

# CHARLES COUNTY MARYLAND

## COMPREHENSIVE ANNUAL FINANCIAL REPORT



For the Fiscal Year Ended June 30, 2020

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# CHARLES COUNTY, MARYLAND

## COMPREHENSIVE ANNUAL FINANCIAL REPORT For the Fiscal Year Ended June 30, 2020

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# The County Commissioners of Charles County, Maryland

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# Introductory Section

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CHARLES COUNTY GOVERNMENT  
**Office of the County Administrator**

**Mark Belton**  
County Administrator

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January 28, 2021

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

The Comprehensive Annual Financial Report of Charles County, Maryland for the Fiscal Year ended June 30, 2020, 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, 2020, 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, 2020, 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), 3<sup>rd</sup> Lord Baltimore. Calvert lived in Maryland from 1661 until he returned to England in 1684. He was Proprietor of the Maryland colony from 1675 to 1689, when he lost his right to govern. From 1692 until Calvert's death in 1715, Maryland was governed as a royal colony.

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

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

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

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

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

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

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

### **Economic Condition and Outlook**

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

**Local Economy.** Charles County, a suburb of Washington, D.C. is part of the Washington, D.C. Metropolitan Statistical Area (MSA). The County has the 5th highest household income in the state of Maryland and the 25th highest median household income in America. Charles County has been one of the fastest growing counties in Maryland. The U.S. Census Bureau's 2019 Population Estimate states Charles County has a majority African American population of 50.1%, making Charles County the nation's wealthiest majority African American county, overtaking Prince George's County, Maryland

Naval Support Facility (NSF) Indian Head is one of the County's largest employers and economic drivers, with close to 3,700 civilian, military and contract employees in FY 2020. Other major

county employers include population-serving agencies and organizations including the Charles County Board of Education, the College of Southern Maryland, Charles County Government, University of MD Regional Medical Center, the Charles County Sheriff’s Office, Wal-Mart/Sam’s Club, Waldorf Chevy/Cadillac, Honda, Ford, Toyota/Scion, Dodge and Southern Maryland Electrical Cooperative (SMECO), the regional electrical utility.

The County has a civilian labor force (16 years and older) of 84,199 with another 1,700 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 \$95,924. The average unemployment rate for 2019 was 3.6% according to the Maryland Department of Labor. The top occupation groups for County residents (civilian employed population 16 years and over by number employed) are as follows:

- Management, business, science, and arts occupations (42.2%)
- Sales and office occupations (22.7%)
- Service occupations (17.4%)
- Natural resources, construction, and maintenance occupations (9.1%)
- Production, transportation, and material moving occupations (8.6%)

As indicated in the following table, employment in the County decreased from 42,064 in 2015 to 41,320 in 2019, a loss of 820 jobs and a 1.8% decrease in total employment. The loss of jobs in this timeframe were in the State Government, services, transportation, communication industry and construction category.

Five-Year Employment Statistics  
Persons Employed by Industry

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

Source: Maryland Department of Labor, Licensing and Regulation.

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

Average Annual Unemployment Rate

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Calvert County	4.6%	3.9%	3.7%	3.5%	3.2%
<b>Charles County</b>	<b>5.0</b>	<b>4.3</b>	<b>4.1</b>	<b>3.9</b>	<b>3.6</b>
Frederick County	4.5	3.9	3.7	3.5	3.2
Montgomery County	3.9	3.5	3.4	3.2	2.9
Prince George's County	5.2	4.5	4.3	4.1	3.8
St. Mary's County	4.8	4.3	4.1	3.8	3.3
State of Maryland	5.1	4.5	4.3	3.9	3.6
United States <sup>1</sup>	5.3	4.9	4.4	3.9	3.7

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

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

Charles County has experienced a continued increase in population each year. The Census of 1990 showed the County’s population at 101,154. The 2000 Census put the County’s population at 121,204. The Census of 2010 puts the County’s population at 146,551. The increase from 1990 to 2010 is 44.9%. The 2019 estimated County population is approximately 163,257. 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, Recreation Programs, and Inspections & Review.
3. Regular reports are prepared for most major operations comparing year-to-date activity and year-end estimates with budget and prior year actual results. The review alerts the Board of County Commissioners to any financial problems that may require action, or operating surpluses that could be reinvested for program improvements.

4. When needed, the County will advance the State of Maryland's share for school construction to provide adequate classroom space, only when assurances are given by the State that the County will be reimbursed. All advanced projects have been reimbursed by the State.
5. Established a Fund Balance policy adopted on March 9, 2010 and last updated on September 25, 2019:
  - a. This policy will ensure the County maintains a prudent level of financial resources to protect against reducing service levels or raising taxes and fees because of temporary revenue shortfalls or unexpected one-time expenditures.
  - b. The fund balance range for the General Fund shall not be less than 8% and not more than 15% of the total budgeted operating revenues of the General Fund budget.
  - c. The fund balance of the Water and Sewer Operating Budget associated with the Department of Public Works – Utilities shall not be less than 30 days and not more than 120 days of the total budgeted operating expenses of the Utilities Operating Fund at the end of each fiscal year.
  - d. A surplus of 15% of the General Fund shall be designated or appropriated during the next fiscal year. The first priority would be to cover any shortfalls within Special Revenue Funds. Water and Sewer surplus may be reserved for one-time capital needs. Surplus funds can be utilized to reduce or avoid debt, one-time expenditures such as capital outlay, capital project or operating needs, or to stabilize taxes, rates and fees.
  - e. A shortfall is to be rebuilt through the following mechanisms: distribution of surplus from other related funds or appropriation during the next three annual budget cycles of at least 20% of the shortfall. If this is financially unfeasible, a written plan shall be forwarded by the County Administrator to the Board of Commissioners for approval to restore the required range. This plan may require reduction of services, increased taxes, fees or rates.
6. Established a Debt policy adopted on September 22, 2009 and was last amended on January 23, 2018:
  - a. Authority to Issue Debt – The County may only issue general obligation and revenue bonds under the authority conferred by the Maryland General Assembly. As a Code Home Rule county, the County may also authorize the issuance of general obligation and revenue bonds by a public local law enacted by the County Commissioners. There are no statutory limits on the amount of general obligation or revenue bonds that may be authorized by the County Commissioners. The County may issue economic development revenue bonds under State law which provides that such bonds shall not constitute indebtedness or charge against the general credit of taxing power of the County. The County may issue bonds

necessary to finance the cost incurred to construct new capacity for public school facilities. The debt service on these bonds is paid for by a special tax assessment (excise tax) on new home starts after June 30, 2003, payable over a 10-year period. The County may issue general obligation bonds to finance water systems, sewerage systems, solid waste disposal systems and solid waste acceptance systems in the Waldorf Taxing District One, the Mattawoman Special Taxing District Number Two, and Special Taxing District Number Three.

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

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

In Fiscal Year 2020, the County held a bond sale in November for \$58 million of new money. 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 2021 budget continues to reflect long-range goals to improve the overall quality of life in Charles County. 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 currently underway. Charles County, Maryland will be the site of a new Amazon Last Mile “Delivery Station” – one of seven such facilities slated to open in Maryland. Amazon’s Charles County operations will be based in Waldorf’s St. Charles Industrial Park. Amazon’s Waldorf facilities will occupy three existing industrial properties in the St. Charles Planned Urban Development (PUD) zone and will reactivate a 191,746-square-foot warehouse/distribution building that has been vacant since 2010. Two other parcels will be used for employee parking and storage of delivery vehicles. The three properties total almost 32 acres with over 290,000 square feet of existing industrial space. The project is anticipated to employ approximately 200 full-time and part-time workers and is expected to be operational in fiscal year 2021.

Waldorf Station is a proposed 145-acre mixed-use project in Waldorf, Maryland at the intersection of U.S. Route 301 and Maryland Route 5 (the primary gateway into the County). Construction on the mixed-use project is projected to start in calendar year 2021. The developer, Greenburg Gibbons, has submitted a building program that includes the following land uses: 181 one-bedroom apartments; 339 two-bedroom apartments; 125 senior/assisted living units; 278 townhomes; 226,500 square feet of retail/food and beverage/entertainment; a 60,000-square-foot Class “A” office building; and a 120-room hotel. A fiscal impact analysis prepared by EDD shows an estimated value of the project of approximately \$346.7 million at build-out and stabilization, generating an estimated \$5.9 million in annual municipal revenues and \$4.3 million in annual municipal costs, for an annual surplus of \$1.6 million in 2019 dollars. The Charles County Planning Commission and the County Board of Commissioners have approved a development agreement with Greenberg Gibbons.

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



Kaiser Permanente has purchased a 23-acre site at 4149 Crain Highway in Waldorf, Maryland. The health system plans to build a multi-phase medical center on the undeveloped parcel with the first phase on track to open in the first quarter of 2025 at a cost of approximately \$100 million. The facility will be approximately 100,000 square-feet. The new medical center is part of Kaiser Permanente's strategy to improve geographic access to care for its more than 770,000 members, expand capacity for specialty services like advanced urgent care and high-end imaging, and support membership growth in Charles County and adjacent markets.

The UPS facility in Waldorf completed an expansion in Spring 2020, from a 76-truck center to a 116-truck center. The expansion is projected to add 40 new full-time jobs with annual earnings of \$70,000 per new worker, plus 22 part time jobs with average compensation of \$15 per hour.

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 – is the centerpiece of this effort. According to the CSM, this new, 13,000 square foot community facility will be a place of innovation, learning, and collaboration among academia, the Navy, and the community. Meeting space can accommodate groups up to 280 people.

In summary, the Fiscal Year 2021 economic outlook for the County remained stable and included revising projections due to the COVID-19 pandemic. Operating revenues should increase approximately 2.3%. Property Taxes are expected to increase 2.5% and Income Tax revenue is budgeted to increase 4.2%. Recordation Tax and Transfer Taxes are budgeted to increase 8.2%.

### **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 comprehensive annual financial report for the year ended June 30, 2019. This is the eighteenth consecutive year that the County has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual 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 comprehensive annual 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.

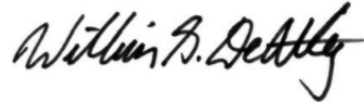
The preparation of the comprehensive annual financial report was made possible by the dedicated services of the staff of the Department of Fiscal & Administrative Services, Accounting Division. Each member of the Department of Fiscal & Administrative Services, as well as members of other Departments 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,

A handwritten signature in black ink, appearing to read 'Jenifer M. Ellin', with a long horizontal flourish extending to the right.

Jenifer M. Ellin  
Director of Fiscal & Administrative Services

A handwritten signature in black ink, appearing to read 'William G. DeAtley', with a stylized, cursive script.

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 Comprehensive Annual  
Financial Report  
For the Fiscal Year Ended

June 30, 2019

*Christopher P. Morill*

Executive Director/CEO

CHARLES COUNTY, MARYLAND  
GOVERNMENTAL ORGANIZATION  
CERTAIN ELECTED AND ADMINISTRATIVE OFFICIALS  
**As of June 30, 2020**

**CERTAIN ELECTED OFFICIALS**

President, County Commissioners  
County Commissioners

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

County Sheriff

Troy D. Berry

**CERTAIN ADMINISTRATIVE OFFICIALS**

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

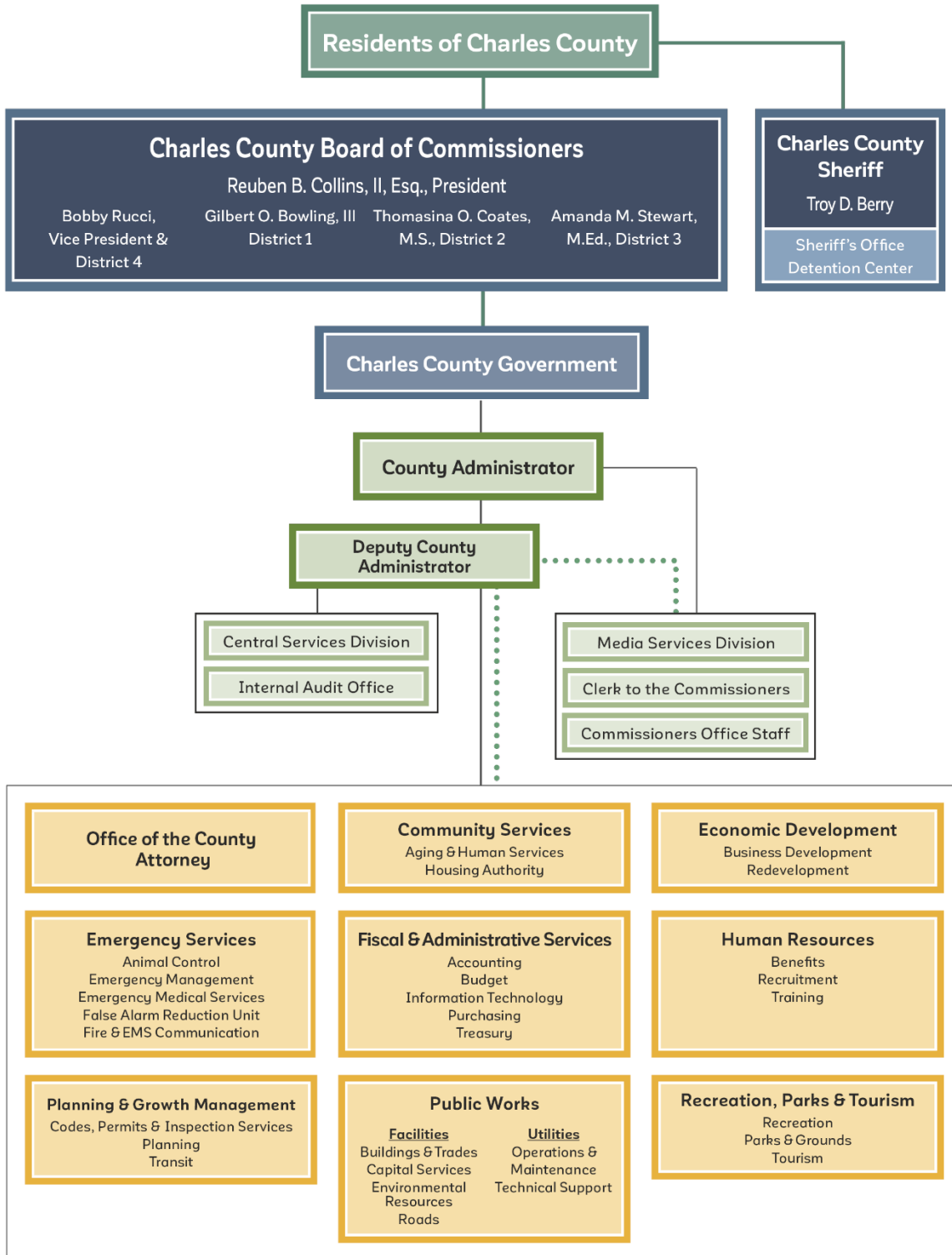
Mark J. Belton  
Deborah E. Hall, CPA  
Wes Adams  
Jenifer M. Ellin  
Deborah A. Carpenter  
Michelle Lilly  
William A. Shreve, Sr.  
Eileen B. Minnick  
Dina M. Barclay  
Alexis B. Blackwell  
Darrell A. Brown

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





# Charles County Government

## Our Mission

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

## Our Vision

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

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# Financial Section

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## INDEPENDENT AUDITORS' REPORT

Commissioners of Charles County, Maryland  
La Plata, Maryland

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County Commissioners of Charles County, Maryland (the County), as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditors' Responsibility***

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

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant

accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

***Opinion***

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County as of June 30, 2020, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

***Other Matters***

***Required Supplementary Information***

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

***Other Information***

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

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

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated January 26, 2021 on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the County's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.



**CliftonLarsonAllen LLP**

Baltimore, Maryland  
January 26, 2021

## 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, 2020. We encourage readers to use the information presented here in conjunction with the financial statements (beginning on page 38), and the accompanying notes to those financial statements (beginning on page 59).

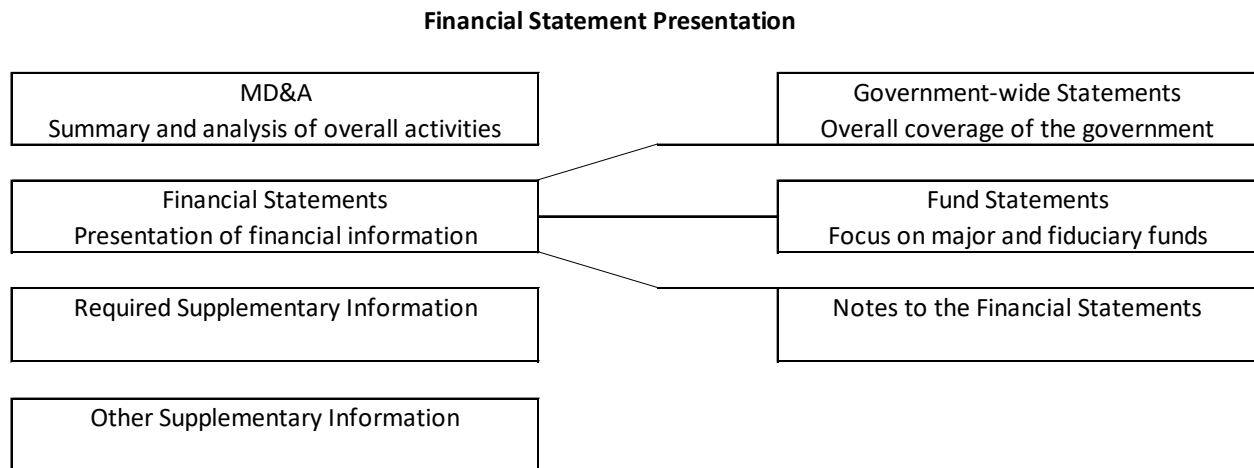
### **Financial Highlights**

- The government-wide assets and deferred outflows of resources of Charles County exceeded its liabilities and deferred inflows of resources at the close of the current fiscal year by \$397.8 million (net position).
- The County's statement of activities change in net position was an increase of \$30.7 million.
- As of the close of the current fiscal year, Charles County's governmental funds reported a combined ending fund balance of \$243.8 million, an increase of \$21.7 million from the prior year as stated on page 42. Approximately 1.0% of this total amount is classified as Non-spendable fund balance, or \$2.5 million. Much of the total is classified as Restricted, Committed or Assigned fund balance, or \$239.7 million.
- For Fiscal Year 2020, the total Fund Balance for the General Fund equaled \$120.1 million, as shown on page 42. Of that total, \$107.8 million is represented as Committed Fund Balance, including the Fund Balance Policy Target of \$63.9 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 million was approved during the year, however favorable expense budget savings negated the use of Fund Balance. In addition, there was greater than budget revenues primarily from Income Taxes, Recordation Taxes, and Transfer Taxes which exceeded the budget by a combined \$12.5 million and helped to offset shortfalls in Property Taxes. As a result, instead of a budgeted Fund Balance decrease of \$13 million, an increase of approximately \$11.2 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.



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

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

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

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

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

The government-wide financial statements include not only the operations of Charles County Government itself (known as the primary government), but also the legally separate organizations of the Board of Education of Charles County, Maryland, and the Board of Library Trustees for Charles County, Maryland (component units). The financial information for these component units is reported separately from the financial information presented for the primary government. The government-wide financial statements can be found on pages 38-41 of this report.

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

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

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

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

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

Proprietary funds - Proprietary funds include internal service funds and enterprise funds. An internal service fund is an accounting device used to accumulate and allocate costs internally among the County's various functions. Charles County does not maintain any internal service funds. Enterprise funds are used to report the same functions presented as business-type



activities in the government-wide financial statements. The County uses enterprise funds to account for its water and sewer services, solid waste management, environmental services programs, watershed protection and restoration, some recreational programs, vending and inspection and review services.

Proprietary fund financial statements provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Water and Sewer Fund, the Solid Waste Fund and the Stormwater Protection Fund, which are considered major funds of the County. The remaining four enterprise funds are combined into a single, aggregated presentation in the proprietary fund financial statements. The proprietary fund financial statements can be found on pages 46-49 of this report.

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

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

**Required supplementary information.** In addition to the financial statements and accompanying notes, this report presents certain required supplementary information that is not considered a part of the financial statements. Included in this section is a budgetary comparison for the General Fund, which demonstrates compliance with the annually adopted budget. This information can be found on pages 117-125 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 127-153 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 \$397.8 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, \$499.0 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 (29%) represents resources that are subject to external restrictions on how they may be used.

Net Position  
As of June 30, 2020 and 2019  
(amounts are presented in thousands)

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Current and other assets	\$ 379,533	\$ 333,515	\$ 89,913	\$ 87,446	\$ 469,446	\$ 420,961
Capital assets, net of depreciation	473,708	475,564	297,675	276,979	771,383	752,543
Total assets	853,240	809,079	387,589	364,425	1,240,829	1,173,504
Deferred Outflows of Resources	46,508	32,652	-	-	46,508	32,652
Total Assets and Deferred Outflows of Resources	899,748	841,731	387,589	364,425	1,287,337	1,206,156
Non-current liabilities	585,990	543,962	146,382	129,421	732,372	673,383
Other liabilities	48,984	35,198	9,807	11,756	58,792	46,954
Total liabilities	634,974	579,160	156,189	141,177	791,163	720,336
Deferred Inflows of Resources	98,391	118,739	-	-	98,391	118,739
Total Liabilities and Deferred Inflows of Resources	733,366	697,900	156,189	141,177	889,555	839,075
Net position:						
Net investment in capital assets	334,431	324,753	164,597	158,893	499,028	483,646
Restricted	110,656	102,747	3,358	4,966	114,014	107,713
Unrestricted	(278,705)	(283,668)	63,444	59,390	(215,260)	(224,278)
Total net position	\$ 166,383	\$ 143,832	\$ 231,399	\$ 223,249	\$ 397,782	\$ 367,081

Changes in Net Position  
Years ended June 30, 2020 and 2019  
(amounts are presented in thousands)

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Program revenues:						
Charges for services	\$ 14,927	\$ 15,561	\$ 70,320	\$ 63,350	\$ 85,247	\$ 78,911
Operating grants & contributions	25,390	21,744	1,216	987	26,606	22,731
Capital grants & contributions	3,709	5,487	73	236	3,782	5,724
General revenues:						
Property taxes	255,488	250,103	-	-	255,488	250,103
Other taxes	194,955	179,582	-	-	194,955	179,582
Other	12,656	13,782	527	4,308	13,183	18,090
Total revenues	<u>507,125</u>	<u>486,259</u>	<u>72,136</u>	<u>68,881</u>	<u>579,260</u>	<u>555,142</u>
Program expenses:						
General government	26,656	17,505	-	-	26,656	17,505
Public safety	102,494	110,187	-	-	102,494	110,187
Education	216,919	205,826	-	-	216,919	205,826
Judicial	7,141	6,747	-	-	7,141	6,747
Health	9,207	4,335	-	-	9,207	4,335
Social services	2,893	2,774	-	-	2,893	2,774
Community services	20,764	20,321	-	-	20,764	20,321
Recreation, Parks & Tourism	8,628	9,018	-	-	8,628	9,018
Economic development	2,014	1,872	-	-	2,014	1,872
Public facilities	64,491	59,974	-	-	64,491	59,974
Water and sewer	-	-	40,996	40,616	40,996	40,616
Solid waste	-	-	6,282	4,780	6,282	4,780
Other	21,869	20,186	18,204	16,050	40,073	36,236
Total expenses	<u>483,077</u>	<u>458,745</u>	<u>65,483</u>	<u>61,446</u>	<u>548,559</u>	<u>520,191</u>
Excess(deficit) before transfers	24,048	27,514	6,653	7,435	30,701	34,952
Net transfers	<u>(1,497)</u>	<u>(1,388)</u>	<u>1,497</u>	<u>1,388</u>	<u>-</u>	<u>-</u>
Change in net position	22,551	26,126	8,150	8,823	30,701	34,952
Net position - beginning of year	143,832	127,942	223,249	214,426	367,081	342,368
Restatement	-	(10,236)	-	-	-	(10,236)
Net position - end of year	<u>\$ 166,383</u>	<u>\$ 143,832</u>	<u>\$ 231,399</u>	<u>\$ 223,249</u>	<u>\$ 397,782</u>	<u>\$ 367,081</u>

Overall, the financial position of Charles County increased by 8% compared to Fiscal Year 2019. As shown on the table above, total revenues increased from \$555.1 million in Fiscal Year 2019 to \$579.3 million in Fiscal Year 2020. Property taxes increased by \$5.4 million. The County's Other taxes increased by \$15.4 million due to Excise Tax and Income Tax revenue. Program expenses increased from \$520.2 million in FY2019 to \$548.5 million in Fiscal Year 2020. An increase in net position of \$30.7 million was experienced when all funds are combined.

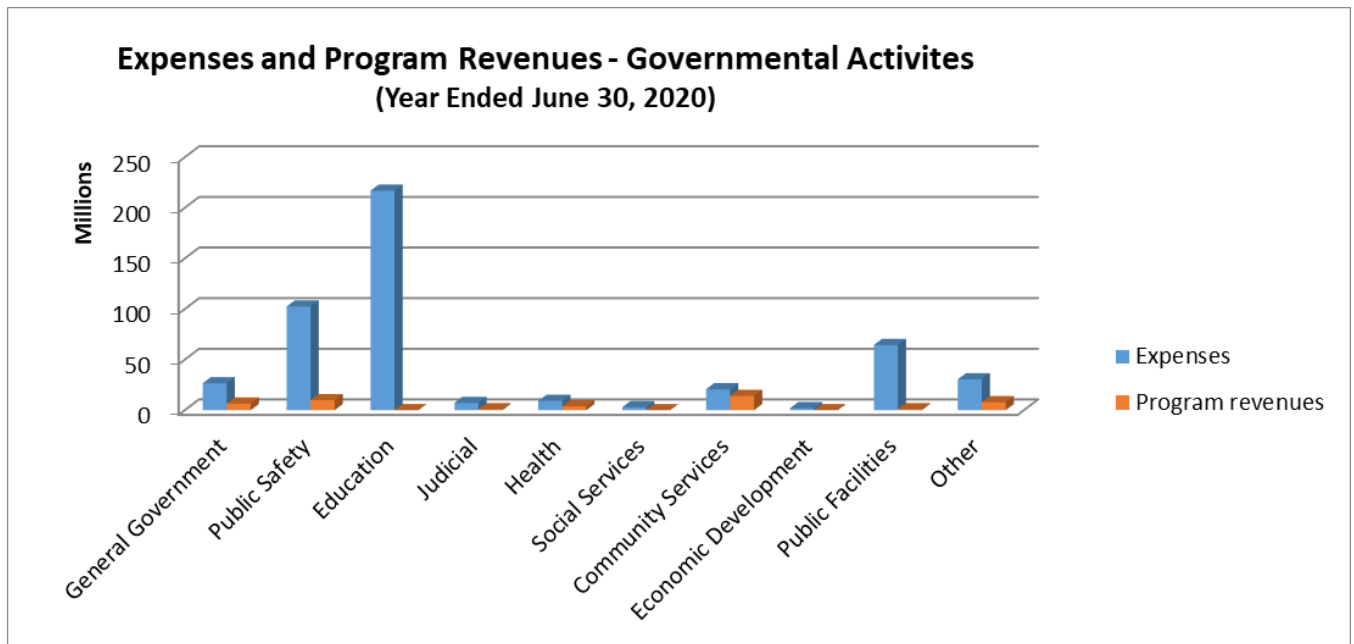
To aid in the understanding of the Statement of Activities (pages 40-41), some additional explanation is given. Of interest is the format of this statement. You will notice that expenses are listed in the first column with revenues from that program reported to the right. The result is a Net (Expenses)/Revenue and Changes in Net Position. The reason for this kind of format is to highlight the relative financial burden of each of the functions on the County's

taxpayers. It also identifies how much each function draws from the general revenues, or if the function is self-supporting through fees and grants. It is important to note that all taxes are classified as general revenue even if restricted for a specific purpose.

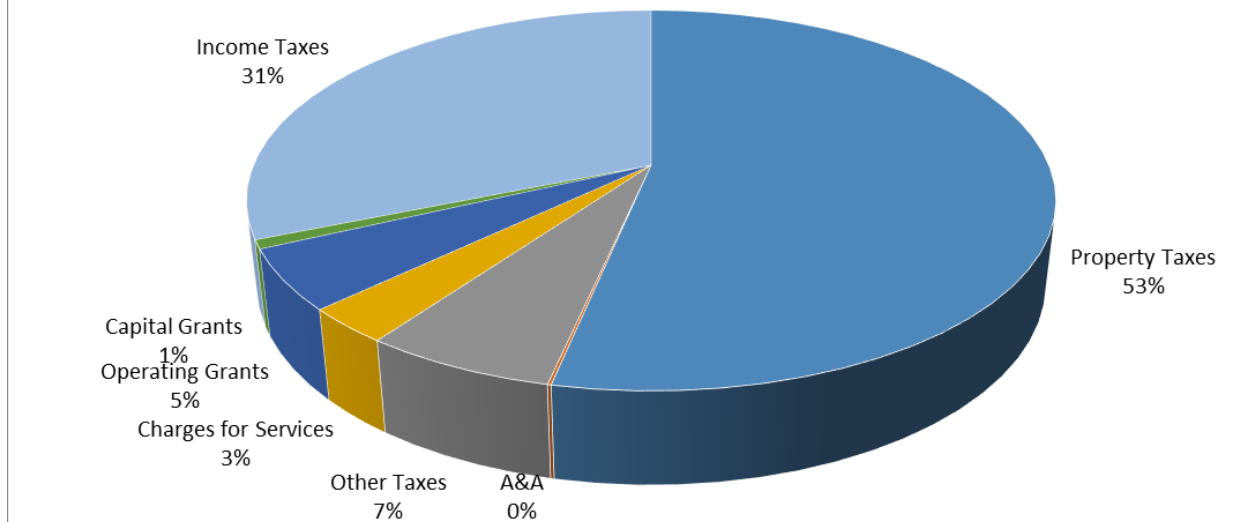
An increase in overall net position of \$30.7 million was experienced, as indicated on page 41. Total expenditures of \$548.6 million were partially offset by program related service fees, grants, and other contributions of \$115.6 million. The remaining \$433.0 million in expenditures were primarily funded through non-program revenue sources, primarily property and income taxes.

**Governmental activities.** Governmental-type activities, as expected, operated at a \$439.1 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 \$309.5 million in non-program revenue.

The County operates many programs on a fee for service basis (business-type activities) in order to help keep the burden on the taxpayer down. Business-type activities account for \$65.5 million of the total \$548.5 million expended, or approximately 12% of the total, and finished the fiscal year with an operating gain of \$8.2 million.



**General and Program Governmental Revenues by Source -  
Governmental Activities  
(Year Ended June 30, 2020)**



**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 2020, the rates increased for each tier. The residential rate for water is \$4.61 for the first 18,000 gallons, an increase of 60 cents. The second residential rate for water is \$9.22 from 18,001 to 24,000 gallons, an increase of \$1.20. The third residential rate for water is \$13.83 for 24,000 gallons and above, an increase of \$1.80. The residential sewer rate is \$8.70 and is capped at 24,000 gallons. The commercial/multi-family rate for water is \$5.57, up 69 cents, and sewer is \$8.70 per 1,000 gallons.

