

CHARLES COUNTY MARYLAND



ANNUAL COMPREHENSIVE FINANCIAL REPORT

For the Fiscal Year Ended June 30, 2023

This page left intentionally blank

CHARLES COUNTY, MARYLAND

ANNUAL COMPREHENSIVE FINANCIAL REPORT For the Fiscal Year Ended June 30, 2023

Prepared by:
Department of Fiscal and Administrative Services
Charles County, Maryland

Jacob J. Dyer
Acting Director of Fiscal & Administrative Services

William G. DeAtley
Chief of Accounting

Joan T. Thorp, CPA
Assistant Chief of Accounting

Deborah E. Hall, CPA
Acting County Administrator

www.charlescountymd.gov

The County Commissioners of Charles County, Maryland
Table of Contents

Table of Contents	
Introductory Section	1
Letter of Transmittal	3
Government Finance Officers Certificate of Achievement	12
Listing of Elected and Appointed Officials	13
Organizational Chart	14
Charles County Location Map	15
Mission and Vision Statements	16
Financial Section	17
Report of Independent Public Accountants	19
Management’s Discussion and Analysis (MD&A)	22
Basic Financial Statements	35
Government-wide Financial Statements	36
Statement of Net Position	36
Statement of Activities	38
Fund Financial Statements	40
Governmental Fund Financial Statements	40
Balance Sheet	40
Reconciliation of Total Governmental Fund Balance to Net Position of Governmental Activities	41
Statement of Revenues, Expenditures, and Changes in Fund Balance	42
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balance of Governmental Funds to the Statement of Activities	43
Proprietary Fund Financial Statements	44
Statement of Net Position	44
Statement of Revenues, Expenses, and Changes in Net Position	45
Statement of Cash Flows	46
Fiduciary Fund Financial Statements	48
Statement of Fiduciary Net Position	48
Statement of Changes in Fiduciary Net Position	49
Component Unit Financial Statements	51
Combining Statement of Net Position	51

Combining Statement of Activities	52
Index to the Notes of the Financial Statements	55
Notes to the Financial Statements	57
NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES	57
NOTE 2. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY.....	70
NOTE 3. DETAILED NOTES ON ALL FUNDS.....	70
NOTE 4. RISK MANAGEMENT	98
NOTE 5. COMMITMENTS AND CONTINGENCIES.....	99
NOTE 6: PENSION & TRUST PLANS	100
NOTE 7: OTHER EMPLOYMENT BENEFITS.....	114
NOTE 8. CLOSURE AND POST-CLOSURE CARE COSTS	120
NOTE 9. SUBSEQUENT EVENTS	121
Required Supplementary Information	123
Schedule of Revenues, Expenditures, and Changes in Fund Balance: Budgetary (Non-GAAP) to Actual - General Fund.....	124
Schedule of the County's Retirement Plan Employer Contributions	125
Schedule of Changes in the County's Retirement Plan Net Pension Liability & Related Ratios..	126
Schedule of the Sheriff's Office Retirement Plan Employer Contributions.....	128
Schedule of Changes in the Sheriff's Office Retirement Net Pension Liability & Related Ratios	130
Schedule of the County's Contributions to the LOSAP Plan.....	132
Schedule of Changes in the County's LOSAP Net Pension Liability and Related Ratios	133
Schedule of the County's OPEB Plan Employer Contributions.....	134
Schedule of Changes in the County's Proportionate Share of the Net OPEB Liability & Related Ratios	135
Schedules and Combining Statements.....	137
General Fund	139
Schedule of Revenues and Other Financing Sources Budgetary (Non-GAAP) to Actual – General Fund	140
Schedule of Expenditures and Other Financing Uses Budgetary (Non-GAAP) to Actual – General Fund	144
Special Revenue Funds	147
Combining Balance Sheet.....	148
Combining Statement of Revenues, Expenses and Changes in Net Position	153
Enterprise Funds	159
Combining Statement of Net Position.....	160
Combining Statement of Revenues, Expenses and Changes in Net Position	161

Combining Statement of Cash Flows.....	162
Fiduciary & Trust Funds.....	165
Combining Statement of Fiduciary Net Position.....	166
Combining Statement of Changes in Fiduciary Net Position.....	167
Statistical Section	169
Financial Trend Information	170
Table 1 Net Position by Component	170
Table 2 Changes in Net Position.....	172
Table 3 Fund Balances of Governmental Funds.....	176
Table 4 Changes in Fund Balances of Governmental Funds.....	178
Revenue Capacity Information	180
Table 5 Assessed Value and Estimated Actual Value of Taxable Property	180
Table 6 Property Tax Rates for Direct and Overlapping Governments	182
Table 7 Principal Taxpayers.....	183
Table 8 Property Tax Levies and Collections.....	184
Debt Capacity Information.....	186
Table 9 Ratios of Outstanding Debt by Type.....	186
Table 10 Ratios of General Bonded Debt Outstanding.....	188
Table 11 Direct and Overlapping Debt: Governmental Activities	189
Table 12 Legal Debt Margin Information	190
Demographic and Economic Indicators	191
Table 13 Demographic and Economic Statistics	191
Table 14 Principal Employers	192
Operating Information.....	193
Table 15 Full-time Equivalent County Employees by Function.....	193
Table 16 Operating Indicators by Function	194
Table 17 Capital Asset Statistics by Function	196

Introductory Section

This page left intentionally blank



CHARLES COUNTY GOVERNMENT
Office of the County Administrator

Deborah E. Hall, CPA
Acting County Administrator

Phone | 301-645-0553
Fax | 301-645-0544
Email | HallD@CharlesCountyMD.gov

February 29, 2024

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, 2023, 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, 2023, 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, 2023, 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 166,617 as of the 2020 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, a legally separate library system and the newly created Resilience Authority. All 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 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, and applies to those managed by the County Commissioners, County Administrator, County Attorney, and Department Heads. The budget is prepared by fund, function, and department. Department heads may make inter-category transfers up to \$15,000 within a department, with approval by the Fiscal & Administrative Services Director. Transfers between \$15,001 and \$35,000 require the approval of the County Administrator, between \$35,001 and \$50,000 require the approval of the President of the County Commissioners and transfers over \$50,000 require the majority approval of the full Board of Commissioners. Operating Budget Amendments that exclude grant funds 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 \$25,000 is delegated to the President of the County Commissioners, and more than \$25,000 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 124 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). Charles County is also part of a region known as Southern Maryland, a three-county peninsula between the Potomac River and the Chesapeake Bay. The County has the 4th highest household income in the state of Maryland and the 39th highest median household income in America. With a 2022 population estimate of 170,102, Charles County has been one of the fastest growing counties in Maryland. The U.S. Census Bureau, 2021 Population Estimates states Charles County has a majority African American population at 52.0%; making Charles County the nation’s wealthiest majority African American county, overtaking Prince George’s County, Maryland.

The County has a civilian labor force (16 years and older) of 86,735 with another 2,026 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 \$107,808. The annual average unemployment rate for 2022 was 3.3% according to the Maryland Department of Labor. According to recent Census data, major industries in which the civilian employed population are engaged include:

- Educational services, health care and social assistance (19.5%)
- Professional scientific, management, waste management services and technical services (14.1%)
- Arts, entertainment, recreation, accommodation, and food services (6.8%)

The foregoing constitutes 40.4% of the industries with the greatest employment. 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 (44.2%)
- Sales and office occupations (21.3%)
- Service occupations (16.1%)
- Natural resources, construction, and maintenance occupations (9.3%)
- Production, transportation, and material moving occupations (9.1%)

As indicated in the following table, employment in the County decreased from 41,648 in 2017 to 39,085 in 2021, a loss of 2,563 jobs and a 6.2% decrease in total employment. The decrease in employment overall was due to the COVID-19 Pandemic which temporarily closed businesses during 2020. It is believed that employment will rebound over the coming years as the impact from the pandemic lessens.

Five-Year Employment Statistics
Persons Employed by Industry

	2017	2018	2019	2020	2021	% Change '17 to '21
GOVERNMENT						
Federal	2,292	2,352	2,501	2,690	2,675	16.7%
State	550	549	541	513	521	-5.3%
Local	6,873	7,093	7,047	6,728	6,703	-2.5%
Subtotal	9,715	9,994	10,089	9,931	9,899	1.9%
INDUSTRY						
Services, Transportation, Communication & Utilities	27,150	26,897	27,105	24,661	25,590	-5.7%
Construction	4,155	3,873	3,471	3,263	3,000	-27.8%
Manufacturing	597	616	624	566	566	-5.2%
Other	31	30	31	33	30	-3.2%
Subtotal	31,933	31,416	31,231	28,523	29,186	-8.6%
Total	41,648	41,410	41,320	38,454	39,085	-6.2%

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>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
Calvert County	3.4%	3.0%	5.0.%	4.2%	2.9%
Charles County	3.7	3.4	6.4	5.3	3.3
Frederick County	3.4	3.0	5.6	4.4	3.0
Montgomery County	3.1	2.8	6.1	5.1	2.9
Prince George's County	3.9	3.6	7.8	6.8	3.5
St. Mary's County	3.7	3.2	4.6	4.1	3.1
State of Maryland	3.8	3.4	6.5	5.3	3.2
United States ¹	3.9	3.7	8.1	5.3	3.6

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 2000 put the County’s population at 121,204. The Census of 2010 puts the County’s population at 146,551. The Census of 2020 puts the County’s population at 166,617. The increase from 2000 to 2020 is 37.5%. The 2021 estimated County population is approximately 168,898. 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 Developer 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 unrestricted fund balance range for the General Fund excluding committed and assigned items shall not be less than 8% and not more than 15% of the total budgeted operating revenues of the General Fund budget at the end of each fiscal year.
 - 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. A General fund surplus 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 Issuance 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 to minimize borrowing costs and preserve access to credit. 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 to the General Fund operating revenue budget. The annual review of the Capital Improvement Program will identify projects eligible for long term financing, and those adopted will closely match the debt that is affordable as calculated by the annual update of the five-year financial plan.

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 can 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 to make fiscally sound management decisions as it relates to future infrastructure.

During Fiscal Year 2023, the County held a bond sale in November 2022 with total proceeds of \$50.0 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 2024 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’s 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. St. John Properties has begun development on the Berry Pointe Business Park in Waldorf. The project is slated to comprise 518,400 square feet of flex/R&D space, 93,000 square feet of office, and 22,500 square feet of supporting retail. The development is projected to support over 2,100 jobs at full build-out and occupancy.

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 currently underway. The developer, Greenburg Gibbons, has submitted a building program that includes the following land uses: multi-family; senior/assisted living units; townhomes; retail/food and beverage/entertainment; office; and hospitality. 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.

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).

In summary, the Fiscal Year 2024 economic outlook for the County remained stable. Operating revenues should increase approximately 6.3% due to growth in Property Taxes from raising assessments. Interest income was adjusted due to the County receiving higher earnings on investments.

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, 2022. This is the twenty-first consecutive year that the County has achieved this prestigious award. 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,



Jacob J. Dyer
Acting 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, 2022

Christopher P. Morill

Executive Director/CEO

CHARLES COUNTY, MARYLAND
GOVERNMENTAL ORGANIZATION
CERTAIN ELECTED AND ADMINISTRATIVE OFFICIALS
As of June 30, 2023

CERTAIN ELECTED OFFICIALS

President, County Commissioners
County Commissioners

Reuben B. Collins, II, Esq.
Gilbert O. Bowling, III
Thomasina O. Coates, M.S.
Ralph E. Patterson, II, M.A.
Amanda M. Stewart, M.Ed.

County Sheriff

Troy D. Berry

CERTAIN ADMINISTRATIVE OFFICIALS

County Administrator
Acting County Administrator
Acting Deputy County Administrator
County Attorney
Acting Director of Fiscal & Administrative Services
Acting 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
Deborah E. Hall, CPA
Jenifer M. Ellin
Wes Adams
Jacob J. Dyer
Jason R. Groth
Michelle Lilly
Martin L. Harris
Kelli Beavers
Dina M. Barclay
Alexis B. Blackwell
Kelly Slagle-Robertson

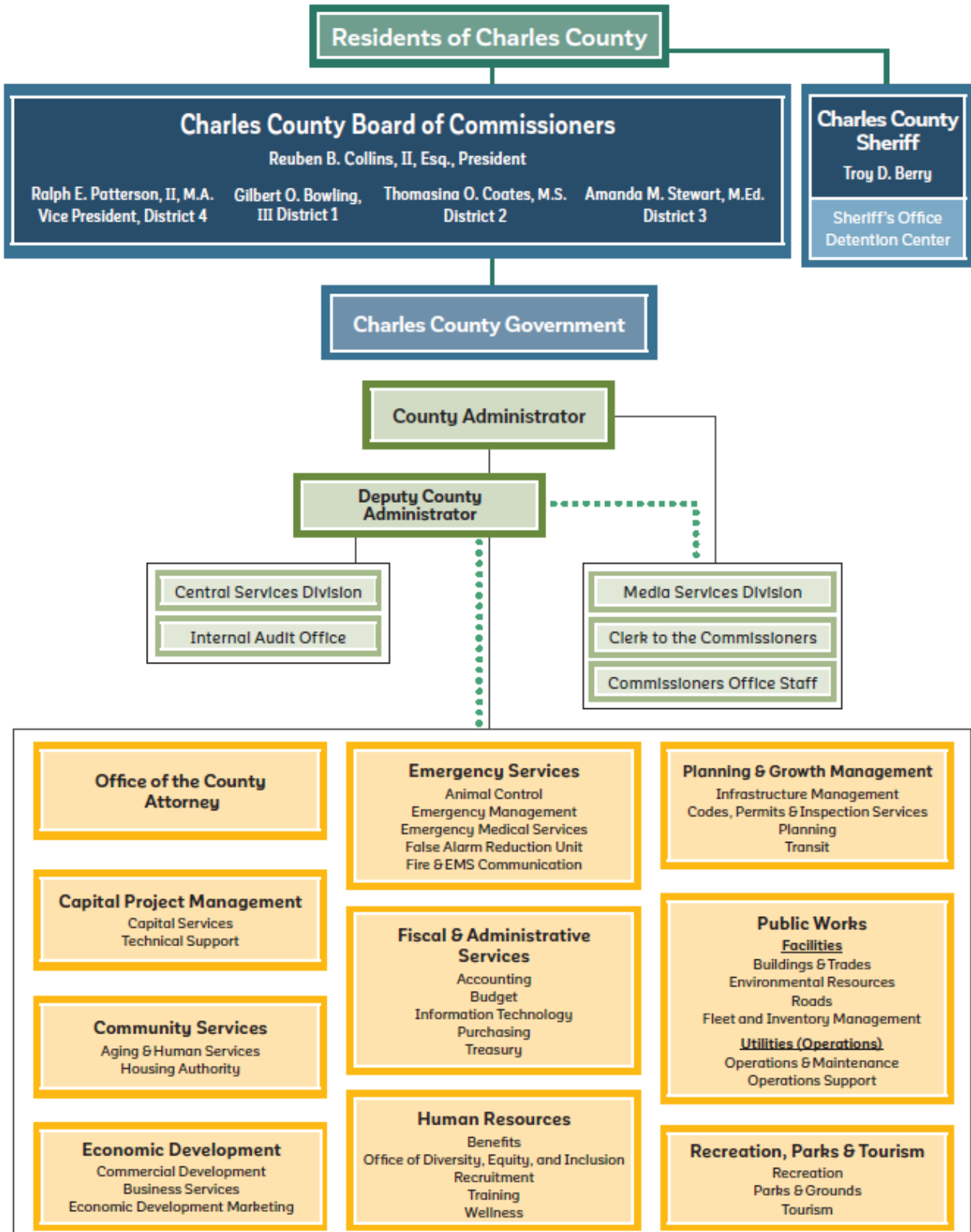
Independent Public

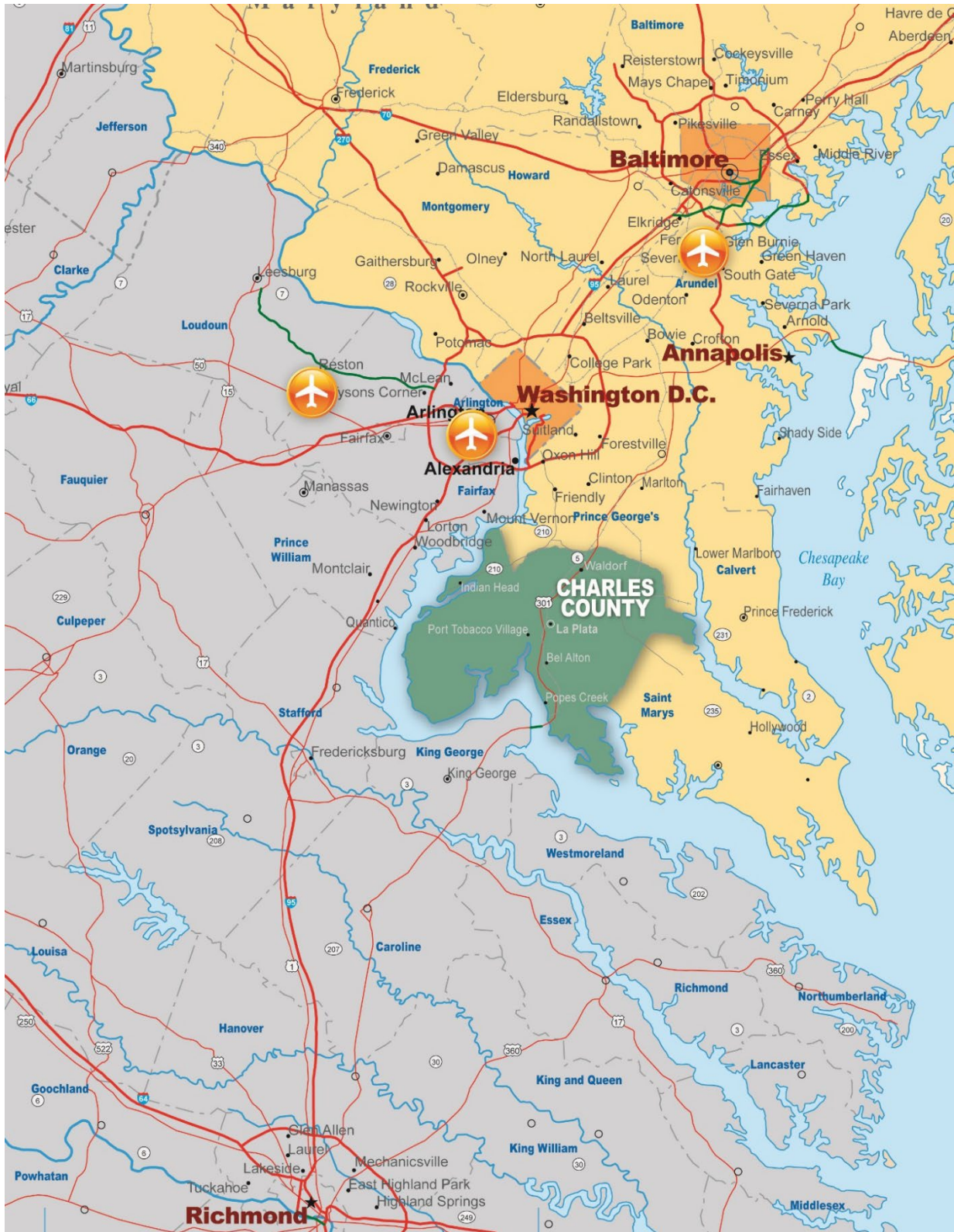
Accountant
CliftonLarsonAllen LLP
1966 Greenspring Drive,
Suite 300
Timonium, MD 21093

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

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

As of June 30, 2023





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.

Financial Section

This page left intentionally blank



INDEPENDENT AUDITORS' REPORT

Commissioners of Charles County, Maryland
La Plata, Maryland

Report on the Audit of the Financial Statements

Opinions

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, 2023, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

In our opinion, 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, 2023, 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.

We did not audit the financial statements of the Board of Library Trustees for Charles County, which represent 0.3 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 financial 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.

Basis for Opinions

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

Emphasis of Matter

Change in Accounting Principle

As discussed in Note 1 to the financial statements, effective July 1, 2022, the County adopted new accounting guidance for subscription-based information technology arrangements (SBITA). The guidance requires SBITAs to recognize a right-to-use software asset and corresponding SBITA liability for all SBITA with terms greater than twelve months. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the County's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the 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 Retirement Plan Employer Contributions, the Schedule of the Changes in The County's Retirement Plan Net Pension Liability and Related Ratios, the schedule of Sheriff's' Office Retirement Plan Employer Contributions, the schedule of the changes in the Sheriff's' Office Retirement Plan Net Pension Liability and Related Ratios, the schedule of the County's OPEB Plan Employer Contributions, the schedule of the County's Proportionate Share of the Net OPEB liability and Related Ratios, the schedule of the County's Contributions to the LOSAP Plan, and the schedule of changes in the County's LOSAP Net Pension Liability and Related Ratios as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context.

Commissioners of Charles County, Maryland
Charles County, Maryland

We have applied certain limited procedures to the required supplementary information in accordance with GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

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

Other Information

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 29, 2024, on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the County's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.



CliftonLarsonAllen LLP

Baltimore, Maryland
February 29, 2024

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, 2023. We encourage readers to use the information presented here in conjunction with the financial statements (beginning on page 36), and the accompanying notes to those financial statements (beginning on page 57).

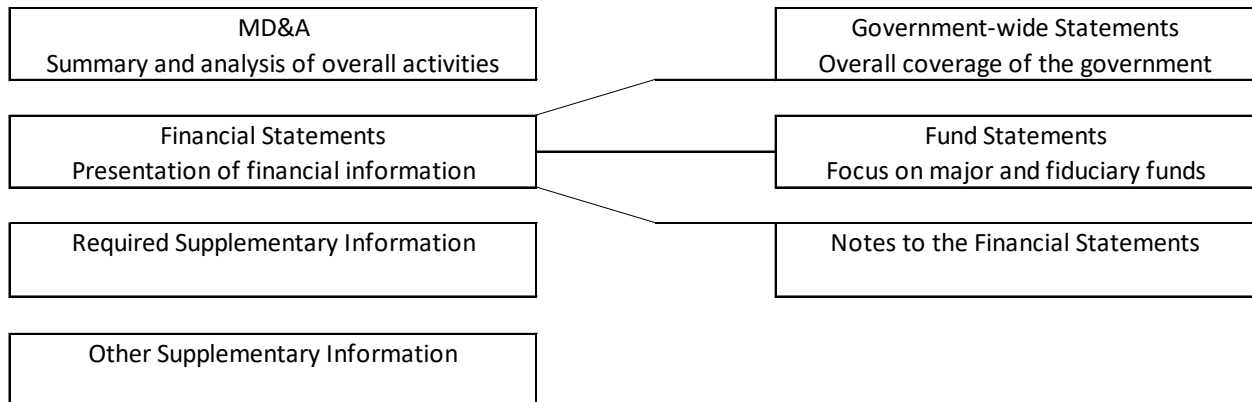
Financial Highlights

- 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 \$645.3 million (net position).
- The County's statement of activities change in net position was an increase of \$72.2 million.
- As of the close of the current fiscal year, Charles County's governmental funds reported a combined ending fund balance of \$340.6 million, an increase of \$12.8 million from the prior year as stated on page 40. Approximately 1.6% of this total amount is classified as Non-spendable fund balance, or \$5.6 million. Much of the total is classified as Restricted, Committed or Assigned fund balance, or \$330.9 million.
- For Fiscal Year 2023, the total Fund Balance for the General Fund equaled \$195.5 million, as shown on page 40. Of that total, \$175.4 million is represented as Committed Fund Balance, including the Fund Balance Policy Target of \$75.0 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 \$13.9 million was approved during the year to support Commissioner goals and objectives. However, revenues primarily from Interest Income, Recordation Taxes, and Transfer Taxes exceeded the budget estimate by \$23.3 million. In addition, overall year-end expenses were below the amended budget by \$6 million. As a result, instead of a budgeted Fund Balance decrease of \$35.5 million, a decrease of approximately \$6 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 like 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, the Board of Library Trustees for Charles County, Maryland, and the Resilience Authority of Charles County (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 36-39 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 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-eight 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 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 40-42 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 44-47 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 four pension trust funds maintained by the County are the County Employees Retirement Plan, the Sheriff's Office Retirement Plan, the Length of Service Award Program (LOSAP) for Volunteer Firemen and Rescue Squad Members, and the Other Post Employment Benefit (OPEB) Trust plan. The fiduciary fund financial statements can be found on pages 48-49 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 57-121 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 123-135 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 139-167 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 \$645.3 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, \$413.6 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 (5%) represents resources that are subject to external restrictions on how they may be used.

Net Position
As of June 30, 2023 and 2022
(amounts are presented in thousands)

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	2023	2022	2023	2022	2023	2022
Current and other assets	\$ 534,062	\$ 521,350	\$ 146,106	\$ 121,152	\$ 680,168	\$ 642,502
Capital assets, net of depreciation	485,514	478,015	371,277	347,597	856,791	825,612
Total assets	<u>1,019,576</u>	<u>999,365</u>	<u>517,383</u>	<u>468,749</u>	<u>1,536,960</u>	<u>1,468,114</u>
Deferred Outflows of Resources	68,870	85,114	-	-	68,870	85,114
Total Assets and Deferred Outflows of Resources	<u>1,088,446</u>	<u>1,084,479</u>	<u>517,383</u>	<u>468,749</u>	<u>1,605,830</u>	<u>1,553,228</u>
Non-current liabilities	591,941	614,807	201,990	182,510	793,930	797,317
Other liabilities	56,177	70,154	13,772	17,580	69,949	87,734
Total liabilities	<u>648,118</u>	<u>684,961</u>	<u>215,761</u>	<u>200,090</u>	<u>863,879</u>	<u>885,051</u>
Deferred Inflows of Resources	89,501	89,056	7,119	-	96,620	89,056
Total Liabilities and Deferred Inflows of Resources	<u>737,619</u>	<u>774,016</u>	<u>222,880</u>	<u>200,090</u>	<u>960,499</u>	<u>974,107</u>
Net position:						
Net investment in capital assets	239,633	228,057	178,799	174,465	418,432	402,522
Restricted	21,127	20,118	8,279	7,269	29,405	27,387
Unrestricted	90,068	62,288	107,425	80,970	197,493	143,258
Total net position	<u>\$ 350,828</u>	<u>\$ 310,462</u>	<u>\$ 294,504</u>	<u>\$ 262,703</u>	<u>\$ 645,331</u>	<u>\$ 573,166</u>

Changes in Net Position
Years ended June 30, 2023 and 2022
(amounts are presented in thousands)

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Program revenues:						
Charges for services	\$ 18,827	\$ 20,403	\$ 102,029	\$ 92,526	\$ 120,856	\$ 112,929
Operating grants & contributions	45,051	40,334	1,368	1,279	46,419	41,614
Capital grants & contributions	6,127	4,536	-	-	6,127	4,536
General revenues:						
Property taxes	278,179	283,238	-	-	278,179	283,238
Other taxes	203,834	255,851	-	-	203,834	255,851
Other	28,348	10,457	1,158	289	29,506	10,746
Total revenues	580,366	614,819	104,555	94,094	684,920	708,914
Program expenses:						
General government	13,592	12,316	-	-	13,592	12,316
Public safety	159,853	153,067	-	-	159,853	153,067
Education	234,783	223,371	-	-	234,783	223,371
Judicial	9,923	7,861	-	-	9,923	7,861
Health	5,746	4,594	-	-	5,746	4,594
Social services	3,775	3,194	-	-	3,775	3,194
Community services	24,652	28,714	-	-	24,652	28,714
Recreation, Parks & Tourism	14,253	13,114	-	-	14,253	13,114
Economic development	2,618	2,285	-	-	2,618	2,285
Public facilities	33,610	59,911	-	-	33,610	59,911
Water and sewer	-	-	51,449	47,544	51,449	47,544
Solid waste	-	-	8,401	7,641	8,401	7,641
Other	26,917	24,700	23,181	20,365	50,098	45,064
Total expenses	529,721	533,127	83,031	75,550	612,754	608,677
Excess(deficit) before transfers	50,644	81,694	21,524	18,543	72,166	100,237
Net transfers	(10,277)	(734)	10,277	734	-	-
Change in net position	40,367	80,960	31,800	19,277	72,166	100,237
Net position - beginning of year	310,462	229,502	262,704	243,426	573,166	472,928
Net position - end of year	\$ 350,828	\$ 310,462	\$ 294,504	\$ 262,703	\$ 645,331	\$ 573,166

Overall, the financial position of Charles County increased by 13% compared to Fiscal Year 2022. As shown on the table above, total revenues decreased from \$708.9 million in Fiscal Year 2022 to \$684.9 million in Fiscal Year 2023. Property taxes decreased by \$5.1 million due to a reduction of one of the Payment In Lieu of Taxes (PILOT) agreements. The County's other taxes decreased by \$52.0 million compared to FY2022 when low interest rates spurred the housing market that generated more than normal Recordation Taxes and from reconciling Income Taxes distributions being lower than a typical fiscal year. Program expenses increased from \$608.7 million in FY2022 to \$612.7 million in Fiscal Year 2023. The County experienced an increase in net position of \$72.2 million when all funds are combined.

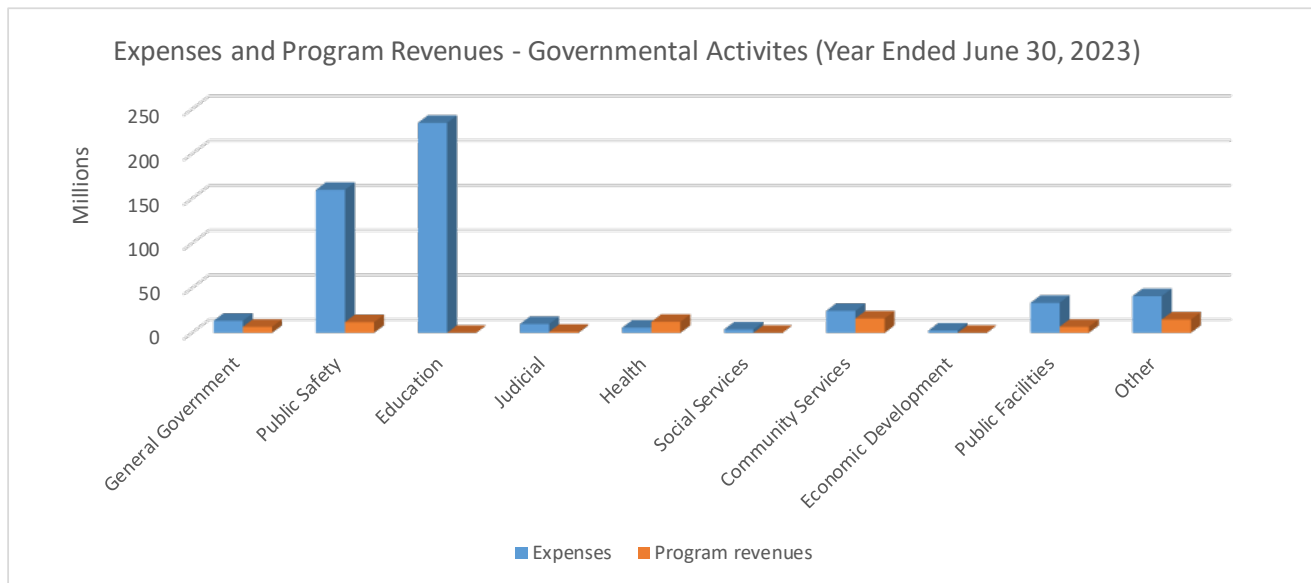
To aid in the understanding of the Statement of Activities (pages 38-39), some additional explanation is given. Of interest is the format of this statement. You will notice that expenses are listed in the first column with revenues from that program reported to the right. The result is a Net (Expenses)/Revenue 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.

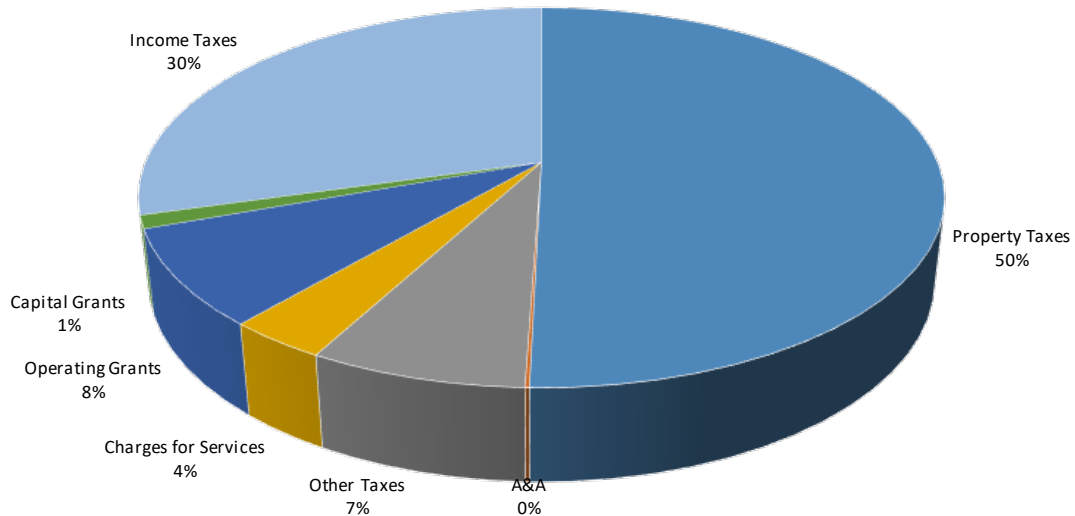
An increase in overall net position of \$72.2 million was experienced, as indicated on page 39. Total expenses of \$612.7 million were partially offset by program related service fees, grants, and other contributions of \$173.4 million. The remaining \$439.3 million in expenditures were primarily funded through non-program revenue sources, primarily property and income taxes.

Governmental activities. Governmental-type activities, as expected, operated at a \$459.7 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 \$382.6 million in non-program revenue.

The County operates many programs on a fee for service basis (business-type activities) to help keep the burden on the taxpayer down. Business-type activities account for \$83.0 million of the total \$612.7 million expended, or approximately 14% of the total, and finished the fiscal year with an operating gain of \$31.8 million.



