

**WICOMICO COUNTY, MARYLAND**

**FINANCIAL STATEMENTS**

**JUNE 30, 2024**

# WICOMICO COUNTY, MARYLAND

## TABLE OF CONTENTS

	<u>Page(s)</u>
<b>INDEPENDENT AUDITORS' REPORT</b>	1 – 4
<b>MANAGEMENT'S DISCUSSION AND ANALYSIS</b>	5 – 20
<b>BASIC FINANCIAL STATEMENTS</b>	
<b>GOVERNMENT-WIDE FINANCIAL STATEMENTS</b>	
Statement of net position	21
Statement of activities	22
<b>FUND FINANCIAL STATEMENTS</b>	
Balance sheet – governmental funds	23
Reconciliation of the governmental funds balance sheet to the statement of net position	24
Statement of revenues, expenditures, and changes in fund balances – governmental funds	25
Reconciliation of the statement of revenues, expenditures, and changes in fund balances of governmental funds to the statement of activities	26
Statement of net position – enterprise funds	27
Statement of revenues, expenses, and changes in fund net position – enterprise funds	28
Statement of cash flows – enterprise funds	29
Statement of fiduciary fund net position	30
Statement of changes in fiduciary net position	31
Notes to financial statements	32 – 118
<b>REQUIRED SUPPLEMENTARY INFORMATION</b>	
Budget and actual (with variances) – general fund	119 – 121
Schedule of funding progress and employer contributions – other Post-employment benefit plan	122
Schedule of changes in the County's net pension liability and related ratios	123

## WICOMICO COUNTY, MARYLAND

### TABLE OF CONTENTS (Continued)

<b>REQUIRED SUPPLEMENTARY INFORMATION (Continued)</b>	<u>Page(s)</u>
Schedule of County contributions – single employer defined benefit pension plan	124
Schedule of funding progress and employer contributions – Board of Education of Wicomico County	125
Schedule of proportionate share of net pension liability – Board of Education of Wicomico County	126
Schedule of Board contributions – Board of Education of Wicomico County	127
Schedule of changes in the employer’s net pension liability and related ratios – Board of Education of Wicomico County	128
<b>SUPPLEMENTARY INFORMATION</b>	
Revenue detail – budget and actual – general fund	129 – 131
Expenditure detail – budget and actual – general fund	132 – 136
Other financing sources (uses) detail – budget and actual – general fund	137
General fund property tax levies and collections	138
Supplementary debt information	139 – 141
Local Management Board	142 – 143
<b>GOVERNMENT AUDITING STANDARDS REPORT</b>	
Independent auditors’ report on internal control over financial reporting and on compliance and other matters based on an audit of financial statements performed in accordance with <i>Government Auditing Standards</i>	144 – 145
Schedule of findings and responses	146 – 148



ANDREW M. HAYNIE, CPA  
SUSAN P. KEEN, CPA  
MICHAEL C. KLEGER, CPA  
JAMES D. MAYBURY, CPA  
E. LEE McCABE, CPA  
JEFFREY A. MICHALIK, CPA  
ROBERT L. MOORE, CPA  
DANIEL M. O'CONNELL II, CPA  
ASHLEY M. STERN, CPA  
JOHN M. STERN, JR., CPA

**PKScpa.com**

**Salisbury**

1801 SWEETBAY DRIVE  
P.O. Box 72  
SALISBURY, MD 21803  
TEL: 410.546.5600  
FAX: 410.548.9576

**Ocean City**

12216 OCEAN GATEWAY  
SUITE 800  
OCEAN CITY, MD 21842  
TEL: 410.213.7185  
FAX: 410.213.7638

**Lewes**

1143 SAVANNAH ROAD  
SUITE 1  
P.O. Box 192  
LEWES, DE 19958  
TEL: 302.645.5757  
FAX: 302.645.1757

**MEMBERS OF:**

AMERICAN INSTITUTE OF  
CERTIFIED PUBLIC ACCOUNTANTS

MARYLAND ASSOCIATION OF  
CERTIFIED PUBLIC ACCOUNTANTS

DELAWARE SOCIETY OF  
CERTIFIED PUBLIC ACCOUNTANTS

ALLNIAL GLOBAL

## INDEPENDENT AUDITORS' REPORT

To the County Council and County Executive of  
Wicomico County, Maryland  
Salisbury, Maryland

### Report on the Financial Statements

#### Opinions

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Wicomico County, Maryland as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents. We did not audit the financial statements of the Wicomico Nursing Home, which is both a major fund and 6.3%, 44.2%, and 2.9%, respectively, of the assets, net position, and revenues of the business-type activities. We also did not audit the financial statements of the Board of Education of Wicomico County, which is both a component unit and 99.2%, 99.0%, and 99.5%, respectively, of the assets, net position, and revenues of the aggregate discretely presented component units.

In our opinion, based on our audit and the reports of other auditors, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Wicomico County, Maryland as of June 30, 2024, and the respective changes in the financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### 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 Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Wicomico County, Maryland and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

## **Responsibilities of Management for the Financial Statements**

Wicomico County, Maryland's 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 Wicomico County, Maryland'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.

## **Auditor's 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 auditor's report that includes our opinions. We did not audit the financial statements of the Wicomico Nursing Home. We also did not audit the financial statements of the Board of Education of Wicomico County. Those statements were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for the Wicomico Nursing Home and the Board of Education of Wicomico County is based solely on the reports of the other auditors. 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 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, 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 Wicomico County, Maryland's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Wicomico County, Maryland's ability to continue as a going concern for a reasonable period of time.

## **Auditor’s Responsibilities for the Audit of the Financial Statements (Continued)**

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

### **Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the management’s discussion and analysis included on pages 5 through 20, as well as the schedules included on pages 119 through 128 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 and other auditors have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management’s responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### **Supplementary Information**

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Wicomico County, Maryland’s basic financial statements. The information on pages 129 through 143 is presented for purposes of additional analysis and are not a required part of the basic financial statements.

The information in the schedules on pages 129 through 143 is the responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America by us and other auditors. In our opinion, based on our audit, the procedures performed as described above, and the reports of other auditors, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated March 31, 2025 on our consideration of Wicomico County, Maryland's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Wicomico County, Maryland's internal control over financial reporting and compliance.

*PKS & Company, P.A.*

**CERTIFIED PUBLIC ACCOUNTANTS**

Salisbury, Maryland  
March 31, 2025

**WICOMICO COUNTY, MARYLAND  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2024**



**MANAGEMENT'S DISCUSSION AND ANALYSIS**

This section of Wicomico County's (the County) annual report presents our discussion and analysis of the County's financial performance of the County's financial activities for the fiscal year ending June 30, 2024. Please read it in conjunction with the County's financial statements, which immediately follows this section.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

The County's financial statements are comprised of four components: (1) government-wide financial statements, (2) fund financial statements, (3) notes to the financial statements, and (4) required supplementary information.

**Government-wide Financial Statements**

On the Statement of Net Position and the Statement of Activities, the County is divided into three kinds of activities:

- **Governmental activities** - Most of the County's basic services are reported as governmental activities, including public safety, recreation, and general administration. Property taxes, income taxes, fees, other taxes, and grants finance most of these activities. Beginning in this fiscal year, the Airport is being reported as a governmental activity. Accordingly, there will be some comparisons with the prior year that will be skewed due to this change in reporting.
- **Business-type activities** – Under business-type activities, we show those activities where the County charges a fee to customers to help cover all or part of the cost of certain services it provides, such as solid waste disposal.
- **Component units** - The County includes two separate legal entities in its report - the Board of Education and the Wicomico County Free Library. Although legally separate, these "component units" are important because the County is financially accountable for all or part of their operations.

**THE STATEMENT OF NET POSITION**

The Statement of Net Position presents financial information showing the County's assets and liabilities. This report shows a snapshot in time of the resources available to the County as well as the obligations the County has incurred. Both are presented in order of liquidity to assist the reader in understanding and assessing the fiscal health of the County. Net Assets is the amount remaining after subtracting the liabilities from the assets. Over time, increases or decreases in Net Assets may serve as an indicator if whether the financial position of the County is improving or deteriorating.

**WICOMICO COUNTY, MARYLAND  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2024**

**THE STATEMENT OF NET POSITION (Continued)**

**Table 1**

Highlights from the primary government portion of the Statement of Net Position as of June 30, 2024 and 2023:

	(In millions of dollars)					
	Governmental Activities		Business-Type Activities		Total	
	2024	2023	2024	2023	2024	2023
<b>Current and other assets</b>	236.33	224.81	29.96	37.19	266.29	262.00
<b>Capital assets</b>	236.99	164.37	21.45	58.56	258.44	222.93
<b>Total Assets</b>	<b>473.32</b>	<b>389.18</b>	<b>51.41</b>	<b>95.75</b>	<b>524.73</b>	<b>484.93</b>
<b>Deferred Outflows of Resources</b>	<b>32.53</b>	<b>45.79</b>			<b>32.53</b>	<b>45.79</b>
<b>Current and other liabilities</b>	29.28	23.63	3.34	3.04	32.62	26.67
<b>Long-term liabilities</b>	191.13	206.26	22.16	36.91	213.29	243.17
<b>Total Liabilities</b>	<b>220.41</b>	<b>229.89</b>	<b>25.50</b>	<b>39.95</b>	<b>245.91</b>	<b>269.84</b>
<b>Deferred Inflows of Resources</b>	<b>54.28</b>	<b>59.87</b>	<b>0.22</b>	<b>0.26</b>	<b>54.50</b>	<b>60.13</b>
<b>Net investment in capital assets</b>	106.00	63.72	15.04	40.80	121.04	104.52
<b>Restricted</b>	35.90	27.34	0.09	0.09	35.99	27.43
<b>Unrestricted</b>	89.26	54.15	10.56	14.65	99.82	68.80
<b>Total Net Position</b>	<b>231.16</b>	<b>145.21</b>	<b>25.69</b>	<b>55.54</b>	<b>256.85</b>	<b>200.75</b>

The Statement of Net Position for governmental activities for the fiscal year ending June 30, 2024 shows total net position of \$231.16 million, with an unrestricted net position amount of \$89.26 million. The County's business-type activities show \$10.56 million in unrestricted net position, which means, after subtracting out the debt related to acquiring or building these assets, the County's business-type activities' assets are worth more than the remaining debt on them.

The net position of business-type activities are generally not used to make up for any deficit in governmental activities. Historically, the County only uses these net positions to finance the continuing operations of the business-type activities they support.

During the year ended June 30, 2018, the County implemented GASB Statement No. 75, which changed the way the County accounts for its other post-employment benefits (OPEB) plan. In addition, the fiscal year 2021 actuarial valuation includes certain changes in assumptions including a change in the discount rate and implementation of the stipend approach with retiree health insurance. The OPEB liability for the County is vulnerable to extreme fluctuations in the market, as experienced in fiscal year 2022. Adjustments have been made to the OPEB liability (asset) and related deferred inflows and outflows that reflect these changes.

**THE STATEMENT OF ACTIVITIES**

The Statement of Activities presents information showing how the County's net position changed during the most recent fiscal year. All changes in net position are accounted for 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 shown here, even if the County does not receive the actual cash until a future date. This statement allows the reader to see if revenues are sufficient to cover the expenditures of the County, with the surplus adding to the County's Net Assets.

**WICOMICO COUNTY, MARYLAND  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2024**

**THE STATEMENT OF ACTIVITIES (Continued)**

**Table 2**

Selected highlights from the Statement of Activities as of June 30, 2024 and 2023:

	(In millions of dollars)					
	Governmental Activities		Business-Type Activities		Component Units	
	2024	2023	2024	2023	2024	2023
<b>Program Revenues</b>						
Charges for Service	16.60	12.65	20.04	21.84	5.52	4.64
Operating & Capital Grants	48.79	26.39	0.06	2.97	79.57	98.82
<b>General Revenues</b>						
Property Taxes	75.00	73.03				
Local Taxes	84.70	78.46	1.24	1.14		
Other	10.53	7.54	1.48	0.70	223.17	212.34
<b>Total Revenues</b>	<b>235.62</b>	<b>198.07</b>	<b>22.82</b>	<b>26.65</b>	<b>308.26</b>	<b>315.80</b>
<b>Program Expenses</b>						
<b>Governmental Activities</b>						
General Government	29.85	32.48				
Public Safety	48.73	45.20				
Public Works	11.53	13.97				
Health & Welfare	6.50	5.38				
Education	64.31	68.93				
Culture & Recreation	10.95	9.92				
Airport	5.12					
Economic Development	0.19	0.19				
Interest on Long-Term Debt	4.85	3.96				
<b>Business-Type Activities</b>						
Solid Waste			8.98	9.82		
Airport				5.87		
Nursing Home			9.32	9.18		
Urban Services			0.34	0.68		
Convention & Visitors Bureau			1.61	2.19		
Other			0.04	0.04		
<b>Component Units</b>						
Board of Education					360.12	302.17
Library					3.65	3.10
<b>Total Expenses</b>	<b>182.03</b>	<b>180.03</b>	<b>20.29</b>	<b>27.78</b>	<b>363.77</b>	<b>305.27</b>
Excess (Deficiency) Before						
Special Items and Transfers	53.59	18.04	2.53	(1.13)	(55.51)	10.53
Special Items	0.44	3.69	0.30	0.94	82.40	47.53
Transfers	0.01	0.67	(0.01)	(0.67)		
<b>Change in Net Position</b>	<b>54.04</b>	<b>22.40</b>	<b>2.82</b>	<b>(0.86)</b>	<b>26.89</b>	<b>58.06</b>
<b>Net Position - Beginning of Year<sup>1,2</sup></b>	<b>177.12</b>	<b>122.81</b>	<b>22.87</b>	<b>56.40</b>	<b>363.78</b>	<b>305.72</b>
<b>Net Position - End of Year</b>	<b>231.16</b>	<b>145.21</b>	<b>25.69</b>	<b>55.54</b>	<b>390.67</b>	<b>363.78</b>

<sup>1</sup> Numbers may not add due to rounding

<sup>2</sup> Net Position - Beginning of year amounts are restated as explained in the notes to the financial statements.

Table 2 above shows that the County's total net position (Governmental + Business-type) increased by \$56.10 million from fiscal year 2023.

**WICOMICO COUNTY, MARYLAND  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2024**

**THE STATEMENT OF ACTIVITIES (Continued)**

Table 3 presents the net cost of the County's governmental and business-type activities. The net cost shows the financial burden that was placed on the County's taxpayers.

**Table 3**

Net Cost of Governmental and Business-Type Activities:

	(In millions of dollars)					
	Revenues		Expenditures		Net Cost (Revenue)	
	2024	2023	2024	2023	2024	2023
<b>Governmental</b>						
General government	33.70	24.61	29.85	32.50	(3.85)	7.89
Public safety	4.53	4.50	48.73	45.20	44.20	40.70
Public works	2.79	1.97	11.53	13.98	8.74	12.01
Education			64.31	68.93	64.31	68.93
Airport	8.06		5.12		(2.94)	
Others	16.31	7.96	22.51	19.43	6.20	11.47
<b>Business-Type</b>	20.10	24.82	20.29	27.78	0.19	2.96

**REPORTING THE COUNTY'S MOST SIGNIFICANT FUNDS - FUND FINANCIAL STATEMENTS**

The County's fund financial statements provide detailed information about the most significant funds, as opposed to the government-wide financial statements that provide information about the government as a whole. Some funds are required to be established by legislation or other restrictions, but the County Council can also establish other funds to help it manage money for particular purposes, such as grants. Under accounting standards, the County's two types of funds – governmental and proprietary (enterprise) – use different accounting approaches.

- Governmental Funds – Many of the County's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the County's general government operations and the basic services it provides. Governmental fund information helps you to determine whether there are more or fewer financial resources that can be spent in the near future to finance the County's programs. We describe the relationship (or differences) between governmental activities (reported on the Statement of Net Position and the Statement of Activities) and governmental funds in a reconciliation on a separate page following the fund financial statements.
- Proprietary (Enterprise) Funds – When the County charges customers for services it provides, these services are generally reported in enterprise funds. Enterprise funds are reported in the same way that all activities are reported in the Statement of Net Position and the Statement of Activities. In fact, the County's enterprise funds are the same as the business-type activities we report on the government-wide statements, but provide more detail and additional information, such as cash flows.

The County's governmental funds report a combined fund balance of \$211.43 million, a \$21.16 million increase from the combined fund balance of fiscal year 2023, with the bulk of the increase due to an increase in both Committed and Unassigned Funds.

# WICOMICO COUNTY, MARYLAND MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2024

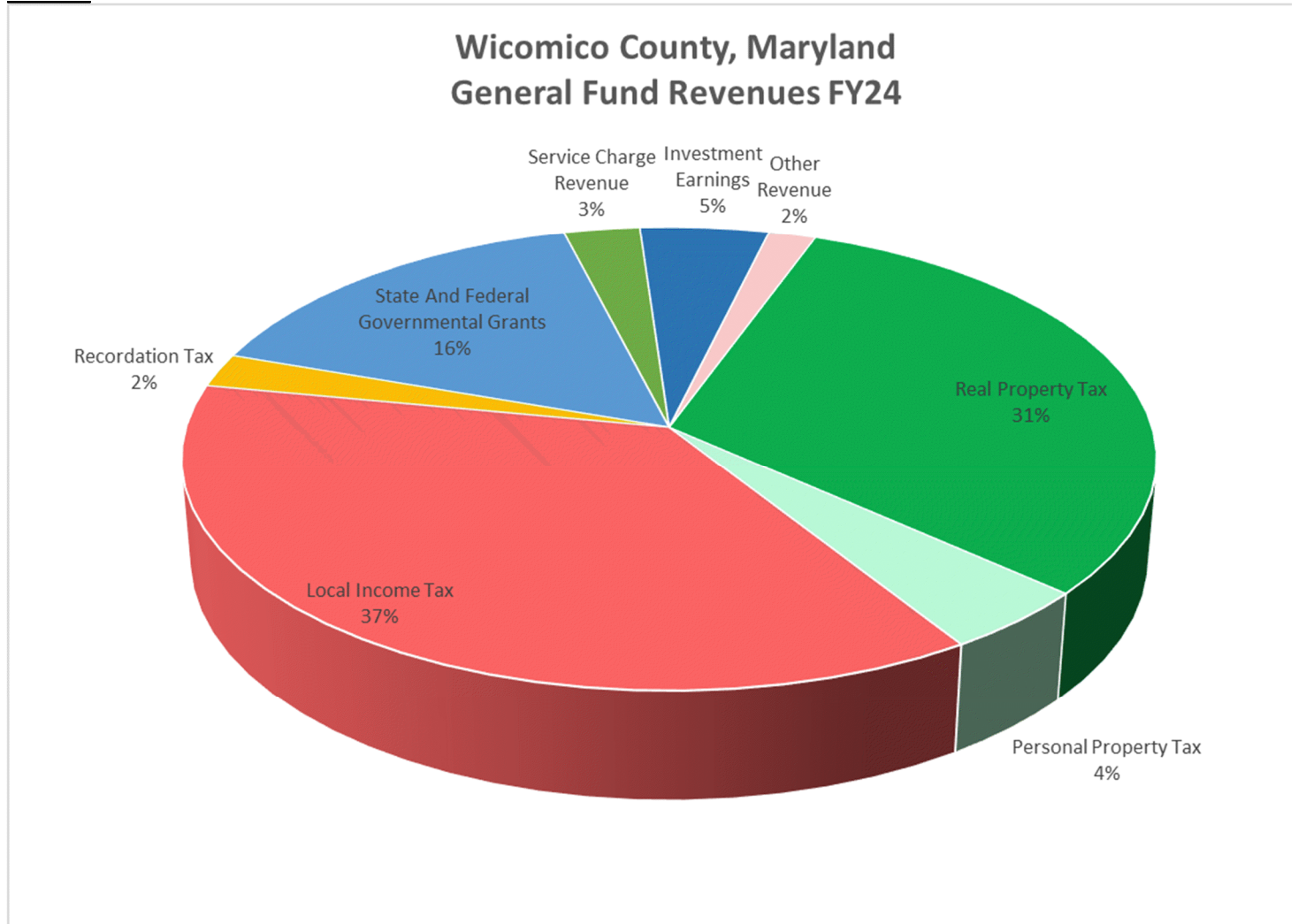
## GENERAL FUND FINANCIAL HIGHLIGHTS

- General fund fiscal year 2024 (FY 24) actual expenses were \$16.16 million less than originally budgeted. A detailed view of budget to actual variance can be found under the Required Supplementary Information section.
- General fund new revenues for fiscal year 2024 increased by \$25.45 million from 2023.
- The County's total general fund balance increased by \$23.23 million.

## **Revenues**

The County has several sources of revenue, as shown by Chart A below. Understanding the mixture of revenue sources is necessary for those trying to plan future budgets for the County. Income tax is known to fluctuate with economic conditions, and is vulnerable to recessions where there are substantial job losses in the community. Property taxes depend upon valuation of property by the State of Maryland. State and Federal Grants are dependent upon the State of Maryland and the Federal Government economic and political conditions. Investment Earnings fluctuate with market interest rates.

**Chart A**

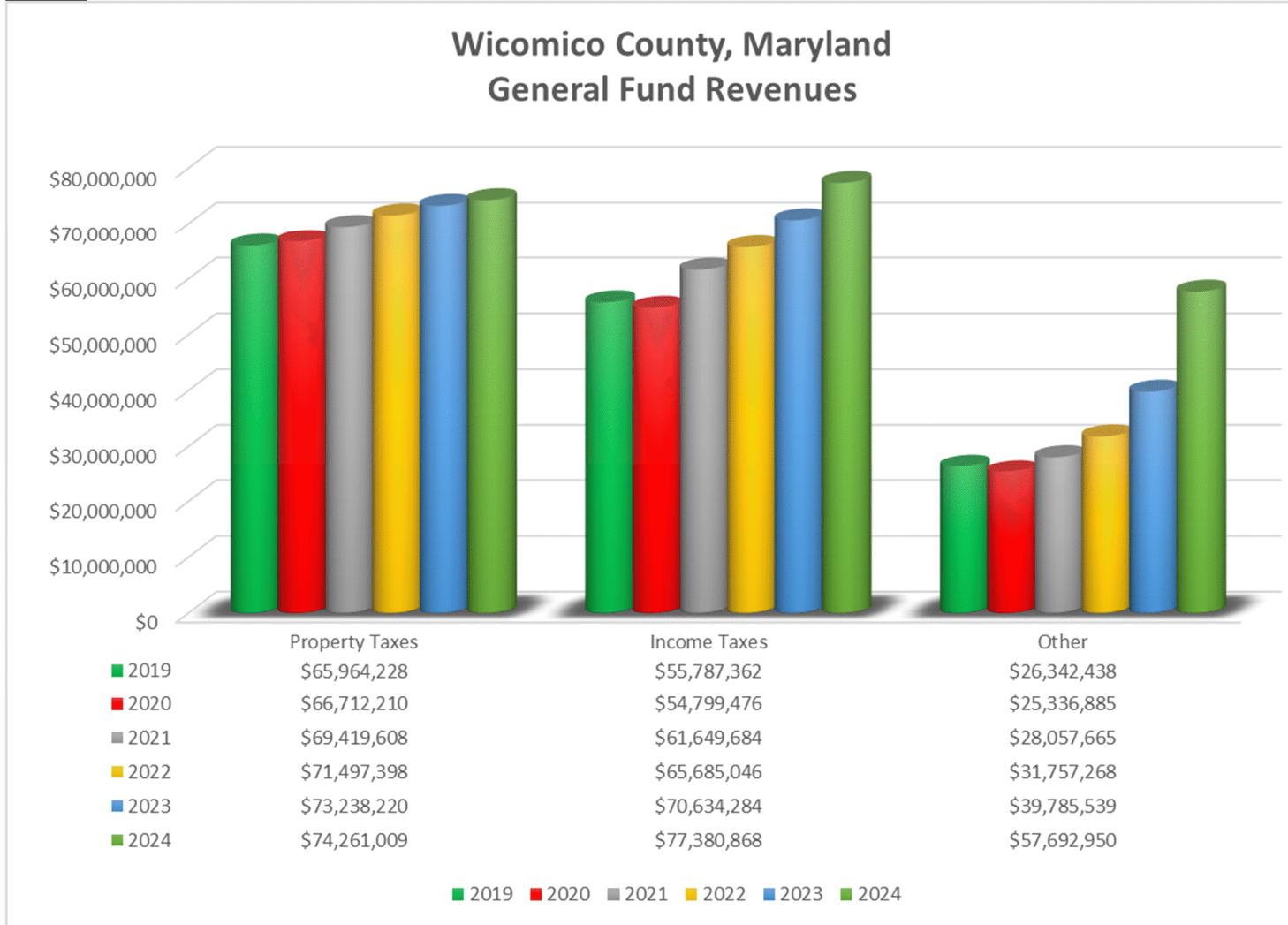


**WICOMICO COUNTY, MARYLAND  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2024**

**GENERAL FUND FINANCIAL HIGHLIGHTS (Continued)**

The County’s revenue largely consists of Income Tax and Property Tax. The county has instituted a Revenue Cap on property taxes that restricts the growth of property tax revenue to no more than 2% per year. The State of Maryland assesses real property, and have been consistently assessing property at more than a 2% growth rate. To maintain the revenue cap, the county is then forced to reduce the property tax rate. As a result, Income Tax now is a larger source of revenue than Real and Personal Property Taxes. Chart B shows the trends of the county’s major revenue sources.

**Chart B**



**WICOMICO COUNTY, MARYLAND  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2024**

**GENERAL FUND FINANCIAL HIGHLIGHTS (Continued)**

Other changes in General fund revenue are shown in the three revenue summary tables that follow.

**Table 4** Revenues amounts by type:

<b>New Revenues (Including Transfers In)</b>	<b>FY 2024</b>	<b>FY 2023</b>	<b>FY 2022</b>	<b>FY 2021</b>	<b>FY 2020</b>
Real Property Tax	\$ 65,008,198	\$ 63,488,041	\$ 62,181,368	\$ 60,520,731	\$ 58,273,484
Personal Property Tax	9,252,811	9,750,179	9,316,030	8,898,877	8,438,726
Local Income Tax	77,380,868	70,634,284	65,685,046	61,649,684	54,799,476
Recordation Tax	4,864,112	5,422,844	6,061,058	5,106,766	3,825,971
Other Local Tax	2,050,936	2,054,187	1,323,126	1,058,907	1,322,043
Licenses & Permits	1,259,148	1,264,953	1,337,519	1,359,857	1,130,260
State and Federal Government Grants	32,874,928	15,155,855	14,894,961	15,313,453	12,636,616
Service Charge Revenue	6,014,935	5,255,862	5,010,363	4,396,400	4,083,898
Fines and Forfeitures	10,470	11,340	13,650	13,649	12,687
Miscellaneous Revenue	396,462	3,173,134	2,924,166	714,729	591,632
Investment Earnings	10,221,659	7,447,364	192,425	93,904	1,733,778
New Revenue Excluding Transfers In	\$ 209,334,527	\$ 183,658,043	\$ 168,939,712	\$ 159,126,957	\$ 146,848,571
<b>Total Revenue (Excluding Use Of Prior Year Funds)</b>	<b>\$ 209,334,527</b>	<b>\$ 183,658,043</b>	<b>\$ 168,939,712</b>	<b>\$ 159,126,957</b>	<b>\$ 146,848,571</b>

**Table 5** Dollar change year-over-year:

<b>New Revenues (Including Transfers In)</b>	<b>FY24 to FY23</b>	<b>FY23 to FY22</b>	<b>FY22 to FY21</b>	<b>FY21 to FY20</b>
Real Property Tax	\$ 1,520,157	\$ 1,306,673	\$ 1,660,637	\$ 2,247,247
Personal Property Tax	(497,368)	434,149	417,153	460,151
Local Income Tax	6,746,584	4,949,238	4,035,362	6,850,208
Recordation Tax	(558,732)	(638,214)	954,292	1,280,795
Other Local Tax	(3,251)	731,061	264,219	(263,136)
Licenses & Permits	(5,805)	(72,566)	(22,338)	229,597
State and Federal Government Grants	17,719,073	260,894	(418,492)	2,676,837
Service Charge Revenue	759,073	245,499	613,963	312,502
Fines and Forfeitures	(870)	(2,310)	1	962
Miscellaneous Revenue	(2,776,672)	248,968	2,209,437	123,097
Investment Earnings	2,774,295	7,254,939	98,521	(1,639,874)
New Revenue Excluding Transfers In	\$ 25,676,484	\$ 14,718,331	\$ 9,812,755	\$ 12,278,386
<b>Total Revenue (Excluding Use Of Prior Year Funds)</b>	<b>\$ 25,676,484</b>	<b>\$ 14,718,331</b>	<b>\$ 9,812,755</b>	<b>\$ 12,278,386</b>

**WICOMICO COUNTY, MARYLAND  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2024**

**GENERAL FUND FINANCIAL HIGHLIGHTS (Continued)**

**Table 6** Percent change year-over-year:

<b>New Revenues (Including Transfers In)</b>	<b>FY24 to FY23</b>	<b>FY23 to FY22</b>	<b>FY22 to FY21</b>	<b>FY21 to FY20</b>
Real Property Tax	2.4%	2.1%	2.7%	3.9%
Personal Property Tax	-5.1%	4.7%	4.7%	5.5%
Local Income Tax	9.6%	7.5%	6.5%	12.5%
Recordation Tax	-10.3%	-10.5%	18.7%	33.5%
Other Local Tax	-11.2%	55.3%	25.0%	-19.9%
Licenses & Permits	-0.5%	-5.4%	-1.6%	20.3%
State and Federal Government Grants	116.9%	1.8%	-2.7%	21.2%
Service Charge Revenue	9.8%	4.9%	14.0%	7.7%
Fines and Forfeitures	-7.7%	-16.9%	0.0%	7.6%
Miscellaneous Revenue	-79.9%	8.5%	309.1%	20.8%
Investment Earnings	37.3%	3770.3%	104.9%	-94.6%
New Revenue Excluding Transfers	13.9%	8.7%	6.2%	8.4%
Transfers In	0.0%	0.0%	0.0%	0.0%
<b>Total Revenue (Excluding Use Of Prior Year Funds)</b>	<b>13.9%</b>	<b>8.7%</b>	<b>6.2%</b>	<b>8.4%</b>

There are several notable changes in revenue from Fiscal Year 2023 to Fiscal Year 2024.

- Local income tax increased in FY 2024 by \$6.7 million. This increase was not seen across the State of Maryland. Income tax receipts are typically a year to eighteen months in arrears and income tax receipts continued to be higher than previous years.
- Investment earnings were over \$10 million compared to less than \$100,000 in FY 2021. The county has continued to consolidate investment income into advantageous investment accounts. However, as the Federal Reserve started decreasing the interest rate, it is doubtful the county will experience a similar return in the next fiscal year.
- Recordation tax saw a decrease of over \$558,000 due to fewer real estate transfers. With higher interest rates, homeowners have been reluctant to give up a mortgage with a low rate than one with a higher rate they would get by acquiring a new mortgage.
- Personal Property Tax decreased by close to \$500,000 from last year. The State of Maryland changed their methodology which reduced the assessment value of personal property, and led to a significant decrease.
- Grant revenue is recorded at a growth of over \$17 million. A large portion of this increase is from the American Rescue Plan funding that the county was able to be recognized in FY 2024.

**WICOMICO COUNTY, MARYLAND  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2024**

**GENERAL FUND FINANCIAL HIGHLIGHTS (Continued)**

**Expenditures**

General fund actual expenses increased by \$5.34 million compared to fiscal year 2023, a 3.56% growth. A summary of department changes are shown below. These numbers are the net difference of changes in actual expenses across all individual expense accounts. Thus the explanations below are meant to explain the most significant factors that caused the net change. The Board of Education number includes principal and interest payments related to school projects, payments for the Maintenance of Effort as well as the state mandated teacher pension contribution.

- Inflation has driven up the cost of most commodities and services. Across the board, items like fuel and utility costs to health insurance to office supplies and janitorial services saw large increases.
- In fiscal year 2024, additional spending for public safety drove a significant portion of the increase and continues to require more funding.
- For fiscal year 2024, the general fund’s budgetary appropriation, or amount authorized for expenditure, was \$171.60 million. The County actually spent about \$155.43 million; that is \$16.16 million less than appropriated.
- Debt Service decreased as the County was able to refinance an older bond at a more advantageous interest rate.
- The County continues to increase funding for several volunteer fire companies, and appropriated an additional \$100,000 to each of eleven departments.

**Table 7** General Fund Expenditures for FY 2024 and FY 2023

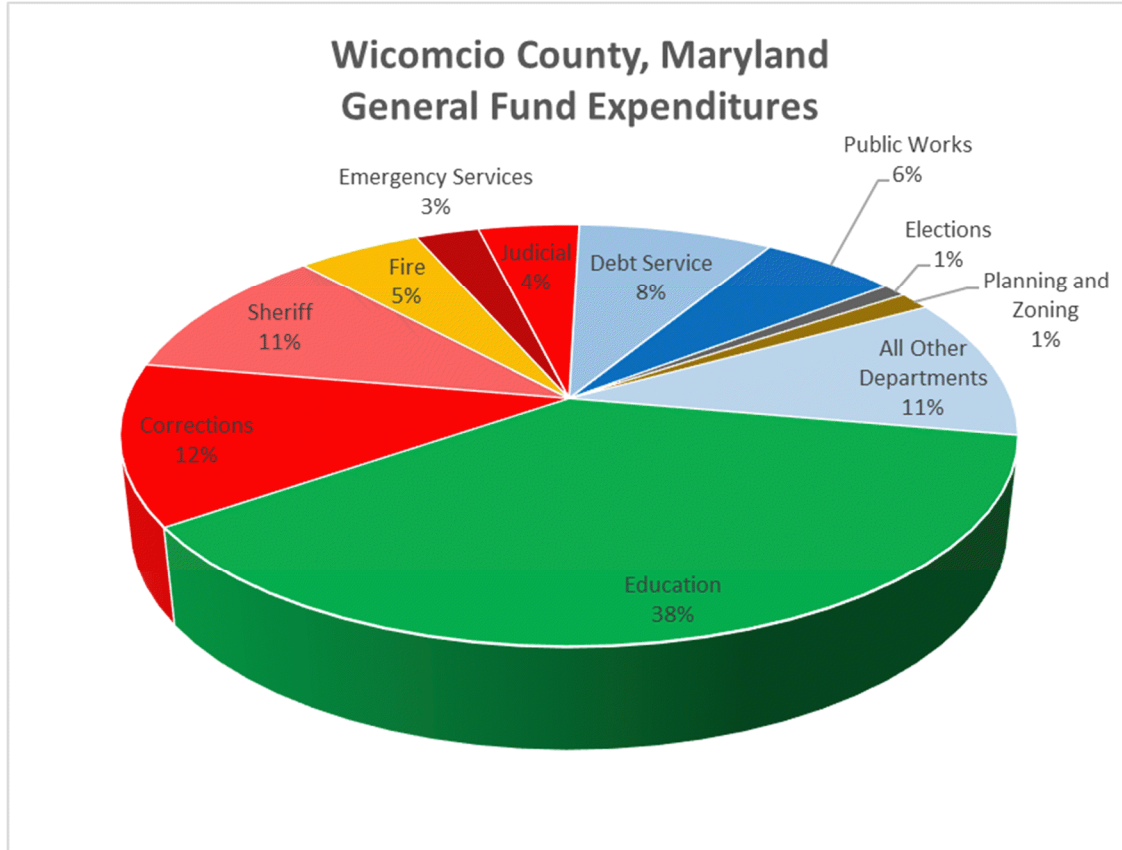
Department	% Change FY24 to	Change Over	FY 2024	FY 2023
	FY23	Prior Period		
Education	0.40%	234,736	58,494,531	58,259,795
Corrections	3.43%	633,087	19,104,602	18,471,515
Sheriff	6.64%	1,010,999	16,240,177	15,229,178
Fire	16.57%	1,168,962	8,223,710	7,054,748
Emergency Services	19.66%	688,807	4,192,705	3,503,898
Judicial	13.24%	780,042	6,670,304	5,890,262
Debt Service (Including Board Of Education)	-3.60%	(482,019)	12,900,490	13,382,509
Public Works	-18.74%	(2,095,120)	9,086,633	11,181,753
Elections	-10.03%	(177,686)	1,594,342	1,772,028
Planning And Zoning	20.56%	362,078	2,123,119	1,761,041
All Other Departments	23.65%	3,213,709	16,801,825	13,588,116
<b>Total Change</b>	<b>3.56%</b>	<b>\$ 5,337,595</b>	<b>\$ 155,432,438</b>	<b>\$ 150,094,843</b>

**WICOMICO COUNTY, MARYLAND  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2024**

**GENERAL FUND FINANCIAL HIGHLIGHTS (Continued)**

Chart C shows the allocation of FY24 General Fund Expenditures. As one can see, Education, followed by Public Safety comprise the largest categories of spending.

**Chart C**



Wicomico County undertakes a wide array of services on behalf of its residents.

