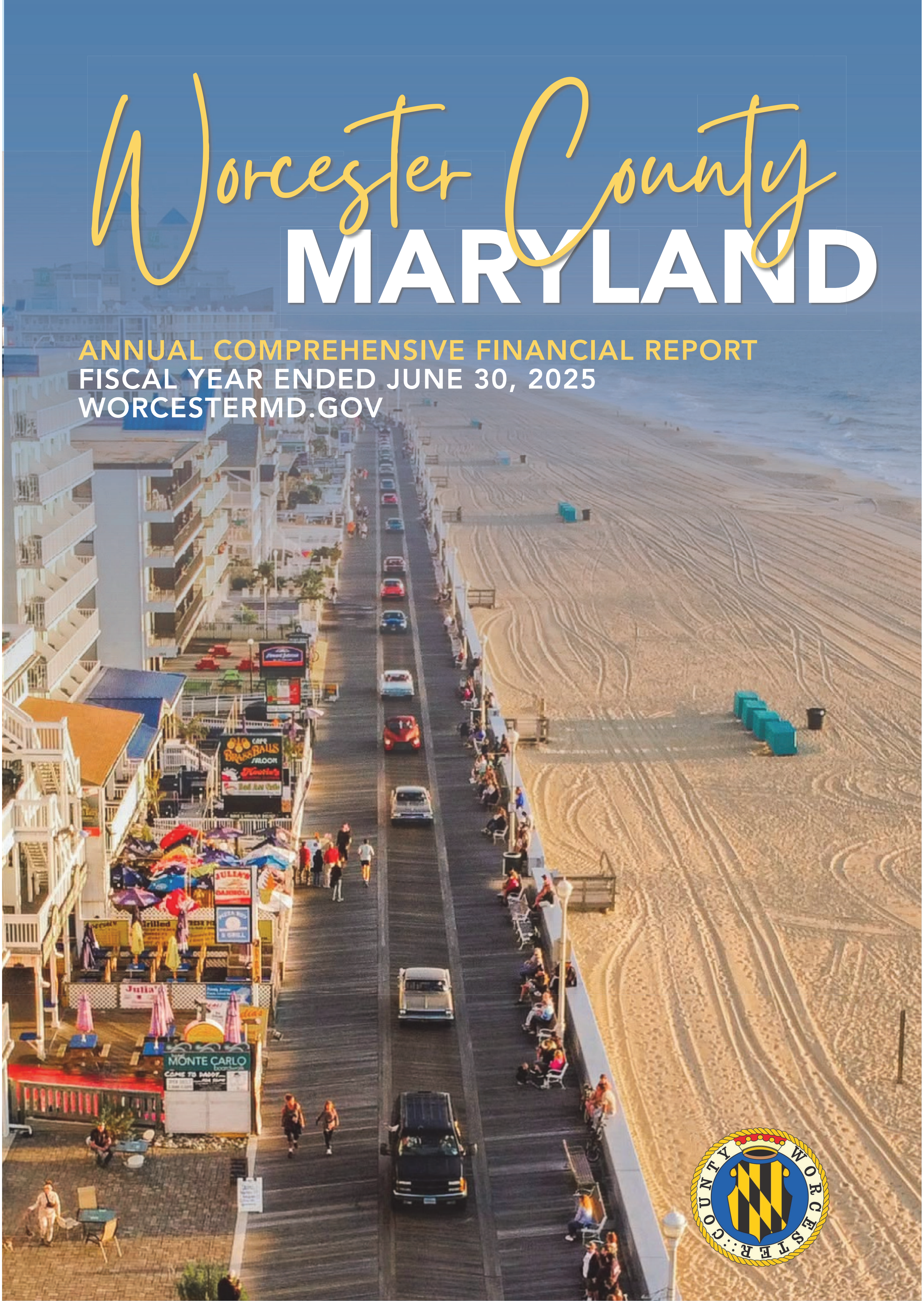
Worcester County
MARYLAND

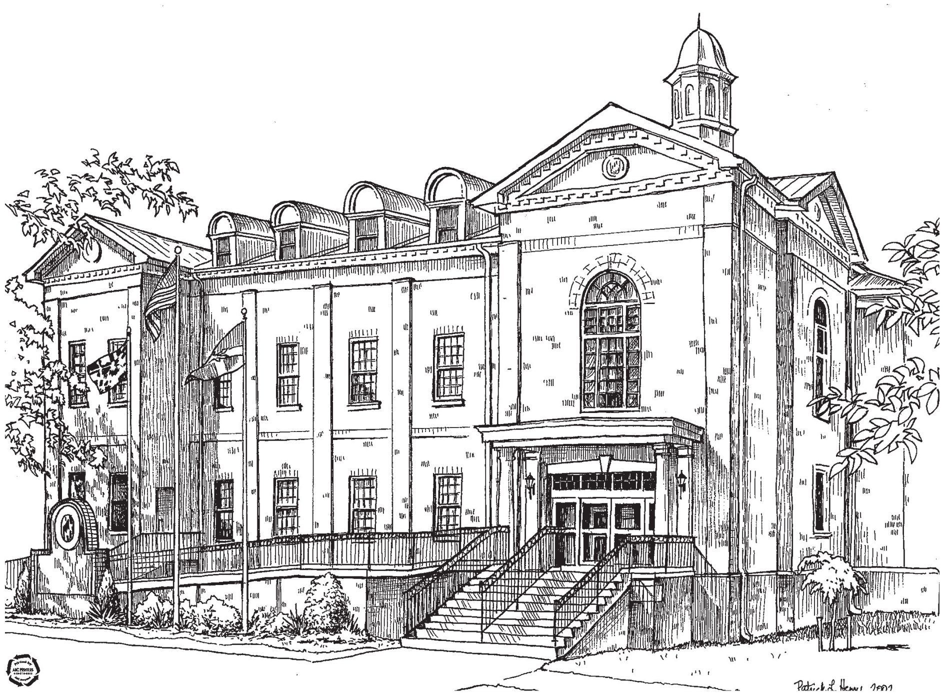
ANNUAL COMPREHENSIVE FINANCIAL REPORT
FISCAL YEAR ENDED JUNE 30, 2025
WORCESTERMD.GOV



Worcester County, Maryland

Annual Comprehensive Financial Report

For Fiscal Year Ended
June 30, 2025



Worcester County Government Center

Prepared by:

Weston Young, PE
Chief Administrative Officer

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Deputy Chief Administrative Officer

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Enterprise Fund Controller

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Budget Officer

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Worcester County
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ONE WEST MARKET STREET • ROOM 1103
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WESTON S. YOUNG, P.E.
CHIEF ADMINISTRATIVE OFFICER
CANDACE I. SAVAGE, CGFM
DEPUTY CHIEF ADMINISTRATIVE OFFICER
ROSCOE R. LESLIE
COUNTY ATTORNEY

June 26, 2026

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

I am pleased to submit the Annual Comprehensive Financial Report (ACFR) for Worcester County, Maryland for the fiscal year ended June 30, 2025 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 CliftonLarsonAllen LLP has audited Worcester County, Maryland's financial statements. The goal of the independent audit is to provide reasonable assurance that the financial statements of Worcester County, Maryland, for the fiscal year ended June 30, 2025, 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, 2025 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 5,000 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 300,000 in July and August and peak at nearly 350,000 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, 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. The County Commissioners establish legal budgetary control through the annual appropriation of expenditures by category. Budget amendments that result in expenditure of monies in excess of the amounts appropriated or allotted for an expenditure category require approval by the County Commissioners.

The County's assessable base has improved steadily in recent years and we anticipate this positive trend will continue in the near term. Salary accounts were increased in FY25 to include a 4% cost of living adjustment (COLA) and included a step increment of 2.5% and longevity pay for those eligible. The County continues to include capital asset purchases, including vehicles and heavy equipment, into the operating budget in order to meet the operating needs of the departments.

Factors Affecting Financial Condition

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which the County operates.

Local Economy – Like state and local governments across the country, Worcester County's local economic performance reflects many current national trends. The housing market has continued to perform well in the wake of higher interest rates and we are experiencing a steadily improving real property assessable base throughout the County. Of significant concern are the impacts of potential reductions in state funding and additional costs which may be passed on to local governments. The County's unemployment rate has remained relatively stable. The county unemployment rate decreased from 3.5% in June of 2024 to 3.2% in June of 2025 according to the Bureau of Labor Statistics. In FY25 the County had the third 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 County continues to experience strong tourism in FY25 as we transition to more “normal” post-pandemic travel patterns. 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 2026, focusing instead on the completion of ongoing projects for which funding has already been secured. These projects include a roof for Pocomoke Elementary School, HVAC project at the County Jail, and a Logistical Storage Facility for our Public Safety Departments.

Cash Management Policies and Practices – The County invests its funds according to its adopted investment policy, which provides for safety of principal and maximizes security, meets daily cash flow demands, and seeks to achieve an adequate rate of return. Cash temporarily idle during the year is invested in the Maryland Local Government Investment Pool.

Risk Management – The County is a member of the Maryland Local Government Insurance Trust. The Trust is a public-entity risk pool which is owned and directed by the local governments that subscribe to its coverage and operates under the terms of a Trust Agreement. The Trust provides insurance and risk management services to its members. The County obtains worker’s compensation and employee medical coverage through a commercial insurance company.

Pension and Other Post-Employment Benefits – County employees are covered by either the Employees’ Retirement System or the Employees’ Pension System of the State of Maryland. These are multiple-employer public retirement systems sponsored and administered by the Maryland State Retirement and Pension System and created by the Maryland General Assembly. Additional State pension plan offerings include the Law Enforcement Officers’ Pension System (LEOPS) for our public safety personnel as well as a Correctional Officers’ Retirement System (CORS) for employees of the County Jail. In addition to the State plan, the County assumed management of a plan that is administered by the Nationwide Life Insurance Company following the abolishment of the Worcester County Sanitary Commission in 1994. This plan provides coverage for the former employees of the Sanitary Commission, many of whom now work for the County Department of Public Works.

The County also provides other post-employment benefits (OPEB) for retirees and their dependents who meet the Maryland State Retirement System benefit qualifications. The County has created OPEB trusts for the benefit of the employees of the general government as well as the Worcester County Board of Education. This was done in accordance with Governmental Accounting Standards Board (GASB) Statements. The purpose of these Statements is to provide a more complete and reliable reporting of the financial obligations that governments incur when they provide post-employment benefits as part of the compensation for services rendered by their employees. The enactment of these standards by GASB and the adherence to them by the County should provide our constituents more accurate information about the total cost of the services that we provide.

Awards and Acknowledgements – The Government Finance Officers Association (GFOA) of the United States and Canada has awarded a Certificate of Achievement for Excellence in Financial Reporting to Worcester County, Maryland for its Annual Comprehensive Financial Report for the fiscal year ended June 30, 2024. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized Annual Comprehensive Financial Report. This report must satisfy both GAAP and applicable legal requirements.

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

The preparation of the Annual Comprehensive Financial Report was made possible by the dedicated service of the entire staff of the Worcester County Treasurer's Office and Administration. In addition, we could not have produced this report without the support and guidance provided by the Worcester County Commissioners. 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,

Weston S. Young
Chief Administrative Officer

Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Worcester County
Maryland

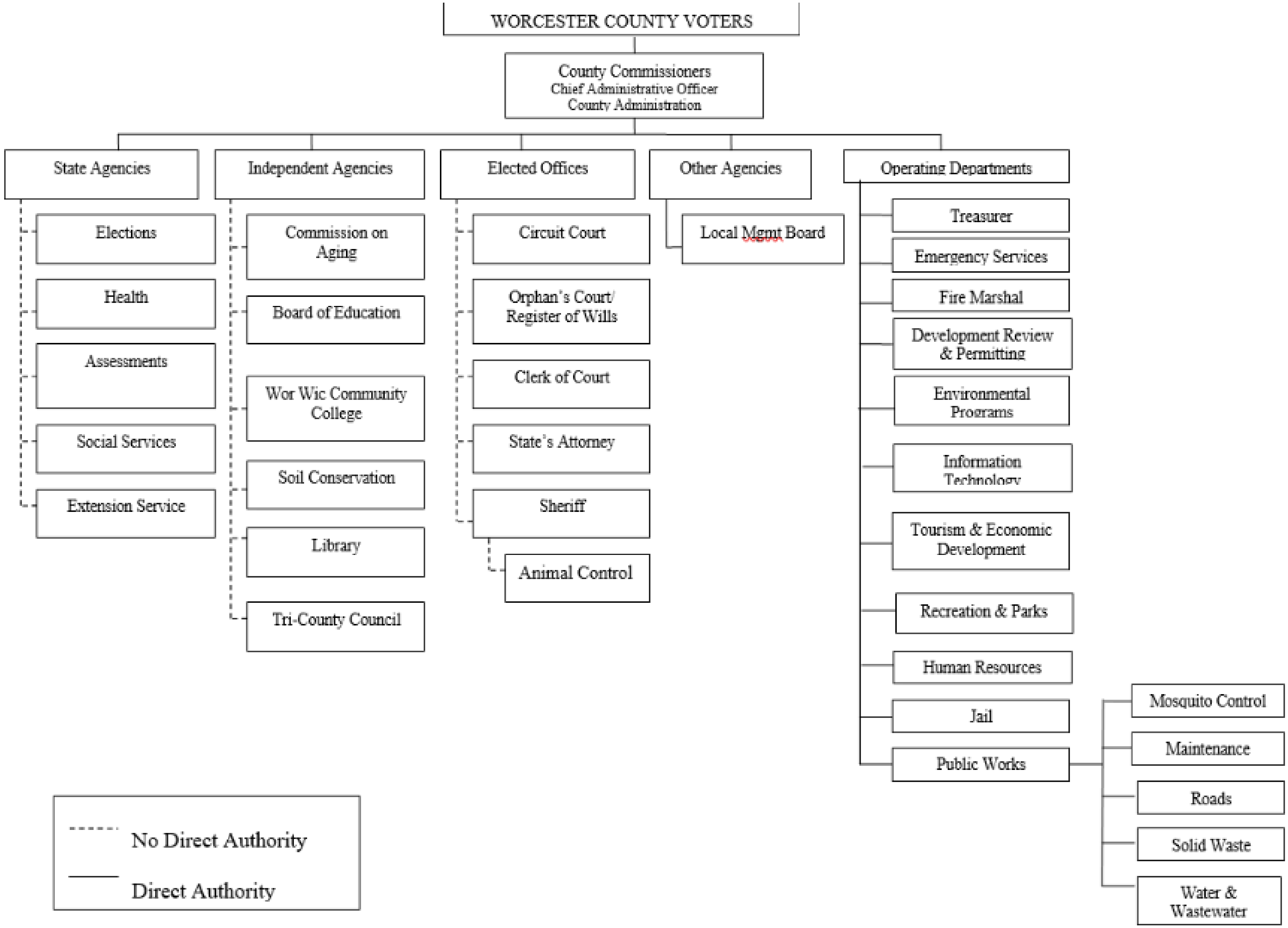
For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2024

Christopher P. Morrill

Executive Director/CEO

Worcester County Organization Chart



WORCESTER COUNTY, MARYLAND
LIST OF PRINCIPAL OFFICIALS AND DIRECTORS
JUNE 30, 2025

ELECTED OFFICIALS

County Commissioners	Theodore J. Elder, President
	Eric Fiori, Vice President
	Caryn Abbott
	Anthony W. Bertino, Jr.
	Madison J. Bunting, Jr.
	Joseph M. Mitrecic
	Diana Purnell
Sheriff	Matthew Crisafulli
State's Attorney	Kristin Heiser

APPOINTED OFFICIALS

Chief Administrative Officer	Weston Young
Deputy Chief Administrative Officer	Candace Savage
Attorney	Roscoe R. Leslie
Development Review and Permitting Director	Jennifer Keener
Environmental Programs Director	Robert Mitchell
Emergency Services Director and Fire Marshal	Matthew Owens
Finance Officer	Phillip Thompson
Human Resources Director	Stacey Norton
Information Technology Director	Brian Jones
Jail Warden	Timothy Mulligan
Library Director	Jennifer Ranck
Public Works Director	Dallas Baker
Recreation and Parks Director	Kelly Rados
Tourism and Economic Development Director	Melanie Pursel

FINANCIAL SECTION

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CliftonLarsonAllen LLP
CLAconnect.com

INDEPENDENT AUDITORS' REPORT

County Commissioners of
Worcester County, Maryland
Snow Hill, Maryland

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Worcester County, Maryland (the County) as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

In our opinion, based on our report and the report of the other auditors, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, discretely presented component unit, each major fund, and the aggregate remaining fund information of the County, as of June 30, 2025, and the respective changes in financial position, and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of the Worcester County Board of Education, which represents 100 percent of the assets, net position, and revenues of the discretely presented component unit as of June 30, 2025. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Worcester County Board of Education, is based solely on the report of the other auditors.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the County and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter – Correction of Errors

As discussed in Note 18 to the financial statements, the County restated beginning balances to correct misstatements in the previous year financial statements affecting governmental activities, business-type activities, Solid Waste Fund, Water and Wastewater Fund, and fiduciary funds. The nature of each restatement and its effect on the financial statements is described in Note 18. Our opinion is not modified with respect to this matter.

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

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

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

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the County's ability to continue as a going concern for a reasonable period of time.

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

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

Supplementary Information
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The combining and individual nonmajor fund financial statements and schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the combining and individual nonmajor fund financial statements and schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

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

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

Other Reporting Required by Government Auditing Standards
In accordance with *Government Auditing Standards*, we have also issued our report dated June 26, 2026, on our consideration of the County'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 the County's internal control over financial reporting and compliance.

CliftonLarsonAllen LLP

Baltimore, Maryland
June 26, 2026

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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, 2025. 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 2025

The assets and deferred outflows of the County exceeded its liabilities and deferred inflows at the close of fiscal year 2025 by $222.0 million (net position) an increase of $42.5 million over the fiscal year 2024 net position. Approximately $56.1 million is attributable to the County's business-type activities of solid waste and water and wastewater operations and approximately $165.9 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 $51.1 million at June 30, 2025. Absent the effect of this relationship, the County would have reported an unrestricted governmental activities net position of $88.5 million on its government-wide financial statements, rather than the unrestricted net position of $37.4 million.

At the end of the current fiscal year, the County's governmental funds reported combined fund balance of $141.2 million, an increase of $20.7 million in comparison with the prior year. This increase is a combination of changes in the various fund balances.

- The general fund balance increased by $18.1 million due to stronger than anticipated revenues for income taxes, investment income, and recordation and transfer taxes.

- The capital projects fund balance decreased by $675 thousand due to timing differences in funding transfers.

- The nonmajor governmental funds fund balance increased by $3.3 million primarily due to Casino Local Impact grant revenue in excess of planned expenditures, an increase in Opioid Restitution Fund revenue, and additional revenue for the Cannabis Tax Fund.

Budget – Revenues

The fiscal year 2025 budgeted revenues increased by $26 million from $235.9 million to $261.9 million. The budget increases primarily related to the $14.6 million in net property taxes due by combining the real property tax rate of $.845 with the assessment increases, increased income tax revenue estimates of $7 million due to a strong labor market, interest on investments of $1 million based on current rate of return, and an increase of $3.2 million in transfer and recordation based a real estate trends.

Budget – Expenditures

The fiscal year 2025 budget expenditures increased primarily due to increased education funding, needed capital and equipment purchases, 4% cost of living adjustment (COLA) salary increase, and step at 2.5% for eligible County employees. In addition, the commissioners allocated $3.5 million in rate stabilization funds to reduce health insurance rates from 12.65% to 4.3% for County and BOE employees and to meet the required minimum in the rate stabilization fund.

General fund actual results during fiscal year 2025 included an increase in fund balance totaling $18.1 million. A stronger than anticipated labor market resulted in income tax revenue exceeding the budget by $4.8 million. Other local taxes increased by $2 million due to the related Transfer and Recordation activity due to a robust real estate market. Federal and state grants increased by $8 million primarily due to funding from the American Rescue Plan Ac and the Rural Maryland Economic Development grant. In addition, the Investment income increased by $2.3 million. These additional revenues were offset by the $12.3 million transfer out to cover spending in the Capital Projects Fund.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the County's basic financial statements. The County's basic financial statements are comprised of four components: **1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements**. This report also contains **4) supplementary information** in addition to the basic financial statements themselves.

1) ***Government-wide Financial Statements***

The government-wide financial statements are designed to provide readers with a broad overview of the County's finances, in a manner similar to a private business. The government-wide financial statements include a *Statement of Net Position* and a *Statement of Activities*.

The *Statement of Net Position* presents information on all of the County's assets, deferred outflows, liabilities, and deferred inflows, with the difference reported as net position. Over time, increases and decreases in net position may serve as a useful indicator of whether the financial position of the County is improving or deteriorating.

The *Statement of Activities* presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of these financial statements distinguish functions of the County that are principally supported by taxes and intergovernmental revenues (governmental activities) and activities from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities).

The *governmental activities* of the County include general government, public safety, public works, health and hospitals, social services, education, libraries, recreation and culture, conservation of natural resources, economic development, and interest on long-term debt.

The *business-type activities* of the County include solid waste and water and sewer utility operations.
The government-wide financial statements include not only the County itself (the primary government), but also includes the Worcester County Board of Education as a legally separate component unit and are reported separately from financial information presented for the primary government itself.

The government-wide financial statements can be found on pages 32 – 38 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 nine 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, Energy Service, Opioid Restitution, and Cannabis Tax 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 34 – 37 of this report.

- ***Proprietary funds***. Proprietary funds are comprised of two types: 1) *Enterprise funds* and 2) *Internal Service funds*. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Position and the Statement of Activities. Enterprise funds are used to account for functions of the County in which user charges are collected to cover the cost of the service being provided. The County uses enterprise funds to account for its solid waste and water and sewer. Internal service funds are used to report activities that provide supplies and services for the government's other programs and activities. The County does not utilize an internal service fund.

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

  The basic proprietary fund statements can be found on pages 39 – 43 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 44 – 45 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 48 – 113 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 114 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 $148.6 million at June 30, 2025. 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.

	Governmental Activities		Business-Type Activities		Total	
	2025	(As Previously Reported) 2024	2025	(As Previously Reported) 2024	2025	(As Previously Reported) 2024
Assets:						
Current and Other Assets	$ 190,745,544	$ 165,981,612	$ 53,592,378	$ 51,236,665	$ 244,337,922	$ 217,218,277
Capital Assets	114,799,736	105,275,208	72,071,996	74,912,796	186,871,732	180,188,004
Total Assets	305,545,280	271,256,820	125,664,374	126,149,461	431,209,654	397,406,281
Deferred Outflows of Resources	28,391,542	23,112,271	-	-	28,391,542	23,112,271
Liabilities:						
Other Liabilities	16,122,065	29,332,715	44,684,171	22,395,896	60,806,236	51,728,611
Long-Term Liabilities	130,772,345	116,370,597	23,623,520	44,652,204	154,395,865	161,022,801
Total Liabilities:	146,894,410	145,703,312	68,307,691	67,048,100	215,202,101	212,751,412
Deferred Inflows of Resources	21,115,015	26,989,295	1,217,369	1,264,219	22,332,384	28,253,514
Net position						
Net Investment in Capital Assets	92,053,656	87,489,875	46,141,225	51,132,888	138,194,881	138,622,763
Restricted	31,938,407	22,769,520	-	-	31,938,407	22,769,520
Unrestricted	41,935,334	11,417,089	9,998,089	6,704,254	51,933,423	18,121,343
Total Net Position	$ 165,927,397	$ 121,676,484	$ 56,139,314	$ 57,837,142	$ 222,066,711	$ 179,513,626

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 to 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	
	2025	2024	2025	2024	2025	2024
Revenues:						
Program Revenues:						
Charges for Services	$ 6,126,084	$ 5,708,934	$ 24,514,219	23,444,123	$ 30,640,303	$ 29,153,057
Operating Grants and Contributions	15,109,425	13,531,561	31,500	31,500	15,140,925	13,563,061
Capital Grants and Contributions	9,898,288	5,988,451	-	-	9,898,288	5,988,451
General Revenues:						
Real and Personal Property Taxes	176,276,122	159,170,224	-	-	176,276,122	159,170,224
Income Taxes	51,782,717	53,832,771	-	-	51,782,717	53,832,771
Other Local Taxes	18,921,096	18,967,212	-	-	18,921,096	18,967,212
Interest Income	8,704,689	8,323,246	1,560,344	1,384,670	10,265,033	9,707,916
Other Income	4,082,981	201,500	72,400	61,111	4,155,381	262,611
Total Revenues	290,901,402	265,723,899	26,178,463	24,921,404	317,079,865	290,645,303
Expenses:						
General Government	41,723,190	28,158,897	-	-	41,723,190	28,158,897
Public Safety	37,109,104	48,004,500	-	-	37,109,104	48,004,500
Public Works	9,467,471	10,330,623	-	-	9,467,471	10,330,623
Health and Hospitals	6,579,932	6,580,751	-	-	6,579,932	6,580,751
Social Services	3,881,931	2,937,445	-	-	3,881,931	2,937,445
Education	121,141,844	115,298,139	-	-	121,141,844	115,298,139
Libraries, Recreation and Culture	8,886,008	10,917,531	-	-	8,886,008	10,917,531
Conservation of Natural Resources	767,888	732,908	-	-	767,888	732,908
Economic Development	4,560,422	2,411,003	-	-	4,560,422	2,411,003
Intergovernmental	-	-	-	-	-	-
Interest Charges	2,695,460	1,889,128	-	-	2,695,460	1,889,128
Landfill	-	-	6,451,350	5,780,352	6,451,350	5,780,352
Water and Wastewater	-	-	22,284,530	20,839,334	22,284,530	20,839,334
Total Expenses	236,813,250	227,260,925	28,735,880	26,619,686	265,549,130	253,880,611
Increase (Decrease) in Net Position	54,088,152	38,462,974	(2,557,417)	(1,698,282)	51,530,735	36,764,692
Transfer	(8,423,239)	-	3,474,050	-	(4,949,189)	-
	45,664,913	38,462,974	916,633	(1,698,282)	46,581,546	36,764,692
Net Position - Beginning, As Previously Reported	121,676,484	83,213,510	57,837,142	59,535,424	179,513,626	142,748,934
Adjustment for correction of error (Note 19)	(1,414,000)	-	(2,614,461)	-	(4,028,461)	-
Net Position - Beginning, As Restated	120,262,484	83,213,510	55,222,681	59,535,424	175,485,165	142,748,934
Net Position - Ending	$ 165,927,397	$ 121,676,484	$ 56,139,314	$ 57,837,142	$ 222,066,711	$ 179,513,626

Governmental Activities:

Governmental activities increased the County's net position by $42.8 million. Key elements of the increase in the net position of governmental activities are as follows:

Revenues increased by $25.2 million as compared to fiscal year 2024 due to a combination of increases and decreases:

- Operating grants and contributions increased by $1.6 million primarily due to an increase of $487 thousand in 911 state shared revenue and a $900 thousand increase in conservation easement reimbursements.

- Capital grants and contributions increased by $3.9 million primarily due to a $3 million increase in American Rescue Plan (ARPA) capital grant, and an increase of $1.9 million for the Tri County Economic Development Grant. These increases were partially offset by a decrease of $780 thousand in Program Open Space funding and a $500 thousand decrease in DHCD Broadband Grant funding.

- Charges for services increased by $417 thousand primarily due to the U.S. Marshals reimbursements and hazmat response reimbursement for the Tysons Feed Mill incident.

- Real and Personal Property taxes increased by $17.1 million due to the increase in assessments attributable to the recent trends in the real estate market and the reassessment cycle.

- Income taxes decreased by $2.1 million due to no longer recording the income tax attributed to the municipalities in the County distribution. This will also be reflected as a decrease in expenses recorded as taxes to towns.

- Interest Income increased by $381 thousand from the previous year primarily due to an increased balance in the reserve fund.

- Other Income increased by $3.9 million primarily due to a one-time revenue recognition of $1.9 million for funding in a health department liability account and an $865 thousand Local Government Insurance Trust refund.

Expenses increased by $9.6 million as compared to fiscal year 2024 primarily due to a combination of increases and decreases:

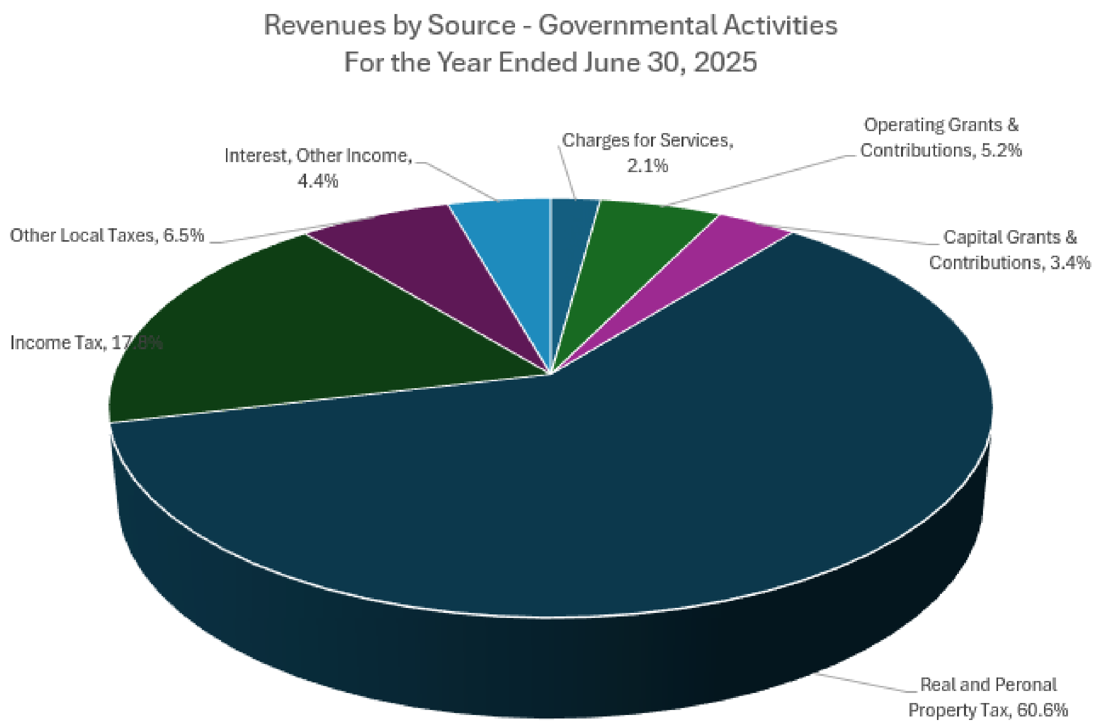
- General government function increased by $15 million which is primarily related to additional costs related to salary and benefits and an increase in the spending of grant funds related to various departments and ARPA funded projects.

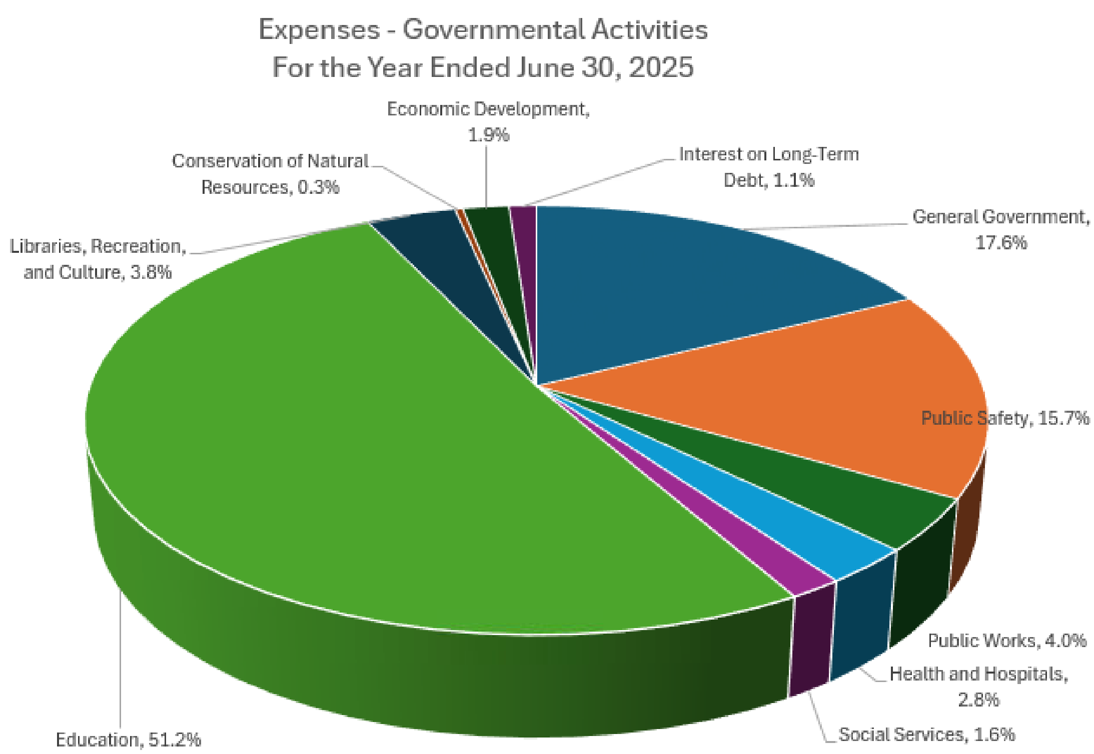
- Public safety function decreased by $10.9 million which is primarily related to fluctuations in capital expenses and compensated absences.

- Education function increased by $5.8 million which is primarily attributable to an increased unrestricted appropriation.

- Libraries, recreation and culture function decreased by $2.0 million which is primarily related to the spending of grant funds related to recreation and parks in the prior year.

Fiscal year 2025 revenues and expenses are summarized in the following charts for governmental activities:





Business-type Activities Net Position:

Enterprise Fund Statements	June 30, 2025	(Restated) June 30, 2024	Change in Net Position
Water and Wastewater Services	$ 59,295,520	$ 57,629,611	$ 1,665,909
Solid Waste	(3,156,206)	(2,406,930)	(749,276)
Total	$ 56,139,314	$ 55,222,681	$ 916,633

Water and Wastewater

Revenues

- o Revenues increased to $19.5 million in fiscal year 2025 from $18.1 million in fiscal year 2024 primarily due to continued growth in the service areas and rate increases resulting in more stable usage and revenue.

Expenses

- o Operating expenses increased to $17.6 million in fiscal year 2025 from $16.4 million in fiscal year 2024 primarily due to an increase in maintenance and services needed in the Mystic Harbour and West Ocean City service area.
- o Depreciation and general expenses remained stable in fiscal years 2025 and 2024 at $3.8 million.

Solid Waste

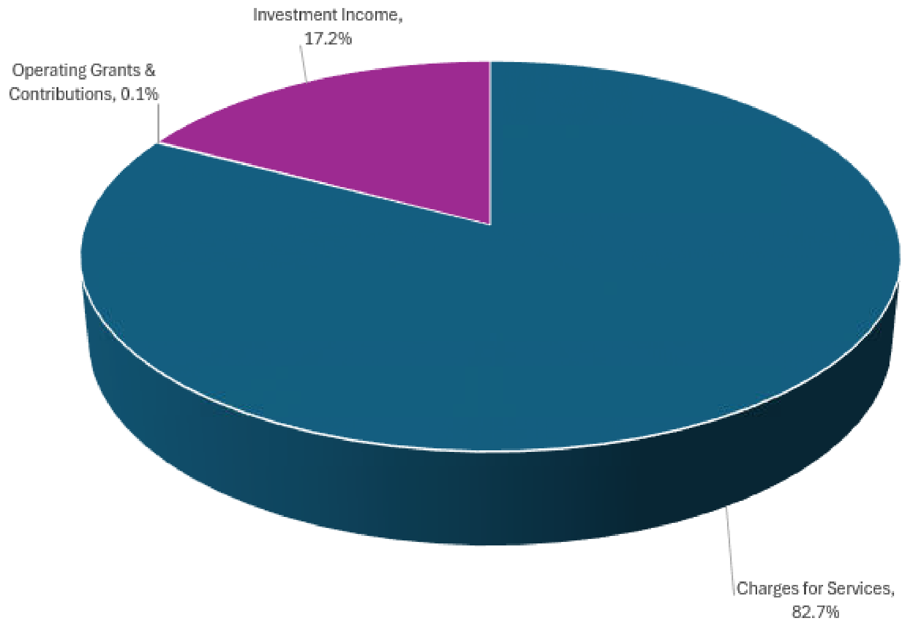
Revenues

- o Revenues decreased slightly to $5.0 million in fiscal year 2025 from $5.3 million in fiscal year 2024.

