SB & COMPANY, LLC

MARYLAND FOOD CENTER AUTHORITY

Financial Statements Together with Report of Independent Public Accountants

For the Year Ended June 30, 2014

Experience
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Client Service

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SB & COMPANY, LLC
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JUNE 30, 2014

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REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

To the Board of Directors of
Maryland Food Center Authority

Report on the Financial Statements

We have audited the accompanying statement of net position of the Maryland Food Center Authority (the Authority), a component unit of the State of Maryland, as of June 30, 2014, and the related statements of revenues, expenses and change in net position and cash flows for the year then ended, and the related notes to the financial statements.

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 an opinion 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. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit 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 opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Authority, as of June 30, 2014, and the changes in its financial position and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis 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 an opinion on the financial statements that collectively comprise the Authority's basic financial statements. The combining schedule of revenues and expenses is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The combining schedule of revenues and expenses is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining schedule of revenues and expenses is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Hunt Valley, Maryland
September 26, 2014

SB + Company, LLC

MARYLAND FOOD CENTER AUTHORITY

Management's Discussion and Analysis
June 30, 2014

Our discussion and analysis of the Maryland Food Center Authority's (the Authority) financial performance provides an overview of the Authority's financial activities for the year ended June 30, 2014. Please read this management's discussion and analysis in conjunction with the Authority's basic financial statements, which begin on page 8.

Using this Annual Report

This report consists of a series of proprietary fund financial statements. Statement of Net Position; Statement of Revenues, Expenses and Change in Net Position; and Cash Flows provide information about the activities of the Authority as a whole, and begin on page 8.

The Proprietary Fund Financial Statements

One of the most important questions asked about the Authority's finances is, "Is the Authority as a whole better off or worse off as a result of the year's activities?" The Statement of Net Position; Revenues, Expenses and Change in Net Position; and Cash Flows report information about the Authority as a whole and about its activities in a way that helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

You can think of the Authority's net position – the difference between its assets and liabilities – as one way to measure the Authority's financial health, or financial position. Over time, increases or decreases in the Authority's net position is one indicator of whether its financial health is improving or deteriorating. The Authority's activities are all business-type activities.

- Business-type activities – The Authority charges rents and entrance fees to customers to help it cover all or most of the cost of certain services it provides. The wholesale produce, wholesale seafood, capital improvements and administrative services are reported here.

You should consider other non-financial factors, such as the restrictive covenants attached to all businesses in the Maryland Food Center, location of the Maryland Food Center to other major food distributions facilities, and interest of food businesses looking to move into the Maryland Food Center in your assessment of the Authority's health.

MARYLAND FOOD CENTER AUTHORITY

Management's Discussion and Analysis
June 30, 2014

CONDENSED FINANCIAL INFORMATION

Statement of Net Position

The following table provides comparative data as of June 30, 2014 and 2013, and for the years then ended.

	As of June 30,		
	2014	**2013**	**Increase (Decrease)**
ASSETS			
Current assets	$ 4,327,413	$ 4,748,770	$ (421,357)
Note receivable - land covenant	-	100,000	(100,000)
Net capital assets	22,517,855	21,837,504	680,351
Total Assets	26,845,268	26,686,274	158,994
LIABILITIES AND NET POSITION			
Liabilities			
Current liabilities	943,614	971,802	(28,188)
Non-current liabilities	58,185	83,722	(25,537)
Total Liabilities	1,001,799	1,055,524	(53,725)
Net Position			
Invested in capital assets	22,517,855	21,837,504	680,351
Unrestricted	3,325,614	3,793,246	(467,632)
Total Net Position	$ 25,843,469	$ 25,630,750	$ 212,719

The decrease of $421,357 in current assets is mainly attributable to a $453,020 decrease in cash and cash equivalents net of $27,327 increase of account receivable. The increase in account receivable is resulted from the true up for tenant expenses. The increase of $680,351 in net capital assets is due to $1,737,357 in capital additions related to canopy in produce market and construction in Rock Hall, net of depreciation of $879,683, and disposals of $180,872 in loading dock enclosure project. The increase in net position of $212,719 is due from the excess revenues over expenses during the year.

The decrease of $28,188 in current liabilities is mainly due to a decrease of unearned revenue of $99,008, an increase of accounts payable of $44,518, and an increase of $22,914 current accrued compensated absences. Unearned revenue decreases as the excess billings in relation with expenses for the Seafood and Produce markets decreases.

