

Worcester County, Maryland

Comprehensive Annual Financial Report

For Fiscal Year Ended
June 30, 2020



Worcester County Government Center

Prepared by:

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WORCESTER COUNTY, MARYLAND
COMPREHENSIVE ANNUAL FINANCIAL REPORT
for the FISCAL YEAR ENDED JUNE 30, 2020
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INTRODUCTORY SECTION

LETTER OF TRANSMITTAL

GFOA CERTIFICATE OF ACHIEVEMENT

ORGANIZATION CHART

LIST OF PRINCIPAL OFFICIALS AND DIRECTORS



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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
ASSISTANT FINANCE OFFICER

December 14, 2020

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

I am pleased to submit the Comprehensive Annual Financial Report (CAFR) for Worcester County, Maryland for the fiscal year ended June 30, 2020 as required by both local and state statutes. These statutes require that Worcester County, Maryland annually issue financial statements presented in conformity with accounting principles generally accepted in the United States of America (GAAP) and audited in accordance with auditing standards generally accepted in the United States of America by a firm of licensed certified public accountants.

GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of the Management Discussion and Analysis (MD&A). This letter of transmittal is designed to be read in conjunction with the MD&A, which can be found immediately following the report of the independent auditors.

This report consists of management's representations concerning the finances of the County. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for these representations, the management of the County has established a comprehensive internal control framework that is designed both to protect the government's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the County's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the County's comprehensive framework of internal controls has been designed to provide reasonable, rather than absolute, assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The public accounting firm TGM Group LLC has audited Worcester County, Maryland's financial statements. The goal of the independent audit is to provide reasonable assurance that the financial statements of Worcester County, Maryland, for the fiscal year ended June 30, 2020, 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, 2020 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 continued use and refinement of its multi-year budget document has proven useful for both operational and capital planning as the County assessable base continues to improve with a positive trend expected in the near term. Most County departments and agencies operating budgets were increased in fiscal year 2020. Salary accounts increased to include a 2% cost of living adjustment (COLA) and included a step increment of 2.5% 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 fourth consecutive year to the Board of Education. Operation of the homeowner convenience centers for household refuse disposal and recycling services was included as a division of the Department of Public Works in the General Fund budget. 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. In order to fund these increases, the FY20 budget included increasing the real property tax rate by one penny to .845 per 100 dollars of assessed value as well as increasing the local income tax rate to 2.25% effective January 1, 2020.

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 rates have recently experienced increases which are in line with the national trends. The County has the second lowest property tax rate and the lowest income tax rate in the state, providing the County with financial flexibility for future years.

The County has a strong tourism industry, drawing visitors from all over the country to its pristine seashore and many historic sites. The impact of the Covid-19 pandemic is of particular concern to this segment of our local economy. The effects of the virus including travel limitations, reduced occupancy, as well as safeguarding protocols began in mid-March 2020 and continued through the date of this letter. As a result, County-wide Room tax revenue decreased by 5.7% in the current fiscal year which represents the first decrease in modern history. It is important to note that the County did increase the Room tax rate, prior to the pandemic, from 4.5% to 5% effective January 1, 2020, which further mitigated the revenue decrease. In addition, Food Tax decreased by 11.67% in fiscal year 2020 indicating that our tourism market continues to perform better than anticipated in the current environment. 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 has no plans to issue debt in fiscal year 2021, focusing instead on the completion of ongoing projects for which funding has already been secured. These projects include the construction of the Showell Elementary School (which replaces an existing 40 year old facility), a new turf athletic field and track at Stephen Decatur High School, and numerous water and wastewater and landfill enterprise funds improvement 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 Comprehensive Annual Financial Report for the fiscal year ended June 30, 2019. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized Comprehensive Annual Financial Report. This report must satisfy both GAAP and applicable legal requirements.

A certificate of achievement is valid for a period of one year only. We believe that our current Comprehensive Annual Report continues to adhere to the Certificate of Achievement requirements and we will be submitting it to the GFOA to determine its eligibility for another certificate.

The preparation of the Comprehensive Annual Financial Report was made possible by the dedicated service of the entire staff of the Worcester County Treasurer's Office. In addition, we could not have produced this report without the support and guidance provided by the Worcester County Commissioners and their staff. I would like to express my appreciation to all the members who contributed to this report for their conscientiousness and dedication throughout the year.

Respectfully submitted,

A handwritten signature in 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**

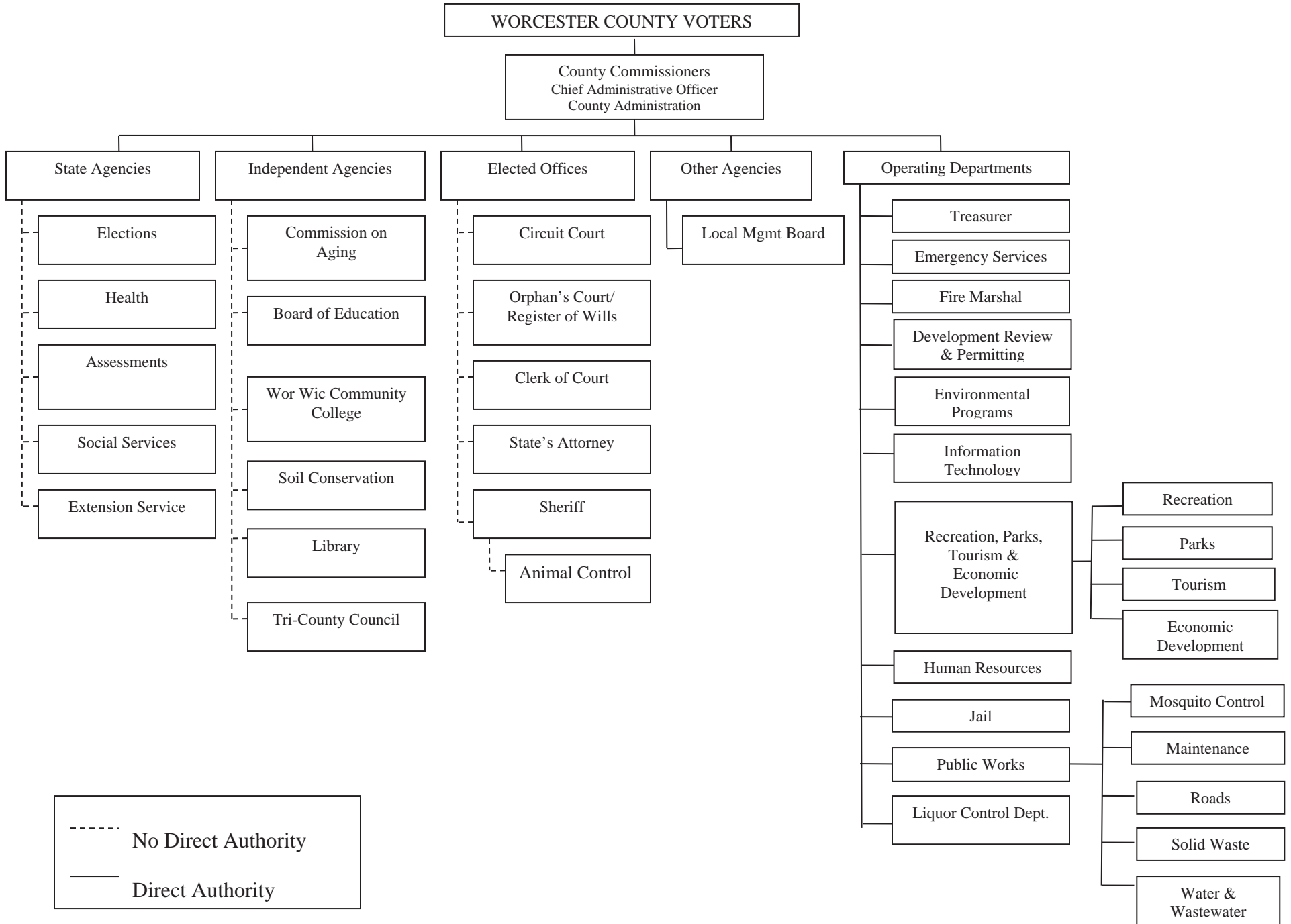
For its Comprehensive Annual
Financial Report
For the Fiscal Year Ended

June 30, 2019

Christopher P. Morrill

Executive Director/CEO

Worcester County Organization Chart



Worcester County, Maryland
List of Principal Officials and Directors
June 30, 2020

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
Assistant County Administrator
Assistant 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, Parks, Tourism, and Economic Development Director

Harold Higgins
Kelly Shannahan
Weston Young
Roscoe R. Leslie
Edward Tudor
Robert Mitchell
John William Birch, Jr.
Phillip G. Thompson
Jeff McMahan
Stacey Norton
Brian Jones
Donna Bounds
Jennifer Ranck
John Tustin
Tom Perlozzo

FINANCIAL SECTION

INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of Worcester County, Maryland as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of Worcester County, Maryland, as of June 30, 2020, 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.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and required supplementary information (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, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

The combining and individual nonmajor fund financial statements and other supplementary information in the financial section of the table of contents are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and other supplementary information are fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 14, 2020 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 the County'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.



Salisbury, Maryland
December 14, 2020

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, 2020. 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 2020

The assets and deferred outflows of the County exceeded its liabilities and deferred inflows at the close of fiscal year 2020 by \$74.2 million (net position) a decrease of \$8.7 million over the fiscal year 2019 net position. Approximately \$60 million is attributable to the County's business-type activities of solid waste, water and wastewater, and liquor control operations and approximately \$14.2 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 \$81 million at June 30, 2020. Absent the effect of this relationship, the County would have reported an unrestricted governmental activities net position of (\$2.7 million) on its government-wide financial statements, rather than the unrestricted net position of (\$83.7 million). Of note is the County's repayment of general government and enterprise fund bonds of \$10.7 million offset by the overall decrease in capital assets of \$6.2 million.

At the end of the current fiscal year, the County's governmental funds reported combined fund balance of \$66 million, a decrease of \$22.7 million in comparison with the prior year. This decrease is a combination of changes in the various fund balances.

- The general fund balance increased by \$3.3 million due to a positive variance in operations of \$6.3 million mainly relating to stronger than anticipated revenues for real estate and property taxes, income taxes, recordation and transfer taxes. In addition, health care savings were recognized which was reinvested into the OPEB trusts during the year. These increases were partially offset by increased spending on capital projects totaling \$3.3 million.
- The capital projects fund balance decreased by \$25.5 million due to planned spending of bond proceeds on school projects.
- The other governmental funds decreased by \$0.6 million mainly due to less local impact grant over Worcester County Technical High School debt expense in the casino fund.

Budget – Revenues

For the 2020 fiscal year real estate billing, Worcester County real property assessments increased by 2.8% over the prior year. This improvement in property values in conjunction with an increase in the real property tax rate from \$.835 to \$.845 per \$100 and a steadily improving real estate market resulted in an additional \$5.3 million in net property taxes. The fiscal year 2020, budget increased from \$190 million to \$201.3 million or \$11.3 million over the prior year. The budget increases mainly related to the property taxes by \$5 million, local income tax by \$3.5 million due to an increase in the local income tax rate from 1.75% to 2.25% effective January 1, 2020, other local taxes by \$.6 million, intergovernmental grants by \$1.9 million, transfer from casino fund of \$.8 million, interest on investments by \$.4 million, licenses and permits by \$.5 million and a reduction of \$1.7 million from the budget stabilization fund for Recycling and Homeowner Convenience Center expenses now budgeted in the general fund.

Budget – Expenditures

The budget for County salaries increased by \$1.7 million and the OPEB contribution for the County and Board of Education retiree healthcare increased by \$4.5 million from the additional revenues derived from the increase in the County income tax rate. The County also provided a \$4.2 million increase for Education which includes required \$1.8 million increase for the State mandated Maintenance of Effort (MOE) escalator provision.

General fund results during fiscal year 2020 included an increase in total revenue of \$12.6 million compared to the prior year. Property taxes increased by \$5 million or 3.6%, income tax increased by \$5.7 million or 24.6%, interest on investments decreased by \$0.4 million or 23%, and a health care premium savings of \$6.2 million was recognized. Total expenditures were up by \$10.6 million mainly due to increases in education spending of \$5.2 million, public works of \$2 million, general government of \$1.7 million, and public safety of \$.8 million

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, water and sewer utility operations, and the Worcester County Department of Liquor Control.

The government-wide financial statements include not only the County itself (the primary government), but also includes the Worcester County Board of Education as a legally separate component unit and are reported separately from financial information presented for the primary government itself.

The government-wide financial statements can be found on pages 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, water and sewer, and liquor control operations. Internal service funds are used to report activities that provide supplies and services for the government's other programs and activities. The County does not utilize an internal service fund.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail.

The basic proprietary fund statements can be found on pages 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 – 93 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 95 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 \$155,816,535 at June 30, 2020. 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	
	2020	2019	2020	2019	2020	2019
Assets:						
Current and other assets	\$ 83,511,417	\$ 100,051,446	\$ 36,608,168	\$ 34,321,119	\$ 120,119,585	\$ 134,372,565
Capital assets	101,783,838	102,624,236	84,628,800	89,973,991	186,412,638	192,598,227
Total assets:	185,295,255	202,675,682	121,236,968	124,295,110	306,532,223	326,970,792
Deferred outflows						
of resources	8,146,542	8,819,889	-	-	8,146,542	8,819,889
Liabilities:						
Current and other liabilities	26,654,334	19,486,558	18,421,878	18,652,548	\$ 45,076,212	\$ 38,139,106
Long-term liabilities	143,892,717	164,227,183	42,797,582	45,859,998	186,690,299	210,087,181
Total liabilities:	170,547,051	183,713,741	61,219,460	64,512,546	231,766,511	248,226,287
Deferred inflows						
of resources	8,667,923	4,689,596	-	-	8,667,923	4,689,596
Net position:						
Net investment in capital assets	97,904,523	89,332,799	57,912,012	61,719,892	155,816,535	151,052,691
Unrestricted	(83,677,700)	(66,240,565)	2,105,496	(1,937,328)	(81,572,204)	(68,177,893)
Total net position:	\$ 14,226,823	\$ 23,092,234	\$ 60,017,508	\$ 59,782,564	\$ 74,244,331	\$ 82,874,798

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.

	Governmental Activities		Business-Type Activities		Total	
	2020	2019	2020	2019	2020	2019
Revenues:						
Program revenues:						
Charges for services	\$ 7,012,239	\$ 8,659,264	\$ 21,760,776	\$ 22,452,127	\$ 28,773,015	\$ 31,111,391
Operating grants and contributions	9,097,988	7,483,844	28,000	26,000	9,125,988	7,509,844
Capital grants and contributions	942,814	1,043,469	-	-	942,814	1,043,469
General revenues:						
Real and personal property taxes	142,030,348	136,687,069	-	-	142,030,348	136,687,069
Income taxes	28,891,384	23,172,123	-	-	28,891,384	23,172,123
Other local taxes	13,543,200	13,986,660	-	-	13,543,200	13,986,660
Interest income	1,966,015	2,163,658	213,830	191,124	2,179,845	2,354,782
Other income	7,384,044	5,117,087	-	-	7,384,044	5,117,087
Total revenues:	210,868,032	198,313,174	22,002,606	22,669,251	232,870,638	220,982,425
Expenses:						
General government	23,725,666	27,275,158	-	-	23,725,666	27,275,158
Public safety	38,790,887	37,741,726	-	-	38,790,887	37,741,726
Public works	10,065,623	7,810,742	-	-	10,065,623	7,810,742
Health and hospitals	6,780,295	6,691,645	-	-	6,780,295	6,691,645
Social services	2,446,321	2,444,405	-	-	2,446,321	2,444,405
Education	127,270,912	99,447,577	-	-	127,270,912	99,447,577
Libraries, recreation and culture	7,873,319	7,147,979	-	-	7,873,319	7,147,979
Conservation of natural resources	840,547	849,887	-	-	840,547	849,887
Economic development	1,876,097	1,634,878	-	-	1,876,097	1,634,878
Interest charges	2,646,733	2,852,292	-	-	2,646,733	2,852,292
Landfill	-	-	2,975,362	5,691,253	2,975,362	5,691,253
Water and wastewater	-	-	15,174,092	15,060,164	15,174,092	15,060,164
Liquor Control	-	-	1,035,251	999,469	1,035,251	999,469
Total expenses:	222,316,400	193,896,289	19,184,705	21,750,886	241,501,105	215,647,175
Increase (decrease) in net position	(11,448,368)	4,416,885	2,817,901	918,365	(8,630,467)	5,335,250
Transfer	2,582,957	(1,698,323)	(2,582,957)	1,698,323	-	-
	(8,865,411)	2,718,562	234,944	2,616,688	(8,630,467)	5,335,250
Net position, beginning	23,092,234	20,373,672	59,782,564	57,165,876	82,874,798	77,539,548
Net position, ending	\$ 14,226,823	\$ 23,092,234	\$ 60,017,508	\$ 59,782,564	\$ 74,244,331	\$ 82,874,798

Governmental Activities:

Governmental activities decreased the County's net position after transfers by \$8.9 million. Key elements of the decrease in the net position of governmental activities are as follows:

Revenues increased by \$12.6 million as compared to fiscal year 2019 as a result of a combination of increases and decreases:

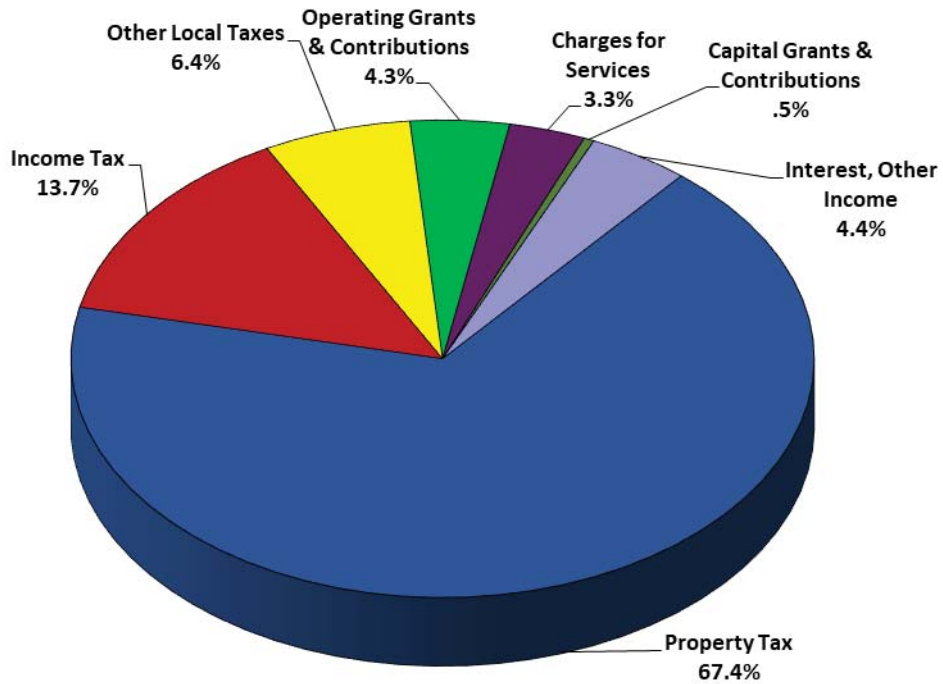
- Net Property taxes increased by \$5.3 million over the prior year actual due to the increase in assessments as the real estate market continued to improve and the increase in the rates by one cent per \$100 of assessed value.
- Income taxes increased by \$5.7 million over the prior year and the income rate increase which began January 2020. Unemployment income during the COVID-19 Pandemic due to the federal stimulus programs maintained the withholding levels.
- Other income increased by \$2.2 million over the prior year and includes a Health care insurance savings which were rebated back to the County in fiscal year 2020 and included in other income.
- Operating Grants and contributions increased by \$1.6 million due to CARES Act reimbursement to the County for the quarter ending June 2020.
- Charges for services decreased by \$1.6 million over the prior year in Jail use due to the decreased holding Immigration and Customs Enforcement detainees and the safety enhancements enacted during the COVID-19 pandemic.

Expenses increased by \$28.4 million as compared to fiscal year 2019 as a result of a combination of increases and decreases:

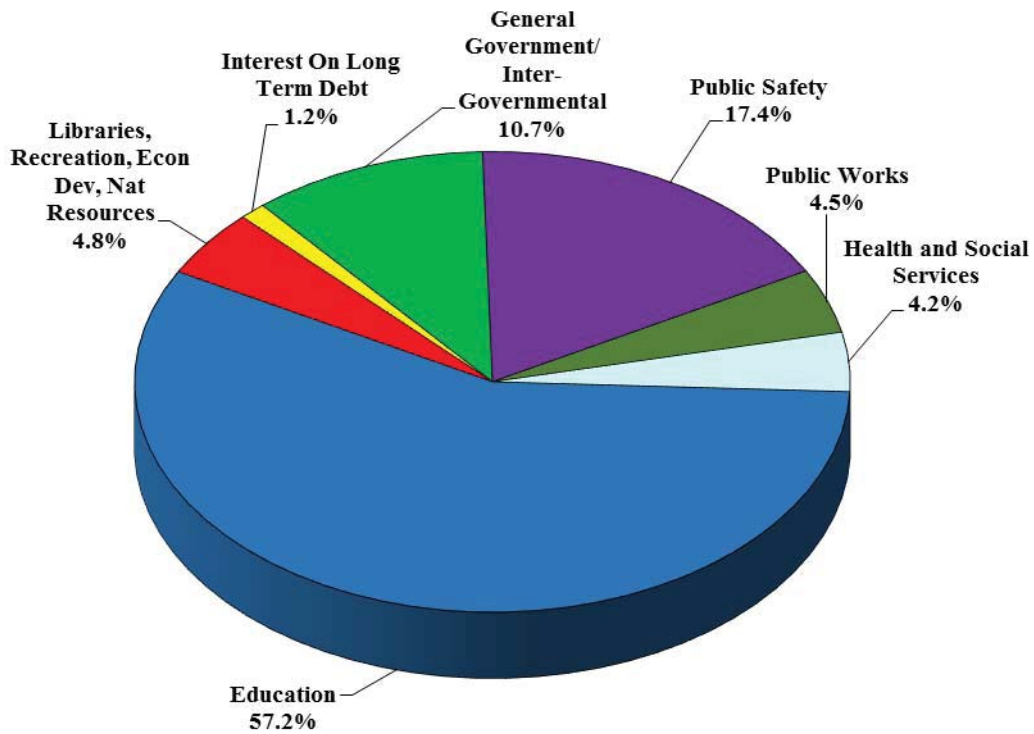
- General Government decreased by \$3.5 million over the prior year mainly due to the decrease in pension expense of \$3 million and decrease in post-retirement employee benefits of \$3.2 million which was partially offset by the \$1.7 million increase in operating costs.
- Education increased by \$27.8 million over the prior year mainly due to the capital projects activity of \$22.7 million over the prior year and increased operating spending in education of \$5.0 million.
- Public safety increased by \$1.0 million over the prior year which included an increase of \$407,447 to the ambulance companies mainly for additional personnel supplements and rate increases for base personnel. The radio equipment and maintenance contract expenses accounted for \$517,711 over the prior year actuals due to the centralized radio system.
- Public works increased by \$2.2 million over the prior year actual mainly due to the addition of \$770,702 in the homeowner convenience centers throughout the County and \$1.1 million for recycling in the general fund from the solid waste enterprise fund as these operations were not self-supporting.

Fiscal year 2020 revenues and expenses are summarized in the following charts for governmental activities.

Revenues by Source- Governmental Activities For the Year Ended June 30, 2020



Expenses- Governmental Activities For the Year Ended June 30, 2020



Business-type Activities Net Position:

<u>Enterprise Fund Statements</u>	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>Change in Net Position</u>
Water and Wastewater Services	\$ 59,772,881	\$ 58,551,711	\$ 1,221,170
Solid Waste	943,590	1,935,388	(991,798)
Department of Liquor Control	(698,963)	(704,535)	5,572
Total	<u>\$ 60,017,508</u>	<u>\$ 59,782,564</u>	<u>\$ 234,944</u>

Water and Wastewater

Revenues

- Revenues decreased to \$16.2 million in fiscal year 2020 from \$17.2 million in fiscal year 2019 due to a decrease in sales of water and sewer equivalent dwelling units, partially offset by an increase in domestic and commercial charges from service area rate increases.

Expenses

- Operating expenses remained stable at \$11.1 million in fiscal year 2020 and 2019.
- Depreciation expense increased to \$3.4 million in fiscal year 2020 from \$3.3 million in fiscal year 2019 due to fiscal year 2019 capital asset additions capitalized on the last day of the fiscal year.

Solid Waste

Revenues

- Tipping fee revenue increased to \$4 million in fiscal year 2020 from \$3.7 million in fiscal year 2019 due to an increased volume of trash being brought to the central landfill from commercial businesses.
- License and permit revenue decreased to \$4,275 in fiscal year 2020 from \$334,135 in fiscal year 2019 due to moving the homeowners' convenience centers operations to the General Fund effective July 1, 2019.
- Recycling revenues decreased to \$0 in fiscal year 2020 from \$190,636 in fiscal year 2019 due to moving the recycling operations to the recycling operations to the General Fund effective July 1, 2019.
- The interfund transfer from the General Fund to facilitate the operations of the recycling and homeowners' convenience centers decreased to \$0 in fiscal year 2020 from \$1.7 million in fiscal year 2019 due to moving the recycling and homeowners' convenience centers operations to the General Fund effective July 1, 2019.

Expenses

- Operating expenses decreased to \$1.6 million in fiscal year 2020 from \$4.2 million in fiscal year 2019 due to moving the recycling and homeowners' convenience centers operations to the General Fund effective July 1, 2019.
- Depreciation expense decreased to \$1.1 million in fiscal year 2020 from \$1.3 million in fiscal year 2019 due to moving the recycling and homeowners' convenience centers capital assets to the General Fund effective July 1, 2019.

Liquor Control

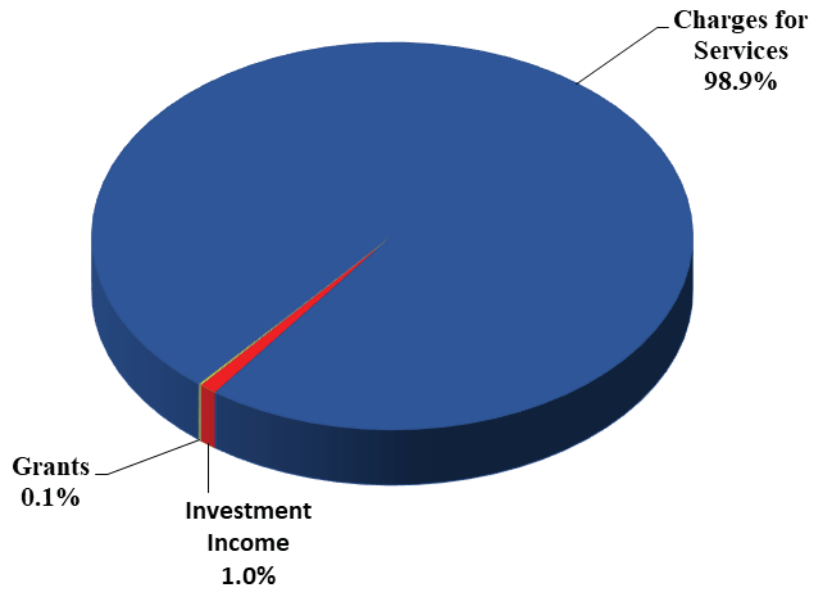
Revenues

- Liquor sales increased to \$943,865 in fiscal year 2020 from \$850,904 in fiscal year 2019 due to the increased advertising efforts. The corresponding cost of sales increased to \$685,411 in fiscal year 2020 from \$625,157 in fiscal year 2019.
- Miscellaneous revenue for the sublease of the 16th Street retail store remained stable at \$96,958 in fiscal year 2020 and \$94,192 in fiscal year 2019.

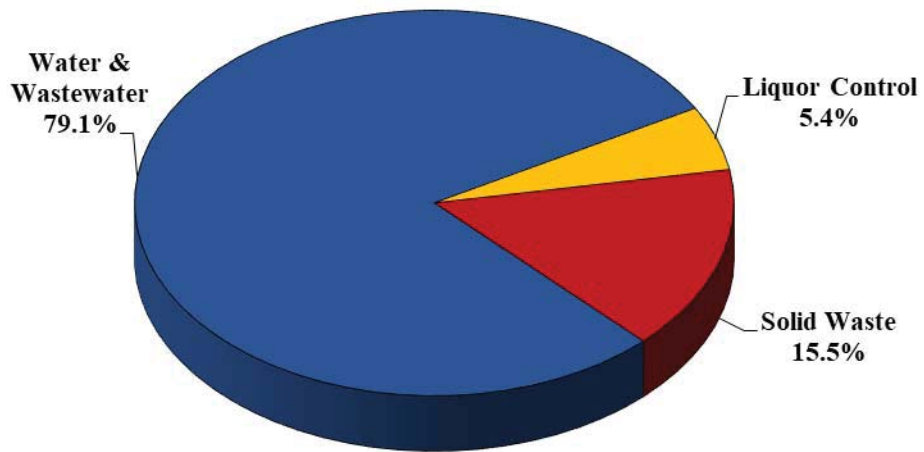
Expenses

- Operating expenses decreased to \$305,630 in fiscal year 2020 from \$318,894 in fiscal year 2019 due to the decrease in personnel services.
- Depreciation and general expenses decreased to \$44,210 in fiscal year 2020 from \$55,418 in fiscal year 2019 due to a decrease in professional fees relating to the County Commissioners attempt to sell the retail store and exit the liquor business.

**Revenues by Source- Business-Type Activities
For the Year Ended June 30, 2020**



**Expenses- Business-Type Activities
For the Year Ended June 30, 2020**



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, 2020 and 2019:

Governmental Activities - Fund Statements	June 30, 2020	June 30, 2019	Net Change in Fund Balance
General Fund	\$ 55,096,817	\$ 51,805,610	\$ 3,291,207
Capital Projects Fund	9,259,319	34,728,744	(25,469,425)
Debt Service Fund	-	-	-
Other Governmental Funds	1,654,398	2,240,640	(586,242)
Total	\$ 66,010,534	\$ 88,774,994	\$ (22,764,460)

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 \$55,096,817. This fund balance includes non-spendable items totaling \$47,892 for prepaid expenses, assigned fund balance of \$19,483,747 for future capital projects, and \$35,565,178 as unassigned fund balance. In accordance with GASB Statement No. 54, the unassigned general fund amount includes the County reserve of \$20,288,161, 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 18.7% of total general fund expenditures, while total fund balance represents 29% 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 \$25,469,425 during the current fiscal year. This is mainly due to the spend-down of bond proceeds for the replacement of the Showell Elementary School.

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 decreased by \$586,242 from fiscal year 2019. The Energy Service Fund and the Department of Social Services Fund decreased by \$61,401 and \$2,572, respectively. The Local Management Board increased by \$254,566. The Casino Fund, which was created to account for the County's portion of proceeds from the Ocean Downs Casino facility, reflects a \$776,835 decrease in fund balance in fiscal year 2020 due to the Casino being closed for approximately three months due to COVID-19.

Further details of these activities is on pages 124 – 125.

General Fund Budgetary Highlights

General fund differences between the final budget and the final actual results for the County increased \$3,291,209. Revenues received were \$8,702,605 more than the final budgeted estimates and expenditures and other financing uses were \$5,411,396 more than final budgeted estimates. The major variances between the budgeted amounts and actual are summarized as follows:

Revenues were \$8,702,605 more than original estimates, a 4.3% variance.

