

COUNTY COMMISSIONERS OF WASHINGTON COUNTY

**Financial Statements and Supplemental Schedules
Together with Reports of Independent Public Accountants**

For the Year Ended June 30, 2024

COUNTY COMMISSIONERS OF WASHINGTON COUNTY

Financial Statements and Supplemental Schedules Together with Reports of Independent Public Accountants

JUNE 30, 2024

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REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

County Commissioners of Washington County
Hagerstown, Maryland

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the County Commissioners of Washington County, Maryland (the County), as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

We did not audit the financial statements of the Board of Education of Washington County, Maryland (the Board). Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Board, is based solely on the report of the other auditors.

In our opinion, based on our audit and the report of the other auditors, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the County, as of June 30, 2024, 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.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under these standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of 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.

Responsibilities of Management for the Financial Statements

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

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.

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of 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, schedule of changes in net OPEB liability and related

ratios, schedule of OPEB trust fund employer contributions, schedules of changes in pension fund net pension liability and related ratios for the General Employees' Pension Fund and Volunteer Length of Service Award Fund, schedules of employer contributions for the General Employees' Pension Fund and the Volunteer Length of Service Award Fund, and the budget and actual schedule 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 accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the basic financial statements that collectively comprise the County's basic financial statements. The combining and individual fund statements, budget and actual for the general fund and local management board schedule of revenue are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund statements, budget and actual for the general fund and local management board schedule of revenue and expenditures regulatory basis are the responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund statements, budget and actual for the general fund and local management board schedule of revenue and expenditures regulatory basis and schedule of expenditures of Federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Owings Mills, Maryland
October 31, 2024





MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2024

Washington County Government's (the "County") discussion and analysis is designed to: (a) assist the reader in focusing on significant financial issues, (b) provide an overview of the County's financial activity, (c) identify changes in the County's financial position (its ability to address the next and subsequent years' challenges), (d) identify any material deviations from the financial plan (the approved budget), and (e) identify individual fund issues or concerns.

Since the Management's Discussion and Analysis (MD&A) is designed to focus on the current year's activities, resulting changes and currently known facts please read it in conjunction with the County's financial statements presented herein.

This discussion and analysis is intended to serve as an introduction to the County's basic financial statements. The County's basic financial statements are comprised of three components: **1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements**. This report also contains **4) supplementary information** in addition to the basic financial statements themselves.

1) Government-wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the County's finances, in a manner similar to a private business. The government-wide financial statements include a *statement of net position* and a *statement of activities*.

- ❑ The *statement of net position* presents information on the County's entire assets and liabilities, with the difference between the two reported as net position. Over time, 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 government'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 only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of these financial statements distinguish functions of the County that are principally supported by taxes and intergovernmental revenues (governmental activities) and 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 education, general government, parks and recreation, public safety, courts, health and social services, and highway maintenance.
- ❑ The *business-type activities* of the County include airport, public golf course, public transit, solid waste, and water quality operations.

The government-wide financial statements include not only the County (known as the primary government), but also include the Washington County Board of Education as a legally separate component unit and is reported separately from financial information presented for the primary government itself.

The government-wide financial statements can be found on pages 20-22 of this report.

2) Fund Financial Statements

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 other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All funds of the County can be divided into three categories: *governmental, proprietary, or fiduciary*.



MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2024

- ❑ **Governmental Funds.** Governmental funds are used to account for 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 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 balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The County maintains 12 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 balances for the General, Capital Improvement, Grant Management, Cascade Town Centre, Inmate Welfare, Contraband, Agricultural Education, Gaming, Land Preservation, HEPMPO, Foreign Trade Zone and Hotel Rental Tax funds.

The County adopts an annual appropriated budget for all of its governmental and proprietary funds.

The basic governmental fund financial statements can be found on pages 23-26 of this report.

- ❑ **Proprietary Funds.** When the County charges customers for a service it provides, whether to outside customers or to other units of government, these services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Position and the Statement of Revenue, Expenses and Changes in Net Position. Proprietary funds are comprised of two types: 1) *Enterprise funds* and 2) *Internal service funds*. The County uses enterprise funds to account for its airport, public golf course, public transit, solid waste, and water quality operations. Internal service funds are used to report an activity that provides supplies and services for the government's other programs and activities. The County does not utilize an internal service fund.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail.

The basic proprietary fund financial statements can be found on pages 27-29 of this report.

- ❑ **Fiduciary Funds.** Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statement because the resources of those funds are not available to support the County's own programs. The accounting used for fiduciary funds is similar to proprietary funds.

The basic fiduciary fund financial statements can be found on pages 30-31 of this report.

3) **Notes to the Financial Statements**

The notes to the financial statements provide additional information that is essential to 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 32-106 of this report.



MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2024

4) Supplementary Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the County's progress in funding its obligation to provide pension benefits to its employees and includes budgetary comparison schedules for the general fund.

In addition to this MD&A, required supplementary information can be found on pages 109-114 of this report.

Financial Analysis on Government-Wide Financial Statements

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the County, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$759.8 million as of the close of the most recent fiscal year.

Washington County, Maryland Net Position (Government-Wide)

	Governmental Activities		Business-type Activities		Total		Total Percent Change
	2024	2023	2024	2023	2024	2023	
<i>Current and other assets</i>	\$368,012,458	\$338,801,688	\$78,738,946	\$78,789,403	\$446,751,404	\$417,591,091	7.0%
<i>Capital assets</i>	470,535,402	462,704,433	241,947,917	245,372,962	712,483,319	708,077,395	0.6%
<i>Total Assets</i>	838,547,860	801,506,121	320,686,863	324,162,365	1,159,234,723	1,125,688,486	3.0%
<i>Deferred Outflow of Resources</i>	8,116,165	9,759,931	221,268	302,211	8,337,433	10,062,142	(17.1%)
<i>Current and other liabilities</i>	55,880,772	46,497,888	10,625,419	28,526,487	66,506,191	75,024,375	(11.4%)
<i>Long-term liabilities</i>	233,868,620	248,009,348	60,269,456	61,369,441	294,138,076	309,378,789	(4.9%)
<i>Total Liabilities</i>	289,749,392	294,507,236	70,894,875	89,895,928	360,644,267	384,403,164	(6.2%)
<i>Deferred Inflow of Resources</i>	14,864,006	10,915,544	32,274,425	13,454,361	47,138,431	24,369,905	93.4%
<i>Net Investment in Capital Assets</i>	381,997,785	373,234,604	206,569,564	212,330,432	588,567,349	585,565,036	0.5%
<i>Restricted Net Assets</i>	66,084,588	60,108,254	10,001,953	17,348,220	76,086,541	77,456,474	(1.8%)
<i>Unrestricted Net Assets</i>	93,968,254	72,500,414	1,167,314	(8,564,365)	95,135,568	63,936,049	48.8%
<i>Total Net Position</i>	\$542,050,627	\$505,843,272	\$217,738,831	\$221,114,287	\$759,789,458	\$726,957,559	4.5%

The largest portion of the County's net position reflects its investments in capital assets (e.g., land, roads, and bridges); less related outstanding debt used to acquire those assets in the amount of \$588.6 million. The County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the County's investment in 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 the capital assets themselves cannot be used to liquidate these liabilities. An additional portion of the County's net position, \$76.1 million, represents resources that are subject to external restrictions on how they may be used. The remaining portion is unrestricted net assets of \$95.1 million.



MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2024

Unrestricted net assets in governmental activities have been reduced by \$48.0 million in long-term debt, resulting in unrestricted net assets of \$94.0 million. This long-term debt was incurred by the County's general fund for the purpose of capital asset acquisition for the Board of Education of \$38.5 million and Hagerstown Community College of \$9.5 million. The capital assets acquired with these bonds are not reflected in the County's primary government financial statements.

