

CHARLES COUNTY MARYLAND



ANNUAL COMPREHENSIVE FINANCIAL REPORT

For the Fiscal Year Ended June 30, 2022

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CHARLES COUNTY, MARYLAND

ANNUAL COMPREHENSIVE FINANCIAL REPORT For the Fiscal Year Ended June 30, 2022

Prepared by:
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Charles County, Maryland

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www.charlescountymd.gov

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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February 17, 2023

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

The Annual Comprehensive Financial Report of Charles County, Maryland for the Fiscal Year ended June 30, 2022, 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, 2022, 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, 2022, are fairly presented in conformity with U.S. generally accepted accounting principles (GAAP). The report of Independent Public Accountants is presented as the first component of the financial section of this report.

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

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

Profile of the Charles County Government

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

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

The County serves an estimated population of 166,617 as of the 2020 Census and provides a full range of municipal services enacted by statute or charter. These include public safety, education, sanitation, transportation, public health, social services, recreation, public improvements, planning and zoning, and administrative services. The three incorporated municipalities within the County are La Plata, Indian Head and Port Tobacco. These entities are independent of the County and, as such, are not included in this report.

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

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

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

Budget. The annual budget serves as the foundation for the County’s financial planning and control. The County Commissioners are required to adopt a final budget no later than June 30th of the current fiscal year, and applies to those managed by the County Commissioners, County Administrator, County Attorney, and Department Heads. The budget is prepared by fund, function, and department. Department heads may make inter-category transfers up to \$15,000 within a department, with approval by the Fiscal & Administrative Services Director. Transfers between \$15,001 and \$35,000 require the approval of the County Administrator, between \$35,001 and \$50,000 require the approval of the President of the County Commissioners and transfers over \$50,000 require the majority approval of the full Board of Commissioners. Operating Budget Amendments that exclude grant funds require the special approval of the County Administrator or the Board of Commissioners depending on the dollar amount. Approval authority for an increase or decrease to total budget up to \$25,000 is delegated to the President of the County Commissioners, and more than \$25,000 requires majority approval of the Board of Commissioners.

Budget-to-actual comparisons are provided in this report for the General Fund for which an appropriated annual budget is adopted. This comparison is presented on page 122 as part of the required supplementary information.

Economic Condition and Outlook

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

Local Economy. Charles County, a suburb of Washington, D.C., is part of the Washington, D.C. Metropolitan Statistical Area (MSA). Charles County is also part of a region known as Southern Maryland, a three-county peninsula between the Potomac River and the Chesapeake Bay. The County has the 5th highest household income in the state of Maryland and the 38th highest median household income in America. With a 2021 population of 168,898, Charles County has been one of the fastest growing counties in Maryland. The U.S. Census Bureau, 2021 Population Estimates states Charles County has a majority African American population at 50.1%: making Charles County the nation’s wealthiest majority African American county, overtaking Prince George’s County, Maryland.

The County has a civilian labor force (16 years and older) of 85,193 with another 1,953 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 \$114,535. The annual average unemployment rate for 2021 was 5.7% according to the Maryland Department of Labor. According to recent Census data, major industries in which the civilian employed population are engaged include:

- Educational services, health care and social assistance (20.5%)
- Professional scientific, management, waste management services and technical services (13.6%)
- Arts, entertainment, recreation, accommodation, and food services (6.9%)

The foregoing constitutes 41.0% of the industries with the greatest employments. 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 (43.2%)
- Sales and office occupations (21.7%)
- Service occupations (17.1%)
- Natural resources, construction, and maintenance occupations (9.3%)
- Production, transportation, and material moving occupations (8.8%)

As indicated in the following table, employment in the County decreased from 42,902 in 2016 to 38,454 in 2020, a loss of 4,448 jobs and a 10.4% decrease in total employment. The decrease in employment was due to the COVID-19 Pandemic which temporarily closed businesses during 2020. It is believed that employment will rebound over the coming years as the impact from the pandemic lessens.

Five-Year Employment Statistics
Persons Employed by Industry

	2016	2017	2018	2019	2020	% Change '16 to '20
GOVERNMENT						
Federal	2,276	2,292	2,352	2,501	2,690	18.2%
State	557	550	549	541	513	-7.9%
Local	6,822	6,873	7,093	7,047	6,728	-1.4%
Subtotal	9,655	9,715	9,994	10,089	9,931	2.9%
INDUSTRY						
Services, Transportation, Communication & Utilities	28,158	27,150	26,897	27,105	24,661	-12.4%
Construction	4,419	4,155	3,873	3,471	3,263	-26.2%
Manufacturing	635	597	616	624	566	-10.9%
Other	35	31	30	31	33	-5.7%
Subtotal	33,247	31,933	31,416	31,231	28,523	-14.2%
Total	42,902	41,648	41,410	41,320	38,454	-10.4%

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>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Calvert County	3.7%	3.5%	3.2%	5.2%	3.5%
Charles County	4.1	3.9	3.6	6.7	3.8
Frederick County	3.7	3.5	3.2	5.9	3.5
Montgomery County	3.4	3.2	2.9	6.3	3.2
Prince George's County	4.3	4.1	3.8	8.2	4.0
St. Mary's County	4.1	3.8	3.3	4.8	3.8
State of Maryland	4.3	3.9	3.6	6.8	4.0
United States ¹	4.4	3.9	3.7	8.1	4.4

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

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

Charles County has experienced a continued increase in population each year. The Census of 2000 put the County’s population at 121,204. The Census of 2010 puts the County’s population at 146,551. The Census of 2020 puts the County’s population at 166,617. The increase from 2000 to 2020 is 37.5%. The 2021 estimated County population is approximately 168,898. It is projected that population growth within the County will continue at a steady but moderate rate.

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

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

5. Established a Fund Balance policy adopted on March 9, 2010, and last updated on September 25, 2019:
 - a. This policy will ensure the County maintains a prudent level of financial resources to protect against reducing service levels or raising taxes and fees because of temporary revenue shortfalls or unexpected one-time expenditures.
 - b. The unrestricted fund balance range for the General Fund excluding committed and assigned items shall not be less than 8% and not more than 15% of the total budgeted operating revenues of the General Fund budget at the end of each fiscal year.
 - c. The fund balance of the Water and Sewer Operating Budget associated with the Department of Public Works – Utilities shall not be less than 30 days and not more than 120 days of the total budgeted operating expenses of the Utilities Operating Fund at the end of each fiscal year.
 - d. A surplus of 15% of the General Fund shall be designated or appropriated during the next fiscal year. A General fund surplus would be to cover any shortfalls within Special Revenue Funds. Water and Sewer surplus may be reserved for one-time capital needs. Surplus funds can be utilized to reduce or avoid debt, one-time expenditures such as capital outlay, capital project or operating needs, or to stabilize taxes, rates and fees.
 - e. A shortfall is to be rebuilt through the following mechanisms: distribution of surplus from other related funds or appropriation during the next three annual budget cycles of at least 20% of the shortfall. If this is financially unfeasible, a written plan shall be forwarded by the County Administrator to the Board of Commissioners for approval to restore the required range. This plan may require reduction of services, increased taxes, fees or rates.
6. Established a Debt policy adopted on September 22, 2009, and was last amended on January 23, 2018:
 - a. Authority to Issue Debt – The County may only issue general obligation and revenue bonds under the authority conferred by the Maryland General Assembly. As a Code Home Rule county, the County may also authorize the issuance of general obligation and revenue bonds by a public local law enacted by the County Commissioners. There are no statutory limits on the amount of general obligation or revenue bonds that may be authorized by the County Commissioners. The County may issue economic development revenue bonds under State law which provides that such bonds shall not constitute indebtedness or charge against the general credit of taxing power of the County. The County may issue bonds necessary to finance the cost incurred to construct new capacity for public school facilities. The debt service on these bonds is paid for by a special tax assessment (excise tax) on new home starts after June 30, 2003, payable over a 10-year period. The County may issue general obligation bonds to finance water systems, sewerage systems, solid waste disposal systems and solid waste acceptance systems in the Waldorf Taxing District One, the Mattawoman Special Taxing District Number Two, and Special Taxing District Number Three.

- b. Debt 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 to minimize borrowing costs and preserve access to credit. The General Obligation debt issuance will be managed on an annual basis to match funds to the CIP cashflow requirements.
- c. Debt Capacity – The five-year financial plan will help determine the amount of debt that can be issued while maintaining an 8% debt service ratio to the General Fund operating revenue budget. The annual review of the Capital Improvement Program will identify projects eligible for long term financing, and those adopted will closely match the debt that is affordable as calculated by the annual update of the five-year financial plan.

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

During Fiscal Year 2022, the County held a bond sale in November 2021 with total proceeds of \$70.0 million. The County’s debt service levels have remained well below the legal debt margin for the past several years as a direct result of the extensive financial planning that is conducted from both a capital and operating budget perspective. The Commissioner’s target debt ceiling limit of 8% provides a sturdy framework from which to make long-term financial decisions.

Major Initiatives. The County’s Fiscal Year 2023 budget continues to reflect long-range goals to improve the overall quality of life in Charles County. The Commissioners receive regular updates on the five goals. Each goal is presented to the Commissioners twice a year during a commissioner’s meeting. The County’s annual Budget Book provides additional detail at the departmental level on efforts to achieve the following stated goals:

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

Natural Resource Management
Environmental Management

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

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

Also, as part of strengthening the County’s position, several major economic development projects are recently completed or currently underway. St. John Properties has begun development on the 228 Business Park in Waldorf. The project is slated to comprise 518,400 square feet of flex/R&D space, 93,000 square feet of office, and 22,500 square feet of supporting retail. The development is projected to support over 2,100 jobs at full build-out and occupancy.

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

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

The Economic Development Department has been working with the Town of Indian Head and community stakeholders to support redevelopment of underutilized and vacant properties along the Maryland Route 210 Corridor. The College of Southern Maryland’s (CSM) “Velocity Center” – which opened in the Fall of 2020, with actual programming and activities delayed until 2021. The center is now operational and is living up to its potential as a catalyst for additional redevelopment and economic activity in the Town of Indian Head. The facility has already attracted the attention of DOD-related non-profit organizations and for-profit companies. The United States Bomb Technology Association

(USBTA) has moved personnel to Indian Head and will hold membership events in the Velocity Center and other venues in the County, bringing significant direct spending from conference activities and attendees. USBTA will lease office space in a former 30,000 square foot retail center that is currently under renovation to become the Maryland Technology Center (MTC). Four companies have announced their intent to co-locate with USBTA, and another has leased additional office space at MTC, which is directly across the road from the Velocity Center.

In summary, the Fiscal Year 2023 economic outlook for the County remained stable. Operating revenues should increase approximately 6.7%. Property Taxes are expected to increase 1.2% and Income Tax revenue is budgeted to increase 14.2% adjusting to actuals. Recordation Tax and Transfer Taxes are both budgeted to increase by 3.8%.

Awards and Acknowledgements

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Charles County, Maryland for its annual comprehensive financial report for the year ended June 30, 2021. This is the twentieth consecutive year that the County has achieved this prestigious award. To be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized annual comprehensive financial report. This report must satisfy both generally accepted accounting principle in the United States of America and applicable legal requirements.

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

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

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

Respectfully submitted,



Jenifer M. Ellin
Director of Fiscal & Administrative Services



William G. DeAtley
Chief of Accounting



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**Charles County Government
Maryland**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2021

Christopher P. Morill

Executive Director/CEO

CHARLES COUNTY, MARYLAND
GOVERNMENTAL ORGANIZATION
CERTAIN ELECTED AND ADMINISTRATIVE OFFICIALS
As of June 30, 2022

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
(Acting) Bernard Cochrane
Kelli Beavers
Dina M. Barclay
Alexis B. Blackwell
Kelly Slagle-Robertson

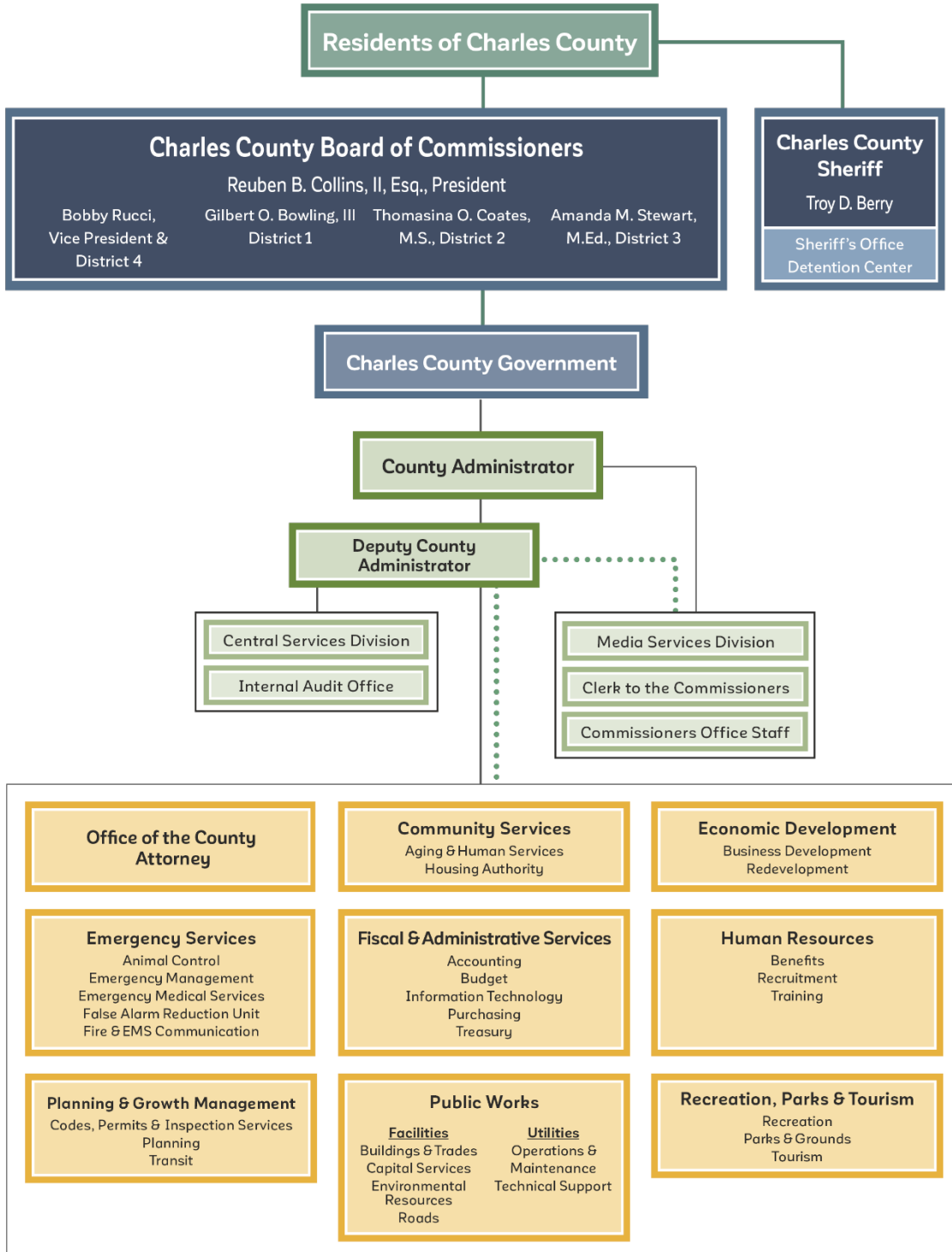
Independent Public

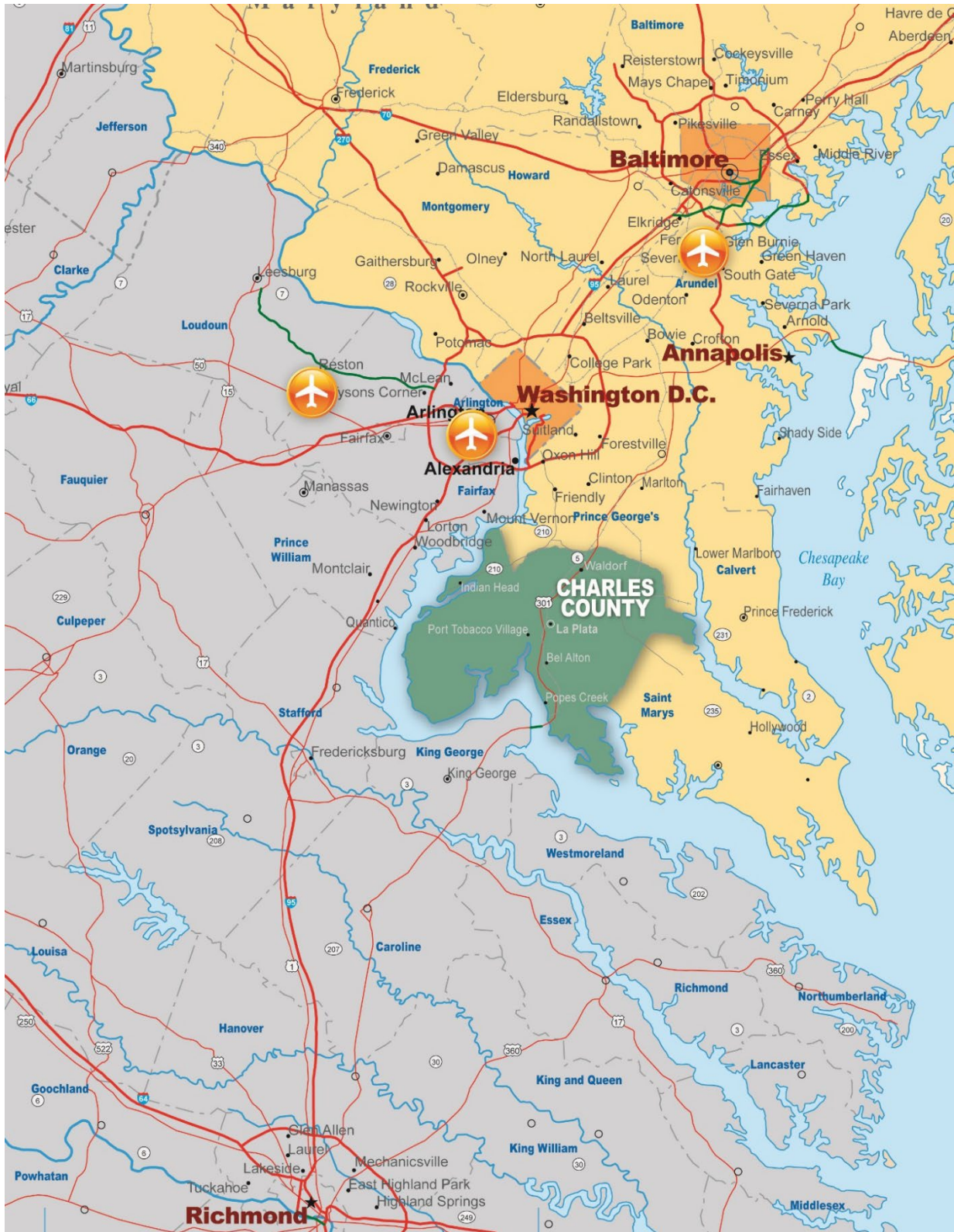
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Bond Counsel
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Suite 1000
Baltimore, MD 21202

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

As of June 30, 2022





Charles County Government

Our Mission

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

Our Vision

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

Financial Section

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INDEPENDENT AUDITORS' REPORT

Commissioners of Charles County, Maryland
La Plata, Maryland

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County Commissioners of Charles County, Maryland (the County), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County, as of June 30, 2022, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of the Board of Library Trustees for Charles County, which represent 0.3 percent, 1 percent, and 1 percent, respectively, of the assets and deferred outflows, net deficit, and revenues of the aggregate discretely presented component units. Those financial statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Board of Library Trustees for Charles County, is based solely on the report of the other auditors.

Basis for Opinions

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

Emphasis of Matter

Change in Accounting Principle

As discussed in Note 1 to the financial statements, effective July 1, 2021, the County adopted new accounting guidance for leases. The guidance requires lessees to recognize a right-to-use lease asset and corresponding lease liability and lessors to recognize a lease receivable and corresponding deferred inflow of resources for all leases with lease terms greater than twelve months. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

Commissioners of Charles County, Maryland
Charles County, Maryland

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

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

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

Supplementary Information

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

Other Information

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 17, 2023, on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the County's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.



CliftonLarsonAllen LLP

Baltimore, Maryland
February 17, 2023

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, 2022. We encourage readers to use the information presented here in conjunction with the financial statements (beginning on page 36), and the accompanying notes to those financial statements (beginning on page 57).

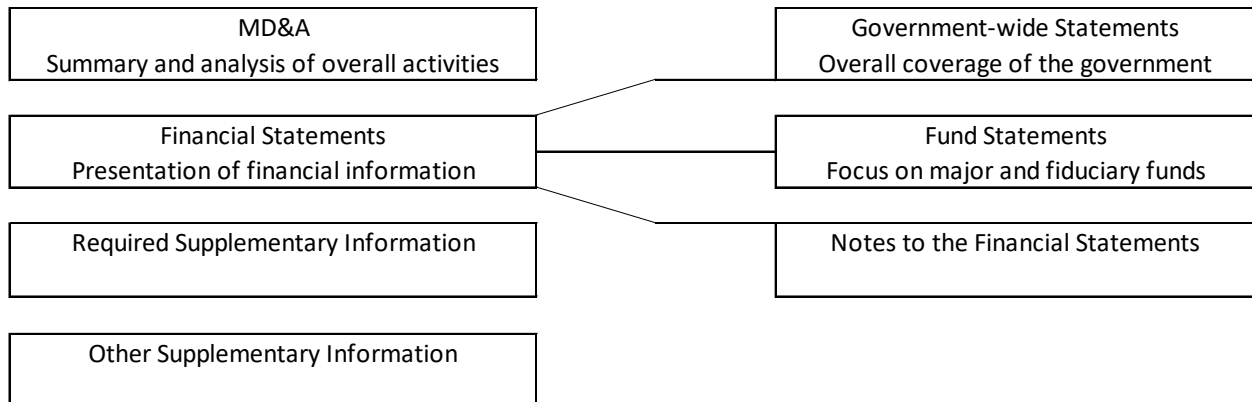
Financial Highlights

- The government-wide assets and deferred outflows of resources of Charles County exceeded its liabilities and deferred inflows of resources at the close of the current fiscal year by \$573.2 million (net position).
- The County's statement of activities change in net position was an increase of \$100.2 million.
- As of the close of the current fiscal year, Charles County's governmental funds reported a combined ending fund balance of \$327.8 million, an increase of \$54.7 million from the prior year as stated on page 40. 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 \$321.7 million.
- For Fiscal Year 2022, the total Fund Balance for the General Fund equaled \$201.5 million, as shown on page 40. Of that total, \$185.7 million is represented as Committed Fund Balance, including the Fund Balance Policy Target of \$74.8 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 \$17.4 million was approved during the year to support Commissioner goals and objectives. However, revenues primarily from Income Taxes, Recordation Taxes, and Transfer Taxes exceeded the budget estimate by \$57.7 million. In addition, overall year-end expenses were below the amended budget by \$8.7 million. As a result, instead of a budgeted Fund Balance decrease of \$17.4 million, an increase of approximately \$49.0 million was experienced.

Overview of the Financial Statements

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

Financial Statement Presentation



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

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

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

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

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

The government-wide financial statements include not only the operations of Charles County Government itself (known as the primary government), but also the legally separate organizations of the Board of Education of Charles County, Maryland, the Board of Library Trustees for Charles County, Maryland, and the Resilience Authority of Charles County (component units). The financial information for these component units is reported separately from the financial

information presented for the primary government. The government-wide financial statements can be found on pages 36-39 of this report.

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

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

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

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

Charles County Government maintains twenty-nine individual governmental funds. Information is presented separately in the governmental fund Balance Sheet and in the governmental fund Statement of Revenues, Expenditures, and Changes in Fund Balance for the General Fund, the Capital Projects Fund, and the Debt Service Fund, which are major funds. Data from the other twenty-six non-major governmental funds are combined into a single, aggregated presentation in the governmental fund financial statements. The governmental fund financial statements can be found on pages 40-42 of this report.

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

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

enterprise funds are combined into a single, aggregated presentation in the proprietary fund financial statements. The proprietary fund financial statements can be found on pages 44-47 of this report.

Fiduciary funds - Fiduciary funds are used to account for resources held for the benefit of parties outside the County. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the County's own programs. Fiduciary funds include four fund types - pension trust funds, investment trust funds, private-purpose trusts, and custodial funds. The County does not maintain any investment trust funds or private-purpose trusts. The four pension trust funds maintained by the County are the County Employees Retirement Plan, the Sheriff's Office Retirement Plan, the Length of Service Award Program (LOSAP) for Volunteer Firemen and Rescue Squad Members, and the Other Post Employment Benefit (OPEB) Trust plan. The fiduciary fund financial statements can be found on pages 48-49 of this report.

Notes to the financial statements. The notes provide additional information that is essential to developing a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 57-118 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 121-133 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 137-165 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 \$573.2 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, \$402.5 million, reflects its net investment in capital assets (e.g., land, buildings, infrastructure, machinery, and equipment), less any related outstanding debt used to acquire those assets. The County uses these capital assets to provide services to its citizens; consequently, these assets are not available for future spending. Although the County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since capital assets themselves cannot be used to liquidate these liabilities. An additional portion of the County's net position (9%) represents resources that are subject to external restrictions on how they may be used.

Net Position
As of June 30, 2022 and 2021
(amounts are presented in thousands)

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Current and other assets	\$ 521,350	\$ 432,958	\$ 121,152	\$ 98,621	\$ 642,502	\$ 531,579
Capital assets, net of depreciation	478,015	481,272	347,597	320,968	825,612	802,240
Total assets	<u>999,364</u>	<u>914,230</u>	<u>468,749</u>	<u>419,588</u>	<u>1,468,114</u>	<u>1,333,819</u>
Deferred Outflows of Resources	85,114	37,692	-	-	85,114	37,692
Total Assets and Deferred Outflows of Resources	<u>1,084,479</u>	<u>951,922</u>	<u>468,749</u>	<u>419,588</u>	<u>1,553,228</u>	<u>1,371,511</u>
Non-current liabilities	614,807	503,692	182,510	160,944	797,317	664,636
Other liabilities	70,154	61,968	17,580	15,217	87,734	77,185
Total liabilities	<u>684,960</u>	<u>565,660</u>	<u>200,090</u>	<u>176,161</u>	<u>885,051</u>	<u>741,820</u>
Deferred Inflows of Resources	89,056	156,760	-	-	89,056	156,760
Total Liabilities and Deferred Inflows of Resources	<u>774,016</u>	<u>722,420</u>	<u>200,090</u>	<u>176,161</u>	<u>974,107</u>	<u>898,580</u>
Net position:						
Net investment in capital assets	228,057	232,812	174,465	175,068	402,522	407,880
Restricted	20,118	34,988	7,269	5,225	27,387	40,213
Unrestricted	62,288	(38,298)	80,970	63,133	143,258	24,835
Total net position	<u>\$ 310,462</u>	<u>\$ 229,502</u>	<u>\$ 262,703</u>	<u>\$ 243,426</u>	<u>\$ 573,166</u>	<u>\$ 472,928</u>

Changes in Net Position
Years ended June 30, 2022 and 2021
(amounts are presented in thousands)

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2021</u>	<u>2021</u>	<u>2021</u>	<u>2021</u>	<u>2021</u>	<u>2021</u>
Program revenues:						
Charges for services	\$ 20,403	\$ 18,946	\$ 92,526	\$ 76,105	\$ 112,929	\$ 95,051
Operating grants & contributions	40,334	34,546	1,279	1,175	41,613	35,722
Capital grants & contributions	4,536	5,273	-	-	4,536	5,273
General revenues:						
Property taxes	283,238	268,024	-	-	283,238	268,024
Other taxes	255,851	212,808	-	-	255,851	212,808
Other	10,457	12,251	289	162	10,746	12,414
Total revenues	<u>614,820</u>	<u>551,848</u>	<u>94,094</u>	<u>77,442</u>	<u>708,914</u>	<u>629,292</u>
Program expenses:						
General government	12,316	25,801	-	-	12,316	25,801
Public safety	153,067	119,896	-	-	153,067	119,896
Education	223,371	231,261	-	-	223,371	231,261
Judicial	7,861	7,177	-	-	7,861	7,177
Health	4,594	14,029	-	-	4,594	14,029
Social services	3,194	2,970	-	-	3,194	2,970
Community services	28,714	20,188	-	-	28,714	20,188
Recreation, Parks & Tourism	13,114	8,799	-	-	13,114	8,799
Economic development	2,285	1,765	-	-	2,285	1,765
Public facilities	59,911	31,562	-	-	59,911	31,562
Water and sewer	-	-	47,544	41,108	47,544	41,108
Solid waste	-	-	7,641	7,509	7,641	7,509
Other	24,700	23,911	20,365	18,170	45,065	42,080
Total expenses	<u>533,126</u>	<u>487,359</u>	<u>75,551</u>	<u>66,787</u>	<u>608,677</u>	<u>554,147</u>
Excess(deficit) before transfers	81,694	64,491	18,543	10,655	100,237	75,145
Net transfers	(734)	(1,372)	734	1,372	-	-
Change in net position	80,961	63,119	19,277	12,027	100,237	75,145
Net position - beginning of year	<u>229,502</u>	<u>166,383</u>	<u>243,426</u>	<u>231,399</u>	<u>472,928</u>	<u>397,782</u>
Net position - end of year	<u>\$ 310,462</u>	<u>\$ 229,502</u>	<u>\$ 262,703</u>	<u>\$ 243,426</u>	<u>\$ 573,166</u>	<u>\$ 472,928</u>

Overall, the financial position of Charles County increased by 21% compared to Fiscal Year 2021. As shown on the table above, total revenues increased from \$629.3 million in Fiscal Year 2021 to \$708.9 million in Fiscal Year 2022. Property taxes increased by \$15.2 million. The County's Other taxes increased by \$43.0 million due to Recordation Tax and Income Tax revenue. Program expenses increased from \$554.1 million in FY2021 to \$608.7 million in Fiscal Year 2022. An increase in net position of \$100.2 million was experienced when all funds are combined.

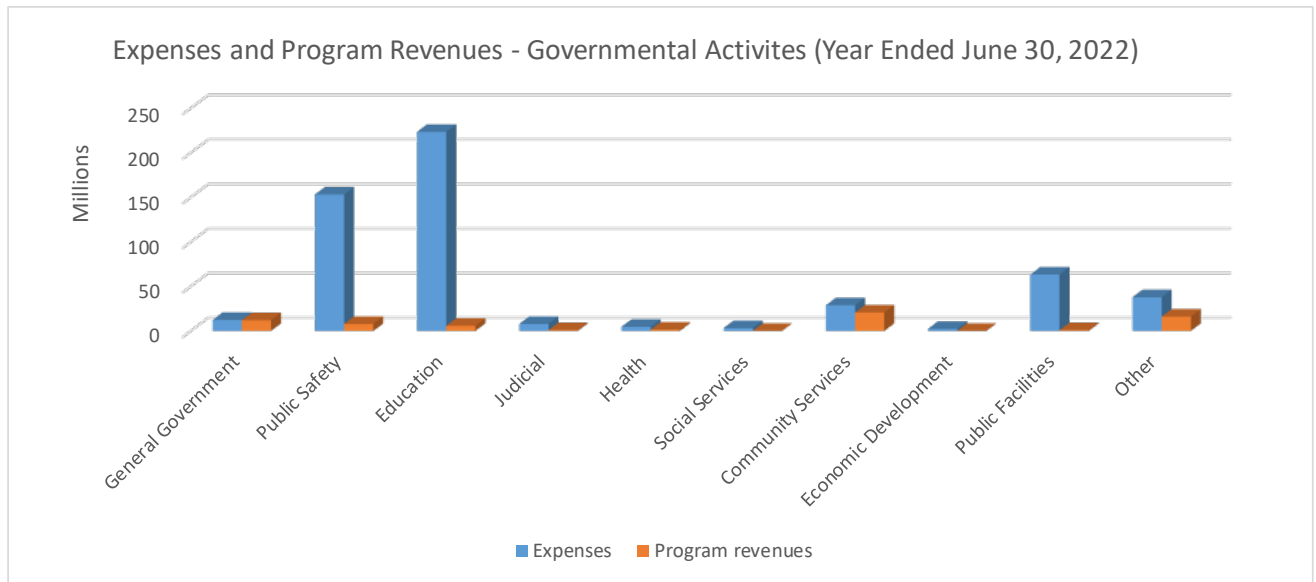
To aid in the understanding of the Statement of Activities (pages 38-39), some additional explanation is given. Of interest is the format of this statement. You will notice that expenses are listed in the first column with revenues from that program reported to the right. The result is a Net (Expenses)/Revenue and Changes in Net Position. The reason for this kind of format is to highlight the relative financial burden of each of the functions on the County's taxpayers. It also identifies how much each function draws from the general revenues, or if the function is self-supporting through

fees and grants. It is important to note that all taxes are classified as general revenue even if restricted for a specific purpose.

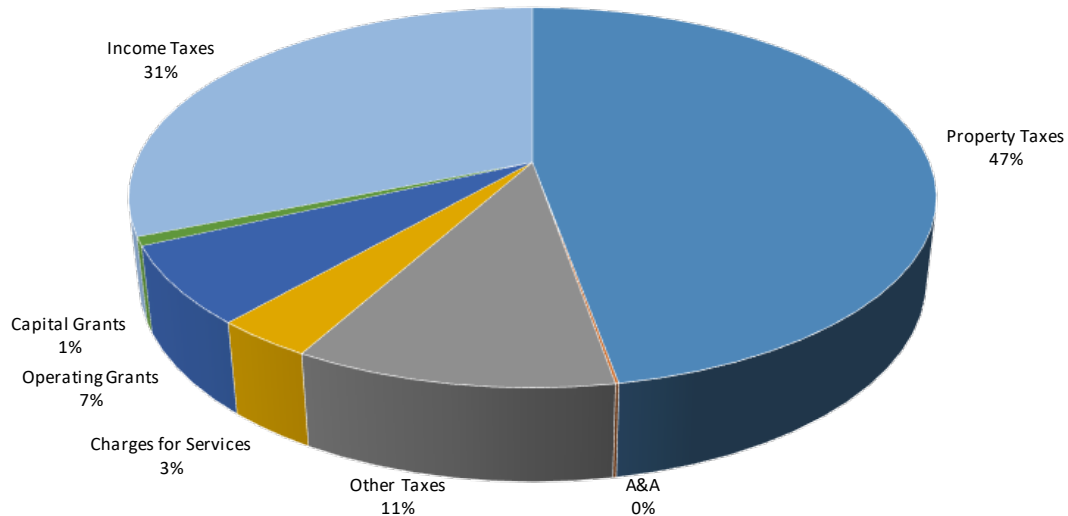
An increase in overall net position of \$100.2 million was experienced, as indicated on page 39. Total expenses of \$608.7 million were partially offset by program related service fees, grants, and other contributions of \$159.0 million. The remaining \$449.7 million in expenditures were primarily funded through non-program revenue sources, primarily property and income taxes.