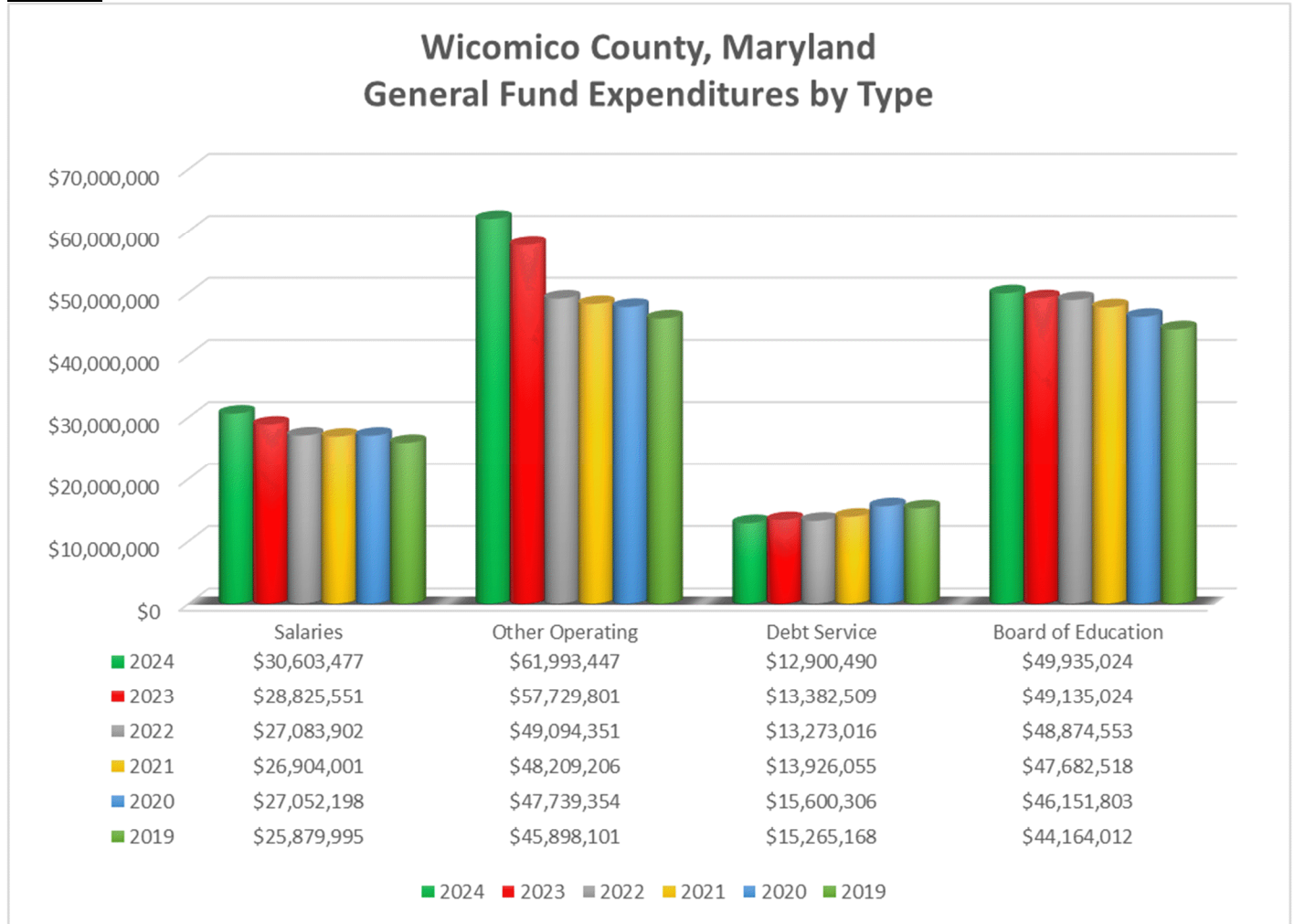
- Education consists not only local funding for the County’s Board of Education, but also includes expenditures for Wor-Wic, a community college supported by several counties housed in Salisbury, MD.
- Public Safety includes the Sheriff’s Office to protect citizens, the State’s Attorney’s Office to prosecute crimes, funding for Circuit Court to try cases, the County’s Correctional system, but also fire protection and Emergency Services.
- The County is also responsible for a significant amount of road repair and maintenance.
- The County also builds and maintains facilities to provide these services, usually through the issuance of bonds.

# WICOMICO COUNTY, MARYLAND MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2024

## GENERAL FUND FINANCIAL HIGHLIGHTS (Continued)

Chart D shows the trend of the various types of expenditures over the past several years:

**Chart D**



- In general, County employees have received a 5% raise in the last two years as the County attempts to make salaries more competitive with neighboring jurisdictions.
- The effects of inflation can clearly be seen in Other Operating expenditures. In the general fund, the County now spends an average close to \$13 million per month in all expense categories.
- Debt service has been slowly declining as the County has been able to refund prior bonds at lower interest rates. The structure of the County’s debt also allows a smaller outlay year after year.
- The State of Maryland mandates a “Maintenance of Effort” in local funding of the Board of Education. Essentially, the County must provide an amount comparable to the prior year, based on prescribed formulas.

# WICOMICO COUNTY, MARYLAND MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2024

## GENERAL FUND FINANCIAL HIGHLIGHTS (Continued)

### Fund Balance

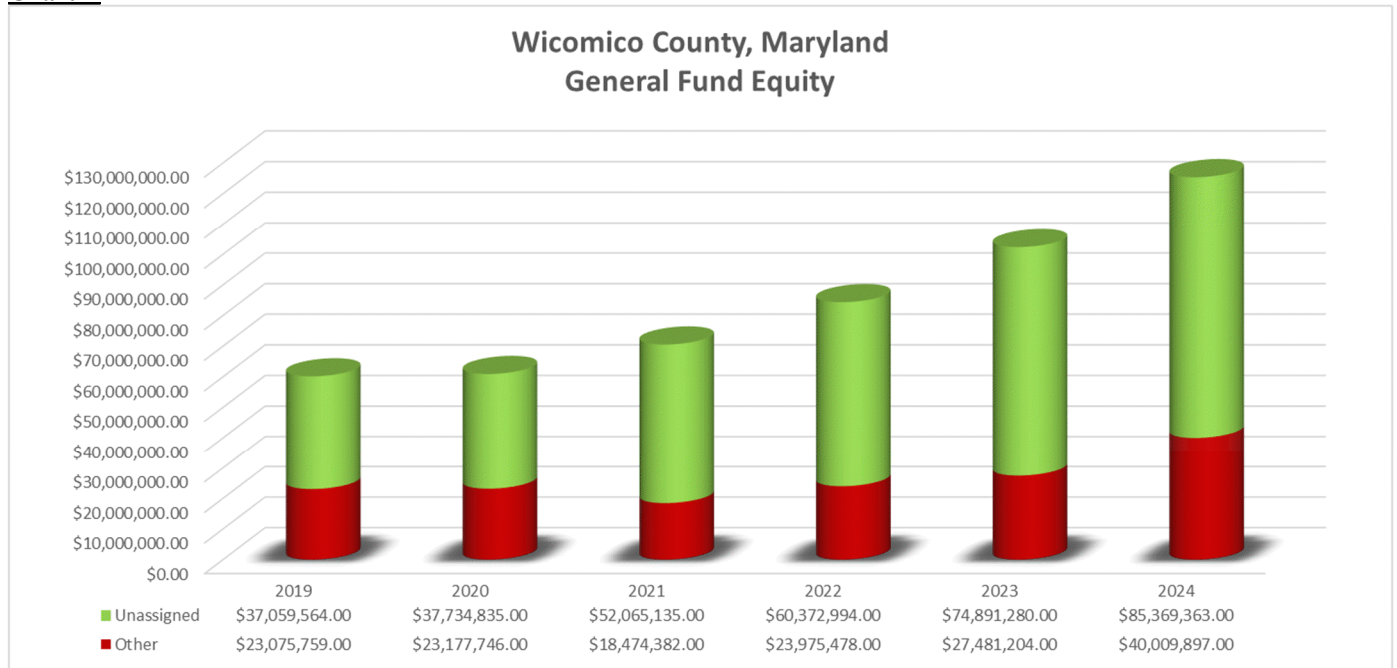
After a government considers the revenues and expenditures, any surplus represents an increase to fund balance. This amount, similar to the concept of “Retained Earnings” in a business, is available for the government to use in the future. Fund Balance is divided between amounts that have dedicated purposes and an amount that is “Unassigned”. Examples of funds that are dedicated include amounts that the County has promised under a contract, a council resolution, or executive order. Reasons include amounts that may be needed for court case settlement, reserve for arbitrage, a self-insurance reserve, etc.

To account for cash flow needs, the Governmental Finance Officers Association recommends at least a minimum of two months of expenditures be kept on hand for the unassigned fund balance. The County has aimed to maintain significantly more in fund balance, typically four to six months of expenditures, based on the following considerations:

- The unreliability of Income Tax Revenue over the past few years. The Maryland Comptroller’s Office frequently warns these revenues are not stable, and have dropped significantly in some years of economic recession.
- The County relies on a great deal of state funding, especially the Disparity Grant. These funds tend to always be at risk, especially in an environment where the state is looking to cure its own budget deficit. It should be noted that the state is now requiring the County to forward-fund the state share of school construction costs and cover BOE pension costs.
- The County continues to face severe weather patterns, and damages caused by those storms have been increasing in costs to the County. Having sufficient reserves on hand is necessary to meet the challenges posed by forces beyond our control.
- As the County continues to experience significant outlays requiring the issuance of debt securities, maintaining a high bond rating is key to securing favorable interest rates. One of the key elements of a high bond rating is having a significant amount of unassigned reserves on hand.

Chart E shows the fund balance of the County over the last several years.

**Chart E**



# WICOMICO COUNTY, MARYLAND MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2024

## ENTERPRISE FUNDS

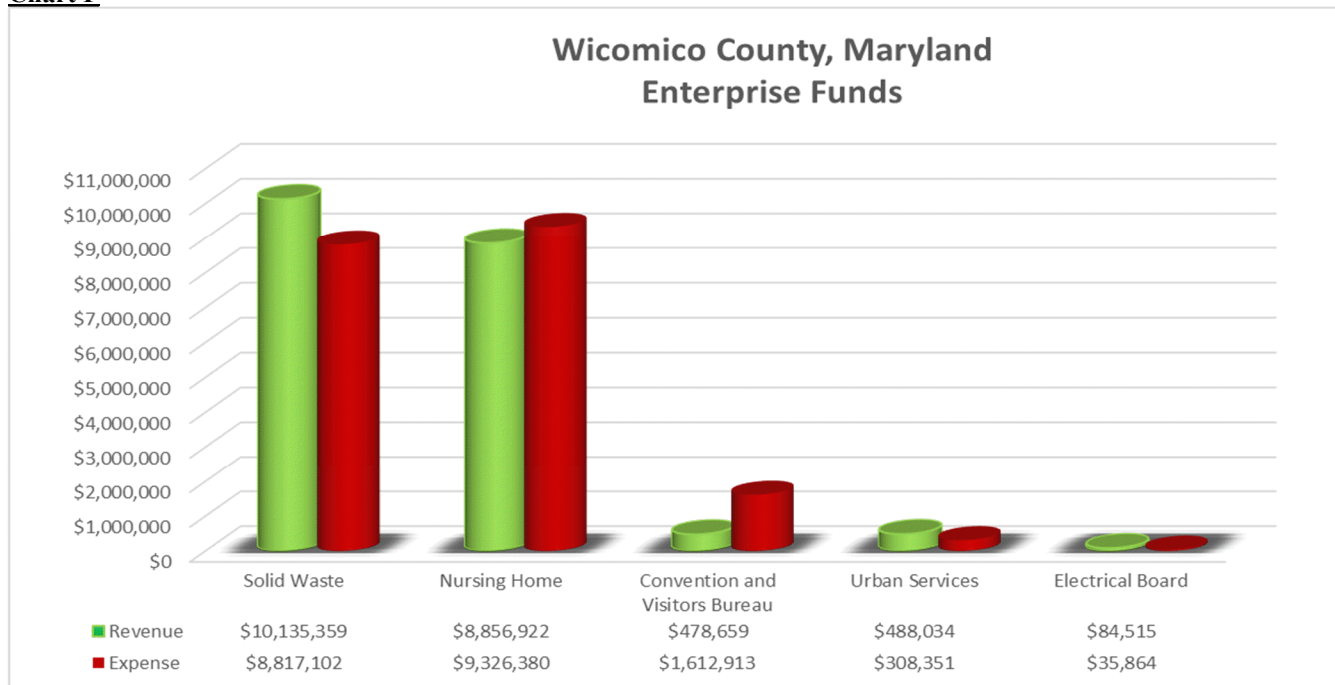
The County has a number of Enterprise Funds listed on page 27 of the financial statements. Enterprise Funds operate much like a normal business, and typically support their operations with charges for services. The County has several Enterprise Funds: Solid Waste, the County's Nursing Home, Urban Services (sewer for select areas of the County), the Convention and Visitors' Bureau, and the Electrical Board. Below is a chart that shows each fund's current and total assets and liabilities to assist in determining the basic financial health of each fund.

**Table 8** Assets and liabilities for Enterprise Funds:

Department	Type	Current	Total
Solid Waste	Assets	\$ 22,306,813	\$ 42,156,504
	Liabilities	\$ 1,566,770	\$ 21,693,101
Nursing Home	Assets	\$ 2,156,315	\$ 3,253,319
	Liabilities	\$ 1,252,430	\$ 1,758,219
Urban Services	Assets	\$ 2,530,556	\$ 2,577,115
	Liabilities	\$ 259,296	\$ 1,771,609
Convention And Visitors Bureau	Assets	\$ 2,748,923	\$ 3,210,068
	Liabilities	\$ 256,527	\$ 264,797
Electrical Board	Assets	\$ 208,375	\$ 208,375
	Liabilities	\$ 9,162	\$ 9,866

Chart F shows the revenues and expenses (including non-operating revenues and expenses) of each Enterprise Fund.

**Chart F**



**WICOMICO COUNTY, MARYLAND  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2024**

**ENTERPRISE FUNDS (Continued)**

Solid Waste, Urban Services, and the Electrical Board showed an increase in net position, which indicates they made more than they spent. The Nursing Home, Convention and Visitors Bureau each showed a decrease in net position. See the notes for the financial statements for more information.

As previously mentioned, this year, the Airport was converted from an Enterprise Fund to a Governmental Fund. You will note in many of the amounts presented, there is a significant change in additions to Governmental Funds and reductions to Enterprise Funds. This conversion is responsible for a significant amount of those changes.

As a result of increased capital spending and the conversion of the airport to a governmental fund, total FY24 Governmental Activities Capital Assets, net of depreciation, increased \$72.63 million from FY23. Business-type activities experienced a \$10.36 million decrease in total capital assets after depreciation. Major capital projects for FY 24 included purchases of the Verizon Building and a building to house the Childhood Advocacy Center, replacement of the roof at the Civic Center, upgrades to the Department of Corrections, and renovations to the infrastructure at the Airport.

**CAPITAL ASSETS**

At the end of fiscal year 2024, the County's primary government had about \$258.44 million invested in a broad range of capital assets, including buildings, park facilities, roads & bridges, and equipment, net of depreciation. Table 9 shows highlights of the County's primary government's key capital assets, as of year-end.

**Table 9** Capital Assets as of June 30, 2024 and 2023:

	(In millions of dollars)					
	Governmental Activities		Business-Type Activities		Total	
	2024	2023	2024	2023	2024	2023
Land, Buildings & Infrastructure	562.05	404.95	62.59	174.28	624.64	579.23
Accumulated Depreciation	(325.06)	(240.58)	(41.14)	(115.72)	(366.20)	(356.30)
<b>Total Capital Assets</b>						
<b>Net of Depreciation</b>	<b>236.99</b>	<b>164.37</b>	<b>21.45</b>	<b>58.56</b>	<b>258.44</b>	<b>222.93</b>

**DEBT ADMINISTRATION**

At year-end, the County had about \$167.15 million in general obligation bonds and notes outstanding subject to the County's debt limitation vs \$176.550 million in FY 2023 – a decrease of about 3.25% percent – as shown in table 10. This reflects the net change from scheduled debt retirement.

**Table 10** Outstanding Debt at Year-End:

	(In millions of dollars)					
	Governmental Activities		Business-Type Activities		Total	
	2024	2023	2024	2023	2024	2023
General obligation bonds	161.287	156.709	5.871	19.840	167.158	176.549
Loans	2.290	1.500	0.055	0.055	2.345	1.555
Right-of-use leases	1.710	1.714	0.016	0.019	1.726	1.733
Finance leases and notes payable	0.404	0.675	2.125	2.681	2.529	3.356
Debt not subject to limitation	(2.114)	(2.389)	(2.196)	(2.755)	(4.310)	(5.144)
<b>Total</b>	<b>163.577</b>	<b>158.209</b>	<b>5.871</b>	<b>19.840</b>	<b>169.448</b>	<b>178.049</b>

# **WICOMICO COUNTY, MARYLAND MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2024**

## **DEBT ADMINISTRATION (Continued)**

During the fiscal year ended June 30, 2024, the County issued bonds worth \$11.84 million to fund certain capital projects. This financing was for continuing construction at Mardela High/Middle School, roof renovations at two of the County's high schools, and infrastructure at the airport.

The County's general obligation bond rating in fiscal year 2024 was AA from Fitch, AA+ from Standard and Poor's, and Aa2 from Moody's. The County's charter limits the amount of general obligation debt that the County can issue to 3.2 percent of the assessable base of real property plus 8 percent of the assessable base of personal property and certain operating real property of public utilities.

## **THE COUNTY AS TRUSTEE REPORTING THE COUNTY'S FIDUCIARY RESPONSIBILITIES**

The County is the trustee, or fiduciary, for its employees' pension and other-post employment benefits (OPEB) plans. It is also responsible for other assets that – because of a trust arrangement – can be used only for the trust beneficiaries. Besides the pension and OPEB trusts, the County has nine fiduciary funds which are reported under "Agency Funds" in the separate Statements of Fiduciary Net Position and Changes in Fiduciary Net Position on pages 30 and 31. We exclude fiduciary activities from the County's other financial statements because the County cannot use these assets to finance its operation. The County is responsible for ensuring that the assets reported in these funds are used for their intended purpose.

As of June 30, 2024, the County's OPEB is funded at over 110%, meaning the amount of funds available exceed the actuarially determined total liability. Wicomico County's pension fund is funded at just over 73%, meaning the estimated liability exceeds the funds available. Funds for Wicomico County's pension plan is derived from investment income and employee and employer contributions. Changes to the assumptions made by actuaries to the plan also have a drastic impact in how the pension's overall health is assessed. Typically, a pension plan is considered healthy when it is over 80% funded.

## **ECONOMIC FACTORS**

The County's elected and appointed officials considered many factors when setting the fiscal year 2024 budget, tax rates, and fees that were charged for the business-type activities, including:

With a solid foundation in agribusiness and poultry, Wicomico is also strong in the growing sector of healthcare, life sciences, wireless technology and manufacturing. In addition, the County is home to an increasing number of headquarter establishments. Wicomico County remains a competitive regional center for economic activity. Wicomico boasts a strong distribution sector due to its location at the intersection of two major highways, the County's commercial airport, Maryland's second largest port and rail service via Norfolk-Southern. The County's diverse economic base mitigates effects of economic downturns and allows for capitalization of opportunities during more expansive economic cycles. Wicomico County employment is at a historical high.

Conservative Budgeting and continued prudent spending practices have resulted in a historically high fund balance. Property values and receipts are improving and property inventory is decreasing. However, it should be acknowledged with changing economic conditions, including inflation and rising interest rates, and the impacts of those changes continue to be monitored and adjusted for. The local unemployment rate as of July 2024 was 3.6% for Wicomico County, up from 1.9% in 2023. The State of Maryland had a rate of 3.2% and the national unemployment rate was 4.3%.

For the fiscal year, the County had a net assessable real property base of \$7.97 billion. The net assessable real property base for FY 23 was \$7.37 billion, representing a 6.24% increase in assessed tax values for the County.

# WICOMICO COUNTY, MARYLAND

## MANAGEMENT'S DISCUSSION AND ANALYSIS

### JUNE 30, 2024

#### **NEXT YEAR'S BUDGET – FISCAL 2025**

Highlights from the FY25 Budget:

The overall health of Wicomico County's economy continues to grow. Fiscal Year 2025 revenue is estimated to be \$193,643,305; this is a 6.34% or \$12.28 million increase over the fiscal year 2024 budget. A brief summary of key economic indicators and revenues are as follows:

- Based on the audited receipts in fiscal year 2023 and 2024 trends, income tax revenue for fiscal year 2025 is projected to exceed the budgeted amount of \$66,500,000.
- The taxable real property base is expected to grow by 6.34% from fiscal year 2024 to fiscal year 2025 (2024 Constant Yield Tax Rate Certification), a net real property tax revenue increase by approximately \$2.21 million.
- The real property tax rate slightly decreased in fiscal year 2025 as in fiscal years 2024 and 2023. The difference between the constant yield property tax rate for fiscal year 2024 of \$0.8855 and the fiscal year 2025 real property tax rate of \$0.8468 is \$0.0387. The County levied a tax rate lower than the constant yield rate for fiscal year 2025, with projected revenues of \$67,750,359 from real property tax.
- Prior to fiscal year 2014, the personal property tax rate was set by law to be 2.5 times the tax rate for real property. In 2013, the Maryland General Assembly modified the tax law to allow local governments to set the tax rate on personal property in a range between zero and a maximum of 2.5 times the current year's real property tax rate. For fiscal year 2025, the personal property tax rate is set at \$2.117 per \$100 of assessed value and the net revenue from personal property is conservatively estimated to be \$8.7 million, which reflects the effects of the five-year phase-out of the tax on business inventory described below that was completed in fiscal year 2020 and the manufacturing equipment exemption.

To enhance the potential for economic development, the County approved a Code change to phase out the business inventory tax beginning in fiscal year 2014. The tax was phased out over a five year period that ended in fiscal year 2018.

The County's strategy for managing the expense budget is to match expense type to funding source, that is, recurring annual operating expenses will be paid for with recurring annual revenues while investment in capital assets, infrastructure and other non-recurring expenses will be paid for by non-recurring revenue sources such as use of prior year fund balance or "extra" recurring revenue.

The significant changes in budgeted fiscal year 2025 expenses over budgeted fiscal year 2024 expenses are summarized below (amounts may be approximate):

- The Wicomico County Board of Education increased funding to \$61.24 million, including funding for debt service; the majority of this increase was related to the building of a new Fruitland Primary School and maintenance of effort requirements. The County has been informed that the State of Maryland will not be able to maintain its commitments to funding for school construction, and subsequently, the County is needed to forward fund the state's contribution, and accept a postponed reimbursement beginning in FY 2026.
- Given the effects of inflation and in the interest of employee retention, most employees were given at least a 5% raise.
- Various capital projects were funded in the FY 2024 budget. The majority of the funding is planned financing for projects for the Board of Education. Those projects include continued work on the new Public Safety Building, dredging and wetlands mitigation, additions to Pirate's Wharf, water and sewer works, and upgrades to the infrastructure at the airport.
- Over \$5.4 million in funding of the County Volunteer Ambulance and \$3.1 million in funding of County Volunteer Fire Departments.

#### **CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the County's finances and to show the County's accountability for the money it receives. If you have questions about this report, please contact one of the following:

Policy Decisions	County Executive	Julie M. Giordano	410-548-4801
Financial Results	Director of Finance	Pamela B. Oland	410-548-4840
Fund Financial Statements	Director of Finance	Pamela B. Oland	410-548-4840

## **BASIC FINANCIAL STATEMENTS**

**WICOMICO COUNTY, MARYLAND**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2024**

	<b>Primary Government</b>		
	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total Primary Government</b>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 202,444,362	\$ 27,018,085	\$ 229,462,447
Certificates of deposit			
Receivables, taxes and other	3,790,052	2,677,130	6,467,182
Notes receivable	18,806		18,806
Due from other governmental agencies	29,212,541		29,212,541
Advance to other funds	489,320		489,320
Inventories	217,837	195,492	413,329
Prepaid expenses	165,176	60,275	225,451
Net capital assets	236,986,233	21,454,399	258,440,632
Total assets	473,324,327	51,405,381	524,729,708
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred financing outflow - pensions	22,693,216		22,693,216
Deferred financing outflow - OPEB	7,395,159		7,395,159
Deferred charges - refunding debt	2,440,742		2,440,742
Total deferred outflows of resources	32,529,117		32,529,117
<b>LIABILITIES</b>			
Accounts payable and accrued expenses	14,956,354	1,563,691	16,520,045
Accrued payroll and taxes	1,827,311	157,592	1,984,903
Due to other governmental agencies		52,889	52,889
Unearned revenue	1,192,005	440,334	1,632,339
Long-term liabilities			
Due within one year			
Right-of-use leases	555,003	3,711	558,714
Finance lease obligations	404,132	714,148	1,118,280
Bonds, notes, and loans payable	9,155,893	375,057	9,530,950
Accrued interest payable	768,115	16,179	784,294
Compensated absences	416,755	20,584	437,339
Due in more than one year			
Right-of-use leases	1,154,774	11,939	1,166,713
Finance lease obligations		1,411,205	1,411,205
Bonds, notes, and loans payable	154,420,766	5,550,811	159,971,577
Compensated absences	4,447,756	216,410	4,664,166
Net pension liability	36,266,080		36,266,080
Post retirement liability (asset)	(5,157,746)		(5,157,746)
Advance from other funds		489,320	489,320
Accrued landfill closure and post-closure costs		14,473,722	14,473,722
Total liabilities	220,407,198	25,497,592	245,904,790
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred financing inflow - pensions	35,269,893		35,269,893
Deferred financing inflow - OPEB	13,746,123		13,746,123
Unavailable revenue	4,383,509	218,558	4,602,067
Deferred grants	883,809		883,809
Total deferred inflows of resources	54,283,334	218,558	54,501,892
<b>NET POSITION</b>			
Net investment in capital assets	106,000,530	15,035,830	121,036,360
Restricted for			
Capital projects			
Other	35,900,551	90,003	35,990,554
Unrestricted	89,261,831	10,563,398	99,825,229
Total net position	\$ 231,162,912	\$ 25,689,231	\$ 256,852,143

The accompanying notes are an integral part of these financial statements.

**Component Units**

<u>Board of Education</u>	<u>Wicomico Free Library</u>	<u>Total Component Units</u>	<u>Total</u>
\$ 46,107,354	\$ 1,629,739	\$ 47,737,093	\$ 277,199,540
	195,461	195,461	195,461
902,848	194,914	1,097,762	7,564,944
			18,806
18,762,128		18,762,128	47,974,669
			489,320
			413,329
			225,451
452,570,658	2,312,426	454,883,084	713,323,716
518,342,988	4,332,540	522,675,528	1,047,405,236
3,309,584		3,309,584	26,002,800
15,193,346		15,193,346	22,588,505
			2,440,742
18,502,930		18,502,930	51,032,047
26,241,439	6,646	26,248,085	42,768,130
1,454,354	70,559	1,524,913	3,509,816
786,105		786,105	838,994
4,054,799		4,054,799	5,687,138
638,296	5,539	643,835	1,202,549
853,867		853,867	1,972,147
			9,530,950
			784,294
462,106	83,115	545,221	982,560
3,481,160	13,397	3,494,557	4,661,270
1,148,500		1,148,500	2,559,705
			159,971,577
3,311,664	81,854	3,393,518	8,057,684
16,781,761		16,781,761	53,047,841
29,174,280		29,174,280	24,016,534
			489,320
			14,473,722
88,388,331	261,110	88,649,441	334,554,231
153,315		153,315	35,423,208
61,695,652		61,695,652	75,441,775
	12,950	12,950	4,615,017
			883,809
61,848,967	12,950	61,861,917	116,363,809
439,604,624	2,293,490	441,898,114	562,934,474
1,997,431		1,997,431	1,997,431
1,173,027	195,461	1,368,488	37,359,042
(56,166,462)	1,569,529	(54,596,933)	45,228,296
\$ 386,608,620	\$ 4,058,480	\$ 390,667,100	\$ 647,519,243

**WICOMICO COUNTY, MARYLAND  
STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2024**

<b><u>Functions/Programs</u></b>	<b>Primary Government</b>			
	<b>Program Revenue</b>			
	<b><u>Expenses</u></b>	<b><u>Charges for Services, Fees, Fines, Forfeitures</u></b>	<b><u>Operating Grants and Contributions</u></b>	<b><u>Capital Grants and Contributions</u></b>
<b>Primary Government</b>				
Governmental activities				
General government	\$ 29,845,545	\$ 2,851,010	\$ 30,853,257	\$
Public safety	48,725,429	2,180,550	2,353,037	
Public works	11,527,975	2,554,181	238,611	
Health and welfare	6,496,042	1,173,707	3,104,374	
Education	64,312,348			
Culture and recreation	10,951,110	5,484,190	6,536,062	
Economic development	228,450			
Airport	5,119,400	2,356,894	5,707,499	
Interest on long-term debt	4,848,537			
Total governmental activities	182,054,836	16,600,532	48,792,840	\$
Business-type activities				
Solid Waste	8,977,405	10,135,359		
Nursing Home	9,326,380	8,856,922		
Urban Services	338,711	488,034		
Convention & Visitors Bureau	1,612,913	478,659	59,733	
Other business-type activities	35,864	84,515		
Total business-type activities	20,291,273	20,043,489	59,733	\$
Total primary government	\$ 202,346,109	\$ 36,644,021	\$ 48,852,573	\$
<b>Component Units</b>				
Board of Education	\$ 308,264,531	\$ 5,469,355	\$ 79,000,265	\$ 30,173,523
Wicomico County Free Library	3,274,196	50,465	566,075	
Total component units	\$ 311,538,727	\$ 5,519,820	\$ 79,566,340	\$ 30,173,523

**GENERAL REVENUES**

Taxes

Property taxes, levied for general purposes

Income and other miscellaneous taxes

Grants and contributions not restricted to specific programs

Payment from Wicomico County - unrestricted contributions

Unrestricted investment earnings

Net gain on disposal of fixed assets

Miscellaneous

**TRANSFERS**

Total general revenues, special items, and transfers

Change in net position

**NET POSITION, AS RESTATED - BEGINNING**

**NET POSITION - ENDING**

The accompanying notes are an integral part of these financial statements.

<u>Primary Government</u>			<u>Component Units</u>			
<u>Net (Expense) Revenue and Changes in Net Position</u>						
<u>Governmental</u>	<u>Business-type</u>		<u>Board of</u>	<u>Wicomico</u>	<u>Total</u>	
<u>Activities</u>	<u>Activities</u>	<u>Total</u>	<u>Education</u>	<u>County Free</u>	<u>Component</u>	<u>Total</u>
				<u>Library</u>	<u>Units</u>	
\$ 3,858,722	\$	\$ 3,858,722	\$	\$	\$	\$ 3,858,722
(44,191,842)		(44,191,842)				(44,191,842)
(8,735,183)		(8,735,183)				(8,735,183)
(2,217,961)		(2,217,961)				(2,217,961)
(64,312,348)		(64,312,348)				(64,312,348)
1,069,142		1,069,142				1,069,142
(228,450)		(228,450)				(228,450)
2,944,993		2,944,993				2,944,993
(4,848,537)		(4,848,537)				(4,848,537)
<u>(116,661,464)</u>		<u>(116,661,464)</u>				<u>(116,661,464)</u>
	1,157,954	1,157,954				1,157,954
	(469,458)	(469,458)				(469,458)
	149,323	149,323				149,323
	(1,074,521)	(1,074,521)				(1,074,521)
	48,651	48,651				48,651
	<u>(188,051)</u>	<u>(188,051)</u>				<u>(188,051)</u>
\$ (116,661,464)	\$ (188,051)	\$ (116,849,515)	\$	\$	\$	\$ (116,849,515)
\$	\$	\$	\$ (193,621,388)	\$	\$ (193,621,388)	\$ (193,621,388)
				(2,657,656)	(2,657,656)	(2,657,656)
\$	\$	\$	\$ (193,621,388)	\$ (2,657,656)	\$ (196,279,044)	\$ (196,279,044)
\$ 75,006,039	\$	\$ 75,006,039	\$	\$	\$	\$ 75,006,039
84,704,455	1,238,761	85,943,216				85,943,216
			168,392,529	18,601	168,411,130	168,411,130
			49,935,024	3,017,750	52,952,774	52,952,774
10,533,809	1,480,772	12,014,581		26,285	26,285	12,040,866
64,435		64,435				64,435
378,967	306,200	685,167	1,780,313		1,780,313	2,465,480
14,500	(14,500)					
<u>170,702,205</u>	<u>3,011,233</u>	<u>173,713,438</u>	<u>220,107,866</u>	<u>3,062,636</u>	<u>223,170,502</u>	<u>396,883,940</u>
54,040,741	2,823,182	56,863,923	26,486,478	404,980	26,891,458	83,755,381
177,122,171	22,866,049	199,988,220	360,122,142	3,653,500	363,775,642	563,763,862
<u>\$ 231,162,912</u>	<u>\$ 25,689,231</u>	<u>\$ 256,852,143</u>	<u>\$ 386,608,620</u>	<u>\$ 4,058,480</u>	<u>\$ 390,667,100</u>	<u>\$ 647,519,243</u>

**WICOMICO COUNTY, MARYLAND**  
**BALANCE SHEETS - GOVERNMENTAL FUNDS**  
**JUNE 30, 2024**

	<u>General Fund</u>	<u>Grants Funds</u>	<u>Capital Projects</u>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 120,991,444	\$ 698,917	\$ 75,676,430
Taxes receivable, net	1,747,774		
Other receivables	1,300,532		
Due from other funds	2,410,854		
Due from other governmental agencies	12,467,744	11,847,014	
Advance to other funds	489,320		
Inventories	141,561		
Prepaid expenses and deferred charges	97,683		
Total assets	<u>139,646,912</u>	<u>12,545,931</u>	<u>75,676,430</u>
<b>LIABILITIES</b>			
Accounts payable and accrued expenses	7,409,322	911,435	5,804,058
Accrued payroll and taxes	1,548,423	18,086	
Due to other funds		12,117,298	
Advance from other funds			
Unearned revenues		875,820	
Accrued compensated absences	379,432	663	
Total liabilities	<u>9,337,177</u>	<u>13,923,302</u>	<u>5,804,058</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Unavailable revenue - taxes	4,930,475		
Unavailable revenue - grants			
Total deferred inflows of resources	<u>4,930,475</u>		
<b>FUND BALANCES</b>			
Nonspendable	239,244		
Restricted	7,119,321	(1,377,371)	40,508,924
Committed	30,604,580		29,363,448
Assigned	2,046,752		
Unassigned	85,369,363		
Total fund balances	<u>125,379,260</u>	<u>(1,377,371)</u>	<u>69,872,372</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 139,646,912</u>	<u>\$ 12,545,931</u>	<u>\$ 75,676,430</u>

The accompanying notes are an integral part of these financial statements.

<u>Airport</u>	<u>Civic Center</u>	<u>Recreation (non-major)</u>	<u>Agricultural Tax (non-major)</u>	<u>Total Governmental Funds</u>
\$ 2,010,397	\$ 1,196,400	\$ 1,761,522	\$ 109,252	\$ 202,444,362
				1,747,774
217,604	135,421	124,384		1,777,941
4,720,214	4,986,230			12,117,298
4,535,152				28,849,910
				489,320
22,390	41,013	12,873		217,837
	65,148	2,345		165,176
<u>11,505,757</u>	<u>6,424,212</u>	<u>1,901,124</u>	<u>109,252</u>	<u>247,809,618</u>
463,859	114,612	202,472	50,596	14,956,354
40,578	78,847	141,377		1,827,311
				12,117,298
5,501	184,685	125,999		1,192,005
6,546	7,707	22,407		416,755
<u>516,484</u>	<u>385,851</u>	<u>492,255</u>	<u>50,596</u>	<u>30,509,723</u>
			58,656	4,989,131
883,809				883,809
<u>883,809</u>			<u>58,656</u>	<u>5,872,940</u>
22,390	106,161	15,218		383,013
	268,108	54,172		46,573,154
10,083,074	5,664,092	1,339,479		77,054,673
				2,046,752
				85,369,363
<u>10,105,464</u>	<u>6,038,361</u>	<u>1,408,869</u>		<u>211,426,955</u>
\$ <u>11,505,757</u>	\$ <u>6,424,212</u>	\$ <u>1,901,124</u>	\$ <u>109,252</u>	\$ <u>247,809,618</u>

**WICOMICO COUNTY, MARYLAND**  
**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEETS**  
**TO THE STATEMENT OF NET POSITION**  
**JUNE 30, 2024**

Total fund balance, governmental funds	\$ 211,426,955
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Net capital assets used in governmental activities are not current financial resources and therefore are not reported in the fund financial statements, but are reported in the governmental activities of the Statement of Net Position.	236,986,232
Certain other long-term assets are not available to pay current period expenditures and therefore are not reported in the fund financial statements, but are reported in the governmental activities of the Statement of Net Position.	
Notes receivable	18,806
Other receivables	626,968
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.	
Unavailable property taxes	605,622
Deferred financing inflow - pension	(35,269,893)
Deferred financing inflow - OPEB	(13,746,123)
Certain expenses that do not reduce current financial resources are not reported in the fund financial statements, but are reported as deferred outflows of resources in the governmental activities of the Statement of Net Position.	
Deferred financing outflow - pension	22,693,216
Deferred financing outflow - OPEB	7,395,159
Deferred charges - refunding debt	2,440,742
Long-term liabilities, including bonds payable, are not due and payable from current period assets and, therefore, are not reported in the fund financial statements:	
Capital lease obligations	(404,132)
Bonds, notes, and loans payable	(163,576,658)
Right-of-use leases	(1,709,777)
Accrued interest payable	(768,115)
Net pension liability	(36,266,080)
Net OPEB asset	5,157,746
Compensated absences	(4,447,756)
Net position of governmental activities in the Statement of Net Position	\$ 231,162,912

The accompanying notes are an integral part of these financial statements.

**WICOMICO COUNTY, MARYLAND**  
**STATEMENTS OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS**  
**YEAR ENDED JUNE 30, 2024**

	<u>General Fund</u>	<u>Grants Funds</u>	<u>Capital Projects</u>
<b>REVENUES</b>			
Property taxes	\$ 74,261,009	\$	\$
Income taxes	77,380,868		
Other taxes	6,915,048		
Licenses and permits	1,259,148		
Intergovernmental	32,874,928	11,416,105	
Charges for services	6,014,935	4,597	
Fines and forfeitures	10,740		
Miscellaneous	396,462	279	22,266
Investment earnings	10,221,689		
Total revenues	<u>209,334,827</u>	<u>11,420,981</u>	<u>22,266</u>
<b>EXPENDITURES</b>			
Current			
General government	18,056,190	1,841,559	12,807,487
Public safety	29,451,241	718,031	15,433,561
Detention Center	19,104,602		
Public works	10,342,072	303,448	1,373,377
Health and welfare	4,597,643		3,711,884
Social services	379,493	1,516,362	
Education	58,494,531		5,867,408
Culture and recreation		3,124,460	1,069,565
Economic development	228,450		
Airport			
Miscellaneous	1,877,726		
Debt service			
Principal	8,158,813		
Interest and other charges	4,741,677		
Total expenditures	<u>155,432,438</u>	<u>7,503,860</u>	<u>40,263,282</u>
Excess (deficiency) of revenues over expenditures	<u>53,902,389</u>	<u>3,917,121</u>	<u>(40,241,016)</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Proceeds from long-term debt, net			5,203,345
Transfers in		14,078	25,844,483
Transfers out	(30,668,127)		
Total other financing sources (uses)	<u>(30,668,127)</u>	<u>14,078</u>	<u>31,047,828</u>
Net change in fund balances	23,234,262	3,931,199	(9,193,188)
Fund balances, as restated - beginning	102,144,998	(5,308,570)	79,065,560
Fund balances - ending	<u>\$ 125,379,260</u>	<u>\$ (1,377,371)</u>	<u>\$ 69,872,372</u>

The accompanying notes are an integral part of these financial statements.