Washington County, Maryland
Change in Net Position
(Government-Wide)

	<i>Governmental Activities</i>		<i>Business-type Activities</i>		<i>Total</i>	
	2024	2023	2024	2023	2024	2023
Program Revenues:						
Charges for Services	\$9,696,207	\$9,418,895	\$27,743,504	\$27,596,609	\$37,439,711	\$37,015,504
Operating Grants and Contributions	20,230,854	21,001,095	2,630,337	2,309,855	22,861,191	23,310,950
Capital Grants and Contributions	9,368,258	24,905,987	3,699,827	12,441,689	13,068,085	37,347,676
General Revenues:						
Property Taxes	151,888,977	141,039,560	-	-	151,888,977	141,039,560
Local Taxes	142,489,730	146,073,778	-	-	142,489,730	146,073,778
Other	18,308,157	12,010,282	564,480	827,394	18,872,637	12,837,676
Total Revenues	351,982,183	354,449,597	34,638,148	43,175,547	386,620,331	397,625,144
Program Expenses:						
General Government	58,452,263	40,342,676	-	-	58,452,263	40,342,676
Public Safety	81,979,952	77,372,812	-	-	81,979,952	77,372,812
Health	3,183,616	3,027,814	-	-	3,183,616	3,027,814
Social Services	506,330	506,330	-	-	506,330	506,330
Education	124,219,339	121,790,998	-	-	124,219,339	121,790,998
Parks, Recreation, and Culture	7,958,778	8,513,824	-	-	7,958,778	8,513,824
Natural Resources	3,028,594	5,039,490	-	-	3,028,594	5,039,490
Community Promotion	5,280,220	18,631,787	-	-	5,280,220	18,631,787
Highways and Streets	22,146,243	19,467,224	-	-	22,146,243	19,467,224
Interest on Long-term Debt	5,268,383	4,609,784	-	-	5,268,383	4,609,784
Business-type Activities:						
Water Quality	-	-	17,451,148	15,926,074	17,451,148	15,926,074
Solid Waste	-	-	7,972,204	7,932,279	7,972,204	7,932,279
Public Transit	-	-	4,330,915	3,651,461	4,330,915	3,651,461
Airport	-	-	10,574,290	9,144,705	10,574,290	9,144,705
Golf Course	-	-	1,436,157	1,427,987	1,436,157	1,427,987
Total Expenses	312,023,718	299,302,739	41,764,714	38,082,506	353,788,432	337,385,245
Change in Net Position before transfers	39,958,465	55,146,859	(7,126,566)	5,093,041	32,831,899	60,239,900
Transfers	(3,751,110)	(3,215,199)	3,751,110	3,215,199	-	-
Contributed Capital	-	-	-	-	-	-
Proceeds of Leases & Subscriptions	-	-	-	-	-	-
Proceeds of Bond Sale	-	-	-	-	-	-
Change in Net Position	36,207,355	51,931,660	(3,375,456)	8,308,240	32,831,899	60,239,900
Net Position – Beginning of year	505,843,272	453,911,612	221,114,287	212,806,047	726,957,559	666,717,658
Net Position – End of year	\$542,050,627	\$505,843,272	\$217,738,831	\$221,114,287	\$759,789,458	\$726,957,559

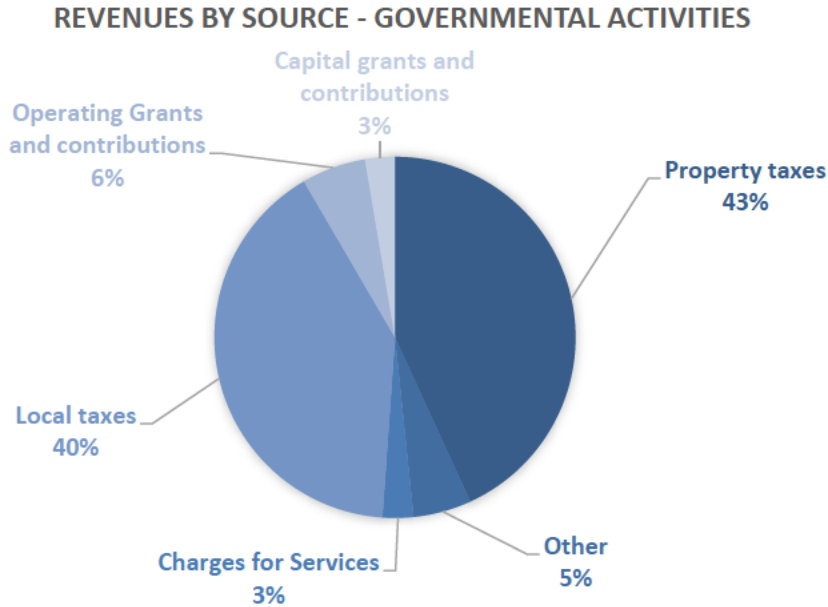


MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2024

The County's net position increased by \$32.8 million during fiscal year 2024; total net position as of June 30, 2024 was \$759.8 million, representing a 4.5% increase.

Governmental Activities (government-wide) – Change in Net Position:

Revenues for the County's governmental activities were \$352.0 million for FY2024. Sources of revenue are comprised of the following items:



Taxes represent the County's largest revenue source at \$294.4 million for FY2024, which represents 83% of all County revenues.

- The property tax rate is \$.928 per \$100 of assessed value and generates 43% of County revenue.
- Local taxes, which include income tax, generated 40% of County revenue. The income tax rate for FY2024 was 2.95%.

Operating grants and contributions represent 6% of total revenue and reflects federal and state funding that the county uses to carry out certain initiatives. FY2024 grants provided funding for public safety programs, land preservation, and assistance grants for those in the community who were negatively impacted by COVID-19.

Revenue from governmental activities decreased from FY2023 by \$2.5 million.

- Charges for Services increased by \$0.2 million over FY2023. In FY2024, as part of the Emergency Medical Services transition to County employment, the County began billing for emergency medical transports, which generated \$0.6 million in revenue. This increase in revenue was offset by a decrease in license and permits revenue of \$0.2 million and a decrease in gaming revenues of \$0.2 million.
- Operating grants and contributions decreased by \$0.8 million mainly due to the completion of grants received for COVID-19 relief.



MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2024

- Capital grants and contributions decreased by \$15.5 million due to fluctuations in capital spending. It is common for this line item to change from year to year due to varying projects and associated funding sources.
- Property Taxes increased over the prior year by approximately \$10.8 million due to an increase in assessed values in both real and personal property as a result of the recent construction activity related to warehouse buildout along Interstate 70 and Interstate 81 corridors. Residential assessed values also increased 36.8%.
- Local taxes decreased by \$3.6 million in total. Income tax increased \$4.3 million or 3.5% compared to FY2023. Other local taxes such as recordation tax and transfer tax decreased from FY2023 revenue by \$2.3 million and \$3.4 million respectively, which is an indication that economic activity is returning to a normal level.
- Other revenues increased by \$6.3 million mainly due to an increase in interest revenue of \$9.6 million - due to an extended period of higher interest rates - and an increase in miscellaneous revenues of \$2.5 million, offset by losses on the sale of assets of \$5.8 million.

A more detailed discussion of the County's revenue results for FY2024 as compared to what was budgeted can be found in the General Fund Budgetary Analysis section of this MD&A.

The following table presents costs and program revenues for major county programs. The total cost of governmental services for FY2024 was \$312.0 million. Revenues of \$39.3 million that offset these costs include \$9.7 million in charges for services and \$29.6 million in operating and capital grants and contributions. The net amount of \$272.7 million was paid for through county taxpayer dollars.

Washington County, Maryland
Net Cost of Governmental Activities
(Government-Wide)

Category	Expenses		Revenues		Net Cost of Services	
	2024	2023	2024	2023	2024	2023
<i>Education</i>	\$124,219,339	\$121,790,998	\$ -	\$ -	\$124,219,339	\$121,790,998
<i>Public Safety</i>	81,979,952	77,372,812	10,717,776	10,733,033	71,262,176	66,639,779
<i>General Government</i>	58,452,263	40,342,674	8,961,750	8,422,232	49,490,513	31,920,442
<i>Highways and Streets</i>	22,146,243	19,467,224	9,431,502	17,941,942	12,714,741	1,525,282
<i>Community Promotion</i>	5,280,220	18,631,787	9,617,752	8,420,444	(4,337,532)	10,211,343
<i>Parks, Recreation, and Culture</i>	7,958,778	8,513,824	371,317	6,516,977	7,587,461	1,996,847
<i>Other</i>	11,986,923	13,183,418	195,222	3,291,349	11,791,701	9,892,069
<i>Total</i>	\$312,023,718	\$299,302,737	\$39,295,319	\$55,325,977	\$272,728,399	\$243,976,760

Expenditures from governmental activities total \$312.0 million, which represents an increase from FY2023 of \$12.7 million.

- Education expenditures increased by \$2.4 million as compared to FY2023. The increase is a combination of the increased appropriation to Hagerstown Community College of \$0.2 million and an increase of \$2.2 million for reclassifying capital expenditures and recording fixed assets in governmental funds.
- Overall, public safety costs increased by approximately \$4.6 million over FY2023. Operating public safety costs increased approximately \$5.1 million in FY2024 due to 5% salary increases for civilian employees in the Sheriff's department, the transition of EMS staff from volunteer corporations to County

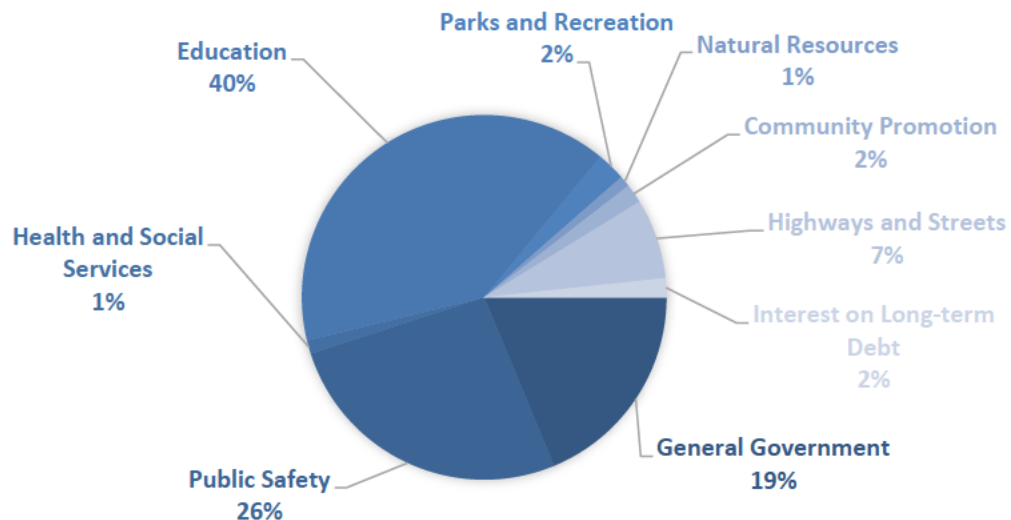
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2024

employment, and the lingering effects of inflation. These increases were partially offset due to a decrease of \$0.5 million in expenses from reclassifying capital expenditures and recording fixed assets in governmental funds.

