

CHARLES COUNTY MARYLAND

ANNUAL COMPREHENSIVE FINANCIAL REPORT



For the Fiscal Year Ended June 30, 2021

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CHARLES COUNTY, MARYLAND

ANNUAL COMPREHENSIVE FINANCIAL REPORT For the Fiscal Year Ended June 30, 2021

Prepared by:
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The County Commissioners of Charles County, Maryland
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Introductory Section

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CHARLES COUNTY GOVERNMENT
Office of the County Administrator

Mark Belton
County Administrator

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January 18, 2022

To the Honorable Charles County Commissioners and
The Citizens of Charles County, Maryland

The Annual Comprehensive Financial Report of Charles County, Maryland for the Fiscal Year ended June 30, 2021, is hereby submitted as mandated by both local ordinances and state statutes. These ordinances and statutes require that Charles County annually issue a report of its financial condition and that this report be audited by an independent firm of licensed Certified Public Accountants. Responsibility for the accuracy of the County's financial records, including all required disclosures, rests with management. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner that presents fairly the financial position and results of operations of the various funds and component units of Charles County Government. All disclosures necessary to enable the reader to gain an understanding of the County's financial activities have been included.

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

The County's financial statements have been audited by CliftonLarsonAllen, Certified Public Accountants. The goal of the independent audit was to provide reasonable assurances that the financial statements of the County for the fiscal year ended June 30, 2021, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the County's financial statements for the year ended June 30, 2021, are fairly presented in conformity with U.S. generally accepted accounting principles (GAAP). The report of Independent Public Accountants is presented as the first component of the financial section of this report.

The County is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act of 1984 (as amended in 1996) and the provisions of the U.S. Office of Management and Budget (OMB) Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards (Uniform Guidance). Information related to this single audit, including a schedule of expenditures of federal awards, the independent auditor's reports on internal controls and compliance with applicable laws and regulations, and a schedule of findings and questioned costs are included in a separately issued single audit report.

GASB requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be used in conjunction with it. The County's MD&A can be found immediately following the report of the independent auditors.

Profile of the Charles County Government

Charles County, Maryland was created in 1658 by an Order in Council. The County was named for Charles Calvert (1637-1715), 3rd Lord Baltimore. Calvert lived in Maryland from 1661 until he returned to England in 1684. He was Proprietor of the Maryland colony from 1675 to 1689, when he lost his right to govern. From 1692 until Calvert's death in 1715, Maryland was governed as a royal colony.

Form of Government. The County operated under the Commissioner form of government until March 2003 when the Code Home Rule form of government was adopted. Policy-making and certain legislative authority are vested in the Board of County Commissioners consisting of five Commissioners who are elected for four-year terms. The President of the County Commissioners, who must declare his or her candidacy at the time of filing, is elected County-wide and may reside anywhere within the County. The other four Commissioner members also run County-wide, but one must reside within each of the four Commissioner districts. The President serves on a full-time basis and the other Commissioners serve in a part-time capacity. The Board meets as needed at the Charles County Government Building in La Plata, Maryland. Other elected officials in the County include four Resident Judges of the Circuit Court, Clerk of the Circuit Court, States Attorney, Sheriff, Register of Wills, Judges of the Orphans' Court (three), and members of the County Board of Education (seven).

The County serves an estimated population of 161,503 as of the 2018 Census and provides a full range of municipal services enacted by statute or charter. These include public safety, education, sanitation, transportation, public health, social services, recreation, public improvements, planning and zoning, and administrative services. The three incorporated municipalities within the County are La Plata, Indian Head and Port Tobacco. These entities are independent of the County and, as such, are not included in this report.

Component Units. The County is financially accountable, among other criteria, for a legally separate school system and a legally separate library system. Both of these entities are reported separately within the County's financial statements.

Location. Charles County, Maryland, located on the Southern Maryland Peninsula between the Patuxent River and the Potomac River, adjoins Prince George’s County on the north and west and St. Mary’s County on the southeast. It occupies 502 square miles, of which 458 are land and 44 are waters.

The town of La Plata, the County seat, is 71 miles from Baltimore, and 32 miles from Washington, D.C. The County’s executive offices are located in the County Government Building, 200 Baltimore Street, La Plata, Maryland 20646.

Budget. The annual budget serves as the foundation for the County’s financial planning and control. The County Commissioners are required to adopt a final budget no later than June 30th of the current fiscal year. The budget is prepared by fund, function, and department. Department heads may make inter-category transfers up to \$2,000 within a department, with approval by the Fiscal & Administrative Services Director. Transfers between \$2,001 and \$15,000 require the approval of the County Administrator, between \$15,001 and \$35,000 require the approval of the President of the County Commissioners and transfers over \$35,000 require the majority approval of the full Board of Commissioners. Transfers between departments require the special approval of the County Administrator or the Board of Commissioners depending on the dollar amount. Approval authority for an increase or decrease to total budget up to \$15,000 is delegated to the President of the County Commissioners, and in excess of \$15,000 requires majority approval of the Board of Commissioners.

Budget-to-actual comparisons are provided in this report for the General Fund for which an appropriated annual budget is adopted. This comparison is presented on page 118 as part of the required supplementary information.

Economic Condition and Outlook

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

Local Economy. Charles County, a suburb of Washington, D.C. is part of the Washington, D.C. Metropolitan Statistical Area (MSA). The County has the 5th highest household income in the state of Maryland and the 38th highest median household income in America. Charles County has been one of the fastest growing counties in Maryland. The U.S. Census Bureau’s 2020 Population Estimate states Charles County has a majority African American population of 50.1%, making Charles County the nation’s wealthiest majority African American county, overtaking Prince George’s County, Maryland

Naval Support Facility (NSF) Indian Head is one of the County’s largest employers and economic drivers, with 3,800 civilian, military and contract employees in FY 2021. Other major county employers include population-serving agencies and organizations including the Charles County Board of Education, the College of Southern Maryland, Charles County Government, University of MD Regional Medical Center, Wal-Mart/Sam’s Club, Waldorf Chevy/Cadillac, Honda, Ford, Toyota/Scion, Dodge and Southern Maryland Electrical Cooperative (SMECO), the regional electrical utility.

The County has a civilian labor force (16 years and older) of 83,685 with another 1,704 residents in the Armed Forces. The civilian workforce in Charles County continues to reflect the large number of educated working professionals that are moving into the County. The County median household income

is \$100,003. The average unemployment rate for 2020 was 6.7% according to the Maryland Department of Labor. The top occupation groups for County residents (civilian employed population 16 years and over by number employed) are as follows:

- Management, business, science, and arts occupations (42.0%)
- Sales and office occupations (21.7%)
- Service occupations (17.9%)
- Natural resources, construction, and maintenance occupations (9.7%)
- Production, transportation, and material moving occupations (8.6%)

As indicated in the following table, employment in the County decreased from 42,064 in 2015 to 41,320 in 2019, a loss of 744 jobs and a 1.8% decrease in total employment. The loss of jobs in this timeframe were in the State Government, services, transportation, communication industry and construction category.

Five-Year Employment Statistics
Persons Employed by Industry

	2015	2016	2017	2018	2019	% Change '15 to '19
GOVERNMENT						
Federal	2,205	2,276	2,292	2,352	2,501	13.4%
State	577	557	550	549	541	-6.2%
Local	6,796	6,822	6,873	7,093	7,047	3.7%
Subtotal	<u>9,578</u>	<u>9,655</u>	<u>9,715</u>	<u>9,994</u>	<u>10,089</u>	5.3%
INDUSTRY						
Services, Transportation, Communication & Utilities	28,181	28,158	27,150	26,897	27,105	-3.8%
Construction	3,612	4,419	4,155	3,873	3,471	-3.9%
Manufacturing	649	635	597	616	624	-3.9%
Other	44	35	31	30	31	-29.5%
Subtotal	<u>32,486</u>	<u>33,247</u>	<u>31,933</u>	<u>31,416</u>	<u>31,231</u>	-3.9%
Total	<u><u>42,064</u></u>	<u><u>42,902</u></u>	<u><u>41,648</u></u>	<u><u>41,410</u></u>	<u><u>41,320</u></u>	-1.8%

Source: Maryland Department of Labor, Licensing and Regulation.

The County's unemployment rates have remained lower than that of the nation and the state.

Average Annual Unemployment Rate

	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Calvert County	3.9%	3.7%	3.5%	3.2%	5.2%
Charles County	4.3	4.1	3.9	3.6	6.7
Frederick County	3.9	3.7	3.5	3.2	5.9
Montgomery County	3.5	3.4	3.2	2.9	6.3
Prince George's County	4.5	4.3	4.1	3.8	8.2
St. Mary's County	4.3	4.1	3.8	3.3	4.8
State of Maryland	4.5	4.3	3.9	3.6	6.8
United States ¹	4.9	4.4	3.9	3.7	8.1

1 U.S. Department of Labor, Bureau of Labor Statistics.

Source: Maryland Department of Labor, Licensing and Regulation, Office of Labor Market Analysis and Information; U.S. Bureau of Labor Statistics.

Charles County has experienced a continued increase in population each year. The Census of 1990 showed the County’s population at 101,154. The 2000 Census put the County’s population at 121,204. The Census of 2010 puts the County’s population at 146,551. The increase from 1990 to 2010 is 44.9%. The 2020 estimated County population is approximately 166,072. It is projected that population growth within the County will continue at a steady but moderate rate.

Relevant Financial Policies. The County Commissioners have formalized several financial policies to address their long-term and short-term concerns. Several of these are as follows:

1. Review and approve five-year comprehensive plans for operating and capital budgets for all major funds. By establishing long range plans, the County measures the fiscal impact of today’s decisions on tomorrow’s outcomes.
2. An annual review of all programs that operate on an enterprise fund basis is prepared to ensure that the revenues for such programs continue in a self-supporting nature. By doing so, the Commissioners relieve the pressure of funding such programs on the general taxpayer. Major programs include Solid Waste, Water & Sewer, Stormwater/Watershed Protection & Restoration, Environmental Service, Recreation Programs, and Inspections & Review.
3. Regular reports are prepared for most major operations comparing year-to-date activity and year-end estimates with budget and prior year actual results. The review alerts the Board of County Commissioners to any financial problems that may require action, or operating surpluses that could be reinvested for program improvements.
4. When needed, the County will advance the State of Maryland’s share for school construction to provide adequate classroom space, only when assurances are given by the State that the County will be reimbursed. All advanced projects have been reimbursed by the State.

5. Established a Fund Balance policy adopted on March 9, 2010 and last updated on September 25, 2019:
 - a. This policy will ensure the County maintains a prudent level of financial resources to protect against reducing service levels or raising taxes and fees because of temporary revenue shortfalls or unexpected one-time expenditures.
 - b. The fund balance range for the General Fund shall not be less than 8% and not more than 15% of the total budgeted operating revenues of the General Fund budget.
 - c. The fund balance of the Water and Sewer Operating Budget associated with the Department of Public Works – Utilities shall not be less than 30 days and not more than 120 days of the total budgeted operating expenses of the Utilities Operating Fund at the end of each fiscal year.
 - d. A surplus of 15% of the General Fund shall be designated or appropriated during the next fiscal year. The first priority would be to cover any shortfalls within Special Revenue Funds. Water and Sewer surplus may be reserved for one-time capital needs. Surplus funds can be utilized to reduce or avoid debt, one-time expenditures such as capital outlay, capital project or operating needs, or to stabilize taxes, rates and fees.
 - e. A shortfall is to be rebuilt through the following mechanisms: distribution of surplus from other related funds or appropriation during the next three annual budget cycles of at least 20% of the shortfall. If this is financially unfeasible, a written plan shall be forwarded by the County Administrator to the Board of Commissioners for approval to restore the required range. This plan may require reduction of services, increased taxes, fees or rates.

6. Established a Debt policy adopted on September 22, 2009 and was last amended on January 23, 2018:
 - a. Authority to Issue Debt – The County may only issue general obligation and revenue bonds under the authority conferred by the Maryland General Assembly. As a Code Home Rule county, the County may also authorize the issuance of general obligation and revenue bonds by a public local law enacted by the County Commissioners. There are no statutory limits on the amount of general obligation or revenue bonds that may be authorized by the County Commissioners. The County may issue economic development revenue bonds under State law which provides that such bonds shall not constitute indebtedness or charge against the general credit of taxing power of the County. The County may issue bonds necessary to finance the cost incurred to construct new capacity for public school facilities. The debt service on these bonds is paid for by a special tax assessment (excise tax) on new home starts after June 30, 2003, payable over a 10-year period. The County may issue general obligation bonds to finance water systems, sewerage systems, solid waste disposal systems and solid waste acceptance systems in the Waldorf Taxing District One, the Mattawoman Special Taxing District Number Two, and Special Taxing District Number Three.

- b. Debt Issue Guidelines – Long-term borrowing will not be used to finance current operations or normal maintenance. All debt issued, including lease purchases, will be repaid within a period not to exceed the useful life of the asset or the improvement financed by the debt. General Fund debt service payment levels will be maintained not to exceed 8% of operating revenues. The County will seek to maintain and, if possible, improve current bond ratings in order to minimize borrowing costs. The General Obligation debt issuance will be managed on an annual basis to match funds to the CIP cashflow requirements.
- c. Debt Capacity – The five-year financial plan will help determine the amount of debt that can be issued while maintaining an 8% debt service ratio.

Long-term Financial Planning. The County implements five-year financial forecast models for all major funds to aid with both operating and capital budget plans. Our financial models have the ability to adjust current and future revenues to fulfill the desired service level requirements. The outcome of compiling financial plans is to determine the amount of additional debt that the County can issue over a five-year period in order to make fiscally sound management decisions as it relates to future infrastructure.

During Fiscal Year 2021, the County held a bond sale in November 2020 with total proceeds of \$82.9 million: \$52 million of new money and \$30.9 million used to refund certain 2011 to 2015 bond issues. The refunding bonds were used to retire existing bonds with higher interest rates for a total interest savings of \$2.2 million. The County’s debt service levels have remained well below the legal debt margin for the past several years as a direct result of the extensive financial planning that is conducted from both a capital and operating budget perspective. The Commissioner’s target debt ceiling limit of 8% provides a sturdy framework from which to make long-term financial decisions.

Major Initiatives. The County’s Fiscal Year 2022 budget continues to reflect long-range goals to improve the overall quality of life in Charles County. The Commissioners receive regular updates on the five goals. Each goal is presented to the Commissioners twice a year during a Commissioner meeting. The County’s annual Budget Book provides additional detail at the departmental level on efforts to achieve the following stated goals:

- Economic Development
 - Commercial Development
 - Industry Diversification
 - Infrastructure/Services
- Institutional Government & Policy
 - Operational Excellence
 - Public Policy
- Environment
 - Conservation Programs
 - Natural Resource Management

Environmental Management

- Education
 - Board of Education
 - Workforce Development (County)

- Quality of Life
 - Public Safety
 - Healthcare
 - Recreation & Entertainment
 - Affordable/Workforce Housing

Also, as part of strengthening the County’s position, several major economic development projects are recently completed or currently underway. Charles County, Maryland is the site of a new Amazon Last Mile Delivery Station. The facility occupies three existing industrial properties including a 191,746-square-foot warehouse/distribution building that had been vacant since 2010. Two other parcels are used for employee parking and storage of delivery vehicles. The three properties total almost 32 acres with over 290,000 square feet of existing industrial space. Amazon’s new Waldorf facility employs roughly 500 people.

Waldorf Station is a proposed 145-acre mixed-use project in Waldorf, Maryland at the intersection of U.S. Route 301 and Maryland Route 5 (the primary gateway into the County). Construction on the mixed-use project is projected to start in calendar year 2022. The developer, Greenburg Gibbons, has submitted a building program that includes the following land uses: 181 one-bedroom apartments; 339 two-bedroom apartments; 125 senior/assisted living units; 278 townhomes; 226,500 square feet of retail/food and beverage/entertainment; a 60,000-square-foot Class “A” office building; and a 120-room hotel. A fiscal impact analysis prepared by EDD shows an estimated value of the project of approximately \$346.7 million at build-out and stabilization, generating an estimated \$5.9 million in annual municipal revenues and \$4.3 million in annual municipal costs, for an annual surplus of \$1.6 million in 2019 dollars. The Charles County Planning Commission and the County Board of Commissioners have approved a development agreement with Greenberg Gibbons. Concurrent with the construction of Waldorf Station will be the completion of the final phase of Western Parkway, which will link the St. Charles Towne Center in south Waldorf to U.S. 301 at Waldorf Station.

The MedStar Shah Medical Group has opened two ambulatory medical office buildings in Charles County to house their expanding operations. The main building will be a 51,000-square-foot, three-story facility that will replace an existing building at 10 Saint Patrick’s Drive in Waldorf. The second building will be a new, 20,000-square-foot facility to be constructed in the Waldorf Technology Center at Berry Road and U.S. 301. This facility opened in late 2020.

In December of 2020, Kaiser Permanente announced plans to develop a \$100 million medical center in Waldorf. The health system plans to build a multi-phase medical center on a 23-acre parcel with the first phase to open in 2025. The facility will be approximately 100,000 square-feet and employ about 300 medical personnel. The medical center will include primary and specialty care, as well as 24/7 advanced urgent care. These clinical services would be supported by a full complement of ancillary departments including pharmacy, clinical lab, and diagnostic imaging.

The Economic Development Department has been working with the Town of Indian Head and community stakeholders to support redevelopment of underutilized and vacant properties along the Maryland Route 210 Corridor. The College of Southern Maryland's (CSM) "Velocity Center" – which opened in the Fall of 2020, with actual programming and activities delayed until 2021. The center is now operational and is living up to its potential as a catalyst for additional redevelopment and economic activity in the Town of Indian Head. The facility has already attracted the attention of DOD-related non-profit organizations and for-profit companies. The United States Bomb Technology Association (USBTA) has moved personnel to Indian Head, and will hold membership events in the Velocity Center and other venues in the County, bringing significant direct spending from conference activities and attendees. USBTA will lease office space in a former 30,000 square foot retail center that is currently under renovation to become the Maryland Technology Center (MTC). Four companies have announced their intent to co-locate with USBTA, and another has leased additional office space at MTC, which is directly across the road from the Velocity Center.

In summary, the Fiscal Year 2022 economic outlook for the County remained stable. Operating revenues should increase approximately 3.9%. Property Taxes are expected to increase 2.7% and Income Tax revenue is budgeted to increase 5.7% adjusting to actuals. Recordation Tax and Transfer Taxes are budgeted to increase 11.1% and 12.4% respectively.

Awards and Acknowledgements

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Charles County, Maryland for its annual comprehensive financial report for the year ended June 30, 2020. This is the nineteenth consecutive year that the County has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized annual comprehensive financial report. This report must satisfy both generally accepted accounting principle in the United States of America and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current annual comprehensive financial report continues to meet the Certificate of Achievement program's requirements, and we are submitting it to the GFOA to determine its eligibility for another Certificate.

The preparation of the annual comprehensive financial report was made possible by the dedicated services of the staff of the Department of Fiscal & Administrative Services, Accounting Division. Each member of the Department of Fiscal & Administrative Services, as well as members of other Departments who assisted and contributed information, has our sincere appreciation for their efforts.

We would also like to thank the County Commissioners for their leadership role and support in planning and conducting the financial operations of the County in a responsible and progressive manner.

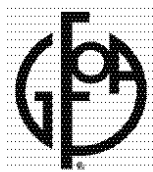
Respectfully submitted,



Jenifer M. Ellin
Director of Fiscal & Administrative Services



William G. DeAtley
Chief of Accounting



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**Charles County Government
Maryland**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2020

Christopher P. Morrill

Executive Director/CEO

CHARLES COUNTY, MARYLAND
GOVERNMENTAL ORGANIZATION
CERTAIN ELECTED AND ADMINISTRATIVE OFFICIALS
As of June 30, 2021

CERTAIN ELECTED OFFICIALS

President, County Commissioners
County Commissioners

Reuben B. Collins, II, Esq.
Gilbert O. Bowling, III
Thomasina O. Coates, M.S.
Bobby A. Rucci
Amanda M. Stewart, M.Ed.

County Sheriff

Troy D. Berry

CERTAIN ADMINISTRATIVE OFFICIALS

County Administrator
Deputy County Administrator
County Attorney
Director of Fiscal & Administrative Services
Director of Planning & Growth Management
Director of Emergency Services
Director of Public Works
Director of Recreation, Parks & Tourism
Director of Community Services
Director of Human Resources
Director of Economic Development

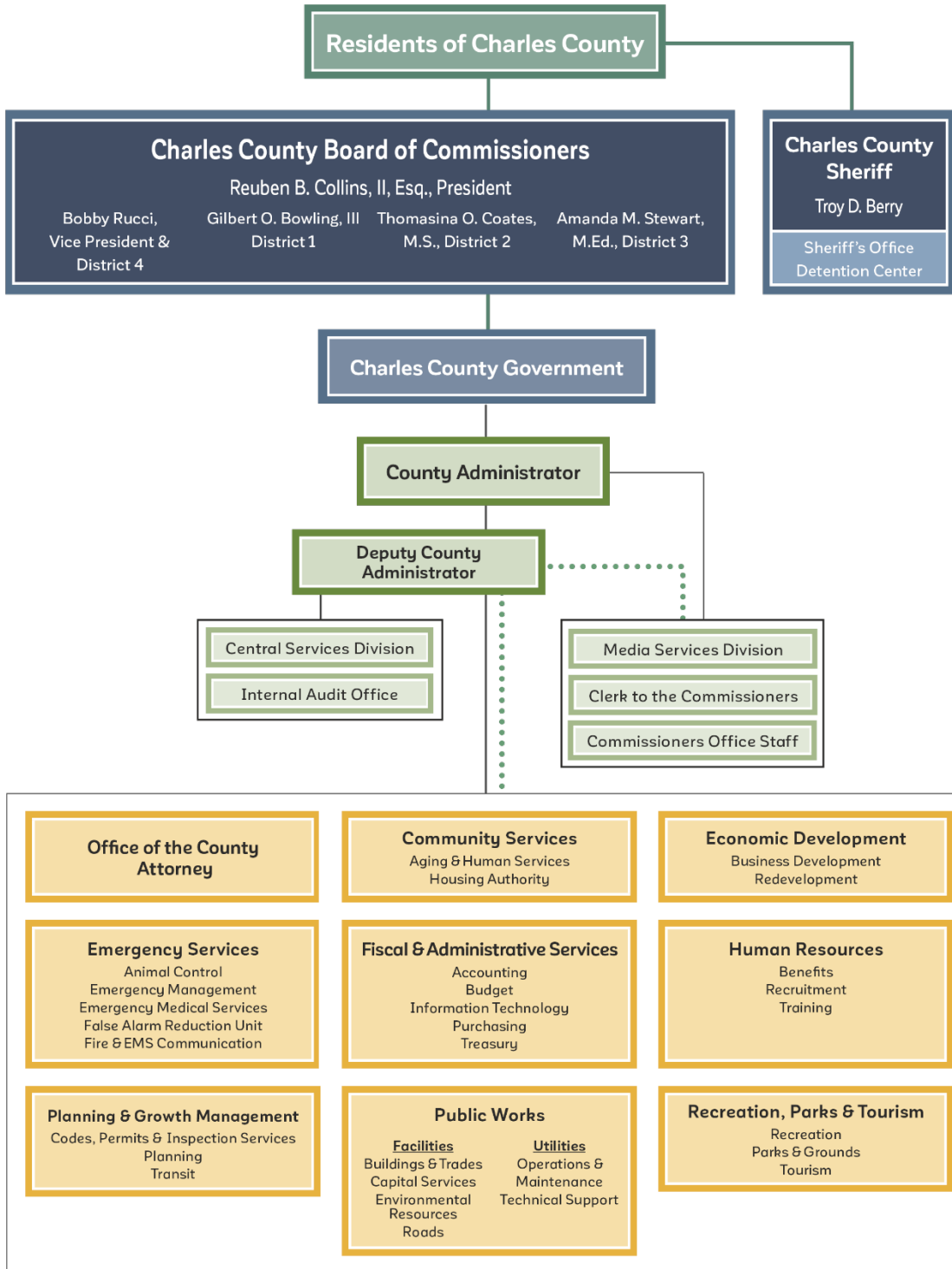
Mark J. Belton
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Wes Adams
Jenifer M. Ellin
Deborah A. Carpenter
Michelle Lilly
William A. Shreve, Sr.
Eileen B. Minnick
Dina M. Barclay
Alexis B. Blackwell
Vacant

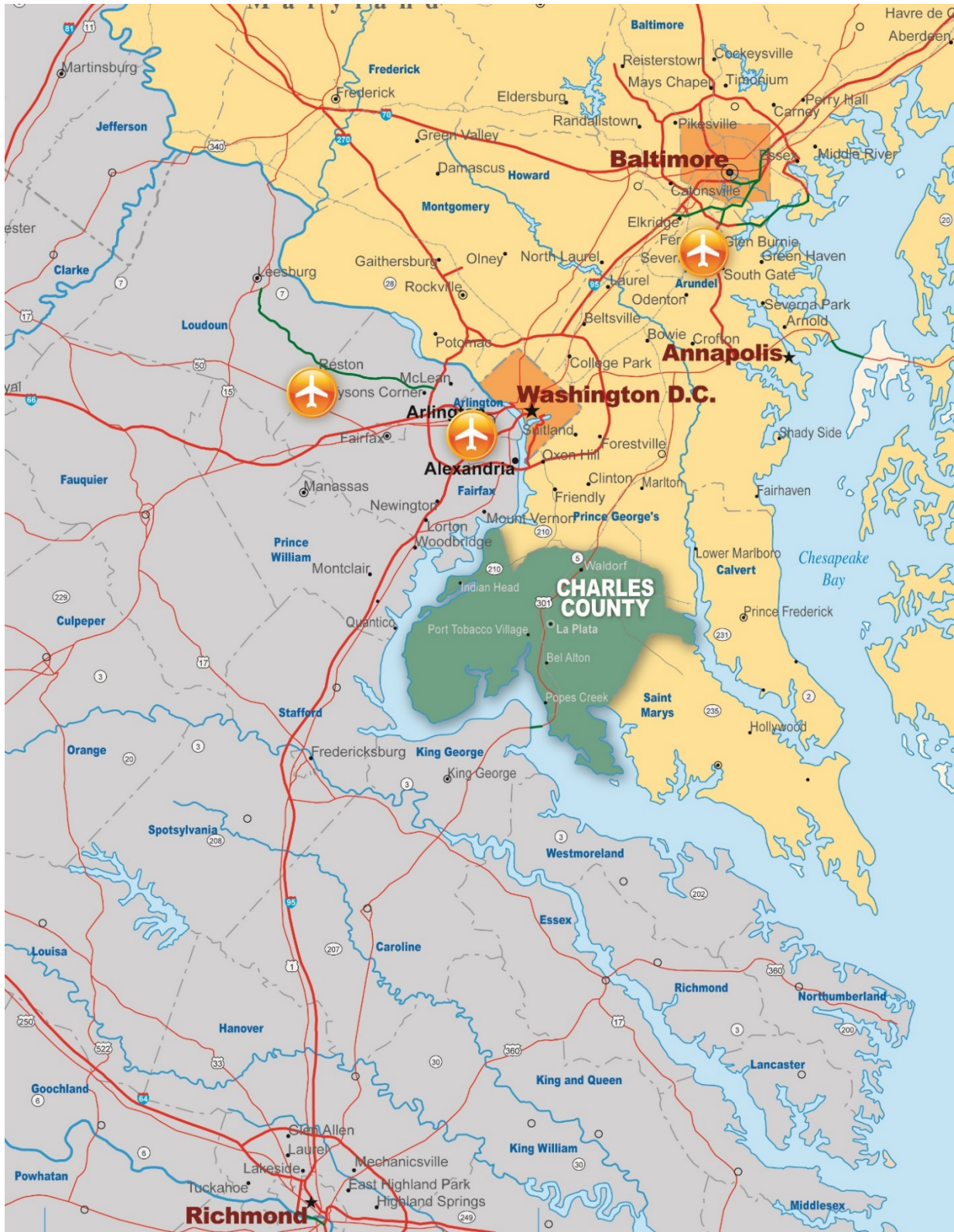
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Bond Counsel
McGuire Woods LLP
500 East Pratt Street,
Suite 1000
Baltimore, MD 21202

Financial Advisor
Davenport & Co., LLC
8600 LaSalle Road,
Suite 618
Towson, MD 21286





Charles County Government

Our Mission

The mission of the Charles County Government is to provide our citizens the highest quality of service possible in a timely, efficient, and courteous manner. To achieve this goal, our government must be operated in an open and accessible atmosphere, be based on comprehensive long and short-term planning, and have an appropriate managerial organization tempered by fiscal responsibility. We support and encourage efforts to grow a diverse workplace.

Our Vision

Charles County is a place where all people thrive and businesses grow and prosper; where the preservation of our heritage and environment is paramount; where government services to its citizens are provided at the highest level of excellence; and where the quality of life is the best in the nation.

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Financial Section

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INDEPENDENT AUDITORS' REPORT

Commissioners of Charles County, Maryland
La Plata, Maryland

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County Commissioners of Charles County, Maryland (the County), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Board of Library Trustees for Charles County, which represent 0.4 percent, (1) percent, and 1 percent, respectively, of the assets and deferred outflows, net deficit, and revenues of the aggregate discretely presented component units. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Board of Library Trustees for Charles County, is based solely on the report of the other auditors.

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are

appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County as of June 30, 2021, and the respective changes in 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.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the schedule of revenues, expenditures, and changes in fund balance-budgetary to actual-General Fund, the schedule of the County's Plan Contributions and the Schedule of the Changes In The County's Plan Net Pension Liability And Related Ratios, the schedule of Sheriff's' Office Retirement Plan Employer Contributions and the schedule of the changes in the Sheriff's' Office Retirement Plan Net Pension Liability And Related Ratios, the schedule of County Contributions and the schedule of County's OPEB pension liability and related ratios, and the changes in the County's LOSAP plan net pension liability as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information


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

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 26, 2022 on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the County's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.



CliftonLarsonAllen LLP

Baltimore, Maryland
January 26, 2022

Management's Discussion and Analysis (MD&A)

Our discussion and analysis of the financial performance of Charles County, Maryland (the County) provides an overview of the County's financial activities for the Fiscal Year ended June 30, 2021. We encourage readers to use the information presented here in conjunction with the financial statements (beginning on page 38), and the accompanying notes to those financial statements (beginning on page 59).

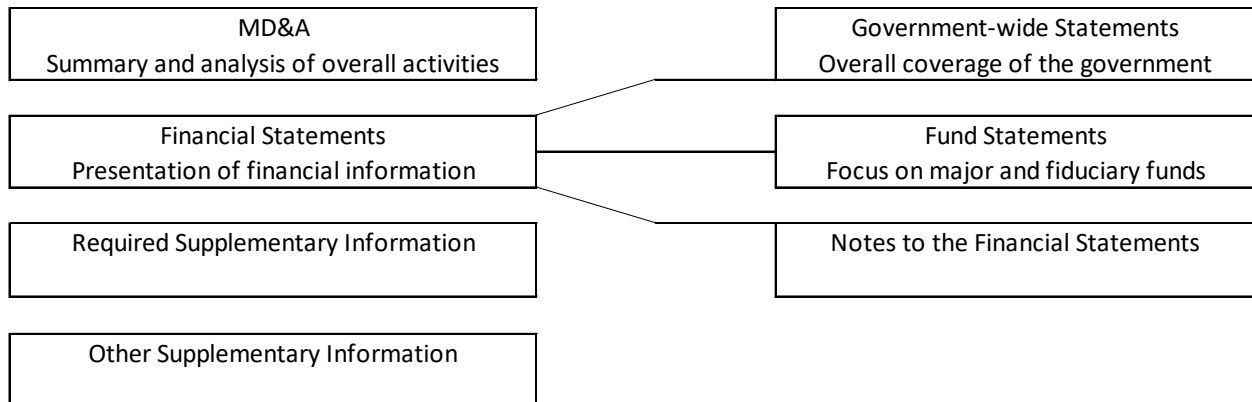
Financial Highlights

- The government-wide assets and deferred outflows of resources of Charles County exceeded its liabilities and deferred inflows of resources at the close of the current fiscal year by \$473.0 million (net position).
- The County's statement of activities change in net position was an increase of \$75.1 million.
- As of the close of the current fiscal year, Charles County's governmental funds reported a combined ending fund balance of \$273.1 million, an increase of \$29.3 million from the prior year as stated on page 42. Approximately 1.0% of this total amount is classified as Non-spendable fund balance, or \$2.7 million. Much of the total is classified as Restricted, Committed or Assigned fund balance, or \$268.1 million.
- For Fiscal Year 2021, the total Fund Balance for the General Fund equaled \$152.6 million, as shown on page 42. Of that total, \$138.8 million is represented as Committed Fund Balance, including the Fund Balance Policy Target of \$68.4 million. The County's Fund Balance Policy sets a goal to maintain a minimum reserve of 8% of operating revenues.
- A General Fund balance appropriation of \$11 million was approved during the year, however favorable expense budget savings negated the use of Fund Balance. In addition, there was greater than budget revenues primarily from Income Taxes, Recordation Taxes, and Transfer Taxes which exceeded the budget by a combined \$30.2 million and helped to offset shortfalls in Property Taxes. As a result, instead of a budgeted Fund Balance decrease of \$11 million, an increase of approximately \$32.5 million was experienced.

Overview of the Financial Statements

This management's discussion and analysis is intended to serve as an introduction to the County's financial statements. Charles County's financial statements include three components: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements. This report also contains required and other supplementary information in addition to the financial statements themselves. The diagram on the next page illustrates how each element of the statements can be used to enhance the overall understanding of the information presented.

Financial Statement Presentation



Government-wide financial statements (Reporting on the County as a Whole)

The government-wide financial statements are designed to provide readers with a broad overview of Charles County Government’s finances, in a manner similar to that of a private-sector business. The Statement of Net Position and the Statement of Activities are prepared using the accrual basis of accounting.

The Statement of Net Position presents information on all County assets, deferred outflows, deferred inflows, and liabilities, with the difference between the two reported as net position. Historical trending of these increases and decreases in net position may serve as a useful indicator of whether the financial position of the County is improving or deteriorating.

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

The pair of government-wide financial statements distinguish functions of the County that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the County include general government, public safety, education, highway and street maintenance, health, parks, and recreation. The business-type activities of the County include water and sewer services, solid waste management, environmental services (recycling) programs, watershed protection and restoration, recreation programs, vending, and development services (plan inspection and review).

The government-wide financial statements include not only the operations of Charles County Government itself (known as the primary government), but also the legally separate organizations of the Board of Education of Charles County, Maryland, and the Board of Library

Trustees for Charles County, Maryland (component units). The financial information for these component units is reported separately from the financial information presented for the primary government. The government-wide financial statements can be found on pages 38-41 of this report.

Fund financial statements (Reporting on the County's Most Significant Funds)

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The County, like state and other local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the County can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental funds - Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is much narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund Balance Sheet and the governmental fund Statement of Revenues, Expenditures, and Changes in Fund Balance provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

Charles County Government maintains twenty-nine individual governmental funds. Information is presented separately in the governmental fund Balance Sheet and in the governmental fund Statement of Revenues, Expenditures, and Changes in Fund Balance for the General Fund, the Capital Projects Fund, and the Debt Service Fund, which are considered to be major funds. Data from the other twenty-six non-major governmental funds are combined into a single, aggregated presentation in the governmental fund financial statements. The governmental fund financial statements can be found on pages 42-44 of this report.

Proprietary funds - Proprietary funds include internal service funds and enterprise funds. An internal service fund is an accounting device used to accumulate and allocate costs internally among the County's various functions. Charles County does not maintain any internal service funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The County uses enterprise funds to account for its water and sewer services, solid waste management, environmental services programs, watershed protection and restoration, some recreational programs, vending and inspection and review services.

Proprietary fund financial statements provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Water and Sewer Fund, the Solid Waste Fund, and the Stormwater Protection Fund, which are considered major funds of the County. The remaining four

enterprise funds are combined into a single, aggregated presentation in the proprietary fund financial statements. The proprietary fund financial statements can be found on pages 46-49 of this report.

Fiduciary funds - Fiduciary funds are used to account for resources held for the benefit of parties outside the County. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the County's own programs. Fiduciary funds include four fund types - pension trust funds, investment trust funds, private-purpose trusts, and custodial funds. The County does not maintain any investment trust funds or private-purpose trusts. The three trust funds maintained by the County are the County Employees Retirement Plan, the Sheriff's Office Retirement Plan, and the Other Post Employment Benefit (OPEB) Trust plan. The fiduciary fund financial statements can be found on pages 50-51 of this report.

Notes to the financial statements. The notes provide additional information that is essential to developing a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 59-115 of this report.

Required supplementary information. In addition to the financial statements and accompanying notes, this report presents certain required supplementary information that is not considered a part of the financial statements. Included in this section is a budgetary comparison for the General Fund, which demonstrates compliance with the annually adopted budget. This information can be found on pages 118-128 of this report.

Other supplementary information. Other supplementary information includes the Combining Balance Sheet and the Combining Statement of Revenues, Expenditures and Changes in Fund Balance for non-major governmental funds. Also, presented here are the Combining Statement of Net Position, the Combining Statement of Revenues, Expenses, and Changes in Net Position, and the Combining Statement of Cash Flows for the non-major proprietary funds. Lastly, the Combining Statement of Fiduciary Net Position and the Combining Statement of Changes in Fiduciary Net Position are presented. These reports can be found on pages 129-159 of this report.

Government-wide Financial Analysis

As noted earlier, trend analysis of net position may serve as a useful indicator of a government's financial position. In Charles County, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$472.9 million at the close of the most recent fiscal year, as shown in the summary schedule of net position on the table below.

By far the largest portion of Charles County's net position, \$407.8 million, reflects its net investment in capital assets (e.g., land, buildings, infrastructure, machinery, and equipment), less any related outstanding debt used to acquire those assets. The County uses these capital assets to provide services to its citizens; consequently, these assets are not available for future spending. Although the County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since capital assets themselves cannot be used to liquidate these liabilities. An additional portion of the County's net position (9%) represents resources that are subject to external restrictions on how they may be used.

As of June 30, 2021 and 2020
(amounts are presented in thousands)

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Current and other assets	\$ 432,958	\$ 379,533	\$ 98,621	\$ 89,913	\$ 531,579	\$ 469,446
Capital assets, net of depreciation	481,272	473,708	320,968	297,675	802,239	771,383
Total assets	914,230	853,240	419,588	387,589	1,333,818	1,240,829
Deferred Outflows of Resources	37,692	46,508	-	-	37,692	46,508
Total Assets and Deferred Outflows of Resources	951,922	899,748	419,588	387,589	1,371,510	1,287,337
Non-current liabilities	503,692	585,990	160,944	146,382	664,636	732,372
Other liabilities	61,968	48,984	15,217	9,807	77,185	58,792
Total liabilities	565,660	634,974	176,161	156,189	741,822	791,163
Deferred Inflows of Resources	156,760	98,391	-	-	156,760	98,391
Total Liabilities and Deferred Inflows of Resources	722,420	733,366	176,161	156,189	898,582	889,555
Net position:						
Net investment in capital assets	232,812	334,431	175,068	164,597	407,880	499,028
Restricted	34,988	110,656	5,225	3,358	40,213	114,014
Unrestricted	(38,298)	(278,705)	63,133	63,444	24,836	(215,260)
Total net position	\$ 229,502	\$ 166,383	\$ 243,426	\$ 231,399	\$ 472,928	\$ 397,782

Changes in Net Position
Years ended June 30, 2021 and 2020
(amounts are presented in thousands)

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Program revenues:						
Charges for services	\$ 18,946	\$ 14,927	\$ 76,105	\$ 70,320	\$ 95,051	\$ 85,247
Operating grants & contributions	34,546	25,390	1,175	1,216	35,722	26,606
Capital grants & contributions	5,273	3,709	-	73	5,273	3,782
General revenues:						
Property taxes	268,024	255,488	-	-	268,024	255,488
Other taxes	212,808	194,955	-	-	212,808	194,955
Other	12,251	12,656	162	527	12,414	13,183
Total revenues	<u>551,850</u>	<u>507,125</u>	<u>77,442</u>	<u>72,136</u>	<u>629,292</u>	<u>579,260</u>
Program expenses:						
General government	25,801	26,656	-	-	25,801	26,656
Public safety	119,896	102,494	-	-	119,896	102,494
Education	231,261	216,919	-	-	231,261	216,919
Judicial	7,177	7,141	-	-	7,177	7,141
Health	14,029	9,207	-	-	14,029	9,207
Social services	2,970	2,893	-	-	2,970	2,893
Community services	20,188	20,764	-	-	20,188	20,764
Recreation, Parks & Tourism	8,799	8,628	-	-	8,799	8,628
Economic development	1,765	2,014	-	-	1,765	2,014
Public facilities	31,562	64,491	-	-	31,562	64,491
Water and sewer	-	-	41,108	40,996	41,108	40,996
Solid waste	-	-	7,509	6,282	7,509	6,282
Other	23,911	21,869	18,170	18,204	42,080	40,073
Total expenses	<u>487,359</u>	<u>483,076</u>	<u>66,787</u>	<u>65,483</u>	<u>554,147</u>	<u>548,559</u>
Excess(deficit) before transfers	64,491	24,048	10,655	6,653	75,145	30,701
Net transfers	<u>(1,372)</u>	<u>(1,497)</u>	<u>1,372</u>	<u>1,497</u>	<u>-</u>	<u>-</u>
Change in net position	63,119	22,551	12,027	8,150	75,145	30,701
Net position - beginning of year	<u>166,383</u>	<u>143,832</u>	<u>231,399</u>	<u>223,249</u>	<u>397,782</u>	<u>367,081</u>
Net position - end of year	<u>\$ 229,502</u>	<u>\$ 166,383</u>	<u>\$ 243,426</u>	<u>\$ 231,399</u>	<u>\$ 472,928</u>	<u>\$ 397,782</u>

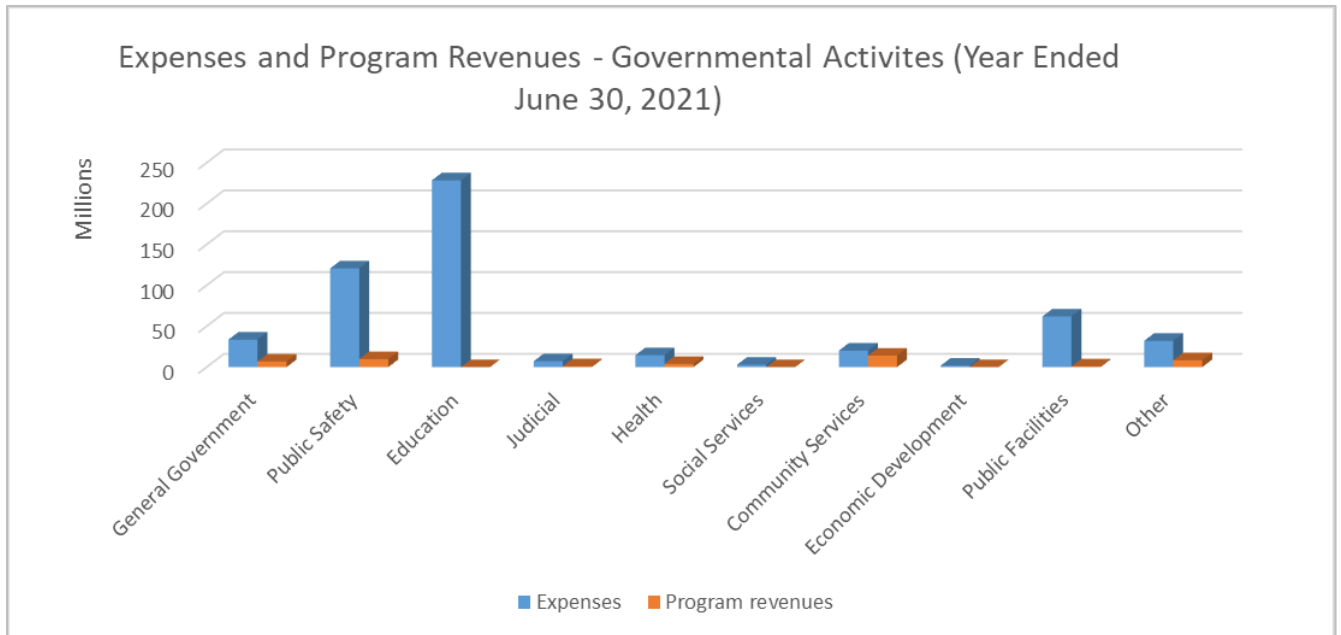
Overall, the financial position of Charles County increased by 19% compared to Fiscal Year 2020. As shown on the table above, total revenues increased from \$579.3 million in Fiscal Year 2020 to \$629.3 million in Fiscal Year 2021. Property taxes increased by \$12.5 million. The County's Other taxes increased by \$17.8 million due to Excise Tax and Income Tax revenue. Program expenses increased from \$548.5 million in FY2020 to \$554.1 million in Fiscal Year 2021. An increase in net position of \$75.1 million was experienced when all funds are combined.