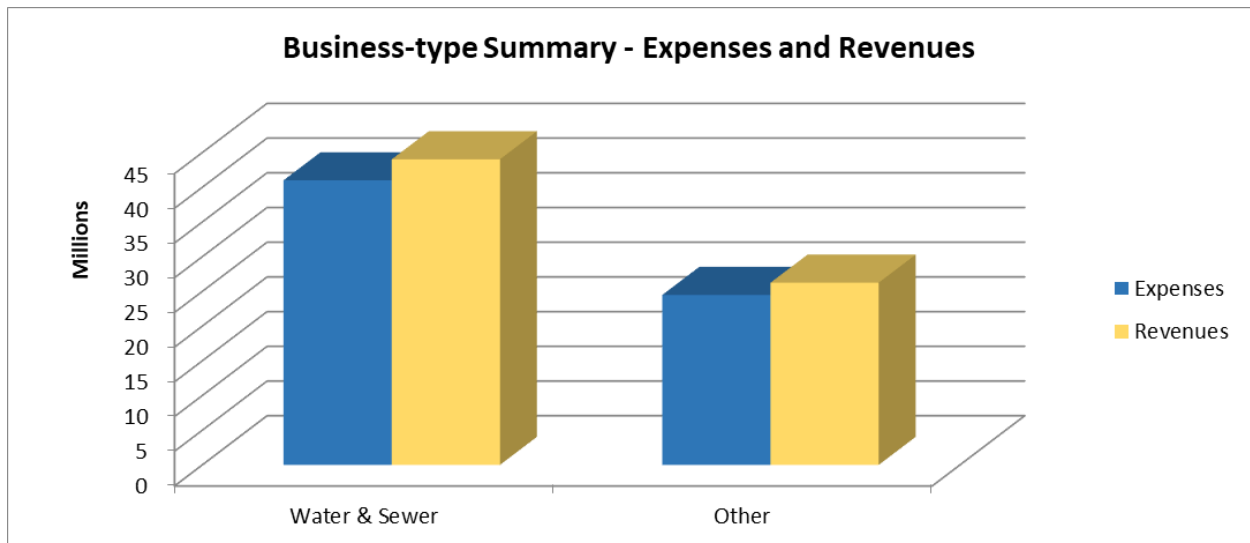
The Solid Waste Fund is considered a major fund for reporting purposes. The County owns and operates a landfill. The primary source of revenue is derived from tipping fees. The fee of \$75 per ton for commercial and residential refuse was the same as compared to Fiscal Year 2019. The County has opened 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 \$119 assessed on each improved property in the County. This was an eighteen dollar increase as compared to Fiscal Year 2019.

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 expenditures through a stormwater component of the Environmental Service fee, as mentioned above. The fee established for Fiscal Year 2020 was \$78, an increase of seventeen dollars compared to Fiscal Year 2019. The fee is charged annually to each improved property within the County. The Maryland legislature passed SB 863, the Watershed Protection and Restoration Program, that placed governance on counties and municipalities to regulate their own stormwater fee starting in Fiscal Year 2016.

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



### 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 \$243.8 million, an increase of \$21.7 million in comparison with the prior year. The general fund increased by \$11.2 million due to tax revenue from income tax and recordation and transfer tax exceeding budget estimates and expenditure savings. The special revenue funds increased by \$1.9 million. This was attributed, primarily to the Cable

Franchise Fund, as indicated on pages 141-143. The County's governmental fund balances as of June 30, 2020 includes General Fund reserves of \$2.0 million for inventory and Capital Project reserves of \$13.1 million for capital outlay with the balance of funds as indicated on page 93. The governmental fund balances of the County that are committed or assigned include \$11.2 million for income tax reserve and \$63.9 million as the policy target for bond rating.

The General Fund is the chief operating fund of the Charles County Government. At the end of the current fiscal year, non-spendable and restricted fund balance was \$2.6 million, and the committed fund balance, including the policy target, was \$107.9 million. The assigned fund balance for specific purposes was \$8.0 million, while the unassigned fund balance was \$1.6 million, for a total fund balance of \$120.1 million.

The Capital Project Fund experienced an increase of \$9.8 million during the current fiscal year. The County issues debt annually to fund multi-year capital projects, therefore, a fluctuation in fund balance is to be expected as bond proceeds are used. The Debt Service Fund experienced a decrease of \$1.3 million due to the reduction in Long Term Notes Receivable.

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

Unrestricted net position of the Water and Sewer Fund at the end of the year amounted to \$36.4 million. The unrestricted net position for the County's Solid Waste Fund was \$25.5 million. Unrestricted net position of all proprietary funds was \$63.4 million. There was a total increase in net position for all proprietary funds in the amount of \$8.2 million.

### **General Fund Budgetary Highlights**

The Fiscal Year 2020 General Fund Operating Budget was adopted at \$425.1 million. Budget amendments approved during the year equaled \$7.1 million, increasing the budget to an amended total of \$432.2 million. The Budget provided funds to the local Board of Education exceeding the State mandated "Maintenance-of-Effort" by \$8.5 million to support the opening of Billingsley Elementary School, salary raises for teachers and other public-school employees and funding for the County's match for the teacher incentive grant program.

A General Fund balance appropriation of \$13 million was approved during the year, however favorable expense budget savings negated the use of fund balance. In addition, there was greater than budget revenues primarily from income taxes, recordation & transfer taxes which exceeded the budget by a combined \$12.5 million and helped to offset shortfalls in Property Taxes. As a result, instead of a Fund Balance decrease of \$13 million, an increase of approximately \$11.2 million was experienced.

## Capital Asset and Debt Administration

**Capital assets.** The County's investment in capital assets for its governmental and business-type activities as of June 30, 2020, amounts to \$771.4 million (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, machinery and equipment, vehicles, and infrastructure. The total increase in the County's investment in capital assets for the current fiscal year was just around 2.5% (a less than 1% decrease for governmental activities and a 7.5% increase for business-type activities).

Capital Assets  
(net of depreciation)  
June 30, 2020 and 2019  
(amounts are presented in thousands)

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Land (not depreciated)	\$ 97,926	\$ 95,258	\$ 2,359	\$ 2,174	\$ 100,285	\$ 97,432
Construction in progress (not depreciated)	42,239	40,869	105,325	105,035	147,564	145,904
Land improvements	15,710	16,287	6,044	6,378	21,754	22,665
Infrastructure	210,007	213,550	149,418	127,896	359,425	341,446
Buildings and improvements	79,297	78,244	6,578	7,041	85,875	85,285
Machinery and equipment	21,151	24,147	26,108	26,872	47,259	51,019
Vehicles	7,378	7,209	1,843	1,583	9,221	8,792
Total	<u>\$ 473,708</u>	<u>\$ 475,564</u>	<u>\$ 297,675</u>	<u>\$ 276,979</u>	<u>\$ 771,383</u>	<u>\$ 752,543</u>

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

**Long-term debt.** At the end of the current fiscal year, the County had notes and bonds outstanding of \$419.8 million, which are backed by the full faith and credit of the County.

Outstanding Debt  
General Obligation Bonds and Notes Payable  
June 30, 2020 and 2019  
(amounts are presented in thousands)

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
General obligation bonds	\$ 289,916	\$ 280,511	\$ 125,083	\$ 108,877	\$ 414,999	\$ 389,388
Notes payable	-	-	4,806	5,574	4,806	5,574
Total	<u>\$ 289,916</u>	<u>\$ 280,511</u>	<u>\$ 129,889</u>	<u>\$ 114,451</u>	<u>\$ 419,805</u>	<u>\$ 394,962</u>

The County's total debt during Fiscal Year 2020 increased by \$24.9 million. The issuance of bonds at favorable interest rates combined with the County's strategic long-term financial policy



of primarily 15-year bond terms results in a rapid pay down of debt and has provided the County with the ability to issue new debt without a large negative fiscal impact. Bonds are also issued with 20-year bond terms for certain Road projects and 30-year bond terms for Stormwater Retrofit projects and certain Sewer projects to match the useful life of the asset with bond repayment.

The County recently announced that all three major national bond rating agencies have reaffirmed the County's strong bond ratings for the fourth consecutive year. Charles County has held the "AAA", the highest possible, from S&P Global Ratings (formerly Standard and Poor's) since 2015. Moody's Investors Service has assigned the "Aaa" rating since 2016. Fitch Ratings has rated the County as "AAA" since 2010. S&P Global Ratings noted Charles County's "very strong management, with strong financial policies and practices under our Financial Management Assessment methodology", while Moody's evaluation cited the "Aaa" rating is based on a "The county's strong financial position is supported by long-term financial forecasting and has maintained years of stability" Fitch Ratings referenced "the county as having the highest level of gap closing capacity, due to its sound reserve levels and superior inherent budget flexibility. This flexibility is represented by its solid spending controls and unlimited revenue-raising authority."

The County may issue general obligation and revenue bonds under existing authority conferred by the Maryland General Assembly. As a Code Home Rule county, the County may also authorize the issuance of general obligation and revenue bonds by enacting public local laws. There is no statutory limit on the amount of general obligation or revenue bonds that may be authorized by the County Commissioners. As of the end of Fiscal Year 2020, the County currently has \$226,368,100 of general obligation bond authority.

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

#### **Economic Factors and Next Year's Budgets and Rates**

- The Fiscal Year 2021 General Fund Budget was adopted at \$433,441,200, representing a 2.0% increase compared to FY2020.
- In Fiscal Year 2021, the County's largest revenue source, Property Tax, was budgeted at \$241.3 million, representing an increase of 2.5% compared to the Fiscal Year 2020 Adopted Budget. The second largest revenue source, Income Tax, was adopted at \$140.0 million, a 4.2% increase compared to the Fiscal Year 2020 Adopted Budget. Recordation and Transfer taxes were budgeted to increase by 8.2% in comparison to Fiscal Year 2020. A Fund Balance appropriation of \$5.1 million was also approved to balance the budget representing a \$1.3 million decrease over the adopted FY2020 use of Fund Balance.

- The County experienced a 2.5% increase in property tax assessments and held constant the property tax rates.
- The local Income Tax rate remained the same at 3.03% of Maryland taxable income.
- Expense budgets increased in total by 2.0% compared to the fiscal year 2020 budget. Our largest budget priority is public education. The Board of Education will receive \$195.7 million, \$3.6 million more than fiscal year 2020 budget. Commissioners decided to allocate \$1.7 million in additional funding to the Board of Education, beyond the Maintenance of Effort level required by law. This additional investment was to help offset declining State revenues. The Sheriff's Office and related functions will receive \$96.4 million, a 1.7% increase compared to fiscal 2020 to support Additional funds will support the volunteers in community services (VICS) program that is no longer self-sufficient and provides funding to hire two new school resource officers. Our steady and consistent investment in public safety has reduced crime and ensured a safer community for everyone who works, lives, and visits here. Other highlights include funding to support an additional emergency medical services crew in Waldorf, funding to support the mobile integrated health program for the medically underserved, and employment programs for our youth. Additional funding will be provided to the Health Department to support new position to triage and fast track inspections. The budget meets our debt obligations for the capital improvement program, and other expenditures to facilitate Commissioners' goals and objectives. The Fiscal Year 2021 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 2021.

### **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](http://www.charlescountymd.gov)

# Basic Financial Statements

THE COUNTY COMMISSIONERS OF CHARLES COUNTY, MARYLAND  
STATEMENT OF NET POSITION  
AS OF JUNE 30, 2020

	Governmental Activities	Business-type Activities	Total Primary Government	Component Units
<b>ASSETS:</b>				
Cash and cash equivalents	\$ 20,298,829	\$ 662,986	\$ 20,961,815	\$ 91,116,943
Short-term investments	287,421,381	-	287,421,381	-
Accounts & other tax receivables	65,418,909	12,367,926	77,786,834	12,707,668
Excise tax receivable	49,684,276	-	49,684,276	-
County property taxes receivable	5,347,056	-	5,347,056	-
Internal balances	(76,061,383)	76,061,383	-	-
Inventory	2,014,207	460,496	2,474,704	433,072
Other current assets	498,998	266,641	765,639	33,978
<b>Restricted assets:</b>				
Cash and cash equivalents	13,103,111	94,001	13,197,111	-
Notes receivable	10,982,447	-	10,982,447	-
<b>Capital assets, not being depreciated</b>				
Land	97,925,658	2,359,226	100,284,884	17,882,880
Construction in progress	42,238,942	105,324,898	147,563,839	21,905,595
<b>Capital assets, net of accumulated depreciation:</b>				
Land improvements	15,710,341	6,043,679	21,754,020	10,055,111
Infrastructure	210,006,729	149,417,997	359,424,726	-
Buildings and improvements	79,297,036	6,578,172	85,875,208	333,729,890
Machinery and equipment	21,150,935	26,108,299	47,259,234	5,719,780
Vehicles	7,377,917	1,843,009	9,220,926	-
<b>Total assets</b>	<b>852,415,387</b>	<b>387,588,712</b>	<b>1,240,004,098</b>	<b>493,584,917</b>
<b>DEFERRED OUTFLOWS OF RESOURCES:</b>				
Related to OPEB	880,216	-	880,216	81,611,281
Related to Pension	43,597,960	-	43,597,960	6,291,644
Charges on bond refundings	2,029,778	-	2,029,778	-
<b>Total deferred outflows</b>	<b>46,507,954</b>	<b>-</b>	<b>46,507,954</b>	<b>87,902,925</b>
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>				
	<b>898,923,341</b>	<b>387,588,712</b>	<b>1,286,512,053</b>	<b>581,487,842</b>
<b>LIABILITIES:</b>				
Accounts payable	12,310,197	5,848,408	18,158,605	12,793,997
Accrued expenses	14,165,286	2,409,899	16,575,185	31,867,188
Unearned revenue	14,626,199	1,452,515	16,078,715	4,715,144
Other liabilities	7,057,747	96,511	7,154,258	139,769
<b>Noncurrent liabilities:</b>				
Due within one year	34,952,445	10,269,251	45,221,696	660,441
Due in more than one year	551,037,624	136,112,649	687,150,273	440,327,525
<b>Total liabilities</b>	<b>634,149,498</b>	<b>156,189,234</b>	<b>790,338,732</b>	<b>490,504,064</b>
<b>DEFERRED INFLOWS OF RESOURCES:</b>				
Related to OPEB	83,265,283	-	83,265,283	230,220,230
Related to Pension	15,126,136	-	15,126,136	5,638,691
<b>Total deferred inflows</b>	<b>98,391,419</b>	<b>-</b>	<b>98,391,419</b>	<b>235,858,921</b>
<b>TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES</b>				
	<b>732,540,917</b>	<b>156,189,234</b>	<b>888,730,151</b>	<b>726,362,985</b>

THE COUNTY COMMISSIONERS OF CHARLES COUNTY, MARYLAND  
STATEMENT OF NET POSITION-continued  
AS OF JUNE 30, 2020

NET POSITION:				
Net Investment in capital assets	334,431,291	164,597,110	499,028,401	384,900,147
Restricted for:				
Capital projects	55,391,987	3,358,142	58,750,129	-
Debt service	24,198,120	-	24,198,120	-
Fire and Rescue	17,138,209	-	17,138,209	-
Cable franchise	9,327,913	-	9,327,913	-
Restricted for grants	4,599,609	-	4,599,609	1,081,530
Unrestricted	<u>(278,704,704)</u>	<u>63,444,227</u>	<u>(215,260,477)</u>	<u>(530,856,820)</u>
Total net position	<u>\$ 166,382,424</u>	<u>\$ 231,399,480</u>	<u>\$ 397,781,904</u>	<u>\$ (144,875,143)</u>

THE COUNTY COMMISSIONERS OF CHARLES COUNTY, MARYLAND  
STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2020

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>PRIMARY GOVERNMENT:</b>				
Governmental activities:				
Legislative	\$ 2,302,871	\$ 17,264	\$ -	\$ -
Judicial	7,140,734	-	969,434	-
Law	1,340,894	39,342	-	-
General government	26,656,034	6,424,328	57,931	-
Elections	1,356,061	-	-	-
Public safety	102,493,502	4,598,777	3,901,301	1,431,371
Planning and growth management	4,626,830	1,565,641	3,411,036	550,489
Health	9,207,175	66,683	3,686,849	98,166
Social services	2,893,192	-	-	-
Community services	20,764,433	830,766	13,196,829	-
Recreation, Parks & Tourism	8,628,385	916,177	25,658	1,256,551
Public facilities	64,491,345	467,917	49,904	372,222
Economic development	2,013,746	-	28,534	-
Education	216,919,201	-	-	-
Conservation of natural resources	709,492	-	62,206	-
Interest expense on long term debt	11,533,610	-	-	-
<b>Total governmental activities</b>	<b>483,077,505</b>	<b>14,926,894</b>	<b>25,389,682</b>	<b>3,708,799</b>
Business-type activities:				
Water and sewer	40,995,812	45,358,728	1,157,349	72,800
Inspection and review	4,781,005	3,950,939	-	-
Recreation	2,938,222	2,280,371	58,578	-
Solid waste	6,281,898	8,093,331	-	-
Environmental services	6,340,433	6,467,163	-	-
SW-Watershed Protection	3,994,163	4,039,373	-	-
Vending machines	150,248	129,750	-	-
<b>Total business-type activities</b>	<b>65,481,781</b>	<b>70,319,654</b>	<b>1,215,927</b>	<b>72,800</b>
<b>Total primary government</b>	<b>\$ 548,559,287</b>	<b>\$ 85,246,548</b>	<b>\$ 26,605,609</b>	<b>\$ 3,781,599</b>
<b>COMPONENT UNITS:</b>				
Board of Education of Charles County, Maryland	\$ 440,927,909	\$ 4,273,720	\$ 121,133,608	\$ 24,877,241
Board of Library Trustees for Charles County	8,273,442	59,161	60,022	-
<b>Total component units</b>	<b>\$ 449,201,351</b>	<b>\$ 4,332,881</b>	<b>\$ 121,193,630</b>	<b>\$ 24,877,241</b>

General revenues:

Taxes:

- Local property taxes
- Local taxes - Excise
- Local taxes - Admissions & Amusement
- Local taxes - Recordation
- Local taxes - Transfer
- Local taxes - Hotel/Motel
- Income taxes
- State shared revenue

- 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

Net (Expenses)Revenues and Changes in Net Position			
Primary Government			
Governmental Activities	Business- type Activities	Total	Component Units
\$ (2,285,607)	\$ -	\$ (2,285,607)	\$ -
(6,171,300)	-	(6,171,300)	-
(1,301,552)	-	(1,301,552)	-
(20,173,775)	-	(20,173,775)	-
(1,356,061)	-	(1,356,061)	-
(92,562,053)	-	(92,562,053)	-
900,336	-	900,336	-
(5,355,477)	-	(5,355,477)	-
(2,893,192)	-	(2,893,192)	-
(6,736,838)	-	(6,736,838)	-
(6,429,999)	-	(6,429,999)	-
(63,601,301)	-	(63,601,301)	-
(1,985,212)	-	(1,985,212)	-
(216,919,201)	-	(216,919,201)	-
(647,286)	-	(647,286)	-
(11,533,610)	-	(11,533,610)	-
<u>(439,052,131)</u>	<u>-</u>	<u>(439,052,131)</u>	<u>-</u>
-	5,593,064	5,593,064	-
-	(830,065)	(830,065)	-
-	(599,272)	(599,272)	-
-	1,811,433	1,811,433	-
-	126,729	126,729	-
-	45,210	45,210	-
-	(20,499)	(20,499)	-
-	<u>6,126,598</u>	<u>6,126,600</u>	-
<u>(439,052,131)</u>	<u>6,126,598</u>	<u>(432,925,531)</u>	-
-	-	-	(290,643,340)
-	-	-	<u>(8,154,259)</u>
-	-	-	<u>(298,797,599)</u>
255,488,455	-	255,488,455	-
10,132,817	-	10,132,817	-
612,941	-	612,941	-
19,138,755	-	19,138,755	-
7,648,960	-	7,648,960	-
951,544	-	951,544	-
154,403,594	-	154,403,594	-
2,066,341	-	2,066,341	-
-	-	-	327,212,989
5,790,819	-	5,790,819	198,592
6,865,200	527,240	7,392,440	576,464
<u>(1,497,098)</u>	<u>1,497,098</u>	<u>-</u>	<u>-</u>
<u>461,602,327</u>	<u>2,024,338</u>	<u>463,626,666</u>	<u>327,988,045</u>
22,550,197	8,150,936	30,701,132	29,190,446
143,832,227	223,248,543	367,080,770	(174,065,589)
<u>\$ 166,382,424</u>	<u>\$ 231,399,480</u>	<u>\$ 397,781,904</u>	<u>\$ (144,875,143)</u>

THE COUNTY COMMISSIONERS OF CHARLES COUNTY, MARYLAND  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
AS OF JUNE 30, 2020

	General Fund	Capital Projects	Debt Service	Total Non-Major Governmental Funds	Total Governmental Funds
<b>ASSETS:</b>					
Cash and cash equivalents	\$ 19,779,390	\$ -	\$ -	\$ 519,440	\$ 20,298,829
Investments	270,725,426	-	-	16,695,954	287,421,381
Accounts & Other tax receivables	59,260,971	2,178,714	1,844	3,977,379	65,418,909
Excise tax receivable	-	-	49,684,276	-	49,684,276
County property taxes receivable	5,347,056	-	-	-	5,347,056
Due from other funds	-	83,453,259	13,365,350	13,093,056	109,911,665
Inventory	2,014,207	-	-	-	2,014,207
Other assets	496,704	-	-	2,294	498,998
Restricted assets					
Restricted cash and cash equivalents	1,124,519	-	-	11,978,592	13,103,111
Restricted notes receivable	-	-	10,982,447	-	10,982,447
<b>Total assets</b>	<b>\$ 358,748,273</b>	<b>\$ 85,631,973</b>	<b>\$ 74,033,917</b>	<b>\$ 46,266,715</b>	<b>\$ 564,680,879</b>
<b>LIABILITIES AND FUND BALANCES:</b>					
Accounts payable	\$ 1,336,360	\$ 9,582,184	\$ 158,851	\$ 1,232,802	\$ 12,310,197
Accrued expenditures	3,340,633	-	-	-	3,340,633
Unearned revenue	13,934	3,633,404	19,088	10,959,772	14,626,199
Due to other funds	183,991,780	-	-	1,981,270	185,973,050
Other liabilities	2,070,605	3,960,000	-	1,027,141	7,057,746
Payable from restricted assets	1,145,343	-	-	-	1,145,343
<b>Total liabilities</b>	<b>191,898,655</b>	<b>17,175,588</b>	<b>177,939</b>	<b>15,200,985</b>	<b>224,453,168</b>
<b>DEFERRED INFLOWS OF RESOURCES:</b>					
Unavailable revenue	46,755,032	-	49,657,858	-	96,412,890
<b>Fund balances:</b>					
Nonspendable fund balance	2,508,902	-	-	-	2,508,902
Restricted fund balance	110,670	13,064,398	12,220,897	25,242,457	50,638,423
Committed fund balance	107,865,627	33,909,616	-	-	141,775,244
Assigned fund balance	8,017,227	21,482,371	11,977,223	5,823,273	47,300,094
Unassigned fund balance	1,592,158	-	-	-	1,592,158
<b>Total fund balances</b>	<b>120,094,585</b>	<b>68,456,385</b>	<b>24,198,120</b>	<b>31,065,730</b>	<b>243,814,820</b>
<b>Total liabilities, deferred inflows &amp; fund balances</b>	<b>\$ 358,748,273</b>	<b>\$ 85,631,973</b>	<b>\$ 74,033,917</b>	<b>\$ 46,266,715</b>	<b>\$ 564,680,879</b>



THE COUNTY COMMISSIONERS OF CHARLES COUNTY, MARYLAND  
RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCE  
TO NET POSITION OF GOVERNMENTAL ACTIVITIES  
JUNE 30, 2020

Total Governmental Fund Balance	\$	243,814,820
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		473,707,557
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		(289,916,315)
Capital leases payable		(8,446,732)
Health insurance claims		(834,331)
Worker's Compensation claims		(5,654,745)
Net pension liabilities		(116,367,792)
LOSAP liabilities		(32,277,383)
Accrued interest		(3,190,230)
Net OPEB liability		(115,073,574)
Unavailable revenue		96,412,890
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		2,029,778
Related to Pensions		43,597,960
Related to Pensions		(15,126,141)
Related to OPEB		880,216
Related to OPEB		(83,265,283)
Compensated absences which are not due and payable in the current period and therefore are not reported in the funds		(23,908,273)
Net position of Governmental Activities	\$	166,382,424

THE COUNTY COMMISSIONERS OF CHARLES COUNTY, MARYLAND  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
GOVERNMENTAL FUNDS  
YEAR ENDED JUNE 30, 2020

	General Fund	Capital Projects	Debt Service	Total Non-Major Governmental Funds	Total Governmental Funds
<b>Revenues:</b>					
Taxes - Local property	\$ 230,152,790	\$ -	\$ -	\$ 13,923,131	\$ 244,075,920
Taxes - Income	139,535,615	-	-	-	139,535,615
Taxes - Excise	-	-	10,132,817	-	10,132,817
Taxes - Admissions and Amusement	612,941	-	-	-	612,941
Taxes - Recordation	19,138,755	-	-	-	19,138,755
Taxes - Transfer	7,648,960	-	-	-	7,648,960
Taxes - Hotel/Motel	951,544	-	-	-	951,544
Taxes - Heavy Equipment	87,816	-	-	-	87,816
Taxes - State shared	2,066,341	-	-	-	2,066,341
Charges for services	9,286,529	1,008,633	-	4,631,732	14,926,894
Intergovernmental	2,139,328	2,888,629	-	24,070,524	29,098,481
Interest income	4,567,645	-	1,707,574	589,982	6,865,201
Other income	5,412,247	-	371	378,201	5,790,819
<b>Total revenues</b>	<b>421,600,511</b>	<b>3,897,262</b>	<b>11,840,762</b>	<b>43,593,570</b>	<b>480,932,104</b>
<b>Expenditures:</b>					
<b>Current:</b>					
Education	206,813,750	20,433,955	-	2,003,767	229,251,472
Public safety	106,475,667	868,321	-	17,595,155	124,939,143
Other general government	26,577,631	-	2,398,664	-	28,976,295
Public facilities	12,287,826	12,830,450	-	-	25,118,276
Financial administration	10,985,273	133,334	-	-	11,118,607
Community services	2,099,923	-	-	18,035,995	20,135,918
Recreation, Parks and Tourism	7,991,349	709,271	-	-	8,700,620
Judicial	5,977,557	18	-	1,058,916	7,036,491
Planning and growth management	3,000,539	2,065,031	-	127,610	5,193,180
Health	3,072,185	-	-	5,976,754	9,048,939
Economic development	1,787,033	-	-	212,122	1,999,155
Social services	1,370,912	-	-	1,522,281	2,893,192
Legislative	2,202,915	-	-	34,572	2,237,486
Law	1,346,594	-	-	-	1,346,594
Conservation of natural resources	703,904	-	-	-	703,904
Elections	1,355,802	-	-	-	1,355,802
<b>Debt service:</b>					
Principal	-	-	10,257,488	-	10,257,488
Interest	8,249,927	-	3,331,753	-	11,581,681
<b>Total expenditures</b>	<b>402,298,786</b>	<b>37,040,380</b>	<b>15,987,906</b>	<b>46,567,172</b>	<b>501,894,244</b>
Excess (deficiency) of revenues over (under) expenditures	19,301,725	(33,143,118)	(4,147,145)	(2,973,603)	(20,962,140)
<b>Other financing sources (uses):</b>					
Issuance of debt - capital lease	-	-	2,882,000	-	2,882,000
Issuance of debt - bonds	-	34,700,000	-	-	34,700,000
Premium on issuance of debt	-	6,553,052	-	-	6,553,052
Transfers in	2,677,950	4,362,500	-	5,071,252	12,111,702
Transfers out	(10,736,015)	(2,677,950)	-	(194,835)	(13,608,800)
<b>Total other financing sources (uses)</b>	<b>(8,058,065)</b>	<b>42,937,602</b>	<b>2,882,000</b>	<b>4,876,417</b>	<b>42,637,955</b>
<b>Net change in fund balance</b>	<b>11,243,660</b>	<b>9,794,484</b>	<b>(1,265,145)</b>	<b>1,902,815</b>	<b>21,675,814</b>
<b>Fund balance - beginning of year</b>	<b>108,850,925</b>	<b>58,661,901</b>	<b>25,463,266</b>	<b>29,162,915</b>	<b>222,139,007</b>
<b>Fund balance - end of year</b>	<b>\$ 120,094,585</b>	<b>\$ 68,456,385</b>	<b>\$ 24,198,120</b>	<b>\$ 31,065,730</b>	<b>\$ 243,814,820</b>

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, 2020

Net change in fund balance - Governmental Funds	\$	21,675,814
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures.		11,942,300
However, in the statement of activities, the cost of capital assets is allocated over their estimated useful lives as depreciation expense.		(30,189,608)
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.		(6,434,949)
Governmental funds report revenues based on the availability of the funds. However, in the government-wide statements revenues are recorded based on collectibility.		10,202,739
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		23,282,287
Deferred outflows and inflows of resources related to OPEB		11,132,969
Amortization of deferred charges on bond refundings		(211,602)
Compensated absences		(1,510,478)
Health Self-Insurance Claims - IBNR		304,774
Net pension expense		(27,025,813)
Net LOSAP expense		7,395,695
Accrued interest		48,076
Net OPEB current year expense		1,937,992
Change in Net Position of Governmental Activities	\$	<u>22,550,197</u>

THE COUNTY COMMISSIONERS OF CHARLES COUNTY, MARYLAND  
STATEMENT OF NET POSITION  
PROPRIETARY FUNDS  
JUNE 30, 2020

	Business-type activities				Total
	Water and Sewer Fund	Solid Waste Fund	SW-Water Protection	Other Non-Major Proprietary Funds	
<b>ASSETS:</b>					
Current assets:					
Cash and cash equivalents	\$ 200	\$ 2,000	\$ -	\$ 660,786	\$ 662,986
Account receivables	11,299,856	829,226	66,143	172,701	12,367,926
Notes receivable	-	-	-	-	-
Due from other funds	36,034,856	36,273,018	1,423,397	6,006,201	79,737,471
Inventory	458,216	-	-	2,281	460,496
Other current assets	-	-	-	266,641	266,641
Total current assets	<u>47,793,128</u>	<u>37,104,243</u>	<u>1,489,540</u>	<u>7,108,610</u>	<u>93,495,521</u>
Noncurrent assets:					
Net capital assets	236,809,051	20,222,104	33,411,744	7,232,382	297,675,280
Restricted cash and cash equivalents	-	94,001	-	-	94,001
Total noncurrent assets	<u>236,809,051</u>	<u>20,316,104</u>	<u>33,411,744</u>	<u>7,232,382</u>	<u>297,769,280</u>
Total assets	<u>284,602,178</u>	<u>57,420,348</u>	<u>34,901,284</u>	<u>14,340,991</u>	<u>391,264,801</u>
<b>LIABILITIES:</b>					
Current liabilities:					
Accounts payable	4,029,817	332,429	494,513	991,649	5,848,408
Accrued expenses	1,846,657	45,604	450,980	66,658	2,409,899
Due to other funds	-	-	-	3,676,088	3,676,088
Unearned revenue	1,404,715	-	-	47,800	1,452,515
Current portion of long-term debt					
Bonds payable	6,409,100	68,621	839,581	578,287	7,895,588
Capital lease obligation	1,039,375	78,022	17,433	174,361	1,309,191
Compensated absences	199,627	29,383	11,282	46,905	287,198
Notes payable	777,274	-	-	-	777,274
Total current liabilities	<u>15,706,566</u>	<u>554,057</u>	<u>1,813,789</u>	<u>5,581,748</u>	<u>23,656,161</u>
Noncurrent liabilities:					
Bonds payable	86,493,816	1,201,762	28,773,689	718,382	117,187,649
Capital lease obligation	1,357,869	208,859	53,481	259,719	1,879,928
Compensated absences	1,444,474	216,090	51,717	335,317	2,047,598
Landfill post-closure costs	-	10,968,936	-	-	10,968,936
Notes payable	4,028,538	-	-	-	4,028,538
Other liabilities	-	95,011	-	1,500	96,511
Total noncurrent liabilities	<u>93,324,697</u>	<u>12,690,658</u>	<u>28,878,887</u>	<u>1,314,918</u>	<u>136,209,160</u>
Total liabilities	<u>109,031,263</u>	<u>13,244,716</u>	<u>30,692,676</u>	<u>6,896,666</u>	<u>159,865,321</u>
<b>NET POSITION:</b>					
Net Investment in Capital Assets	136,703,078	18,664,840	3,727,559	5,501,633	164,597,111
Restricted for Capital Projects	2,458,870	46,690	852,582	-	3,358,142
Unrestricted	36,408,967	25,464,102	(371,533)	1,942,692	63,444,227
Total net position	<u>\$ 175,570,915</u>	<u>\$ 44,175,632</u>	<u>\$ 4,208,608</u>	<u>\$ 7,444,325</u>	<u>\$ 231,399,480</u>

THE COUNTY COMMISSIONERS OF CHARLES COUNTY, MARYLAND  
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION  
PROPRIETARY FUNDS  
YEAR ENDED JUNE 30, 2020

