

THIS PRELIMINARY OFFICIAL STATEMENT AND THE INFORMATION CONTAINED HEREIN ARE SUBJECT TO CHANGE, COMPLETION OR AMENDMENT WITHOUT NOTICE. These Bonds may not be sold nor may offers to buy be accepted prior to the time the Official Statement is delivered in final form. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of, these Bonds in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of such jurisdiction.

PRELIMINARY OFFICIAL STATEMENT DATED OCTOBER 9, 2025

NEW ISSUE – Book-Entry Only

In the opinion of Funk & Bolton, P.A., Bond Counsel, (i) the Bonds will be valid and legally binding general obligation bonds of Wicomico County, Maryland (the “County”) to the payment of which the faith and credit and taxing power of the County will be pledged, subject to the limitations set forth in Article VII, Section 706.B of the County Charter (see “DESCRIPTION OF THE BONDS - Sources of Payment”); (ii) under existing law, the Bonds, their transfer, the interest payable on them, and any income derived from them, including any profit realized in their sale or exchange, shall be exempt from taxation of any kind by the State of Maryland, any Maryland political subdivision, or any other Maryland public entity, but no opinion is expressed as to Maryland estate or inheritance taxes or any other Maryland taxes not levied or assessed directly on the Bonds, their transfer, the interest thereon or the income therefrom; and (iii) assuming continuing compliance with certain covenants described herein, under existing federal tax law, interest on the Bonds (A) will be excludable from gross income for purposes of federal income taxation under Section 103 of the Internal Revenue Code of 1986, as amended, (B) is not an item of tax preference or other specific adjustment for purposes of the federal alternative minimum tax imposed on individuals, (C) will be part of the adjusted financial statement income in computing the alternative minimum tax on applicable corporations, and (D) may be subject to the branch profits tax imposed on foreign corporations engaged in a trade or business in the United States of America. In addition, certain other federal tax consequences arising with respect to the Bonds should be considered. (See “DESCRIPTION OF THE BONDS – Tax Matters” herein.)

\$17,015,000*
WICOMICO COUNTY, MARYLAND
General Obligation
Public Improvement Bonds of 2025

Dated: Date of Delivery

Due: November 1, as shown on inside cover

Bond Ratings	Moody’s Investors Service, Inc.: Aa1 S&P Global Ratings: AA+
Optional Redemption	Bonds maturing on or after November 1, 2034 are subject to redemption on or after November 1, 2033. – Page 2
Security Purpose	General obligation bonds of Wicomico County, Maryland Proceeds of the Bonds will be used to (i) finance or reimburse the costs of certain capital projects, and (ii) pay issuance costs. – Page 5
Interest Payment Dates	May 1 and November 1, beginning May 1, 2026
Closing/Settlement	On or about November 4, 2025
Denominations	\$5,000 and integral multiples thereof
Book-Entry Only Form	The Depository Trust Company
Registrar/Paying Agent	Manufacturers and Traders Trust Company, Baltimore, Maryland/Buffalo, New York
Bond Counsel	Funk & Bolton, P.A., Baltimore, Maryland
Financial Advisor	Davenport & Company LLC, Towson, Maryland
Issuer Contact	Wicomico County Director of Finance: (410) 548-4840

FOR MATURITY SCHEDULE, INTEREST RATES, PRICES OR YIELDS AND CUSIP NUMBERS, SEE INSIDE FRONT COVER

The Bonds are offered for delivery when, as, and if issued, subject to the approving opinion of Funk & Bolton, P.A., Baltimore, Maryland, Bond Counsel, and other conditions specified in the official Notice of Sale.

The date of this Official Statement is _____, 2025. The information contained herein speaks only as of that date, unless another date is specified, and is subject to change.

THIS COVER PAGE CONTAINS CERTAIN INFORMATION FOR QUICK REFERENCE ONLY. IT IS NOT A SUMMARY OF THIS ISSUE. INVESTORS MUST READ THE ENTIRE OFFICIAL STATEMENT TO OBTAIN INFORMATION ESSENTIAL TO THE MAKING OF AN INFORMED INVESTMENT DECISION.

*Preliminary, subject to change.

\$17,015,000*
Wicomico County, Maryland
Public Improvement Bonds of 2025

MATURITIES, PRINCIPAL AMOUNTS, INTEREST RATES, PRICES OR YIELDS AND CUSIP NUMBERS

<u>Maturing November 1*</u>	<u>Principal Amount*</u>	<u>Interest Rate**</u>	<u>Price or Yield**</u>	<u>CUSIP</u>	<u>Maturing November 1*</u>	<u>Principal Amount*</u>	<u>Interest Rate**</u>	<u>Price or Yield**</u>	<u>CUSIP</u>
2026	\$510,000				2036	\$ 845,000			
2027	535,000				2037	885,000			
2028	565,000				2038	930,000			
2029	595,000				2039	980,000			
2030	625,000				2040	1,030,000			
2031	655,000				2041	1,080,000			
2032	690,000				2042	1,125,000			
2033	725,000				2043	1,170,000			
2034	765,000				2044	1,225,000			
2035	800,000				2045	1,280,000			

*Preliminary, subject to change.

**The interest rates for the Bonds shown above are the interest rates payable by the County resulting from the successful bid for the Bonds on _____, 2025. The successful bidder for the Bonds has furnished to the County the prices or yields shown above. Other information concerning the terms of reoffering of the Bonds, if any, should be obtained from the successful bidder therefor and not from the County. See "SALE AT COMPETITIVE BIDDING."

CUSIP® is a registered trademark of the American Bankers Association. CUSIP Global Services (CGS) is managed on behalf of the American Bankers Association by FactSet Research Systems Inc. Copyright(c) 2025 CUSIP Global Services. All rights reserved. CUSIP® data herein is provided by CUSIP Global Services. This data is not intended to create a database and does not serve in any way as a substitute for the CGS database. CUSIP® numbers are provided for convenience of reference only. None of the County, the Bond Registrar and Paying Agent, the successful bidder for the Bonds or their agents or counsel assume responsibility for the accuracy of such numbers.

The County has not agreed to, and there is no duty or obligation to, update this Official Statement to reflect any change or correction in the assigned CUSIP® numbers reflected herein.

WICOMICO COUNTY, MARYLAND
CERTAIN EXECUTIVE AND LEGISLATIVE OFFICIALS

COUNTY EXECUTIVE

Julie M. Giordano

COUNTY COUNCIL

John T. Cannon, At-Large, President
Jeff Merritt, District #2, Vice President

James Winn, At-Large
Shanie Shields, District #1
David Ennis, District #3
Josh Hastings, District #4
Joe Holloway, District #5

CERTAIN APPOINTED OFFICIALS

DIRECTOR OF ADMINISTRATION

Thomas G. Luffman, Jr.

ASSISTANT DIRECTOR OF ADMINISTRATION

Steven S. Lakin

DIRECTOR OF FINANCE

Pamela B. Oland

COUNTY ATTORNEY

Paul D. Wilber

BOND COUNSEL

Funk & Bolton, P.A.
Baltimore, Maryland

AUDITORS

PKS & Company, P.A.
(formerly Pigg, Krah, Stern & Co., P.A.)
Independent Certified Public Accountants
Salisbury, Maryland

FINANCIAL ADVISOR

Davenport & Company LLC
Towson, Maryland

BOND REGISTRAR AND PAYING AGENT

Manufacturers and Traders Trust Company
Baltimore, Maryland/Buffalo, New York

In connection with this offering, and subject to any applicable limitations, the purchaser of the Bonds may over-allot or effect transactions which stabilize or maintain the market price of the Bonds at a level above that which might otherwise prevail in the open market. Such stabilizing, if commenced, may be discontinued at any time.

No dealer, broker, salesman, or other person has been authorized by the County or the successful bidder for the Bonds to give any information or to make any representations with respect to the County or the Bonds other than those contained in this Official Statement, and, if given or made, such other information or representations must not be relied upon as having been authorized the County. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation, or sale.

TABLE OF CONTENTS

	<u>Page</u>		
Summary of Offering	ii	Salisbury-Ocean City: Wicomico Regional Airport.....	22
Introduction	1	Health	22
Description of the County	1	Planning and Zoning	23
Description of the Bonds.....	2	County Revenues and Expenditures	24
General	2	Statement of Governmental Fund Type Revenues and	
Authorization.....	2	Expenditures	24
Optional Redemption.....	2	Results for Fiscal Year 2024, with budget data for Fiscal	
Mandatory Sinking Fund Redemption.....	3	Years 2025 and 2026	26
Selection of Bonds for Redemption; Notice of Redemption.....	3	Preliminary Unaudited Results for Fiscal Year 2025.....	27
Form	4	Fiscal Year 2026 Budget.....	27
Denominations, Payments, Transfer or Exchange	4	Solid Waste Enterprise Fund	29
Sources of Payment	5	Overview of Tax Revenues.....	30
Bondholders' Remedies.....	5	General Property Taxes.....	30
Application of Bond Proceeds	5	Property Tax Limitation.....	32
Tax Matters.....	5	Income Tax	33
Book-Entry Only System	8	Highway User Revenue	33
The Depository Trust Company	8	State Financial Assistance to the Board of Education.....	34
Book-Entry Only System — Miscellaneous.....	9	State Disparity Grant.....	34
Discontinuation of Book-Entry Only System	9	Certain Debt Information.....	35
Sale at Competitive Bidding.....	9	General Obligation Indebtedness	35
Continuing Disclosure.....	10	State Loans to the County	36
Independent Accountants	10	School Construction Financing	37
Ratings	11	Debt Service Requirements.....	38
Financial Advisor.....	11	Future County Borrowing Plans	42
Litigation.....	11	Economic and Demographic Factors	43
Approval of Legal Proceedings.....	11	Population of the County	43
County Government and Administration	12	Land Use.....	43
Current Government Structure	12	Personal Income.....	44
Certain County Elected and Appointed Officials.....	13	Education	44
Pension and Retirement System	15	Retail Sales	45
Other Post-Employment Benefits	16	Related Industrial, Employment and Labor Figures.....	45
Labor Relations	17	Employment Classification.....	45
Leases and Other Contracts	17	Economic and Industrial Development.....	46
Insurance	17	Agriculture.....	48
Budget	17	Professional Baseball.....	48
Investment Policy	18	Construction Activity.....	49
Certain County Services and Responsibilities	19	Housing.....	50
Water Supply and Sewerage.....	19	Commuting Patterns	50
Education.....	19	Certificate for Official Statement	51
Wor-Wic Community College.....	19	Approval of Official Statement.....	51
Public Safety.....	20	Appendix A—Wicomico County, Maryland Financial	
Corrections	20	Statements, Fiscal Year Ended June 30, 2024	
Public Works	21	Appendix B—Form of Official Notice of Sale	
Waste Collection and Disposal.....	21	Appendix C—Proposed Form of Opinion of Bond Counsel	
Recreation and Parks	21	Appendix D—Proposed Form of Continuing Disclosure	
Nursing Home	21	Certificate	

All quotations from and summaries and explanations of provisions of laws and documents herein do not purport to be complete and reference is made to such laws and documents for full and complete statements of their provisions.

Any statements made in this Official Statement involving estimates or matters of opinion, whether or not expressly so stated, are intended merely as estimates or opinions and not as representations of fact. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale of the Bonds shall under any circumstances create any implication that there has been no change in the affairs of Wicomico County, Maryland, since the respective dates as of which information is given herein. This Official Statement is not to be construed as a contract or agreement between the County and the purchasers or holders of any of the Bonds.

SUMMARY OF OFFERING

Issuer

Wicomico County, Maryland.

Bonds

\$17,015,000* Public Improvement Bonds of 2025, due on November 1 in the years noted on the inside cover page.

Aggregate Principal Amount

\$17,015,000*

Interest Payments Due

May 1, 2026 and semiannually thereafter on November 1 and May 1.

Optional Redemption

The Bonds maturing on and after November 1, 2034 are subject to redemption at the option of the County in whole or in part on any date on and after November 1, 2033 at a redemption price of 100% of the principal amount of the Bonds (or portions thereof) being redeemed, together with accrued interest on the principal amount being redeemed to the date fixed for redemption.

Payment Record

The County has not defaulted on the payment of the principal of or interest on any of its general obligation bonds.

Additional Information

Any questions regarding this Official Statement or the Bonds should be directed to: Ms. Pamela B. Oland, Director of Finance, Wicomico County, Maryland, P.O. Box 4036, Salisbury, Maryland 21803, Telephone (410) 548-4840.

**THE FOREGOING INFORMATION IS QUALIFIED IN ITS ENTIRETY BY THE DETAILED
INFORMATION CONTAINED IN THIS OFFICIAL STATEMENT.**

*Preliminary, subject to change.

[THIS PAGE INTENTIONALLY LEFT BLANK]



\$17,015,000*
Wicomico County, Maryland
General Obligation
Public Improvement Bonds of 2025

INTRODUCTION

This Official Statement, including the cover page, inside cover page and appendices, is provided to furnish information regarding Wicomico County, Maryland (the “County” or “Wicomico County”) and its \$17,015,000* Public Improvement Bonds of 2025 (the “Bonds” and, individually, a “Bond”).

The information herein has been assembled from the records of the County, economic data supplied by the Maryland Department of Labor, the Maryland Department of Commerce, and other sources, and the audited June 30, 2024 and prior financial statements of the County. All estimates and assumptions have been based upon information believed to be reliable and correct; however, statements made involving estimates and assumptions, whether or not expressly so stated, are intended merely as such and not as representations of facts.

When used in this Official Statement, the words “estimate,” “forecast,” “intend,” “expect,” “anticipate,” and similar expressions identify forward-looking statements. Such statements are subject to risks, uncertainties and other factors that could cause actual results to differ materially from the results contemplated in such forward-looking statements. Any forecast is subject to such uncertainties. Some assumptions used to develop the forecasts may not be realized and unanticipated events and circumstances may occur. Therefore, there are likely to be differences between forecasts and actual results, and those differences may be material. Readers are cautioned not to place undue reliance on any forward-looking statements, which speak only as of the date of this Official Statement or, to the extent applicable, an earlier date expressly identified in this Official Statement. The County is not obligated to issue any updates or revisions to any such forward-looking statements if or when results are known or the events, conditions or circumstances on which such forward-looking statements are based occur.

The material and information contained in this Official Statement have been provided by the County unless otherwise noted, and the execution and distribution of this Official Statement have been authorized by the County.

DESCRIPTION OF THE COUNTY

In 1608, Captain John Smith sailed up the Wicomico River and visited Indian tribes in what is now Wicomico County. Early settlers made peace with the Indians in 1677, which encouraged the settlement of the region. Salisbury Town was established by act of the Provincial Assembly in 1732.

Wicomico County was created in 1867 from adjoining portions of Worcester and Somerset counties. Salisbury was made the County seat. In 1964, a home rule charter was adopted and until December 2006 the County was governed by an elected County Council that performed both executive and legislative functions. (See “COUNTY GOVERNMENT AND ADMINISTRATION”). In November 2004, an initiative to change to an elected executive form of government was passed. The first County Executive was elected in November 2006 and assumed office in December 2006.

Centrally located on the Delmarva Peninsula, Wicomico County is at the intersection of U.S. Route 13 and U.S. Route 50, the two major trans-peninsular highways. The County is 115 miles from Washington, D.C., 115 miles from Baltimore, Maryland, 100 miles from Wilmington, Delaware, and 110 miles from Norfolk, Virginia.

*Preliminary, subject to change.

According to the 2020 U.S. Census, the County's population for 2020 was 103,588, which constitutes an increase of 4,855 persons or 4.9% over the 2010 U.S. Census population of 98,733. Of the 103,588 persons Countywide, approximately 33,050 persons resided inside of the City of Salisbury corporate limits, 5,534 persons resided inside of the City of Fruitland corporate limits, 3,798 persons resided in the Town of Delmar (MD) corporate limits, 1,636 persons resided inside of the Town of Pittsville corporate limits, 1,113 persons resided inside of the Town of Hebron corporate limits, 963 persons resided inside of the Town of Willards corporate limits, 691 persons resided inside of the Town of Sharptown corporate limits, and 357 persons resided inside the Town of Mardela Springs corporate limits. In 2020, 47,142 or 45.5% of persons resided inside incorporated jurisdictions within Wicomico County.

DESCRIPTION OF THE BONDS

General

The Bonds will be dated their date of delivery. The Bonds will be issued in the aggregate principal amount of \$17,015,000* and will mature in annual serial maturities on November 1 as set forth on the inside cover page of this Official Statement. Interest on the Bonds will be payable on May 1, 2026 and semiannually thereafter on November 1 and May 1 of each year at the interest rates set forth on the inside cover page of this Official Statement.

The Bonds will be general obligation bonds of the County for the payment of which the faith and credit and taxing power of the County are pledged, subject to any lawful limitations on the County's taxing power set forth in the Charter (as defined below), including in Article VII, Section 706.B of the Charter. See "Sources of Payment" below and "COUNTY REVENUES AND EXPENDITURES - Property Tax Limitation" herein.

Manufacturers and Traders Trust Company, Baltimore, Maryland and Buffalo, New York, will act as Bond Registrar and Paying Agent for the Bonds. As of the date of this Official Statement, the office of the Bond Registrar and Paying Agent for administration of the Bonds is c/o M&T Bank, Corporate Trust Operations, 7th Floor, One M&T Plaza, Buffalo, New York 14203 and the office of the Bond Registrar and Paying Agent for purposes of payment, transfer and exchange of Bonds is M&T Bank, c/o Wilmington Trust, Attn: Work Flow Management, 1100 N. Market Street, Wilmington, Delaware 19890. The Bond Registrar and Paying Agent may designate additional or different addresses for various purposes.

The County may designate another entity as Bond Registrar and Paying Agent for the Bonds upon thirty (30) days prior written notice to the registered owners of the Bonds.

Authorization

The Bonds are authorized by Sections 10-203 and 19-401 of the Local Government Article of the Annotated Code of Maryland (the "Enabling Act"), the Charter of Wicomico County, Maryland (the "Charter"), Bill No. 2025-10 of the Legislative Session of the County Council of the County (the "County Council") passed on August 5, 2025 and approved by the County Executive of the County on August 5, 2025 ("Bill No. 2025-10"), and Resolution No. 154-2025 of the Legislative Session of the County Council adopted on October 7, 2025, as supplemented (the "Resolution").

Optional Redemption

The Bonds maturing on or after November 1, 2034 are subject to redemption prior to their respective maturities, at the option of the County, in whole or in part, on November 1, 2033 or on any date thereafter, in any order of maturities designated by the County, at a redemption price equal to 100% of the principal amount of the Bonds (or portions thereof) to be redeemed, together with interest accrued on the principal amount to be redeemed to the date fixed for redemption.

*Preliminary, subject to change.

[Mandatory Sinking Fund Redemption]

The Bonds maturing on November 1, _____ are subject to mandatory sinking fund redemption or payment at maturity, as the case may be, in an amount equal to 100% of the principal amount indicated below, together with accrued interest on the principal amount indicated below to the date fixed for redemption or the maturity date, as the case may be, at the rate stated in such Bonds, on the dates and in the principal amounts set forth below:

Redemption Date or Maturity Date (November 1)	Principal Amount	Redemption Date or Maturity Date (November 1)	Principal Amount
*		*	

*Maturity

The foregoing subsection will be completed in the final Official Statement with respect to each term bond of the Bonds, if any, designated by the successful bidder for the Bonds in accordance with the official Notice of Sale. See Appendix B hereto.]

Selection of Bonds for Redemption; Notice of Redemption

Certain of the Bonds are subject to redemption at the option of the County as described above under “—Optional Redemption.” If fewer than all of the Bonds of any maturity shall be called for redemption at the option of the County or by mandatory sinking fund redemption, the particular Bonds or portions thereof of such maturity to be redeemed shall be selected by lot by the Bond Registrar and Paying Agent in such manner as, in its discretion, it shall determine, except that so long as The Depository Trust Company (“DTC”) or its partnership nominee is the sole registered owner of the Bonds, the particular Bonds or portions thereof of such maturity to be redeemed shall be selected by lot by DTC, in such manner as DTC shall determine.

When less than all of a Bond in a denomination in excess of \$5,000 shall be so redeemed, then, upon surrender of such Bond, there shall be issued to the registered owner thereof, a Bond or Bonds in any of the authorized denominations as shall be specified by the registered owner. Such Bond or Bonds in such authorized denominations shall be issued without charge therefor. The aggregate face amount of such Bond or Bonds shall not exceed the unredeemed balance of the Bond so surrendered and shall bear the same interest rate and shall mature on the same date as said unredeemed balance.

If, in accordance with the foregoing, all or a portion of the Bonds outstanding are to be redeemed, the County will give or cause to be given a notice of redemption by first class mail, postage prepaid, to the registered owners of the Bonds to be redeemed in whole or in part at least thirty (30) days prior to the date fixed for redemption, at the addresses of such owners as they appear on the registration books maintained for the Bonds by the Bond Registrar and Paying Agent (the “Bond Register”); provided that, while the Bonds are registered under a book-entry only system, any notice of redemption will be given in the manner required by the applicable securities depository. The notice of redemption shall state (i) whether the Bonds to be redeemed in whole or in part, (ii) if the Bonds are to be redeemed in part, the maturities, numbers, principal amounts, interest rates and CUSIP numbers of the Bonds to be partially redeemed, (iii) the date fixed for redemption and the redemption price, (iv) that the interest on the Bonds (or portions thereof) so called shall cease to accrue on the date fixed for redemption, (v) that the Bonds to be redeemed in whole or in part be then presented for redemption and payment at the designated corporate trust office of the Bond Registrar and Paying Agent in Wilmington, Delaware, or at such other office as the Bond Registrar and Paying Agent shall indicate, (vi) a contact person and phone number for the Bond Registrar and Paying Agent, and (vii) any conditions to such redemption. Notwithstanding the foregoing, while the Bonds are registered in book-entry form under a book-entry system with DTC or a successor or replacement securities depository, notice of redemption shall be delivered in the manner required by such securities depository. Failure to mail or deliver any such notice with respect to a particular Bond or any defect in such notice, or in the mailing or delivery thereof, shall not affect the validity of any redemption proceedings.

From and after the date fixed for redemption, if funds sufficient for payment of the redemption price and accrued interest shall be available therefor on such date, the applicable Bonds or portions thereof so designated for redemption shall cease to bear interest and the applicable Bonds or portions thereof so called for redemption shall be paid by the Bond Registrar and Paying Agent at the redemption price, plus accrued interest on the principal amount being redeemed to the date fixed for redemption. If not so paid on presentment thereof, said Bonds (or portions thereof) so called shall continue to bear interest at the rates expressed therein until paid.

Form

The Bonds will be issued in fully-registered form and will initially be maintained under a book-entry only system; Beneficial Owners (as defined below) shall have no right to receive physical possession of the Bonds as initially issued, and payment of the principal of and interest on the Bonds initially will be made as described below under “BOOK-ENTRY ONLY SYSTEM - The Depository Trust Company.”

Denominations, Payments, Transfer or Exchange

The Bonds in full certificated form will be fully-registered bonds without coupons in the denominations of \$5,000 each or any integral multiple thereof. The County and the Bond Registrar and Paying Agent may deem and treat the person in whose name a Bond is registered as the absolute owner thereof for the purpose of receiving payment of or on account of the principal thereof and interest due thereon and for all other purposes.

The interest payable on each Bond, and punctually paid or duly provided for on any interest payment date, will be paid semiannually on the applicable interest payment dates for the Bonds in each year to the person in whose name such Bond is registered on the Bond Register as of the close of business on the regular record date, which shall be the fifteenth day of the month immediately preceding each regular interest payment date (the “Regular Record Date”). At any time the Bonds are not registered in book-entry form, payment of the interest on each Bond shall be made by check mailed to such person’s address as it appears on the Bond Register; otherwise, interest will be payable in accordance with the procedures of DTC or any other securities depository through which the Bonds are registered in book-entry only form. Any such interest not punctually paid or duly provided for shall forthwith cease to be payable to the registered owner on such Regular Record Date, and may be paid to the person in whose name such Bond is registered as of the close of business on a date to be fixed by the Bond Registrar and Paying Agent for the payment of such defaulted interest (the “Special Record Date”), notice whereof being given by letter mailed first class, postage prepaid, to the registered owner at the address of the registered owner appearing on the Bond Register, not less than ten days prior to such Special Record Date. Each Bond shall bear interest from the interest payment date next preceding the date on which it is authenticated, unless authenticated upon an interest payment date, in which event it shall bear interest from such interest payment date, or unless authenticated prior to the first interest payment date, in which event it shall bear interest from the original issue date of the Bonds; provided, however, that if at the time of authentication of any Bond interest is in default, such Bond shall bear interest from the date to which interest has been paid. Principal of each Bond is payable upon presentation and surrender at the designated corporate trust office of the Bond Registrar and Paying Agent or as otherwise required by DTC or any other securities depository through which the Bonds are registered in book-entry only form. Bonds will be transferable only upon the Bond Register kept at the designated corporate trust office of the Bond Registrar and Paying Agent by the registered owner thereof in person, or by an attorney duly authorized in writing, upon surrender thereof together with a written instrument of transfer in the form attached thereto and satisfactory to the Bond Registrar and Paying Agent and duly executed by the registered owner or a duly authorized attorney; provided that, while the Bonds are maintained in book-entry only form with DTC or another securities depository, only that securities depository may transfer or exchange the Bonds. A Bond may be exchanged at the designated corporate trust office of the Bond Registrar and Paying Agent. Upon any such transfer or exchange, within a reasonable time the County shall execute and the Bond Registrar and Paying Agent shall authenticate and deliver a new registered Bond or Bonds without coupons and of any of the authorized denominations in an aggregate principal amount equal to the principal amount of the Bond transferred or exchanged, and maturing on the same date and bearing interest at the same rate. In each case, the Bond Registrar and Paying Agent may require payment by any holder of Bonds requesting transfer or exchange of Bonds of any tax, fee, or other governmental charge, shipping charges and insurance that may be required to be paid with respect to such transfer or exchange, but otherwise no charge shall be made to the holder of Bonds for such transfer or exchange.

Sources of Payment

The faith and credit and taxing power of the County are pledged to the prompt payment of the maturing principal of and interest on the Bonds, subject to any lawful limitations on the County’s taxing power set forth in the Charter, including in Article VII, Section 706.B of the Charter. Pursuant to the authorizing legislation, the County has covenanted that, subject to any lawful limitations on the County’s taxing power set forth in the Charter, including in Article VII, Section 706.B of the Charter, as that taxing power may relate to the Bonds, it shall levy or cause to be levied upon all real and tangible personal property within its boundaries, in each and every fiscal year that the Bonds are outstanding, ad valorem taxes in rate and amount sufficient to provide for the payment of the principal and interest due on the Bonds in each such fiscal year.

Article VII, Section 706.B of the Charter provides as follows:

Notwithstanding any other provisions of this Article, from and after July 1, 2001, revenues derived from taxes

on properties existing on the County real property tax rolls at the commencement of the County fiscal year shall not increase, compared with the previous year, by more than two percent, or by the Consumer Price Index for all urban consumers (CPI-U) percentage of change for the latest calendar year, determined by the U. S. Department of Labor, whichever is the lesser.

Article VII, Section 706.B was added to the Charter pursuant to a voter-initiated petition to referendum that was approved at the general election held on November 7, 2000. Article VII, Section 706.B became effective on December 7, 2000. At the time Article VII, Section 706.B was added to the Charter, it was originally designated as Section 703-2. Such Section was renumbered as Section 703.1 pursuant to Bill No. 2002-7 and further renumbered as Section 706.B pursuant to Resolution No. 579 proposing a revised charter establishing an elected executive form of government which was adopted by the County Council on August 3, 2004 and approved at the general election held on November 2, 2004.

The Bonds are payable on a parity basis with all other tax-supported general obligation debt of the County which has heretofore been issued and is outstanding or which may be issued in the future, except as such general obligation debt may be affected by statutory and charter limitations on taxation, including any lawful limitations set forth in the Charter (including in Article VII, Section 706.B of the Charter).

Bondholders' Remedies

It is the opinion of Bond Counsel that the County may be sued in the event that it fails to perform its obligations under the Bonds to the holders thereof and that any judgments resulting from such suits would be enforceable against the County, subject to any lawful limitations on the County's taxing power set forth in the Charter, including in Article VII, Section 706.B of the Charter. Nevertheless, a holder of a Bond who has obtained any such judgment may be required to seek additional relief to compel the County to assess, levy and collect such taxes as may be necessary to provide the funds from which such judgment may be paid. Although there is no Maryland law with respect to this issue, it is the opinion of Bond Counsel that the appropriate courts of Maryland have jurisdiction to grant additional relief, such as a mandatory injunction, if necessary, to enforce the levy and collection of such taxes and payment of the proceeds thereof to the holders of general obligation bonds, *pari passu*, subject to the inherent constitutional limitations referred to below and to any lawful limitations on the County's taxing power set forth in the Charter, including in Article VII, Section 706.B of the Charter.

It is also the opinion of Bond Counsel that, while remedies would be available to bondholders and while general obligation bonds of the County are entitled to constitutional protection against the impairment of the obligation of contracts, such constitutional protection and the enforcement of such remedies would not be absolute. Enforcement of a claim for payment of the principal of or interest on the Bonds could be made subject to the provisions of Chapter 9 of the federal bankruptcy laws or of any statutes that may hereafter be constitutionally enacted by the United States Congress or the Maryland General Assembly extending the time of payment or imposing other constraints upon enforcement.

Application of Bond Proceeds*

Proceeds of the Bonds will be used to (i) finance or reimburse the costs of capital projects for the following departments or entities: Emergency Services, Public Library, Civic Center, Recreation & Parks, and Solid Waste, and (ii) pay issuance costs of the Bonds.

In accordance with applicable law (including, to the extent applicable, applicable budgetary procedures), and without notice to or the consent of the registered owners or the beneficial owners of the Bonds, the County may (i) reallocate proceeds of the Bonds among the purposes for which they were originally issued, and (ii) amend Bill No. 2025-10 and the Resolution to reallocate proceeds of the Bonds to other projects or purposes not provided for therein.

Tax Matters

Maryland State and Local Income Tax

In the opinion of Funk & Bolton, P.A., Bond Counsel, under existing Maryland law, the Bonds, their transfer, the interest payable on them, and any income derived from them, including any profit realized in their sale or exchange, shall be exempt from taxation of any kind by the State of Maryland, any Maryland political subdivision, or any other Maryland public entity, but no opinion is expressed as to Maryland estate or inheritance taxes or any other Maryland taxes not levied or assessed directly on the Bonds, their transfer, the interest thereon or the income therefrom.

*Preliminary, subject to change.

Interest on the Bonds may be subject to state or local income taxes in jurisdictions other than the State of Maryland under applicable state or local tax laws. Prospective purchasers of the Bonds should consult their tax advisors regarding the tax status of interest payable on the Bonds in a particular state or local jurisdiction other than the State of Maryland. Bond Counsel will not express any opinion on the status of interest payable on the Bonds in a particular state or local jurisdiction other than the State of Maryland.

Federal Income Tax

In the opinion of Bond Counsel, under existing statutes, regulations and decisions as enacted and construed on the date of initial delivery of the Bonds, and assuming the accuracy of certain certifications of the County and continuing compliance with the requirements of the Internal Revenue Code of 1986, as amended (the “Code”), interest on the Bonds will be excludable from gross income for purposes of federal income taxation under Section 103 of the Code and is not an item of tax preference or other specific adjustment for purposes of the federal alternative minimum tax imposed on individuals; however, interest on the Bonds will be included in the “adjusted financial statement income” of applicable corporations for purposes of computing the federal alternative minimum tax imposed on such corporations. Interest on the Bonds held by foreign corporations may be subject to the branch profits tax imposed by the Code.

Bond Counsel will issue an opinion with respect to the Bonds that will be given in reliance on certifications, covenants and agreements by representatives of the County as to certain facts material to both the opinion and the requirements of the Code. The County will covenant and agree to comply with the provisions of the Code regarding, among other matters, the use, expenditure and investment of the proceeds of the Bonds, the use of the projects financed by the Bonds, and the timely payment to the United States of America of any arbitrage rebate amounts with respect to the Bonds or payments in lieu thereof. Failure to comply with such covenants and agreements may cause interest on the Bonds to be included in gross income for federal income tax purposes retroactive to the date of issuance of the Bonds. Bond Counsel assumes no responsibility for, and will not monitor, compliance with the covenants and agreements of the County. In the event of noncompliance with such covenants and agreements, available enforcement remedies may be limited by applicable provisions of law and, therefore, may not be adequate to prevent interest on the Bonds from becoming includable in gross income for federal income tax purposes.