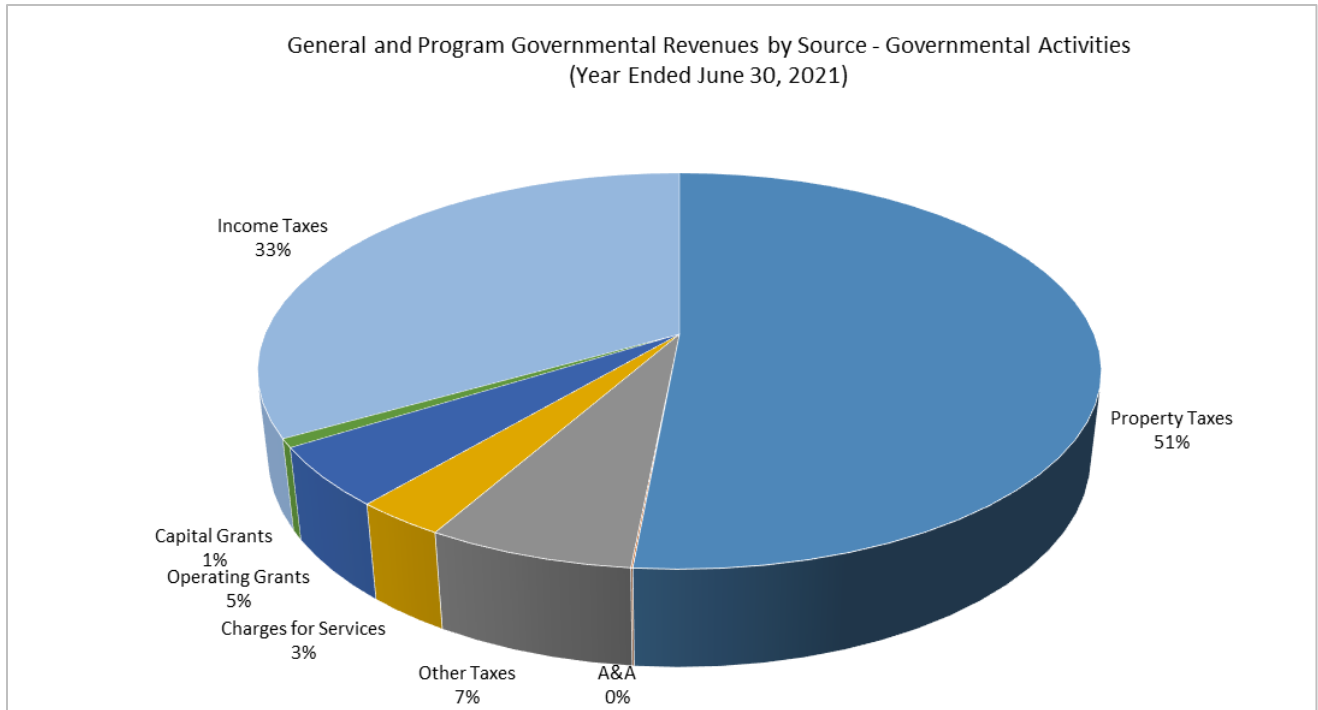
To aid in the understanding of the Statement of Activities (pages 40-41), some additional explanation is given. Of interest is the format of this statement. You will notice that expenses are listed in the first column with revenues from that program reported to the right. The result is a Net (Expenses)/Revenue and Changes in Net Position. The reason for this kind of format is to highlight the relative financial burden of each of the functions on the County's taxpayers. It also identifies how much each function draws from the general revenues, or if the function is self-supporting through fees and grants. It is important to note that all taxes are classified as general revenue even if restricted for a specific purpose.

An increase in overall net position of \$75.1 million was experienced, as indicated on page 41. Total expenses of \$554.1 million were partially offset by program related service fees, grants, and other contributions of \$136.0 million. The remaining \$418.1 million in expenditures were primarily funded through non-program revenue sources, primarily property and income taxes.

Governmental activities. Governmental-type activities, as expected, operated at a \$428.6 million loss, primarily due to Education and Public Safety. As depicted in the bar chart below, Education and Public Safety programs typically have little program revenue, and therefore, rely heavily upon tax revenues to fund the operations. Education and Public Safety required approximately \$342.6 million in non-program revenue.

The County operates many programs on a fee for service basis (business-type activities) in order to help keep the burden on the taxpayer down. Business-type activities account for \$66.8 million of the total \$554.1 million expended, or approximately 12% of the total, and finished the fiscal year with an operating gain of \$12.0 million.





Business-type activities. The Water and Sewer Fund is considered a major fund for reporting purposes. The user fee rate structure is a tiered method. For Fiscal Year 2021, the rates increased for each tier. The residential rate for water is \$4.65 for the first 18,000 gallons, an increase of 4 cents. The second residential rate for water is \$9.30 from 18,001 to 24,000 gallons, an increase of \$.08. The third residential rate for water is \$13.95 for 24,000 gallons and above, an increase of \$0.12. The residential sewer rate is \$9.57 and is capped at 24,000 gallons. The commercial/multi-family rate for water is \$5.58, up 1 cent, and sewer is \$9.57 per 1,000 gallons.

The Solid Waste Fund is considered a major fund for reporting purposes. The County owns and operates a landfill. The primary source of revenue is derived from tipping fees. The fee of \$78 per ton for commercial and residential refuse was increased by \$3 as compared to Fiscal Year 2020. The County has opened the fourth expansion of the existing landfill site to accommodate local County waste.

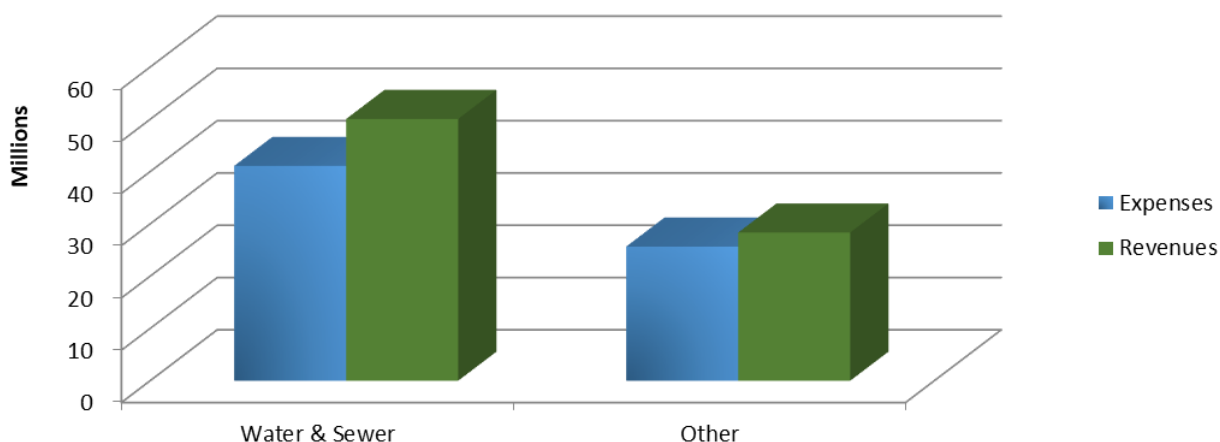
In conjunction with the landfill operation, the County also operates recycling and environmental programs. The recycling operation helps keep reusable items out of the landfill, thus extending the life, which, in turn, defrays the cost of the landfill and defers the need for additional sites. The recycling and environmental programs are funded by an annual user fee of \$124 assessed on each improved property in the County. This was a five dollar increase as compared to Fiscal Year 2020.

On May 2, 2012, the Governor signed into law a requirement that the ten most populated jurisdictions in Maryland establish a watershed protection and restoration program and a stormwater remediation fee by July 1, 2013 (State Law (2012 Session – HB 987)). The main purpose of the program and fee is to provide a funding source to address requirements of the County’s stormwater management permit, issued by the Maryland Department of the Environment. The County was

already funding part of these expenses through a stormwater component of the Environmental Service fee, as mentioned above. The fee established for Fiscal Year 2020 was \$92, an increase of fourteen dollars compared to Fiscal Year 2020. The fee is charged annually to each improved property within the County. The Maryland legislature passed SB 863, the Watershed Protection and Restoration Program, that placed governance on counties and municipalities to regulate their own stormwater fee starting in Fiscal Year 2016.

The Board of County Commissioners is committed to adjusting fees for services to preserve a self-supporting level. User fees get reviewed and changes are recommended on a regular basis during the County’s budgeting process. There are many factors that affect user fee revenue, ranging from weather conditions to citizen participation. For example, unseasonably dry weather creates a greater demand for water, which in turn increases user fee revenue.

Business-type Summary - Expenses and Revenues



Financial Analysis of the County’s Funds

As noted earlier, the County uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. The focus of the County’s governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the County’s financing requirements. For instance, unassigned fund balance may serve as a useful measure of a government’s net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the County’s governmental funds reported combined ending fund balances of \$273.1 million, an increase of \$29.3 million in comparison with the prior year. The general fund increased by \$32.5 million primarily due to tax revenue from income tax and recordation and transfer tax exceeding budget estimates and expenditure savings. The County’s income tax distributions received from the State increased by 14.5%, with no change in the rate from the prior tax filing year. Recordation and transfer tax revenues, which are generated by property sales, grew by 18% due to historical low interest rates that created a seller’s market. The expenditure savings were generated as departments and agencies were focused on utilizing federal CARES Act funding in the

County's response to the public health emergency and due to cancellation of many programs. The non-major special revenue funds increased by \$8.8 million. This was attributed, primarily to the Transportation, LOSAP, and Cable Franchise Funds, as indicated on pages 144-147. The County's governmental fund balances as of June 30, 2021 includes General Fund reserves of \$1.8 million for inventory and Capital Project reserves of \$6.1 million for capital outlay with the balance of funds as indicated on page 93. The governmental fund balances of the County that are committed or assigned include \$16.0 million for income tax reserve and \$68.4 million as the policy target for bond rating.

The General Fund is the chief operating fund of the Charles County Government. At the end of the current fiscal year, non-spendable and restricted fund balance was \$2.8 million, and the committed fund balance, including the policy target, was \$138.8 million. The assigned fund balance for specific purposes was \$8.7 million, while the unassigned fund balance was \$2.3 million, for a total fund balance of \$152.6 million.

The Capital Project Fund experienced a decrease of \$10.5 million during the current fiscal year. The County issues debt annually to fund multi-year capital projects, therefore, a fluctuation in fund balance is to be expected as bond proceeds are used. The Debt Service Fund experienced a decrease of \$1.5 million due to the reduction in Long Term Notes Receivable.

Proprietary funds. Charles County's proprietary fund statements provide the same type of information found in the government-wide financial statements, only in more detail.

Unrestricted net position of the Water and Sewer Fund at the end of the year amounted to \$30.5 million. The unrestricted net position for the County's Solid Waste Fund was \$28.2 million. Unrestricted net position of all proprietary funds was \$63.1 million. There was a total increase in net position for all proprietary funds in the amount of \$12.0 million.

General Fund Budgetary Highlights

The Fiscal Year 2021 General Fund Operating Budget was adopted at \$433.4 million. Budget amendments approved during the year equaled \$6.7 million, increasing the budget to an amended total of \$440.2 million. The Budget provided funds to the local Board of Education exceeding the State mandated "Maintenance-of-Effort" by \$1.7 million to support declining State revenues.

A General Fund balance appropriation of \$11.1 million was approved during the year, however favorable expense budget savings negated the use of fund balance. In addition, there was greater than budget revenues primarily from income taxes, recordation & transfer taxes which exceeded the budget by a combined \$30.2. As a result, instead of a Fund Balance decrease of \$11.1 million, an increase of approximately \$32.5 million was experienced.

Capital Asset and Debt Administration

Capital assets. The County's investment in capital assets for its governmental and business-type activities as of June 30, 2021, amounts to \$802.2 million (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, machinery and equipment, vehicles, and infrastructure. The total increase in the County's investment in capital assets for the

current fiscal year was just around 4.0% (a 1.5% increase for governmental activities and a 7.8% increase for business-type activities).

Capital Assets
(net of depreciation)
June 30, 2021 and 2020
(amounts are presented in thousands)

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Land (not depreciated)	\$ 99,504	\$ 97,926	\$ 2,359	\$ 2,359	\$ 101,863	\$ 100,285
Construction in progress (not depreciated)	49,278	42,239	112,763	105,325	162,041	147,564
Land improvements	16,485	15,710	13,716	6,044	30,201	21,754
Infrastructure	201,870	210,007	156,854	149,418	358,724	359,425
Buildings and improvements	84,771	79,297	6,115	6,578	90,887	85,875
Machinery and equipment	20,812	21,151	25,961	26,108	46,773	47,259
Vehicles	8,550	7,378	3,200	1,843	11,750	9,221
Total	\$ 481,272	\$ 473,708	\$ 320,968	\$ 297,675	\$ 802,239	\$ 771,383

Additional information on the County’s capital assets can be found in Note 3 on pages 80-82 of this report.

Long-term debt. At the end of the current fiscal year, the County had notes and bonds outstanding of \$435.8 million, which are backed by the full faith and credit of the County.

Outstanding Debt
General Obligation Bonds and Notes Payable
June 30, 2021 and 2020
(amounts are presented in thousands)

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
General obligation bonds	\$ 294,421	\$ 289,916	\$ 137,388	\$ 125,083	\$ 431,809	\$ 414,999
Notes payable	-	-	4,028	4,806	4,028	4,806
Total	\$ 294,421	\$ 289,916	\$ 141,416	\$ 129,889	\$ 435,837	\$ 419,805

The County’s total debt during Fiscal Year 2021 increased by \$16.0 million. The issuance of bonds at favorable interest rates combined with the County’s strategic long-term financial policy of primarily 15-year bond terms results in a rapid pay down of debt and has provided the County with the ability to issue new debt without a large negative fiscal impact. Bonds are also issued with 20-year bond terms for certain Road projects and 30-year bond terms for Stormwater Retrofit projects and certain Sewer projects to match the useful life of the asset with bond repayment.

The County recently announced that all three major national bond rating agencies have reaffirmed the County’s strong bond ratings for the fourth consecutive year. Charles County has held the “AAA”, the highest possible, from S&P Global Ratings (formerly Standard and Poor’s) since

2015. Moody's Investors Service has assigned the "Aaa" rating since 2016. Fitch Ratings has rated the County as "AAA" since 2010. S&P Global Ratings noted Charles County's "very strong management, with strong financial policies and practices under our Financial Management Assessment methodology", while Moody's evaluation cited the "Aaa" rating is based on a "The county's strong financial position is supported by long-term financial forecasting and has maintained years of stability" Fitch Ratings referenced "the county as having the highest level of gap closing capacity, due to its sound reserve levels and superior inherent budget flexibility. This flexibility is represented by its solid spending controls and unlimited revenue-raising authority."

The County may issue general obligation and revenue bonds under existing authority conferred by the Maryland General Assembly. As a Code Home Rule county, the County may also authorize the issuance of general obligation and revenue bonds by enacting public local laws. There is no statutory limit on the amount of general obligation or revenue bonds that may be authorized by the County Commissioners. As of the end of Fiscal Year 2021, the County currently has \$199,118,100 of general obligation bond authority.

State statutes limit the amount of general obligation debt a governmental entity may issue for water, sewer, and solid waste infrastructure to ten percent of its total assessed valuation. This debt is typically backed first by revenue bonds from the various enterprise funds and second by the full faith and credit of the County. The current water, sewer, and solid waste debt limitation for Charles County is \$1.9 billion, which significantly exceeds the County's current outstanding general obligation debt related to revenue bonds. Additional information on the County's long-term debt can be found in Note 3 (Item I) on pages 87-91 of this report.

Economic Factors and Next Year's Budgets and Rates

- The Fiscal Year 2022 General Fund Budget was adopted at \$450,350,300, representing a 3.9% increase compared to FY2021.
- In Fiscal Year 2022, the County's largest revenue source, Property Tax, was budgeted at \$247.7 million, representing an increase of 2.7% compared to the Fiscal Year 2021 Adopted Budget. The second largest revenue source, Income Tax, was adopted at \$148.0 million, a 5.7% increase compared to the Fiscal Year 2021 Adopted Budget. Recordation and Transfer taxes were budgeted to increase by \$2.4 million in comparison to Fiscal Year 2021. A Fund Balance appropriation of \$5.8 million was also approved to balance the budget representing a \$700 thousand increase over the adopted FY2021 use of Fund Balance.
- The County experienced a 2.7% increase in property tax assessments and held constant the property tax rates.
- The local Income Tax rate remained the same at 3.03% of Maryland taxable income.
- Expense budgets increased in total by 3.9% compared to the fiscal year 2021 budget. Our largest budget priority is public education. The Board of Education will receive \$200.7 million, \$5.0 million more than fiscal year 2021 budget. The additional funding

exceeded the maintenance of effort level required by state law by \$5 million. The state maintenance of effort law requires each county to provide the same amount of funding, on a per pupil basis, as they did the prior year. This additional investment equates to a 4.7% increase in per pupil funding. The Sheriff's Office and related functions will receive \$100.9 million, a 4.7% increase compared to fiscal 2021 to support hiring two new sworn officers, provides funding to begin the Agency's preparation for the issue of body worn cameras that will be required for every police department in Maryland by 2025, and a new position to assist with employee mental health. Our steady and consistent investment in public safety has reduced crime and ensured a safer community for everyone who works, lives, and visits here. Other highlights include funding to support the VanGO pilot program, providing funding towards new investments in criminal justice initiatives, the full year impact of a new emergency services crew in Waldorf that was approved for fiscal 2021, a new resident communication software for the County Commissioners, four new contractual positions for community outreach workers within the Charles County Department of Health, and funding to support the Department of Planning and Growth Management efforts in updating the zoning ordinance and to support climate resiliency initiatives. The budget meets our debt obligations for the capital improvement program, and other expenditures to facilitate Commissioners' goals and objectives.

- The Fiscal Year 2022 budget will maintain the county's fund balance reserve within policy limits of 8-15% of total budget operating revenues.

These factors, as well as many others, were considered in preparing the County's budget for Fiscal Year 2022.

Requests for Information

This financial report is designed to provide a general overview of Charles County's finances for all those with an interest in the County's finances. Questions concerning any information provided in this report should be addressed to:

Director of Fiscal and Administrative Services
Charles County Government
200 Baltimore Street
La Plata, MD 20646

Please visit our website at www.charlescountymd.gov

Basic Financial Statements

THE COUNTY COMMISSIONERS OF CHARLES COUNTY, MARYLAND
STATEMENT OF NET POSITION
AS OF JUNE 30, 2021

	Governmental Activities	Business-type Activities	Total Primary Government	Component Units
ASSETS:				
Cash and cash equivalents	\$ 44,335,688	\$ 415,372	\$ 44,751,060	\$ 107,250,005
Short-term investments	304,191,911	-	304,191,911	-
Accounts & other tax receivables	81,960,818	13,819,401	95,780,219	17,017,362
Excise tax receivable	51,533,709	-	51,533,709	-
County property taxes receivable	3,611,026	-	3,611,026	-
Internal balances	(83,574,757)	83,574,757	-	-
Inventory	1,849,069	485,125	2,334,194	434,333
Other current assets	887,603	236,773	1,124,377	50,487
Restricted assets:				
Cash and cash equivalents	20,272,759	89,115	20,361,873	-
Notes receivable	7,890,659	-	7,890,659	-
Capital assets, not being depreciated				
Land	99,504,007	2,359,226	101,863,233	19,414,134
Construction in progress	49,278,326	112,762,766	162,041,092	63,208,469
Capital assets, net of accumulated depreciation:				
Land improvements	16,485,460	13,715,786	30,201,246	10,138,990
Infrastructure	201,870,409	156,854,041	358,724,450	-
Buildings and improvements	84,771,373	6,115,431	90,886,804	321,419,373
Machinery and equipment	20,812,210	25,960,671	46,772,881	5,275,483
Vehicles	8,549,868	3,199,686	11,749,553	-
Total assets	<u>914,230,137</u>	<u>419,588,149</u>	<u>1,333,818,285</u>	<u>544,208,636</u>
DEFERRED OUTFLOWS OF RESOURCES:				
Related to OPEB	4,613,289	-	4,613,289	201,936,101
Related to Pension	31,260,150	-	31,260,150	387,319
Charges on bond refundings	1,818,175	-	1,818,175	-
Total deferred outflows	<u>37,691,614</u>	<u>-</u>	<u>37,691,614</u>	<u>202,323,420</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>951,921,751</u>	<u>419,588,149</u>	<u>1,371,509,900</u>	<u>746,532,056</u>
LIABILITIES:				
Accounts payable	19,724,414	10,414,138	30,138,552	13,656,981
Accrued expenses	14,940,576	3,026,758	17,967,334	33,180,202
Unearned revenue	21,129,391	1,687,531	22,816,922	4,447,611
Other liabilities	6,173,863	88,646	6,262,509	490,273
Noncurrent liabilities:				
Due within one year	35,836,271	11,339,016	47,175,287	926,873
Due in more than one year	467,855,860	149,605,332	617,461,192	593,151,824
Total liabilities	<u>565,660,374</u>	<u>176,161,424</u>	<u>741,821,798</u>	<u>645,853,764</u>
DEFERRED INFLOWS OF RESOURCES:				
Related to OPEB	69,262,182	-	69,262,182	203,661,610
Related to Pension	87,497,542	-	87,497,542	14,977,896
Total deferred inflows	<u>156,759,724</u>	<u>-</u>	<u>156,759,724</u>	<u>218,639,506</u>
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	<u>722,420,098</u>	<u>176,161,424</u>	<u>898,581,522</u>	<u>864,493,270</u>

THE COUNTY COMMISSIONERS OF CHARLES COUNTY, MARYLAND
STATEMENT OF NET POSITION-continued
AS OF JUNE 30, 2021

NET POSITION:				
Net Investment in capital assets	232,812,038	175,068,313	407,880,351	415,965,631
Restricted for:				
Capital projects	-	5,225,062	5,225,062	-
Debt service	1,883,754	-	1,883,754	-
Fire and Rescue	21,014,759	-	21,014,759	-
Cable franchise	5,088,133	-	5,088,133	-
Restricted for grants	7,001,519	-	7,001,519	1,177,127
Unrestricted	<u>(38,298,551)</u>	<u>63,133,351</u>	<u>24,834,800</u>	<u>(525,700,064)</u>
Total net position	<u>\$ 229,501,652</u>	<u>\$ 243,426,726</u>	<u>\$ 472,928,379</u>	<u>\$ (108,557,306)</u>

THE COUNTY COMMISSIONERS OF CHARLES COUNTY, MARYLAND
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2021

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
PRIMARY GOVERNMENT:				
Governmental activities:				
Legislative	\$ 2,464,972	\$ -	\$ -	\$ -
Judicial	7,176,634	-	913,745	-
Law	1,132,128	31,015	-	-
General government	25,801,245	6,679,364	21,203	-
Elections	1,793,404	-	-	-
Public safety	119,896,291	4,381,090	3,971,816	222,920
Planning and growth management	6,815,630	6,037,125	6,348,733	261,003
Health	14,029,149	56,253	10,748,790	751,489
Social services	2,969,712	-	-	-
Community services	20,187,730	295,625	12,106,403	-
Recreation, Parks & Tourism	8,798,570	1,017,442	261,911	1,351,665
Public facilities	31,562,357	448,151	56,274	2,686,001
Economic development	1,765,207	-	54,788	-
Education	231,260,845	-	-	-
Conservation of natural resources	700,221	-	62,830	-
Interest expense on long term debt	11,004,423	-	-	-
Total governmental activities	487,358,520	18,946,065	34,546,492	5,273,078
Business-type activities:				
Water and sewer	41,108,315	48,916,015	1,175,230	-
Inspection and review	4,811,668	5,051,377	-	-
Recreation	1,576,652	1,133,509	225	-
Solid waste	7,509,119	9,312,619	-	-
Environmental services	6,566,597	6,871,901	-	-
SW-Watershed Protection	5,147,574	4,716,487	-	-
Vending machines	67,193	102,937	-	-
Total business-type activities	66,787,117	76,104,846	1,175,455	-
Total primary government	\$ 554,145,638	\$ 95,050,911	\$ 35,721,947	\$ 5,273,078
COMPONENT UNITS:				
Board of Education of Charles County, Maryland	\$ 465,349,720	\$ 696,604	\$ 124,338,008	\$ 46,028,735
Board of Library Trustees for Charles County	6,422,967	6,294	38,862	-
Total component units	\$ 471,772,687	\$ 702,898	\$ 124,376,870	\$ 46,028,735

General revenues:
Taxes:
Local property taxes
Local taxes - Excise
Local taxes - Admissions & Amusement
Local taxes - Recordation
Local taxes - Transfer
Local taxes - Hotel/Motel
Income taxes (Own Source)
County and state appropriations
Other income
Interest and investment earnings
Net transfers
Total general revenues and transfers

Change in net position

Net position - beginning of year

Net position - end of year

THE COUNTY COMMISSIONERS OF CHARLES COUNTY, MARYLAND
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2021

Net (Expenses)Revenues and Changes in Net Position			
Primary Government			
Governmental Activities	Business- type Activities	Total	Component Units
\$ (2,464,972)	\$ -	\$ (2,464,972)	\$ -
(6,262,889)	-	(6,262,889)	-
(1,101,113)	-	(1,101,113)	-
(19,100,678)	-	(19,100,678)	-
(1,793,404)	-	(1,793,404)	-
(111,320,465)	-	(111,320,465)	-
5,831,231	-	5,831,231	-
(2,472,616)	-	(2,472,616)	-
(2,969,712)	-	(2,969,712)	-
(7,785,702)	-	(7,785,702)	-
(6,167,552)	-	(6,167,552)	-
(28,371,932)	-	(28,371,932)	-
(1,710,419)	-	(1,710,419)	-
(231,260,845)	-	(231,260,845)	-
(637,391)	-	(637,391)	-
<u>(11,004,423)</u>	<u>-</u>	<u>(11,004,423)</u>	<u>-</u>
<u>(428,592,885)</u>	<u>-</u>	<u>(428,592,885)</u>	<u>-</u>
-	8,982,931	8,982,931	-
-	239,710	239,710	-
-	(442,918)	(442,918)	-
-	1,803,500	1,803,500	-
-	305,305	305,305	-
-	(431,086)	(431,086)	-
<u>-</u>	<u>35,744</u>	<u>35,744</u>	<u>-</u>
<u>-</u>	<u>10,493,182</u>	<u>10,493,184</u>	<u>-</u>
<u>(428,592,885)</u>	<u>10,493,182</u>	<u>(418,099,701)</u>	<u>-</u>
-	-	-	(294,286,373)
<u>-</u>	<u>-</u>	<u>-</u>	<u>(6,377,811)</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>(300,664,184)</u>
268,024,019	-	268,024,019	-
9,686,175	-	9,686,175	-
306,480	-	306,480	-
22,225,791	-	22,225,791	-
9,495,137	-	9,495,137	-
1,083,116	-	1,083,116	-
170,011,765	-	170,011,765	-
-	-	-	332,025,852
9,915,706	-	9,915,706	20,299
2,335,788	162,198	2,497,986	1,955,628
<u>(1,371,865)</u>	<u>1,371,865</u>	<u>-</u>	<u>-</u>
<u>491,712,113</u>	<u>1,534,063</u>	<u>493,246,177</u>	<u>334,001,779</u>
63,119,228	12,027,245	75,146,473	33,337,595
166,382,424	231,399,480	397,781,904	(141,951,147)
<u>\$ 229,501,652</u>	<u>\$ 243,426,726</u>	<u>\$ 472,928,379</u>	<u>\$ (108,613,552)</u>

THE COUNTY COMMISSIONERS OF CHARLES COUNTY, MARYLAND
BALANCE SHEET
GOVERNMENTAL FUNDS
AS OF JUNE 30, 2021

	General Fund	Capital Projects	Debt Service	Total Non-Major Governmental Funds	Total Governmental Funds
ASSETS:					
Cash and cash equivalents	\$ 43,901,317	\$ -	\$ -	\$ 434,372	\$ 44,335,688
Investments	283,713,050	-	-	20,478,862	304,191,911
Accounts & Other tax receivables	70,870,974	2,814,162	539,650	7,736,033	81,960,818
Excise tax receivable	-	-	51,533,709	-	51,533,709
County property taxes receivable	3,611,026	-	-	-	3,611,026
Due from other funds	-	73,577,454	14,289,609	15,702,362	103,569,424
Inventory	1,849,069	-	-	-	1,849,069
Other assets	886,858	-	-	745	887,603
Restricted assets					
Restricted cash and cash equivalents	1,430,664	-	1,687,234	17,154,860	20,272,759
Restricted notes receivable	-	-	7,890,659	-	7,890,659
Total assets	\$ 406,262,958	\$ 76,391,616	\$ 75,940,860	\$ 61,507,232	\$ 620,102,666
LIABILITIES AND FUND BALANCES:					
Accounts payable	\$ 1,265,789	\$ 13,993,683	\$ 1,684,097	\$ 2,780,845	\$ 19,724,414
Accrued expenditures	3,865,784	-	-	-	3,865,784
Unearned revenue	51,757	4,361,349	1,475	16,714,810	21,129,391
Due to other funds	185,496,138	-	-	1,648,043	187,144,181
Other liabilities	5,584,840	108,000	-	481,022	6,173,863
Payable from restricted assets	1,437,702	-	-	-	1,437,702
Total liabilities	197,702,010	18,463,031	1,685,572	21,624,721	239,475,334
DEFERRED INFLOWS OF RESOURCES:					
Unavailable revenue	55,995,691	-	51,524,297	-	107,519,988
Fund balances:					
Nonspendable fund balance	2,724,503	-	-	-	2,724,503
Restricted fund balance	125,131	6,107,831	1,883,754	29,687,913	37,804,629
Committed fund balance	138,751,719	31,964,160	-	-	170,715,879
Assigned fund balance	8,654,804	19,856,593	20,847,236	10,194,598	59,553,232
Unassigned fund balance	2,309,099	-	-	-	2,309,099
Total fund balances	152,565,256	57,928,584	22,730,991	39,882,511	273,107,342
Total liabilities, deferred inflows & fund balances	\$ 406,262,957	\$ 76,391,616	\$ 75,940,860	\$ 61,507,232	\$ 620,102,664

THE COUNTY COMMISSIONERS OF CHARLES COUNTY, MARYLAND
RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCE
TO NET POSITION OF GOVERNMENTAL ACTIVITIES
JUNE 30, 2021

Total Governmental Fund Balance	\$	273,107,342
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds		481,271,653
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds:		
Bonds payable		(294,421,229)
Capital leases payable		(12,705,198)
Health insurance claims		(1,149,981)
Worker's Compensation claims		(5,510,289)
Net pension liabilities		(13,285,459)
LOSAP liabilities		(37,668,749)
Accrued interest		(2,976,820)
Net OPEB liability		(120,818,945)
Unavailable revenue		107,519,988
Deferred outflows and inflows of resources, including charges on refunding and associated with pensions which are not financial resources and therefore are not reported in the funds.		
Changes with charges on refundings		1,818,175
Related to Pensions		31,260,150
Related to Pensions		(87,497,542)
Related to OPEB		4,613,289
Related to OPEB		(69,262,182)
Compensated absences which are not due and payable in the current period and therefore are not reported in the funds		<u>(24,792,551)</u>
Net position of Governmental Activities	\$	<u><u>229,501,652</u></u>

THE COUNTY COMMISSIONERS OF CHARLES COUNTY, MARYLAND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2021

	General Fund	Capital Projects	Debt Service	Total Non-Major Governmental Funds	Total Governmental Funds
Revenues:					
Taxes - Local property	\$ 243,159,148	\$ -	\$ -	\$ 14,720,361	\$ 257,879,510
Taxes - Income (Own Source)	159,808,519	-	-	-	159,808,519
Taxes - Excise	-	-	9,686,175	-	9,686,175
Taxes - Admissions and Amusement	306,480	-	-	-	306,480
Taxes - Recordation	22,225,791	-	-	-	22,225,791
Taxes - Transfer	9,495,137	-	-	-	9,495,137
Taxes - Hotel/Motel	1,083,116	-	-	-	1,083,116
Taxes - Heavy Equipment	75,927	-	-	-	75,927
Charges for services	9,640,055	5,154,041	-	4,151,969	18,946,065
Intergovernmental	4,371,070	1,905,917	160,000	33,382,583	39,819,570
Interest income	465,906	-	1,538,983	330,901	2,335,789
Other income	5,314,351	-	555,442	4,045,914	9,915,707
Total revenues	<u>455,945,501</u>	<u>7,059,958</u>	<u>11,940,599</u>	<u>56,631,729</u>	<u>531,577,787</u>
Expenditures:					
Current:					
Education	210,039,968	32,421,392	-	2,235,188	244,696,548
Public safety	112,584,203	11,440,495	-	19,476,835	143,501,533
Other general government	27,158,294	-	7,666,691	-	34,824,985
Public facilities	14,664,275	7,189,572	-	-	21,853,847
Financial administration	12,032,218	86,585	-	-	12,118,803
Community services	1,985,037	-	-	17,542,777	19,527,814
Recreation, Parks and Tourism	8,164,158	605,889	-	-	8,770,046
Judicial	5,980,290	-	-	1,025,838	7,006,128
Planning and growth management	3,217,754	3,287,520	-	200,931	6,706,205
Health	3,258,316	-	-	11,109,006	14,367,322
Economic development	1,607,850	-	-	145,579	1,753,428
Social services	1,457,835	-	-	1,511,877	2,969,712
Legislative	2,324,872	-	-	28,299	2,353,171
Law	1,100,283	-	-	-	1,100,283
Conservation of natural resources	706,528	-	-	-	706,528
Elections	1,793,145	-	-	-	1,793,145
Debt service:					
Principal	-	-	10,474,059	-	10,474,059
Interest	8,125,856	-	3,091,972	-	11,217,828
Total expenditures	<u>416,200,880</u>	<u>55,031,453</u>	<u>21,232,723</u>	<u>53,276,329</u>	<u>545,741,385</u>
Excess (deficiency) of revenues over (under) expenditures	<u>39,744,620</u>	<u>(47,971,494)</u>	<u>(9,292,123)</u>	<u>3,355,399</u>	<u>(14,163,598)</u>
Other financing sources (uses):					
Issuance of debt - leases	-	-	7,824,995	-	7,824,995
Issuance of debt - bonds	-	32,900,000	-	-	32,900,000
Premium on issuance of debt	1,196,131	4,102,993	-	-	5,299,123
Issuance of Debt - refunding	20,438,213	-	-	-	20,438,213
Defeased Bonds	(21,634,343)	-	-	-	(21,634,343)
Transfers in	2,731,376	3,112,501	-	5,545,367	11,389,243
Transfers out	(10,005,324)	(2,671,800)	-	(83,985)	(12,761,109)
Total other financing sources (uses)	<u>(7,273,948)</u>	<u>37,443,694</u>	<u>7,824,995</u>	<u>5,461,382</u>	<u>43,456,124</u>
Net change in fund balance	<u>32,470,672</u>	<u>(10,527,800)</u>	<u>(1,467,128)</u>	<u>8,816,781</u>	<u>29,292,525</u>
Fund balance - beginning of year	<u>120,094,585</u>	<u>68,456,385</u>	<u>24,198,120</u>	<u>31,065,730</u>	<u>243,814,820</u>
Fund balance - end of year	<u>\$ 152,565,256</u>	<u>\$ 57,928,585</u>	<u>\$ 22,730,991</u>	<u>\$ 39,882,511</u>	<u>\$ 273,107,344</u>

THE COUNTY COMMISSIONERS OF CHARLES COUNTY, MARYLAND
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCE OF
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2021

Net change in fund balance - Governmental Funds	\$	29,292,525
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures.		38,594,491
However, in the statement of activities, the cost of capital assets is allocated over their estimated useful lives as depreciation expense.		(31,030,399)
Governmental funds report the issuance of debt as income and the repayment of debt as expenditures. However, in the government-wide statements, debt and repayment of debt is reported as a reduction of a long-term liability.		(8,763,380)
Governmental funds report revenues based on the availability of the funds. However, in the government-wide statements revenues are recorded based on collectibility.		11,107,098
Certain expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds:		
Deferred outflows and inflows of resources related to pensions		(84,709,211)
Deferred outflows and inflows of resources related to OPEB		17,736,174
Amortization of deferred charges on bond refundings		(211,603)
Compensated absences		(884,278)
Health Self-Insurance Claims - IBNR		(315,650)
Worker's Compensation Self-Insurance Claims - IBNR		144,456
Net pension expense		103,082,333
Net LOSAP expense		(5,391,366)
Accrued interest		213,410
Net OPEB current year expense		(5,745,371)
Change in Net Position of Governmental Activities	\$	63,119,228

THE COUNTY COMMISSIONERS OF CHARLES COUNTY, MARYLAND
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2021

	Business-type activities				Total
	Water and Sewer Fund	Solid Waste Fund	SW-Water Protection	Other Non-Major Proprietary Funds	
ASSETS:					
Current assets:					
Cash and cash equivalents	\$ 200	\$ 2,000	\$ -	\$ 413,172	\$ 415,372
Account receivables	12,444,338	1,262,473	47,935	64,655	13,819,401
Due from other funds	36,240,547	39,792,265	3,609,282	7,142,336	86,784,431
Inventory	482,844	-	-	2,281	485,125
Other current assets	-	500	16,000	220,274	236,774
Total current assets	<u>49,167,929</u>	<u>41,057,238</u>	<u>3,673,217</u>	<u>7,842,718</u>	<u>101,741,102</u>
Noncurrent assets:					
Net capital assets	259,291,515	19,726,825	34,615,897	7,333,371	320,967,608
Restricted cash and cash equivalents	-	89,115	-	-	89,115
Total noncurrent assets	<u>259,291,515</u>	<u>19,815,940</u>	<u>34,615,897</u>	<u>7,333,371</u>	<u>321,056,723</u>
Total assets	<u>308,459,444</u>	<u>60,873,178</u>	<u>38,289,114</u>	<u>15,176,089</u>	<u>422,797,825</u>
LIABILITIES:					
Current liabilities:					
Accounts payable	8,048,056	407,443	663,798	1,294,841	10,414,138
Accrued expenses	2,489,816	53,157	408,428	75,357	3,026,758
Due to other funds	-	-	-	3,209,675	3,209,675
Unearned revenue	1,403,815	-	-	283,716	1,687,531
Current portion of long-term debt					
Bonds payable	6,888,456	83,850	957,634	603,361	8,533,301
Capital lease obligation	1,425,963	118,275	16,097	157,974	1,718,310
Compensated absences	211,856	28,431	14,284	46,233	300,804
Notes payable	786,601	-	-	-	786,601
Total current liabilities	<u>21,254,564</u>	<u>691,155</u>	<u>2,060,241</u>	<u>5,671,158</u>	<u>29,677,119</u>
Noncurrent liabilities:					
Bonds payable	95,313,611	1,386,033	32,010,461	145,029	128,855,134
Capital lease obligation	2,446,771	266,493	37,385	340,800	3,091,448
Compensated absences	1,616,888	213,207	89,955	344,878	2,264,928
Landfill post-closure costs	-	12,151,885	-	-	12,151,885
Notes payable	3,241,937	-	-	-	3,241,937
Other liabilities	-	88,646	-	-	88,646
Total noncurrent liabilities	<u>102,619,207</u>	<u>14,106,264</u>	<u>32,137,801</u>	<u>830,706</u>	<u>149,693,978</u>
Total liabilities	<u>123,873,771</u>	<u>14,797,420</u>	<u>34,198,042</u>	<u>6,501,864</u>	<u>179,371,098</u>
NET POSITION:					
Net Investment in Capital Assets	149,188,176	17,872,173	1,594,320	6,413,644	175,068,314
Restricted for Capital Projects	4,890,446	37,949	296,667	-	5,225,062
Unrestricted	<u>30,507,050</u>	<u>28,165,635</u>	<u>2,200,085</u>	<u>2,260,581</u>	<u>63,133,351</u>
Total net position	<u>\$ 184,585,672</u>	<u>\$ 46,075,758</u>	<u>\$ 4,091,072</u>	<u>\$ 8,674,225</u>	<u>\$ 243,426,726</u>

