919)	28,392,684
Total nondepreciable capital assets	12,004,138	18,518,244	(242,919)	30,279,463
Depreciable capital assets:				
Building and building improvements	174,202,226	321,796	242,919	174,766,941
Machinery and equipment	3,938,125	168,283	(128,559)	3,977,849
Total depreciable assets	178,140,351	490,079	114,360	178,744,790
Less accumulated depreciation for:				
Buildings and building improvements	(52,240,563)	(3,791,649)	-	(56,032,212)
Machinery and equipment	(2,832,622)	(363,983)	128,559	(3,068,046)
Total accumulated depreciation	(55,073,185)	(4,155,632)	128,559	(59,100,258)
Total depreciable capital assets, net	123,067,166	(3,665,553)	242,919	119,644,532
Governmental activities capital assets, net	\$ 135,071,304	\$ 14,852,691	\$ -	\$ 149,923,995
Business-type activities:				
Depreciable capital assets:				
Machinery and equipment	\$ 256,966	\$ 11,016	\$ (5,000)	\$ 262,982
Less accumulated depreciation for:				
Machinery and equipment	(211,770)	(13,390)	5,000	(220,160)
Total depreciable capital assets, net	45,196	(2,374)	-	42,822
Business-type activities capital assets, net	\$ 45,196	\$ (2,374)	\$ -	\$ 42,822

NOTES TO FINANCIAL STATEMENTS

Note 15. Component Units (continued)

Long-Term Debt

The following is a summary of long-term debt transactions of the BOE for the year ended June 30, 2015:

	Balance July 1, 2014	Additions	Reductions	Balance June 30, 2015
Other post-employment benefits	\$ 41,260,500	\$ 14,413,339	\$ -	\$ 55,673,839
Net pension liability	4,213,085	-	(391,709)	3,821,376
Long-term portion of accrued compensated absences	498,860	4,766	(32,541)	471,085
	<u>\$ 45,972,445</u>	<u>\$ 14,418,105</u>	<u>\$ (424,250)</u>	<u>\$ 59,966,300</u>

Post-Retirement Benefits

The BOE currently funds 90% of the healthcare insurance premiums for retirees who have accumulated the required number of years of service with the BOE prior to their retirement. The BOE's OPEB Trust currently pays for the cost of these benefits on a pay-as-you-go basis. For the year ended June 30, 2015, the BOE's OPEB Trust paid for coverage of approximately 530 retirees at a total cost, net of retiree contributions, of approximately \$5,012,000. For the year ended June 30, 2015, the County contributed \$1,500,000 to the BOE's OPEB Trust to fund the ARC and the pay-as-you-go post-retirement healthcare benefits.

Commitments and Contingencies

The BOE regularly enters into contracts for goods and services during the normal course of operations. The contracts often extend over fiscal years. The BOE entered into a contract for the construction of Snow Hill High School. The contract is for approximately \$40,200,000, of which approximately \$26,000,000 had been completed by June 30, 2015. This contract is being funded by portions of the County's 2014 bond funds and the State of Maryland.

The BOE 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 liabilities 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 BOE.

Risk Management

The BOE 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 BOE 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 BOE pays an annual premium to the Fund calculated based on projected payroll. The agreement with 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 BOE continues to carry commercial insurance for all other risks of loss, including general liability, employee health, and accident insurance. Settled claims resulting from these risks have not exceeded commercial insurance coverage limits for the three most recent fiscal years.

NOTES TO FINANCIAL STATEMENTS

Note 15. Component Units (continued)

On-Behalf Payments

On-behalf payments for fringe benefits represent the pension contribution by the State of Maryland to the State Retirement System for applicable employees of the BOE. The amount recognized as revenue and expenditures for the year ended June 30, 2015 was \$6,780,001 for the BOE, which is included in intergovernmental revenues and education expenditures, respectively, in the BOE's separately issued financial statements.

Note 16. Prior Period Restatement

The County and the BOE have determined to restate their respective Statement of Net Position and Statement of Activities as of June 30, 2014. The determination to restate these financials statements was made as a result of the fiscal year 2015 implementation of the GASB's Statement No. 68, *Accounting and Financial Reporting for Pensions* and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date* – an amendment of GASB Statement No. 68. This statement's objective is to improve the accounting and financial reporting for pensions as well as to improve the information provided by employers about financial support for pensions that are provided by other entities (see Note 7).

The following table is a summary of the effect of these changes on net position and the change in net position:

	County		Board of Education	
	Net Position	Change in Net Position	Net Position	Change in Net Position
As previously reported, June 30, 2014	\$ 159,140,293	\$ (11,689,158)	\$ 95,302,731	\$ (5,691,037)
Adjustment to deferred financing outflows for contributions	2,703,529	2,703,529	501,793	501,793
Adjustment to net pension liability	(22,698,998)	(22,698,998)	(4,213,085)	(4,213,085)
As restated, June 30, 2014	\$ 139,144,824	\$ (31,684,627)	\$ 91,591,439	\$ (9,402,329)

REQUIRED SUPPLEMENTARY INFORMATION

WORCESTER COUNTY, MARYLAND
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
 IN FUND BALANCE - BUDGET AND ACTUAL
 GENERAL FUND
 Year Ended June 30, 2015

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES:				
Taxes:				
Real and personal property:				
Real property:				
Full-year levy	\$113,493,509	\$113,493,509	\$112,663,796	\$ (829,713)
Semi-year levy	26,950	26,950	151,337	124,387
Personal property	288,750	288,750	318,562	29,812
Corporations and utilities	5,664,378	5,664,378	6,063,852	399,474
Net additions and abatements	(350,000)	(350,000)	(155,226)	194,774
	119,123,587	119,123,587	119,042,321	(81,266)
Interest on delinquent taxes	800,000	800,000	700,055	(99,945)
Discounts allowed on taxes	(400,000)	(400,000)	(409,983)	(9,983)
Tax credits for assessment increase	(1,590,535)	(1,590,535)	(1,369,037)	221,498
Total real and personal property	117,933,052	117,933,052	117,963,356	30,304
Local income tax	12,700,000	12,700,000	13,690,331	990,331
Other local taxes:				
Room tax	13,015,083	13,015,083	14,707,093	1,692,010
Admission and amusement	560,000	560,000	481,275	(78,725)
Recordation	6,000,000	6,000,000	5,437,913	(562,087)
Trailer park excise tax	100,000	100,000	155,647	55,647
Transfer tax	2,750,000	2,750,000	3,278,524	528,524
Food tax	1,050,000	1,050,000	1,358,236	308,236
State shared:				
Highway user revenue	491,535	491,535	506,589	15,054
911 State fees	450,000	450,000	425,123	(24,877)
Total taxes	155,049,670	155,049,670	158,004,087	2,954,417
Licenses and permits:				
Business:				
Liquor licenses	700,000	700,000	825,776	125,776
Vending machine licenses	115,000	115,000	88,015	(26,985)
Traders' licenses	85,000	85,000	96,854	11,854
Occupational licenses	4,500	4,500	3,805	(695)
Bingo permits	16,000	16,000	17,041	1,041
Tourist and trailer park permits	9,000	9,000	12,760	3,760

WORCESTER COUNTY, MARYLAND
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
 IN FUND BALANCE - BUDGET AND ACTUAL
 GENERAL FUND
 Year Ended June 30, 2015
 (CONTINUED)

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Licenses and permits, continued:				
Other:				
Building permits	\$ 200,000	\$ 200,000	\$ 213,549	\$ 13,549
Electrical permits	12,000	12,000	15,210	3,210
Marriage licenses	23,000	23,000	27,150	4,150
Civil ceremony licenses	1,500	1,500	1,860	360
Shoreline construction permits	-	-	13,400	13,400
Timber harvest permits	-	-	2,400	2,400
Sediment erosion control permits	-	-	25,310	25,310
Environmental permits	61,975	61,975	42,935	(19,040)
EDU transfer fee	2,000	2,000	5,800	3,800
Health permits	358,000	358,000	384,083	26,083
Raffle permits	2,500	2,500	2,125	(375)
Plumbing permits	40,000	40,000	51,510	11,510
Gas permits	18,000	18,000	48,930	30,930
Planning and zoning permits	38,700	38,700	39,014	314
Total licenses and permits	1,687,175	1,687,175	1,917,527	230,352
Intergovernmental:				
Federal grants:				
Payments in lieu of taxes	17,500	17,500	23,970	6,470
CDBG housing rehab grant	150,000	150,000	52,182	(97,818)
Homeland security grant	102,052	102,052	175,557	73,505
Bulletproof vest program	4,000	4,000	3,103	(897)
Emergency shelter grant	107,258	107,258	139,241	31,983
MDE beach monitoring grant	3,100	3,100	3,261	161
Federal overtime	-	-	1,156	1,156
Traffic safety - State Highway Administration	720	720	10,050	9,330
Library federal grant	-	-	4,083	4,083
Child support enforcement	7,000	7,000	18,746	11,746
MEIMSS grant - emergency services	-	-	17,249	17,249
LETS Training - GOCCP	-	-	2,685	2,685
Agriculture and alternative energy grants	-	-	13,645	13,645
State grants:				
VOLT administration income	24,000	24,000	18,427	(5,573)
Maryland State Police grants	-	-	3,689	3,689
Police protection	166,108	166,108	145,661	(20,447)
MD AOC security grant	-	-	11,800	11,800
State park revenues	-	-	399,543	399,543
Open space program - parks	-	-	13,142	13,142
Open space program - recreation	563,255	563,255	515,139	(48,116)
Library aid	144,418	144,418	144,418	-
Other housing rehab income	2,500	2,500	-	(2,500)

WORCESTER COUNTY, MARYLAND
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
 IN FUND BALANCE - BUDGET AND ACTUAL
 GENERAL FUND
 Year Ended June 30, 2015
 (CONTINUED)

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Intergovernmental, continued:				
State grants, continued:				
Share of State forest land	\$ 48,000	\$ 48,000	\$ 116,507	\$ 68,507
Eastern Shore library grant	75,000	75,000	75,000	-
Other grants	-	-	260,172	260,172
Family support services MACRO grant	11,779	11,779	17,942	6,163
Homeless women grant	24,557	24,557	24,557	-
Sheriff - sex offender grant	9,000	9,000	25,020	16,020
Sheriff - health tobacco enforcement	-	-	15,450	15,450
Sheriff - health underage drinking	2,000	2,000	7,300	5,300
CREP program	12,780	12,780	12,780	-
Senator Amoss grant	301,107	301,107	299,750	(1,357)
Tourism	168,000	168,000	116,794	(51,206)
State aid for bridges	-	-	383,099	383,099
Critical area grant	13,000	13,000	13,000	-
MALPF administrative fees	-	-	5,065	5,065
DHCD housing administration fees	7,000	7,000	9,046	2,046
Conservation easement admin fee	15,000	15,000	23,798	8,798
Conservation easement reimbursements	14,000	14,000	9,115	(4,885)
Rental assistance program	40,000	40,000	-	(40,000)
Water system monitoring	20,100	20,100	17,665	(2,435)
Trial jury reimbursement	54,000	54,000	42,039	(11,961)
Family support grant	167,862	167,862	175,342	7,480
Drug court coordinator	211,500	211,500	242,603	31,103
Waterway improvement grants	99,000	99,000	210,999	111,999
Septic system BRF grants	280,350	280,350	263,410	(16,940)
Total intergovernmental	2,865,946	2,865,946	4,083,200	1,217,254
Service charges and fees:				
Department of Liquor Control profit	186,629	186,629	9,005	(177,624)
Liquor advertising fees	1,500	1,500	6,880	5,380
Donation sponsorship program	5,200	5,200	1,085	(4,115)
Dental program reimbursement	26,915	26,915	28,531	1,616
Commercial plumbing plan review	2,500	2,500	500	(2,000)
Sheriff fees	81,500	81,500	94,146	12,646
Sales of publications and copies	5,225	5,225	3,827	(1,398)
Library use charges	37,000	37,000	37,677	677
Library Erate reimbursements	12,000	12,000	12,820	820
First offender program fees	75,000	75,000	79,288	4,288
Tourism programs and events	1,200	1,200	-	(1,200)
Mosquito control charges	54,328	54,328	47,338	(6,990)
Seacrets security	97,696	97,696	130,600	32,904
Salary reimbursement	1,500	1,500	329	(1,171)
Recreation center fees	65,000	65,000	103,894	38,894

WORCESTER COUNTY, MARYLAND
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
 IN FUND BALANCE - BUDGET AND ACTUAL
 GENERAL FUND
 Year Ended June 30, 2015
 (CONTINUED)

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Service charges and fees, continued:				
Vehicle tag fees	\$ 4,500	\$ 4,500	\$ 3,816	\$ (684)
Critical area review fees	20,000	20,000	29,100	9,100
Library special projects	2,000	2,000	-	(2,000)
Casino security	15,000	15,000	9,216	(5,784)
Forestry review fees	3,000	3,000	2,846	(154)
Shared facility fees	500	500	100	(400)
Stormwater management review fees	42,000	42,000	57,212	15,212
Tourism co-op advertising	2,000	2,000	6,478	4,478
Economic development program and events	-	-	22,450	22,450
Roads department fees	30,000	30,000	57,712	27,712
Bay restoration administration fees	20,500	20,500	22,616	2,116
Shoreline Commission application fees	12,000	12,000	19,650	7,650
Park fees	19,140	19,140	37,112	17,972
Concession stand fees	20,000	20,000	25,859	5,859
Environmental fees	18,300	18,300	17,135	(1,165)
Recreation fees	40,000	40,000	55,606	15,606
Solar renewable energy credits	10,000	10,000	11,865	1,865
Water and sewer plan amendment fees	2,000	2,000	1,000	(1,000)
Circuit Court bar library	5,000	5,000	2,213	(2,787)
Firearms training center fees	3,000	3,000	600	(2,400)
Payments for jail use	5,641,200	5,641,200	4,844,229	(796,971)
Fire inspection fees	50,000	50,000	65,112	15,112
Family services legal fees	3,000	3,000	2,000	(1,000)
Community service fees	88,000	88,000	62,670	(25,330)
Public Works pipe sales	10,000	10,000	23,372	13,372
Franchise fees	30,000	30,000	21,656	(8,344)
Election filing fees	-	-	497	497
Motor coach fees	25,000	25,000	26,128	1,128
Total service charges and fees	6,769,333	6,769,333	5,984,170	(785,163)
Miscellaneous:				
Court fines	40,000	40,000	67,713	27,713
Civil infraction fines	2,500	2,500	1,350	(1,150)
Retiree drug subsidy	260,000	260,000	225,515	(34,485)
Interest on investments	225,000	225,000	160,510	(64,490)
Rent revenue	112,859	112,859	111,750	(1,109)
Sale of fixed assets	25,000	25,000	32,575	7,575
Miscellaneous	50,000	50,000	60,028	10,028
MSRS library on-behalf payments	-	-	242,196	242,196
Total miscellaneous	715,359	715,359	901,637	186,278
Total revenues	\$ 167,087,483	\$ 167,087,483	\$ 170,890,621	\$ 3,803,138

WORCESTER COUNTY, MARYLAND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND
Year Ended June 30, 2015
(CONTINUED)

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
EXPENDITURES:				
General government:				
County Commissioners' office:				
Salaries	\$ 915,310	\$ 915,310	\$ 915,114	\$ 196
Benefits	429,636	429,226	438,652	(9,426)
Administrative	14,030	14,030	11,784	2,246
Other supplies and equipment	7,440	7,840	7,782	58
Equipment maintenance	13,000	12,600	12,248	352
Legal	6,900	6,900	2,825	4,075
Vehicle operating expense	3,000	5,325	5,300	25
Building site	6,500	4,175	4,174	1
Advertising	13,000	13,000	12,885	115
Training and travel	31,700	31,700	30,437	1,263
Enterprise fund credits	(148,140)	(148,140)	(148,140)	-
	1,292,376	1,291,966	1,293,061	(1,095)
Circuit Court:				
Salaries	872,809	872,809	862,138	10,671
Benefits	409,686	409,295	413,259	(3,964)
Administrative	26,200	26,200	24,550	1,650
Other supplies and equipment	9,085	9,085	13,793	(4,708)
Equipment maintenance	17,150	19,026	19,025	1
Grant services	134,215	134,215	128,025	6,190
Legal	113,200	110,174	75,464	34,710
Building site	17,700	17,700	14,428	3,272
Other maintenance and services	1,800	2,950	2,950	-
Advertising	398	398	-	398
Training and travel	11,150	11,150	9,991	1,159
	1,613,393	1,613,002	1,563,623	49,379
Orphans' Court:				
Salaries	18,462	18,462	18,323	139
Benefits	8,666	8,658	8,783	(125)
Administrative	-	-	20	(20)
Training and travel	4,800	4,800	4,820	(20)
	31,928	31,920	31,946	(26)