Governmental activities. Governmental-type activities, as expected, operated at a \$467.9 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 \$362.9 million in non-program revenue.

The County operates many programs on a fee for service basis (business-type activities) to help keep the burden on the taxpayer down. Business-type activities account for \$75.5 million of the total \$608.7 million expended, or approximately 12% of the total, and finished the fiscal year with an operating gain of \$19.3 million.



General and Program Governmental Revenues by Source - Governmental Activities
(Year Ended June 30, 2022)



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 2022, the rates increased for each tier. The residential rate for water is \$4.81 for the first 18,000 gallons, an increase of 16 cents. The second residential rate for water is \$9.62 from 18,001 to 24,000 gallons, an increase of 32 cents. The third residential rate for water is \$14.43 for 24,000 gallons and above, an increase of 48 cents. The residential sewer rate is \$10.03 and is capped at 24,000 gallons. The commercial/multi-family rate for water is \$5.73, up 15 cents, and sewer is \$10.03 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 \$81 per ton for commercial and residential refuse was increased by \$3 as compared to Fiscal Year 2021. The County has opened the fourth expansion of the existing landfill site to accommodate local County waste.

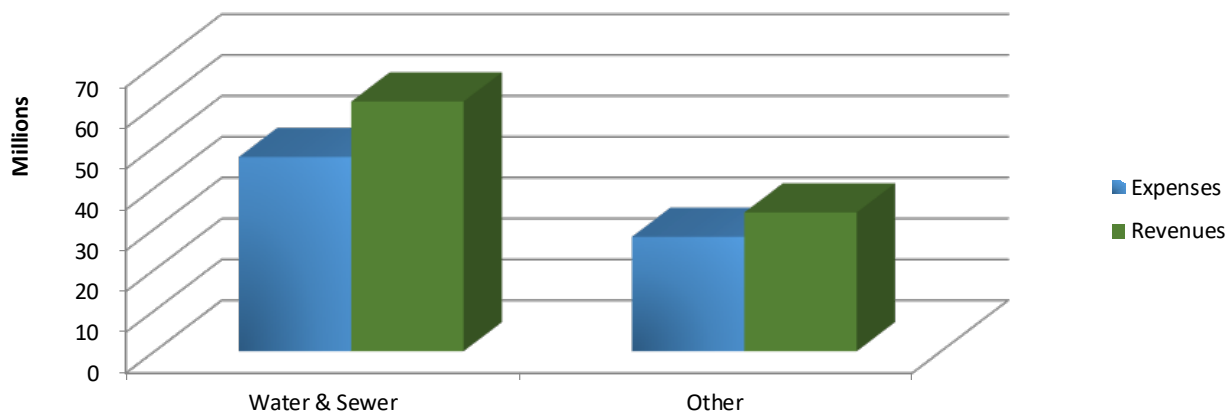
In conjunction with the landfill operation, the County also operates recycling and environmental programs. The recycling operation helps keep reusable items out of the landfill, thus extending the life, which, in turn, defrays the cost of the landfill and defers the need for additional sites. The recycling and environmental programs are funded by an annual user fee of \$130 assessed on each improved property in the County. This was a six dollar increase as compared to Fiscal Year 2021.

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

fee, as mentioned above. The fee established for Fiscal Year 2022 was \$115, an increase of twenty-three dollars compared to Fiscal Year 2021. The fee is charged annually to each improved property within the County. The Maryland legislature passed SB 863, the Watershed Protection and Restoration Program, that placed governance on counties and municipalities to regulate their own stormwater fee starting in Fiscal Year 2016.

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

Business-type Summary - Expenses and Revenues



Financial Analysis of the County’s Funds

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

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

As of the end of the current fiscal year, the County’s governmental funds reported combined ending fund balances of \$327.8 million, an increase of \$54.7 million in comparison with the prior year. The general fund increased by \$48.9 million primarily due to tax revenue from income tax and recordation and transfer tax exceeding budget estimates and expenditure savings. The County’s income tax distributions received from the State increased by 7.1%, with no change in the rate from the prior tax filing year. Recordation and transfer tax revenues, which are generated by property sales, grew by 1% due to the rising interest rates in the housing market. The non-major special revenue funds decreased by \$19.8 million. This was attributed to the recognition of the LOSAP trust, effectively formed on April 1, 2022, that was previously reported as part of the Fire & Rescue funds, as indicated on pages 151-155. The County’s governmental fund balances as of June 30, 2022,

includes General Fund reserves of \$2.2 million for inventory and Capital Project reserves of \$18.3 million for capital outlay with the balance of funds as indicated on page 96. The governmental fund balances of the County that are committed or assigned include \$17.1 million for income tax reserve and \$74.8 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 \$185.7 million. The assigned fund balance for specific purposes was \$9.6 million, while the unassigned fund balance was \$3.6 million, for a total fund balance of \$201.5 million.

The Capital Project Fund experienced an increase of \$27.3 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 \$1.7 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 \$47.1 million. The unrestricted net position for the County’s Solid Waste Fund was \$24.3 million. Unrestricted net position of all proprietary funds was \$80.9 million. There was a total increase in net position for all proprietary funds in the amount of \$19.3 million.

General Fund Budgetary Highlights

The Fiscal Year 2022 General Fund Operating Budget was adopted at \$450.4 million. Budget amendments approved during the year equaled \$13.3 million, increasing the budget to an amended total of \$463.7 million. The Budget provided funds to the local Board of Education exceeding the State mandated “Maintenance-of-Effort” by \$5.0 million to support salary increases.

A General Fund balance appropriation of \$17.4 million was approved during the year to support Commissioner goals and objectives. However, revenues primarily from Income Taxes, Recordation Taxes, and Transfer Taxes exceeded the budget estimate by \$57.7 million. In addition, overall year-end expenses were below the amended budget by \$8.7 million. As a result, instead of a budgeted Fund Balance decrease of \$17.4 million, an increase of approximately \$49.0 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, 2022, amounts to \$825.6 million (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, machinery and equipment, vehicles, infrastructure, and right-to-use leased assets. The total increase in the County’s investment in capital assets for the current fiscal year was 2.9% (a less than 1% decrease for governmental activities and an 8.3% increase for business-type activities).

Capital Assets
(net of depreciation)
June 30, 2022 and 2021
(amounts are presented in thousands)

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	2022	2021	2022	2021	2022	2020
Land (not depreciated)	\$ 105,850	\$ 99,504	\$ 2,396	\$ 2,359	\$ 108,246	\$ 101,863
Construction in progress (not depreciated)	49,157	49,278	129,408	112,763	178,565	162,041
Land improvements	17,418	16,485	12,929	13,716	30,347	30,201
Infrastructure	199,207	201,870	168,596	156,854	367,803	358,724
Buildings and improvements	77,698	84,771	6,119	6,115	83,816	90,887
Machinery and equipment	18,353	20,812	25,198	25,961	43,551	46,773
Vehicles	8,059	8,550	2,951	3,200	11,010	11,750
Right-to-use assets	2,273	-	-	-	2,273	-
Total	<u>\$ 478,015</u>	<u>\$ 481,270</u>	<u>\$ 347,597</u>	<u>\$ 320,968</u>	<u>\$ 825,612</u>	<u>\$ 802,239</u>

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

Long-term debt. At the end of the current fiscal year, the County had notes and bonds outstanding of \$469.1 million, which are backed by the full faith and credit of the County.

Outstanding Debt
General Obligation Bonds and Notes Payable
June 30, 2022 and 2021
(amounts are presented in thousands)

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	2021	2021	2021	2021	2021	2021
General obligation bonds	\$ 307,026	\$ 294,421	\$ 158,838	\$ 137,388	\$ 465,864	\$ 431,809
Notes payable	-	-	3,242	4,028	3,242	4,028
Total	<u>\$ 307,026</u>	<u>\$ 294,421</u>	<u>\$ 162,080</u>	<u>\$ 141,416</u>	<u>\$ 469,106</u>	<u>\$ 435,837</u>

The County’s total debt during Fiscal Year 2022 increased by \$33.3 million. The issuance of bonds at favorable interest rates combined with the County’s strategic long-term financial policy of primarily 15-year bond terms results in a rapid pay down of debt and has provided the County with the ability to issue new debt without a large negative fiscal impact. Bonds are also issued with 20-year bond terms for certain Road projects and 30-year bond terms for Stormwater Retrofit projects and certain Sewer projects to match the useful life of the asset with bond repayment.

The County recently announced that all three major national bond rating agencies: Fitch Ratings, S&P Global Ratings, and Moody’s Investor’s Service, have reaffirmed the County’s AAA bond rating. Charles County has held the “AAA”, the highest possible, from S&P Global Ratings (formerly Standard and Poor’s) since 2015. Moody’s Investors Service has assigned the “Aaa” rating

since 2016. Fitch Ratings has rated the County as “AAA” since 2010. S&P Global Ratings noted for Charles County “the rating reflects our opinion of the county’s broad stability and consistent growth in its economic and financial profiles”, while Moody’s evaluation cited “the rating considers the county’s strong financial management, with comprehensive fiscal policies and planning that has resulted in solid, stable reserves and liquidity.” Fitch Ratings stated, “they expect Charles County to maintain a high level of financial flexibility throughout economic cycles, consistent with historical performance and supported by superior inherent budget flexibility in the form of an unlimited legal ability to raise revenues and solid expenditure flexibility.”

The County may issue general obligation and revenue bonds under existing authority conferred by the Maryland General Assembly. As a Code Home Rule County, the County may also authorize the issuance of general obligation and revenue bonds by enacting public local laws. There is no statutory limit on the amount of general obligation or revenue bonds that may be authorized by the County Commissioners. As of the end of Fiscal Year 2022, the County currently has \$187,458,100 of general obligation bond authority.

State statutes limit the amount of general obligation debt a governmental entity may issue for water, sewer, and solid waste infrastructure to ten percent of its total assessed valuation. This debt is typically backed first by revenue bonds from the various enterprise funds and second by the full faith and credit of the County. The current water, sewer, and solid waste debt limitation for Charles County is \$2.0 billion, which significantly exceeds the County’s current outstanding general obligation debt related to revenue bonds. Additional information on the County’s long-term debt can be found in Note 3 (Item I) on pages 87-91 of this report.

Economic Factors and Next Year’s Budgets and Rates

- The General Fund Adopted Budget, for the fiscal year ending June 30, 2023, was approved on May 17, 2022, in the amount of \$494,446,200, an increase of 9.8% over the General Fund fiscal year 2022 Adopted Budget.
- The adopted budget included an increase of \$3,065,500 in real and business personal property tax receipts. The FY2023 property tax budget was based on the power plant's deactivation of Morgantown 1 and 2 generating units effective on May 31, 2022. Compared to FY2022, their FY2023 tax payment to the county has been reduced by nearly \$6 million. The adopted budget also includes an increase in income tax of \$21,000,000.
- Appropriation from Fund Balance Reserves of \$21.4 million were approved for fiscal year 2023 to support Commissioner goals & objectives that are one time in nature, to help offset revenue losses from the Morgantown power plant deactivation, to smooth the impact of the teacher’s incentive grant for Charles County Public Schools and the Other Post-Employment Benefits contribution per the County’s strategic plan. These fund balance reserves were established by Board of County Commissioners in fiscal year 2022.
- The property tax rate (exclusive of the special fire and rescue district tax) remained at \$1.141 for Real Property and \$2.8525 for Business Personal Property per \$100 of assessed value.

- The local income tax rate for calendar year 2023 remains at 3.03% of an individual’s Maryland taxable income.
- The adopted expenditure budgets for fiscal year 2023 increased by \$44,095,900. Public Education increased 6.0% and will be receiving \$12.0 million more than the previous fiscal year. The Board of Education continues to receive the majority of County funding with an appropriation of \$212,686,400 of the total \$494,446,200. Sheriff and Detention Center budgets receive the second largest allocation of County funding at \$107,992,500, which is \$7.1 million more than fiscal year 2022. Other highlights include funding to support the VanGO pilot program, providing funding towards the implementation of a body worn camera program for the Sheriff’s Office, new emergency medical technicians to support ambulance services in the Waldorf area, funding to further diversity, equity and inclusion in the community and the workplace, continued funding for contractual positions for community outreach workers within the Charles County Department of Health, and funding to support the Department of Planning and Growth Management efforts in updating the zoning ordinance and to support climate resiliency initiatives. The budget meets the County’s debt obligations for the capital improvement program, and other expenditures to facilitate Commissioners’ goals and objectives.
- The Fiscal Year 2023 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 2023.

Requests for Information

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

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

Please visit our website at www.charlescountymd.gov

Basic Financial Statements

THE COUNTY COMMISSIONERS OF CHARLES COUNTY, MARYLAND
STATEMENT OF NET POSITION
AS OF JUNE 30, 2022

	Governmental Activities	Business-type Activities	Total Primary Government	Component Units
ASSETS:				
Cash and cash equivalents	\$ 41,011,011	\$ 414,216	\$ 41,425,226	\$ 103,309,106
Short-term investments	373,537,891	-	373,537,891	-
Accounts & other tax receivables	102,485,376	14,091,504	116,576,879	31,570,736
Excise tax receivable	53,534,817	-	53,534,817	-
County property taxes receivable	3,886,837	-	3,886,837	-
Leases receivable	202,050	189,007	391,057	2,631,860
Internal balances	(99,802,272)	99,802,272	-	-
Inventory	2,167,812	617,126	2,784,939	430,436
Other current assets	1,004,674	14,516	1,019,191	45,037
Leases receivable, non-current	3,205,427	5,934,547	9,139,975	
Restricted assets:				
Cash and cash equivalents	33,794,275	89,275	33,883,550	-
Notes receivable	6,321,611	-	6,321,611	-
Capital assets, not being depreciated/amortized				
Land	105,850,045	2,395,955	108,246,001	19,414,134
Construction in progress	49,156,737	129,407,976	178,564,713	52,761,690
Capital assets, net of accumulated depreciation:				
Land improvements	17,418,065	12,929,005	30,347,070	10,803,535
Infrastructure	199,207,183	168,596,221	367,803,404	-
Buildings and improvements	77,697,555	6,118,905	83,816,460	343,936,625
Machinery and equipment	18,353,228	25,197,540	43,550,768	5,458,973
Vehicles	8,058,689	2,951,248	11,009,937	-
Capital assets, net of accumulated amortization:				
Right-to-use items	2,273,189		2,273,189	886,154
Total assets	<u>999,364,200</u>	<u>468,749,312</u>	<u>1,468,113,511</u>	<u>571,248,286</u>
DEFERRED OUTFLOWS OF RESOURCES:				
Related to OPEB	7,124,854	-	7,124,854	246,161,777
Related to Pension	76,383,035	-	76,383,035	14,585,381
Charges on bond refundings	1,606,571	-	1,606,571	-
Total deferred outflows	<u>85,114,460</u>	<u>-</u>	<u>85,114,460</u>	<u>260,747,158</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>1,084,478,660</u>	<u>468,749,312</u>	<u>1,553,227,972</u>	<u>831,995,444</u>
LIABILITIES:				
Accounts payable	11,541,053	11,886,882	23,427,935	16,576,500
Accrued expenses	18,718,616	3,754,512	22,473,128	33,896,698
Unearned revenue	33,484,893	1,850,180	35,335,074	4,489,459
Other liabilities	6,409,122	88,807	6,497,929	192,884
Noncurrent liabilities:				
Due within one year	39,218,599	9,373,092	48,591,691	1,654,806
Due in more than one year	575,588,181	173,136,838	748,725,019	700,732,251
Total liabilities	<u>684,960,464</u>	<u>200,090,312</u>	<u>885,050,776</u>	<u>757,542,598</u>
DEFERRED INFLOWS OF RESOURCES:				
Related to Leases	3,324,992	5,955,298	9,280,290	2,594,591.0
Related to OPEB	50,401,749	-	50,401,749	186,128,988
Related to Pension	35,329,175	-	35,329,175	2,973,523
Total deferred inflows	<u>89,055,916</u>	<u>5,955,298</u>	<u>95,011,214</u>	<u>191,697,102</u>
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	<u>774,016,380</u>	<u>206,045,609</u>	<u>980,061,990</u>	<u>949,239,700</u>

THE COUNTY COMMISSIONERS OF CHARLES COUNTY, MARYLAND
STATEMENT OF NET POSITION-continued
AS OF JUNE 30, 2022

NET POSITION:				
Net Investment in capital assets	228,057,036	174,464,987	402,522,023	431,049,262
Restricted for:				
Capital projects	-	7,269,171	7,269,171	-
Debt service	1,692,000	-	1,692,000	-
Fire and Rescue	91,143	-	91,143	-
Cable franchise	10,400,090	-	10,400,090	-
Restricted for grants	7,934,796	-	7,934,796	11,031,136
Unrestricted	<u>62,287,214</u>	<u>80,969,544</u>	<u>143,256,759</u>	<u>(559,324,654)</u>
Total net position	<u>\$ 310,462,280</u>	<u>\$ 262,703,704</u>	<u>\$ 573,165,984</u>	<u>\$ (117,244,256)</u>

THE COUNTY COMMISSIONERS OF CHARLES COUNTY, MARYLAND
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2022

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
PRIMARY GOVERNMENT:				
Governmental activities:				
Legislative	\$ 2,710,773	\$ -	\$ -	\$ -
Judicial	7,861,408	-	876,983	24,719
Law	1,068,116	62,630	-	-
General government	12,315,675	7,108,189	4,741,119	100,000
Elections	2,390,444	-	-	-
Public safety	153,067,034	4,967,747	2,446,294	322,396
Planning and growth management	6,986,371	6,018,348	5,160,093	1,224,009
Health	4,594,238	74,046	907,807	420,718
Social services	3,194,220	-	-	-
Community services	28,713,564	389,382	20,223,095	-
Recreation, Parks & Tourism	13,113,565	1,292,376	-	2,252,864
Public facilities	59,910,525	490,284	149,026	191,394
Economic development	2,284,697	-	-	-
Education	223,371,287	-	5,829,894	-
Conservation of natural resources	687,382	-	-	-
Interest expense on long term debt	10,856,576	-	-	-
Total governmental activities	533,125,875	20,403,001	40,334,311	4,536,100
Business-type activities:				
Water and sewer	47,543,987	59,856,354	1,232,645	-
Inspection and review	5,743,463	7,039,029	-	-
Recreation	1,889,338	1,282,380	46,391	-
Solid waste	7,641,486	10,973,462	-	-
Environmental services	6,849,953	7,331,001	-	-
SW-Watershed Protection	5,743,031	5,917,720	-	-
Vending machines	139,306	125,632	-	-
Total business-type activities	75,550,563	92,525,577	1,279,036	-
Total primary government	\$ 608,676,438	\$ 112,928,579	\$ 41,613,346	\$ 4,536,100
COMPONENT UNITS:				
Board of Education of Charles County, Maryland	\$ 527,891,837	\$ 1,171,833	\$ 158,826,011	\$ 25,540,019
Board of Library Trustees for Charles County	7,173,141	59,141	109,727	-
Resilience Authority of Charles County	227	-	-	-
Total component units	\$ 535,065,205	\$ 1,230,974	\$ 158,935,738	\$ 25,540,019

General revenues:

Taxes:

Local property taxes
Local taxes - Excise
Local taxes - Admissions & Amusement
Local taxes - Recordation
Local taxes - Transfer
Local taxes - Hotel/Motel
Local taxes - Heavy Equipment
Income taxes (Own Source)

County and state appropriations
Other income
Interest and investment earnings

Net transfers

Total general revenues and transfers

Change in net position

Net position - beginning of year

Net position - end of year

THE COUNTY COMMISSIONERS OF CHARLES COUNTY, MARYLAND
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2022

Net (Expenses)Revenues and Changes in Net Position				
Primary Government				
Governmental Activities	Business- type Activities	Total	Component Units	
				PRIMARY GOVERNMENT:
				Governmental activities:
\$ (2,710,773)	\$ -	\$ (2,710,773)	\$ -	Legislative
(6,959,706)	-	(6,959,706)	-	Judicial
(1,005,487)	-	(1,005,487)	-	Law
(366,367)	-	(366,367)	-	General government
(2,390,444)	-	(2,390,444)	-	Elections
(145,330,597)	-	(145,330,597)	-	Public safety
5,416,078	-	5,416,078	-	Planning and growth management
(3,191,668)	-	(3,191,668)	-	Health
(3,194,220)	-	(3,194,220)	-	Social services
(8,101,087)	-	(8,101,087)	-	Community services
(9,568,325)	-	(9,568,325)	-	Recreation, Parks & Tourism
(59,079,821)	-	(59,079,821)	-	Public facilities
(2,284,697)	-	(2,284,697)	-	Economic development
(217,541,393)	-	(217,541,393)	-	Education
(687,382)	-	(687,382)	-	Conservation of natural resources
(10,856,576)	-	(10,856,576)	-	Interest expense on long term debt
<u>(467,852,463)</u>	<u>-</u>	<u>(467,852,463)</u>	<u>-</u>	Total governmental activities
				Business-type activities:
-	13,545,012	13,545,012	-	Water and sewer
-	1,295,566	1,295,566	-	Inspection and review
-	(560,567)	(560,567)	-	Recreation
-	3,331,976	3,331,976	-	Solid waste
-	481,048	481,048	-	Environmental services
-	174,689	174,689	-	SW-Watershed Protection
-	(13,675)	(13,675)	-	Vending machines
<u>-</u>	<u>18,254,047</u>	<u>18,254,049</u>	<u>-</u>	Total business-type activities
<u>(467,852,463)</u>	<u>18,254,047</u>	<u>(449,598,414)</u>	<u>-</u>	Total primary government
				COMPONENT UNITS:
-	-	-	(342,353,974)	Board of Education of Charles County, Maryland
-	-	-	(7,004,273)	Board of Library Trustees for Charles County
-	-	-	(227)	Resilience Authority of Charles County
<u>-</u>	<u>-</u>	<u>-</u>	<u>(349,358,474)</u>	Total component units
				General revenues:
				Taxes:
283,238,317	-	283,238,317	-	Local property taxes
10,353,745	-	10,353,745	-	Local taxes - Excise
678,153	-	678,153	-	Local taxes - Admissions & Amusement
38,745,275	-	38,745,275	-	Local taxes - Recordation
15,348,723	-	15,348,723	-	Local taxes - Transfer
1,232,652	-	1,232,652	-	Local taxes - Hotel/Motel
115,978	-	115,978	-	Local taxes - Heavy Equipment
189,376,845	-	189,376,845	-	Income taxes (Own Source)
-	-	-	336,121,137	County and state appropriations
8,513,914	-	8,513,914	4,468,867	Other income
1,943,179	289,239	2,232,418	81,520	Interest and investment earnings
(733,689)	733,689	-	-	Net transfers
<u>548,813,090</u>	<u>1,022,928</u>	<u>549,836,020</u>	<u>340,671,524</u>	Total general revenues and transfers
80,960,627	19,276,976	100,237,604	(8,686,950)	Change in net position
229,501,652	243,426,727	472,928,379	(108,557,306)	Net position - beginning of year
<u>\$ 310,462,280</u>	<u>\$ 262,703,704</u>	<u>\$ 573,165,985</u>	<u>\$ (117,244,256)</u>	Net position - end of year

THE COUNTY COMMISSIONERS OF CHARLES COUNTY, MARYLAND
BALANCE SHEET
GOVERNMENTAL FUNDS
AS OF JUNE 30, 2022

	General Fund	Capital Projects	Debt Service	Total Non-Major Governmental Funds	Total Governmental Funds
ASSETS:					
Cash and cash equivalents	\$ 41,010,366	\$ -	\$ -	\$ 645	\$ 41,011,011
Investments	373,537,891	-	-	-	373,537,891
Accounts & Other tax receivables	93,041,959	2,284,477	1,106	7,157,834	102,485,376
Excise tax receivable	-	-	53,534,817	-	53,534,817
County property taxes receivable	3,886,837	-	-	-	3,886,837
Leases receivable, current	202,050	-	-	-	202,050
Due from other funds	-	90,880,881	14,766,456	19,124,303	124,771,640
Inventory	2,167,812	-	-	-	2,167,812
Other assets	329,022	-	-	675,652	1,004,674
Restricted assets					
Restricted cash and cash equivalents	1,409,426	-	17	32,384,832	33,794,275
Leases receivable, non-current	3,205,427	-	-	-	3,205,427
Restricted notes receivable	-	-	6,321,611	-	6,321,611
Total assets	\$ 518,790,790	\$ 93,165,358	\$ 74,624,007	\$ 59,343,267	\$ 745,923,421
LIABILITIES AND FUND BALANCES:					
Accounts payable	\$ 2,718,599	\$ 5,693,133	\$ 62,313	\$ 3,067,007	\$ 11,541,053
Accrued expenditures	9,598,557	-	-	-	9,598,557
Unearned revenue	43,238	2,148,104	1,106	31,292,444	33,484,893
Due to other funds	220,121,649	-	-	4,452,263	224,573,912
Other liabilities	5,818,999	108,000	-	482,122	6,409,122
Payable from restricted assets	1,191,973	-	-	-	1,191,973
Total liabilities	239,493,017	7,949,237	63,420	39,293,837	286,799,510
DEFERRED INFLOWS OF RESOURCES:					
Lease related	3,324,992	-	-	-	3,324,992
Unavailable revenue	74,436,483	-	53,521,970	-	127,958,453
Total deferred inflows	77,761,475	-	53,521,970	-	131,283,445
Fund balances:					
Nonspendable fund balance	2,485,410	-	-	-	2,485,410
Restricted fund balance	139,469	18,302,845	1,692,000	14,013,324	34,147,638
Committed fund balance	185,677,785	43,052,490	-	-	228,730,274
Assigned fund balance	9,558,227	23,860,786	19,346,617	6,036,106	58,801,736
Unassigned fund balance	3,675,406	-	-	-	3,675,406
Total fund balances	201,536,297	85,216,121	21,038,617	20,049,430	327,840,465
Total liabilities, deferred inflows & fund balances	\$ 518,790,790	\$ 93,165,358	\$ 74,624,007	\$ 59,343,267	\$ 745,923,420

THE COUNTY COMMISSIONERS OF CHARLES COUNTY, MARYLAND
RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCE
TO NET POSITION OF GOVERNMENTAL ACTIVITIES
JUNE 30, 2022

Total Governmental Fund Balance	\$	327,840,465
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		478,014,691
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		(307,025,967)
Capital asset financing payable		(11,670,006)
Health insurance claims		(998,584)
Worker's Compensation claims		(4,090,848)
Net pension liabilities		(134,432,728)
LOSAP liabilities		(3,872,123)
Accrued interest		(2,838,653)
Lease liabilities		(2,309,143)
Net OPEB liability		(129,345,048)
Unavailable revenue		127,958,453
Deferred outflows and inflows of resources, including charges on refunding and associated with pensions which are not financial resources and therefore are not reported in the funds.		
Changes with charges on refundings		1,606,571
Related to Pensions		76,383,035
Related to Pensions		(35,329,175)
Related to OPEB		7,124,854
Related to OPEB		(50,401,749)
Compensated absences which are not due and payable in the current period and therefore are not reported in the funds		<u>(26,151,765)</u>
Net position of Governmental Activities	\$	<u>310,462,280</u>

THE COUNTY COMMISSIONERS OF CHARLES COUNTY, MARYLAND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2022

	General Fund	Capital Projects	Debt Service	Total Non-Major Governmental Funds	Total Governmental Funds
Revenues:					
Taxes - Local property	\$ 248,087,176	\$ -	\$ -	\$ 14,452,361	\$ 262,539,537
Taxes - Income (Own Source)	171,197,766	-	-	-	171,197,766
Taxes - Excise	-	-	10,353,745	-	10,353,745
Taxes - Admissions and Amusement	678,153	-	-	-	678,153
Taxes - Recordation	38,745,275	-	-	-	38,745,275
Taxes - Transfer	15,348,723	-	-	-	15,348,723
Taxes - Hotel/Motel	1,232,652	-	-	-	1,232,652
Taxes - Heavy Equipment	115,978	-	-	-	115,978
Charges for services	10,829,659	5,104,756	-	4,468,587	20,403,001
Intergovernmental	4,802,187	9,635,870	-	30,432,355	44,870,411
Interest income	626,477	-	1,303,012	13,690	1,943,179
Other income	9,517,840	1,481,878	37,548	279,612	11,316,878
Total revenues	501,181,885	16,222,504	11,694,305	49,646,604	578,745,297
Expenditures:					
Current:					
Education	215,735,225	19,054,844	-	3,010,129	237,800,198
Public safety	123,732,459	3,845,440	-	40,331,607	167,909,505
Other general government	32,925,631	-	2,052,331	-	34,977,962
Public facilities	15,857,079	8,920,681	-	-	24,777,760
Financial administration	13,714,130	880,329	-	-	14,594,460
Community services	2,217,429	-	-	26,607,351	28,824,780
Recreation, Parks and Tourism	9,477,616	3,945,105	-	-	13,422,721
Judicial	6,710,603	-	-	1,054,659	7,765,262
Planning and growth management	3,360,622	2,264,855	-	981,510	6,606,988
Health	3,470,073	-	-	839,911	4,309,983
Economic development	2,182,307	-	-	204,776	2,387,082
Social services	1,531,239	-	-	1,662,981	3,194,220
Legislative	2,581,464	-	-	30,278	2,611,742
Law	1,058,320	-	-	-	1,058,320
Conservation of natural resources	680,759	-	-	-	680,759
Elections	2,390,185	-	-	-	2,390,185
Debt service:					
Principal	-	-	10,719,447	-	10,719,447
Interest	8,123,964	-	2,870,788	-	10,994,752
Total expenditures	445,749,105	38,911,254	15,642,566	74,723,200	575,026,125
Excess (deficiency) of revenues over (under) expenditures	55,432,780	(22,688,750)	(3,948,262)	(25,076,596)	3,719,172
Other financing sources (uses):					
Issuance of debt - capital asset financing	-	-	2,255,888	-	2,255,888
Issuance of debt - leases	1,923,042	-	-	-	1,923,042
Issuance of debt - bonds	-	41,000,000	-	-	41,000,000
Premium on issuance of debt	-	6,568,706	-	-	6,568,706
Transfers in	2,671,800	5,079,378	-	5,596,702	13,347,880
Transfers out	(11,056,581)	(2,671,800)	-	(353,188)	(14,081,569)
Total other financing sources (uses)	(6,461,739)	49,976,285	2,255,888	5,243,514	51,013,948
Net change in fund balance	48,971,041	27,287,534	(1,692,373)	(19,833,082)	54,733,121
Fund balance - beginning of year	152,565,256	57,928,585	22,730,991	39,882,511	273,107,343
Fund balance - end of year	\$ 201,536,297	\$ 85,216,121	\$ 21,038,617	\$ 20,049,430	\$ 327,840,465

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, 2022

Net change in fund balance - Governmental Funds	\$	54,733,121
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures.		31,145,540
However, in the statement of activities, the cost of capital assets is allocated over their estimated useful lives as depreciation expense.		(34,518,479)
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.		(11,569,546)
Governmental funds report revenues based on the availability of the funds. However, in the government-wide statements revenues are recorded based on collectibility.		20,438,465
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		97,291,252
Deferred outflows and inflows of resources related to OPEB		21,371,998
Amortization of deferred charges on bond refundings		(211,604)
Compensated absences		(1,359,214)
Health Self-Insurance Claims - IBNR		151,397
Worker's Compensation Self-Insurance Claims - IBNR		1,419,441
Net pension expense		(121,147,269)
Net LOSAP expense		33,796,626
Accrued interest		138,167
LEASES		(2,193,164)
Net OPEB current year expense		(8,526,103)
Change in Net Position of Governmental Activities	\$	<u>80,960,627</u>

THE COUNTY COMMISSIONERS OF CHARLES COUNTY, MARYLAND
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2022

	Business-type activities				Total
	Water and Sewer Fund	Solid Waste Fund	SW-Water Protection	Other Non-Major Proprietary Funds	
ASSETS:					
Current assets:					
Cash and cash equivalents	\$ 200	\$ 2,000	\$ -	\$ 412,016	\$ 414,216
Account receivables	12,371,329	1,563,214	54,027	102,933	14,091,504
Leases receivable	189,007	-	-	-	189,007
Due from other funds	48,827,372	39,857,915	5,566,479	8,069,514	102,321,280
Inventory	617,126	-	-	-	617,126
Other current assets	331	237	-	13,948	14,516
Total current assets	<u>62,005,365</u>	<u>41,423,366</u>	<u>5,620,506</u>	<u>8,598,411</u>	<u>117,647,649</u>
Noncurrent assets:					
Net capital assets	277,703,352	27,009,111	36,145,166	6,739,220	347,596,850
Leases receivable	3,176,005	-	-	2,758,542	5,934,547
Restricted cash and cash equivalents	-	89,275	-	-	89,275
Total noncurrent assets	<u>280,879,357</u>	<u>27,098,386</u>	<u>36,145,166</u>	<u>9,497,763</u>	<u>353,620,673</u>
Total assets	<u>342,884,723</u>	<u>68,521,752</u>	<u>41,765,672</u>	<u>18,096,174</u>	<u>471,268,321</u>
LIABILITIES:					
Current liabilities:					
Accounts payable	7,272,541	2,957,557	871,944	784,840	11,886,882
Accrued expenses	3,148,273	86,679	468,333	51,227	3,754,512
Due to other funds	-	-	-	2,519,008	2,519,008
Unearned revenue	1,400,436	-	-	449,744	1,850,180
Current portion of long-term debt					
Bonds payable	6,764,257	87,615	127,556	10,446	6,989,875
Capital asset financing	880,211	169,062	102,209	125,284	1,276,766
Compensated absences	216,622	27,367	15,924	50,497	310,410
Notes payable	796,041	-	-	-	796,041
Total current liabilities	<u>20,478,380</u>	<u>3,328,279</u>	<u>1,585,967</u>	<u>3,991,047</u>	<u>29,383,674</u>
Noncurrent liabilities:					
Bonds payable	114,947,577	1,285,523	35,481,846	133,398	151,848,343
Capital asset financing	1,861,297	366,505	318,051	214,341	2,760,194
Compensated absences	1,611,872	210,997	101,705	376,122	2,300,695
Landfill post-closure costs	-	13,781,709	-	-	13,781,709
Notes payable	2,445,897	-	-	-	2,445,897
Other liabilities	-	88,807	-	-	88,807
Total noncurrent liabilities	<u>120,866,641</u>	<u>15,733,540</u>	<u>35,901,602</u>	<u>723,861</u>	<u>173,225,645</u>
Total liabilities	<u>141,345,022</u>	<u>19,061,820</u>	<u>37,487,569</u>	<u>4,714,908</u>	<u>202,609,319</u>
DEFERRED INFLOW OF RESOURCES:					
Charges related to Leases	3,282,665	-	-	2,672,633	5,955,298
Total Deferred Inflows	<u>3,282,665</u>	<u>-</u>	<u>-</u>	<u>2,672,633</u>	<u>5,955,298</u>
NET POSITION:					
Net Investment in Capital Assets	145,748,146	25,048,704	(160,150)	3,828,288	174,464,988
Restricted for Capital Projects	5,452,688	50,000	1,766,483	-	7,269,171
Unrestricted	47,056,201	24,361,228	2,671,770	6,880,345	80,969,544
Total net position	<u>\$ 198,257,036</u>	<u>\$ 49,459,933</u>	<u>\$ 4,278,103</u>	<u>\$ 10,708,632</u>	<u>\$ 262,703,704</u>