THE COUNTY COMMISSIONERS OF CHARLES COUNTY, MARYLAND
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2021

	Business-type activities				Total
	Water and Sewer Fund	Solid Waste Fund	SW-Water Protection	Other Non-Major Proprietary Funds	
Operating revenues:					
Charges for services	\$ 48,895,680	\$ 9,312,619	\$ 4,716,487	\$ 13,127,947	\$ 76,052,733
Intergovernmental	1,175,230	-	-	225	1,175,455
Other income	-	-	-	6,084	6,084
Total operating revenues	<u>50,070,910</u>	<u>9,312,619</u>	<u>4,716,487</u>	<u>13,134,256</u>	<u>77,234,272</u>
Operating expenses:					
Personnel services	13,320,403	2,409,859	1,065,151	3,974,592	20,770,005
Utilities	3,449,858	24,163	480	239,838	3,714,340
Repairs and maintenance	1,280,460	333,316	11,630	210,841	1,836,247
Insurance costs	301,282	19,372	-	59,152	379,806
Indirect costs	885,080	341,820	45,539	155,990	1,428,429
Supplies	2,238,768	232,491	2,041	240,150	2,713,450
Contract services	4,463,658	1,533,733	1,686,116	6,911,371	14,594,878
Other operating costs	1,040,694	161,968	720,823	369,979	2,293,464
Depreciation	10,935,339	2,404,974	385,241	872,107	14,597,661
Total operating expenses	<u>37,915,542</u>	<u>7,461,695</u>	<u>3,917,020</u>	<u>13,034,021</u>	<u>62,328,278</u>
Operating income	<u>12,155,369</u>	<u>1,850,924</u>	<u>799,467</u>	<u>100,235</u>	<u>14,905,994</u>
Nonoperating revenues (expenses):					
Interest income	31,826	96,626	13,550	20,195	162,198
Interest expense	(3,192,773)	(47,424)	(1,230,554)	11,910	(4,458,841)
Gain on disposal of capital assets	20,335	-	-	25,694	46,029
Total nonoperating revenues (losses)	<u>(3,140,612)</u>	<u>49,202</u>	<u>(1,217,003)</u>	<u>57,799</u>	<u>(4,250,614)</u>
Income before transfers	9,014,757	1,900,126	(417,536)	158,034	10,655,381
Transfers in	-	-	300,000	1,071,865	1,371,865
Transfers out	-	-	-	-	-
Change in net position	9,014,757	1,900,126	(117,536)	1,229,900	12,027,246
Net position - beginning of year	175,570,915	44,175,632	4,208,608	7,444,325	231,399,480
Net position - end of year	<u>\$ 184,585,672</u>	<u>\$ 46,075,758</u>	<u>\$ 4,091,072</u>	<u>\$ 8,674,225</u>	<u>\$ 243,426,726</u>

THE COUNTY COMMISSIONERS OF CHARLES COUNTY, MARYLAND
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2021

	Business-type activities				Total
	Water and Sewer Fund	Solid Waste Fund	SW-Water Protection	Other Non-Major Proprietary Funds	
Cash flows from operating activities:					
Cash received from customers	\$ 47,750,298	\$ 9,312,619	\$ 4,716,487	\$ 13,369,945	\$ 75,149,349
Cash paid to suppliers	(8,343,465)	(1,836,278)	(2,418,175)	(7,733,557)	(20,331,475)
Cash paid to employees	(12,492,601)	(2,402,306)	(1,145,941)	(3,957,582)	(19,998,430)
Net cash from operating activities	<u>26,914,232</u>	<u>5,074,035</u>	<u>1,152,371</u>	<u>1,678,806</u>	<u>34,819,444</u>
Cash flows from investing activities:					
Interest received	31,826	96,626	13,550	20,195	162,197
Net cash from investing activities	<u>31,826</u>	<u>96,626</u>	<u>13,550</u>	<u>20,195</u>	<u>162,197</u>
Cash flows from noncapital financing activities:					
Transfers in (out)	-	-	300,000	1,071,865	1,371,865
Receipts from interfund loans	5,778,941	-	1,556,455	-	7,335,396
Repayments of interfund loans	-	(3,317,533)	-	(1,460,939)	(4,778,472)
Net cash from noncapital financing activities	<u>5,778,941</u>	<u>(3,317,533)</u>	<u>1,856,455</u>	<u>(389,074)</u>	<u>3,928,789</u>
Cash flows from capital and related financing activities:					
Intergovernmental	1,175,230	-	-	225	1,175,455
Proceeds from issuance of bonds	15,000,000	250,000	3,800,000	50,000.00	19,100,000
Principal payments on bonds payable	(11,309,308)	(109,748)	(3,968,899)	-	(15,387,955)
Principal payments on capital lease obligations	(1,312,308)	(97,113)	(17,433)	(578,287)	(2,005,141)
Principal payments on loans	(777,274)	-	-	(200,305)	(977,579)
Interest paid	(3,192,773)	(47,424)	(1,230,554)	11,909	(4,458,842)
Proceeds from disposal of assets	20,335	-	-	-	20,335
Cash paid for capital expenses	(32,328,901)	(1,852,061)	(1,605,490)	(841,082)	(36,627,534)
Net cash from capital and related financing activities	<u>(32,724,999)</u>	<u>(1,856,346)</u>	<u>(3,022,376)</u>	<u>(1,557,540)</u>	<u>(39,161,261)</u>
Net increase (decreases) in cash and cash equivalents	-	(3,218)	-	(247,613)	(250,830)
Cash and cash equivalents - beginning of year	200	94,333	-	660,785	755,318
Cash and cash equivalents - end of year	<u>\$ 200</u>	<u>\$ 91,115</u>	<u>\$ -</u>	<u>\$ 413,172</u>	<u>\$ 504,488</u>

THE COUNTY COMMISSIONERS OF CHARLES COUNTY, MARYLAND
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2021

	Business-type activities				Total
	Water and Sewer Fund	Solid Waste Fund	SW-Water Protection	Other Non-Major Proprietary Funds	
Reconciliation of operating income to net cash provided by operating activities:					
Operating income/ (loss)	\$ 12,155,369	\$ 1,850,924	799,467	\$ 100,235	\$ 14,905,994
Adjustments to reconcile operating income to net cash from operating activities:					
Depreciation	10,935,339	2,404,974	385,241	872,107	14,597,661
Increase (decrease) in compensation-related liabilities included in long-term debt	614,187	(2,883)	(38,238)	8,313	581,379
Increase in landfill closure liabilities included in long-term debt	-	1,182,949	-	-	1,182,949
(Increase) decrease in other receivables	(1,144,482)	(433,247)	18,207	108,046	(1,451,476)
(Increase) decrease in inventories	(24,628)	-	-	-	(24,628)
(Increase) decrease in other current assets	-	-	(16,000)	46,366	30,366
(Increase) decrease in restricted assets	-	4,886	-	-	4,886
(Increase) decrease in deferred bond issue costs	(282,050)	(16,134)	(123,039)	(4,150)	(425,373)
Increase (decrease) in accounts payable	4,018,239	75,014	169,285	303,275	4,565,813
Increase (decrease) in accrued expenses	643,159	7,552	(42,552)	8,697	616,856
Increase (decrease) in unearned revenue	(900)	-	-	235,916	235,016
Net cash from by operating activities	<u>\$ 26,914,232</u>	<u>\$ 5,074,035</u>	<u>\$ 1,152,371</u>	<u>\$ 1,678,806</u>	<u>\$ 34,819,444</u>

SCHEDULE OF NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES

	Water and Sewer Fund	Solid Waste Fund	SW-Water Protection	Other Non-Major Proprietary Funds	Total
Borrowing under capital lease	<u>\$ 2,787,800</u>	<u>\$ 195,000</u>	<u>\$ -</u>	<u>\$ 265,000</u>	<u>\$ 3,247,800</u>

THE COUNTY COMMISSIONERS OF CHARLES COUNTY, MARYLAND
STATEMENT OF FIDUCIARY NET POSITION
AS OF JUNE 30, 2021

	Pension and OPEB Trust Funds
ASSETS:	
Current assets:	
Cash and cash equivalents	\$ 14,339,016
Interest receivable	114,214
Total current assets	14,453,230
Investments:	
Bond mutual funds	116,866,281
Equity securities	274,229,379
Pooled separate accounts	296,977,240
Total investments	688,072,900
Total assets	702,526,130
LIABILITIES:	
Accrued expenses	27,720
Net position restricted for pensions	681,636,965
Net position restricted for OPEB	20,861,445
TOTAL NET POSITION	\$ 702,498,410

THE COUNTY COMMISSIONERS OF CHARLES COUNTY, MARYLAND
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
YEAR ENDED JUNE 30, 2021

	<u>Pension and OPEB Trust Funds</u>
ADDITIONS:	
Contributions:	
Employer contributions	\$ 22,144,344
Employee contributions	5,913,494
Total contributions	<u>28,057,838</u>
Investment earnings:	
Interest	41,258,141
Net change in fair value of investments	110,436,466
Total investment earnings	<u>151,694,607</u>
Less investment expenses	<u>(3,281,738)</u>
Net investment earnings	<u>148,412,869</u>
Total additions	<u>176,470,707</u>
DEDUCTIONS:	
Benefits paid to members	24,122,557
Administrative costs	21,419
Total deductions	<u>24,143,976</u>
Changes in net position	152,326,731
Net position - beginning of year	<u>550,171,679</u>
Net position - end of year	<u>\$ 702,498,410</u>

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THE COUNTY COMMISSIONERS OF CHARLES COUNTY, MARYLAND
 COMBINING STATEMENT OF NET POSITION
 COMPONENT UNITS
 JUNE 30, 2021

	Board of Education of Charles County, Maryland	Board of Library Trustees for Charles County	Total
ASSETS:			
Cash and cash equivalents	\$ 105,404,192	\$ 1,845,813	\$ 107,250,005
Short-term investments	-	-	-
Accounts receivable	17,006,288	11,074	17,017,362
Inventory	434,333	-	434,333
Other assets	-	50,487	50,487
Net Pension Asset	9,403,908		
Capital assets			
Land	19,414,134	-	19,414,134
Construction in progress	63,208,469	-	63,208,469
Land improvements	10,138,990	-	10,138,990
Buildings	321,419,373	-	321,419,373
Machinery, furniture and equipment	4,507,376	768,107	5,275,483
Total assets	<u>550,937,063</u>	<u>2,675,481</u>	<u>544,208,636</u>
DEFERRED OUTFLOWS OF RESOURCES:			
Deferred outflows related to OPEB	201,770,101	166,000	201,936,101
Deferred outflows related to Pension	387,319	-	387,319
Total deferred outflows of resources	<u>202,157,420</u>	<u>166,000</u>	<u>202,323,420</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>753,094,483</u>	<u>2,841,481</u>	<u>746,532,056</u>
LIABILITIES:			
Accounts payable	13,647,474	9,507	13,656,981
Accrued expenses	33,099,819	80,383	33,180,202
Unearned revenue	4,447,611	-	4,447,611
Other liabilities	490,273	-	490,273
Non-current liabilities:			
Due within one year	926,873	214,405	1,141,278
Due in more than one year	591,326,052	1,611,367	592,937,419
Total liabilities	<u>643,938,102</u>	<u>1,915,662</u>	<u>645,853,764</u>
DEFERRED INFLOWS OF RESOURCES:			
Deferred inflows related to OPEB	201,307,560	2,354,050	203,661,610
Deferred inflows related to Pension	14,977,896	-	14,977,896
Total deferred inflows of resources	<u>216,285,456</u>	<u>2,354,050</u>	<u>218,639,506</u>
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	<u>860,223,558</u>	<u>4,269,712</u>	<u>864,493,270</u>
NET POSITION:			
Net investment in capital assets	415,197,524	768,107	415,965,631
Restricted for grants	1,177,127	-	1,177,127
Unrestricted (deficit)	(523,503,726)	(2,196,338)	(525,700,064)
Total net position	<u>\$ (107,129,075)</u>	<u>\$ (1,428,231)</u>	<u>\$ (108,557,306)</u>

THE COUNTY COMMISSIONERS OF CHARLES COUNTY, MARYLAND
 COMBINING STATEMENT OF ACTIVITIES
 COMPONENT UNITS
 YEAR ENDED JUNE 30, 2021

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
COMPONENT UNITS:				
Board of Education of Charles County, MD	\$ 465,349,720	\$ 696,604	\$ 124,338,008	\$ 46,028,735
Board of Library Trustees for Charles County	<u>6,422,967</u>	<u>6,294</u>	<u>38,862</u>	<u>-</u>
Total component units	<u>\$ 471,772,687</u>	<u>\$ 702,898</u>	<u>\$ 124,376,870</u>	<u>\$ 46,028,735</u>

General revenues:
 County and state appropriations
 Other income
 Interest and investment earnings
 Miscellaneous
 Loss on disposition of capital assets
 Total general revenues and transfers

Change in net position
 Net position - beginning of the year
 Net position - end of year

THE COUNTY COMMISSIONERS OF CHARLES COUNTY, MARYLAND
 COMBINING STATEMENT OF ACTIVITIES
 COMPONENT UNITS
 YEAR ENDED JUNE 30, 2021

Net (Expenses) Revenues and Changes in Net Position		
Primary Government		
Board of Education of Charles County, Maryland	Board of Library Trustees for Charles County	Total
\$ (294,286,373)	\$ -	\$ (294,286,373)
<u>-</u>	<u>(6,377,811)</u>	<u>(6,377,811)</u>
(294,286,373)	(6,377,811)	(300,664,184)
325,036,254	6,989,598	332,025,852
-	20,299	20,299
54,423	1,823	56,246
1,949,911	5,717	1,955,628
-	-	-
<u>327,040,588</u>	<u>7,017,437</u>	<u>334,058,025</u>
32,754,215	639,626	33,393,841
<u>(139,883,290)</u>	<u>(2,067,857)</u>	<u>(141,951,147)</u>
<u>\$ (107,129,075)</u>	<u>\$ (1,428,231)</u>	<u>\$ (108,557,306)</u>

COMPONENT UNITS:

Board of Education of Charles County, MD
 Board of Library Trustees for Charles County

Total component units

General revenues:

County and state appropriations
 Other income
 Interest and investment earnings
 Miscellaneous
 Loss on disposition of capital assets
 Total general revenues and transfers

Change in net position

Net position - beginning of the year

Net position - end of year

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The County Commissioners of Charles County, Maryland
Notes to the Financial Statements--June 30, 2021
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The County Commissioners of Charles County, Maryland
Notes to the Financial Statements--June 30, 2021
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Notes to the Financial Statements

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

Charles County, Maryland (the County) was created by order of council on May 10, 1658. The County operates under the Maryland Code Home Rule form of Government. Both the executive and the legislative functions of the County are vested in the elected five-member Board of Commissioners of Charles County, Maryland (County Commissioners). The County provides various services to its citizens including public safety, health and social services, parks and recreation, public transportation, public works, economic development and general administrative services.

The County's financial statements are prepared in accordance with U.S. generally accepted accounting principles (GAAP) as applied to state and local government units as prescribed by the Governmental Accounting Standards Board (GASB). The accompanying financial statements include those of the Charles County Government (the primary government) and its component units. Component units are legally separate entities that are included in the County's reporting entity because of the significance of their operating or financial relationships with the County. The criteria for including organizations as component units with the County's reporting entity, as set forth in GASB Statement 14 *The Financial Reporting Entity*, modified by GASB Statement 39 *Determining Whether Certain Organizations are Component Units*, and clarified with GASB Statement 61, *The Financial Reporting Entity: Omnibus-an amendment of GASB Statements No. 14 and No. 34*, include whether:

- The organization is legally separate,
- The County Commissioners appoint a voting majority of the organization's board,
- The County Commissioners have the ability to impose their will on the organization,
- The organization has the potential to impose a financial benefit/burden on the County, and
- The organization is fiscally dependent on the County.

Based on the application of these criteria, the following organizations are considered component units of the Charles County Government. Their financial data is discretely presented in a separate column in the government-wide financial statements. A Combining Statement of Net Position and a Combining Statement of Activities for the component units are also provided. Each discretely presented component unit has a June 30 year end. GASB has further clarified additional considerations with GASB Statement No. 80, *Blending Requirements for Certain Component Units-an amendment of GASB No. 14*.

The Board of Education of Charles County, Maryland (the Board of Education or the Board) is a legally separate organization created by Maryland state law to operate the County's public school system. Management of the County's schools is under the control of the Board of Education, with the final decision-making authority held by the State Board of Education. The members of the Board of Education are elected by the residents of Charles County every four years. The Board of Education is financially reliable upon Charles County Government approving their annual budget and establishing spending limitations. The County

Commissioners are responsible for levying taxes and collecting and distributing the funds to the Board within the entire annual budget process. The Board is unable to issue bonded debt, thus the County can and does finance Board capital projects. Therefore, the County has the ability to impose their will on the organization, as well as the Board having the potential to impose a financial benefit/burden on the County. The County provided \$195,714,600 in operating funds and \$28,184,080 in capital funding to the Board of Education during fiscal year 2021.

The Board of Library Trustees for Charles County, Maryland (the Library) is a legally separate entity under Maryland state law. The Library's Trustees, a seven-member Board, are appointed by the County Commissioners and oversee the day-to-day management of the Library. The Library's budget is subject to the approval of the elected County Commissioners. The County provided \$3,879,900 in operating funds to the Library during fiscal year 2021.

Complete financial statements of the discretely presented component units can be obtained directly from their respective administrative offices:

Board of Education of Charles County
Superintendent of Fiscal Services
P.O. Box 2770
La Plata, MD 20646
www.ccboe.com/fiscalservices/

Board of Library Trustees of Charles County
2 Garrett Avenue
La Plata, MD 20646
<https://www.ccplonline.org/about/board-of-trustees/>

B. Basic Financial Statements

The County's basic financial statements include government-wide financial statements (reporting on the County as a whole), fund financial statements (reporting on the County as a whole with an emphasis on the most significant funds), and fiduciary financial statements (reporting on the County's pension funds). Both the government-wide and fund financial statements categorize primary activities as either governmental or business-type. Governmental activities are normally supported by taxes and intergovernmental revenues. The County's public safety, health and social services, some parks and recreation, public transportation, public works, economic development and general administrative services are classified as governmental activities. Business-type activities rely significantly on fees and charges for support. The County's water and sewer operations, solid waste management operations, environmental services (recycling), watershed protection and restoration, recreation, vending commissions, and inspection and development services are classified as business-type activities.

Government-wide Statements

The government-wide financial statements (i.e. the Statement of Net Position and the Statement of Activities) report information on all the non-fiduciary activities of the primary government and its component units. The government-wide financial statements focus 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.

In the government-wide Statement of Net Position, both the governmental and business-type activities columns are (a) presented on a consolidated basis by column, and (b) reported using the economic resources measurement focus and the accrual basis of accounting, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The County's net positions are reported in three parts: (1) net investment in capital assets; (2) restricted net position; and (3) unrestricted net position. Net position should be reported as restricted when constraints are placed either by externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation.

The net position restricted for other purposes results from special revenue funds and the restrictions on their use. When both restricted and unrestricted resources are available for use, the County utilizes restricted resources to finance qualifying activities first, then unrestricted resources as they are needed.

The government-wide Statement of Activities reports both the gross and net cost of each of the County's functions and business-type activities. The functions are also supported by general government revenues (property tax, income tax, certain intergovernmental revenues, fines, permits, and charges, etc.). The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operating grants and capital grants. Program revenues include (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Program revenues must be directly associated with the function of a business-type activity. The operating grants column indicates operating-specific and discretionary (either operating or capital) grants, while the capital grants column reflects capital-specific grants. The net costs (by function or business-type activity) are normally covered by general revenues (property tax, income tax, intergovernmental revenues, interest income, etc.), which are not properly included among program revenues.

The County has an indirect cost allocation plan authorized under Uniform Guidance, which it uses (when applicable and allowed) to charge costs to special revenue (grant) programs and proprietary funds. The Federal guidelines state that indirect costs are eligible for reimbursement provided they are necessary for the efficient conduct of the grant or contract and provided specific costs identified are not restricted by Federal law or regulation. As required, the County received an annual central services allocation plan and indirect cost rate proposal prepared for the past fiscal year by Cost Plans Plus, LLC. As a result, the County uses that plan in developing cost-based fees, rates, user charges and overhead recoveries from other taxing entities, authorities and enterprise funds.

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 comprises its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund balances, revenues and expenditures/expenses.

The emphasis in fund financial statements is on the major funds in either the governmental or business-type activities categories. GASB 34 sets forth minimum criteria for the determination of major funds. The criterion used by the County is based on the percentage of assets, liabilities, revenues, or expenditures/expenses by fund category and then the governmental and enterprise funds combined. Major individual governmental funds and major individual proprietary funds are reported as separate columns in the fund financial statements. Non-major funds by category are summarized into a single column.

1. Governmental Funds:

The County reports the following governmental funds types:

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. The General Fund is always considered a major fund.

b. **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/proprietary funds). The Capital Projects Fund is a major fund.

c. **Debt Service Fund** is used to account for the accumulation of certain funds for the periodic payment of principal and interest on long-term debt. The Debt Service fund is a major fund.

d. **Special Revenue Funds** are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes. The Special Revenue Funds of the County are non-major funds.

2. Proprietary Funds:

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

Enterprise Funds are required to be used to account for operations for which a fee is charged to external users for goods or services and the activity (a) is financed with debt that is solely secured by a pledge

of net revenues, (b) has third party requirements that the cost of providing services, including capital costs, be recovered with fees and charges, or (c) establishes fees and charges based on a pricing policy designed to cover similar costs. The Water and Sewer Fund, the Solid Waste Fund, and the Stormwater – Watershed Protection Fund qualifies as a major fund and are presented separately. All other enterprise funds are non-major and their data is combined into a single aggregated presentation.

3. Fiduciary Funds:

Fiduciary Funds are used to report assets held in a trustee or custodial capacity for others and therefore are not available to support County programs. The reporting focus for fiduciary funds is on net position and changes in net position, and accounting principles used are similar to that of proprietary funds.

The County’s fiduciary and pension trust funds account for the retirement benefits for the Charles County, Maryland Sheriff’s Office Retirement Plan, the County Employees Retirement Plan, and the OPEB Trust plan. Since, by definition, these assets are held for the benefit of a third party (pension participants) and cannot be used to address activities or obligations of the government, these funds are not incorporated into the government-wide statements. They are presented in the fiduciary fund financial statements.

C. Measurement Focus and Basis of Accounting

The measurement focus identifies the type of resources being measured. The basis of accounting refers to the point at which revenues or expenditures/expenses are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurements made regardless of the measurement focus applied.

Measurement Focus

In the government-wide financial statements, both governmental and business-type activities are presented using the economic resources measurement focus as defined below in Item b. In the governmental fund financial statements, the “current financial resources” measurement focus is used as appropriate:

a. All governmental funds utilize a “**current financial resources**” measurement focus. Only current financial assets and liabilities are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period.

b. The proprietary funds utilize an “**economic resources**” measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net position (or cost recovery), financial position, and cash flows. All assets and liabilities (whether current or non-current) associated with their activities are reported. Proprietary fund equity is classified as net position.

Basis of Accounting

a. **Accrual Basis** – Both governmental and business type activities are presented using the accrual basis of accounting in the government-wide financial statements and the proprietary and fiduciary fund financial statements. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recognized when incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met.

b. **Modified Accrual Basis** – The governmental fund financial statements are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e. both measurable and available. “Measurable” means knowing or able to reasonably estimate the amount. “Available” means collectible within the current period or soon thereafter to pay liabilities of the current period. For this purpose, the County considers revenues to be available if they are collected within 60 days after year end. Property taxes, income taxes, highway user taxes, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the County. Expenditures (including capital outlay) are recorded when the related liability is incurred. However, debt service expenditures (principal and interest), as well as expenditures related to compensated absences, claims and judgements, are recorded only when due.

D. Financial Statement Amounts

1. Cash and Cash Equivalents:

The County has defined cash and cash equivalents to include cash on hand, petty cash, demand deposits, money market accounts, and short-term securities with an original maturity of three months or less at time of purchase.

2. Investments:

Investments held by the County, including the pension funds, are stated at fair value, net asset value or amortized cost within the fair value hierarchy established by generally accepted accounting principles.

3. Receivables:

All trade, excise and property tax receivables are reported at fair value. Estimated unbilled revenues from the Water and Sewer Fund are recognized at the end of each fiscal year on a pro-rata basis. The estimated amount is based on billings during the month following the close of the fiscal year. Taxes, special assessments, utility charges and accrued interest are deemed collectible in full. Property taxes attach as an enforceable lien when levied on July 1 of each fiscal year. The taxes are payable without interest by September 30.

All property tax revenue is recorded when it becomes measurable and available. Available means due, or past due, and receivable within the current period and collected no longer than sixty (60) days after the close of the current period. Revenue relating to receivables which have not been collected within sixty days after the fiscal year-end has been reclassified from property tax revenues to unavailable revenue.

4. Inter-fund Transactions:

The following is a description of the basic types of inter-fund transactions made during the year and related accounting policies:

a. Transactions for services rendered or facilities provided – these transactions are recorded as revenues in the receiving fund and expenditures in the disbursing fund.

b. Transactions to reimburse a fund for expenditures made by it or for the benefit of another fund – these transactions are recorded as expenditures in the disbursing fund and as reductions of expenditures in the receiving fund.

c. Transactions to shift revenues or contributions from the fund budgeted to receive them to the fund budgeted to expend them – these transactions are recorded as transfers in and out.

Activities between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as “due (to) from other funds.” Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as “internal balances” and are not eliminated in the process of consolidation.

5. Inventories:

Inventories of the County, consisting of expendable supplies held for the County’s use, are valued at the Average Cost Method. Inventories in all funds are initially recorded in an inventory account and recognized as expenditures/expenses when consumed.

6. Prepaid Items:

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements using the consumption method.

7. Restricted Assets:

Cash deposits are held for construction escrow bonds, inmates at the Detention Center, a County Attorney escrow, a State’s Attorney Restitution bank account, two Economic Development loan program bank accounts, unearned grant funds and various lease deposits held are all restricted and being held in

Governmental Funds. In addition, certain debt proceeds and certain resources set aside for their repayment in the Debt Service Fund, are classified as restricted assets on the balance sheet because their uses are limited and they are maintained in separate accounts. In the Solid Waste Management Fund, bonds are held for commercial credit customers of the landfill operation in a fully refundable interest-bearing bank account.

8. Capital Assets:

Capital assets are reported in applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the County as assets with an original, individual cost of \$5,000 or more and an estimated useful life in excess of one year. Such assets are recorded at historical cost if purchased or constructed by the County. Both the Board of Education and Library (component units) define capital assets as assets having an initial individual cost of more than \$1,000 and estimated useful life in excess of one year. For the Library, books and audio-visual materials with a useful life greater than one year are capitalized and are valued and depreciated using the composite method. For the primary government and component units, donated capital assets, donated works of art and similar items, and capital assets received in a service concession arrangement are recorded at acquisition value at the date of donation. Normal maintenance and repair costs that do not add to the value of the assets or materially extend assets’ lives are not capitalized by the County or the component units.

Significant outlays for capital assets and improvements are capitalized as Construction in Progress while projects are being constructed. Projects are not depreciated until completed or substantially completed and available for use.

Property, plant and equipment of the primary government and the component units are depreciated using the straight-line method over the following estimated useful lives:

	County	Board of Education	Library
Buildings	30 yrs		
Improvements	10-30 yrs		
Buildings & improvements		30 yrs	
Land Improvements		10 yrs	
Leasehold Improvements			15-39 yrs
Water & Sewer systems	30-50 yrs		
Infrastructure	10-50 yrs		
Machinery and Equipment	5-10 yrs	5-10 yrs	7 yrs
Vehicles	5 yrs		5 yrs
Computers and Software	3-5 yrs		5 yrs
Other infrastructure	10-50 yrs		
Books and audio visual materials			3 yrs

9. Net Position/Fund Balance:

In the government-wide financial statements, net position is displayed in three components:

- a. Net investment in capital assets – consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings, and related deferred inflows and outflows that are attributable to the acquisition, construction, or improvement of these assets.
- b. Restricted net position – consists of items with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net position – all other amounts that do not meet the definition of “restricted” or “net investment in capital assets.”

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

- a. Non-spendable Fund Balance – this classification reports governmental funds that are not spendable in the current form, such as inventory and prepaid items, or due to a legal or contractual requirement that they maintain intact.
- b. Restricted Fund Balance - this classification reports amounts that are restricted when there are limitations imposed on their use either through enabling legislation adopted by the County or through external parties such as creditors, grantors, contributors, or laws and regulations of other governments.
- c. Committed Fund Balance – this category reports amounts that are self-imposed limitations set in place prior to the end of the reporting period. The limitation is imposed by formal action of the County’s highest level of decision-making authority, which is by a majority vote by the Charles County Board of County Commissioners. Only the County’s Board of County Commissioners may modify or rescind the commitment.
- d. Assigned Fund Balance – this classification reports amounts that are limited by the County’s intent to be used for specific purposes; but are neither restricted nor committed. The authority for assigning fund balance is expressed by the Board of County Commissioner’s to their designees, the County Administrator and the Director of Fiscal and Administrative Services.
- e. Unassigned Fund Balance – this classification reports the residual net resources. The County’s General Fund is the only fund permitted to report a positive amount.

Net Position in the proprietary fund statements is classified in the same manner as in the government-wide statements.

When both restricted and unrestricted amounts of fund balance are available for use for expenditures incurred, it is the County's policy to use restricted amounts first and then unrestricted amounts as they are needed. For unrestricted amounts of fund balance, it is the County's policy to use fund balance in the order of Committed, Assigned, and Unassigned.

10. Compensated Absences:

Employees of the County earn annual leave, compensatory time and sick leave in varying amounts. It is the County's policy to permit employees to accumulate earned but unused annual leave, compensatory time, and sick pay benefits. Upon separation of service with the County, non-critical employees are reimbursed for accumulated annual leave up to a maximum of 45 days and accumulated compensatory time up to 240 hours. Sworn Officers, Corrections Officers, and certain critical employees of the Sheriff's Office are reimbursed for accumulated annual leave up to a maximum of 720 hours. Sworn Officers can be reimbursed for up to 480 hours of compensatory time. The County policy on sick pay permits if the employee has 1,000 hours, they can be paid for 200 hours. If the employee has 500 hours but less than 1,000, they can be paid for 100 hours.

The County accrues the value of accumulated unpaid annual leave, compensatory time, and associated employee-related costs when incurred in the government-wide and proprietary fund financial statements. Only the amount of unused annual leave and compensatory pay that is expected to be liquidated with expendable available financial resources (amount estimated to be used within 60 days of year-end) is recorded as an expense and a liability in the governmental fund that will pay it. The non-current portion for governmental funds is maintained separately and represents a reconciling item between the fund and the government-wide presentations.

11. Long-term Obligations:

In the government-wide financial statements and proprietary 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 proprietary fund-type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds.

In the fund financial statements, governmental fund-types recognize bonded debt and related premiums and discounts 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. Capital leases are recorded in the same manner.

12. Revenues, Expenditures, and Expenses:

Property taxes and interest assessed in the current fiscal period are accrued and are recognized as revenues in the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be earned and therefore recognizable as revenue of the current period.

In the government-wide financial statements, expenses are classified by function for both governmental and business-type activities. In the fund financial statements, expenditures are classified by character.

In the fund financial statements, governmental funds report expenditures of financial resources. Proprietary funds report expenses relating to use of economic resources. Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses result from providing services and producing goods in connection with the proprietary fund's principal operations. Operating revenues include user fees and charges. Operating expenses include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

13. Accounting Estimates:

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management 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.

14. Significant Applicable New GASB Pronouncements

GASB (Government Accounting Standards Board) has issued the following Statements which will become effective in future years as shown below. With the COVID-19 pandemic that unfolded, GASB issued Standard No. 95, which postponed the effective date of implementation for several other Standards from their initial dates. Management is currently evaluating the effect of implementation of many of these Standards.

GASB Statement No. 84, Fiduciary Activities, was issued in January 2017, with an original implementation date for financial statements for periods beginning after December 15, 2018. This statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom the fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. The new implementation date is for financial statements for periods beginning after December 15, 2019. The County has implemented the impacts of this new standard with our Fiscal Year 2021 report.

GASB Statement No. 87, Leases, was issued in June 2017, with an original implementation date for financial statements for periods beginning after December 15, 2019. This statement intends to increase the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities

for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The new implementation date is for financial statements for periods beginning after June 15, 2021.

GASB Statement No. 91, Conduit Debt Obligations, was issued in May 2019, with an implementation date for financial statements for periods beginning after December 15, 2020. The primary objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with commitments extended by issuers, arrangements associated with conduit debt obligations, and related note disclosure. The new implementation date is for financial statements for periods beginning after December 15, 2021.

GASB Statement No. 92, Omnibus 2020, was issued in January 2020, with the objective to enhance the comparability in accounting and financial reporting, and to improve the consistency of authoritative literature by addressing practice issues that have been identified with implementation and application of certain GASB Statements. Since it addresses a variety of topics and includes specific provisions within, the effective implementation dates that pertain to the County and present operations, begin with financial statements for periods beginning after June 15, 2021.

GASB Statement No. 93, Replacement of Interbank Offered Rates, was issued in March 2020. The objective of this is to address those and other accounting and financial reporting implications that result from the replacement of an IBOR. This is effective for financial statements for periods beginning after December 31, 2021.

GASB Statement No. 94, Public-Private and Public-Public Partnerships and Availability Payment Arrangements, was issued in March 2020. The primary objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). As used in the Statement, a PPP, is an arrangement in which a government (the transferor) contracts with an operator (a governmental or nongovernmental entity) to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital asset (the underlying PPP asset), for a period of time in an exchange or exchange-like transaction. Some PPPs meet the definition of a service concession arrangement (SCA), which the Board defines in this Statement as a PPP in which (1) the operator collects and is compensated by fees from third parties; (2) the transferor determines or has the ability to modify or approve which services the operator is required to provide, to whom the operator is required to provide services, and the prices or rates that can be charged for the services, and (3) the transferor is entitled to significant residual interest in the service utility of the underlying PPP asset at the end of the arrangements. This Standard is effective for financial statements for periods beginning after June 15, 2022.

GASB Statement No. 95, Postponement of the effective dates of certain authoritative guidance, was issued in May 2020. The primary objective of this Statement is to provide temporary relief to governments and

other stakeholders due to the COVID-19 pandemic. That objective is accomplished by postponing the effective dates of certain provisions in Statements and Implementation Guides that first became effective or are scheduled to become effective for periods beginning after June 15, 2018, and later. The requirements of this statement are effective immediately.

GASB Statement No. 96, Subscription-Based Information Technology Arrangements, was issued in May 2020. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users. This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset-an intangible asset-and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, Leases, as amended. This is effective for financial statements for periods beginning after June 15, 2022.

GASB Statement No. 97, Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Codes 457 Deferred Compensation Plans, was issued in June 2020. The primary objectives of this Statement are to (1) increase consistency and comparability related to the fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other post-employment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in a fiduciary fund financial statements; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans. This is effective for financial statements for periods beginning after June 15, 2021.

NOTE 2. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Budgets and Budgetary Accounting

Formal budgetary accounting is employed as a management control for all funds of the County, except the four pension trust funds. However, a legal budget is adopted only for the General Fund. Thus, the budgetary financial statement included in this report as required supplementary information does not include the Special Revenue Funds, the Debt Service Fund, the Capital Projects Fund, the Proprietary Funds or the Fiduciary Funds. The basis for budgeting is the modified accrual basis. All annual appropriations lapse at fiscal year-end. Project-length budgets are adopted for the Capital Projects Fund which is projected in five-year increments.

The legal level of budgetary control (that is, the level at which expenditures cannot exceed budgeted appropriations) is at the program level. However, with proper approval by the County Commissioners, as stated in the County's Budget Policies and Delegated Authorities, last modified on March 11, 2014, budget transfers

can be made. The budgeted financial statements represented in this report reflect both the original and final budget authorization, including all amendments made by the County Commissioners.

NOTE 3. DETAILED NOTES ON ALL FUNDS

A. Cash Deposits and Investments

Article 95, Section 22 of the Annotated Code of Maryland states that local governments are authorized to invest in the instruments specified in the State Finance and Procurement Article, Section 6-222 of the Code. In addition, Article 95, Section 22 requires that local government deposits with financial institutions be fully collateralized and that the collateral be types specified in the State Finance and Procurement Article, Section 6-202. The County's Chief of Treasury is charged with the responsibility for selecting depositories and investing idle funds as directed by the State and County Codes. The Chief of Treasury is further restricted as to the types of deposits and investments in accordance with the County's investment policy. Depository institutions must be Maryland banks and must be approved for use by the County Commissioners.

Cash Deposits

At year-end, the carrying amount of the County's deposits was \$46,860,624 and the bank balances were \$47,644,845. Of the bank balance, \$1,650,774 was covered by Federal depository insurance and \$45,994,072 was collateralized with securities held by the pledging financial institution's trust department or agent in the County's name. The various amounts of petty cash on hand were \$16,775. The restricted cash equivalents balance of \$20,361,873 consists of funds from grantors and third-party agreements, as seen in the detail below.

At year-end, the carrying amount of the Board of Education's deposits was \$71,885,299 and the bank balances were \$74,971,875. The bank balance was covered by either Federal depository insurance or by collateral held in either the pledging bank's trust department or by the pledging bank's agent in the Board's name.

At year-end, the carrying amount of the Library's deposits was \$147,878 and the bank balances was \$253,407. The bank balance was covered by Federal depository insurance, up to statutory limits and collateralized by securities held by the pledging financial institution, for the excess. The amount of cash on hand was \$2,125.

Investments

Statutes authorize the Chief of Treasury to invest in short-term U.S. government securities or repurchase agreements fully secured by the United States government if the funds are not needed for immediate disbursement. The stated maturities of the investments may not exceed 24 months. Statutes also authorize the County's Chief of Treasury to invest in a local government investment pool established by state law. Investments are subject to approval of the County Commissioners as to the amount available for investment and the acceptable securities or financial institutions used.

At year-end, the County's cash and investment balances were as follows:

	Total Governmental Funds	Total Fiduciary Funds	Total Enterprise Funds	Total
Cash on hand	\$ 203,854	\$ -	\$ 5,525	\$ 209,379
Deposit accounts	44,131,834	-	409,847	44,541,680
Repurchase agreements (sweep)	51,672,990	-	-	51,672,990
U.S. government securities				
Treasuries	41,962,272	-	-	41,962,272
Agencies	62,968,815	-	-	62,968,815
Money market		14,339,016	-	14,339,016
Maryland local government pool	127,108,972	-	-	127,108,972
Bond mutual funds	8,109,332	116,866,281	-	124,975,613
Equity securities	12,369,530	274,229,379	-	286,598,909
Pooled separate accounts	-	296,977,240	-	296,977,240
Restricted cash equivalents	20,272,759	-	89,115	20,361,873
Total cash and investments	<u>\$ 368,800,358</u>	<u>\$ 702,411,916</u>	<u>\$ 504,487</u>	<u>\$ 1,071,716,761</u>

At year-end, the Board of Education's cash and investment balances were as follows:

Cash on hand	\$ 5,351
Deposits	71,885,299
Money market mutual funds	8,605,237
Maryland local government pool	<u>24,908,305</u>
Total cash and investments	<u>\$ 105,404,192</u>

At year-end, the Library's cash and investment balances were as follows:

Cash on hand and deposits	\$ 150,003
Maryland local government pool	<u>1,695,810</u>
Total cash and investments	<u>\$ 1,845,813</u>

The County categorizes its fair value measurements with the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. In addition to the three levels, if an investment does not have a readily determined fair value, the investment can be measured using the net asset value (NAV) per share. Investments in pooled separate accounts (PSA's) or collective trusts are valued at the NAV based on information provided by the respective managers.

	Level 1	Level 2	Level 3	Balance June 30, 2021
Investments by fair value level:				
U.S. government securities: Treasuries	\$ -	\$ 41,962,272	\$ -	\$ 41,962,272
U.S. government securities: Agencies	-	62,968,815	-	62,968,815
Bond Mutual funds	124,975,613	-	-	124,975,613
Equity securities	286,598,909	-	-	286,598,909
	<u>411,574,522</u>	<u>104,931,088</u>	<u>-</u>	<u>516,505,609</u>
Investments carried at net asset value:				
Pooled Separate accounts				296,977,240
Cash and Investments carried at amortized cost:				
Cash on hand				209,379
Deposit Accounts				44,541,680
Repurchase agreements (sweep)				51,672,990
Money Market				14,339,016
Maryland local government pool				127,108,972
Restricted assets: MD local government pool				<u>20,361,873</u>
Total Cash and Investments at amortized cost:				<u>258,233,911</u>
				<u>\$ 1,071,716,761</u>

Debt securities (Federal agencies, U.S. Strip Treasuries, Fixed Income funds and U.S. Government Agencies) classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities. Debt securities in Level 2 of the fair value hierarchy are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices.