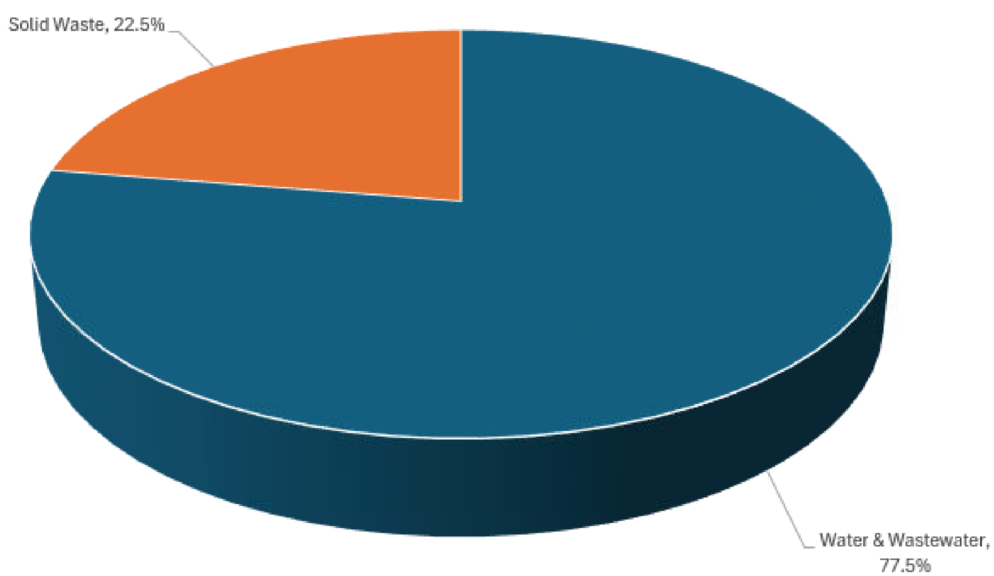
Expenses

- o Operating expenses slightly decreased to $2.9 million in fiscal year 2025 from $3.4 million in fiscal year 2024 due to reduction in buildings and grounds maintenance and leachate treatment which was partially offset with increases in salaries and benefits.
- o Depreciation and general expenses increased to $3.1 million in fiscal year 2025 from $2.1 million in fiscal year 2024.

Revenues by Source - Business-Type Activities
For the Year Ended June 30, 2025



Expenses - Business-Type Activities
For the Year Ended June 30, 2025



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, 2025 and 2024:

Governmental Fund Financial Statements	June 30, 2025	June 30, 2024	Change in Net Position
General Fund	$ 128,298,949	$ 110,205,538	$ 18,093,411
Capital Projects Fund	4,622,619	5,297,916	(675,297)
Debt Service Fund	-	-	-
Nonmajor Governmental Funds	8,265,180	5,008,066	3,257,114
Total	$ 141,186,748	$ 120,511,520	$ 20,675,228

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 $128.3 million. This fund balance includes non-spendable items totaling $238 thousand. In accordance with GASB Statement No. 54, the unassigned general fund amount includes the County reserve of $35.4 million 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 23.4% of total general fund expenditures, while total fund balance represents 54.9% 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 $675 thousand during the current fiscal year. This is mainly due to the timing of funds being transferred in from the General Fund.

The **Debt Service Fund** is used to account for the accumulation of resources for, and the payment of, general long-term debt, including lease obligations, principal, interest, and related costs. The fund balance of this fund remains at $0.

The **Nonmajor Governmental Funds** include the Department of Social Services, Animal Control, Local Management Board, Casino Fund, Energy Service Fund, Opioid Restitution Fund, and Cannabis Tax Fund. Fund balances in these funds increased by $3.3 million from fiscal year 2024. The Casino Fund, accounts for the County's portion of proceeds from the Ocean Downs Casino facility, reflects a $1.9 million increase in fund balance in the fiscal year due to generating more revenues than expenditures incurred. The Opioid Restitution Fund added an additional $1.1 million to the fund balance due to generating additional intergovernmental revenues while not incurring any expenditures. The Cannabis Fund, which was created in fiscal year 2024, ended the year with a Fund Balance of $630 thousand due to the County receiving tax revenue the while not incurring any expenditures. Further details of these activities are on pages 149 – 151.

General Fund Budgetary Highlights

General fund differences between the final budget and the final actual results for the County increased the fund balance by $18.1 million. Revenues received were $22.4 million more than the final budgeted estimates, expenditures were $9.9 million less than anticipated, and other financing sources (uses) were $15.4 million more than final budgeted estimates. The major variances between the budgeted amounts and actual are summarized as follows:

Revenues were $22.4 million more than original estimates, an 8.6% variance.

- o Real and personal property tax revenues were more than budget by $1.3 million or .8% primarily due to an increase in corporate tax collection. Net property tax revenue comprised 61.8% of all County revenues in 2025 and 60.5% when compared to 2024.

- o Income taxes ended the fiscal year with a surplus of $4.8 million, or 10.2% over budget estimates due to a stronger than anticipated labor market.

- o Other local taxes increased $2.0 million or 11.9% over estimated budgeted revenues. This category includes admission and amusement taxes, food and room tax administration, room tax for unincorporated entities, cannabis tax, recordation tax, and transfer tax. Transfer tax exceeded budget by $796 thousand or 14.5% and recordation tax exceeded budget by $752 thousand or 8.6% due to a robust real estate market and the related recording activity.

- o Intergovernmental federal and state grants were $8.2 million or 79.1% over budgeted revenues. The variance is due to $4.8 million in ARPA for reimbursements requested for the fiscal year, $2.3 million for Rural Maryland Economic Development grant, $438 thousand grant for Parks.

- o Charges for Services increased by $1.1 million or 49.2% over budgeted revenues. This variance is largely due to Jail US Marshal reimbursement revenue of $907 thousand and Sheriff's Office contracted services of $136 thousand.

- o Licenses and Permits were $113 thousand or 4.1% over budgeted revenues. Health permits contributed to $31 thousand and a $58 thousand increase is related to additional plumbing permits and environmental permits being pulled.

Expenditures were under budget by $9.9 million or 4.1% and other financing sources (uses) were over budget by $15.4 million, or 104.7%.

- o Public Safety actual was under by $3.6 million or 7.2%. This variance is primarily due to lead time on capital purchases and salary and benefit savings.

- o Public Works actual was under budget by $741 thousand or 6.3% primarily due to extended lead time on receiving roads materials and salary and benefit savings

- o Economic Development actual was under budget by $2.0 million or 30.4%. This was due to the timing of expenditures associated with the Tri County Economic Grant funds.

- o Intergovernmental actual was under budget by $3.3 million or 31.8% due to the Towns' share of county income tax no longer being recorded as part of the County income tax.

- o Other financing sources (uses) was over budget by $15.4 million which was comprised of the following transfers: Net transfer of $12.3 million to the capital projects fund to cover pay-as-you-go expenses not included in the fiscal year budget, and $1.6 million to true up the OPEB contribution based on actual fiscal year 2024 income tax.

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, 2025 amounts to $187.1 million (net of accumulated depreciation). The total increase in the County's investment in capital assets for the current year was 3.8%. The capital assets include land, buildings, water and sewer infrastructure, improvements, machinery and equipment, park facilities, roads, highways, bridges, leases, and subscription-based information technology arrangements (SBITAs).

Worcester County, Maryland
Capital Assets
(Net of Depreciation/Amortization)

	Governmental Activities		Business-Type Activities		Total	
	2025	2024	2025	2024	2025	2024
Land and Improvements	$ 17,114,552	$ 15,419,481	$ 1,341,872	$ 1,341,872	$ 18,456,424	$ 16,761,353
Building and Building Improvements	52,034,881	54,673,082	239,142	71,978	52,274,023	54,745,060
Improvements Other than buildings	21,722,669	9,805,553	5,995,916	7,548,799	27,718,585	17,354,352
Machinery and Equipment	7,442,163	5,807,749	5,768,833	5,978,288	13,210,996	11,786,037
Water and Sewer Systems	-	-	57,738,988	59,345,301	57,738,988	59,345,301
Infrastructure	7,427,684	5,858,532	-	-	7,427,684	5,858,532
Construction-in-Progress	7,908,243	13,710,811	987,245	626,558	8,895,488	14,337,369
Right-to-Use Lease	854,685	-	-	-	854,685	-
Subscription Based Information Technology Arrangements	294,859	-	-	-	294,859	-
Total	$ 114,799,736	$ 105,275,208	$ 72,071,996	$ 74,912,796	$ 186,871,732	$ 180,188,004

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

General government

- The County began construction on the new Pocomoke Library in fiscal year 2025. The project will replace the 53-year-old library with a modern, accessible, energy-efficient facility. Costs of $1.4 million were incurred in fiscal year 2025 and the total cost is expected to be $9.5 million. The project is funded by the County Library Capital Grant Program, the Maryland State Library Agency, Worcester County, and the Worcester County Library Foundation.

- The Phase 2 Jail Improvement Project was completed in fiscal year 2025. The project included improvements to the heating, ventilation, and air conditioning equipment. Costs of $638,973 were incurred in fiscal year 2025, bringing the total project costs to $11,771,036. The project was funded with 2022 bond proceeds.

- The County contributed $3,341,812 for the following education projects:
  - $2,150 for Board of Education Central Office Improvements.
  - $38,595 for the Pocomoke Elementary School roof.
  - $53,503 for Pocomoke Elementary School intercom.
  - $73,793 for Board of Education maintenance equipment.
  - $104,505 for roof repairs at Worcester Technical High School.
  - $192,225 for rooftop HVAC units at Pocomoke Elementary School.
  - $214,175 for Front Door Visitor Access Systems at various schools.
  - $229,858 for Berlin Intermediate School fire alarm replacement.
  - $2,433,007 for the Snow Hill Middle School roof repair

Additional information on Worcester County's capital assets can be found in note 6 on pages 64 – 65 of this report.

Long-term debt: At the end of the current fiscal year, Worcester County had total bonded long-term debt of $96.0 million. The total debt is backed by the full faith and credit of Worcester County. Business-type activities are directly responsible for $22.6 million of the total debt. School-related debt totaled $51.1 million at June 30, 2025 and is included in the governmental activities.

Worcester County,
Maryland Outstanding
Debt/General Obligation Bonds

	Governmental Activities		Business-Type Activities		Total	
	2025	2024	2025	2024	2025	2024
General Bonded Debt	$ 74,586,770	$ 81,303,947	$ 22,551,490	$ 24,349,785	$ 97,138,260	$ 105,653,732

The County's total bonded debt decreased by $8.0 million during the current fiscal year due to planned repayments of debt. Worcester County maintains an "Aa2" rating with Moody's, and an "AA+" rating with Standard and Poor's and in August 2024 the County received an upgrade from an "AA" to "AAA" rating with Fitch for general obligation debt.

Additional information on the County's long-term debt can be found in note 7 on pages 66– 72 of this report.

General Fund Economic Factors and Next Year's

Budgets and Rates Fiscal Year 2026 Budget

The approved fiscal year 2026 operating budget totals $281.4 million and is supported by the real property tax rate of $.815 per $100 of assessed value which is a decrease of $.03 and the personal property tax rate of $2.0375 per $100 a decrease of $.075. Fiscal year 2026 represents the tenth consecutive year of increasing real property assessments in the County. The local income tax rate remains stable at 2.25%. The fiscal year 2026 budget was developed to continue to proactively address one-time capital and operating expenses that have been previously reduced due to prior years' budget constraints. Budget decisions were based upon current and historical data.

Revenues

In fiscal year 2026, the operating budget increased $19.5 million or 7.4% more than fiscal year 2025. The reduced real property tax rate of $0.815 combined with assessment increases will increase net property taxes by $11.8 million. Income tax revenue estimates increased by $6 million based on prior year actuals and current estimates for net taxable income. Other local taxes increased $1.4 million due to a steady and strong real estate market impacting recordation and transfer tax activity. State shared revenue decreased $700 thousand due to reductions in estimated Program Open Space grants. Charges for Services increased by $745 thousand primarily attributable to US Marshal fees. Interest Income decreased by $1 million based upon projected market rates of return. Other Revenues increased by $154 thousand due to expected increase in miscellaneous revenue and reimbursements. The County will continue to utilize Casino/Local Impact grant and table game funds for the debt payments and one-time capital public safety purchases. The Casino/Local Impact Grant transfer increased by $139 thousand in fiscal year 2026.

Expenditures

The fiscal year 2026 operating budget increase from the prior year includes increases in budget expenditures to most departments and agencies primarily due to needed capital and equipment purchases and salary increases for County employees. Salaries increased by $3.5 million to allow a $2,500 COLA and salary step. Insurance and benefits increased by $4.4 million including an increase in hospitalization of $1.2 million, retirement of $1.4 million and an allocation of $1.2 million to the rate stability fund for health insurance. Debt service decreased by $3 thousand over the prior year resulting in a total debt budget of $10 million. The OPEB general fund transfer will be funded at $11.9 million in total. The Board of Education operating budget increased by $951 thousand over the fiscal year 2025 funding level and in accordance with the state of Maryland funding requirement.

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

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WORCESTER COUNTY, MARYLAND
STATEMENT OF NET POSITION
JUNE 30, 2025

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	The Worcester County Board of Education
ASSETS				
Cash and Investments	$ 133,631,846	$ 38,348,780	$ 171,980,626	$ 12,577,326
Receivables:				
Taxes	3,782,507	-	3,782,507	-
Federal, State, and Local Governments	9,568,503	-	9,568,503	2,680,309
Accounts	1,173,634	1,267,047	2,440,681	-
Other	1,133,952	7,438,915	8,572,867	836,571
Internal Balances	11,821,004	(11,821,004)	-	-
Due From Fiduciary Funds	48,403	-	48,403	-
Prepaid Items	237,747	264,657	502,404	-
Net Other Postemployment Benefit Asset	29,254,224	-	29,254,224	-
Other Assets	93,724	18,093,983	18,187,707	-
Capital Assets, Not Being Depreciated	25,022,795	2,329,116	27,351,911	2,814,937
Capital Assets, Net of Accumulated Depreciation/Amortization	89,776,941	69,742,880	159,519,821	207,717,046
Total Assets	305,545,280	125,664,374	431,209,654	226,626,189
DEFERRED OUTFLOWS OF RESOURCES				
Pensions	23,450,092	-	23,450,092	2,714,510
Other Postemployment Benefits	4,941,450	-	4,941,450	13,307,542
Total Deferred Outflows of Resources	28,391,542	-	28,391,542	16,022,052
LIABILITIES				
Accounts Payable and Accrued Liabilities	14,749,263	2,069,393	16,818,656	7,208,325
Unearned Revenue	1,124,776	17,772,365	18,897,141	4,445,297
Due to Other Governments	81,697	-	81,697	-
Due to Fiduciary Funds	166,329	-	166,329	-
Long-Term Liabilities:				
Compensated Absences Due Within One Year	4,168,422	506,160	4,674,582	569,260
Compensated Absences Due in More Than One Year	2,402,204	382,299	2,784,503	1,123,124
Long-Term Debt Due Within One Year	8,323,766	24,336,253	32,660,019	162,196
Long-Term Debt Due in More Than One Year	65,369,436	23,241,221	88,610,657	4,227,967
Leases and SBITAs Payable Due Within One Year	255,552	-	255,552	-
Leases and SBITAs Payable Due in More Than One Year	930,737	-	930,737	2,523,889
Net Pension Liability	49,322,228	-	49,322,228	7,303,730
Other Postemployment Benefits	-	-	-	87,535,660
Total Liabilities	146,894,410	68,307,691	215,202,101	115,099,448
DEFERRED INFLOWS OF RESOURCES				
Pensions	1,148,366	-	1,148,366	176,763
Other Postemployment Benefits	19,966,649	-	19,966,649	-
Leases	-	1,217,369	1,217,369	173,021,077
Total Deferred Inflows of Resources	21,115,015	1,217,369	22,332,384	173,197,840
NET POSITION				
Net Investment in Capital Assets	92,053,656	46,141,225	138,194,881	203,617,931
Restricted for:				
Other Postemployment Benefits	29,254,224	-	29,254,224	-
Opioid Remediation	2,684,183	-	-	-
Capital Projects	-	-	-	55,334
Unrestricted (Deficit)	41,935,334	9,998,089	54,617,606	(249,322,312)
Total Net Position	$ 165,927,397	$ 56,139,314	$ 222,066,711	$ (45,649,047)

See accompanying Notes to Financial Statements.

WORCESTER COUNTY

WORCESTER COUNTY, MARYLAND
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2025

Function/Program	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants, Contributions, and Interest	Program Revenues: Capital Grants, Contributions, and Interest	Net (Expense) Revenue and Changes in Net Position — Primary Government: Governmental Activities	Primary Government: Business-Type Activities	Primary Government: Total	Component Unit: The Worcester County Board of Education
Primary Government:								
Governmental Activities:								
Current:								
General Government	$ 41,723,190	$ 2,677,302	$ 6,267,822	$ 5,338,060	$ (27,440,006)	$ -	$ (27,440,006)	$ -
Public Safety	37,109,104	1,672,797	3,036,984	253,488	(32,145,835)	-	(32,145,835)	-
Public Works	9,467,471	597,981	1,757,833	-	(7,111,657)	-	(7,111,657)	-
Health and Hospitals	6,579,932	510,570	153,637	-	(5,915,725)	-	(5,915,725)	-
Social Services	3,881,931	-	1,508,716	-	(2,373,215)	-	(2,373,215)	-
Education	121,141,844	-	-	-	(121,141,844)	-	(121,141,844)	-
Libraries, Recreation, and Culture	8,886,008	658,154	1,039,218	1,948,020	(5,240,616)	-	(5,240,616)	-
Conservation of Natural Resources	767,888	-	964,734	-	196,846	-	196,846	-
Economic Development	4,560,422	9,280	380,481	2,358,720	(1,811,941)	-	(1,811,941)	-
Interest on Long-Term Debt	2,695,460	-	-	-	(2,695,460)	-	(2,695,460)	-
Total Governmental Activities	236,813,250	6,126,084	15,109,425	9,898,288	(205,679,453)	-	(205,679,453)	(78,626,146)
Business-Type activities:								
Food Services	-	-	-	-	-	-	-	(232,638)
Department of Solid Waste	6,451,350	4,995,126	-	-	-	(1,456,224)	(1,456,224)	-
Department of Water and Wastewater	22,284,530	19,519,093	31,500	-	-	(2,733,937)	(2,733,937)	-
Total Business-Type Activities	28,735,880	24,514,219	31,500	-	-	(4,190,161)	(4,190,161)	(232,638)
Total Primary Government	$ 265,549,130	$ 30,640,303	$ 15,140,925	$ 9,898,288	(205,679,453)	(4,190,161)	(209,869,614)	$ (78,858,784)
Component Units:								
The Worcester County Board of Education	$ 143,267,551	$ 4,106,466	$ 53,518,801	$ 6,783,500				$ (78,858,784)
Total Component Units	$ 143,267,551	$ 4,106,466	$ 53,518,801	$ 6,783,500				(78,858,784)
General Revenues:								
Taxes:								
Real and Personal Property					176,276,122	-	176,276,122	-
Income					51,782,717	-	51,782,717	-
Room Tax and Admin Fees					2,074,000	-	2,074,000	-
Admission and Amusement					887,207	-	887,207	-
Cannabis					86,112	-	86,112	-
Recordation					9,476,507	-	9,476,507	-
Transfer Tax					6,296,476	-	6,296,476	-
Food Tax Admin Fees					100,794	-	100,794	-
Franchise Fees					23,382	-	23,382	-
Transfers					(8,423,239)	3,474,050	(4,949,189)	-
Interest					8,704,689	1,560,344	10,265,033	-
Other					4,059,599	72,400	4,131,999	124,966,122
Total General Revenues					251,344,366	5,106,794	256,451,160	124,966,122
CHANGE IN NET POSITION					45,664,913	916,633	46,581,546	46,107,338
Net Position - Beginning of Year, as Previously Reported					121,676,484	57,837,142	179,513,626	(90,990,919)
Adjustment for correction of error (Note 18)					(1,414,000)	(2,614,461)	(4,028,461)	(765,466)
Net Position - Beginning of Year, as Restated					120,262,484	55,222,681	175,485,165	(91,756,385)
NET POSITION - END OF YEAR					$ 165,927,397	$ 56,139,314	$ 222,066,711	$ (45,649,047)

See accompanying Notes to Financial Statements.

WORCESTER COUNTY, MARYLAND
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2025

	General	Capital Projects	Debt Service	Nonmajor Governmental Funds	Total
ASSETS					
Cash and Short-Term Investments	$ 125,271,797	$ 5,605,409	$ -	$ 2,754,640	$ 133,631,846
Receivables:					
Taxes	3,782,507	-	-	-	3,782,507
Federal, State, and Local Governments	9,568,503	-	-	-	9,568,503
Accounts	1,173,634	-	-	-	1,173,634
Other	1,133,952	-	-	-	1,133,952
Due from Other Funds	11,929,665	23,450	-	7,172,589	19,125,704
Due from Fiduciary Funds	48,403	-	-	-	48,403
Prepaid Items	237,747	-	-	-	237,747
Other Assets	97,310	-	-	-	97,310
Total Assets	$ 153,243,518	$ 5,628,859	$ -	$ 9,927,229	$ 168,799,606
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES					
LIABILITIES					
Accounts Payable and Accrued Liabilities	$ 13,175,107	$ 1,006,240	$ -	$ 567,916	$ 14,749,263
Due to Other Funds	7,308,286	-	-	-	7,308,286
Due to Fiduciary Funds	166,329	-	-	-	166,329
Due to Other Governments	81,697	-	-	-	81,697
Unearned Revenue	1,124,776	-	-	-	1,124,776
Total Liabilities	21,856,195	1,006,240	-	567,916	23,430,351
DEFERRED INFLOWS OF RESOURCES					
Unavailable Revenue - Opioid	-	-	-	1,094,133	1,094,133
Unavailable Revenue - Property Taxes	3,088,374	-	-	-	3,088,374
Total Deferred Inflows of Resources	3,088,374	-	-	1,094,133	4,182,507
FUND BALANCES					
Nonspendable	237,747	-	-	-	237,747
Restricted	-	4,622,619	-	1,590,050	6,212,669
Assigned	73,295,085	-	-	6,675,130	79,970,215
Unassigned	54,766,117	-	-	-	54,766,117
Total Fund Balances	128,298,949	4,622,619	-	8,265,180	141,186,748
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	$ 153,243,518	$ 5,628,859	$ -	$ 9,927,229	$ 168,799,606

See accompanying Notes to Financial Statements.

WORCESTER COUNTY, MARYLAND
RECONCILIATION OF THE GOVERNMENT FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
JUNE 30, 2025

Total Fund Balances - Governmental Funds		$ 141,186,748
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.		114,799,736
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.		
Property Taxes		3,088,374
Opioid Remediation		1,094,133
Deferred outflows of resources and deferred inflows of resources are applicable to future periods, and, therefore, are not reported in the governmental funds.		
Deferred Outflows of Resources - Pensions		23,450,092
Deferred Outflows of Resources - OPEB		4,941,450
Deferred Inflows of Resources - Pensions		(1,148,366)
Deferred Inflows of Resources - OPEB		(19,966,649)
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, Leases, and Subscriptions Payable	$ (74,879,491)	
Compensated Absences	(6,570,626)	
Net Pension Liability	(49,322,228)	
Other Postemployment Benefits	29,254,224	
Total Long-Term Liabilities		(101,518,121)
Net Position of Governmental Activities in the Statement of Net Position		$ 165,927,397

See accompanying Notes to Financial Statements.

WORCESTER COUNTY, MARYLAND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2025

	General	Capital Projects	Debt Service	Nonmajor Governmental Funds	Total
REVENUES					
Taxes	$ 246,061,154	$ -	$ -	$ 541,650	$ 246,602,804
Licenses and Permits	2,881,575	-	-	-	2,881,575
Intergovernmental	18,618,619	515,507	-	5,946,469	25,080,595
Charges for Services	3,180,482	-	-	-	3,180,482
Investment Income	8,304,904	297,504	-	102,281	8,704,689
Miscellaneous	2,999,150	-	-	-	2,999,150
Total Revenues	282,045,884	813,011	-	6,590,400	289,449,295
EXPENDITURES					
Current:					
General Government	27,634,661	-	-	-	27,634,661
Public Safety	46,460,890	-	-	-	46,460,890
Public Works	11,033,582	-	-	-	11,033,582
Health and Hospitals	6,269,831	-	-	-	6,269,831
Social Services	2,498,394	-	-	1,690,093	4,188,487
Education	117,736,653	3,405,191	-	-	121,141,844
Libraries, Recreation, Parks, and Culture	9,716,168	-	-	-	9,716,168
Conservation of Natural Resources	767,888	-	-	-	767,888
Economic Development	4,693,465	-	-	-	4,693,465
Distributions to Incorporated Municipalities	6,986,911	-	-	-	6,986,911
Capital Outlays	1,358,710	10,427,677	-	-	11,786,387
Debt Service:					
Principal Retirement	-	-	7,503,458	-	7,503,458
Interest and Other Charges	-	-	3,525,966	-	3,525,966
Total Expenditures	235,157,153	13,832,868	11,029,424	1,690,093	261,709,538
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	46,888,731	(13,019,857)	(11,029,424)	4,900,307	27,739,757
OTHER FINANCING SOURCES (USES):					
Lease and Subscription Agreements	1,358,710	-	-	-	1,358,710
Transfers In	3,591,511	12,344,560	11,029,424	-	26,965,495
Transfers Out	(33,745,541)	-	-	(1,643,193)	(35,388,734)
Total Other Financing Sources (Uses)	(28,795,320)	12,344,560	11,029,424	(1,643,193)	(7,064,529)
NET CHANGE IN FUND BALANCES	18,093,411	(675,297)	-	3,257,114	20,675,228
Fund Balances - Beginning Of Year	110,205,538	5,297,916	-	5,008,066	120,511,520
FUND BALANCES - END OF YEAR	$ 128,298,949	$ 4,622,619	$ -	$ 8,265,180	$ 141,186,748

See accompanying Notes to Financial Statements.

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, 2025

Net Change in Fund Balances - Governmental Funds	$ 20,675,228
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	15,463,837
Depreciation and Amortization Expense	(6,520,005)
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. Unavailable revenues increased by this amount this year.	1,460,258
Debt proceeds provide current financial resources for governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. Also, governmental funds report the effect of premiums and discounts when debt is first issued. These amounts are deferred and amortized in the statement of activities.	
Principal Payments on Bonds	7,072,960
Principal Payments on Leases	138,091
Principal Payments on Subscriptions	34,330
Principal Payments on Notes	51,351
Issuance of Lease Agreements	(1,017,465)
Issuance of Subscription Agreements	(341,245)
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.	830,506
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	(1,696,613)
Change in Postretirement Employee Benefits	10,269,703
Change in Compensated Absences	(756,023)
Change in Net Position of Governmental Activities	$ 45,664,913

See accompanying Notes to Financial Statements.

WORCESTER COUNTY, MARYLAND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL (BUDGETARY BASIS)
GENERAL FUND
YEAR ENDED JUNE 30, 2025

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
REVENUES				
Taxes	$ 237,946,523	$ 237,946,523	$ 246,061,154	$ 8,114,631
Licenses and Permits	2,768,190	2,768,190	2,881,575	113,385
Intergovernmental	10,397,328	10,397,328	18,618,619	8,221,291
Charges for Services	2,131,501	2,131,501	3,180,482	1,048,981
Investment Income	6,000,000	6,000,000	8,304,904	2,304,904
Miscellaneous	408,700	408,700	2,999,150	2,590,450
Total Revenues	259,652,242	259,652,242	282,045,884	22,393,642
EXPENDITURES				
General Government	25,221,913	27,807,627	27,634,661	172,966
Public Safety	49,723,830	50,067,639	46,460,890	3,606,749
Public Works	11,824,704	11,824,704	11,033,582	791,122
Health and Hospitals	11,943,888	6,344,440	6,269,831	74,609
Social Services	2,412,932	2,412,932	2,498,394	(85,462)
Education	117,672,401	117,672,401	117,736,653	(64,252)
Libraries, Recreation, Parks, and Culture	9,724,651	9,724,651	9,716,168	8,483
Conservation of Natural Resources	893,429	893,429	767,888	125,541
Economic Development	2,235,512	6,739,312	4,693,465	2,045,847
Intergovernmental	10,247,742	10,247,742	6,986,911	3,260,831
Total Expenditures	241,901,002	243,734,877	233,798,443	9,936,434
EXCESS OF REVENUES OVER EXPENDITURES	17,751,240	15,917,365	48,247,441	32,330,076
OTHER FINANCING SOURCES (USES)				
Transfers In	2,265,375	2,265,375	3,591,511	1,326,136
Transfers Out	(20,016,615)	(18,616,063)	(33,745,541)	(15,129,478)
Total Other Financing Sources (Uses)	(17,751,240)	(16,350,688)	(30,154,030)	(13,803,342)
NET CHANGE IN FUND BALANCE	$ -	$ (433,323)	18,093,411	$ 18,526,734
Fund Balance - Beginning			110,205,538	
FUND BALANCE - ENDING			$ 128,298,949	

See accompanying Notes to Financial Statements.

WORCESTER :: COUNTY

WORCESTER COUNTY, MARYLAND
STATEMENT OF NET POSITION
BUSINESS-TYPE ACTIVITIES
JUNE 30, 2025

	Department of Solid Waste	Department of Water and Wastewater	Total
ASSETS			
Current Assets:			
Cash and Investments	$ 13,332,027	$ 25,016,753	$ 38,348,780
Accounts Receivable	281,008	3,484,870	3,765,878
Lease Receivable	-	1,267,047	1,267,047
Other Receivable	-	3,673,037	3,673,037
Prepaid Items	264,657	-	264,657
Due from Other Funds	134,677	662,656	797,333
Total Current Assets	14,012,369	34,104,363	48,116,732
Noncurrent Assets:			
Capital Assets:			
Land	1,226,989	114,883	1,341,872
Construction-in-Progress	125,399	861,845	987,244
Buildings and Building Improvements	609,656	-	609,656
Improvements Other than Buildings	42,169,109	-	42,169,109
Machinery and Equipment	9,273,865	7,053,489	16,327,354
Water and Sewer Systems	-	122,104,548	122,104,548
Less: Accumulated Depreciation	(41,402,206)	(70,065,581)	(111,467,787)
Net Capital Assets	12,002,812	60,069,184	72,071,996
Other Assets:			
Long-Term Debt Service Receivable	-	18,093,983	18,093,983
Total Noncurrent Assets	12,002,812	78,163,167	90,165,979
Total Assets	26,015,181	112,267,530	138,282,711

See accompanying Notes to Financial Statements.

WORCESTER COUNTY, MARYLAND
STATEMENT OF NET POSITION (CONTINUED)
BUSINESS-TYPE ACTIVITIES
JUNE 30, 2025

	Department of Solid Waste	Department of Water and Wastewater	Total
LIABILITIES			
Current Liabilities:			
Accounts Payable and Accrued Expenses	$ 279,605	$ 1,602,729	$ 1,882,334
Bonds and Notes Payable, Current	1,297,310	1,392,237	2,689,547
Compensated Absences, Current	88,904	417,256	506,160
Landfill - Closure and Postclosure Costs	21,646,706	-	21,646,706
Accrued Bond Interest Payable	39,563	147,496	187,059
Total Current Liabilities	23,352,088	3,559,718	26,911,806
Noncurrent Liabilities:			
Unearned Revenues	30,560	17,741,805	17,772,365
Bonds and Notes Payable, less Current Portion	5,592,828	17,648,393	23,241,221
Compensated Absences, less Current Portion	65,051	317,248	382,299
Due to Other Funds	130,860	12,487,477	12,618,337
Total Noncurrent Liabilities	5,819,299	48,194,923	54,014,222
Total Liabilities	29,171,387	51,754,641	80,926,028
DEFERRED INFLOWS OF RESOURCES			
Leases	-	1,217,369	1,217,369
Total Deferred Inflows of Resources	-	1,217,369	1,217,369
NET POSITION (DEFICIT)			
Net Investment in Capital Assets	5,112,674	41,028,551	46,141,225
Unrestricted (Deficit)	(8,268,880)	18,266,969	9,998,089
Total Net Position (Deficit)	$ (3,156,206)	$ 59,295,520	$ 56,139,314

See accompanying Notes to Financial Statements.

WORCESTER COUNTY, MARYLAND
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
BUSINESS-TYPE ACTIVITIES
YEAR ENDED JUNE 30, 2025

	Department of Solid Waste	Department of Water and Wastewater	Total
OPERATING REVENUES			
Domestic Charges	$ -	$ 12,447,685	$ 12,447,685
Commercial Charges	-	1,171,991	1,171,991
Hook-Up Charges	-	496,350	496,350
Future Capital Development	-	112,750	112,750
Interest and Penalties on Overdue Accounts	1,803	166,334	168,137
Additional Assessments	-	184,287	184,287
Payments by Developers	-	106,279	106,279
Operating Grants	-	31,500	31,500
Other Revenue	54,540	2,613,217	2,667,757
Interfund Charges	-	24,500	24,500
Debt Service Revenue	-	1,898,100	1,898,100
White Horse Park Revenue	-	297,600	297,600
Stump, Yard Waste, and Mulch Revenue	68,027	-	68,027
Licenses and Permits	5,080	-	5,080
Tipping Fees	4,865,676	-	4,865,676
Total Operating Revenues	4,995,126	19,550,593	24,545,719
TOTAL OPERATING EXPENSES	2,947,660	17,871,620	20,819,280
OPERATING INCOME BEFORE DEPRECIATION AND GENERAL EXPENSES	2,047,466	1,678,973	3,726,439
DEPRECIATION AND GENERAL EXPENSES	3,140,275	3,809,974	6,950,249
OPERATING LOSS	(1,092,809)	(2,131,001)	(3,223,810)
NONOPERATING REVENUES (EXPENSES)			
Interest on Investments	634,548	925,796	1,560,344
Interest Expense	(363,415)	(602,936)	(966,351)
Transfer In	-	3,474,050	3,474,050
Sale of Capital Assets	72,400	-	72,400
Total Nonoperating Revenues (Expenses)	343,533	3,796,910	4,140,443
CHANGE IN NET POSITION	(749,276)	1,665,909	916,633
Net Position (Deficit) - Beginning, As Previously Reported	(39,696)	57,876,838	57,837,142
Adjustment for correction of error (Note 18)	(2,367,234)	(247,227)	(2,614,461)
Net Position (Deficit) - Beginning, As Restated	(2,406,930)	57,629,611	55,222,681
NET POSITION (DEFICIT) - ENDING	$ (3,156,206)	$ 59,295,520	$ 56,139,314

See accompanying Notes to Financial Statements.

WORCESTER COUNTY, MARYLAND
STATEMENT OF CASH FLOWS
BUSINESS-TYPE ACTIVITIES
YEAR ENDED JUNE 30, 2025

	Department of Solid Waste	Department of Water and Wastewater	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash Received for Services	$ 4,920,754	$ 16,713,206	$ 21,633,960
Cash Received from Other Revenues	54,540	2,613,217	2,667,757
Cash Received for Operating Grants	-	31,500	31,500
Cash Received for Future Capital Development	-	112,750	112,750
Cash Received for Interfund Charges	-	24,500	24,500
Cash Payments to Employees	(1,006,212)	(4,489,439)	(5,495,651)
Cash Payments for Fringe Benefits	(383,891)	(2,462,300)	(2,846,191)
Cash Payments for Materials, Supplies, and Services	(1,662,182)	(10,162,318)	(11,824,500)
Net Cash Provided by Operating Activities	1,923,009	2,381,116	4,304,125
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Purchases of Property and Equipment	(973,762)	(2,597,007)	(3,570,769)
Proceeds from Sales of Property and Equipment	72,400	-	72,400
Principal Paid on Lease Obligations	(3,500,123)	-	(3,500,123)
Principal Paid on Bonds, Lines of Credit, and Notes	3,028,449	(1,211,573)	1,816,876
Interest Paid on Bonds, Lines of Credit, and Notes	(366,747)	(620,797)	(987,544)
Net Cash Used by Capital and Related Financing Activities	(1,739,783)	(4,429,377)	(6,169,160)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Advances from (Repayments to) Other Funds, Net	(398,688)	11,180,001	10,781,313
Net Cash Provided (Used) by Noncapital Financing Activities	(398,688)	11,180,001	10,781,313
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest on Investments	634,548	925,796	1,560,344
Net Cash Provided by Investing Activities	634,548	925,796	1,560,344
NET INCREASE IN CASH AND SHORT-TERM INVESTMENTS	419,086	10,057,536	10,476,622
Cash and Short-Term Investments - Beginning	12,912,941	14,959,217	27,872,158
CASH AND SHORT-TERM INVESTMENTS - ENDING	$ 13,332,027	$ 25,016,753	$ 38,348,780

See accompanying Notes to Financial Statements.