WORCESTER COUNTY, MARYLAND
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
 IN FUND BALANCE - BUDGET AND ACTUAL
 GENERAL FUND
 Year Ended June 30, 2015
 (CONTINUED)

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
General government, continued:				
State's Attorney's office:				
Salaries	\$ 1,176,355	\$ 1,176,355	\$ 1,159,459	\$ 16,896
Overtime pay	5,000	5,000	-	5,000
Benefits	554,514	553,985	555,777	(1,792)
Administrative	25,100	28,008	27,221	787
Other supplies and equipment	6,250	6,250	4,968	1,282
Equipment maintenance	8,158	9,787	9,786	1
Uniforms and personal equipment	1,000	1,000	52	948
Grant services	-	-	2,685	(2,685)
Legal	5,800	9,032	7,431	1,601
Consulting services	-	333	332	1
Vehicle operating expense	11,500	11,500	9,016	2,484
Building site	14,000	14,000	10,730	3,270
Training and travel	33,500	25,398	12,378	13,020
Interfund	(18,550)	(18,550)	-	(18,550)
	1,822,627	1,822,098	1,799,835	22,263
Treasurer's office:				
Salaries	1,111,414	1,111,414	1,070,903	40,511
Benefits	521,684	521,187	513,328	7,859
Administrative	45,160	45,160	39,702	5,458
Other supplies and equipment	9,548	9,548	14,579	(5,031)
Equipment maintenance	15,500	15,500	14,765	735
Legal	1,500	1,500	1,224	276
Consulting services	-	-	719	(719)
Building site	17,000	17,000	14,972	2,028
Training and travel	6,700	6,700	5,877	823
Enterprise fund credits	(314,001)	(314,001)	(313,402)	(599)
	1,414,505	1,414,008	1,362,667	51,341
Elections office:				
State employees' salaries and benefits	396,890	396,890	355,734	41,156
Salaries	11,400	11,400	11,400	-
Benefits	5,351	5,346	5,464	(118)
Administrative	11,215	11,215	8,607	2,608
Other supplies and equipment	82,965	87,172	87,171	1
Voting machines and poll expenses	164,595	160,388	97,724	62,664
Equipment maintenance	16,780	14,550	4,931	9,619
Consulting services	15,360	15,360	7,968	7,392
Building site	18,333	20,563	20,563	-
Training and travel	6,231	6,231	3,863	2,368
	729,120	729,115	603,425	125,690

WORCESTER COUNTY, MARYLAND
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
 IN FUND BALANCE - BUDGET AND ACTUAL
 GENERAL FUND
 Year Ended June 30, 2015
 (CONTINUED)

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
General government, continued:				
Human resources:				
Salaries	\$ 328,511	\$ 328,511	\$ 362,681	\$ (34,170)
Benefits	154,199	154,052	173,848	(19,796)
Administrative	8,805	7,405	3,519	3,886
Other supplies and equipment	3,025	3,025	2,182	843
Equipment maintenance	3,700	3,700	3,121	579
Grant services	-	-	3,000	(3,000)
Program expense	1,500	2,700	2,661	39
Legal	650	650	209	441
Consulting services	15,500	15,500	8,997	6,503
Vehicle operating expense	5,000	5,000	2,222	2,778
Building site	2,000	2,200	2,199	1
Advertising	200	200	200	-
Training and travel	1,750	1,750	670	1,080
Enterprise fund credits	(84,893)	(84,893)	(84,893)	-
	439,947	439,800	480,616	(40,816)
Development review and permitting:				
Salaries	1,669,245	1,302,470	1,246,949	55,521
Benefits	783,524	610,781	597,715	13,066
Administrative	12,675	11,150	8,454	2,696
Other supplies and equipment	30,390	26,410	19,937	6,473
Equipment maintenance	8,500	8,500	7,163	1,337
Program expense	22,000	22,000	20,340	1,660
Housing rehabilitation program	214,900	214,900	103,666	111,234
Legal	31,500	28,250	26,231	2,019
Consulting services	39,900	100	100	-
Vehicle operating expense	24,600	18,942	17,439	1,503
Building site	10,000	7,636	7,635	1
Other maintenance and services	500	375	-	375
Advertising	16,000	13,084	13,083	1
Training and travel	22,000	10,930	9,897	1,033
Enterprise fund credits	(127,981)	(76,896)	(76,896)	-
	2,757,753	2,198,632	2,001,713	196,919
Environmental programs:				
Salaries	530,239	897,014	887,787	9,227
Benefits	248,888	420,646	425,553	(4,907)
Administrative	3,615	5,140	5,689	(549)
Other supplies and equipment	7,465	11,445	4,253	7,192
Equipment maintenance	2,400	2,400	3,300	(900)
Grant programs	260,000	260,000	239,028	20,972
Legal	1,000	4,250	866	3,384

WORCESTER COUNTY, MARYLAND
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
 IN FUND BALANCE - BUDGET AND ACTUAL
 GENERAL FUND
 Year Ended June 30, 2015
 (CONTINUED)

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
General government, continued:				
Environmental programs, continued:				
Consulting services	\$ -	\$ 39,900	\$ 54,351	\$ (14,451)
Vehicle operating expense	15,200	20,858	15,524	5,334
Building site	3,000	5,500	3,380	2,120
Other maintenance and services	375	500	250	250
Advertising	1,730	8,730	4,804	3,926
Training and travel	5,055	11,805	8,577	3,228
Interfund	29,587	(21,498)	(21,498)	-
	1,108,554	1,666,690	1,631,864	34,826
Other general government:				
Administrative	186,600	186,600	162,423	24,177
Other supplies and equipment	44,825	44,825	47,136	(2,311)
Equipment maintenance	294,080	294,080	261,220	32,860
Consulting services	50,000	50,000	48,147	1,853
Energy	30,000	30,000	-	30,000
Building site	711,959	711,959	651,098	60,861
Training and travel	6,750	6,750	4,474	2,276
Tri-County Council	372,144	372,144	372,144	-
Other non-matching expenses	638,200	638,200	585,359	52,841
Property-liability insurance	290,000	290,000	350,271	(60,271)
Other expenses	63,797	63,797	45,045	18,752
	2,688,355	2,688,355	2,527,317	161,038
Total general government	13,898,558	13,895,586	13,296,067	599,519
Public safety:				
Sheriff's office:				
Salaries	4,964,520	4,866,820	4,802,368	64,452
Overtime pay	411,000	532,100	596,306	(64,206)
Benefits	2,523,204	2,531,772	2,587,810	(56,038)
Administrative	26,117	28,717	28,661	56
Other supplies and equipment	299,905	309,005	298,828	10,177
Equipment maintenance	111,560	95,210	93,647	1,563
Uniforms and personal equipment	155,120	182,720	182,466	254
Grant programs	720	720	-	720
Legal	1,000	500	433	67
Consulting services	20,080	18,180	18,650	(470)
Vehicle operating expense	389,300	342,300	342,876	(576)
Building site	50,197	44,447	44,009	438
Training and travel	50,104	33,904	32,465	1,439
Capital equipment	-	25,000	24,394	606
	9,002,827	9,011,395	9,052,913	(41,518)

WORCESTER COUNTY, MARYLAND
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
 IN FUND BALANCE - BUDGET AND ACTUAL
 GENERAL FUND
 Year Ended June 30, 2015
 (CONTINUED)

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Public safety, continued:				
Emergency services:				
Salaries	\$ 1,210,672	\$ 1,210,672	\$ 1,157,944	\$ 52,728
Overtime pay	15,000	15,000	33,259	(18,259)
Benefits	575,316	574,767	570,993	3,774
Administrative	4,131	4,131	4,015	116
Other supplies and equipment	54,322	54,322	47,447	6,875
Equipment maintenance	313,205	313,205	285,534	27,671
Uniforms and personal equipment	1,000	1,000	890	110
Grant programs	79,102	79,102	112,204	(33,102)
Legal	-	-	119	(119)
Consulting services	-	-	1,362	(1,362)
Vehicle operating expense	8,600	8,600	8,108	492
Building site	183,750	183,750	172,029	11,721
Advertising	-	-	689	(689)
Training and travel	3,500	3,500	2,380	1,120
Information technology operations	566,428	566,248	545,783	20,465
	<u>3,015,026</u>	<u>3,014,297</u>	<u>2,942,756</u>	<u>71,541</u>
Jail:				
Salaries	5,130,115	5,130,115	5,084,667	45,448
Overtime pay	20,556	20,556	23,609	(3,053)
Benefits	2,417,663	2,415,358	2,448,610	(33,252)
Administrative	6,850	6,850	5,381	1,469
Other supplies and equipment	54,275	54,275	47,034	7,241
Equipment maintenance	28,900	28,900	23,718	5,182
Uniforms and personal equipment	46,450	46,450	37,186	9,264
Inmate supplies and services	2,167,595	2,061,495	1,990,240	71,255
Legal	250	202	75	127
Consulting services	3,887	3,935	3,927	8
Vehicle operating expense	13,800	11,297	10,229	1,068
Building site	761,625	867,725	863,650	4,075
Other maintenance and services	7,950	10,453	9,961	492
Training and travel	13,350	13,350	11,383	1,967
	<u>10,673,266</u>	<u>10,670,961</u>	<u>10,559,670</u>	<u>111,291</u>

WORCESTER COUNTY, MARYLAND
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
 IN FUND BALANCE - BUDGET AND ACTUAL
 GENERAL FUND
 Year Ended June 30, 2015
 (CONTINUED)

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Public safety, continued:				
Fire Marshal:				
Salaries	\$ 341,693	\$ 341,693	\$ 323,399	\$ 18,294
Overtime pay	10,000	10,000	10,286	(286)
Benefits	165,080	164,923	159,949	4,974
Administrative	5,680	5,680	5,249	431
Supplies and equipment	27,795	27,795	23,355	4,440
Equipment maintenance	8,700	6,645	4,642	2,003
Uniforms and personal equipment	3,500	3,500	3,318	182
Other supplies and materials	500	500	-	500
Legal	-	75	75	-
Consulting services	600	525	-	525
Vehicle operating expense	17,100	19,155	18,486	669
Building site	2,000	2,000	1,462	538
Training and travel	18,025	18,025	1,770	16,255
	600,673	600,516	551,991	48,525
Volunteer fire departments:				
County grant to fire companies	2,250,000	2,250,000	2,250,000	-
Fireman's Training Center	22,390	22,390	25,259	(2,869)
State grant for fire companies	301,107	301,107	299,750	1,357
County grant to ambulance companies	3,276,170	3,276,170	3,276,168	2
Volunteer firemen worker's compensation	114,350	114,350	127,577	(13,227)
LOSAP appropriation	95,000	95,000	87,200	7,800
	6,059,017	6,059,017	6,065,954	(6,937)
Total public safety	29,350,809	29,356,186	29,173,284	182,902
Public works:				
Maintenance:				
Salaries	730,849	730,849	765,471	(34,622)
Overtime pay	6,500	6,500	1,665	4,835
Benefits	346,103	345,773	367,720	(21,947)
Administrative	1,200	1,200	625	575
Other supplies and equipment	14,774	19,759	17,294	2,465
Equipment maintenance	17,700	12,715	10,220	2,495
Uniforms and personal equipment	5,950	5,950	5,013	937
Vehicle operating expense	45,000	45,000	41,922	3,078
Building site	24,904	24,802	21,281	3,521
Other maintenance and services	100	134	134	-
Advertising	500	568	568	-
Training and travel	1,500	1,500	215	1,285
	1,195,080	1,194,750	1,232,128	(37,378)

WORCESTER COUNTY, MARYLAND
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
 IN FUND BALANCE - BUDGET AND ACTUAL
 GENERAL FUND
 Year Ended June 30, 2015
 (CONTINUED)

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Public works, continued:				
Roads department:				
Salaries	\$ 1,281,609	\$ 1,281,609	\$ 1,296,248	\$ (14,639)
Overtime pay	20,000	20,000	10,389	9,611
Benefits	610,960	610,377	626,326	(15,949)
Administrative	1,800	1,800	1,064	736
Other supplies and equipment	69,960	69,960	72,798	(2,838)
Equipment maintenance	2,300	2,300	1,812	488
Road maintenance materials	67,000	67,000	57,078	9,922
Uniforms and personal equipment	10,500	10,500	9,624	876
Grant services	-	-	252,726	(252,726)
Consulting services	1,000	2,300	1,915	385
Vehicle operating expense	280,600	279,154	273,926	5,228
Building site	38,100	38,100	32,150	5,950
Road maintenance	176,499	176,499	659,007	(482,508)
Advertising	600	746	746	-
Training and travel	1,000	1,000	331	669
	2,561,928	2,561,345	3,296,140	(734,795)
Public works administration:				
Salaries	509,557	509,557	493,426	16,131
Benefits	239,180	238,952	236,520	2,432
Administrative	3,020	2,979	1,493	1,486
Other supplies and equipment	6,360	4,108	3,646	462
Equipment maintenance	5,645	6,046	5,490	556
Uniforms and personal equipment	1,350	1,350	997	353
Program expense	225	225	43	182
Legal	2,700	2,700	1,344	1,356
Consulting services	100,300	100,300	32,038	68,262
Vehicle operating expense	9,500	10,070	7,190	2,880
Building site	9,900	14,611	13,883	728
Other maintenance and services	1,500	1,536	1,535	1
Fleet services	(82,124)	(82,124)	(50,633)	(31,491)
Custodial services	5,000	1,534	(3,199)	4,733
Central fuel facility	-	-	(16,440)	16,440
Advertising	300	341	341	-
Training and travel	2,450	2,450	1,493	957
Enterprise fund credits	(153,030)	(153,030)	(153,030)	-
	661,833	661,605	576,137	85,468
Total public works	4,418,841	4,417,700	5,104,405	(686,705)

WORCESTER COUNTY, MARYLAND
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
 IN FUND BALANCE - BUDGET AND ACTUAL
 GENERAL FUND
 Year Ended June 30, 2015
 (CONTINUED)

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Health and hospitals:				
Health department:				
Administrative	\$ 3,000	\$ 352	\$ 352	\$ -
Health clinic's building expenses	403,990	407,953	437,131	(29,178)
Other non-matching expenses	159,666	158,351	158,351	-
Matching appropriation	5,039,499	5,039,499	5,039,499	-
	5,606,155	5,606,155	5,635,333	(29,178)
Mosquito control:				
Salaries	38,355	38,355	38,355	-
Benefits	18,003	17,986	18,385	(399)
Administrative	600	600	432	168
Equipment maintenance	506	507	507	-
Uniforms and personal equipment	350	350	171	179
Vehicle operating expense	17,000	16,999	11,577	5,422
Building site	4,050	4,050	3,335	715
Appropriation for spraying	90,000	90,000	69,936	20,064
	168,864	168,847	142,698	26,149
Other health and hospitals:				
Worcester County Developmental Center	219,497	219,497	219,497	-
Hartley Hall	11,250	11,250	11,250	-
Atlantic General Hospital	75,000	75,000	75,000	-
	305,747	305,747	305,747	-
Total health and hospitals	6,080,766	6,080,749	6,083,778	(3,029)
Social services:				
Commission on Aging:				
Administrative	2,750	2,750	2,750	-
Other supplies and equipment	2,500	2,500	2,500	-
Consulting services	14,000	14,000	14,000	-
Senior transportation	7,500	7,500	7,500	-
Senior center building expenses	211,137	211,137	221,395	(10,258)
Training and travel	2,000	2,000	2,000	-
Appropriation for Commission on Aging	648,658	648,658	648,658	-
	888,545	888,545	898,803	(10,258)
Other social services:				
State pass-through grant Diakonia	107,980	107,980	126,402	(18,422)
State pass-through grant Samaritan Shelter	23,835	23,835	37,397	(13,562)
State pass-through grant Social Services	40,000	40,000	-	40,000
Social Services Pharmacy grant	15,000	15,000	15,000	-

WORCESTER COUNTY, MARYLAND
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
 IN FUND BALANCE - BUDGET AND ACTUAL
 GENERAL FUND
 Year Ended June 30, 2015
 (CONTINUED)