<u>Airport</u>	<u>Civic Center</u>	<u>Recreation (non-major)</u>	<u>Agricultural Tax (non-major)</u>	<u>Total Governmental Funds</u>
\$	\$	\$	\$	\$ 74,261,009
				77,380,868
	374,506			7,289,554
5,707,499				1,259,148
2,356,894	3,541,323	1,942,867		49,998,532
				13,860,616
22,976	7,941	89,909		10,740
39,169	210,034	62,917		539,833
<u>8,126,538</u>	<u>4,133,804</u>	<u>2,095,693</u>		<u>10,533,809</u>
				<u>235,134,109</u>
				32,705,236
				45,602,833
				19,104,602
				12,018,897
				8,309,527
				1,895,855
	4,928,743	5,047,239		64,361,939
12,362,142				14,170,007
				228,450
				12,362,142
				1,877,726
424,175	1,725	65,000		8,649,713
800,876	9,783	5,453		5,557,789
<u>13,587,193</u>	<u>4,940,251</u>	<u>5,117,692</u>		<u>226,844,716</u>
(5,460,655)	(806,447)	(3,021,999)		8,289,393
7,653,238				12,856,583
	1,600,313	3,321,753		30,780,627
		(98,000)		(30,766,127)
<u>7,653,238</u>	<u>1,600,313</u>	<u>3,223,753</u>		<u>12,871,083</u>
2,192,583	793,866	201,754		21,160,476
7,912,881	5,244,495	1,207,115		190,266,479
<u>\$ 10,105,464</u>	<u>\$ 6,038,361</u>	<u>\$ 1,408,869</u>	<u>\$</u>	<u>\$ 211,426,955</u>

**WICOMICO COUNTY, MARYLAND**  
**RECONCILIATION OF THE STATEMENTS OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT**  
**OF ACTIVITIES**  
**YEAR ENDED JUNE 30, 2024**

Net change in fund balances - total governmental funds \$ 21,160,476

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

Governmental funds report outlays for capital assets as expenditures because such outlays use current financial resources. In contrast, the Statement of Activities reports only a portion of the outlay as expense. The outlay is allocated over the assets' estimated useful lives as depreciation expense for the period. This is the amount by which capital outlays, \$41,424,443, exceeded depreciation and amortization expense, \$8,628,878, in the current period. 32,795,565

Governmental funds report lease proceeds as revenue. In contrast, the Statement of Activities reports the lease proceeds as lease liabilities. Governmental funds report the principal and interest payments made on those leases as expenditures because they use current financial resources. In contrast, the Statement of Activities reports only the interest payments. In the current year, the net effect of lease borrowings and repayments was: 1,030,944

Governmental funds report bond proceeds as current financial resources. In contrast, the Statement of Activities treats such issuance of debt as a liability. Governmental funds report repayment of bond principal as an expenditure. In contrast, the Statement of Activities treats such repayments as a reduction in long-term liabilities. This is the amount by which repayments exceeded proceeds. 5,909,705

Revenues and expenditures are reported in the Statement of Activities on the accrual basis and in the governmental funds when they provide or use current financial resources. The following are differences between the governmental funds and the Statement of Activities:

Accruals not reported on governmental funds:	
Accrued interest	709,252
Accrued post-retirement employment benefits	(7,854,506)
Accrued compensated absences	(489,758)
Other revenues	779,063
	779,063

Change in net position of governmental activities \$ 54,040,741

The accompanying notes are an integral part of these financial statements.

**WICOMICO COUNTY, MARYLAND**  
**STATEMENT OF NET POSITION - ENTERPRISE FUNDS**  
**JUNE 30, 2024**

	<u>Solid Waste</u>	<u>Nursing Home</u>
<b>ASSETS</b>		
Current assets		
Cash and cash equivalents	\$ 21,181,949	\$ 854,280
Accounts receivable, net	926,998	1,252,110
Inventories	152,262	43,230
Prepaid expenses	45,604	6,695
Total current assets	<u>22,306,813</u>	<u>2,156,315</u>
Non-current assets		
Net capital assets	<u>19,849,691</u>	<u>1,097,004</u>
Total non-current assets	<u>19,849,691</u>	<u>1,097,004</u>
Total assets	<u><u>42,156,504</u></u>	<u><u>3,253,319</u></u>
<b>LIABILITIES</b>		
Current liabilities		
Accounts payable and accrued expenses	97,941	1,154,239
Accrued payroll and taxes	120,017	
Due to other governmental agencies		36,848
Unearned revenues	350,196	
Right-of-use leases		3,711
Financing lease obligations	705,132	3,121
Bonds, notes, and loans payable	262,369	54,511
Accrued interest payable	11,338	
Other accrued expenses		
Compensated absences	19,777	
Total current liabilities	<u>1,566,770</u>	<u>1,252,430</u>
Non-current liabilities		
Right-of-use leases		11,939
Financing lease obligations	1,406,675	4,530
Bonds, notes, and loans payable	4,038,498	
Compensated absences	207,436	
Advances from other funds		489,320
Accrued landfill closure and post-closure costs	14,473,722	
Total non-current liabilities	<u>20,126,331</u>	<u>505,789</u>
Total liabilities	<u><u>21,693,101</u></u>	<u><u>1,758,219</u></u>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Unavailable revenue - special assessments		
Total deferred inflows of resources		
<b>NET POSITION</b>		
Net investment in capital assets	13,437,017	1,097,004
Restricted		6,408
Unrestricted	7,026,386	391,688
Total net position	<u><u>\$ 20,463,403</u></u>	<u><u>\$ 1,495,100</u></u>

The accompanying notes are an integral part of these financial statements.

<u>Urban Services</u>	<u>Convention &amp; Visitors Bureau</u>	<u>Other Enterprise Funds</u>	<u>Total</u>
\$ 2,362,496	\$ 2,421,932	\$ 197,428	\$ 27,018,085
168,060	319,015	10,947	2,677,130
	7,976		195,492
			60,275
<u>2,530,556</u>	<u>2,748,923</u>	<u>208,375</u>	<u>29,950,982</u>
46,559	461,145		21,454,399
<u>46,559</u>	<u>461,145</u>		<u>21,454,399</u>
<u>2,577,115</u>	<u>3,210,068</u>	<u>208,375</u>	<u>51,405,381</u>
180,237	123,077	545	1,556,039
	36,688	887	157,592
16,041			52,889
	90,138		440,334
			3,711
	5,895		714,148
58,177			375,057
4,841			16,179
		7,652	7,652
	729	78	20,584
<u>259,296</u>	<u>256,527</u>	<u>9,162</u>	<u>3,344,185</u>
			11,939
			1,411,205
1,512,313			5,550,811
	8,270	704	216,410
			489,320
			14,473,722
<u>1,512,313</u>	<u>8,270</u>	<u>704</u>	<u>22,153,407</u>
<u>1,771,609</u>	<u>264,797</u>	<u>9,866</u>	<u>25,497,592</u>
218,558			218,558
<u>218,558</u>			<u>218,558</u>
46,559	455,250		15,035,830
83,595			90,003
456,794	2,490,021	198,509	10,563,398
<u>\$ 586,948</u>	<u>\$ 2,945,271</u>	<u>\$ 198,509</u>	<u>\$ 25,689,231</u>

**WICOMICO COUNTY, MARYLAND**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITIONS**  
**ENTERPRISE FUNDS**  
**YEAR ENDED JUNE 30, 2024**

	<u>Solid Waste</u>	<u>Nursing Home</u>
<b>REVENUES</b>		
Charges for services	\$ 10,135,359	\$ 8,720,860
Other operating revenue		136,062
Total operating revenues	<u>10,135,359</u>	<u>8,856,922</u>
<b>OPERATING EXPENSES</b>		
Personnel services	3,415,072	6,372,568
Contractual services	97,530	1,553,801
Utilities	111,931	306,787
Repairs and maintenance	1,607,478	116,486
Other supplies and expenses	853,522	757,823
Insurance claims and expenses	29,068	108,631
Provision for post-closure costs	963,490	
Direct costs of events		
Depreciation	1,739,011	110,284
Total operating expenses	<u>8,817,102</u>	<u>9,326,380</u>
Operating income (loss)	<u>1,318,257</u>	<u>(469,458)</u>
<b>NON-OPERATING REVENUES (EXPENSES)</b>		
Interest and investment revenue	1,334,767	594
Miscellaneous revenue	34,108	16,820
Grants and contributions		
Interest expense	(160,303)	
Net non-operating revenue (expenses)	<u>1,208,572</u>	<u>17,414</u>
Income (loss) before contributions, transfers and gain on disposal of capital assets	2,526,829	(452,044)
Transfers out		
Change in net position	<u>2,526,829</u>	<u>(452,044)</u>
Total net position - beginning, as restated	17,936,574	1,947,144
Total net position - ending	<u>\$ 20,463,403</u>	<u>\$ 1,495,100</u>

The accompanying notes are an integral part of these financial statements.

<u>Urban Services</u>	<u>Convention &amp; Visitors Bureau</u>	<u>Other Enterprise Funds</u>	<u>Total</u>
\$ 488,034	\$ 478,659	\$ 84,515	\$ 19,428,768
			614,721
<u>488,034</u>	<u>478,659</u>	<u>84,515</u>	<u>20,043,489</u>
	686,011	27,974	10,501,625
	321,689	4,426	1,977,446
240,376	19,794		678,888
	36,276		1,760,240
56,088	47,380	3,464	1,718,277
	450		138,149
			963,490
	475,049		475,049
11,887	26,264		1,887,446
<u>308,351</u>	<u>1,612,913</u>	<u>35,864</u>	<u>20,100,610</u>
<u>179,683</u>	<u>(1,134,254)</u>	<u>48,651</u>	<u>(57,121)</u>
28,512	114,300	2,599	1,480,772
88,608	1,405,299	126	1,544,961
	59,733		59,733
(30,360)			(190,663)
<u>86,760</u>	<u>1,579,332</u>	<u>2,725</u>	<u>2,894,803</u>
266,443	445,078	51,376	2,837,682
	(14,500)		(14,500)
<u>266,443</u>	<u>430,578</u>	<u>51,376</u>	<u>2,823,182</u>
320,505	2,514,693	147,133	22,866,049
<u>\$ 586,948</u>	<u>\$ 2,945,271</u>	<u>\$ 198,509</u>	<u>\$ 25,689,231</u>

**WICOMICO COUNTY, MARYLAND**  
**STATEMENT OF CASH FLOWS - ENTERPRISE FUNDS**  
**YEAR ENDED JUNE 30, 2024**

	<u>Solid Waste</u>	<u>Nursing Home</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Receipts from customers	\$ 10,327,336	\$ 8,750,075
Payments to suppliers for goods and services	(3,125,305)	(4,919,176)
Payments to employees for services	(3,358,061)	(4,144,661)
Net cash provided (used) by operating activities	<u>3,843,970</u>	<u>(313,762)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>		
Operating transfers		
Operating grants and contributions		
Other income (expense)	34,108	16,820
Net cash provided by noncapital financing activities	<u>34,108</u>	<u>16,820</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Interest paid on notes and bonds payable	(157,268)	
Acquisition and construction of capital assets	(2,809,376)	(55,681)
Principal payments on notes and bonds payable	(194,023)	
Principal payments on lease liabilities	(877,290)	(2,905)
Net cash used by capital and related financing activities	<u>(4,037,957)</u>	<u>(58,586)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Other income		
Interest on investments	1,334,767	594
Net cash provided by investing activities	<u>1,334,767</u>	<u>594</u>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	1,174,888	(354,934)
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	<u>20,007,061</u>	<u>1,209,214</u>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<u>\$ 21,181,949</u>	<u>\$ 854,280</u>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:</b>		
Operating income (loss)	\$ 1,318,257	\$ (469,458)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:		
Depreciation and amortization expense	1,739,011	110,284
Provision for bad debt		322,550
Landfill closure and post-closure cost	963,490	
Deferred inflow - grants		
Deferred inflow - unavailable revenue		
Changes in assets and liabilities:		
Accounts receivable	193,568	(510,159)
Prepaid expenses		(1,506)
Due to/from other governmental agencies		55,207
Inventories	(44,756)	(2,498)
Accounts payable and accrued expenses	(324,009)	181,818
Unearned revenues	(1,591)	
Net cash provided (used) by operating activities	<u>\$ 3,843,970</u>	<u>\$ (313,762)</u>

The accompanying notes are an integral part of these financial statements.

<u>Urban Services</u>	<u>Convention &amp; Visitors Bureau</u>	<u>Other Enterprise Funds</u>	<u>Total</u>
\$ 467,945	\$ 192,499	\$ 75,940	\$ 19,813,795
(438,238)	(1,065,883)	(8,034)	(9,556,636)
	(686,002)	(27,466)	(8,216,190)
<u>29,707</u>	<u>(1,559,386)</u>	<u>40,440</u>	<u>2,040,969</u>
	(14,500)		(14,500)
	59,733		59,733
	1,405,299		1,456,227
	<u>1,450,532</u>		<u>1,501,460</u>
(30,522)			(187,790)
	(5,050)		(2,870,107)
(57,258)	(5,697)		(256,978)
			(880,195)
<u>(87,780)</u>	<u>(10,747)</u>		<u>(4,195,070)</u>
88,608		126	88,734
28,512	114,300	2,599	1,480,772
<u>117,120</u>	<u>114,300</u>	<u>2,725</u>	<u>1,569,506</u>
59,047	(5,301)	43,165	916,865
<u>2,303,449</u>	<u>2,427,233</u>	<u>154,263</u>	<u>26,101,220</u>
<u>\$ 2,362,496</u>	<u>\$ 2,421,932</u>	<u>\$ 197,428</u>	<u>\$ 27,018,085</u>
\$ 179,683	\$ (1,075,625)	\$ 48,651	\$ 1,508
11,887	26,264		1,887,446
			322,550
			963,490
11,382			11,382
(20,088)	(217,728)	(8,575)	(562,982)
	(3,969)		(5,475)
5,198			60,405
			(47,254)
(158,355)	(219,896)	364	(520,078)
	(68,432)		(70,023)
<u>\$ 29,707</u>	<u>\$ (1,559,386)</u>	<u>\$ 40,440</u>	<u>\$ 2,040,969</u>

**WICOMICO COUNTY, MARYLAND**  
**STATEMENT OF FIDUCIARY FUND NET POSITION**  
**JUNE 30, 2024**

	<u>Custodial Funds</u>	<u>Pension Trust Fund</u>	<u>Health Care Trust Fund</u>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 5,547,993	\$ 3,730,835	\$ 2,182,160
Investments		97,396,096	51,753,288
Accounts receivable	26,016	53,113	
Capital assets, net of accumulated depreciation	101,615		
Total assets	5,675,624	101,180,044	53,935,448
<b>LIABILITIES</b>			
Accounts payable	2,701,481		
Total liabilities	2,701,481		
<b>CHANGE IN NET POSITION</b>			
Held on the behalf of others	2,974,143		
Held in trust for retirement benefits		101,180,044	53,935,448
Total net position	\$ 2,974,143	\$ 101,180,044	\$ 53,935,448

The accompanying notes are an integral part of these financial statements.

**WICOMICO COUNTY, MARYLAND**  
**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION**  
**YEAR ENDED JUNE 30, 2024**

	<u><b>Custodial</b></u> <u><b>Funds</b></u>	<u><b>Pension</b></u> <u><b>Trust Fund</b></u>	<u><b>Health Care</b></u> <u><b>Trust Fund</b></u>
<b>ADDITIONS</b>			
Collections on behalf of others	\$ 968,833	\$	\$
Contributions		7,139,419	4,132,018
Investment earnings		9,263,912	5,702,106
Total additions	<u>968,833</u>	<u>16,403,331</u>	<u>9,834,124</u>
 <b>DEDUCTIONS</b>			
Payments on behalf of others	363,290		
Benefits		6,592,096	2,131,375
Administrative		44,173	
Total deductions	<u>363,290</u>	<u>6,636,269</u>	<u>2,131,375</u>
Change in net position	<u>605,543</u>	<u>9,767,062</u>	<u>7,702,749</u>
Net position - beginning	<u>2,368,600</u>	<u>91,412,982</u>	<u>46,232,699</u>
Net position - ending	<u><u>\$ 2,974,143</u></u>	<u><u>\$ 101,180,044</u></u>	<u><u>\$ 53,935,448</u></u>

The accompanying notes are an integral part of these financial statements.

**WICOMICO COUNTY, MARYLAND**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2024**

**SIGNIFICANT ACCOUNTING POLICIES**

Wicomico County, Maryland (the County) is a political subdivision of the State of Maryland, established in 1867 and subsequently incorporated under Article 25 of the Annotated Code of the State of Maryland, and is governed by an elected executive and a seven-member elected County Council. The County government directly provides all basic local governmental services, except for water and sewer.

The financial statements of the County are presented as of June 30, 2024 and for the year then ended, and have been prepared in conformity with accounting principles generally accepted in the United States of America applicable to local governments. The Governmental Accounting Standards Board (GASB) is the standard setting body for establishing governmental accounting and financial reporting principles, which are primarily set forth in the *GASB's Codification of Governmental Accounting and Financial Reporting Standards* (GASB Codification).

Financial reporting entity

For financial reporting purposes, based on the standards established by GASB Statement No. 14, *The Financial Reporting Entity*, the County includes the various departments, agencies, and other organizational units governed directly by the County Executive and County Council of Wicomico County, Maryland as the Primary Government. The component units are included in the reporting entity because the Primary Government approves budgetary requests, provides a significant amount of funding and guarantees repayment of debt issued by the various organizations.

Based on the aforementioned criteria, component units are reported in the County's basic financial statements as follows:

Blended component units reported within the Primary Government:

Enterprise Funds:

Wicomico Nursing Home  
Wicomico County Urban Services Commission

Discretely presented component units:

The Board of Education of Wicomico County  
The Wicomico County Free Library

Copies of the financial statements for each discretely presented component unit can be obtained directly from the component units.

Resource flows (except those that affect the statement of net position/balance sheet only, such as loans and repayments) between a primary government and its discretely presented component units are reported as external transactions—that is, as revenues and expenditures. Resource flows between the primary government and blended component units are classified as interfund transactions in the financial statements.

**WICOMICO COUNTY, MARYLAND**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2024**

**SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Related organizations

The County Council is responsible for appointing the members of the boards of various other organizations, but the County's accountability for these organizations does not extend beyond making the appointments. Several of these other organizations are funded by Federal or state governments.

Basic financial statements—government-wide financial statements

The County's basic financial statements include both government-wide (reporting the County as a whole) and fund financial statements (reporting the County's major funds). Both the government-wide and fund financial statements categorize primary activities as either governmental or business-type. The following are classified as governmental activities: legislative, executive, judicial, elections, police and fire protection, detention center, health, education, civic center, parks, airport, culture and recreation, grants, agricultural, and general administrative services. The County's Solid Waste, Nursing Home, Urban Services, and Convention & Visitors Bureau, are classified as business-type activities. 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 programs.

In the government-wide Statement of Net Position, both the governmental and business-type activities columns (a) are presented on a consolidated basis by column, and (b) are reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The County's net position is reported in three parts—net investment in capital assets; restricted net position; and unrestricted net position. The County first utilizes restricted resources to finance qualifying activities.

The government-wide Statement of Activities reports both the gross and net cost of each of the County's functions, business-type activities, and component units. The functions are also supported by general government revenues (property, income and other taxes, certain intergovernmental revenues, etc.). The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants. Program revenues must be directly associated with the function (public safety, culture and recreation, etc.) or a business-type activity. Program revenues include (a) fees, fines, and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

The net costs (by function, business-type activity, or component unit) are normally covered by general revenue (property, income, or gas taxes), intergovernmental revenues, interest income, etc.

This government-wide focus is more on the sustainability of the County as an entity and the change in the County's net position resulting from the current year's activities.

**WICOMICO COUNTY, MARYLAND**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2024**

**SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Basic financial statements—fund financial statements

The financial transactions of the County are reported in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, reserves, fund equity, revenues, and expenditures/expenses. The various funds are reported by generic classification within the financial statements.

The following fund types are used by the County:

1. Governmental Funds:

The focus of the governmental funds' measurement (in the fund statements) is upon determination of financial position and changes in financial position (sources, uses, and balances of financial resources) rather than upon net income. The following is a description of the major governmental funds of the County:

- a. General Fund is the general operating fund of the County. It is used to account for all financial resources except those required to be accounted for in another fund.
- b. Grants Fund is a special revenue fund that receives monies from state and federal agencies to administer various programs, involving safety, health and welfare, and culture and recreation, within the County.
- c. Capital Projects Fund is used to account for financial resources to be used for the acquisition or construction of major capital facilities other than those financed by business-type/enterprise funds.
- d. Recreation Fund is a non-major special revenue fund used to account for activities at Recreation and Parks.
- e. Civic Center Fund is used to account for activities related to the Wicomico Youth and Civic Center.
- f. Airport Fund is used to account for the activities at the Salisbury-Ocean City: Wicomico Regional Airport.

A non-major governmental fund of the County is Agricultural Tax.

2. Enterprise Funds:

The focus of enterprise fund measurement is upon determination of operating income, changes in net position, financial position, and cash flows. The generally accepted accounting principles applicable are those similar to businesses in the private sector. The following is a description of the major enterprise funds of the County:

**WICOMICO COUNTY, MARYLAND**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2024**

**SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Basic financial statements—fund financial statements (continued)

- a. Solid Waste Fund is used to account for activities related to the safe disposal of solid waste, to meet all state, federal, and county regulations and to provide for recycling.
- b. Nursing Home Fund is used to account for the activities at the Wicomico Nursing Home, a 102-bed nursing home providing comprehensive skilled nursing care and other related services in Salisbury, Maryland.
- c. Urban Services Fund is used to supply water and sewer to homes outside of municipalities in the County. The Urban Services Commission’s charter requires that the Urban Services Fund be reported separately on the fund financial statements.
- d. Convention & Visitors Bureau Fund is used to account for activities related to the enhancement of the economic impact of tourism in the County.

The County’s non-major enterprise funds include Economic Development Loan Proceeds and Electrical Board.

3. Fiduciary Funds:

The focus of fiduciary fund measurement is to account for resources held for the benefit of parties outside the government. The County uses custodial funds for the following:

- a. Inmate Welfare Fund is used to account for assets held for and due to inmates of the Wicomico County Detention Center.
- b. Narcotics Task Force Escrow includes three funds. One is used to account for monies that are confiscated in drug related activities at the local level. At the local level, the funds are held until released by the court case verdict and used by the Task Force thereafter. Another fund is used to account for the daily operating activities of the task force. The other fund is used to account for monies received in activities involving federal seizures.
- c. Tax Ditches collects and holds the funds on behalf of the Tax Ditch Associations.
- d. Volunteer Fire Fund is a capital sinking fund used to account for the annual appropriation from the General Fund to be used for the purchase of new capital equipment for the 11 volunteer fire companies in Wicomico County.

**WICOMICO COUNTY, MARYLAND**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2024**

**SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Basic financial statements—fund financial statements (continued)

- e. Forest Conservation Fund is used to account for the activity related to developmental projects which, by county code, require funding for forestation or reforestation by the developer at the completion of a project.
- f. Hazmat Billing is to be used to reimburse volunteer fire companies for costs of environmental cleanup due to chemical/fuel spills from vehicle accidents.
- g. Bail Bonds are to be held in a custodial capacity until adjudicated or for 10 years, whichever comes first.
- h. The County's Pension Trust Fund is used to account for the activity related to the Employees' Retirement Plan of Wicomico County. The County's OPEB Trust Fund (Health Care Trust Fund) is used for the activity related to the Post-Retirement Health Care Benefits Plan for the Employees of Wicomico County.
- i. The Sheriff's Department Equitable Sharing Fund is used to account for monies received in activities involving federal seizures.
- j. The Village Down River Fund is used to account for monies received related to an exclusive and environmentally friendly waterfront community.
- k. The PAC 14 Fund is used to account for monies received from providing public, educational, and government access television services.
- l. The State's Attorney Equitable Sharing Fund is used to account for monies received in activities involving federal seizures.
- m. The Opioid Settlement Fund is used to account for monies received from a settlement between the federal government and several pharmacies nationwide, to be used in combating the opioid epidemic.

All of these funds are custodial in nature and do not involve measurement of results of operations. The above 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. Fiduciary funds are presented on an economic resources measurement focus and the accrual basis of accounting, similar to the government-wide financial statements.

**WICOMICO COUNTY, MARYLAND**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2024**

**SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Discretely presented component units

All of these entities are discretely presented in the government-wide statements. The Board of Education and the Library are considered major component units and have been presented in separate columns on the face of the government-wide statements.

- a. Board of Education of Wicomico County is empowered by Title 13A of the Code of Maryland Regulations to fulfill the elementary and secondary educational needs of students in Wicomico County, Maryland.
- b. The Wicomico County Free Library is a non-profit public library that is governed by a Board of Trustees. Services provided include offering library materials of various types for use by the general public.

Measurement focus/basis of accounting

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the enterprise fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Non-exchange transactions, in which the County gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements, and donations. On the accrual basis, revenue from property taxes is recognized in the fiscal year in which all the eligibility requirements have been satisfied.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Property taxes, charges for services, and interest are considered to be susceptible to accrual. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, retirement expenditures, and claims and judgments, are recorded only when payment is due. General capital acquisitions are reported as expenditures in governmental funds. Proceeds of long-term debt and acquisitions under financed purchases are reported as other financing sources.

Taxpayer-assessed income, gross receipts, and sales taxes are considered “measurable” when in the hands of intermediary collecting governments and are recognized as revenue at that time. Anticipated refunds of such taxes are recorded as liabilities and reductions of revenue when they are measurable and their validity seems certain.

**WICOMICO COUNTY, MARYLAND**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2024**

**SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Measurement focus/basis of accounting (continued)

Income taxes are reported as revenue if received by August 31<sup>st</sup> of the next fiscal year. Under the modified accrual basis of accounting, revenues are recorded in governmental funds as soon as they are measurable and available to pay liabilities of the current period.

In the State of Maryland, the State has assumed the responsibility for the collection of all income taxes and for distributing those collections to the respective counties. The counties set their individual tax rates within limits provided by State law; however, collections and pursuit of delinquent taxes are the responsibility of the State.

The State holds an unallocated income tax reserve related to late filers, delinquent returns and audits, and unallocated withholding. These revenues are not available to pay liabilities of the current period. Further, collections related to delinquent returns and audits and unallocated withholding may not occur and be remitted to the County for several years. The State annually adjusts the amount they are estimating for each County's share in the reserve.

The amount related to late filers, delinquent returns and audits, and unallocated withholding is a rolling estimate, i.e., the County does not receive earmarked funds from the reserve, the State merely adjusts the County's share at year end for the revenue it distributed during the prior year related to these revenue sources offset by the new estimates for the succeeding year. Therefore, the County does not accrue for this receivable because it is not the intention of the State to pay those funds to the County in fiscal year 2024, but to continue to withhold funds related to these annual ongoing delinquencies as it distributes the applicable actual and estimated income tax revenue during the fiscal year offset by changes to the estimated level of delinquencies.

Amounts reported as program revenues in the government-wide Statement of Net Position include (1) charges to customers or applicants for goods, services, or privileges provided; (2) operating grants and contributions; and (3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Enterprise funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with an enterprise fund's principal ongoing operations. The principal operating revenues of the enterprise funds are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation of capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, and then unrestricted resources as they are needed.

**WICOMICO COUNTY, MARYLAND**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2024**

**SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Budgets and budgetary accounting

Article VII, Section 705 of the County Charter requires each department or agency financed in whole or in part by County funds to prepare and submit an annual budget. Formal budgetary accounting is employed as a management control for the County's General Fund, Recreation Fund, Solid Waste Landfill Fund, the Salisbury - Ocean City: Wicomico Regional Airport, the Convention and Visitors Bureau, the Civic Center, and the Electrical Board. The annual budget for the General Fund is prepared in accordance with the basis of accounting utilized by that fund. The budgets for the Solid Waste Landfill and Salisbury – Ocean City: Wicomico Regional Airport Funds are adopted under a basis consistent with GAAP. The budgets shown in the financial statements are the budget ordinances for the year ended June 30, 2024.

The County follows these procedures in establishing the General Fund budgetary data reflected in the financial statements:

- (1) On or before March 15, the Director of Finance submits to the County Executive a proposed budget that includes requested expenditures and anticipated revenues for the fiscal year commencing on July 1.
- (2) On or before the third Tuesday in April, the County Executive submits to the County Council a proposed budget that includes requested expenditures and anticipated revenues for the fiscal year commencing on July 1.
- (3) A public hearing is conducted on or before May 15 to obtain taxpayer comments.
- (4) No later than June 1 or such date as may be set by resolution, but not later than June 15, the budget shall be adopted by the Annual Budget and Appropriations Bill.
- (5) Transfers of appropriations between departments may be made during the last quarter of the fiscal year upon request of the County Executive and approval of the County Council.
- (6) All annual appropriations lapse at fiscal year-end.

Deferred outflows of resources

The County reports decreases in net assets that relate to future periods as deferred outflows of resources in a separate section of its government-wide and enterprise fund statements of net position and the governmental funds balance sheet. The County has three types of items that qualify for reporting in this category: deferred charges relating to the refunding of debt, deferred financing outflows related to the net pension liability, and deferred outflows related to OPEB.

**WICOMICO COUNTY, MARYLAND**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2024**

**SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Deferred inflows of resources

The County reports increases in net assets that relate to future periods as deferred inflows of resources in a separate section of its government-wide and enterprise fund statements of net position and the governmental funds balance sheet. The County has three types of items that qualify for reporting in this category: deferred property taxes which are not recognized until available (collected no later than 60 days after the end of the County's fiscal year), deferred financing inflows related to the net pension liability, and deferred inflows related to the net OPEB liability (asset).

Other postemployment benefits (OPEB)

For purposes of measuring the net OPEB liability, deferred outflows of resources related to OPEB, deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the County's OPEB plan and additions to/deductions from the OPEB Plan's fiduciary net position have been determined on the same basis. For this purpose, benefit payments are recognized when currently due and payable in accordance with the benefit terms. Investments are reported at fair value. Generally accepted accounting principles require that the reported results must pertain to liability and asset information within certain defined timeframes. For this report, the valuation date and measurement date of June 30, 2024 was used.

Use of estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires the County to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses/expenditures during the reporting period. Actual results could differ from those estimates.

Interfund activity

Interfund activity consists of advances, loans, services provided, reimbursements, or transfers between funds. Advances and loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures/expenses. Reimbursements are when one fund incurs a cost, charges the appropriate benefiting fund, and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers between governmental or enterprise funds are netted as part of the reconciliation to the government-wide financial statements.

Inventories

Inventories are maintained in the Civic Center, Convention & Visitors Bureau and Recreation departments for concessions, in the Roads department in the General Fund and in the Solid Waste and Airport departments for materials and supplies. The Board of Education of Wicomico County maintains materials, supplies, and food and related inventories. The Wicomico Nursing Home inventories consist of medical, linen, and dietary supplies. All inventories are stated at the lower of cost or net realizable value under the first-in, first-out method of inventory valuation.

**WICOMICO COUNTY, MARYLAND**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2024**

**SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Capital assets

Capital assets purchased or acquired with an original cost of \$5,000 or more are reported at historical cost or estimated historical cost. All other purchased or constructed capital assets are reported at cost or estimated historical cost. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred.

Depreciation on all assets is provided on the straight-line basis over the following estimated useful lives:

	<u>Life</u>
Land improvements	15 – 20 years
Intangibles	15 – 20 years
Buildings and improvements	20 – 50 years
Runways and ramps	15 – 25 years
Vehicles	2 – 5 years
Infrastructure	15 – 35 years
Machinery, office furniture, and equipment	3 – 10 years

The Board of Education of Wicomico County, Wicomico County Nursing Home, and The Wicomico County Free Library have established their own thresholds.

Long-term obligations

In the government-wide financial statements and enterprise fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or enterprise fund type Statement of Net Position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium. Bond discounts are reported as deferred charges. Bond issuance costs are expensed in the year incurred.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuances costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

**WICOMICO COUNTY, MARYLAND**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2024**

**SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Compensated absences

The County accrues accumulated unpaid vacation, certain accrued sick leave, compensatory time, holidays worked, and associated employee-related costs when earned (or estimated to be earned) by the employee. The non-current portion (the amount estimated to be used in subsequent fiscal years) for governmental funds is maintained separately and represents a reconciling item between the fund and government-wide presentations.

Taxes and county services

The County and its separate funds do not pay Federal, state or local taxes, with the exception of social security taxes. Except for certain limited reimbursements of administrative expenses and employee benefits made from other funds, the General Fund is not reimbursed by the other funds for general staff services.

Income tax credit – the Wynne Case

The State of Maryland currently allows Maryland citizens who earn personal income in jurisdictions outside Maryland to take a credit against their Maryland Personal Income Tax for the income taxes paid to the other jurisdictions. Maryland has not allowed this credit against Maryland County or Municipal income taxes. A suit was brought against the State, the Wynne Case, asserting that this unequal treatment violated the Federal Commerce Clause. The State lost the appeal for the case, which will result in the State allowing credits against county income taxes with a resulting reduction in annual income tax revenue. The first reduction took place in fiscal year 2021. In addition, the tax law will allow a refund of overpayments for three prior tax years. The State Comptroller has estimated Wicomico County's liability for these refunds to be about \$598,794. The County established a fund balance reserve in fiscal year 2013 to offset the effects of these payments on future year revenue streams.

Revenues

Substantially all governmental fund revenues are accrued. Property taxes are billed and deemed collectible within the same period in which the taxes are levied. Property taxes and other revenues are shown net of discounts and allowances. Subsidies and grants to enterprise funds, which finance either capital or current operations, are reported as non-operating revenue based on GASB No. 33. In applying GASB No. 33 to grant revenues, the provider recognizes liabilities and expenses and the recipient recognizes receivables and revenue when the applicable eligibility requirements, including time requirements, are met. Resources transmitted before the eligibility requirements are met are reported as advances by the provider and unearned revenue by the recipient.

**WICOMICO COUNTY, MARYLAND**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2024**

**SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Property taxes

Property taxes attach as an enforceable lien on property as of July 1. Taxes are levied on July 1 and if the annual payment option is applied, are due and payable on or before September 30; on October 1 following the levy, unpaid taxes are in arrears. If the semiannual payment option is applied, the first payment is due and payable on or before September 30 and the second payment is due on or before December 31; failure to meet these payment dates puts the account in arrears. The County bills and collects its own taxes. Real property taxes uncollected as of 60 days after June 30, 2024 are considered unavailable to pay liabilities that are owed at the balance sheet date and, therefore, are included in deferred inflows in the fund statements. An allowance is established for delinquent personal property taxes to the extent that their collectability is improbable. The tax is levied on the full real property assessable basis; however, effective for the year ended June 30, 2002 and subsequent, the taxpayers passed a revenue cap on the growth of real property tax revenues. Therefore, the Council cannot increase real property tax revenue over the previous year's revenue, excluding new construction, more than the lesser of 2% or the CPI-U.

On July 1, 2001, the County began billing and collecting property taxes for the City of Salisbury, MD. As of June 30, 2020, the County is no longer billing and collecting property taxes on behalf of the City of Salisbury. As of June 30, 2024, both local property taxes receivable and due to other governments included \$68,199 due on behalf of and to the City of Salisbury.

Cash flows

For the purposes of the Statement of Cash Flows, the enterprise funds have defined cash and cash equivalents as all highly liquid deposits and other investment instruments that have a maturity of three months or less.

Expenditures

Expenditures are recognized when the related fund liability is incurred. Inventory costs are reported in the period when inventory items are used, rather than in the period purchased.

Encumbrances

Primary government encumbrances represent commitments related to unperformed contracts for goods or services. Encumbrance accounting – under which purchase orders, contracts, and other commitments for the expenditure 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 restricted fund balances and do not constitute expenditures or liabilities because the commitments will be honored during a subsequent year.

**WICOMICO COUNTY, MARYLAND**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2024**

**SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Fund balance classifications – balance sheet

Governmental Accounting Standards Board Statement No. 54: Fund Balance Reporting and Governmental Fund Type Definitions (GASB 54) requires fund balance classifications, as follows:

1. Non-spendable: Amounts that cannot be spent because they are either in a non-spendable form, or there are legal or contractual requirements.
2. Restricted: Amounts that are spendable, but must be used as directed by an external party. This includes limitations imposed by creditors, grantors, or laws and regulations of other governments.
3. Committed: Amounts that can only be used as specified by the formal action of the government's highest level of decision-making authority. The County Council is the highest level of decision-making authority, and committed funds are established by resolution or legislation.
4. Assigned: Amounts the government intends to use for a specific purpose. Intent does not require formal action by the government's highest level of decision-making authority. The County Executive's Office is responsible for the use of assigned funds in accordance with the purpose for which they were set aside.
5. Unassigned: Residual fund balance in the general fund.

Under GASB 54, encumbrances are no longer reported separately in fund balance, but are classified in the appropriate category as noted above. In Wicomico County, encumbrances are only used for legally binding contracts, and therefore are reported as a component of restricted funds.

The County has a policy for the spending order of the different types of fund balances. Non-spendable amounts by definition can't be spent, and restricted amounts are restricted by external parties and can only be spent in accordance with the restrictions; therefore, for purposes of the policy, they are excluded. All encumbrances are restricted because they are legal contracts.