WORCESTER COUNTY, MARYLAND
STATEMENT OF CASH FLOWS (CONTINUED)
BUSINESS-TYPE ACTIVITIES
YEAR ENDED JUNE 30, 2025

	Department of Solid Waste	Department of Water and Wastewater	Total
RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED BY OPERATING ACTIVITIES			
Operating Loss	$ (1,092,809)	$ (2,131,001)	$ (3,223,810)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:			
Depreciation	3,140,275	3,809,974	6,950,249
Changes in Assets and Liabilities:			
Accounts Receivable	(50,392)	1,104,444	1,054,052
Leases Receivables	-	10,893	10,893
Prepaid Items	(264,657)	13,358	(251,299)
Accounts Payable and Accrued Expenses	99,072	781,136	880,208
Unearned Revenue	30,560	(1,123,907)	(1,093,347)
Deferred Inflow - Leases	-	(46,850)	(46,850)
Compensated Absences	60,960	(36,931)	24,029
Net Cash Provided by Operating Activities	$ 1,923,009	$ 2,381,116	$ 4,304,125
Non-cash capital and related financing activities			
Purchase of capital assets on account	$ 551,450	$ -	$ 551,450

See accompanying Notes to Financial Statements.

WORCESTER COUNTY, MARYLAND
STATEMENT OF NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2025

	Pension and Other Postemployment Benefits Trust	Custodial Funds
ASSETS		
Cash and Short-Term Investments	$ 10,430,859	$ 5,454,490
Trust Investments:		
U.S. Treasury Obligations	14,848,224	-
U.S. Government Agency Securities	6,513,405	-
Taxable Fixed Income Funds	17,755,097	-
Corporate Bonds	3,958,722	-
Equity Securities	37,732,322	-
Investment Contracts	4,058,826	-
Taxes Receivable	-	1,433,597
Special Assessments Receivable	-	7,097
Other Receivables	-	17,851
Due from Other Funds	-	166,329
Total Assets	95,297,455	7,079,364
LIABILITIES		
Accounts Payable	-	3,707,095
Unearned Revenue	-	473,952
Due to Other Funds	15,138	33,265
Due to Other Governments	-	373,867
Total Liabilities	15,138	4,588,179
NET POSITION		
Fiduciary Net Position Held for Others	95,282,317	2,491,185
Total Net Position	$ 95,282,317	$ 2,491,185

See accompanying Notes to Financial Statements.

WORCESTER COUNTY, MARYLAND
STATEMENT OF CHANGES IN NET POSITION
FIDUCIARY FUNDS
YEAR ENDED JUNE 30, 2025

	Pension and Other Postemployment Benefits Trust	Custodial Funds
ADDITIONS		
Contributions:		
Special Assessments	$ -	$ 148,839
Collections for Other Governments	-	108,953,788
Grant Funding	-	1,859,281
Employer Contributions	6,534,773	-
Plan Member Contributions	350,526	-
Other	301,736	1,176,531
Total Contributions	7,187,035	112,138,439
Investment Earnings:		
Interest	276,897	85,321
Net Increase in Fair Value of Investments	7,309,652	-
Total Investment Earnings	7,586,549	85,321
Total Additions	14,773,584	112,223,760
DEDUCTIONS		
Claims Incurred	5,842,193	-
Payments to Other Governments	-	109,214,494
Administrative	4,000	-
Other	-	3,005,118
Total Deductions	5,846,193	112,219,612
CHANGE IN NET POSITION	8,927,391	4,148
Net Position - Beginning, As Previously Reported	81,355,778	1,829,694
Adjustment for correction of error (Note 18)	4,999,148	657,343
Net Position - Beginning, As Restated	86,354,926	2,487,037
NET POSITION - ENDING	$ 95,282,317	$ 2,491,185

See accompanying Notes to Financial Statements.

NOTES TO FINANCIAL STATEMENTS

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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 accounting principles generally accepted in the United States of America (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.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Basis of Presentation (Continued)

Government-Wide Financial Statements

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

The Statement of Net Position presents the financial condition of the governmental and business-type activities of the County at year-end. The Statement of Activities presents a comparison between direct expenses and program revenues for each program or 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:

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Fund Accounting (Continued)

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 lease obligations, principal, interest, and related costs.

The remaining governmental funds which are nonmajor 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, Animal Control, the Local Management Board, the Casino Fund, the Energy Service Fund, Opioid Restitution Fund, and the Cannabis Tax Fund are the special revenue funds of the County.

Proprietary Fund Types

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

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

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Fund Accounting (Continued)

Fiduciary Fund Types

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

Trust and Custodial Funds – Trust and Custodial Funds are used to account for assets held by the County as an agent for other funds and/or other governments. The trust funds include the Pension and OPEB Trust Fund. The custodial funds include the State of Maryland Property Tax Fund, Maryland Department of Motor Vehicles Fund, Tax Sale Fund, Development Tax Fund, Performance Bond Fund, Personal Property Tax Fund, Forest Conservation Fund, Bay Restoration Fund, Berlin Room Tax Fund, Snow Hill Property Tax Fund, Snow Hill Room Tax Fund, Berlin Property Tax Fund, Pocomoke Property Tax Fund, Pocomoke Room Tax Fund, Ocean City Property Tax Fund, Ocean City Food Tax Fund, Ocean City Room Tax Fund, Special Loans Fund, Critical Areas Fund, Seized Funds Pending Forfeiture Fund, Public Drainage Associations, Rural Legacy Fund, and Inmate Welfare 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 and custodial 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.

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.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Basis of Accounting (Continued)

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 assets 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 7). The County and BOE recognize deferred outflows of resources related to their pension obligations (see Note 8) and OPEB liability (Note 9) for changes in assumptions, change in proportion and share of contributions, difference between expected and actual experience and net difference between projected and actual investment earnings. These amounts are deferred and recognized as outflows of resources in the period that the amounts become available.

In addition to liabilities, the Statement of Net Position and/or Balance Sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net assets 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 8) and OPEB liability (see Note 8) for changes in assumptions, change in proportion and share of contributions, net difference between projected and actual investment earnings and differences between expected and actual experience. The County also recognizes deferred inflows of resources related to leases (see Note 17) for lease payments to be received in future years. 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.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

F. Budgetary Data

Formal budgetary accounting is employed as a management control for all enterprise funds. The annual budgets for the enterprise funds are prepared in accordance with the basis of accounting utilized by those funds. The General Fund of the County has a legally adopted budget. The Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – General Fund is prepared on a basis consistent with the budget. The County's budget includes appropriations of prior year fund balance as "other sources" in the current year. Also, the Statement of Activities is prepared on a basis consistent with GAAP where encumbrances are treated as assignments of fund net position and prior year fund net position is not recognized as other revenue sources. The budgets shown in the financial statements are the budget ordinances at the close of the day on June 30, 2025. 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 30 days of the County Commissioners' approval.

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 nonowner 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 nonowner 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. 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.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

K. Capital Assets (Continued)

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.

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 to 100 Years
Improvements Other than Buildings	40 Years
Machinery and Equipment	5 - 20 years
Water and Sewer Systems	6 - 40 years
Infrastructure	5 - 50 years

L. 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."

M. Compensated Absences

The County provides compensated absences, including vacation, compensatory time, holiday, and sick leave, to eligible employees in accordance with established policies. A liability for compensated absences is recognized for leave that has not been used when the leave is attributable to services already rendered, accumulates, and is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. The liability is measured using employees' pay rates as of the financial statement date and includes salary-related payments that are directly and incrementally associated with the leave, as applicable. Leave that is more likely than not to be settled through conversion to defined benefit postemployment benefits is not included in the compensated absences liability.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

M. Compensated Absences (Continued)

The compensated absences liability is reported in the government-wide financial statements and in the proprietary fund financial statements, as applicable. In governmental fund financial statements, compensated absences are recognized as expenditures to the extent they normally would be liquidated with expendable available financial resources.

N. 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 or paid out within 60 days of year end. Loans and leases are recognized as liabilities on the fund financial statements when due.

O. 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.

P. Governmental Fund Balance

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

Nonspendable Fund Balance – 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 Fund Balance – 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.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

P. Governmental Fund Balance (Continued)

Committed Fund Balance – 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 Fund Balance – 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 Fund Balance – 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 $35,383,534 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.

Q. Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activities of the enterprise funds. For the County, these revenues are charges for services for the Department of Water and Wastewater and the Department of Solid Waste. Operating expenses are the necessary costs incurred to provide the service that is the primary activity of the fund. Revenues and expenses not meeting these definitions are reported as nonoperating.

R. 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.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

S. 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.

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, 2025, Worcester County had deposits with financial institutions totaling $27,949,699 (with a carrying value of $26,135,644). 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, 2025 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, 2025, the County had investments of $16,497,303 with the MLGIP, which are recorded at cost, which approximates fair value.

NOTE 3 CASH AND SHORT-TERM INVESTMENTS (CONTINUED)

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, 2025, as its only investments within the primary government consisted of the MLGIP. The County's only other investments are within the Retiree Benefit Trust Fund.

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

Investments in the Retiree Benefit Trust Fund by type and maturity at June 30, 2025, measured at fair value, were as follows:

Investment Type	Fair Value	<1 Year	1-5 Years	>5 Years	Rate
U.S. Treasury Obligations	14,848,224	3,939,684	6,137,177	4,771,363	0.50% - 4.625%
U.S. Government Agency Securities	6,513,405	492,501	1,390,980	4,629,924	1.875% - 5.00%
Taxable Fixed Income Funds	17,755,097	17,755,097	-	-	N/A
Corporate Bonds	3,958,722	273,894	1,706,870	1,977,958	1.125% - 6.20%
Equities	37,732,322	37,732,322	-	-	N/A
Total	$ 80,807,770	$ 60,193,498	$ 9,235,027	$ 11,379,245	

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.

NOTE 3 CASH AND SHORT-TERM INVESTMENTS (CONTINUED)

The County has the following recurring fair value measurements as of June 30, 2025:

- 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)

In addition, the County holds investments in guaranteed investment contracts. These investments are reported at amortized cost, which approximates fair value.

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

Petty Cash	$ 12,175
Carrying Amount of Deposits	30,276,302
MLGIP	157,577,498
U.S. Treasury Obligations	14,848,224
U.S. Government Agency Securities	6,513,405
Taxable Fixed Income Funds	17,755,097
Corporate Bonds	3,958,722
Equity Securities	37,732,322
Investment Contracts	4,058,826
Less: Cash and Investments Recorded within Fiduciary Funds	(100,751,945)
Total	$ 171,980,626

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, 2025, 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.

NOTE 4 INTERFUND BALANCES AND TRANSFERS (CONTINUED)

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, 2025 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)	$ 120,226	$ 92,999
Department of Water and Wastewater (Payroll and Shared Expenses)	11,809,282	19,246
Total Due from (to) Enterprise Funds	11,929,508	112,245
Other Funds:		
Capital Projects Fund (Reimbursement Between Funds)	-	23,450
Other Nonmajor Governmental Funds	-	7,172,589
Fiduciary Funds	48,560	166,331
Total Due from (to) Other Funds	48,560	7,362,370
Total General Fund Due from (to) Other Funds	11,978,068	7,474,615
Fiduciary Funds:		
General Fund	166,331	48,560
Other Governmental Funds:		
General Fund	7,172,589	-
Capital Projects Fund:		
General Fund	23,450	-
Solid Waste Fund:		
General Fund	92,999	120,226
Water and Wastewater Fund	41,678	10,634
Water and Wastewater Funds:		
General Fund	19,246	11,809,282
Solid Waste Fund	10,634	41,678
Total	$ 19,504,995	$ 19,504,995

NOTE 4 INTERFUND BALANCES AND TRANSFERS (CONTINUED)

Interfund transfer activity for the year ended June 30, 2025 consisted of the following individual amounts:

	Transfers In	Transfers Out
General Fund:		
Capital Projects Fund	$ -	$ 12,344,560
Debt Service Fund	-	11,029,424
Casino Fund	1,643,193	-
Water and Wastewater Fund	-	3,474,050
Capital Projects Fund:		
General Fund	12,344,560	-
Debt Service Fund:		
General Fund	11,029,424	-
Other Governmental Funds:		
General Fund	-	1,643,193
Water and Wastewater Fund	3,474,050	-
Total	$ 28,491,227	$ 28,491,227

Interfund transfers are for the following purposes:

- Transfers from the General Fund to the Capital Projects Fund are for capital projects that are not funded by specific revenue sources or through bond funds.

- Interfund transfers from the General Fund to the Debt Service Fund are for bond payments.

- The interfund transfer from the Casino Fund to the General Fund is for the bond payment for the Worcester Technical High School bond.

NOTE 5 LEASE RECEIVABLES

The County's Wastewater Enterprise Fund has entered into various lease agreements to lease land near County owned water towers for antenna mounting sites. Monthly payments for these leases range from $4,000 to $2,208. The County uses its incremental borrowing rate to determine the initial value of the lease receivable and corresponding deferred inflow. The County has options to extend which typically are in five-year renewal increments up to 25 years. The County has considered the probability of exercising the lease renewal options in the initial calculation of the lease.

NOTE 5 LEASE RECEIVABLES (CONTINUED)

The table below is a summary of activity for the County's lease receivables and corresponding deferred inflows during the year.

Business-Type Activities	Balance June 30, 2024	Additions	Reductions	Balance June 30, 2025
Lease Receivable	$ 1,277,940	$ -	$ (10,893)	$ 1,267,047
Deferred Inflows	(1,264,219)	-	46,850	(1,217,369)

For the year ended June 30, 2025, rental and interest income associated with lease receivables were $22,886 and $68,152, respectively.

NOTE 6 CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2025 was as follows:

	Balance June 30, 2024	Additions	Transfers and Reductions	Balance June 30, 2025
Primary Government:				
Governmental Activities:				
Nondepreciable Capital Assets:				
Land	$ 15,419,481	$ 1,695,071	$ -	$ 17,114,552
Construction-in-Progress	13,710,811	5,968,468	(11,771,036)	7,908,243
Total Nondepreciable Capital Assets	29,130,292	7,663,539	(11,771,036)	25,022,795
Depreciable Capital Assets:				
Building and Building Improvements	99,940,470	-	-	99,940,470
Improvements Other than Buildings	19,801,628	995,201	11,771,036	32,567,865
Machinery and Equipment	40,231,977	3,893,033	(198,875)	43,926,135
Infrastructure	113,972,601	2,134,050	-	116,106,651
Total Depreciable Capital Assets	273,946,676	7,022,284	11,572,161	292,541,121
Less Accumulated Depreciation for:				
Buildings and Building Improvements	(45,267,388)	(2,638,201)	-	(47,905,589)
Improvements Other than Buildings	(9,996,075)	(849,121)	-	(10,845,196)
Machinery and Equipment	(34,424,228)	(2,258,619)	198,875	(36,483,972)
Infrastructure	(108,114,069)	(564,898)	-	(108,678,967)
Total Accumulated Depreciation	(197,801,760)	(6,310,839)	198,875	(203,913,724)
Total Depreciable Capital Assets, Net	76,144,916	711,445	11,771,036	88,627,397
Right-to-Use Lease Assets:				
Ground	-	1,017,465	-	1,017,465
Total Right-to-Use Lease Assets	-	1,017,465	-	1,017,465
Less Accumulated Amortization:				
Ground	-	(162,780)	-	(162,780)
Total Accumulated Amortization	-	(162,780)	-	(162,780)
Total Right-to-Use Lease Assets, Net	-	854,685	-	854,685
Subscription Based Information Technology Arrangement Assets				
Subscription Based Information Technology Arrangement Assets	-	341,245		341,245
Less Accumulated Amortization:				
Subscription Based Information Technology Arrangement Assets	-	(46,386)		(46,386)
Total Subscription Based Information Technology Arrangement Assets, Net	-	294,859	-	294,859
Governmental Activities Capital Assets, Net	$ 105,275,208	$ 9,524,528	$ -	$ 114,799,736

NOTE 6 CAPITAL ASSETS (CONTINUED)

Depreciation and amortization expense was charged to governmental functions as follows:

General Government	$ 903,269
Public Safety	2,762,085
Public Works	1,210,702
Health and Hospitals	476,321
Libraries, Recreation, and Culture	1,085,595
Economic Development	82,034
Total Depreciation/Amortization Expense	$ 6,520,006

Capital asset activity for the enterprise funds for the year ended June 30, 2025 was as follows:

	Balance June 30, 2024	Additions	Transfers and Reductions	Balance June 30, 2025
Business-Type Activities:				
Nondepreciable Capital Assets:				
Land	$ 1,341,872	$ -	$ -	$ 1,341,872
Construction-in-Progress	626,558	586,519	(225,832)	987,245
Total Nondepreciable Capital Assets	1,968,430	586,519	(225,832)	2,329,117
Depreciable Capital Assets:				
Buildings and Building Improvements	429,570	180,086	-	609,656
Improvements Other than Buildings	42,169,109	-	-	42,169,109
Machinery and Equipment	15,161,285	1,166,069	-	16,327,354
Water and Sewer Systems	120,240,620	1,863,927	-	122,104,547
Total Depreciable Capital Assets	178,000,584	3,210,082	-	181,210,666
Less Accumulated Depreciation for:				
Buildings and Building Improvements	(357,592)	(12,922)	-	(370,514)
Improvements Other than Buildings	(34,620,310)	(1,552,883)	-	(36,173,193)
Machinery and Equipment	(9,182,997)	(1,375,524)	-	(10,558,521)
Water and Sewer Systems	(60,895,319)	(3,470,240)	-	(64,365,559)
Total Accumulated Depreciation	(105,056,218)	(6,411,569)	-	(111,467,787)
Total Depreciable Capital Assets, Net	72,944,366	(3,201,487)	-	69,742,879
Business-Type Activities Capital Assets, Net	$ 74,912,796	$ (2,614,968)	$ (225,832)	$ 72,071,996

NOTE 7 LONG-TERM OBLIGATIONS

Changes in the County's long-term obligations for the year ended June 30, 2025 were as follows:

	Balance at June 30, 2024	Additions/ Transfers	Reductions/ Transfers	Balance at June 30, 2025	Amount Due in One Year
Governmental Activities:					
General Obligation Bonds:					
Consolidated Public Improvement Bonds, 2013 Series; Interest at 2.5% to 3.4%; Due Semiannually to 2033	$ 3,155,000	$ -	$ (305,000)	$ 2,850,000	$ 315,000
Consolidated Public Improvement Bonds, 2014 Series; Interest at 3.25% to 5%; Due Semiannually to 2029	17,155,000	-	(3,125,000)	14,030,000	3,280,000
Consolidated Public Improvement Bonds, 2015 Series A; Interest at 3% to 5%; Due Semiannually to 2030	5,055,563	-	(632,960)	4,422,603	665,419
Consolidated Public Improvement Bonds, 2019 Series; Interest at 3% to 5%; Due Semiannually to 2034	27,270,000	-	(1,930,000)	25,340,000	2,025,000
Consolidated Public Improvement Bonds, 2022 Series; Interest at 3.625% to 5%; Due Semiannually to 2037	21,280,000	-	(1,080,000)	20,200,000	1,135,000
Deferred Bond Premium, Net	7,388,384	-	(830,506)	6,557,878	830,506
Leases Payable	-	1,017,465	(138,091)	879,374	189,159
Subscriptions Payable	-	341,245	(34,330)	306,915	66,393
Financed Purchases Payable	344,072	-	(51,351)	292,721	72,841
Total	81,648,019	1,358,710	(8,127,238)	74,879,491	8,579,318
Compensated Absences*	5,814,603	756,023	-	6,570,626	4,168,422
Total Governmental Activities	$ 87,462,622	$ 2,114,733	$ (8,127,238)	$ 81,450,117	$ 12,747,740

*Balance of Compensated Absences at June 30, 2024 reported is shown as restated, see Note 18.

NOTE 7 LONG-TERM OBLIGATIONS (CONTINUED)

	Balance at June 30, 2024	Additions/ Transfers	Reductions/ Transfers	Balance at June 30, 2025	Amount Due in One Year
Business-Type Activities:					
Estimated Landfill Closure Costs*	$ 21,108,030	$ 538,677	$ -	$ 21,646,707	$ 21,646,707
General Obligation Bonds:					
Snug Harbor Water Quality Loan Agreement, 2007; Interest at 0.4%; Due Semiannually to 2026	56,997	-	(32,140)	24,857	24,857
MDE Drinking Water Bond; Interest at 1.1%; Due Semiannually to 2029	103,826	-	(20,313)	83,513	20,537
Mystic Harbour USDA Note Payable, 2012; Interest at 2%; Due Quarterly to 2052	3,940,880	-	(106,083)	3,834,797	108,225
Mystic Harbour USDA Note Payable, 2014; Interest at 2.5%; Due Quarterly to 2053	2,329,303	-	(53,957)	2,275,346	55,323
Mystic Harbour USDA Note Payable, 2016; Interest at 2.25%; Due Quarterly to 2056	216,199	-	(4,668)	211,531	4,774
Mystic Harbour USDA Note Payable, 2018; Interest at 2.75%; Due Quarterly to 2058	2,220,495	-	(40,588)	2,179,907	41,715
Consolidated Public Improvement Bonds, 2014 Series; Interest at 2% to 5%; Due Semiannually to 2029	2,120,000	-	(385,000)	1,735,000	405,000
Consolidated Public Improvement Refunding Bonds, 2015 Series B; Interest at 2.125% to 4%; Due Semiannually to 2026	475,000	-	(210,000)	265,000	215,000
Consolidated Public Improvement Bonds, 2015 Series A; interest at 3% to 5%; Due Semiannually to 2030	1,879,436	-	(237,040)	1,642,396	249,581
Consolidated Public Improvement Bonds, 2019 Series; Interest at 3% to 5%; Due Semiannually to 2034	4,555,000	-	(315,000)	4,240,000	340,000
Mystic Harbour USDA Note Payable, 2020; Interest at 1.50%; Due Quarterly to 2060	158,004	-	(3,316)	154,688	3,366
MDE Water Quality Bond; interest at 0.40%; Due Semiannually to 2051	925,008	-	(33,307)	891,701	33,440
Consolidated Public Improvement Bonds, 2022 Series; Interest at 3.625% to 5%; Due Semiannually to 2037	4,070,000	-	(205,000)	3,865,000	215,000
Deferred Bond Premium, Net	1,299,637	-	(151,883)	1,147,754	151,883
Financed Purchases Payable	3,500,123	551,450	(672,293)	3,379,280	972,729
Total	48,957,938	1,090,127	(2,470,588)	47,577,477	24,488,137
Compensated Absences*	908,551	-	(20,094)	888,457	506,160
Total Business-Type Activities	$ 49,866,489	$ 1,090,127	$ (2,490,682)	$ 48,465,934	$ 24,994,297

*Balance of Compensated Absences and Estimated Landfill Closure Costs at June 30, 2024 reported is shown as restated, see Note 18.

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.

NOTE 7 LONG-TERM OBLIGATIONS (CONTINUED)

In June 2011, the County acquired the debt of the previous Worcester County Liquor Control Board. This included two mortgages payable, which are secured by real estate. In February 2017, the County paid off one of the mortgages, which was secured by the Department of Liquor Control's retail store located in Pocomoke City, Maryland. The remaining mortgage was assumed by the County's governmental funds as part of the transfer of the Department of Liquor Control's warehouse in Snow Hill, Maryland to the General Fund.

In July 2012, the County entered into an agreement with the United States Department of Agriculture Rural Development to finance a portion of a wastewater treatment plant project totaling $5,062,000 with an interest rate of 2.0% to be repaid over the next five years. The maturity date was converted to over 40 years in June 2013. In November 2013, the County obtained additional funding for this project in the amount of $2,822,000 with an interest rate of 2.5% to be repaid over the following 40 years. In June 2016, the County obtained additional funding for this project in the amount of $250,000 with an interest rate of 2.25% to be repaid over the following 40 years. These loans were used to fund the Mystic Harbour wastewater treatment plant upgrades.

In January 2013, the County issued $13,105,000 in Consolidated General Obligation Refunding Bonds, 2013 Series, with an average interest rate of 3.6% and maturing in 2020 and 2033. Proceeds of $8,510,000 were used to refund the 2002 and 2004 Series bonds and $4,595,000 was used to fund the Correctional Officers' Retirement System pension plan. The Consolidated additional proceeds were placed in escrow for the purpose of generating resources for all future debt service payments on $8,900,000 of the refunded general obligation bonds. As a result, the associated liability has been removed. A net interest savings of $2,441,745 will be achieved over the life of the bond.

In October 2013, the County issued $48,300,000 in Consolidated Public Improvement Bonds, 2014 Series, with an average interest rate of 2.5% and maturing in 2029. Proceeds of $43,000,000 were used to fund the renovation of the Snow Hill High School. The remaining $5,300,000 was used to finance various wastewater treatment plant upgrades for the Ocean Pines service area.

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.

NOTE 7 LONG-TERM OBLIGATIONS (CONTINUED)

In June 2015, the County issued $26,950,000 in Consolidated Public Improvement Refunding Bonds, 2015 Series B, with an average interest rate of 4% and maturing in 2026. Proceeds were used to refund portions of the 2007 and 2008 Series bonds and pay off the loan used to fund the Ocean Pines fire protection system project. The net proceeds of $27,760,663 (after underwriting fees and other issuance costs) were deposited in a trust fund with an escrow agent and used to purchase U.S. government securities for the purpose of generating resources for all future debt service payments on $25,300,000 of the refunded general obligation bonds. As a result, this portion of the refunded general obligation bonds is considered defeased and the associated liability has been removed. The advance refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of $2,460,663. A net interest savings of $1,187,255 will be achieved over the life of the bond.

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

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

In November 2020, the County entered into an agreement with the Maryland Department of the Environment’s State Revolving Loan Fund to finance water quality capital projects totaling $1,046,771 with an interest rate of 0.4% and administrative charges of 5% to be repaid over 30 years. The loan was used to fund the Newark spray irrigation project.

In November 2022, the County issued $26,365,000 in Consolidated Public Improvement Bonds, 2022 series, with an average interest rate of 4.614% and maturing in 2037. Proceeds of the bond will be used to construct, install and equip an addition to Stephen Decatur Middle School, various jail and public safety facility improvements, and various water and wastewater infrastructure projects in the Ocean Pines Sanitary Service Area.

NOTE 7 LONG-TERM OBLIGATIONS (CONTINUED)

The following is a summary of the County's future annual debt service requirements on long-term obligations (excluding landfill closure costs and financed purchase obligations, which are reported separately):

	Government Activities		
Year Ending June 30,	Principal	Interest	Total
2026	$ 7,420,419	$ 2,834,815	$ 10,255,234
2027	7,791,936	2,527,438	10,319,374
2028	8,135,338	2,207,669	10,343,007
2029	8,495,625	1,872,273	10,367,898
2030	4,989,970	1,516,840	6,506,810
2031-2035	24,164,315	2,752,490	26,916,805
2036-2040	5,845,000	342,625	6,187,625
Total	$ 66,842,603	$ 14,054,150	$ 80,896,753

	Business-Type Activities		
Year Ending June 30,	Principal	Interest	Total
2026	$ 1,716,818	$ 564,162	$ 2,280,980
2027	1,590,707	503,549	2,094,256
2028	1,602,523	445,811	2,048,334
2029	1,672,896	386,667	2,059,563
2030	1,237,721	-	1,237,721
2031-2035	5,629,302	-	5,629,302
2036-2040	2,693,197	-	2,693,197
2041-2045	1,751,776	-	1,751,776
2046-2050	1,946,338	-	1,946,338
2051-2055	1,258,681	-	1,258,681
2056-2060	302,770	-	302,770
2061-2065	1,007	-	1,007
Total	$ 21,403,736	$ 1,900,189	$ 23,303,925

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

NOTE 7 LONG-TERM OBLIGATIONS (CONTINUED)

The assets acquired through financed purchase agreements are as follows:

Business-Type Activities	
Equipment	$ 5,471,154
Less: Accumulated Depreciation	(586,525)
Total	$ 4,884,629
Governmental Activities:	
Equipment	$ 355,860
Less: Accumulated Depreciation	(13,191)
Total	$ 342,669

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

Year Ending June 30,	Business-Type Activities
2026	$ 1,130,039
2027	1,090,729
2028	876,677
2029	627,066
2030	43,667
Total	3,768,178
Less: Amount Representing Interest	(388,898)
Present Value of Future Minimum Financed Purchase Payments	$ 3,379,280

Year Ending June 30,	Governmental Activities
2026	$ 72,841
2027	72,841
2028	72,841
2029	126,935
2030	-
Total	345,458
Less: Amount Representing Interest	(52,737)
Present Value of Future Minimum Financed Purchase Payments	$ 292,721

Leases Payable

The County leases copiers, buildings, and equipment under long-term, noncancelable lease agreements. The leases expire at various dates through 2032 and provide for renewal options of up to 5 years.

The right-to-use lease assets and the related accumulated amortization are detailed in Note 6.

NOTE 7 LONG-TERM OBLIGATIONS (CONTINUED)

Principal and interest requirements to maturity under lease agreements are as follows:

	Governmental Activities		
Year Ending June 30,	Principal	Interest	Total
2026	$ 189,159	$ 12,590	$ 201,749
2027	164,217	8,159	172,376
2028	156,578	5,106	161,684
2029	143,671	2,351	146,022
2030	91,146	602	91,748
2031 - 2035	134,603	181	134,784
Totals	$ 879,374	$ 28,989	$ 908,363

Subscription-Based Information Technology Arrangements

The County has entered into subscription based-information technology arrangements (SBITAs) for cloud storage and security software. The SBITA arrangements expire at July 1, 2034 and December 31, 2026, respectively, and provide for renewal options.

As of June 30, 2025, SBITA assets and the related accumulated amortization totaled $341,245 and $46,386, respectively.

The future subscription payments under SBITA agreements are as follows:

	Governmental Activities		
Year Ending June 30,	Principal	Interest	Total
2026	$ 66,393	$ 13,112	$ 79,505
2027	70,575	9,866	80,441
2028	17,400	7,914	25,314
2029	19,420	6,906	26,326
2030	21,593	5,786	27,379
2031 - 2035	111,534	9,379	120,913
Totals	$ 306,915	$ 52,963	$ 359,878

Funds Used for Debt Service and Liquidation of Compensated Absences

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

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

NOTE 8 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:

Employees	Plan
Board of Education	Maryland State Retirement and Pension System
Library	Maryland State Retirement and Pension System
Worcester County:	
Sheriff's Office	Maryland State Retirement and Pension System
Correctional Officers	Maryland State Retirement and Pension System
Board of Elections	Maryland State Retirement and Pension System
County Employees and Appointed Officers	Maryland State Retirement and Pension System
Elected Officials	Maryland State Retirement and Pension System
Certain Former Sanitary Commission Employees	Worcester County Supplemental Pension Plan

NOTE 8 PENSION PLANS (CONTINUED)

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:

Employees	Plan
Board of Education – Regular Employees	Employees' System
Board of Education – Teachers	Teachers' System
Library	Teachers' System
Worcester County:	
Sheriff's Office	LEOPS
Correctional Officers	Correctional Officers' Retirement System
Board of Elections	Employees' System
County Employees and Appointed Officers	Employees' System
Elected Officials	Employees' System

NOTE 8 PENSION PLANS (CONTINUED)

Maryland State Retirement and Pension System (Continued)

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

Basis of Accounting

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

Covered Members

Teachers' Retirement and Pension Systems

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

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.

NOTE 8 PENSION PLANS (CONTINUED)

Maryland State Retirement and Pension System (Continued)

Covered Members (Continued)

The Law Enforcement Officers' Pension System (LEOPS)

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

Summary of Significant Plan Provisions

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

Beginning July 1, 2011, the member contribution rate was increased for members of the Teachers' Pension System and Employees' Pension System from 5% to 7%. The contribution rate changed from 4% to 6% in fiscal year 2012 and 7% in fiscal year 2013 and beyond for members of the Law Enforcement Officers' Pension System.

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 6.80%).

NOTE 8 PENSION PLANS (CONTINUED)

Maryland State Retirement and Pension System (Continued)

Summary of Significant Plan Provisions (Continued)

A brief summary of the retirement eligibility requirements of and the benefits available under the various systems in effect during fiscal year 2024 are as follows:

Service Retirement Allowances

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

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

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

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).

NOTE 8 PENSION PLANS (CONTINUED)

Maryland State Retirement and Pension System (Continued)

Summary of Significant Plan Provisions (Continued)

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. An individual who is a member of the State Police Retirement System on or before June 30, 2011, is eligible for full retirement benefits upon the earlier of attaining age 50 or accumulating 22 years of eligibility service regardless of age. An individual who becomes a member of the State Police Retirement System on or after July 1, 2011 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 equals 2.55% of the member's AFC multiplied by the number of years of accumulated creditable service and may not exceed 71.4% of the member's AFC.

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 five 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%.

NOTE 8 PENSION PLANS (CONTINUED)

Maryland State Retirement and Pension System (Continued)

Summary of Significant Plan Provisions (Continued)

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

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

Disability and Death Benefits

Generally, a member covered under retirement plan provisions who is permanently disabled after five 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 five 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.

NOTE 8 PENSION PLANS (CONTINUED)

Maryland State Retirement and Pension System (Continued)

Summary of Significant Plan Provisions (Continued)

Members of the Law Enforcement Officers' Pension System (LEOPS) are eligible to participate in a Deferred Retirement Option Program (DROP). For members who enter the DROP on or after July 1, 2011, the member is deemed retired and the retirement allowance is placed in an account earning 4% interest per year, compounded annually. At the end of the DROP period, the lump sum held in the DROP account is paid to the retiree. The LEOPS members must end employment and fully retire at the end of the DROP period. The maximum period of participation is 5 years for LEOPS.

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.

NOTE 8 PENSION PLANS (CONTINUED)

Maryland State Retirement and Pension System (Continued)

Actuarial Assumptions

The total pension liability in the June 30, 2024 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial	Entry Age Normal
Amortization Method	Level percent closed
Remaining Amortization Period	25-year closed amortization period ending June 30, 2039 (15 years remaining); 10-25 year layers for UAAL after July 1, 2023
Asset Valuation Method	Five-year smoothed market (max. 120% and min. 80% of the market value)
Inflation	2.50% price; 3.00% wage
Salary Increases	3.00% to 22.50%
Investment Rate of Return	6.80%
Retirement Age	Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2024 valuation pursuant to the 2024 Experience Study for the period July 1, 2018 to July 30, 2023.
Mortality	Various versions of the Pub-2010 Mortality Tables with projected generational mortality improvements based on the MP-2021 fully generational mortality improvement scale.

NOTE 8 PENSION PLANS (CONTINUED)

Maryland State Retirement and Pension System (Continued)

Investments

The long-term expected rate of return on pension plan investments was determined using a building- block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of geometric real rates of return were adopted by the Board of Trustees after considering input from the System's investment consultant(s) and actuary(s). For each major asset class that is included in the System's target asset allocation as of June 30, 2024, these best estimates are summarized in the following table:

Asset Class	Target Allocation Percent	Long-Term Expected Real Rate of Return Percent
Public Equity	34 %	6.9 %
Private Equity	16	8.6
Rate Sensitive	20	2.6
Credit Opportunity	9	5.6
Real Assets	15	5.4
Absolute Return	6	4.4
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, 2024.

For the year ended June 30, 2024, the annual money-weighted rate of return on pension plan investments, net of the pension plan investment expense, was 3.11%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Discount Rate

A single discount rate of 6.80% was used to measure the total pension liability. This single discount rate was based on the expected rate of return on pension plan investments of 6.80%. The projection of cash flows used to determine this single discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

NOTE 8 PENSION PLANS (CONTINUED)

Maryland State Retirement and Pension System (Continued)

Sensitivity of the Net Pension Liability

Regarding the sensitivity of the net pension liability to changes in the single discount rate, the following presents the plan's net pension liability, calculated using a single discount rate of 6.80%, 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 (5.80%)	Discount Rate (6.80%)	1% Increase (7.80%)
County	$ 71,682,263	$ 49,322,228	$ 30,683,633
Board of Education	10,614,839	7,303,730	4,543,688

Teachers' and Employees' Retirement and Pension Systems

Employer Contributions:

In accordance with Maryland Senate Bill 1301, *Budget Reconciliation and Financing Act of 2012*, the Board of Education (BOE) is required to pay 100% of the normal cost portion of the total pension cost for teachers. The normal cost is the portion of the total retirement benefit cost that is allocated to the current year of the employee's service. The related payment for the fiscal year ending June 30, 2025, was $3,641,601. In addition, the State of Maryland contributed $8,109,244 on behalf of the BOE. The BOE has recognized the State on-behalf payments as both a revenue and expense.

During fiscal year 2025, the BOE reported expense of $798,304 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.

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.

NOTE 8 PENSION PLANS (CONTINUED)

Maryland State Retirement and Pension System (Continued)

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

At June 30, 2025, 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)	$ 7,303,730
State's Proportionate Share of the Net Pension Liability (Teachers' Systems)	49,322,228
Total	$ 68,210,952

The net pension liability was measured as of June 30, 2024, 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, 2024, 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, 2024, under the GASB No. 67 requirements.