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Social services, continued:				
Other social services, continued:				
Maryland Food Bank	\$ 900	\$ 900	\$ 900	\$ -
Life Crisis Center	8,100	8,100	8,100	-
Worcester 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	5,895	3,105
Oasis Ministries, Inc.	9,000	9,000	9,000	-
Salvation Army Pocomoke youth	9,000	9,000	9,000	-
Big Brothers / Big Sisters	1,000	1,000	1,000	-
Coastal Hospice at the Ocean	10,000	10,000	10,000	-
The Cricket Center	10,000	10,000	10,000	-
Matching appropriation - DHMH - WCDC	-	-	28,871	(28,871)
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	-
	429,125	429,125	446,875	(17,750)
Total social services	1,317,670	1,317,670	1,345,678	(28,008)
Education:				
Board of Education:				
Non-recurring school construction appropriation	-	-	1,595	(1,595)
Retirement	492,294	492,294	498,769	(6,475)
Post-retirement benefits	1,500,000	1,500,000	1,500,000	-
School building improvements	100,000	100,000	100,000	-
Operating appropriations	75,527,859	75,527,859	75,527,859	-
Technology program	200,000	200,000	200,000	-
Teacher pension shift	1,647,903	1,647,903	1,647,903	-
	79,468,056	79,468,056	79,476,126	(8,070)
Wor-Wic Community College:				
Operating appropriation	1,570,714	1,570,714	1,570,714	-
	1,570,714	1,570,714	1,570,714	-
Total education	81,038,770	81,038,770	81,046,840	(8,070)

WORCESTER COUNTY, MARYLAND
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
 IN FUND BALANCE - BUDGET AND ACTUAL
 GENERAL FUND
 Year Ended June 30, 2015
 (CONTINUED)

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Libraries, recreation, parks and culture:				
Recreation department:				
Salaries	\$ 587,191	\$ 587,191	\$ 554,410	\$ 32,781
Benefits	275,620	275,358	265,752	9,606
Administrative	12,200	11,378	18,458	(7,080)
Other supplies and equipment	17,340	22,020	28,027	(6,007)
Equipment maintenance	5,100	5,050	4,274	776
Uniforms and personal equipment	1,185	1,465	1,464	1
Grant programs	625,839	625,839	571,604	54,235
Recreation programs	99,635	99,820	99,820	-
Consulting services	250	250	16	234
Vehicle and equipment operating expense	5,200	5,200	3,922	1,278
Building site	141,644	137,021	122,937	14,084
Park improvements	-	50	50	-
Advertising	3,000	3,394	3,393	1
Training and travel	5,420	5,326	4,600	726
	1,779,624	1,779,362	1,678,727	100,635
Parks department:				
Salaries	247,861	247,861	246,001	1,860
Benefits	116,343	116,232	117,919	(1,687)
Administrative	1,466	689	689	-
Supplies and equipment	23,300	33,304	33,303	1
Uniforms and personal equipment	1,820	1,568	1,567	1
Grant programs	-	-	14,603	(14,603)
Other supplies and materials	22,791	23,006	23,004	2
Vehicle and equipment operating expense	27,000	25,850	25,849	1
Park expenses	56,608	48,808	48,726	82
Other maintenance and services	1,225	997	965	32
Advertising	200	138	138	-
Training and travel	210	260	260	-
	498,824	498,713	513,024	(14,311)
Boat landings:				
Grant programs	99,000	99,000	324,179	(225,179)
Landing expenses	13,714	13,714	18,762	(5,048)
Advertising	1,000	1,000	252	748
	113,714	113,714	343,193	(229,479)

WORCESTER COUNTY, MARYLAND
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
 IN FUND BALANCE - BUDGET AND ACTUAL
 GENERAL FUND
 Year Ended June 30, 2015
 (CONTINUED)

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Libraries, recreation, parks and culture, continued:				
Library:				
Salaries	\$ 1,570,533	\$ 1,570,533	\$ 1,641,336	\$ (70,803)
Overtime pay	2,000	2,000	1,350	650
Benefits	738,128	737,424	787,408	(49,984)
Administrative	51,000	59,972	59,348	624
Other supplies and equipment	330,400	319,872	319,872	-
Equipment maintenance	40,000	41,743	41,743	-
Grant services	77,000	77,000	79,083	(2,083)
Legal	-	-	30	(30)
Building site	316,945	316,945	316,384	561
Training and travel	7,000	6,813	6,813	-
MSRS library on-behalf payments	-	-	242,196	(242,196)
	3,133,006	3,132,302	3,495,563	(363,261)
Other recreation and culture:				
Berlin Little League	1,626	1,626	2,311	(685)
Art League of Ocean City	20,000	20,000	20,000	-
	21,626	21,626	22,311	(685)
Total libraries, recreation, parks and culture	5,546,794	5,545,717	6,052,818	(507,101)
Conservation of natural resources:				
Extension service:				
Administrative	7,449	5,246	5,199	47
Other supplies and equipment	13,230	13,230	9,360	3,870
Equipment maintenance	4,920	5,637	5,636	1
Building site	22,872	24,358	24,042	316
Operating appropriation	140,117	140,117	140,117	-
	188,588	188,588	184,354	4,234
Other natural resources:				
Gypsy moth control	1,500	1,500	1,200	300
Soil Conservation District	33,950	33,950	33,950	-
Maryland agricultural land preservation fund	9,717	9,717	-	9,717
Conservation easements	-	-	14,115	(14,115)
Matching appropriation - beach maintenance	250,000	250,000	137,546	112,454
	295,167	295,167	186,811	108,356
Total conservation of natural resources	483,755	483,755	371,165	112,590

WORCESTER COUNTY, MARYLAND
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
 IN FUND BALANCE - BUDGET AND ACTUAL
 GENERAL FUND
 Year Ended June 30, 2015
 (CONTINUED)

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Economic development:				
Economic development department:				
Salaries	\$ 167,005	\$ 167,005	\$ 164,701	\$ 2,304
Benefits	78,390	78,315	78,948	(633)
Administrative	24,950	24,950	22,402	2,548
Other supplies and equipment	2,500	2,967	2,514	453
Equipment maintenance	1,200	1,234	1,233	1
Grant programs	-	-	1,290	(1,290)
Home innovation	77,000	77,000	79,897	(2,897)
Consulting services	36,500	46,661	42,461	4,200
Vehicle operating expense	4,000	4,000	2,044	1,956
Building site	3,000	3,000	2,706	294
Other maintenance and services	20,000	20,000	20,000	-
Advertising	25,000	14,338	7,017	7,321
Training and travel	16,000	16,000	13,882	2,118
	455,545	455,470	439,095	16,375
Tourism:				
Salaries	211,726	211,726	205,793	5,933
Benefits	99,382	99,287	98,645	642
Administrative	2,815	3,527	3,527	-
Other supplies and equipment	93,795	91,313	70,042	21,271
Equipment maintenance	1,098	1,098	1,094	4
Grant programs	168,000	168,000	106,159	61,841
Consulting services	25,000	25,000	3,310	21,690
Vehicle operating expense	1,100	1,287	1,287	-
Building site	17,370	18,327	18,326	1
Advertising	643,500	644,126	644,126	-
Training and travel	5,250	5,250	3,187	2,063
County grants	180,000	180,000	280,000	(100,000)
	1,449,036	1,448,941	1,435,496	13,445
Total economic development	1,904,581	1,904,411	1,874,591	29,820

WORCESTER COUNTY, MARYLAND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND
Year Ended June 30, 2015
(CONTINUED)

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Intergovernmental:				
Towns' share county room tax	\$ 12,507,583	\$ 12,507,583	\$ 14,002,651	\$ (1,495,068)
Towns' share county bingo fees	2,000	2,000	3,369	(1,369)
Towns' share county income tax	1,155,000	1,155,000	1,504,219	(349,219)
Towns' share county food tax	997,500	997,500	1,290,324	(292,824)
Towns' share liquor license fees	317,719	317,719	332,157	(14,438)
County grants - conditional grant	16,000	16,000	16,000	-
Grants to towns for police	459,500	459,500	459,500	-
Grants to towns for fire	552,000	552,000	552,000	-
Grants to towns for tourism	50,000	50,000	50,000	-
Other grants to towns	4,361,956	4,361,956	4,361,956	-
Total intergovernmental	20,419,258	20,419,258	22,572,176	(2,152,918)
Total expenditures	164,459,802	164,459,802	166,920,802	(2,461,000)
Excess of revenues over expenditures	2,627,681	2,627,681	3,969,819	1,342,138
OTHER FINANCING (SOURCES) USES:				
Transfer to Debt Service Fund	13,521,331	13,521,331	13,519,989	1,342
Transfer from Capital Projects Fund	(2,001,236)	(2,001,236)	(2,001,236)	-
Transfer to Capital Projects Fund	-	-	1,887,998	(1,887,998)
Transfer from Casino Fund	(2,499,213)	(2,499,213)	(2,499,213)	-
Budget stabilization	(6,393,201)	(6,393,201)	-	(6,393,201)
Total other financing uses	2,627,681	2,627,681	10,907,538	(8,279,857)
Net change in fund balance	\$ -	\$ -	(6,937,719)	\$ (6,937,719)
Fund balance, beginning			<u>49,599,733</u>	
Fund balance, ending			<u>\$ 42,662,014</u>	

WORCESTER COUNTY, MARYLAND
MARYLAND STATE RETIREMENT AND PENSION SYSTEMS
REQUIRED SUPPLEMENTARY INFORMATION
June 30, 2015

SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY

Fiscal Year	Measurement Date	Employer's Proportion (Percentage) of the Collective NPL A	Employer's Proportionate Share of the Collective NPL B	Employer's Covered Employee Payroll C	Proportionate Share as a Percentage of Covered Payroll (B / C)	Plan's Total Fiduciary Net Position (in \$000's) D	Plan's Total Pension Liability (in \$000's) E	Plan's Fiduciary Net Position as a Percentage of Total Pension Liability (D / E)
2015	June 30, 2014	0.1160133%	\$20,588,571	\$23,419,512	87.91%	45,339,988	63,086,719	71.87%

This schedule is presented to illustrate the requirements to show information for 10 years. However, until a full 10-year trend is compiled, pension plans should present information for those years for which the information is available.

WORCESTER COUNTY, MARYLAND
MARYLAND STATE RETIREMENT AND PENSION SYSTEMS
REQUIRED SUPPLEMENTARY INFORMATION
June 30, 2015

SCHEDULE OF CONTRIBUTIONS

Fiscal Year	Measurement Date	Contractually Required Contribution A	Actual Contribution B	Contribution Deficiency (Excess) (A - B)	Employer's Covered Employee Payroll C	Actual Contribution as a Percentage of Covered Payroll (B / C)
2015	June 30, 2014	\$ 2,703,529	\$ 2,703,529	\$ -	\$ 23,419,512	11.54%

This schedule is presented to illustrate the requirements to show information for 10 years. However, until a full 10-year trend is compiled, pension plans should present information for those years for which the information is available.

WORCESTER COUNTY, MARYLAND
MARYLAND STATE RETIREMENT AND PENSION SYSTEMS
REQUIRED SUPPLEMENTARY INFORMATION
June 30, 2015
ACTUARIAL ASSUMPTIONS - PENSION PLAN

Actuarial	Entry Age Normal
Amortization Method	Level Percentage of Payroll, Closed
Remaining Amortization Period	24 years for State system, 25 years for LEOPS Muni, and 32 years for CORS Muni as of June 30, 2014. For ECS Muni, 6 years remaining as of June 30, 2014 for prior UAAL existing on June 30, 2000. 25 years from each subsequent valuation date for each year's additional UAAL.
Asset Valuation Method	5-year smoothed market; 20% collar
Inflation	2.90% general, 3.40% wage
Salary Increases	3.40% to 11.90% including inflation
Discount Rate	7.65%
Investment Rate of Return	7.65%
Retirement Age	Experienced-based table of rates that are specific to the type of eligibility condition. Last updated for the 2012 valuation pursuant to an experience study of the period 2006 - 2010.
Mortality	RP-2000 Combined Healthy Mortality table projected to the year 2025
Note	<p>There were no benefit changes during the year. Adjustments to the roll-forward liabilities were made to reflect the following assumptions changes in the 2014 valuation:</p> <p>Investment return assumption changed from 7.70% to 7.65%</p> <p>Inflation assumption changed from 2.95% to 2.90%; Disability mortality assumption for State Police and LEOPS changed to:</p> <p style="padding-left: 40px;">RP-2000 Disabled Mortality: 50% table for males and 75% for females, but not less than the RP-2000 Combined Healthy Mortality table projected to year 2025</p>

WORCESTER COUNTY, MARYLAND
OTHER POST-EMPLOYMENT BENEFITS TRUST
 June 30, 2015

Schedule of Funding Progress

Entity	Actuarial Valuation Date July 1,	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	2010	\$ 31,701,180	\$ 51,768,790	61.24%	\$ 20,067,610	\$ 28,161,540	71.26%
County	2012	33,410,580	63,963,271	52.23%	30,552,691	27,838,991	109.75%
County	2014	42,192,408	51,051,706	82.65%	8,859,298	29,382,181	30.15%
Board of Education	2010	29,842,558	138,892,659	21.49%	109,050,101	64,335,742	169.50%
Board of Education	2012	25,928,324	163,448,619	15.86%	137,520,295	64,475,676	213.29%
Board of Education	2014	25,825,853	146,113,607	17.68%	120,287,754	65,912,693	182.50%

Schedule of Employer Contributions

Entity	Year Ended June 30,	Annual Required Contribution	Percentage Contributed	Net OPEB (Asset) Obligation
County	2009	\$ 2,862,792	955%	\$ (24,483,919)
County	2010	2,862,792	255%	(28,924,711)
County	2011	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	50%	(19,896,274)
County	2015	2,677,608	56%	(18,612,929)
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	13%	41,260,500
Board of Education	2015	16,132,614	9%	55,673,839

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.



OTHER SUPPLEMENTARY INFORMATION

WORCESTER COUNTY, MARYLAND
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 June 30, 2015

	Department of Social Services <u>Fund</u>	Local Management Board	Casino <u>Fund</u>	Energy Service <u>Fund</u>	<u>Total</u>
ASSETS					
Cash and short-term investments	\$ 90,893	\$ 51,740	\$ 1,401,485	\$ -	\$ 1,544,118
Accounts receivable	-	90,212	-	-	90,212
Due from other funds	-	-	339,509	447,995	787,504
Total assets	\$ 90,893	\$ 141,952	\$ 1,740,994	\$ 447,995	\$ 2,421,834
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ -	\$ 109,546	\$ -	\$ -	\$ 109,546
Unearned revenue	-	62,329	-	-	62,329
Total liabilities	-	171,875	-	-	171,875
Fund balances (deficits)	90,893	(29,923)	1,740,994	447,995	2,249,959
Total liabilities and fund balances (deficits)	\$ 90,893	\$ 141,952	\$ 1,740,994	\$ 447,995	\$ 2,421,834

WORCESTER COUNTY, MARYLAND
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS
 Year Ended June 30, 2015

	Department of Social Services <u>Fund</u>	Local Management Board <u>Board</u>	Casino <u>Fund</u>	Energy Service <u>Fund</u>	<u>Total</u>
REVENUES:					
Intergovernmental	\$ 65,079	\$ 547,947	\$ 1,690,550	\$ -	\$ 2,303,576
Interest income	-	4	1,137	-	1,141
Total revenues	65,079	547,951	1,691,687	-	2,304,717
EXPENDITURES:					
Social services	52,513	482,947	-	-	535,460
Administrative expenses	-	65,000	-	4,532	69,532
Total expenditures	52,513	547,947	-	4,532	604,992
Excess (deficiency) of revenues over expenditures	12,566	4	1,691,687	(4,532)	1,699,725
OTHER FINANCING SOURCES (USES):					
Operating transfers in (out)	-	-	(2,499,213)	-	(2,499,213)
Excess (deficiency) of revenues and other financing sources (uses) over expenditures	12,566	4	(807,526)	(4,532)	(799,488)
Fund balances (deficits), beginning	78,327	(29,927)	2,548,520	452,527	3,049,447
Fund balances (deficits), ending	\$ 90,893	\$ (29,923)	\$ 1,740,994	\$ 447,995	\$ 2,249,959

WORCESTER COUNTY, MARYLAND
BALANCE SHEET
LOCAL MANAGEMENT BOARD - NONMAJOR GOVERNMENTAL FUND
June 30, 2015

ASSETS

Cash	\$ 51,740
Accounts receivable	90,212
Total assets	141,952

LIABILITIES AND FUND BALANCE (DEFICIT)

Liabilities:	
Accounts payable	109,546
Unearned revenue	62,329
Total liabilities	171,875
Fund balance (deficit)	(29,923)
Total liabilities and fund balance (deficit)	\$ 141,952

WORCESTER COUNTY, MARYLAND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
LOCAL MANAGEMENT BOARD - NONMAJOR GOVERNMENTAL FUND
Year Ended June 30, 2015

REVENUES:

Community partnership grant	\$	472,947
Administrative receipts		65,000
Children's Cabinet interagency funds		10,000
<hr/>		
Total revenues		547,947
<hr/>		

EXPENDITURES:

Administrative:		
Salaries		36,848
Benefits		8,967
Administrative support		3,000
Advertising		1,086
Board member stipend		500
Communications		304
Conferences		500
Equipment		1,174
Indirect administrative expenses		5,909
Information technology		4,000
Postage		250
Printing		942
Supplies		541
Training		237
Travel		742
Community partnership grant:		
Children's Resource - Cricket Center		33,500
Community Service Centers		150,080
Comprehensive Parenting Program Initiative		58,219
Integrated Services for Child Maltreatment		82,272
System/Family Navigation - Local Access Mechanism		110,876
Youth as One		38,000
Children's Cabinet interagency:		
School climate grant		10,000
<hr/>		
Total expenditures		547,947
<hr/>		

Change in fund balance before other financing sources		-
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OTHER FINANCING SOURCES:

Interest income		4
<hr/>		

Change in fund balance		4
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Fund balance (deficit), beginning		(29,927)
<hr/>		

Fund balance (deficit), ending	\$	(29,923)
<hr/>		

WORCESTER COUNTY, MARYLAND
 COMBINING SCHEDULE OF FUND NET POSITION - OPERATING FUNDS
 DEPARTMENT OF WATER AND WASTEWATER SERVICES
 June 30, 2015

	West Ocean City <u>S.A.</u>	Ocean Pines <u>S.A.</u>	Newark Service <u>Area</u>	Bridgetown Service <u>Area</u>	Shared Facilities	Edgewater Acres <u>S.A.</u>
ASSETS						
Current assets:						
Cash and short-term investments	\$ 836,863	\$ (391,072)	\$(100,683)	\$ 3,613	\$29,145	\$(64,192)
Accounts receivable - usage billings	364,918	1,946,606	31,497	4,210	-	53,407
Total current assets	1,201,781	1,555,534	(69,186)	7,823	29,145	(10,785)
Capital assets:						
Land and land rights	47,037	63,319	4,527	-	-	-
Water and sewer systems	10,566,997	42,112,018	1,480,788	341,349	-	94,806
Machinery and equipment	-	4,126,898	-	-	-	81,156
Construction-in-progress	141,411	-	-	-	-	-
	10,755,445	46,302,235	1,485,315	341,349	-	175,962
Less: accumulated depreciation	(7,622,013)	(20,704,444)	(650,256)	(215,539)	-	(119,133)
	3,133,432	25,597,791	835,059	125,810	-	56,829
Total assets	4,335,213	27,153,325	765,873	133,633	29,145	46,044
LIABILITIES						
Current liabilities:						
Accounts payable and accrued expenses	11,864	1,006,265	4,557	3,317	(2,519)	12,257
Due to other funds	11,340	681,579	6,747	628	-	2,817
Interfund payable	588	1,372,889	8,059	-	-	-
Total current liabilities	23,792	3,060,733	19,363	3,945	(2,519)	15,074
NET POSITION						
Unrestricted net position	\$4,311,421	\$24,092,592	\$ 746,510	\$ 129,688	\$31,664	\$ 30,970

Assateague Pointe 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
\$ 236,905	\$ 313,166	\$ 271,350	\$ 106,804	\$ (326,089)	\$ (138,909)	\$ 170,422	\$ 947,323
55,417	29,950	209,452	26,058	102,176	67,650	-	2,891,341
292,322	343,116	480,802	132,862	(223,913)	(71,259)	170,422	3,838,664
-	-	-	-	-	-	-	114,883
1,130,229	-	14,055,582	-	18,645,798	9,052,381	-	97,479,948
-	128,233	577,325	-	-	-	755,441	5,669,053
-	-	6,875	-	10,126	-	-	158,412
1,130,229	128,233	14,639,782	-	18,655,924	9,052,381	755,441	103,422,296
(598,462)	(119,176)	(1,190,637)	-	(4,224,442)	(1,809,681)	(641,828)	(37,895,611)
531,767	9,057	13,449,145	-	14,431,482	7,242,700	113,613	65,526,685
824,089	352,173	13,929,947	132,862	14,207,569	7,171,441	284,035	69,365,349
8,379	3,028	44,137	3,953	23,328	5,083	15,353	1,139,002
8,599	5,730	48,805	8,998	26,415	204,023	218,289	1,223,970
8,685	-	(28,357)	-	-	-	-	1,361,864
25,663	8,758	64,585	12,951	49,743	209,106	233,642	3,724,836
\$ 798,426	\$ 343,415	\$ 13,865,362	\$ 119,911	\$ 14,157,826	\$ 6,962,335	\$ 50,393	\$ 65,640,513

WORCESTER COUNTY, MARYLAND

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

June 30, 2015

	West Ocean City <u>S.A.</u>	Ocean Pines <u>S.A.</u>	Oyster Harbor <u>S.A.</u>	Newark Service <u>Area</u>
ASSETS				
Current assets:				
Cash and short-term investments	\$ 228,940	\$ 5,859,432	\$ 9,763	\$ 22,615
Accounts receivable - EDU	85,042	2,184,120	53,743	34,955
Other receivables	-	-	-	-
Interfund receivable	588	1,372,889	25,695	8,059
Total current assets	314,570	9,416,441	89,201	65,629
Other assets:				
Long-term EDU receivable	176,041	10,647,962	232,944	280,973
Construction-in-progress	-	1,878,105	-	-
Total other assets	176,041	12,526,067	232,944	280,973
Total assets	490,611	21,942,508	322,145	346,602
LIABILITIES				
Current liabilities:				
Accounts payable	-	-	-	2,598
Interfund payable	-	-	-	-
Due to other funds	-	-	41,304	-
Bonds payable - current portion	56,826	1,536,606	-	28,908
Accrued bond interest payable	3,066	133,343	-	858
Bond costs deferred	(230)	14,523	-	(113)
Total current liabilities	59,662	1,684,472	41,304	32,251
Other liabilities:				
Unearned revenue	-	10,063,494	274,247	309,882
Due to General Fund	-	611,162	232,943	-
Bonds payable	119,679	10,450,652	-	280,973
Bond costs deferred	(1,380)	506,757	-	(142)
Total other liabilities	118,299	21,632,065	507,190	590,713
Total liabilities	177,961	23,316,537	548,494	622,964
NET POSITION				
Unrestricted net position (deficit)	\$ 312,650	\$ (1,374,029)	\$ (226,349)	\$ (276,362)

	South Point <u>S.A.</u>	Sunset Village <u>S.A.</u>	Mystic Harbour <u>S.A.</u>	Snug Harbor <u>S.A.</u>	<u>Total</u>
\$	10,634	\$ 11,746	\$ 1,350,067	\$ -	\$ 7,493,197
	8,513	21,006	183,357	40,592	2,611,328
	-	-	213,646	-	213,646
	4,320	8,096	-	8,685	1,428,332
	23,467	40,848	1,747,070	49,277	11,746,503
	13,553	36,177	8,652,751	309,545	20,349,946
	-	-	21,683	-	1,899,788
	13,553	36,177	8,674,434	309,545	22,249,734
	37,020	77,025	10,421,504	358,822	33,996,237
	-	-	-	-	2,598
	-	-	66,468	-	66,468
	-	-	-	-	41,304
	6,353	16,958	131,990	31,005	1,808,646
	398	1,063	-	-	138,728
	(60)	(174)	-	-	13,946
	6,691	17,847	198,458	31,005	2,071,690
	19,905	53,134	8,784,740	340,551	19,845,953
	-	-	8,180	-	852,285
	13,552	36,176	8,652,750	309,545	19,863,327
	(76)	(217)	98,928	-	603,870
	33,381	89,093	17,544,598	650,096	41,165,435
	40,072	106,940	17,743,056	681,101	43,237,125
\$	(3,052)	\$ (29,915)	\$ (7,321,552)	\$ (322,279)	\$ (9,240,888)

WORCESTER COUNTY, MARYLAND
SCHEDULE OF REVENUES AND EXPENSES
BUDGET AND ACTUAL - OPERATING FUNDS
DEPARTMENT OF WATER AND WASTEWATER SERVICES
Year Ended June 30, 2015

	<u>West Ocean City Service Area</u>			<u>Ocean Pines Service Area</u>		
	Original/ Final <u>Budget</u>	<u>Actual</u>	Variance with Final <u>Budget</u>	Original/ Final <u>Budget</u>	<u>Actual</u>	Variance with Final <u>Budget</u>
OPERATING REVENUES:						
Charges for service	\$1,270,000	\$1,340,196	\$ 70,196	\$5,571,300	\$6,146,423	\$ 575,123
Interest and penalties	18,000	16,248	(1,752)	75,000	109,084	34,084
Operating grants	-	-	-	-	-	-
Other revenue	-	6,781	6,781	166,000	74,137	(91,863)
Total operating revenues	1,288,000	1,363,225	75,225	5,812,300	6,329,644	517,344
OPERATING EXPENSES:						
Personnel services	209,534	146,212	63,322	3,170,648	3,205,196	(34,548)
Supplies and materials	25,488	23,607	1,881	414,706	433,683	(18,977)
Maintenance and services	882,294	834,292	48,002	1,808,095	1,896,501	(88,406)
Other charges	10,550	12,807	(2,257)	48,750	70,254	(21,504)
Interfund charges	98,300	98,300	-	424,513	424,513	-
Total operating expenses	1,226,166	1,115,218	110,948	5,866,712	6,030,147	(163,435)
Operating income (loss) before depreciation	61,834	248,007	186,173	(54,412)	299,497	353,909
Depreciation	-	290,505	(290,505)	-	1,253,049	(1,253,049)
Net operating income (loss)	61,834	(42,498)	(104,332)	(54,412)	(953,552)	(899,140)
NONOPERATING REVENUES (EXPENSES):						
Transfer from (to) reserves	(1,834)	-	1,834	374,212	-	(374,212)
Interest income (expense)	-	112	112	-	(23)	(23)
Net nonoperating revenues (expenses)	(1,834)	112	1,946	374,212	(23)	(374,235)
Net income (loss)	\$ 60,000	\$ (42,386)	\$(102,386)	\$ 319,800	\$ (953,575)	\$(1,273,375)
OTHER BUDGETED EXPENDITURES:						
Capital outlay	\$ (60,000)			\$ (319,800)		
Total other budgeted expenditures	(60,000)			(319,800)		
Budgeted net income (loss)	\$ -			\$ -		

<u>Newark Service Area</u>			<u>Bridgetown Service Area</u>			<u>Edgewater Acres Service Area</u>		
Original/ Final <u>Budget</u>	<u>Actual</u>	Variance with Final <u>Budget</u>	Original/ Final <u>Budget</u>	<u>Actual</u>	Variance with Final <u>Budget</u>	Original/ Final <u>Budget</u>	<u>Actual</u>	Variance with Final <u>Budget</u>
\$115,600	\$ 122,958	\$ 7,358	\$ 11,000	\$ 11,024	\$ 24	\$196,200	\$ 189,068	\$ (7,132)
2,500	2,770	270	1,000	673	(327)	1,200	2,093	893
-	-	-	26,000	25,000	(1,000)	-	-	-
-	311	311	-	129	129	3,700	3,712	12
<u>118,100</u>	<u>126,039</u>	<u>7,939</u>	<u>38,000</u>	<u>36,826</u>	<u>(1,174)</u>	<u>201,100</u>	<u>194,873</u>	<u>(6,227)</u>
57,512	63,128	(5,616)	9,177	6,804	2,373	42,019	29,848	12,171
15,539	17,484	(1,945)	966	1,056	(90)	4,516	2,670	1,846
33,962	54,615	(20,653)	27,563	25,387	2,176	146,634	162,780	(16,146)
1,235	1,056	179	335	171	164	1,670	1,515	155
5,113	5,113	-	1,283	1,283	-	9,849	9,848	1
<u>113,361</u>	<u>141,396</u>	<u>(28,035)</u>	<u>39,324</u>	<u>34,701</u>	<u>4,623</u>	<u>204,688</u>	<u>206,661</u>	<u>(1,973)</u>
4,739	(15,357)	(20,096)	(1,324)	2,125	3,449	(3,588)	(11,788)	(8,200)
-	28,716	(28,716)	-	11,317	(11,317)	-	4,370	(4,370)
<u>4,739</u>	<u>(44,073)</u>	<u>(48,812)</u>	<u>(1,324)</u>	<u>(9,192)</u>	<u>(7,868)</u>	<u>(3,588)</u>	<u>(16,158)</u>	<u>(12,570)</u>
(4,739)	-	4,739	1,324	-	(1,324)	3,588	-	(3,588)
-	-	-	-	-	-	-	-	-
<u>(4,739)</u>	<u>-</u>	<u>4,739</u>	<u>1,324</u>	<u>-</u>	<u>(1,324)</u>	<u>3,588</u>	<u>-</u>	<u>(3,588)</u>
<u>\$ -</u>	<u>\$ (44,073)</u>	<u>\$ (44,073)</u>	<u>\$ -</u>	<u>\$ (9,192)</u>	<u>\$ (9,192)</u>	<u>\$ -</u>	<u>\$ (16,158)</u>	<u>\$ (16,158)</u>
<u>\$ -</u>			<u>\$ -</u>			<u>\$ -</u>		
<u>-</u>			<u>-</u>			<u>-</u>		
<u>\$ -</u>			<u>\$ -</u>			<u>\$ -</u>		

WORCESTER COUNTY, MARYLAND
SCHEDULE OF REVENUES AND EXPENSES
BUDGET AND ACTUAL - OPERATING FUNDS
DEPARTMENT OF WATER AND WASTEWATER SERVICES
Year Ended June 30, 2015
(CONTINUED)

	<u>Assateague Pointe Service Area</u>			<u>River Run Service Area</u>		
	Original/ Final <u>Budget</u>	<u>Actual</u>	Variance with Final <u>Budget</u>	Original/ Final <u>Budget</u>	<u>Actual</u>	Variance with Final <u>Budget</u>
OPERATING REVENUES:						
Charges for service	\$ 215,800	\$ 217,325	\$ 1,525	\$ 144,000	\$ 155,636	\$ 11,636
Interest and penalties	4,000	3,971	(29)	500	724	224
Operating grants	-	-	-	-	-	-
Other revenue	-	20,873	20,873	-	590	590
Total operating revenues	219,800	242,169	22,369	144,500	156,950	12,450
OPERATING EXPENSES:						
Personnel services	74,463	66,648	7,815	35,330	34,060	1,270
Supplies and materials	22,491	17,654	4,837	10,990	16,197	(5,207)
Maintenance and services	62,627	56,281	6,346	73,724	69,968	3,756
Other charges	4,270	3,695	575	1,025	1,037	(12)
Interfund charges	26,585	26,584	1	7,773	7,773	-
Total operating expenses	190,436	170,862	19,574	128,842	129,035	(193)
Operating income (loss) before depreciation	29,364	71,307	41,943	15,658	27,915	12,257
Depreciation	-	80,209	(80,209)	-	2,013	(2,013)
Net operating income (loss)	29,364	(8,902)	(38,266)	15,658	25,902	10,244
NONOPERATING REVENUES (EXPENSES):						
Transfer from (to) reserves	(29,364)	-	29,364	(15,658)	-	15,658
Interest income (expense)	-	-	-	-	-	-
Net nonoperating revenues (expenses)	(29,364)	-	29,364	(15,658)	-	15,658
Net income (loss)	\$ -	\$ (8,902)	\$ (8,902)	\$ -	\$ 25,902	\$ 25,902
OTHER BUDGETED EXPENDITURES:						
Capital outlay	\$ -			\$ -		
Total other budgeted expenditures	-			-		
Budgeted net income (loss)	\$ -			\$ -		