Therefore, it is the policy of Wicomico County to spend committed, assigned, and unassigned funds in the following order:

First, assigned, all for the purposes for which they were assigned. Second, the appropriation of fund balance for subsequent year's expenditures, which is listed in the committed section. Last, unassigned fund balance, through action of County Council (appropriation of fund balance) and/or the committed Rainy Day fund balance, upon approval of County Council.

**WICOMICO COUNTY, MARYLAND**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2024**

**SIGNIFICANT ACCOUNTING POLICIES (Continued)**

General fund

In the general fund, the following components of fund balance are reported in the following classifications:

1. Non-spendable: Prepaid expenses and inventory reserve.

Prepaid expenses	\$	97,683
Roads inventory reserve		141,561
Total		\$ 239,244

2. Restricted: The Rate Stabilization Reserve for health insurance, which is governed by a contract; all encumbrances in all governmental funds are also restricted.

Health care rate stabilization	\$	1,424,443
Encumbrances		4,086,319
Early retiree reinsurance program		7,134
Community Reinvestment and Repair Fund		1,601,425
Total		\$ 7,119,321

3. Committed: The Rainy Day fund, which is set by resolution, is included in this classification. Also included is any appropriation of fund balance for subsequent year's expenditures.

Subsequent year's expenditures	\$	21,377,480
Commitments and emergencies		9,227,100
Total		\$ 30,604,580

4. Assigned: All other reserves not noted above are assigned. This includes the following:

Self-insurance	\$	1,072,840
Wynne tax case		598,794
Arbitrage		108,951
Roads surcharge		79,854
Death benefits		80,841
Drill academy		59,814
GIS mapping		36,767
Mosquito control		7,891
Working capital, Detention Center vending		1,000
Total		\$ 2,046,752

**WICOMICO COUNTY, MARYLAND**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2024**

**SIGNIFICANT ACCOUNTING POLICIES (Continued)**

General fund (continued)

5. Unassigned: The residual fund balance in the general fund is the unassigned fund balance that has not been restricted, committed, or assigned.

Unassigned	<u>\$ 85,369,363</u>
------------	----------------------

Other governmental funds

The governmental funds (other than the General Fund) are as follows:

1. Grants Fund – the purpose of this fund is to account for grants from external sources, primarily the State of Maryland and the Federal government.
2. Capital Projects Fund – this fund is used to account for capital outlays financed from general obligation bond proceeds and General Fund transfers.
3. Airport Fund – this fund is used to account for activities related to the Salisbury-Ocean City: Wicomico Regional Airport.
4. Civic Center Fund – this fund is used to account for activities related to the Wicomico Youth and Civic Center.
5. Recreation Fund – this non-major fund is used to account for activities at Recreation and Parks.
6. Agricultural Tax Fund – this non-major fund is used to account for activities related to the County agricultural tax.

Government-wide net position

Government-wide net position is divided into three major categories:

1. Net investment in capital assets – consists of the historical cost of capital assets less accumulated depreciation, and less any debt that remains outstanding that was used to finance those assets.
2. Restricted – consists of net position that is restricted by the creditors, enabling legislation, grantors, or other contributors.
3. Unrestricted – all other net position is reported in this category.

**WICOMICO COUNTY, MARYLAND**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2024**

**CASH, CASH EQUIVALENTS, AND INVESTMENTS**

Wicomico County

Deposits and Investments other than Pension and Health Care Trust Funds:

The County is authorized to invest monies for which it has custody or control. The types of investments are in accordance with Section 6-222 of the Maryland State Finance and Procurement Article.

The County's investment policy for its non-pension funds authorizes the investment of money in any of the following types of investments:

- a. U.S. Treasury Obligations
- b. Maryland Local Government Investment Pool
- c. Repurchase Agreements
- d. Collateralized Certificates of Deposit

The policy requires collateralization for certificates of deposit and repurchase agreements. Such collateral must be at least 102% of market value of principal and accrued interest. The Annotated Code of Maryland (Article 95, Section 22) requires that deposits with financial institutions by local governments be fully collateralized. The County's policy requires collateral to be held by a custodian in accordance with Section 6-209(c) of the State Finance and Procurement Article of the Annotated Code of Maryland and acceptable collateral as specified under Section 6-202 of the same document.

With the exception of the deposits in the Maryland Local Government Investment Pool (MLGIP), Wicomico County does not have any investments.

At June 30, 2024, the carrying amount of the County's cash deposits including the certificates of deposit for the primary government was \$229,342,038 and the bank balance was \$235,059,068. All deposits are carried at cost plus accrued interest. Of the bank balance, \$223,028,661 was deposited in the MLGIP. Deposits in the MLGIP comply with Article 95 of the Annotated Code of Maryland and are rated "AAAm" by Standard and Poor's. Financial statements and additional information for the Maryland Local Government Investment Pool can be obtained at the following website: <https://www.mlgip.com/mlgip.html>.

**WICOMICO COUNTY, MARYLAND  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2024**

**CASH, CASH EQUIVALENTS, AND INVESTMENTS (Continued)**

Custodial credit risk

The remaining deposits of \$12,030,407 were exposed to custodial credit risk as follows:

FDIC coverage	\$	1,291,466
Collateral held by the pledging financial institution or trust department but not in the County's name		10,738,941
	<b>\$</b>	<b>12,030,407</b>

The collateralization requirements described in the preceding section are established to reduce custodial credit risk which is the risk that in the event of a bank failure, the County's deposits may not be returned to it.

Fair value of investments

The County measures and records its investments using fair value guidelines established by generally accepted accounting principles. Assets recorded at fair value are measured using a three-tier fair value hierarchy, which prioritizes the inputs used in measuring fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The following are assets that were accounted for at fair value on a recurring basis as of June 30, 2024:

	Fair value using:		
	Level 1	Level 2	Level 3
Maryland Local Government Investment Pool	\$	\$ 223,028,661	\$

The following methods and assumptions were used to estimate the fair value of each class of financial instruments for which it is practical to estimate that value:

Maryland Local Government Investment Pool (Level 2) – The County determines fair value for the MLGIP using observable inputs other than quoted market prices. The investment is reported at amortized cost which approximates the fair value.

**WICOMICO COUNTY, MARYLAND  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2024**

**CASH, CASH EQUIVALENTS, AND INVESTMENTS (Continued)**

Credit risk

All the investments are either in fully insured certificates of deposit or in the MLGIP which has a Standard and Poor's rating of "AAAm", the highest rating available.

Concentration of credit risk

The investment policy of the County allows full investment of all available funds in the MLGIP. Investments in MLGIP represent 94% of total cash as of June 30, 2024.

Interest rate risk

The County's primary concern related to cash and investments is security and liquidity and, therefore, the County has no long-term investments and has 94% of its cash deposits in the MLGIP. For the 12 months ended June 30, 2024, the actual yield of the MLGIP is estimated to be 5.51%. The fair value of the pool is the same as the value of the pool shares.

Fiduciary funds

The County follows the investment policy as outlined previously for all of its cash held on behalf of custodial funds. As of June 30, 2024, the carrying amount of the County's cash deposits held on behalf of custodial funds was \$5,547,993 and the bank balance was \$5,571,987. Of the bank balance, \$450,594 was deposited in MLGIP. The remaining bank balance was secured by acceptable collateral, therefore, not exposed to custodial credit risk.

Wicomico County - Pension and Health Care Trust Fund investments

The Investment Policy of the County's Retirement Plan Trust requires that the pension funds be managed as a balanced account with a range of 70% equity, 26% government and corporate bond mix plus or minus 5%. Cash or cash equivalents are to be less than 4% on a long-term basis. The policy also has certain restrictions on types and amounts of investments that may be included in the portfolio, e.g. foreign securities, real estate, industry groups, loans, controlling interests. The County's Pension and Health Care Trust Funds investments are held by BNY Mellon and Aetna Insurance Company in the County's name. Pension and Health Care Trust Funds are invested as follows:

	Pension Trust Fund BNY Mellon & Aetna	Health Care Trust Fund GASB 75 BNY Mellon
Cash and cash equivalents	\$ 3,730,835	\$ 2,182,160
Fixed income	31,514,230	15,654,673
Equities	65,881,866	36,098,615
Total	\$ 101,126,931	\$ 53,935,448

There are no investments in any one organization in either fiduciary trust whose value exceeds 5% of the trust net position.

**WICOMICO COUNTY, MARYLAND**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2024**

**CASH, CASH EQUIVALENTS, AND INVESTMENTS (Continued)**

Board of Education of Wicomico County

Deposits and Investments other than Pension Funds:

The Board is authorized to invest monies for which it has custody or control. The types of investments are in accordance with Section 6-222 of the Maryland State Finance and Procurement Article.

The Board's investment policy for its non-pension funds authorizes its comptroller to invest money in any of the following types of investments:

- a. U.S. Treasury Obligations
- b. Local Government Investment Pool
- c. Repurchase Agreements
- d. Collateralized Certificates of Deposit

The policy requires that the investments be on a short-term (less than one year) basis to reduce interest rate risk and establishes maximum portfolio percentages for investments as follows to reduce concentration risk:

Diversification by Instrument	Maximum Percent of Portfolio
U.S. Treasury Obligations	100%
Local Government Investment Pool	100%
Repurchase Agreements (Master Repurchase Agreements Required)	30%
Collateralized Certificates of Deposit (Only Maryland Commercial Banks)	10%

The policy requires collateralization for certificates of deposit and repurchase agreements. Such collateral must be at least 102% of fair value of principal and accrued interest. The Annotated Code of Maryland (Article 95, Section 22) requires that deposits with financial institutions by local boards of education be fully collateralized. The Board's policy requires collateral to be held by a custodian in accordance with Section 6-209(c) of the State Finance and Procurement Article of the Annotated Code of Maryland and acceptable collateral as specified under Section 6-202 of the same document.

These collateralization requirements are established to reduce custodial risk which is the risk that in the event of a bank failure, the Board's deposits may not be returned to it.

**WICOMICO COUNTY, MARYLAND**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2024**

**CASH, CASH EQUIVALENTS, AND INVESTMENTS (Continued)**

Board of Education of Wicomico County (Continued)

At June 30, 2024, the Board's non-pension funds were invested as follows:

	Carrying Value	Bank Balance
Cash	\$ 3,571,165	\$ 5,805,617
Investments - cash equivalents	42,536,189	42,536,189

At June 30, 2024, the Board had bank deposits totaling \$5,805,617 with a carrying value of \$3,571,165. The Board is party to a security and custodial agreement with its bank wherein deposits exceeding the amounts insured by the Federal Deposit Insurance Corporation (FDIC) are collateralized by pledged securities held in the Board's name at The Bank of New York Mellon. As of June 30, 2024, the bank deposits were fully insured or collateralized. The bank balances were exposed to custodial credit risk as follows:

Insured	\$ 250,000
Uninsured and collateral held by pledging bank's trust department in the Board's name	5,555,617
Uninsured and collateral held by pledging bank's trust department not in the Board's name	
	\$ 5,805,617

The Board invests in the Maryland Local Government Investment Pool (MLGIP) which was created with the passage of Article 94 Section 22G of the Annotated Code of Maryland. The MLGIP is managed by PNC Safe Deposit and Trust Company which is under administrative control of the State Treasurer. A MLGIP Advisory Committee of current participants has been formed to review the activities of the Fund on a quarterly basis and 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. Investments are recorded at cost, which approximates fair value. Investments in MLGIP totaled \$42,536,189 at June 30, 2024 with \$11,034,164 committed for health insurance rate stabilization.

**WICOMICO COUNTY, MARYLAND**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2024**

**CASH, CASH EQUIVALENTS, AND INVESTMENTS (Continued)**

Board of Education of Wicomico County (Continued)

Pension and Other Trust Fund Investments:

The investment policy of the Board’s Pension and Retiree Health Plan Trusts requires that the funds be managed as a balanced account with approximately a 65% equity, 35% fixed income mix. Cash or cash equivalents are to be less than 3% on a long-term basis. The policy also has certain restrictions on types and amounts of investments that may be included in the portfolio, e.g. foreign securities, real estate, industry groups, loans, controlling interests. Cash deposits of pension and other trust funds in excess of amounts insured by the FDIC are subject to custodial credit risk.

The Board’s pension investments are held by The Bank of New York Mellon (BNY Mellon), Aetna Insurance Company and Janus in the Board’s name. The Board’s Retiree Health Plan Trust investments are held at BNY Mellon in the Board’s name. The Trustees review, on an annual basis, the financial status, objectives and guidelines, and current, short term and long-term capital market expectations to manage interest rate risk and credit risk.

Pension and other trust funds are invested as follows:

	Pension Trust		401(a)	Retiree Health Plan Trust	Total
	BNY Mellon	AETNA	Janus	BNY Mellon	
Cash and equivalents	\$ 479,984	\$ 14,404	\$ 596,156	\$ 506,833	\$ 1,597,377
Government bonds		23,600	237,908		261,508
Commercial paper (less than 1 year)		303,625			303,625
Mortgage loans		150,521	621,111		771,632
Corporate bonds		530,997	294,474		825,471
Common stock			3,634,059		3,634,059
Mutual funds	26,241,611	106,679		33,193,103	59,541,393
Other	4,396,358		161,933	5,674,770	10,233,061
Total	<u>\$31,117,953</u>	<u>\$ 1,129,826</u>	<u>\$ 5,545,641</u>	<u>\$39,374,706</u>	<u>\$77,168,126</u>

**WICOMICO COUNTY, MARYLAND**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2024**

**CASH, CASH EQUIVALENTS, AND INVESTMENTS (Continued)**

Board of Education of Wicomico County (Continued)

Corporate bonds held at June 30, 2024 are rated by Standard & Poor's as follows:

Rating	Percent of Corporate Bond Portfolio			
	<u>Pension Trust</u>		<u>401(a)</u>	<u>Retiree Health</u>
	BNY Mellon	AETNA	Janus	Plan Trust BNY Mellon
AAA		20.41%	67.21%	
AA+				
AA			4.53%	
AA-				
A+		16.33%		
A		20.41%	15.22%	
A-		18.37%		
BBB+		24.49%		
BBB			12.11%	
BBB-				
BB+			0.13%	
B			0.80%	

Pension Trust:

AETNA:

Corporate bond issues held at June 30, 2024 are as follows:

	Percent of Holdings
Citigroup Inc	24.49%
Johnson & Johnson	20.41%
Pfizer Inc	20.41%
Anheuser-Busch InBev	18.37%
United Health Group Inc	16.33%

**WICOMICO COUNTY, MARYLAND**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2024**

**CASH, CASH EQUIVALENTS, AND INVESTMENTS (Continued)**

Board of Education of Wicomico County (Continued)

401(a):

Janus:

Corporate bond issues held at June 30, 2024 are as follows:

	<u>Percent of Holdings</u>
American Funds American Balanced R6 (RLBGX)	100.00%
Average duration 6.30 years	

Except as previously stated as contained within the investment policy, the Board does not have a formal policy concentration or interest rate risk.

The Wicomico County Free Library

The Library follows Article 95, Section 22 of the Annotated Code of Maryland, which requires that deposits with financial institutions by local boards of education and public libraries be fully collateralized. Full collateralization is necessary to minimize the risk of loss of a deposit in the event of the default of a financial institution. In addition, this section of the law requires that collateral be of the types specified in the State Finance and Procurement Article, Section 6-202 of the Code.

Custodial credit risk is the risk that in the event of a bank failure, the Library's deposits may not be returned to it. As of June 30, 2024, \$778,842 of the Library's deposits were exposed to custodial credit risk. This amount was uninsured but was secured by collateral held by the pledging bank in the Library's name.

Investment pool - MLGIP

The Library is a participant in the Maryland Local Government Investment Pool (MLGIP). The MLGIP was established pursuant to State Law. It is administered by the State Treasurer and managed by a Maryland bank. Deposits of the MLGIP, although not insured by the FDIC, comply with article 95 of the Annotated Code of Maryland and is rated "AAAm" by Standard and Poor's.

The MLGIP operates and reports to participants on an amortized cost basis. Income, gains, and losses of the MLGIP, net of administration fees, are allocated based upon the participant's average daily basis. The fair value of the MGLIP investment pool is approximately equal to the value of the pool shares. There are no limitations or restrictions on withdrawals from the pool. On any given business day, participants may withdraw any amount up to their total principal value if notification is made prior to 2:00 pm.

The MLGIP issue a publicly available financial report which can be found at [www.mlgip.pnc.com](http://www.mlgip.pnc.com).

**WICOMICO COUNTY, MARYLAND  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2024**

**CASH, CASH EQUIVALENTS, AND INVESTMENTS (Continued)**

The Wicomico County Free Library (Continued)

Wicomico Public Library endowment fund

In April 2011, the Library established an endowment fund held by the Community Foundation of the Eastern Shore (CFES) with an initial investment of \$10,000 from the Gifts and Memorials fund. These funds are to be held by the CFES and invested per the terms of the endowment agreement. Under the terms of the agreement, the principal of the fund shall remain intact. Income of the fund will be distributed to the library periodically to be used for educational programs and services.

The market value of the investment as of June 30, 2024 was \$22,274 and is reported in the Gifts and Memorials Fund. Of this amount, \$8,421 is available to be drawn down by the Library, which leaves restricted balance of \$13,853 held for investment. Activity in the endowment fund for the year is as follows:

Balance, beginning of year	\$ 20,903
Investment gain	1,371
Balance, end of year	\$ 22,274

Betty Jane Dashiell Wicomico Library fund

In September 2023, the Library closed their CD account with M&T Bank, worth \$10,236. The Library then transferred these funds and invested them into a non-endowment fund held by the Community Foundation of the Eastern Shore (CFES). These funds, plus an additional \$500 contribution, would later be transferred into an endowment fund in February 2024. These funds are to be held by the CFES and invested per the terms of the endowment agreement

The market value of the investment as of June 30, 2024 was \$11,044 and is reported in the Gifts and Memorial Fund. Of this amount, \$269 is available to be drawn down by the Library, which leaves a restricted balance of \$10,776 held for investment. Activity in the endowment fund for the year is as follows:

Balance, beginning of year	\$ 10,736
Investment gain	308
Balance, end of year	\$ 11,044

Wicomico Public Library non-endowed fund

In June 2015, an individual donated stock to the Library which was liquidated and put into a new account with the CFES, called the Wicomico County Free Library Non-Endowed Fund. Any distributions from the fund must be requested by the Executive Director and the Board Chair and must be used for the sole purpose of serving the non-profit mission of the Library. The CFES shall sweep all interest from the Fund to offset its administrative costs. The balance in this fund at June 30, 2024 was \$15,234. There was no activity in the endowment fund for the year.

**WICOMICO COUNTY, MARYLAND**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2024**

**CASH, CASH EQUIVALENTS, AND INVESTMENTS (Continued)**

The Wicomico County Free Library (Continued)

Fair value of investments

The Library measures and records its investments using fair value guidelines established by generally accepted accounting principles. Assets recorded at fair value are measured using a three-tier fair value hierarchy, which prioritizes the inputs used in measuring fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements).

The following are assets that were accounted for at fair value on a recurring basis as of June 30, 2024:

	Fair value using:		
	Level 1	Level 2	Level 3
Maryland Local Government Investment Pool	\$	\$ 464,567	\$
Wicomico Public Library Endowment Fund			22,274
Betty Jane Dashiell Wicomico Library Endowment Fund			11,044
Wicomico Public Library Non-endowed Fund			15,234
	\$	\$ 464,567	\$ 48,552

The following methods and assumptions were used to estimate the fair value of each class of financial instruments for which it is practical to estimate that value:

Maryland Local Government Investment Pool (Level 2) – The Library determines fair value for the MLGIP using observable inputs other than quoted market prices. The investment is reported at amortized cost which approximates the fair value.

Wicomico Public Library Endowment Fund and Non-endowed Fund (Level 3) – Assets held at the Community Foundation of the Eastern Shore (CFES) have been valued at the fair value of the Library’s share of the CFES’s investment pool. The estimated values are determined by the management of the CFES and may not reflect amounts that could be realized upon immediate sale. Accordingly, the estimated fair values may differ significantly from the values that would have been used had a ready market existed for these investments.

The following table represents a reconciliation of the activities for Level 3 financial investments:

Balance, beginning of year	\$ 36,137
Investment gain	1,679
Contributions	10,736
Balance, end of year	\$ 48,552

**WICOMICO COUNTY, MARYLAND**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2024**

**RECEIVABLES**

Governmental funds report receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of the current fiscal year unavailable revenue for delinquent property taxes receivable reported in the general fund was \$605,622.

Receivables as of June 30, 2024 for the government-wide financial statements, including the applicable allowances for uncollectible accounts, are as follows:

	Governmental Activities				Total
	General Fund	Grants Fund	Airport	Other	
Receivables					
Taxes receivable	\$ 4,367,855	\$	\$	\$	\$ 4,367,855
Notes receivable	18,806				18,806
Due from other governmental agencies	12,467,744	11,847,014	4,535,152		28,849,910
Other receivables	1,281,726		217,603	259,806	1,759,135
Gross receivables	18,136,131	11,847,014	4,752,755	259,806	34,995,706
Less allowance for uncollectibles	2,620,081				2,620,081
Net total receivables	<u>\$ 15,516,050</u>	<u>\$ 11,847,014</u>	<u>\$ 4,752,755</u>	<u>\$ 259,806</u>	<u>\$ 32,375,625</u>
	Business-Type Activities				Total
	Solid Waste	Nursing Home	Other		
Receivables					
Accounts receivable	\$ 938,951	\$ 1,252,110	\$ 498,022		\$ 2,689,083
Due from other governmental agencies					
Gross receivables	938,951	1,252,110	498,022		2,689,083
Less allowance for uncollectibles	11,953				11,953
Net total receivables	<u>\$ 926,998</u>	<u>\$ 1,252,110</u>	<u>\$ 498,022</u>		<u>\$ 2,677,130</u>

Receivables for The Board of Education of Wicomico County and The Wicomico County Free Library as of June 30, 2024 are \$19,664,976 and \$194,914, respectively.

**WICOMICO COUNTY, MARYLAND**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2024**

**CAPITAL ASSETS**

Capital asset activity for the year ended June 30, 2024 was as follows:

<u>Primary Government</u>	Balance*				Balance
	June 30, 2023	Additions	Deletions	Transfers	June 30, 2024
<b>GOVERNMENTAL ACTIVITIES:</b>					
Capital assets not being depreciated					
Land	\$ 16,873,328	\$ 2,003,166	\$	\$ 202,472	\$ 19,078,966
Intangibles	10,875,455				10,875,455
Construction in progress	97,048,741	29,502,648	(25,727)	(4,927,608)	121,598,054
Total capital assets not being depreciated	<u>124,797,524</u>	<u>31,505,814</u>	<u>(25,727)</u>	<u>(4,725,136)</u>	<u>151,552,475</u>
Capital assets being depreciated					
Infrastructure	189,002,544				189,002,544
Land improvements	7,934,626	133,397			8,068,023
Runways and ramps	70,856,089				70,856,089
Buildings and improvements	84,264,020	5,742,271		4,485,782	94,492,073
Machinery, office furniture and equipment	18,558,202	1,587,147		239,354	20,384,703
Intangibles	2,377,344				2,377,344
Vehicles	19,831,209	2,478,068	(44,480)		22,264,797
Total capital assets being depreciated	<u>392,824,034</u>	<u>9,940,883</u>	<u>(44,480)</u>	<u>4,725,136</u>	<u>407,445,573</u>
Total capital assets	<u>\$ 517,621,558</u>	<u>\$ 41,446,697</u>	<u>\$ (70,207)</u>	<u>\$</u>	<u>\$ 558,998,048</u>
Accumulated depreciation					
Infrastructure	\$ (156,264,320)	\$ (2,827,929)	\$	\$	\$ (159,092,249)
Land improvements	(2,445,362)	(2,090,591)			(4,535,953)
Runways and ramps	(61,158,232)				(61,158,232)
Buildings and improvements	(61,980,665)	(1,655,094)			(63,635,759)
Machinery, office furniture and equipment	(13,232,813)	(830,862)			(14,063,675)
Intangibles	(2,217,172)	(46,694)			(2,263,866)
Vehicles	(18,424,662)	(520,957)	40,912		(18,904,707)
Total accumulated depreciation	<u>(315,723,226)</u>	<u>(7,972,127)</u>	<u>40,912</u>		<u>(323,654,441)</u>
Right-of-use assets					
Leased vehicles	2,980,772	654,369	(582,297)		3,052,844
Less accumulated amortization	(1,335,764)	(656,751)	582,297		(1,410,218)
Total right-of-use assets, net	<u>1,645,008</u>	<u>(2,382)</u>			<u>1,642,626</u>
Governmental activities					
capital assets, net	<u>\$ 203,543,340</u>	<u>\$ 33,472,188</u>	<u>\$ (29,295)</u>	<u>\$</u>	<u>\$ 236,986,233</u>

\*June 30, 2023 beginning balances have been restated to include capital assets and related accumulated depreciation for the Airport. The Airport was converted from a Business-Type activity to a Governmental activity during the year ended June 30, 2024.

**WICOMICO COUNTY, MARYLAND**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2024**

**CAPITAL ASSETS (Continued)**

Capital asset activity for the year ended June 30, 2024 was as follows:

<u>Primary Government (continued)</u>	Balance*				Balance
	June 30, 2023	Additions	Deletions	Transfers	June 30, 2024
<b><u>BUSINESS-TYPE ACTIVITIES:</u></b>					
Capital assets not being depreciated					
Land	\$ 913,147	\$ 51,500	\$	\$	\$ 964,647
Intangibles	45,681				45,681
Construction in progress	8,437,639	2,758,880			11,196,519
Total capital assets not being depreciated	<u>9,396,467</u>	<u>2,810,380</u>			<u>12,206,847</u>
Capital assets being depreciated					
Land improvements	3,169,091				3,169,091
Land disposal sites - liner costs	24,556,375				24,556,375
Buildings and improvements	4,858,061	20,225			4,878,286
Machinery, office furniture and equipment	4,627,219	35,456			4,662,675
Intangibles	60,879				60,879
Vehicles	11,944,999	1,092,848			13,037,847
Right-of-use assets	20,111				20,111
Total capital assets being depreciated	<u>49,236,735</u>	<u>1,148,529</u>			<u>50,385,264</u>
Total capital assets	<u>\$ 58,633,202</u>	<u>\$ 3,958,909</u>	<u>\$</u>	<u>\$</u>	<u>\$ 62,592,111</u>
Accumulated depreciation					
Land improvements	\$ (2,451,818)	\$ (38,531)	\$	\$	\$ (2,490,349)
Land disposal sites - liner costs	(20,376,767)	(867,810)			(21,244,577)
Buildings and improvements	(3,324,786)	(106,787)			(3,431,573)
Machinery, office furniture and equipment	(3,972,898)	(80,203)			(4,053,101)
Intangibles	(56,469)	(5,739)			(62,208)
Vehicles	(9,063,066)	(788,376)			(9,851,442)
Right-of-use assets	(877)	(3,585)			(4,462)
Total accumulated depreciation	<u>(39,246,681)</u>	<u>(1,891,031)</u>			<u>(41,137,712)</u>
Business-type activities capital assets, net	<u>\$ 19,386,521</u>	<u>\$ 2,067,878</u>	<u>\$</u>	<u>\$</u>	<u>\$ 21,454,399</u>

\*June 30, 2023 beginning balances have been restated to exclude capital assets and related accumulated depreciation for the Airport. The Airport was converted from a Business-Type activity to a Governmental activity during the year ended June 30, 2024.

**WICOMICO COUNTY, MARYLAND**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2024**

**CAPITAL ASSETS (Continued)**

Primary Government (continued)

Depreciation expense was charged to functions/programs of the primary government as follows:

GOVERNMENTAL ACTIVITIES:

General Government	\$ 534,532
Public Safety	528,268
Public Works	3,287,214
Health & Welfare	10,563
Culture & Recreation	1,131,026
Salisbury – Ocean City : Wicomico Regional Airport	2,478,563
Education	1,961
Total depreciation expense – governmental activities	<u>\$ 7,972,127</u>

BUSINESS-TYPE ACTIVITIES:

Solid Waste	\$ 871,201
Solid Waste – land disposal sites	867,810
Nursing Home	110,284
Urban Services	11,887
Convention & Visitors Bureau	26,264
Total depreciation expense – business-type activities	<u>\$ 1,887,446</u>

**WICOMICO COUNTY, MARYLAND**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2024**

**CAPITAL ASSETS (Continued)**

Board of Education of Wicomico County

Capital asset activity for the year ended June 30, 2024 was as follows:

	Balance June 30, 2023	Additions	Deletions	Transfers	Balance June 30, 2024
<b>GOVERNMENTAL ACTIVITIES:</b>					
Capital assets not being depreciated					
Land	\$ 4,372,740	\$	\$	\$	\$ 4,372,740
Construction in progress	71,870,802	46,178,193		(2,325,116)	115,723,879
Total capital assets not being depreciated	76,243,542	46,178,193		(2,325,116)	120,096,619
Capital assets being depreciated					
Buildings and improvements	479,086,873	449,797	(4,238)	2,325,116	481,857,548
Furniture and equipment	34,029,042	2,004,374	(348,375)		35,685,041
Vehicles	4,702,145	225,605	(197,658)		4,730,092
Total capital assets being depreciated	517,818,060	2,679,776	(550,271)	2,325,116	522,272,681
Total capital assets	\$ 594,061,602	\$ 48,857,969	\$ (550,271)	\$	\$ 642,369,300
Less accumulated depreciation					
Buildings and improvements	\$ (150,630,370)	\$ (12,717,127)	\$ 4,238	\$	\$ (163,343,259)
Furniture and equipment	(26,076,580)	(1,873,579)	348,375		(27,601,784)
Vehicles	(3,249,275)	(412,075)	191,433		(3,469,917)
Total accumulated depreciation	(179,956,225)	(15,002,781)	544,046		(194,414,960)
Total capital assets, being depreciated, net	\$ 337,861,835	\$ (12,323,005)	\$ (6,225)	\$ 2,325,116	\$ 327,857,721
Right-of-use assets					
Leased buildings, equipment and vehicles	\$ 6,405,605	\$ 1,814,260	\$	\$	\$ 8,219,865
Less accumulated amortization	(3,748,208)	(569,876)			(4,318,084)
Total right-of-use assets, net	2,657,397	1,244,384			3,901,781
Governmental activities capital assets, net	\$ 416,762,774	\$ 35,099,572	\$ (6,225)	\$	\$ 451,856,121
<b>BUSINESS TYPE ACTIVITIES:</b>					
Capital assets being depreciated					
Equipment	\$ 1,391,959	\$ 247,079	\$ (32,919)	\$	\$ 1,606,119
Accumulated depreciation	(843,412)	(80,895)	32,725		(891,582)
Business-type activities capital assets, net	\$ 548,547	\$ 166,184	\$ (194)	\$	\$ 714,537

**WICOMICO COUNTY, MARYLAND**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2024**

**CAPITAL ASSETS (Continued)**

Board of Education of Wicomico County (continued)

Depreciation expense was charged to governmental functions as follows:

Administration	\$	16,809
Instructional services		13,736,857
Special education		70,769
Student personnel services		10,894
Health services		21,310
Student transportation		355,592
Operation of plant and equipment		1,217,998
Maintenance of plant		139,453
Community services		2,975
Total governmental depreciation expense		15,572,657

Depreciation expense was charged to business-type functions as follows:

Food service		80,895
Total business-type depreciation expense		80,895
Total depreciation expense	\$	15,653,552

Wicomico County Free Library

Capital asset activity for the year ended June 30, 2024 was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
Assets not being depreciated				
Land	\$ 80,820	\$	\$	\$ 80,820
Deposits	121,215	81,480	121,215	81,480
Total	202,035	81,480	121,215	162,300
Capital assets being depreciated				
Building & improvements	2,708,973	121,215		2,830,188
Furniture and equipment	1,259,008	82,476		1,341,484
Vehicles	509,838	138,207		648,045
Total capital assets	4,477,819	341,898		4,819,717
Less accumulated depreciation	3,359,265	248,429		3,607,694
Total capital assets being depreciated, net	1,118,554	93,469		1,212,023
Net capital assets	\$ 1,320,589	\$ 174,949	\$ 121,215	\$ 1,374,323

**WICOMICO COUNTY, MARYLAND**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2024**

**RIGHT-OF-USE ASSETS**

Wicomico County, Maryland

The County had a variety of lease agreements in place for vehicles. Payments under the vehicle leases total approximately \$500,000 per year. The lease agreements in place for these vehicles began as early as fiscal year 2019 and will expire as late as fiscal year 2028. For purposes of discounting future payments on these leases, the County used its incremental borrowing rate in place at the time of the lease inception, 4.00%.

Leased vehicles and related accumulated amortization of the right-of-use assets are outlined in the Capital Assets footnote.

Lease payments over the next 5 years are as follows:

Fiscal Year	Principal	Interest	Total
2024	\$ 555,003	\$ 57,622	\$ 612,625
2025	443,913	38,076	481,989
2026	407,549	20,557	428,106
2027	237,149	7,073	244,222
2028	66,163	912	67,075
	\$ 1,709,777	\$ 124,240	\$ 1,834,017

Interest expense on the above right-of-use assets was approximately \$70,959 for the year ended June 30, 2024.

Wicomico County Board of Education

In accordance with GASB Statement No. 87, *Leases*, the Board recognizes the value of right-to-use assets leased under long-term contracts along with a related lease liability.

The Board had a variety of lease agreements in place for vehicles. Payments under the vehicle leases total approximately \$334,000 per year. The lease agreements in place for these vehicles began during fiscal years 2021 through 2024 and will expire in a sixty (60) months. For purposes of discounting future payments on these leases the Board used the imputed interest rate in the lease agreement, ranging from 0.60% to 4.10%.

The Board had a lease agreement in place for its central office location. Payments under the building lease total approximately \$250,000 per year. The lease agreement began during fiscal year 2018 and will expire during fiscal year 2035. For purposes of discounting future payments on this lease the Board used its incremental borrowing rate in place at the time of lease inception, 2.65%.

Leased building, vehicles and equipment and related accumulated amortization of the right-of-use assets are outlined in the Capital Assets footnote.

**WICOMICO COUNTY, MARYLAND**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2024**

**RIGHT-OF-USE ASSETS (Continued)**

Wicomico County Board of Education (continued)

Lease payments over the next five years are as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ 638,296	\$ 116,436	\$ 754,732
2026	618,081	97,280	715,361
2027	572,105	78,628	650,733
2028	526,491	60,125	586,616
2029	375,151	45,420	420,571
2030 – 2034	1,142,377	125,123	1,267,500
Thereafter	246,955	6,544	253,499
	<u>\$ 4,119,456</u>	<u>\$ 529,556</u>	<u>\$ 4,649,012</u>

Interest expense on the above intangible right-of-use assets was approximately \$100,000 for the year ended June 30, 2024.

Wicomico County Free Library

Right-of-use assets activity for the year ended June 30, 2024 was as follows:

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>
Library space	\$ 51,395	\$	\$ 29,084	\$ 22,311
Office equipment	25,503	7,239		32,742
Total	76,898	7,239	29,084	55,053
Less accumulated depreciation	38,699	26,495	29,084	36,110
Net right-of-use assets	<u>\$ 38,199</u>	<u>\$ (19,256)</u>	<u>\$</u>	<u>\$ 18,943</u>

**LIBRARY COLLECTIONS**

Library collections and related accumulated amortization activity for the year ended June 30, 2024 was as follows:

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>
Cost	\$ 1,493,742	\$ 255,339	\$ 200,001	\$ 1,549,080
Less accumulated amortization	616,529	213,392	200,001	629,920
Net Library collections	<u>\$ 877,213</u>	<u>\$ 41,947</u>	<u>\$</u>	<u>\$ 919,160</u>

**WICOMICO COUNTY, MARYLAND  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2024**

**INTERFUND RECEIVABLES AND PAYABLES - FUND STATEMENTS**

Interfund transactions are reflected as either advances, loans, services provided, reimbursements, or transfers. Advances and loans are reported as receivables and payables, as appropriate, and are subject to elimination upon consolidation and are referred to as either “due to/from other funds” (i.e., the current portion of interfund loans) or “advances to/from other funds” (i.e., the non-current portion of interfund loans). Any residual balances outstanding between the governmental activities and the business-type activities are reported in the government-wide financial statements as “internal balances”. Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not available financial resources.

Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures/expenses. Reimbursements are when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers between governmental or proprietary funds are netted as part of the reconciliation to the government-wide presentation. Due to/from primary government and component unit:

Receivable Entity	Payable Entity	Amount
Component unit – Board of Education	Primary government – capital projects	\$ 3,845,515

**WICOMICO COUNTY, MARYLAND**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2024**

**INTERFUND TRANSACTIONS**

Transfers are used to (1) move revenues from the fund that the statute or budget requires to collect them to the fund that the statute or budget requires to expend them, (2) move receipts restricted to debt services from the funds collecting the receipts to the debt service fund as debt service payments become due, and (3) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

A summary of interfund transfers is as follows:

	General Fund	Grants	Capital Projects	Recreation	Solid Waste	Convention & Visitors Bureau	Civic Center	Total
General Fund	\$	\$ 14,078	\$ 25,844,483	\$ 3,307,253	\$	\$	\$ 1,502,313	\$ 30,668,127
Grants		(14,078)						(14,078)
Capital Projects			(25,844,483)					(25,844,483)
Recreation			(3,307,253)			(14,500)	98,000	(3,223,753)
Convention & Visitors Bureau				14,500				14,500
Civic Center				(98,000)				(1,600,313)
<b>Total</b>	<b>\$</b>	<b>\$ 14,078</b>	<b>\$ 25,844,483</b>	<b>\$ 3,223,753</b>	<b>\$</b>	<b>\$ (14,500)</b>	<b>\$ 1,600,313</b>	<b>\$</b>

**WICOMICO COUNTY, MARYLAND**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2024**

**LONG-TERM DEBT AND FINANCE LEASE OBLIGATIONS**

General obligation bonds have been issued for both general government and enterprise activities. These bonds are reported in the enterprise funds if they are expected to be paid from enterprise fund revenues. The original amount of general obligation bonds issued in prior and current years that remain outstanding as of June 30, 2024 was \$245,087,596. The original amount of general obligation bonds including issuance premiums after refunding that remain outstanding as of June 30, 2024 was \$169,448,016.