NOTE 8 PENSION PLANS (CONTINUED)

Maryland State Retirement and Pension System (Continued)

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

At June 30, 2025, the County and BOE reported the following related to pensions:

	BOE	County
Employer's Proportion (Percentage) of the Collective Net Pension Liability	0.2776620 %	0.1875055 %
Employer's Proportionate Share of the Collective Net Pension Liability	$ 7,303,730	$ 49,322,228
Pension Expense Recognized in the Government Wide Financial Statements	4,640,460	8,244,450
Pension Expense Recognized in the Government Fund Financial Statements	798,304	6,497,275
Deferred Inflows of Resources:		
Difference Between Expected and Actual Experience	176,763	1,112,803
Change in Proportionate Share of Contributions	-	35,563
Total Deferred Inflows of Resources	$ 176,763	$ 1,148,366
Deferred Outflows of Resources:		
Changes in Assumptions	$ 492,779	$ 3,206,500
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	527,525	3,315,828
Differences Between Expected and Actual Experience	754,375	5,014,619
Change in Proportionate Share of Contributions	141,527	5,415,870
Year Ended June 30, 2025 Contributions	798,304	6,497,275
Total Deferred Outflows of Resources	$ 2,714,510	$ 23,450,092
Net Pension Liability June 30, 2024	$ 6,512,440	$ 40,257,063
Change in Net Pension Liability Factored for Contributions	791,290	9,065,165
Net Pension Liability June 30, 2025	$ 7,303,730	$ 49,322,228

The $798,304 and $6,497,275 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.

NOTE 8 PENSION PLANS (CONTINUED)

Maryland State Retirement and Pension System (Continued)

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

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

County

Year Ended June 30,	Net Deferred (Inflows) Outflows
2026	$ 3,324,647
2027	6,257,861
2028	3,319,193
2029	2,105,696
2030	797,054
Total	$ 15,804,451

Board of Education

Year Ended June 30,	Net Deferred (Inflows) Outflows
2026	$ 315,406
2027	776,001
2028	314,516
2029	180,122
2030	153,398
Total	$ 1,739,443

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	$ 44,815,554	$ 41,866,611	$ -
Board of Education	94,140,296	85,160,840	8,109,244
Library	2,340,081	1,980,787	330,730

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.

NOTE 8 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.

Actuarial Assumptions

The total pension liability in the July 1, 2024 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial	Projected Unit Credit Cost Method
Asset Valuation Method	Fixed Income assets are valued on a contract basis. Separate account assets (if any) are valued at market value.
Inflation	2.50% per year assumed increases after the annuity has been in pay status for one year
Salary Increases	3.50%
Investment Rate of Return	5.00%
Retirement Age	65
Mortality	RP-2014 with scale MP-2021

The liability related to the Supplemental Pension Plan is not material to the financial statements.

NOTE 9 OTHER POSTEMPLOYMENT 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

NOTE 9 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Worcester County (Continued)

Eligible spouses and dependents desiring coverage through the eligible retiree's plan must be enrolled in the Plan immediately prior to the retiree's effective date of retirement. As of July 1, 2023, the date of the last actuarial valuation, the following numbers of employees were receiving or were potentially eligible to receive future benefits:

	County
Inactive Employees or Beneficiaries Currently Receiving Benefit Payments	429
Inactive Employees Entitled to but not yet Receiving Benefit Payments	-
Active Employees	499
Total	928

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, 2025, the OPEB Trust paid for coverage of 429 retirees at a total cost, net of retiree contributions, of approximately $2,598,092. Liabilities not paid out of the Trust are typically liquidated from the general fund.

The County created the Retiree Benefit Trust of Worcester County and the Retiree Benefit Trust of the Board of Education of Worcester County (collectively the Trust) in order to arrange for the establishment of a reserve to pay promised future health and drug benefits for employee services that have already occurred. Employee and retiree contributions are not permitted and an actuarially determined contribution is not calculated for the plan. The trustees of each Trust consist of a five- member board that has final authority in all matters pertaining to the Trust.

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

NOTE 9 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Worcester County (Continued)

Net OPEB Liability

The County's net OPEB liability was measured as of June 30, 2025, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation date of July 1, 2023.

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%
Discount Rate	7.00 %
Healthcare Cost Trend Rates	5.50% for fiscal year 2025, decreasing .07% per year to an ultimate rate of 4.50% for fiscal year 2039 and later years
Mortality	PubG.H-2010 Mortality Table - General with Mortality Improvement using Scale MP-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:

Asset Class	Target Allocation Percent	Long-Term Expected Real Rate of Return Percent
Cash and Cash Equivalents	5 %	0.50 %
Fixed Income Investments	30	5.70
Equities	65	8.10
Total	100 %	

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 2024 through 2039.

NOTE 9 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Worcester County (Continued)

Net OPEB Liability (Continued)

Discount Rate (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 County's net OPEB liability/(asset) is an amount actuarially determined in accordance with the parameters of GASB Statement No. 75. The following table shows the components of the County's total OPEB liability, fiduciary net position, and the resulting net OPEB liability/(asset) as of June 30, 2025:

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balances at June 30, 2024	$ 58,218,343	$ 80,987,863	$ (22,769,520)
Changes for the Year:			
Service Cost	1,162,265	-	1,162,265
Interest Cost	3,952,815	-	3,952,815
Differences Between Expected and Actual Experience	-	1,505,727	(1,505,727)
Changes of Assumptions and Other Inputs	-	-	-
Contributions - Employer*	-	2,893,839	(2,893,839)
Contributions - Nonemployer Contributing Entities	-	350,526	(350,526)
Net Investment Income	-	7,458,401	(7,458,401)
Benefit Payments	(3,499,110)	(2,598,092)	(901,018)
Administrative Expense	-	(4,000)	4,000
Other Changes	-	(1,505,727)	1,505,727
Net Changes	1,615,970	8,100,674	(6,484,704)
Balances at June 30, 2025	$ 59,834,313	$ 89,088,537	$ (29,254,224)

NOTE 9 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Worcester County (Continued)

Funding Status and Funding Progress

As of July 1, 2023, the most recent actuarial valuation date, the total OPEB liability for benefits was $59,834,313, with $89,088,537 in plan Fiduciary net position, resulting in a prepaid asset of $29,254,224. The ratio of plan Fiduciary net position to the total OPEB liability was 148.99%. The covered employee payroll was $33,967,458, and the ratio of the net OPEB liability/(asset) to the covered payroll was (86.12)%.

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, 2024 measurement date for fiscal year-end 2025. 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 %	$ (21,924,210)
Current Discount Rate	7.00 %	$ (29,254,222)
1% Increase	8.00 %	$ (35,293,405)

NOTE 9 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Worcester County (Continued)

Sensitivity of the Total and Net OPEB Liability (Continued)

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

	Health Care Cost Trend Rate	Net OPEB Liability
1% Decrease	4.50% decreasing to 3.50%	$ (35,907,030)
Current Discount Rate	5.50% decreasing to 4.50%	$ (29,254,222)
1% Increase	6.50% decreasing to 5.50%	$ (21,071,715)

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

For the fiscal year ended June 30, 2025, the County recognized an OPEB benefit of $10,269,703 on the government-wide statements. At June 30, 2025, 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	$ -	$ 18,281,254
Changes of Assumptions	1,778,685	115,777
Net Difference Between Projected and Actual Earnings	3,162,765	1,569,618
Total	$ 4,941,450	$ 19,966,649

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
2026	$ (2,786,287)
2027	(5,574,566)
2028	(5,511,597)
2029	(737,155)
2030	(415,594)
Thereafter	-
Total	$ (15,025,199)

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

NOTE 9 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Board of Education of Worcester County

Plan Description and Benefits Provided

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

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

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

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

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

In addition, eligible spouses and dependents desiring coverage through the eligible retiree's plan must be enrolled in the Plan immediately prior to the retiree's effective date of retirement.

As of July 1, 2023, the date of the last actuarial valuation, the following employees were covered by the benefit terms:

Inactive Employees or Beneficiaries Currently Receiving Benefit Payments	659
Inactive Employees Entitled to but not yet Receiving Benefit Payments	-
Active Employees	1,001
Total	1,660

NOTE 9 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Board of Education of Worcester County

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, 2025, the OPEB Trust paid for coverage of approximately 659 retirees at a total cost of approximately $5,100,000. For the year ended June 30, 2025, Worcester County Commissioners funded the trust in the amount of $11,575,357 to fund future benefits and the Board funded the trust in the amount of $4,455,198 to fund future benefits.

On behalf of the Board, the Worcester County Commissioners created the Retiree Benefit Trust of the Board of Education of Worcester County (the Trust) in order to arrange for the establishment of a reserve to pay promised future health and drug benefits for employee services that have already occurred. The Board intends the contributions to the Trust will qualify as "contributions in relation to the actuarially determined contribution" within the meaning of GASB Statement Number 75 and that the Trust will qualify as a "trust or equivalent arrangement" within the meaning of GASB Statement 75.

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

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

Net OPEB Liability

The Board's net OPEB liability was measured as of June 30, 2025, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation date of July 1, 2023.

NOTE 9 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Board of Education of Worcester County (Continued)

Net OPEB Liability (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	7.00 %
Healthcare Cost Trend Rates	5.50% for fiscal year 2025, decreasing .0667% per year to an ultimate rate of 4.50% for fiscal year 2039 and later years
Mortality	PubT.H-2010 Mortality Table - Teachers with Mortality Improvement using scale MP-2020
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:

Asset Class	Target Allocation Percent	Long-Term Expected Real Rate of Return Percent
Cash and Cash Equivalents	1 %	0.20 %
Fixed Income Investments	34	5.30
Equities	65	8.00
Total	100 %	

Discount Rate

The discount rate used to measure the total OPEB liability was 7.00% for Fiscal Year 2024. This rate was changed from 5.172% used in Fiscal Year 2023. 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, 2024 of 4.21%.

NOTE 9 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Board of Education of Worcester County (Continued)

Net OPEB Liability (Continued)

Discount Rate (Continued)

The projection of cash flows used to determine the discount rate assumed that the Board's contribution will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected OPEB payments for current active and inactive employees. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability. The periods of projected benefit payments were fiscal years 2024 through 2039.

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

The Board's net OPEB liability is an amount actuarially determined in accordance with the parameters of GASB Statement No. 75. The following table shows the components of the Board's total OPEB liability, fiduciary net position, and the resulting net OPEB liability as of June 30, 2025:

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balances at June 30, 2024	$ 140,780,751	$ 45,949,943	$ 94,830,808
Changes for the Year:			
Service Cost	4,505,558	-	4,505,558
Interest Cost	9,638,299	-	9,638,299
Differences Between Expected and Actual Experience	-	604,206	(604,206)
Changes of Assumptions and Other Inputs	-	-	-
Contributions -County and Other	-	11,575,357	(11,575,357)
Contributions - Board	-	4,455,198	(4,455,198)
Net Investment Income	-	4,354,714	(4,354,714)
Implicit Rate Subsidy			
Benefit Payments	(6,181,539)	(5,123,803)	(1,057,736)
Administrative Expense	-	(4,000)	4,000
Other Changes	-	(604,206)	604,206
Net Changes	7,962,318	15,257,466	(7,295,148)
Balances at June 30, 2025	$ 148,743,069	$ 61,207,409	$ 87,535,660

NOTE 9 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Board of Education of Worcester County (Continued)

Funding Status and Funding Progress

As of July 1, 2024, the most recent actuarial valuation date, the total OPEB liability for benefits was $148,743,069 with $61,207,409 in plan Fiduciary net position, resulting in an unfunded OPEB liability of $87,535,660. The ratio of plan Fiduciary net position to the total OPEB liability was 148.89%. The covered employee payroll was $69,989,334, and the ratio of the net OPEB liability to the covered payroll was 125.07%.

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

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

- *Measurement Date* – The Board selected a June 30, 2025 measurement date for fiscal year-end 2025. 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 5.172%, 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	6.00 %	$ 106,902,537
Current Discount Rate	7.00 %	$ 87,535,660
1% Increase	8.00 %	$ 71,595,770

NOTE 9 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Board of Education of Worcester County (Continued)

Sensitivity of the Total and Net OPEB Liability (Continued)

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

	Health Care Cost Trend Rate	Board's Net OPEB Liability
1% Decrease	4.50 %	$ 69,087,469
Current Discount Rate	5.50 %	$ 87,535,660
1% Increase	6.50 %	$ 110,527,274

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

For the fiscal year ended June 30, 2025, the Board recognized an OPEB credit of $30,265,983 on the government-wide statements. At June 30, 2025, 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	$ -	$ 102,713,756
Changes of Assumptions	12,580,108	70,307,321
Net Difference Between Projected and Actual Earnings on OPEB Plan Investments	727,434	-
Total	$ 13,307,542	$ 173,021,077

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,	Amount
2026	$ (43,175,495)
2027	(49,893,280)
2028	(49,858,632)
2029	(6,616,322)
2030	(5,177,038)
Thereafter	(4,992,768)
Total	$ (159,713,535)

There were no significant changes in assumptions in the most recent actuarial valuation.

NOTE 10 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 11 DEFERRED COMPENSATION

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

The County funds all compensation deferred under the plan, at the direction of the covered employee, through investments underwritten by Security Benefits.

All amounts of compensation deferred under the plan; all property and rights purchased with those amounts; and all income attributable to those amounts, property, or rights are solely the property and rights of the plan participants and are not subject to the claims of the County's general creditors.

The County has no liability for losses under the plan but does have the duty of care that would be required of an ordinary prudent investor.

NOTE 12 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.

NOTE 13 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, 2025 are summarized as follows:

Assigned for:	Amount
Board of Education Berlin Intermediate School (Engineering/Design)	$ 1,934,119
Board of Education Buckingham Elementary School (Engineering/Design)	4,780,295
Board of Education Clock Systems (PES, SHMS)	208,238
Board of Education Fire Alarm Replacement OCES	248,432
Board of Education Gymnasium Air Condition Project SHMS & PMS	164,010
Board of Education LED Lighting Upgrades (SDMS, BOE Central, BIS)	574,800
Board of Education LED Lighting Upgrades (WTHS)	377,828
Board of Education PHS Baseball Field Drainage	18,006
Board of Education PHS Sidewalk Extension	25,000
Board of Education Roof Replacement Worcester Tech High School (partial funding)	5,478,000
Board of Education SDHS Security Vestibule Locking Hardware	55,993
Board of Education SHHS Gym Floor Refinishing	29,450
Board of Education Stadium Sound System Upgrades (SHHS, PHS)	104,764
Board of Education WTHS Security Vestibule Locking Hardware	14,520
Board of Education Admin Building (Windows/Renovations)	220,619
Board of Education Front Door Visitor Access Systems (All Schools)	250,000
Board of Education HVAC Replacements (SHMS,PMS, *SES added this year)	129,205
Board of Education PES Roof (moved some funding to roof units)	1,224,416
Board of Education Pocomoke Elementary Intercom	21,497
Board of Education Pocomoke Elementary RoofTop Units	1,045,183
Board of Education Roof Repairs (BIS, SDHS, WT)	70,495
Belt Street Radio Shop HVAC Replacement	74,100
Broadband Projects	911,296
Commission on Aging Berlin Senior Center Expansion Feasibility Study	40,000
Commission on Aging OC Senior Center HVAC Upgrades	914
Commission on Aging Snow Hill Senior Center HVAC	38,944
Commission on Aging Berlin & OC Senior Center New Flooring	31,542
County Building Repairs and Improvements	1,914,000
County Government Study (Needed Space Expansion)	1,200,000
Courthouse Bar Library Renovation	55,000
Courthouse Boiler Conversion & Fuel Tank Removal	175,000
Courthouse Chiller Pumps	45,725
Courthouse Clerk's Breakroom Renovation	16,000
Courthouse Washington St Entrance Evaluation	216,500
Courthouse Water Heater Replacement	9,750
Courtroom 4 Feasability Study(Engineering & Design)	280,425
Emergency Services 911 Data Center HVAC Replacement	4,750
Emergency Services Access Control	17,000
Emergency Services Flooring Replacement	13,187
Emergency Services Outdoor Warning Siren Replacement	1,410,143
Emergency Services Mobile Generator (FY23)	225,000
Encumbrances (FY25 unspent funds to be spent FY26)	8,621,698
Financial Software Upgrade Tyler/Munis Merger	811,125
Fire Marshal Hazmat Response Vehicle	150,000
Fire Tower/Training Center Upgrades/Expansion	1,656,827
Government Center Cooling Tower Replacement	360,000
Government Center Metal Roof Evaluation & New Roof	795,640
Government Center Roof Top Unit Replacements	75,688

NOTE 13 ASSIGNED FUND BALANCE (CONTINUED)

Gum Point Crossroad pipe construction (FY27)	300,000
Health Department Berlin Dental Clinic HVAC Upgrades	17,500
Health Department & 50 Plus Center Pocomoke Building Replace (Design)	1,205,023
HVAC Automation Systems Controls (various buildings)	209,729
Isle of Wight Building Renovation	970,000
Maintenance Equipment Building Addition	165,000
OC Library Restroom Fixture Rehabilitation	29,680
Ocean City Inlet Dredging (FY27/FY28)	150,000
Ocean City Library Parking Lot Improvements	120,000
Ocean City Senior Center Restroom Renovations	66,787
Parking Lot Upgrades/Resurfacing (Annually to Complete)	353,329
Parks & Rec JWS Basketball Court Renovations	125,000
Pocomoke New Library	4,187,162
Public Safety Facility (FY27)	213,000
Public Works & Maintenance Storage Building Security Fencing	20,000
Public Works Fleet & Maintenance Insulation & HVAC	77,400
Public Works Standard Spec & Construction Details	50,000
Radio System IT Refresh	2,265,995
Recreation West Ocean City Harbor Ice Vending Machine	212,700
Recreation Center Sound System	69,935
Recreation Center Steel Bent Frame Repairs	38,000
Recreation Center Building HVAC Improvement	1,870,995
Recreation Center Parking Lot Resurfacing	101,550
Recycle Building Expansion (FY27)	30,000
Recycle Overhead Doors (Cut from FY25 Budget)	180,000
Recycle & Home Owner Convenience Upgrade-Berlin,Bishopville, Riddle	982,000
Roads Cove Landing Road Crossroad Pipe Replacement	399,597
Roads New Well/Brine Maker & Truck Fill Station (Cut from FY25 Budget)	8,879
Roads Department Paving Projects	1,708,006
Roads Tanhouse Creek Bridge Replacement	622,626
Roads Unionville Road Pipe Replacement (FY27)	1,500,000
Roads Washbay SH Shop	50,000
Roadway Assessment	160,757
Sheriff Expand Office Space	84,019
Showell Park Basketball Court Renovations	215,000
Snow Hill Library Building Improvments(HVAC,Plumbing, Electrical)	2,563,669
Strategic Highway Safety Plan & Share Used Path 611	144,801
WWW Operations Assistance	9,411,187
WWW Service Area Consolidation	259,691
WWW Landings Intergovernmental Loan	200,000
WWW Newark Household Water Filters	49,082
WWW Newark Water Treatment Plant Rehab (Earmark Match)	637,500
WWW Ocean Pines Service Area Gum Point Road Intergovernmental Loan	268,000
WWW Ocean Pines Service Area St Martins by the Bay Intergovernmental Loan	9,640
WWW St Martins by the Bay Intergovernmental Loan	73,100
WWW Programable Logic Controllers Intergovernmental Loan	250,000
WWW Radio Read Water Meter Intergovernmental Loan	1,525,000
WWW Riddle WGC EDU Purchase	3,018,622
	73,295,085

NOTE 13 ASSIGNED FUND BALANCE (CONTINUED)

The nonmajor governmental fund has 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.

- Opioid assigned funds originate from settlement payments from the state which shall be used for purposes of future opioid remediation.

- Cannabis assigned funds originate from cannabis tax collection remittances from the state which shall be used for community reinvestment and repair funding.

- Energy Service assigned funds are being held for energy conservation related initiatives.

NOTE 14 LANDFILL CLOSURE AND POSTCLOSURE CARE COSTS

State and federal laws and regulations require the County to place a final cover on Worcester County landfills when closed and to perform certain maintenance and monitoring functions at the landfill sites for 30 years after closure.

The County has reported $21,646,706 in estimated landfill closure and post closure care liabilities at June 30, 2025 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 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 and includes room for potentially eight landfill cells. As of June 30, 2025, cells #1, #2, #3 and #4 are inactive. 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, which is currently at 76% capacity. MDE is requiring the installation of a landfill gas collections system on the inactive cells. Mining operations will be revaluated after the gas collection system has been installed.

NOTE 14 LANDFILL CLOSURE AND POSTCLOSURE CARE COSTS (CONTINUED)

The County has satisfied its financial assurance requirements based upon the local government financial ratio tests as of June 30, 2024. The County expects to satisfy these requirements as of June 30, 2025 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 15 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 16 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, 2025 was $330,730 for the Library, which is included in miscellaneous revenues and libraries, recreation, parks and culture expenditures, respectively.

NOTE 17 COMPONENT UNITS

The Board of Education of Worcester County

Cash and Short-Term Investments

At June 30, 2025, the Board of Education (BOE) had deposits of $7,928,065 (carrying value $12,577,326), 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, 2025 was as follows:

	Balance June 30, 2024	Additions	Transfers and Reductions	Balance June 30, 2025
Governmental Activities:				
Nondepreciable Capital Assets:				
Land and Improvements	$ 1,886,779	$ -	$ -	$ 1,886,779
Construction-in-Progress	748,415	928,158	(748,415)	928,158
Total Nondepreciable Capital Assets	2,635,194	928,158	(748,415)	2,814,937
Depreciable Capital Assets:				
Building and Building Improvements	291,826,390	5,651,584	748,415	298,226,389
Machinery and Equipment	13,401,697	6,127,866	(3,454,183)	16,075,380
Total Depreciable Capital Assets	305,228,087	11,779,450	(2,705,768)	314,301,769
Less Accumulated Depreciation for:				
Buildings and Building Improvements	(94,171,899)	(5,341,709)	-	(99,513,608)
Machinery and Equipment	(9,045,000)	(2,102,881)	3,454,183	(7,693,698)
Total Accumulated Depreciation	(103,216,899)	(7,444,590)	3,454,183	(107,207,306)
Total Depreciable Capital Assets, Net	202,011,188	4,334,860	748,415	207,094,463
Intangible Right-to-Use Assets:				
Leased Equipment	1,533,207	535,508	(816,647)	1,252,068
Less Accumulated Amortization	(1,312,162)	(250,414)	816,647	(745,929)
Total Intangible Right-to-Use Assets, Net	221,045	285,094	-	506,139
Governmental Activities Capital Assets, Net	$ 204,867,427	$ 5,548,112	$ -	$ 210,415,539

	Balance June 30, 2024	Additions	Transfers and Reductions	Balance June 30, 2025
Business-Type Activities:				
Depreciable Capital Assets:				
Machinery, Equipment, and Vehicles	$ 421,005	$ -	$ -	$ 421,005
Less Accumulated Depreciation for:				
Machinery, Equipment, and Vehicles	(287,212)	(17,349)	-	(304,561)
Total Depreciable Capital Assets, Net	133,793	(17,349)	-	116,444
Business-Type Activities Capital Assets, Net	$ 133,793	$ (17,349)	$ -	$ 116,444

NOTE 17 COMPONENT UNITS (CONTINUED)

The Board of Education of Worcester County (Continued)

Financed Purchases

The computer equipment contracts are secured by the equipment financed under the related agreement. In the event of nonappropriation of funds in a given year, the lease would be deemed terminated. Future minimum lease payments under the financed purchase obligations, which will be funded from the General Fund and partially from an appropriation from the County, are as follows:

Year Ending June 30,	Amount
2026	$ 2,523,889
2027	1,554,939
2028	1,554,939
2029	1,238,725
Total	6,872,492
Less: Amount Representing Interest	(481,125)
Present Value of Future Minimum Financed Purchase Payments	$ 6,391,367

Intangible Right-to-Use Assets

In accordance with GASB No. 87, *Leases*, the board recognizes the value of right-to-use assets leased under long-term contracts along with a related lease liability. Payments under vehicle leases total approximately $38,000 per year and will expire through fiscal year 2029. For purposes of discounting future payments on these leases the Board used the imputed interest rate in the lease agreement, ranging from 4.50% to 8.90%. Payments under copier leases total approximately $206,000 per year. These lease agreements will expire through fiscal year 2026. For purposes of discounting future payments on these leases the Board used its incremental borrowing rate in place at the time of lease inception, 2.65%.

Year Ending June 30,	Principal	Interest	Total
2026	$ 162,196	$ 21,963	$ -
2027	119,674	15,309	319,142
2028	117,877	9,403	262,263
2029	122,938	3,345	253,563
2030	-	-	126,283
Total	$ 522,685	$ 50,020	$ 961,251

NOTE 17 COMPONENT UNITS (CONTINUED)

The Board of Education of Worcester County (Continued)

Long-Term Debt

The following is a summary of long-term debt transactions of the BOE for the year ended June 30, 2025:

Governmental Activities:	Balance July 1, 2024	Additions	Reductions	Balance June 30, 2025
Net OPEB Liability	$ 94,830,808	$ -	$ (7,295,148)	$ 87,535,660
Net Pension Liability	6,512,440	791,290	-	7,303,730
Financed Purchases	2,259,118	5,736,738	(1,604,489)	6,391,367
Intangible Right-to-Use Leases	233,735	535,508	(246,558)	522,685
Long-Term Portion of Accrued Compensated Absences	837,954	90,638	-	928,592
Total	$ 104,674,055	$ 7,154,174	$ (9,146,195)	$ 102,682,034

Postretirement 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, 2025, the BOE's OPEB Trust paid for coverage of approximately 659 retirees at a total cost of approximately $5,100,000. For the year ended June 30, 2025, the County contributed $11,575,357 to the BOE's OPEB Trust to fund the ARC and the pay-as-you-go postretirement healthcare benefits.

Commitments and Contingencies

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

The BOE receives a substantial amount of its support from federal, state, and local agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the BOE.

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

NOTE 17 COMPONENT UNITS (CONTINUED)

The Board of Education of Worcester County (Continued)

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. The BOE has joined the Maryland Association of Boards of Education Workers' Compensation Group Insurance Fund (the Fund), a public entity risk pool currently providing workers compensation coverage for participating BOEs of education in the State of Maryland. The BOE pays an annual premium to the Fund calculated based on projected payroll. The agreement for the Fund provides that it will be self-sustaining through member premiums and will reinsure through commercial companies for claims which exceed coverage limits as specified in the agreement. Should the Fund encounter deficits in its casualty and/or property funds, this deficit may be made up from additional assessments of BOEs 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 in the last three 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, 2025 was $8,109,244 for the BOE, which is included in intergovernmental revenues and education expenditures, respectively, in the BOE’s separately issued financial statements.

NOTE 18 CORRECTION OF ERRORS

During fiscal year 2025, the County identified errors in the previously issued financial statements related to the business-type and governmental activities. The errors related to the understatement of certain long-term liabilities, including compensated absences and landfill closure and postclosure costs, in the prior year.

In accordance with GASB Statement No. 100, Accounting Changes and Error Corrections, the County has reported the correction of these errors retroactively by restating beginning net position as of July 1, 2024. The restatement had no effect on current-year revenues, expenses, or cash flows, except to the extent current-year activity is based on the corrected beginning balances.

NOTE 18 CORRECTION OF ERRORS (CONTINUED)

The impact of the correction on beginning net position of business-type and governmental activities as of July 1, 2024, is as follows:

	Department of Solid Waste	Department of Water and Wastewater	Business-Type Activities
Net Position, as Previously Reported at July 1, 2024	$ (39,696)	$ 57,876,838	$ 57,837,142
Restatement - Compensated Absences	(39,069)	(247,227)	(286,296)
Restatement - Landfill - Closure and Postclosure Costs	(2,328,165)	-	(2,328,165)
Net Position, as Restated, at July 1, 2024	$ (2,406,930)	$ 57,629,611	$ 55,222,681

	Governmental Activities
Net Position, as Previously Reported at July 1, 2024	$ 121,676,484
Restatement - Compensated Absences	(1,414,000)
Net Position, as Restated, at July 1, 2024	$ 120,262,484

During fiscal year 2025, the County also identified an error in the previously issued financial statements related to the exclusion of the Worcester County Supplemental Pension Plan from the County’s fiduciary fund financial statements. The Supplemental Pension Plan, which provides benefits to certain eligible employees of the Department of Water and Wastewater Services, should have been reported as a pension and other postemployment benefits trust fund in prior year financial statements.

In accordance with GASB Statement No. 100, Accounting Changes and Error Corrections, the County has corrected this error retroactively by restating beginning fiduciary net position as of July 1, 2024. The correction resulted in the recognition of the assets, liabilities, additions, deductions, and fiduciary net position of the pension and other postemployment benefits trust fund that were previously omitted from the financial statements.

The impact of the correction on beginning fiduciary net position as of July 1, 2024, is as follows:

	Pension and Other Postemployment Benefits Trust
Net Position, as Previously Reported at July 1, 2024	$ 81,355,778
Restatement - Supplemental Pension Plan	4,999,148
Net Position, as Restated, at July 1, 2024	$ 86,354,926

NOTE 18 CORRECTION OF ERRORS (CONTINUED)

Lastly, during fiscal year 2025, the County identified that the Public Drainage Associations Fund was improperly classified as a Private Purpose Trust Fund instead of a Custodial Fund. In accordance with GASB Statement No. 100, Accounting Changes and Error Corrections, the County has corrected this error retroactively by restating beginning custodial net position as of July 1, 2024.

	Custodial Fund
Net Position, as Previously Reported at July 1, 2024	$ 1,829,694
Restatement - Public Drainage Associations	657,343
Net Position, as Restated, at July 1, 2024	$ 2,487,037

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REQUIRED SUPPLEMENTARY INFORMATION

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WORCESTER COUNTY, MARYLAND
MARYLAND STATE RETIREMENT AND PENSION SYSTEMS
SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
(AS OF MEASUREMENT DATE)
JUNE 30, 2025

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, 2015	0.1316800 %	$ 27,365,360	$ 23,419,512	116.85 %	$ 45,789,840	$ 66,571,552	68.78 %
June 30, 2016	0.1366138	32,232,695	23,922,358	134.74	45,365,927	68,959,954	65.79
June 30, 2017	0.1228108	26,556,233	23,537,007	112.83	48,987,184	70,610,885	69.38
June 30, 2018	0.1385248	29,064,712	24,859,390	116.92	51,827,233	72,808,833	71.18
June 30, 2019	0.1394292	28,758,121	25,130,065	114.44	53,943,420	74,569,030	72.34
June 30, 2020	0.1433537	32,399,879	25,729,161	125.93	54,586,037	77,187,397	70.72
June 30, 2021	0.1571015	23,568,845	26,968,715	87.39	67,604,500	82,606,805	81.84
June 30, 2022	0.1615054	32,314,849	27,795,982	116.26	64,310,991	84,319,523	76.27
June 30, 2023	0.1748004	40,257,063	33,480,145	120.24	64,892,973	87,923,284	73.81
June 30, 2024	0.1875055	49,322,228	41,866,611	117.81	67,909,708	94,214,144	72.08

See accompanying Notes to Required Supplementary Information.

WORCESTER COUNTY, MARYLAND
MARYLAND STATE RETIREMENT AND PENSION SYSTEMS
SCHEDULE OF CONTRIBUTIONS
(AS OF FISCAL YEAR)
JUNE 30, 2025

Fiscal Year	Measurement Date	Contractually Required Contribution A	Actual Contribution B	Contribution Deficiency (Excess) (A - B)	Employer's Covered Payroll C	Actual Contribution as a Percentage of Covered Payroll (B / C)
2016	June 30, 2015	$ 2,775,459	$ 2,775,459	$ -	$ 23,922,358	11.60 %
2017	June 30, 2016	2,661,350	2,661,350	-	23,537,007	11.31
2018	June 30, 2017	2,499,618	2,499,618	-	24,859,390	10.06
2019	June 30, 2018	2,762,289	2,762,289	-	25,130,065	10.99
2020	June 30, 2019	2,863,177	2,863,177	-	25,729,161	11.13
2021	June 30, 2020	3,073,593	3,073,593	-	26,968,715	11.40
2022	June 30, 2021	3,461,769	3,461,769	-	27,795,976	12.45
2023	June 30, 2022	3,686,042	3,686,042	-	29,520,807	12.49
2024	June 30, 2023	4,263,236	4,263,236	-	33,480,145	12.73
2025	June 30, 2024	6,497,275	6,497,275	-	41,866,611	15.52

See accompanying Notes to Required Supplementary Information.

WORCESTER COUNTY, MARYLAND
MARYLAND STATE RETIREMENT AND PENSION SYSTEMS
ACTUARIAL ASSUMPTIONS – PENSION PLAN
JUNE 30, 2025

Actuarial	Individual Entry Age
Amortization Method	Level percent closed
Remaining Amortization Period	25-year closed amortization period ending June 30, 2039 for UAAL prior to July 1, 2023 (15 years remaining); 10-25 year layers for UAAL after July 1, 2023
Asset Valuation Method	Five-year smoothed market (max. 120% and min. 80% of market value)
Inflation	In the 2024 actuarial valuation, 2.50% price, 3.00% wage In the 2023 actuarial valuation, 2.25% general, 2.75% wage
Salary Increases	In the 2024 actuarial valuation, 3.00% to 22.50% In the 2023 actuarial valuation, 2.75% to 11.25%
Investment Rate of Return	In the 2024 actuarial valuation, 6.80% In the 2023 actuarial valuation, 6.80%
Retirement Age	Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2024 valuation pursuant to the 2024 Experience Study for the period July 1, 2018 to July 30, July 30, 2023
Mortality	Various versions of the Pub-2010 Mortality Tables with projected generational mortality improvements based on the MP-2021 fully generational mortality improvement scale

See accompanying Notes to Required Supplementary Information.

WORCESTER COUNTY, MARYLAND
SCHEDULE OF CHANGES IN THE NET OPEB LIABILITY AND RELATED RATIOS
JUNE 30, 2025

As of June 30,	2018	2019	2020	2021	2022	2023	2024	2025
Total OPEB Liability:								
Service Cost	$ 1,608,612	$ 1,636,060	$ 1,253,739	$ 1,310,245	$ 1,610,608	$ 1,677,058	$ 1,132,370	$ 1,162,265
Interest	5,528,825	5,523,505	5,824,086	5,672,207	5,905,285	3,876,385	4,041,157	3,952,815
Differences Between Expected and Actual Experience	(930,789)	-	(2,782,115)	-	(36,448,498)	-	(3,709,316)	-
Changes of Assumptions	(972,422)	-	(2,884,137)	-	3,040,825	-	677,663	-
Benefit Payments	(2,753,006)	(3,005,953)	(3,365,480)	(4,210,867)	(3,094,641)	(3,090,425)	(3,308,679)	(3,499,110)
Other Charges	3,031,292	142,763	(177,632)	-	-	-	-	-
Net Change in OPEB Liability	5,512,512	4,296,375	(2,131,539)	2,771,585	(28,986,421)	2,463,018	(1,166,805)	1,615,970
Total OPEB Liability - Beginning	75,459,618	80,972,130	85,268,505	83,136,966	85,908,551	56,922,130	59,385,148	58,218,343
Total OPEB Liability - Ending (a)	$ 80,972,130	$ 85,268,505	$ 83,136,966	$ 85,908,551	$ 56,922,130	$ 59,385,148	$ 58,218,343	$ 59,834,313
Plan Fiduciary Net Position:								
Differences Between Expected and Actual Experience	$ 41,035	$ (771,893)	$ (2,058,287)	$ 9,128,879	$ (15,046,294)	$ (383,766)	$ 608,395	$ 1,505,727
Contributions - Employer	2,500,000	5,285,500	7,124,143	3,968,744	5,500,000	2,246,219	2,169,142	2,893,839
Contributions - Nonemployer Contributing Entities	487,541	322,821	672,167	634,900	167,056	84,645	254,318	350,526
Net Investment Income	3,330,424	2,955,419	2,104,856	13,964,958	(9,899,624)	4,698,362	6,065,711	7,458,401
Benefit Payments	(2,753,006)	(3,005,953)	(3,365,480)	(3,178,216)	(2,277,292)	(2,357,938)	(2,436,777)	(2,598,092)
Administrative Expenses	(1,150)	(3,400)	(1,000)	(5,000)	(1,500)	(4,000)	-	(4,000)
Other Charges	(41,035)	771,893	2,058,287	(9,128,879)	15,046,294	383,766	(608,395)	(1,505,727)
Net Change in Plan Fiduciary Net Position	3,563,809	5,554,387	6,534,686	15,385,386	(6,511,360)	4,667,288	6,052,394	8,100,674
Plan Fiduciary Net Position - Beginning	45,741,273	49,305,082	54,859,469	61,394,155	76,779,541	70,268,181	74,935,469	80,987,863
Plan Fiduciary Net Position - Ending (b)	$ 49,305,082	$ 54,859,469	$ 61,394,155	$ 76,779,541	$ 70,268,181	$ 74,935,469	$ 80,987,863	$ 89,088,537
County's Net OPEB Liability(Asset) - Ending (a) - (b)	$ 31,667,048	$ 30,409,036	$ 21,742,811	$ 9,129,010	$ (13,346,051)	$ (15,550,321)	$ (22,769,520)	$ (29,254,224)
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	60.89%	64.34%	73.85%	89.37%	123.45%	126.19%	139.11%	0.00%
Covered Employee Payroll	$ 25,501,214	$ 27,050,408	$ 25,615,178	$ 25,615,178	$ 26,811,070	$ 27,882,951	$ 33,967,458	$ 33,967,458
County's Net OPEB Liability as a Percentage of Covered Employee Payroll	124.18%	112.42%	84.88%	35.64%	-49.78%	-55.77%	-67.03%	-86.12%
Expected Average Remaining Service Years of All Participants	7.12	6.38	6.24	6.24	6.97	6.97	6.95	6.95

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.