<u>Mystic Harbour Service Area</u>			<u>Lighthouse Sound Service Area</u>			<u>Riddle Farm Service Area</u>		
Original/ Final <u>Budget</u>	<u>Actual</u>	Variance with Final <u>Budget</u>	Original/ Final <u>Budget</u>	<u>Actual</u>	Variance with Final <u>Budget</u>	Original/ Final <u>Budget</u>	<u>Actual</u>	Variance with Final <u>Budget</u>
\$847,200	\$ 1,670,249	\$ 823,049	\$ 96,100	\$ 95,950	\$ (150)	\$404,100	\$ 412,920	\$ 8,820
14,000	13,519	(481)	800	584	(216)	4,500	4,526	26
-	-	-	-	-	-	-	-	-
-	9,015	9,015	-	311	311	-	1,065	1,065
<u>861,200</u>	<u>1,692,783</u>	<u>831,583</u>	<u>96,900</u>	<u>96,845</u>	<u>(55)</u>	<u>408,600</u>	<u>418,511</u>	<u>9,911</u>
419,775	445,133	(25,358)	55,230	43,069	12,161	191,475	168,937	22,538
86,895	157,067	(70,172)	12,246	10,821	1,425	50,640	54,745	(4,105)
336,082	539,378	(203,296)	29,922	25,294	4,628	164,383	161,268	3,115
16,515	12,531	3,984	1,220	607	613	3,820	3,790	30
74,525	74,524	1	3,114	3,114	-	19,999	19,999	-
<u>933,792</u>	<u>1,228,633</u>	<u>(294,841)</u>	<u>101,732</u>	<u>82,905</u>	<u>18,827</u>	<u>430,317</u>	<u>408,739</u>	<u>21,578</u>
(72,592)	464,150	536,742	(4,832)	13,940	18,772	(21,717)	9,772	31,489
-	447,953	(447,953)	-	-	-	-	485,570	(485,570)
<u>(72,592)</u>	<u>16,197</u>	<u>88,789</u>	<u>(4,832)</u>	<u>13,940</u>	<u>18,772</u>	<u>(21,717)</u>	<u>(475,798)</u>	<u>(454,081)</u>
107,592	12,288,392	12,180,800	4,832	-	(4,832)	21,717	-	(21,717)
-	221	221	-	-	-	-	-	-
<u>107,592</u>	<u>12,288,613</u>	<u>12,181,021</u>	<u>4,832</u>	<u>-</u>	<u>(4,832)</u>	<u>21,717</u>	<u>-</u>	<u>(21,717)</u>
<u>\$ 35,000</u>	<u>\$12,304,810</u>	<u>\$12,269,810</u>	<u>\$ -</u>	<u>\$ 13,940</u>	<u>\$ 13,940</u>	<u>\$ -</u>	<u>\$(475,798)</u>	<u>\$(475,798)</u>
<u>\$ (35,000)</u>			<u>\$ -</u>			<u>\$ -</u>		
<u>(35,000)</u>			<u>-</u>			<u>-</u>		
<u>\$ -</u>			<u>\$ -</u>			<u>\$ -</u>		

WORCESTER COUNTY, MARYLAND
SCHEDULE OF REVENUES AND EXPENSES
BUDGET AND ACTUAL - OPERATING FUNDS
DEPARTMENT OF WATER AND WASTEWATER SERVICES
Year Ended June 30, 2015
(CONTINUED)

	<u>The Landings Service Area</u>			<u>Support Group</u>		
	Original/ Final <u>Budget</u>	<u>Actual</u>	Variance with Final <u>Budget</u>	Original/ Final <u>Budget</u>	<u>Actual</u>	Variance with Final <u>Budget</u>
OPERATING REVENUES:						
Charges for service	\$ 274,500	\$ 308,368	\$ 33,868	\$ -	\$ -	\$ -
Interest and penalties	4,000	4,844	844	-	-	-
Operating grants	-	-	-	-	-	-
Other revenue	-	344	344	-	20,888	20,888
Total operating revenues	278,500	313,556	35,056	-	20,888	20,888
OPERATING EXPENSES:						
Personnel services	139,038	143,841	(4,803)	-	12,090	(12,090)
Supplies and materials	20,945	57,583	(36,638)	-	389	(389)
Maintenance and services	102,183	99,243	2,940	-	-	-
Other charges	2,575	1,956	619	-	-	-
Interfund charges	7,188	7,188	-	-	-	-
Total operating expenses	271,929	309,811	(37,882)	-	12,479	(12,479)
Operating income (loss) before depreciation	6,571	3,745	(2,826)	-	8,409	8,409
Depreciation	-	231,475	(231,475)	-	8,198	(8,198)
Net operating income (loss)	6,571	(227,730)	(234,301)	-	211	211
NONOPERATING REVENUES (EXPENSES):						
Transfer from (to) reserves	(6,571)	-	6,571	-	-	-
Interest income (expense)	-	-	-	-	-	-
Net nonoperating revenues (expenses)	(6,571)	-	6,571	-	-	-
Net income (loss)	\$ -	\$ (227,730)	\$(227,730)	\$ -	\$ 211	\$ 211
OTHER BUDGETED EXPENDITURES:						
Capital outlay	\$ -			\$ -		
Total other budgeted expenditures	-			-		
Budgeted net income (loss)	\$ -			\$ -		

<u>Shared Facilities</u>			<u>Combined Totals</u>		
<u>Original/ Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>	<u>Original/ Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
\$ -	\$ -	\$ -	\$9,145,800	\$10,670,117	\$ 1,524,317
-	-	-	125,500	159,036	33,536
-	-	-	26,000	25,000	(1,000)
-	20,762	20,762	169,700	158,918	(10,782)
-	20,762	20,762	9,467,000	11,013,071	1,546,071
-	6,892	(6,892)	4,404,201	4,371,858	32,343
-	1,372	(1,372)	665,422	794,328	(128,906)
-	9,636	(9,636)	3,667,469	3,934,643	(267,174)
-	-	-	91,965	109,419	(17,454)
-	-	-	678,242	678,239	3
-	17,900	(17,900)	9,507,299	9,888,487	(381,188)
-	2,862	2,862	(40,299)	1,124,584	1,164,883
-	-	-	-	2,843,375	(2,843,375)
-	2,862	2,862	(40,299)	(1,718,791)	(1,678,492)
-	-	-	455,099	12,288,392	11,833,293
-	-	-	-	310	310
-	-	-	455,099	12,288,702	11,833,603
\$ -	\$ 2,862	\$ 2,862	\$ 414,800	\$10,569,911	\$10,155,111
\$ -			\$ (414,800)		
-			(414,800)		
\$ -			\$ -		

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, 2015

	West Ocean City <u>S.A.</u>	Ocean Pines <u>S.A.</u>	Oyster Harbor <u>S.A.</u>	Newark Service Area <u>Area</u>
Revenues:				
Debt service revenue	\$ (91,033)	\$ 1,297,819	\$ 51,408	\$ 22,491
Other revenues	-	44,287	-	-
Total revenues	(91,033)	1,342,106	51,408	22,491
Operating income	(91,033)	1,342,106	51,408	22,491
Nonoperating income (expense):				
Interest on investments	118	2,797	21	9
Bond interest expense	(13,752)	(472,972)	(12,165)	(5,851)
Transfers from (to) other funds	-	-	-	-
Total nonoperating income (expense)	(13,634)	(470,175)	(12,144)	(5,842)
Change in net position	(104,667)	871,931	39,264	16,649
Net position (deficit), beginning	417,317	(2,245,960)	(265,613)	(293,011)
Net position (deficit), ending	\$ 312,650	\$ (1,374,029)	\$ (226,349)	\$ (276,362)

South Point <u>S.A.</u>	Sunset Village <u>S.A.</u>	Mystic Harbour <u>S.A.</u>	Snug Harbor <u>S.A.</u>	<u>Total</u>
\$ 8,640	\$ 16,192	\$ 211,200	\$ 34,450	\$ 1,551,167
-	-	296,837	5,400	346,524
8,640	16,192	508,037	39,850	1,897,691
8,640	16,192	508,037	39,850	1,897,691
9	8	24	-	2,986
(943)	(2,530)	(166,280)	(3,026)	(677,519)
-	-	(12,288,392)	-	(12,288,392)
(934)	(2,522)	(12,454,648)	(3,026)	(12,962,925)
7,706	13,670	(11,946,611)	36,824	(11,065,234)
(10,758)	(43,585)	4,625,059	(359,103)	1,824,346
\$ (3,052)	\$ (29,915)	\$ (7,321,552)	\$ (322,279)	\$ (9,240,888)

WORCESTER COUNTY, MARYLAND
SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN FUND
NET POSITION BY OPERATING FUND - BUDGET AND ACTUAL
LANDFILL
Year Ended June 30, 2015

	Original/ Final <u>Budget</u>	<u>Actual</u>	Variance with Final <u>Budget</u>
Operating revenues:			
Licenses and permits	\$ 483,500	\$ 389,215	\$ (94,285)
Recycling charges	232,000	217,183	(14,817)
Stump, yard waste, and mulch revenue	30,000	24,687	(5,313)
Interest and penalties on overdue accounts	1,000	2,214	1,214
Other revenue	20,000	10	(19,990)
Tipping fees	3,700,000	3,426,730	(273,270)
Total operating revenues	4,466,500	4,060,039	(406,461)
Total operating expenses	3,996,482	3,755,400	241,082
Operating income before depreciation	470,018	304,639	(165,379)
Depreciation	600,000	1,829,368	(1,229,368)
Operating income (loss)	(129,982)	(1,524,729)	(1,394,747)
Nonoperating income (expense):			
Interest on investments	10,000	4,597	(5,403)
Sale of fixed assets	-	535	535
Grant revenue	-	24,202	24,202
Transfer from other funds	790,982	-	(790,982)
Interest expense	(671,000)	(53,779)	617,221
Total nonoperating income (expense)	129,982	(24,445)	(154,427)
Change in net position	\$ -	(1,549,174)	\$ (1,549,174)
Net position, beginning		998,991	
Net position (deficit), ending		\$ (550,183)	

WORCESTER COUNTY, MARYLAND

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

Year Ended June 30, 2015

(CONTINUED)

	Original/ Final <u>Budget</u>	<u>Actual</u>	Variance with Final <u>Budget</u>
Expenses:			
Department: Administration			
Salaries	\$ 101,525	\$ 98,602	\$ 2,923
Benefits	60,042	66,323	(6,281)
Salaries and benefits - Treasurer's support	81,934	82,005	(71)
Salaries and benefits - Public Works and administrative support	177,053	174,994	2,059
Administrative expenses	16,000	17,054	(1,054)
Audit services	7,500	8,045	(545)
Insurance	11,000	14,848	(3,848)
Solid waste committee	1,200	700	500
Supplies and equipment	10,000	8,950	1,050
Uniforms	700	645	55
	<u>466,954</u>	<u>472,166</u>	<u>(5,212)</u>
Department: Solid Waste			
Salaries	836,537	814,235	22,302
Benefits	498,405	532,014	(33,609)
Buildings and grounds	70,000	118,015	(48,015)
Capital equipment	40,000	-	40,000
Closure and postclosure costs	400,000	368,468	31,532
Consulting services	200,000	185,580	14,420
Fuel	230,000	140,588	89,412
Leachate expense	180,000	176,533	3,467
Safety expense	500	370	130
Supplies and equipment	16,300	17,260	(960)
Telephone	5,000	5,322	(322)
Training	2,000	400	1,600
Uniforms	8,750	7,063	1,687
Utilities	20,000	18,623	1,377
Vehicle expense	185,000	172,016	12,984
	<u>2,692,492</u>	<u>2,556,487</u>	<u>136,005</u>

WORCESTER COUNTY, MARYLAND

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

Year Ended June 30, 2015

(CONTINUED)

	Original/ Final <u>Budget</u>	<u>Actual</u>	Variance with Final <u>Budget</u>
Department: Recycling			
Salaries	\$ 357,208	\$ 288,394	\$ 68,814
Benefits	217,078	191,169	25,909
Buildings and grounds	20,000	30,595	(10,595)
Capital equipment	35,000	-	35,000
Fuel	50,000	40,209	9,791
Removal expenses	37,000	51,453	(14,453)
Safety expense	1,500	1,278	222
Special events	47,000	43,822	3,178
Supplies and equipment	1,000	2,269	(1,269)
Telephone	2,400	2,420	(20)
Training	1,500	1,836	(336)
Uniforms	3,850	3,802	48
Utilities	30,000	29,960	40
Vehicle expense	33,500	39,540	(6,040)
	837,036	726,747	110,289
Total operating expenses	\$ 3,996,482	\$ 3,755,400	\$ 241,082

WORCESTER COUNTY, MARYLAND
 SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN FUND
 NET POSITION BY OPERATING STORE - BUDGET AND ACTUAL
 DEPARTMENT OF LIQUOR CONTROL
 Year Ended June 30, 2015

	Original/ Final <u>Budget</u>	<u>Actual</u>	Variance with Final <u>Budget</u>
Sales:			
Wholesale	\$ 8,000,000	\$ 5,706,158	\$ (2,293,842)
Pocomoke City	880,000	1,048,481	168,481
Snow Hill	360,000	201,958	(158,042)
Gold Coast Mall	880,000	988,240	108,240
Northern Worcester	1,870,000	1,284,996	(585,004)
16th Street - Ocean City	1,200,000	736,866	(463,134)
Total sales	13,190,000	9,966,699	(3,223,301)
Miscellaneous revenues	-	18,745	18,745
Total operating revenues	13,190,000	9,985,444	(3,204,556)
Cost of goods sold	9,788,420	7,811,557	1,976,863
Gross profit	3,401,580	2,173,887	(5,181,419)
Total operating expenses	1,734,592	1,521,222	213,370
Operating income before general expenses	1,666,988	652,665	(4,968,049)
General expenses	1,232,471	996,580	235,891
Operating income (loss)	434,517	(343,915)	(4,732,158)
Nonoperating income (expense):			
Sale of assets	-	(9,703)	(9,703)
Interest expense	(122,000)	(138,936)	(16,936)
Total nonoperating income (expense)	(122,000)	(148,639)	(26,639)
Change in net position before distributions	312,517	(492,554)	(805,071)
Distributions to municipalities	(312,517)	-	312,517
Change in net position after distributions	\$ -	(492,554)	\$ (492,554)
Net position, beginning		400,000	
Net position (deficit), ending		\$ (92,554)	

WORCESTER COUNTY, MARYLAND
SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN FUND
NET POSITION BY OPERATING STORE - BUDGET AND ACTUAL
DEPARTMENT OF LIQUOR CONTROL
Year Ended June 30, 2015
(CONTINUED)

	Original/ Final <u>Budget</u>	<u>Actual</u>	Variance with Final <u>Budget</u>
Expenses:			
Store: Wholesale			
Salaries	\$ 390,906	\$ 263,432	\$ 127,474
Payroll taxes and benefits	204,325	144,457	59,868
Bank fees	2,500	4,873	(2,373)
Outsourced labor	48,000	16,472	31,528
Rent	27,750	31,516	(3,766)
Repairs and maintenance	6,500	3,735	2,765
Supplies	31,000	33,157	(2,157)
Truck expense	50,000	22,235	27,765
Utilities	7,500	6,440	1,060
	<u>768,481</u>	<u>526,317</u>	<u>242,164</u>
Store: Pocomoke City			
Salaries	81,800	77,077	4,723
Payroll taxes and benefits	35,912	29,123	6,789
Bank fees	12,000	14,077	(2,077)
Outsourced labor	-	7,430	(7,430)
Repairs and maintenance	5,000	6,095	(1,095)
Security	500	216	284
Supplies	3,000	1,855	1,145
Telephone	4,000	4,113	(113)
Utilities	9,500	9,768	(268)
	<u>151,712</u>	<u>149,754</u>	<u>1,958</u>
Store: Snow Hill			
Salaries	55,683	23,116	32,567
Payroll taxes and benefits	33,172	15,442	17,730
Bank fees	5,000	2,728	2,272
Rent	15,600	9,601	5,999
Repairs and maintenance	7,000	4,352	2,648
Security	1,000	419	581
Supplies	2,000	362	1,638
Telephone	2,500	1,733	767
Utilities	6,000	2,928	3,072
	<u>127,955</u>	<u>60,681</u>	<u>67,274</u>

WORCESTER COUNTY, MARYLAND
 SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN FUND
 NET POSITION BY OPERATING STORE - BUDGET AND ACTUAL
 DEPARTMENT OF LIQUOR CONTROL
 Year Ended June 30, 2015
 (CONTINUED)