General obligation bonds are direct obligations and pledge the full faith and credit of the government. These bonds generally are issued as 15 – 25 year serial bonds with different amounts of principal maturing each year.

The County's debt is limited to 3.2% of total assessed value of real property plus 8% of total assessed value of personal property located within the County. The debt limit for the fiscal year ending June 30, 2024 was \$271,456,323. The remaining debt authority after considering various debt obligations of \$169,448,016 was \$102,008,307: 37.58% of the debt capacity remains available.

As shown on the combined statement of net position, total debt of the primary government including all blended component units is \$179,898,198. However, based on information from the County, and as reported in the audited financial statements of the Wicomico Nursing Home, there is no recourse to the County on the working capital of that facility. Therefore, the amount of that indebtedness, or \$54,511, is removed from total primary government debt and is also excluded from the County's limitation on bonded debt.

During the fiscal year ended June 30, 2024, the County issued a tax exempt public improvement bond with a principal amount of \$4,195,000 to fund certain capital projects. The proceeds from the bond are to be used for continuing construction projects at the Board of Education of Wicomico County.

During the fiscal year ended June 30, 2024, the County also issued a taxable public improvement bond with a principal amount of \$7,645,000 to fund certain capital projects. The proceeds from the bond are to be used for continuing construction projects at the Salisbury-Ocean City: Wicomico Regional Airport.

**WICOMICO COUNTY, MARYLAND**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2024**

**LONG-TERM DEBT AND FINANCE LEASE OBLIGATIONS (Continued)**

Long-term debt of the Primary Government consists of the following as of June 30, 2024:

	Interest Rate	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
<u>GOVERNMENTAL ACTIVITIES</u>						
Bonds payable						
General obligation						
bonds	1.0-6.00%	\$ 154,228,641	\$ 11,840,000	\$ (18,504,541)	\$ 147,564,100	\$ 9,061,769
Add issuance premiums		14,643,396	230,354	(1,150,292)	13,723,458	
Total bonds payable		168,872,037	12,070,354	(19,654,833)	161,287,558	9,061,769
Other loans payable						
Maryland Water						
Quality loans	0.30%	1,500,284	882,659	(93,842)	2,289,101	94,124
Other loans payable		1,500,284	882,659	(93,842)	2,289,101	94,124
Total bonds and loans payable		170,372,321	12,953,013	(19,748,675)	163,576,659	9,155,893
Right-of-use leases	*	1,713,888	654,369	(658,480)	1,709,777	555,003
Finance lease obligations	*	794,774		(390,642)	404,132	404,132
Governmental activity long-term liabilities, primary government		172,880,983	13,607,382	(20,797,797)	165,690,568	10,115,028
<u>BUSINESS-TYPE ACTIVITIES</u>						
Bonds payable						
General obligation						
bonds	2.5-3.9%	5,791,519		(232,886)	5,558,633	320,546
Add issuance premiums		331,119		(18,395)	312,724	
Total bonds payable		6,122,638		(251,281)	5,871,357	320,546
Other loans payable						
Maryland DHMH loan	0.00%	54,511			54,511	54,511
Total bonds and loans payable		6,177,149		(251,281)	5,925,868	375,057
Right-of-use leases	*	19,235		(3,585)	15,650	3,711
Finance lease obligations	*	2,561,594	449,652	(885,893)	2,125,353	714,148
Business-type activity long-term liabilities		8,757,978	449,652	(1,140,759)	8,066,871	1,092,916
Less: Nursing Home		(54,511)			(54,511)	(54,511)
Business-type activity long-term liabilities, primary government		8,703,467	449,652	(1,140,759)	8,012,360	1,038,405
Total debt, primary government		181,584,450	14,057,034	(21,938,556)	173,702,928	11,153,433
* Debt not subject to limitation		(5,089,491)	(1,104,021)	1,938,600	(4,254,912)	(1,676,994)
Debt subject to limitation		\$ 176,494,959	\$ 12,953,013	\$ (19,999,956)	\$ 169,448,016	\$ 9,476,439

**WICOMICO COUNTY, MARYLAND**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2024**

**LONG-TERM DEBT AND FINANCE LEASE OBLIGATIONS (Continued)**

Summary of remaining debt service requirements for bonds payable for the year(s) ended June 30 are as follows (note that the amortization of issuance premiums are included in the interest portion of debt service, not the principal):

Year	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2025	\$ 9,139,921	\$ 5,324,845	\$ 267,158	\$ 146,990
2026	9,318,378	4,937,324	272,991	137,334
2027	9,272,502	4,547,903	282,726	127,981
2028	9,481,961	4,166,035	289,686	118,802
2029	9,701,188	3,775,286	296,832	109,392
2030-2034	47,992,274	12,922,535	1,560,527	395,118
2035-2039	31,807,357	6,105,345	1,425,043	196,538
2040-2044	22,787,623	1,530,847	992,639	54,500
2045-2049	351,996	5,453	171,032	4,847
Total debt service requirements	\$ 149,853,200	\$ 43,315,573	\$ 5,558,634	\$ 1,291,502

The County has entered into leases for the acquisition of various equipment which transfers ownership at the end of the lease. Accordingly, the present value of the future minimum lease payments and the related assets has been recorded in the appropriate funds. Amortization of those assets is included with depreciation expense.

During the year ended June 30, 2012, the County entered into an agreement with Energy Systems Group (ESG) for multi-phased energy efficient upgrades and equipment installation. The work contracted through ESG was completed during fiscal year 2013. The County entered into a lease agreement with Grant Capital Management, Inc. during the year ended June 30, 2012 to fund the design and construction work of the energy efficient upgrades. The lease is payable in biannual payments of \$211,974 beginning July 2013 and bears interest at 3.4%. The balance of the lease as of June 30, 2024 is \$413,303.

The County entered into a lease agreement with Caterpillar Financial Services Corporation during the year ended June 30, 2019 for the purchase of a track loader for the Solid Waste Department. The lease is payable in monthly installments of \$7,016 beginning February 2019 and bears interest at 4.85%. The lease was paid off in full as of June 30, 2024.

The County entered into a lease agreement with Caterpillar Financial Services Corporation during the year ended June 30, 2019 for the purchase of an articulated truck for the Solid Waste Department. The lease is payable in monthly installments of \$9,724 beginning January 2019 and bears interest at 5.05%. The lease was paid off in full as of June 30, 2024.

**WICOMICO COUNTY, MARYLAND**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2024**

**LONG-TERM DEBT AND FINANCE LEASE OBLIGATIONS (Continued)**

The County entered into a lease agreement with Caterpillar Financial Services Corporation during the year ended June 30, 2020 for the purchase of a hydraulic excavator for the Solid Waste Department. The lease is payable in monthly installments of \$7,063 beginning January 2020 and bears interest at 3.35%. The balance of this lease as of June 30, 2024 is \$41,965.

The County entered into a lease agreement with Caterpillar Financial Services Corporation during the year ended June 30, 2022 for the purchase of a track type tractor for the Solid Waste Department. The lease is payable in monthly installments of \$9,005 beginning September 2021 and bears interest at 2.99%. The balance of this lease as of June 30, 2024 is \$226,425.

The County entered into a lease agreement with Signature Public Funding Corporation during the year ended June 30, 2022 for the purchase of a landfill compactor for the Solid Waste Department. The lease is payable in annual installments of \$277,543 beginning October 2022 and bears interest at 2.25%. The balance of this lease as of June 30, 2024 is \$804,486.

The County entered into a lease agreement with Signature Public Funding Corporation during the year ended June 30, 2023 for the purchase of a bulldozer for the Solid Waste Department. The lease is payable in annual installments of \$106,135 beginning December 2022 and bears interest at 4.75%. The balance of this lease as of June 30, 2024 is \$293,294.

The County entered into a lease agreement with Signature Public Funding Corporation during the year ended June 30, 2023 for the purchase of an articulated truck for the Solid Waste Department. The lease is payable in annual installments of \$141,216 and bears interest at 4.95%. The balance of this lease as of June 30, 2024 is \$388,776.

The County entered into a lease agreement with Signature Public Funding Corporation during the year ended June 30, 2024 for the purchase of a hydraulic excavator for the Solid Waste Department. The lease is payable in annual installments of \$98,689 and bears interest at 5.35%. The balance of this lease as of June 30, 2024 is \$353,584.

**WICOMICO COUNTY, MARYLAND**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2024**

**LONG-TERM DEBT AND FINANCE LEASE OBLIGATIONS (Continued)**

Future minimum lease payments under finance lease obligations are as follows:

Year ending June 30	Primary Government	
	Governmental Activities	Business-type Activities
2025	\$ 414,540	\$ 786,997
2026		735,214
2027		657,503
2028		102,192
	414,540	2,281,906
Amounts representing interest	(10,408)	(156,553)
Present value of future minimum lease payments	\$ 404,132	\$ 2,125,353

Long-term debt of the Board of Education consists of the following:

Governmental activities:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Primary government:					
Finance lease obligations	\$ 1,826,294	\$ 1,039,891	\$ (863,818)	\$ 2,002,367	\$ 853,867

The Board does not have the authority to incur bonded debt.

The Board of Education has entered into several contracts as lessee for financing the acquisition of computers, software and vehicles. These lease agreements qualify as finance lease obligations for accounting purposes and, therefore, have been recorded at the present value of the future minimum lease payments as of the date of their inception.

The following is an analysis of equipment currently being leased under financed purchases as of June 30, 2024:

<b>Governmental activities:</b>		Financed Assets
Computers:		
	2023	\$ 2,476,295
	2024	1,039,891
Total		<u>\$ 3,516,186</u>

**WICOMICO COUNTY, MARYLAND  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2024**

**LONG-TERM DEBT AND FINANCE LEASE OBLIGATIONS (Continued)**

Approximate future minimum lease commitments for the Board of Education are as follows:

**Governmental activities:**

Year Ending June 30,	Board of Education
2025	\$ 925,000
2026	925,000
2027	275,000
	2,125,000
Less: amounts representing interest	(122,633)
Present value of future minimum lease payments	\$ 2,002,367

Interest expense related to the above financed purchases, with interest ranging from 3.35% to 3.88%, was approximately \$60,000 for the year ended June 30, 2024.

**HEALTH INSURANCE RESERVES**

The County entered into a public entities health care consortium with the Board of Education and the City of Salisbury during fiscal year 2002. The agreement was originally effective through the period ended August 31, 2004 and is currently extended on an annual basis. The agreement was amended in June of 2011. The purpose of this consortium is to reduce administrative expenses. Each entity has its premium rates adjusted based on its experience and benefits. Each year, the health care provider produces an annual settlement for all entities. If there is an experience loss, funding will come from the entities based on their individual experience. Settlement among the group will occur within four months after August 31<sup>st</sup> each year. Each entity agreed to fund a rate stabilization reserve (RSR). The reserve is fully funded when the balance is equal to 10% of the average total annual premium payments for the past three years. The accumulated balance that exceeds 14% of the annual premium for the prior year may be withdrawn from the reserve.

For the year ended June 30, 2024, the health care insurance reserve had the following activity:

Balance at July 1, 2023	\$ 1,335,639
Interest earned (net of expenditures)	83,028
County share of health rate rebates	(1,062,584)
Balance of reserve June 30, 2024 before cap computation	\$ 356,083
Health care premium paid through 8/31/2024	\$ 10,174,590
Maximum required reserve balance equals 14% prior year premium	\$ 1,424,443
Excess in health care reserve transferred to Unassigned Fund Balance	(1,068,360)
Rate stabilization reserve balance at June 30, 2024	\$ 1,424,443

**WICOMICO COUNTY, MARYLAND  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2024**

**HEALTH INSURANCE RESERVES (Continued)**

The balance in the reserve fund after interest and cost/rebates is compared to the maximum level required under the agreement (14% of prior year’s annual premium). The excess of \$1,068,360 was transferred to the County’s unassigned fund balance leaving the Health Care Rate Stabilization balance funded at 14% of prior year annual premium cost. The size of the shortage this year reflects the fact that the RSR has retained less funds than required in prior fiscal years. The table below shows the computation of full funding.

<u>Health Care Period Ending</u>	<u>Premium Paid</u>
August 31, 2024	\$10,174,590
August 31, 2023	\$9,540,277
August 31, 2022	\$9,357,747
August 31, 2021	\$9,831,873

The consortium’s contract with its health insurance carrier requires that actual incurred claims and expenses be compared to actual premiums paid to determine whether a deposit premium deficit has been incurred each year. Under the contract, the health insurance carrier can only require payment against the deficit of up to 7% of the actual monthly premiums paid in the current fiscal year. The health insurance contract is based on a fiscal year of September 1<sup>st</sup> through August 31<sup>st</sup>. For the period ended August 31, 2024, the County's total share of the consortium’s settlement was a deficit of \$1,068,360. The RSR for the health care plan is maintained within the general fund.

Board of Education of Wicomico County

The Board entered into a public entities health care consortium with the City of Salisbury (COS) and Wicomico County Council through a memorandum of understanding during fiscal year 2002. The purpose of this consortium is to reduce administrative expenses. Each entity has its premium rates adjusted based on its experience and benefits. Beginning in July 2002, each entity agreed to fund a rate stabilization reserve equal to 10% of average annual premiums. The agreement was originally effective through the period ended August 31, 2004 and is currently extended on an annual basis. Effective September 2011, each entity agreed to increase the rate stabilization reserve to 14% of average annual premiums. Effective September 2018, each entity agreed to decrease the rate stabilization reserve to 12% of average annual premiums. In May 2019, the entities agreed to revert back to the original rate stabilization reserve equal to 10% of average annual premiums, effective beginning September 1, 2019. The Board determines how to use the amount of reserve which exceeds 10% of average annual premiums. Each year, the health care provider will produce an annual settlement for all entities. If there is an experience loss, funding will come from the entities based on their individual experience.

**WICOMICO COUNTY, MARYLAND  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2024**

**HEALTH INSURANCE RESERVES (Continued)**

The consortium’s contract with its health insurance carrier requires that actual incurred claims and expenses be compared to actual premiums paid to determine whether a deposit premium or deficit has been incurred each year. The health insurance carrier will only require payment against a deficit of up to 5% of the actual monthly premiums paid in the current fiscal year. The health insurance contract is based on a fiscal year of September 1<sup>st</sup> through August 31st. Settlement among the group will occur within four months after August 31st each year. For the period ended August 31, 2023, the Board’s share of the consortium’s settlement was a surplus of \$1,230,720. These amounts were included as other financing sources (uses) during the year ended June 30, 2024. As of June 30, 2024, the rate stabilization reserve was calculated to be \$4,074,779 compared to an ending balance in the health care consortium account of \$11,034,164, a surplus of \$6,959,385.

For the year ended June 30, 2024, the health care insurance reserve had the following activity:

Balance at July 1, 2023	\$	9,345,991
Insurance settlement – 2023		1,230,720
Interest earned		482,881
Consulting and wellness program expenditures		<u>(25,428)</u>
Balance at June 30, 2024	\$	<u>11,034,164</u>

**ARBITRAGE PAYABLE**

Wicomico County's arbitrage consultant has advised that as of June 30, 2024, there is no potential liability to be paid to the federal government during fiscal year 2024, based on interest rates and disbursement of bond proceeds. The County has \$108,951 in arbitrage reserve to cover potential liabilities.

**ACCRUED COMPENSATED ABSENCES**

The County accrues accumulated unpaid vacation and sick leave and associated employee-related costs when earned or estimated to be earned by the employee. The accrual of vacation leave is based upon individual salary rates in effect as of June 30 and is capped at 45 days. The accrual of sick leave is based on payment upon retirement at their current hourly rate for each unused sick leave day up to a total of 260 hours. Unused vacation and sick leave will be liquidated by the respective government and enterprise funds where the current employee costs are accounted for.

**WICOMICO COUNTY, MARYLAND**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2024**

**ACCRUED COMPENSATED ABSENCES (Continued)**

Changes in accrued compensated absences for the year ended June 30, 2024 are as follows:

	June 30, 2023*	Increase (Decrease)	June 30, 2024
<b>Primary government:</b>			
Governmental activities	\$ 4,339,986	\$ 524,525	\$ 4,864,511
Business-type activities	202,246	34,748	236,994
Total primary government	<u>\$ 4,542,232</u>	<u>\$ 559,273</u>	<u>\$ 5,101,505</u>
	June 30, 2023	Increase (Decrease)	June 30, 2024
<b>Component units:</b>			
Board of Education of Wicomico Co.	\$ 3,812,216	\$ (38,446)	\$ 3,773,770
Wicomico County Free Library	153,549	11,420	164,969
Total component units	<u>\$ 3,965,765</u>	<u>\$ (27,026)</u>	<u>\$ 3,938,739</u>

\*Beginning balances as of June 30, 2023 have been restated to account for the Airport's conversion from a Business-type activity to a Governmental activity.

**RIGHT-OF-USE LEASE LIABILITIES**

Right-of-use lease liability activity for the year ended June 30, 2024 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<b>Primary government:</b>					
Governmental activities	\$ 1,713,888	\$ 654,369	\$ (658,480)	\$ 1,709,777	\$ 555,003
Business-type activities	19,235		(3,585)	15,650	3,711
Total primary government	<u>\$ 1,733,123</u>	<u>\$ 654,369</u>	<u>\$ (662,065)</u>	<u>\$ 1,725,427</u>	<u>\$ 558,714</u>
	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<b>Component units:</b>					
Board of Education of Wicomico County	\$ 2,844,277	\$ 1,814,260	\$ (539,081)	\$ 4,119,456	\$ 638,296
Wicomico County Free Library	38,069	7,239	(26,372)	18,936	5,539
Total component units	<u>\$ 2,882,346</u>	<u>\$ 1,821,499</u>	<u>\$ (565,453)</u>	<u>\$ 4,138,392</u>	<u>\$ 643,835</u>

**WICOMICO COUNTY, MARYLAND**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2024**

**PENSION AND RETIREMENT PLANS**

Retirement plans for the employees of Wicomico County, Maryland

General plan

Plan description

The County, through the authority of the County Council, provides pension, death, disability and retirement benefits through a single employer public employee retirement system (the “County Plan”) for its general and public safety employees who have reached the age of 18 and have agreed to make a contribution. The County Plan has a group pension disbursement contract with the Aetna Life Insurance Company and an investment manager contract with Mason Securities, Inc. A Board of Trustees holds title to the assets of the plan and controls the operation and record keeping of the trust. The plan does not issue separate financial statements. The plan's financial information is included in the fiduciary fund financial statements and includes realized and unrealized gains and losses on investments.

Normal retirement is the earlier of a participant’s 25<sup>th</sup> anniversary or, the later of (1) a participant’s 55<sup>th</sup> birthday and (2) 5 years of service. Early retirement and disability benefits are provided. Normal form of pension is a modified cash refund annuity. Death benefits equal the return of employee contribution. If married with five years of service, pre-retirement survivor annuity is provided.

Membership in the pension plan is comprised of the following at July 1, 2023, the latest actuarial valuation date.

Retirees, beneficiaries and Disables receiving benefits	376
Terminated plan participants entitled to but not yet receiving benefits	136
Active employees participating in the Plan	598
DROP participants	9
	<u>1,119</u>

Funding policy

The contribution requirements of plan members and the County are established and may be amended by the County. Eligible employees are required to participate in the County Plan as a condition of their employment and to make contributions amounting to 5.625% of earnings. A participant is 100% vested after five years of service. The County is required to contribute an actuarially determined amount that is designed to accommodate sufficient assets to pay benefits when due.

**WICOMICO COUNTY, MARYLAND**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2024**

**PENSION AND RETIREMENT PLANS (Continued)**

Retirement plans for the employees of Wicomico County, Maryland (Continued)

General plan (Continued)

Investments

The investment policy is established by the Board of Trustees. The policy of the Trustees is to pursue an investment strategy that reduces risk through the prudent diversifications of assets. With the exception of cash, the Committee requires diversification of investments, which are reported at fair value which is quoted market price. The following is the asset allocation as of June 30, 2024:

<u>Asset Class</u>	<u>Allocation</u>
Fixed Income	32%
Equities	65%
Cash	3%

Net pension liability

The components of the net pension liability of the County at June 30, 2024 were as follows (as calculated under GASB 68):

Total pension liability	\$ 137,446,124
Plan fiduciary net position	101,180,044
Net pension liability	\$ 36,266,080
 Plan fiduciary net position adjusted as a percentage of the total pension liability	73.61%

The amount shown above as the "total pension liability" is a standardized disclosure measure of the present value of pension benefits, adjusted for the effect of projected salary increases, estimated to be payable in the future as a result of employee service to date. This measure is the actuarial accrued liability under the entry age normal actuarial cost method determined by an actuarial valuation as of June 30, 2024. Significant actuarial assumptions used in determining the pension benefit obligation include the Pub-2010 General Table as released by the Society of Actuaries in 2019 set forward 3 years, with scale MP2021 improvement, an assumed rate of return of 6.50% and salary increases of 2.5% per year.

**WICOMICO COUNTY, MARYLAND**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2024**

**PENSION AND RETIREMENT PLANS (Continued)**

Retirement plans for the employees of Wicomico County, Maryland (Continued)

General plan (Continued)

Net pension liability (continued)

The long-term expected rate of return on pension plan investments was determined using a 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 arithmetic rates of return for each major asset class included in the Pension's Plan target asset allocation as of June 30, 2024 are summarized in the following table.

Asset Class	Target Allocations	Long-Term Historical Returns	Building Blocks Range of Expected Returns
Fixed Income	30.00% - 40.00%	3.00% - 4.00%	0.90% - 1.60%
Equities	50.00% - 60.00%	8.00% - 10.00%	4.00% - 6.00%
Other	0.00% - 10.00%	0.00% - 1.00%	0.00% - 0.10%
			4.90% - 7.70%

Rate selected: 6.50%

Discount rate – The discount rate used to measure the total pension liability was 6.50%. The projection of cash flows used to determine the discount rate assumes that the County will continue to follow the current funding policy. Based on those 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 and no municipal bond rate was utilized.

Sensitivity of the net pension liability to changes in the discount rate – The following presents the net pension liability, calculated using the discount rate of 6.50%, as well as what the Plan's Net Pension Liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.50%) or 1-percentage-point higher (7.50%) than the current rate:

	1% Decrease (5.50%)	Current Discount Rate (6.50%)	1% Increase (7.50%)
Net Pension Liability	\$52,175,228	\$36,266,080	\$23,013,911

**WICOMICO COUNTY, MARYLAND**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2024**

**PENSION AND RETIREMENT PLANS (Continued)**

Retirement plans for the employees of Wicomico County, Maryland (Continued)

General plan (Continued)

Change in pension liability, fiduciary net position and net pension liability

	<u>Total Pension Liability (a)</u>	<u>Fiduciary Net Position (b)</u>	<u>Net Pension Liability (a)-(b)</u>
Balance at June 30, 2023	\$ 146,995,801	\$ 91,412,982	\$ 55,582,819
Changes for the year:			
Service cost	\$ 5,271,362	\$	\$ 5,271,362
Interest	7,258,888		7,258,888
Liability experience (gain)/loss	3,276,784		3,276,784
Assumption changes	(23,950,471)		(23,950,471)
Employer contributions		5,169,802	(5,169,802)
Net employee contributions		1,969,617	(1,969,617)
Net investment income		9,263,912	(9,263,912)
Benefit payments	(6,592,096)	(6,592,096)	
Administrative expense		(44,173)	44,173
Other changes	5,185,856		5,185,856
Net changes	<u>(9,549,677)</u>	<u>9,767,062</u>	<u>(19,316,739)</u>
Balance at June 30, 2024	<u>\$ 137,446,124</u>	<u>\$ 101,180,044</u>	<u>\$ 36,266,080</u>

Deferred inflows/outflows of resources

At June 30, 2024 the County reported deferred outflows of resources and deferred inflows of resources related to the retirement plan for employees from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference in expected and actual experience	\$ 5,671,218	\$ (1,110,773)
Change in assumptions	10,816,822	(27,422,545)
Difference in projected and actual investment earnings		(531,399)
	<u>\$ 16,488,040</u>	<u>\$ (29,064,717)</u>

**WICOMICO COUNTY, MARYLAND**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2024**

**PENSION AND RETIREMENT PLANS (Continued)**

Retirement plans for the employees of Wicomico County, Maryland (Continued)

General plan (Continued)

Deferred inflows/outflows of resources (continued)

The deferred inflows and outflows related to non-investment activity are being amortized over the remaining service life of 4 years. The net difference in investment earnings is being amortized over a closed five year period. The following table shows the amortization of these balances:

<u>Year ending</u> <u>June 30</u>	<u>Deferred</u> <u>Outflows</u>	<u>Deferred</u> <u>Inflows</u>
2025	\$ 13,593,341	\$ 13,662,523
2026	5,895,902	10,143,412
2027	2,548,617	6,012,328
2028	655,356	5,451,630
Total	<u>\$ 22,693,216</u>	<u>\$ 35,269,893</u>

Funding status and funding progress

As of the most recent actuarial valuation date, the plan was 73.61% funded. The total pension liability for benefits was \$137,446,124 and the plan fiduciary net position was \$101,180,044 resulting in a net pension liability of \$36,266,080. The covered payroll (annual payroll of active employees covered by the plan) was \$30,580,824 and the ratio of the net pension liability to the covered payroll was 118.59%.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Amounts determined regarding the funded status of the plan and the annual required contributions on 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 the employer's net pension liability, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the total pension liability for benefits.

**WICOMICO COUNTY, MARYLAND**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2024**

**PENSION AND RETIREMENT PLANS (Continued)**

Pension plans for the Board of Education of Wicomico County

Substantially all of the Board's employees are covered by one of three pension plans - the Teachers' Retirement System, the Teachers' Pension System or the Retirement Plan for Employees of the Board of Education of Wicomico County.

Teachers' Retirement System and the Teachers' Pension System

Plan description

The State Retirement Agency is the administrator of the Maryland State Retirement and Pension System (the System). The System was established by the State Personnel and Pensions Article of the Annotated Code of Maryland to provide retirement allowances and other benefits. 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. Responsibility for the System's administration and operation is vested in a 15 member Board of Trustees. 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](http://www.sra.maryland.gov).

**WICOMICO COUNTY, MARYLAND**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2024**

**PENSION AND RETIREMENT PLANS (Continued)**

Pension plans for the Board of Education of Wicomico County (Continued)

Teachers' Retirement System and the Teachers' Pension System (Continued)

Plan description (continued)

The System's financial statements are prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. 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/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.

The Teachers' Retirement System of the State of Maryland was established on August 1, 1927 and is administered in accordance with Article 73B of the Annotated Code of Maryland for the purpose of providing retirement allowances and other benefits to teachers in the State. In addition, on January 1, 1980, the Teachers' Pension System of the State of Maryland was established. In this regard, teachers hired on or after January 1, 1980 become members of the Teachers' Pension System, unless they elect to join an optional retirement program. Existing members of the Teachers' Retirement System have the option of remaining in the Teachers' Retirement System or transferring to the Teachers' Pension System.

General plan policies

Teachers and related occupations are covered by the Teachers' Retirement System or the Teachers' Pension System of the State of Maryland, both of which are cost-sharing, multiple-employer public employee retirement systems. The State of Maryland pays the unfunded liability for the Teachers' Systems. Total contributions paid by the State to the Plan for the year ended June 30, 2024 were \$12,184,878. On-behalf payments are recognized as revenues and expenditures in the Board's general fund. The Board has no contingent liability for funding deficits in the system should such occur.

In addition to the above contribution, during fiscal year 2024, in accordance with Maryland state law, the Board is required to pay the State 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. As contractually required, during fiscal year 2024, the Board contributed \$6,237,202 to the Teachers' Retirement and Pension System.

**WICOMICO COUNTY, MARYLAND**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2024**

**PENSION AND RETIREMENT PLANS (Continued)**

Pension plans for the Board of Education of Wicomico County (Continued)

Teachers' Retirement System and the Teachers' Pension System (Continued)

Significant plan benefits and policies

The following is a general description of the significant plan benefits and related contribution requirements for the Teachers' Retirement System and the Teachers' Pension System:

Teachers' Retirement System

A. Retirement Benefits:

A member may retire with full benefits after attaining the age of 60, or after completing 30 years of creditable service regardless of age. The annual retirement allowance is equal to 1/55 of a member's average final compensation (i.e., average of the member's three highest years of annual earnable compensation) multiplied by the number of years and months of accumulated creditable service. A member may retire with reduced benefits after completing 25 years of creditable service regardless of age. Retirement allowances are adjusted each year based on the Consumer Price Index. Cost-of-living adjustments (COLAs) are applied to all allowances payable for the year, however, the method by which the COLA is computed depends upon elections made by members and is tied to member contributions.

B. Vested Allowance:

A member terminating employment before attaining retirement age but after completing 10 years of creditable service becomes eligible for a vested retirement allowance, provided the member lives to the age of 60 and does not withdraw his or her accumulated contributions. Members terminating employment before attaining retirement age and before completing 10 years of creditable service are refunded their accumulated contributions plus earned interest.

C. Employee and Employer Contributions:

Members of the Teachers' Retirement Systems are required to contribute to the systems a fixed percentage of their regular salaries and wages (e.g., 7% or 5%, depending on the allowance option selected). The contributions are deducted from each member's salary and wage payments and are remitted to the systems on a regular, periodic basis.

The State of Maryland contributed \$12,184,878 on behalf of the Board while the Board contributed \$6,237,202 during fiscal year 2024. On-behalf payments are recognized as revenues and expenditures in the Board's general fund.

**WICOMICO COUNTY, MARYLAND**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2024**

**PENSION AND RETIREMENT PLANS (Continued)**

Pension plans for the Board of Education of Wicomico County (Continued)

Teachers' Retirement System and the Teachers' Pension System (Continued)

Significant plan benefits and policies (continued)

Teachers' Pension System

A. Retirement Benefits:

A member may retire with full benefits after completing 30 years of eligibility service regardless of age, or at age 62 or older with specified years of eligibility service. On retirement from service, a member shall receive an annual service pension allowance. The annual pension allowance is equal to 1.2% of average compensation for the three highest consecutive years as an employee for years of creditable service accrued prior to July 1, 1998 and 1.8% of average compensation for the three highest consecutive years as an employee for years of creditable service accrued on or after July 1, 1998. Members are eligible for early service pension allowances upon attaining age 55 with at least 15 years of eligibility service.

B. Vested Allowance:

A member terminating employment before attaining retirement age, but after completing 10 years of eligibility service, becomes eligible for a vested pension allowance provided the member lives to age 62. Members terminating employment before attaining retirement age and before completing 10 years of eligibility service are refunded their accumulated contributions plus earned interest.

C. Employee and Employer Contributions:

Effective July 1, 2011, members of the Teachers' Pension System are required to contribute to the systems 7% of their regular salaries and wages up to the social security wage base in the year ending June 30, 2024. The contributions are deducted from each member's salary and wage payments and are remitted to the systems on a regular, periodic basis.

For members enrolled on and after July 1, 2011, the employee contribution is 7%; vesting requires ten years of eligible service; service retirement is at age 65 with ten years of eligibility service or based on the Rule of 90 (age and service must equal 90); early service retirement is age 60 with 15 years of eligibility service; average final compensation is a five-year average; and the benefit multiplier per year is 1.5%.

The State of Maryland contributed \$12,184,878 on behalf of the Board while the Board contributed \$6,237,202 during fiscal year 2024 as a direct result of Maryland Senate Bill 1301. On-behalf payments are recognized as revenues and expenditures in the Board's general fund.

**WICOMICO COUNTY, MARYLAND  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2024**

**PENSION AND RETIREMENT PLANS (Continued)**

Pension plans for the Board of Education of Wicomico County (Continued)

Teachers' Retirement System and the Teachers' Pension System (Continued)

Teachers' Pension System (continued)

Employer's payroll covered under the plan

The employer's payroll for the year ended June 30, 2024 and payroll covered under the Teachers' Retirement and Pension Systems is as follows:

Total payroll	\$ 159,209,641
Payroll covered under the plan	\$ 142,164,604

Pension liabilities and pension expense

Because the State of Maryland pays the unfunded liability for the Teachers' Retirement and Pension Systems and the Board pays the normal cost for the Teachers' Systems, the Board is not required to record its' share of the unfunded pension liability for the Teachers' Systems, the State of Maryland is required to record that liability. Total pension expense related to the Teachers' Systems totaled \$6,237,202 for the year ended June 30, 2024, the Board's required portion of the normal cost.

The amount recognized by the Board 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 Board were as follows:

	2024
Board's proportionate share of the net pension liability (Employees' Systems)	\$
State's proportionate share of the net pension liability (Teachers' Systems)	113,224,665
Total	\$ 113,224,665

The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Board's proportion of the net pension liability was calculated as follows by the System(s):

1. Net pension liability for the entire System was calculated. For purposes of funding the System, all calculations are determined on an actuarial basis and are completed through the development of rate based on two separate asset pools, one for employees of the State of Maryland and one for primary government employees.

**WICOMICO COUNTY, MARYLAND**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2024**

**PENSION AND RETIREMENT PLANS (Continued)**

Pension plans for the Board of Education of Wicomico County (Continued)

Teachers' Retirement System and the Teachers' Pension System (Continued)

Pension liabilities and pension expense (continued)

2. Determined the total contributions to the System by the State and by the primary governments, inclusive of any underfunding of contributions.
3. Based on the number of participants at each Board of Education, calculate the difference between what each Board would have contributed if they funded at the rate of all other participating governments and what the Board actually contributed. The difference between what the Board 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. Calculated for each participating government, their percentage of the adjusted System contribution by dividing the total adjusted System contribution into each primary government contribution. Since the Board has no contingent liability for funding deficits in the Teachers' Retirement and Pension Systems, the Board did not record a proportionate share of the net pension liability as of June 30, 2024 related to the System.

Actuarial assumptions

The total pension liability in the June 30, 2023 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial	Entry Age Normal
Amortization Method	Level Percentage of Payroll, Closed
Remaining Amortization Period	15 years for State system
Asset Valuation Method	5-year smoothed market; 40% recognized in 2021; 15% equally over next four valuations
Inflation	2.25% general, 2.75% wage
Salary Increases	Projected range from 2.75% to 11.25% per year
Investment Rate of Return	6.80%
Retirement Age	Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2019 valuation pursuant to an experience study of the period 2014-2018.
Mortality	Public Sector 2010 Mortality Tables with generational mortality projections using scale MP-2018 mortality improvement scale.

**WICOMICO COUNTY, MARYLAND  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2024**

**PENSION AND RETIREMENT PLANS (Continued)**

Pension plans for the Board of Education of Wicomico County (Continued)

Teachers' Retirement System and the Teachers' Pension System (Continued)

Actuarial assumptions (continued)

Adjustments to the roll-forward liabilities were made to reflect the following assumption changes in the 2023 valuation:

- There were no significant assumption changes reflected in the 2023 valuation.

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 weighing the expected future real rate of return by the target asset allocation percentage and by adding expected inflation. Best estimates of geometric real rates of return were adopted by the Board of Trustees after considering input from the System's investment consultant(s) and actuary(s). For each major asset class that is included in the System's target asset allocation, these best estimates are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
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	<u>100%</u>	

Discount rate

A single discount rate of 6.80% was used to measure the total pension liability. The 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.

**WICOMICO COUNTY, MARYLAND**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2024**

**PENSION AND RETIREMENT PLANS (Continued)**

Pension plans for the Board of Education of Wicomico County (Continued)

Teachers' Retirement System and the Teachers' Pension System (Continued)

Discount rate (continued)

Additional information, including sensitivity measures and ten-year historical trends, can be obtained from the separately issued State Retirement and Pension System of Maryland Annual Financial Report. 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](http://www.sra.maryland.gov).

Retirement plans for employees of the Board of Education of Wicomico County

General plan policies

Employees not covered by the Teachers' Retirement System or the Teachers' Pension System of Maryland are covered by the Retirement Plan for Employees at the Board of Education of Wicomico County, a single-employer, defined benefit plan. Benefits and refunds of the postemployment defined benefit plan are recognized when due and payable in accordance with the terms of the plan. The costs of administering the plan are financed by contributions made and income earned from investments. Separate financial statements are not available.

The Plan's financial statements, as reported in the Schedule of Fiduciary Net Position, are prepared on an accrual basis, modified to include unrealized gains or losses on marketable securities owned by the Plan.

Plan member contributions are recognized in the period in which the contributions are due. Employer contributions are recognized when due and the Board of Education has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable.

Investments in securities are valued at current market prices. The trust fund is invested, approximately, in 62% equities, 3% cash and cash equivalents, and 35% fixed income securities on a cost basis valued at year end.

The annual contribution to the plan will be determined by the Wicomico County Board of Education as part of its annual budget. The contribution must be deposited monthly and the funding goal will be the greater of the following:

- 1.) The level contribution required to fund all current and future benefits promised to current plan participants over the next 20 years, or
- 2.) 7.00% of the salaries of eligible Plan participants

**WICOMICO COUNTY, MARYLAND**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2024**

**PENSION AND RETIREMENT PLANS (Continued)**

Pension plans for the Board of Education of Wicomico County (Continued)

Retirement plans for employees of the Board of Education of Wicomico County (Continued)

General plan policies (continued)

A Board of Trustees (Trustees) was established to oversee the implementation of and adherence to the Investment Policy and to oversee the Investment Manager. The Trustees will oversee the general investment philosophy; provide oversight of the Investment Manager; and inform the Employer, or designees of the Employer, of the plan performance on a quarterly basis. Compliance with the Trust Agreement will be required.

Significant plan benefits and policies

The specific benefit provisions of the Board of Education's plan were established by the adoption of the plan document. The plan provides for benefits upon retirement, death, disablement and termination of employment, if certain eligibility conditions are met.