Ownership of the Bonds may result in other federal income tax consequences to certain taxpayers, including, without limitation, financial institutions, property and casualty insurance companies, certain recipients of social security or railroad retirement benefits, and certain S corporations. Prospective purchasers of the Bonds should consult their tax advisors as to collateral federal income tax consequences.

Certain of the Bonds may be offered and sold at a discount (“original issue discount”) equal generally to the difference between their public offering price and principal amount. For federal income tax purposes, original issue discount on a Bond accrues periodically over the term of the Bond as interest with the same tax exemption and alternative minimum tax status as regular interest. The accrual of original issue discount increases the purchaser’s tax basis in the Bond for determining taxable gain or loss upon disposition (including sale, redemption or payment at maturity). Purchasers of Bonds at a discount should consult their tax advisors regarding the determination and treatment of original issue discount for federal income tax purposes, and with respect to state and local tax consequences of owning such Bonds.

Certain of the Bonds may be offered and sold at a purchase price over the stated redemption price of such Bonds at maturity. This excess constitutes premium on such Bonds. For federal income tax purposes, original issue premium is amortizable periodically over such a Bond’s term through reductions in the owner’s tax basis for the Bond for determining taxable gain or loss upon disposition (including sale, redemption or payment at maturity). An owner of a premium Bond cannot deduct amortized original issue premium relating to that premium Bond. Purchasers of any Bonds at a premium, whether at the time of initial issuance or subsequent thereto, should consult their tax advisors with respect to the determination and treatment of premium for federal income tax purposes, and with respect to state and local tax consequences of owning such Bonds.

The foregoing is only a general summary of certain provisions of the Code as enacted and in effect on the date hereof and does not purport to be complete or to identify all aspects of federal income taxation that may be relevant to a particular purchaser of the Bonds in light of his or its particular circumstances and income tax status. Prospective purchasers of the Bonds should consult their own tax advisors as to the effects, if any, of the Code in their particular circumstances. Bond Counsel will not express an opinion regarding other federal tax consequences arising with respect to the Bonds.

See Appendix C hereto for the proposed form of opinion of Bond Counsel to be delivered upon issuance of the Bonds. Bond Counsel’s opinion will speak only as of its date.

Effect of Future Enforcement, Regulatory or Legislative Actions

The Internal Revenue Service (the “Service”) has a program to audit state and local government obligations to determine whether the interest thereon is includable in gross income for federal income tax purposes. If the Service audits the Bonds, under current Service procedure, the Service will treat the County as the taxpayer and the owners of the Bonds will have only limited rights, if any, to participate in the process. Any selection by the Service of the Bonds or of obligations similar to the Bonds for audit could affect the marketability or market value of the Bonds.

The Service and the U.S. Department of the Treasury have ongoing programs to promulgate regulations to interpret and apply provisions of the Code. In addition, from time-to-time regulatory actions are announced or proposed and litigation threatened or commenced that, depending on the conclusion of the same, could modify or impact federal or state tax treatment of tax-exempt obligations such as the Bonds and could have an adverse effect on the marketability or market value of the Bonds.

From time to time, there are Presidential proposals, proposals of various federal committees, or legislative proposals in the United States Congress or various state legislatures that, if enacted, could alter or amend the federal tax matters referred to above, state treatment of the tax status of the Bonds, or adversely affect the market value of the Bonds. Furthermore, such proposals may affect the marketability or market value of the Bonds merely by virtue of being proposed. It cannot be predicted whether or in what form any such proposal may be enacted or whether, if enacted, it would apply to the Bonds issued prior to enactment. In addition, legislation enacted after issuance of the Bonds may directly or indirectly cause interest on the Bonds to be subject to federal or state income taxation (as applicable) or reduce the benefit of the excludability of interest on the Bonds under then-existing law. Each prospective or actual purchaser of the Bonds should consult his or its own tax advisor regarding any pending or proposed federal or state tax legislation.

Bond Counsel will not express any opinion regarding any pending or proposed federal or state enforcement actions, regulations, litigation or tax legislation.

[The remainder of this page intentionally left blank]

BOOK-ENTRY ONLY SYSTEM

The Depository Trust Company

The Depository Trust Company (“DTC”) will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered bond certificate will be issued for each maturity of the Bonds in principal amount equal to the aggregate principal amount of the Bonds of such maturity and will be deposited with DTC or with the Bond Registrar and Paying Agent, as custodian for DTC under the “FAST” delivery program.

DTC, the world’s largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934, as amended. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC’s participants (“Direct Participants”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (“DTCC”). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (the “Indirect Participants”). DTC has a Standard & Poor’s rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of the Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC’s records. The ownership interest of each actual purchaser of each Bond (“Beneficial Owner”) is in turn to be recorded on the Direct and Indirect Participants’ records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of the Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC’s partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of the Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC’s records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Redemption notices shall be sent to DTC. If less than all of the Bonds within an issue are being redeemed, DTC’s practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Bonds unless authorized by a Direct Participant in accordance with DTC’s Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the County as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.’s consenting or voting rights to those Direct Participants to whose accounts the Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal, redemption proceeds and interest payments on the Bonds will be made to Cede & Co. or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the County or the Bond Registrar and Paying Agent, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participants and not of DTC, the Bond Registrar and Paying Agent or the County, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal, redemption proceeds and interest to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the County or the Bond Registrar and Paying Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Bonds at any time by giving reasonable notice to the County or the Bond Registrar and Paying Agent. Under such circumstances, in the event that a successor depository is not obtained, Bond certificates are required to be printed and delivered.

The County may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository) for the Bonds. In that event, Bond certificates will be printed and delivered.

Book-Entry Only System - Miscellaneous

The information in the section "BOOK-ENTRY ONLY SYSTEM - The Depository Trust Company" has been obtained from sources that the County believes to be reliable, but the County takes no responsibility for the accuracy or completeness thereof.

Neither the County nor the Bond Registrar and Paying Agent will have any responsibility or obligation to Direct Participants, Indirect Participants or the persons for whom they act as nominees with respect to (1) the accuracy of any records maintained by DTC or its nominee; (2) the payment by DTC or its nominee, any Direct Participant or any Indirect Participant of any amount with respect to the principal or redemption price of or interest on the Bonds; (3) the transmission by DTC, its nominee or Direct or Indirect Participants of any notice which is permitted or required to be given to holders of the Bonds; (4) any consent given by DTC or its nominee or any other action taken by DTC or its nominee as registered owner of Bonds; or (5) the selection by DTC or its nominee, any Direct Participant or any Indirect Participant of any Beneficial Owner to receive payment in the event of a partial redemption of the Bonds. The County cannot and does not give any assurance that the Direct Participants, the Indirect Participants or others will distribute principal and interest payments paid to DTC or its nominee as the registered owner, or any redemption or other notices to the Beneficial Owners, or that they will do so on a timely basis or that DTC will serve and act in the manner described in this Official Statement.

Discontinuation of Book - Entry Only System

In the event that the DTC book-entry only system is discontinued for the Bonds, the Bonds will be delivered by DTC to the Bond Registrar and Paying Agent and such Bonds will be exchanged for Bonds registered in the names of the Participants or the Beneficial Owners identified to the Bond Registrar and Paying Agent unless the County substitutes a different securities depository in place of DTC. If no replacement securities depository is selected by the County, certain provisions of the Bonds pertaining to ownership of the Bonds will be applicable to the registered owners of the Bonds as described above under "DESCRIPTION OF THE BONDS—Denominations, Payments, Transfer or Exchange."

SALE AT COMPETITIVE BIDDING

The Bonds will be offered by the County at a competitive sale on October 21, 2025 in accordance with the official Notice of Sale (the form of which is attached hereto as Appendix B) unless rescheduled in accordance with the official Notice of Sale. The Bonds were awarded to _____. The interest rates shown on the inside cover page of this Official Statement are the interest rates that resulted from the award of the Bonds at the competitive sale. The initial prices or yields shown on the inside cover page of this Official Statement are based on the information supplied to the County by the successful bidder for the Bonds. Other information concerning the terms of the reoffering of the Bonds, if any, should be obtained from the successful bidder therefor and not from the County.

CONTINUING DISCLOSURE

The County will execute a Continuing Disclosure Certificate (the “Disclosure Certificate”) prior to or simultaneously with the issuance of the Bonds. In the Disclosure Certificate, the County will covenant for the benefit of the registered owners or the Beneficial Owners from time to time of the Bonds to provide certain financial information and operating data relating to the County, including the County’s annual audited financial statements, by not later than 275 days after the end of each fiscal year, commencing with the fiscal year ended June 30, 2025, and to provide notices of the occurrence of certain enumerated events. The annual financial information and operating data and notices of the occurrence of any of the enumerated events (if any) will be posted on the Electronic Municipal Market Access system website (“EMMA”) maintained with the Municipal Securities Rulemaking Board and/or filed with or posted on any other repository required by the Securities and Exchange Commission pursuant to SEC Rule 15c2-12. As of the date of this Official Statement, such information is required to be posted only on EMMA. Potential purchasers of the Bonds should note that certain of the 16 enumerated events listed in Section 4(a) of the Disclosure Certificate have been included for purposes of compliance with SEC Rule 15c2-12 but are not relevant for the Bonds. Those events include unscheduled draws on debt service reserves reflecting financial difficulties, unscheduled draws on credit enhancements reflecting financial difficulties, substitution of credit or liquidity providers or their failure to perform, and release, substitution or sale of property securing the Bonds. The County will make these covenants in order to assist the bidders for the Bonds in complying with SEC Rule 15c2-12(b)(5). The proposed form of the Disclosure Certificate is set forth in Appendix D to this Official Statement.

Due to turnover in County personnel and logistical difficulties resulting from the onset of the COVID-19 pandemic, the County’s audited financial statements for fiscal year 2020 (which ended on June 30, 2020) were not completed and approved by the County Council for release by March 31, 2021, the date by which such audited financial statements were required to be posted on EMMA under then-existing continuing disclosure undertakings entered into by the County pursuant to SEC Rule 15c2-12 in connection with certain prior County debt issues. Certain annual financial information and operating data required by the County’s then-existing continuing disclosure undertakings is customarily included within the document containing the County’s annual audited financial statements. As required by the County’s then-existing continuing disclosure undertakings, the County on March 31, 2021 posted on EMMA notice of its failure to timely file (i) its audited financial statements for fiscal year 2020, and (ii) the annual financial information and operating data with respect to fiscal year 2020 required by the County’s then-existing continuing disclosure undertakings that is customarily drawn from or included in the document containing the County’s audited financial statements. As required by its then-existing continuing disclosure undertakings, the County on March 31, 2021 timely posted on EMMA (i) its unaudited financial statements for fiscal year 2020, and (ii) the then-current budget information for fiscal year 2021.

On April 20, 2021, the County separately posted on EMMA (i) its audited financial statements for fiscal year 2020 (the document containing such audited financial statements included certain of the annual financial information and operating data required to be provided for fiscal year 2020 under the County’s then-existing continuing disclosure undertakings), and (ii) the annual financial information and operating data based on the audited financial statements for fiscal year 2020 that was not included within the document containing such audited financial statements.

Except as described above (to the extent any of the foregoing constitutes a material failure), the County has not failed in the previous five years to comply, in all material respects, with any previous continuing disclosure undertaking entered into by the County pursuant to SEC Rule 15c2-12.

INDEPENDENT ACCOUNTANTS

The basic financial statements included as Appendix A have been audited by PKS & Company, P.A. (formerly Pigg, Krah, Stern & Co., P.A.), independent certified public accountants, to the extent and for the periods stated in their report which appears in Appendix A, and should be read in their entirety. The independent accountants were not requested to review or update such financial statements or their report in connection with the issuance of the Bonds and the County did not request such independent accountants’ consent to the inclusion of their report in this Official Statement. Such report speaks only as of its date.

RATINGS

Moody's Investors Service, Inc. and S&P Global Ratings assigned ratings to the Bonds as shown on the cover page of this Official Statement. Such ratings reflect only the respective views of such organizations and any desired explanation of the significance of either such rating should be obtained from the rating agency furnishing the same, at the following addresses: Moody's Investors Service, Inc. – 7 World Trade Center, 250 Greenwich Street, 23rd Floor, New York, New York 10007; and S&P Global Ratings -- 55 Water Street, New York, New York 10041. Generally, rating agencies base their ratings on the materials and information furnished to them, as well as investigations, studies and assumptions of the rating agencies. Either such rating may be changed at any time, and no assurance can be given that either such rating will not be revised downward or withdrawn by the applicable rating agency if, in its judgment, circumstances so warrant. Any such downward revision or withdrawal of one or both of such ratings could have an adverse effect on the market price of the Bonds.

FINANCIAL ADVISOR

Davenport & Company LLC, Towson, Maryland (the "Financial Advisor") is a registered municipal advisor with the Municipal Securities Rulemaking Board and serves as financial advisor in connection with the issuance of the Bonds and other matters related to the County's finances. The Financial Advisor has not been engaged, nor has it undertaken, to audit, authenticate or otherwise verify the information set forth in this Official Statement, or any other related information available to the County, with respect to accuracy and completeness of disclosure of such information. The Financial Advisor makes no guaranty, warranty or other representation respecting the accuracy and completeness of this Official Statement or any other matter related to the Official Statement.

LITIGATION

As of the date of this Official Statement, there are no legal proceedings pending, or to the knowledge of the County, threatened, to which the County is a party or to which any of its property is subject that may materially affect the County's ability to perform its obligations to the holders of the Bonds.

Although the County or certain of its officials have been named as parties in several proceedings in the federal and Maryland State courts, the County Attorney is of the opinion that if the County or its officials were held liable, the County's liability insurance coverage is adequate to cover any adverse judgment or, to the extent the County is required to pay any portion of a judgment or settlement amount, any such payments will not have a material impact on the County's financial condition. The actions are being defended by counsel provided by the County's insurance carriers or the County Attorney.

Certain decisions of the United States Supreme Court have restricted the scope of the immunity from federal antitrust laws of municipalities and other local governments with the result that they increasingly are subjected to litigation alleging antitrust violations. In 1983, the Maryland General Assembly enacted Section 5A of Article 25A of the Annotated Code of Maryland (now codified at Section 1-701 et seq. of the Local Government Article of the Annotated Code of Maryland), which declares that it has been and shall continue to be the policy of the State of Maryland to authorize charter counties such as Wicomico County to displace or limit competition in the areas of public transportation, water and sewerage systems and the award of concessions on, over or under property owned or leased by such counties in order to achieve certain designated economic, conservation, health and welfare benefits for the citizens of such counties. The extent to which this Maryland statute will affect Wicomico County's future vulnerability to antitrust litigation or its vulnerability to such litigation for its actions taken prior to the enactment of such statute has not been determined.

APPROVAL OF LEGAL PROCEEDINGS

Certain legal matters incident to the authorization, issuance and sale of the Bonds are subject to the approval of Funk & Bolton, P.A., Baltimore, Maryland, Bond Counsel. Delivery of the Bonds is conditioned upon delivery by Bond Counsel of an opinion substantially in the form set forth in Appendix C to this Official Statement.

Bond Counsel has not been engaged, nor has it undertaken, to audit, authenticate or otherwise verify the information set forth in this Official Statement regarding the County or other referenced governmental entities, or any related information regarding the County or other referenced governmental entities, with respect to the accuracy or completeness of such information, and it will not express any opinions with respect thereto or with respect to any specific sections of this Official Statement.

COUNTY GOVERNMENT AND ADMINISTRATION

Current Government Structure

Until December 2006, both the legislative and executive functions of the County were vested in the County Council. A Charter change mandated that the executive functions be transferred to an elected County Executive beginning in December 2006.

Until 1990, five members of the County Council were all elected for four-year terms on an at-large basis by the qualified voters of the County. Beginning in 1990, the number of the members of the County Council was increased to seven, five of whom are elected by individual districts and the remaining two members of which are elected on an at-large basis. However, beginning with the November 2026 election, while the number of members of the County Council will remain at seven, all seven will be elected by individual districts and the at-large positions will no longer exist.

The County Council elects its own president and vice president, and is responsible for enactment and repeal of public local laws. The County Council holds its Legislative Sessions on the first and third Tuesdays of each month of each year. In the event a legislative day falls on a holiday, the following business day will then be the day of the legislative session. In addition, the County Council may be called into special legislative session for two (2) additional days during any month by a majority of the County Council, provided that the aggregate of all legislative days does not exceed forty-five (45) days in a calendar year. Said special session days may be, but need not be, consecutive. Each member of the County Council has one vote, and a simple majority of the County Council is sufficient to pass legislation in the absence of higher voting requirements. The County Council serves as the local board of health; introduces and adopts legislative bills; adopts the operating and capital budgets; confirms the appointment of a Director of Administration and a County Attorney; selects a County Auditor; and generally performs the legislative functions of County government.

The executive branch consists of the County Executive, the Director of Administration, the heads of the several departments, and other administrative agencies of the County government. The County Executive, among other duties, submits to the County Council the annual expense budget and budget message and the capital program and budget and makes recommendations to the County Council regarding the County government. The County Executive appoints, subject to confirmation by the County Council, the several County boards and all department heads. The Director of Administration, who serves as the chief administrative officer of the County, supervises and coordinates the administration of the functions of the departments and agencies of the County. The County Attorney is the legal advisor to the County and issues opinions on legal questions affecting the interests of the County.

The Department of Finance, under the direction of the Director of Finance who is appointed by the County Executive and confirmed by the County Council, is responsible for rendering all tax bills and for the collection of County and certain State taxes. The Director of Finance is responsible, among other duties, for the custody and supervision of all County funds, the short-term investment of available funds, the disbursement of funds as authorized, the proper accounting and reporting for County assets, liabilities, and financial transactions, and the annual financial report.

The executive offices of the County are located in the Government Office Building, Salisbury, Maryland. The County's central telephone number is (410) 548-4800, and the County's website is www.wicomicocounty.org. Any references in this Official Statement to the County's website are provided for convenience only. The information on the County's website is not incorporated into this Official Statement by reference or otherwise.

[The remainder of this page intentionally left blank]

Certain County Elected and Appointed Officials

Julie M. Giordano was sworn in as the County Executive on December 6, 2022, becoming the first woman elected to this role. Mrs. Giordano earned her bachelor's degree in Communications with a concentration in Public Relations from Salisbury University. Her early career began in the private sector as the Special Events Coordinator and Human Resources Manager for Toys "R" Us in Salisbury, Maryland. After two years, she returned to school to pursue her teaching certification and went on to serve as an English teacher for Wicomico County Public Schools for over a decade, first at the middle school level and later at the high school level. In 2013, she earned a master's degree in Leadership, and her capstone project, *Arts Integration in the Middle School Classroom*, was later published. Throughout her teaching career, Mrs. Giordano was nominated multiple times for Teacher of the Year, coached middle school basketball, co-chaired the drama club and mock trial team, and advised junior and senior classes. She was also selected by the Maryland State Department of Education as a Master Teacher for Gifted and Talented Education. In addition to her work in education, Mrs. Giordano has been an active participant in local politics and civic service. She currently serves as an elected member of the Wicomico County Republican Central Committee and is actively involved with Wicomico Conservative Republican Women. She previously served as president of the Lower Shore Young Republicans and was appointed to the Wicomico Redistricting Committee in 2021. In recognition of her leadership and service, she was awarded the Diana Waterman Award for Outstanding Maryland Republican Woman and was named Maryland Young Republican Woman of the Year, both in 2022.

Thomas G. Luffman, Jr., Director of Administration, was confirmed on January 3, 2023. Mr. Luffman began working at Wicomico County after serving as the Director of Legislative and Constituent Service at the Maryland Department of Natural Resources. Before that he was Intergovernmental Affairs Representative for the Office of the Governor among other State of Maryland positions. Mr. Luffman earned his bachelor's degree in Marketing from the University of Maryland Global Campus. He is also a Fellow at the Academy for Excellence in Local Governance, University of Maryland School of Public Policy. In earlier years, Mr. Luffman was a Constituent Liaison in the office of Congressman Andy Harris, served as Deputy Mayor for the Town of Delmar, served as Chairman of Delmar's Planning and Zoning Commission, and previously worked for the City of Salisbury as a Water and Wastewater Operator. Mr. Luffman is a native of Wicomico County and a graduate of Delmar High School. He has built a career in public service, working in local, state, and federal government along the way.

Steven S. Lakin was confirmed as Assistant Director of Administration on June 17, 2025. Mr. Lakin has worked at the intersection of business and government across multiple industry sectors and states, leading strategic initiatives and managing operations in corporate, trade association, non-profit, and public sectors spaces. He is the founder and former president of public affairs firms in Washington, D.C. and Annapolis, Maryland, and has worked for two Members of Congress, two governors, and one U.S. president. Immediately before joining Wicomico County government, he was Director of Public and Industry Affairs - North America for a global technology manufacturing company and led its legislative and stakeholder engagements across the United States and Canada. Mr. Lakin is a past and present member of numerous professional societies, chambers of commerce, civic/community groups, and political organizations and has served on federal, state, and local government boards and commissions. He is a graduate of the University of Florida.

John T. Cannon, Council President (At Large), was most recently elected to the County Council in November 2022. This is Mr. Cannon's fourth term as Wicomico County's At-Large Representative to the County Council. He currently serves as President of the County Council and has done so for 11 of his past 14 years in office. Mr. Cannon is a native of Salisbury, Maryland. He graduated from Salisbury University with a bachelor's degree in liberal arts, with an emphasis in English and Communications. Following graduation, Mr. Cannon worked in the television broadcast industry for over 20 years. Transitioning into real estate in 2000, he is now the owner of Cannon Enterprises, LLC and Cannon Management & Rentals, LLC, which focus on property ownership, leasing and management throughout the Eastern Shore region. Mr. Cannon has also served or is currently serving in the following capacities: Chair of the Governor's Executive Advisory Committee, Chair of the Tri-County Council for the Lower Eastern Shore of Maryland, President of the Salisbury Jaycees, Vice President of the Salisbury Area Chamber of Commerce, Vice President of the Salisbury Area Property Owners' Association, Vice-Chair of the Wicomico County Charter Review Committee, Executive Board Member - Maryland Association of Counties, Board member - Wicomico County Recreation & Parks Commission, Board member - Public Access Channel 14 Board of Directors, Board member - Salisbury-Wicomico Economic Development Corporation (SWED) Revolving Loan Committee, Board member - Wicomico County Airport Commission, Board member - Wicomico County Library Board of Trustees, Board member - Salisbury University's Town Gown Council, Board member - Agricultural Extension Advisory Council, Board member - TidalHealth Community Council, member - Salisbury Moose Lodge 654, and member - Ex-Officio of the Greater Salisbury Committee.

Jeff Merritt, Council Vice President (District 2), was elected to his first term in November 2022. He is the co-owner of Minuteman Press and founder of Operation We Care, a non-profit organization. Mr. Merritt serves as a member on the Board of Directors for Shore-Up!, Inc., Salisbury Chamber of Commerce, and the Rotary Club of Salisbury. He is also a member of the Greater Salisbury Committee and the Tri-County Council for the Lower Eastern Shore of Maryland.

James Winn, Councilmember (At-Large), was elected to his first term in November 2022. Mr. Winn is co-owner of Acme Ceramic Tile Co. He serves as 2nd Vice-Chair for the Tri-County Council for the Lower Eastern Shore of Maryland and is a member of the Recreation and Parks Commission and the Tourism and Civic Center Commission.

Shanie Shields, Councilmember (District 1), was elected to her first term in November 2022. Ms. Shields earned an Associate degree from Wor-Wic Community College and attended Salisbury State College, now called Salisbury University. Ms. Shields previously served on the City of Salisbury Council for three terms. Earlier in her career, Ms. Shields worked at Peninsula General Hospital (now called TidalHealth Peninsula Regional), Salisbury State College (now called Salisbury University), Thompson Publishing Group, and The Daily Times. She has also served as a volunteer for the Delmarva Rural Ministries. She currently serves as the Board President of the Chipman Foundation Inc., which oversees the Chipman Culture Center, and as a member on the Wicomico Behavioral Health Council, the Local Management Board, the Social Serves Advisory Board and the Tri-County Council for the Lower Eastern Shore of Maryland.

David Ennis, Councilmember (District 3), is a lifelong resident of Wicomico County. He was selected by majority vote of the remaining members of the County Council to fill a vacancy resulting from the resignation of former Council member Shane T. Baker and took office on June 17, 2025. Mr. Ennis previously served on the Council from 2000 to 2001 and has contributed his time to several County boards and commissions, including Planning and Zoning Appeals and the Ethics Committee. He began his career as a Spanish teacher at his alma mater, James M. Bennett High School, after graduating from Salisbury University in 1976. He later spent nearly 30 years in the poultry industry, including 19 years at Perdue Farms. In 2007, he co-founded Pro Coat LLC—an industrial services company that has grown to over 40 employees and serves the Mid-Atlantic region. Mr. Ennis is a longtime member of the Greater Salisbury Committee and a past president of the Salisbury Jaycees.

Josh Hastings, Councilmember (District 4), was elected in November 2018 and re-elected in November 2022. Mr. Hastings serves as the Executive Director of the Forever Maryland Foundation – a Statewide nonprofit that supports and promotes the conservation of forests, farms, critical habitat, and Maryland’s most vital lands. Prior to joining Forever Maryland, Mr. Hastings spent more than 12 years working in land use policy and conservation, including serving for a few years as the Deputy Director of the Lower Shore Land Trust, seven years as the Policy Manager at Eastern Shore Land Conservancy, and two years as the Legislative Assistant to the Chair of the Education, Health, and Environmental Affairs Committee in the Maryland State Senate. He is the Chairman of the Delmarva Land and Litter Collaborative, a member of the Salisbury/Wicomico Metropolitan Planning Organization and serves on the Boards of the Harry R. Hughes Center for Agro-Ecology and the Wicomico Natural Resources Conservation Advisory Committee. Additionally, in 2019, Mr. Hastings was appointed by then Governor Hogan to serve on the Chesapeake Bay Executive Council’s Local Government Advisory Committee and was also appointed to serve on Maryland’s Rural Legacy Advisory Committee. He is a 2016 Institute for Policy Studies – New Economy Fellow, and a LEAD Maryland alumnus. Mr. Hastings earned two bachelor’s degrees from Salisbury University, in business and in political science, and a master’s degree in Public Policy from the University of Maryland, Baltimore County.

Joe Holloway, Councilmember (District 5), was elected in November 2006 to his first term in office, and re-elected in November 2010, November 2014, November 2018, and November 2022. Mr. Holloway served as President of the County Council in 2011 and as Vice President of the County Council from the first meeting in December 2020 until the evening session of the County Council held on December 7, 2021. He was born and raised in Wicomico County and attended Wicomico County schools. He has been self-employed for the last 38 years. He is a past member of the PAC 14 Board of Directors (Public Access Channel) and the Behavioral Health Advisory Committee. Mr. Holloway currently serves as a member of the Planning and Zoning Commission and the Salisbury-Wicomico Economic Development Corporation (SWED) Board.

Laura Hurley, Council Administrator, has served as County Council Administrator since her appointment in January 2017. She is a Registered Paralegal and has experience working with Wicomico County as a Legal Assistant in the Wicomico County Department of Law and as an Executive Office Associate in the Council Office. Between 1999 and 2008, she worked in the private practice of the former County Attorney, Edgar A. Baker, Jr., at Seidel, Baker & Tilghman, P.A. Mrs. Hurley graduated from Salisbury University with a Bachelor of Science degree in Business Management and is a Wicomico County resident.

Pamela B. Oland, Director of Finance, has served as Director of Finance since the confirmation of her appointment in September 2020. Mrs. Oland began her career with the Wicomico County Recreation, Parks and Tourism Department as the Chief Finance Officer and has also served the County as the Deputy Director of Recreation, Parks and Tourism, the Acting Director of Recreation, Parks and Tourism, and the Acting Director of Finance. Mrs. Oland obtained her Bachelor of Science degree in Economics, with a concentration in accounting, from The University of Pennsylvania, Wharton School of Business. She is a Certified Public Accountant in the State of Maryland. Mrs. Oland served as the Director of Internal Services for the City of Salisbury between 2006 and 2011. She is a member of Government Financial Officers Association of the United States and Canada as well as the Maryland Government Finance Officers Association.

David J. Ryan, is a veteran economic development professional and the Executive Director of the Salisbury-Wicomico Economic Development Corporation, a public-private partnership charged with strengthening the economy of the City of Salisbury, Wicomico County and the region. He received his Bachelor of Science degree in Marketing and Economics from Old Dominion University and his Master of Business Administration degree from Salisbury State University. Mr. Ryan consistently serves on Statewide task forces and committees, is a Past President of the Maryland Economic Development Association and is active on local advisory boards associated with Salisbury University, Wor-Wic Community College, the University of Maryland Eastern Shore and TidalHealth. In addition, he is a member of the Salisbury Area Chamber of Commerce Board of Directors, the Greater Salisbury Committee, the Delmarva Water Transport Committee and the Wicomico County Airport Commission. Mr. Ryan is the longest actively serving Economic Development Director in the State of Maryland and is one of 20 members inducted into the Maryland Economic Development Association Hall of Fame.

Pension and Retirement System

The County provides pension and retirement benefits (the “County Plan”) for its employees through 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 County Plan and controls the operation and recordkeeping of the trust. The County Plan became effective July 1, 1967, and was most recently amended effective June 6, 2023. Starting July 1, 2003, all new employees who are at least 18 years of age are required to participate in the County Plan as a condition of their employment and to make contributions amounting to 5.625% of earnings. Effective July 1, 2024, County Sheriff members who are covered by the collective bargaining agreement must contribute 6.6% of earnings. The amount of retirement benefit is based on a formula that takes into account Final Average Compensation and number of years of continuous service in the plan. For most members there is no cost-of-living adjustment (COLA); County Sheriff members covered by the collective bargaining agreement who retire on or after July 1, 2024 are eligible for a 2.5% annual COLA. A retiree must be retired for a full fiscal year before a COLA is applied. Former bargaining unit employees who retired prior to July 1, 2024 shall not be eligible for the COLA.

All County Plan provisions in effect as of June 30, 2024, are reflected in the unfunded pension obligation as of June 30, 2024. The following table presents trend information for fiscal years 2020-2024:

	2024	2023	2022	2021	2020
Net assets available for benefits.....	\$101,180,044	\$91,412,982	\$85,221,719	\$95,456,639	\$74,219,520
Pension benefit obligation	137,446,124	146,995,801	141,839,357	125,742,386	142,194,997
Percentage funded.....	73.61%	62.19%	60.08%	75.91%	52.20%
Unfunded pension benefit obligation	36,266,080	55,582,819	56,617,638	30,285,747	67,975,477
Annual covered payroll.....	30,580,824	28,059,345	29,788,340	29,112,415	29,104,698
Unfunded pension benefit obligation as a percentage of covered payroll	118.59%	198.09%	190.07%	104.03%	233.55%
Employer contribution	5,169,802	4,166,371	3,513,912	2,365,165	2,748,786
Employer contribution as a percentage of covered payroll	16.91%	14.85%	11.80%	8.12%	9.44%

Sources: Actuarial Valuation Report as of June 30, 2024, Retirement Plan for Employees of Wicomico County, Maryland, June 30, 2024. Prepared by CBIZ Benefits & Insurance Services, Cumberland, Maryland.

The County budgets an annual contribution sufficient to fully fund the County Plan over a 20-year time horizon. However, the County Plan had an unfunded pension benefit obligation (UPBO) (i.e., pension benefit obligation less net assets available for benefits) of approximately \$36,266,080 as of June 30, 2024. On June 30, 2024, the discount rate changed from 5.05% to 6.50%. With increases in employer contributions, the depletion date has been extended, which has impacted the blended discount rate.

A one percentage point increase in discount rate would reduce the unfunded pension benefit obligation by over \$13 million.