MARYLAND FOOD CENTER AUTHORITY

Management's Discussion and Analysis
June 30, 2014

CONDENSED FINANCIAL INFORMATION (continued)

Statements of Revenues, Expenses and Change in Net Position

The following table provides comparative data, for the year ended June 30, 2014 and 2013.

	For the Year Ended		
	2014	**2013**	**Increase (Decrease)**
Total operating revenues	**$ 4,643,378**	$ 4,470,340	$ 173,038
Total operating expenses	**4,288,011**	4,136,659	151,352
Operating income	**355,367**	333,681	21,686
Nonoperating revenues	**34,675**	31,918	2,757
Nonoperating expenses	**177,323**	1,673	175,650
Change in Net Position	**212,719**	363,926	(151,207)
Net position, beginning of year	**25,630,750**	25,266,824	363,926
Net Position, End of Year	**$ 25,843,469**	$ 25,630,750	$ 212,719
Total Revenues	**$ 4,678,053**	$ 4,502,258	$ 175,795
Total Expenses	**4,465,334**	4,138,332	327,002
Total	**$ 212,719**	$ 363,926	$ (151,207)

During the year ended June 30, 2014, operating revenues increased by $173,038. This increase was due primarily to an increase in additional rental income from increase of reimbursable expenses. Operating expenses increased by $151,352. This increase is attributable to expenses for extermination controls resulting from tenant food handling audits. During the year ended June 30, 2014, the Authority also disposed of the project related to a loading dock enclosure, which resulted in writing off the cost incurred of $174,788, which is included as a non-operating expense.

Overall, the Authority's financial position improved during the year ended June 30, 2014, as result of a surplus from operations.

BUDGETARY HIGHLIGHTS

The Authority does not budget for revenues. The Authority had a positive variance of $513,047 from comparing actual to budgeted expenses for year ended June 30, 2014. In fiscal year 2014, the Authority continued to exercise strong budgetary controls.

	For the Year Ended June 30,			
	Original Budget	Final Budget	Actual	Positive (Negative) Variance
Operating Expenses				
Salaries, wages and related costs	$ 1,936,170	$ 1,705,831	$ 1,538,751	$ 167,080
Contractual services	1,028,849	1,013,545	920,457	93,088
Depreciation	1,061,519	1,055,573	879,683	175,890
Taxes	222,000	222,000	226,976	(4,976)
Fuel and utilities	246,250	246,250	298,770	(52,520)
Vehicle operation	108,769	114,715	112,858	1,857
Technical and special fees	90,267	90,266	88,835	1,431
Travel	83,700	110,700	95,596	15,104
Fixed charges	47,779	47,779	38,082	9,697
Communication	41,400	41,400	31,543	9,857
Supplies and materials	88,949	88,949	40,896	48,053
Maintenance and equipment charges	64,050	64,050	15,564	48,486
Total Operating Expenses	$ 5,019,702	$ 4,801,058	$4,288,011	$ 513,047

The variance for salaries, wages and related costs is attributable to vacant positions and actual employee and retiree health benefit costs that were lower than the State's budget preparation instructions. The fuel and utilities variance is due to an increase in Howard County Water and Sewer costs that were not anticipated at the time of budget preparations. The variance for contractual services relates to reduced waste tonnage at the Produce and Seafood Market. The variance for depreciation is due to the deferral of anticipated capital improvement projects.

MARYLAND FOOD CENTER AUTHORITY

Management's Discussion and Analysis
June 30, 2014

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

As of June 30, 2014, the Authority had capital assets of $39,307,222, net of accumulated depreciation of $16,789,367, for net capital assets of $22,517,855. This represents a increase of $680,351 from the prior year, with the change due to the combination of $1,737,357 in capital asset additions and $879,683 in depreciation expense.

Major additions (those greater than $50,000) to capital assets during the year ended June 30, 2014, were as listed below:

Canopy - Produce	$ 1,216,387
Rock Hall	190,170
Dock Replacement - Seafood	100,381
Security Camera - Produce	91,809
Total	$ 1,598,747

Debt

As of June 30, 2014, the Authority had no long-term debt outstanding.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS

Seafood Market

The Seafood Market leases end on June 30, 2015.

Truck Parking Lot

All spaces in the Truck Parking Lot are rented through February 28, 2015.