The following is a summary of significant plan benefits and policies:

- A. Eligibility - Employees are eligible if they are at least 18 years of age.
- B. Contributions - Each year an employee is required to contribute 2% of earnings up to \$4,800, plus 4% of his/her earnings in excess of \$4,800. Interest is credited at 5% per year. The Board contributes the remaining actuarially determined amounts necessary.
- C. Retirement:
  - a. Normal retirement is available for employees who are age 65 and over and have obtained 5 years of service.
  - b. Early retirement is available for employees with five years or more experience and who are age 55 or older and are within 10 years of normal retirement date.
- D. Benefits at Retirement:
  - a. For normal retirement, the member will receive a benefit equal to 1 2/3% of final average earnings times the years and months of service after age 18.
  - b. Early retirement benefits are determined in the same manner as the normal retirement benefits but based on service and salary accrued or earned up to date of early retirement and reduced by the appropriate early retirement factors.
- E. Vesting - A participant is 100% vested after five years of continuous service with the employer.

**WICOMICO COUNTY, MARYLAND**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2024**

**PENSION AND RETIREMENT PLANS (Continued)**

Pension plans for the Board of Education of Wicomico County (Continued)

Retirement plans for employees of the Board of Education of Wicomico County (Continued)

Employee's payroll covered under the plan

The employee's payroll for the year ended June 30, 2024 and payroll covered, as of the latest actuarial valuation, under the Plan is as follows:

Total payroll	\$ 159,209,641
Payroll covered under the plan	\$ 15,501,288

Plan membership at July 1, 2023, consisted of 327 active plan members, 197 retirees and beneficiaries receiving benefits, and 23 terminated plan participants entitled to but not yet receiving benefits.

Pension liability and pension expense

The Board's total pension liability is an amount actuarially determined in accordance with the parameters of GASB Statement 67. The following table shows the components of the Board's total pension liability, fiduciary net position, and the resulting net pension liability for the last two years:

	June 30, 2023	June 30, 2024
<b>Total pension liability</b>		
Service cost	\$ 1,166,771	\$ 1,870,872
Interest	2,645,473	2,782,466
Benefit payments	(2,077,075)	(2,424,967)
Change in assumption	312,849	
Experience (gain) loss	230,775	2,800,602
Net change in total pension liability	2,278,793	5,028,973
Total pension liability - beginning	41,721,774	44,000,567
Total pension liability - ending (a)	44,000,567	49,029,540
<b>Plan fiduciary net position</b>		
Contribution - employer	1,640,935	1,764,046
Contribution - plan member	589,623	655,856
Net investment income	2,163,710	2,856,212
Benefit payments	(2,031,022)	(2,424,967)
Administrative expenses	(46,679)	(50,336)
Net change in plan fiduciary net position	2,316,567	2,800,811
Plan fiduciary net position - beginning	27,130,401	29,446,968
Plan fiduciary net position - ending (b)	29,446,968	32,247,779
<b>Net pension liability (a - b)</b>	\$ 14,553,599	\$ 16,781,761

**WICOMICO COUNTY, MARYLAND**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2024**

**PENSION AND RETIREMENT PLANS (Continued)**

Pension plans for the Board of Education of Wicomico County (Continued)

Retirement plans for employees of the Board of Education of Wicomico County (Continued)

Pension liability and pension expense (continued)

The Board's annual required contribution, actual employer contribution, and percentage of contribution are as follows:

Year Ended June 30,	Actuarially Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Payroll	Annual Contribution as a % of Covered Payroll
2015	569,976	722,205	(152,229)	9,616,697	7.51%
2016	683,328	753,562	(70,234)	10,005,366	7.53%
2017	578,971	759,739	(180,768)	10,146,618	7.49%
2018	496,192	788,359	(292,167)	10,069,862	7.83%
2019	831,297	797,962	33,335	10,456,011	7.63%
2020	1,079,035	1,206,247	(127,212)	10,750,277	11.22%
2021	1,286,532	1,298,506	(11,974)	12,628,172	10.28%
2022	1,253,602	1,348,251	(94,649)	12,788,361	10.54%
2023	1,712,143	1,640,935	71,208	13,068,807	12.56%
2024	2,283,637	1,764,046	519,591	15,501,288	11.38%

Payments for the net pension liability have typically been liquidated in the General Fund in prior years. For the fiscal year ended June 30, 2024, the Board recognized pension expense of \$3,535,306 related to the Retirement Plan for the Employees at the Board of Education of Wicomico County. The Board's aggregate pension expense for the Teachers' Retirement System and the Teachers' Pension System and the Retirement Plan for Employees of the Board of Education of Wicomico County totaled \$9,772,508 for the fiscal year ended June 30, 2024.

Deferred inflows/outflows of resources

At June 30, 2024, the Board reported deferred outflows of resources and deferred inflows of resources related to the retirement plan for employees from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in assumptions	\$ 223,506	\$ (54,557)
Net difference between projected and actual investment earnings on pension plan investments		(98,758)
Difference between actual and expected experience	3,086,078	
Total	\$ 3,309,584	\$ (153,315)

**WICOMICO COUNTY, MARYLAND  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2024**

**PENSION AND RETIREMENT PLANS (Continued)**

Pension plans for the Board of Education of Wicomico County (Continued)

Retirement plan for employees at the Board of Education of Wicomico County (Continued)

Deferred inflows/outflows of resources (continued)

The deferred inflows and outflows related to non-investment activity are being amortized over the remaining service life of 5 and 6 years. The net difference in investment earnings is being amortized over a closed five year period. The following table shows the amortization of these balances:

Year End June 30,	Net Amortization
2025	\$ 674,600
2026	1,709,345
2027	400,990
2028	371,334
	\$ 3,156,269

Funding status and funding progress

As of the most recent actuarial valuation date, the plan was 65.77% funded. The total pension liability for benefits was \$49,029,540 and the plan fiduciary net position was \$32,247,779 resulting in a net pension liability of \$16,781,761. The covered payroll (annual payroll of active employees covered by the plan) was \$15,501,288 and the ratio of the net pension liability to the covered payroll was 108.26%.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. 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 the employer's net pension liability, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the total pension liability for benefits.

**WICOMICO COUNTY, MARYLAND  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2024**

**PENSION AND RETIREMENT PLANS (Continued)**

Pension plans for the Board of Education of Wicomico County (Continued)

Retirement plan for employees at the Board of Education of Wicomico County (Continued)

Funding status and funding progress (continued)

Additional information as of the latest actuarial valuation follows:

Measurement Date	June 30, 2024
Actuarial Valuation Date	June 30, 2024
Actuarial	Entry Age Normal
Amortization Method	Level Dollar, open basis
Remaining Amortization Period	30 years
Asset Valuation Method	Market Value of Assets
Inflation	2.50%
Salary Increases	Age banded values ranging from 4.0% to 6.5%
Investment Rate of Return	6.50%
Retirement Age	Graded from ages 55-70; 100% at age 70
Mortality	Pub-2010 General Table as released by the Society of Actuaries in 2019 set forward 3 years with scale MP2021 improvement

There were no significant changes in assumptions used in the latest actuarial valuation.

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 weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

Asset Class	Target Allocations	Long-Term Historical Returns	Building Blocks Range of Expected Returns
Fixed Income	30.00% - 40.00%	3.00% - 4.00%	0.90% - 1.60%
Equities	50.00% - 60.00%	8.00% - 10.00%	4.00% - 6.00%
Other	0.00% - 10.00%	0.00% - 1.00%	0.00% - 0.10%
			4.90% - 7.70%

Rate selected: 6.50%

**WICOMICO COUNTY, MARYLAND  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2024**

**PENSION AND RETIREMENT PLANS (Continued)**

Pension plans for the Board of Education of Wicomico County (Continued)

Retirement plan for employees at the Board of Education of Wicomico County (Continued)

Funding status and funding progress (continued)

Based on the current Investment Policy and Funding Policy, the Plan is projected not to deplete; therefore, the same rate of 6.50% is used for both the discount rate and the long-term rate of expected returns. The projection of cash flow to determine the discount rate assumed the contributions from plan members will be made at the current contribution rate and that contributions from the Board will be made at contractually required rates, actuarially determined. Based on those 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.

The following represents the net pension liability of the Board calculated using the discount rate of 6.50%, as well as what the Board's net pension liability would be if it were calculated using a discount rate that is one-percentage point lower or one-percentage-point higher than the current rate:

	1% Decrease (5.50%)	Current Rate (6.50%)	1% Increase (7.50%)
Net pension liability	\$22,199,479	\$16,781,761	\$12,174,422

The annual money-weighted rate of return on pension plan investments, net of pension plan investment expenses, was 9.26%. The money-weighted rate of return expresses investment performance, net of expense, adjusted for the change in amounts actually invested.

401(a) retirement plan

Effective July 1, 2001, the Board implemented and began administering the Board of Education of Wicomico County 401(a) retirement plan which is a defined contribution plan. The employer's contribution is determined annually by the Board and is based on eligible participant's contributions to the Board's 403(b) retirement plan. The Board has the right to amend the plan at any time according to the Plan document. Eligible employees must be 18 years of age and become fully vested after five years of service. During the year ended June 30, 2024, the Board did not make a matching contribution to the plan.

**WICOMICO COUNTY, MARYLAND**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2024**

**PENSION AND RETIREMENT PLANS (Continued)**

Pension plan for the employees of the Wicomico County Free Library

General information about the pension plan

Plan description

All full-time personnel employed in a Library position participate in the Teachers' Retirement System (TRS) or the Teachers' Pension System (TPS) of the State of Maryland. All other eligible permanent employees excluded above are enrolled in the Maryland State Employees' Retirement System (ERS) or the Employees' Pension System (EPS). These systems are part of the Maryland State Retirement and Pension System (the System), and are cost-sharing multiple-employer public employee retirement systems.

The retirement plans are administered by the State Retirement Agency (the Agency). Responsibility for the administration and operation of the State System is vested in a 15-member Board of Trustees. The State System was established by the State Personnel and Pensions Article of the Annotated Code of Maryland. The Agency issues a publicly available financial report that includes basic financial statements and required supplementary information for the System. This report can be found at [www.sra.maryland.gov/sites/annual-financial-reports](http://www.sra.maryland.gov/sites/annual-financial-reports).

Effective January 1, 1980, the TRS and ERS were effectively closed to new membership when the TPS and EPS were established. Individuals who were members of the TRS and ERS on December 31, 1979, continue their TRS and ERS membership unless, and until they elect to transfer to the TPS or ERS prior to January 1, 2015.

Benefits provided

The State System provides pension, death and disability benefits to plan members and beneficiaries. Members are eligible for full service retirement allowances upon attaining age 60 or upon accumulating 30 years of eligibility service regardless of age. Full service retirement allowances for participants equal 1/55 (1.818%) of the highest three years' average final compensation (AFC) multiplied by the number of years and months of accumulated creditable services. Employees of the Library may retire with reduced benefits after attaining age 60 with at least 25 years of eligible service.

Permanent disability benefits are available after five years of eligibility service and generally equal 1/55 (1.818%) of the highest three years' AFC multiplied by the number of years of accumulated creditable service.

Death benefits are equal to employee salary at the time of death plus all member contributions and interest.

**WICOMICO COUNTY, MARYLAND**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2024**

**PENSION AND RETIREMENT PLANS (Continued)**

Pension plan for the employees of the Wicomico County Free Library (Continued)

General information about the pension plan (continued)

Contributions

The State Personnel and Pensions Article requires active members to contribute to the State system at a percentage of their covered salary depending upon the retirement option selected. The State funds substantially all the employer's annual contributions. On-behalf payments made by the State of Maryland for the year ending June 30, 2024 were \$227,547.

Pension liabilities, pension expense, and deferred outflows of resources and deferred inflows of resources related to pensions

Because the State of Maryland pays the unfunded liability for the pension, the Library is not required to record their share of the unfunded pension liability, pension expense, or deferred outflows and inflows of resources. Instead, that liability and information will be reported by the State of Maryland.

Actuarial assumptions

The actuarial assumptions for the Plan as a whole, based on the June 30, 2023 annual actuarial valuation report are as follows:

Inflation	2.25% general, 2.75% wage
Salary increases	2.75% to 11.25% including wage inflation
Investment rate of return	6.80%

Mortality rates were based on actual experience during the period from June 30, 2014 through June 30, 2018.

Actuarial valuations are based upon assumptions regarding future activity in specific risk areas including the rates of investment return and payroll growth, eligibility for the various classes of benefits, and longevity among retired lives. The Board adopts these assumptions after considering the advice of the actuary and other professionals. The assumptions and the methods comply with the requirements of Statements No. 25 and 67 of the Governmental Accounting Standards Board (GASB).

Discount rate

The discount rate used to measure the total pension liability was 6.80%. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that contribution from the municipalities will be made at contractually required rates, actuarially determined.

Pension plan fiduciary net position

Detailed information about the plan's fiduciary net position is available in the System's separately issued financial report.

**WICOMICO COUNTY, MARYLAND**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2024**

**DEFERRED COMPENSATION PLAN**

The County offers eligible employees a deferred compensation plan in accordance with Internal Revenue Code Section 457. The plan, available to all eligible County employees, permits them to defer a portion of their salary until future years. The County matched 20% for calendar year 2023 contributions, which was \$188,065. This match was expensed during fiscal year ended June 30, 2024. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency. 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 deferred compensation plan participants. The County has no liability for losses under the plan but does have the duty of due care that would be required of an ordinary prudent investor. In accordance with GASB Statement No. 32, adopted by the County in 1998, the plan's assets are not reported on the statement of net position of the County.

**DEATH BENEFITS**

The County provides a death benefit equivalent to a deceased employee's current annual salary, regardless of length of service. Expenditures for death benefits are funded from a reservation of fund balance.

**POST-RETIREMENT HEALTH CARE BENEFITS**

Post-retirement health care benefits plan for employees at Wicomico County, Maryland

Plan description

During the year ended June 30, 2007, Wicomico County and the Board of Education jointly set up the "Retiree Health Insurance Plan Trust of the Board of Education of Wicomico County and Wicomico County" ("the trust"). Effective June 30, 2009, the City of Salisbury joined the trust. A Board of Trustees ("the Board") oversees the trust. The Plan is an agent multiple-employer plan with combined administrative functions for efficiency and each agent employer remains responsible for financing benefits of its own individual plan. Each agent employer also remains individually responsible for its own separate actuarial valuations, and expenses and obligations are measured like those of sole employers. The assets of the three entities are segregated within the trust. The assets of the trust are managed by an investment manager, Mason Securities, Inc. under a formal investment policy. The Board meets quarterly to review investment performance. The Investment Manager provides a fiscal year performance report to the Board. Questions regarding the performance should be directed to the Plan Administrator.

**WICOMICO COUNTY, MARYLAND**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2024**

**POST-RETIREMENT HEALTH CARE BENEFITS (Continued)**

Post-retirement health care benefits plan for employees at Wicomico County, Maryland (Continued)

Plan description (continued)

The County provides post-retirement health care benefits as approved by the County Council to all retirees (and their dependents) who are eligible to retire under the County Pension System. The post-retirement health care benefit is also offered to certain County employees who retire under the State Retirement System, are at the age to receive Social Security benefits and have at least ten years of service with the County (public safety employees are eligible at age 60 with nine years of service). The post-retirement health care benefit is also offered to all employees who are eligible for post-retirement health care benefits even if they are not in a County or State pension system. The employee may retire and retain their health insurance coverage while paying the same percentage of contract cost as while employee which is currently 16% of employee cost and 25% of dependent coverage.

Funding policy

The County pays current retiree medical payments from the General Fund and makes contributions to the trust. Therefore, the trust will fund each year, to the extent appropriated, the Actuarially Required Contribution (“ARC”). The County contracted for an actuarial study that determined the ARC for fiscal year 2024 was \$544,088. The County contributed \$4,132,018 to the trust above the annual benefit paid to retirees.

**WICOMICO COUNTY, MARYLAND**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2024**

**POST-RETIREMENT HEALTH CARE BENEFITS (Continued)**

Post-retirement health care benefits plan for employees at Wicomico County, Maryland (Continued)

Annual OPEB cost and net OPEB obligation

The County's total OPEB liability is an amount actuarially determined in accordance with the parameters of GASB Statement No. 75. The following table shows the components of the County's total OPEB liability, fiduciary net position, and the resulting net OPEB liability (asset) as of June 30, 2024:

<u>Total OPEB liability</u>	
Service cost	\$ 1,567,498
Interest cost	2,068,261
Differences between expected and actual experience	3,973,729
Changes in assumptions	2,365,410
Plan change	8,065,865
Benefit payments	<u>(2,131,375)</u>
Net change in total OPEB liability	\$ 15,909,388
Total OPEB liability, beginning of year	<u>32,868,314</u>
Total OPEB liability, end of year (a)	<u><u>\$ 48,777,702</u></u>
<u>Plan fiduciary net position</u>	
Contributions - employer	\$ 4,132,018
Net investment income	5,702,106
Benefit payments	<u>(2,131,375)</u>
Net change in fiduciary net position	\$ 7,702,749
Fiduciary net position, beginning of year	<u>46,232,699</u>
Fiduciary net position, end of year (b)	<u><u>\$ 53,935,448</u></u>
Net OPEB liability (asset) (a-b)	<u><u>\$ (5,157,746)</u></u>
Fiduciary net position as a % of total OPEB liability	110.57%
Covered employee payroll	\$ 38,695,617
Net OPEB liability (asset) as of % of payroll	-13.33%

Payments for the net OPEB obligation have typically been liquidated in the General Fund in prior years. For the fiscal year ended June 30, 2024, the County recognized an OPEB expense (benefit) of \$5,455,794.

**WICOMICO COUNTY, MARYLAND**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2024**

**POST-RETIREMENT HEALTH CARE BENEFITS (Continued)**

Post-retirement health care benefits plan for employees at Wicomico County, Maryland (Continued)

Funding status and funding progress

As of the most recent actuarial valuation date, the plan was 110.57% funded. The total OPEB liability for benefits was \$48,777,702 and the actuarial value of assets was \$53,935,448 resulting in a net OPEB asset of \$5,157,746. The covered payroll (annual payroll of active employees covered by the plan) was \$38,695,617.

The County's funding progress is summarized as follows:

Measurement Date	Total OPEB Liability (a)	Fiduciary Net Position (b)	Net OPEB		Covered Payroll (c)	Net OPEB Liability (Asset) as a Percentage of Covered Payroll
			Liability (Asset) (a-b)	Funded Ratio (b/a)		(a-b)/c
June 30, 2017	\$ 46,149,453	\$ 25,395,153	\$ 20,754,300	55.03%	\$ 30,936,965	67.09%
June 30, 2018	35,265,899	30,443,998	4,821,901	86.33%	31,691,279	15.22%
June 30, 2019	28,441,252	35,536,107	(7,094,855)	124.95%	32,483,561	-21.84%
June 30, 2020	32,895,772	35,756,591	(2,860,819)	108.70%	33,056,998	-8.65%
June 30, 2021	39,651,431	47,757,436	(8,106,005)	120.44%	32,449,301	-24.98%
June 30, 2022	42,599,881	43,394,356	(794,475)	101.86%	33,263,291	-2.39%
June 30, 2023	32,868,314	46,232,699	(13,364,385)	140.66%	35,831,703	-37.30%
June 30, 2024	48,777,702	53,935,448	(5,157,746)	110.57%	38,695,617	-13.33%

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence 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 funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial methods and assumptions

Projections of benefits for financial reporting purposes are based on a substantive plan (the plan as understood by the employer and the plan members) and include the type of benefits provided at the time of each valuation and the historical pattern of sharing the benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in the actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

**WICOMICO COUNTY, MARYLAND  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2024**

**POST-RETIREMENT HEALTH CARE BENEFITS (Continued)**

Post-retirement health care benefits plan for employees at Wicomico County, Maryland (Continued)

Actuarial methods and assumptions (continued)

In the July 2022 actuarial valuation study, the entry age normal method was used. The actuarial assumptions included an expected long-term investment returns on plan assets of 6.50%. Subsequent premiums are assumed to increase annually at a rate starting at the actual increase for 2024, 7.50% for 2025 grading down at 0.25% per year until an ultimate rate of 4.50% is reached. Implicit in the investment return, salary scale and trend rate assumption is an underlying general rate of inflation assumption of 2.5%.

Additional information as of the latest actuarial valuation follows:

Actuarial	Entry Age Normal
Amortization Method	Level Percentage of Payroll, Open
Remaining Amortization Period	30 years
Asset Valuation Method	Market Value of Assets
Inflation	2.50%
Salary Increases	2.50% per year
Investment Rate of Return	6.50%
Medical Trend	Subsequent premiums are assumed to increase annually at a rate starting at the actual increase for 2024, 7.5% for 2025 grading down at 0.25% per year until an ultimate rate of 4.5% is reached. Trend rate are based on plan experience, historical trends, and industry norms.
Coverage Assumption	84% of retirees are expected to elect coverage.
Marriage Rate	Dependents of future retirees are not eligible for medical coverage.
Mortality	Pub-2010 General Tables as released by the Society of Actuaries in 2019 set forward 3 years, with scale MP-2021 improvement. The 3 year set forward is applied to take into account the disparate life expectancies in Wicomico County, MD compared to the published national average. The mortality table reflects the most up to date table for governmental employers issued by the Society of Actuaries.
Premium Equivalence	Medical premium equivalent were age-adjusted based on actual ages of the enrolled participants and the aging factors. For post-65 coverage, individual priced plans were placed in five year age groups.

**WICOMICO COUNTY, MARYLAND  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2024**

**POST-RETIREMENT HEALTH CARE BENEFITS (Continued)**

Post-retirement health care benefits plan for employees of Wicomico County, Maryland (Continued)

Actuarial methods and assumptions (continued)

Retirement Age

Retirement rates were based on an analysis of retirement dates of retirees as of July 1, 2015. Rates are based on the year an employee first reaches normal retirement age as follows:

<u>Years Past NRD</u>	<u>Retirement Rate</u>
0	15%
1	20%
2	7.5%
3	20%
4	10%
5	20%
6	25%
7	25%
8	50%
9	50%
10	100%

Changes in assumptions in the latest actuarial valuation include liabilities have been adjusted to reflect the fact that dependents of future retirees are not eligible for coverage.

Sensitivity of the total and net OPEB liability (asset)

The following table presents the County's total and net OPEB liability (asset) using the discount rate of 6.50%, as well as what the net OPEB liability (asset) would be if it were calculated using a discount rate that is 1% point lower or 1% point higher than the current rate:

	<u>Discount Rate</u>	<u>County's Net OPEB Liability (Asset)</u>
1% decrease	5.50%	\$ 973,331
Current discount rate	6.50%	\$ (5,157,746)
1% increase	7.50%	\$ (10,231,034)

The following table presents the County's total and net OPEB liability (asset) using the healthcare trend rate of 7.50% - 4.50%, as well as what the net OPEB liability (asset) would be if it were calculated using a discount rate that is 1% point lower or 1% point higher than the current rate:

**WICOMICO COUNTY, MARYLAND**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2024**

**POST-RETIREMENT HEALTH CARE BENEFITS (Continued)**

Post-retirement health care benefits plan for employees of Wicomico County, Maryland (Continued)

Sensitivity of the total and net OPEB liability (asset)

	<u>Health Care Trend Rate</u>	<u>County's Net OPEB Liability (Asset)</u>
1% decrease	6.50% - 3.50% Trend	\$ (10,586,462)
Current discount rate	7.50% - 4.50% Trend	\$ (5,157,746)
1% increase	8.50% - 5.50% Trend	\$ 1,457,243

Deferred inflows/outflows of resources related to OPEB

At June 30, 2024, the County reported deferred outflows of resources and deferred inflows of resources related to the OPEB plan from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes in assumptions	\$ 3,908,766	\$ (271,760)
Net difference between projected and actual investment earnings on OPEB plan investments		(652,622)
Difference between actual and expected experience	3,486,393	(12,821,741)
Total	<u>\$ 7,395,159</u>	<u>\$ (13,746,123)</u>

The deferred outflows of resources related to the net difference between projected and actual investment earnings on OPEB plan investments are being amortized over the service life of 5 years. The deferred inflows of resources related to the changes in assumptions are being amortized over the service life of 7 years. The following table shows the remaining amortization of these balances:

<u>Year End June 30,</u>	<u>Net Amortization</u>
2025	\$ (1,699,174)
2026	(228,808)
2027	(1,930,435)
2028	(1,809,325)
2029	(907,655)
Thereafter	224,433
	<u>\$ (6,350,964)</u>

**WICOMICO COUNTY, MARYLAND**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2024**

**POST-RETIREMENT HEALTH CARE BENEFITS (Continued)**

Post-retirement health care benefits plan for employees at the Board of Education of Wicomico County

Plan description

During the year ended June 30, 2007, the Board of Education set up the Retiree Health Plan of the Board of Education of Wicomico County (“the plan”). The Board joined Wicomico County to form the “Retiree Health Insurance Plan Trust of the Board of Education of Wicomico County and Wicomico County” (“the trust”). Effective June 29, 2009, the City of Salisbury was approved to join the trust. The trust was established to pool assets of its members for investment purposes only. Each member of the trust is required to designate a member trustee.

The Plan is administered as a single-employer defined benefit plan with combined administrative functions for efficiency. Each employer remains responsible for financing benefits of its own individual plan. Each employer also remains individually responsible for its own separate actuarial valuations, and expenses and obligations are measured like those of sole employers. The assets of the three entities are segregated within the trust. Separate financial statements for the trust are not issued.

Assets of each member are reported in their respective financial statements using the economic resources measurement focus and the accrual basis of accounting, under which expenses are recorded when the liability is incurred. Employer contributions are recorded in the accounting period in which they are earned and become measurable. Investments are reported at fair value and are based on published prices and quotations from major investment brokers at current exchange rates, if available.

The Plan provides medical, prescription, dental, and vision benefits to eligible retirees and their spouses. Beginning in 2017, the Board funds 70% of the individual health care insurance costs for retirees who were hired prior to July 1, 2016 based on the rules of their respective pension; and who had accumulated at least 10 years of service with the Board prior to their retirement. For employees hired on or after July 1, 2016, the Board funds 50% of the individual health care insurance costs for Unit 1, 3, and 4 retirees with 15-19 years of service; 60% of the individual health care insurance costs for Unit 1, 3, and 4 retirees with 20-24 years of service; and 70% of the individual health care insurance care costs for Units 1, 3, and 4 retirees with 25 or more years of service. The Board contributes 70% of the individual health care insurance costs for Unit 2 and Executive retirees with at least 10 years of service.

The Board previously funded 70% of the individual health care insurance costs for eligible retirees who were qualified to retire on or after July 17, 2007 and who had accumulated at least 10 years of service, and 55% of the individual health care insurance costs for eligible retirees who had accumulated at least 15 years of service with the Board prior to retirement (before July 17, 2007). As of June 30, 2024, approximately 994 retirees were receiving benefits and 1,992 active employees are participating in the plan. There were no terminated plan participants entitled to but not yet receiving benefits.

**WICOMICO COUNTY, MARYLAND**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2024**

**POST-RETIREMENT HEALTH CARE BENEFITS (Continued)**

Post-retirement health care benefits plan for employees at the Board of Education of Wicomico County (Continued)

Annual OPEB cost and net OPEB liability

The Board's total OPEB liability is an amount actuarially determined. 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, 2024:

Total OPEB liability		
Service cost	\$	3,874,307
Interest cost		4,745,575
Differences between expected and actual experience		(16,574,301)
Changes in assumptions		(20,227,124)
Benefit payments		(3,007,623)
Net change in total OPEB liability	\$	(31,189,166)
Total OPEB liability, beginning of year		99,738,152
Total OPEB liability, end of year (a)	\$	68,548,986
Plan fiduciary net position		
Contribution - employer	\$	3,007,623
Net investment income		3,642,550
Benefit payments		(3,007,623)
Net change in fiduciary net position	\$	3,642,550
Fiduciary net position, beginning of year		35,732,156
Fiduciary net position, end of year (b)	\$	39,374,706
Net OPEB liability (a-b)	\$	29,174,280
Fiduciary net position as a % of total OPEB liability		57.44%
Covered employee payroll	\$	135,564,880
Net OPEB liability as of % of payroll		21.52%

Payments for the net OPEB obligation have typically been liquidated in the General Fund in prior years. For the fiscal year ended June 30, 2024, the Board recognized an OPEB expense of \$887,391.

**WICOMICO COUNTY, MARYLAND**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2024**

**POST-RETIREMENT HEALTH CARE BENEFITS (Continued)**

Post-retirement health care benefits plan for employees at the Board of Education of Wicomico County (Continued)

Funding policy

The required contribution is based on projected pay-as-you-go financing requirements with an additional amount to pre-fund benefits as determined annually. For the current fiscal year, the Board contributed \$3.0 million to the plan, including approximately \$3.0 million for current claim costs (approximately 70% of total premiums). Plan members receiving benefits contributed approximately 30% of total premiums, through their required contributions of \$245/266 per month for retirees-only coverage (if under 65), \$102 per month for retirees-only coverage (if 65 or older) and \$1,314/\$1,426 for retiree and spouse coverage. These monthly premium costs are for EPO coverage/PPO coverage with Dental and Vision for those retirees who had more than 10 years of service with the Board.

Funding status and funding progress

As of the most recent actuarial valuation date, the plan was 57.44% funded. The total OPEB liability for benefits was \$68,548,986 and the actuarial value of assets was \$39,374,706 resulting in a net OPEB liability of \$29,174,280. The covered payroll (annual payroll of active employees covered by the plan) was \$135,564,880 and the ratio of the net OPEB liability to the covered payroll was 21.52%. The Board's funding progress is summarized as follows:

Measurement Date	Total OPEB Liability (a)	Fiduciary Net Position (b)	Net OPEB Liability (a-b)	Funded Ratio (b/a)	Covered Payroll (c)	Net OPEB Liability as a Percentage of Covered Payroll (a-b)/c
June 30, 2017	\$ 113,392,739	\$ 19,398,234	\$ 93,994,505	17.11%	\$ 111,445,147	84.34%
June 30, 2018	115,719,093	21,196,921	94,522,172	18.32%	115,383,585	81.92%
June 30, 2019	138,473,179	22,752,233	115,720,946	16.43%	116,827,713	99.05%
June 30, 2020	168,153,562	23,237,123	144,916,439	13.82%	127,445,923	113.71%
June 30, 2021	171,508,789	31,733,764	139,775,025	18.50%	132,038,660	105.86%
June 30, 2022	104,803,078	32,758,996	72,044,082	31.26%	117,523,187	61.30%
June 30, 2023	99,738,152	35,732,156	64,005,996	35.83%	128,429,690	49.84%
June 30, 2024	68,548,986	39,374,706	29,174,280	57.44%	135,564,880	21.52%

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence 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 funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

**WICOMICO COUNTY, MARYLAND  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2024**

**POST-RETIREMENT HEALTH CARE BENEFITS (Continued)**

Post-retirement health care benefits plan for employees at the Board of Education of Wicomico County (Continued)

Actuarial methods and assumptions

Projections of benefits for financial reporting purposes are based on a substantive plan (the plan as understood by the employer and the plan members) and include the type of benefits provided at the time of each valuation and the historical pattern of sharing the benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in the actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the most recent actuarial valuation study, the projected unit credit actuarial cost method was used. The actuarial assumptions included a 6.50% investment rate of return (net of administrative expenses). The S&P Municipal Bond 20 Year Rate Index was used to approximate the yields on the 20-year municipal bonds rated AA or higher. The healthcare cost trend rate assumes subsequent premiums increasing to an ultimate trend of 4.5% annually. Implicit in the investment return, salary scale and trend rate assumption is an underlying general rate of inflation assumption of 2.5%. Additional information as of the latest actuarial valuation follows:

Measurement Date	June 30, 2024
Actuarial Valuation Date	June 30, 2024
Actuarial	Entry Age Normal
Amortization Method	Level Percentage of Payroll, Open
Remaining Amortization Period	30 years
Asset Valuation Method	Market Value of Assets
Inflation	2.50%
Salary Increases	Age banded values ranging from 4.0% to 6.5%
Investment Rate of Return	6.5% for obligation
Medical Trend	Per capita claims costs are projected to increase by 7.50% in 2024 decreasing linearly by 0.25% to an ultimate trend rate of 4.5%.
Mortality	Pub-10 General Headcount-Weighted with scale MP-2021 generational improvement and a 3 year set forward.
Premium Equivalence	Current pre-Medicare cost equivalent rates are age-adjusted based on actual ages of enrolled participants and aging factors derived from the Society of Actuaries' 2013 study "Health Care Costs from Birth to Death."

**WICOMICO COUNTY, MARYLAND**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2024**

**POST-RETIREMENT HEALTH CARE BENEFITS (Continued)**

Post-retirement health care benefits plan for employees at the Board of Education of Wicomico County (Continued)

Actuarial methods and assumptions (continued)

<u>Retirement Age</u>	<u>Age at the beginning of year</u>	<u>Retirement Rate</u>	<u>Probability of Electing Coverage</u>
	55 – 59	5%	50%
	60 – 64	15%	50%
	65	50%	50%
	66 – 69	20%	50%
	70	100%	50%

Changes in assumptions in the latest actuarial valuation include a reduction of the blended discount rate from 4.83% to 6.50%, and the source for the discount rate was changed from the GO Bond Buyer Index to the S&P Municipal Bond 20 Year Rate Index.

At the age when Medicare Coverage becomes mandatory, and assuming the retiree has at least ten years of service, the retiree will be eligible for Medicare supplemental health insurance coverage through the Board. The Board will continue to pay 70% of the supplement for any retiree meeting this eligibility criterion. The annual money-weighted rate of return on retiree health insurance plan investments, net of plan investment expenses, was 9.70%.

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 6.5%, as well as what the net OPEB liability would be if it were calculated using a discount rate that is 1% point lower or 1% point higher than the current rate:

	<u>Discount Rate</u>	<u>Board's Net OPEB Liability</u>
1% decrease	5.50%	\$ 37,203,692
Current discount rate	6.50%	\$ 29,174,280
1% increase	7.50%	\$ 22,419,344

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

	<u>Health Care Trend Rate</u>	<u>Board's Net OPEB Liability</u>
1% decrease	3.50%	\$ 21,930,115
Current discount rate	4.50%	\$ 29,174,280
1% increase	5.50%	\$ 37,919,140

**WICOMICO COUNTY, MARYLAND  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2024**

**POST-RETIREMENT HEALTH CARE BENEFITS (Continued)**

Post-retirement health care benefits plan for employees at the Board of Education of Wicomico County (Continued)

Deferred inflows/outflows of resources related to OPEB

At June 30, 2024, 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
Changes in assumptions	\$ 15,193,346	\$ (38,999,338)
Net difference between projected and actual investment earnings on OPEB plan investments		(193,254)
Difference between actual and expected experience		(22,503,060)
Total	\$ 15,193,346	\$ (61,695,652)

The deferred outflows of resources related to the net difference between projected and actual investment earnings on OPEB plan investments are being amortized over the service life of 5 years. The deferred inflows of resources related to the changes in assumptions are being amortized over the service life of 7 years. The following table shows the remaining amortization of these balances:

Year End June 30,	Net Amortization
2025	\$ (5,484,943)
2026	(6,904,573)
2027	(11,369,980)
2028	(10,803,647)
2029	(6,681,814)
Thereafter	(5,257,349)
	\$ (46,502,306)

Wicomico County Free Library

The Library is a component unit of Wicomico County, Maryland and its employees are members of the County's health plan. Retirees of the Library pay the full cost of their health insurance premiums and any implied subsidy is reported in the Post-Retirement Health Care Benefits footnote in the financial statements of Wicomico County, Maryland.

**WICOMICO COUNTY, MARYLAND**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2024**

**LANDFILL CLOSURE AND POST-CLOSURE CARE COST**

State and Federal laws and regulations require the County to place a final cover on its landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for thirty years after closure. The County retained an engineering consulting firm to perform physical measurements on the existing open cells (cells 1 through 6) to determine current volumetric capacity remaining, construct engineering cost estimates for closure and post-closure maintenance of these cells, and estimate the future life expectancy of these cells. The table below identifies the current estimates of costs and service life and shows the computation of the annual accrual of liability for fiscal year 2024.

Closure cost	\$ 12,320,682
Post-closure cost	7,452,234
Total estimated future cost	19,772,916
Accrued closure/post-closure cost as of June 30, 2023	(13,510,232)
Additional costs to be recognized over remaining life	6,262,684
Disposal life in years remaining as of July 1, 2023	6.5
Provision for closure/post-closure costs	\$ 963,490

The disposal life assumes an historic average fill rate of 100,000 tons per year filling to the maximum permit height, with volumetric capacity based on current slope gradients. Additional capacity can be created if the side-slopes are regarded and/or new compaction/shredding technology is introduced. Cost estimates are based on current regulations and technology. In addition to having a general obligation bond rating of AA/Aa2/AA+ from Fitch, Moody’s and Standard & Poor’s credit rating services, the County has approximately \$21,179,284 of currently available cash which may be used for landfill closure and post closure costs.

**NURSING HOME**

The County owns and operates a 102-bed licensed nursing home in Salisbury. The primary third-party reimbursement is from Medicaid. The County approved an operating budget of \$10,090,287 for fiscal year 2024. The nursing home is self-supporting and receives no appropriation of County funds. However, in December 2018, the County loaned the nursing home \$489,320 to meet certain cash flow requirements. The loan is non-interest bearing and payable on demand.

**COMMITMENTS AND CONTINGENCIES**

Wicomico County, Maryland

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.

**WICOMICO COUNTY, MARYLAND**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2024**

**COMMITMENTS AND CONTINGENCIES (Continued)**

Wicomico County, Maryland (continued)

The County receives Federal and State grants for specific purposes that are subject to review and audit by Federal and State agencies. Such audits could result in a request for reimbursement by the Federal and State agencies for expenditures disallowed under the terms and conditions of the appropriate agency. In the opinion of County management, such disallowances, if any, will not be significant to the County's financial statements.

The Wicomico County Urban Services Commission continues to abide by an expired contract with the City of Salisbury to purchase water and sewer supplied to a district. The Wicomico County Urban Services Commission is required to charge this district 150% of the City's current rate and remit 80% of the billings to the City. Total collections for the year ended June 30, 2024 were \$430,325.

The Wicomico County Urban Services Commission also purchased services from the Town of Delmar for two other districts. Total collections for the districts for 2024 were \$42,241.

In February 2002, the Wicomico County Urban Services Commission established a lighting district in the Westwood/Westover Hills area. The cost of power is being borne by Delmarva Power who then bills the Commission on a monthly basis. The Commission then bills the property owners.