Pooled separate accounts (PSA's) or collective trusts consist of thirteen investments. The objectives of the funds vary but generally are to seek long-term capital appreciation by managing a broad opportunity set of asset classes including, but not limited to, equities, bonds, commodities, currencies and cash. These investments are valued at the net asset value (NAV) of units of the fund. The NAV, as provided by the trustee, is used as a practical expedient to estimate fair value

The State Legislature created the MLGIP with the passage of Article 95 22G, of the Annotated Code of Maryland. The State Treasurer of Maryland exercises administrative oversight responsibility over the MLGIP. Investments in the Maryland Local Government Investment Pool (MLGIP) are not evidenced by securities. The investment pool, not the participating governments, faces the custodial credit risk. A single financial institution, PNC Institutional Investments, is contracted to operate the Pool. In addition, the State Treasurer has established an advisory board composed of Pool participants to review the activities of the contractor semi-annually and provide suggestions to enhance the return on investments. The MLGIP maintains an AAAM credit quality rating from S&P Global Ratings and maintains a \$1.00 per share value. The MLGIP uses the amortized cost method to compute unit value rather than market value to report net assets. Accordingly, the fair value of the position in the MLGIP is the same as the value of MLGIP shares. The MLGIP does not have any significant

limitations or restrictions related to redemption notice periods, maximum transaction amounts, liquidity fees or redemption gates.

Investments made by the County under Agencies consists of several instruments backed by either the Federal National Mortgage Association or the Federal Home Loan Mortgage Corporation; and are held in a custodial account along with Treasuries. These agency investments are implicitly guaranteed by the U.S. government and carry a credit rating of AAA.

Interest Rate Risk

As a means of limiting its exposure to fair value losses stemming from rising interest rates, the County’s investment policy prohibits the investment of operating funds in securities maturing more than 24 months from the date of purchase. Information about the sensitivity of the fair values of the County’s investments to market interest rate fluctuations is provided by the following table that shows the distribution of the County’s investments by maturity as of June 30, 2021:

	Investment Maturities (in Years)				Total
	Less than 1	1 to 5	6 to 10	More than 10	
<u>Investments with Maturities:</u>					
U.S. Treasury Obligations	\$ 41,962,272	\$ -	\$ -	\$ -	\$ 41,962,272
U.S. Governmental Agencies	62,968,815	-	-	-	62,968,815
Total	\$ 104,931,088	\$ -	\$ -	\$ -	\$ 104,931,088

Custodial Credit Risk

For an investment, custodial credit risk is the risk that, in the event of failure of the counter party, the County will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Investment securities are exposed to custodial risk if the securities are uninsured, or not registered in the name of the government, and are held by either the counter party or the counter party’s trust department or agent, but not in the government’s name. The County’s policy relating to credit risk of investments require that securities underlying all certificates of deposit, repurchase agreements and reverse repurchase agreements have a market value of at least 102 percent of the cost, plus accrued interest of the investment. County policies also require that a third-party custodian hold investments securities and the collateral underlying all investments, in the government’s name. The County’s Chief of Treasury recognizes investment diversification as an important safeguard of County assets. Investment instruments, investment maturities, and financial institutions doing business with the County shall be diversified in such a way to insure there is no concentration of risk in any of these categories. These diversification standards, as outlined in the County’s Joint Statement of Investment Policies, are applied at the time of each investment. As of June 30, 2021, the County’s investments were not exposed to custodial credit risk as all investment securities are registered in the name of the County.

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of an investment in a single issuer. The County places no limit on the amount invested in any one issuer. The County does not own one investment of a single source that exceeds 5% of the total value of the investment portfolio that are required to be reported.

Foreign Currency Risk

Foreign currency risk is the risk that the changes in the exchange rate of investments will adversely affect the fair value of an investment. The County held no positions in investments denominated in a foreign currency.

B. Receivables

Receivables as of the year-end for the County’s individual major funds and non-major funds in the aggregate were as follows:

	<u>Governmental Activities</u>			<u>Business-Type Activities</u>			<u>Total Non-Major Funds</u>	<u>Total</u>
	<u>General</u>	<u>Capital Projects</u>	<u>Debt Service</u>	<u>Water and Sewer Fund</u>	<u>Solid Waste Fund</u>	<u>SW-Watershed Protection Fund</u>		
Receivables:								
Interest	\$ 25,292	\$ -	\$ -	\$ 8,726	\$ -	\$ -	\$ -	\$ 34,018
Taxes	3,611,026	-	51,533,709	-	-	-	-	55,144,735
Accounts	70,727,617	2,814,162	538,175	11,923,715	1,262,473	-	7,552,509	94,818,651
Special assessments	-	-	1,475	511,897	-	47,935	-	561,307
Intergovernmental	118,066	-	-	-	-	-	248,179	366,245
Total receivables	<u>\$ 74,482,000</u>	<u>\$ 2,814,162</u>	<u>\$ 52,073,359</u>	<u>\$ 12,444,338</u>	<u>\$ 1,262,473</u>	<u>\$ 47,935</u>	<u>\$ 7,800,688</u>	<u>\$ 150,924,956</u>

Governmental funds report unavailable revenue in connection with 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, the various components of unearned and unavailable revenue reported in the governmental funds were as follows:

	<u>Unearned</u>	<u>Unavailable</u>	<u>Total</u>
Delinquent property taxes receivable (General Fund)	\$ -	\$ 5,241,052	\$ 5,241,052
Unavailable property tax receivable (Debt Service)	-	51,524,297	51,524,297
Unavailable income tax receivable	-	50,754,639	50,754,639
Special assessments not yet due (Debt Service)	1,475	-	1,475
School construction impact fees	4,361,349		4,361,349
Grant draw-downs prior to meeting all eligibility requirements	16,307,115	-	16,307,115
Other unearned revenue	459,452	-	459,452
Total unearned revenue for governmental funds	<u>\$ 21,129,391</u>	<u>\$ 107,519,988</u>	<u>\$ 128,649,379</u>

C. Property Taxes Receivable

The County levies a property tax each July 1 on the assessed value of all taxable real property located within the County on that date. Assessed values are established by the Maryland Departments of Assessments and Taxation at assessed market value. A reassessment of all property is required to be completed every three years. The rates of the levy cannot exceed the constant yield tax rate furnished by the Maryland State Department of Assessments and Taxation without public notice and only after public hearings. The real property tax rate for the year ended June 30, 2021 remained constant at \$1.141 per \$100 of assessed value. Property taxes attach as an enforceable lien on the property when levied on July 1 of each year. The taxes are payable without interest by September 30.

Revenue relating to property taxes receivable, which have not been collected within 60 days after year-end, have been reclassified from property tax revenues to unavailable revenues in governmental funds.

D. Tax Abatements

Charles County has two Payment in Lieu of Tax (PILOT) agreements with two of our largest business personal property taxpayers. As a result of negotiations, each agreement replaces the official process of an annual assessment from the State Department of Taxation that would result in a County tax bill. In return, the County and taxpayer know a stated amount due for the term of the agreement.

The first PILOT agreement for the County was executed on December 13, 2011, with CPV Maryland, LLC. This endeavor took many years of the regulatory process, permitting, and ultimately, construction of a natural gas power plant in Charles County. The commercial operation date of the plant was February 14, 2017, and thus began the agreement's payment schedule that has a term of 20 years. The plant utilizes treated reclaimed water to meet facility cooling needs from the Mattawoman sewer treatment plant owned by the County, which resulted in revenue collected in the amount of \$998,536 for Fiscal Year 2021. The revenue from

treated reclaimed water was a major influence in providing tax relief to CPV, as well as a stimulus for the local economy.

The second PILOT, executed on March 28, 2017, is between Charles County and GenOn Mid-Atlantic, LLC. The original term of this agreement is for 5 years. The GenOn Mid-Atlantic plants have been sold and the new owner revalued the assets. Per SDAT, the new book value was much lower than previously reported and the Tax Year 2020 estimated assessment is calculated based on the new value. As a result of the lowered assessment, no tax abatement was realized in Fiscal Year 2021.

<u>Tax Abatement Program</u>	<u>Amount of Taxes Abated</u>
PILOT Agreements	
CPV Maryland, LLC	\$ 5,220,069
GenOn Mid-Atlantic, LLC	\$ 0

E. Notes Receivable

The following is a schedule of the note receivable balances of the Debt Service Fund:

<u>Loan & Year</u>	<u>Total Borrowed</u>	<u>Term & Rate</u>	<u>Principal Balance 6/30/2021</u>
U.S. Home Corporation 2007	3,000,000	15 years, 5.25%-5.75%	213,750
U.S. Home Corporation 2008	3,000,000	15 years, 4.90%-5.25%	447,500
U.S. Home Corporation 2009	2,000,000	15 years, 4%-5.375%	468,333
U.S. Home Corporation 2011	4,000,000	15 years, 2%-4.5%	1,885,000
U.S. Home Corporation 2012	4,000,000	15 years, 2%-3.25%	1,735,000
U.S. Home Corporation 2013	3,700,000	15 years, 3%-4%	1,930,000
U.S. Home Corporation 2015	1,700,000	15 years, 3%-4%	1,211,075
Total Notes Receivable	<u>\$ 21,400,000</u>		<u>\$ 7,890,658</u>

Bonds issued by the County for U.S. Home Corporation is secured by Bond Repayment Agreements, Letters of Credit, and by the full faith and credit of the County’s General Fund. Principal and interest payments on the related bonds from these restricted resources are also accounted for in the same Debt Service fund.

The future minimum note payments receivable for the years ended June 30 are as follows:

	<u>U.S. Home Corporation</u>
2022	\$ 1,811,865
2023	1,450,393
2024	1,204,616
2025	1,081,265
2026	1,080,495
2027-2031	1,778,446
Subtotal	<u>8,407,080</u>
Less: Interest	<u>516,422</u>
Total future minimum note payments receivable	<u>\$ 7,890,658</u>

F. Capital Assets

Capital asset activity for the year ended June 30, 2021 was as follows:

Primary Government

Governmental Activities	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, not depreciated:				
Land	\$ 97,925,658	\$ 1,578,349	\$ -	\$ 99,504,007
Construction in progress	42,238,942	23,110,196	16,070,812	49,278,326
Total capital assets, not depreciated	<u>140,164,599</u>	<u>24,688,545</u>	<u>16,070,812</u>	<u>148,782,334</u>
Capital assets, depreciated:				
Land Improvements	25,268,405	1,886,048	-	27,154,453
Infrastructure	505,606,848	8,838,488	-	514,445,336
Buildings and Improvements	173,964,430	10,492,311	-	184,456,741
Machinery and Equipment	70,714,770	4,396,811	1,951,428	73,160,153
Vehicles	26,684,605	4,363,104	1,706,197	29,341,512
Total capital assets, depreciated	<u>802,239,058</u>	<u>29,976,761</u>	<u>3,657,626</u>	<u>828,558,194</u>
Less: accumulated depreciation for:				
Land Improvements	(9,558,064)	(1,110,928)	-	(10,668,993)
Infrastructure	(295,600,119)	(16,974,808)	-	(312,574,927)
Buildings and Improvements	(94,667,393)	(5,017,975)	-	(99,685,368)
Machinery and Equipment	(49,563,836)	(4,735,535)	(1,951,428)	(52,347,943)
Vehicles	(19,306,688)	(3,191,153)	(1,706,197)	(20,791,644)
Total accumulated depreciation	<u>(468,696,100)</u>	<u>(31,030,400)</u>	<u>(3,657,626)</u>	<u>(496,068,875)</u>
Total capital assets, depreciated net	<u>333,542,958</u>	<u>(1,053,638)</u>	<u>-</u>	<u>332,489,319</u>
Governmental activities, capital assets, net	<u>\$ 473,707,557</u>	<u>\$ 23,634,907</u>	<u>\$ 16,070,812</u>	<u>\$ 481,271,653</u>

Business Type Activities	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, not depreciated:				
Land	\$ 2,359,226	\$ -	\$ -	\$ 2,359,226
Construction in progress	105,324,898	30,890,013	23,452,145	112,762,766
Total capital assets, not depreciated	<u>107,684,124</u>	<u>30,890,013</u>	<u>23,452,145</u>	<u>115,121,992</u>
Capital assets, depreciated:				
Land Improvements	14,303,466	9,326,971	-	23,630,436
Infrastructure	318,208,879	16,850,799	-	335,059,677
Buildings and Improvements	14,926,712	-	-	14,926,712
Machinery and Equipment	50,860,051	2,178,473	1,086,748	51,951,776
Vehicles	7,683,098	2,095,879	657,859	9,121,117
Total capital assets, depreciated	<u>405,982,205</u>	<u>30,452,121</u>	<u>1,744,607</u>	<u>434,689,719</u>
Less: accumulated depreciation for:				
Land Improvements	(8,259,787)	(1,654,863)	-	(9,914,650)
Infrastructure	(168,790,882)	(9,414,754)	-	(178,205,636)
Buildings and Improvements	(8,348,541)	(462,740)	-	(8,811,281)
Machinery and Equipment	(24,751,752)	(2,326,101)	(1,086,748)	(25,991,105)
Vehicles	(5,840,088)	(739,203)	(657,859)	(5,921,432)
Total accumulated depreciation	<u>(215,991,050)</u>	<u>(14,597,661)</u>	<u>(1,744,607)</u>	<u>(228,844,103)</u>
Total capital assets, depreciated net	<u>189,991,156</u>	<u>15,854,460</u>	<u>-</u>	<u>205,845,616</u>
Business-type, capital assets, net	<u>\$ 297,675,280</u>	<u>\$ 46,744,474</u>	<u>\$ 23,452,145</u>	<u>\$ 320,967,608</u>
Grand Total, capital assets, net	<u>\$ 771,382,836</u>	<u>70,379,380</u>	<u>39,522,957</u>	<u>802,239,261</u>

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

Governmental Activities:

Public Safety	\$	3,159,823
Legislative		66,677
Judicial		130,403
Election Board		259
Financial Administration		59,372
Health		228,982
Community Services		655,468
Public Facilities		10,266,398
Cap Projects		13,171,074
Emergency Services		2,718,243
Education		73,263
Inspection & Enforcement		46,785
State's Attorney		28,126
Recreation, Parks, & Tourism		425,528
Total depreciation expense- Governmental Activities	\$	<u>31,030,400</u>

Business-Type Activities:

Water and Sewer	\$	10,935,339
Solid Waste		2,404,974
Environmental Services		390,551
Recreation Programs		354,560
Inspection and Reviews		126,997
SW- Watershed Protection		385,241
Total depreciation expense-Business-type Activities	\$	<u>14,597,661</u>

Construction Commitments

The County has active construction projects as of June 30, 2021. The projects include widening and reconstruction of existing streets and bridges, maintenance of existing roads, landfill expansion, modifications of a new Senior and Recreational Center, and the improvement and expansion of existing water and sewer facilities. At year-end, the County's project commitments are as follows:

<u>Division / Project</u>	<u>Spent-to-date</u>	<u>Remaining Commitment</u>
Transportation		
Road and bridge expansions	\$ 23,018,815	\$ 71,625,597
Other transportation projects	2,069,508	11,414,130
General government		
Buildings and improvements	31,041,310	87,892,440
Other general government projects	5,661,250	21,333,190
Water and sewer		
Expansions and improvements	216,713,816	338,895,370
Parks		
Expansions and improvements	4,437,390	17,960,080
Environmental service		
Various environmental service projects	<u>38,778,036</u>	<u>115,715,510</u>
Total	<u>\$ 321,720,125</u>	<u>\$ 664,836,317</u>

Most construction projects are financed, in part or in full, by general obligation bonds. Road and bridge expansions are also financed by off-site road fees and transfers of existing resources from the General Fund. Water and sewer expansions are financed by general obligation bonds, the state, and property owners.

Discretely Presented Component Units

Capital asset activity for the Board of Education for the year ended June 30, 2021, was as follows:

Board of Education

	Beginning <u>Balance</u>	<u>Increases</u>	<u>Decreases</u>	Ending <u>Balance</u>
Capital assets, not depreciated:				
Land	\$ 17,882,880	\$ 1,531,254	\$ -	\$ 19,414,134
Construction in progress	<u>21,905,595</u>	<u>44,127,167</u>	<u>(2,824,293)</u>	<u>63,208,469</u>
Total capital assets, not depreciated	<u>39,788,475</u>	<u>45,658,421</u>	<u>(2,824,293)</u>	<u>82,622,603</u>
Capital assets, depreciated:				
Buildings	651,487,316	6,090,028	(134,273)	657,443,071
Land Improvements	24,297,355	1,743,230	(53,327)	25,987,258
Furniture and Equipment	<u>32,912,021</u>	<u>937,921</u>	<u>(1,661,748)</u>	<u>32,188,194</u>
Total capital assets, depreciated	<u>708,696,692</u>	<u>8,771,179</u>	<u>(1,849,348)</u>	<u>715,618,523</u>
Less: accumulated depreciation for:				
Buildings	(317,757,426)	(18,312,410)	46,138	(336,023,698)
Land Improvements	(14,242,244)	(1,659,351)	53,327	(15,848,268)
Furniture and Equipment	<u>(27,993,482)</u>	<u>(1,348,931)</u>	<u>1,661,595</u>	<u>(27,680,818)</u>
Total accumulated depreciation	<u>(359,993,152)</u>	<u>(21,320,692)</u>	<u>1,761,060</u>	<u>(379,552,784)</u>
Total capital assets, depreciated net	<u>348,703,540</u>	<u>(12,549,513)</u>	<u>(88,288)</u>	<u>336,065,739</u>
Board capital assets, net	<u>\$ 388,492,015</u>	<u>\$ 33,108,908</u>	<u>\$ (2,912,581)</u>	<u>\$ 418,688,342</u>

Capital asset activity for the Library for the year ended June 30, 2021, was as follows:

Library

	Beginning <u>Balance</u>	<u>Increases</u>	<u>Decreases</u>	Ending <u>Balance</u>
Capital assets, depreciated:				
Furniture and Equipment	\$ 2,534,513	\$ 108,517	\$ -	\$ 2,643,030
Library books and AV material	<u>1,284,337</u>	<u>281,764</u>	<u>(363,911)</u>	<u>1,202,190</u>
Total capital assets, depreciated	<u>3,818,850</u>	<u>390,281</u>	<u>(363,911)</u>	<u>3,845,220</u>
Less: accumulated depreciation	(3,017,609)	(423,415)	363,911	(3,077,113)
Library capital assets, net	<u>\$ 801,241</u>	<u>\$ (33,134)</u>	<u>\$ -</u>	<u>\$ 768,107</u>

G. Inter-fund Receivables, Payables, and Transfers

The General Fund is the main fund used to collect, invest, and disburse monies for governmental and proprietary funds. This creates temporary inter-fund balances. The composition of inter-fund balances as of June 30, 2020, is as follows:

Due (to) from other funds:

	Governmental Activities	Business-type Activities
General Fund	\$ (185,496,138)	\$ -
Capital Projects Fund	73,577,454	-
Debt Service Fund	14,289,609	-
Water and Sewer Fund	-	36,240,547
Solid Waste Fund	-	39,792,265
Stormwater Mgmt Fund	-	3,609,282
Other Non-major Funds	14,054,319	3,932,661
Total	\$ (83,574,756)	\$ 83,574,756

Transfers are used to (a) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expand them and to (b) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations. The following is a schedule of inter-fund transfers:

Transfers Out	Transfers In					Total
	General Fund	Capital Projects Fund	Non-major Governmental Funds	SW-Water Protection Fund	Non-major Enterprise Funds	
General Fund	\$ -	\$ 3,105,580	\$ 5,527,879	\$ 300,000	\$ 1,071,865	\$ 10,005,324
Capital Projects Fund	2,671,800	-	-	-	-	2,671,800
Non-major Governmental Funds	59,576	6,921	17,488	-	-	83,985
Water Sewer Fund	-	-	-	-	-	-
Non-major Enterprise Funds	-	-	-	-	-	-
Total Transfers In:	\$ 2,731,376	\$ 3,112,501	\$ 5,545,367	\$ 300,000	\$ 1,071,865	\$ 12,761,109

H. Leases

Capital Leases

The County has entered into several lease agreements as lessee for financing the acquisition of various machinery and equipment. These lease agreements qualify as capital leases for accounting purposes and, therefore, have been recorded at the present value of their future minimum lease payments as of the inception dates. Information on each of the various prior lease agreements is as follows:

- Fiscal Year 2007 – Meter Replacement Lease for the Water and Sewer Fund – semiannual payments starting at \$132,965 and increasing to \$396,605 over fifteen years ending February 2022, including interest at a rate of 4.14%, various components expended at \$5,862,900.
- Fiscal Year 2016 – Various equipment for the General Fund, Water and Sewer Fund, and the Environmental Service Fund – semiannual payments of \$878,894 over five years ending September 2020, including interest at a rate of 2.24%, equipment capitalized at \$8,452,000.
- Fiscal Year 2017 – Various equipment for the General Fund, Water and Sewer Fund, the Environmental Service Fund, and the Stormwater-Water Protection Fund – semiannual payments of \$410,881 over five years ending August 2021, including interest at a rate of 1.87%, equipment capitalized at \$3,977,200.
- Fiscal Year 2018 – Various equipment for the General Fund, the Solid Waste Fund, Water and Sewer Fund, the Environmental Service Fund, and the Aging Grant Funds (40 & 43) – semiannual payments of \$488,387 over five years ending August 2022, including interest at a rate of 3.68%, equipment capitalized at \$3,580,800.
- Fiscal Year 2019 – Various equipment for the General Fund, the Inspection Fund, the Solid Waste Fund, and the Water and Sewer Fund – semiannual payments of \$387,107 over five years ending August 2023, including interest at a rate of 2.88%, equipment capitalized at \$3,580,800.
- Fiscal Year 2020 – Various equipment for the General Fund, the Inspection Fund, the Solid Waste Fund, the Water and Sewer fund, the Environmental Service Fund, and the Stormwater-Water Protection Fund – semiannual payments of \$410,697 over 5 years ending September 2024, including interest at a rate of 1.95%, equipment to be capitalized at \$3,895,200.
- Fiscal Year 2021 – Various equipment for the General Fund, the Solid Waste Fund, the Water and Sewer fund, and the Environmental Service Fund – semiannual payments of \$583,812 over 5 years ending September 2025, including interest at a rate of 0.94%, equipment to be capitalized at \$5,690,000.
- Energy Lease FY 2021 – Various HVAC equipment, lighting retrofits, water conservation equipment and other capital assets installed in county buildings to increase energy efficiency and provide savings to the General Fund with semiannual payments of \$195,391 over 13 years ending April 2034, including interest at a rate of 1.92%, equipment to be capitalized at \$5,382,795.

The assets acquired through capital leases and still in use are as follows:

	Governmental Activities	Business-type Activities
Assets:		
Building and Improvements	\$ 90,906	\$ -
Machinery and equipment	25,263,044	7,287,748
Vehicles	14,515,098	6,810,587
Total capital assets	<u>39,869,049</u>	<u>14,098,335</u>
Less accumulated depreciation:		
Building and Improvements	(76,837)	-
Machinery and equipment	(21,295,593)	(6,234,827)
Vehicles	(11,049,243)	(4,249,663)
Total accumulated depreciation	<u>(32,421,672)</u>	<u>(10,484,490)</u>
Total capital assets, net	<u>\$ 7,447,376</u>	<u>\$ 3,613,845</u>

The future minimum obligations and the net present value of the minimum lease payments as of June 30, 2021, were as follows:

	Governmental Activities	Business-type Activities	Total
2022	\$ 3,300,468	\$ 1,786,569	\$ 5,087,037
2023	2,558,359	1,098,445	3,656,804
2024	1,839,406	951,692	2,791,098
2025	1,255,955	773,298	2,029,253
2026-2030	2,676,145	333,235	3,009,380
2026-2031	2,162,595	-	2,162,595
Subtotal	<u>13,792,928</u>	<u>4,943,239</u>	<u>18,736,167</u>
Interest	<u>(1,087,730)</u>	<u>(133,481)</u>	<u>(1,221,211)</u>
Present value of minimum lease payments	<u>\$ 12,705,198</u>	<u>\$ 4,809,758</u>	<u>\$ 17,514,956</u>

I. Long-Term Debt

General Obligation Bonds

The County issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds have been issued for both governmental and business-type activities. During the year ended June 30, 2021, general obligation bonds totaling \$82,880,000 were issued for consolidated public improvement. General obligation bonds are direct obligations and pledge the full faith and credit of the County. In the past, these bonds have been a mix of 10-year and 15-year serial bonds with equal amounts of principal maturing each year. Recently, the County bonds have also had components with 20-year and 30-year serial bonds to fund projects with expected longer life spans as a County capital asset.

Advanced Refunding and Defeased Debt

On November 4, 2020, the County completed a refunding transaction for \$30,880,000 in general obligation bonds to defease \$29,705,000 in outstanding debt maturities of the County. This included tax exempt Consolidated Public Improvement Bonds of 2011, 2014 and 2015 as well as taxable bond issuances from 2011, 2012, 2013, 2015, and the proceeds were also used to pay costs of issuance of the 2020 Refunding Bonds. In prior years, the County has defeased various bond issues by creating separate irrevocable trust funds from the proceeds. New debt has been issued and the proceeds have been used to purchase U.S. government securities that were placed in the trust funds. The investments and fixed earnings from the investments are sufficient to fully service the defeased debt until the debt is called or matures. For financial reporting purposes, the debt has been considered defeased and therefore removed as a liability from the County's government-wide financial statements. As of June 30, 2021, the amount of defeased debt outstanding but removed from the financial statements amounts to \$29,705,000. As a result of this refunding, the County saved \$2,177,000 in interest over the life of the refunded debt.

The County's General Obligation Bonds and deferred amounts currently outstanding are as follows:

Bond Description and Year	Amount Borrowed	Term and Rate	Governmental Activities Balance 6/30/21	Business-type Activities Balance 6/30/21
Consolidated Public Improvement and Refunding Bonds of 2011	\$ 36,960,000	15 yrs, 2% - 5%	6,154,857	131,733
Consolidated Public Improvement and Refunding Bonds of 2011	\$ 1,325,000	10 yrs, 2% - 5%	-	145,000
Consolidated Public Improvement Bonds (Taxable) of 2011	\$ 4,000,000	15 yrs, 2% - 4.5%	270,000	-
Consolidated Public Improvement and Refunding Bonds of 2012	\$ 40,740,000	15 yrs, 2% - 5%	5,334,356	1,776,763
Consolidated Public Improvement and Refunding Bonds of 2012	\$ 3,000,000	10 yrs, 2% - 5%	-	360,000
Consolidated Public Improvement and Refunding Bonds of 2012	\$ 7,500,000	20 yrs, 2% - 5%	-	352,779
Consolidated Public Improvement Bonds (Taxable) of 2012	\$ 4,000,000	15 yrs, 2% - 3.25%	280,000	-
Consolidated Public Improvement and Refunding Bonds of 2013	\$ 26,805,000	10 yrs, 3% - 5%	5,875,054	3,319,716
Consolidated Public Improvement Bonds of 2013	\$ 6,300,000	10 yrs, 2% - 5%	1,702,381	442,619
Consolidated Public Improvement Bonds of 2013	\$ 3,700,000	30 yrs, 3% - 5%	-	245,000
Consolidated Public Improvement Bonds of 2013	\$ 14,500,000	21 yrs, 3% - 5%	4,663,319	839,757
Consolidated Public Improvement Bonds (Taxable) of 2013	\$ 3,700,000	15 yrs, 3% - 4%	735,000	-
Consolidated Public Improvement Bonds of 2014	\$ 17,400,000	15 yrs, 3% - 5%	8,676,868	264,943
Consolidated Public Improvement Bonds of 2014	\$ 14,000,000	10 yrs, 4% - 5%	6,165,000	-
Consolidated Public Improvement Bonds of 2014	\$ 7,600,000	30 yrs, 3% - 5%	-	5,758,190
Consolidated Public Improvement Refunding Bonds of 2015	\$ 21,830,000	15 yrs, 2% - 4%	16,341,240	3,400,973
Consolidated Public Improvement Refunding Bonds of 2015 (Taxable)	\$ 8,595,000	15 yrs, 3% - 4%	3,565,000	-
Consolidated Public Improvement Bonds of 2015	\$ 21,895,000	15 yrs, 3% - 5%	7,965,694	1,332,692
Consolidated Public Improvement Bonds of 2015	\$ 5,800,000	10 yrs, 3% - 5%	3,420,172	434,828
Consolidated Public Improvement Bonds of 2015	\$ 3,800,000	30 yrs, 3% - 5%	-	450,000

Consolidated Public Improvement Bonds of 2016	\$ 5,500,000	10 yrs, 3% - 5%	4,878,786	434,668
Consolidated Public Improvement Bonds of 2016	\$ 18,000,000	15 yrs, 3%-5%	11,240,967	7,581,320
Consolidated Public Improvement Bonds of 2016	\$ 1,000,000	20 yrs, 3% - 5%	865,000	-
Consolidated Public Improvement Bonds of 2016	\$ 7,500,000	30 yrs, 3%-5%	-	2,990,544
Consolidated Public Improvement Bonds of 2017	\$ 20,000,000	10 yrs, 3%-5%	15,015,000	-
Consolidated Public Improvement Bonds of 2017	\$ 24,000,000	15 yrs, 2.25%-5%	22,891,014	8,746,623
Consolidated Public Improvement Bonds of 2017	\$ 2,000,000	20 yrs 2.25%-5%	1,795,000	-
Consolidated Public Improvement Bonds of 2017	\$ 10,000,000	30 yrs, 2.25%-5%	943,500	8,491,500
Consolidated Public Improvement Refunding Bonds of 2017	\$ 44,180,000	26 yrs, 2%-5.3%	29,758,602	14,421,398
Consolidated Public Improvement Bonds of 2018	\$ 12,535,000	10 yrs, 3%-5%	12,535,000	-
Consolidated Public Improvement Bonds of 2018	\$ 30,682,159	15 yrs, 2.25%-5%	23,681,863	7,000,296
Consolidated Public Improvement Bonds of 2018	\$ 935,000	20 yrs 2.25%-5%	935,000	-
Consolidated Public Improvement Bonds of 2018	\$ 14,490,000	30 yrs, 2.25%-5%	-	14,490,000
Consolidated Public Improvement Bonds of 2019	\$ 5,525,000	10 yrs, 3%-5%	5,525,000	-
Consolidated Public Improvement Bonds of 2019	\$ 38,298,655	15 yrs, 2.5%-5%	32,220,493	6,078,162
Consolidated Public Improvement Bonds of 2019	\$ 970,000	20 yrs 2.5%-5%	970,000	-
Consolidated Public Improvement Bonds of 2019	\$ 18,670,000	30 yrs, 3.375%-5%	-	18,670,000
Consolidated Public Improvement Bonds of 2020	\$ 10,000,000	10 yrs, 4%	9,500,000	500,000
Consolidated Public Improvement Bonds of 2020	\$ 33,165,995	15 yrs, 1.75%-4%	25,407,267	7,758,728
Consolidated Public Improvement Bonds of 2020	\$ 3,000,000	20 yrs, 1.25%-4%	3,000,000	-
Consolidated Public Improvement Bonds of 2020	\$ 12,200,000	30 yrs, 1.25%-4%	-	12,200,000
Consolidated Public Improvement Refunding Bonds of 2020	\$ 7,760,000	7 yrs, 2%-2.45%	7,398,223	361,777
Consolidated Public Improvement Refunding Bonds of 2020	\$ 12,106,571	24 yrs, 2%-2.45%	-	3,970,000
Consolidated Public Improvement Refunding Bonds of 2020	\$ 11,013,429	25 yrs, 2%-2.45%	8,136,571	4,438,429
Consolidated Public Improvement Refunding Bonds (Taxable) of 2020	\$ 6,575,000	6-10 yrs, 2%-2.45%	6,575,000	-
Total bonds outstanding			294,421,229	137,388,435
<u>Loan Description and Year</u>				
MD Water Quality Revolving Loan Mattawoman BNR Upgrade	\$ 14,767,900	20 yrs, 1.200%	-	4,028,538
Total loans outstanding			-	4,028,538
Total bonds and loans outstanding			\$ 294,421,229	141,416,974

Changes in Long-Term Liabilities

Long-term liability activity for the year ended June 30, 2021 was as follows:

	Beginning Balances	Additions	Reductions	Ending Balances	Amounts Due Within One Year
<u>Governmental activities:</u>					
General obligation bonds	\$ 254,868,780	\$ 55,009,794	\$ (51,543,759)	\$ 258,334,815	\$ 31,086,699
Plus deferred amounts for bond premiums	35,047,535	5,299,123	(4,260,244)	36,086,414	-
Total bonds payable	289,916,315	60,308,917	(55,804,003)	294,421,229	31,086,699
Capital leases	8,446,732	7,824,995	(3,566,529)	12,705,198	2,998,689
Net Pension liabilities	116,367,792	-	(103,082,333)	13,285,459	-
LOSAP liabilities	32,277,383	5,391,366	-	37,668,749	-
Net OPEB liability	115,073,574	5,745,371	-	120,818,945	-
Compensated absences	23,908,273	6,650,965	(5,766,686)	24,792,551	1,750,883
Governmental activities noncurrent liabilities	585,990,069	85,921,614	(168,219,552)	503,692,131	35,836,271
<u>Business-type activities:</u>					
General obligation bonds	114,876,221	27,870,206	(15,966,241)	126,780,185	8,533,301
Plus deferred amounts for bond premiums	10,207,017	1,411,496	(1,010,263)	10,608,250	-
Total bonds payable	125,083,238	29,281,702	(16,976,504)	137,388,435	8,533,301
Notes payable	4,805,813	-	(777,274)	4,028,539	786,601
Capital leases	3,189,119	3,247,800	(1,627,161)	4,809,758	1,718,310
Landfill closure costs	10,968,936	1,182,949	-	12,151,885	-
Compensated absences	2,334,794	1,048,210	(817,274)	2,565,730	300,804
Business-type activities noncurrent liabilities	146,381,900	34,760,661	(20,198,212)	160,944,348	11,339,016
Total primary government noncurrent liabilities	\$ 732,371,969	\$ 120,682,274	\$ (188,417,766)	\$ 664,636,477	\$ 47,175,286
<u>Component units:</u>					
Board of Education	\$ 429,481,239	\$ 162,771,686	\$ -	\$ 592,252,925	\$ 926,873
Library	1,592,695	349,772	(116,695)	1,825,772	214,405

For the governmental activities, compensated absences are generally liquidated by the general fund, certain special revenue funds, and certain business-type enterprise funds. The net pension and OPEB liabilities are generally liquidated by the general fund and certain special revenue funds.

The annual requirements to amortize all debt outstanding as of June 30, 2021, including interest of \$98,042,978 and excluding compensated absences, deferred amounts for bond premiums, net pension liabilities, net OPEB liability and landfill closure costs, are as follows:

Year ending June 30	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	
2022	\$ 34,085,387	\$ 10,235,853	\$ 11,038,212	\$ 4,611,597	\$ 59,971,049
2023	34,250,340	8,786,681	9,173,145	4,021,400	56,231,566
2024	29,879,167	7,369,421	8,386,220	3,643,302	49,278,110
2025	27,367,003	6,130,706	8,339,573	3,292,881	45,130,163
2026	23,148,815	5,057,524	7,070,992	2,978,958	38,256,289
2027-2031	88,187,261	12,391,901	28,840,149	11,391,948	140,811,259
2032-2036	31,832,539	1,932,820	20,704,691	7,494,723	61,964,773
2037-2041	1,963,000	151,757	15,112,000	5,165,958	22,392,715
2042-2046	225,500	35,081	16,754,500	2,796,586	19,811,667
2047-2041	101,000	3,315	10,199,000	550,566	10,853,881
	<u>\$ 271,040,012</u>	<u>\$ 52,095,059</u>	<u>\$ 135,618,482</u>	<u>\$ 45,947,919</u>	<u>\$ 504,701,472</u>

Special Assessment Debt

In prior years, the County has had requested and granted various special assessments on projects petitioned by citizens. These projects are performed by the County, but the cost is fully funded by the property owners. No debt has been issued for these projects to date rather they have been funded on a pay-go basis.

J. Restricted Assets

The details of the restricted assets are as follows:

Governmental Activities

Cash and cash equivalents

CARES funds	\$	500,126	
ARPA funds		15,855,569	
Inmate account		32,667	
County Attorney escrow		10,046	
SAO Restitution account		28,431	
Business Development Loan Fund		410,105	
Targeted Industry Loan Fund		389,060	
Energy Lease account		1,687,234	
Construction Escrow		<u>1,359,521</u>	
Total cash and cash equivalents	\$		20,272,759

Notes Receivable

U.S. Homes Corporation	\$	<u>7,890,659</u>	
Total notes receivable			<u>7,890,659</u>
Total Governmental Activities			28,163,417

Business-type Activities

Cash and cash equivalents

Landfill Bonds			<u>89,115</u>
TOTAL PRIMARY GOVERNMENT	\$		<u><u>28,252,532</u></u>

K. Fund Balance Analysis

The following are the components of Fund Balance in the governmental funds:

Fund balances:	General Fund	Capital Projects Fund	Debt Service Fund	Other Governmental Funds	Total Governmental Funds
<u>Nonspendable</u>					
Inventory	\$ 1,849,069	\$ -	\$ -	\$ -	\$ 1,849,069
Prepay Items	875,434	-	-	-	875,434
	<u>2,724,503</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,724,503</u>
<u>Restricted</u>					
Capital Outlay	-	6,107,831	-	-	6,107,831
Economic Development	11,548	-	-	904,255	915,803
Debt Service	-	-	1,883,754	-	1,883,754
Housing	-	-	-	437,349	437,349
Drug Enforcement	-	-	-	778,453	778,453
Fire and Rescue	-	-	-	21,014,759	21,014,759
Planning Programs	-	-	-	1,259,935	1,259,935
Public Safety	-	-	-	183,947	183,947
Cable Franchise	-	-	-	5,088,133	5,088,133
CARES grant	-	-	-	16,582	16,582
Animal Control	113,583	-	-	4,500	118,083
	<u>125,131</u>	<u>6,107,831</u>	<u>1,883,754</u>	<u>29,687,913</u>	<u>37,804,629</u>
<u>Committed</u>					
Policy Target	68,391,825	-	-	-	68,391,825
Economic Development	200,000	-	-	-	200,000
Income Tax Reserve	16,000,000	-	-	-	16,000,000
OPEB Reserve	4,375,000	-	-	-	4,375,000
Teacher's Incentive Grant	4,228,800	-	-	-	4,228,800
CIP Reserve	5,000,000	-	-	-	5,000,000
Workers Compensation	9,946,875	-	-	-	9,946,875
Unspent Budget	16,609,219	-	-	-	16,609,219
Pay In Arrears	4,000,000	-	-	-	4,000,000
GenOn Reserve for Loss	10,000,000	-	-	-	10,000,000
CIP/Pay-go	-	31,964,160	-	-	31,964,160
	<u>138,751,719</u>	<u>31,964,160</u>	<u>-</u>	<u>-</u>	<u>170,715,879</u>
<u>Assigned</u>					
Aging Grants	-	-	-	45,483	45,483
Judicial Grants	-	-	-	35,441	35,441
Transportation	-	-	-	3,754,591	3,754,591
Public Safety	-	-	-	79,216	79,216
Housing	284,563	-	-	-	284,563
Aging Services	-	-	-	60,246	60,246
Animal Control	-	-	-	274,040	274,040
Mental Health	-	-	-	195,141	195,141
Cable Franchise	-	-	-	5,750,442	5,750,442
Debt Service	-	-	20,847,237	-	20,847,237
Storm Event Reserve	5,000,000	-	-	-	5,000,000
Health Ins Rate Stabilization	3,370,241	-	-	-	3,370,241
CIP & Operations	-	19,856,593	-	-	19,856,593
	<u>8,654,804</u>	<u>19,856,593</u>	<u>20,847,237</u>	<u>10,194,598</u>	<u>59,553,234</u>
<u>Unassigned</u>					
Other unassigned	2,309,099	-	-	-	2,309,099
Total fund balances	<u>\$ 152,565,256</u>	<u>\$ 57,928,584</u>	<u>\$ 22,730,991</u>	<u>\$ 39,882,511</u>	<u>\$ 273,107,343</u>

NOTE 4. RISK MANAGEMENT

Liability Insurance

The County is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. The County was unable to obtain general liability, public official's legal liability, business auto liability, and auto physical damage insurance from commercial insurance companies at a cost it considered to be economically justifiable. The County and other local governments throughout the State joined together to form the Local Government Insurance Trust (LGIT), a public entity risk pool. The County pays an annual premium to LGIT for its general insurance coverage. LGIT is self-sustaining through member premiums and will reinsure through commercial companies.

Self-Insured Health Care

The County is self-insured for employee health insurance through agreements with CareFirst BlueCross BlueShield, CareFirst BlueChoice, and Delta Dental. Employees contribute 30% of the estimated cost of the plan, and the County contributes 70%. Certain outside agencies (Library, Soil Conservation, and Courthouse) and some retirees are also covered under this agreement with varying contribution levels. The health insurance agreements are claims-made policies with administrative fees paid to all carriers. The policies include stop-loss provisions for claims in excess of \$125,000 per person/per year for CareFirst. Claims that are in excess of this limit are covered by the insurance carrier. Delta Dental does not have a stop-loss provision. At June 30, 2021, a liability of \$1,578,000 (\$1,149,981 in governmental funds and \$428,019 in business-type funds) was recorded for estimated claims incurred but not yet reported (IBNR), which represents the estimated run-out claims liability should the self-insurance agreement be terminated. Historical experience and actuarial assumptions were the basis used in estimating the liabilities for unpaid claims.