THE COUNTY COMMISSIONERS OF CHARLES COUNTY, MARYLAND
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2022

	Business-type activities				
	Water and Sewer Fund	Solid Waste Fund	SW-Water Protection	Other Non-Major Proprietary Funds	Total
Operating revenues:					
Charges for services	\$ 59,813,141	\$ 10,973,462	\$ 5,917,720	\$ 15,778,042	\$ 92,482,363
Other income	-	-	-	-	-
Total operating revenues	<u>59,813,141</u>	<u>10,973,462</u>	<u>5,917,720</u>	<u>15,778,042</u>	<u>92,482,363</u>
Operating expenses:					
Personnel services	13,195,342	2,545,705	1,189,668	4,778,587	21,709,302
Utilities	3,242,431	23,658	480	44,040	3,310,609
Repairs and maintenance	1,659,564	315,661	10,703	101,516	2,087,445
Insurance costs	351,864	21,366	-	36,486	409,716
Indirect costs	1,183,500	383,680	67,810	176,000	1,810,990
Supplies	2,554,504	331,983	6,570	328,466	3,221,523
Contract services	5,337,685	2,012,549	1,703,451	7,737,374	16,791,059
Other operating costs	5,051,638	187,772	399,546	496,498	6,135,454
Depreciation/amortization	11,938,690	1,737,886	1,382,854	937,397	15,996,827
Total operating expenses	<u>44,515,218</u>	<u>7,560,261</u>	<u>4,761,081</u>	<u>14,636,364</u>	<u>71,472,924</u>
Operating income	<u>15,297,923</u>	<u>3,413,201</u>	<u>1,156,638</u>	<u>1,141,678</u>	<u>21,009,439</u>
Nonoperating revenues (expenses):					
Interest income	126,351	52,199	12,343	98,347	289,239
Intergovernmental	1,232,645	-	-	46,391	1,279,036
Interest expense	(3,028,769)	(81,225)	(981,950)	(9,526)	(4,101,470)
Gain on disposal of capital assets	43,214	-	-	23,829	67,043
Total nonoperating revenues (losses)	<u>(1,626,560)</u>	<u>(29,026)</u>	<u>(969,607)</u>	<u>159,041</u>	<u>(2,466,152)</u>
Income before transfers	13,671,363	3,384,175	187,031	1,300,719	18,543,288
Transfers in	-	-	-	783,689	783,689
Transfers out	-	-	-	(50,000)	(50,000)
Change in net position	13,671,363	3,384,175	187,031	2,034,407	19,276,976
Net position - beginning of year	184,585,672	46,075,758	4,091,072	8,674,225	243,426,727
Net position - end of year	<u>\$ 198,257,036</u>	<u>\$ 49,459,933</u>	<u>\$ 4,278,103</u>	<u>\$ 10,708,632</u>	<u>\$ 262,703,704</u>

THE COUNTY COMMISSIONERS OF CHARLES COUNTY, MARYLAND
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2022

	Business-type activities				Total
	Water and Sewer Fund	Solid Waste Fund	SW-Water Protection	Other Non-Major Proprietary Funds	
Cash flows from operating activities:					
Cash received from customers	\$ 59,693,763	\$ 10,973,462	\$ 5,917,720	\$ 15,944,071	\$ 92,529,016
Cash paid to suppliers	(21,963,051)	(726,292)	(1,871,570)	(12,016,819)	(36,577,732)
Cash paid to employees	(12,537,135)	(1,198,365)	(1,141,513)	(4,807,812)	(19,684,825)
Net cash from operating activities	<u>25,193,577</u>	<u>9,048,805</u>	<u>2,904,637</u>	<u>(880,560)</u>	<u>36,266,459</u>
Cash flows from investing activities:					
Interest received	126,351	52,199	12,343	98,347	289,240
Net cash from investing activities	<u>126,351</u>	<u>52,199</u>	<u>12,343</u>	<u>98,347</u>	<u>289,240</u>
Cash flows from noncapital financing activities:					
Transfers in (out)	-	-	-	733,689	733,689
Intergovernmental	1,232,645	-	-	46,391	1,279,036
Receipts from interfund loans	-	151,093	-	2,111,155	2,262,248
Repayments of interfund loans	(8,994,729)	-	(1,770,227)	(1,260,444)	(12,025,400)
Net cash from noncapital financing activities	<u>(7,762,084)</u>	<u>151,093</u>	<u>(1,770,227)</u>	<u>1,630,791</u>	<u>(7,750,427)</u>
Cash flows from capital and related financing activities:					
Proceeds from issuance of bonds	25,500,000	-	3,500,000	-	29,000,000
Principal payments on bonds payable	(6,888,461)	(83,851)	(957,626)	-	(7,929,938)
Principal payments on capital asset financing	(1,461,226)	(166,701)	(75,720)	(580,854)	(2,284,501)
Principal payments on loans	(786,601)	-	-	(159,149)	(945,750)
Interest paid	(3,028,769)	(81,225)	(981,950)	14,615	(4,077,329)
Proceeds from disposal of assets	43,214	-	-	23,829	67,043
Cash paid for capital expenses	(30,936,001)	(8,920,160)	(2,631,457)	(416,731)	(42,904,349)
Net cash from capital and related financing activities	<u>(17,557,844)</u>	<u>(9,251,937)</u>	<u>(1,146,753)</u>	<u>(1,118,290)</u>	<u>(29,074,824)</u>
Net increase (decreases) in cash and cash equivalents	-	160	-	(269,712)	(269,552)
Cash and cash equivalents - beginning of year	200	91,115	-	681,728	773,043
Cash and cash equivalents - end of year	<u>\$ 200</u>	<u>\$ 91,275</u>	<u>\$ -</u>	<u>\$ 412,016</u>	<u>\$ 503,491</u>

THE COUNTY COMMISSIONERS OF CHARLES COUNTY, MARYLAND
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2022

	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)	\$ 15,297,923	\$ 3,413,201	1,156,638	\$ 1,141,678	\$ 21,009,439
Adjustments to reconcile operating income to net cash from operating activities:					
Depreciation/amortization	11,938,690	1,737,886	1,382,854	937,397	15,996,827
Increase (decrease) in compensation-related liabilities included in long-term debt	801,056	(2,210)	(11,750)	(5,095)	782,001
Increase in landfill closure liabilities included in long-term debt	-	1,629,824	(6,092.00)	-	1,623,732
(Increase) decrease in other receivables	79,268	(300,741)	-	(24,381)	(245,854)
(Increase) decrease in notes receivable	(195,267)	-	-	(2,772,439)	(2,967,706)
(Increase) decrease in leases receivable	(3,371,272)	-	-	-	(3,371,272)
(Increase) decrease in inventories	(134,282)	-	-	2,281	(132,001)
(Increase) decrease in other current assets	(330)	263	16,000	207,101	223,034
(Increase) decrease in restricted assets	-	(160)	-	-	(160)
(Increase) decrease in deferred bond issue costs	898,229	(12,894)	98,936	1,184	985,455
Increase (decrease) in accounts payable	(775,515)	2,550,114	208,146	(510,185)	1,472,560
Increase (decrease) in accrued expenses	658,457	33,522	59,905	(24,131)	727,753
Increase (decrease) in unearned revenue	(3,379)	-	-	166,029	162,650
Net cash from by operating activities	<u>\$ 25,193,577</u>	<u>\$ 9,048,805</u>	<u>\$ 2,904,637</u>	<u>\$ (880,560)</u>	<u>\$ 36,266,459</u>

SCHEDULE OF NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES

	Water and Sewer Fund	Solid Waste Fund	SW-Water Protection	Other Non-Major Proprietary Funds	Total
Borrowing under capital asset financing	<u>\$ 330,000</u>	<u>\$ 317,500</u>	<u>\$ 442,500</u>	<u>\$ 265,000</u>	<u>\$ 1,355,000</u>

THE COUNTY COMMISSIONERS OF CHARLES COUNTY, MARYLAND
STATEMENT OF FIDUCIARY NET POSITION
AS OF JUNE 30, 2022

	Pension and OPEB Trust Funds
ASSETS:	
Current assets:	
Cash and cash equivalents	\$ 11,906,865
Interest receivable	214,683
Total current assets	12,121,547
Investments:	
Bond mutual funds	136,190,734
Equity securities	231,952,127
Pooled separate accounts	257,621,915
Total investments	625,764,776
Total assets	637,886,323
LIABILITIES:	
Accrued expenses	30,702
Net position restricted for pensions	616,342,307
Net position restricted for OPEB	21,513,313
TOTAL NET POSITION	\$ 637,855,620

THE COUNTY COMMISSIONERS OF CHARLES COUNTY, MARYLAND
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
YEAR ENDED JUNE 30, 2022

	<u>Pension and OPEB Trust Funds</u>
ADDITIONS:	
Contributions:	
Employer contributions	\$ 45,338,305
Employee contributions	5,796,830
Total contributions	<u>51,135,135</u>
Investment earnings:	
Interest	33,699,124
Net change in fair value of investments	<u>(120,810,998)</u>
Total investment earnings	(87,111,875)
Less investment expenses	<u>(3,376,025)</u>
Net investment earnings	<u>(90,487,900)</u>
Total additions	<u>(39,352,765)</u>
DEDUCTIONS:	
Benefits paid to members	25,196,577
Administrative costs	<u>93,448</u>
Total deductions	<u>25,290,024</u>
Changes in net position	(64,642,789)
Net position - beginning of year	<u>702,498,410</u>
Net position - end of year	<u>\$ 637,855,620</u>

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THE COUNTY COMMISSIONERS OF CHARLES COUNTY, MARYLAND
 COMBINING STATEMENT OF NET POSITION
 COMPONENT UNITS
 JUNE 30, 2022

	Board of Education of Charles County, Maryland	Board of Library Trustees for Charles County	The Resilience Authority of Charles County	Total
ASSETS:				
Cash and cash equivalents	\$ 101,542,748	\$ 1,666,358	\$ 100,000	\$ 103,309,106
Short-term investments	-	-	-	-
Accounts receivable	31,559,598	11,138	-	31,570,736
Leases receivable	2,631,860	-	-	2,631,860
Inventory	430,436	-	-	430,436
Other assets	-	45,037	-	45,037
Capital assets				
Land	19,414,134	-	-	19,414,134
Construction in progress	52,761,690	-	-	52,761,690
Land improvements	10,803,535	-	-	10,803,535
Buildings	343,936,625	-	-	343,936,625
Machinery, furniture and equipment	4,672,815	786,158	-	5,458,973
Right-to-use Assets: Equipment	886,154	-	-	886,154
Total assets	<u>568,639,595</u>	<u>2,508,691</u>	<u>100,000</u>	<u>571,248,286</u>
DEFERRED OUTFLOWS OF RESOURCES:				
Deferred outflows related to OPEB	245,908,624	253,153	-	246,161,777
Deferred outflows related to Pension	14,585,381	-	-	14,585,381
Total deferred outflows of resources	<u>260,494,005</u>	<u>253,153</u>	<u>-</u>	<u>260,747,158</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>829,133,600</u>	<u>2,761,844</u>	<u>100,000</u>	<u>831,995,444</u>
LIABILITIES:				
Accounts payable	16,573,497	2,776	227	16,576,500
Accrued expenses	33,798,394	98,304	-	33,896,698
Unearned revenue	4,489,459	-	-	4,489,459
Other liabilities	192,884	-	-	192,884
Non-current liabilities:				
Due within one year	1,446,807	207,999	-	1,654,806
Due in more than one year	698,818,288	1,913,963	-	700,732,251
Total liabilities	<u>755,319,329</u>	<u>2,223,042</u>	<u>227</u>	<u>757,542,598</u>
DEFERRED INFLOWS OF RESOURCES:				
Deferred inflows related to OPEB	184,420,454	1,708,534	-	186,128,988
Deferred inflows related to Pension	2,973,523	-	-	2,973,523
Deferred inflows related to Leases	2,594,591	-	-	2,594,591
Total deferred inflows of resources	<u>189,988,568</u>	<u>1,708,534</u>	<u>-</u>	<u>191,697,102</u>
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	<u>945,307,897</u>	<u>3,931,576</u>	<u>227</u>	<u>949,239,700</u>
NET POSITION:				
Net investment in capital assets	430,263,104	786,158	-	431,049,262
Restricted for grants	11,031,136	-	-	11,031,136
Unrestricted (deficit)	(557,468,537)	(1,955,890)	99,773	(559,324,654)
Total net position	<u>\$ (116,174,297)</u>	<u>\$ (1,169,732)</u>	<u>\$ 99,773</u>	<u>\$ (117,244,256)</u>

THE COUNTY COMMISSIONERS OF CHARLES COUNTY, MARYLAND
 COMBINING STATEMENT OF ACTIVITIES
 COMPONENT UNITS
 YEAR ENDED JUNE 30, 2022

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	\$ 527,891,837	\$ 1,171,833	\$ 158,826,011	\$ 25,540,019
Board of Library Trustees for Charles County	7,173,141	59,141	109,727	-
The Resilience Authority of Charles County	<u>227</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total component units	<u>\$ 535,065,205</u>	<u>\$ 1,230,974</u>	<u>\$ 158,935,738</u>	<u>\$ 25,540,019</u>

General revenues:

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

Change in net position

- Net position - beginning of the year
- Net position - end of year

THE COUNTY COMMISSIONERS OF CHARLES COUNTY, MARYLAND
 COMBINING STATEMENT OF ACTIVITIES
 COMPONENT UNITS
 YEAR ENDED JUNE 30, 2022

Net (Expenses) Revenues and Changes in Net Position			
Primary Government			
Board of Education of Charles County, Maryland	Board of Library Trustees for Charles County	The Resilience Authority of Charles County	Total
\$ (342,353,974)	\$ -	\$ -	\$ (342,353,974)
-	(7,004,273)	-	(7,004,273)
-	-	(227)	(227)
(342,353,974)	(7,004,273)	(227)	(349,358,474)
328,806,876	7,214,261	100,000	336,121,137
-	31,487	-	31,487
79,048	2,472	-	81,520
4,422,828	14,552	-	4,437,380
-	-	-	-
333,308,752	7,262,772	100,000	340,671,524
(9,045,222)	258,499	99,773	(8,686,950)
(107,129,075)	(1,428,231)	-	(108,557,306)
\$ (116,174,297)	\$ (1,169,732)	\$ 99,773	\$ (117,244,256)

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The County Commissioners of Charles County, Maryland

Notes to the Financial Statements--June 30, 2022

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The County Commissioners of Charles County, Maryland

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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 \$200,686,400 in operating funds and \$16,510,158 in capital funding to the Board of Education during fiscal year 2022.

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 \$3,994,100 in operating funds to the Library during fiscal year 2022.

The Resilience Authority of Charles County, Maryland (The Authority) is a quasi-governmental, non-profit financing organization authorized in the State of Maryland that will pool, disseminate, and invest capital; link private, state, federal and philanthropic funding to public infrastructure projects by viewing them as investment opportunities, and advance economic development initiatives and other public benefits by targeting resilience investment projects. The County provided \$100,000 in beginning operating funds to the Authority at the end of fiscal year 2022. Separate stand-alone financial statements for the Authority are not available.

Complete financial statements of the Board of Education and the Library can be obtained directly from their respective administrative offices:

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

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

B. Basic Financial Statements

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

Government-wide Statements

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all the non-fiduciary activities of the primary government and its component units. The government-wide financial statements focus more on the sustainability of the County as an entity and the change in the County's net position resulting from the current year's activities.

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

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

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

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

Fund Financial Statements

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

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

1. Governmental Funds:

The County reports the following governmental fund types:

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

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

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

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

2. Proprietary Funds:

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

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

3. Fiduciary Funds:

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

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

C. Measurement Focus and Basis of Accounting

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

Measurement Focus

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

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

b. The proprietary and fiduciary funds utilize an “**economic resources**” measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net

position (or cost recovery), financial position, and cash flows. All assets and liabilities (whether current or non-current) associated with their activities are reported. Proprietary fund equity is classified as net position.

Basis of Accounting

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

b. **Modified Accrual Basis** – The governmental fund financial statements are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual, i.e. both measurable and available. “Measurable” means knowing or able to reasonably estimate the amount. “Available” means collectible within the current period or soon thereafter to pay liabilities of the current period. For this purpose, the County considers revenues to be available if they are collected within 60 days after year end. Property taxes, income taxes, highway user taxes, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are measurable and available 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 resources from the fund budgeted to receive them to the fund budgeted to expend them – these transactions are recorded as transfers in and out.

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

5. Inventories:

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

6. Prepaid Items:

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

7. Restricted Assets:

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

8. Capital Assets:

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

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

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

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

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 asset financing is recorded in the same manner.

12. Revenues, Expenditures, and Expenses:

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

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

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

13. Accounting Estimates:

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

14. Leases

In June 2017, the Governmental Accounting Standards Board (GASB) issued GASB Statement No. 87, Leases. This standard requires the recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and as inflows of resources or outflows of resources recognized based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this standard, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources.

The County adopted the requirements of the guidance effective July 1, 2021, and has applied the provisions of this standard to the beginning of the period of adoption. The implementation required the County to record a lease liability and right-to-use lease assets of \$386,100. There was no impact on net position or change in net position as a result of the implementation.

Leases where the County is lessee:

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

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

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

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

Leases where the County is Lessor:

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

Key estimates and judgments include how the County determines (1) the discount rate it uses to discount the expected lease receipts to present value, (2) lease term, and (3) lease receipts. The County uses its estimated incremental borrowing rate as the discount rate for lease, unless it is explicitly stated in the lease agreement. The lease term includes the noncancellable period explicitly stated within the lease. Lease receipts included in the measurement of the lease receivable is composed of fixed payments from the lessee. The County monitors changes in circumstances that would require a remeasurement of its leases, and will remeasure the lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

15. Significant Applicable New GASB Pronouncements

GASB (Government Accounting Standards Board) has issued the following Statements which will become effective in future years as shown below. Management is currently evaluating the effect of implementation of many of these Standards.

GASB Statement No. 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. The County plans to implement any impacts of this new standard with our Fiscal Year 2023 report.

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. The County plans to implement impacts of this new standard with our Fiscal Year 2023 report.

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. The County plans to implement impacts of this new standard with our Fiscal Year 2023 report.

GASB Statement No. 100, Accounting Changes and Error Corrections-an amendment of GASB Statement No. 62, was issued in June 2022. The primary objective of this Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more

understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. The requirements of this Statement are effective for accounting changes and error corrections made in fiscal years beginning after June 15, 2023, and all reporting periods thereafter. The County will follow this guidance in the future.

GASB Statement No. 101, Compensated Absences was issued in June 2022. The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. The requirements of this Statement are effective for fiscal years beginning after December 15, 2023. The County plans to implement any impacts of this new standard with our Fiscal Year 2024 report.

NOTE 2. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Budgets and Budgetary Accounting

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

The legal level of budgetary control (that is, the level at which expenditures cannot exceed budgeted appropriations) is at the program level. However, with proper approval by the County Commissioners, as stated in the County's Budget Policies and Delegated Authorities, last modified on June 30, 2022, 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. The Emergency Services functions of Administration and Communications exceeded their expense budgets by \$128,451 and \$743,902. The Election Board function exceeded its expense budget by \$204,825. Neither is considered material because of post fiscal year end implementation and recording of GASB 87 transactions.

NOTE 3. DETAILED NOTES ON ALL FUNDS

A. Cash Deposits and Investments

Article 95, Section 22 of the Annotated Code of Maryland states that local governments are authorized to invest in the instruments specified in the State Finance and Procurement Article, Section 6-222 of the Code. In addition, Article 95, Section 22 requires that local government deposits with financial institutions be fully collateralized, and that the collateral be types specified in the State Finance and Procurement Article, Section

6-202. The County's Chief of Treasury is charged with the responsibility for selecting depositories and investing idle funds as directed by the State and County Codes. The Chief of Treasury is further restricted as to the types of deposits and investments in accordance with the County's investment policy. Depository institutions must be Maryland banks and must be approved for use by the County Commissioners.

Cash Deposits

At year-end, the carrying amount of the County's deposits was \$43,563,484 and the bank balances were \$46,766,721. Of the bank balance, \$2,566,476 was covered by Federal depository insurance and \$44,200,245 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 \$15,275. The restricted cash equivalents balance of \$33,883,580 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 \$67,963,607 and the bank balances were \$71,344,833. 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 \$106,429 and the bank balances was \$211,399. 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 \$1,712.

At year-end, the carrying amount of the Resilience Authority's deposits and bank balance was \$100,000. The balance was covered by Federal depository insurance.

Investments

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

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

	Total Governmental Funds	Total Fiduciary Funds	Total Enterprise Funds	Total
Cash on hand	\$ 11,250	\$ -	\$ 4,025	\$ 15,275
Deposit accounts	40,999,761	-	410,191	41,409,951
Repurchase agreements (sweep)	59,773,058	-	-	59,773,058
U.S. government securities				
Treasuries	122,699,327	-	-	122,699,327
Agencies	85,690,855	-	-	85,690,855
Money market	-	11,906,865	-	11,906,865
Maryland local government pool	105,374,650	-	-	105,374,650
Bond mutual funds	-	136,190,734	-	136,190,734
Equity securities	-	231,952,127	-	231,952,127
Pooled separate accounts	-	257,621,915	-	257,621,915
Restricted cash equivalents	33,794,275	-	89,275	33,883,550
Total cash and investments	<u>\$ 448,343,176</u>	<u>\$ 637,671,641</u>	<u>\$ 503,491</u>	<u>\$ 1,086,518,309</u>

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

Cash on hand	\$ 20,164
Deposits	67,963,607
Money market mutual funds	8,620,740
Maryland local government pool	<u>24,938,237</u>
Total cash and investments	<u>\$ 101,542,748</u>

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

Cash on hand and deposits	\$ 108,141
Maryland local government pool	<u>1,558,217</u>
Total cash and investments	<u>\$ 1,666,358</u>

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

Maryland local government pool	<u>\$ 100,000</u>
Total cash and investments	<u>\$ 100,000</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, 2022
Investments by fair value level:				
U.S. government securities: Treasuries	\$ -	\$ 122,699,327	\$ -	\$ 122,699,327
U.S. government securities: Agencies	-	85,690,855	-	85,690,855
Bond Mutual funds	136,190,734	-	-	136,190,734
Equity securities	231,952,127	-	-	231,952,127
	<u>368,142,861</u>	<u>208,390,182</u>	<u>-</u>	<u>576,533,043</u>
Investments carried at net asset value:				
Pooled Separate accounts				257,621,915
Cash and Investments carried at amortized cost:				
Cash on hand				15,275
Deposit Accounts				41,409,951
Repurchase agreements (sweep)				59,773,058
Money Market				12,090,844
Maryland local government pool				105,374,650
Restricted assets: MD local government pool				<u>33,883,550</u>
Total Cash and Investments at amortized cost:				<u>252,547,329</u>
Total Cash and Investments				<u>\$ 1,086,702,288</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, 2022:

	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	\$ 122,699,327	\$ -	\$ -	\$ -	\$ 122,699,327
U.S. Governmental Agencies	85,690,855	-	-	-	85,690,855
Total	\$ 208,390,182	\$ -	\$ -	\$ -	\$ 208,390,182

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, 2022, the County’s investments were not exposed to custodial credit risk as all investment securities are registered in the name of the County.

Concentration of Credit Risk

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

Foreign Currency Risk

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

B. Receivables

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

	<u>Governmental Activities</u>			<u>Business-Type Activities</u>			<u>Total Non-Major Funds</u>	<u>Total</u>
	<u>General</u>	<u>Capital Projects</u>	<u>Debt Service</u>	<u>Water and Sewer Fund</u>	<u>Solid Waste Fund</u>	<u>SW-Watershed Protection Fund</u>		
Receivables:								
Interest	\$ 266,182	\$ -	\$ -	\$ 9,284	\$ -	\$ -	\$ -	\$ 275,466
Taxes	3,886,837	-	53,534,817	-	-	-	-	57,421,654
Accounts	92,775,777	2,284,477	-	11,902,400	1,563,214	1,692	7,070,850	115,598,411
Leases	3,407,477	-	-	3,365,012	-	-	2,758,542	9,531,032
Special assessments	-	-	1,106	459,645	-	52,335	-	513,086
Intergovernmental	-	-	-	-	-	-	189,917	189,917
Total receivables	<u>\$ 100,336,273</u>	<u>\$ 2,284,477</u>	<u>\$ 53,535,923</u>	<u>\$ 15,736,341</u>	<u>\$ 1,563,214</u>	<u>\$ 54,027</u>	<u>\$ 10,019,309</u>	<u>\$ 183,529,565</u>

Governmental funds report unavailable revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of unearned and unavailable revenue reported in the governmental funds were as follows:

	<u>Unearned</u>	<u>Unavailable</u>	<u>Total</u>
Delinquent property taxes receivable (General Fund)	\$ -	\$ 5,502,765	\$ 5,502,765
Unavailable property tax receivable (Debt Service)	-	53,521,970	53,521,970
Unavailable income tax receivable	-	68,933,718	68,933,718
Special assessments not yet due (Debt Service)	1,106	-	1,106
School construction impact fees	2,148,104	-	2,148,104
Grant draw-downs prior to meeting all eligibility requirements	30,872,730	-	30,872,730
Leases receivable	-	3,324,992	3,324,992
Other unearned revenue	462,953	-	462,953
Total unearned revenue for governmental funds	<u>\$ 33,484,893</u>	<u>\$ 131,283,445</u>	<u>\$ 164,768,338</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, 2022, remained constant at \$1.141 per \$100 of assessed value. Property taxes attach as an enforceable lien on the property when levied on July 1 of each year. The taxes are payable without interest by September 30.

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

D. Tax Abatements

Charles County has two Payment in Lieu of Tax (PILOT) agreements with two of our largest business personal property taxpayers. As a result of negotiations, each agreement replaces the official process of an annual assessment from the State Department of Taxation that would result in a Charles County tax bill. In return, the County and taxpayer know 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 \$1,179,910 for Fiscal Year 2022. The revenue from treated reclaimed water was a major influence in providing tax relief to CPV, as well as a stimulus for the local economy.

The second PILOT, executed on April 28, 2021, is between Charles County and Lanyard Power Holdings, LLC. The original term of this agreement is for 5 years. On June 9, 2021, Lanyard Power Holdings, LLC notified the PJM and the County of the intent to deactivate the Morgantown 1 and 2 generating units located in the PJM Region, effective May 31, 2022. The County received the full PILOT payment in FY22, which was greater than the assessment amounts. Within the new agreement, and per intentions to close much sooner than anticipated, Section 3.11 becomes effective and will result in a lower than initial FY23 payment. Consequently, the County has established a Loss Reserve in the general fund balance records of \$20,425,400 and intends to increase this reserve in the future to smooth out the impact.

<u>Tax Abatement Program</u>	<u>Amount of Taxes Abated</u>
PILOT Agreements	
CPV Maryland, LLC	\$ 5,582,411

E. Notes Receivable

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

<u>Loan & Year</u>	<u>Total Borrowed</u>	<u>Term & Rate</u>	<u>Principal Balance 6/30/2022</u>
U.S. Home Corporation 2007	3,000,000	15 years, 5.25%-5.75%	-
U.S. Home Corporation 2008	3,000,000	15 years, 4.90%-5.25%	182,000
U.S. Home Corporation 2009	2,000,000	15 years, 4%-5.375%	296,667
U.S. Home Corporation 2011	4,000,000	15 years, 2%-4.5%	1,605,000
U.S. Home Corporation 2012	4,000,000	15 years, 2%-3.25%	1,453,750
U.S. Home Corporation 2013	3,700,000	15 years, 3%-4%	1,679,878
U.S. Home Corporation 2015	1,700,000	15 years, 3%-4%	1,104,316
Total Notes Receivable	<u>\$ 21,400,000</u>		<u>\$ 6,321,611</u>

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

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

	<u>U.S. Home Corporation</u>
2023	\$ 1,450,393
2024	1,204,616
2025	1,081,265
2026	1,080,495
2027	1,016,087
2028-2032	762,360
Subtotal	<u>6,595,216</u>
Less: Interest	<u>273,605</u>
Total future minimum note payments receivable	<u><u>\$ 6,321,611</u></u>

F. Capital Assets

Capital asset activity for the year ended June 30, 2022, was as follows:

Primary Government

Governmental Activities	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, not depreciated/amortized:				
Land	\$ 99,504,007	\$ 6,861,039	\$ 515,000	\$ 105,850,045
Construction in progress	49,278,326	22,852,399	22,973,988	49,156,737
Total capital assets, not depreciated/amortized	<u>148,782,333</u>	<u>29,713,438</u>	<u>23,488,988</u>	<u>155,006,783</u>
Capital assets, depreciated/amortized				
Land Improvements	27,154,453	2,331,307	-	29,485,760
Infrastructure	514,445,336	16,487,723	-	530,933,059
Buildings and Improvements	184,456,741	1,485,530	2,950,611	182,991,659
Machinery and Equipment	73,160,153	2,570,100	124,333	75,605,919
Vehicles	29,341,512	2,839,832	1,911,218	30,270,125
Right-to-use buildings and equipment	-	2,652,951	-	2,652,951
Total capital assets, depreciated/amortized	<u>828,558,194</u>	<u>28,367,442</u>	<u>4,986,163</u>	<u>851,939,473</u>
Less: accumulated depreciation/amortization for:				
Land Improvements	(10,668,993)	(1,398,703)	-	(12,067,695)
Infrastructure	(312,574,927)	(19,150,948)	-	(331,725,876)
Buildings and Improvements	(99,685,368)	(5,608,736)	-	(105,294,104)
Machinery and Equipment	(52,347,943)	(5,029,081)	(124,333)	(57,252,690)
Vehicles	(20,791,644)	(3,331,010)	(1,911,218)	(22,211,436)
Right-to-use buildings and equipment	-	(379,762)	-	(379,762)
Total accumulated depreciation/amortization	<u>(496,068,875)</u>	<u>(34,898,241)</u>	<u>(2,035,552)</u>	<u>(528,931,564)</u>
Total capital assets, depreciated/ amortized, net	<u>332,489,319</u>	<u>(6,530,799)</u>	<u>2,950,611</u>	<u>323,007,909</u>
Governmental activities, capital assets, net	<u>\$ 481,271,652</u>	<u>\$ 23,182,639</u>	<u>\$ 26,439,599</u>	<u>\$ 478,014,692</u>

Business Type Activities	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, not depreciated/amortized:				
Land	\$ 2,359,226	\$ 36,729	\$ -	\$ 2,395,955
Construction in progress	112,762,766	35,137,486	18,492,276	129,407,976
Total capital assets, not depreciated/amortized	<u>115,121,992</u>	<u>35,174,215</u>	<u>18,492,276</u>	<u>131,803,932</u>
Capital assets, depreciated/amortized				
Land Improvements	23,630,436		-	23,630,436
Infrastructure	335,059,677	22,260,453		357,320,130
Buildings and Improvements	14,926,712	520,460	-	15,447,173
Machinery and Equipment	51,951,776	2,392,517	716,655	53,627,639
Vehicles	9,121,117	770,699	381,494	9,510,323
Total capital assets, depreciated/amortized	<u>434,689,719</u>	<u>25,944,130</u>	<u>1,098,149</u>	<u>459,535,700</u>
Less: accumulated depreciation/amortization for:				
Land Improvements	(9,914,650)	(786,781)	-	(10,701,431)
Infrastructure	(178,205,636)	(10,518,274)	-	(188,723,909)
Buildings and Improvements	(8,811,281)	(516,987)	-	(9,328,268)
Machinery and Equipment	(25,991,105)	(3,155,649)	(716,655)	(28,430,099)
Vehicles	(5,921,432)	(1,019,137)	(381,494)	(6,559,075)
Total accumulated depreciation/amortization	<u>(228,844,103)</u>	<u>(15,996,827)</u>	<u>(1,098,149)</u>	<u>(243,742,781)</u>
Total capital assets, depreciated/ amortized, net	<u>205,845,616</u>	<u>9,947,302</u>	<u>-</u>	<u>215,792,918</u>
Business-type, capital assets, net	<u>\$ 320,967,608</u>	<u>\$ 45,121,518</u>	<u>\$ 18,492,276</u>	<u>\$ 347,596,850</u>
Grand Total, capital assets, net	<u>\$ 802,239,260</u>	<u>68,304,156</u>	<u>44,931,875</u>	<u>825,611,542</u>

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

Governmental Activities:

Public Safety/Fire & Rescue	\$	3,296,787
Legislative		65,018
Judicial		130,314
Election Board		259
Financial Administration/Central Services		58,079
Health		284,255
Community Services		212,551
Public Facilities		11,933,582
Cap Projects		15,032,266
Emergency Services		2,448,472
Education		68,518
Inspection & Enforcement		477,717
State's Attorney		14,063
Economic Development		2,365
Recreation, Parks, & Tourism		494,237
Total depreciation expense- Governmental Activities	\$	<u>34,518,479</u>

Governmental Activities:

Public Safety/Fire & Rescue		88,606
Election Board		95,341
Financial Administration/Central Services		17,792
Emergency Services		94,419
Economic Development		57,081
Recreation, Parks, & Tourism		26,523
Total amortization expense- Governmental Activities	\$	<u>379,762</u>

Business-Type Activities:

Water and Sewer	\$	11,938,690
Solid Waste		1,737,886
Environmental Services		474,889
Recreation Programs		335,511
Inspection and Reviews		126,997
SW- Watershed Protection		1,382,854
Total depreciation expense- Business-type Activities	\$	<u>15,996,827</u>

Construction Commitments

The County has active construction projects as of June 30, 2022. 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	\$ 20,436,682	\$ 63,339,967
Other transportation projects	1,002,923	9,950,120
General government		
Buildings and improvements	25,515,325	77,659,655
Other general government projects	4,353,556	15,472,600
Water and sewer		
Expansions and improvements	98,125,706	304,809,240
Parks		
Expansions and improvements	6,465,369	18,125,290
Environmental service		
Various environmental service projects	<u>67,115,398</u>	<u>97,254,500</u>
Total	<u>\$ 223,014,958</u>	<u>\$ 586,611,372</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, 2022, was as follows:

Board of Education

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, not depreciated:				
Land	\$ 19,414,134	\$ -	\$ -	\$ 19,414,134
Construction in progress	63,208,469	22,856,002	(33,302,781)	52,761,690
Total capital assets, not depreciated	<u>82,622,603</u>	<u>22,856,002</u>	<u>(33,302,781)</u>	<u>72,175,824</u>
Capital assets, depreciated:				
Buildings	657,443,071	40,566,302	(3,844)	698,005,529
Land Improvements	25,987,258	2,518,470	(9,800)	28,495,928
Furniture and Equipment	<u>32,188,194</u>	<u>1,377,589</u>	<u>(1,948,297)</u>	<u>31,617,486</u>
Total capital assets, depreciated	<u>715,618,523</u>	<u>44,462,361</u>	<u>(1,961,941)</u>	<u>758,118,943</u>
Less: accumulated depreciation for:				
Buildings	(336,023,698)	(18,048,450)	3,244	(354,068,904)
Land Improvements	(15,848,268)	(1,853,925)	9,800	(17,692,393)
Furniture and Equipment	<u>(27,680,818)</u>	<u>(1,207,109)</u>	<u>1,943,256</u>	<u>(26,944,671)</u>
Total accumulated depreciation	<u>(379,552,784)</u>	<u>(21,109,484)</u>	<u>1,956,300</u>	<u>(398,705,968)</u>
Total capital assets, depreciated net	<u>336,065,739</u>	<u>23,352,877</u>	<u>(5,641)</u>	<u>359,412,975</u>
Right-To-Use Assets				
Equipment	<u>-</u>	<u>1,464,272</u>	<u>-</u>	<u>1,464,272</u>
Total amortized lease right-to-use assets	-	1,464,272	-	1,464,272
Less: Lease Assets				
Accumulated Amortization				
Equipment	<u>-</u>	<u>(578,118)</u>	<u>-</u>	<u>(578,118)</u>
Total leased asset accumulated amortization	<u>-</u>	<u>(578,118)</u>	<u>-</u>	<u>(578,118)</u>
Total Lease Assets, Being amortized, Net	<u>-</u>	<u>886,154</u>	<u>-</u>	<u>886,154</u>
Board capital assets, net	<u>\$ 418,688,342</u>	<u>\$ 47,095,033</u>	<u>\$ (33,308,422)</u>	<u>\$ 432,474,953</u>

Capital asset activity for the Library for the year ended June 30, 2022, was as follows:

Library	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, depreciated:				
Furniture and Equipment	\$ 2,643,030	\$ 99,775	\$ -	\$ 2,742,805
Library books and AV material	1,930,012	346,911	(266,390)	2,010,533
Total capital assets, depreciated	4,573,042	446,686	(266,390)	4,753,338
Less: accumulated depreciation	(3,804,935)	(428,635)	266,390	(3,967,180)
Library capital assets, net	\$ 768,107	\$ 18,051	\$ -	\$ 786,158

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, 2022, is as follows:

Due (to) from other funds:	Governmental Activities	Business-type Activities
General Fund	\$ (220,121,649)	\$ -
Capital Projects Fund	90,880,881	-
Debt Service Fund	14,766,456	-
Water and Sewer Fund	-	48,827,372
Solid Waste Fund	-	39,857,915
Stormwater Mgmt Fund	-	5,566,479
Other Non-major Funds	14,672,040	5,550,506
Total	\$ (99,802,272)	\$ 99,802,272

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 In

Transfers Out	General Fund	Capital Projects Fund	Non-major Governmental Funds	SW-Water Protection Fund	Non-major Enterprise Funds	Total
General Fund	\$	\$ 5,079,378	\$ 5,193,514	\$ -	\$ 783,689	\$ 11,056,581
Capital Projects Fund	2,671,800	-	-	-	-	2,671,800
Non-major Governmental Funds	-	-	353,188	-	-	353,188
Water Sewer Fund	-	-	-	-	-	-
Non-major Enterprise Funds	-	-	50,000	-	-	50,000
Total Transfers In:	\$ 2,671,800	\$ 5,079,378	\$ 5,596,702	\$ -	\$ 783,689	\$ 14,131,569

H. Capital Asset Financing

Capital Asset Financing

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

- Fiscal Year 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 \$4,652,900.
- Fiscal Year 2019 – Various equipment for the General Fund, the Inspection Fund, the Solid Waste Fund, and the Water and Sewer Fund – semiannual payments of \$387,107 over five years ending August 2023, including interest at a rate of 2.88%, equipment capitalized at \$3,580,800.
- Fiscal Year 2020 – Various equipment for the General Fund, the Inspection Fund, the Solid Waste Fund, the Water and Sewer fund, the Environmental Service Fund, and the Stormwater-Water Protection Fund – semiannual payments of \$410,697 over 5 years ending September 2024, including interest at a rate of 1.95%, equipment to be capitalized at \$3,895,200.
- Fiscal Year 2021 – Various equipment for the General Fund, the Solid Waste Fund, the Water and Sewer fund, and the Environmental Service Fund – semiannual payments of \$583,812 over 5 years ending September 2025, including interest at a rate of 0.94%, equipment to be capitalized at \$5,690,000.
- Energy Upgrade Financing FY 2021 – Various HVAC equipment, lighting retrofits, water conservation equipment and other capital assets installed in county buildings to increase energy efficiency and provide savings to the General Fund with semiannual payments starting at \$194,391 and increasing to \$275,618 over 13 years ending April 2034, including interest at a rate of 1.92%, equipment to be capitalized at \$5,382,795.
- Fiscal Year 2022 – Various equipment for the General Fund, the Solid Waste Fund, the Water and Sewer Fund, and the Stormwater-Water Protection Fund – semiannual payments of \$338,104 over 5 years ending September 2026, including interest at a rate of .7759%, equipment to be capitalized at \$3,310,000.

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

	Governmental Activities	Business-type Activities
Assets:		
Building and Improvements	\$ 90,906	\$ -
Machinery and equipment	25,563,556	7,879,259
Vehicles	14,716,582	7,263,646
Total capital assets	<u>40,371,044</u>	<u>15,142,905</u>
Less accumulated depreciation:		
Building and Improvements	(79,867)	-
Machinery and equipment	(22,451,431)	(6,234,827)
Vehicles	(11,449,320)	(4,796,230)
Total accumulated depreciation	<u>(33,980,619)</u>	<u>(11,031,058)</u>
Total capital assets, net	<u>\$ 6,390,426</u>	<u>\$ 4,111,847</u>

The future minimum obligations and the net present value of the minimum payments for capital asset financing as of June 30, 2022, were as follows:

	Governmental Activities	Business-type Activities	Total
2023	\$ 3,020,210	\$ 1,318,558	\$ 4,338,768
2024	2,300,267	1,167,039	3,467,306
2025	1,702,539	983,628	2,686,167
2026	1,172,413	543,816	1,716,229
2027-2031	2,715,279	107,673	2,822,952
2032-2036	2,080,890	-	2,080,890
Subtotal	<u>12,991,598</u>	<u>4,120,714</u>	<u>17,112,312</u>
Interest	<u>(1,321,591)</u>	<u>(83,754)</u>	<u>(1,405,345)</u>
Present value of minimum financing payments	<u>\$ 11,670,007</u>	<u>\$ 4,036,960</u>	<u>\$ 15,706,967</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, 2022, general obligation bonds totaling \$70,000,000 were issued for consolidated public improvement. General obligation bonds are direct obligations and pledge the full faith and credit of the County. In the past, these bonds have been a mix of 10-year and 15-year serial bonds with equal amounts of principal maturing each year. In addition, the County bonds in recent past have also had components with 20-year and 30-year serial bonds to fund projects that result in expected longer life spans of the eventual County capital asset.

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

Bond Description and Year	Amount Borrowed	Term and Rate	Governmental Activities Balance 6/30/22	Business-type Activities Balance 6/30/22
Consolidated Public Improvement and Refunding Bonds of 2011	\$ 36,960,000	15 yrs, 2% - 5%	515,329	26,268
Consolidated Public Improvement and Refunding Bonds of 2012	\$ 40,740,000	15 yrs, 2% - 5%	3,653,873	1,317,853
Consolidated Public Improvement and Refunding Bonds of 2013	\$ 26,805,000	10 yrs, 3% - 5%	2,514,043	1,214,539
Consolidated Public Improvement Bonds of 2013	\$ 6,300,000	10 yrs, 2% - 5%	1,158,730	301,270
Consolidated Public Improvement Bonds of 2013	\$ 3,700,000	30 yrs, 3% - 5%	-	165,000
Consolidated Public Improvement Bonds of 2013	\$ 14,500,000	21 yrs, 3% - 5%	1,692,310	302,690
Consolidated Public Improvement Bonds (Taxable) of 2013	\$ 3,700,000	15 yrs, 3% - 4%	495,000	-
Consolidated Public Improvement Bonds of 2014	\$ 17,400,000	15 yrs, 3% - 5%	9,773,886	2,937,350
Consolidated Public Improvement Bonds of 2014	\$ 14,000,000	10 yrs, 4% - 5%	4,715,000	-
Consolidated Public Improvement Bonds of 2014	\$ 7,600,000	30 yrs, 3% - 5%	-	3,000,000
Consolidated Public Improvement Refunding Bonds of 2015	\$ 21,830,000	15 yrs, 2% - 4%	14,564,857	3,120,894
Consolidated Public Improvement Refunding Bonds of 2015 (Taxable)	\$ 8,595,000	15 yrs, 3% - 4%	1,820,000	-
Consolidated Public Improvement Bonds of 2015	\$ 21,895,000	15 yrs, 3% - 5%	6,542,947	1,027,013
Consolidated Public Improvement Bonds of 2015	\$ 5,800,000	10 yrs, 3% - 5%	2,308,441	356,559
Consolidated Public Improvement Bonds of 2015	\$ 3,800,000	30 yrs, 3% - 5%	-	370,000
Consolidated Public Improvement Bonds (Taxable) of 2015	\$ 3,205,000	10 yrs, 3% - 5%	410,000	-
Consolidated Public Improvement Bonds of 2016	\$ 5,500,000	10 yrs, 3% - 5%	2,698,809	371,191
Consolidated Public Improvement Bonds of 2016	\$ 18,000,000	15 yrs, 3%-5%	11,998,802	7,734,641
Consolidated Public Improvement Bonds of 2016	\$ 1,000,000	20 yrs, 3% - 5%	825,000	-
Consolidated Public Improvement Bonds of 2016	\$ 7,500,000	30 yrs, 3%-5%	-	2,412,678

Consolidated Public Improvement Bonds of 2017	\$ 20,000,000	10 yrs, 3%-5%	13,180,000	-
Consolidated Public Improvement Bonds of 2017	\$ 24,000,000	15 yrs, 2.25%-5%	21,206,221	8,115,734
Consolidated Public Improvement Bonds of 2017	\$ 2,000,000	20 yrs 2.25%-5%	1,720,000	-
Consolidated Public Improvement Bonds of 2017	\$ 10,000,000	30 yrs, 2.25%-5%	923,000	8,307,000
Consolidated Public Improvement Refunding Bonds of 2017	\$ 46,175,000	26 yrs, 2%-5.3%	28,663,725	13,486,275
Consolidated Public Improvement Bonds of 2018	\$ 15,000,000	10 yrs, 3%-5%	11,205,000	-
Consolidated Public Improvement Bonds of 2018	\$ 29,000,000	15 yrs, 2.25%-5%	22,172,679	6,595,706
Consolidated Public Improvement Bonds of 2018	\$ 1,000,000	20 yrs 2.25%-5%	900,000	-
Consolidated Public Improvement Bonds of 2018	\$ 15,000,000	30 yrs, 2.25%-5%	-	14,215,000
Consolidated Public Improvement Bonds of 2019	\$ 6,000,000	10 yrs, 3%-5%	5,025,000	-
Consolidated Public Improvement Bonds of 2019	\$ 32,000,000	15 yrs, 2.5%-5%	30,399,857	5,770,467
Consolidated Public Improvement Bonds of 2019	\$ 1,000,000	20 yrs 2.5%-5%	935,000	-
Consolidated Public Improvement Bonds of 2019	\$ 19,000,000	30 yrs, 3.375%-5%	-	18,325,000
Consolidated Public Improvement Bonds of 2020	\$ 10,000,000	10 yrs, 4%	8,749,500	460,500
Consolidated Public Improvement Bonds of 2020	\$ 26,800,000	15 yrs, 1.75%-4%	24,021,795	7,382,262
Consolidated Public Improvement Bonds of 2020	\$ 3,000,000	20 yrs, 1.25%-4%	2,905,000	-
Consolidated Public Improvement Bonds of 2020	\$ 12,200,000	30 yrs, 1.25%-4%	-	11,980,000
Consolidated Public Improvement Refunding Bonds of 2020	\$ 7,760,000	7 yrs, 2%-2.45%	7,350,002	359,998
Consolidated Public Improvement Refunding Bonds of 2020	\$ 3,970,000	24 yrs, 2%-2.45%	-	3,945,000
Consolidated Public Improvement Refunding Bonds of 2020	\$ 12,575,000	25 yrs, 2%-2.45%	8,058,335	4,416,665
Consolidated Public Improvement Refunding Bonds (Taxable) of 2020	\$ 6,575,000	6-10 yrs, 2%-2.45%	6,535,000	-
Consolidated Public Improvement Bonds of 2021	\$ 6,000,000	10 yrs, 3%-5%	6,000,000	-
Consolidated Public Improvement Bonds of 2021	\$ 43,209,488	15 yrs, 2.5%-5%	39,388,824	3,820,665
Consolidated Public Improvement Bonds of 2021	\$ 2,000,000	20 yrs 2.5%-5%	2,000,000	-
Consolidated Public Improvement Bonds of 2021	\$ 27,000,000	30 yrs, 3.375%-5%	-	27,000,000
Total bonds outstanding			307,025,967	158,838,218
Loan Description and Year			307,025,967	158,838,218
MD Water Quality Revolving Loan Mattawoman BNR Upgrade	\$ 14,767,900	20 yrs, 1.200%	-	3,241,937
Total loans outstanding			-	3,241,937
Total bonds and loans outstanding			\$ 307,025,967	162,080,155

Changes in Long-Term Liabilities

Long-term liability activity for the year ended June 30, 2022, was as follows:

	<u>Beg Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>End Balance</u>	<u>Amounts Due in 1 year</u>
<u>Governmental activities:</u>					
General obligation bonds	\$ 258,334,815	\$ 41,000,000	\$ (31,086,699)	\$ 268,248,116	\$ 33,947,519
Plus deferred amounts for bond premiums	<u>36,086,414</u>	<u>6,568,706</u>	<u>(3,877,269)</u>	<u>38,777,851</u>	<u>-</u>
Total bonds payable	294,421,229	47,568,706	(34,963,968)	307,025,967	33,947,519
Capital asset financing	12,705,198	2,255,888	(3,291,079)	11,670,007	2,840,750
Net Pension liabilities	13,285,459	121,147,269	-	134,432,728	-
Net LOSAP liability	37,668,749	-	(33,796,626)	3,872,123	-
Net OPEB liability	120,818,945	8,526,103	-	129,345,048	-
Lease liability	-	2,309,143	-	2,309,143	528,735
Compensated absences	<u>24,792,551</u>	<u>7,252,450</u>	<u>(5,893,236)</u>	<u>26,151,765</u>	<u>1,901,596</u>
Governmental activities noncurrent liabilities	<u>503,692,131</u>	<u>189,059,558</u>	<u>(77,944,909)</u>	<u>614,806,781</u>	<u>39,218,599</u>
<u>Business-type activities:</u>					
General obligation bonds	126,780,185	29,000,000	(8,533,301)	147,246,884	7,912,480
Plus deferred amounts for bond premiums	<u>10,608,250</u>	<u>1,847,637</u>	<u>(864,553)</u>	<u>11,591,334</u>	<u>-</u>
Total bonds payable	137,388,435	30,847,637	(9,397,854)	158,838,218	7,912,480
Notes payable	4,028,539	-	(786,601)	3,241,938	796,041
Capital asset financing	4,809,758	1,107,500	(1,880,298)	4,036,960	1,276,766
Landfill closure costs	12,151,885	1,629,824	-	13,781,709	-
Compensated absences	<u>2,565,730</u>	<u>1,104,599</u>	<u>(1,059,225)</u>	<u>2,611,104</u>	<u>310,410</u>
Business-type activities noncurrent liabilities	<u>160,944,348</u>	<u>34,689,560</u>	<u>(13,123,979)</u>	<u>182,509,929</u>	<u>10,295,697</u>
Total primary government noncurrent liabilities	<u>\$ 664,636,477</u>	<u>\$ 223,749,117</u>	<u>\$ (91,068,889)</u>	<u>\$ 797,316,708</u>	<u>\$ 49,514,296</u>
<u>Component units:</u>					
Board of Education	\$ 592,252,925	\$ 117,416,078	\$ (9,403,908)	\$ 700,265,095	\$ 1,446,807
Library	1,825,772	413,850	(117,660)	2,121,962	207,999

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

The annual requirements to amortize all debt outstanding as of June 30, 2022, including interest of \$105,812,558 and excluding compensated absences, deferred amounts for bond premiums, net pension liabilities, net OPEB liability, lease liabilities, 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>	
2023	\$ 36,788,269	\$ 10,376,022	\$ 9,985,285	\$ 4,855,382	\$ 62,004,958
2024	32,529,717	8,847,992	9,225,072	4,444,968	55,047,749
2025	30,111,913	7,493,098	9,204,899	4,060,725	50,870,635
2026	26,030,105	6,298,091	7,973,643	3,711,335	44,013,174
2027	26,015,335	5,190,570	7,018,879	3,390,182	41,614,966
2028-2032	89,091,599	12,588,970	32,044,386	13,323,523	147,048,478
2033-2037	36,993,185	1,859,442	23,591,618	8,953,215	71,397,460
2038-2042	2,074,000	139,342	20,406,000	6,279,646	28,898,988
2043-2047	232,500	27,720	21,877,500	3,313,376	25,451,096
2048-2052	51,500	837	13,198,500	658,122	13,908,959
2053-2057	-	-	-	-	-
	<u>\$ 279,918,123</u>	<u>\$ 52,822,084</u>	<u>\$ 154,525,782</u>	<u>\$ 52,990,474</u>	<u>\$ 540,256,463</u>

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

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

ARPA funds	\$	31,730,001	
Inmate account		20,807	
County Attorney escrow		10,047	
SAO Restitution account		29,669	
Business Development Loan Fund		363,745	
Targeted Industry Loan Fund		291,087	
Energy Lease account		17	
Construction Escrow		<u>1,348,904</u>	
Total cash and cash equivalents	\$		33,794,275

Notes Receivable

U.S. Homes Corporation	\$	<u>6,321,611</u>	
Total notes receivable			<u>6,321,611</u>
Total Governmental Activities			40,115,886

Business-type Activities

Cash and cash equivalents

Landfill Bonds			<u>89,275</u>
TOTAL PRIMARY GOVERNMENT	\$		<u><u>40,205,162</u></u>

K. Leases

Adoption of New Accounting Standard

In June 2017, the Governmental Accounting Standards Board (GASB) issued GASB Statement No. 87, Leases. This standard requires the recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and as inflows of resources or outflows of resources recognized based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this standard, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources.

County as Lessee

The County has entered into various non-cancelable lease agreements as lessee for office space and office equipment, and one lease for a public safety antenna on a radio tower. The County’s leases have initial terms from 2 to 24 years, and contain one or more renewals at the County’s option, most commonly for five-year periods. The County has generally included these renewal periods in the lease term when it is reasonably certain that the County will exercise the renewal option. The County’s leases generally do not include termination options for either party to the lease or restrictive financial or other covenants. Certain real estate leases require additional payments for common area maintenance, real estate taxes, and insurance, which are expensed as incurred as variable lease payments. For office space leases that include variable payments, those include payments for the County’s proportionate share of the building’s property taxes, insurance, and common area maintenance. The County’s lease arrangements do not contain any material residual value guarantees. As the interest rate implicit in the County’s leases is not readily determinable, the County utilizes its incremental borrowing rate to discount the lease payments.

During FY2022, the county entered into two building leases detailed below:

<u>Buildings</u>	<u>Election Board</u>	<u>Sheriff's Office</u>
Term of lease	5 years	3.5 years
Extensions	(2) 5 year available	(2) 1 year available
Initial lease liability	\$ 362,595	\$ 557,594
Lease liability at 6/30/22	\$ 339,245	\$ 466,306
Monthly payments	\$ 6,850	\$ 19,265
Value of the right-to-use asset at 6/30/22	\$ 362,595	\$ 557,594
Accumulated amortization	\$ 12,086	\$ 92,932

During FY2022, the county entered into various equipment leases detailed below:

<u>Equipment</u>	<u>Golf cars (60)</u>	<u>Public Safety tower</u>	<u>Postage machine</u>	<u>Printers</u>
Term of lease	6 years	14 years	4 years	5 years
Extensions	becomes a ST lease	(3) 5 year extensions	becomes a ST lease	becomes a ST lease
Initial lease liability	\$ 176,819	\$ 743,662	\$ 19,118	\$ 63,254
Lease liability at 6/30/22	\$ 176,819	\$ 723,121	\$ 18,145	\$ 57,372
Monthly payments	\$ 3,180	\$ 4,500	\$ 371	\$ 1,105
Value of the right-to-use asset at 6/30/22	\$ 176,819	\$ 743,662	\$ 19,118	\$ 63,254
Accumulated amortization	\$ 26,523	\$ 30,986	\$ 2,171	\$ 5,951

The future principal and interest lease payments as of June 30, 2022, were as follows:

Year ending June 30	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	
2023	\$ 528,735	\$ 65,169	\$ 0	\$ 0	\$ 593,904
2024	491,803	53,671	0	0	545,474
2025	226,782	39,382	0	0	266,164
2026	254,449	28,028	0	0	282,477
2027	198,164	20,925	0	0	219,089
2028-2032	361,385	60,498	0	0	421,883
2033-2037	247,824	12,864	0	0	260,688
	<u>\$ 2,309,142</u>	<u>\$ 280,537</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 2,589,679</u>

As of June 30, 2022, the County had right-to-use assets acquired through outstanding leases as shown in the chart below:

	<u>Governmental Activities</u>	<u>Business-type Activities</u>
Right-to-use assets:		
Buildings	\$ 1,490,761	there are currently no
Equipment	<u>1,162,190</u>	business-type
Total Right-to-use leased assets	<u>2,652,951</u>	right-to-use assets
Less Accumulated Amortization for:		
Buildings	279,829	
Equipment	<u>99,933</u>	
Total Accumulated Amortization	<u>379,762</u>	
Net right-to-use assets:		
Buildings	1,210,932	
Equipment	<u>1,062,256</u>	
Total	<u>2,273,189</u>	
Lease Payable		
Current		
Non-current	528,735	
Total	<u>1,780,407</u>	
	<u>\$ 2,309,142</u>	

County as Lessor

The County has entered into one building lease during FY2022 for the Capital Clubhouse that has a fifty-year term, with a possible 25 year extension. This lease has a lease receivable of \$2,758,542, with deferred inflows of \$2,672,633. The monthly payments are \$6,250 and lease income during the current fiscal year was \$92,160. The county had existing leases for land and as well as tower leases for placement of cell antennae on water or radio towers. Other than the Clubhouse lease, most leases have initial terms from 2 to 25 years with one, two or three more renewals at the County's option for five-year periods. The County has included these renewal periods in the lease term when they are both noncancellable and reasonably certain to be exercised. The County's lease arrangements do not contain any material residual value guarantees. As the interest rate implicit in the County's leases is not readily determinable, the County utilizes its incremental

borrowing rate to discount the lease payments. Although the County is exposed to changes in the residual value at the end of the current leases, the County typically enters new operating leases and therefore will not immediately realize any reduction in residual value at the end of these leases.

The total amount of inflows of resources relating to leases, including the building lease entered into in FY2022, are recognized in the current fiscal year are as follows:

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		Total
Lease Revenue	\$	101,739	\$	182,947	\$ 284,686
Interest Revenue		302,424		381,604	684,028
Total Revenue	\$	<u>404,163</u>	\$	<u>564,551</u>	<u>\$ 968,714</u>

As of June 30, 2022, the principal and interest requirements to maturity for the leases receivable are as follows:

Year ending June 30	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	
2023	\$ 202,050	\$ 99,182	\$ 189,007	\$ 181,238	\$ 671,477
2024	214,120	93,183	200,681	176,112	684,096
2025	220,116	86,388	212,837	169,695	689,036
2026	223,648	79,733	220,244	163,419	687,044
2027	211,660	73,117	208,152	157,055	649,984
2028-2032	985,779	275,234	983,985	696,478	2,941,476
2033-2037	920,896	131,304	922,390	549,065	2,523,655
2038-2042	413,853	22,355	515,883	429,190	1,381,281
2043-2047	15,355	157	188,667	386,451	590,630
2048-2072	-	-	2,481,707	1,094,790	3,576,497
	<u>\$ 3,407,477</u>	<u>\$ 860,653</u>	<u>\$ 6,123,553</u>	<u>\$ 4,003,493</u>	<u>\$ 14,395,176</u>

L. Fund Balance Analysis

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

Fund balances:	General Fund	Capital Projects Fund	Debt Service Fund	Other Governmental Funds	Total Governmental Funds
<u>Nonspendable</u>					
Inventory	\$ 2,167,812	\$ -	\$ -	\$ -	\$ 2,167,812
Prepay Items	317,598	-	-	-	317,598
	<u>2,485,410</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,485,410</u>
<u>Restricted</u>					
Capital Outlay	-	18,302,845	-	-	18,302,845
Economic Development	11,562	-	-	808,669	820,231
Debt Service	-	-	1,692,000	-	1,692,000
Housing	-	-	-	287,065	287,065
Drug Enforcement	-	-	-	891,778	891,778
Fire and Rescue	-	-	-	91,143	91,143
Planning Programs	-	-	-	1,037,959	1,037,959
Public Safety	-	-	-	146,949	146,949
Cable Franchise	-	-	-	10,400,090	10,400,090
ARPA funding	-	-	-	335,699	335,699
Animal Control	127,907	-	-	4,500	132,407
	<u>139,469</u>	<u>18,302,845</u>	<u>1,692,000</u>	<u>14,003,852</u>	<u>34,138,166</u>
<u>Committed</u>					
Policy Target	74,766,005	-	-	-	74,766,005
Income Tax Reserve	17,119,700	-	-	-	17,119,700
Long Term Notes	-	-	6,321,611	-	6,321,611
OPEB Reserve	5,050,000	-	-	-	5,050,000
Teacher's Incentive Grant	4,228,800	-	-	-	4,228,800
CIP Reserve	43,217,000	-	-	-	43,217,000
Workers Compensation	10,541,603	-	-	-	10,541,603
Unspent Budget	10,329,276	-	-	-	10,329,276
GenOn Reserve for Loss	20,425,400	-	-	-	20,425,400
CIP/Pay-go	-	43,052,490	-	-	43,052,490
	<u>185,677,785</u>	<u>43,052,490</u>	<u>6,321,611</u>	<u>-</u>	<u>235,051,885</u>
<u>Assigned</u>					
Aging Grants	-	-	-	40,403	40,403
Judicial Grants	-	-	-	62,450	62,450
Transportation	-	-	-	4,804,590	4,804,590
Public Safety	-	-	-	115,047	115,047
Housing	345,099	-	-	-	345,099
Aging Services	-	-	-	55,165	55,165
Animal Control	-	-	-	252,063	252,063
Mental Health	-	-	-	206,907	206,907
Cable Franchise	-	-	-	508,955	508,955
Debt Service	-	-	13,025,006	-	13,025,006
Storm Event Reserve	5,500,000	-	-	-	5,500,000
Health Ins Rate Stabilization	3,713,128	-	-	-	3,713,128
CIP & Operations	-	23,860,786	-	-	23,860,786
	<u>9,558,227</u>	<u>23,860,786</u>	<u>13,025,006</u>	<u>6,045,578</u>	<u>52,489,599</u>
<u>Unassigned</u>					
Other unassigned	3,675,406	-	-	-	3,675,406
Total fund balances	<u>\$ 201,536,297</u>	<u>\$ 85,216,121</u>	<u>\$ 21,038,617</u>	<u>\$ 20,049,430</u>	<u>\$ 327,840,465</u>

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, 2022, a liability of \$1,398,000 (\$998,584 in governmental funds and \$399,416 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
2020	1,563,000	(359,000)	1,204,000
2021	1,204,000	374,000	1,578,000
2022	1,578,000	(180,000)	1,398,000

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, 2022, a budget surplus of \$614,586 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, 2022, is \$12,133,517.

In addition, the County had a Loss Reserve Analysis report prepared as of June 30, 2022. This report was provided to County stakeholders as well as being sent to the Maryland Workers' Compensation Commission. The discounted reserve reported was \$4,090,848. This is recorded on the County's books in similar fashion as the preceding Health IBNR claims liability and future reports will be done periodically as needed.

Fiscal Year	Beginning of Year	Changes in Discounted Reserve, Net	End of Year
2020	5,654,745	-	5,654,745
2021	5,654,745	(144,456)	5,510,289
2022	5,510,289	(1,419,441)	4,090,848

Other insurance

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

NOTE 5. COMMITMENTS AND CONTINGENCIES

A. Contingencies Under Grant Provisions

The County participates in federal, and state assisted programs and is a recipient of several grants. These programs and grants are subject to financial and compliance audits by the grantors or their representatives. Any liability for reimbursement that may arise because of these audits is not believed to be material. The County has experienced audits of a few programs during the year ended June 30, 2022, which have not resulted in any findings or liabilities. The County does not expect any disallowances of grant expenditures in the future.

B. Litigation

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

NOTE 6: PENSION & TRUST PLANS

Note 6 and 7 represent the required pension note disclosures for the County Pension Plans, including the Charles County Employees Retirement Plan (the “County Plan”) and the Charles County Sheriff’s Office Retirement Plan (“SORP”), and the Other Post Employment Benefit plan (“OPEB”) trust funds. Also included here is the existing Length of Service Award Program (“LOSAP”) Plan, with its newly established trust fund (started in April 2022). These footnotes also include information on the County’s deferred compensation plans.

Summary of Significant Accounting Policies

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

Contributions and Reserves

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

For OPEB, the County’s practice has been to pay the employer benefit payments from general revenues, plus make a cash contribution to the trust (after formal budget approval by the County Commissioners). LOSAP is funded from revenues obtained from the county’s fire and rescue tax. During FY 2022, the investment assets for the LOSAP plan were formally placed in a trust which will be maintained going forward. Investments for the two pension and OPEB trust funds are managed by an investment committee which includes an outside investment consultant. LOSAP program assets are maintained separately by a custodian and investment decisions are made by an investment firm appointed by the Board of Fire and Rescue Commissioners.

