

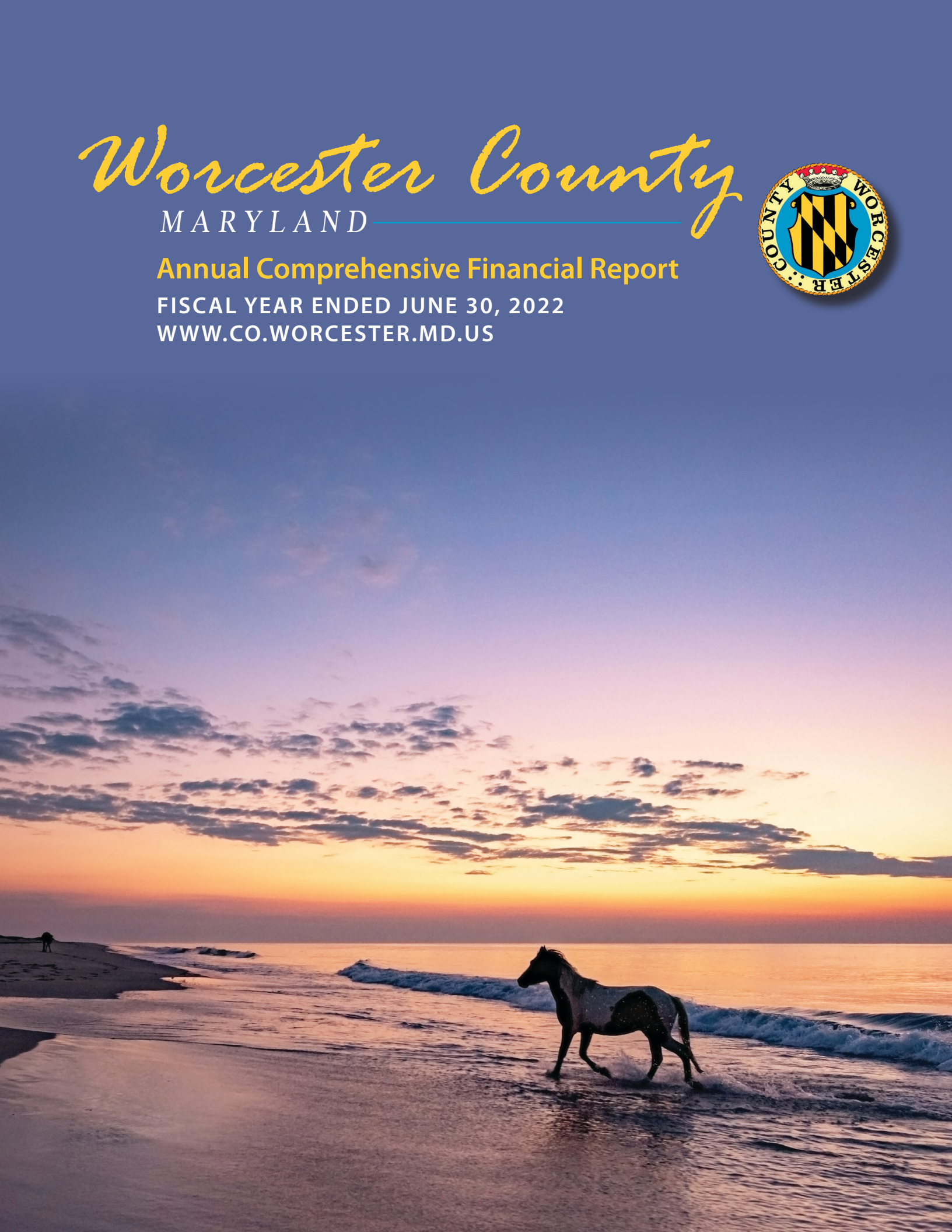
Worcester County

MARYLAND

Annual Comprehensive Financial Report

FISCAL YEAR ENDED JUNE 30, 2022

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Worcester County, Maryland

Annual Comprehensive Financial Report

For Fiscal Year Ended
June 30, 2022



Worcester County Government Center

Prepared by:

Weston Young, PE
Chief Administrative Officer

Phillip G. Thompson, CPA
Finance Officer

Jessica R. Wilson, CPA
Assistant Finance Officer

Barbara Hitch
Enterprise Fund Controller

Candace Savage, CGFM
Budget Officer

WORCESTER COUNTY, MARYLAND

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WORCESTER COUNTY, MARYLAND

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INTRODUCTORY SECTION

LETTER OF TRANSMITTAL

GFOA CERTIFICATE OF ACHIEVEMENT

ORGANIZATION CHART

LIST OF PRINCIPAL OFFICIALS AND DIRECTORS



TEL: 410-632-6666
FAX: 410-632-3003

OFFICE OF THE TREASURER

Worcester County

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

PHILLIP G. THOMPSON, CPA
FINANCE OFFICER

JESSICA R. WILSON, CPA
DEPUTY FINANCE OFFICER

December 30, 2022

To the County Commissioners and Citizens of Worcester County, Maryland:

I am pleased to submit the Annual Comprehensive Financial Report (ACFR) for Worcester County, Maryland for the fiscal year ended June 30, 2022 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 UHY, LLP 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, 2022, are free of material misstatement.

The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable

basis for rendering an unmodified opinion that Worcester County, Maryland's financial statements for the fiscal year ended June 30, 2022 are fairly presented in conformity with GAAP. The independent auditors' 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 are encompassed in the United States Office of Management and Budget's *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), which 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 2,100 to about 4,500 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, a

liquor retail operation, 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. The County's assessable base continues to improve with a positive trend expected in the near term. Salary accounts were increased in FY22 to include a 3.5% cost of living adjustment (COLA) and longevity pay for those eligible. The effects of a State-mandated escalator provision related to school funding required the County to provide additional funding for the sixth consecutive year to the Board of Education. Finally, the County continues to include capital asset purchases, including vehicles and heavy equipment, into the operating budget in order to meet the operating needs of the departments.

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 many current national trends. The ongoing Covid-19 international pandemic continues to cause uncertainty and angst for our citizens and taxpayers as well as those across the globe. The housing market has improved considerably in the County and this is reflected in the steadily improving assessable base as well as the current volume of new commercial and residential construction. 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 rate has experienced decreases over the last year which are in line with the national trends and accurately reflect a challenging labor market. The county unemployment rate decreased from 7.6% in June of 2021 to 5.7% in June of 2022 according to the Bureau of Labor Statistics. The County continues to maintain 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. County-wide Room tax revenue increased by 19.6% in the current fiscal year as we continue to return to more normal post-covid travel patterns. In addition, Food Tax increased by 25.2% in fiscal year 2022 indicating that our tourism market continues to perform well. It is important to note that all Room and Food Tax activity is collected by the County however only the amount of Room Tax collected in the unincorporated area is reflected in the General Fund. Room and Food Taxes collected by the County "on behalf" of the incorporated municipalities is recorded in the appropriate custodial fund. The County's central

location relative to the major mid-Atlantic metropolitan areas continues to make it a target destination for retirees who seek a better quality of life as well as a convenient getaway for those looking to escape the city for a long weekend. 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 multi-year 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 plans to issue debt in fiscal year 2022, for the planned addition to the Stephen Decatur Middle School and various other General Fund and Enterprise Fund projects.

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. 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 Annual Comprehensive Financial Report for the fiscal year ended June 30, 2021. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized Annual Comprehensive Financial Report. This report must satisfy both GAAP and applicable legal requirements.

A certificate of achievement is valid for a period of one year only. We believe that our current Annual Comprehensive Financial 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 Annual Comprehensive 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 blue ink, appearing to read "Phillip G. Thompson".

Phillip G. Thompson, CPA
Finance Officer



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**Worcester County
Maryland**

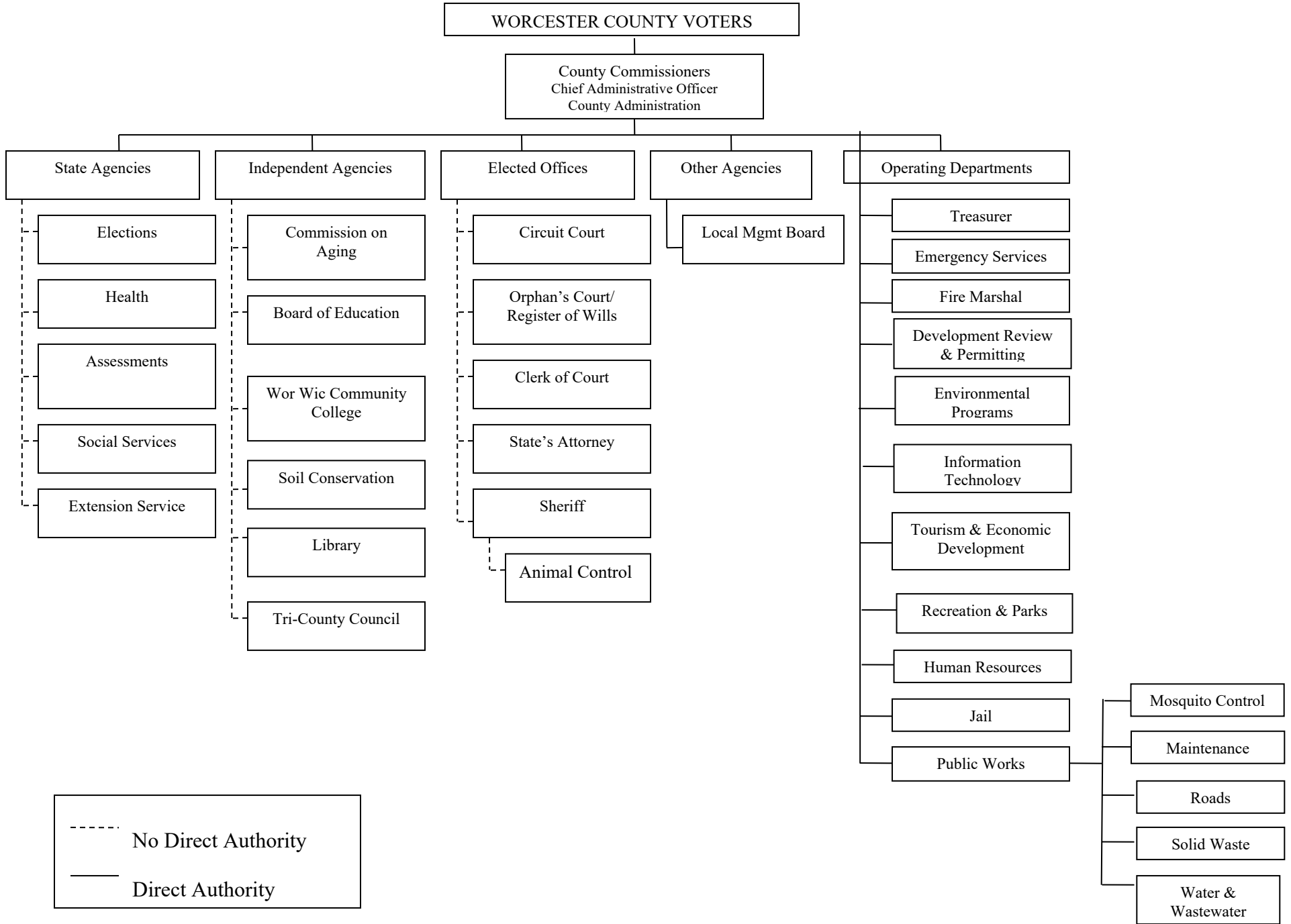
For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2021

Christopher P. Morill

Executive Director/CEO

Worcester County Organization Chart



Worcester County, Maryland
List of Principal Officials and Directors
June 30, 2022

ELECTED OFFICIALS

County Commissioners

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

Sheriff
State's Attorney

Matthew Crisafulli
Kristin Heiser

APPOINTED OFFICIALS

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

Weston Young
Joseph Parker
Roscoe R. Leslie
Jennifer Keener
Robert Mitchell
John William Birch, Jr.
Phillip G. Thompson
Matthew Owens
Stacey Norton
Brian Jones
Fulton Holland Jr.
Jennifer Ranck
Dallas Baker
Kelly Rados
Melanie Pursel

FINANCIAL SECTION

INDEPENDENT AUDITORS' REPORT

To the County Commissioners of
Worcester County, Maryland
Snow Hill, Maryland

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of Worcester County, Maryland as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Worcester County, Maryland's basic financial statements as listed in the table of contents.

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 unit, each major fund, and the aggregate remaining fund information of Worcester County, Maryland, as of June 30, 2022, and the respective changes in financial position and, where applicable, cash flows, and the respective budgetary comparison for the General Fund thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Worcester County, Maryland and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter

As discussed in Note 2 to the financial statements, during the year ended June 30, 2022, the County adopted new accounting guidance from the Government Accounting Standards Board (GASB) Statement No. 87, "Leases". Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the County's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibility for the audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Worcester County, Maryland's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Worcester County, Maryland's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

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 (pension schedules and OPEB Trust Fund information, and notes to the required supplementary information) as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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.

Supplementary 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 accompanying combining and individual nonmajor fund financial statements and other supplementary information as listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information 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. The 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 as listed in the table of contents are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 30, 2022 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Worcester County, Maryland's 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.

The logo for UHY LLP, featuring the letters 'UHY' in a large, stylized, cursive font, with 'LLP' in a smaller, simpler font to the right.

Salisbury, Maryland
December 30, 2022

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, 2022. The basic financial statements are comprised of the government-wide financial statements, fund financial statements, and notes to the financial statements. 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.

Financial Highlights for Fiscal Year 2022

The assets and deferred outflows of the County exceeded its liabilities and deferred inflows at the close of fiscal year 2022 by \$124.2 million (net position) an increase of \$28.7 million over the fiscal year 2021 net position. Approximately \$60.5 million is attributable to the County's business-type activities of solid waste and water and wastewater operations and approximately \$63.7 million is attributable to the County's governmental activities. 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 \$69.8 million at June 30, 2022. Absent the effect of this relationship, the County would have reported an unrestricted governmental activities net position of \$45.2 million on its government-wide financial statements, rather than the unrestricted net position of (\$24.6 million). Of note is the County's repayment of general government and enterprise fund bonds of \$13.2 million offset by the overall decrease in capital assets of \$7.4 million.

At the end of the current fiscal year, the County's governmental funds reported combined fund balance of \$84.7 million, an increase of \$10 million in comparison with the prior year. This increase is a combination of changes in the various fund balances.

- The general fund balance increased by \$11 million due to stronger than anticipated revenues for real estate and property taxes, income taxes, and recordation and transfer taxes. These increases were partially offset by decreases in Jail revenue and Investment Income.
- The capital projects fund balance decreased by \$2.5 million due to the planned spend-down of bond proceeds related to ongoing school projects.
- The other governmental funds increased by \$1.5 million primarily due to casino local impact grant revenue in excess of the Worcester County Technical High School debt expense in the casino fund.

Budget – Revenues

For the fiscal year 2022 real estate billing, Worcester County real property assessments increased by 1.64% over the prior year. The fiscal year 2022 budget increased by \$12.2 million from \$204.3 million to \$216.5 million. The budget increases primarily related to the \$3.3 million in net property taxes due by combining the real property tax rate of \$.845 with the assessment increases, income tax revenue estimates of \$3.5 million due to a strong labor market, other local taxes of \$3.4 million from transfer and recordation taxes due to strong real estate market, and transfers in of \$5.7 million relating to \$4.3 million prior year surplus earmarked for specific uses and a casino fund transfer of \$1.4 million for one-time public safety capital purchases. These increases were partially offset by budget decreases in charges for services of \$2.6 million due to the reduction in jail use fees for holding a reduced number of Immigration and Customs Enforcement (ICE) detainees and state grants of \$0.9 million primarily due to state aid for bridges.

Budget – Expenditures

The fiscal year 2022 operating budget increase from the prior year includes increases in budget expenditures to most departments and agencies primarily due to needed capital and equipment purchases and 3.5% cost of living adjustment (COLA) salary increase for eligible County employees. The other post-employment benefit (OPEB) general fund transfer was funded at \$11.1 million in total, an increase of \$2.7 million from the prior year. The Board of Education operating budget was increased by \$2.4 million above the fiscal year 2021 in accordance with the state of Maryland required Maintenance of Effort (MOE) funding requirement. Debt service decreased by \$247,737 over the prior year due to the payoff of a 2004 MDE loan for a total debt budget of \$13.6 million.

General fund actual results during fiscal year 2022 included an increase in fund balance totaling \$11 million. Property taxes exceeded budget by \$0.9 million due to steadily improving real estate market and other local taxes increased by \$9.5 million due to the related transfer and recordation taxes attributable to the increased deed activity. In addition, a stronger than anticipated labor market resulted in income tax revenue exceeding budget by \$7.4 million. Payments for jail use were \$1.1 million less than budget due to fewer federal inmates because of the pandemic and related federal actions. The planned transfer of \$4.3 million from prior years surplus in the FY22 budget was not needed and therefore not transferred. A planned transfer from the casino fund were under budget by \$0.9 million due to public safety vehicles delivery delays during the pandemic.

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, deferred outflows, liabilities, and deferred inflows, with the difference 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 interest on long-term debt.
 - The *business-type activities* of the County include solid waste and water and sewer utility operations.

The government-wide financial statements include not only the County itself (the primary government), but also includes the Worcester County Board of Education 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 28 – 31 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 32 – 36 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 and water and sewer. 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 38 – 42 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 statements 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 43 – 44 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 46 – 98 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 99 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. 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 \$144,538,139 at June 30, 2022. 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, the resources needed to repay this debt must be provided from other sources, since the capital assets cannot be used to liquidate these liabilities.

**Worcester County, Maryland
Net Position**

	Governmental Activities		Business-Type Activities		Total	
	2022	2021	2022	2021	2022	2021
Assets:						
Current and other assets	\$ 125,093,356	\$ 92,893,409	\$ 40,570,622	\$ 39,014,154	\$ 165,663,978	\$ 131,907,563
Capital assets	94,839,023	98,192,815	80,833,622	84,082,042	175,672,645	182,274,857
Total assets:	<u>219,932,379</u>	<u>191,086,224</u>	<u>121,404,244</u>	<u>123,096,196</u>	<u>341,336,623</u>	<u>314,182,420</u>
Deferred outflows						
of resources	<u>21,907,912</u>	<u>7,456,777</u>	<u>-</u>	<u>-</u>	<u>21,907,912</u>	<u>7,456,777</u>
Liabilities:						
Current and other liabilities	37,043,231	27,266,429	21,331,197	21,248,370	58,374,428	48,514,799
Long-term liabilities	93,242,735	123,308,090	39,535,920	41,822,899	132,778,655	165,130,989
Total liabilities:	<u>130,285,966</u>	<u>150,574,519</u>	<u>60,867,117</u>	<u>63,071,269</u>	<u>191,153,083</u>	<u>213,645,788</u>
Deferred inflows						
of resources	<u>47,893,501</u>	<u>12,449,948</u>	<u>-</u>	<u>-</u>	<u>47,893,501</u>	<u>12,449,948</u>
Net position:						
Net investment in capital assets	88,217,453	90,993,442	56,320,686	57,958,906	144,538,139	148,952,348
Unrestricted	(24,556,629)	(55,474,908)	4,216,441	2,066,021	(20,340,188)	(53,408,887)
Total net position:	<u>\$ 63,660,824</u>	<u>\$ 35,518,534</u>	<u>\$ 60,537,127</u>	<u>\$ 60,024,927</u>	<u>\$ 124,197,951</u>	<u>\$ 95,543,461</u>

Change in net position over a period of time can be used as an indicator of the financial health of the County. 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

	Governmental Activities		Business-Type Activities		Total	
	2022	2021	2022	2021	2022	2021
Revenues:						
Program revenues:						
Charges for services	\$ 5,037,687	\$ 5,093,748	\$ 21,662,419	\$ 23,117,926	\$ 26,700,106	\$ 28,211,674
Operating grants and contributions	18,756,330	24,502,238	30,000	30,000	18,786,330	24,532,238
Capital grants and contributions	2,447,679	5,756,212	-	-	2,447,679	5,756,212
General revenues:						
Real and personal property taxes	148,807,036	147,020,697	-	-	148,807,036	147,020,697
Income taxes	37,351,910	35,824,894	-	-	37,351,910	35,824,894
Other local taxes	26,282,481	22,010,948	-	-	26,282,481	22,010,948
Interest income	123,832	114,302	19,126	18,043	142,958	132,345
Other income	696,174	1,951,066	-	254,337	696,174	2,205,403
Total revenues:	239,503,129	242,274,105	21,711,545	23,420,306	261,214,674	265,694,411
Expenses:						
General government	22,858,631	27,023,761	-	-	22,858,631	27,023,761
Public safety	42,244,797	39,295,951	-	-	42,244,797	39,295,951
Public works	10,016,308	9,629,488	-	-	10,016,308	9,629,488
Health and hospitals	6,457,426	6,640,734	-	-	6,457,426	6,640,734
Social services	5,124,740	2,903,950	-	-	5,124,740	2,903,950
Education	111,152,755	109,762,529	-	-	111,152,755	109,762,529
Libraries, recreation and culture	8,626,343	8,903,755	-	-	8,626,343	8,903,755
Conservation of natural resources	759,553	748,500	-	-	759,553	748,500
Economic development	2,014,967	13,069,061	-	-	2,014,967	13,069,061
Interest charges	2,105,319	2,555,254	-	-	2,105,319	2,555,254
Landfill	-	-	4,304,282	7,083,647	4,304,282	7,083,647
Water and wastewater	-	-	16,895,063	16,142,579	16,895,063	16,142,579
Liquor Control	-	-	-	636,072	-	636,072
Total expenses:	211,360,839	220,532,983	21,199,345	23,862,298	232,560,184	244,395,281
Increase (decrease) in net position	28,142,290	21,741,122	512,200	(441,992)	28,654,490	21,299,130
Transfer	-	(449,411)	-	449,411	-	-
	28,142,290	21,291,711	512,200	7,419	28,654,490	21,299,130
Net position, beginning	35,518,534	14,226,823	60,024,927	60,017,508	95,543,461	74,244,331
Net position, ending	\$ 63,660,824	\$ 35,518,534	\$ 60,537,127	\$ 60,024,927	\$ 124,197,951	\$ 95,543,461

Governmental Activities:

Governmental activities increased the County's net position by \$28.1 million. Key elements of the increase in the net position of governmental activities are as follows:

Revenues decreased by \$2.8 million as compared to fiscal year 2021 as a result of a combination of increases and decreases:

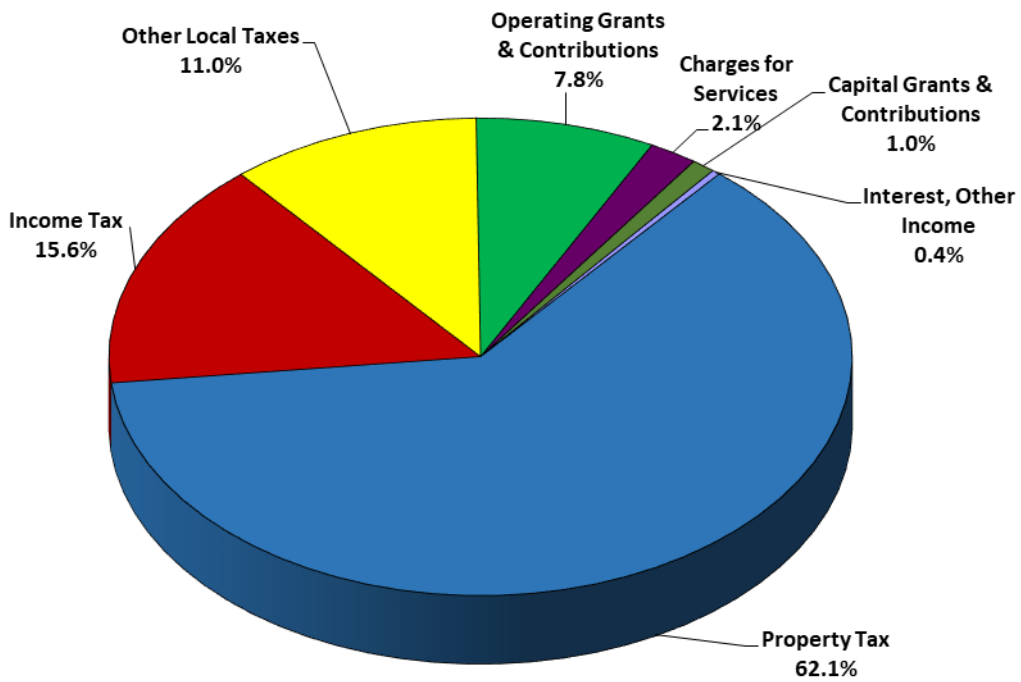
- Operating grants and contributions decreased by \$5.7 million primarily due to not receiving the \$5 million in CARES Act Reimbursement or the \$9.4 million in State of Maryland Department of Commerce grants for the loss of revenues of hotels and restaurants as a result of the pandemic. These reductions were partially offset by receiving an additional \$4.1 million in ARPA funds for the ERAP, \$0.7 million 911 ENSB operating grant, and \$3.3 million of intergovernmental revenue for the other governmental funds.
- Capital grants and contributions decreased by \$3.3 million primarily due to not receiving the \$1 million in state aid for bayside bridge replacement, \$1 million 911 ENSB capital grant, and \$0.6 million in for state road grants.
- Real and Personal Property taxes increased by \$1.8 million due to the increase in assessments as the real estate market continued to improve.
- Income taxes increased by \$1.5 million due to a strong labor market during the COVID-19 pandemic.
- Other local taxes increased by \$4.3 million primarily due to the \$1.3 million increase in transfer tax, \$2.1 million increase in recordation tax, and \$0.5 million in room tax and admin fees.
- Other income decreased by \$1.3 million primarily due to the actual health care insurance costs totaling more than amount paid therefore the County did not receive a savings rebate in the current year.

Expenses decreased by \$9.2 million as compared to fiscal year 2021 primarily a result of a combination of increases and decreases:

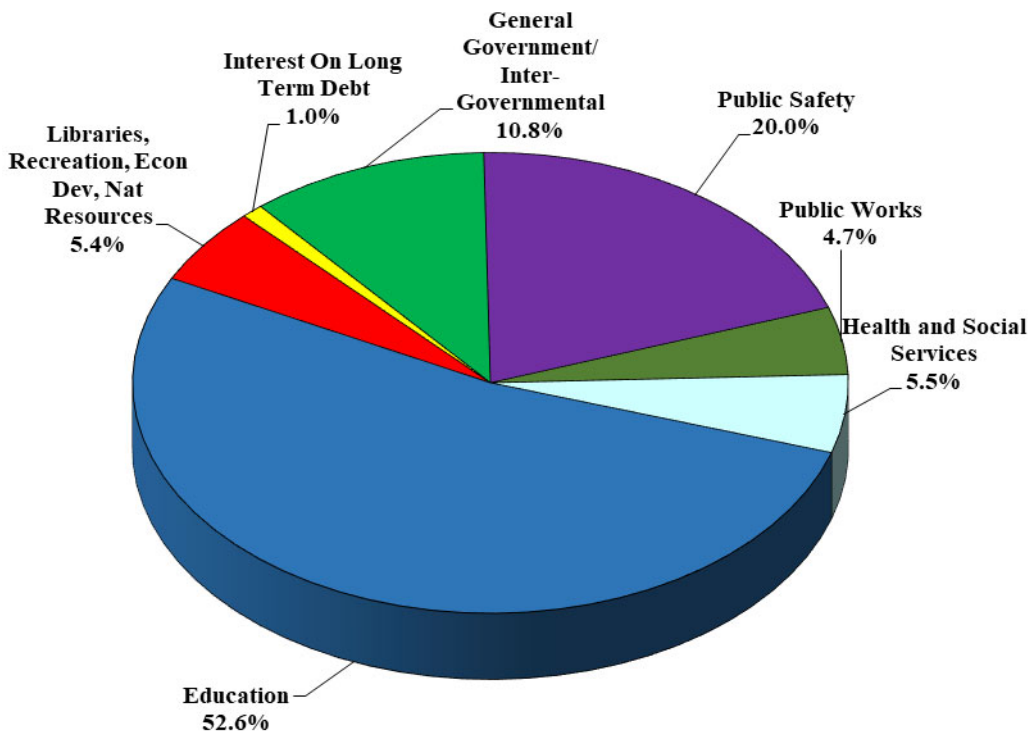
- Within the capital projects activity, decrease of \$4.8 million which primarily related to Board of Education spending less on capital expenditures than in the prior year. This decrease in expenditures is included in the education expenses since they are not capitalized on the County's statement of net position.
- Within the other governmental funds activity, increase of \$2.4 million in social service expenditures incurred by the Department of Social Services and the Local Management Board.
- An overall decrease of \$5.8 million relating to a change in pension and other post employment benefits (OPEB) expenditures in the current year.

Fiscal year 2022 revenues and expenses are summarized in the following charts for governmental activities.

Revenues by Source- Governmental Activities For the Year Ended June 30, 2022



Expenses- Governmental Activities For the Year Ended June 30, 2022



Business-type Activities Net Position:

<u>Enterprise Fund Statements</u>	<u>June 30, 2022</u>	<u>June 30, 2021</u>	<u>Change in Net Position</u>
Water and Wastewater Services	\$ 61,085,164	\$ 60,913,355	\$ 171,809
Solid Waste	(548,037)	(888,428)	340,391
Total	<u>\$ 60,537,127</u>	<u>\$ 60,024,927</u>	<u>\$ 512,200</u>

Water and Wastewater

Revenues

- Revenues decreased to \$17 million in fiscal year 2022 from \$17.2 million in fiscal year 2021 primarily due to receiving less grant revenue for service area projects partially offset by an increase in sales of water and wastewater equivalent dwelling units.

Expenses

- Operating expenses increased to \$12.7 million in fiscal year 2022 from \$12.1 million in fiscal year 2021 mainly due to an increase in maintenance and services needed for the Riddle Farm service area.
- Depreciation expense increased to \$3.7 million in fiscal year 2022 from \$3.5 million in fiscal year 2021 due to more capital asset additions in fiscal year 2021 which were depreciated for a full year in fiscal year 2022.

Solid Waste

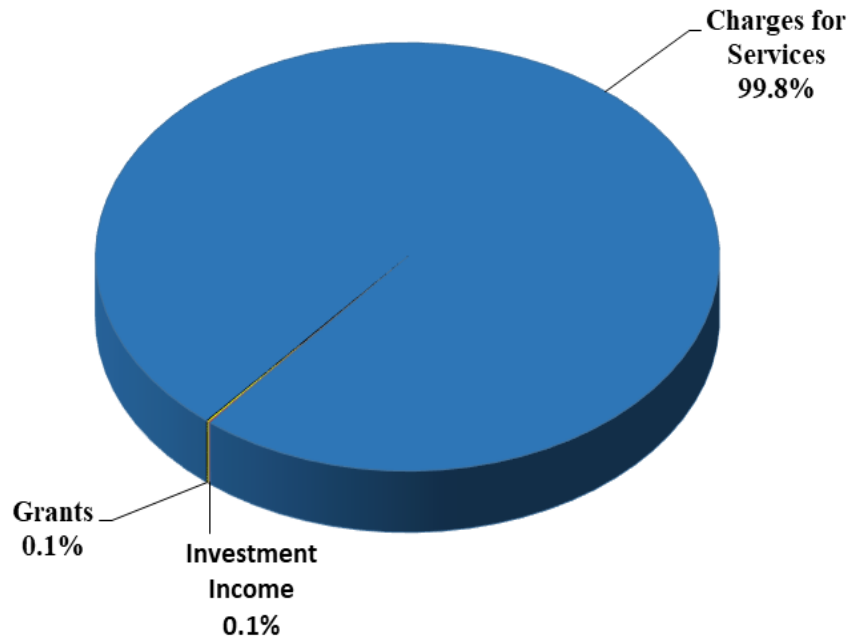
Revenues

- Tipping fee revenue decreased to \$4.2 million in fiscal year 2022 from \$4.7 million in fiscal year 2021 due to a decreased volume of trash being brought to the central landfill from commercial businesses.