See accompanying Notes to Required Supplementary Information.

WORCESTER COUNTY, MARYLAND
SCHEDULE OF INVESTMENT RETURNS
JUNE 30, 2025

	2018	2019	2020	2021	2022	2023	2024	2025
Annual Money-Weighted Rate of Return, Net of Investment	7.01%	5.67%	3.62%	20.21%	-13.46%	6.47%	7.78%	9.98%

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.

See accompanying Notes to Required Supplementary Information.

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NOTE 1 PENSIONS

Changes in Benefit Terms

There were no benefit changes during the year.

Changes in Assumptions

There were no changes in assumptions during the year.

Methods and Assumptions Used in Calculations of Actuarially Determined Contributions

Actuarial	Entry Age Normal
Amortization Method	Level percent closed
Remaining Amortization Period	25-year closed amortization period ending June 30, 2039 (15 yea 10-25 year layers for UAAL after July 1, 2023
Asset Valuation Method	Five-year smoothed market (max. 120% and min. 80% of the ma
Inflation	In the 2024 actuarial valuation, 2.5% price, 3.00% wage In the 2023 actuarial valuation, 2.25% general, 2.75% wage
Salary Increases	In the 2024 actuarial valuation, 3.00% to 22.50% In the 2023 actuarial valuation, 2.75% to 11.25%
Investment Rate of Return	In the 2024 actuarial valuation, 6.80% In the 2023 actuarial valuation, 6.80%
Retirement Age	Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2024 valuation pursuant to the 2024 experience study of the period July 1, 2018 to July 30, 2023.
Mortality	Various versions of the Pub-2010 Mortality Tables for males and females with projected generational mortality improvements based on the MP-2021 fully generational mortality improvements scale.

NOTE 2 OTHER POSTEMPLOYMENT BENEFITS

Methods and Assumptions Used to Determine Contribution Rates

Valuation Date	July 1, 2023
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 2025, decreasing .07% per year to an ultimate rate of 4.50% for fiscal year 2039 and later years
Salary increases	4.00%, average, including inflation
Investment Rate of Return	7.00%
Mortality	PubG.H-2010 Mortality Table - General and Mortality Improvement using Scale MP-2020

Retirement Rates

Age	County
55 - 59	- %
60 - 61	5 %
62 -64	3 %
65	15 %
66 - 69	35 %
70+	100 %

Withdrawal Rates

Table T-4 from the Pension Actuary's Handbook

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

Retiree Contributions

	Pre-Medicare		Medicare Eligible	
	Retiree	Spouse	Retiree	Spouse
Pre 7/1/15 Hires	$ 804	$ 1,408	$ 390	$ 390
7/1/15 & Subsequent Hires	1,609	2,817	780	780
Spouse Pay-All		14,084		3,900

OTHER SUPPLEMENTARY INFORMATION

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WORCESTER COUNTY, MARYLAND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
GENERAL FUND
YEAR ENDED JUNE 30, 2025

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
REVENUES				
Taxes:				
Real Property:				
Full-Year Levy	$ 169,574,541	$ 169,574,541	$ 169,857,976	$ 283,435
Semi-Year Levy	190,125	190,125	298,820	108,695
Personal Property	301,031	301,031	164,899	(136,132)
Corporations and Utilities	8,747,689	8,747,689	9,814,866	1,067,177
Net Additions and Abatements	(208,200)	(208,200)	(265,399)	(57,199)
Total	178,605,186	178,605,186	179,871,162	1,265,976
Interest on Delinquent Taxes	750,000	750,000	876,682	126,682
Discounts Allowed on Taxes	(500,000)	(500,000)	(580,715)	(80,715)
Tax Credits for Assessment Increase	(4,818,663)	(4,818,663)	(4,809,788)	8,875
Total Real and Personal Property	174,036,523	174,036,523	175,357,341	1,320,818
Local Income Tax	47,000,000	47,000,000	51,782,717	4,782,717
Other Local Taxes:				
Room Tax Admin	275,000	275,000	261,747	(13,253)
Room Tax	1,500,000	1,500,000	1,812,253	312,253
Admission and Amusement	700,000	700,000	887,207	187,207
Cannabis	100,000	100,000	86,112	(13,888)
Recordation	8,725,000	8,725,000	9,476,507	751,507
Transfer Tax	5,500,000	5,500,000	6,296,476	796,476
Food Tax Admin	110,000	110,000	100,794	(9,206)
Total Taxes	237,946,523	237,946,523	246,061,154	8,114,631
Licenses and Permits:				
Business:				
Liquor Licenses	950,000	950,000	944,344	(5,656)
Vending Machine Licenses	65,000	65,000	71,140	6,140
Traders' Licenses	80,000	80,000	92,493	12,493
Occupational Licenses	7,000	7,000	7,055	55
Bingo Permits	13,000	13,000	16,659	3,659

See accompanying Notes to Other Supplementary Information.

WORCESTER COUNTY, MARYLAND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (CONTINUED)
GENERAL FUND
YEAR ENDED JUNE 30, 2025

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
REVENUES (CONTINUED)				
Licenses and Permits (Continued):				
Other:				
Building Permits	$ 315,000	$ 315,000	$ 297,443	$ (17,557)
Electrical Permits	21,000	21,000	21,325	325
Marriage Licenses	20,000	20,000	21,090	1,090
Commercial Plumbing Plan Review	2,500	2,500	500	(2,000)
Civil Ceremony Licenses	1,200	1,200	2,150	950
Shoreline Construction Permits	20,000	20,000	19,500	(500)
Timber Harvest Permits	3,000	3,000	3,500	500
Sediment Erosion Control/Swam/Permits	39,000	39,000	41,422	2,422
Environmental Permits	113,025	113,025	151,115	38,090
Forestry Conservation Review Fees	6,000	6,000	8,984	2,984
Health Permits	426,915	426,915	457,578	30,663
Raffle Permits	1,500	1,500	1,575	75
Rental Permits	210,000	210,000	218,620	8,620
Plumbing Permits	75,000	75,000	94,496	19,496
Landfill Permits	320,000	320,000	315,900	(4,100)
Gas Permits	20,000	20,000	28,775	8,775
Payt Tags - Household	7,500	7,500	6,900	(600)
Planning and Zoning Permits	51,550	51,550	59,011	7,461
Total Licenses and Permits	2,768,190	2,768,190	2,881,575	113,385
Intergovernmental:				
Federal Grants:				
Payments in Lieu of Taxes	22,000	22,000	25,198	3,198
American Rescue Plan Act	-	-	4,772,553	4,772,553
CDBG Housing Rehab Grant	150,000	150,000	38,235	(111,765)
Homeland Security Grant	172,794	172,794	215,804	43,010
Bulletproof Vest Program	7,500	7,500	9,488	1,988
MDE Beach Monitoring Grant	3,261	3,261	3,261	-
Traffic Safety - State Highway Administration	1,500	1,500	1,285	(215)
Jail - US Marshals Grant	415,000	415,000	-	(415,000)
Local Assistance & Tribal Grant	50,000	50,000	26,906	(23,094)
Housing Federal Grant	-	-	100,000	100,000
Library Federal Grant	-	-	33,438	33,438
Child Support Enforcement	10,000	10,000	7,193	(2,807)
Sheriff Grant	-	-	244,000	244,000
U.S. Fish and Wildlife Service	6,750	6,750	4,888	(1,862)
Elder Abuse Prevention	494,294	494,294	96,181	(398,113)

See accompanying Notes to Other Supplementary Information.

WORCESTER COUNTY, MARYLAND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (CONTINUED)
GENERAL FUND
YEAR ENDED JUNE 30, 2025

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
REVENUES (CONTINUED)				
Intergovernmental (Continued):				
State Grants:				
Highway User Revenue	$ 1,783,847	$ 1,783,847	$ 1,757,833	$ (26,014)
911 State Fees	1,787,308	1,787,308	1,981,180	193,872
Police Protection	200,000	200,000	253,668	53,668
State Park Revenues	625,000	625,000	682,183	57,183
Open Space Program - Parks	1,247,376	1,247,376	1,529,517	282,141
Open Space Program - Recreation	-	-	(73,657)	(73,657)
LPPI Grant	-	-	53,818	53,818
Library Special Projects	-	-	63,276	63,276
Library Aid	197,150	197,150	197,150	-
Share Of State Forest Land	73,000	73,000	101,318	28,318
Eastern Shore Library Grant	80,000	80,000	80,000	-
Other Grants	218,660	218,660	540,602	321,942
Coastal Zone Grant	-	-	12,320	12,320
Sheriff - Sex Offender Grant	8,000	8,000	9,079	1,079
Sheriff - Health Tobacco Enforcement	7,500	7,500	8,421	921
Sheriff - Health Underage Drinking	5,000	5,000	-	(5,000)
Heroin Coordinator	52,000	52,000	71,821	19,821
Senator Amoss Grant	370,000	370,000	368,926	(1,074)
Tourism	160,000	160,000	173,396	13,396
Economic Development	-	-	2,320,485	2,320,485
Welcome Center State Grant	-	-	99,585	99,585
Critical Area Grant	9,000	9,000	5,000	(4,000)
MALPF Administrative Fees	12,000	12,000	26,683	14,683
GOCCP Sheriff Grant	425,000	425,000	85,317	(339,683)
Conservation Easement Admin Fee	25,000	25,000	72,014	47,014
Conservation Easement Reimbursements	50,000	50,000	937,681	887,681
Water System Monitoring	48,750	48,750	48,750	-
Donation Sponsorship Program	7,500	7,500	1,189	(6,311)
Family Support Grant	418,334	418,334	418,871	537
Drug Court Coordinator	224,076	224,076	233,790	9,714
Waterway Improvement Grants	12,776	12,776	(3,842)	(16,618)
Statewide Specialized Transportation Assistance	126,975	126,975	126,975	-
Septic System BRF Grants	260,000	260,000	398,497	138,497
Intern Program Grant	100,000	100,000	100,000	-
Dental Program Reimbursement	16,721	16,721	26,662	9,941
Bay Restoration Operations and Maintenance	42,000	42,000	42,000	-
MD Department of Aging Grant	46,000	46,000	54,313	8,313
MD AOC Security Grant	110,716	110,716	94,357	(16,359)
Maryland Criminal Intelligence Network	106,700	106,700	41,765	(64,935)
Special Events - Sponsorships	76,000	76,000	33,350	(42,650)
911 ENSB Grant	-	-	44,782	44,782
Medication Opioid Disorder Grant	131,840	131,840	21,114	(110,726)
Total Intergovernmental	10,397,328	10,397,328	18,618,619	8,221,291

See accompanying Notes to Other Supplementary Information.

WORCESTER COUNTY, MARYLAND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (CONTINUED)
GENERAL FUND
YEAR ENDED JUNE 30, 2025

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
REVENUES (CONTINUED)				
Service Charges and Fees:				
Liquor Advertising Fees	$ 1,200	$ 1,200	$ 1,560	$ 360
Jail - U.S. Marshal Fees	-	-	907,400	907,400
DHCD Housing Administration Fees	7,000	7,000	-	(7,000)
Trial Jury Reimbursement	54,000	54,000	32,770	(21,230)
Court Fines	25,000	25,000	30,875	5,875
Civil Infraction Fines	6,000	6,000	8,000	2,000
Economic Development Programs and Events	-	-	500	500
Election Filing Fee	125	125	-	(125)
Rent Revenue	183,033	183,033	200,523	17,490
Sheriff Fees	125,375	125,375	271,454	146,079
Sales of Publications and Copies	1,050	1,050	3,854	2,804
Library Use Charges	12,000	12,000	23,717	11,717
Library Erate Reimbursements	850	850	1,573	723
Mosquito Control Charges	45,000	45,000	52,992	7,992
Housing Program Fees	-	-	8,780	8,780
EDU Transfer Fee	-	-	6,200	6,200
Casino Security	8,500	8,500	21,915	13,415
Seacrets Security	90,000	90,000	51,188	(38,812)
Vehicle Tag Fees	1,000	1,000	229	(771)
Critical Area Review Fees	8,000	8,000	10,651	2,651
Tourism Programs and Events	1,500	1,500	-	(1,500)
Shared Facility Fees	500	500	100	(400)
Stormwater Management Review Fees	95,000	95,000	104,294	9,294
Roads Department Fees	2,500	2,500	5,675	3,175
Bay Restoration Administration Fees	22,500	22,500	23,730	1,230
Shoreline Commission Application Fees	31,000	31,000	26,700	(4,300)
Park Fees	87,600	87,600	107,820	20,220
Concession Stand Fees	100,000	100,000	126,028	26,028
Environmental Fees	22,400	22,400	35,750	13,350
Recreation Fees	426,958	426,958	305,509	(121,449)
Solar Renewable Energy Credits	1,000	1,000	4,074	3,074
Ice Vending Machine Fee	20,000	20,000	-	(20,000)
Water and Sewer Plan Amendment Fees	2,000	2,000	-	(2,000)
Circuit Court Bar Library	5,000	5,000	-	(5,000)
Firearms Training Center Fees	7,500	7,500	5,139	(2,361)
Payments for Jail Use	113,630	113,630	107,547	(6,083)
First Offender Program Fees	5,000	5,000	-	(5,000)
Fire Inspection Fees	170,000	170,000	308,109	138,109
Family Services Legal Fees	500	500	5,225	4,725
Community Service Fees	70,000	70,000	68,749	(1,251)
Public Works	50,000	50,000	56,626	6,626
Franchise Fees	22,690	22,690	23,382	692
Special Events Fees	33,090	33,090	10,239	(22,851)
Tournament Fees	7,500	7,500	8,090	590
Motor Coach Fees	15,000	15,000	6,835	(8,165)
Recycling	180,500	180,500	119,544	(60,956)
Metal Recycling	35,000	35,000	56,870	21,870
Tire Revenue	35,000	35,000	30,266	(4,734)
Total Service Charges and Fees	2,131,501	2,131,501	3,180,482	1,048,981

See accompanying Notes to Other Supplementary Information.

WORCESTER COUNTY, MARYLAND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (CONTINUED)
GENERAL FUND
YEAR ENDED JUNE 30, 2025

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
REVENUES (CONTINUED)				
Miscellaneous:				
Retiree Drug Subsidy	$ 60,000	$ 60,000	$ -	$ (60,000)
Interest on Investments	6,000,000	6,000,000	8,304,904	2,304,904
Sale of Capital Assets	125,000	125,000	55,830	(69,170)
Credit Card Fees	10,200	10,200	7,158	(3,042)
Credit Card Rebate	-	-	6,975	6,975
Tax Sale Revenue	13,500	13,500	11,006	(2,494)
Miscellaneous	200,000	200,000	2,917,789	2,717,789
Other Revenue	-	-	392	392
Total Miscellaneous	6,408,700	6,408,700	11,304,054	4,895,354
Total Revenues	259,652,242	259,652,242	282,045,884	22,393,642

See accompanying Notes to Other Supplementary Information.

WORCESTER COUNTY, MARYLAND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (CONTINUED)
GENERAL FUND
YEAR ENDED JUNE 30, 2025

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
EXPENDITURES				
General Government:				
County Commissioners' Office:				
Salaries	$ 1,202,756	$ 1,202,756	$ 1,233,693	$ (30,937)
Overtime	-	-	363	(363)
Benefits	487,877	487,877	504,394	(16,517)
Administrative	22,269	22,269	10,230	12,039
Other Supplies and Equipment	24,508	24,508	20,188	4,320
Equipment Maintenance	12,052	12,052	11,510	542
Legal	19,065	19,961	19,960	1
Vehicle Operating Expense	4,000	4,000	1,875	2,125
Building Site	1,560	1,616	1,616	-
Advertising	20,500	19,207	6,902	12,305
Training and Travel	64,717	64,717	62,780	1,937
Uniforms and Personal Equipment	1,000	1,341	1,341	-
Total County Commissioners' Office	1,860,304	1,860,304	1,874,852	(14,548)
Circuit Court:				
Salaries	1,229,597	1,229,597	1,230,631	(1,034)
Overtime	-	-	686	(686)
Benefits	554,739	554,739	497,133	57,606
Administrative	21,929	21,929	16,042	5,887
Other Supplies and Equipment	11,916	11,864	6,582	5,282
Equipment Maintenance	25,706	25,706	14,426	11,280
Grant Services	304,227	304,227	225,754	78,473
Legal	107,000	107,000	67,765	39,235
Building Site	3,465	3,517	3,516	1
Training and Travel	10,400	10,400	4,337	6,063
Uniforms and Personal Equipment	500	500	82	418
Total Circuit Court	2,269,479	2,269,479	2,066,954	202,525
Orphans' Court:				
Salaries	28,501	28,501	28,579	(78)
Benefits	42,299	42,299	42,083	216
Administrative	2,800	2,800	-	2,800
Training and Travel	6,800	6,800	5,117	1,683
Total Orphans' Court	80,400	80,400	75,779	4,621

See accompanying Notes to Other Supplementary Information.

WORCESTER COUNTY, MARYLAND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (CONTINUED)
GENERAL FUND
YEAR ENDED JUNE 30, 2025

	Budgeted Amounts Original	Budgeted Amounts Final	Actual	Variance with Final Budget
EXPENDITURES (CONTINUED)				
General Government (Continued):				
State's Attorney's Office:				
Salaries	$ 3,367,777	$ 3,367,777	$ 2,775,143	$ 592,634
Overtime	-	-	4,246	(4,246)
Benefits	1,224,850	1,224,850	1,109,347	115,503
Administrative	25,114	25,114	17,630	7,484
Other Supplies and Equipment	22,580	22,580	20,784	1,796
Equipment Maintenance	64,491	64,491	62,756	1,735
Grant Programs	-	-	4,346	(4,346)
Uniforms and Personal Equipment	1,762	1,762	1,292	470
Legal	10,200	10,200	6,430	3,770
Vehicle Operating Expense	11,000	11,000	7,557	3,443
Building Site	3,050	3,050	2,906	144
Training and Travel	24,350	24,350	21,329	3,021
Total State's Attorney's Office	4,755,174	4,755,174	4,033,766	721,408
Treasurer's Office:				
Salaries	1,178,673	1,178,673	1,116,981	61,692
Overtime	2,000	2,000	-	2,000
Benefits	496,714	496,714	484,641	12,073
Administrative	50,325	50,325	44,052	6,273
Other Supplies and Equipment	14,140	14,140	9,238	4,902
Uniforms and Personal Equipment	1,400	1,400	1,201	199
Equipment Maintenance	118,290	118,290	116,754	1,536
Consulting Services	1,500	1,150	-	1,150
Building Site	1,400	1,723	1,726	(3)
Advertising	-	27	27	-
Training and Travel	17,550	17,550	11,164	6,386
Total Treasurer's Office	1,881,992	1,881,992	1,785,784	96,208
Elections Office:				
State Employees' Salaries and Benefits	659,192	659,192	676,736	(17,544)
Benefits	1,659	1,659	3,856	(2,197)
Administrative	15,094	15,094	12,453	2,641
Other Supplies and Equipment	345,302	345,302	178,339	166,963
Voting Machines and Poll Expenses	303,459	303,459	289,759	13,700
Equipment Maintenance	6,156	6,156	5,118	1,038
Uniforms and Personal Equipment	-	79	79	-
Grant Programs	-	-	50,000	(50,000)
Consulting Services	47,520	47,520	39,223	8,297
Building Site	105,367	104,149	93,357	10,792
Other Maintenance and Services	-	1,139	1,139	-
Training and Travel	15,231	15,231	8,548	6,683
Total Elections Office	1,498,980	1,498,980	1,358,607	140,373

See accompanying Notes to Other Supplementary Information.

WORCESTER COUNTY, MARYLAND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (CONTINUED)
GENERAL FUND
YEAR ENDED JUNE 30, 2025

	Budgeted Amounts Original	Budgeted Amounts Final	Actual	Variance with Final Budget
EXPENDITURES (CONTINUED)				
General Government (Continued):				
Human Resources:				
Salaries	$ 494,948	$ 494,948	$ 479,733	$ 15,215
Overtime Pay	4,000	4,000	2,601	1,399
Benefits	215,987	215,987	208,702	7,285
Administrative	18,140	14,820	8,736	6,084
Other Supplies and Equipment	6,550	6,701	6,700	1
Equipment Maintenance	2,400	2,400	2,217	183
Uniforms and Personal Equipment	850	850	822	28
Grant Programs	-	-	640	(640)
Consulting Services	17,700	20,869	20,868	1
Vehicle Operating Expense	5,000	5,000	4,141	859
Building Site	400	400	394	6
Advertising	14,000	14,000	12,469	1,531
Training and Travel	5,200	5,200	4,543	657
Total Human Resources	785,175	785,175	752,566	32,609
Development Review and Permitting:				
Salaries	1,839,033	1,839,033	1,754,580	84,453
Overtime Pay	3,000	3,000	2,781	219
Benefits	839,073	839,073	807,474	31,599
Administrative	20,317	20,317	18,330	1,987
Other Supplies and Equipment	39,900	39,900	27,019	12,881
Uniforms and Personal Equipment	3,500	3,500	3,360	140
Grant Programs	-	-	100,036	(100,036)
Equipment Maintenance	51,158	51,158	7,880	43,278
Consulting Services	31,551	117,265	83,643	33,622
Housing Rehabilitation Program	188,200	188,200	55,727	132,473
Legal	36,000	36,000	33,689	2,311
Vehicle Operating Expense	18,000	18,000	15,882	2,118
Building Site	1,410	1,410	1,190	220
Advertising	18,000	19,558	19,558	-
Training and Travel	52,996	51,438	45,004	6,434
Total Development Review and Permitting	3,142,138	3,227,852	2,976,153	251,699

See accompanying Notes to Other Supplementary Information.

WORCESTER COUNTY, MARYLAND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (CONTINUED)
GENERAL FUND
YEAR ENDED JUNE 30, 2025

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
EXPENDITURES (CONTINUED)				
General Government (Continued):				
Environmental Programs:				
Salaries	$ 1,479,048	$ 1,479,048	$ 1,460,505	$ 18,543
Overtime Pay	1,500	1,500	-	1,500
Benefits	724,554	724,554	692,878	31,676
Administrative	18,733	18,415	11,585	6,830
Other Supplies and Equipment	17,660	16,876	14,601	2,275
Equipment Maintenance	4,000	4,000	3,197	803
Uniforms and Personal Equipment	-	784	784	-
Grant Programs	356,000	356,000	378,266	(22,266)
Consulting Services	84,100	84,100	102,612	(18,512)
Vehicle Operating Expense	24,800	24,800	24,763	37
Building Site	9,105	9,423	9,423	-
Advertising	3,700	3,700	767	2,933
Training and Travel	6,164	6,164	2,888	3,276
Capital Equipment	50,000	50,000	49,498	502
Total Environmental Programs	2,779,364	2,779,364	2,751,767	27,095
Information Technology:				
Salaries	1,121,443	1,121,443	995,556	125,887
Overtime Pay	3,000	3,000	112	2,888
Benefits	469,645	469,645	423,263	46,382
Administrative	1,280	1,280	827	453
Other Supplies and Equipment	19,500	19,500	18,075	1,425
Vehicle Operating Expense	2,800	2,800	1,956	844
Building Site	40	40	-	40
Training and Travel	7,600	7,600	7,296	304
Uniforms and Personal Equipment	500	500	443	57
Total Information Technology	1,625,808	1,625,808	1,447,528	178,280

See accompanying Notes to Other Supplementary Information.

WORCESTER COUNTY, MARYLAND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (CONTINUED)
GENERAL FUND
YEAR ENDED JUNE 30, 2025

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
EXPENDITURES (CONTINUED)				
General Government (Continued):				
Other General Government:				
Administrative	$ 184,654	$ 184,654	$ 172,623	$ 12,031
Other Supplies and Equipment	56,500	56,500	37,835	18,665
Equipment Maintenance	1,064,825	1,064,825	817,256	247,569
Consulting Services	191,500	190,202	144,765	45,437
Building Site	786,754	786,754	632,459	154,295
Other Maintenance and Services	5,000	6,298	6,298	-
Grant Programs	100,500	100,500	4,835,763	(4,735,263)
Training and Travel	73,635	73,635	28,938	44,697
Tri-County Council	456,334	456,334	456,334	-
Other Nonmatching Expenses - SDAT	716,500	716,500	640,678	75,822
Benefits	800,000	800,000	718,498	81,502
Legal Services	10,000	10,000	15,930	(5,930)
Other Expenses	96,897	2,596,897	3,528	2,593,369
Total Other General Government	4,543,099	7,043,099	8,510,905	(1,467,806)
Total General Government	25,221,913	27,807,627	27,634,661	172,464

See accompanying Notes to Other Supplementary Information.

WORCESTER COUNTY, MARYLAND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (CONTINUED)
GENERAL FUND
YEAR ENDED JUNE 30, 2025

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
EXPENDITURES (CONTINUED)				
Public Safety:				
Sheriff's Office:				
Salaries	$ 8,364,300	$ 8,364,300	$ 7,966,771	$ 397,529
Overtime Pay	619,817	619,817	869,952	(250,135)
Benefits	4,921,298	4,921,298	4,278,791	642,507
Administrative	64,290	64,290	55,313	8,977
Other Supplies and Equipment	856,753	878,729	743,096	135,633
Equipment Maintenance	285,400	285,400	224,113	61,287
Uniforms and Personal Equipment	325,585	325,585	300,234	25,351
Grant Programs	-	-	3,261	(3,261)
Advertising	3,500	4,030	4,030	-
Legal	15,000	15,000	4,368	10,632
Consulting Services	109,400	109,400	73,464	35,936
Vehicle Operating Expense	639,000	639,000	632,992	6,008
Building Site	80,022	79,492	49,292	30,200
Training and Travel	206,500	206,500	124,327	82,173
Capital Equipment	790,000	1,111,833	541,020	570,813
Total Sheriff's Office	17,280,865	17,624,674	15,871,024	1,753,650
Emergency Services:				
Salaries	2,168,052	2,168,052	1,839,811	328,241
Overtime Pay	180,518	180,518	251,097	(70,579)
Benefits	967,770	967,770	878,567	89,203
Administrative	11,625	11,625	7,081	4,544
Other Supplies and Equipment	183,520	183,520	116,388	67,132
Equipment Maintenance	542,762	495,281	346,786	148,495
Uniforms and Personal Equipment	9,725	9,725	5,528	4,197
Grant Programs	131,477	131,477	223,078	(91,601)
Consulting Services	35,000	35,000	9,124	25,876
Vehicle Operating Expense	30,250	30,250	24,858	5,392
Building Site	161,322	208,803	208,802	1
Training and Travel	23,800	23,800	9,212	14,588
Capital Equipment	95,000	95,000	73,346	21,654
Total Emergency Services	4,540,821	4,540,821	3,993,678	547,143

See accompanying Notes to Other Supplementary Information.

WORCESTER COUNTY, MARYLAND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (CONTINUED)
GENERAL FUND
YEAR ENDED JUNE 30, 2025

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
EXPENDITURES (CONTINUED)				
Public Safety (Continued):				
Jail:				
Salaries	$ 7,244,203	$ 7,244,203	$ 6,410,600	$ 833,603
Overtime Pay	75,000	75,000	188,522	(113,522)
Benefits	3,508,463	3,508,463	3,104,772	403,691
Administrative	7,425	7,784	7,784	-
Other Supplies and Equipment	13,300	11,757	11,756	1
Equipment Maintenance	32,424	34,963	34,963	-
Uniforms and Personal Equipment	69,650	72,142	72,142	-
Grant Programs	131,840	131,840	14,624	117,216
Inmate Supplies and Services	2,256,513	2,284,995	2,485,632	(200,637)
Consulting Services	8,000	12,800	12,800	-
Vehicle Operating Expense	8,800	11,003	11,003	-
Building Site	848,350	801,938	801,937	1
Other Maintenance and Services	12,650	9,245	9,245	-
Training and Travel	10,056	20,540	20,540	-
Capital Equipment	13,895	13,896	13,897	(1)
Total Jail	14,240,569	14,240,569	13,200,217	1,040,352
Fire Marshal:				
Salaries	710,723	710,723	704,661	6,062
Overtime Pay	20,000	20,000	13,048	6,952
Benefits	435,506	435,506	439,810	(4,304)
Administrative	8,810	5,944	5,258	686
Supplies and Equipment	35,950	35,950	30,466	5,484
Equipment Maintenance	8,295	8,295	7,004	1,291
Uniforms and Personal Equipment	15,700	15,671	15,358	313
Consulting Services	9,750	1,909	1,908	1
Vehicle Operating Expense	39,000	49,707	49,707	-
Building Site	360	389	388	1
Training and Travel	11,565	11,565	9,775	1,790
Capital Equipment	176,000	176,000	142,764	33,236
Total Fire Marshal	1,471,659	1,471,659	1,420,147	51,512

See accompanying Notes to Other Supplementary Information.

	Budgeted Amounts Original	Budgeted Amounts Final	Actual	Variance with Final Budget
EXPENDITURES (CONTINUED)				
Public Safety (Continued):				
Volunteer Fire Departments:				
Fire and Ambulance	$ 12,081,644	$ 12,081,644	$ 11,878,600	$ 203,044
Supplies and Equipment	82,200	82,200	78,209	3,991
Building Site	26,072	26,072	19,015	7,057
Total Volunteer Fire Departments	12,189,916	12,189,916	11,975,824	214,092
Total Public Safety	49,723,830	50,067,639	46,460,890	3,606,749
Public Works:				
Maintenance:				
Salaries	1,440,773	1,440,773	1,383,849	56,924
Overtime Pay	7,500	7,500	5,887	1,613
Benefits	646,426	646,426	623,074	23,352
Administrative	10,945	10,945	8,449	2,496
Other Supplies and Equipment	51,752	51,752	49,495	2,257
Equipment Maintenance	24,450	24,450	24,446	4
Uniforms and Personal Equipment	11,400	11,400	10,425	975
Consulting Services	100	100	50	50
Custodial Services	5,000	5,000	(9,468)	14,468
Vehicle Operating Expense	65,100	65,100	58,158	6,942
Building Site	30,208	30,208	23,909	6,299
Advertising	500	500	-	500
Training and Travel	17,550	17,550	12,474	5,076
Capital Equipment	103,750	103,750	150,177	(46,427)
Total Maintenance	2,415,454	2,415,454	2,340,925	74,529
Roads Department:				
Salaries	1,919,036	1,919,036	1,835,657	83,379
Overtime Pay	20,000	20,000	21,198	(1,198)
Benefits	1,025,680	1,025,680	1,018,816	6,864
Administrative	2,573	2,573	1,143	1,430
Other Supplies and Equipment	191,220	191,220	158,569	32,651
Equipment Maintenance	16,405	18,463	18,462	1
Road Maintenance Materials	1,211,000	1,187,495	1,111,503	75,992
Uniforms and Personal Equipment	18,200	18,200	16,457	1,743
Consulting Services	150	150	110	40
Vehicle Operating Expense	413,860	413,860	398,409	15,451

See accompanying Notes to Other Supplementary Information.

WORCESTER COUNTY, MARYLAND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (CONTINUED)
GENERAL FUND
YEAR ENDED JUNE 30, 2025

	Budgeted Amounts			
	Original	Final	Actual	Variance with Final Budget
EXPENDITURES (CONTINUED)				
Public Works (Continued):				
Roads Department (Continued):				
Building Site	$ 42,992	$ 53,393	$ 53,393	$ -
Road Maintenance	394,366	405,412	405,412	-
Advertising	500	500	51	449
Training and Travel	10,113	10,113	4,883	5,230
Capital Equipment	570,100	570,100	547,395	22,705
Total Roads Department	5,836,195	5,836,195	5,591,458	244,737
Homeowner Convenience Centers:				
Salaries	394,595	394,595	287,582	107,013
Overtime Pay	5,000	5,000	3,737	1,263
Benefits	184,247	184,247	135,141	49,106
Building Site	315,560	315,560	223,761	91,799
Administrative Expense	7,700	7,444	6,666	778
Uniforms and Personal Equipment	4,500	4,756	4,755	1
Training and Travel	1,000	1,000	1,000	-
Interfund	70,461	70,461	-	70,461
Total Homeowner Convenience Centers	983,063	983,063	662,642	320,421
Recycling:				
Salaries	474,908	474,908	527,383	(52,475)
Overtime Pay	5,000	5,000	4,711	289
Benefits	249,094	249,094	266,179	(17,085)
Building Site	78,410	84,929	84,928	1
Consulting Services	10,000	10,000	-	10,000
Other Maintenance and Services	67,000	69,326	69,326	-
Supplies and Equipment	13,000	13,000	11,073	1,927
Vehicle Operating Expenses	116,000	107,155	88,695	18,460
Training and Travel	1,000	1,000	1,000	-
Administrative Expense	2,090	2,090	1,262	828
Uniforms and Personal Equipment	4,500	4,500	4,100	400
Interfund	154,530	154,530	-	154,530
Capital Equipment	50,000	50,000	-	50,000
Total Recycling	1,225,532	1,225,532	1,058,657	166,875

See accompanying Notes to Other Supplementary Information.

WORCESTER COUNTY, MARYLAND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (CONTINUED)
GENERAL FUND
YEAR ENDED JUNE 30, 2025

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
EXPENDITURES (CONTINUED)				
Public Works (Continued):				
Other Public Works:				
Salaries	$ 637,436	$ 637,436	$ 621,175	$ 16,261
Benefits	327,950	327,950	323,804	4,146
Administrative	3,020	3,020	2,186	834
Other Supplies and Equipment	13,920	13,024	12,611	413
Equipment Maintenance	8,800	8,366	8,092	274
Uniforms and Personal Equipment	3,600	3,451	3,298	153
Consulting Services	200,150	230,143	230,142	1
Vehicle Operating Expense	10,500	10,934	10,933	1
Building Site	43,320	10,038	10,038	-
Other Maintenance and Services	1,700	1,849	1,849	-
Fleet Services	(30,624)	(25,835)	(25,836)	1
Central Fuel Facility	-	-	65,875	(65,875)
Advertising	500	1,396	1,395	1
Training and Travel	13,750	12,250	12,150	100
Capital Equipment	76,000	76,000	66,563	9,437
Total Other Public Works	1,310,022	1,310,022	1,344,275	(34,253)
Boat Landings:				
Grant Programs	5,000	5,000	6,259	(1,259)
Landing Expenses	49,438	49,438	29,366	20,072
Total Boat Landings	54,438	54,438	35,625	18,813
Total Public Works	11,824,704	11,824,704	11,033,582	791,122
Health and Hospitals:				
Health Department:				
Advertising	2,500	2,500	116	2,384
Health Clinic's Building Expenses	444,696	440,678	401,049	39,629
Other Maintenance and Services	10,920	14,938	14,937	1
Other Nonmatching Expenses	236,083	236,083	225,299	10,784
Matching Appropriation	11,022,108	5,422,660	5,422,660	-
Total Health Department	11,716,307	6,116,859	6,064,061	52,798
Mosquito Control:				
Salaries	70,608	70,608	70,524	84
Overtime Pay	1,000	1,000	466	534
Benefits	27,698	27,698	26,731	967
Administrative	500	500	251	249
Other Supplies and Equipment	2,025	2,025	1,089	936
Equipment Maintenance	300	300	306	(6)
Uniforms and Personal Equipment	500	500	500	-
Vehicle Operating Expense	18,500	18,500	13,500	5,000
Travel, Training, and Expense	200	200	75	125
Building Site	11,250	11,250	5,283	5,967
Appropriation for Spraying	95,000	95,000	87,045	7,955
Total Mosquito Control	227,581	227,581	205,770	21,811

See accompanying Notes to Other Supplementary Information.