General and Program Governmental Revenues by Source - Governmental Activities
(Year Ended June 30, 2023)



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 2023, the rates increased for each tier. The residential rate for water is \$5.12 for the first 18,000 gallons, an increase of 31 cents. The second residential rate for water is \$10.24 from 18,001 to 24,000 gallons, an increase of 62 cents. The third residential rate for water is \$15.36 for 24,000 gallons and above, an increase of 93 cents. The residential sewer rate is \$10.78 and is capped at 24,000 gallons. The commercial/multi-family rate for water is \$6.10, up 37 cents, and sewer is \$10.78 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 \$85 per ton for commercial and residential refuse was increased by \$4 as compared to Fiscal Year 2022. The County has opened the fourth expansion of the existing landfill site to accommodate local County waste.

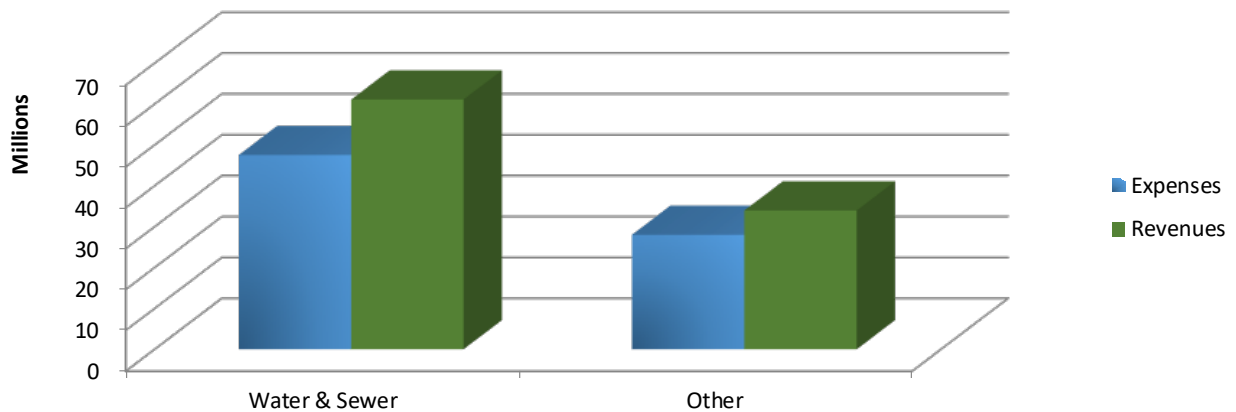
In conjunction with the landfill operation, the County also operates recycling and environmental programs. The recycling operation helps keep reusable items out of the landfill, thus extending the life, which, in turn, defrays the cost of the landfill and defers the need for additional sites. The recycling and environmental programs are funded by an annual user fee of \$140 assessed on each improved property in the County, which was a ten dollar increase as compared to Fiscal Year 2022.

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 2023 was \$127, an increase of twelve dollars compared to Fiscal Year 2022. 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 are 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 \$340.6 million, an increase of \$12.8 million in comparison with the prior year. The general fund decreased by \$6.0 million primarily due to one-time funding from use of fund balance reserves to support Commissioner goals and objectives. The County appropriated \$35.3 million from fund balance reserves with the majority supporting capital projects. Due to favorable interest income, recordation and transfer tax revenues, as well as from expenditures savings the entire appropriated use of fund balance was not needed. The non-major special revenue funds increased by \$162.2 thousand. The County’s governmental fund balances as of June 30, 2023, includes General Fund reserves of \$2.2 million for inventory and Capital Project reserves of \$10.6 million for capital outlay with the balance of funds as indicated on page 96. The governmental fund

balances of the County that are committed or assigned include \$17.1 million for income tax reserve and \$75.0 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 \$5.8 million, and the committed fund balance, including the policy target, was \$175.4 million. The assigned fund balance for specific purposes was \$10.2 million, while the unassigned fund balance was \$4.1 million, for a total fund balance of \$195.5 million.

The Capital Project Fund experienced an increase of \$18.9 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 \$259 thousand 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 \$57.9 million. The unrestricted net position for the County’s Solid Waste Fund was \$25.5 million. Unrestricted net position of all proprietary funds was \$103.3 million. There was a total increase in net position for all proprietary funds in the amount of \$31.8 million.

General Fund Budgetary Highlights

Fund Budgetary Highlights

The Fiscal Year 2023 General Fund Operating Budget was adopted at \$494.4 million. Budget amendments approved during the year equaled \$16.0 million, increasing the budget to an amended total of \$510.5 million. The Budget provided funds to the local Board of Education exceeding the State mandated “Maintenance-of-Effort” by \$12.0 million to support the State of Maryland Blueprint for Education implementation costs and salary increases.

A General Fund balance appropriation of \$13.9 million was approved during the year to support Commissioner goals and objectives that were considered one-time in nature. However, revenues primarily from interest income, recordation taxes, and transfer taxes exceeded the operating revenue budget estimate by \$23.3 million. This was largely due to a rising interest rate environment as well as a healthy housing market. In addition, overall year-end expenses were below the amended budget by \$6.0 million. This was due to conservative spending by county departments. As a result, instead of a budgeted fund balance decrease of \$35.3 million, the County had a fund balance decrease of approximately \$6.0 million.

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, 2023, amounts to \$856.8 million (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, machinery and equipment, vehicles, infrastructure, right-to-use leased and SBITA assets. The total increase in the County’s

investment in capital assets for the current fiscal year was 3.8% (which is a 1.6% increase for governmental activities and an 6.8% increase for business-type activities).

Capital Assets
(net of depreciation)
June 30, 2023 and 2022
(amounts are presented in thousands)

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Land (not depreciated)	\$ 108,430	\$ 105,850	\$ 2,396	\$ 2,396	\$ 110,826	\$ 108,246
Construction in progress (not depreciated)	60,143	49,157	132,161	129,408	192,304	178,565
Land improvements	20,091	17,418	12,142	12,929	32,233	30,347
Infrastructure	192,572	199,207	191,675	168,596	384,248	367,803
Buildings and improvements	75,633	77,698	5,620	6,119	81,252	83,818
Machinery and equipment	15,012	18,353	24,088	25,198	39,100	43,551
Vehicles	6,484	8,059	3,195	2,951	9,679	11,010
Right-to-use assets	2,109	2,273	-	-	2,109	2,273
SBITA	5,040	-	-	-	5,040	-
Total	<u>\$ 485,514</u>	<u>\$ 478,015</u>	<u>\$ 371,277</u>	<u>\$ 347,597</u>	<u>\$ 856,791</u>	<u>\$ 825,613</u>

Additional information on the County’s capital assets can be found in Note 3 on pages 79-82 of this report.

Long-term debt. At the end of the current fiscal year, the County had notes and bonds outstanding of \$474.4 million, which are backed by the full faith and credit of the County.

Outstanding Debt
General Obligation Bonds and Notes Payable
June 30, 2023 and 2022
(amounts are presented in thousands)

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
General obligation bonds	\$ 294,051	\$ 307,026	\$ 177,867	\$ 158,838	\$ 471,918	\$ 465,864
Notes payable	-	-	2,446	3,242	2,446	3,242
Total	<u>\$ 294,051</u>	<u>\$ 307,026</u>	<u>\$ 180,313</u>	<u>\$ 162,080</u>	<u>\$ 474,364</u>	<u>\$ 469,106</u>

The County’s total debt during Fiscal Year 2023 increased by \$5.3 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 announced that all three major national bond rating agencies: Fitch Ratings, S&P Global Ratings, and Moody’s Investor’s Service, have reaffirmed the County’s AAA bond rating. 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 their rating reflects a "Fiscally prudent, forward-looking management team and very strong institutional framework score, while Moody's evaluation "reflects a strong institutional structure, demonstrated policy effectiveness and established history of prudent budget management." Fitch Ratings stated, "they expect Charles County to maintain a high level of financial flexibility throughout economic cycles, consistent with historical performance and supported by superior inherent budget flexibility in the form of an unlimited legal ability to raise revenues and solid expenditure flexibility."

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 2023, the County currently has \$137,458,100 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 \$2.0 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 General Fund Adopted Budget, for the fiscal year ending June 30, 2024, was approved on May 16, 2023, in the amount of \$527,362,100, an increase of 6.7% over the General Fund fiscal year 2023 Adopted Budget.
- The adopted budget included an increase of \$15,836,600 in real and business personal property tax receipts due to raising assessments. The adopted budget also includes a \$12.9 million increase in interest income. The County is receiving higher earnings from its investments.
- Appropriation from Fund Balance Reserves of \$25.5 million were approved for fiscal year 2024 to support Commissioner goals & objectives that are one time in nature, to help offset revenue losses from the Morgantown power plant deactivation, to smooth the impact of the teacher's incentive grant for Charles County Public Schools, funding a one-time bonus for full time employees, and the Other Post-Employment Benefits contribution per the County's strategic plan. These fund balance reserves were established by Board of County Commissioners in fiscal year 2023.
- The property tax rate (exclusive of the special fire and rescue district tax) remained at \$1.141 for Real Property and \$2.8525 for Business Personal Property per \$100 of assessed value.
- The local income tax rate for calendar year 2024 remains at 3.03% of an individual's Maryland

taxable income.

- The adopted expenditure budgets for fiscal year 2024 increased by \$32,915,900. Public Education increased 2.9% and will be receiving \$6.7 million more than the previous fiscal year. The Board of Education continues to receive most of the County funding with an appropriation of \$218,767,000 of the total \$527,362,100. Sheriff and Detention Center budgets receive the second largest allocation of County funding at \$121,304,100, which is \$13.3 million more than fiscal year 2023. The additional funds included the impact of the body worn camera program. Other highlights include funding to support sixteen (16) new emergency medical technicians to support ambulance services in the County, continuation of fare free ridership service to our VanGO customers, and new positions to support recreation services; information technology; human resources; and planning. The budget meets the County's debt obligations for the capital improvement program, and other expenditures to facilitate Commissioners' goals and objectives.
- The Fiscal Year 2024 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 2024.

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, 2023

	Governmental Activities	Business-type Activities	Total Primary Government	Component Units
ASSETS:				
Cash and cash equivalents	\$ 21,640,711	\$ 424,172	\$ 22,064,883	\$ 104,437,903
Short-term investments	423,720,788	-	423,720,788	-
Accounts & other tax receivables	107,324,080	14,371,928	121,696,007	25,992,842
Excise tax receivable	58,302,743	-	58,302,743	-
County property taxes receivable	3,882,709	-	3,882,709	-
Leases receivable	928,126	240,472	1,168,598	2,406,177
Internal balances	(122,755,013)	122,755,013	-	-
Inventory	2,175,771	643,669	2,819,441	422,529
Other current assets	3,727,680	322,842	4,050,522	60,827
Leases receivable, non-current	7,795,966	7,258,788	15,054,754	
Restricted assets:				
Cash and cash equivalents	22,307,090	89,476	22,396,566	-
Notes receivable	5,011,279	-	5,011,279	-
Capital assets, not being depreciated/amortized				
Land	108,430,290	2,395,955	110,826,245	20,690,734
Construction in progress	60,142,928	132,160,841	192,303,769	95,249,163
Capital assets, net of accumulated depreciation:				
Land improvements	20,090,709	12,142,224	32,232,933	11,385,567
Infrastructure	192,572,303	191,675,282	384,247,585	-
Buildings and improvements	75,632,725	5,619,723	81,252,448	345,283,900
Machinery and equipment	15,011,835	24,088,188	39,100,024	7,543,616
Vehicles	6,484,003	3,194,711	9,678,714	-
Capital assets, net of accumulated amortization:				
Right-to-use assets	2,109,486	-	2,109,486	362,439
SBITA assets	5,040,019	-	5,040,019	5,973,611
Total assets	1,019,576,229	517,383,283	1,536,959,512	619,809,308
DEFERRED OUTFLOWS OF RESOURCES:				
Related to OPEB	4,593,560	-	4,593,560	235,580,174
Related to Pension	62,881,633	-	62,881,633	5,011,136
Charges on bond refundings	1,394,968	-	1,394,968	-
Total deferred outflows	68,870,161	-	68,870,161	240,591,310
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES				
	1,088,446,389	517,383,283	1,605,829,673	860,400,618
LIABILITIES:				
Accounts payable	13,593,212	10,862,775	24,455,987	21,851,608
Accrued expenses	13,531,420	1,984,252	15,515,672	36,097,397
Unearned revenue	22,869,124	680,257	23,549,381	8,400,879
Other liabilities	6,183,553	244,385	6,427,938	94,857
Noncurrent liabilities:				
Due within one year	38,167,087	10,298,375	48,465,462	2,340,602
Due in more than one year	553,773,583	191,691,129	745,464,712	549,245,871
Total liabilities	648,117,979	215,761,173	863,879,152	618,031,214
DEFERRED INFLOWS OF RESOURCES:				
Related to Leases	8,498,331	7,119,110	15,617,441	2,321,071
Related to OPEB	52,900,203	-	52,900,203	332,602,973
Related to Pension	28,102,132	-	28,102,132	2,040,393
Total deferred inflows	89,500,666	7,119,110	96,619,776	336,964,437
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES				
	737,618,644	222,880,283	960,498,927	954,995,651

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

THE COUNTY COMMISSIONERS OF CHARLES COUNTY, MARYLAND
STATEMENT OF NET POSITION-continued
AS OF JUNE 30, 2023

NET POSITION:				
Net Investment in capital assets	239,633,200	178,799,190	418,432,390	478,475,644
Restricted for:				
Capital projects	-	8,278,670	8,278,670	-
Debt service	2,252,148	-	2,252,148	-
Fire and Rescue	384,690	-	384,690	-
Cable franchise	10,334,188	-	10,334,188	-
Restricted for grants	8,155,592	-	8,155,592	-
Unrestricted	<u>90,067,926</u>	<u>107,425,143</u>	<u>197,493,069</u>	<u>(573,070,677)</u>
Total net position	<u>\$ 350,827,745</u>	<u>\$ 294,503,004</u>	<u>\$ 645,330,749</u>	<u>\$ (94,595,033)</u>

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

THE COUNTY COMMISSIONERS OF CHARLES COUNTY, MARYLAND
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2023

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
PRIMARY GOVERNMENT:				
Governmental activities:				
Legislative	\$ 2,868,925	\$ -	\$ -	\$ -
Judicial	9,922,544	6,143	1,195,413	-
Law	2,025,350	17,563	402,103	-
General government	13,591,943	6,221,118	471,549	8,605
Elections	2,666,440	-	-	-
Public safety	159,853,256	5,229,338	5,533,869	1,184,830
Planning and growth management	7,882,891	3,619,166	5,058,888	1,570,163
Health	5,745,772	-	12,329,791	-
Social services	3,774,689	-	-	-
Community services	24,652,336	891,120	15,274,032	21,092
Recreation, Parks & Tourism	14,253,388	1,155,064	-	2,916,315
Public facilities	33,609,893	1,616,860	4,716,159	426,154
Economic development	2,617,868	-	-	-
Education	234,782,529	-	-	-
Conservation of natural resources	762,851	70,518	69,390	-
Interest expense on long term debt	10,710,614	-	-	-
Total governmental activities	529,721,288	18,826,889	45,051,195	6,127,160
Business-type activities:				
Water and sewer	51,448,962	65,395,670	1,288,079	-
Inspection and review	6,667,335	7,991,947	-	-
Recreation	2,058,725	2,091,527	20,949	-
Solid waste	8,401,178	11,166,629	-	-
Environmental services	7,788,693	8,039,902	59,096	-
SW-Watershed Protection	6,460,204	7,167,491	-	-
Vending machines	207,341	175,674	-	-
Total business-type activities	83,032,438	102,028,840	1,368,123	-
Total primary government	\$ 612,753,726	\$ 120,855,728	\$ 46,419,318	\$ 6,127,160
COMPONENT UNITS:				
Board of Education of Charles County, Maryland	\$ 536,662,002	\$ 5,382,876	\$ 140,460,429	\$ 51,011,132
Board of Library Trustees for Charles County	8,106,953	263,380	36,003	-
Resilience Authority of Charles County	101,601	-	-	-
Total component units	\$ 544,870,556	\$ 5,646,256	\$ 140,496,432	\$ 51,011,132

General revenues:

Taxes:

- Local property taxes
- Local taxes - Excise
- Local taxes - Admissions & Amusement
- Local taxes - Recordation
- Local taxes - Transfer
- Local taxes - Hotel/Motel
- Local taxes - Heavy Equipment
- 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 accompanying notes are an integral part of these financial statements.

THE COUNTY COMMISSIONERS OF CHARLES COUNTY, MARYLAND
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2023

Net (Expenses)Revenues and Changes in Net Position				
Primary Government				
Governmental Activities	Business- type Activities	Total	Component Units	
				PRIMARY GOVERNMENT:
				Governmental activities:
\$ (2,868,925)	\$ -	\$ (2,868,925)	\$ -	Legislative
(8,720,988)	-	(8,720,988)	-	Judicial
(1,605,684)	-	(1,605,684)	-	Law
(6,890,671)	-	(6,890,671)	-	General government
(2,666,440)	-	(2,666,440)	-	Elections
(147,905,218)	-	(147,905,218)	-	Public safety
2,365,325	-	2,365,325	-	Planning and growth management
6,584,019	-	6,584,019	-	Health
(3,774,689)	-	(3,774,689)	-	Social services
(8,466,092)	-	(8,466,092)	-	Community services
(10,182,010)	-	(10,182,010)	-	Recreation, Parks & Tourism
(26,850,719)	-	(26,850,719)	-	Public facilities
(2,617,868)	-	(2,617,868)	-	Economic development
(234,782,529)	-	(234,782,529)	-	Education
(622,943)	-	(622,943)	-	Conservation of natural resources
(10,710,614)	-	(10,710,614)	-	Interest expense on long term debt
<u>(459,716,044)</u>	<u>-</u>	<u>(459,716,045)</u>	<u>-</u>	Total governmental activities
				Business-type activities:
-	15,234,787	15,234,787	-	Water and sewer
-	1,324,612	1,324,612	-	Inspection and review
-	53,751	53,751	-	Recreation
-	2,765,451	2,765,451	-	Solid waste
-	310,304	310,304	-	Environmental services
-	707,287	707,287	-	SW-Watershed Protection
-	(31,667)	(31,667)	-	Vending machines
-	<u>20,364,523</u>	<u>20,364,525</u>	-	Total business-type activities
<u>(459,716,044)</u>	<u>20,364,523</u>	<u>(439,351,520)</u>	<u>-</u>	Total primary government
				COMPONENT UNITS:
-	-	-	(339,807,565)	Board of Education of Charles County, Maryland
-	-	-	(7,807,570)	Board of Library Trustees for Charles County
-	-	-	(101,601)	Resilience Authority of Charles County
-	-	-	<u>(347,716,736)</u>	Total component units
				General revenues:
				Taxes:
278,178,940	-	278,178,940	-	Local property taxes
11,330,293	-	11,330,293	-	Local taxes - Excise
816,449	-	816,449	-	Local taxes - Admissions & Amusement
19,680,286	-	19,680,286	-	Local taxes - Recordation
8,120,113	-	8,120,113	-	Local taxes - Transfer
1,316,209	-	1,316,209	-	Local taxes - Hotel/Motel
184,971	-	184,971	-	Local taxes - Heavy Equipment
162,384,289	-	162,384,289	-	Income taxes (Own Source)
-	-	-	362,024,477	County and state appropriations
13,454,809	-	13,454,809	5,856,141	Other income
14,891,943	1,157,980	16,049,924	2,485,341	Interest and investment earnings
<u>(10,276,794)</u>	<u>10,276,794</u>	<u>-</u>	<u>-</u>	Net transfers
<u>500,081,509</u>	<u>11,434,774</u>	<u>511,516,284</u>	<u>370,365,959</u>	Total general revenues and transfers
40,365,464	31,799,300	72,164,764	22,649,223	Change in net position
310,462,280	262,703,704	573,165,984	(117,244,256)	Net position - beginning of year
<u>\$ 350,827,745</u>	<u>\$ 294,503,004</u>	<u>\$ 645,330,750</u>	<u>\$ (94,595,033)</u>	Net position - end of year

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

THE COUNTY COMMISSIONERS OF CHARLES COUNTY, MARYLAND
BALANCE SHEET
GOVERNMENTAL FUNDS
AS OF JUNE 30, 2023

	General Fund	Capital Projects	Debt Service	Total Non-Major Governmental Funds	Total Governmental Funds
ASSETS:					
Cash and cash equivalents	\$ 21,479,622	\$ -	\$ -	\$ 161,089	\$ 21,640,711
Investments	423,720,788	-	-	-	423,720,788
Accounts & Other tax receivables	89,015,077	3,471,978	624	14,836,400	107,324,080
Excise tax receivable	-	-	58,302,743	-	58,302,743
County property taxes receivable	3,882,709	-	-	-	3,882,709
Leases receivable, current	928,126	-	-	-	928,126
Due from other funds	6,884,248	109,481,296	16,043,032	17,945,311	150,353,887
Inventory	2,175,771	-	-	-	2,175,771
Other assets	3,491,023	-	-	236,657	3,727,680
Restricted assets					
Restricted cash and cash equivalents	1,242,083	-	-	21,065,007	22,307,090
Leases receivable, non-current	7,795,966	-	-	-	7,795,966
Restricted notes receivable	-	-	5,011,279	-	5,011,279
Total assets	\$ 560,615,414	\$ 112,953,274	\$ 79,357,678	\$ 54,244,465	\$ 807,170,830
LIABILITIES AND FUND BALANCES:					
Accounts payable	\$ 3,853,813	\$ 6,395,706	\$ 297,993	\$ 3,123,290	\$ 13,670,801
Accrued expenditures	5,637,086	-	-	-	5,637,086
Unearned revenue	167,377	2,317,104	624	20,384,019	22,869,124
Due to other funds	269,132,930	-	-	3,975,970	273,108,899
Other liabilities	4,613,426	108,000	-	-	4,721,426
Payable from restricted assets	1,550,420	-	-	-	1,550,420
Total liabilities	284,955,051	8,820,810	298,617	27,483,278	321,557,756
DEFERRED INFLOWS OF RESOURCES:					
Lease related	8,498,331	-	-	-	8,498,331
Unavailable revenue	71,633,996	-	58,279,921	6,549,537	136,463,454
Total deferred inflows	80,132,327	-	58,279,921	6,549,537	144,961,785
Fund balances:					
Nonspendable fund balance	5,610,370	-	-	-	5,610,370
Restricted fund balance	158,841	10,612,825	7,263,427	14,316,324	32,351,417
Committed fund balance	175,450,234	49,691,914	-	174,900	225,317,048
Assigned fund balance	10,240,398	43,827,725	13,515,713	5,720,425	73,304,261
Unassigned fund balance	4,068,193	-	-	-	4,068,193
Total fund balances	195,528,036	104,132,464	20,779,140	20,211,650	340,651,289
Total liabilities, deferred inflows & fund balances	\$ 560,615,414	\$ 112,953,274	\$ 79,357,678	\$ 54,244,465	\$ 807,170,830

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

THE COUNTY COMMISSIONERS OF CHARLES COUNTY, MARYLAND
RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCE
TO NET POSITION OF GOVERNMENTAL ACTIVITIES
JUNE 30, 2023

Total Governmental Fund Balance	\$	340,651,289
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		485,514,298
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		(294,050,794)
Capital asset financing payable		(11,079,805)
Health insurance claims		(1,456,694)
Worker's Compensation claims		(3,533,340)
Net pension liabilities		(142,193,050)
LOSAP liabilities		(2,990,110)
Accrued interest		(2,738,420)
Lease & SBITA liabilities		(6,167,458)
Net OPEB liability		(106,860,033)
Unavailable revenue		136,463,454
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		1,394,968
Related to Pensions		62,881,633
Related to Pensions		(28,102,132)
Related to OPEB		4,593,560
Related to OPEB		(52,900,203)
Compensated absences which are not due and payable in the current period and therefore are not reported in the funds		<u>(28,599,417)</u>
Net position of Governmental Activities	\$	<u><u>350,827,745</u></u>

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

THE COUNTY COMMISSIONERS OF CHARLES COUNTY, MARYLAND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2023

	General Fund	Capital Projects	Debt Service	Total Non-Major Governmental Funds	Total Governmental Funds
Revenues:					
Taxes - Local property	\$ 254,569,397	\$ -	\$ -	\$ 14,569,319	\$ 269,138,716
Taxes - Income (Own Source)	165,720,600	-	-	-	165,720,600
Taxes - Excise	-	-	11,330,293	-	11,330,293
Taxes - Admissions and Amusement	816,449	-	-	-	816,449
Taxes - Recordation	19,680,286	-	-	-	19,680,286
Taxes - Transfer	8,120,113	-	-	-	8,120,113
Taxes - Hotel/Motel	1,316,209	-	-	-	1,316,209
Taxes - Heavy Equipment	184,971	-	-	-	184,971
Charges for services	11,869,195	2,709,835	-	4,247,859	18,826,889
Intergovernmental	5,807,394	7,715,636	-	37,655,324	51,178,354
Interest income	13,576,296	-	1,173,865	141,781	14,891,943
Other income	8,315,497	7,524,818	484	416,973	16,257,773
Total revenues	<u>489,976,408</u>	<u>17,950,290</u>	<u>12,504,642</u>	<u>57,031,256</u>	<u>577,462,597</u>
Expenditures:					
Current:					
Education	228,643,138	19,826,392	-	2,849,011	251,318,540
Public safety	124,421,042	1,906,743	-	31,446,680	157,774,465
Other general government	11,464,623	-	1,244,744	-	12,709,368
Public facilities	14,496,713	11,590,577	-	-	26,087,290
Financial administration	18,156,347	581,332	-	-	18,737,679
Community services	2,397,546	2,875	-	22,237,324	24,637,744
Recreation, Parks and Tourism	10,166,552	3,854,752	-	-	14,021,304
Judicial	8,648,451	518,956	-	1,163,706	10,331,113
Planning and growth management	3,992,210	3,140,382	-	357,538	7,490,130
Health	4,636,762	-	-	950,774	5,587,536
Economic development	2,153,761	-	-	577,351	2,731,112
Social services	1,788,764	-	-	1,985,925	3,774,689
Legislative	2,655,866	-	-	26,394	2,682,260
Law	2,002,772	-	-	-	2,002,772
Conservation of natural resources	762,694	-	-	-	762,694
Elections	2,674,662	-	-	-	2,674,662
Debt service:					
Principal	22,568,681	-	11,378,838	-	33,947,519
Interest	8,091,110	-	2,719,736	-	10,810,846
Total expenditures	<u>469,721,694</u>	<u>41,422,007</u>	<u>15,343,319</u>	<u>61,594,702</u>	<u>588,081,721</u>
Excess (deficiency) of revenues over (under) expenditures	<u>20,254,714</u>	<u>(23,471,717)</u>	<u>(2,838,677)</u>	<u>(4,563,446)</u>	<u>(10,619,125)</u>
Other financing sources (uses):					
GASB 87 Leases Issued	426,168	-	-	-	426,168
GASB 96 SBITA Issued	5,557,006	-	-	-	5,557,006
Issuance of debt - capital asset financing	-	-	2,579,200	-	2,579,200
Issuance of debt - bonds	-	23,100,000	-	-	23,100,000
Premium on issuance of debt	-	2,044,370	-	-	2,044,370
Transfers in	2,545,000	19,288,690	-	5,523,924	27,357,614
Transfers out	(34,791,149)	(2,045,000)	-	(798,258)	(37,634,408)
Total other financing sources (uses)	<u>(26,262,975)</u>	<u>42,388,060</u>	<u>2,579,200</u>	<u>4,725,666</u>	<u>23,429,951</u>
Net change in fund balance	<u>(6,008,261)</u>	<u>18,916,343</u>	<u>(259,477)</u>	<u>162,220</u>	<u>12,810,825</u>
Fund balance - beginning of year	<u>201,536,297</u>	<u>85,216,121</u>	<u>21,038,617</u>	<u>20,049,430</u>	<u>327,840,465</u>
Fund balance - end of year	<u>\$ 195,528,036</u>	<u>\$ 104,132,464</u>	<u>\$ 20,779,140</u>	<u>\$ 20,211,650</u>	<u>\$ 340,651,290</u>

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

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, 2023

Net change in fund balance - Governmental Funds	\$	12,810,825
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures.		37,743,770
However, in the statement of activities, the cost of capital assets is allocated over their estimated useful lives as depreciation and/or amortization expense.		(30,244,166)
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.		13,565,374
Governmental funds report revenues based on the availability of the funds. However, in the government-wide statements revenues are recorded based on collectibility.		8,505,001
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		(6,274,359)
Deferred outflows and inflows of resources related to OPEB		(5,029,748)
Amortization of deferred charges on bond refundings		(211,603)
Compensated absences		(2,447,652)
Health Self-Insurance Claims - IBNR		(458,110)
Worker's Compensation Self-Insurance Claims - IBNR		557,508
Net pension expense		(7,760,322)
Net LOSAP expense		882,013
Accrued interest		100,233
Leases/SBITA		(3,858,315)
Net OPEB current year expense		22,485,015
Change in Net Position of Governmental Activities	\$	40,365,464

THE COUNTY COMMISSIONERS OF CHARLES COUNTY, MARYLAND
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2023

	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	\$ -	\$ 421,972	\$ 424,172
Account receivables	12,648,380	1,342,103	214,004	167,441	14,371,928
Leases receivable	240,472	-	-	-	240,472
Due from other funds	55,083,515	40,700,916	19,671,114	9,772,665	125,228,210
Inventory	643,669	-	-	-	643,669
Other current assets	234,445	287	-	88,110	322,842
Total current assets	<u>68,850,682</u>	<u>42,045,305</u>	<u>19,885,118</u>	<u>10,450,188</u>	<u>141,231,293</u>
Noncurrent assets:					
Net capital assets	298,304,912	29,386,412	37,153,034	6,432,567	371,276,924
Leases receivable	4,500,245	-	-	2,758,542	7,258,788
Restricted cash and cash equivalents	-	89,476	-	-	89,476
Total noncurrent assets	<u>302,805,157</u>	<u>29,475,888</u>	<u>37,153,034</u>	<u>9,191,109</u>	<u>378,625,188</u>
Total assets	<u>371,655,839</u>	<u>71,521,193</u>	<u>57,038,152</u>	<u>19,641,298</u>	<u>519,856,481</u>
LIABILITIES:					
Current liabilities:					
Accounts payable	8,754,877	748,715	386,492	972,691	10,862,775
Accrued expenses	1,493,423	91,713	335,026	64,090	1,984,252
Due to other funds	205,719	102,783	231,822	1,932,874	2,473,197
Unearned revenue	78,317	-	-	601,940	680,257
Current portion of long-term debt					
Bonds payable	6,635,941	91,756	1,165,971	10,944	7,904,612
Capital asset financing	903,313	142,069	99,692	134,475	1,279,549
Compensated absences	203,990	32,266	19,226	53,139	308,621
Notes payable	805,593	-	-	-	805,593
Total current liabilities	<u>19,081,174</u>	<u>1,209,301</u>	<u>2,238,228</u>	<u>3,770,153</u>	<u>26,298,856</u>
Noncurrent liabilities:					
Bonds payable	129,211,269	1,180,872	39,448,835	121,270	169,962,246
Capital asset financing	1,657,688	222,041	221,819	203,195	2,304,743
Compensated absences	1,723,183	241,562	131,009	373,268	2,469,023
Landfill post-closure costs	-	15,314,814	-	-	15,314,814
Notes payable	1,640,303	-	-	-	1,640,303
Other liabilities	154,910	89,476	-	-	244,385
Total noncurrent liabilities	<u>134,387,353</u>	<u>17,048,765</u>	<u>39,801,663</u>	<u>697,734</u>	<u>191,935,514</u>
Total liabilities	<u>153,468,527</u>	<u>18,258,066</u>	<u>42,039,891</u>	<u>4,467,886</u>	<u>218,234,370</u>
DEFERRED INFLOW OF RESOURCES:					
Charges related to Leases	4,538,637	-	-	2,580,473	7,119,110
Total Deferred Inflows	<u>4,538,637</u>	<u>-</u>	<u>-</u>	<u>2,580,473</u>	<u>7,119,110</u>
NET POSITION:					
Net Investment in Capital Assets	151,788,383	27,744,277	-	3,379,180	182,911,840
Restricted for Capital Projects	3,937,130	-	4,341,540	-	8,278,670
Unrestricted	57,923,162	25,518,851	10,656,722	9,213,759	103,312,494
Total net position	<u>\$ 213,648,675</u>	<u>\$ 53,263,128</u>	<u>\$ 14,998,262</u>	<u>\$ 12,592,939</u>	<u>\$ 294,503,004</u>

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

THE COUNTY COMMISSIONERS OF CHARLES COUNTY, MARYLAND
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2023

	Business-type activities				Total
	Water and Sewer Fund	Solid Waste Fund	SW-Water Protection	Other Non-Major Proprietary Funds	
Operating revenues:					
Charges for services	\$ 65,381,923	\$ 11,166,629	\$ 7,167,491	\$ 18,141,693	\$ 101,857,736
Total operating revenues	<u>65,381,923</u>	<u>11,166,629</u>	<u>7,167,491</u>	<u>18,141,693</u>	<u>101,857,736</u>
Operating expenses:					
Personnel services	14,230,829	2,811,345	1,375,545	4,925,691	23,343,411
Utilities	3,601,773	27,428	-	43,515	3,672,716
Repairs and maintenance	2,386,678	453,881	6,224	124,136	2,970,919
Insurance costs	421,414	23,860	-	38,832	484,106
Indirect costs	1,444,710	471,180	89,450	215,010	2,220,350
Supplies	3,147,035	412,041	5,517	475,693	4,040,286
Contract services	4,114,938	337,833	1,858,023	8,987,916	15,298,710
Other operating costs	8,208,905	2,140,783	1,182,896	948,933	12,481,517
Depreciation/amortization	9,646,177	1,675,163	721,459	951,333	12,994,132
Total operating expenses	<u>47,202,459</u>	<u>8,353,514</u>	<u>5,239,113</u>	<u>16,711,058</u>	<u>77,506,146</u>
Operating income	<u>18,179,463</u>	<u>2,813,115</u>	<u>1,928,378</u>	<u>1,430,634</u>	<u>24,351,590</u>
Nonoperating revenues (expenses):					
Interest income	156,852	972,424	12,871	15,833	1,157,980
Intergovernmental	1,288,079	-	-	80,045	1,368,123
Interest expense	(4,246,502)	(47,664)	(1,221,090)	(11,035)	(5,526,291)
Gain on disposal of capital assets	13,747	-	-	157,356	171,104
Total nonoperating revenues (losses)	<u>(2,787,824)</u>	<u>924,760</u>	<u>(1,208,219)</u>	<u>242,199</u>	<u>(2,829,084)</u>
Income before transfers	15,391,639	3,737,875	720,159	1,672,833	21,522,506
Transfers in	-	65,320	10,000,000	211,474	10,276,794
Change in net position	15,391,639	3,803,195	10,720,159	1,884,307	31,799,300
Net position - beginning of year	198,257,036	49,459,933	4,278,103	10,708,632	262,703,704
Net position - end of year	<u>\$ 213,648,675</u>	<u>\$ 53,263,128</u>	<u>\$ 14,998,262</u>	<u>\$ 12,592,939</u>	<u>\$ 294,503,004</u>