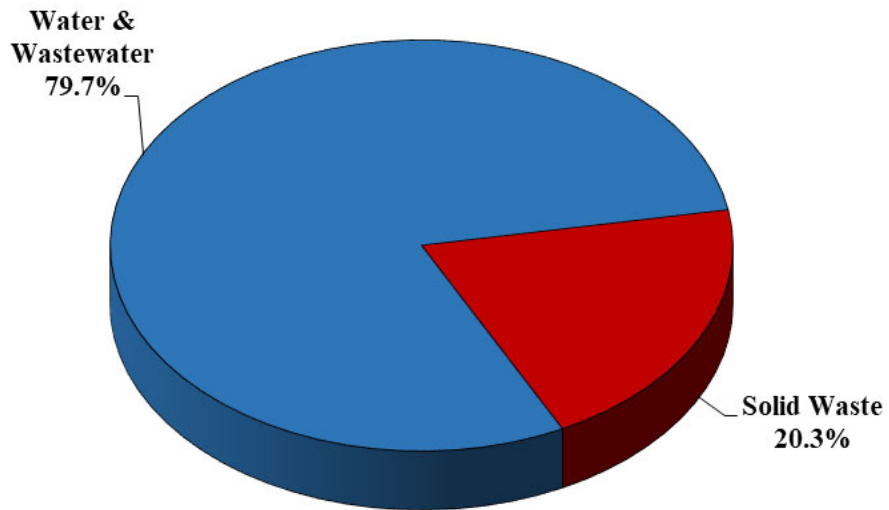
Expenses

- Operating expenses decreased to \$2.2 million in fiscal year 2022 from \$4.9 million in fiscal year 2021 due to the significant decrease in material costs relating to the estimated landfill closure and post-closure costs.
- Depreciation expense remained stable in fiscal years 2022 and 2021 at \$1.9 million.

**Revenues by Source- Business-Type Activities
For the Year Ended June 30, 2022**



**Expenses- Business-Type Activities
For the Year Ended June 30, 2022**



Financial Analysis on Governmental Fund Financial Statements

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, 2022 and 2021:

Governmental Activities - Fund Statements	June 30, 2022	June 30, 2021	Net Change in Fund Balance
General Fund	\$ 82,368,412	\$ 71,330,703	\$ 11,037,709
Capital Projects Fund	(1,547,922)	978,115	(2,526,037)
Debt Service Fund	-	-	-
Other Governmental Funds	3,938,275	2,410,459	1,527,816
Total	\$ 84,758,765	\$ 74,719,277	\$ 10,039,488

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 \$82,368,412. This fund balance includes non-spendable items totaling \$52,122 fund balance. In accordance with GASB Statement No. 54, the unassigned general fund amount includes the County reserve of \$25,981,106, 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% of total general fund expenditures, while total fund balance represents 40.1% 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 \$2,526,037 during the current fiscal year. This is mainly due to the spend-down of bond proceeds for the replacement of the ongoing school 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 this fund remains at \$0.

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 increased by \$1,527,816 from fiscal year 2021. The Energy Service Fund decreased by \$20,833. The Department of Social Services Fund increased by \$1,393,732. The Local Management Board decreased by \$374,235. The Casino Fund, which was created to account for the County’s portion of proceeds from the Ocean Downs Casino facility, reflects a \$529,152 increase in fund balance in fiscal year.

Further details of these activities is on pages 130 – 131.

General Fund Budgetary Highlights

General fund differences between the final budget and the final actual results for the County increased \$11 million. Revenues received were \$23 million more than the final budgeted estimates and expenditures and other financing uses were \$12 million more than final budgeted estimates. The major variances between the budgeted amounts and actual are summarized as follows:

Revenues were \$23 million more than original estimates, a 11% variance.

- Net property tax revenues were more than budget by \$0.9 million or .6% due to a steadily increasing assessable base in the Real Property revenues relating to a strong real estate market and the reassessments of properties. Property taxes comprised 64.6% of all County revenues in 2022 and 62% when compared to 2021.
- Income taxes ended the fiscal year with a surplus of \$7.4 million, or 24.5% over budget estimates due to a stronger than anticipated labor market during the pandemic and thereafter.
- Other local taxes increased \$9.5 million or 56.3% over estimated budgeted revenues. This category includes admission and amusement taxes, food and room tax administration, room tax for unincorporated entities, recordation and transfer tax. Transfer tax exceeded budget by \$3.5 million and recordation tax exceeded budget by \$5.4 million or 58.8% over budget combined due to a robust real estate market and the related recording activity.
- Intergovernmental federal and state grants were \$5.4 million or 75.4% over budgeted revenues. The increase is primarily due to \$4.3 million in American Rescue Plan Act (ARPA) for reimbursements requested for the fiscal year and \$1.1 million in 911 ENSB grant.
- Charges for Services decreased by \$0.9 million or 28.9% under budgeted revenues. Jail use fees accounted for the the shortfall primarily due to the reduced number of Immigration and Customs Enforcement (ICE) detainees which was directly related to the COVID-19 Pandemic and Federal orders.
- Licenses and Permits were \$0.2 million or 9.8% over budgeted revenues. Liquor licenses and health permits contributed to over half of this increase as restaurants and businesses resumed normal operations following the pandemic. The remaining increase related to additional plumbing permits and sediment erosion control permits being pulled as the real estate market has remained strong.

Expenditures and other financing uses were \$12 million, or 5.7% higher compared to the budget.

- General government actual was over budget by \$4.3 million. This related to the disbursement of ARPA grant funds for the Emergency Rental Assistance Program (ERAP) to eligible taxpayers.
- Public Safety actual was under budget by \$2.6 million. Due to staffing issues, extended lead time on capital equipment partially offset by Emergency Services Grant Programs.
- Public Works actual was under budget by \$0.5 million. Due to staffing issues and extended lead time on capital equipment.
- Education expenditures were over budget by \$2.5 million. This was due to the primarily due to the additional Board of Education Other Post Employment Benefit contributions.
- Library, recreation and parks actual was under budget by \$0.7 million. The pandemic contributed to fewer recreation programs and extended lead time on capital equipment.
- Intergovernmental actual was under budget by \$0.4 million due to the Towns' share of county income tax being lower than anticipated.
- Other financing uses was over budget by \$9.5 million which was comprised of the following transfers: Net transfer of \$4.3 million to the capital projects fund to cover pay-as-you-go expenses not included in the fiscal year budget, transfer of \$4.3 million from the fiscal year 2021 surplus was budgeted but not used due to a large surplus in fiscal year 2022, and transfer from the casino fund was under budget by \$0.9 million due to public safety vehicles being ordered in fiscal year 2022 but not received until fiscal year 2023.

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, 2022 amounts to \$175,672,645 (net of accumulated depreciation). The total decrease in the County’s investment in capital assets for the current year was 3.6%. The capital assets include land, buildings, water and sewer infrastructure, improvements, machinery and equipment, park facilities, roads, highways, and bridges.

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

	Governmental Activities		Business-Type Activities		Total	
	2022	2021	2022	2021	2022	2021
Land and improvements	\$ 15,631,638	\$ 15,631,638	\$ 1,341,872	\$ 1,341,872	\$ 16,973,510	\$ 16,973,510
Building and building improvements	58,176,128	60,770,061	93,456	104,195	58,269,584	60,874,256
Improvements other than buildings	6,118,933	6,382,813	10,570,278	11,975,849	16,689,211	18,358,662
Machinery and equipment	6,082,118	7,750,881	3,727,510	3,866,779	9,809,628	11,617,660
Water and sewer systems	-	-	64,697,600	65,445,186	64,697,600	65,445,186
Infrastructure	5,754,905	5,461,397	-	-	5,754,905	5,461,397
Construction-in-progress	3,075,301	2,196,025	402,906	1,348,161	3,478,207	3,544,186
Total:	<u>\$ 94,839,023</u>	<u>\$ 98,192,815</u>	<u>\$ 80,833,622</u>	<u>\$ 84,082,042</u>	<u>\$ 175,672,645</u>	<u>\$ 182,274,857</u>

Major capital asset events during the current fiscal year included the following:

Enterprise Funds

- In February 2021, the County contracted with Harkins Contracting Inc. of Salisbury, MD to construct the new Operations Center at the Ocean Pines Wastewater Treatment Plant. The total project cost of \$1,073,090 was funded through bond proceeds and will be repaid through quarterly debt service. The project was completed in June 2022.



- In fiscal year 2022, the County made upgrades to the West Ocean City service area wastewater pump stations two - five. The total project cost of \$329,218 was funded through West Ocean City service area reserves. The project was completed in June 2022.

General government

- The County continued phase 2 of the Jail Improvements for the inmate housing unit facilities which is a 40 year old building. Improvements on heating, ventilation, and air conditioning equipment will be done to meet current standards and mitigate future disruptions due to equipment failure. The project is estimated to cost \$12 million and will be funded through bond proceeds with a completion goal of 2024. Project costs of \$414,503 were incurred in fiscal year 2022.



- The County contributed \$5,121,486 for the following education projects:
 - \$2,196,188 for the WorWic Applied Technology building
 - \$1,335,888 for Pocomoke Middle School roof replacement
 - \$923,666 for the Stephen Decatur Middle School addition
 - \$183,193 for chiller improvements at Stephen Decatur High School
 - \$98,778 for bleachers at Stephen Decatur High School
 - \$85,155 for fire alarm upgrades to various schools
 - \$83,988 for fuel tank replacements at various schools
 - \$74,673 for playground upgrades at various schools
 - \$57,700 for HVAC gas lines for Pocomoke Middle School
 - \$55,022 for the construction of a new Showell Elementary School to replace the existing school (2019 Bond)
 - \$17,955 for Board of Education Central Office building improvements
 - \$9,280 for carpet replacement for Pocomoke Elementary School

Additional information on Worcester County’s capital assets can be found in note 5 on pages 60 – 61 of this report.

Long-term debt: At the end of the current fiscal year, Worcester County had total bonded long-term debt of \$103,169,372. The total debt is backed by the full faith and credit of Worcester County. Business-type activities are directly responsible for \$22,942,583 of the total debt. School-related debt totals \$69,839,144 at June 30, 2022 and is included in the governmental activities.

Worcester County, Maryland
Outstanding Debt/General Obligation Bonds

	Governmental Activities		Business-Type Activities		Total	
	2022	2021	2022	2021	2022	2021
General Bonded Debt	\$ 80,226,789	\$ 91,812,643	\$ 22,942,583	\$ 24,569,533	\$ 103,169,372	\$ 116,382,176

The County’s total bonded debt decreased by \$13,212,807 during the current fiscal year due to planned repayments of debt. Worcester County maintains an “AA” rating with Fitch, an “Aa2” rating with Moody’s, and an “AA+” rating with Standard and Poor’s for general obligation debt.

Additional information on the County’s long-term debt can be found in note 6 on pages 62 – 68 of this report.

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

Fiscal Year 2023 Budget

The approved fiscal year 2023 operating budget totals \$226,916,778 and is supported by the real property tax rate of \$.845 per \$100 of assessed value and the personal property tax rate of \$2.1125 per \$100. Fiscal year 2023 represents the seventh consecutive year of increasing real property assessments in the County. The local income tax rate remains stable at 2.25%. The fiscal year 2023 budget was developed to continue to proactively address one-time capital and operating expenses that have been previously reduced due to prior years' budget constraints. Budget decisions were based upon current and historical data.

Revenues

In fiscal year 2023, the operating budget increased \$10.4 million or 4.8% more than fiscal year 2022. The real property tax rate of \$0.845 combined with assessment increases will increase net property taxes by \$4.1 million. Income tax revenue estimates increased by \$8 million based on prior year actuals and current estimates for net taxable income. The uncertainty of COVID-19 has yielded a few positives for the County including the desire of many travelers to get away from urban areas combined with the allure of being a "drive to" beach destination for many Mid-Atlantic residents. Other local taxes increased \$0.3 million due to an increase in room tax collections in unincorporated areas. State shared revenue increased \$0.1 million due to an increase estimate in User Highway Revenue. Charges for Services decreased by \$1.4 million with a decrease of \$1.5 million as the most significant change due to the reduction in Jail use fees for holding a reduced number of ICE detainees. Interest Income decreased by \$0.1 million based upon projected market rates of return. Other Revenues increased by \$0.2 million due to expected sales of assets and increase in rent revenue. The transfers in are expected to decrease by \$.9 million due to prior year surplus decreasing by \$0.3 million and \$0.6 million reduction in debt service for the Worcester Career and Technical High School in fiscal year 2023. The County will continue to utilize casino/local impact grant and table game funds for the debt payment.

Expenditures

The fiscal year 2023 operating budget increase from the prior year includes increases in budget expenditures to most departments and agencies primarily due to needed capital and equipment purchases and salary increases for County employees. Competitive bidding for medical and pharmacy renewals in the annual plan resulted in a 0.3% reduction with an enhancement to change Medicare eligible retirees over 65 to the Carefirst Medicare Advantage PPO plan which became effective January 1, 2022. The plan changes are anticipated to generate a significant one-time decrease to our OPEB trust(s) liability. Debt service decreased by \$1.1 million over the prior year due to the payoff of the 2013 OCES CPI Refunding for a total debt budget of \$12.5 million. The other post-employment benefit (OPEB) general fund transfer will be funded at \$12.4 million in total, an increase of \$1.3 million from the prior year. The Board of Education operating budget was increased by \$4 million above the fiscal year 2022 funding level and in compliance with the required Maintenance of Effort (MOE) funding requirement. The State of Maryland requires local governments to spend as much on school operating budgets on a per-pupil base as they did the year before; thus, the MOE threshold. In fiscal year 2023 the required MOE level increased by \$775,363 to meet the MOE escalator provision which took effect in fiscal year 2015. In fiscal year 2023 FTE enrollment was based on September 20, 2019 to comply with State House Bill 1372 which was enacted to cover student decreases which may have occurred due to COVID-19 pandemic. The additional budget increase covered school salary account increases.

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
June 30, 2022

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	The Worcester County Board of Education
ASSETS				
Cash and short-term investments	\$ 95,377,276	\$ 20,255,498	\$ 115,632,774	\$ 12,427,339
Receivables:				
Taxes	2,794,172	-	2,794,172	-
Federal, state, and local governments	10,551,613	-	10,551,613	4,449,411
Other	2,048,892	5,325,121	7,374,013	114,420
Internal balances	837,383	(837,383)	-	-
Prepaid items	52,122	-	52,122	-
Prepaid OPEB	13,346,051	-	13,346,051	-
Other assets	85,847	15,827,386	15,913,233	-
Nondepreciable capital assets	18,706,939	1,744,778	20,451,717	3,246,058
Depreciable capital assets, net	76,132,084	79,088,844	155,220,928	202,655,987
Total assets	219,932,379	121,404,244	341,336,623	222,893,215
DEFERRED OUTFLOWS OF RESOURCES				
Pensions (see Note 7)	10,792,113	-	10,792,113	1,925,437
Other post employment benefits (see Note 8)	11,115,799	-	11,115,799	62,503,936
Total deferred outflows of resources	21,907,912	-	21,907,912	64,429,373
LIABILITIES				
Accounts payable and accrued liabilities	12,343,361	1,323,243	13,666,604	7,322,399
Unearned revenue	11,754,534	-	11,754,534	3,173,488
Due to fiduciary funds	109	-	109	-
Long-term liabilities:				
Compensated absences due within one year	901,300	168,536	1,069,836	48,794
Compensated absences due in more than one year	1,101,677	205,989	1,307,666	812,928
Long-term debt due within one year	12,043,927	19,839,418	31,883,345	1,941,556
Long-term debt due in more than one year	68,572,213	22,523,384	91,095,597	4,840,060
Unearned revenue	-	16,806,547	16,806,547	-
Net pension liability due in more than one year (see Note 7)	23,568,845	-	23,568,845	4,248,653
Other post employment benefits due in more than one year (see Note 8)	-	-	-	151,162,006
Total liabilities	130,285,966	60,867,117	191,153,083	173,549,884
DEFERRED INFLOWS OF RESOURCES				
Pensions (see Note 7)	13,075,029	-	13,075,029	2,356,982
Other post employment benefits (see Note 8)	34,818,472	-	34,818,472	282,158,417
Total deferred inflows of resources	47,893,501	-	47,893,501	284,515,399
NET POSITION				
Net investment in capital assets	88,217,453	56,320,686	144,538,139	199,120,429
Restricted for:				
Capital projects	-	-	-	53,493
Food service activities	-	-	-	1,209,950
Other purposes (school activity funds)	-	-	-	1,539,920
Unrestricted (deficit)	(24,556,629)	4,216,441	(20,340,188)	(372,666,487)
Total net position	\$ 63,660,824	\$ 60,537,127	\$ 124,197,951	\$ (170,742,695)



WORCESTER COUNTY, MARYLAND
STATEMENT OF ACTIVITIES
Year Ended June 30, 2022

Function/Program	Expenses	Program Revenues		
		Charges for Services	Operating Grants, Contributions and Interest	Capital Grants, Contributions and Interest
Governmental activities:				
Current:				
General government	\$ 22,858,631	\$ 2,512,294	\$ 13,160,672	\$ -
Public safety	42,244,797	908,054	2,989,686	-
Public works	10,016,308	626,029	1,238,423	-
Health and hospitals	6,457,426	471,158	126,975	-
Social services	5,124,740	-	54,712	15,778
Education	111,152,755	-	-	-
Libraries, recreation and culture	8,626,343	491,679	1,002,025	1,050,178
Conservation of natural resources	759,553	-	20,223	1,122,230
Economic development	2,014,967	28,473	163,614	259,493
Interest on long-term debt	2,105,319	-	-	-
Total governmental activities	211,360,839	5,037,687	18,756,330	2,447,679
Business-type activities:				
Department of Solid Waste	4,304,282	4,635,291	-	-
Department of Water and Wastewater	16,895,063	17,027,128	30,000	-
Total business-type activities	21,199,345	21,662,419	30,000	-
Total primary government	232,560,184	26,700,106	18,786,330	2,447,679
Component units:				
The Worcester County Board of Education	142,604,084	2,455,180	150,865,591	6,643,601
Total component units	142,604,084	2,455,180	150,865,591	6,643,601

General revenues:

Taxes:

- Real and personal property
- Income
- Room tax & admin fees
- Admission and amusement
- Recordation
- Trailer park excise tax
- Transfer tax
- Food tax admin fees

Interest

Other

Total general revenues

Transfers

Total change in net position

Net position, beginning of year, as restated (see Note 16)

Net position, end of year

Net (Expense) Revenue and Changes in Net Position

Primary Government			Component Unit	
Governmental Activities	Business-Type Activities	Total	The Worcester County Board of Education	
\$ (7,185,665)	\$ -	\$ (7,185,665)	\$ -	-
(38,347,057)	-	(38,347,057)	-	-
(8,151,856)	-	(8,151,856)	-	-
(5,859,293)	-	(5,859,293)	-	-
(5,054,250)	-	(5,054,250)	-	-
(111,152,755)	-	(111,152,755)	-	-
(6,082,461)	-	(6,082,461)	-	-
382,900	-	382,900	-	-
(1,563,387)	-	(1,563,387)	-	-
(2,105,319)	-	(2,105,319)	-	-
(185,119,143)	-	(185,119,143)	-	-
-	331,009	331,009	-	-
-	162,065	162,065	-	-
-	493,074	493,074	-	-
(185,119,143)	493,074	(184,626,069)	-	-
-	-	-	17,360,288	-
-	-	-	17,360,288	-
148,807,036	-	148,807,036	-	-
37,351,910	-	37,351,910	-	-
1,583,548	-	1,583,548	-	-
799,070	-	799,070	-	-
14,354,002	-	14,354,002	-	-
-	-	-	-	-
9,462,305	-	9,462,305	-	-
83,556	-	83,556	-	-
123,832	19,126	142,958	1,118	-
696,174	-	696,174	126,951	-
213,261,433	19,126	213,280,559	128,069	-
-	-	-	-	-
28,142,290	512,200	28,654,490	17,488,357	-
35,518,534	60,024,927	95,543,461	(188,231,052)	-
\$ 63,660,824	\$ 60,537,127	\$ 124,197,951	\$ (170,742,695)	-

WORCESTER COUNTY, MARYLAND

**BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2022**

	<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	\$ 89,983,813	\$ 1,875,643	\$ -	\$ 3,517,820	\$ 95,377,276
Receivables:					
Taxes	2,794,172	-	-	-	2,794,172
Federal, state, and local governments	10,551,613	-	-	-	10,551,613
Other	2,048,892	-	-	-	2,048,892
Due from other funds	2,908,693	-	-	617,191	3,525,884
Prepaid items	52,122	-	-	-	52,122
Other assets	85,847	-	-	-	85,847
Total assets	\$108,425,152	\$ 1,875,643	\$ -	\$ 4,135,011	\$114,435,806
LIABILITIES					
Accounts payable and accrued liabilities	\$ 8,653,748	\$ 1,546,320	\$ -	\$ 196,736	\$ 10,396,804
Due to other funds	811,365	1,877,245	-	-	2,688,610
Unearned revenue	11,754,534	-	-	-	11,754,534
Other	2,847,857	-	-	-	2,847,857
Total liabilities	24,067,504	3,423,565	-	196,736	27,687,805
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue - property taxes	1,989,236	-	-	-	1,989,236
FUND BALANCES					
Nonspendable	52,122	-	-	-	52,122
Assigned	41,058,171	-	-	3,938,275	44,996,446
Unassigned	41,258,119	(1,547,922)	-	-	39,710,197
Total fund balances	82,368,412	(1,547,922)	-	3,938,275	84,758,765
Total liabilities, deferred inflows of resources, and fund balances	\$108,425,152	\$ 1,875,643	\$ -	\$ 4,135,011	\$114,435,806

WORCESTER COUNTY, MARYLAND
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
June 30, 2022

Total fund balances, governmental funds	\$ 84,758,765
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets used in governmental activities are not financial resources and are, therefore, not reported in the fund financial statements, but are reported in the governmental activities of the Statement of Net Position.	94,839,023
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.	1,989,236
Deferred outflows of resources - pensions (see Note 7)	10,792,113
Deferred outflows of resources - OPEB (see Note 8)	11,115,799
Deferred inflows of resources - pensions (see Note 7)	(13,075,029)
Deferred inflows of resources - OPEB (see Note 8)	(34,818,472)
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	(80,616,140)
Compensated absences	(1,101,677)
Net pension liability (see Note 7)	(23,568,845)
Other post employment benefits (see Note 8)	13,346,051
Total long-term liabilities	<u>(91,940,611)</u>
Net position of governmental activities in the Statement of Net Position	<u>\$ 63,660,824</u>

WORCESTER COUNTY, MARYLAND
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
Year Ended June 30, 2022

	<u>General</u>	<u>Capital Projects</u>	<u>Debt Service</u>	<u>Other Governmental Funds</u>	<u>Total</u>
REVENUES:					
Taxes and special assessments	\$ 212,962,292	\$ -	\$ -	\$ -	\$ 212,962,292
Licenses and permits	2,666,571	-	-	-	2,666,571
Intergovernmental	12,565,287	1,122,230	-	7,576,316	21,263,833
Service charges and fees	2,098,649	-	-	-	2,098,649
Miscellaneous	1,028,244	2,267	-	2,138	1,032,649
Total revenues	231,321,043	1,124,497	-	7,578,454	240,023,994
EXPENDITURES:					
Current:					
General government	24,169,522	-	-	-	24,169,522
Public safety	38,866,745	-	-	-	38,866,745
Public works	8,889,497	-	-	-	8,889,497
Health and hospitals	5,972,969	-	-	-	5,972,969
Social services	2,076,544	-	-	3,048,196	5,124,740
Education	106,031,269	5,121,486	-	-	111,152,755
Libraries, recreation, parks and culture	7,983,080	-	-	-	7,983,080
Conservation of natural resources	738,720	-	-	20,833	759,553
Economic development	1,962,191	-	-	-	1,962,191
Distributions to incorporated municipalities	8,564,267	-	-	-	8,564,267
Capital projects	-	2,848,014	-	-	2,848,014
Debt service:					
Principal retirement	-	-	10,414,499	-	10,414,499
Interest and other charges	-	-	3,276,674	-	3,276,674
Total expenditures	205,254,804	7,969,500	13,691,173	3,069,029	229,984,506
Excess (deficiency) of revenues over expenditures	26,066,239	(6,845,003)	(13,691,173)	4,509,425	10,039,488
OTHER FINANCING SOURCES (USES):					
Transfers in	4,858,854	6,196,211	13,691,173	-	24,746,238
Transfers out	(19,887,384)	(1,877,245)	-	(2,981,609)	(24,746,238)
Total other financing sources (uses)	(15,028,530)	4,318,966	13,691,173	(2,981,609)	-
Net change in fund balances	11,037,709	(2,526,037)	-	1,527,816	10,039,488
Fund balances, beginning	71,330,703	978,115	-	2,410,459	74,719,277
Fund balances, ending	\$ 82,368,412	\$ (1,547,922)	\$ -	\$ 3,938,275	\$ 84,758,765

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, 2022

Net change in fund balances, governmental funds \$ 10,039,488

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	2,820,620
Depreciation expense	(6,174,412)
Loss on the disposal of capital assets	-

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. (520,865)

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. 10,427,803

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. 1,174,595

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)	2,396,692
Change in post-retirement employee benefits (see Note 8)	7,916,983
Change in compensated absences	61,386

Change in net position of governmental activities \$ 28,142,290

WORCESTER COUNTY, MARYLAND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL (BUDGETARY BASIS)
GENERAL FUND
Year Ended June 30, 2022

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES:				
Taxes	\$ 195,196,337	\$ 195,196,337	\$ 212,962,292	\$ 17,765,955
Licenses and permits	2,429,376	2,429,376	2,666,571	237,195
Intergovernmental	7,161,732	7,161,732	12,565,287	5,403,555
Charges for services	2,950,095	2,950,095	2,098,649	(851,446)
Miscellaneous	587,843	587,843	1,028,244	440,401
Total revenues	208,325,383	208,325,383	231,321,043	22,995,660
EXPENDITURES:				
General government	19,915,490	19,915,490	24,169,522	(4,254,032)
Public safety	41,420,374	41,420,374	38,866,745	2,553,629
Public works	9,423,353	9,423,353	8,889,497	533,856
Health and hospitals	6,279,493	6,279,493	5,972,969	306,524
Social services	2,079,364	2,079,364	2,076,544	2,820
Education	103,514,342	103,514,342	106,031,269	(2,516,927)
Libraries, recreation, parks, and culture	8,667,596	8,667,596	7,983,080	684,516
Conservation of natural resources	716,471	716,471	738,720	(22,249)
Economic development	1,888,349	1,888,349	1,962,191	(73,842)
Intergovernmental	8,916,448	8,916,448	8,564,267	352,181
Total expenditures	202,821,280	202,821,280	205,254,804	(2,433,524)
Excess of revenues over expenditures	5,504,103	5,504,103	26,066,239	20,562,136
OTHER FINANCING SOURCES (USES):				
Transfers in	8,183,828	8,183,828	4,858,854	3,324,974
Transfers out	(13,687,931)	(13,687,931)	(19,887,384)	6,199,453
Total other financing uses	(5,504,103)	(5,504,103)	(15,028,530)	9,524,427
Net change in fund balance	\$ -	\$ -	11,037,709	\$ 11,037,709
Fund balance, beginning			71,330,703	
Fund balance, ending			<u>\$ 82,368,412</u>	



WORCESTER COUNTY, MARYLAND
STATEMENT OF NET POSITION
BUSINESS-TYPE ACTIVITIES
June 30, 2022

	Department of <u>Solid Waste</u>	Department of <u>Water and Wastewater</u>	<u>Total</u>
ASSETS			
Current assets:			
Cash and short-term investments	\$ 9,168,895	\$ 11,086,603	\$ 20,255,498
Accounts receivable	214,662	5,110,459	5,325,121
Due from other funds	194,065	-	194,065
Total current assets	9,577,622	16,197,062	25,774,684
Noncurrent assets:			
Capital assets:			
Land, land rights and improvements	1,226,989	114,883	1,341,872
Construction-in-progress	-	402,906	402,906
Buildings and building improvements	429,570	-	429,570
Improvements other than buildings	42,199,768	-	42,199,768
Water and sewer systems	-	118,781,087	118,781,087
Machinery and equipment	6,502,700	6,433,440	12,936,140
	50,359,027	125,732,316	176,091,343
Less: accumulated depreciation	(36,330,758)	(58,926,963)	(95,257,721)
	14,028,269	66,805,353	80,833,622
Other assets:			
Long-term debt service receivable	-	15,827,386	15,827,386
Total noncurrent assets	14,028,269	82,632,739	96,661,008
Total assets	\$ 23,605,891	\$ 98,829,801	\$ 122,435,692

	Department of <u>Solid Waste</u>	Department of <u>Water and Wastewater</u>	<u>Total</u>
LIABILITIES			
Current liabilities:			
Accounts payable and accrued expenses	\$ 183,799	\$ 1,194,612	\$ 1,378,411
Bonds and notes payable - current	321,693	1,141,947	1,463,640
Capital leases payable - current	525,912	-	525,912
Landfill - closure and postclosure costs	17,849,866	-	17,849,866
Accrued bond interest payable	-	113,368	113,368
Total current liabilities	18,881,270	2,449,927	21,331,197
Noncurrent liabilities:			
Unearned revenues	-	16,806,547	16,806,547
Compensated absences	27,293	178,696	205,989
Bonds and notes payable	4,200,924	17,278,019	21,478,943
Capital leases payable	1,044,441	-	1,044,441
Due to other funds	-	1,031,448	1,031,448
Total noncurrent liabilities	5,272,658	35,294,710	40,567,368
Total liabilities	24,153,928	37,744,637	61,898,565
NET POSITION (DEFICIT)			
Net investment in capital assets	7,935,299	48,385,387	56,320,686
Unrestricted (deficit)	(8,483,336)	12,699,777	4,216,441
Total net position (deficit)	\$ (548,037)	\$ 61,085,164	\$ 60,537,127

WORCESTER COUNTY, MARYLAND
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
BUSINESS-TYPE ACTIVITIES
Year Ended June 30, 2022

	Department of <u>Solid Waste</u>	Department of <u>Water and Wastewater</u>	<u>Total</u>
OPERATING REVENUES:			
Domestic charges	\$ -	\$ 10,368,355	\$ 10,368,355
Commercial charges	-	1,005,834	1,005,834
Hook-up charges	-	411,295	411,295
Future capital development	-	168,410	168,410
Interest and penalties on overdue accounts	1,833	152,824	154,657
Additional assessments	-	456,030	456,030
Payments by developers	-	22,500	22,500
Other revenue	43,801	2,279,775	2,323,576
Interfund charges	360,471	-	360,471
Debt service revenue	-	1,899,845	1,899,845
White Horse Park revenue	-	262,260	262,260
Stump, yard waste, and mulch revenue	73,459	-	73,459
Licenses and permits	4,420	-	4,420
Tipping fees	4,151,307	-	4,151,307
Total operating revenues	4,635,291	17,027,128	21,662,419
Total operating expenses	2,160,881	12,719,754	14,880,635
Operating income before depreciation and general expenses	2,474,410	4,307,374	6,781,784
Depreciation and general expenses	1,910,721	3,650,153	5,560,874
Operating income (loss)	563,689	657,221	1,220,910
NONOPERATING REVENUES (EXPENSES):			
Interest on investments	9,382	9,744	19,126
Operating grants	-	30,000	30,000
Interest expense	(232,680)	(525,156)	(757,836)
Total nonoperating revenues (expenses)	(223,298)	(485,412)	(708,710)
Change in net position	340,391	171,809	512,200
Net position (deficit), beginning	(888,428)	60,913,355	60,024,927
Net position (deficit), ending	\$ (548,037)	\$ 61,085,164	\$ 60,537,127

WORCESTER COUNTY, MARYLAND
STATEMENT OF CASH FLOWS
BUSINESS-TYPE ACTIVITIES
Year Ended June 30, 2022

	Department of Solid Waste	Department of Water and Wastewater	Total
CASH FLOWS FROM OPERATING ACTIVITIES:			
Cash received for services	\$ 4,256,524	\$ 14,532,542	\$ 18,789,066
Cash received from other revenues	45,634	2,279,775	2,325,409
Cash received for future capital development	-	168,410	168,410
Cash received for interfund charges	360,471	-	360,471
Cash payments to employees	(840,542)	(3,817,204)	(4,657,746)
Cash payments for fringe benefits	(444,531)	(1,937,040)	(2,381,571)
Cash payments for materials, supplies, and services	(850,324)	(6,787,805)	(7,638,129)
Net cash provided by operating activities	2,527,232	4,438,678	6,965,910
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Purchases of property and equipment	(10,005)	(1,898,250)	(1,908,255)
Proceeds from sales of property and equipment	125,801	-	125,801
Principal paid on capital lease obligations	(513,250)	-	(513,250)
Principal paid on bonds, lines of credit, and notes	(310,097)	(337,692)	(647,789)
Interest paid on capital lease obligations	(55,562)	-	(55,562)
Interest paid on bonds, lines of credit, and notes	(177,118)	(525,156)	(702,274)
Net cash used by capital and related financing activities	(940,231)	(2,761,098)	(3,701,329)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:			
Cash received for operating grants	-	30,000	30,000
Advances from (to) other funds	(244,915)	(3,037,027)	(3,281,942)
Net cash used by noncapital financing activities	(244,915)	(3,007,027)	(3,251,942)
CASH FLOWS FROM INVESTING ACTIVITIES:			
Interest on investments	9,382	9,744	19,126
Net cash provided by investing activities	9,382	9,744	19,126
Net increase (decrease) in cash and short-term investments	1,351,468	(1,319,703)	31,765
Cash and short-term investments, beginning	7,817,427	12,406,306	20,223,733
Cash and short-term investments, ending	\$ 9,168,895	\$ 11,086,603	\$ 20,255,498

WORCESTER COUNTY, MARYLAND
STATEMENT OF CASH FLOWS
BUSINESS-TYPE ACTIVITIES
Year Ended June 30, 2022
(CONTINUED)

	Department of <u>Solid Waste</u>	Department of <u>Water and Wastewater</u>	<u>Total</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:			
Operating income	\$ 563,689	\$ 657,221	\$ 1,220,910
Adjustments to reconcile operating income to net cash provided by operating activities			
Depreciation	1,910,721	3,650,153	5,560,874
Changes in assets and liabilities:			
Accounts receivable	27,338	750,740	778,078
Accounts payable and accrued expenses	27,949	171,465	199,414
Unearned revenue	-	(797,141)	(797,141)
Compensated absences	(2,465)	6,240	3,775
Net cash provided by operating activities	\$ 2,527,232	\$ 4,438,678	\$ 6,965,910
NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES:			
Equipment acquired under capital leases	\$ 530,000	\$ -	\$ 530,000
Total non-cash activities	\$ 530,000	\$ -	\$ 530,000

WORCESTER COUNTY, MARYLAND
STATEMENT OF NET POSITION
FIDUCIARY FUNDS
June 30, 2022

	Public Drainage <u>Associations</u>	Other Post- Employment Benefits <u>Trust</u>	Custodial <u>Funds</u>
ASSETS			
Cash and short-term investments	\$ 614,104	\$ 3,355,493	\$ 2,239,819
Trust investments:			
Money market funds	-	12,025,488	-
MLGIP	-	426,027	-
Fixed income securities	-	22,957,877	-
Equities securities	-	31,503,296	-
Taxes receivable	-	-	1,064,342
Special assessments receivable	5,033	-	-
Due from other funds	109	-	-
Total assets	619,246	70,268,181	3,304,161
LIABILITIES			
Accounts payable	7,525	-	1,509,775
Unearned revenue	-	-	245,300
Due to other governments	-	-	1,182,631
Total liabilities	7,525	-	2,937,706
NET POSITION			
Fiduciary net position held for others	611,721	-	366,455
Fiduciary net position held for other post-employment benefits	-	70,268,181	-
Total net position	\$ 611,721	\$ 70,268,181	\$ 366,455

WORCESTER COUNTY, MARYLAND
STATEMENT OF CHANGES IN NET POSITION
FIDUCIARY FUNDS
Year Ended June 30, 2022

	<u>Public Drainage Associations</u>	<u>Other Post- Employment Benefits Trust</u>	<u>Custodial Funds</u>
ADDITIONS:			
Contributions:			
Special assessments	\$ 116,970	\$ -	\$ -
Collections for other governments	-	-	93,099,494
Grant funding	-	-	22,473
Employer contributions	-	5,500,000	-
Plan member contributions	-	454,757	-
Other	7,687	-	985,713
Total contributions	124,657	5,954,757	94,107,680
Investment earnings:			
Interest	1,677	4,539	422
Total investment earnings	1,677	4,539	422
Total additions	126,334	5,959,296	94,108,102
DEDUCTIONS:			
Ditch maintenance	145,302	-	-
Net decrease in fair value of investments	-	9,904,163	-
Claims incurred	-	2,564,995	-
Payments to other governments	-	-	93,632,371
Other	203	1,499	598,351
Total deductions	145,505	12,470,657	94,230,722
Change in net position	(19,171)	(6,511,361)	(122,620)
Net position, beginning	630,892	76,779,542	489,075
Net position, ending	\$ 611,721	\$ 70,268,181	\$ 366,455

NOTES TO FINANCIAL STATEMENTS

WORCESTER COUNTY, MARYLAND
NOTES TO FINANCIAL STATEMENTS
For the year ended June 30, 2022

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.