	Business-type activities				Total
	Water and Sewer Fund	Solid Waste Fund	SW-Water Protection	Other Non-Major Proprietary Funds	
<b>Operating revenues:</b>					
Charges for services	\$ 45,358,728	\$ 8,093,331	\$ 4,039,373	\$ 12,828,223	\$ 70,319,654
Total operating revenues	<u>45,358,728</u>	<u>8,093,331</u>	<u>4,039,373</u>	<u>12,828,223</u>	<u>70,319,654</u>
<b>Operating expenses:</b>					
Personnel services	12,679,195	2,308,602	705,839	4,613,219	20,306,855
Utilities	3,024,240	23,098	1,247	258,747	3,307,331
Repairs and maintenance	1,206,188	203,120	3,861	181,321	1,594,489
Insurance costs	275,925	15,178	-	51,171	342,273
Indirect costs	741,460	302,940	35,400	122,300	1,202,100
Supplies	2,058,883	201,026	31,004	434,846	2,725,760
Contract services	5,123,971	2,067,536	1,592,155	7,192,219	15,975,882
Other operating costs	4,086,196	155,405	357,461	562,711	5,161,772
Depreciation	9,194,416	963,463	376,492	795,874	11,330,245
Total operating expenses	<u>38,390,473</u>	<u>6,240,367</u>	<u>3,103,459</u>	<u>14,212,406</u>	<u>61,946,707</u>
Operating income	<u>6,968,254</u>	<u>1,852,963</u>	<u>935,914</u>	<u>(1,384,183)</u>	<u>8,372,947</u>
<b>Nonoperating revenues (expenses):</b>					
Interest income	58,420	449,101	7,466	12,253	527,240
Intergovernmental	1,230,149	-	-	58,578	1,288,727
Interest expense	(2,605,339)	(41,530)	(890,704)	2,498	(3,535,076)
Total nonoperating revenues (losses)	<u>(1,316,770)</u>	<u>407,571</u>	<u>(883,238)</u>	<u>73,329</u>	<u>(1,719,109)</u>
Income before transfers	5,651,484	2,260,534	52,676	(1,310,854)	6,653,840
Transfers in	165,000	-	550,000	782,098	1,497,098
Transfers out	-	-	-	-	-
Change in net position	5,816,484	2,260,534	602,676	(528,756)	8,150,938
Net position - beginning of year	169,754,431	41,915,098	3,605,932	7,973,081	223,248,542
Net position - end of year	<u>\$ 175,570,915</u>	<u>\$ 44,175,632</u>	<u>\$ 4,208,608</u>	<u>\$ 7,444,325</u>	<u>\$ 231,399,480</u>

THE COUNTY COMMISSIONERS OF CHARLES COUNTY, MARYLAND  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
YEAR ENDED JUNE 30, 2020

	Business-type activities				Total
	Water and Sewer Fund	Solid Waste Fund	SW-Water Protection	Other Non-Major Proprietary Funds	
<b>Cash flows from operating activities:</b>					
Cash received from customers	\$ 44,463,672	\$ 8,093,331	\$ 4,039,373	\$ 12,526,442	\$ 69,122,818
Cash paid to suppliers	(17,243,761)	(836,924)	(2,081,979)	(8,449,999)	(28,612,663)
Cash paid to employees	(12,906,923)	(2,312,614)	(627,389)	(4,613,803)	(20,460,729)
Net cash from operating activities	<u>14,312,988</u>	<u>4,943,793</u>	<u>1,330,005</u>	<u>(537,360)</u>	<u>20,049,426</u>
<b>Cash flows from investing activities:</b>					
Interest received	58,420	449,101	7,466	12,253	527,240
Net cash from investing activities	<u>58,420</u>	<u>449,101</u>	<u>7,466</u>	<u>12,253</u>	<u>527,240</u>
<b>Cash flows from noncapital financing activities:</b>					
Transfers in (out)	165,000	-	550,000	782,098	1,497,098
Intergovernmental	72,800	-	-	58,578	131,378
Receipts from interfund loans	263,439	-	2,225,429	936,232	3,425,100
Repayments of interfund loans	-	(3,812,648)	-	(24,027)	(3,836,675)
Net cash from noncapital financing activities	<u>501,239</u>	<u>(3,812,648)</u>	<u>2,775,429</u>	<u>1,752,881</u>	<u>1,216,901</u>
<b>Cash flows from capital and related financing activities:</b>					
Intergovernmental	1,157,349	-	-	-	1,157,349
Proceeds from issuance of bonds	17,000,000	300,000	6,000,000	-	23,300,000
Principal payments on bonds payable	(6,979,037)	(52,481)	(706,077)	-	(7,737,595)
Principal payments on capital lease obligations	(1,154,286)	(63,942)	(10,205)	(555,485)	(1,783,918)
Principal payments on loans	(768,057)	-	-	(220,083)	(988,140)
Interest paid	(2,605,339)	(41,530)	(890,704)	2,498	(3,535,075)
Cash paid for capital expenses	(21,523,277)	(1,720,625)	(8,505,914)	(785,692)	(32,535,508)
Net cash from capital and related financing activities	<u>(14,872,647)</u>	<u>(1,578,578)</u>	<u>(4,112,900)</u>	<u>(1,558,762)</u>	<u>(22,122,887)</u>
Net increase (decreases) in cash and cash equivalents	-	1,668	-	(330,988)	(329,319)
Cash and cash equivalents - beginning of year	200	94,333	-	991,773	1,086,306
Cash and cash equivalents - end of year	<u>\$ 200</u>	<u>\$ 96,001</u>	<u>\$ -</u>	<u>\$ 660,785</u>	<u>\$ 756,987</u>

THE COUNTY COMMISSIONERS OF CHARLES COUNTY, MARYLAND  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
YEAR ENDED JUNE 30, 2020

	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)	\$ 6,968,254	\$ 1,852,963	935,914	\$ (1,384,183)	\$ 8,372,948
Adjustments to reconcile operating income to net cash from operating activities:					
Depreciation	9,194,416	963,463	376,492	795,874	11,330,245
Increase (decrease) in compensation-related liabilities included in long-term debt	659,840	14,673	(400)	11,957	686,070
Increase in landfill closure liabilities included in long-term debt	-	1,760,673	-	-	1,760,673
(Increase) decrease in other receivables	(922,724)	134,076	(18,485)	(113,776)	(920,909)
(Increase) decrease in inventories	35,151	-	-	5,312	40,463
(Increase) decrease in other current assets	752	236	-	(37,818)	(36,830)
(Increase) decrease in restricted assets	-	(140)	-	-	(140)
(Increase) decrease in deferred bond issue costs	682,443	2,771	67,257	14,631	767,102
Increase (decrease) in accounts payable	(1,975,402)	219,087	(109,625)	484,967	(1,380,973)
Increase (decrease) in accrued expenses	(357,409)	(4,012)	78,850	(12,542)	(295,113)
Increase (decrease) in unearned revenue	27,668	-	-	(301,782)	(274,114)
Net cash from by operating activities	<u>\$ 14,312,988</u>	<u>\$ 4,943,792</u>	<u>\$ 1,330,005</u>	<u>\$ (537,361)</u>	<u>\$ 20,049,425</u>

SCHEDULE OF NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES

	Water and Sewer Fund	Solid Waste Fund	SW-Water Protection	Other Non-Major Proprietary Funds	Total
Borrowing under capital lease	<u>\$ 572,700</u>	<u>\$ 130,000</u>	<u>\$ 73,000</u>	<u>\$ 237,500</u>	<u>\$ 1,013,200</u>

THE COUNTY COMMISSIONERS OF CHARLES COUNTY, MARYLAND  
STATEMENT OF FIDUCIARY NET POSITION  
AS OF JUNE 30, 2020

		Pension and OPEB Trust Funds
<b>ASSETS:</b>		
Current assets:		
Cash and cash equivalents	\$	10,066,268
Interest receivable		143,451
		10,209,719
Total current assets		
Investments:		
Bond mutual funds		106,967,202
Equity securities		197,855,200
Pooled separate accounts		235,148,431
		539,970,832
Total investments		
		550,180,551
Total assets		
 <b>LIABILITIES:</b>		
Accrued expenses		8,871
		8,871
 Net position restricted for pensions		
		537,162,384
Net position restricted for OPEB		
		13,009,295
<b>TOTAL NET POSITION</b>		
	\$	550,171,679



THE COUNTY COMMISSIONERS OF CHARLES COUNTY, MARYLAND  
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
YEAR ENDED JUNE 30, 2020

	Pension and OPEB Trust Funds
ADDITIONS:	
Contributions:	
Employer contributions	\$ 20,166,616
Employee contributions	5,523,611
Total contributions	25,690,227
Investment earnings:	
Interest	20,003,851
Net change in fair value of investments	5,232,749
Total investment earnings	25,236,600
Less investment expenses	(2,600,362)
Net investment earnings	22,636,240
Total additions	48,326,467
DEDUCTIONS:	
Benefits paid to members	23,085,875
Administrative costs	19,801
Total deductions	23,105,676
Changes in net position	25,220,791
Net position - beginning of year	524,950,888
Net position - end of year	\$ 550,171,679

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THE COUNTY COMMISSIONERS OF CHARLES COUNTY, MARYLAND  
 COMBINING STATEMENT OF NET POSITION  
 COMPONENT UNITS  
 JUNE 30, 2020

	Board of Education of Charles County, Maryland	Board of Library Trustees for Charles County	Total
<b>ASSETS:</b>			
Cash and cash equivalents	\$ 89,457,199	\$ 1,659,744	\$ 91,116,943
Short-term investments	-	-	-
Accounts receivable	12,675,678	31,990	12,707,668
Inventory	433,072	-	433,072
Other assets	-	33,978	33,978
Capital assets			
Land	17,882,880	-	17,882,880
Construction in progress	21,905,595	-	21,905,595
Land improvements	10,055,111	-	10,055,111
Buildings	333,729,890	-	333,729,890
Machinery, furniture and equipment	4,918,539	801,241	5,719,780
Total assets	<u>491,057,964</u>	<u>2,526,953</u>	<u>493,584,917</u>
<b>DEFERRED OUTFLOWS OF RESOURCES:</b>			
Deferred outflows related to OPEB	81,581,443	29,838	81,611,281
Deferred outflows related to Pension	6,291,644	-	6,291,644
Total deferred outflows of resources	<u>87,873,087</u>	<u>29,838</u>	<u>87,902,925</u>
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	<u>578,931,051</u>	<u>2,556,791</u>	<u>581,487,842</u>
<b>LIABILITIES:</b>			
Accounts payable	12,783,212	10,785	12,793,997
Accrued expenses	31,668,572	198,616	31,867,188
Unearned revenue	4,715,144	-	4,715,144
Other liabilities	139,769	-	139,769
Non-current liabilities:			
Due within one year	660,441	-	660,441
Due in more than one year	438,734,830	1,592,695	440,327,525
Total liabilities	<u>488,701,968</u>	<u>1,802,096</u>	<u>490,504,064</u>
<b>DEFERRED INFLOWS OF RESOURCES:</b>			
Deferred inflows related to OPEB	227,397,678	2,822,552	230,220,230
Deferred inflows related to Pension	5,638,691	-	5,638,691
Total deferred inflows of resources	<u>233,036,369</u>	<u>2,822,552</u>	<u>235,858,921</u>
<b>TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES</b>	<u>721,738,337</u>	<u>4,624,648</u>	<u>726,362,985</u>
<b>NET POSITION:</b>			
Net investment in capital assets	384,098,906	801,241	384,900,147
Restricted for grants	1,081,530	-	1,081,530
Unrestricted (deficit)	(527,987,722)	(2,869,098)	(530,856,820)
Total net position	<u>\$ (142,807,286)</u>	<u>\$ (2,067,857)</u>	<u>\$ (144,875,143)</u>

THE COUNTY COMMISSIONERS OF CHARLES COUNTY, MARYLAND  
 COMBINING STATEMENT OF ACTIVITIES  
 COMPONENT UNITS  
 YEAR ENDED JUNE 30, 2020

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	\$ 440,927,909	\$ 4,273,720	\$ 121,133,608	\$ 24,877,241
Board of Library Trustees for Charles County	8,273,442	59,161	60,022	-
<b>Total component units</b>	<b>\$ 449,201,351</b>	<b>\$ 4,332,881</b>	<b>\$ 121,193,630</b>	<b>\$ 24,877,241</b>

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

Net (Expenses) Revenues and Changes in Net Position		
Primary Government		
Board of Education of Charles County, Maryland	Board of Library Trustees for Charles County	Total
\$ (290,643,340)	\$ -	\$ (290,643,340)
-	(8,154,259)	(8,154,259)
(290,643,340)	(8,154,259)	(298,797,599)
320,287,317	6,925,672	327,212,989
-	19,518	19,518
555,316	21,148	576,464
163,481	15,593	179,074
-	-	-
321,006,114	6,981,931	327,988,045
30,362,774	(1,172,328)	29,190,446
(173,170,060)	(895,529)	(174,065,589)
\$ (142,807,286)	\$ (2,067,857)	\$ (144,875,143)

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**The County Commissioners of Charles County, Maryland**  
**Notes to the Financial Statements--June 30, 2020**

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# The County Commissioners of Charles County, Maryland

## Notes to the Financial Statements--June 30, 2020

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## Notes to the Financial Statements

### NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### A. Reporting Entity

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

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

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

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

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

reliable upon Charles County Government approving their annual budget and establishing spending limitations. The County Commissioners are responsible for levying taxes and collecting and distributing the funds to the Board within the entire annual budget process. The Board is unable to issue bonded debt, thus the County can and does finance Board capital projects. Therefore, the County has the ability to impose their will on the organization, as well as the Board having the potential to impose a financial benefit/burden on the County. The County provided \$192,074,000 in operating funds and \$20,164,375 in capital funding to the Board of Education during fiscal year 2020.

**The Board of Library Trustees for Charles County, Maryland (the Library)** is a legally separate entity under Maryland state law. The Library's Trustees, a seven-member Board, are appointed by the County Commissioners and oversee the day-to-day management of the Library. The Library's budget is subject to the approval of the elected County Commissioners. The County provided \$3,861,300 in operating funds to the Library during fiscal year 2020.

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

*Board of Education of Charles County, Maryland*  
*Assistant Superintendent of Finance*  
*Office of Fiscal Services*  
*P.O. Box 2770*  
*La Plata, MD 20646*

*Board of Library Trustees of Charles County, Maryland*  
*2 Garrett Avenue*  
*La Plata, MD 20646*

## **B. Basic Financial Statements**

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

### **Government-wide Statements**

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

component units. The government-wide financial statements focus more on the sustainability of the County as an entity and the change in the County's net position resulting from the current year's activities.

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

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

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

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

## **Fund Financial Statements**

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

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

### **1. Governmental Funds:**

The County reports the following governmental funds types:

a. **General Fund** is the general operating fund of the County. It is used to account for all financial resources except those required to be accounted for in another fund. The General Fund is always considered a major fund.

b. **Capital Projects Fund** is used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by business-type/proprietary funds). The Capital Projects Fund is a major fund.

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

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

### **2. Proprietary Funds:**

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

**Enterprise Funds** are required to be used to account for operations for which a fee is charged to external users for goods or services and the activity (a) is financed with debt that is solely secured by a pledge of net revenues, (b) has third party requirements that the cost of providing services, including capital costs, be recovered with fees and charges, or (c) establishes fees and charges based on a pricing policy designed to cover similar costs. The Water and Sewer Fund, the Solid Waste Fund, and the Stormwater – Watershed Protection Fund qualifies as a major fund and are presented separately. All other enterprise funds are non-major and their data is combined into a single aggregated presentation.

### **3. Fiduciary Funds:**

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

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

## **C. Measurement Focus and Basis of Accounting**

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

### **Measurement Focus**

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

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

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

### **Basis of Accounting**

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

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

## **D. Financial Statement Amounts**

### **1. Cash and Cash Equivalents:**

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

### **2. Investments:**

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

### **3. Receivables:**

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

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

### **4. Inter-fund Transactions:**

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

- a. Transactions for services rendered or facilities provided – these transactions are recorded as revenues in the receiving fund and expenditures in the disbursing fund.
- b. Transactions to reimburse a fund for expenditures made by it or for the benefit of another fund – these transactions are recorded as expenditures in the disbursing fund and as reductions of expenditures in the receiving fund.
- c. Transactions to shift revenues or contributions from the fund budgeted to receive them to the fund budgeted to expend them – these transactions are recorded as transfers in and out.

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

### **5. Inventories:**

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

## **6. Prepaid Items:**

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

## **7. Restricted Assets:**

Cash deposits are held for construction escrow bonds, inmates at the Detention Center, a County Attorney escrow, a State's Attorney Restitution bank account, two Economic Development loan program bank accounts, unearned grant funds and various lease deposits held are all restricted and being held in Governmental Funds. In addition, certain debt proceeds and certain resources set aside for their repayment in the Debt Service Fund, are classified as restricted assets on the balance sheet because their uses are limited and they are maintained in separate accounts. In the Solid Waste Management Fund, bonds are held for commercial credit customers of the landfill operation in a fully refundable interest-bearing bank account.

## **8. Capital Assets:**

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

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

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



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

## 9. Net Position/Fund Balance:

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

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

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

- a. Non-spendable Fund Balance – this classification reports governmental funds that are not spendable in the current form, such as inventory and prepaid items, or due to a legal or contractual requirement that they maintain intact.
- b. Restricted Fund Balance - this classification reports amounts that are restricted when there are limitations imposed on their use either through enabling legislation adopted by the County or through external parties such as creditors, grantors, contributors, or laws and regulations of other governments.

- c. Committed Fund Balance – this category reports amounts that are self-imposed limitations set in place prior to the end of the reporting period. The limitation is imposed by formal action of the County’s highest level of decision-making authority, which is by a majority vote by the Charles County Board of County Commissioners. Only the County’s Board of County Commissioners may modify or rescind the commitment.
- d. Assigned Fund Balance – this classification reports amounts that are limited by the County’s intent to be used for specific purposes; but are neither restricted nor committed. The authority for assigning fund balance is expressed by the Board of County Commissioner’s to their designees, the County Administrator and the Director of Fiscal and Administrative Services.
- e. Unassigned Fund Balance – this classification reports the residual net resources. The County’s General Fund is the only fund permitted to report a positive amount.

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

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

#### **10. Compensated Absences:**

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

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

## **11. Long-term Obligations:**

In the government-wide financial statements and proprietary fund-types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund-type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds.

In the fund financial statements, governmental fund-types recognize bonded debt and related premiums and discounts during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Capital leases are recorded in the same manner.

## **12. Revenues, Expenditures, and Expenses:**

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

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

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

## **13. Accounting Estimates:**

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

#### **14. Significant Applicable New GASB Pronouncements**

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

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

GASB Statement No. 87, Leases, was issued in June 2017, with an original implementation date for financial statements for periods beginning after December 15, 2019. This statement intends to increase the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The new implementation date is for financial statements for periods beginning after June 15, 2021.

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

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

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

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

GASB Statement No. 95, Postponement of the effective dates of certain authoritative guidance, was issued in May 2020. The primary objective of this Statement is to provide temporary relief to governments and other stakeholders due to the COVID-19 pandemic. That objective is accomplished by postponing the effective dates of certain provisions in Statements and Implementation Guides that first became effective or are scheduled to become effective for periods beginning after June 15, 2018, and later. The requirements of this statement are effective immediately.

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

GASB Statement No. 97, Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Codes 457 Deferred Compensation Plans, was issued in June 2020. The primary objectives of this Statement are to (1) increase consistency and comparability related to the fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2)

mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other post-employment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in a fiduciary fund financial statements; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans. This is effective for financial statements for periods beginning after June 15, 2021.

## **NOTE 2. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**

### **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 program level. However, with proper approval by the County Commissioners, as stated in the County's Budget Policies and Delegated Authorities, last modified on March 11, 2014, budget transfers can be made. The budgeted financial statements represented in this report reflect both the original and final budget authorization, including all amendments made by the County Commissioners.

## **NOTE 3. DETAILED NOTES ON ALL FUNDS**

### **A. Cash Deposits and Investments**

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

## Cash Deposits

At year-end, the carrying amount of the County's deposits was \$22,438,280 and the bank balances were \$23,985,032. Of the bank balance, \$1,721,559 was covered by Federal depository insurance and \$22,263,473 was collateralized with securities held by the pledging financial institution's trust department or agent in the County's name. The various amounts of petty cash on hand were \$16,175. The restricted cash equivalents balance of \$13,103,111 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 \$58,886,538 and the bank balances were \$68,671,375. The bank balance was covered by either Federal depository insurance or by collateral held in either the pledging bank's trust department or by the pledging bank's agent in the Board's name.

At year-end, the carrying amount of the Library's deposits was \$354,076 and the bank balances were \$448,478. The bank balance was covered by Federal depository insurance, up to statutory limits and collateralized by securities held by the pledging financial institution, for the excess. The amount of cash on hand was \$2,114.

## 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	\$ 270,058	\$ -	\$ 5,525	\$ 275,583
Deposit accounts	20,028,770	-	657,461	20,686,231
Repurchase agreements (sweep)	30,606,997	-	-	30,606,997
U.S. government securities				
Treasuries	76,169,966	-	-	76,169,966
Agencies	62,472,885	-	-	62,472,885
Money market		10,066,268	-	10,066,268
Maryland local government pool	101,475,579	-	-	101,475,579
Bond mutual funds	5,942,513	106,967,202	-	112,909,715
Equity securities	10,753,441	197,855,199	-	208,608,640
Pooled separate accounts	-	235,148,431	-	235,148,431
Restricted cash equivalents	13,103,111	-	94,001	13,197,111
Total cash and investments	<u>\$ 320,823,320</u>	<u>\$ 550,037,100</u>	<u>\$ 756,987</u>	<u>\$ 871,617,407</u>

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

Cash on hand	\$ 24,280
Deposits	55,962,543
Money market mutual funds	8,589,611
Maryland local government pool	<u>24,880,765</u>
Total cash and investments	<u>\$ 89,457,199</u>

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

Cash on hand and deposits	\$ 356,190
Maryland local government pool	<u>1,303,554</u>
Total cash and investments	<u>\$ 1,659,744</u>

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

	Level 1	Level 2	Level 3	Balance June 30, 2020
<b>Investments by fair value level:</b>				
U.S. government securities: Treasuries	\$ -	\$ 76,169,966	\$ -	\$ 76,169,966
U.S. government securities: Agencies	-	62,472,885	-	62,472,885
Bond Mutual funds	112,909,715	-	-	112,909,715
Equity securities	208,608,640	-	-	208,608,640
	<u>321,518,355</u>	<u>138,642,850</u>	-	<u>460,161,205</u>
<b>Investments carried at net asset value:</b>				
Pooled Separate accounts				235,148,431
<b>Cash and Investments carried at amortized cost:</b>				
Cash on hand				275,583
Deposit Accounts				20,686,231
Repurchase agreements (sweep)				30,606,997
Money Market				10,066,268
Maryland local government pool				101,475,579
Restricted assets: MD local government pool				<u>13,197,111</u>
Total Cash and Investments at amortized cost:				<u>176,307,769</u>
				<u>\$ 871,617,407</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, 2020:

	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	\$ 76,169,966	\$ -	\$ -	\$ -	\$ 76,169,966
U.S. Governmental Agencies	62,472,885	-	-	-	62,472,885
Total	<u>\$ 138,642,850</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 138,642,850</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, 2020, 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:

	Governmental Activities			Business-Type Activities			Total Non-Major Funds	Total
	General	Capital Projects	Debt Service	Water and Sewer Fund	Solid Waste Fund	SW-Watershed Protection Fund		
Receivables:								
Interest	\$ 1,123,324	\$ -	\$ -	\$ 7,715	\$ -	\$ -	\$ -	\$ 1,131,039
Taxes	5,347,056	-	49,684,276	-	-	-	-	55,031,332
Accounts	58,137,647	2,178,714	-	10,700,975	829,226	661	3,994,149	75,841,372
Special assessments	-	-	1,844	591,166	-	65,482	-	658,492
Intergovernmental	-	-	-	-	-	-	155,931	155,931
Total receivables	<u>\$ 64,608,027</u>	<u>\$ 2,178,714</u>	<u>\$ 49,686,120</u>	<u>\$ 11,299,856</u>	<u>\$ 829,226</u>	<u>\$ 66,143</u>	<u>\$ 4,150,080</u>	<u>\$ 132,818,166</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:

	Unearned	Unavailable	Total
Delinquent property taxes receivable (General Fund)	\$ -	\$ 6,203,640	\$ 6,203,640
Unavailable property tax receivable (Debt Service)	17,244	49,657,858	49,675,102
Unavailable income tax receivable	-	40,551,393	40,551,393
Special assessments not yet due (Debt Service)	1,844	-	1,844
School construction impact fees	3,633,404	-	3,633,404
Grant draw-downs prior to meeting all eligibility requirements	11,481,149	-	11,481,149
Other unearned revenue	317,327	-	317,327
Total unearned revenue for governmental funds	<u>\$ 15,450,968</u>	<u>\$ 96,412,890</u>	<u>\$ 111,863,859</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, 2020 remained constant at \$1.141 per \$100 of assessed value. Property taxes attach as an enforceable lien on the property when levied on July 1 of each year. The taxes are payable without interest by September 30.

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

**D. Tax Abatements**

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

The first PILOT agreement for the County was executed on December 13, 2011, with CPV Maryland, LLC. This endeavor took many years of the regulatory process, permitting, and ultimately, construction of a natural gas power plant in Charles County. The commercial operation date of the plant was February 14, 2017, and thus began the agreement’s payment schedule that has a term of 20 years. The plant utilizes treated reclaimed water to meet facility cooling needs from the Mattawoman sewer treatment plant owned by the County, which resulted in revenue collected in the amount of \$1,157,826 for Fiscal Year 2020. The revenue from treated reclaimed water was a major influence in providing tax relief to CPV, as well as, a stimulus for the local economy.

The second PILOT, executed on March 28, 2017, is between Charles County and GenOn Mid-Atlantic, LLC. The original term of this agreement is for 5 years.

<u>Tax Abatement Program</u>	<u>Amount of Taxes Abated</u>
PILOT Agreements	
CPV Maryland, LLC	\$ 5,407,929
GenOn Mid-Atlantic, LLC	\$ 301,106

**E. Notes Receivable**

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

<u>Loan &amp; Year</u>	<u>Total Borrowed</u>	<u>Term &amp; Rate</u>	<u>Principal Balance 6/30/2020</u>
UMCRMC 2004	\$ 15,000,000	15 years, 3.04831%	\$ 923,535
U.S. Home Corporation 2005	6,000,000	15 years, 5%-5.125%	-
U.S. Home Corporation 2006	10,000,000	15 years, 5.125%-8%	697,500
U.S. Home Corporation 2007	3,000,000	15 years, 5.25%-5.75%	487,500
U.S. Home Corporation 2008	3,000,000	15 years, 4.90%-5.25%	702,250
U.S. Home Corporation 2009	2,000,000	15 years, 4%-5.375%	631,667
U.S. Home Corporation 2011	4,000,000	15 years, 2%-4.5%	2,155,000
U.S. Home Corporation 2012	4,000,000	15 years, 2%-3.25%	2,007,500
U.S. Home Corporation 2013	3,700,000	15 years, 3%-4%	2,100,000
U.S. Home Corporation 2015	1,700,000	15 years, 3%-4%	1,277,495
Subtotal: U.S. Home Corporation	<u>45,400,000</u>		<u>10,058,912</u>
Total Notes Receivable	<u>\$ 60,400,000</u>		<u>\$ 10,982,447</u>

Bonds issued by the County for U.S. Home Corporation and the University of Maryland-Charles Regional Medical Center (UMCRMC) are 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:

	UM Charles Regional Medical Center		U.S. Home Corporation	Total
2021	\$ 935,306	\$ 2,651,793	\$ 3,587,099	
2022	-	1,847,766	1,847,766	
2023	-	1,522,195	1,522,195	
2024	-	1,276,418	1,276,418	
2025	-	1,153,067	1,153,067	
2026-2030	-	2,984,799	2,984,799	
2031-2035	-	50,778	50,778	
Subtotal	<u>935,306</u>	<u>11,486,816</u>	<u>12,422,122</u>	
Less: Interest	<u>11,771</u>	<u>1,427,904</u>	<u>1,439,675</u>	
Total future minimum note payments receivable	<u>\$ 923,535</u>	<u>\$ 10,058,912</u>	<u>\$ 10,982,447</u>	

## F. Capital Assets

Capital asset activity for the year ended June 30, 2020 was as follows:

### Primary Government

Governmental Activities	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, not depreciated:				
Land	\$ 95,257,766	\$ 2,667,892	\$ -	\$ 97,925,658
Construction in progress	40,869,494	16,490,504	15,121,057	42,238,942
Total capital assets, not depreciated	<u>136,127,260</u>	<u>19,158,396</u>	<u>15,121,057</u>	<u>140,164,600</u>
Capital assets, depreciated:				
Land Improvements	24,763,852	504,553		25,268,405
Infrastructure	492,641,219	12,965,630		505,606,848
Buildings and Improvements	168,230,624	5,733,806		173,964,430
Machinery and Equipment	69,415,098	2,364,545	1,064,872	70,714,770
Vehicles	26,281,665	2,727,380	2,324,440	26,684,605
Total capital assets, depreciated	<u>781,332,457</u>	<u>24,295,913</u>	<u>3,389,312</u>	<u>802,239,058</u>
Less: accumulated depreciation for:				
Land Improvements	(8,477,136)	(1,080,929)		(9,558,064)
Infrastructure	(279,091,632)	(16,508,487)		(295,600,119)
Buildings and Improvements	(89,986,329)	(4,681,064)		(94,667,393)
Machinery and Equipment	(45,268,222)	(5,360,486)	(1,064,872)	(49,563,836)
Vehicles	(19,072,485)	(2,558,643)	(2,324,440)	(19,306,688)
Total accumulated depreciation	<u>(441,895,804)</u>	<u>(30,189,608)</u>	<u>(3,389,312)</u>	<u>(468,696,100)</u>
Total capital assets, depreciated net	<u>339,436,653</u>	<u>(5,893,696)</u>	<u>-</u>	<u>333,542,958</u>
Governmental activities, capital assets, net	<u>\$ 475,563,913</u>	<u>\$ 13,264,701</u>	<u>\$ 15,121,057</u>	<u>\$ 473,707,558</u>

<b>Business Type Activities</b>	<b>Beginning Balance</b>	<b>Increases</b>	<b>Decreases</b>	<b>Ending Balance</b>
Capital assets, not depreciated:				
Land	\$ 2,174,186	\$ 185,040	\$ -	\$ 2,359,226
Construction in progress	105,035,207	28,875,187	28,585,496	105,324,898
Total capital assets, not depreciated	<u>107,209,393</u>	<u>29,060,227</u>	<u>28,585,496</u>	<u>107,684,124</u>
Capital assets, depreciated:				
Land Improvements	14,303,466		-	14,303,466
Infrastructure	289,032,872	29,176,006	-	318,208,879
Buildings and Improvements	14,926,712		-	14,926,712
Machinery and Equipment	49,435,232	1,479,766	54,947	50,860,051
Vehicles	6,896,816	896,389	110,107	7,683,098
Total capital assets, depreciated	<u>374,595,098</u>	<u>31,552,161</u>	<u>165,054</u>	<u>405,982,205</u>
Less: accumulated depreciation for:				
Land Improvements	(7,925,620)	(334,166)	-	(8,259,787)
Infrastructure	(161,136,603)	(7,654,279)	-	(168,790,882)
Buildings and Improvements	(7,885,800)	(462,740)	-	(8,348,541)
Machinery and Equipment	(22,563,545)	(2,243,154)	(54,947)	(24,751,752)
Vehicles	(5,314,291)	(635,904)	(110,107)	(5,840,088)
Total accumulated depreciation	<u>(204,825,858)</u>	<u>(11,330,245)</u>	<u>(165,054)</u>	<u>(215,991,050)</u>
Total capital assets, depreciated net	<u>169,769,239</u>	<u>20,221,916</u>	<u>-</u>	<u>189,991,156</u>
Business-type, capital assets, net	<u>\$ 276,978,632</u>	<u>\$ 49,282,143</u>	<u>\$ 28,585,496</u>	<u>\$ 297,675,279</u>
Grand Total, capital assets, net	<u>\$ 752,542,545</u>	<u>62,546,844</u>	<u>43,706,553</u>	<u>771,382,836</u>