- Net property tax revenues were more than budget by \$1,334,039 or 1% due to a steadily increasing assessable base and the additional increase to the Property tax rate. Property taxes comprised 68.7% of all County revenues in 2020 and 70.6% when compared to 2019.
- The largest revenue variance in 2020 was in the category of “other revenue”: It exceeded budget by \$6,604,785 due to a health insurance reinvestment receipt of \$6.2 million, which was transferred to the OPEB trust. This variance was the result of continued efforts by the County to further manage and reduce the rapidly increasing cost of healthcare benefits in recent years. An additional \$780,667 was received mainly for excess proceeds cases and a tax sale receipt and \$234,469 for on-behalf payments for the library’s Maryland State Retirement Pension which is also accounted for as an on-behalf in expenses for the library.
- Income taxes ended the fiscal year with a surplus of \$2,391,384, or 9% over budgeted revenues. The increase in the local income tax rate from 1.75% to 2.25% in January 1, 2020 was estimated for an additional \$3.5 million increase in fiscal year 2020 for actual receipts to the County and municipalities.
- Other local taxes increased \$1,009,200 or 8% over estimated budgeted revenues in 2020. This category includes admission and amusement taxes, trailer park excise tax, food and room tax administration, room tax for unincorporated entities, recordation and transfer tax. Transfer tax of \$680,904 and recordation tax of \$453,438 were above budget by 10.6% due to the transfer and recording of property in the County from a steadily increasing real estate market including the pandemic months of March through June.
- Charges for Services decreased by \$1,891,553 or -28.4% under anticipated revenues. Jail use fees accounted for the shortfall of \$1,715,428 as compared to budgets mainly due to the reduced number of holding immigration and customs detainees from the Presidents orders and the pandemic combined as this revenue is based on the number of detainees at a daily rate.
- Licenses and Permits were \$366,017 under anticipated budgets. Liquor licenses accounted for the shortfall of \$324,281 as compared to budget as the Governor enacted executive orders enacted March 19, 2020.
- Intergovernmental grants from federal and state were \$379,233 under anticipated budgets. Open space program parks accounted for \$972,653 shortfall due to the delay of new park improvements and \$824,108 shortfall in State aid for bridges for the Public Landing bridge replacement which will begin in fiscal year 2021. These decreases were offset by the surplus of \$1,066,392 in Federal CARES act for reimbursements requested for the period from March 1 through June 30, 2020.

Expenses were \$2,429,334, or 1.2% higher compared to the budget.

- General government actual was more than budget by \$473,726 primarily due to the increased benefit cost of \$822,349 with the additional transfer of OPEB funding, increased grant expense totaling \$365,305 accounted for the CARES-Act expenses from March 1 – June 30 which were reimbursed by the Health Department Cares Act Response phase grant. Savings of \$329,413 in Other General Government included building site expenses mainly for utility savings and the Elections office savings of \$200,096 in salaries and voting expenses.
- Public Works actual expenses were less than budget by \$400,586. This decrease was primarily due to unfilled vacant positions in the Maintenance Division and Roads Department for a combined savings in salaries totaling \$335,569. In addition, savings were realized in building site expenses, vehicle operating and road maintenance which totaled \$187,949.

- The education category was over budget by \$3,198,717 for fiscal year 2020. This included \$3,124,143 for additional Board of Education post retirement trust fund contributions.
- Library, recreation and parks expenses were less than budget by \$1,000,619. This was primarily due to \$1,079,916 in State Program Open Space grant funds for park and sports fields improvement projects.
- Other financing uses were over budget by \$2,982,062, or 28.2% which is comprised of the following transfers. The first is the transfer of \$3,740,654 to the capital projects fund to cover pay-as-you-go expenses for the fiscal year not included in the fiscal year 2020 budget. The internal transfer to reserve of \$394,893 was added to the 10% reserve fund from FY2020 budgeted revenues and the Transfer of \$366,940 to the general fund with the closing of bond proceeds from the radio project.

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, 2020 amounts to \$186,412,638 (net of accumulated depreciation). The total decrease in the County’s investment in capital assets for the current year was 3.2%. This net investment in capital assets includes land, buildings, water and sewer infrastructure, improvements, machinery and equipment, park facilities, roads, highways, and bridges.

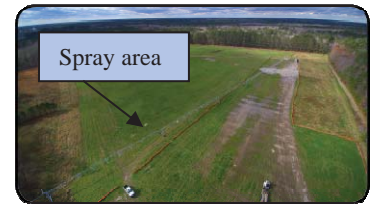
**Worcester County, Maryland
Capital Assets (Net of Depreciation)**

	Governmental Activities		Business-Type Activities		Total	
	2020	2019	2020	2019	2020	2019
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	59,881,554	59,969,870	534,742	2,891,117	60,416,296	62,860,987
Improvements other than buildings	6,442,138	6,073,793	13,381,420	14,008,761	19,823,558	20,082,554
Machinery and equipment	10,125,542	5,653,624	3,282,655	3,720,914	13,408,197	9,374,538
Water and sewer systems			64,980,163	67,730,289	64,980,163	67,730,289
Infrastructure	4,550,970	4,892,994	-	-	4,550,970	4,892,994
Construction-in-progress	5,151,996	10,402,317	1,107,948	281,038	6,259,944	10,683,355
Total:	\$ 101,783,838	\$ 102,624,236	\$ 84,628,800	\$ 89,973,991	\$ 186,412,638	\$ 192,598,227

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

Enterprise Funds

- In January 2020, the County contracted with Bunting and Murray Construction Corporation of Selbyville, DE to construct the Newark spray irrigation project (aka effluent disposal project) to convey treated effluent from the wastewater treatment plant to be sprayed on the field. The total project cost of \$2,093,542 will be funded through the Maryland Department of the Environment with \$1,046,771 in loan and \$1,046,771 in loan forgiveness. The estimated completion date is January 2021.




- In September 2019, the County contracted with Chesapeake Turf, LLC of Salisbury, MD for the replacement of the Riddle Farm wastewater treatment plant flow equalization tank. The County incurred bond funding in April 2019 for \$250,000 to assist with financing the tank at a total cost of \$414,330. The estimated completion date is January 2021.



- In February 2020, the County contracted with Baldwin Industries, LLC of Baldwin, MD for coating rehabilitation of the North Ocean Pines water tank. The total project cost of \$297,200 will be covered by bond proceeds from the April 2019 bond funding. The project was completed in August 2020.



General government

- A design build of improvements and repairs with HVAC renovations and electrical improvements at the Worcester County Jail has been completed in June 2020. Gipe Associates, Inc of Easton, MD contracts total \$299,000 and include the Commissioning at completion. The County contracted with Bancroft Construction Company of Wilmington, Delaware for \$3,030,744 for the construction of the County Jail HVAC renovation project. The total project cost of \$3,368,225 was funded from assigned fund balance. Inmate housing unit facilities are not included in the scope of work.
- 
- The County engaged Chesapeake Paving and Sealing Inc. of Salisbury, MD for the purchase and application of bituminous concrete blacktop resurfacing of approximately 11.45 miles of County roadways for a final cost of \$940,375 which was completed in October 2019 and \$50,000 to cut and fill shoulders completed in December 2019.
 - The county engaged Asphalt Paving Systems Inc. of Hammonton, New Jersey in March 2020 for slurry seal surfacing to resurface approximately 5.96 miles of County roadway in the amount of \$227,563 which was completed in June 2020.
 - The county engaged American Paving Fabrics, Inc. of Hanover, Maryland in March 2020 for the purchase and application of chip seal to approximately 26.92 miles of County roadway in the amount of \$372,436 which was completed in June 2020.
 - The purchase of new vehicles and equipment for public safety totaled \$407,250, public works new vehicles and equipment totaled \$539,112, recreation and parks totaled \$117,109, library furniture and fixtures totaled \$76,433 and general government totaled \$75,474 for vehicles and equipment during the fiscal year.
 - The County contributed \$27,101,397 for the following education projects:
 - \$25,920,820 for the construction of a new Showell Elementary School to replace the existing school (2019 Bond)
 - \$577,160 for the installation of a new turf athletic field and track at Stephen Decatur High School (2019 Bond)
 - \$354,743 for energy management system updates and HVAC upgrades to various schools
 - \$26,642 for Pocomoke Middle School roof replacement design
 - \$74,778 for school security grant match for various schools
 - \$147,254 for the design phase of an addition to Stephen Decatur Middle School

Additional information on Worcester County’s capital assets can be found in note 5 on pages 58 – 59 of this report.

Long-term debt: At the end of the current fiscal year, Worcester County had total bonded long-term debt of \$116,517,150. The total debt is backed by the full faith and credit of Worcester County. Business-type activities are directly responsible for \$23,634,612 of the total debt. School-related debt totals \$81,035,000 at June 30, 2020 and is included in the governmental activities.

Worcester County, Maryland
Outstanding Debt/General Obligation Bonds

	Governmental Activities		Business-Type Activities		Total	
	2020	2019	2020	2019	2020	2019
General Bonded Debt	\$ 92,882,538	\$ 102,279,413	\$ 23,634,612	\$ 24,968,024	\$ 116,517,150	\$ 127,247,437

The County’s total bonded debt decreased by \$10,730,287 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 60 – 66 of this report.

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

Fiscal Year 2021 Budget

The approved fiscal year 2021 operating budget is \$204,320,631 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 2021 represents the fifth year of increasing real property assessment in the County. The local income tax rate increase which became effective January 1, 2020 from 1.75% to 2.25% would affect the full fiscal year 2021 and due to the pandemic the budget was level funded due to acts of the federal government for unemployment and the use of Cares Act funding to assist businesses. The County developed a fiscal year 2021 budget to proactively address the potential financial impacts of the COVID-19 pandemic. Budget decisions were based upon current and historical data.

Revenues

In fiscal year 2021, the operating budget increased \$3,035,079 or 1.5% more than fiscal year 2020. The real property tax rate of \$0.845 combined with assessment increases will increase net property taxes \$4.2 million. Income tax revenue estimates remained unchanged for net taxable income due to COVID-19 uncertainty and the unknown effect of the closure of businesses, those who are unemployed and the phased-in reopening for businesses and tourism. Other local taxes increased \$897,000 primarily due to an increase of \$338,000 in recordation taxes and \$500,000 in transfer taxes, as the real estate market continues to sustain active levels. Room tax increased \$100,000 as the hotel tax rate increased from 4.5% to 5% effective January 1, 2020. State shared revenue increased \$227,094 mainly in 911 fees by \$195,332 due to the change in fees collected from billing accounts to the number of phone lines, which partially funds the operations of the 911 Center. Charges for Services decreased \$1,108,711 due to the reduction in Jail use fees for holding a reduced number of detainees. Interest Income decreased by \$1,050,000 based upon projected rates of return. The County will utilize for the seventh year the planned use of casino/local impact grant and table game funds totaling \$2,497,400 for the debt payment for the Worcester Career and Technical High School in fiscal year 2021.

Expenditures

The fiscal year 2021 operating budget increase from the prior year includes slight increases in budget expenses to most all departments and agencies for a sixth year mainly due to salary increases included for County employees in July 2020. Due to anticipated revenue estimates reductions were made to departments in operating accounts, equipment and vehicle purchases for the fiscal year 2021 budget. Competitive bidding for medical and pharmacy renewals resulted in a reduction in premiums of 12.3% in addition to the enhancements enacted annually since fiscal year 2016 which enabled the County to maintain the health insurance plan and enhance the benefit for pharmacy and emergency room visits. Debt service increased the prior year for the Showell Elementary replacement school new debt and is level funded at \$13.9 million. The other post-employment benefit (OPEB) general fund transfer will be funded at \$8.1 million in total, a decrease of \$1.5 million from the prior year and is comprised of \$5.5 million in the general fund budget and \$2.6 million in the Board of Education budget. The fiscal year 2021 OPEB transfer is \$2,211,117 above the required income tax estimate based on income tax revenues. The Board of Education operating budget was increased by \$2,973,533 above the fiscal year 2020 budget which included \$2.5 million for the BOE trust fund remittance to the OPEB liability. The State of Maryland requires local governments to spend as much on school operating budgets on a per-pupil base as they did the year before; thus, the maintenance of effort. In fiscal year 2021 the required maintenance of effort (MOE) level increased by two factors and totaled \$2,963,717. These include the MOE escalator provision which took effect in fiscal year 2015 and requires additional funding of 2.5% or \$2,275,720 for fiscal year 2021 and the enrollment increase of additional students equated to \$687,997. 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, 2020

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	The Worcester County Board of Education
ASSETS				
Cash and short-term investments	\$ 68,511,278	\$ 16,963,937	\$ 85,475,215	\$ 5,767,334
Receivables:				
Taxes	3,447,839	-	3,447,839	-
Federal, state, and local governments	7,634,025	-	7,634,025	6,640,778
Other	740,865	5,726,901	6,467,766	9,242
Internal balances	3,127,542	(3,127,542)	-	-
Inventories, at first-in, first-out method	-	292,955	292,955	-
Prepaid items	47,892	-	47,892	-
Other assets	1,976	16,751,917	16,753,893	-
Nondepreciable capital assets	20,783,634	2,449,820	23,233,454	45,450,697
Depreciable capital assets, net	81,000,204	82,178,980	163,179,184	156,189,414
Total assets	185,295,255	121,236,968	306,532,223	214,057,465
DEFERRED OUTFLOWS OF RESOURCES				
Pensions (see Note 7)	4,174,574	-	4,174,574	753,604
Other post employment benefits (see Note 8)	3,971,968	-	3,971,968	36,218,140
Total deferred outflows of resources	8,146,542	-	8,146,542	36,971,744
LIABILITIES				
Accounts payable and accrued liabilities	8,800,354	961,944	9,762,298	9,799,088
Unearned revenue	5,568,595	-	5,568,595	874,147
Due to fiduciary funds	1,547	-	1,547	-
Early incentive payment	-	-	-	557,974
Long-term liabilities:				
Compensated absences due within one year	884,300	160,799	1,045,099	43,983
Compensated absences due in more than one year	1,173,250	196,533	1,369,783	329,458
Long-term debt due within one year	11,399,538	17,299,135	28,698,673	630,778
Long-term debt due in more than one year	92,218,537	24,500,819	116,719,356	2,567,334
Unearned revenue	-	18,100,230	18,100,230	-
Net pension liability (see Note 7)	28,758,121	-	28,758,121	5,331,996
Other post employment benefits (see Note 8)	21,742,809	-	21,742,809	371,556,678
Total liabilities	170,547,051	61,219,460	231,766,511	391,691,436
DEFERRED INFLOWS OF RESOURCES				
Pensions (see Note 7)	2,660,157	-	2,660,157	477,408
Other post employment benefits (see Note 8)	6,007,766	-	6,007,766	28,510,090
Total deferred inflows of resources	8,667,923	-	8,667,923	28,987,498
NET POSITION				
Net investment in capital assets	97,904,523	57,912,012	155,816,535	201,640,111
Restricted for:				
Capital projects	-	-	-	53,274
Food service activities	-	-	-	11,603
Unrestricted (deficit)	(83,677,700)	2,105,496	(81,572,204)	(371,354,713)
Total net position	\$ 14,226,823	\$ 60,017,508	\$ 74,244,331	\$ (169,649,725)

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



WORCESTER COUNTY, MARYLAND

STATEMENT OF ACTIVITIES

Year Ended June 30, 2020

Function/Program	Expenses	Program Revenues		
		Charges for Services	Operating Grants, Contributions, and Interest	Capital Grants, Contributions, and Interest
Governmental activities:				
Current:				
General government	\$ 23,725,666	\$ 1,851,965	\$ 5,374,494	\$ 134,200
Public safety	38,790,887	3,885,304	1,531,608	292,106
Public works	10,065,623	509,961	1,081,212	773
Health and hospitals	6,780,295	425,583	13,108	-
Social services	2,446,321	-	54,608	33,006
Education	127,270,912	-	21,355	-
Libraries, recreation and culture	7,873,319	305,597	789,615	382,246
Conservation of natural resources	840,547	-	9,834	-
Economic development	1,876,097	33,829	222,154	100,483
Interest on long-term debt	2,646,733	-	-	-
Total governmental activities	222,316,400	7,012,239	9,097,988	942,814
Business-type activities:				
Department of Solid Waste	2,975,362	4,502,971	-	-
Department of Water and Wastewater	15,174,092	16,216,982	28,000	-
Department of Liquor Control	1,035,251	1,040,823	-	-
Total business-type activities	19,184,705	21,760,776	28,000	-
Total primary government	241,501,105	28,773,015	9,125,988	942,814
Component units:				
The Worcester County Board of Education	154,450,339	541,223	135,063,526	31,553,518
Total component units	154,450,339	541,223	135,063,526	31,553,518

General revenues:

Taxes:

Real and personal property

Income

Other:

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

Net position, end of year

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

Net (Expense) Revenue and Changes in Net Position

Primary Government			Component Unit
Governmental Activities	Business-Type Activities	Total	The Worcester County Board of Education
\$ (16,365,007)	\$ -	\$ (16,365,007)	\$ -
(33,081,869)	-	(33,081,869)	-
(8,473,677)	-	(8,473,677)	-
(6,341,604)	-	(6,341,604)	-
(2,358,707)	-	(2,358,707)	-
(127,249,557)	-	(127,249,557)	-
(6,395,861)	-	(6,395,861)	-
(830,713)	-	(830,713)	-
(1,519,631)	-	(1,519,631)	-
(2,646,733)	-	(2,646,733)	-
(205,263,359)	-	(205,263,359)	-
-	1,527,609	1,527,609	-
-	1,070,890	1,070,890	-
-	5,572	5,572	-
-	2,604,071	2,604,071	-
(205,263,359)	2,604,071	(202,659,288)	-
-	-	-	12,707,928
-	-	-	12,707,928
142,030,348	-	142,030,348	-
28,891,384	-	28,891,384	-
984,669	-	984,669	-
542,049	-	542,049	-
7,115,438	-	7,115,438	-
142,703	-	142,703	-
4,680,904	-	4,680,904	-
77,437	-	77,437	-
1,966,015	213,830	2,179,845	2,755
7,384,044	-	7,384,044	355,705
193,814,991	213,830	194,028,821	358,460
2,582,957	(2,582,957)	-	-
(8,865,411)	234,944	(8,630,467)	13,066,388
23,092,234	59,782,564	82,874,798	(182,716,113)
\$ 14,226,823	\$ 60,017,508	\$ 74,244,331	\$ (169,649,725)

WORCESTER COUNTY, MARYLAND

BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2020

	<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	\$ 53,806,731	\$ 12,336,065	\$ -	\$ 2,368,482	\$ 68,511,278
Receivables:					
Taxes	3,447,839	-	-	-	3,447,839
Federal, state, and local governments	7,634,025	-	-	-	7,634,025
Other	740,865	-	-	-	740,865
Due from other funds	3,930,425	-	-	310,435	4,240,860
Prepaid items	47,892	-	-	-	47,892
Other assets	1,976	-	-	-	1,976
Total assets	\$ 69,609,753	\$ 12,336,065	\$ -	\$ 2,678,917	\$ 84,624,735
LIABILITIES					
Accounts payable and accrued liabilities	\$ 3,564,648	\$ 3,076,746	\$ -	\$ 221,636	\$ 6,863,030
Due to other funds	311,982	-	-	802,883	1,114,865
Unearned revenue	5,568,595	-	-	-	5,568,595
Other	2,821,624	-	-	-	2,821,624
Total liabilities	12,266,849	3,076,746	-	1,024,519	16,368,114
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue - property taxes	2,246,087	-	-	-	2,246,087
FUND BALANCES					
Nonspendable	47,892	-	-	-	47,892
Restricted	-	9,259,319	-	-	9,259,319
Assigned	19,483,747	-	-	1,654,398	21,138,145
Unassigned	35,565,178	-	-	-	35,565,178
Total fund balances	55,096,817	9,259,319	-	1,654,398	66,010,534
Total liabilities, deferred inflows of resources, and fund balances	\$ 69,609,753	\$ 12,336,065	\$ -	\$ 2,678,917	\$ 84,624,735

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

WORCESTER COUNTY, MARYLAND
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
June 30, 2020

Total fund balances, governmental funds \$ 66,010,534

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. 101,783,838

Certain revenues that do not provide current financial resources are reported as deferred inflows of resources in the fund financial statements, but are reported as revenue in the governmental activities of the Statement of Net Position. 2,246,087

Deferred outflows of resources - pensions (see Note 7) 4,174,574

Deferred outflows of resources - OPEB (see Note 8) 3,971,968

Deferred inflows of resources - pensions (see Note 7) (2,660,157)

Deferred inflows of resources - OPEB (see Note 8) (6,007,766)

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	(103,618,075)	
Compensated absences	(1,173,250)	
Net pension liability (see Note 7)	(28,758,121)	
Other post employment benefits (see Note 8)	(21,742,809)	
Total long-term liabilities	(155,292,255)	(155,292,255)

Net position of governmental activities in the Statement of Net Position \$ 14,226,823

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

WORCESTER COUNTY, MARYLAND
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
Year Ended June 30, 2020

	<u>General</u>	<u>Capital Projects</u>	<u>Debt Service</u>	<u>Other Governmental Funds</u>	<u>Total</u>
REVENUES:					
Taxes and special assessments	\$184,595,458	\$ -	\$ -	\$ -	\$184,595,458
Licenses and permits	2,027,965	-	-	-	2,027,965
Intergovernmental	6,444,378	260,646	-	3,275,961	9,980,985
Service charges and fees	4,775,728	-	-	-	4,775,728
Miscellaneous	9,076,817	512,874	-	28,731	9,618,422
Total revenues	206,920,346	773,520	-	3,304,692	210,998,558
EXPENDITURES:					
Current:					
General government	19,022,436	-	-	-	19,022,436
Public safety	36,183,713	-	-	-	36,183,713
Public works	8,749,324	-	-	-	8,749,324
Health and hospitals	6,193,861	-	-	-	6,193,861
Social services	1,684,599	-	-	761,722	2,446,321
Education	100,169,515	27,101,397	-	-	127,270,912
Libraries, recreation, parks and culture	7,184,206	-	-	-	7,184,206
Conservation of natural resources	779,146	-	-	61,401	840,547
Economic development	1,822,959	-	-	-	1,822,959
Distributions to incorporated municipalities	8,314,671	-	-	-	8,314,671
Capital projects	-	2,515,262	-	-	2,515,262
Debt service:					
Principal retirement	-	-	9,397,476	-	9,397,476
Interest and other charges	-	-	3,821,328	-	3,821,328
Total expenditures	190,104,430	29,616,659	13,218,804	823,123	233,763,016
Excess (deficiency) of revenues over expenditures	16,815,916	(28,843,139)	(13,218,804)	2,481,569	(22,764,458)
OTHER FINANCING SOURCES (USES):					
Transfers in	3,434,751	3,740,654	13,218,804	-	20,394,209
Transfers out	(16,959,458)	(366,940)	-	(3,067,811)	(20,394,209)
Total other financing sources (uses)	(13,524,707)	3,373,714	13,218,804	(3,067,811)	-
Net change in fund balances	3,291,209	(25,469,425)	-	(586,242)	(22,764,458)
Fund balances, beginning	51,805,608	34,728,744	-	2,240,640	88,774,992
Fund balances, ending	\$ 55,096,817	\$ 9,259,319	\$ -	\$ 1,654,398	\$ 66,010,534

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

WORCESTER COUNTY, MARYLAND
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE
STATEMENT OF ACTIVITIES
Year Ended June 30, 2020

Net change in fund balances, governmental funds \$ (22,764,458)

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	2,670,198
Depreciation expense	(6,093,552)

Some items reported in the Statement of Activities do not provide current financial resources and, therefore, are not reported as revenues in governmental funds. 2,582,957

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. (130,526)

Governmental funds report payments of debt principal as an expenditure. In contrast, the Statement of Activities treats such payments as a reduction in long-term liabilities. 9,412,122

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)	(753,787)
Change in post-retirement employee benefits (see Note 8)	5,074,930
Change in compensated absences	(37,890)

Change in net position of governmental activities \$ (8,865,411)

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

WORCESTER COUNTY, MARYLAND

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL (BUDGETARY BASIS)
GENERAL FUND
Year Ended June 30, 2020

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES:				
Taxes	\$ 179,860,835	\$ 179,860,835	\$ 184,595,458	\$ 4,734,623
Licenses and permits	2,393,982	2,393,982	2,027,965	(366,017)
Intergovernmental	6,823,611	6,823,611	6,444,378	(379,233)
Charges for services	6,667,281	6,667,281	4,775,728	(1,891,553)
Miscellaneous	2,472,032	2,472,032	9,076,817	6,604,785
Total revenues	198,217,741	198,217,741	206,920,346	8,702,605
EXPENDITURES:				
General government	18,549,274	18,548,710	19,022,436	(473,726)
Public safety	36,274,042	36,274,367	36,183,713	90,654
Public works	9,149,989	9,149,910	8,749,324	400,586
Health and hospitals	6,256,127	6,256,125	6,193,861	62,264
Social services	1,570,139	1,570,139	1,684,599	(114,460)
Education	96,970,798	96,970,798	100,169,515	(3,198,717)
Libraries, recreation, parks, and culture	8,184,497	8,184,825	7,184,206	1,000,619
Conservation of natural resources	712,299	712,299	779,146	(66,847)
Economic development	1,806,674	1,806,666	1,822,959	(16,293)
Intergovernmental	8,201,257	8,201,257	8,314,671	(113,414)
Total expenditures	187,675,096	187,675,096	190,104,430	(2,429,334)
Excess of revenues over expenditures	10,542,645	10,542,645	16,815,916	6,273,271
OTHER FINANCING SOURCES (USES):				
Operating transfers in	3,067,811	3,067,811	3,434,751	(366,940)
Operating transfers out	(13,610,456)	(13,610,456)	(16,959,458)	3,349,002
Total other financing uses	(10,542,645)	(10,542,645)	(13,524,707)	2,982,062
Net change in fund balance	\$ -	\$ -	3,291,209	\$ 3,291,209
Fund balance, beginning			51,805,608	
Fund balance, ending			\$ 55,096,817	

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



WORCESTER COUNTY, MARYLAND

STATEMENT OF NET POSITION

BUSINESS-TYPE ACTIVITIES

June 30, 2020

	Department of <u>Solid Waste</u>	Department of <u>Water and Wastewater</u>	Department of <u>Liquor Control</u>	<u>Total</u>
ASSETS				
Current assets:				
Cash and short-term investments	\$ 5,816,718	\$ 11,054,989	\$ 92,230	\$ 16,963,937
Accounts receivable	242,833	5,484,068	-	5,726,901
Inventory	-	-	292,955	292,955
Total current assets	6,059,551	16,539,057	385,185	22,983,793
Noncurrent assets:				
Capital assets:				
Land, land rights and improvements	1,226,989	114,883	-	1,341,872
Construction-in-progress	-	1,107,948	-	1,107,948
Buildings and building improvements	429,570	-	715,215	1,144,785
Improvements other than buildings	42,199,768	-	-	42,199,768
Water and sewer systems	-	112,491,256	-	112,491,256
Machinery and equipment	6,410,284	5,322,027	-	11,732,311
	50,266,611	119,036,114	715,215	170,017,940
Less: accumulated depreciation	(33,155,059)	(51,938,671)	(295,410)	(85,389,140)
	17,111,552	67,097,443	419,805	84,628,800
Other assets:				
Long-term debt service receivable	-	16,751,917	-	16,751,917
Total noncurrent assets	17,111,552	83,849,360	419,805	101,380,717
Total assets	\$ 23,171,103	\$ 100,388,417	\$ 804,990	\$ 124,364,510

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

	Department of <u>Solid Waste</u>	Department of Water and <u>Wastewater</u>	Department of Liquor <u>Control</u>	<u>Total</u>
LIABILITIES				
Current liabilities:				
Accounts payable and accrued expenses	\$ 268,212	\$ 618,217	\$ 78,928	\$ 965,357
Bonds and notes payable - current	294,439	1,450,475	-	1,744,914
Capital leases payable - current	471,055	-	-	471,055
Landfill - closure and postclosure costs	15,083,166	-	-	15,083,166
Accrued bond interest payable	-	157,386	-	157,386
Due to other funds	102,890	50,350	-	153,240
Total current liabilities	16,219,762	2,276,428	78,928	18,575,118
Noncurrent liabilities:				
Unearned revenues	-	18,100,230	-	18,100,230
Compensated absences	30,324	164,760	1,449	196,533
Bonds and notes payable	4,832,714	18,523,392	-	23,356,106
Capital leases payable	1,144,713	-	-	1,144,713
Due to other funds	-	1,550,726	1,423,576	2,974,302
Total noncurrent liabilities	6,007,751	38,339,108	1,425,025	45,771,884
Total liabilities	22,227,513	40,615,536	1,503,953	64,347,002
NET POSITION (DEFICIT)				
Net investment in capital assets	10,368,631	47,123,576	419,805	57,912,012
Unrestricted (deficit)	(9,425,041)	12,649,305	(1,118,768)	2,105,496
Total net position (deficit)	\$ 943,590	\$ 59,772,881	\$ (698,963)	\$ 60,017,508

WORCESTER COUNTY, MARYLAND

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
 BUSINESS-TYPE ACTIVITIES
 Year Ended June 30, 2020

	Department of <u>Solid Waste</u>	Department of Water and <u>Wastewater</u>	Department of Liquor <u>Control</u>	<u>Total</u>
OPERATING REVENUES:				
Domestic charges	\$ -	\$ 9,923,349	\$ -	\$ 9,923,349
Commercial charges	-	937,814	-	937,814
Hook-up charges	-	354,641	-	354,641
Future capital development	-	213,654	-	213,654
Interest and penalties on overdue accounts	2,279	108,248	-	110,527
Additional assessments	-	529,880	-	529,880
Payments by developers	-	16,562	-	16,562
Other revenue	43,791	1,938,974	96,958	2,079,723
Interfund charges	432,746	-	-	432,746
Debt service revenue	-	1,937,180	-	1,937,180
White Horse Park revenue	-	256,680	-	256,680
Liquor sales	-	-	943,865	943,865
Stump, yard waste, and mulch revenue	59,008	-	-	59,008
Licenses and permits	4,275	-	-	4,275
Tipping fees	3,960,872	-	-	3,960,872
Total operating revenues	4,502,971	16,216,982	1,040,823	21,760,776
Cost of goods sold	-	-	685,411	685,411
Gross profit	4,502,971	16,216,982	355,412	21,075,365
Total operating expenses	1,600,884	11,067,981	305,630	12,974,495
Operating income before depreciation and general expenses	2,902,087	5,149,001	49,782	8,100,870
Depreciation and general expenses	1,102,167	3,459,902	44,210	4,606,279
Operating income	1,799,920	1,689,099	5,572	3,494,591
NONOPERATING REVENUES (EXPENSES):				
Interest on investments	63,550	150,280	-	213,830
Operating grants	-	28,000	-	28,000
Interest expense	(272,311)	(646,209)	-	(918,520)
Contribution of capital assets	(2,582,957)	-	-	(2,582,957)
Total nonoperating revenues (expenses)	(2,791,718)	(467,929)	-	(3,259,647)
Change in net position	(991,798)	1,221,170	5,572	234,944
Net position (deficit), beginning	1,935,388	58,551,711	(704,535)	59,782,564
Net position (deficit), ending	\$ 943,590	\$ 59,772,881	\$ (698,963)	\$ 60,017,508