Pension Benefit Obligation June 30, 2024:

Retirees and beneficiaries currently receiving benefits (\$61,131,783) and terminated employees not yet receiving benefits (\$10,435,989).....	\$71,567,772
Current Employees	46,995,764
Total Pension Obligation.....	137,446,124
Net Assets Available for Benefits	101,180,044
Unfunded Pension Benefit Obligation.....	36,266,080

Sources: Actuarial Valuation Report as of June 30, 2024. Retirement Plan for Employees of Wicomico County, Maryland, June 30, 2024.
Prepared by CBIZ Benefits & Insurance Services, Cumberland, Maryland.

When the County implemented its present pension program, six of its employees who were covered by a plan administered by the State of Maryland elected to remain in the State plan. The County’s contributions to the State plan for the six employees were as follows: \$60,450 for fiscal year 2019 and \$63,252 for fiscal year 2020. Fiscal year 2020 was the last year the County was required to fund into this plan.

For additional information, please refer to the note in the financial statements of the County for fiscal year 2024 entitled “PENSION AND RETIREMENT PLANS” that begins on page 76 of such financial statements document in Appendix A of this Official Statement.

Other Post-Employment Benefits

The County provides other post-employment benefits (“OPEB”) as approved by County Council to all retirees (and their dependents) who are eligible to retire under the County pension system. During the year ended June 30, 2007, Wicomico County and the Board of Education of Wicomico County jointly set-up the “Retiree Health Insurance Plan Trust of the Board of Education of Wicomico County and Wicomico County” (the “Trust”). The City of Salisbury, Maryland also joined the Trust as of June 30, 2009. The Trust 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. The assets of the three entities are also segregated within the Trust. The County’s contributions to the Trust were \$2,776,146 for fiscal year 2022, \$1,886,572 for fiscal year 2023, and \$4,132,018 for fiscal year 2024. While the County’s contributions to the Trust were above the annual required contribution in fiscal years 2022 and 2024, the County made a decision in fiscal year 2023 to reduce its contribution to the Trust because the plan was over 100% funded. The OPEB calculation includes direct contributions to the Trust by the County and what the County directly pays for retiree healthcare. In the past, the County has paid all costs of the retiree healthcare through payments directly to the insurer. In addition, the County made contributions to the Trust, without making any withdrawals. Due to the Trust being over 100% funded, the County expects to continue paying retiree costs directly to the insurer and to not make any additional contributions to the Trust. Contributions to the Trust were eliminated for the fiscal year 2025 and 2026 budgets.

The following table presents OPEB funding trend information for the five most recent fiscal years ended June 30 for which information is available. While initially the long-term OPEB funding plan was designed to bring the percentage of net assets to obligations to over 91% by fiscal year 2026, since fiscal year 2019 that percentage has exceeded 100%.

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
Net assets available for benefits	\$53,935,448	\$46,232,699	\$43,394,356	\$47,757,436	\$35,756,591
OPEB benefit obligation	48,777,702	32,868,314	42,599,881	39,651,431	32,895,772
Percentage funded	110.57%	140.66%	101.86%	120.44%	108.70%
Unfunded OPEB benefit obligation (asset)	(5,157,746)	(13,364,385)	(794,475)	(8,106,005)	(2,860,819)
Annual covered payroll	38,695,617	35,831,703	33,263,291	32,449,301	33,056,998
Unfunded OPEB benefit obligation as a percentage of covered payroll	(13.33%)	(37.30%)	(2.39%)	(24.98%)	(8.65%)

Sources: Post-Retirement Health Care Benefits Plan for the Employees of Wicomico County, Maryland. Actuarial Valuation Report under GASB 45 for the year ending June 30, 2024. Prepared by CBIZ Benefits & Insurance Services, Cumberland, Maryland.

For additional information, please refer to the note in the financial statements of the County for fiscal year 2024 entitled “POST-RETIREMENT HEALTH CARE BENEFITS” that begins on page 97 of such financial statements document in Appendix A of this Official Statement.

Labor Relations

As of July 1, 2025, the County had approximately 1,100 non-seasonal regular full-time and part-time employees. The County Council adopted legislation permitting collective bargaining with deputy sheriffs and providing for binding arbitration on the County Executive and County Council. A collective bargaining agreement was executed for July 1, 2024 through June 30, 2026. This is a two year agreement that is expected to save the County thousands of dollars in legal fees because the County is not expected to have to negotiate this contract on a yearly basis.

The County has not experienced a work stoppage due to labor relations disputes and considers its relationship with its employees to be satisfactory.

Leases and Other Contracts

The Lease Agreement by which the County furnished office space to the City of Salisbury in the Government Office Building ended in February 1996 at which time the County became obligated to sell to the City a one-half interest therein for the sum of \$1.00 at the City's request. The transaction for shared ownership was completed on January 28, 2022. The building is operated and maintained pursuant to a management agreement between the County and City. The actual operating and capital expenditures are prorated based on the non-joint use portion of the building occupied by each entity.

CSLP Shorebirds LLC, as assignee of Comcast Spectator, assigned a concession agreement to 7th Inning Stretch, L.P., a Maryland limited partnership, with the consent of the County on March 6, 2007. The agreement grants a concession to use the Arthur W. Perdue Stadium by the minor league ball club for a period of 20 years beginning in 1996. The County currently has a lease agreement with 7th Inning Stretch, L.P. for the period July 1, 2015 to December 31, 2038, in return for payment to the County on an annual basis of the 10% admissions and amusement tax collected in a given year by 7th Inning Stretch, L.P., but no less than \$100,000 a year.

Starting in July 2024, the County leased a building owned by the County to the Department of Social Services for the Child Advocacy Center. This has provided revenue to the General Fund. In fiscal year 2024, the County purchased a building that is intended to provide future space for the Health Department. The building is currently under a long-term lease with another tenant that expires on October 31, 2025 and had an option to renew. The option to renew was not exercised by the current tenant so the Health Department will begin occupying the building in fiscal year 2026.

The County owns and operates the Salisbury-Ocean City: Wicomico Regional Airport and leases hangars, parking facilities and office space to private organizations.

The County also leases property for operations of the Board of License Commissioners and the Health Department. All leases are fully funded within the current fiscal year budget.

The County has entered into leases for the acquisition of various equipment, which transfers ownership at the end of the lease. The present value of future minimum lease payments for governmental activities as of June 30, 2024 was \$404,132 and for business-type activities was \$2,125,353.

In addition to contracts for goods, services and leased equipment pertinent to the ordinary course of business of the County, the County is a party to numerous other contracts (primarily with engineers, architects, and contractors) relating to capital projects. Funds necessary to meet the County's obligations in respect of such contracts have been appropriated.

Insurance

The County maintains liability, automobile, property, heavy equipment floater, equipment floater, comprehensive boiler and machinery, law enforcement and 911 dispatcher professional liability, workers' compensation, public officials and nursing home professional liability insurance with private carriers. Additionally, all County employees are covered by a fidelity bond, and the County Director of Finance, County Sheriff and County State's Attorney are covered by individual surety bonds.

Budget

The County budget is comprised of the current expense budget, the capital budget, and the budget message. The head of each agency of County government prepares and submits estimated revenues and expenditures for the ensuing fiscal year expense budget to the County Executive by March 15th of each year. The County Executive submits the budget to the County Council

on or before the third Tuesday in April of each year. The County Council has the option to decrease or delete any items in the budget except those required by law, and except for any provisions for debt service on obligations then outstanding or for estimated cash deficits. The County Council has no power to change the form of the budget as submitted by the County Executive, or to alter the revenue estimates except to correct mathematical errors, or to add any items to the budget or to increase any expenditure recommended by the County Executive for current expenses or capital purposes. The budget is required to be no later than June 1 or such date as may be set by resolution, but not later than June 15th. If the Council fails to adopt the budget, the expense budget as submitted by the County Executive stands adopted. The budget is exempt from the executive veto.

The capital budget of the County is its plan to receive and expend funds for capital projects during the ensuing fiscal year. The County has a five-year capital improvement plan which describes capital projects for the current fiscal year and the next ensuing four fiscal years. The head of each department submits to the County Executive information on its capital requests on or before October 1st of each year, and the County Executive submits the capital improvement plan to the County Council on or before the third Tuesday in December of each year. The County Council may approve, decrease, or delete any items in the capital improvement plan as submitted or amended by the third Tuesday in February of each year, but shall have no power to add any project or to increase any project. The County Council has the ability to extend the deadline for the adoption of the capital improvement plan. If the County Council fails to adopt a capital improvement plan by the third Tuesday in February or the later extended date the capital improvement plan as submitted by the County Executive stands adopted to the same extent as if favorable action had been taken by the County Council. No department or agency of the County government may, during any fiscal year, expend or contract to expend any money or incur any liability or enter into any contract which by its terms involves the expenditure of money in excess of the amounts appropriated or allotted for the same general classification of expenditure in either budget (or in any supplemental or emergency appropriation) for that fiscal year.

During the November 2022 election, a list of Charter changes was put before the County voters. The Charter amendments related to debt issuance were approved, and they provide additional flexibility to the County with regard to the reallocation of proceeds of general obligation debt. Effective in December 2022, relevant provisions of the Charter provide that no funds resulting from the issuance of bonds, certificates of indebtedness, notes, or other obligations of the County may be expended for any project or projects not expressly set forth in the capital budget and authorizing legislation establishing said funds, as the applicable capital budget may be amended by resolution and as the applicable authorizing legislation may be amended. Transfer of appropriations among the items set forth in the original or amended capital budget or authorizing legislation may be authorized upon request of the County Executive, with the approval of the County Council, by resolution. In addition, any surplus funds unexpended at the completion or abandonment of any project listed in the original or amended enabling legislation may be (1) reallocated to other capital projects through amendment of the applicable authorizing legislation; (2) credited to the capital program for the fiscal year next succeeding the year in which the surplus is ascertained; or (3) to the extent not prohibited by applicable law, applied to the payment or prepayment of debt service on such bonds, certificates of indebtedness, notes or obligations of the County.

Investment Policy

The County has a formal Investment Policy adopted by the County Council on March 18, 2025. The Policy conforms to the requirements established by the State of Maryland.

The County maintains an investment pool that is available for use by several of its funds (General, Special Revenue, Capital Projects and Enterprise Funds). This pool is invested in the Maryland Local Government Investment Pool. All investments have maturities of no more than 13 months.

[The remainder of this page intentionally left blank]

CERTAIN COUNTY SERVICES AND RESPONSIBILITIES

Through its various departments, administrative boards and agencies, Wicomico County provides a variety of services to the public. Principal among these are the following.

Water Supply and Sewerage

The Wicomico County Urban Services Commission (the “Commission”) was established on June 1, 1959 as a separate and financially self-supporting operation and is presently comprised of the seven members of the County Council. The Commission owns and operates water and sewer lines outside Salisbury and Delmar city limits; each municipality owns and operates the water system and sewerage treatment facilities within its jurisdiction. The Commission does not own or operate water gathering, treatment, or pumping facilities or sewerage treatment facilities.

Customers of the Commission are billed for water and sewer service charges and capital costs are recouped by the levy of front foot benefit assessments. All properties are required to pay front foot benefit assessments as soon as facilities are available.

Wicomico County also maintains a Comprehensive Water and Sewer Plan, subject to approval by the State of Maryland, which was first adopted by the County Council in 1969 and is revised on a regular basis. This plan was updated, including incorporation of comments from the Maryland Department of the Environment and the Maryland Department of Planning, and approved by the County Executive and the County Council on November 2, 2021.

During the spring 2023 session of the Maryland General Assembly, Senate Bill 246 was passed and subsequently signed by Governor Wes Moore. The legislation, which took effect on October 1, 2023, authorized Wicomico County to create a sanitary district. To date, the County has not created a sanitary district.

Education

In the 2024-2025 school year, the County was served by 15 elementary schools, one (1) elementary/middle school, three (3) middle schools, one (1) middle/high school, three (3) high schools, including one career-technology high school, one (1) evening high school, an alternative learning program, and an early learning center, all of which accommodated 15,582 students in grades Pre-K – 12 (representing an increase of students from the prior school year). The governing body of the public school system is the Board of Education of Wicomico County, a seven-member board whose members serve for four-year terms (the “Board of Education”). Members of the Board of Education formerly were appointed by the Governor, however, as of the 2018 election they are elected by County citizens. Members of the Board of Education act in a legislative and advisory capacity. Management of the school system is the responsibility of the superintendent of schools, who is appointed by the Board of Education for a four-year term.

The ratio of professional staff (including administrators and faculty) to students for the 2024-2025 school year was approximately one staff member to 10 students. The estimated average annual per pupil expenditure, including transportation, for 2023-2024 was \$17,342.09 and the County’s appropriation to the Board of Education for fiscal year 2024 was \$49,935,024. In June 2025, the school system graduated 1,026 students. The County’s 2024-2025 budgeted school year appropriation to the Board of Education was \$51,636,953, and the 2025-2026 budgeted appropriation to the Board of Education is \$55,807,903. In addition, the Board of Education was budgeted to receive \$1,000,000 from the County for non-recurring capital expenses in fiscal year 2025.

Wor-Wic Community College

Founded in 1975, Wor-Wic Community College is a comprehensive community college that enhances local economic growth by addressing the educational, training and workforce development needs of the residents of Wicomico, Worcester and Somerset counties, educating more than 8,000 citizens annually. Wicomico County pays a share of the operating expenses of the college based upon the number of students attending from the County. Almost 2,400 Wicomico County residents (966 FTEs) were enrolled in one or more of the 58 associate degree and certificate program options offered by the college in fiscal year 2025. Almost 5,300 non-credit registrations were received from Wicomico County residents for additional education and training. Wicomico County contributed \$6,902,000 to Wor-Wic’s fiscal year 2025 operating budget (unaudited).

Other government appropriations for fiscal year 2025 included \$12,639,795 from the State and \$2,618,000 from Worcester County (unaudited). The County budgeted \$7,212,832 for fiscal year 2026. Wicomico County also contributed an additional \$150,000 in fiscal year 2025 (unaudited) and has budgeted an additional \$150,000 for fiscal year 2026 to help fund the adult basic education program.

Public Safety

The County is served by the Wicomico County Sheriff's Office, which as of July 2025, had 103 full-time sworn and one part-time sworn deputies supported by 26 full-time and 19 part-time civilian employees and 125 fully-equipped patrol vehicles, eight motor units, two off-road vehicles and six utility support vehicles. The County is also served by the Maryland State Police, which has a barrack in Salisbury with a complement of approximately 34 troopers. Salisbury University also has a police department with 20 full-time and three part-time officers. The Salisbury Police force is made up of 103 (93 filled and 10 frozen positions) full-time officers supported by 31 full-time civilian employees. In addition, Fruitland also has 25 sworn and three part-time sworn officers and Delmar has 19 sworn officers.

County residents receive fire, ambulance ("EMS") and rescue services through 14 separate fire departments. Three of these fire departments are owned and operated by the City of Salisbury and their respective volunteer corporations and are supported by a staff of approximately 89 career and 120 volunteer firefighters. The remaining 11 fire departments are owned and operated by their individual corporations and are totally volunteer.

EMS service is provided through the 14 separate fire departments mentioned above, each of which has no less than one advanced life support unit ("ALS") and responds 24-hours a day. Of the 14, the City of Salisbury supports and is covered by three ALS units which are staffed by 24 career firefighter/paramedics and 24 career firefighter/EMT's. The City of Salisbury also has three additional units that can be put into service with the current staffing levels. The remaining 11 volunteer EMS units are staffed by both volunteer and/or paid paramedics.

The fire, EMS and rescue services are supported by and operate on a County-owned 13 channel, eight tower, 800 MHz P25 digital trunked radio system which was put into service in late 2018. The control and core functions of the radio system are operated and directed by the County's Department of Emergency Services under the direction of the Director of the Department of Emergency Services.

The Department of Emergency Services also operates the Wicomico County Public Safety Answering Point, better known as the 9-1-1 Center. All incoming 911 calls from within Wicomico County are received at this center. The center receives calls for service for six police agencies within the County, gathers information and transfers each call to the appropriate agency for action. Along with the six police agencies, the center also receives and dispatches all fire and medical related calls for the 14 fire departments.

Corrections

The Detention Center was completed in 1988 and houses an average daily population of approximately 288 inmates. The Department of Corrections is staffed by 159 security, professional, administrative and support staff, and supported by medical, mental health, food service, education and commissary contractual services personnel. The County budgeted \$21,183,987 for fiscal year 2024 operations, \$21,802,013 for fiscal year 2025 operations and \$23,470,173 for fiscal year 2026 operations. Audited expenditures for fiscal year 2024 were \$19,104,602 and unaudited expenditures for fiscal year 2025 are approximately \$20,858,000. The County receives revenues from a variety of programs that are user-fee based: Weekend Sentencing, Home Detention, Community Service, Drug Court Electronic Monitoring and Work Release. Receipts from these sources for fiscal year 2024 totaled \$318,011. Unaudited receipts for fiscal year 2025 were \$170,551. These sources of revenue are subject to fluctuation based on program participation levels and offender population levels.

Public Works

The Department of Public Works has an active roster of 84 full and part-time employees, and encompasses three divisions: Solid Waste and Recycling, Engineering, and Roads. The Solid Waste Division is responsible for operating the Newland Park Landfill. That landfill handles approximately 12,600 tons per month of commercial and residential waste and recycles over 40% of the main waste stream. The Solid Waste and Engineering Divisions jointly assist State and federal agencies with dredging of the Wicomico River to insure safe barge passage. The Roads Division oversees over 700 miles of County roads that are supplemented by approximately 168 miles of State maintained primary and secondary roads. The Roads and Solid Waste Divisions oversee the vehicle and equipment maintenance of their respective fleets and the Roads Division assists with the remainder of the County's vehicle fleet. In addition to these tasks, the Roads Division operates approximately 400,000 ferry trips per year, carrying motor vehicles across the Wicomico River, connecting Wicomico and Somerset Counties, in two separate locations. The Engineering Division oversees and is responsible for reviewing and approving all stormwater plans for new and existing development in the County to ensure they meet all State and federal regulations.

Waste Collection and Disposal

Solid waste generated in the County is collected, disposed of, and recycled through a network of 11 manned convenience centers with recycling, four 24-hour unmanned recycling centers, and a central municipal solid waste landfill. The latter facility receives waste from the convenience centers, commercial and municipal haulers and household permit holders. In fiscal year 2025, there were 48 full-time employees and nine part-time employees who operated the landfill and convenience centers.

The landfill consists of approximately 125 acres for disposal sites, out of which 30 acres previously in use have been closed and were capped in 2000. Also available is an adjoining 92 acres for borrow for daily cover. The present landfill and borrow have a remaining expected life of approximately seven years. In 2018, the County purchased 43 acres of land adjacent to the existing landfill site and is currently working through phase III of the permitting process to provide an option for use of such land as a future expansion area. The additional land would add approximately another 25 years of life to the landfill.

In 1998, the County constructed and opened the first of a programmed 10 disposal cells which was constructed to meet U.S. Environmental Protection Agency and Maryland Department of the Environment requirements. In fiscal year 2002, the County constructed the next two disposal cells at a cost of \$4,500,000, of which about \$1,900,000 was financed by participation in the Maryland Department of the Environment Water Quality Revolving Loan program and the balance from a previous bond issue. One section of cell construction was completed in 2019 and cost \$6,090,780 which was funded from Solid Waste Enterprise Fund retained earnings. The newest cells were completed in fiscal year 2023 at an approximate cost of \$7,500,000, of which about \$3,500,000 was funded from a previous bond issue and \$4,000,000 was funded by Solid Waste Enterprise Fund retained earnings. The new cells are part of the original site. An amount of \$14,473,722 has been recognized as an accrued liability on the Solid Waste Enterprise Fund's records through fiscal year 2024 to provide for both the closed cells and the present cells in use.

Recreation and Parks

The Wicomico County Department of Recreation, Parks & Tourism provides over 225 activities and manages 40 sites encompassing over 1,700 acres, including two marinas, the Henry Parker Athletic Complex, the Wicomico Equestrian Center, boat ramps, basketball courts, tennis and pickleball courts, playgrounds, and pavilions. The Wicomico County Youth and Civic Center (YCC), a 6,000-seat public auditorium, and Wicomico County Tourism are also under the auspices of this Department. The YCC holds over 300 events annually ranging from large concerts, shows and civic/recreation events, to private meetings and receptions. The Department leverages the County's assets to hold over 45 tourism events annually. In fiscal year 2025, these events infused approximately \$59 million of total economic impact in the region. As of June 30, 2025, the Department's staff consisted of 64 full-time and over 350 part-time employees, as well as volunteers that support the Department's programs and activities.

Nursing Home

The County owns and operates a 102-bed licensed nursing home in Salisbury. As of July 2025, the facility was staffed by 106 full-time and part-time personnel. The occupancy rate was 75% for fiscal year 2025. The primary third-party reimbursement is from Medicaid. The County approved operating budgets of \$10,652,600 and \$11,832,110, respectively, for fiscal years 2025 and 2026 for the home. The nursing home is self-supporting and receives no appropriation of County funds for operating expenses.

Salisbury-Ocean City: Wicomico Regional Airport

The Salisbury-Ocean City: Wicomico Regional Airport (the “Airport”) is the only airport that has scheduled passenger airline service on the entire Delmarva (Delaware-Maryland-Virginia) Peninsula. It is second in the State of Maryland to the Baltimore-Washington International Thurgood Marshall Airport (BWI) in total numbers of airline passengers, total tonnage of air freight, and total acreage. Wicomico County owns and operates the Airport. The Airport is the home of Piedmont Airlines/American Eagle (a wholly-owned subsidiary of American Airline Group) with its corporate headquarters, operational control center, and primary maintenance facilities for its entire fleet of 70 aircraft based there. Piedmont Airlines operates daily round-trip flights between Salisbury and Charlotte/Douglas International and Philadelphia International Airports. Breeze Airways began twice-weekly scheduled service to Orlando International Airport during the first week of October 2025.

In 2013, the Airport completed a \$1.4 million renovation of the Wicomico County owned Piedmont Airlines Corporate Offices and Maintenance Hangar Complex. Piedmont Airlines/American Eagle entered into a new lease agreement with Wicomico County due to the renovations. In November 2015, the Airport completed a major reconstruction of crosswind Runway 5-23. This \$9.5 million project increased the weight-bearing capacity of the existing 5,000' runway up to 100,000 pounds for dual wheel aircraft. From fiscal years 2017 through 2021, over \$7 million was invested in the Airport to rehabilitate taxiway and apron pavements near t-hangars and corporate hangars, the air carrier apron, and the 6,400' long Taxiway A. In 2022, Wicomico County completed a \$4.4 million municipal water line extension project to serve the Airport, its current and future tenants, and the Airport Technology Park. In 2024, further improvements to the Piedmont Airline facilities, including parking lot rehabilitation, improved drainage, and building and roof rehabilitation totaled \$1.5 million. A natural gas line extension to the airport campus and business park was completed in 2024 totaling \$1.2 million. In 2025, a new aviation fuel farm (\$4.5 million) and new snow removal equipment and an aircraft rescue and fire-fighting facility (\$9.3 million) were completed.

The Airport Business Park’s initial infrastructure was developed in 1985 to provide more than 100 acres of prime business real estate for the future growth of the Airport and Wicomico County. A sanitary sewer line extension (\$3.0 million) in the business park is currently under construction. Design work for a fire suppression system (\$237,000) has started. The fire suppression project, when completed, will enable construction of large aircraft hangars and other large facilities in the business park. Construction is expected to begin in fiscal year 2026. Construction for the 1200’ Runway 14-32 extension, a \$19.5 million project, has started and is expected to be completed in early fiscal year 2027. The extension is necessary to relieve current operational limitations on Piedmont Airlines’ Embraer 145 jets and to provide for future larger and longer-range aircraft operations. Design work, environmental analysis and permitting, and site prep work totaling \$1.5 million for a new aviation maintenance technician and flight training school also started in fiscal year 2025.

The Airport facilities include a new full-service fixed base operator (Azure Flight Support) with an aircraft maintenance and repair facility, a base of operations for the Maryland State Police Medivac Helicopter, Perdue Farms’ flight operations base, a FedEx freight distribution center, and hangar facilities for over 60 personal and corporate owned and operated aircraft. A 7,800 square foot Unmanned Autonomous Systems (UAS) Autonomous Innovation Center was completed in February 2021. UAS operations and manufacturing continues to grow with airport partners Sentinel Robotic Solutions, Kilroy Aviation, and HopFlyt. Following construction of a new terminal building in 1991, the old terminal building was successfully converted into a small business incubator of new businesses in Wicomico County. The building was later renovated and leased to Piedmont Airlines to support its Operational Control Center.

A new maintenance hangar for future Piedmont Airlines’ needs is currently being explored. The Airport has also partnered with the University of Maryland Eastern Shore to develop an Aircraft Maintenance Technician (AMT) curriculum and on-airport training facility to support current and future demands both locally and nationally. The AMT school has been certified by FAA and the first class started in August 2025.

Health

Various health services are provided to the citizens of Wicomico County through the Wicomico County Health Department which operates with a staff as of June 30, 2025 of approximately 216 full-time equivalent State of Maryland employees. The Health Department, individually or in conjunction with the Maryland Department of Health and Mental Hygiene or the Maryland Department of the Environment, is responsible for the enforcement of all State and local health and sanitation laws. The Health Department provides services in the areas of maternal and child health, communicable diseases, reproductive health, chronic

illnesses, behavioral health, dental, medical assistance transportation, prevention and emergency preparedness. In fiscal year 2018, the Health Department also received State funding for managing the opioid epidemic. The County is participating in an opioid litigation settlement as part of national litigation against pharmacies and manufacturers of opioids and has started to receive settlement payments. The County and the Wicomico County Health Department have signed a Memorandum of Understanding to specify how the settlement funds should be utilized. A full-time coordinator was hired to spearhead these efforts with the assistance of the Opioid Prevention Team that was designated by the County Executive as a strategic planning entity in the fight against the epidemic. A portion of the expenditures for health is reimbursed by the State pursuant to matching grants. The County Health Department also receives other State, federal and foundation grants for Health Department programs.

Planning and Zoning

The Wicomico Department of Planning, Zoning, and Community Development (referred to as “the Department”) is responsible for overseeing comprehensive planning to guide the continued, orderly growth and revitalization of Wicomico County. The Department provides critical staff support to the Wicomico County Planning and Zoning Commission, the County Board of Zoning Appeals, and several other citizen commissions within the County. Although the current Wicomico County Comprehensive Plan was adopted on March 21, 2017, the process of updating the plan is in its initial stages. Following the completion of this update, the 2004 Wicomico County Zoning Code will be reviewed to ensure alignment with the revised Comprehensive Plan.

In December 2011, the County Executive implemented a reorganization that created a streamlined, one-stop-shop permitting process. This restructuring consolidated all permitting, inspection, and development functions under the Department of Planning, Zoning, and Community Development. As of June 30, 2025, the Department is staffed by 23 professionals, led by a Director who reports directly to the County Executive through the Director of Administration. The Department is tasked with enforcing zoning regulations and administering various State and local land use, community development, and housing programs. It also offers technical assistance to other local government entities. Furthermore, the Department manages economic development funding for local businesses and non-profit organizations, utilizing a mix of federal, State, county, and private resources. In addition to these responsibilities, the Department serves as the administrative arm for the Salisbury/Wicomico Metropolitan Planning Organization, a federal designation. Within the Department, the Building Permit & Inspections Division ensures compliance with International Code Council standards for residential and commercial construction, including plumbing, electrical, and fire safety codes. This division also oversees nuisance and code enforcement activities.

[The remainder of this page intentionally left blank]

COUNTY REVENUES AND EXPENDITURES

Statement of Governmental Fund Type Revenues and Expenditures

In accordance with generally accepted accounting principles for governmental units, the County records its transactions within various funds. The largest, the General Fund, is that from which all general costs of County government are paid and to which are recorded taxes and other revenues not specifically directed by law or policy to be recorded in special funds. In addition to the General Fund, several special funds receive revenues from particular sources for specific purposes, all as prescribed by law.

The County's principal source of Governmental Fund type revenues is taxes (property, income, State-shared and other local taxes), which comprised approximately 75.7% of the County's total governmental type resources in fiscal year 2024. The second largest source of revenue is intergovernmental revenues (revenues received from the State and federal governments and operating grants to education), which comprised approximately 15.7% of total resources in fiscal year 2024.

[The remainder of this page intentionally left blank]

The following table indicates the County's Governmental Fund type revenues and expenditures and changes in fund balance for each of the five most recent fiscal years for which audited results are available:

Wicomico County, Maryland
Statement of Revenues, Expenditures, and Changes in Fund Balances

Revenues:	FY2020	FY2021	FY2022	FY2023	FY2024
Property taxes	\$66,712,210	\$68,940,310	\$70,997,026	\$73,238,220	\$74,261,009
Income taxes	54,799,476	61,649,684	65,685,046	70,634,284	77,380,868
Other taxes	5,148,014	6,644,971	7,884,556	7,477,031	6,915,048
Licenses and permits	1,130,260	1,359,857	1,337,519	1,264,953	1,259,148
Intergovernmental	12,636,616	15,313,453	14,894,961	15,155,855	32,874,928
Charges for Services	4,083,898	4,396,400	5,010,363	5,255,862	6,014,935
Fines and forfeitures	12,687	13,649	13,650	11,340	10,740
Miscellaneous	591,632	714,729	2,924,166	3,173,134	396,462
Investment earnings	1,733,778	93,904	192,425	7,447,364	10,221,689
Total Revenues	<u>\$146,848,571</u>	<u>\$159,126,957</u>	<u>\$168,939,712</u>	<u>\$183,658,043</u>	<u>\$209,334,827</u>
Expenditures					
General government	\$13,699,302	\$14,683,520	\$14,019,807	\$16,293,633	\$18,056,190
Public safety	21,569,634	22,871,484	24,971,933	26,484,748	29,451,241
Detention Center	16,549,317	16,918,395	17,110,200	18,471,515	19,104,602
Public works	10,570,995	8,820,970	8,655,034	11,181,753	10,342,072
Health and welfare	4,674,878	3,600,705	545,706	3,833,365	4,597,643
Social Services	339,553	339,146	359,398	318,141	379,493
Education	53,468,944	55,374,410	56,897,151	58,259,795	58,494,531
Culture and recreation	0	0	0	0	0
Economic Development	175,000	175,000	175,000	189,000	228,450
Miscellaneous	1,365,027	1,531,390	2,318,577	1,680,384	1,877,726
Debt Service:					
Principal	10,936,466	10,228,398	9,243,171	8,588,678	8,158,813
Interest and other charges	4,663,840	3,697,657	4,029,845	4,793,831	4,741,677
Total Expenditures	<u>\$138,012,956</u>	<u>\$138,241,075</u>	<u>\$138,325,822</u>	<u>\$150,094,843</u>	<u>\$155,432,438</u>
Excess (deficiency) of Revenues over Expenditures	\$8,835,615	\$20,885,882	\$30,613,890	\$33,563,200	\$53,902,389
Other Financing Sources (Uses):					
Transfers in	0	0	0	0	0
Transfers out	(\$7,490,779)	(\$8,244,569)	(\$17,161,026)	(\$12,569,106)	(\$30,668,127)
Total Other Financing Sources (Uses)	<u>(\$7,490,779)</u>	<u>(\$8,244,569)</u>	<u>(\$17,161,026)</u>	<u>(\$12,569,106)</u>	<u>(\$30,668,127)</u>
Net change in fund balances	\$1,344,836	\$12,641,313	\$13,452,864	\$20,994,094	\$23,234,262
Fund balance, as restated -beginning	\$59,567,745	\$57,898,204	\$70,895,608	\$81,378,390	\$102,144,998
Fund balance, end	\$60,912,581	\$70,539,517	\$84,348,472	\$102,372,484	\$125,379,260

Source: Wicomico County Department of Finance, Audited Financial Statements.

Results for Fiscal Year 2024 with Budget Data for Fiscal Years 2025 and 2026

The following table summarizes the audited results of the County's General Fund revenues and expenditures for fiscal year 2024, plus the fiscal year 2025 original adopted budget and the fiscal year 2026 original adopted budget. In fiscal year 2024, the County accumulated \$23,234,262 million in additional fund balance over the previous year. The adopted fiscal year 2026 budget remains subject to amendment throughout the fiscal year, which ends on June 30, 2026.