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

THE COUNTY COMMISSIONERS OF CHARLES COUNTY, MARYLAND
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2023

	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	\$ 63,731,290	\$ 11,166,629	\$ 7,167,491	\$ 18,293,887	\$ 100,359,297
Cash paid to suppliers	(23,092,155)	(4,304,232)	(3,783,110)	(10,706,502)	(41,885,999)
Cash paid to employees	(15,786,999)	(2,806,311)	(1,538,156)	(4,975,413)	(25,106,879)
Net cash from operating activities	<u>24,852,136</u>	<u>4,056,086</u>	<u>1,846,225</u>	<u>2,611,972</u>	<u>33,366,419</u>
Cash flows from investing activities:					
Interest received	156,852	972,424	12,871	15,833	1,157,980
Net cash from investing activities	<u>156,852</u>	<u>972,424</u>	<u>12,871</u>	<u>15,833</u>	<u>1,157,980</u>
Cash flows from noncapital financing activities:					
Transfers in (out)	-	-	10,000,000	211,474	10,211,474
Intergovernmental	1,288,079	65,320	-	80,045	1,433,444
Receipts from interfund loans	-	-	-	8,332	8,332
Repayments of interfund loans	(3,743,967)	(573,224)	(13,691,697)	(2,228,928)	(20,237,816)
Net cash from noncapital financing activities	<u>(2,455,888)</u>	<u>(507,904)</u>	<u>(3,691,697)</u>	<u>(1,929,077)</u>	<u>(8,584,566)</u>
Cash flows from capital and related financing activities:					
Proceeds from issuance of bonds	20,840,000	-	6,060,000	-	26,900,000
Principal payments on bonds payable	(6,764,252)	(87,615)	(1,082,000)	-	(7,933,867)
Principal payments on capital asset financing	(1,148,706)	(188,038)	(98,750)	(10,446)	(1,445,940)
Principal payments on loans	(796,041)	-	-	(142,729)	(938,770)
Interest paid	(4,246,502)	(47,664)	(1,221,090)	(11,035)	(5,526,291)
Proceeds from disposal of assets	13,747	-	-	157,356	171,103
Cash paid for capital expenses	(30,451,346)	(4,196,928)	(1,825,559)	(681,919)	(37,155,752)
Net cash from capital and related financing activities	<u>(22,553,100)</u>	<u>(4,520,245)</u>	<u>1,832,601</u>	<u>(688,773)</u>	<u>(25,929,517)</u>
Net increase (decreases) in cash and cash equivalents	-	361	-	9,955	10,316
Cash and cash equivalents - beginning of year	200	91,115	-	412,016	503,331
Cash and cash equivalents - end of year	<u>\$ 200</u>	<u>\$ 91,476</u>	<u>\$ -</u>	<u>\$ 421,972</u>	<u>\$ 513,647</u>

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

THE COUNTY COMMISSIONERS OF CHARLES COUNTY, MARYLAND
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2023

	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)	\$ 18,179,463	\$ 2,813,115	1,928,378	\$ 1,430,633	\$ 24,351,588
Adjustments to reconcile operating income to net cash from operating activities:					
Depreciation/amortization	9,646,177	1,675,163	721,459	951,333	12,994,132
Increase (decrease) in compensation-related liabilities included in long-term debt	694,283	30,565	(29,304)	(62,583)	632,961
Increase in landfill closure liabilities included in long-term debt	-	1,533,105	-	-	1,533,105
(Increase) decrease in other receivables	(283,310)	221,111	(159,977)	(78,043)	(300,219)
(Increase) decrease in notes receivable	(45,205)	-	-	13,897	(31,308)
(Increase) decrease in leases receivable	(1,369,445)	-	-	-	(1,369,445)
(Increase) decrease in inventories	(26,542)	-	-	-	(26,542)
(Increase) decrease in other current assets	(234,114)	(70)	-	2,457	(231,727)
(Increase) decrease in restricted assets	-	(201)	-	-	(201)
(Increase) decrease in deferred bond issue costs	(59,628)	(12,895)	4,428	1,185	(66,910)
Increase (decrease) in accounts payable	1,482,336	(2,208,842)	(485,452)	188,035	(1,023,923)
Increase (decrease) in accrued expenses	(1,654,850)	5,034	(133,307)	12,863	(1,770,260)
Increase (decrease) in other liabilities	(154,909)	-	-	-	(154,909)
Increase (decrease) in Net Pension Obligation	-	-	-	-	-
Increase (decrease) in unearned revenue	(1,322,119)	-	-	152,195	(1,169,924)
Net cash from by operating activities	<u>\$ 24,852,136</u>	<u>\$ 4,056,085</u>	<u>\$ 1,846,225</u>	<u>\$ 2,611,973</u>	<u>\$ 33,366,419</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 asset financing	<u>\$ 968,200</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 145,000</u>	<u>\$ 1,113,200</u>

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

THE COUNTY COMMISSIONERS OF CHARLES COUNTY, MARYLAND
STATEMENT OF FIDUCIARY NET POSITION
AS OF JUNE 30, 2023

		Pension & OPEB Trust Funds
ASSETS:		
Current assets:		
Cash and cash equivalents	\$	10,543,796
Interest receivable		221,763
Total current assets		10,765,559
Investments:		
Bond mutual funds		143,574,087
Equity securities		273,465,828
Pooled separate accounts		278,982,825
Total investments		696,022,740
Total assets		706,788,298
LIABILITIES:		
Accrued expenses		32,633
NET POSITION:		
Net position restricted for pensions		675,986,007
Net position restricted for OPEB		30,769,659
TOTAL NET POSITION	\$	706,755,666

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

THE COUNTY COMMISSIONERS OF CHARLES COUNTY, MARYLAND
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
YEAR ENDED JUNE 30, 2023

	<u>Pension & OPEB Trust Funds</u>
ADDITIONS:	
Contributions:	
Employer contributions	\$ 27,084,536
Employee contributions	7,010,750
Total contributions	<u>34,095,286</u>
Investment earnings:	
Interest	23,982,204
Net change in fair value of investments	42,614,769
Total investment earnings	<u>66,596,974</u>
Less investment expenses	<u>(3,260,762)</u>
Net investment earnings	<u>63,336,211</u>
Total additions	<u>97,431,498</u>
DEDUCTIONS:	
Benefits paid to members	28,429,082
Administrative costs	102,369
Total deductions	<u>28,531,451</u>
Changes in net position	68,900,046
Net position - beginning of year	<u>637,855,620</u>
Net position - end of year	<u>\$ 706,755,666</u>

This page left intentionally blank

THE COUNTY COMMISSIONERS OF CHARLES COUNTY, MARYLAND
 COMBINING STATEMENT OF NET POSITION
 COMPONENT UNITS
 JUNE 30, 2023

	Board of Education of Charles County, Maryland	Board of Library Trustees for Charles County	The Resilience Authority of Charles County	Total
ASSETS:				
Cash and cash equivalents	\$ 102,573,549	\$ 1,760,915	\$ 103,439	\$ 104,437,903
Short-term investments	-	-	-	-
Accounts receivable	25,781,590	11,252	200,000	25,992,842
Leases receivable	2,406,177	-	-	2,406,177
Inventory	422,529	-	-	422,529
Other assets	-	60,827	-	60,827
Capital assets				
Land	20,690,734	-	-	20,690,734
Construction in progress	95,249,163	-	-	95,249,163
Land improvements	11,385,567	-	-	11,385,567
Buildings	345,283,900	-	-	345,283,900
Machinery, furniture and equipment	6,894,042	649,574	-	7,543,616
Right-to-use assets: Equipment	362,439	-	-	362,439
Subscription-based IT assets	5,973,611	-	-	5,973,611
Total assets	<u>617,023,301</u>	<u>2,482,568</u>	<u>303,439</u>	<u>619,809,308</u>
DEFERRED OUTFLOWS OF RESOURCES:				
Deferred outflows related to OPEB	235,414,863	165,311	-	235,580,174
Deferred outflows related to Pension	5,011,136	-	-	5,011,136
Total deferred outflows of resources	<u>240,425,999</u>	<u>165,311</u>	<u>-</u>	<u>240,591,310</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>857,449,300</u>	<u>2,647,879</u>	<u>303,439</u>	<u>860,400,618</u>
LIABILITIES:				
Accounts payable	21,766,341	81,370	3,897	21,851,608
Accrued expenses	36,097,397	-	-	36,097,397
Unearned revenue	8,400,879	-	-	8,400,879
Other liabilities	94,857	-	-	94,857
Non-current liabilities:				
Due within one year	2,116,930	223,672	-	2,340,602
Due in more than one year	548,093,534	1,152,337	-	549,245,871
Total liabilities	<u>616,569,938</u>	<u>1,457,379</u>	<u>3,897</u>	<u>618,031,214</u>
DEFERRED INFLOWS OF RESOURCES:				
Deferred inflows related to OPEB	330,296,614	2,306,359	-	332,602,973
Deferred inflows related to Pension	2,040,393	-	-	2,040,393
Deferred inflows related to Leases	2,321,071	-	-	2,321,071
Total deferred inflows of resources	<u>334,658,078</u>	<u>2,306,359</u>	<u>-</u>	<u>336,964,437</u>
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	<u>951,228,016</u>	<u>3,763,738</u>	<u>3,897</u>	<u>954,995,651</u>
NET POSITION:				
Net investment in capital assets	477,826,070	649,574	-	478,475,644
Restricted for grants	-	-	-	-
Unrestricted (deficit)	<u>(571,604,786)</u>	<u>(1,765,433)</u>	<u>299,542</u>	<u>(573,070,677)</u>
Total net position	<u>\$ (93,778,716)</u>	<u>\$ (1,115,859)</u>	<u>\$ 299,542</u>	<u>\$ (94,595,033)</u>

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

THE COUNTY COMMISSIONERS OF CHARLES COUNTY, MARYLAND
 COMBINING STATEMENT OF ACTIVITIES
 COMPONENT UNITS
 YEAR ENDED JUNE 30, 2023

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	\$ 536,662,002	\$ 5,382,876	\$ 140,460,429	\$ 51,011,132
Board of Library Trustees for Charles County	8,106,953	263,380	36,003	-
The Resilience Authority of Charles County	101,601	-	-	-
Total component units	\$ 544,870,556	\$ 5,646,256	\$ 140,496,432	\$ 51,011,132

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 accompanying notes are an integral part of these financial statements.

THE COUNTY COMMISSIONERS OF CHARLES COUNTY, MARYLAND
 COMBINING STATEMENT OF ACTIVITIES
 COMPONENT UNITS
 YEAR ENDED JUNE 30, 2023

Net (Expenses) Revenues and Changes in Net Position				
Primary Government				
Board of Education of Charles County, Maryland	Board of Library Trustees for Charles County	The Resilience Authority of Charles County	Total	
\$ (339,807,565)	\$ -	\$ -	\$ (339,807,565)	COMPONENT UNITS:
-	(7,807,570)	-	(7,807,570)	Board of Education of Charles County, MD
-	-	(101,601)	(101,601)	Board of Library Trustees for Charles County
(339,807,565)	(7,807,570)	(101,601)	(347,716,736)	The Resilience Authority of Charles County
				Total component units
353,981,706	7,744,840	297,931	362,024,477	General revenues:
-	39,886	-	39,886	County and state appropriations
2,414,763	67,139	3,439	2,485,341	Other income
5,806,677	9,578	-	5,816,255	Interest and investment earnings
-	-	-	-	Miscellaneous
362,203,146	7,861,443	301,370	370,365,959	Loss on disposition of capital assets
				Total general revenues and transfers
22,395,581	53,873	199,769	22,649,223	Change in net position
(116,174,297)	(1,169,732)	99,773	(117,244,256)	Net position - beginning of the year
\$ (93,778,716)	\$ (1,115,859)	\$ 299,542	\$ (94,595,033)	Net position - end of year

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

This page left intentionally blank

The County Commissioners of Charles County, Maryland

Notes to the Financial Statements--June 30, 2023

INDEX

		<u>Page</u>
NOTE 1	SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES	57
	A. Reporting Entity	57
	B. Basic Financial Statements	58
	Government-wide Statements	59
	Fund Financial Statements	60
	C. Measurement Focus and Basis of Accounting	61
	Measurement Focus	61
	Basis of Accounting	62
	D. Financial Statement Amounts	62
NOTE 2	STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY	70
	A. Budgets and Budgetary Accounting	70
NOTE 3	DETAILED NOTES ON ALL FUNDS	70
	A. Cash Deposits and Investments	70
	B. Receivables	75
	C. Property Taxes Receivable	76
	D. Tax Abatements	76
	E. Notes Receivable	77
	F. Capital Assets	79
	G. Inter-fund Receivables, Payables, and Transfers	84
	H. Capital Asset Financing	86
	I. Long-Term Debt	87
	J. Restricted Assets	92
	K. Leases and Subscription-Based IT Arrangements	93
	L. Fund Balance Analysis	97
NOTE 4	RISK MANAGEMENT	98
NOTE 5	COMMITMENTS AND CONTINGENCIES	99
	A. Contingencies Under Grant Provisions	99
	B. Litigation	99

The County Commissioners of Charles County, Maryland

Notes to the Financial Statements--June 30, 2023

INDEX

		<u>Page</u>
NOTE 6	PENSION & TRUST PLANS	100
	A. County Employees Retirement Plan	103
	B. Sheriff's Office Retirement Plan	107
	C. Length of Service Award Program (LOSAP) for Volunteer Firemen and Rescue Squad Members	111
NOTE 7	OTHER EMPLOYMENT BENEFITS	114
	A. Deferred Compensation Plan	114
	B. Other Post-Employment Benefits (OPEB)	115
	C. Post-Employment Health Program (PEHP)	120
NOTE 8	CLOSURE AND POST-CLOSURE CARE COSTS	120
	A. Pispah Landfill	120
	B. Charles County Landfill	120
NOTE 9	SUBSEQUENT EVENTS	121

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 \$212,686,400 in operating funds and \$18,446,234 in capital funding to the Board of Education during fiscal year 2023.

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 \$4,364,300 in operating funds to the Library during fiscal year 2023.

The Resilience Authority of Charles County, Maryland (The Authority) is a quasi-governmental, non-profit financing organization authorized in the State of Maryland that will pool, disseminate, and invest capital; link private, state, federal and philanthropic funding to public infrastructure projects by viewing them as investment opportunities, and advance economic development initiatives and other public benefits by targeting resilience investment projects. The County appropriated \$200,000 in operating funds to the Authority, but had not transferred said funds at the end of fiscal year 2023. The Authority is fiscally dependent on the County. Currently the Authority does not publish separate stand-alone financial statements.

Complete financial statements of the Board of Education and the Library 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 with an emphasis on the most significant funds), and fiduciary financial statements (reporting on the County’s pension and OPEB 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. The County utilizes a central services allocation plan and indirect cost rate proposal prepared by Cost Plans Plus, LLC 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 sets forth minimum criteria for the determination of major funds. The criterion used by the County is based on the percentage of assets, deferred outflows and inflows, 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 fund 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 like that of proprietary funds.

The County’s fiduciary and pension trust funds account for the retirement benefits for the County Employees Retirement Plan, the Charles County, Maryland Sheriff’s Office Retirement Plan, the Length of Service Award Program (LOSAP) for Volunteer Fireman and Rescue Squad Members, 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 and fiduciary 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 property taxes, income taxes, highway user taxes, and interest 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 measurable and available and if they are collected within 90 days after year end. 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 resources 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, the Opioid Restitution funds, 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 more than 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 more than 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/amortized 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 & Software	3-5 yrs		5 yrs
Other infrastructure	10-50 yrs		
Books and audio visual materials			3 yrs
Right-to-use assets	4-30 yrs	5-10 yrs	
Subscription-based IT assets	2-6 yrs	5-10 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/amortization 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 asset financing, leases and subscription-based information technology arrangements 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 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. Leases and Subscription-based Technology Arrangements

In June 2017, the Governmental Accounting Standards Board (GASB) issued GASB Statement No. 87, Leases. This standard requires the recognition of certain lease assets and liabilities for leases that previously

were classified as operating leases and as inflows of resources or outflows of resources recognized based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this standard, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources.

Leases where the County is lessee:

The County is a lessee for certain non-cancellable leases of equipment and real estate. For these leases, the County recognizes a lease liability and an intangible right-to-use lease asset (lease asset) in the government-wide financial statements.

At the commencement of a lease, the County measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life and the SBITA liability is reduced by the principal portion of lease payments made.

Key estimates and judgments related to leases include how the County determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments. The County uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the County generally uses its estimated incremental borrowing rate as the discount rate for leases.

The lease term includes the non-cancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that the County is reasonably certain to exercise. The County monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability. Lease assets are reported with other capital assets and lease liabilities are reported with long-term debt on the statement of net position.

Leases where the County is Lessor:

The County is lessor for a non-cancellable lease of a building, as well as land and space provided for cellular antennae placement on certain water and radio towers. The County recognizes a lease receivable and a deferred inflow of resources in the government-wide and governmental fund financial statements. At the commencement of a lease, the County initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

Key estimates and judgments include how the County determines (1) the discount rate it uses to discount the expected lease receipts to present value, (2) lease term, and (3) lease receipts. The County uses

its estimated incremental borrowing rate as the discount rate for lease, unless it is explicitly stated in the lease agreement. The lease term includes the non-cancellable period explicitly stated within the lease. Lease receipts included in the measurement of the lease receivable is composed of fixed payments from the lessee. The County monitors changes in circumstances that would require a remeasurement of its leases, and will remeasure the lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

Subscription-Based Information Technology Arrangements

In May 2020, GASB issued Statement No. 96, Subscription-Based Information Technology Arrangements effective for reporting periods beginning after June 15, 2022. 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.

A SBITA is defined as a contract that conveys control of the right-to-use another party's (a Subscription vendor's) information technology (IT) software, alone or in combination with tangible capital assets (the underlying IT assets) as specified in the contract for a period of time in an exchange or exchange-like transaction. This Statement establishes that a Subscription results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a Subscription; and requires note disclosures regarding a Subscription. The GASB 96-required changes to the financial statements and footnotes for FY 2023 are reflected in this document. SBITA assets are reported with other capital assets and SBITA liabilities are reported with long-term debt on the statement of net position.

At the commencement of a SBITA contract, the County measures the SBITA liability at the present value of payments expected to be made during the SBITA term. The SBITA asset is initially measured as the initial amount of the related SBITA liability, adjusted for SBITA payments made at or before the SBITA commencement date, plus certain initial direct costs. Subsequently, the SBITA asset is amortized on a straight-line basis over its useful life and the SBITA liability is reduced by the principal portion of SBITA payments made.

The County adopted the requirements of the guidance effective July 1, 2022, and has applied the provisions of this standard to the beginning of the period of adoption. The implementation required the County to record SBITA assets and as well as the beginning of the year SBITA liability of \$3,033,122. There was no impact on net position or change in net position as a result of the implementation.

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. Management is currently evaluating the effect of implementation of many of these Standards.

GASB Statement No. 100, Accounting Changes and Error Corrections-an amendment of GASB Statement No. 62, was issued in June 2022. The primary objective of this Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. The requirements of this Statement are effective for accounting changes and error corrections made in fiscal years beginning after June 15, 2023, and all reporting periods thereafter. The County will follow this guidance in the future.

GASB Statement No. 101, Compensated Absences was issued in June 2022. The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. The requirements of this Statement are effective for fiscal years beginning after December 15, 2023. The County plans to implement any impacts of this new standard with our Fiscal Year 2025 report.

NOTE 2. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. 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 department, office or agency level. However, with proper approval by the County Commissioners, as stated in the County's Budget Policies and Delegated Authorities, last reviewed on July 1, 2022, budget transfers and amendments 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. The Sheriff's Office exceeded their expense budgets by \$688,805. The Financial Administration's IT Division exceeded its expense budget by \$2,203,554. The State's Attorney's Office exceeded its expense budget by \$507,842. The Soil Conservation Office exceeded their expense budget by 26,455. None of these were considered material because of leave payouts and the post fiscal year end implementation and recording of GASB 96 transactions.

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 \$24,097,476 and the bank balances were \$26,671,585. Of the bank balance, \$2,892,441 was covered by Federal depository insurance and \$23,779,144 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 \$14,955. The restricted cash equivalents balance of \$22,396,566 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 \$28,477,268 and the bank balances were \$32,147,259. 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 Library's amount of cash on hand was \$1,712 and the carrying amount in deposits was \$332,875 and the bank balances was \$448,570. 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.

At year-end, the carrying amount of the Resilience Authority's deposits and bank balance was \$103,439. The balance was covered by Federal depository insurance.

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	\$ 10,950	\$ -	\$ 2,200	\$ 13,150
Deposit accounts	21,629,761	-	421,972	22,051,733
Repurchase agreements (sweep)	90,502,920	-	-	90,502,920
U.S. government securities				
Treasuries	90,945,641	-	-	90,945,641
Agencies	126,588,777	-	-	126,588,777
Money market	-	10,543,797	-	10,543,797
Maryland local government pool	115,683,451	-	-	115,683,451
Bond mutual funds	-	143,574,087	-	143,574,087
Equity securities	-	273,465,828	-	273,465,828
Pooled separate accounts	-	278,982,825	-	278,982,825
Restricted cash equivalents	22,307,090	-	89,476	22,396,566
Total cash and investments	<u>\$ 467,668,590</u>	<u>\$ 706,566,537</u>	<u>\$ 513,648</u>	<u>\$ 1,174,748,775</u>

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

Cash on hand	\$ 2,205
Deposits	28,477,268
Money market mutual funds	8,684,180
Maryland local government pool	<u>65,409,893</u>
Total cash and investments	<u>\$ 102,573,546</u>

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

Cash on hand and deposits	\$ 334,587
Maryland local government pool	<u>1,426,328</u>
Total cash and investments	<u>\$ 1,760,915</u>

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

Maryland local government pool	<u>\$ 103,439</u>
Total cash and investments	<u>\$ 103,439</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.

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Balance June 30, 2023</u>
Investments by fair value level:				
U.S. government securities: Treasuries	\$ -	\$ 90,945,641	\$ -	\$ 90,945,641
U.S. government securities: Agencies	-	126,588,777	-	126,588,777
Bond Mutual funds	143,574,087	-	-	143,574,087
Equity securities	273,465,828	-	-	273,465,828
	<u>417,039,915</u>	<u>217,534,417</u>	<u>-</u>	<u>634,574,332</u>
Investments carried at net asset value:				
Pooled Separate accounts				278,982,825
Cash and Investments carried at amortized cost:				
Cash on hand				13,150
Deposit Accounts				22,051,733
Repurchase agreements (sweep)				90,502,920
Money Market				10,543,797
Maryland local government pool				115,683,451
Restricted assets: MD local government pool				22,396,566
Total Cash and Investments at amortized cost:				<u>261,191,617</u>
Total Cash and Investments				<u>\$ 1,174,748,775</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, 2023:

	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	\$ 90,945,641	\$ -	\$ -	\$ -	\$ 90,945,641
U.S. Governmental Agencies	126,588,777	-	-	-	126,588,777
Total	<u>\$ 217,534,417</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 217,534,417</u>

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, 2023, 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>			Total Non-Major Funds	Total
	General	Capital Projects	Debt Service	Water and Sewer Fund	Solid Waste Fund	SW-Watershed Protection Fund		
Receivables:								
Interest	\$ 4,846,787	\$ -	\$ -	\$ 9,284	\$ -	\$ -	\$ -	\$ 4,856,071
Taxes	3,882,709	-	58,302,743	-	-	-	-	62,185,452
Accounts	84,168,290	3,471,978	-	12,208,702	1,342,102	161,030	14,042,736	115,394,838
Leases	8,724,092	-	-	4,740,717	-	-	2,758,542	16,223,351
Special assessments	-	-	624	430,394	-	52,974	-	483,992
Intergovernmental	-	-	-	-	-	-	961,105	961,105
Total receivables	<u>\$ 101,621,877</u>	<u>\$ 3,471,978</u>	<u>\$ 58,303,367</u>	<u>\$ 17,389,097</u>	<u>\$ 1,342,102</u>	<u>\$ 214,004</u>	<u>\$ 17,762,383</u>	<u>\$ 200,104,809</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)	\$ -	\$ 6,036,589	\$ 6,036,589
Unavailable property tax receivable (Debt Service)	-	58,279,921	58,279,921
Unavailable income tax receivable	-	65,597,407	65,597,407
Special assessments not yet due (Debt Service)	624	-	624
School construction impact fees	2,317,104	-	2,317,104
Grant draw-downs prior to meeting all eligibility requirements	19,933,725	-	19,933,725
Leases receivable	-	8,498,331	8,498,331
Other unearned revenue	617,671	6,549,537	7,167,208
Total unearned revenue for governmental funds	<u>\$ 22,869,124</u>	<u>\$ 144,961,785</u>	<u>\$ 167,830,909</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, 2023, 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 Charles County tax bill. In return, the County and taxpayer know the 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 \$1,249,405 for Fiscal Year 2023. 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 April 28, 2021, is between Charles County and Lanyard Power Holdings, LLC. The original term of this agreement is for 5 years. On July 8, 2021, PJM Interconnection, LLC (PJM) agreed to the deactivation of Morgantown 1 and 2 generating units effective May 31, 2022. On May 10, 2022, the PJM approved the deactivation of Morgantown CT1 and CT2 generating units at any time. Within the new agreement, and per intentions to close much sooner than anticipated, Section 3.11 became effective and resulted in the County receiving the floor payment for the PILOT in FY23. Consequently, the County has established a Loss Reserve in the general fund balance records of \$15,501,000 and intends to increase this reserve in the future to smooth out the impact. On December 22, 2023, Lanyard Power Holdings, LLC notified the PJM and the County of the intent to deactivate the remaining units at Morgantown CT3 – CT6.

<u>Tax Abatement Program</u>	<u>Amount of Taxes Abated</u>
PILOT Agreements	
CPV Maryland, LLC	\$ 5,387,158
Lanyard Power Holdings, LLC	\$ 2,141,857

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 6/30/2023</u>
U.S. Home Corporation 2009	\$ 2,000,000	15 years, 4%-5.375%	\$ 120,000
U.S. Home Corporation 2011	4,000,000	15 years, 2%-4.5%	1,315,000
U.S. Home Corporation 2012	4,000,000	15 years, 2%-3.25%	1,166,250
U.S. Home Corporation 2013	3,700,000	15 years, 3%-4%	1,419,634
U.S. Home Corporation 2015	1,700,000	15 years, 3%-4%	990,395
Total Notes Receivable	<u>\$ 15,400,000</u>		<u>\$ 5,011,279</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>
2024	\$ 1,204,616
2025	1,081,265
2026	1,080,495
2027	1,016,087
2028	424,352
2029-2033	338,008
Subtotal	<u>5,144,823</u>
Less: Interest	<u>133,544</u>
Total future minimum note payments receivable	<u>\$ 5,011,279</u>

F. Capital Assets

Capital asset activity for the year ended June 30, 2023, was as follows:

Governmental Activities	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, not depreciated/amortized:				
Land	\$ 105,850,045	\$ 2,580,244	\$ -	\$ 108,430,290
Construction in progress	49,156,737	21,887,604	10,901,413	60,142,928
Total capital assets, not depreciated/amortized	<u>155,006,782</u>	<u>24,467,848</u>	<u>10,901,413</u>	<u>168,573,219</u>
Capital assets, depreciated/amortized				
Land Improvements	29,485,760	3,966,000	-	33,451,760
Infrastructure	530,933,059	9,754,200	-	540,687,259
Buildings and Improvements	182,991,659	3,374,370	-	186,366,029
Machinery and Equipment	75,605,919	1,544,437	16,708	77,133,648
Vehicles	30,270,125	1,398,375	974,149	30,694,351
Right-to-use buildings and equipment	2,652,951	426,168	-	3,079,119
Subscription-Based IT Arrangements (SBITA)	3,033,122	3,713,786	-	6,746,908
Total capital assets, depreciated/amortized	<u>854,972,595</u>	<u>24,177,335</u>	<u>990,857</u>	<u>878,159,073</u>
Less: accumulated depreciation/amortization for:				
Land Improvements	(12,067,695)	(1,293,356)	-	(13,361,051)
Infrastructure	(331,725,876)	(16,389,080)	-	(348,114,956)
Buildings and Improvements	(105,294,104)	(5,439,199)	-	(110,733,304)
Machinery and Equipment	(57,252,691)	(4,885,829)	(16,708)	(62,121,812)
Vehicles	(22,211,436)	(2,973,060)	(974,149)	(24,210,348)
Right-to-use buildings and equipment	(379,762)	(589,871)	-	(969,633)
Subscription-Based IT Arrangement (SBITA)	-	(1,706,889)	-	(1,706,889)
Total accumulated depreciation/amortization	<u>(528,931,564)</u>	<u>(33,277,285)</u>	<u>(990,857)</u>	<u>(561,217,993)</u>
Total capital assets, depreciated/ amortized, net	<u>326,041,030</u>	<u>(9,099,950)</u>	<u>-</u>	<u>316,941,080</u>
Governmental activities, capital assets, net	<u>\$ 481,047,812</u>	<u>\$ 15,367,899</u>	<u>\$ 10,901,413</u>	<u>\$ 485,514,299</u>

Business Type Activities	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, not depreciated/amortized:				
Land	\$ 2,395,955	\$ -	\$ -	\$ 2,395,955
Construction in progress	129,407,976	30,498,237	27,745,373	132,160,841
Total capital assets, not depreciated/amortized	<u>131,803,932</u>	<u>30,498,237</u>	<u>27,745,373</u>	<u>134,556,796</u>
Capital assets, depreciated/amortized				
Land Improvements	23,630,436	-	-	23,630,436
Infrastructure	357,320,130	31,000,145	-	388,320,275
Buildings and Improvements	15,447,173	-	-	15,447,173
Machinery and Equipment	53,627,639	1,667,726	545,595	54,749,770
Vehicles	9,510,323	1,253,471	575,376	10,188,417
Total capital assets, depreciated/amortized	<u>459,535,700</u>	<u>33,921,341</u>	<u>1,120,971</u>	<u>492,336,071</u>
Less: accumulated depreciation/amortization for:				
Land Improvements	(10,701,431)	(786,781)	-	(11,488,212)
Infrastructure	(188,723,909)	(7,921,083)	-	(196,644,993)
Buildings and Improvements	(9,328,268)	(499,182)	-	(9,827,450)
Machinery and Equipment	(28,430,099)	(2,777,078)	(545,595)	(30,661,582)
Vehicles	(6,559,075)	(1,010,007)	(575,376)	(6,993,706)
Total accumulated	<u>(243,742,782)</u>	<u>(12,994,132)</u>	<u>(1,120,971)</u>	<u>(255,615,943)</u>
Total capital assets, depreciated/ amortized, net	<u>215,792,918</u>	<u>20,927,210</u>	<u>-</u>	<u>236,720,128</u>
Business-type, capital assets, net	<u>\$ 347,596,850</u>	<u>\$ 51,425,447</u>	<u>\$ 27,745,373</u>	<u>\$ 371,276,924</u>
Grand Total, capital assets, net	<u>\$ 828,644,663</u>	<u>66,793,345</u>	<u>38,646,786</u>	<u>856,791,223</u>

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

Governmental Activities, depreciation:

Public Safety/Fire & Rescue	\$	3,089,066
Legislative		176,371
Judicial		126,136
Election Board		259
Financial Administration/Central Services		60,396
Health		158,236
Community Services		52,695
Public Facilities		22,878,348
Emergency Services		2,654,875
Education		44,807
Inspection & Enforcement		456,712
Economic Development		5,675
Recreation, Parks, & Tourism		1,276,952
Total depreciation expense- Governmental Activities	\$	<u>30,980,525</u>

Governmental Activities, amortization of leases:

Public Safety/Fire & Rescue	\$	133,211
Election Board		227,963
Financial Administration/Central Services		17,811
Emergency Services		116,552
Economic Development		59,021
Recreation, Parks, & Tourism		35,314
Total lease amortization expense- Governmental Activities	\$	<u>589,872</u>

Governmental Activities, amortization of SBITAs:

Public Safety/Fire & Rescue	\$	282,749
Community Services		13,689
Judicial		58,807
Financial Administration/Central Services		1,351,644
Total SBITA amortization expense- Governmental Activities	\$	<u>1,706,889</u>

Business-Type Activities:

Water and Sewer	\$	9,646,177
Solid Waste		1,675,163
Environmental Services		491,692
Recreation Programs		330,996
Inspection and Reviews		128,645
SW- Watershed Protection		721,459
Total depreciation expense- Business-type Activities	\$	<u>12,994,132</u>

Construction Commitments

The County has active construction projects as of June 30, 2023. The projects include widening and reconstruction of existing streets and bridges, maintenance of existing roads, landfill expansion, modifications of County facilities, 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	\$ 50,572,548	\$ 50,269,860
Other transportation projects	1,535,793	8,079,897
General government		
Buildings and improvements	34,227,312	60,459,006
Other general government projects	10,065,802	17,034,625
Water and sewer		
Expansions and improvements	122,370,968	242,792,576
Parks		
Expansions and improvements	10,142,837	14,254,573
Environmental service		
Various environmental service projects	13,067,951	15,144,079
Watershed Restoration	<u>20,784,460</u>	<u>66,320,167</u>
Total	<u>\$ 262,767,671</u>	<u>\$ 474,354,782</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, 2023, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, not depreciated:				
Land	\$ 19,414,134	\$ 1,276,600	\$ -	\$ 20,690,734
Construction in progress	52,761,690	47,595,465	(5,107,992)	95,249,163
Total capital assets, not depreciated	<u>72,175,824</u>	<u>48,872,065</u>	<u>(5,107,992)</u>	<u>115,939,897</u>
Capital assets, depreciated:				
Buildings	698,005,529	20,684,161	(1,226,260)	717,463,430
Land Improvements	28,495,928	2,593,229	(62,000)	31,027,157
Furniture and Equipment	31,617,486	3,647,614	(1,509,806)	33,755,294
Total capital assets, depreciated	<u>758,118,943</u>	<u>26,925,004</u>	<u>(2,798,066)</u>	<u>782,245,881</u>
Less: accumulated depreciation for:				
Buildings	(354,068,904)	(18,680,597)	569,971	(372,179,530)
Land Improvements	(17,692,393)	(2,011,197)	62,000	(19,641,590)
Furniture and Equipment	(26,944,671)	(1,383,345)	1,466,764	(26,861,252)
Total accumulated depreciation	<u>(398,705,968)</u>	<u>(22,075,139)</u>	<u>2,098,735</u>	<u>(418,682,372)</u>
Total capital assets, depreciated net	<u>359,412,975</u>	<u>4,849,865</u>	<u>(699,331)</u>	<u>363,563,509</u>
Right-to-use leased assets				
Equipment	1,464,272	41,864	(51,274)	1,454,862
Total amortized leased right-to-use assets	1,464,272	41,864	(51,274)	1,454,862
Less: Right-to-use leased Assets				
Accumulated amortization				
Equipment	(578,118)	(565,579)	51,274	(1,092,423)
Total right-to-use leased asset accumulated amortization	<u>(578,118)</u>	<u>(565,579)</u>	<u>51,274</u>	<u>(1,092,423)</u>
Total right-to-use leased assets, being amortized, Net	<u>886,154</u>	<u>(523,715)</u>	<u>-</u>	<u>362,439</u>
Subscription-Based IT Assets	-	7,621,329	-	7,621,329
Less: Accumulated amortization				
Subscription-based IT Assets	-	(1,647,718)	-	(1,647,718)
Total Subscription-Based information technology arrangement assets, Net	<u>-</u>	<u>5,973,611</u>	<u>-</u>	<u>5,973,611</u>
Board of Ed capital assets, net	<u>\$ 432,474,953</u>	<u>\$ 59,171,826</u>	<u>\$ (5,807,323)</u>	<u>\$ 485,839,456</u>

Capital asset activity for the Library for the year ended June 30, 2023, was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital assets, depreciated:				
Furniture and Equipment	\$ 2,742,805	\$ 72,037	\$ -	\$ 2,814,842
Library books and AV material	<u>2,010,533</u>	<u>238,632</u>	<u>-</u>	<u>2,249,165</u>
Total capital assets, depreciated	4,753,338	310,669	-	5,064,007
Less: accumulated depreciation	(3,967,180)	(447,253)	-	(4,414,433)
Library capital assets, net	<u>\$ 786,158</u>	<u>\$ (136,584)</u>	<u>\$ -</u>	<u>\$ 649,574</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, 2023, is as follows:

Net Due (To) From other funds:

	<u>Governmental Activities</u>	<u>Business-type Activities</u>
General Fund	\$ (262,248,682)	\$ -
Capital Projects Fund	109,481,296	-
Debt Service Fund	16,043,032	-
Water and Sewer Fund	-	54,877,796
Solid Waste Fund	-	40,598,133
Stormwater Mgmt Fund	-	19,439,292
Other Non-major Funds	<u>13,969,341</u>	<u>7,839,791</u>
Total	<u>\$ (122,755,013)</u>	<u>\$ 122,755,013</u>

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	Solid Waste Fund	SW-Water Protection Fund	Non-Major Enterprise Funds	
<u>General Fund</u>	\$ -	\$ 19,288,690	\$ 5,290,986	\$ -	\$ 10,000,000	\$ 211,474	\$ 34,791,150
<u>Capital Projects Fund</u>	2,045,000	-	-	-	-	-	2,045,000
<u>Non-Major Governmenta l Funds</u>	500,000	-	232,938	65,320	-	-	798,258
Total Transfers In	\$ 2,545,000	\$ 19,288,690	\$ 5,523,924	\$ 65,320	\$ 10,000,000	\$ 211,474	\$ 37,634,408

H. Capital Asset Financing

Capital Asset Financing

The County has entered into annual agreements for financing the acquisition of various machinery and equipment. Before the implementation of GASB 87, these financing agreements were categorized as capital leases for accounting purposes but are now considered to be another financing mechanism. These liabilities have been recorded at the present value of their future minimum payments as of the inception dates. Information on each of the various prior agreements is as follows:

- 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 Upgrade Financing 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 starting at \$194,391 and increasing to \$275,618 over 13 years ending April 2034, including interest at a rate of 1.92%, equipment to be capitalized at \$5,382,795.
- Fiscal Year 2022 – Various equipment for the General Fund, the Solid Waste Fund, the Water and Sewer Fund, and the Stormwater-Water Protection Fund – semiannual payments of \$338,104 over 5 years ending September 2026, including interest at a rate of .7759%, equipment to be capitalized at \$3,310,000.
- Fiscal Year 2023 – Various vehicles and equipment for the General Fund, the Inspection Fund, and the Water and Sewer Fund – semiannual payments of \$398,053 over 5 years ending September 2027, including interest at a rate of 2.78%, equipment to be capitalized at \$3,692,400.