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

WORCESTER COUNTY, MARYLAND

STATEMENT OF CASH FLOWS
BUSINESS-TYPE ACTIVITIES

Year Ended June 30, 2020

	Department of <u>Solid Waste</u>	Department of <u>Water and Wastewater</u>	Department of <u>Liquor Control</u>	<u>Total</u>
CASH FLOWS FROM OPERATING ACTIVITIES:				
Cash received for services	\$ 3,982,588	\$ 12,606,232	\$ -	\$ 16,588,820
Cash received for liquor sales	-	-	943,865	943,865
Cash received from other revenues	43,791	1,938,974	96,958	2,079,723
Cash received for future capital development	-	213,654	-	213,654
Cash received for interfund charges	432,746	-	-	432,746
Cash payments to employees	(779,247)	(2,949,396)	(70,217)	(3,798,860)
Cash payments for fringe benefits	(464,423)	(1,427,373)	(24,315)	(1,916,111)
Cash payments for inventory, materials, supplies, and services	(956,405)	(6,680,205)	(953,359)	(8,589,969)
Net cash provided (used) by operating activities	2,259,050	3,701,886	(7,068)	5,953,868
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Purchases of property and equipment	(78,139)	(1,495,688)	-	(1,573,827)
Proceeds from sales of property and equipment	130,500	-	-	130,500
Principal paid on capital lease obligations	(482,389)	-	-	(482,389)
Principal paid on bonds, lines of credit, and notes	(116,878)	(1,216,534)	-	(1,333,412)
Interest paid on capital lease obligations	(63,846)	-	-	(63,846)
Interest paid on bonds, lines of credit, and notes	(208,465)	(646,209)	-	(854,674)
Bond costs deferred	(33,640)	(60,338)	-	(93,978)
Debt service assessments deferred	-	1,348,310	-	1,348,310
Net cash used by capital and related financing activities	(852,857)	(2,070,459)	-	(2,923,316)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
Cash received for operating grants	-	28,000	-	28,000
Advances from (to) other funds	(21,621)	349,907	57,658	385,944
Net cash provided (used) by noncapital financing activities	(21,621)	377,907	57,658	413,944
CASH FLOWS FROM INVESTING ACTIVITIES:				
Interest on investments	63,550	150,280	-	213,830
Net cash provided by investing activities	63,550	150,280	-	213,830
Net increase in cash and short-term investments	1,448,122	2,159,614	50,590	3,658,326
Cash and short-term investments, beginning	4,368,596	8,895,375	41,640	13,305,611
Cash and short-term investments, ending	\$ 5,816,718	\$ 11,054,989	\$ 92,230	\$ 16,963,937

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

WORCESTER COUNTY, MARYLAND

STATEMENT OF CASH FLOWS

BUSINESS-TYPE ACTIVITIES

Year Ended June 30, 2020

(CONTINUED)

	Department of <u>Solid Waste</u>	Department of Water and <u>Wastewater</u>	Department of Liquor <u>Control</u>	<u>Total</u>
RECONCILIATION OF OPERATING INCOME				
TO NET CASH PROVIDED BY				
OPERATING ACTIVITIES:				
Operating income	\$ 1,799,920	\$ 1,689,099	\$ 5,572	\$ 3,494,591
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation	1,102,167	3,459,902	15,960	4,578,029
Changes in assets and liabilities:				
Accounts receivable	(43,846)	(263,192)	-	(307,038)
Inventories	-	-	(55,939)	(55,939)
Accounts payable and accrued expenses	(573,473)	4,114	28,950	(540,409)
Unearned revenue	-	(1,194,930)	-	(1,194,930)
Compensated absences	(25,718)	6,893	(1,611)	(20,436)
Net cash provided (used) by operating activities	\$ 2,259,050	\$ 3,701,886	\$ (7,068)	\$ 5,953,868
NONCASH INVESTING, CAPITAL, AND				
FINANCING ACTIVITIES:				
Equipment acquired under capital leases	\$ 372,468	\$ -	\$ -	\$ 372,468
Contribution of capital assets	(2,582,957)	-	-	(2,582,957)
Total non-cash activities	\$ (2,210,489)	\$ -	\$ -	\$ (2,210,489)

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

WORCESTER COUNTY, MARYLAND

STATEMENT OF NET POSITION

FIDUCIARY FUNDS

June 30, 2020

	Public Drainage <u>Associations</u>	Other Post- Employment Benefits <u>Trust</u>	Agency <u>Funds</u>
ASSETS			
Cash and short-term investments	\$ 625,569	\$ 3,347,752	\$ 2,293,177
Trust investments:			
Money market funds	-	3,879,379	-
MLGIP	-	425,044	-
Fixed income securities	-	19,130,459	-
Equities securities	-	34,611,521	-
Taxes receivable	-	-	1,366,670
Special assessments receivable	6,975	-	-
Due from other funds	1,547	-	-
Total assets	634,091	61,394,155	3,659,847
LIABILITIES			
Due to other governmental units	-	-	1,547,748
Other liabilities	-	-	2,112,099
Total liabilities	-	-	3,659,847
NET POSITION			
Net position restricted for other post-employment benefits	-	61,394,155	-
Restricted	634,091	-	-
Total net position	\$ 634,091	\$ 61,394,155	\$ -

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

WORCESTER COUNTY, MARYLAND
STATEMENT OF CHANGES IN NET POSITION
FIDUCIARY FUNDS
Year Ended June 30, 2020

	Public Drainage <u>Associations</u>	Other Post Employment Benefits <u>Trust</u>
ADDITIONS:		
Contributions:		
Special assessments	\$ 113,789	\$ -
Intergovernmental	-	-
Employer contributions	-	7,124,143
Plan member contributions	-	672,167
Miscellaneous	19,500	-
Total contributions	133,289	7,796,310
Investment earnings:		
Interest	2,199	34,442
Net increase in fair value of investments	-	2,070,413
Total investment earnings	2,199	2,104,855
Total additions	135,488	9,901,165
DEDUCTIONS:		
Ditch maintenance	102,222	-
Claims incurred	-	3,365,480
Miscellaneous	195	1,000
Total deductions	102,417	3,366,480
Change in net position	33,071	6,534,685
Net position, beginning	601,020	54,859,470
Net position, ending	\$ 634,091	\$ 61,394,155

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

NOTES TO FINANCIAL STATEMENTS

NOTES TO FINANCIAL STATEMENTS

Note 1. Description of Worcester County, Maryland

Worcester County, Maryland (the “County”) is a home rule county governed by a seven-member Board of County Commissioners with the county seat located in Snow Hill, Maryland. The County government directly provides all basic local governmental services.

The financial statements of Worcester County, Maryland are prepared in accordance with U.S. generally accepted accounting principles (“GAAP”) applicable to governmental units. The Governmental Accounting Standards Board (“GASB”) is the accepted standard-setting body for establishing governmental accounting and financial principles. The following is a summary of the significant policies:

Note 2. Summary of Significant Accounting Policies

A. Financial Reporting Entity

A reporting entity is composed of the primary government, component units, and other organizations that are included to ensure the financial statements of the County are not misleading. The primary government of the County consists of all funds, departments, boards, and agencies that are not legally separate from the County.

The component unit column on the government-wide financial statements contains the financial data of the County’s discretely presented component unit: the Board of Education of Worcester County (the “BOE”). It is reported in a separate column to emphasize that it is legally separate from the County. Although this organization is a legally separate entity and has a separately elected governing board, it is included in the financial statements of the County because the County is financially accountable for the organization.

The BOE administers the public school system in the County. The BOE is organized as a separate legal entity, but does not have the power to levy taxes or issue bonds. The BOE’s budget is subject to approval by the County Commissioners, and the BOE receives a significant portion of its operational and capital project funding from the County.

Separately issued financial statements can be obtained from the following:

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

B. Basis of Presentation

The County’s basic financial statements consist of government-wide financial statements, including a Statement of Net Position and a Statement of Activities, and fund financial statements, which provide a more detailed level of financial information.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The Statement of Net Position and the Statement of Activities display information about the County as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The statements distinguish between those activities of the County that are governmental in nature and those that are considered business-type activities.

NOTES TO FINANCIAL STATEMENTS

Note 2. Summary of Significant Accounting Policies (continued)

The Statement of Net Position presents the financial condition of the governmental and business-type activities of the County at year-end. The Statement of Activities presents a comparison between direct expenses and program revenues for each program or function of the County's governmental activities and business-type activities. Direct expenses are those that are specifically associated with a service, program, or department and, therefore, clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program, and interest earned on grants that is required to be used to support a particular program. Revenues that are not classified as program revenues are presented as general revenues of the County, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each governmental program or business activity is self-financing or draws from the general revenues of the County.

FUND FINANCIAL STATEMENTS

During the year, the County segregates transactions related to certain County functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the County at this more detailed level. The focus of governmental and proprietary fund financial statements is on major funds. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column. Fiduciary funds are reported by type.

C. Fund Accounting

The accounts of the County are organized on the basis of funds, each of which is considered to be a separate accounting entity. The operations of each fund are summarized by providing a separate set of self-balancing accounts which includes its assets, liabilities, fund equity, revenues, and expenditures or expenses, as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The following fund types are used by the County:

GOVERNMENTAL FUND TYPES

Governmental funds are accounted for using the current financial resources measurement focus. Only current assets and current liabilities are generally included on their balance sheets. Their operating statements present sources and uses of available resources during a given period. The following are the County's major governmental funds:

General Fund – The General Fund is the general operating fund of the County. All financial resources, except those required to be accounted for in another fund, are accounted for in the General Fund.

In addition, the County has the following governmental funds which the County has chosen to show as major funds due to their importance to the overall performance of the County:

Capital Projects Fund – The Capital Projects Fund is used to account for financial resources to be used for the acquisition or construction of major capital facilities, which are not financed by proprietary funds.

Debt Service Fund – The Debt Service Fund is used to account for the accumulation of resources for, and the payment of, general long-term debt, including capital lease obligations, principal, interest, and related costs.

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

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

NOTES TO FINANCIAL STATEMENTS

Note 2. Summary of Significant Accounting Policies (continued)

PROPRIETARY FUND TYPES

Proprietary funds are accounted for using the economic resources measurement focus; the accounting objectives are determination of net income, financial position, and cash flows. All assets and liabilities associated with a proprietary fund's activities are included on its balance sheet. Proprietary fund equity is segregated into net investment in capital assets and unrestricted net position.

Enterprise Funds – Enterprise funds are established to account for operations that are financed and operated in a manner similar to private business enterprises, where the intent is that the costs of providing goods or services to the general public on a continuing basis will be financed or recovered primarily through user charges. The Department of Solid Waste, the Department of Liquor Control, and the Department of Water and Wastewater Services are the enterprise funds of the County. The Department of Liquor Control is a non-major enterprise fund of the County.

FIDUCIARY FUND TYPES

Fiduciary funds account for assets held by the County in a trustee or agency capacity. Agency funds are custodial in nature and do not involve measurement of results of operations.

Trust and Agency Funds – Trust and Agency Funds are used to account for assets held by the County as an agent for other funds and/or other governments. The trust funds include the OPEB Trust Fund and the Public Drainage Fund (a private purpose trust fund). The agency funds include the State of Maryland Property Tax Fund, Maryland Department of Motor Vehicles Fund, Tax Sale Fund, Development Tax Fund, Performance Bond Fund, Personal Property Tax Fund, Forest Conservation Fund, Bay Restoration Fund, 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.

FUND FINANCIAL STATEMENTS

All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the Balance Sheet. The Statement of Revenues, Expenditures, and Changes in Fund Balances reflects the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements, therefore, include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the fund financial statements for governmental funds.

Like the government-wide financial statements, the enterprise funds are accounted for using a flow of economic resources measurement focus. All assets and liabilities associated with the operation of these funds are included on the Statement of Net Position. The Statement of Changes in Revenues, Expenses, and Changes in Fund Net Position presents increases (i.e., revenues) and decreases (i.e., expenses) in total net position. The Statement of Cash Flows reflects how the County finances and meets the cash flow needs of its enterprise activities.

NOTES TO FINANCIAL STATEMENTS

Note 2. Summary of Significant Accounting Policies (continued)

E. Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Enterprise funds and fiduciary funds use the accrual basis of accounting. Differences in the accrual basis of accounting arise in the recognition of revenue, the recording of unearned revenue, and in the presentation of expenses versus expenditures.

REVENUES – EXCHANGE AND NONEXCHANGE TRANSACTIONS

Revenues resulting from exchange transactions, in which each party gives and receives essentially equal value, are recorded on the accrual basis when the exchange takes place. On the modified accrual basis, revenue is recognized in the year in which the resources are measurable and become available. Available means the resources will be collected within the current year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current year. For the County, “available” means expected to be received within sixty days after year-end.

Nonexchange transactions, in which the County receives value without directly giving equal value in return, include property taxes, grants, entitlements, and donations. On the accrual basis, revenue from property taxes is recognized in the year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year in which the resources are required to be used or the year when use is first permitted; matching requirements, in which the County must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the County on a reimbursement basis. On the modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

Under the modified accrual basis, the following revenue sources are considered both measurable and available at year end: property taxes, franchise taxes, special assessments, intergovernmental revenues, interest revenue, and charges for services. Income taxes collected and held by the State at year-end on behalf of the County are also recognized as revenue. License and permit revenues are not susceptible to accrual because they generally are not measurable until received in cash.

DEFERRED OUTFLOWS / INFLOWS OF RESOURCES

In addition to assets, the Statement of Net Position and/or Balance Sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and, therefore, will not be recognized as an outflow of resources (expense/expenditure) until that time. The County 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, 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, net difference between projected and actual investment earnings and differences between expected

NOTES TO FINANCIAL STATEMENTS

Note 2. Summary of Significant Accounting Policies (continued)

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.

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, 2020. All annual appropriations lapse at fiscal year-end.

The County follows these procedures in establishing the governmental funds budgetary data reflected in the financial statements:

- 1) Prior to April 30, the Chief Administrative Officer submits to the County Commissioners a proposed budget for the fiscal year commencing the following July 1. The budget includes requested expenditures and the means of financing them.
- 2) Public hearings are conducted to obtain taxpayer comments.
- 3) No later than the first Tuesday in June, the budget is legally enacted through passage of a budget resolution.
- 4) The Chief Administrative Officer is not authorized to make any transfers of budgeted amounts. The County’s legal level of budgetary control is at the County Commissioner level, such that all transfers must be approved by the County Commissioners.

The BOE follows these procedures in establishing its general fund budgetary data reflected in the financial statements:

- 1) The Superintendent and Supervisor of Business Operations formulate a proposed budget for review by the BOE during the second public hearing scheduled in February.
- 2) Prior to March 31, the BOE adopts the proposed budget. The proposed budget, exclusive of amounts relating to restricted programs, is submitted to the County Commissioners.
- 3) In mid-May, the County Commissioners and the BOE discuss the budget in public forum.
- 4) The County Commissioners approve the budget no later than the first Tuesday in June. The approved budget is subject to affirmation by the BOE within thirty days of the County Commissioners' approval.

NOTES TO FINANCIAL STATEMENTS

Note 2. Summary of Significant Accounting Policies (continued)

G. Encumbrances

Encumbrances represent commitments related to unperformed contracts for goods or services. Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditures of resources are recorded to reserve that portion of the applicable appropriation, is utilized in the governmental fund types. Encumbrances outstanding at year-end are reported as assignments of fund balances and do not constitute expenditures or liabilities because the commitments will be honored during the subsequent year.

H. Cash and Short-Term Investments

For purposes of the Statement of Cash Flows, the County considers all highly liquid investments with original maturities of less than 30 days to be cash equivalents.

I. Prepaid Items

Payments made to vendors for services that will benefit periods beyond year-end are reported as prepaid items using the consumption method, which records a current asset for the prepaid amount and reflects the expenditure/expense in the year in which services are consumed.

J. Property Taxes

Taxes are levied annually on July 1 and are due in full by September 30 for non-owner occupied properties. Owner occupied property taxes and small business taxes are due in two equal semiannual installments on September 30 and December 31, respectively. Property taxes are attached as an enforceable lien and are in arrears on October 1 for non-owner occupied properties and January 1 for owner occupied properties. The County bills and collects its own taxes. County property tax revenues are recognized when collected.

K. Inventory

Inventory 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.

NOTES TO FINANCIAL STATEMENTS

Note 2. Summary of Significant Accounting Policies (continued)

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

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

M. Interfund Receivables / Payables

On fund financial statements, receivables and payables resulting from short-term interfund loans or interfund services provided and used are classified as "Interfund Receivables/Payables." Interfund balances within governmental activities and within business-type activities are eliminated on the government-wide Statement of Net Position. The only interfund balances which remain on the government-wide Statement of Net Position are those between governmental and fiduciary activities. These amounts are reflected as "due to fiduciary funds."

N. Compensated Absences

Vacation benefits are earned by employees of the County based on time in service, and the rights to such benefits are vested. Sick leave is also accumulated by employees based on time in service. However, accumulated sick leave benefits do not vest and are not paid unless employees are absent due to illness, except that accumulated sick time is credited to months of service in the calculation of employees' retirement benefits. The County records vested vacation benefits as they are earned.

The entire compensated absences liability is reported on the government-wide financial statements.

O. Accrued Liabilities and Long-Term Obligations

All payables, accrued liabilities, and long-term obligations are reported on the government-wide financial statements. All payables, accrued liabilities, and long-term obligations payable from the enterprise funds are reported on the enterprise fund financial statements.

In general, governmental fund payables and accrued liabilities are recognized as fund liabilities when incurred. However, compensated absences and contractually required pension contributions that are paid from governmental funds are reported as liabilities on the fund financial statements only to the extent that they are due for payment during the current year. Loans and leases are recognized as liabilities on the fund financial statements when due.

P. Net Position

Net position represents the difference between assets and 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.

NOTES TO FINANCIAL STATEMENTS

Note 2. Summary of Significant Accounting Policies (continued)

Q. Governmental Fund Balance

In the governmental fund financial statements, fund balances are classified as follows:

Nonspendable – Amounts that cannot be spent either because they are in a nonspendable form or because they are legally or contractually required to be maintained intact.

Restricted – Amounts that can be spent only for specific purposes because of the County charter or code, state or federal laws, or externally imposed conditions by grantors or creditors.

Committed – Amounts that are established only for specific purposes, modified, or rescinded, as determined through formal action by the County Commissioners, by the approval of a resolution.

Assigned – Amounts that are designated by the Commissioners or management with intent to be used for specific purposes, but are neither restricted nor committed by approval of a resolution.

Unassigned – Amounts not included in other spendable classifications. 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 \$20,288,161 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 and sales of liquor for the Department of Liquor Control. Operating expenses are the necessary costs incurred to provide the service that is the primary activity of the fund. Revenues and expenses not meeting these definitions are reported as nonoperating.

S. Interfund Transactions

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

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

T. Estimates

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

NOTES TO FINANCIAL STATEMENTS

Note 3. Cash and Short-Term Investments

Deposits are maintained in a variety of financial institutions.

The County is authorized to invest unexpended revenues from taxation, bond sales, lawful receipts of funds from other governmental agencies, or any other funds properly received by it, until it determines the funds are needed for proper public purposes. The County's investment policy, in order to minimize credit and interest rate risk, allows it to invest in United States government bonds or evidence of indebtedness; or it can invest in federally insured banking institutions, which pledge United States Treasury bills, notes, or other obligations to secure such deposits, repurchase agreements, and collateralized certificates of deposit.

At June 30, 2020, Worcester County had deposits with financial institutions totaling \$16,855,427 (with a carrying value of \$14,816,842). 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, 2020 and, therefore, have no custodial risk associated with them.

The County is a participant in the Maryland Local Government Investment Pool ("MLGIP"), which provides all local government units of the State a safe investment vehicle for the short-term investment of funds. The State Legislature created MLGIP with the passage of Article 95 §22G of the Annotated Code of Maryland. The MLGIP, under the administrative control of the State Treasurer, is managed by PNC Capital Advisors, LLC and custodied by PNC Bank, N.A. An MLGIP Advisory Committee of current participants was formed to review, on a semiannual basis, the activities of the Fund and to provide suggestions to enhance the Pool. The MLGIP is rated "AAAm" by Standard and Poor's. The fair value of the Pool is the same as the value of the Pool shares. At June 30, 2020, the County had investments of \$77,343,080 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, 2020, 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.

NOTES TO FINANCIAL STATEMENTS

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

Investments in the Retiree Benefit Trust Fund by type and maturity at June 30, 2020, measured at fair value, were as follows:

	1 Year	1-5 Years	Over 5 Years	Total	Rate
MLGIP	\$ 425,044	\$ -	\$ -	\$ 425,044	0.42%
M&T Investments:					
Money Market	3,879,379	-	-	3,879,379	0.63%
Fixed Income:					
U.S. Treasury	266,515	2,275,525	1,855,714	4,397,754	1.125% - 3.625%
U.S. Government Agency	-	999	2,494,119	2,495,118	2.50% - 5.00%
Other Fixed Income	451,128	1,515,403	10,271,056	12,237,587	1.450% - 6.20%
Equities	34,611,521	-	-	34,611,521	N/A
Total	\$ 39,633,587	\$ 3,791,927	\$ 14,620,889	\$ 58,046,403	

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.

The County has the following recurring fair value measurements as of June 30, 2020:

- 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	\$ 6,835
Carrying amount of deposits	14,816,842
Money market funds	3,879,379
Fixed income securities	19,130,459
Equities securities	34,611,521
MLGIP	77,343,080
Less: cash and investments recorded within fiduciary funds	(64,312,901)
Total	\$ 85,475,215

NOTES TO FINANCIAL STATEMENTS

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, 2020, 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.

Interfund balances at June 30, 2020 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)	\$ 102,890	\$ -
Department of Liquor Control (inventory loan and shared expenses)	1,423,576	-
Department of Water and Wastewater (payroll and shared expenses)	1,601,076	-
Total due from (to) enterprise funds	3,127,542	-
Other funds:		
Energy Service Fund (funds held on behalf of)	-	(310,435)
Casino Fund (reimbursement between funds)	802,883	-
Public Drainage Association (June collections paid in July)	-	(1,547)
Total due from (to) other funds	802,883	(311,982)
Total General Fund due from (to) other funds	3,930,425	(311,982)
Other governmental funds:		
General Fund	310,435	(802,883)
Fiduciary funds	1,547	-
Enterprise funds:		
General Fund	-	(3,127,542)
	\$ 4,242,407	\$ (4,242,407)

NOTES TO FINANCIAL STATEMENTS

Note 4. Interfund Balances and Transfers (continued)

Interfund transfer activity for the year ended June 30, 2020 consisted of the following individual amounts:

	Transfers In	Transfers Out
General Fund:		
Capital Projects Fund	\$ (366,940)	\$ (3,740,654)
Debt Service Fund	-	(13,218,804)
Casino Fund	(3,067,811)	-
Capital Projects Fund:		
General Fund	(3,740,654)	(366,940)
Debt Service Fund:		
General Fund	(13,218,804)	-
Casino Fund:		
General Fund	-	(3,067,811)
	\$ (20,394,209)	\$ (20,394,209)

Interfund transfers are for the following purposes:

- Interfund transfers from the Capital Projects Fund to the General Fund are for excess bond proceeds that are being used towards debt retirement. 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.

NOTES TO FINANCIAL STATEMENTS

Note 5. Capital Assets

Capital asset activity for the year ended June 30, 2020 was as follows:

	Balance June 30, 2019	Additions	Transfers and Reductions	Balance June 30, 2020
Primary government:				
Governmental activities:				
Nondepreciable capital assets:				
Land and improvements	\$ 15,631,638	\$ -	\$ -	\$ 15,631,638
Construction-in-progress	10,402,317	1,303,662	(6,553,983)	5,151,996
Total nondepreciable capital assets	26,033,955	1,303,662	(6,553,983)	20,783,634
Depreciable capital assets:				
Building and building improvements	92,602,115	-	2,329,678	94,931,793
Improvements other than buildings	13,294,570	167,392	710,867	14,172,829
Machinery and equipment	27,171,152	1,199,144	6,096,394	34,466,690
Infrastructure	110,993,047	-	-	110,993,047
Total depreciable capital assets	244,060,884	1,366,536	9,136,939	254,564,359
Less accumulated depreciation for:				
Buildings and building improvements	(32,632,245)	(2,417,994)	-	(35,050,239)
Improvements other than buildings	(7,220,777)	(509,914)	-	(7,730,691)
Machinery and equipment	(21,517,528)	(2,823,620)	-	(24,341,148)
Infrastructure	(106,100,053)	(342,024)	-	(106,442,077)
Total accumulated depreciation	(167,470,603)	(6,093,552)	-	(173,564,155)
Total depreciable capital assets, net	76,590,281	(4,727,016)	9,136,939	81,000,204
Governmental activities capital assets, net	\$ 102,624,236	\$ (3,423,354)	\$ 2,582,956	\$ 101,783,838

Depreciation expense was charged to governmental functions as follows:

General government	\$ 547,849
Public safety	3,014,424
Public works	1,093,946
Health and hospitals	586,434
Libraries, recreation and culture	847,761
Economic development	3,138
Total depreciation expense	\$ 6,093,552

NOTES TO FINANCIAL STATEMENTS

Note 5. Capital Assets (continued)

Capital asset activity for the enterprise funds for the year ended June 30, 2020 was as follows:

	Balance June 30, 2019	Additions	Transfers and Reductions	Balance June 30, 2020
Business-type activities:				
Nondepreciable capital assets:				
Land, land rights and improvements	\$ 1,341,872	\$ -	\$ -	\$ 1,341,872
Construction-in-progress	281,038	826,910	-	1,107,948
Total nondepreciable capital assets	1,622,910	826,910	-	2,449,820
Depreciable capital assets:				
Buildings and building improvements	4,948,428	-	(3,803,643)	1,144,785
Improvements other than buildings	42,199,768	-	-	42,199,768
Machinery and equipment	12,676,584	684,395	(1,628,668)	11,732,311
Water and sewer systems	112,056,266	434,990	-	112,491,256
Total depreciable capital assets	171,881,046	1,119,385	(5,432,311)	167,568,120
Less accumulated depreciation for:				
Buildings and building improvements	(2,057,311)	(26,697)	1,473,965	(610,043)
Improvements other than buildings	(28,191,007)	(627,341)	-	(28,818,348)
Machinery and equipment	(8,955,670)	(738,875)	1,244,889	(8,449,656)
Water and sewer systems	(44,325,977)	(3,185,116)	-	(47,511,093)
Total accumulated depreciation	(83,529,965)	(4,578,029)	2,718,854	(85,389,140)
Total depreciable capital assets, net	88,351,081	(3,458,644)	(2,713,457)	82,178,980
Business-type activities capital assets, net	\$ 89,973,991	\$ (2,631,734)	\$ (2,713,457)	\$ 84,628,800

NOTES TO FINANCIAL STATEMENTS

Note 6. Long-Term Debt

Changes in the County's long-term obligations for the year ended June 30, 2020 were as follows:

	Balance at June 30, 2019	Additions/ Transfers	Reductions	Balance at June 30, 2020	Amount Due in One Year
Governmental activities:					
General obligation bonds:					
MDE Water Quality Bond; interest at 0.4%; due semiannually to 2022	\$ 496,025	\$ -	\$ (238,753)	\$ 257,272	\$ 239,709
Consolidated Public Improvement Bonds, 2013 Series; interest at 3% to 4%; due semiannually to 2020	1,165,000	-	(1,165,000)	-	-
Consolidated Public Improvement Bonds, 2013 Series; interest at 2.5% to 3.4%; due semiannually to 2033	4,560,000	-	(265,000)	4,295,000	270,000
Consolidated Public Improvement Bonds, 2014 Series; interest at 3.25% to 5%; due semiannually to 2029	30,960,000	-	(2,570,000)	28,390,000	2,645,000
Consolidated Public Improvement Bonds, 2015 Series A; interest at 3% to 5%; due semiannually to 2030	7,798,388	-	(503,122)	7,295,266	519,352
Consolidated Public Improvement Refunding Bonds, 2015 Series B; interest at 2.125% to 4%; due semiannually to 2026	23,220,000	-	(4,655,000)	18,565,000	4,955,000
Consolidated Public Improvement Bonds, 2019 Series; interest at 3% to 5%; due semiannually to 2034	34,080,000	-	-	34,080,000	1,580,000
Deferred bond premium, net	11,488,355	-	(1,174,595)	10,313,760	1,174,595
Note payable; interest at 4.09%; due monthly to 2039	437,024	-	(15,247)	421,777	15,882
	114,204,792	-	(10,586,717)	103,618,075	11,399,538
Compensated absences	2,082,360	1,407,872	(1,432,682)	2,057,550	884,300
Total governmental activities	\$ 116,287,152	\$ 1,407,872	\$ (12,019,399)	\$ 105,675,625	\$ 12,283,838

NOTES TO FINANCIAL STATEMENTS

Note 6. Long-Term Debt (continued)

	Balance at June 30, 2019	Additions	Reductions/ Transfers	Balance at June 30, 2020	Amount Due in One Year
Business-type activities:					
Estimated landfill closure costs	\$ 15,544,315	\$ -	\$ (461,149)	\$ 15,083,166	\$ 15,083,166
General obligation bonds:					
MDE Water Quality Bond; interest at 0.4%; due semiannually to 2022	1,062,862	-	(422,797)	640,065	424,216
Snug Harbor Water Quality Loan Agreement, 2007; interest at 0.4%; due semiannually to 2026	215,784	-	(31,504)	184,280	31,630
MDE Drinking Water Bond; interest at 1.1%; due semiannually to 2029	202,124	-	(19,231)	182,893	19,444
Mystic Harbour USDA note payable, 2012; interest at 2%; due quarterly to 2052	4,440,625	-	(95,994)	4,344,631	97,932
Mystic Harbour USDA note payable, 2014; interest at 2.5%; due quarterly to 2053	2,579,755	-	(47,618)	2,532,137	48,823
Mystic Harbour USDA note payable, 2016; interest at 2.25%; due quarterly to 2056	238,031	-	(4,172)	233,859	4,267
Mystic Harbour USDA note payable, 2018; interest at 2.75%; due quarterly to 2058	2,407,231	-	(35,218)	2,372,013	36,378
Consolidated Public Improvement Bonds, 2014 Series; interest at 2% to 5%; due semiannually to 2029	3,820,000	-	(315,000)	3,505,000	325,000
Consolidated Public Improvement Refunding Bonds, 2015 Series B; interest at 2.125% to 4%; due semiannually to 2026	1,420,000	-	(175,000)	1,245,000	180,000
Consolidated Public Improvement Bonds, 2015 Series A; interest at 3% to 5%; due semiannually to 2030	2,896,612	-	(186,878)	2,709,734	190,648
Consolidated Public Improvement Bonds, 2019 Series; interest at 3% to 5%; due semiannually to 2034	5,685,000	-	-	5,685,000	260,000
Deferred bond premium, net	1,560,386	-	(93,978)	1,466,408	126,576
Capital lease payable	1,725,689	372,468	(482,389)	1,615,768	471,055
	43,798,414	372,468	(2,370,928)	41,799,954	17,299,135
Compensated absences	394,489	216,078	(253,236)	357,331	160,799
Total business-type activities	\$ 44,192,903	\$ 588,546	\$ (2,624,164)	\$ 42,157,285	\$ 17,459,934

NOTES TO FINANCIAL STATEMENTS

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% to be repaid over the next 18 years. The loan was used to fund landfill closure projects in Pocomoke and Snow Hill (\$3,807,567) and various water and wastewater projects (\$6,742,000), including the expansion of the Ocean Pines wastewater treatment facility.

In 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.

NOTES TO FINANCIAL STATEMENTS

Note 6. Long-Term Debt (continued)

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.

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 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.