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

Governmental Activities:

Public Safety	\$	2,730,031
Legislative		58,211
Judicial		111,013
Election Board		259
Financial Administration		73,814
Health		158,236
Community Services		629,313
Public Facilities		10,079,359
Cap Projects		12,382,072
Emergency Services		3,504,486
Education		73,263
Central Services		1,364
Inspection & Enforcement		40,587
State's Attorney		28,126
Recreation, Parks, & Tourism		319,477
Total depreciation expense- Governmental Activities	\$	<u>30,189,608</u>

Business-Type Activities:

Water and Sewer	\$	9,194,416
Solid Waste		963,463
Environmental Services		335,640
Recreation Programs		355,110
Inspection and Reviews		105,124
SW- Watershed Protection		376,492
Total depreciation expense-Business-type Activities	\$	<u>11,330,245</u>



## Construction Commitments

The County has active construction projects as of June 30, 2020. The projects include widening and reconstruction of existing streets and bridges, maintenance of existing roads, landfill expansion, modifications of a new Senior and Recreational Center, and the improvement and expansion of existing water and sewer facilities. At year-end, the County’s project commitments are as follows:

<u>Division / Project</u>	<u>Spent-to-date</u>	<u>Remaining Commitment</u>
Transportation		
Road and bridge expansions	\$ 21,064,979	\$ 45,955,367
Other transportation projects	2,337,006	6,129,300
General government		
Buildings and improvements	22,815,275	64,328,930
Other general government projects	3,837,490	16,656,740
Water and sewer		
Expansions and improvements	70,894,522	310,973,800
Parks		
Expansions and improvements	4,730,312	10,767,190
Environmental service		
Various environmental service projects	<u>34,430,376</u>	<u>98,797,810</u>
Total	<u>\$ 160,109,960</u>	<u>\$ 553,609,137</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, 2020, was as follows:

	Beginning <u>Balance</u>	<u>Increases</u>	<u>Decreases</u>	Ending <u>Balance</u>
Capital assets, not depreciated:				
Land	\$ 17,850,124	\$ 32,756	\$ -	\$ 17,882,880
Construction in progress	5,170,463	22,051,690	(5,316,558)	21,905,595
Total capital assets, not depreciated	<u>23,020,587</u>	<u>22,084,446</u>	<u>(5,316,558)</u>	<u>39,788,475</u>
Capital assets, depreciated:				
Buildings	641,409,195	10,244,012	(165,891)	651,487,316
Land Improvements	22,843,256	1,464,939	(10,840)	24,297,355
Furniture and Equipment	31,906,927	1,275,894	(270,800)	32,912,021
Total capital assets, depreciated	<u>696,159,378</u>	<u>12,984,845</u>	<u>(447,531)</u>	<u>708,696,692</u>
Less: accumulated depreciation for:				
Buildings	(299,766,031)	(18,067,565)	76,170	(317,757,426)
Land Improvements	(12,681,258)	(1,571,826)	10,840	(14,242,244)
Furniture and Equipment	(26,788,484)	(1,474,125)	269,127	(27,993,482)
Total accumulated depreciation	<u>(339,235,773)</u>	<u>(21,113,516)</u>	<u>356,137</u>	<u>(359,993,152)</u>
Total capital assets, depreciated net	<u>356,923,605</u>	<u>(8,128,671)</u>	<u>(91,394)</u>	<u>348,703,540</u>
Board capital assets, net	<u>\$ 379,944,192</u>	<u>\$ 13,955,775</u>	<u>\$ (5,407,952)</u>	<u>\$ 388,492,015</u>

Capital asset activity for the Library for the year ended June 30, 2020, was as follows:

	Beginning <u>Balance</u>	<u>Increases</u>	<u>Decreases</u>	Ending <u>Balance</u>
Capital assets, depreciated:				
Furniture and Equipment	\$ 2,467,387	\$ 67,126	\$ -	\$ 2,534,513
Library books and AV material	1,307,669	313,994	(337,326)	1,284,337
Total capital assets, depreciated	<u>3,775,056</u>	<u>381,120</u>	<u>(337,326)</u>	<u>3,818,850</u>
Less: accumulated depreciation	(2,926,418)	(428,517)	337,326	(3,017,609)
Library capital assets, net	<u>\$ 848,638</u>	<u>\$ (47,397)</u>	<u>\$ -</u>	<u>\$ 801,241</u>

## G. Inter-fund Receivables, Payables, and Transfers

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

Due (to) from other funds:

	Governmental Activities	Business-type Activities
General Fund	\$ (183,991,781)	\$ -
Capital Projects Fund	83,453,259	-
Debt Service Fund	13,365,350	-
Water and Sewer Fund	-	36,034,856
Solid Waste Fund	-	36,273,018
Stormwater Mgmt Fund	-	1,423,397
Other Non-major Funds	11,111,787	2,330,113
Total	<u>\$ (76,061,385)</u>	<u>\$ 76,061,385</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	Water- Sewer Fund	SW-Water Protection Fund	Non-Major Enterprise Funds	
<u>General Fund</u>	\$ -	\$ 4,350,400	\$ 5,053,517	\$ -	\$ 550,000	\$ 782,098	\$ 10,736,015
<u>Capital Projects Fund</u>	2,677,990	-	-	-	-	-	2,677,990
<u>Non-Major Governmental Funds</u>	-	12,100	17,735	-	-	-	29,835
<u>Water-Sewer Fund</u>	-	-	-	165,000	-	-	165,000
<u>Non-Major Enterprise Funds</u>	-	-	-	-	-	-	-
Total Transfers In	<u>\$ 2,677,990</u>	<u>\$ 4,362,500</u>	<u>\$ 5,071,252</u>	<u>\$ 165,000</u>	<u>550,000</u>	<u>\$ 782,098</u>	<u>\$ 13,608,840</u>

## H. Leases

### Capital Leases

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

- Fiscal Year 2007 – Meter Replacement Lease for the Water and Sewer Fund – semiannual payments starting at \$132,965 and increasing to \$396,605 over fifteen years ending February 2022, including interest at a rate of 4.14%, various components expended at \$5,862,900.
- Fiscal Year 2015 – Various equipment for the General Fund, Inspection Fund, Solid Waste Fund, Water and Sewer Fund, and the Environmental Service Fund – semiannual payments of \$851,053 over five years ending September 2019, including interest at a rate of 1.27%, equipment capitalized at \$8,220,700.
- Fiscal Year 2016 – Various equipment for the General Fund, Water and Sewer Fund, and the Environmental Service Fund – semiannual payments of \$878,894 over five years ending September 2020, including interest at a rate of 2.24%, equipment capitalized at \$8,452,000.
- Fiscal Year 2017 – Various equipment for the General Fund, Water and Sewer Fund, the Environmental Service Fund, and the Stormwater-Water Protection Fund – semiannual payments of \$410,881 over five years ending August 2021, including interest at a rate of 1.87%, equipment capitalized at \$3,977,200.
- Fiscal Year 2018 – Various equipment for the General Fund, the Solid Waste Fund, Water and Sewer Fund, the Environmental Service Fund, and the Aging Grant Funds (40 & 43) – semiannual payments of \$488,387 over five years ending August 2022, including interest at a rate of 3.68%, equipment capitalized at \$3,580,800.
- Fiscal Year 2019 – Various equipment for the General Fund, the Inspection Fund, the Solid Waste Fund, and the Water and Sewer Fund – semiannual payments of \$387,107 over five years ending August 2023, including interest at a rate of 2.88%, equipment capitalized at \$3,580,800.
- Fiscal Year 2020 – Various equipment for the General Fund, the Inspection Fund, the Solid Waste Fund, the Water and Sewer fund, the Environmental Service Fund, and the Stormwater-Water Protection Fund – semiannual payments of \$410,697 over 5 years ending September 2024, including interest at a rate of 2.487%, equipment to be capitalized at \$3,895,200.

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

	Governmental Activities	Business-type Activities
Assets:		
Building and Improvements	\$ 90,906	\$ -
Machinery and equipment	26,055,988	6,693,652
Vehicles	13,756,867	5,403,482
Total capital assets	<u>39,903,761</u>	<u>12,097,135</u>
Less accumulated depreciation:		
Building and Improvements	(73,806)	-
Machinery and equipment	(21,171,243)	(5,985,921)
Vehicles	(10,334,777)	(4,116,016)
Total accumulated depreciation	<u>(31,579,826)</u>	<u>(10,101,937)</u>
Total capital assets, net	<u>\$ 8,323,935</u>	<u>\$ 1,995,198</u>

The future minimum obligations and the net present value of the minimum lease payments as of June 30, 2020, were as follows:

	Governmental Activities	Business-type Activities	Total
2021	\$ 3,479,270	\$ 1,387,082	\$ 4,866,352
2022	2,410,532	1,120,100	3,530,632
2023	1,652,020	431,975	2,083,995
2024	923,277	285,223	1,208,500
2025-2029	303,868	247,887	551,755
Subtotal	<u>8,768,967</u>	<u>3,472,267</u>	<u>12,241,234</u>
Interest	<u>(322,239)</u>	<u>(283,148)</u>	<u>(605,387)</u>
Present value of minimum lease payments	<u>\$ 8,446,728</u>	<u>\$ 3,189,119</u>	<u>\$ 11,635,847</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, 2020, general obligation bonds totaling \$58,000,000 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. Recently, the County bonds have also

had components with 20-year and 30-year serial bonds to fund projects with expected longer life spans as a County capital asset.

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

Bond Description and Year	Amount Borrowed	Term and Rate	Governmental Activities Balance 6/30/20	Business-type Activities Balance 6/30/20
Consolidated Public Improvement Bonds of 2007	\$ 33,700,000	15 yrs, 3.5% - 5%	\$ 66,732	\$ 51,251
Consolidated Public Improvement Bonds of 2008	\$ 25,400,000	15 yrs, 3% - 5%	98,750	48,764
Consolidated Public Improvement Bonds of 2009	\$ 49,640,000	20 yrs, 2% - 4.25%	368,689	76,540
Consolidated Public Improvement and Refunding Bonds of 2010	\$ 22,730,000	10 yrs, 2% - 5%	5,722	4,768
Consolidated Public Improvement and Refunding Bonds of 2011	\$ 36,960,000	15 yrs, 2% - 5%	18,241,803	451,465
Consolidated Public Improvement and Refunding Bonds of 2011	\$ 1,325,000	10 yrs, 2% - 5%	-	440,000
Consolidated Public Improvement Bonds (Taxable) of 2011	\$ 4,000,000	15 yrs, 2% - 4.5%	2,410,000	-
Consolidated Public Improvement and Refunding Bonds of 2012	\$ 40,740,000	15 yrs, 2% - 5%	9,885,844	2,534,672
Consolidated Public Improvement and Refunding Bonds of 2012	\$ 3,000,000	10 yrs, 2% - 5%	-	700,000
Consolidated Public Improvement and Refunding Bonds of 2012	\$ 7,500,000	20 yrs, 2% - 5%	-	690,505
Consolidated Public Improvement Bonds (Taxable) of 2012	\$ 4,000,000	15 yrs, 2% - 3.25%	2,075,000	-
Consolidated Public Improvement and Refunding Bonds of 2013	\$ 26,805,000	10 yrs, 3% - 5%	9,117,511	5,343,447
Consolidated Public Improvement Bonds of 2013	\$ 6,300,000	10 yrs, 2% - 5%	2,226,190	578,810
Consolidated Public Improvement Bonds of 2013	\$ 3,700,000	30 yrs, 3% - 5%	-	319,970
Consolidated Public Improvement Bonds of 2013	\$ 14,500,000	21 yrs, 3% - 5%	5,690,750	1,014,194
Consolidated Public Improvement Bonds (Taxable) of 2013	\$ 3,700,000	15 yrs, 3% - 4%	2,335,000	-
Consolidated Public Improvement Bonds of 2014	\$ 17,400,000	15 yrs, 3% - 5%	9,463,621	288,966
Consolidated Public Improvement Bonds of 2014	\$ 14,000,000	10 yrs, 4% - 5%	7,560,000	-
Consolidated Public Improvement Bonds of 2014	\$ 7,600,000	30 yrs, 3% - 5%	-	9,637,414
Consolidated Public Improvement Refunding Bonds of 2015	\$ 21,830,000	15 yrs, 2% - 4%	20,230,215	3,765,223
Consolidated Public Improvement Refunding Bonds of 2015 (Taxable)	\$ 8,595,000	15 yrs, 3% - 4%	3,209,028	-

Bond Description and Year	Amount		Governmental	Business-type
	Borrowed	Term and Rate	Activities Balance 6/30/20	Activities Balance 6/30/20
Consolidated Public Improvement Bonds of 2015	\$ 21,895,000	15 yrs, 3% - 5%	16,977,555	2,783,466
Consolidated Public Improvement Bonds of 2015	\$ 5,800,000	10 yrs, 3% - 5%	3,110,248	509,752
Consolidated Public Improvement Bonds of 2015	\$ 3,800,000	30 yrs, 3% - 5%	-	3,520,000
Consolidated Public Improvement Bonds (Taxable) of 2015	\$ 3,205,000	15 yrs, 3%-3.45%	2,655,000	-
Consolidated Public Improvement Bonds of 2016	\$ 5,500,000	10 yrs, 3% - 5%	5,487,699	495,727
Consolidated Public Improvement Bonds of 2016	\$ 18,000,000	15 yrs, 3%-5%	12,001,339	7,884,463
Consolidated Public Improvement Bonds of 2016	\$ 1,000,000	20 yrs, 3% - 5%	900,000	-
Consolidated Public Improvement Bonds of 2016	\$ 7,500,000	30 yrs, 3%-5%	-	3,092,220
Consolidated Public Improvement Bonds of 2017	\$ 20,000,000	10 yrs, 3%-5%	16,760,000	-
Consolidated Public Improvement Bonds of 2017	\$ 24,000,000	15 yrs, 2.25%-5%	24,529,966	9,358,354
Consolidated Public Improvement Bonds of 2017	\$ 2,000,000	20 yrs 2.25%-5%	1,865,000	-
Consolidated Public Improvement Bonds of 2017	\$ 10,000,000	30 yrs, 2.25%-5%	963,000	8,667,000
Consolidated Public Improvement Refunding Bonds of 2017	\$ 46,115,000	26 yrs, 2%-5.3%	30,802,586	15,312,414
Consolidated Public Improvement Bonds of 2018	\$ 13,800,000	10 yrs, 3%-5%	13,800,000	-
Consolidated Public Improvement Bonds of 2018	\$ 32,520,933	15 yrs, 2.25%-5%	25,132,858	7,388,075
Consolidated Public Improvement Bonds of 2018	\$ 970,000	20 yrs 2.25%-5%	970,000	-
Consolidated Public Improvement Bonds of 2018	\$ 14,750,000	30 yrs, 2.25%-5%	-	14,750,000
Consolidated Public Improvement Bonds of 2019	\$ 6,000,000	10 yrs, 3%-5%	6,000,000	-
Consolidated Public Improvement Bonds of 2019	\$ 40,351,986	15 yrs, 2.5%-5%	33,976,208	6,375,778
Consolidated Public Improvement Bonds of 2019	\$ 1,000,000	20 yrs 2.5%-5%	1,000,000	-
Consolidated Public Improvement Bonds of 2019	\$ 19,000,000	30 yrs, 3.375%-5%	-	19,000,000
Total bonds outstanding			289,916,315	125,083,238
<b>Loan Description and Year</b>				
MD Water Quality Revolving Loan				
Mattawoman BNR Upgrade	\$ 14,767,900	20 yrs, 1.200%	-	4,805,813
Total loans outstanding			-	4,805,813
Total bonds and loans outstanding			\$ 289,916,315	\$ 129,889,051

## Changes in Long-Term Liabilities

Long-term liability activity for the year ended June 30, 2020 was as follows:

	Beginning Balances	Additions	Reductions	Ending Balances	Amounts Due Within One Year
<u>Governmental activities:</u>					
General obligation bonds	\$ 248,400,698	\$ 34,700,000	\$ (28,231,918)	\$ 254,868,780	\$ 29,909,412
Plus deferred amounts for bond premiums	32,109,892	6,553,052	(3,615,409)	35,047,535	-
Total bonds payable	280,510,590	41,253,052	(31,847,327)	289,916,315	29,909,412
Capital leases	9,817,956	2,882,000	(4,253,224)	8,446,732	3,327,427
Net Pension liabilities	89,341,979	27,025,813	-	116,367,792	-
LOSAP liabilities	24,881,688	7,395,695	-	32,277,383	-
Net OPEB liability	117,011,566	-	(1,937,992)	115,073,574	-
Compensated absences	22,397,795	6,506,391	(4,995,913)	23,908,273	1,715,605
Governmental activities noncurrent liabilities	543,961,575	85,062,951	(43,034,456)	585,990,069	34,952,445
<u>Business-type activities:</u>					
General obligation bonds	99,869,302	23,300,000	(8,293,081)	114,876,221	7,895,588
Plus deferred amounts for bond premiums	9,017,919	2,044,998	(855,900)	10,207,017	-
Total bonds payable	108,887,221	25,344,998	(9,148,981)	125,083,238	7,895,588
Notes payable	5,573,870	-	(768,057)	4,805,813	777,274
Capital leases	3,624,435	1,013,200	(1,448,516)	3,189,119	1,309,191
Landfill closure costs	9,208,263	1,760,673	-	10,968,936	-
Compensated absences	2,126,787	999,064	(791,056)	2,334,794	287,198
Business-type activities noncurrent liabilities	129,420,576	29,117,935	(12,156,610)	146,381,900	10,269,251
Total primary government noncurrent liabilities	\$ 673,382,152	\$ 114,180,885	\$ (55,191,068)	\$ 732,371,969	\$ 45,221,695
<u>Component units:</u>					
Board of Education	\$ 348,464,436	\$ 90,930,835	\$ -	\$ 439,395,271	\$ 660,441
Library	1,669,134	42,551	(118,990)	1,592,695	189,067

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



The annual requirements to amortize all debt outstanding as of June 30, 2020, including interest of \$102,158,659 and excluding compensated absences, **deferred amounts for bond premiums**, net pension obligations, OPEB obligations and landfill closure costs, are as follows:

Year ending June 30	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	
2021	\$ 33,236,839	\$ 10,708,531	\$ 9,982,054	\$ 4,591,732	\$ 58,519,156
2022	31,440,932	9,273,128	9,792,425	4,179,649	54,686,134
2023	31,435,051	7,969,066	7,873,396	3,630,534	50,908,047
2024	26,979,798	6,557,708	7,034,128	3,278,309	43,849,943
2025	24,325,880	5,376,851	6,981,114	2,966,202	39,650,047
2026-2030	84,884,271	13,649,351	26,105,776	11,350,450	135,989,848
2031-2035	29,333,241	2,295,269	18,041,759	7,432,659	57,102,928
2036-2040	1,312,000	138,627	12,438,000	5,122,689	19,011,316
2041-2045	218,500	42,163	14,531,500	2,906,709	17,698,872
2046-2050	149,000	7,378	10,091,000	681,654	10,929,032
	<u>\$ 263,315,512</u>	<u>\$ 56,018,072</u>	<u>\$ 122,871,152</u>	<u>\$ 46,140,587</u>	<u>\$ 488,345,323</u>

#### Special Assessment Debt

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

## J. Restricted Assets

The details of the restricted assets are as follows:

### Governmental Activities

#### Cash and cash equivalents

CARES funds	\$	11,185,131	
Inmate account		23,486	
County Attorney escrow		10,045	
SAO Restitution account		22,710	
Business Development Loan Fund		409,720	
Targeted Industry Loan Fund		383,740	
Construction Escrow		<u>1,068,278</u>	
Total cash and cash equivalents	\$		13,103,111

#### Notes Receivable

Univ. of MD Charles Regional Medical Center	\$	923,535	
St. Charles Companies		<u>10,058,912</u>	
Total notes receivable			<u>10,982,447</u>
Total Governmental Activities			24,085,558

### Business-type Activities

#### Cash and cash equivalents

Landfill Bonds		<u>94,001</u>	
TOTAL PRIMARY GOVERNMENT	\$		<u>24,179,559</u>

## K. Fund Balance Analysis

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

Fund balances:	General Fund	Capital Projects Fund	Debt Service Fund	Other Governmental Funds	Total Governmental Funds
<b><u>Nonspendable</u></b>					
Inventory	\$ 2,023,622	\$ -	\$ -	\$ -	\$ 2,023,622
Prepay Items	485,280	-	-	-	485,280
	<u>2,508,902</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,508,902</u>
<b><u>Restricted</u></b>					
Capital Outlay	-	13,064,398	-	-	13,064,398
Economic Development	11,536	-	-	959,561	971,097
Debt Service	-	-	12,220,897	-	12,220,897
Housing	-	-	-	427,717	427,717
Drug Enforcement	-	-	-	872,366	872,366
Fire and Rescue	-	-	-	17,138,209	17,138,209
Planning Programs	-	-	-	1,279,554	1,279,554
Public Safety	-	-	-	165,243	165,243
Cable Franchise	-	-	-	4,399,807	4,399,807
Animal Control	99,135	-	-	-	99,135
	<u>110,670</u>	<u>13,064,398</u>	<u>12,220,897</u>	<u>25,242,457</u>	<u>50,638,422</u>
<b><u>Committed</u></b>					
Policy Target	63,972,210	-	-	-	63,972,210
Economic Development	99,000	-	-	-	99,000
Income Tax Reserve	11,200,000	-	-	-	11,200,000
OPEB Reserve	3,375,000	-	-	-	3,375,000
Teacher's Incentive Grant	4,228,800	-	-	-	4,228,800
CIP Reserve	2,000,000	-	-	-	2,000,000
Workers Compensation	8,094,549	-	-	-	8,094,549
Unspent Budget	14,896,069	-	-	-	14,896,069
CIP/Pay-go	-	33,909,616	-	-	33,909,616
	<u>107,865,627</u>	<u>33,909,616</u>	<u>-</u>	<u>-</u>	<u>141,775,244</u>
<b><u>Assigned</u></b>					
Aging Grants	-	-	-	51,801	51,801
Judicial Grants	-	-	-	35,409	35,409
Transportation	-	-	-	163,536	163,536
Public Safety	-	-	-	72,869	72,869
Housing	288,812	-	-	-	288,812
Aging Services	-	-	-	65,326	65,326
Animal Control	-	-	-	238,634	238,634
Mental Health	-	-	-	262,010	262,010
Community Development	-	-	-	5,582	5,582
Cable Franchise	-	-	-	4,928,106	4,928,106
Debt Service	-	-	11,977,223	-	11,977,223
Storm Event Reserve	4,546,752	-	-	-	4,546,752
Health Ins Rate Stabilization	3,181,663	-	-	-	3,181,663
CIP & Operations	-	21,482,371	-	-	21,482,371
	<u>8,017,227</u>	<u>21,482,371</u>	<u>11,977,223</u>	<u>5,823,273</u>	<u>47,300,094</u>
<b><u>Unassigned</u></b>					
Other unassigned	1,592,158	-	-	-	1,592,158
<b>Total fund balances</b>	<b>\$ 120,094,585</b>	<b>\$ 68,456,385</b>	<b>\$ 24,198,120</b>	<b>\$ 31,065,730</b>	<b>\$ 243,814,820</b>

## 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, 2020, a liability of \$1,204,000 (\$834,331 in governmental funds and \$369,669 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
2018	990,000	(180,000)	810,000
2019	810,000	753,000	1,563,000
2020	1,563,000	(359,000)	1,204,000

### 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, 2020, a budget surplus of \$2,398,642 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, 2020 is \$9,417,214.

In addition, for only the second time since becoming self-insured in July 2012, the County had prepared a Loss Reserve Analysis report as of June 30, 2018. This report was provided to County stakeholders as well as being sent to the Maryland Workers' Compensation Commission. The discounted reserve reported was \$5,654,745. 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.

### Other insurance

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

## **NOTE 5. COMMITMENTS AND CONTINGENCIES**

### **A. Contingencies Under Grant Provisions**

The County participates in federal and state assisted programs and is a recipient of several grants. These programs and grants are subject to financial and compliance audits by the grantors or their representatives. Any liability for reimbursement that may arise as a result of these audits is not believed to be material. The County has experienced audits of a few programs during the year ended June 30, 2020, 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 Fiduciary Funds, including the Charles County Employees Retirement Plan (the “County Plan”) and the Charles County Sheriff’s Office Retirement Plan (“SORP”), and the Other Post Employment Benefit plan (“OPEB”) trust funds. Also included in these footnotes is the Length of Service Award Program (“LOSAP”), and information on the County’s deferred compensation plans.

### Summary of Significant Accounting Policies

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

### Contributions and Reserves

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

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

The County’s net pension liabilities, deferred outflows and deferred inflows of resources related to pensions, and the pension expense for June 30, 2020 consists of the following:

	County Plan	Sheriff's Plan	LOSAP	OPEB	Total
Net Pension Liability	\$14,019,536	\$102,348,256	\$32,277,383	\$115,073,574	\$263,718,749
Deferred Outflows of Resources	\$11,185,000	\$25,537,025	\$6,055,394	\$880,216	\$43,657,635
Deferred Inflows of Resources	\$11,185,202	\$5,559,231	\$1,577,385	\$83,265,283	\$101,587,101
Pension Expense	\$4,063,222	\$5,345,526	\$1,730,473	-\$13,070,961	-\$1,931,740
Pension Assets	\$241,310,277	\$295,860,978	N/A	\$13,009,295	\$550,180,551

The County does not produce separate annual financial reports for any of the fiduciary trust funds or LOSAP, nor are they included in the report of any other entity. Accordingly, the fiduciary trust funds are presented as follows (as required by GASB Statement No. 34):

THE COUNTY COMMISSIONERS OF CHARLES COUNTY, MARYLAND  
COMBINING STATEMENT OF FIDUCIARY NET POSITION  
JUNE 30, 2020

	<u>County Pension</u>	<u>Sheriff's Pension</u>	<u>OPEB Trust Fund</u>	<u>Total</u>
<b>ASSETS:</b>				
Current assets:				
Cash and cash equivalents	\$ 6,161,846	\$ 3,902,690	\$ 1,731	\$ 10,066,268
Interest receivable	-	143,451	-	143,451
Total current assets	<u>6,161,846</u>	<u>4,046,141</u>	<u>1,731</u>	<u>10,209,719</u>
Investments:				
Bond mutual funds	-	103,500,189	3,467,013	106,967,202
Equity securities	-	188,314,648	9,540,552	197,855,200
Pooled separate accounts	<u>235,148,431</u>	<u>-</u>	<u>-</u>	<u>235,148,431</u>
Total investments	<u>235,148,431</u>	<u>291,814,837</u>	<u>13,007,564</u>	<u>539,970,832</u>
Total assets	241,310,277	295,860,978	13,009,295	550,180,551
<b>LIABILITIES:</b>				
Accrued expenses	<u>6,806</u>	<u>2,065</u>	<u>-</u>	<u>8,871</u>
<b>NET POSITION RESTRICTED FOR PENSIONS AND OPEB BENEFITS</b>				
	<u>\$ 241,303,471</u>	<u>\$ 295,858,913</u>	<u>\$ 13,009,295</u>	<u>\$ 550,171,679</u>

THE COUNTY COMMISSIONERS OF CHARLES COUNTY, MARYLAND  
 COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
 YEAR ENDED JUNE 30, 2020

	<u>County</u> <u>Pension</u>	<u>Sheriff's</u> <u>Pension</u>	<u>OPEB Trust</u> <u>Fund</u>	<u>Total</u>
ADDITIONS:				
Contributions:				
Employer contributions	\$ 4,733,329	\$ 12,430,987	\$ 3,002,300	\$ 20,166,616
Employee contributions	2,527,999	2,995,613	-	5,523,611
Total contributions	<u>7,261,328</u>	<u>15,426,600</u>	<u>3,002,300</u>	<u>25,690,227</u>
Investment earnings:				
Interest, Dividends, Gains	5,868,868	13,804,402	330,581	20,003,851
Net change in fair value of investments	4,435,250	663,748	133,752	5,232,749
Total investment earnings	10,304,118	14,468,150	464,332	25,236,600
Less investment expenses	(1,370,487)	(1,208,046)	(21,829)	(2,600,362)
Net investment earnings	<u>8,933,632</u>	<u>13,260,105</u>	<u>442,503</u>	<u>22,636,240</u>
Total additions	<u>16,194,960</u>	<u>28,686,704</u>	<u>3,444,803</u>	<u>48,326,467</u>
DEDUCTIONS:				
Benefits paid to members	7,397,637	15,688,238	-	23,085,875
Administrative costs	13,263	5,830	708	19,801
Total deductions	<u>7,410,900</u>	<u>15,694,068</u>	<u>708</u>	<u>23,105,676</u>
Changes in net position	8,784,060	12,992,636	3,444,095	25,220,791
Net position - beginning of year	<u>232,519,411</u>	<u>282,866,277</u>	<u>9,565,200</u>	<u>524,950,888</u>
Net position - end of year	<u>\$ 241,303,471</u>	<u>\$ 295,858,913</u>	<u>\$ 13,009,295</u>	<u>\$ 550,171,679</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 on either of the pension plans or OPEB please contact the Charles County Human Resources Department at 301-645-0585.



#### **A. County Employees Retirement Plan:**

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

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

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

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

Normal Retirement Date – For non-public safety participants, the first day of the month coinciding with or next following the later of a Participant’s 62<sup>nd</sup> 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 60<sup>th</sup> 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 – Amount – For non-public safety participants, 4% of earnings, no contributions after 31 years of credited service. For public safety participants, 7% of earnings; *Interest Credited* – 5% per annum

Employees covered by the benefit terms: Membership in the plan consisted of the following at July 1, 2019, the last date of the last actuarial valuation:

Active plan members	911
Terminated, entitled to but not yet receiving benefits	283
Retirees and beneficiaries receiving benefits	345
	<u>1,539</u>

### **Pension Expense and Net Pension Liability**

The pension expense was calculated using the July 1, 2019 census data and asset information as of June 30, 2020. The end of year liability values was determined using the July 1, 2019 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%	7.50%
Small Cap Equity	8%	8.50%
Mid Cap Equity	6%	8.26%
International Equity	12%	7.00%
Fixed Income	25%	5.55%
Real Estate	5%	6.60%
Stable Value	<u>15%</u>	4.35%
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.

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, 2020 was \$4,715,281. This contribution for the current year was determined as part of the July 1, 2018 actuarial valuation. The actuarial assumptions and methods included:

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

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

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

Post Retirement COLA Increases – 2.75% per year increase is assumed.

Inflation – 2.50%

Mortality – The RP-2014 Total Dataset (Adjusted to 2006) with Scale MP-2017.

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 (a) - (b)
<b>Balances at 6/30/19</b>	\$ 237,366	232,519	\$ 4,847
<b>Changes for the year:</b>			
Service cost	7,555	-	7,555
Interest	17,691	-	17,691
Changes of benefit terms	-	-	-
Differences between expected and actual experience	109	-	109
Changes of assumptions	-	-	-
Contributions - employer	-	4,715	(4,715)
Contributions - employee	-	2,546	(2,546)
Net Investment Income	-	9,105	(9,105)
Benefit payments, including refunds of member contributions	(7,398)	(7,398)	-
Administrative expense	-	(184)	184
Other	-	-	-
<b>Net Changes</b>	<u>17,957</u>	<u>8,784</u>	<u>9,173</u>
<b>Balances at 6/30/20</b>	<u>\$ 255,323</u>	<u>\$ 241,303</u>	<u>\$ 14,020</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:

(Dollar amounts in thousands)

	<u>1% decrease 6.25%</u>	<u>Current Discount Rate 7.25%</u>	<u>1% increase 8.25%</u>
County's net pension liability	<u>\$ 55,017</u>	<u>\$ 14,020</u>	<u>\$ (19,133)</u>
Plan fiduciary net position as a percentage of the total pension liability			<u>94.51%</u>
Annual money-weighted rate of return			<u>3.60%</u>

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

At June 30, 2020, the County reported net deferred outflows or resources and deferred inflows of resources related to the County Employees Pension Plan from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
(Dollar amounts in thousands)		
Differences between expected and actual experience	\$ 416	\$ 4,715
Changes of assumptions	4,472	3,275
Net difference between projected and actual earnings on pension plan investments	<u>7,118</u>	<u>-</u>
Total	<u>\$ 12,006</u>	<u>\$ 7,990</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:	
2021	(2,191)
2022	746
2023	(852)
2024	(1,253)
2025	(430)
2026	(36)

## **B. Sheriff's Office Retirement Plan**

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

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

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

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

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

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

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

### Employee Contributions

*Amount* – 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: At July 1, 2019, the following Sheriff's Office employees were covered by the benefit terms:

	<u>Sworn Officers</u>	<u>Correctional Officers</u>	<u>Communications Employees</u>
Active plan members	289	136	47
Retirees and beneficiaries receiving benefits	141	30	11
Disabled, receiving benefits	14	2	-
Vested termination	18	2	2
	<u>462</u>	<u>170</u>	<u>60</u>

### **Pension Expense and Net Pension Liability**

The Pension Expense was calculated using the July 1, 2019 census data and asset information as of June 30, 2020. The end of year liability values were determined using the July 1, 2019 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 Equity	50%	6.19%
International Equity	10%	6.92%
Fixed Income	35%	1.57%
Cash	5%	11.00%
Inflation	<u>        </u>	3.00%
Total	100%	

Discount rate: The discount rate used to measure the total pension liability was 7.40%. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that County contributions will be made at rates equal to the difference between actuarially determined contribution rates and the employee rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The included calculations assume that the members and the County will continue to make all required actuarially determined contributions. Based on that assumption, the plan's fiduciary net position is expected to be available to make all future benefit payments of current plan members.