Wicomico Nursing Home

The Wicomico Nursing Home (the "Facility") receives revenue from Medicaid, Medicare, private insurance, private patients, and other third-party payers. The health care industry is continuing to experience the effects of the federal and state governments' trend toward cost containment, as government and other third-party payers seek to impose reimbursement and utilization rates and negotiate reduced payment schedules with providers.

It is not possible to fully quantify the effect of recent legislation, the interpretation or administration of such legislation, or any other government initiatives on the Facility's business. Accordingly, there can be no assurance that any future health care legislation will not adversely affect the Facility's business. There can be no assurance that payments under government and private third-party payer programs will be timely, will remain at levels comparable to present levels, or will, in the future, be sufficient to cover the costs allocable to patients eligible for reimbursement pursuant to such programs. The Facility's financial position and change in net position may be affected by the reimbursement process, which in the Facility's industry is complex and can involve lengthy delays between the time that revenue is recognized and the time that reimbursement amounts are settled.

**WICOMICO COUNTY, MARYLAND**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2024**

**COMMITMENTS AND CONTINGENCIES (Continued)**

The Board of Education of Wicomico County

The Board regularly enters into contracts for goods and services during the normal course of operations. The contracts often extend over fiscal years. The Board has signed major construction contracts for the replacement of Mardela Middle & High School in the amount of approximately \$73 million. At June 30, 2024, approximately \$63 million had been expended related to these contracts, respectively.

The Board receives a substantial amount of its support from Federal, State and local agencies in the form of grants. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the Board has not complied with the rules and regulations governing the grants, refunds of any money received may be required and the collectability of any related receivable at June 30, 2024 may be impaired. In the opinion of the Board, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provision has been recorded in the accompanying financial statements for such contingencies.

The Board is a defendant in various lawsuits. After considering all relevant facts and 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 Board.

The Wicomico County Free Library

The Library receives a substantial amount of its support from the state and local governments. A significant reduction in the level of support, if this were to occur, may have an effect on the Library's programs and activities.

The Library is the recipient of various Federal, State and other grants. The Library may be under obligation to repay these grant funds if, upon final review by the respective granting agencies, the funds expended did not meet the established program objectives. Management is not aware of any repayment requests affecting these financial statements.

**RISK MANAGEMENT**

Wicomico County, Maryland

The Primary Government is exposed to various risks of loss relating 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. Additionally, the County designates a portion of its unreserved fund balance for self-insurance for losses arising from vandalism, automobile damage, and disability insurance. Settled claims resulting from these risks have not exceeded commercial insurance in the last five years.

**WICOMICO COUNTY, MARYLAND**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2024**

**RISK MANAGEMENT (Continued)**

Wicomico Nursing Home

The Facility is exposed to various risks or loss related to torts; theft of, damage to, and destruction of assets; error and omissions; employee health and accident; and natural disasters. The Facility purchases commercial insurance to protect its interest in its property and equipment, insurance against employee dishonesty, and liability protection concerning malpractice.

The Board of Education of Wicomico County

The Board of Education of Wicomico County 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 Board 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 boards of education in the State of Maryland. The Board of Education of Wicomico County pays an annual premium to the Fund each year which is 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 the workers compensation claims fund, this deficit may be made up from additional assessments of boards participating in the fund. The Board also joined the Maryland Association of Board of Education's Group Insurance Pool (the Pool) on July 1, 2000. The Pool is a public entity risk pool providing property and casualty insurance coverage for its participating members, who are also boards of education in the State of Maryland. The Board pays an annual premium to the Pool, based on student enrollment, vehicle inventory, insurable value of Board property, and insurance claims experience from previous years. The agreement for the Pool provides that it will be self-sustaining through member premiums and will reinsure through commercial companies for claims that exceed coverage limits for legal liability, property, and crime exposures specified in the agreement. Should the Pool encounter deficits in either the property or casualty fund, this deficit may be made up from additional assessments of boards participating in the Pool. The Board continues to carry commercial insurance for other risks, including pollution liability, retirement plan fiduciary liability, employee health and life insurance. Settled claims have not exceeded insurance coverage for each of the past three fiscal years, and there have been no significant reductions in insurance coverage from the prior year.

In 2015, senior management created a Risk Management Committee, with the initial purpose to review reported employee injuries and various insurance claims involving Board property, with a goal to identify underlying risks and primary cause of injuries or loss. As all entities face uncertainty and risk, the future mission of the committee will be to institute a formal program of Enterprise Risk Management (ERM). ERM is a continuous process to identify potential events that may affect the school system, determine what level of risk can be assumed and provide reasonable assurance that objectives can be achieved.

**WICOMICO COUNTY, MARYLAND**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2024**

**RISK MANAGEMENT (Continued)**

The Wicomico County Free Library

The Library is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are primarily mitigated by coverage from commercial insurance companies. The Library is essentially self-insured for purposes of funding unemployment claims, and earmarks a portion of the General Fund budget each year for potential claims.

As of June 30 of each year, expenditures and claims are recognized when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. In determining claims, events that might create claims, but for which none have been reported, are considered. The Library anticipates no additional liabilities for potential claims against the Library as of June 30, 2024. Therefore, the Statement of Net Position contains no provision for, and it also does not present, estimated claims.

There have been no significant reductions in commercial insurance coverage as compared with the coverage for the previous year. There were no settlements that exceeded insurance coverage in any of the past three years.

**CONDUIT DEBT OBLIGATIONS**

From time to time, the County has issued Economic Development Revenue Bonds to provide financial assistance to private sector entities for the acquisition and construction of industrial and commercial facilities and equipment deemed to be in the public interest. The bonds are secured by the property financed and are payable solely from revenues to be received in connection with the financing and from any other monies made available to the user for such purposes. Upon repayment of the bonds, ownership of the acquired facilities and equipment transfers to the private sector entity served by the bond issuance. Neither the County, the State, nor any political subdivision thereof is obligated in any manner for repayment of the bonds. Accordingly, neither conduit debt nor the related asset is reported. There were no conduit debt obligations outstanding as of June 30, 2024.

**TAX ABATEMENTS**

Wicomico County provides tax abatements under several categories of properties that are deemed tax exempt. These properties include governments, universities, properties owned by disabled veterans (DAV) and blind persons, churches, hospitals, properties damaged by fire, storm, etc., and properties that become exempt due to sale. Other tax abatements result from protested assessments and acreage corrections. All tax abatements are based on information sent to the County from the State Assessment Office and the County makes the adjustment accordingly. Each category has to meet certain requirements in order to qualify for the tax exemption.

**WICOMICO COUNTY, MARYLAND**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2024**

**TAX ABATEMENTS (Continued)**

Government, university, disabled veteran, blind person, church, and hospital properties are considered tax exempt through the Annotated Code of Maryland. Nevertheless, each entity still has to go through an application process in order to formally achieve tax-exempt status from the State Assessment Office and to receive tax abatements.

Taxpayers whose properties are damaged by fire, storm, etc. and considered inhabitable or are demolished after being considered condemned, could possibly receive a decrease in assessment but have to notify the State Assessment Office to approve the abatement. If a property is sold to an exempt entity, the property is changed to exempt-tax status and the tax abatement will begin once the exempt entity begins ownership of the purchased property.

Taxpayers who protest the amount of their property assessment could also be granted an abatement but, once again, they have to go through the notification process with the State Assessment Office. Regarding acreage corrections, a taxpayer may own property in which the entire acreage is not tax exempt but may gain exemption on a certain portion of the property such as the acreage where the home site is located but has to notify the state assessment office.

The County's property tax revenues were reduced by \$273,446 under agreements entered into by the State.

**WICOMICO COUNTY, MARYLAND**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2024**

**PRIOR PERIOD ADJUSTMENTS**

Fund balances at June 30, 2023 have been restated for the governmental funds as follows:

	General Fund	Grants Fund	Capital Projects	Youth & Civic Center	Airport	Other Governmental Funds	Total Governmental Funds
Fund balances at June 30, 2023 as previously reported	\$ 102,372,484	\$ (4,425,911)	\$ 79,065,560	\$ 5,246,789	\$	\$ 1,067,592	\$ 183,326,514
Conversion from enterprise fund to governmental fund					7,912,881		7,912,881
Correction of MWQFA loan proceeds	882,659	(882,659)					
Correction of vouchers payable and expenses	(1,110,145)			(2,294)		139,523	(972,916)
Fund balances at June 30, 2023 as restated	<u>\$ 102,144,998</u>	<u>\$ (5,308,570)</u>	<u>\$ 79,065,560</u>	<u>\$ 5,244,495</u>	<u>\$ 7,912,881</u>	<u>\$ 1,207,115</u>	<u>\$ 190,266,479</u>

**WICOMICO COUNTY, MARYLAND**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2024**

**PRIOR PERIOD ADJUSTMENTS (Continued)**

Net position at June 30, 2023 has been restated for the enterprise funds as follows:

	Solid Waste	Nursing Home	Urban Services	Airport	Convention & Visitors Bureau & Other Funds	Total Enterprise Funds
Net position at June 30, 2023 as previously reported	\$ 17,297,325	\$ 1,947,144	\$ 320,505	33,163,871	\$ 2,814,119	\$ 55,542,964
Conversion from enterprise fund to governmental fund				(33,163,871)		(33,163,871)
Corrections to cash					(152,293)	(152,293)
Correction to capital assets	<u>639,249</u>					<u>639,249</u>
Net position at June 30, 2023 as restated	<u><u>\$ 17,936,574</u></u>	<u><u>\$ 1,947,144</u></u>	<u><u>\$ 320,505</u></u>	<u><u>\$</u></u>	<u><u>\$ 2,661,826</u></u>	<u><u>\$ 22,866,049</u></u>

**WICOMICO COUNTY, MARYLAND**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2023**

**PRIOR PERIOD ADJUSTMENTS (Continued)**

Total net position at June 30, 2023 has been restated for the governmental and business-type activities in the government-wide financial statements as follows:

	Governmental Activities	Business-Type Activities
Net position at June 30, 2023 as previously reported	\$ 145,215,965	\$ 55,542,964
Conversion from enterprise fund to governmental fund	32,879,122	(33,163,871)
Corrections to cash		(152,293)
Correction to capital assets		639,249
Correction of vouchers payable and expenses	(972,916)	
Net position at June 30, 2023 as restated	\$ 177,122,171	\$ 22,866,049

**REQUIRED SUPPLEMENTARY INFORMATION**

**WICOMICO COUNTY, MARYLAND**  
**BUDGET AND ACTUAL (WITH VARIANCES) - GENERAL FUND**  
**YEAR ENDED JUNE 30, 2024**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget -</u> <u>Favorable</u> <u>(Unfavorable)</u>
<b>REVENUES</b>				
Property taxes	\$ 74,745,892	\$ 74,745,892	\$ 74,261,009	\$ (484,883)
Income taxes	64,500,000	64,500,000	77,380,868	12,880,868
Other taxes	6,785,000	6,785,000	6,915,048	130,048
Licenses and permits	1,240,900	1,240,900	1,259,148	18,248
Intergovernmental	25,547,890	25,503,903	32,874,928	7,371,025
Charges for services	5,298,804	5,342,791	6,014,935	672,144
Fines and forfeitures	9,150	9,150	10,740	1,590
Miscellaneous	286,405	286,405	396,462	110,057
Investment earnings	4,800,000	4,800,000	10,221,689	5,421,689
Total revenues	<u>183,214,041</u>	<u>183,214,041</u>	<u>209,334,827</u>	<u>26,120,786</u>
<b>EXPENDITURES</b>				
General government				
Legislative/council	<u>973,419</u>	<u>974,690</u>	<u>803,736</u>	<u>170,954</u>
Administrative/executive	<u>706,570</u>	<u>707,452</u>	<u>704,605</u>	<u>2,847</u>
Judicial				
Circuit Court	2,632,012	2,674,001	2,219,855	454,146
Orphans' Court	98,353	98,353	61,963	36,390
State's Attorney	4,845,669	5,002,442	4,388,486	613,956
Total judicial	<u>7,576,034</u>	<u>7,774,796</u>	<u>6,670,304</u>	<u>1,104,492</u>
Elections	<u>2,059,179</u>	<u>2,159,557</u>	<u>1,594,342</u>	<u>565,215</u>
Management information systems	<u>1,491,053</u>	<u>1,536,451</u>	<u>1,477,459</u>	<u>58,992</u>
Purchasing	<u>346,288</u>	<u>350,285</u>	<u>314,150</u>	<u>36,135</u>
Financial administration				
Finance	1,493,451	1,504,228	1,389,734	114,494
Public accountant	145,000	176,844	117,810	59,034
Total financial administration	<u>1,638,451</u>	<u>1,681,072</u>	<u>1,507,544</u>	<u>173,528</u>
Human resources	<u>838,638</u>	<u>872,450</u>	<u>788,202</u>	<u>84,248</u>
Legal	<u>406,960</u>	<u>406,960</u>	<u>518,032</u>	<u>(111,072)</u>

**WICOMICO COUNTY, MARYLAND**  
**BUDGET AND ACTUAL (WITH VARIANCES) - GENERAL FUND**  
**YEAR ENDED JUNE 30, 2024**  
**(Continued)**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget -</u> <u>Favorable</u> <u>(Unfavorable)</u>
<b>EXPENDITURES (Continued)</b>				
General government (continued)				
Community promotion	279,500	279,500	275,988	3,512
Planning and zoning	2,374,332	2,378,029	2,123,119	254,910
General services	1,701,972	2,044,993	1,278,709	766,284
Total general government	<u>20,392,396</u>	<u>21,166,235</u>	<u>18,056,190</u>	<u>3,110,045</u>
Public safety				
Sheriff's Department	17,090,564	17,199,169	16,240,177	958,992
Emergency Services	4,372,278	4,783,749	4,192,705	591,044
Fire Department	8,682,635	8,682,635	8,223,710	458,925
Liquor License Board	289,760	293,520	287,638	5,882
Protection of Animals	507,011	507,011	507,011	
Total public safety	<u>30,942,248</u>	<u>31,466,084</u>	<u>29,451,241</u>	<u>2,014,843</u>
Detention Center	<u>21,131,987</u>	<u>21,122,091</u>	<u>19,104,602</u>	<u>2,017,489</u>
Public works				
Roads	13,005,386	15,123,030	9,086,633	6,036,397
Supervision	797,048	903,705	486,379	417,326
Tri-County Council/Shore Transit	769,060	769,060	769,060	
Total public works	<u>14,571,494</u>	<u>16,795,795</u>	<u>10,342,072</u>	<u>6,453,723</u>
Health and welfare				
Public health	4,782,115	4,782,115	4,370,396	411,719
Mosquito control	212,819	229,065	183,184	45,881
Gypsy Moth control	35,000	35,000	44,063	(9,063)
Total health and welfare	<u>5,029,934</u>	<u>5,046,180</u>	<u>4,597,643</u>	<u>448,537</u>
Social services	<u>379,828</u>	<u>379,828</u>	<u>379,493</u>	<u>335</u>
Education				
Board of Education	49,935,024	49,935,024	49,935,024	
Wicomico County Free Library	1,767,303	1,767,303	1,767,303	
Community College - grant	6,639,054	6,639,054	6,639,054	
Extension Service	155,704	155,704	153,150	2,554
Total education	<u>58,497,085</u>	<u>58,497,085</u>	<u>58,494,531</u>	<u>2,554</u>

**WICOMICO COUNTY, MARYLAND**  
**BUDGET AND ACTUAL (WITH VARIANCES) - GENERAL FUND**  
**YEAR ENDED JUNE 30, 2024**  
**(Continued)**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget -</u> <u>Favorable</u> <u>(Unfavorable)</u>
<b>EXPENDITURES (Continued)</b>				
Economic development	244,700	244,700	228,450	16,250
Miscellaneous				
Grants and mandates	458,210	458,210	463,091	(4,881)
Provision for compensated absences			34,090	(34,090)
Hospitalization, disability and life	177,760	177,760	65,929	111,831
Unemployment compensation	200	200		200
Liability and arbitrage insurance	740,000	740,000	739,106	894
Capital outlay	817,000	817,000	411,573	405,427
Other fringes	174,319	174,320	163,937	10,383
Total miscellaneous	2,367,489	2,367,490	1,877,726	489,764
Debt service				
Principal	9,156,000	9,156,000	8,158,813	997,187
Interest	5,300,000	5,300,000	4,710,844	589,156
Agent fees	35,000	55,775	30,833	24,942
Total debt service	14,491,000	14,511,775	12,900,490	1,611,285
Total expenditures	168,048,161	171,597,263	155,432,438	16,164,825
Excess (deficiency) of revenues over (under) expenditures	15,165,880	11,616,778	53,902,389	42,285,611
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	(23,290,986)	(34,569,999)	(30,668,127)	3,901,872
Appropriations of fund equity	10,429,264	20,797,205		(20,797,205)
Other uses	(2,304,158)	(1,262,684)		1,262,684
Total other financing uses	(15,165,880)	(15,035,478)	(30,668,127)	(15,632,649)
Net change in fund balances	\$	\$ (3,418,700)	\$ 23,234,262	\$ 26,652,962

**WICOMICO COUNTY, MARYLAND**  
**SCHEDULE OF FUNDING PROGRESS AND EMPLOYER CONTRIBUTIONS**  
**OTHER POST-EMPLOYMENT BENEFIT PLAN**

Schedule of Funding Progress

Measurement Date	Total OPEB Liability	Fiduciary Net Position	Net OPEB Liability (Asset)	Funded Ratio	Annual Covered Payroll	UAAL as a Percentage of Covered Payroll
June 30, 2017	\$ 46,149,453	\$ 25,395,153	\$ 20,754,300	55.03%	\$ 30,936,965	67.09%
June 30, 2018	\$ 35,265,899	\$ 30,443,998	\$ 4,821,901	86.33%	\$ 31,691,279	15.22%
June 30, 2019	\$ 28,441,252	\$ 35,536,107	\$ (7,094,855)	124.95%	\$ 32,483,561	-21.84%
June 30, 2020	\$ 32,895,772	\$ 35,756,591	\$ (2,860,819)	108.70%	\$ 33,056,998	-8.65%
June 30, 2021	\$ 39,651,431	\$ 47,757,436	\$ (8,106,005)	120.44%	\$ 32,449,301	-24.98%
June 30, 2022	\$ 42,599,881	\$ 43,394,356	\$ (794,475)	101.86%	\$ 33,263,291	-2.39%
June 30, 2023	\$ 32,868,314	\$ 46,232,699	\$ (13,364,385)	140.66%	\$ 35,831,703	-37.30%
June 30, 2024	\$ 48,777,702	\$ 53,935,448	\$ (5,157,746)	110.57%	\$ 38,695,617	-13.33%

Schedule of Employer Contributions

Year Ended June 30,	Employer Contributions	Annual Required Contribution	Contribution Excess	Covered Payroll	Contributions as a Percentage of Covered Payroll
2018	\$ 4,378,339	\$ 4,050,816	\$ 327,523	\$ 31,691,279	13.82%
2019	\$ 4,845,232	\$ 2,851,294	\$ 1,993,938	\$ 32,483,561	14.92%
2020	\$ 2,488,556	\$ 1,355,349	\$ 1,133,207	\$ 33,056,998	7.53%
2021	\$ 2,420,033	\$ 1,920,865	\$ 499,168	\$ 32,449,301	7.46%
2022	\$ 2,776,146	\$ 2,189,156	\$ 586,990	\$ 33,263,291	8.35%
2023	\$ 1,886,572	\$ 2,575,797	\$ (689,225)	\$ 35,831,703	5.27%
2024	\$ 4,132,018	\$ 544,088	\$ 3,587,930	\$ 38,695,617	10.68%

*Schedules are intended to provide 10-year trend information. Additional years will be displayed as available.  
 GASB No. 75 was implemented in fiscal year 2018.*

**WICOMICO COUNTY, MARYLAND**  
**SCHEDULE OF CHANGES IN THE COUNTY'S NET PENSION LIABILITY**  
**AND RELATED RATIOS**  
**SINGLE EMPLOYER DEFINED BENEFIT PENSION PLAN**

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
<b>Total pension liability</b>										
Service cost	\$ 5,271,362	\$ 4,954,422	\$ 4,968,969	\$ 6,631,617	\$ 3,504,313	\$ 3,343,843	\$ 3,319,947	\$ 3,142,991	\$ 2,350,796	\$ 2,377,128
Interest	7,258,888	7,095,395	6,663,130	5,540,828	6,203,159	5,840,199	5,455,517	5,239,627	5,234,877	4,863,156
Liability experience (gain)/loss	3,276,784	(1,851,287)	4,914,561	1,468,156	618,768	998,129	1,009,843	(1,455,159)	(10,433)	
*Plan changes (FOP COLA)	5,185,856									
Assumption changes	(23,950,471)	1,005,720	5,238,160	(24,786,504)	45,565,856	2,351,681	(228,749)		824,020	966,617
Benefit payments	(6,592,096)	(6,047,806)	(5,687,849)	(5,306,708)	(4,550,339)	(4,393,299)	(4,112,800)	(3,792,137)	(3,558,505)	(3,328,886)
Net change in total pension liability	(9,549,677)	5,156,444	16,096,971	(16,452,611)	51,341,757	8,140,553	5,443,758	3,135,322	4,840,755	4,878,015
Total pension liability - beginning	146,995,801	141,839,357	125,742,386	142,194,997	90,853,240	82,712,687	77,268,929	74,133,607	69,292,852	56,034,679
Total pension liability adjustment										8,380,158
Total pension liability - ending	<u>\$ 137,446,124</u>	<u>\$ 146,995,801</u>	<u>\$ 141,839,357</u>	<u>\$ 125,742,386</u>	<u>\$ 142,194,997</u>	<u>\$ 90,853,240</u>	<u>\$ 82,712,687</u>	<u>\$ 77,268,929</u>	<u>\$ 74,133,607</u>	<u>\$ 69,292,852</u>
<b>Plan fiduciary net pension</b>										
Contributions - County	\$ 5,169,802	\$ 4,166,371	\$ 3,153,912	\$ 2,365,165	\$ 2,748,786	\$ 1,741,103	\$ 1,734,796	\$ 2,009,396	\$ 1,417,367	\$ 3,415,534
Contributions - Member	1,969,617	1,802,042	1,724,549	1,878,591	1,781,782	1,842,868	1,700,369	1,683,482	1,672,651	1,637,983
Net investment income (loss)	9,263,912	6,358,250	(9,336,979)	22,383,177	(1,054,992)	3,763,414	4,376,557	8,144,126	(1,302,566)	77,598
Benefit payments and refunds of employee contributions	(6,592,096)	(6,047,806)	(5,687,849)	(5,306,708)	(4,550,339)	(4,393,299)	(4,112,800)	(3,792,137)	(3,558,505)	(3,328,886)
Administrative expense	(44,173)	(87,594)	(88,553)	(83,106)	(60,251)	(48,243)	(75,693)	(71,309)	(73,675)	(63,453)
Net change in plan fiduciary net position	9,767,062	6,191,263	(10,234,920)	21,237,119	(1,135,014)	2,905,843	3,623,229	7,973,558	(1,844,728)	1,738,776
Plan fiduciary net position - beginning	91,412,982	85,221,719	95,456,639	74,219,520	75,354,534	72,448,691	68,825,462	60,851,904	62,696,632	60,957,856
Plan fiduciary net position - ending	<u>101,180,044</u>	<u>91,412,982</u>	<u>85,221,719</u>	<u>95,456,639</u>	<u>74,219,520</u>	<u>75,354,534</u>	<u>72,448,691</u>	<u>68,825,462</u>	<u>60,851,904</u>	<u>62,696,632</u>
Plan's net pension liability - ending	<u>\$ 36,266,080</u>	<u>\$ 55,582,819</u>	<u>\$ 56,617,638</u>	<u>\$ 30,285,747</u>	<u>\$ 67,975,477</u>	<u>\$ 15,498,706</u>	<u>\$ 10,263,996</u>	<u>\$ 8,443,467</u>	<u>\$ 13,281,703</u>	<u>\$ 6,596,220</u>
Plan fiduciary net position as a percentage of the total pension liability	73.61%	62.19%	60.08%	75.91%	52.20%	82.94%	87.59%	89.07%	82.08%	90.48%
Covered-employee payroll	\$ 30,580,824	\$ 28,059,345	\$ 29,788,340	\$ 29,112,415	\$ 29,104,698	\$ 28,631,827	\$ 28,425,956	\$ 27,311,213	\$ 27,475,905	\$ 27,339,769
Net pension liability (asset) as a percentage of covered-employee payroll	118.59%	198.09%	190.07%	104.03%	233.55%	54.13%	36.11%	30.92%	48.34%	24.13%

**Notes to Schedule:**

\*Effective July 1, 2024, County Sheriff members contribute 6.6% and upon retirement on or after July 1, 2024 will be eligible for a 2.5% annual COLA.

**WICOMICO COUNTY, MARYLAND  
SCHEDULE OF COUNTY CONTRIBUTIONS  
SINGLE EMPLOYER DEFINED BENEFIT PENSION PLAN  
LAST 10 FISCAL YEARS**

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Actuarially determined contribution	\$ 4,454,576	\$ 4,140,780	\$ 4,148,228	\$ 3,941,662	\$ 2,631,244	\$ 2,339,510	\$ 1,025,503	\$ 1,517,276	\$ 882,674	\$ 1,909,665
Contributions in relation to the actuarially determined contribution	<u>5,169,802</u>	<u>4,166,371</u>	<u>3,513,912</u>	<u>2,365,165</u>	<u>2,748,786</u>	<u>1,741,103</u>	<u>1,734,796</u>	<u>2,009,396</u>	<u>1,417,367</u>	<u>3,415,534</u>
Contribution deficiency (excess)	<u>\$ (715,226)</u>	<u>\$ (25,591)</u>	<u>\$ 634,316</u>	<u>\$ 1,576,497</u>	<u>\$ (117,542)</u>	<u>\$ 598,407</u>	<u>\$ (709,293)</u>	<u>\$ (492,120)</u>	<u>\$ (534,693)</u>	<u>\$ (1,505,869)</u>
Covered-employee payroll	\$ 30,580,824	\$ 28,059,345	\$ 29,788,340	\$ 29,112,415	\$ 29,104,698	\$ 28,631,827	\$ 28,425,956	\$ 27,311,213	\$ 27,475,905	\$ 27,339,769
Contributions as a percentage of covered-employee payroll	16.91%	14.85%	11.80%	8.12%	9.44%	6.08%	6.10%	7.36%	5.16%	12.49%

Notes to Schedule:

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry Age Normal
Amortization method	Level Dollar
Asset valuation method	Market Value
Inflation	N/A
Salary increases	2.50%
Investment rate of return	6.50%, net of pension plan investment expense
Retirement age	It is presumed that most employees work until age 65.
Mortality	Pub-2010 General Table as released by the Society of Actuaries in 2019 set forward 3 years, with scale MP2021 improvement.

**WICOMICO COUNTY, MARYLAND**  
**THE BOARD OF EDUCATION OF WICOMICO COUNTY**  
**SCHEDULE OF FUNDING PROGRESS AND EMPLOYER CONTRIBUTIONS**  
**RETIREE HEALTH INSURANCE PLAN TRUST**

Schedule of Funding Progress

Measurement Date	Total OPEB Liability (a)	Fiduciary Net Position (b)	Unfunded Net OPEB Liability (a-b)	Funded Ratio (b/a)	Covered Payroll (c)	Net OPEB Liability Percentage of Covered-Employee Payroll (a-b)/c
June 30, 2017	\$ 113,392,739	\$ 19,398,234	\$ 93,994,505	17.11%	\$ 111,445,147	84.34%
June 30, 2018	\$ 115,719,093	\$ 21,196,921	\$ 94,522,172	18.32%	\$ 115,383,585	81.92%
June 30, 2019	\$ 138,473,179	\$ 22,752,233	\$ 115,720,946	16.43%	\$ 116,827,713	99.05%
June 30, 2020	\$ 168,153,562	\$ 23,237,123	\$ 144,916,439	13.82%	\$ 127,445,923	113.71%
June 30, 2021	\$ 171,508,789	\$ 31,733,764	\$ 139,775,025	18.50%	\$ 132,038,660	105.86%
June 30, 2022	\$ 104,803,078	\$ 32,758,996	\$ 72,044,082	31.26%	\$ 117,523,187	61.30%
June 30, 2023	\$ 99,738,152	\$ 35,732,156	\$ 64,005,996	35.83%	\$ 128,429,690	49.84%
June 30, 2024	\$ 68,548,986	\$ 39,374,706	\$ 29,174,280	57.44%	\$ 135,564,880	21.52%

Schedule of Employer Contributions

	2018	2019	2020	2021	2022	2023
Actuarially determined contribution	\$ 9,206,855	\$ 7,395,195	\$ 9,206,855	\$ 10,869,925	\$ 10,233,460	\$ 7,271,306
Contribution in relation to actuarially determined contribution	4,985,727	4,714,139	4,985,727	5,383,540	8,711,803	4,293,639
Contribution deficiency (excess)	\$ 4,221,128	\$ 2,681,056	\$ 4,221,128	\$ 5,486,385	\$ 1,521,657	\$ 2,977,667
Covered-employee payroll	\$ 115,383,585	\$ 116,827,713	\$ 127,445,923	\$ 132,038,660	\$ 117,523,187	\$ 128,429,690
Contributions as a percentage of covered-employee payroll	4.32%	4.04%	3.91%	4.08%	7.41%	3.34%

*Schedules are intended to provide 10-year trend information. Additional years will be displayed as available.*

*GASB No. 75 was implemented in fiscal year 2018*

**WICOMICO COUNTY, MARYLAND  
THE BOARD OF EDUCATION OF WICOMICO COUNTY  
SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY  
PENSION PLANS  
TEACHERS' RETIREMENT AND PENSION SYSTEMS**

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Board's proportion of the net pension liability	0.00000%	0.00000%	0.00000%	0.00000%	0.00000%	0.00000%	0.00000%	0.00000%	0.00000%	0.00000%
Board's proportionate share of the net pension liability	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
State's proportionate share of the net pension liability	<u>87,166,955</u>	<u>119,020,880</u>	<u>144,047,412</u>	<u>131,826,350</u>	<u>124,339,367</u>	<u>118,939,860</u>	<u>130,526,735</u>	<u>81,391,721</u>	<u>112,979,571</u>	<u>113,224,665</u>
Total	<u>\$ 87,166,955</u>	<u>\$ 119,020,880</u>	<u>\$ 144,047,412</u>	<u>\$ 131,826,350</u>	<u>\$ 124,339,367</u>	<u>\$ 118,939,860</u>	<u>\$ 130,526,735</u>	<u>\$ 81,391,721</u>	<u>\$ 112,979,571</u>	<u>\$ 113,224,665</u>
Board's covered payroll	\$ 95,262,765	\$ 98,572,456	\$ 100,247,573	\$ 103,580,906	\$ 105,031,941	\$ 113,951,771	\$ 118,570,617	\$ 121,092,597	\$ 120,563,278	\$ 142,164,604
Board's proportionate share of the net pension liability as a percentage of its covered payroll	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
The total pension liability as a percentage of plan fiduciary net position	0.19%	0.26%	0.32%	0.27%	0.24%	0.22%	0.24%	0.12%	0.18%	0.17%

*Schedules are intended to provide 10-year trend information. Additional years will be displayed as available.*

**WICOMICO COUNTY, MARYLAND**  
**THE BOARD OF EDUCATION OF WICOMICO COUNTY**  
**SCHEDULE OF BOARD CONTRIBUTIONS**  
**PENSION PLANS**  
**TEACHERS' RETIREMENT AND PENSION SYSTEMS**

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Contractually required contributions	\$ 3,524,616	\$ 4,052,348	\$ 4,223,295	\$ 4,537,812	\$ 4,567,172	\$ 4,663,780	\$ 4,691,684	\$ 4,914,144	\$ 6,183,624	\$ 6,237,202
Contributions in relation to the contractually required contribution	3,524,616	4,052,348	4,223,295	4,537,812	4,567,172	4,663,780	4,691,684	4,914,144	6,183,624	6,237,202
Contribution deficiency (excess)	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____
Board's covered-employee payroll	\$ 95,262,765	\$ 98,572,456	\$ 100,247,573	\$ 103,580,906	\$ 105,031,941	\$ 113,951,771	\$ 118,570,617	\$ 121,092,597	\$ 120,563,278	\$ 142,164,604
Contributions as a percentage of covered-employee payroll	3.70%	4.11%	4.21%	4.38%	4.35%	4.09%	3.96%	4.06%	5.13%	4.39%

*Schedules are intended to provide 10-year trend information. Additional years will be displayed as available.*

**WICOMICO COUNTY, MARYLAND  
THE BOARD OF EDUCATION OF WICOMICO COUNTY  
SCHEDULE OF CHANGES IN THE EMPLOYER'S  
NET PENSION LIABILITY AND RELATED RATIOS  
PENSION PLAN FOR EMPLOYEES**

Schedule of Changes in Employer's Net Pension Liability:

	June 30, 2015	June 30, 2016	June 30, 2017	June 30, 2018	June 30, 2019	June 30, 2020	June 30, 2021	June 30, 2022	June 30, 2023	June 30, 2024
<b>Total pension liability</b>										
Service cost	\$ 842,490	\$ 854,284	\$ 772,678	\$ 775,125	\$ 953,431	\$ 1,006,303	\$ 1,191,888	\$ 1,173,502	\$ 1,166,771	\$ 1,870,872
Interest	1,849,338	1,898,022	1,850,305	1,960,374	2,013,079	2,220,398	2,327,677	2,509,159	2,645,473	2,782,466
Benefit payments	(1,250,672)	(1,502,818)	(1,456,131)	(1,558,362)	(1,806,186)	(1,905,165)	(1,861,456)	(2,151,062)	(2,077,075)	(2,424,967)
Change in assumption		(260,240)		2,233,672	1,280,142	(104,223)	(111,573)	89,494	312,849	
Experience (gain) loss		19,531	401,563	643,334	797,759	411,618	1,388,019	439,641	230,775	2,800,602
Net change in total pension liability	1,441,156	1,008,779	1,568,415	4,054,143	3,238,225	1,628,931	2,934,555	2,060,734	2,278,793	5,028,973
Total pension liability - beginning	23,786,836	25,227,992	26,236,771	27,805,186	31,859,329	35,097,554	36,726,485	39,661,040	41,721,774	44,000,567
Total pension liability - ending (a)	25,227,992	26,236,771	27,805,186	31,859,329	35,097,554	36,726,485	39,661,040	41,721,774	44,000,567	49,029,540
<b>Plan fiduciary net position</b>										
Contribution - employer	722,205	753,562	759,739	788,359	797,962	1,206,247	1,298,506	1,348,251	1,640,935	1,764,046
Contribution - plan member	381,911	399,334	403,598	403,598	338,571	425,044	493,699	351,960	589,623	562,050
Net investment income (loss)	88,504	(400,584)	2,646,737	1,402,062	808,452	(330,749)	6,959,904	(2,980,757)	2,163,710	2,856,212
Benefit payments	(1,250,672)	(1,502,591)	(1,456,131)	(1,476,723)	(1,806,186)	(1,905,165)	(1,861,456)	(1,984,107)	(2,031,022)	(2,331,161)
Administrative expenses	(49,433)	(65,984)	(52,785)	(50,396)	(45,957)	(42,124)	(43,052)	(47,029)	(46,679)	(50,336)
Net change in plan fiduciary net position	(107,485)	(816,263)	2,301,158	1,001,873	179,315	(584,593)	6,847,601	(3,311,682)	2,316,567	2,800,811
Plan fiduciary net position - beginning	21,620,477	21,512,992	20,696,729	22,997,887	23,999,760	24,179,075	23,594,482	30,442,083	27,130,401	29,446,968
Plan fiduciary net position - ending (b)	21,512,992	20,696,729	22,997,887	23,999,760	24,179,075	23,594,482	30,442,083	27,130,401	29,446,968	32,247,779
<b>Net pension liability (a - b)</b>	\$ 3,715,000	\$ 5,540,042	\$ 4,807,299	\$ 7,859,569	\$ 10,918,479	\$ 13,132,003	\$ 9,218,957	\$ 14,591,373	\$ 14,553,599	\$ 16,781,761
<b>Annual money-weighted rate of return</b>	0.41%	-1.90%	12.11%	5.97%	3.36%	-1.38%	25.76%	-10.35%	7.65%	9.26%

Schedule of Employer's Net Pension Liability:

Actuarial Valuation Date	Total Pension Liability	Plan Net Position	Net Pension Liability	Plan Net Position as a % of Total Pension Liability	Covered Payroll	Net Pension Liability as a % of Covered Payroll
June 30, 2015	\$ 25,227,992	\$ 21,512,992	\$ 3,715,000	85.27%	\$ 9,616,697	38.63%
June 30, 2016	26,236,771	20,696,729	5,540,042	78.88%	10,005,366	55.37%
June 30, 2017	27,805,186	22,997,887	4,807,299	82.71%	10,146,618	47.38%
June 30, 2018	31,859,329	23,999,760	7,859,569	75.33%	10,069,862	78.05%
June 30, 2019	35,097,554	24,179,075	10,918,479	68.89%	10,456,011	104.42%
June 30, 2020	36,726,485	23,594,482	13,132,003	64.24%	10,750,277	122.16%
June 30, 2021	39,661,040	30,442,083	9,218,957	76.76%	12,628,172	73.00%
June 30, 2022	41,721,774	27,130,401	14,591,373	65.03%	12,788,361	114.10%
June 30, 2023	44,000,567	29,446,968	14,553,599	66.92%	13,068,807	111.36%
June 30, 2024	49,029,540	32,247,779	16,781,761	65.77%	15,501,288	108.26%

Schedule of Employer Contributions:

Year Ended June 30,	Actuarially Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Payroll	Actual Contribution as a % of Covered Payroll
2015	\$ 569,976	\$ 722,205	\$ (152,229)	\$ 9,616,697	7.51%
2016	683,328	753,562	(70,234)	10,005,366	7.53%
2017	578,971	759,739	(180,768)	10,146,618	7.49%
2018	496,192	788,359	(292,167)	10,069,862	7.83%
2019	831,297	797,962	33,335	10,456,011	7.63%
2020	1,079,035	1,206,247	(127,212)	10,750,277	11.22%
2021	1,286,532	1,298,506	(11,974)	12,628,172	10.28%
2022	1,253,602	1,348,251	(94,649)	12,788,361	10.54%
2023	1,712,143	1,640,935	71,208	13,068,807	12.56%
2024	2,283,637	1,764,046	519,591	15,501,288	11.38%

Schedules are intended to provide 10-year trend information. Additional years will be displayed as available.