	Original Adopted Budget Fiscal Year 2026	Original Adopted Budget Fiscal Year 2025	Audited Fiscal Year 2024
Revenues and Other Sources:			
Property Taxes	\$79,088,883	\$76,876,223	\$74,261,009
Income Taxes	74,000,000	66,500,000	77,380,868
Other Taxes	6,756,000	6,771,500	6,915,048
Licenses and Permits	1,202,950	1,223,750	1,259,148
Intergovernmental Revenue	21,073,063	21,980,273	32,874,928
Charges for Current Services	3,222,083	4,177,151	6,014,935
Court fines and forfeitures	20,150	20,650	10,740
Miscellaneous Revenues	1,928,879	742,448	396,462
Investment earnings	8,950,000	6,250,000	10,221,689
Transfers in	0	0	0
Fund balance and reserves used(accumulated)/appropriated	<u>19,827,169</u>	<u>21,377,480</u>	<u>(23,234,262)</u>
Total	<u>\$216,069,177</u>	<u>\$205,919,475</u>	<u>\$186,100,565</u>
Expenditures and Transfers			
General Government	\$23,985,179	\$22,690,991	\$18,056,190
Public Safety	38,474,171	33,702,025	29,451,241
Public Works	14,666,643	15,330,628	10,342,072
Health and Welfare	5,535,295	5,544,614	4,597,643
Social Services	382,043	379,179	379,493
Correction	23,470,173	21,802,013	19,104,602
Education	67,147,689	61,862,633	58,494,531
Miscellaneous	4,762,140	3,993,968	2,106,176
Debt Service:			
Principal	9,780,000	9,400,000	8,158,813
Interest (1)	4,772,000	5,235,000	4,741,677
Total Expenditures	<u>192,975,333</u>	<u>179,941,051</u>	<u>155,432,438</u>
Net Transfers out (2)	<u>23,093,844</u>	<u>25,978,424</u>	<u>30,668,127</u>
Total Expenditures and Transfers	<u>\$216,069,177</u>	<u>\$205,919,475</u>	<u>\$186,100,565</u>

(1) Bond interest includes agent fees.

(2) Transfers out include grants, capital projects, support to the Youth & Civic Center, Recreation and Parks and support to the Airport Enterprise Fund.

Source: Wicomico County Department of Finance.

Preliminary Unaudited Results for Fiscal Year 2025

Unaudited preliminary results for fiscal year 2025 (which ended on June 30, 2025) project income tax revenue exceeding the budgeted forecast by over \$15.8 million and overall projected recurring revenue exceeding the amended budget. Preliminary results also show unaudited fiscal year 2025 expenditures to be less than originally budgeted. The County does not anticipate utilizing much, if any, of the approximately \$28 million of appropriated fund balance.

Fiscal Year 2026 Budget

The main budgeted revenue drivers for the County continue to grow (income tax and real property tax). Fiscal year 2026 revenue is estimated to be \$194,727,666, before accounting for any American Rescue Plan Act of 2021 revenue or use of prior year fund balance (which is designated for capital projects), which is 7.5% or \$13,578,778 higher than the amended fiscal year 2025 budget.

A brief summary of key economic indicators and revenues are as follows:

- Income tax revenue for fiscal year 2026 is budgeted to be less than fiscal year 2025 projected collections (which are expected to exceed the fiscal year 2025 budgeted amount). Budgeted income tax revenue for fiscal year 2026 is \$21.8 million greater than budgeted income tax revenue for fiscal year 2020.
- Revenue from the recordation tax has increased since the low point of fiscal year 2011; based on history, recordation tax for fiscal year 2026 is estimated at \$4.75 million, which is 116% more than the fiscal year 2011 low of \$2.2 million. Beginning in fiscal year 2017, the County Finance Department took responsibility for collecting recordation taxes instead of the Clerk of Court's office, resulting in elimination of a State fee of 5% charged on every dollar of recordation tax collected by the Clerk of Court. Instead of the County receiving 95% of the recordation tax, it now receives the entire 100%.
- The taxable real property base is expected to grow by 2% from fiscal year 2025 to fiscal year 2026 (based on the fiscal year 2025 Constant Yield Tax Rate Certification), a net real property tax revenue increase of approximately \$3.0 million.
- The real property tax rate decreased in fiscal year 2026 (\$0.8099 per \$100 of assessed value) from fiscal year 2025 (\$0.8468 per \$100 of assessed value). This reduction ensures that the County is in compliance with the revenue cap restriction of 2%.
- 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 2026, the personal property tax rate is set at \$2.0247 per \$100 of assessed value (a reduction from the fiscal year 2025 personal property tax rate) and the net revenue from personal property is conservatively estimated to be \$8.3 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 2018 and the exemption on manufacturing equipment that was implemented in fiscal year 2014. This rate is 2.5 times the real property tax rate.
- The State of Maryland reduced the amount the County will receive in a Teacher Retirement Supplement Grant by over \$700,000, but did provide a one-time increase to the Disparity Grant of \$2.7 million.

To enhance the potential for economic development, the County approved a County 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 2026 expenditures over budgeted fiscal year 2025 expenditures are summarized below (amounts may be approximate):

- Board of Education funding increased by \$4,170,950. This increase includes an increase to the maintenance of effort amount (see “—Property Tax Limitation” below) as well as an increase to funding related to inflation. In addition, per a new Maryland law, the County must fund directly to the State an increased amount for teachers’ pensions. This amounts to an increase in expenditures of approximately \$1.7 million.
- Various capital projects were funded in the fiscal year 2026 budget. The budget in fiscal year 2026 will provide funding for projects ranging from renovations at existing buildings, starting the construction of a new main library facility in an existing building, funding to help with dredging sites for the Wicomico River spoils and continued upgrades at the airport.
- Wor-Wic Community College is funded based on a State formula and its funding was increased by approximately \$311,000 and includes \$150,000 to help fund the Wicomico County Adult Basic Education program for total funding of \$7,362,832.
- The County increased funding for the pension plan with a goal of increasing the funding percentage.
- The fiscal year 2026 budget has most full-time employees receiving a 3% COLA that was implemented in July 2025 with an initial increase of 3% and has a 2% step increase scheduled for January 2026.
- Overall costs to operate the Corrections Department increased, including increased salaries (due to an increased pay scale in July 2025 with all employees also receiving a step increase in January 2026) and medical costs.
- Increased capital funding for new leased vehicles. Prior to the implementation of the County-wide vehicle lease program, over 54% of the County’s vehicles were over 10 years old. For the complete vehicle fleet, the average age is now approximately five years old.
- In addition to the increased funding for teachers’ pensions, the State of Maryland is requiring all counties to fund an increased share of the State Department of Assessment offices. As such, the County is increasing this funding by \$340,000 in the fiscal year 2026 budget.
- The County increased funding to both the volunteer and career Fire/EMS stations for fiscal year 2026 by almost \$1.4 million. In addition, the fiscal year 2026 budget includes \$750,000 of payments to the City of Salisbury to bring an agreement between the City of Salisbury and the County current related to fire and EMS.

[The remainder of this page intentionally left blank]

Solid Waste Enterprise Fund

Commencing with fiscal year 1994, the County transferred its solid waste resources and financial operations from the General Fund to an enterprise type fund. This activity's share of general obligation debt (when applicable) and its annual debt service requirements are accounted for within such enterprise fund. Financial highlights of the Solid Waste Enterprise Fund for the five most recent fiscal years ended June 30 for which audited results are available as follows:

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
Share of outstanding general obligation debt June 30	\$ -	\$ -	\$ -	\$ -	\$ -
Total Operating Revenue	10,135,359	9,704,490	10,113,504	9,603,510	8,549,473
Total Operating Expenses including depreciation and					
Provisions for post-closure costs	8,817,102	9,645,504	8,839,108	8,315,437	7,367,140
Operating income (loss)	1,318,257	58,986	1,274,396	1,288,073	1,182,333
Total Non-Operating Revenues (Expenses)	1,208,572	698,385	22,301	(67,590)	65,530
Net Transfers in/out plus special items		(653,615)	(4,650,000)	(1,436,250)	4,511
Change in Net Position	2,526,829	103,756	(3,353,303)	(215,767)	1,252,374
Total net position, as restated – beginning	17,936,574	17,193,598	19,678,890	19,156,218	17,899,905
Total net position – ending	20,463,403	17,297,325	16,325,587	18,940,451	19,152,279
Invested in capital assets, net of related debt	13,437,017	10,656,091	7,215,968	9,064,064	10,022,323
Unrestricted	\$ 7,026,386	\$ 6,641,234	\$ 9,109,619	\$ 9,876,287	\$ 9,129,956

Source: Wicomico County Audited Financial Statements fiscal years 2020 - 2024.

Funding for closure and post closure costs is expected to come from accumulated cash earnings of the Solid Waste Enterprise Fund and not from a future bond issue. At June 30, 2024, the Solid Waste Enterprise Fund had \$21,181,949 in cash and \$7,219,379 in liabilities excluding accrued closure and post closure costs of \$14,473,722. Total liabilities are more than available cash by approximately \$511,152. Cash above post closure costs is approximately \$6.7 million.

[The remainder of this page intentionally left blank]

Overview of Tax Revenues

The table below presents information regarding the principal sources of tax revenues for fiscal years 2020-2024:

Tax Revenues by Source

<u>Fiscal Year</u>	<u>Total Taxes</u>	<u>General Property Taxes(1)</u>	<u>Local Income Taxes</u>	<u>Other Taxes(2)</u>
2024	\$158,556,925	\$74,261,009	\$77,380,868	\$6,915,048
2023	151,349,535	73,238,220	70,634,284	7,477,031
2022	144,566,628	70,997,026	65,685,046	7,884,556
2021	137,234,965	68,940,310	61,649,684	6,644,971
2020	126,659,700	66,712,210	54,799,476	5,148,014

(1) Adjusted for payments in lieu of taxes, additions and abateements, interest on taxes, discounts on taxes, and tax credits for the elderly and disabled.

(2) Includes Franchise, Recordation, Admission, Tobacco and Distilled Spirits Taxes. Excludes highway user revenue (gas tax) which is dedicated to Roads and Hotel and Motel room tax which is dedicated to Tourism. The decline in Other Taxes between fiscal years 2022 and 2024 was due to a continued decline in recordation taxes resulting from a decline in the value of property sales.

Source: Wicomico County Department of Finance.

Unaudited approximate results for fiscal year 2025 include total tax revenues of \$166,707,000, general property tax revenues of \$77,756,000, local income tax revenues of \$82,310,000 and other tax revenues of \$6,641,000.

General Property Taxes

The assessment of all real and tangible personal property for purposes of property taxation by the County is the responsibility of the Maryland State Department of Assessments and Taxation (the "SDAT"), an independent State agency. Most real property is valued at market value ("full cash value"). Land used in farming is valued based on its use value, subject to a per acre maximum assessment of \$500.00. All real property is physically inspected once every three years and any increase in value arising from such inspection is phased in over the ensuing three taxable years in equal annual installments. For owner-occupied residential property the phase-in of assessed value increases is limited by Wicomico County's Homestead Assessment Credit which limits the year-over-year increase in taxable value to 5% per year.

Maryland law also provides that certain owner-occupants of residential property may receive certain property tax credits based on various criteria including their income and net worth; however, the County is reimbursed by the State of Maryland for these tax credits, except for those provided by Section 9-101 of the Tax-Property Article of the Annotated Code of Maryland. That Section preserves, to taxpayers receiving credits for the elderly or disabled under laws in effect in the tax years 1974 - 1975 and 1975 - 76, the fullest extent of their benefits as long as they continue to qualify under those laws. The cost of any benefits preserved by that Section, in excess of those for which the State is required to pay under property tax credits for the elderly and disabled pursuant to Section 9-104 of that Article, is the responsibility of the counties, Baltimore City, or municipalities. Wicomico County's liability for such credits is minimal.

[The remainder of this page intentionally left blank]

The following table sets forth the assessed value of all property subject to taxation by the County for fiscal years 2020-2024, and the County and State real property tax rates applicable in each of those fiscal years. Under applicable law, there are no limits in respect of the property tax rates set forth in the table; however, real property tax revenue collections are limited by the provisions of Article VII, Section 706.B of the Charter (see “— Property Tax Limitation” herein.)

Tax-exempt properties owned by federal, State, and local governments, churches, schools, and other organizations exempt under State law, are not included in the table.

	Fiscal Year				
	2024	2023	2022	2021	2020
Assessable Base(1)					
Real Property	\$7,365,829,383	\$6,947,841,027	\$6,652,972,320	\$6,432,565,000	\$6,202,237,000
Personal Property					
Ordinary Business Corp.	210,418,513	214,654,684	219,122,224	216,533,000	204,640,000
Railroads and Public Utilities	189,530,555	209,348,176	209,812,349	193,272,000	186,923,000
Total Taxable County Assessable Base ..	\$7,765,778,451	\$7,371,843,887	7,081,906,893	6,842,370,000	6,593,800,000
County Real Property Tax Rate (Per \$100 Assessed Value)	\$0.8855	\$0.9070	\$0.9195	\$0.9286	\$0.9346
State Real Property Tax Rate (Per \$100 Assessed Value)	\$0.112	\$0.112	\$0.112	\$0.112	\$0.112

(1) March SDAT estimates of assessable base.

Source: Maryland State Department of Assessments and Taxation.

The estimates of assessable base for fiscal year 2025 are \$7,968,198,165 for real property, \$216,296,646 for ordinary business corporation personal property, \$202,645,253 for railroads and public utilities personal property, and \$8,387,140,064 for the total County assessable base. The County real property tax rate for fiscal year 2025 was \$0.8468 per \$100 of assessed value and the State real property tax rate for fiscal year 2025 was \$0.112 per \$100 of assessed value. The County personal property rate for fiscal year 2025 was reduced to \$2.117 per \$100 of assessed value as per State law it can be no more than 2.5 times the real property tax rate.

The estimates of assessable base for fiscal year 2026 are \$8,700,415,316 for real property, \$212,201,808 for ordinary business corporation personal property, \$195,436,361 for railroads and public utilities personal property, and \$9,108,053,485 for the total County assessable base. The County real property tax rate for fiscal year 2026 is \$0.8099 per \$100 of assessed value and the State real property tax rate for fiscal year 2026 is \$0.112 per \$100 of assessed value. The County personal property rate for fiscal year 2026 has been reduced to \$2.0247 per \$100 of assessed value as per State law it can be no more than 2.5 times the real property tax rate.

Maryland counties are required to provide a semiannual payment schedule for State, county and special taxing district property taxes due on owner-occupied residential property. Under such semiannual payment schedule, the County may assess a service charge on the second installment due in any tax year which is reasonably equivalent to the anticipated lost interest income associated with the three-month delay in payment of the second installment and to cover administrative expenses. Any such service charge must be approved by the SDAT. The service charge approved by the SDAT for the County for tax years beginning July 1, 2021 was 0.02%. This service charge is assessed only against the principal amount of the second semiannual installment paid by a taxpayer. Payment of the first installment under a semiannual schedule is due on July 1 of the tax year and may be paid without interest on or before September 30 of the tax year; payment of the second installment under a semiannual schedule is due on December 1 of the tax year and may be paid without interest but with the service charge on or before December 31 of the tax year or may be prepaid without the service charge or interest on or before September 30 of the tax year. If an escrow account is established for the payment of property taxes, the escrow account servicer is required to pay the tax in semiannual installments unless it receives written direction from the property owner to pay the tax in annual payments.

County taxes are due and payable as of July 1. A discount of 1% is allowed for payments made in July and August. Beginning October 1, there is a 1% per month interest charged on annual bills and outstanding first semi-annual bills still due. Beginning January 1, there is a 1.5% interest charge for second semi-annual bills plus the service charge. Delinquent taxes are collected, after several prior notices of delinquency, by tax sales conducted by the Director of Finance of the County. Tax sales are held in June annually. Buyers of tax sale property are required by law to petition the Circuit Court for Wicomico County to foreclose the rights of parties of prior interest.

The following table sets forth certain pertinent information with respect to the County's tax levies and tax collections for the five most recent fiscal years ended June 30 for which audited results are available as follows:

Fiscal Year	Total Tax Levy(1)	Current Year's Taxes Collected in Year of Levy		Total Taxes Collected (Current and Delinquent)(2)		Outstanding Delinquent Taxes	Outstanding Delinquent Taxes as a % of Current Tax Levy
		Amount	%	Amount	%(3)		
2024	\$74,950,378	\$74,051,347	98.80%	\$74,652,814	99.60%	\$3,439,240	4.59%
2023	73,298,633	72,627,183	99.08	72,995,411	99.59	2,659,655	3.63
2022	71,293,014	70,791,413	99.30	71,657,031	100.51	2,054,309	2.88
2021	69,224,284	68,517,930	98.98	69,527,099	100.44	2,314,627	3.34
2020	67,240,623	66,198,759	98.45	66,709,675	99.21	2,496,533	3.71

(1) Prior year's tax levy and collections have been adjusted for subsequent additions, abatements and refunds.

(2) Collections are net of refunds.

(3) As a percent of current levy.

Source: Wicomico County Audited Financial Statements fiscal years 2020 - 2024.

The County's unaudited tax levies and tax collections for fiscal year 2025 were as follows: the total budgeted tax levy was \$76,876,223 and the total collections for fiscal year 2025 was \$77,755,768, which constitutes over 100% of the budgeted levy.

The 10 largest business taxpayers in fiscal year 2025, ranked by net assessed valuation of real and personal property, are listed below.

Company	Total Net Assessed Value(1)	County Taxes Levied
Delmarva Power & Light Company	\$171,324,223	\$3,273,061
Mill Pond Village LLC	47,734,030	458,469
CFI Legacy University Orchard LLC.	39,370,100	377,481
Addison Court Apartments LLC	36,349,067	349,149
Coventry Square Apartments LLC	32,852,560	324,513
Choptank Electric Co-Operative	27,945,830	511,087
Salisbury Mall Realty Holdings	22,345,600	224,224
Comcast of Delmarva Inc.	20,341,130	441,722
Wal-Mart – all variations	19,338,610	239,625
Perdue - all variations	14,869,459	160,920

(1) Net assessed value excluded value of manufacturing equipment which is now 100% exempt.

Source: Wicomico County Department of Finance.

Property Tax Limitation

In connection with a voter petition initiative, County voters approved an amendment to the County Charter at the November 7, 2000 general election. This amendment, which became effective on December 7, 2000, added Section 703-2 to Article VII of the Charter ("Section 703-2"). Section 703-2 was renumbered as Section 703.1 in 2002 and renumbered as Section 706.B in 2006 and provides as follows:

Notwithstanding any other provisions of this Article, from and after July 1, 2001, revenues derived from taxes on properties existing on the County real property tax rolls at the commencement of the County fiscal year shall not increase, compared with the previous year, by more than two percent, or by the Consumer Price Index for all urban consumers (CPI-U) percentage of change for the latest calendar year, determined by the U.S. Department of Labor, whichever is the lesser.

The first fiscal year affected by the limitation was the fiscal year commencing July 1, 2001 (fiscal year 2002). The effect of this limitation is that only revenues from real property on the tax rolls at the commencement of a fiscal year are capped for purposes of determining the maximum amount of capped revenue for that fiscal year. Revenues from new construction and other real property which come onto the tax rolls after the beginning of a fiscal year are “new” to the tax rolls and are not subject to the cap for that fiscal year. For fiscal year 2025, the County Council adopted a real property tax rate of \$0.8468 per \$100 of assessed value. State law requires that county personal property tax rates be no more than 2.5 times the real property tax rate. With the reduction of the real property rate, the County Council lowered the personal property tax rate for fiscal year 2025 to \$2.117 per \$100 of assessed value from \$2.1715. For fiscal year 2026, the County Council adopted a tax rate of \$0.8099 per \$100 of assessed value, and to continue to meet State law, the personal property tax rate was reduced for fiscal year 2026 to \$2.0247 per \$100 of assessed value.

In 2012 the Maryland General Assembly enacted legislation that permits the County to set a property tax rate higher than the rate authorized under the County’s Charter for the sole purpose of funding the Board of Education’s approved budget. (Maryland law requires each county to appropriate an amount equal to or greater than its prior year per pupil appropriation; this is known as “maintenance of effort.”) To date, the County has not utilized this provision. In fiscal year 2025, County funding for the Board of Education maintenance of effort was \$51,636,953; included in this number is \$1,000,000 in excess of the maintenance of effort requirement. Also, in fiscal year 2025 the County provided an additional \$1,000,000 in one-time capital funding. The budgeted fiscal year 2026 Board of Education funding exceeds the required maintenance of effort for a total funded amount of \$55,807,903.

Income Tax

Income tax revenue continues to be strong and new businesses continue to locate in Wicomico County. Unaudited fiscal year 2025 income tax revenue is estimated to exceed fiscal year 2024 by just under \$5 million. Income tax revenue for fiscal year 2026 is budgeted to exceed fiscal year 2025 budgeted revenues by \$7.5 million or 11.3%. The County is estimating for the income tax number to stabilize with minimal growth in actual collections beginning in fiscal year 2026.

Highway User Revenue

The County receives from the State of Maryland a proportionate share of highway user revenues which is used to fund road-related projects. The table below shows actual distributions for fiscal years 2017-2024, the estimated distribution for fiscal year 2025 and the budgeted distribution for fiscal year 2026. Highway user revenues had previously been reported as a special governmental fund. Highway user revenue is now reported within the General Fund.

<u>Fiscal Year</u>	
2026*.....	\$2,537,646
2025**.....	2,195,678
2024.....	1,875,440
2023.....	1,595,481
2022.....	1,571,660
2021.....	1,422,796
2020.....	1,073,222
2019.....	708,800
2018.....	647,837
2017.....	741,982

* Budgeted amount.

** Projected fiscal year 2025 receipts. Wicomico County Department of Finance.

Source: State of Maryland Highway User Revenue Report.

[The remainder of this page intentionally left blank]

STATE FINANCIAL ASSISTANCE TO THE BOARD OF EDUCATION

The Board of Education receives significant funding from the State of Maryland for use as operating and capital expenditure funds. The table below shows actual amounts for fiscal years 2022 through 2024 with budgeted amounts for fiscal years 2025 and 2026.

<u>Fiscal Year</u>	<u>Operating</u>	<u>Capital Projects</u>
2026*.....	\$215,797,880	\$12,033,566
2025*.....	193,561,026	7,554,293
2024.....	188,181,338	7,147,782
2023.....	174,297,655	33,109,625
2022.....	159,020,422	9,785,559

* Budgeted amounts.

Source: Wicomico County Board of Education.

Fiscal Year 2025 Consolidated Current Expense Budget.

The increase in State funding for budgeted capital projects in fiscal year 2023 includes one-time only funding from the Maryland Build to Learn Act. Additionally, the State budgeted to provide the majority of its portion of funding for costs of the Mardela Middle/High School renovation project in fiscal year 2023, as opposed to spreading allocated funding for such project over multiple fiscal years as is customary. This impacted the budgeted amount of State funding for capital projects in fiscal year 2024 and 2025 and will potentially impact the amount of State funding provided for Board of Education purposes in future fiscal years.

Through fiscal year 2025, State law required the Governor to include a \$1,567,837 grant to the County in the State budget each year to partially offset the County's requirement to contribute to the State Teachers' Pension System through the local Board of Education. For fiscal year 2026, the State changed the law and has reduced the amount being contributed to \$783,919. In fiscal year 2025, the County's required contribution to the State Teachers' Pension System was incorporated in the annual maintenance of effort calculation. In fiscal year 2026, the State changed the amount that counties must now fund related to the pension system. A portion of the amount remains part of the maintenance of effort requirement, but there will be an additional direct payment to the State of an estimated \$1,704,888 for direct contribution to the Pension System.

STATE DISPARITY GRANT

The County receives a disparity grant from the State of Maryland for use without restriction for expenses within the General Fund. The disparity grant is provided for in the Annotated Code of Maryland under Local Government Article Section 16-501. The amount of the grant is determined by a formula based on the County's per capita income tax yield compared to the Statewide per capita yield. The full grant amount would bring the County's total per capita income tax yield up to 75% of the Statewide per capita yield. However, the State has constrained the formula based on a county's income tax rate. Wicomico County has set its income tax rate to the maximum allowed by State law and therefore receives the maximum distribution of the disparity grant, which is currently set at 60% of the per capita yield formula. In the budget for fiscal year 2025, the State adjusted the formula, but did not provide significant back up for the adjustment. This adjustment resulted in a reduction in the amount of the disparity grant awarded to the County in that fiscal year.

The fiscal year disparity grant history is shown in the table below:

<u>Fiscal Year</u>	<u>Grant Amount</u>
2026*.....	\$16,203,591
2025**.....	13,054,914
2024.....	15,063,448
2023.....	11,831,757
2022.....	11,831,757
2021.....	12,431,403
2020.....	9,648,842

*Fiscal year 2026 is the budgeted disparity grant amount to be received from the State of Maryland.

**Fiscal year 2025 is the unaudited disparity grant amount received from the State of Maryland.

Source: State Aid – Department of Legislative Services, Disparity Grant.

CERTAIN DEBT INFORMATION

General Obligation Indebtedness

During its 2000 session, the Maryland General Assembly enacted the Maryland Truth in Taxation Act (Chapter 80 of the Laws of Maryland of 2000) (the “Act”). The Act provides that its impact is intended to be revenue neutral. Section 7 of the Act provides that any debt limit in a local law or charter provision in effect on September 30, 2000 that is expressed as a percentage of an assessment of real property or assessable base of real property shall be construed to mean a percentage equal to 40% times the percentage stated in the local law or charter provision.

In response to the Act, Article III, Section 313 of the County’s Charter was amended to provide no general obligation indebtedness may be issued in an amount exceeding, in the aggregate, 3.2% of the assessable basis of real property of the County and 8% of the County’s assessable basis of personal property and operating real property as described in Section 8-109(c) of the Tax-Property Article of the Annotated Code of Maryland at the time of issuance; except that bonds, tax anticipation notes or other evidences of indebtedness: (i) having a maturity not in excess of twelve months, (ii) issued or guaranteed by the County and payable primarily or exclusively from taxes levied in or on, or other revenues from, special taxing areas or districts heretofore or hereafter established by law, or (iii) issued for self-liquidating and other projects payable primarily or exclusively from the proceeds of assessments or charges for special benefits or services, are not included in computing or applying such limitation.

Charter provisions require that general obligation debt may not mature more than 30 years after the date of issuance (except in certain specified instances) and prohibit the issuance of bonded debt for a term in excess of 12 months for the purpose of funding current operating expenses.

[The remainder of this page intentionally left blank]

The following table sets forth the amount of the County's general obligation bonds issued and outstanding as of June 30, 2024.

**Statement of General Obligation
Bonds Issued and Outstanding
As of June 30, 2024 (1)**

		Principal	
	<u>Dated Date of Issue</u>	<u>Issued</u>	<u>Outstanding</u>
<u>Wicomico County:</u>			
Refunding Bond of 2013	November 26, 2013	\$13,999,000	\$8,959,670
Public Improvement Bonds, Series 2014A (Tax-Exempt)	December 30, 2014	9,325,000	5,311,930
Consolidated Public Improvement and Refunding Bonds of 2015	October 20, 2015	19,715,000	7,905,000
Water System Improvements Bonds, Series 2016A	February 25, 2016	900,000	706,657
Water System Improvements Bonds, Series 2016B	February 25, 2016	1,100,000	863,692
Public Improvement Bonds of 2016	November 15, 2016	20,300,000	10,820,000
Consolidated Public Improvement and Refunding Bonds of 2017	December 28, 2017	19,885,000	13,975,000
Public Improvement Bonds of 2018	October 30, 2018	9,605,000	6,400,000
Consolidated Refunding Bonds of 2020	December 22, 2020	1,708,882	502,243
Consolidated Public Improvement Bonds, Series 2021A (Tax-Exempt)	December 21, 2021	58,235,000	53,318,895
Consolidated Public Improvement Bonds, Series 2021B (Taxable)	December 21, 2021	16,950,000	15,221,031
Drinking Water Bond, Series 2022 ⁽²⁾	January 28, 2022	2,830,382	2,289,101
Public Improvement Bonds, Series 2022A (Tax-Exempt)	November 1, 2022	14,560,000	14,115,000
Public Improvement Bonds, Series 2022B (Taxable)	November 1, 2022	8,265,000	8,030,000
Public Improvement Bonds, Series 2023A (Tax-Exempt)	November 1, 2023	4,195,000	4,195,000
Public Improvement Bonds, Series 2023B (Taxable)	November 1, 2023	7,645,000	7,645,000
Total general obligation bonds		\$209,218,264	\$160,258,220

(1) This table does not include deferred lease payments and accrued compensated absences.

(2) The amount outstanding for this drawn-down bond is the principal amount actually drawn-down prior to June 30, 2024, less scheduled principal payments on the bond made as of June 30, 2024.

Source: Wicomico County Department of Finance.

Not included in the table above are the \$9,595,000 Wicomico County, Maryland Public Improvement Bonds of 2024, which were issued on October 29, 2024 (within fiscal year 2025).

State Loan to the County

As noted in the table above, the County closed a Maryland Water Quality Financing Administration ("MWQFA") loan in the amount of \$2,830,382 in the second half of fiscal year 2022 (the Drinking Water Bond, Series 2022). MWQFA is now known as the Maryland Water Infrastructure Financing Administration. The Drinking Water Bond, Series 2022 was issued to MWQFA to evidence the loan to the County and constitutes a general obligation debt of the County. The loan funds paid for the extension of a public water line (City of Salisbury water) from Wor-Wic Community College to the Salisbury-Wicomico Regional Airport. This water line will allow further development at the Airport Business Park, as well as water service for the Airport terminal and surrounding buildings.

School Construction Financing

Pursuant to State law, the State funds a portion of eligible public school construction projects and eligible public school capital improvements. The public school construction program is obligated only to the extent of the established State/Local shared cost formula. The formula determines the maximum eligible for State funding and is represented by a percentage of eligible construction costs. Wicomico County's maximum percentage of State funding for fiscal year 2015 was 96%. For fiscal years 2016 through 2020, the percentage increased to 97%, for fiscal years 2021 through 2024, the percentage was 100% and for fiscal year 2025, the percentage was 98%. Any costs in excess of those costs considered eligible for State funding are the responsibility of the local jurisdiction. Typically, County general obligation bond issues include funding for the County's responsibility for such projects.

[The remainder of this page intentionally left blank.]

Debt Service Requirements

Wicomico County Schedule of Debt Service Requirements On General Obligation Bond Debt and Other Obligations Unaudited as of June 30, 2025 (1)

General Obligation Bonds

Fiscal Years Ended June 30	Principal	Interest	Total General Obligation Bonds	Inter-Agency Agreements (2)	Total Debt Service Requirements
2026	\$10,849,375	\$5,737,773	\$16,587,148	\$102,053	\$16,689,201
2027	10,808,233	5,258,594	16,066,828	102,053	16,168,881
2028	11,024,653	4,824,065	15,848,718	102,053	15,950,771
2029	11,255,094	4,379,937	15,635,031	102,053	15,737,084
2030	11,479,558	3,929,563	15,409,121	102,053	15,511,174
2031	11,739,045	3,468,796	15,207,841	102,053	15,309,894
2032	11,996,555	2,993,766	14,990,322	102,053	15,092,375
2033	10,894,089	2,558,894	13,452,983	102,053	13,555,036
2034	9,737,318	2,172,740	11,910,058	102,053	12,012,111
2035	7,927,230	1,888,800	9,816,030	102,053	9,918,083
2036	7,163,839	1,665,650	8,829,489	102,053	8,931,542
2037	6,690,472	1,459,227	8,149,699	102,053	8,251,752
2038	6,877,132	1,255,543	8,132,675	102,053	8,234,728
2039	7,083,818	1,044,572	8,128,390	102,053	8,230,443
2040	7,280,531	826,189	8,106,720	102,053	8,208,773
2041	7,067,272	606,110	7,673,381	102,053	7,775,434
2042	7,294,040	343,945	7,637,985	102,053	7,740,038
2043	3,425,837	190,928	3,616,765	102,053	3,718,818
2044	1,162,664	55,157	1,217,820	102,053	1,319,873
2045	874,519	19,114	893,633	102,053	995,686
2046	186,099	3,428	189,527	102,053	291,580
2047	100,536	1,517	102,053	102,053	204,106
2048	100,837	1,216	102,053	102,053	204,106
2049	101,140	913	102,053	102,053	204,106
2050	101,443	610	102,053	102,053	204,106
2051	101,748	305	102,053	102,053	204,106
Total:	<u>\$163,323,077</u>	<u>\$44,687,350</u>	<u>\$208,010,427</u>	<u>\$2,653,378</u>	<u>\$210,663,805</u>

(1) This schedule does not include requirements that may relate to deferred compensated absences and accrued compensated absences but includes requirements for the one series of general obligation bonds issued in October 2024.