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

	Governmental Activities	Business-type Activities
Assets:		
Building and Improvements	\$ 90,906	\$ -
Machinery and equipment	25,933,395	7,788,472
Vehicles	14,681,790	7,740,051
Total capital assets	<u>40,706,091</u>	<u>15,528,523</u>
Less accumulated depreciation:		
Building and Improvements	(82,897)	-
Machinery and equipment	(23,448,591)	(6,856,936)
Vehicles	(12,299,529)	(5,515,767)
Total accumulated depreciation	<u>(35,831,018)</u>	<u>(12,372,702)</u>
Total capital assets, net	<u>\$ 4,875,073</u>	<u>\$ 3,155,821</u>

The future minimum obligations and the net present value of the minimum payments for capital asset financing as of June 30, 2023, were as follows:

	Governmental Activities	Business-type Activities	Total
2024	\$ 2,811,787	\$ 1,329,909	\$ 4,141,696
2025	2,245,160	1,152,770	3,397,930
2026	1,711,416	750,336	2,461,752
2027	1,253,562	341,945	1,595,507
2028	762,882	120,005	882,887
2029-2033	2,607,736	-	2,607,736
2034-2038	482,906	-	-
Subtotal	<u>11,875,448</u>	<u>3,694,965</u>	<u>15,087,507</u>
Interest	(795,642)	(110,672)	(906,314)
Present value of minimum financing payments	<u>\$ 11,079,806</u>	<u>\$ 3,584,293</u>	<u>\$ 14,181,193</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, 2023, general obligation bonds totaling \$50,000,000 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. In addition, the County bonds in recent past have also had components with 20-year and 30-year serial bonds to fund projects that result in expected longer life spans of the eventual County capital asset.

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

Bond Description and Year	Amount		Governmental	Business-type
	Borrowed	Term and Rate	Activities Balance 6/30/23	Activities Balance 6/30/23
Consolidated Public Improvement and Refunding Bonds of 2011	\$ 36,960,000	15 yrs, 2% - 5%	396,902	19,701
Consolidated Public Improvement and Refunding Bonds of 2012	\$ 40,740,000	15 yrs, 2% - 5%	3,288,486	1,186,067
Consolidated Public Improvement and Refunding Bonds of 2013	\$ 26,805,000	10 yrs, 3% - 5%	792,613	331,696
Consolidated Public Improvement Bonds of 2013	\$ 6,300,000	10 yrs, 2% - 5%	595,238	154,762
Consolidated Public Improvement Bonds of 2013	\$ 3,700,000	30 yrs, 3% - 5%	-	85,000
Consolidated Public Improvement Bonds of 2013	\$ 14,500,000	21 yrs, 3% - 5%	865,241	154,759
Consolidated Public Improvement Bonds (Taxable) of 2013	\$ 3,700,000	15 yrs, 3% - 4%	250,000	-
Consolidated Public Improvement Bonds of 2014	\$ 17,400,000	15 yrs, 3% - 5%	8,659,155	2,620,243
Consolidated Public Improvement Bonds of 2014	\$ 14,000,000	10 yrs, 4% - 5%	3,205,000	-
Consolidated Public Improvement Bonds of 2014	\$ 7,600,000	30 yrs, 3% - 5%	-	2,820,000
Consolidated Public Improvement Refunding Bonds of 2015	\$ 21,830,000	15 yrs, 2% - 4%	12,609,489	2,728,627
Consolidated Public Improvement Bonds of 2015	\$ 21,895,000	15 yrs, 3% - 5%	5,176,838	810,870
Consolidated Public Improvement Bonds of 2015	\$ 5,800,000	10 yrs, 3% - 5%	1,771,393	273,607
Consolidated Public Improvement Bonds of 2015	\$ 3,800,000	30 yrs, 3% - 5%	-	285,000
Consolidated Public Improvement Bonds (Taxable) of 2015	\$ 3,205,000	10 yrs, 3% - 5%	210,000	-
Consolidated Public Improvement Bonds of 2016	\$ 5,500,000	10 yrs, 3% - 5%	2,210,914	304,086
Consolidated Public Improvement Bonds of 2016	\$ 18,000,000	15 yrs, 3%-5%	10,998,989	3,071,970
Consolidated Public Improvement Bonds of 2016	\$ 1,000,000	20 yrs, 3% - 5%	785,000	-
Consolidated Public Improvement Bonds of 2016	\$ 7,500,000	30 yrs, 3%-5%	-	6,635,000
Consolidated Public Improvement Bonds of 2017	\$ 20,000,000	10 yrs, 3%-5%	11,250,000	-
Consolidated Public Improvement Bonds of 2017	\$ 24,000,000	15 yrs, 2.25%-5%	19,472,061	7,464,212
Consolidated Public Improvement Bonds of 2017	\$ 2,000,000	20 yrs 2.25%-5%	1,640,000	-
Consolidated Public Improvement Bonds of 2017	\$ 10,000,000	30 yrs, 2.25%-5%	901,000	8,109,000
Consolidated Public Improvement Refunding Bonds of 2017	\$ 46,175,000	26 yrs, 2%-5.3%	21,659,124	11,630,876
Consolidated Public Improvement Bonds of 2018	\$ 15,000,000	10 yrs, 3%-5%	9,825,000	-
Consolidated Public Improvement Bonds of 2018	\$ 29,000,000	15 yrs, 2.25%-5%	20,616,943	6,177,668

Bond Description and Year	Amount Borrowed	Term and Rate	Governmental	Business-type
			Activities Balance 6/30/23	Activities Balance 6/30/23
Consolidated Public Improvement Bonds of 2018	\$ 1,000,000	20 yrs 2.25%-5%	865,000	-
Consolidated Public Improvement Bonds of 2018	\$ 15,000,000	30 yrs, 2.25%-5%	-	13,930,000
Consolidated Public Improvement Bonds of 2019	\$ 6,000,000	10 yrs, 5%	4,500,000	-
Consolidated Public Improvement Bonds of 2019	\$ 32,000,000	15 yrs, 2.5%-5%	28,509,970	5,452,023
Consolidated Public Improvement Bonds of 2019	\$ 1,000,000	20 yrs 2.5%-5%	900,000	-
Consolidated Public Improvement Bonds of 2019	\$ 19,000,000	30 yrs, 3.375%-5%	-	17,965,000
Consolidated Public Improvement Bonds of 2020	\$ 10,000,000	10 yrs, 4%	7,961,000	419,000
Consolidated Public Improvement Bonds of 2020	\$ 26,800,000	15 yrs, 1.25%-4%	22,590,652	6,991,468
Consolidated Public Improvement Bonds of 2020	\$ 3,000,000	20 yrs, 1.25%-4%	2,805,000	-
Consolidated Public Improvement Bonds of 2020	\$ 12,200,000	30 yrs, 1.25%-4%	-	11,750,000
Consolidated Public Improvement Refunding Bonds of 2020	\$ 7,760,000	7 yrs, 2%-2.45%	4,932,958	182,042
Consolidated Public Improvement Refunding Bonds of 2020	\$ 3,970,000	24 yrs, 2%-2.45%	-	3,920,000
Consolidated Public Improvement Refunding Bonds of 2020	\$ 12,575,000	25 yrs, 2%-2.45%	7,976,187	4,393,813
Consolidated Public Improvement Refunding Bonds (Taxable) of 2020	\$ 6,575,000	6-10 yrs, 2%-2.45%	5,925,000	-
Consolidated Public Improvement Bonds of 2021	\$ 6,000,000	10 yrs, 5%	5,525,000	-
Consolidated Public Improvement Bonds of 2021	\$ 35,000,000	15 yrs, 1.5%-5%	37,358,138	3,654,739
Consolidated Public Improvement Bonds of 2021	\$ 2,000,000	20 yrs 1.5%-5%	1,935,000	-
Consolidated Public Improvement Bonds of 2021	\$ 27,000,000	30 yrs, 1.5%-5%	-	26,495,000
Consolidated Public Improvement Bonds of 2022	\$ 6,000,000	10 yrs, 5%	6,000,000	-
Consolidated Public Improvement Bonds of 2022	\$ 22,000,000	15 yrs, 5%	17,087,504	7,850,626
Consolidated Public Improvement Bonds of 2022	\$ 2,000,000	20 yrs 4%-5%	2,000,000	-
Consolidated Public Improvement Bonds of 2022	\$ 20,000,000	30 yrs, 4%-5%	-	20,000,000
Total bonds outstanding			294,050,794	177,866,856
Loan Description and Year			294,050,794	177,866,856
MD Water Quality Revolving Loan Mattawoman BNR Upgrade	\$ 14,767,900	20 yrs, 1.200%	-	2,445,897
Total loans outstanding			-	2,445,897
Total bonds and loans outstanding			\$ 294,050,794	180,312,753

Changes in Long-Term Liabilities

Long-term liability activity for the year ended June 30, 2023, was as follows:

	<u>Beg Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>End Balance</u>	<u>Amounts Due in 1 year</u>
<u>Governmental activities:</u>					
General obligation bonds	\$ 268,248,116	\$ 23,100,000	\$ (33,947,519)	\$ 257,400,597	\$ 31,590,389
Plus deferred amounts for bond premiums	<u>38,777,851</u>	<u>2,044,370</u>	<u>(4,172,024)</u>	<u>36,650,197</u>	<u>-</u>
Total bonds payable	307,025,967	25,144,370	(38,119,543)	294,050,794	31,590,389
Capital asset financing	11,670,007	2,579,200	(3,169,401)	11,079,806	2,619,490
Net Pension liabilities	134,432,728	7,760,322	-	142,193,050	-
Net LOSAP liability	3,872,123	-	(882,013)	2,990,110	-
Net OPEB liability	129,345,048	-	(22,485,015)	106,860,033	-
Lease liability	2,309,143	426,168	(586,423)	2,148,888	538,513
Subscription-Based IT Arrangement liability	3,033,122	2,523,884	(1,659,115)	4,018,571	1,272,372
Compensated absences	<u>26,151,765</u>	<u>8,116,525</u>	<u>(5,668,871)</u>	<u>28,599,419</u>	<u>2,146,323</u>
Governmental activities noncurrent liabilities	<u>617,839,903</u>	<u>46,550,469</u>	<u>(72,570,381)</u>	<u>591,940,671</u>	<u>38,167,087</u>
<u>Business-type activities:</u>					
General obligation bonds	147,246,884	26,900,000	(7,912,481)	166,234,403	7,904,611
Plus deferred amounts for bond premiums	<u>11,591,334</u>	<u>970,908</u>	<u>(929,789)</u>	<u>11,632,453</u>	<u>-</u>
Total bonds payable	158,838,218	27,870,908	(8,842,270)	177,866,856	7,904,611
Notes payable	3,241,938	-	(796,041)	2,445,897	805,593
Capital asset financing	4,036,960	1,113,200	(1,565,867)	3,584,293	1,279,549
Landfill closure costs	13,781,709	1,533,105	-	15,314,814	-
Compensated absences	<u>2,611,104</u>	<u>1,181,970</u>	<u>(1,015,431)</u>	<u>2,777,643</u>	<u>308,621</u>
Business-type activities noncurrent liabilities	<u>182,509,929</u>	<u>31,699,183</u>	<u>(12,219,609)</u>	<u>201,989,503</u>	<u>10,298,373</u>
Total primary government noncurrent liabilities	<u>\$ 800,349,830</u>	<u>\$ 78,249,651</u>	<u>\$ (84,789,991)</u>	<u>\$ 793,930,173</u>	<u>\$ 48,465,460</u>
<u>Component units:</u>					
Board of Education	\$ 700,265,095	\$ 1,991,258	\$ (152,965,923)	\$ 549,290,430	\$ 2,116,930
Library	2,121,962	15,673	(761,626)	1,376,009	223,672

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, 2023, including interest of \$118,858,347 and excluding compensated absences, deferred amounts for bond premiums, net pension liabilities, net OPEB liability, lease and SBITA liabilities, and landfill closure costs, are as follows:

Year ending June 30	<u>Governmental Activities</u>		<u>Business-type Activities</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 34,209,879	\$ 10,025,021	\$ 9,989,753	\$ 5,704,497	\$ 59,929,150
2025	31,901,025	8,593,578	10,011,797	5,282,883	55,789,283
2026	27,892,262	7,318,460	8,860,597	4,894,264	48,965,583
2027	27,974,109	6,126,825	7,973,538	4,531,396	46,605,868
2028	26,081,838	4,877,514	7,468,850	4,213,947	42,642,149
2029-2033	84,491,415	12,339,194	35,458,511	17,102,489	149,391,609
2034-2038	33,504,375	2,144,275	27,652,046	11,948,680	75,249,376
2039-2043	2,185,000	169,316	24,540,000	8,217,110	35,111,426
2044-2048	240,500	20,061	25,669,500	4,368,206	30,298,267
2049-2053	-	-	14,640,000	980,631	15,620,631
	<u>\$ 268,480,403</u>	<u>\$ 51,614,244</u>	<u>\$ 172,264,592</u>	<u>\$ 67,244,103</u>	<u>\$ 559,603,342</u>

The schedule above includes principal and interest for general obligation bond debt and capital asset financing payments. Future years lease payments and SBITA payments are detailed separately on page 94 and page 96 of this report, respectively.

Special Assessment Debt

In prior years, the County has had requests for, 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

ARPA funds	\$	19,888,655	
Inmate account		21,077	
County Attorney escrow		10,048	
SAO Restitution account		38,900	
LATCF Funds		51,022	
Business Development Loan Fund		406,922	
Targeted Industry Loan Fund		309,067	
Opioid Restitution Fund		409,341	
Construction Escrow		<u>1,172,059</u>	
Total cash and cash equivalents	\$		22,307,090

Notes Receivable

U.S. Homes Corporation	\$	<u>5,011,279</u>	
Total notes receivable			<u>5,011,279</u>
Total Governmental Activities			27,318,369

Business-type Activities

Cash and cash equivalents

Landfill Bonds		<u>89,476</u>	
TOTAL PRIMARY GOVERNMENT	\$		<u>27,407,845</u>

K. Leases and Subscription-Based Information Technology Arrangements

Government Accounting Standards Board (GASB) Statement No. 87 requires that a lessee recognize a lease liability and an intangible right-to-use lease asset, and a lessor recognize a lease receivable and a deferred inflow of resources. Additionally, in the fiscal year ending June 30, 2023 the County implemented GASB Statement No. 96 as described in the next section of this note.

County as Lessee

The County has entered into various non-cancellable lease agreements as lessee for office space and office equipment, and one lease for a public safety antenna on a radio tower. The County’s leases have initial terms from 2 to 14 years, and contain one or more renewals at the County’s option, most commonly for five-year periods. The County has included these renewal periods in the lease term when it is reasonably certain that the County will exercise the renewal option. The County’s leases generally do not include termination options for either party to the lease or restrictive financial or other covenants. Certain real estate leases require additional payments for common area maintenance, real estate taxes, and insurance, which are expensed as incurred as variable lease payments. The County’s lease arrangements do not contain any material residual value guarantees. As the interest rate implicit in the County’s leases is not always readily determinable, or if there is no specific rate listed in the lease, the County used its FY23 incremental borrowing rate of 3% to discount the lease payments.

The list below details the building and equipment leases for the current fiscal year:

Buildings	Sheriff's Office	Sheriff's Office	Sheriff's Office	EMS	Election Board	Economic Development
Term of lease; ending date	10 years; 2/2032	1 year; 12/2023	10 years; 12/2028	5 years; 10/2023	6 years; 7/2025	3 years; 11/2025
Extensions	(2) 5 year	1 year	(2) 5 year	none	(3) 1 year	(3) 1 year
Initial lease liability	362,595	10,057	328,011	148,010	556,148	179,831
Lease liability at 6/30/23	270,485	5,353	251,091	21,965	466,280	142,339
Monthly payments	6,500	800	3,971	5,526	19,265	5,095
Value of the right-to-use asset at 6/30/23	362,595	25,329	328,011	148,010	794,038	258,947
Accumulated amortization at 6/30/23	(48,346)	(20,301)	(88,228)	(126,866)	\$ (318,440)	(116,101)

Equipment	Golf cars (60)	Public Safety tower	Networked Printers & Postage machines	Total Lease Buildings and Equipment
Term of lease; ending date	6 years; 9/2027	14 years; 11/2035	4-5 years; various	
Extensions available	none	(3) 5 year	then go month-to-month	
Initial lease liability	176,572	743,662	varies	
Lease liability at 6/30/23	149,525	689,417	152,433	2,148,888
Monthly payments	3,180	4,500	varies	
Value of the right-to-use asset at 6/30/23	176,572	743,662	241,955	3,079,119
Accumulated amortization at 6/30/23	(61,800)	(84,105)	(105,446)	(969,633)

The future principal and interest lease payments as of June 30, 2023, were 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>	
2024	\$ 538,513	\$ 303	\$ -	\$ -	\$ 538,816
2025	522,019	1,144	-	-	523,163
2026	279,733	789	-	-	280,522
2027	198,164	648	-	-	198,813
2028	109,623	437	-	-	110,060
2029-2033	319,079	819	-	-	319,898
2034-2038	181,756	443	-	-	182,199
	<u>\$ 2,148,888</u>	<u>\$ 4,583</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,153,471</u>

As of June 30, 2023, the County had right-to-use assets acquired through outstanding leases as shown in the chart below:

	<u>Governmental Activities</u>	<u>Business-type Activities</u>
Right-to-use assets:		
Buildings	\$ 1,916,930	there are currently no
Equipment	<u>1,162,189</u>	business-type
Total Right-to-use leased assets	<u>3,079,119</u>	right-to-use assets
Less Accumulated Amortization for:		
Buildings	718,282	
Equipment	<u>251,351</u>	
Total Accumulated Amortization	<u>969,633</u>	
Net right-to-use assets:		
Buildings	1,198,648	
Equipment	<u>910,838</u>	
Total	<u>2,109,486</u>	
Lease Payable		
Current	538,513	
Non-current	<u>1,610,375</u>	
Total	<u>\$ 2,148,888</u>	

County as Lessor

The county has existing leases for land, building and tower leases. The County entered into one new building lease during FY 2023 for an office building in downtown La Plata. It also entered into four additional agreements for placement of cell antennae on radio and water towers. The majority of these leases have terms from 2 to 25 years with one, two or three more renewals at the county's option for five year periods. The County has included these renewal periods in the lease term when they are both non-cancellable and reasonably certain to be exercised, but in most cases the County is not able to determine the likelihood of renewal so far in the future. The County's lease arrangements do not contain any material residual value guarantees. As the interest rate implicit in the County's leases is not always readily determinable, or if there is

no specific rate listed in the lease, the County used its FY23 incremental borrowing rate of 3% to discount the lease payments.

The County purchased an office building in January 2023 and continued to lease to existing tenants. For the two leases in effect at June 30th, there is a receivable amount of \$258,157 with deferred inflows of resources of \$265,495 as of 6/30/23. In FY2023, the tenants paid \$85,022 in rental payments. One lease on office space in this building expired in August 2023, and the other lease expires in August 2024.

The total amount of inflows of resources relating to leases are recognized in the current fiscal year are as follows:

	Governmental Activities	Business-type Activities	Total
Lease Revenue	\$ 956,780	\$ 390,742	\$ 1,347,522
Interest Revenue	265,523	216,283	481,805
Total Revenue	\$ 1,222,302	\$ 607,025	\$ 1,829,327

As of June 30, 2023, the principal and interest requirements to maturity for the leases receivable are as follows:

Year ending June 30	<u>Governmental Activities</u>		<u>Business-type Activities</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 928,126	\$ 247,290	\$ 240,472	\$ 224,666	\$ 1,640,554
2025	866,929	220,789	200,104	217,786	1,505,608
2026	741,259	197,008	169,909	211,224	1,319,401
2027	808,622	172,741	220,448	204,520	1,406,331
2028	810,725	148,886	207,135	198,762	1,365,508
2029-2033	2,743,065	416,353	1,164,947	890,859	5,215,225
2034-2038	923,515	203,615	1,254,118	704,504	3,085,752
2039-2043	655,129	81,255	1,154,436	515,263	2,406,084
thereafter	246,721	32,041	2,887,688	1,434,020	4,600,470
	<u>\$ 8,724,092</u>	<u>\$ 1,719,978</u>	<u>\$ 7,499,259</u>	<u>\$ 4,601,604</u>	<u>\$ 22,544,933</u>

Subscription-Based Information Technology Arrangements (SBITA)

The County has entered into various subscription agreements that convey control of the right-to-use another entity's combination of IT software and tangible capital assets, for a variety of governmental purposes. The County recognizes subscription liabilities with an initial, individual value of \$10,000 or more and an agreed-upon term of more than one year. The County is not required to include short-term subscriptions of one year or less.

At the commencement of a subscription, the County initially measures the subscription liability at the present value of payments expected to be made during the lease term. Subsequently, the subscription liability is reduced by the principal portion of lease payments made. The subscription asset is initially measured as the initial amount of the subscription liability, adjusted for subscription payments made at or before the subscription commencement date, plus certain initial direct costs. Subsequently, the subscription asset is

amortized on a straight-line basis over its useful life. Implementation costs are also amortized over the life of the underlying subscription liability.

Key estimates and judgments related to subscription include how the County determines (1) the discount rate it uses to discount the expected subscription payments to present value, (2) subscription term, and (3) subscription payments. The County uses the interest rate charged by the subscription provider as the discount rate. When the interest rate is not provided, the County generally uses its estimated incremental borrowing rate as the discount rate for subscription, currently 3%. The subscription term includes the non-cancellable period of the subscription. Subscription payments included in the measurement of the subscription liability are composed of fixed payments and purchase option price that the County is reasonably certain to exercise.

Subscription assets are reported with capital assets, and subscription liabilities are reported with long-term debt on the statement of net position. The list below details the County’s subscription-based information technology arrangements in effect as of the end of the fiscal year:

<u>Description</u>	<u>Length of SBITA</u>	<u>SBITA liability at 6/30/23</u>	<u>Total annual payments</u>	<u>SBITA asset value at 6/30/23</u>	<u>Accumulated amortization at 6/30/23</u>
Tyler MUNIS Enterprise ERP	5 years; 6/2026	1,590,152	562,647	3,005,668	(1,049,921)
NICE Body-worn camera software	6 years; 1/2028	1,720,680	395,124	2,274,333	(236,583)
HAPPY Housing software	3 years; 7/2025	29,416	15,383	44,799	(13,689)
NeoGov (HR)	4 years; 6/2026	97,410	32,588	129,998	(32,500)
Microsoft Enterprise Agreement	2.3 years; 10/2024	204,052	210,258	410,148	(175,777)
Microsoft 365	3 years; 1/2026	0	173,658	231,211	(32,113)
Granicus gov't meeting software	2 years; 7/2024	31,065	32,010	75,881	(43,330)
Cisco Flex Calling	3 years; 7/2025	58,377	30,528	88,905	(28,121)
Meraki Radio Enterprise	3 years; 4/2026	37,907	19,824	57,732	(3,528)
Various investigative software	varies	-	varies	48,024	(19,880)
Various cybersecurity software	varies	93,988	varies	195,348	(52,980)
Various other financial software	varies	155,524	varies	184,861	(18,467)
Total SBITA		4,018,571	1,472,020	6,746,908	(1,706,889)

The future principal and interest requirements for the County’s SBITA as of June 30, 2023 were 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>	
2024	\$ 1,272,372	26,842	\$ -	\$ -	\$ 1,299,214
2025	1,106,203	27,206	-	-	1,133,409
2026	1,107,201	26,773	-	-	1,133,974
2027	532,795	8,298	-	-	541,093
	\$ 4,018,571	\$ 89,119	\$ 0	\$ 0	\$ 4,107,690

L. 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	\$ 2,174,771	\$ -	\$ -	\$ -	\$ 2,174,771
Prepay Items	3,435,599	-	-	-	3,435,599
	<u>5,610,370</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,610,370</u>
<u>Restricted</u>					
Capital Outlay	-	10,612,825	-	-	10,612,825
Economic Development	11,970	-	-	871,873	883,842
Debt Service	-	-	7,263,427	-	7,263,427
Housing	-	-	-	632,403	632,403
Drug Enforcement	-	-	-	1,004,181	1,004,181
Fire and Rescue	-	-	-	384,690	384,690
Planning Programs	-	-	-	793,433	793,433
Public Safety	-	-	-	186,760	186,760
Cable Franchise	-	-	-	10,159,288	10,159,288
Mental Health	-	-	-	226,509	226,509
Aging Services	-	-	-	52,688	52,688
ARPA funding	-	-	-	-	-
Animal Control	146,871	-	-	4,500	151,371
	<u>158,841</u>	<u>10,612,825</u>	<u>7,263,427</u>	<u>14,316,324</u>	<u>32,351,417</u>
<u>Committed</u>					
Policy Target	75,048,045	-	-	-	75,048,045
Income Tax Reserve	17,119,700	-	-	-	17,119,700
OPEB Reserve	4,000,000	-	-	-	4,000,000
Teacher's Incentive Grant	2,114,400	-	-	-	2,114,400
CIP Reserve	33,956,510	-	-	-	33,956,510
Workers Compensation	11,837,945	-	-	-	11,837,945
Unspent Budget	15,872,634	-	-	-	15,872,634
Cable Franchise	-	-	-	174,900	174,900.0
GenOn Reserve for Loss	15,501,000	-	-	-	15,501,000
CIP/Pay-go	-	49,691,914	-	-	49,691,914
	<u>175,450,234</u>	<u>49,691,914</u>	<u>-</u>	<u>174,900</u>	<u>225,317,048</u>
<u>Assigned</u>					
Aging Grants	-	-	-	37,863	37,863
Judicial Grants	-	-	-	52,633	52,633
Transportation	-	-	-	4,733,249	4,733,249
Public Safety	-	-	-	111,982	111,982
Housing	348,308	-	-	-	348,308
Animal Control	-	-	-	255,175	255,175
Debt Service	-	-	13,515,713	-	13,515,713
Storm Event Reserve	6,000,000	-	-	-	6,000,000
Health Ins Rate Stabilization	3,892,089	-	-	-	3,892,089
CIP & Operations	-	43,827,725	-	-	43,827,725
	<u>10,240,398</u>	<u>43,827,725</u>	<u>13,515,713</u>	<u>5,720,425</u>	<u>73,304,261</u>
<u>Unassigned</u>					
Other unassigned	4,068,193	-	-	-	4,068,193
Total fund balances	<u>\$ 195,528,036</u>	<u>\$ 104,132,464</u>	<u>\$ 20,779,140</u>	<u>\$ 20,211,650</u>	<u>\$ 340,651,287</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, 2023, a liability of \$1,938,000 (\$1,456,694 in governmental funds and \$481,306 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
2021	1,204,000	374,000	1,578,000
2022	1,578,000	(180,000)	1,398,000
2023	1,398,000	540,000	1,938,000

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, 2023, a budget surplus of \$1,335,508 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, 2023, is \$13,469,025.