- General Government increased \$18.1 million over FY2023. This increase can be attributed to increased personnel costs from enhancements to the civilian wage scale, and lingering effects of inflation. In addition, adjustments were made for reclassifying capital expenditures and recording fixed assets of approximately \$5.6 million. Capital Improvement transactions are earmarked for specific capital related projects and cash flow will vary depending on the construction schedule and grant reimbursements.
- Expenditures for Highways and Streets increased by \$2.7 million from FY2023. Approximately \$1.2 million of the increase is related to personnel costs due to enhancements to the civilian wage scale for FY2024, \$0.5 million for restocking road salt, \$0.1 million for unanticipated bridge maintenance, and the remainder is related to reclassifying capital expenditures and recording fixed assets in governmental funds.
- Community promotion decreased by \$13.4 million mainly due to the completion of COVID-19 relief grants.
- Parks, recreation, and culture decreased \$0.6 million from FY2023. Increases of approximately \$0.1 million related to personnel costs from enhancements to the civilian wage scale for FY2024 and an increased contribution to other agencies of \$0.1 million were offset by a decrease of \$0.8 million related to reclassifying capital expenditures and recording fixed assets in governmental funds.
- Natural resources decreased by \$2.0 million, mainly due to a decrease in land preservation grants.
- Debt service increased \$0.7 million and is based on debt service schedules.
- Transfers out increased by \$0.5 million mainly due to an increase in the amount transferred to the Water fund to support operations.

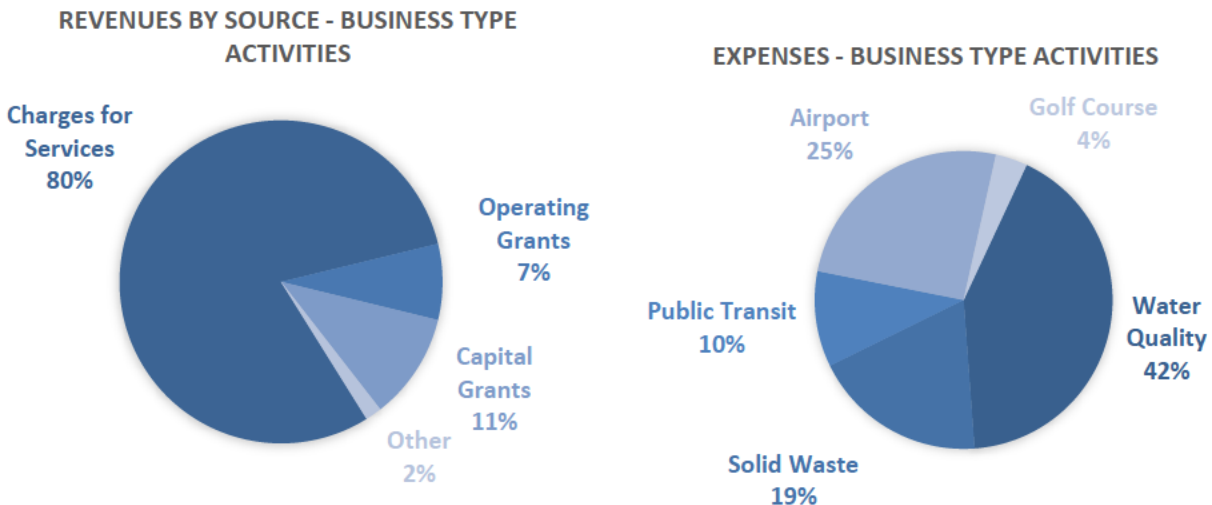
Governmental program expenditures are shown below. The largest expenditure category is education at \$124.2 million, followed by public safety at \$82.0 million.

PROGRAM EXPENSE - GOVERNMENTAL ACTIVITIES



MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2024

Business-type Activities (government-wide) – Change in Net Position:



Highlights for the County's business-type activities are as follows:

Business type activities experienced a decrease in net position of \$3.4 million.

- \$1.0 million decrease in net position for Water Quality
- \$2.1 million increase in net position for Solid Waste
- \$4.4 million decrease in net position for Airport
- \$0.1 million decrease in net position for non-major proprietary funds.

Revenues decreased over FY2023 by \$8.6 million.

- Charges for services increased by \$0.1 million due to an increase in fees for Solid Waste, Airport, and non-major proprietary fund activities, offset by a decrease in fees for Water Quality.
- Operating grants and contributions increased by approximately \$0.3 million due to an increase in funding for Sewer operations based on performance of \$0.2 million and an increase in CARES funded reimbursement for Transit operations of \$0.2 million, offset by a decrease in TSA related grants for the Airport of \$0.1 million.
- Capital grants and contributions decreased by \$8.7 million. The majority of this decrease is related to \$7.8 million in ARPA grant funds allocated to water and sewer projects in FY2023 that was a one-time allocation not repeated in FY2024. Capital revenues vary significantly from year to year based on capital project schedules.
- Other revenues decreased by \$0.4 million mainly due to loss on the disposal of capital assets.

Expenditures increased as compared to FY2023 by \$3.6 million.

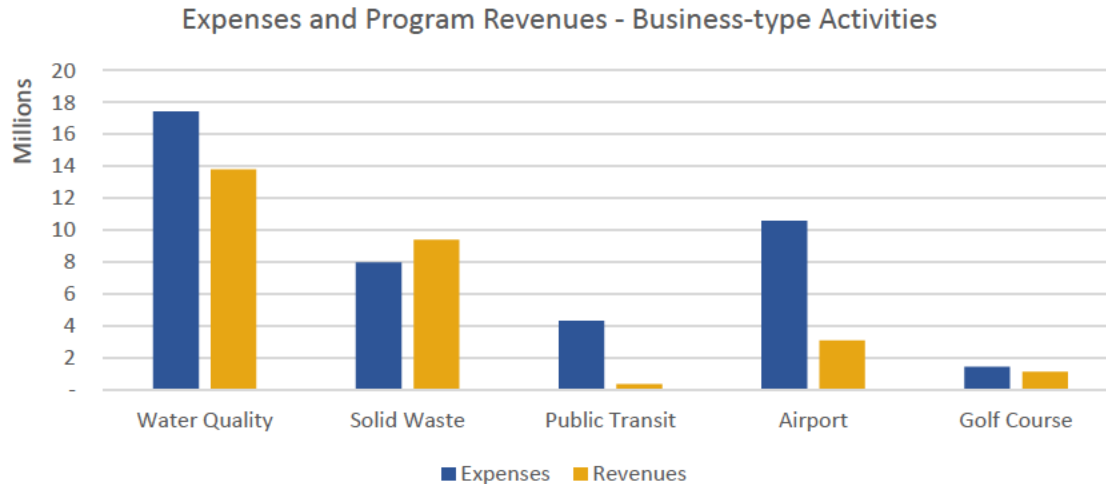
- Solid Waste expenditures decreased by \$0.1 million or 0.8%; Water Quality expenditures increased by \$1.5 million or 9.6%; Transit increased by \$0.7 million or 19%; Golf Course expenditures remained relatively flat; and Airport increased by \$1.4 million or 16%.

Transfers in increased by \$0.5 million mainly due to a \$0.8 million increase in transfers from the General Fund to Water Quality to support operations, offset by a reduction in capital transfers of \$0.5 million for the Golf Course.



MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2024

The chart below provides a snapshot of the County's business type activities and related charges for services.



Financial Analysis on the Government's Fund Financial Statements

The County uses fund accounting to ensure and demonstrate compliance with finance related legal requirements and restrictions, and fiscal accountability.

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. In particular, 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 fund balances of \$266.6 million, an increase of \$18.1 million. Approximately \$73.4 million of this amount is committed for the general fund cash reserve and \$193.2 million is restricted or committed for construction projects and designated programs. In the combined governmental activities, the County maintains 12 separate funds. Shown below are fund balances and net changes in fund balance for each.