(2) Inter-Agency Agreements refers to the Drinking Water Bond, Series 2022 issued to MWQFA. The indicated amortization schedule is based on the original principal amount of the Drinking Water Bond, Series 2022 and is subject to reduction by MWQFA if the entire principal amount of such bond is not drawn-down.

Source: Wicomico County Department of Finance.

[The remainder of this page intentionally left blank.]

Wicomico County
Schedule of Debt Service Requirements on General Obligation Bond
Debt and Other Obligations, Unaudited as of June 30, 2025
As Adjusted to Reflect the Issuance of the Bonds

Fiscal Years Ended June 30	Total Debt Service Requirements	Public Improvement Bonds of 2025*		Adjusted Total Debt Service (1)
		Principal	Interest (2)	
2026	\$16,689,201	\$0	\$398,265	\$17,087,466
2027	16,168,881	510,000	797,281	17,476,162
2028	15,950,771	535,000	771,156	17,256,927
2029	15,737,084	565,000	743,656	17,045,740
2030	15,511,174	595,000	714,656	16,820,830
2031	15,309,894	625,000	684,156	16,619,050
2032	15,092,375	655,000	652,156	16,399,531
2033	13,555,036	690,000	618,531	14,863,568
2034	12,012,111	725,000	583,156	13,320,267
2035	9,918,083	765,000	545,906	11,228,990
2036	8,931,542	800,000	506,781	10,238,323
2037	8,251,752	845,000	465,656	9,562,408
2038	8,234,728	885,000	422,406	9,542,134
2039	8,230,443	930,000	377,031	9,537,475
2040	8,208,773	980,000	329,281	9,518,054
2041	7,775,434	1,030,000	279,031	9,084,466
2042	7,740,038	1,080,000	231,006	9,051,044
2043	3,718,818	1,125,000	184,825	5,028,643
2044	1,319,873	1,170,000	136,056	2,625,929
2045	995,686	1,225,000	84,397	2,305,083
2046	291,580	1,280,000	28,800	1,600,380
2047	204,106	0	0	204,106
2048	204,106	0	0	204,106
2049	204,106	0	0	204,106
2050	204,106	0	0	204,106
2051	204,106	0	0	204,106
Total	<u>\$210,663,805</u>	<u>\$17,015,000</u>	<u>\$9,554,194</u>	<u>\$237,232,999</u>

*Preliminary, subject to change.

(1) Totals might not add due to rounding. Includes the Drinking Water Bond, Series 2022.

(2) Interest rates estimated from 4.125% to 5.000%.

Source: Wicomico County Department of Finance and Davenport & Company LLC.

The following tables set forth the County's general obligation bond indebtedness as a percentage of assessed and market value and as an amount per capita for certain of the most recent fiscal years ended June 30 for which audited results are available and as estimated for fiscal year 2025.

**County's Indebtedness as a Percentage of Assessed Value
And as an Amount Per Capita**

<u>Fiscal Year</u>	<u>Estimated Population</u>	<u>Assessable Base (1)</u>	<u>Debt (2)</u>	<u>Debt as a Percentage of Assessed Value</u>	<u>Debt Per Capita</u>
2025*	106,329	\$8,700,415,000	\$163,323,077	1.88%	\$1,536.02
2024	104,800	7,968,198,000	161,147,263	2.02	1,537.66
2023	104,664	7,365,829,000	160,018,563	2.17	1,528.87
2022	103,587	6,947,841,027	146,190,458	2.10	1,411.27
2021	105,598	6,842,370,000	94,479,079	1.38	894.71
2020	103,990	6,593,800,000	104,860,402	1.59	1,108.37

* Unaudited.

(1) Not adjusted for additions and abatements in subsequent years.

(2) Long-Term General Obligation Debt net of capital leases and excluding the Drinking Water Bond, Series 2022.

Source: Wicomico County Department of Finance for unaudited fiscal year 2025 debt. Wicomico County Financial Statements for fiscal years 2020-2024 debt.

Population estimates are as furnished by the Maryland Department of State Planning to the Wicomico County Planning and Zoning Commission, excluding the 2022, which is an estimate by Planning and Zoning.

The following table sets forth the annual General Fund debt service expenditures as a percentage of General Fund revenues for the five most recent fiscal years ended June 30 for which audited results are available and as estimated for fiscal year 2025:

**Annual General Fund Debt Service Expenditures as a
Percentage of General Fund Revenues (1)**

<u>Fiscal Year</u>	<u>General Fund Revenues</u>	<u>Annual Debt Service Expenditures(2)</u>	<u>Percentage</u>
2025*	\$205,919,475	\$14,635,000	7.11%
2024	209,334,827	12,900,490	6.16
2023	183,658,043	13,382,509	7.29
2022	168,939,712	13,273,016	7.86
2021	159,126,957	13,926,055	8.75
2020	146,848,571	15,600,306	10.62

*Original Budget.

(1) Does not include transfers in or appropriation of fund balances.

(2) Includes general obligation bonds issued for school construction and general County capital improvement programs, as well as the Drinking Water Bond, Series 2022, and excludes all other debt service paid from enterprise and special revenue funds.

Source: Wicomico County Department of Finance.

The following table sets forth the rapidity of the County's general obligation bond repayment, excluding the Drinking Water Bond, Series 2022, as of June 30, 2025:

<u>Years</u>	<u>Principal Amortized</u>	<u>Percentage of Total Paid</u>
5 Years	\$ 55,416,913	33.93%
10 Years	107,711,151	65.95
15 Years	142,806,942	87.44
20 Years	162,631,274	99.58
25 Years	163,221,329	99.94
30 Years	163,323,077	100.00%

Source: Wicomico County Department of Finance.

The following table presents (i) the County's gross and net general obligation debt as of June 30, 2025, (ii) the County's gross and net general obligation debt outstanding assuming issuance of the Bonds; (iii) the ratio of such gross and net debt to the County's assessed value; and (iv) the County's legal debt margin. Debt of the Urban Services Commission, although previously supported by the full faith and credit of the County, is excluded from the County's limitation on bonded debt by Section 313 of Article III of the Wicomico County Charter; no such debt is currently outstanding. Also excluded are previously refunded bonds and deferred lease payments and accrued compensated absences and certain other obligations.

**County's Actual and Pro Forma General Obligation Bond Debt
And Other Obligations (1) as a Percentage of Assessed Value
Fiscal Year Ended June 30, 2025 (Unaudited)
(Including the Bonds)**

I. GROSS DEBT

(a) Gross debt outstanding as of June 30, 2025:	
County general obligation bonds	\$163,323,077
State of Maryland Water Quality Loan	2,194,977
Gross Debt as of June 30, 2025	165,518,054
(b) The Bonds	<u>17,015,000 *</u>
Total Gross Debt	<u>\$182,533,054</u>

II. NET DEBT

(a) Gross Debt outstanding as of June 30, 2025:	\$163,323,077
State of Maryland Water Quality Loan	2,194,977
Less: Enterprise Fund debt	<u>-5,871,357</u>
Net Debt as of June 30, 2025	<u>\$159,646,697</u>
(b) Gross debt outstanding as of June 30, 2025, including issuance of the Bonds:	<u>\$182,533,054</u>
Less: Enterprise Fund debt	<u>-5,871,357</u>
Net Debt (as of June 30, 2025, includes issuance of the Bonds)	<u>\$176,661,697</u>

**Ratio to Assessed
Valuation**

III. RATIOS

Gross debt outstanding as of June 30, 2025	1.82%
Net debt outstanding as of June 30, 2025	1.75%
Gross debt outstanding (includes issuance of the Bonds)	2.00%
Net debt outstanding (includes issuance of the Bonds)	1.94%

IV. LEGAL DEBT MARGIN OF THE COUNTY

(a) Legal debt limit	311,024,344
(b) Pro forma net indebtedness	<u>\$176,661,697</u>
(c) Pro forma net legal debt margin	<u>134,362,647</u>

* Preliminary, subject to change.

(1) "Other Obligations" and State of Maryland Water Quality Loan refer to the Drinking Water Bond, Series 2022 issued to MWQFA.
Source: Wicomico County Department of Finance.

Future County Borrowing Plans

The County has no plans to incur additional general obligation debt other than the Bonds during fiscal year 2026. However, if the opportunity presents itself, the County may choose to refinance existing general obligation debt.

The most recent Capital Improvement Plan (“CIP”) adopted June 3, 2025 for fiscal years 2026 through 2030 is shown below:

Wicomico County FY 2026-2030 Capital Improvement Plan Summary By Department						
Department	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	5-Year Total 2026-2030
General Fund						
Health Department	\$ -	\$ 200,000	\$ 500,000	\$ 600,000	\$ -	\$ 1,300,000
Emergency Services	\$ 1,444,000	\$ 1,500,000	\$ 2,000,000	\$ -	\$ 22,150,000	\$ 27,094,000
Elections	\$ -	\$ -	\$ 150,000	\$ 850,000	\$ -	\$ 1,000,000
Corrections	\$ 1,253,000	\$ 10,579,000	\$ 11,282,000	\$ 1,362,000	\$ 500,000	\$ 24,976,000
General Services	\$ 200,000	\$ 350,000	\$ 250,000	\$ -	\$ -	\$ 800,000
Public Library	\$ 5,440,000	\$ 5,892,000	\$ 2,250,000	\$ 490,000	\$ 1,098,000	\$ 15,170,000
Wor Wic	\$ -	\$ -	\$ 453,125	\$ 9,062,500	\$ 453,125	\$ 9,968,750
Board of Education	\$ 12,033,566	\$ 15,100,000	\$ -	\$ -	\$ -	\$ 27,133,566
Public Works - Engineering	\$ 8,050,000	\$ 550,000	\$ 550,000	\$ 550,000	\$ 550,000	\$ 10,250,000
Public Works - Water/Sewer	\$ 850,000	\$ 250,000	\$ 250,000	\$ 250,000	\$ 2,250,000	\$ 3,850,000
Public Works - Roads	\$ 1,857,500	\$ 4,050,000	\$ 2,550,000	\$ 2,125,000	\$ 500,000	\$ 11,082,500
Civic Center	\$ 1,850,000	\$ 2,850,000	\$ 1,150,000	\$ 75,000	\$ -	\$ 5,925,000
Recreation & Parks	\$ 6,650,000	\$ 2,220,000	\$ 1,646,000	\$ 1,015,000	\$ 3,800,000	\$ 15,331,000
Total General Fund Requests	\$ 39,628,066	\$ 43,541,000	\$ 23,031,125	\$ 16,379,500	\$ 31,301,125	\$ 153,880,816
Enterprise Funds						
Public Works - Solid Waste	\$ 13,700,000	\$ 17,475,000	\$ 8,600,000	\$ 100,000	\$ 100,000	\$ 39,975,000
Tourism	\$ 40,000	\$ 400,000	\$ 50,000	\$ -	\$ 50,000	\$ 540,000
Airport	\$ 7,922,000	\$ 8,660,000	\$ 1,170,000	\$ 6,650,000	\$ 14,000,000	\$ 38,402,000
Total Enterprise Fund Requests	\$ 21,662,000	\$ 26,535,000	\$ 9,820,000	\$ 6,750,000	\$ 14,150,000	\$ 78,917,000
Total All Funds	\$ 61,290,066	\$ 70,076,000	\$ 32,851,125	\$ 23,129,500	\$ 45,451,125	\$ 232,797,816
FUNDING SOURCES						
General Obligation Bond Proceeds (New Money)	\$ 17,516,000	\$ 34,791,000	\$ 21,282,000	\$ 10,424,500	\$ 25,150,000	\$ 109,163,500
County Forward Funding of State Share	\$ -	\$ 8,700,000	\$ -	\$ -	\$ -	\$ 8,700,000
General Fund "Pay-Go"	\$ 14,146,500	\$ 7,070,500	\$ 5,522,725	\$ 5,244,000	\$ 2,329,125	\$ 34,312,850
Reallocated "Pay-Go"	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
County Enterprise Fund	\$ 1,840,000	\$ 430,000	\$ 650,000	\$ 100,000	\$ 150,000	\$ 3,170,000
State Grant	\$ 20,070,066	\$ 14,657,000	\$ 836,400	\$ 881,000	\$ 3,822,000	\$ 40,266,466
Federal Grant	\$ 5,980,000	\$ 1,317,500	\$ 810,000	\$ 4,455,000	\$ -	\$ 12,562,500
Other	\$ 1,737,500	\$ 1,500,000	\$ 2,400,000	\$ 225,000	\$ -	\$ 5,862,500
To Be Determined	\$ -	\$ 1,610,000	\$ 1,350,000	\$ 1,800,000	\$ 14,000,000	\$ 18,760,000
Total Funding Sources	\$ 61,290,066	\$ 70,076,000	\$ 32,851,125	\$ 23,129,500	\$ 45,451,125	\$ 232,797,816

Source: Wicomico County Finance Department.

It should be noted that the CIP is a compilation of all of the capital requests from all entities and is required to be compiled in this manner by the County Charter. The approved fiscal year 2026 plan will be fully funded with the issuance of the Bonds together with appropriations from the General Fund. The total County requirement for funding in fiscal years 2026 through 2030 totals approximately \$232,797,816. All projects contemplated in the current CIP for fiscal years 2027 through 2030 are subject to funding evaluation as part of the CIP cycle that began October 1, 2025.

ECONOMIC AND DEMOGRAPHIC FACTORS

Population of the County

1960	49,050
1970	54,236
1980	64,540
1990	74,339
2000	84,644
2010	98,733
2020	103,588
2024*	106,329

*Estimate, July 1, 2024.

Source: US Census Bureau, Census 2020 PL94-171 release-Quick Facts and the Wicomico County Department of Finance. Population estimates are as furnished by the Maryland Department of State Planning to the Wicomico County Planning and Zoning Commission.

Land Use

Wicomico County encompasses an area of approximately 402 square miles with the vast majority of the land being rural in character. The Maryland Department of Planning's 2018 State Land Use Map shows the County's land use distribution as follows:

Use	Acres	Percent
VERY LOW DENSITY RESIDENTIAL (> 0.05 AND <= 0.2 DU/ACRE)	1,739	0.6
LOW-DENSITY RESIDENTIAL (> 0.2 AND <= 2 DU/ACRE)	16,736	6.5
MEDIUM-DENSITY RESIDENTIAL (> 2 AND <= 8 DU/ACRE)	4,205	1.7
HIGH-DENSITY RESIDENTIAL (>8 DU/ACRE)	1,134	0.5
COMMERCIAL	3,134	1.1
INDUSTRIAL	1,230	0.5
INSTITUTIONAL	1,974	0.8
EXTRACTIVE	103	0.04
OPEN URBAN LAND	992	0.4
WATER	18,011	7.1
TRANSPORTATION	6,348	2.3
OTHER LAND*	200,305	78.6
TOTAL	255,911	100.00%

*Other Land - Remaining land not covered under another category. Examples include but are not limited to unbuilt lots, rural land, single-family residential parcels greater than or equal to 20 acres in size, and undeveloped portions of large parcels containing urban uses. May include undeveloped land that is either developable or constrained from further development.

Source: Maryland Department of Planning, 2018 Statewide Land Use Map (2024 Edition).

Personal Income

Comparison of Wicomico County and State of Maryland Personal Income

A comparison of Wicomico County and State of Maryland personal income is presented in the following table:

Calendar Year	Personal Income (\$000's)		Percent Change From Previous Year	
	Wicomico	State	Wicomico	State
2023	\$5,092,827	\$465,936,759	1.75%	5.95%
2022	5,005,269	439,741,284	3.08	3.08
2021	4,855,673	426,578,371	8.15	6.49
2020	4,489,574	400,576,357	7.72	5.29
2019	4,167,451	380,447,191	0.89	3.42

Source: Bureau of Economic Analysis, Regional Data – Table CAINC1 – February 20, 2025.

Education

The following table sets forth the years of school completed by persons 25 years and older as a percentage of the population described in the U.S. Census Bureau 2019-2023 American Community Survey for Wicomico County and the three other contiguous Eastern Shore counties and the State.

	<u>Dorchester</u>	<u>Somerset</u>	<u>Wicomico</u>	<u>Worcester</u>	<u>State of Maryland</u>
Elementary (grades K-8)	4.3%	3.5%	3.2%	1.7%	4.0%
High School					
1–3 years	8.9	11.6	7.4	4.6	5.0
4 years	40.1	40.4	33.4	30.2	23.7
College					
No degree	20.2	19.2	18.7	22.5	17.7
Associate degree	7.7	8.2	8.2	8.3	6.9
Bachelor's degree	10.7	11.3	17.7	19.9	22.5
Graduate/Professional degree	8.1	5.9	11.5	12.8	20.3

Source: Table DP02 - Educational Attainment. U.S. Census Bureau, 2019-2023 American Community Survey.

Survey results of the number of high school students from Wicomico County and the three other contiguous Eastern Shore counties and the State of Maryland who graduated in 2024, as a percentage of their ninth-grade enrollment, four grades earlier, are represented below:

Dorchester County	84.42%
Somerset County	82.20
Wicomico County	85.23
Worcester County	95.00
State of Maryland	87.55

Source: Maryland Report Card 2024 Performance Report. 4-Year Adjusted Cohort. Maryland State Department of Education.

Retail Sales

Utilizing sales and use tax collections as an indicator for retail sales suggests that economic activity in Wicomico County increased in fiscal year 2022 and dipped slightly in fiscal year 2023. This is the most recent information made available.

The table below compares the experience of Wicomico County to the three contiguous Eastern Shore counties and the State of Maryland for fiscal years 2021, 2022 and 2023.

Sales and Use Tax Collections (\$000's)				Percent Increase
	<u>2023</u>	<u>2022</u>	<u>2021</u>	
Dorchester County	\$21,860,070	\$22,179,196	\$14,735,384	48.3%
Somerset County	5,643,759	5,162,736	3,039,297	85.6
Wicomico County	83,945,605	86,819,230	61,546,992	36.3
Worcester County	125,335,378	141,273,730	76,506,538	63.8
State of Maryland.....	6,787,619,650	7,013,068,954	4,548,722,729	49.2

Source: Comptroller's Revenue Accounting Division Sales and Use Tax by County by Subdivision and Principal Business Activity, Fiscal Year 2021-2023.

Related Industrial, Employment and Labor Figures

Statistics relating to the distribution of employment by industry classification within the County are presented below:

Business and Industrial Composition (1)

<u>Classification</u>	<u>Annual Average Employment</u>	<u>Percentages</u>
Manufacturing.....	2,889	6.3%
Construction.....	2,379	5.2
Natural Resources and Mining.....	295	0.6
Trade, Transportation and Utilities	9,308	20.3
Information	328	0.7
Financial Activities	1,412	3.1
Professional and Business Services.....	4,264	9.3
Education and Health Services.....	10,076	22.0
Leisure and Hospitality	5,034	11.0
Other Services.....	1,485	3.2
Government.....	<u>8,354</u>	<u>18.2</u>
Total.....	<u>45,823</u>	<u>100.0%</u> (2)

(1) Based on the North American Industrial Classification System (NAICS).

(2) Totals may not add due to rounding.

Source: Maryland Department of Labor, Office of Workforce Information and Performance (OWIP), Employment and Wages, 2024 Annual Averages.

Employment Classification

The U.S. Census Bureau 2019-2023 American Community Survey determined the worker classification for employed persons 16 and over. Comparative figures for Wicomico County, the three contiguous Eastern Shore counties and the State of Maryland are presented below:

	<u>Dorchester</u>	<u>Somerset</u>	<u>Wicomico</u>	<u>Worcester</u>	<u>State of Maryland</u>
Private Wage and Salary	71.3%	64.8%	76.3%	73.6%	72.2%
Government.....	19.4	27.0	18.0	18.6	22.6
Self-Employed	8.8	8.2	5.0	7.3	5.1
Unpaid Family	0.5	0.0	0.6	0.5	0.1

Source: U.S. Census Bureau, 2019-2023 American Community Survey - Table DP03.

The number of persons living in the County who were available for work and composed the County labor force numbered 54,279 in July 2025 and the total employment of this force was 52,212 resulting in an unemployment rate of 3.8% for this period. Comparative unemployment figures for Wicomico County, the three contiguous Eastern Shore counties and the State of Maryland for July 2025 are presented below:

Dorchester County	3.9%
Somerset County	4.5
Wicomico County	3.8
Worcester County	3.3
State of Maryland.....	3.8

Source: Maryland Department of Labor, Office of Workforce Information and Performance (OWIP), Local Area Unemployment Statistics (LAUS). U.S. Bureau of Labor Statistics.

The following table presents annual average unemployment figures for the five most recent calendar years for Wicomico County, the three contiguous Maryland Eastern Shore counties, the State of Maryland, and the United States.

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
Dorchester County	3.5%	2.5%	3.5%	5.4%	6.5%
Somerset County	3.9	3.0	4.0	6.3	7.5
Wicomico County	3.3	2.5	3.4	5.3	7.0
Worcester County	4.2	3.4	4.7	7.2	10.9
State of Maryland.....	3.0	2.2	3.0	5.2	6.5
United States ⁽¹⁾	4.0	3.6	3.6	5.3	8.1

Source: Maryland Department of Labor, Office of Workforce Information and Performance (OWIP), Local Area Unemployment Statistics (LAUS) - Workforce Information & Performance – Annual County Data.

(1) U.S. Bureau of Labor Statistics.

Economic and Industrial Development

The County and its county seat, Salisbury, serve as the economic and cultural center of the Lower Delmarva Peninsula. Wholesalers and distributors serving nearly 10 counties in three states have made Wicomico County the regional supply center for the Eastern Shore of Maryland and neighboring area. A broad base of merchants serves people from Cape Charles, Virginia to Dover, Delaware. Barges carrying oil, gravel, grain, other construction and agricultural commodities are a daily sight on the Wicomico River, preserving Salisbury's title as Maryland's second largest port. Wicomico County is also home to Maryland's second largest airport with scheduled airline service provided by Piedmont Airlines (d/b/a American Eagle) to Philadelphia International and Charlotte Douglas International airports. The Airport serves approximately 120,000 passengers annually. Within Salisbury is located an 11.45-acre zoo, a municipal park, and a modern community civic center.

Agriculture/poultry, higher education and health care provide a solid foundation for the County's economy. The County is home to the corporate headquarters of Perdue Farms and numerous farmers supply crops necessary for the poultry industry. A significant presence in the community is Salisbury University, a member of the University System of Maryland. Salisbury University is a regionally accredited, four-year comprehensive institution offering numerous undergraduate, graduate and doctoral programs to over 7,000 students. Salisbury University is home to the Perdue School of Business, the Fulton School of Liberal Arts, the Henson School of Science and Engineering, the Seidel School of Educational and Practical Studies, the College of Health and Human Services and Clarke Honors College. In addition to Salisbury University, Wor-Wic Community College offers numerous credit, non-credit and career advancement programs for area residents and industries. TidalHealth, established in 1897, is a 350-bed medical facility with 3,300 associates providing tertiary care services on the Delmarva Peninsula. Salisbury is home to an extensive network of health care providers ranging from primary and specialty care to health pavilions, surgery centers and major medical facilities. The number of medical and healthcare establishments exceed three hundred and employ in excess of 9,500 people.

Major industrial growth is concentrated in the 355-acre and 265-acre Northwood Industrial and Westwood Commerce parks, respectively. Both parks offer full municipal services and both are within State-designated enterprise zones. The County assisted in the establishment of both parks and, through Salisbury-Wicomico Economic Development, Inc., continues to assist prospective industries in locating within the parks. Northwood, established in the early 1970s, is home to numerous and diverse businesses and manufacturers. Westwood, established in 2004, offers additional industrial land for development and is home to Ferguson

Enterprises, Schmidt Baking, Westwood Business Center, and an office of Maryland's Department of Labor. In addition to the Northwood Industrial and Westwood Commerce parks, the Airport Industrial Park, located on the grounds of the Salisbury-Ocean City: Wicomico Regional Airport, offers 230 acres for industrial, aviation and aeronautical development. The Maryland State Police Medivac Unit, FedEx, HopFlyt, and Perdue Farms have facilities totaling 50,000 square feet within the park.

The following tables show selected firms that operate facilities in the Northwood Industrial Park and the Westwood Commerce Park and the approximate number of employees of each firm as of June 2025.

Northwood Industrial Park

<u>Company</u>	<u>Product or Service</u>	<u>Employees</u>
K & L Microwave	Electronics	225
Tishcon	Pharmaceuticals	185
Delaware Elevator	Manufacturing/Service	130
Trinity Sterile	Medical kits	120
Pepsi Distribution Center	Beverage distributor	100
United Parcel Service	Delivery service	85
MATECH / LWRC	Precision Machining	85
Plymouth Tube	Special tubing	75
Coca-Cola	Beverage distributor	75
SparTech Corporation	Specialty Coatings	70
Toroid Corporation	Transformers	50
ViskonAire	Commercial/industrial filters	50
Maryland Workshop for the Blind	Contract manufacturing/sewing	45
Perdue Farms Innovation Center	Research & development	40
First State Packaging	Warehousing	30
The Country House	Warehouse/back office	25
Link Bank	Administrative offices	25
RelComm Technologies	Electronics-filters	20
Air Products	Distribution	15
Eastern Wireless Telecomm	Electronic components	15
The Roof Center	Building supply	15
Filtronic Comtek	Wireless products	15
United Products	Distribution	15
American Tire Distributors	Tire distributor	10
Rew Materials	Building supply	10
Arcon Welding	Welding Machines	10
Zoetis	Vitamin supplements	10

Westwood Commerce Park

<u>Company</u>	<u>Employees</u>
Wicomico County Sheriff Office	120
Schmidt Baking	60
Ferguson Enterprises	50
Maryland Department of Labor, Licensing and Regulation	50
Westwood Business Center	25

Source: Salisbury-Wicomico Economic Development, Inc., estimated 2025, and Maryland Department of Commerce.

The following table shows select employers that operate facilities elsewhere in Wicomico County and the estimated employees as of June 2025.

**Selected Employers
Elsewhere in Wicomico County**

Company	Product or Service	Employees	Years in Wicomico
TidalHealth*	Health System / Hospital	3,300	127
Wicomico Board of Education*	Public School System	3,000	158
Salisbury University*	University	1,730	100
Perdue Farms*	Food Products	1,600	105
Wor-Wic Community College*	College	400	50
Genesis Healthcare	Rehabilitation & Nursing	340	55
Delmarva Power*	Utility	320	116
Chesapeake Shipbuilding	Manufacturing	275	45
Piedmont Airlines*	Airline	250	51
Tishcon Corporation	Manufacturing	180	35
K&L Microwave*	Manufacturing	175	54
Pepsi Bottling Ventures	Manufacturing	150	109

*Denotes headquarters or regional headquarters location.

Source: Salisbury-Wicomico Economic Development, Inc., estimated 2025; Maryland Department of Commerce.

Agriculture

Agriculture is a major industry in the County. Wicomico's 384 farms covered 69,906 acres according to the United States Department of Agriculture. Based on the 2022 Census of Agriculture (the most recent available), the total market value of agricultural products sold within the County exceeded \$396,840,000, making Wicomico County the number one agriculture-producing county in Maryland based on market value of goods sold. Livestock, poultry and their products comprised approximately 75% of the total agricultural income. The value of livestock, poultry and their products grown in the County was \$298,787,000. (Source: 2022 Census of Agriculture, USDA.)

Professional Baseball

The Delmarva Shorebirds are the Class "A" Minor League Baseball Affiliate of the Baltimore Orioles. Arthur W. Perdue Stadium, a 5,200 seat venue, serves as home for the Shorebirds which typically play half of their 140 game season there. The Stadium opened in 1996 and was built with a combination of County funds (\$2,000,000) and State and private funds (\$7,900,000). In 2024 and 2025, and in conjunction with the Maryland Stadium Authority, over \$28 million was invested in a variety of facility improvements to bring the Stadium into Professional Development League (PDL) compliance. The bulk of improvements have been completed as of July 2025, with final work scheduled for the 2025 off-season. The Stadium is wholly owned by the County and is available for other public and private functions. Pursuant to a concession agreement with the County, which is overseen by the Department of Recreation, Parks and Tourism, 7th Inning Stretch, L.P. operates the Stadium and the minor league baseball franchise.

The Stadium typically hosts over 100 events annually that attract an annual attendance of approximately 225,000+ and the Stadium's annual economic impact averages \$13.4 million. The Shorebirds employ approximately 20 full-time positions and approximately 200 part-time and seasonal staff.

Construction Activity

Construction activity in the County is indicated by the following statistics:

Taxable Building Permits

<u>Calendar Year</u>	<u>Residential Permits</u>		<u>Commercial</u>		<u>Total</u>
	<u>Number</u>	<u>Value</u>	<u>Number</u>	<u>Value</u>	
2024	521	\$40,411,933 ⁽³⁾	86	\$20,819,726	\$61,234,659
2023	466	27,215,608	71	32,403,474 ⁽¹⁾	59,619,082
2022	457	32,687,891	45	2,584,745	35,272,636
2021	534	29,981,068	58	34,485,485 ⁽²⁾	64,466,553
2020	504	26,559,885	41	2,994,953	29,554,838
2019	499	23,572,712	61	7,725,156	31,297,868
2018	534	25,760,232	55	20,226,885	45,987,117
2017	629	43,248,219	59	11,610,256	54,858,475
2016	632	46,247,152	36	11,357,869	57,605,021
2015	617	26,947,671	73	17,071,284	44,018,955

(1) Perdue Farms had four major projects with an estimated aggregate value of \$24.4 million, which accounts for a majority of this figure.

(2) A construction project at Wor-Wic Community College with an estimated value of \$27 million accounts for the majority of this figure.

(3) While the number of residential permits increased by 10%, the value of residential construction per unit rose by 30%.

Source: Wicomico County Department of Planning, Zoning and Community Development.

New Construction Assessable Base Increases

<u>Fiscal Year</u>	<u>Total</u>
2026.....	\$75,056,460
2025.....	130,583,530 ⁽¹⁾
2024.....	78,284,680
2023.....	61,616,460
2022.....	47,228,690
2021.....	53,091,920
2020.....	36,869,370
2019.....	46,762,490
2018.....	37,141,630
2017.....	34,453,130
2016.....	52,778,760
2015.....	23,878,570

(1) Three large apartment complexes added capacity or completed construction, adding over \$45,923,670 in assessable base in fiscal year 2025.

Source: State Department of Assessments and Taxation: February Annual Constant Yield Rate Certification Notice.

[The remainder of this page intentionally left blank.]

Housing

The number of single-family housing starts for fiscal years 2016-2025 are listed below:

<u>Fiscal Year</u>	<u>Single Family(1)</u>	<u>Multi-Family(2)</u>
2025.....	86	0
2024.....	46	0
2023.....	49	0
2022.....	90	0
2021.....	84	0
2020.....	67	0
2019.....	73	0
2018.....	73	324
2017.....	113	73
2016.....	58	22

(1) Data are only for permits issued by the County and do not reflect permits issued by incorporated municipalities in the County except for the Towns of Pittsville, Mardela, and Hebron. Data does not reflect permits issued for replacements.

(2) Data are for permits issued by the County and the eight (8) incorporated jurisdictions.

Source: Wicomico County Department of Planning, Zoning and Community Development.

Commuting Patterns

The U.S. Census Bureau 2019-2023 American Community Survey determined the work commuting patterns for workers 16 years and older for the labor forces commuting outside of the county of residence of each of Maryland's counties and the City of Baltimore. Comparative figures for Wicomico County and the three other contiguous Eastern Shore counties are shown below:

Dorchester County.....	35.9%
Somerset County	38.6
Wicomico County	18.9
Worcester County.....	19.9

Source: U.S. Census Bureau, 2019-2023 American Community Survey-Table S0801.

[The remainder of this page intentionally left blank.]