Produce Market

The Produce Market leases will expire on June 30, 2016.

CONTACTING THE AUTHORITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide the users of these financial statements with a general overview of the Authority's finances. If you have questions about this report, or need additional financial information, please contact the Authority's Director of Finance at 7801 Oceano Avenue, Jessup, Maryland 20794.

MARYLAND FOOD CENTER AUTHORITY

Statement of Revenues, Expenses and Change in Net Position
For the Year Ended June 30, 2014

Operating Revenues		
Charges for services	$	4,643,378
Operating Expenses		
Salaries, wages and related costs		1,538,751
Contractual services		920,457
Depreciation		879,683
Taxes		226,976
Fuel and utilities		298,770
Vehicle operation		112,858
Technical and special fees		88,835
Travel		95,596
Fixed charges		38,082
Communication		31,543
Supplies and materials		40,896
Maintenance and equipment charges		15,564
Total Operating Expenses		4,288,011
Operating Income		355,367
Nonoperating Revenues (Expenses)		
Interest and investment revenue		34,675
Abandonment of construction in progress		(174,788)
Loss on disposal of equipment		(2,535)
Net Nonoperating Expenses		(142,648)
Change in Net Position		212,719
Net position, beginning of year		25,630,750
Net Position, End of Year	$	25,843,469

The accompanying notes are an integral part of this financial statement.

1. ORGANIZATION

The Maryland Food Center Authority (the Authority), an instrumentality and component unit of the State of Maryland, was created as a body corporate and politic of the State of Maryland by the Greater Baltimore Consolidated Wholesale Food Market Authority Act, effective June 1, 1967, under Chapter 145 of the 1967 Laws of Maryland. The Authority has statewide jurisdiction to promote the welfare of Marylanders by undertaking real estate development and management activities that facilitate wholesale food industry activity in the public interest. The Authority is involved with planning and developing regional food industry facilities, including a 400-acre specialized industrial park known as the Maryland Food Center in Jessup, Maryland. The Authority owns and manages property at the Maryland Food Center, including the Maryland Wholesale Produce Market and the Maryland Wholesale Seafood Market. The Authority's wholesale markets provide a commercial arena for competing businesses to deliver vital food services throughout the region, under the management of a publicly accountable state agency. The Authority also owns, and redeveloped, the Rock Hall Seafood Processing Plant in Rock Hall, Maryland, which it leases to local waterman and waterman related industries. The Executive Board of the Authority is comprised of 12 members, including the State Comptroller, the Secretary of Agriculture, the Secretary of General Services, the Director of Agricultural Extension for the State of Maryland who is Dean of the College of Agriculture and Natural Resources at the University of Maryland, and private citizens appointed by the Governor.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The accounting system is organized and operated on a fund basis. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations.

Cash and Cash Equivalents

The Authority considers all cash on deposit with the Treasury to be cash equivalents as well as all highly liquid investments with original maturities of three months or less.

Capital Assets and Depreciation

Capital expenditures greater than $1,000 with an estimated useful life greater than one year are capitalized. Capital assets are recorded at historical cost. Donated capital assets are capitalized at estimated fair market value on the date donated.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Capital Assets and Depreciation (continued)

Depreciation of capital assets is computed using the straight-line method. Estimated useful lives of the various classes of depreciable capital assets are as follows:

Building	15 to 50 years
Capital Improvements	10 to 40 years
Equipment	5 to 10 years

Revenues and Expense

Operating revenues consists primarily of rent and entrance fees. Non-operating revenues are comprised primarily of investment earnings and revenues related to the land covenant agreement. Revenue is recognized as earned. Rents received in advance of recognition are recorded as unearned revenues. Non-operating expenses consist of losses on disposal or other none routine write off of capital assets.

Interest costs are capitalized when incurred on debt where proceeds were used to finance the construction of assets. Interest earned on proceeds of tax-exempt borrowing arrangements restricted to the acquisition of qualifying assets is offset against interest costs in determining the amount to be capitalized.

Compensated Absences

Authority employees are granted annual leave in varying amounts depending on tenure. Employees may carry over up to 75 days of annual leave at the end of the calendar year, and will be compensated for unused leave when employees leave the Authority's service. However, an employee whose employment is terminated for unlawful behavior or for gross misconduct may forfeit all unused annual leave and all compensation for unused annual leave. Employees earn 15 days of sick leave per year.