**SUPPLEMENTARY INFORMATION**

**WICOMICO COUNTY, MARYLAND**  
**REVENUE DETAIL**  
**BUDGET AND ACTUAL—GENERAL FUND**  
**YEAR ENDED JUNE 30, 2024**

	<u>Amended Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Real and personal property taxes			
Real property	\$ 65,781,574	\$ 67,408,489	\$ 1,626,915
Railroads and public utilities	4,500,000	4,115,656	(384,344)
Ordinary business corporations	4,755,000	4,637,907	(117,093)
Subtotal real and personal property taxes	<u>75,036,574</u>	<u>76,162,052</u>	<u>1,125,478</u>
Interest and fees on delinquent taxes	394,850	499,248	104,398
Subtotal real and personal property taxes after interest and fees on delinquent taxes	75,431,424	76,661,300	1,229,876
Manufacturing exemptions		1,937	1,937
Net additions and abatements	(68,177)	329,198	397,375
Tax credits		(1,023,899)	(1,023,899)
Deferred and uncollected taxes	(115,000)	(1,224,300)	(1,109,300)
Discounts allowed	(502,355)	(483,227)	19,128
Total real and personal property taxes	<u>74,745,892</u>	<u>74,261,009</u>	<u>(484,883)</u>
Income taxes	<u>64,500,000</u>	<u>77,380,868</u>	<u>12,880,868</u>
Other taxes			
Admission and amusement	125,000	226,292	101,292
Recordation tax	5,000,000	4,864,112	(135,888)
911 telephone surcharge tax	1,210,000	1,438,059	228,059
Trailer park	450,000	386,585	(63,415)
Total other taxes	<u>6,785,000</u>	<u>6,915,048</u>	<u>130,048</u>
Total taxes	<u>146,030,892</u>	<u>158,556,925</u>	<u>12,526,033</u>
Licenses and permits			
Alcoholic beverages	170,000	179,620	9,620
Amusement	3,000	3,825	825
Traders	60,000	57,749	(2,251)
Building, equipment, and electrical	201,900	248,865	46,965
Marriage	22,000	23,480	1,480
Cable TV franchise	780,000	741,196	(38,804)
Other	4,000	4,413	413
Total licenses and permits	<u>1,240,900</u>	<u>1,259,148</u>	<u>18,248</u>

**WICOMICO COUNTY, MARYLAND**  
**REVENUE DETAIL**  
**BUDGET AND ACTUAL—GENERAL FUND**  
**YEAR ENDED JUNE 30, 2024**  
**(Continued)**

	<u>Amended Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Intergovernmental			
Operating grants and contributions			
Disparity grant	15,063,448	15,063,448	
Teacher retirement supplementary grant	1,567,837	1,567,837	
State of Maryland - Community Reinvestment and Repair Fund		1,601,425	1,601,425
American Rescue Plan Act - State and Local Fiscal Recovery Funds	7,462,636	12,555,288	5,092,652
Public safety - detention center	97,228	115,319	18,091
Public safety - police	400,000	765,919	365,919
Charges for services and fees			
General government - circuit courts	157,333	167,579	10,246
Health	737,421	1,033,783	296,362
Payments in lieu of taxes	18,000	3,569	(14,431)
Miscellaneous		761	761
Total intergovernmental	<u>25,503,903</u>	<u>32,874,928</u>	<u>7,371,025</u>
Charges for services			
Bay Restoration - administrative fee	15,000	46,791	31,791
City of Salisbury - share of building expenses	256,487	239,685	(16,802)
Detention Center - local charges	51,572	85,091	33,519
Detention Center - reimbursement for inmates expenses, federal and state per diem	68,000	232,920	164,920
Fire safety fees	35,000	61,623	26,623
Forest Conservation service charges	17,500	63,738	46,238
Health - mosquito control fees	135,000	139,924	4,924
Miscellaneous fees, rentals, and sales	170,502	151,222	(19,280)
Public works subdivision review fees	10,000	15,485	5,485
Public works and roads fees	2,147,523	2,289,844	142,321
Room tax - administrative fee	23,000	28,300	5,300
Sheriff's fees	460,000	726,878	266,878
Sheriff's services - Board of Education	895,569	906,336	10,767
Enterprise funds - administrative fee	56,088	56,088	
Wicomico County Liquor Control Board fee	1,000,000	970,000	(30,000)
Zoning and subdivision fees	1,550	1,010	(540)
Total charges for services	<u>5,342,791</u>	<u>6,014,935</u>	<u>672,144</u>

**WICOMICO COUNTY, MARYLAND  
REVENUE DETAIL  
BUDGET AND ACTUAL—GENERAL FUND  
YEAR ENDED JUNE 30, 2024  
(Continued)**

	<u>Amended Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Fines and forfeitures	9,150	10,740	1,590
Miscellaneous	286,405	396,462	110,057
Investment earnings	4,800,000	10,221,689	5,421,689
Total revenues	<u>\$ 183,214,041</u>	<u>\$ 209,334,827</u>	<u>\$ 26,120,786</u>

**WICOMICO COUNTY, MARYLAND**  
**EXPENDITURE DETAIL**  
**BUDGET AND ACTUAL—GENERAL FUND**  
**YEAR ENDED JUNE 30, 2024**

	<u>Amended Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
General government			
Legislative/council			
Salaries - County Council	\$ 153,000	\$ 153,000	\$
Salaries - general	240,902	213,263	27,639
Operating expenditures	580,788	437,473	143,315
Total legislative/council	<u>974,690</u>	<u>803,736</u>	<u>170,954</u>
Administrative/executive			
Salaries - elected office	107,000	107,000	
Salaries - general	363,125	363,125	
Operating expenditures	237,327	234,480	2,847
Total administrative/executive	<u>707,452</u>	<u>704,605</u>	<u>2,847</u>
Judicial			
Circuit Court			
Salaries - general	947,216	768,127	179,089
Operating expenditures	1,376,785	1,186,243	190,542
Capital outlay	350,000	265,485	84,515
Total Circuit Court	<u>2,674,001</u>	<u>2,219,855</u>	<u>454,146</u>
Orphans' Court			
Salaries - general	51,067	28,842	22,225
Operating expenditures	47,286	33,121	14,165
Total Orphans' Court	<u>98,353</u>	<u>61,963</u>	<u>36,390</u>
State's Attorney			
Salaries - elected office	163,200	162,923	277
Salaries - general	2,839,950	2,451,165	388,785
Operating expenditures	1,809,042	1,627,605	181,437
Capital outlay	190,250	146,793	43,457
Total State's Attorney	<u>5,002,442</u>	<u>4,388,486</u>	<u>613,956</u>
Total judicial	<u>7,774,796</u>	<u>6,670,304</u>	<u>1,104,492</u>
Elections			
Salaries - general	1,020,090	841,553	178,537
Operating expenditures	1,139,467	752,789	386,678
Total elections	<u>2,159,557</u>	<u>1,594,342</u>	<u>565,215</u>
Management information systems			
Salaries - general	441,334	440,566	768
Operating expenditures	1,094,538	1,036,893	57,645
Capital outlay	579		579
Total management information systems	<u>1,536,451</u>	<u>1,477,459</u>	<u>58,992</u>
Purchasing			
Salaries - general	171,197	159,546	11,651
Operating expenditures	179,088	154,604	24,484
Total purchasing	<u>350,285</u>	<u>314,150</u>	<u>36,135</u>

**WICOMICO COUNTY, MARYLAND**  
**EXPENDITURE DETAIL**  
**BUDGET AND ACTUAL—GENERAL FUND**  
**YEAR ENDED JUNE 30, 2024**  
**(Continued)**

	<u>Amended Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
General government (continued)			
Financial administration			
Finance			
Salaries - general	858,105	793,040	65,065
Operating expenditures	646,123	596,694	49,429
Total finance	<u>1,504,228</u>	<u>1,389,734</u>	<u>114,494</u>
Public accountant			
Auditors' services	176,844	117,810	59,034
Total financial administration	<u>1,681,072</u>	<u>1,507,544</u>	<u>173,528</u>
Human resources			
Salaries - general	404,844	396,271	8,573
Operating expenditures	467,606	391,931	75,675
Total human resources	<u>872,450</u>	<u>788,202</u>	<u>84,248</u>
Legal			
Operating expenditures	406,960	518,032	(111,072)
Total legal	<u>406,960</u>	<u>518,032</u>	<u>(111,072)</u>
Community promotion			
Community access channel	242,000	242,000	
Operating expenditures	37,500	33,988	3,512
Total community promotion	<u>279,500</u>	<u>275,988</u>	<u>3,512</u>
Planning and zoning			
Salaries	1,376,409	1,254,501	121,908
Operating expenditures	1,001,620	868,618	133,002
Total planning and zoning	<u>2,378,029</u>	<u>2,123,119</u>	<u>254,910</u>
General services			
Salaries	268,886	258,026	10,860
Operating expenditures	917,258	638,434	278,824
Capital outlay	858,849	382,249	476,600
Total general services	<u>2,044,993</u>	<u>1,278,709</u>	<u>766,284</u>
Total general government	<u>21,166,235</u>	<u>18,056,190</u>	<u>3,110,045</u>

**WICOMICO COUNTY, MARYLAND**  
**EXPENDITURE DETAIL**  
**BUDGET AND ACTUAL—GENERAL FUND**  
**YEAR ENDED JUNE 30, 2024**  
**(Continued)**

	<u>Amended Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Public safety			
Sheriff's Department			
Salary - Sheriff	117,030	117,030	
Salaries - general	9,595,218	9,337,835	257,383
Operating expenditures	6,393,205	5,925,531	467,674
Capital outlay	1,093,716	859,781	233,935
Total Sheriff's Department	<u>17,199,169</u>	<u>16,240,177</u>	<u>958,992</u>
Emergency Services			
Salaries - general	1,803,563	1,665,086	138,477
Operating expenditures	2,372,682	2,074,481	298,201
Capital outlay	607,504	453,138	154,366
Total Emergency Services	<u>4,783,749</u>	<u>4,192,705</u>	<u>591,044</u>
Fire Department			
City of Salisbury contributions			
Ambulance	500,000	500,000	
Fire Department	500,000	500,000	
Volunteer Ambulance	4,675,000	4,675,000	
Volunteer Ambulance - insurance	220,000	70,274	149,726
Volunteer Fire Companies			
Workers' compensation insurance	220,000	72,944	147,056
LOSAP committee	150,000	22,740	127,260
Grants	1,925,000	1,925,000	
Sinking fund	450,000	450,000	
Respiratory protection	42,635	7,752	34,883
Total Fire Department	<u>8,682,635</u>	<u>8,223,710</u>	<u>458,925</u>
Liquor License Board			
Salaries - board members and attorneys	41,000	40,912	88
Salaries - general	131,387	130,484	903
Operating expenditures	121,133	116,242	4,891
Total Liquor License Board	<u>293,520</u>	<u>287,638</u>	<u>5,882</u>
Protection of Animals			
Contractual services - Humane Society	507,011	507,011	
Total public safety	<u>31,466,084</u>	<u>29,451,241</u>	<u>2,014,843</u>
Detention Center			
Salaries - general	8,730,111	8,450,975	279,136
Medical	4,182,273	3,657,872	524,401
Contracted food services	875,461	852,618	22,843
Operating expenditures	6,958,729	6,066,399	892,330
Capital outlay	375,517	76,738	298,779
Total Detention Center	<u>21,122,091</u>	<u>19,104,602</u>	<u>2,017,489</u>

**WICOMICO COUNTY, MARYLAND**  
**EXPENDITURE DETAIL**  
**BUDGET AND ACTUAL—GENERAL FUND**  
**YEAR ENDED JUNE 30, 2024**  
**(Continued)**

	<u>Amended Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Public works			
Roads			
Salaries - general	2,190,196	1,974,486	215,710
Operating expenditures	8,821,514	5,270,907	3,550,607
Capital outlay	4,111,320	1,841,240	2,270,080
Total roads	<u>15,123,030</u>	<u>9,086,633</u>	<u>6,036,397</u>
Supervision			
Salaries - general	171,132	170,143	989
Operating expenditures	675,112	305,775	369,337
Capital outlay	57,461	10,461	47,000
Total supervision	<u>903,705</u>	<u>486,379</u>	<u>417,326</u>
Tri-County Council/Shore Transit			
Grants - operating	703,060	703,060	
Grants - capital outlay	56,000	56,000	
Grants - legislative	10,000	10,000	
Total Tri-County Council/Shore Transit	<u>769,060</u>	<u>769,060</u>	
Total public works	<u>16,795,795</u>	<u>10,342,072</u>	<u>6,453,723</u>
Health and welfare			
Public health			
Salaries - general	230,303	213,030	17,273
Operating expenditures	4,551,812	4,157,366	394,446
Total public health	<u>4,782,115</u>	<u>4,370,396</u>	<u>411,719</u>
Mosquito control			
Salaries - general	138,632	112,548	26,084
Operating expenditures	90,433	70,636	19,797
Total mosquito control	<u>229,065</u>	<u>183,184</u>	<u>45,881</u>
Gypsy Moth control			
Operating expenditures	<u>35,000</u>	<u>44,063</u>	<u>(9,063)</u>
Total health and welfare	<u>5,046,180</u>	<u>4,597,643</u>	<u>448,537</u>
Social services			
Teen Adult Center	61,362	61,362	
Maintenance of Aged in Community	300,000	300,000	
Commission on Aging	750	750	
Life Crisis Center - grant	13,500	13,500	
Other	4,216	3,881	335
Total social services	<u>379,828</u>	<u>379,493</u>	<u>335</u>

**WICOMICO COUNTY, MARYLAND**  
**EXPENDITURE DETAIL**  
**BUDGET AND ACTUAL—GENERAL FUND**  
**YEAR ENDED JUNE 30, 2024**  
**(Continued)**

	<b>Amended Budget</b>	<b>Actual</b>	<b>Variance Favorable (Unfavorable)</b>
Education			
Board of Education	49,935,024	49,935,024	
Wicomico County Free Library	1,767,303	1,767,303	
Community College - grant	6,639,054	6,639,054	
Extension Service	155,704	153,150	2,554
Total education	<u>58,497,085</u>	<u>58,494,531</u>	<u>2,554</u>
Economic development			
Operating expenditures	244,700	228,450	16,250
Total economic development	<u>244,700</u>	<u>228,450</u>	<u>16,250</u>
Miscellaneous			
Grants and mandates	458,210	463,091	(4,881)
Provision for compensated absences		34,090	(34,090)
Hospitalization, disability and life	177,760	65,929	111,831
Unemployment compensation	200		200
Liability and arbitrage insurance	740,000	739,106	894
Capital outlay - vehicles leases	817,000	411,573	405,427
Other fringes	174,320	163,937	10,383
Total miscellaneous	<u>2,367,490</u>	<u>1,877,726</u>	<u>489,764</u>
Debt service			
Principal - County	3,701,000	3,382,057	318,943
Principal - Board of Education	5,455,000	4,776,756	678,244
Interest - County	2,215,000	2,146,410	68,590
Interest - Board of Education	3,085,000	2,564,434	520,566
Agent fees	55,775	30,833	24,942
Total debt service	<u>14,511,775</u>	<u>12,900,490</u>	<u>1,611,285</u>
Total expenditures	<u>\$ 171,597,263</u>	<u>\$ 155,432,438</u>	<u>\$ 16,164,825</u>

**WICOMICO COUNTY, MARYLAND  
OTHER FINANCING SOURCES (USES) DETAIL  
BUDGET AND ACTUAL—GENERAL FUND  
YEAR ENDED JUNE 30, 2024**

	<u>Amended Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Transfers out			
Wicomico County Grants	\$ (60,897)	\$ (14,078)	\$ 46,819
Wicomico County Recreation Fund	(3,307,253)	(3,307,253)	
Wicomico County Civic Center	(1,502,313)	(1,502,313)	
Wicomico County Capital Projects	(28,395,313)	(25,844,483)	2,550,830
Regional Airport	(1,304,223)	(1,304,223)	1,304,223
Total transfers out	<u>(34,569,999)</u>	<u>(30,668,127)</u>	<u>3,901,872</u>
Appropriations of fund equity			
Fund balance reappropriated	20,797,205	(20,797,205)	(20,797,205)
Total appropriations of fund equity	<u>20,797,205</u>	<u>(20,797,205)</u>	<u>(20,797,205)</u>
Other uses			
Contingency	(1,262,684)	1,262,684	1,262,684
Total other uses	<u>(1,262,684)</u>	<u>1,262,684</u>	<u>1,262,684</u>
 Total other financing uses	 <u>\$ (15,035,478)</u>	 <u>\$ (30,668,127)</u>	 <u>\$ (15,632,649)</u>

**WICOMICO COUNTY, MARYLAND  
GENERAL FUND  
PROPERTY TAX LEVIES AND COLLECTIONS**

Fiscal Year Ended June 30	Tax Rate			Assessable Base <sup>1</sup>	Tax Levy <sup>2</sup>	Current Collections
	County		State			
	Real	Personal/ Corporate	Real/ Pers/Corp			
2024	\$ 0.886	\$ 2.172	\$ 0.392	\$ 7,891,260,519	\$ 74,950,378	\$ 74,051,347
2023	0.907	2.172	0.392	7,485,268,743	73,298,633	72,627,183
2022	0.920	2.172	0.392	7,174,616,000	71,293,014	70,791,413
2021	0.929	2.172	0.392	6,928,288,731	69,224,284	68,517,930
2020	0.935	2.172	0.392	6,678,875,577	67,240,623	66,198,759

Notes:

- <sup>1</sup> Includes six month basis expressed as a full year equivalent.
- <sup>2</sup> Prior years tax levy and collections have been adjusted for their applicable year's additions, abatements and refunds, but not for any additions, abatements or refunds that occurred subsequent to that year.
- <sup>3</sup> Collections are net of refunds.

<u>Percent of Levy Collected in Year of Levy</u>	<u>Delinquent Tax Collections</u>	<u>Total Tax Collections<sup>3</sup></u>	<u>Total Collections as a Percent of Current Levy</u>	<u>Outstanding Delinquent County Taxes</u>	<u>Outstanding Delinquent County Taxes as a Percent of Current Levy</u>
98.80%	\$ 601,467	\$ 74,652,814	99.60%	\$ 3,439,240	4.59%
99.08%	368,228	72,995,411	99.59%	2,659,655	3.63%
99.30%	865,618	71,657,031	100.51%	2,054,309	2.88%
98.98%	1,009,169	69,527,099	100.44%	2,314,627	3.34%
98.45%	510,916	66,709,675	99.21%	2,496,533	3.71%

**WICOMICO COUNTY, MARYLAND  
SUPPLEMENTARY DEBT INFORMATION  
JUNE 30, 2024**

	Interest Rate
Governmental activities	
General obligation bonds	
Refunding Bond of 2013	2.94
Public Improvement Bonds of 2013	3.0 - 5.0
Public Improvement Bonds of 2014 Tax Exempt	2.0 - 5.0
Public Improvement Bonds of 2014 Taxable	3.0 - 4.6
Public Improvement Bond of 2015 Refunding	3.0 - 5.0
Public Improvement Bonds of 2016	3.0 - 5.0
Refunding Bond of 2017	3.875
Public Improvement Bonds of 2018	5.0
Refunding Bond of 2020	0.895
Public Improvement Bond of 2021A Tax Exempt	4.0
Public Improvement Bond of 2021B Taxable	2.0
MWQFA Airport Water Main Extension Loan	0.3
Public Improvement Bond of 2022A Tax Exempt	5.0
Public Improvement Bond of 2022B Taxable	5.5
Public Improvement Bond of 2023A Tax Exempt	5.0
Public Improvement Bond of 2023B Taxable	6.0
Add: issuance premiums	
Total general obligation bonds	
Finance lease obligations	
*Energy efficient upgrades	3.4
Total capital lease obligations	
Right-of-use leases	
*Leased vehicles	4.0
Total right-of-use leases	
 Total Governmental activity long-term liabilities	

<u>Date of Issue</u>	<u>Date of Maturity</u>	<u>Original Balance</u>	<u>Original Balances After Refunding</u>	<u>June 30, 2024 Balance</u>
November 26, 2013	November 15, 2023	13,999,000	13,999,000	
October 30, 2013	October 1, 2023	12,500,000	12,500,000	
December 30, 2014	July 1, 2039	8,325,000	8,325,000	5,311,930
December 30, 2014	July 1, 2039	1,605,000	1,605,000	125,000
November 3, 2015	November 1, 2035	19,715,000	13,185,000	7,905,000
November 15, 2016	November 1, 2031	20,300,000	20,300,000	10,820,000
December 28, 2017	December 1, 2032	19,885,000	19,885,000	13,975,000
October 30, 2018	October 1, 2033	9,605,000	9,605,000	6,400,000
December 22, 2020	February 1, 2026	1,708,882	1,708,882	502,243
December 21, 2021	December 1, 2032	55,518,818	55,518,818	53,318,895
December 21, 2021	December 1, 2032	16,159,066	16,159,066	15,221,031
January 28, 2022	February 1, 2051	2,830,382	2,830,382	2,289,101
November 1, 2022	November 1, 2042	14,560,000	14,560,000	14,115,000
November 1, 2022	November 1, 2042	8,265,000	8,265,000	8,030,000
November 1, 2023	November 1, 2043	4,195,000	4,195,000	4,195,000
November 1, 2023	November 1, 2043	7,645,000	7,645,000	7,645,000
		<u>21,396,422</u>	<u>21,396,422</u>	<u>13,723,459</u>
		<u>238,212,570</u>	<u>231,682,570</u>	<u>163,576,659</u>
May 30, 2012	January 5, 2025	<u>3,969,898</u>	<u>3,969,898</u>	<u>404,132</u>
		<u>3,969,898</u>	<u>3,969,898</u>	<u>404,132</u>
December 12, 2018	June 30, 2027	<u>2,980,772</u>	<u>2,980,772</u>	<u>1,709,777</u>
		<u>2,980,772</u>	<u>2,980,772</u>	<u>1,709,777</u>
		<u>\$ 245,163,240</u>	<u>\$ 238,633,240</u>	<u>\$ 165,690,568</u>

**WICOMICO COUNTY, MARYLAND**  
**SUPPLEMENTARY DEBT INFORMATION**  
**JUNE 30, 2024**  
**(Continued)**

	Interest Rate
Business-type activities	
General obligation bonds	
Public Improvement Bonds of 2014 Tax Exempt	2.0 - 5.0
Water System Improvement Bond 2016A	1.875
Water System Improvement Bond 2016B	1.875
Public Improvement Bond of 2021A Tax Exempt	4.0
Public Improvement Bond of 2021B Taxable	2.0
Add: issuance premiums	
Total general obligation bonds	
Loan payable	
*Nursing Home	0.0
Total loan payable	
Capital lease obligations	
*963K Track Loader Lease	4.85
*730C2 Articulated Truck Lease	5.05
*Hydraulic Excavator Lease	3.35
*Track Type Tractor Lease	2.99
*Landfill Compactor Lease	2.25
*D6T Dozer Lease	4.75
*730-04 Articulated Truck Lease	4.95
*Long Reach Hydraulic Excavator	5.35
*Nursing Home Call System Lease	7.29
*Energy efficient upgrades	3.4
Total capital lease obligations	
Right-of-use leases	
*Nursing Home Copier Lease	3.47
Total right-of-use leases	
Total Business-type activity long-term liabilities	
Less: Nursing Home	
Total Business-type activity long-term liabilities, primary government	
Total debt, primary government	
*Debt not subject to limitation	
Debt subject to limitation	

<u>Date of Issue</u>	<u>Date of Maturity</u>	<u>Original Balance</u>	<u>Original Balances After Refunding</u>	<u>June 30, 2024 Balance</u>
December 30, 2014	July 1, 2039	\$ 1,000,000	\$ 1,000,000	\$ 638,070
February 25, 2016	February 25, 2046	900,000	900,000	706,754
February 25, 2016	February 25, 2046	1,100,000	1,100,000	863,736
December 21, 2021	December 1, 2032	2,716,182	2,716,182	2,606,105
December 21, 2021	December 1, 2032	790,934	790,934	743,969
		367,910	367,910	312,723
		<u>6,875,026</u>	<u>6,875,026</u>	<u>5,871,357</u>
May 1, 2014	May 1, 2025	54,511	54,511	54,511
		<u>54,511</u>	<u>54,511</u>	<u>54,511</u>
January 30, 2019	January 30, 2024	373,157	373,157	
December 8, 2018	December 8, 2023	514,325	514,325	
December 7, 2019	December 7, 2024	389,671	389,671	41,965
September 1, 2021	September 1, 2027	501,252	501,252	226,425
February 11, 2022	October 30, 2026	1,319,886	1,319,886	804,485
October 21, 2022	December 15, 2026	481,250	481,250	293,294
January 15, 2023	December 25, 2026	643,196	643,196	388,776
December 21, 2023	December 15, 2027	449,652	449,652	353,584
October 1, 2021	October 1, 2027	14,947	14,947	7,651
May 30, 2012	January 5, 2025	90,087	90,087	9,171
		<u>4,777,423</u>	<u>4,777,423</u>	<u>2,125,351</u>
October 1, 2021	October 1, 2026	20,112	20,112	15,650
		<u>20,112</u>	<u>20,112</u>	<u>15,650</u>
		11,727,072	11,727,072	8,066,869
		(54,511)	(54,511)	(54,511)
		<u>11,672,561</u>	<u>11,672,561</u>	<u>8,012,358</u>
		256,835,801	250,305,801	173,702,926
		(8,747,321)	(8,747,321)	(4,254,910)
		<u>\$ 248,088,480</u>	<u>\$ 241,558,480</u>	<u>\$ 169,448,016</u>

**WICOMICO COUNTY, MARYLAND**  
**SUPPLEMENTARY DEBT INFORMATION**  
**JUNE 30, 2024**  
**(Continued)**

The annual debt service requirement (principal and interest) of the Primary Government for the general obligation bonds, state loans, and other loans are as follows (note that the amortization of issuance premiums are included in the interest portion of debt service):

Fiscal Year Ending June 30	General Obligation Bonds	State Loans	Total Debt Service on Debt Subject to Limitation
2025	\$ 14,776,861	\$ 102,053	\$ 14,878,914
2026	14,563,974	102,053	14,666,027
2027	14,129,059	102,053	14,231,112
2028	13,954,431	102,053	14,056,484
2029	13,780,645	102,053	13,882,698
2030	13,601,026	102,053	13,703,079
2031	13,441,412	102,053	13,543,465
2032	13,268,030	102,053	13,370,083
2033	11,775,270	102,053	11,877,323
2034	10,274,451	102,053	10,376,504
2035	9,007,277	102,053	9,109,330
2036	8,024,636	102,053	8,126,689
2037	7,344,446	102,053	7,446,499
2038	7,327,822	102,053	7,429,875
2039	7,319,837	102,053	7,421,890
2040	7,300,367	102,053	7,402,420
2041	6,865,128	102,053	6,967,181
2042	6,828,832	102,053	6,930,885
2043	2,807,712	102,053	2,909,765
2044	1,053,305	102,053	1,155,358
2045	87,780	102,053	189,833
2046	87,780	102,053	189,833
2047	318	102,053	102,371
2048		51,291	51,291
Total	197,620,399	2,398,510	200,018,909
Less interest	44,497,666	109,409	44,607,075
Outstanding principal	\$ 153,122,733	\$ 2,289,101	\$ 155,411,834

**WICOMICO COUNTY, MARYLAND**

**BALANCE SHEET  
LOCAL MANAGEMENT BOARD**

**JUNE 30, 2024  
(WITH COMPARATIVE TOTALS FOR 2023)**

	<u>2024</u>	<u>2023</u>
<b>ASSETS</b>		
Cash allocation from general fund	\$ 631,473	\$ 608,849
Due from other governmental agencies	913,715	734,605
Total assets	<u>\$ 1,545,188</u>	<u>\$ 1,343,454</u>
<b>LIABILITIES AND FUND BALANCE</b>		
Accounts payable and accrued expenses	\$ 147,535	\$ 96,317
Unearned revenues	1,252,726	1,104,035
Accrued payroll and taxes	14,487	14,271
Accrued compensated absences	663	189
Total liabilities	<u>1,415,411</u>	<u>1,214,812</u>
<b>FUND BALANCE</b>		
Unassigned	129,777	128,642
Total fund balance	<u>129,777</u>	<u>128,642</u>
Total liabilities and fund balance	<u>\$ 1,545,188</u>	<u>\$ 1,343,454</u>

**WICOMICO COUNTY, MARYLAND**

**SCHEDULE OF REVENUES AND EXPENDITURES  
LOCAL MANAGEMENT BOARD**

**YEAR ENDED JUNE 30, 2024  
(WITH COMPARATIVE TOTALS FOR 2023)**

	2024	2023
<b>REVENUES</b>		
Subcabinet fund	\$ 1,476,012	\$ 1,017,221
Other state grants	26,937	124,871
Total revenues	<u>1,502,949</u>	<u>1,142,092</u>
<b>EXPENDITURES</b>		
Subcabinet Fund		
Administrative expenditures	206,087	199,737
Administrative expenditures - County portion	84,029	67,392
Family Empowerment Initiative- Parenting		44,107
Local Access Training	3,509	77,441
Disconnected Youth	30,000	62,266
Opportunity Impact	315,808	48,774
Safe Haven		39,476
Local Care Team Coordinator	33,553	60,587
Total subcabinet fund	<u>672,986</u>	<u>599,780</u>
Other state grants	592,747	406,990
Other grants	250,438	218,253
Total expenditures	<u>1,516,171</u>	<u>1,225,023</u>
Deficiency of revenues over expenditures	<u>(13,222)</u>	<u>(82,931)</u>
<b>OTHER FINANCING SOURCES</b>		
Interfund transfer	14,078	66,610
Miscellaneous income	279	163
Total other financing sources	<u>14,357</u>	<u>66,773</u>
Excess (Deficiency) of revenues and other financing sources over expenditures	1,135	(16,158)
<b>BEGINNING FUND BALANCE</b>	<u>128,642</u>	<u>144,800</u>
<b>ENDING FUND BALANCE</b>	<u>\$ 129,777</u>	<u>\$ 128,642</u>

ANDREW M. HAYNIE, CPA  
SUSAN P. KEEN, CPA  
MICHAEL C. KLEGER, CPA  
JAMES D. MAYBURY, CPA  
E. LEE McCABE, CPA  
JEFFREY A. MICHALIK, CPA  
ROBERT L. MOORE, CPA  
DANIEL M. O'CONNELL II, CPA  
ASHLEY M. STERN, CPA  
JOHN M. STERN, JR., CPA

PKScpa.com

**Salisbury**  
1801 SWEETBAY DRIVE  
P.O. Box 72  
SALISBURY, MD 21803  
TEL: 410.546.5600  
FAX: 410.548.9576

**Ocean City**  
12216 OCEAN GATEWAY  
SUITE 800  
OCEAN CITY, MD 21842  
TEL: 410.213.7185  
FAX: 410.213.7638

**Lewes**  
1143 SAVANNAH ROAD  
SUITE 1  
P.O. Box 192  
LEWES, DE 19958  
TEL: 302.645.5757  
FAX: 302.645.1757

MEMBERS OF:

AMERICAN INSTITUTE OF  
CERTIFIED PUBLIC ACCOUNTANTS

MARYLAND ASSOCIATION OF  
CERTIFIED PUBLIC ACCOUNTANTS

DELAWARE SOCIETY OF  
CERTIFIED PUBLIC ACCOUNTANTS

ALLINIAL GLOBAL

## **REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

To the County Council and County Executive of  
Wicomico County, Maryland  
Salisbury, Maryland

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Wicomico County, Maryland, as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise Wicomico County, Maryland's basic financial statements, and have issued our report thereon dated March 31, 2025. Our report includes a reference to other auditors who audited the financial statements of the Wicomico Nursing Home and the Board of Education of Wicomico County, as described in our report on Wicomico County, Maryland's financial statements. This report includes our consideration of the results of the other auditors' testing of internal control over financial reporting and compliance and other matters that are reported on separately by those other auditors. However, this report, insofar as it relates to the results of the other auditors, is based solely on the reports of the other auditors.

### **Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Wicomico County, Maryland's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Wicomico County, Maryland's internal control. Accordingly, we do not express an opinion on the effectiveness of Wicomico County, Maryland's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies therefore, material weaknesses may exist that have not been identified. However, as described in the accompanying Schedule of Findings and Responses, we did identify certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

## **Internal Control over Financial Reporting (Continued)**

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency described in the accompanying Schedule of Findings and Responses as item 2024-001 to be a material weakness.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompanying Schedule of Findings and Responses as item 2024-002 and 2024-003 to be significant deficiencies.

## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Wicomico County, Maryland's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

## **Response to Findings**

Management's response to the findings identified in our audit are described in the accompanying Schedule of Findings and Responses. Management's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

## **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*PKS & Company, P.A.*

**CERTIFIED PUBLIC ACCOUNTANTS**

Salisbury, Maryland  
March 31, 2025

**WICOMICO COUNTY, MARYLAND**  
**SCHEDULE OF FINDINGS AND RESPONSES**  
**YEAR ENDED JUNE 30, 2024**

**MATERIAL WEAKNESS – ACCOUNT RECONCILIATIONS – REPEAT FINDING**

2024-001 Criteria – A systematic method should be in place to ensure that timely complete monthly reconciliations and closing procedures take place.

Condition – Accounting tasks such as monthly reconciliations play a key role in proving the accuracy of the accounting data and information. Preparing monthly reconciliations of all accounts, and making adjustments throughout the year that have typically been made at year end only, and performing more frequent reviews of the general ledger throughout the year, help to provide more accurate and timely financial information.

Cause – Due to extensive staff turnover during the past fiscal years, standard monthly reconciliations and closing procedures were not consistently performed in a timely manner, or done at all. We recognize the challenges that come with staff turnover, and understand why it may have been difficult to continue normal financial and accounting processes amid this situation.

Effect – This situation lead to a continuing and growing backlog of transactions and journal entries that are not posted into the financial records in a timely manner, which renders the financial information virtually useless in making well informed financial decisions. This situation will ultimately cause significant errors in the financial records and financial statements as well as allow possible irregularities, including fraud, to exist and/or continue without notice.

Recommendation – Management should establish a more effective system of consistent monthly reconciliations and closing procedures as a customary part of the accounting process.

Views of responsible officials and planned corrective actions – Management recognizes the occurrence of staff vacancies and retirements that occurred during the previous fiscal years and the difficulty of overcoming previous issues. The Finance Director and staff members are working vigorously to make sure the financial records are updated consistently throughout the fiscal year.

**WICOMICO COUNTY, MARYLAND**  
**SCHEDULE OF FINDINGS AND RESPONSES**  
**YEAR ENDED JUNE 30, 2024**

**SIGNIFICANT DEFICIENCY – GRANT RECONCILIATIONS**

2024-002 Criteria – A process should be in place to prepare and review reconciliation of grant income and expenditures from the grant documents to the financial records on a consistent basis.

Condition – Timely reconciliations can help identify any potential unusual items or resolve any issues that may accumulate as a result of not reconciling the revenue and expenditures consistently. Similarly, timely reconciliations can help identify unspent grant funds or funding that should be applied for.

Cause – Due to extensive staff turnover during the past fiscal years, certain processes and procedures were overlooked due to new staff not being trained and new duties being allocated to staff.

Effect – This situation can potentially lead to improper reporting of revenue and expenditures within the financial records or potentially lost funding from a granting agency if not identified timely.

Recommendation – Management should ensure that all grants are properly identified and reconciled to the financial records on a consistent basis. Communication among departments during the reconciliation process is imperative and can remove any duplicative efforts. We recommend a centralized staff member be responsible for the oversight and reconciliation of grant funding and expenditures.

Views of responsible officials and planned corrective actions – Management realizes this lapse in their previous process and is working on implementing new processes to ensure that all grants are reconciled in a timely manner. Subsequent to year end, a new position was filled to assist with grant reconciliations and grant accounting. Whereas this position needs time to implement corrective actions, the addition of this position will mitigate future issues in this area.

**WICOMICO COUNTY, MARYLAND**  
**SCHEDULE OF FINDINGS AND RESPONSES**  
**YEAR ENDED JUNE 30, 2024**

**SIGNIFICANT DEFICIENCY – BANK RECONCILIATIONS**

2024-003 Criteria – A process should be in place to prepare and review bank reconciliations for all bank accounts in an accurate and timely manner at the end of each month.

Condition – Timely bank reconciliations can help identify any potential unusual items or resolve any issues within the bank accounts that may accumulate as a result of not reconciling the accounts at the end of each month. Reconciliations should include a detail of reconciling items. Any discrepancies should be investigated and corrected in a timely manner. An individual should review the bank reconciliations each month and ensure they are accurate and no discrepancies have been unsolved.

Cause – Due to staff turnover in a key position, it was identified that the bank reconciliations completed were inaccurate and did not reconcile to the underlying financial records. Additionally, certain reconciliations were not completed timely due to the open position in the finance department.

Effect – This situation can potentially lead to an accumulation of differences and/or errors within the cash accounts that will remain unresolved until reconciled. Uninvestigated differences may lead to inaccurate financial information and potential irregularities, including fraud.

Recommendation – Management should ensure that all of the bank accounts be reconciled monthly to the general ledger and that all reconciling items be promptly investigated and adjusted with adequate explanations. Bank reconciliations should be reviewed by the appropriate individual on a timely basis.

Views of responsible officials and planned corrective actions – Management realizes this lapse in their previous bank reconciliation process and has implemented new processes to ensure that all bank accounts are reconciled in a timely manner each month. A new individual has taken on this process. The entire year of bank reconciliations have been redone and all differences have been subsequently investigated and solved. Current bank reconciliations have been completed and reviewed timely.