In addition, the County had a Loss Reserve Analysis report prepared as of June 30, 2023. This report was provided to County stakeholders as well as being sent to the Maryland Workers' Compensation Commission. The discounted reserve reported was \$3,533,340. 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	(144,456)	5,510,289
2022	5,510,289	(1,419,441)	4,090,848
2023	4,090,848	(557,508)	3,533,340

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 because of these audits is not believed to be material. The County has experienced audits of a few programs during the year ended June 30, 2023, 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 here is the existing Length of Service Award Program (“LOSAP”) Plan, with its newly established trust fund (started in April 2022). These footnotes also include 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). LOSAP is funded from revenues obtained from the county’s fire and rescue tax. During FY 2022, the investment assets for the LOSAP plan were formally placed in a trust which will be maintained going forward. 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 County’s net pension liabilities, deferred outflows and deferred inflows of resources related to pensions, and the pension expense for June 30, 2023, consist of the following:

(in thousands of dollars)	County Plan	Sheriff's Plan	LOSAP	Total Pension Plans	OPEB
Net Pension/OPEB Liability	\$ 22,047	\$ 120,146	\$ 2,990	\$ 145,183	\$ 106,860
Deferred Outflows of Resources	\$ 19,741	\$ 35,182	\$ 7,959	\$ 62,882	\$ 4,594
Deferred Inflows of Resources	\$ 7,046	\$ 4,610	\$ 16,446	\$ 28,102	\$ 52,900
Pension/OPEB Expense	\$ 3,687	\$ 10,222	\$ (756)	\$ 13,153	\$ (17,455)
Fiduciary Net Position	\$ 286,606	\$ 370,511	\$ 18,869	\$ 675,986	\$ 30,770

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

THE COUNTY COMMISSIONERS OF CHARLES COUNTY, MARYLAND
COMBINING STATEMENT OF FIDUCIARY NET POSITION
JUNE 30, 2023

	<u>County Pension</u>	<u>Sheriff's Pension</u>	<u>LOSAP Trust Fund</u>	<u>Total</u>	<u>OPEB Trust Fund</u>
ASSETS:					
Current assets:					
Cash and cash equivalents	\$ 7,622,859	\$ 2,471,292	\$ 429,932	\$ 10,524,084	\$ 19,712
Interest receivable	-	221,763	-	221,763	-
Total current assets	<u>7,622,859</u>	<u>2,693,055</u>	<u>429,932</u>	<u>10,745,846</u>	<u>19,712</u>
Investments:					
Bond mutual funds	-	129,490,696	6,969,584	136,460,280	7,113,807
Equity securities	-	238,356,301	11,469,910	249,826,211	23,639,617
Pooled separate accounts	<u>278,982,825</u>	<u>-</u>	<u>-</u>	<u>278,982,825</u>	<u>-</u>
Total investments	<u>278,982,825</u>	<u>367,846,997</u>	<u>18,439,494</u>	<u>665,269,316</u>	<u>30,753,424</u>
Total assets	286,605,684	370,540,052	18,869,426	676,015,163	30,773,136
LIABILITIES:					
Accrued expenses	<u>-</u>	<u>29,156</u>	<u>-</u>	<u>29,156</u>	<u>3,477</u>
NET POSITION RESTRICTED FOR PENSIONS AND OPEB BENEFITS					
	<u>\$ 286,605,684</u>	<u>\$ 370,510,897</u>	<u>\$ 18,869,426</u>	<u>\$ 675,986,007</u>	<u>\$ 30,769,659</u>

THE COUNTY COMMISSIONERS OF CHARLES COUNTY, MARYLAND
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
YEAR ENDED JUNE 30, 2023

	<u>County</u> <u>Pension</u>	<u>Sheriff's</u> <u>Pension</u>	<u>LOSAP Trust</u> <u>Fund</u>	<u>Total</u>	<u>OPEB Trust</u> <u>Fund</u>
ADDITIONS:					
Contributions:					
Employer contributions	\$ 4,823,401	\$ 15,312,935	\$ 889,200	\$ 21,025,536	\$ 6,059,000
Employee contributions	<u>3,355,843</u>	<u>3,654,907</u>	<u>-</u>	<u>7,010,750</u>	<u>-</u>
Total contributions	8,179,244	18,967,842	889,200	28,036,286	6,059,000
Investment earnings:					
Interest, Dividends, Gains	7,733,817	15,594,494	117,898	23,446,209	535,995
Net change in fair value of investments	<u>16,405,023</u>	<u>21,805,636</u>	<u>1,704,362</u>	<u>39,915,021</u>	<u>2,699,748</u>
Total investment earnings	24,138,840	37,400,130	1,822,260	63,361,231	3,235,743
Less investment expenses	<u>(1,602,232)</u>	<u>(1,572,401)</u>	<u>(49,244)</u>	<u>(3,223,878)</u>	<u>(36,884)</u>
Net investment earnings	<u>22,536,608</u>	<u>35,827,729</u>	<u>1,773,015</u>	<u>60,137,353</u>	<u>3,198,859</u>
Total additions	<u>30,715,852</u>	<u>54,795,571</u>	<u>2,662,215</u>	<u>88,173,638</u>	<u>9,257,859</u>
DEDUCTIONS:					
Benefits paid to members	10,146,396	17,154,483	1,128,203	28,429,082	-
Administrative costs	<u>18,892</u>	<u>24,058</u>	<u>57,906</u>	<u>100,856</u>	<u>1,513</u>
Total deductions	<u>10,165,289</u>	<u>17,178,541</u>	<u>1,186,109</u>	<u>28,529,938</u>	<u>1,513</u>
Changes in net position	20,550,563	37,617,030	1,476,107	59,643,700	9,256,346
Net position - beginning of year	<u>266,055,121</u>	<u>332,893,867</u>	<u>17,393,319</u>	<u>616,342,307</u>	<u>21,513,313</u>
Net position - end of year	<u>\$ 286,605,684</u>	<u>\$ 370,510,897</u>	<u>\$ 18,869,426</u>	<u>\$ 675,986,007</u>	<u>\$ 30,769,659</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 both 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: 2.5% 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, 8% 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, 2022, the date of the last actuarial valuation:

Active plan members	979
Terminated, entitled to but not yet receiving benefits	355
Retirees and beneficiaries receiving benefits	413
	<u>1,747</u>

Pension Expense and Net Pension Liability

The pension expense was calculated using the July 1, 2022, census data and asset information as of June 30, 2023. The end of year liability value was determined using the July 1, 2022, 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>
Large Cap Equity	29%	5.00%
Small Cap Equity	8%	6.00%
Mid Cap Equity	6%	5.75%
International Equity	12%	4.50%
Fixed Income	25%	2.87%
Real Estate	5%	4.00%
Stable Value	<u>15%</u>	1.85%
Total	100%	

Discount rate: The discount rate used to measure the total pension liability was 7.05%. 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, 2023, was \$4,823,401. The contribution for the current year was determined as part of the July 1, 2022, 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 fair value effective July 1, 2000.

Investment Return – 7.05% compounded annually, net of investment and contract fees.

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

Inflation – 2.75%

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 (a)	Plan Fiduciary Net Position (b)	Net Pension Liability/(Asset) (a) - (b)
Balances at 6/30/22	\$ 287,206	266,057	\$ 21,149
Changes for the year:			
Service cost	8,784	-	8,784
Interest	20,038	-	20,038
Changes in benefit terms	-	-	-
Differences between expected and actual experience	684	-	684
Changes in assumptions	2,087	-	2,087
Contributions - employer	-	4,823	(4,823)
Contributions - employee	-	3,356	(3,356)
Net Investment Income	-	22,768	(22,768)
Benefit payments, including refunds of member contributions	(10,146)	(10,146)	-
Administrative expense	-	(252)	252
Other	-	-	-
Net Changes	<u>21,447</u>	<u>20,549</u>	<u>898</u>
Balances at 6/30/23	<u>\$ 308,653</u>	<u>\$ 286,606</u>	<u>\$ 22,047</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 7.05%, 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 (6.05%) or 1 percentage-point higher (8.05%) than the current rate:

(Dollar amounts in thousands)	1% decrease 6.05%	Current Discount Rate 7.05%	1% increase 8.05%
County's net pension liability/(asset)	<u>\$ 68,446</u>	<u>\$ 22,047</u>	<u>\$ (16,033)</u>
Plan fiduciary net position as a percentage of the total pension liability			<u>92.86%</u>
Annual money-weighted rate of return			<u>8.60%</u>

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

At June 30, 2023, the County reported net deferred outflows or resources and deferred inflows of resources related to the County Employees Pension Plan from the following sources:

At June 30, 2023, the County reported net deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

(Dollar amounts in thousands)	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 1,095	\$ 4,691
Changes of assumptions	3,090	2,355
Net difference between projected and actual earnings on pension plan investments	15,556	-
Total	\$ 19,741	\$ 7,046

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:	
2024	2,181
2025	1,357
2026	10,001
2027	(1,217)
2028	373

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 up to 30 years, 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 80% of average compensation (75% if termination prior to 7/1/18).

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 7/1/17. Participants entering DROP after 7/1/17 are credited with 2% less than the Plan's actuarial assumed investment rate of return per year on July 1st.

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 more than 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, 2022, 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	304	110	44
Retirees and beneficiaries receiving benefits	176	37	13
Disabled, receiving benefits	13	4	-
Vested termination	25	8	5
	<u>518</u>	<u>159</u>	<u>62</u>

Pension Expense and Net Pension Liability

The Pension Expense was calculated using July 1, 2022, census data and asset information as of June 30, 2023. The end of year liability values was determined using the July 1, 2022 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%	6.07%
Domestic Mid/Small Cap	15%	7.12%
International Equity	10%	6.78%
Fixed Income	35%	2.33%
Cash	5%	0.63%
Inflation		2.60%
Total	100%	

Discount rate: The discount rate used to measure the total pension liability was 7.25%. 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, 2022 actuarial valuation rolled forward to June 30, 2023. 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 7.25%. 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, 2022, actuarial valuation report. The calculation of the Actuarially Determined Contribution for fiscal year ended June 30, 2023, is contained in the July 1, 2022, actuarial valuation report. The annual pension contribution for the year ended June 30, 2023, was \$15,312,935. The actuarial assumptions and methods included:

Funding Method – Projected Unit Credit with amortization of the annual change in unfunded accrued liability over a period of 20 years as a level percentage of pay. Actuarial surplus is amortized over 30 years as a level

percentage of pay. Total payroll is assumed to increase by 3.0% per year. Amortization bases are restarted on 7/1/2023. The amortization payment and period are determined separately for Sworn Officers, Communications Dispatchers and Correctional Officers.

Asset Method – Asset smoothing method which spreads the investment gains or losses more than the assumed return over a five-year period. The actuarial value of assets can be no less than 50% of fair value of assets and no more than 150% of fair value of assets.

Investment Return – 7.25% compounded annually, net of investment and contract fees; this was lowered from the previous rate of 7.40%.

Inflation – 2.60% per year increase is assumed

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

Mortality – Society of Actuaries Pub-2010 Safety Amount-Weighted Mortality Tables and the SOA mortality improvement scale (Scale MP) available at each actuarial valuation date (currently MP-2021).

Salary Increases – separate service-based rates for each group (salary increases are estimated to decrease over time):

- Sworn: starts at 10.0% per year decreasing to 2.75% per year for employees over 26 years
- Corrections: starts at 6.35% per year decreasing to 3.15% per year for employees over 26 years
- Communications: starts at 7.00% per year decreasing to 3.00% per year for employees over 21 years

Changes in the Net Pension Liability and related ratios:

(Dollar amounts shown in thousands)

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at 6/30/22	\$ 446,178	332,894	\$ 113,284
Changes for the year:			
Service cost	12,663	-	12,663
Interest	31,726	-	31,726
Changes of benefit terms	41	-	41
Differences between expected and actual experience	17,203	-	17,203
Changes of assumptions	-	-	-
Contributions - employer	-	15,313	(15,313)
Contributions - employee	-	3,655	(3,655)
Net Investment Income	-	35,947	(35,947)
Benefit payments, including refunds of member contributions	(17,154)	(17,154)	-
Administrative expense	-	(144)	144
Other	-	-	-
Net Changes	<u>\$ 44,479</u>	<u>\$ 37,617</u>	<u>\$ 6,862</u>
Balances at 6/30/23	<u>\$ 490,657</u>	<u>\$ 370,511</u>	<u>\$ 120,146</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 7.25%, 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 (6.25%) or 1 percentage-point higher (8.25%) than the current rate:

	1% decrease 6.25%	Current Discount Rate 7.25%	1% increase 8.25%
	<u>\$ 192,544</u>	<u>\$ 120,146</u>	<u>\$ 61,359</u>
(Dollar amounts in thousands)			
Plan fiduciary net position as a percentage of the total pension liability			<u>75.51%</u>
Annual money-weighted rate of return			<u>10.80%</u>

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

At June 30, 2023, 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:

At June 30, 2023, the County reported net deferred outflows of resources and deferred inflows of resources related to pensions from the following sources (dollar amounts shown in thousands):

	Deferred Outflows of Resources	Deferred Inflows of Resources
(Dollar amounts in thousands)		
Differences between expected and actual experience	\$ 20,374	\$ 1,988
Changes of assumptions	812	2,622
Net difference between projected and actual earnings on pension plan investments	13,996	-
Total	<u>\$ 35,182</u>	<u>\$ 4,610</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:	
2024	7,130
2025	5,719
2026	15,672
2027	(94)
2028	2,145
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 more than 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: On January 1, 2023, the following participants were covered by the benefit terms:

Active participants with a Yr of Service for the Prior Year	682
Actives not Credited with a Yr of Service for the Prior Year	228
Terminated Vested Participants	23
Retirees Accruing Additional Benefits	145
Retirees Not Accruing Additional Benefits	108
Survivors Receiving Benefits	50
	<u>1,236</u>

Pension Expense and Net Pension Liability

The Pension Expense was calculated using the July 1, 2022, census data and rolled forward to June 30, 2023. The total pension liability is based on the same July 1,2022 actuarial valuation rolled forward to June 30, 2023.

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

Asset Classes	Target Allocation	Long-Term Expected Real Rate of Return
Domestic large cap	27%	6.07%
Domestic mid/small cap	13%	7.10%
International developed equity	13%	6.78%
International emerging equity	7%	8.79%
Fixed Income	39%	2.33%
Cash	1%	0.63%
Inflation		2.60%
Total	100%	

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 6.10%.

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. Contributions to the program for the year ended June 30, 2023, totaled \$889,200 from the 2022/2023 tax levy. The County Commissioners administer the plan but do not fund it beyond the allocation of the fire and rescue tax revenues.

Asset Method – Effective April 5, 2022, the Plan is funded through a trust. Five year smoothed asset value effective as of July 1, 2022. Investment returns above or below the assumed rate of return are recognized at a rate of 20% per year over five years. The actuarial value of assets can be no less than 50% of fair value of assets and no more than 150% of fair value of assets.

Investment Return – 6.10% compounded annually, net of investment and contract fees

Inflation – 2.60% per year increase is assumed

Mortality – Pub-2010 Safety Headcount Weighted generationally projected using Scale MP-2021. 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 in the net LOSAP 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 6/30/22	\$ 21,266	17,393	\$ 3,873
Changes for the year:			
Service cost	459	-	459
Interest	1,263	-	1,263
Changes of benefit terms	-	-	-
Differences between expected and actual experience	-	-	-
Changes of assumptions	-	-	-
Contributions - employer	-	889	(889)
Contributions - employee	-	-	-
Net Investment Income	-	1,773	(1,773)
Benefit payments, including refunds of member contributions	(1,128)	(1,128)	-
Administrative expense	-	(57)	57
Other	-	-	-
Net Changes	594	1,477	(883)
Balances at 6/30/23	<u>\$ 21,860</u>	<u>\$ 18,870</u>	<u>\$ 2,990</u>

Sensitivity of the net pension liability to changes in the discount rate: The following presents the net pension liability for this plan, calculated using the discount rate of 6.10%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1 percentage-point lower (5.10%) or 1 percentage-point higher (7.10%) than the current rate (dollar amounts in thousands):

(Dollar amounts in thousands)	Current		
	1% decrease	Discount Rate	1% increase
	5.10%	6.10%	7.10%
LOSAP net pension liability	\$ 6,762	\$ 2,990	\$ 600
Plan fiduciary net position as a percentage of the total pension liability			<u>86.32%</u>
Annual money-weighted rate of return			10.19%

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

As of June 30, 2023, the County reported net deferred outflows or resources and deferred inflows of resources related to LOSAP from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
(Dollar amounts in thousands)		
Differences between expected and actual experience	\$ 1,639	\$ -
Changes of assumptions	5,963	16,446
Net difference between projected and actual earnings on LOSAP plan investments	357	-
Total	<u>\$ 7,959</u>	<u>\$ 16,446</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 (dollar amounts in thousands):

Year ended June 30:	
2024	(595)
2025	(595)
2026	(595)
2027	(907)
2028	(763)
Thereafter	(5,032)

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., Empower, 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)	Nationwide	Empower	Metlife
Participants	463	280	52
Plan Assets	\$40,811	\$28,613	\$3,881
Annual Employee Contribution	\$2,297	\$1,967	\$222

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 both the County and the Library. In this benefit plan, 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 Post Employment Health Program (PEHP) which is described in the section immediately following.

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, 2023, 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 –

<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 includes the long-term medical trend released by the Society of Actuaries. The current valuation uses the latest version of the model available at the time of the March 2023 report from the actuaries.

Employee Contribution – The subsidy for general employees depends 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 11/1/2022:

Number of Participants	Sheriff's	Non-Sheriff's	Total
Active	318	556	874
Retirees in Pay Status (Pre-Medicare)	141	71	212
Retirees in Pay Status (Medicare Age)	112	317	429
Active Statistics			
Average Age	42.35	50.17	47.32
Average Service	16.61	17.22	15.49
Inactive Statistics in Pay Status			
Average Age (Pre-Medicare)	56.79	60.63	58.08
Average Age (Medicare Age)	72.21	74.19	73.67

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 2023 included funding for pay-as-you-go OPEB costs as well as \$6,059,000 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%	7.37%
Small/Mid Cap Domestic Equities	10%-20%	15%	7.75%
International Equities	15%-25%	20%	7.78%
Fixed Income	15%-35%	25%	4.76%
Cash Equivalents	0%-10%	0%	3.23%
Inflation			2.46%
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 7.25%. 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, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2022, rolled forward to June 30, 2023. 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

Asset Method – fair value of assets

Investment Return – 7.25% compounded annually, net of investment and contract fees

Inflation – 2.50% per year increase is assumed

Healthcare cost trend rate – The trend for 2023 is 5.8%. The ultimate trend is 3.94% 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 PLAN			COUNTY'S SHARE		
	Total OPEB Liability	Fiduciary Net Position	Net OPEB Liability	Total OPEB Liability	Fiduciary Net Position	Net OPEB Liability
	(a)	(b)	(a) - (b)	(a)	(b)	(a) - (b)
Balances At 6/30/22						
Changes for the year:	\$ 152,772	\$ 21,513	\$ 131,259	\$ 150,330	\$ 20,985	\$ 129,345
Service cost	3,057	-	3,057	2,957	-	2,957
Interest	11,141	-	11,141	10,776	-	10,776
Changes of benefit terms	-	-	-	-	-	-
Differences between expected and actual experience	(17,652)	-	(17,652)	(17,073)	-	(17,073)
Changes of assumptions	(5,834)	-	(5,834)	(5,643)	-	(5,643)
Benefit payments, including refunds of member contributions	(4,699)	-	(4,699)	(4,545)	-	(4,545)
Contributions - employer	-	10,758	(10,758)	-	10,406	(10,406)
Net Investment Income	-	3,202	(3,202)	-	3,097	(3,097)
Benefit payments, including refunds of member contributions	-	(4,699)	4,699	-	(4,545)	4,545
Administrative expense	-	(2)	2	-	(1)	1
Other	-	-	-	-	-	-
Net Changes	(13,987)	9,260	(23,247)	(13,529)	8,956	(22,485)
Balances At 6/30/23	\$ 138,786	\$ 30,773	\$ 108,012	\$ 136,802	\$ 29,942	\$ 106,860

Library/County relative share of OPEB Plan

	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
Total Plan	\$ 138,786	\$ 30,773	\$ 108,012
Library's Share	1,984	831	1,152
County's Share	\$ 136,802	\$ 29,942	\$ 106,860

Sensitivity of the county share of total and net OPEB liability to changes in the discount rate: the chart below presents the total and net OPEB liability of the County for this plan, calculated using the discount rate of 7.25%, 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 or 1 percentage-point higher than the current rate:

CHANGES IN THE DISCOUNT RATE	Current		
	1% decrease 6.25%	Discount Rate 7.25%	1% increase 8.25%
(Dollar amounts in thousands)			
Plan Total OPEB liability	\$ 161,855	\$ 138,786	\$ 120,312
Library	2,347	1,984	1,745
County portion	159,508	136,802	118,567
Net OPEB liability	\$ 131,082	\$ 108,012	\$ 89,539
Library	1,414	1,152	966
County portion	129,668	106,860	88,573

Sensitivity of the county share of OPEB liability to changes in the health care cost trend rate: the chart below presents the total and net OPEB liability of the County for this plan, calculated using the health care cost trend rate of 3.94%, 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 or 1 percentage-point higher than the current rate:

HEALTH CARE COST TREND RATE	Current		
	1% decrease 2.94%	Trend Rate 3.94%	1% increase 4.94%
(Dollar amounts in thousands)			
County's TOTAL Net OPEB liability	\$ 118,111	\$ 138,786	\$ 165,002
Library	1,713	1,984	2,393
County portion	116,398	136,802	162,609
Net OPEB liability	\$ 87,337	\$ 108,012	\$ 134,229
Library	942	1,152	1,447
County portion	86,396	106,860	132,781

Outflows of Resources and Deferred Inflows of Resources Related to OPEB

As of June 30, 2023, 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	\$ 2,843	\$ 17,412
Changes of assumptions	691.46	37,281.15
Net difference between projected and actual earnings on OPEB plan investments	1,224.28	
Total	\$ 4,759	\$ 54,693

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)
2024	(19,706)
2025	(19,773)
2026	(3,236)
2027	(3,381)
2028	(3,838)
Thereafter	-

As of June 30, 2023, the net deferred outflows of resources and deferred inflows of resources related to the County and Library share of the OPEB plan are from the following sources:

	County		Library	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
(Dollar amounts in thousands)				
Differences between expected and actual experience	\$ 2,745	\$ 16,841	\$ 99	\$ 571
Changes of assumptions	667	36,059	24	1,222
Net difference between projected and actual earnings on OPEB plan investments	1,182		43	
Total	\$ 4,594	\$ 52,900	\$ 165	\$ 1,793

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:	County	Library
	(in thousands)	
2024	(19,062)	(644)
2025	(19,127)	(646)
2026	(3,133)	(103)
2027	(3,271)	(109)
2028	(3,713)	(126)
Thereafter	-	

C. Post-Employment Health Program (PEHP)

The Post Employment Health Program (PEHP) enrollment is required for all employees hired after January 1, 2017, enrolled in medical insurance through the County. The program is an individual employee fund administered through Nationwide. It assists with health insurance premiums and eligible medical expenses upon retirement or separation from employment. The monies are invested in various fund options at the direction of the employee. Employee and County contributions to the PEHP are subject to change annually based on the Consumer Price Index (CPI). The employee gains access to 100% of the accumulated funds upon leaving county service or retirement.

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 greatest 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, 2023, were \$159,208.

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, 2023, approximately 1.3 years of useful life 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 filled for accounting purposes of the closure and post-closure liability calculation. Phase 4A was constructed during FY22 and received Maryland Department of the Environment approval on July 17, 2022, to begin accepting waste. The \$15,314,814 reported as landfill closure and post-closure care liability as of June 30, 2023, 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 \$1,533,105.

NOTE 9. SUBSEQUENT EVENTS

On December 5, 2023, the County completed a bond sale transaction for \$55,000,000 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 2023 bonds. Debt service repayments are scheduled for semi-annually on April 1 and October 1, commencing April 1, 2024.

This page left intentionally blank

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, 2023

	Budgeted amounts		Actual amounts budgetary basis	Variance with final budget positive (negative)
	Original	Final		
Revenues:				
Taxes - local property	\$ 250,752,800	\$ 250,752,800	\$ 254,569,397	\$ 3,816,597
Taxes - income	169,000,000	170,060,000	165,720,600	(4,339,400)
Taxes - other local	25,980,000	25,980,000	30,118,028	4,138,028
Charges for services	10,967,300	11,220,010	11,869,195	649,185
Intergovernmental	5,546,000	5,607,850	5,807,394	199,544
Interest income	600,000	1,162,650	13,576,296	12,413,646
Other income	7,688,500	7,868,810	8,315,497	446,687
Total revenues	470,534,600	472,652,120	489,976,408	17,324,288
Expenditures:				
Education	228,665,800	228,812,720	228,643,138	169,582
Public safety	129,640,600	124,510,640	124,421,042	89,598
General government (including contingencies)	12,172,500	12,922,500	11,464,623	1,457,877
Public Works- Facilities	16,553,400	16,827,860	14,496,713	2,331,147
Financial Administration	15,638,000	16,529,230	18,156,347	(1,627,117)
Judicial	7,769,300	8,413,890	8,648,451	(234,561)
Planning and Growth Management	4,240,300	4,335,610	3,992,210	343,400
Community Services	2,671,700	2,705,630	2,397,546	308,084
Recreation, Parks & Tourism	10,888,600	10,863,130	10,166,552	696,578
Health Services	4,126,200	4,891,920	4,636,762	255,158
Economic Development	2,213,800	2,223,570	2,153,761	69,809
Social Services	1,832,500	1,832,500	1,788,764	43,736
Legislative	5,606,300	2,828,720	2,655,866	172,854
Law	1,389,300	2,989,370	2,002,772	986,598
Conservation of Natural Resources	729,600	746,600	762,694	(16,094)
Elections	2,550,800	2,913,790	2,674,662	239,128
Debt service				
Principal	22,568,700	22,568,700	22,568,681	19
Interest	8,545,800	8,386,880	8,091,110	295,770
Total expenditures	477,803,200	475,303,260	469,721,694	5,581,566
Excess (deficiency) of revenues over (under) expenditures	(7,268,600)	(2,651,140)	20,254,714	22,905,854
Other financing sources (uses):				
GASB87 Leases issued	-	-	426,168	426,168
GASB96 SBITA issued	-	-	5,557,006	5,557,006
Transfers in	2,545,000	2,545,000	2,545,000	-
Transfers out	(16,869,500)	(35,188,640)	(34,791,149)	397,491
Total other financing sources (uses)	(14,324,500)	(32,643,640)	(26,262,975)	6,380,665
Net change in fund balance	(21,593,100)	(35,294,780)	(6,008,261)	29,286,519
Fund balance - beginning of year	201,536,297	201,536,297	201,536,297	-
Fund balance - end of year	\$ 179,943,197	\$ 166,241,517	\$ 195,528,036	\$ 29,286,519

Schedule of the County's Plan Employer Contributions

Last 10 Fiscal Years

(Dollar amounts in thousands)

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Actuarially determined contribution	\$ 4,823	\$ 5,592	\$ 5,367	\$ 4,715	\$ 4,498	\$ 3,926	\$ 3,673	\$ 5,240	\$ 5,627	\$ 5,356
Contributions in relation to the actuarially determined contribution	<u>4,823</u>	<u>5,592</u>	<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>
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	\$63,660	\$61,099	\$60,623	\$57,791	\$54,332	\$53,002	\$50,662	\$58,330	\$57,345	\$54,750
Contributions as a percentage of covered employee payroll	7.58%	9.15%	8.85%	8.16%	8.28%	7.41%	7.25%	8.98%	9.81%	9.78%

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. The fair value of the Guaranteed Deposit Account accounts is an estimate only, and not the result of the precise calculation which would be done if the contract is discontinued.
Inflation	2.75%
Salary increases	4.00% including inflation
Investment rate of return	7.05%, 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 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.
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>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Total Pension Liability					
Service cost	\$ 8,784	\$ 8,237	\$ 7,895	\$ 7,555	\$ 7,276
Interest	20,038	18,845	17,841	17,691	15,177
Changes of benefit terms	-	4,926	-	-	591
Differences between expected and actual experience and changes in assumptions	2,771	(5,538)	(2,874)	109	190
Benefit payments, including refunds of member contributions	<u>(10,146)</u>	<u>(9,223)</u>	<u>(8,226)</u>	<u>(7,398)</u>	<u>(6,648)</u>
Net change in total pension liability	21,447	17,247	14,636	17,957	16,586
Total Pension Liability - beginning	<u>287,206</u>	<u>269,959</u>	<u>255,323</u>	<u>237,366</u>	<u>220,780</u>
Total Pension Liability - ending (a)	<u>\$ 308,653</u>	<u>\$ 287,206</u>	<u>\$ 269,959</u>	<u>\$ 255,323</u>	<u>\$ 237,366</u>
Plan Fiduciary Net Position					
Contributions - employer	\$ 4,823	\$ 5,592	\$ 5,367	\$ 4,715	\$ 4,498
Contributions - employee	3,356	2,825	2,785	2,546	2,476
Net Investment Income	22,768	(36,485)	62,502	9,105	13,788
Benefit payments, including refunds of member contributions	(10,146)	(9,223)	(8,226)	(7,398)	(6,647)
Administrative expense	(252)	(232)	(151)	(184)	(117)
Other	-	-	-	-	-
Net change in plan fiduciary net position	<u>20,549</u>	<u>(37,523)</u>	<u>62,277</u>	<u>8,784</u>	<u>13,998</u>
Plan Fiduciary Net Position - beginning	<u>266,057</u>	<u>303,580</u>	<u>241,303</u>	<u>232,519</u>	<u>218,521</u>
Plan Fiduciary Net Position - ending (b)	<u>\$ 286,606</u>	<u>\$ 266,057</u>	<u>\$ 303,580</u>	<u>\$ 241,303</u>	<u>\$ 232,519</u>
 County's Net Pension Liability/(Asset) - ending (a) - (b)	 <u>\$ 22,047</u>	 <u>\$ 21,149</u>	 <u>\$ (33,621)</u>	 <u>\$ 14,020</u>	 <u>\$ 4,847</u>
 Plan Fiduciary Net Position as a percentage of the total pension liability	 92.86%	 92.64%	 112.45%	 94.51%	 97.96%
 Covered payroll	 \$ 63,660	 \$ 61,099	 \$ 60,623	 \$ 57,791	 \$ 54,332
 County's Net Pension Liability as a percentage of covered employee pensionable payroll	 34.63%	 34.61%	 -55.46%	 24.26%	 8.92%
 Annual money-weighted rate of return Fair value of assets	 8.6%	 -12.0%	 25.9%	 3.6%	 7.0%

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

<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	
					Total Pension Liability
\$ 6,690	\$ 6,320	\$ 5,902	\$ 5,844	\$ 5,552	Service cost
14,782	13,915	13,944	12,705	11,745	Interest
-	-	-	-	-	Changes of benefit terms
					Differences between expected and actual experience
2,782	(224)	(12,218)	4,888	-	
<u>(6,251)</u>	<u>(5,291)</u>	<u>(4,871)</u>	<u>(4,759)</u>	<u>(4,356)</u>	Benefit payments, including refunds of member contribution
18,003	14,720	2,757	18,678	12,941	Net change in total pension liability
202,777	188,057	185,300	166,622	153,681	Total Pension Liability - beginning
<u>\$ 220,780</u>	<u>\$ 202,777</u>	<u>\$ 188,057</u>	<u>\$ 185,300</u>	<u>\$ 166,622</u>	Total Pension Liability - ending (a)
					Plan Fiduciary Net Position
\$ 3,926	\$ 3,673	\$ 5,240	\$ 5,627	\$ 5,356	Contributions - employer
2,348	2,347	2,179	2,105	2,011	Contributions - employee
					Net Investment Income
15,852	21,017	1,734	7,421	22,826	Benefit payments, including refunds of member contribution
(6,251)	(5,291)	(4,870)	(4,759)	(4,357)	Administrative expense
(109)	(73)	(81)	(88)	(84)	Other
-	-	-	-	-	Net change in plan fiduciary net position
15,766	21,673	4,202	10,306	25,752	Plan Fiduciary Net Position - beginning
202,755	181,082	176,880	166,574	140,822	Plan Fiduciary Net Position - ending (b)
<u>\$ 218,521</u>	<u>\$ 202,755</u>	<u>\$ 181,082</u>	<u>\$ 176,880</u>	<u>\$ 166,574</u>	
<u>\$ 2,259</u>	<u>\$ 22</u>	<u>\$ 6,975</u>	<u>\$ 8,420</u>	<u>\$ 48</u>	County's Net Pension Liability/(Asset) - ending (a) - (b)
					Plan Fiduciary Net Position as a percentage of the total pension liability
98.98%	99.99%	96.29%	95.46%	99.97%	
\$ 53,002	\$ 50,663	\$ 58,330	\$ 57,345	\$ 54,750	Covered payroll
					County's Net Pension Liability as a percentage of covered employee pensionable payroll
4.26%	0.04%	11.96%	14.68%	0.09%	
8.5%	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>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Actuarially determined contribution	\$15,313	\$14,753	\$13,494	\$12,431	\$11,892	\$11,795	\$10,845	\$10,590	\$10,402	\$9,823
Contributions in relation to the actuarially determined contribution	<u>15,313</u>	<u>14,753</u>	<u>13,494</u>	<u>12,431</u>	<u>11,892</u>	<u>11,795</u>	<u>10,845</u>	<u>10,590</u>	<u>10,402</u>	<u>9,823</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	\$40,609	\$38,762	\$39,034	\$36,255	\$34,470	\$33,888	\$33,373	\$30,706	\$32,509	\$31,270
Contributions as a percentage of covered employee payroll	37.71%	38.06%	34.57%	34.29%	34.50%	34.81%	32.50%	34.49%	32.00%	31.41%

Notes to Schedule

Valuation date: Actuarially determined contribution amounts are calculated as of the beginning of the fiscal year for the year immediately following the prior fiscal year (done every year). The assumptions shown below are those used in the July 1, 2021 actuarial valuation to calculate the FY2023 ADC. Assumptions used to determine contributions in the past may not have been the same.

Methods and assumptions used to determine the FY2023 contribution rate:

Actuarial cost method	Projected Unit Credit
Amortization method	Layered, level percent of payroll (closed), increasing 3.0% per year, determined separately for the three employee groups. Surplus bases are amortized over 30 years and loss bases are amortized over 20 years.
Remaining amortization period	Ranges from 20 to 30 years
Asset valuation method	5-year smoothed fair value
Inflation	2.60%
Salary increases	Separate service-based rates for each group
Investment rate of return	7.25%, net of pension plan investment expense, including inflation.
Retirement age	Rates vary by participant age and service
Mortality	Society of Actuaries Pub-2010 Safety Amount-Weighted Mortality Tables and the SOA mortality improvement scale (Scale MP) available at each actuarial valuation date (currently MP-2020)

This page left intentionally blank

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

(Dollar amounts in thousands)

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Total Pension Liability					
Service cost	\$ 12,663	\$ 11,930	\$ 9,245	\$ 8,607	\$ 8,068
Interest	31,726	30,233		26,604	25,197
Changes of benefit terms	41		28,879	-	-
Differences between expected and actual experience	17,203	(1,384)	4,528	11,324	(5,995)
Changes of assumptions	-	(3,671)	-	-	4,874
Benefit payments, including refunds of member contributions	(17,154)	(15,893)	(15,896)	(15,688)	(12,669)
Net change in total pension liability	44,479	21,215	26,756	30,847	19,475
Total Pension Liability - beginning	446,178	424,963	398,207	367,360	347,885
Total Pension Liability - ending (a)	<u>\$ 490,657</u>	<u>\$ 446,178</u>	<u>\$ 424,963</u>	<u>\$ 398,207</u>	<u>\$ 367,360</u>
Plan Fiduciary Net Position					
Contributions - employer	\$ 15,313	\$ 14,753	\$ 13,494	\$ 12,431	\$ 11,892
Contributions - employee	3,655	3,169	3,129	2,996	2,793
Net Investment Income	35,947	(47,048)	81,618	13,387	18,243
Benefit payments, including refunds of member contributions	(17,154)	(15,893)	(15,896)	(15,688)	(12,669)
Administrative expense	(144)	(143)	(148)	(133)	(143)
Other	-	-	-	-	-
Net change in plan fiduciary net position	37,617	(45,162)	82,197	12,993	20,116
Plan Fiduciary Net Position - beginning	332,894	378,056	295,859	282,866	262,749
Plan Fiduciary Net Position - ending (b)	<u>\$ 370,511</u>	<u>\$ 332,894</u>	<u>\$ 378,056</u>	<u>\$ 295,859</u>	<u>\$ 282,866</u>
Sheriff's Net Pension Liability - ending (a) - (b)	<u>\$ 120,146</u>	<u>\$ 113,284</u>	<u>\$ 46,907</u>	<u>\$ 102,348</u>	<u>\$ 84,494</u>
Plan Fiduciary Net Position as a percentage of the total pension liability	75.51%	74.61%	88.96%	74.30%	77.00%
Covered payroll	\$ 40,609	\$ 38,762	\$ 39,034	\$ 36,255	\$ 34,470
Sheriff's Net Pension Liability as a percentage of covered employee pensionable payroll	295.86%	292.26%	120.17%	282.30%	245.13%
Expected average remaining service years of all participants	6	7	6	6	6
Annual money-weighted rate of return	10.80%	-12.44%	27.59%	4.73%	6.94%

Notes to Schedule

Fair value of assets Effective July 1, 2022, the cap on the increased benefit percentage for sick leave credit for sworn officers is eliminated.