The County’s net pension liabilities, deferred outflows and deferred inflows of resources related to pensions, and the pension expense for June 30, 2022, consist of the following:

(in thousands of dollars)	County Plan	Sheriff's Plan	LOSAP	OPEB	Total
Net Pension Liability	\$ 21,149	\$ 113,284	\$ 3,872	\$ 129,345	\$ 267,650
Deferred Outflows of Resources	\$ 26,122	\$ 40,400	\$ 9,861	\$ 7,125	\$ 83,508
Deferred Inflows of Resources	\$ 10,638	\$ 6,469	\$ 18,223	\$ 50,402	\$ 85,732
Pension/OPEB Expense	\$ 2,561	\$ 4,873	\$ 17,374	\$ (12,846)	\$ 11,962
Fiduciary Net Position	\$ 266,055	\$ 332,894	\$ 17,393	\$ 21,513	\$ 637,856

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

THE COUNTY COMMISSIONERS OF CHARLES COUNTY, MARYLAND
COMBINING STATEMENT OF FIDUCIARY NET POSITION
JUNE 30, 2022

	<u>County Pension</u>	<u>Sheriff's Pension</u>	<u>LOSAP Trust Fund</u>	<u>OPEB Trust Fund</u>	<u>Total</u>
ASSETS:					
Current assets:					
Cash and cash equivalents	\$ 8,435,481	\$ 3,099,191	\$ 358,843	\$ 13,350	\$ 11,906,865
Interest receivable	-	214,683	-	-	214,683
Total current assets	<u>8,435,481</u>	<u>3,313,874</u>	<u>358,843</u>	<u>13,350</u>	<u>12,121,547</u>
Investments:					
Bond mutual funds	-	123,126,443	7,215,891	5,848,400	136,190,734
Equity securities	-	206,481,978	9,818,585	15,651,563	231,952,127
Pooled separate accounts	<u>257,621,915</u>	-	-	-	<u>257,621,915</u>
Total investments	<u>257,621,915</u>	<u>329,608,421</u>	<u>17,034,476</u>	<u>21,499,963</u>	<u>625,764,776</u>
Total assets	266,057,396	332,922,295	17,393,319	21,513,313	637,886,323
LIABILITIES:					
Accrued expenses	<u>2,275</u>	<u>28,427</u>	-	-	<u>30,702</u>
NET POSITION RESTRICTED FOR PENSIONS AND OPEB BENEFITS					
	<u>\$ 266,055,121</u>	<u>\$ 332,893,867</u>	<u>\$ 17,393,319</u>	<u>\$ 21,513,313</u>	<u>\$ 637,855,620</u>

THE COUNTY COMMISSIONERS OF CHARLES COUNTY, MARYLAND
 COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
 YEAR ENDED JUNE 30, 2022

	<u>County</u> <u>Pension</u>	<u>Sheriff's</u> <u>Pension</u>	<u>LOSAP Trust</u> <u>Fund</u>	<u>OPEB Trust</u> <u>Fund</u>	<u>Total</u>
ADDITIONS:					
Contributions:					
Employer contributions	\$ 5,591,557	\$ 14,753,201	\$ 19,841,547	\$ 5,152,000	\$ 45,338,305
Employee contributions	<u>2,628,101</u>	<u>3,168,729</u>	<u>-</u>	<u>-</u>	<u>5,796,830</u>
Total contributions	8,219,658	17,921,930	19,841,547	5,152,000	51,135,135
Investment earnings:					
Interest, Dividends, Gains	6,609,074	26,389,382	145,801	554,866	33,699,124
Net change in fair value of investments	<u>(41,589,319)</u>	<u>(71,941,598)</u>	<u>(2,243,184)</u>	<u>(5,036,897)</u>	<u>(120,810,998)</u>
Total investment earnings	(34,980,244)	(45,552,217)	(2,097,384)	(4,482,031)	(87,111,875)
Less investment expenses	<u>(1,721,433)</u>	<u>(1,616,663)</u>	<u>(21,023)</u>	<u>(16,906)</u>	<u>(3,376,025)</u>
Net investment earnings	<u>(36,701,678)</u>	<u>(47,168,880)</u>	<u>(2,118,406)</u>	<u>(4,498,937)</u>	<u>(90,487,900)</u>
Total additions	<u>(28,482,020)</u>	<u>(29,246,950)</u>	<u>17,723,141</u>	<u>653,063</u>	<u>(39,352,766)</u>
DEDUCTIONS:					
Benefits paid to members	9,026,057	15,893,044	277,475	-	25,196,577
Administrative costs	<u>17,517</u>	<u>22,389</u>	<u>52,346</u>	<u>1,195</u>	<u>93,448</u>
Total deductions	<u>9,043,574</u>	<u>15,915,434</u>	<u>329,822</u>	<u>1,195</u>	<u>25,290,024</u>
Changes in net position	(37,525,594)	(45,162,384)	17,393,319	651,868	(64,642,790)
Net position - beginning of year	<u>303,580,715</u>	<u>378,056,250</u>	<u>-</u>	<u>20,861,445</u>	<u>702,498,410</u>
Net position - end of year	<u>\$ 266,055,121</u>	<u>\$ 332,893,867</u>	<u>\$ 17,393,319</u>	<u>\$ 21,513,313</u>	<u>\$ 637,855,620</u>

General Information about the Pension Plans

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

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

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

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

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

A. County Employees Retirement Plan:

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

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

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

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

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

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

Employee Contributions – For non-public safety participants, 4% of earnings, no contributions after 31 years of credited service. For public safety participants, 8% of earnings; *Interest Credited* – 5% per annum

Employees covered by the benefit terms: Membership in the plan consisted of the following as of July 1, 2021, the date of the last actuarial valuation:

Active plan members	967
Terminated, entitled to but not yet receiving benefits	320
Retirees and beneficiaries receiving benefits	392
	<hr/>
	1,679
	<hr/>

Pension Expense and Net Pension Liability

The pension expense was calculated using the July 1, 2021, census data and asset information as of June 30, 2022. The end of year liability value was determined using the July 1, 2021, 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%	8.25%
International Equity	12%	7.00%
Fixed Income	25%	5.37%
Real Estate	5%	6.50%
Stable Value	<u>15%</u>	4.35%
Total	100%	

Discount rate: The discount rate used to measure the total pension liability was 7.10%. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that County contributions will be made at rates equal to the difference between actuarially determined contribution rates and the employee rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

Funding Policy and Contributions: The annual pension contribution for the year ended June 30, 2022, was \$5,591,557. This contribution for the current year was determined as part of the July 1, 2021, actuarial valuation. The actuarial assumptions and methods included:

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

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

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

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

Inflation – 2.50%

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

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

Changes in the Net Pension Liability and related ratios:

(Dollar amounts in thousands)

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability/(Asset)
	(a)	(b)	(a) - (b)
Balances at 6/30/21	\$ 269,959	303,581	\$ (33,622)
Changes for the year:			
Service cost	8,237	-	8,237
Interest	18,845	-	18,845
Changes of benefit terms	4,926	-	4,926
Differences between expected and actual experience	(5,538)	-	(5,538)
Changes of assumptions	-	-	-
Contributions - employer	-	5,591	(5,591)
Contributions - employee	-	2,825	(2,825)
Net Investment Income	-	(36,485)	36,485
Benefit payments, including refunds of member contributions	(9,223)	(9,223)	-
Administrative expense	-	(232)	232
Other	-	-	-
Net Changes	<u>17,247</u>	<u>(37,524)</u>	<u>54,771</u>
Balances at 6/30/22	<u>\$ 287,206</u>	<u>\$ 266,057</u>	<u>\$ 21,149</u>

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

(Dollar amounts in thousands)

	1% decrease 6.10%	Current Discount Rate 7.10%	1% increase 8.10%
County's net pension liability/(asset)	<u>\$ 64,959</u>	<u>\$ 21,149</u>	<u>\$ (14,784)</u>
Plan fiduciary net position as a percentage of the total pension liability			<u>92.64%</u>
Annual money-weighted rate of return			<u>-12.00%</u>

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

At June 30, 2022, the County reported net deferred outflows or resources and deferred inflows of resources related to the County Employees Pension Plan from the following sources:

(Dollar amounts in thousands)	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 716	\$ 6,794
Changes of assumptions	2,162	3,844
Net difference between projected and actual earnings on pension plan investments	23,244	-
Total	\$ 26,122	\$ 10,638

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:	
2023	\$ 2,056
2024	2,457
2025	1,634
2026	10,278
2027	(941)

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 more than 4% per year. Effective October 1, 2015, the cost-of-living adjustment provides for no decrease (with an offset in subsequent years) if the CPI decreases between valuation dates.

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

Employees covered by the benefit terms: As of the valuation date of July 1, 2021, the following Sheriff’s employees were covered by the plan:

	<u>Sworn Officers</u>	<u>Correctional Officers</u>	<u>Communications Employees</u>
Active plan members	304	122	51
Retirees and beneficiaries receiving benefits	164	34	14
Disabled, receiving benefits	13	2	-
Vested termination	22	4	4
	<u>503</u>	<u>162</u>	<u>69</u>

Pension Expense and Net Pension Liability

The Pension Expense was calculated using the July 1, 2021, census data and asset information as of June 30, 2022. The end of year liability values was determined using the July 1, 2021 census data projected forward using standard actuarial techniques.

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

<u>Asset Class</u>	<u>Target</u>	<u>Long Term</u>
	<u>Allocation</u>	<u>Expected</u>
		<u>Real Rate of Return</u>
Domestic Large Cap	35%	5.37%
Domestic Mid/Small Cap	15%	6.53%
International Equity	10%	6.22%
Fixed Income	35%	1.20%
Cash	5%	-0.45%
Inflation		2.60%
Total	100%	

Discount rate: The discount rate used to measure the total pension liability was 7.25%. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that County contributions will be made at rates equal to the difference between actuarially determined contribution rates and the employee rate. Based on those assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate. of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

Funding Policy and Contributions – The total pension liability is based on the July 1, 2021, actuarial valuation rolled forward to June 30, 2022. These calculations are based on the Entry Age Normal cost method as required by GASB 67 and are based on an expected long-term rate of return of 7.25%. Normal cost ceases for Sworn members after 25 years of service (when members are assumed to join DROP) since GASB 67 does not allow normal cost while in DROP. All other methods, assumptions, and provisions used are detailed in the July 1, 2021, actuarial valuation report. The calculation of the Actuarially Determined Contribution for fiscal year ended June 30, 2022, is contained in the July 1, 2020, actuarial valuation report. The annual pension contribution for the year ended June 30, 2022, was \$14,753,201. The actuarial assumptions and methods included:

Funding Method – Projected Unit Credit with amortization of the annual change in unfunded accrued liability over a period of 20 years as a level percentage of pay. Actuarial surplus is amortized over 30 years as a level percentage of pay. Total payroll is assumed to increase by 3.0% per year. Amortization bases are restarted on

7/1/2022. The amortization payment and period are determined separately for Sworn Officers, Communications Dispatchers and Correctional Officers.

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

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

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

Mortality – Society of Actuaries Pub-2010 Safety Amount-Weighted Mortality Tables and the SOA mortality improvement scale (Scale MP) available at each actuarial valuation date (currently MP-2020).

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

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

Changes in the Net Pension Liability and related ratios:

(Dollar amounts shown in thousands)

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at 6/30/21	\$ 424,963	378,056	\$ 46,907
Changes for the year:			
Service cost	11,930	-	11,930
Interest	30,233	-	30,233
Changes of benefit terms	-	-	-
Differences between expected and actual experience	(1,384)	-	(1,384)
Changes of assumptions	(3,671)	-	(3,671)
Contributions - employer	-	14,753	(14,753)
Contributions - employee	-	3,169	(3,169)
Net Investment Income	-	(47,048)	47,048
Benefit payments, including refunds of member contributions	(15,893)	(15,893)	-
Administrative expense	-	(143)	143
Other	-	-	-
Net Changes	<u>\$ 21,215</u>	<u>\$ (45,162)</u>	<u>\$ 66,377</u>
Balances at 6/30/22	<u>\$ 446,178</u>	<u>\$ 332,894</u>	<u>\$ 113,284</u>

Sensitivity of the net pension liability to changes in the discount rate: The following presents the net pension liability of the County for this plan, calculated using the discount rate of 7.25%, as well as what the County’s net pension liability would be if it were calculated using a discount rate that is 1 percentage-point lower (6.25%) or 1 percentage-point higher (8.25%) than the current rate:

	1% decrease 6.25%	Current Discount Rate 7.25%	1% increase 8.25%
	<u>\$ 179,168</u>	<u>\$ 113,284</u>	<u>\$ 59,739</u>
(Dollar amounts in thousands)			
Plan fiduciary net position as a percentage of the total pension liability			<u>74.61%</u>
Annual money-weighted rate of return			<u>-12.44%</u>

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

At June 30, 2022, 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:

	Deferred Outflows of Resources	Deferred Inflows of Resources
(Dollar amounts in thousands)		
Differences between expected and actual experience	\$ 9,647	\$ 3,322
Changes of assumptions	2,704	3,147
Net difference between projected and actual earnings on pension plan investments	28,049	-
Total	<u>\$ 40,400</u>	<u>\$ 6,469</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:	
2023	\$ 8,738
2024	6,502
2025	5,091
2026	15,044
2027	(722)
Thereafter	(722)

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

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

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

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

Vesting – not applicable for this plan

Normal Retirement Date –age 60

Cost of Living Adjustment – none

Volunteer Contributions – none

Volunteers covered by benefit terms: On January 1, 2022, the following participants were covered by the benefit terms:

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

Pension Expense and Net Pension Liability

The Pension Expense was calculated using the December 31, 2021, census data and rolled forward to June 30, 2022. The total pension liability is based on the same December 31, 2021, actuarial valuation rolled forward to June 30, 2022.

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

Asset Classes	Target Allocation	Long-Term Expected Real Rate of Return
Domestic large cap	27%	5.37%
Domestic mid/small cap	12%	6.53%
International developed equity	12%	6.22%
International emerging equity	7%	8.22%
Fixed Income	41%	1.20%
Cash	1%	-0.45%
Inflation		2.60%
Total	100%	

Discount Rate – The calculations in this report assume the plan remains unfunded. Thus, the discount rate is based on the 20-year general obligation bond rate. The discount rate used to measure the total pension liability was 6.10%, an increase from 2.75% used in the previous year.

Funding Policy and Contributions – For this fiscal year and future years, the plan is funded from the revenue derived from one cent of the fire and rescue tax levied by the County in accordance with Section 123 of the Article noted above. Contributions to the program for the year ended June 30, 2022, totaled \$877,000 from the 2021/2022 tax levy. The County Commissioners administer the plan but do not fund it beyond the allocation of the fire and rescue tax revenues.

Mortality – Pub-2010 Safety Headcount Weighted generationally projected using Scale MP-2021. The projection to the valuation date is assumed to be current mortality experience. The generational projection past the valuation date is assumed to account for future mortality improvements. This assumption has been set based on a generally accepted mortality study. Due to the size of the plan, there is insufficient experience to create plan-specific mortality tables.

Changes in the net LOSAP Pension Liability and related ratios:

(Dollar amounts in thousands)

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability/(Asset) (a) - (b)
Balances at 6/30/21	\$ 37,211	-	\$ 37,211
Changes for the year:			
Service cost	454	-	454
Interest	2,236	-	2,236
Changes of benefit terms	-	-	-
Differences between expected and actual experience	987	-	987
Changes of assumptions	(18,515)	-	(18,515)
Contributions - employer	-	19,841	(19,841)
Contributions - employee	-	-	-
Net Investment Income	-	(1,289)	1,289
Benefit payments, including refunds of member contributions	(1,107)	(1,107)	-
Administrative expense	-	(52)	52
Other	-	-	-
Net Changes	(15,945)	17,393	(33,338)
Balances at 6/30/22	\$ 21,266	\$ 17,393	\$ 3,873

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

(Dollar amounts in thousands)	1% decrease	Current	1% increase
	5.10%	Discount Rate 6.10%	7.10%
LOSAP net pension liability	\$ 6,762	\$ 3,872	\$ 1,519
Plan fiduciary net position as a percentage of the total pension liability			<u>81.79%</u>
Annual money-weighted rate of return			N/A

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

As of June 30, 2022, the County reported net deferred outflows or resources and deferred inflows of resources related to LOSAP from the following sources:

(Dollar amounts in thousands)	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 1,848	\$ -
Changes of assumptions	6,768	18,223
Net difference between projected and actual earnings on OPEB plan investments	<u>1,245</u>	<u>-</u>
Total	<u>\$ 9,861</u>	<u>\$ 18,223</u>

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

Year ended June 30:	
2023	\$ (451)
2024	(451)
2025	(451)
2026	(451)
2027	(763)
Thereafter	(5,795)

NOTE 7: OTHER EMPLOYMENT BENEFITS

A. Deferred Compensation Plan

The County offers its employees three deferred compensation plans, created in accordance with Internal Revenue Code Section 457. The plans are administered by Nationwide Retirement Solutions, Inc., Empower, and MetLife. The plans, available to all full-time and full-time reduced hour employees permit them

to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency.

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

(all dollar amounts in thousands)	<u>Nationwide</u>	<u>Empower</u>	<u>Metlife</u>
Participants	455	291	51
Plan Assets	\$36,732	\$24,458	\$3,496
Annual Employee Contribution	\$2,131	\$1,944	\$191

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, 2022, 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 includes the long-term medical trend released by the Society of Actuaries. The current valuation uses the latest version of the model available at the time of the October 2020 report from the actuaries.

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

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

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

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

The Plan’s funding policy provides for the County to contribute to the trust as determined by the County budget. The County budget for fiscal year 2022 included funding for pay-as-you-go OPEB costs as well as \$5,152,000 to the trust.

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

Asset Classes	Ranges	Targets	Long-Term Expected
			Rate of Return
Large Cap Domestic Equities	35%-45%	40%	6.54%
Small/Mid Cap Domestic Equities	10%-20%	15%	6.99%
International Equities	15%-25%	20%	7.08%
Fixed Income	15%-35%	25%	3.49%
Cash Equivalents	0%-10%	0%	1.99%
Inflation			2.44%
Total		100%	

Discount rate and medical care cost increases -- The OPEB plan was closed to new hires on January 1, 2017. Employees hired on or after January 1, 2017, are enrolled in a defined contribution plan. Using the methodology described under GASB 75, assuming 2% annual increases for expected future hires to account for future benefits to be paid under the DC plan, and assuming Charles County Government maintains the current funding levels (adjusted for assumed increases to payroll in future years), it was determined that the fund will remain solvent with no “cross-over” point. Therefore, the discount rate used to determine the liabilities under GASB 75 was set to the long-term rate of return of plan assets of 7.50%. 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, 2020, rolled forward to June 30, 2022. The County’s proportionate share of the net OPEB liability was based on an allocation determined by the County and agreed to by the Library.

Actuarial Cost Method – Entry Age Normal

Amortization Method – level dollar, period is 18 years

Asset Method – Market value of Assets

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

Inflation – 2.50% per year increase is assumed

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

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

Changes in the Total OPEB Plan Liability and related ratios:

	(Dollar amounts in thousands)		
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
	(a)	(b)	(a) - (b)
Balances At 6/30/21			
Changes for the year:	\$ 143,292	\$ 20,861	\$ 122,430
Service cost	2,939	-	2,939
Interest	10,459	-	10,459
Changes of benefit terms	-	-	-
Differences between expected and actual experience	531	-	531
Changes of assumptions	-	-	-
Benefit payments, including refunds of member contributions	(4,449)	-	(4,449)
	-	-	-
Contributions - employer	-	9,601	(9,601)
Net Investment Income	-	(4,499)	4,499
Benefit payments, including refunds of member contributions	-	(4,449)	4,449
Administrative expense	-	(1)	1
Other	-	-	-
Net Changes	<u>9,481</u>	<u>652</u>	<u>8,829</u>
Balances At 6/30/22	<u>\$ 152,772</u>	<u>\$ 21,513</u>	<u>\$ 131,259</u>

Library/County relative share of OPEB Plan:

	<u>Total OPEB Liability</u>	<u>Plan Fiduciary Net Position</u>	<u>Net OPEB Liability</u>
Total Plan	\$ 152,772	21,513	\$ 131,259
Library's Share	<u>2,442</u>	<u>528</u>	<u>1,914</u>
County's Share	<u>\$ 150,330</u>	<u>\$ 20,985</u>	<u>\$ 129,345</u>

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

	1% decrease 6.40%	Current Discount Rate 7.40%	1% increase 8.40%
County's Total OPEB liability	\$ 176,861	\$ 150,330	\$ 129,305
County's Net OPEB liability	\$ 155,926	\$ 129,345	\$ 108,300

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

	1% decrease 3.00%	Current Trend Rate 4.00%	1% increase 5.00%
County's Total OPEB liability	\$ 125,547	\$ 150,330	\$ 192,016
County's Net OPEB liability	\$ 104,536	\$ 129,345	\$ 161,252

Outflows of Resources and Deferred Inflows of Resources Related to OPEB

As of June 30, 2022, the net deferred outflows of resources and deferred inflows of resources related to the total OPEB plan are from the following sources:

(Dollar amounts in thousands)	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 3,558	\$ 4,053
Changes of assumptions	864	48,057
Net difference between projected and actual earnings on OPEB plan investments	2,956	-
Total	<u>\$ 7,378</u>	<u>\$ 52,110</u>

As of June 30, 2022, the net deferred outflows of resources and deferred inflows of resources related to the County's share of the OPEB plan are from the following sources:

(Dollar amounts in thousands)	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 3,435	\$ 3,920
Changes of assumptions	834	46,482
Net difference between projected and actual earnings on OPEB plan investments	2,856	-
Total	<u>\$ 7,125</u>	<u>\$ 50,402</u>

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

Year ended June 30:	(in thousands)
2023	\$ (14,973)
2024	(15,008)
2025	(15,073)
2026	921
2027	783
Thereafter	73

C. Post-Employment Health Program (PEHP)

The Post Employment Health Program (PEHP) enrollment is required for all employees hired after January 1, 2017, enrolled in medical insurance through the County. The program is an individual employee

fund administered through Nationwide. It assists with health insurance premiums and eligible medical expenses upon retirement or separation from employment. The monies are invested in various fund options at the direction of the employee. Employee and County contributions to the PEHP are subject to change annually based on the Consumer Price Index (CPI). The employee gains access to 100% of the accumulated funds upon leaving county service or retirement.

NOTE 8. CLOSURE AND POST-CLOSURE CARE COSTS

A. Pisgah Landfill

State and Federal laws and regulations required the County to place a final cover on its Pisgah landfill site when it stopped accepting waste, and to perform certain maintenance and monitoring functions at the site for thirty years after the closure. The Pisgah landfill stopped accepting waste in September 1994. The greatest of closure costs related to this landfill were incurred during Fiscal Year 1997. The landfill was closed in Fiscal Year 2000 with a final cost of \$6,841,885. Post-closure costs for the fiscal year ended June 30, 2022, were \$83,694.

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, 2022, approximately 2.6 years of useful life space remains available for future waste disposal. The County is developing the landfill in sections so that when one section closes another is ready to open. At the close of the fiscal year, the landfill had Phase IIIB filled for accounting purposes of the closure and post-closure liability calculation. Phase 4A was constructed during FY22 and received Maryland Department of the Environment approval on July 17, 2022, to begin accepting waste. The \$13,781,709 reported as landfill closure and post-closure care liability as of June 30, 2022, 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 \$1,629,824.

NOTE 9. SUBSEQUENT EVENTS

On November 15, 2022, the County completed a bond sale transaction for \$50,000,000 in general obligation public improvement bonds. The proceeds are being used, together with funds from other sources, to finance the costs of certain buildings, facilities, equipment, and grounds in Charles County, as well as the costs of issuance of the 2022 bonds. Debt service repayments are scheduled for semi-annually on April 1 and October 1, commencing April 1, 2023.

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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, 2022

	Budgeted amounts		Actual amounts budgetary basis	Variance with final budget positive (negative)
	Original	Final		
Revenues:				
Taxes - local property	\$ 247,687,300	\$ 247,687,300	\$ 248,087,176	\$ 399,876
Taxes - income	148,000,000	148,242,000	171,197,766	22,955,766
Taxes - other local	25,010,000	25,529,730	56,120,780	30,591,050
Charges for services	10,393,100	10,432,040	10,829,659	397,619
Intergovernmental	4,117,200	4,265,040	4,802,187	537,147
Interest income	750,000	750,000	626,477	(123,523)
Other income	5,175,200	5,910,500	9,517,840	3,607,340
Total revenues	441,132,800	442,816,610	501,181,885	58,365,275
Expenditures:				
Education	215,748,700	215,748,700	215,735,225	13,475
Public safety	120,877,900	126,769,740	123,732,459	3,037,281
General government (including contingencies)	30,677,300	32,489,880	32,925,631	(435,751)
Public Works- Facilities	15,550,300	16,596,410	15,857,079	739,331
Financial Administration	13,925,300	14,434,630	13,714,130	720,500
Judicial	6,822,300	6,960,830	6,710,603	250,227
Planning and Growth Management	3,398,200	3,518,680	3,360,622	158,058
Community Services	2,470,700	2,597,400	2,217,429	379,971
Recreation, Parks & Tourism	9,801,600	9,917,190	9,477,616	439,574
Health Services	3,478,800	3,479,070	3,470,073	8,997
Economic Development	2,094,600	2,341,010	2,182,307	158,703
Social Services	1,532,500	1,532,700	1,531,239	1,461
Legislative	2,551,700	2,680,950	2,581,464	99,486
Law	1,313,600	1,351,970	1,058,320	293,650
Conservation of Natural Resources	687,700	712,120	680,759	31,361
Elections	2,185,100	2,185,360	2,390,185	(204,825)
Debt service				
Interest	8,433,800	8,433,800	8,123,964	309,836
Total expenditures	441,550,100	451,750,440	445,749,105	6,001,335
Excess (deficiency) of revenues over (under) expenditures	(417,300)	(8,933,830)	55,432,780	64,366,610
Other financing sources (uses):				
Issuance of debt - leases	1,923,042	1,923,042	1,923,042	-
Transfers in	3,371,800	3,371,800	2,671,800	(700,000)
Transfers out	(8,376,700)	(11,463,240)	(11,056,581)	406,659
Total other financing sources (uses)	(3,081,858)	(6,168,398)	(6,461,740)	(293,341)
Net change in fund balance	(3,499,158)	(15,102,228)	48,971,040	64,073,269
Fund balance - beginning of year	152,565,256	152,565,256	152,565,256	-
Fund balance - end of year	\$ 149,066,098	\$ 137,463,028	\$ 201,536,296	\$ 64,073,268

Schedule of the County's Plan Employer Contributions

Last 10 Fiscal Years

(Dollar amounts in thousands)

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Actuarially determined contribution	\$ 5,592	\$ 5,367	\$ 4,715	\$ 4,498	\$ 3,926	\$ 3,673	\$ 5,240	\$ 5,627	\$ 5,356	\$ 5,223
Contributions in relation to the actuarially determined contribution	<u>5,592</u>	<u>5,367</u>	<u>4,715</u>	<u>4,498</u>	<u>3,926</u>	<u>3,673</u>	<u>5,240</u>	<u>5,627</u>	<u>5,356</u>	<u>5,223</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	\$61,099	\$60,623	\$57,791	\$54,332	\$53,002	\$50,662	\$58,330	\$57,345	\$54,750	n/a
Contributions as a percentage of covered employee payroll	9.15%	8.85%	8.16%	8.28%	7.41%	7.25%	8.98%	9.81%	9.78%	n/a

Notes to Schedule

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

Methods and assumptions used to determine most recent contribution rates:

Actuarial cost method	Entry Age Normal Actuarial Cost Method
Amortization method	Changes in assumptions and differences between assumptions and actual experience are recognized over the average of the expected remaining service lives of all employees (active and inactive employees, including retirees). Differences between expected earnings on plan investments and actual investments earnings are recognized over a 5 year period. Changes in benefit terms are recognized immediately.
Asset valuation method	Assets are valued at contract value with a market value adjustment factor for the Guaranteed Deposit Account Assets, and at market value for Separate Accounts, which is considered the best representation of Fair Value.
Inflation	2.50%
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-2020 for males and females

Public service employees

In FY 2022, the benefit multiplier increased from 2 to 2.5% and the employee contributions increased from 7 to 8%

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

(Dollar amounts in thousands)

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total Pension Liability					
Service cost	\$ 8,237	\$ 7,895	\$ 7,555	\$ 7,276	\$ 6,690
Interest	18,845	17,841	17,691	15,177	14,782
Changes of benefit terms	4,926	-	-	591	-
Differences between expected and actual experience and changes in assumptions	(5,538)	(2,874)	109	190	2,782
Benefit payments, including refunds of member contributions	<u>(9,223)</u>	<u>(8,226)</u>	<u>(7,398)</u>	<u>(6,648)</u>	<u>(6,251)</u>
Net change in total pension liability	17,247	14,636	17,957	16,586	18,003
Total Pension Liability - beginning	<u>269,959</u>	<u>255,323</u>	<u>237,366</u>	<u>220,780</u>	<u>202,777</u>
Total Pension Liability - ending (a)	<u>\$ 287,206</u>	<u>\$ 269,959</u>	<u>\$ 255,323</u>	<u>\$ 237,366</u>	<u>\$ 220,780</u>
Plan Fiduciary Net Position					
Contributions - employer	\$ 5,592	\$ 5,367	\$ 4,715	\$ 4,498	\$ 3,926
Contributions - employee	2,825	2,785	2,546	2,476	2,348
Net Investment Income	(36,485)	62,502	9,105	13,788	15,852
Benefit payments, including refunds of member contributions	(9,223)	(8,226)	(7,398)	(6,647)	(6,251)
Administrative expense	(232)	(151)	(184)	(117)	(109)
Other	-	-	-	-	-
Net change in plan fiduciary net position	<u>(37,523)</u>	<u>62,277</u>	<u>8,784</u>	<u>13,998</u>	<u>15,766</u>
Plan Fiduciary Net Position - beginning	<u>303,580</u>	<u>241,303</u>	<u>232,519</u>	<u>218,521</u>	<u>202,755</u>
Plan Fiduciary Net Position - ending (b)	<u>\$ 266,057</u>	<u>\$ 303,580</u>	<u>\$ 241,303</u>	<u>\$ 232,519</u>	<u>\$ 218,521</u>
County's Net Pension Liability/(Asset) - ending (a) - (b)	<u>\$ 21,149</u>	<u>\$ (33,621)</u>	<u>\$ 14,020</u>	<u>\$ 4,847</u>	<u>\$ 2,259</u>
Plan Fiduciary Net Position as a percentage of the total pension liability	92.64%	112.45%	94.51%	97.96%	98.98%
Covered payroll	\$ 61,099	\$ 60,623	\$ 57,791	\$ 54,332	\$ 53,002
County's Net Pension Liability as a percentage of covered employee pensionable payroll	34.61%	-55.46%	24.26%	8.92%	4.26%
Annual money-weighted rate of return	-12.0%	25.9%	3.6%	7.0%	8.5%

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

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

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

Schedule of Sheriff's Office Retirement Plan Employer Contributions

Last 10 Fiscal Years

(Dollar amounts in thousands)

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Actuarially determined contribution	\$ 14,753	\$ 13,494	\$ 12,431	\$ 11,892	\$ 11,795	\$ 10,845	\$ 10,590	\$ 10,402	\$ 9,823	\$ 8,425
Contributions in relation to the actuarially determined contribution	<u>14,753</u>	<u>13,494</u>	<u>12,431</u>	<u>11,892</u>	<u>11,795</u>	<u>10,845</u>	<u>10,590</u>	<u>10,402</u>	<u>9,823</u>	<u>8,425</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	\$ 38,762	\$ 39,034	\$ 36,255	\$ 34,470	\$ 33,888	\$ 33,373	\$ 30,706	\$ 32,509	\$ 31,270	n/a
Contributions as a percentage of covered employee payroll	38.06%	34.57%	34.29%	34.50%	34.81%	32.50%	34.49%	32.00%	31.41%	n/a

Notes to Schedule

Valuation date: Actuarially determined contribution amounts are calculated as of the beginning of the fiscal year for the year immediately following the prior fiscal year (done every year). The assumptions shown below are those used in the July 1, 2020 actuarial valuation to calculate the FY2022 ADC.

Assumptions used to determine contributions in the past may not have been the same.

Methods and assumptions used to determine most recent contribution rates:

Actuarial cost method	Projected Unit Credit
Amortization method	Level percent of payroll (closed), increasing 3.5% per year.
Remaining amortization period	Remaining amortization periods range from 6 to 30 years.
Asset valuation method	5-year smoothed market.
Inflation	3.00% for the July 1, 2020 valuation
Salary increases	5.00%, including inflation
Investment rate of return	7.40%, net of pension plan investment expense, including inflation.
Retirement age	Rates vary by participant age and service
Mortality	RP-2014 Blue Collar Mortality tables with generational projection from 2006 by Scale MP-2016. A five-year set forward is used for post-disability mortality.

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

(Dollar amounts in thousands)

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total Pension Liability					
Service cost	\$ 11,930	\$ 9,245	\$ 8,607	\$ 8,068	\$ 7,681
Interest	\$ 30,233		26,604	25,197	24,182
Changes of benefit terms		28,879	-	-	(313)
Differences between expected and actual experience	\$ (1,384)	4,528	11,324	(5,995)	(820)
Changes of assumptions	\$ (3,671)	-	-	4,874	-
Benefit payments, including refunds of member contributions	<u>\$ (15,893)</u>	<u>(15,896)</u>	<u>(15,688)</u>	<u>(12,669)</u>	<u>(10,511)</u>
Net change in total pension liability	\$ 21,215	26,756	30,847	19,475	20,219
Total Pension Liability - beginning	<u>\$ 424,963</u>	<u>398,207</u>	<u>367,360</u>	<u>347,885</u>	<u>327,666</u>
Total Pension Liability - ending (a)	<u>\$ 446,178</u>	<u>\$ 424,963</u>	<u>\$ 398,207</u>	<u>\$ 367,360</u>	<u>\$ 347,885</u>
Plan Fiduciary Net Position					
Contributions - employer	\$ 14,753	\$ 13,494	\$ 12,431	\$ 11,892	\$ 11,794
Contributions - employee	3,169	3,129	2,996	2,793	2,776
Net Investment Income	(47,048)	81,618	13,387	18,243	19,716
Benefit payments, including refunds of member contributions	(15,893)	(15,896)	(15,688)	(12,669)	(10,511)
Administrative expense	(143)	(148)	(133)	(143)	(162)
Other	-	-	-	-	-
Net change in plan fiduciary net position	(45,162)	82,197	12,993	20,116	23,613
Plan Fiduciary Net Position - beginning	<u>378,056</u>	<u>295,859</u>	<u>282,866</u>	<u>262,749</u>	<u>239,136</u>
Plan Fiduciary Net Position - ending (b)	<u>\$ 332,894</u>	<u>\$ 378,056</u>	<u>\$ 295,859</u>	<u>\$ 282,866</u>	<u>\$ 262,749</u>
Sheriff's Net Pension Liability - ending (a) - (b)	<u>\$ 113,284</u>	<u>\$ 46,907</u>	<u>\$ 102,348</u>	<u>\$ 84,494</u>	<u>\$ 85,136</u>
Plan Fiduciary Net Position as a percentage of the total pension liability	74.61%	88.96%	74.30%	77.00%	75.53%
Covered payroll	\$ 38,762	\$ 39,034	\$ 36,255	\$ 34,470	\$ 33,888
Sheriff's Net Pension Liability as a percentage of covered employee pensionable payroll	292.26%	120.17%	282.30%	245.13%	251.23%
Expected average remaining service years of all participants	7	6	6	6	6
Annual money-weighted rate of return	-12.44%	27.59%	4.73%	6.94%	8.74%

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

Notes to Schedule

Benefit Changes	There are no benefit changes reflected in the current schedule.
Assumption Changes	The investment return/discount rate assumption was changed to 7.25%, the pay increase assumption was changed to separate service-based rates for each group, the payroll growth assumption was changed to 3.00%, the mortality tables were updated to use the Pub-2010 Safety Amount-Weighted tables for each group, and the mortality improvement scale was updated to use the MP-2020 scaled for 2021 valuation and will be updated annually. Full descriptions of the changes are available in the July 1, 2021 actuarial valuation report.

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

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

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

Schedule of the OPEB Plan Employer Contributions (includes Library)

Last 10 Fiscal Years

(Dollar amounts in thousands)

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Actuarially determined contribution	\$ 15,845	\$ 14,783	\$ 14,668	\$ 13,662	\$ 10,576	\$ 9,771
Contributions in relation to the actuarially determined contribution	<u>9,272</u>	<u>6,867</u>	<u>6,279</u>	<u>5,095</u>	<u>4,440</u>	<u>3,924</u>
Contribution deficiency (excess)	<u>\$ 6,573</u>	<u>\$ 7,916</u>	<u>\$ 8,389</u>	<u>\$ 8,567</u>	<u>\$ 6,136</u>	<u>\$ 5,847</u>

Information for FYE 2016 and earlier is not available

Notes to Schedule

Benefit changes None

Valuation Date: The FYE 2022 actuarially determined contribution (ADC) is calculated as of 7/1/2020. The liability is based on 7/1/2021 data. Actuarial valuations are done every other year.