NOTES TO FINANCIAL STATEMENTS

Note 6. Long-Term Debt (continued)

The following is a summary of the County's future annual debt service requirements on long-term obligations (excluding landfill closure costs; deferred bond premiums; notes payable; and capital lease obligations, which are reported separately):

Governmental Activities

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 10,209,061	\$ 3,726,609	\$ 13,935,670
2022	10,411,259	3,276,674	13,687,933
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
2026-2030	30,543,289	6,152,253	36,695,542
2031-2035	16,099,313	1,425,304	17,524,617
Total	\$ 92,882,538	\$ 21,750,743	\$ 114,633,281

Business-Type Activities

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 1,618,338	\$ 784,113	\$ 2,402,451
2022	1,465,016	730,931	2,195,947
2023	1,300,802	655,897	1,956,699
2024	1,353,045	599,612	1,952,657
2025	1,404,789	542,822	1,947,611
2026-2030	6,434,780	1,954,892	8,389,672
2031-2035	3,888,671	1,028,430	4,917,101
2036-2040	1,382,650	651,670	2,034,320
2041-2045	1,551,121	483,199	2,034,320
2046-2050	1,740,388	293,932	2,034,320
2051-2055	1,219,421	99,985	1,319,406
2056-2058	275,591	11,222	286,813
Total	\$ 23,634,612	\$ 7,836,705	\$ 31,471,317

NOTES TO FINANCIAL STATEMENTS

Note 6. Long-Term Debt (continued)

The County's future annual debt service requirements on notes payable for governmental activities at June 30, 2020, are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 15,882	\$ 16,955	\$ 32,837
2022	16,544	16,293	32,837
2023	17,234	15,604	32,838
2024	17,952	14,886	32,838
2025	18,700	14,137	32,837
2026-2030	105,860	58,327	164,187
2031-2035	129,835	34,352	164,187
2036-2040	99,770	6,951	106,721
Total	\$ 421,777	\$ 177,505	\$ 599,282

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

The assets acquired through capital leases are as follows:

Business-Type Activities

Equipment	\$ 3,310,137
Less: accumulated depreciation	(1,191,317)
Total	\$ 2,118,820

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

Business-Type Activities

<u>Year Ending June 30,</u>	
2021	\$ 526,836
2022	455,407
2023	383,496
2024	131,234
2024 - 2025	259,648
	1,756,621
Less: amount representing interest	(140,853)
Present value of future minimum lease payments	\$ 1,615,768

NOTES TO FINANCIAL STATEMENTS

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.

NOTES TO FINANCIAL STATEMENTS

Note 7. Pension Plans

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

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

Maryland State Retirement and Pension System

Organization

The State Retirement Agency (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.

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
Department of Liquor Control	Employees' System
Elected officials	Employees' System

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

NOTES TO FINANCIAL STATEMENTS

Note 7. Pension Plans (continued)

Basis of Accounting

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

Covered Members

Teachers' Retirement and Pension Systems

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

Employees' Retirement and Pension Systems

On October 1, 1941, the Employees' Retirement System was established to provide retirement allowances and other benefits to State employees, elected and appointed officials, and the employees of participating governmental units. Effective January 1, 1980, the Employees' Retirement System was essentially closed to new members and the Employees' Pension system was established. As a result, State employees (other than correctional officers) and employees of participating governmental 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.

NOTES TO FINANCIAL STATEMENTS

Note 7. Pension Plans (continued)

Summary of Significant Plan Provisions

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

Beginning July 1, 2011, the member contribution rate was increased for members of the Teachers' Pension System and Employees' Pension 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%.

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 7.45%).

A brief summary of the retirement eligibility requirements of and the benefits available under the various systems in effect during fiscal year 2019 are as follows:

Service Retirement Allowances

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

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

NOTES TO FINANCIAL STATEMENTS

Note 7. Pension Plans (continued)

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

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

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

Vested Allowances

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

Early Service Retirement

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

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

NOTES TO FINANCIAL STATEMENTS

Note 7. Pension Plans (continued)

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

Disability and Death Benefits

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

Adjusted Retirement Allowances

Retirement and pension allowances are increased annually to provide for changes in the cost of living according to prescribed formulae. Such adjustments for retirees are based on the annual change in the CPI. For the Teachers' and Employees' Retirement Systems ("TRS"/"ERS") the method by which the annual 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.

NOTES TO FINANCIAL STATEMENTS

Note 7. Pension Plans (continued)

Actuarial Assumptions

The total pension liability in the June 30, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	In the 2019 actuarial valuation, 2.65% general, 3.15% wage. In the 2018 actuarial valuation, 2.60% general, 3.10% wage.
Salary Increases	In the 2019 actuarial valuation, 3.10% to 11.6%, including inflation. In the 2018 actuarial valuation, 3.20% to 9.10%, including inflation.
Investment Rate of Return	In the 2019 actuarial valuation, 7.40%. In the 2018 actuarial valuation, 7.45%.
Retirement Age	Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2018 valuation pursuant to an experience study of the period July 1, 2014 to July 30, 2018.
Mortality	Public Sector 2010 Mortality Tables calibrated to MSRPS experience with generational projections using MP-2018 (2-dimensional) mortality improvement scale.

Investments

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of geometric real rates of return were adopted by the Board of Trustees after considering input from the System's investment consultant(s) and actuary(s). For each major asset class that is included in the System's target asset allocation as of June 30, 2019, these best estimates are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Public Equity	37%	6.3%
Private Equity	13%	7.5%
Rate Sensitive	19%	1.3%
Credit Opportunity	9%	3.9%
Real Assets	14%	4.5%
Absolute Return	8%	3.0%
Total	100%	

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, 2019.

For the year ended June 30, 2019, the annual money-weighted rate of return on pension plan investments, net of the pension plan investment expense, was 6.44%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

NOTES TO FINANCIAL STATEMENTS

Note 7. Pension Plans (continued)

Discount Rate

A single discount rate of 7.40% was used to measure the total pension liability. This single discount rate was based on the expected rate of return on pension plan investments of 7.40%. 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 7.40%, as well as what the plan's net pension liability would be if it were calculated using a single discount rate that is 1-percentage-point lower or 1-percentage-point higher:

System	1% Decrease to 6.40%	Discount Rate 7.40%	1% Increase to 8.40%
County	\$ 41,624,501	\$ 28,758,121	\$ 18,042,048
Board of Education	7,717,519	5,331,996	3,345,142

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

Employer Contributions:

In accordance with Maryland Senate Bill 1301, *Budget Reconciliation and Financing Act of 2012*, the Board of Education (BOE) is required to pay the State a specified percentage of the normal cost portion of the total pension cost for teachers. The normal cost is the portion of the total retirement benefit cost that is allocated to the current year of the employee's service. The specified percentage increases each fiscal year, until fiscal year 2017, when the BOE paid 100% of the normal cost for each teacher. The related payment for the fiscal year ending June 30, 2020, was \$2,617,511. In addition, the State of Maryland contributed \$6,945,815 on behalf of the BOE. The BOE has recognized the State on-behalf payments as both a revenue and expense.

During fiscal year 2020, the BOE reported expense of \$554,583 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.

NOTES TO FINANCIAL STATEMENTS

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, 2020, 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)	\$ 5,331,996
State's proportionate share of the net pension liability (Teachers' Systems)	66,384,113
Total	\$ 71,716,109

The net pension liability was measured as of June 30, 2019, 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, 2019, 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, 2019, under the GASB No. 67 requirements.

NOTES TO FINANCIAL STATEMENTS

Note 7. Pension Plans (continued)

At June 30, 2020, 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	0.0258513%	0.1394292%
Employer's proportionate share of the collective net pension liability	\$ 5,331,996	\$ 28,758,121
Pension expense recognized by the employer for the year ended June 30, 2020	\$ 1,017,557	\$ 753,791
Deferred inflows of resources:		
Difference between expected and actual experience	\$ 332,296	\$ 1,877,494
Change in assumptions	145,112	782,663
<u>Total deferred inflows of resources</u>	<u>\$ 477,408</u>	<u>\$ 2,660,157</u>
Deferred outflows of resources:		
Changes in assumptions	\$ 81,771	\$ 460,657
Net difference between projected and actual earnings on pension plan investments	117,250	640,324
Year ended June 30, 2020 contributions	554,583	3,073,593
<u>Total deferred outflows of resources</u>	<u>\$ 753,604</u>	<u>\$ 4,174,574</u>
Net pension liability June 30, 2019	\$ 5,075,428	\$ 29,064,712
<u>Change in net pension liability factored for contributions</u>	<u>256,568</u>	<u>(306,591)</u>
<u>Net pension liability June 30, 2020</u>	<u>\$ 5,331,996</u>	<u>\$ 28,758,121</u>

The \$554,583 and \$3,073,593 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.

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

<u>Year Ended</u> <u>June 30,</u>	Net Deferred <u>(Inflows) Outflows</u>
2021	\$ 85,035
2022	(849,060)
2023	(467,620)
2024	(171,427)
<u>2025</u>	<u>(156,108)</u>
<u>Total</u>	<u>\$ (1,559,180)</u>

NOTES TO FINANCIAL STATEMENTS

Note 7. Pension Plans (continued)

Board of Education

Year Ended June 30,	Net Deferred (Inflows) Outflows
2021	\$ 13,839
2022	(149,734)
2023	(82,739)
2024	(30,808)
2025	(28,945)
Total	\$ (278,387)

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	\$ 31,866,840	\$ 25,729,161	\$ -
Board of Education	71,969,511	65,337,722	6,945,815
Library	1,764,747	1,438,460	234,469

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.

NOTES TO FINANCIAL STATEMENTS

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 June 30, 2020, 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	396
Inactive employees entitled to but not yet receiving benefit payments	-
Active employees	<u>477</u>
	<u>873</u>

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

Funding Policy

The County provides basic major medical insurance (Medicare supplemental program for those over 65) and a prescription drug plan for its retired employees. It is the County’s policy to pay 90% of the cost of such benefits for eligible retirees, dependents, and spouses 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, 2020, the OPEB Trust paid for coverage of 396 retirees at a total cost, net of retiree contributions, of approximately \$3,365,480. Liabilities not paid out of the Trust are typically liquidated from the general fund.

NOTES TO FINANCIAL STATEMENTS

Note 8. Other Post-Employment Benefits (continued)

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, 2020, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2020.

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 2020, decreasing .07% per year to an ultimate rate of 4.50% for fiscal year 2035 and later years	
Mortality	PubG.H-2010 Mortality Table - General	

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:

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

NOTES TO FINANCIAL STATEMENTS

Note 8. Other Post-Employment Benefits (continued)

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 2020 through 2030.

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 County'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 County's net OPEB liability, fiduciary net position, and the resulting net OPEB liability as of June 30, 2020:

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balances at 6/30/2019	\$ 85,268,505	\$ 54,859,470	\$ 30,409,035
Changes for the year:			
Service cost	1,253,739	-	1,253,739
Interest cost	5,824,086	-	5,824,086
Differences between expected and actual experience	(2,782,115)	(2,058,287)	(723,828)
Changes of assumptions and other inputs	(2,884,137)	-	(2,884,137)
Contributions - employer	-	7,124,143	(7,124,143)
Contributions - non-employer contributing entities	-	672,167	(672,167)
Net investment income	-	2,104,856	(2,104,856)
Benefit payments	(3,365,480)	(3,365,480)	-
Administrative expense	-	(1,000)	1,000
Other changes	(177,634)	2,058,286	(2,235,920)
Net changes	(2,131,541)	6,534,685	(8,666,226)
Balances at 6/30/2020	\$ 83,136,964	\$ 61,394,155	\$ 21,742,809

NOTES TO FINANCIAL STATEMENTS

Note 8. Other Post-Employment Benefits (continued)

Funding Status and Funding Progress

As of June 30, 2020, the most recent actuarial valuation date, the total OPEB liability for benefits was \$83,136,964, with \$61,394,155 in plan Fiduciary net position, resulting in an unfunded OPEB liability of \$21,742,809. The covered employee payroll was \$25,615,178, and the ratio of the net OPEB liability to the covered payroll was 84.88%.

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.

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

- *Measurement date* – The County selected a June 30, 2020 measurement date for fiscal year-end 2020. 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:

	Discount Rate	Net OPEB Liability
1% decrease	6.00%	\$ 32,230,514
Current discount Rate	7.00%	\$ 21,742,809
1% increase	8.00%	\$ 13,065,645

The following table presents the County's net OPEB liability using the health care trend rate of 6%, decreasing to 5%, 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:

	Health Care Cost Trend Rate	Net OPEB Liability
1% decrease	4.50% decreasing to 3.50%	\$ 12,252,016
Current discount Rate	5.50% decreasing to 4.50%	\$ 21,742,809
1% increase	6.50% decreasing to 5.50%	\$ 33,357,129

NOTES TO FINANCIAL STATEMENTS

Note 8. Other Post-Employment Benefits (continued)

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

For the fiscal year ended June 30, 2020, the County recognized an OPEB expense of \$8,173,356 on the government-wide statements. At June 30, 2020, the County reported deferred outflows of resources and deferred inflows of resources related to the OPEB plan from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 2,874,437
Changes of assumptions	1,878,617	3,133,329
Net difference between projected and actual earnings	2,093,351	-
Total	\$ 3,971,968	\$ 6,007,766

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
2021	\$ (194,303)
2022	(194,303)
2023	(186,096)
2024	(340,475)
2025	(899,643)
Thereafter	(220,978)
Total	\$ (2,035,798)

Changes in assumptions in the most recent actuarial valuation included the health care trend rate (a decrease from 6.00% to 5.50%) and 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.

NOTES TO FINANCIAL STATEMENTS

Note 8. Other Post-Employment Benefits (continued)

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.

As of June 30, 2020, the date of the last actuarial valuation, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	902
Inactive employees entitled to but not yet receiving benefit payments	-
Active employees	<u>958</u>
	<u><u>1,860</u></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, 2020, the OPEB Trust paid for coverage of approximately 902 retirees at a total cost of approximately \$7,300,000. For the year ended June 30, 2020, Worcester County Commissioners funded the trust in the amount of \$3,000,000 to fund future benefits and the Board funded the trust in the amount of \$2,600,000 to fund future benefits. The trust also received an additional payment of \$3,124,143 from the County for the Board's share of any plan refunds.

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, 2020, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2020.

NOTES TO FINANCIAL STATEMENTS

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	2.852 %
Healthcare cost trend rates	5.50 % for fiscal year 2020, decreasing .0667 % per year to an ultimate rate of 4.50 % for fiscal year 2035 and later years
Mortality	PubT.H-2010 Mortality Table - Teachers
Retirement Age	Based on results of actuarial experience study with a Census date of June 2020

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 2.852% for Fiscal Year 2020. This rate was changed from 2.814% used in Fiscal Year 2019. 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, 2020 of 2.66%. 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 2019 through 2030.

NOTES TO FINANCIAL STATEMENTS

Note 8. Other Post-Employment Benefits (continued)

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 net OPEB liability, fiduciary net position, and the resulting net OPEB liability as of June 30, 2020:

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balance at 6/30/2019	\$ 366,936,231	\$ 19,061,171	\$ 347,875,060
Changes for the year:			
Service cost	14,909,548	-	14,909,548
Interest cost	10,329,992	-	10,329,992
Differences between expected and actual experience	(11,166,696)	(928,393)	-
Changes of assumptions and other inputs	17,070,585	-	-
Contributions - County and oth	-	6,124,143	17,070,585
Contributions - Board	-	2,600,000	(6,124,143)
Net investment income	-	736,994	(2,600,000)
Implicit rate subsidy	(2,256,713)	-	(736,994)
Benefit payments	(6,577,082)	(6,577,082)	(2,256,713)
Administrative expense	-	(1,000)	-
Other changes	4,255,039	928,393	1,000
Net changes	<u>26,564,673</u>	<u>2,883,055</u>	<u>3,326,646</u>
Balances at 6/30/2020	<u>\$ 393,500,904</u>	<u>\$ 21,944,226</u>	<u>\$ 371,556,678</u>

Funding Status and Funding Progress

As of June 30, 2020, the most recent actuarial valuation date, the total OPEB liability for benefits was \$393,500,904, with \$21,944,226 in plan Fiduciary net position, resulting in an unfunded OPEB liability of \$371,556,678. The covered employee payroll was \$68,088,033, and the ratio of the net OPEB liability to the covered payroll was 545.70%.

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

NOTES TO FINANCIAL STATEMENTS

Note 8. Other Post-Employment Benefits (continued)

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, 2020 measurement date for fiscal year-end 2020. 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 2.852%, 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:

	Discount Rate	Board's Net OPEB Liability
1% decrease	1.852%	\$ 442,714,634
Current discount Rate	2.852%	\$ 371,556,678
1% increase	3.852%	\$ 315,110,793

The following table presents the Board's net OPEB liability using the health care trend rate of 5.5%, decreasing to 4.5%, 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:

	Health Care Cost Trend Rate	Board's Net OPEB Liability
1% decrease	4.5% decreasing to 3.5%	\$ 307,486,536
Current discount Rate	5.5% decreasing to 4.5%	\$ 371,556,678
1% increase	6.5% decreasing to 5.5%	\$ 454,992,079

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

For the fiscal year ended June 30, 2020, the Board recognized an OPEB expense of \$22,473,193 on the government-wide statements. At June 30, 2020, the Board reported deferred outflows of resources and deferred inflows of resources related to the OPEB plan from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 18,110,595
Changes of assumptions	35,354,070	10,399,495
Net difference between projected and actual earnings on OPEB Plan Investments	864,070	-
Total	\$ 36,218,140	\$ 28,510,090

NOTES TO FINANCIAL STATEMENTS

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,		
2021	\$	1,154,753
2022		1,154,753
2023		1,154,753
2024		1,878,126
2025		2,325,537
Thereafter		40,128
	<u>\$</u>	<u>7,708,050</u>

Changes in assumptions in the most recent actuarial valuation included the discount rate (an increase from 2.814% to 2.852%).

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.

NOTES TO FINANCIAL STATEMENTS

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 Funds

In September 2019, the County entered into a contract with Chesapeake Turf, LLC for the replacement of the Riddle Farm wastewater treatment plant flow equalization tank in the amount of \$414,330. The project costs will be funded from \$250,000 in 2019 bonds and \$164,330 in an inter-governmental loan to be repaid through Riddle Farm EDU sales.

In January 2020, the County contracted with Bunting and Murray Construction Corporation of Selbyville, DE to construct the Newark spray irrigation project to convey treated effluent from the wastewater treatment plant to be sprayed on the field. The total project cost of \$2,093,542 will be funded through the Maryland Department of the Environment with \$1,046,771 loan forgiveness and \$1,046,771 loan to be repaid through quarterly debt service.

In February 2020, the County entered into a contract with Baldwin Industries, LLC of Baldwin, MD for coating rehabilitation of the North Ocean Pines water tank. The total project cost of \$297,200 will be covered by bond proceeds from the April 2019 bond funding and the bond will be repaid through quarterly debt service.

General Fund

In November 2018, the County entered into a contract with Bancroft Construction Company of Wilmington, DE for the County Jail HVAC renovation project in the amount of \$3,030,744.

In November 2019, the County entered into an agreement with Sinepuxent Group LLC for an amount not to exceed \$100,000 to provide Science, Technology, Engineering, and Mathematics (STEM) oriented summer day camps for up to 40 students and provide up to 40 high school and university students STEM related paid summer internships as well as professional development activities and mentoring.

In June 2020, the County entered into a contract with Murtech, Inc. for the construction of the Bayside Road Bridge Replacement project. The total project cost is \$1,847,714.

COVID-19

On March 11, 2020, the World Health Organization declared COVID-19 a pandemic. The COVID-19 pandemic and resulting global disruptions have had significant impacts on the County and Board of Education. In addition, there has been significant economic uncertainty and volatility in financial markets. The impact on future funding and on defined benefit plans (pension and other post-employment benefits) actuarial assumptions used to estimate the net pension and other-post employment liabilities are not reasonably estimated at this time.

NOTES TO FINANCIAL STATEMENTS

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, 2020 are summarized as follows:

Assigned for:

Animal control building (new roof)	\$ 50,000
Bayside Road bridge replacement	1,362,805
Belt Street building improvement	58,168
Berlin Health Department storage and parking lot	220,000
Berlin Library project (A&E start FY15-FY19)	12,000
Bishopville homeowner convenience center	300,000
Board of Education admin building (carpet/furniture FY21)	150,000
Board of Education PMS evening program	50,000
Board of Education PMS roof replacement design	1,413,359
Board of Education building automation upgrades for PMS and SDMS	16,400
Board of Education HVAC replacements (PMS, SHMS, CCSS)	430,757
Board of Education SDMS design fees (FY21)	283,000
Board of Education school security (FY20)	8,716
Board of Education underground storage unit (FY21)	82,000
Board of Education Pocomoke Middle fire alarm (FY22)	139,800
Board of Education Snow Hill Middle fire alarm (FY22)	156,000
Broadband project	200,000
Building HVAC automation system controls (various buildings)	200,000
County building repairs and improvements	425,000
Courthouse (Carpet/Flooring)	99,943
Emergency Services tower shelter a/c units + UPS units (FY19)	120,000
Encumbrances (FY20 unspent funds to be spent FY21)	3,042,998
Financial tax software/docuware/servers	66,089
Fire tower building (FY20)	50,000
Fire Training Center improvements	100,000
Food Assistance Program - BOE/nonprofits (FY21)	100,000
Government Center (ventilation & building repairs)	500,000
Government Center/911 Center (HVAC upgrade/backup system)	352,117
Harris Radio Project	366,940
Isle of Wight building (HVAC improvements)	200,000
Jail building improvements and repairs	1,000,000
Jail UPS and kitchen oven/cooktop (FY21)	44,000
Library security camera upgrade (OC, Poc FY21)	15,000
Nextgen 911 (FY20)	200,000
North End Public Works building	100,000
Ocean City inlet dredging project (FY19-FY20)	500,000

NOTES TO FINANCIAL STATEMENTS

Note 12. Assigned Fund Balance (continued)

Ocean Pines Library (FY21 heating controls repair)	50,000
Outdoor sports field complex study	400,000
Parking lot improvements	339,634
Parking lot resurfacing/upgrades	200,000
Parks & Recreation mower/utility cart/aerifier/turbine blower (FY21)	37,050
Pearl Street building repairs	240,500
Pocomoke Health Department building upgrades	500,000
Pocomoke Library building improvements	500,000
Public Landing marina (boat slips with amenities)	190,000
Public Safety CAD system server (FY21)	235,000
Public Works building expansion	50,000
Public Works parking lot paving/storage/flooring (FY21)	44,412
Public Works Snow Hill convenience center bulkhead (FY21)	20,000
Recreation Center building (HVAC improvement)	300,000
Reserve fund transfer	1,000,000
Roads Department mobile vehicle lift/shop doors (FY21)	152,155
Route 50 service road (future road design)	277,000
Snow Hill Senior Center (HVAC and roof)	300,000
Snow Hill transmitter building replacement	400,000
Snow Hill warehouse	250,000
Strategic plan - building infrastructure	100,000
States Attorney Building improvements	15,000
Tropospheric ducting engineering project	100,000
Maryland DHCD - Community Legacy Program grant match	10,000
West Ocean City commerical harbor bulkhead (FY22)	1,100,000
Wor-Wic Community College operating (FY21)	112,120
Wor-Wic applied technology building	145,784
<hr/>	
Total	\$ 19,483,747

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.

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.

NOTES TO FINANCIAL STATEMENTS

Note 13. Landfill Closure and Post-closure Care Costs (continued)

The County has reported \$15,083,166 in estimated landfill closure and post-closure care liabilities at June 30, 2020 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, 2020, 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, 2019. The County expects to satisfy these requirements as of June 30, 2020 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.

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, 2020 was \$234,469 for the Library, which is included in miscellaneous revenues and libraries, recreation, parks and culture expenditures, respectively.

NOTES TO FINANCIAL STATEMENTS

Note 16. Component Units

The Board of Education of Worcester County

Cash and Short-Term Investments

At June 30, 2020, the Board of Education (BOE) had deposits of \$5,871,884 (carrying value \$5,767,334), 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, 2020 was as follows:

	Balance June 30, 2019	Additions	Transfers and Reductions	Balance June 30, 2020
Governmental activities:				
Nondepreciable capital assets:				
Land and improvements	\$ 1,886,779	\$ -	\$ -	\$ 1,886,779
Construction-in-progress	13,256,785	30,472,283	(165,150)	43,563,918
Total nondepreciable capital assets	15,143,564	30,472,283	(165,150)	45,450,697
Depreciable capital assets:				
Building and building improvements	226,116,325	918,246	165,150	227,199,721
Machinery and equipment	4,303,053	3,519,558	(87,683)	7,734,928
Total depreciable assets	230,419,378	4,437,804	77,467	234,934,649
Less accumulated depreciation for:				
Buildings and building improvements	(71,053,883)	(4,161,048)	-	(75,214,931)
Machinery and equipment	(3,457,357)	(176,147)	87,683	(3,545,821)
Total accumulated depreciation	(74,511,240)	(4,337,195)	87,683	(78,760,752)
Total depreciable capital assets, net	155,908,138	100,609	165,150	156,173,897
Governmental activities capital assets, net	\$ 171,051,702	\$ 30,572,892	\$ -	\$ 201,624,594
Business-type activities:				
Depreciable capital assets:				
Machinery, equipment and vehicles	\$ 255,496	\$ -	\$ -	\$ 255,496
Less accumulated depreciation for:				
Machinery, equipment and vehicles	(235,476)	(4,503)	-	(239,979)
Total depreciable capital assets, net	20,020	(4,503)	-	15,517
Business-type activities capital assets, net	\$ 20,020	\$ (4,503)	\$ -	\$ 15,517

NOTES TO FINANCIAL STATEMENTS

Note 16. Component Units (continued)

Long-Term Debt

The following is a summary of long-term debt transactions of the BOE for the year ended June 30, 2020:

	Balance July 1, 2019	Additions	Reductions	Balance June 30, 2020
Net OPEB liability	\$ 347,875,060	\$ 23,681,618	\$ -	\$ 371,556,678
Net pension liability	5,075,428	256,568	-	5,331,996
Capital leases	-	3,423,112	(225,000)	3,198,112
Retirement incentive and severance	439,444	557,974	(439,444)	557,974
Long-term portion of accrued compensated absences	318,150	98,496	(43,205)	373,441
	<u>\$ 353,708,082</u>	<u>\$ 28,017,768</u>	<u>\$ (707,649)</u>	<u>\$ 381,018,201</u>

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, 2020, the BOE's OPEB Trust paid for coverage of approximately 902 retirees at a total cost of approximately \$7,300,000. For the year ended June 30, 2020, the County contributed \$3,000,000 to the BOE's OPEB Trust to fund the ARC and the pay-as-you-go post-retirement healthcare benefits. The County also paid an additional payment to the trust of \$3,124,143 for the Board's share of any plan refunds.

Commitments and Contingencies

The BOE regularly enters into contracts for goods and services during the normal course of operations. The contracts often extend over fiscal years. The BOE entered into a contract for the construction of Showell Elementary School. The contract is for approximately \$48.5 million of which approximately \$35 million had been completed by June 30, 2020. The contract is being funded by Worcester County and the State of Maryland.

The BOE receives a substantial amount of its support from Federal, State and local agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become 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 Governor of Maryland, in response to the COVID-19 crisis, had closed all schools in the state for a two week period and subsequently, along with the Maryland State Department of Education, schools were to remain closed for the remainder of the academic school year and implement online learning. The potential impacts of the BOE's suppliers and customers is unknown at this time. The BOE does not anticipate any long-term impacts.

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

NOTES TO FINANCIAL STATEMENTS

Note 16. Component Units (continued)

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.

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, 2020 was \$6,945,815 for the BOE, which is included in intergovernmental revenues and education expenditures, respectively, in the BOE's separately issued financial statements.

Note 17. Required Fund Disclosures

The General Fund had an excess of actual expenditures over budgeted expenditures of \$2,429,334 for the year ended June 30, 2020.

REQUIRED SUPPLEMENTARY INFORMATION

WORCESTER COUNTY, MARYLAND
MARYLAND STATE RETIREMENT AND PENSION SYSTEMS
REQUIRED SUPPLEMENTARY INFORMATION
June 30, 2020

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%

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, 2020

SCHEDULE OF CONTRIBUTIONS
(as of fiscal year)

Fiscal Year	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	\$ 2,703,529	\$ 2,703,529	\$ -	\$ 23,419,512	11.54%
2016	2,775,459	2,775,459	-	23,922,358	11.60%
2017	2,661,350	2,661,350	-	23,537,007	11.31%
2018	2,499,618	2,499,618	-	24,859,390	10.06%
2019	2,762,289	2,762,289	-	25,130,065	10.99%
2020	2,863,177	2,863,177	-	25,729,161	11.13%

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, 2020
 ACTUARIAL ASSUMPTIONS - PENSION PLAN

Actuarial	Entry Age Normal
Amortization Method	Level Percentage of Payroll, Closed
Remaining Amortization Period	25-year closed amortization period ending June 30, 2039; 19 years remaining.
Asset Valuation Method	Five-year smoothed market (max. 120% and min 80% of the market
Inflation	In the 2019 actuarial valuation, 2.65% general, 3.15% wage. In the 2018 actuarial valuation, 2.60% general, 3.10% wage.
Salary Increases	In the 2019 actuarial valuation, 3.10% to 11.6%, including inflation. In the 2018 actuarial valuation, 3.20% to 9.10%, including inflation.
Investment Rate of Return	In the 2019 actuarial valuation, 7.40%. In the 2018 actuarial valuation, 7.45%.
Retirement Age	Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2018 valuation pursuant to an experience study of the period July 1, 2014 to July 30, 2018.
Mortality	Public Sector 2010 Mortality Tables calibrated to MSRPS experience with generational projections using MP-2018 (2-dimensional) mortality improvement scale.

WORCESTER COUNTY, MARYLAND

REQUIRED SUPPLEMENTARY INFORMATION

June 30, 2020

SCHEDULE OF CHANGES IN THE NET OPEB LIABILITY AND RELATED RATIOS

As of June 30,	Fiscal Year									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Total OPEB liability										
Service cost								\$ 1,608,612	\$ 1,636,060	\$ 1,253,739
Interest								5,528,825	5,523,505	5,824,086
Differences between expected and actual experience								(930,789)	-	(2,782,115)
Changes of assumptions								(972,422)	-	(2,884,137)
Benefit payments								(2,753,006)	(3,005,953)	(3,365,480)
Other charges								3,031,292	142,763	(177,634)
Net change in OPEB liability								5,512,512	4,296,375	(2,131,541)
Total OPEB liability - beginning								75,459,618	80,972,130	85,268,505
Total OPEB liability - ending (a)								<u>\$ 80,972,130</u>	<u>\$ 85,268,505</u>	<u>\$ 83,136,964</u>
Plan fiduciary net position										
Differences between expected and actual experience								41,035	(771,893)	(2,058,287)
Contributions - employer								2,500,000	5,285,500	7,124,143
Contributions - non-employer contributing entities								487,541	322,821	672,167
Net investment income								3,330,424	2,955,419	2,104,856
Benefit payments								(2,753,006)	(3,005,953)	(3,365,480)
Administrative expenses								(1,150)	(3,400)	(1,000)
Other charges								(41,035)	771,893	2,058,286
Net change in plan fiduciary net position								3,563,809	5,554,387	6,534,685
Plan fiduciary net position - beginning								45,741,273	49,305,082	54,859,470
Plan fiduciary net position - ending (b)								<u>\$ 49,305,082</u>	<u>\$ 54,859,469</u>	<u>\$ 61,394,155</u>
County's net OPEB liability - ending (a) - (b)								\$ 31,667,048	\$ 30,409,036	\$ 21,742,809
Plan fiduciary net position as a percentage of the total OPEB liability								60.89%	64.34%	73.85%
Covered employee payroll								\$ 25,501,214	\$ 27,050,408	\$ 25,615,178
County's net OPEB liability as a percentage of covered employee payroll								124%	112%	85%
Expected Average Remaining Service Years of All Participants								7.12	6.38	6.24

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, 2020

SCHEDULE OF INVESTMENT RETURNS

	Fiscal Year									
	<u>2011</u>	<u>2012</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>
Annual money-weighted rate of return, net of investment								7.01%	5.67%	3.62%

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.