**Funding Policy and Contributions** – The total pension liability is based on the July 1, 2019 actuarial valuation rolled forward to June 30, 2020. These calculations are based on the Entry Age Normal cost method as required by GASB67 and are based on an expected long term rate of return of

7.40%. Normal cost ceases for Sworn members after 25 years of service (when members are assumed to join DROP) since GASB67 does not allow normal cost while in DROP. All other methods, assumptions, and provisions used are detailed in the July 1, 2019 actuarial valuation report. The calculation of the Actuarially Determined Contribution for fiscal year ended June 30, 2020 is contained in the July 1, 2018 actuarial valuation report. The annual pension contribution for the year ended June 30, 2020 was \$12,430,987. The actuarial assumptions and methods included:

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

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

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

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

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

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

**Changes in the Net Pension Liability and related ratios:**

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
(Dollar amounts in thousands)			
<b>Balances at 6/30/19</b>	\$ 367,360	282,866	\$ 84,494
<b>Changes for the year:</b>			
Service cost	8,607	-	8,607
Interest	26,604	-	26,604
Changes of benefit terms	-	-	-
Differences between expected and actual experience	11,324	-	11,324
Changes of assumptions	-	-	-
Contributions - employer	-	12,431	(12,431)
Contributions - employee	-	2,996	(2,996)
Net Investment Income	-	13,387	(13,387)
Benefit payments, including refunds of member contributions	(15,688)	(15,688)	-
Administrative expense	-	(133)	133
Other	-	-	-
<b>Net Changes</b>	<u>\$ 30,847</u>	<u>\$ 12,993</u>	<u>\$ 17,854</u>
<b>Balances at 6/30/20</b>	<u>\$ 398,207</u>	<u>\$ 295,859</u>	<u>\$ 102,348</u>

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

	1% decrease 6.40%	Current Discount Rate 7.40%	1% increase 8.40%
Sheriff's net pension liability (Dollar amounts in thousands)	<u>\$ 166,405</u>	<u>\$ 102,348</u>	<u>\$ 50,951</u>
Plan fiduciary net position as a percentage of the total pension liability			<u>74.30%</u>
Annual money-weighted rate of return			<u>4.73%</u>

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

At June 30, 2020, the County reported net deferred outflows or resources and deferred inflows of resources related to the Sheriff's Office Retirement Plan from the following sources:

(Dollar amounts in thousands)	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 12,454	\$ 5,559
Changes of assumptions	8,087	-
Net difference between projected and actual earnings on pension plan investments	4,996	-
Total	<u>\$ 25,537</u>	<u>\$ 5,559</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:	
2021	3,961
2022	5,296
2023	5,535
2024	3,299
2024	1,887
Thereafter	-



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

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

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

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

Vesting – not applicable for this plan

Normal Retirement Date –age 60

Cost of Living Adjustment – none

Volunteer Contributions – none

Volunteers covered by benefit terms: At July 1, 2019, the following participants were covered by the benefit terms:

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

**Pension Expense and Net Pension Liability**

The Pension Expense was calculated using the July 1, 2019 census data and asset information as of June 30, 2020. The end of year liability values was determined using a December 31, 2019 measurement date.

Discount Rate – The calculations in this report assume the plan remains unfunded. Thus, the discount rate is based on the 20-year general obligation bond rate. The discount rate used to measure the total pension liability was 2.75%. This was the yield to maturity of the S&P Municipal Bond 20 Year High Grade Rate Index as of December 31, 2019 (lowered from 3.64%).

Funding Policy and Contributions – For this fiscal year and future years, the plan is funded from the revenue derived from one cent of the fire and rescue tax levied by the County in accordance with Section 123 of the Article noted above. Revenue transferred to the program for the year ended June 30, 2020 totaled \$818,200 from the 2018/19 tax levy. The County Commissioners administer the plan but do not fund it beyond the allocation of the fire and rescue tax revenues.

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

**Changes in the Total Pension Liability and related ratios:**

<b>Schedule of Changes in the LOSAP Pension Liability</b>	
(dollar amounts in thousands)	
<b>Balance at 12/31/2018</b>	\$ 24,882
<b>Changes for the year:</b>	
Service Cost	844
Interest Cost	887
Changes of assumptions or other inputs	5,259
Differences between expected and actual experience	1,402
Benefit Payments	(997)
<b>Net Changes</b>	<u>7,395</u>
<b>Total Pension Liability at 12/31/2019</b>	<u>\$ 32,277</u>

Sensitivity of the total pension liability to changes in the discount rate: The following presents the net pension liability for this plan, calculated using the discount rate of 2.75%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1 percentage-point lower (1.75%) or 1 percentage-point higher (3.75%) than the current rate (dollar amounts in thousands):

	1% decrease <u>1.75%</u>	Current Discount Rate <u>2.75%</u>	1% increase <u>3.75%</u>
LOSAP net pension liability	<u>\$ 38,370</u>	<u>\$ 32,277</u>	<u>\$ 27,514</u>

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

At June 30, 2020, 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	\$ 1,275	\$ -
Changes of assumptions	4,781	1,577
Contributions subsequent to the measurement date	-	-
Total	<u>\$ 6,056</u>	<u>\$ 1,577</u>

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

Year ended December 31:	
2020	512
2021	512
2022	512
2023	512
2024	512
Thereafter	1,919

## NOTE 7: OTHER EMPLOYMENT BENEFITS

### A. Deferred Compensation Plan

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

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

	Nationwide	Mass Mutual	Metlife
Participants	360	273	55
Plan Assets	\$31,873,028	\$22,220,827	\$2,812,406
Annual Employee Contribution	\$1,710,483	\$1,673,419	\$192,036

**B. Other Post-Employment Benefits (OPEB) Plan**

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

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

**Summary of Significant Accounting Policies**

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Charles County OPEB Plan and additions to/deductions from the plan’s fiduciary net position have been determined on the same basis as they were reported by the plan as of June 30, 2020 which is the measurement date. The financial statements of the Plan were prepared using the accrual basis of accounting. Expenditures are recognized on the accrual basis as retirees’ insurance costs are incurred. The Plan’s insurance costs are paid by the retirees, the County and the Library. Charles County is self-insured with stop loss reinsurance.

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

Benefit Formula – see chart

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

Public Safety employees receive 66.7% subsidy regardless of service.

Vesting – 5 years of service

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

Medical Trend Increases – The medical trend was updated to that most recent long-term medical trend released by the SOA. The current valuation uses the model as updated in September 2019 and doesn't include an adjustment for the impact of the Cadillac Tax.

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

Employees and Retirees covered by the benefit terms:

The following table summarizes the membership, average age, and average service for participants enrolled in Medical/Dental/Vision as of 7/1/2018:

Number of Participants	Sheriff's	Non-Sheriff's	Total
Active	423	573	996
Retirees in Pay Status (Pre-Medicare)	67	92	159
Retirees in Pay Status (Medicare Age)	41	205	246
Active Statistics			
Average Age	39.84	47.27	44.11
Average Service	13.97	14.20	14.10
Inactive Statistics in Pay Status			
Average Age (Pre-Medicare)	56.12	59.49	58.07
Average Age (Medicare Age)	67.83	73.70	72.72

**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 2020 included funding for pay-as-you-go OPEB costs as well as \$3,002,300 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 Returns
Large Cap Domestic Equities	35%-45%	40%	7.06%
Small/Mid Cap Domestic Equities	10%-20%	15%	7.56%
International Equities	15%-25%	20%	7.48%
Fixed Income	15%-35%	<b>25%</b>	3.56%
Cash Equivalents	0%-10%	<b>0%</b>	2.25%
Inflation			2.16%
<b>Total</b>		<b>100%</b>	

**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 7.50%.

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

**Actuarial assumptions and methods included** -- The net OPEB liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2018 rolled forward to June 30, 2020. 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 – Projected Unit Credit with linear pro-ration to assumed benefit commencement

Amortization Method – level dollar, period is 19 years

Asset Method – Market value of Assets

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

Inflation – 2.40% per year increase is assumed

Healthcare cost trend rate –The trend for 2018 is 5.4%. The ultimate trend is 4.0% for Pre-Medicare and 3.90% for 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)

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
<b>Balances at 6/30/19</b>	\$ 126,458	9,446	\$ 117,012
<b>Changes for the year:</b>			
Service cost	2,925	-	2,925
Interest	9,177	-	9,177
Changes of benefit terms	0	-	0
Differences between expected and actual experience	411	-	411
Changes of assumptions	(7,745)	-	(7,745)
Contributions - employer	(3,375)	6,279	(9,654)
Contributions - employee	-	-	-
Net Investment Income	-	427	(427)
Benefit payments, including refunds of member contributions	-	(3,375)	3,375
Administrative expense	-	-	0
Other	-	-	-
<b>Net Changes</b>	<u>1,393</u>	<u>3,331</u>	<u>(1,938)</u>
<b>Balances at 6/30/20</b>	<u>\$ 127,851</u>	<u>\$ 12,777</u>	<u>\$ 115,074</u>

Sensitivity of the total and net OPEB liability to changes in the discount rate: The following presents the total and net OPEB liability of the County for this plan, calculated using the discount rate of 7.50%, as well as what the County's total and net pension liability would be if it were calculated using a discount rate that is 1 percentage-point lower (6.50%) or 1 percentage-point higher (8.50%) than the current rate:

	1% decrease 6.50%	Current Discount Rate 7.50%	1% increase 8.50%
	Total OPEB liability	<u>\$ 150,044</u>	<u>\$ 127,851</u>
Net OPEB liability	<u>\$ 137,294</u>	<u>\$ 115,074</u>	<u>\$ 97,481</u>
Plan fiduciary net position as a percentage of the total OPEB liability			<u>10.00%</u>
Annual money-weighted rate of return			<u>4.52%</u>

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

	1% decrease 3.00%	Current Trend Rate 4.00%	1% increase 5.00%
Total OPEB liability	<u>\$ 106,954</u>	<u>\$ 127,851</u>	<u>\$ 154,719</u>
Net OPEB liability	<u>\$ 94,168</u>	<u>\$ 115,074</u>	<u>\$ 141,961</u>

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

At June 30, 2020, the County reported net deferred outflows or resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
(Dollar amounts in thousands)		
Differences between expected and actual experience	\$ 431	\$ 6,534
Changes of assumptions	-	76,731
Net difference between projected and actual earnings on OPEB plan investments	449	-
Total	<u>\$ 880</u>	<u>\$ 83,265</u>

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

Year ended June 30:	
2021	\$ (16,214)
2022	\$ (16,214)
2023	\$ (16,258)
2024	\$ (16,293)
2025	\$ (16,358)
2026	\$ (1,047)

## NOTE 8. CLOSURE AND POST-CLOSURE CARE COSTS

### A. Pisgah Landfill

State and Federal laws and regulations required the County to place a final cover on its Pisgah landfill site when it stopped accepting waste, and to perform certain maintenance and monitoring functions at the site for thirty years after the closure. The Pisgah landfill stopped accepting waste in September 1994. The majority of closure costs related to this landfill were incurred during Fiscal Year 1997. The landfill was closed in Fiscal Year 2000 with a final cost of \$6,841,885. Post-closure costs for the fiscal year ended June 30, 2020 were \$80,441.



## **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, 2020, approximately 27% of cell IIIB space remains available for future waste disposal. The County is developing the landfill in sections so that when one section closes another is ready to open. At the close of the fiscal year, the landfill had Phase IIIB open. The \$10,968,936 reported as landfill closure and post-closure care liability at June 30, 2020, 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 \$1,760,673.

## **NOTE 9. SUBSEQUENT EVENTS**

On November 4, 2020, the County completed a bond sale transaction for \$52,000,000 in general obligation public improvement bonds and a refunding of older taxable bond issues of \$30,880,000 for a total issuance of \$82,880,000. The proceeds from the 2020 bonds are being used, together with funds from other sources, to finance the costs of certain buildings, facilities, equipment and grounds in Charles County. The refunding bonds are being used to retire existing bonds with higher interest rates for a total interest savings of \$2.2 million. Debt service repayments are semi-annual due on April 1 and October 1, beginning on April 1, 2021.

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# Required Supplementary Information

THE COUNTY COMMISSIONERS OF CHARLES COUNTY, MARYLAND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGETARY (NON-GAAP) TO ACTUAL  
GENERAL FUND  
FOR THE YEAR ENDED JUNE 30, 2020

	Budgeted amounts		Actual amounts budgetary basis	Variance with final budget positive (negative)
	Original	Final		
<b>Revenues:</b>				
Taxes - local property	\$ 235,383,900	\$ 235,383,900	\$ 230,152,790	\$ (5,231,110)
Taxes - income	134,337,000	134,583,300	139,535,615	4,952,315
Taxes - other local	21,309,000	21,309,000	28,440,015	7,131,015
Taxes - state shared	2,133,000	2,133,000	2,066,341	(66,659)
Charges for services	9,179,400	9,291,250	9,286,529	(4,721)
Intergovernmental	2,156,600	2,265,230	2,139,328	(125,902)
Interest income	5,000,000	5,000,000	4,567,645	(432,355)
Other income	5,496,900	5,543,220	5,412,247	(130,973)
Total revenues	<u>414,995,800</u>	<u>415,508,900</u>	<u>421,600,511</u>	<u>6,091,611</u>
<b>Expenditures:</b>				
Education	206,850,100	206,850,200	206,813,750	36,450
Public safety	111,367,500	114,867,150	106,475,667	8,391,483
General government (including contingencies)	28,446,500	30,433,160	26,577,631	3,855,529
Public Works- Facilities	15,765,300	14,356,670	12,287,826	2,068,845
Financial Administration	11,652,300	11,828,770	10,985,273	843,497
Judicial	6,252,200	6,255,640	5,977,557	278,083
Planning and Growth Management	3,192,800	3,168,470	3,000,539	167,931
Community Services	2,538,500	2,568,300	2,099,923	468,377
Recreation, Parks & Tourism	9,172,300	9,213,760	7,991,349	1,222,411
Health Services	3,263,100	3,263,100	3,072,185	190,915
Economic Development	2,017,600	2,020,030	1,787,033	232,997
Social Services	1,382,000	1,582,000	1,370,912	211,088
Legislative	2,157,300	2,412,940	2,202,915	210,025
Law	1,243,100	1,440,930	1,346,594	94,336
Conservation of Natural Resources	705,200	728,290	703,904	24,386
Elections	1,570,300	1,570,300	1,355,802	214,498
<b>Debt service</b>				
Interest	8,460,600	8,537,400	8,249,927	287,473
Total expenditures	<u>416,036,700</u>	<u>421,097,110</u>	<u>402,298,786</u>	<u>18,798,324</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,040,900)</u>	<u>(5,588,210)</u>	<u>19,301,725</u>	<u>24,889,935</u>
<b>Other financing sources (uses):</b>				
Transfers in	3,671,800	3,671,800	2,677,950	(993,850)
Transfers out	(9,063,000)	(11,078,400)	(10,736,015)	342,385
Total other financing sources (uses)	<u>(5,391,200)</u>	<u>(7,406,600)</u>	<u>(8,058,065)</u>	<u>(651,465)</u>
Net change in fund balance	(6,432,100)	(12,994,810)	11,243,660	24,238,470
Fund balance - beginning of year	108,850,925	108,850,925	108,850,925	-
Fund balance - end of year	<u>\$ 102,418,825</u>	<u>\$ 95,856,115</u>	<u>\$ 120,094,585</u>	<u>\$ 24,238,470</u>

**Schedule of County's Plan Employer Contributions**

Last 10 Fiscal Years

(Dollar amounts in thousands)

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Actuarially determined contribution	\$ 4,715	\$ 4,498	\$ 3,926	\$ 3,673	\$ 5,240	\$ 5,627	\$ 5,356	\$ 5,223	\$ 6,055	\$ 5,745
Contributions in relation to the actuarially determined contribution	<u>4,715</u>	<u>4,498</u>	<u>3,926</u>	<u>3,673</u>	<u>5,240</u>	<u>5,627</u>	<u>5,356</u>	<u>5,223</u>	<u>6,055</u>	<u>5,745</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	\$ 57,791	\$ 54,332	\$ 53,002	\$ 50,662	\$ 58,330	\$ 57,345	\$ 54,750	n/a	n/a	n/a
Contributions as a percentage of covered employee payroll	8.16%	8.28%	7.41%	7.25%	8.98%	9.81%	9.78%	n/a	n/a	n/a

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Notes to Schedule

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

*Methods and assumptions used to determine most recent contribution rates:*

Actuarial cost method	Entry Age Normal Actuarial Cost Method
Amortization method	Changes in assumptions and differences between assumptions and actual experience are recognized over the average of the expected remaining service lives of all employees (active and inactive employees, including retirees). Differences between expected earnings on plan investments and actual investments earnings are recognized over a 5 year period. Changes in benefit terms are recognized immediately.
Asset valuation method	Assets are valued at contract value with a market value adjustment factor for the Guaranteed Deposit Account Assets, and at market value for Separate Accounts, which is considered the best representation of Fair Value.
Inflation	2.50%
Salary increases	4.00% including inflation
Investment rate of return	7.10%, net of plan investment expenses and contract fees.
Retirement age	For non-public safety participants, the first day of the month coinciding with or next following the later of a Participant's 62nd birthday or the completion of 5 years of Service; if Service is 20 or greater, the benefit is 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-2017 for males and females

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

(Dollar amounts in thousands)

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
<b>Total Pension Liability</b>							
Service cost	\$ 7,555	\$ 7,276	\$ 6,690	\$ 6,320	\$ 5,902	\$ 5,844	\$ 5,552
Interest	17,691	15,177	14,782	13,915	13,944	12,705	11,745
Changes of benefit terms	-	591	-	-	-	-	-
Differences between expected and actual experience and changes in assumptions	109	190	2,782	(224)	(12,218)	4,888	-
Benefit payments, including refunds of member contributions	<u>(7,398)</u>	<u>(6,648)</u>	<u>(6,251)</u>	<u>(5,291)</u>	<u>(4,871)</u>	<u>(4,759)</u>	<u>(4,356)</u>
Net change in total pension liability	17,957	16,586	18,003	14,720	2,757	18,678	12,941
Total Pension Liability - beginning	<u>237,366</u>	<u>220,780</u>	<u>202,777</u>	<u>188,057</u>	<u>185,300</u>	<u>166,622</u>	<u>153,681</u>
Total Pension Liability - ending (a)	<u>\$ 255,323</u>	<u>\$ 237,366</u>	<u>\$ 220,780</u>	<u>\$ 202,777</u>	<u>\$ 188,057</u>	<u>\$ 185,300</u>	<u>\$ 166,622</u>
<b>Plan Fiduciary Net Position</b>							
Contributions - employer	\$ 4,715	\$ 4,498	\$ 3,926	\$ 3,673	\$ 5,240	\$ 5,627	\$ 5,356
Contributions - employee	2,546	2,476	2,348	2,347	2,179	2,105	2,011
Net Investment Income	9,105	13,788	15,852	21,017	1,734	7,421	22,826
Benefit payments, including refunds of member contributions	(7,398)	(6,647)	(6,251)	(5,291)	(4,870)	(4,759)	(4,357)
Administrative expense	(184)	(117)	(109)	(73)	(81)	(88)	(84)
Other	-	-	-	-	-	-	-
Net change in plan fiduciary net position	8,784	13,998	15,766	21,673	4,202	10,306	25,752
Plan Fiduciary Net Position - beginning	<u>232,519</u>	<u>218,521</u>	<u>202,755</u>	<u>181,082</u>	<u>176,880</u>	<u>166,574</u>	<u>140,822</u>
Plan Fiduciary Net Position - ending (b)	<u>\$ 241,303</u>	<u>\$ 232,519</u>	<u>\$ 218,521</u>	<u>\$ 202,755</u>	<u>\$ 181,082</u>	<u>\$ 176,880</u>	<u>\$ 166,574</u>
 County's Net Pension Liability - ending (a) - (b)	 <u>\$ 14,020</u>	 <u>\$ 4,847</u>	 <u>\$ 2,259</u>	 <u>\$ 22</u>	 <u>\$ 6,975</u>	 <u>\$ 8,420</u>	 <u>\$ 48</u>
 Plan Fiduciary Net Position as a percentage of the total pension liability	 94.51%	 97.96%	 98.98%	 99.99%	 96.29%	 95.46%	 99.97%
 Covered payroll	 57,791	 \$ 54,332	 \$ 53,002	 \$ 50,663	 \$ 58,330	 \$ 57,345	 \$ 54,750
 County's Net Pension Liability as a percentage of covered employee pensionable payroll	 24.26%	 8.92%	 4.26%	 0.04%	 11.96%	 14.68%	 0.09%
 Annual money-weighted rate of return	 3.60%	 7.0%	 8.5%	 12.3%	 1.7%	 5.2%	 16.9%

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

**Schedule of Sheriff's Office Retirement Plan Employer Contributions**

Last 10 Fiscal Years

(Dollar amounts in thousands)

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Actuarially determined contribution	\$12,431	\$ 11,892	\$ 11,795	\$ 10,845	\$ 10,590	\$ 10,402	\$ 9,823
Contributions in relation to the actuarially determined contribution	<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>
Covered payroll	\$36,255	\$ 34,470	\$ 33,888	\$ 33,373	\$ 30,706	\$ 32,509	\$ 31,270
Contributions as a percentage of covered employee payroll	34.29%	34.50%	34.81%	32.50%	34.49%	32.00%	31.41%

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Notes to Schedule

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

Valuation date: Actuarial valuations are performed every year.

*Methods and assumptions used to determine most recent contribution rates:*

Actuarial cost method	Projected Unit Credit
Amortization method	Level percent of payroll (closed), increasing 3.5% per year.
Remaining amortization period	Remaining amortization periods range from 7 to 30 years.
Asset valuation method	5-year smoothed market.
Inflation	3.00%
Salary increases	5.00%, including inflation
Investment rate of return	7.40%, net of pension plan investment expense, including inflation.
Retirement age	Rates vary by participant age and service
Mortality	RP-2014 Blue Collar Mortality tables with generational projection from 2006 by by Scale MP-2016. A five-year set forward is used for post-disability mortality.

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

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

(Dollar amounts in thousands)

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
<b>Total Pension Liability</b>							
Service cost	\$ 8,607	\$ 8,068	\$ 7,681	\$ 7,433	\$ 6,566	\$ 6,534	\$ 4,157
Interest	26,604	25,197	24,182	21,532	20,983	19,286	18,491
Changes of benefit terms	-	-	(313)	-	-	-	-
Differences between expected and actual experience	11,324	(5,995)	(820)	6,770	(6,916)	815	-
Changes of assumptions	-	4,874	-	7,554	5,579	4,692	(3,864)
Benefit payments, including refunds of member contributions	(15,688)	(12,669)	(10,511)	(9,899)	(9,609)	(8,902)	(7,997)
Net change in total pension liability	30,847	19,475	20,219	33,390	16,603	22,425	10,787
Total Pension Liability - beginning	367,360	347,885	327,666	294,276	277,673	255,248	244,460
Total Pension Liability - ending (a)	<u>\$ 398,207</u>	<u>\$ 367,360</u>	<u>\$ 347,885</u>	<u>\$ 327,666</u>	<u>\$ 294,276</u>	<u>\$ 277,673</u>	<u>\$ 255,248</u>
<b>Plan Fiduciary Net Position</b>							
Contributions - employer	\$ 12,431	\$ 11,892	\$ 11,794	\$ 10,845	\$ 10,590	\$ 10,402	\$ 9,823
Contributions - employee	2,996	2,793	2,776	2,765	2,614	2,616	2,541
Net Investment Income	13,387	18,243	19,716	25,617	2,035	7,785	26,456
Benefit payments, including refunds of member contributions	(15,688)	(12,669)	(10,511)	(9,899)	(9,610)	(8,902)	(7,997)
Administrative expense	(133)	(143)	(162)	(120)	(120)	(111)	(76)
Other	-	-	-	-	-	-	-
Net change in plan fiduciary net position	12,993	20,116	23,613	29,207	5,508	11,790	30,747
Plan Fiduciary Net Position - beginning	282,866	262,749	239,136	209,929	204,421	192,631	161,883
Plan Fiduciary Net Position - ending (b)	<u>\$ 295,859</u>	<u>\$ 282,866</u>	<u>\$ 262,749</u>	<u>\$ 239,136</u>	<u>\$ 209,929</u>	<u>\$ 204,421</u>	<u>\$ 192,631</u>
Sheriff's Net Pension Liability - ending (a) - (b)	<u>\$ 102,348</u>	<u>\$ 84,494</u>	<u>\$ 85,136</u>	<u>\$ 88,530</u>	<u>\$ 84,347</u>	<u>\$ 73,252</u>	<u>\$ 62,617</u>
Plan Fiduciary Net Position as a percentage of the total pension liability	74.30%	77.00%	75.53%	72.98%	71.34%	73.62%	75.47%
Covered payroll	\$ 36,255	\$ 34,470	\$ 33,888	\$ 33,373	\$ 30,706	\$ 32,509	\$ 31,270
Sheriff's Net Pension Liability as a percentage of covered employee pensionable payroll	282.30%	245.13%	251.23%	265.27%	274.69%	225.33%	200.25%
Expected average remaining service years of all participants	6	6	6	7	6	7	7
Annual money-weighted rate of return	4.73%	6.94%	8.74%	12.70%	1.50%	4.54%	16.84%

**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.

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



**Schedule of County's OPEB Plan Employer Contributions**

Last 10 Fiscal Years

(Dollar amounts in thousands)

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	
Actuarially determined contribution	\$ 14,668	\$ 13,662	\$ 10,576	\$ 9,771	Information for FYE 2016 and earlier is not available
Contributions in relation to the actuarially determined contribution	<u>6,279</u>	<u>3,924</u>	<u>-</u>	<u>-</u>	
Contribution deficiency (excess)	<u>\$ 8,389</u>	<u>\$ 9,738</u>	<u>\$ 10,576</u>	<u>\$ 9,771</u>	

Notes to Schedule

Benefit changes	None
Valuation Date:	The FYE 2020 actuarially determined contribution (ADC) is calculated as of 7/1/2018. The liability is based on 7/1/2018 data. Actuarial valuations are done every other year.
Changes of assumptions	The medical trend was updated to the latest model released by the Society of Actuaries. The Sheriff's Plan decrement rates were updated to align with the Sheriff's Pension Plan assumptions used.

*Methods and assumptions used to determine contribution rates:*

Valuation Date	7/1/2018
Actuarial cost method	Projected Unit Credit with linear pro-ration to assumed benefit commencement
Amortization method	Level dollar
Asset valuation method	Market value of assets
Remaining amortization period	19 years for FYE 2020
Investment rate of return	7.50%
Payroll growth rate	N/A - The amortization method is level dollar
Inflation	2.40%
Healthcare cost trend rate	The trend for 2018 is 5.4%. The ultimate trend is 4.0% for Pre-Medicare and 3.90% for 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>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
<b>Total Pension Liability</b>				
Service cost	\$ 2,925	\$ 7,898	\$ 8,365	\$ 8,040
Interest	9,177	9,015	8,560	7,669
Changes of benefit terms		(963)	-	-
Differences between expected and actual experience	411	(9,340)	130	2,364
Changes of assumptions	(7,745)	(89,891)	(11,962)	(36,539)
Benefit payments, including refunds of member contributions	(3,375)	(3,149)	(2,940)	(2,674)
Net change in total pension liability	1,393	(86,430)	2,153	(21,140)
Total Pension Liability - beginning	126,458	212,888	210,735	231,875
Total Pension Liability - ending (a)	<u>\$ 127,851</u>	<u>\$ 126,458</u>	<u>\$ 212,888</u>	<u>\$ 210,735</u>
<b>Plan Fiduciary Net Position</b>				
Contributions - employer	\$ 6,279	\$ 5,095	\$ 4,440	\$ 3,924
Contributions - employee			-	-
Net Investment Income	427	336	239	3
Benefit payments, including refunds of member contributions	(3,375)	(3,149)	(2,940)	(2,674)
Administrative expense	-	-	-	-
Other	-	-	-	-
Net change in plan fiduciary net position	3,331	2,282	1,739	1,253
Plan Fiduciary Net Position - beginning	9,446	7,164	5,425	4,172
Plan Fiduciary Net Position - ending (b)	<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>\$ 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 pension liability	10.00%	7.47%	3.37%	2.57%
Estimated average remaining service years of all participants	7	7	8	8
Annual money-weighted rate of return	4.52%	4.69%	4.41%	0.07%

**Notes to Schedule**

Benefit changes none

Changes of assumptions The discount rate was changed as follows:

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

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

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

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

(Dollar amounts in thousands)

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

*Changes of assumptions or other inputs* The discount rate changed from 3.64% to 2.75%, mortality rates changed to Pub-2010 Safety Headcount Weighted generationally projected using MP-2019 weighted 70% Male, termination rates were added, retirement rates have been refined, a normal cost has been added for annuitants with a year of service in the prior year, and volunteers not credited with a year of service for the prior year have no normal cost and are valued using an ABO liability rather than EAN.