WORCESTER COUNTY, MARYLAND
NOTES TO FINANCIAL STATEMENTS
For the year ended June 30, 2022

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.

WORCESTER COUNTY, MARYLAND
NOTES TO FINANCIAL STATEMENTS
For the year ended June 30, 2022

Note 2. Summary of Significant Accounting Policies (continued)

The remaining governmental funds which are non-major consist of the following:

Special Revenue Funds – Special revenue funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specific purposes. The Department of Social Services Fund, the Local Management Board, the Casino Fund, and the Energy Service Fund are the special revenue funds of the County.

PROPRIETARY FUND TYPES

Proprietary funds are accounted for using the economic resources measurement focus; the accounting objectives are determination of net income, financial position, and cash flows. All assets and liabilities associated with a proprietary fund's activities are included on its balance sheet. Proprietary fund equity is segregated into 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 Department of Solid Waste and the Department of Water and Wastewater Services are the major enterprise funds of the County.

FIDUCIARY FUND TYPES

Fiduciary funds account for assets held by the County in a trustee or custodial capacity. Custodial funds report fiduciary activities that are not required to be reported as another fiduciary fund type.

Trust and Custodial Funds – Trust and Custodial 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 custodial 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, Berlin Room Tax Fund, Snow Hill Property Tax Fund, Snow Hill Room Tax Fund, Berlin Property Tax Fund, Pocomoke Property Tax Fund, Pocomoke Room Tax Fund, Ocean City Property Tax Fund, Ocean City Food Tax Fund, Ocean City Room Tax Fund, Special Loans Fund, Critical Areas Fund, and the Seized Funds Pending Forfeiture 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.

WORCESTER COUNTY, MARYLAND
NOTES TO FINANCIAL STATEMENTS
For the year ended June 30, 2022

Note 2. Summary of Significant Accounting Policies (continued)

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.

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.

WORCESTER COUNTY, MARYLAND
NOTES TO FINANCIAL STATEMENTS
For the year ended June 30, 2022

Note 2. Summary of Significant Accounting Policies (continued)

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 recognizes deferred outflows of resources related to advance refundings of debt (see Note 6). The County and BOE recognize deferred outflows of resources related to their pension obligations (see Note 7) and OPEB liability (Note 8) for changes in assumptions, change in proportion and share of contributions, difference between expected and actual experience and net difference between projected and actual investment earnings. 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) and OPEB liability (see Note 8) for changes in assumptions, change in proportion and share of contributions, net difference between projected and actual investment earnings and differences between expected and actual experience. These amounts are deferred and recognized as inflows of resources in the period that the amounts become available.

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.

WORCESTER COUNTY, MARYLAND
NOTES TO FINANCIAL STATEMENTS
For the year ended June 30, 2022

Note 2. Summary of Significant Accounting Policies (continued)

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, 2022. 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.

WORCESTER COUNTY, MARYLAND
NOTES TO FINANCIAL STATEMENTS
For the year ended June 30, 2022

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 held for resale 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 capital assets are recorded at their acquisition value, which is the price that would be paid to acquire an asset with equivalent service potential in an orderly market transaction at the acquisition date, 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.

WORCESTER COUNTY, MARYLAND
NOTES TO FINANCIAL STATEMENTS
For the year ended June 30, 2022

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.

WORCESTER COUNTY, MARYLAND
NOTES TO FINANCIAL STATEMENTS
For the year ended June 30, 2022

Note 2. Summary of Significant Accounting Policies (continued)

P. Net Position

Net position represents the difference between assets and deferred outflows of resources, and liabilities and deferred inflows of resources. 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.

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. The General Fund is the only fund that reports a positive unassigned fund balance amount. In accordance with County policy, included within unassigned fund balance are reserve amounts of \$25,981,106 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 the Department of Solid Waste. 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.

WORCESTER COUNTY, MARYLAND
NOTES TO FINANCIAL STATEMENTS
For the year ended June 30, 2022

Note 2. Summary of Significant Accounting Policies (continued)

S. Interfund Transactions

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

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. 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.

U. New Accounting Policies

The County adopted Government Accounting Standards Board's Statement No. 87, *Leases*, on July 1, 2021. This statement's objective is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases. The Statement increases the usefulness of the financial statements by requiring the recognition of certain assets and liabilities for leases that were previously classified as operating leases. The County did not have any leases which met the definition of right-to-use lease at June 30, 2022.

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, 2022, Worcester County had deposits with financial institutions totaling \$20,909,367 (with a carrying value of \$19,239,620). 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, 2022 and, therefore, have no custodial risk associated with them.

WORCESTER COUNTY, MARYLAND
NOTES TO FINANCIAL STATEMENTS
For the year ended June 30, 2022

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

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, 2022, the County had investments of \$103,025,636 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, 2022, 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.

The Worcester County Retiree Benefit Trust Fund is authorized to invest in securities in varying proportions when and for as long as, in the opinion of the Fund’s Trustees, prevailing market and economic considerations indicate that it is in the best interest of the Fund to do so.

Investments in the Retiree Benefit Trust Fund by type and maturity at June 30, 2022, measured at fair value, were as follows:

	1 Year	1-5 Years	Over 5 Years	Total	Rate
MLGIP	\$ 426,027	\$ -	\$ -	\$ 426,027	0.03%
M&T Investments:					
Money Market	12,025,488	-	-	12,025,488	0.01%
Fixed Income:					
U.S. Treasury	298,851	2,238,550	2,076,332	4,613,733	1.125% - 3.625%
U.S. Government Agency	-	351,581	3,225,902	3,577,483	1.50% - 5.00%
Other Fixed Income	224,101	1,489,479	13,053,081	14,766,661	0.650% - 6.20%
Equities	31,503,296	-	-	31,503,296	N/A
Total	\$ 44,477,763	\$ 4,079,610	\$ 18,355,315	\$ 66,912,688	

The County uses the fair value hierarchy established by GAAP to measure the fair value of its assets. The hierarchy is based on the valuation inputs used to measure the fair value of the assets and gives the highest priority to unadjusted, quoted market prices in active markets for identical assets (Level 1 measurements) and gives the lowest priority to unobservable inputs (Level 3 measurements). The levels of the fair value hierarchy are as follows: Level 1 inputs are quoted market prices in active markets for identical assets; Level 2 inputs are significant other observable inputs, such as quoted market prices for similar assets or identical assets in less active markets; and Level 3 inputs are significant unobservable inputs, such as pricing models.

WORCESTER COUNTY, MARYLAND
NOTES TO FINANCIAL STATEMENTS
For the year ended June 30, 2022

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

The County has the following recurring fair value measurements as of June 30, 2022:

- Amounts invested in MLGIP and money market funds are valued using quoted market prices (Level 1 inputs)
- Amounts invested in fixed income investments are comprised of securities priced by industry standard vendors, using significant observable inputs such as benchmark yields, reported trades, and broker/dealer quotes (Level 2 inputs), which are then allocated to position holders on a per unit basis
- Amounts invested in domestic and international equities are comprised of securities valued using quoted market prices (Level 1 inputs)

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

Petty cash	\$ 2,961
Carrying amount of deposits	19,239,620
Money market funds	12,025,488
Fixed income securities	22,957,877
Equities securities	31,503,296
MLGIP	103,025,636
Less: cash and investments recorded within fiduciary funds	(73,122,104)
Total	\$ 115,632,774

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, 2022, 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. All payroll and some shared expenses, such as benefits, are paid out of the General Fund and then reimbursed from proprietary or other funds as applicable. Tax collections are receipted into the General Fund and reimbursed to other taxing agencies/funds monthly.
- 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.

WORCESTER COUNTY, MARYLAND
NOTES TO FINANCIAL STATEMENTS
For the year ended June 30, 2022

Note 4. Interfund Balances and Transfers (continued)

Interfund balances at June 30, 2022 consisted of the following individual fund receivables and payables:

	Due from Other Funds	Due to Other Funds
General Fund:		
Enterprise funds:		
Department of Solid Waste (shared expenses)	\$ -	\$ (194,065)
Department of Water and Wastewater (payroll and shared expenses)	1,031,448	-
Total due from (to) enterprise funds	1,031,448	(194,065)
Other funds:		
Energy Service Fund (funds held on behalf of)	-	(248,502)
Capital Projects Fund (reimbursement between funds)	1,877,245	-
Casino Fund (reimbursement between funds)	-	(368,689)
Public Drainage Association (June collections paid in July)	-	(109)
Total due from (to) other funds	1,877,245	(617,300)
Total General Fund due from (to) other funds	2,908,693	(811,365)
Other governmental funds:		
General Fund	617,191	-
Fiduciary funds	109	-
Capital Projects Fund:		
General Fund	-	(1,877,245)
Enterprise funds:		
General Fund	-	(837,383)
	\$ 3,525,993	\$ (3,525,993)

WORCESTER COUNTY, MARYLAND
NOTES TO FINANCIAL STATEMENTS
For the year ended June 30, 2022

Note 4. Interfund Balances and Transfers (continued)

Interfund transfer activity for the year ended June 30, 2022 consisted of the following individual amounts:

	Transfers In	Transfers Out
General Fund:		
Capital Projects Fund	\$ (1,877,245)	\$ (6,196,211)
Debt Service Fund	-	(13,691,173)
Casino Fund	(2,981,609)	-
Capital Projects Fund:		
General Fund	(6,196,211)	(1,877,245)
Debt Service Fund:		
General Fund	(13,691,173)	-
Casino Fund:		
General Fund	-	(2,981,609)
	\$ (24,746,238)	\$ (24,746,238)

Interfund transfers are for the following purposes:

- Transfers from the General Fund to the Capital Projects Fund are for capital projects that are not funded by specific revenue sources or through bond funds.
- Interfund transfers from the General Fund to the Debt Service Fund are for bond payments.
- The interfund transfer from the Casino Fund to the General Fund is for the bond payment for the Worcester Technical High School bond.

WORCESTER COUNTY, MARYLAND
NOTES TO FINANCIAL STATEMENTS
For the year ended June 30, 2022

Note 5. Capital Assets

Capital asset activity for the year ended June 30, 2022 was as follows:

	Balance June 30, 2021	Additions	Transfers and Reductions	Balance June 30, 2022
Primary government:				
Governmental activities:				
Nondepreciable capital assets:				
Land and improvements	\$ 15,631,638	\$ -	\$ -	\$ 15,631,638
Construction-in-progress	2,196,025	879,276	-	3,075,301
Total nondepreciable capital assets	17,827,663	879,276	-	18,706,939
Depreciable capital assets:				
Building and building improvements	98,396,847	-	-	98,396,847
Improvements other than buildings	14,630,682	253,219	-	14,883,901
Machinery and equipment	35,092,873	965,286	(673,322)	35,384,837
Infrastructure	112,295,311	722,839	(88,774)	112,929,376
Total depreciable capital assets	260,415,713	1,941,344	(762,096)	261,594,961
Less accumulated depreciation for:				
Buildings and building improvements	(37,626,786)	(2,593,933)	-	(40,220,719)
Improvements other than buildings	(8,247,869)	(517,099)	-	(8,764,968)
Machinery and equipment	(27,341,992)	(2,634,049)	673,322	(29,302,719)
Infrastructure	(106,833,914)	(429,331)	88,774	(107,174,471)
Total accumulated depreciation	(180,050,561)	(6,174,412)	762,096	(185,462,877)
Total depreciable capital assets, net	80,365,152	(4,233,068)	-	76,132,084
Governmental activities capital assets, net	\$ 98,192,815	\$ (3,353,792)	\$ -	\$ 94,839,023

Depreciation expense was charged to governmental functions as follows:

General government	\$ 799,882
Public safety	2,927,071
Public works	1,119,995
Health and hospitals	479,753
Libraries, recreation and culture	844,935
Economic development	2,776
Total depreciation expense	\$ 6,174,412

WORCESTER COUNTY, MARYLAND
NOTES TO FINANCIAL STATEMENTS
For the year ended June 30, 2022

Note 5. Capital Assets (continued)

Capital asset activity for the enterprise funds for the year ended June 30, 2022 was as follows:

	Balance June 30, 2021	Additions	Transfers and Reductions	Balance June 30, 2022
Business-type activities:				
Nondepreciable capital assets:				
Land, land rights and improvements	\$ 1,341,872	\$ -	\$ -	\$ 1,341,872
Construction-in-progress	1,348,161	1,086,603	(2,031,858)	402,906
Total nondepreciable capital assets	2,690,033	1,086,603	(2,031,858)	1,744,778
Depreciable capital assets:				
Buildings and building improvements	429,570	-	-	429,570
Improvements other than buildings	42,199,768	-	-	42,199,768
Machinery and equipment	12,862,943	695,667	(622,470)	12,936,140
Water and sewer systems	116,185,952	655,985	1,939,150	118,781,087
Total depreciable capital assets	171,678,233	1,351,652	1,316,680	174,346,565
Less accumulated depreciation for:				
Buildings and building improvements	(325,375)	(10,739)	-	(336,114)
Improvements other than buildings	(30,223,919)	(1,405,571)	-	(31,629,490)
Machinery and equipment	(8,996,164)	(790,974)	578,508	(9,208,630)
Water and sewer systems	(50,740,766)	(3,353,590)	10,869	(54,083,487)
Total accumulated depreciation	(90,286,224)	(5,560,874)	589,377	(95,257,721)
Total depreciable capital assets, net	81,392,009	(4,209,222)	1,906,057	79,088,844
Business-type activities capital assets, net	\$ 84,082,042	\$ (3,122,619)	\$ (125,801)	\$ 80,833,622

WORCESTER COUNTY, MARYLAND
NOTES TO FINANCIAL STATEMENTS
For the year ended June 30, 2022

Note 6. Long-Term Debt

Changes in the County's long-term obligations for the year ended June 30, 2022 were as follows:

	Balance at June 30, 2021	Additions/ Transfers	Reductions/ Transfers	Balance at June 30, 2022	Amount Due in One Year
Governmental activities:					
General obligation bonds:					
MDE Water Quality Bond; interest at 0.4%; due semiannually to 2022	\$ 17,563	\$ -	\$ (17,563)	\$ -	\$ -
Consolidated Public Improvement Bonds, 2013 Series; interest at 2.5% to 3.4%; due semiannually to 2033	4,025,000	-	(280,000)	3,745,000	290,000
Consolidated Public Improvement Bonds, 2014 Series; interest at 3.25% to 5%; due semiannually to 2029	25,745,000	-	(2,750,000)	22,995,000	2,860,000
Consolidated Public Improvement Bonds, 2015 Series A; interest at 3% to 5%; due semiannually to 2030	6,775,915	-	(543,696)	6,232,219	572,098
Consolidated Public Improvement Refunding Bonds, 2015 Series B; interest at 2.125% to 4%; due semiannually to 2026	13,610,000	-	(5,165,000)	8,445,000	5,385,000
Consolidated Public Improvement Bonds, 2019 Series; interest at 3% to 5%; due semiannually to 2034	32,500,000	-	(1,655,000)	30,845,000	1,745,000
Deferred bond premium, net	9,139,165	-	(1,174,595)	7,964,570	1,174,595
Note payable; interest at 4.09%; due monthly to 2039	405,895	-	(16,544)	389,351	17,234
	92,218,538	-	(11,602,398)	80,616,140	12,043,927
Compensated absences	2,071,063	1,485,664	(1,553,750)	2,002,977	901,300
Total governmental activities	\$ 94,289,601	\$ 1,485,664	\$(13,156,148)	\$ 82,619,117	\$ 12,945,227

WORCESTER COUNTY, MARYLAND
NOTES TO FINANCIAL STATEMENTS
For the year ended June 30, 2022

Note 6. Long-Term Debt (continued)

	Balance at June 30, 2021	Additions/ Transfers	Reductions/ Transfers	Balance at June 30, 2022	Amount Due in One Year
Business-type activities:					
Estimated landfill closure costs	\$ 17,860,451	\$ -	\$ (10,585)	\$ 17,849,866	\$ 17,849,866
General obligation bonds:					
MDE Water Quality Bond; interest at 0.4%; due semiannually to 2022	215,851	-	(215,851)	-	-
Snug Harbor Water Quality Loan Agreement, 2007; interest at 0.4%; due semiannually to 2026	152,650	-	(31,757)	120,893	31,884
MDE Drinking Water Bond; interest at 1.1%; due semiannually to 2029	163,449	-	(19,657)	143,792	19,874
Mystic Harbour USDA note payable, 2012; interest at 2%; due quarterly to 2052	4,246,699	-	(99,909)	4,146,790	101,926
Mystic Harbour USDA note payable, 2014; interest at 2.5%; due quarterly to 2053	2,483,314	-	(50,059)	2,433,255	51,326
Mystic Harbour USDA note payable, 2016; interest at 2.25%; due quarterly to 2056	229,592	-	(4,364)	225,228	4,463
Mystic Harbour USDA note payable, 2018; interest at 2.75%; due quarterly to 2058	2,335,635	-	(37,388)	2,298,247	38,427
Consolidated Public Improvement Bonds, 2014 Series; interest at 2% to 5%; due semiannually to 2029	3,180,000	-	(340,000)	2,840,000	355,000
Consolidated Public Improvement Refunding Bonds, 2015 Series B; interest at 2.125% to 4%; due semiannually to 2026	1,065,000	-	(190,000)	875,000	195,000
Consolidated Public Improvement Bonds, 2015 Series A; interest at 3% to 5%; due semiannually to 2030	2,519,086	-	(201,305)	2,317,781	212,903
Consolidated Public Improvement Bonds, 2019 Series; interest at 3% to 5%; due semiannually to 2034	5,425,000	-	(275,000)	5,150,000	290,000
Mystic Harbour USDA note payable, 2020; interest at 1.50%; due quarterly to 2060	167,655	-	(3,171)	164,484	3,219
MDE Water Quality Bond; interest at 0.40%; due semiannually to 2051	1,045,771	-	(31,910)	1,013,861	33,042
Deferred bond premium, net	1,339,831	-	(126,579)	1,213,252	126,576
Financed purchases payable	1,553,603	530,000	(513,250)	1,570,353	525,912
	43,983,587	530,000	(2,150,785)	42,362,802	19,839,418
Compensated absences	367,661	257,014	(250,151)	374,524	168,536
Total business-type activities	\$ 44,351,248	\$ 787,014	\$ (2,400,936)	\$ 42,737,326	\$ 20,007,954

WORCESTER COUNTY, MARYLAND
NOTES TO FINANCIAL STATEMENTS
For the year ended June 30, 2022

Note 6. Long-Term Debt (continued)

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 5% maturing in 2022. 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 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% and administrative charges of 5% to be repaid over the next 19 years. The loan was used to fund the Snug Harbor sewer extension.

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 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. In February 2017, the County paid off one of the mortgages, which was secured by the Department of Liquor Control's retail store located in Pocomoke City, Maryland. The remaining mortgage was assumed by the County's governmental funds as part of the transfer of the Department of Liquor Control's warehouse in Snow Hill, Maryland to the General Fund.

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. In June 2016, the County obtained additional funding for this project in the amount of \$250,000 with an interest rate of 2.25% 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 2020 and 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 \$43,000,000 were used to fund the renovation of the Snow Hill High School. The remaining \$5,300,000 was used to finance various wastewater treatment plant upgrades for the Ocean Pines service area.

WORCESTER COUNTY, MARYLAND
NOTES TO FINANCIAL STATEMENTS
For the year ended June 30, 2022

Note 6. Long-Term Debt (continued)

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 were used to finance the 800 MHz Emergency Services radio system upgrades; \$3,360,000 was 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 was used to finance the Mystic Harbour water system interconnection project and water tower painting.

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 net proceeds of \$27,760,663 (after underwriting fees and other issuance costs) were deposited in a trust fund with an escrow agent and used to purchase U.S. government securities 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, this portion of the refunded general obligation bonds is considered defeased and the associated liability has been removed. The advance refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of \$2,460,663. A net interest savings of \$1,187,255 will be achieved over the life of the bond.

In March 2018, the County entered into an agreement with the United States Department of Agriculture Rural Development to finance the Mystic Harbour Effluent Disposal and Reuse Facilities totaling \$2,450,000 with an interest rate of 2.75% and maturing in 2058. In July 2020, the County obtained additional funding for this project in the amount of \$170,000 with an interest rate of 1.5% and maturing in 2060.

In April 2019, the County issued \$39,765,000 in Consolidated Public Improvement Bonds, 2019 Series, with an average interest rate of 4% and maturing in 2034. Proceeds of the bond will be used to construct, install and equip a new Showell Elementary School facility, new turf athletic field and track at Stephen Decatur High School, the Central Landfill Site Cell No. 5 construction project, and various water and wastewater infrastructure projects in the Ocean Pines and Riddle Farm Sanitary Service Areas.

In November 2020, 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 \$1,046,771 with an interest rate of 0.4% and administrative charges of 5% to be repaid over 30 years. The loan was used to fund the Newark spray irrigation project.

WORCESTER COUNTY, MARYLAND
NOTES TO FINANCIAL STATEMENTS
For the year ended June 30, 2022

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; notes payable; and financed purchase obligations, which are reported separately):

Governmental Activities

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 10,852,098	\$ 2,796,245	\$ 13,648,343
2024	8,774,558	2,358,179	11,132,737
2025	5,992,960	2,015,479	8,008,439
2026	6,285,419	1,727,409	8,012,828
2027	6,596,936	1,489,407	8,086,343
2028-2032	24,540,248	3,885,467	28,425,715
2033-2037	9,220,000	475,275	9,695,275
Total	\$ 72,262,219	\$ 14,747,461	\$ 87,009,680

Business-Type Activities

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 1,337,064	\$ 662,402	\$ 1,999,466
2024	1,389,479	605,943	1,995,422
2025	1,441,412	548,963	1,990,375
2026	1,501,818	492,629	1,994,447
2027	1,360,707	443,140	1,803,847
2028-2032	5,495,734	1,544,809	7,040,543
2033-2037	2,953,391	841,456	3,794,847
2038-2042	1,645,324	602,823	2,248,147
2043-2047	1,826,916	421,229	2,248,145
2048-2052	1,993,155	217,907	2,211,062
2053-2057	692,941	52,768	745,709
2058-2062	91,390	1,466	92,856
Total	\$ 21,729,331	\$ 6,435,535	\$ 28,164,866

WORCESTER COUNTY, MARYLAND
NOTES TO FINANCIAL STATEMENTS
For the year ended June 30, 2022

Note 6. Long-Term Debt (continued)

The County's future annual debt service requirements on notes payable for governmental activities at June 30, 2022, are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 17,234	\$ 15,604	\$ 32,838
2024	17,952	14,886	32,838
2025	18,700	14,137	32,837
2026	19,479	13,358	32,837
2027	20,291	12,546	32,837
2028-2032	114,867	49,320	164,187
2033-2037	140,882	23,305	164,187
2038-2039	39,946	1,101	41,047
Total	\$ 389,351	\$ 144,257	\$ 533,608

The County has entered into financed purchase agreements for the acquisition of various equipment, whereby ownership is transferred to the County at the end of the payment term. Accordingly, the present value of future minimum financed purchase payments and the related assets have been recorded in the appropriate fund.

The assets acquired through financed purchase agreements are as follows:

Business-Type Activities

Equipment	\$ 3,266,086
Less: accumulated depreciation	(1,321,267)
Total	\$ 1,944,819

The following is a summary of the future minimum payments on the financed purchases:

Business-Type Activities

<u>Year Ending June 30,</u>	
2023	\$ 573,072
2024	320,808
2025	344,630
2026	249,340
2027	196,307
	1,684,157
Less: amount representing interest	(113,804)
Present value of future minimum financed purchase payments	\$ 1,570,353

WORCESTER COUNTY, MARYLAND
NOTES TO FINANCIAL STATEMENTS
For the year ended June 30, 2022

Note 6. Long-Term Debt (continued)

Funds Used for Debt Service and Liquidation of Compensated Absences

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

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

Note 7. Pension Plans

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
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 (the “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.

WORCESTER COUNTY, MARYLAND
NOTES TO FINANCIAL STATEMENTS
For the year ended June 30, 2022

Note 7. Pension Plans (continued)

The System is comprised of the Teachers' Retirement and Pension Systems, Employees' Retirement and Pension Systems, 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	Correctional Officers' Retirement System
Board of Elections	Employees' System
County employees and appointed officers	Employees' System
Elected officials	Employees' System

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

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.

WORCESTER COUNTY, MARYLAND
NOTES TO FINANCIAL STATEMENTS
For the year ended June 30, 2022

Note 7. Pension Plans (continued)

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 units 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.

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 System from 5% to 7%. The contribution rate changed from 4% to 6% in fiscal year 2012 and 7% in fiscal year 2013 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%.

WORCESTER COUNTY, MARYLAND
NOTES TO FINANCIAL STATEMENTS
For the year ended June 30, 2022

Note 7. Pension Plans (continued)

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 fair value investment return for the preceding calendar year was higher or lower than the investment return assumption used in the valuation (currently 7.40%).

A brief summary of the retirement eligibility requirements of and the benefits available under the various systems in effect during fiscal year 2020 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.

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.

WORCESTER COUNTY, MARYLAND
NOTES TO FINANCIAL STATEMENTS
For the year ended June 30, 2022

Note 7. Pension Plans (continued)

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%.

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

WORCESTER COUNTY, MARYLAND
NOTES TO FINANCIAL STATEMENTS
For the year ended June 30, 2022

Note 7. Pension Plans (continued)

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 COLAs 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 fair 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 fair 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.

WORCESTER COUNTY, MARYLAND
NOTES TO FINANCIAL STATEMENTS
For the year ended June 30, 2022

Note 7. Pension Plans (continued)

Actuarial Assumptions

The total pension liability in the June 30, 2021 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Investments

Actuarial	Entry age normal
Amortization method	Level percentage of payroll, closed
Inflation	2.25% general, 2.75% wage.
Salary Increases	projected range from 0.00% to 8.50% per year
Discount rate	6.80%
Investment Rate of Return	6.80%
Retirement Age	Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2019 valuation pursuant to the 2018 experience study of the period July 1, 2014 to July 30, 2018.
Mortality	Various versions of the Pub-2010 Mortality Tables for males and females with projected generational mortality improvements based on the MP-2018 fully generational mortality improvements scale for males and females

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 as of June 30, 2021, these best estimates are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Public Equity	37%	4.7%
Private Equity	13%	6.5%
Rate Sensitive	19%	-0.4%
Credit Opportunity	9%	2.6%
Real Assets	14%	4.2%
Absolute Return	8%	2.0%
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, 2021.

WORCESTER COUNTY, MARYLAND
NOTES TO FINANCIAL STATEMENTS
For the year ended June 30, 2022

Note 7. Pension Plans (continued)

For the year ended June 30, 2021, the annual money-weighted rate of return on pension plan investments, net of the pension plan investment expense, was 26.69%. 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 6.80% 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 6.80%. 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.

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 6.8%, 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 5.80%	Discount Rate 6.80%	1% Increase to 7.80%
County	\$ 40,141,046	\$ 23,568,845	\$ 9,822,314
Board of Education	7,236,051	4,248,653	1,770,626

Teachers’ and Employees’ Retirement and Pension Systems

Employer Contributions:

In accordance with Maryland Senate Bill 1301, *Budget Reconciliation and Financing Act of 2012*, the Board of Education (BOE) is required to pay 100% 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 related payment for the fiscal year ending June 30, 2022, was \$2,687,370. In addition, the State of Maryland contributed \$7,043,656 on behalf of the BOE. The BOE has recognized the State on-behalf payments as both a revenue and expense.

During fiscal year 2022, the BOE reported expense of \$648,942 related to the Employees’ Systems in the fund financial statements. This amount was paid directly by the County and the Board has recognized the County on-behalf payments as both a revenue and expense.

WORCESTER COUNTY, MARYLAND
NOTES TO FINANCIAL STATEMENTS
For the year ended June 30, 2022

Note 7. Pension Plans (continued)

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, 2022, 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)	\$ 4,248,653
State's proportionate share of the net pension liability (Teachers' Systems)	46,399,612
Total	\$ 50,648,265

The net pension liability was measured as of June 30, 2021, 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 as of June 30, 2021, for the entire System in accordance with the provision of GASB No. 67.
- 2) Determine the total contributions to the System by the State and participating governmental units ("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 PGU's contribution.
- 5) Provide each PGU its adjusted percentage of the contribution and the System's net pension liability and other related amounts as of June 30, 2021, under the GASB No. 67 requirements.