The changes in the County's IBNR claims liability are as follows:

Fiscal Year	Beginning of Year	Claims and Changes in Estimates, Net	End of Year
2019	810,000	753,000	1,563,000
2020	1,563,000	(359,000)	1,204,000
2021	1,204,000	374,000	1,578,000

Self-Insured Worker's Compensation

The County elected to be self-insured for employer worker's compensation as of the beginning of the fiscal year 2013. Based on employer costs and employee claims for the fiscal year ending June 30, 2021, a

budget surplus of \$2,101,717 was recognized and increased assigned fund balance across all funds to offset future plan-related costs. The balance for all funds as of June 30, 2021 is \$11,518,931.

In addition, the County had a Loss Reserve Analysis report prepared as of June 30, 2021. This report was provided to County stakeholders as well as being sent to the Maryland Workers' Compensation Commission. The discounted reserve reported was \$5,510,289. This is recorded on the County's books in similar fashion as the preceding Health IBNR claims liability and future reports will be done periodically as needed.

Fiscal Year	Beginning of Year	Changes in Discounted Reserve, Net	End of Year
2020	5,654,745	-	5,654,745
2021	5,654,745	(144,556)	5,510,189

Other insurance

The County continues to carry commercial insurance for other risks of loss, including other general liability, earth movement, flood; fiduciary; employee health, dental, and life; unemployment, and long-term disability insurance. Settlement claims resulting from these risks have not exceeded commercial insurance coverage in any of the past five years.

NOTE 5. COMMITMENTS AND CONTINGENCIES

A. Contingencies Under Grant Provisions

The County participates in federal and state assisted programs and is a recipient of several grants. These programs and grants are subject to financial and compliance audits by the grantors or their representatives. Any liability for reimbursement that may arise as a result of these audits is not believed to be material. The County has experienced audits of a few programs during the year ended June 30, 2021, which have not resulted in any findings or liabilities. The County does not expect any disallowances of grant expenditures in the future.

B. Litigation

Charles County is routinely engaged in litigation regarding matters that arise in the normal course of the County's activities. In the opinion of the County Attorney and County Management, none of these matters will have a material effect on the financial position of the County.

NOTE 6: PENSION & TRUST PLANS

Note 6 and 7 represent the required pension note disclosures for the County Pension Plans, including the Charles County Employees Retirement Plan (the “County Plan”) and the Charles County Sheriff’s Office Retirement Plan (“SORP”), and the Other Post Employment Benefit plan (“OPEB”) trust funds. Also included in these footnotes is the Length of Service Award Program (“LOSAP”), and information on the County’s deferred compensation plans.

Summary of Significant Accounting Policies

Pension plan member contributions are recognized in the period in which the contributions are due. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan. Employee and employer contributions are recognized as revenues in the period in which employee services are performed and expenses, benefits, and refunds are recorded when the corresponding liabilities are incurred, regardless of when payment is made. Investments are reported at fair value. Short-term investments are reported at cost, which approximates fair value. Market quotations are used for investments traded in an active securities market, and contract values are used for unallocated insurance contracts. For the County’s OPEB plan, Charles County allocates the pay-go costs of active and retiree health insurance by the counts for personnel services based on the respective allocation to the general fund or proprietary fund.

Contributions and Reserves

For the County Plan and SORP, employer-required contributions are calculated by an independent actuary. The County normally pays the full actuary recommended amounts to the trust, which are paid after formal funding approval is given by the County Commissioners through the budget process. Administrative costs of the plans are financed through investment earnings and additional contributions of the employer.

For OPEB, the County’s practice has been to pay the employer benefit payments from general revenues, plus make a cash contribution to the trust (after formal budget approval by the County Commissioners). Investments for the two pension and OPEB trust funds are managed by an investment committee which includes an outside investment consultant. LOSAP program assets are maintained separately by a custodian and investment decisions are made by an investment firm appointed by the Board of Fire and Rescue Commissioners. The plan is funded from revenues obtained from the county’s fire and rescue tax.

The County’s net pension liabilities, deferred outflows and deferred inflows of resources related to pensions, and the pension expense for June 30, 2021 consist of the following:

(in thousands of dollars)	County Plan	Sheriff's Plan	LOSAP	OPEB	Total
Net Pension/OPEB Liability/(Asset)	\$ (33,621)	\$ 46,907	\$ 37,669	\$ 120,819	\$ 171,773
Deferred Outflows of Resources	\$ 3,864	\$ 17,852	\$ 9,545	\$ 4,613	\$ 35,873
Deferred Inflows of Resources	\$ 40,589	\$ 45,425	\$ 1,484	\$ 69,262	\$ 156,760
Pension/OPEB Expense	\$ (6,900)	\$ (7,890)	\$ 1,809	\$ (11,991)	\$ (24,973)
Fiduciary Net Position	\$ 303,581	\$ 378,084	N/A	\$ 20,861	\$ 702,526

The County does not produce separate annual financial reports for any of the fiduciary trust funds or LOSAP, nor are they included in the report of any other entity. Accordingly, the fiduciary trust funds are presented as follows:

THE COUNTY COMMISSIONERS OF CHARLES COUNTY, MARYLAND
COMBINING STATEMENT OF FIDUCIARY NET POSITION
JUNE 30, 2021

	<u>County Pension</u>	<u>Sheriff's Pension</u>	<u>OPEB Trust Fund</u>	<u>Total</u>
ASSETS:				
Current assets:				
Cash and cash equivalents	\$ 6,603,475	\$ 7,704,100	\$ 31,441	\$ 14,339,016
Interest receivable	-	114,214	-	114,214
	<hr/>	<hr/>	<hr/>	<hr/>
Total current assets	6,603,475	7,818,314	31,441	14,453,230
Investments:				
Bond mutual funds	-	112,116,619	4,749,662	116,866,281
Equity securities	-	258,149,037	16,080,342	274,229,379
Pooled separate accounts	296,977,240	-	-	296,977,240
	<hr/>	<hr/>	<hr/>	<hr/>
Total investments	296,977,240	370,265,656	20,830,004	688,072,900
Total assets	303,580,715	378,083,970	20,861,445	702,526,130
LIABILITIES:				
Accrued expenses	-	27,720	-	27,720
	<hr/>	<hr/>	<hr/>	<hr/>
NET POSITION RESTRICTED FOR PENSIONS AND OPEB BENEFITS	<u>\$ 303,580,715</u>	<u>\$ 378,056,250</u>	<u>\$ 20,861,445</u>	<u>\$ 702,498,410</u>

THE COUNTY COMMISSIONERS OF CHARLES COUNTY, MARYLAND
 COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
 YEAR ENDED JUNE 30, 2021

	<u>County</u> <u>Pension</u>	<u>Sheriff's</u> <u>Pension</u>	<u>OPEB Trust</u> <u>Fund</u>	<u>Total</u>
ADDITIONS:				
Contributions:				
Employer contributions	\$ 5,366,584	\$ 13,493,760	\$ 3,284,000	\$ 22,144,344
Employee contributions	2,784,840	3,128,654	-	5,913,494
Total contributions	<u>8,151,424</u>	<u>16,622,414</u>	<u>3,284,000</u>	<u>28,057,838</u>
Investment earnings:				
Interest, Dividends, Gains	5,988,151	34,595,596	674,394	41,258,141
Net change in fair value of investments	58,002,846	48,509,569	3,924,051	110,436,466
Total investment earnings	63,990,997	83,105,165	4,598,445	151,694,607
Less investment expenses	(1,624,041)	(1,628,235)	(29,462)	(3,281,738)
Net investment earnings	<u>62,366,956</u>	<u>81,476,930</u>	<u>4,568,983</u>	<u>148,412,869</u>
Total additions	<u>70,518,380</u>	<u>98,099,344</u>	<u>7,852,983</u>	<u>176,470,707</u>
DEDUCTIONS:				
Benefits paid to members	8,226,380	15,896,177	-	24,122,557
Administrative costs	14,756	5,830	833	21,419
Total deductions	<u>8,241,136</u>	<u>15,902,007</u>	<u>833</u>	<u>24,143,976</u>
Changes in net position	62,277,244	82,197,337	7,852,150	152,326,731
Net position - beginning of year	<u>241,303,471</u>	<u>295,858,913</u>	<u>13,009,295</u>	<u>550,171,679</u>
Net position - end of year	<u>\$ 303,580,715</u>	<u>\$ 378,056,250</u>	<u>\$ 20,861,445</u>	<u>\$ 702,498,410</u>

General Information about the Pension Plans

The Charles County Employees Retirement Plan and the Charles County Sheriff's Office Retirement Plan are single-employer defined benefit public employee retirement plans administered by Charles County, Maryland, which provide retirement benefits as well as death and disability benefits and cost-of-living adjustments. The County Commissioners have the power and authority to establish and carry out a funding policy and method consistent with the objectives of the plans, and to establish and amend the benefit provisions of the plans.

For additional information not provided in this report on any of the pension or OPEB plans, please address written information requests to:

Human Resources Department
 Charles County Government
 200 Baltimore Street
 La Plata, MD 20646

You can also contact Human Resources at 301-645-0585, or online at:

<https://www.charlescountymd.gov/government/human-resources/contact-human-resources>

A. County Employees Retirement Plan:

Plan Description – The County Employees Retirement Plan (the “County’s Plan”) is a single-employer defined benefit pension plan established in accordance with Article 25, section 3(g) of the Annotated Code of Maryland. All full-time county employees not otherwise eligible for the Sheriff’s Office Retirement Plan are eligible to participate in the plan, which includes public safety and non-public safety employees.

Plan Provisions – The following are the chief provisions of the County Plan:

Benefit Formula – Employees are entitled to an annual retirement benefit payable monthly for life. For non-public safety participants: 1.5% of Final Average Earnings multiplied by years of Credited Service up to 5 years, plus 1.75% for years from 5 to 10, plus 2.0% for years from 10 to 15, plus 2.25% for years from 15 to 20, plus 2.5% for years in excess of 20. The maximum benefit is 65% of Final Average Earnings. For public safety participants: 2.0% of Final Average Earnings provided by years of Credited Service. The maximum benefit is 75% of Final Average Earnings. This is a modified cash refund annuity.

Vesting– For both non-public safety participants hired before July 1, 1997, 25% after 2 years, 50% after 3 years, 75% after 4 years, and 100% after 5 years, normal retirement date equals 100% vesting. For both public safety and non-public safety employees hired on or after July 1, 1997, 100% after 5 years.

Normal Retirement Date – For non-public safety participants, the first day of the month coinciding with or next following the later of a Participant’s 62nd birthday or the completion of 5 years of service; if Service is 20 or greater, the benefit is unreduced at age 60. For participants in the Plan prior to July 1, 1977, there is an elective Normal Retirement Date of age 60. For public safety participants, the first day of the month coinciding with or next following the earlier of a participant’s 60th birthday or 25 hypothetical years of service.

Cost of Living Adjustment – Provides for an annual increase in the annuity benefit in proportion to the last annual increase in the Consumer Price Index. This increase shall not be in excess of 4% per year. Effective October 1, 2015, the cost of living adjustment provides for no decrease (with an offset in subsequent years) if the CPI decreases between valuation dates.

Employee Contributions – For non-public safety participants, 4% of earnings, no contributions after 31 years of credited service. For public safety participants, 7% of earnings; *Interest Credited* – 5% per annum

Employees covered by the benefit terms: Membership in the plan consisted of the following as of July 1, 2020, the date of the last actuarial valuation:

Active plan members	944
Terminated, entitled to but not yet receiving benefits	296
Retirees and beneficiaries receiving benefits	371
	<hr/>
	1,611
	<hr/>

Pension Expense and Net Pension Liability

The pension expense was calculated using the July 1, 2020 census data and asset information as of June 30, 2021. The end of year liability values were determined using the July 1, 2020 census data projected forward using standard actuarial techniques.

The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Target</u>	<u>Long Term</u>
	<u>Allocation</u>	<u>Expected</u> <u>Real Rate of Return</u>
Large Cap Equity	29%	7.25%
Small Cap Equity	8%	8.25%
Mid Cap Equity	6%	8.00%
International Equity	12%	7.00%
Fixed Income	25%	5.01%
Real Estate	5%	6.35%
Stable Value	<u>15%</u>	3.85%
Total	100%	

Discount rate: The discount rate used to measure the total pension liability was 7.10%. 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 County contributions will be made at rates equal to the difference between actuarially determined contribution rates and the employee rate. 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 active and inactive employees. 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.

In projecting whether the future benefit payments of this pension plan will be covered by plan assets, we have assumed that 100% of the actuarially determined contribution will be contributed by the sponsor based on the most recent 5-year history of actual contributions. The long-term expected rate of return on plan assets has been validated by applying the most recent capital market assumptions, to the asset allocation strategy of Charles County Pension Plan using a building block approach.

Funding Policy and Contributions: The annual pension contribution for the year ended June 30, 2021 was \$5,366,584. This contribution for the current year was determined as part of the July 1, 2020 actuarial valuation. The actuarial assumptions and methods included:

Funding Method – Frozen Entry Age Normal Actuarial Cost Method with amortization of the unfunded accrued liability using the level percent closed method over 20 years, as re-established effective July 1, 2009.

Asset Method – Five-year smoothed market effective July 1, 2000.

Investment Return – 7.10% compounded annually, net of investment and contract fees.

Post Retirement COLA Increases – 2.5% per year increase is assumed.

Inflation – 2.25%

Mortality – The RP-2014 Total Dataset (Adjusted to 2006) with Scale MP-2020 for males and females.

Salary Increases – assumed to increase at an annual rate of 4.00%.

Changes in the Net Pension Liability and related ratios:

(Dollar amounts in thousands)

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability/(Asset)
	(a)	(b)	(a) - (b)
Balances at 6/30/20	\$ 255,323	241,303	\$ 14,020
Changes for the year:			
Service cost	7,895	-	7,895
Interest	17,841	-	17,841
Changes of benefit terms	-	-	-
Differences between expected and actual experience	(2,874)	-	(2,874)
Changes of assumptions	-	-	-
Contributions - employer	-	5,367	(5,367)
Contributions - employee	-	2,785	(2,785)
Net Investment Income	-	62,502	(62,502)
Benefit payments, including refunds of member contributions	(8,226)	(8,226)	-
Administrative expense	-	(151)	151
Other	-	-	-
Net Changes	<u>14,636</u>	<u>62,277</u>	<u>(47,641)</u>
Balances at 6/30/21	<u>\$ 269,959</u>	<u>\$ 303,580</u>	<u>\$ (33,621)</u>

Sensitivity of the net pension liability to changes in the discount rate: The following presents the net pension liability of the County for this plan, calculated using the discount rate of 7.10%, as well as what the County's net pension liability would be if it were calculated using a discount rate that is 1 percentage-point lower (6.10%) or 1 percentage-point higher (8.10%) than the current rate:

(Dollar amounts in thousands)

	1% decrease <u>6.10%</u>	Current Discount Rate <u>7.10%</u>	1% increase <u>8.10%</u>
County's net pension liability/(asset)	<u>\$ 8,123</u>	<u>\$ (33,621)</u>	<u>\$ (67,706)</u>
Plan fiduciary net position as a percentage of the total pension liability			<u>112.45%</u>
Annual money-weighted rate of return			<u>25.90%</u>

Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2021, the County reported net deferred outflows or resources and deferred inflows of resources related to the County Employees Pension Plan from the following sources:

(Dollar amounts in thousands)	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 903	\$ 3,360
Changes of assumptions	2,961	5,333
Net difference between projected and actual earnings on pension plan investments		<u>31,896</u>
Total	<u>\$ 3,864</u>	<u>\$ 40,589</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows (dollar amounts in thousands):

Year ended June 30:	
2022	10,254
2023	8,656
2024	8,255
2025	9,078
2026	435
2027	47

B. Sheriff’s Office Retirement Plan

Plan Description – The Sheriff’s Office Retirement Plan (“SORP”) is a single-employer defined benefit pension plan established in accordance with Article 25, section 3(g) of the Annotated Code of Maryland. The Sheriff’s Plan covers all Sheriff’s Office, Corrections and Communication employees.

Plan Provisions – The following are the chief provisions of the SORP:

Benefit Formula -- For Sworn Officers, 3% of average compensation for each of first 20 years and 2% thereafter, to a maximum of 80% of average compensation. For Correctional Officers, 2.25% per year to a maximum of 75% of average compensation. For Communications Officers, 2.0% per year to a maximum of 75% of average compensation.

Vesting – For Sworn Officers, Communications and Correctional Officers, 5 years of service is required to be 100% vested.

Normal Retirement Date –25 years of service, or age 60, if earlier. For Sworn Officers hired before 7/1/86, 20 years of service, or age 60, if earlier.

DROP – For Sworn Officers, a 5 year DROP (Deferred Retirement Option Program) is offered. DROP allows a sworn member of the Sheriff’s Office to retire without terminating employment for up to 5 years. DROP credits consist of DROP monthly retirement income deposits and County pick-up contributions. DROP monthly retirement income deposits are subject to the annual COLA. DROP account balances are credited with 7% interest each July 1 for participants who entered DROP prior to July 1, 2017. Participants entering DROP after 7/1/17 are credited with 2% less than the Plan’s actuarial assumed investment rate of return per year each July 1.

Cost of Living Adjustment – Provides for an annual increase in the annuity benefit in proportion to the last annual increase in the Consumer Price Index. This increase shall not be in excess of 4% per year. Effective October 1, 2015, the cost of living adjustment provides for no decrease (with an offset in subsequent years) if the CPI decreases between valuation dates.

Employee Contributions– For Sworn Officers, 8% of base earnings, for Correctional Officers and Communications Dispatchers 7% of base earnings; *Interest Credited* – 3% per annum

Employees covered by the benefit terms: As of the valuation date of July 1, 2020, the following Sheriff’s employees were covered by the plan:

	<u>Sworn Officers</u>	<u>Correctional Officers</u>	<u>Communications Employees</u>
Active plan members	305	137	44
Retirees and beneficiaries receiving benefits	152	31	13
Disabled, receiving benefits	14	2	-
Vested termination	19	4	4
	<u>490</u>	<u>174</u>	<u>61</u>

Pension Expense and Net Pension Liability

The Pension Expense was calculated using the July 1, 2020 census data and asset information as of June 30, 2021. The end of year liability values were determined using the July 1, 2020 census data projected forward using standard actuarial techniques.

The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long Term Expected Real Rate of Return</u>
Domestic Large Cap	35%	5.72%
Domestic Mid/Small Cap	15%	6.77%
International Equity	10%	6.55%
Fixed Income	35%	1.14%
Cash	5%	-0.33%
Inflation		3.00%
Total	100%	

Discount rate: The discount rate used to measure the total pension liability was 7.40%. 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 County contributions will be made at rates equal to the difference between actuarially determined contribution rates and the employee rate. 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 active and inactive employees. 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 included calculations assume that the members and the County will continue to make all required actuarially determined contributions. Based on that assumption, the plan’s fiduciary net position is expected to be available to make all future benefit payments of current plan members.

Funding Policy and Contributions – The total pension liability is based on the July 1, 2020 actuarial valuation rolled forward to June 30, 2021. These calculations are based on the Entry Age Normal cost method as required by GASB 67 and are based on an expected long term rate of return of 7.40%. Normal cost ceases for Sworn members after 25 years of service (when members are assumed to join DROP) since GASB 67 does not allow normal cost while in DROP. All other methods, assumptions, and provisions used are detailed in the July 1, 2020 actuarial valuation report. The calculation of the Actuarially Determined Contribution for fiscal year ended June 30, 2021 is contained in the July 1, 2019 actuarial valuation report. The annual pension contribution for the year ended June 30, 2021 was \$13,493,760. The actuarial assumptions and methods included:

Funding Method – Projected Unit Credit with amortization of the unfunded accrued liability over a period of 20 years as a level percentage of pay with total payroll assumed to increase by 3.5% per year (as re-established July 1, 2009).

Asset Method – Five-year averaging method. Returns on the average market value of assets above or below the assumed 7.4% return are gradually recognized over a five-year period.

Investment Return – 7.40% compounded annually, net of investment and contract fees; this was lowered from the previous rate of 7.50%.

Post Retirement COLA Increases – 2.60% per year increase is assumed.

Mortality – The RP-2014 Blue Collar Mortality with fully generational projection from 2006 using scale MP-2016.

Salary Increases – assumed to increase at an annual rate of 5.0%.

Changes in the Net Pension Liability and related ratios:

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
of the total pension liability			
Balances at 6/30/20	\$ 398,207	295,859	\$ 102,348
Changes for the year:			
Service cost	9,245	-	9,245
Interest	28,879	-	28,879
Changes of benefit terms	-	-	-
Differences between expected and actual experience	4,528	-	4,528
Changes of assumptions	-	-	-
Contributions - employer	-	13,494	(13,494)
Contributions - employee	-	3,129	(3,129)
Net Investment Income	-	81,618	(81,618)
Benefit payments, including refunds of member contributions	(15,896)	(15,896)	-
Administrative expense	-	(148)	148
Other	-	-	-
Net Changes	<u>\$ 26,756</u>	<u>\$ 82,197</u>	<u>\$ (55,441)</u>
Balances at 6/30/21	<u>\$ 424,963</u>	<u>\$ 378,056</u>	<u>\$ 46,907</u>

Sensitivity of the net pension liability to changes in the discount rate: The following presents the net pension liability of the County for this plan, calculated using the discount rate of 7.40%, as well as what the County's net pension liability would be if it were calculated using a discount rate that is 1 percentage-point lower (6.40%) or 1 percentage-point higher (8.40%) than the current rate:

	1% decrease 6.40%	Current Discount Rate 7.40%	1% increase 8.40%
Sheriff's net pension liability/(asset) (Dollar amounts in thousands)	<u>\$ 115,143</u>	<u>\$ 46,907</u>	<u>\$ (7,872)</u>
Plan fiduciary net position as a percentage of the total pension liability			<u>88.96%</u>
Annual money-weighted rate of return			<u>27.59%</u>

Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2021, the County reported net deferred outflows or resources and deferred inflows of resources related to the Sheriff's Office Retirement Plan from the following sources:

(Dollar amounts in thousands)	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 13,256	\$ 3,271
Changes of assumptions	4,595	-
Net difference between projected and actual earnings on pension plan investments		42,154
Total	<u>\$ 17,851</u>	<u>\$ 45,425</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows (dollar amounts in thousands):

Year ended June 30:	
2022	(5,790)
2023	(5,552)
2024	(7,788)
2025	(9,199)
2026	755
Thereafter	-

C. Length of Service Award Program (LOSAP) for Volunteer Firemen and Rescue Squad Members

Plan Description – The Length of Service Award Program (LOSAP) for Volunteer Firemen and Rescue Squad Members was established in accordance with Article II, Chapter 54 of the Charles County Code of Public Local Laws of Maryland for qualified active volunteer members of the Charles County volunteer fire companies and volunteer rescue squads. It is a single-employer defined benefit retirement plan administered by Charles County, Maryland which provides retirement benefits to volunteers as described below.

Plan Provisions – The following are the chief provisions of LOSAP:

Benefit Formula - Any person who has reached the age of sixty and who has completed a minimum of twenty-five years of certified active volunteer service with any Charles County volunteer fire company or rescue squad receives benefits of \$10 multiplied by year of service per month (effective July 2013). An additional payment of \$2 per month is added for each full year of volunteer service in excess of twenty-five years. Seventy-five percent of the volunteer’s benefits accrue to his or her surviving spouse which terminate upon the death or remarriage of the spouse.

Vesting – not applicable for this plan

Normal Retirement Date –age 60

Cost of Living Adjustment – none

Volunteer Contributions – none

Volunteers covered by benefit terms: At January 1, 2020, the following participants were covered by the benefit terms:

Active participants with a Yr of Service for the Prior Year	768
Actives not Credited with a Yr of Service for the Prior Year	171
Terminated Vested Participants	19
Retirees Accruing Additional Benefits	136
Retirees Not Accruing Additional Benefits	92
Survivors Receiving Benefits	50
	<u>1,236</u>

Pension Expense and Net Pension Liability

The Pension Expense was calculated using the January 1, 2020 census data. The end of year liability values were determined using a December 31, 2020 measurement date.

Discount Rate – The calculations in this report assume the plan remains unfunded. Thus, the discount rate is based on the 20-year general obligation bond rate. The discount rate used to measure the total pension liability was 2.00%, lowered from 2.75%.

Funding Policy and Contributions – For this fiscal year and future years, the plan is funded from the revenue derived from one cent of the fire and rescue tax levied by the County in accordance with Section 123 of the Article noted above. Revenue transferred to the program for the year ended June 30, 2021 totaled \$839,900 from the 2019/2020 tax levy. The County Commissioners administer the plan but do not fund it beyond the allocation of the fire and rescue tax revenues.

Mortality – Pub-2010 Safety Headcount Weighted generationally projected using Scale MP-2019. The projection to the valuation date is assumed to be current mortality experience. The generational projection past the valuation date is assumed to account for future mortality improvements. This assumption has been set based on a generally accepted mortality study. Due to the size of the plan, there is insufficient experience to create plan-specific mortality tables.

Changes of assumptions and other inputs – In addition to the change in the discount rate, in calendar year 2020 the actuary used the Pub-2010 Safety Headcount Weighted generationally projected using MP-2019 weighted 70% Male, termination rates were added, retirement rates have been refined, a normal cost has been added for annuitants with a year of service in the prior year, and volunteers not credited with a year of service for the prior year have no normal cost and are valued using and ABO liability rather than EAN.

Changes in the LOSAP Pension Liability:

Schedule of Changes in the LOSAP Pension Liability	
(dollar amounts in thousands)	
Balances at 12/31/2019	\$ 32,277
Changes for the year:	
Service Cost	1,045
Interest Cost	874
Changes of assumptions or other inputs	4,504
Differences between expected and actual experience	-
Benefit Payments	<u>(1,031)</u>
Net Changes	<u>5,392</u>
Total Pension Liability at 12/31/2020	<u>\$ 37,669</u>

Sensitivity of the total pension liability to changes in the discount rate: The following presents the net pension liability for this plan, calculated using the discount rate of 2.00%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1 percentage-point lower (1.00%) or 1 percentage-point higher (3.00%) than the current rate (dollar amounts in thousands):

	1% decrease	Current Discount Rate	1% increase
	<u>1.00%</u>	<u>2.00%</u>	<u>3.00%</u>
LOSAP net pension liability	<u>\$ 45,187</u>	<u>\$ 37,669</u>	<u>\$ 31,839</u>

Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2021, the County reported net deferred outflows or resources and deferred inflows of resources related to LOSAP from the following sources (based on a December 31, 2020 date):

(Dollar amounts in thousands)	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 1,147	\$ -
Changes of assumptions	8,397	1,484
Contributions subsequent to the measurement date	-	-
Total	<u>\$ 9,544</u>	<u>\$ 1,484</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related To LOSAP pensions will be recognized in pension expense as follows:

Year ended December 31:	
2021	922
2022	922
2023	922
2024	922
2025	922
Thereafter	3,450

NOTE 7: OTHER EMPLOYMENT BENEFITS

A. Deferred Compensation Plan

The County offers its employees three deferred compensation plans, created in accordance with Internal Revenue Code Section 457. The plans are administered by Nationwide Retirement Solutions, Inc., Mass Mutual, and MetLife. The plans, available to all full-time and full-time reduced hour employees permit them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency.

All amounts of compensation deferred under the plans, all property and rights purchased with those amounts, and all income attributable to these amounts, property, or rights are held in trust, or in trust equivalents, for the exclusive benefit of participants and their beneficiaries. Therefore, in accordance with GASB, the deferred compensation investments are not reported in the County's financial statements. The following schedule reflects the basic information regarding the County's program:

(all dollar amounts in thousands)	<u>Nationwide</u>	<u>Mass Mutual</u>	<u>Metlife</u>
Participants	403	302	53
Plan Assets	\$28,535	\$28,535	\$3,492
Annual Employee Contribution	\$1,806	\$1,671	\$170

B. Other Post-Employment Benefits (OPEB) Plan

Plan Description – The Charles County’s post-employment benefit plan is a single employer defined benefit plan. The Board of Library Trustees, a component unit of the County, has a small number of participants in this plan. The financial information presented in this note represents the County’s share only. Charles County provides medical, dental and vision benefits to eligible employees who retire from employment after meeting the minimum age and years of service requirements of the Charles County Employees Retirement Plan or the Sheriff’s Office Retirement Plan which are outlined previously in these notes. The OPEB plan was closed to new hires on January 1, 2017. Employees hired on or after January 1, 2017 are enrolled in a defined contribution plan.

The following actuarial calculations are based on OPEB benefits provided under the terms of the County’s substantive plan in effect at the time of the valuation and on a pattern of sharing costs between the employer and plan members to that point, while also reflecting a long-term financial perspective.

Summary of Significant Accounting Policies

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Charles County OPEB Plan and additions to/deductions from the plan’s fiduciary net position have been determined on the same basis as they were reported by the plan as of June 30, 2021 which is the measurement date. The financial statements of the Plan were prepared using the accrual basis of accounting. Expenditures are recognized on the accrual basis as retirees’ insurance costs are incurred. The Plan’s insurance costs are paid by the retirees, the County and the Library. Charles County is self-insured with stop loss reinsurance.

Plan Provisions – The following are the chief provisions of the OPEB plan:

Retirees can continue the same medical and dental coverage (including family coverage) they had as active employees. The Government pays a portion of the costs of medical, dental, and vision coverage so long as minimum age and service requirements are met. Employees who retire when they are eligible for reduced retirement benefits may defer benefit commencement until the pension benefit is unreduced. However, OPEB benefits must be elected at the time of retirement. Also, retirees who opt-out are not allowed to re-enter the plan at any point in the future.

Benefit Formula – see chart

<u>Years of Service</u>	<u>% Paid by County</u>
5 years	2% per year (10% max)
Years 6-10	3% per year (25% max)
Years 11-15	4% per year (45% max)
Years 16-20	4.34% per year (66.7% max)
Years 21+	66.7%

Public Safety employees receive 66.7% subsidy regardless of service.

Vesting – 5 years of service

Normal Retirement age – Participants must meet the retirement eligibility requirements of their respective pension plan, whether for normal or early retirement or disability retirement. Non-Public Safety Participants must also meet the eligibility requirements of Charles County Government. This requires that employees must be at least age 52, have a minimum of 5 years of vesting service, and their age plus service must be at least 70 to be eligible for health insurance.

Medical Trend Increases – The medical trend was updated to that most recent long-term medical trend released by the Society of Actuaries. The current valuation uses the model as updated in September 2020.

Employee Contribution – The subsidy for general employees depend upon years of service and plan chosen (see chart above)

Employees and Retirees covered by the benefit terms – The following table summarizes the membership, average age, and average service for participants enrolled in Medical/Dental/Vision as of 7/1/2020:

Number of Participants	Sheriff's	Non-Sheriff's	Total
Active	351	509	860
Retirees in Pay Status (Pre-Medicare)	115	41	156
Retirees in Pay Status (Medicare Age)	93	269	362
Active Statistics			
Average Age	41.42	48.51	45.61
Average Service	15.37	15.57	15.49
Inactive Statistics in Pay Status			
Average Age (Pre-Medicare)	57.13	61.11	58.17
Average Age (Medicare Age)	72.95	73.47	73.34

Funding Policies and Funded Progress from Employer’s Perspective under GASB Statement No. 75

The Plan’s funding policy provides for the County to contribute to the trust as determined by the County budget. The County budget for fiscal year 2021 included funding for pay-as-you-go OPEB costs as well as \$3,284,000 to the trust.

The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

Asset Classes	Ranges	Targets	Long-Term Expected Rate of Return
Large Cap Domestic Equities	35%-45%	40%	6.65%
Small/Mid Cap Domestic Equities	10%-20%	15%	7.04%
International Equities	15%-25%	20%	7.14%
Fixed Income	15%-35%	25%	3.43%
Cash Equivalents	0%-10%	0%	1.90%
Inflation			2.23%
Total		100%	

Discount rate and medical care cost increases -- The OPEB plan was closed to new hires on January 1, 2017. Employees hired on or after January 1, 2017 are enrolled in a defined contribution plan. Using the methodology

described under GASB 75, assuming 2% annual increases for expected future hires to account for future benefits to be paid under the DC plan, and assuming Charles County Government maintains the current funding levels (adjusted for assumed increases to payroll in future years), it was determined that the fund will remain solvent with no “cross-over” point. Therefore, the discount rate used to determine the liabilities under GASB 75 was set to the long-term rate of return of plan assets of 7.40%.

Future medical care cost increase rates are unpredictable and could be volatile. They depend upon the economy, future health care delivery systems and emerging technologies. The trend rate selected is based on an economic model, but future medical trend increases could vary significantly from the model.

Actuarial assumptions and methods included -- The net OPEB liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2020 rolled forward to June 30, 2021. The County’s proportionate share of the net OPEB liability was based on an allocation determined by the County and agreed to by the Library.

Actuarial Cost Method – Entry Age Normal

Amortization Method – level dollar, period is 18 years

Asset Method – Market value of Assets

Investment Return – 7.50% compounded annually, net of investment and contract fees

Inflation – 2.50% per year increase is assumed

Healthcare cost trend rate –The trend for 2020 is 4.7%. The ultimate trend is 4.0% for both Pre-Medicare and Post-Medicare.

Salary information – the OPEB plan does not depend on salary information

Changes in the Total OPEB Plan Liability and related ratios:

	(Dollar amounts in thousands)		
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
	(a)	(b)	(a) - (b)
Balances At 6/30/20			
Changes for the year:	\$ 129,486	\$ 13,009	\$ 116,477
Service cost	2,909	-	2,909
Interest	9,582	-	9,582
Changes of benefit terms	-	-	-
Differences between expected and actual experience--comes from DI/I	3,936	-	3,936
Changes of assumptions--comes from DI/DO	1,210	-	1,210
Benefit payments, including refunds of member contributions	(3,831)	-	(3,831)
	-	-	-
Contributions - employer	-	7,115	(7,115)
Net Investment Income	-	4,568	(4,568)
Benefit payments, including refunds of member contributions	-	(3,831)	3,831
Administrative expense	-	-	-
Other	-	-	-
Net Changes	<u>13,805</u>	<u>7,852</u>	<u>5,953</u>
Balances At 6/30/21	<u>\$ 143,292</u>	<u>\$ 20,861</u>	<u>\$ 122,430</u>

Library/County relative share of OPEB Plan:

	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
Total Plan	\$ 143,292	20,861	\$ 122,430
Library's Share	<u>2,117</u>	<u>506</u>	<u>1,611</u>
County's Share	<u>\$ 141,175</u>	<u>\$ 20,356</u>	<u>\$ 120,819</u>

Sensitivity of the county share of total and net OPEB liability to changes in the discount rate: The following presents the total and net OPEB liability of the County for this plan, calculated using the discount rate of 7.40%, as well as what the County's total and net pension liability would be if it were calculated using a discount rate that is 1 percentage-point lower (6.40%) or 1 percentage-point higher (8.40%) than the current rate:

	Current		
	1% decrease	Discount Rate	1% increase
	6.40%	7.40%	8.40%
County's Total OPEB liability	\$ 166,547	\$ 141,175	\$ 121,120
County's Net OPEB liability	\$ 146,244	\$ 120,819	\$ 100,741

Sensitivity of the county share of OPEB liability to changes in the health care cost trend rate: The following presents the total and net OPEB liability of the County for this plan, calculated using the health care cost trend rate of 4.00%, as well as what the County's total and net OPEB liability would be if it were calculated using a health care cost trend rate that is 1 percentage-point lower (3.00%) or 1 percentage-point higher (5.00%) than the current rate:

	1% decrease 3.00%	Current Trend Rate 4.00%	1% increase 5.00%
County's Total OPEB liability	\$ 118,618	\$ 141,175	\$ 170,120
County's Net OPEB liability	\$ 98,234	\$ 120,819	\$ 149,823

Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

At June 30, 2021, the net deferred outflows of resources and deferred inflows of resources related to the total OPEB plan are from the following sources:

(Dollar amounts in thousands)	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 3,742	\$ 5,404
Changes of assumptions	1,037	63,695
Net difference between projected and actual earnings on OPEB plan investments		2,517
Total	<u>\$ 4,779</u>	<u>\$ 71,616</u>

At June 30, 2021, the net deferred outflows of resources and deferred inflows of resources related to the County's share of the OPEB plan are from the following sources:

(Dollar amounts in thousands)	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 3,612	\$ 5,227
Changes of assumptions	1,001	61,607
Net difference between projected and actual earnings on OPEB plan investments	-	2,429
Total	<u>\$ 4,613</u>	<u>\$ 69,262</u>

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the County's share of OPEB will be recognized in expense as follows:

Year ended June 30:	(in thousands)
2022	\$ (16,189)
2023	\$ (16,232)
2024	\$ (16,267)
2025	\$ (16,332)
2026	\$ (338)
Thereafter	\$ 709

NOTE 8. CLOSURE AND POST-CLOSURE CARE COSTS

A. Pisgah Landfill

State and Federal laws and regulations required the County to place a final cover on its Pisgah landfill site when it stopped accepting waste, and to perform certain maintenance and monitoring functions at the site for thirty years after the closure. The Pisgah landfill stopped accepting waste in September 1994. The majority of closure costs related to this landfill were incurred during Fiscal Year 1997. The landfill was closed in Fiscal Year 2000 with a final cost of \$6,841,885. Post-closure costs for the fiscal year ended June 30, 2021 were \$91,325.

B. Charles County Landfill

State and federal laws and regulations require the County to place a final cover on the County landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for thirty years after closure. Although closure and post-closure care costs will be paid only near or after the date that the landfill stops accepting waste, the County reports a portion of these closure and post-closure care costs as an operating expense in each period based on landfill capacity used as of each balance sheet date. The landfill is located on a 70-acre site, estimated to provide nearly 5.3 million cubic yards of landfill space. As of June 30, 2021, approximately 20% of cell IIIB space remains available for future waste disposal. The County is developing the landfill in sections so that when one section closes another is ready to open. At the close of the fiscal year, the landfill had Phase IIIB open. The \$12,151,885 reported as landfill closure and post-closure care liability at June 30, 2021, represents the cumulative amount reported to date of the estimated capacity of the sections that have been opened.

The County will recognize the remaining estimated cost of closure and post-closure care as the remaining phases and capacity is filled. The actual costs may be higher due to inflation, changes in technology, or changes in regulations. The County has established a sinking fund reserve for landfill closure costs through the implementation of the user fee rates at the landfill. The County estimates the capacity of the landfill and the future date to begin closure with the assistance of computer models. Construction costs are estimates and a rate is adopted during the budget process to ensure funds are available when needed. Landfill closure costs recognized during the year amounted to \$1,182,949.

NOTE 9. SUBSEQUENT EVENTS

On November 30, 2021, the County completed a bond sale transaction for \$70,000,000 in general obligation public improvement bonds. The proceeds are being used, together with funds from other sources, to finance the costs of certain buildings, facilities, equipment and grounds in Charles County, as well as the costs of issuance of the 2021 bonds. Debt service repayments are scheduled for semi-annually on April 1 and October 1, commencing April 1, 2022.

Prior to the end of Fiscal Year 2021, the County wrapped up negotiations on a new PILOT agreement with Lanyard Power Holdings, LLC. This agreement carries forward from the previously reported GenOn Mid-

Atlantic, LLC on essentially all the same tax property held in Charles County. On June 9, 2021, Lanyard Power Holdings, LLC notified the PJM and the County of the intent to deactivate the Morgantown 1 and 2 generating units located in the PJM Region, effective May 31, 2022. The County received the full PILOT payment in FY22. Within the new agreement, and per intentions to close much sooner than anticipated, Section 3.11 becomes effective and will result in a lower than initial FY23 payment. Consequently, the County has established a Loss Reserve in the general fund balance records of \$10,000,000 and intends to increase this reserve in the future to smooth out the impact.

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Required Supplementary Information

THE COUNTY COMMISSIONERS OF CHARLES COUNTY, MARYLAND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGETARY (NON-GAAP) TO ACTUAL
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2021

	Budgeted amounts		Actual amounts budgetary basis	Variance with final budget positive (negative)
	Original	Final		
Revenues:				
Taxes - local property	\$ 241,288,000	\$ 241,419,500	\$ 243,159,148	\$ 1,739,648
Taxes - income	140,000,000	140,000,000	159,808,519	19,808,519
Taxes - other local	22,655,000	23,147,380	33,186,452	10,039,072
Charges for services	9,849,700	9,876,800	9,640,055	(236,745)
Intergovernmental	4,377,500	4,522,790	4,371,070	(151,720)
Interest income	1,000,000	1,000,000	465,906	(534,094)
Other income	5,546,200	5,546,200	5,314,351	(231,850)
Total revenues	424,716,400	425,512,670	455,945,501	30,432,831
Expenditures:				
Education	210,081,000	210,081,000	210,039,968	41,032
Public safety	114,077,300	118,687,830	112,584,203	6,103,627
General government (including contingencies)	29,201,100	30,045,280	27,158,294	2,886,986
Public Works- Facilities	15,329,300	15,998,980	14,664,275	1,334,705
Financial Administration	12,349,200	12,769,490	12,032,218	737,272
Judicial	6,198,300	6,212,500	5,980,290	232,210
Planning and Growth Management	3,161,600	3,258,650	3,217,754	40,896
Community Services	2,446,800	2,423,320	1,985,037	438,283
Recreation, Parks & Tourism	9,209,200	8,777,280	8,164,158	613,123
Health Services	3,318,700	3,318,700	3,258,316	60,384
Economic Development	1,989,100	1,988,290	1,607,850	380,440
Social Services	1,382,600	1,457,600	1,457,835	(235)
Legislative	2,472,800	2,430,500	2,324,872	105,628
Law	1,259,700	1,272,850	1,100,283	172,567
Conservation of Natural Resources	718,900	731,910	706,528	25,382
Elections	1,822,400	1,970,340	1,793,145	177,195
Debt service				
Interest	8,809,000	8,385,500	8,125,856	259,644
Total expenditures	423,827,000	429,810,020	416,200,880	13,609,140
Excess (deficiency) of revenues over (under) expenditures	889,400	(4,297,350)	39,744,620	44,041,970
Other financing sources (uses):				
Proceeds from capital lease agreement	-	-	-	-
Proceeds from bond	-	-	-	-
Premium on debt proceeds	-	-	1,196,131	1,196,131
Bond Proceeds from debt refunding	-	-	20,438,213	20,438,213
Defeased Bonds	-	-	(21,634,343)	(21,634,343)
Transfers in	3,571,800	3,571,800	2,731,376	(840,424)
Transfers out	(9,614,200)	(10,350,130)	(10,005,324)	344,806
Total other financing sources (uses)	(6,042,400)	(6,778,330)	(7,273,949)	(495,618)
Net change in fund balance	(5,153,000)	(11,075,680)	32,470,671	43,546,352
Fund balance - beginning of year	120,094,585	120,094,585	120,094,585	-
Fund balance - end of year	\$ 114,941,585	\$ 109,018,905	\$ 152,565,256	\$ 43,546,351

Schedule of the County's Plan Employer Contributions

Last 10 Fiscal Years

(Dollar amounts in thousands)

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Actuarially determined contribution	\$ 5,367	\$ 4,715	\$ 4,498	\$ 3,926	\$ 3,673	\$ 5,240	\$ 5,627	\$ 5,356	\$ 5,223	\$ 6,055
Contributions in relation to the actuarially determined contribution	<u>5,367</u>	<u>4,715</u>	<u>4,498</u>	<u>3,926</u>	<u>3,673</u>	<u>5,240</u>	<u>5,627</u>	<u>5,356</u>	<u>5,223</u>	<u>6,055</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$60,623	\$57,791	\$54,332	\$53,002	\$50,662	\$58,330	\$57,345	\$54,750	n/a	n/a
Contributions as a percentage of covered employee payroll	8.85%	8.16%	8.28%	7.41%	7.25%	8.98%	9.81%	9.78%	n/a	n/a

Notes to Schedule

Valuation date: Actuarially determined contribution amounts are calculated as of the beginning of the fiscal year. Actuarial valuations are performed every year.