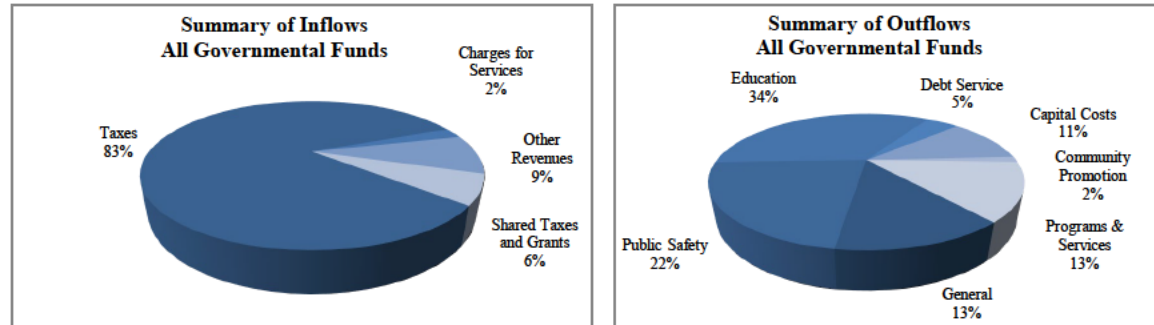


MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2024

Washington County, Maryland
Fund Balance and Net Changes in Fund Balance – Fund Basis

<i>Governmental Activities</i>	<i>Fund Balance</i>			<i>Net Change in Fund Balance</i>		
	2024	2023	% Change	2024	2023	% Change
<i>General Fund</i>	\$80,692,205	\$79,587,771	1.4%	\$1,104,434	\$6,220,069	(82.2%)
<i>Capital Improvement Fund</i>	176,237,119	162,509,152	8.4%	13,727,967	37,668,121	(63.6%)
<i>Grants Management</i>	2,443,425	9,460	25,729.0%	2,433,965	1,610	151,078.0%
<i>Cascade Town Centre Fund</i>	711,883	830,864	(14.3%)	(118,981)	(119,925)	0.8%
<i>Inmate Welfare Fund</i>	787,175	464,340	69.5%	322,835	60,379	434.7%
<i>Contraband Fund</i>	65,128	50,951	27.8%	14,177	-	100.0%
<i>Agricultural Education Fund</i>	64,919	23,144	180.5%	41,775	(9,858)	523.8%
<i>Hotel Rental Tax Fund</i>	2,725,052	2,419,251	12.6%	305,801	493,399	(38.0%)
<i>Gaming Fund</i>	108,210	146,537	(26.2%)	(38,327)	2,894	(1,424.4%)
<i>Land Preservation Fund</i>	2,691,569	2,366,782	13.7%	324,787	(98,150)	430.9%
<i>HEPMPO</i>	42,880	44,731	(4.1%)	(1,851)	9,523	(119.4%)
<i>Foreign Trade Zone</i>	21,119	-	100.0%	21,119	-	100.0%
<i>Total</i>	\$266,590,684	\$248,452,983		\$18,137,701	\$44,228,062	

The following reflects all inflows and outflows of the governmental funds in total for the fiscal year ending June 30, 2024.



- The **General Fund** is the chief operating fund of the County. At the end of the current fiscal year total fund balance reached \$80.7 million. As a measure of the General Fund's liquidity, it may be useful to compare both committed fund balance and total fund balance to total fund expenditures. The total fund balance represents 26.8% of total General Fund expenditures.

The General Fund fund balance increased by approximately \$1.1 million during the current fiscal year. Higher than anticipated revenues from property tax, income tax, and interest led to a significant transfer to the capital fund at the end of the year of \$19.0 million.

A more detailed discussion of General Fund revenues can be found in the General Fund Budgetary Analysis section of the MD&A.

- The **Capital Projects Fund** is used to account for major capital acquisition and construction of County operations. At the end of the current fiscal year the Capital Project Fund has a total fund balance of \$176.2 million all of which is restricted or committed for capital related projects. Major funding sources for projects are pay-go-funding, debt proceeds, fees and taxes, and grants. Fund balance increased by \$13.7 million for the current fiscal year. The change in fund balance is the result of timing differences in project funding proceeds and the spending or construction timeline of those projects.



MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2024

- The County's *Grant Management, Cascade Town Centre, Inmate Welfare, Contraband, Agricultural Education, Hotel Rental Tax, Gaming, HEPMPO, Foreign Trade Zone, and Land Preservation Funds* have a combined fund balance of \$9.7 million. These funds represent monies designated for specific programs and services. The net increase in fund balance during the current year was \$3.3 million and was mainly attributed to the Grants Management fund due to the accumulation of restricted funds from opioid settlement payments and Community Repair and Reinvestment Funds as part of the State sales tax on the sale of cannabis.

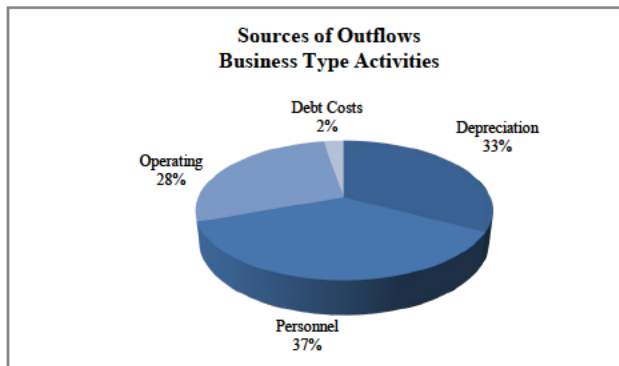
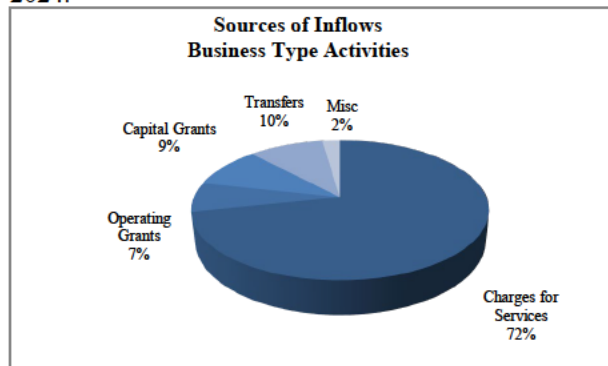
Proprietary funds:

The County's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. Net position and net income (loss) were as follows:

Washington County, Maryland
Net Position and Net Income (Loss)
(Fund Basis)

Business-type Activities	Total Net Position			Change in Net Position		
	2024	2023	% Change	2024	2023	%Change
<i>Water Quality</i>	\$153,928,423	\$154,930,644	(0.6%)	(\$1,002,221)	\$9,140,190	(111.0%)
<i>Solid Waste</i>	11,780,690	9,704,525	21.4%	2,076,165	2,160,480	(3.9%)
<i>Airport</i>	40,931,014	45,293,850	(9.6%)	(4,362,836)	(5,808,434)	24.9%
<i>Public Transit</i>	7,553,258	7,774,778	(2.8%)	(221,520)	2,236,049	(109.9%)
<i>Black Rock</i>	3,545,446	3,410,490	4.0%	134,956	579,955	(76.7%)
<i>Total</i>	\$217,738,831	\$221,114,287		(\$3,375,456)	\$8,308,240	

The following reflects the inflows and outflows of the business-type activity funds for the fiscal year ending June 30, 2024.



Water Quality's net position amounted to \$153.9 million in FY2024. Of this amount, \$133.3 million represents the net investment in capital assets, \$9.2 million is restricted for capital projects, and \$11.4 million remains unrestricted. Major changes over FY2023 include additional expenditures of \$1.5 million resulting from increased employee wages and various operational equipment/supplies categories. Revenues declined by \$0.2 million compared to the prior year due to less development, inspection and connection fees as well as no change in sewer utility rates for customers during fiscal year 2024.

Solid Waste's net position amounted to \$11.8 million for FY2024. Of this amount, \$7.9 million represents the net investment in capital assets; \$0.8 million is restricted for capital projects; and \$3.1 million remains unrestricted. Revenues were in line with the prior year, while expenses realized an increase in salaries and a decrease in depreciation expense, substantially offsetting one another.



MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2024

The Airport Fund's FY2024 net position was \$40.9 million. Of this amount, \$57.9 million represents the net investment in capital assets and (\$17.0) million represents unrestricted fund balance. The unrestricted deficit is the result of capital assets constructed by the lessee's through long-term lease agreements. The long-term lease agreements require the recognition of revenue related to the capital assets constructed by the lessee's over the life of the lease agreements and will eliminate the unrestricted deficit over the term of the lease agreement. An increased flight schedule with Allegiant, which began in the spring of 2024, is yielding additional revenues and the full increase should be realized during FY2025. These charges for services increased by approximately \$0.2 million compared to FY2023. Additionally, irregular expenses occurred during FY2024 which included extensive building repairs and an environmental assessment study totaling \$1.1 million combined.

Transit's ending net position is \$7.6 million for FY2024. Of this amount, \$5.1 million represents the net investment in capital assets and \$2.5 million is classified as unrestricted. Operating revenue increased by 24% from FY2023 but continues to fall short of trends realized in fiscal year 2020. Salaries, contracted services, and depreciation expense saw significant increases totaling \$0.7 million over the prior year. Meanwhile, grants for capital projects decreased by \$2.1 million, mainly due to pandemic relief grants spent during FY2023 on several new transit buses.