Changes of assumptions None

Methods and assumptions used to determine contribution rates:

Valuation Date	7/1/2020
Actuarial cost method	Projected Unit Credit with linear pro-ratio to assumed benefit commencement
Amortization method	Level dollar
Asset valuation method	Market value of assets
Remaining amortization period	17 years for FYE 2022
Investment rate of return	7.50%
Payroll growth rate	N/A - The amortization method is level dollar
Inflation	2.50%
Healthcare cost trend rate	The trend for 2020 is 4.7%. The ultimate trend is 4.0% for both Pre-Medicare Post-Medicare.

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

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

(Dollar amounts in thousands)

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Total Pension Liability						
Service cost	\$ 2,839	\$ 2,807	\$ 2,925	\$ 7,898	\$ 8,365	\$ 8,040
Interest	10,100	9,247	9,177	9,015	8,560	7,669
Changes of benefit terms	-	-	-	(963)	-	-
Differences between expected and actual experience	513	3,798	411	(9,340)	130	2,364
Changes of assumptions	-	1,168	(7,745)	(89,891)	(11,962)	(36,539)
Benefit payments, including refunds of member contributions	<u>(4,296)</u>	<u>(3,697)</u>	<u>(3,375)</u>	<u>(3,149)</u>	<u>(2,940)</u>	<u>(2,674)</u>
Net change in total pension liability	9,156	13,324	1,393	(86,430)	2,153	(21,140)
Total Pension Liability - beginning	<u>141,175</u>	<u>127,851</u>	<u>126,458</u>	<u>212,888</u>	<u>210,735</u>	<u>231,875</u>
Total Pension Liability - ending (a)	<u>\$ 150,330</u>	<u>\$ 141,175</u>	<u>\$ 127,851</u>	<u>\$ 126,458</u>	<u>\$ 212,888</u>	<u>\$ 210,735</u>
Plan Fiduciary Net Position						
Contributions - employer	\$ 9,272	\$ 6,867	\$ 6,279	\$ 5,095	\$ 4,440	\$ 3,924
Contributions - employee					-	-
Net Investment Income	\$ (4,345)	4,409	427	336	239	3
Benefit payments, including refunds of member contributions	\$ (4,296)	(3,697)	(3,375)	(3,149)	(2,940)	(2,674)
Administrative expense	\$ (1)	(1)	-	-	-	-
Other	\$ -	-	-	-	-	-
Net change in plan fiduciary net position	630	7,578	3,331	2,282	1,739	1,253
Plan Fiduciary Net Position - beginning	<u>20,355</u>	<u>12,777</u>	<u>9,446</u>	<u>7,164</u>	<u>5,425</u>	<u>4,172</u>
Plan Fiduciary Net Position - ending (b)	<u>\$ 20,985</u>	<u>\$ 20,355</u>	<u>\$ 12,777</u>	<u>\$ 9,446</u>	<u>\$ 7,164</u>	<u>\$ 5,425</u>
County's Net Pension Liability - ending (a) - (b)	<u>\$ 129,345</u>	<u>\$ 120,820</u>	<u>\$ 115,074</u>	<u>\$ 117,012</u>	<u>\$ 205,724</u>	<u>\$ 205,310</u>
Plan fiduciary net position as a percentage of the total OPEB liability	13.96%	14.42%	10.00%	7.47%	3.37%	2.57%
Estimated average remaining service years of all participants	7	7	7	7	8	8
Annual money-weighted rate of return	-21.34%	34.51%	4.52%	4.69%	4.41%	0.07%

Information for FY2016 and earlier is not available.

Notes to Schedule

Benefit changes none

Changes of assumptions The discount rate was changed as follows:

<u>Discount Rate</u>	
6/30/2017	4.04%
6/30/2018	4.31%
6/30/2019	7.50%
6/30/2020	7.50%
6/30/2021	7.40%
6/30/2022	7.40%

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

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

Schedule of LOSAP Contributions

Last 10 Fiscal Years

(Dollar amounts in thousands)

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

Notes to Schedule

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

The contribution amount for FY 2022 reflects the value of the trust as of April 5, 2022.

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, 2022

	Final Amended Budgeted Amounts	Actual Amounts	Variance With Amended Budget
<u>Taxes - Local Property</u>			
Real Property	\$ 224,230,500	\$ 222,151,953	\$ (2,078,547)
Business Personal Property	254,000	527,610	273,610
Railroad & Public Utilities	9,964,000	11,709,925	1,745,925
Ordinary Business Corporation	6,405,000	7,026,170	621,170
Payment in Lieu of Tax	9,475,800	9,476,522	722
Penalties and Interest	600,000	571,339	(28,661)
Half-year Billing Fee	153,000	15,132	(137,868)
Homestead Tax Credit	(263,000)	(246,660)	16,340
Low Income Tax Credit	(690,000)	(609,787)	80,213
Senior Tax Credit	(300,000)	(291,473)	8,527
La Plata Tax Differential	(1,900,000)	(1,988,685)	(88,685)
Indian Head Tax Differential	(109,000)	(117,590)	(8,590)
Agriculture Preservation Credit	(126,000)	(131,132)	(5,132)
Other Tax Credits	(7,000)	(6,146)	854
Total Taxes - Local Property	247,687,300	248,087,176	399,876
<u>Taxes - Income</u>	148,242,000	171,197,766	22,955,766
<u>Taxes - Other Local</u>			
Admission and Amusement	760,000	678,153	(81,847)
Recordation	16,519,730	38,745,275	22,225,545
Transfer Tax	7,200,000	15,348,723	8,148,723
Hotel / Motel	1,000,000	1,232,652	232,652
Heavy Equipment Tax	50,000	115,978	65,978
Total Taxes - Other Local	25,529,730	56,120,780	30,591,050
<u>Charges for Services</u>			
<u>Licenses and Permits</u>			
Alcohol Licenses	203,600	201,319	(2,281)
Electrical Permits	20,000	14,324	(5,676)
Traders Licenses	211,200	228,269	17,069
Civil Marriage Licenses	36,000	37,255	1,255
Protective Inspection Licenses	83,000	29,775	(53,225)
Building Permits	150,000	222,044	72,044
Plumbing Permits	100,000	156,315	56,315
Occupancy Permits	11,400	300	(11,100)
Park Facilities Permits	106,600	106,319	(282)
Trailer Occupancy Permits	44,300	46,065	1,765
Other Licenses and Permits	119,500	32,035	(87,466)
subtotal	1,085,600	1,074,019	(11,581)

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, 2022

	Final Amended Budgeted Amounts	Actual Amounts	Variance With Amended Budget
<u>Charges for Services (continued)</u>			
Service Charges			
Soil Conservation Plan Fee	27,700	56,100	28,400
Indirect Cost Revenue	1,920,140	1,914,541	(5,599)
Plat Review & Processing	86,700	125,987	39,287
Special Exception Fees	17,000	19,269	2,269
Bail Bond Fees	25,000	8,533.0	(16,467)
EMS Billing Fees	1,600,000	1,851,646	251,646
School Allocation Extension Fees	1,700	2,146	446
Forest Conservation Fees	15,900	19,282	3,382
Site Development Plan Application	44,700	55,502	10,802
Mosquito Control Fees	75,000	74,046	(954)
Deeds & Tax Verification Fees	106,000	153,620	47,620
Advertising Fees	34,300	31,903	(2,397)
Custodial Fees	355,500	344,000	(11,500)
Animal Shelter Boarding Fees	22,800	15,810	(6,990)
False Alarm Registration Fees	287,500	282,180	(5,320)
Sheriff Fees	487,000	586,955	99,955
Sheriff Pay Phone Commission	107,300	99,824	(7,476)
Detention Center Room and Board	77,500	817	(76,683)
Local 911 Fees	1,752,000	1,781,517	29,517
Park Entrance Fees	45,000	47,676	2,676
Food and Drink Sales	58,300	39,965	(18,335)
Outdoor Sports Programs Fees	307,300	361,198	53,898
Other Fees	1,892,100	1,883,122	(8,978)
subtotal	<u>9,346,440</u>	<u>9,755,639</u>	<u>409,199</u>
Total Charges for Services	10,432,040	10,829,659	397,619
<u>Intergovernmental</u>			
Federal Grants			
Miscellaneous Grants	40,960	71,558	30,598
subtotal	<u>40,960</u>	<u>71,558</u>	<u>30,598</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, 2022

	Final Amended Budgeted Amounts	Actual Amounts	Variance With Amended Budget
<u>Intergovernmental (continued)</u>			
State Shared			
Highway User	2,080,000	2,493,605	413,605
subtotal	2,080,000	2,493,605	413,605
State Grants			
Aid for Police Protection	1,320,000	1,326,195	6,195
Aid for Inmate Operations	95,000	71,100	(23,900)
Jury Fee Reimbursement	119,500	90,755	(28,745)
Soil Conservation	62,200	66,457	4,257
Other State Grants	137,280	150,160	12,880
subtotal	1,733,980	1,704,666	(29,314)
Animal Shelter			
Calvert County	-	-	-
Howard County	-	-	-
subtotal	410,100	532,358	122,258
Total Intergovernmental	4,265,040	4,802,187	537,147
<u>Interest Income</u>			
MLGIP	200,000	147,696	(52,304)
US Government Agencies	350,000	265,701	(84,299)
CD's & Other Interest	200,000	111,343	(88,657)
Leases	-	101,737	101,737
Total Interest Income	750,000	626,477	(123,523)
<u>Other Income</u>			
Rent			
Lease Rent	-	2,652,951	2,652,951
Courthouse Rent	921,100	908,382	(12,718)
Water Tower Rental	264,000	297,635	33,635
Office Space	84,900	75,889	(9,011)
Post Office	12,000	11,000	(1,000)
Other Rent	3,700	(9,212)	(12,912)
subtotal	1,285,700	3,936,645	2,650,945
Fines and Forfeitures			
False Alarm Fines	905,000	942,576	37,576
Alcoholic Beverage Fines	34,000	9,460	(24,540)
State Shared Fines	-	11,275	11,275
County Parking Fines	11,000	7,470	(3,530)
Red Light Camera Fines	1,750,000	2,240,003	490,003
Speed Camera Fines	1,173,000	1,472,066	299,066
Building Permit Fines	38,000	38,834	834
Other Fines	37,500	43,429	5,929
subtotal	3,948,500	4,765,111	816,611

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, 2022

<u>Other Income (continued)</u>	Final Amended Budgeted Amounts	Actual Amounts	Variance With Amended Budget
Non-Recurring Revenue	-	11,929	11,929
Worker's Compensation	-	-	-
Miscellaneous	426,300	486,396	60,096
Gain (Loss) on Fixed Assets	250,000	317,758	67,758
Total Other Income	<u>5,910,500</u>	<u>9,517,840</u>	<u>3,607,340</u>
Total Revenues	<u>442,816,610</u>	<u>501,181,885</u>	<u>58,365,275</u>
<u>Other Financing Sources:</u>			
Transfers In			
Special Revenue Funds	700,000	-	(700,000)
Capital Projects Funds	2,671,800	2,671,800	-
subtotal	<u>3,371,800</u>	<u>2,671,800</u>	<u>(700,000)</u>
Total other financing sources	3,371,800	2,671,800	(700,000)
Total Revenues and Other			
Financing Sources	<u>\$ 446,188,410</u>	<u>\$ 503,853,685</u>	<u>\$ 57,665,275</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, 2022

	Final Amended Budgeted Amounts	Actual Amounts	Variance With Amended Budget
<u>Education</u>			
Board of Education	\$ 200,686,400	\$ 200,686,400	\$ -
College of Southern Maryland	9,921,200	9,921,200	-
Library	4,577,900	4,584,000	(6,100)
Other	563,200	543,625	19,575
Total Education	<u>215,748,700</u>	<u>215,735,225</u>	<u>13,475</u>
<u>Public Safety</u>			
Sheriff's Office			
Sheriff	82,207,280	80,213,473	1,993,807
Detention Center	19,705,910	19,023,507	682,403
Automated Enforcement Unit	2,803,990	2,716,192	87,798
Fingerprinting Service	323,060	305,421	17,639
subtotal	<u>105,040,240</u>	<u>102,258,594</u>	<u>2,781,646</u>
Emergency Services			
Administration	555,180	683,631	(128,451)
False Alarm Reduction Unit	215,920	213,637	2,283
Communications	4,461,420	5,205,322	(743,902)
Emergency Management	85,990	24,306	61,684
Tactical Response	460,230	361,256	98,974
Career EMS	13,508,910	12,622,159	886,751
Animal Control	841,000	835,392	5,608
Animal Shelter	1,151,350	1,082,858	68,492
subtotal	<u>21,280,000</u>	<u>21,028,559</u>	<u>251,441</u>
Volunteer Fire & EMS	449,500	445,305	4,195
Total Public Safety	<u>126,769,740</u>	<u>123,732,459</u>	<u>3,037,281</u>
<u>General Government</u>			
Debt Service	23,548,100	23,645,581	(97,481)
Central Services	8,904,380	9,280,051	(375,671)
Contingencies	37,400	-	37,400
Total General Government	<u>32,489,880</u>	<u>32,925,631</u>	<u>(435,751)</u>
<u>Public Works- Facilities</u>			
Administration	902,680	952,723	(50,043)
Buildings & Trades	7,789,220	7,214,448	574,772
Vehicle Maintenance	1,006,790	896,159	110,631
Roads	6,897,720	6,793,750	103,971
Total Public Works- Facilities	<u>16,596,410</u>	<u>15,857,079</u>	<u>739,331</u>

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, 2022

	Final Amended Budgeted Amounts	Actual Amounts	Variance With Amended Budget
<u>Financial Administration</u>			
Fiscal & Administrative Services			
Administration	268,580	268,702	(122)
Budget	483,740	476,149	7,591
Accounting	1,283,960	1,263,455	20,505
Purchasing	437,420	447,885	(10,465)
Information Technology	4,745,270	4,150,463	594,807
Treasury	1,418,070	1,356,909	61,161
subtotal	<u>8,637,040</u>	<u>7,963,564</u>	<u>673,476</u>
Internal Audit	65,050	12,208	52,842
Liquor Board	303,960	295,533	8,427
Human Resources	1,378,780	1,353,258	25,522
Retiree Fringe	4,049,800	4,089,567	(39,767)
Total Financial Administration	<u>14,434,630</u>	<u>13,714,130</u>	<u>720,500</u>
<u>Judicial</u>			
State's Attorney's Office	5,222,490	5,184,286	38,204
Circuit Court	1,671,420	1,460,819	210,601
Orphan's Court	66,920	65,498	1,422
Total Judicial	<u>6,960,830</u>	<u>6,710,603</u>	<u>250,227</u>
<u>Planning & Growth Management</u>			
Administration	919,330	905,779	13,551
Planning	1,911,360	1,795,350	116,010
Inspection & Enforcement	485,130	474,159	10,971
Codes & Permits	178,590	172,844	5,746
Transit	24,270	12,490	11,780
Total Planning & Growth Mgmt	<u>3,518,680</u>	<u>3,360,622</u>	<u>158,058</u>
<u>Community Services</u>			
Administration	433,140	436,748	(3,608)
Aging Services	1,857,270	1,620,421	236,849
Housing Authority	306,990	160,260	146,730
Total Community Services	<u>2,597,400</u>	<u>2,217,429</u>	<u>379,971</u>
<u>Recreation, Parks & Tourism</u>			
Administration	913,500	935,798	(22,298)
Parks and Grounds	5,382,140	5,282,869	99,271
Recreation	2,793,200	2,487,641	305,559
Tourism	828,350	771,308	57,042
Total Recreation, Parks, & Tourism	<u>9,917,190</u>	<u>9,477,616</u>	<u>439,574</u>
<u>Health Services</u>	<u>3,479,070</u>	<u>3,470,073</u>	<u>8,997</u>
<u>Economic Development</u>			
Economic Development Department	2,153,010	2,044,307	108,703
Other	188,000	138,000	50,000
Total Economic Development	<u>2,341,010</u>	<u>2,182,307</u>	<u>158,703</u>

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, 2022

	Final Amended Budgeted Amounts	Actual Amounts	Variance With Amended Budget
<u>Social Services</u>	1,532,700	1,531,239	1,461
<u>Legislative</u>			
County Commissioners	806,850	796,366	10,484
County Administrator	1,874,100	1,785,098	89,002
Total Legislative	2,680,950	2,581,464	99,486
<u>Law - County Attorney</u>	1,351,970	1,058,320	293,650
<u>Conservation of Natural Resources</u>			
Weed Control	15,100	1,064	14,036
Resource Conservation & Development	24,680	15,392	9,288
University of MD Extension	230,700	227,399	3,301
Soil Conservation	441,640	436,904	4,736
Total Conservation	712,120	680,759	31,361
<u>Elections</u>	2,185,360	2,390,185	(204,825)
<u>Debt service</u>			
Interest	8,433,800	8,123,964	309,836
Total expenditures	451,750,440	445,749,105	6,001,335
<u>Other financing uses:</u>			
Transfers out			
Capital Projects	5,079,420	5,079,378	42
Special Revenue Funds	5,540,420	5,193,514	346,906
Debt Service Fund	-	-	-
Enterprise Funds	843,400	783,689	59,712
subtotal	11,463,240	11,056,581	406,659
Total other financing uses	11,463,240	11,056,581	406,659
Total Expenditures and Other Financing Uses	\$ 463,213,680	\$ 456,805,686	\$ 6,407,994

Special Revenue Funds

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

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

THE COUNTY COMMISSIONERS OF CHARLES COUNTY, MARYLAND
 COMBINING BALANCE SHEET
 NON-MAJOR GOVERNMENTAL FUNDS
 JUNE 30, 2022

	CARES Grants	Nuisance Abatement	Planning Grants	Judicial Grants	Transportation Grants	Economic Development Loan Programs
ASSETS:						
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Investments	-	-	-	-	-	-
Accounts receivables	-	107,778	189,559	405,124	1,192,636	417,741
Grants receivables	-	-	-	-	-	-
Due (to) from other funds	-	-	-	-	4,865,621	153,910
Other assets	-	-	-	-	-	-
Restricted assets	-	-	-	-	-	654,832
Total assets	\$ -	\$ 107,778	\$ 189,559	\$ 405,124	\$ 6,058,258	\$ 1,226,483
LIABILITIES AND FUND BALANCE:						
Liabilities:						
Accounts payable	\$ -	\$ -	\$ 47,790	\$ 54,592	\$ 1,243,688	\$ 73
Accrued expenditures	-	-	-	-	-	-
Unearned revenue	-	-	-	345	9,980	417,741
Due to other funds	-	77,481	141,769	350,187	-	-
Other liabilities	-	-	-	-	-	-
Total liabilities	-	77,481	189,559	405,124	1,253,668	417,814
Fund balance:						
Nonspendable fund balance	-	-	-	-	-	-
Restricted fund balance	-	30,297	-	-	-	808,669
Committed fund balance	-	-	-	-	-	-
Assigned fund balance	-	-	-	-	4,804,590	-
Unassigned fund balance	-	-	-	-	-	-
Total fund balance	-	30,297	-	-	4,804,590	808,669
Total liabilities and fund balance	\$ -	\$ 107,778	\$ 189,559	\$ 405,124	\$ 6,058,258	\$ 1,226,483

THE COUNTY COMMISSIONERS OF CHARLES COUNTY, MARYLAND
 COMBINING BALANCE SHEET (continued)
 NON-MAJOR GOVERNMENTAL FUNDS
 JUNE 30, 2022

	Public Safety Grants	Community Development Grants	Housing Assistance	Housing Special Loans	Sheriff's Special Programs	Community Development
ASSETS:						
Cash and cash equivalents	\$ -	\$ -	\$ 545	\$ -	\$ -	\$ -
Investments	-	-	-	-	-	-
Accounts receivables	371,773	89,618	35,708	-	-	2,293,706
Grants receivables	-	-	168,344	-	-	-
Due (to) from other funds	-	-	29,271	55,901	105,582	-
Other assets	-	-	-	-	-	675,652
Restricted assets	-	-	-	-	-	-
Total assets	\$ 371,773	\$ 89,618	\$ 233,869	\$ 55,901	\$ 105,582	\$ 2,969,358
LIABILITIES AND FUND BALANCE:						
Liabilities:						
Accounts payable	\$ 8,074	\$ 1,602	\$ 2,705	\$ -	\$ 7	\$ 13,872
Accrued expenditures	-	-	-	-	-	-
Unearned revenue	81,412	11,103	-	-	-	19
Due to other funds	282,287	76,913	-	-	-	2,955,468
Other liabilities	-	-	-	-	-	-
Total liabilities	371,773	89,618	2,705	-	7	2,969,358
Fund balance:						
Nonspendable fund balance	-	-	-	-	-	-
Restricted fund balance	-	-	231,163	55,901	-	-
Committed fund balance	-	-	-	-	-	-
Assigned fund balance	-	-	-	-	105,574	-
Unassigned fund balance	-	-	-	-	-	-
Total fund balance	-	-	231,163	55,901	105,574	-
Total liabilities and fund balance	\$ 371,773	\$ 89,618	\$ 233,869	\$ 55,901	\$ 105,582	\$ 2,969,358

THE COUNTY COMMISSIONERS OF CHARLES COUNTY, MARYLAND
 COMBINING BALANCE SHEET (continued)
 NON-MAJOR GOVERNMENTAL FUNDS
 JUNE 30, 2022

	Animal Shelter/ Control	Drug Forfeitures	Agricultural Preservation	Fire and Rescue Funds	Law Library
ASSETS:					
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ 100
Investments	-	-	-	-	-
Accounts receivables	75	-	-	-	2,871
Grants receivables	-	-	-	-	-
Due (to) from other funds	280,695	896,457	1,007,662	566,625	59,659
Other assets	-	-	-	-	-
Restricted assets	-	-	-	-	-
Total assets	<u>\$ 280,770</u>	<u>\$ 896,457</u>	<u>\$ 1,007,662</u>	<u>\$ 566,625</u>	<u>\$ 62,631</u>

LIABILITIES AND FUND BALANCE:

Liabilities:

Accounts payable	\$ 17,567	\$ 4,679	\$ -	\$ -	\$ 181
Accrued expenditures	-	-	-	-	-
Unearned revenue	-	-	-	-	-
Due to other funds	-	-	-	-	-
Other liabilities	6,641	-	-	475,482	-
Total liabilities	<u>24,208</u>	<u>4,679</u>	<u>-</u>	<u>475,482</u>	<u>181</u>

Fund balance:

Nonspendable fund balance	-	-	-	-	-
Restricted fund balance	4,500	891,778	1,007,662	91,143	-
Committed fund balance	-	-	-	-	-
Assigned fund balance	252,063	-	-	-	62,450
Unassigned fund balance	-	-	-	-	-
Total fund balance	<u>256,563</u>	<u>891,778</u>	<u>1,007,662</u>	<u>91,143</u>	<u>62,450</u>
Total liabilities and fund balance	<u>\$ 280,770</u>	<u>\$ 896,457</u>	<u>\$ 1,007,662</u>	<u>\$ 566,625</u>	<u>\$ 62,631</u>

THE COUNTY COMMISSIONERS OF CHARLES COUNTY, MARYLAND
 COMBINING BALANCE SHEET (continued)
 NON-MAJOR GOVERNMENTAL FUNDS
 JUNE 30, 2022

	Tourism Grants	Aging 40 fund	Aging 43 fund	So MD Justice Academy	Human Services
ASSETS:					
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -
Investments	-	-	-	-	-
Accounts receivables	26,294	436,279	163,409	6,111	119,640
Grants receivables	-	-	-	-	-
Due (to) from other funds	-	-	-	160,262	327,850
Other assets	-	-	-	-	-
Restricted assets	-	-	-	-	-
Total assets	<u>\$ 26,294</u>	<u>\$ 436,279</u>	<u>\$ 163,409</u>	<u>\$ 166,373</u>	<u>\$ 447,490</u>

LIABILITIES AND FUND BALANCE:

Liabilities:

Accounts payable	\$ -	\$ 46,820	\$ 18,875	\$ 19,424	\$ 82,263
Accrued expenditures	-	-	-	-	-
Unearned revenue	-	58,452	-	-	158,320
Due to other funds	26,294	290,604	89,369	-	-
Other liabilities	-	-	-	-	-
Total liabilities	<u>26,294</u>	<u>395,876</u>	<u>108,244</u>	<u>19,424</u>	<u>240,583</u>

Fund balance:

Nonspendable fund balance	-	-	-	-	-
Restricted fund balance	-	-	-	146,949	-
Committed fund balance	-	-	-	-	-
Assigned fund balance	-	40,403	55,165	-	206,907
Unassigned fund balance	-	-	-	-	-
Total fund balance	<u>-</u>	<u>40,403</u>	<u>55,165</u>	<u>146,949</u>	<u>206,907</u>
Total liabilities and fund balance	<u>\$ 26,294</u>	<u>\$ 436,279</u>	<u>\$ 163,409</u>	<u>\$ 166,373</u>	<u>\$ 447,490</u>

THE COUNTY COMMISSIONERS OF CHARLES COUNTY, MARYLAND
 COMBINING BALANCE SHEET (continued)
 NON-MAJOR GOVERNMENTAL FUNDS
 JUNE 30, 2022

	Cable Franchise	Emergency Management	MD Relief Grants	ARPA Grants	Total
ASSETS:					
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ 645
Investments	-	-	-	-	-
Accounts receivables	833,469	297,699	-	-	6,989,490
Grants receivables	-	-	-	-	168,344
Due (to) from other funds	10,249,402	-	-	365,405	19,124,303
Other assets	-	-	-	-	675,652
Restricted assets	-	-	-	31,730,001	32,384,832
Total assets	<u>\$ 11,082,870</u>	<u>\$ 297,699</u>	<u>\$ -</u>	<u>\$ 32,095,406</u>	<u>\$ 59,343,267</u>
LIABILITIES AND FUND BALANCE:					
Liabilities:					
Accounts payable	\$ 173,826	\$ 124,362	\$ -	\$ 1,206,607	\$ 3,067,007
Accrued expenditures	-	-	-	-	-
Unearned revenue	-	1,974	-	30,553,100	31,292,444
Due to other funds	-	161,890	-	-	4,452,263
Other liabilities	-	-	-	-	482,122
Total liabilities	<u>173,826</u>	<u>288,227</u>	<u>-</u>	<u>31,759,707</u>	<u>39,293,837</u>
Fund balance:					
Nonspendable fund balance	-	-	-	-	-
Restricted fund balance	10,400,090	9,473	-	335,699	14,013,324
Committed fund balance	-	-	-	-	-
Assigned fund balance	508,955	-	-	-	6,036,106
Unassigned fund balance	-	-	-	-	-
Total fund balance	<u>10,909,045</u>	<u>9,473</u>	<u>-</u>	<u>335,699</u>	<u>20,049,430</u>
Total liabilities and fund balance	<u>\$ 11,082,870</u>	<u>\$ 297,699</u>	<u>\$ -</u>	<u>\$ 32,095,406</u>	<u>\$ 59,343,267</u>

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, 2022

	CARES Grants	Nuisance Abatement	Planning Grants	Judicial Grants	Transportation Grants	Economic Development Loan Programs
REVENUES:						
Taxes - local property	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Charge for services	-	111,778	-	-	130,545	-
Intergovernmental	6,848	-	314,679	901,702	4,856,731	-
Interest income	68	-	-	-	-	7,277
Other income	-	-	-	104	110,072	62,981
Total revenues	6,916	111,778	314,679	901,806	5,097,349	70,257
EXPENDITURES:						
Education	-	-	-	-	-	-
Public safety	-	-	-	-	-	-
Community services	-	-	-	-	8,088,200	-
Judicial	-	-	-	990,048	-	-
Planning & growth mgmt.	-	99,960	312,664	-	-	-
Health	23,498	-	-	-	-	-
Economic development	-	-	-	-	-	165,844
Social services	-	-	-	-	-	-
Legislative	-	-	-	-	-	-
Total expenditures	23,498	99,960	312,664	990,048	8,088,200	165,844
Excess (deficiency) of revenues over (under) expenditures	(16,582)	11,818	2,015	(88,242)	(2,990,851)	(95,586)
Other financing sources:						
Transfers in	-	-	(2,015)	88,242	4,040,850	-
Transfers out	-	-	-	-	-	-
			(2,015)	88,242	4,040,850	-
Net change in fund balance	(16,582)	11,818	-	-	1,049,999	(95,586)
Fund balance - beginning of year	16,582	18,479	-	-	3,754,591	904,255
Fund balance - end of year	\$ -	\$ 30,297	\$ -	\$ -	\$ 4,804,590	\$ 808,668

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, 2022

	Public Safety Grants	Community Development Grants	Housing Assistance	Housing Special Loans	Sheriff's Special Programs	Community Development
REVENUES:						
Taxes - local property	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Charge for services	-	-	52,972	-	6,850	-
Intergovernmental	1,172,336	983,091	9,622,225	-	-	7,521,979
Interest income	-	-	1,353	-	-	-
Other income	2,475	-	24,852	-	-	-
Total revenues	1,174,811	983,091	9,701,401	-	6,850	7,521,979
EXPENDITURES:						
Education	-	-	-	-	-	-
Public safety	1,878,223	-	-	-	1,128	-
Community services	-	983,091	10,012,585	1,497	-	7,521,979
Judicial	-	-	-	-	-	-
Planning & growth mgmt.	-	-	-	-	-	-
Health	-	-	-	-	-	-
Economic development	-	-	-	-	-	-
Social services	-	-	-	-	-	-
Legislative	-	-	-	-	-	-
Total expenditures	1,878,223	983,091	10,012,585	1,497	1,128	7,521,979
Excess (deficiency) of revenues over (under) expenditures	(703,413)	-	(311,184)	(1,497)	5,722	-
Other financing sources:						
Transfers in	703,413	-	162,396	-	20,636	-
Transfers out	-	-	-	-	-	-
	703,413	-	162,396	-	20,636	-
Net change in fund balance	-	-	(148,787)	(1,497)	26,358	-
Fund balance - beginning of year	-	-	379,951	57,398	79,216	-
Fund balance - end of year	\$ -	\$ -	\$ 231,164	\$ 55,900	\$ 105,574	\$ -

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, 2022

	Animal Shelter/ Control	Drug Forfeitures	Agricultural Preservation	Fire and Rescue Funds	Law Library
REVENUES:					
Taxes - local property	\$ -	\$ -	\$ 335,091	\$ 14,117,270	-
Charge for services	90,491	241,174	-	-	62,630
Intergovernmental	-	-	-	387,806	-
Interest income	-	45	-	4,948	-
Other income	29,348	-	-	-	990
Total revenues	<u>119,840</u>	<u>241,218</u>	<u>335,091</u>	<u>14,510,024</u>	<u>63,620</u>
EXPENDITURES:					
Education	-	-	-	-	-
Public safety	141,817	97,615	-	35,433,640	-
Community services	-	-	-	-	-
Judicial	-	-	-	-	64,611
Planning & growth mgmt.	-	-	568,886	-	-
Health	-	-	-	-	-
Economic development	-	-	-	-	-
Social services	-	-	-	-	-
Legislative	-	30,278	-	-	-
Total expenditures	<u>141,817</u>	<u>127,893</u>	<u>568,886</u>	<u>35,433,640</u>	<u>64,611</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(21,977)</u>	<u>113,326</u>	<u>(233,795)</u>	<u>(20,923,616)</u>	<u>(991)</u>
Other financing sources:					
Transfers in	-	-	-	-	28,000
Transfers out	-	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>28,000</u>
Net change in fund balance	(21,977)	113,326	(233,795)	(20,923,616)	27,009
Fund balance - beginning of year	<u>278,540</u>	<u>778,453</u>	<u>1,241,456</u>	<u>21,014,759</u>	<u>35,441</u>
Fund balance - end of year	<u>\$ 256,560</u>	<u>\$ 891,779</u>	<u>\$ 1,007,660</u>	<u>\$ 91,143</u>	<u>62,451</u>

THE COUNTY COMMISSIONERS OF CHARLES COUNTY, MARYLAND
 COMBINING STATEMENT OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCE (continued)
 NON-MAJOR GOVERNMENTAL FUNDS
 YEAR ENDED JUNE 30, 2022

	Tourism Grants	Aging 40 fund	Aging 43 fund	So MD Justice Academy	Human Services
REVENUES:					
Taxes - local property	\$ -	\$ -	\$ -	\$ -	\$ -
Charge for services	-	7,729	252,000	1,950	76,682
Intergovernmental	38,932	963,550	380,752	88,000	751,497
Interest income	-	-	-	-	-
Other income	-	48,789	-	-	-
Total revenues	38,932	1,020,069	632,752	89,950	828,179
EXPENDITURES:					
Education	-	-	-	-	-
Public safety	-	-	-	209,170	-
Community services	-	-	-	-	-
Judicial	-	-	-	-	-
Planning & growth mgmt.	-	-	-	-	-
Health	-	-	-	-	816,413
Economic development	38,932	-	-	-	-
Social services	-	1,025,149	637,832	-	-
Legislative	-	-	-	-	-
Total expenditures	38,932	1,025,149	637,832	209,170	816,413
Excess (deficiency) of revenues over (under) expenditures	-	(5,080)	(5,080)	(119,220)	11,766
Other financing sources:					
Transfers in	-	-	-	82,221	-
Transfers out	-	-	-	-	-
	-	-	-	82,221	-
Net change in fund balance	-	(5,080)	(5,080)	(36,999)	11,766
Fund balance - beginning of year	-	45,483	60,246	183,947	195,141
Fund balance - end of year	\$ -	\$ 40,402	\$ 55,165	\$ 146,948	\$ 206,907