Methods and assumptions used to determine most recent contribution rates:

Actuarial cost method	Entry Age Normal Actuarial Cost Method
Amortization method	Changes in assumptions and differences between assumptions and actual experience are recognized over the average of the expected remaining service lives of all employees (active and inactive employees, including retirees). Differences between expected earnings on plan investments and actual investments earnings are recognized over a 5 year period. Changes in benefit terms are recognized immediately.
Asset valuation method	Assets are valued at contract value with a market value adjustment factor for the Guaranteed Deposit Account Assets, and at market value for Separate Accounts, which is considered the best representation of Fair Value.
Inflation	2.25%
Salary increases	4.00% including inflation
Investment rate of return	7.10%, net of plan investment expenses and contract fees.
Retirement age	For non-public safety participants, the first day of the month coinciding with or next following the later of a Participant's 62nd birthday or the completion of 5 years of Service; if Service is 20 or greater, the benefit is unredacted at age 60. For Participants in the Plan prior to July 1, 1977, there is an elective Normal Retirement Date of age 60. For public safety participants, the first day of the month coinciding with or next following the earlier of a Participant's 60th birthday or 25 hypothetical years of Service.
Mortality	RP-2014 Total Dataset (Adjusted to 2006) with Scale MP-2020 for males and females

Schedule of Changes in the County's Plan Net Pension Liability and Related Ratios

(Dollar amounts in thousands)

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total Pension Liability				
Service cost	\$ 7,895	\$ 7,555	\$ 7,276	\$ 6,690
Interest	17,841	17,691	15,177	14,782
Changes of benefit terms	-	-	591	-
Differences between expected and actual experience and changes in assumptions	(2,874)	109	190	2,782
Benefit payments, including refunds of member contributions	<u>(8,226)</u>	<u>(7,398)</u>	<u>(6,648)</u>	<u>(6,251)</u>
Net change in total pension liability	14,636	17,957	16,586	18,003
Total Pension Liability - beginning	<u>255,323</u>	<u>237,366</u>	<u>220,780</u>	<u>202,777</u>
Total Pension Liability - ending (a)	<u>\$ 269,959</u>	<u>\$ 255,323</u>	<u>\$ 237,366</u>	<u>\$ 220,780</u>
Plan Fiduciary Net Position				
Contributions - employer	\$ 5,367	\$ 4,715	\$ 4,498	\$ 3,926
Contributions - employee	2,785	2,546	2,476	2,348
Net Investment Income	62,502	9,105	13,788	15,852
Benefit payments, including refunds of member contributions	(8,226)	(7,398)	(6,647)	(6,251)
Administrative expense	(151)	(184)	(117)	(109)
Other	-	-	-	-
Net change in plan fiduciary net position	<u>62,277</u>	<u>8,784</u>	<u>13,998</u>	<u>15,766</u>
Plan Fiduciary Net Position - beginning	<u>241,303</u>	<u>232,519</u>	<u>218,521</u>	<u>202,755</u>
Plan Fiduciary Net Position - ending (b)	<u>\$ 303,580</u>	<u>\$ 241,303</u>	<u>\$ 232,519</u>	<u>\$ 218,521</u>
County's Net Pension Liability/(Asset) - ending (a) - (b)	<u>\$ (33,621)</u>	<u>\$ 14,020</u>	<u>\$ 4,847</u>	<u>\$ 2,259</u>
Plan Fiduciary Net Position as a percentage of the total pension liability	112.45%	94.51%	97.96%	98.98%
Covered payroll	\$ 60,623	\$ 57,791	\$ 54,332	\$ 53,002
County's Net Pension Liability as a percentage of covered employee pensionable payroll	-55.46%	24.26%	8.92%	4.26%
Annual money-weighted rate of return	25.9%	3.6%	7.0%	8.5%

Additional years' information will be displayed as it becomes available to show ten years of information

Schedule of Changes in the County's Plan Net Pension Liability and Related Ratios (continued)

<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	
\$ 6,320	\$ 5,902	\$ 5,844	\$ 5,552	Total Pension Liability
13,915	13,944	12,705	11,745	Service cost
-	-	-	-	Interest
(224)	(12,218)	4,888	-	Changes of benefit terms
(5,291)	(4,871)	(4,759)	(4,356)	Differences between expected and actual experience
14,720	2,757	18,678	12,941	Benefit payments, including refunds of member contributions
188,057	185,300	166,622	153,681	Net change in total pension liability
<u>\$ 202,777</u>	<u>\$ 188,057</u>	<u>\$ 185,300</u>	<u>\$ 166,622</u>	Total Pension Liability - beginning
				Total Pension Liability - ending (a)
				Plan Fiduciary Net Position
\$ 3,673	\$ 5,240	\$ 5,627	\$ 5,356	Contributions - employer
2,347	2,179	2,105	2,011	Contributions - employee
21,017	1,734	7,421	22,826	Net Investment Income
(5,291)	(4,870)	(4,759)	(4,357)	Benefit payments, including refunds of member contributions
(73)	(81)	(88)	(84)	Administrative expense
-	-	-	-	Other
21,673	4,202	10,306	25,752	Net change in plan fiduciary net position
181,082	176,880	166,574	140,822	Plan Fiduciary Net Position - beginning
<u>\$ 202,755</u>	<u>\$ 181,082</u>	<u>\$ 176,880</u>	<u>\$ 166,574</u>	Plan Fiduciary Net Position - ending (b)
<u>\$ 22</u>	<u>\$ 6,975</u>	<u>\$ 8,420</u>	<u>\$ 48</u>	County's Net Pension Liability/(Asset) - ending (a) - (b)
99.99%	96.29%	95.46%	99.97%	Plan Fiduciary Net Position as a percentage of the total pension liability
\$ 50,663	\$ 58,330	\$ 57,345	\$ 54,750	Covered payroll
0.04%	11.96%	14.68%	0.09%	County's Net Pension Liability as a percentage of covered employee pensionable payroll
12.3%	1.7%	5.2%	16.9%	Annual money-weighted rate of return

Schedule of Sheriff's Office Retirement Plan Employer Contributions

Last 10 Fiscal Years

(Dollar amounts in thousands)

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Actuarially determined contribution	\$ 13,494	\$ 12,431	\$ 11,892	\$ 11,795	\$ 10,845	\$ 10,590	\$ 10,402	\$ 9,823	\$ 8,425	\$ 7,390
Contributions in relation to the actuarially determined contribution	13,494	12,431	11,892	11,795	10,845	10,590	10,402	9,823	8,425	7,390
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 39,034	\$ 36,255	\$ 34,470	\$ 33,888	\$ 33,373	\$ 30,706	\$ 32,509	\$ 31,270	n/a	n/a
Contributions as a percentage of covered employee payroll	34.57%	34.29%	34.50%	34.81%	32.50%	34.49%	32.00%	31.41%	n/a	n/a

Notes to Schedule

Actuarially determined contribution amounts are calculated as of the beginning of the fiscal year.

Valuation date: Actuarial valuations are performed every year.

Methods and assumptions used to determine most recent contribution rates:

Actuarial cost method	Projected Unit Credit
Amortization method	Level percent of payroll (closed), increasing 3.5% per year.
Remaining amortization period	Remaining amortization periods range from 6 to 30 years.
Asset valuation method	5-year smoothed market.
Inflation	3.00%
Salary increases	5.00%, including inflation
Investment rate of return	7.40%, net of pension plan investment expense, including inflation.
Retirement age	Rates vary by participant age and service
Mortality	RP-2014 Blue Collar Mortality tables with generational projection from 2006 by Scale MP-2016. A five-year set forward is used for post-disability mortality.

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Schedule of Changes in the Sheriff's Office Retirement Plan Net Pension Liability & Related Ratios

(Dollar amounts in thousands)

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total Pension Liability				
Service cost	\$ 9,245	\$ 8,607	\$ 8,068	\$ 7,681
Interest		26,604	25,197	24,182
Changes of benefit terms	28,879	-	-	(313)
Differences between expected and actual experience	4,528	11,324	(5,995)	(820)
Changes of assumptions	-	-	4,874	-
Benefit payments, including refunds of member contributions	<u>(15,896)</u>	<u>(15,688)</u>	<u>(12,669)</u>	<u>(10,511)</u>
Net change in total pension liability	26,756	30,847	19,475	20,219
Total Pension Liability - beginning	<u>398,207</u>	<u>367,360</u>	<u>347,885</u>	<u>327,666</u>
Total Pension Liability - ending (a)	<u>\$ 424,963</u>	<u>\$ 398,207</u>	<u>\$ 367,360</u>	<u>\$ 347,885</u>
Plan Fiduciary Net Position				
Contributions - employer	\$ 13,494	\$ 12,431	\$ 11,892	\$ 11,794
Contributions - employee	3,129	2,996	2,793	2,776
Net Investment Income	81,618	13,387	18,243	19,716
Benefit payments, including refunds of member contributions	(15,896)	(15,688)	(12,669)	(10,511)
Administrative expense	(148)	(133)	(143)	(162)
Other	-	-	-	-
Net change in plan fiduciary net position	<u>82,197</u>	<u>12,993</u>	<u>20,116</u>	<u>23,613</u>
Plan Fiduciary Net Position - beginning	<u>295,859</u>	<u>282,866</u>	<u>262,749</u>	<u>239,136</u>
Plan Fiduciary Net Position - ending (b)	<u>\$ 378,056</u>	<u>\$ 295,859</u>	<u>\$ 282,866</u>	<u>\$ 262,749</u>
Sheriff's Net Pension Liability - ending (a) - (b)	<u>\$ 46,907</u>	<u>\$ 102,348</u>	<u>\$ 84,494</u>	<u>\$ 85,136</u>
Plan Fiduciary Net Position as a percentage of the total pension liability	88.96%	74.30%	77.00%	75.53%
Covered payroll	\$ 39,034	\$ 36,255	\$ 34,470	\$ 33,888
Sheriff's Net Pension Liability as a percentage of covered employee pensionable payroll	120.17%	282.30%	245.13%	251.23%
Expected average remaining service years of all participants	6	6	6	6
Annual money-weighted rate of return	27.59%	4.73%	6.94%	8.74%

Additional years' information will be displayed as it becomes available to show ten years of information

Notes to Schedule

Benefit Changes There are no benefit changes reflected in the current schedule.

Assumption Changes There are no assumption changes reflected in the current schedule.

Note that some totals may not add due to rounding. Values may be adjusted within the financial statements to account for these rounding differences.

Schedule of Changes in the Sheriff's Office Retirement Plan Net Pension Liability & Related Ratios (continued)

<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	
\$ 7,433	\$ 6,566	\$ 6,534	\$ 4,157	Total Pension Liability
21,532	20,983	19,286	18,491	Service cost
-	-	-	-	Interest
6,770	(6,916)	815	-	Changes of benefit terms
7,554	5,579	4,692	(3,864)	Differences between expected and actual experience
(9,899)	(9,609)	(8,902)	(7,997)	Changes of assumptions
33,390	16,603	22,425	10,787	Benefit payments, including refunds of member contributions
294,276	277,673	255,248	244,460	Net change in total pension liability
<u>\$ 327,666</u>	<u>\$ 294,276</u>	<u>\$ 277,673</u>	<u>\$ 255,248</u>	Total Pension Liability - beginning
				Total Pension Liability - ending (a)
				Plan Fiduciary Net Position
\$ 10,845	\$ 10,590	\$ 10,402	\$ 9,823	Contributions - employer
2,765	2,614	2,616	2,541	Contributions - employee
25,617	2,035	7,785	26,456	Net Investment Income
(9,899)	(9,610)	(8,902)	(7,997)	Benefit payments, including refunds of member contributions
(120)	(120)	(111)	(76)	Administrative expense
-	-	-	-	Other
29,207	5,508	11,790	30,747	Net change in plan fiduciary net position
209,929	204,421	192,631	161,883	Plan Fiduciary Net Position - beginning
<u>\$ 239,136</u>	<u>\$ 209,929</u>	<u>\$ 204,421</u>	<u>\$ 192,631</u>	Plan Fiduciary Net Position - ending (b)
				Sheriff's Net Pension Liability - ending (a) - (b)
				Plan Fiduciary Net Position as a percentage of the total pension liability
72.98%	71.34%	73.62%	75.47%	
\$ 33,373	\$ 30,706	\$ 32,509	\$ 31,270	Covered payroll
				Sheriff's Net Pension Liability as a percentage of covered employee pensionable payroll
265.27%	274.69%	225.33%	200.25%	
7	6	7	7	Expected average remaining service years of all participants
12.70%	1.50%	4.54%	16.84%	Annual money-weighted rate of return

Schedule of the County's share of OPEB Plan Employer Contributions

Last 10 Fiscal Years

(Dollar amounts in thousands)

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Actuarially determined contribution	\$14,783	\$ 14,668	\$ 13,662	\$ 10,576	\$ 9,771
Contributions in relation to the actuarially determined contribution	<u>6,867</u>	<u>6,492</u>	<u>3,924</u>	<u>-</u>	<u>-</u>
Contribution deficiency (excess)	<u>\$ 7,916</u>	<u>\$ 8,176</u>	<u>\$ 9,738</u>	<u>\$ 10,576</u>	<u>\$ 9,771</u>

Information for FYE 2016 and earlier is not available

Notes to Schedule

Benefit changes None

Valuation Date: The FYE 2021 actuarially determined contribution (ADC) is calculated as of 7/1/2020. The liability is based on 7/1/2020 data. Actuarial valuations are done every other year.

Changes of assumptions The mortality assumption was updated for FYE 2021 to the latest experience study on public sector employees and retirees released by the SOA

Methods and assumptions used to determine contribution rates:

Valuation Date	7/1/2020
Actuarial cost method	Entry Age Normal
Amortization method	Level dollar
Asset valuation method	Market value of assets
Remaining amortization period	18 years for FYE 2021
Investment rate of return	7.50%
Payroll growth rate	N/A - The amortization method is level dollar
Inflation	2.50%
Healthcare cost trend rate	The trend for 2020 is 4.7%. The ultimate trend is 4.0% for both Pre-Medicare Post-Medicare.

Because the OPEB plan does not depend on salary, salary information is not provided.

Schedule of Changes in the County's Proportionate Share of the Net OPEB Liability and Related Ratios

(Dollar amounts in thousands)

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Total Pension Liability					
Service cost	\$ 2,807	\$ 2,925	\$ 7,898	\$ 8,365	\$ 8,040
Interest	9,247	9,177	9,015	8,560	7,669
Changes of benefit terms	-	-	(963)	-	-
Differences between expected and actual experience	3,798	411	(9,340)	130	2,364
Changes of assumptions	1,168	(7,745)	(89,891)	(11,962)	(36,539)
Benefit payments, including refunds of member contributions	<u>(3,697)</u>	<u>(3,375)</u>	<u>(3,149)</u>	<u>(2,940)</u>	<u>(2,674)</u>
Net change in total pension liability	13,324	1,393	(86,430)	2,153	(21,140)
Total Pension Liability - beginning	<u>127,851</u>	<u>126,458</u>	<u>212,888</u>	<u>210,735</u>	<u>231,875</u>
Total Pension Liability - ending (a)	<u>\$ 141,175</u>	<u>\$ 127,851</u>	<u>\$ 126,458</u>	<u>\$ 212,888</u>	<u>\$ 210,735</u>
Plan Fiduciary Net Position					
Contributions - employer	\$ 6,867	\$ 6,279	\$ 5,095	\$ 4,440	\$ 3,924
Contributions - employee	-	-	-	-	-
Net Investment Income	4,409	427	336	239	3
Benefit payments, including refunds of member contributions	(3,697)	(3,375)	(3,149)	(2,940)	(2,674)
Administrative expense	-	-	-	-	-
Other	-	-	-	-	-
Net change in plan fiduciary net position	<u>7,579</u>	<u>3,331</u>	<u>2,282</u>	<u>1,739</u>	<u>1,253</u>
Plan Fiduciary Net Position - beginning	<u>12,777</u>	<u>9,446</u>	<u>7,164</u>	<u>5,425</u>	<u>4,172</u>
Plan Fiduciary Net Position - ending (b)	<u>\$ 20,356</u>	<u>\$ 12,777</u>	<u>\$ 9,446</u>	<u>\$ 7,164</u>	<u>\$ 5,425</u>
County's Net Pension Liability - ending (a) - (b)	<u>\$ 120,819</u>	<u>\$ 115,074</u>	<u>\$ 117,012</u>	<u>\$ 205,724</u>	<u>\$ 205,310</u>
Plan fiduciary net position as a percentage of the total OPEB liability	14.42%	10.00%	7.47%	3.37%	2.57%
Estimated average remaining service years of all participants	7	7	7	8	8
Annual money-weighted rate of return	34.51%	4.52%	4.69%	4.41%	0.07%

Information for FY2016 and earlier is not available.

Notes to Schedule

Benefit changes none

Changes of assumptions The discount rate was changed as follows:

<u>Discount Rate</u>	
6/30/2017	4.04%
6/30/2018	4.31%
6/30/2019	7.50%
6/30/2020	7.50%
6/30/2021	7.40%

Because this OPEB plan does not depend on salary, salary information is not provided.

Additional years' information will be displayed as it becomes available to show ten years of information

Schedule of Changes in the County's LOSAP Plan Pension Liability

(Dollar amounts in thousands)

Measurement date as of December 31,	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total Pension Liability			
Service cost	\$ 1,045	\$ 844	\$ 892
Interest	874	887	831
Changes of assumptions or other inputs	4,504	5,259	(1,764)
Differences between expected and actual experience	-	1,402	-
Benefit payments	<u>(1,031)</u>	<u>(997)</u>	<u>(947)</u>
Net change in total pension liability	5,392	7,395	(988)
Total Pension Liability - beginning	<u>32,277</u>	<u>24,882</u>	<u>25,869</u>
Total Pension Liability - ending	<u>\$ 37,669</u>	<u>\$ 32,277</u>	<u>\$ 24,882</u>

Changes of assumptions or other inputs.

The discount rate changed from 2.75% to 2.00%. In 2020, the mortality assumption was changed to the Pub-2010 Safety Headcount Weighted generationally projected using MP-2019 weighted 75% Male and 25% Female, termination rates were added, retirement rates have been refined, a normal cost has been added for annuitants with a year of service in the prior year, and volunteers not credited with a year of service for the prior year have no normal cost and are valued using an ABO liability rather than EAN.

December 31, 2018:	3.64%
December 31, 2019:	2.75%
December 31, 2020:	2.00%

Additional years' information will be displayed as it becomes available to show ten years of information

Schedules and Combining Statements

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General Fund

The General Fund is established to account for resources devoted to financing the general services that the County performs for its citizens.

THE COUNTY COMMISSIONERS OF CHARLES COUNTY, MARYLAND
GENERAL FUND
SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES
BUDGETARY (NON-GAAP) BASIS
FOR THE YEAR ENDED JUNE 30, 2021

	Final Amended Budgeted Amounts	Actual Amounts	Variance With Amended Budget Favorable (Unfavorable)
<u>Taxes - Local Property</u>			
Real Property	\$ 216,245,600	\$ 215,812,602	\$ (432,998)
Business Personal Property	250,000	219,578	(30,422)
Railroad & Public Utilities	9,561,000	11,161,675	1,600,675
Ordinary Business Corporation	6,340,000	6,790,821	450,821
Payment in Lieu of Tax	11,164,900	11,179,372	14,472
Penalties and Interest	731,500	986,420	254,920
Half-year Billing Fee	436,100	310,031	(126,069)
Homestead Tax Credit	(225,600)	(231,441)	(5,841)
Low Income Tax Credit	(760,200)	(644,944)	115,256
Senior Tax Credit	(280,000)	(299,687)	(19,687)
La Plata Tax Differential	(1,806,600)	(1,880,130)	(73,530)
Indian Head Tax Differential	(105,000)	(108,777)	(3,777)
Agriculture Preservation Credit	(125,000)	(129,243)	(4,243)
Other Tax Credits	(7,200)	(7,127)	73
Total Taxes - Local Property	241,419,500	243,159,148	1,739,648
<u>Taxes - Income</u>	140,000,000	159,808,519	19,808,519
<u>Taxes - Other Local</u>			
Admission and Amusement	800,000	306,480	(493,520)
Recordation	14,892,380	22,225,791	7,333,411
Transfer Tax	6,405,000	9,495,137	3,090,137
Hotel / Motel	1,000,000	1,083,116	83,116
Heavy Equipment Tax	50,000	75,927	25,927
Total Taxes - Other Local	23,147,380	33,186,452	10,039,072
<u>Charges for Services</u>			
Licenses and Permits			
Alcohol Licenses	215,700	237,815	22,115
Electrical Permits	22,500	15,306	(7,195)
Traders Licenses	211,200	194,095	(17,105)
Civil Marriage Licenses	36,000	39,265	3,265
Protective Inspection Licenses	83,000	70,733	(12,267)
Building Permits	150,000	176,484	26,484
Plumbing Permits	100,000	98,880	(1,120)
Occupancy Permits	11,400	11,600	200
Park Facilities Permits	106,900	63,355	(43,545)
Trailer Occupancy Permits	44,300	45,930	1,630
Other Licenses and Permits	116,900	125,270	8,370
subtotal	1,097,900	1,078,733	(19,167)

THE COUNTY COMMISSIONERS OF CHARLES COUNTY, MARYLAND
GENERAL FUND
SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES
BUDGETARY (NON-GAAP) BASIS (continued)
FOR THE YEAR ENDED JUNE 30, 2021

	Final Amended Budgeted Amounts	Actual Amounts	Variance With Amended Budget Favorable (Unfavorable)
<u>Charges for Services (continued)</u>			
Service Charges			
Soil Conservation Plan Fee	23,900	33,312	9,412
Indirect Cost Revenue	1,520,800	1,522,944	2,144
Plat Review & Processing	77,400	152,944	75,544
Special Exception Fees	15,100	21,267	6,167
Bail Bond Fees	25,000	14,973.0	(10,027)
EMS Billing Fees	1,600,000	1,576,532	(23,468)
School Allocation Extension Fees	1,700	1,980	280
Forest Conservation Fees	15,900	21,938	6,038
Site Development Plan Application	39,600	41,025	1,425
Mosquito Control Fees	75,000	56,253	(18,747)
Deeds & Tax Verification Fees	106,000	137,162	31,162
Advertising Fees	34,300	34,129	(171)
Custodial Fees	372,400	360,600	(11,800.0)
Animal Shelter Boarding Fees	22,800	16,365	(6,435)
False Alarm Registration Fees	306,500	288,860	(17,640)
Sheriff Fees	487,000	539,528	52,528
Sheriff Pay Phone Commission	140,000	97,694	(42,306)
Detention Center Room and Board	115,000	1,963	(113,037)
Local 911 Fees	1,700,000	1,717,468	17,468
Park Entrance Fees	45,000	26,104	(18,896)
Food and Drink Sales	58,300	24,196	(34,104)
Outdoor Sports Programs Fees	315,500	334,328	18,828
Other Fees	1,681,700	1,539,755	(141,945)
subtotal	<u>8,778,900</u>	<u>8,561,322</u>	<u>(217,578)</u>
Total Charges for Services	9,876,800	9,640,055	(236,745)
<u>Intergovernmental</u>			
Federal Grants			
Miscellaneous Grants	134,720	176,663	41,943
subtotal	<u>134,720</u>	<u>176,663</u>	<u>41,943</u>

THE COUNTY COMMISSIONERS OF CHARLES COUNTY, MARYLAND
GENERAL FUND
SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES
BUDGETARY (NON-GAAP) BASIS (continued)
FOR THE YEAR ENDED JUNE 30, 2021

	Final Amended Budgeted Amounts	Actual Amounts	Variance With Amended Budget Favorable (Unfavorable)
<u>Intergovernmental (continued)</u>			
State Shared			
Highway User	2,210,000	2,190,830	(19,170)
subtotal	2,210,000	2,190,830	(19,170)
State Grants			
Aid for Police Protection	1,311,000	1,307,269	(3,731)
Aid for Inmate Operations	125,000	80,235	(44,765)
Jury Fee Reimbursement	119,500	45,525	(73,975)
Soil Conservation	59,100	62,830	3,730
Other State Grants	40,970	21,203	(19,767)
subtotal	1,655,570	1,517,061	(138,509)
Animal Shelter			
Calvert County	-	-	-
Howard County	-	-	-
subtotal	522,500	486,515	(35,985)
Total Intergovernmental	4,522,790	4,371,070	(151,720)
<u>Interest Income</u>			
MLGIP	250,000	106,806	(143,194)
US Government Agencies	500,000	310,794	(189,206)
CD's & Other Interest	250,000	48,306	(201,694)
Total Interest Income	1,000,000	465,906	(534,094)
<u>Other Income</u>			
Rent			
Courthouse Rent	921,100	881,191	(39,909)
Water Tower Rental	241,000	336,777	95,777
Office Space	84,900	84,899	(1)
Post Office	12,000	11,000	(1,000)
Other Rent	3,700	3,628	(72)
subtotal	1,262,700	1,317,495	54,795
Fines and Forfeitures			
False Alarm Fines	246,000	192,525	(53,475)
Alcoholic Beverage Fines	22,000	54,400	32,400
State Shared Fines	-	4,037	4,037
County Parking Fines	12,000	4,475	(7,525)
Red Light Camera Fines	1,820,000	1,807,918	(12,083)
Speed Camera Fines	1,300,000	1,232,997	(67,003)
Building Permit Fines	39,000	53,844	14,844
Other Fines	38,500	22,723	(15,778)
subtotal	3,477,500	3,372,917	(104,583)

THE COUNTY COMMISSIONERS OF CHARLES COUNTY, MARYLAND
GENERAL FUND
SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES
BUDGETARY (NON-GAAP) BASIS (continued)
FOR THE YEAR ENDED JUNE 30, 2021

<u>Other Income (continued)</u>	Final Amended Budgeted Amounts	Actual Amounts	Variance With Amended Budget Favorable (Unfavorable)
Non-Recurring Revenue	-	6,556	6,556
Worker's Compensation	200,000	51,787	(148,214)
Miscellaneous	356,000	305,343	(50,657)
Gain (Loss) on Fixed Assets	250,000	260,253	10,253
Total Other Income	5,546,200	5,314,351	(231,850)
Total Revenues	425,512,670	455,945,501	30,432,831
<u>Other Financing Sources:</u>			
Proceeds from Bonds	-	-	-
Premium on debt proceeds	-	1,196,131	1,196,131
Bond Proceeds from debt refunding	-	20,438,213	20,438,213
Transfers In			
Special Revenue Funds	900,000	59,576	(840,424)
Capital Projects Funds	2,671,800	2,671,800	-
subtotal	3,571,800	2,731,376	(840,424)
Total other financing sources	3,571,800	24,365,719	20,793,919
Total Revenues and Other			
Financing Sources	\$ 429,084,470	\$ 480,311,220	\$ 51,226,750

THE COUNTY COMMISSIONERS OF CHARLES COUNTY, MARYLAND
GENERAL FUND
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES
BUDGETARY (NON-GAAP) BASIS
FOR THE YEAR ENDED JUNE 30, 2021

	Final Amended Budgeted Amounts	Actual Amounts	Variance With Amended Budget Favorable (Unfavorable)
<u>Education</u>			
Board of Education	\$ 195,714,600	\$ 195,714,600	\$ -
College of Southern Maryland	9,921,200	9,921,200	-
Library	4,431,600	4,400,168	31,432
Other	13,600	4,000	9,600
Total Education	210,081,000	210,039,968	41,032
<u>Public Safety</u>			
Sheriff's Office			
Sheriff	77,895,690	74,953,385	2,942,305
Detention Center	19,158,050	17,757,671	1,400,379
Automated Enforcement Unit	2,067,300	2,069,848	(2,548)
Fingerprinting Service	339,200	293,376	45,824
subtotal	99,460,240	95,074,280	4,385,960
Emergency Services			
Administration	327,430	313,427	14,003
False Alarm Reduction Unit	198,270	195,304	2,966
Communications	4,234,110	3,755,023	479,087
Emergency Management	287,390	303,153	(15,763)
Tactical Response	272,110	173,438	98,672
Career EMS	12,052,370	11,029,668	1,022,702
Animal Control	767,750	738,445	29,305
Animal Shelter	1,063,160	982,416	80,744
subtotal	19,202,590	17,490,874	1,711,716
Volunteer Fire & EMS	25,000	19,050	5,950
Total Public Safety	118,687,830	112,584,203	6,103,627
<u>General Government</u>			
Debt Service	22,978,800	22,992,120	(13,320)
Central Services	6,880,970	4,166,174	2,714,796
Contingencies	185,510	-	185,510
Total General Government	30,045,280	27,158,294	2,886,986
<u>Public Works- Facilities</u>			
Administration	632,120	611,652	20,468
Buildings & Trades	7,804,950	6,939,276	865,675
Vehicle Maintenance	1,030,240	908,833	121,407
Roads	6,531,670	6,204,514	327,156
Total Public Works- Facilities	15,998,980	14,664,275	1,334,705

THE COUNTY COMMISSIONERS OF CHARLES COUNTY, MARYLAND
GENERAL FUND
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES
BUDGETARY (NON-GAAP) BASIS (continued)
FOR THE YEAR ENDED JUNE 30, 2021

	Final Amended Budgeted Amounts	Actual Amounts	Variance With Amended Budget Favorable (Unfavorable)
<u>Financial Administration</u>			
Fiscal & Administrative Services			
Administration	257,110	249,332	7,778
Budget	460,280	455,857	4,423
Accounting	1,169,650	1,166,020	3,630
Purchasing	408,960	392,622	16,338
Information Technology	3,835,090	3,317,745	517,345
Treasury	1,478,640	1,432,800	45,840
subtotal	7,609,730	7,014,376	595,354
Internal Audit	100,000	81,914	18,086
Liquor Board	271,860	269,444	2,416
Human Resources	1,188,750	1,153,922	34,828
Retiree Fringe	3,599,150	3,512,563	86,587
Total Financial Administration	12,769,490	12,032,218	737,272
<u>Judicial</u>			
State's Attorney's Office	4,588,150	4,577,096	11,054
Circuit Court	1,555,350	1,338,061	217,289
Orphan's Court	69,000	65,133	3,867
Total Judicial	6,212,500	5,980,290	232,210
<u>Planning & Growth Management</u>			
Administration	577,250	581,016	(3,766)
Planning	1,717,240	1,718,865	(1,625)
Inspection & Enforcement	546,580	509,327	37,253
Codes & Permits	392,660	383,630	9,030
Transit	24,920	24,915	5
Total Planning & Growth Mgmt	3,258,650	3,217,754	40,896
<u>Community Services</u>			
Administration	413,990	409,219	4,771
Aging Services	1,624,550	1,308,640	315,911
Housing Authority	384,780	267,179	117,601
Total Community Services	2,423,320	1,985,037	438,283
<u>Recreation, Parks & Tourism</u>			
Administration	747,290	738,004	9,286
Parks and Grounds	5,039,440	4,749,937	289,503
Recreation	2,275,150	2,037,632	237,518
Tourism	715,400	638,584	76,816
Total Recreation, Parks, & Tourism	8,777,280	8,164,158	613,123
<u>Health Services</u>			
	3,318,700	3,258,316	60,384
<u>Economic Development</u>			
Economic Development Department	1,800,290	1,576,350	223,940
Other	188,000	31,500	156,500
Total Economic Development	1,988,290	1,607,850	380,440

THE COUNTY COMMISSIONERS OF CHARLES COUNTY, MARYLAND
GENERAL FUND
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES
BUDGETARY (NON-GAAP) BASIS (continued)
FOR THE YEAR ENDED JUNE 30, 2021

	Final Amended Budgeted Amounts	Actual Amounts	Variance With Amended Budget Favorable (Unfavorable)
<u>Social Services</u>	1,457,600	1,457,835	(235)
<u>Legislative</u>			
County Commissioners	766,000	729,260	36,740
County Administrator	1,664,500	1,595,612	68,888
Total Legislative	2,430,500	2,324,872	105,628
<u>Law - County Attorney</u>	1,272,850	1,100,283	172,567
<u>Conservation of Natural Resources</u>			
Weed Control	17,460	2,156	15,304
Resource Conservation & Development	22,450	18,232	4,218
University of MD Extension	230,700	227,839	2,861
Soil Conservation	461,300	458,301	2,999
Total Conservation	731,910	706,528	25,382
<u>Elections</u>	1,970,340	1,793,145	177,195
<u>Debt service</u>			
Interest	8,385,500	8,125,856	259,644
Total expenditures	429,810,020	416,200,880	13,609,140
<u>Other financing uses:</u>			
Defeased Bonds	-	21,634,343	(21,634,343)
Transfers out			
Capital Projects	3,105,580	3,105,580	-
Special Revenue Funds	5,872,650	5,527,878	344,772
Enterprise Funds	1,371,900	1,371,865	35
subtotal	10,350,130	10,005,324	344,806
Total other financing uses	10,350,130	31,639,667	(21,289,537)
Total Expenditures and Other Financing Uses	\$ 440,160,150	\$ 447,840,547	\$ (7,680,397)

Special Revenue Funds

Special Revenue Funds are used to account for the proceeds of specific revenue sources other than special assessments, expandable trusts, or major capital projects that are legally restricted to expenditures for specified purposes.

CARES Act-	The CARES Act provides assistance for state, local and tribal governments through the Coronavirus Relief Fund. Funds received through the CARES Act are to help navigate the fiscal impacts of the COVID-19 pandemic.
American Rescue Plan Act-	The American Rescue Plan Act further facilitates the CARES Act and related activities for continue recovery from the economic and health effects of the COVID-19 pandemic.
Judicial Grants-	Established to track grant funds which support improvement in the quality of justice in state and local courts, and foster innovative, efficient solutions to common issues faced by all courts. Child Support Grants are reported here.
Transportation Grants-	Established to support the County’s public transportation systems. Operating revenues are primarily supported with Federal and State grants matched by the county.
Housing Assistance Funds-	Established to fund programs that provide low income housing assistance through Federal grants, provided by the U.S. Department of Housing and Urban Development (HUD) and Portability agreements with other jurisdictions.
Agricultural Preservation Fund-	Established to track and fund land preservation efforts. An agricultural transfer tax is assessed on land that has a change of use from agricultural to residential or commercial.
Fire and Rescue & LOSAP Funds-	Established to fund the various volunteer fire stations and rescue squads, this fund is financed by a County-wide Fire and Rescue property tax and a State of Maryland Amoss grant.
Cable Franchise Fund-	A cooperative effort between County Government, the public school system, the local community college, and the library system. Government access channels for Charles County are made possible through franchise agreements with local cable TV providers which generate revenue from a franchise fee assessed on monthly cable TV bills.