Assumption Changes None

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>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	
\$ 7,681	\$ 7,433	\$ 6,566	\$ 6,534	\$ 4,157	Total Pension Liability
24,182	21,532	20,983	19,286	18,491	Service cost
(313)	-	-	-	-	Interest
(820)	6,770	(6,916)	815	-	Changes of benefit terms
-	7,554	5,579	4,692	(3,864)	Differences between expected and actual experience
<u>(10,511)</u>	<u>(9,899)</u>	<u>(9,609)</u>	<u>(8,902)</u>	<u>(7,997)</u>	Changes of assumptions
20,219	33,390	16,603	22,425	10,787	Benefit payments, including refunds of member contributions
327,666	294,276	277,673	255,248	244,460	Net change in total pension liability
<u>\$ 347,885</u>	<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
\$ 11,794	\$ 10,845	\$ 10,590	\$ 10,402	\$ 9,823	Contributions - employer
2,776	2,765	2,614	2,616	2,541	Contributions - employee
19,716	25,617	2,035	7,785	26,456	Net Investment Income
(10,511)	(9,899)	(9,610)	(8,902)	(7,997)	Benefit payments, including refunds of member contributions
(162)	(120)	(120)	(111)	(76)	Administrative expense
-	-	-	-	-	Other
<u>23,613</u>	<u>29,207</u>	<u>5,508</u>	<u>11,790</u>	<u>30,747</u>	Net change in plan fiduciary net position
239,136	209,929	204,421	192,631	161,883	Plan Fiduciary Net Position - beginning
<u>\$ 262,749</u>	<u>\$ 239,136</u>	<u>\$ 209,929</u>	<u>\$ 204,421</u>	<u>\$ 192,631</u>	Plan Fiduciary Net Position - ending (b)
<u>\$ 85,136</u>	<u>\$ 88,530</u>	<u>\$ 84,347</u>	<u>\$ 73,252</u>	<u>\$ 62,617</u>	Sheriff's Net Pension Liability - ending (a) - (b)
75.53%	72.98%	71.34%	73.62%	75.47%	Plan Fiduciary Net Position as a percentage of the total pension liability
\$ 33,888	\$ 33,373	\$ 30,706	\$ 32,509	\$ 31,270	Covered payroll
251.23%	265.27%	274.69%	225.33%	200.25%	Sheriff's Net Pension Liability as a percentage of covered employee pensionable payroll
6	7	6	7	7	Expected average remaining service years of all participants
8.74%	12.70%	1.50%	4.54%	16.84%	Annual money-weighted rate of return

Schedule of LOSAP Contributions

Last 10 Fiscal Years

(Dollar amounts in thousands)

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Actuarially determined contribution	\$ 767	N/A	Information for				
Contributions in relation to the actuarially			FY2021 and prior				
determined contribution	889	19,842	is not available				
Contribution deficiency (excess)	<u>\$ (122)</u>	<u>N/A</u>	<u>_____</u>	<u>_____</u>	<u>_____</u>	<u>_____</u>	<u>_____</u>
Covered payroll	N/A	N/A					
Contributions as a percentage of covered employee payroll	N/A	N/A					

Notes to Schedule

An actuarially determined contribution amount was not calculated for FY 2022 because the plan did not have a dedicated trust for assets. A trust was created for this plan effective April 5, 2022. The contribution amount for FY 2022 reflected the value of the trust as of April 5, 2022.

Actuarially determined contribution amounts are calculated as of the middle of the fiscal year (January 1) for the two fiscal years beginning one year and two years following the valuation date. Actuarial valuations are performed every other year. The assumptions shown below are those used in the July 1, 2022 actuarial valuation to calculate the FY 2023 ADC. Assumptions used to determine contributions in the past may not have been the same.

Methods and assumptions used to determine FY 2023 contribution rate:

Actuarial cost method	Projected Unit Credit
Amortization method	Level dollar amount
Remaining amortization period	19 years
Asset valuation method	5-year smoothed fair value
Inflation	2.60%
Salary increases	0%
Investment rate of return	6.10%, net of pension plan investment expense including inflation
Retirement age	Rates varying based on age and service
Mortality	Society of Actuaries Pub-2010 Safety Amount-Weighted Mortality Tables and the SOA mortality improvement scale (Scale MP) available at each actuarial valuation date (currently MP-2021)

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

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

(Dollar amounts in thousands)

	2023	2022	2021	2020	2019	
Total Pension Liability						
Service cost	\$ 459	\$ 454	\$ 1,016	\$ 930	\$ 900	Information for FY2018 and earlier is not available
Interest	1,263	2,236	914	935	843	
Differences between expected and actual experience	-	987	-	1,307	-	
Changes of benefit terms	-	-	-	-	-	
Changes of assumptions	-	(18,515)	3,564	5,297	(1,764)	
Benefit payments, including refunds of member contributions	(1,128)	(1,107)	(1,000)	(1,014)	(972)	
Net change in total pension liability	\$ 594	(15,945)	4,494	7,456	(993)	
Total Pension Liability - beginning	21,266	37,211	32,717	25,261	26,254	
Total Pension Liability - ending (a)	<u>\$21,860</u>	<u>\$21,266</u>	<u>\$37,211</u>	<u>\$32,717</u>	<u>\$25,261</u>	
Plan Fiduciary Net Position						
Contributions - employer	\$ 889	\$19,842	\$ -	\$ -	\$ -	
Contributions - member	-	-	-	-	-	
Net Investment Income	1,773	(1,289)	-	-	-	
Benefit payments, including refunds of member contributions	(1,128)	(1,107)	-	-	-	
Administrative expense	(57)	(52)	-	-	-	
Other	-	-	-	-	-	
Net change in plan fiduciary net position	\$ 1,477	\$17,394	-	-	-	
Plan Fiduciary Net Position - beginning	17,393	-	-	-	-	
Plan Fiduciary Net Position - ending (b)	<u>\$18,870</u>	<u>\$17,394</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	
County's Net Pension Liability - ending (a) - (b)	<u>\$ 2,990</u>	<u>\$ 3,872</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	
Plan Fiduciary Net Position as a percentage of the total pension liability	86.32%	81.79%	N/A	N/A	N/A	
Estimated average remaining service years of all participants	11	11	11	11	19	
Annual money-weighted rate of return	10.19%	N/A	N/A	N/A	N/A	

Information for FY2018 and earlier is not available.

Notes to Schedule

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

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

Schedule of the OPEB Plan Employer Contributions (includes Library)

Last 10 Fiscal Years

(Dollar amounts in thousands)

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	
Actuarially determined contribution	\$ 14,145	\$ 15,845	\$ 14,783	\$ 14,668	\$ 13,662	\$ 10,576	\$ 9,771	Information For FY2016 and earlier is not available
Contributions in relation to the actuarially determined contribution	<u>10,758</u>	<u>9,601</u>	<u>7,115</u>	<u>6,492</u>	<u>5,159</u>	<u>4,440</u>	<u>3,924</u>	
Contribution deficiency (excess)	<u>\$ 3,387</u>	<u>\$ 6,244</u>	<u>\$ 7,668</u>	<u>\$ 8,176</u>	<u>\$ 8,503</u>	<u>\$ 6,136</u>	<u>\$ 5,847</u>	

Notes to Schedule

Benefit changes None

Valuation Date: 11/1/2022

Actuarial valuations are done every other year.

Changes of assumptions The mortality improvement scale was updated to MP-2021.

The decrements (retirement, termination, disability) were updated to the latest Pension Reports.

The healthcare cost trend assumptions was updated based on the 2022 Getzen model release by the SOA.

Methods and assumptions used to determine contribution rates:

Valuation Date 11/1/2022

Measurement Date 7/1/2022

Actuarial cost method Projected Unit Credit with linear pro-ration to assumed benefit commencement

Amortization method Level dollar

Asset valuation method Fair value of assets

Remaining amortization period 16 years for FYE 2023

Investment rate of return 7.25%

Payroll growth rate N/A - The amortization method is level dollar

Inflation 2.50%

Healthcare cost trend rate The trend for 2023 is 5.8%. The ultimate trend is 3.94% 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>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Total Pension Liability							
Service cost	\$ 2,957	\$ 2,839	\$ 2,807	\$ 2,925	\$ 7,898	\$ 8,365	\$ 8,040
Interest	10,776	10,100	9,247	9,177	9,015	8,560	7,669
Changes of benefit terms	-	-	-	-	(963)	-	-
Differences between expected and actual experience	(17,073)	513	3,798	411	(9,340)	130	2,364
Changes of assumptions	(5,643)	-	1,168	(7,745)	(89,891)	(11,962)	(36,539)
Benefit payments, including refunds of member contributions	(4,545)	(4,296)	(3,697)	(3,375)	(3,149)	(2,940)	(2,674)
Net change in total pension liability	(13,529)	9,156	13,324	1,393	(86,430)	2,153	(21,140)
Total Pension Liability - beginning	<u>150,331</u>	<u>141,175</u>	<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>\$ 136,802</u>	<u>\$ 150,331</u>	<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	\$ 10,406	\$ 9,272	\$ 6,867	\$ 6,279	\$ 5,095	\$ 4,440	\$ 3,924
Contributions - employee	-	-	-	-	-	-	-
Net Investment Income	3,097	(4,345)	4,409	427	336	239	3
Benefit payments, including refunds of member contributions	(4,545)	(4,296)	(3,697)	(3,375)	(3,149)	(2,940)	(2,674)
Administrative expense	(1)	(1)	(1)	-	-	-	-
Other	-	-	-	-	-	-	-
Net change in plan fiduciary net position	8,957	630	7,578	3,331	2,282	1,739	1,253
Plan Fiduciary Net Position - beginning	<u>20,985</u>	<u>20,355</u>	<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>\$ 29,942</u>	<u>\$ 20,985</u>	<u>\$ 20,355</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>\$ 106,860</u>	<u>\$ 129,345</u>	<u>\$ 120,820</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	21.89%	13.96%	14.42%	10.00%	7.47%	3.37%	2.57%
Estimated average remaining service years of all participants	6	7	7	7	7	8	8
Annual money-weighted rate of return	14.76%	-21.34%	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 changes from year to year (as shown) 7.25% 7.40% 7.40% 7.50% 7.50% 4.31% 4.04%

The mortality improvement scale was updated to MP-2021.

The decrements (retirement, termination, disability) were updated to the latest Pension Reports.

The healthcare cost trend assumption was updated based on the 2022 Getzen model released by the SOA,

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

This page left intentionally blank

Schedules and Combining Statements

This page left intentionally blank

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, 2023

	Final Amended Budgeted Amounts	Actual Amounts	Variance With Amended Budget
<u>Taxes - Local Property</u>			
Real Property	\$ 232,089,100	\$ 235,078,396	\$ 2,989,296
Business Personal Property	238,000	452,846	214,846
Railroad & Public Utilities	11,699,000	12,195,405	496,405
Ordinary Business Corporation	6,838,600	6,741,282	(97,318)
Payment in Lieu of Tax	3,386,100	3,386,088	(12)
Penalties and Interest	600,000	626,457	26,457
Half-year Billing Fee	15,200	25,562	10,362
Homestead Tax Credit	(730,000)	(691,791)	38,209
Low Income Tax Credit	(700,000)	(654,744)	45,256
Senior Tax Credit	(320,000)	(230,326)	89,674
La Plata Tax Differential	(2,100,000)	(2,096,430)	3,570
Indian Head Tax Differential	(125,000)	(128,304)	(3,304)
Agriculture Preservation Credit	(130,000)	(128,850)	1,150
Other Tax Credits	(8,200)	(6,194)	2,006
Total Taxes - Local Property	250,752,800	254,569,397	3,816,597
<u>Taxes - Income</u>	170,060,000	165,720,600	(4,339,400)
<u>Taxes - Other Local</u>			
Admission and Amusement	660,000	816,449	156,449
Recordation	16,600,000	19,680,286	3,080,286
Transfer Tax	7,470,000	8,120,113	650,113
Hotel / Motel	1,150,000	1,316,209	166,209
Heavy Equipment Tax	100,000	184,971	84,971
Total Taxes - Other Local	25,980,000	30,118,028	4,138,028
<u>Charges for Services</u>			
Licenses and Permits			
Alcohol Licenses	203,600	201,050	(2,550)
Traders Licenses	206,900	205,016	(1,884)
Civil Marriage Licenses	36,000	33,630	(2,370)
Protective Inspection Licenses	-	15,745	15,745
Building Permits	382,000	423,318	41,318
Park Facilities Permits	106,600	104,943	(1,657)
Trailer Occupancy Permits	44,300	41,115	(3,185)
Other Licenses and Permits	66,600	109,224	42,624
subtotal	1,046,000	1,134,041	88,041

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, 2023

	Final Amended Budgeted Amounts	Actual Amounts	Variance With Amended Budget
<u>Charges for Services (continued)</u>			
Service Charges			
Soil Conservation Plan Fee	27,700	53,718	26,018
Indirect Cost Revenue	2,369,940	2,327,904	(42,036)
Plat Review & Processing	100,000	44,942	(55,058)
Special Exception Fees	18,000	10,255	(7,745)
Bail Bond Fees	15,000	-	(15,000)
EMS Billing Fees	1,800,000	1,961,851	161,851
School Allocation Extension Fees	1,700	-	(1,700)
Forest Conservation Fees	16,400	23,476	7,076
Site Development Plan Application	44,000	16,170	(27,830)
Mosquito Control Fees	90,000	83,673	(6,327)
Deeds & Tax Verification Fees	120,000	111,400	(8,600)
Advertising Fees	34,300	27,488	(6,812)
Custodial Fees	357,700	358,300	600
Animal Shelter Boarding Fees	16,400	15,083	(1,317)
False Alarm Registration Fees	286,600	260,345	(26,255)
Sheriff Fees	460,000	431,245	(28,755)
Sheriff Pay Phone Commission	90,000	29,440	(60,560)
Detention Center Room and Board	-	151	151
Local 911 Fees	1,752,000	1,896,299	144,299
Park Entrance Fees	45,000	51,243	6,243
Food and Drink Sales	58,300	40,468	(17,832)
Outdoor Sports Programs Fees	312,600	438,659	126,059
Other Fees	2,158,370	2,553,046	394,676
subtotal	<u>10,174,010</u>	<u>10,735,154</u>	<u>561,144</u>
Total Charges for Services	11,220,010	11,869,195	649,185
<u>Intergovernmental</u>			
Federal Grants			
Miscellaneous Grants	610,000	617,390	7,390
subtotal	<u>610,000</u>	<u>617,390</u>	<u>7,390</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, 2023

	Final Amended Budgeted Amounts	Actual Amounts	Variance With Amended Budget
<u>Intergovernmental (continued)</u>			
State Shared			
Highway User	2,320,000	2,336,076	16,076
subtotal	2,320,000	2,336,076	16,076
State Grants			
Aid for Police Protection	2,340,000	2,200,576	(139,424)
Aid for Inmate Operations	70,000	146,250	76,250
Jury Fee Reimbursement	181,350	182,365	1,015
Soil Conservation	66,500	69,390	2,890
Other State Grants	20,000	145,142	125,142
subtotal	2,677,850	2,743,723	65,873
Animal Shelter			
St. Mary's County	-	110,205	110,205
subtotal	-	110,205	110,205
Total Intergovernmental	5,607,850	5,807,394	199,544
<u>Interest Income</u>			
Treasury Bills	772,650	3,284,527	2,511,877
MLGIP	150,000	4,017,534	3,867,534
US Government Agencies	150,000	4,197,798	4,047,798
CD's & Other Interest	90,000	1,810,914	1,720,914
Leases	-	265,523	265,523
Total Interest Income	1,162,650	13,576,296	12,413,646
<u>Other Income</u>			
Rent			
Courthouse Rent	921,100	906,791	(14,309)
Water Tower Rental	312,000	609,701	297,701
Office Space	151,400	158,981	7,581
Post Office	12,000	13,000	1,000
Other Rent	3,700	3,628	(72)
subtotal	1,400,200	1,692,101	291,901
Fines and Forfeitures			
False Alarm Fines	2,065,500	2,340,074	274,574
Alcoholic Beverage Fines	34,000	4,940	(29,060)
County Parking Fines	10,000	4,308	(5,692)
Red Light Camera Fines	2,200,000	2,202,558	2,558
Speed Camera Fines	1,400,000	1,192,720	(207,281)
Building Permit Fines	10,300	61,098	50,798
Other Fines	19,000	31,079	12,079
subtotal	5,738,800	5,836,776	97,976

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, 2023

<u>Other Income (continued)</u>	Final Amended Budgeted Amounts	Actual Amounts	Variance With Amended Budget
Miscellaneous	462,700	556,186	93,486
Gain (Loss) on Fixed Assets	267,110	230,434	(36,676)
Total Other Income	7,868,810	8,315,497	446,687
Total Revenues	472,652,120	489,976,408	17,324,288
<u>Other Financing Sources:</u>			
GASB87 Lease	-	426,168	426,168
GASB96 SBITA		5,557,006	5,557,006
Transfers In			
Special Revenue Funds	500,000	500,000	-
Capital Projects Funds	2,045,000	2,045,000	-
subtotal	2,545,000	2,545,000	-
Total other financing sources	2,545,000	8,528,174	5,983,174
Total Revenues and Other			
Financing Sources	\$ 475,197,120	\$ 498,504,582	\$ 23,307,462

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, 2023

	Final Amended Budgeted Amounts	Actual Amounts	Variance With Amended Budget
<u>Education</u>			
Board of Education	\$ 212,686,400	\$ 212,686,400	\$ -
College of Southern Maryland	10,219,200	10,219,200	-
Library	5,387,000	5,231,018	155,982
Other	520,120	506,520	13,600
Total Education	228,812,720	228,643,138	169,582
<u>Public Safety</u>			
Sheriff's Office			
Sheriff	87,561,070	89,271,370	(1,710,300)
Detention Center	19,631,650	18,949,140	682,510
Automated Enforcement Unit	4,195,300	3,827,778	367,522
Fingerprinting Service	347,200	375,737	(28,537)
subtotal	111,735,220	112,424,025	(688,805)
Emergency Services			
Administration	628,730	737,694	(108,964)
False Alarm Reduction Unit	222,650	243,479	(20,829)
Communications	4,701,750	4,562,542	139,208
Emergency Management	74,900	1,102	73,798
Tactical Response	603,250	508,358	94,892
Career EMS	4,472,350	3,990,410	481,940
Animal Control	841,090	800,979	40,111
Animal Shelter	1,204,700	1,130,244	74,456
subtotal	12,749,420	11,974,808	774,612
Volunteer Fire & EMS	26,000	22,208	3,792
Total Public Safety	124,510,640	124,421,042	89,598
<u>General Government</u>			
Debt Service	3,384,700	3,282,095	102,605
Central Services	9,537,800	8,182,529	1,355,271
Contingencies	-	-	-
Total General Government	12,922,500	11,464,623	1,457,877
<u>Public Works- Facilities</u>			
Administration	580,460	562,518	17,942
Buildings & Trades	8,333,460	7,927,505	405,955
Vehicle Maintenance	1,243,100	1,172,422	70,678
Roads	6,670,840	4,834,268	1,836,572
Total Public Works- Facilities	16,827,860	14,496,713	2,331,147

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, 2023

	Final Amended Budgeted Amounts	Actual Amounts	Variance With Amended Budget
<u>Financial Administration</u>			
Fiscal & Administrative Services			
Administration	279,180	258,877	20,303
Budget	536,200	531,074	5,126
Accounting	1,349,100	1,334,757	14,343
Purchasing	432,930	423,285	9,645
Information Technology	5,780,550	7,984,104	(2,203,554)
Treasury	1,446,050	1,365,624	80,426
subtotal	9,824,010	11,897,721	(2,073,711)
Internal Audit	221,520	126,767	94,753
Liquor Board	311,690	313,510	(1,820)
Human Resources	1,712,270	1,526,787	185,483
Retiree Fringe	4,459,740	4,291,562	168,178
Total Financial Administration	16,529,230	18,156,347	(1,627,117)
<u>Judicial</u>			
State's Attorney's Office	6,284,740	6,792,582	(507,842)
Circuit Court	2,062,750	1,790,206	272,544
Orphan's Court	66,400	65,664	736
Total Judicial	8,413,890	8,648,451	(234,561)
<u>Planning & Growth Management</u>			
Administration	1,463,580	1,259,933	203,647
Planning	2,299,730	2,189,806	109,924
Codes, Permits & Inspection Services	565,150	537,191	27,959
Transit	7,150	5,280	1,870
Total Planning & Growth Mgmt	4,335,610	3,992,210	343,400
<u>Community Services</u>			
Administration	495,600	434,508	61,092
Aging Services	1,956,250	1,753,050	203,200
Housing Authority	253,780	209,988	43,792
Total Community Services	2,705,630	2,397,546	308,084
<u>Recreation, Parks & Tourism</u>			
Administration	1,106,430	1,080,597	25,833
Parks and Grounds	5,632,070	5,433,098	198,972
Recreation	3,235,660	2,836,368	399,292
Tourism	888,970	816,489	72,481
Total Recreation, Parks, & Tourism	10,863,130	10,166,552	696,578
<u>Health Services</u>	4,891,920	4,636,762	255,158
<u>Economic Development</u>			
Economic Development Department	2,035,570	2,015,761	19,809
Other	188,000	138,000	50,000
Total Economic Development	2,223,570	2,153,761	69,809

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, 2023

	Final Amended Budgeted Amounts	Actual Amounts	Variance With Amended Budget
<u>Social Services</u>	1,832,500	1,788,764	43,736
<u>Legislative</u>			
County Commissioners	769,440	760,475	8,965
County Administrator	2,059,280	1,895,391	163,889
Total Legislative	2,828,720	2,655,866	172,854
<u>Law - County Attorney</u>			
County Attorney	2,479,450	1,957,793	521,657
Criminal Justice Initiatives	509,920	44,979	464,941
Total Law	2,989,370	2,002,772	986,598
<u>Conservation of Natural Resources</u>			
Weed Control	16,300	15,183	1,117
Resource Conservation & Development	23,300	16,499	6,801
University of MD Extension	256,400	253,956	2,444
Soil Conservation	450,600	477,055	(26,455)
Total Conservation	746,600	762,694	(16,094)
<u>Elections</u>	2,913,790	2,674,662	239,128
<u>Debt service</u>			
Bond Principal	22,568,700	22,568,681	19
Interest	8,386,880	8,091,110	295,770
subtotal	8,386,880	8,091,110	295,770
Total expenditures	452,734,560	447,153,013	5,581,547
<u>Other financing uses:</u>			
Defeased Bonds	-	-	-
Transfers out			
Capital Projects	19,288,690	19,288,690	-
Special Revenue Funds	5,649,950	5,290,986	358,964
Debt Service Fund	-	-	-
Enterprise Funds	10,250,000	10,211,474	38,526
subtotal	35,188,640	34,791,149	397,491
Total other financing uses	35,188,640	34,791,149	397,491
Total Expenditures and Other Financing Uses	\$ 487,923,200	\$ 481,944,163	\$ 5,979,037

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.

American Rescue Plan Act-	The American Rescue Plan Act further facilitates the CARES Act and related activities for continued recovery from the economic and health effects of the COVID-19 pandemic.
Opioid Restitution Funds-	Receipts for this fund come from the Maryland Opioid Restitution Fund, related to legal settlements reached with prescription opioid manufacturers and distributors. Allowable uses are set by the settlements and agreements.
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 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, 2023

	Nuisance Abatement	Planning Grants	Judicial Grants	Transportation Grants	Economic Development Loan Programs
ASSETS:					
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -
Investments	-	-	-	-	-
Accounts receivables	82,170	-	443,071	1,652,955	362,656
Grants receivables	-	-	-	-	-
Due from other funds	-	-	-	4,007,220	154,984
Other assets	-	-	-	17	-
Restricted cash	-	-	-	-	715,989
Total assets	<u>\$ 82,170</u>	<u>\$ -</u>	<u>\$ 443,071</u>	<u>\$ 5,660,191</u>	<u>\$ 1,233,629</u>
LIABILITIES AND FUND BALANCE:					
Liabilities:					
Accounts payable	\$ -	\$ -	\$ 58,435	\$ 907,837	\$ -
Accrued expenditures	-	-	-	-	-
Unearned revenue	-	-	273	19,106	361,757
Due to other funds	60,069	-	384,363	-	-
Other liabilities	-	-	-	-	-
Total liabilities	<u>60,069</u>	<u>-</u>	<u>443,071</u>	<u>926,943</u>	<u>361,757</u>
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue	-	-	-	-	-
Total Deferred Inflows	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance:					
Nonspendable fund balance	-	-	-	-	-
Restricted fund balance	22,101	-	-	-	871,873
Committed fund balance	-	-	-	-	-
Assigned fund balance	-	-	-	4,733,249	-
Unassigned fund balance	-	-	-	-	-
Total fund balance	<u>22,101</u>	<u>-</u>	<u>-</u>	<u>4,733,249</u>	<u>871,873</u>
Total liabilities and fund balance	<u>\$ 82,170</u>	<u>\$ -</u>	<u>\$ 443,071</u>	<u>\$ 5,660,191</u>	<u>\$ 1,233,629</u>

THE COUNTY COMMISSIONERS OF CHARLES COUNTY, MARYLAND
 COMBINING BALANCE SHEET (continued)
 NON-MAJOR GOVERNMENTAL FUNDS
 JUNE 30, 2023

	Opioid Restitution Funds	Public Safety Grants	Community Development Grants	Housing Assistance	Housing Special Loans	Sheriff's Special Programs
ASSETS:						
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ 160,989	\$ -	\$ -
Investments	-	-	-	-	-	-
Accounts receivables	6,629,160	856,829	315,558	30,531	19,988	-
Grants receivables	-	-	-	-	-	-
Due from other funds	-	-	-	148,827	319,680	112,802
Other assets	-	-	161,958	-	-	-
Restricted cash	409,341	-	-	-	-	-
Total assets	\$ 7,038,501	\$ 856,829	\$ 477,516	\$ 340,347	\$ 339,668	\$ 112,802
LIABILITIES AND FUND BALANCE:						
Liabilities:						
Accounts payable	\$ -	\$ 1,074	\$ 3,954	\$ 47,611	\$ -	\$ 820
Accrued expenditures	-	-	-	-	-	-
Unearned revenue	79,623	193,878	-	-	-	-
Due to other funds	-	661,877	473,562	-	-	-
Other liabilities	-	-	-	-	-	-
Total liabilities	79,623	856,829	477,516	47,611	0	820
DEFERRED INFLOWS OF RESOURCES						
Unavailable revenue	6,549,537	-	-	-	-	-
Total Deferred Inflows	6,549,537	-	-	-	-	-
Fund balance:						
Nonspendable fund balance	-	-	-	-	-	-
Restricted fund balance	409,341	-	-	292,736	339,668	-
Committed fund balance	-	-	-	-	-	-
Assigned fund balance	-	-	-	-	-	111,981
Unassigned fund balance	-	-	-	-	-	-
Total fund balance	409,341	-	-	292,736	339,668	111,981
Total liabilities and fund balance	\$ 7,038,501	\$ 856,829	\$ 477,516	\$ 340,347	\$ 339,668	\$ 112,802

THE COUNTY COMMISSIONERS OF CHARLES COUNTY, MARYLAND
 COMBINING BALANCE SHEET (continued)
 NON-MAJOR GOVERNMENTAL FUNDS
 JUNE 30, 2023

	Community Development	Animal Shelter/ Control	Drug Forfeitures	Agricultural Preservation	Fire and Rescue Funds
ASSETS:					
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -
Investments	-	-	-	-	-
Accounts receivables	990,632	(1,070)	-	-	54,549
Grants receivables	120,256	-	-	-	-
Due from other funds	-	273,315	595,048	771,332	330,141
Other assets	68,327	-	-	-	-
Restricted cash	-	-	-	-	-
Total assets	<u>\$ 1,179,215</u>	<u>\$ 272,245</u>	<u>\$ 595,048</u>	<u>\$ 771,332</u>	<u>\$ 384,690</u>
LIABILITIES AND FUND BALANCE:					
Liabilities:					
Accounts payable	\$ 44,307	\$ 5,630	\$ 208	\$ -	\$ -
Accrued expenditures	-	-	-	-	-
Unearned revenue	-	6,941	-	-	-
Due to other funds	1,134,908	-	-	-	-
Other liabilities	-	-	-	-	-
Total liabilities	<u>1,179,215</u>	<u>12,570</u>	<u>208</u>	<u>-</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue	-	-	-	-	-
Total Deferred Inflows	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance:					
Nonspendable fund balance	-	-	-	-	-
Restricted fund balance	-	4,500	594,840	771,332	384,690
Committed fund balance	-	-	-	-	-
Assigned fund balance	-	255,175	-	-	-
Unassigned fund balance	-	-	-	-	-
Total fund balance	<u>-</u>	<u>259,675</u>	<u>594,840</u>	<u>771,332</u>	<u>384,690</u>
Total liabilities and fund balance	<u>\$ 1,179,215</u>	<u>\$ 272,245</u>	<u>\$ 595,048</u>	<u>\$ 771,332</u>	<u>\$ 384,690</u>

THE COUNTY COMMISSIONERS OF CHARLES COUNTY, MARYLAND
 COMBINING BALANCE SHEET (continued)
 NON-MAJOR GOVERNMENTAL FUNDS
 JUNE 30, 2023

	Law Library	Tourism Grants	Aging 40 fund	Aging 43 fund	So MD Justice Academy
ASSETS:					
Cash and cash equivalents	\$ 100	\$ -	\$ -	\$ -	\$ -
Investments	-	-	-	-	-
Accounts receivables	1,719	11,438	486,296	255,512	28,539
Grants receivables	-	495,025	1,081	-	-
Due from other funds	50,814	-	-	-	168,826
Other assets	-	-	-	-	1,255
Restricted cash	-	-	-	-	-
Total assets	<u>\$ 52,633</u>	<u>\$ 506,463</u>	<u>\$ 487,377</u>	<u>\$ 255,512</u>	<u>\$ 198,620</u>
LIABILITIES AND FUND BALANCE:					
Liabilities:					
Accounts payable	\$ -	\$ 295,013	\$ 49,718	\$ 25,087	\$ 11,860
Accrued expenditures	-	-	-	-	-
Unearned revenue	-	-	109,842	-	-
Due to other funds	-	211,450	289,955	177,737	-
Other liabilities	-	-	-	-	-
Total liabilities	<u>-</u>	<u>506,463</u>	<u>449,514</u>	<u>202,824</u>	<u>11,860</u>
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue	-	-	-	-	-
Total Deferred Inflows	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance:					
Nonspendable fund balance	-	-	-	-	-
Restricted fund balance	-	-	-	52,688	186,760
Committed fund balance	-	-	-	-	-
Assigned fund balance	52,633	-	37,863	-	-
Unassigned fund balance	-	-	-	-	-
Total fund balance	<u>52,633</u>	<u>-</u>	<u>37,863</u>	<u>52,688</u>	<u>186,760</u>
Total liabilities and fund balance	<u>\$ 52,633</u>	<u>\$ 506,463</u>	<u>\$ 487,377</u>	<u>\$ 255,512</u>	<u>\$ 198,620</u>

THE COUNTY COMMISSIONERS OF CHARLES COUNTY, MARYLAND
 COMBINING BALANCE SHEET (continued)
 NON-MAJOR GOVERNMENTAL FUNDS
 JUNE 30, 2023

	Human Services	Cable Franchise	Emergency Management	ARPA Grants	Total
ASSETS:					
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ 161,089
Investments	-	-	-	-	-
Accounts receivables	266,462	790,607	597,695	-	13,875,295
Grants receivables	567	-	-	344,176	961,105
Due from other funds	249,521	10,532,573	-	230,228	17,945,311
Other assets	5,100	-	-	-	236,657
Restricted cash	-	-	-	19,939,677	21,065,007
Total assets	\$ 521,650	\$ 11,323,180	\$ 597,695	\$ 20,514,081	\$ 54,244,465
LIABILITIES AND FUND BALANCE:					
Liabilities:					
Accounts payable	\$ 238,432	\$ 459,468	\$ 13,671	\$ 960,165	\$ 3,123,290
Accrued expenditures	-	-	-	-	-
Unearned revenue	56,709	-	1,974	19,553,916	20,384,019
Due to other funds	-	-	582,049	-	3,975,970
Other liabilities	-	-	-	-	-
Total liabilities	295,141	459,468	597,695	20,514,081	27,483,278
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue	-	-	-	-	6,549,537
Total Deferred Inflows	-	-	-	-	6,549,537
Fund balance:					
Nonspendable fund balance	-	-	-	-	-
Restricted fund balance	226,509	10,159,288	-	-	14,316,324
Committed fund balance	-	174,900	-	-	174,900
Assigned fund balance	-	529,524	-	-	5,720,425
Unassigned fund balance	-	-	-	-	-
Total fund balance	226,509	10,863,712	-	-	20,211,650
Total liabilities and fund balance	\$ 521,650	\$ 11,323,180	\$ 597,695	\$ 20,514,081	\$ 54,244,465

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, 2023

	Nuisance Abatement	Planning Grants	Judicial Grants	Transportation Grants	Economic Development Loan Programs
REVENUES:					
Taxes - local property	\$ -	\$ -	\$ -	\$ -	\$ -
Charge for services	20,435	-	-	22,661	-
Intergovernmental	-	38,509	1,013,048	4,595,084	-
Interest income	-	-	-	-	8,107
Other income	-	-	172	-	125,984
Total revenues	<u>20,435</u>	<u>38,509</u>	<u>1,013,221</u>	<u>4,617,745</u>	<u>134,091</u>
EXPENDITURES:					
Education	-	-	-	-	-
Public safety	-	-	-	-	-
Community services	-	-	-	8,756,156	-
Judicial	-	-	1,095,786	-	-
Planning & growth mgmt.	28,630	38,509	-	-	-
Health	-	-	-	-	-
Economic development	-	-	-	-	70,887
Social services	-	-	-	-	-
Legislative	-	-	-	-	-
Total expenditures	<u>28,630</u>	<u>38,509</u>	<u>1,095,786</u>	<u>8,756,156</u>	<u>70,887</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(8,196)</u>	<u>-</u>	<u>(82,565)</u>	<u>(4,138,411)</u>	<u>63,204</u>
Other financing sources:					
Transfers in	-	-	82,565	4,067,070	-
Transfers out	-	-	-	-	-
	<u>-</u>	<u>-</u>	<u>82,565</u>	<u>4,067,070</u>	<u>-</u>
Net change in fund balance	(8,196)	-	-	(71,341)	63,204
Fund balance - beginning of year	<u>30,297</u>	<u>-</u>	<u>-</u>	<u>4,804,590</u>	<u>808,669</u>
Fund balance - end of year	<u>\$ 22,101</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,733,249</u>	<u>\$ 871,873</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, 2023