The Black Rock Golf Course Fund's FY2024 net position was \$3.5 million. Of this amount, \$2.4 million represents the net investment in capital assets and \$1.1 million is classified as unrestricted. Changes from the prior year include an increased green fee rate yielding an additional \$0.1 million in revenues. Operating expenses remained relatively consistent with the prior year; however, the operating transfer was approximately \$0.1 million more when compared to the prior year. Through a third-party lease agreement, restaurant operations have returned to the golf course, attracting patrons and keeping them at the course longer.

A discussion of enterprise fund long-term debt can be found in the Long-Term Debt section presented later in this MD&A. Other factors concerning the finances of these funds have been addressed in the discussion of the County's business-type activities under "Financial Analysis on Government-Wide Financial Statements."

General Fund Budgetary Analysis – Government Fund Financial Statement Basis

**Washington County, Maryland
General Fund Budgetary Analysis
As of June 30, 2024
(Government Fund Basis)**

Category	Budgetary Amounts		Actual	Difference	
	Original	Final		Org. Budget vs. Final Budget	Final Budget vs. Actual
Revenues:					
Property Tax	\$143,377,150	\$143,377,150	\$151,108,750	\$ -	\$ 7,731,600
Local Tax	125,344,810	125,744,810	133,697,998	400,000	7,953,188
Other Revenue	15,284,200	37,707,780	47,152,715	22,423,580	9,444,935
Total Revenues	284,006,160	306,829,740	331,959,463	22,823,580	25,129,723
Expenses:					
General Government	39,824,750	48,643,948	46,561,801	8,819,198	2,082,147
Public Safety	72,845,900	74,765,206	74,311,987	1,919,306	453,219
Health and Social Services	2,845,600	3,689,946	3,689,946	844,346	-
Education	119,306,650	119,306,650	119,306,650	-	-



MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2024

Category	Budgetary Amounts		Actual	Difference	
	Original	Final		Org. Budget vs. Final Budget	Final Budget vs. Actual
<i>Parks, Recreation, and Culture</i>	\$5,351,380	\$6,729,749	\$6,752,348	\$1,378,369	\$ (22,599)
<i>Natural Resources</i>	1,044,830	1,044,830	1,099,353	-	(54,523)
<i>Highways and Streets</i>	13,042,150	13,060,770	12,636,950	18,620	423,820
<i>General Operations</i>	591,770	1,806,074	1,764,845	1,214,304	41,229
<i>Unallocated Costs</i>	3,011,070	8,485,730	16,011,183	5,474,660	(7,525,453)
<i>Intergovernmental</i>	10,362,820	13,517,597	32,533,459	3,154,777	(19,015,862)
<i>Billables</i>	-	-	466,962	-	(466,962)
<i>Debt Service</i>	15,779,240	15,779,240	15,737,785	-	41,455
<i>Total Expenditures</i>	284,006,160	306,829,740	330,873,269	22,823,580	(24,043,529)
<i>Other Financing Sources (Uses)</i>	-	-	18,240	-	(18,240)
<i>Net Increase in Assets - 06/30/24</i>	\$ -	\$ -	\$1,086,194	\$ -	(\$1,086,194)

Original Budget vs. Final Budget:

The net budgetary change of \$22.8 million was the result of a few factors. The majority of the change is from grant transactions, representing \$9.4 million. Other major changes include the projected use of fund balance of \$5.0 million to make an additional payment into the employee pension fund, and an adjustment made for the recording of in-kind contributions of \$4.3 million.

Final Budget vs. Actual Results:

Final budget to actual results includes additional revenues of \$25.1 million or 8.2%.

Revenue Highlights

Property Tax - Property tax revenue exceeded budget by \$7.7 million or 5.4%. The majority of the overage is related to real property tax which was higher than State estimates due to the volume of new construction.

Local tax was over budget by \$8.0 million or 6.3%, primarily due to higher than budgeted income tax of \$8.6 million, or 7.41%, due to unanticipated revenues from prior tax years. Recordation tax fell short of budget by \$0.8 million. This decline represents the return to normal business following the recent warehouse development boom experienced in Washington County.

Other Revenue exceeded budget by approximately \$9.4 million or 25.0%. Interest income exceeded budget by \$13.5 million due to higher than anticipated interest rates maintained throughout the fiscal year. Interest and other minor revenues that were over budget offset the \$5.2 million budgeted use of fund balance.

Expenditure Highlights

Final budget to actual results include expenditures in excess of budget by \$24.0 million or 7.8%.

The largest deviation from final budget is the result of an additional transfer from the General fund to the Capital Projects fund in the amount of \$19 million, which is shown within the category of intergovernmental expenses. Use of this funding will be determined at a later date but will most likely be used for capital projects or other one-time costs.



MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2024

The County is self-insured for both health insurance and workers compensation, therefore, variances exist at the end of the fiscal year based on actual experience. For FY2024, health insurance costs were in line with budget, while workers compensation was under budget approximately \$0.2 million.

Pension costs exceeded budget by \$6.3 million due to an additional contribution to the pension fund of \$10.0 million, offset by savings produced by vacancies and other personnel changes such as participation in the DROP program.

Highway expenditures were \$0.4 million under budget mainly due to savings related to personnel costs.

Billable expenditures were over budget by \$0.5 million.

Capital Asset Administration – Government Wide Statements

The County's investment in capital assets for its governmental and business-type activities as of June 30, 2024, amounts to \$666.0 million (net of depreciation and amortization). This investment in capital assets includes land, buildings, bridges, roads, equipment, and operational facilities.

Washington County, Maryland
Net Capital Assets
(Government Wide)

Description	Governmental Activities		Business-type Activities		Total		% Change
	2024	2023	2024	2023	2024	2023	
<i>Land and Land Improvements</i>	\$120,141,429	\$118,341,066	\$27,544,040	\$33,678,794	\$147,685,469	\$152,019,860	(2.9%)
<i>Building and Improvements</i>	69,095,973	71,212,605	40,887,773	42,811,161	109,983,746	114,023,766	(3.5%)
<i>Facilities, Lines, and Mains</i>	-	-	85,611,013	87,271,472	85,611,013	87,271,472	(1.9%)
<i>Vehicles</i>	8,048,781	6,654,715	4,556,547	4,959,235	12,605,328	11,613,950	8.5%
<i>Infrastructure</i>	230,469,158	241,180,196	-	-	230,469,158	241,180,196	(4.4%)
<i>Machinery and Equipment</i>	5,137,206	3,502,769	2,357,884	2,614,098	7,495,090	6,116,867	22.5%
<i>Office/Computer Equipment</i>	1,637,101	2,151,628	188,519	231,583	1,825,620	2,383,211	(23.4%)
<i>Treatment Plants</i>	-	-	63,077,746	65,005,425	63,077,746	65,005,425	(3.0%)
<i>Right to Use – Land</i>	214,401	234,289	-	-	214,401	234,289	(8.5%)
<i>Right to Use – Veh. & Eqpt.</i>	1,417,329	1,671,182	2,513,189	2,205,684	3,930,518	3,876,866	1.4%
<i>Right to Use – Software</i>	3,078,201	2,424,348	-	39,912	3,078,201	2,464,260	24.9%
Total	\$439,239,579	\$447,372,798	\$226,736,711	\$238,817,364	\$665,976,290	\$686,190,162	(2.9%)

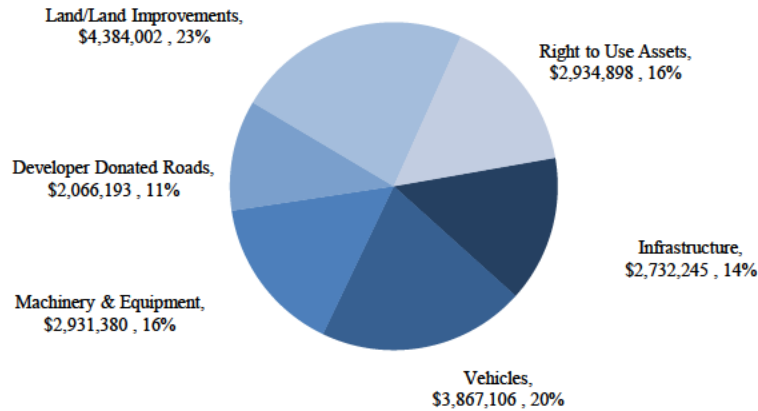
Major capital asset events, excluding education, during the current fiscal year included the following:

Additional information on the County's capital assets can be found in Note 5 on pages 54-57 of this report.



MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2024

Capital Asset Acquisitions



Debt Administration

At the end of the current fiscal year, the County had total outstanding debt, excluding leases and subscriptions, of \$194.6 million. This amount was comprised of debt backed by the full faith and credit of the County and user fees. The debt balance decreased by a net of \$2.1 million, the result of net principal payments of \$22.4 million and new borrowings of \$20.3 million. Funds borrowed were used mainly for infrastructure and education projects.