THE COUNTY COMMISSIONERS OF CHARLES COUNTY, MARYLAND
 COMBINING BALANCE SHEET
 NON-MAJOR GOVERNMENTAL FUNDS
 JUNE 30, 2021

	CARES Grants	Nuisance Abatement	Planning Grants	Judicial Grants	Transportation Grants	Economic Development Loan Programs
ASSETS:						
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Investments	-	-	-	-	-	-
Accounts receivables	-	93,971	73,638	219,798	4,486,468	355,721
Due (to) from other funds	-	-	-	-	389,386	105,091
Other assets	-	-	-	745	-	-
Restricted assets	500,126	-	-	-	-	799,165
Total assets	\$ 500,126	\$ 93,971	\$ 73,638	\$ 220,543	\$ 4,875,854	\$ 1,259,976
LIABILITIES AND FUND BALANCE:						
Liabilities:						
Accounts payable	\$ -	\$ 2,855	\$ 38,470	\$ 34,014	\$ 1,101,211	\$ -
Accrued expenditures	-	-	-	-	-	-
Unearned revenue	50,000	-	-	450	20,052	355,721
Due to other funds	433,544	72,637	35,168	186,080	-	-
Other liabilities	-	-	-	-	-	-
Total liabilities	483,544	75,492	73,638	220,543	1,121,263	355,721
Fund balance:						
Nonspendable fund balance	-	-	-	-	-	-
Restricted fund balance	16,582	18,479	-	-	-	904,255
Committed fund balance	-	-	-	-	-	-
Assigned fund balance	-	-	-	-	3,754,591	-
Unassigned fund balance	-	-	-	-	-	-
Total fund balance	16,582	18,479	-	-	3,754,591	904,255
Total liabilities and fund balance	\$ 500,126	\$ 93,971	\$ 73,638	\$ 220,543	\$ 4,875,854	\$ 1,259,976

THE COUNTY COMMISSIONERS OF CHARLES COUNTY, MARYLAND
 COMBINING BALANCE SHEET (continued)
 NON-MAJOR GOVERNMENTAL FUNDS
 JUNE 30, 2021

	Public Safety Grants	Community Development Grants	Housing Assistance	Housing Special Loans	Sheriff's Special Programs	Community Development
ASSETS:						
Cash and cash equivalents	\$ -	\$ -	\$ 241,667	\$ -	\$ -	\$ -
Investments	-	-	-	-	-	-
Accounts receivables	316,243	373,790	39,153	-	-	1,840
Due (to) from other funds	-	-	968,437	57,398	79,216	-
Other assets	-	-	-	-	-	-
Restricted assets	-	-	-	-	-	-
Total assets	\$ 316,243	\$ 373,790	\$ 1,249,257	\$ 57,398	\$ 79,216	\$ 1,840

LIABILITIES AND FUND BALANCE:

Liabilities:

Accounts payable	\$ 1,742	\$ 44,850	\$ 869,306	\$ -	\$ -	\$ -
Accrued expenditures	-	-	-	-	-	-
Unearned revenue	97,124	133,333	-	-	-	-
Due to other funds	217,377	195,608	-	-	-	1,840
Other liabilities	-	-	-	-	-	-
Total liabilities	316,243	373,790	869,306	0	-	1,840

Fund balance:

Nonspendable fund balance	-	-	-	-	-	-
Restricted fund balance	-	-	379,951	57,398	-	-
Committed fund balance	-	-	-	-	-	-
Assigned fund balance	-	-	-	-	79,216	-
Unassigned fund balance	-	-	-	-	-	-
Total fund balance	-	-	379,951	57,398	79,216	-
Total liabilities and fund balance	\$ 316,243	\$ 373,790	\$ 1,249,257	\$ 57,398	\$ 79,216	\$ 1,840

THE COUNTY COMMISSIONERS OF CHARLES COUNTY, MARYLAND
 COMBINING BALANCE SHEET (continued)
 NON-MAJOR GOVERNMENTAL FUNDS
 JUNE 30, 2021

	Animal Shelter/ Control	Drug Forfeitures	Agricultural Preservation	Fire and Rescue & LOSAP Funds	Law Library
ASSETS:					
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ 192,605	\$ 100
Investments	-	-	-	20,478,862	-
Accounts receivables	-	-	-	-	530
Due (to) from other funds	286,522	787,563	1,241,456	818,774	35,281
Other assets	-	-	-	-	-
Restricted assets	-	-	-	-	-
Total assets	\$ 286,522	\$ 787,563	\$ 1,241,456	\$ 21,490,241	\$ 35,911

LIABILITIES AND FUND BALANCE:

Liabilities:

Accounts payable	\$ 2,442	\$ 9,110	\$ -	\$ -	\$ 471
Accrued expenditures	-	-	-	-	-
Unearned revenue	-	-	-	-	-
Due to other funds	-	-	-	-	-
Other liabilities	5,541	-	-	475,482	-
Total liabilities	7,982	9,110	-	475,482	471

Fund balance:

Nonspendable fund balance	-	-	-	-	-
Restricted fund balance	4,500	778,453	1,241,456	21,014,759	-
Committed fund balance	-	-	-	-	-
Assigned fund balance	274,040	-	-	-	35,441
Unassigned fund balance	-	-	-	-	-
Total fund balance	278,540	778,453	1,241,456	21,014,759	35,441
Total liabilities and fund balance	\$ 286,522	\$ 787,563	\$ 1,241,456	\$ 21,490,241	\$ 35,911

THE COUNTY COMMISSIONERS OF CHARLES COUNTY, MARYLAND
 COMBINING BALANCE SHEET (continued)
 NON-MAJOR GOVERNMENTAL FUNDS
 JUNE 30, 2021

	Tourism Grants	Aging 40 fund	Aging 43 fund	So MD Justice Academy	Human Services
ASSETS:					
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -
Investments	-	-	-	-	-
Accounts receivables	9,658	401,632	172,019	12,800	174,487
Due (to) from other funds	-	-	-	205,391	274,808
Other assets	-	-	-	-	-
Restricted assets	-	-	-	-	-
Total assets	\$ 9,658	\$ 401,632	\$ 172,019	\$ 218,191	\$ 449,295

LIABILITIES AND FUND BALANCE:

Liabilities:

Accounts payable	\$ 2,907	\$ 41,816	\$ 27,041	\$ 34,243	\$ 112,627
Accrued expenditures	-	-	-	-	-
Unearned revenue	-	49,300	-	-	141,527
Due to other funds	6,751	265,033	84,732	-	-
Other liabilities	-	-	-	-	-
Total liabilities	9,658	356,149	111,773	34,243	254,154

Fund balance:

Nonspendable fund balance	-	-	-	-	-
Restricted fund balance	-	-	-	183,947	-
Committed fund balance	-	-	-	-	-
Assigned fund balance	-	45,483	60,246	-	195,141
Unassigned fund balance	-	-	-	-	-
Total fund balance	-	45,483	60,246	183,947	195,141
Total liabilities and fund balance	\$ 9,658	\$ 401,632	\$ 172,019	\$ 218,191	\$ 449,295

THE COUNTY COMMISSIONERS OF CHARLES COUNTY, MARYLAND
 COMBINING BALANCE SHEET (continued)
 NON-MAJOR GOVERNMENTAL FUNDS
 JUNE 30, 2021

	Cable Franchise	Emergency Management	MD Relief Grants	ARPA Grants	Total
ASSETS:					
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ 434,372
Investments	-	-	-	-	20,478,862
Accounts receivables	830,401	173,883	-	-	7,736,033
Due (to) from other funds	10,418,926	-	34,113	-	15,702,362
Other assets	-	-	-	-	745
Restricted assets	-	-	-	15,855,569	17,154,860
Total assets	\$ 11,249,327	\$ 173,883	\$ 34,113	\$ 15,855,569	\$ 61,507,232
LIABILITIES AND FUND BALANCE:					
Liabilities:					
Accounts payable	\$ 410,753	\$ 22,635	\$ 24,353	\$ -	\$ 2,780,845
Accrued expenditures	-	-	-	-	-
Unearned revenue	-	1,974	9,760	15,855,569	16,714,810
Due to other funds	-	149,273	-	-	1,648,043
Other liabilities	-	-	-	-	481,022
Total liabilities	410,753	173,883	34,113	15,855,569	21,624,721
Fund balance:					
Nonspendable fund balance	-	-	-	-	-
Restricted fund balance	5,088,133	-	-	-	29,687,913
Committed fund balance	-	-	-	-	-
Assigned fund balance	5,750,442	-	-	-	10,194,598
Unassigned fund balance	-	-	-	-	-
Total fund balance	10,838,575	-	-	-	39,882,511
Total liabilities and fund balance	\$ 11,249,327	\$ 173,883	\$ 34,113	\$ 15,855,569	\$ 61,507,232

THE COUNTY COMMISSIONERS OF CHARLES COUNTY, MARYLAND
 COMBINING STATEMENT OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCE
 NON-MAJOR GOVERNMENTAL FUNDS
 YEAR ENDED JUNE 30, 2021

	CARES Grants	Nuisance Abatement	Planning Grants	Judicial Grants	Transportation Grants	Economic Development Loan Programs
REVENUES:						
Taxes - local property	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Charge for services	-	78,847	-	-	229,501	-
Intergovernmental	10,146,770	-	75,688	868,220	6,534,047	-
Interest income	16,582	-	-	-	-	4,691
Other income	-	-	-	197	155,000	30,794
Total revenues	10,163,352	78,847	75,688	868,417	6,918,549	35,485
EXPENDITURES:						
Education	-	-	-	-	-	-
Public safety	-	-	-	-	-	-
Community services	-	-	-	-	7,214,684	-
Judicial	-	-	-	966,724	-	-
Planning & growth mgmt.	-	79,243	91,688	-	-	-
Health	10,146,770	-	-	-	-	-
Economic development	-	-	-	-	-	90,791
Social services	-	-	-	-	-	-
Legislative	-	-	-	-	-	-
Total expenditures	10,146,770	79,243	91,688	966,724	7,214,684	90,791
Excess (deficiency) of revenues over (under) expenditures	16,582	(396)	(16,000)	(98,308)	(296,136)	(55,306)
Other financing sources:						
Transfers in	-	-	16,000	98,308	3,887,190	-
Transfers out	-	-	-	-	-	-
			16,000	98,308	3,887,190	-
Net change in fund balance	16,582	(396)	-	-	3,591,054	(55,306)
Fund balance - beginning of year	-	18,874	-	-	163,537	959,562
Fund balance - end of year	\$ 16,582	\$ 18,479	\$ -	\$ -	\$ 3,754,591	\$ 904,255

THE COUNTY COMMISSIONERS OF CHARLES COUNTY, MARYLAND
 COMBINING STATEMENT OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCE (continued)
 NON-MAJOR GOVERNMENTAL FUNDS
 YEAR ENDED JUNE 30, 2021

	Public Safety Grants	Community Development Grants	Housing Assistance	Housing Special Loans	Sheriff's Special Programs	Community Development
REVENUES:						
Taxes - local property	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Charge for services	-	-	43,016	-	7,281	-
Intergovernmental	962,749	374,364	9,843,202	4,805	-	-
Interest income	-	-	1,048	-	-	-
Other income	5,339	-	25,060	-	-	-
Total revenues	968,088	374,364	9,912,326	4,805	7,281	-
EXPENDITURES:						
Education	-	-	-	-	-	-
Public safety	1,602,078	-	-	-	934	-
Community services	-	389,946	9,820,061	118,086	-	-
Judicial	-	-	-	-	-	-
Planning & growth mgmt.	-	-	-	-	-	-
Health	-	-	-	-	-	-
Economic development	-	-	-	-	-	-
Social services	-	-	-	-	-	-
Legislative	-	-	-	-	-	-
Total expenditures	1,602,078	389,946	9,820,061	118,086	934	-
Excess (deficiency) of revenues over (under) expenditures	(633,990)	(15,582)	92,265	(113,281)	6,347	-
Other financing sources:						
Transfers in	633,990	10,000	25,387	5,260	-	-
Transfers out	-	-	-	-	-	-
	633,990	10,000	25,387	5,260	-	-
Net change in fund balance	-	(5,582)	117,652	(108,021)	6,347	-
Fund balance - beginning of year	-	5,582	262,299	165,420	72,869	-
Fund balance - end of year	\$ -	\$ -	\$ 379,951	\$ 57,398	\$ 79,216	\$ -

THE COUNTY COMMISSIONERS OF CHARLES COUNTY, MARYLAND
 COMBINING STATEMENT OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCE (continued)
 NON-MAJOR GOVERNMENTAL FUNDS
 YEAR ENDED JUNE 30, 2021

	Animal Shelter/ Control	Drug Forfeitures	Agricultural Preservation	Fire and Rescue & LOSAP Funds	Law Library
REVENUES:					
Taxes - local property	\$ -	\$ -	\$ 10,777	\$ 14,709,585	-
Charge for services	90,956	28,529	-	-	31,015
Intergovernmental	-	3,202	-	394,211	-
Interest income	-	47	-	308,533	-
Other income	34,609	-	-	3,762,027	130
Total revenues	<u>125,565</u>	<u>31,777</u>	<u>10,777</u>	<u>19,174,355</u>	<u>31,145</u>
EXPENDITURES:					
Education	-	-	-	-	-
Public safety	85,659	97,391	-	15,297,806	-
Community services	-	-	-	-	-
Judicial	-	-	-	-	59,113
Planning & growth mgmt.	-	-	30,000	-	-
Health	-	-	-	-	-
Economic development	-	-	-	-	-
Social services	-	-	-	-	-
Legislative	-	28,299	-	-	-
Total expenditures	<u>85,659</u>	<u>125,691</u>	<u>30,000</u>	<u>15,297,806</u>	<u>59,113</u>
Excess (deficiency) of revenues over (under) expenditures	<u>39,905</u>	<u>(93,913)</u>	<u>(19,223)</u>	<u>3,876,550</u>	<u>(27,968)</u>
Other financing sources:					
Transfers in	-	-	-	-	28,000
Transfers out	-	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>28,000</u>
Net change in fund balance	39,905	(93,913)	(19,223)	3,876,550	32
Fund balance - beginning of year	<u>238,638</u>	<u>872,366</u>	<u>1,260,680</u>	<u>17,138,209</u>	<u>35,408</u>
Fund balance - end of year	<u>\$ 278,540</u>	<u>\$ 778,453</u>	<u>\$ 1,241,456</u>	<u>\$ 21,014,759</u>	<u>35,441</u>

THE COUNTY COMMISSIONERS OF CHARLES COUNTY, MARYLAND
 COMBINING STATEMENT OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCE (continued)
 NON-MAJOR GOVERNMENTAL FUNDS
 YEAR ENDED JUNE 30, 2021

	Tourism Grants	Aging 40 fund	Aging 43 fund	So MD Justice Academy	Human Services
REVENUES:					
Taxes - local property	\$ -	\$ -	\$ -	\$ -	\$ -
Charge for services	-	6,249	246,361	940	-
Intergovernmental	54,788	847,677	357,167	131,275	679,187
Interest income	-	-	-	-	-
Other income	-	29,732	-	-	-
Total revenues	<u>54,788</u>	<u>883,658</u>	<u>603,528</u>	<u>132,215</u>	<u>679,187</u>
EXPENDITURES:					
Education	-	-	-	-	-
Public safety	-	-	-	197,902	-
Community services	-	-	-	-	-
Judicial	-	-	-	-	-
Planning & growth mgmt.	-	-	-	-	-
Health	-	-	-	-	962,237
Economic development	54,788	-	-	-	-
Social services	-	889,975	621,902	-	-
Legislative	-	-	-	-	-
Total expenditures	<u>54,788</u>	<u>889,975</u>	<u>621,902</u>	<u>197,902</u>	<u>962,237</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>(6,317)</u>	<u>(18,374)</u>	<u>(65,687)</u>	<u>(283,049)</u>
Other financing sources:					
Transfers in	-	-	13,293	84,391	216,180
Transfers out	-	-	-	-	-
	<u>-</u>	<u>-</u>	<u>13,293</u>	<u>84,391</u>	<u>216,180</u>
Net change in fund balance	-	(6,317)	(5,080)	18,704	(66,869)
Fund balance - beginning of year	<u>-</u>	<u>51,801</u>	<u>65,327</u>	<u>165,243</u>	<u>262,010</u>
Fund balance - end of year	<u>\$ -</u>	<u>\$ 45,483</u>	<u>\$ 60,246</u>	<u>\$ 183,947</u>	<u>\$ 195,141</u>

THE COUNTY COMMISSIONERS OF CHARLES COUNTY, MARYLAND
 COMBINING STATEMENT OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCE (continued)
 NON-MAJOR GOVERNMENTAL FUNDS
 YEAR ENDED JUNE 30, 2021

	Cable Franchise	Emergency Management	MD Relief Grants	ARPA Grants	Total
REVENUES:					
Taxes - local property	\$ -	\$ -	\$ -	\$ -	\$ 14,720,361
Charge for services	3,389,275	-	-	-	4,151,969
Intergovernmental	-	653,556	27,503	1,424,172	33,382,583
Interest income	-	-	-	-	330,901
Other income	-	3,026	-	-	4,045,914
Total revenues	3,389,275	656,581	27,503	1,424,172	56,631,729
EXPENDITURES:					
Education	2,235,188	-	-	-	2,235,188
Public safety	-	743,389	27,503	1,424,172	19,476,835
Community services	-	-	-	-	17,542,777
Judicial	-	-	-	-	1,025,838
Planning & growth mgmt.	-	-	-	-	200,931
Health	-	-	-	-	11,109,006
Economic development	-	-	-	-	145,579
Social services	-	-	-	-	1,511,877
Legislative	-	-	-	-	28,299
Total expenditures	2,235,188	743,389	27,503	1,424,172	53,276,329
Excess (deficiency) of revenues over (under) expenditures	1,154,087	(86,807)	-	-	3,355,399
Other financing sources:					
Transfers in	440,560	86,807	-	-	5,545,367
Transfers out	(83,985)	-	-	-	(83,985)
	356,575	86,807	-	-	5,461,382
Net change in fund balance	1,510,662	-	-	-	8,816,781
Fund balance - beginning of year	9,327,913	-	-	-	31,065,737
Fund balance - end of year	\$ 10,838,575	\$ -	\$ -	\$ -	\$ 39,882,511

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Enterprise Funds

Enterprise Funds are used to account for operations that are financed and operated in a manner similar to private enterprises, where the intent is that the costs of providing goods and services to the general public on a continuing basis be financed or recovered primarily through user charges.

Recreation Programs Fund-	This fund is used to manage the operations of recreation programs for the County.
Environmental Services Fund-	This fund is used to manage the operations of environmental recycling services for the County.
Inspections and Review Fund-	This fund is used to manage the operations of inspection and review for the County.
Vending Machines Fund-	This fund is used to manage the operations of vending machines for the County.

THE COUNTY COMMISSIONERS OF CHARLES COUNTY, MARYLAND
 COMBINING STATEMENT OF NET POSITION
 OTHER PROPRIETARY FUNDS
 JUNE 30, 2021

	Inspections and Review	Recreation Programs	Environmental Services	Vending Machines	Total
ASSETS:					
Current assets:					
Cash and cash equivalents	\$ -	\$ 244,739	\$ -	\$ 168,433	\$ 413,172
Account receivables	-	(7,155)	71,810	-	64,655
Due (to) from other funds	3,580,898	371,415	3,111,543	78,479	7,142,336
Inventory	-	2,281	-	-	2,281
Other current assets	-	220,274	-	-	220,274
Total current assets	3,580,898	831,554	3,183,354	246,912	7,842,718
Noncurrent assets:					
Net capital assets	388,425	5,112,255	1,832,691	-	7,333,371
Total noncurrent assets	388,425	5,112,255	1,832,691	-	7,333,371
Total assets	3,969,323	5,943,809	5,016,044	246,912	15,176,089
LIABILITIES:					
Current liabilities:					
Accounts payable	402,610	72,407	819,824	-	1,294,841
Accrued expenses	21,121	19,362	34,874	-	75,357
Due to other funds	-	3,209,675	-	-	3,209,675
Unearned revenue	304	283,411	-	-	283,716
Current portion of long-term debt/liabilities					
Bonds payable	-	593,373	9,988	-	603,361
Capital lease obligations	50,933	-	107,042	-	157,974
Compensated absences	30,354	-	15,879	-	46,233
Notes payable	-	-	-	-	-
Total current liabilities	505,322	4,178,229	987,607	-	5,671,158
Noncurrent liabilities:					
Bonds payable	-	-	145,029	-	145,029
Net bond issue premiums	-	-	-	-	-
Capital lease obligation	116,470	-	224,330	-	340,800
Compensated absences	208,382	-	136,496	-	344,878
Notes payable	-	-	-	-	-
Other liabilities	-	-	-	-	-
Total noncurrent liabilities	324,851	-	505,855	-	830,706
Total liabilities	830,173	4,178,229	1,493,462	-	6,501,864
NET POSITION:					
Net Investment in capital assets	221,023	4,518,882	1,673,739	-	6,413,644
Unrestricted	2,918,127	(2,753,302)	1,848,843	246,912	2,260,581
Total net position	\$ 3,139,150	\$ 1,765,580	\$ 3,522,583	\$ 246,912	\$ 8,674,225

THE COUNTY COMMISSIONERS OF CHARLES COUNTY, MARYLAND
 COMBINING STATEMENT OF REVENUES, EXPENSES
 AND CHANGES IN NET POSITION
 OTHER PROPRIETARY FUNDS
 YEAR ENDED JUNE 30, 2021

	Inspections and Review	Recreation Programs	Environmental Services	Vending Machines	Total
Operating revenues:					
Charge for services	\$ 5,051,377	\$ 1,133,509	\$ 6,840,124	\$ 102,937	\$ 13,127,947
Intergovernmental	-	225	-	-	225
Other income	-	-	6,084	-	6,084
Total operating revenue	<u>5,051,377</u>	<u>1,133,734</u>	<u>6,846,207</u>	<u>102,937</u>	<u>13,134,256</u>
Operating expenses:					
Personnel services	2,075,605	551,144	1,347,843	-	3,974,592
Utilities	-	227,771	12,067	-	239,838
Repairs and maintenance	1,016	85,889	123,936	-	210,841
Insurance costs	4,721	46,700	7,731	-	59,152
Indirect costs	85,260	-	70,730	-	155,990
Supplies	11,643	80,367	148,140	-	240,150
Contract services	2,326,379	204,424	4,380,568	-	6,911,371
Other operating costs	175,968	49,940	76,878	67,193	369,979
Depreciation	126,997	354,560	390,551	-	872,107
Total operating expenses	<u>4,807,589</u>	<u>1,600,794</u>	<u>6,558,444</u>	<u>67,193</u>	<u>13,034,020</u>
Operating income (loss)	<u>243,788</u>	<u>(467,059)</u>	<u>287,764</u>	<u>35,744</u>	<u>100,236</u>
Nonoperating revenues (expenses)					
Interest income	-	-	20,195	-	20,195
Interest expense	(4,079)	24,141	(8,153)	-	11,910
Gain (Loss) on disposal of capital assets	-	-	25,694	-	25,694
Total nonoperating revenue (expenses)	<u>(4,079)</u>	<u>24,140</u>	<u>37,736</u>	<u>-</u>	<u>57,798</u>
Income (loss) before transfers	<u>239,710</u>	<u>(442,919)</u>	<u>325,500</u>	<u>35,744</u>	<u>158,034</u>
Transfers in	6,000	1,065,865	-	-	1,071,865
Transfers out	-	-	-	-	-
Change in net position	<u>245,710</u>	<u>622,946</u>	<u>325,500</u>	<u>35,744</u>	<u>1,229,900</u>
Net position - beginning of year	<u>2,893,440</u>	<u>1,142,634</u>	<u>3,197,083</u>	<u>211,168</u>	<u>7,444,325</u>
Net position - end of year	<u>\$ 3,139,150</u>	<u>\$ 1,765,580</u>	<u>\$ 3,522,583</u>	<u>\$ 246,912</u>	<u>\$ 8,674,225</u>

THE COUNTY COMMISSIONERS OF CHARLES COUNTY, MARYLAND
 COMBINING STATEMENT OF CASH FLOWS
 OTHER PROPRIETARY FUNDS
 YEAR ENDED JUNE 30, 2021

	Inspections and Review	Recreation Programs	Environmental Services	Vending Machines	Total
Cash flows from operating activities:					
Cash received from customers	\$ 5,051,377	\$ 1,369,425	\$ 6,846,207	\$ 102,936	\$ 13,369,945
Cash paid to suppliers	(2,523,368)	(708,178)	(4,434,819)	(67,192)	(7,733,557)
Cash paid to employees	(2,030,268)	(583,478)	(1,343,836)	-	(3,957,582)
Net cash provided by (used in) operating activities	497,741	77,769	1,067,552	35,744	1,678,806
Cash flows from investing activities:					
Interest received	-	-	20,195	-	20,195
Net cash provided by investing activities	-	-	20,195	-	20,195
Cash flows from noncapital financing activities:					
Transfers in (out)	6,000	1,065,865	-	-	1,071,865
Receipts from interfund loans	-	-	-	-	-
Repayment of interfund loans	(449,841)	(865,691)	(130,605)	(14,802)	(1,460,939)
Net cash provided by (used in) noncapital financing activities	(443,841)	200,174	(130,605)	(14,802)	(389,074)
Cash flows from capital and related financing activities:					
Intergovernmental	-	225	-	-	225
Proceeds from issuance of bonds	-	-	50,000	-	50,000
Proceeds from new loans	-	-	-	-	-
Principal payments on bonds payable	-	(570,865)	(7,422)	-	(578,287)
Principal payments on capital lease obligations	(49,821)	-	(150,484)	-	(200,305)
Interest paid	(4,079)	24,141	(8,153)	-	11,909
Proceeds from disposal of assets	-	-	-	-	-
Cash (paid) received for capital expenses	-	-	(841,083)	-	(841,083)
Net cash used in capital and related financing activities	(53,900)	(546,499)	(957,142)	-	(1,557,541)
Net increase (decrease) in cash and cash equivalents	-	(268,556)	-	20,942	(247,614)
Cash and cash equivalents - beginning of year	-	513,295	-	147,491	660,785
Cash and cash equivalents - end of year	\$ -	\$ 244,739	\$ -	\$ 168,433	\$ 413,171

THE COUNTY COMMISSIONERS OF CHARLES COUNTY, MARYLAND
 COMBINING STATEMENT OF CASH FLOWS (continued)
 OTHER PROPRIETARY FUNDS
 YEAR ENDED JUNE 30, 2021

	Inspections and Review	Recreation Programs	Environmental Services	Vending Machines	Total
Reconciliation of operating income (loss) to net cash provided by operating activities:					
Operating income (loss)	\$ 243,788	\$ (467,059)	\$ 287,764	\$ 35,744	\$ 100,236
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:					
Depreciation	126,997	354,560	390,551	-	872,107
Increase (decrease) in compensation-related liabilities included in long-term debt	40,730	(32,543)	126	-	8,313
(Increase) decrease in other receivables	69,535	20,568	17,943	-	108,046
(Increase) decrease in inventories	-	-	-	-	-
(Increase) decrease in other current assets	-	46,366	-	-	46,366
(Increase) decrease in restricted assets	-	-	-	-	-
(Increase) decrease in deferred bond issue costs	-	-	(4,150)	-	(4,150)
Increase (decrease) in accounts payable	12,084	(80,247)	371,438	-	303,275
Increase (decrease) in accrued expenses	4,607	209	3,881	-	8,697
Increase (decrease) in deferred revenue	-	235,916	-	-	235,916
Net cash provided by operating activities	<u>\$ 497,741</u>	<u>\$ 77,769</u>	<u>\$ 1,067,552</u>	<u>\$ 35,744</u>	<u>\$ 1,678,806</u>

SCHEDULE OF NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES

	Inspections and Review	Recreation Programs	Environmental Services	Vending Machines	Total
Borrowing under capital lease	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 265,000</u>	<u>\$ -</u>	<u>\$ 265,000</u>

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Fiduciary & Trust Funds

Fiduciary and Trust Funds are pension and other beneficiary trust funds held by the County for the benefit of County employees.

THE COUNTY COMMISSIONERS OF CHARLES COUNTY, MARYLAND
 COMBINING STATEMENT OF FIDUCIARY NET POSITION
 JUNE 30, 2021

	<u>County</u> <u>Pension</u>	<u>Sheriff's</u> <u>Pension</u>	<u>OPEB Trust</u> <u>Fund</u>	<u>Total</u>
ASSETS:				
Current assets:				
Cash and cash equivalents	\$ 6,603,475	\$ 7,704,100	\$ 31,441	\$ 14,339,016
Interest receivable	<u>-</u>	<u>114,214</u>	<u>-</u>	<u>114,214</u>
Total current assets	<u>6,603,475</u>	<u>7,818,314</u>	<u>31,441</u>	<u>14,453,230</u>
Investments:				
Bond mutual funds	-	112,116,619	4,749,662	116,866,281
Equity securities	-	258,149,037	16,080,342	274,229,379
Pooled separate accounts	<u>296,977,240</u>	<u>-</u>	<u>-</u>	<u>296,977,240</u>
Total investments	<u>296,977,240</u>	<u>370,265,656</u>	<u>20,830,004</u>	<u>688,072,900</u>
Total assets	303,580,715	378,083,970	20,861,445	702,526,130
LIABILITIES:				
Accrued expenses	<u>-</u>	<u>27,720</u>	<u>-</u>	<u>27,720</u>
NET POSITION RESTRICTED FOR PENSIONS				
AND OPEB BENEFITS	<u>\$ 303,580,715</u>	<u>\$ 378,056,250</u>	<u>\$ 20,861,445</u>	<u>\$ 702,498,410</u>

THE COUNTY COMMISSIONERS OF CHARLES COUNTY, MARYLAND
 COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
 YEAR ENDED JUNE 30, 2021

	<u>County</u> <u>Pension</u>	<u>Sheriff's</u> <u>Pension</u>	<u>OPEB Trust</u> <u>Fund</u>	<u>Total</u>
ADDITIONS:				
Contributions:				
Employer contributions	\$ 5,366,584	\$ 13,493,760	\$ 3,284,000	\$ 22,144,344
Employee contributions	2,784,840	3,128,654	-	5,913,494
Total contributions	<u>8,151,424</u>	<u>16,622,414</u>	<u>3,284,000</u>	<u>28,057,838</u>
Investment earnings:				
Interest, Dividends, Gains	5,988,151	34,595,596	674,394	41,258,141
Net change in fair value of investments	58,002,846	48,509,569	3,924,051	110,436,466
Total investment earnings	<u>63,990,997</u>	<u>83,105,165</u>	<u>4,598,445</u>	<u>151,694,607</u>
Less investment expenses	<u>(1,624,041)</u>	<u>(1,628,235)</u>	<u>(29,462)</u>	<u>(3,281,738)</u>
Net investment earnings	<u>62,366,956</u>	<u>81,476,930</u>	<u>4,568,983</u>	<u>148,412,869</u>
Total additions	<u>70,518,380</u>	<u>98,099,344</u>	<u>7,852,983</u>	<u>176,470,707</u>
DEDUCTIONS:				
Benefits paid to members	8,226,380	15,896,177	-	24,122,557
Administrative costs	<u>14,756</u>	<u>5,830</u>	<u>833</u>	<u>21,419</u>
Total deductions	<u>8,241,136</u>	<u>15,902,007</u>	<u>833</u>	<u>24,143,976</u>
Changes in net position	62,277,244	82,197,337	7,852,150	152,326,731
Net position - beginning of year	<u>241,303,471</u>	<u>295,858,913</u>	<u>13,009,295</u>	<u>550,171,679</u>
Net position - end of year	<u>\$ 303,580,715</u>	<u>\$ 378,056,250</u>	<u>\$ 20,861,445</u>	<u>\$ 702,498,410</u>

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Statistical Section

This part of the County’s annual comprehensive financial report contains selected financial and socio-demographic information, generally presented on multi-year basis to best illustrate other factors when looking at the County.

Financial Trends

Tables 1 through 4 contain trend information that assists the reader in assessing the County’s current financial performance by placing it in historical perspective.

Revenue Capacity

Tables 5 through 8 contain information that assists the reader in assessing the viability of the County’s most significant local revenue source, property taxes.

Debt Capacity

Tables 9 through 12 present information that assists the reader in analyzing the affordability of the County’s current levels of outstanding debt and the County’s ability to issue additional debt in the future.

Demographic & Economic Indicators

Tables 13 and 14 offer information that assists the reader in understanding the environment within which the County’s financial activities take place.

Operating information

Tables 15 through 17 contain service and infrastructure indicators that help the reader understand how the information in the County’s financial statements relate to the services and activities it performs.

Source: Unless otherwise noted, the information in these tables is derived from the annual reports for the relevant year

Net Position by Component

Charles County, Maryland

Table 1

Last Ten Fiscal Years

(accrual basis of accounting)

	Fiscal Year				
	2012	2013	2014	2015	2016
Governmental activities					
Net Investment in capital assets	\$ 302,756,883	\$ 288,603,104	\$ 303,818,811	\$ 347,192,029	\$ 362,533,718
Restricted	74,707,854	79,871,134	43,877,572	51,199,624	67,034,990
Unrestricted	(59,993,417)	(77,922,303)	(90,496,735)	(168,350,468)	(167,864,680)
Total governmental activities net position	\$ 317,471,320	\$ 290,551,935	\$ 257,199,648	\$ 230,041,185	\$ 261,704,028
Business-type activities					
Net Investment in capital assets	\$ 87,294,952	\$ 90,482,678	\$ 103,170,265	\$ 119,751,507	\$ 138,115,848
Restricted	11,038,917	9,678,535	5,065,632	3,625,297	3,237,653
Unrestricted	27,638,483	33,265,835	30,933,952	37,460,289	30,267,199
Total business-type activities net position	\$ 125,972,352	\$ 133,427,048	\$ 139,169,849	\$ 160,837,093	\$ 171,620,700
Primary government					
Net Investment in capital assets	\$ 407,609,608	\$ 395,612,085	\$ 419,145,871	\$ 478,045,954	\$ 500,649,566
Restricted	74,707,854	79,871,134	43,877,572	51,199,624	70,272,643
Unrestricted	(38,873,790)	(51,504,236)	(66,653,946)	(138,367,300)	(137,597,481)
Total primary government activities net position	\$ 443,443,672	\$ 423,978,983	\$ 396,369,497	\$ 390,878,278	\$ 433,324,728

Net Position by Component

Charles County, Maryland
 Table 1
 Last Ten Fiscal Years
 (accrual basis of accounting)

		Fiscal Year								
		2017	2018	2019	2020	2021				
\$	345,033,818	\$	318,039,248	\$	324,753,199	\$	334,431,291	\$	232,812,038	Governmental activities
	69,514,892		78,631,995		102,747,093		110,655,838		34,988,167	Net Investment in capital assets
	(175,847,690)		(268,729,030)		(283,668,065)		(278,704,704)		(38,298,551)	Restricted
\$	238,701,019	\$	127,942,214	\$	143,832,227	\$	166,382,424	\$	229,501,652	Unrestricted
										Total governmental activities net position
\$	143,705,045		137,136,931		158,893,106		164,597,110		175,068,313	Business-type activities
	4,178,772		4,444,560		4,965,771		3,358,142		5,225,062	Net Investment in capital assets
	42,374,220		72,844,549		59,389,665		63,444,227		63,133,351	Restricted
\$	190,258,037	\$	214,426,040	\$	223,248,543	\$	231,399,480	\$	243,426,726	Unrestricted
										Total business-type activities net position
\$	488,738,863	\$	455,176,179	\$	483,646,305	\$	499,028,401	\$	407,880,351	Primary government
	73,693,664		83,076,555		107,712,864		114,013,980		40,213,229	Net Investment in capital assets
	(133,473,470)		(195,884,481)		(224,278,400)		(215,260,477)		24,834,800	Restricted
\$	428,959,057	\$	342,368,255	\$	367,080,770	\$	397,781,904	\$	472,928,379	Unrestricted
										Total primary government activities net position

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

	Fiscal Year				
	2012	2013	2014	2015	2016
Expenses					
Governmental activities:					
Legislative	\$ 1,204,649	\$ 1,551,235	\$ 1,574,092	\$ 1,591,134	\$ 1,691,498
Judicial	4,533,124	4,888,044	6,068,613	6,370,123	6,567,844
Law	1,083,290	908,978	1,014,904	1,150,014	952,254
General government	24,082,988	23,631,662	18,616,355	17,066,637	17,912,929
Elections	882,927	906,424	817,455	1,024,458	1,171,314
Public safety	102,882,389	96,495,382	105,607,477	103,043,579	106,250,693
Planning and growth management	4,586,880	4,184,430	7,176,186	4,973,410	4,026,177
Health	4,514,298	4,847,001	5,439,898	3,130,059	3,415,892
Social services	1,970,383	1,949,313	1,822,933	2,007,057	1,959,157
Community services	22,425,245	22,506,200	22,763,192	21,025,812	19,181,570
Recreation, Parks & Tourism	-	-	-	-	-
Public facilities	22,261,400	29,976,910	30,516,513	28,045,011	47,516,445
Economic development	1,283,074	1,517,839	1,811,898	8,905,067	1,572,945
Education	163,377,207	184,524,571	200,352,487	181,938,370	185,562,444
Conservation of natural resources	585,556	580,319	631,591	637,079	646,436
Interest expense on long term debt	9,987,993	10,529,272	10,363,586	10,414,044	10,506,320
Total governmental activities	365,661,403	388,997,580	414,577,180	391,321,854	408,933,918
Business-type activities:					
Water and sewer	27,143,056	28,479,435	29,372,054	29,908,251	31,740,597
Inspection and review	3,166,989	3,078,141	3,179,558	3,437,782	3,540,445
County parks	-	-	-	-	-
Recreation	3,710,602	3,674,793	3,807,971	3,666,849	2,752,848
Solid waste	4,678,951	3,977,028	3,953,044	4,172,509	3,916,243
Environmental services	3,521,933	3,980,290	3,335,642	4,199,268	4,560,865
SW-Watershed Protection	-	-	1,578,702	1,620,185	1,956,248
Vending machines	141,609	113,497	136,198	133,993	107,085
Total business-type activities	42,363,140	43,303,184	45,363,169	47,138,837	48,574,331
Total primary government expenses	\$ 408,024,543	\$ 432,300,764	\$ 459,940,349	\$ 438,460,691	\$ 457,508,249
Program revenues					
Governmental activities:					
Charges for services					
Judicial	\$ 69,879	\$ 66,023	\$ 70,674	\$ 94,845	\$ -
Law	-	-	-	-	-
Legislative	-	-	-	-	-
General government	1,657,043	1,741,205	1,914,465	1,963,170	5,956,531
Elections	-	-	-	-	-
Public safety	4,665,257	4,292,250	4,229,891	4,269,225	4,067,307
Planning and growth management	2,063,713	3,925,544	4,308,924	3,031,874	7,847,985
Health	129,025	104,592	104,944	116,274	64,109
Community services	2,322,769	2,738,086	2,806,040	2,824,839	1,775,673
Recreation, Parks & Tourism	-	-	-	-	-
Public facilities	569,207	602,675	655,933	671,589	887,612
Education	2,600,740	2,930,153	3,084,088	3,260,599	-
Operating grants and contributions	20,111,640	19,400,382	21,110,010	30,284,579	32,236,242
Capital grants and contributions	3,899,944	2,387,219	1,971,553	2,964,335	1,305,271
Total governmental activities program revenues	38,089,217	38,188,129	40,256,522	49,481,329	54,140,730
Business-type activities:					
Charges for services					
Water and sewer	26,766,118	31,848,681	31,716,428	34,245,914	36,575,372
Solid waste management	6,255,357	5,266,566	5,310,180	5,974,573	6,753,142
Environmental services	3,942,562	3,906,046	3,594,313	4,090,322	4,491,840
Other activities	6,328,711	7,546,979	9,565,882	10,326,766	8,976,303
Operating grants and contributions	817,240	964,026	974,083	1,020,251	990,409
Capital grants and contributions	-	-	-	12,040,000	105,256
Total business-type activities program revenues	44,109,989	49,532,298	51,160,886	67,697,826	57,892,323
Total primary government program revenues	\$ 82,199,206	\$ 87,720,427	\$ 91,417,408	\$ 117,179,155	\$ 112,033,053
Net (expense)/revenue					
Governmental activities	\$ (327,572,186)	\$ (350,809,451)	\$ (374,320,658)	\$ (341,840,525)	\$ (354,793,188)
Business-type activities	1,746,848	6,229,114	5,797,717	20,558,989	9,317,992
Total primary government net expense	\$ (325,825,338)	\$ (344,580,337)	\$ (368,522,941)	\$ (321,281,536)	\$ (345,475,196)

Continued

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

Fiscal Year					
2017	2018	2019	2020	2021	
					Expenses
					Governmental activities:
\$ 1,704,530	\$ 1,929,714	\$ 2,242,349	\$ 2,302,871	\$ 2,464,972	Legislative
6,938,558	6,431,506	6,746,598	7,140,734	7,176,634	Judicial
894,539	1,119,063	1,226,703	1,340,894	1,132,128	Law
19,547,216	31,782,557	17,505,012	26,656,034	25,801,245	General government
1,288,076	1,271,850	1,471,693	1,356,061	1,793,404	Elections
120,941,630	116,587,255	110,186,536	102,493,502	119,896,291	Public safety
3,514,652	3,898,053	3,642,489	4,626,830	6,815,630	Planning and growth management
4,299,942	4,498,635	4,334,663	9,207,175	14,029,149	Health
2,267,949	2,632,030	2,773,565	2,893,192	2,969,712	Social services
20,693,915	20,746,628	20,321,188	20,764,433	20,187,730	Community services
7,667,205	9,249,954	9,018,148	8,628,385	8,798,570	Recreation, Parks & Tourism
70,661,386	52,346,628	59,973,618	64,491,345	31,562,357	Public facilities
1,957,525	1,924,597	1,872,196	2,013,746	1,765,207	Economic development
186,840,966	207,443,543	205,826,302	216,919,201	231,260,845	Education
650,295	666,831	655,702	709,492	700,221	Conservation of natural resources
9,915,666	10,013,041	10,947,520	11,533,610	11,004,423	Interest expense on long term debt
459,784,049	472,541,886	458,744,280	483,077,505	487,358,520	Total governmental activities
					Business-type activities:
35,515,466	36,772,401	40,615,655	40,995,812	41,108,315	Water and sewer
3,875,427	3,959,878	3,744,994	4,781,005	4,811,668	Inspection and review
-	-	-	-	-	County parks
3,135,252	2,936,434	3,238,081	2,938,222	1,576,652	Recreation
4,854,293	4,289,956	4,779,846	6,281,897	7,509,119	Solid waste
4,813,704	5,216,415	5,251,518	6,340,433	6,566,597	Environmental services
2,053,754	3,377,112	3,650,454	3,994,163	5,147,574	SW-Watershed Protection
167,146	106,784	165,381	150,249	67,193	Vending machines
54,415,042	56,658,980	61,445,928	65,481,781	66,787,117	Total business-type activities
\$ 514,199,091	\$ 529,200,866	\$ 520,190,208	\$ 548,559,287	\$ 554,145,638	Total primary government expenses
					Program revenues
					Governmental activities:
					Charges for services
\$ -	\$ -	\$ -	\$ -	\$ -	Judicial
48,105	30,868	24,116	39,342	31,015	Law
68,314	17,264	17,264	17,264	-	Legislative
5,875,101	6,326,860	6,356,821	6,424,328	6,679,364	General government
-	-	-	-	-	Elections
3,930,289	4,028,785	4,076,982	4,598,777	4,381,090	Public safety
3,880,674	6,114,965	2,357,346	1,565,641	6,037,125	Planning and growth management
60,573	63,663	61,435	66,683	56,253	Health
1,900,772	1,260,237	1,106,310	830,766	295,625	Community services
1,082,031	984,734	1,043,560	916,177	1,017,442	Recreation, Parks & Tourism
514,099	517,440	516,797	467,917	448,151	Public facilities
-	-	-	-	-	Education
24,060,252	21,067,341	21,743,759	25,389,682	34,546,492	Operating grants and contributions
-	4,172,599	5,487,041	3,708,799	5,273,078	Capital grants and contributions
41,420,209	44,584,756	42,791,431	44,025,375	58,765,635	Total governmental activities program revenues
					Business-type activities:
					Charges for services
36,673,156	38,987,728	39,764,793	45,358,728	48,916,015	Water and sewer
7,704,446	7,685,910	8,532,418	8,093,331	9,312,619	Solid waste management
5,241,286	5,492,554	5,531,655	6,467,163	6,871,901	Environmental services
8,930,400	9,572,580	9,520,970	10,400,434	11,004,310	Other activities
1,063,185	811,115	987,062	1,215,927	1,175,455	Operating grants and contributions
-	259,493	236,215	72,800	-	Capital grants and contributions
59,612,473	62,809,381	64,573,113	71,608,382	77,280,301	Total business-type activities program revenues
\$ 101,032,682	\$ 107,394,136	\$ 107,364,544	\$ 115,633,757	\$ 136,045,936	Total primary government program revenues
					Net (expense)/revenue
\$ (418,363,841)	\$ (427,957,130)	\$ (415,952,849)	(439,052,131)	(428,592,885)	Governmental activities
5,197,431	6,150,401	3,127,185	6,126,598	10,493,182	Business-type activities
\$ (413,166,409)	\$ (421,806,729)	\$ (412,825,664)	\$ (432,925,531)	\$ (418,099,701)	Total primary government net expense

Continued

Changes in Net Position
Charles County, Maryland
Table 2
Last Ten Fiscal Years
(accrual basis of accounting)
Continued

	Fiscal Year				
	2012	2013	2014	2015	2016
General revenues and other changes in net position					
Governmental activities:					
Taxes					
Local property taxes	\$ 196,368,356	\$ 200,484,806	\$ 211,634,597	\$ 216,073,564	\$ 223,238,990
Other local	16,105,317	20,612,134	22,154,294	30,960,062	33,987,630
Income taxes	97,179,582	90,885,261	98,827,341	115,479,944	126,886,692
State highway user taxes	473,872	852,425	881,979	931,891	-
Other income	11,269,786	8,396,717	6,479,338	12,303,303	7,400,378
Interest and investment earnings	3,339,228	3,077,153	3,282,490	2,531,265	2,505,628
Unrestricted grants and contributions	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Transfers	214,743	(418,430)	(368,300)	(464,468)	(879,136)
Extraordinary loss tornado, net of inc rec'd	-	-	-	-	-
Total governmental activities	324,950,884	323,890,066	342,891,739	377,815,561	393,140,182
Business-type activities:					
Other income	1,119,570	743,229	457,308	464,358	501,903
Interest and investment earnings	63,882	63,923	68,239	59,994	84,574
Miscellaneous	-	-	-	-	-
Transfers	(214,743)	418,430	368,300	464,468	879,136
Total business-type activities	968,709	1,225,582	893,847	988,820	1,465,613
Total primary government	\$ 325,919,593	\$ 325,115,648	\$ 343,785,586	\$ 378,804,381	\$ 394,605,795
Change in net position					
Governmental activities	\$ (2,621,302)	\$ (26,919,385)	\$ (31,428,919)	\$ 35,975,036	\$ 38,346,994
Net Restatement				(63,014,064)	-
Business-type activities	2,715,557	7,454,696	6,691,564	21,547,809	10,783,605
Total primary government	\$ 94,255	\$ (19,464,689)	\$ (24,737,355)	\$ (5,491,219)	\$ 49,130,599