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

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

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# Schedules and Combining Statements

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# General Fund

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

THE COUNTY COMMISSIONERS OF CHARLES COUNTY, MARYLAND  
GENERAL FUND  
SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES  
BUDGETARY (NON-GAAP) BASIS  
FOR THE YEAR ENDED JUNE 30, 2020

	Final Amended Budgeted Amounts	Actual Amounts	Variance With Amended Budget Favorable (Unfavorable)
<u>Taxes - Local Property</u>			
Real Property	\$ 209,246,900	\$ 206,038,868	\$ (3,208,032)
Business Personal Property	278,000	65,498	(212,502)
Railroad & Public Utilities	9,741,000	9,469,570	(271,430)
Ordinary Business Corporation	6,924,900	5,425,905	(1,498,995)
Payment in Lieu of Tax	11,285,000	11,299,778	14,778
Penalties and Interest	600,000	485,530	(114,470)
Half-year Billing Fee	400,000	432,325	32,325
Homestead Tax Credit	(174,700)	(193,257)	(18,557)
Low Income Tax Credit	(694,000)	(656,595)	37,405
Senior Tax Credit	(310,000)	(287,085)	22,915
La Plata Tax Differential	(1,675,000)	(1,702,588)	(27,588)
Indian Head Tax Differential	(100,000)	(97,104)	2,896
Agriculture Preservation Credit	(131,000)	(121,511)	9,489
Other Tax Credits	(7,200)	(6,546)	654
Total Taxes - Local Property	235,383,900	230,152,790	(5,231,110)
<u>Taxes - Income</u>	134,583,300	139,535,615	4,952,315
<u>Taxes - Other Local</u>			
Admission and Amusement	910,000	612,941	(297,059)
Recordation	13,305,000	19,138,755	5,833,755
Transfer Tax	5,920,000	7,648,960	1,728,960
Hotel / Motel	1,174,000	951,544	(222,456)
Heavy Equipment Tax	-	87,816	87,816
Total Taxes - Other Local	21,309,000	28,440,015	7,131,015
<u>Taxes - State Shared</u>			
Highway User	2,133,000	2,066,341	(66,659)
Total Taxes - State Shared	2,133,000	2,066,341	(66,659)
<u>Charges for Services</u>			
Licenses and Permits			
Alcohol Licenses	215,700	152,990	(62,710)
Electrical Permits	22,500	16,273	(6,227)
Traders Licenses	224,600	164,933	(59,667)
Civil Marriage Licenses	40,000	27,895	(12,105)
Protective Inspection Licenses	84,800	92,726	7,926
Building Permits	153,000	136,835	(16,165)
Plumbing Permits	59,600	95,310	35,710
Occupancy Permits	15,000	10,179	(4,821)
Park Facilities Permits	109,200	65,961	(43,240)
Trailer Occupancy Permits	44,300	45,900	1,600
Other Licenses and Permits	114,800	122,395	7,595
subtotal	1,083,500	931,397	(152,103)



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, 2020

	Final Amended Budgeted Amounts	Actual Amounts	Variance With Amended Budget Favorable (Unfavorable)
<u>Charges for Services (continued)</u>			
Service Charges			
Soil Conservation Plan Fee	27,700	22,920	(4,780)
Indirect Cost Revenue	1,286,600	1,284,072	(2,528)
Plat Review & Processing	84,900	101,026	16,126
Special Exception Fees	20,600	18,653	(1,947)
Bail Bond Fees	25,000	21,903.0	(3,097)
EMS Billing Fees	1,420,000	1,600,406	180,406
School Allocation Extension Fees	1,700	10,556	8,856
Forest Conservation Fees	15,900	16,904	1,004
Site Development Plan Application	34,200	48,969	14,769
Mosquito Control Fees	75,000	66,683	(8,317)
Deeds & Tax Verification Fees	106,000	105,950	(50)
Advertising Fees	34,300	497	(33,803)
Custodial Fees	363,900	363,900	-
Animal Shelter Boarding Fees	26,400	14,760	(11,640)
False Alarm Registration Fees	306,500	287,623	(18,877)
Sheriff Fees	631,750	661,579	29,829
Sheriff Pay Phone Commission	140,000	101,148	(38,852)
Detention Center Room and Board	115,000	54,975	(60,025)
Local 911 Fees	1,300,000	1,648,824	348,824
Park Entrance Fees	47,200	24,004	(23,196)
Food and Drink Sales	61,800	38,057	(23,743)
Outdoor Sports Programs Fees	339,800	293,883	(45,917)
Other Fees	1,743,500	1,567,841	(175,659)
subtotal	<u>8,207,750</u>	<u>8,355,133</u>	<u>147,383</u>
Total Charges for Services	9,291,250	9,286,529	(4,721)
<u>Intergovernmental</u>			
Federal Grants			
Miscellaneous Grants	102,430	76,324	(26,106)
subtotal	<u>102,430</u>	<u>76,324</u>	<u>(26,106)</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, 2020

	Final Amended Budgeted Amounts	Actual Amounts	Variance With Amended Budget Favorable (Unfavorable)
<u>Intergovernmental (continued)</u>			
State Grants			
Aid for Police Protection	1,300,000	1,299,832	(168)
Aid for Inmate Operations	157,000	125,910	(31,090)
Jury Fee Reimbursement	119,500	71,425	(48,075)
Soil Conservation	60,700	62,206	1,506
Other State Grants	17,100	47,837	30,737
subtotal	<u>1,654,300</u>	<u>1,607,210</u>	<u>(47,090)</u>
Animal Shelter			
Calvert County	-	-	-
St. Mary's County	508,500	455,795	(52,705)
subtotal	<u>508,500</u>	<u>455,795</u>	<u>(52,705)</u>
Total Intergovernmental	<u>2,265,230</u>	<u>1,314,559</u>	<u>(950,671)</u>
<u>Interest Income</u>			
MLGIP	2,000,000	1,610,199	(389,801)
US Government Agencies	1,757,000	1,879,207	122,207
CD's & Other Interest	1,243,000	1,078,240	(164,760)
Total Interest Income	<u>5,000,000</u>	<u>4,567,645</u>	<u>(432,355)</u>
<u>Other Income</u>			
Rent			
Courthouse Rent	921,100	882,693	(38,407)
Water Tower Rental	246,000	343,873	97,873
Office Space	86,600	84,898	(1,702)
Post Office	10,000	10,333	333
Other Rent	3,700	3,628	(72)
subtotal	<u>1,267,400</u>	<u>1,325,425</u>	<u>58,025</u>
Fines and Forfeitures			
False Alarm Fines	223,000	231,645	8,645
Alcoholic Beverage Fines	22,000	34,625	12,625
State Shared Fines	10,000	13,746	3,746
County Parking Fines	9,000	8,585	(415)
Red Light Camera Fines	1,820,000	1,845,598	25,598
Speed Camera Fines	1,400,000	1,085,602	(314,398)
Building Permit Fines	39,000	37,437	(1,563)
Other Fines	17,500	15,678	(1,822)
subtotal	<u>3,540,500</u>	<u>3,272,916</u>	<u>(267,584)</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, 2020

	Final Amended Budgeted Amounts	Actual Amounts	Variance With Amended Budget Favorable (Unfavorable)
<u>Other Income (continued)</u>			
Non-Recurring Revenue	-	24,501	24,501
Worker's Compensation	100,000	162,814	62,814
Miscellaneous	385,320	428,134	42,814
Gain (Loss) on Fixed Assets	250,000	198,456	(51,544)
Total Other Income	<u>5,543,220</u>	<u>5,412,247</u>	<u>(130,973)</u>
Total Revenues	<u>415,508,900</u>	<u>421,600,511</u>	<u>6,091,611</u>
<u>Other Financing Sources:</u>			
Transfers In			
Special Revenue Funds	1,000,000	-	(1,000,000)
Capital Projects Funds	2,671,800	2,677,950	6,150
subtotal	<u>3,671,800</u>	<u>2,677,950</u>	<u>(993,850)</u>
Total other financing sources	3,671,800	2,677,950	(993,850)
Total Revenues and Other Financing Sources	<u>\$ 419,180,700</u>	<u>\$ 424,278,461</u>	<u>\$ 5,097,761</u>

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, 2020

	Final Amended Budgeted Amounts	Actual Amounts	Variance With Amended Budget Favorable (Unfavorable)
<u>Education</u>			
Board of Education	\$ 192,074,000	\$ 192,074,000	\$ -
College of Southern Maryland	9,921,200	9,921,200	-
Library	4,382,500	4,355,650	26,850
Other	472,500	462,900	9,600
Total Education	206,850,200	206,813,750	36,450
<u>Public Safety</u>			
Sheriff's Office			
Sheriff	74,455,210	69,114,728	5,340,482
Detention Center	20,235,570	18,326,882	1,908,688
Automated Enforcement Unit	2,051,190	2,018,837	32,353
Fingerprinting Service	368,400	244,855	123,545
subtotal	97,110,370	89,705,302	7,405,068
Emergency Services			
Administration	445,670	399,263	46,407
False Alarm Reduction Unit	191,260	188,564	2,696
Communications	4,326,140	3,887,349	438,791
Emergency Management	80,200	81,497	(1,297)
Tactical Response	198,270	143,491	54,779
Career EMS	10,668,910	10,419,216	249,694
Animal Control	752,890	703,416	49,474
Animal Shelter	1,069,390	926,350	143,040
subtotal	17,732,730	16,749,146	983,584
Volunteer Fire & EMS	24,050	21,220	2,830
Total Public Safety	114,867,150	106,475,667	8,391,483
<u>General Government</u>			
Debt Service	22,210,900	22,218,063	(7,163)
Central Services	8,222,260	4,359,568	3,862,692
Contingencies	-	-	-
Total General Government	30,433,160	26,577,631	3,855,529
<u>Public Works- Facilities</u>			
Administration	661,380	597,279	64,101
Buildings & Trades	8,002,790	6,776,733	1,226,057
Vehicle Maintenance	978,160	849,377	128,783
Roads	4,714,340	4,064,437	649,903
Total Public Works- Facilities	14,356,670	12,287,826	2,068,845

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, 2020

	Final Amended Budgeted Amounts	Actual Amounts	Variance With Amended Budget Favorable (Unfavorable)
<u>Financial Administration</u>			
Fiscal & Administrative Services			
Administration	252,610	237,482	15,128
Budget	454,550	432,346	22,204
Accounting	1,139,310	1,121,197	18,113
Purchasing	396,810	388,926	7,884
Information Technology	3,494,090	2,953,266	540,824
Treasury	1,327,490	1,212,585	114,905
subtotal	7,064,860	6,345,803	719,057
Internal Audit	171,290	90,075	81,215
Liquor Board	240,130	236,047	4,083
Human Resources	1,153,770	1,100,788	52,982
Retiree Fringe	3,198,720	3,212,560	(13,840)
Total Financial Administration	11,828,770	10,985,273	843,497
<u>Judicial</u>			
State's Attorney's Office	4,541,290	4,400,245	141,045
Circuit Court	1,650,850	1,516,277	134,573
Orphan's Court	63,500	61,035	2,465
Total Judicial	6,255,640	5,977,557	278,083
<u>Planning &amp; Growth Management</u>			
Administration	553,250	504,917	48,333
Planning	1,693,490	1,652,137	41,353
Inspection & Enforcement	505,350	451,162	54,188
Codes & Permits	394,480	381,763	12,717
Transit	21,900	10,560	11,340
Total Planning & Growth Mgmt	3,168,470	3,000,539	167,931
<u>Community Services</u>			
Administration	380,000	375,002	4,998
Aging Services	1,787,000	1,412,861	374,139
Housing Authority	399,100	312,060	87,040
Total Community Services	2,566,100	2,099,923	466,177
<u>Recreation, Parks &amp; Tourism</u>			
Administration	742,470	726,952	15,518
Parks and Grounds	5,236,730	4,657,492	579,239
Recreation	2,395,910	2,034,947	360,963
Tourism	838,650	571,958	266,692
Total Recreation, Parks, & Tourism	9,213,760	7,991,349	1,222,411
<u>Health Services</u>			
	3,263,100	3,072,185	190,915
<u>Economic Development</u>			
Economic Development Department	1,832,030	1,649,033	182,997
Other	188,000	138,000	50,000
Total Economic Development	2,020,030	1,787,033	232,997

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, 2020

	Final Amended Budgeted Amounts	Actual Amounts	Variance With Amended Budget Favorable (Unfavorable)
<u>Social Services</u>	1,582,000	1,370,912	211,088
<u>Legislative</u>			
County Commissioners	707,600	689,508	18,092
County Administrator	1,705,340	1,513,407	191,933
Total Legislative	2,412,940	2,202,915	210,025
<u>Law - County Attorney</u>	1,440,930	1,346,594	94,336
<u>Conservation of Natural Resources</u>			
Weed Control	15,800	8,041	7,759
Resource Conservation & Development	65,300	51,443	13,857
University of MD Extension	226,800	224,033	2,767
Soil Conservation	420,390	420,386	4
Total Conservation	728,290	703,904	24,386
<u>Elections</u>	1,570,300	1,355,802	214,498
<u>Debt service</u>			
Interest	8,537,400	8,249,927	287,473
Total expenditures	421,094,910	402,298,786	18,796,124
<u>Other financing uses:</u>			
Defeased Bonds	-	-	-
Transfers out			
Capital Projects	4,350,400	4,350,400	-
Special Revenue Funds	5,390,900	5,053,517	337,383
Enterprise Funds	1,337,100	1,332,098	5,002
subtotal	11,078,400	10,736,015	342,385
Total other financing uses	11,078,400	10,736,015	342,385
Total Expenditures and Other Financing Uses	\$ 432,173,310	\$ 413,034,801	\$ 19,138,509

# 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.

<b>CARES Act-</b>	The CARES Act provides assistance for state, local and tribal governments through the Coronavirus Relief Fund. Funds received through the CARES Act are to help navigate the fiscal impacts of the COVID-19 pandemic.
<b>Judicial Grants-</b>	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.
<b>Transportation Grants-</b>	Established to support the County’s public transportation systems. Operating revenues are primarily supported with Federal and State grants matched by the county.
<b>Housing Assistance Funds-</b>	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.
<b>Agricultural Preservation Fund-</b>	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.
<b>Fire and Rescue &amp; LOSAP Funds-</b>	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.
<b>Cable Franchise Fund-</b>	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, 2020

	CARES Grants	Nuisance Abatement	Planning Grants	Judicial Grants	Transportation Grants	Economic Development Loan Programs	Public Safety Grants	Community Development Grants	Housing Assistance
<b>ASSETS:</b>									
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 259,931
Investments	-	-	-	-	-	-	-	-	-
Accounts receivables	-	103,333	5,000	289,422	959,866	300,005	366,690	48,411	17,092
Due (to) from other funds	-	-	-	-	-	166,601	-	120,436	208,683
Other assets	-	-	-	-	-	-	-	-	-
Restricted assets	11,185,131	-	-	-	-	793,461	-	-	-
<b>Total assets</b>	<b>\$ 11,185,131</b>	<b>\$ 103,333</b>	<b>\$ 5,000</b>	<b>\$ 289,422</b>	<b>\$ 959,866</b>	<b>\$ 1,260,068</b>	<b>\$ 366,690</b>	<b>\$ 168,847</b>	<b>\$ 485,705</b>
<b>LIABILITIES AND FUND BALANCE:</b>									
<b>Liabilities:</b>									
Accounts payable	\$ -	\$ -	\$ -	\$ 54,868	\$ 559,269	\$ 501	\$ 3,528	\$ 29,932	\$ 223,407
Accrued expenditures	-	-	-	-	-	-	-	-	-
Unearned revenue	10,360,362	-	2,914	777	14,609	300,005	75,058	133,333	-
Due to other funds	824,769	84,459	2,086	233,778	222,452	-	288,104	-	-
Other liabilities	-	-	-	-	-	-	-	-	-
<b>Total liabilities</b>	<b>11,185,131</b>	<b>84,459</b>	<b>5,000</b>	<b>289,422</b>	<b>796,330</b>	<b>300,507</b>	<b>366,690</b>	<b>163,265</b>	<b>223,407</b>
<b>Fund balance:</b>									
Nonspendable fund balance	-	-	-	-	-	-	-	-	-
Restricted fund balance	-	18,874	-	-	-	959,561	-	-	262,298
Committed fund balance	-	-	-	-	-	-	-	-	-
Assigned fund balance	-	-	-	-	163,536	-	-	5,582	-
Unassigned fund balance	-	-	-	-	-	-	-	-	-
<b>Total fund balance</b>	<b>-</b>	<b>18,874</b>	<b>-</b>	<b>-</b>	<b>163,536</b>	<b>959,561</b>	<b>-</b>	<b>5,582</b>	<b>262,298</b>
<b>Total liabilities and fund balance</b>	<b>\$ 11,185,131</b>	<b>\$ 103,333</b>	<b>\$ 5,000</b>	<b>\$ 289,422</b>	<b>\$ 959,866</b>	<b>\$ 1,260,068</b>	<b>\$ 366,690</b>	<b>\$ 168,847</b>	<b>\$ 485,705</b>



THE COUNTY COMMISSIONERS OF CHARLES COUNTY, MARYLAND  
 COMBINING BALANCE SHEET (continued)  
 NON-MAJOR GOVERNMENTAL FUNDS  
 JUNE 30, 2020

	Housing Special Loans	Sheriff's Special Programs	Community Development	Animal Shelter/ Control	Drug Forfeitures	Agricultural Preservation	Fire and Rescue & LOSAP Funds	Law Library
<b>ASSETS:</b>								
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 259,409	\$ 100
Investments	-	-	-	-	-	-	16,695,954	-
Accounts receivables	-	-	1,840	45	-	-	-	704
Due (to) from other funds	163,919	72,869	-	246,062	873,913	1,260,680	1,205,211	36,940
Other assets	-	-	-	-	-	-	-	-
Restricted assets	-	-	-	-	-	-	-	-
<b>Total assets</b>	<b>\$ 163,919</b>	<b>\$ 72,869</b>	<b>\$ 1,840</b>	<b>\$ 246,107</b>	<b>\$ 873,913</b>	<b>\$ 1,260,680</b>	<b>\$ 18,160,575</b>	<b>\$ 37,743</b>
<b>LIABILITIES AND FUND BALANCE:</b>								
<b>Liabilities:</b>								
Accounts payable	\$ (1,500)	\$ -	\$ -	\$ 2,697	\$ 1,547	\$ -	\$ -	\$ 2,334
Accrued expenditures	-	-	-	-	-	-	-	-
Unearned revenue	-	-	-	-	-	-	-	-
Due to other funds	-	-	1,840	-	-	-	-	-
Other liabilities	-	-	-	4,776	-	-	1,022,366	-
<b>Total liabilities</b>	<b>(1,500)</b>	<b>-</b>	<b>1,840</b>	<b>7,472</b>	<b>1,547</b>	<b>-</b>	<b>1,022,366</b>	<b>2,334</b>
<b>Fund balance:</b>								
Nonspendable fund balance	-	-	-	-	-	-	-	-
Restricted fund balance	165,419	-	-	-	872,366	1,260,680	17,138,209	-
Committed fund balance	-	-	-	-	-	-	-	-
Assigned fund balance	-	72,869	-	238,634	-	-	-	35,409
Unassigned fund balance	-	-	-	-	-	-	-	-
<b>Total fund balance</b>	<b>165,419</b>	<b>72,869</b>	<b>-</b>	<b>238,634</b>	<b>872,366</b>	<b>1,260,680</b>	<b>17,138,209</b>	<b>35,409</b>
<b>Total liabilities and fund balance</b>	<b>\$ 163,919</b>	<b>\$ 72,869</b>	<b>\$ 1,840</b>	<b>\$ 246,107</b>	<b>\$ 873,913</b>	<b>\$ 1,260,680</b>	<b>\$ 18,160,575</b>	<b>\$ 37,743</b>

THE COUNTY COMMISSIONERS OF CHARLES COUNTY, MARYLAND  
 COMBINING BALANCE SHEET (continued)  
 NON-MAJOR GOVERNMENTAL FUNDS  
 JUNE 30, 2020

	Tourism Grants	Aging 40 fund	Aging 43 fund	So MD Justice Academy	Human Services	Cable Franchise	Emergency Management	Total
<b>ASSETS:</b>								
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 519,440
Investments	-	-	-	-	-	-	-	16,695,954
Accounts receivables	5,726	334,097	132,643	27,664	452,998	847,128	84,716	3,977,379
Due (to) from other funds	-	-	-	141,814	-	8,595,928	-	13,093,056
Other assets	-	-	-	-	-	2,294	-	2,294
Restricted assets	-	-	-	-	-	-	-	11,978,592
<b>Total assets</b>	<b>\$ 5,726</b>	<b>\$ 334,097</b>	<b>\$ 132,643</b>	<b>\$ 169,478</b>	<b>\$ 452,998</b>	<b>\$ 9,445,349</b>	<b>\$ 84,716</b>	<b>\$ 46,266,715</b>
<b>LIABILITIES AND FUND BALANCE:</b>								
<b>Liabilities:</b>								
Accounts payable	\$ -	\$ 31,577	\$ 27,696	\$ 4,235	\$ 157,356	\$ 117,437	\$ 17,917	\$ 1,232,802
Accrued expenditures	-	-	-	-	-	-	-	-
Unearned revenue	-	48,575	-	-	24,139	-	-	10,959,772
Due to other funds	5,726	202,144	39,621	-	9,494	-	66,799	1,981,270
Other liabilities	-	-	-	-	-	-	-	1,027,141
<b>Total liabilities</b>	<b>5,726</b>	<b>282,296</b>	<b>67,317</b>	<b>4,235</b>	<b>190,988</b>	<b>117,437</b>	<b>84,716</b>	<b>15,200,985</b>
<b>Fund balance:</b>								
Nonspendable fund balance	-	-	-	-	-	-	-	-
Restricted fund balance	-	-	-	165,243	-	4,399,807	-	25,242,457
Committed fund balance	-	-	-	-	-	-	-	-
Assigned fund balance	-	51,801	65,326	-	262,010	4,928,106	-	5,823,273
Unassigned fund balance	-	-	-	-	-	-	-	-
<b>Total fund balance</b>	<b>-</b>	<b>51,801</b>	<b>65,326</b>	<b>165,243</b>	<b>262,010</b>	<b>9,327,913</b>	<b>-</b>	<b>31,065,730</b>
<b>Total liabilities and fund balance</b>	<b>\$ 5,726</b>	<b>\$ 334,097</b>	<b>\$ 132,643</b>	<b>\$ 169,478</b>	<b>\$ 452,998</b>	<b>\$ 9,445,349</b>	<b>\$ 84,716</b>	<b>\$ 46,266,715</b>

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, 2020

	CARES Grants	Nuisance Abatement	Planning Grants	Judicial Grants	Transportation Grants	Economic Development Loan Programs	Public Safety Grants	Community Development Grants	Housing Assistance
<b>REVENUES:</b>									
Taxes - local property	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Charge for services	-	79,383	-	-	375,024	-	-	-	144,183
Intergovernmental	3,883,181	-	20,086	898,009	3,941,439	-	966,045	53,977	9,692,385
Interest income	-	-	-	-	-	11,946	-	-	3,062
Other income	-	-	-	-	97,775	139,052	7,364	-	32,499
<b>Total revenues</b>	<b>3,883,181</b>	<b>79,383</b>	<b>20,086</b>	<b>898,009</b>	<b>4,414,239</b>	<b>150,999</b>	<b>973,408</b>	<b>53,977</b>	<b>9,872,129</b>
<b>EXPENDITURES:</b>									
Education	-	-	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	1,769,598	-	-
Community services	-	-	-	-	8,027,269	-	-	68,395	9,895,181
Judicial	-	-	-	999,190	-	-	-	-	-
Planning & growth mgmt.	-	77,524	20,086	-	-	-	-	-	-
Health	3,883,181	-	-	-	-	-	-	-	-
Economic development	-	-	-	-	-	183,588	-	-	-
Social services	-	-	-	-	-	-	-	-	-
Legislative	-	-	-	-	-	-	-	-	-
<b>Total expenditures</b>	<b>3,883,181</b>	<b>77,524</b>	<b>20,086</b>	<b>999,190</b>	<b>8,027,269</b>	<b>183,588</b>	<b>1,769,598</b>	<b>68,395</b>	<b>9,895,181</b>
Excess (deficiency) of revenues over (under) expenditures	-	1,859	-	(101,181)	(3,613,030)	(32,590)	(796,189)	(14,418)	(23,052)
<b>Other financing sources:</b>									
Transfers in	-	-	-	101,181	3,676,740	200,000	796,189	20,000	36,391
Transfers out	-	-	-	-	-	-	-	-	-
				101,181	3,676,740	200,000	796,189	20,000	36,391
Net change in fund balance	-	1,859	-	-	63,710	167,410	-	5,582	13,339
Fund balance - beginning of year	-	17,015	-	-	99,827	792,152	-	-	248,960
<b>Fund balance - end of year</b>	<b>\$ -</b>	<b>\$ 18,874</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 163,537</b>	<b>\$ 959,562</b>	<b>\$ -</b>	<b>\$ 5,582</b>	<b>\$ 262,299</b>

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, 2020

	Housing Special Loans	Sheriff's Special Programs	Community Development	Animal Shelter/ Control	Drug Forfeitures	Agricultural Preservation	Fire and Rescue & LOSAP Funds	Law Library
<b>REVENUES:</b>								
Taxes - local property	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 20,716	\$ 13,902,415	-
Charge for services	-	35,515	-	83,555	104,978	-	-	39,342
Intergovernmental	210,311	-	-	-	60,562	-	385,771	-
Interest income	-	-	-	-	34	-	574,939	-
Other income	-	500	-	73,882	(448)	-	-	354
Total revenues	210,311	36,015	-	157,438	165,127	20,716	14,863,125	39,696
<b>EXPENDITURES:</b>								
Education	-	-	-	-	-	-	-	-
Public safety	-	129,119	-	88,748	7,262	-	14,666,677	-
Community services	45,150	-	-	-	-	-	-	-
Judicial	-	-	-	-	-	-	-	59,726
Planning & growth mgmt.	-	-	-	-	-	30,000	-	-
Health	-	-	-	-	-	-	-	-
Economic development	-	-	-	-	-	-	-	-
Social services	-	-	-	-	-	-	-	-
Legislative	-	-	-	-	34,572	-	-	-
Total expenditures	45,150	129,119	-	88,748	41,834	30,000	14,666,677	59,726
Excess (deficiency) of revenues over (under) expenditures	165,161	(93,104)	-	68,690	123,293	(9,284)	196,448	(20,030)
<b>Other financing sources:</b>								
Transfers in	-	-	-	-	-	-	-	28,000
Transfers out	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	28,000
Net change in fund balance	165,161	(93,104)	-	68,690	123,293	(9,284)	196,448	7,970
Fund balance - beginning of year	259	165,973	-	169,948	749,073	1,269,964	16,941,761	27,438
Fund balance - end of year	\$ 165,420	\$ 72,869	\$ -	\$ 238,638	\$ 872,366	\$ 1,260,680	\$ 17,138,209	35,408

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, 2020

	Tourism Grants	Aging 40 fund	Aging 43 fund	So MD Justice Academy	Human Services	Cable Franchise	Emergency Management	Total
<b>REVENUES:</b>								
Taxes - local property	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 13,923,131
Charge for services	-	10,580	244,648	775	56,331	3,457,418	-	4,631,732
Intergovernmental	28,534	854,582	367,231	174,413	2,018,343	47,000	468,655	24,070,524
Interest income	-	-	-	-	-	-	-	589,982
Other income	-	26,327	-	-	895	-	-	378,201
<b>Total revenues</b>	<b>28,534</b>	<b>891,489</b>	<b>611,879</b>	<b>175,188</b>	<b>2,075,569</b>	<b>3,504,418</b>	<b>468,655</b>	<b>43,593,570</b>
<b>EXPENDITURES:</b>								
Education	-	-	-	-	-	2,003,767	-	2,003,767
Public safety	-	-	-	362,406	-	-	571,346	17,595,155
Community services	-	-	-	-	-	-	-	18,035,995
Judicial	-	-	-	-	-	-	-	1,058,916
Planning & growth mgmt.	-	-	-	-	-	-	-	127,610
Health	-	-	-	-	2,093,572	-	-	5,976,754
Economic development	28,534	-	-	-	-	-	-	212,122
Social services	-	896,569	625,711	-	-	-	-	1,522,281
Legislative	-	-	-	-	-	-	-	34,572
<b>Total expenditures</b>	<b>28,534</b>	<b>896,569</b>	<b>625,711</b>	<b>362,406</b>	<b>2,093,572</b>	<b>2,003,767</b>	<b>571,346</b>	<b>46,567,172</b>
Excess (deficiency) of revenues over (under) expenditures	-	(5,080)	(13,832)	(187,218)	(18,003)	1,500,650	(102,691)	(2,973,603)
<b>Other financing sources:</b>								
Transfers in	-	-	30,600	79,460	-	-	102,691	5,071,252
Transfers out	-	-	-	(12,100)	-	(182,735)	-	(194,835)
	-	-	30,600	67,360	-	(182,735)	102,691	4,876,417
Net change in fund balance	-	(5,080)	16,768	(119,858)	(18,003)	1,317,915	-	1,902,815
Fund balance - beginning of year	-	56,881	48,559	285,101	280,013	8,009,998	-	29,162,922
Fund balance - end of year	\$ -	\$ 51,801	\$ 65,327	\$ 165,243	\$ 262,010	\$ 9,327,913	\$ -	\$ 31,065,737

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# Enterprise Funds

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

<b>Recreation Programs Fund-</b>	This fund is used to manage the operations of recreation programs for the County.
<b>Environmental Services Fund-</b>	This fund is used to manage the operations of environmental recycling services for the County.
<b>Inspections and Review Fund-</b>	This fund is used to manage the operations of inspection and review for the County.
<b>Vending Machines Fund-</b>	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, 2020

	Inspections and Review	Recreation Programs	Environmental Services	Vending Machines	Total
<b>ASSETS:</b>					
<b>Current assets:</b>					
Cash and cash equivalents	\$ -	\$ 513,295	\$ -	\$ 147,491	\$ 660,786
Account receivables	69,535	13,413	89,753	-	172,701
Due (to) from other funds	3,128,842	-	2,813,598	63,760	6,006,201
Inventory	-	2,281	-	-	2,281
Other current assets	-	266,641	-	-	266,641
<b>Total current assets</b>	<b>3,198,377</b>	<b>795,631</b>	<b>2,903,351</b>	<b>211,251</b>	<b>7,108,610</b>
<b>Noncurrent assets:</b>					
Net capital assets	515,422	5,466,815	1,250,145	-	7,232,382
<b>Total noncurrent assets</b>	<b>515,422</b>	<b>5,466,815</b>	<b>1,250,145</b>	<b>-</b>	<b>7,232,382</b>
<b>Total assets</b>	<b>3,713,799</b>	<b>6,262,446</b>	<b>4,153,496</b>	<b>211,251</b>	<b>14,340,991</b>
<b>LIABILITIES:</b>					
<b>Current liabilities:</b>					
Accounts payable	390,526	152,654	448,386	83	991,649
Accrued expenses	16,514	19,151	30,993	-	66,658
Due to other funds	-	3,676,088	-	-	3,676,088
Unearned revenue	304	47,495	-	-	47,800
<b>Current portion of long-term debt/liabilities</b>					
Bonds payable	-	570,865	7,421	-	578,287
Capital lease obligations	49,821	-	124,540	-	174,361
Compensated absences	28,140	3,500	15,266	-	46,905
Notes payable	-	-	-	-	-
<b>Total current liabilities</b>	<b>485,305</b>	<b>4,469,754</b>	<b>626,606</b>	<b>83</b>	<b>5,581,748</b>
<b>Noncurrent liabilities:</b>					
Bonds payable	-	617,515	100,868	-	718,382
Net bond issue premiums	-	-	-	-	-
Capital lease obligation	167,402	-	92,316	-	259,719
Compensated absences	167,652	31,043	136,622	-	335,317
Notes payable	-	-	-	-	-
Other liabilities	-	1,500	-	-	1,500
<b>Total noncurrent liabilities</b>	<b>335,054</b>	<b>650,058</b>	<b>329,807</b>	<b>-</b>	<b>1,314,918</b>
<b>Total liabilities</b>	<b>820,359</b>	<b>5,119,812</b>	<b>956,413</b>	<b>83</b>	<b>6,896,666</b>
<b>NET POSITION:</b>					
Net Investment in capital assets	298,199	4,278,435	924,999	-	5,501,633
Unrestricted	2,595,241	(3,135,801)	2,272,084	211,168	1,942,692
<b>Total net position</b>	<b>\$ 2,893,440</b>	<b>\$ 1,142,634</b>	<b>\$ 3,197,083</b>	<b>\$ 211,168</b>	<b>\$ 7,444,325</b>



THE COUNTY COMMISSIONERS OF CHARLES COUNTY, MARYLAND  
 COMBINING STATEMENT OF REVENUES, EXPENSES  
 AND CHANGES IN NET POSITION  
 OTHER PROPRIETARY FUNDS  
 YEAR ENDED JUNE 30, 2020