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, 2022

	Cable Franchise	Emergency Management	MD Relief Grants	ARPA Grants	Total
REVENUES:					
Taxes - local property	\$ -	\$ -	\$ -	\$ -	\$ 14,452,361
Charge for services	3,433,787	-	-	-	4,468,587
Intergovernmental	-	1,120,549	-	1,321,677	30,432,355
Interest income	-	-	-	-	13,690
Other income	-	-	-	-	279,612
Total revenues	3,433,787	1,120,549	-	1,321,677	49,646,604
EXPENDITURES:					
Education	3,010,129	-	-	-	3,010,129
Public safety	-	1,248,336	-	1,321,677	40,331,607
Community services	-	-	-	-	26,607,351
Judicial	-	-	-	-	1,054,659
Planning & growth mgmt.	-	-	-	-	981,510
Health	-	-	-	-	839,911
Economic development	-	-	-	-	204,776
Social services	-	-	-	-	1,662,981
Legislative	-	-	-	-	30,278
Total expenditures	3,010,129	1,248,336	-	1,321,677	74,723,200
Excess (deficiency) of revenues over (under) expenditures	423,658	(127,788)	-	-	(25,076,596)
Other financing sources:					
Transfers in	-	137,260	-	335,699	5,596,702
Transfers out	(353,188)	-	-	-	(353,188)
	(353,188)	137,260	-	335,699	5,243,514
Net change in fund balance	70,470	9,473	-	335,699	(19,833,082)
Fund balance - beginning of year	10,838,575	-	-	-	39,882,511
Fund balance - end of year	\$ 10,909,045	\$ 9,473	\$ -	\$ 335,699	\$ 20,049,422

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Enterprise Funds

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

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

THE COUNTY COMMISSIONERS OF CHARLES COUNTY, MARYLAND
 COMBINING STATEMENT OF NET POSITION
 OTHER PROPRIETARY FUNDS
 JUNE 30, 2022

	Inspections and Review	Recreation Programs	Environmental Services	Vending Machines	Total
ASSETS:					
Current assets:					
Cash and cash equivalents	\$ -	\$ 255,445	\$ -	\$ 156,571	\$ 412,016
Account receivables	-	21,536	81,397	-	102,933
Leases receivable	-	-	-	-	-
Due (to) from other funds	4,839,575	-	3,153,087	76,852	8,069,514
Inventory	-	-	-	-	-
Other current assets	776	10,533	2,640	-	13,948
Total current assets	4,840,351	287,514	3,237,124	233,423	8,598,411
Noncurrent assets:					
Net capital assets	261,428	4,776,745	1,701,048	-	6,739,220
Leases receivable	-	2,758,542	-	-	2,758,542
Total noncurrent assets	261,428	7,535,287	1,701,048	-	9,497,763
Total assets	5,101,779	7,822,801	4,938,171	233,423	18,096,174
LIABILITIES:					
Current liabilities:					
Accounts payable	305,996	83,975	394,685	184	784,840
Accrued expenses	18,409	418	32,400	-	51,227
Due to other funds	-	2,519,008	-	-	2,519,008
Unearned revenue	304	449,440	-	-	449,744
Current portion of long-term debt/liabilities					
Bonds payable	-	-	10,446	-	10,446
Capital asset financing	52,070	-	73,214	-	125,284
Compensated absences	29,362	1,948	19,188	-	50,497
Notes payable	-	-	-	-	-
Total current liabilities	406,141	3,054,789	529,933	184	3,991,047
Noncurrent liabilities:					
Bonds payable	-	-	133,398	-	133,398
Net bond issue premiums	-	-	-	-	-
Capital asset financing	63,496	-	150,845	-	214,341
Compensated absences	197,425	24,031	154,665	-	376,122
Notes payable	-	-	-	-	-
Other liabilities	-	-	-	-	-
Total noncurrent liabilities	260,922	24,031	438,908	-	723,861
Total liabilities	667,063	3,078,821	968,841	184	4,714,908
Deferred Inflows of resources					
Charges related to leases	-	2,672,633	-	-	2,672,633
Total deferred inflows	-	2,672,633	-	-	2,672,633
NET POSITION:					
Net Investment in capital assets	145,130	2,104,112	1,579,046	-	3,828,288
Unrestricted	4,289,586	(32,765)	2,390,285	233,239	6,880,345
Total net position	\$ 4,434,716	\$ 2,071,347	\$ 3,969,331	\$ 233,239	\$ 10,708,633

THE COUNTY COMMISSIONERS OF CHARLES COUNTY, MARYLAND
 COMBINING STATEMENT OF REVENUES, EXPENSES
 AND CHANGES IN NET POSITION
 OTHER PROPRIETARY FUNDS
 YEAR ENDED JUNE 30, 2022

	Inspections and Review	Recreation Programs	Environmental Services	Vending Machines	Total
Operating revenues:					
Charge for services	\$ 7,039,029	\$ 1,282,380	\$ 7,331,001	\$ 125,632	\$ 15,778,042
Other income	-	-	-	-	-
Total operating revenue	<u>7,039,029</u>	<u>1,282,380</u>	<u>7,331,001</u>	<u>125,632</u>	<u>15,778,042</u>
Operating expenses:					
Personnel services	2,153,619	953,004	1,671,964	-	4,778,587
Utilities	-	31,052	12,988	-	44,040
Repairs and maintenance	1,412	3,596	96,508	-	101,516
Insurance costs	4,433	23,847	8,205	-	36,486
Indirect costs	87,900	-	88,100	-	176,000
Supplies	15,881	122,971	189,613	-	328,466
Contract services	3,137,374	419,057	4,180,943	-	7,737,374
Other operating costs	213,483	301	143,407	139,306	496,498
Depreciation/amortization	126,997	335,511	474,889	-	937,397
Total operating expenses	<u>5,741,099</u>	<u>1,889,338</u>	<u>6,866,619</u>	<u>139,306</u>	<u>14,636,363</u>
Operating income (loss)	<u>1,297,930</u>	<u>(606,958)</u>	<u>464,382</u>	<u>(13,675)</u>	<u>1,141,679</u>
Nonoperating revenues (expenses)					
Interest income	-	82,647	15,700	-	98,347
Intergovernmental	-	46,391	-	-	46,391
Interest expense	(2,868)	-	(6,658)	-	(9,526)
Gain (Loss) on disposal of capital assets	504	-	23,325	-	23,829
Total nonoperating revenue (expenses)	<u>(2,364)</u>	<u>129,038</u>	<u>32,367</u>	<u>-</u>	<u>159,041</u>
Income (loss) before transfers	<u>1,295,566</u>	<u>(477,920)</u>	<u>496,748</u>	<u>(13,675)</u>	<u>1,300,720</u>
Transfers in	-	783,689	-	-	783,689
Transfers out	-	-	(50,000)	-	(50,000)
Change in net position	<u>1,295,566</u>	<u>305,768</u>	<u>446,748</u>	<u>(13,675)</u>	<u>2,034,408</u>
Net position - beginning of year	<u>3,139,150</u>	<u>1,765,580</u>	<u>3,522,583</u>	<u>246,912</u>	<u>8,674,225</u>
Net position - end of year	<u>\$ 4,434,716</u>	<u>\$ 2,071,348</u>	<u>\$ 3,969,331</u>	<u>\$ 233,237</u>	<u>\$ 10,708,633</u>

THE COUNTY COMMISSIONERS OF CHARLES COUNTY, MARYLAND
 COMBINING STATEMENT OF CASH FLOWS
 OTHER PROPRIETARY FUNDS
 YEAR ENDED JUNE 30, 2022

	Inspections and Review	Recreation Programs	Environmental Services	Vending Machines	Total
Cash flows from operating activities:					
Cash received from customers	\$ 7,039,029	\$ 1,448,409	\$ 7,331,001	\$ 125,632	\$ 15,944,071
Cash paid to suppliers	(3,557,097)	(3,164,467)	(5,155,948)	(139,307)	(12,016,819)
Cash paid to employees	(2,167,288)	(947,917)	(1,692,607)	-	(4,807,812)
Net cash provided by (used in) operating activities	<u>1,314,644</u>	<u>(2,663,975)</u>	<u>482,446</u>	<u>(13,675)</u>	<u>(880,560)</u>
Cash flows from investing activities:					
Interest received	-	82,647	15,700	-	98,347
Net cash provided by investing activities	<u>-</u>	<u>82,647</u>	<u>15,700</u>	<u>-</u>	<u>98,347</u>
Cash flows from noncapital financing activities:					
Transfers in (out)	-	783,689	(50,000)	-	733,689
Intergovernmental	-	46,391	-	-	46,391
Receipts from interfund loans	-	2,040,122	69,220	1,813	2,111,155
Repayment of interfund loans	(1,260,444)	-	-	-	(1,260,444)
Net cash provided by (used in) noncapital financing activities	<u>(1,260,444)</u>	<u>2,870,202</u>	<u>19,220</u>	<u>1,813</u>	<u>1,630,791</u>
Cash flows from capital and related financing activities:					
Intergovernmental	-	-	-	-	-
Proceeds from issuance of bonds	-	-	-	-	-
Proceeds from new loans	-	-	-	-	-
Principal payments on bonds payable	-	(570,865)	(9,989)	-	(580,854)
Principal payments on capital asset financing	(51,836)	-	(107,313)	-	(159,149)
Interest paid	(2,868)	24,141	(6,658)	-	14,615
Proceeds from disposal of assets	504	-	23,325	-	23,829
Cash (paid) received for capital expenses	-	-	(416,731)	-	(416,731)
Net cash used in capital and related financing activities	<u>(54,200)</u>	<u>(546,724)</u>	<u>(517,366)</u>	<u>-</u>	<u>(1,118,290)</u>
Net increase (decrease) in cash and cash equivalents	-	(257,850)	-	(11,862)	(269,712)
Cash and cash equivalents - beginning of year	-	513,295	-	168,433	681,728
Cash and cash equivalents - end of year	<u>\$ -</u>	<u>\$ 255,445</u>	<u>\$ -</u>	<u>\$ 156,571</u>	<u>\$ 412,016</u>

THE COUNTY COMMISSIONERS OF CHARLES COUNTY, MARYLAND
 COMBINING STATEMENT OF CASH FLOWS (continued)
 OTHER PROPRIETARY FUNDS
 YEAR ENDED JUNE 30, 2022

	Inspections and Review	Recreation Programs	Environmental Services	Vending Machines	Total
Reconciliation of operating income (loss) to net cash provided by operating activities:					
Operating income (loss)	\$ 1,297,930	\$ (606,958)	\$ 464,382	\$ (13,675)	\$ 1,141,679
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:					
Depreciation/amortization	126,997	335,511	474,889	-	937,397
Increase (decrease) in compensation-related liabilities included in long-term debt	(10,957)	24,031	(18,169)	-	(5,095)
(Increase) decrease in other receivables	-	(14,794)	(9,587)	-	(24,381)
(Increase) decrease in leases receivables	-	(2,772,439)	-	-	(2,772,439)
(Increase) decrease in inventories	-	2,281	-	-	2,281
(Increase) decrease in other current assets	-	209,741	(2,640)	-	207,101
(Increase) decrease in restricted assets	-	-	-	-	-
(Increase) decrease in deferred bond issue costs	-	-	1,184	-	1,184
Increase (decrease) in accounts payable	(96,614)	11,568	(425,139)	-	(510,185)
Increase (decrease) in accrued expenses	(2,712)	(18,945)	(2,474)	-	(24,131)
Increase (decrease) in deferred revenue	-	166,029	-	-	166,029
Net cash provided by operating activities	<u>\$ 1,314,644</u>	<u>\$ (2,663,975)</u>	<u>\$ 482,446</u>	<u>\$ (13,675)</u>	<u>\$ (880,560)</u>

SCHEDULE OF NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES

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

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Fiduciary & Trust Funds

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

THE COUNTY COMMISSIONERS OF CHARLES COUNTY, MARYLAND
 COMBINING STATEMENT OF FIDUCIARY NET POSITION
 JUNE 30, 2022

	<u>County</u> <u>Pension</u>	<u>Sheriff's</u> <u>Pension</u>	<u>LOSAP Trust</u> <u>Fund</u>	<u>OPEB Trust</u> <u>Fund</u>	<u>Total</u>
ASSETS:					
Current assets:					
Cash and cash equivalents	\$ 8,435,481	\$ 3,099,191	\$ 358,843	\$ 13,350	\$ 11,906,865
Interest receivable	-	214,683	-	-	214,683
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total current assets	8,435,481	3,313,874	358,843	13,350	11,762,704
Investments:					
Bond mutual funds	-	123,126,443	7,215,891	5,848,400	136,190,734
Equity securities	-	206,481,978	9,818,585	15,651,563	231,952,127
Pooled separate accounts	257,621,915	-	-	-	257,621,915
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total investments	257,621,915	329,608,421	17,034,476	21,499,963	625,764,776
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total assets	266,057,396	332,922,295	17,393,319	21,513,313	637,886,323
LIABILITIES:					
Accrued expenses	2,275	28,427	-	-	30,702
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
NET POSITION RESTRICTED FOR PENSIONS AND OPEB BENEFITS					
	<u>\$ 266,055,121</u>	<u>\$ 332,893,867</u>	<u>\$ 17,393,319</u>	<u>\$ 21,513,313</u>	<u>\$ 637,855,620</u>

THE COUNTY COMMISSIONERS OF CHARLES COUNTY, MARYLAND
 COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
 YEAR ENDED JUNE 30, 2022

	<u>County</u> <u>Pension</u>	<u>Sheriff's</u> <u>Pension</u>	<u>LOSAP Trust</u> <u>Fund</u>	<u>OPEB Trust</u> <u>Fund</u>	<u>Total</u>
ADDITIONS:					
Contributions:					
Employer contributions	\$ 5,436,484	\$ 14,753,201	\$ 19,841,547	\$ 5,152,000	\$ 45,183,232
Employee contributions	<u>2,783,174</u>	<u>3,168,729</u>	<u>-</u>	<u>-</u>	<u>5,951,904</u>
Total contributions	8,219,658	17,921,930	19,841,547	5,152,000	51,135,135
Investment earnings:					
Interest, Dividends, Gains	6,609,074	26,389,382	145,801	554,866	33,699,124
Net change in fair value of investments	<u>(41,589,319)</u>	<u>(71,941,598)</u>	<u>(2,243,184)</u>	<u>(5,036,897)</u>	<u>(120,810,998)</u>
Total investment earnings	(34,980,244)	(45,552,217)	(2,097,384)	(4,482,031)	(87,111,875)
Less investment expenses	<u>(1,721,433)</u>	<u>(1,616,663)</u>	<u>(21,023)</u>	<u>(16,906)</u>	<u>(3,376,025)</u>
Net investment earnings	<u>(36,701,678)</u>	<u>(47,168,880)</u>	<u>(2,118,406)</u>	<u>(4,498,937)</u>	<u>(90,487,900)</u>
Total additions	<u>(28,482,020)</u>	<u>(29,246,950)</u>	<u>17,723,141</u>	<u>653,063</u>	<u>(39,352,766)</u>
DEDUCTIONS:					
Benefits paid to members	9,026,057	15,893,044	277,475	-	25,196,577
Administrative costs	<u>17,517</u>	<u>22,389</u>	<u>52,346</u>	<u>1,195</u>	<u>93,448</u>
Total deductions	<u>9,043,574</u>	<u>15,915,434</u>	<u>329,822</u>	<u>1,195</u>	<u>25,290,024</u>
Changes in net position	(37,525,594)	(45,162,384)	17,393,319	651,868	(64,642,790)
Net position - beginning of year	<u>303,580,715</u>	<u>378,056,250</u>	<u>-</u>	<u>20,861,445</u>	<u>702,498,410</u>
Net position - end of year	<u>\$ 266,055,121</u>	<u>\$ 332,893,867</u>	<u>\$ 17,393,319</u>	<u>\$ 21,513,313</u>	<u>\$ 637,855,620</u>

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Statistical Section

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

Financial Trends

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

Revenue Capacity

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

Debt Capacity

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

Demographic & Economic Indicators

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

Operating information

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

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

Net Position by Component

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

	Fiscal Year				
	2013	2014	2015	2016	2017
Governmental activities					
Net Investment in capital assets	\$ 288,603,104	\$ 303,818,811	\$ 347,192,029	\$ 362,533,718	\$ 345,033,818
Restricted	79,871,134	43,877,572	51,199,624	67,034,990	69,514,892
Unrestricted	(77,922,303)	(90,496,735)	(168,350,468)	(167,864,680)	(175,847,690)
Total governmental activities net position	\$ 290,551,935	\$ 257,199,648	\$ 230,041,185	\$ 261,704,028	\$ 238,701,019
Business-type activities					
Net Investment in capital assets	\$ 90,482,678	\$ 103,170,265	\$ 119,751,507	\$ 138,115,848	\$ 143,705,045
Restricted	9,678,535	5,065,632	3,625,297	3,237,653	4,178,772
Unrestricted	33,265,835	30,933,952	37,460,289	30,267,199	42,374,220
Total business-type activities net position	\$ 133,427,048	\$ 139,169,849	\$ 160,837,093	\$ 171,620,700	\$ 190,258,037
Primary government					
Net Investment in capital assets	\$ 395,612,085	\$ 419,145,871	\$ 478,045,954	\$ 500,649,566	\$ 488,738,863
Restricted	79,871,134	43,877,572	51,199,624	70,272,643	73,693,664
Unrestricted	(51,504,236)	(66,653,946)	(138,367,300)	(137,597,481)	(133,473,470)
Total primary government activities net position	\$ 423,978,983	\$ 396,369,497	\$ 390,878,278	\$ 433,324,728	\$ 428,959,057

Net Position by Component

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

Fiscal Year					
2018	2019	2020	2021	2022	
					Governmental activities
\$ 318,039,248	\$ 324,753,199	\$ 334,431,291	\$ 232,812,038	\$ 228,057,036	Net Investment in capital assets
78,631,995	102,747,093	110,655,838	34,988,167	20,118,030	Restricted
<u>(268,729,030)</u>	<u>(283,668,065)</u>	<u>(278,704,704)</u>	<u>(38,298,551)</u>	<u>62,287,214</u>	Unrestricted
<u>\$ 127,942,214</u>	<u>\$ 143,832,227</u>	<u>\$ 166,382,424</u>	<u>\$ 229,501,652</u>	<u>\$ 310,462,280</u>	Total governmental activities net position
					Business-type activities
137,136,931	158,893,106	164,597,110	175,068,313	174,464,988	Net Investment in capital assets
4,444,560	4,965,771	3,358,142	5,225,062	7,269,171	Restricted
<u>72,844,549</u>	<u>59,389,665</u>	<u>63,444,227</u>	<u>63,133,351</u>	<u>80,969,544</u>	Unrestricted
<u>\$ 214,426,040</u>	<u>\$ 223,248,543</u>	<u>\$ 231,399,480</u>	<u>\$ 243,426,726</u>	<u>\$ 262,703,703</u>	Total business-type activities net position
					Primary government
\$ 455,176,179	\$ 483,646,305	\$ 499,028,401	\$ 407,880,351	\$ 402,522,023	Net Investment in capital assets
83,076,555	107,712,864	114,013,980	40,213,229	27,387,201	Restricted
<u>(195,884,481)</u>	<u>(224,278,400)</u>	<u>(215,260,477)</u>	<u>24,834,800</u>	<u>143,256,759</u>	Unrestricted
<u>\$ 342,368,255</u>	<u>\$ 367,080,770</u>	<u>\$ 397,781,904</u>	<u>\$ 472,928,379</u>	<u>\$ 573,165,983</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				
	2013	2014	2015	2016	2017
Expenses					
Governmental activities:					
Legislative	\$ 1,551,235	\$ 1,574,092	\$ 1,591,134	\$ 1,691,498	\$ 1,704,530
Judicial	4,888,044	6,068,613	6,370,123	6,567,844	6,938,558
Law	908,978	1,014,904	1,150,014	952,254	894,539
General government	23,631,662	18,616,355	17,066,637	17,912,929	19,547,216
Elections	906,424	817,455	1,024,458	1,171,314	1,288,076
Public safety	96,495,382	105,607,477	103,043,579	106,250,693	120,941,630
Planning and growth management	4,184,430	7,176,186	4,973,410	4,026,177	3,514,652
Health	4,847,001	5,439,898	3,130,059	3,415,892	4,299,942
Social services	1,949,313	1,822,933	2,007,057	1,959,157	2,267,949
Community services	22,506,200	22,763,192	21,025,812	19,181,570	20,693,915
Recreation, Parks & Tourism	-	-	-	-	7,667,205
Public facilities	29,976,910	30,516,513	28,045,011	47,516,445	70,661,386
Economic development	1,517,839	1,811,898	8,905,067	1,572,945	1,957,525
Education	184,524,571	200,352,487	181,938,370	185,562,444	186,840,966
Conservation of natural resources	580,319	631,591	637,079	646,436	650,295
Interest expense on long term debt	10,529,272	10,363,586	10,414,044	10,506,320	9,915,666
Total governmental activities	388,997,580	414,577,180	391,321,854	408,933,918	459,784,049
Business-type activities:					
Water and sewer	28,479,435	29,372,054	29,908,251	31,740,597	35,515,466
Inspection and review	3,078,141	3,179,558	3,437,782	3,540,445	3,875,427
County parks	-	-	-	-	-
Recreation	3,674,793	3,807,971	3,666,849	2,752,848	3,135,252
Solid waste	3,977,028	3,953,044	4,172,509	3,916,243	4,854,293
Environmental services	3,980,290	3,335,642	4,199,268	4,560,865	4,813,704
SW-Watershed Protection	-	1,578,702	1,620,185	1,956,248	2,053,754
Vending machines	113,497	136,198	133,993	107,085	167,146
Total business-type activities	43,303,184	45,363,169	47,138,837	48,574,331	54,415,042
Total primary government expenses	\$ 432,300,764	\$ 459,940,349	\$ 438,460,691	\$ 457,508,249	\$ 514,199,091
Program revenues					
Governmental activities:					
Charges for services					
Judicial	\$ 66,023	\$ 70,674	\$ 94,845	\$ -	\$ -
Law	-	-	-	-	48,105
Legislative	-	-	-	-	68,314
General government	1,741,205	1,914,465	1,963,170	5,956,531	5,875,101
Elections	-	-	-	-	-
Public safety	4,292,250	4,229,891	4,269,225	4,067,307	3,930,289
Planning and growth management	3,925,544	4,308,924	3,031,874	7,847,985	3,880,674
Health	104,592	104,944	116,274	64,109	60,573
Community services	2,738,086	2,806,040	2,824,839	1,775,673	1,900,772
Recreation, Parks & Tourism	-	-	-	-	1,082,031
Public facilities	602,675	655,933	671,589	887,612	514,099
Education	2,930,153	3,084,088	3,260,599	-	-
Operating grants and contributions	19,400,382	21,110,010	30,284,579	32,236,242	24,060,252
Capital grants and contributions	2,387,219	1,971,553	2,964,335	1,305,271	-
Total governmental activities program revenues	38,188,129	40,256,522	49,481,329	54,140,730	41,420,209
Business-type activities:					
Charges for services					
Water and sewer	31,848,681	31,716,428	34,245,914	36,575,372	36,673,156
Solid waste management	5,266,566	5,310,180	5,974,573	6,753,142	7,704,446
Environmental services	3,906,046	3,594,313	4,090,322	4,491,840	5,241,286
Other activities	7,546,979	9,565,882	10,326,766	8,976,303	8,930,400
Operating grants and contributions	964,026	974,083	1,020,251	990,409	1,063,185
Capital grants and contributions	-	-	12,040,000	105,256	-
Total business-type activities program revenues	49,532,298	51,160,886	67,697,826	57,892,323	59,612,473
Total primary government program revenues	\$ 87,720,427	\$ 91,417,408	\$ 117,179,155	\$ 112,033,053	\$ 101,032,682
Net (expense)/revenue					
Governmental activities	\$ (350,809,451)	\$ (374,320,658)	\$ (341,840,525)	\$ (354,793,188)	\$ (418,363,841)
Business-type activities	6,229,114	5,797,717	20,558,989	9,317,992	5,197,431
Total primary government net expense	\$ (344,580,337)	\$ (368,522,941)	\$ (321,281,536)	\$ (345,475,196)	\$ (413,166,409)
Continued					

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

Fiscal Year					
2018	2019	2020	2021	2022	
					Expenses
					Governmental activities:
\$ 1,929,714	\$ 2,242,349	\$ 2,302,871	\$ 2,464,972	\$ 2,710,773	Legislative
6,431,506	6,746,598	7,140,734	7,176,634	7,861,408	Judicial
1,119,063	1,226,703	1,340,894	1,132,128	1,068,116	Law
31,782,557	17,505,012	26,656,034	25,801,245	12,315,675	General government
1,271,850	1,471,693	1,356,061	1,793,404	2,390,444	Elections
116,587,255	110,186,536	102,493,502	119,896,291	153,067,034	Public safety
3,898,053	3,642,489	4,626,830	6,815,630	6,986,371	Planning and growth management
4,498,635	4,334,663	9,207,175	14,029,149	4,594,238	Health
2,632,030	2,773,565	2,893,192	2,969,712	3,194,220	Social services
20,746,628	20,321,188	20,764,433	20,187,730	28,713,564	Community services
9,249,954	9,018,148	8,628,385	8,798,570	13,113,565	Recreation, Parks & Tourism
52,346,628	59,973,618	64,491,345	31,562,357	59,910,525	Public facilities
1,924,597	1,872,196	2,013,746	1,765,207	2,284,697	Economic development
207,443,543	205,826,302	216,919,201	231,260,845	223,371,287	Education
666,831	655,702	709,492	700,221	687,382	Conservation of natural resources
10,013,041	10,947,520	11,533,610	11,004,423	10,856,576	Interest expense on long term debt
472,541,886	458,744,280	483,077,505	487,358,520	533,125,875	Total governmental activities
					Business-type activities:
36,772,401	40,615,655	40,995,812	41,108,315	47,543,987	Water and sewer
3,959,878	3,744,994	4,781,005	4,811,668	5,743,463	Inspection and review
-	-	-	-	-	County parks
2,936,434	3,238,081	2,938,222	1,576,652	1,889,338	Recreation
4,289,956	4,779,846	6,281,897	7,509,119	7,641,486	Solid waste
5,216,415	5,251,518	6,340,433	6,566,597	6,849,953	Environmental services
3,377,112	3,650,454	3,994,163	5,147,574	5,743,031	SW-Watershed Protection
106,784	165,381	150,249	67,193	139,306	Vending machines
56,658,980	61,445,928	65,481,781	66,787,117	75,550,563	Total business-type activities
\$ 529,200,866	\$ 520,190,208	\$ 548,559,287	\$ 554,145,638	\$ 608,676,438	Total primary government expenses
					Program revenues
					Governmental activities:
					Charges for services
\$ -	\$ -	\$ -	\$ -	\$ -	Judicial
30,868	24,116	39,342	31,015	62,630	Law
17,264	17,264	17,264	-	-	Legislative
6,326,860	6,356,821	6,424,328	6,679,364	7,108,189	General government
-	-	-	-	-	Elections
4,028,785	4,076,982	4,598,777	4,381,090	4,967,747	Public safety
6,114,965	2,357,346	1,565,641	6,037,125	6,018,348	Planning and growth management
63,663	61,435	66,683	56,253	74,046	Health
1,260,237	1,106,310	830,766	295,625	389,382	Community services
984,734	1,043,560	916,177	1,017,442	1,292,376	Recreation, Parks & Tourism
517,440	516,797	467,917	448,151	490,284	Public facilities
-	-	-	-	-	Education
21,067,341	21,743,759	25,389,682	34,546,492	40,334,311	Operating grants and contributions
4,172,599	5,487,041	3,708,799	5,273,078	4,536,100	Capital grants and contributions
44,584,756	42,791,431	44,025,375	58,765,635	65,273,413	Total governmental activities program revenues
					Business-type activities:
					Charges for services
38,987,728	39,764,793	45,358,728	48,916,015	59,856,354	Water and sewer
7,685,910	8,532,418	8,093,331	9,312,619	10,973,462	Solid waste management
5,492,554	5,531,655	6,467,163	6,871,901	7,331,001	Environmental services
9,572,580	9,520,970	10,400,434	11,004,310	14,364,761	Other activities
811,115	987,062	1,215,927	1,175,455	1,279,036	Operating grants and contributions
259,493	236,215	72,800	-	-	Capital grants and contributions
62,809,381	64,573,113	71,608,382	77,280,301	93,804,613	Total business-type activities program revenues
\$ 107,394,136	\$ 107,364,544	\$ 115,633,757	\$ 136,045,936	\$ 159,078,025	Total primary government program revenues
					Net (expense)/revenue
\$ (427,957,130)	\$ (415,952,849)	\$ (439,052,131)	\$ (428,592,885)	\$ (467,852,463)	Governmental activities
6,150,401	3,127,185	6,126,598	10,493,182	18,254,047	Business-type activities
\$ (421,806,729)	\$ (412,825,664)	\$ (432,925,531)	\$ (418,099,701)	\$ (449,598,414)	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				
	2013	2014	2015	2016	2017
<u>General revenues and other changes in net position</u>					
Governmental activities:					
Taxes					
Local property taxes	\$ 200,484,806	\$ 211,634,597	\$ 216,073,564	\$ 223,238,990	\$ 234,670,748
Other local	20,612,134	22,154,294	30,960,062	33,987,630	33,346,032
Income taxes	90,885,261	98,827,341	115,479,944	126,886,692	118,080,824
State highway user taxes	852,425	881,979	931,891	-	952,802
Other income	8,396,717	6,479,338	12,303,303	7,400,378	5,900,261
Interest and investment earnings	3,077,153	3,282,490	2,531,265	2,505,628	3,152,433
Unrestricted grants and contributions	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Transfers	(418,430)	(368,300)	(464,468)	(879,136)	(742,266)
Extraordinary loss tornado, net of inc rec'd	-	-	-	-	-
Total governmental activities	<u>323,890,066</u>	<u>342,891,739</u>	<u>377,815,561</u>	<u>393,140,182</u>	<u>395,360,832</u>
Business-type activities:					
Other income	743,229	457,308	464,358	501,903	12,571,257
Interest and investment earnings	63,923	68,239	59,994	84,574	126,385
Miscellaneous	-	-	-	-	-
Transfers	418,430	368,300	464,468	879,136	742,266
Total business-type activities	<u>1,225,582</u>	<u>893,847</u>	<u>988,820</u>	<u>1,465,613</u>	<u>13,439,908</u>
Total primary government	<u>\$ 325,115,648</u>	<u>\$ 343,785,586</u>	<u>\$ 378,804,381</u>	<u>\$ 394,605,795</u>	<u>\$ 408,800,740</u>
<u>Change in net position</u>					
Governmental activities	\$ (26,919,385)	\$ (31,428,919)	\$ 35,975,036	\$ 38,346,994	\$ (23,003,009)
Net Restatement			(63,014,064)	-	-
Business-type activities	<u>7,454,696</u>	<u>6,691,564</u>	<u>21,547,809</u>	<u>10,783,605</u>	<u>18,637,339</u>
Total primary government	<u>\$ (19,464,689)</u>	<u>\$ (24,737,355)</u>	<u>\$ (5,491,219)</u>	<u>\$ 49,130,599</u>	<u>\$ (4,365,670)</u>

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

		Fiscal Year								
		2018	2019	2020	2021	2022				
General revenues and other changes in net position										
Governmental activities:										
Taxes										
\$	241,773,420	\$	250,102,797	\$	255,488,455	\$	268,024,019	\$	283,238,317	Local property taxes
	37,032,780		34,847,873		38,485,017		42,796,699		66,474,525	Other local
	131,633,096		143,716,459		154,403,594		170,011,765		189,376,845	Income taxes
	973,650		1,017,386		2,066,341		-		-	State highway user taxes
	5,610,431		5,303,292		5,790,819		9,915,706		8,513,914	Other income
	4,423,854		8,479,063		6,865,200		2,335,788		1,943,179	Interest and investment earnings
	-		-		-		-		-	Unrestricted grants and contributions
	-		-		-		-		-	Miscellaneous
	(542,914)		(1,388,437)		(1,497,098)		(1,371,865)		(733,689)	Transfers
	-		-		-		-		-	Extraordinary loss tornado, net of income rec
	<u>420,904,317</u>		<u>442,078,433</u>		<u>461,602,327</u>		<u>491,712,113</u>		<u>548,813,090</u>	Total governmental activities
Business-type activities:										
	1,234,227		3,742,442		-		-		-	Other income
	262,555		564,440		527,240		162,198		289,239	Interest and investment earnings
	-		-		-		-		-	Miscellaneous
	542,914		1,388,437		1,497,098		1,371,865		733,689	Transfers
	<u>2,039,696</u>		<u>5,695,319</u>		<u>2,024,338</u>		<u>1,534,063</u>		<u>1,022,928</u>	Total business-type activities
\$	<u>422,944,013</u>	\$	<u>447,773,752</u>	\$	<u>463,626,666</u>	\$	<u>493,246,177</u>	\$	<u>549,836,019</u>	Total primary government
Change in net position										
\$	(7,052,813)	\$	26,125,584	\$	22,550,197	\$	63,119,228	\$	80,960,627	Governmental activities
	-		-		-		-		-	Net Restatement
	8,190,096		8,822,504		8,150,936		12,027,245		19,276,973	Business-type activities
\$	<u>1,137,283</u>	\$	<u>34,948,088</u>	\$	<u>30,701,132</u>	\$	<u>75,146,473</u>	\$	<u>100,237,601</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				
	2013	2014	2015	2016	2017
General fund					
Nonspendable fund balance	\$ 1,853,656	\$ 1,604,951	\$ 2,156,136	\$ 4,365,445	\$ 2,612,616
Restricted fund balance	6,830,594	4,032,708	5,301,900	5,256,573	1,571,097
Committed fund balance	32,556,833	33,350,360	38,288,776	55,610,042	63,196,702
Assigned fund balance	4,248,921	4,197,363	3,482,661	4,020,616	5,713,044
Unassigned fund balance	2,897,380	1,022,395	1,022,395	-	4,772,156
Total general fund	\$ 48,387,384	\$ 44,207,777	\$ 50,251,868	\$ 69,252,676	\$ 77,865,614
All other governmental funds					
Capital projects					
Nonspendable fund balance	-	-	-	-	-
Restricted fund balance	\$ 24,145,449	\$ 5,532,042	\$ 13,850,238	\$ 6,700,412	\$ 6,204,653
Committed fund balance	-	-	-	25,767,947	29,334,330
Assigned fund balance	20,688,549	-	-	2,831,713	2,861,521
Unassigned fund balance	-	(2,931,828)	(427,643)	-	-
Debt service					
Nonspendable fund balance	44,985,067	41,125,212	36,649,518	28,689,051	24,333,551
Restricted fund balance	-	-	-	-	-
Committed fund balance	-	-	-	-	-
Assigned fund balance	-	-	-	597,237	2,513,082
Unassigned fund balance	(5,228,617)	(5,038,043)	(471,532)	-	-
Other Governmental					
Nonspendable fund balance	-	-	-	-	-
Restricted fund balance	436,018	876,867	2,412,224	2,644,330	3,800,507
Committed fund balance	-	3,715,000	-	-	-
Assigned fund balance	6,158,631	3,198,683	4,178,176	6,304,712	6,672,514
Unassigned fund balance	-	-	-	-	-
Total all other governmental funds	\$ 91,185,097	\$ 46,477,933	\$ 56,190,981	\$ 73,535,402	\$ 75,720,157