WORCESTER COUNTY, MARYLAND
NOTES TO FINANCIAL STATEMENTS
For the year ended June 30, 2022

Note 7. Pension Plans (continued)

At June 30, 2022, the County and BOE reported the following related to pensions:

	<u>BOE</u>	<u>County</u>
Employer's proportion (percentage) of the collective net pension liability	0.0283200%	0.1571015%
Employer's proportionate share of the collective net pension liability	\$ 4,248,653	\$ 23,568,845
Pension expense recognized in the government wide financial statements	\$ 2,923,369	\$ 1,289,350
Pension expense recognized in the government fund financial statements	\$ 3,336,312	\$ 3,686,042
Deferred inflows of resources:		
Difference between expected and actual experience	\$ 325,636	\$ 1,806,420
Net difference between projected and actual earnings on pension plan investments	1,940,283	10,763,449
Change in assumptions	91,063	505,160
<u>Total deferred inflows of resources</u>	<u>\$ 2,356,982</u>	<u>\$ 13,075,029</u>
Deferred outflows of resources:		
Changes in assumptions	\$ 822,364	\$ 4,561,951
Change in proportion and share of contributions	454,131	2,544,120
Year ended June 30, 2022 contributions	648,942	3,686,042
<u>Total deferred outflows of resources</u>	<u>\$ 1,925,437</u>	<u>\$ 10,792,113</u>
Net pension liability June 30, 2021	\$ 5,846,065	\$ 32,399,879
Change in net pension liability factored for contributions	(1,597,412)	(8,831,034)
<u>Net pension liability June 30, 2022</u>	<u>\$ 4,248,653</u>	<u>\$ 23,568,845</u>

The \$648,942 and \$3,686,042 of deferred outflows of resources resulting from the BOE's and the County's respective contributions to the System subsequent to the measurement date will be recognized as a reduction of net pension liability during the subsequent fiscal year rather than the current fiscal year. Other amounts reported as deferred outflows and inflows of resources will be amortized over approximately a five-year period.

WORCESTER COUNTY, MARYLAND
NOTES TO FINANCIAL STATEMENTS
For the year ended June 30, 2022

Note 7. Pension Plans (continued)

The County’s and BOE’s respective deferred outflows of resources and deferred inflows of resources related to pensions will be amortized as follows:

County

Year Ended June 30,	Net Deferred (Inflows) Outflows
2023	\$ (1,828,255)
2024	(1,465,031)
2025	(1,447,108)
2026	(1,918,661)
2027	690,097
<u>Total</u>	<u>\$ (5,968,958)</u>

Board of Education

Year Ended June 30,	Net Deferred (Inflows) Outflows
2023	\$ (330,564)
2024	(265,088)
2025	(261,856)
2026	(346,862)
2027	123,883
<u>Total</u>	<u>\$ (1,080,487)</u>

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

	Total Payroll	Covered Payroll	On-Behalf by State
County - MD Retirement and Pension System	\$ 34,764,108	\$ 27,795,976	\$ -
Board of Education	80,034,130	72,709,627	7,043,656
Library	1,909,155	1,783,080	273,346

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. Pension obligations are primarily liquidated from the general fund.

WORCESTER COUNTY, MARYLAND
NOTES TO FINANCIAL STATEMENTS
For the year ended June 30, 2022

Note 7. Pension Plans (continued)

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. 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. Disclosures and related amounts are immaterial to the County’s financial statements.

Note 8. Other Post-Employment Benefits

Worcester County

Plan Description

The Worcester County Post-Retirement Medical Benefits Plan (the “Plan”) is a single 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, 2021, the date of the last actuarial valuation, the following numbers of employees were receiving or were potentially eligible to receive future benefits:

	<u>County</u>
Inactive employees or beneficiaries currently receiving benefit payments	407
Inactive employees entitled to but not yet receiving benefit payments	-
Active employees	476
	883

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

WORCESTER COUNTY, MARYLAND
NOTES TO FINANCIAL STATEMENTS
For the year ended June 30, 2022

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 hired prior to July 1, 2015. For employees hired between June 30, 2015 and September 30, 2017, the County will pay 80% of the cost of benefits for retirees, their spouses, and their dependents. For employees hired subsequent to October 1, 2017, the County will pay 80% of the cost of the benefits for retirees only. 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, 2022, the OPEB Trust paid for coverage of 407 retirees at a total cost, net of retiree contributions, of approximately \$2,277,293. Liabilities not paid out of the Trust are typically liquidated from the general fund.

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. Employee and retiree contributions are not permitted and an actuarially determined contribution is not calculated for the plan. 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.

Net OPEB Liability

The County's net OPEB liability was measured as of June 30, 2022, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation date of July 1, 2021.

Actuarial Assumptions

The total OPEB liability was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	3.00%
Salary increases	4.00%, average, including inflation
Discount rate	7.00%
Healthcare cost trend rates	5.50% for fiscal year 2022, decreasing .07% per year to an ultimate rate of 4.50% for fiscal year 2038 and later years
Mortality	PubG.H-2010 Mortality Table - General with Mortality Improvement using Scale MP-2020

WORCESTER COUNTY, MARYLAND
NOTES TO FINANCIAL STATEMENTS
For the year ended June 30, 2022

Note 8. Other Post-Employment Benefits (continued)

Investments

The long-term expected rate of return on OPEB 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 OPEB 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. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash and cash equivalents	5%	0.5%
Fixed income investments	30%	5.7%
Equities	65%	8.1%
Total	<u>100%</u>	

Discount rate

The discount rate used to measure the total OPEB liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that the County’s contribution will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the OPEB plan’s fiduciary net position was projected to be available to make all projected OPEB payments for current active and inactive employees. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability. The periods of projected benefit payments were fiscal years 2022 through 2037.

The annual OPEB expense under GASB Statement No. 75 is equal to the change in the unfunded actuarial accrued liability from the prior year’s measurement date to the current year measurement date, with some of the liability changes being deferred to future years. Changes in the actuarial accrued liability due to experience gains or losses or changes in assumptions are recognized over the expected future working lifetime of all plan participants, including retirees.

WORCESTER COUNTY, MARYLAND
NOTES TO FINANCIAL STATEMENTS
For the year ended June 30, 2022

Note 8. Other Post-Employment Benefits (continued)

The County's net OPEB liability/(asset) is an amount actuarially determined in accordance with the parameters of GASB Statement No. 75. The following table shows the components of the County's total OPEB liability, fiduciary net position, and the resulting net OPEB liability/(asset) as of June 30, 2022:

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balances at 6/30/2021	\$ 85,908,550	\$ 76,779,542	\$ 9,129,008
Changes for the year:			
Service cost	1,610,608	-	1,610,608
Interest cost	5,905,286	-	5,905,286
Differences between expected and actual experience	(36,448,498)	(15,046,294)	(21,402,204)
Changes of assumptions and other inputs	3,040,825	-	3,040,825
Contributions - employer	-	5,500,000	(5,500,000)
Contributions - non-employer contributing entities	-	167,056	(167,056)
Net investment income	-	(9,899,624)	9,899,624
Benefit payments	(3,094,641)	(2,277,293)	(817,348)
Administrative expense	-	(1,500)	1,500
Other changes	-	15,046,294	(15,046,294)
Net changes	<u>(28,986,420)</u>	<u>(6,511,361)</u>	<u>(22,475,059)</u>
Balances at 6/30/2022	<u>\$ 56,922,130</u>	<u>\$ 70,268,181</u>	<u>\$ (13,346,051)</u>

Funding Status and Funding Progress

As of July 1, 2021, the most recent actuarial valuation date, the total OPEB liability for benefits was \$56,922,130, with \$70,268,181 in plan Fiduciary net position, resulting in a prepaid asset of \$13,346,051. The ratio of plan Fiduciary net position to the total OPEB liability was 123.45%. The covered employee payroll was \$26,811,070, and the ratio of the net OPEB liability/(asset) to the covered payroll was (49.78)%.

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. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of net OPEB liability, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information about whether the net OPEB liability is increasing or decreasing over time relative to the total OPEB liability for benefits.

WORCESTER COUNTY, MARYLAND
NOTES TO FINANCIAL STATEMENTS
For the year ended June 30, 2022

Note 8. Other Post-Employment Benefits (continued)

Additional information as of the latest actuarial valuation is as follows:

- *Measurement date* – The County selected a June 30, 2022 measurement date for fiscal year-end 2022. The measurement date can be any date between the last day of the prior fiscal year and the last day of the current fiscal year.
- *Cost method* – This valuation uses the Entry Age Normal Funding Method calculated on an individual basis with level percentage of payroll.

Sensitivity of the Total and Net OPEB Liability

The following table presents the County’s total and net OPEB liability using the discount rate of 7.00%, as well as what the net OPEB liability would be if it were calculated using a discount rate that is 1% point lower or 1% point higher than the current rate:

	<u>Discount Rate</u>	<u>Net OPEB Liability</u>
1% decrease	6.00%	\$ (6,075,028)
Current discount Rate	7.00%	\$ (13,346,051)
1% increase	8.00%	\$ (19,321,815)

The following table presents the County’s net OPEB liability using the health care trend rate of 5.50%, decreasing to 4.50%, as well as what the net OPEB liability would be if it were calculated using a trend rate that is 1% point lower or 1% point higher than the current rate:

	<u>Health Care Cost Trend Rate</u>	<u>Net OPEB Liability</u>
1% decrease	4.50% decreasing to 3.50%	\$ (19,980,423)
Current discount Rate	5.50% decreasing to 4.50%	\$ (13,346,051)
1% increase	6.50% decreasing to 5.50%	\$ (5,150,040)

OPEB Expense and Deferred Inflows/Outflows of Resources related to OPEB

For the fiscal year ended June 30, 2022, the County recognized an OPEB benefit of \$2,416,983 on the government-wide statements. At June 30, 2022, the County reported deferred outflows of resources and deferred inflows of resources related to the OPEB plan from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 32,940,382
Changes of assumptions	3,578,398	1,878,090
Net difference between projected and actual earnings	7,537,401	-
Total	<u>\$ 11,115,799</u>	<u>\$ 34,818,472</u>

WORCESTER COUNTY, MARYLAND
NOTES TO FINANCIAL STATEMENTS
For the year ended June 30, 2022

Note 8. Other Post-Employment Benefits (continued)

Amounts reported as deferred outflows and inflows of resources related to the OPEB plan will be amortized and expensed over the expected average remaining service life of participants as follows:

Year Ended June 30,	Net Deferred (Inflows) Outflows
2023	\$ (3,795,098)
2024	(3,949,476)
2025	(4,508,645)
2026	(2,004,206)
2027	(4,792,485)
Thereafter	(4,652,763)
Total	<u>\$ (23,702,673)</u>

Changes in assumptions in the most recent actuarial valuation included actuarial cost method changes, the starting per capita costs were updated using most recent premiums, and the health care trend rates were reset based on recent experience.

Board of Education of Worcester County

Plan Description and benefits provided

The Worcester County Public Schools Post-Retirement Medical Benefits Plan (the “Plan”) is a single employer defined benefit healthcare plan administered by the Board. The Plan provides medical and prescription drug benefits to eligible retirees, their spouses and eligible dependents. All classes of employees are eligible to participate in the Plan upon retirement. Participants must meet the eligibility requirements of the Maryland State Teachers’ pension system described below:

For members hired before July 1, 2011, the earliest retirement eligibility is the earlier of:

- Age 55 with 15 years of service,
- Age 62 with 5 years of service,
- Age 63 with 4 years of service,
- Age 64 with 3 years of service,
- Age 65 with 2 years of service, or
- 30 years of service, regardless of age.

For members hired after July 1, 2011, the earliest retirement eligibility is the earlier of

- Rule of 90 (age plus service is at least 90),
- Age 65 with 10 years of service,
- Age 60 with 15 years of service

In addition, 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.

WORCESTER COUNTY, MARYLAND
NOTES TO FINANCIAL STATEMENTS
For the year ended June 30, 2022

Note 8. Other Post-Employment Benefits (continued)

As of July 1, 2021, the date of the last actuarial valuation, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	931
Inactive employees entitled to but not yet receiving benefit payments	-
Active employees	938
	<u>1,869</u>

Funding Policy

The Board provides basic major medical insurance (Medicare supplemental program for those over 65) and a prescription drug plan for its retired employees. It is the Board's policy to pay 90% of the cost of such benefits for eligible retirees, dependents and spouses hired prior to July 1, 2015, 80% for retirees, dependents, and spouses for July 1, 2015 to September 30, 2017 hires, and 80% for employees hired after October 1, 2017. The Board's OPEB Trust currently pays for the cost of these benefits on a pay as you go basis. For the year ended June 30, 2022, the OPEB Trust paid for coverage of approximately 931 retirees at a total cost of approximately \$5,000,000. For the year ended June 30, 2022, Worcester County Commissioners funded the trust in the amount of \$5,231,879 to fund future benefits and the Board funded the trust in the amount of \$2,868,146 to fund future benefits.

On behalf of the Board, the Worcester County Commissioners created the Retiree Benefit Trust of the Board of Education of Worcester County (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 Board intends the contributions to the Trust will qualify as "contributions in relation to the actuarially determined contribution" within the meaning of GASB Statement Number 75 and that the Trust will qualify as a "trust or equivalent arrangement" within the meaning of GASB Statement 75.

Contributions by the Board are solely dependent on the governmental entities that provide funding for the Board. Employee and retiree contributions are not permitted. The trustees of the Trust consist of a five member board who have final authority in all matters pertaining to the Trust.

The Trust prohibits any part of the Trust to be used for or diverted to purposes other than providing benefits to participants and beneficiaries under the Plan. The Trust provides that in no event will the assets of the Trust be transferred to an entity that is not a state, a political subdivision, or an entity the income of which is excluded from taxation under Section 115 of the IRS Code.

Net OPEB Liability

The Board's net OPEB liability was measured as of June 30, 2022, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation date of July 1, 2021.

WORCESTER COUNTY, MARYLAND
NOTES TO FINANCIAL STATEMENTS
For the year ended June 30, 2022

Note 8. Other Post-Employment Benefits (continued)

Actuarial Assumptions

The total OPEB liability was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	3.00%
Salary increases	4.00%, average, including inflation
Discount rate	4.646%
Healthcare cost trend rates	5.50% for fiscal year 2022, decreasing .0667% per year to an ultimate rate of 4.50% for fiscal year 2037 and later years
Mortality	PubT.H-2010 Mortality Table - Teachers with Mortality Improvement using Sca
Retirement Age	Based on results of actuarial experience study with a Census date of June 202

Investments

The long-term expected rate of return on OPEB 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 OPEB 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. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash and cash equivalents	1%	0.2%
Fixed income investments	34%	5.3%
Equities	65%	8.0%
Total	<u>100%</u>	

Discount rate

The discount rate used to measure the total OPEB liability was 4.646% for Fiscal Year 2022. This rate was changed from 2.235% used in Fiscal Year 2021. This is the single equivalent discount rate which represents a blended interest rate based on a long-term rate of return for those payments prior to the crossover date and a 20 year high grade municipal bond index for all remaining payments after such a crossover date. The rates used are a long-term rate of return of 7.00% and the S & P Municipal Bond 20-year High-Grade rate index as of June 30, 2022 of 4.09%.

WORCESTER COUNTY, MARYLAND
NOTES TO FINANCIAL STATEMENTS
For the year ended June 30, 2022

Note 8. Other Post-Employment Benefits (continued)

The projection of cash flows used to determine the discount rate assumed that the Board's contribution will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected OPEB payments for current active and inactive employees. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability. The periods of projected benefit payments were fiscal years 2022 through 2037.

The annual OPEB expense under GASB Statement No. 75 is equal to the change in the unfunded actuarial accrued liability from the prior year's measurement date to the current year measurement date, with some of the liability changes being deferred to future years. Changes in the actuarial accrued liability due to experience gains or losses or changes in assumptions are recognized over the expected future working lifetime of all plan participants, including retirees.

The Board's net OPEB liability is an amount actuarially determined in accordance with the parameters of GASB Statement No. 75. The following table shows the components of the Board's total OPEB liability, fiduciary net position, and the resulting net OPEB liability as of June 30, 2022:

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balance at 6/30/2021	\$ 454,404,242	\$ 26,544,826	\$ 427,859,416
Changes for the year:			
Service cost	17,026,529	-	17,026,529
Interest cost	10,084,799	-	10,084,799
Differences between expected and actual experience	(228,081,935)	(5,592,988)	-
Changes of assumptions and other inputs	(70,161,344)	-	-
Contributions - County and other	-	5,231,879	(5,231,879)
Contributions - Board	-	2,868,146	(2,868,146)
Net investment income	-	(3,759,730)	3,759,730
Implicit rate subsidy	-	-	-
Benefit payments	(6,276,315)	(5,049,651)	(1,226,664)
Administrative expense	-	(1,500)	1,500
Other changes	-	5,592,988	(5,592,988)
Net changes	(277,408,266)	(710,856)	(276,697,410)
Balances at 6/30/2022	\$ 176,995,976	\$ 25,833,970	\$ 151,162,006

WORCESTER COUNTY, MARYLAND
NOTES TO FINANCIAL STATEMENTS
For the year ended June 30, 2022

Note 8. Other Post-Employment Benefits (continued)

Funding Status and Funding Progress

As of July 1, 2021, the most recent actuarial valuation date, the total OPEB liability for benefits was \$176,995,976, with \$25,883,970 in plan Fiduciary net position, resulting in an unfunded OPEB liability of \$151,162,005. The ratio of plan Fiduciary net position to the total OPEB liability was 14.60%. The covered employee payroll was \$59,155,287, and the ratio of the net OPEB liability to the covered payroll was 255.53%.

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 future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of net OPEB liability, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information about whether the net OPEB liability is increasing or decreasing over time relative to the total OPEB liability for benefits.

Additional information as of the latest actuarial valuation is as follows:

- *Measurement date* – The Board selected a June 30, 2022 measurement date for fiscal year-end 2022. The measurement date can be any date between the last day of the prior fiscal year and the last day of the current fiscal year.
- *Cost method* – This valuation uses the Entry Age Normal Funding Method calculated on an individual basis with level percentage of payroll.

Sensitivity of the Total and Net OPEB Liability

The following table presents the Board’s total and net OPEB liability using the discount rate of 4.646%, as well as what the net OPEB liability would be if it were calculated using a discount rate that is 1% point lower or 1% point higher than the current rate:

	<u>Discount Rate</u>	<u>Board's Net OPEB Liability</u>
1% decrease	3.646%	\$ 179,938,825
Current discount Rate	4.646%	\$ 151,162,006
1% increase	5.646%	\$ 128,198,590

WORCESTER COUNTY, MARYLAND
NOTES TO FINANCIAL STATEMENTS
For the year ended June 30, 2022

Note 8. Other Post-Employment Benefits (continued)

The following table presents the Board’s net OPEB liability using the health care trend rate of 5.50%, decreasing to 4.50%, as well as what the net OPEB liability would be if it were calculated using a trend rate that is 1% point lower or 1% point higher than the current rate:

	<u>Health Care Cost Trend Rate</u>	<u>Board's Net OPEB Liability</u>
1% decrease	4.50% decreasing to 3.50%	\$ 124,799,961
Current discount Rate	5.50% decreasing to 4.50%	\$ 151,162,006
1% increase	6.50% decreasing to 5.50%	\$ 185,230,406

OPEB Expense and Deferred Inflows/Outflows of Resources related to OPEB

For the fiscal year ended June 30, 2022, the Board recognized an OPEB credit of \$9,450,623 on the government-wide statements. At June 30, 2022, the Board reported deferred outflows of resources and deferred inflows of resources related to the OPEB plan from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 205,116,304
Changes of assumptions	59,662,543	77,042,113
Net difference between projected and actual earnings on OPEB Plan Investments	2,841,393	-
Total	<u>\$ 62,503,936</u>	<u>\$ 282,158,417</u>

Amounts reported as deferred outflows and inflows of resources related to the OPEB plan will be amortized and expensed over the expected average remaining service life of participants as follows:

<u>Year Ended June 30,</u>	
2023	\$ (33,497,800)
2024	(32,780,156)
2025	(32,332,745)
2026	(35,902,645)
2027	(42,620,428)
Thereafter	(42,520,707)
	<u>\$ (219,654,481)</u>

Changes in assumptions in the most recent actuarial valuation included the discount rate (an increase from 2.235% to 4.646%).

WORCESTER COUNTY, MARYLAND
NOTES TO FINANCIAL STATEMENTS
For the year ended June 30, 2022

Note 9. Volunteer Firemen Pension Plan Length of Service Award Program (LOSAP)

The County contributes to the LOSAP for the chartered fire and ambulance company's personnel in Worcester County, a single-employer noncontributory trust fund. Any person who is certified as an active member with any Worcester County volunteer fire or approved ambulance company is eligible to participate. Active members who have completed 25 years of certified volunteer service or a life member of Gold Badge member status (inactive) who submits an award distribution application to the trustees for approval shall receive \$50 per month, for a maximum benefit of 120 months for a total award of \$10,000. A retention bonus of \$2,500 will be paid to new members after completing five years of active volunteer service excluding transfers from another volunteer fire company. Volunteers qualified for participation may participate in either a monthly award plan or annual contribution award plan and award payments cease upon death. The LOSAP also provides for death and disability benefits to participating volunteers. Benefit provisions and all other requirements are established by the chartered fire and ambulance companies and approved by the Commissioners as authorized by the State's legislative assembly. Though not mandatory, the County currently contributes all the amounts necessary to fund the payments of benefits under the LOSAP. The plan liability is immaterial and therefore not included in the financial statements.

Note 10. 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 11. 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.

Enterprise Fund

In April 2022 the County contracted with EA Engineering, of Ocean Pines MD, for engineering services for the Lewis Store Road Gravity Sewer and Pump Station Design Project. Total services will cost \$217,657 plus expenses and will be paid via a USDA loan and quarterly user debt service charges.

WORCESTER COUNTY, MARYLAND
NOTES TO FINANCIAL STATEMENTS
For the year ended June 30, 2022

Note 11. Commitments and Contingencies (continued)

General Fund

In January 2022 the County contracted with Bancroft Construction Company, of Salisbury Maryland, to construct the Worcester County Detention Center Phase 2 Renovations. The total project cost of \$11,181,315 will be covered by the planned 2022 Bond.

In January 2022 the County contracted with L3 Harris Technologies for ongoing improvements to the 800MHz P25 Radio System which is used for emergency communications throughout the County. This amendment to the existing 2015 contract is estimated to cost \$340,688.

WORCESTER COUNTY, MARYLAND
NOTES TO FINANCIAL STATEMENTS
For the year ended June 30, 2022

Note 12. 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, 2022 are summarized as follows:

Assigned for:

Bank Street restroom, HVAC, and roof improvements	\$ 155,000
Berlin Health Dept roof coating	75,000
Board of Education admin building (carpet/furniture)	31,754
Board of Education admin building (paving)	50,000
Board of Education admin building (windows/renovations)	282,045
Board of Education bus contractor contract review	26,840
Board of Education carpet (SDHS, PES)	60,720
Board of Education energy recovery unit repairs (PHS)	175,000
Board of Education maintenance (boom lift, custodian equipment)	110,000
Board of Education maintenance vans	50,000
Board of Education playground upgrades	282,273
Board of Education PMS evening program	50,000
Board of Education Pocomoke Middle fire alarm	99,000
Board of Education roof repairs (BIS, SDHS, WT)	175,000
Board of Education SHHS windscreen	25,000
Board of Education Snow Hill Middle fire alarm	111,645
Board of Education stadium fence (SDHS)	250,000
Board of Education security cameras (WTHS, SHHS, PHS, OCES)	975,000
Board of Education HVAC replacements (SHMS, PMS)	516,640
Board of Education Buckingham design	1,650,000
Board of Education SHMS/CCSS roof	2,133,700
Board of Education PES roof	1,100,000
Broadband projects	1,000,000
Building HVAC (various buildings)	500,000
County building repairs and improvements	600,000
Courthouse roof replacement	200,000
Courthouse (carpet/flooring)	50,000
Emergency services tower shelter A/C units + UPS units	120,000
Emergency services - mass casualty unit & generator	152,000
Encumbrances (FY22 unspent funds to be spent FY23)	2,931,075
Fire alarm system upgrades	120,000
Fire Tower/training center upgrades/expansion	150,000
Government Center sound attenuation panels	60,000
Harris Radio project	366,940
Isle of Wight building (HVAC improvements)	26,000
Jail building improvements and repairs	128,319
Jail UPS and kitchen oven/cooktop	44,000
North End Public Works building	550,000

WORCESTER COUNTY, MARYLAND
NOTES TO FINANCIAL STATEMENTS
For the year ended June 30, 2022

Note 12. Assigned Fund Balance (continued)

Ocean City Inlet dredging project	601,034
Ocean Pines Library improvements (heating improvements/furniture)	62,000
Other Post Employment Benefit transfer (FY22 reconciliation)	1,731,096
Outdoor sports field complex study fees	100,000
Parking lot improvements	339,634
Parking lot upgrades/resurfacing (annually to complete)	200,000
Pocomoke Health Dept building upgrades	500,000
Pocomoke Library building improvements	5,400,000
Prior year surplus (FY23 budget)	4,182,639
Public Safety CAD system server	42,500
Public Safety logistical storage engineering/design	196,592
Public Works generator	200,000
Public Works storage building concrete floor & door operator	74,000
Radio system IT refresh	2,000,000
Recreation Center building (HVAC improvement)	1,260,000
Recycling & Home Owner Convenience Center repairs/upgrades	650,000
Reserve Fund transfer FY23 (July 2022 completed)	1,265,708
Roads Department paving projects	800,000
Roads fence at Berlin shop	100,000
Siren study	100,000
Snow Hill Health Department (flooring replacement & storage study)	275,000
Snow Hill Library building improvements	840,000
Snow Hill Senior Center (HVAC)	150,000
Snow Hill transmitter building (replacement)	615,000
Strategic Plan - Dude solutions building mgmt. maintenance	30,000
States Attorney building improvements	1,000,000
Unfunded one-time budget requests (FY23)	1,043,240
West Ocean City commercial harbor bulkhead	1,500,000
Wor-Wic Applied Technology building	416,777
Total	\$ 41,058,171

The nonmajor governmental fund have assigned fund balances as follows:

- The Department of Social Services and the Local Management Board assigned funds are being held by those entities to provide services as directed by the entities for the benefit of the citizens of the County.
- Casino assigned funds originate from local impact grants which shall be used for improvements primarily in the communities in immediate proximity to the video lottery facilities. Currently, Casino funds are being used for the debt service payment on the Worcester Technical High School bond.
- Energy Service assigned funds are being held for energy conservation related initiatives.

WORCESTER COUNTY, MARYLAND
NOTES TO FINANCIAL STATEMENTS
For the year ended June 30, 2022

Note 13. Landfill Closure and Post-closure 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 County has reported \$17,849,866 in estimated landfill closure and post-closure care liabilities at June 30, 2022 in the enterprise fund related to the Central Landfill. Accrual of closure and post-closure 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, 2022, cells #2 and #3 are full. 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 suspended the mining operation during fiscal years 2014 through 2020 to avoid filling up cell #4 before cell #5 was complete. The County has completed cell #5 and plans to resume mining operations in the coming years.

The County has satisfied its financial assurance requirements based upon the local government financial ratio tests as of June 30, 2021. The County expects to satisfy these requirements as of June 30, 2022 using the same criteria.

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

Note 14. 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.

WORCESTER COUNTY, MARYLAND
NOTES TO FINANCIAL STATEMENTS
For the year ended June 30, 2022

Note 15. 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, 2022 was \$273,346 for the Library, which is included in miscellaneous revenues and libraries, recreation, parks and culture expenditures, respectively.

Note 16. Component Units

The Board of Education of Worcester County

Cash and Short-Term Investments

At June 30, 2022, the Board of Education (BOE) had deposits of \$11,736,248 (carrying value \$12,427,339), 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, 2022 was as follows:

	Balance June 30, 2021	Additions	Transfers and Reductions	Balance June 30, 2022
Governmental activities:				
Nondepreciable capital assets:				
Land and improvements	\$ 1,886,779	\$ -	\$ -	\$ 1,886,779
Construction-in-progress	733,211	2,265,046	(1,638,978)	1,359,279
Total nondepreciable capital assets	2,619,990	2,265,046	(1,638,978)	3,246,058
Depreciable capital assets:				
Building and building improvements	275,052,232	1,344,911	1,638,978	278,036,121
Machinery and equipment	7,675,668	5,096,087	(7,785)	12,763,970
Total depreciable assets	282,727,900	6,440,998	1,631,193	290,800,091
Less accumulated depreciation for:				
Buildings and building improvements	(78,318,147)	(5,176,518)	-	(83,494,665)
Machinery and equipment	(4,279,494)	(1,107,202)	7,785	(5,378,911)
Total accumulated depreciation	(82,597,641)	(6,283,720)	7,785	(88,873,576)
Total depreciable capital assets, net	200,130,259	157,278	1,638,978	201,926,515
Intangible right-to-use assets:				
Leased equipment	1,461,070	45,911	-	1,506,981
Less accumulated amortiation	(495,650)	(294,510)	-	(790,160)
Total intangible right-to-use assets, net	965,420	(248,599)	-	716,821
Governmental activities capital assets, net	\$ 203,715,669	\$ 2,173,725	\$ -	\$ 205,889,394

WORCESTER COUNTY, MARYLAND
NOTES TO FINANCIAL STATEMENTS
For the year ended June 30, 2022

Note 16. Component Units (continued)

	Balance June 30, 2021	Additions	Transfers and Reductions	Balance June 30, 2022
Business-type activities:				
Depreciable capital assets:				
Machinery, equipment and vehicles	\$ 263,141	\$ -	\$ -	\$ 263,141
Less accumulated depreciation for:				
Machinery, equipment and vehicles	(245,247)	(5,243)	-	(250,490)
Total depreciable capital assets, net	17,894	(5,243)	-	12,651
Business-type activities capital assets, net	\$ 17,894	\$ (5,243)	\$ -	\$ 12,651

Right-to-Use Assets

The Board implemented the guidance of GASB No. 87, *Leases*, at July 1, 2021 for accounting and reporting leases that had previously been reported as operating leases and recognized the value of vehicles and copiers leased under long-term contracts along with a related liability. Payments under vehicle leases total approximately \$32,000 per year and will expire during fiscal years 2026 and 2027. For purposes of discounting future payments on these leases the Board used the imputed interest rate in the lease agreement, ranging from 4.50% to 8.90%. Payments under copier leases total approximately \$293,000 in fiscal year 2023, then decrease to approximately \$206,000, \$119,000 and \$30,000 in fiscal years 2024, 2025 and 2026, respectively. These leases will expire during 2024 and 2026. For purposes of discounting future payments on these leases the Board used its incremental borrowing rate in place at the time of lease inception, 2.65%.

Long-Term Debt

The following is a summary of long-term debt transactions of the BOE for the year ended June 30, 2022:

	Balance July 1, 2021	Additions	Reductions	Balance June 30, 2022
Net OPEB liability	\$ 427,859,416	\$ -	\$ (276,697,410)	\$ 151,162,006
Net pension liability	5,846,065	-	(1,597,412)	4,248,653
Financed purchases	2,567,334	4,651,150	(1,176,999)	6,041,485
Intangible right-to-use leases	984,295	45,911	(290,075)	740,131
Long-term portion of accrued compensated absences	913,519	-	(51,797)	861,722
	\$ 438,170,629	\$ 4,697,061	\$ (279,813,693)	\$ 163,053,997

WORCESTER COUNTY, MARYLAND
NOTES TO FINANCIAL STATEMENTS
For the year ended June 30, 2022

Note 16. Component Units (continued)

Post-Retirement Benefits

The BOE currently funds 90% of the healthcare insurance premiums for retirees hired prior to July 1, 2015 (and 80% of the premiums for retirees hired subsequent to June 30, 2015) 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, 2022, the BOE's OPEB Trust paid for coverage of approximately 931 retirees at a total cost of approximately \$5,000,000. For the year ended June 30, 2022, the County contributed \$5,231,879 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 has signed contracts for the Stephen Decatur Middle School addition in the amount of \$15,252,239. At June 30, 2022, \$4,973,953 had been expended related to these contracts.

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 a liability of the general fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the BOE.

The BOE is a defendant in various lawsuits. After considering relevant facts and the opinion of legal counsel, it is management's opinion that such litigation will not have a material adverse effect on the 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, this deficit 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.

WORCESTER COUNTY, MARYLAND
NOTES TO FINANCIAL STATEMENTS
For the year ended June 30, 2022

Note 16. 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, 2022 was \$7,043,656 for the BOE, which is included in intergovernmental revenues and education expenditures, respectively, in the BOE's separately issued financial statements.

Restatement of Prior Period Net Position

The Board adopted new accounting guidance by implementing the provisions of GASB Statement No. 87, *Leases*, at July 1, 2021. This statement's objective is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases. The Statement increases the usefulness of the financial statements by requiring the recognition of certain lease assets and liabilities for leases that were previously classified as operating leases. The impact of the adoption must be applied retrospectively to previous periods and as such, the Board has restated its net position for net investment in capital assets at June 30, 2021 from \$202,768,143 to \$202,749,268.

Note 17. Required Fund Disclosures

The General Fund had an excess of actual expenditures over budgeted expenditures of \$2,433,524 for the year ended June 30, 2022.