	Opioid Restitution Funds	Public Safety Grants	Community Development Grants	Housing Assistance	Housing Special Loans	Sheriff's Special Programs
REVENUES:						
Taxes - local property	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Charge for services	-	-	-	87,083	447,334	8,250
Intergovernmental	402,103	1,414,398	425,294	10,549,349	138,929	-
Interest income	7,238	-	-	500	-	-
Other income	-	974	7,762	42,139	-	-
Total revenues	409,341	1,415,372	433,056	10,679,072	586,263	8,250
EXPENDITURES:						
Education	-	-	-	-	-	-
Public safety	-	2,236,811	-	-	-	-
Community services	-	-	433,056	10,726,362	302,497	1,843
Judicial	-	-	-	-	-	-
Planning & growth mgmt.	-	-	-	-	-	-
Health	-	-	-	-	-	-
Economic development	-	-	-	-	-	-
Social services	-	-	-	-	-	-
Legislative	-	-	-	-	-	-
Total expenditures	-	2,236,811	433,056	10,726,362	302,497	1,843
Excess (deficiency) of revenues over (under) expenditures	409,341	(821,439)	-	(47,290)	283,766	6,407
Other financing sources:						
Transfers in	-	821,439	-	108,862	-	-
Transfers out	-	-	-	-	-	-
	-	821,439	-	108,862	-	-
Net change in fund balance	409,341	-	-	61,572	283,766	6,407
Fund balance - beginning of year	-	-	-	231,163	55,901	105,574
Fund balance - end of year	\$ 409,341	\$ -	\$ -	\$ 292,736	\$ 339,668	\$ 111,981

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, 2023

	Community Development	Animal Shelter/ Control	Drug Forfeitures	Agricultural Preservation	Fire and Rescue Funds
REVENUES:					
Taxes - local property	\$ -	\$ -	\$ -	\$ 54,068	14,515,251
Charge for services	-	116,770	-	-	-
Intergovernmental	2,017,411	-	35,360	-	393,780
Interest income	-	-	2,567	-	123,370
Other income	-	17,326	100,954	-	-
Total revenues	2,017,411	134,096	138,881	54,068	15,032,400
EXPENDITURES:					
Education	-	-	-	-	-
Public safety	-	130,983	409,426	-	14,738,854
Community services	2,017,411	-	-	-	-
Judicial	-	-	-	-	-
Planning & growth mgmt.	-	-	-	290,398	-
Health	-	-	-	-	-
Economic development	-	-	-	-	-
Social services	-	-	-	-	-
Legislative	-	-	26,394	-	-
Total expenditures	2,017,411	130,983	435,819	290,398	14,738,854
Excess (deficiency) of revenues over (under) expenditures	-	3,112	(296,938)	(236,330)	293,546
Other financing sources:					
Transfers in	-	-	-	-	-
Transfers out	-	-	-	-	-
Net change in fund balance	-	3,112	(296,938)	(236,330)	293,546
Fund balance - beginning of year	-	256,563	891,778	1,007,662	91,143
Fund balance - end of year	\$ -	\$ 259,675	\$ 594,840	\$ 771,332	384,690

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, 2023

	Law Library	Tourism Grants	Aging 40 fund	Aging 43 fund	So MD Justice Academy
REVENUES:					
Taxes - local property	\$ -	\$ -	\$ -	\$ -	\$ -
Charge for services	17,563	-	7,687	261,962	-
Intergovernmental	-	506,464	1,175,200	535,128	100,000
Interest income	-	-	-	-	-
Other income	11,541	-	931	-	-
Total revenues	29,103	506,464	1,183,818	797,090	100,000
EXPENDITURES:					
Education	-	-	-	-	-
Public safety	-	-	-	-	152,189
Community services	-	-	-	-	-
Judicial	67,920	-	-	-	-
Planning & growth mgmt.	-	-	-	-	-
Health	-	-	-	-	-
Economic development	-	506,464	-	-	-
Social services	-	-	1,186,358	799,567	-
Legislative	-	-	-	-	-
Total expenditures	67,920	506,464	1,186,358	799,567	152,189
Excess (deficiency) of revenues over (under) expenditures	(38,817)	-	(2,540)	(2,477)	(52,189)
Other financing sources:					
Transfers in	29,000	-	-	-	92,000
Transfers out	-	-	-	-	-
	29,000	-	-	-	92,000
Net change in fund balance	(9,817)	-	(2,540)	(2,477)	39,811
Fund balance - beginning of year	62,450	-	40,403	55,165	146,949
Fund balance - end of year	\$ 52,633	\$ -	\$ 37,863	\$ 52,688	\$ 186,760

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, 2023

	Human Services	Cable Franchise	Emergency Management	ARPA Grants	Total
REVENUES:					
Taxes - local property	\$ -	\$ -	\$ -	\$ -	\$ 14,569,319
Charge for services	87,054	3,171,061	-	-	4,247,859
Intergovernmental	879,108	-	1,106,367	12,329,791	37,655,324
Interest income	-	-	-	-	141,781
Other income	-	-	-	109,191	416,973
Total revenues	<u>966,162</u>	<u>3,171,061</u>	<u>1,106,367</u>	<u>12,438,982</u>	<u>57,031,256</u>
EXPENDITURES:					
Education	-	2,849,011	-	-	2,849,011
Public safety	-	-	1,219,174	12,559,243	31,446,680
Community services	-	-	-	-	22,237,324
Judicial	-	-	-	-	1,163,706
Planning & growth mgmt.	-	-	-	-	357,538
Health	950,774	-	-	-	950,774
Economic development	-	-	-	-	577,351
Social services	-	-	-	-	1,985,925
Legislative	-	-	-	-	26,394
Total expenditures	<u>950,774</u>	<u>2,849,011</u>	<u>1,219,174</u>	<u>12,559,243</u>	<u>61,594,702</u>
Excess (deficiency) of revenues over (under) expenditures	<u>15,387</u>	<u>322,050</u>	<u>(112,807)</u>	<u>(120,261)</u>	<u>(4,563,446)</u>
Other financing sources:					
Transfers in	4,214	215,438	103,335	-	5,523,924
Transfers out	-	(582,820)	-	(215,438)	(798,258)
	<u>4,214</u>	<u>(367,382)</u>	<u>103,335</u>	<u>(215,438)</u>	<u>4,725,666</u>
Net change in fund balance	19,602	(45,332)	(9,473)	(335,699)	162,220
Fund balance - beginning of year	206,907	10,909,045	9,473	335,699	20,049,430
Fund balance - end of year	<u>\$ 226,509</u>	<u>\$ 10,863,712</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 20,211,650</u>

This page left intentionally blank

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.

MAJOR FUNDS

(statements are included in the basic financial statement group, pages 44-47)

Water and Sewer Fund-	This fund is used to manage the operations of Charles County's public water and sewer systems, funded by the users of those systems.
Solid Waste Fund-	This fund tracks Charles County's operations of the landfill. The primary source of revenue for this fund is tipping fees.
Stormwater Protection Fund-	This fund is used to implement local stormwater management plans and practices as well as stream and wetland restoration activities.

NON-MAJOR FUNDS

(presented on the following pages)

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, 2023

	Inspections and Review	Recreation Programs	Environmental Services	Vending Machines	Total
ASSETS:					
Current assets:					
Cash and cash equivalents	\$ -	\$ 288,734	\$ -	\$ 133,237	\$ 421,972
Account receivables	-	45,846	121,233	362	167,441
Leases receivable	-	-	-	-	-
Due (to) from other funds	6,301,352	-	3,403,342	67,971	9,772,665
Inventory	-	-	-	-	-
Other current assets	77,394	10,716	-	-	88,110
Total current assets	6,378,746	345,297	3,524,574	201,571	10,450,188
Noncurrent assets:					
Net capital assets	231,646	4,445,748	1,755,173	-	6,432,567
Leases receivable	-	2,758,542	-	-	2,758,542
Total noncurrent assets	231,646	7,204,290	1,755,173	-	9,191,109
Total assets	6,610,392	7,549,587	5,279,748	201,571	19,641,298
LIABILITIES:					
Current liabilities:					
Accounts payable	460,647	89,653	422,391	-	972,691
Accrued expenses	24,625	751	38,714	-	64,090
Due to other funds	830	1,932,044	-	-	1,932,874
Unearned revenue	304	601,635	-	-	601,940
Current portion of long-term debt/liabilities					
Bonds payable	-	-	10,944	-	10,944
Capital asset financing	64,452	-	70,023	-	134,475
Compensated absences	29,392	945	22,802	-	53,139
Notes payable	-	-	-	-	-
Total current liabilities	580,251	2,625,028	564,874	-	3,770,153
Noncurrent liabilities:					
Bonds payable	-	-	121,270	-	121,270
Net bond issue premiums	-	-	-	-	-
Capital asset financing	89,589	-	113,606	-	203,195
Compensated absences	181,224	7,514	184,530	-	373,268
Notes payable	-	-	-	-	-
Other liabilities	-	-	-	-	-
Total noncurrent liabilities	270,813	7,514	419,406	-	697,734
Total liabilities	851,064	2,632,542	984,280	-	4,467,886
Deferred Inflows of resources					
Charges related to leases	-	2,580,473	-	-	2,580,473
Total deferred inflows	-	2,580,473	-	-	2,580,473
NET POSITION:					
Net Investment in capital assets	76,485	1,865,275	1,437,420	-	3,379,180
Unrestricted	5,682,843	471,297	2,858,048	201,571	9,213,759
Total net position	\$ 5,759,328	\$ 2,336,572	\$ 4,295,468	\$ 201,571	\$ 12,592,939

THE COUNTY COMMISSIONERS OF CHARLES COUNTY, MARYLAND
 COMBINING STATEMENT OF REVENUES, EXPENSES
 AND CHANGES IN NET POSITION
 OTHER PROPRIETARY FUNDS
 YEAR ENDED JUNE 30, 2023

	Inspections and Review	Recreation Programs	Environmental Services	Vending Machines	Total
Operating revenues:					
Charge for services	\$ 7,991,947	\$ 2,091,527	\$ 7,882,545	\$ 175,674	\$ 18,141,693
Total operating revenue	7,991,947	2,091,527	7,882,545	175,674	18,141,693
Operating expenses:					
Personnel services	1,964,945	1,038,081	1,922,665	-	4,925,691
Utilities	-	28,649	14,866	-	43,515
Repairs and maintenance	499	2,415	121,222	-	124,136
Insurance costs	5,055	25,095	8,682	-	38,832
Indirect costs	98,700	-	116,310	-	215,010
Supplies	19,066	210,949	245,678	-	475,693
Contract services	4,073,404	413,742	4,500,770	-	8,987,916
Other operating costs	373,244	8,797	359,552	207,341	948,933
Depreciation/amortization	128,645	330,996	491,692	-	951,333
Total operating expenses	6,663,557	2,058,725	7,781,436	207,341	16,711,059
Operating income (loss)	1,328,390	32,801	101,109	(31,666)	1,430,634
Nonoperating revenues (expenses)					
Interest income	-	-	15,833	-	15,833
Intergovernmental	-	20,949	59,096	-	80,045
Interest expense	(3,778)	-	(7,257)	-	(11,035)
Gain (Loss) on disposal of capital assets	-	-	157,356	-	157,356
Total nonoperating revenue (expenses)	(3,778)	20,949	225,028	-	242,199
Income (loss) before transfers	1,324,612	53,750	326,137	(31,666)	1,672,833
Transfers in	-	211,474	-	-	211,474
Change in net position	1,324,612	265,224	326,137	(31,666)	1,884,307
Net position - beginning of year	4,434,716	2,071,348	3,969,331	233,237	10,708,632
Net position - end of year	\$ 5,759,328	\$ 2,336,572	\$ 4,295,468	\$ 201,571	\$ 12,592,939

THE COUNTY COMMISSIONERS OF CHARLES COUNTY, MARYLAND
 COMBINING STATEMENT OF CASH FLOWS
 OTHER PROPRIETARY FUNDS
 YEAR ENDED JUNE 30, 2023

	Inspections and Review	Recreation Programs	Environmental Services	Vending Machines	Total
Cash flows from operating activities:					
Cash received from customers	\$ 7,991,947	\$ 2,243,722	\$ 7,882,545	\$ 175,673	\$ 18,293,887
Cash paid to suppliers	(4,415,317)	(708,462)	(5,375,384)	(207,339)	(10,706,502)
Cash paid to employees	(1,974,930)	(1,054,267)	(1,946,216)	-	(4,975,413)
Net cash provided by (used in) operating activities	<u>1,601,700</u>	<u>480,993</u>	<u>560,945</u>	<u>(31,666)</u>	<u>2,611,972</u>
Cash flows from investing activities:					
Interest received	-	-	15,833	-	15,833
Net cash provided by investing activities	<u>-</u>	<u>-</u>	<u>15,833</u>	<u>-</u>	<u>15,833</u>
Cash flows from noncapital financing activities:					
Transfers in (out)	-	211,474	-	-	211,474
Intergovernmental	-	20,949	59,096	-	80,045
Receipts from interfund loans	-	-	-	8,332	8,332
Repayment of interfund loans	(1,437,533)	(680,127)	(111,268)	-	(2,228,928)
Net cash provided by (used in) noncapital financing activities	<u>(1,437,533)</u>	<u>(447,704)</u>	<u>(52,172)</u>	<u>8,332</u>	<u>(1,929,077)</u>
Cash flows from capital and related financing activities:					
Intergovernmental	-	-	-	-	-
Proceeds from issuance of bonds	-	-	-	-	-
Proceeds from new loans	-	-	-	-	-
Principal payments on bonds payable	-	-	(10,446)	-	(10,446)
Principal payments on capital asset financing	(61,526)	-	(81,203)	-	(142,729)
Interest paid	(3,778)	-	(7,257)	-	(11,035)
Proceeds from disposal of assets	-	-	157,356	-	157,356
Cash (paid) received for capital expenses	(98,863)	-	(583,056)	-	(681,919)
Net cash used in capital and related financing activities	<u>(164,167)</u>	<u>-</u>	<u>(524,606)</u>	<u>-</u>	<u>(688,773)</u>
Net increase (decrease) in cash and cash equivalents	-	33,289	-	(23,334)	9,955
Cash and cash equivalents - beginning of year	-	255,445	-	156,571	412,016
Cash and cash equivalents - end of year	<u>\$ -</u>	<u>\$ 288,734</u>	<u>\$ -</u>	<u>\$ 133,237</u>	<u>\$ 421,972</u>

THE COUNTY COMMISSIONERS OF CHARLES COUNTY, MARYLAND
 COMBINING STATEMENT OF CASH FLOWS (continued)
 OTHER PROPRIETARY FUNDS
 YEAR ENDED JUNE 30, 2023

	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)	\$ 1,328,390	\$ 32,801	\$ 101,109	\$ (31,666)	\$ 1,430,634
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:					
Depreciation/amortization	128,645	330,996	491,692	-	951,333
Increase (decrease) in compensation-related liabilities included in long-term debt	(16,201)	(16,517)	(29,865)	-	(62,583)
(Increase) decrease in other receivables	-	(38,207)	(39,836)	-	(78,043)
(Increase) decrease in leases receivables	-	13,897	-	-	13,897
(Increase) decrease in inventories	-	-	-	-	-
(Increase) decrease in other current assets	-	(183)	2,640	-	2,457
(Increase) decrease in restricted assets	-	-	-	-	-
(Increase) decrease in deferred bond issue costs	-	-	1,185	-	1,185
Increase (decrease) in accounts payable	154,651	5,678	27,706	-	188,035
Increase (decrease) in accrued expenses	6,216	333	6,314	-	12,863
Increase (decrease) in deferred revenue	-	152,195	-	-	152,195
Net cash provided by operating activities	<u>\$ 1,601,701</u>	<u>\$ 480,993</u>	<u>\$ 560,945</u>	<u>\$ (31,666)</u>	<u>\$ 2,611,973</u>

SCHEDULE OF NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES

	Inspections and Review	Recreation Programs	Environmental Services	Vending Machines	Total
Borrowing under capital asset financing	<u>\$ 100,000</u>	<u>\$ -</u>	<u>\$ 45,000</u>	<u>\$ -</u>	<u>\$ 145,000</u>

This page left intentionally blank

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, 2023

	<u>County Pension</u>	<u>Sheriff's Pension</u>	<u>LOSAP Trust Fund</u>	<u>Total</u>	<u>OPEB Trust Fund</u>
ASSETS:					
Current assets:					
Cash and cash equivalents	\$ 7,622,859	\$ 2,471,292	\$ 429,932	\$ 10,524,084	\$ 19,712
Interest receivable	<u>-</u>	<u>221,763</u>	<u>-</u>	<u>221,763</u>	<u>-</u>
Total current assets	<u>7,622,859</u>	<u>2,693,055</u>	<u>429,932</u>	<u>10,745,846</u>	<u>19,712</u>
Investments:					
Bond mutual funds	-	129,490,696	6,969,584	136,460,280	7,113,807
Equity securities	-	238,356,301	11,469,910	249,826,211	23,639,617
Pooled separate accounts	<u>278,982,825</u>	<u>-</u>	<u>-</u>	<u>278,982,825</u>	<u>-</u>
Total investments	<u>278,982,825</u>	<u>367,846,997</u>	<u>18,439,494</u>	<u>665,269,316</u>	<u>30,753,424</u>
Total assets	286,605,684	370,540,052	18,869,426	676,015,163	30,773,136
LIABILITIES:					
Accrued expenses		<u>29,156</u>	<u>-</u>	<u>29,156</u>	<u>3,477</u>
NET POSITION RESTRICTED FOR PENSIONS AND OPEB BENEFITS					
	<u>\$ 286,605,684</u>	<u>\$ 370,510,897</u>	<u>\$ 18,869,426</u>	<u>\$ 675,986,007</u>	<u>\$ 30,769,659</u>

THE COUNTY COMMISSIONERS OF CHARLES COUNTY, MARYLAND
 COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
 YEAR ENDED JUNE 30, 2023

	<u>County</u> <u>Pension</u>	<u>Sheriff's</u> <u>Pension</u>	<u>LOSAP Trust</u> <u>Fund</u>	<u>Total</u>	<u>OPEB Trust</u> <u>Fund</u>
ADDITIONS:					
Contributions:					
Employer contributions	\$ 4,823,401	\$ 15,312,935	\$ 889,200	\$ 21,025,536	\$ 6,059,000
Employee contributions	3,355,843	3,654,907	-	7,010,750	-
Total contributions	<u>8,179,244</u>	<u>18,967,842</u>	<u>889,200</u>	<u>28,036,286</u>	<u>6,059,000</u>
Investment earnings:					
Interest, Dividends, Gains	7,733,817	15,594,494	117,898	23,446,209	535,995
Net change in fair value of investments	16,405,023	21,805,636	1,704,362	39,915,021	2,699,748
Total investment earnings	<u>24,138,840</u>	<u>37,400,130</u>	<u>1,822,260</u>	<u>63,361,231</u>	<u>3,235,743</u>
Less investment expenses	<u>(1,602,232)</u>	<u>(1,572,401)</u>	<u>(49,244)</u>	<u>(3,223,878)</u>	<u>(36,884)</u>
Net investment earnings	<u>22,536,608</u>	<u>35,827,729</u>	<u>1,773,015</u>	<u>60,137,353</u>	<u>3,198,859</u>
Total additions	<u>30,715,852</u>	<u>54,795,571</u>	<u>2,662,215</u>	<u>88,173,638</u>	<u>9,257,859</u>
DEDUCTIONS:					
Benefits paid to members	10,146,396	17,154,483	1,128,203	28,429,082	-
Administrative costs	<u>18,892</u>	<u>24,058</u>	<u>57,906</u>	<u>100,856</u>	<u>1,513</u>
Total deductions	<u>10,165,289</u>	<u>17,178,541</u>	<u>1,186,109</u>	<u>28,529,938</u>	<u>1,513</u>
Changes in net position	20,550,563	37,617,030	1,476,107	59,643,700	9,256,346
Net position - beginning of year	<u>266,055,121</u>	<u>332,893,867</u>	<u>17,393,319</u>	<u>616,342,307</u>	<u>21,513,313</u>
Net position - end of year	<u>\$ 286,605,684</u>	<u>\$ 370,510,897</u>	<u>\$ 18,869,426</u>	<u>\$ 675,986,007</u>	<u>\$ 30,769,659</u>

This page left intentionally blank

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				
	2014	2015	2016	2017	2018
Governmental activities					
Net Investment in capital assets	\$ 303,818,811	\$ 347,192,029	\$ 362,533,718	\$ 345,033,818	\$ 318,039,248
Restricted	43,877,572	51,199,624	67,034,990	69,514,892	78,631,995
Unrestricted	(90,496,735)	(168,350,468)	(167,864,680)	(175,847,690)	(268,729,030)
Total governmental activities net position	\$ 257,199,648	\$ 230,041,185	\$ 261,704,028	\$ 238,701,019	\$ 127,942,214
Business-type activities					
Net Investment in capital assets	\$ 103,170,265	\$ 119,751,507	\$ 138,115,848	\$ 143,705,045	137,136,931
Restricted	5,065,632	3,625,297	3,237,653	4,178,772	4,444,560
Unrestricted	30,933,952	37,460,289	30,267,199	42,374,220	72,844,549
Total business-type activities net position	\$ 139,169,849	\$ 160,837,093	\$ 171,620,700	\$ 190,258,037	\$ 214,426,040
Primary government					
Net Investment in capital assets	\$ 419,145,871	\$ 478,045,954	\$ 500,649,566	\$ 488,738,863	\$ 455,176,179
Restricted	43,877,572	51,199,624	70,272,643	73,693,664	83,076,555
Unrestricted	(66,653,946)	(138,367,300)	(137,597,481)	(133,473,470)	(195,884,481)
Total primary government activities net position	\$ 396,369,497	\$ 390,878,278	\$ 433,324,728	\$ 428,959,057	\$ 342,368,255

Net Position by Component

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

Fiscal Year					
2019	2020	2021	2022	2023	
					Governmental activities
\$ 324,753,199	\$ 334,431,291	\$ 232,812,038	\$ 228,057,036	\$ 239,633,200	Net Investment in capital assets
102,747,093	110,655,838	34,988,167	20,118,030	21,126,618	Restricted
(283,668,065)	(278,704,704)	(38,298,551)	62,287,214	90,067,926	Unrestricted
<u>\$ 143,832,227</u>	<u>\$ 166,382,424</u>	<u>\$ 229,501,652</u>	<u>\$ 310,462,280</u>	<u>\$ 350,827,745</u>	Total governmental activities net position
					Business-type activities
158,893,106	164,597,110	175,068,313	174,464,988	178,799,190	Net Investment in capital assets
4,965,771	3,358,142	5,225,062	7,269,171	8,278,670	Restricted
59,389,665	63,444,227	63,133,351	80,969,544	107,425,143	Unrestricted
<u>\$ 223,248,543</u>	<u>\$ 231,399,480</u>	<u>\$ 243,426,726</u>	<u>\$ 262,703,703</u>	<u>\$ 294,503,004</u>	Total business-type activities net position
					Primary government
\$ 483,646,305	\$ 499,028,401	\$ 407,880,351	\$ 402,522,023	\$ 418,432,390	Net Investment in capital assets
107,712,864	114,013,980	40,213,229	27,387,201	29,405,289	Restricted
(224,278,400)	(215,260,477)	24,834,800	143,256,759	197,493,069	Unrestricted
<u>\$ 367,080,770</u>	<u>\$ 397,781,904</u>	<u>\$ 472,928,379</u>	<u>\$ 573,165,983</u>	<u>\$ 645,330,749</u>	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				
	2014	2015	2016	2017	2018
Expenses					
Governmental activities:					
Legislative	\$ 1,574,092	\$ 1,591,134	\$ 1,691,498	\$ 1,704,530	\$ 1,929,714
Judicial	6,068,613	6,370,123	6,567,844	6,938,558	6,431,506
Law	1,014,904	1,150,014	952,254	894,539	1,119,063
General government	18,616,355	17,066,637	17,912,929	19,547,216	31,782,557
Elections	817,455	1,024,458	1,171,314	1,288,076	1,271,850
Public safety	105,607,477	103,043,579	106,250,693	120,941,630	116,587,255
Planning and growth management	7,176,186	4,973,410	4,026,177	3,514,652	3,898,053
Health	5,439,898	3,130,059	3,415,892	4,299,942	4,498,635
Social services	1,822,933	2,007,057	1,959,157	2,267,949	2,632,030
Community services	22,763,192	21,025,812	19,181,570	20,693,915	20,746,628
Recreation, Parks & Tourism	-	-	-	7,667,205	9,249,954
Public facilities	30,516,513	28,045,011	47,516,445	70,661,386	52,346,628
Economic development	1,811,898	8,905,067	1,572,945	1,957,525	1,924,597
Education	200,352,487	181,938,370	185,562,444	186,840,966	207,443,543
Conservation of natural resources	631,591	637,079	646,436	650,295	666,831
Interest expense on long term debt	10,363,586	10,414,044	10,506,320	9,915,666	10,013,041
Total governmental activities	414,577,180	391,321,854	408,933,918	459,784,049	472,541,886
Business-type activities:					
Water and sewer	29,372,054	29,908,251	31,740,597	35,515,466	36,772,401
Inspection and review	3,179,558	3,437,782	3,540,445	3,875,427	3,959,878
County parks	-	-	-	-	-
Recreation	3,807,971	3,666,849	2,752,848	3,135,252	2,936,434
Solid waste	3,953,044	4,172,509	3,916,243	4,854,293	4,289,956
Environmental services	3,335,642	4,199,268	4,560,865	4,813,704	5,216,415
SW-Watershed Protection	1,578,702	1,620,185	1,956,248	2,053,754	3,377,112
Vending machines	136,198	133,993	107,085	167,146	106,784
Total business-type activities	45,363,169	47,138,837	48,574,331	54,415,042	56,658,980
Total primary government expenses	\$ 459,940,349	\$ 438,460,691	\$ 457,508,249	\$ 514,199,091	\$ 529,200,866
Program revenues					
Governmental activities:					
Charges for services					
Judicial	\$ 70,674	\$ 94,845	\$ -	\$ -	\$ -
Law	-	-	-	48,105	30,868
Legislative	-	-	-	68,314	17,264
General government	1,914,465	1,963,170	5,956,531	5,875,101	6,326,860
Elections	-	-	-	-	-
Public safety	4,229,891	4,269,225	4,067,307	3,930,289	4,028,785
Planning and growth management	4,308,924	3,031,874	7,847,985	3,880,674	6,114,965
Health	104,944	116,274	64,109	60,573	63,663
Community services	2,806,040	2,824,839	1,775,673	1,900,772	1,260,237
Recreation, Parks & Tourism	-	-	-	1,082,031	984,734
Public facilities	655,933	671,589	887,612	514,099	517,440
Education	3,084,088	3,260,599	-	-	-
Conservation of natural resources	-	-	-	-	-
Operating grants and contributions	21,110,010	30,284,579	32,236,242	24,060,252	21,067,341
Capital grants and contributions	1,971,553	2,964,335	1,305,271	-	4,172,599
Total governmental activities program revenues	40,256,522	49,481,329	54,140,730	41,420,209	44,584,756
Business-type activities:					
Charges for services					
Water and sewer	31,716,428	34,245,914	36,575,372	36,673,156	38,987,728
Solid waste management	5,310,180	5,974,573	6,753,142	7,704,446	7,685,910
Environmental services	3,594,313	4,090,322	4,491,840	5,241,286	5,492,554
Other activities	9,565,882	10,326,766	8,976,303	8,930,400	9,572,580
Operating grants and contributions	974,083	1,020,251	990,409	1,063,185	811,115
Capital grants and contributions	-	12,040,000	105,256	-	259,493
Total business-type activities program revenues	51,160,886	67,697,826	57,892,323	59,612,473	62,809,381
Total primary government program revenues	\$ 91,417,408	\$ 117,179,155	\$ 112,033,053	\$ 101,032,682	\$ 107,394,136
Net (expense)/revenue					
Governmental activities	\$ (374,320,658)	\$ (341,840,525)	\$ (354,793,188)	\$ (418,363,841)	\$ (427,957,130)
Business-type activities	5,797,717	20,558,989	9,317,992	5,197,431	6,150,401
Total primary government net expense	\$ (368,522,941)	\$ (321,281,536)	\$ (345,475,196)	\$ (413,166,409)	\$ (421,806,729)

Continued

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

		Fiscal Year							
		2019	2020	2021	2022	2023			
Expenses									
Governmental activities:									
\$	2,242,349	\$	2,302,871	\$	2,464,972	\$	2,710,773	\$	2,868,925
	6,746,598		7,140,734		7,176,634		7,861,408		9,922,544
	1,226,703		1,340,894		1,132,128		1,068,116		2,025,350
	17,505,012		26,656,034		25,801,245		12,315,675		13,591,943
	1,471,693		1,356,061		1,793,404		2,390,444		2,666,440
	110,186,536		102,493,502		119,896,291		153,067,034		159,853,256
	3,642,489		4,626,830		6,815,630		6,986,371		7,882,891
	4,334,663		9,207,175		14,029,149		4,594,238		5,745,772
	2,773,565		2,893,192		2,969,712		3,194,220		3,774,689
	20,321,188		20,764,433		20,187,730		28,713,564		24,652,336
	9,018,148		8,628,385		8,798,570		13,113,565		14,253,388
	59,973,618		64,491,345		31,562,357		59,910,525		33,609,893
	1,872,196		2,013,746		1,765,207		2,284,697		2,617,868
	205,826,302		216,919,201		231,260,845		223,371,287		234,782,529
	655,702		709,492		700,221		687,382		762,851
	10,947,520		11,533,610		11,004,423		10,856,576		10,710,614
	458,744,280		483,077,505		487,358,520		533,125,875		529,721,288
Total governmental activities									
Business-type activities:									
	40,615,655		40,995,812		41,108,315		47,543,987		51,448,962
	3,744,994		4,781,005		4,811,668		5,743,463		6,667,335
	-		-		-		-		-
	3,238,081		2,938,222		1,576,652		1,889,338		2,058,725
	4,779,846		6,281,897		7,509,119		7,641,486		8,401,178
	5,251,518		6,340,433		6,566,597		6,849,953		7,788,693
	3,650,454		3,994,163		5,147,574		5,743,031		6,460,204
	165,381		150,249		67,193		139,306		207,341
	61,445,928		65,481,781		66,787,117		75,550,563		83,032,438
\$	520,190,208	\$	548,559,287	\$	554,145,638	\$	608,676,438	\$	612,753,726
Program revenues									
Governmental activities:									
Charges for services									
\$	-	\$	-	\$	-	\$	-	\$	6,143
	24,116		39,342		31,015		62,630		17,563
	17,264		17,264		-		-		-
	6,356,821		6,424,328		6,679,364		7,108,189		6,221,118
	-		-		-		-		-
	4,076,982		4,598,777		4,381,090		4,967,747		5,229,338
	2,357,346		1,565,641		6,037,125		6,018,348		3,619,166
	61,435		66,683		56,253		74,046		-
	1,106,310		830,766		295,625		389,382		891,120
	1,043,560		916,177		1,017,442		1,292,376		1,155,064
	516,797		467,917		448,151		490,284		1,616,860
	-		-		-		-		-
	-		-		-		-		70,518
	21,743,759		25,389,682		34,546,492		40,334,311		45,051,195
	5,487,041		3,708,799		5,273,078		4,536,100		6,127,160
	42,791,431		44,025,375		58,765,635		65,273,413		70,005,243
Total governmental activities program revenues									
Business-type activities:									
Charges for services									
	39,764,793		45,358,728		48,916,015		59,856,354		65,395,670
	8,532,418		8,093,331		9,312,619		10,973,462		11,166,629
	5,531,655		6,467,163		6,871,901		7,331,001		8,039,902
	9,520,970		10,400,434		11,004,310		14,364,761		17,426,639
	987,062		1,215,927		1,175,455		1,279,036		1,368,123
	236,215		72,800		-		-		-
	64,573,113		71,608,382		77,280,301		93,804,613		103,396,963
\$	107,364,544	\$	115,633,757	\$	136,045,936	\$	159,078,025	\$	173,402,205
Total business-type activities program revenues									
Total primary government program revenues									
Net (expense)/revenue									
\$	(415,952,849)	\$	(439,052,131)	\$	(428,592,885)	\$	(467,852,463)	\$	(459,716,045)
	3,127,185		6,126,598		10,493,182		18,254,047		20,364,523
\$	(412,825,664)	\$	(432,925,531)	\$	(418,099,701)	\$	(449,598,414)	\$	(439,351,520)
Total primary government net expense									

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

	Fiscal Year				
	2014	2015	2016	2017	2018
<u>General revenues and other changes in net position</u>					
Governmental activities:					
Taxes					
Local property taxes	\$ 211,634,597	\$ 216,073,564	\$ 223,238,990	\$ 234,670,748	\$ 241,773,420
Other local	22,154,294	30,960,062	33,987,630	33,346,032	37,032,780
Income taxes	98,827,341	115,479,944	126,886,692	118,080,824	131,633,096
State highway user taxes	881,979	931,891	-	952,802	973,650
Other income	6,479,338	12,303,303	7,400,378	5,900,261	5,610,431
Interest and investment earnings	3,282,490	2,531,265	2,505,628	3,152,433	4,423,854
Unrestricted grants and contributions	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Transfers	(368,300)	(464,468)	(879,136)	(742,266)	(542,914)
Extraordinary loss tornado, net of inc rec'd	-	-	-	-	-
Total governmental activities	342,891,739	377,815,561	393,140,182	395,360,832	420,904,317
Business-type activities:					
Other income	457,308	464,358	501,903	12,571,257	1,234,227
Interest and investment earnings	68,239	59,994	84,574	126,385	262,555
Miscellaneous	-	-	-	-	-
Transfers	368,300	464,468	879,136	742,266	542,914
Total business-type activities	893,847	988,820	1,465,613	13,439,908	2,039,696
Total primary government	\$ 343,785,586	\$ 378,804,381	\$ 394,605,795	\$ 408,800,740	\$ 422,944,013
<u>Change in net position</u>					
Governmental activities	\$ (31,428,919)	\$ 35,975,036	\$ 38,346,994	\$ (23,003,009)	\$ (7,052,813)
Net Restatement	-	(63,014,064)	-	-	-
Business-type activities	6,691,564	21,547,809	10,783,605	18,637,339	8,190,096
Total primary government	\$ (24,737,355)	\$ (5,491,219)	\$ 49,130,599	\$ (4,365,670)	\$ 1,137,283