	Original/ Final <u>Budget</u>	<u>Actual</u>	Variance with Final <u>Budget</u>
Store: Gold Coast Mall			
Salaries	\$ 60,227	\$ 43,569	\$ 16,658
Payroll taxes and benefits	33,508	25,850	7,658
Advertising	-	190	(190)
Bank fees	12,000	15,010	(3,010)
Outsourced labor	14,000	42,470	(28,470)
Rent	46,000	49,002	(3,002)
Repairs and maintenance	3,000	1,890	1,110
Security	500	216	284
Supplies	2,000	1,832	168
Telephone	3,500	2,749	751
Utilities	7,200	6,696	504
	<u>181,935</u>	<u>189,474</u>	<u>(7,539)</u>
Store: Northern Worcester			
Salaries	89,103	103,345	(14,242)
Payroll taxes and benefits	51,573	76,529	(24,956)
Advertising	5,000	10,878	(5,878)
Bank fees	20,000	18,250	1,750
Outsourced labor	20,000	60,543	(40,543)
Rent	84,000	94,644	(10,644)
Repairs and maintenance	2,000	3,042	(1,042)
Security	1,000	540	460
Supplies	1,000	2,050	(1,050)
Telephone	4,000	3,559	441
Utilities	10,000	8,777	1,223
	<u>287,676</u>	<u>382,157</u>	<u>(94,481)</u>
Store: 16th Street - Ocean City			
Salaries	78,313	43,883	34,430
Payroll taxes and benefits	35,420	21,624	13,796
Advertising	-	190	(190)
Bank fees	16,000	9,959	6,041
Outsourced labor	20,000	65,137	(45,137)
Rent	51,600	58,825	(7,225)
Repairs and maintenance	2,000	2,571	(571)
Security	2,000	540	1,460
Supplies	2,000	1,399	601
Telephone	3,000	3,394	(394)
Utilities	6,500	5,317	1,183
	<u>216,833</u>	<u>212,839</u>	<u>3,994</u>
Total expenses	\$ 1,734,592	\$ 1,521,222	\$ 213,370

WORCESTER COUNTY, MARYLAND
SCHEDULE OF GENERAL EXPENSES - BUDGET AND ACTUAL
DEPARTMENT OF LIQUOR CONTROL
Year Ended June 30, 2015

	Original/ Final <u>Budget</u>	<u>Actual</u>	Variance with Final <u>Budget</u>
General and administrative expenses:			
Salaries	\$ 538,258	\$ 477,998	\$ 60,260
Payroll taxes and benefits	239,113	199,610	39,503
Group insurance	15,000	12,169	2,831
Other postemployment benefits	161,100	86,788	74,312
Advertising	10,000	477	9,523
Credit card fees	500	-	500
Depreciation	150,000	116,723	33,277
Dues	4,000	2,576	1,424
Electric and heating	16,000	23,415	(7,415)
Internet access	2,500	1,907	593
Office expense	31,000	21,904	9,096
Outsourced labor	-	20	(20)
Professional fees	25,000	26,586	(1,586)
Repairs and maintenance	27,000	20,332	6,668
Security	2,000	820	1,180
Telephone	6,000	5,249	751
Travel	5,000	6	4,994
Total general and administrative expenses	\$ 1,232,471	\$ 996,580	\$ 235,891



WORCESTER COUNTY, MARYLAND
SCHEDULE OF REVENUES AND EXPENSES BY STORE
DEPARTMENT OF LIQUOR CONTROL
Year Ended June 30, 2015

	2015 Total	Percentage
Sales:		
Retail, less discounts	\$ 4,260,541	
Wholesale, less discounts	5,706,158	
Net sales	9,966,699	
Miscellaneous revenues	18,745	
Net revenues	9,985,444	100.00%
Cost of sales	7,811,557	78.23%
Gross profit	2,173,887	21.77%
Store expenses:		
Salaries	554,422	5.55%
Advertising	11,258	0.11%
Credit card and bank fees	64,897	0.65%
Utilities	39,926	0.40%
Payroll taxes and benefits	313,025	3.13%
Outsourced labor	192,052	1.92%
Rent	243,588	2.44%
Repairs and maintenance	21,685	0.22%
Security	1,931	0.02%
Supplies	40,655	0.41%
Truck expense	22,235	0.22%
Telephone	15,548	0.16%
	1,521,222	15.23%
Income after store expenses	652,665	6.54%
General expenses	996,580	9.98%
Income (loss) from operations	(343,915)	-3.44%
Other income (expense):		
Financial expense, net	(138,936)	-1.39%
Loss on sale of assets	(9,703)	-0.10%
	(148,639)	-1.49%
Net income (loss)	\$ (492,554)	-4.93%

Total Wholesale	Total Retail	Pocomoke City	Snow Hill	Gold Coast Mall	Northern Worcester	16th Street
\$ -	\$ 4,260,541	\$ 1,048,481	\$ 201,958	\$ 988,240	\$ 1,284,996	\$ 736,866
5,706,158	-	-	-	-	-	-
5,706,158	4,260,541	1,048,481	201,958	988,240	1,284,996	736,866
10,732	8,013	1,972	380	1,858	2,417	1,386
5,716,890	4,268,554	1,050,453	202,338	990,098	1,287,413	738,252
4,923,848	2,887,709	709,506	135,954	660,040	879,784	502,425
793,042	1,380,845	340,947	66,384	330,058	407,629	235,827
263,432	290,990	77,077	23,116	43,569	103,345	43,883
-	11,258	-	-	190	10,878	190
4,873	60,024	14,077	2,728	15,010	18,250	9,959
6,440	33,486	9,768	2,928	6,696	8,777	5,317
144,457	168,568	29,123	15,442	25,850	76,529	21,624
16,472	175,580	7,430	-	42,470	60,543	65,137
31,516	212,072	-	9,601	49,002	94,644	58,825
3,735	17,950	6,095	4,352	1,890	3,042	2,571
-	1,931	216	419	216	540	540
33,157	7,498	1,855	362	1,832	2,050	1,399
22,235	-	-	-	-	-	-
-	15,548	4,113	1,733	2,749	3,559	3,394
526,317	994,905	149,754	60,681	189,474	382,157	212,839
266,725	385,940	191,193	5,703	140,584	25,472	22,988
570,564	426,016	104,839	20,194	98,815	128,488	73,680
(303,839)	(40,076)	86,354	(14,491)	41,769	(103,016)	(50,692)
(75,960)	(62,976)	(20,217)	(2,688)	(13,155)	(17,106)	(9,810)
(5,555)	(4,148)	(1,021)	(197)	(962)	(1,251)	(717)
(81,515)	(67,124)	(21,238)	(2,885)	(14,117)	(18,357)	(10,527)
\$ (385,354)	\$ (107,200)	\$ 65,116	\$ (17,376)	\$ 27,652	\$ (121,373)	\$ (61,219)

WORCESTER COUNTY, MARYLAND
 COMBINING STATEMENT OF FIDUCIARY NET POSITION
 NONMAJOR AGENCY FUNDS
 June 30, 2015

	State of Maryland Property Taxes	Maryland Department of Motor Vehicles - License Fees	Tax Sale Fund	Development Taxes	Performance Bonds	Personal Property Tax Liability
ASSETS						
Cash and short-term investments	\$ -	\$ 11,092	\$ 742,566	\$ 117,596	\$ 869,975	\$ 196,618
Taxes receivable	415,487	-	-	-	-	-
Due from other funds	112,494	-	-	-	-	-
Total assets	527,981	11,092	742,566	117,596	869,975	196,618
LIABILITIES						
Due to other governmental units	527,981	11,092	-	-	-	-
Other liabilities	-	-	742,566	117,596	869,975	196,618
Total liabilities	527,981	11,092	742,566	117,596	869,975	196,618
NET POSITION						
Restricted	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

<u>Forest Conservation</u>	<u>Bay Restoration</u>	<u>Snow Hill Property Tax</u>	<u>Berlin Property Tax</u>	<u>Pocomoke Property Tax</u>	<u>Ocean City Property Tax</u>	<u>Special Loans</u>	<u>Critical Areas</u>	<u>Total</u>
\$ 121,628	\$ 69,972	\$ -	\$ -	\$ -	\$ -	\$ 2,058	\$ 79,915	\$ 2,211,420
-	95,139	54,622	93,075	217,920	796,629	-	-	1,672,872
-	-	1,554	30,370	38,482	289,765	-	-	472,665
<u>121,628</u>	<u>165,111</u>	<u>56,176</u>	<u>123,445</u>	<u>256,402</u>	<u>1,086,394</u>	<u>2,058</u>	<u>79,915</u>	<u>4,356,957</u>
-	165,111	56,176	123,445	256,402	1,086,394	-	-	2,226,601
<u>121,628</u>	-	-	-	-	-	<u>2,058</u>	<u>79,915</u>	<u>2,130,356</u>
<u>121,628</u>	<u>165,111</u>	<u>56,176</u>	<u>123,445</u>	<u>256,402</u>	<u>1,086,394</u>	<u>2,058</u>	<u>79,915</u>	<u>4,356,957</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

WORCESTER COUNTY, MARYLAND
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 NONMAJOR AGENCY FUNDS
 Year Ended June 30, 2015

	Cash	Taxes Receivable	Due from	Total Assets
STATE OF MARYLAND PROPERTY TAXES				
Balance 7/1/2014	\$ -	\$ 419,251	\$ 80,765	\$ 500,016
Additions	-	16,323,730	15,920,700	32,244,430
Deductions	-	(16,327,494)	(15,888,971)	(32,216,465)
Balance 6/30/2015	<u>\$ -</u>	<u>\$ 415,487</u>	<u>\$ 112,494</u>	<u>\$ 527,981</u>
MARYLAND DEPT. OF MOTOR VEHICLES - LICENSE FEES				
Balance 7/1/2014	\$ 15,688	\$ -	\$ -	\$ 15,688
Additions	398,851	-	-	398,851
Deductions	(403,447)	-	-	(403,447)
Balance 6/30/2015	<u>\$ 11,092</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 11,092</u>
TAX SALE FUND				
Balance 7/1/2014	\$ 1,160,185	\$ -	\$ -	\$ 1,160,185
Additions	1,181,328	-	-	1,181,328
Deductions	(1,598,947)	-	-	(1,598,947)
Balance 6/30/2015	<u>\$ 742,566</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 742,566</u>
DEVELOPMENT TAXES				
Balance 7/1/2014	\$ 172,031	\$ -	\$ -	\$ 172,031
Additions	26,028	-	-	26,028
Deductions	(80,463)	-	-	(80,463)
Balance 6/30/2015	<u>\$ 117,596</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 117,596</u>
PERFORMANCE BONDS				
Balance 7/1/2014	\$ 759,340	\$ -	\$ -	\$ 759,340
Additions	300,360	-	-	300,360
Deductions	(189,725)	-	-	(189,725)
Balance 6/30/2015	<u>\$ 869,975</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 869,975</u>

<u>Due to Other Funds</u>	<u>Due to Other Governments</u>	<u>Other Liabilities</u>	<u>Total Liabilities</u>
\$ -	\$ 500,016	\$ -	\$ 500,016
-	15,920,700	-	15,920,700
-	(15,892,735)	-	(15,892,735)
<u>\$ -</u>	<u>\$ 527,981</u>	<u>\$ -</u>	<u>\$ 527,981</u>
\$ 1,317	\$ 14,371	\$ -	\$ 15,688
-	315,123	-	315,123
(1,317)	(318,402)	-	(319,719)
<u>\$ -</u>	<u>\$ 11,092</u>	<u>\$ -</u>	<u>\$ 11,092</u>
\$ -	\$ -	\$ 1,160,185	\$ 1,160,185
-	-	1,178,161	1,178,161
-	-	(1,595,780)	(1,595,780)
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 742,566</u>	<u>\$ 742,566</u>
\$ -	\$ -	\$ 172,031	\$ 172,031
-	-	26,019	26,019
-	-	(80,454)	(80,454)
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 117,596</u>	<u>\$ 117,596</u>
\$ -	\$ -	\$ 759,340	\$ 759,340
-	-	300,360	300,360
-	-	(189,725)	(189,725)
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 869,975</u>	<u>\$ 869,975</u>

WORCESTER COUNTY, MARYLAND
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 NONMAJOR AGENCY FUNDS
 Year Ended June 30, 2015
 (CONTINUED)

	Cash	Taxes Receivable	Due from	Total Assets
PERSONAL PROPERTY TAX LIABILITY				
Balance 7/1/2014	\$ 181,183	\$ -	\$ -	\$ 181,183
Additions	44,935	-	-	44,935
Deductions	(29,500)	-	-	(29,500)
Balance 6/30/2015	<u>\$ 196,618</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 196,618</u>
FOREST CONSERVATION				
Balance 7/1/2014	\$ 121,506	\$ -	\$ -	\$ 121,506
Additions	132	-	-	132
Deductions	(10)	-	-	(10)
Balance 6/30/2015	<u>\$ 121,628</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 121,628</u>
BAY RESTORATION				
Balance 7/1/2014	\$ 72,350	\$ 93,138	\$ -	\$ 165,488
Additions	470,208	954,497	452,317	1,877,022
Deductions	(472,586)	(952,496)	(452,317)	(1,877,399)
Balance 6/30/2015	<u>\$ 69,972</u>	<u>\$ 95,139</u>	<u>\$ -</u>	<u>\$ 165,111</u>
SNOW HILL PROPERTY TAX				
Balance 7/1/2014	\$ -	\$ 48,161	\$ 9,651	\$ 57,812
Additions	-	868,530	864,912	1,733,442
Deductions	-	(862,069)	(873,009)	(1,735,078)
Balance 6/30/2015	<u>\$ -</u>	<u>\$ 54,622</u>	<u>\$ 1,554</u>	<u>\$ 56,176</u>
BERLIN PROPERTY TAX				
Balance 7/1/2014	\$ -	\$ 100,304	\$ 28,898	\$ 129,202
Additions	-	2,971,452	3,036,549	6,008,001
Deductions	-	(2,978,681)	(3,035,077)	(6,013,758)
Balance 6/30/2015	<u>\$ -</u>	<u>\$ 93,075</u>	<u>\$ 30,370</u>	<u>\$ 123,445</u>

<u>Due to Other Funds</u>	<u>Due to Other Governments</u>	<u>Other Liabilities</u>	<u>Total Liabilities</u>
\$ -	\$ -	\$ 181,183	\$ 181,183
-	-	44,985	44,985
-	-	(29,550)	(29,550)
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 196,618</u>	<u>\$ 196,618</u>
\$ -	\$ -	\$ 121,506	\$ 121,506
-	-	813	813
-	-	(691)	(691)
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 121,628</u>	<u>\$ 121,628</u>
\$ -	\$ 165,488	\$ -	\$ 165,488
-	599,050	-	599,050
-	(599,427)	-	(599,427)
<u>\$ -</u>	<u>\$ 165,111</u>	<u>\$ -</u>	<u>\$ 165,111</u>
\$ -	\$ 57,812	\$ -	\$ 57,812
-	864,912	-	864,912
-	(866,548)	-	(866,548)
<u>\$ -</u>	<u>\$ 56,176</u>	<u>\$ -</u>	<u>\$ 56,176</u>
\$ -	\$ 129,202	\$ -	\$ 129,202
-	3,139,010	-	3,139,010
-	(3,144,767)	-	(3,144,767)
<u>\$ -</u>	<u>\$ 123,445</u>	<u>\$ -</u>	<u>\$ 123,445</u>

WORCESTER COUNTY, MARYLAND
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 NONMAJOR AGENCY FUNDS
 Year Ended June 30, 2015
 (CONTINUED)

	Cash	Taxes Receivable	Due from	Total Assets
POCOMOKE PROPERTY TAX				
Balance 7/1/2014	\$ -	\$ 181,163	\$ 14,067	\$ 195,230
Additions	-	2,517,633	2,457,857	4,975,490
Deductions	-	(2,480,876)	(2,433,442)	(4,914,318)
Balance 6/30/2015	<u>\$ -</u>	<u>\$ 217,920</u>	<u>\$ 38,482</u>	<u>\$ 256,402</u>
OCEAN CITY PROPERTY TAX				
Balance 7/1/2014	\$ -	\$ 836,628	\$ 224,231	\$ 1,060,859
Additions	-	40,308,285	41,341,283	81,649,568
Deductions	-	(40,348,284)	(41,275,749)	(81,624,033)
Balance 6/30/2015	<u>\$ -</u>	<u>\$ 796,629</u>	<u>\$ 289,765</u>	<u>\$ 1,086,394</u>
SPECIAL LOANS				
Balance 7/1/2014	\$ 45,109	\$ -	\$ -	\$ 45,109
Additions	155,572	-	-	155,572
Deductions	(198,623)	-	-	(198,623)
Balance 6/30/2015	<u>\$ 2,058</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,058</u>
CRITICAL AREAS				
Balance 7/1/2014	\$ 79,835	\$ -	\$ -	\$ 79,835
Additions	80	-	-	80
Deductions	-	-	-	-
Balance 6/30/2015	<u>\$ 79,915</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 79,915</u>
TOTALS				
Balance 7/1/2014	\$ 2,607,227	\$ 1,678,645	\$ 357,612	\$ 4,643,484
Additions	2,577,494	63,944,127	64,073,618	130,595,239
Deductions	(2,973,301)	(63,949,900)	(63,958,565)	(130,881,766)
Balance 6/30/2015	<u>\$ 2,211,420</u>	<u>\$ 1,672,872</u>	<u>\$ 472,665</u>	<u>\$ 4,356,957</u>