**Washington County, Maryland
Outstanding Debt
(Government – Wide)**

Instrument Type	Governmental Activity		Business-type Activity		Total Outstanding Debt		% Change
	2024	2023	2024	2023	2024	2023	
<i>General Obligation Bonds</i>	\$149,447,107	\$149,514,128	\$41,124,466	\$42,411,687	\$190,571,573	\$191,925,815	(0.7%)
<i>Maryland Water Quality Bonds</i>	853,476	1,132,353	3,221,447	3,600,662	4,074,923	4,733,015	(13.9%)
Total	\$150,300,583	\$150,646,481	\$44,345,913	\$46,012,349	\$194,646,496	\$196,658,830	(1.0%)

The County's credit ratings for fiscal year 2024 are as follows: 1) Standard and Poor's rated AA+, 2) Fitch rated AA+, and 3) Moody's Investors Service rated Aa1.

Under the Code of Public Local Law, the amount of general obligation debt the County may issue associated with water quality debt is limited to 10 percent of its total assessed valuation of all real estate in the County that is subject to taxation. The current estimated debt limitation for water quality is \$1.4 billion, which is significantly in excess of the County's current water quality general obligation debt.

Additional Information on the County's long-term debt can be found in Note 8 on pages 61-72 of this report.



MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2024

Economic and Other Factors

- ❑ Washington County's economy continues to show signs of mixed economic performance for FY2024. The average price of a home sold increased by 7.4% in FY2024 to \$329,787. The number of units sold decreased in FY2024 by 4.2% from 1,712 to 1,640. Active inventory on the market remains consistently low since FY2021, bringing a premium to sellers in the market.
- ❑ The commercial property tax base continues to show strong growth as numerous 1-3 million square foot warehouses are in various stages of completion along the Interstate 81 and Interstate 70 corridors. Millions in investment will ultimately increase real estate and income taxes in the County. A portion of this development is offset initially with real estate tax credits.
- ❑ Unemployment trends are starting to show a slowdown in the economy. Washington County's unemployment rate for the last three years is as follows:
 - June 2022 4.8%
 - June 2023 1.8%
 - June 2024 3.3%
- ❑ Water rates were increased 4.7% for FY2024. Increases are based on financial information formulated annually from the County's cost of service model. An increase to Water rates of 5.6% and Sewer rates of 6.0% were approved for FY2025. Additional rate increases were approved for FY2026 and FY2027, 5.0% each year for Water and 3.5% each year for Sewer, as part of the long-range financial plan.

Requests for Information

This financial report is designed to provide a general overview of the County's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Office of Budget and Finance, 100 West Washington Street, Room 3100, Hagerstown, Maryland 21740. Questions concerning the Washington County Board of Education should be directed to their offices at 10435 Downsville Pike Hagerstown, Maryland 21740.

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COUNTY COMMISSIONERS OF WASHINGTON COUNTY

Statement of Net Position As of June 30, 2024

	Primary Government			Component Unit	
	Governmental activities	Business-type activities	Total	Board of Education	Total
ASSETS					
Cash and short-term investments	\$ 18,051,716	\$ 32,650,015	\$ 50,701,731	\$ 32,294,522	\$ 82,996,253
Investments	267,731,131	-	267,731,131	46,611,945	314,343,076
Property taxes receivable, net of allowance	1,692,262	-	1,692,262	-	1,692,262
Accounts receivable, net of allowance	2,702,686	1,504,033	4,206,719	2,132,361	6,339,080
Lease receivable	1,080,402	13,634,849	14,715,251	-	14,715,251
Interest receivable	4,274,745	29,124	4,303,869	-	4,303,869
Unbilled receivables	480,487	2,471,544	2,952,031	-	2,952,031
Internal balances	(24,918,273)	24,918,273	-	-	-
Due from other governmental agencies	85,096,676	2,735,426	87,832,102	23,085,163	110,917,265
Inventories	1,219,384	445,328	1,664,712	1,070,697	2,735,409
Other assets	250,191	18,668	268,859	2,848,369	3,117,228
Net OPEB asset	10,259,706	-	10,259,706	-	10,259,706
Recoverable disbursements	64,685	-	64,685	-	64,685
Notes receivable	26,660	331,686	358,346	-	358,346
Projects under construction	31,295,823	15,211,206	46,507,029	12,637,313	59,144,342
Right to use assets, net	4,709,931	2,513,189	7,223,120	3,066,956	10,290,076
Property, plant, and equipment, net	434,529,648	224,223,522	658,753,170	228,313,339	887,066,509
TOTAL ASSETS	838,547,860	320,686,863	1,159,234,723	352,060,665	1,511,295,388
DEFERRED OUTFLOWS OF RESOURCES					
Loss on refunding	659,215	221,268	880,483	-	880,483
Net pension activity	7,109,954	-	7,109,954	9,256,795	16,366,749
Net OPEB activity	346,996	-	346,996	98,056,574	98,403,570
TOTAL DEFERRED OUTFLOWS OF RESOURCES	8,116,165	221,268	8,337,433	107,313,369	115,650,802
LIABILITIES					
Current Liabilities:					
Current maturities of long-term obligations	11,467,831	2,918,819	14,386,650	54,889	14,441,539
Current maturities of leases	421,413	635,453	1,056,866	1,328,561	2,385,427
Current maturities of subscriptions	1,100,765	-	1,100,765	-	1,100,765
Current maturities of installment purchase contracts	181,779	-	181,779	-	181,779
Accounts payable	23,053,479	4,060,532	27,114,011	14,700,700	41,814,711
Accrued expenses	1,400,737	524,784	1,925,521	27,038,174	28,963,695
Accrued interest	2,818,146	669,541	3,487,687	-	3,487,687
Liabilities for unpaid claims	4,369,917	-	4,369,917	-	4,369,917
Unearned revenue	3,702,183	1,146,039	4,848,222	8,270,728	13,118,950
Compensated absences	3,620,947	398,650	4,019,597	482,534	4,502,131
Landfill closure and post-closure costs	-	181,280	181,280	-	181,280
Other liabilities	3,743,575	90,321	3,833,896	-	3,833,896
Total current liabilities	55,880,772	10,625,419	66,506,191	51,875,586	118,381,777
Noncurrent Liabilities:					
Compensated absences	1,206,982	477,811	1,684,793	6,701,998	8,386,791
Post retirement benefits	-	-	-	176,686,000	176,686,000
Long-term debt obligations	138,832,751	41,427,094	180,259,845	47,385	180,307,230
Leases	990,933	914,753	1,905,686	1,734,352	3,640,038
Subscriptions	1,508,387	-	1,508,387	-	1,508,387
Installment purchase contracts	214,878	-	214,878	-	214,878
Landfill closure and post-closure costs	-	17,449,798	17,449,798	-	17,449,798
Net pension liabilities	91,114,689	-	91,114,689	24,261,124	115,375,813
Total noncurrent liabilities	233,868,620	60,269,456	294,138,076	209,430,859	503,568,935
TOTAL LIABILITIES	289,749,392	70,894,875	360,644,267	261,306,445	621,950,712
DEFERRED INFLOWS OF RESOURCES					
Net pension activity	7,638,373	-	7,638,373	1,443,701	9,082,074
Net OPEB activity	6,214,402	-	6,214,402	124,965,427	131,179,829
Leases	1,011,231	32,274,425	33,285,656	-	33,285,656
TOTAL DEFERRED INFLOWS OF RESOURCES	14,864,006	32,274,425	47,138,431	126,409,128	173,547,559
NET POSITION					
Net investment in capital assets	381,997,785	206,569,564	588,567,349	240,449,344	829,016,693
Restricted for:					
John Howard Trust	268,237	-	268,237	-	268,237
Capital projects	65,816,351	10,001,953	75,818,304	-	75,818,304
Scholarships & Student Activities	-	-	-	148,010	148,010
Grants	-	-	-	10,681,852	10,681,852
Unrestricted	93,968,254	1,167,314	95,135,568	(179,620,745)	(84,485,177)
TOTAL NET POSITION	\$ 542,050,627	\$ 217,738,831	\$ 759,789,458	\$ 71,658,461	\$ 831,447,919

The accompanying notes are an integral part of this financial statement.