CERTIFICATE FOR OFFICIAL STATEMENT

At the time of delivery and payment for the Bonds, the County will furnish the successful bidder a certification executed by the two officials indicated below or other appropriate County officials generally stating that:

“Julie M. Giordano, County Executive, and Pamela B. Oland, Director of Finance, certify that, to the best of their knowledge and belief, the Official Statement (and any amendment or supplement thereto) (except as to any reoffering information provided by the successful bidder and information concerning DTC and DTC’s book-entry system provided by DTC, as to which no view is expressed) did not as of the date of sale to the successful bidder, and does not as of the date of delivery of the Bonds, contain any untrue statement of material fact or omit to state a material fact which should be included therein for the purpose for which the Official Statement is to be used or which is necessary in order to make the statements made therein, in light of the circumstances under which they were made, not misleading, and that between the date of sale and the date of delivery of the Bonds, there has been no material adverse change in the financial position or revenues of the County except as reflected or contemplated in the Official Statement (and any amendment or supplement thereto).”

APPROVAL OF OFFICIAL STATEMENT

This Official Statement has been approved and authorized by the County for use in connection with the sale of the Bonds.

Financial and other information contained in this Official Statement has been prepared by the County from its records (except where other sources are noted). The information is not intended to indicate future or continuing trends in the financial or economic position of the County. The official Notice of Sale for the Bonds, which constitutes Appendix B to this Official Statement, sets forth the terms and conditions for the public sale and delivery of, and payment for, the Bonds. The successful bidder for the Bonds may be furnished, upon request and without cost, with a reasonable number of copies of this Official Statement.

WICOMICO COUNTY, MARYLAND

By _____
Julie M. Giordano
County Executive

And _____
Pamela B. Oland
Director of Finance

WICOMICO COUNTY, MARYLAND

FINANCIAL STATEMENTS

JUNE 30, 2024

WICOMICO COUNTY, MARYLAND

TABLE OF CONTENTS

	<u>Page(s)</u>
INDEPENDENT AUDITORS' REPORT	1 – 4
MANAGEMENT'S DISCUSSION AND ANALYSIS	5 – 20
BASIC FINANCIAL STATEMENTS	
GOVERNMENT-WIDE FINANCIAL STATEMENTS	
Statement of net position	21
Statement of activities	22
FUND FINANCIAL STATEMENTS	
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
REQUIRED SUPPLEMENTARY INFORMATION	
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)

REQUIRED SUPPLEMENTARY INFORMATION (Continued)	<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
SUPPLEMENTARY INFORMATION	
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
GOVERNMENT AUDITING STANDARDS REPORT	
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:

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

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
Program Revenues						
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
General Revenues						
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
Total Revenues	235.62	198.07	22.82	26.65	308.26	315.80
Program Expenses						
Governmental Activities						
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				
Business-Type Activities						
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		
Component Units						
Board of Education					360.12	302.17
Library					3.65	3.10
Total Expenses	182.03	180.03	20.29	27.78	363.77	305.27
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)		
Change in Net Position	54.04	22.40	2.82	(0.86)	26.89	58.06
Net Position - Beginning of Year^{1,2}	177.12	122.81	22.87	56.40	363.78	305.72
Net Position - End of Year	231.16	145.21	25.69	55.54	390.67	363.78

¹ Numbers may not add due to rounding

² 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
Governmental						
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
Business-Type	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

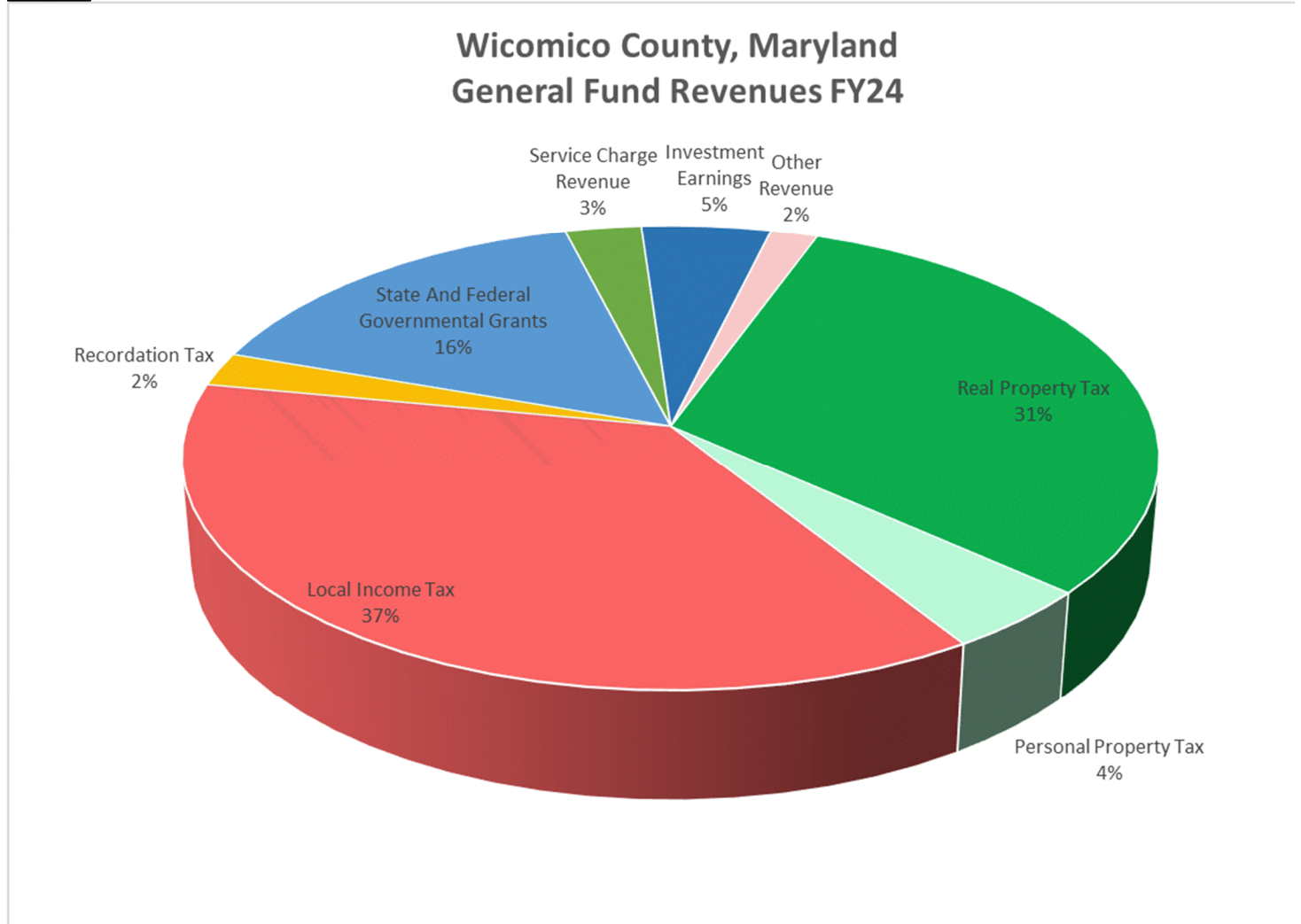
GENERAL FUND FINANCIAL HIGHLIGHTS

- 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

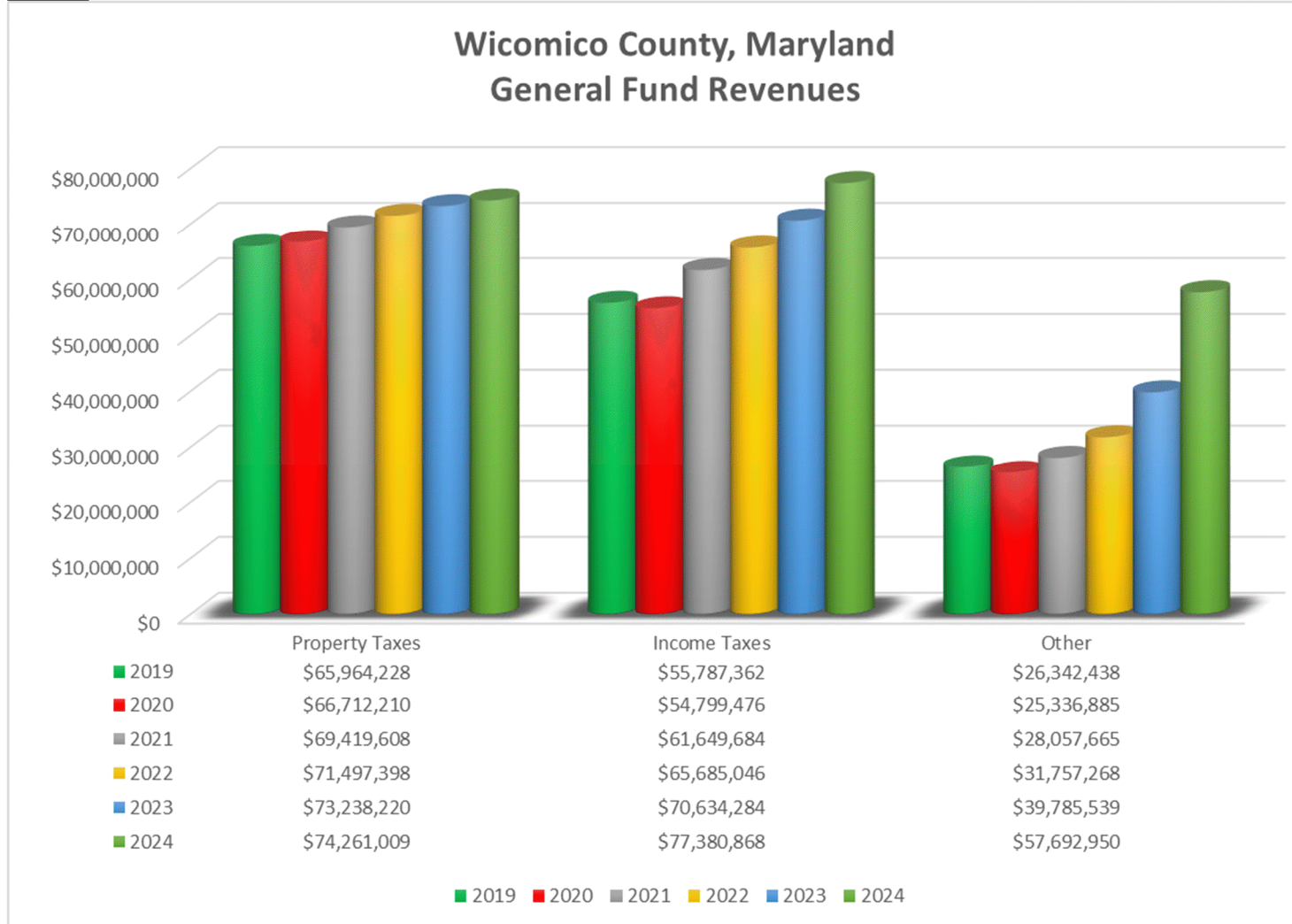


**WICOMICO COUNTY, MARYLAND
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2024**

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:

New Revenues (Including Transfers In)	FY 2024	FY 2023	FY 2022	FY 2021	FY 2020
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
Total Revenue (Excluding Use Of Prior Year Funds)	\$ 209,334,527	\$ 183,658,043	\$ 168,939,712	\$ 159,126,957	\$ 146,848,571

Table 5 Dollar change year-over-year:

New Revenues (Including Transfers In)	FY24 to FY23	FY23 to FY22	FY22 to FY21	FY21 to FY20
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
Total Revenue (Excluding Use Of Prior Year Funds)	\$ 25,676,484	\$ 14,718,331	\$ 9,812,755	\$ 12,278,386

WICOMICO COUNTY, MARYLAND

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2024

GENERAL FUND FINANCIAL HIGHLIGHTS (Continued)

Table 6 Percent change year-over-year:

New Revenues (Including Transfers In)	FY24 to FY23	FY23 to FY22	FY22 to FY21	FY21 to FY20
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%
Total Revenue (Excluding Use Of Prior Year Funds)	13.9%	8.7%	6.2%	8.4%

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

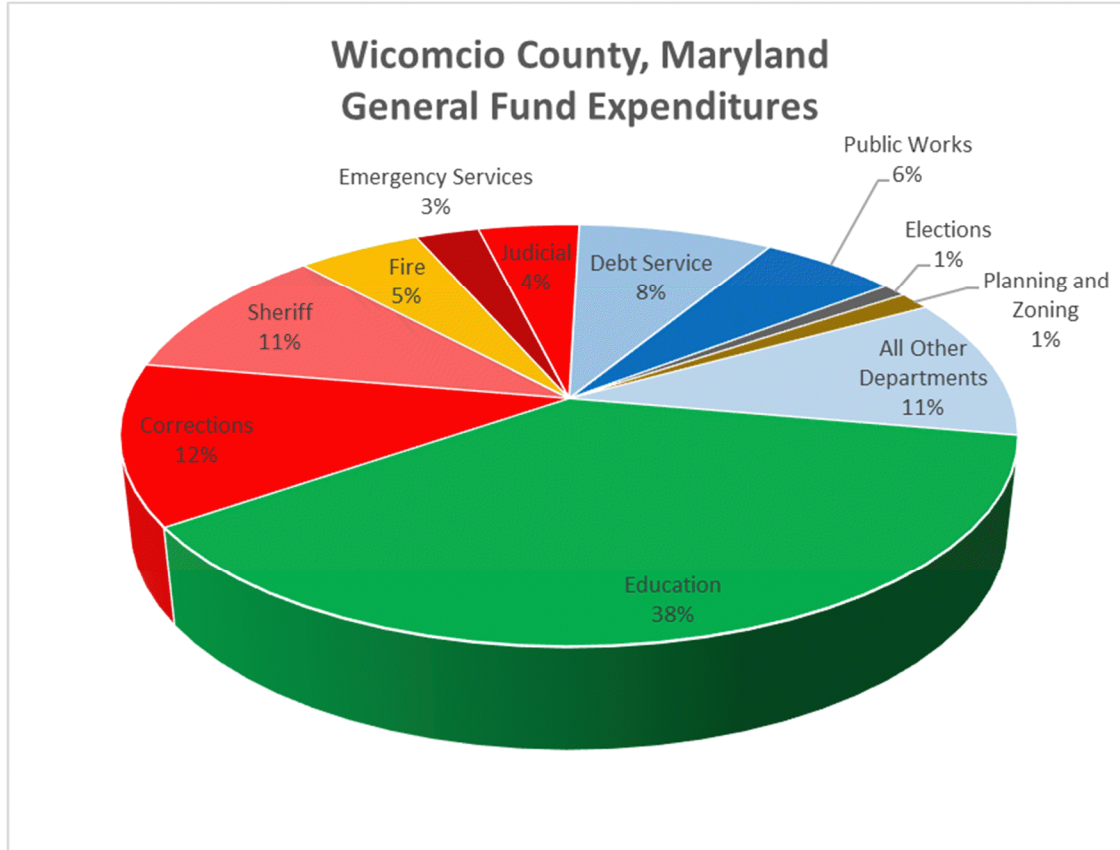
Department	% Change FY24 to FY23	Change Over Prior Period	FY 2024	FY 2023
Education	0.40%	234,736	58,494,531	58,259,795
Corrections	3.43%	633,087	19,104,602	18,471,515
Sheriff	6.64%	1,010,999	16,240,177	15,229,178
Fire	16.57%	1,168,962	8,223,710	7,054,748
Emergency Services	19.66%	688,807	4,192,705	3,503,898
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
Total Change	3.56%	\$ 5,337,595	\$ 155,432,438	\$ 150,094,843

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.

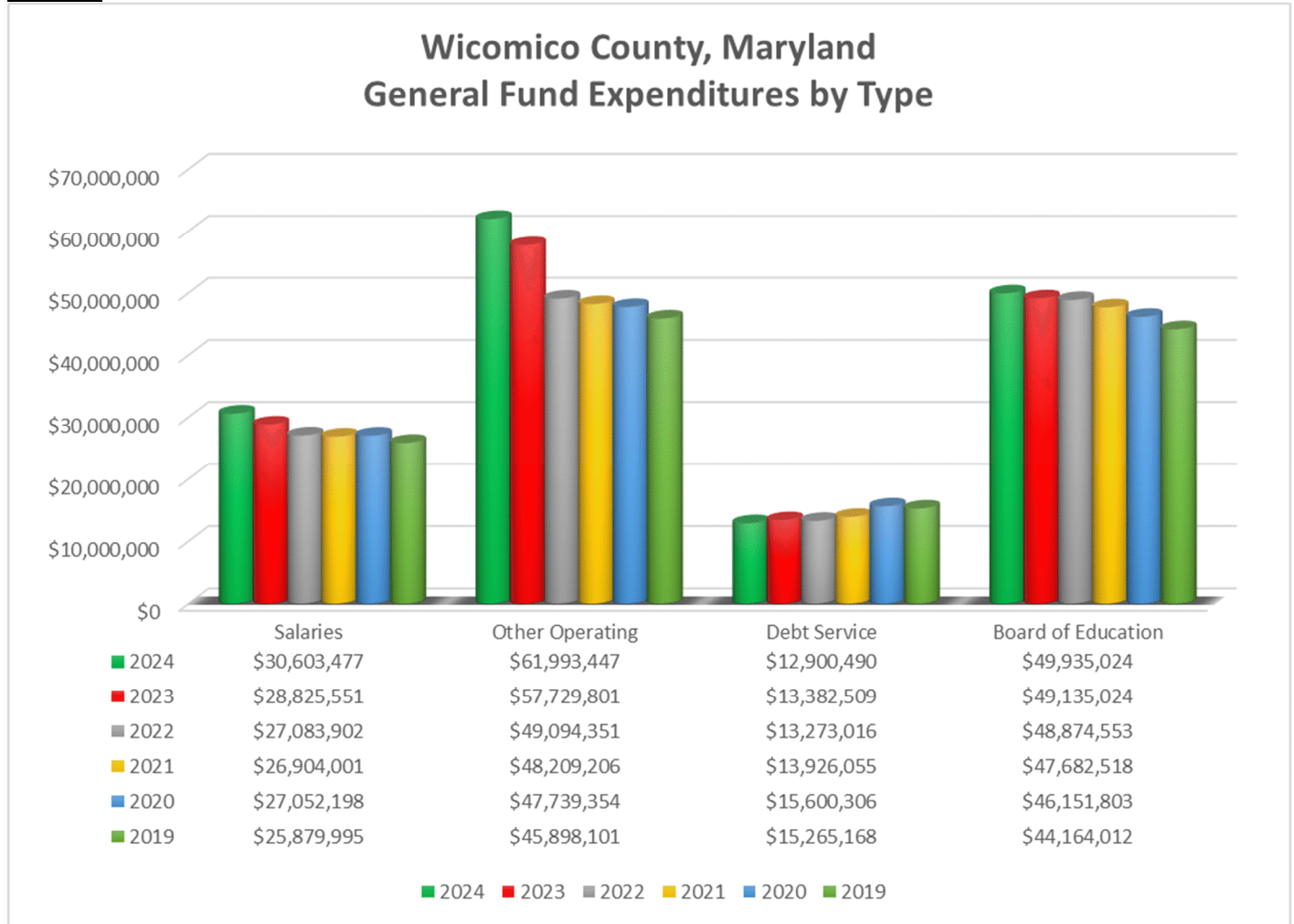
- Education consists not only local funding for the County's Board of Education, but also includes expenditures for Wor-Wic, a community college supported by several counties housed in Salisbury, MD.
- Public Safety includes the Sheriff's Office to protect citizens, the State's Attorney's Office to prosecute 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

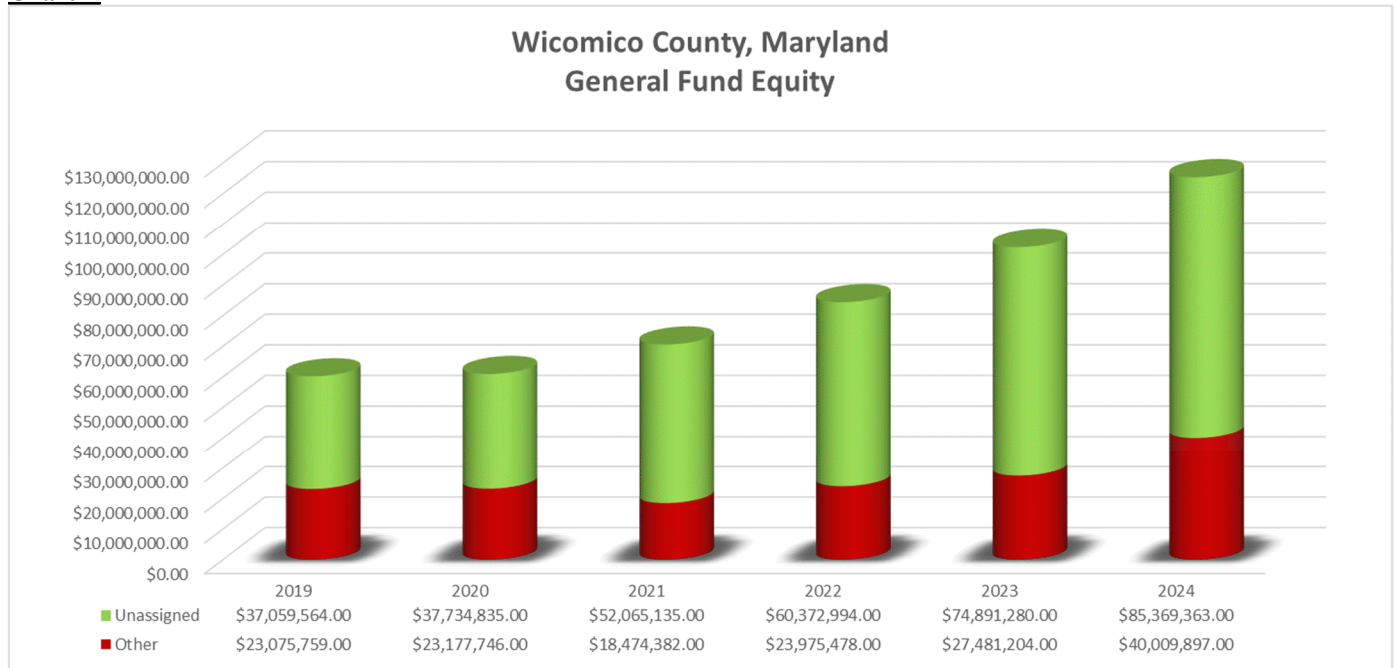
After a government considers the revenues and expenditures, any surplus represents an increase to fund balance. This amount, similar to the concept of “Retained Earnings” in a business, is available for the government to use in the future. Fund Balance is divided between amounts that have dedicated purposes 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

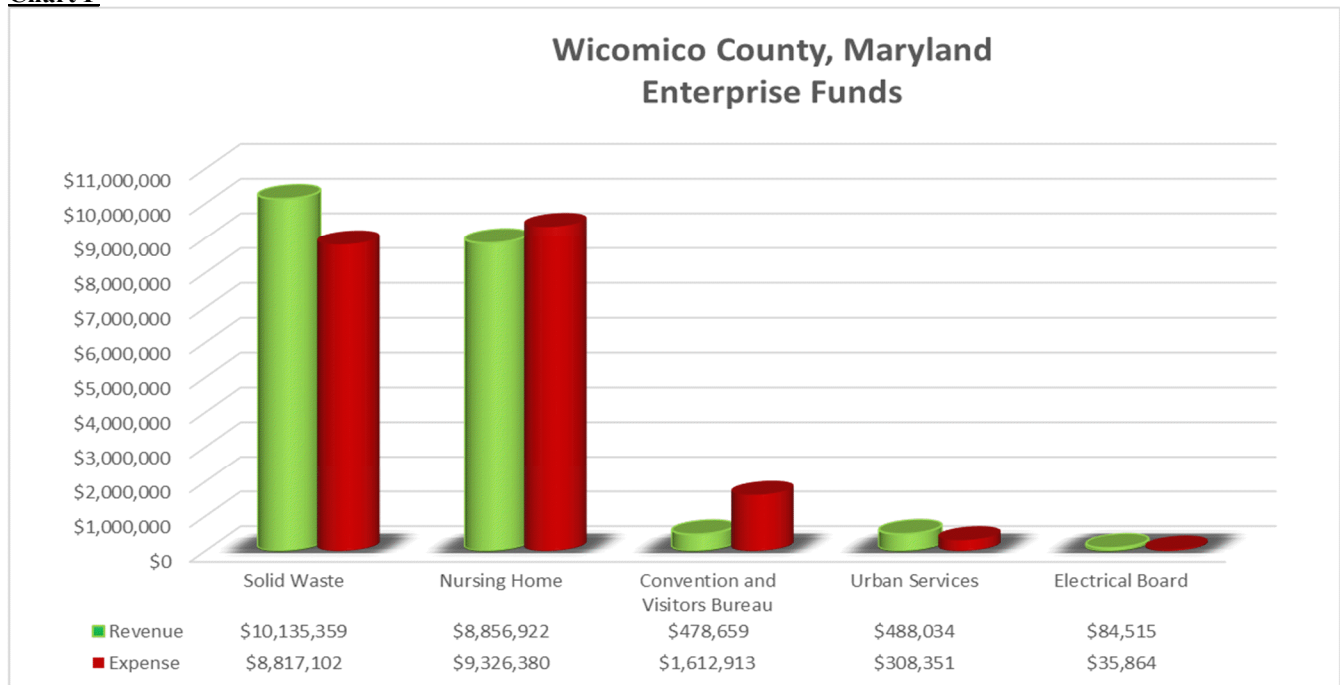
The County has a number of Enterprise Funds listed on page 27 of the financial statements. Enterprise Funds operate much like a normal business, and typically support their operations with charges for services. The County has several Enterprise Funds: Solid Waste, the County's Nursing Home, Urban Services (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)
Total Capital Assets						
Net of Depreciation	236.99	164.37	21.45	58.56	258.44	222.93

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)
Total	163.577	158.209	5.871	19.840	169.448	178.049

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

	Primary Government		
	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total Primary Government</u>
ASSETS			
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	<u>473,324,327</u>	<u>51,405,381</u>	<u>524,729,708</u>
DEFERRED OUTFLOWS OF RESOURCES			
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	<u>32,529,117</u>		<u>32,529,117</u>
LIABILITIES			
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	<u>220,407,198</u>	<u>25,497,592</u>	<u>245,904,790</u>
DEFERRED INFLOWS OF RESOURCES			
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	<u>54,283,334</u>	<u>218,558</u>	<u>54,501,892</u>
NET POSITION			
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	<u>\$ 231,162,912</u>	<u>\$ 25,689,231</u>	<u>\$ 256,852,143</u>

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

<u>Functions/Programs</u>	<u>Primary Government</u>			
	<u>Program Revenue</u>			
	<u>Expenses</u>	<u>Charges for</u>	<u>Operating</u>	<u>Capital Grants</u>
		<u>Services, Fees,</u> <u>Fines,</u> <u>Forfeitures</u>	<u>Grants and</u> <u>Contributions</u>	<u>and</u> <u>Contributions</u>
Primary Government				
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	<u>182,054,836</u>	<u>16,600,532</u>	<u>48,792,840</u>	
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	<u>20,291,273</u>	<u>20,043,489</u>	<u>59,733</u>	
Total primary government	<u>\$ 202,346,109</u>	<u>\$ 36,644,021</u>	<u>\$ 48,852,573</u>	<u>\$</u>
Component Units				
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	<u>\$ 311,538,727</u>	<u>\$ 5,519,820</u>	<u>\$ 79,566,340</u>	<u>\$ 30,173,523</u>

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.

Primary Government			Component Units			
Net (Expense) Revenue and Changes in Net Position						
<u>Governmental</u> <u>Activities</u>	<u>Business-type</u> <u>Activities</u>	<u>Total</u>	<u>Board of</u> <u>Education</u>	<u>Wicomico</u> <u>County Free</u> <u>Library</u>	<u>Total</u> <u>Component</u> <u>Units</u>	<u>Total</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)
(116,661,464)		(116,661,464)				(116,661,464)
	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
	(188,051)	(188,051)				(188,051)
\$ (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)					
170,702,205	3,011,233	173,713,438	220,107,866	3,062,636	223,170,502	396,883,940
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
\$ 231,162,912	\$ 25,689,231	\$ 256,852,143	\$ 386,608,620	\$ 4,058,480	\$ 390,667,100	\$ 647,519,243

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

	<u>General Fund</u>	<u>Grants Funds</u>	<u>Capital Projects</u>
ASSETS			
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>
LIABILITIES			
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>
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue - taxes	4,930,475		
Unavailable revenue - grants			
Total deferred inflows of resources	<u>4,930,475</u>		
FUND BALANCES			
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
<u>883,809</u>				<u>883,809</u>
<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>
REVENUES			
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>
EXPENDITURES			
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>
OTHER FINANCING SOURCES (USES)			
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
				1,259,148
5,707,499				49,998,532
2,356,894	3,541,323	1,942,867		13,860,616
				10,740
22,976	7,941	89,909		539,833
39,169	210,034	62,917		10,533,809
<u>8,126,538</u>	<u>4,133,804</u>	<u>2,095,693</u>	<u></u>	<u>235,134,109</u>
				32,705,236
				45,602,833
				19,104,602
				12,018,897
				8,309,527
				1,895,855
				64,361,939
	4,928,743	5,047,239		14,170,007
				228,450
12,362,142				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></u>	<u>226,844,716</u>
<u>(5,460,655)</u>	<u>(806,447)</u>	<u>(3,021,999)</u>	<u></u>	<u>8,289,393</u>
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></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>
ASSETS		
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>
LIABILITIES		
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>
DEFERRED INFLOWS OF RESOURCES		
Unavailable revenue - special assessments		
Total deferred inflows of resources		
NET POSITION		
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 & 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
46,559	461,145		21,454,399
<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>
REVENUES		
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>
OPERATING EXPENSES		
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>
NON-OPERATING REVENUES (EXPENSES)		
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 & Visitors Bureau</u>	<u>Other Enterprise Funds</u>	<u>Total</u>
\$ 488,034	\$ 478,659	\$ 84,515	\$ 19,428,768
488,034	478,659	84,515	614,721
			20,043,489
	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
308,351	1,612,913	35,864	20,100,610
179,683	(1,134,254)	48,651	(57,121)
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)
86,760	1,579,332	2,725	2,894,803
266,443	445,078	51,376	2,837,682
	(14,500)		(14,500)
266,443	430,578	51,376	2,823,182
320,505	2,514,693	147,133	22,866,049
\$ 586,948	\$ 2,945,271	\$ 198,509	\$ 25,689,231

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

	<u>Solid Waste</u>	<u>Nursing Home</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
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>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
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>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
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>
CASH FLOWS FROM INVESTING ACTIVITIES		
Other income		
Interest on investments	1,334,767	594
Net cash provided by investing activities	<u>1,334,767</u>	<u>594</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	1,174,888	(354,934)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>20,007,061</u>	<u>1,209,214</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u><u>\$ 21,181,949</u></u>	<u><u>\$ 854,280</u></u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:		
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><u>\$ 3,843,970</u></u>	<u><u>\$ (313,762)</u></u>

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

<u>Urban Services</u>	<u>Convention & 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
	<u>1,405,299</u>		<u>1,456,227</u>
	<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
<u>28,512</u>	<u>114,300</u>	<u>2,599</u>	<u>1,480,772</u>
<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>
ASSETS			
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	<u>5,675,624</u>	<u>101,180,044</u>	<u>53,935,448</u>
LIABILITIES			
Accounts payable	<u>2,701,481</u>		
Total liabilities	<u>2,701,481</u>		
CHANGE IN NET POSITION			
Held on the behalf of others	2,974,143		
Held in trust for retirement benefits		<u>101,180,044</u>	<u>53,935,448</u>
Total net position	<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
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
YEAR ENDED JUNE 30, 2024

	<u>Custodial Funds</u>	<u>Pension Trust Fund</u>	<u>Health Care Trust Fund</u>
ADDITIONS			
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>
 DEDUCTIONS			
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	605,543	9,767,062	7,702,749
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 31st 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	<u>\$ 239,244</u>

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	<u>\$ 7,119,321</u>

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	<u>\$ 30,604,580</u>

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	<u>\$ 2,046,752</u>

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
	<u>\$ 12,030,407</u>

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	<u>\$ 101,126,931</u>	<u>\$ 53,935,448</u>

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	
	BNY Mellon	AETNA	Janus	BNY Mellon	Total
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	\$31,117,953	\$ 1,129,826	\$ 5,545,641	\$39,374,706	\$77,168,126

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:

	<u>Percent of Holdings</u>
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.