The estimated liability for vested vacation is recorded as a liability and charged to expense.

Accounts Receivable

Accounts receivable are uncollateralized obligations which generally require payment within 30 days from the invoice date. As of June 30, 2014, the Authority considered all accounts receivable to be fully collectible; accordingly, no allowance for doubtful accounts was recorded.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

New Accounting Pronouncements

Governmental Accounting Standard Board (GASB) issued Statement No. 68, *Accounting and Financial Reporting for Pensions - an Amendment of GASB Statement No. 27*, Statement No. 69, *Government Combinations and Disposals of Government Operations*, and Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date - An Amendment of GASB Statement No. 68*. The Authority is analyzing the effects of these pronouncements and plans to adopt them as applicable by their effective dates. As part of GASB 68, the Board will be required to record its share of the State's net unfunded pension liability. The Authority's share of the unfunded liability will be calculated by dividing the Authority's contribution to the Maryland State Retirement System (the System) by the total contributions to the System multiplied by the System's unfunded liability. Currently, the System's total unfunded liability and contributions are not known.

Subsequent Events

The Authority evaluated the accompanying financial statements for subsequent events and transactions through September 26, 2014, the date these statements were available for issue and have determined that no material subsequent events have occurred that would affect the information presented in the accompanying financial statements or require additional disclosure.

3. CASH AND CASH EQUIVALENTS

Cash on Hand

As of June 30, 2014, petty cash on-hand totaled \$3,000 and gate receipts not yet deposited totaled \$5,985, for total cash on hand of \$8,985.

Deposits

As of June 30, 2014, the carrying amount of the Authority's deposits was \$4,179,404 and the bank balance was \$4,116,459. The deposits of the Authority were not exposed to custodial credit risk as of June 30, 2014, because the Authority's deposits are pooled with the State's funds under the custody of the State Treasurer. Collateral must be at least 102% of the book value and must be delivered to the State Treasurer's custodian for safekeeping.

4. NOTE RECEIVABLE

On January 25, 2005, Atlantic Realty Companies, Inc. (Atlantic) signed a note payable to the Authority in the amount of $1,000,000, payable in 10 payments of $100,000 over 10 years. The note was provided to the Authority in exchange for an Approval Agreement, in which the Authority approved the designated use of a parcel of land currently owned by Atlantic.

This parcel of land had previously been owned by the Authority. The land is subject to protective covenants that restrict the use of the land to certain activities that promote the Authority's mission. These covenants shall remain in effect until January 3, 2020.

This note is carried at the present value of the remaining payments, calculated using the current 10-year Treasury bill rate of 3.6%. The balance of the note as of June 30, 2014 was $96,525.

5. CAPITAL ASSETS AND DEPRECIATION

A summary of changes in capital assets is as follows:

	Balance June 30, 2013	Additions	Write off/ Disposals	Transfers	Balance June 30, 2014
Non-depreciable capital assets					
Land	$ 1,882,342	$ -	$ -	$ -	$ 1,882,342
Land held for development	3,220,843	-	-	-	3,220,843
Constructions in progress	410,267	121,475	(174,788)	(229,981)	126,973
Total non-depreciable capital assets	5,513,452	121,475	(174,788)	(229,981)	5,230,158
Depreciable capital assets					
Buildings and improvements:					
Henry Hein Building and other	1,052,874	7,147	-	-	1,060,021
Wholesale Produce Market	17,307,383	1,216,387	(6,084)	-	18,517,686
Wholesale Seafood Market	8,792,736	100,383	-	-	8,893,119
Storm Water Management Pond	22,144	-	-	-	22,144
Cross Dock	2,490,701	-	-	-	2,490,701
Rock Hall Seafood Plant	688,919	190,170	-	229,981	1,109,070
Total buildings and improvements	30,354,757	1,514,087	(6,084)	229,981	32,092,741
Equipment - administrative	295,559	9,986	-	-	305,545
Equipment - produce and seafood	1,586,969	91,809	-	-	1,678,778
Total depreciable capital assets	32,237,285	1,615,882	(6,084)	229,981	34,077,064
Accumulated Depreciation					
Building and improvements	(14,793,796)	(748,898)	3,549	-	(15,539,145)
Equipment - administrative	(217,133)	(25,437)	-	-	(242,570)
Equipment - produce and seafood	(902,304)	(105,348)	-	-	(1,007,652)
Total accumulated depreciation	(15,913,233)	(879,683)	3,549	-	(16,789,367)
Total Capital Assets, Net	$ 21,837,504	$ 857,674	$ (177,323)	$ -	$ 22,517,855

The Authority owns approximately 38 acres which may be used for future development that is consistent with the Authority's mission. This land is recorded at cost, and is included in land held for development.