	Inspections and Review	Recreation Programs	Environmental Services	Vending Machines	Total
Operating revenues:					
Charge for services	\$ 3,950,939	\$ 2,280,371	\$ 6,467,163	\$ 129,751	\$ 12,828,224
Total operating revenue	<u>3,950,939</u>	<u>2,280,371</u>	<u>6,467,163</u>	<u>129,751</u>	<u>12,828,224</u>
Operating expenses:					
Personnel services	1,919,952	1,368,438	1,324,828	-	4,613,219
Utilities	-	243,358	15,389	-	258,747
Repairs and maintenance	2,057	81,434	97,829	-	181,321
Insurance costs	4,106	38,675	8,390	-	51,171
Indirect costs	67,190	-	55,110	-	122,300
Supplies	11,262	265,245	158,339	-	434,846
Contract services	2,526,429	541,437	4,124,353	-	7,192,219
Other operating costs	140,359	58,320	213,783	150,249	562,712
Depreciation	105,124	355,110	335,640	-	795,874
Total operating expenses	<u>4,776,480</u>	<u>2,952,016</u>	<u>6,333,662</u>	<u>150,249</u>	<u>14,212,407</u>
Operating income (loss)	<u>(825,540)</u>	<u>(671,645)</u>	<u>133,501</u>	<u>(20,499)</u>	<u>(1,384,183)</u>
Nonoperating revenues (expenses)					
Interest income	-	-	12,253	-	12,253
Intergovernmental	-	58,578	-	-	58,578
Interest expense	(4,525)	13,795	(6,772)	-	2,498
Gain (Loss) on disposal of capital assets	-	-	-	-	-
Total nonoperating revenue (expenses)	<u>(4,525)</u>	<u>72,372</u>	<u>5,480</u>	<u>-</u>	<u>73,327</u>
Income (loss) before transfers	<u>(830,065)</u>	<u>(599,273)</u>	<u>138,981</u>	<u>(20,499)</u>	<u>(1,310,856)</u>
Transfers in	1,040	781,058	-	-	782,098
Transfers out	-	-	-	-	-
Capital transfer	-	-	-	-	-
Change in net position	<u>(829,026)</u>	<u>181,785</u>	<u>138,981</u>	<u>(20,499)</u>	<u>(528,758)</u>
Net position - beginning of year	<u>3,722,466</u>	<u>960,848</u>	<u>3,058,101</u>	<u>231,666</u>	<u>7,973,081</u>
Net position - end of year	<u>\$ 2,893,440</u>	<u>\$ 1,142,633</u>	<u>\$ 3,197,082</u>	<u>\$ 211,167</u>	<u>\$ 7,444,323</u>

THE COUNTY COMMISSIONERS OF CHARLES COUNTY, MARYLAND  
 COMBINING STATEMENT OF CASH FLOWS  
 OTHER PROPRIETARY FUNDS  
 YEAR ENDED JUNE 30, 2020

	Inspections and Review	Recreation Programs	Environmental Services	Vending Machines	Total
Cash flows from operating activities:					
Cash received from customers	\$ 3,950,939	\$ 1,978,590	\$ 6,467,163	\$ 129,750	\$ 12,526,442
Cash paid to suppliers	(2,533,311)	(1,192,031)	(4,574,336)	(150,321)	(8,449,999)
Cash paid to employees	(1,889,062)	(1,374,001)	(1,350,740)	-	(4,613,803)
Net cash provided by (used in) operating activities	<u>(471,434)</u>	<u>(587,442)</u>	<u>542,087</u>	<u>(20,571)</u>	<u>(537,360)</u>
Cash flows from investing activities:					
Interest received	-	-	12,253	-	12,253
Net cash provided by investing activities	<u>-</u>	<u>-</u>	<u>12,253</u>	<u>-</u>	<u>12,253</u>
Cash flows from noncapital financing activities:					
Transfers in (out)	1,040	781,058	-	-	782,098
Intergovernmental	-	58,578	-	-	58,578
Receipts from interfund loans	670,404	-	262,359	3,469	936,232
Repayment of interfund loans	-	(24,027)	-	-	(24,027)
Net cash provided by (used in) noncapital financing activities	<u>671,444</u>	<u>815,609</u>	<u>262,359</u>	<u>3,469</u>	<u>1,752,881</u>
Cash flows from capital and related financing activities:					
Intergovernmental	-	-	-	-	-
Proceeds from issuance of bonds	-	-	-	-	-
Proceeds from new loans	-	-	-	-	-
Principal payments on bonds payable	-	(548,358)	(7,127)	-	(555,485)
Principal payments on capital lease obligations	(31,438)	-	(188,645)	-	(220,083)
Interest paid	(4,525)	13,795	(6,772)	-	2,498
Proceeds from disposal of assets	-	-	-	-	-
Cash (paid) received for capital expenses	<u>(164,047)</u>	<u>(7,490)</u>	<u>(614,155)</u>	<u>-</u>	<u>(785,692)</u>
Net cash used in capital and related financing activities	<u>(200,010)</u>	<u>(542,053)</u>	<u>(816,699)</u>	<u>-</u>	<u>(1,558,762)</u>
Net increase (decrease) in cash and cash equivalents	-	(313,886)	-	(17,102)	(330,988)
Cash and cash equivalents - beginning of year	-	827,181	-	164,593	991,773
Cash and cash equivalents - end of year	<u>\$ -</u>	<u>\$ 513,295</u>	<u>\$ -</u>	<u>\$ 147,491</u>	<u>\$ 660,785</u>

THE COUNTY COMMISSIONERS OF CHARLES COUNTY, MARYLAND  
 COMBINING STATEMENT OF CASH FLOWS (continued)  
 OTHER PROPRIETARY FUNDS  
 YEAR ENDED JUNE 30, 2020

	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)	\$ (825,540)	\$ (671,645)	\$ 133,501	\$ (20,499)	\$ (1,384,183)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:					
Depreciation	105,124	355,110	335,640	-	795,874
Increase (decrease) in compensation-related liabilities included in long-term debt	39,712	(5,976)	(21,779)	-	11,957
(Increase) decrease in other receivables	(69,535)	(9,981)	(34,260)	-	(113,776)
(Increase) decrease in inventories	-	5,312	-	-	5,312
(Increase) decrease in other current assets	-	(37,893)	75	-	(37,818)
(Increase) decrease in restricted assets	-	-	-	-	-
(Increase) decrease in deferred bond issue costs	-	13,795	836	-	14,631
Increase (decrease) in accounts payable	287,628	65,205	132,206	(72)	484,967
Increase (decrease) in accrued expenses	(8,822)	413	(4,133)	-	(12,542)
Increase (decrease) in deferred revenue	-	(301,782)	-	-	(301,782)
Net cash provided by operating activities	<u>\$ (471,434)</u>	<u>\$ (587,442)</u>	<u>\$ 542,087</u>	<u>\$ (20,571)</u>	<u>\$ (537,360)</u>

SCHEDULE OF NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES

	Inspections and Review	Recreation Programs	Environmental Services	Vending Machines	Total
Borrowing under capital lease	<u>\$ 182,500</u>	<u>\$ -</u>	<u>\$ 55,000</u>	<u>\$ -</u>	<u>\$ 237,500</u>

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# Fiduciary & Trust Funds

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

THE COUNTY COMMISSIONERS OF CHARLES COUNTY, MARYLAND  
 COMBINING STATEMENT OF FIDUCIARY NET POSITION  
 JUNE 30, 2020

	<u>County</u> <u>Pension</u>	<u>Sheriff's</u> <u>Pension</u>	<u>OPEB Trust</u> <u>Fund</u>	<u>Total</u>
ASSETS:				
Current assets:				
Cash and cash equivalents	\$ 6,161,846	\$ 3,902,690	\$ 1,731	\$ 10,066,268
Interest receivable	<u>-</u>	<u>143,451</u>	<u>-</u>	<u>143,451</u>
Total current assets	<u>6,161,846</u>	<u>4,046,141</u>	<u>1,731</u>	<u>10,209,719</u>
Investments:				
Bond mutual funds	-	103,500,189	3,467,013	106,967,202
Equity securities	-	188,314,648	9,540,552	197,855,200
Pooled separate accounts	<u>235,148,431</u>	<u>-</u>	<u>-</u>	<u>235,148,431</u>
Total investments	<u>235,148,431</u>	<u>291,814,837</u>	<u>13,007,564</u>	<u>539,970,832</u>
Total assets	241,310,277	295,860,978	13,009,295	550,180,551
LIABILITIES:				
Accrued expenses	<u>6,806</u>	<u>2,065</u>	<u>-</u>	<u>8,871</u>
NET POSITION RESTRICTED FOR PENSIONS AND OPEB BENEFITS				
	<u>\$ 241,303,471</u>	<u>\$ 295,858,913</u>	<u>\$ 13,009,295</u>	<u>\$ 550,171,679</u>

THE COUNTY COMMISSIONERS OF CHARLES COUNTY, MARYLAND  
 COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
 YEAR ENDED JUNE 30, 2020

	<u>County</u> <u>Pension</u>	<u>Sheriff's</u> <u>Pension</u>	<u>OPEB Trust</u> <u>Fund</u>	<u>Total</u>
ADDITIONS:				
Contributions:				
Employer contributions	\$ 4,733,329	\$ 12,430,987	\$ 3,002,300	\$ 20,166,616
Employee contributions	2,527,999	2,995,613	-	5,523,611
Total contributions	<u>7,261,328</u>	<u>15,426,600</u>	<u>3,002,300</u>	<u>25,690,227</u>
Investment earnings:				
Interest, Dividends, Gains	5,868,868	13,804,402	330,581	20,003,851
Net change in fair value of investments	4,435,250	663,748	133,752	5,232,749
Total investment earnings	10,304,118	14,468,150	464,332	25,236,600
Less investment expenses	(1,370,487)	(1,208,046)	(21,829)	(2,600,362)
Net investment earnings	<u>8,933,632</u>	<u>13,260,105</u>	<u>442,503</u>	<u>22,636,240</u>
Total additions	<u>16,194,960</u>	<u>28,686,704</u>	<u>3,444,803</u>	<u>48,326,467</u>
DEDUCTIONS:				
Benefits paid to members	7,397,637	15,688,238	-	23,085,875
Administrative costs	13,263	5,830	708	19,801
Total deductions	<u>7,410,900</u>	<u>15,694,068</u>	<u>708</u>	<u>23,105,676</u>
Changes in net position	8,784,060	12,992,636	3,444,095	25,220,791
Net position - beginning of year	<u>232,519,411</u>	<u>282,866,277</u>	<u>9,565,200</u>	<u>524,950,888</u>
Net position - end of year	<u>\$ 241,303,471</u>	<u>\$ 295,858,913</u>	<u>\$ 13,009,295</u>	<u>\$ 550,171,679</u>

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# Statistical Section

This part of the County’s comprehensive annual 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				
	2011	2012	2013	2014	2015
<b>Governmental activities</b>					
Net Investment in capital assets	\$ 299,008,922	\$ 302,756,883	\$ 288,603,104	\$ 303,818,811	\$ 347,192,029
Restricted	25,905,459	74,707,854	79,871,134	43,877,572	51,199,624
Unrestricted	(43,531,325)	(59,993,417)	(77,922,303)	(90,496,735)	(168,350,468)
Total governmental activities net position	\$ 281,383,056	\$ 317,471,320	\$ 290,551,935	\$ 257,199,648	\$ 230,041,185
<b>Business-type activities</b>					
Net Investment in capital assets	\$ 98,118,114	\$ 87,294,952	\$ 90,482,678	\$ 103,170,265	\$ 119,751,507
Restricted	4,819,369	11,038,917	9,678,535	5,065,632	3,625,297
Unrestricted	20,328,184	27,638,483	33,265,835	30,933,952	37,460,289
Total business-type activities net position	\$ 123,265,667	\$ 125,972,352	\$ 133,427,048	\$ 139,169,849	\$ 160,837,093
<b>Primary government</b>					
Net Investment in capital assets	\$ 407,363,656	\$ 407,609,608	\$ 395,612,085	\$ 419,145,871	\$ 478,045,954
Restricted	25,905,459	74,707,854	79,871,134	43,877,572	51,199,624
Unrestricted	(28,620,392)	(38,873,790)	(51,504,236)	(66,653,946)	(138,367,300)
Total primary government activities net position	\$ 404,648,723	\$ 443,443,672	\$ 423,978,983	\$ 396,369,497	\$ 390,878,278

Net Position by Component

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

Fiscal Year					
2016	2017	2018	2019	2020	
					Governmental activities
\$ 362,533,718	\$ 345,033,818	\$ 318,039,248	\$ 324,753,199	\$ 334,431,291	Net Investment in capital assets
67,034,990	69,514,892	78,631,995	102,747,093	110,655,838	Restricted
(167,864,680)	(175,847,690)	(268,729,030)	(283,668,065)	(278,704,704)	Unrestricted
<u>\$ 261,704,028</u>	<u>\$ 238,701,019</u>	<u>\$ 127,942,214</u>	<u>\$ 143,832,227</u>	<u>\$ 166,382,424</u>	Total governmental activities net position
					Business-type activities
\$ 138,115,848	\$ 143,705,045	137,136,931	158,893,106	164,597,110	Net Investment in capital assets
3,237,653	4,178,772	4,444,560	4,965,771	3,358,142	Restricted
30,267,199	42,374,220	72,844,549	59,389,665	63,444,227	Unrestricted
<u>\$ 171,620,700</u>	<u>\$ 190,258,037</u>	<u>\$ 214,426,040</u>	<u>\$ 223,248,543</u>	<u>\$ 231,399,480</u>	Total business-type activities net position
					Primary government
\$ 500,649,566	\$ 488,738,863	\$ 455,176,179	\$ 483,646,305	\$ 499,028,401	Net Investment in capital assets
70,272,643	73,693,664	83,076,555	107,712,864	114,013,980	Restricted
(137,597,481)	(133,473,470)	(195,884,481)	(224,278,400)	(215,260,477)	Unrestricted
<u>\$ 433,324,728</u>	<u>\$ 428,959,057</u>	<u>\$ 342,368,255</u>	<u>\$ 367,080,770</u>	<u>\$ 397,781,904</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				
	2011	2012	2013	2014	2015
<b>Expenses</b>					
Governmental activities:					
Legislative	\$ 1,440,487	\$ 1,204,649	\$ 1,551,235	\$ 1,574,092	\$ 1,591,134
Judicial	5,523,977	4,533,124	4,888,044	6,068,613	6,370,123
Law	1,225,112	1,083,290	908,978	1,014,904	1,150,014
General government	1,762,747	24,082,988	23,631,662	18,616,355	17,066,637
Elections	1,004,415	882,927	906,424	817,455	1,024,458
Public safety	92,757,414	102,882,389	96,495,382	105,607,477	103,043,579
Planning and growth management	2,842,458	4,586,880	4,184,430	7,176,186	4,973,410
Health	5,580,675	4,514,298	4,847,001	5,439,898	3,130,059
Social services	1,888,397	1,970,383	1,949,313	1,822,933	2,007,057
Community services	21,022,903	22,425,245	22,506,200	22,763,192	21,025,812
Recreation, Parks & Tourism	-	-	-	-	-
Public facilities	31,111,042	22,261,400	29,976,910	30,516,513	28,045,011
Economic development	618,852	1,283,074	1,517,839	1,811,898	8,905,067
Education	171,972,269	163,377,207	184,524,571	200,352,487	181,938,370
Conservation of natural resources	568,366	585,556	580,319	631,591	637,079
Interest expense on long term debt	11,485,900	9,987,993	10,529,272	10,363,586	10,414,044
<b>Total governmental activities</b>	<b>350,805,014</b>	<b>365,661,403</b>	<b>388,997,580</b>	<b>414,577,180</b>	<b>391,321,854</b>
Business-type activities:					
Water and sewer	30,073,573	27,143,056	28,479,435	29,372,054	29,908,251
Inspection and review	3,104,577	3,166,989	3,078,141	3,179,558	3,437,782
County parks	-	-	-	-	-
Recreation	3,635,017	3,710,602	3,674,793	3,807,971	3,666,849
Solid waste	3,515,373	4,678,951	3,977,028	3,953,044	4,172,509
Environmental services	3,403,209	3,521,933	3,980,290	3,335,642	4,199,268
SW-Watershed Protection	-	-	-	1,578,702	1,620,185
Vending machines	105,366	141,609	113,497	136,198	133,993
<b>Total business-type activities</b>	<b>43,837,115</b>	<b>42,363,140</b>	<b>43,303,184</b>	<b>45,363,169</b>	<b>47,138,837</b>
<b>Total primary government expenses</b>	<b>\$ 394,642,129</b>	<b>\$ 408,024,543</b>	<b>\$ 432,300,764</b>	<b>\$ 459,940,349</b>	<b>\$ 438,460,691</b>
<b>Program revenues</b>					
Governmental activities:					
Charges for services					
Judicial	\$ 54,133	\$ 69,879	\$ 66,023	\$ 70,674	\$ 94,845
Law	-	-	-	-	-
Legislative	-	-	-	-	-
General government	1,708,149	1,657,043	1,741,205	1,914,465	1,963,170
Elections	-	-	-	-	-
Public safety	6,005,879	4,665,257	4,292,250	4,229,891	4,269,225
Planning and growth management	1,435,941	2,063,713	3,925,544	4,308,924	3,031,874
Health	256,361	129,025	104,592	104,944	116,274
Community services	1,978,318	2,322,769	2,738,086	2,806,040	2,824,839
Recreation, Parks & Tourism	-	-	-	-	-
Public facilities	3,178,265	569,207	602,675	655,933	671,589
Education	2,379,379	2,600,740	2,930,153	3,084,088	3,260,599
Operating grants and contributions	20,480,647	20,111,640	19,400,382	21,110,010	30,284,579
Capital grants and contributions	3,802,171	3,899,944	2,387,219	1,971,553	2,964,335
<b>Total governmental activities program revenues</b>	<b>41,279,243</b>	<b>38,089,217</b>	<b>38,188,129</b>	<b>40,256,522</b>	<b>49,481,329</b>
Business-type activities:					
Charges for services					
Water and sewer	26,011,549	26,766,118	31,848,681	31,716,428	34,245,914
Solid waste management	5,450,318	6,255,357	5,266,566	5,310,180	5,974,573
Environmental services	3,858,445	3,942,562	3,906,046	3,594,313	4,090,322
Other activities	6,102,542	6,328,711	7,546,979	9,565,882	10,326,766
Operating grants and contributions	-	817,240	964,026	974,083	1,020,251
Capital grants and contributions	1,011,461	-	-	-	12,040,000
<b>Total business-type activities program revenues</b>	<b>42,434,316</b>	<b>44,109,989</b>	<b>49,532,298</b>	<b>51,160,886</b>	<b>67,697,826</b>
<b>Total primary government program revenues</b>	<b>\$ 83,713,559</b>	<b>\$ 82,199,206</b>	<b>\$ 87,720,427</b>	<b>\$ 91,417,408</b>	<b>\$ 117,179,155</b>
<b>Net (expense)/revenue</b>					
Governmental activities	\$ (309,525,771)	\$ (327,572,186)	\$ (350,809,451)	\$ (374,320,658)	\$ (341,840,525)
Business-type activities	(1,402,800)	1,746,848	6,229,114	5,797,717	20,558,989
<b>Total primary government net expense</b>	<b>\$ (310,928,571)</b>	<b>\$ (325,825,338)</b>	<b>\$ (344,580,337)</b>	<b>\$ (368,522,941)</b>	<b>\$ (321,281,536)</b>

Continued

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

Fiscal Year					
2016	2017	2018	2019	2020	
					<u>Expenses</u>
					Governmental activities:
\$ 1,691,498	\$ 1,704,530	\$ 1,929,714	\$ 2,242,349	2,302,871	Legislative
6,567,844	6,938,558	6,431,506	6,746,598	7,140,734	Judicial
952,254	894,539	1,119,063	1,226,703	1,340,894	Law
17,912,929	19,547,216	31,782,557	17,505,012	26,656,034	General government
1,171,314	1,288,076	1,271,850	1,471,693	1,356,061	Elections
106,250,693	120,941,630	116,587,255	110,186,536	102,493,502	Public safety
4,026,177	3,514,652	3,898,053	3,642,489	4,626,830	Planning and growth management
3,415,892	4,299,942	4,498,635	4,334,663	9,207,175	Health
1,959,157	2,267,949	2,632,030	2,773,565	2,893,192	Social services
19,181,570	20,693,915	20,746,628	20,321,188	20,764,433	Community services
-	7,667,205	9,249,954	9,018,148	8,628,385	Recreation, Parks & Tourism
47,516,445	70,661,386	52,346,628	59,973,618	64,491,345	Public facilities
1,572,945	1,957,525	1,924,597	1,872,196	2,013,746	Economic development
185,562,444	186,840,966	207,443,543	205,826,302	216,919,201	Education
646,436	650,295	666,831	655,702	709,492	Conservation of natural resources
10,506,320	9,915,666	10,013,041	10,947,520	11,533,610	Interest expense on long term debt
<u>408,933,918</u>	<u>459,784,049</u>	<u>472,541,886</u>	<u>458,744,280</u>	<u>483,077,505</u>	Total governmental activities
					Business-type activities:
31,740,597	35,515,466	36,772,401	40,615,655	40,995,812	Water and sewer
3,540,445	3,875,427	3,959,878	3,744,994	4,781,005	Inspection and review
-	-	-	-	-	County parks
2,752,848	3,135,252	2,936,434	3,238,081	2,938,222	Recreation
3,916,243	4,854,293	4,289,956	4,779,846	6,281,897	Solid waste
4,560,865	4,813,704	5,216,415	5,251,518	6,340,433	Environmental services
1,956,248	2,053,754	3,377,112	3,650,454	3,994,163	SW-Watershed Protection
107,085	167,146	106,784	165,381	150,249	Vending machines
<u>48,574,331</u>	<u>54,415,042</u>	<u>56,658,980</u>	<u>61,445,928</u>	<u>65,481,781</u>	Total business-type activities
<u>\$ 457,508,249</u>	<u>\$ 514,199,091</u>	<u>\$ 529,200,866</u>	<u>\$ 520,190,208</u>	<u>\$ 548,559,287</u>	Total primary government expenses
					<u>Program revenues</u>
					Governmental activities:
					Charges for services
\$ -	\$ -	\$ -	\$ -	\$ -	Judicial
	48,105	30,868	24,116	39,342	Law
	68,314	17,264	17,264	17,264	Legislative
5,956,531	5,875,101	6,326,860	6,356,821	6,424,328	General government
-	-	-	-	-	Elections
4,067,307	3,930,289	4,028,785	4,076,982	4,598,777	Public safety
7,847,985	3,880,674	6,114,965	2,357,346	1,565,641	Planning and growth management
64,109	60,573	63,663	61,435	66,683	Health
1,775,673	1,900,772	1,260,237	1,106,310	830,766	Community services
	1,082,031	984,734	1,043,560	916,177	Recreation, Parks & Tourism
887,612	514,099	517,440	516,797	467,917	Public facilities
-	-	-	-	-	Education
32,236,242	24,060,252	21,067,341	21,743,759	25,389,682	Operating grants and contributions
1,305,271	-	4,172,599	5,487,041	3,708,799	Capital grants and contributions
<u>54,140,730</u>	<u>41,420,209</u>	<u>44,584,756</u>	<u>42,791,431</u>	<u>44,025,375</u>	Total governmental activities program revenues
					Business-type activities:
					Charges for services
36,575,372	36,673,156	38,987,728	39,764,793	45,358,728	Water and sewer
6,753,142	7,704,446	7,685,910	8,532,418	8,093,331	Solid waste management
4,491,840	5,241,286	5,492,554	5,531,655	6,467,163	Environmental services
8,976,303	8,930,400	9,572,580	9,520,970	10,400,434	Other activities
990,409	1,063,185	811,115	987,062	1,215,927	Operating grants and contributions
105,256	-	259,493	236,215	72,800	Capital grants and contributions
<u>57,892,323</u>	<u>59,612,473</u>	<u>62,809,381</u>	<u>64,573,113</u>	<u>71,608,382</u>	Total business-type activities program revenues
<u>\$ 112,033,053</u>	<u>\$ 101,032,682</u>	<u>\$ 107,394,136</u>	<u>\$ 107,364,544</u>	<u>\$ 115,633,757</u>	Total primary government program revenues
					<u>Net (expense)/revenue</u>
\$ (354,793,188)	\$ (418,363,841)	\$ (427,957,130)	\$ (415,952,849)	(439,052,131)	Governmental activities
9,317,992	5,197,431	6,150,401	3,127,185	6,126,598	Business-type activities
<u>\$ (345,475,196)</u>	<u>\$ (413,166,409)</u>	<u>\$ (421,806,729)</u>	<u>\$ (412,825,664)</u>	<u>\$ (432,925,531)</u>	Total primary government net expense

Continued

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

	Fiscal Year				
	2011	2012	2013	2014	2015
<b>General revenues and other changes in net position</b>					
Governmental activities:					
Taxes					
Local property taxes	\$ 193,939,891	\$ 196,368,356	\$ 200,484,806	\$ 211,634,597	\$ 216,073,564
Other local	17,875,503	16,105,317	20,612,134	22,154,294	30,960,062
Income taxes	97,544,231	97,179,582	90,885,261	98,827,341	115,479,944
State highway user taxes	631,126	473,872	852,425	881,979	931,891
Other income	3,806,510	11,269,786	8,396,717	6,479,338	12,303,303
Interest and investment earnings	3,468,006	3,339,228	3,077,153	3,282,490	2,531,265
Unrestricted grants and contributions	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Transfers	211,038	214,743	(418,430)	(368,300)	(464,468)
Extraordinary loss tornado, net of inc rec'd	-	-	-	-	-
<b>Total governmental activities</b>	<b>317,476,305</b>	<b>324,950,884</b>	<b>323,890,066</b>	<b>342,891,739</b>	<b>377,815,561</b>
Business-type activities:					
Other income	389,597	1,119,570	743,229	457,308	464,358
Interest and investment earnings	76,761	63,882	63,923	68,239	59,994
Miscellaneous	-	-	-	-	-
Transfers	(211,038)	(214,743)	418,430	368,300	464,468
<b>Total business-type activities</b>	<b>255,320</b>	<b>968,709</b>	<b>1,225,582</b>	<b>893,847</b>	<b>988,820</b>
<b>Total primary government</b>	<b>\$ 317,731,625</b>	<b>\$ 325,919,593</b>	<b>\$ 325,115,648</b>	<b>\$ 343,785,586</b>	<b>\$ 378,804,381</b>
<b>Change in net position</b>					
Governmental activities	\$ 7,950,534	\$ (2,621,302)	\$ (26,919,385)	\$ (31,428,919)	\$ 35,975,036
Net Restatement					(63,014,064)
Business-type activities	(1,147,480)	2,715,557	7,454,696	6,691,564	21,547,809
<b>Total primary government</b>	<b>\$ 6,803,054</b>	<b>\$ 94,255</b>	<b>\$ (19,464,689)</b>	<b>\$ (24,737,355)</b>	<b>\$ (5,491,219)</b>

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

		Fiscal Year								
		2016	2017	2018	2019	2020				
<b>General revenues and other changes in net position</b>										
Governmental activities:										
Taxes										
\$	223,238,990	\$	234,670,748	\$	241,773,420	\$	250,102,797	\$	255,488,455	Local property taxes
	33,987,630		33,346,032		37,032,780		34,847,873		38,485,017	Other local
	126,886,692		118,080,824		131,633,096		143,716,459		154,403,594	Income taxes
	-		952,802		973,650		1,017,386		2,066,341	State highway user taxes
	7,400,378		5,900,261		5,610,431		5,303,292		5,790,819	Other income
	2,505,628		3,152,433		4,423,854		8,479,063		6,865,200	Interest and investment earnings
	-		-		-		-		-	Unrestricted grants and contributions
	-		-		-		-		-	Miscellaneous
	(879,136)		(742,266)		(542,914)		(1,388,437)		(1,497,098)	Transfers
	-		-		-		-		-	Extraordinary loss tornado, net of income rec
	<u>393,140,182</u>		<u>395,360,832</u>		<u>420,904,317</u>		<u>442,078,433</u>		<u>461,602,327</u>	Total governmental activities
Business-type activities:										
	501,903		12,571,257		1,234,227		3,742,442		-	Other income
	84,574		126,385		262,555		564,440		527,240	Interest and investment earnings
	-		-		-		-		-	Miscellaneous
	879,136		742,266		542,914		1,388,437		1,497,098	Transfers
	<u>1,465,613</u>		<u>13,439,908</u>		<u>2,039,696</u>		<u>5,695,319</u>		<u>2,024,338</u>	Total business-type activities
	<u>\$ 394,605,795</u>		<u>\$ 408,800,740</u>		<u>\$ 422,944,013</u>		<u>\$ 447,773,752</u>		<u>\$ 463,626,666</u>	Total primary government
<b>Change in net position</b>										
	\$ 38,346,994		\$ (23,003,009)		\$ (7,052,813)		\$ 26,125,584		22,550,197	Governmental activities
	-		-		-		-		-	Net Restatement
	10,783,605		18,637,339		8,190,096		8,822,504		8,150,936	Business-type activities
	<u>\$ 49,130,599</u>		<u>\$ (4,365,670)</u>		<u>\$ 1,137,283</u>		<u>\$ 34,948,088</u>		<u>\$ 30,701,132</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				
	2011	2012	2013	2014	2015
<b>General fund</b>					
Nonspendable fund balance	\$ 1,805,165	\$ 2,257,418	\$ 1,853,656	\$ 1,604,951	\$ 2,156,136
Restricted fund balance	699,770	3,896,913	6,830,594	4,032,708	5,301,900
Committed fund balance	27,022,596	31,526,041	32,556,833	33,350,360	38,288,776
Assigned fund balance	8,806,694	3,867,530	4,248,921	4,197,363	3,482,661
Unassigned fund balance	2,050,076	3,959,025	2,897,380	1,022,395	1,022,395
<b>Total general fund</b>	<b>\$ 40,384,301</b>	<b>\$ 45,506,927</b>	<b>\$ 48,387,384</b>	<b>\$ 44,207,777</b>	<b>\$ 50,251,868</b>
<b>All other governmental funds</b>					
<b>Capital projects</b>					
Nonspendable fund balance	-	-	-	-	-
Restricted fund balance	\$ 20,588,415	\$ 32,353,125	\$ 24,145,449	\$ 5,532,042	\$ 13,850,238
Committed fund balance	-	-	-	-	-
Assigned fund balance	17,963,717	17,279,026	20,688,549	-	-
Unassigned fund balance	-	-	-	(2,931,828)	(427,643)
<b>Debt service</b>					
Nonspendable fund balance	-	44,767,231	44,985,067	41,125,212	36,649,518
Restricted fund balance	209,544	-	-	-	-
Committed fund balance	-	-	-	-	-
Assigned fund balance	-	-	-	-	-
Unassigned fund balance	-	(3,122,548)	(5,228,617)	(5,038,043)	(471,532)
<b>Other Governmental</b>					
Nonspendable fund balance	-	-	-	-	-
Restricted fund balance	342,347	1,246,450	436,018	876,867	2,412,224
Committed fund balance	-	-	-	3,715,000	-
Assigned fund balance	6,136,690	5,225,045	6,158,631	3,198,683	4,178,176
Unassigned fund balance	-	-	-	-	-
<b>Total all other governmental funds</b>	<b>\$ 45,240,713</b>	<b>\$ 97,748,329</b>	<b>\$ 91,185,097</b>	<b>\$ 46,477,933</b>	<b>\$ 56,190,981</b>