WORCESTER COUNTY, MARYLAND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (CONTINUED)
GENERAL FUND
YEAR ENDED JUNE 30, 2025

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
Total Health and Hospitals	11,943,888	6,344,440	6,269,831	74,609
EXPENDITURES (CONTINUED)				
Social Services:				
Commission on Aging:				
Other Supplies and Equipment	2,000	2,000	2,000	-
Grant Services	172,975	172,975	181,288	(8,313)
Senior Transportation	7,400	7,400	7,400	-
Senior Center Building Expenses	188,200	188,200	198,179	(9,979)
Training and Travel	7,000	7,000	7,000	-
Appropriation for Commission on Aging	1,398,730	1,398,730	1,398,730	-
Capital Equipment	-	-	26,935	(26,935)
Total Commission on Aging	1,776,305	1,776,305	1,821,532	(45,227)
Other Social Services:				
County Grants	607,756	607,756	647,991	(40,235)
Matching Appropriation - DHMD - WCDC	28,871	28,871	28,871	-
Total Other Social Services	636,627	636,627	676,862	(40,235)
Total Social Services	2,412,932	2,412,932	2,498,394	(85,462)

See accompanying Notes to Other Supplementary Information.

WORCESTER COUNTY, MARYLAND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (CONTINUED)
GENERAL FUND
YEAR ENDED JUNE 30, 2025

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
EXPENDITURES (CONTINUED)				
Education:				
Board of Education:				
Postretirement Benefits	$ 8,841,987	$ 8,841,987	$ 8,841,987	-
Operating Appropriations	106,212,414	106,212,414	106,276,666	(64,252)
Total Board of Education	115,054,401	115,054,401	115,118,653	(64,252)
Wor-Wic Community College:				
Operating Appropriation	2,618,000	2,618,000	2,618,000	-
Total Wor-Wic Community College	2,618,000	2,618,000	2,618,000	-
Total Education	117,672,401	117,672,401	117,736,653	(64,252)
Libraries, Recreation, Parks and Culture:				
Recreation Department:				
Salaries	1,365,061	1,365,061	1,233,263	131,798
Overtime Pay	1,500	1,500	253	1,247
Benefits	548,561	548,561	507,548	41,013
Administrative	62,450	62,450	36,708	25,742
Other Supplies and Equipment	113,850	113,850	89,428	24,422
Equipment Maintenance	41,190	41,190	29,926	11,264
Uniforms and Personal Equipment	5,600	5,600	4,934	666
Grant Programs	-	-	4,780	(4,780)
Recreation Programs	408,165	408,165	296,573	111,592
Vehicle and Equipment Operating Expense	7,450	7,450	4,715	2,735
Building Site	210,928	210,928	190,166	20,762
Advertising	27,300	27,300	15,145	12,155
Training and Travel	41,853	41,853	20,595	21,258
Total Recreation Department	2,833,908	2,833,908	2,434,034	399,874

See accompanying Notes to Other Supplementary Information.

WORCESTER COUNTY, MARYLAND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (CONTINUED)
GENERAL FUND
YEAR ENDED JUNE 30, 2025

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
EXPENDITURES (CONTINUED)				
Libraries, Recreation, Parks and Culture (Continued):				
Parks Department:				
Salaries	$ 552,584	$ 552,584	$ 510,702	$ 41,882
Overtime Pay	2,500	2,500	1,482	1,018
Benefits	279,948	279,948	256,590	23,358
Administrative	1,255	1,255	898	357
Supplies and Equipment	28,860	28,860	20,502	8,358
Uniforms and Personal Equipment	4,240	4,240	4,061	179
Grant Programs	1,340,929	1,340,929	1,920,989	(580,060)
Other Supplies and Materials	48,000	48,000	45,023	2,977
Vehicle and Equipment Operating Expense	44,200	44,200	37,655	6,545
Park Expenses	98,866	98,866	171,274	(72,408)
Other Maintenance and Services	5,200	5,200	5,173	27
Advertising	500	500	58	442
Training and Travel	11,245	11,245	6,657	4,588
Capital Equipment	106,000	106,000	98,271	7,729
Total Parks Department	2,524,327	2,524,327	3,079,335	(555,008)
Library:				
Salaries	2,357,837	2,357,837	2,301,798	56,039
Overtime Pay	2,000	2,000	106	1,894
Benefits	1,111,097	1,111,097	1,059,094	52,003
Administrative	27,100	27,100	14,905	12,195
Other Supplies and Equipment	322,425	322,425	273,697	48,728
Equipment Maintenance	40,450	38,108	36,751	1,357
Grant Services	80,000	80,000	117,236	(37,236)
Legal	1,500	1,637	1,637	-
Vehicle Operating Expenses	4,250	4,250	2,240	2,010
Building Site	328,757	328,757	309,343	19,414
Other Maintenance and Services	-	2,205	2,204	1
Training and Travel	8,800	8,800	3,376	5,424
Benefits and Insurance	2,200	2,200	412	1,788
Total Library	4,286,416	4,286,416	4,122,799	163,617

See accompanying Notes to Other Supplementary Information.

WORCESTER COUNTY, MARYLAND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (CONTINUED)
GENERAL FUND
YEAR ENDED JUNE 30, 2025

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
EXPENDITURES (CONTINUED)				
Libraries, Recreation, Parks and Culture (Continued):				
Other Recreation and Culture:				
County Grants	$ 80,000	$ 80,000	$ 80,000	$ -
Total Other Recreation and Culture	80,000	80,000	80,000	-
Total Libraries, Recreation, Parks and Culture	9,724,651	9,724,651	9,716,168	8,483
Conservation of Natural Resources:				
Extension Service:				
Administrative	13,799	13,050	12,305	745
Equipment Maintenance	6,000	6,749	6,749	-
Building Site	195	195	-	195
Operating Appropriation	247,500	247,500	247,500	-
Total Extension Service	267,494	267,494	266,554	940
Other Natural Resources:				
Gypsy Moth Control	73,935	73,935	1,890	72,045
Soil Conservation District	12,000	12,000	12,000	-
Matching Appropriation Beach Maintenance	540,000	540,000	487,444	52,556
Total Other Natural Resources	625,935	625,935	501,334	124,601
Total Conservation of Natural Resources	893,429	893,429	767,888	125,541
Economic Development:				
Economic Development Department:				
Salaries	161,323	161,323	160,396	927
Benefits	78,592	78,592	73,795	4,797
Administrative	14,100	14,100	9,083	5,017
Other Supplies and Equipment	3,540	3,540	2,364	1,176
Equipment Maintenance	1,200	3,809	3,808	1
Program Expense	200,000	200,000	197,995	2,005
Grant Programs	-	3,800	2,325,192	(2,321,392)
Consulting Services	45,000	42,391	39,000	3,391
Vehicle Operating Expense	2,875	2,875	1,684	1,191
Building Site	700	700	-	700
Training and Travel	20,620	20,620	13,577	7,043
Capital Equipment	64,500	4,564,500	114,944	4,449,556
Total Economic Development Department	592,450	5,096,250	2,941,838	2,154,412

See accompanying Notes to Other Supplementary Information.

WORCESTER COUNTY, MARYLAND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (CONTINUED)
GENERAL FUND
YEAR ENDED JUNE 30, 2025

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
EXPENDITURES (CONTINUED)				
Economic Development:				
Tourism:				
Salaries	$ 351,259	$ 351,259	$ 342,307	$ 8,952
Overtime	-	-	39	(39)
Benefits	112,695	112,695	105,829	6,866
Administrative	6,169	5,335	5,334	1
Other Supplies and Equipment	47,371	56,654	56,653	1
Equipment Maintenance	2,600	2,556	2,556	-
Uniforms and Personal Equipment	400	359	358	1
Grant Programs	264,160	264,160	262,267	1,893
Program Expense Tourism Events	-	-	120,586	(120,586)
Consulting Services	37,100	17,054	17,053	1
Vehicle Operating Expense	3,525	4,285	4,285	-
Building Site	65,433	66,703	66,703	-
Advertising	739,500	753,554	759,209	(5,655)
Training and Travel	12,850	8,448	8,448	-
Total Tourism	1,643,062	1,643,062	1,751,627	(108,565)
Total Economic Development	2,235,512	6,739,312	4,693,465	2,045,847
Intergovernmental:				
Towns' Share	3,630,114	3,630,114	384,730	3,245,384
Grants to Towns	6,617,628	6,617,628	6,602,181	15,447
Total Intergovernmental	10,247,742	10,247,742	6,986,911	3,260,831
Total Expenditures	241,901,002	243,734,877	233,798,443	9,935,932
EXCESS OF REVENUES OVER EXPENDITURES	17,751,240	15,917,365	48,247,441	32,329,574
OTHER FINANCING SOURCES (USES)				
Transfers In	2,265,375	2,265,375	3,591,511	1,326,136
Transfers Out	(20,016,615)	(18,616,063)	(33,745,541)	(15,129,478)
Total Other Financing Uses	(17,751,240)	(16,350,688)	(30,154,030)	(13,803,342)
NET CHANGE IN FUND BALANCE	$ -	$ (433,323)	18,093,411	$ 18,526,232
Fund Balance - Beginning			110,205,538	
FUND BALANCE - ENDING			$ 128,298,949	

See accompanying Notes to Other Supplementary Information.

COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES

The Combining and Individual Fund Statements and Schedules provide detailed information concerning the financial position, results of operations, and budgetary comparisons for the non-major funds and fiduciary funds.

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NON-MAJOR GOVERNMENTAL FUNDS

Non-Major Governmental Funds are used to account for the proceeds of specific revenue sources (other than capital projects and debt service funds) that are legally restricted to expenditures for specific purposes.

Department of Social Services – This fund accounts for activities funded primarily by grants to provide services for the elderly and is included in the social services function.

Local Management Board – This fund accounts for activities funded by the State of Maryland to provide family focused community-based services.

Casino Fund – This fund accounts for local impact grants which shall be used for improvements primarily in the communities in immediate proximity of the video lottery facility.

Energy Service Fund – This fund accounts for settlement funds for the purposes of funding energy initiatives and efforts, including infrastructure development intended to improve the reliability of energy service to residents and businesses.

Opioid Restitution Fund – This fund accounts for activities funded by the State of Maryland in efforts to reduce the opioid epidemic.

Cannabis Tax Fund – This fund accounts for activities funded by the State of Maryland for community reinvestment and repair funds using cannabis taxes collected by the State.

WORCESTER COUNTY

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WORCESTER COUNTY, MARYLAND
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2025

	Department of Social Services Fund	Department Animal Control Fund	Local Management Board Fund	Casino Fund	Energy Service Fund
ASSETS					
Cash and Short-Term Investments	$ 49,990	$ 4,502	$ 655,753	$ 2,044,395	$ -
Due from Other Funds	-	-	-	3,146,897	174,815
Total Assets	$ 49,990	$ 4,502	$ 655,753	$ 5,191,292	$ 174,815
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES					
LIABILITIES					
Accounts Payable	$ -	$ -	$ 567,916	$ -	$ -
Total Liabilities	-	-	567,916	-	-
DEFERRED INFLOWS OF RESOURCES					
Unavailable Revenue - Opioid	-	-	-	-	-
Total Deferred Inflows of Resources	-	-	-	-	-
FUND BALANCES					
Restricted	-	-	-	-	-
Assigned	49,990	4,502	87,837	5,191,292	174,815
Total Fund Balances	49,990	4,502	87,837	5,191,292	174,815
Total Liabilities and Fund Balances	$ 49,990	$ 4,502	$ 655,753	$ 5,191,292	$ 174,815

See accompanying Notes to Other Supplementary Information.

WORCESTER COUNTY, MARYLAND
COMBINING BALANCE SHEET (CONTINUED)
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2025

	Opioid Restitution Fund	Cannabis Tax Fund	Total
ASSETS			
Cash and Short-Term Investments	$ -	$ -	$ 2,754,640
Due from Other Funds	2,684,183	1,166,694	7,172,589
Total Assets	$ 2,684,183	$ 1,166,694	$ 9,927,229
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES			
LIABILITIES			
Accounts Payable	$ -	$ -	$ 567,916
Total Liabilities	-	-	567,916
DEFERRED INFLOWS OF RESOURCES			
Unavailable Revenue - Opioid	1,094,133	-	1,094,133
Total Deferred Inflows of Resources	1,094,133	-	1,094,133
FUND BALANCES			
Restricted	1,590,050	-	1,590,050
Assigned	-	1,166,694	6,675,130
Total Fund Balances	-	1,166,694	8,265,180
Total Liabilities and Fund Balances	$ 1,094,133	$ 1,166,694	$ 9,927,229

See accompanying Notes to Other Supplementary Information.

WORCESTER COUNTY, MARYLAND
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2025

	Department of Social Services Fund	Animal Control Fund	Local Management Board Fund	Casino Fund	Energy Service Fund
REVENUES					
Taxes and Special Assessments	$ -	$ 4,502	$ -	$ -	$ -
Intergovernmental	44,283	-	1,410,087	3,439,190	-
Interest Income	-	-	33	102,248	-
Total Revenues	44,283	4,502	1,410,120	3,541,438	-
EXPENDITURES					
Social Services	66,108	-	1,413,583	-	-
Administrative Expenses	-	-	191,589	-	18,813
Total Expenditures	66,108	-	1,605,172	-	18,813
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(21,825)	4,502	(195,052)	3,541,438	(18,813)
OTHER FINANCING USES					
Transfers Out	-	-	-	(1,643,193)	-
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING USES OVER EXPENDITURES	(21,825)	4,502	(195,052)	1,898,245	(18,813)
Fund Balances - Beginning	71,815	-	282,889	3,293,047	193,628
FUND BALANCES - ENDING	$ 49,990	$ 4,502	$ 87,837	$ 5,191,292	$ 174,815

See accompanying Notes to Other Supplementary Information.

WORCESTER COUNTY, MARYLAND
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES (CONTINUED)
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2025

	Opioid Restitution Fund	Cannabis Tax Fund	Total
REVENUES			
Taxes and Special Assessments	$ -	$ 537,148	$ 541,650
Intergovernmental	1,052,909	-	5,946,469
Interest Income	-	-	102,281
Total Revenues	1,052,909	537,148	6,590,400
EXPENDITURES			
Social Services	-	-	1,479,691
Administrative Expenses	-	-	210,402
Total Expenditures	-	-	1,690,093
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	1,052,909	537,148	4,900,307
OTHER FINANCING USES			
Transfers Out	-	-	(1,643,193)
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING USES OVER EXPENDITURES	1,052,909	537,148	3,257,114
Fund Balances - Beginning	537,141	629,546	5,008,066
FUND BALANCES - ENDING	$ 1,590,050	$ 1,166,694	$ 8,265,180

See accompanying Notes to Other Supplementary Information.

WORCESTER COUNTY, MARYLAND
BALANCE SHEET
LOCAL MANAGEMENT BOARD
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2025

ASSETS	
Cash	$ 650,779
Cash - Earned Reinvestment	4,419
Other Asset	555
Total Assets	$ 655,753
LIABILITIES AND FUND BALANCE	
LIABILITIES	
Accounts Payable	$ 567,916
Total Liabilities	567,916
FUND BALANCE	87,837
Total Liabilities and Fund Balance	$ 655,753

See accompanying Notes to Other Supplementary Information.

WORCESTER COUNTY, MARYLAND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
LOCAL MANAGEMENT BOARD
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2025

REVENUES	
Administrative Receipts	$ 1,410,087
Total Revenues	1,410,087
EXPENDITURES	
Administrative:	
Salaries	91,896
Benefits	51,386
Communications	794
Consultants	22,500
Indirect Administrative Expenses	24,121
Supplies	736
Business Travel	156
Community Partnership Grant:	
Bounce Back	148,422
Community Support	786,222
Local Care Team Coordinator	53,670
Worcester Health Families	125,269
Worcester Connects Program	150,000
Worcester Navigation	150,000
Total Expenditures	1,605,172
CHANGE IN FUND BALANCE BEFORE OTHER FINANCING SOURCES	(195,085)
OTHER FINANCING SOURCES	
Interest Income	33
CHANGE IN FUND BALANCE	(195,052)
Fund Balance - Beginning	282,889
FUND BALANCE - ENDING	$ 87,837

See accompanying Notes to Other Supplementary Information.

WORCESTER COUNTY, MARYLAND
COMBINING SCHEDULE OF FUND NET POSITION – OPERATING FUNDS
DEPARTMENT OF WATER AND WASTEWATER SERVICES
JUNE 30, 2025

	West Ocean City S.A.	Ocean Pines S.A.	Newark Service Area	Briddletown Service Area	Shared Facilities	Edgewater Acres S.A.	Assateague Pointe S.A.
ASSETS							
Current Assets:							
Cash and Investments	$ 3,855,925	$ 1,383,685	$ 53,783	$ 37,129	$ 124,319	$ 119,141	$ 242,076
Accounts Receivable - Usage Billings	397,412	2,053,502	43,394	3,674	-	70,208	87,822
Lease Receivable	-	-	-	-	-	-	-
Other Receivable	-	538	1,267,047	-	194,186	-	-
Interfund Receivable	-	-	-	-	-	-	-
Prepaid Expenses	-	-	-	-	-	-	-
Due from Other Funds	2,726	251,459	-	-	-	-	-
Total Current Assets	4,256,063	3,689,184	1,364,224	40,803	318,505	189,349	329,898
Capital Assets:							
Land and Land Rights	47,037	63,319	4,527	-	-	-	-
Water and Sewer Systems	11,650,652	53,918,198	3,597,039	330,480	-	94,806	1,201,439
Machinery and Equipment	157,517	4,187,494	-	-	-	103,753	-
Construction-in-Progress	19,485	195,913	-	-	-	-	-
Total	11,874,691	58,364,924	3,601,566	330,480	-	198,559	1,201,439
Less: Accumulated Depreciation	(10,878,528)	(34,294,598)	(1,217,363)	(308,750)	-	(175,319)	(1,179,053)
Total	996,163	24,070,326	2,384,203	21,730	-	23,240	22,386
Total Assets	5,252,226	27,759,510	3,748,427	62,533	318,505	212,589	352,284
LIABILITIES							
Current Liabilities:							
Accounts Payable and Accrued Expenses	780,092	328,349	9,075	684	260	26,389	11,723
Interfund Payable	-	-	-	-	-	-	-
Total Current Liabilities	780,092	328,349	9,075	684	260	26,389	11,723
Other Liabilities:							
Unearned Revenue	-	-	1,217,369	-	-	-	-
Compensated Absences	20,811	532,169	19,202	1,700	-	10,830	14,149
Due to Other Funds	9,729	1,990,180	242,152	419	323,913	245,459	49,807
Total Other Liabilities	30,540	2,522,349	1,478,723	2,119	323,913	256,289	63,956
Total Liabilities	810,632	2,850,698	1,487,798	2,803	324,173	282,678	75,679
DEFERRED INFLOWS OF RESOURCES							
Leases	-	-	-	-	-	-	-
NET POSITION							
Unrestricted Net Position	$ 4,441,594	$ 24,908,812	$ 2,260,629	$ 59,730	$ (5,668)	$ (70,089)	$ 276,605

See accompanying Notes to Other Supplementary Information.

WORCESTER COUNTY, MARYLAND
COMBINING SCHEDULE OF FUND NET POSITION – OPERATING FUNDS
DEPARTMENT OF WATER AND WASTEWATER SERVICES (CONTINUED)
JUNE 30, 2025

	River Run S.A.	Mystic Harbour S.A.	Lighthouse Sound S.A.	Riddle Farm S.A.	The Landings S.A.	Support Groups	Total
ASSETS							
Current Assets:							
Cash and Investments	$ 315,440	$ 2,122,633	$ 88,384	$ 2,796,625	$ 396,827	$ 25,294	$ 11,561,261
Accounts Receivable - Usage Billings	57,985	367,878	30,181	281,650	91,164	-	3,484,870
Lease Receivable	-	-	-	-	-	-	-
Other Receivable	-	496	-	3,477,817	-	-	4,940,084
Interfund Receivable	-	-	-	-	-	-	-
Prepaid Expenses	-	-	-	-	-	-	-
Due from Other Funds	-	3,164	-	-	-	50	257,399
Total Current Assets	373,425	2,494,171	118,565	6,556,092	487,991	25,344	20,243,614
Capital Assets:							
Land and Land Rights	-	-	-	-	-	-	114,883
Water and Sewer Systems	-	20,922,384	-	21,368,057	9,021,493	-	122,104,548
Machinery and Equipment	128,233	732,522	26,381	-	-	876,146	6,212,046
Construction-in-Progress	-	208,318	-	396,518	41,611	-	861,845
Total	128,233	21,863,224	26,381	21,764,575	9,063,104	876,146	129,293,322
Less: Accumulated Depreciation	(128,235)	(6,669,689)	(22,424)	(9,740,269)	(4,070,253)	(685,122)	(69,369,603)
Total	(2)	15,193,535	3,957	12,024,306	4,992,851	191,024	59,923,719
Total Assets	373,423	17,687,706	122,522	18,580,398	5,480,842	216,368	80,167,333
LIABILITIES							
Current Liabilities:							
Accounts Payable and Accrued Expenses	10,412	283,113	4,765	93,467	16,500	14,812	1,579,641
Interfund Payable	-	-	-	-	-	-	-
Total Current Liabilities	10,412	283,113	4,765	93,467	16,500	14,812	1,579,641
Other Liabilities:							
Unearned Revenue	-	-	-	125,465	-	-	1,342,834
Compensated Absences	6,581	71,050	9,001	33,539	15,472	-	734,504
Due to Other Funds	5,425	1,840,006	3,131	6,752,325	986,708	6,055	12,455,309
Total Other Liabilities	12,006	1,911,056	12,132	6,911,329	1,002,180	6,055	14,532,647
Total Liabilities	22,418	2,194,169	16,897	7,004,796	1,018,680	20,867	16,112,288
DEFERRED INFLOWS OF RESOURCES							
Leases	-	-	-	-	-	-	-
NET POSITION							
Unrestricted Net Position	$ 351,005	$ 15,493,537	$ 105,625	$ 11,575,602	$ 4,462,162	$ 195,501	$ 64,055,045

See accompanying Notes to Other Supplementary Information.

WORCESTER COUNTY, MARYLAND
COMBINING SCHEDULE OF FUND NET POSITION – CAPITAL PROJECT
DEPARTMENT OF WATER AND WASTEWATER SERVICES
JUNE 30, 2025

	Ocean Pines S.A.	Newark Service Area	Mystic Harbour S.A.
ASSETS			
Current Assets:			
Cash and Short-Term Investments	$ 10,895,466	$ 47,980	$ 2,428,391
Accounts receivable - EDU	1,326,152	69,829	328,832
Interfund Receivable	343,891	16,937	-
Total Current Assets	12,565,509	134,746	2,757,223
Other Assets:			
Long-Term EDU Receivable	6,805,000	921,237	8,442,867
Total Other Assets	6,805,000	921,237	8,442,867
Total Assets	19,370,509	1,055,983	11,200,090
LIABILITIES			
Current Liabilities:			
Interfund Payable	-	-	32,168
Bonds Payable - Current Portion	990,000	53,977	308,403
Accrued Bond Interest Payable	132,265	1,869	8,922
Total Current Liabilities	1,122,265	55,846	349,493
Other Liabilities:			
Unearned Revenue	7,795,000	975,213	8,656,271
Bonds Payable	7,557,362	921,236	8,998,609
Total Other Liabilities	15,352,362	1,896,449	17,654,880
Total Liabilities	16,474,627	1,952,295	18,004,373
NET POSITION			
Unrestricted Net Position (Deficit)	$ 2,895,882	$ (896,312)	$ (6,804,283)

See accompanying Notes to Other Supplementary Information.

WORCESTER COUNTY, MARYLAND
COMBINING SCHEDULE OF FUND NET POSITION – CAPITAL PROJECT
DEPARTMENT OF WATER AND WASTEWATER SERVICES (CONTINUED)
JUNE 30, 2025

	Snug Harbor S.A.	Riddle Farm S.A.	Total
ASSETS			
Current Assets:			
Cash and Short-Term Investments	$ -	$ 63,538	$ 13,435,375
Accounts receivable - EDU	25,670	24,396	1,774,879
Interfund Receivable	40,688	3,741	405,257
Total Current Assets	66,358	91,675	15,615,511
Other Assets:			
Long-Term EDU Receivable	-	150,000	16,319,104
Total Other Assets	-	150,000	16,319,104
Total Assets	66,358	241,675	31,934,615
LIABILITIES			
Current Liabilities:			
Interfund Payable	-	-	32,168
Bonds Payable - Current Portion	24,857	15,000	1,392,237
Accrued Bond Interest Payable	1,377	3,063	147,496
Total Current Liabilities	26,234	18,063	1,571,901
Other Liabilities:			
Unearned Revenue	24,856	165,000	17,616,340
Bonds Payable	-	171,186	17,648,393
Total Other Liabilities	24,856	336,186	35,264,733
Total Liabilities	51,090	354,249	36,836,634
NET POSITION			
Unrestricted Net Position (Deficit)	$ 15,268	$ (112,574)	$ (4,902,019)

See accompanying Notes to Other Supplementary Information.

WORCESTER COUNTY, MARYLAND
SCHEDULE OF REVENUES AND EXPENSES
BUDGET AND ACTUAL – OPERATING FUNDS
DEPARTMENT OF WATER AND WASTEWATER SERVICES
YEAR ENDED JUNE 30, 2025

	West Ocean City Service Area			Ocean Pines Service Area		
	Original/ Final Budget	Actual	Variance with Final Budget	Original/ Final Budget	Actual	Variance with Final Budget
OPERATING REVENUES						
Charges for Service	$ 1,531,600	$ 1,536,230	$ 4,630	$ 8,203,440	$ 8,451,758	$ 248,318
Interest and Penalties	90,000	17,145	(72,855)	95,000	101,370	6,370
Other Revenue	-	118,013	118,013	585,000	771,204	186,204
Total Operating Revenues	1,621,600	1,671,388	49,788	8,883,440	9,324,332	440,892
OPERATING EXPENSES						
Personnel Services	278,529	324,592	(46,063)	4,620,709	4,627,530	(6,821)
Supplies and Materials	29,264	2,265	26,999	783,172	715,762	67,410
Maintenance and Services	918,082	1,563,052	(644,970)	2,642,411	3,075,972	(433,561)
Other Charges	26,726	87,961	(61,235)	133,988	188,216	(54,228)
Interfund Charges	9,846	-	9,846	40,452	(89,338)	129,790
Total Operating Expenses	1,262,447	1,977,870	(715,423)	8,220,732	8,518,142	(297,410)
OPERATING INCOME (LOSS) BEFORE DEPRECIATION	359,153	(306,482)	(665,635)	662,708	806,190	143,482
Depreciation	-	384,321	384,321	-	1,748,341	1,748,341
NET OPERATING INCOME (LOSS)	359,153	(690,803)	(1,049,956)	662,708	(942,151)	(1,604,859)
NONOPERATING REVENUES (EXPENSES)						
Transfer from (to) Reserves	(339,153)	-	339,153	362,130	-	(362,130)
Transfer from (to) Other Funds	-	-	-	-	-	-
Sale of Capital Assets	-	-	-	-	-	-
Operating Grants	-	-	-	-	-	-
Interest Expense	-	-	-	-	(17,158)	(17,158)
Interest Income	-	96,901	96,901	-	32,357	32,357
Net Nonoperating Revenues (Expenses)	(339,153)	96,901	436,054	362,130	15,199	(346,931)
NET INCOME (LOSS)	20,000	$ (593,902)	$ (613,902)	1,024,838	$ (926,952)	$ (1,951,790)
OTHER BUDGETED EXPENDITURES:						
Capital Outlay	(20,000)			(1,024,838)		
Total Other Budgeted Expenditures	(20,000)			(1,024,838)		
BUDGETED NET INCOME (LOSS)	$ -			$ -		

See accompanying Notes to Other Supplementary Information.

WORCESTER COUNTY, MARYLAND
SCHEDULE OF REVENUES AND EXPENSES
BUDGET AND ACTUAL – OPERATING FUNDS
DEPARTMENT OF WATER AND WASTEWATER SERVICES (CONTINUED)
YEAR ENDED JUNE 30, 2025

	Newark Service Area			Briddletown Service Area		
	Original/ Final Budget	Actual	Variance with Final Budget	Original/ Final Budget	Actual	Variance with Final Budget
OPERATING REVENUES						
Charges for Service	$ 167,040	$ 177,604	$ 10,564	$ 15,060	$ 14,613	$ (447)
Interest and Penalties	2,500	3,667	1,167	400	442	42
Other Revenue	29,195	54,498	25,303	-	136	136
Total Operating Revenues	198,735	235,769	37,034	15,460	15,191	(269)
OPERATING EXPENSES						
Personnel Services	151,633	197,852	(46,219)	7,544	10,134	(2,590)
Supplies and Materials	14,258	7,866	6,392	1,199	25	1,174
Maintenance and Services	56,360	81,731	(25,371)	35,275	43,639	(8,364)
Other Charges	1,797	18,055	(16,258)	326	597	(271)
Interfund Charges	702	-	702	126	-	126
Total Operating Expenses	224,750	305,504	(80,754)	44,470	54,395	(9,925)
OPERATING INCOME (LOSS) BEFORE DEPRECIATION	(26,015)	(69,735)	(43,720)	(29,010)	(39,204)	(10,194)
Depreciation	-	98,941	98,941	-	7,244	7,244
NET OPERATING INCOME (LOSS)	(26,015)	(168,676)	(142,661)	(29,010)	(46,448)	(17,438)
NONOPERATING REVENUES (EXPENSES)						
Transfer from (to) Reserves	26,015	-	(26,015)	(2,490)	-	2,490
Transfer from (to) Other Funds	-	-	-	-	-	-
Sale of Capital Assets	-	-	-	-	-	-
Operating Grants	-	-	-	31,500	31,500	-
Interest Expense	-	(197)	(197)	-	-	-
Interest Income	-	68,152	68,152	-	-	-
Net Nonoperating Revenues (Expenses)	26,015	67,955	41,940	29,010	31,500	2,490
NET INCOME (LOSS)	-	$ (100,721)	$ (100,721)	-	$ (14,948)	$ (14,948)
OTHER BUDGETED EXPENDITURES:						
Capital Outlay	-			-		
Total Other Budgeted Expenditures	-			-		
BUDGETED NET INCOME (LOSS)	$ -			$ -		

See accompanying Notes to Other Supplementary Information.

WORCESTER COUNTY, MARYLAND
SCHEDULE OF REVENUES AND EXPENSES
BUDGET AND ACTUAL – OPERATING FUNDS
DEPARTMENT OF WATER AND WASTEWATER SERVICES (CONTINUED)
YEAR ENDED JUNE 30, 2025

	Edgewater Acres Service Area			Assateague Pointe Service Area		
	Original/ Final Budget	Actual	Variance with Final Budget	Original/ Final Budget	Actual	Variance with Final Budget
OPERATING REVENUES						
Charges for Service	$ 265,000	$ 284,807	$ 19,807	$ 310,216	$ 346,474	$ 36,258
Interest and Penalties	1,600	1,599	(1)	4,600	5,188	588
Other Revenue	865	874	9	-	1,776	1,776
Total Operating Revenues	267,465	287,280	19,815	314,816	353,438	38,622
OPERATING EXPENSES						
Personnel Services	110,253	90,645	19,608	203,935	198,491	5,444
Supplies and Materials	3,514	130	3,384	51,767	29,410	22,357
Maintenance and Services	186,935	191,611	(4,676)	151,605	126,288	25,317
Other Charges	2,672	4,155	(1,483)	6,763	16,143	(9,380)
Interfund Charges	1,002	-	1,002	2,555	-	2,555
Total Operating Expenses	304,376	286,541	17,835	416,625	370,332	46,293
OPERATING INCOME (LOSS) BEFORE DEPRECIATION	(36,911)	739	37,650	(101,809)	(16,894)	84,915
Depreciation	-	6,889	6,889	-	6,320	6,320
NET OPERATING INCOME (LOSS)	(36,911)	(6,150)	30,761	(101,809)	(23,214)	78,595
NONOPERATING REVENUES (EXPENSES)						
Transfer from (to) Reserves	36,911	-	(36,911)	101,809	-	(101,809)
Transfer from (to) Other Funds	-	-	-	-	-	-
Sale of Capital Assets	-	-	-	-	-	-
Operating Grants	-	-	-	-	-	-
Interest Expense	-	-	-	-	-	-
Interest Income	-	-	-	-	-	-
Net Nonoperating Revenues (Expenses)	36,911	-	(36,911)	101,809	-	(101,809)
NET INCOME (LOSS)	-	$ (6,150)	$ (6,150)	-	$ (23,214)	$ (23,214)
OTHER BUDGETED EXPENDITURES:						
Capital Outlay	-			-		
Total Other Budgeted Expenditures	-			-		
BUDGETED NET INCOME (LOSS)	$ -			$ -		

See accompanying Notes to Other Supplementary Information.

WORCESTER COUNTY, MARYLAND
SCHEDULE OF REVENUES AND EXPENSES
BUDGET AND ACTUAL – OPERATING FUNDS
DEPARTMENT OF WATER AND WASTEWATER SERVICES (CONTINUED)
YEAR ENDED JUNE 30, 2025

	River Run Service Area			Mystic Harbour Service Area		
	Original/ Final Budget	Actual	Variance with Final Budget	Original/ Final Budget	Actual	Variance with Final Budget
OPERATING REVENUES						
Charges for Service	$ 213,000	$ 321,214	$ 108,214	$ 1,448,000	$ 1,612,706	$ 164,706
Interest and Penalties	800	1,456	656	18,000	21,157	3,157
Other Revenue	-	995	995	-	346,198	346,198
Total Operating Revenues	213,800	323,665	109,865	1,466,000	1,980,061	514,061
OPERATING EXPENSES						
Personnel Services	92,808	111,799	(18,991)	719,948	827,560	(107,612)
Supplies and Materials	17,466	18,746	(1,280)	247,556	422,371	(174,815)
Maintenance and Services	134,141	182,169	(48,028)	1,020,854	1,235,104	(214,250)
Other Charges	2,546	14,010	(11,464)	20,112	79,282	(59,170)
Interfund Charges	828	-	828	9,099	-	9,099
Total Operating Expenses	247,789	326,724	(78,935)	2,017,569	2,564,317	(546,748)
OPERATING INCOME (LOSS) BEFORE DEPRECIATION	(33,989)	(3,059)	30,930	(551,569)	(584,256)	(32,687)
Depreciation	-	-	-	-	625,745	625,745
NET OPERATING INCOME (LOSS)	(33,989)	(3,059)	30,930	(551,569)	(1,210,001)	(658,432)
NONOPERATING REVENUES (EXPENSES)						
Transfer from (to) Reserves	78,989	-	(78,989)	1,156,569	-	(1,156,569)
Transfer from (to) Other Funds	-	-	-	200,000	-	(200,000)
Sale of Capital Assets	-	-	-	-	-	-
Operating Grants	-	-	-	-	-	-
Interest Expense	-	-	-	-	(1,212)	(1,212)
Interest Income	-	-	-	-	24,804	24,804
Net Nonoperating Revenues (Expenses)	78,989	-	(78,989)	1,356,569	23,592	(1,332,977)
NET INCOME (LOSS)	45,000	$ (3,059)	$ (48,059)	805,000	$ (1,186,409)	$ (1,991,409)
OTHER BUDGETED EXPENDITURES:						
Capital Outlay	(45,000)			(805,000)		
Total Other Budgeted Expenditures	(45,000)			(805,000)		
BUDGETED NET INCOME (LOSS)	$ -			$ -		

See accompanying Notes to Other Supplementary Information.

WORCESTER COUNTY, MARYLAND
SCHEDULE OF REVENUES AND EXPENSES
BUDGET AND ACTUAL – OPERATING FUNDS
DEPARTMENT OF WATER AND WASTEWATER SERVICES (CONTINUED)
YEAR ENDED JUNE 30, 2025

	Lighthouse Sound Service Area			Riddle Farm Service Area		
	Original/ Final Budget	Actual	Variance with Final Budget	Original/ Final Budget	Actual	Variance with Final Budget
OPERATING REVENUES						
Charges for Service	$ 115,620	$ 116,862	$ 1,242	$ 892,850	$ 1,064,246	$ 171,396
Interest and Penalties	800	812	12	6,000	8,900	2,900
Other Revenue	-	360	360	-	787,770	787,770
Total Operating Revenues	116,420	118,034	1,614	898,850	1,860,916	962,066
OPERATING EXPENSES						
Personnel Services	72,473	82,673	(10,200)	471,533	404,171	67,362
Supplies and Materials	11,504	4,541	6,963	98,620	117,102	(18,482)
Maintenance and Services	38,700	26,743	11,957	1,273,625	1,750,303	(476,678)
Other Charges	1,178	10,560	(9,382)	6,296	64,953	(58,657)
Interfund Charges	315	-	315	1,976	(3,384,712)	3,386,688
Total Operating Expenses	124,170	124,517	(347)	1,852,050	(1,048,183)	2,900,233
OPERATING INCOME (LOSS) BEFORE DEPRECIATION	(7,750)	(6,483)	1,267	(953,200)	2,909,099	3,862,299
Depreciation	-	5,276	5,276	-	595,154	595,154
NET OPERATING INCOME (LOSS)	(7,750)	(11,759)	(4,009)	(953,200)	2,313,945	3,267,145
NONOPERATING REVENUES (EXPENSES)						
Transfer from (to) Reserves	7,750	-	(7,750)	1,128,200	-	(1,128,200)
Transfer from (to) Other Funds	-	-	-	-	-	-
Sale of Capital Assets	-	-	-	-	-	-
Operating Grants	-	-	-	-	-	-
Interest Expense	-	-	-	-	-	-
Interest Income	-	-	-	-	41,351	41,351
Net Nonoperating Revenues (Expenses)	7,750	-	(7,750)	1,128,200	41,351	(1,086,849)
NET INCOME (LOSS)	-	$ (11,759)	$ (11,759)	175,000	$ 2,355,296	$ 2,180,296
OTHER BUDGETED EXPENDITURES:						
Capital Outlay	-			(175,000)		
Total Other Budgeted Expenditures	-			(175,000)		
BUDGETED NET INCOME (LOSS)	$ -			$ -		

See accompanying Notes to Other Supplementary Information.