6. LONG-TERM OBLIGATIONS

Changes in long-term obligations for the year ended June 30, 2014 are as follows:

	Balance Ending June 30, 2013	Additions	Reductions	Balance Ending June 30, 2014	Amounts Due Within 1 Year
Compensated absences	$ 101,735	$ 73,696	$ (45,054)	$ 130,377	$ 104,302
Workers' compensation	75,000	-	(37,000)	38,000	5,890
Total	$ 176,735	$ 73,696	$ (82,054)	$ 168,377	$ 110,192

7. RESERVE FOR CAPITAL IMPROVEMENTS AND MAINTENANCE

Pursuant to lease agreements with the produce and seafood market tenants, the Authority is required to establish a reserve account for capital improvements and maintenance and deposit a total of $230,000 for the produce market and $105,000 for the seafood market annually. Any funds deposited into the reserve account and not expended in the given fiscal year shall be carried over into the next fiscal year. As of June 30, 2014, the Authority had spent more for capital improvement and maintenance then what was required and thus there were no funds that were required to be in the reserve funds as of June 30, 2014.

8. MINIMUM LEASE RECEIPTS

The Authority owns a Produce Market and a Seafood Market that are rented out by segregated units to area businesses. The Produce Market leases end on June 30, 2016. The Seafood Market leases end on June 30, 2015. The Authority also owns a parking lot that is rented out for tractor trailer parking. This lease ends on February 28, 2015. The Authority owns the Rock Hall Seafood Processing Plant, which it leases to local waterman and waterman related industries. These leases and license agreements have various end dates. The Sysco ground lease end on May 1, 2017.

The minimum future lease receipts which the Authority is scheduled to receive are as follows:

Ended June 30:	
2015	$ 1,993,719
2016	882,502
2017	122,745

9. RETIREMENT PLAN

Generally, all regular Authority employees participate in the Maryland State Employees Retirement and Pension Systems (Systems), cost sharing multiple-employer defined benefit plan sponsored and administered by the State Retirement and Pension System of Maryland.

Plan Description and Contribution Information

Cost Sharing Multiple-Employer Plan:

The Systems provide retirement, disability, and death benefits to participants and their beneficiaries. The State Retirement and Pension System of Maryland issues a publicly available financial report that includes financial statements and required supplementary information. The financial report may be obtained by writing to the State Retirement Agency of Maryland, 120 East Baltimore Street, Baltimore, Maryland 21201.

Authority employees were required to contribute 7% of their salaries annually for the fiscal years ended June 30, 2014 and 2013. The Authority's contributions to the System for the fiscal years ended June 30, 2014 and 2013 and 2012, exclusive of contributions made directly by the State of Maryland, were \$155,228, \$147,110, and \$127,171, respectively. The percentage of required contributions for the Authority for the fiscal years ended June 30, 2014 and 2013 and 2012 was 15.53%, 11.47%, and 10.46%, respectively.

Fiscal Year Ending	Actual Contributions	Required Contributions	Actual as a Percentage of Required
June 30, 2014	$ 155,228	$ 165,122	93.63%
June 30, 2013	147,110	118,154	124.51%
June 30, 2012	127,171	109,358	116.29%

Actual contributions are calculated and reported based on payroll periods that were paid during the fiscal year ending. Required contributions are calculated and reported based on the current year salary expense, which include current year payroll accruals, and exclude prior year payroll accruals. As such, the actual contributions differ from the required contributions due to timing differences arising from the amount of accrued payroll included in the salary expense used to calculate the required contributions. These differences do not constitute a net pension asset or obligation for the Authority.

10. OTHER POSTEMPLOYMENT BENEFITS

Members of the State Retirement and Pension System of Maryland (the State System) and their dependents are provided postemployment health care benefits through the State Employee and Retiree Health and Welfare Benefits Program (the Plan). The Plan is a cost sharing defined benefit healthcare plan established by the State Personnel and Pensions Article, Section 2-501 through 2-516 of the Annotated Code of Maryland. The Plan is self-insured to provide medical, hospitalization, prescription drug and dental insurance benefits to eligible state employees, retirees and their dependents. The State does not distinguish employees by employer/State agency. Instead, the State allocates the postemployment health care costs to all participating employers.