REQUIRED SUPPLEMENTARY INFORMATION

WORCESTER COUNTY, MARYLAND
MARYLAND STATE RETIREMENT AND PENSION SYSTEMS
REQUIRED SUPPLEMENTARY INFORMATION
June 30, 2022

SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
(as of measurement date)

Measurement Date	Employer's Proportion (Percentage) of the Collective NPL A	Employer's Proportionate Share of the Collective NPL B	Employer's Covered 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)
June 30, 2014	0.1160133%	\$20,588,571	\$27,965,651	73.62%	\$45,339,988	\$63,086,719	71.87%
June 30, 2015	0.1316800%	27,365,360	23,419,512	116.85%	45,789,840	66,571,552	68.78%
June 30, 2016	0.1366138%	32,232,695	23,922,358	134.74%	45,365,927	68,959,954	65.79%
June 30, 2017	0.1228108%	26,556,233	23,537,007	112.83%	48,987,184	70,610,885	69.38%
June 30, 2018	0.1385248%	29,064,712	24,859,390	116.92%	51,827,233	72,808,833	71.18%
June 30, 2019	0.1394292%	28,758,121	25,130,065	114.44%	53,943,420	74,569,030	72.34%
June 30, 2020	0.1433537%	32,399,879	25,729,161	125.93%	54,586,037	77,187,397	70.72%
June 30, 2021	0.1571015%	23,568,845	26,968,715	87.39%	67,604,500	82,606,805	81.84%

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, 2022

SCHEDULE OF CONTRIBUTIONS
(as of fiscal year)

Fiscal Year	Measurement Date	Contractually Required Contribution A	Actual Contribution B	Contribution Deficiency (Excess) (A - B)	Employer's Covered 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%
2016	June 30, 2015	2,775,459	2,775,459	-	23,922,358	11.60%
2017	June 30, 2016	2,661,350	2,661,350	-	23,537,007	11.31%
2018	June 30, 2017	2,499,618	2,499,618	-	24,859,390	10.06%
2019	June 30, 2018	2,762,289	2,762,289	-	25,130,065	10.99%
2020	June 30, 2019	2,863,177	2,863,177	-	25,729,161	11.13%
2021	June 30, 2020	3,073,593	3,073,593	-	26,968,715	11.40%
2022	June 30, 2021	3,461,769	3,461,769	-	27,795,976	12.45%

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, 2022

ACTUARIAL ASSUMPTIONS - PENSION PLAN

Actuarial	Entry age normal
Amortization Method	Level percentage of payroll, closed
Remaining Amortization Period	17 years for State system
Asset Valuation Method	Five-year smoothed market; 20% collar
Inflation	2.25% general, 2.75% wage
Salary Increases	projected range from 0.00% to 8.50% per year
Investment Rate of Return	6.80%
Retirement Age	Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2019 valuation pursuant to the 2018 experience study of the period July 1, 2014 to July 30, 2018.
Mortality	Various versions of the Pub-2010 Mortality Tables for males and females with projected generational mortality improvements based on the MP-2018 fully generational mortality improvements scale for males and females

WORCESTER COUNTY, MARYLAND
REQUIRED SUPPLEMENTARY INFORMATION
June 30, 2022

SCHEDULE OF CHANGES IN THE NET OPEB LIABILITY AND RELATED RATIOS

As of June 30,	Fiscal Year									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Total OPEB liability										
Service cost						\$ 1,608,612	\$ 1,636,060	\$ 1,253,739	\$ 1,310,245	\$ 1,610,608
Interest						5,528,825	5,523,505	5,824,086	5,672,207	5,905,286
Differences between expected and actual experience						(930,789)	-	(2,782,115)	-	(36,448,498)
Changes of assumptions						(972,422)	-	(2,884,137)	-	3,040,825
Benefit payments						(2,753,006)	(3,005,953)	(3,365,480)	(4,210,867)	(3,094,641)
Other charges						3,031,292	142,763	(177,634)	-	-
Net change in OPEB liability						5,512,512	4,296,375	(2,131,541)	2,771,585	(28,986,420)
Total OPEB liability - beginning						75,459,618	80,972,130	85,268,505	83,136,964	85,908,550
Total OPEB liability - ending (a)						\$ 80,972,130	\$ 85,268,505	\$ 83,136,964	\$ 85,908,549	\$ 56,922,130
Plan fiduciary net position										
Differences between expected and actual experience						41,035	(771,893)	(2,058,287)	9,128,879	(15,046,294)
Contributions - employer						2,500,000	5,285,500	7,124,143	3,968,744	5,500,000
Contributions - non-employer contributing entities						487,541	322,821	672,167	634,900	167,056
Net investment income						3,330,424	2,955,419	2,104,856	13,964,958	(9,899,624)
Benefit payments						(2,753,006)	(3,005,953)	(3,365,480)	(3,178,216)	(2,277,293)
Administrative expenses						(1,150)	(3,400)	(1,000)	(5,000)	(1,500)
Other charges						(41,035)	771,893	2,058,286	(9,128,879)	15,046,294
Net change in plan fiduciary net position						3,563,809	5,554,387	6,534,685	15,385,386	(6,511,361)
Plan fiduciary net position - beginning						45,741,273	49,305,082	54,859,470	61,394,155	76,779,542
Plan fiduciary net position - ending (b)						\$ 49,305,082	\$ 54,859,469	\$ 61,394,155	\$ 76,779,541	\$ 70,268,181
County's net OPEB liability(asset) - ending (a) - (b)						\$ 31,667,048	\$ 30,409,036	\$ 21,742,809	\$ 9,129,008	\$ (13,346,051)
Plan fiduciary net position as a percentage of the total OPEB liability						60.89%	64.34%	73.85%	89.37%	123.45%
Covered employee payroll						\$ 25,501,214	\$ 27,050,408	\$ 25,615,178	\$ 25,615,178	\$ 26,811,070
County's net OPEB liability as a percentage of covered employee payroll						124%	112%	85%	36%	-50%
Expected Average Remaining Service Years of All Participants						7.12	6.38	6.24	6.24	6.97

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

WORCESTER COUNTY, MARYLAND
REQUIRED SUPPLEMENTARY INFORMATION
June 30, 2022

SCHEDULE OF INVESTMENT RETURNS

	Fiscal Year									
	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
Annual money-weighted rate of return, net of investment						7.01%	5.67%	3.62%	20.21%	-13.46%

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

WORCESTER COUNTY, MARYLAND
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
For the year ended June 30, 2022

Note 1. Pensions

Changes in Benefit Terms

There were no benefit changes during the year.

Changes in Assumptions

Adjustments to the roll-forward liabilities were made to reflect the following assumption change in the 2021 valuation:

- Inflation assumption changed from 2.60% to 2.25% for general and from 3.10% to 2.75% for wage

Methods and Assumptions used in Calculations of Actuarially Determined Contributions

Actuarial	Entry age normal
Amortization method	Level percentage of payroll, closed
Inflation	2.25% general, 2.75% wage.
Salary Increases	projected range from 0.00% to 8.50% per year
Discount rate	6.80%
Investment Rate of Return	6.80%
Retirement Age	Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2019 valuation pursuant to the 2018 experience study of the period July 1, 2014 to July 30, 2018.
Mortality	Various versions of the Pub-2010 Mortality Tables for males and females with projected generational mortality improvements based on the MP-2018 fully generational mortality improvements scale for males and females

WORCESTER COUNTY, MARYLAND
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
For the year ended June 30, 2022

Note 2. Other Post Employment Benefits

Methods and assumptions used to determine contribution rates:

Valuation date	July 1, 2021
Actuarial cost method	Entry age normal
Amortization method	Level dollar, closed period
Amortization period	5 years
Inflation	3.00%
Healthcare cost trend rates	5.50% for fiscal year 2022, decreasing .07% per year to an ultimate rate of 4.50% for fiscal year 2038 and later years
Salary increases	4.00%, average, including inflation
Investment rate of return	7.00%
Mortality	PubG.H-2010 Mortality Table - General with Mortality

Retirement rates	<u>Age</u>	<u>County</u>
	55 - 59	0%
	60 - 61	5%
	62 -64	30%
	65	15%
	66 - 69	35%
	70+	100%

Withdrawal rates Table T-4 from the Pension Acutary's Handbook

<u>Age</u>	<u>County</u>
20	5.48%
25	5.34%
30	5.11%
35	4.75%
40	4.29%
45	3.78%
50	2.90%
55	1.82%
60	1.72%

Retiree contributions

	Pre-Medicare		Medicare Eligible	
	<u>Retiree</u>	<u>Spouse</u>	<u>Retiree</u>	<u>Spouse</u>
Pre 7/1/15 hires	\$ 735	\$ 1,286	\$ 508	\$ 508
7/1/15 & subsequent hire	1,470	2,573	1,017	1,017
Spouse pay-all		12,864		5,085

OTHER SUPPLEMENTARY INFORMATION

WORCESTER COUNTY, MARYLAND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND
Year Ended June 30, 2022

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES:				
Taxes:				
Real property:				
Full-year levy	\$ 140,014,320	\$ 140,014,320	\$ 140,941,970	\$ 927,650
Semi-year levy	150,000	150,000	253,425	103,425
Personal property	407,184	407,184	244,515	(162,669)
Corporations and utilities	9,073,074	9,073,074	9,074,054	980
Net additions and abatements	(283,200)	(283,200)	(206,794)	76,406
	149,361,378	149,361,378	150,307,170	945,792
Interest on delinquent taxes	700,000	700,000	701,711	1,711
Discounts allowed on taxes	(475,000)	(475,000)	(507,438)	(32,438)
Tax credits for assessment increase	(1,201,041)	(1,201,041)	(1,173,542)	27,499
Total real and personal property	148,385,337	148,385,337	149,327,901	942,564
Local income tax	30,000,000	30,000,000	37,351,910	7,351,910
Other local taxes:				
Room tax admin	180,000	180,000	226,158	46,158
Room tax	950,000	950,000	1,357,390	407,390
Admission and amusement	600,000	600,000	799,070	199,070
Recordation	9,000,000	9,000,000	14,354,002	5,354,002
Transfer tax	6,000,000	6,000,000	9,462,305	3,462,305
Food tax admin	81,000	81,000	83,556	2,556
Total taxes	195,196,337	195,196,337	212,962,292	17,765,955
Licenses and permits:				
Business:				
Liquor licenses	800,000	800,000	876,106	76,106
Vending machine licenses	65,000	65,000	44,660	(20,340)
Traders' licenses	80,000	80,000	90,178	10,178
Occupational licenses	30,000	30,000	30,800	800
Bingo permits	5,000	5,000	11,912	6,912

WORCESTER COUNTY, MARYLAND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND
Year Ended June 30, 2022

(CONTINUED)

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Licenses and permits, continued:				
Other:				
Building permits	\$ 300,000	\$ 300,000	\$ 303,313	\$ 3,313
Electrical permits	15,000	15,000	21,575	6,575
Marriage licenses	20,000	20,000	21,660	1,660
Commercial plumbing plan review	2,500	2,500	1,745	(755)
Civil ceremony licenses	1,000	1,000	1,380	380
Shoreline construction permits	19,000	19,000	27,700	8,700
Timber harvest permits	3,000	3,000	2,800	(200)
Sediment erosion control/SWM/permits	22,000	22,000	51,610	29,610
Environmental permits	56,625	56,625	75,740	19,115
Forestry conservation review fees	6,000	6,000	5,833	(167)
Health permits	380,101	380,101	426,916	46,815
Raffle permits	1,800	1,800	1,450	(350)
Rental permits	175,000	175,000	183,305	8,305
Plumbing permits	52,000	52,000	85,520	33,520
Landfill permits	320,000	320,000	324,730	4,730
Gas permits	20,000	20,000	15,595	(4,405)
PAYT tags - household	8,000	8,000	7,280	(720)
Planning and zoning permits	47,350	47,350	54,763	7,413
Total licenses and permits	2,429,376	2,429,376	2,666,571	237,195
Intergovernmental:				
Federal grants:				
Payments in lieu of taxes	20,305	20,305	21,553	1,248
CARES Act	-	-	192,904	192,904
American rescue plan act	-	-	4,296,259	4,296,259
CDBG housing rehab grant	150,000	150,000	159,493	9,493
CDBG federal grant	-	-	15,778	15,778
CDBG economic development grant	-	-	100,000	100,000
Homeland security grant	178,407	178,407	148,090	(30,317)
MDE beach monitoring grant	3,261	3,261	3,261	-
Traffic safety - State Highway Administration	1,500	1,500	1,654	154
Library federal grant	-	-	120,838	120,838
Child support enforcement	9,000	9,000	10,379	1,379
GOCCP sheriff grant	-	-	19,743	19,743
US Fish and Wildlife Service	7,000	7,000	6,060	(940)
State grants:				
Highway user revenue	1,118,978	1,118,978	1,238,423	119,445
911 State fees	1,350,480	1,350,480	871,567	(478,913)
Maryland State Police grants	-	-	1,510	1,510
Police protection	244,113	244,113	255,127	11,014
State park revenues	425,000	425,000	611,613	186,613
Open space program - parks	607,500	607,500	1,050,178	442,678
Open space program - recreation	450,000	450,000	-	(450,000)
Library aid	174,602	174,602	174,602	-
Other housing rehab income	4,000	4,000	-	(4,000)
Share of State forest land	70,000	70,000	-	(70,000)
Eastern Shore library grant	75,000	75,000	75,000	-
Other grants	-	-	164,195	164,195

WORCESTER COUNTY, MARYLAND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND
Year Ended June 30, 2022

(CONTINUED)

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Intergovernmental, continued:				
State grants, continued:				
Coastal zone grant	\$ -	\$ -	\$ 5,450	\$ 5,450
Sheriff - sex offender grant	10,000	10,000	9,484	(516)
Sheriff - health tobacco enforcement	3,000	3,000	2,471	(529)
Sheriff - health underage drinking	4,000	4,000	1,790	(2,210)
Heroin coordinator	50,615	50,615	50,615	-
Senator Amoss grant	379,707	379,707	367,650	(12,057)
Tourism	160,000	160,000	-	(160,000)
Critical area grant	10,000	10,000	9,000	(1,000)
MALPF administrative fees	-	-	20,223	20,223
DHCD housing administration fees	7,000	7,000	14,637	7,637
DHCD state grant	-	-	75,262	75,262
Conservation easement admin fee	20,000	20,000	9,925	(10,075)
Conservation easement reimbursements	60,000	60,000	-	(60,000)
Water system monitoring	17,560	17,560	23,450	5,890
Trial jury reimbursement	54,000	54,000	40,935	(13,065)
Family support grant	351,495	351,495	299,349	(52,146)
Drug court coordinator	224,706	224,706	197,001	(27,705)
Waterway improvement grants	275,000	275,000	7,674	(267,326)
Statewide specialized transportation assistance	126,975	126,975	126,975	-
Septic system BRF grants	240,000	240,000	329,550	89,550
Intern Program grant	30,000	30,000	20,000	(10,000)
Dental program reimbursement	22,220	22,220	-	(22,220)
Bay Restoration operations and maintenance	35,000	35,000	20,501	(14,499)
Maryland coastal bays	-	-	82,378	82,378
MD Department of Aging grant	54,608	54,608	54,712	104
MD AOC security grant	-	-	9,627	9,627
911 ENSB grant	136,700	136,700	1,248,401	1,111,701
Total intergovernmental	7,161,732	7,161,732	12,565,287	5,403,555
Service charges and fees:				
Liquor advertising fees	1,200	1,200	2,280	1,080
Donation sponsorship program	7,500	7,500	(3,150)	(10,650)
Sheriff fees	42,100	42,100	116,093	73,993
Sales of publications and copies	1,705	1,705	5,405	3,700
Library use charges	2,500	2,500	16,859	14,359
Library Erate reimbursements	850	850	971	121
Mosquito control charges	50,000	50,000	44,242	(5,758)
EDU transfer fee	-	-	600	600
Seacrets security	50,000	50,000	106,744	56,744
Purnell Properties security	-	-	10,875	10,875

WORCESTER COUNTY, MARYLAND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND
Year Ended June 30, 2022

(CONTINUED)

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Service charges and fees, continued:				
Vehicle tag fees	\$ 3,500	\$ 3,500	\$ 364	\$ (3,136)
Salary reimbursement	500	500	100	(400)
Housing program fees	-	-	13,523	13,523
Critical area review fees	28,000	28,000	46,585	18,585
Tourism programs and events	-	-	314	314
Shared facility fees	500	500	500	-
Stormwater management review fees	78,000	78,000	101,039	23,039
Election filing fee	400	400	-	(400)
Roads department fees	5,000	5,000	2,151	(2,849)
Bay restoration administration fees	22,500	22,500	23,706	1,206
Shoreline Commission application fees	20,000	20,000	35,700	15,700
Park fees	31,540	31,540	50,891	19,351
Concession stand fees	65,000	65,000	58,929	(6,071)
Environmental fees	15,400	15,400	33,195	17,795
Recreation fees	252,000	252,000	240,514	(11,486)
Solar renewable energy credits	1,000	1,000	5,823	4,823
Water and sewer plan amendment fees	2,000	2,000	500	(1,500)
Circuit Court bar library	5,000	5,000	-	(5,000)
Firearms training center fees	8,000	8,000	15,225	7,225
Payments for jail use	1,586,000	1,586,000	453,813	(1,132,187)
First offender program fees	10,000	10,000	6,519	(3,481)
Fire inspection fees	145,000	145,000	205,298	60,298
Family services legal fees	-	-	1,275	1,275
Community service fees	70,000	70,000	70,800	800
Public Works	15,000	15,000	34,468	19,468
Franchise fees	22,500	22,500	22,506	6
Special Events fees	200,000	200,000	110,342	(89,658)
Tournament fees	15,000	15,000	7,350	(7,650)
Motor coach fees	30,000	30,000	-	(30,000)
Recycling	92,400	92,400	172,231	79,831
Metal recycling	40,000	40,000	46,419	6,419
Tire revenue	30,000	30,000	37,650	7,650
Total service charges and fees	2,950,095	2,950,095	2,098,649	(851,446)

WORCESTER COUNTY, MARYLAND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND
Year Ended June 30, 2022

(CONTINUED)

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Miscellaneous:				
Court fines	\$ 25,000	\$ 25,000	\$ 39,090	\$ 14,090
Civil infraction fines	4,000	4,000	2,675	(1,325)
Retiree drug subsidy	60,000	60,000	(135,000)	(195,000)
Interest on investments	200,000	200,000	119,427	(80,573)
Rent revenue	178,843	178,843	194,487	15,644
Sale of capital assets	40,000	40,000	105,501	65,501
Miscellaneous	80,000	80,000	428,718	348,718
MSRS library on-behalf payments	-	-	273,346	273,346
Total miscellaneous	587,843	587,843	1,028,244	440,401
Total revenues	208,325,383	208,325,383	231,321,043	22,995,660

WORCESTER COUNTY, MARYLAND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND
Year Ended June 30, 2022

(CONTINUED)

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
EXPENDITURES:				
General government:				
County Commissioners' office:				
Salaries	\$ 1,010,110	\$ 1,010,110	\$ 1,025,766	\$ (15,656)
Benefits	539,367	539,367	542,600	(3,233)
Administrative	15,737	15,618	15,429	189
Other supplies and equipment	13,352	14,003	9,379	4,624
Equipment maintenance	11,880	11,962	11,575	387
Legal	18,080	17,269	21,797	(4,528)
Vehicle operating expense	4,000	4,000	2,788	1,212
Building site	1,380	1,417	1,380	37
Advertising	11,200	11,200	38,360	(27,160)
Training and travel	44,047	44,047	44,000	47
Uniforms and personal equipment	-	160	160	-
Enterprise fund credits	(81,229)	(81,229)	(81,229)	-
	<u>1,587,924</u>	<u>1,587,924</u>	<u>1,632,005</u>	<u>(44,081)</u>
Circuit Court:				
Salaries	1,100,340	1,100,340	1,070,415	29,925
Benefits	587,547	587,547	566,218	21,329
Administrative	21,249	23,493	22,215	1,278
Other supplies and equipment	9,900	25,587	25,586	1
Equipment maintenance	19,486	19,486	15,965	3,521
Grant services	161,096	161,096	129,456	31,640
Legal	105,000	87,069	77,920	9,149
Consulting services	-	5,190	-	5,190
Building site	5,765	5,765	178	5,587
Training and travel	8,932	3,693	7,202	(3,509)
Uniforms and personal equipment	500	549	549	-
	<u>2,019,815</u>	<u>2,019,815</u>	<u>1,915,704</u>	<u>104,111</u>
Orphans' Court:				
Salaries	21,000	21,000	21,000	-
Benefits	11,214	11,214	11,108	106
Administrative	1,100	1,100	312	788
Training and travel	6,800	6,800	4,800	2,000
	<u>40,114</u>	<u>40,114</u>	<u>37,220</u>	<u>2,894</u>

WORCESTER COUNTY, MARYLAND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND
Year Ended June 30, 2022

(CONTINUED)

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
General government, continued:				
State's Attorney's office:				
Salaries	\$ 1,630,665	\$ 1,630,665	\$ 1,646,474	\$ (15,809)
Benefits	871,258	871,258	871,890	(632)
Overtime pay	1,000	1,000	1,802	(802)
Administrative	25,892	16,422	18,838	(2,416)
Other supplies and equipment	17,697	25,622	51,901	(26,279)
Equipment maintenance	9,209	13,806	13,306	500
Uniforms and personal equipment	500	500	921	(421)
Legal	7,800	21,679	17,328	4,351
Vehicle operating expense	6,600	5,761	9,633	(3,872)
Building site	3,050	3,577	2,620	957
Training and travel	25,750	9,131	14,064	(4,933)
Capital equipment	35,000	35,000	36,006	(1,006)
	<u>2,634,421</u>	<u>2,634,421</u>	<u>2,684,783</u>	<u>(50,362)</u>
Treasurer's office:				
Salaries	1,362,448	1,362,448	1,283,420	79,028
Overtime pay	2,000	2,000	732	1,268
Benefits	728,572	728,572	679,279	49,293
Administrative	43,850	44,492	44,491	1
Other supplies and equipment	10,740	17,876	17,898	(22)
Equipment maintenance	98,100	98,100	98,168	(68)
Consulting services	1,200	1,200	5,136	(3,936)
Building site	1,200	1,222	973	249
Training and travel	4,900	4,258	2,515	1,743
Enterprise fund credits	(242,489)	(242,489)	(242,489)	-
	<u>2,010,521</u>	<u>2,017,679</u>	<u>1,890,123</u>	<u>127,556</u>
Elections office:				
State employees' salaries and benefits	539,432	539,432	523,758	15,674
Benefits	8,010	8,010	7,935	75
Administrative	14,500	45,585	15,467	30,118
Other supplies and equipment	258,494	213,923	119,914	94,009
Voting machines and poll expenses	233,265	246,286	68,498	177,788
Equipment maintenance	10,156	10,156	5,363	4,793
Grant programs	-	-	8,398	(8,398)
Consulting services	56,160	57,590	18,196	39,394
Building site	95,999	95,999	96,129	(130)
Training and travel	17,150	16,185	4,369	11,816
	<u>1,233,166</u>	<u>1,233,166</u>	<u>868,027</u>	<u>365,139</u>

WORCESTER COUNTY, MARYLAND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND
Year Ended June 30, 2022

(CONTINUED)

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
General government, continued:				
Human resources:				
Salaries	\$ 493,811	\$ 493,811	\$ 494,139	\$ (328)
Benefits	265,282	265,282	262,956	2,326
Overtime pay	3,000	3,000	2,970	30
Administrative	9,910	9,706	9,136	570
Other supplies and equipment	5,097	5,137	5,136	1
Equipment maintenance	2,400	2,400	2,266	134
Grant programs	-	-	2,000	(2,000)
Program expense	3,500	3,500	-	3,500
Consulting services	17,100	17,542	14,534	3,008
Vehicle operating expense	5,000	5,164	5,164	-
Uniforms and personal equipment	850	850	845	5
Building site	400	400	342	58
Advertising	5,000	5,000	4,999	1
Training and travel	4,000	3,558	3,276	282
Enterprise fund credits	(70,342)	(70,342)	(70,342)	-
	745,008	745,008	737,421	7,587
Development review and permitting:				
Salaries	1,564,022	1,564,022	1,502,607	61,415
Benefits	835,139	835,139	794,835	40,304
Administrative	12,270	13,824	13,824	-
Other supplies and equipment	23,081	21,366	15,090	6,276
Equipment maintenance	11,978	11,978	5,616	6,362
Consulting services	50,000	50,000	-	50,000
Program expense	22,000	22,000	45	21,955
Housing rehabilitation program	221,100	221,100	181,173	39,927
Legal	28,500	24,055	26,060	(2,005)
Vehicle operating expense	16,200	16,200	16,037	163
Building site	1,273	1,434	1,359	75
Advertising	12,000	24,511	17,264	7,247
Training and travel	27,776	19,710	20,726	(1,016)
Enterprise fund credits	(16,765)	(16,765)	(16,765)	-
Interfund credits	(70,620)	(70,620)	(70,620)	-
Capital equipment	36,000	36,000	44,278	(8,278)
	2,773,954	2,773,954	2,551,529	222,425

WORCESTER COUNTY, MARYLAND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND
Year Ended June 30, 2022

(CONTINUED)

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
General government, continued:				
Environmental programs:				
Salaries	\$ 1,145,421	\$ 1,145,421	\$ 1,145,133	\$ 288
Overtime pay	1,500	1,500	-	1,500
Benefits	612,420	612,420	605,742	6,678
Administrative	7,655	13,917	14,324	(407)
Other supplies and equipment	13,082	7,713	7,632	81
Equipment maintenance	2,100	1,207	2,009	(802)
Grant programs	240,000	240,000	664,342	(424,342)
Consulting services	74,100	74,100	108,712	(34,612)
Vehicle operating expense	19,700	19,700	24,702	(5,002)
Building site	1,045	1,045	536	509
Advertising	3,200	3,200	1,453	1,747
Training and travel	2,873	2,873	686	2,187
Capital equipment	74,000	74,000	78,978	(4,978)
Enterprise fund credits	(28,750)	(28,750)	(28,750)	-
	<u>2,168,346</u>	<u>2,168,346</u>	<u>2,625,499</u>	<u>(457,153)</u>
Information Technology:				
Salaries	581,811	581,811	581,811	-
Benefits	310,668	310,668	307,761	2,907
Administrative	1,070	829	819	10
Other supplies and equipment	16,057	15,252	12,227	3,025
Vehicle operating expense	1,900	2,631	2,142	489
Building site	20	20	-	20
Advertising	-	395	-	395
Training and travel	6,450	6,370	1,350	5,020
Uniforms and personal equipment	450	450	396	54
Enterprise fund credits	(31,287)	(31,287)	(31,285)	(2)
	<u>887,139</u>	<u>887,139</u>	<u>875,221</u>	<u>11,918</u>

WORCESTER COUNTY, MARYLAND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND
Year Ended June 30, 2022

(CONTINUED)

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
General government, continued:				
Other general government:				
Administrative	\$ 163,461	\$ 163,461	\$ 143,062	\$ 20,399
Other supplies and equipment	60,500	42,008	28,321	13,687
Equipment maintenance	858,812	858,812	769,817	88,995
Systems maintenance	500	500	-	500
Consulting services	131,000	131,000	127,287	3,713
Energy	15,000	15,000	3,886	11,114
Building site	764,210	764,210	905,397	(141,187)
Other maintenance and services	4,800	4,800	4,758	42
Grant programs	-	-	4,560,277	(4,560,277)
Advertising	-	11,334	58	11,276
Training and travel	39,980	39,980	10,293	29,687
Tri-County Council	417,171	417,171	417,171	-
Other non-matching expenses - Briddletown	30,000	30,000	30,000	-
Other non-matching expenses - SDAT	555,440	555,440	588,885	(33,445)
Property-liability insurance	502,573	502,573	514,991	(12,418)
Other expenses	63,797	63,797	71,046	(7,249)
Capital equipment	175,000	175,000	143,903	31,097
Interest expense	32,838	32,838	32,838	-
	<u>3,815,082</u>	<u>3,807,924</u>	<u>8,351,990</u>	<u>(4,544,066)</u>
Total general government	<u>19,915,490</u>	<u>19,915,490</u>	<u>24,169,522</u>	<u>(4,254,032)</u>

WORCESTER COUNTY, MARYLAND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND
Year Ended June 30, 2022

(CONTINUED)

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Public safety:				
Sheriff's office:				
Salaries	\$ 6,298,629	\$ 6,298,629	\$ 5,845,177	\$ 453,452
Overtime pay	534,268	534,268	637,130	(102,862)
Benefits	3,648,552	3,648,552	3,428,952	219,600
Administrative	53,952	65,080	65,080	-
Other supplies and equipment	439,113	337,408	356,139	(18,731)
Equipment maintenance	156,347	102,030	110,735	(8,705)
Uniforms and personal equipment	257,369	192,633	218,780	(26,147)
Advertising	3,000	3,579	3,579	-
Legal	6,500	55,122	55,122	-
Consulting services	29,100	18,265	23,873	(5,608)
Vehicle operating expense	432,120	580,571	586,086	(5,515)
Building site	65,291	56,041	55,874	167
Training and travel	59,109	91,172	80,336	10,836
Capital equipment	1,115,566	1,115,566	428,744	686,822
	<u>13,098,916</u>	<u>13,098,916</u>	<u>11,915,350</u>	<u>1,183,566</u>
Emergency services:				
Salaries	1,755,936	1,755,936	1,365,372	390,564
Overtime pay	133,891	133,891	208,065	(74,174)
Benefits	1,009,109	1,009,109	832,302	176,807
Administrative	10,050	12,455	12,455	-
Other supplies and equipment	292,091	292,091	257,280	34,811
Equipment maintenance	599,821	599,821	342,226	257,595
Uniforms and personal equipment	6,250	4,595	5,451	(856)
Grant programs	243,200	243,200	1,314,087	(1,070,887)
Consulting services	-	8,335	2,495	5,840
Vehicle operating expense	17,250	32,050	26,698	5,352
Advertising	-	358	244	114
Building site	195,600	88,557	127,063	(38,506)
Training and travel	40,143	12,568	16,197	(3,629)
Capital equipment	580,000	690,375	82,588	607,787
	<u>4,883,341</u>	<u>4,883,341</u>	<u>4,592,523</u>	<u>290,818</u>

WORCESTER COUNTY, MARYLAND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND
Year Ended June 30, 2022

(CONTINUED)

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Public safety, continued:				
Jail:				
Salaries	\$ 6,486,128	\$ 6,486,128	\$ 5,816,618	\$ 669,510
Overtime pay	55,000	55,000	187,471	(132,471)
Benefits	3,492,755	3,492,755	3,175,989	316,766
Administrative	6,875	7,641	4,726	2,915
Other supplies and equipment	9,200	12,086	6,458	5,628
Equipment maintenance	29,435	29,435	29,043	392
Uniforms and personal equipment	54,550	54,550	43,392	11,158
Grant programs	-	-	23,938	(23,938)
Inmate supplies and services	2,270,433	2,264,384	2,061,770	202,614
Consulting services	4,000	6,397	2,510	3,887
Vehicle operating expense	12,400	12,400	7,316	5,084
Building site	788,675	763,725	728,534	35,191
Other maintenance and services	12,650	12,650	6,860	5,790
Training and travel	16,056	16,056	10,902	5,154
Capital equipment	25,725	50,675	24,950	25,725
	<u>13,263,882</u>	<u>13,263,882</u>	<u>12,130,477</u>	<u>1,133,405</u>
Fire Marshal:				
Salaries	438,374	438,374	487,602	(49,228)
Overtime pay	20,000	20,000	18,378	1,622
Benefits	244,756	244,756	267,649	(22,893)
Administrative	6,175	3,155	2,825	330
Supplies and equipment	22,486	22,486	19,369	3,117
Equipment maintenance	5,555	5,935	5,933	2
Uniforms and personal equipment	5,875	5,875	5,540	335
Vehicle operating expense	19,100	36,320	36,197	123
Building site	360	360	356	4
Training and travel	22,260	7,680	2,978	4,702
Capital equipment	47,500	47,500	9,768	37,732
	<u>832,441</u>	<u>832,441</u>	<u>856,595</u>	<u>(24,154)</u>

WORCESTER COUNTY, MARYLAND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND
Year Ended June 30, 2022

(CONTINUED)