Changes in Net Position
Charles County, Maryland
Table 2
Last Ten Fiscal Years
(accrual basis of accounting)
Continued

		Fiscal Year								
		2017	2018	2019	2020	2021				
<u>General revenues and other changes in net position</u>										
Governmental activities:										
Taxes										
\$	234,670,748	\$	241,773,420	\$	250,102,797	\$	255,488,455	\$	268,024,019	Local property taxes
	33,346,032		37,032,780		34,847,873		38,485,017		42,796,699	Other local
	118,080,824		131,633,096		143,716,459		154,403,594		170,011,765	Income taxes
	952,802		973,650		1,017,386		2,066,341		-	State highway user taxes
	5,900,261		5,610,431		5,303,292		5,790,819		9,915,706	Other income
	3,152,433		4,423,854		8,479,063		6,865,200		2,335,788	Interest and investment earnings
	-		-		-		-		-	Unrestricted grants and contributions
	-		-		-		-		-	Miscellaneous
	(742,266)		(542,914)		(1,388,437)		(1,497,098)		(1,371,865)	Transfers
	-		-		-		-		-	Extraordinary loss tornado, net of income rec
	395,360,832		420,904,317		442,078,433		461,602,327		491,712,113	Total governmental activities
Business-type activities:										
	12,571,257		1,234,227		3,742,442		-		-	Other income
	126,385		262,555		564,440		527,240		162,198	Interest and investment earnings
	-		-		-		-		-	Miscellaneous
	742,266		542,914		1,388,437		1,497,098		1,371,865	Transfers
	13,439,908		2,039,696		5,695,319		2,024,338		1,534,063	Total business-type activities
\$	408,800,740	\$	422,944,013	\$	447,773,752	\$	463,626,666	\$	493,246,177	Total primary government
<u>Change in net position</u>										
\$	(23,003,009)	\$	(7,052,813)	\$	26,125,584		22,550,197		63,119,228	Governmental activities
	-		-		-		-		-	Net Restatement
	18,637,339		8,190,096		8,822,504		8,150,936		12,027,245	Business-type activities
\$	(4,365,670)	\$	1,137,283	\$	34,948,088	\$	30,701,132	\$	75,146,473	Total primary government

Fund Balances of Governmental Funds

Charles County, Maryland

Table 3

Last Ten Fiscal Years

(modified accrual basis of accounting)

	Fiscal Year				
	2012	2013	2014	2015	2016
General fund					
Nonspendable fund balance	\$ 2,257,418	\$ 1,853,656	\$ 1,604,951	\$ 2,156,136	\$ 4,365,445
Restricted fund balance	3,896,913	6,830,594	4,032,708	5,301,900	5,256,573
Committed fund balance	31,526,041	32,556,833	33,350,360	38,288,776	55,610,042
Assigned fund balance	3,867,530	4,248,921	4,197,363	3,482,661	4,020,616
Unassigned fund balance	3,959,025	2,897,380	1,022,395	1,022,395	-
Total general fund	\$ 45,506,927	\$ 48,387,384	\$ 44,207,777	\$ 50,251,868	\$ 69,252,676
All other governmental funds					
Capital projects					
Nonspendable fund balance	-	-	-	-	-
Restricted fund balance	\$ 32,353,125	\$ 24,145,449	\$ 5,532,042	\$ 13,850,238	\$ 6,700,412
Committed fund balance	-	-	-	-	25,767,947
Assigned fund balance	17,279,026	20,688,549	-	-	2,831,713
Unassigned fund balance	-	-	(2,931,828)	(427,643)	-
Debt service					
Nonspendable fund balance	44,767,231	44,985,067	41,125,212	36,649,518	28,689,051
Restricted fund balance	-	-	-	-	-
Committed fund balance	-	-	-	-	-
Assigned fund balance	-	-	-	-	597,237
Unassigned fund balance	(3,122,548)	(5,228,617)	(5,038,043)	(471,532)	-
Other Governmental					
Nonspendable fund balance	-	-	-	-	-
Restricted fund balance	1,246,450	436,018	876,867	2,412,224	2,644,330
Committed fund balance	-	-	3,715,000	-	-
Assigned fund balance	5,225,045	6,158,631	3,198,683	4,178,176	6,304,712
Unassigned fund balance	-	-	-	-	-
Total all other governmental funds	\$ 97,748,329	\$ 91,185,097	\$ 46,477,933	\$ 56,190,981	\$ 73,535,402

Charles County, Maryland
Table 3
Last Ten Fiscal Years
(modified accrual basis of accounting)

		Fiscal Year					
		2017	2018	2019	2020	2021	
							General fund
\$	2,612,616	\$ 2,222,832	\$ 1,835,020	\$ 2,508,902	\$ 2,724,503	Nonspendable fund balance	
	1,571,097	2,077,132	96,114	110,670	125,131	Restricted fund balance	
	63,196,702	75,024,127	92,542,994	107,865,627	138,751,719	Committed fund balance	
	5,713,044	6,637,351	6,516,854	8,017,227	8,654,804	Assigned fund balance	
	4,772,156	6,962,553	7,859,944	1,592,158	2,309,099	Unassigned fund balance	
\$	77,865,614	\$ 92,923,995	\$ 108,850,925	\$ 120,094,585	\$ 152,565,256	Total general fund	
							All other governmental funds
							Capital projects
	-	-	-	-	-	Nonspendable fund balance	
\$	6,204,653	\$ 2,120,162	\$ 10,540,990	\$ 13,064,398	\$ 6,107,831	Restricted fund balance	
	29,334,330	35,033,087	35,484,683	33,909,616	31,964,160	Committed fund balance	
	2,861,521	4,794,059	12,636,228	21,482,371	19,856,593	Assigned fund balance	
	-	-	-	-	-	Unassigned fund balance	
							Debt service
	24,333,551	-	15,073,885	-	-	Nonspendable fund balance	
	-	19,695,091	647,125	12,220,897	1,883,754	Restricted fund balance	
	-	-	-	-	-	Committed fund balance	
	2,513,082	7,390,087	9,742,256	11,977,223	20,847,236	Assigned fund balance	
	-	-	-	-	-	Unassigned fund balance	
							Other Governmental
	-	-	-	-	-	Nonspendable fund balance	
	3,800,507	3,381,544	20,354,498	25,242,457	29,687,913	Restricted fund balance	
	-	-	-	-	-	Committed fund balance	
	6,672,514	8,338,128	8,808,418	5,823,273	10,194,598	Assigned fund balance	
	-	-	-	-	-	Unassigned fund balance	
\$	75,720,157	\$ 80,752,158	\$ 113,288,083	\$ 123,720,235	\$ 120,542,086	Total all other governmental funds	

Changes in Fund Balances of Governmental Funds

Charles County, Maryland

Table 4

Last Ten Fiscal Years

(modified accrual basis of accounting)

	Fiscal Year				
	2012	2013	2014	2015	2016
Revenues					
Taxes:					
Local property	\$ 196,270,291	\$ 200,484,806	\$ 211,634,597	\$ 211,791,533	\$ 219,110,622
Income	97,179,582	99,440,598	99,513,353	109,709,956	123,429,876
Other local	16,105,317	20,612,134	22,154,294	30,960,062	33,025,233
State shared	473,872	852,425	881,979	931,891	962,397
Charges for services	14,077,633	16,400,528	17,174,959	16,232,415	20,599,217
Intergovernmental	24,011,584	21,787,601	22,377,063	33,248,914	33,541,513
Interest income	3,339,228	3,077,153	3,282,490	2,531,265	2,505,628
Other income	11,269,786	8,396,717	6,479,338	12,303,303	7,400,377
Total revenues	362,727,293	371,051,962	383,498,073	417,709,339	440,574,863
Expenditures					
Education	161,897,688	188,950,057	202,287,835	192,397,107	196,273,015
Public safety	92,640,243	94,272,991	101,742,806	103,994,700	108,328,753
Other general government	17,024,330	17,712,335	19,184,620	23,391,485	31,082,318
Public facilities	27,593,471	26,598,031	33,140,813	28,737,956	23,877,006
Financial administration	7,938,619	7,961,432	8,514,244	8,838,756	9,235,420
Community services	21,322,388	21,906,992	21,705,280	21,761,226	19,885,283
Recreation, Parks & Tourism					
Judicial	4,479,661	4,805,217	6,086,489	6,475,100	6,639,733
Planning and growth management	4,579,928	4,173,750	7,162,964	4,973,410	4,028,641
Health services	4,352,999	3,726,711	4,281,981	4,322,514	4,482,033
Economic development	1,283,074	1,515,966	1,791,817	8,896,249	1,572,945
Social services	1,970,383	1,949,313	1,822,933	2,007,057	1,959,157
Legislative	1,372,856	1,456,063	1,478,484	1,570,445	1,626,209
Law	1,083,290	878,998	991,003	1,150,014	952,254
Conservation of natural resources	585,556	579,761	629,894	637,079	646,436
Elections	882,927	911,170	820,332	1,028,910	1,171,314
Debt service:					
Principal	16,488,429	12,628,435	13,969,954	17,851,976	11,527,876
Interest	10,231,477	10,529,272	10,363,586	10,318,581	10,184,584
Total expenditures	375,727,319	400,556,495	435,975,035	438,352,565	433,472,976
Excess (deficiency) of revenues over (under) expenditures	(13,000,027)	(29,504,534)	(52,476,963)	(20,643,227)	7,101,887
Other financing sources (uses):					
Issuance of debt	19,929,500	22,729,200	3,958,490	33,239,500	34,079,100
Premium on issuance of debt	9,169,214	5,740,278	-	6,739,644	2,727,531
Bond Proceeds from debt refunding	37,257,552	16,031,904	-	26,597,764	-
Defeased Bonds	(40,051,360)	(18,261,194)	-	(29,712,075)	-
Transfers in	10,195,181	4,639,176	6,127,899	10,770,318	5,993,407
Transfers out	(9,980,438)	(5,057,606)	(6,496,199)	(11,234,786)	(6,872,543)
Total other financing sources	26,519,650	25,821,759	3,590,191	36,400,366	35,927,496
Extraordinary loss from natural disasters, net of income	(1,909,773.00)	-	-	-	-
Net change in fund balances	\$ 11,609,850	\$ (3,682,775)	\$ (48,886,772)	\$ 15,757,139	\$ 43,029,383
Debt service as a percentage of noncapital expenditures	7.389%	5.742%	5.619%	7.110%	5.006%

Changes in Fund Balances of Governmental Funds

Charles County, Maryland

Table 4

Last Ten Fiscal Years

(modified accrual basis of accounting)

		Fiscal Year								
		2017	2018	2019	2020	2021				
							Revenues			
							Taxes:			
\$	222,772,838	\$	230,447,289	\$	239,338,210	\$	244,075,920	\$	257,879,510	Local property
	119,349,494		124,654,098		136,665,163		139,535,615		159,808,519	Income
	33,346,032		37,038,419		34,887,063		38,572,833		42,872,626	Other local
	952,802		973,650		1,017,386		2,066,341		-	State shared
	17,359,957		19,344,815		15,560,632		14,926,894		18,946,065	Charges for services
	24,060,252		25,239,941		27,230,800		29,098,481		39,819,570	Intergovernmental
	3,152,433		4,423,854		8,479,063		6,865,201		2,335,789	Interest income
	5,900,260		5,610,431		5,303,292		5,790,819		9,915,707	Other income
	<u>426,894,066</u>		<u>447,732,497</u>		<u>468,481,609</u>		<u>480,932,104</u>		<u>531,577,787</u>	Total revenues
							Expenditures			
	196,689,241		222,423,055		216,182,784		229,251,472		244,696,548	Education
	109,642,022		116,276,377		121,054,866		124,939,143		143,501,533	Public safety
	25,153,331		24,653,635		29,292,027		28,976,295		34,824,985	Other general government
	26,698,499		28,326,834		25,681,616		25,381,518		21,853,847	Public facilities
	9,616,305		10,344,746		10,580,720		10,986,986		12,118,803	Financial administration
	20,159,645		20,081,078		20,496,493		20,135,918		19,527,814	Community services
	7,822,957		9,419,003		9,145,108		8,700,620		8,770,046	Recreation, Parks & Tourism
	7,014,417		6,360,387		6,727,282		7,036,491		7,006,128	Judicial
	4,317,582		4,761,182		3,940,891		5,193,180		6,706,205	Planning and growth management
	5,186,537		5,446,454		5,319,197		9,048,939		14,367,322	Health services
	1,957,525		1,924,597		1,870,182		1,999,155		1,753,428	Economic development
	2,267,949		2,632,030		2,773,565		2,893,192		2,969,712	Social services
	1,690,457		1,908,831		2,193,784		2,237,486		2,353,171	Legislative
	894,539		1,119,063		1,235,056		1,346,594		1,100,283	Law
	650,295		666,831		657,855		703,904		706,528	Conservation of natural resources
	1,288,076		1,269,380		1,471,085		1,355,802		1,793,145	Elections
							Debt service:			
	10,026,845		8,906,999		10,602,076		10,257,488		10,474,059	Principal
	10,039,960		10,086,578		10,899,707		11,581,681		11,217,828	Interest
	<u>441,116,181</u>		<u>476,607,061</u>		<u>480,124,292</u>		<u>502,025,865</u>		<u>545,741,385</u>	Total expenditures
	(14,222,116)		(28,874,565)		(11,642,683)		(21,093,761)		(14,163,598)	Excess (deficiency) of revenues over (under) expenditures
							Other financing sources (uses):			
	23,287,500		47,033,285		41,418,800		37,582,000		40,724,995	Issuance of debt
	2,474,574		8,190,150		4,441,258		6,684,673		5,299,123	Premium on issuance of debt
	-		-		-		-		20,438,213.00	Bond Proceeds from debt refunding
	-		-		-		-		(21,634,343.00)	Defeased Bonds
	6,980,910		7,753,622		11,505,042		12,111,702		11,389,243	Transfers in
	(7,723,177)		(8,296,535)		(12,893,479)		(13,608,800)		(12,761,109)	Transfers out
	<u>25,019,809</u>		<u>54,680,522</u>		<u>44,471,622</u>		<u>42,769,576</u>		<u>43,456,124</u>	Total other financing sources
	-		-		-		-		-	Extraordinary loss from natural disasters, net of income
\$	<u>10,797,693</u>	\$	<u>25,805,957</u>	\$	<u>32,828,937</u>	\$	<u>21,675,814</u>	\$	<u>29,292,525</u>	Net change in fund balances
	4.691%		4.190%		4.566%		4.456%		4.277%	Debt service as a percentage of noncapital expenditures

Assessed Value and Estimated Actual Value of Taxable Property

Charles County, Maryland

Table 5

Last Ten Fiscal Years

Fiscal Year Ending June 30	Real Property		Business Personal Property	Railroads & Public Utilities	Ordinary Business Corporations
	Full Year	1/4, 1/2, 3/4 Yr.			
2012	16,565,423,239	138,407,890	8,284,230	256,991,160	693,247,980
2013	15,767,175,406	131,283,908	8,190,160	267,162,220	681,889,120
2014	15,384,968,244	131,670,190	7,712,830	285,422,960	631,661,420
2015	15,406,621,549	210,168,374	7,504,070	304,401,370	621,082,550
2016	15,692,752,105	169,790,559	9,183,690	317,477,720	645,642,220
2017	16,258,683,269	191,816,634	9,541,520	313,993,400	221,587,700 1
2018	16,800,788,225	191,280,438	9,750,090	329,489,630	220,855,150 1
2019	17,424,002,372	163,026,797	9,664,600	334,601,020	247,061,400 1
2020	18,105,807,509	175,819,336	9,091,840	332,771,760	232,315,530 1
2021	18,756,740,379	203,135,128	8,330,760	392,121,410	237,161,180 1

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

¹ Total assessed value excludes the County Payment in Lieu of Tax (PILOT) agreements.

Assessed Value and Estimated Actual Value of Taxable Property

Charles County, Maryland
 Table 5
 Last Ten Fiscal Years

<u>Total Taxable Assessed Value</u>	<u>Total Direct Tax Rate</u>	<u>Estimated Actual Taxable Value</u>	<u>Assessed Value as a Percentage of Actual Value</u>	<u>Fiscal Year Ending June 30</u>
17,662,354,499	1.00	17,662,354,499	100.00%	2012
16,855,700,814	1.05	16,855,700,814	100.00%	2013
16,441,435,644	1.14	16,441,435,644	100.00%	2014
16,549,777,913	1.14	16,549,777,913	100.00%	2015
16,834,846,294	1.14	16,834,846,294	100.00%	2016
16,995,622,523	1.14	16,995,622,523	100.00%	2017
17,552,163,533	1.14	17,552,163,533	100.00%	2018
18,178,356,189	1.14	18,178,356,189	100.00%	2019
18,855,805,975	1.14	18,855,805,975	100.00%	2020
19,597,488,857	1.14	19,597,488,857	100.00%	2021

Property Tax Rates for Direct and Overlapping Governments

Charles County, Maryland

Table 6

Last Ten Fiscal Years

(Per \$100 of Assessed Value)

Fiscal Year	General County (Including Education)	Fire and Rescue Tax	State	Town of La Plata	Town of Indian Head	
2012	1.0025	0.064	0.112	0.24	0.27	1.18
2013	1.0527	0.064	0.112	0.23	0.26	1.23
2014	1.1410	0.064	0.112	0.23	0.26	1.32
2015	1.1410	0.064	0.112	0.19	0.25	1.32
2016	1.1410	0.064	0.112	0.19	0.26	1.32
2017	1.1410	0.064	0.112	0.19	0.26	1.32
2018	1.1410	0.064	0.112	0.18	0.26	1.32
2019	1.1410	0.064	0.112	0.19	0.26	1.32
2020	1.1410	0.064	0.112	0.19	0.26	1.32
2021	1.1410	0.064	0.112	0.18	0.26	1.32

Information Source: Charles County Treasurer's Office

Principal Taxpayers

Charles County, Maryland
Table 7
Current Year and Ten Years Ago

Ten Leading Taxpayers
(For period ending June 30, 2021)

<u>Taxpayer</u>	<u>Assessed Valuation</u>	<u>% of Total Assessed</u>	<u>County Taxes ¹</u>
NRG Energy, Inc. (formerly GenOn Mid-Atlantic LLC)	\$ 51,899,000 ²	0.26%	\$ 7,953,263
Southern Maryland Electric Cooperative	183,507,990	0.94%	5,234,565
CPV Maryland, LLC	290,014,240 ²	1.48%	3,226,109
Dominion Cove Point LNG, LP	98,148,460	0.50%	2,799,685
Verizon Maryland Inc.	41,700,170	0.21%	1,189,497
Charles Mall Company LTD Partnership	94,306,600	0.48%	1,076,038
SCG Atlas Westchester, LLC	94,284,500	0.48%	1,075,786
Washington Gas Light Company	34,749,720	0.18%	991,236
Madison Waldorf, LLC	59,206,633	0.30%	675,548
Comcast of Maryland	22,990,310	0.12%	655,799
	<u>\$ 970,807,623</u>	<u>4.95%</u>	<u>\$ 24,877,526</u>
Total Taxable Assessed Value		<u>\$ 19,597,488,857</u>	

Ten Leading Taxpayers
(For period ending June 30, 2012)

<u>Taxpayer</u>	<u>Assessed Valuation</u>	<u>% of Total Assessed</u>	<u>County Taxes ¹</u>
Mirant Mid-Atlantic	\$ 645,063,790	3.65%	\$ 13,882,331
Charle Mail Company LTD Partnership	139,500,000	0.79%	1,398,487
Southern Maryland Electric Cooperative	88,427,670	0.50%	2,216,218
API Town Center	69,270,767	0.39%	694,439
Dominion Cove Point LNG, LP	61,761,680	0.35%	1,547,902
Verizon Maryland, Inc	56,659,790	0.32%	1,420,036
Madison Waldorf, LLC	46,624,400	0.26%	467,410
SVF Waldorf LLC	40,388,433	0.23%	404,894
Washington Gas Light Company	26,778,030	0.15%	671,124
Potomac Electric Power Company	18,357,240	0.10%	460,078
	<u>\$ 1,192,831,800</u>	<u>6.75%</u>	<u>\$ 23,162,919</u>
Total Taxable Assessed Value		<u>\$ 17,662,354,499</u>	

Source: Maryland State Department of Assessment and Taxation/Charles County Treasurer's Office
1 2020 Based on County Tax of \$2.8525 per \$100 assessed and 2012 based on County Tax of \$2.50625 per \$100 assessed
2 FY17 start of PILOT agreements with these two taxpayers

Property Tax Levies and Collections

Charles County, Maryland

Table 8

Last Ten Fiscal Years

Fiscal Year Ending June 30	Total Tax Levy Local Property ¹	Collected within the Fiscal Year of the Levy		Collection In Subsequent Years	Total Collections To Date		Outstanding Delinquent Tax
		Amount	Percent		Amount	Percent	
2012	190,760,517	190,062,217	99.63%	488,291	190,272,226	99.74%	210,009
2013	192,660,818	191,842,717	99.58%	595,830	192,064,988	99.69%	222,271
2014	202,699,932	201,517,315	99.42%	967,450	201,732,482	99.52%	215,167
2015	203,588,665	202,252,138	99.34%	1,075,071	202,513,594	99.47%	261,456
2016	207,718,986	206,927,720	99.62%	482,053	207,236,933	99.77%	309,213
2017	202,074,697	200,633,185	99.29%	821,206	201,253,491	99.59%	620,306
2018	208,859,514	207,797,166	99.49%	1,062,348	208,419,597	99.79%	622,431
2019	216,532,932	215,322,319	99.44%	1,210,613	216,532,932	100.00%	1,210,613
2020	224,009,919	221,438,033	98.85%	2,571,886	224,009,919	100.00%	2,571,886
2021	233,302,985	232,176,212	99.52%	1,126,773	233,302,985	100.00%	1,126,773

Information Source: Audited financial statements of the County for the fiscal years 2012-2021.

1 Includes all Real Property, Personal Property, & Ordinary Business Taxes

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Ratios of Outstanding Debt by Type

Charles County, Maryland
 Table 9
 Last Ten Fiscal Years

Fiscal Year Ending June 30	Governmental Activities			Business-type Activities		
	General Obligation Bonds	Capital Lease Obligation	Notes Payable	General Obligation Bonds	Capital Lease Obligation	Notes Payable
2012	266,372,697	2,255,985	60,261	77,652,832	5,078,844	10,701,223
2013	266,505,077	2,568,681	51,540	78,892,837	4,956,754	9,994,694
2014	244,022,652	4,063,959	1,452,874	74,667,734	7,760,059	9,279,686
2015	252,157,320	8,528,693	1,418,832	80,135,326	8,340,406	8,556,098
2016	254,571,190	11,986,956	1,367,078	80,608,468	7,331,830	7,823,827
2017	248,961,935	11,603,309	13,235	84,333,406	6,025,256	7,082,769
2018	268,977,982	11,349,443	2,769	94,682,422	4,911,964	6,332,818
2019	280,510,590	9,817,956	-	108,887,222	3,624,435	5,573,868
2020	289,916,315	8,446,732	-	125,083,237	3,189,119	4,805,813
2021	294,421,229	12,705,198	-	137,388,435	4,809,758	4,028,539

These ratios are calculated using personal income and population.

Ratios of Outstanding Debt by Type

Charles County, Maryland
 Table 9
 Last Ten Fiscal Years

Total Primary Government	Percentage of Personal Income ¹	Per Capita ¹	Fiscal Year Ending June 30
362,121,842	4.80%	2,428.23	2012
362,969,583	4.78%	2,373.90	2013
341,246,964	4.37%	2,205.19	2014
359,136,675	4.40%	2,300.42	2015
363,689,349	4.30%	2,306.14	2016
358,019,910	4.06%	2,241.83	2017
386,257,398	4.26%	2,392.04	2018
408,414,071	4.33%	2,501.66	2019
431,441,216	4.28%	2,614.19	2020
453,353,159	not available	not available	2021

Ratios of General Bonded Debt Outstanding

Charles County, Maryland
 Table 10
 Last Ten Fiscal Years

Fiscal Year Ending June 30	General Obligation Debt ⁵	Less: Amounts Available in Debt Service Fund ¹	Total	Percentage of Estimated Actual Taxable Value of Property ²	Per Capita ³
2012	266,372,697	41,644,683	4 224,728,014	1.27%	1,506.93
2013	266,505,077	39,756,450	226,748,627	1.35%	1,482.99
2014	244,022,652	36,087,169	207,935,483	1.26%	1,343.71
2015	252,157,320	36,177,986	215,979,334	1.31%	1,383.44
2016	254,571,190	29,286,288	225,284,902	1.34%	1,428.52
2017	248,961,935	26,846,633	222,115,302	1.31%	1,390.83
2018	268,977,982	27,085,178	241,892,804	1.38%	1,497.76
2019	280,510,590	25,463,267	255,047,323	1.40%	1,562.24
2020	289,916,315	24,198,121	265,718,194	1.41%	1,610.04
2021	294,421,229	22,730,991	271,690,238	1.39%	1,630.63

1 Restricted for debt service principal payments.

2 See Table 5 for total taxable assessed value. This ratio is calculated using total taxable assessed value.

3 See Table 13 for personal income and population data. This ratio is calculated using personal income and population.

4 Beginning in FY12, a restatement was done for the Debt Service fund that results in larger amounts in comparison to past years.

5 The county's business type debt is not included here, as the source of repayments is user fees, not property taxes.

Direct and Overlapping Governmental Activities Debt

Charles County, Maryland
Table 11

Jurisdiction	Total Debt Outstanding	Assessed Valuation ¹	% of Assessed Valuation to Countywide Total	Estimated Share of Total Direct & Overlapping Debt
<u>Direct</u>				
Charles County	\$ 307,126,427	\$ 18,003,209,892	92%	\$ 282,234,079
<u>Overlapping</u>				
La Plata	4,000	1,324,389,570	7%	20,762,290
Indian Head	96,965	269,889,395	1%	4,231,022
Total Overlapping Debt	100,965	1,594,278,965	8%	24,993,313
Countywide Total	\$ 307,227,392	\$ 19,597,488,857	100%	\$ 307,227,392

1 Countywide Total matches that of Table 5

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the county. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the Charles County Government. This process recognizes that, when considering the government's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping government.

Legal Debt Margin Information

Charles County, Maryland

Table 12

Because Charles County has adopted the Code Home Rule form of Government within the State of Maryland, there is no statutory limit on general obligation and revenue bond debt.

This Table is therefore not applicable.

Demographic and Economic Statistics

Charles County, Maryland

Table 13

Last Ten Fiscal Years

Fiscal Year	Population ¹	Personal Income	Per Capita Personal Income ³	Median Age	School ⁴ Enrollment	Unemployment Rate ²
2012	149,130	7,538,822	50,002	37	25,870	7.20%
2013	152,900	7,585,734	49,638	37	25,717	7.00%
2014	154,747	7,801,703	50,475	37	25,524	6.00%
2015	156,118	8,155,991	52,308	37	25,413	5.20%
2016	157,705	8,451,874	53,593	37	25,471	4.50%
2017	159,700	8,820,414	55,231	37	25,521	4.50%
2018	161,476	9,061,892	56,119	38	26,085	4.20%
2019	163,257	9,432,032	57,774	38	26,315	3.80%
2020	165,038	10,083,878	61,324	37	26,508	8.50%
2021	166,617	not available	not available	37	26,029	6.70%

1 U.S. Census Bureau, 2012 - 2021 population figures

2 Bureau of Labor Statistics, as reported in tables for June 2021

3 Bureau of Economic Analysis

4 Charles Co. Board of Education, Student Services

Principal Employers

Charles County, Maryland

Table 14

Current Year and Ten Years Ago

Fiscal Year 2021		
Employer	Number of Employees ¹	Percentage of Total County Employment
Naval Department of Defense at Indian Head	3,834	4.51%
Charles County Board of Education	3,701	4.35%
Charles County Government	1,814	2.13%
UM Charles Regional Medical Center	775	0.91%
Walmart/Sam's Club	637	0.75%
College of Southern Maryland	602	0.71%
Waldorf Chevy/Cadillac, Honda, Ford, Toyota/Scion, Dodge	583	0.69%
Southern Maryland Electric Cooperative (SMECO)	471	0.55%
Safeway	465	0.55%
Target	40	0.05%
The Wills Group	344	0.40%
Lowe's	332	0.39%
Chick-fil-A	294	0.35%
ADJ Sheet Metal	280	0.33%
Complete Care La Plata Center	260	0.31%
Sage Point Senior Living Services	250	0.29%
Total	14,682	
Total County Employment ²	85,031	
Fiscal Year 2012		
Employer	Number of Employees ¹	Percentage of Total County Employment
Charles County Board of Education	3,462	4.64%
Naval Department of Defense at Indian Head	3,358	4.50%
Charles County Government	1,571	2.11%
Civista Medical Center	805	1.08%
College of Southern Maryland	725	0.97%
Wal-Mart/Sam's C;ib	674	0.90%
The Facchina Group of Companies	600	0.80%
Safeway	500	0.67%
Target	400	0.54%
McDonald's	396	0.53%
Southern Maryland Electric Cooperative (SMECO)	379	0.51%
The Wills Group	377	0.51%
Genesis Health Care	320	0.43%
Lowe's	300	0.40%
OSI Restaurant Partners	300	0.40%
Darden Restaurants	284	0.38%
Charles County Nursing Home	250	0.34%
Macy's	250	0.34%
Total	14,951	
Total County Employment ²	74,598	

¹ Charles County Economic Development Department as of May 2021 (top) and March 2012 (bottom)

² State of Maryland, Maryland Department of Labor, Licensing and Regulation County employment tables

Full-time Equivalent County Employees by Function

Charles County, Maryland
 Table 15
 Last Ten Fiscal Years

Function	2012	2013	2014	2015	2016	2017	2018	2019	2020	Actual 2021	Budget 2022
<u>County Commissioners</u>	5	5	5	5	5	5	5	5	5	5	5
<u>Governmental Departments</u>											
Animal Control Services	20	20	20	20	20	24	24	24	24	24	25
Central Services	0	0	0	0	0	0	1	7	8	8	9
Community Services	52	56	54	55	55	50	49	55	57	57	57
County Commissioners' Office Staff	19	20	21	24	22	25	25	21	25	24	24
County Attorney's Office	9	10	10	10	10	10	10	10	11	11	11
Economic Development	5	6	6	6	9	9	11	11	11	11	11
Emergency Services	113	115	117	122	122	128	134	134	148	161	162
Fiscal and Administrative Services	66	66	67	71	72	72	72	73	75	77	80
Human Resources	7	8	8	8	8	10	12	13	13	14	14
Internal Audit	0	0	0	0	0	2	2	2	2	2	2
Planning & Growth Mgmt	63	65	66	66	66	69	70	73	78	79	82
Public Works	300	299	302	308	313	321	332	337	350	363	339
Capital Project Management	0	0	0	0	0	0	0	0	0	0	26
Recreation, Parks, & Tourism	118	118	121	123	125	132	134	143	143	144	145
Subtotal County Departments	772	783	790	812	821	851	874	902	943	978	991
<u>Other Agencies</u>											
Circuit Court	23	22	22	22	22	25	25	26	27	27	28
Detention Center	156	156	156	156	156	156	156	160	159	159	159
Sheriff's Office	462	468	484	488	485	493	495	502	510	512	516
Soil Conservation	5	5	5	5	5	5	5	5	5	5	5
State's Attorney Office	31	37	46	54	54	58	48	50	53	52	58
TOTAL	1454	1475	1508	1541	1548	1592	1608	1650	1702	1732	1756

Footnote: This table presents the County's actual and budgeted full-time, part-time I, and part-time II positions converted to full-time equivalents.

Data from Budget Division, Charles County Fiscal and Administrative Services Department.

Operating Indicators by Function

Charles County, Maryland

Table 16

Last Ten Fiscal Years

Function	Fiscal Year				
	2012	2013	2014	2015	2016
Public Safety					
1 Sheriff's Calls for Service	235,371	253,292	258,591	271,363	253,984
Emergency Response Team Responses	1,309	1,164	1,312	1,188	1,337
Bookings	11,308	10,706	11,106	10,890	10,194
Drug Screening	1,054	932	653	692	746
Red Light Camera Citations Issued	12,319	11,388	25,858	27,603	29,194
Animal Control Calls for Service	5,910	5,646	7,053	6,157	5,848
Animal Shelter Population	11,120	10,049	9,134	8,730	8,700
Alarm System Registrations	19,194	20,350	21,801	23,570	24,795
False Alarm Calls	7,821	7,952	8,324	8,477	8,283
EMS Responses	11,903	12,290	13,700	13,188	15,375
911 Calls Received	74,866	73,182	72,231	78,790	78,722
Community Services/Planning & Growth Mgmt					
Public Transit Routes	14	14	14	15	15
Service Miles	1,225,954	1,171,946	1,150,000	1,227,005	1,207,500
Senior Program Participation	3,768	3,701	4,041	4,233	4,250
Public Facilities					
Square Footage Maintained	1,034,200	1,034,260	1,044,460	1,285,246	1,300,000
Preventative Maintenance Performed	298	395	852	937	950
Athletic Leagues Maintained	69	68	69	69	70
Scheduled Games	8,399	7,929	8,051	8,115	8,200
Vehicle Maintenance Work Orders	5,276	5,044	5,601	5,378	5,560
Lane Miles Maintained	1,600	1,625	1,662	1,672	1,681
Water and Sewer					
Billing Invoices per year	121,578	123,434	129,034	129,222	133,057
New Accounts Set Up	511	547	572	550	550
Meters Read	121,578	123,434	129,034	129,222	130,000
Holding Tank Program Gallons Pumped	395,750	395,600	317,500	610,707	303,650
County Park Operations					
Rounds of Golf	27,583	28,412	26,105	27,700	28,000
Season Passes	125	102	101	90	100
Solid Waste Management					
1 Recycled Tons	77,537	74,966	81,133	81,868	80,192
1 Recycle Curbside Collection Tons	3,074	3,295	5,500	6,506	7,401
Landfill Tons	90,354	73,195	75,277	84,963	94,901

1 Based on Calendar Year

2 Projected

Source: Budget Division, Charles County Fiscal and Administrative Services Department

County Departments have also provided information not included in the budget document.

Operating Indicators by Function

Charles County, Maryland

Table 16

Last Ten Fiscal Years

Fiscal Year					Function
2017	2018	2019	2020	2021 ²	
Public Safety					
256,984	235,604	249,863	172,115	not available	¹ Sheriff's Calls for Service
638	234	194	209	184	Emergency Response Team Responses
9,270	8,154	7,485	8,745	7,475	Bookings
702	1,013	809	541	799	Drug Screening
26,343	26,349	26,291	25,505	28,921	Red Light Camera Citations Issued
6,002	5,759	5,216	5,280	5,900	Animal Control Calls for Service
8,136	7,171	6,562	5,667	5,208	Animal Shelter Population
26,058	27,592	28,727	29,305	30,331	Alarm System Registrations
8,017	8,285	7,946	7,638	6,715	False Alarm Calls
16,649	18,153	19,628	18,483	19,500	EMS Responses
81,745	85,000	82,000	73,700	85,000	911 Calls Received
Community Services/Planning & Growth Mgm					
15	16	16	15	15	Public Transit Routes
1,296,005	1,283,362	1,289,625	1,767,461	1,300,738	Service Miles
4,286	4,567	4,637	4,726	4,851	Senior Program Participation
Public Facilities					
1,326,000	1,351,382	1,300,037	1,351,382	1,308,221	Square Footage Maintained
6,770	3,980	4,454	5,266	7,164	Preventative Maintenance Performed
68	45	46	27	28	Athletic Leagues Maintained
7,577	6,431	6,342	3,137	3,295	Scheduled Games
4,606	4,765	5,734	5,356	5,271	Vehicle Maintenance Work Orders
1,684	1,700	1,709	1,725	1,735	Lane Miles Maintained
Water and Sewer					
134,674	136,906	135,434	139,762	136,980	Billing Invoices per year
725	529	491	498	459	New Accounts Set Up
129,404	131,848	130,709	135,250	136,980	Meters Read
557,350	588,900	577,850	518,700	623,100	Holding Tank Program Gallons Pumped
County Park Operations					
24,130	19,712	24,860	17,924	22,256	Rounds of Golf
90	87	62	76	74	Season Passes
Solid Waste Management					
76,245	69,225	67,368	60,672	41,091	¹ Recycled Tons
7,727	8,200	8,653	8,500	9,422	¹ Recycle Curbside Collection Tons
101,149	101,050	114,669	116,854	112,071	Landfill Tons

¹ Based on Calendar Year

² Projected

Capital Asset Statistics by Function

Charles County, Maryland

Table 17

Last Ten Fiscal Years

Function	Fiscal Year				
	2012	2013	2014	2015	2016
General Government					
Buildings	24	26	28	30	30
Vehicles	245	244	250	254	256
Transportation Service Vehicles	0	0	0	0	0
Public Safety					
Sheriff Stations	7	7	7	7	7
Detention Centers	2	2	2	2	2
Sheriff Patrol Vehicles	472	463	456	474	469
Other Sheriff Vehicles	17	16	14	14	15
K-9 Dogs	12	11	12	13	12
Mobile Communications Center	1	1	1	1	1
Emergency Operations Vehicles	18	18	18	18	18
Hazmat Vehicles	5	5	5	5	5
Animal Control Vehicles	9	9	11	9	11
Community Services					
Transportation Service Vehicles	37	37	38	41	40
Senior / Community Centers	4	4	4	4	4
Community Centers	9	9	9	9	9
Pools	5	5	5	6	6
Public Facilities					
Buildings	8	8	8	8	8
Roadways (miles)	1,600	1,625	1,662	1,672	1,681
Heavy Equipment	28	30	33	32	37
Water and Sewer					
Buildings	17	17	17	17	17
Wastewater Treatment Plants	7	7	7	7	7
Pump Stations	56	56	56	55	55
Wells	65	65	65	66	66
Heavy Equipment	15	18	19	22	24
Vehicles	86	102	109	116	117
Meters	117,546	119,214	124,394	124,580	128,000
County Park Operations					
Parks	30	30	31	33	33
Park Acreage	3,483	3,483	3,767	4,061	4,061
Golf Course	1	1	1	1	1
Skate Park	1	1	1	1	1
Concession Buildings	9	9	9	9	9
Vehicles	3	3	3	2	2
Recreation Programs					
Recreation/ Sports Centers	2	2	2	2	2
Solid Waste Management					
Buildings	6	6	6	6	6
Recycling Stations with Buildings	3	3	3	3	3
Heavy Equipment	21	22	30	29	28
Vehicles	35	34	33	35	36

Source: Risk Management Office, Central Services Division, Charles County Government

Capital Asset Statistics by Function

Charles County, Maryland

Table 17

Last Ten Fiscal Years

Fiscal Year					Function
2017	2018	2019	2020	2021	
General Government					
29	29	27	27	26	Buildings
257	242	263	268	285	Vehicles
36	38	38	42	42	Transportation Service Vehicles
Public Safety					
7	7	7	7	7	Sheriff Stations
2	2	2	2	2	Detention Centers
470	467	453	459	452	Sheriff Patrol Vehicles
15	17	12	20	21	Other Sheriff Vehicles
14	13	12	14	13	K-9 Dogs
1	1	1	1	1	Mobile Communications Center
18	20	21	24	20	Emergency Operations Vehicles
5	5	5	6	6	Hazmat Vehicles
13	8	8	8	8	Animal Control Vehicles
Community Services					
0	0	0	0	0	Transportation Service Vehicles
4	4	5	4	4	Senior / Community Centers
9	9	10	11	11	Community Centers
6	6	6	6	6	Pools
Public Facilities					
8	8	8	8	8	Buildings
1,684	1,697	1,709	1,725	1,735	Roadways (miles)
39	34	36	38	36	Heavy Equipment
Water and Sewer					
18	18	18	18	18	Buildings
7	7	7	7	7	Wastewater Treatment Plants
57	58	58	59	61	Pump Stations
67	67	67	63	64	Wells
25	29	28	30	31	Heavy Equipment
123	126	125	130	142	Vehicles
129,404	131,848	130,709	135,250	139,000	Meters
County Park Operations					
33	33	33	35	35	Parks
4,061	4,195	4,195	4,195	4,195	Park Acreage
1	1	1	1	1	Golf Course
1	1	1	1	1	Skate Park
9	9	9	9	9	Concession Buildings
2	2	2	2	2	Vehicles
Recreation Programs					
3	3	3	3	3	Recreation/ Sports Centers
Solid Waste Management					
8	8	8	8	8	Buildings
4	4	4	4	4	Recycling Stations with Buildings
32	26	24	37	48	Heavy Equipment
40	40	41	50	54	Vehicles

Charles County Commissioners



Equal Opportunity County

Fiscal & Administrative Services Accounting Division

Jenifer M. Ellin, Director

William G. DeAtley, Chief of Accounting

Joan T. Thorp, CPA, Assistant Chief of Accounting

200 Baltimore Street La Plata, Maryland 20646

MD Relay: 711 Relay TDD: 1-800-735-2258

www.CharlesCountyMD.gov



Mission Statement: The mission of the Charles County Government is to provide our citizens the highest quality of service possible in a timely, efficient, and courteous manner. To achieve this goal, our government must be operated in an open and accessible atmosphere, be based on comprehensive long- and short-term planning, and have an appropriate managerial organization tempered by fiscal responsibility. We support and encourage efforts to grow a diverse workplace.

Vision Statement: Charles County is a place where all people thrive and businesses grow and prosper; where the preservation of our heritage and environment is paramount; where government services to its citizens are provided at the highest level of excellence; and where the quality of life is the best in the nation.

Americans with Disabilities: The Charles County Government welcomes the participation of individuals with disabilities. We comply fully with the Americans with Disabilities Act in making reasonable accommodations to encourage involvement. If you require special assistance and would like to participate in our programs, please contact Charles County Government directly.