COUNTY COMMISSIONERS OF WASHINGTON COUNTY

Statement of Activities For the Year Ended June 30, 2024

		Program Revenue		
		Charges for	Operating Grants	Capital Grants
	Expenses	Services	and Contributions	and Contributions
Functions/Programs				
Primary Government:				
Governmental activities:				
General government	\$ 58,452,263	\$ 6,846,427	\$ 2,115,323	\$ -
Public safety	81,979,952	2,700,297	5,769,989	2,247,490
Health	3,183,616	-	-	-
Social services	506,330	-	-	-
Education	124,219,339	-	-	-
Parks, recreation and culture	7,958,778	149,483	-	221,834
Natural resources	3,028,594	-	195,222	-
Community promotion	5,280,220	-	9,617,752	-
Highways and streets	22,146,243	-	2,532,568	6,898,934
Interest on long-term debt	5,268,383	-	-	-
Total governmental activities	<u>312,023,718</u>	<u>9,696,207</u>	<u>20,230,854</u>	<u>9,368,258</u>
Business-type activities				
Water quality	17,451,148	13,801,709	441,552	148,224
Solid waste	7,972,204	9,395,702	-	-
Airport	10,574,290	3,082,685	9,036	3,037,085
Public transit	4,330,915	357,137	2,179,749	514,518
Black Rock golf course	1,436,157	1,106,271	-	-
Total business-type activities	<u>41,764,714</u>	<u>27,743,504</u>	<u>2,630,337</u>	<u>3,699,827</u>
TOTAL PRIMARY GOVERNMENT	<u>\$ 353,788,432</u>	<u>\$ 37,439,711</u>	<u>\$ 22,861,191</u>	<u>\$ 13,068,085</u>
Component unit:				
Board of Education	<u>\$ 459,797,376</u>	<u>\$ 19,123,485</u>	<u>\$ 122,098,666</u>	<u>\$ 1,692,196</u>

General revenue:

Taxes

Property taxes

Local taxes

Income on investments

Reimbursed expenses

Miscellaneous

Unrestricted grants and contributions

Gain (loss) on disposal of capital assets

Transfers

TOTAL GENERAL REVENUE

CHANGE IN NET POSITION

NET POSITION - BEGINNING OF YEAR

NET POSITION - END OF YEAR

The accompanying notes are an integral part of this financial statement.

COUNTY COMMISSIONERS OF WASHINGTON COUNTY

Statement of Activities For the Year Ended June 30, 2024

Net (Expense) Revenue and Changes in Net Position				
Primary Government			Component Unit	
Governmental Activities	Business-Type Activities	Total	Board of Education	Total
\$ (49,490,513)	\$ -	\$ (49,490,513)	\$ -	\$ (49,490,513)
(71,262,176)	-	(71,262,176)	-	(71,262,176)
(3,183,616)	-	(3,183,616)	-	(3,183,616)
(506,330)	-	(506,330)	-	(506,330)
(124,219,339)	-	(124,219,339)	-	(124,219,339)
(7,587,461)	-	(7,587,461)	-	(7,587,461)
(2,833,372)	-	(2,833,372)	-	(2,833,372)
4,337,532	-	4,337,532	-	4,337,532
(12,714,741)	-	(12,714,741)	-	(12,714,741)
(5,268,383)	-	(5,268,383)	-	(5,268,383)
(272,728,399)	-	(272,728,399)	-	(272,728,399)
-	(3,059,663)	(3,059,663)	-	(3,059,663)
-	1,423,498	1,423,498	-	1,423,498
-	(4,445,484)	(4,445,484)	-	(4,445,484)
-	(1,279,511)	(1,279,511)	-	(1,279,511)
-	(329,886)	(329,886)	-	(329,886)
-	(7,691,046)	(7,691,046)	-	(7,691,046)
(272,728,399)	(7,691,046)	(280,419,445)	-	(280,419,445)
-	-	-	(316,883,029)	(316,883,029)
151,888,977	-	151,888,977	-	151,888,977
142,489,730	-	142,489,730	-	142,489,730
15,933,395	616,825	16,550,220	3,122,819	19,673,039
1,384,003	-	1,384,003	-	1,384,003
7,970,576	268,915	8,239,491	2,252,562	10,492,053
-	-	-	316,813,213	316,813,213
(6,979,817)	(321,260)	(7,301,077)	(375,075)	(7,676,152)
(3,751,110)	3,751,110	-	-	-
308,935,754	4,315,590	313,251,344	321,813,519	635,064,863
36,207,355	(3,375,456)	32,831,899	4,930,490	37,762,389
505,843,272	221,114,287	726,957,559	66,727,971	793,685,530
\$ 542,050,627	\$ 217,738,831	\$ 759,789,458	\$ 71,658,461	\$ 831,447,919

The accompanying notes are an integral part of this financial statement.

COUNTY COMMISSIONERS OF WASHINGTON COUNTY

Balance Sheet - Governmental Funds As of June 30, 2024

	General Fund	Capital Projects Fund	Non-Major Funds	Total Governmental Funds
ASSETS				
Cash	\$ 3,999,178	\$ -	\$ 14,052,538	\$ 18,051,716
Investments	267,475,002	256,129	-	267,731,131
Property taxes receivable, net of allowance	1,692,262	-	-	1,692,262
Accounts receivable, net of allowance	1,872,465	419,163	411,058	2,702,686
Leases receivable	975,177	-	105,225	1,080,402
Interest receivable	4,262,130	12,461	154	4,274,745
Unbilled receivables	480,487	-	-	480,487
Due from other government agencies	74,357,220	10,152,800	586,656	85,096,676
Due from other funds	660,920	167,348,693	-	168,009,613
Recoverable disbursements	64,685	-	-	64,685
Notes receivable	26,660	-	-	26,660
Prepaid expense	250,191	-	-	250,191
Inventories	1,219,384	-	-	1,219,384
TOTAL ASSETS	\$ 357,335,761	\$ 178,189,246	\$ 15,155,631	\$ 550,680,638
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
LIABILITIES				
Accounts payable	\$ 18,391,523	\$ 1,952,072	\$ 2,709,884	\$ 23,053,479
Accrued expenses	1,386,980	55	13,702	1,400,737
Due to other funds	192,753,132	-	174,754	192,927,886
Liabilities for unpaid claims	4,369,917	-	-	4,369,917
Unearned revenue	2,402,963	-	1,299,220	3,702,183
Other liabilities	2,545,018	-	1,198,557	3,743,575
TOTAL LIABILITIES	221,849,533	1,952,127	5,396,117	229,197,777
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenues	53,880,946	-	-	53,880,946
Leases	913,077	-	98,154	1,011,231
TOTAL DEFERRED INFLOWS OF RESOURCES	54,794,023	-	98,154	54,892,177
FUND BALANCES				
Nonspendable	1,469,575	-	-	1,469,575
Restricted	741,519	65,816,350	3,490,290	70,048,159
Committed	78,419,774	110,420,769	3,118,140	191,958,683
Assigned	61,337	-	3,052,930	3,114,267
TOTAL FUND BALANCES	80,692,205	176,237,119	9,661,360	266,590,684
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$ 357,335,761	\$ 178,189,246	\$ 15,155,631	\$ 550,680,638

The accompanying notes are an integral part of this financial statement.

COUNTY COMMISSIONERS OF WASHINGTON COUNTY

Reconciliation of Balance Sheet of Governmental Funds to Statement of Net Position As of June 30, 2024

Fund balance governmental funds	\$	266,590,684
Amounts reported for governmental activities in the statement of net assets are different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds:		
Capital assets, net		439,239,579
Projects under construction		31,295,823
Other long-term assets are not available to pay for current-period expenditures and, therefore, are not reported in the funds:		
Net other post-employment benefits asset		10,259,706
Revenues in the statement of activities that do not provide current financial resources are not reported as revenue in the funds:		
Unavailable revenues		53,880,946
Net deferred outflow and inflows of resources, including loss on refunding, net deferred pension activity and net deferred OPEB activity are not financial resources and therefore are not reported in the funds:		
		(5,736,610)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds:		
Long-term obligations		(150,300,583)
Installment purchase obligations		(396,657)
Leases		(1,412,346)
Subscriptions		(2,609,152)
Accrued interest payable		(2,818,145)
Compensated absences and net pension liabilities		(95,942,618)
Net position of governmental activities	\$	<u>542,050,627</u>

The accompanying notes are an integral part of this financial statement.

COUNTY COMMISSIONERS OF WASHINGTON COUNTY

Statement of Revenue, Expenditures, and Changes in Fund Balances - Governmental Funds For the Year Ended June 30, 2024