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

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 2019 valuation:

- Inflation assumption changed from 2.60% to 2.65% for general and from 3.10% to 3.15% for wage
- Salary increase assumption changed from 3.10% - 9.10% to 3.10% - 11.6%, including inflation
- Investment rate of return changed from 7.45% to 7.40%

Methods and Assumptions used in Calculations of Actuarially Determined Contributions

Actuarial	Entry Age Normal
Amortization Method	Level Percentage of Payroll, Closed
Remaining Amortization Period	25-year closed amortization period ending June 30, 2039; 19 years remaining.
Asset Valuation Method	Five-year smoothed market (max. 120% and min 80% of the market value)
Inflation	In the 2019 actuarial valuation, 2.65% general, 3.15% wage. In the 2018 actuarial valuation, 2.60% general, 3.10% wage.
Salary Increases	In the 2019 actuarial valuation, 3.10% to 11.6%, including inflation. In the 2018 actuarial valuation, 3.20% to 9.10%, including inflation.
Investment Rate of Return	In the 2019 actuarial valuation, 7.40%. In the 2018 actuarial valuation, 7.45%.
Retirement Age	Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2018 valuation pursuant to an experience study of the period July 1, 2014 to July 30, 2018.
Mortality	Public Sector 2010 Mortality Tables calibrated to MSRPS experience with generational projections using MP-2018 (2-dimensional) mortality improvement scale.

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

Note 2. Other Post Employment Benefits

Methods and assumptions used to determine contribution rates:

Valuation date	June 30, 2020
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 2020, decreasing .07% per year to an ultimate rate of 4.50% for fiscal year 2035 and later years
Salary increases	4.00%, average, including inflation
Investment rate of return	7.00%
Mortality	PubG.H-2010 Mortality Table - General

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 Actuary'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

	<u>Pre-Medicare</u>		<u>Medicare Eligible</u>	
	<u>Retiree</u>	<u>Spouse</u>	<u>Retiree</u>	<u>Spouse</u>
Pre 7/1/15 hires	\$ 841	\$ 1,463	\$ 749	\$ 749
7/1/15 & subsequent hires	1,682	2,926	1,498	1,498
Spouse pay-all		14,629		7,489

OTHER SUPPLEMENTARY INFORMATION

WORCESTER COUNTY, MARYLAND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND
Year Ended June 30, 2020

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES:				
Taxes:				
Real property:				
Full-year levy	\$ 134,303,565	\$ 134,303,565	\$ 134,513,873	\$ 210,308
Semi-year levy	211,250	211,250	263,974	52,724
Personal property	326,614	326,614	340,316	13,702
Corporations and utilities	7,418,529	7,418,529	8,176,015	757,486
Net additions and abatements	(358,200)	(358,200)	(119,650)	238,550
	141,901,758	141,901,758	143,174,528	1,272,770
Interest on delinquent taxes	650,000	650,000	711,921	61,921
Discounts allowed on taxes	(460,000)	(460,000)	(474,647)	(14,647)
Tax credits for assessment increase	(1,264,923)	(1,264,923)	(1,250,928)	13,995
Total real and personal property	140,826,835	140,826,835	142,160,874	1,334,039
Local income tax	26,500,000	26,500,000	28,891,384	2,391,384
Other local taxes:				
Room tax admin	169,000	169,000	120,986	(48,014)
Room tax	950,000	950,000	863,683	(86,317)
Admission and amusement	575,000	575,000	542,049	(32,951)
Recordation	6,662,000	6,662,000	7,115,438	453,438
Trailer park excise tax	100,000	100,000	142,703	42,703
Transfer tax	4,000,000	4,000,000	4,680,904	680,904
Food tax	78,000	78,000	77,437	(563)
Total taxes	179,860,835	179,860,835	184,595,458	4,734,623
Licenses and permits:				
Business:				
Liquor licenses	840,000	840,000	515,719	(324,281)
Vending machine licenses	80,000	80,000	49,070	(30,930)
Traders' licenses	95,000	95,000	72,840	(22,160)
Occupational licenses	35,000	35,000	33,385	(1,615)
Bingo permits	18,000	18,000	12,887	(5,113)
Tourist and trailer park permits	500	500	150	(350)

WORCESTER COUNTY, MARYLAND
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
 IN FUND BALANCE - BUDGET AND ACTUAL
 GENERAL FUND
 Year Ended June 30, 2020
 (CONTINUED)

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Licenses and permits, continued:				
Other:				
Building permits	\$ 300,000	\$ 300,000	\$ 241,980	\$ (58,020)
Electrical permits	15,000	15,000	15,775	775
Marriage licenses	24,000	24,000	17,670	(6,330)
Commercial plumbing plan review	2,500	2,500	1,000	(1,500)
Civil ceremony licenses	1,500	1,500	1,030	(470)
Shoreline construction permits	18,000	18,000	17,450	(550)
Timber harvest permits	3,000	3,000	2,800	(200)
Sediment erosion control/SWM/permits	20,000	20,000	36,231	16,231
Environmental permits	56,625	56,625	53,355	(3,270)
Forestry conservation review fees	6,000	6,000	10,553	4,553
Health permits	399,707	399,707	380,101	(19,606)
Raffle permits	1,800	1,800	1,500	(300)
Rental permits	30,000	30,000	116,025	86,025
Plumbing permits	52,000	52,000	60,365	8,365
Landfill permits	320,000	320,000	317,800	(2,200)
Gas permits	19,000	19,000	18,475	(525)
PAYT tags - household	9,000	9,000	6,600	(2,400)
Planning and zoning permits	47,350	47,350	45,204	(2,146)
Total licenses and permits	2,393,982	2,393,982	2,027,965	(366,017)
Intergovernmental:				
Federal grants:				
Payments in lieu of taxes	19,866	19,866	20,747	881
CARES Act	-	-	1,066,392	1,066,392
CDBG housing rehab grant	150,000	150,000	100,483	(49,517)
CDBG federal grant	-	-	33,006	33,006
Homeland security grant	154,541	154,541	150,605	(3,936)
Bulletproof vest program	1,000	1,000	-	(1,000)
MDE beach monitoring grant	3,261	3,261	3,261	-
Traffic safety - State Highway Administration	720	720	3,611	2,891
Library federal grant	-	-	28,329	28,329
Child support enforcement	9,800	9,800	9,408	(392)
US Fish and Wildlife Service	7,000	7,000	6,503	(497)
State grants:				
Highway user revenue	1,134,729	1,134,729	1,080,246	(54,483)
911 State fees	450,000	450,000	618,996	168,996
Maryland State Police grants	-	-	903	903
Police protection	162,006	162,006	179,829	17,823
State park revenues	425,000	425,000	528,288	103,288
Open space program - parks	1,138,500	1,138,500	165,847	(972,653)
Library aid	165,408	165,408	165,408	-
Other housing rehab income	4,000	4,000	-	(4,000)
Share of State forest land	65,000	65,000	96,632	31,632
Eastern Shore library grant	75,000	75,000	63,362	(11,638)
Other grants	239,500	239,500	18,286	(221,214)

WORCESTER COUNTY, MARYLAND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND
Year Ended June 30, 2020
(CONTINUED)

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Intergovernmental, continued:				
State grants, continued:				
Coastal zone grant	\$ -	\$ -	\$ 10,802	\$ 10,802
Sheriff - sex offender grant	22,000	22,000	9,009	(12,991)
Sheriff - health tobacco enforcement	-	-	3,463	3,463
Sheriff - health underage drinking	2,000	2,000	3,897	1,897
Heroin coordinator	50,615	50,615	50,615	-
Senator Amoss grant	373,789	373,789	372,955	(834)
Tourism	140,607	140,607	207,154	66,547
State aid for bridges	824,881	824,881	773	(824,108)
Critical area grant	10,000	10,000	10,000	-
MALPF administrative fees	-	-	9,834	9,834
DHCD housing administration fees	7,000	7,000	11,906	4,906
DHCD state grant	-	-	55,090	55,090
Conservation easement admin fee	20,000	20,000	-	(20,000)
Conservation easement reimbursements	60,000	60,000	33,456	(26,544)
Water system monitoring	17,560	17,560	20,975	3,415
Trial jury reimbursement	54,000	54,000	23,865	(30,135)
Family support grant	230,184	230,184	240,221	10,037
Drug court coordinator	230,016	230,016	202,704	(27,312)
Waterway improvement grants	204,300	204,300	220,327	16,027
Septic system BRF grants	240,000	240,000	263,127	23,127
GOCCP grant	-	-	134,200	134,200
Intern Program grant	10,000	10,000	10,000	-
Dental program reimbursement	22,220	22,220	13,108	(9,112)
Bay Restoration operations and maintenance	10,000	10,000	53,370	43,370
Maryland coastal bays	20,000	20,000	24,590	4,590
MD Department of Aging grant	54,608	54,608	54,608	-
911 ENSB grant	14,500	14,500	64,187	49,687
Total intergovernmental	6,823,611	6,823,611	6,444,378	(379,233)
Service charges and fees:				
Liquor advertising fees	2,500	2,500	1,260	(1,240)
Donation sponsorship program	450	450	-	(450)
Sheriff fees	68,500	68,500	50,289	(18,211)
Sales of publications and copies	2,055	2,055	3,128	1,073
Library use charges	20,000	20,000	19,377	(623)
Library Erate reimbursements	2,500	2,500	827	(1,673)
Mosquito control charges	50,000	50,000	45,482	(4,518)
EDU transfer fee	4,000	4,000	-	(4,000)
Casino security	15,000	15,000	-	(15,000)
Seacrets security	97,696	97,696	88,425	(9,271)
Sunset Marina security	-	-	3,150	3,150
Purnell Properties security	-	-	8,200	8,200

WORCESTER COUNTY, MARYLAND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND
Year Ended June 30, 2020
(CONTINUED)

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget
Service charges and fees, continued:				
Vehicle tag fees	\$ 3,500	\$ 3,500	\$ 1,993	\$ (1,507)
Salary reimbursement	500	500	-	(500)
Housing program fees	-	-	4,730	4,730
Critical area review fees	28,000	28,000	33,671	5,671
Tourism programs and events	9,000	9,000	17,193	8,193
Shared facility fees	500	500	500	-
Stormwater management review fees	75,000	75,000	120,020	45,020
Tourism co-op advertising	2,000	2,000	-	(2,000)
Election filing fee	200	200	-	(200)
Roads department fees	50,000	50,000	5,155	(44,845)
Bay restoration administration fees	22,500	22,500	22,919	419
Shoreline Commission application fees	20,000	20,000	23,750	3,750
Park fees	28,040	28,040	22,607	(5,433)
Concession stand fees	50,000	50,000	32,313	(17,687)
Environmental fees	15,400	15,400	20,715	5,315
Recreation fees	188,050	188,050	159,645	(28,405)
Solar renewable energy credits	50	50	4,774	4,724
Water and sewer plan amendment fees	2,000	2,000	1,700	(300)
Circuit Court bar library	5,000	5,000	1,839	(3,161)
Firearms training center fees	3,000	3,000	22,026	19,026
Payments for jail use	5,330,000	5,330,000	3,614,572	(1,715,428)
First offender program fees	10,000	10,000	6,250	(3,750)
Fire inspection fees	140,000	140,000	98,637	(41,363)
Family services legal fees	1,600	1,600	2,100	500
Community service fees	70,000	70,000	71,905	1,905
Public Works	30,000	30,000	37,113	7,113
Franchise fees	22,500	22,500	21,816	(684)
Special Events fees	75,300	75,300	51,945	(23,355)
Tournament fees	12,000	12,000	1,005	(10,995)
Motor coach fees	29,640	29,640	13,103	(16,537)
Recycling	100,800	100,800	63,220	(37,580)
Metal recycling	50,000	50,000	38,674	(11,326)
Tire revenue	30,000	30,000	39,700	9,700
Total service charges and fees	6,667,281	6,667,281	4,775,728	(1,891,553)

WORCESTER COUNTY, MARYLAND
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
 IN FUND BALANCE - BUDGET AND ACTUAL
 GENERAL FUND
 Year Ended June 30, 2020
 (CONTINUED)

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Miscellaneous:				
Court fines	\$ 50,000	\$ 50,000	\$ 41,958	\$ (8,042)
Civil infraction fines	2,500	2,500	3,553	1,053
Retiree drug subsidy	250,000	250,000	107,703	(142,297)
Interest on investments	1,900,000	1,900,000	1,424,410	(475,590)
Rent revenue	154,532	154,532	149,079	(5,453)
Sale of capital assets	35,000	35,000	6,692	(28,308)
Miscellaneous	80,000	80,000	860,667	780,667
Health insurance reinvestment	-	-	6,248,286	6,248,286
MSRS library on-behalf payments	-	-	234,469	234,469
Total miscellaneous	2,472,032	2,472,032	9,076,817	6,604,785
Total revenues	198,217,741	198,217,741	206,920,346	8,702,605

WORCESTER COUNTY, MARYLAND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND
Year Ended June 30, 2020
(CONTINUED)

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
EXPENDITURES:				
General government:				
County Commissioners' office:				
Salaries	\$ 1,097,975	\$ 967,450	\$ 976,494	\$ (9,044)
Benefits	642,377	565,993	684,317	(118,324)
Administrative	15,680	15,680	12,342	3,338
Other supplies and equipment	9,966	11,466	11,454	12
Equipment maintenance	13,800	12,300	13,004	(704)
Legal	6,593	6,593	(489)	7,082
Vehicle operating expense	4,600	4,600	2,422	2,178
Building site	1,344	1,344	1,335	9
Advertising	13,000	13,000	9,850	3,150
Training and travel	44,614	44,614	26,256	18,358
Enterprise fund credits	(81,037)	(81,037)	(84,068)	3,031
Capital equipment	-	-	34,880	(34,880)
	1,768,912	1,562,003	1,687,797	(125,794)
Circuit Court:				
Salaries	981,121	981,121	956,606	24,515
Benefits	574,012	573,991	670,379	(96,388)
Administrative	21,599	21,599	18,886	2,713
Other supplies and equipment	9,900	9,900	7,342	2,558
Equipment maintenance	19,486	19,486	17,530	1,956
Grant services	130,967	130,967	112,746	18,221
Legal	107,000	107,000	54,000	53,000
Building site	5,765	5,765	4,299	1,466
Training and travel	12,848	12,848	5,555	7,293
Uniforms and personal equipment	500	500	-	500
	1,863,198	1,863,177	1,847,343	15,834
Orphans' Court:				
Salaries	28,500	28,500	25,904	2,596
Benefits	16,674	16,674	18,153	(1,479)
Administrative	-	1,685	1,680	5
Training and travel	7,294	5,609	5,385	224
	52,468	52,468	51,122	1,346

WORCESTER COUNTY, MARYLAND
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
 IN FUND BALANCE - BUDGET AND ACTUAL
 GENERAL FUND
 Year Ended June 30, 2020
 (CONTINUED)

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
General government, continued:				
State's Attorney's office:				
Salaries	\$ 1,349,099	\$ 1,349,099	\$ 1,331,874	\$ 17,225
Benefits	789,300	789,272	933,363	(144,091)
Administrative	23,977	21,105	14,183	6,922
Other supplies and equipment	15,100	16,859	23,503	(6,644)
Equipment maintenance	10,532	11,645	11,645	-
Grant programs	-	-	134,200	(134,200)
Uniforms and personal equipment	500	500	-	500
Legal	7,800	7,800	6,877	923
Vehicle operating expense	6,500	6,500	1,953	4,547
Building site	11,712	11,712	10,598	1,114
Training and travel	25,750	25,750	15,577	10,173
	2,240,270	2,240,242	2,483,773	(243,531)
Treasurer's office:				
Salaries	1,251,170	1,251,170	1,219,588	31,582
Overtime pay	2,000	2,000	337	1,663
Benefits	733,176	733,150	854,910	(121,760)
Administrative	46,050	46,050	39,189	6,861
Other supplies and equipment	10,663	10,663	7,131	3,532
Equipment maintenance	79,814	79,814	79,666	148
Legal	1,800	1,800	3,021	(1,221)
Consulting services	1,200	1,200	1,500	(300)
Building site	2,000	2,000	1,172	828
Training and travel	6,735	6,735	1,762	4,973
Enterprise fund credits	(226,122)	(226,122)	(237,086)	10,964
	1,908,486	1,908,460	1,971,190	(62,730)
Elections office:				
State employees' salaries and benefits	535,496	535,496	510,774	24,722
Benefits	8,776	8,776	10,512	(1,736)
Administrative	12,425	56,817	20,912	35,905
Other supplies and equipment	143,779	143,779	140,367	3,412
Voting machines and poll expenses	173,789	129,397	42,614	86,783
Equipment maintenance	10,156	10,156	6,135	4,021
Uniforms and personal equipment	-	-	254	(254)
Consulting services	43,976	43,976	7,766	36,210
Building site	96,274	96,274	90,732	5,542
Training and travel	14,190	14,190	8,699	5,491
	1,038,861	1,038,861	838,765	200,096

WORCESTER COUNTY, MARYLAND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND
Year Ended June 30, 2020
(CONTINUED)

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
General government, continued:				
Human resources:				
Salaries	\$ 442,827	\$ 442,827	\$ 442,916	\$ (89)
Benefits	259,079	259,070	310,391	(51,321)
Administrative	10,900	10,504	10,033	471
Other supplies and equipment	7,155	7,155	5,861	1,294
Equipment maintenance	2,400	2,400	2,075	325
Program expense	3,500	3,500	3,500	-
Legal	1,000	1,000	761	239
Consulting services	14,100	14,100	13,533	567
Vehicle operating expense	5,000	5,000	4,775	225
Building site	400	400	326	74
Advertising	6,000	6,000	6,160	(160)
Training and travel	5,320	5,320	5,134	186
Enterprise fund credits	(62,795)	(62,795)	(62,795)	-
	694,886	694,481	742,670	(48,189)
Development review and permitting:				
Salaries	1,309,016	1,439,541	1,392,107	47,434
Overtime pay	3,000	3,000	99	2,901
Benefits	767,604	843,938	975,643	(131,705)
Administrative	10,342	10,342	8,248	2,094
Other supplies and equipment	14,840	14,840	9,355	5,485
Equipment maintenance	14,278	14,278	4,477	9,801
Grant programs	-	-	12,020	(12,020)
Program expense	22,000	22,000	19,870	2,130
Housing rehabilitation program	221,100	221,100	156,319	64,781
Legal	30,750	26,359	19,377	6,982
Vehicle operating expense	14,100	14,100	9,317	4,783
Building site	1,200	1,270	1,270	-
Other maintenance and services	375	305	-	305
Advertising	12,000	16,391	16,391	-
Training and travel	22,120	22,120	11,788	10,332
Enterprise fund credits	(15,491)	(15,491)	(15,491)	-
Capital equipment	18,000	18,000	17,733	267
	2,445,234	2,652,093	2,638,523	13,570

WORCESTER COUNTY, MARYLAND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND
Year Ended June 30, 2020
(CONTINUED)

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
General government, continued:				
Environmental programs:				
Salaries	\$ 1,107,101	\$ 1,107,101	\$ 1,066,376	\$ 40,725
Overtime pay	-	-	532	(532)
Benefits	647,717	647,694	747,678	(99,984)
Administrative	6,040	6,040	6,143	(103)
Other supplies and equipment	14,082	14,082	13,207	875
Equipment maintenance	2,400	2,400	1,851	549
Grant programs	260,000	260,000	295,429	(35,429)
Legal	2,750	2,750	1,821	929
Consulting services	78,947	78,947	147,830	(68,883)
Vehicle operating expense	18,400	18,400	14,222	4,178
Building site	1,045	1,045	609	436
Other maintenance and services	500	500	-	500
Advertising	3,200	3,200	3,334	(134)
Training and travel	9,662	9,662	1,090	8,572
Uniforms and personal equipment	-	-	110	(110)
Interfund	(26,568)	(26,568)	(26,568)	-
	<u>2,125,276</u>	<u>2,125,253</u>	<u>2,273,664</u>	<u>(148,411)</u>
Information Technology:				
Salaries	525,345	525,345	517,855	7,490
Benefits	307,357	307,346	362,907	(55,561)
Administrative	1,000	1,219	1,219	-
Other supplies and equipment	9,732	9,467	7,733	1,734
Legal	-	46	46	-
Vehicle operating expense	1,600	1,600	1,412	188
Building site	380	380	-	380
Training and travel	8,759	8,759	6,191	2,568
Uniforms and personal equipment	450	450	413	37
Interfund	(28,088)	(28,088)	(28,088)	-
Capital equipment	26,000	26,000	22,861	3,139
	<u>852,535</u>	<u>852,524</u>	<u>892,549</u>	<u>(40,025)</u>

WORCESTER COUNTY, MARYLAND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND
Year Ended June 30, 2020
(CONTINUED)

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
General government, continued:				
Other general government:				
Administrative	\$ 170,782	\$ 159,882	\$ 145,774	\$ 14,108
Other supplies and equipment	54,500	54,500	27,782	26,718
Equipment maintenance	757,660	757,660	622,763	134,897
Systems maintenance	500	500	-	500
Consulting services	128,000	128,000	121,859	6,141
Energy	15,000	15,000	-	15,000
Building site	763,398	763,398	696,827	66,571
Other maintenance and services	4,800	4,800	3,464	1,336
Grant programs	-	-	365,305	(365,305)
Advertising	-	10,900	10,881	19
Training and travel	33,450	33,450	5,130	28,320
Tri-County Council	400,338	400,338	400,338	-
Other non-matching expenses - Briddletown	28,000	28,000	28,000	-
Other non-matching expenses - SDAT	627,538	627,538	609,350	18,188
Property-liability insurance	478,541	478,541	463,577	14,964
Other expenses	63,797	63,797	61,153	2,644
Interest expense	32,844	32,844	32,837	7
	<hr/> 3,559,148	<hr/> 3,559,148	<hr/> 3,595,040	<hr/> (35,892)
Total general government	<hr/> 18,549,274	<hr/> 18,548,710	<hr/> 19,022,436	<hr/> (473,726)

WORCESTER COUNTY, MARYLAND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND
Year Ended June 30, 2020
(CONTINUED)

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with
	<u>Original</u>	<u>Final</u>		<u>Final Budget</u>
Public safety:				
Sheriff's office:				
Salaries	\$ 5,547,536	\$ 5,547,536	\$ 5,152,316	\$ 395,220
Overtime pay	495,697	495,697	478,969	16,728
Benefits	3,535,638	3,535,510	3,946,345	(410,835)
Administrative	38,005	43,521	43,211	310
Other supplies and equipment	260,298	182,747	177,771	4,976
Equipment maintenance	140,515	120,392	117,904	2,488
Uniforms and personal equipment	168,085	237,677	237,520	157
Grant programs	5,720	5,720	-	5,720
Advertising	-	1,035	1,035	-
Legal	7,750	21,081	21,069	12
Consulting services	21,262	16,762	16,446	316
Vehicle operating expense	347,762	387,562	398,560	(10,998)
Building site	52,609	31,409	33,561	(2,152)
Training and travel	64,609	58,709	52,801	5,908
Capital equipment	180,000	180,000	205,874	(25,874)
	<u>10,865,486</u>	<u>10,865,358</u>	<u>10,883,382</u>	<u>(18,024)</u>
Emergency services:				
Salaries	1,368,443	1,368,443	1,264,119	104,324
Overtime pay	95,000	95,000	126,443	(31,443)
Benefits	856,197	856,166	974,491	(118,325)
Administrative	8,830	8,830	7,380	1,450
Other supplies and equipment	436,320	436,320	408,715	27,605
Equipment maintenance	510,129	510,129	459,527	50,602
Uniforms and personal equipment	6,350	6,350	4,244	2,106
Grant programs	169,042	169,042	105,972	63,070
Legal	3,500	3,500	1,567	1,933
Consulting services	19,950	19,950	21,634	(1,684)
Vehicle operating expense	25,000	25,000	8,621	16,379
Building site	199,300	199,300	131,232	68,068
Training and travel	51,295	51,295	21,547	29,748
Capital equipment	118,000	118,000	103,598	14,402
	<u>3,867,356</u>	<u>3,867,325</u>	<u>3,639,090</u>	<u>228,235</u>

WORCESTER COUNTY, MARYLAND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND
Year Ended June 30, 2020
(CONTINUED)

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Public safety, continued:				
Jail:				
Salaries	\$ 6,133,142	\$ 6,133,142	\$ 6,081,068	\$ 52,074
Overtime pay	20,556	20,556	32,637	(12,081)
Benefits	3,600,265	3,600,135	4,284,420	(684,285)
Administrative	6,875	7,560	7,203	357
Other supplies and equipment	13,232	15,422	14,690	732
Equipment maintenance	29,435	29,435	28,138	1,297
Uniforms and personal equipment	60,560	60,560	56,493	4,067
Inmate supplies and services	2,421,975	2,417,635	2,117,330	300,305
Legal	250	359	359	-
Consulting services	4,000	5,356	4,353	1,003
Vehicle operating expense	12,900	12,900	4,974	7,926
Building site	877,675	877,675	680,617	197,058
Other maintenance and services	12,650	12,650	10,651	1,999
Training and travel	16,056	16,056	9,169	6,887
Capital equipment	73,000	73,000	60,940	12,060
	13,282,571	13,282,441	13,393,042	(110,601)
Fire Marshal:				
Salaries	422,157	422,157	402,176	19,981
Overtime pay	-	1,065	21,060	(19,995)
Benefits	246,986	247,600	296,599	(48,999)
Administrative	5,490	5,490	3,533	1,957
Supplies and equipment	19,875	19,875	15,668	4,207
Equipment maintenance	6,450	6,450	5,631	819
Uniforms and personal equipment	5,225	5,225	3,217	2,008
Legal	300	300	15	285
Vehicle operating expense	15,600	20,265	20,260	5
Building site	360	360	369	(9)
Training and travel	23,470	16,308	4,528	11,780
Capital equipment	45,500	46,932	46,932	-
	791,413	792,027	819,988	(27,961)

WORCESTER COUNTY, MARYLAND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND
Year Ended June 30, 2020
(CONTINUED)

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with
	<u>Original</u>	<u>Final</u>		<u>Final Budget</u>
Public safety, continued:				
Volunteer fire departments:				
County grant to fire companies	\$ 2,520,000	\$ 2,520,000	\$ 2,520,000	\$ -
Fireman's Training Center	41,830	41,830	47,152	(5,322)
State grant for fire companies	373,789	373,789	372,955	834
County grant to ambulance companies	4,256,592	4,256,592	4,256,591	1
Training and travel - transportation expense	3,000	3,000	812	2,188
Volunteer fireman worker's compensation	170,005	170,005	178,701	(8,696)
LOSAP appropriation	94,000	94,000	72,000	22,000
EMT Paramedic	8,000	8,000	-	8,000
	7,467,216	7,467,216	7,448,211	19,005
Total public safety	36,274,042	36,274,367	36,183,713	90,654
Public works:				
Maintenance:				
Salaries	946,736	946,736	816,977	129,759
Overtime pay	6,500	6,500	4,389	2,111
Benefits	557,698	557,678	575,605	(17,927)
Administrative	1,300	1,094	752	342
Other supplies and equipment	34,689	34,689	32,870	1,819
Equipment maintenance	7,743	7,743	7,743	-
Uniforms and personal equipment	6,650	6,856	6,856	-
Consulting services	100	100	-	100
Custodial services	5,000	5,000	5,085	(85)
Vehicle operating expense	45,200	45,200	32,096	13,104
Building site	24,928	24,928	21,783	3,145
Advertising	500	500	184	316
Training and travel	4,650	4,650	2,400	2,250
Capital equipment	53,000	53,000	46,963	6,037
	1,694,694	1,694,674	1,553,703	140,971
Roads department:				
Salaries	1,552,527	1,552,527	1,346,717	205,810
Overtime pay	20,000	20,000	483	19,517
Benefits	920,018	919,985	944,103	(24,118)
Administrative	2,125	2,160	2,160	-
Other supplies and equipment	108,781	108,781	151,297	(42,516)
Equipment maintenance	3,000	3,000	2,870	130
Road maintenance materials	1,099,500	1,099,500	1,088,040	11,460
Uniforms and personal equipment	12,600	12,600	11,580	1,020
Grant services	-	-	966	(966)
Legal	-	61	61	-
Consulting services	1,000	1,000	296	704
Vehicle operating expense	323,500	323,500	303,428	20,072

WORCESTER COUNTY, MARYLAND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND
Year Ended June 30, 2020
(CONTINUED)

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Public works, continued:				
Roads department, continued:				
Building site	\$ 36,150	\$ 36,150	\$ 35,431	\$ 719
Road maintenance	311,856	311,856	260,459	51,397
Advertising	1,600	1,600	1,337	263
Training and travel	1,590	1,590	450	1,140
Capital equipment	347,000	346,904	339,140	7,764
	4,741,247	4,741,214	4,488,818	252,396
Homeowner Convenience Centers:				
Salaries	268,382	268,382	186,708	81,674
Benefits	157,019	157,013	130,843	26,170
Building site	265,000	265,000	235,260	29,740
Uniforms and personal equipment	3,150	3,150	2,406	744
Interfund	215,485	215,485	215,485	-
	909,036	909,030	770,702	138,328
Recycling:				
Salaries	340,631	340,631	397,614	(56,983)
Benefits	199,289	199,281	278,644	(79,363)
Building site	68,500	68,500	64,372	4,128
Other maintenance and services	41,000	41,000	42,872	(1,872)
Supplies and equipment	14,000	14,000	2,008	11,992
Vehicle operating expenses	85,500	85,500	50,561	34,939
Advertising	-	-	103	(103)
Training and travel	1,314	1,314	398	916
Uniforms and personal equipment	3,150	3,150	2,786	364
Interfund	217,261	217,261	217,261	-
Capital equipment	45,000	45,000	46,188	(1,188)
	1,015,645	1,015,637	1,102,807	(87,170)

WORCESTER COUNTY, MARYLAND
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
 IN FUND BALANCE - BUDGET AND ACTUAL
 GENERAL FUND
 Year Ended June 30, 2020
 (CONTINUED)

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Public works, continued:				
Salaries	\$ 574,243	\$ 574,243	\$ 574,243	\$ -
Benefits	335,965	335,953	402,424	(66,471)
Administrative	2,995	2,995	1,928	1,067
Other supplies and equipment	12,890	12,890	11,245	1,645
Equipment maintenance	6,275	6,275	4,193	2,082
Uniforms and personal equipment	1,050	1,050	1,045	5
Program expense	225	225	-	225
Legal	2,700	2,700	537	2,163
Consulting services	80,300	80,300	52,539	27,761
Vehicle operating expense	9,500	9,500	6,982	2,518
Building site	39,020	39,020	12,595	26,425
Other maintenance and services	1,700	1,700	1,577	123
Fleet services	(82,124)	(82,124)	(44,248)	(37,876)
Central fuel facility	-	-	6,891	(6,891)
Advertising	300	300	101	199
Training and travel	2,865	2,865	410	2,455
Enterprise fund credits	(205,037)	(205,037)	(205,262)	225
Capital equipment	6,500	6,500	6,094	406
	789,367	789,355	833,294	(43,939)
Total public works	9,149,989	9,149,910	8,749,324	400,586

WORCESTER COUNTY, MARYLAND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND
Year Ended June 30, 2020
(CONTINUED)