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Public safety, continued:				
Volunteer fire departments:				
County grant to fire companies	\$ 2,520,000	\$ 2,520,000	\$ 2,520,000	\$ -
Fireman's Training Center	34,104	34,104	25,295	8,809
State grant for fire companies	379,707	379,707	367,650	12,057
County grant to ambulance companies	6,095,632	6,095,632	6,119,632	(24,000)
Training and travel - transportation expense	3,000	3,000	182	2,818
Volunteer fireman worker's compensation	115,151	115,151	103,241	11,910
LOSAP appropriation	186,200	186,200	235,800	(49,600)
EMT Paramedic	8,000	8,000	-	8,000
	<u>9,341,794</u>	<u>9,341,794</u>	<u>9,371,800</u>	<u>(30,006)</u>
Total public safety	41,420,374	41,420,374	38,866,745	2,553,629
Public works:				
Maintenance:				
Salaries	1,136,108	1,136,108	1,066,644	69,464
Overtime pay	7,500	7,500	3,534	3,966
Benefits	610,651	610,651	566,093	44,558
Administrative	1,500	1,883	2,040	(157)
Other supplies and equipment	34,974	27,751	31,332	(3,581)
Equipment maintenance	8,538	8,538	11,926	(3,388)
Uniforms and personal equipment	7,000	7,819	7,818	1
Consulting services	100	100	-	100
Custodial services	5,000	5,000	2,777	2,223
Vehicle operating expense	45,300	42,277	51,581	(9,304)
Building site	26,138	34,261	22,390	11,871
Advertising	500	1,421	1,421	-
Training and travel	6,600	6,600	6,556	44
Capital equipment	136,129	136,129	10,721	125,408
	<u>2,026,038</u>	<u>2,026,038</u>	<u>1,784,833</u>	<u>241,205</u>
Roads department:				
Salaries	1,662,560	1,662,560	1,438,711	223,849
Overtime pay	20,000	20,000	14,590	5,410
Benefits	898,434	898,434	768,754	129,680
Administrative	3,165	3,318	3,317	1
Other supplies and equipment	91,456	77,370	76,903	467
Equipment maintenance	2,905	3,014	3,013	1
Road maintenance materials	1,122,500	1,107,952	1,113,173	(5,221)
Uniforms and personal equipment	12,600	9,904	10,019	(115)
Consulting services	150	265	1,500	(1,235)
Vehicle operating expense	324,000	354,953	432,764	(77,811)

WORCESTER COUNTY, MARYLAND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND
Year Ended June 30, 2022

(CONTINUED)

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Public works, continued:				
Roads department, continued:				
Building site	\$ 32,450	\$ 32,450	\$ 41,351	\$ (8,901)
Road maintenance	310,942	310,942	319,872	(8,930)
Advertising	1,300	1,300	413	887
Training and travel	1,965	1,965	3,175	(1,210)
	<u>4,484,427</u>	<u>4,484,427</u>	<u>4,227,555</u>	<u>256,872</u>
Homeowner Convenience Centers:				
Salaries	247,791	247,791	199,314	48,477
Benefits	134,983	134,983	106,171	28,812
Overtime pay	5,000	5,000	1,398	3,602
Building site	256,760	258,786	240,525	18,261
Administrative expense	6,000	5,080	4,972	108
Consulting services	2,300	2,200	2,200	-
Uniforms and personal equipment	3,150	2,144	847	1,297
Interfund	200,547	200,547	200,547	-
Capital equipment	81,000	81,000	-	81,000
	<u>937,531</u>	<u>937,531</u>	<u>755,974</u>	<u>181,557</u>
Recycling:				
Salaries	469,164	469,164	471,965	(2,801)
Overtime pay	5,000	5,000	289	4,711
Benefits	253,189	253,189	249,809	3,380
Building site	68,500	68,500	79,645	(11,145)
Other maintenance and services	41,000	41,000	53,890	(12,890)
Supplies and equipment	14,000	14,813	15,431	(618)
Vehicle operating expenses	85,500	83,414	84,794	(1,380)
Advertising	500	500	-	500
Training and travel	1,314	1,314	-	1,314
Administrative expense	-	2,086	2,675	(589)
Consulting services	2,825	2,825	2,750	75
Uniforms and personal equipment	3,150	3,150	3,462	(312)
Interfund	159,924	159,924	159,924	-
Capital equipment	25,637	25,637	-	25,637
	<u>1,129,703</u>	<u>1,130,516</u>	<u>1,124,634</u>	<u>5,882</u>

WORCESTER COUNTY, MARYLAND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND
Year Ended June 30, 2022

(CONTINUED)

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Public works, continued:				
Other public works:				
Salaries	\$ 598,577	\$ 598,577	\$ 602,845	\$ (4,268)
Benefits	319,621	319,621	318,888	733
Administrative	3,145	3,145	2,288	857
Other supplies and equipment	12,190	15,720	13,002	2,718
Equipment maintenance	7,550	7,550	6,851	699
Uniforms and personal equipment	1,050	1,227	1,148	79
Program expense	225	225	-	225
Consulting services	80,150	80,150	115,904	(35,754)
Vehicle operating expense	11,500	9,500	6,613	2,887
Building site	29,720	27,992	16,924	11,068
Other maintenance and services	1,700	1,700	1,424	276
Fleet services	(82,124)	(82,124)	(42,116)	(40,008)
Custodial services	-	-	938	(938)
Central fuel facility	-	-	87,737	(87,737)
Advertising	300	1,117	917	200
Training and travel	2,865	1,256	1,565	(309)
Enterprise fund credits	(209,047)	(209,047)	(209,047)	-
Interfund	68,232	68,232	70,620	(2,388)
	845,654	844,841	996,501	(151,660)
Total public works	9,423,353	9,423,353	8,889,497	533,856

WORCESTER COUNTY, MARYLAND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND
Year Ended June 30, 2022

(CONTINUED)

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Health and hospitals:				
Health department:				
Administrative	\$ 3,000	\$ 2,337	\$ 1,961	\$ 376
Adverstising	-	663	662	1
Health clinic's building expenses	416,002	416,002	372,532	43,470
Other non-matching expenses	242,063	242,063	227,801	14,262
Matching appropriation	5,015,910	5,015,910	4,867,365	148,545
	<u>5,676,975</u>	<u>5,676,975</u>	<u>5,470,321</u>	<u>206,654</u>
Mosquito control:				
Salaries	100,257	100,257	71,187	29,070
Overtime pay	1,000	1,000	775	225
Benefits	54,068	54,068	38,066	16,002
Administrative	400	647	367	280
Other supplies and equipment	3,000	3,000	1,521	1,479
Equipment maintenance	550	568	124	444
Uniforms and personal equipment	700	605	(82)	687
Vehicle operating expense	15,100	14,835	13,010	1,825
Travel, training, and expense	200	295	295	-
Building site	5,350	5,350	3,983	1,367
Appropriation for spraying	70,000	70,000	53,905	16,095
Capital equipment	32,396	32,396	-	32,396
	<u>283,021</u>	<u>283,021</u>	<u>183,151</u>	<u>99,870</u>
Other health and hospitals:				
Worcester County Developmental Center	219,497	219,497	219,497	-
Atlantic General Hospital	100,000	100,000	100,000	-
	<u>319,497</u>	<u>319,497</u>	<u>319,497</u>	<u>-</u>
Total health and hospitals	6,279,493	6,279,493	5,972,969	306,524
Social services:				
Commission on Aging:				
Administrative	600	600	600	-
Other supplies and equipment	1,200	1,200	1,200	-
Grant services	181,583	181,583	181,687	(104)
Senior transportation	3,600	3,600	3,600	-
Senior center building expenses	198,600	198,600	217,528	(18,928)
Training and travel	7,000	7,000	7,000	-
Appropriation for Commission on Aging	1,174,600	1,174,600	1,174,600	-
Capital equipment	36,600	36,600	3,207	33,393
	<u>1,603,783</u>	<u>1,603,783</u>	<u>1,589,422</u>	<u>14,361</u>

WORCESTER COUNTY, MARYLAND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND
Year Ended June 30, 2022

(CONTINUED)

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Social services, continued:				
Other social services:				
CDBG Covid grant	\$ -	\$ -	\$ 15,778	\$ (15,778)
Big Brothers / Big Sisters	1,000	1,000	1,000	-
BRAVE program	3,500	3,500	3,500	-
Coastal Hospice at the Ocean	10,000	10,000	10,000	-
The Cricket Center	200,000	200,000	200,000	-
Diakonia	45,000	45,000	45,000	-
Drug and alcohol council	9,000	9,000	4,763	4,237
Jesse Klump Memorial Fund, Inc.	1,000	1,000	1,000	-
Life Crisis Center	8,500	8,500	8,500	-
Maryland Food Bank	8,000	8,000	8,000	-
Oasis Ministries	9,000	9,000	9,000	-
Samaritan Shelter	20,000	20,000	20,000	-
Social Services Pharmacy grant	15,000	15,000	15,000	-
Worcester County GOLD	15,000	15,000	15,000	-
Youth & Family Counseling	91,710	91,710	91,710	-
Worcester County 4H & FFA Fair	10,000	10,000	10,000	-
Matching appropriation - DHMH - WCDC	28,871	28,871	28,871	-
	475,581	475,581	487,122	(11,541)
Total social services	2,079,364	2,079,364	2,076,544	2,820
Education:				
Board of Education:				
Retirement	619,100	619,100	624,039	(4,939)
Post-retirement benefits	3,981,879	3,981,879	6,481,879	(2,500,000)
School building improvements	100,000	100,000	100,000	-
Operating appropriations	96,083,121	96,083,121	96,066,871	16,250
Technology program	200,000	200,000	200,000	-
Restricted programs	-	-	28,238	(28,238)
	100,984,100	100,984,100	103,501,027	(2,516,927)
Wor-Wic Community College:				
Operating appropriation	2,530,242	2,530,242	2,530,242	-
	2,530,242	2,530,242	2,530,242	-
Total education	103,514,342	103,514,342	106,031,269	(2,516,927)

WORCESTER COUNTY, MARYLAND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND
Year Ended June 30, 2022

(CONTINUED)

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Libraries, recreation, parks and culture:				
Recreation department:				
Salaries	\$ 1,052,748	\$ 1,052,748	\$ 869,382	\$ 183,366
Overtime pay	3,000	3,000	2,664	336
Benefits	563,736	563,736	461,287	102,449
Administrative	90,000	85,541	60,969	24,572
Other supplies and equipment	48,580	48,580	47,666	914
Equipment maintenance	24,280	24,280	19,772	4,508
Other maintenance and services	100	100	-	100
Uniforms and personal equipment	2,000	3,892	2,550	1,342
Grant programs	500,000	500,000	2,624	497,376
Recreation programs	371,450	371,450	215,961	155,489
Consulting services	5,750	5,750	-	5,750
Vehicle and equipment operating expense	5,400	5,400	4,051	1,349
Building site	160,078	163,195	132,949	30,246
Advertising	-	-	330	(330)
Training and travel	37,450	36,900	23,340	13,560
Capital equipment	43,500	43,500	-	43,500
	<u>2,908,072</u>	<u>2,908,072</u>	<u>1,843,545</u>	<u>1,064,527</u>
Parks department:				
Salaries	450,469	450,469	425,290	25,179
Overtime pay	5,000	5,000	587	4,413
Benefits	243,206	243,206	225,277	17,929
Administrative	951	757	486	271
Supplies and equipment	23,930	29,091	17,625	11,466
Uniforms and personal equipment	3,240	3,142	3,024	118
Grant programs	300,000	300,000	1,043,181	(743,181)
Other supplies and materials	37,000	32,868	35,612	(2,744)
Vehicle and equipment operating expense	30,200	45,724	42,452	3,272
Park expenses	111,843	91,325	76,466	14,859
Equipment maintenance	12,000	628	-	628
Other maintenance and services	5,200	4,696	4,084	612
Advertising	500	654	-	654
Training and travel	9,800	9,725	4,164	5,561
Capital equipment	135,600	151,654	84,830	66,824
	<u>1,368,939</u>	<u>1,368,939</u>	<u>1,963,078</u>	<u>(594,139)</u>
Boat landings:				
Grant programs	350,000	350,000	5,933	344,067
Landing expenses	36,355	36,355	37,047	(692)
Advertising	800	800	836	(36)
	<u>387,155</u>	<u>387,155</u>	<u>43,816</u>	<u>343,339</u>

WORCESTER COUNTY, MARYLAND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND
Year Ended June 30, 2022

(CONTINUED)

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Libraries, recreation, parks and culture, continued:				
Library:				
Salaries	\$ 2,006,945	\$ 2,006,945	\$ 1,909,155	\$ 97,790
Overtime pay	2,000	2,000	385	1,615
Benefits	1,072,713	1,072,713	1,010,091	62,622
Administrative	31,100	30,358	20,026	10,332
Other supplies and equipment	294,800	294,800	268,972	25,828
Equipment maintenance	53,600	53,600	38,984	14,616
Grant services	75,000	75,000	196,356	(121,356)
Legal	500	910	910	-
Vehicle operating expenses	850	999	-	999
Building site	361,922	361,922	312,112	49,810
Training and travel	8,500	8,500	5,462	3,038
Benefits and insurance	500	683	-	683
Capital equipment	25,000	25,000	26,842	(1,842)
MSRS library on-behalf payments	-	-	273,346	(273,346)
	<u>3,933,430</u>	<u>3,933,430</u>	<u>4,062,641</u>	<u>(129,211)</u>
Other recreation and culture:				
Furnace Town	40,000	40,000	40,000	-
Marva Theatre	15,000	15,000	15,000	-
Discovery Center	15,000	15,000	15,000	-
	<u>70,000</u>	<u>70,000</u>	<u>70,000</u>	<u>-</u>
Total libraries, recreation, parks and culture	8,667,596	8,667,596	7,983,080	684,516
Conservation of natural resources:				
Extension service:				
Administrative	10,135	10,135	9,479	656
Equipment maintenance	6,000	6,000	4,654	1,346
Building site	2,500	2,500	2,213	287
Operating appropriation	187,582	187,582	187,582	-
	<u>206,217</u>	<u>206,217</u>	<u>203,928</u>	<u>2,289</u>
Other natural resources:				
Gypsy moth control	1,700	1,700	20,161	(18,461)
Soil Conservation District	48,554	48,554	6,917	41,637
Matching appropriation beach maintenance	460,000	460,000	486,844	(26,844)
Conservation easements	-	-	20,870	(20,870)
	<u>510,254</u>	<u>510,254</u>	<u>534,792</u>	<u>(24,538)</u>
Total conservation of natural resources	716,471	716,471	738,720	(22,249)

WORCESTER COUNTY, MARYLAND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND
Year Ended June 30, 2022

(CONTINUED)

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Economic development:				
Economic development department:				
Salaries	\$ 119,025	\$ 119,025	\$ 108,232	\$ 10,793
Benefits	63,555	63,555	57,252	6,303
Administrative	25,150	12,110	13,222	(1,112)
Other supplies and equipment	4,277	11,613	2,318	9,295
Equipment maintenance	1,075	1,075	537	538
Program expense	130,000	130,000	187,185	(57,185)
Grant programs	-	-	100,000	(100,000)
Consulting services	60,000	65,765	60,870	4,895
Uniforms & personal equipment	-	481	-	481
Vehicle operating expense	1,750	2,232	2,231	1
Building site	1,000	1,533	1,204	329
Training and travel	24,675	23,118	8,012	15,106
	<u>430,507</u>	<u>430,507</u>	<u>541,063</u>	<u>(110,556)</u>
Tourism:				
Salaries	281,285	281,285	278,061	3,224
Benefits	150,197	150,197	147,086	3,111
Administrative	3,870	5,382	4,986	396
Other supplies and equipment	87,956	86,444	80,012	6,432
Equipment maintenance	2,225	1,625	936	689
Uniforms and personal equipment	400	400	-	400
Grant programs	160,000	160,000	168,614	(8,614)
Consulting services	37,100	32,098	23,524	8,574
Vehicle operating expense	3,525	3,040	1,278	1,762
Building site	15,484	14,657	17,220	(2,563)
Advertising	709,500	716,107	691,579	24,528
Training and travel	6,300	6,607	7,832	(1,225)
	<u>1,457,842</u>	<u>1,457,842</u>	<u>1,421,128</u>	<u>36,714</u>
Total economic development	1,888,349	1,888,349	1,962,191	(73,842)

WORCESTER COUNTY, MARYLAND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND
Year Ended June 30, 2022

(CONTINUED)

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Intergovernmental:				
Towns' share county bingo fees	\$ 200	\$ 200	\$ 2,501	\$ (2,301)
Towns' share county income tax	2,300,000	2,300,000	1,958,384	341,616
Towns' share liquor license fees	342,157	342,157	361,781	(19,624)
Grants to towns - conditional grants	10,000	10,000	10,000	-
Grants to towns for police	475,000	475,000	475,000	-
Grants to towns for fire	567,000	567,000	567,000	-
Grants to towns for tourism	50,000	50,000	50,000	-
Other grants to towns	5,172,091	5,172,091	5,139,601	32,490
Total intergovernmental	8,916,448	8,916,448	8,564,267	352,181
Total expenditures	202,821,280	202,821,280	205,254,804	(2,433,524)
Excess of revenues over expenditures	5,504,103	5,504,103	26,066,239	20,562,136
OTHER FINANCING SOURCES (USES):				
Transfer to Debt Service Fund	(13,687,931)	(13,687,931)	(13,691,173)	3,242
Transfer to Capital Projects Fund	-	-	(6,196,211)	6,196,211
Transfer from Capital Projects Fund	-	-	1,877,245	(1,877,245)
Transfers - prior year surplus	4,325,935	4,325,935	-	4,325,935
Transfer from Casino Fund	3,857,893	3,857,893	2,981,609	876,284
Total other financing uses	(5,504,103)	(5,504,103)	(15,028,530)	9,524,427
Net change in fund balance	\$ -	\$ -	11,037,709	\$ 11,037,709
Fund balance, beginning			<u>71,330,703</u>	
Fund balance, ending			<u>\$ 82,368,412</u>	



WORCESTER COUNTY, MARYLAND
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
June 30, 2022

	Department of Social Services Fund	Local Management Board	Casino Fund	Energy Service Fund	Total
ASSETS					
Cash and short-term investments	\$1,475,957	\$ 262,347	\$1,779,516	\$ -	\$3,517,820
Due from other funds	-	-	368,689	248,502	617,191
Total assets	\$1,475,957	\$ 262,347	\$2,148,205	\$ 248,502	\$4,135,011
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ -	\$ 196,736	\$ -	\$ -	\$ 196,736
Total liabilities	-	196,736	-	-	196,736
Fund balances:					
Assigned	1,475,957	65,611	2,148,205	248,502	3,938,275
Total fund balances	1,475,957	65,611	2,148,205	248,502	3,938,275
Total liabilities and fund balances	\$1,475,957	\$ 262,347	\$2,148,205	\$ 248,502	\$4,135,011

WORCESTER COUNTY, MARYLAND
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
Year Ended June 30, 2022

	Department of Social Services Fund	Local Management Board	Casino Fund	Energy Service Fund	Total
REVENUES:					
Intergovernmental	\$ 3,322,526	\$ 745,165	\$ 3,508,625	\$ -	\$ 7,576,316
Interest income	-	2	2,136	-	2,138
Total revenues	3,322,526	745,167	3,510,761	-	7,578,454
EXPENDITURES:					
Social services	1,928,794	888,543	-	-	2,817,337
Administrative expenses	-	230,859	-	20,833	251,692
Total expenditures	1,928,794	1,119,402	-	20,833	3,069,029
Excess (deficiency) of revenues over expenditures	1,393,732	(374,235)	3,510,761	(20,833)	4,509,425
OTHER FINANCING USES:					
Transfers out	-	-	(2,981,609)	-	(2,981,609)
Excess (deficiency) of revenues and other financing uses over expenditures	1,393,732	(374,235)	529,152	(20,833)	1,527,816
Fund balances, beginning	82,225	439,846	1,619,053	269,335	2,410,459
Fund balances, ending	\$ 1,475,957	\$ 65,611	\$ 2,148,205	\$ 248,502	\$ 3,938,275

WORCESTER COUNTY, MARYLAND

BALANCE SHEET

LOCAL MANAGEMENT BOARD - NONMAJOR GOVERNMENTAL FUND

June 30, 2022

ASSETS

Cash	\$ 258,016
Cash - earned reinvestment	4,331
Total assets	262,347

LIABILITIES AND FUND BALANCE

Liabilities:	
Accounts payable	196,736
Total liabilities	196,736
Fund balance	65,611
Total liabilities and fund balance	\$ 262,347

WORCESTER COUNTY, MARYLAND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
LOCAL MANAGEMENT BOARD - NONMAJOR GOVERNMENTAL FUND
Year Ended June 30, 2022

REVENUES:

Community partnership grant	\$ 543,031
Administrative receipts	202,134
<hr/>	
Total revenues	745,165

EXPENDITURES:

Administrative:	
Salaries	114,661
Benefits	64,574
Communications	2,690
Consultants	6,297
Postage	254
Printing	2,700
Professional dues/publications	4,117
Supplies	33,910
Conferences/conventions	1,656
Community partnership grant:	
Community Service Centers	359,313
Building Bridges	153,017
Local Care Team Coordinator	85,994
Planning Strategy	27,720
WE3	149,999
Worcester Connects Program	112,500
Total expenditures	1,119,402

Change in fund balance before other financing sources (374,237)

OTHER FINANCING SOURCES:

Interest income	2
<hr/>	
Change in fund balance	(374,235)
Fund balance, beginning	439,846
<hr/>	
Fund balance, ending	\$ 65,611

WORCESTER COUNTY, MARYLAND
COMBINING SCHEDULE OF FUND NET POSITION - OPERATING FUNDS
DEPARTMENT OF WATER AND WASTEWATER SERVICES
June 30, 2022

	West Ocean City S.A.	Ocean Pines S.A.	Newark Service Area	Bridgetown Service Area	Shared Facilities	Edgewater Acres S.A.
ASSETS						
Current assets:						
Cash and short-term investments	\$ 2,254,623	\$ 587,126	\$ (12,913)	\$ 36,083	\$ 10,019	\$ (60,035)
Accounts receivable - usage billings	373,658	1,792,364	41,844	4,113	62,998	65,464
Interfund receivable	-	-	-	-	-	-
Total current assets	2,628,281	2,379,490	28,931	40,196	73,017	5,429
Capital assets:						
Land and land rights	47,037	63,319	4,527	-	-	-
Water and sewer systems	11,416,290	50,990,762	3,577,979	330,480	-	94,806
Machinery and equipment	137,839	4,077,240	-	-	-	103,753
Construction-in-progress	-	380,558	-	-	-	-
	11,601,166	55,511,879	3,582,506	330,480	-	198,559
Less: accumulated depreciation	(9,738,341)	(29,099,858)	(921,176)	(283,806)	-	(154,484)
	1,862,825	26,412,021	2,661,330	46,674	-	44,075
Total assets	4,491,106	28,791,511	2,690,261	86,870	73,017	49,504
LIABILITIES						
Current liabilities						
Accounts payable and accrued expenses	12,295	679,804	25,066	3,229	7,814	2,675
Interfund payable	-	890,238	17,109	-	-	-
Total current liabilities	12,295	1,570,042	42,175	3,229	7,814	2,675
Other liabilities						
Compensated absences	7,530	141,336	2,982	720	-	1,827
Due to other funds	(121,122)	414,588	1,242	(2,727)	17,927	(1,112)
Total other liabilities	(113,593)	555,924	4,224	(2,007)	17,927	715
Total liabilities	(101,298)	2,125,966	46,399	1,222	25,741	3,390
NET POSITION						
Unrestricted net position	\$ 4,592,404	\$ 26,665,545	\$ 2,643,862	\$ 85,648	\$ 47,276	\$ 46,114

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
\$ 393,411	\$ 353,004	\$ 456,223	\$ 110,972	\$ (846,247)	\$ (290,746)	\$ 434,254	\$ 3,425,774
63,792	31,908	475,565	25,075	599,295	83,388	-	3,619,464
-	-	925,023	-	-	-	-	925,023
457,203	384,912	1,856,811	136,047	(246,952)	(207,358)	434,254	7,970,261
-	-	-	-	-	-	-	114,883
1,180,231	-	20,755,233	-	21,294,697	9,140,609	-	118,781,087
-	128,235	525,406	26,381	-	-	1,434,586	6,433,440
-	-	780	-	7,735	13,833	-	402,906
1,180,231	128,235	21,281,419	26,381	21,302,432	9,154,442	1,434,586	125,732,316
(1,162,568)	(128,235)	(4,769,898)	(6,595)	(7,960,464)	(3,515,259)	(1,186,279)	(58,926,963)
17,663	-	16,511,521	19,786	13,341,968	5,639,183	248,307	66,805,353
474,866	384,912	18,368,332	155,833	13,095,016	5,431,825	682,561	74,775,614
10,177	6,200	198,764	3,768	67,397	7,127	170,295	1,194,612
48,185	-	-	-	37,139	-	-	992,671
58,362	6,200	198,764	3,768	104,536	7,127	170,295	2,187,283
2,845	1,151	12,076	1,317	4,510	2,404	-	178,696
6,197	2,117	2,969	567	256,757	189,775	264,270	1,031,448
9,042	3,268	15,045	1,884	261,267	192,179	264,270	1,210,144
67,404	9,468	213,809	5,652	365,803	199,306	434,565	3,397,427
\$ 407,462	\$ 375,444	\$ 18,154,523	\$ 150,181	\$ 12,729,213	\$ 5,232,519	\$ 247,996	\$ 71,378,187

WORCESTER COUNTY, MARYLAND
COMBINING SCHEDULE OF FUND NET POSITION - CAPITAL PROJECTS FUNDS
DEPARTMENT OF WATER AND WASTEWATER SERVICES
June 30, 2022

	West Ocean City S.A.	Ocean Pines S.A.	Oyster Harbor S.A.	Newark Service Area
ASSETS				
Current assets:				
Cash and short-term investments	\$ -	\$ 5,004,033	\$ -	\$ 15,133
Accounts receivable - EDU	-	1,024,247	-	111,262
Interfund receivable	-	890,238	-	17,109
Total current assets	-	6,918,518	-	143,504
Other assets:				
Long-term EDU receivable	-	5,380,000	-	1,104,736
Total other assets	-	5,380,000	-	1,104,736
Total assets	-	12,298,518	-	1,248,240
LIABILITIES				
Current liabilities:				
Interfund payable	-	-	-	-
Bonds payable - current portion	-	758,216	-	52,916
Accrued bond interest payable	-	91,590	-	2,294
Total current liabilities	-	849,806	-	55,210
Other liabilities:				
Unearned revenue	-	6,065,000	-	1,157,652
Bonds payable	-	5,964,565	-	1,104,736
Total other liabilities	-	12,029,565	-	2,262,388
Total liabilities	-	12,879,371	-	2,317,598
NET POSITION				
Unrestricted net position (deficit)	\$ -	\$ (580,853)	\$ -	\$ (1,069,358)

Mystic Harbour <u>S.A.</u>	Snug Harbor <u>S.A.</u>	Riddle Farm <u>S.A.</u>	<u>Total</u>
\$ 2,641,663	\$ -	\$ -	\$ 7,660,829
297,650	41,146	16,690	1,490,995
-	48,185	37,139	992,671
<hr/> 2,939,313	<hr/> 89,331	<hr/> 53,829	<hr/> 10,144,495
 9,068,642	 89,008	 185,000	 15,827,386
<hr/> 9,068,642	<hr/> 89,008	<hr/> 185,000	<hr/> 15,827,386
<hr/> 12,007,955	<hr/> 178,339	<hr/> 238,829	<hr/> 25,971,881
 925,023	 -	 -	 925,023
286,509	31,884	12,422	1,141,947
14,259	1,537	3,688	113,368
<hr/> 1,225,791	<hr/> 33,421	<hr/> 16,110	<hr/> 2,180,338
 9,268,003	 120,892	 195,000	 16,806,547
<hr/> 9,908,682	<hr/> 89,008	<hr/> 211,028	<hr/> 17,278,019
<hr/> 19,176,685	<hr/> 209,900	<hr/> 406,028	<hr/> 34,084,566
<hr/> 20,402,476	<hr/> 243,321	<hr/> 422,138	<hr/> 36,264,904
 <hr/> <hr/> \$ (8,394,521)	 <hr/> <hr/> \$ (64,982)	 <hr/> <hr/> \$ (183,309)	 <hr/> <hr/> \$ (10,293,023)

WORCESTER COUNTY, MARYLAND
SCHEDULE OF REVENUES AND EXPENSES
BUDGET AND ACTUAL - OPERATING FUNDS
DEPARTMENT OF WATER AND WASTEWATER SERVICES
Year Ended June 30, 2022

	<u>West Ocean City Service Area</u>			<u>Ocean Pines Service Area</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>
OPERATING REVENUES:						
Charges for service	\$ 1,483,052	\$ 1,513,775	\$ 30,723	\$ 7,414,426	\$ 7,485,469	\$ 71,043
Interest and penalties	19,000	16,324	(2,676)	83,000	97,057	14,057
Other revenue	-	147,858	147,858	215,000	309,868	94,868
<u>Total operating revenues</u>	<u>1,502,052</u>	<u>1,677,957</u>	<u>175,905</u>	<u>7,712,426</u>	<u>7,892,394</u>	<u>179,968</u>
OPERATING EXPENSES:						
Personnel services	234,255	146,119	88,136	3,847,210	3,456,620	390,590
Supplies and materials	33,109	14,811	18,298	527,634	608,547	(80,913)
Maintenance and services	964,851	802,956	161,895	2,201,069	2,433,848	(232,779)
Other charges	19,726	23,987	(4,261)	105,302	112,086	(6,784)
Interfund charges	118,565	118,564	1	494,854	494,854	-
<u>Total operating expenses</u>	<u>1,370,506</u>	<u>1,106,437</u>	<u>264,069</u>	<u>7,176,069</u>	<u>7,105,955</u>	<u>70,114</u>
Operating income (loss) before depreciation	131,546	571,520	439,974	536,357	786,439	250,082
Depreciation	-	328,416	(328,416)	-	1,609,056	(1,609,056)
<u>Net operating income (loss)</u>	<u>131,546</u>	<u>243,104</u>	<u>111,558</u>	<u>536,357</u>	<u>(822,617)</u>	<u>(1,358,974)</u>
NONOPERATING REVENUES (EXPENSES):						
Transfer from (to) reserves	(81,546)	-	81,546	11,143	-	(11,143)
Transfer from (to) other funds	-	45,045	45,045	-	-	-
Sale of capital assets	-	-	-	-	-	-
Operating grants	-	-	-	-	-	-
Interest income	20,000	1,424	(18,576)	-	-	-
<u>Net nonoperating revenues (expenses)</u>	<u>(61,546)</u>	<u>46,469</u>	<u>108,015</u>	<u>11,143</u>	<u>-</u>	<u>(11,143)</u>
<u>Net income (loss)</u>	<u>\$ 70,000</u>	<u>\$ 289,573</u>	<u>\$ 219,573</u>	<u>\$ 547,500</u>	<u>\$ (822,617)</u>	<u>\$ (1,370,117)</u>
OTHER BUDGETED EXPENDITURES:						
Capital outlay	\$ (70,000)			\$ (547,500)		
<u>Total other budgeted expenditures</u>	<u>(70,000)</u>			<u>(547,500)</u>		
<u>Budgeted net income (loss)</u>	<u>\$ -</u>			<u>\$ -</u>		

Newark Service Area			Bridletown Service Area			Edgewater Acres Service Area		
Original/ Final Budget	Actual	Variance with Final Budget	Original/ Final Budget	Actual	Variance with Final Budget	Original/ Final Budget	Actual	Variance with Final Budget
\$ 164,600	\$ 168,562	\$ 3,962	\$ 13,330	\$ 20,111	\$ 6,781	\$ 242,912	\$ 261,058	\$ 18,146
2,000	3,587	1,587	550	542	(8)	2,000	1,649	(351)
25,128	29,005	3,877	-	133	133	865	914	49
191,728	201,154	9,426	13,880	20,786	6,906	245,777	263,621	17,844
89,466	120,644	(31,178)	8,163	4,379	3,784	49,788	73,557	(23,769)
14,229	10,817	3,412	1,111	974	137	4,433	2,981	1,452
60,494	51,278	9,216	33,062	28,475	4,587	165,558	166,428	(870)
1,397	1,783	(386)	326	251	75	2,272	2,764	(492)
6,384	6,385	(1)	1,441	1,441	-	12,105	12,105	-
171,970	190,907	(18,937)	44,103	35,520	8,583	234,156	257,835	(23,679)
19,758	10,247	(9,511)	(30,223)	(14,734)	15,489	11,621	5,786	(5,835)
-	98,623	(98,623)	-	11,296	(11,296)	-	7,784	(7,784)
19,758	(88,376)	(108,134)	(30,223)	(26,030)	4,193	11,621	(1,998)	(13,619)
(19,758)	-	19,758	223	-	(223)	(11,621)	-	11,621
-	2,048,269	2,048,269	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	30,000	30,000	-	-	-	-
-	-	-	-	-	-	-	-	-
(19,758)	2,048,269	2,068,027	30,223	30,000	(223)	(11,621)	-	11,621
\$ -	\$ 1,959,893	\$ 1,959,893	\$ -	\$ 3,970	\$ 3,970	\$ -	\$ (1,998)	\$ (1,998)
\$ -			\$ -			\$ -		
-			-			-		
\$ -			\$ -			\$ -		