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

		Fiscal Year					
		2018	2019	2020	2021	2022	
	\$	2,222,832	\$ 1,835,020	\$ 2,508,902	\$ 2,724,503	\$ 2,485,410	General fund
		2,077,132	96,114	110,670	125,131	139,469	Nonspendable fund balance
		75,024,127	92,542,994	107,865,627	138,751,719	185,677,785	Restricted fund balance
		6,637,351	6,516,854	8,017,227	8,654,804	9,558,227	Committed fund balance
		6,962,553	7,859,944	1,592,158	2,309,099	3,675,406	Assigned fund balance
		6,962,553	7,859,944	1,592,158	2,309,099	3,675,406	Unassigned fund balance
	\$	<u>92,923,995</u>	<u>\$ 108,850,925</u>	<u>\$ 120,094,585</u>	<u>\$ 152,565,256</u>	<u>\$ 201,536,297</u>	Total general fund
							All other governmental funds
							Capital projects
	\$	-	-	-	-	-	Nonspendable fund balance
		2,120,162	10,540,990	13,064,398	6,107,831	18,302,845	Restricted fund balance
		35,033,087	35,484,683	33,909,616	31,964,160	43,052,490	Committed fund balance
		4,794,059	12,636,228	21,482,371	19,856,593	23,860,786	Assigned fund balance
		-	-	-	-	-	Unassigned fund balance
							Debt service
		-	15,073,885	-	-	-	Nonspendable fund balance
		19,695,091	647,125	12,220,897	1,883,754	1,692,000	Restricted fund balance
		-	-	-	-	-	Committed fund balance
		7,390,087	9,742,256	11,977,223	20,847,236	19,346,617	Assigned fund balance
		-	-	-	-	-	Unassigned fund balance
							Other Governmental
		-	-	-	-	-	Nonspendable fund balance
		3,381,544	20,354,498	25,242,457	29,687,913	14,013,324	Restricted fund balance
		-	-	-	-	-	Committed fund balance
		8,338,128	8,808,418	5,823,273	10,194,598	6,036,106	Assigned fund balance
		-	-	-	-	-	Unassigned fund balance
	\$	<u>80,752,158</u>	<u>\$ 113,288,083</u>	<u>\$ 123,720,235</u>	<u>\$ 120,542,086</u>	<u>\$ 126,304,168</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				
	2013	2014	2015	2016	2017
Revenues					
Taxes:					
Local property	\$ 200,484,806	\$ 211,634,597	\$ 211,791,533	\$ 219,110,622	\$ 222,772,838
Income	99,440,598	99,513,353	109,709,956	123,429,876	119,349,494
Other local	20,612,134	22,154,294	30,960,062	33,025,233	33,346,032
State shared	852,425	881,979	931,891	962,397	952,802
Charges for services	16,400,528	17,174,959	16,232,415	20,599,217	17,359,957
Intergovernmental	21,787,601	22,377,063	33,248,914	33,541,513	24,060,252
Interest income	3,077,153	3,282,490	2,531,265	2,505,628	3,152,433
Other income	8,396,717	6,479,338	12,303,303	7,400,377	5,900,260
Total revenues	371,051,962	383,498,073	417,709,339	440,574,863	426,894,066
Expenditures					
Education	188,950,057	202,287,835	192,397,107	196,273,015	196,689,241
Public safety	94,272,991	101,742,806	103,994,700	108,328,753	109,642,022
Other general government	17,712,335	19,184,620	23,391,485	31,082,318	25,153,331
Public facilities	26,598,031	33,140,813	28,737,956	23,877,006	26,698,499
Financial administration	7,961,432	8,514,244	8,838,756	9,235,420	9,616,305
Community services	21,906,992	21,705,280	21,761,226	19,885,283	20,159,645
Recreation, Parks & Tourism					7,822,957
Judicial	4,805,217	6,086,489	6,475,100	6,639,733	7,014,417
Planning and growth management	4,173,750	7,162,964	4,973,410	4,028,641	4,317,582
Health services	3,726,711	4,281,981	4,322,514	4,482,033	5,186,537
Economic development	1,515,966	1,791,817	8,896,249	1,572,945	1,957,525
Social services	1,949,313	1,822,933	2,007,057	1,959,157	2,267,949
Legislative	1,456,063	1,478,484	1,570,445	1,626,209	1,690,457
Law	878,998	991,003	1,150,014	952,254	894,539
Conservation of natural resources	579,761	629,894	637,079	646,436	650,295
Elections	911,170	820,332	1,028,910	1,171,314	1,288,076
Debt service:					
Principal	12,628,435	13,969,954	17,851,976	11,527,876	10,026,845
Interest	10,529,272	10,363,586	10,318,581	10,184,584	10,039,960
Total expenditures	400,556,495	435,975,035	438,352,565	433,472,976	441,116,181
Excess (deficiency) of revenues over (under) expenditures	(29,504,534)	(52,476,963)	(20,643,227)	7,101,887	(14,222,116)
Other financing sources (uses):					
Issuance of debt-capital asset financing					
Issuance of debt-bonds	22,729,200	3,958,490	33,239,500	34,079,100	23,287,500
Premium on issuance of debt	5,740,278	-	6,739,644	2,727,531	2,474,574
Bond Proceeds from debt refunding	16,031,904	-	26,597,764	-	-
Defeased Bonds	(18,261,194)	-	(29,712,075)	-	-
Transfers in	4,639,176	6,127,899	10,770,318	5,993,407	6,980,910
Transfers out	(5,057,606)	(6,496,199)	(11,234,786)	(6,872,543)	(7,723,177)
Total other financing sources	25,821,759	3,590,191	36,400,366	35,927,496	25,019,809
Extraordinary loss from natural disasters, net of income	-	-	-	-	-
Net change in fund balances	\$ (3,682,775)	\$ (48,886,772)	\$ 15,757,139	\$ 43,029,383	\$ 10,797,693
Debt service as a percentage of noncapital expenditures	5.742%	5.619%	7.110%	5.006%	4.691%

Changes in Fund Balances of Governmental Funds

Charles County, Maryland

Table 4

Last Ten Fiscal Years

(modified accrual basis of accounting)

		Fiscal Year								
		2018	2019	2020	2021	2022				
							Revenues			
							Taxes:			
\$	230,447,289	\$	239,338,210	\$	244,075,920	\$	257,879,510	\$	262,539,537	Local property
	124,654,098		136,665,163		139,535,615		159,808,519		171,197,766	Income
	37,038,419		34,887,063		38,572,833		42,872,626		66,474,526	Other local
	973,650		1,017,386		2,066,341		-		-	State shared
	19,344,815		15,560,632		14,926,894		18,946,065		20,403,001	Charges for services
	25,239,941		27,230,800		29,098,481		39,819,570		44,870,411	Intergovernmental
	4,423,854		8,479,063		6,865,201		2,335,789		1,943,179	Interest income
	5,610,431		5,303,292		5,790,819		9,915,707		11,166,865	Other income
	<u>447,732,497</u>		<u>468,481,609</u>		<u>480,932,104</u>		<u>531,577,787</u>		<u>578,595,285</u>	Total revenues
	222,423,055		216,182,784		229,251,472		244,696,548		237,800,198	Expenditures
	116,276,377		121,054,866		124,939,143		143,501,533		167,909,505	Education
	24,653,635		29,292,027		28,976,295		34,824,985		33,054,920	Public safety
	28,326,834		25,681,616		25,381,518		21,853,847		24,777,760	Other general government
	10,344,746		10,580,720		10,986,986		12,118,803		14,594,460	Public facilities
	20,081,078		20,496,493		20,135,918		19,527,814		28,824,780	Financial administration
	9,419,003		9,145,108		8,700,620		8,770,046		13,422,721	Community services
	6,360,387		6,727,282		7,036,491		7,006,128		7,765,262	Recreation, Parks & Tourism
	4,761,182		3,940,891		5,193,180		6,706,205		6,606,988	Judicial
	5,446,454		5,319,197		9,048,939		14,367,322		4,309,983	Planning and growth management
	1,924,597		1,870,182		1,999,155		1,753,428		2,387,082	Health services
	2,632,030		2,773,565		2,893,192		2,969,712		3,194,220	Economic development
	1,908,831		2,193,784		2,237,486		2,353,171		2,611,742	Social services
	1,119,063		1,235,056		1,346,594		1,100,283		1,058,320	Legislative
	666,831		657,855		703,904		706,528		680,759	Law
	1,269,380		1,471,085		1,355,802		1,793,145		2,390,185	Conservation of natural resources
										Elections
										Debt service:
	8,906,999		10,602,076		10,257,488		10,474,059		10,719,447	Principal
	10,086,578		10,899,707		11,581,681		11,217,828		10,994,752	Interest
	<u>476,607,061</u>		<u>480,124,292</u>		<u>502,025,865</u>		<u>545,741,385</u>		<u>573,103,083</u>	Total expenditures
	(28,874,565)		(11,642,683)		(21,093,761)		(14,163,598)		5,492,201	Excess (deficiency) of revenues over (under) expenditures
									2,255,888	Other financing sources (uses):
	47,033,285		41,418,800		37,582,000		40,724,995		41,000,000	Issuance of debt-capital asset financi
	8,190,150		4,441,258		6,684,673		5,299,123		6,718,720	Issuance of debt-bonds
	-		-		-		20,438,213		-	Premium on issuance of debt
	-		-		-		(21,634,343)		-	Bond Proceeds from debt refunding
	7,753,622		11,505,042		12,111,702		11,389,243		13,347,880	Defeased Bonds
	(8,296,535)		(12,893,479)		(13,608,800)		(12,761,109)		(14,081,569)	Transfers in
	<u>54,680,522</u>		<u>44,471,622</u>		<u>42,769,576</u>		<u>43,456,124</u>		<u>49,240,920</u>	Transfers out
										Total other financing sources
										Extraordinary loss from natural disasters, net of income
\$	<u>25,805,957</u>	\$	<u>32,828,937</u>	\$	<u>21,675,814</u>	\$	<u>29,292,525</u>	\$	<u>54,733,121</u>	Net change in fund balances
	4.190%		4.566%		4.456%		4.277%		3.982%	Debt service as a percentage of noncapital expenditures

Assessed Value and Estimated Actual Value of Taxable Property

Charles County, Maryland
 Table 5
 Last Ten Fiscal Years

Fiscal Year Ending June 30	Real Property		Business Personal Property	Railroads & Public Utilities	Ordinary Business Corporations
	Full Year	1/4, 1/2, 3/4 Yr.			
2013	15,767,175,406	131,283,908	8,190,160	267,162,220	681,889,120
2014	15,384,968,244	131,670,190	7,712,830	285,422,960	631,661,420
2015	15,406,621,549	210,168,374	7,504,070	304,401,370	621,082,550
2016	15,692,752,105	169,790,559	9,183,690	317,477,720	645,642,220
2017	16,258,683,269	191,816,634	9,541,520	313,993,400	221,587,700 1
2018	16,800,788,225	191,280,438	9,750,090	329,489,630	220,855,150 1
2019	17,424,002,372	163,026,797	9,664,600	334,601,020	247,061,400 1
2020	18,105,807,509	175,819,336	9,091,840	332,771,760	232,315,530 1
2021	18,756,740,379	203,135,128	8,330,760	392,121,410	237,161,180 1
2022	19,421,428,630	271,832,216	18,758,880	411,354,500	245,947,150 1

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

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

Assessed Value and Estimated Actual Value of Taxable Property

Charles County, Maryland
 Table 5
 Last Ten Fiscal Years

<u>Total Taxable Assessed Value</u>	<u>Total Direct Tax Rate</u>	<u>Estimated Actual Taxable Value</u>	<u>Assessed Value as a Percentage of Actual Value</u>	<u>Fiscal Year Ending June 30</u>
16,855,700,814	1.05	16,855,700,814	100.00%	2013
16,441,435,644	1.14	16,441,435,644	100.00%	2014
16,549,777,913	1.14	16,549,777,913	100.00%	2015
16,834,846,294	1.14	16,834,846,294	100.00%	2016
16,995,622,523	1.14	16,995,622,523	100.00%	2017
17,552,163,533	1.14	17,552,163,533	100.00%	2018
18,178,356,189	1.14	18,178,356,189	100.00%	2019
18,855,805,975	1.14	18,855,805,975	100.00%	2020
19,597,488,857	1.14	19,597,488,857	100.00%	2021
20,369,321,376	1.14	20,369,321,376	100.00%	2022

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	
2013	1.0527	0.064	0.112	0.229	0.261	1.23
2014	1.1410	0.064	0.112	0.225	0.259	1.32
2015	1.1410	0.064	0.112	0.186	0.246	1.32
2016	1.1410	0.064	0.112	0.185	0.255	1.32
2017	1.1410	0.064	0.112	0.190	0.259	1.32
2018	1.1410	0.064	0.112	0.181	0.262	1.32
2019	1.1410	0.064	0.112	0.185	0.262	1.32
2020	1.1410	0.064	0.112	0.185	0.262	1.32
2021	1.1410	0.064	0.112	0.181	0.262	1.32
2022	1.1410	0.064	0.112	0.178	0.261	1.32

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, 2022)

<u>Taxpayer</u>	<u>Assessed Valuation</u>	<u>% of Total Assessed</u>	<u>County Taxes ¹</u>
NRG Energy, Inc. (formerly GenOn Mid-Atlantic LLC)	\$ 70,790,830 ^{2,3}	0.35%	\$ 6,888,177
Southern Maryland Electric Cooperative	194,468,860	0.95%	5,547,224
Dominion Cove Point LNG, LP	105,038,470	0.52%	2,996,222
CPV Maryland, LLC	280,262,860 ^{2,3}	1.38%	2,588,345
SCG Atlas Westchester, LLC	96,808,700	0.48%	1,104,587
Verizon Maryland Inc.	38,357,870	0.19%	1,094,158
Washington Gas Light Company	36,364,450	0.18%	1,037,296
Comcast of Maryland	25,118,770	0.12%	716,513
Potomac Electric Power Company	24,492,290	0.12%	698,643
Charles Mall Company LTD Partnership	60,190,700	0.30%	686,776
	<u>\$ 861,102,970</u>	<u>4.23%</u>	<u>\$ 16,469,764</u>
Total Taxable Assessed Value		<u>\$ 20,369,321,376</u>	

Ten Leading Taxpayers
 (For period ending June 30, 2013)

<u>Taxpayer</u>	<u>Assessed Valuation</u>	<u>% of Total Assessed</u>	<u>County Taxes ¹</u>
GenOn Mid-Atlantic LLC	\$ 643,982,590	3.82%	\$ 16,148,657
Southern Maryland Electric Cooperative	98,421,600	0.58%	2,600,791
Dominion Cove Point LNG, LP	61,370,890	0.36%	1,621,726
Charles Mail Company LTD Partnership	139,500,000	0.83%	1,474,515
Verizon Maryland, Inc	46,228,850	0.27%	1,221,597
API Town Center	69,999,900	0.42%	739,899
Washington Gas Light Company	26,316,680	0.16%	695,418
Madison Waldorf, LLC	46,624,400	0.28%	492,820
Potomac Electric Power Company	17,903,130	0.11%	473,090
SVF Waldorf LLC	44,350,100	0.26%	468,781
	<u>\$ 1,194,698,140</u>	<u>7.09%</u>	<u>\$ 25,937,294</u>
Total Taxable Assessed Value		<u>\$ 16,855,700,814</u>	

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

Property Tax Levies and Collections

Charles County, Maryland

Table 8

Last Ten Fiscal Years

Fiscal Year Ending June 30	Total Tax Levy Local Property ¹	Collected within the Fiscal Year of the Levy		Collection In Subsequent Years	Total Collections To Date		Outstanding Delinquent Tax
		Amount	Percent		Amount	Percent	
2013	192,660,818	191,842,717	99.58%	595,830	192,064,988	99.69%	222,271
2014	202,699,932	201,517,315	99.42%	967,450	201,732,482	99.52%	215,167
2015	203,588,665	202,252,138	99.34%	1,075,071	202,513,594	99.47%	261,456
2016	207,718,986	206,927,720	99.62%	482,053	207,236,933	99.77%	309,213
2017	202,074,697	200,633,185	99.29%	821,206	201,253,491	99.59%	620,306
2018	208,859,514	207,797,166	99.49%	1,062,348	208,419,597	99.79%	622,431
2019	216,532,932	215,322,319	99.44%	1,210,613	216,532,932	100.00%	1,210,613
2020	224,009,919	221,438,033	98.85%	2,571,886	224,009,919	100.00%	2,571,886
2021	233,302,985	232,176,212	99.52%	1,126,773	233,302,985	100.00%	1,126,773
2022	242,337,352	241,015,297	99.45%	1,321,655	242,336,952	100.00%	1,321,655

Information Source: Audited financial statements of the County for the fiscal years 2013-2022

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

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Ratios of Outstanding Debt by Type

Charles County, Maryland

Table 9

Last Ten Fiscal Years

Fiscal Year Ending June 30	Governmental Activities			Business-type Activities		
	General Obligation	Capital Asset	Notes	General Obligation	Capital Asset	Notes
	Bonds	Financing	Payable	Bonds	Financing	Payable
2013	266,505,077	2,568,681	51,540	78,892,837	4,956,754	9,994,694
2014	244,022,652	4,063,959	1,452,874	74,667,734	7,760,059	9,279,686
2015	252,157,320	8,528,693	1,418,832	80,135,326	8,340,406	8,556,098
2016	254,571,190	11,986,956	1,367,078	80,608,468	7,331,830	7,823,827
2017	248,961,935	11,603,309	13,235	84,333,406	6,025,256	7,082,769
2018	268,977,982	11,349,443	2,769	94,682,422	4,911,964	6,332,818
2019	280,510,590	9,817,956	-	108,887,222	3,624,435	5,573,868
2020	289,916,315	8,446,732	-	125,083,237	3,189,119	4,805,813
2021	294,421,229	12,705,198	-	137,388,435	4,809,758	4,028,539
2022	307,025,967	11,670,007	-	158,838,218	4,036,960	3,241,937

These ratios are calculated using personal income and population.

Ratios of Outstanding Debt by Type

Charles County, Maryland
 Table 9
 Last Ten Fiscal Years

Total Primary Government	Percentage of Personal Income ¹	Per Capita ¹	Fiscal Year Ending June 30
362,969,583	4.78%	2,373.90	2013
341,246,964	4.37%	2,205.19	2014
359,136,675	4.40%	2,300.42	2015
363,689,349	4.30%	2,306.14	2016
358,019,910	4.06%	2,241.83	2017
386,257,398	4.26%	2,392.04	2018
408,414,071	4.33%	2,501.66	2019
431,441,216	4.28%	2,614.19	2020
453,353,159	4.20%	2,687.37	2021
484,813,089	4.49%	2,873.85	2022

Ratios of General Bonded Debt Outstanding

Charles County, Maryland
 Table 10
 Last Ten Fiscal Years

Fiscal Year Ending June 30	General Obligation Debt ⁴	Less: Amounts Available in Debt Service Fund ¹	Total	Percentage of Estimated Actual Taxable Value of Property ²	Per Capita ³
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%	1,498.01
2019	280,510,590	25,463,267	255,047,323	1.40%	1,562.24
2020	289,916,315	24,198,121	265,718,194	1.41%	1,610.04
2021	294,421,229	22,730,991	271,690,238	1.39%	1,630.63
2022	307,025,967	21,038,617	285,987,350	1.40%	1,695.26

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

Direct and Overlapping Governmental Activities Debt

Charles County, Maryland

Table 11

Jurisdiction	Total Debt Outstanding	Assessed Valuation ¹	% of Assessed Valuation to Countywide Total	Estimated Share of Total Direct & Overlapping Debt
<u>Direct</u>				
Charles County	\$ 318,695,974	\$ 18,676,770,976	92%	\$ 292,298,505
<u>Overlapping</u>				
La Plata	2,000	1,395,911,475	7%	21,846,541
Indian Head	89,583	296,638,925	1%	4,642,511
Total Overlapping Debt	91,583	1,692,550,400	8%	26,489,052
Countywide Total	\$ 318,787,557	\$ 20,369,321,376	100%	\$ 318,787,557

1 Countywide Total matches that of Table 5

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

Legal Debt Margin Information

Charles County, Maryland

Table 12

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

This Table is therefore not applicable.

Demographic and Economic Statistics

Charles County, Maryland

Table 13

Last Ten Fiscal Years

Fiscal Year	Population ¹	Personal Income	Per Capita Personal Income ³	Median Age	School ⁴ Enrollment	Unemployment Rate ²
2013	152,900	7,585,734	49,638	37	25,717	7.00%
2014	154,747	7,801,703	50,475	37	25,524	6.00%
2015	156,118	8,155,991	52,308	37	25,413	5.20%
2016	157,705	8,451,874	53,593	37	25,471	4.50%
2017	159,700	8,820,414	55,231	37	25,521	4.50%
2018	161,476	9,061,892	56,119	38	26,085	4.20%
2019	163,257	9,432,032	57,774	38	26,315	3.80%
2020	165,038	10,083,878	61,324	37	26,508	8.50%
2021	168,698	10,786,420	63,939	37	26,029	6.70%
2022	not available	not available	not available	37	25,986	4.80%

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

2 Bureau of Labor Statistics, as reported in tables for June 2022

3 Bureau of Economic Analysis, 2021, updated data as of November 2022

4 Charles Co. Board of Education, Student Services

Principal Employers

Charles County, Maryland

Table 14

Current Year and Ten Years Ago

Employer	Fiscal Year 2022	
	Number of Employees ¹	Percentage of Total County Employment
Naval Department of Defense at Indian Head	4,197	5.06%
Charles County Board of Education	4,143	5.00%
Charles County Government	1,841	2.22%
UM Charles Regional Medical Center	822	0.99%
College of Southern Maryland	755	0.91%
Walmart/Sam's Club	637	0.77%
Southern Maryland Electric Cooperative (SMECO)	478	0.58%
Waldorf Chevy/Cadillac, Honda, Ford, Toyota/Scion, Dodge	455	0.55%
Safeway	438	0.53%
Target	400	0.48%
Amazon	325	0.39%
Lowe's	310	0.37%
Genesis Health Care Waldorf/La Plata Center	291	0.35%
Sage Point Senior Living Services	250	0.30%
Chick-fil-A	241	0.29%
Reliable Contracting	200	0.24%
Total	15,783	
Total County Employment²	82,869	

Employer	Fiscal Year 2013	
	Number of Employees ¹	Percentage of Total County Employment
Charles County Board of Education	3,430	4.53%
Naval Department of Defense at Indian Head	3,404	4.49%
Charles County Government	1,638	2.16%
Civista Medical Center	850	1.12%
College of Southern Maryland	819	1.08%
Wal-Mart/Sam's Club	592	0.78%
The Facchina Group of Companies	550	0.73%
Safeway	475	0.63%
Target	400	0.53%
McDonald's	396	0.52%
Southern Maryland Electric Cooperative (SMECO)	386	0.51%
Genesis Health Care	312	0.41%
Bloomin' Brands (formerly OSI Restaurant Partners)	300	0.40%
Charles County Nursing Home	255	0.34%
Darden Restaurants	253	0.33%
Macy's	250	0.33%
Total	14,310	
Total County Employment²	75,793	

¹ Charles County Economic Development Department as of May 2022 (top) and March 2013 (bottom)

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

Full-time Equivalent County Employees by Function

Charles County, Maryland
 Table 15
 Last Ten Fiscal Years

Function	2013	2014	2015	2016	2017	2018	2019	2020	Actual 2021	Actual 2022	Budget 2023
<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	24	24	24	24	24	25	25
Central Services	0	0	0	0	0	1	7	8	8	9	10
Community Services	56	54	55	55	50	49	55	57	57	57	58
County Commissioners' Office Staff	20	21	24	22	25	25	21	25	24	24	25
County Attorney's Office	10	10	10	10	10	10	10	11	11	11	12
Economic Development	6	6	6	9	9	11	11	11	11	11	12
Emergency Services	115	117	122	122	128	134	134	148	161	162	172
Fiscal and Administrative Services	66	67	71	72	72	72	73	75	77	80	81
Human Resources	8	8	8	8	10	12	13	13	14	14	16
Internal Audit	0	0	0	0	2	2	2	2	2	2	2
Planning & Growth Mgmt	65	66	66	66	69	70	73	78	79	82	86
Public Works	299	302	308	313	321	332	337	350	363	339	345
Capital Project Management	0	0	0	0	0	0	0	0	0	26	26
Recreation, Parks, & Tourism	118	121	123	125	132	134	143	143	144	145	149
Subtotal County Departments	783	790	812	821	851	874	902	943	978	991	1022
<u>Other Agencies</u>											
Circuit Court	22	22	22	22	25	25	26	27	27	28	31
Detention Center	156	156	156	156	156	156	160	159	159	159	159
Sheriff's Office	468	484	488	485	493	495	502	510	512	516	526
Soil Conservation	5	5	5	5	5	5	5	5	5	5	6
State's Attorney Office	37	46	54	54	58	48	50	53	52	58	60
TOTAL	1475	1508	1541	1548	1592	1608	1650	1702	1732	1756	1803

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

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

Operating Indicators by Function

Charles County, Maryland

Table 16

Last Ten Fiscal Years

Function	Fiscal Year				
	2013	2014	2015	2016	2017
Public Safety					
1 Sheriff's Calls for Service	253,292	258,591	271,363	253,984	256,984
Emergency Response Team Responses	1,164	1,312	1,188	1,337	638
Bookings	10,706	11,106	10,890	10,194	9,270
Drug Screening	932	653	692	746	702
Red Light Camera Citations Issued	11,388	25,858	27,603	29,194	26,343
Animal Control Calls for Service	5,646	7,053	6,157	5,848	6,002
Animal Shelter Population	10,049	9,134	8,730	8,700	8,136
Alarm System Registrations	20,350	21,801	23,570	24,795	26,058
False Alarm Calls	7,952	8,324	8,477	8,283	8,017
EMS Responses	12,290	13,700	13,188	15,375	16,649
911 Calls Received	73,182	72,231	78,790	78,722	81,745
Community Services/Planning & Growth Mgmt					
Public Transit Routes	14	14	15	15	15
Service Miles	1,171,946	1,150,000	1,227,005	1,207,500	1,296,005
Senior Program Participation	3,701	4,041	4,233	4,250	4,286
Public Facilities					
Square Footage Maintained	1,034,260	1,044,460	1,285,246	1,300,000	1,326,000
Preventative Maintenance Performed	395	852	937	950	6,770
Athletic Leagues Maintained	68	69	69	70	68
Scheduled Games	7,929	8,051	8,115	8,200	7,577
Vehicle Maintenance Work Orders	5,044	5,601	5,378	5,560	4,606
Lane Miles Maintained	1,625	1,662	1,672	1,681	1,684
Water and Sewer					
Billing Invoices per year	123,434	129,034	129,222	133,057	134,674
New Accounts Set Up	547	572	550	550	725
Meters Read	123,434	129,034	129,222	130,000	129,404
Holding Tank Program Gallons Pumped	395,600	317,500	610,707	303,650	557,350
County Park Operations					
Rounds of Golf	28,412	26,105	27,700	28,000	24,130
Season Passes	102	101	90	100	90
Solid Waste Management					
1 Recycled Tons	74,966	81,133	81,868	80,192	76,245
1 Recycle Curbside Collection Tons	3,295	5,500	6,506	7,401	7,727
Landfill Tons	73,195	75,277	84,963	94,901	101,149

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				
2018	2019	2020	2021	2022	Function	
Public Safety						
235,604	249,863	172,115	198,653	253,799	1	Sheriff's Calls for Service
234	194	209	179	172		Emergency Response Team Responses
8,154	7,485	5,745	4,293	5,149		Bookings
1,013	809	541	0	0		Drug Screening
26,349	26,291	25,505	29,868	35,076		Red Light Camera Citations Issued
5,759	5,216	5,280	5,900	6,184		Animal Control Calls for Service
7,171	6,562	5,667	5,208	6,360		Animal Shelter Population
27,592	28,727	29,305	30,331	31,328		Alarm System Registrations
8,285	7,946	7,638	6,715	7,507		False Alarm Calls
18,153	19,628	19,500	20,666	21,996		EMS Responses
85,000	82,000	73,700	73,777	77,291		911 Calls Received
Community Services/Planning & Growth Mgmt						
16	16	15	15	15		Public Transit Routes
1,283,362	1,289,625	1,767,461	1,300,738	1,900,000		Service Miles
4,567	4,637	4,726	4,851	4,748		Senior Program Participation
Public Facilities						
1,351,382	1,300,037	1,351,382	1,308,221	1,308,221		Square Footage Maintained
3,980	4,454	5,266	7,164	6,919		Preventative Maintenance Performed
45	46	27	28	30		Athletic Leagues Maintained
6,431	6,342	3,137	3,295	5,300		Scheduled Games
4,765	5,734	5,356	5,271	5,596		Vehicle Maintenance Work Orders
1,700	1,709	1,725	1,735	1,738		Lane Miles Maintained
Water and Sewer						
136,906	135,434	139,762	136,980	135,257		Billing Invoices per year
529	491	498	459	564		New Accounts Set Up
131,848	130,709	135,250	136,980	129,042		Meters Read
588,900	577,850	518,700	623,100	518,950		Holding Tank Program Gallons Pumped
County Park Operations						
19,712	24,860	17,924	22,256	17,815		Rounds of Golf
87	62	76	74	91		Season Passes
Solid Waste Management						
69,225	67,368	60,672	41,091	42,336	1	Recycled Tons
8,200	8,653	8,500	9,422	8,935	1	Recycle Curbside Collection Tons
101,050	114,669	116,854	112,071	132,316		Landfill Tons

1 Based on Calendar Year

2 Projected

Capital Asset Statistics by Function

Charles County, Maryland

Table 17

Last Ten Fiscal Years

Function	Fiscal Year				
	2013	2014	2015	2016	2017
General Government					
Buildings	26	28	30	30	29
Vehicles	244	250	254	256	257
Transportation Service Vehicles	0	0	0	0	36
Public Safety					
Sheriff Stations	7	7	7	7	7
Detention Centers	2	2	2	2	2
Sheriff Patrol Vehicles	463	456	474	469	470
Other Sheriff Vehicles	16	14	14	15	15
K-9 Dogs	11	12	13	12	14
Mobile Communications Center	1	1	1	1	1
Emergency Operations Vehicles	18	18	18	18	18
Hazmat Vehicles	5	5	5	5	5
Animal Control Vehicles	9	11	9	11	13
Community Services					
Transportation Service Vehicles	37	38	41	40	0
Senior / Community Centers	4	4	4	4	4
Community Centers	9	9	9	9	9
Pools	5	5	6	6	6
Public Facilities					
Buildings	8	8	8	8	8
Roadways (miles)	1,625	1,662	1,672	1,681	1,684
Heavy Equipment	30	33	32	37	39
Water and Sewer					
Buildings	17	17	17	17	18
Wastewater Treatment Plants	7	7	7	7	7
Pump Stations	56	56	55	55	57
Wells	65	65	66	66	67
Heavy Equipment	18	19	22	24	25
Vehicles	102	109	116	117	123
Meters	119,214	124,394	124,580	128,000	129,404
County Park Operations					
Parks	30	31	33	33	33
Park Acreage	3,483	3,767	4,061	4,061	4,061
Golf Course	1	1	1	1	1
Skate Park	1	1	1	1	1
Concession Buildings	9	9	9	9	9
Vehicles	3	3	2	2	2
Recreation Programs					
Recreation/ Sports Centers	2	2	2	2	3
Solid Waste Management					
Buildings	6	6	6	6	8
Recycling Stations with Buildings	3	3	3	3	4
Heavy Equipment	22	30	29	28	32
Vehicles	34	33	35	36	40

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

Capital Asset Statistics by Function

Charles County, Maryland
 Table 17
 Last Ten Fiscal Years

Fiscal Year					Function
2018	2019	2020	2021	2022	
General Government					
29	27	27	26	26	Buildings
242	263	268	285	258	Vehicles
38	38	42	42	46	Transportation Service Vehicles
Public Safety					
7	7	7	7	7	Sheriff Stations
2	2	2	2	2	Detention Centers
467	453	459	452	455	Sheriff Patrol Vehicles
17	12	20	21	20	Other Sheriff Vehicles
13	12	14	13	10	K-9 Dogs
1	1	1	1	1	Mobile Communications Center
20	21	24	20	33	Emergency Operations Vehicles
5	5	6	6	6	Hazmat Vehicles
8	8	8	8	10	Animal Control Vehicles
Community Services					
0	0	0	0	0	Transportation Service Vehicles
4	5	4	4	4	Senior / Community Centers
9	10	11	11	11	Community Centers
6	6	6	6	6	Pools
Public Facilities					
8	8	8	8	8	Buildings
1,697	1,709	1,725	1,735	1,738	Roadways (miles)
34	36	38	36	38	Heavy Equipment
Water and Sewer					
18	18	18	18	19	Buildings
7	7	7	7	7	Wastewater Treatment Plants
58	58	59	61	60	Pump Stations
67	67	63	64	64	Wells
29	28	30	31	35	Heavy Equipment
126	125	130	142	147	Vehicles
131,848	130,709	135,250	136,980	137,500	Meters
County Park Operations					
33	33	35	35	35	Parks
4,195	4,195	4,195	4,195	4,195	Park Acreage
1	1	1	1	1	Golf Course
1	1	1	1	1	Skate Park
9	9	9	9	9	Concession Buildings
2	2	2	2	1	Vehicles
Recreation Programs					
3	3	3	3	3	Recreation/ Sports Centers
Solid Waste Management					
8	8	8	8	8	Buildings
4	4	4	4	4	Recycling Stations with Buildings
26	24	37	48	49	Heavy Equipment
40	41	50	54	53	Vehicles

Charles County Commissioners



Equal Opportunity County

**Fiscal & Administrative Services
Accounting Division**

Jenifer M. Ellin, Director

William G. DeAtley, Chief of Accounting

Joan T. Thorp, CPA, Assistant Chief of Accounting

200 Baltimore Street La Plata, Maryland 20646

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

www.CharlesCountyMD.gov



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

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

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