<u>Due to Other Funds</u>	<u>Due to Other Governments</u>	<u>Other Liabilities</u>	<u>Total Liabilities</u>
\$ -	\$ 195,230	\$ -	\$ 195,230
-	2,457,857	-	2,457,857
-	(2,396,685)	-	(2,396,685)
<u>\$ -</u>	<u>\$ 256,402</u>	<u>\$ -</u>	<u>\$ 256,402</u>
\$ -	\$ 1,060,859	\$ -	\$ 1,060,859
-	41,132,891	-	41,132,891
-	(41,107,356)	-	(41,107,356)
<u>\$ -</u>	<u>\$ 1,086,394</u>	<u>\$ -</u>	<u>\$ 1,086,394</u>
\$ -	\$ -	\$ 45,109	\$ 45,109
-	-	155,572	155,572
-	-	(198,623)	(198,623)
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,058</u>	<u>\$ 2,058</u>
\$ -	\$ -	\$ 79,835	\$ 79,835
-	-	80	80
-	-	-	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 79,915</u>	<u>\$ 79,915</u>
\$ 1,317	\$ 2,122,978	\$ 2,519,189	\$ 4,643,484
-	64,429,543	1,705,990	66,135,533
(1,317)	(64,325,920)	(2,094,823)	(66,422,060)
<u>\$ -</u>	<u>\$ 2,226,601</u>	<u>\$ 2,130,356</u>	<u>\$ 4,356,957</u>

WORCESTER COUNTY, MARYLAND
 SCHEDULE OF ASSESSABLE BASE
 GENERAL FUND
 Year Ended June 30, 2015

	<u>Full-Year Assessment</u>	<u>Half-Year Assessment</u>	<u>Total</u>
Real property	\$ 14,517,104,142	\$ 39,308,505	\$ 14,556,412,647
Personal property - individuals and firms - all districts	16,548,700	-	16,548,700
Railroads and public utilities	126,567,480	-	126,567,480
Railroads and public utilities - reduced rate	636,840	-	636,840
Ordinary business corporations	188,183,032	-	188,183,032
Total	\$ 14,849,040,194	\$ 39,308,505	\$ 14,888,348,699

Computation of Taxes for County Purposes

\$14,517,104,142 assessable base at \$0.77 per \$100 base (full-year)	\$ 111,781,702
\$331,299,212 assessable base at \$1.925 per \$100 base (full-year)	6,377,510
\$636,840 assessable base at \$0.77 per \$100 base (full-year)	4,904
\$39,308,505 assessable base at \$0.385 per \$100 base (half-year)	151,337
	118,315,452
Adjustment for deferred property taxes receivable	882,095
Net additions and abatements	(155,226)
Total County taxes for the year ended June 30, 2015	\$ 119,042,321

WORCESTER COUNTY, MARYLAND
SCHEDULE OF ASSESSABLE BASES AND TAX LEVIES
GENERAL FUND
Fiscal Years Ended June 30, 2015

<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>
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)%
2014 - 2015	14,888,348,699	(1.20)%	.77 - 1.925	119,042,321	(0.19)%

* 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, 2015

Levies of years ended June 30:

2015	\$ 2,747,090
2014	109,496
2013	95,673
2012	72,265
2011 and prior	415,662
Total	\$ 3,440,186

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 Wastewater 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.

Contents

Schedule

Financial Trends

1 – 4

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

Revenue Capacity

5 – 11

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

Debt Capacity

12 – 15

These schedules contain information to help the reader assess the affordability of the County's current levels of outstanding debt and the County's ability to issue additional debt in the future.

Demographic and Economic Information

16 – 17

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

Operating Information

18 – 20

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

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

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

	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Governmental activities										
Net investment in capital assets	\$ 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	\$ 84,210,723
Restricted	1,500,000	1,500,000	1,500,000	1,500,000	-	-	-	-	-	-
Unrestricted	40,972,251	53,932,414	46,462,418	5,485,842	3,776,962	4,029,977	11,260,873	21,389,838	(5,573,996)	(28,314,942)
Total governmental activities net position	<u>112,895,621</u>	<u>133,038,259</u>	<u>136,158,551</u>	<u>111,294,350</u>	<u>108,580,174</u>	<u>104,319,996</u>	<u>111,131,221</u>	<u>111,500,008</u>	<u>80,850,885</u>	<u>55,895,781</u>
Business-type activities										
Net investment in capital assets	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	55,184,962
Unrestricted	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	571,926
Total business-type activities net position	<u>63,473,551</u>	<u>72,983,351</u>	<u>69,884,713</u>	<u>65,859,498</u>	<u>60,563,703</u>	<u>57,094,748</u>	<u>56,247,742</u>	<u>59,329,443</u>	<u>58,293,939</u>	<u>55,756,888</u>
Primary government										
Net investment in capital assets	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	139,395,685
Restricted	1,500,000	1,500,000	1,500,000	1,500,000	-	-	-	-	-	-
Unrestricted	61,717,296	69,765,065	57,801,611	13,867,878	8,027,714	5,188,948	13,173,850	21,417,258	(922,648)	(27,743,016)
Total primary government net position	<u>\$ 176,369,172</u>	<u>\$ 206,021,610</u>	<u>\$ 206,043,264</u>	<u>\$ 177,153,848</u>	<u>\$ 169,143,877</u>	<u>\$ 161,414,744</u>	<u>\$ 167,378,963</u>	<u>\$ 170,829,451</u>	<u>\$ 139,144,824</u>	<u>\$ 111,652,669</u>

Note: Fiscal years prior to 2014 have not been restated for the effects of implementing GASB Statement No. 68

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

	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Expenses										
Governmental activities:										
General government	\$ 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	\$ 38,635,684
Public safety	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	31,973,300
Public works	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	5,217,371
Health and hospitals	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	6,551,417
Social services	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	1,946,138
Education	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	100,313,254
Libraries, recreation and culture	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	6,092,227
Conservation of natural resources	600,795	562,929	584,921	858,559	233,393	587,200	661,679	226,121	241,883	375,697
Economic development	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	1,932,046
Interest on long-term debt	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	4,891,421
Total governmental activities expenses	<u>136,301,677</u>	<u>149,416,160</u>	<u>176,177,888</u>	<u>250,473,313</u>	<u>185,716,766</u>	<u>179,385,356</u>	<u>168,100,912</u>	<u>173,981,217</u>	<u>181,411,200</u>	<u>197,928,555</u>
Business-type activities:										
Landfill	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	5,638,012
Department of Water and Wastewater	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	13,409,381
Department of Liquor Control	-	-	-	-	-	-	-	15,213,363	15,518,122	10,477,998
Total business-type activities expenses	<u>15,387,580</u>	<u>17,002,823</u>	<u>19,499,773</u>	<u>18,769,283</u>	<u>18,759,685</u>	<u>17,385,398</u>	<u>32,193,065</u>	<u>32,029,009</u>	<u>33,383,497</u>	<u>29,525,391</u>
Total primary government expenses	<u>\$ 151,689,257</u>	<u>\$ 166,418,983</u>	<u>\$ 195,677,661</u>	<u>\$ 269,242,596</u>	<u>\$ 204,476,451</u>	<u>\$ 196,770,754</u>	<u>\$ 200,293,977</u>	<u>\$ 206,010,226</u>	<u>\$ 214,794,697</u>	<u>\$ 227,453,946</u>
Program revenues										
Governmental activities:										
Charges for services:										
General government	\$ 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	\$ 2,081,072
Public safety	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	5,143,953
Public works	125,097	58,632	37,233	31,372	131,126	85,384	79,893	75,543	79,207	87,884
Health and hospitals	498,681	456,345	503,239	486,954	429,184	418,806	457,086	434,917	435,267	431,421
Libraries, recreation and culture	322,424	327,306	294,456	328,879	252,138	191,097	182,130	196,705	236,546	312,460
Economic development	23,642	47,739	19,983	7,377	31,886	25,935	49,840	17,833	22,230	38,184
Operating grants and contributions	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	5,132,554
Capital grants and contributions	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	1,861,970
Total governmental activities program revenues	<u>12,852,480</u>	<u>12,480,339</u>	<u>9,940,182</u>	<u>47,019,096</u>	<u>20,110,958</u>	<u>17,126,087</u>	<u>15,004,193</u>	<u>14,567,592</u>	<u>13,775,395</u>	<u>15,089,498</u>
Business-type activities:										
Charges for services:										
Landfill	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	4,060,039
Department of Water and Wastewater	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	12,885,762
Department of Liquor Control	-	-	-	-	-	-	15,888,520	15,414,939	15,476,906	9,985,444
Operating grants and contributions	55,000	30,000	25,000	22,000	22,000	22,000	22,000	47,000	25,000	49,202
Capital grants and contributions	18,490,430	8,983,508	-	-	-	-	-	-	-	-
Total business-type activities program revenues	<u>34,781,682</u>	<u>25,912,223</u>	<u>15,993,423</u>	<u>14,627,064</u>	<u>13,440,214</u>	<u>13,896,220</u>	<u>31,609,245</u>	<u>35,410,350</u>	<u>32,299,803</u>	<u>26,980,447</u>
Total primary government program revenues	<u>\$ 47,634,162</u>	<u>\$ 38,392,562</u>	<u>\$ 25,933,605</u>	<u>\$ 61,646,160</u>	<u>\$ 33,551,172</u>	<u>\$ 31,022,307</u>	<u>\$ 46,613,438</u>	<u>\$ 49,977,942</u>	<u>\$ 46,075,198</u>	<u>\$ 42,069,945</u>
Net (Expense)/Revenue										
Governmental activities	\$ (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)	\$ (182,839,057)
Business-type activities	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)	(2,544,944)
Total primary government net expense	<u>\$ (104,055,095)</u>	<u>\$ (128,026,421)</u>	<u>\$ (169,744,056)</u>	<u>\$ (207,596,436)</u>	<u>\$ (170,925,279)</u>	<u>\$ (165,748,447)</u>	<u>\$ (153,680,539)</u>	<u>\$ (156,032,284)</u>	<u>\$ (168,719,499)</u>	<u>\$ (185,384,001)</u>

	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
General Revenues and Other Changes in Net Position										
Governmental activities:										
Property taxes	\$ 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	\$ 117,097,119
Local income tax	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	13,690,331
Other local taxes	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	25,418,688
State shared	5,703,290	6,194,180	5,654,165	4,809,446	724,582	804,689	687,960	904,365	891,106	931,712
Department of Liquor Control distribution	460,862	363,442	415,403	168,625	55,853	363,568	103,626	620,428	284,609	9,005
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	-	-	-	-
Interest	3,246,509	5,069,327	5,980,550	2,597,658	262,333	216,726	283,728	193,101	194,221	180,030
Other	415,647	584,279	577,728	796,257	-	-	1,530,161	656,711	690,527	557,068
Total governmental activities	<u>146,026,214</u>	<u>157,078,459</u>	<u>169,357,998</u>	<u>178,590,016</u>	<u>162,891,632</u>	<u>157,999,091</u>	<u>159,907,944</u>	<u>159,782,412</u>	<u>156,982,151</u>	<u>157,883,953</u>
Business-type activities:										
Transfers in (out)	-	-	38,860	-	-	-	(675,340)	(321,854)	(10,984)	-
Interest	539,437	600,400	368,852	117,004	23,676	20,043	12,334	22,214	59,174	7,893
Total business-type activities	<u>539,437</u>	<u>600,400</u>	<u>407,712</u>	<u>117,004</u>	<u>23,676</u>	<u>20,043</u>	<u>(663,006)</u>	<u>(299,640)</u>	<u>48,190</u>	<u>7,893</u>
Total primary government	<u>\$ 146,565,651</u>	<u>\$ 157,678,859</u>	<u>\$ 169,765,710</u>	<u>\$ 178,707,020</u>	<u>\$ 162,915,308</u>	<u>\$ 158,019,134</u>	<u>\$ 159,244,938</u>	<u>\$ 159,482,772</u>	<u>\$ 157,030,341</u>	<u>\$ 157,891,846</u>
Change in Net Position										
Governmental activities	\$ 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)	\$ (24,955,104)
Business-type activities	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)	(2,537,051)
Total primary government	<u>\$ 42,510,556</u>	<u>\$ 29,652,438</u>	<u>\$ 21,654</u>	<u>\$ (28,889,416)</u>	<u>\$ (8,009,971)</u>	<u>\$ (7,729,313)</u>	<u>\$ 5,564,399</u>	<u>\$ 3,450,488</u>	<u>\$ (11,689,158)</u>	<u>\$ (27,492,155)</u>

Note: Fiscal years prior to 2015 have not been restated for the effects of implementing GASB Statement No. 68

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

	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
General Fund										
Nonspendable	\$ 5,323,510	\$ 4,706,880	\$ 5,564,944	\$ 5,287,250	\$ 2,619,871	\$ 130,079	\$ 110,609	\$ 102,938	\$ 103,849	\$ 5,255
Restricted										
Assigned	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	8,679,957
Unassigned	500,000	500,000	500,000	500,000	500,000	26,992,224	38,855,192	40,904,499	39,833,756	33,976,802
Total General Fund	<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>	<u>42,662,014</u>
All other governmental funds										
Restricted	-	-	-	-	-	1,225,068	-	-	42,954,786	31,685,392
Assigned	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	2,249,959
Unassigned	-	-	-	-	-	-	(599,589)	(1,247,996)	-	-
Total all other governmental funds	<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>	<u>33,935,351</u>
Total governmental funds	<u>\$ 67,782,375</u>	<u>\$ 106,600,604</u>	<u>\$ 99,430,037</u>	<u>\$ 66,772,917</u>	<u>\$ 53,174,664</u>	<u>\$ 49,112,657</u>	<u>\$ 51,559,868</u>	<u>\$ 59,165,299</u>	<u>\$ 95,609,367</u>	<u>\$ 76,597,365</u>

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

	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Revenues										
Property tax	\$ 85,504,049	\$ 98,902,050	\$ 116,356,479	\$ 133,037,649	\$ 127,048,961	\$ 122,233,623	\$ 121,243,588	\$ 121,570,804	\$ 117,311,193	\$ 117,963,356
Income tax	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	13,690,331
Room tax	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	14,707,093
Food tax	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	1,358,236
Transfer tax	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	3,278,524
Recordation tax	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	5,437,913
Other local taxes	751,281	703,055	778,818	761,403	726,804	717,894	709,165	605,575	589,702	636,922
State-shared taxes	5,703,290	6,194,180	5,654,165	4,809,446	724,582	804,689	687,960	904,365	891,106	931,712
Licenses and permits	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	1,917,527
Intergovernmental	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	7,015,992
Service charges	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	5,984,170
Miscellaneous	740,528	1,632,149	1,854,426	2,058,850	863,649	817,611	1,673,075	830,237	869,043	741,127
Interest income	3,068,379	4,172,456	4,838,017	1,505,668	194,455	214,732	283,183	190,069	187,775	180,035
Total revenues	<u>158,653,369</u>	<u>169,509,307</u>	<u>178,914,856</u>	<u>196,317,112</u>	<u>176,714,576</u>	<u>173,867,975</u>	<u>174,864,759</u>	<u>176,237,200</u>	<u>171,145,606</u>	<u>173,842,938</u>
Expenditures										
General government	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	13,296,067
Public safety	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	29,173,284
Public works	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	5,104,405
Health and hospitals	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	6,083,778
Social services	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	1,946,138
Education	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	100,313,254
Libraries, recreation and culture	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	6,052,818
Conservation of natural resources	600,795	562,929	584,921	858,559	233,393	587,200	661,679	226,121	241,883	375,697
Economic development	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	1,874,591
Distributions to municipalities	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	22,572,176
Debt service interest	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	4,249,246
Debt service principal	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	9,487,482
Capital projects	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	2,005,481
Total expenditures	<u>147,104,002</u>	<u>158,998,765</u>	<u>186,046,571</u>	<u>264,503,379</u>	<u>190,312,829</u>	<u>177,929,982</u>	<u>172,417,548</u>	<u>173,166,025</u>	<u>182,910,684</u>	<u>202,534,417</u>
Excess of revenues over (under) expenditures	<u>11,549,367</u>	<u>10,510,542</u>	<u>(7,131,715)</u>	<u>(68,186,267)</u>	<u>(13,598,253)</u>	<u>(4,062,007)</u>	<u>2,447,211</u>	<u>3,071,175</u>	<u>(11,765,078)</u>	<u>(28,691,479)</u>
Other financing sources (uses)										
Issuance of long-term debt	1,815,096	28,307,695	-	35,610,301	-	-	-	14,212,936	48,209,146	37,437,354
Payment to bond refunding escrow agent	-	-	-	-	-	-	-	(9,678,680)	-	(27,757,877)
Transfers:										
Operating transfers in	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	19,908,436
Operating transfers out	(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)	(19,908,436)
Total other financing sources (uses)	<u>1,815,096</u>	<u>28,307,695</u>	<u>(38,860)</u>	<u>35,529,147</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,534,256</u>	<u>48,209,146</u>	<u>9,679,477</u>
Net change in fund balances	<u>\$ 13,364,463</u>	<u>\$ 38,818,237</u>	<u>\$ (7,170,575)</u>	<u>\$ (32,657,120)</u>	<u>\$ (13,598,253)</u>	<u>\$ (4,062,007)</u>	<u>\$ 2,447,211</u>	<u>\$ 7,605,431</u>	<u>\$ 36,444,068</u>	<u>\$ (19,012,002)</u>
Debt service as a percentage of noncapital expenditures	5.40%	4.75%	3.80%	3.43%	6.03%	6.28%	6.52%	5.88%	5.84%	6.86%