WORCESTER COUNTY, MARYLAND
SCHEDULE OF REVENUES AND EXPENSES
BUDGET AND ACTUAL – OPERATING FUNDS
DEPARTMENT OF WATER AND WASTEWATER SERVICES (CONTINUED)
YEAR ENDED JUNE 30, 2025

	The Landings Service Area			Support Group		
	Original/ Final Budget	Actual	Variance with Final Budget	Original/ Final Budget	Actual	Variance with Final Budget
OPERATING REVENUES						
Charges for Service	$ 474,100	$ 808,649	$ 334,549	$ -	$ -	$ -
Interest and Penalties	3,000	4,598	1,598	-	-	-
Other Revenue	-	2,543	2,543	-	150,912	150,912
Total Operating Revenues	477,100	815,790	338,690	-	150,912	150,912
OPERATING EXPENSES						
Personnel Services	152,502	167,926	(15,424)		-	-
Supplies and Materials	32,294	16,555	15,739	-	-	-
Maintenance and Services	456,945	630,722	(173,777)	-	-	-
Other Charges	2,396	18,147	(15,751)	-	-	-
Interfund Charges	674	-	674	-	-	-
Total Operating Expenses	644,811	833,350	(188,539)	-	-	-
OPERATING INCOME (LOSS) BEFORE DEPRECIATION	(167,711)	(17,560)	150,151	-	150,912	150,912
Depreciation	-	226,407	226,407	-	69,105	69,105
NET OPERATING INCOME (LOSS)	(167,711)	(243,967)	(76,256)	-	81,807	81,807
NONOPERATING REVENUES (EXPENSES)						
Transfer from (to) Reserves	182,711	-	(182,711)	-	-	-
Transfer from (to) Other Funds	-	-	-	-	-	-
Sale of Capital Assets	-	-	-	-	-	-
Operating Grants	-	-	-	-	-	-
Interest Expense	-	-	-	-	-	-
Interest Income	-	-	-	-	-	-
Net Nonoperating Revenues (Expenses)	182,711	-	(182,711)	-	-	-
NET INCOME (LOSS)	15,000	$ (243,967)	$ (258,967)	-	$ 81,807	$ 81,807
OTHER BUDGETED EXPENDITURES:						
Capital Outlay	(15,000)			-		
Total Other Budgeted Expenditures	(15,000)			-		
BUDGETED NET INCOME (LOSS)	$ -			$ -		

See accompanying Notes to Other Supplementary Information.

WORCESTER COUNTY, MARYLAND
SCHEDULE OF REVENUES AND EXPENSES
BUDGET AND ACTUAL – OPERATING FUNDS
DEPARTMENT OF WATER AND WASTEWATER SERVICES (CONTINUED)
YEAR ENDED JUNE 30, 2025

	Shared Facilities			Combined Totals		
	Original/ Final Budget	Actual	Variance with Final Budget	Original/ Final Budget	Actual	Variance with Final Budget
OPERATING REVENUES						
Charges for Service	$ -	$ 106,279	$ 106,279	$ 13,635,926	$ 14,841,442	$ 1,205,516
Interest and Penalties	-	-	-	222,700	166,334	(56,366)
Other Revenue	-	-	-	615,060	2,235,279	1,620,219
Total Operating Revenues	-	106,279	106,279	14,473,686	17,243,055	2,769,369
OPERATING EXPENSES						
Personnel Services		-	-	6,881,867	7,043,373	(161,506)
Supplies and Materials	-	-	-	1,290,614	1,334,773	(44,159)
Maintenance and Services	-	-	-	6,914,933	8,907,334	(1,992,401)
Other Charges	-	84,060	(84,060)	204,800	586,139	(381,339)
Interfund Charges	-	-	-	67,575	(3,474,050)	3,541,625
Total Operating Expenses	-	84,060	(84,060)	15,359,789	14,397,569	962,220
OPERATING INCOME (LOSS) BEFORE DEPRECIATION	-	22,219	22,219	(886,103)	2,845,486	3,731,589
Depreciation	-	-	-	-	3,773,743	3,773,743
NET OPERATING INCOME (LOSS)	-	22,219	22,219	(886,103)	(928,257)	(42,154)
NONOPERATING REVENUES (EXPENSES)						
Transfer from (to) Reserves	-	-	-	2,739,441	-	(2,739,441)
Transfer from (to) Other Funds	-	-	-	200,000	-	(200,000)
Sale of Capital Assets	-	-	-	-	-	-
Operating Grants	-	-	-	31,500	31,500	-
Interest Expense	-	-	-	-	(18,567)	(18,567)
Interest Income	-	-	-	-	263,565	263,565
Net Nonoperating Revenues (Expenses)	-	-	-	2,970,941	276,498	(2,694,443)
NET INCOME (LOSS)	-	$ 22,219	$ 22,219	2,084,838	$ (651,759)	$ (2,736,597)
OTHER BUDGETED EXPENDITURES:						
Capital Outlay	-			(2,084,838)		
Total Other Budgeted				-		
Expenditures	-			(2,084,838)		
				-		
BUDGETED NET INCOME (LOSS)	$ -			$ -		

See accompanying Notes to Other Supplementary Information.

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, 2025

	Ocean Pines S.A.	Newark Service Area	Mystic Harbour S.A.
REVENUES			
Debt Service Revenue	$ 1,359,959	$ 65,581	$ 423,787
Other Revenues	98,523	-	136,152
Total Revenues	1,458,482	65,581	559,939
OPERATING INCOME (LOSS)	1,458,482	65,581	559,939
NONOPERATING INCOME (EXPENSE)			
Interest on Investments	526,445	785	133,967
Bond Interest Expense	(342,851)	(7,575)	(224,774)
Transfers from (to) Other Funds	-	-	-
Total Nonoperating Income (Expense)	183,594	(6,790)	(90,807)
CHANGE IN NET POSITION	1,642,076	58,791	469,132
Net Position (Deficit) - Beginning	1,253,806	(955,103)	(7,273,415)
NET POSITION (DEFICIT) - ENDING	$ 2,895,882	$ (896,312)	$ (6,804,283)

See accompanying Notes to Other Supplementary Information.

WORCESTER COUNTY, MARYLAND
COMBINING SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
CAPITAL PROJECTS FUNDS
DEPARTMENT OF WATER AND WASTEWATER SERVICES (CONTINUED)
YEAR ENDED JUNE 30, 2025

	Snug Harbor S.A.	Riddle Farm S.A.	Total
REVENUES			
Debt Service Revenue	$ 17,227	$ 30,672	$ 1,897,226
Other Revenues	-	2,421	237,096
Total Revenues	17,227	33,093	2,134,322
OPERATING INCOME (LOSS)	17,227	33,093	2,134,322
NONOPERATING INCOME (EXPENSE)			
Interest on Investments	-	1,034	662,231
Bond Interest Expense	(1,777)	(7,392)	(584,369)
Transfers from (to) Other Funds	-	-	-
Total Nonoperating Income (Expense)	(1,777)	(6,358)	77,862
CHANGE IN NET POSITION	15,450	26,735	2,212,184
Net Position (Deficit) - Beginning	(182)	(139,309)	(7,114,203)
NET POSITION (DEFICIT) - ENDING	$ 15,268	$ (112,574)	$ (4,902,019)

See accompanying Notes to Other Supplementary Information.

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, 2025

	Original/ Final Budget	Actual	Variance with Final Budget
OPERATING REVENUES			
Licenses and Permits	$ 4,500	$ 5,080	$ 580
Stump, Yard Waste, and Mulch Revenue	60,000	68,027	8,027
Interest and Penalties on Overdue Accounts	1,000	1,803	803
Interfund Charges	224,990	-	(224,990)
Other Revenue	9,500	54,540	45,040
Tipping Fees	4,500,000	4,865,676	365,676
Total Operating Revenues	4,799,990	4,995,126	195,136
TOTAL OPERATING EXPENSES	5,158,202	2,947,660	2,210,542
OPERATING INCOME (LOSS) BEFORE DEPRECIATION	(358,212)	2,047,466	2,405,678
Depreciation	-	3,140,275	(3,140,275)
OPERATING INCOME (LOSS)	(358,212)	(1,092,809)	(734,597)
NONOPERATING INCOME (EXPENSE)			
Interest on Investments	500,000	634,548	134,548
Transfer from (to) Reserves	302,109	-	(302,109)
Interest	(443,897)	(363,415)	80,482
Sale of Capital Assets	-	72,400	72,400
Total Nonoperating Income (Expense)	358,212	343,533	(14,679)
CHANGE IN NET POSITION	$ -	(749,276)	$ (749,276)
Net Position (Deficit) - Beginning, as Previously Reported		(39,696)	
Adjustment for correction of error (Note 19)		(2,367,234)	
Net Position (Deficit) - Beginning, as Restated		(2,406,930)	
NET POSITION (DEFICIT) - ENDING		$ (3,156,206)	

See accompanying Notes to Other Supplementary Information.

WORCESTER COUNTY, MARYLAND
SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
BY OPERATING FUND – BUDGET AND ACTUAL
DEPARTMENT OF SOLID WASTE (CONTINUED)
YEAR ENDED JUNE 30, 2025

	Original/ Final Budget	Actual	Variance with Final Budget
EXPENSES			
Department: Administration			
Salaries	$ 271,121	$ 289,182	$ (18,061)
Benefits	108,851	89,834	19,017
Administrative Expenses	19,500	16,844	2,656
Alarm Monitoring	1,500	768	732
Audit Services	9,600	11,000	(1,400)
Cleaning	-	3,095	(3,095)
Equipment Maintenance	-	3,639	(3,639)
Insurance	16,000	18,185	(2,185)
Pest Control	-	28	(28)
Solid Waste Committee	3,500	1,900	1,600
Supplies	-	1,568	(1,568)
Telephone	-	590	(590)
Uniforms	1,500	955	545
Total	431,572	437,588	(6,016)
Department: Solid Waste			
Salaries	868,922	717,030	151,892
Benefits	312,520	355,017	(42,497)
Administrative Expenses	6,900	9,054	(2,154)
Alarm Monitoring	-	128	(128)
Buildings and Grounds	630,000	344,350	285,650
Capital Equipment	1,793,638	-	1,793,638
Cleaning	-	1,551	(1,551)
Consulting Services	300,000	259,639	40,361
Fuel	210,000	206,866	3,134
Leachate Expense	225,000	186,996	38,004
Maintenance	5,000	11,050	(6,050)
Pest Control	-	359	(359)
Supplies and Equipment	17,620	102,030	(84,410)
Telephone	3,280	462	2,818
Training	20,250	12,023	8,227
Uniforms	11,500	8,010	3,490
Utilities	22,000	23,712	(1,712)
Vehicle and Heavy Equipment Maintenance	300,000	271,795	28,205
Total	4,726,630	2,510,072	2,216,558
Total Operating Expenses	$ 5,158,202	$ 2,947,660	$ 2,210,542

See accompanying Notes to Other Supplementary Information.

WORCESTER COUNTY, MARYLAND
COMBINING STATEMENT OF FIDUCIARY NET POSITION
PENSION AND OTHER POSTEMPLOYMENT BENEFITS TRUST
YEAR ENDED JUNE 30, 2025

	Other Postemployment Benefits Trust	Supplemental Pension Plan	Total
ASSETS			
Cash and Short-Term Investments	$ 10,430,859	$ -	$ 10,430,859
Trust Investments:			
U.S. Treasury Obligations	14,848,224	-	14,848,224
U.S. Government Agency Securities	6,513,405	-	6,513,405
Taxable Fixed Income Funds	17,755,097	-	17,755,097
Corporate Bonds	3,958,722	-	3,958,722
Equity Securities	37,732,322	-	37,732,322
Investment Contracts	-	4,058,826	4,058,826
Total Assets	91,238,629	4,058,826	95,297,455
LIABILITIES			
Due to Other Funds	15,138	-	15,138
Total Liabilities	15,138	-	15,138
NET POSITION			
Net Position Restricted for Pensions	-	4,058,826	4,058,826
Net Position Restricted for Other Postemployment Benefits	91,223,491	-	91,223,491
Total Net Position	$ 91,223,491	$ 4,058,826	$ 95,282,317

See accompanying Notes to Other Supplementary Information.

WORCESTER COUNTY, MARYLAND
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
PENSION AND OTHER POSTEMPLOYMENT BENEFITS TRUST
YEAR ENDED JUNE 30, 2025

	Other Postemployment Benefits Trust	Supplemental Pension Plan	Total
ADDITIONS			
Employer Contributions	$ 5,987,432	$ 547,341	$ 6,534,773
Plan Member Contributions	350,526	-	350,526
Other	301,736	-	301,736
Total Contributions	6,639,694	547,341	7,187,035
Investment Earnings:			
Interest	276,897	-	276,897
Net Increase in Fair Value of Investments	7,243,480	66,172	7,309,652
Total Investment Earnings	7,520,377	66,172	7,586,549
Total Additions	14,160,071	613,513	14,773,584
DEDUCTIONS			
Claims Incurred	4,288,358	1,553,835	5,842,193
Administrative	4,000	-	4,000
Total Deductions	4,292,358	1,553,835	5,846,193
CHANGE IN NET POSITION	9,867,713	(940,322)	8,927,391
Net Position - Beginning, As Previously Reported	81,355,778	-	81,355,778
Adjustment for correction of error (Note 19)	-	4,999,148	4,999,148
Net Position - Beginning, As Restated	81,355,778	4,999,148	86,354,926
NET POSITION - ENDING	$ 91,223,491	$ 4,058,826	$ 95,282,317

See accompanying Notes to Other Supplementary Information.

WORCESTER COUNTY, MARYLAND
COMBINING STATEMENT OF FIDUCIARY NET POSITION
CUSTODIAL FUNDS
JUNE 30, 2025

	State of Maryland Property Taxes	Maryland Department of Motor Vehicles - License Fees	Tax Sale Fund	Development Taxes	Performance Bonds	Personal Property Tax Liability
ASSETS						
Cash and Short-Term Investments	$ -	$ 2	$ 51,877	$ 176,154	$ 1,832,762	$ 209,200
Taxes Receivable	373,867	-	-	-	-	-
Special Assessments Receivable	-	-	-	-	-	-
Other Receivables	-	-	-	-	-	-
Due from Other Funds	-	-	90,391	-	-	-
Total Assets	373,867	2	142,268	176,154	1,832,762	209,200
LIABILITIES						
Accounts Payable	-	-	136,268	29,923	1,832,762	210,100
Unearned Revenue	-	-	-	-	-	-
Due to Other Funds	-	2	6,000	-	-	-
Due to Other Governments	373,867	-	-	-	-	-
Total Liabilities	373,867	2	142,268	29,923	1,832,762	210,100
NET POSITION						
Fiduciary Net Position Held for Others	-	-	-	146,231	-	(900)
Total Net Position	$ -	$ -	$ -	$ 146,231	$ -	$ (900)

See accompanying Notes to Other Supplementary Information.

WORCESTER COUNTY, MARYLAND
COMBINING STATEMENT OF FIDUCIARY NET POSITION (CONTINUED)
CUSTODIAL FUNDS
JUNE 30, 2025

	Forest Conservation	Bay Restoration	Snow Hill Property Tax	Berlin Property Tax	Pocomoke Property Tax	Ocean City Property Tax
ASSETS						
Cash and Short-Term	$ 147,102	$ 155,278	$ -	$ -	$ -	$ -
Investments	-	100,002	57,463	116,929	143,340	641,996
Taxes Receivable	-	-	-	-	-	-
Special Assessments Receivable	-	-	-	-	-	-
Other Receivables	-	180	4,560	14,147	518	4,486
Due from Other Funds						
Total Assets	147,102	255,460	62,023	131,076	143,858	646,482
LIABILITIES						
Accounts Payable	-	255,460	57,465	116,606	141,410	640,697
Unearned Revenue	-	-	-	-	-	-
Due to Other Funds	-	-	4,560	14,470	2,448	5,785
Due to Other Governments	-	-	-	-	-	-
Total Liabilities	-	255,460	62,025	131,076	143,858	646,482
NET POSITION						
Fiduciary Net Position Held for Others	147,102	-	(2)	-	-	-
Total Net Position	$ 147,102	$ -	$ (2)	$ -	$ -	$ -

See accompanying Notes to Other Supplementary Information.

WORCESTER COUNTY, MARYLAND
COMBINING STATEMENT OF FIDUCIARY NET POSITION (CONTINUED)
CUSTODIAL FUNDS
JUNE 30, 2025

	Special Loans	Critical Areas	Seized Funds Pending Forfeiture	Snow Hill Room Tax	Berlin Room Tax	Pocomoke Room Tax
ASSETS						
Cash and Short-Term Investments	$ 975,211	$ 107,647	$ 141,273	$ -	$ -	$ -
Taxes Receivable	-	-	-	-	-	-
Special Assessments Receivable	-	-	-	-	-	-
Other Receivables	-	-	16,251	-	-	-
Due from Other Funds	37,810	-	-	-	-	-
Total Assets	1,013,021	107,647	157,524	-	-	-
LIABILITIES						
Accounts Payable	9,057	-	2,076	-	-	-
Unearned Revenue	-	-	278,067	-	-	-
Due to Other Funds	-	-	-	-	-	-
Due to Other Governments	-	-	-	-	-	-
Total Liabilities	9,057	-	280,143	-	-	-
NET POSITION						
Fiduciary Net Position Held for Others	1,003,964	107,647	(122,619)	-	-	-
Total Net Position	$ 1,003,964	$ 107,647	$ (122,619)	$ -	$ -	$ -

See accompanying Notes to Other Supplementary Information.

WORCESTER COUNTY, MARYLAND
COMBINING STATEMENT OF FIDUCIARY NET POSITION (CONTINUED)
CUSTODIAL FUNDS
JUNE 30, 2025

	Ocean City Room Tax	Ocean City Food Tax	Public Drainage Associations	Rural Legacy Fund	Inmate Welfare Fund	Total
ASSETS						
Cash and Short-Term Investments	$ -	$ -	$ 677,289	$ 218,537	$ 762,158	$ 5,454,490
Taxes Receivable	-	-	-	-	-	1,433,597
Special Assessments Receivable	-	-	7,097	-	-	7,097
Other Receivables	-	-	-	-	1,600	17,851
Due from Other Funds	-	-	281	13,956	-	166,329
Total Assets	-	-	684,667	232,493	763,758	7,079,364
LIABILITIES						
Accounts Payable	-	-	-	-	275,271	3,707,095
Unearned Revenue	-	-	-	195,885	-	473,952
Due to Other Funds	-	-	-	-	-	33,265
Due to Other Governments	-	-	-	-	-	373,867
Total Liabilities	-	-	-	195,885	275,271	4,588,179
NET POSITION						
Fiduciary Net Position Held for Others	-	-	684,667	36,608	488,487	2,491,185
Total Net Position	$ -	$ -	$ 684,667	$ 36,608	$ 488,487	$ 2,491,185

See accompanying Notes to Other Supplementary Information.

WORCESTER COUNTY, MARYLAND
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
CUSTODIAL FUNDS
YEAR ENDED JUNE 30, 2025

	State of Maryland Property Taxes	Maryland Department of Motor Vehicles - License Fees	Tax Sale Fund	Development Taxes	Performance Bonds	Personal Property Tax Liability
ADDITIONS						
Special Assessments	$ -	$ -	$ -	$ -	$ -	$ -
Collections for Other Governments	22,064,146	-	-	-	-	-
Grant Funding	-	-	-	-	-	-
Other	-	74,774	379,878	255,946	256,202	4,650
Interest	-	-	-	-	-	-
Total Additions	22,064,146	74,774	379,878	255,946	256,202	4,650
DEDUCTIONS						
Payments to Other Governments	22,064,146	74,546	-	196,157	-	-
Other	-	228	379,878	26,683	256,202	5,550
Total Deductions	22,064,146	74,774	379,878	222,840	256,202	5,550
CHANGE IN NET POSITION	-	-	-	33,106	-	(900)
Net Position - Beginning, As Previously Reported	-	-	-	113,125	-	-
Adjustment for correction of error (Note 18)	-	-	-	-	-	-
Net Position - Beginning, As Restated	-	-	-	113,125	-	-
NET POSITION - ENDING	$ -	$ -	$ -	$ 146,231	$ -	$ (900)

See accompanying Notes to Other Supplementary Information.

WORCESTER COUNTY, MARYLAND
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION (CONTINUED)
CUSTODIAL FUNDS
YEAR ENDED JUNE 30, 2025

	Forest Conservation	Bay Restoration	Snow Hill Property Tax	Berlin Property Tax	Pocomoke Property Tax	Ocean City Property Tax
ADDITIONS						
Special Assessments	$ -	$ -	$ -	$ -	$ -	$ -
Collections for Other Governments	-	1,145,229	1,377,526	4,892,948	3,327,984	48,308,094
Grant Funding	-	-	-	-	-	-
Other	-	-	-	-	-	-
Interest	2,798	-	-	-	-	-
Total Additions	2,798	1,145,229	1,377,526	4,892,948	3,327,984	48,308,094
DEDUCTIONS						
Payments to Other Governments	-	1,145,229	1,377,528	4,892,948	3,327,984	48,308,094
Other	-	-	-	-	-	-
Total Deductions	-	1,145,229	1,377,528	4,892,948	3,327,984	48,308,094
CHANGE IN NET POSITION	2,798	-	(2)	-	-	-
Net Position - Beginning, As Previously Reported	144,304	-	-	-	-	-
Adjustment for correction of error (Note 18)	-	-	-	-	-	-
Net Position - Beginning, As Restated	144,304	-	-	-	-	-
NET POSITION - ENDING	$ 147,102	$ -	$ (2)	$ -	$ -	$ -

See accompanying Notes to Other Supplementary Information.

WORCESTER COUNTY, MARYLAND
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION (CONTINUED)
CUSTODIAL FUNDS
YEAR ENDED JUNE 30, 2025

	Special Loans	Critical Areas	Seized Funds Pending Forfeiture	Snow Hill Room Tax	Berlin Room Tax	Pocomoke Room Tax
ADDITIONS						
Special Assessments	$ -	$ -	$ -	$ -	$ -	$ -
Collections for Other Governments	-	-	-	4,795	109,521	161,896
Grant Funding	1,859,281	-	-	-	-	-
Other	-	-	132,514	-	-	-
Interest	-	2,047	-	-	-	-
Total Additions	1,859,281	2,047	132,514	4,795	109,521	161,896
DEDUCTIONS						
Payments to Other Governments	-	-	-	4,795	109,521	161,896
Other	1,623,064	-	255,133	-	-	-
Total Deductions	1,623,064	-	255,133	4,795	109,521	161,896
CHANGE IN NET POSITION	236,217	2,047	(122,619)	-	-	-
Net Position - Beginning, As Previously Reported	767,747	105,600	-	-	-	-
Adjustment for correction of error (Note 18)	-	-	-	-	-	-
Net Position - Beginning, As Restated	767,747	105,600	-	-	-	-
NET POSITION - ENDING	$ 1,003,964	$ 107,647	$ (122,619)	$ -	$ -	$ -

See accompanying Notes to Other Supplementary Information.

WORCESTER COUNTY, MARYLAND
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION (CONTINUED)
CUSTODIAL FUNDS
YEAR ENDED JUNE 30, 2025

	Ocean City Room Tax	Ocean City Food Tax	Public Drainage Associations	Rural Legacy Fund	Inmate Welfare Fund	Total
ADDITIONS						
Special Assessments	$ -	$ -	$ 148,839	$ -	$ -	$ 148,839
Collections for Other Governments	25,636,773	1,914,877	9,999	-	-	108,953,788
Grant Funding	-	-	-	-	-	1,859,281
Other	-	-	-	18,456	54,111	1,176,531
Interest	-	-	35,199	10,878	34,399	85,321
Total Additions	25,636,773	1,914,877	194,037	29,334	88,510	112,223,760
DEDUCTIONS						
Payments to Other Governments	25,636,773	1,914,877	-	-	-	109,214,494
Other	-	-	166,713	-	291,667	3,005,118
Total Deductions	25,636,773	1,914,877	166,713	-	291,667	112,219,612
CHANGE IN NET POSITION	-	-	27,324	29,334	(203,157)	4,148
Net Position - Beginning, As Previously Reported	-	-	-	7,274	691,644	1,829,694
Adjustment for correction of error (Note 18)	-	-	657,343	-	-	657,343
Net Position - Beginning, As Restated	-	-	657,343	7,274	691,644	2,487,037
NET POSITION - ENDING	$ -	$ -	$ 684,667	$ 36,608	$ 488,487	$ 2,491,185

See accompanying Notes to Other Supplementary Information.

WORCESTER COUNTY, MARYLAND
SCHEDULE OF ASSESSABLE BASE
GENERAL FUNDS
YEAR ENDED JUNE 30, 2025

	Full-Year Assessment	Half-Year Assessment	Total
Real Property	$ 20,132,664,669	$ 70,653,486	$ 20,203,318,155
Personal Property - Individuals and Firms - All Districts	7,817,380	-	7,817,380
Railroads and Public Utilities	236,536,230	-	236,536,230
Railroads and Public Utilities - Reduced Rate	294,820	-	294,820
Ordinary Business Corporations	228,083,540	-	228,083,540
Total	$ 20,605,396,639	$ 70,653,486	$ 20,676,050,125

Computation of Taxes for County Purposes

$20,132,664,669 Assessable Base at $0.845 Per $100 Base (Full-Year)	$ 169,718,342
$472,437,150 Assessable Base at $2.1125 Per $100 Base (Full-Year)	9,980,235
$294,820 Assessable Base at $0.845 Per $100 Base (Full-Year)	2,491
$70,653,486 Assessable Base at $0.4225 Per $100 Base (Half-Year)	298,511
Total	179,999,579
Adjustment for Deferred Property Taxes Receivable	(366,125)
Net Additions and Abatements	(265,399)
Total County Taxes for the Year Ended June 30, 2025	$ 179,368,055

See accompanying Notes to Other Supplementary Information.

WORCESTER COUNTY, MARYLAND
SCHEDULE OF ASSESSABLE BASES AND TAX LEVIES
GENERAL FUNDS
FISCAL YEAR ENDED JUNE 30, 2025

Fiscal Year	Assessable Base at June 30	Percentage Change From Prior Year	Tax Rate	Taxes	Percentage Change From Prior Year
1994 - 1995	$ 2,288,466,700	1.69 %	1.68	$ 38,367,332	1.69 %
1995 - 1996	2,309,492,502	0.92	1.68	38,687,619	0.83
1996 - 1997	2,380,191,243	3.06	1.68	39,864,643	3.04
1997 - 1998	2,426,505,995	1.95	1.72	41,606,010	4.37
1998 - 1999	2,491,029,177	2.66	1.72	42,705,429	2.64
1999 - 2000	2,586,502,181	3.83	1.74	44,830,570	4.98
2000 - 2001	2,712,238,607	4.86	1.74	46,883,527	4.58
2001 - 2002	6,748,561,217 *	(0.47)	.73 - 1.825	52,068,932	11.06
2002 - 2003	7,264,345,677	7.64	.73 - 1.825	56,057,444	7.66
2003 - 2004	8,441,544,002	16.21	.73 - 1.825	64,473,123	15.01
2004 - 2005	10,074,216,702	19.34	.73 - 1.825	76,196,731	18.18
2005 - 2006	11,906,248,133	18.19	.73 - 1.825	89,397,911	17.33
2006 - 2007	14,580,162,820	22.46	.70 - 1.750	104,613,265	17.02
2007 - 2008	17,371,368,530	19.14	.70 - 1.750	124,489,545	19.00
2008 - 2009	20,247,338,533	16.56	.70 - 1.750	144,925,736	16.42
2009 - 2010	19,301,510,253	(4.67)	.70 - 1.750	138,391,588	(4.51)
2010 - 2011	18,130,187,255	(6.07)	.70 - 1.750	130,012,598	(6.05)
2011 - 2012	17,522,393,962	(3.35)	.70 - 1.750	125,901,362	(3.16)
2012 - 2013	15,775,515,175	(9.97)	.77 - 1.925	125,175,667	(0.58)
2013 - 2014	15,069,853,304	(4.47)	.77 - 1.925	119,266,630	(4.72)
2014 - 2015	14,888,348,699	(1.20)	.77 - 1.925	119,042,321	(0.19)
2015 - 2016	14,885,658,093	(0.02)	.835 - 2.0875	128,059,010	7.57
2016 - 2017	15,193,940,789	2.07	.835 - 2.0875	131,175,473	2.43
2017 - 2018	15,561,696,352	2.42	.835 - 2.0875	133,807,437	2.01
2018 - 2019	15,923,438,805	2.32	.835 - 2.0875	137,743,893	2.94
2019 - 2020	16,369,397,578	2.80	.845 - 2.1125	143,174,528	3.94
2020 - 2021	16,842,648,651	2.89	.845 - 2.1125	147,627,291	3.11
2021 - 2022	17,119,307,603	1.64	.845 - 2.1125	150,307,170	1.82
2022 - 2023	17,744,230,948	3.65	.845 - 2.1125	155,187,397	3.25
2023 - 2024	18,537,642,299	4.47	.845 - 2.1125	161,777,742	4.25
2024 - 2025	19,594,739,061	5.70	.845 - 2.1125	165,575,545	2.35

* 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.

See accompanying Notes to Other Supplementary Information.

WORCESTER COUNTY, MARYLAND
TAXES RECEIVABLE
GENERAL FUNDS
JUNE 30, 2025

Levies of Years Ended June 30,	
2025	$ 2,894,124
2024	2,759,074
2023	148,113
2022	153,826
2021	224,571
2020 and Prior	195,968
Total	$ 6,375,676

See accompanying 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

NOTE 2 ACTUAL REVENUES AND EXPENDITURES OVER BUDGET

Revenue in the General Fund Exceeded the budget by $22.4 million and approximately $8.1 million relates to additional tax revenues included on page 124 that exceeded the budget. Income, recordation, and transfer taxes made up variances due to increased construction activity in the County. In addition, interest on investments exceeded budget by $2.3 million on page 128 due to steadily improving interest rates during the year primarily related to rate increases made by Federal Reserve.

WORCESTER COUNTY

STATISTICAL SECTION

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

Contents	Schedule
Financial Trends *These schedules contain trend information to help the reader understand how the County's financial performance and well-being have changed over time.*	**1 – 4**
Revenue Capacity *These schedules contain information to help the reader assess the factors affecting the County's ability to generate its property taxes.*	**5 – 8**
Debt Capacity *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.*	**9 – 12**
Demographic and Economic Information *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.*	**13 – 14**
Operating Information *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.*	**15 – 17**

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.*

WORCESTER COUNTY, MARYLAND
NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)

	Fiscal Year									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Governmental activities										
Net investment in capital assets	$ 92,053,656	$ 87,489,875	$ 83,606,528	$ 88,217,453	$ 90,993,442	$ 93,809,523	$ 89,332,799	$ 86,692,388	$ 82,846,858	$ 77,759,097
Restricted	31,938,407	22,769,520	15,550,321	-	-	-	-	-	-	-
Unrestricted	41,935,334	11,417,089	(15,943,339)	(24,556,629)	(55,474,908)	(79,582,700)	(66,240,565)	(66,318,716)	(25,490,273)	(22,728,680)
Total governmental activities net position	165,927,397	121,676,484	83,213,510	63,660,824	35,518,534	14,226,823	23,092,234	20,373,672	57,356,585	55,030,417
Business-type activities										
Net investment in capital assets	46,141,225	51,132,888	49,281,303	56,320,686	57,958,906	57,912,012	61,719,892	61,943,999	58,358,305	53,420,609
Restricted	-	-	-	-	-	-	-	-	-	-
Unrestricted	9,998,089	6,704,254	10,254,121	4,216,441	2,066,021	2,105,496	(1,937,328)	(4,778,123)	(3,737,553)	30,886
Total business-type activities net position	56,139,314	57,837,142	59,535,424	60,537,127	60,024,927	60,017,508	59,782,564	57,165,876	54,620,752	53,451,495
Primary government										
Net investment in capital assets	138,194,881	138,622,763	132,887,831	144,538,139	148,952,348	155,816,535	151,052,691	148,636,387	141,205,163	131,179,706
Restricted	31,938,407	22,769,520	15,550,321	-	-	-	-	-	-	-
Unrestricted	51,933,423	18,121,343	(5,689,218)	(20,340,188)	(53,408,887)	(81,572,204)	(68,177,893)	(71,096,839)	(29,227,826)	(22,697,794)
Total primary government net position	$ 222,066,711	$ 179,513,626	$ 142,748,934	$ 124,197,951	$ 95,543,461	$ 74,244,331	$ 82,874,798	$ 77,539,548	$ 111,977,337	$ 108,481,912

Notes:
Fiscal year 2015 and subsequent years have 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 to 2018 have not been restated for the effects of implementing GASB Statement No. 75
Fiscal year 2023 Governmental and Business-Type Activities was restated in fiscal year 2024.