WORCESTER COUNTY, MARYLAND
SCHEDULE OF REVENUES AND EXPENSES
BUDGET AND ACTUAL - OPERATING FUNDS
DEPARTMENT OF WATER AND WASTEWATER SERVICES
Year Ended June 30, 2022

(CONTINUED)

	Assateague Pointe Service Area			River Run Service Area		
	Original/ Final Budget	Actual	Variance with Final Budget	Original/ Final Budget	Actual	Variance with Final Budget
OPERATING REVENUES:						
Charges for service	\$ 259,132	\$ 295,794	\$ 36,662	\$ 175,000	\$ 187,129	\$ 12,129
Interest and penalties	3,750	5,249	1,499	700	693	(7)
Other revenue	-	1,776	1,776	-	699	699
Total operating revenues	262,882	302,819	39,937	175,700	188,521	12,821
OPERATING EXPENSES:						
Personnel services	112,025	100,919	11,106	61,588	55,314	6,274
Supplies and materials	28,332	24,811	3,521	21,367	15,014	6,353
Maintenance and services	108,894	142,665	(33,771)	99,514	131,353	(31,839)
Other charges	5,863	6,689	(826)	1,796	2,251	(455)
Interfund charges	31,015	31,080	(65)	10,137	10,138	(1)
Total operating expenses	286,129	306,164	(20,035)	194,402	214,070	(19,668)
Operating income (loss) before depreciation	(23,247)	(3,345)	19,902	(18,702)	(25,549)	(6,847)
Depreciation	-	75,319	(75,319)	-	-	-
Net operating income (loss)	(23,247)	(78,664)	(55,417)	(18,702)	(25,549)	(6,847)
NONOPERATING REVENUES (EXPENSES):						
Transfer from (to) reserves	43,247	-	(43,247)	18,702	-	(18,702)
Transfer from (to) other funds	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-
Operating grants	-	-	-	-	-	-
Interest income	-	-	-	-	-	-
Net nonoperating revenues (expenses)	43,247	-	(43,247)	18,702	-	(18,702)
Net income (loss)	\$ 20,000	\$ (78,664)	\$ (98,664)	\$ -	\$ (25,549)	\$ (25,549)
OTHER BUDGETED EXPENDITURES:						
Capital outlay	\$ (20,000)			\$ -		
Total other budgeted expenditures	(20,000)			-		
Budgeted net income (loss)	\$ -			\$ -		

Mystic Harbour Service Area			Lighthouse Sound Service Area			Riddle Farm Service Area		
Original/ Final Budget	Actual	Variance with Final Budget	Original/ Final Budget	Actual	Variance with Final Budget	Original/ Final Budget	Actual	Variance with Final Budget
\$ 1,344,127	\$ 1,399,952	\$ 55,825	\$ 100,300	102,560	\$ 2,260	\$ 786,053	\$ 887,898	\$ 101,845
15,000	16,768	1,768	700	823	123	6,500	8,219	1,719
138,328	485,017	346,689	-	322	322	-	961,552	961,552
1,497,455	1,901,737	404,282	101,000	103,705	2,705	792,553	1,857,669	1,065,116
600,428	500,093	100,335	54,403	62,314	(7,911)	324,798	303,359	21,439
244,006	233,707	10,299	12,406	7,885	4,521	74,461	103,111	(28,650)
635,047	683,275	(48,228)	38,433	29,999	8,434	373,740	1,016,525	(642,785)
20,112	24,077	(3,965)	1,178	805	373	7,329	7,390	(61)
99,158	99,158	-	3,602	3,602	-	23,948	23,947	1
1,598,751	1,540,310	58,441	110,022	104,605	5,417	804,276	1,454,332	(650,056)
(101,296)	361,427	462,723	(9,022)	(900)	8,122	(11,723)	403,337	415,060
-	616,533	(616,533)	-	5,276	(5,276)	-	575,032	(575,032)
(101,296)	(255,106)	(153,810)	(9,022)	(6,176)	2,846	(11,723)	(171,695)	(159,972)
206,296	-	(206,296)	9,022	-	(9,022)	26,723	-	(26,723)
-	12,427	12,427	-	-	-	-	5	5
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	54	54	-	-	-	-	-	-
206,296	12,481	(193,815)	9,022	-	(9,022)	26,723	5	(26,718)
\$ 105,000	\$ (242,625)	\$ (347,625)	\$ -	\$ (6,176)	\$ (6,176)	\$ 15,000	\$ (171,690)	\$ (186,690)
\$ (105,000)			\$ -			\$ (15,000)		
(105,000)			-			(15,000)		
\$ -			\$ -			\$ -		

WORCESTER COUNTY, MARYLAND
SCHEDULE OF REVENUES AND EXPENSES
BUDGET AND ACTUAL - OPERATING FUNDS
DEPARTMENT OF WATER AND WASTEWATER SERVICES
Year Ended June 30, 2022

(CONTINUED)

	The Landings Service Area			Support Group		
	Original/ Final Budget	Actual	Variance with Final Budget	Original/ Final Budget	Actual	Variance with Final Budget
OPERATING REVENUES:						
Charges for service	\$ 323,632	\$ 357,472	\$ 33,840	\$ -	\$ -	\$ -
Interest and penalties	4,000	1,914	(2,086)	-	-	-
Other revenue	-	5,496	5,496	-	64,448	64,448
Total operating revenues	327,632	364,882	37,250	-	64,448	64,448
OPERATING EXPENSES:						
Personnel services	115,172	127,497	(12,325)	-	-	-
Supplies and materials	23,204	13,852	9,352	-	-	-
Maintenance and services	205,823	215,530	(9,707)	-	-	-
Other charges	2,396	2,279	117	-	-	-
Interfund charges	8,393	8,393	-	-	-	-
Total operating expenses	354,988	367,551	(12,563)	-	-	-
Operating income (loss) before depreciation	(27,356)	(2,669)	24,687	-	64,448	64,448
Depreciation	-	239,366	(239,366)	-	83,452	(83,452)
Net operating income (loss)	(27,356)	(242,035)	(214,679)	-	(19,004)	(19,004)
NONOPERATING REVENUES (EXPENSES):						
Transfer from (to) reserves	27,356	-	(27,356)	-	-	-
Transfer from (to) other funds	-	-	-	-	-	-
Operating grants	-	-	-	-	-	-
Interest income	-	-	-	-	-	-
Net nonoperating revenues (expenses)	27,356	-	(27,356)	-	-	-
Net income (loss)	\$ -	\$ (242,035)	\$ (242,035)	\$ -	\$ (19,004)	\$ (19,004)
OTHER BUDGETED EXPENDITURES:						
Capital outlay	\$ -			\$ -		
Total other budgeted expenditures	-			-		
Budgeted net income (loss)	\$ -			\$ -		

Shared Facilities			Combined Totals		
Original/ Final Budget	Actual	Variance with Final Budget	Original/ Final Budget	Actual	Variance with Final Budget
\$ -	\$ -	\$ -	\$ 12,306,564	\$ 12,679,780	\$ 373,216
-	-	-	137,200	152,825	15,625
-	22,500	22,500	379,321	2,029,588	1,650,267
-	22,500	22,500	12,823,085	14,862,193	2,039,108
-	10,698	(10,698)	5,497,296	4,961,513	535,783
-	49	(49)	984,292	1,036,559	(52,267)
-	25,321	(25,321)	4,886,485	5,727,653	(841,168)
-	-	-	167,697	184,362	(16,665)
-	-	-	809,602	809,667	(65)
-	36,068	(36,068)	12,345,372	12,719,754	(374,382)
-	(13,568)	(13,568)	477,713	2,142,439	1,664,726
-	-	-	-	3,650,153	(3,650,153)
-	(13,568)	(13,568)	477,713	(1,507,714)	(1,985,427)
-	-	-	229,787	-	(229,787)
-	-	-	-	2,105,746	2,105,746
-	-	-	30,000	30,000	-
-	-	-	20,000	1,478	(18,522)
-	-	-	279,787	2,137,224	1,857,437
\$ -	\$ (13,568)	\$ (13,568)	\$ 757,500	\$ 629,510	\$ (127,990)
\$ -			\$ (757,500)		
-			(757,500)		
\$ -			\$ -		

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, 2022

	West Ocean City <u>S.A.</u>	Ocean Pines <u>S.A.</u>	Oyster Harbor <u>S.A.</u>	Newark Service <u>Area</u>
Revenues:				
Debt service revenue	\$ -	\$ 1,371,845	\$ -	\$ 64,704
Other revenues	-	73,217	-	-
Total revenues	-	1,445,062	-	64,704
Operating income (loss)	-	1,445,062	-	64,704
Nonoperating income (expense):				
Interest on investments	48	4,982	41	15
Bond interest expense	-	(256,162)	-	(7,259)
Transfers from (to) other funds	(45,045)	-	(12,427)	(2,048,269)
Total nonoperating income (expense)	(44,997)	(251,180)	(12,386)	(2,055,513)
Change in net position	(44,997)	1,193,882	(12,386)	(1,990,809)
Net position (deficit), beginning	44,997	(1,774,735)	12,386	921,451
Net position (deficit), ending	\$ -	\$ (580,853)	\$ -	\$ (1,069,358)

Mystic Harbour <u>S.A.</u>	Snug Harbor <u>S.A.</u>	Riddle Farm <u>S.A.</u>	<u>Total</u>
\$ 402,204	\$ 34,604	\$ 25,623	\$ 1,898,980
190,316	-	2,422	265,955
<hr/> 592,520	<hr/> 34,604	<hr/> 28,045	<hr/> 2,164,935
<hr/> 592,520	<hr/> 34,604	<hr/> 28,045	<hr/> 2,164,935
3,175	-	5	8,266
(251,190)	(1,653)	(8,892)	(525,156)
-	-	(5)	(2,105,746)
<hr/> (248,015)	<hr/> (1,653)	<hr/> (8,892)	<hr/> (2,622,636)
344,505	32,951	19,153	(457,701)
<hr/> (8,739,026)	<hr/> (97,933)	<hr/> (202,462)	<hr/> (9,835,322)
<hr/> <u>\$ (8,394,521)</u>	<hr/> <u>\$ (64,982)</u>	<hr/> <u>\$ (183,309)</u>	<hr/> <u>\$ (10,293,023)</u>

WORCESTER COUNTY, MARYLAND
SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN FUND
NET POSITION BY OPERATING FUND - BUDGET AND ACTUAL
DEPARTMENT OF SOLID WASTE
Year Ended June 30, 2022

	Original/ Final <u>Budget</u>	<u>Actual</u>	Variance with Final <u>Budget</u>
Operating revenues:			
Licenses and permits	\$ 4,500	\$ 4,420	\$ (80)
Stump, yard waste, and mulch revenue	50,000	73,459	23,459
Interest and penalties on overdue accounts	2,000	1,833	(167)
Interfund charges	359,784	360,471	687
Other revenue	-	43,801	43,801
Tipping fees	4,059,057	4,151,307	92,250
<u>Total operating revenues</u>	<u>4,475,341</u>	<u>4,635,291</u>	<u>159,950</u>
<u>Total operating expenses</u>	<u>2,740,228</u>	<u>2,160,881</u>	<u>579,347</u>
Operating income (loss) before depreciation	1,735,113	2,474,410	739,297
Depreciation	-	1,910,721	(1,910,721)
Operating income (loss)	1,735,113	563,689	(1,171,424)
Nonoperating income (expense):			
Interest on investments	7,800	9,382	1,582
Transfer to reserves	(648,174)	-	648,174
Interest expense	(1,094,739)	(232,680)	862,059
<u>Total nonoperating income (expense)</u>	<u>(1,735,113)</u>	<u>(223,298)</u>	<u>1,511,815</u>
<u>Change in net position</u>	<u>\$ -</u>	<u>340,391</u>	<u>\$ 340,391</u>
Net position, beginning		<u>(888,428)</u>	
Net position, ending		<u>\$ (548,037)</u>	

WORCESTER COUNTY, MARYLAND
SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN FUND
NET POSITION BY OPERATING FUND - BUDGET AND ACTUAL
DEPARTMENT OF SOLID WASTE
Year Ended June 30, 2022

(CONTINUED)

	Original/ Final <u>Budget</u>	<u>Actual</u>	Variance with Final <u>Budget</u>
Expenses:			
Department: Administration			
Salaries	\$ 132,914	\$ 130,256	\$ 2,658
Benefits	96,298	56,213	40,085
Salaries and benefits - Treasurer's support	56,271	56,270	1
Salaries and benefits - Public Works and administrative	118,254	118,254	-
Administrative expenses	14,675	14,308	367
Audit services	8,125	7,650	475
Insurance	12,250	12,548	(298)
Solid waste committee	1,500	1,100	400
Uniforms	700	200	500
	<u>440,987</u>	<u>396,799</u>	<u>44,188</u>
Department: Solid Waste			
Salaries	717,472	591,068	126,404
Benefits	509,520	330,547	178,973
Buildings and grounds	150,000	99,233	50,767
Capital equipment	31,000	-	31,000
Closure and post-closure costs	-	(10,585)	10,585
Consulting services	150,000	216,636	(66,636)
Fuel	200,000	143,802	56,198
Leachate expense	225,000	168,185	56,815
Safety expense	2,000	541	1,459
Supplies and equipment	3,500	6,320	(2,820)
Telephone	4,000	2,084	1,916
Training	1,649	198	1,451
Uniforms	8,750	3,761	4,989
Utilities	30,000	16,086	13,914
Vehicle and heavy equipment maintenance	266,350	196,206	70,144
	<u>2,299,241</u>	<u>1,764,082</u>	<u>535,159</u>
Total operating expenses	<u><u>\$2,740,228</u></u>	<u><u>\$2,160,881</u></u>	<u><u>\$ 579,347</u></u>





WORCESTER COUNTY, MARYLAND
COMBINING STATEMENT OF FIDUCIARY NET POSITION
CUSTODIAL FUNDS
June 30, 2022

	State of Maryland Property Taxes	Maryland Department of Motor Vehicles - License Fees	Tax Sale Fund	Development Taxes	Performance Bonds	Personal Property Tax Liability	Forest Conservation	Bay Restoration	Snow Hill Property Tax
ASSETS									
Cash and short-term investments	\$ -	\$ 2,208	\$ 46,445	\$ 153,742	\$ 1,316,768	\$ 144,266	\$ 139,896	\$ 110,489	\$ -
Taxes receivable	264,834	-	-	-	-	-	-	89,813	36,133
Due from other funds	-	-	-	-	-	-	-	-	-
Total assets	264,834	2,208	46,445	153,742	1,316,768	144,266	139,896	200,302	36,133
LIABILITIES									
Accounts payable	-	-	46,445	-	1,316,768	144,266	-	-	-
Unearned revenue	-	-	-	-	-	-	-	-	-
Due to other governments	264,834	2,208	-	5,592	-	-	-	200,302	36,133
Total liabilities	264,834	2,208	46,445	5,592	1,316,768	144,266	-	200,302	36,133
NET POSITION									
Fiduciary net position held for others	-	-	-	148,150	-	-	139,896	-	-
Total net position	\$ -	\$ -	\$ -	\$ 148,150	\$ -	\$ -	\$ 139,896	\$ -	\$ -

Berlin Property Tax	Pocomoke Property Tax	Ocean City Property Tax	Special Loans	Critical Areas	Seized Funds Pending Forfeiture	Snow Hill Room Tax	Berlin Room Tax	Pocomoke Room Tax	Ocean City Room Tax	Ocean City Food Tax	Total
\$ -	\$ -	\$ -	\$ 286	\$ 78,123	\$ 247,596	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,239,819
56,478	148,705	468,379	-	-	-	-	-	-	-	-	1,064,342
-	-	-	-	-	-	-	-	-	-	-	-
56,478	148,705	468,379	286	78,123	247,596	-	-	-	-	-	3,304,161
-	-	-	-	-	2,296	-	-	-	-	-	1,509,775
-	-	-	-	-	245,300	-	-	-	-	-	245,300
56,478	148,705	468,379	-	-	-	-	-	-	-	-	1,182,631
56,478	148,705	468,379	-	-	247,596	-	-	-	-	-	2,937,706
-	-	-	286	78,123	-	-	-	-	-	-	366,455
\$ -	\$ -	\$ -	\$ 286	\$ 78,123	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 366,455

WORCESTER COUNTY, MARYLAND
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
CUSTODIAL FUNDS
Year Ended June 30, 2022

	State of Maryland Property Taxes	Maryland Department of Motor Vehicles - License Fees	Tax Sale Fund	Development Taxes	Performance Bonds	Personal Property Tax Liability	Forest Conservation	Bay Restoration	Snow Hill Property Tax
ADDITIONS:									
Collections for other governments	\$ 18,226,350	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 740,467	\$ 980,646
Grant funding	-	-	-	-	-	-	-	-	-
Other	-	107,245	292,580	98,028	253,813	26,081	-	-	-
Interest	-	-	-	-	-	-	297	-	-
Total additions	18,226,350	107,245	292,580	98,028	253,813	26,081	297	740,467	980,646
DEDUCTIONS:									
Payments to other governments	18,226,350	107,245	292,580	133,052	-	-	-	740,467	980,646
Other	-	-	-	20,224	253,813	26,081	-	-	-
Total deductions	18,226,350	107,245	292,580	153,276	253,813	26,081	-	740,467	980,646
Change in net position	-	-	-	(55,248)	-	-	297	-	-
Net position, beginning	-	-	-	203,398	-	-	139,599	-	-
Net position, ending	\$ -	\$ -	\$ -	\$ 148,150	\$ -	\$ -	\$ 139,896	\$ -	\$ -

Berlin Property Tax	Pocomoke Property Tax	Ocean City Property Tax	Special Loans	Critical Areas	Seized Funds Pending Forfeiture	Snow Hill Room Tax	Berlin Room Tax	Pocomoke Room Tax	Ocean City Room Tax	Ocean City Food Tax	Total
\$ 3,915,101	\$ 2,719,992	\$ 42,564,427	\$ -	\$ -	\$ -	\$ 13,896	\$ 52,485	\$ 145,533	\$ 22,007,353	\$ 1,733,244	\$ 93,099,494
-	-	-	22,473	-	-	-	-	-	-	-	22,473
-	-	-	-	-	207,966	-	-	-	-	-	985,713
-	-	-	-	125	-	-	-	-	-	-	422
3,915,101	2,719,992	42,564,427	22,473	125	207,966	13,896	52,485	145,533	22,007,353	1,733,244	94,108,102
3,915,101	2,719,992	42,564,427	-	-	-	13,896	52,485	145,533	22,007,353	1,733,244	93,632,371
-	-	-	90,267	-	207,966	-	-	-	-	-	598,351
3,915,101	2,719,992	42,564,427	90,267	-	207,966	13,896	52,485	145,533	22,007,353	1,733,244	94,230,722
-	-	-	(67,794)	125	-	-	-	-	-	-	(122,620)
-	-	-	68,080	77,998	-	-	-	-	-	-	489,075
\$ -	\$ -	\$ -	\$ 286	\$ 78,123	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 366,455

WORCESTER COUNTY, MARYLAND
SCHEDULE OF ASSESSABLE BASE
GENERAL FUND
Year Ended June 30, 2022

	Full-Year Assessment	Half-Year Assessment	Total
Real property	\$ 16,618,251,283	\$ 59,982,300	\$ 16,678,233,583
Personal property - individuals and firms - all districts	11,542,930	-	11,542,930
Railroads and public utilities	206,187,680	-	206,187,680
Railroads and public utilities - reduced rate	176,490	-	176,490
Ordinary business corporations	223,166,920	-	223,166,920
<u>Total</u>	<u>\$ 17,059,325,303</u>	<u>\$ 59,982,300</u>	<u>\$ 17,119,307,603</u>

Computation of Taxes for County Purposes

\$16,618,251,283 assessable base at \$0.845 per \$100 base (full-year)	\$ 140,424,223
\$440,897,530 assessable base at \$2.1125 per \$100 base (full-year)	9,313,960
\$176,490 assessable base at \$0.845 per \$100 base (full-year)	1,491
<u>\$59,982,300 assessable base at \$0.4225 per \$100 base (half-year)</u>	<u>253,425</u>
	149,993,099
Adjustment for deferred property taxes receivable	520,865
Net additions and abatements	(206,794)
<u>Total County taxes for the year ended June 30, 2022</u>	<u>\$ 150,307,170</u>

WORCESTER COUNTY, MARYLAND
SCHEDULE OF ASSESSABLE BASES AND TAX LEVIES
GENERAL FUND
Fiscal Years Ended June 30, 2022

<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>
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 *	(0.47)%	.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)%
2015 - 2016	14,885,658,093	(0.02)%	.835 - 2.0875	128,059,010	7.57%
2016 - 2017	15,193,940,789	2.07%	.835 - 2.0875	131,175,473	2.43%
2017 - 2018	15,561,696,352	2.42%	.835 - 2.0875	133,807,437	2.01%
2018 - 2019	15,923,438,805	2.32%	.835 - 2.0875	137,743,893	2.94%
2019 - 2020	16,369,397,578	2.80%	.845 - 2.1125	143,174,528	3.94%
2020 - 2021	16,842,648,651	2.89%	.845 - 2.1125	147,627,291	3.11%
2021 - 2022	17,119,307,603	1.64%	.845 - 2.1125	150,307,170	1.82%

* 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, 2022

Levies of years ended June 30:

2022	\$ 2,286,322
2021	111,539
2020	75,546
2019	65,699
2018 and prior	255,066
Total	\$ 2,794,172

WORCESTER COUNTY, MARYLAND
NOTES TO THE OTHER SUPPLEMENTARY INFORMATION
For the year ended June 30, 2022

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:

General Fund
Department of Water and Wastewater Services
Department of Solid Waste

Note 2. Actual Revenues and Expenditures over Budget

Expenditures in the General Fund exceeded the budget by \$2.4 million and were primarily related to the expenditure of Covid-19 related grant funds which were received by the County in FY22. This grant activity was not budgeted in FY22 due to the continued uncertainty associated with the Covid-19 Pandemic when the FY22 Budget was adopted in June 2021. The increased grant activity is most evident in the Other General Government department on page 117 as well as the Emergency Services department shown on page 118.

Revenue in the General Fund Exceeded the budget by \$23.0 million and approximately \$5.4 million relates to additional grant funding included in the Intergovernmental revenues on pages 109 and 110. In addition, local income tax exceeded budget by \$7.4 million and the Other Local Taxes exceeded budget by \$9.5 million due to a steadily improving real estate market and the related property transfer activity as shown on page 108.

STATISTICAL SECTION

This part of Worcester County's Comprehensive Annual Financial Report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the County's overall financial health. The Statistical Section contains data which usually covers more than one year and may present non-accounting data. As a result, this section of the report is unaudited.

<u>Contents</u>	<u>Schedule</u>
Financial Trends <i>These schedules contain trend information to help the reader understand how the County's financial performance and well-being have changed over time.</i>	1 – 4
Revenue Capacity <i>These schedules contain information to help the reader assess the factors affecting the County's ability to generate its property taxes.</i>	5 – 11
Debt Capacity <i>These schedules 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.</i>	12 – 15
Demographic and Economic Information <i>These schedules offer demographic and economic indicators to help the reader understand the environment within which the County's financial activities take place and to help make comparisons over time with other governments.</i>	16 – 17
Operating Information <i>These schedules contain information about the County's operations and resources to help the reader understand how the County's financial information relates to the services the County provides and the activities it performs.</i>	18 – 20

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

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

	Fiscal Year									
	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
Governmental activities										
Net investment in capital assets	\$ 90,110,170	\$ 86,424,881	\$ 86,671,386	\$ 77,759,097	\$ 82,846,858	\$ 86,692,388	\$ 89,332,799	\$ 93,809,523	\$ 90,993,442	\$ 88,217,453
Restricted	-	-	-	-	-	-	-	-	-	-
Unrestricted	<u>21,389,838</u>	<u>(5,573,996)</u>	<u>(28,314,942)</u>	<u>(22,728,680)</u>	<u>(25,490,273)</u>	<u>(66,318,716)</u>	<u>(66,240,565)</u>	<u>(79,582,700)</u>	<u>(55,474,908)</u>	<u>(24,556,629)</u>
Total governmental activities net position	<u>111,500,008</u>	<u>80,850,885</u>	<u>58,356,444</u>	<u>55,030,417</u>	<u>57,356,585</u>	<u>20,373,672</u>	<u>23,092,234</u>	<u>14,226,823</u>	<u>35,518,534</u>	<u>63,660,824</u>
Business-type activities										
Net investment in capital assets	59,302,023	53,642,591	55,184,962	53,420,609	58,358,305	61,943,999	61,719,892	57,912,012	57,958,906	56,320,686
Unrestricted	<u>27,420</u>	<u>4,651,348</u>	<u>571,926</u>	<u>30,886</u>	<u>(3,737,553)</u>	<u>(4,778,123)</u>	<u>(1,937,328)</u>	<u>2,105,496</u>	<u>2,066,021</u>	<u>4,216,441</u>
Total business-type activities net position	<u>59,329,443</u>	<u>58,293,939</u>	<u>55,756,888</u>	<u>53,451,495</u>	<u>54,620,752</u>	<u>57,165,876</u>	<u>59,782,564</u>	<u>60,017,508</u>	<u>60,024,927</u>	<u>60,537,127</u>
Primary government										
Net investment in capital assets	149,412,193	140,067,472	141,856,348	131,179,706	141,205,163	148,636,387	151,052,691	155,816,535	148,952,348	144,538,139
Restricted	-	-	-	-	-	-	-	-	-	-
Unrestricted	<u>21,417,258</u>	<u>(922,648)</u>	<u>(27,743,016)</u>	<u>(22,697,794)</u>	<u>(29,227,826)</u>	<u>(71,096,839)</u>	<u>(68,177,893)</u>	<u>(81,572,204)</u>	<u>(53,408,887)</u>	<u>(20,340,188)</u>
Total primary government net position	<u>\$ 170,829,451</u>	<u>\$ 139,144,824</u>	<u>\$ 114,113,332</u>	<u>\$ 108,481,912</u>	<u>\$ 111,977,337</u>	<u>\$ 77,539,548</u>	<u>\$ 82,874,798</u>	<u>\$ 74,244,331</u>	<u>\$ 95,543,461</u>	<u>\$ 124,197,951</u>

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

Fiscal year 2015 has been restated to recognize deferred outflows related to the advance refunding of portions of the County's 2007 and 2008 bond issues

Fiscal years prior 2018 have not been restated for the effects of implementing GASB Statement No. 75

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

	Fiscal Year									
	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
Expenses										
Governmental activities:										
General government	\$ 38,915,371	\$ 41,815,245	\$ 38,635,684	\$ 44,076,570	\$ 44,311,285	\$ 38,378,190	\$ 27,275,158	\$ 23,725,666	\$ 27,023,761	\$ 22,858,631
Public safety	33,952,043	31,088,753	31,973,300	31,539,249	33,626,987	36,229,150	37,741,726	38,790,887	39,295,951	42,244,797
Public works	6,582,195	6,843,212	5,217,371	5,567,728	4,850,672	8,808,385	7,810,742	10,065,623	9,629,488	10,016,308
Health and hospitals	5,379,303	6,003,573	6,551,417	6,377,497	6,657,023	6,597,319	6,691,645	6,780,295	6,640,734	6,457,426
Social services	1,799,550	1,879,944	1,946,138	2,075,471	2,035,417	2,290,971	2,444,405	2,446,321	2,903,950	5,124,740
Education	77,254,710	84,004,053	100,313,254	93,437,468	94,649,729	92,556,477	99,447,577	127,270,912	109,762,529	111,152,755
Libraries, recreation and culture	5,322,151	5,438,515	6,092,227	5,258,231	5,905,393	6,049,573	7,147,979	7,873,319	8,903,755	8,626,343
Conservation of natural resources	226,121	241,883	375,697	497,939	425,671	712,005	849,887	840,547	748,500	759,553
Economic development	1,947,815	1,667,636	1,932,046	1,631,443	1,686,229	1,711,548	1,634,878	1,876,097	13,069,061	2,014,967
Interest on long-term debt	2,601,958	2,428,386	4,891,421	3,874,043	4,076,145	3,704,618	2,852,292	2,646,733	2,555,254	2,105,319
Total governmental activities expenses	<u>173,981,217</u>	<u>181,411,200</u>	<u>197,928,555</u>	<u>194,335,639</u>	<u>198,224,551</u>	<u>197,038,236</u>	<u>193,896,289</u>	<u>222,316,400</u>	<u>220,532,983</u>	<u>211,360,839</u>
Business-type activities:										
Department of Solid Waste	5,424,173	5,513,619	5,638,012	4,183,293	4,367,047	4,092,967	5,691,253	2,975,362	7,083,647	4,304,282
Department of Water and Wastewater	11,502,025	12,351,756	13,409,381	14,035,346	13,691,072	14,466,207	15,060,164	15,174,092	16,142,579	16,895,063
Department of Liquor Control	15,102,811	15,518,122	10,477,998	7,929,512	6,076,646	1,032,268	999,469	1,035,251	636,072	-
Total business-type activities expenses	<u>32,029,009</u>	<u>33,383,497</u>	<u>29,525,391</u>	<u>26,148,151</u>	<u>24,134,765</u>	<u>19,591,442</u>	<u>21,750,886</u>	<u>19,184,705</u>	<u>23,862,298</u>	<u>21,199,345</u>
Total primary government expenses	<u>\$ 206,010,226</u>	<u>\$ 214,794,697</u>	<u>\$ 227,453,946</u>	<u>\$ 220,483,790</u>	<u>\$ 222,359,316</u>	<u>\$ 216,629,678</u>	<u>\$ 215,647,175</u>	<u>\$ 241,501,105</u>	<u>\$ 244,395,281</u>	<u>\$ 232,560,184</u>
Program revenues										
Governmental activities:										
Charges for services:										
General government	\$ 1,932,275	\$ 2,010,031	\$ 2,081,072	\$ 2,053,695	\$ 2,087,794	\$ 2,276,106	\$ 2,062,878	\$ 1,851,965	\$ 2,679,098	\$ 2,512,294
Public safety	6,182,160	5,616,912	5,143,953	5,513,482	6,030,900	5,803,127	5,651,824	3,885,304	1,148,737	908,054
Public works	75,543	79,207	87,884	75,713	88,721	98,986	107,201	509,961	533,758	626,029
Health and hospitals	434,917	435,267	431,421	431,643	430,894	444,284	447,883	425,583	477,375	471,158
Libraries, recreation and culture	196,705	236,546	312,460	349,348	361,834	364,513	353,870	305,597	232,390	491,679
Economic development	17,833	22,230	38,184	8,747	17,615	20,046	35,608	33,829	22,390	28,473
Operating grants and contributions	4,181,653	4,154,275	5,132,554	5,244,177	5,559,621	7,131,615	7,431,909	9,097,988	24,502,238	18,756,330
Capital grants and contributions	1,546,506	1,220,927	1,861,970	1,936,382	1,984,522	2,932,654	1,043,469	942,814	5,756,212	2,447,679
Total governmental activities program revenues	<u>14,567,592</u>	<u>13,775,395</u>	<u>15,089,498</u>	<u>15,613,187</u>	<u>16,561,901</u>	<u>19,071,331</u>	<u>17,134,642</u>	<u>17,053,041</u>	<u>35,352,198</u>	<u>26,241,696</u>
Business-type activities:										
Charges for services:										
Department of Solid Waste	4,182,238	3,783,926	4,060,039	4,004,384	3,757,085	4,005,295	4,262,096	4,502,971	5,245,653	4,635,291
Department of Water and Wastewater	15,766,173	13,013,971	12,885,762	12,160,567	14,283,986	15,406,636	17,244,935	16,216,982	17,240,986	17,027,128
Department of Liquor Control	15,414,939	15,476,906	9,985,444	7,623,320	5,236,447	864,418	945,096	1,040,823	631,287	-
Operating grants and contributions	47,000	25,000	49,202	26,000	26,000	26,000	26,000	28,000	30,000	30,000
Total business-type activities program revenues	<u>35,410,350</u>	<u>32,299,803</u>	<u>26,980,447</u>	<u>23,814,271</u>	<u>23,303,518</u>	<u>20,302,349</u>	<u>22,478,127</u>	<u>21,788,776</u>	<u>23,147,926</u>	<u>21,692,419</u>
Total primary government program revenues	<u>\$ 49,977,942</u>	<u>\$ 46,075,198</u>	<u>\$ 42,069,945</u>	<u>\$ 39,427,458</u>	<u>\$ 39,865,419</u>	<u>\$ 39,373,680</u>	<u>\$ 39,612,769</u>	<u>\$ 38,841,817</u>	<u>\$ 58,500,124</u>	<u>\$ 47,934,115</u>
Net (expense)/revenue										
Governmental activities	\$ (159,413,625)	\$ (167,635,805)	\$ (182,839,057)	\$ (178,722,452)	\$ (181,662,650)	\$ (177,966,905)	\$ (176,761,647)	\$ (205,263,359)	\$ (185,180,785)	\$ (185,119,143)
Business-type activities	3,381,341	(1,083,694)	(2,544,944)	(2,333,880)	(831,247)	710,907	727,241	2,604,071	(714,372)	493,074
Total primary government net expense	<u>\$ (156,032,284)</u>	<u>\$ (168,719,499)</u>	<u>\$ (185,384,001)</u>	<u>\$ (181,056,332)</u>	<u>\$ (182,493,897)</u>	<u>\$ (177,255,998)</u>	<u>\$ (176,034,406)</u>	<u>\$ (202,659,288)</u>	<u>\$ (185,895,157)</u>	<u>\$ (184,626,069)</u>