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Health and hospitals:				
Health department:				
Administrative	\$ 3,000	\$ 3,000	\$ 536	\$ 2,464
Health clinic's building expenses	416,002	416,002	348,278	67,724
Other non-matching expenses	242,063	242,063	233,542	8,521
Matching appropriation	4,955,779	4,955,779	4,975,901	(20,122)
	5,616,844	5,616,844	5,558,257	58,587
Mosquito control:				
Salaries	88,483	88,483	91,758	(3,275)
Overtime pay	1,000	1,000	-	1,000
Benefits	52,353	52,351	64,303	(11,952)
Administrative	400	388	77	311
Other supplies and equipment	2,000	2,000	991	1,009
Equipment maintenance	550	562	562	-
Uniforms and personal equipment	700	700	642	58
Vehicle operating expense	13,000	13,000	11,840	1,160
Building site	5,050	5,050	3,292	1,758
Appropriation for spraying	70,000	70,000	56,392	13,608
	233,536	233,534	229,857	3,677
Other health and hospitals:				
Worcester County Developmental Center	219,497	219,497	219,497	-
Hartley Hall	11,250	11,250	11,250	-
Atlantic General Hospital	175,000	175,000	175,000	-
	405,747	405,747	405,747	-
Total health and hospitals	6,256,127	6,256,125	6,193,861	62,264
Social services:				
Commission on Aging:				
Administrative	500	500	500	-
Other supplies and equipment	1,000	1,000	1,000	-
Grant services	54,608	54,608	109,216	(54,608)
Consulting services	300	300	300	-
Senior transportation	3,500	3,500	3,500	-
Senior center building expenses	205,950	205,950	198,996	6,954
Training and travel	7,000	7,000	7,000	-
Appropriation for Commission on Aging	1,016,700	1,016,700	1,016,700	-
	1,289,558	1,289,558	1,337,212	(47,654)

WORCESTER COUNTY, MARYLAND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND
Year Ended June 30, 2020
(CONTINUED)

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Social services, continued:				
Other social services:				
State pass-through grant Diakonia	\$ -	\$ -	\$ 33,006	\$ (33,006)
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	10,000	10,000	10,000	-
Diakonia	45,000	45,000	55,000	(10,000)
Drug and alcohol council	9,000	9,000	2,800	6,200
Jesse Klump Memorial Fund, Inc.	1,000	1,000	1,000	-
Life Crisis Center	8,500	8,500	8,500	-
Maryland Food Bank	3,000	3,000	3,000	-
Oasis Ministries	9,000	9,000	9,000	-
Samaritan Shelter	20,000	20,000	30,000	(10,000)
Social Services Pharmacy grant	15,000	15,000	15,000	-
Worcester County GOLD	15,000	15,000	25,000	(10,000)
Youth & Family Counseling	91,710	91,710	91,710	-
Snow Hill Ecumenical Food Pantry	-	-	10,000	(10,000)
Worcester County 4H & FFA Fair	10,000	10,000	10,000	-
Matching appropriation - DHMH - WCDC	28,871	28,871	28,871	-
	280,581	280,581	347,387	(66,806)
Total social services	1,570,139	1,570,139	1,684,599	(114,460)
Education:				
Board of Education:				
School construction	50,000	50,000	17,718	32,282
Retirement	559,284	559,284	554,583	4,701
Post-retirement benefits	3,000,000	3,000,000	6,124,143	(3,124,143)
School building improvements	100,000	100,000	100,000	-
Operating appropriations	90,728,422	90,728,422	90,728,422	-
Technology program	200,000	200,000	200,000	-
Restricted programs	-	-	111,557	(111,557)
	94,637,706	94,637,706	97,836,423	(3,198,717)
Wor-Wic Community College:				
Operating appropriation	2,333,092	2,333,092	2,333,092	-
	2,333,092	2,333,092	2,333,092	-
Total education	96,970,798	96,970,798	100,169,515	(3,198,717)

WORCESTER COUNTY, MARYLAND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND
Year Ended June 30, 2020
(CONTINUED)

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Libraries, recreation, parks and culture:				
Recreation department:				
Salaries	\$ 799,238	\$ 799,238	\$ 745,387	\$ 53,851
Overtime pay	10,000	10,000	3,173	6,827
Benefits	473,451	473,433	524,583	(51,150)
Administrative	89,400	35,813	32,140	3,673
Other supplies and equipment	40,505	40,505	27,267	13,238
Equipment maintenance	9,100	9,100	7,580	1,520
Other maintenance and services	-	14	14	-
Uniforms and personal equipment	2,000	2,777	2,777	-
Recreation programs	216,500	216,896	169,624	47,272
Legal services	500	1,360	1,358	2
Consulting services	10,750	10,750	10,685	65
Vehicle and equipment operating expense	5,500	5,500	3,408	2,092
Building site	168,728	150,691	124,871	25,820
Advertising	6,000	6,000	5,514	486
Training and travel	16,880	16,880	14,649	2,231
Capital equipment	-	69,973	69,973	-
	1,848,552	1,848,930	1,743,003	105,927
Parks department:				
Salaries	403,234	403,234	383,343	19,891
Overtime pay	10,000	10,000	288	9,712
Benefits	241,766	241,756	268,845	(27,089)
Administrative	951	419	419	-
Supplies and equipment	16,642	18,492	18,492	-
Uniforms and personal equipment	2,340	2,160	2,160	-
Grant programs	1,255,000	1,255,000	175,084	1,079,916
Other supplies and materials	29,646	29,817	29,817	-
Legal services	300	463	463	-
Vehicle and equipment operating expense	27,600	26,411	26,411	-
Park expenses	58,031	59,431	60,360	(929)
Equipment maintenance	-	530	530	-
Other maintenance and services	2,200	1,271	1,271	-
Advertising	200	235	235	-
Training and travel	630	675	675	-
Capital equipment	48,500	47,136	47,136	-
	2,097,040	2,097,030	1,015,529	1,081,501
Boat landings:				
Grant programs	200,000	200,000	227,229	(27,229)
Consulting services	25,000	25,000	25,000	-
Landing expenses	56,015	56,015	49,429	6,586
Advertising	600	600	91	509
	281,615	281,615	301,749	(20,134)

WORCESTER COUNTY, MARYLAND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND
Year Ended June 30, 2020
(CONTINUED)

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Libraries, recreation, parks and culture, continued:				
Library:				
Salaries	\$ 1,850,680	\$ 1,850,680	\$ 1,764,747	\$ 85,933
Overtime pay	2,000	2,000	-	2,000
Benefits	1,083,924	1,083,884	1,236,716	(152,832)
Administrative	31,100	27,163	17,164	9,999
Other supplies and equipment	299,110	299,110	314,605	(15,495)
Equipment maintenance	63,000	63,000	48,706	14,294
Grant services	75,000	75,000	89,724	(14,724)
Legal	1,000	4,488	4,488	-
Vehicle operating expenses	750	750	526	224
Building site	381,922	381,922	253,665	128,257
Advertising	-	153	153	-
Training and travel	8,504	8,636	5,065	3,571
Benefits and insurance	300	464	464	-
Capital equipment	85,000	85,000	76,433	8,567
MSRS library on-behalf payments	-	-	234,469	(234,469)
	3,882,290	3,882,250	4,046,925	(164,675)
Other recreation and culture:				
Berlin Little League	-	-	2,000	(2,000)
Furnace Town	40,000	40,000	40,000	-
Marva Theatre	15,000	15,000	15,000	-
Discovery Center	20,000	20,000	20,000	-
	75,000	75,000	77,000	(2,000)
Total libraries, recreation, parks and culture	8,184,497	8,184,825	7,184,206	1,000,619
Conservation of natural resources:				
Extension service:				
Administrative	10,573	10,573	8,100	2,473
Other supplies and equipment	420	420	210	210
Equipment maintenance	7,600	7,600	4,221	3,379
Building site	2,500	2,500	2,141	359
Operating appropriation	179,952	179,952	179,952	-
	201,045	201,045	194,624	6,421
Other natural resources:				
Gypsy moth control	1,700	1,700	6,440	(4,740)
Soil Conservation District	48,554	48,554	48,554	-
Maryland agricultural land preservation fund	1,000	1,000	4,986	(3,986)
Matching appropriation beach maintenance	460,000	460,000	431,876	28,124
Conservation easements	-	-	92,666	(92,666)
	511,254	511,254	584,522	(73,268)
Total conservation of natural resources	712,299	712,299	779,146	(66,847)

WORCESTER COUNTY, MARYLAND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND
Year Ended June 30, 2020
(CONTINUED)

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Economic development:				
Economic development department:				
Salaries	\$ 193,872	\$ 193,872	\$ 135,949	\$ 57,923
Benefits	113,426	113,422	95,272	18,150
Administrative	25,150	16,911	10,004	6,907
Other supplies and equipment	3,466	4,257	4,255	2
Equipment maintenance	1,200	1,200	1,075	125
Program expense	110,000	110,000	108,653	1,347
Legal services	-	76	76	-
Consulting services	25,000	25,900	25,900	-
Vehicle operating expense	3,250	3,250	1,733	1,517
Building site	700	1,009	1,009	-
Other maintenance and services	25,000	25,000	25,000	-
Advertising	40,000	46,163	46,163	-
Training and travel	18,675	18,675	5,067	13,608
	559,739	559,735	460,156	99,579
Tourism:				
Salaries	207,023	207,023	217,195	(10,172)
Benefits	121,120	121,116	152,208	(31,092)
Administrative	4,320	4,502	3,489	1,013
Other supplies and equipment	37,716	37,534	35,150	2,384
Equipment maintenance	1,055	1,055	975	80
Uniforms and personal equipment	250	250	-	250
Grant programs	140,607	140,607	233,481	(92,874)
Legal	300	300	-	300
Consulting services	44,100	44,100	43,123	977
Vehicle operating expense	2,250	2,250	2,052	198
Building site	19,694	19,694	12,063	7,631
Advertising	663,500	663,500	659,904	3,596
Training and travel	5,000	5,000	3,163	1,837
	1,246,935	1,246,931	1,362,803	(115,872)
Total economic development	1,806,674	1,806,666	1,822,959	(16,293)

WORCESTER COUNTY, MARYLAND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND
Year Ended June 30, 2020
(CONTINUED)

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Intergovernmental:				
Towns' share county bingo fees	\$ 3,100	\$ 3,100	\$ 2,054	\$ 1,046
Towns' share county income tax	2,000,000	2,000,000	2,456,617	(456,617)
Towns' share liquor license fees	342,157	342,157	-	342,157
Grants to towns - conditional grants	20,000	20,000	20,000	-
Grants to towns for police	475,000	475,000	475,000	-
Grants to towns for fire	521,000	521,000	521,000	-
Grants to towns for tourism	50,000	50,000	50,000	-
Other grants to towns	4,790,000	4,790,000	4,790,000	-
Total intergovernmental	8,201,257	8,201,257	8,314,671	(113,414)
Total expenditures	187,675,096	187,675,096	190,104,430	(2,429,334)
Excess of revenues over expenditures	10,542,645	10,542,645	16,815,916	6,273,271
OTHER FINANCING SOURCES (USES):				
Transfer to Debt Service Fund	(13,215,563)	(13,215,563)	(13,218,804)	3,241
Transfer from Capital Projects Fund	-	-	366,940	(366,940)
Transfer to Capital Projects Fund	-	-	(3,740,654)	3,740,654
Transfer from Casino Fund	3,067,811	3,067,811	3,067,811	-
Transfer to Reserve	(394,893)	(394,893)	-	(394,893)
Total other financing uses	(10,542,645)	(10,542,645)	(13,524,707)	2,982,062
Net change in fund balance	\$ -	\$ -	3,291,209	\$ 3,291,209
Fund balance, beginning			51,805,608	
Fund balance, ending			\$ 55,096,817	

WORCESTER COUNTY, MARYLAND
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 June 30, 2020

	Department of Social Services <u>Fund</u>	Local Management <u>Board</u>	Casino <u>Fund</u>	Energy Service <u>Fund</u>	<u>Total</u>
ASSETS					
Cash and short-term investments	\$ 79,268	\$ 513,803	\$ 1,775,411	\$ -	\$ 2,368,482
Accounts receivable	-	-	-	-	-
Due from other funds	-	-	-	310,435	310,435
Total assets	\$ 79,268	\$ 513,803	\$ 1,775,411	\$ 310,435	\$ 2,678,917
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ -	\$ 221,636	\$ -	\$ -	\$ 221,636
Due to other funds	-	-	802,883	-	802,883
Total liabilities	-	221,636	802,883	-	1,024,519
Fund balances:					
Assigned	79,268	292,167	972,528	310,435	1,654,398
Total fund balances	79,268	292,167	972,528	310,435	1,654,398
Total liabilities and fund balances	\$ 79,268	\$ 513,803	\$ 1,775,411	\$ 310,435	\$ 2,678,917

WORCESTER COUNTY, MARYLAND
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
Year Ended June 30, 2020

	Department of Social Services <u>Fund</u>	Local Management <u>Board</u>	Casino <u>Fund</u>	Energy Service <u>Fund</u>	<u>Total</u>
REVENUES:					
Intergovernmental	\$ 33,923	\$ 979,787	\$ 2,262,251	\$ -	\$ 3,275,961
Interest income	-	6	28,725	-	28,731
Total revenues	33,923	979,793	2,290,976	-	3,304,692
EXPENDITURES:					
Social services	36,495	524,839	-	-	561,334
Administrative expenses	-	200,388	-	61,401	261,789
Total expenditures	36,495	725,227	-	61,401	823,123
Excess (deficiency) of revenues over expenditures	(2,572)	254,566	2,290,976	(61,401)	2,481,569
OTHER FINANCING USES:					
Transfers out	-	-	(3,067,811)	-	(3,067,811)
Excess (deficiency) of revenues and other financing uses over expenditures	(2,572)	254,566	(776,835)	(61,401)	(586,242)
Fund balances, beginning	81,840	37,601	1,749,363	371,836	2,240,640
Fund balances, ending	\$ 79,268	\$ 292,167	\$ 972,528	\$ 310,435	\$ 1,654,398

WORCESTER COUNTY, MARYLAND
BALANCE SHEET
LOCAL MANAGEMENT BOARD - NONMAJOR GOVERNMENTAL FUND
June 30, 2020

ASSETS

Cash	\$ 501,563
Cash - earned reinvestment	12,240
Total assets	513,803

LIABILITIES AND FUND BALANCE

Liabilities:	
Accounts payable	221,636
Total liabilities	221,636
Fund balance	292,167
Total liabilities and fund balance	\$ 513,803

WORCESTER COUNTY, MARYLAND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
LOCAL MANAGEMENT BOARD - NONMAJOR GOVERNMENTAL FUND
Year Ended June 30, 2020

REVENUES:

Community partnership grant	\$	873,245
Administrative receipts		106,542
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Total revenues		979,787
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EXPENDITURES:

Administrative:		
Salaries		88,617
Benefits		39,661
Advertising		2,504
Communications		937
Consultants		1,280
Equipment		1,494
Food		32,004
Indirect administrative expenses		22,412
Postage		194
Printing		325
Professional dues/publications		19
Supplies		692
Conferences/conventions		10,152
Travel		97
Community partnership grant:		
CPA funds		147,518
Building Bridges		84,003
Local Care Team Coordinator		39,199
WE3		104,119
Worcester Connects Program		150,000
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Total expenditures		725,227
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Change in fund balance before other financing sources		254,560
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OTHER FINANCING SOURCES:

Interest income		6
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Change in fund balance		254,566
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Fund balance, beginning		37,601
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Fund balance, ending	\$	292,167
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WORCESTER COUNTY, MARYLAND

COMBINING SCHEDULE OF FUND NET POSITION - OPERATING FUNDS

DEPARTMENT OF WATER AND WASTEWATER SERVICES

June 30, 2020

	West Ocean City <u>S.A.</u>	Ocean Pines <u>S.A.</u>	Newark Service <u>Area</u>	Bridgetown Service <u>Area</u>	Shared Facilities	Edgewater Acres <u>S.A.</u>
ASSETS						
Current assets:						
Cash and short-term investments	\$2,068,790	\$ (362,696)	\$(221,137)	\$ 16,539	\$43,354	\$(11,893)
Accounts receivable - usage billings	394,820	1,751,886	38,612	5,525	120	56,406
Total current assets	2,463,610	1,389,190	(182,525)	22,064	43,474	44,513
Capital assets:						
Land and land rights	47,037	63,319	4,527	-	-	-
Water and sewer systems	10,731,393	48,166,538	1,480,788	341,349	-	94,806
Machinery and equipment	-	3,260,860	-	-	-	81,156
Construction-in-progress	223,250	386,696	228,042	-	-	-
	11,001,680	51,877,413	1,713,357	341,349	-	175,962
Less: accumulated depreciation	(9,111,295)	(25,978,113)	(793,837)	(272,083)	-	(140,983)
	1,890,385	25,899,300	919,520	69,266	-	34,979
Total assets	4,353,995	27,288,490	736,995	91,330	43,474	79,492
LIABILITIES						
Current liabilities:						
Accounts payable and accrued expenses	18,036	324,659	7,075	3,413	-	14,255
Interfund payable	-	870,354	(10,062)	-	-	-
Total current liabilities	18,036	1,195,013	(2,987)	3,413	-	14,255
Other liabilities:						
Compensated absences	7,084	131,678	2,629	703	-	1,610
Due to other funds	909	530,665	10,122	680	784	4,090
Total other liabilities	7,993	662,343	12,751	1,383	784	5,700
Total liabilities	26,029	1,857,356	9,764	4,796	784	19,955
NET POSITION						
Unrestricted net position	\$4,327,966	\$25,431,134	\$ 727,231	\$ 86,534	\$42,690	\$ 59,537

Assateague Pointe <u>S.A.</u>	River Run <u>S.A.</u>	Mystic Harbour <u>S.A.</u>	Lighthouse Sound <u>S.A.</u>	Riddle Farm <u>S.A.</u>	The Landings <u>S.A.</u>	Support Groups	Total
\$ 340,659	\$ 355,402	\$ (136,253)	\$ 153,827	\$ (908,222)	\$ (209,818)	\$ 186,640	\$ 1,315,192
64,859	30,745	313,090	25,671	807,549	79,975	-	3,569,258
405,518	386,147	176,837	179,498	(100,673)	(129,843)	186,640	4,884,450
-	-	-	-	-	-	-	114,883
1,159,451	-	20,666,059	-	20,710,263	9,140,609	-	112,491,256
-	128,233	474,023	-	-	-	1,377,755	5,322,027
-	-	-	-	269,960	-	-	1,107,948
1,159,451	128,233	21,140,082	-	20,980,223	9,140,609	1,377,755	119,036,114
(1,007,206)	(128,235)	(3,567,194)	-	(6,829,091)	(3,034,585)	(1,076,049)	(51,938,671)
152,245	(2)	17,572,888	-	14,151,132	6,106,024	301,706	67,097,443
557,763	386,145	17,749,725	179,498	14,050,459	5,976,181	488,346	71,981,893
6,112	5,155	146,924	2,600	60,745	8,095	21,149	618,217
47,338	-	(1,298,656)	-	10,816	-	-	(380,210)
53,450	5,155	(1,151,732)	2,600	71,561	8,095	21,149	238,007
2,599	1,008	10,701	1,131	3,578	2,038	-	164,760
2,761	4,004	29,562	2,719	598,091	200,537	165,802	1,550,726
5,360	5,012	40,263	3,850	601,669	202,575	165,802	1,715,486
58,810	10,167	(1,111,469)	6,450	673,230	210,670	186,951	1,953,493
\$ 498,953	\$ 375,978	\$18,861,194	\$ 173,048	\$13,377,229	\$ 5,765,511	\$ 301,395	\$ 70,028,400

WORCESTER COUNTY, MARYLAND

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

June 30, 2020

	West Ocean City <u>S.A.</u>	Ocean Pines <u>S.A.</u>	Oyster Harbor <u>S.A.</u>	Newark Service <u>Area</u>
ASSETS				
Current assets:				
Cash and short-term investments	\$ 44,948	\$ 6,665,235	\$ 8,832	\$ 5,077
Accounts receivable - EDU	-	1,393,944	63,317	25,776
Interfund receivable	-	870,354	25,289	-
Total current assets	44,948	8,929,533	97,438	30,853
Other assets:				
Long-term EDU receivable	-	6,935,580	-	163,448
Construction-in-progress	-	-	-	-
Total other assets	-	6,935,580	-	163,448
Total assets	44,948	15,865,113	97,438	194,301
LIABILITIES				
Current liabilities:				
Interfund payable	-	-	-	10,062
Due to other funds	-	-	50,350	-
Bonds payable - current portion	-	1,122,433	-	19,443
Accrued bond interest payable	-	133,685	-	838
Total current liabilities	-	1,256,118	50,350	30,343
Other liabilities:				
Unearned revenue	-	7,985,068	50,350	182,892
Due to General Fund	-	-	-	-
Bonds payable	-	7,666,845	-	163,449
Total other liabilities	-	15,651,913	50,350	346,341
Total liabilities	-	16,908,031	100,700	376,684
NET POSITION				
Unrestricted net position (deficit)	\$ 44,948	\$ (1,042,918)	\$ (3,262)	\$ (182,383)

Mystic Harbour <u>S.A.</u>	Snug Harbor <u>S.A.</u>	Riddle Farm <u>S.A.</u>	<u>Total</u>
\$ 2,760,850	\$ -	\$ 254,855	\$ 9,739,797
374,372	41,112	16,289	1,914,810
-	47,338	10,816	953,797
<hr/> 3,135,222	<hr/> 88,450	<hr/> 281,960	<hr/> 12,608,404
 9,295,240	 152,649	 205,000	 16,751,917
-	-	-	-
<hr/> 9,295,240	<hr/> 152,649	<hr/> 205,000	<hr/> 16,751,917
<hr/> 12,430,462	<hr/> 241,099	<hr/> 486,960	<hr/> 29,360,321
 1,323,945	 -	 -	 1,334,007
-	-	-	50,350
264,548	31,630	12,421	1,450,475
16,870	2,097	3,896	157,386
<hr/> 1,605,363	<hr/> 33,727	<hr/> 16,317	<hr/> 2,992,218
 9,482,641	 184,279	 215,000	 18,100,230
-	-	-	-
<hr/> 10,304,577	<hr/> 152,649	<hr/> 235,872	<hr/> 18,523,392
<hr/> 19,787,218	<hr/> 336,928	<hr/> 450,872	<hr/> 36,623,622
<hr/> 21,392,581	<hr/> 370,655	<hr/> 467,189	<hr/> 39,615,840
 \$ (8,962,119)	 \$ (129,556)	 \$ 19,771	 \$ (10,255,519)

WORCESTER COUNTY, MARYLAND
SCHEDULE OF REVENUES AND EXPENSES
BUDGET AND ACTUAL - OPERATING FUNDS
DEPARTMENT OF WATER AND WASTEWATER SERVICES
Year Ended June 30, 2020

	<u>West Ocean City Service Area</u>			<u>Ocean Pines Service Area</u>		
	Original/ Final <u>Budget</u>	<u>Actual</u>	Variance with Final <u>Budget</u>	Original/ Final <u>Budget</u>	<u>Actual</u>	Variance with Final <u>Budget</u>
OPERATING REVENUES:						
Charges for service	\$1,420,000	\$1,489,387	\$ 69,387	\$7,231,665	\$ 7,234,928	\$ 3,263
Interest and penalties	19,000	13,002	(5,998)	83,000	68,129	(14,871)
Other revenue	-	3,747	3,747	143,000	711,144	568,144
Total operating revenues	1,439,000	1,506,136	67,136	7,457,665	8,014,201	556,536
OPERATING EXPENSES:						
Personnel services	200,435	127,053	73,382	3,627,937	3,250,631	377,306
Supplies and materials	24,974	24,627	347	490,189	535,250	(45,061)
Maintenance and services	930,718	829,620	101,098	2,145,747	2,039,247	106,500
Other charges	17,802	18,011	(209)	97,264	85,347	11,917
Interfund charges	111,917	112,152	(235)	468,230	468,083	147
Total operating expenses	1,285,846	1,111,463	174,383	6,829,367	6,378,558	450,809
Operating income (loss) before depreciation	153,154	394,673	241,519	628,298	1,635,643	1,007,345
Depreciation	-	284,695	(284,695)	-	1,529,798	(1,529,798)
Net operating income (loss)	153,154	109,978	(43,176)	628,298	105,845	(522,453)
NONOPERATING REVENUES (EXPENSES):						
Transfer from (to) reserves	211,846	-	(211,846)	(235,398)	-	235,398
Transfer from (to) other funds	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-
Operating grants	-	-	-	-	-	-
Interest income	15,000	19,129	4,129	-	33	33
Net nonoperating revenues (expenses)	226,846	19,129	(207,717)	(235,398)	33	235,431
Net income (loss)	\$ 380,000	\$ 129,107	\$(250,893)	\$ 392,900	\$ 105,878	\$ (287,022)
OTHER BUDGETED EXPENDITURES:						
Capital outlay	\$ (380,000)			\$ (392,900)		
Total other budgeted expenditures	(380,000)			(392,900)		
Budgeted net income (loss)	\$ -			\$ -		

<u>Newark Service Area</u>			<u>Bridgetown Service Area</u>			<u>Edgewater Acres Service Area</u>		
Original/ Final <u>Budget</u>	<u>Actual</u>	Variance with Final <u>Budget</u>	Original/ Final <u>Budget</u>	<u>Actual</u>	Variance with Final <u>Budget</u>	Original/ Final <u>Budget</u>	<u>Actual</u>	Variance with Final <u>Budget</u>
\$ 134,910	\$ 207,094	\$ 72,184	\$ 12,769	\$ 13,293	\$ 524	\$228,100	\$ 228,951	\$ 851
2,500	2,199	(301)	550	459	(91)	2,000	1,534	(466)
24,000	24,553	553	-	133	133	875	864	(11)
<u>161,410</u>	<u>233,846</u>	<u>72,436</u>	<u>13,319</u>	<u>13,885</u>	<u>566</u>	<u>230,975</u>	<u>231,349</u>	<u>374</u>
78,436	87,303	(8,867)	7,966	5,635	2,331	43,947	48,579	(4,632)
16,448	6,073	10,375	976	833	143	4,159	3,453	706
43,413	94,790	(51,377)	32,031	28,059	3,972	167,084	162,227	4,857
1,476	1,128	348	333	185	148	2,117	1,984	133
5,800	5,797	3	1,345	1,358	(13)	11,451	11,458	(7)
<u>145,573</u>	<u>195,091</u>	<u>(49,518)</u>	<u>42,651</u>	<u>36,070</u>	<u>6,581</u>	<u>228,758</u>	<u>227,701</u>	<u>1,057</u>
15,837	38,755	22,918	(29,332)	(22,185)	7,147	2,217	3,648	1,431
-	28,716	(28,716)	-	11,296	(11,296)	-	4,370	(4,370)
<u>15,837</u>	<u>10,039</u>	<u>(5,798)</u>	<u>(29,332)</u>	<u>(33,481)</u>	<u>(4,149)</u>	<u>2,217</u>	<u>(722)</u>	<u>(2,939)</u>
(15,837)	-	15,837	1,332	-	(1,332)	(2,217)	-	2,217
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	28,000	28,000	-	-	-	-
-	-	-	-	-	-	-	-	-
<u>(15,837)</u>	<u>-</u>	<u>15,837</u>	<u>29,332</u>	<u>28,000</u>	<u>(1,332)</u>	<u>(2,217)</u>	<u>-</u>	<u>2,217</u>
<u>\$ -</u>	<u>\$ 10,039</u>	<u>\$ 10,039</u>	<u>\$ -</u>	<u>\$ (5,481)</u>	<u>\$ (5,481)</u>	<u>\$ -</u>	<u>\$ (722)</u>	<u>\$ (722)</u>
<u>\$ -</u>			<u>\$ -</u>			<u>\$ -</u>		
<u>-</u>			<u>-</u>			<u>-</u>		
<u>\$ -</u>			<u>\$ -</u>			<u>\$ -</u>		

WORCESTER COUNTY, MARYLAND
SCHEDULE OF REVENUES AND EXPENSES
BUDGET AND ACTUAL - OPERATING FUNDS
DEPARTMENT OF WATER AND WASTEWATER SERVICES
Year Ended June 30, 2020
(CONTINUED)

	<u>Assateague Pointe Service Area</u>			<u>River Run Service Area</u>		
	Original/ Final <u>Budget</u>	<u>Actual</u>	Variance with Final <u>Budget</u>	Original/ Final <u>Budget</u>	<u>Actual</u>	Variance with Final <u>Budget</u>
OPERATING REVENUES:						
Charges for service	\$ 255,610	\$ 259,593	\$ 3,983	\$ 172,070	\$ 188,876	\$ 16,806
Interest and penalties	4,000	2,178	(1,822)	500	425	(75)
Other revenue	-	8,134	8,134	-	643	643
<u>Total operating revenues</u>	<u>259,610</u>	<u>269,905</u>	<u>10,295</u>	<u>172,570</u>	<u>189,944</u>	<u>17,374</u>
OPERATING EXPENSES:						
Personnel services	98,474	94,753	3,721	59,314	51,308	8,006
Supplies and materials	26,450	23,142	3,308	17,348	11,080	6,268
Maintenance and services	101,668	125,514	(23,846)	92,667	100,579	(7,912)
Other charges	5,959	5,019	940	1,558	1,569	(11)
Interfund charges	29,387	29,415	(28)	9,198	9,194	4
<u>Total operating expenses</u>	<u>261,938</u>	<u>277,843</u>	<u>(15,905)</u>	<u>180,085</u>	<u>173,730</u>	<u>6,355</u>
Operating income (loss) before depreciation	(2,328)	(7,938)	(5,610)	(7,515)	16,214	23,729
Depreciation	-	79,004	(79,004)	-	1,006	(1,006)
<u>Net operating income (loss)</u>	<u>(2,328)</u>	<u>(86,942)</u>	<u>(84,614)</u>	<u>(7,515)</u>	<u>15,208</u>	<u>22,723</u>
NONOPERATING REVENUES (EXPENSES):						
Transfer from (to) reserves	2,328	-	(2,328)	7,515	-	(7,515)
Transfer from (to) other funds	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-
Operating grants	-	-	-	-	-	-
Interest income	-	-	-	-	-	-
<u>Net nonoperating revenues (expenses)</u>	<u>2,328</u>	<u>-</u>	<u>(2,328)</u>	<u>7,515</u>	<u>-</u>	<u>(7,515)</u>
<u>Net income (loss)</u>	<u>\$ -</u>	<u>\$ (86,942)</u>	<u>\$ (86,942)</u>	<u>\$ -</u>	<u>\$ 15,208</u>	<u>\$ 15,208</u>
OTHER BUDGETED EXPENDITURES:						
Capital outlay	\$ -			\$ -		
<u>Total other budgeted expenditures</u>	<u>-</u>			<u>-</u>		
<u>Budgeted net income (loss)</u>	<u>\$ -</u>			<u>\$ -</u>		