WORCESTER COUNTY, MARYLAND
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)

	Fiscal Year									
Expenses	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Governmental activities:										
General government	$ 41,723,190	$ 28,158,897	$ 30,965,115	$ 22,858,631	$ 27,023,761	$ 23,725,666	$ 27,275,158	$ 38,378,190	$ 44,311,285	$ 44,076,570
Public safety	37,109,104	48,004,500	45,249,039	42,244,797	39,295,951	38,790,887	37,741,726	36,229,150	33,626,987	31,539,249
Public works	9,467,471	10,330,623	10,152,745	10,016,308	9,629,488	10,065,623	7,810,742	8,808,385	4,850,672	5,567,728
Health and hospitals	6,579,932	6,580,751	6,596,098	6,457,426	6,640,734	6,780,295	6,691,645	6,597,319	6,657,023	6,377,497
Social services	3,881,931	2,937,445	4,998,678	5,124,740	2,903,950	2,446,321	2,444,405	2,290,971	2,035,417	2,075,471
Education	121,141,844	115,298,139	122,482,817	111,152,755	109,762,529	127,270,912	99,447,577	92,556,477	94,649,729	93,437,468
Libraries, recreation and culture	8,886,008	10,917,531	8,614,433	8,626,343	8,903,755	7,873,319	7,147,979	6,049,573	5,905,393	5,258,231
Conservation of natural resources	767,888	732,908	857,899	759,553	748,500	840,547	849,887	712,005	425,671	497,939
Economic development	4,560,422	2,411,003	3,039,252	2,014,967	13,069,061	1,876,097	1,634,878	1,711,548	1,686,229	1,631,443
Interest on long-term debt	2,695,460	1,889,128	1,748,030	2,105,319	2,555,254	2,646,733	2,852,292	3,704,618	4,076,145	3,874,043
Total governmental activities	236,813,250	227,260,925	234,704,106	211,360,839	220,532,983	222,316,400	193,896,289	197,038,236	198,224,551	194,335,639
Business-type activities:										
Department of Solid Waste	6,451,350	5,780,352	5,663,725	4,304,282	7,083,647	2,975,362	5,691,253	4,092,967	4,367,047	4,183,293
Department of Water and Wastewater	22,284,530	20,839,334	19,289,103	16,895,063	16,142,579	15,174,092	15,060,164	14,466,207	13,691,072	14,035,346
Department of Liquor Control	-	-	-	-	636,072	1,035,251	999,469	1,032,268	6,076,646	7,929,512
Total business-type activities	28,735,880	26,619,686	24,952,828	21,199,345	23,862,298	19,184,705	21,750,886	19,591,442	24,134,765	26,148,151
Total primary government expenses	$ 265,549,130	$ 253,880,611	$ 259,656,934	$ 232,560,184	$ 244,395,281	$ 241,501,105	$ 215,647,175	$ 216,629,678	$ 222,359,316	$ 220,483,790
Program revenues										
Governmental activities:										
Charges for services										
General government	$ 2,677,302	$ 2,711,673	$ 2,688,082	$ 2,512,294	$ 2,679,098	$ 1,851,965	$ 2,062,878	$ 2,276,106	$ 2,087,794	$ 2,053,695
Public safety	1,672,797	1,284,472	674,851	908,054	1,148,737	3,885,304	5,651,824	5,803,127	6,030,900	5,513,482
Public works	597,981	640,737	624,334	626,029	533,758	509,961	107,201	98,986	88,721	75,713
Health and hospitals	510,570	478,438	456,961	471,158	477,375	425,583	447,883	444,284	430,894	431,643
Libraries, recreation and culture	658,154	564,007	482,243	491,679	232,390	305,597	353,870	364,513	361,834	349,348
Economic development	9,280	29,607	5,757	28,473	22,390	33,829	35,608	20,046	17,615	8,747
Operating grants and contributions	15,109,425	13,531,561	15,202,949	18,777,131	24,502,238	9,097,988	7,431,909	7,131,615	5,559,621	5,244,177
Capital grants and contributions	9,898,288	5,988,451	8,136,182	2,447,679	5,756,212	942,814	1,043,469	2,932,654	1,984,522	1,936,382
Total governmental activities	31,133,797	25,228,946	28,271,359	26,262,497	35,352,198	17,053,041	17,134,642	19,071,331	16,561,901	15,613,187
Business-type activities:										
Charges for services										
Department of Solid Waste	4,995,126	5,336,942	5,624,552	4,635,291	5,245,653	4,502,971	4,262,096	4,005,295	3,757,085	4,004,384
Department of Water and Wastewater	19,519,093	18,107,181	17,618,007	17,027,128	17,240,986	16,216,982	17,244,935	15,406,636	14,283,986	12,160,567
Department of Liquor Control	-	-	-	-	631,287	1,040,823	945,096	864,418	5,236,447	7,623,320
Operating grants and contributions	31,500	31,500	31,500	30,000	30,000	28,000	26,000	26,000	26,000	26,000
Total business-type activities	24,545,719	23,475,623	23,274,059	21,692,419	23,147,926	21,788,776	22,478,127	20,302,349	23,303,518	23,814,271
Total primary government program revenues	$ 55,679,516	$ 48,704,569	$ 51,545,418	$ 47,954,916	$ 58,500,124	$ 38,841,817	$ 39,612,769	$ 39,373,680	$ 39,865,419	$ 39,427,458
Net (expense)/revenue										
Governmental activities	$ (205,679,453)	$ (202,031,979)	$ (206,432,747)	$ (185,098,342)	$ (185,180,785)	$ (205,263,359)	$ (176,761,647)	$ (177,966,905)	$ (181,662,650)	$ (178,722,452)
Business-type activities	(4,190,161)	(3,144,063)	(1,678,769)	493,074	(714,372)	2,604,071	727,241	710,907	(831,247)	(2,333,880)
Total primary government net expense	$ (209,869,614)	$ (205,176,042)	$ (208,111,516)	$ (184,605,268)	$ (185,895,157)	$ (202,659,288)	$ (176,034,406)	$ (177,255,998)	$ (182,493,897)	$ (181,056,332)

WORCESTER COUNTY, MARYLAND
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
General revenues and other changes in net position										
Governmental activities:										
Property taxes	$ 176,276,122	$ 159,170,224	$ 154,365,171	$ 148,807,036	$ 147,020,697	$ 142,030,348	$ 136,687,069	$ 132,813,479	$ 130,179,520	$ 127,411,911
Local income tax	51,782,717	53,832,771	46,962,276	37,351,910	35,824,894	28,891,384	23,172,123	22,260,250	22,891,694	17,931,884
Other local taxes	18,944,478	18,967,212	18,627,837	26,282,481	22,010,948	13,543,200	13,986,660	30,555,387	30,136,897	28,239,135
State shared	-	-	-	-	-	-	-	-	936,535	942,464
Department of Liquor Control distribution	-	-	-	-	-	-	-	-	-	-
Transfers in (out)	(8,423,239)	-	-	-	(449,411)	2,582,957	(1,698,323)	(1,666,323)	(1,336,264)	-
Interest	8,704,689	8,323,246	4,771,090	123,832	114,302	1,966,015	2,163,658	1,059,323	476,064	207,071
Other	4,059,599	201,500	1,259,059	675,373	1,951,066	7,384,044	5,117,087	618,739	704,372	663,960
Total governmental activities	251,344,366	240,494,953	225,985,433	213,240,632	206,472,496	196,397,948	179,428,274	185,640,855	183,988,818	175,396,425
Business-type activities:										
Transfers in (out)	3,474,050	-	-	-	449,411	(2,582,957)	1,698,323	1,666,323	1,336,264	-
Interest	1,560,344	1,384,670	669,697	19,126	18,043	213,830	191,124	167,894	76,072	28,487
Other	72,400	61,111	7,369	-	254,337	-	-	-	588,168	-
Total business-type activities	5,106,794	1,445,781	677,066	19,126	721,791	(2,369,127)	1,889,447	1,834,217	2,000,504	28,487
Total primary government general revenues	$ 256,451,160	$ 241,940,734	$ 226,662,499	$ 213,259,758	$ 207,194,287	$ 194,028,821	$ 181,317,721	$ 187,475,072	$ 185,989,322	$ 175,424,912
Change in net position										
Governmental activities	$ 45,664,913	$ 38,462,974	$ 19,552,686	$ 28,142,290	$ 21,291,711	$ (8,865,411)	$ 2,718,562	$ 7,673,950	$ 2,326,168	$ (3,326,027)
Business-type activities	916,633	(1,698,282)	(1,001,703)	512,200	7,419	234,944	2,616,688	2,545,124	1,169,257	(2,305,393)
Total primary government change in net position	$ 46,581,546	$ 36,764,692	$ 18,550,983	$ 28,654,490	$ 21,299,130	$ (8,630,467)	$ 5,335,250	$ 10,219,074	$ 3,495,425	$ (5,631,420)

Notes:

Fiscal year 2015 and subsequent years have 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 to 2018 have not been restated for the effects of implementing GASB Statement No. 75

Fiscal year 2023 Governmental and Business-Type Activities was restated in fiscal year 2024.

SCHEDULE 3

WORCESTER COUNTY, MARYLAND
FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)

	Fiscal Year									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
General Fund										
Nonspendable	$ 237,747	$ 154,875	$ 378,567	$ 52,122	$ 110,153	$ 47,892	$ 8,556	$ 59,544	$ 134,238	$ 106,655
Restricted	-	-	-	-	-	-	-	-	-	-
Assigned	73,295,085	59,390,116	47,477,981	41,058,171	35,511,437	19,483,747	16,626,776	18,735,587	23,486,890	16,315,297
Unassigned	54,766,117	50,660,547	44,636,818	41,258,119	35,709,113	35,565,178	35,170,278	35,170,292	34,308,460	33,532,633
Total General Fund	128,298,949	110,205,538	92,493,366	82,368,412	71,330,703	55,096,817	51,805,610	53,965,423	57,929,588	49,954,585
All other Governmental Funds										
Nonspendable	-	-	-	-	-	-	-	-	-	-
Restricted	6,212,669	5,297,916	9,672,586	-	978,115	9,259,319	34,728,744	-	1,655,852	18,055,520
Assigned	6,675,130	5,008,066	3,457,231	3,938,275	2,410,459	1,654,398	2,240,640	1,628,447	1,578,412	1,876,454
Unassigned	-	-	-	(1,547,922)	-	-	-	(554,039)	-	(13,457)
Total all other Governmental Funds	12,887,799	10,305,982	13,129,817	2,390,353	3,388,574	10,913,717	36,969,384	1,074,408	3,234,264	19,918,517
Total Governmental Fund Balance	$ 141,186,748	$ 120,511,520	$ 105,623,183	$ 84,758,765	$ 74,719,277	$ 66,010,534	$ 88,774,994	$ 55,039,831	$ 61,163,852	$ 69,873,102

Note:
Fiscal year 2023 General Fund balance was restated in fiscal year 2024.

WORCESTER COUNTY, MARYLAND
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)

	Fiscal Year									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Revenues										
Property tax	$ 175,357,341	$ 159,109,371	$ 153,693,011	$ 149,327,901	$ 146,756,683	$ 142,160,874	$ 137,214,614	$ 132,742,340	$ 130,270,802	$ 127,061,276
Income tax	51,782,717	53,832,771	46,962,276	37,351,910	35,824,894	28,891,384	23,172,123	22,260,250	22,891,694	17,931,884
Room tax & admin	2,074,000	2,053,720	1,958,734	1,583,548	1,085,207	984,669	1,043,596	16,877,349	16,398,656	15,564,805
Food tax admin	100,794	97,280	112,531	83,556	75,158	77,437	79,305	1,501,166	1,553,867	1,424,439
Transfer tax	6,296,476	6,141,189	6,195,584	9,462,305	8,176,629	4,680,904	4,631,429	4,400,977	4,271,320	4,158,215
Recordation tax	9,476,507	9,188,870	9,551,423	14,354,002	12,222,034	7,115,438	7,116,381	7,018,586	7,250,500	6,449,513
Cannabis tax	86,112	754,643	-	-	-	-	-	-	-	-
Other local taxes	887,207	731,510	809,565	799,070	451,920	684,752	1,115,949	757,309	662,554	642,163
Licenses and permits	2,881,575	2,874,265	2,828,232	2,666,571	2,901,494	2,027,965	1,959,788	2,131,974	1,964,838	1,896,140
Intergovernmental *	25,080,595	19,520,011	23,410,376	21,263,833	30,257,437	9,980,985	8,529,777	10,097,621	7,585,022	7,215,195
Service charges	3,180,482	2,823,042	1,779,208	2,098,649	1,962,123	4,775,728	6,459,709	6,647,971	7,778,109	7,265,304
Interest income	8,704,689	8,323,246	4,163,858	119,427	103,318	1,424,410	1,861,896	1,014,636	404,551	155,069
Miscellaneous	2,999,150	805,169	2,171,188	913,222	2,231,975	8,194,012	5,604,217	857,191	946,352	894,974
Total revenues	288,907,645	266,255,087	253,635,986	240,023,994	242,048,872	210,998,558	198,788,784	206,307,370	201,978,265	190,658,977
Expenditures										
Current										
General government	27,634,661	25,300,024	26,406,399	24,169,522	20,293,079	19,022,436	17,325,562	15,244,102	14,471,003	13,817,335
Public safety	46,460,890	45,382,253	42,468,417	38,866,745	36,052,606	36,183,713	35,402,667	33,806,134	31,692,896	30,032,349
Public works	11,033,582	10,105,451	9,196,350	8,889,497	8,507,876	8,749,324	6,773,851	6,868,097	6,593,857	5,533,978
Health and hospitals	6,269,831	6,071,378	6,063,809	5,972,969	6,154,707	6,193,861	6,218,443	6,352,671	6,136,576	5,972,819
Social services	4,188,487	2,937,445	4,998,678	5,124,740	2,903,950	2,446,321	2,444,405	2,036,763	2,035,417	2,075,471
Education	121,141,844	115,298,139	122,482,817	111,152,755	109,762,529	127,270,912	99,447,577	92,556,477	85,965,082	93,437,468
Libraries, recreation and culture	9,716,168	10,804,308	7,838,265	7,983,080	8,077,203	7,184,206	6,695,951	5,529,816	5,376,686	6,041,560
Conservation of natural resources	767,888	732,908	857,899	759,553	748,500	840,547	849,887	712,005	425,671	497,939
Economic development	4,693,465	2,361,003	2,986,476	1,962,191	13,016,286	1,822,959	1,577,718	1,652,589	1,624,752	1,590,410
Distributions to municipalities	6,986,911	9,989,063	10,078,904	8,564,267	9,248,873	8,314,671	8,032,840	25,062,659	24,828,030	23,471,593
Capital projects	11,786,387	9,186,346	9,653,984	2,848,014	4,186,200	2,515,262	6,699,794	8,620,378	18,009,658	3,431,562
Debt service										
Principal	7,503,458	9,624,558	10,852,098	10,414,499	10,209,060	9,397,476	8,654,694	8,952,180	8,197,986	7,940,134
Interest	3,525,966	3,573,874	2,999,712	3,276,674	3,729,849	3,821,328	3,327,448	3,371,197	3,742,724	3,540,622
Total expenditures	261,709,538	251,366,750	256,883,808	229,984,506	232,890,718	233,763,016	203,450,837	210,765,068	209,100,338	197,383,240
Excess of revenues over (under) expenditures	27,198,107	14,888,337	(3,247,822)	10,039,488	9,158,154	(22,764,458)	(4,662,053)	(4,457,698)	(7,122,073)	(6,724,263)
Other financing sources (uses)										
Issuance of long-term debt	-	-	(24,112,240)	-	-	-	40,043,602	-	-	-
Transfers:										
Transfers in	26,965,495	22,314,878	22,502,566	24,746,238	19,599,674	20,394,209	19,872,169	22,440,497	17,469,746	17,469,180
Transfers out	(35,388,734)	(22,314,878)	(22,502,566)	(24,746,238)	(20,049,085)	(20,394,209)	(21,570,492)	(24,106,820)	(19,056,923)	(17,469,180)
Total other financing sources (uses)	(8,423,239)	-	(24,112,240)	-	(449,411)	-	38,345,279	(1,666,323)	(1,587,177)	-
Net change in fund balances	$ 35,621,346	$ 14,888,337	$ 20,864,418	$ 10,039,488	$ 8,708,743	$ (22,764,458)	$ 33,683,226	$ (6,124,021)	$ (8,709,250)	$ (6,724,263)
Debt service as a percentage of noncapital expenditures	4.62%	5.54%	5.63%	6.03%	6.06%	5.72%	6.10%	6.10%	6.00%	5.97%

Notes:

* Includes state shared taxes originally reported separately in years prior to 2018.
Fiscal year 2023 General Fund balance was restated in fiscal year 2024.

WORCESTER COUNTY, MARYLAND
ASSESSED VALUE (FULL CASH VALUE) OF TAXABLE PROPERTY
LAST TEN FISCAL YEARS

Fiscal Year	Real Property	Personal Property Individuals and Firms	Business Corporations and Utilities	Total Taxable Assessed Value	County Real Property Tax Rate *	County Personal Property Tax Rate *	County Business Corp and Utilities Tax Rate *
2025	$ 20,230,370,026	$ 8,330,720	$ 464,265,200	$ 20,702,965,946	$ 0.8450	$ 2.1125	$ 2.1125
2024	18,089,998,158	7,166,434	440,477,707	18,537,642,299	0.8450	2.1125	2.1125
2023	17,237,025,768	11,545,310	495,659,870	17,744,230,948	0.8450	2.1125	2.1125
2022	16,678,233,583	11,542,930	429,531,090	17,119,307,603	0.8450	2.1125	2.1125
2021	16,388,942,205	13,561,690	440,144,756	16,842,648,651	0.8450	2.1125	2.1125
2020	15,965,833,845	16,109,633	387,454,100	16,369,397,578	0.8450	2.1125	2.1125
2019	15,544,751,018	15,702,611	362,985,175	15,923,438,804	0.8350	2.0875	2.0875
2018	15,207,948,042	15,928,910	337,819,400	15,561,696,352	0.8350	2.0875	2.0875
2017	14,825,676,056	18,977,901	349,286,832	15,193,940,789	0.8350	2.0875	2.0875
2016	14,534,558,652	17,437,771	333,661,670	14,885,658,093	0.8350	2.0875	2.0875
2015	14,556,412,647	16,548,700	315,387,352	14,888,348,699	0.7700	1.9250	1.9250

Source: Worcester County Treasurer's Office and Maryland State Department of Assessments and Taxation

Note: The Maryland State Department of Assessments and Taxation assesses property every three years.
The County is divided into three areas and each area is reassessed in a different year.
* Per $100 of value

[a] For fiscal years ending June 30, 2002 and later, real property is assessed at full cash value; prior to fiscal year 2002, real property was assessed at 40% of cas
[b] For all years, Public Utility Personal Property is assessed at full cash value.

SCHEDULE 6

WORCESTER COUNTY, MARYLAND
REAL PROPERTY TAX RATES – DIRECT AND OVERLAPPING GOVERNMENTS
LAST TEN FISCAL YEARS
(RATE PER $100 OF ASSESSED VALUE)

	Year Taxes Are Payable									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
County-Direct Rate										
General	$ 0.8450	$ 0.8450	$ 0.8450	$ 0.8450	$ 0.8450	$ 0.8450	$ 0.8350	$ 0.8350	$ 0.8350	$ 0.8350
State-Overlapping Rate										
Maryland	$ 0.1120	$ 0.1120	$ 0.1120	$ 0.1120	$ 0.1120	$ 0.1120	$ 0.1120	$ 0.1120	$ 0.1120	$ 0.1120
Towns-Overlapping Rates										
Berlin	$ 0.8275	$ 0.8275	$ 0.8150	$ 0.8150	$ 0.8000	$ 0.8000	$ 0.6800	$ 0.6800	$ 0.6800	$ 0.6800
Ocean City	0.4426	0.4526	0.4526	0.4561	0.4559	0.4559	0.4656	0.4656	0.4656	0.4780
Pocomoke	0.9375	0.9375	0.9375	0.9375	0.9375	0.9375	0.9375	0.9375	0.9375	0.9375
Snow Hill	0.9375	0.9375	0.8600	0.8600	0.8600	0.8600	0.8600	0.8600	0.8600	0.8600

Source: Worcester County Treasurer's Office

WORCESTER COUNTY, MARYLAND
PRINCIPAL PROPERTY TAXPAYERS
CURRENT YEAR AND NINE YEARS AGO

	Fiscal Year 2025			Fiscal Year 2016		
Taxpayer	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
HARRISON INN OCEAN VIEW	$ 61,996,567	1	0.30%	$ 20,754,100	7	0.14%
SUN TRS FRONTIER LLC*	57,583,000	2	0.28%			
AMERICANA STOWAWAY MOTEL INC.	49,466,400	3	0.24%	30,159,800	3	0.20%
OCEAN ENTERPRISE 589 LLC*	49,127,100	4	0.24%			
SUN TRS CASTAWAYS LLC*	43,554,667	5	0.21%			
91ST STREET JOINT VENTURE	43,012,000	6	0.21%	29,395,867	4	0.20%
OCMD HOTEL OWNER LLC*	34,218,267	7	0.17%			
OCEAN CITY HOTELS LLC*	27,149,833	8	0.13%			
OCEAN I HOSPITALITY LLC*	26,481,900	9	0.13%			
INNS OF OCEAN CITY LLC*	26,419,067	10	0.13%			
DELMARVA POWER	-		-	70,500,390	1	0.47%
HARRISON INN STARDUST	-		-	55,274,800	2	0.37%
CHOPTANK ELECTRIC COOPERATIVE	-		-	23,535,220	5	0.16%
HARRISON HI 18 LLC	-		-	20,757,400	6	0.14%
INDIVIDUAL-ELLIOTT	-		-	20,117,000	8	0.14%
SANDPIPPER ENERGY	-		-	19,142,800	9	0.13%
VERIZON MARYLAND	-		-	18,136,940	10	0.12%
Total	$ 419,008,801		2.02%	$ 307,774,317		2.07%

Source: Worcester County Treasurer's Office

Note: * FY 2016 data for these taxpayers was unavailable in FY2025. However in 2016, none were considered in the top ten principal property taxpayers in 2016.

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: Amount	Collected within the Fiscal Year of the Levy: Percentage of Levy	Collections in Subsequent Years	Total Collections to Date: Amount	Total Collections to Date: Percentage of Levy
2025	$ 165,347,008	$ 162,452,884	98.25%	$ -	$ 162,452,884	98.25%
2024	159,086,225	156,327,151	98.27%	-	156,327,151	98.27%
2023	154,349,670	151,674,366	98.27%	2,527,191	154,201,557	99.90%
2022	148,819,557	146,533,235	98.46%	2,132,496	148,665,731	99.90%
2021	146,705,516	143,563,138	97.86%	2,917,807	146,480,945	99.85%
2020	141,912,724	139,087,210	98.01%	2,775,035	141,862,245	99.96%
2019	136,104,204	133,114,537	97.80%	2,936,558	136,051,095	99.96%
2018	132,889,741	129,867,847	97.73%	2,988,732	132,856,579	99.98%
2017	130,113,435	127,089,001	97.68%	2,978,095	130,067,096	99.96%
2016	127,310,134	124,071,029	97.46%	3,090,992	127,162,021	99.88%

Source: Worcester County Treasurer's Office

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

WORCESTER COUNTY, MARYLAND
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS

	Governmental Activities				Business-type Activities					
Fiscal Year	General Obligation Bonds	Notes Outstanding	Leases and SBITAs	Deferred Bond Premiums	General Obligation Bonds	Notes Outstanding	Deferred Bond Premiums	Total Primary Government	Percentage of Personal Income	Bond/Lease Debt Per Capita
2025	$ 66,842,603	$ 292,721	$ 1,186,289	$ 6,557,878	$ 21,403,736	$ 3,379,280	$ 1,147,754	###########	2.21%	$ 1,624
2024	73,915,563	344,072	-	7,388,384	23,050,148	3,500,123	1,299,637	109,497,927	2.97%	2,021
2023	83,540,121	372,117	-	8,695,128	24,604,627	1,044,441	1,451,519	119,707,953	3.45%	2,222
2022	72,262,219	389,351	-	7,964,570	21,729,331	1,570,353	1,213,252	105,129,076	3.35%	2,004
2021	82,673,478	405,895	-	9,139,165	23,229,702	1,553,603	1,339,831	118,341,674	3.77%	2,256
2020	92,882,538	421,777	-	10,313,760	23,634,612	1,615,768	1,466,408	130,334,863	4.14%	2,484
2019	102,279,413	437,024	-	11,488,355	24,968,024	1,725,689	1,560,386	142,458,891	4.53%	2,749
2018	76,854,107	451,661	-	6,395,561	20,591,706	1,874,810	688,717	106,856,562	3.44%	2,062
2017	85,806,287	465,712	-	6,750,477	20,151,002	803,425	719,748	114,696,651	3.81%	2,219
2016	94,004,273	-	-	7,105,393	22,670,278	1,353,997	758,437	125,892,378	4.31%	2,447

Source: Worcester County Treasurer's Office

Notes: 2025 percentage of personal income calculated using 2025 personal income data, which is the most recent available

2025 bond/lease debt per capita calculated using 2025 population data, which is the most recent available

See Schedule 13 for population and personal income data

SCHEDULE 10

WORCESTER COUNTY, MARYLAND
RATIOS OF GENERAL BONDED DEBT OUTSTANDING
LAST TEN FISCAL YEARS

Fiscal Year	General Obligation Bonds *	Total Taxable Assessed Value	Percentage of Total Taxable Assessed Value	Population	Bond Debt Per Capita
2025	88,246,339	20,702,965,946	0.43%	54,459	1,624
2024	105,653,732	18,537,642,299	0.57%	54,337	1,950
2023	118,291,395	17,744,230,948	0.67%	54,171	2,184
2022	103,169,372	17,119,307,603	0.60%	53,866	1,915
2021	116,382,176	16,842,648,651	0.69%	53,132	2,190
2020	128,297,318	16,369,397,578	0.78%	52,460	2,446
2019	140,296,178	15,923,438,804	0.88%	51,823	2,707
2018	104,530,091	15,561,696,352	0.67%	51,823	2,017
2017	113,427,514	15,193,940,789	0.75%	51,443	2,205
2016	124,538,381	14,885,658,093	0.84%	51,444	2,421

Source: Worcester County Treasurer's Office

Notes: 2025 bond debt per capita calculated using 2025 population data, which is the most recent available and includes estimates

* This column includes General Obligation Bonds and Deferred Bond Premiums

SCHEDULE 11

WORCESTER COUNTY, MARYLAND
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF JUNE 30, 2025

	Governmental Unit	Debt Outstanding	
Direct Debt			
	Worcester County - General Government	$ 44,034,840	
	Worcester County - School Debt	30,844,651	
	Subtotal Direct Debt	74,879,491	*
Overlapping Debt			
	Berlin	2,112,844	
	Ocean City	51,237,760	
	Pocomoke	5,519,871	
	Snow Hill	2,112,844	
	Subtotal Overlapping Debt	60,983,319	**
Total Direct and Overlapping Debt		$ 135,862,810	

Source: Worcester County Treasurer's Office

Note: * Net direct debt of the County includes Governmental Activities general obligation leases, SBITAs, and deferred bond premiums.

** Overlapping debt is the debt of other governmental entities located within the Cou whole or in part by taxpayers of the County.

Unaudited information provided by municipalities

WORCESTER COUNTY, MARYLAND
LEGAL DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS
(DOLLARS IN THOUSANDS)

	Fiscal Year									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Total Debt Outstanding Limit										
Taxable Assessable Base	$ 20,702,965	$ 18,537,642	$ 17,744,231	$ 17,119,308	$ 16,842,649	$ 16,369,398	$ 15,923,439	$ 15,561,696	$ 15,193,941	$ 14,885,658
Debt Limit, 1% of Assessable Base	207,030	185,376	177,442	171,193	168,426	163,694	159,234	155,617	151,939	148,857
Amount of Debt Applicable to Limit	73,400	81,303	92,235	80,227	91,813	103,196	113,768	83,250	92,557	101,110
Debt Margin	$ 133,630	$ 104,073	$ 85,207	$ 90,966	$ 76,613	$ 70,811	$ 56,955	$ 78,763	$ 66,133	$ 54,852
Total debt applicable to the limit as a percentage of debt limit	35.45%	43.86%	51.98%	46.86%	54.51%	63.04%	71.45%	53.50%	60.92%	67.92%
Total Debt Service Limit										
Total Governmental Fund Revenue	$ 289,285	$ 266,255	$ 253,636	$ 240,024	$ 242,049	$ 210,999	$ 198,789	$ 206,307	$ 201,978	$ 190,659
Debt Service Limit, 10% of Revenue	28,929	26,626	25,364	24,002	24,205	21,099	19,879	20,631	20,198	19,066
Debt Service Applicable to Limit	14,464	13,198	13,652	13,691	13,939	13,219	11,982	12,323	11,941	11,481
Debt Service Margin	$ 14,465	$ 13,428	$ 11,712	$ 10,311	$ 10,266	$ 7,881	$ 7,897	$ 8,307	$ 8,257	$ 7,585
Total debt service applicable to the limit as a percentage of debt service limit	50.00%	49.57%	53.83%	57.04%	57.59%	62.65%	60.28%	59.73%	59.12%	60.22%

Source: Worcester County Treasurer's Office

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.

WORCESTER COUNTY, MARYLAND
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS

Year	Population [a]	Personal Income [b] *(dollars in thousands)*	Per Capita Personal Income [b]	Public School Enrollment [c]	Unemployment Rate [d]
2025 **	54,459	*	*	6,985	3.2%
2024 **	54,337	$ 3,997,677	$ 73,572	6,848	3.5%
2023	54,171	3,692,431	68,163	6,841	2.0%
2022	53,866	3,473,587	64,486	6,803	3.6%
2021	53,132	3,390,411	63,811	6,711	6.2%
2020	52,460	3,137,940	59,881	6,882	9.9%
2019	51,823	3,148,166	60,748	6,810	4.4%
2018	51,823	3,109,753	60,007	6,684	5.1%
2017	51,690	3,007,897	58,191	6,667	5.0%
2016	51,444	2,919,306	56,747	6,660	5.5%

Source
[a] U.S. Census Bureau Population Factfinder (Quickfacts)
[b] U.S. Department of Commerce Bureau of Economic Analysis published on February 5, 2026
[c] Worcester County Board of Education
[d] Maryland Department of Labor, Licensing and Regulation, as of June 30

Note:
* Information not yet available
** Note: The U.S. Census Bureau now includes estimates in the base calculation of total population in the years 2024 and 2025

WORCESTER COUNTY, MARYLAND
PRINCIPAL EMPLOYERS
CURRENT YEAR AND NINE YEARS AGO

	2025	
Employer	Employees	Percentage of Total County Employment
Worcester County Board of Education	1,150	4.27%
Town of Ocean City	1,150	4.27%
Harrison Group	975	3.62%
Atlantic General Hospital	972	3.61%
Worcester County Government	725	2.69%
BlueWater Development/BlueWater Hospitality	608	2.26%
Bayshore Development	600	2.23%
Fagers Island Hotels	600	2.23%
O.C. Seacrets, Inc.	500	1.86%
Wal-mart Super Center	420	1.56%
	7,700	28.62%
Total Individuals Employed in Worcester County		26,903

	2016	
Employer	Employees	Percentage of Total County Employment
Harrison Group	1,172	4.55%
Worcester County Board of Education	1,171	4.55%
Atlantic General Hospital	861	3.35%
Worcester County Government	663	2.58%
Wal-Mart Super Center	583	2.27%
Town of Ocean City	529	2.06%
Bayshore Development	519	2.02%
O.C. Seacrets, Inc.	469	1.82%
Dough Roller	360	1.40%
Clarion Fountainebleu Hotel	340	1.32%
	6,633	25.91%
Total Individuals Employed in Worcester County		25,734

Sources: Worcester County Economic Development

WORCESTER COUNTY, MARYLAND
FULL-TIME EQUIVALENT COUNTY GOVERNMENT EMPLOYEES BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS

	Full-time Equivalent Employees as of June 30									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Function/Program										
General government	154.3	146.4	142.7	130.5	126.9	125.6	128.0	121.6	120.6	122.0
Commissioners, judges, and boards	19.0	19.0	19.0	19.0	19.0	19.0	20.0	20.0	19.0	19.0
Public safety	250.5	240.8	253.3	221.4	223.9	226.3	229.3	237.0	231.7	228.7
Public works	85.1	85.1	88.1	77.9	75.9	76.7	58.1	60.0	59.8	57.2
Library and recreation	78.7	80.0	79.5	79.2	74.9	75.2	69.4	65.5	65.5	64.3
Water and wastewater	60.0	64.0	65.0	64.0	59.3	59.5	62.6	63.4	64.9	65.9
Solid waste	19.0	17.5	18.5	19.0	15.1	15.3	34.1	36.1	35.3	35.2
Liquor control	-	-	-	-	1.1	1.9	2.7	4.3	15.9	19.0
Total	666.6	652.8	666.1	611.0	596.1	599.5	604.2	607.9	612.7	611.3

Source: Worcester County Administration

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 ceased operations in FY21.

Part-time and temporary employees are included in this table

SCHEDULE 16

WORCESTER COUNTY, MARYLAND
OPERATING INDICATORS BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS

	Fiscal Year									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Function/Program										
General Government										
Building permits issued *	133	140	141	152	197	167	158	154	127	138
Value of new construction (in 000's)	26,806	54,573	61,617	56,907	59,704	36,725	37,927	31,415	29,559	29,865
Public Safety										
Detention Center										
Average daily population	338	148	135	120	163	222	310	351	345	344
Fire protection (all volunteer)										
Fire calls answered	2,673	2,561	2,512	2,583	2,273	2,151	1,996	2,179	2,181	2,436
Emergency Medical Services										
EMS calls answered	6,537	11,614	10,671	10,810	9,504	9,430	7,480	6,959	6,906	6,551
Education										
Students	6,654	6,848	6,841	6,803	6,811	6,882	6,810	6,684	6,667	6,660
Teachers	572	596	596	596	589	584	584	585	572	572
Public Works										
Centerline miles of road maintained	531	533	533	533	533	533	533	533	531	531
Wastewater treated (mgd)	2.4	1.1	1.2	1.2	1.4	1.3	1.9	1.9	2.1	2.4

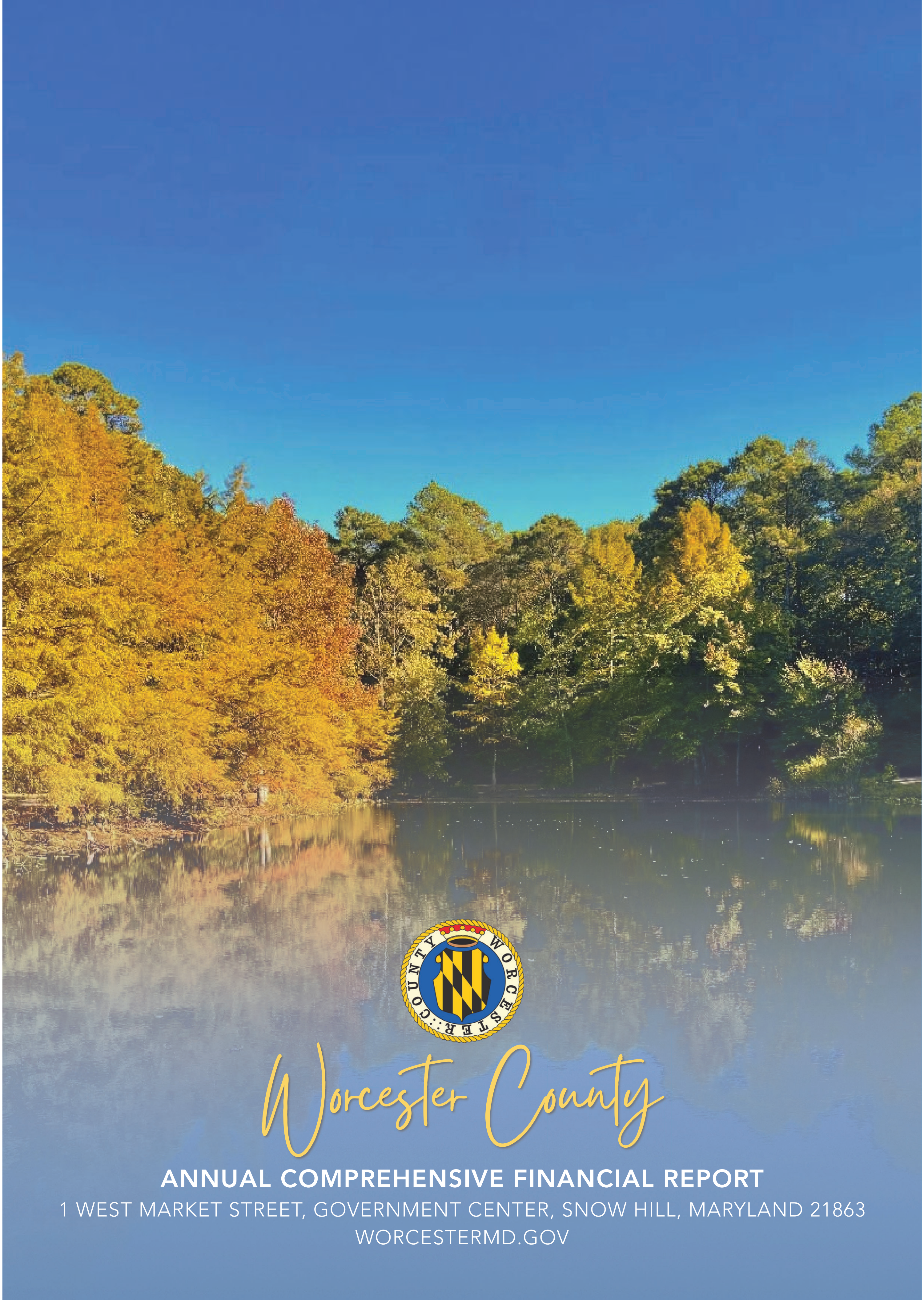
Source: Worcester County Administration and individual County departments

Note: * Single Family Dwelling Units

WORCESTER COUNTY, MARYLAND
CAPITAL ASSET STATISTICS BY FUNCTION
LAST TEN FISCAL YEARS

	Fiscal Year									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Function/Program										
Public Safety										
Detention center capacity	507	507	507	507	507	507	507	507	507	507
Fire companies	10	10	10	10	10	10	10	10	10	10
Emergency medical services companies	7	8	8	8	8	8	8	8	8	8
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	899	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	38	38	38	38	8	8	8	8	8
Public Works										
Centerline miles of County roads	531	533	533	533	533	533	533	533	531	531
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	43	41	42	42	43	43	43	43	43	43
Wastewater treatment plants	8	8	8	8	8	8	8	8	8	8
Miles of sewer pipeline	191	199	199	198	196	195	195	193	192	191
Water well house facilities	5	5	5	5	5	5	5	5	5	5
Pump stations	55	59	58	57	57	57	57	56	55	55
Water tanks	6	6	6	6	6	6	6	6	6	6
Waterlines	154	160	159	159	157	157	157	157	156	154
Water treatment facilities	10	10	10	10	10	10	10	10	10	10
Recycling center	1	1	1	1	1	1	1	1	1	1

Source: Worcester County Administration and individual County departments



Worcester County

ANNUAL COMPREHENSIVE FINANCIAL REPORT

1 WEST MARKET STREET, GOVERNMENT CENTER, SNOW HILL, MARYLAND 21863

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