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	\$	<u>22,274</u>

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	\$	<u>11,044</u>

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
	<u>\$</u>	<u>\$ 464,567</u>	<u>\$ 48,552</u>

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	<u>\$ 48,552</u>

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				
	General Fund	Grants Fund	Airport	Other	Total
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				
	Solid Waste	Nursing Home	Other	Total	
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
<u>GOVERNMENTAL ACTIVITIES:</u>					
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	124,797,524	31,505,814	(25,727)	(4,725,136)	151,552,475
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	392,824,034	9,940,883	(44,480)	4,725,136	407,445,573
Total capital assets	\$ 517,621,558	\$ 41,446,697	\$ (70,207)	\$	\$ 558,998,048
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	(315,723,226)	(7,972,127)	40,912		(323,654,441)
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	1,645,008	(2,382)			1,642,626
Governmental activities capital assets, net	\$ 203,543,340	\$ 33,472,188	\$ (29,295)	\$	\$ 236,986,233

*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
<u>BUSINESS-TYPE ACTIVITIES:</u>					
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	9,396,467	2,810,380			12,206,847
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	49,236,735	1,148,529			50,385,264
Total capital assets	\$ 58,633,202	\$ 3,958,909	\$	\$	\$ 62,592,111
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	(39,246,681)	(1,891,031)			(41,137,712)
Business-type activities capital assets, net	\$ 19,386,521	\$ 2,067,878	\$	\$	\$ 21,454,399

*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
<u>GOVERNMENTAL ACTIVITIES:</u>					
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
<u>BUSINESS TYPE ACTIVITIES:</u>					
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	<u>15,572,657</u>

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

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

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	<u>202,035</u>	<u>81,480</u>	<u>121,215</u>	<u>162,300</u>
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	<u>3,359,265</u>	<u>248,429</u>		<u>3,607,694</u>
Total capital assets being depreciated, net	1,118,554	93,469		1,212,023
Net capital assets	<u>\$ 1,320,589</u>	<u>\$ 174,949</u>	<u>\$ 121,215</u>	<u>\$ 1,374,323</u>

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:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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
	<u>\$ 1,709,777</u>	<u>\$ 124,240</u>	<u>\$ 1,834,017</u>

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:

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

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	(1,502,313)			(98,000)				(1,600,313)
Total	<u>\$ (30,668,127)</u>	<u>\$ 14,078</u>	<u>\$ 25,844,483</u>	<u>\$ 3,223,753</u>	<u>\$</u>	<u>\$ (14,500)</u>	<u>\$ 1,600,313</u>	<u>\$</u>

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):

<u>Year</u>	<u>Governmental Activities</u>		<u>Business-type Activities</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
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:

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

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:

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

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 31st 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	<u>(1,062,584)</u>
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	<u>\$ 1,424,443</u>
Excess in health care reserve transferred to Unassigned Fund Balance	<u>(1,068,360)</u>
Rate stabilization reserve balance at June 30, 2024	<u>\$ 1,424,443</u>

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.

Health Care <u>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 1st through August 31st. 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 1st 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
Primary government:			
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
Component units:			
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
Primary government:					
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
Component units:					
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 25th anniversary or, the later of (1) a participant’s 55th 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	<u>\$ 36,266,080</u>
 Plan fiduciary net position adjusted as a percentage of the total pension liability	 <u>73.61%</u>

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

	Total Pension Liability (a)	Fiduciary Net Position (b)	Net Pension Liability (a)-(b)
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:

	Deferred Outflows of Resources	Deferred Inflows of Resources
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:

Year ending June 30	Deferred Outflows	Deferred Inflows
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.

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:

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

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	100%	

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.

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:

	<u>June 30, 2023</u>	<u>June 30, 2024</u>
Total pension liability		
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
Plan fiduciary net position		
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
Net pension liability (a - b)	<u>\$ 14,553,599</u>	<u>\$ 16,781,761</u>

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.

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 Liability (Asset) (a-b)	Funded Ratio (b/a)	Covered Payroll (c)	Net OPEB Liability (Asset) as a Percentage of Covered Payroll (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)

	Health Care Trend Rate	County's Net OPEB Liability (Asset)
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:

	Deferred Outflows of Resources	Deferred Inflows of Resources
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:

Year End June 30,	Net Amortization
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)	<u>\$ 68,548,986</u>
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)	<u>\$ 39,374,706</u>
Net OPEB liability (a-b)	<u>\$ 29,174,280</u>
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	<u>\$ 15,193,346</u>	<u>\$ (61,695,652)</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:

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)
	<u>\$ (46,502,306)</u>

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

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	<u>(1,110,145)</u>			<u>(2,294)</u>		<u>139,523</u>	<u>(972,916)</u>
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	639,249					639,249
Net position at June 30, 2023 as restated	<u>\$ 17,936,574</u>	<u>\$ 1,947,144</u>	<u>\$ 320,505</u>	<u>\$</u>	<u>\$ 2,661,826</u>	<u>\$ 22,866,049</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:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
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	<u>(972,916)</u>	
Net position at June 30, 2023 as restated	<u><u>\$ 177,122,171</u></u>	<u><u>\$ 22,866,049</u></u>

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>Amounts</u>	<u>Variance with</u> <u>Final Budget -</u> <u>Favorable</u> <u>(Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
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>
EXPENDITURES				
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>Amounts</u>	<u>Variance with</u> <u>Final Budget -</u> <u>Favorable</u> <u>(Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
EXPENDITURES (Continued)				
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	20,392,396	21,166,235	18,056,190	3,110,045
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	30,942,248	31,466,084	29,451,241	2,014,843
Detention Center	21,131,987	21,122,091	19,104,602	2,017,489
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	14,571,494	16,795,795	10,342,072	6,453,723
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	5,029,934	5,046,180	4,597,643	448,537
Social services	379,828	379,828	379,493	335
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	58,497,085	58,497,085	58,494,531	2,554

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

	<u>Budgeted Amounts</u>		<u>Actual</u> <u>Amounts</u>	<u>Variance with</u> <u>Final Budget -</u> <u>Favorable</u> <u>(Unfavorable)</u>
EXPENDITURES (Continued)	<u>Original</u>	<u>Final</u>		
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
OTHER FINANCING SOURCES (USES)				
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
Total pension liability										
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>
Plan fiduciary net pension										
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 reitirement 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

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
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	5,169,802	4,166,371	3,513,912	2,365,165	2,748,786	1,741,103	1,734,796	2,009,396	1,417,367	3,415,534
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	87,166,955	119,020,880	144,047,412	131,826,350	124,339,367	118,939,860	130,526,735	81,391,721	112,979,571	113,224,665
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	<u>3,524,616</u>	<u>4,052,348</u>	<u>4,223,295</u>	<u>4,537,812</u>	<u>4,567,172</u>	<u>4,663,780</u>	<u>4,691,684</u>	<u>4,914,144</u>	<u>6,183,624</u>	<u>6,237,202</u>
Contribution deficiency (excess)	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>
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
Total pension liability										
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
Plan fiduciary net position										
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	338,571	425,044	487,198	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
Net pension liability (a - 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
Annual money-weighted rate of return	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

	Amended Budget	Actual	Variance Favorable (Unfavorable)
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)

	Amended Budget	Actual	Variance Favorable (Unfavorable)
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)

	Amended Budget	Actual	Variance Favorable (Unfavorable)
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	\$ 183,214,041	\$ 209,334,827	\$ 26,120,786

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

	Amended Budget	Actual	Variance Favorable (Unfavorable)
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)

	Amended Budget	Actual	Variance Favorable (Unfavorable)
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)

	Amended Budget	Actual	Variance Favorable (Unfavorable)
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)

	Amended Budget	Actual	Variance Favorable (Unfavorable)
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	58,497,085	58,494,531	2,554
Economic development			
Operating expenditures	244,700	228,450	16,250
Total economic development	244,700	228,450	16,250
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	2,367,490	1,877,726	489,764
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	14,511,775	12,900,490	1,611,285
Total expenditures	\$ 171,597,263	\$ 155,432,438	\$ 16,164,825

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

	Amended Budget	Actual	Variance Favorable (Unfavorable)
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
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)
Total appropriations of fund equity	<u>20,797,205</u>		<u>(20,797,205)</u>
Other uses			
Contingency	(1,262,684)		1,262,684
Total other uses	<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 ¹	Tax Levy ²	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:

¹ Includes six month basis expressed as a full year equivalent.

² 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.

³ Collections are net of refunds.

Percent of Levy Collected in Year of Levy	Delinquent Tax Collections	Total Tax Collections ³	Total Collections as a Percent of Current Levy	Outstanding Delinquent County Taxes	Outstanding Delinquent County Taxes as a Percent of Current Levy
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

	<u>Interest Rate</u>
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)

	<u>Interest Rate</u>
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	

Date of Issue	Date of Maturity	Original Balance	Original Balances After Refunding	June 30, 2024 Balance
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
		<u>(54,511)</u>	<u>(54,511)</u>	<u>(54,511)</u>
		<u>11,672,561</u>	<u>11,672,561</u>	<u>8,012,358</u>
		256,835,801	250,305,801	173,702,926
		<u>(8,747,321)</u>	<u>(8,747,321)</u>	<u>(4,254,910)</u>
		<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>
ASSETS		
Cash allocation from general fund	\$ 631,473	\$ 608,849
Due from other governmental agencies	<u>913,715</u>	<u>734,605</u>
Total assets	<u><u>\$ 1,545,188</u></u>	<u><u>\$ 1,343,454</u></u>
 LIABILITIES AND FUND BALANCE		
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	<u>663</u>	<u>189</u>
Total liabilities	<u><u>1,415,411</u></u>	<u><u>1,214,812</u></u>
 FUND BALANCE		
Unassigned	<u>129,777</u>	<u>128,642</u>
Total fund balance	<u><u>129,777</u></u>	<u><u>128,642</u></u>
 Total liabilities and fund balance	<u><u>\$ 1,545,188</u></u>	<u><u>\$ 1,343,454</u></u>

WICOMICO COUNTY, MARYLAND

**SCHEDULE OF REVENUES AND EXPENDITURES
LOCAL MANAGEMENT BOARD**

**YEAR ENDED JUNE 30, 2024
(WITH COMPARATIVE TOTALS FOR 2023)**

	2024	2023
REVENUES		
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>
EXPENDITURES		
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>
OTHER FINANCING SOURCES		
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)
BEGINNING FUND BALANCE	<u>128,642</u>	<u>144,800</u>
ENDING FUND BALANCE	<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

ALLIANCE 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.

NOTICE OF SALE

WICOMICO COUNTY, MARYLAND
\$17,015,000* PUBLIC IMPROVEMENT BONDS OF 2025

Bonds Dated: Their Date of Delivery

Overview. Electronic bids via BiDCOMP/Parity® (referred to herein, as applicable, as “Parity”) will be received by Wicomico County, Maryland, on Tuesday, October 21, 2025 unless postponed as described in this Notice of Sale (in either such case, the “Bid Date”) until 10:30 a.m. prevailing Eastern time (“Eastern Time”) for the purchase of all (but not less than all) of the County’s \$17,015,000* Public Improvement Bonds of 2025 (the “Bonds”). The Bonds will be issued in denominations of \$5,000 and integral multiples thereof.

By submitting a bid for the Bonds, a prospective bidder represents and warrants to the County that such bidder’s bid for the purchase of the Bonds (if a bid is submitted in connection with the sale) is submitted for and on behalf of such prospective bidder by an officer or agent who is duly authorized to bind the prospective bidder to a legal, valid and enforceable contract for the purchase of the Bonds.

Amortization Schedule and Pre- and Post-Sale Adjustments. The Bonds will be dated the date of delivery, and will bear interest payable semiannually on May 1 and November 1 in each year until maturity or prior redemption, commencing on May 1, 2026.

The Bonds will be subject to principal amortization through serial maturities or mandatory sinking fund installment payments or a combination thereof on November 1 in the following years and principal amounts (the “Preliminary Amounts”), subject to adjustment as described herein:

<u>Year of Maturity or Sinking Fund Payment *</u>	<u>Principal Amount*</u>	<u>Year of Maturity or Sinking Fund Payment*</u>	<u>Principal Amount*</u>
2026	\$510,000	2036	\$ 845,000
2027	535,000	2037	885,000
2028	565,000	2038	930,000
2029	595,000	2039	980,000
2030	625,000	2040	1,030,000
2031	655,000	2041	1,080,000
2032	690,000	2042	1,125,000
2033	725,000	2043	1,170,000
2034	765,000	2044	1,225,000
2035	800,000	2045	1,280,000

*Preliminary, subject to adjustment.

Pre-sale, the County reserves the right to change the Preliminary Amounts from time to time up until 9:30 a.m. Eastern Time on the Bid Date, by eliminating maturities and/or changing the aggregate principal amount of the Bonds and/or the principal amount of one or more maturities of or mandatory sinking fund installments for the Bonds. Should a revision to the aggregate principal amount of the Bonds and/or the principal amortization schedule for the Bonds be made (the "Revised Amounts"), such revision will be communicated via the applicable system of Parity/www.i-dealprospectus.com or via TM3 News Service (www.tm3.com) ("TM3"). In the event that no pre-sale revisions are made and communicated via the applicable system of Parity/www.i-dealprospectus.com or via TM3 not later than 9:30 a.m. Eastern Time on the Bid Date, the Preliminary Amounts will constitute the Revised Amounts. Bidders shall submit bids based on the Revised Amounts and the Revised Amounts will be used to compare bids for Bonds and to select a winning bid for the Bonds.

After receiving bids, the County reserves the right to adjust the maturity schedule of the Bonds as necessary in the determination of the County's financial advisor in increments of \$5,000, subject to the limitations described herein. **Any adjustments pursuant to this paragraph will not increase or reduce the Revised Amounts by more than 15%.** The dollar amount bid for the Revised Amounts of the Bonds by the successful bidder will be adjusted proportionately to reflect any reduction or increase in the Revised Amounts of the Bonds. Any such adjusted bid price will reflect changes in the dollar amount of the underwriter's discount and original issue discount or premium, if any, but will not change the underwriter's discount per \$1,000 of par amount of the Bonds from the underwriter's discount that would have been received based on the purchase price in the winning bid, the coupon rates or the initial offering prices (as defined herein) specified by the successful bidder. Any such maturity schedule adjustments will be communicated to the successful bidder for the Bonds within six hours of the deadline for receipt of bids. **The successful bidder for the Bonds as so adjusted may not withdraw its bid or change the interest rates bid or the initial offering prices as a result of any changes made to the principal amounts of the Bonds within these limits.** ALL BIDS SHALL REMAIN FIRM UNTIL 5:00 P.M. EASTERN TIME.

The aggregate principal amount of the Bonds may not exceed \$17,765,000.

Serial Bonds and/or Term Bonds. A bidder may designate in its bid for the Bonds two or more consecutive principal amounts of the Revised Amounts as a term bond, which matures on the maturity date of the last included principal amount of the sequence. More than one such sequence of principal amounts of the Bonds may be designated as a term bond. Any term bond so designated shall be subject to mandatory sinking fund redemption or payment at maturity, as applicable, in each year on the principal payment date and in the entire amount of each principal installment payment designated for inclusion in such term bond, as adjusted if applicable.

Purpose of Bonds. Subject to any adjustments made by the County as authorized by the Resolution (defined herein), proceeds of the Bonds will be used to (i) finance or reimburse the costs of capital projects for the following departments or entities: Emergency Services, Public Library, Civic Center, Recreation & Parks, and Solid Waste, and (ii) pay issuance costs of the Bonds.

DTC Book-Entry and Payment of Bonds. One bond certificate representing each maturity of the Bonds will be issued to and registered in the name of Cede & Co., as partnership nominee of The Depository Trust Company ("DTC"), as registered owner of the Bonds, and such bond certificates shall be immobilized in the custody of DTC or with the Bond Registrar and Paying Agent identified herein to be held under DTC's "FAST" system. DTC will act as securities depository for the Bonds. Purchasers will not receive physical delivery of certificates representing their interests in the Bonds purchased.

The Bonds will be fully registered without coupons. Principal of the Bonds will be payable in lawful money of the United States of America, to the registered owners of the Bonds at the designated corporate trust office of Manufacturers and Traders Trust Company, the Bond Registrar and Paying Agent, on the dates such payments are due. Semiannual interest on the Bonds will be payable at the rates specified by the successful bidder therefor in its bid to the persons in whose names the Bonds are registered on the books kept for that purpose at the designated corporate trust office of the Bond Registrar and Paying Agent on the record date, which shall be the 15th day of the month immediately preceding each interest payment date, by check mailed by the Bond Registrar and Paying Agent to each such person's address as it last appears on the registration books. Notwithstanding the foregoing, while the Bonds are registered under DTC's book-entry only system, payment of the principal of and interest on the Bonds shall be made by the Bond Registrar and Paying Agent to DTC or its nominee in accordance with the procedures of DTC.

Optional Redemption. The Bonds maturing on or after November 1, 2034 are subject to redemption at the option of the County prior to their respective maturities, in whole or in part, on November 1, 2033 or on any date thereafter, in any order of maturities designated by the County, at a redemption price equal to 100% of the principal amount of the Bonds (or portions thereof) to be redeemed, together with interest accrued on the principal amount being redeemed to the date fixed for redemption.

Authorization of Bonds. The Bonds are authorized by Sections 10-203 and 19-401 of the Local Government Article of the Annotated Code of Maryland (previously codified as Section 5(P) of Article 25A of the Annotated Code of Maryland) (the “Enabling Act”), the Charter of Wicomico County, Maryland (the “Charter”), Bill No. 2025-10 of the Legislative Session of the County Council of the County (the “County Council”) passed on August 5, 2025 and approved by the County Executive of the County (the “County Executive”) on August 5, 2025 (“Bill No. 2025-10”), and Resolution No. 154-2025 of the Legislative Session of the County Council adopted on October 7, 2025, as it may be supplemented (the “Resolution”).

Bidding Details. Bids must be submitted by electronic bidding via Parity, in the manner described below, and must be submitted on the Bid Date by 10:30 a.m. Eastern Time. No bid for the Bonds will be accepted after the designated time. To the extent any instructions or directions set forth in Parity conflict with this Notice of Sale, the terms of this Notice of Sale shall control. For further information about Parity, potential bidders may contact Parity at (212) 849-5021.

Each prospective electronic bidder shall be solely responsible for submitting its bid via Parity as described above. Each prospective electronic bidder shall be solely responsible to make the necessary arrangements to access Parity for the purpose of submitting its bid in a timely manner and in compliance with the requirements of this Notice of Sale. Neither the County nor Parity shall have any duty or obligation to provide or assure access to Parity to any prospective bidder, and neither the County nor Parity shall be responsible for proper operation of, or have any liability for delays or interruptions of, or any damages caused by, Parity. The County is using Parity as a communication mechanism, and not as the County’s agent, to conduct the electronic bidding for the Bonds. The County is not bound by any advice and determination of Parity to the effect that any particular bid complies with the terms of this Notice of Sale and in particular the bid parameters hereinafter set forth. All costs and expenses incurred by prospective bidders in connection with their submissions of bids via Parity are the sole responsibility of the bidders, and the County is not responsible, directly or indirectly, for any of such costs or expenses. If a prospective bidder encounters any difficulty in submitting, modifying or withdrawing a bid for the Bonds, such bidder should telephone Parity at (212) 849-5021 and notify the County’s financial advisor, Davenport & Company LLC, by phone at (410) 296-9426.

Electronic bids must be submitted for the Bonds via Parity. Bids will be accessible on the Bid Date at 10:30 a.m. Eastern Time. Prior to that time, a prospective bidder for the Bonds may (1) submit the proposed terms of its bid via Parity, (2) modify the proposed terms of its bid, in which event the proposed terms as last modified will (unless the bid is withdrawn as described herein) constitute its bid for the Bonds, or (3) withdraw its proposed bid. Once the bid submission deadline occurs, each timely submitted bid will constitute an irrevocable offer to purchase the Bonds on the terms therein provided, subject to the provisions of this Notice of Sale. For purposes of the electronic bidding process, the time as maintained on Parity shall constitute the official time.

Good Faith Deposit. The apparent successful bidder for the Bonds shall submit a good faith deposit in the amount of \$170,150 for the Bonds (the “Deposit”) by federal funds wire as provided below. The Deposit will secure the County from any loss resulting from the failure of the apparent successful bidder for the Bonds to comply with the terms of its bid. The apparent successful bidder for the Bonds shall transfer the Deposit by wire transfer to the County upon notification of the identification of the apparent successful bidder for the Bonds, but in any case no later than 2:00 p.m. Eastern Time on the Bid Date (the “Deposit Deadline”). The County’s financial advisor shall distribute wire instructions upon verification of the bids submitted, identification of the apparent successful bidder for the Bonds and prior to the Deposit Deadline.

The apparent successful bidder for the Bonds will provide to the County’s financial advisor, as quickly as available, evidence of the wire transfer by providing the federal funds reference number. Notification of the award of the Bonds, if made, will be indicated on Parity and may not be made until the County has confirmed receipt of the Deposit. If the apparent successful bidder fails to so deliver the Deposit by the Deposit Deadline, the apparent successful bidder shall be responsible to the County for all consequential damages arising from such failure. Notification of the award of the Bonds, if made, will be made by 5:00 p.m. Eastern Time on the Bid Date.

At the time of the delivery of the Bonds, the Deposit will be applied against the purchase price of the Bonds or will be retained as liquidated damages upon the failure of the successful bidder to take and pay for the Bonds in accordance with the terms of its bid. The successful bidder for the Bonds shall have no right in or to the Deposit if it fails to complete the purchase of, and payment in full of, the Bonds for any reason whatsoever, unless such failure of performance shall be caused by an act or omission of the County. No interest will be paid upon the Deposit to the successful bidder. Notwithstanding the foregoing, should the successful bidder fail to pay for the Bonds at the price and on the date agreed upon, the County retains the right to seek further compensation for damages sustained as a result of the successful bidder so doing.

If the aggregate principal amount of the Bonds is adjusted pre-sale or post-sale as described above, no adjustment will be made to the Deposit amount, unless a new Deposit amount is announced on the applicable system of Parity/www.i-dealprospectus.com or via TM3.

Bidding Constraints. Each bidder for the Bonds shall submit one bid on an all-or-none basis. Each bid must be unconditional. Each bid for the Bonds must specify the amount bid for the Bonds, which shall not be less than 100% of par or more than 115% of par. Each bid must specify in multiples of one-eighth (1/8th) or one-twentieth (1/20th) of one percent (1%) the rate or rates of interest per annum which the Bonds are to bear but shall not specify (a) more than one interest rate for any Bonds having the same maturity, (b) a zero rate of interest, (c) a rate of interest for the Bonds that exceeds 5.00% per annum, and (d) any interest rate for any Bonds which exceeds the interest rate stated in such bid for any other Bonds by more than 300 basis points.

Award of Bonds or Rejection of Bids. Any bids for the purchase of less than all of the Bonds will be rejected. The award of the Bonds, if made, will be made as promptly as possible after the bids are accessible to the County, the financial advisor to the County confirms calculations and makes any adjustments to the amortization schedule for the Bonds provided herein, the award is approved on behalf of the County, and the Deposit is received. The successful bidder for the Bonds will be determined in accordance with the lowest interest cost to the County. The lowest interest cost for the Bonds will be determined in accordance with the true interest cost ("TIC") method by doubling the semiannual interest rate, compounded semiannually, necessary to discount the debt service payments from the payment dates to the date of delivery of the Bonds, and to the price bid. If two or more bidders offer to purchase the Bonds at the same lowest TIC, then such award will be made to the bidder offering the highest purchase price. If two or more bidders offer to purchase the Bonds at the same lowest TIC, with the same purchase price, the County shall have the right to award all of the Bonds to one bidder. Any award or rejection of a bid for the Bonds shall be made by the County Council or, if the County Council is not in session at that time, the County Executive. The decision of the County Council or the County Executive, as applicable, in making the award of the Bonds or rejecting all bids shall be final and binding on all bidders. The County Council or the County Executive, as applicable, may waive any informality or irregularity in any bid, and the judgment of the County Council or the County Executive, as applicable, as to the form and adequacy of any bid for the Bonds and its conformity to the terms of this Notice of Sale shall be final and binding on all bidders.

Establishment of Issue Price. The County expects and intends that the provisions of U.S. Treasury Regulation Section 1.148-1(f)(3)(i) (defining "competitive sale" for purpose of establishing the issue price of the Bonds) will apply to the initial sale of the Bonds because (i) the County will disseminate this Notice of Sale to potential underwriters (as defined below) in a manner that is reasonably designed to reach potential underwriters, (ii) all bidders will have an equal opportunity to bid, (iii) the County may receive bids from at least three underwriters of municipal bonds that have established industry reputations for underwriting new issuances of municipal bonds, and (iv) the County anticipates awarding the sale of the Bonds to the bidder that submits a firm offer to purchase the Bonds at the lowest TIC, as set forth herein. If such competitive sale requirements are met, the successful bid for the Bonds will be treated as a "Qualified Competitive Bid." If the competitive sale requirements are not met, the successful bid for the Bonds will be treated as a "Nonqualified Competitive Bid." **It is noted that the procedures for a Nonqualified Competitive Bid may require the winning bidder and, if applicable, other underwriters of the Bonds, to hold the initial offering prices (as defined below) of the Bonds for some or all maturities of the Bonds for up to five (5) business days after the sale date (as defined below), as further specified below.**

By submitting a bid, each bidder (i) confirms that it was not given an opportunity to review other bids prior to submitting its bid, (ii) confirms that its bid is a firm offer for the purchase of the Bonds, on the terms set forth in its bid and this Notice of Sale (as this Notice of Sale may be modified in accordance with its terms), except as permitted by this Notice of Sale, and (iii) represents that it has an established industry reputation for underwriting new issuances of municipal bonds.

The County will advise the apparent successful bidder as promptly as possible after bids are received whether its bid constitutes a Qualified Competitive Bid or a Nonqualified Competitive Bid.

If the apparent successful bid is a Qualified Competitive Bid, as promptly as possible after bids are received, the County will notify the apparent successful bidder and such bidder, upon such notice, shall advise the County of the reasonably expected initial offering price to the public (as defined below) of each maturity of the Bonds.

If the apparent successful bid is a Nonqualified Competitive Bid, the County shall treat (i) the first price at which 10% of a maturity of the Bonds (the “10% test”) is sold to the public as of the date and time of the award of the Bonds as the issue price of that maturity, if applicable, and/or (ii) the initial offering price to the public as of the sale date of any maturity of the Bonds as the issue price of that maturity (the “hold-the-offering-price rule”), in each case applied on a maturity-by-maturity basis. The successful bidder shall advise the County if any maturity of the Bonds satisfies the 10% test as of the date and time of the award of the Bonds. Any maturity of the Bonds as to which the successful bidder has not so advised the County that the 10% test has been satisfied as of the date and time of the award of the Bonds shall be subject to the hold-the-offering price rule. Bids will not be subject to cancellation if the hold-the-offering price rule applies to any maturity of the Bonds. **Bidders should prepare their bids on the assumption that some or all of the maturities of the Bonds will be subject to the hold-the-offering-price rule in order to establish the issue price of the Bonds.**

By submitting a bid, the successful bidder shall (i) confirm that the underwriters have offered or will offer to sell the Bonds to the public on or before the sale date at the offering price or prices (the “initial offering prices”), or at the corresponding yield or yields, set forth in the bid submitted by the successful bidder and (ii) agree, on behalf of the underwriters participating in the purchase of the Bonds, that the underwriters will neither offer nor sell unsold Bonds of any maturity to which the hold-the-offering-price rule shall apply to any person at a price that is higher than the initial offering price to the public during the period starting on the sale date and ending on the earlier of the following: (1) the close of fifth (5th) business day after the sale date or (2) the date on which the underwriters have sold at least 10% of that maturity of the Bonds to the public at a price that is no higher than the initial offering price for that maturity to the public, if that occurs prior to the close of the fifth (5th) business day after the sale date.

For a Nonqualified Competitive Bid, the successful bidder shall promptly advise the County when the underwriters have sold to the public 10% of any maturity subject to the hold-the-offering-price rule at a price that is no higher than the initial offering price to the public, if that occurs prior to the close of the fifth (5th) business day after the sale date.

The County acknowledges that, in making the representations set forth above, the successful bidder will rely on (i) the agreement of each underwriter to comply with the hold-the-offering-price rule, as set forth in an agreement among underwriters and the related pricing wires, (ii) in the event a selling group has been created in connection with the initial sale of the Bonds to the public, the agreement of each dealer who is a member of the selling group to comply with the hold-the-offering-price rule, as set forth in a selling group agreement and the related pricing wires, and (iii) in the event that any underwriter is a party to a retail distribution agreement that was employed in connection with the initial sale of the Bonds to the public, the agreement of each broker-dealer that is party to such agreement to comply with the hold-the-offering-price rule, as set forth in the retail distribution agreement and related pricing wires. The County further acknowledges that each underwriter shall be solely liable for its failure to comply with its agreement regarding the hold-the-offering price rule and that no underwriter shall be liable for the failure of any other underwriter, or of any dealer that is a member of a selling group, or of any broker-dealer that is a party to a retail distribution agreement to comply with its corresponding agreement regarding the hold-the-offering-price rule as applicable to the Bonds.

By submitting a bid, each bidder confirms that: (i) any agreement among underwriters, any selling group agreement and each retail distribution agreement relating to the initial sale of the Bonds to the public, together with the related pricing wires, contains or will contain language obligating each underwriter, each dealer who is a member of the selling group, and each broker-dealer that is a party to such retail distribution agreement, as applicable, to (A) report the prices at which it sells to the public the unsold Bonds of each maturity allotted to it until it is notified by the successful bidder that either the 10% test has been satisfied as to the Bonds of that maturity or all Bonds of that maturity have been sold to the public and (B) comply with the hold-the-offering-price rule, if applicable, in each case if and for so long as directed by the successful bidder and as set forth in the related pricing wires, and (ii) any agreement among underwriters relating to the initial sale of the Bonds to the public, together with the related pricing wires, contains or will contain language obligating each underwriter that is a party to a retail distribution agreement to be employed in connection with the initial sale of the Bonds to the public to require each broker-dealer that is a party to such retail distribution agreement to (A) report the prices at which it sells to the public the unsold Bonds of each maturity allotted to it until is notified by the successful bidder or such underwriter that either the 10% test has been satisfied as to the Bonds of that maturity or all Bonds of that maturity have been sold to the public and (B) comply with the hold-the-offering-price rule, if applicable, in each case if and for so long as directed by the successful bidder or such underwriter and as set forth in the related pricing wires.

Sale of any Bonds to any person that is a related party (as defined below) to an underwriter shall not constitute sales to the public for purposes of this Notice of Sale. Further, for purposes of this Notice of Sale:

(i) “public” means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an underwriter or related party;

(ii) “related party” generally means any two or more persons who have greater than 50 percent common ownership, directly or indirectly;

(iii) “sale date” means the date that the Bonds are awarded by the County to the successful bidder; and

(iv) “underwriter” means (A) any person that agrees pursuant to a written contract with the County (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the public, and (B) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (A) of this definition to participate in the initial sale of the Bonds to the public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Bonds to the public).

The successful bidder must deliver to the County at closing an “issue price” or similar certificate establishing the issue price of the Bonds in accordance with U.S. Treasury Regulation 1.148-1, together with the supporting pricing wires or equivalent communications, substantially in the form attached hereto as Exhibit 1 (for a Qualified Competitive Bid) or Exhibit 2 (for a Nonqualified Competitive Bid), as applicable, with such modifications as may be appropriate or necessary, in the reasonable judgment of the successful bidder, the County and bond counsel to the County.

All actions to be taken on behalf of the County under this Notice of Sale to establish the issue price of the Bonds may be taken on behalf of the County by the County’s financial advisor, Davenport & Company LLC, and any notice or report to be provided to the County may be provided to the County’s financial advisor Davenport & Company LLC or bond counsel to the County.

Postponement of Sale and Revisions to Notice of Sale. The County reserves the right to modify this Notice of Sale prior to the sale of the Bonds including, but not limited to, by adjusting the Preliminary Amounts of the Bonds, determining not to issue the Bonds, changing the method for determination of the issue price of the Bonds and/or changing the bid specifications for the Bonds. Any such revisions will be announced via the applicable system of Parity/www.i-dealprospectus.com or via TM3 by not later than 9:30 a.m. Eastern Time on the Bid Date.