<u>Mystic Harbour Service Area</u>			<u>Lighthouse Sound Service Area</u>			<u>Riddle Farm Service Area</u>		
Original/ Final <u>Budget</u>	<u>Actual</u>	Variance with Final <u>Budget</u>	Original/ Final <u>Budget</u>	<u>Actual</u>	Variance with Final <u>Budget</u>	Original/ Final <u>Budget</u>	<u>Actual</u>	Variance with Final <u>Budget</u>
\$ 1,207,080	\$ 1,392,401	\$ 185,321	\$ 99,840	\$ 100,055	\$ 215	\$558,320	\$ 785,370	\$ 227,050
15,000	12,528	(2,472)	700	999	299	5,000	5,117	117
-	484,997	484,997	-	1,513	1,513	-	12,846	12,846
<u>1,222,080</u>	<u>1,889,926</u>	<u>667,846</u>	<u>100,540</u>	<u>102,567</u>	<u>2,027</u>	<u>563,320</u>	<u>803,333</u>	<u>240,013</u>
474,604	444,273	30,331	47,784	57,882	(10,098)	256,453	300,148	(43,695)
221,070	198,127	22,943	12,083	8,194	3,889	72,497	78,582	(6,085)
579,632	665,794	(86,162)	31,937	28,314	3,623	236,604	421,111	(184,507)
18,896	16,644	2,252	1,225	539	686	5,319	17,964	(12,645)
89,296	89,116	180	3,362	3,395	(33)	22,579	22,599	(20)
<u>1,383,498</u>	<u>1,413,954</u>	<u>(30,456)</u>	<u>96,391</u>	<u>98,324</u>	<u>(1,933)</u>	<u>593,452</u>	<u>840,404</u>	<u>(246,952)</u>
(161,418)	475,972	637,390	4,149	4,243	94	(30,132)	(37,071)	(6,939)
-	600,300	(600,300)	-	-	-	-	555,967	(555,967)
<u>(161,418)</u>	<u>(124,328)</u>	<u>37,090</u>	<u>4,149</u>	<u>4,243</u>	<u>94</u>	<u>(30,132)</u>	<u>(593,038)</u>	<u>(562,906)</u>
191,418	-	(191,418)	(4,149)	-	4,149	65,132	-	(65,132)
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	97	97	-	-	-	-	526	526
<u>191,418</u>	<u>97</u>	<u>(191,321)</u>	<u>(4,149)</u>	<u>-</u>	<u>4,149</u>	<u>65,132</u>	<u>526</u>	<u>(64,606)</u>
<u>\$ 30,000</u>	<u>\$ (124,231)</u>	<u>\$ (154,231)</u>	<u>\$ -</u>	<u>\$ 4,243</u>	<u>\$ 4,243</u>	<u>\$ 35,000</u>	<u>\$(592,512)</u>	<u>\$(627,512)</u>
<u>\$ (30,000)</u>			<u>\$ -</u>			<u>\$ (35,000)</u>		
<u>(30,000)</u>			<u>-</u>			<u>(35,000)</u>		
<u>\$ -</u>			<u>\$ -</u>			<u>\$ -</u>		

WORCESTER COUNTY, MARYLAND
SCHEDULE OF REVENUES AND EXPENSES
BUDGET AND ACTUAL - OPERATING FUNDS
DEPARTMENT OF WATER AND WASTEWATER SERVICES
Year Ended June 30, 2020
(CONTINUED)

	The Landings Service Area			Support Group		
	Original/ Final <u>Budget</u>	<u>Actual</u>	Variance with Final <u>Budget</u>	Original/ Final <u>Budget</u>	<u>Actual</u>	Variance with Final <u>Budget</u>
OPERATING REVENUES:						
Charges for service	\$ 313,180	\$ 314,869	\$ 1,689	\$ -	\$ -	\$ -
Interest and penalties	5,000	1,680	(3,320)	-	-	-
Other revenue	-	14,016	14,016	-	137,285	137,285
Total operating revenues	318,180	330,565	12,385	-	137,285	137,285
OPERATING EXPENSES:						
Personnel services	186,865	143,058	43,807	-	3,369	(3,369)
Supplies and materials	62,637	17,202	45,435	-	-	-
Maintenance and services	180,279	134,508	45,771	-	886	(886)
Other charges	3,002	1,611	1,391	-	-	-
Interfund charges	7,952	7,949	3	-	-	-
Total operating expenses	440,735	304,328	136,407	-	4,255	(4,255)
Operating income (loss) before depreciation	(122,555)	26,237	148,792	-	133,030	133,030
Depreciation	-	241,308	(241,308)	-	123,442	(123,442)
Net operating income (loss)	(122,555)	(215,071)	(92,516)	-	9,588	9,588
NONOPERATING REVENUES (EXPENSES):						
Transfer from (to) reserves	122,555	-	(122,555)	-	-	-
Transfer from (to) other funds	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-
Operating grants	-	-	-	-	-	-
Interest income	-	-	-	-	-	-
Net nonoperating revenues (expenses)	122,555	-	(122,555)	-	-	-
Net income (loss)	\$ -	\$ (215,071)	\$(215,071)	\$ -	\$ 9,588	\$ 9,588
OTHER BUDGETED EXPENDITURES:						
Capital outlay	\$ -			\$ -		
Total other budgeted expenditures	-			-		
Budgeted net income (loss)	\$ -			\$ -		

<u>Shared Facilities</u>			<u>Combined Totals</u>		
<u>Original/ Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>	<u>Original/ Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
\$ -	\$ -	\$ -	\$ 11,633,544	\$ 12,214,817	\$ 581,273
-	-	-	137,250	108,250	(29,000)
-	16,562	16,562	167,875	1,416,437	1,248,562
-	16,562	16,562	11,938,669	13,739,504	1,800,835
-	635	(635)	5,082,215	4,614,627	467,588
-	-	-	948,831	906,563	42,268
-	5,625	(5,625)	4,541,780	4,636,274	(94,494)
-	-	-	154,951	150,001	4,950
-	-	-	760,517	760,516	1
-	6,260	(6,260)	11,488,294	11,067,981	420,313
-	10,302	10,302	450,375	2,671,523	2,221,148
-	-	-	-	3,459,902	(3,459,902)
-	10,302	10,302	450,375	(788,379)	(1,238,754)
-	-	-	344,525	-	(344,525)
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	28,000	28,000	-
-	-	-	15,000	19,785	4,785
-	-	-	387,525	47,785	(339,740)
\$ -	\$ 10,302	\$ 10,302	\$ 837,900	\$ (740,594)	\$ (1,578,494)
\$ -			\$ (837,900)		
-			(837,900)		
\$ -			\$ -		

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, 2020

	West Ocean City S.A.	Ocean Pines S.A.	Oyster Harbor S.A.	Newark Service Area
Revenues:				
Debt service revenue	\$ -	\$ 1,377,727	\$ 51,408	\$ 22,572
Other revenues	-	73,216	-	-
Total revenues	-	1,450,943	51,408	22,572
Operating income (loss)	-	1,450,943	51,408	22,572
Nonoperating income (expense):				
Interest on investments	739	93,835	430	7
Bond interest expense	(690)	(356,292)	(3,471)	(3,210)
Transfers from (to) other funds	-	-	-	-
Total nonoperating income (expense)	49	(262,457)	(3,041)	(3,203)
Change in net position	49	1,188,486	48,367	19,369
Net position (deficit), beginning	44,899	(2,231,404)	(51,629)	(201,752)
Net position (deficit), ending	\$ 44,948	\$ (1,042,918)	\$ (3,262)	\$ (182,383)

Mystic Harbour S.A.	Snug Harbor S.A.	Riddle Farm S.A.	Total
\$ 424,768	\$ 34,938	\$ 24,903	\$ 1,936,316
463,726	1,799	2,421	541,162
<hr/> 888,494	<hr/> 36,737	<hr/> 27,324	<hr/> 2,477,478
<hr/> 888,494	<hr/> 36,737	<hr/> 27,324	<hr/> 2,477,478
31,295	-	4,189	130,495
(270,727)	(2,465)	(9,354)	(646,209)
<hr/> -	<hr/> -	<hr/> -	<hr/> -
<hr/> (239,432)	<hr/> (2,465)	<hr/> (5,165)	<hr/> (515,714)
649,062	34,272	22,159	1,961,764
<hr/> (9,611,181)	<hr/> (163,828)	<hr/> (2,388)	<hr/> (12,217,283)
<hr/> <hr/> \$ (8,962,119)	<hr/> <hr/> \$ (129,556)	<hr/> <hr/> \$ 19,771	<hr/> <hr/> \$ (10,255,519)

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, 2020

	Original/ Final <u>Budget</u>	<u>Actual</u>	Variance with Final <u>Budget</u>
Operating revenues:			
Licenses and permits	\$ 6,000	\$ 4,275	\$ (1,725)
Stump, yard waste, and mulch revenue	35,000	59,008	24,008
Interest and penalties on overdue accounts	2,000	2,279	279
Interfund charges	432,746	432,746	-
Other revenue	255,500	43,791	(211,709)
Tipping fees	3,771,000	3,960,872	189,872
<u>Total operating revenues</u>	<u>4,502,246</u>	<u>4,502,971</u>	<u>725</u>
<u>Total operating expenses</u>	<u>2,697,881</u>	<u>1,600,884</u>	<u>1,096,997</u>
Operating income (loss) before depreciation	1,804,365	2,902,087	1,097,722
<u>Depreciation</u>	<u>-</u>	<u>1,102,167</u>	<u>(1,102,167)</u>
Operating income (loss)	1,804,365	1,799,920	(4,445)
Nonoperating income (expense):			
Interest on investments	500	63,550	63,050
Transfer to reserves	(884,365)	-	884,365
Contribution of capital assets	-	(2,582,957)	(2,582,957)
Interest expense	(920,500)	(272,311)	648,189
<u>Total nonoperating income (expense)</u>	<u>(1,804,365)</u>	<u>(2,791,718)</u>	<u>(987,353)</u>
<u>Change in net position</u>	<u>\$ -</u>	<u>(991,798)</u>	<u>\$ (991,798)</u>
Net position, beginning		<u>1,935,388</u>	
Net position, ending		<u>\$ 943,590</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, 2020

(CONTINUED)

	Original/ Final <u>Budget</u>	<u>Actual</u>	Variance with Final <u>Budget</u>
Expenses:			
Department: Administration			
Salaries	\$ 118,832	\$ 110,335	\$ 8,497
Benefits	85,655	76,380	9,275
Salaries and benefits - Treasurer's support	46,955	52,269	(5,314)
Salaries and benefits - Public Works and administrative support	119,610	114,733	4,877
Administrative expenses	18,575	14,179	4,396
Audit services	11,500	12,600	(1,100)
Insurance	12,250	11,881	369
Solid waste committee	1,500	400	1,100
Supplies	866	743	123
Uniforms	700	648	52
	<u>416,443</u>	<u>394,168</u>	<u>22,275</u>
Department: Solid Waste			
Salaries	669,247	501,910	167,337
Benefits	478,792	362,325	116,467
Buildings and grounds	135,000	83,331	51,669
Capital equipment	155,000	-	155,000
Closure and post-closure costs	-	(461,149)	461,149
Consulting services	125,000	156,350	(31,350)
Fuel	200,000	99,932	100,068
Leachate expense	225,000	215,074	9,926
Safety expense	2,000	427	1,573
Supplies and equipment	12,000	7,623	4,377
Telephone	4,000	2,955	1,045
Training	1,649	526	1,123
Uniforms	8,750	4,015	4,735
Utilities	30,000	19,263	10,737
Vehicle and heavy equipment maintenance	235,000	214,134	20,866
	<u>2,281,438</u>	<u>1,206,716</u>	<u>1,074,722</u>
Total operating expenses	\$ 2,697,881	\$ 1,600,884	\$ 1,096,997

WORCESTER COUNTY, MARYLAND
 SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN FUND
 NET POSITION BY OPERATING STORE - BUDGET AND ACTUAL
 DEPARTMENT OF LIQUOR CONTROL
 Year Ended June 30, 2020

	Original/ Final <u>Budget</u>	<u>Actual</u>	Variance with Final <u>Budget</u>
Sales:			
Pocomoke City	\$ 915,000	\$ 943,865	\$ 28,865
Total sales	915,000	943,865	28,865
Miscellaneous revenues	-	96,958	96,958
Total operating revenues	915,000	1,040,823	125,823
Cost of goods sold	622,200	685,411	(63,211)
Gross profit	292,800	355,412	62,612
Total operating expenses	202,788	305,630	(102,842)
Operating income (loss) before general expenses	90,012	49,782	(40,230)
General expenses	56,800	44,210	12,590
Operating income (loss)	33,212	5,572	(27,640)
Distributions to municipalities	(33,212)	-	33,212
<u>Change in net position after distributions</u>	<u>\$ -</u>	<u>5,572</u>	<u>\$ 5,572</u>
Net deficit, beginning		<u>(704,535)</u>	
Net deficit, ending		<u>\$ (698,963)</u>	

WORCESTER COUNTY, MARYLAND
SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN FUND
NET POSITION BY OPERATING STORE - BUDGET AND ACTUAL
DEPARTMENT OF LIQUOR CONTROL
Year Ended June 30, 2020
(CONTINUED)

	<u>Original/ Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Expenses:			
Store: Pocomoke City			
Salaries	\$ 64,148	\$ 59,148	\$ 5,000
Payroll taxes and benefits	22,500	19,673	2,827
Bank fees	14,000	14,527	(527)
Outsourced labor	80,000	90,247	(10,247)
Repairs and maintenance	5,000	7,690	(2,690)
Security	300	320	(20)
Supplies	2,140	4,495	(2,355)
Telephone	3,200	3,564	(364)
Utilities	11,500	8,976	2,524
	<u>202,788</u>	<u>208,640</u>	<u>(5,852)</u>
Store: 16th Street - Ocean City			
Rent	-	96,990	(96,990)
	-	96,990	(96,990)
Total expenses	\$ 202,788	\$ 305,630	\$ (102,842)

WORCESTER COUNTY, MARYLAND
 SCHEDULE OF GENERAL EXPENSES - BUDGET AND ACTUAL
 DEPARTMENT OF LIQUOR CONTROL
 Year Ended June 30, 2020

	Original/ Final <u>Budget</u>	<u>Actual</u>	Variance with Final <u>Budget</u>
General and administrative expenses:			
Salaries and benefits - Treasurer's support	\$ 11,069	\$ 11,069	\$ -
Salaries and benefits - Public works and administrative support	3,031	3,031	-
Group insurance	2,000	1,911	89
Advertising	5,000	9,300	(4,300)
Depreciation	-	15,960	(15,960)
Dues	-	24	(24)
Professional fees	35,000	2,080	32,920
Travel	500	721	(221)
Uniforms	200	114	86
Total general and administrative expenses	\$ 56,800	\$ 44,210	\$ 12,590

WORCESTER COUNTY, MARYLAND
SCHEDULE OF REVENUES AND EXPENSES BY STORE
DEPARTMENT OF LIQUOR CONTROL
Year Ended June 30, 2020

	2020 Total	Percentage	Total Retail	Pocomoke City	16th Street
Sales:					
Retail, less discounts	\$ 943,865		\$ 943,865	\$ 943,865	\$ -
Net sales	943,865		943,865	943,865	-
Miscellaneous revenues	96,958		96,958	1,063	95,895
Net revenues	1,040,823	100.00%	1,040,823	944,928	95,895
Cost of sales	685,411	65.85%	685,411	685,411	-
Gross profit	355,412	34.15%	355,412	259,517	95,895
Store expenses:					
Salaries	59,148	5.68%	59,148	59,148	-
Credit card and bank fees	14,527	1.40%	14,527	14,527	-
Utilities	8,976	0.86%	8,976	8,976	-
Payroll taxes and benefits	19,673	1.89%	19,673	19,673	-
Outsourced labor	90,247	8.67%	90,247	90,247	-
Rent	96,990	9.32%	96,990	-	96,990
Repairs and maintenance	7,690	0.74%	7,690	7,690	-
Security	320	0.03%	320	320	-
Supplies	4,495	0.43%	4,495	4,495	-
Telephone	3,564	0.34%	3,564	3,564	-
	305,630	29.36%	305,630	208,640	96,990
Loss after store expenses	49,782	4.78%	49,782	50,877	(1,095)
General expenses	44,210	4.25%	44,210	44,210	-
Net income (loss)	\$ 5,572	0.54%	\$ 5,572	\$ 6,667	\$ (1,095)

WORCESTER COUNTY, MARYLAND
 COMBINING STATEMENT OF FIDUCIARY NET POSITION
 AGENCY FUNDS
 June 30, 2020

	State of Maryland Property <u>Taxes</u>	Maryland Department of Motor Vehicles - <u>License Fees</u>	Tax Sale <u>Fund</u>	Development <u>Taxes</u>	Performance <u>Bonds</u>	Personal Property Tax <u>Liability</u>	Forest <u>Conservation</u>
ASSETS							
Cash and short-term investments	\$ -	\$ -	\$ 141,568	\$ 231,681	\$ 1,164,687	\$ 129,605	\$ 139,160
Taxes receivable	353,094	-	-	-	-	-	-
Total assets	353,094	-	141,568	231,681	1,164,687	129,605	139,160
LIABILITIES							
Due to other governmental units	353,094	-	-	82,281	-	-	-
Due to other funds	-	-	-	-	-	-	-
Other liabilities	-	-	141,568	149,400	1,164,687	129,605	139,160
Total liabilities	353,094	-	141,568	231,681	1,164,687	129,605	139,160
NET POSITION							
Restricted	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

<u>Bay Restoration</u>	<u>Snow Hill Property Tax</u>	<u>Berlin Property Tax</u>	<u>Pocomoke Property Tax</u>	<u>Ocean City Property Tax</u>	<u>Special Loans</u>	<u>Critical Areas</u>	<u>Seized Funds Pending Forfeiture</u>	<u>Total</u>
\$ 98,797	\$ -	\$ -	\$ -	\$ -	\$ 611	\$ 77,817	\$ 309,251	\$ 2,293,177
94,907	46,732	65,105	183,745	623,087	-	-	-	1,366,670
193,704	46,732	65,105	183,745	623,087	611	77,817	309,251	3,659,847
193,704	46,732	65,105	183,745	623,087	-	-	-	1,547,748
-	-	-	-	-	-	-	-	-
-	-	-	-	-	611	77,817	309,251	2,112,099
193,704	46,732	65,105	183,745	623,087	611	77,817	309,251	3,659,847
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

WORCESTER COUNTY, MARYLAND

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES

AGENCY FUNDS

Year Ended June 30, 2020

	Cash	Taxes Receivable	Due from	Total Assets
MARYLAND STATE PROPERTY TAX				
Balance 7/1/2019	\$ -	\$ 390,750	\$ -	\$ 390,750
Additions	-	17,390,378	-	17,390,378
Deductions	-	(17,428,034)	-	(17,428,034)
Balance 6/30/2020	<u>\$ -</u>	<u>\$ 353,094</u>	<u>\$ -</u>	<u>\$ 353,094</u>
MARYLAND VEHICLE - LICENSE FEES				
Balance 7/1/2019	\$ 8,833	\$ -	\$ -	\$ 8,833
Additions	195,409	-	-	195,409
Deductions	(204,242)	-	-	(204,242)
Balance 6/30/2020	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
TAX SALE FUND				
Balance 7/1/2019	\$ 428,360	\$ -	\$ -	\$ 428,360
Additions	162,496	-	-	162,496
Deductions	(449,288)	-	-	(449,288)
Balance 6/30/2020	<u>\$ 141,568</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 141,568</u>
DEVELOPMENT TAXES				
Balance 7/1/2019	\$ 27,740	\$ -	\$ -	\$ 27,740
Additions	234,583	-	-	234,583
Deductions	(30,642)	-	-	(30,642)
Balance 6/30/2020	<u>\$ 231,681</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 231,681</u>
PERFORMANCE BONDS				
Balance 7/1/2019	\$ 1,295,468	\$ -	\$ -	\$ 1,295,468
Additions	181,903	-	-	181,903
Deductions	(312,684)	-	-	(312,684)
Balance 6/30/2020	<u>\$ 1,164,687</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,164,687</u>
PERSONAL PROPERTY TAX LIABILITY				
Balance 7/1/2019	\$ 145,933	\$ -	\$ -	\$ 145,933
Additions	26,500	-	-	26,500
Deductions	(42,828)	-	-	(42,828)
Balance 6/30/2020	<u>\$ 129,605</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 129,605</u>
FOREST CONSERVATION				
Balance 7/1/2019	\$ 115,798	\$ -	\$ -	\$ 115,798
Additions	23,362	-	-	23,362
Deductions	-	-	-	-
Balance 6/30/2020	<u>\$ 139,160</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 139,160</u>

Due to Other Funds	Due to Other Governments	Other Liabilities	Total Liabilities
\$ -	\$ 390,750	\$ -	\$ 390,750
-	17,428,034	-	17,428,034
-	(17,465,690)	-	(17,465,690)
<u>\$ -</u>	<u>\$ 353,094</u>	<u>\$ -</u>	<u>\$ 353,094</u>
\$ -	\$ 8,833	\$ -	\$ 8,833
-	186,576	-	186,576
-	(195,409)	-	(195,409)
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ -	\$ -	\$ 428,360	\$ 428,360
-	-	162,496	162,496
-	-	(449,288)	(449,288)
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 141,568</u>	<u>\$ 141,568</u>
\$ -	\$ -	\$ 27,740	\$ 27,740
-	82,281	234,583	316,864
-	-	(112,923)	(112,923)
<u>\$ -</u>	<u>\$ 82,281</u>	<u>\$ 149,400</u>	<u>\$ 231,681</u>
\$ -	\$ -	\$ 1,295,468	\$ 1,295,468
-	-	181,903	181,903
-	-	(312,684)	(312,684)
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,164,687</u>	<u>\$ 1,164,687</u>
\$ -	\$ -	\$ 145,933	\$ 145,933
-	-	26,500	26,500
-	-	(42,828)	(42,828)
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 129,605</u>	<u>\$ 129,605</u>
\$ -	\$ -	\$ 115,798	\$ 115,798
-	-	23,362	23,362
-	-	-	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 139,160</u>	<u>\$ 139,160</u>

WORCESTER COUNTY, MARYLAND

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 AGENCY FUNDS
 Year Ended June 30, 2020
 (CONTINUED)

	Cash	Taxes Receivable	Due from	Total Assets
BAY RESTORATION				
Balance 7/1/2019	\$ 100,818	\$ 93,876	\$ -	\$ 194,694
Additions	262,119	712,036	-	974,155
Deductions	(264,140)	(711,005)	-	(975,145)
Balance 6/30/2020	<u>\$ 98,797</u>	<u>\$ 94,907</u>	<u>\$ -</u>	<u>\$ 193,704</u>
SNOW HILL PROPERTY TAX				
Balance 7/1/2019	\$ -	\$ 33,020	\$ -	\$ 33,020
Additions	-	948,989	-	948,989
Deductions	-	(935,277)	-	(935,277)
Balance 6/30/2020	<u>\$ -</u>	<u>\$ 46,732</u>	<u>\$ -</u>	<u>\$ 46,732</u>
BERLIN PROPERTY TAX				
Balance 7/1/2019	\$ -	\$ 64,059	\$ -	\$ 64,059
Additions	-	3,575,761	-	3,575,761
Deductions	-	(3,574,715)	-	(3,574,715)
Balance 6/30/2020	<u>\$ -</u>	<u>\$ 65,105</u>	<u>\$ -</u>	<u>\$ 65,105</u>
POCOMOKE PROPERTY TAX				
Balance 7/1/2019	\$ -	\$ 157,850	\$ -	\$ 157,850
Additions	-	2,611,038	-	2,611,038
Deductions	-	(2,585,143)	-	(2,585,143)
Balance 6/30/2020	<u>\$ -</u>	<u>\$ 183,745</u>	<u>\$ -</u>	<u>\$ 183,745</u>
OCEAN CITY PROPERTY TAX				
Balance 7/1/2019	\$ -	\$ 877,449	\$ -	\$ 877,449
Additions	-	42,134,824	-	42,134,824
Deductions	-	(42,389,186)	-	(42,389,186)
Balance 6/30/2020	<u>\$ -</u>	<u>\$ 623,087</u>	<u>\$ -</u>	<u>\$ 623,087</u>
SPECIAL LOANS				
Balance 7/1/2019	\$ 15,857	\$ -	\$ -	\$ 15,857
Additions	153,588	-	-	153,588
Deductions	(168,834)	-	-	(168,834)
Balance 6/30/2020	<u>\$ 611</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 611</u>
CRITICAL AREAS				
Balance 7/1/2019	\$ 76,152	\$ -	\$ -	\$ 76,152
Additions	1,665	-	-	1,665
Deductions	-	-	-	-
Balance 6/30/2020	<u>\$ 77,817</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 77,817</u>

Due to Other Funds	Due to Other Governments	Other Liabilities	Total Liabilities
\$ -	\$ 194,694	\$ -	\$ 194,694
-	720,829	-	720,829
-	(721,819)	-	(721,819)
<u>\$ -</u>	<u>\$ 193,704</u>	<u>\$ -</u>	<u>\$ 193,704</u>
\$ -	\$ 33,020	\$ -	\$ 33,020
-	948,989	-	948,989
-	(935,277)	-	(935,277)
<u>\$ -</u>	<u>\$ 46,732</u>	<u>\$ -</u>	<u>\$ 46,732</u>
\$ -	\$ 64,059	\$ -	\$ 64,059
-	3,575,761	-	3,575,761
-	(3,574,715)	-	(3,574,715)
<u>\$ -</u>	<u>\$ 65,105</u>	<u>\$ -</u>	<u>\$ 65,105</u>
\$ -	\$ 157,850	\$ -	\$ 157,850
-	2,611,038	-	2,611,038
-	(2,585,143)	-	(2,585,143)
<u>\$ -</u>	<u>\$ 183,745</u>	<u>\$ -</u>	<u>\$ 183,745</u>
\$ -	\$ 877,449	\$ -	\$ 877,449
-	42,134,824	-	42,134,824
-	(42,389,186)	-	(42,389,186)
<u>\$ -</u>	<u>\$ 623,087</u>	<u>\$ -</u>	<u>\$ 623,087</u>
\$ -	\$ -	\$ 15,857	\$ 15,857
-	-	153,588	153,588
-	-	(168,834)	(168,834)
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 611</u>	<u>\$ 611</u>
\$ -	\$ -	\$ 76,152	\$ 76,152
-	-	1,665	1,665
-	-	-	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 77,817</u>	<u>\$ 77,817</u>

WORCESTER COUNTY, MARYLAND

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES

AGENCY FUNDS

Year Ended June 30, 2020

(CONTINUED)

	Cash	Taxes Receivable	Due from	Total Assets
SEIZED FUNDS PENDING FORFEITURE				
Balance 7/1/2019	\$ 325,316	\$ -	\$ -	\$ 325,316
Additions	242,025	-	-	242,025
Deductions	(258,090)	-	-	(258,090)
Balance 6/30/2020	<u>\$ 309,251</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 309,251</u>
OCEAN CITY FOOD TAX				
Balance 7/1/2019	\$ -	\$ -	\$ -	\$ -
Additions	-	1,323,530	-	1,323,530
Deductions	-	(1,323,530)	-	(1,323,530)
Balance 6/30/2020	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
SNOW HILL ROOM TAX				
Balance 7/1/2019	\$ -	\$ -	\$ -	\$ -
Additions	-	8,872	-	8,872
Deductions	-	(8,872)	-	(8,872)
Balance 6/30/2020	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
BERLIN ROOM TAX				
Balance 7/1/2019	\$ -	\$ -	\$ -	\$ -
Additions	-	35,366	-	35,366
Deductions	-	(35,366)	-	(35,366)
Balance 6/30/2020	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
POCOMOKE ROOM TAX				
Balance 7/1/2019	\$ -	\$ -	\$ -	\$ -
Additions	-	124,670	-	124,670
Deductions	-	(124,670)	-	(124,670)
Balance 6/30/2020	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
OCEAN CITY ROOM TAX				
Balance 7/1/2019	\$ -	\$ -	\$ -	\$ -
Additions	-	15,118,625	-	15,118,625
Deductions	-	(15,118,625)	-	(15,118,625)
Balance 6/30/2020	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
TOTALS				
Balance 7/1/2019	\$ 2,540,275	\$ 1,617,004	\$ -	\$ 4,157,279
Additions	1,483,650	83,984,089	-	85,467,739
Deductions	(1,730,748)	(84,234,423)	-	(85,965,171)
Balance 6/30/2020	<u>\$ 2,293,177</u>	<u>\$ 1,366,670</u>	<u>\$ -</u>	<u>\$ 3,659,847</u>

Due to Other Funds	Due to Other Governments	Other Liabilities	Total Liabilities
\$ -	\$ -	\$ 325,316	\$ 325,316
-	-	240,107	240,107
-	-	(256,172)	(256,172)
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 309,251</u>	<u>\$ 309,251</u>
\$ -	\$ -	\$ -	\$ -
-	1,323,530	-	1,323,530
-	(1,323,530)	-	(1,323,530)
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ -	\$ -	\$ -	\$ -
-	8,872	-	8,872
-	(8,872)	-	(8,872)
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ -	\$ -	\$ -	\$ -
-	35,366	-	35,366
-	(35,366)	-	(35,366)
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ -	\$ -	\$ -	\$ -
-	124,670	-	124,670
-	(124,670)	-	(124,670)
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ -	\$ -	\$ -	\$ -
-	15,118,625	-	15,118,625
-	(15,118,625)	-	(15,118,625)
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ -	\$ 1,726,655	\$ 2,430,624	\$ 4,157,279
-	84,299,395	1,024,204	85,323,599
-	(84,478,302)	(1,342,729)	(85,821,031)
<u>\$ -</u>	<u>\$ 1,547,748</u>	<u>\$ 2,112,099</u>	<u>\$ 3,659,847</u>

WORCESTER COUNTY, MARYLAND

SCHEDULE OF ASSESSABLE BASE

GENERAL FUND

Year Ended June 30, 2020

	<u>Full-Year Assessment</u>	<u>Half-Year Assessment</u>	<u>Total</u>
Real property	\$ 15,903,354,793	\$ 62,479,052	\$ 15,965,833,845
Personal property - individuals and firms - all districts	16,109,633	-	16,109,633
Railroads and public utilities	173,569,220	-	173,569,220
Railroads and public utilities - reduced rate	706,390	-	706,390
Ordinary business corporations	213,178,490	-	213,178,490
Total	\$ 16,306,918,526	\$ 62,479,052	\$ 16,369,397,578

Computation of Taxes for County Purposes

\$15,903,354,793 assessable base at \$0.845 per \$100 base (full-year)	\$ 134,383,348
\$402,857,343 assessable base at \$2.1125 per \$100 base (full-year)	8,510,361
\$706,390 assessable base at \$0.845 per \$100 base (full-year)	5,969
\$62,479,052 assessable base at \$0.4225 per \$100 base (half-year)	263,974
	<u>143,163,652</u>
Adjustment for deferred property taxes receivable	130,526
Net additions and abatements	(119,650)
Total County taxes for the year ended June 30, 2020	\$ 143,174,528

WORCESTER COUNTY, MARYLAND
SCHEDULE OF ASSESSABLE BASES AND TAX LEVIES
GENERAL FUND
Fiscal Years Ended June 30, 2020

<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%

* 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, 2020

Levies of years ended June 30:

2020	\$ 2,825,514
2019	310,424
2018	56,379
2017	75,987
2016 and prior	179,535
<u>Total</u>	<u>\$ 3,447,839</u>

NOTES TO OTHER SUPPLEMENTARY INFORMATION

Note 1. Budgetary Basis

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

Budgetary Comparison Schedules:

- General Fund
- Department of Water and Wastewater Services
- Department of Solid Waste
- Department of Liquor Control

Note 2. Actual Expenditures over Budget

Expenditures in the General Fund exceeded the budget primarily related to increased room, income, and food taxes. Revenues related to room, income, and food taxes are collected by the County and offset the additional expenditures.