	Fiscal Year									
	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
General revenues and other changes in net position										
Governmental activities:										
Property taxes	\$ 121,348,615	\$ 117,173,133	\$ 117,097,119	\$ 127,411,911	\$ 130,179,520	\$ 132,813,479	\$ 136,687,069	\$ 142,030,348	\$ 147,020,697	\$ 148,807,036
Local income tax	12,676,852	13,673,793	13,690,331	17,931,884	22,891,694	22,260,250	23,172,123	28,891,384	35,824,894	37,351,910
Other local taxes	25,047,347	24,324,762	25,418,688	28,239,135	30,136,897	30,555,387	13,986,660	13,543,200	22,010,948	26,282,481
State shared	904,365	891,106	931,712	942,464	936,535	-	-	-	-	-
Department of Liquor Control distribution	620,428	284,609	9,005	-	-	-	-	-	-	-
Gain (loss) on sale of capital assets	(1,665,007)	(250,000)	-	-	-	-	-	-	-	-
Transfers in (out)	-	-	-	-	(1,336,264)	(1,666,323)	(1,698,323)	2,582,957	(449,411)	-
Interest	193,101	194,221	180,030	207,071	476,064	1,059,323	2,163,658	1,966,015	114,302	123,832
Other	656,711	690,527	3,017,731	663,960	704,372	618,739	5,117,087	7,384,044	1,951,066	696,174
Total governmental activities	<u>159,782,412</u>	<u>156,982,151</u>	<u>160,344,616</u>	<u>175,396,425</u>	<u>183,988,818</u>	<u>185,640,855</u>	<u>179,428,274</u>	<u>196,397,948</u>	<u>206,472,496</u>	<u>213,261,433</u>
Business-type activities:										
Transfers in (out)	(321,854)	(10,984)	-	-	1,336,264	1,666,323	1,698,323	(2,582,957)	449,411	-
Other	-	-	-	-	588,168	-	-	-	254,337	-
Interest	22,214	59,174	7,893	28,487	76,072	167,894	191,124	213,830	18,043	19,126
Total business-type activities	<u>(299,640)</u>	<u>48,190</u>	<u>7,893</u>	<u>28,487</u>	<u>2,000,504</u>	<u>1,834,217</u>	<u>1,889,447</u>	<u>(2,369,127)</u>	<u>721,791</u>	<u>19,126</u>
Total primary government	<u>\$ 159,482,772</u>	<u>\$ 157,030,341</u>	<u>\$ 160,352,509</u>	<u>\$ 175,424,912</u>	<u>\$ 185,989,322</u>	<u>\$ 187,475,072</u>	<u>\$ 181,317,721</u>	<u>\$ 194,028,821</u>	<u>\$ 207,194,287</u>	<u>\$ 213,280,559</u>
Change in net position										
Governmental activities	\$ 368,787	\$ (10,653,654)	\$ (22,494,441)	\$ (3,326,027)	\$ 2,326,168	\$ 7,673,950	\$ 2,718,562	\$ (8,865,411)	\$ 21,291,711	\$ 28,142,290
Business-type activities	3,081,701	(1,035,504)	(2,537,051)	(2,305,393)	1,169,257	2,545,124	2,616,688	234,944	7,419	512,200
Total primary government	<u>\$ 3,450,488</u>	<u>\$ (11,689,158)</u>	<u>\$ (25,031,492)</u>	<u>\$ (5,631,420)</u>	<u>\$ 3,495,425</u>	<u>\$ 10,219,074</u>	<u>\$ 5,355,250</u>	<u>\$ (8,630,467)</u>	<u>\$ 21,299,130</u>	<u>\$ 28,654,490</u>

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

Fiscal year 2015 has been restated to recognize deferred outflows related to the advance refunding of portions of the County's 2007 and 2008 bond issues

Fiscal years prior 2018 have not been restated for the effects of implementing GASB Statement No. 75

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

	Fiscal Year									
	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
General Fund										
Nonspendable	\$ 102,938	\$ 103,849	\$ 5,255	\$ 106,655	\$ 134,238	\$ 59,544	\$ 8,556	\$ 47,892	\$ 110,153	\$ 52,122
Assigned	15,735,019	9,662,128	8,679,957	16,315,297	23,486,890	18,735,587	16,626,776	19,483,747	35,511,437	41,058,171
Unassigned	40,904,499	39,833,756	33,976,802	33,532,633	34,308,460	35,170,292	35,170,278	35,565,178	35,709,113	41,258,119
Total General Fund	<u>56,742,456</u>	<u>49,599,733</u>	<u>42,662,014</u>	<u>49,954,585</u>	<u>57,929,588</u>	<u>53,965,423</u>	<u>51,805,610</u>	<u>55,096,817</u>	<u>71,330,703</u>	<u>82,368,412</u>
All other governmental funds										
Restricted	-	42,954,786	31,685,392	18,055,520	1,655,852	-	34,728,744	9,259,319	978,115	(1,547,922)
Assigned	3,670,839	3,054,848	2,249,959	1,876,454	1,578,412	1,628,447	2,240,640	1,654,398	2,410,459	3,938,275
Unassigned	(1,247,996)	-	-	(13,457)	-	(554,039)	-	-	-	-
Total all other governmental funds	<u>2,422,843</u>	<u>46,009,634</u>	<u>33,935,351</u>	<u>19,918,517</u>	<u>3,234,264</u>	<u>1,074,408</u>	<u>36,969,384</u>	<u>10,913,717</u>	<u>3,388,574</u>	<u>2,390,353</u>
Total governmental funds	<u>\$ 59,165,299</u>	<u>\$ 95,609,367</u>	<u>\$ 76,597,365</u>	<u>\$ 69,873,102</u>	<u>\$ 61,163,852</u>	<u>\$ 55,039,831</u>	<u>\$ 88,774,992</u>	<u>\$ 66,010,534</u>	<u>\$ 74,719,277</u>	<u>\$ 84,758,765</u>

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

	Fiscal Year									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Revenues										
Property tax	\$ 121,570,804	\$ 117,311,193	\$ 117,963,356	\$ 127,061,276	\$ 130,270,802	\$ 132,742,340	\$ 137,214,614	\$ 142,160,874	\$ 146,756,683	\$ 149,327,901
Income tax	12,676,852	13,673,793	13,690,331	17,931,884	22,891,694	22,260,250	23,172,123	28,891,384	35,824,894	37,351,910
Room tax	13,632,599	14,127,887	14,707,093	15,564,805	16,398,656	16,877,349	1,043,596	984,669	1,085,207	1,583,548
Food tax admin	1,247,890	1,299,372	1,358,236	1,424,439	1,553,867	1,501,166	79,305	77,437	75,158	83,556
Transfer tax	2,912,623	3,165,274	3,278,524	4,158,215	4,271,320	4,400,977	4,631,429	4,680,904	8,176,629	9,462,305
Recordation tax	6,648,660	5,142,527	5,437,913	6,449,513	7,250,500	7,018,586	7,116,381	7,115,438	12,222,034	14,354,000
Other local taxes	605,575	589,702	636,922	642,163	662,554	757,309	1,115,949	684,752	451,920	799,070
Licenses and permits	1,756,502	1,854,757	1,917,527	1,896,140	1,964,838	2,131,974	1,959,788	2,027,965	2,901,494	2,666,571
* Intergovernmental	5,747,750	5,402,866	7,015,992	7,215,195	7,585,022	10,097,621	8,529,777	9,980,985	30,257,437	21,263,833
Service charges	8,417,639	7,521,417	6,915,882	7,265,304	7,778,109	6,647,971	6,459,709	4,775,728	1,962,123	2,098,649
Miscellaneous	830,237	869,043	741,127	894,974	946,352	857,191	5,604,217	8,194,012	2,231,975	913,222
Interest income	190,069	187,775	180,035	155,069	404,551	1,014,636	1,861,896	1,424,410	103,318	119,427
Total revenues	<u>176,237,200</u>	<u>171,145,606</u>	<u>173,842,938</u>	<u>190,658,977</u>	<u>201,978,265</u>	<u>206,307,370</u>	<u>198,788,784</u>	<u>210,998,558</u>	<u>242,048,872</u>	<u>240,023,994</u>
Expenditures										
General government	12,850,452	14,134,546	13,296,067	13,817,335	14,471,003	15,244,102	17,325,562	19,022,436	20,293,079	24,169,522
Public safety	31,157,171	28,621,374	29,173,284	30,032,349	31,692,896	33,806,134	35,402,667	36,183,713	36,052,606	38,866,745
Public works	4,641,049	4,726,992	5,104,405	5,533,978	6,593,857	6,868,097	6,773,851	8,749,324	8,507,876	8,889,497
Health and hospitals	5,060,999	5,472,143	6,083,778	5,972,819	6,136,576	6,352,671	6,218,443	6,193,861	6,154,707	5,972,969
Social services	1,799,550	1,879,944	1,946,138	2,075,471	2,035,417	2,036,763	2,444,405	2,446,321	2,903,950	5,124,740
Education	77,254,710	80,510,956	100,313,254	93,437,468	85,965,082	92,556,477	99,447,577	127,270,912	109,762,529	111,152,755
Libraries, recreation and culture	4,674,945	5,517,089	6,052,818	6,041,560	5,376,686	5,529,816	6,695,951	7,184,206	8,077,203	7,983,080
Conservation of natural resources	226,121	241,883	375,697	497,939	425,671	712,005	849,887	840,547	748,500	759,553
Economic development	1,897,159	1,610,180	1,874,591	1,590,410	1,624,752	1,652,589	1,577,718	1,822,959	13,016,286	1,962,191
Distributions to municipalities	20,450,152	21,871,051	22,572,176	23,471,593	24,828,030	25,062,659	8,032,840	8,314,671	9,248,873	8,564,267
Debt service principal	7,393,498	7,628,103	9,487,482	7,940,134	8,197,986	8,952,180	8,654,694	9,397,476	10,209,060	10,414,499
Debt service interest	2,675,991	2,908,091	4,249,246	3,540,622	3,742,724	3,371,197	3,327,448	3,821,328	3,729,849	3,276,674
Capital projects	3,084,228	7,788,332	2,005,481	3,431,562	18,009,658	8,620,378	6,699,794	2,515,262	4,186,200	2,848,014
Total expenditures	<u>173,166,025</u>	<u>182,910,684</u>	<u>202,534,417</u>	<u>197,383,240</u>	<u>209,100,338</u>	<u>210,765,068</u>	<u>203,450,837</u>	<u>233,763,016</u>	<u>232,890,718</u>	<u>229,984,506</u>
Excess of revenues over (under) expenditures	<u>3,071,175</u>	<u>(11,765,078)</u>	<u>(28,691,479)</u>	<u>(6,724,263)</u>	<u>(7,122,073)</u>	<u>(4,457,698)</u>	<u>(4,662,053)</u>	<u>(22,764,458)</u>	<u>9,158,154</u>	<u>10,039,488</u>
Other financing sources (uses)										
Issuance of long-term debt	14,212,936	48,209,146	37,437,354	-	-	-	40,043,602	-	-	-
Payment to bond refunding escrow agent	(9,678,680)	-	(27,757,877)	-	-	-	-	-	-	-
Transfers:										
Transfers in	11,467,814	14,458,054	19,908,436	17,469,180	17,469,746	22,440,497	19,872,169	20,394,209	19,599,674	24,746,238
Transfers out	(11,467,814)	(14,458,054)	(19,908,436)	(17,469,180)	(19,056,923)	(24,106,820)	(21,570,492)	(20,394,209)	(20,049,085)	(24,746,238)
Total other financing sources (uses)	<u>4,534,256</u>	<u>48,209,146</u>	<u>9,679,477</u>	<u>-</u>	<u>(1,587,177)</u>	<u>(1,666,323)</u>	<u>38,345,279</u>	<u>-</u>	<u>(449,411)</u>	<u>-</u>
Net change in fund balances	<u>\$ 7,605,431</u>	<u>\$ 36,444,068</u>	<u>\$ (19,012,002)</u>	<u>\$ (6,724,263)</u>	<u>\$ (8,709,250)</u>	<u>\$ (6,124,021)</u>	<u>\$ 33,683,226</u>	<u>\$ (22,764,458)</u>	<u>\$ 8,708,743</u>	<u>\$ 10,039,488</u>
Debt service as a percentage of noncapital expenditures	5.88%	5.84%	6.86%	5.97%	6.00%	6.10%	6.10%	5.72%	6.06%	6.03%

* Includes state shared taxes originally reported separately in years prior to 2018.

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
2022	\$ 16,678,233,583	\$ 11,542,930	\$ 429,531,090	\$ 17,119,307,603	\$ 0.845	\$ 0.112
2021	16,388,942,205	13,561,690	440,144,756	16,842,648,651	0.845	0.112
2020	15,965,833,845	16,109,633	387,454,100	16,369,397,578	0.845	0.112
2019	15,544,751,018	15,702,611	362,985,175	15,923,438,804	0.835	0.112
2018	15,207,948,042	15,928,910	337,819,400	15,561,696,352	0.835	0.112
2017	14,825,676,056	18,977,901	349,286,832	15,193,940,789	0.835	0.112
2016	14,534,558,652	17,437,771	333,661,670	14,885,658,093	0.835	0.112
2015	14,556,412,647	16,548,700	315,387,352	14,888,348,699	0.770	0.112
2014	14,755,590,502	17,112,844	297,149,958	15,069,853,304	0.770	0.112
2013	15,462,442,895	15,847,573	297,224,707	15,775,515,175	0.700	0.112

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 Fiscal Years
(rate per \$100 of assessed value)

	Year Taxes Are Payable									
	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
County Direct Rates										
General	\$ 0.77	\$ 0.77	\$ 0.77	\$ 0.835	\$ 0.835	\$ 0.835	\$ 0.835	\$ 0.845	\$ 0.845	\$ 0.845
Town Rates										
Berlin	0.68	0.68	0.68	0.68	0.68	0.68	0.68	0.80	0.80	0.815
Ocean City	0.4585	0.472	0.4704	0.478	0.4656	0.4656	0.4656	0.4559	0.4559	0.4561
Pocomoke	0.82	0.82	0.9285	0.9375	0.9375	0.9375	0.9375	0.9375	0.9375	0.9375
Snow Hill	0.86	0.86	0.86	0.86	0.86	0.86	0.86	0.86	0.86	0.86

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

Taxpayer	Fiscal Year 2022			Fiscal Year 2013		
	Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Delmarva Power	\$ 106,428,910	1	0.62%	\$ 48,430,270	2	0.28%
Harrison Inn Stardust	50,224,300	2	0.29%	54,027,500	1	0.31%
Sun TRS Frontier LLC	45,392,600	3	0.27%			
Americana Stowaway Motel Inc.	44,150,900	4	0.26%	23,269,200	5	0.13%
Sandiper Energy	39,701,020	5	0.23%			
Ocean Enterprise 589 LLC	37,756,100	6	0.22%			
Sun TRS Castaways LLC	35,975,500	7	0.21%			
91st Street Joint Venture	35,020,400	8	0.20%	28,944,200	3	0.17%
Choptank Electric Cooperative	31,222,410	9	0.18%	21,313,540	6	0.12%
Ocean I Hospitality	26,400,000	10	0.15%			
Verizon Maryland				23,616,810	4	0.13%
Individual				19,945,200	7	0.11%
Individual				18,171,500	9	0.10%
LPBOC Hotel				18,461,100	8	0.11%
Harrison Inn Ocean View				18,164,600	10	0.10%
Total	\$ 452,272,140		2.63%	\$ 274,343,920		1.56%

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
2022	\$ 148,819,557	\$ 146,847,306	98.67%	\$ 3,119,135	149,966,441	100.77%
2021	146,705,516	143,244,884	97.64%	2,963,232	146,208,116	99.66%
2020	141,912,724	139,087,210	98.01%	1,944,305	141,031,515	99.40%
2019	136,104,204	133,114,537	97.80%	3,145,394	136,259,931	100.11%
2018	132,889,741	129,867,847	97.73%	3,122,478	132,990,325	100.08%
2017	130,113,435	127,089,001	97.68%	3,093,229	130,182,230	100.05%
2016	127,310,134	124,150,927	97.52%	2,910,349	127,061,276	99.80%
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%

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	
2021	2.00%	3.00%	4.00%	4.75%	5.00%	5.25%	5.50%	5.75%	2.25%
2020	2.00%	3.00%	4.00%	4.75%	5.00%	5.25%	5.50%	5.75%	2.25%
2019	2.00%	3.00%	4.00%	4.75%	5.00%	5.25%	5.50%	5.75%	1.75%
2018	2.00%	3.00%	4.00%	4.75%	5.00%	5.25%	5.50%	5.75%	1.75%
2017	2.00%	3.00%	4.00%	4.75%	5.00%	5.25%	5.50%	5.75%	1.75%
2016	2.00%	3.00%	4.00%	4.75%	5.00%	5.25%	5.50%	5.75%	1.75%
2015	2.00%	3.00%	4.00%	4.75%	5.00%	5.25%	5.50%	5.75%	1.25%
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%

Note: The current maximum local income tax rate allowed is 3.2%. Effective 1-1-2020 the local income tax rate was increased to 2.25%.

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
2020	21,877	\$ 1,673,470,096	\$ 1,421,828,323	\$ 62,279,592	\$ 30,879,440	\$ 93,159,031	2.25%
2019	22,310	1,706,306,718	1,435,176,212	62,504,860	23,976,896	86,481,755	1.75%
2018	21,766	1,650,656,050	1,387,009,956	61,120,584	23,289,508	84,410,092	1.75%
2017	22,013	1,576,110,470	1,267,247,948	55,643,247	21,264,452	76,907,699	1.75%
2016	21,224	1,520,968,799	1,215,306,788	53,513,972	20,527,947	74,041,919	1.75%
2015	20,882	1,545,094,426	1,249,149,607	56,496,462	15,064,794	71,561,256	1.25%
2014	20,851	1,365,308,664	1,072,579,791	47,357,771	13,075,365	60,433,136	1.25%
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%

Source: Revenue Administration Division, State of Maryland Comptroller's Office - 2020 data is the most current available

Notes: See Schedule 11 for detailed breakout of adjusted gross income

Schedule 11
Worcester County, Maryland
Income Tax Filers, Net Taxable Income, and Liability by Adjusted Gross Income Level
As of June 30, 2022

	Tax Year 2020					
	Number of Taxable Returns	Percentage of Total	Net Taxable Income	Percentage of Total	Local Tax Liability	Percentage of Total
Adjusted Gross Income Level						
\$250,000 and higher	787	3.6%	\$ 402,177,389	28.3%	\$ 8,732,702	28.3%
\$100,000 - 249,999	3,550	16.2%	466,595,338	32.8%	10,280,229	33.3%
\$50,000 - 99,999	5,581	25.5%	319,655,547	22.5%	7,133,736	23.1%
\$25,000 - 49,999	6,897	31.5%	181,322,422	12.8%	3,699,482	12.0%
\$5,000 - 24,999	4,954	22.7%	51,888,858	3.6%	1,029,446	3.3%
Under \$5,000	108	0.5%	188,771	0.0%	3,845	0.0%
Totals	21,877	100.0%	1,421,828,325	100.0%	30,879,440	100.0%

	Tax Year 2010					
	Number of Taxable Returns	Percentage of Total	Net Taxable Income	Percentage of Total	Local Tax Liability	Percentage of Total
Adjusted Gross Income Level						
\$250,000 and higher	389	1.9%	\$ 227,181,455	25.2%	\$ 2,839,765	25.7%
\$100,000 - 249,999	2,100	10.5%	236,502,666	26.2%	2,956,286	26.8%
\$50,000 - 99,999	4,752	23.8%	237,352,781	26.3%	2,966,400	26.8%
\$25,000 - 49,999	6,200	31.0%	143,106,754	15.9%	1,688,334	15.3%
\$5,000 - 24,999	6,455	32.3%	58,179,834	6.4%	596,675	5.4%
Under \$5,000	109	0.5%	164,707	0.0%	1,929	0.0%
Totals	20,005	100.0%	902,488,197	100.0%	11,049,389	100.0%

Source: Revenue Administration Division, State of Maryland Comptroller's Office - 2020 data is the most current available

Schedule 12
Worcester County, Maryland
Ratios of Outstanding Debt by Type,
As of June 30, 2022

Fiscal Year	Governmental Activities			Business-type Activities			Total Primary Government	Percentage of Personal Income	Bond/Lease Debt Per Capita
	General Obligation Bonds	Note Outstanding	Deferred Bond Premiums	General Obligation Bonds	Capital Leases	Deferred Bond Premiums (Costs)			
2022	\$ 72,262,219	\$ 389,351	\$ 7,964,570	\$ 21,729,331	\$ 1,570,353	\$ 1,213,252	\$ 105,129,076	3.35%	2,004
2021	82,673,478	405,895	9,139,165	23,229,702	1,553,603	1,339,831	118,341,674	3.77%	2,256
2020	92,882,538	421,777	10,313,760	23,634,612	1,615,768	1,466,408	130,334,863	4.14%	2,484
2019	102,279,413	437,024	11,488,355	24,968,024	1,725,689	1,560,386	142,458,891	4.53%	2,749
2018	76,854,107	451,661	6,395,561	20,591,706	1,874,810	688,717	106,856,562	3.44%	2,062
2017	85,806,287	465,712	6,750,477	20,151,002	803,425	719,748	114,696,651	3.81%	2,219
2016	94,004,273		7,105,393	22,670,278	1,353,997	758,437	125,892,378	4.31%	2,447
2015	101,944,407		7,460,309	24,299,716	1,527,500	782,829	136,014,761	4.99%	2,639
2014	102,921,889		5,648,657	23,223,396	1,391,965	411,541	133,597,448	5.21%	2,585
2013	67,549,992		919,216	17,062,876	1,359,361	(173,920)	86,717,525	3.34%	1,680

Notes: 2022 percentage of personal income calculated using 2020 personal income data, which is the most recent available

2021 bond/lease debt per capita calculated using 2020 population data, which is the most recent available

See Schedule 16 for population and personal income data

Schedule 13
Worcester County, Maryland
Ratios of General Bonded Debt Outstanding,
As of June 30, 2021

Fiscal Year	General Obligation Bonds	Total Taxable Assessable Base	Percentage of Total Taxable Assessable Base	Population	Bond Debt Per Capita
2022	\$ 103,169,372	\$ 17,119,307,603	0.60%	*	1,942
2021	116,382,176	16,842,648,651	0.69%	53,132	2,190
2020	128,297,318	16,369,397,578	0.78%	52,460	2,446
2019	140,296,178	15,923,438,804	0.88%	51,823	2,707
2018	104,530,091	15,561,696,352	0.67%	51,823	2,017
2017	113,427,514	15,193,940,789	0.75%	51,443	2,205
2016	124,538,381	14,885,658,093	0.84%	51,444	2,421
2015	134,487,261	14,888,348,699	0.90%	51,540	2,609
2014	132,205,483	15,069,853,304	0.88%	51,675	2,558
2013	85,358,164	15,775,515,175	0.54%	51,620	1,654

Source: Worcester County Treasurer's Office

Notes: * Information not yet available

2022 bond debt per capita calculated using 2021 population data, which is the most recent available

Schedule 14
Worcester County, Maryland
Direct and Overlapping Governmental Activities Deb
As of June 30, 2022

	<u>Governmental Unit</u>	<u>Debt Outstanding</u>
Direct Debt		
	Worcester County - General Governmer	\$ 10,776,996
	Worcester County - School Deb	<u>69,839,144</u>
	Subtotal Direct Debt	<u>80,616,140</u> *
Overlapping Debt		
	Berlin	13,500,000
	Ocean City	103,073,878
	Pocomoke	5,644,614
	Snow Hill	<u>2,072,493</u>
	Subtotal Overlapping Debt	<u>124,290,985</u> **
Total Direct and Overlapping Debt		<u>\$ 204,907,125</u>

Source: Worcester County Treasurer's Office

Note: * Net direct debt of the County includes Governmental Activities general obligation bonds and notes payat
See Note 6

** Overlapping debt is the debt of other governmental entities located within the County that is payable in whole
in part by taxpayers of the County
Unaudited information provided by municipaliti

Schedule 15
Worcester County, Maryland
Debt Margin Information,
As of June 30, 2022
(dollars in thousands)

	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
Total Debt Outstanding Limit										
Taxable Assessable Base	\$ 15,775,515	\$ 15,069,853	\$ 14,888,349	\$ 14,885,658	\$ 15,193,941	\$ 15,561,696	\$ 15,923,439	\$ 16,369,398	\$ 16,842,649	\$ 17,119,308
Debt Limit, 1% of Assessable Base	157,755	150,699	148,883	148,857	151,939	155,617	159,234	163,693	168,426	171,193
Amount of Debt Applicable to Limit	68,469	108,571	109,405	101,110	92,557	83,250	113,768	103,196	91,813	80,227
Debt Margin	<u>\$ 90,205</u>	<u>\$ 47,777</u>	<u>\$ 46,939</u>	<u>\$ 54,852</u>	<u>\$ 66,133</u>	<u>\$ 78,763</u>	<u>\$ 56,955</u>	<u>\$ 70,811</u>	<u>\$ 76,613</u>	<u>\$ 90,966</u>
Total debt applicable to the limit as a percentage of debt limit	43.40%	72.05%	73.48%	67.92%	60.92%	53.50%	71.45%	63.04%	54.51%	46.86%
Total Debt Service Limit										
Total Governmental Fund Revenue	\$ 176,237	\$ 171,146	\$ 173,843	\$ 190,659	\$ 201,978	\$ 206,307	\$ 198,789	\$ 210,999	\$ 242,049	\$ 240,024
Debt Service Limit, 10% of Revenue	17,624	17,115	17,384	19,066	20,198	20,631	19,879	21,099	24,205	24,002
Debt Service Applicable to Limit	10,069	10,536	13,737	11,481	11,941	12,323	11,982	13,219	13,939	13,691
Debt Service Margin	<u>\$ 7,554</u>	<u>\$ 6,578</u>	<u>\$ 3,648</u>	<u>\$ 7,585</u>	<u>\$ 8,257</u>	<u>\$ 8,307</u>	<u>\$ 7,897</u>	<u>\$ 7,881</u>	<u>\$ 10,266</u>	<u>\$ 10,311</u>
Total debt service applicable to the limit as a percentage of debt service limit	57.13%	61.56%	79.02%	60.22%	59.12%	59.73%	60.28%	62.65%	57.59%	57.04%

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
2022	*	*	*	6,803	5.7%
2021	53,132	3,390,411	63,811	6,711	7.6%
2020	52,460	3,137,940	59,881	6,882	11.4%
2019	51,823	3,148,166	60,748	6,810	5.5%
2018	51,823	3,109,753	60,007	6,684	6.4%
2017	51,690	3,007,897	58,191	6,667	5.7%
2016	51,444	2,919,306	56,747	6,660	6.2%
2015	51,540	2,723,740	52,847	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%

Sources: ^a U.S. Census Bureau Population Factfinder
^b U.S. Department of Commerce Bureau of Economic Analysis, November 16, 2022
^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	2022	
	Employees	Percentage of Total County Employment
Harrison Group	1,235	4.98%
Town of Ocean City	1,200	4.83%
Worcester County Board of Education	1,194	4.81%
Atlantic General Hospital	960	3.87%
Worcester County Government	658	2.65%
Wal-Mart Super Center	505	2.03%
O.C. Seacrets, Inc.	500	2.01%
Bayshore Development	350	1.41%
Carousel Resort Hotel & Condominiums	325	1.31%
Ocean Downs	286	1.15%
	7,213	30.09%
Total Worcester County Employees		23,973

Employer	2013	
	Employees	Percentage of Total County Employment
Worcester County Board of Education	1,174	4.59%
Harrison Group	1,050	3.99%
Atlantic General Hospital	812	3.69%
Worcester County Government	673	2.70%
Town of Ocean City	519	2.17%
Wal-Mart Super Center	500	2.02%
Dough Roller	380	2.02%
O.C. Seacrets, Inc.	380	1.85%
Phillips Seafood Restaurant	284	1.18%
Fagers Island, Ltd	211	1.08%
	5,983	19.95%
Total Worcester County Employees		29,993

Sources: Worcester County Economic Development

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									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
General government	124.3	122.0	121.4	122.0	120.6	121.6	128.0	125.6	126.9	130.5
Commissioners, judges, and board:	22.0	21.0	21.0	19.0	19.0	20.0	20.0	19.0	19.0	19.0
Public safety	212.1	222.3	225.2	228.7	231.7	237.0	229.3	226.3	223.9	221.4
Public works	57.7	56.9	59.1	57.2	59.8	60.0	58.1	76.7	75.9	77.9
Library and recreation	63.1	63.1	64.0	64.3	65.5	65.5	69.4	75.2	74.9	79.2
Water and wastewater	62.9	65.2	64.8	65.9	64.9	63.4	62.6	59.5	39.1	39.5
Solid waste	35.0	35.6	35.7	35.2	35.3	36.1	34.1	15.3	15.1	15.7
Liquor control	31.8	31.0	24.5	19.0	15.9	4.3	2.7	1.9	1.1	-
Total	608.9	617.1	615.7	611.3	612.7	607.9	604.2	599.5	575.9	583.2

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 ended in FY21

Part-time and temporary employees are included in this table

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

<u>Function/Program</u>	<u>Fiscal Year</u>									
	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
General Government										
Building permits issued *	76	124	133	138	127	154	158	167	197	152
Value of new construction (in 000's)	20,344	31,150	26,806	29,865	29,559	31,415	37,927	36,725	59,704	56,907
Public Safety										
Detention Center										
Average daily population	376	335	338	344	345	351	310	222	163	120
Fire protection (all volunteer)										
Fire calls answered	1,612	2,164	2,673	2,436	2,181	2,179	1,996	2,151	2,273	2,583
Emergency Medical Services										
EMS calls answered	6,243	5,937	6,537	6,551	6,906	6,959	7,480	9,430	9,504	10,810
Education										
Students	6,650	6,649	6,654	6,660	6,667	6,684	6,810	6,882	6,811	6,803
Teachers	571	572	572	572	572	585	584	584	589	596
Public Works										
Centerline miles of road maintained	530	530	531	531	531	533	533	533	533	533
Wastewater treated (mgd)	2.3	2.4	2.4	2.4	2.1	1.9	1.9	1.3	1.4	1.2

Source: Worcester County Administration and individual County departments

Note: * Single Family Dwelling Units

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

<u>Function/Program</u>	Fiscal Year									
	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
Public Safety										
Detention center capacity	507	507	507	507	507	507	507	507	507	507
Fire companies	9	9	9	9	9	9	9	9	9	9
Emergency medical services companies	7	7	7	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	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	13	13	13	13	13	13	13	13	13	13
Park acreage	883	883	883	883	883	883	883	883	883	883
Public landings and wharves	9	9	9	9	9	9	9	9	9	9
Boat slips	8	8	8	8	8	8	8	8	38	38
Public Works										
Centerline miles of County roads	530	530	531	531	531	533	533	533	533	533
Public easements - Ocean Pines	64.12	64.12	64.12	64.12	64.12	64.12	64.12	64.12	64.12	64.12
Bridges	44	44	44	43	43	43	43	43	43	42
Wastewater treatment plants	8	8	8	8	8	8	8	8	8	8
Miles of sewer pipeline	187	190	191	191	192	193	195	195	196	198
Water well house facilities	5	5	5	5	5	5	5	5	5	5
Pump stations	54	54	55	55	55	56	57	57	57	57
Water tanks	6	6	6	6	6	6	6	6	6	6
Waterlines	151	151	151	154	156	157	157	157	157	159
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 Administration and individual County departments



Worcester County

Annual Comprehensive Financial Report

WORCESTER COUNTY • 1 WEST MARKET STREET, GOVERNMENT CENTER, ROOM 1105
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