The County reserves the right to postpone the Bid Date from time to time. Any such postponement will be communicated via the applicable system of Parity/www.i-dealprospectus.com or via TM3. If any Bid Date is postponed, any rescheduled Bid Date and any new deadline for submission of bids will be announced via the applicable system of Parity/www.i-dealprospectus.com or via TM3 at least 24 hours prior to the rescheduled deadline for submission of bids. In addition, the County reserves the right, on the date established for the receipt of bids, to reject all bids for the Bonds and to then or later establish a subsequent date on which bids for the Bonds will be received. On any such rescheduled or subsequent Bid Date, any bidder may submit a bid for the Bonds in conformity in all respects with the provisions of this Notice of Sale except for the new Bid Date and any new deadline for submission of bids and except for any changes announced via the applicable system of Parity/www.i-dealprospectus.com or via TM3.

Any bid submitted shall be in accordance with, and incorporate by reference, this Notice of Sale including any revisions communicated via the applicable system of Parity/www.i-dealprospectus.com or via TM3 in accordance with the provisions of this Notice of Sale.

Security for the Bonds. The faith and credit and taxing power of the County are pledged to the payment of the Bonds and of the interest to accrue thereon, subject to any lawful limitations on the County’s taxing power set forth in the Charter, including in Article VII, Section 706.B of the Charter. Article VII, Section 706.B of the Charter provides: “Notwithstanding any other provisions of this Article, from and after July 1, 2001, revenues derived from taxes on properties existing on the County real property tax rolls at the commencement of the County fiscal year shall not increase, compared with the previous year, by more than two percent, or by the Consumer Price Index for all urban consumers (CPI-U) percentage of change for the latest calendar year, determined by the U. S. Department of Labor, whichever is the lesser.”

CUSIP Numbers. CUSIP numbers for the Bonds will be applied for by the County’s financial advisor, but the County will assume no obligation for the assignment or printing of such numbers on the Bonds or for the correctness of such numbers, and neither the failure to print such numbers on any of the Bonds nor any error with respect thereto shall constitute cause for a failure or refusal by the successful bidder to accept delivery of and make payment for the Bonds.

Approving Opinion and Tax Status. The Bonds will be issued and sold subject to approval as to legality by Funk & Bolton, P.A., Baltimore, Maryland, bond counsel to the County, an executed copy of whose approving opinion will be delivered upon request and without charge to the successful bidder for the Bonds.

In the opinion of bond counsel, under existing law and assuming compliance with the requirements of the federal tax laws, the interest on the Bonds will be excludable from gross income for purposes of Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"), and is not an item of tax preference or other specific adjustment for purposes of the federal alternative minimum tax imposed on individuals; however, such interest is included in the adjusted financial statement income of applicable corporations in determining the federal corporate alternative minimum tax imposed on such corporations. Under the provisions of the Code, there are certain requirements that must be satisfied subsequent to delivery of the Bonds, including requirements that must be complied with throughout the term of the Bonds. Failure to comply with one or more of these requirements could result in the inclusion of the interest payable on the Bonds in gross income for federal income tax purposes effective from the date of the issuance of the Bonds. The County has covenanted to take such lawful actions as may be required to maintain the excludability from gross income for federal income tax purposes of interest on the Bonds.

Under the provisions of current Maryland law, the Bonds, their transfer, the interest payable on them, and any income derived from them, including any profit realized in their sale or exchange, shall be exempt from taxation of any kind by the State of Maryland, any Maryland political subdivision or any other Maryland public entity, but no opinion is expressed as to Maryland estate or inheritance taxes or any other Maryland taxes not levied or assessed directly on the Bonds, their transfer, the interest thereon or the income therefrom.

Official Statement. Within seven business days after the award of the Bonds to the successful bidder therefor on the Bid Date (or such shorter period as is required to comply with applicable law), the County will authorize and deliver its Official Statement, which is expected to be substantially in the form of the Preliminary Official Statement for the Bonds. The Preliminary Official Statement has been deemed final by the County in accordance with Rule 15c2-12 of the Securities Exchange Act of 1934, as amended, subject to revision, amendment and completion in a final Official Statement. The County will also issue any supplement or amendment to the Official Statement that may be necessary between the date of the Official Statement and the date of delivery of the Bonds; the costs of any such supplement or amendment that relates to information provided or confirmed by the successful bidder for the Bonds shall be made at the cost of the successful bidder. If requested and furnished to the County in writing by the successful bidder at or before the close of business on the Bid Date, the County will include in the Official Statement such pricing and other information relating to the reoffering of the Bonds, if any, as may be so furnished. If the successful bidder for the Bonds furnishes no such information, the Official Statement will include the interest rates of the Bonds resulting from the bid of the successful bidder and the other statements with respect to reoffering contained in the Preliminary Official Statement. Whether or not any such information is included in the Official Statement, the successful bidder shall be responsible to the County and its officials in all respects for the accuracy, fairness and completeness of such information, and for all decisions made by such bidder with respect to the use or omission of any such information in any reoffering of the Bonds, including the presentation or exclusion of any such information in any documents, including the Official Statement. The successful bidder will be furnished, without cost, with a reasonable number of copies of the Official Statement.

Continuing Disclosure. In order to assist the bidders for the Bonds in complying with SEC Rule 15c2-12(b)(5), the County has covenanted to provide certain ongoing disclosure with respect to the Bonds. The substantially final form of the County's continuing disclosure undertaking is included in the Preliminary Official Statement as Appendix D.

Delivery of Bonds. The Bonds will be delivered to the successful bidder through the facilities of DTC on or about November 4, 2025. Payment for the Bonds will be made in immediately available funds. The Bonds will be accompanied by customary closing documents, including a continuing disclosure certificate and a no-litigation certificate, effective as of the date of delivery, stating that there is no litigation pending affecting the validity of any of the Bonds. It shall be a condition to the obligation of the successful bidder to accept delivery of and pay for the Bonds that, simultaneously with or before delivery and payment for the Bonds, the successful bidder shall be furnished a certificate or certificates of certain officials to the effect that, to the best of their knowledge and belief, the Official Statement (and any amendment or supplement thereto) (except as to any reoffering information provided by the successful bidder and information regarding DTC and DTC's book-entry system provided by DTC, as to which no view will be expressed), as of the date of sale and as of the date of delivery of the Bonds, does not contain any untrue statement of a material fact and does not omit to state a material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading, and that between the date of sale and the date of delivery of the Bonds there has been no material adverse change in the financial position or revenues of the County, except as reflected or contemplated in the Official Statement (and any amendment or supplement thereto).

The Preliminary Official Statement, together with the official Notice of Sale, may be obtained by contacting Davenport & Company LLC, The Oxford Building, 8600 LaSalle Road, Suite 618, Towson, Maryland 21286, telephone (410) 296-9426, financial advisor to the County, or by accessing the same at www.i-dealprospectus.com. Such Preliminary Official Statement is deemed final by the County as of its date for purposes of SEC Rule 15c2-12, but is subject to revision, amendment and completion in the Official Statement referred to above.

By order of

WICOMICO COUNTY, MARYLAND

By: JULIE M. GIORDANO
County Executive

**FORM OF ISSUE PRICE CERTIFICATE FOR
QUALIFIED COMPETITIVE BID**

\$ _____
**WICOMICO COUNTY, MARYLAND
PUBLIC IMPROVEMENT BONDS OF 2025**

ISSUE PRICE CERTIFICATE (Qualified Competitive Bid)

The undersigned, on behalf of [WINNING BIDDER] (the “Purchaser”), hereby certifies as set forth below with respect to the sale and issuance of the above-captioned obligations (the “Bonds”) to be issued by Wicomico County, Maryland (the “Issuer”). Certain capitalized terms used in this certificate are defined in paragraph 2 below.

1. *Reasonably Expected Initial Offering Price.*

(a) As of the Sale Date, the reasonably expected initial offering prices of the Bonds to the Public by the Purchaser are the prices listed in Schedule A hereto (the “Expected Offering Prices”). The Expected Offering Prices are the prices for the Maturities of the Bonds used by the Purchaser in formulating its bid to purchase the Bonds. Attached hereto as Schedule B is a true and correct copy of the bid provided by the Purchaser to purchase the Bonds.

(b) The Purchaser was not given the opportunity to review other bids prior to submitting its bid.

(c) The bid submitted by the Purchaser constituted a firm offer to purchase the Bonds.

(d) The Purchaser has an established industry reputation for underwriting new issuances of municipal bonds.

2. *Defined Terms.*

“Maturity” means Bonds with the same credit and payment terms. Bonds with different maturity dates are treated as separate Maturities.

“Public” means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter or related party to an Underwriter. The term “related party” for purposes of this certificate generally means any two or more persons who have greater than 50 percent common ownership, directly or indirectly.

“Sale Date” means the first day on which there is a binding contract in writing for the sale of the Bonds. The Sale Date of the Bonds is _____.

“Underwriter” means (i) any person that agrees pursuant to a written contract with the Issuer (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the Public, and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) of this definition to participate in the initial sale of the Bonds to the Public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Bonds to the Public).

The undersigned understands that the foregoing information will be relied upon by the Issuer with respect to certain of the representations set forth in the Tax and Section 148 Certificate of the Issuer and with respect to compliance with the federal income tax rules affecting the Bonds, and by Funk & Bolton, P.A., bond counsel to the Issuer, in rendering its opinion that the interest on the Bonds is excludable from gross income for federal income tax purposes, the preparation of Internal Revenue Service Form 8038-G, and other federal income tax advice bond counsel may give to the Issuer from time to time relating to the Bonds.

_____, as Purchaser

By: _____

Name:

Title:

(Authorized Signatory)

Dated: _____, 2025

SCHEDULE A

EXPECTED OFFERING PRICES

[To be Attached]

SCHEDULE B

COPY OF PURCHASER'S BID

[To be Attached]

**FORM OF ISSUE PRICE CERTIFICATE FOR
NONQUALIFIED COMPETITIVE BID**

**\$ _____
WICOMICO COUNTY, MARYLAND
PUBLIC IMPROVEMENT BONDS OF 2025**

ISSUE PRICE CERTIFICATE (Nonqualified Competitive Bid)

The undersigned, on behalf of [NAME OF THE WINNING BIDDER] (the “[SHORT FORM NAME OF WINNING BIDDER]”), [on behalf of itself and [NAMES OF MEMBERS OF THE UNDERWRITING SYNDICATE] (together, the “Underwriting Syndicate”)] hereby certifies as set forth below with respect to the sale and issuance of the above-captioned obligations (the “Bonds”) to be issued by Wicomico County, Maryland (the “Issuer”). Certain capitalized terms used in this certificate are defined in paragraph 3 below.

1. ***Sale of the General Rule Maturities.*** As of the date of this certificate, for each Maturity of the General Rule Maturities, the first price at which at least 10% of such Maturity was sold by [SHORT FORM NAME OF WINNING BIDDER][the Underwriting Syndicate] to the Public is the respective price listed in Schedule A.

2. ***Initial Offering Price of the Hold-the-Offering-Price Maturities.***

(a) The [SHORT FORM NAME OF WINNING BIDDER][Underwriting Syndicate] offered the Hold-the-Offering-Price Maturities to the Public for purchase at the respective initial offering prices listed in Schedule A (the “Initial Offering Prices”) on or before the Sale Date. A copy of the pricing wire or equivalent communication for the Bonds is attached to this certificate as Schedule B.

(b) As set forth in the Notice of Sale and bid award, [the SHORT FORM NAME OF WINNING BIDDER][the members of the Underwriting Syndicate] [has][have] agreed in writing that (i) for each Maturity of the Hold-the-Offering-Price Maturities, [it][they] would neither offer nor sell any of the Bonds of such Maturity to any person at a price that is higher than the Initial Offering Price for such Maturity during the Holding Period for such Maturity (the “hold-the-offering-price rule”), and (ii) any selling group agreement shall contain the agreement of each dealer that is a member of the selling group, and any retail distribution agreement shall contain the agreement of each broker-dealer that is a party to the retail distribution agreement, to comply with the hold-the-offering-price rule. Pursuant to such agreement, no Underwriter (as defined below) has offered or sold any Maturity of the Hold-the-Offering-Price Maturities at a price that is higher than the Initial Offering Price for that Maturity of the Bonds during the Holding Period.

3. ***Defined Terms.***

“General Rule Maturities” means those Maturities of the Bonds listed on Schedule A hereto as the “General Rule Maturities”.

“Hold-the-Offering-Price Maturities” means those Maturities of the Bonds listed in Schedule A hereto as the “Hold-the-Offering-Price Maturities”.

“Holding Period” means, with respect to each Hold-the-Offering-Price Maturity, the period starting on the Sale Date and ending on the earlier of (i) the close of the fifth (5) business day after the Sale Date, or (ii) the date of which the [SHORT FORM NAME OF WINNING BIDDER][Underwriting Syndicate] [has][have] sold at least 10% of such Hold-the-Offering-Price Maturity to the Public at prices that are no higher than the Initial Offering Price for such Hold-the-Offering Price Maturity.

“Maturity” means Bonds with the same credit and payment terms. Bonds with different maturity dates are treated as separate Maturities.

“Public” means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter or related party to an Underwriter. The term “related party” for purposes of this certificate generally means any two or more persons who have greater than 50 percent common ownership, directly or indirectly.

“Sale Date” means the first day on which there is a binding contract in writing for the sale of the Bonds. The Sale Date of the Bonds is _____.

“Underwriter” means (i) any person that agrees pursuant to a written contract with the Issuer (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the Public, and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) of this definition to participate in the initial sale of the Bonds to the Public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Bonds to the Public).

The undersigned understands that the foregoing information will be relied upon by the Issuer with respect to certain of the representations set forth in the Tax and Section 148 Certificate of the Issuer and with respect to compliance with the federal income tax rules affecting the Bonds, and by Funk & Bolton, P.A., bond counsel to the Issuer, in rendering its opinion that the interest on the Bonds is excludable from gross income for federal income tax purposes, the preparation of Internal Revenue Service Form 8038-G, and other federal income tax advice bond counsel may give to the Issuer from time to time relating to the Bonds.

[NAME OF WINNING BIDDER] [, as Representative of the Underwriting Syndicate]

By: _____
Name:
Title:
(Authorized Signatory)

Dated: _____, 2025

SCHEDULE A

SALE PRICES OF THE GENERAL RULE MATURITIES

[To be Inserted or Attached]

INITIAL OFFERING PRICES OF THE HOLD-THE-OFFERING-PRICE MATURITIES

[To be Inserted or Attached]

SCHEDULE B

PRICING WIRE OR EQUIVALENT COMMUNICATION

[To be Attached]

PROPOSED FORM OF OPINION OF BOND COUNSEL

[Date of Issuance]

County Executive and County Council of
Wicomico County, Maryland
Salisbury, Maryland 21801

We have examined a record of proceedings of Wicomico County, Maryland (the “County”), relating to the issuance of \$_____ aggregate principal amount of its Public Improvement Bonds of 2025 (the “Bonds”), which are described as follows:

Dated the date hereof; interest payable semi-annually on the first days of May and November commencing May 1, 2026; fully registered in form, in the denominations of \$5,000 and any integral multiples thereof; issued under the authority of Sections 10-203 and 19-401 of the Local Government Article of the Annotated Code of Maryland (the “Enabling Act”), the Charter of Wicomico County, Maryland (the “Charter”), Bill No. 2025-10 of the Legislative Session of the County Council of the County (the “County Council”) passed on August 5, 2025 and approved by the County Executive of the County on August 5, 2025 (the “Bill”), and Resolution No. 154-2025 of the Legislative Session of the County Council adopted on October 7, 2025, as supplemented (the “Resolution” and, together with the Bill, the “Authorizing Legislation”); and maturing on November 1 in each of the years and amounts and bearing interest as follows:

<u>Years of Maturity</u>	<u>Principal Amount</u>	<u>Interest Rate Per Annum</u>	<u>Years of Maturity</u>	<u>Principal Amount</u>	<u>Interest Rate Per Annum</u>
2026.....			2036.....		
2027.....			2037.....		
2028.....			2038.....		
2029.....			2039.....		
2030.....			2040.....		
2031.....			2041.....		
2032.....			2042.....		
2033.....			2043.....		
2034.....			2044.....		
2035.....			2045.....		

[Note: Appropriate edits will be made to the table set forth above in the proposed form of the opinion of bond counsel contained in the Official Statement in the event the successful bidder for the Bonds designates any term bonds.]

The Bonds maturing on or after November 1, 2034 are subject to redemption at the option of the County prior to their respective maturities, in whole or in part, on November 1, 2033 or on any date thereafter, in any order of maturities designated by the County, at a redemption price equal to 100% of the principal amount of the Bonds (or portions thereof) to be redeemed, together with interest accrued on the principal amount of the Bonds to be redeemed to the date fixed for redemption, without premium or penalty.

We have examined the law and such certified proceedings and other papers as we deem necessary to render this opinion letter. The scope of our engagement as bond counsel extends solely to an examination of the facts and law incident to rendering the opinions specifically expressed herein.

As to questions of fact material to our opinions, we have relied upon the certified proceedings and other certifications of public officials furnished to us, without undertaking to verify the same by independent investigation.

We have assumed the accuracy and truthfulness of all public records and of all certifications, documents and other proceedings examined by us that have been executed or certified by public officials acting within the scope of their official capacities, and we have not independently verified the accuracy or truthfulness thereof. We have also assumed the genuineness of the signatures appearing upon such public records, certifications, documents and proceedings.

We have assumed the authenticity of all documents submitted to us as originals, the genuineness of all signatures, the conformity to original documents of all documents submitted to us as certified copies or photocopies and the authenticity of the originals of such latter documents.

This opinion letter does not constitute or imply a recommendation of the market or financial value of the Bonds or an assessment of the strength or appropriateness of the covenants by the County, the possibility of default, the eligibility or suitability of the Bonds as an investment, or any other legal or financial aspect of the Bonds not expressly addressed herein.

We express no opinion herein concerning any law other than the law of the State of Maryland and the federal law of the United States of America.

With respect to the first executed and authenticated Bond of this issue, which we have examined, and Bonds similarly executed and authenticated and identical thereto in form except for numbers, interest rates, denominations and maturities, we are of the opinion under existing law, and as of the date hereof, that:

(a) The County is a validly created and existing body corporate and politic and a political subdivision of the State of Maryland, possessing authority under the Enabling Act, the Charter, the Bill and the Resolution to issue the Bonds.

(b) The Bill has been fully and validly enacted and is in full force and effect, and the Resolution has been duly and validly adopted and is in full force and effect.

(c) The Bonds are valid and legally binding general obligation bonds of the County to the payment of which the faith and credit and taxing power of the County are pledged and for the payment of which the County is empowered to levy ad valorem taxes, subject to any lawful limitations on the County's taxing power set forth in the Charter, including in Article VII, Section 706.B of the Charter, as that taxing power may relate to the Bonds, upon all real and tangible personal property subject to taxation within its corporate boundaries.

(d) To provide for the payment of the principal of and interest on the Bonds, the County, by the enactment and adoption of the Authorizing Legislation, has covenanted to levy said ad valorem taxes, subject to any lawful limitations on the County's taxing power set forth in the Charter, including in Article VII, Section 706.B of the Charter, as that taxing power may relate to the Bonds, in rate and amount sufficient for that purpose in each fiscal year in which provision must be made for the payment of such principal and interest.

(e) By the terms of the Enabling Act, the Bonds, their transfer, the interest payable on them, and any income derived from them, including any profit realized in their sale or exchange, shall be exempt from taxation of any kind by the State of Maryland, any Maryland political subdivision, or any other Maryland public entity, but no opinion is expressed as to Maryland estate or inheritance taxes or any other Maryland taxes not levied or assessed directly on the Bonds, their transfer, the interest thereon or the income therefrom.

(f) Under existing statutes, regulations and decisions, and assuming the accuracy of certifications of the County, interest on the Bonds is excludable from gross income for purposes of federal income taxation under Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"), and is not an item of tax preference or other specific adjustment for purposes of the alternative minimum tax imposed on individuals; however, such interest will be included in the "adjusted financial statement income" of applicable corporations for purposes of computing the alternative minimum tax imposed on such corporations. Interest on the Bonds held by foreign corporations may be subject to the branch profits tax imposed by the Code.

The opinions set forth in this paragraph (f) are subject to the condition that the County complies with all requirements that must be satisfied subsequent to the issuance of the Bonds so that interest on the Bonds continues to be excluded from gross income for federal income tax purposes. In the Tax and Section 148 Certificate executed and delivered by the County on the date hereof (the "Tax Certificate"), the County has covenanted and agreed to comply with each such requirement. Failure to comply with certain requirements may cause interest on the Bonds to be included in gross income for federal income tax purposes retroactive to the date of issuance of the Bonds. In the event of noncompliance with such covenants and agreements, available enforcement remedies may be limited by applicable provisions of law and, therefore, may not be adequate to prevent the interest on the Bonds from becoming includable in gross income for federal income tax purposes. We assume no responsibility for, and will not monitor, compliance by the County with the covenants and agreements contained in the Tax Certificate.

Other than as set forth in the preceding paragraphs (e) and (f), we express no opinion regarding the state or federal income tax consequences arising with respect to the Bonds.

It is to be understood that the rights of the holders of the Bonds and the enforceability of the Bonds may be subject to (a) any applicable bankruptcy, insolvency (including, without limitation, laws relating to preferences and fraudulent transfers or conveyances), reorganization, moratorium and other similar laws affecting creditors' rights generally, (b) the effect of general principles of equity (regardless of whether considered in a proceeding in equity or at law), including, without limitation, concepts of materiality, reasonableness, good faith and fair dealing, and (c) the valid exercise of constitutional powers of the United States of America and of the sovereign police and taxing powers of the State of Maryland or other governmental units having jurisdiction.

Our services as bond counsel have been limited to rendering the opinions expressed above based on our review of such information and proceedings as we deem necessary to opine as to the validity of the Bonds and the tax status of the interest payable on the Bonds. We have not been engaged and have not undertaken to review the accuracy, completeness or sufficiency of the Official Statement or other material relating to the Bonds and, accordingly, we express no opinion as to the accuracy, completeness or sufficiency of any such information that may have been relied upon by any person in making a decision to purchase the Bonds.

The opinions expressed above are limited to the matters set forth above, and no other opinions should be inferred beyond the matters expressly stated. This opinion letter is given as of its date and we assume no obligation to revise or supplement this opinion letter to reflect any facts or circumstances that may hereafter come to our attention or any changes in law that may hereafter occur.

Very truly yours,

PROPOSED FORM OF CONTINUING DISCLOSURE CERTIFICATE

§ _____
Wicomico County, Maryland
Public Improvement Bonds of 2025

CONTINUING DISCLOSURE CERTIFICATE

[DATE OF CLOSING TO BE INSERTED]

THIS CONTINUING DISCLOSURE CERTIFICATE (the “Disclosure Certificate”) is executed and delivered by Wicomico County, Maryland (the “County”) in connection with the issuance of its \$ _____ Public Improvement Bonds of 2025 (the “Bonds”). The County, intending to be legally bound hereby, and for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, does hereby covenant and agree as follows:

Section 1. Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the County for the benefit of the owners and beneficial owners of the Bonds and in order to assist the Participating Underwriters in complying with Securities and Exchange Commission Rule 15c2-12(b)(5). The County’s obligations hereunder shall be limited to those required by written undertaking pursuant to the Rule.

Section 2. Definitions. In addition to the definitions set forth above, which apply to any capitalized term used in this Disclosure Certificate unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

“**Listed Events**” shall mean any of the events listed in Section 4(a) of this Disclosure Certificate.

“**MSRB**” shall mean the Municipal Securities Rulemaking Board. To the extent the Rule is amended to refer to any additional or different repositories, references in this Disclosure Certificate to the MSRB shall be deemed to be to such additional or different repositories to the extent required by the Rule. As of the date of execution and delivery of this Disclosure Certificate, any of the notices or materials required by this Disclosure Certificate to be filed with the MSRB shall be posted on the Electronic Municipal Market Access website maintained by the MSRB at <https://www.emma.msrb.org> in accordance with the Rule.

“**Participating Underwriter**” shall mean any of the original underwriters of the Bonds required to comply with the Rule in connection with offering of the Bonds.

“**Rule**” shall mean Rule 15c2-12 adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

Section 3. Provision of Annual Financial Information, Operating Data and Audited Information. (a) The County shall provide to the MSRB annual financial information and operating data as set forth in Schedule A to this Disclosure Certificate, such information and data to be provided as of the end of the preceding fiscal year and made available within 275 days after the end of each fiscal year, commencing with the fiscal year ended June 30, 2025.

(b) The County shall provide to the MSRB annual audited financial statements of the County, such information to be made available within 275 days after the end of the County’s fiscal year, commencing with the fiscal year ended June 30, 2025 unless the audited financial statements are not available on or before such date, in which event said audited financial statements will be provided promptly when and if available.

(c) The presentation of the financial information referred to in paragraph (a) and in paragraph (b) shall be made in accordance with the same accounting principles as utilized in connection with the presentation of applicable comparable financial information included in the final official statement for the Bonds; provided that, the County may modify the accounting principles utilized in the presentation of financial information by amending this Disclosure Certificate pursuant to the provisions of Section 6 hereof. Changes in Generally Accepted Accounting Principles, where applicable to financial information to be provided by the County, shall not require the County to amend this Disclosure Certificate.

(d) The County shall provide in a timely manner to the MSRB notice specifying any failure to provide the annual financial information or operating data it has undertaken to provide in accordance with this Section 3.

(e) If the County changes its fiscal year, it will notify the MSRB of the change (and of the date of the new fiscal year end) prior to the next date by which the County would otherwise be required to provide financial information and operating data pursuant to this Section 3.

(f) The financial information and operating data to be provided pursuant to this Section 3 may be set forth in full in one or more documents or may be incorporated by specific reference to documents available to the public on the MSRB's Internet Website or filed with the Securities and Exchange Commission.

(g) All information provided to the MSRB pursuant to subsections (a), (b), (d) or (e) of this Section 3 shall be in an electronic format as prescribed by the MSRB.

Section 4. Reporting of Listed Events. (a) This Section 4 shall govern the giving of notices of the occurrence of any of the following Listed Events with respect to the Bonds:

- (1) principal and interest payment delinquencies;
- (2) non-payment related defaults, if material;
- (3) unscheduled draws on debt service reserves reflecting financial difficulties;
- (4) unscheduled draws on credit enhancements reflecting financial difficulties;
- (5) substitution of credit or liquidity providers, or their failure to perform;
- (6) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax-exempt status of the Bonds;
- (7) modifications to rights of Bond holders, if material;
- (8) Bond calls, if material, and tender offers;
- (9) defeasances;
- (10) release, substitution, or sale of property securing repayment of the Bonds, if material;
- (11) rating changes;
- (12) bankruptcy, insolvency, receivership or similar event of the County;
- (13) the consummation of a merger, consolidation, or acquisition involving the County or the sale of all or substantially all of the assets of the County, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;
- (14) appointment of a successor or additional trustee or the change of name of a trustee, if material;
- (15) incurrence of a financial obligation of the County, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the County, any of which affect Bond holders, if material; and
- (16) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the County, any of which reflect financial difficulties.

For the purpose of the event identified in clause (12) of this Section 4(a), the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the County in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the County, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the County.

For purposes of the events identified in clauses (15) and (16) of this Section 4(a), the term “financial obligation” means a (i) debt obligation; (ii) derivative instrument entered into in connection with or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) guarantee of (i) or (ii). The term “financial obligation” shall not include municipal securities as to which a final official statement has been provided to the MSRB consistent with the Rule.

(b) Notice of any of the Listed Events identified in Section 4(a) shall be given to the MSRB in a timely manner not in excess of ten (10) business days after the occurrence of the event.

(c) All information provided to the MSRB pursuant to this Section 4 shall be in an electronic format as prescribed by the MSRB.

Section 5. Termination of Reporting Obligations. The County’s obligations under this Disclosure Certificate shall terminate upon the payment in full of all of the Bonds either at their maturity or by early redemption. In addition, the County may terminate its obligations under this Disclosure Certificate if and when the County no longer remains an obligated person with respect to the Bonds within the meaning of the Rule.

Section 6. Amendment. This Disclosure Certificate may be amended by the County in its discretion provided that (i) the amendment may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature, or status of the County as the obligated person with respect to the Bonds, or type of business conducted; (ii) the Disclosure Certificate, as amended, would have complied with the requirements of the Rule at the time of the issuance of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and (iii) the amendment does not materially impair the interests of holders of the Bonds, as determined by counsel selected by the County that is experienced in federal securities law matters, or by an approving vote of the holders of 100% of the outstanding aggregate principal amount of the Bonds. The reasons for any amendment and the impact of the change in the type of operating data or financial information being provided will be explained in information provided with the annual financial information containing the amended operating data or financial information.

Section 7. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the County from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any disclosure made pursuant to Section 3(a) or (b) hereof or notice of occurrence of a Listed Event in addition to that which is required by this Disclosure Certificate. If the County chooses to include any information in any disclosure made pursuant to Section 3(a) or (b) hereof or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Certificate, the County shall have no obligation under this Disclosure Certificate to update such information or include it in any future disclosure made pursuant to Section 3(a) or (b) hereof or notice of occurrence of a Listed Event.

Section 8. Law of Maryland. This Disclosure Certificate, and any claim made with respect to the performance by the County of its obligations hereunder, shall be governed by, subject to, and construed according to the laws of the State of Maryland or the federal law of the United States of America.

Section 9. Limitation of Forum. Any suit or other proceeding seeking redress with regard to any claimed failure by the County to perform its obligations under this Disclosure Certificate must be filed in the Circuit Court for Wicomico County, Maryland.

Section 10. Limitation on Remedies. The County shall be given notice at the address set forth below of any claimed failure by the County to perform its obligations under this Disclosure Certificate, and the County shall be given 45 days to remedy any such claimed failure. Any suit or other proceeding seeking further redress with regard to any such claimed failure by the County shall be limited to specific performance as the adequate and exclusive remedy available in connection with such action. Written notice to the County shall be given to the Director of Finance, 125 North Division Street, Salisbury, Maryland 21801 or at such other alternate address as shall be specified by the County with disclosures made pursuant to Section 3(a) or (b) hereof or a notice of occurrence of a Listed Event.

Section 11. Relationship to Bonds. This Disclosure Certificate constitutes an undertaking by the County that is independent of the County’s obligations with respect to the Bonds; any breach or default by the County under this Disclosure Certificate shall not constitute or give rise to a breach or default under the Bonds.

Section 12. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the owners and beneficial owners from time to time of the Bonds, and shall create no rights in any other person or entity.

Section 13. MSRB Requirements. All documents provided to the MSRB pursuant to this Disclosure Certificate and the Rule shall be accompanied by identifying information as prescribed by the MSRB.

IN WITNESS WHEREOF, this Continuing Disclosure Certificate is being executed by Wicomico County, Maryland as of date set forth above.

WICOMICO COUNTY, MARYLAND

(SEAL)

By: _____
Julie M. Giordano
County Executive

ATTEST:

Thomas G. Luffman, Jr.
Director of Administration

Schedule A

- (1) Summary of County Revenues and Expenditures (generally in the format of the chart on page 25 of the Official Statement dated _____, 2025 relating to the Bonds (the “Official Statement”))
- (2) Summary of Outstanding Bonded Indebtedness (generally in the format of the chart on page 36 of the Official Statement)
- (3) Assessed Values, Tax Rates, Tax Levies and Collections (generally such information as is provided in the chart on page 31 and the first chart on page 32 of the Official Statement)
- (4) Description of material litigation, if any, based on the accountant’s report contained in the County’s audited financial statements.

Any of the information required by the foregoing items (1) through (4) may be set forth in the document containing the County’s audited financial statements, including, without limitation, in the notes to, or required or other supplementary information provided with, such audited financial statements. To the extent such financial information or operating data is provided with or in the document containing the County’s audited financial statements, such provided financial information or operating data may not be in the same format as the applicable charts set forth in the Official Statement and/or may contain details that were not included in the charts referenced above that were included in the Official Statement and may only be presented with respect to the most recently completed fiscal year.