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>2011</u>	<u>2012</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>
Governmental activities										
Net investment in capital assets	\$ 100,290,019	\$ 99,870,348	\$ 90,110,170	\$ 86,424,881	\$ 86,671,386	\$ 77,759,097	\$ 82,846,858	\$ 86,692,388	\$ 89,332,799	\$ 97,904,523
Restricted	-	-	-	-	-	-	-	-	-	-
Unrestricted	4,029,977	11,260,873	21,389,838	(5,573,996)	(28,314,942)	(22,728,680)	(25,490,273)	(66,318,716)	(66,240,565)	(83,677,700)
Total governmental activities net position	<u>104,319,996</u>	<u>111,131,221</u>	<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>
Business-type activities										
Net investment in capital assets	55,935,777	54,334,765	59,302,023	53,642,591	55,184,962	53,420,609	58,358,305	61,943,999	61,719,892	57,912,012
Unrestricted	1,158,971	1,912,977	27,420	4,651,348	571,926	30,886	(3,737,553)	(4,778,123)	(1,937,328)	2,105,496
Total business-type activities net position	<u>57,094,748</u>	<u>56,247,742</u>	<u>59,329,443</u>	<u>58,293,939</u>	<u>55,756,888</u>	<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>
Primary government										
Net investment in capital assets	156,225,796	154,205,113	149,412,193	140,067,472	141,856,348	131,179,706	141,205,163	148,636,387	151,052,691	155,816,535
Restricted	-	-	-	-	-	-	-	-	-	-
Unrestricted	5,188,948	13,173,850	21,417,258	(922,648)	(27,743,016)	(22,697,794)	(29,227,826)	(71,096,839)	(68,177,893)	(81,572,204)
Total primary government net position	<u>\$ 161,414,744</u>	<u>\$ 167,378,963</u>	<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>

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									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Expenses										
Governmental activities:										
General government	\$ 37,627,186	\$ 38,001,439	\$ 38,915,371	\$ 41,815,245	\$ 38,635,684	\$ 44,076,570	\$ 44,311,285	\$ 38,378,190	\$ 27,275,158	\$ 23,725,666
Public safety	28,164,200	29,409,797	33,952,043	31,088,753	31,973,300	31,539,249	33,626,987	36,229,150	37,741,726	38,790,887
Public works	10,211,713	6,579,810	6,582,195	6,843,212	5,217,371	5,567,728	4,850,672	8,808,385	7,810,742	10,065,623
Health and hospitals	4,841,634	5,414,163	5,379,303	6,003,573	6,551,417	6,377,497	6,657,023	6,597,319	6,691,645	6,780,295
Social services	2,138,165	1,861,337	1,799,550	1,879,944	1,946,138	2,075,471	2,035,417	2,290,971	2,444,405	2,446,321
Education	85,169,388	75,683,870	77,254,710	84,004,053	100,313,254	93,437,468	94,649,729	92,556,477	99,447,577	127,270,912
Libraries, recreation and culture	5,479,418	5,301,793	5,322,151	5,438,515	6,092,227	5,258,231	5,905,393	6,049,573	7,147,979	7,873,319
Conservation of natural resources	587,200	661,679	226,121	241,883	375,697	497,939	425,671	712,005	849,887	840,547
Economic development	1,755,183	2,094,400	1,947,815	1,667,636	1,932,046	1,631,443	1,686,229	1,711,548	1,634,878	1,876,097
Interest on long-term debt	3,411,269	3,092,624	2,601,958	2,428,386	4,891,421	3,874,043	4,076,145	3,704,618	2,852,292	2,646,733
Total governmental activities expenses	<u>179,385,356</u>	<u>168,100,912</u>	<u>173,981,217</u>	<u>181,411,200</u>	<u>197,928,555</u>	<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>
Business-type activities:										
Department of Solid Waste	5,460,265	5,307,959	5,424,173	5,513,619	5,638,012	4,183,293	4,367,047	4,092,967	5,691,253	2,975,362
Department of Water and Wastewater	11,925,133	11,671,743	11,502,025	12,351,756	13,409,381	14,035,346	13,691,072	14,466,207	15,060,164	15,174,092
Department of Liquor Control	-	15,213,363	15,102,811	15,518,122	10,477,998	7,929,512	6,076,646	1,032,268	999,469	1,035,251
Total business-type activities expenses	<u>17,385,398</u>	<u>32,193,065</u>	<u>32,029,009</u>	<u>33,383,497</u>	<u>29,525,391</u>	<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>
Total primary government expenses	<u>\$ 196,770,754</u>	<u>\$ 200,293,977</u>	<u>\$ 206,010,226</u>	<u>\$ 214,794,697</u>	<u>\$ 227,453,946</u>	<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>
Program revenues										
Governmental activities:										
Charges for services:										
General government	\$ 1,758,641	\$ 1,873,888	\$ 1,932,275	\$ 2,010,031	\$ 2,081,072	\$ 2,053,695	\$ 2,087,794	\$ 2,276,106	\$ 2,062,878	\$ 1,851,965
Public safety	4,955,974	6,025,129	6,182,160	5,616,912	5,143,953	5,513,482	6,030,900	5,803,127	5,651,824	3,885,304
Public works	85,384	79,893	75,543	79,207	87,884	75,713	88,721	98,986	107,201	509,961
Health and hospitals	418,806	457,086	434,917	435,267	431,421	431,643	430,894	444,284	447,883	425,583
Libraries, recreation and culture	191,097	182,130	196,705	236,546	312,460	349,348	361,834	364,513	353,870	305,597
Economic development	25,935	49,840	17,833	22,230	38,184	8,747	17,615	20,046	35,608	33,829
Operating grants and contributions	5,243,439	4,257,505	4,181,653	4,154,275	5,132,554	5,244,177	5,559,621	7,131,615	7,483,844	9,097,988
Capital grants and contributions	4,446,811	2,078,722	1,546,506	1,220,927	1,861,970	1,936,382	1,984,522	2,932,654	1,043,469	942,814
Total governmental activities program revenues	<u>17,126,087</u>	<u>15,004,193</u>	<u>14,567,592</u>	<u>13,775,395</u>	<u>15,089,498</u>	<u>15,613,187</u>	<u>16,561,901</u>	<u>19,071,331</u>	<u>17,186,577</u>	<u>17,053,041</u>
Business-type activities:										
Charges for services:										
Department of Solid Waste	3,805,409	4,590,998	4,182,238	3,783,926	4,060,039	4,004,384	3,757,085	4,005,295	4,262,096	4,502,971
Department of Water and Wastewater	10,068,811	11,107,727	15,766,173	13,013,971	12,885,762	12,160,567	14,283,986	15,406,636	17,244,935	16,216,982
Department of Liquor Control	-	15,888,520	15,414,939	15,476,906	9,985,444	7,623,320	5,236,447	864,418	945,096	1,040,823
Operating grants and contributions	22,000	22,000	47,000	25,000	49,202	26,000	26,000	26,000	26,000	28,000
Total business-type activities program revenues	<u>13,896,220</u>	<u>31,609,245</u>	<u>35,410,350</u>	<u>32,299,803</u>	<u>26,980,447</u>	<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>
Total primary government program revenues	<u>\$ 31,022,307</u>	<u>\$ 46,613,438</u>	<u>\$ 49,977,942</u>	<u>\$ 46,075,198</u>	<u>\$ 42,069,945</u>	<u>\$ 39,427,458</u>	<u>\$ 39,865,419</u>	<u>\$ 39,373,680</u>	<u>\$ 39,664,704</u>	<u>\$ 38,841,817</u>
Net (expense)/revenue										
Governmental activities	\$ (162,259,269)	\$ (153,096,719)	\$ (159,413,625)	\$ (167,635,805)	\$ (182,839,057)	\$ (178,722,452)	\$ (181,662,650)	\$ (177,966,905)	\$ (176,709,712)	\$ (205,263,359)
Business-type activities	(3,489,178)	(583,820)	3,381,341	(1,083,694)	(2,544,944)	(2,333,880)	(831,247)	710,907	727,241	2,604,071
Total primary government net expense	<u>\$ (165,748,447)</u>	<u>\$ (153,680,539)</u>	<u>\$ (156,032,284)</u>	<u>\$ (168,719,499)</u>	<u>\$ (185,384,001)</u>	<u>\$ (181,056,332)</u>	<u>\$ (182,493,897)</u>	<u>\$ (177,255,998)</u>	<u>\$ (175,982,471)</u>	<u>\$ (202,659,288)</u>

	Fiscal Year									
	<u>2011</u>	<u>2012</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>
General revenues and other changes in net position										
Governmental activities:										
Property taxes	\$ 121,990,826	\$ 121,290,966	\$ 121,348,615	\$ 117,173,133	\$ 117,097,119	\$ 127,411,911	\$ 130,179,520	\$ 132,813,479	\$ 136,687,069	\$ 142,030,348
Local income tax	10,459,699	12,900,072	12,676,852	13,673,793	13,690,331	17,931,884	22,891,694	22,260,250	23,172,123	28,891,384
Other local taxes	23,513,666	23,111,431	25,047,347	24,324,762	25,418,688	28,239,135	30,136,897	30,555,387	13,986,660	13,543,200
State shared	804,689	687,960	904,365	891,106	931,712	942,464	936,535	-	-	-
Department of Liquor Control distribution	363,568	103,626	620,428	284,609	9,005	-	-	-	-	-
Gain (loss) on sale of capital assets	-	-	(1,665,007)	(250,000)	-	-	-	-	-	-
Transfers in (out)	649,917	-	-	-	-	-	(1,336,264)	(1,666,323)	(1,698,323)	2,582,957
Interest	216,726	283,728	193,101	194,221	180,030	207,071	476,064	1,059,323	2,163,658	1,966,015
Other	-	1,530,161	656,711	690,527	3,017,731	663,960	704,372	618,739	5,117,087	7,384,044
Total governmental activities	<u>157,999,091</u>	<u>159,907,944</u>	<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>
Business-type activities:										
Transfers in (out)	-	(675,340)	(321,854)	(10,984)	-	-	1,336,264	1,666,323	1,698,323	(2,582,957)
Other	-	-	-	-	-	-	588,168	-	-	-
Interest	20,043	12,334	22,214	59,174	7,893	28,487	76,072	167,894	191,124	213,830
Total business-type activities	<u>20,043</u>	<u>(663,006)</u>	<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>
Total primary government	<u>\$ 158,019,134</u>	<u>\$ 159,244,938</u>	<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>
Change in net position										
Governmental activities	\$ (4,260,178)	\$ 6,811,225	\$ 368,787	\$ (10,653,654)	\$ (22,494,441)	\$ (3,326,027)	\$ 2,326,168	\$ 7,673,950	\$ 2,718,562	\$ (8,865,411)
Business-type activities	(3,469,135)	(1,246,826)	3,081,701	(1,035,504)	(2,537,051)	(2,305,393)	1,169,257	2,545,124	2,616,688	234,944
Total primary government	<u>\$ (7,729,313)</u>	<u>\$ 5,564,399</u>	<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>\$ 5,335,250</u>	<u>\$ (8,630,467)</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									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
General Fund										
Nonspendable	\$ 130,079	\$ 110,609	\$ 102,938	\$ 103,849	\$ 5,255	\$ 106,655	\$ 134,238	\$ 59,544	\$ 8,556	\$ 47,892
Restricted										
Assigned	14,963,906	10,821,409	15,735,019	9,662,128	8,679,957	16,315,297	23,486,890	18,735,587	16,626,776	19,483,747
Unassigned	26,992,224	38,855,192	40,904,499	39,833,756	33,976,802	33,532,633	34,308,460	35,170,292	35,170,276	35,565,178
Total General Fund	42,086,209	49,787,210	56,742,456	49,599,733	42,662,014	49,954,585	57,929,588	53,965,423	51,805,608	55,096,817
All other governmental funds										
Restricted	1,225,068	-	-	42,954,786	31,685,392	18,055,520	1,655,852	-	34,728,744	9,259,319
Assigned	5,801,380	2,372,247	3,670,839	3,054,848	2,249,959	1,876,454	1,578,412	1,628,447	2,240,640	1,654,398
Unassigned	-	(599,589)	(1,247,996)	-	-	(13,457)	-	(554,039)	-	-
Total all other governmental funds	7,026,448	1,772,658	2,422,843	46,009,634	33,935,351	19,918,517	3,234,264	1,074,408	36,969,384	10,913,717
Total governmental funds	\$ 49,112,657	\$ 51,559,868	\$ 59,165,299	\$ 95,609,367	\$ 76,597,365	\$ 69,873,102	\$ 61,163,852	\$ 55,039,831	\$ 88,774,992	\$ 66,010,534

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

	Fiscal Year									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Revenues										
Property tax	\$ 122,233,623	\$ 121,243,588	\$ 121,570,804	\$ 117,311,193	\$ 117,963,356	\$ 127,061,276	\$ 130,270,802	\$ 132,742,340	\$ 137,214,614	\$ 142,160,874
Income tax	10,459,699	12,900,072	12,676,852	13,673,793	13,690,331	17,931,884	22,891,694	22,260,250	23,172,123	28,891,384
Room tax	12,449,817	13,262,770	13,632,599	14,127,887	14,707,093	15,564,805	16,398,656	16,877,349	1,043,596	984,669
Food tax	1,163,970	1,215,666	1,247,890	1,299,372	1,358,236	1,424,439	1,553,867	1,501,166	79,305	77,437
Transfer tax	3,194,074	2,595,376	2,912,623	3,165,274	3,278,524	4,158,215	4,271,320	4,400,977	4,631,429	4,680,904
Recordation tax	5,987,911	5,328,454	6,648,660	5,142,527	5,437,913	6,449,513	7,250,500	7,018,586	7,116,381	7,115,438
Other local taxes	717,894	709,165	605,575	589,702	636,922	642,163	662,554	757,309	1,115,949	684,752
Licenses and permits	1,735,427	1,739,111	1,756,502	1,854,757	1,917,527	1,896,140	1,964,838	2,131,974	1,959,788	2,027,965
* Intergovernmental	8,890,627	7,081,107	5,747,750	5,402,866	7,015,992	7,215,195	7,585,022	10,097,621	8,581,712	9,980,985
Service charges	6,002,590	6,833,192	8,417,639	7,521,417	6,915,882	7,265,304	7,778,109	6,647,971	6,459,709	4,775,728
Miscellaneous	817,611	1,673,075	830,237	869,043	741,127	894,974	946,352	857,191	5,604,217	8,194,012
Interest income	214,732	283,183	190,069	187,775	180,035	155,069	404,551	1,014,636	1,861,896	1,424,410
Total revenues	173,867,975	174,864,759	176,237,200	171,145,606	173,842,938	190,658,977	201,978,265	206,307,370	198,840,719	210,998,558
Expenditures										
General government	13,315,008	13,272,863	12,850,452	14,134,546	13,296,067	13,817,335	14,471,003	15,244,102	17,325,562	19,022,436
Public safety	25,877,097	26,513,127	31,157,171	28,621,374	29,173,284	30,032,349	31,692,896	33,806,134	35,402,667	36,183,713
Public works	5,569,252	4,273,829	4,641,049	4,726,992	5,104,405	5,533,978	6,593,857	6,868,097	6,773,851	8,749,324
Health and hospitals	4,937,219	4,900,545	5,060,999	5,472,143	6,083,778	5,972,819	6,136,576	6,352,671	6,218,443	6,193,861
Social services	2,138,165	1,861,337	1,799,550	1,879,944	1,946,138	2,075,471	2,035,417	2,036,763	2,444,405	2,446,321
Education	74,817,429	75,683,870	77,254,710	80,510,956	100,313,254	93,437,468	85,965,082	92,556,477	99,447,577	127,270,912
Libraries, recreation and culture	5,141,859	5,133,304	4,674,945	5,517,089	6,052,818	6,041,560	5,376,686	5,529,816	6,695,951	7,184,206
Conservation of natural resources	587,200	661,679	226,121	241,883	375,697	497,939	425,671	712,005	849,887	840,547
Economic development	1,426,683	1,762,761	1,897,159	1,610,180	1,874,591	1,590,410	1,624,752	1,652,589	1,577,718	1,822,959
Distributions to municipalities	19,357,791	20,317,357	20,450,152	21,871,051	22,572,176	23,471,593	24,828,030	25,062,659	8,032,840	8,314,671
Debt service interest	3,485,302	3,166,657	2,675,991	2,908,091	4,249,246	3,540,622	3,742,724	3,371,197	3,327,448	3,821,328
Debt service principal	7,522,974	7,824,044	7,393,498	7,628,103	9,487,482	7,940,134	8,197,986	8,952,180	8,654,694	9,397,476
Capital projects	13,754,003	7,046,175	3,084,228	7,788,332	2,005,481	3,431,562	18,009,658	8,620,378	6,699,794	2,515,262
Total expenditures	177,929,982	172,417,548	173,166,025	182,910,684	202,534,417	197,383,240	209,100,338	210,765,068	203,450,837	233,763,016
Excess of revenues over (under) expenditures	(4,062,007)	2,447,211	3,071,175	(11,765,078)	(28,691,479)	(6,724,263)	(7,122,073)	(4,457,698)	(4,610,118)	(22,764,458)
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	20,328,314	11,214,335	11,467,814	14,458,054	19,908,436	17,469,180	17,469,746	22,440,497	19,872,169	20,394,209
Transfers out	(20,328,314)	(11,214,335)	(11,467,814)	(14,458,054)	(19,908,436)	(17,469,180)	(19,056,923)	(24,106,820)	(21,570,492)	(20,394,209)
Total other financing sources (uses)	-	-	4,534,256	48,209,146	9,679,477	-	(1,587,177)	(1,666,323)	38,345,279	-
Net change in fund balances	\$ (4,062,007)	\$ 2,447,211	\$ 7,605,431	\$ 36,444,068	\$ (19,012,002)	\$ (6,724,263)	\$ (8,709,250)	\$ (6,124,021)	\$ 33,735,161	\$ (22,764,458)
Debt service as a percentage of noncapital expenditures	6.28%	6.52%	5.88%	5.84%	6.86%	5.97%	6.00%	6.10%	6.48%	6.77%

* 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
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	0.77	0.112
2014	14,755,590,502	17,112,844	297,149,958	15,069,853,304	0.77	0.112
2013	15,462,442,895	15,847,573	297,224,707	15,775,515,175	0.70	0.112
2012	17,207,677,633	16,321,783	298,394,546	17,522,393,962	0.70	0.112
2011	17,829,124,045	16,428,122	284,635,088	18,130,187,255	0.70	0.112

Source: State of Maryland, Department of Assessments and Taxation

Note: * Per \$100 of value

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

	Year Taxes Are Payable									
	<u>2011</u>	<u>2012</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>
County Direct Rates										
General	\$ 0.70	\$ 0.70	\$ 0.77	\$ 0.77	\$ 0.77	\$ 0.835	\$ 0.835	\$ 0.835	\$ 0.835	\$ 0.845
Town Rates										
Berlin	0.73	0.73	0.68	0.68	0.68	0.68	0.68	0.68	0.68	0.80
Ocean City	0.395	0.395	0.4585	0.472	0.4704	0.478	0.4656	0.4656	0.4656	0.4559
Pocomoke	0.76	0.75	0.82	0.82	0.9285	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 Nine Years Ago

Taxpayer	Fiscal Year 2020			Fiscal Year 2011		
	Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Delmarva Power	\$ 88,904,720	1	0.54%	\$ 44,117,850	2	0.24%
Harrison Inn Stardust	64,415,200	2	0.39%	61,892,862	1	0.34%
Sun TRS Frontier LLC	43,187,263	3	0.26%			
Americana Stowaway Motel Inc.	40,774,833	4	0.25%	24,444,150	5	0.13%
Sun TRS Castaways LLC	35,914,767	5	0.22%			
91st Street Joint Venture	35,325,800	6	0.22%	28,948,700	4	0.16%
Ocean Enterprise 589 LLC	34,356,700	7	0.21%			
Sandiper Energy	32,444,140	8	0.20%			
Choptank Electric Cooperative	28,393,570	9	0.17%			
Individual	26,365,367	10	0.16%	18,886,666	8	0.10%
Verizon Maryland				31,970,200	3	0.18%
L P B O C Hotel				22,540,620	6	0.12%
Harrison Hi 18 LLC				19,689,590	7	0.11%
Individual				18,171,500	9	0.10%
Harrison Inn Ocean View				18,164,600	10	0.10%
Total	\$ 430,082,360		2.63%	\$ 288,826,738		1.59%

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
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%
2012	120,824,876	117,865,015	97.55%	2,461,933	120,326,948	99.59%
2011	122,758,482	118,346,054	96.41%	2,936,982	121,283,036	98.80%

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	
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%
2011	2.00%	3.00%	4.00%	4.75%	4.75%	4.75%	4.75%	4.75%	1.25%
2010	2.00%	3.00%	4.00%	4.75%	4.75%	4.75%	4.75%	4.75%	1.25%

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
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%
2010	20,005	1,210,435,351	902,488,197	38,732,378	11,049,389	49,693,809	1.25%
2009	19,568	1,134,122,027	830,593,787	35,899,902	10,154,650	46,054,552	1.25%

Source: Revenue Administration Division, State of Maryland Comptroller's Office - 2018 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,
Last Year and Ten Years Ago

	Tax Year 2018					
	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	727	3.3%	\$ 431,496,820	31.1%	\$ 7,204,838	30.9%
\$100,000 - 249,999	3,244	14.9%	413,883,014	29.8%	7,059,573	30.3%
\$50,000 - 99,999	5,467	25.1%	308,949,934	22.3%	5,358,424	23.0%
\$25,000 - 49,999	6,789	31.2%	176,722,728	12.7%	2,838,743	12.2%
\$5,000 - 24,999	5,430	24.9%	55,776,991	4.0%	824,902	3.5%
Under \$5,000	109	0.5%	180,469	0.0%	3,025	0.0%
Totals	21,766	100.0%	\$ 1,387,009,956	100.0%	\$ 23,289,505	100.0%

	Tax Year 2008					
	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	586	2.9%	\$ 270,759,832	29.7%	\$ 3,384,499	30.3%
\$100,000 - 249,999	1,864	9.2%	192,724,579	21.2%	2,408,232	21.5%
\$50,000 - 99,999	4,963	24.5%	245,315,772	27.0%	3,066,412	27.4%
\$25,000 - 49,999	6,191	30.6%	142,486,843	15.7%	1,707,353	15.3%
\$5,000 - 24,999	6,500	32.1%	58,705,497	6.4%	615,226	5.5%
Under \$5,000	119	0.6%	207,736	0.0%	2,461	0.0%
Totals	20,223	100.0%	\$ 910,200,259	100.0%	\$ 11,184,183	100.0%

Source: Revenue Administration Division, State of Maryland Comptroller's Office - 2018 data is the most current available

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

Fiscal Year	Governmental Activities			Business-type Activities			Total Primary Government	Percentage of Personal Income	Bond/Lease Debt Per Capita
	General Obligation Bonds	Note Outstanding	Deferred Bond Premiums	General Obligation Bonds	Capital Leases	Deferred Bond Premiums (Costs)			
2020	\$ 92,882,538	\$ 421,777	\$ 10,313,760	\$ 23,634,612	\$ 1,615,768	\$ 1,466,408	130,334,863	4.14%	2,515
2019	102,279,413	437,024	11,488,355	24,968,024	1,725,689	1,560,386	142,458,891	4.74%	2,749
2018	76,854,107	451,661	6,395,561	20,591,706	1,874,810	688,717	106,856,562	3.55%	2,067
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
2012	70,701,211		701,272	19,348,694	1,239,613	(211,545)	91,779,245	3.68%	1,779
2011	78,525,255		775,305	15,053,052	1,574,530	(249,170)	95,678,972	4.22%	1,857

Notes: 2019 percentage of personal income calculated using 2018 personal income data, which is the most recent available

2019 bond/lease debt per capita calculated using 2018 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,
Last Ten Fiscal Years

Fiscal Year	General Obligation Bonds	Total Taxable Assessable Base	Percentage of Total Taxable Assessable Base	Population	Bond Debt Per Capita
2020	\$ 116,517,150	\$ 16,393,397,578	0.71%	*	2,248
2019	127,247,437	15,923,438,805	0.80%	51,823	2,455
2018	97,445,813	15,561,696,352	0.63%	51,823	1,894
2017	105,957,289	15,193,940,789	0.70%	51,443	2,060
2016	116,674,551	14,885,658,093	0.78%	51,444	2,268
2015	126,244,123	14,888,348,699	0.85%	51,540	2,449
2014	126,145,285	15,069,853,304	0.84%	51,675	2,441
2013	84,612,868	15,775,515,175	0.54%	51,620	1,639
2012	90,049,905	17,522,393,962	0.51%	51,578	1,746
2011	93,578,307	18,130,187,255	0.52%	51,514	1,817

Source: Worcester County Finance Office

Notes: * Information not yet available

2020 bond debt per capita calculated using 2019 population data, which is the most recent available

Schedule 14
Worcester County, Maryland
Direct and Overlapping Governmental Activities Debt
As of June 30, 2020

	<u>Governmental Unit</u>	<u>Debt Outstanding</u>
Direct Debt		
	Worcester County - General Government	\$ 12,269,315
	Worcester County - School Debt	<u>81,035,000</u>
	Subtotal Direct Debt	<u>93,304,315</u> *
Overlapping Debt		
	Berlin	15,404,692
	Ocean City	93,807,285
	Pocomoke	6,076,387
	Snow Hill	<u>1,651,573</u>
	Subtotal Overlapping Debt	<u>116,939,937</u> **
Total Direct and Overlapping Debt		<u>\$ 210,244,252</u>

Source: Worcester County Finance Office

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

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

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

	<u>2011</u>	<u>2012</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>
Total Debt Outstanding Limit										
Taxable Assessable Base	\$ 18,130,187	\$ 17,522,394	\$ 15,775,515	\$ 15,069,853	\$ 14,888,349	\$ 14,885,658	\$ 15,193,941	\$ 15,561,696	\$ 15,923,439	\$ 16,369,398
Debt Limit, 1% of Assessable Base	181,302	175,224	157,755	150,699	148,883	148,857	151,939	155,617	159,234	163,694
Amount of Debt Applicable to Limit	78,525	70,701	67,550	102,922	101,944	94,004	85,806	76,854	102,279	92,883
Debt Margin	<u>\$ 102,777</u>	<u>\$ 104,523</u>	<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>
Total debt applicable to the limit as a percentage of debt limit	43.31%	40.35%	42.82%	68.30%	68.47%	63.15%	56.47%	49.39%	64.23%	56.74%
Total Debt Service Limit										
Total Governmental Fund Revenue	\$ 173,868	\$ 174,865	\$ 176,237	\$ 171,146	\$ 173,843	\$ 190,659	\$ 201,978	\$ 206,307	\$ 198,841	\$ 210,999
Debt Service Limit, 10% of Revenue	17,387	17,486	17,624	17,115	17,384	19,066	20,198	20,631	19,884	21,099
Debt Service Applicable to Limit	11,008	10,991	10,069	10,536	13,737	11,481	11,941	12,323	11,982	13,219
Debt Service Margin	<u>\$ 6,379</u>	<u>\$ 6,496</u>	<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>\$ 7,902</u>	<u>\$ 7,880</u>
Total debt service applicable to the limit as a percentage of debt service limit	63.31%	62.85%	57.14%	61.56%	79.02%	60.22%	59.12%	59.73%	60.26%	62.65%

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
2020	*	*	*	6,882	11.2%
2019	51,823	\$ 3,148,166	\$ 60,222	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%
2012	51,578	2,493,986	48,354	6,643	8.2%
2011	51,514	2,265,940	43,987	6,699	8.9%

Sources: ^a U.S. Census Bureau Population Factfinder

^b U.S. Department of Commerce Bureau of Economic Analysis, November 16, 2018

^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	2020	
	Employees	Percentage of Total County Employment
Town of Ocean City	1,224	5.39%
Harrison Group	1,235	5.44%
Worcester County Board of Education	1,201	5.29%
Atlantic General Hospital	938	4.13%
Worcester County Government	655	2.88%
Bayshore Development	348	1.53%
O.C. Seacrets, Inc.	308	1.36%
Wal-Mart Super Center	503	2.21%
Ocean Downs	275	1.21%
Carousel Resort Hotel & Condominiums	250	1.10%
	6,937	30.54%
Total Worcester County Employees		22,716

Employer	2011	
	Employees	Percentage of Total County Employment
Worcester County Board of Education	1,200	4.15%
Harrison Group	1,090	3.77%
Town of Ocean City	799	2.76%
Atlantic General Hospital	795	2.75%
Worcester County Government	675	2.33%
Phillips Seafood Restaurant	600	2.07%
Dough Roller	559	1.93%
O.C. Seacrets, Inc.	505	1.75%
Wal-Mart Super Center	500	1.73%
Clarion Fountainebleu Hotel	185	0.64%
	6,908	23.88%
Total Worcester County Employees		28,917

Sources: Worcester County Economic Development

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

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

Function/Program	Full-time Equivalent Employees as of June 30									
	<u>2011</u>	<u>2012</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>
General government	127.4	125.0	124.3	122.0	121.4	122.0	120.6	121.6	128.0	125.6
Commissioners, judges, and boards	21.0	21.0	22.0	21.0	21.0	19.0	19.0	20.0	20.0	19.0
Public safety	203.3	207.1	212.1	222.3	225.2	228.7	231.7	237.0	229.3	226.3
Public works	61.9	59.7	57.7	56.9	59.1	57.2	59.8	60.0	58.1	76.7
Social services - LMB	1.0	-	-	-	-	-	-	-	-	-
Library and recreation	62.0	60.4	63.1	63.1	64.0	64.3	65.5	65.5	69.4	75.2
Water and wastewater	65.0	62.6	62.9	65.2	64.8	65.9	64.9	63.4	62.6	59.5
Solid waste	39.0	36.6	35.0	35.6	35.7	35.2	35.3	36.1	34.1	15.3
Liquor control	-	36.0	31.8	31.0	24.5	19.0	15.9	4.3	2.7	1.9
Total	<u>580.6</u>	<u>608.4</u>	<u>608.9</u>	<u>617.1</u>	<u>615.7</u>	<u>611.3</u>	<u>612.7</u>	<u>607.9</u>	<u>604.2</u>	<u>599.5</u>

Source: Worcester County Finance Office

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

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

The Department of Liquor Control was new in FY12

Part-time and temporary employees are included in this table

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

<u>Function/Program</u>	<u>Fiscal Year</u>									
	<u>2011</u>	<u>2012</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>
General Government										
Building permits issued *	59	65	76	124	133	138	127	154	158	167
Value of new construction (in 000's)	13,317	14,437	20,344	31,150	26,806	29,865	29,559	31,415	37,927	36,725
Public Safety										
Detention Center										
Average daily population	334	375	376	335	338	344	345	351	310	222
Fire protection (all volunteer)										
Fire calls answered	1,490	1,539	1,612	2,164	2,673	2,436	2,181	2,179	1,996	2,151
Emergency Medical Services										
EMS calls answered	5,572	6,050	6,243	5,937	6,537	6,551	6,906	6,959	7,480	9,430
Education										
Students	6,699	6,643	6,650	6,649	6,654	6,660	6,667	6,684	6,810	6,882
Teachers	571	570	571	572	572	572	572	585	584	584
Public Works										
Centerline miles of road maintained	530	530	530	530	531	531	531	533	533	533
Wastewater treated (mgd)	2.3	2.3	2.3	2.4	2.4	2.4	2.1	1.9	1.9	1.3

Source: Worcester County Finance Office and individual County departments

Note: * Single Family Dwelling Units

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

<u>Function/Program</u>	<u>Fiscal Year</u>									
	<u>2011</u>	<u>2012</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>
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	8	8
Public Works										
Centerline miles of County roads	530	530	530	530	531	531	531	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	44	44	43	43	43	43	43
Wastewater treatment plants	8	8	8	8	8	8	8	8	8	8
Miles of sewer pipeline	187	187	187	190	191	191	192	193	195	195
Water well house facilities	5	5	5	5	5	5	5	5	5	5
Pump stations	54	54	54	54	55	55	55	56	57	57
Water tanks	6	6	6	6	6	6	6	6	6	6
Waterlines	150	150	151	151	151	154	156	157	157	157
Water treatment facilities	10	10	10	10	10	10	10	10	10	10
Recycling center	1	1	1	1	1	1	1	1	1	1

Source: Worcester County Finance Office and individual County departments