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

		Fiscal Year								
		2019	2020	2021	2022	2023				
							<u>General revenues and other changes in net position</u>			
							Governmental activities:			
							Taxes			
\$	250,102,797	\$	255,488,455	\$	268,024,019	\$	283,238,317	\$	278,178,940	Local property taxes
	34,847,873		38,485,017		42,796,699		66,474,525		41,448,321	Other local
	143,716,459		154,403,594		170,011,765		189,376,845		162,384,289	Income taxes
	1,017,386		2,066,341		-		-		-	State highway user taxes
	5,303,292		5,790,819		9,915,706		8,513,914		13,454,809	Other income
	8,479,063		6,865,200		2,335,788		1,943,179		14,891,943	Interest and investment earnings
	-		-		-		-		-	Unrestricted grants and contributions
	-		-		-		-		-	Miscellaneous
	(1,388,437)		(1,497,098)		(1,371,865)		(733,689)		(10,276,794)	Transfers
	-		-		-		-		-	Extraordinary loss tornado, net of income rec
	<u>442,078,433</u>		<u>461,602,327</u>		<u>491,712,113</u>		<u>548,813,090</u>		<u>500,081,509</u>	Total governmental activities
							Business-type activities:			
	3,742,442		-		-		-		-	Other income
	564,440		527,240		162,198		289,239		1,157,980	Interest and investment earnings
	-		-		-		-		-	Miscellaneous
	<u>1,388,437</u>		<u>1,497,098</u>		<u>1,371,865</u>		<u>733,689</u>		<u>10,276,794</u>	Transfers
	<u>5,695,319</u>		<u>2,024,338</u>		<u>1,534,063</u>		<u>1,022,928</u>		<u>11,434,774</u>	Total business-type activities
\$	<u>447,773,752</u>	\$	<u>463,626,666</u>	\$	<u>493,246,177</u>	\$	<u>549,836,019</u>	\$	<u>511,516,284</u>	Total primary government
							<u>Change in net position</u>			
\$	26,125,584	\$	22,550,197	\$	63,119,228	\$	80,960,627	\$	40,365,464	Governmental activities
	-		-		-		-		-	Net Restatement
	<u>8,822,504</u>		<u>8,150,936</u>		<u>12,027,245</u>		<u>19,276,973</u>		<u>31,799,300</u>	Business-type activities
\$	<u>34,948,088</u>	\$	<u>30,701,132</u>	\$	<u>75,146,473</u>	\$	<u>100,237,601</u>	\$	<u>72,164,764</u>	Total primary government

Fund Balances of Governmental Funds

Charles County, Maryland

Table 3

Last Ten Fiscal Years

(modified accrual basis of accounting)

	Fiscal Year				
	2014	2015	2016	2017	2018
General fund					
Nonspendable fund balance	\$ 1,604,951	\$ 2,156,136	\$ 4,365,445	\$ 2,612,616	\$ 2,222,832
Restricted fund balance	4,032,708	5,301,900	5,256,573	1,571,097	2,077,132
Committed fund balance	33,350,360	38,288,776	55,610,042	63,196,702	75,024,127
Assigned fund balance	4,197,363	3,482,661	4,020,616	5,713,044	6,637,351
Unassigned fund balance	1,022,395	1,022,395	-	4,772,156	6,962,553
Total general fund	\$ 44,207,777	\$ 50,251,868	\$ 69,252,676	\$ 77,865,614	\$ 92,923,995
All other governmental funds					
Capital projects					
Nonspendable fund balance	-	-	-	-	-
Restricted fund balance	\$ 5,532,042	\$ 13,850,238	\$ 6,700,412	\$ 6,204,653	\$ 2,120,162
Committed fund balance	-	-	25,767,947	29,334,330	35,033,087
Assigned fund balance	-	-	2,831,713	2,861,521	4,794,059
Unassigned fund balance	(2,931,828)	(427,643)	-	-	-
Debt service					
Nonspendable fund balance	41,125,212	36,649,518	28,689,051	24,333,551	-
Restricted fund balance	-	-	-	-	19,695,091
Committed fund balance	-	-	-	-	-
Assigned fund balance	-	-	597,237	2,513,082	7,390,087
Unassigned fund balance	(5,038,043)	(471,532)	-	-	-
Other Governmental					
Nonspendable fund balance	-	-	-	-	-
Restricted fund balance	876,867	2,412,224	2,644,330	3,800,507	3,381,544
Committed fund balance	3,715,000	-	-	-	-
Assigned fund balance	3,198,683	4,178,176	6,304,712	6,672,514	8,338,128
Unassigned fund balance	-	-	-	-	-
Total all other governmental funds	\$ 46,477,933	\$ 56,190,981	\$ 73,535,402	\$ 75,720,157	\$ 80,752,158

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

		Fiscal Year					
		2019	2020	2021	2022	2023	
	\$	1,835,020	\$ 2,508,902	\$ 2,724,503	\$ 2,485,410	\$ 5,610,370	General fund
		96,114	110,670	125,131	139,469	158,841	Nonspendable fund balance
		92,542,994	107,865,627	138,751,719	185,677,785	175,450,234	Restricted fund balance
		6,516,854	8,017,227	8,654,804	9,558,227	10,240,398	Committed fund balance
		7,859,944	1,592,158	2,309,099	3,675,406	4,068,193	Assigned fund balance
	\$	108,850,925	\$ 120,094,585	\$ 152,565,256	\$ 201,536,297	\$ 195,528,036	Unassigned fund balance
							Total general fund
							All other governmental funds
							Capital projects
	\$	-	\$ -	\$ -	\$ -	\$ -	Nonspendable fund balance
		10,540,990	13,064,398	6,107,831	18,302,845	10,612,825	Restricted fund balance
		35,484,683	33,909,616	31,964,160	43,052,490	49,691,914	Committed fund balance
		12,636,228	21,482,371	19,856,593	23,860,786	43,827,725	Assigned fund balance
		-	-	-	-	-	Unassigned fund balance
		15,073,885	-	-	-	-	Debt service
		647,125	12,220,897	1,883,754	1,692,000	7,263,427	Nonspendable fund balance
		-	-	-	-	-	Restricted fund balance
		9,742,256	11,977,223	20,847,236	19,346,617	13,515,713	Committed fund balance
		-	-	-	-	-	Assigned fund balance
		-	-	-	-	-	Unassigned fund balance
		-	-	-	-	-	Other Governmental
		20,354,498	25,242,457	29,687,913	14,013,324	14,316,324	Nonspendable fund balance
		-	-	-	-	174,900	Restricted fund balance
		8,808,418	5,823,273	10,194,598	6,036,106	5,720,425	Committed fund balance
		-	-	-	-	-	Assigned fund balance
		-	-	-	-	-	Unassigned fund balance
	\$	113,288,083	\$ 123,720,235	\$ 120,542,086	\$ 126,304,168	\$ 145,123,253	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				
	2014	2015	2016	2017	2018
Revenues					
Taxes:					
Local property	\$ 211,634,597	\$ 211,791,533	\$ 219,110,622	\$ 222,772,838	\$ 230,447,289
Income	99,513,353	109,709,956	123,429,876	119,349,494	124,654,098
Other local	22,154,294	30,960,062	33,025,233	33,346,032	37,038,419
State shared	881,979	931,891	962,397	952,802	973,650
Charges for services	17,174,959	16,232,415	20,599,217	17,359,957	19,344,815
Intergovernmental	22,377,063	33,248,914	33,541,513	24,060,252	25,239,941
Interest income	3,282,490	2,531,265	2,505,628	3,152,433	4,423,854
Other income	6,479,338	12,303,303	7,400,377	5,900,260	5,610,431
Total revenues	383,498,073	417,709,339	440,574,863	426,894,066	447,732,497
Expenditures					
Education	202,287,835	192,397,107	196,273,015	196,689,241	222,423,055
Public safety	101,742,806	103,994,700	108,328,753	109,642,022	116,276,377
Other general government	19,184,620	23,391,485	31,082,318	25,153,331	24,653,635
Public facilities	33,140,813	28,737,956	23,877,006	26,698,499	28,326,834
Financial administration	8,514,244	8,838,756	9,235,420	9,616,305	10,344,746
Community services	21,705,280	21,761,226	19,885,283	20,159,645	20,081,078
Recreation, Parks & Tourism				7,822,957	9,419,003
Judicial	6,086,489	6,475,100	6,639,733	7,014,417	6,360,387
Planning and growth management	7,162,964	4,973,410	4,028,641	4,317,582	4,761,182
Health services	4,281,981	4,322,514	4,482,033	5,186,537	5,446,454
Economic development	1,791,817	8,896,249	1,572,945	1,957,525	1,924,597
Social services	1,822,933	2,007,057	1,959,157	2,267,949	2,632,030
Legislative	1,478,484	1,570,445	1,626,209	1,690,457	1,908,831
Law	991,003	1,150,014	952,254	894,539	1,119,063
Conservation of natural resources	629,894	637,079	646,436	650,295	666,831
Elections	820,332	1,028,910	1,171,314	1,288,076	1,269,380
Debt service:					
Principal	13,969,954	17,851,976	11,527,876	10,026,845	8,906,999
Interest	10,363,586	10,318,581	10,184,584	10,039,960	10,086,578
Total expenditures	435,975,035	438,352,565	433,472,976	441,116,181	476,607,061
Excess (deficiency) of revenues over (under) expenditures	(52,476,963)	(20,643,227)	7,101,887	(14,222,116)	(28,874,565)
Other financing sources (uses):					
GASB 87 Leases issued	-	-	-	-	-
GASB 96 SBITA issued	-	-	-	-	-
Issuance of debt-cap asset financ.	-	-	-	-	-
Issuance of debt-bonds	3,958,490.00	33,239,500	34,079,100	23,287,500	47,033,285
Premium on issuance of debt	-	6,739,644	2,727,531	2,474,574	8,190,150
Bond Proceeds from debt refunding	-	26,597,764	-	-	-
Defeased Bonds	-	(29,712,075)	-	-	-
Transfers in	6,127,899	10,770,318	5,993,407	6,980,910	7,753,622
Transfers out	(6,496,199)	(11,234,786)	(6,872,543)	(7,723,177)	(8,296,535)
Total other financing sources	3,590,191	36,400,366	35,927,496	25,019,809	54,680,522
Extraordinary loss from natural disasters, net of income	-	-	-	-	-
Net change in fund balances	\$ (48,886,772)	\$ 15,757,139	\$ 43,029,383	\$ 10,797,693	\$ 25,805,957
Debt service as a percentage of noncapital expenditures	5.619%	7.110%	5.006%	4.691%	4.190%

Changes in Fund Balances of Governmental Funds

Charles County, Maryland

Table 4

Last Ten Fiscal Years

(modified accrual basis of accounting)

		Fiscal Year								
		2019	2020	2021	2022	2023				
							<u>Revenues</u>			
							Taxes:			
\$	239,338,210	\$	244,075,920	\$	257,879,510	\$	262,539,537	\$	269,138,716	Local property
	136,665,163		139,535,615		159,808,519		171,197,766		165,720,600	Income
	34,887,063		38,572,833		42,872,626		66,474,526		41,448,321	Other local
	1,017,386		2,066,341		-		-		-	State shared
	15,560,632		14,926,894		18,946,065		20,403,001		18,826,889	Charges for services
	27,230,800		29,098,481		39,819,570		44,870,411		51,178,354	Intergovernmental
	8,479,063		6,865,201		2,335,789		1,943,179		14,891,943	Interest income
	5,303,292		5,790,819		9,915,707		11,166,865		16,257,773	Other income
	<u>468,481,609</u>		<u>480,932,104</u>		<u>531,577,787</u>		<u>578,595,285</u>		<u>577,462,597</u>	Total revenues
										<u>Expenditures</u>
	216,182,784		229,251,472		244,696,548		237,800,198		251,318,540	Education
	121,054,866		124,939,143		143,501,533		167,909,505		157,774,465	Public safety
	29,292,027		28,976,295		34,824,985		33,054,920		12,709,368	Other general government
	25,681,616		25,381,518		21,853,847		24,777,760		26,087,290	Public facilities
	10,580,720		10,986,986		12,118,803		14,594,460		18,737,679	Financial administration
	20,496,493		20,135,918		19,527,814		28,824,780		24,637,744	Community services
	9,145,108		8,700,620		8,770,046		13,422,721		14,021,304	Recreation, Parks & Tourism
	6,727,282		7,036,491		7,006,128		7,765,262		10,331,113	Judicial
	3,940,891		5,193,180		6,706,205		6,606,988		7,490,130	Planning and growth management
	5,319,197		9,048,939		14,367,322		4,309,983		5,587,536	Health services
	1,870,182		1,999,155		1,753,428		2,387,082		2,731,112	Economic development
	2,773,565		2,893,192		2,969,712		3,194,220		3,774,689	Social services
	2,193,784		2,237,486		2,353,171		2,611,742		2,682,260	Legislative
	1,235,056		1,346,594		1,100,283		1,058,320		2,002,772	Law
	657,855		703,904		706,528		680,759		762,694	Conservation of natural resources
	1,471,085		1,355,802		1,793,145		2,390,185		2,674,662	Elections
										Debt service:
	10,602,076		10,257,488		10,474,059		10,719,447		33,947,519	Principal
	10,899,707		11,581,681		11,217,828		10,994,752		10,810,846	Interest
	<u>480,124,292</u>		<u>502,025,865</u>		<u>545,741,385</u>		<u>573,103,083</u>		<u>588,081,721</u>	Total expenditures
	(11,642,683)		(21,093,761)		(14,163,598)		5,492,201		(10,619,125)	Excess (deficiency) of revenues over (under) expenditures
	-		-		-		-		426,168	Other financing sources (uses):
	-		-		-		-		5,557,006	GASB 87 Leases issued
	-		-		-		2,255,888		2,579,200	GASB 96 SBITA issued
	41,418,800		37,582,000		40,724,995		41,000,000		23,100,000	Issuance of debt-cap asset financ.
	4,441,258		6,684,673		5,299,123		6,718,720		2,044,370	Issuance of debt-bonds
	-		-		20,438,213		-		-	Premium on issuance of debt
	-		-		(21,634,343)		-		-	Bond Proceeds from debt refunding
	11,505,042		12,111,702		11,389,243		13,347,880		27,357,614	Defeased Bonds
	(12,893,479)		(13,608,800)		(12,761,109)		(14,081,569)		(37,634,408)	Transfers in
	<u>44,471,622</u>		<u>42,769,576</u>		<u>43,456,124</u>		<u>49,240,920</u>		<u>23,429,951</u>	Transfers out
										Total other financing sources
										Extraordinary loss from natural disasters, net of income
\$	<u>32,828,937</u>	\$	<u>21,675,814</u>	\$	<u>29,292,525</u>	\$	<u>54,733,121</u>	\$	<u>12,810,825</u>	Net change in fund balances
	4.566%		4.456%		4.277%		3.982%		7.989%	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.			
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
2022	19,421,428,630	271,832,216	18,758,880	411,354,500	245,947,150 1
2023	20,606,739,985	231,204,980	15,774,970	429,537,130	250,401,030 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>
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
20,369,321,376	1.14	20,369,321,376	100.00%	2022
21,533,658,095	1.14	21,533,658,095	100.00%	2023

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	
2014	1.1410	0.064	0.112	0.225	0.259	1.32
2015	1.1410	0.064	0.112	0.186	0.246	1.32
2016	1.1410	0.064	0.112	0.185	0.255	1.32
2017	1.1410	0.064	0.112	0.190	0.259	1.32
2018	1.1410	0.064	0.112	0.181	0.262	1.32
2019	1.1410	0.064	0.112	0.185	0.262	1.32
2020	1.1410	0.064	0.112	0.185	0.262	1.32
2021	1.1410	0.064	0.112	0.181	0.262	1.32
2022	1.1410	0.064	0.112	0.178	0.261	1.32
2023	1.1410	0.064	0.112	0.178	0.261	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, 2023)

<u>Taxpayer</u>	<u>Assessed Valuation</u>	<u>% of Total Assessed</u>	<u>County Taxes ¹</u>
Southern Maryland Electric Cooperative	\$ 207,738,410	0.96%	\$ 5,925,735
Dominion Cove Point LNG, LP	105,983,850	0.49%	3,023,189
CPV Maryland, LLC	269,813,440 ^{2,3}	1.25%	2,388,200
NRG Energy, Inc. (formerly GenOn Mid-Atlantic LLC)	66,332,430 ^{2,3}	0.31%	1,681,536
SCG Atlas Westchester, LLC	107,615,333	0.50%	1,227,891
Washington Gas Light Company	39,291,200	0.18%	1,120,781
Verizon Maryland Inc.	37,558,930	0.17%	1,071,368
Potomac Electric Power Company	25,979,060	0.12%	741,053
Comcast of Maryland	24,512,640	0.11%	699,223
Madison Waldorf LLC	58,880,900	0.27%	671,831
	<u>\$ 735,967,783</u>	<u>3.42%</u>	<u>\$ 12,625,073</u>

Total Taxable Assessed Value

\$ 21,533,658,095

Ten Leading Taxpayers
 (For period ending June 30, 2014)

<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)	\$ 599,539,450	3.65%	\$ 14,520,163
Southern Maryland Electric Cooperative	111,186,600	0.68%	2,807,476
Dominion Cove Point LNG, LP	63,174,760	0.38%	1,802,060
Charles Mall Company LTD Partnership	140,050,000	0.85%	1,597,971
Verizon Maryland, Inc	46,976,620	0.29%	1,340,008
API Town Center	71,990,133	0.44%	821,407
Washington Gas Light Company	27,643,380	0.17%	788,527
Potomac Electric Power Company	20,133,460	0.12%	574,307
Madison Waldorf, LLC	49,681,400	0.30%	566,865
SVF Waldorf LLC	45,346,967	0.28%	517,409
	<u>\$ 1,175,722,770</u>	<u>7.15%</u>	<u>\$ 25,336,193</u>

Total Taxable Assessed Value

\$ 16,441,435,644

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	
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
2022	242,337,352	241,015,297	99.45%	1,321,655	242,336,952	100.00%	1,321,655
2023	256,205,207	254,910,419	99.49%	1,294,788	256,205,207	100.00%	1,294,788

Information Source: Audited financial statements of the County for the fiscal years 2014-2023

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

This page left intentionally blank

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 Asset Financing	Notes Payable	Lease and SBITA Liabilities	General Obligation Bonds
2014	244,022,652	4,063,959	1,452,874	-	74,667,734
2015	252,157,320	8,528,693	1,418,832	-	80,135,326
2016	254,571,190	11,986,956	1,367,078	-	80,608,468
2017	248,961,935	11,603,309	13,235	-	84,333,406
2018	268,977,982	11,349,443	2,769	-	94,682,422
2019	280,510,590	9,817,956	-	-	108,887,222
2020	289,916,315	8,446,732	-	-	125,083,237
2021	294,421,229	12,705,198	-	-	137,388,435
2022	307,025,967	11,670,007	-	2,309,143	158,838,218
2023	294,050,794	11,079,806	-	6,167,459	177,866,856

These ratios are calculated using personal income and population.

Ratios of Outstanding Debt by Type

Charles County, Maryland
 Table 9
 Last Ten Fiscal Years

Business-type Activities		Total Primary Government	Percentage of Personal Income ¹	Per Capita ¹	Fiscal Year Ending June 30
Capital Asset Financing	Notes Payable				
7,760,059	9,279,686	341,246,964	4.37%	2,205.19	2014
8,340,406	8,556,098	359,136,675	4.40%	2,300.42	2015
7,331,830	7,823,827	363,689,349	4.30%	2,306.14	2016
6,025,256	7,082,769	358,019,910	4.06%	2,241.83	2017
4,911,964	6,332,818	386,257,398	4.26%	2,392.04	2018
3,624,435	5,573,868	408,414,071	4.33%	2,501.66	2019
3,189,119	4,805,813	431,441,216	4.28%	2,614.19	2020
4,809,758	4,028,539	453,353,159	4.20%	2,687.37	2021
4,036,960	3,241,937	487,122,232	4.55%	2,863.71	2022
3,584,293	2,445,897	495,195,105	4.63%	2,911.17	2023

Ratios of General Bonded Debt Outstanding

Charles County, Maryland
 Table 10
 Last Ten Fiscal Years

Fiscal Year Ending June 30	Governmental Activities		Business Activities		Percentage of Estimated Actual Taxable Value of Property ²	Per Capita ³
	General Obligation Debt	Less: Amounts Available in Debt Service Fund ¹	General Obligation Debt	Total		
2014	244,022,652	36,087,169	74,667,734	282,603,217	1.72%	1,826.23
2015	252,157,320	36,177,986	80,135,326	296,114,660	1.79%	1,896.74
2016	254,571,190	29,286,288	80,608,468	305,893,370	1.82%	1,939.66
2017	248,961,935	26,846,633	84,333,406	306,448,708	1.80%	1,918.90
2018	268,977,982	27,085,178	94,682,422	336,575,226	1.92%	2,084.37
2019	280,510,590	25,463,267	108,887,222	363,934,545	2.00%	2,229.21
2020	289,916,315	24,198,121	125,083,237	390,801,431	2.07%	2,367.95
2021	294,421,229	22,730,991	137,388,435	409,078,673	2.09%	2,424.92
2022	307,025,967	21,038,617	158,838,218	444,825,568	2.18%	2,636.82
2023	294,050,794	20,779,141	177,866,856	451,138,509	2.10%	2,652.16

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.

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	\$ 311,298,059	\$ 19,745,808,157	92%	\$ 286,121,540
<u>Overlapping</u>				
La Plata	-	1,462,264,938	7%	21,188,573
Indian Head	729,860	325,585,000	2%	4,717,805
Total Overlapping Debt	729,860	1,787,849,938	8%	25,906,378
Countywide Total	\$ 312,027,919	\$ 21,533,658,095	100%	\$ 312,027,919

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
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	168,698	10,786,420	63,939	37	26,029	6.70%
2022	170,102	10,706,536	62,942	39	25,986	3.30%
2023	not available	not available	not available	na	26,635	1.80%

1 U.S. Census Bureau, 2012 - 2022 population figures

2 Bureau of Labor Statistics, as reported in tables for June 2023

3 Bureau of Economic Analysis, 2022, updated data as of March 2023

4 Charles Co. Board of Education, Student Services

Principal Employers

Charles County, Maryland
Table 14
Current Year and Ten Years Ago

Employer	Fiscal Year 2023	
	Number of Employees ¹	Percentage of Total County Employment
Naval Department of Defense at Indian Head	4,197	4.94%
Charles County Board of Education	3,918	4.61%
Charles County Government	1,923	2.26%
College of Southern Maryland	832	0.98%
UM Charles Regional Medical Center	767	0.90%
Walmart/Sam's Club	637	0.75%
Southern Maryland Electric Cooperative (SMECO)	507	0.60%
Safeway	465	0.55%
Waldorf Chevy/Cadillac, Honda, Ford, Toyota/Scion, Dodge	455	0.54%
Target	400	0.47%
MedStar Shah	400	0.47%
Chick-fil-A	336	0.40%
ADJ Sheet Metal	316	0.37%
Lowe's	310	0.36%
Amazon	300	0.35%
Genesis Health Care Waldorf/La Plata Center	259	0.30%
Total	<u>16,022</u>	
Total County Employment ²	85,041	

Employer	Fiscal Year 2014	
	Number of Employees ¹	Percentage of Total County Employment
Charles County Board of Education	3,430	4.53%
Naval Department of Defense at Indian Head	3,404	4.49%
Charles County Government	1,638	2.16%
Civista Medical Center	850	1.12%
College of Southern Maryland	819	1.08%
Wal-Mart/Sam's Club	592	0.78%
The Facchina Group of Companies	550	0.73%
Safeway	475	0.63%
Target	400	0.53%
McDonald's	396	0.52%
Southern Maryland Electric Cooperative (SMECO)	386	0.51%
Genesis Health Care	312	0.41%
Bloomin' Brands (formerly OSI Restaurant Partners)	300	0.40%
Charles County Nursing Home	255	0.34%
Darden Restaurants	253	0.33%
Macy's	250	0.33%
Total	<u>14,310</u>	
Total County Employment ²	75,793	

¹ Charles County Economic Development Department as of 2023 (top) and 2014 (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	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	Budget 2024	
<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	24	24	24	24	24	25	25	25	28%
Central Services	0	0	0	0	1	7	8	8	9	10	11	Not meaningfi
Community Services	54	55	55	50	49	55	57	57	57	59	59	9%
County Commissioners' Office Staff	21	24	22	25	25	21	25	24	24	25	26	18%
County Attorney's Office	10	10	10	10	10	10	11	11	11	12	12	25%
Economic Development	6	6	9	9	11	11	11	11	11	12	13	83%
Emergency Services	117	122	122	128	134	134	148	161	162	172	190	47%
Fiscal and Administrative Services	67	71	72	72	72	73	75	77	80	82	86	24%
Human Resources	8	8	8	10	12	13	13	14	14	16	17	94%
Internal Audit	0	0	0	2	2	2	2	2	2	2	2	Not meaningfi
Planning & Growth Mgmt	66	66	66	69	70	73	78	79	82	86	94	30%
Public Works	302	308	313	321	332	337	350	363	339	346	354	15%
Capital Project Management	0	0	0	0	0	0	0	0	26	26	26	Not meaningfi
Recreation, Parks, & Tourism	121	123	125	132	134	143	143	144	145	149	152	23%
Subtotal County Departments	790	812	821	851	874	902	943	978	991	1025	1070	27%
<u>Other Agencies</u>												
Circuit Court	22	22	22	25	25	26	27	27	28	32	33	46%
Detention Center	156	156	156	156	156	160	159	159	159	159	159	2%
Sheriff's Office	484	488	485	493	495	502	510	512	516	530	534	9%
Soil Conservation	5	5	5	5	5	5	5	5	5	6	6	12%
State's Attorney Office	46	54	54	58	48	50	53	52	58	64	64	39%
TOTAL	1508	1541	1548	1592	1608	1650	1702	1732	1756	1815	1866	

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				
	2014	2015	2016	2017	2018
Public Safety					
¹ Sheriff's Calls for Service	258,591	271,363	253,984	256,984	235,604
Emergency Response Team Responses	1,312	1,188	1,337	638	234
Bookings	11,106	10,890	10,194	9,270	8,154
Drug Screening	653	692	746	702	1,013
Red Light Camera Citations Issued	25,858	27,603	29,194	26,343	26,349
Animal Control Calls for Service	7,053	6,157	5,848	6,002	5,759
Animal Shelter Population	9,134	8,730	8,700	8,136	7,171
Alarm System Registrations	21,801	23,570	24,795	26,058	27,592
False Alarm Calls	8,324	8,477	8,283	8,017	8,285
EMS Responses	13,700	13,188	15,375	16,649	18,153
911 Calls Received	72,231	78,790	78,722	81,745	85,000
Community Services/Planning & Growth Mgmt					
Public Transit Routes	14	15	15	15	16
Service Miles	1,150,000	1,227,005	1,207,500	1,296,005	1,283,362
Senior Program Participation	4,041	4,233	4,250	4,286	4,567
Public Facilities					
Square Footage Maintained	1,044,460	1,285,246	1,300,000	1,326,000	1,351,382
Preventative Maintenance Performed	852	937	950	6,770	3,980
Athletic Leagues Maintained	69	69	70	68	45
Scheduled Games	8,051	8,115	8,200	7,577	6,431
Vehicle Maintenance Work Orders	5,601	5,378	5,560	4,606	4,765
Lane Miles Maintained	1,662	1,672	1,681	1,684	1,700
Water and Sewer					
Billing Invoices per year	129,034	129,222	133,057	134,674	136,906
New Accounts Set Up	572	550	550	725	529
Meters Read	129,034	129,222	130,000	129,404	131,848
Holding Tank Program Gallons Pumped	317,500	610,707	303,650	557,350	588,900
County Park Operations					
Rounds of Golf	26,105	27,700	28,000	24,130	19,712
Season Passes	101	90	100	90	87
Solid Waste Management					
¹ Recycled Tons	81,133	81,868	80,192	76,245	69,225
¹ Recycle Curbside Collection Tons	5,500	6,506	7,401	7,727	8,200
Landfill Tons	75,277	84,963	94,901	101,149	101,050

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
2019	2020	2021	2022	2023	
					Public Safety
249,863	172,115	198,653	253,799	278,456	1 Sheriff's Calls for Service
194	209	179	182	150	Emergency Response Team Responses
7,485	5,745	4,293	4,795	4,835	Bookings
809	541	0	0	0	Drug Screening
26,291	25,505	29,868	35,076	35,500	Red Light Camera Citations Issued
5,216	5,280	5,900	6,184	6,547	Animal Control Calls for Service
6,562	5,667	5,208	6,360	4,703	Animal Shelter Population
28,727	29,305	30,331	31,328	31,797	Alarm System Registrations
7,946	7,638	6,715	7,507	6,907	False Alarm Calls
19,628	19,500	20,666	21,996	23,000	EMS Responses
82,000	73,700	73,777	77,291	85,000	911 Calls Received
					Community Services/Planning & Growth Mgm
16	15	15	15	16	Public Transit Routes
1,289,625	1,767,461	1,300,738	1,900,000	1,749,203	Service Miles
4,637	4,726	4,851	4,748	5,030	Senior Program Participation
					Public Facilities
1,300,037	1,351,382	1,308,221	1,308,221	1,281,621	Square Footage Maintained
4,454	5,266	7,164	6,919	6,755	Preventative Maintenance Performed
46	27	28	30	50	Athletic Leagues Maintained
6,342	3,137	3,295	5,300	5,713	Scheduled Games
5,734	5,356	5,271	5,596	5,437	Vehicle Maintenance Work Orders
1,709	1,725	1,735	1,860	1,860	Lane Miles Maintained
					Water and Sewer
135,434	139,762	136,980	135,257	157,095	Billing Invoices per year
491	498	459	564	620	New Accounts Set Up
130,709	135,250	136,980	129,042	136,029	Meters Read
577,850	518,700	623,100	518,950	471,750	Holding Tank Program Gallons Pumped
					County Park Operations
24,860	17,924	22,256	17,815	22,540	Rounds of Golf
62	76	74	91	89	Season Passes
					Solid Waste Management
67,368	60,672	41,091	42,336	64,491	1 Recycled Tons
8,653	8,500	9,422	8,935	8,966	1 Recycle Curbside Collection Tons
114,669	116,854	112,071	132,316	150,498	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				
	2014	2015	2016	2017	2018
General Government					
Buildings	28	30	30	29	29
Vehicles	250	254	256	257	242
Transportation Service Vehicles	0	0	0	36	38
Public Safety					
Sheriff Stations	7	7	7	7	7
Detention Centers	2	2	2	2	2
Sheriff Patrol Vehicles	456	474	469	470	467
Other Sheriff Vehicles	14	14	15	15	17
K-9 Dogs	12	13	12	14	13
Mobile Communications Center	1	1	1	1	1
Emergency Operations Vehicles	18	18	18	18	20
Hazmat Vehicles	5	5	5	5	5
Animal Control Vehicles	11	9	11	13	8
Community Services					
Transportation Service Vehicles	38	41	40	0	0
Senior / Community Centers	4	4	4	4	4
Community Centers	9	9	9	9	9
Pools	5	6	6	6	6
Public Facilities					
Buildings	8	8	8	8	8
Roadways (miles)	1,662	1,672	1,681	1,684	1,697
Heavy Equipment	33	32	37	39	34
Water and Sewer					
Buildings	17	17	17	18	18
Wastewater Treatment Plants	7	7	7	7	7
Pump Stations	56	55	55	57	58
Wells	65	66	66	67	67
Heavy Equipment	19	22	24	25	29
Vehicles	109	116	117	123	126
Meters	124,394	124,580	128,000	129,404	131,848
County Park Operations					
Parks	31	33	33	33	33
Park Acreage	3,767	4,061	4,061	4,061	4,195
Golf Course	1	1	1	1	1
Skate Park	1	1	1	1	1
Concession Buildings	9	9	9	9	9
Vehicles	3	2	2	2	2
Recreation Programs					
Recreation/ Sports Centers	2	2	2	3	3
Solid Waste Management					
Buildings	6	6	6	8	8
Recycling Stations with Buildings	3	3	3	4	4
Heavy Equipment	30	29	28	32	26
Vehicles	33	35	36	40	40

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
2019	2020	2021	2022	2023	
General Government					
27	27	26	26	29	Buildings
263	268	285	258	264	Vehicles
38	42	42	46	45	Transportation Service Vehicles
Public Safety					
7	7	7	7	7	Sheriff Stations
2	2	2	2	2	Detention Centers
453	459	452	455	475	Sheriff Patrol Vehicles
12	20	21	20	18	Other Sheriff Vehicles
12	14	13	10	11	K-9 Dogs
1	1	1	1	1	Mobile Communications Center
21	24	20	33	35	Emergency Operations Vehicles
5	6	6	6	7	Hazmat Vehicles
8	8	8	10	11	Animal Control Vehicles
Community Services					
0	0	0	0	0	Transportation Service Vehicles
5	4	4	4	4	Senior / Community Centers
10	11	11	11	11	Community Centers
6	6	6	6	5	Pools
Public Facilities					
8	8	8	8	8	Buildings
1,709	1,725	1735	1860	1860	Roadways (miles)
36	38	36	38	38	Heavy Equipment
Water and Sewer					
18	18	18	19	19	Buildings
7	7	7	7	7	Wastewater Treatment Plants
58	59	61	60	60	Pump Stations
67	63	64	64	64	Wells
28	30	31	35	36	Heavy Equipment
125	130	142	147	143	Vehicles
130,709	135,250	136,980	135,257	138,250	Meters
County Park Operations					
33	35	35	35	35	Parks
4,195	4,195	4,195	4,212	4,212	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	1	1	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
24	37	48	49	50	Heavy Equipment
41	50	54	53	53	Vehicles

Charles County Commissioners



Equal Opportunity County

Fiscal & Administrative Services Accounting Division

Jacob D. Dyer, Acting 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.

It is the policy of Charles County to provide equal employment opportunity to all persons regardless of race, color, sex, age, national origin, religious or political affiliation or opinion, disability, marital status, sexual orientation, genetic information, genetic identity or expression, or any other status protected by law.