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

		Fiscal Year				
2016	2017	2018	2019	2020		
General fund						
\$ 4,365,445	\$ 2,612,616	\$ 2,222,832	\$ 1,835,020	\$ 2,508,902	Nonspendable fund balance	
5,256,573	1,571,097	2,077,132	96,114	110,670	Restricted fund balance	
55,610,042	63,196,702	75,024,127	92,542,994	107,865,627	Committed fund balance	
4,020,616	5,713,044	6,637,351	6,516,854	8,017,227	Assigned fund balance	
-	4,772,156	6,962,553	7,859,944	1,592,158	Unassigned fund balance	
<u>\$ 69,252,676</u>	<u>\$ 77,865,614</u>	<u>\$ 92,923,995</u>	<u>\$ 108,850,925</u>	<u>\$ 120,094,585</u>	Total general fund	
All other governmental funds						
Capital projects						
-	-	-	-	-	Nonspendable fund balance	
\$ 6,700,412	\$ 6,204,653	\$ 2,120,162	\$ 10,540,990	\$ 13,064,398	Restricted fund balance	
25,767,947	29,334,330	35,033,087	35,484,683	33,909,616	Committed fund balance	
2,831,713	2,861,521	4,794,059	12,636,228	21,482,371	Assigned fund balance	
-	-	-	-	-	Unassigned fund balance	
Debt service						
28,689,051	24,333,551	-	15,073,885	-	Nonspendable fund balance	
-	-	19,695,091	647,125.26	1,220,897	Restricted fund balance	
-	-	-	-	0	Committed fund balance	
597,237	2,513,082	7,390,087	9,742,256	11,977,223	Assigned fund balance	
-	-	-	-	-	Unassigned fund balance	
Other Governmental						
-	-	-	-	-	Nonspendable fund balance	
2,644,330	3,800,507	3,381,544	20,354,498	25,242,457	Restricted fund balance	
-	-	-	-	0	Committed fund balance	
6,304,712	6,672,514	8,338,128	8,808,418	5,823,273	Assigned fund balance	
-	-	-	-	-	Unassigned fund balance	
<u>\$ 73,535,402</u>	<u>\$ 75,720,157</u>	<u>\$ 80,752,158</u>	<u>\$ 113,288,083</u>	<u>\$ 112,720,235</u>	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				
	2011	2012	2013	2014	2015
<b>Revenues</b>					
Taxes:					
Local property	\$ 194,125,205	\$ 196,270,291	\$ 200,484,806	\$ 211,634,597	\$ 211,791,533
Income	92,049,627	97,179,582	99,440,598	99,513,353	109,709,956
Other local	17,875,503	16,105,317	20,612,134	22,154,294	30,960,062
State shared	631,126	473,872	852,425	881,979	931,891
Charges for services	13,806,742	14,077,633	16,400,528	17,174,959	16,232,415
Intergovernmental	22,052,057	24,011,584	21,787,601	22,377,063	33,248,914
Interest income	3,460,692	3,339,228	3,077,153	3,282,490	2,531,265
Other income	7,403,236	11,269,786	8,396,717	6,479,338	12,303,303
<b>Total revenues</b>	<b>351,404,188</b>	<b>362,727,293</b>	<b>371,051,962</b>	<b>383,498,073</b>	<b>417,709,339</b>
<b>Expenditures</b>					
Education	163,571,345	161,897,688	188,950,057	202,287,835	192,397,107
Public safety	87,884,735	92,640,243	94,272,991	101,742,806	103,994,700
Other general government	17,876,622	17,024,330	17,712,335	19,184,620	23,391,485
Public facilities	31,753,661	27,593,471	26,598,031	33,140,813	28,737,956
Financial administration	7,794,237	7,938,619	7,961,432	8,514,244	8,838,756
Community services	21,371,151	21,322,388	21,906,992	21,705,280	21,761,226
Recreation, Parks & Tourism					
Judicial	5,535,421	4,479,661	4,805,217	6,086,489	6,475,100
Planning and growth management	3,645,761	4,579,928	4,173,750	7,162,964	4,973,410
Health services	4,476,139	4,352,999	3,726,711	4,281,981	4,322,514
Economic development	595,342	1,283,074	1,515,966	1,791,817	8,896,249
Social services	1,971,360	1,970,383	1,949,313	1,822,933	2,007,057
Legislative	1,317,066	1,372,856	1,456,063	1,478,484	1,570,445
Law	1,281,988	1,083,290	878,998	991,003	1,150,014
Conservation of natural resources	560,986	585,556	579,761	629,894	637,079
Elections	1,010,575	882,927	911,170	820,332	1,028,910
Debt service:					
Principal	11,543,633	16,488,429	12,628,435	13,969,954	17,851,976
Interest	11,485,900	10,231,477	10,529,272	10,363,586	10,318,581
<b>Total expenditures</b>	<b>373,675,922</b>	<b>375,727,319</b>	<b>400,556,495</b>	<b>435,975,035</b>	<b>438,352,565</b>
Excess (deficiency) of revenues over (under) expenditures	(22,271,735)	(13,000,027)	(29,504,534)	(52,476,963)	(20,643,227)
Other financing sources (uses):					
Issuance of debt	36,900,000	19,929,500	22,729,200	3,958,490	33,239,500
Premium on issuance of debt	3,214,979	9,169,214	5,740,278	-	6,739,644
Bond Proceeds from debt refunding	17,985,000	37,257,552	16,031,904	-	26,597,764
Defeased Bonds	(18,495,286)	(40,051,360)	(18,261,194)	-	(29,712,075)
Transfers in	7,806,015	10,195,181	4,639,176	6,127,899	10,770,318
Transfers out	(8,173,831)	(9,980,438)	(5,057,606)	(6,496,199)	(11,234,786)
<b>Total other financing sources</b>	<b>39,236,878</b>	<b>26,519,650</b>	<b>25,821,759</b>	<b>3,590,191</b>	<b>36,400,366</b>
Extraordinary loss from natural disasters, net of income	-	(1,909,773.00)	-	-	-
<b>Net change in fund balances</b>	<b>\$ 16,965,143</b>	<b>\$ 11,609,850</b>	<b>\$ (3,682,775)</b>	<b>\$ (48,886,772)</b>	<b>\$ 15,757,139</b>
Debt service as a percentage of noncapital expenditures	6.193%	7.389%	5.742%	5.619%	7.110%

Changes in Fund Balances of Governmental Funds

Charles County, Maryland

Table 4

Last Ten Fiscal Years

(modified accrual basis of accounting)

		Fiscal Year								
		2016	2017	2018	2019	2020				
							<b>Revenues</b>			
							Taxes:			
\$	219,110,622	\$	222,772,838	\$	230,447,289	\$	239,338,210	\$	244,075,920	Local property
	123,429,876		119,349,494		124,654,098		136,665,163		139,535,615	Income
	33,025,233		33,346,032		37,038,419		34,887,063		38,572,833	Other local
	962,397		952,802		973,650		1,017,386		2,066,341	State shared
	20,599,217		17,359,957		19,344,815		15,560,632		14,926,894	Charges for services
	33,541,513		24,060,252		25,239,941		27,230,800		29,098,481	Intergovernmental
	2,505,628		3,152,433		4,423,854		8,479,063		6,865,201	Interest income
	7,400,377		5,900,260		5,610,431		5,303,292		5,790,819	Other income
	<u>440,574,863</u>		<u>426,894,066</u>		<u>447,732,497</u>		<u>468,481,609</u>		<u>480,932,104</u>	Total revenues
							<b>Expenditures</b>			
	196,273,015		196,689,241		222,423,055		216,182,784		229,251,472	Education
	108,328,753		109,642,022		116,276,377		121,054,866		124,939,143	Public safety
	31,082,318		25,153,331		24,653,635		29,292,027		28,976,295	Other general government
	23,877,006		26,698,499		28,326,834		25,681,616		25,381,518	Public facilities
	9,235,420		9,616,305		10,344,746		10,580,720		10,986,986	Financial administration
	19,885,283		20,159,645		20,081,078		20,496,493		20,135,918	Community services
			7,822,957		9,419,003		9,145,108		8,700,620	Recreation, Parks & Tourism
	6,639,733		7,014,417		6,360,387		6,727,282		7,036,491	Judicial
	4,028,641		4,317,582		4,761,182		3,940,891		5,193,180	Planning and growth management
	4,482,033		5,186,537		5,446,454		5,319,197		9,048,939	Health services
	1,572,945		1,957,525		1,924,597		1,870,182		1,999,155	Economic development
	1,959,157		2,267,949		2,632,030		2,773,565		2,893,192	Social services
	1,626,209		1,690,457		1,908,831		2,193,784		2,237,486	Legislative
	952,254		894,539		1,119,063		1,235,056		1,346,594	Law
	646,436		650,295		666,831		657,855		703,904	Conservation of natural resources
	1,171,314		1,288,076		1,269,380		1,471,085		1,355,802	Elections
							Debt service:			
	11,527,876		10,026,845		8,906,999		10,602,076		10,257,488	Principal
	10,184,584		10,039,960		10,086,578		10,899,707		11,581,681	Interest
	<u>433,472,976</u>		<u>441,116,181</u>		<u>476,607,061</u>		<u>480,124,292</u>		<u>502,025,865</u>	Total expenditures
	7,101,887		(14,222,116)		(28,874,565)		(11,642,683)		(21,093,761)	Excess (deficiency) of revenues over (under) expenditures
							Other financing sources (uses):			
	34,079,100		23,287,500		47,033,285		41,418,800		37,582,000	Issuance of debt
	2,727,531		2,474,574		8,190,150		4,441,258		6,684,673	Premium on issuance of debt
	-		-		-		-		-	Bond Proceeds from debt refunding
	-		-		-		-		-	Deceased Bonds
	5,993,407		6,980,910		7,753,622		11,505,042		12,111,702	Transfers in
	(6,872,543)		(7,723,177)		(8,296,535)		(12,893,479)		(13,608,800)	Transfers out
	<u>35,927,496</u>		<u>25,019,809</u>		<u>54,680,522</u>		<u>44,471,622</u>		<u>42,769,576</u>	Total other financing sources
							Extraordinary loss from natural disasters, net of income			
\$	43,029,383	\$	10,797,693	\$	25,805,957	\$	32,828,937	\$	21,675,814	Net change in fund balances
	5.006%		4.691%		4.190%		4.566%		4.456%	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	Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Taxable Value	Assessed Value as a Percentage of Actual Value
	Full Year	1/4, 1/2, 3/4 Yr.							
2011	17,815,986,983	99,737,589	7,900,630	263,545,620	785,847,980	18,973,018,802	0.96	18,973,018,802	100.00%
2012	16,565,423,239	138,407,890	8,284,230	256,991,160	693,247,980	17,662,354,499	1.00	17,662,354,499	100.00%
2013	15,767,175,406	131,283,908	8,190,160	267,162,220	681,889,120	16,855,700,814	1.05	16,855,700,814	100.00%
2014	15,384,968,244	131,670,190	7,712,830	285,422,960	631,661,420	16,441,435,644	1.14	16,441,435,644	100.00%
2015	15,406,621,549	210,168,374	7,504,070	304,401,370	621,082,550	16,549,777,913	1.14	16,549,777,913	100.00%
2016	15,692,752,105	169,790,559	9,183,690	317,477,720	645,642,220	16,834,846,294	1.14	16,834,846,294	100.00%
2017	16,258,683,269	191,816,634	9,541,520	313,993,400	221,587,700 1	16,995,622,523	1.14	16,995,622,523	100.00%
2018	16,800,788,225	191,280,438	9,750,090	329,489,630	220,855,150 1	17,552,163,533	1.14	17,552,163,533	100.00%
2019	17,424,002,372	163,026,797	9,664,600	334,601,020	247,061,400 1	18,178,356,189	1.14	18,178,356,189	100.00%
2020	18,105,807,509	175,819,336	9,091,840	332,771,760	232,315,530 1	18,855,805,975	1.14	18,855,805,975	100.00%

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

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

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	
2011	0.9620	0.064	0.112	0.24	0.27	1.14
2012	1.0025	0.064	0.112	0.24	0.27	1.18
2013	1.0527	0.064	0.112	0.23	0.26	1.23
2014	1.1410	0.064	0.112	0.23	0.26	1.32
2015	1.1410	0.064	0.112	0.19	0.25	1.32
2016	1.1410	0.064	0.112	0.19	0.26	1.32
2017	1.1410	0.064	0.112	0.19	0.26	1.32
2018	1.1410	0.064	0.112	0.18	0.26	1.32
2019	1.1410	0.064	0.112	0.19	0.26	1.32
2020	1.1410	0.064	0.112	0.19	0.26	1.32

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, 2020)

<u>Taxpayer</u>	<u>Assessed Valuation</u>	<u>% of Total Assessed</u>	<u>County Taxes <sup>1</sup></u>
NRG Energy, Inc. (formerly GenOn Mid-Atlantic LLC)	\$ 528,233,990 <sup>2</sup>	2.80%	\$ 7,953,575
Southern Maryland Electric Cooperative	154,744,950	0.82%	4,742,590
CPV Maryland, LLC	15,263,207 <sup>2</sup>	0.08%	3,346,203
Dominion Cove Point LNG, LP	64,357,060	0.34%	1,646,094
Charles Mall Company LTD Partnership	142,427,000	0.76%	1,316,531
Verizon Maryland Inc.	41,064,360	0.22%	1,187,423
SCG Atlas Westchester, LLC	84,814,267	0.45%	1,046,985
Washington Gas Light Company	31,147,100	0.17%	957,501
Madison Waldorf, LLC	25,243,680	0.13%	667,013
Comcast of Maryland	57,072,267	0.30%	636,173
	<u>\$ 1,144,367,881</u>	<u>6.07%</u>	<u>\$ 23,500,088</u>

Total Taxable Assessed Value

\$ 18,855,805,975

Ten Leading Taxpayers  
 (For period ending June 30, 2011)

<u>Taxpayer</u>	<u>Assessed Valuation</u>	<u>% of Total Assessed</u>	<u>County Taxes <sup>1</sup></u>
Mirant Mid-Atlantic	\$ 714,741,326	3.77%	\$ 15,202,423
Southern Maryland Electric Cooperative	78,762,060	0.42%	1,894,228
Verizon Maryland, Inc	61,331,140	0.32%	1,475,014
Dominion Cove Point LNG, LP	61,329,870	0.32%	1,474,983
Charlesa Mall Company LTD Partnership	149529500	0.79%	1,438,474
API Town Center	68,541,666	0.36%	659,371
Washington Gas Light Company	27,179,370	0.14%	653,664
Madison Waldorf, LLC	46,624,400	0.25%	448,527
Potomac Electric Power Company	17,727,090	0.09%	426,337
Charles Towne Plaza, LLC	39,245,700	0.21%	377,544
	<u>\$ 1,265,012,122</u>	<u>6.67%</u>	<u>\$ 24,050,565</u>

Total Taxable Assessed Value

\$ 18,973,018,802

Source: Maryland State Department of Assessment and Taxation/Charles County Treasurer's Office  
 1 2020 Based on County Tax of \$2.8525 per \$100 assessed and 2011 based on County Tax of \$2.405 per \$100 assessed  
 2 FY17 start of PILOT agreements with these two taxpayers

Property Tax Levies and Collections

Charles County, Maryland

Table 8

Last Ten Fiscal Years

Fiscal Year Ending June 30	Total Tax Levy Local Property <sup>1</sup>	Collected within the Fiscal Year of the Levy		Collection In Subsequent Years	Total Collections To Date		Outstanding Delinquent Tax
		Amount	Percent		Amount	Percent	
2011	197,305,606	196,393,396	99.54%	607,710	196,697,896	99.69%	304,500
2012	190,760,517	190,062,217	99.63%	488,291	190,272,226	99.74%	210,009
2013	192,660,818	191,842,717	99.58%	595,830	192,064,988	99.69%	222,271
2014	202,699,932	201,517,315	99.42%	967,450	201,732,482	99.52%	215,167
2015	203,588,665	202,252,138	99.34%	1,075,071	202,513,594	99.47%	261,456
2016	207,718,986	206,927,720	99.62%	482,053	207,236,933	99.77%	309,213
2017	202,074,697	200,633,185	99.29%	821,206	201,253,491	99.59%	620,306
2018	208,859,514	207,797,166	99.49%	1,062,348	208,419,597	99.79%	622,431
2019	216,532,932	215,322,319	99.44%	1,210,613	216,532,932	100.00%	1,210,613
2020	224,009,919	221,438,033	98.85%	2,571,886	224,009,919	100.00%	2,571,886

Information Source: Audited financial statements of the County for the fiscal years 2011-2020.

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

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			Total Primary Government	Percentage of Personal Income <sup>1</sup>	Per Capita <sup>1</sup>
	General Obligation Bonds	Capital Lease Obligation	Notes Payable	General Obligation Bonds	Capital Lease Obligation	Notes Payable			
2011	266,620,586	2,458,503	615,570	65,355,700	5,620,873	11,399,375	352,070,607	4.74%	2,393.64
2012	266,372,697	2,255,985	60,261	77,652,832	5,078,844	10,701,223	362,121,842	4.80%	2,428.23
2013	266,505,077	2,568,681	51,540	78,892,837	4,956,754	9,994,694	362,969,583	4.78%	2,373.90
2014	244,022,652	4,063,959	1,452,874	74,667,734	7,760,059	9,279,686	341,246,964	4.37%	2,205.19
2015	252,157,320	8,528,693	1,418,832	80,135,326	8,340,406	8,556,098	359,136,675	4.40%	2,300.42
2016	254,571,190	11,986,956	1,367,078	80,608,468	7,331,830	7,823,827	363,689,349	4.30%	2,306.14
2017	248,961,935	11,603,309	13,235	84,333,406	6,025,256	7,082,769	358,019,910	4.06%	2,241.83
2018	268,977,982	11,349,443	2,769	94,682,422	4,911,964	6,332,818	386,257,398	4.26%	2,392.04
2019	280,510,590	9,817,956	-	108,887,222	3,624,435	5,573,868	408,414,071	4.33%	2,501.66
2020	289,916,315	8,446,732	-	125,083,237	3,189,119	4,805,813	431,441,216	not available	not available

These ratios are calculated using personal income and population.



Ratios of General Bonded Debt Outstanding

Charles County, Maryland  
 Table 10  
 Last Ten Fiscal Years

Fiscal Year Ending June 30	General Obligation Debt <sup>5</sup>	Less: Amounts Available in Debt Service Fund <sup>1</sup>	Total	Percentage of Estimated Actual Taxable Value of Property <sup>2</sup>	Per Capita <sup>3</sup>
2011	266,620,586	209,544	266,411,042	1.40%	1,811.26
2012	266,372,697	41,644,683 <sup>4</sup>	224,728,014	1.27%	1,506.93
2013	266,505,077	39,756,450	226,748,627	1.35%	1,482.99
2014	244,022,652	36,087,169	207,935,483	1.26%	1,343.71
2015	252,157,320	36,177,986	215,979,334	1.31%	1,383.44
2016	254,571,190	29,286,288	225,284,902	1.34%	1,428.52
2017	248,961,935	26,846,633	222,115,302	1.31%	1,390.83
2018	268,977,982	27,085,178	241,892,804	1.38%	1,497.76
2019	280,510,590	25,463,267	255,047,323	1.40%	1,562.24
2020	289,916,315	24,198,121	265,718,194	1.41%	not available

1 Restricted for debt service principal payments.

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

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

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

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

Direct and Overlapping Governmental Activities Debt

Charles County, Maryland

Table 11

Jurisdiction	Total Debt Outstanding	Assessed Valuation <sup>1</sup>	% of Assessed Valuation to Countywide Total	Estimated Share of Total Direct & Overlapping Debt
<u>Direct</u>				
Charles County	\$ 298,363,047	\$ 17,337,958,037	92%	\$ 274,429,298
<u>Overlapping</u>				
La Plata	6,000	1,260,294,038	7%	19,948,232
Indian Head	85,107	257,553,900	1%	4,076,624
Total Overlapping Debt	91,107	1,517,847,938	8%	24,024,856
Countywide Total	\$ 298,454,154	\$ 18,855,805,975	100%	\$ 298,454,154

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 <sup>1</sup>	Personal Income	Per Capita Personal Income <sup>3</sup>	Median Age	School <sup>4</sup> Enrollment	Unemployment Rate <sup>2</sup>
2011	147,086	7,420,037	49,705	37	25,955	7.10%
2012	149,130	7,538,822	50,002	37	25,870	7.20%
2013	152,900	7,585,734	49,638	37	25,717	7.00%
2014	154,747	7,801,703	50,475	37	25,524	6.00%
2015	156,118	8,155,991	52,308	37	25,413	5.20%
2016	157,705	8,451,874	53,593	37	25,471	4.50%
2017	159,700	8,820,414	55,231	37	25,521	4.50%
2018	161,476	9,061,892	56,119	38	26,085	4.20%
2019	163,257	9,432,032	57,774	38	26,315	3.80%
2020	165,038	not available	not available	37	26,508	8.50%

1 U.S. Census Bureau, 2011 - 2020 population figures

2 Bureau of Labor Statistics, as reported in tables for June 2020

3 Bureau of Economic Analysis

4 Charles Co. Board of Education, Student Services

Principal Employers

Charles County, Maryland

Table 14

Current Year and Ten Years Ago

Fiscal Year 2020		
Employer	Number of Employees <sup>1</sup>	Percentage of Total County Employment
Charles County Board of Education	3,701	4.45%
Naval Department of Defense at Indian Head	3,691	4.44%
Charles County Government	1,652	1.99%
UM Charles Regional Medical Center	775	0.93%
Walmart/Sam's Club	606	0.73%
Waldorf Chevy/Cadillac, Honda, Ford, Toyota/Scion, Dodge	583	0.70%
Southern Maryland Electric Cooperative (SMECO)	474	0.57%
College of Southern Maryland	461	0.55%
Target	400	0.48%
Lowe's	331	0.40%
Safeway	325	0.39%
Sage Point Senior Living Services	322	0.39%
The Wills Group	307	0.37%
Chick-fil-A	293	0.35%
ADJ Sheet Metal	283	0.34%
Bloomin' Brands	261	0.31%
Total	14,465	
Total County Employment <sup>2</sup>	83,183	
Fiscal Year 2011		
Employer	Number of Employees <sup>1</sup>	Percentage of Total County Employment
Naval Department of Defense at Indian Head	3,500	4.87%
Charles County Board of Education	3,151	4.39%
Charles County Government	1,438	2.00%
College of Southern Maryland	1,164	1.62%
Civista Medical Center	800	1.11%
Wal-Mart	672	0.94%
Facchina Construction National Headquarter	650	0.90%
Target	467	0.65%
Reliable Contracting	410	0.57%
Southern Maryland Electric Cooperative (SMECO)	363	0.51%
Genesis Health Care	320	0.45%
Lowe's	306	0.43%
Southern Maryland Oil/Wills Group	290	0.40%
Charles County Nursing Home	267	0.37%
Macy's	250	0.35%
Safeway	210	0.29%
Food Lion	207	0.29%
Chaney Enterprises Headquarters	202	0.28%
Total	14,667	
Total County Employment <sup>2</sup>	71,846	

<sup>1</sup> Charles County Economic Development Department as of May 2020 (top) and December 2011 (bottom)

<sup>2</sup> 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	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	Budget 2021
<u>County Commissioners</u>	5	5	5	5	5	5	5	5	5	5	5
<u>Governmental Departments</u>											
Animal Control Services	20	20	20	20	20	20	24	24	24	24	24
Central Services	0	0	0	0	0	0	0	1	7	8	8
Community Services	50	52	56	54	55	55	50	49	55	57	57
County Commissioners' Office Staff	20	19	20	21	24	22	25	25	21	25	25
County Attorney's Office	9	9	10	10	10	10	10	10	10	11	11
Economic Development	2	5	6	6	6	9	9	11	11	11	10
Emergency Services	113	113	115	117	122	122	128	134	134	148	161
Fiscal and Administrative Services	63	66	66	67	71	72	72	72	73	75	77
Human Resources	7	7	8	8	8	8	10	12	13	13	13
Internal Audit	0	0	0	0	0	0	2	2	2	2	2
Planning & Growth Mgmt	63	63	65	66	66	66	69	70	73	78	79
Public Works	302	300	299	302	308	313	321	332	337	348	361
Recreation, Parks, & Tourism	116	118	118	121	123	125	132	134	143	143	144
Subtotal County Departments	764	772	783	790	812	821	851	874	902	942	971
<u>Other Agencies</u>											
Circuit Court	22	23	22	22	22	22	25	25	26	27	27
Detention Center	151	156	156	156	156	156	156	156	160	159	159
Sheriff's Office	463	462	468	484	488	485	493	495	502	512	514
Soil Conservation	5	5	5	5	5	5	5	5	5	5	5
State's Attorney Office	30	31	37	46	54	54	58	48	50	53	52
TOTAL	1440	1454	1475	1508	1541	1548	1592	1608	1650	1702	1732

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.

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Operating Indicators by Function

Charles County, Maryland

Table 16

Last Ten Fiscal Years

Function	Fiscal Year				
	2011	2012	2013	2014	2015
<b>Public Safety</b>					
1 Sheriff's Calls for Service	230,390	235,371	253,292	258,591	271,363
Emergency Response Team Responses	1,435	1,309	1,164	1,312	1,188
Bookings	12,164	11,308	10,706	11,106	10,890
Drug Screening	1,298	1,054	932	653	692
Red Light Camera Citations Issued	10,065	12,319	11,388	25,858	27,603
Animal Control Calls for Service	6,034	5,910	5,646	7,053	6,157
Animal Shelter Population	11,195	11,120	10,049	9,134	8,730
Alarm System Registrations	17,924	19,194	20,350	21,801	23,570
False Alarm Calls	8,215	7,821	7,952	8,324	8,477
EMS Responses	11,008	11,903	12,290	13,700	13,188
911 Calls Received	74,674	74,866	73,182	72,231	78,790
<b>Community Services/Planning &amp; Growth Mgmt</b>					
Public Transit Routes	14	14	14	14	15
Service Miles	1,103,191	1,225,954	1,171,946	1,150,000	1,227,005
Senior Program Participation	3,726	3,768	3,701	4,041	4,233
<b>Public Facilities</b>					
Square Footage Maintained	1,004,000	1,034,200	1,034,260	1,044,460	1,285,246
Preventative Maintenance Performed	488	298	395	852	937
Athletic Leagues Maintained	73	69	68	69	69
Scheduled Games	8,139	8,399	7,929	8,051	8,115
Vehicle Maintenance Work Orders	5,572	5,276	5,044	5,601	5,378
Lane Miles Maintained	1,597	1,600	1,625	1,662	1,672
<b>Water and Sewer</b>					
Billing Invoices per year	120,893	121,578	123,434	129,034	129,222
New Accounts Set Up	446	511	547	572	550
Meters Read	120,893	121,578	123,434	129,034	129,222
Holding Tank Program Gallons Pumped	398,100	395,750	395,600	317,500	610,707
<b>County Park Operations</b>					
Rounds of Golf	25,500	27,583	28,412	26,105	27,700
Season Passes	131	125	102	101	90
<b>Solid Waste Management</b>					
1 Recycled Tons	52,575	77,537	74,966	81,133	81,868
1 Recycle Curbside Collection Tons	3,200	3,074	3,295	5,500	6,506
Landfill Tons	85,762	90,354	73,195	75,277	84,963

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
2016	2017	2018	2019	2020 <sup>2</sup>	
					<b>Public Safety</b>
253,984	256,984	235,604	249,863	not available	<sup>1</sup> Sheriff's Calls for Service
1,337	638	234	194	250	Emergency Response Team Responses
10,194	9,270	8,154	7,485	8,000	Bookings
746	702	1,013	809	1,400	Drug Screening
29,194	26,343	26,349	26,291	27,192	Red Light Camera Citations Issued
5,848	6,002	5,759	5,216	5,280	Animal Control Calls for Service
8,700	8,136	7,171	6,562	5,667	Animal Shelter Population
24,795	26,058	27,592	28,727	29,305	Alarm System Registrations
8,283	8,017	8,285	7,946	7,638	False Alarm Calls
15,375	16,649	18,153	19,628	19,700	EMS Responses
78,722	81,745	85,000	82,000	90,000	911 Calls Received
					<b>Community Services/Planning &amp; Growth Mgm</b>
15	15	16	16	15	Public Transit Routes
1,207,500	1,296,005	1,283,362	1,289,625	1,767,461	Service Miles
4,250	4,286	4,567	4,637	4,726	Senior Program Participation
					<b>Public Facilities</b>
1,300,000	1,326,000	1,351,382	1,300,037	1,351,382	Square Footage Maintained
950	6,770	3,980	4,454	5,266	Preventative Maintenance Performed
70	68	45	46	27	Athletic Leagues Maintained
8,200	7,577	6,431	6,342	3,137	Scheduled Games
5,560	4,606	4,765	5,734	5,356	Vehicle Maintenance Work Orders
1,681	1,684	1,700	1,709	1,725	Lane Miles Maintained
					<b>Water and Sewer</b>
133,057	134,674	136,906	135,434	139,762	Billing Invoices per year
550	725	529	491	498	New Accounts Set Up
130,000	129,404	131,848	130,709	135,250	Meters Read
303,650	557,350	588,900	577,850	518,700	Holding Tank Program Gallons Pumped
					<b>County Park Operations</b>
28,000	24,130	19,712	24,860	17,924	Rounds of Golf
100	90	87	62	76	Season Passes
					<b>Solid Waste Management</b>
80,192	76,245	69,225	67,368	60,672	<sup>1</sup> Recycled Tons
7,401	7,727	8,200	8,653	8,500	<sup>1</sup> Recycle Curbside Collection Tons
94,901	101,149	101,050	114,669	116,854	Landfill Tons

<sup>1</sup> Based on Calendar Year

<sup>2</sup> Projected

Capital Asset Statistics by Function

Charles County, Maryland

Table 17

Last Ten Fiscal Years

Function	Fiscal Year				
	2011	2012	2013	2014	2015
<b>General Government</b>					
Buildings	24	24	26	28	30
Vehicles	267	245	244	250	254
Transportation Service Vehicles	0	0	0	0	0
<b>Public Safety</b>					
Sheriff Stations	6	7	7	7	7
Detention Centers	2	2	2	2	2
Sheriff Patrol Vehicles	462	472	463	456	474
Other Sheriff Vehicles	18	17	16	14	14
K-9 Dogs	11	12	11	12	13
Mobile Communications Center	1	1	1	1	1
Emergency Operations Vehicles	18	18	18	18	18
Hazmat Vehicles	5	5	5	5	5
Animal Control Vehicles	8	9	9	11	9
<b>Community Services</b>					
Transportation Service Vehicles	36	37	37	38	41
Senior / Community Centers	4	4	4	4	4
Community Centers	9	9	9	9	9
Pools	5	5	5	5	6
<b>Public Facilities</b>					
Buildings	8	8	8	8	8
Roadways (miles)	1,597	1,600	1,625	1,662	1,672
Heavy Equipment	27	28	30	33	32
<b>Water and Sewer</b>					
Buildings	17	17	17	17	17
Wastewater Treatment Plants	7	7	7	7	7
Pump Stations	57	56	56	56	55
Wells	65	65	65	65	66
Heavy Equipment	14	15	18	19	22
Vehicles	76	86	102	109	116
Meters	116,883	117,546	119,214	124,394	124,580
<b>County Park Operations</b>					
Parks	29	30	30	31	33
Park Acreage	3,349	3,483	3,483	3,767	4,061
Golf Course	1	1	1	1	1
Skate Park	1	1	1	1	1
Concession Buildings	8	9	9	9	9
Vehicles	3	3	3	3	2
<b>Recreation Programs</b>					
Recreation/ Sports Centers	2	2	2	2	2
<b>Solid Waste Management</b>					
Buildings	6	6	6	6	6
Recycling Stations with Buildings	3	3	3	3	3
Heavy Equipment	21	21	22	30	29
Vehicles	26	35	34	33	35

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
2016	2017	2018	2019	2020	
					General Government
30	29	29	27	27	Buildings
256	257	242	263	268	Vehicles
0	36	38	38	42	Transportation Service Vehicles
					Public Safety
7	7	7	7	7	Sheriff Stations
2	2	2	2	2	Detention Centers
469	470	467	453	459	Sheriff Patrol Vehicles
15	15	17	12	20	Other Sheriff Vehicles
12	14	13	12	14	K-9 Dogs
1	1	1	1	1	Mobile Communications Center
18	18	20	21	24	Emergency Operations Vehicles
5	5	5	5	6	Hazmat Vehicles
11	13	8	8	8	Animal Control Vehicles
					Community Services
40	0	0	0	0	Transportation Service Vehicles
4	4	4	5	4	Senior / Community Centers
9	9	9	10	11	Community Centers
6	6	6	6	6	Pools
					Public Facilities
8	8	8	8	8	Buildings
1,681	1,684	1,697	1,709	1,725	Roadways (miles)
37	39	34	36	38	Heavy Equipment
					Water and Sewer
17	18	18	18	18	Buildings
7	7	7	7	7	Wastewater Treatment Plants
55	57	58	58	59	Pump Stations
66	67	67	67	63	Wells
24	25	29	28	30	Heavy Equipment
117	123	126	125	130	Vehicles
128,000	129,404	131,848	130,709	138,000	Meters
					County Park Operations
33	33	33	33	35	Parks
4,061	4,061	4,195	4,195	4,195	Park Acreage
1	1	1	1	1	Golf Course
1	1	1	1	1	Skate Park
9	9	9	9	9	Concession Buildings
2	2	2	2	2	Vehicles
					Recreation Programs
2	3	3	3	3	Recreation/ Sports Centers
					Solid Waste Management
6	8	8	8	8	Buildings
3	4	4	4	4	Recycling Stations with Buildings
28	32	26	24	37	Heavy Equipment
36	40	40	41	50	Vehicles

# Charles County Commissioners



## *Equal Opportunity County*

### Fiscal & Administrative Services

#### Accounting Division

Jenifer M. Ellin, Director

William G. DeAtley, Chief of Accounting

Joan T. Thorp, Assistant Chief of Accounting

200 Baltimore Street La Plata, Maryland 20646

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

[www.CharlesCountyMD.gov](http://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.