Schedule 5

Worcester County, Maryland

**Assessed Value (Full Cash Value) of Taxable Property,
Last Ten Fiscal Years**

Fiscal Year	Real Property	Personal Property Individuals and Firms	Businesses, Corporations and Utilities	Total Assessable Base	County Tax Rate *	State Tax Rate
2015	\$ 14,556,412,647	\$ 16,548,700	\$ 315,387,352	\$ 14,888,348,699	\$ 0.77	\$ 0.112
2014	14,755,590,502	17,112,844	297,149,958	15,069,853,304	0.77	0.112
2013	15,462,442,895	15,847,573	297,224,707	15,775,515,175	0.70	0.112
2012	17,207,677,633	16,321,783	298,394,546	17,522,393,962	0.70	0.112
2011	17,829,124,045	16,428,122	284,635,088	18,130,187,255	0.70	0.112
2010	18,981,906,096	17,203,174	302,400,983	19,301,510,253	0.70	0.112
2009	19,919,553,300	19,948,057	307,837,176	20,247,338,533	0.70	0.112
2008	17,044,842,573	19,730,065	306,795,892	17,371,368,530	0.70	0.112
2007	14,276,994,202	18,282,490	284,886,128	14,580,162,820	0.70	0.112
2006	11,614,252,807	18,395,283	273,600,043	11,906,248,133	0.73	0.132

Source: State of Maryland, Department of Assessments and Taxation

Note: * 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>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>	<u>2015</u>
County Direct Rates										
General	\$ 0.73	\$ 0.70	\$ 0.70	\$ 0.70	\$ 0.70	\$ 0.70	\$ 0.70	\$ 0.77	\$ 0.77	\$ 0.77
Town Rates										
Berlin	0.73	0.73	0.73	0.73	0.73	0.73	0.73	0.68	0.68	0.68
Ocean City	0.47	0.43	0.41	0.38	0.395	0.395	0.395	0.4585	0.472	0.4704
Pocomoke	0.76	0.76	0.76	0.76	0.76	0.76	0.75	0.82	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 Nine Years Ago

Taxpayer	Fiscal Year 2015			Fiscal Year 2006		
	Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Delmarva Power	\$ 65,204,310	1	0.44%	\$ 27,784,440	3	0.23%
Harrison Inn Stardust	54,027,500	2	0.36%			
91st Street Joint Venture	28,944,200	3	0.19%	30,000,000	2	0.25%
Americana Stowaway Motel Inc.	27,862,933	4	0.19%	26,029,600	4	0.22%
Choptank Electric Cooperative	23,507,910	5	0.16%	13,660,400	10	0.11%
Individual	20,059,733	6	0.13%	17,957,100	6	0.15%
Harrison Inn Ocean View	19,890,933	7	0.13%	23,403,200	5	0.20%
Harrison Hi 18 LLC	19,870,633	8	0.13%	17,712,966	7	0.15%
Verizon Maryland	19,440,110	9	0.13%	40,654,570	1	0.34%
LPBOC Hotel	18,461,100	10	0.12%	15,473,300	9	0.13%
Harrison Hi 17 LLC				15,596,600	8	0.13%
Total	\$ 297,269,362		1.98%	\$ 228,272,176		1.91%

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
2015	\$ 116,946,415	\$ 113,877,415	97.38%	\$ 2,913,774	\$ 116,791,189	99.87%
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%

Notes: 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	
2014	2.00%	3.00%	4.00%	4.75%	5.00%	5.25%	5.50%	5.75%	1.25%
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%

Note: The current maximum local income tax rate allowed 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

* Data unavailable for the 2014 filing year

Schedule 11
Worcester County, Maryland
Income Tax Filers, Net Taxable Income, and Liability by Adjusted Gross Income Level,
Last Year and Ten Years Ago

	Tax Year 2013 *					
	Number of Taxable Returns	Percentage of Total	Net Taxable Income	Percentage of Total	Local Tax Liability	Percentage of Total
Adjusted Gross Income Level						
\$200,000 and higher	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%

	Tax Year 2004					
	Number of Taxable Returns	Percentage of Total	Net Taxable Income	Percentage of Total	Local Tax Liability	Percentage of Total
Adjusted Gross Income Level						
\$200,000 and higher	515	2.6%	\$ 296,655,055	33.7%	\$ 3,708,186	33.9%
\$100,000 - 199,999	1,392	7.0%	150,765,201	17.1%	1,884,567	17.2%
\$50,000 - 99,999	4,324	21.7%	216,078,294	24.5%	2,825,913	25.8%
\$25,000 - 49,999	5,949	29.9%	145,402,328	16.5%	1,778,902	16.2%
\$5,000 - 24,999	7,563	38.0%	72,014,660	8.2%	748,291	6.8%
Under \$5,000	175	0.9%	298,562	0.0%	3,316	0.0%
Totals	19,918	100.0%	\$ 881,214,100	100.0%	\$ 10,949,175	100.0%

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

Note: * Data unavailable for the 2014 filing year

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

Fiscal Year	Governmental Activities		Business-type Activities		Total Primary Government	Percentage of Personal Income	Bond/Lease Debt Per Capita
	General Obligation Bonds	Capital Leases	General Obligation Bonds	Capital Leases			
2015	\$ 101,944,407	\$ -	\$ 24,299,716	\$ 1,527,500	\$ 127,771,623	4.99%	\$ 2,473
2014	102,921,889	-	23,223,396	1,391,965	127,537,250	4.98%	2,468
2013	67,549,992	-	17,062,876	1,359,361	85,972,229	3.31%	1,665
2012	70,701,211	-	19,348,694	1,239,613	91,289,518	3.66%	1,770
2011	78,525,255	-	15,053,052	1,574,530	95,152,837	4.20%	1,847
2010	86,048,230	-	15,215,449	1,579,885	102,843,564	5.03%	2,094
2009	93,320,140	-	16,409,885	2,422,300	112,152,325	5.57%	2,276
2008	63,539,371	-	18,268,965	2,475,233	84,283,569	4.53%	1,711
2007	67,565,671	-	19,674,002	2,453,842	89,693,515	5.16%	1,828
2006	43,843,680	617,240	20,556,847	1,384,919	66,402,686	4.02%	1,361

Notes: 2015 percentage of personal income calculated using 2014 personal income data, which is the most recent available

See Schedule 13 for population and personal income data

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

Fiscal Year	General Obligation Bonds	Total Taxable Assessable Base	Percentage of Total Taxable Assessable Base	Population *	Bond Debt Per Capita
2015	\$ 126,244,123	\$ 14,888,348,699	0.85%	51,675	\$ 2,443
2014	126,145,285	15,069,853,304	0.84%	51,620	2,444
2013	84,612,868	15,775,515,175	0.54%	51,578	1,640
2012	90,049,905	17,522,393,962	0.51%	51,514	1,748
2011	93,578,307	18,130,187,255	0.52%	49,122	1,905
2010	101,263,679	19,301,510,253	0.52%	49,274	2,055
2009	109,730,025	20,247,338,533	0.54%	49,270	2,227
2008	81,808,336	17,371,368,530	0.47%	49,069	1,667
2007	87,239,673	14,580,162,820	0.60%	48,785	1,788
2006	64,400,527	11,906,248,133	0.54%	48,868	1,318

Source: Worcester County Finance Office

Note: * 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, 2015

<u>Governmental Unit</u>	<u>Debt Outstanding</u>
Direct Debt	
Worcester County - General Government	\$ 15,909,407
Worcester County - School Debt	86,035,000
Worcester County - Enterprise Funds	
Water and Wastewater	\$ 21,671,973
Landfill	592,743
Liquor Control	2,035,000
Subtotal Worcester County - Enterprise Funds	<u>24,299,716</u>
Subtotal Direct Debt	<u>126,244,123</u>
Overlapping Debt	
Berlin	21,500,316
Ocean City	83,932,396
Pocomoke	3,177,128
Snow Hill	<u>2,077,246</u>
Subtotal Overlapping Debt	<u>110,687,086</u> *
Total Direct and Overlapping Debt	<u><u>\$ 236,931,209</u></u>

Source: Worcester County Finance Office

Note: * Municipal Financial Statements - all municipalities located wholly within Worcester County

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

	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Total Debt Outstanding Limit										
Taxable Assessable Base	\$ 11,906,248	\$ 14,580,163	\$ 17,371,369	\$ 20,247,339	\$ 19,301,510	\$ 18,130,187	\$ 17,522,394	\$ 15,775,515	\$ 15,069,853	\$ 14,888,349
Debt Limit, 1% of Assessable Base	119,062	145,802	173,714	202,473	193,015	181,302	175,224	157,755	150,699	148,883
Amount of Debt Applicable to Limit	43,844	67,566	63,539	93,320	86,048	78,525	70,701	67,550	102,922	101,944
Debt Margin	<u>\$ 75,219</u>	<u>\$ 78,236</u>	<u>\$ 110,174</u>	<u>\$ 109,153</u>	<u>\$ 106,967</u>	<u>\$ 102,777</u>	<u>\$ 104,523</u>	<u>\$ 90,205</u>	<u>\$ 47,777</u>	<u>\$ 46,939</u>
Total debt applicable to the limit as a percentage of debt limit	36.82%	46.34%	36.58%	46.09%	44.58%	43.31%	40.35%	42.82%	68.30%	68.47%
Total Debt Service Limit										
Total Governmental Fund Revenue	\$ 158,653	\$ 169,509	\$ 178,915	\$ 196,317	\$ 176,715	\$ 173,868	\$ 174,865	\$ 176,237	\$ 171,146	\$ 173,843
Debt Service Limit, 10% of Revenue	15,865	16,951	17,891	19,632	17,671	17,387	17,486	17,624	17,115	17,384
Debt Service Applicable to Limit	7,383	6,919	6,526	8,327	11,039	11,008	10,991	10,069	10,536	13,737
Debt Service Margin	<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>	<u>\$ 3,648</u>
Total debt service applicable to the limit as a percentage of debt service limit	46.53%	40.82%	36.48%	42.42%	62.47%	63.31%	62.85%	57.14%	61.56%	79.02%

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 <i>(dollars in thousands)</i>	Per Capita Personal Income ^b	Public School Enrollment ^c	Unemployment Rate ^d
2015	52,900	*	*	6,654	7.9%
2014	51,675	2,562,653	49,592	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%

Sources: ^a U.S. Census Bureau Population Estimate - Maryland Department of Planning, July 2014

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

^c Worcester County Board of Education

^d Maryland Department of Labor, Licensing and Regulation, as of June 30

Note: * Information not yet available

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

Employer	2015	
	Employees	Percentage of Total County Employment
Worcester County Board of Education	1,178	4.31%
Harrison Group	1,089	3.99%
Atlantic General Hospital	847	3.10%
Worcester County Government	660	2.42%
Town of Ocean City	619	2.27%
Wal-Mart Super Center	577	2.11%
O.C. Seacrets, Inc.	502	1.84%
Bayshore Development	480	1.76%
Dough Roller	342	1.25%
Clarion Fountainebleu Hotel	339	1.24%
	6,633	24.29%
Total Worcester County Employees		27,306

Employer	2006	
	Employees	Percentage of Total County Employment
Worcester County Board of Education	1,129	4.13%
Town of Ocean City	600	2.20%
Atlantic General Hospital	599	2.19%
Worcester County Government	589	2.16%
Wal-Mart Super Center	500	1.83%
Candy Kitchen	250	0.92%
Castle in the Sand, Inc.	205	0.75%
Clarion Fountainebleu Hotel	200	0.73%
Berlin Nursing & Rehab Center	200	0.73%
Tri-County Council	180	0.66%
	4,452	16.30%
Total Worcester County Employees		27,306

Sources: Worcester County Economic Development

Total County employment figures from the Maryland Department of Labor,
Licensing and Regulation Career and Workforce Information

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

Function/Program	Full-time Equivalent Employees as of June 30									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
General government	134.8	144.8	149.7	153.4	137.1	127.4	125.0	124.3	122.0	121.4
Commissioners, judges, and boards	20.0	20.0	20.0	20.0	20.0	21.0	21.0	22.0	21.0	21.0
Public safety	165.1	174.6	174.4	180.3	191.5	203.3	207.1	212.1	222.3	225.2
Public works	68.1	68.7	70.0	70.6	64.8	61.9	59.7	57.7	56.9	59.1
Social services - LMB	2.9	3.7	3.8	3.5	3.0	1.0	-	-	-	-
Library and recreation	53.6	63.2	67.1	70.0	65.1	62.0	60.4	63.1	63.1	64.0
Natural resources	0.3	0.2	0.2	-	-	-	-	-	-	-
Water and wastewater	64.0	66.6	66.6	67.2	63.7	65.0	62.6	62.9	65.2	64.8
Solid waste	46.5	47.6	46.6	45.3	40.9	39.0	36.6	35.0	35.6	35.7
Liquor control	-	-	-	-	-	-	36.0	31.8	31.0	24.5
Total	555.3	589.4	598.4	610.3	586.1	580.6	608.4	608.9	617.1	615.7

Source: Worcester County Finance Office

Notes: 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.

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

The Department of Liquor Control was new in FY12

Part-time and temporary employees are included in this table

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

Function/Program	Fiscal Year									
	<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>	<u>2015</u>
General Government										
Building permits issued *	444	194	98	73	75	59	65	76	124	133
Value of new construction (in 000's)	112,867	52,891	31,990	17,063	17,524	13,317	14,437	20,344	31,150	26,806
Public Safety										
Detention Center										
Average daily population	305	308	274	196	267	334	375	376	335	338
Fire protection (all volunteer)										
Fire calls answered	1,695	1,756	1,526	1,425	1,370	1,490	1,539	1,612	2,164	2,673
Emergency Medical Services										
EMS calls answered	5,535	5,700	5,812	5,621	5,928	5,572	6,050	6,243	5,937	6,537
Education										
Students	6,756	6,727	6,747	6,673	6,659	6,699	6,643	6,650	6,649	6,654
Teachers	559	575	577	579	572	571	570	571	572	572
Public Works										
Centerline miles of road maintained	520	519	524	524	529	530	530	530	530	531
Wastewater treated (mgd)	2.3	2.3	2.3	2.3	2.3	2.3	2.3	2.3	2.4	2.4

Source: Worcester County Finance Office and individual County departments

Note: * Single Family Dwelling Units

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

Function/Program	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Public Safety										
Detention center capacity	300	300	300	300	507	507	507	507	507	507
Fire companies	9	9	9	9	9	9	9	9	9	9
Emergency medical services companies	6	6	6	7	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	1
Career and technology center	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	12	12	12	13	13	13	13	13	13	13
Park acreage	880	880	880	883	883	883	883	883	883	883
Public landings and wharves	9	9	9	9	9	9	9	9	9	9
Boat slips	18	8	8	8	8	8	8	8	8	8
Public Works										
Centerline miles of County roads	520	519	524	527	529	530	530	530	530	531
Public easements - Ocean Pines	59.24	62.88	64.16	64.16	64.12	64.12	64.12	64.12	64.12	64.12
Bridges	40	40	40	40	44	44	44	44	44	44
Wastewater treatment plants	7	8	8	8	8	8	8	8	8	8
Miles of sewer pipeline	185	187	187	187	187	187	187	187	190	191
Water well house facilities	5	5	5	5	5	5	5	5	5	5
Pump stations	51	53	53	53	53	54	54	54	54	55
Water tanks	5	5	5	6	6	6	6	6	6	6
Waterlines	147	148	148	149	150	150	150	151	151	151
Water treatment facilities	10	10	10	10	10	10	10	10	10	10
Recycling center	1	1	1	1	1	1	1	1	1	1

Source: Worcester County Finance Office and individual County departments