Financial information for the Plan is included in the State of Maryland Comprehensive Annual Financial Report, which can be obtained from the Comptroller of Maryland, Louis L. Goldstein Treasury Building, Annapolis, MD 21404.

Plan Description - The Authority's employees are members of the Plan. Members may enroll and participate in the health benefits options if the retiree ended State service with at least 10 years of creditable service within five years before the age at which a vested retirement allowance would begin or if the retiree ended State service with at least 16 years of creditable service.

Funding Policy – The contribution requirements of Plan members are established by the Secretary. The State subsidizes approximately 50% to 85% of covered medical, dental, prescription and hospitalization costs, depending on the type of insurance plan. The State assesses a surcharge for postemployment health care benefits which is based on health care insurance charges for current employees.

A separate actuarial valuation is not performed by the Authority. The Authority's only obligation to the Plan is its required annual contribution. The Authority contributed $63,102 to the retirees' postemployment benefits for the fiscal year ending June 30, 2014.

Fiscal Year Ending	Actual Contributions	Required Contributions	Percentage of Required
June 30, 2014	$ 63,102	$ 63,102	100%
June 30, 2013	84,211	84,211	100%
June 30, 2012	66,997	66,997	100%

11. DEFERRED COMPENSATION PLAN

The Authority offers its employees a deferred compensation plan (the Plan) created in accordance with Internal Revenue Code 457. The Plan is offered through the State. The Plan, available to all State employees, permits them to defer a portion of their salary until future years. Participation in the Plan is optional. The deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency. The Plan is accounted for as an Agency Fund of the State. Investments are managed by the Plan's third-party administrator under one of several investment options, or a combination thereof. The choice of the investment option(s) is made by the participants. The State has no liability for losses under the Plan, but does have the duty of due care that would be required of an ordinary prudent investor. A more complete description of the State's deferred compensation plans may be found in the State's CAFR.

SUPPLEMENTAL INFORMATION

MARYLAND FOOD CENTER AUTHORITY

Combining Schedule of Revenues and Expenses
For the Year Ended June 30, 2014

	Administrative Operating Accounts	Wholesale Produce Market Operating Accounts	Wholesale Seafood Market Operating Accounts	Capital Improvements	Total
OPERATING REVENUES					
Rental income	$ 2,348,484	$ 973,800	$ 857,369	$ -	$ 4,179,653
Entrance fees	-	260,792	89,781	-	350,573
Registration	-	56,310	14,280	-	70,590
Railroad	-	1,800	-	-	1,800
Miscellaneous	37,350	1,453	1,959	-	40,762
Total Operating Revenues	2,385,834	1,294,155	963,389	-	4,643,378
OPERATING EXPENSES					
Salaries, wages, and related costs	555,404	626,117	357,230	-	1,538,751
Contractual services	157,122	343,913	284,620	134,802	920,457
Depreciation	57,282	71,139	40,676	710,586	879,683
Taxes	226,976	-	-	-	226,976
Fuel and utilities	14,147	92,969	191,654	-	298,770
Vehicle operation	6,911	71,253	34,694	-	112,858
Technical and special fees	27,726	31,025	30,084	-	88,835
Travel	93,113	1,731	752	-	95,596
Fixed charges	22,805	11,287	3,990	-	38,082
Communication	13,702	10,940	6,901	-	31,543
Supplies and materials	7,313	25,696	7,887	-	40,896
Maintenance and equipment charges	2,578	8,085	4,901	-	15,564
Total Operating Expenses	1,185,079	1,294,155	963,389	845,388	4,288,011
Operating income/(loss)	1,200,755	-	-	(845,388)	355,367
NONOPERATING REVENUE/ (EXPENSES)					
Interest and investment	34,675	-	-	-	34,675
Loss on disposal of equipment	(2,535)	-	-	-	(2,535)
Abandonment of construction in progress	(174,788)	-	-	-	(174,788)
Net operating expenses	(142,648)	-	-	-	(142,648)
Change in Net Position	$ 1,058,107	$ -	$ -	$ (845,388)	$ 212,719

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