	General Fund	Capital Projects Fund	Non-Major Funds	Total Governmental Funds
REVENUE				
General property tax	\$ 151,108,750	\$ -	\$ -	\$ 151,108,750
Other local tax	133,697,998	4,960,724	3,108,975	141,767,697
Licenses and permits	1,402,365	-	2,560,591	3,962,956
Court costs and fines	1,198,851	-	-	1,198,851
Charges for services	2,227,349	-	577,038	2,804,387
Revenues from uses of property	-	-	89,994	89,994
Reimbursed expenses	969,396	-	7,039	976,435
Interest income	15,843,306	-	-	15,843,306
Miscellaneous revenues	3,277,163	2,287,802	413,333	5,978,298
Grants and shared revenues	14,816,145	2,832,363	4,533,069	22,181,577
In Kind	4,280,080	-	-	4,280,080
Highway	3,100,060	-	-	3,100,060
Total Revenue	331,921,463	10,080,889	11,290,039	353,292,391
EXPENDITURES				
Current:				
General government	46,561,801	-	-	46,561,801
Public safety	74,311,987	-	1,781,333	76,093,320
Health	3,183,616	-	-	3,183,616
Social services	506,330	-	-	506,330
Education	119,306,650	-	-	119,306,650
Parks, recreation and culture	6,752,348	-	273,740	7,026,088
Natural resources and land preservation	1,099,353	-	1,918,308	3,017,661
Intergovernmental	38,543	-	-	38,543
General operations	18,242,990	-	1,266,173	19,509,163
Community promotion	-	-	5,285,879	5,285,879
Highways and streets	12,636,950	-	-	12,636,950
Debt service	15,737,785	-	-	15,737,785
Capital outlay:				
General government	1,866,383	1,231,210	-	3,097,593
Public safety	284,752	16,108,823	-	16,393,575
Highways and streets	-	12,251,651	-	12,251,651
Education	-	4,912,689	-	4,912,689
Parks and recreation	23,133	521,547	-	544,680
Total Expenditures	300,552,621	35,025,920	10,525,433	346,103,974
Excess (Deficiency) of Revenue Over Expenditures	31,368,842	(24,945,031)	764,606	7,188,417
OTHER FINANCING SOURCES (USES)				
Transfers in	38,000	28,875,277	2,621,909	31,535,186
Transfers out	(32,494,916)	(2,203,380)	(88,000)	(34,786,296)
Proceeds of leases	184,627	-	6,785	191,412
Proceeds of subscriptions	1,989,641	-	-	1,989,641
Principal amount of new debt for refunding	8,527,398	-	-	8,527,398
Deposit to escrow fund for refunding and repayment of loans	(8,509,158)	-	-	(8,509,158)
Proceeds of bond sale	-	12,001,101	-	12,001,101
TOTAL OTHER FINANCING SOURCES (USES)	(30,264,408)	38,672,998	2,540,694	10,949,284
NET CHANGES IN FUND BALANCE	1,104,434	13,727,967	3,305,300	18,137,701
FUND BALANCES - BEGINNING OF YEAR	79,587,771	162,509,152	6,356,060	248,452,983
FUND BALANCES - END OF YEAR	\$ 80,692,205	\$ 176,237,119	\$ 9,661,360	\$ 266,590,684

The accompanying notes are an integral part of this financial statement.

COUNTY COMMISSIONERS OF WASHINGTON COUNTY

Reconciliation of Statement of Revenue, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities For the Year Ended June 30, 2024

Net changes in fund balances in governmental funds	\$	18,137,701
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Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlay as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlay exceeded depreciation in the current period.

Capital outlay capitalized	\$	32,536,211	
Depreciation		<u>(17,644,681)</u>	14,891,530

In the statement of activities, only the gain or loss on the sale of assets is reported, whereas in the governmental funds, the proceeds from the sale increase financial resources. Thus, the change in net position differs from the change in fund balance by the cost of the assets sold.

(7,060,561)

Bond, lease, and subscription proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net assets. Repayment of bond, lease, subscription, and installment purchase principal is an expenditure in the governmental funds, but the repayments reduce long-term liabilities in the statement of net assets. This is the amount by which proceeds exceeded payments.

Debt, lease and subscription proceeds	\$	(14,182,154)	
Issuance of refunding bond principal		(7,765,000)	
Premium on refunding bonds		(762,398)	
Payment to escrow agent		8,509,157	
Payments of installment purchase principal		181,779	
Payments of lease principal		509,064	
Payment of subscription principal		1,179,821	
Payments of debt principal		<u>12,365,240</u>	35,509

In the statement of activities, compensated absences and post-retirement benefits are measured by the amounts earned during the year. In the governmental funds, however, expenditures are measured by the amount of financial resources used. This year, compensated absences and post-retirement financial resources used exceeded benefits earned.

8,700,916

Revenues and expenditures are reported in the statement of activities on the accrual basis and in the governmental funds when they provide or use current financial resources. This is the net difference of revenues and expenditures recognized between the governmental funds and statement of activities.

1,502,260

Change in Net Position of Governmental Activities	\$	<u>36,207,355</u>
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The accompanying notes are an integral part of this financial statement.

COUNTY COMMISSIONERS OF WASHINGTON COUNTY

Statement of Net Position - Proprietary Funds As of June 30, 2024

	Business Type Activities - Enterprise Funds				
	Water Quality Fund	Solid Waste Fund	Airport Fund	Non-Major Funds	Total
ASSETS					
Current Assets:					
Cash	\$ 15,992,044	\$ 10,530,009	\$ 3,212,064	\$ 2,915,898	\$ 32,650,015
Accounts receivable	1,351,465	95,222	20,216	37,130	1,504,033
Leases receivable	13,521,382	-	113,467	-	13,634,849
Interest receivable	28,731	-	393	-	29,124
Unbilled accounts receivables	1,907,428	538,328	25,788	-	2,471,544
Due from other governmental agencies	201,746	-	1,741,442	792,238	2,735,426
Notes receivable	-	331,686	-	-	331,686
Due from other funds	12,912,377	13,000,000	-	-	25,912,377
Inventories	105,776	7,764	80,298	251,490	445,328
Other current assets	-	7,085	-	11,583	18,668
Total Current Assets	46,020,949	24,510,094	5,193,668	4,008,339	79,733,050
Noncurrent Assets:					
Projects under construction	8,970,677	1,630,422	4,610,107	-	15,211,206
Property, plant and equipment	239,180,305	68,237,552	169,225,483	15,435,817	492,079,157
Accumulated depreciation	(87,499,161)	(56,466,884)	(115,931,603)	(7,957,987)	(267,855,635)
Right to use leases	169,529	2,795,678	7,960	450,567	3,423,734
Accumulated amortization - leases	(69,471)	(812,224)	(1,234)	(27,616)	(910,545)
Total noncurrent assets	160,751,879	15,384,544	57,910,713	7,900,781	241,947,917
TOTAL ASSETS	206,772,828	39,894,638	63,104,381	11,909,120	321,680,967
DEFERRED OUTFLOWS OF RESOURCES					
Loss on refundings	137,663	83,605	-	-	221,268
LIABILITIES					
Current Liabilities:					
Current debt	2,039,046	879,773	-	-	2,918,819
Current lease obligations	33,649	537,663	1,565	62,576	635,453
Accounts payable	1,442,398	468,905	2,059,730	89,499	4,060,532
Accrued expenses	370,776	47,487	28,946	77,575	524,784
Accrued interest	534,206	132,530	5	2,800	669,541
Due to other funds	333,184	200,280	-	-	533,464
Unearned revenue	22,985	323,052	800,002	-	1,146,039
Compensated absences	129,347	83,062	44,842	141,399	398,650
Landfill closure costs	-	181,280	-	-	181,280
Other liabilities	9,900	-	50,167	30,254	90,321
Total current liabilities	4,915,491	2,854,032	2,985,257	404,103	11,158,883
Noncurrent Liabilities:					
Compensated absences	388,043	27,687	14,947	47,134	477,811
Due to other funds	-	460,640	-	-	460,640
Debt and long term debt	34,521,606	6,905,488	-	-	41,427,094
Lease obligations	50,418	499,908	5,248	359,179	914,753
Landfill closure costs	-	17,449,798	-	-	17,449,798
Total noncurrent liabilities	34,960,067	25,343,521	20,195	406,313	60,730,096
TOTAL LIABILITIES	39,875,558	28,197,553	3,005,452	810,416	71,888,979
DEFERRED INFLOWS OF RESOURCES					
Leases	13,106,510	-	19,167,915	-	32,274,425
NET POSITION					
Net investment in capital assets	133,319,113	7,860,712	57,910,713	7,479,026	206,569,564
Restricted - capital projects	9,211,953	790,000	-	-	10,001,953
Unrestricted	11,397,357	3,129,978	(16,979,699)	3,619,678	1,167,314
TOTAL NET POSITION	\$ 153,928,423	\$ 11,780,690	\$ 40,931,014	\$ 11,098,704	\$ 217,738,831

The accompanying notes are an integral part of this financial statement.

COUNTY COMMISSIONERS OF WASHINGTON COUNTY

Statement of Revenue, Expenses and Changes in Net Position - Proprietary Funds For the Year Ended June 30, 2024

	Business Type Activities - Enterprise Funds				
	Water Quality Fund	Solid Waste Fund	Airport Fund	Non-Major Funds	Total
OPERATING REVENUE					
Charges for services	\$ 13,801,709	\$ 9,395,702	\$ 3,082,685	\$ 1,463,408	\$ 27,743,504
Miscellaneous	28,183	156,390	58,369	25,973	268,915
TOTAL OPERATING REVENUE	<u>13,829,892</u>	<u>9,552,092</u>	<u>3,141,054</u>	<u>1,489,381</u>	<u>28,012,419</u>
OPERATING EXPENSES					
Salaries and wages	4,910,734	1,834,907	986,737	2,437,433	10,169,811
Fringe benefits	2,927,933	988,596	422,255	907,837	5,246,621
Utilities	1,317,311	57,872	211,272	72,316	1,658,771
Insurance	177,645	35,855	75,735	48,493	337,728
Repairs and maintenance	708,809	794	176,599	279,968	1,166,170
Supplies	249,980	220,039	26,528	40,755	537,302
Cost of goods sold	-	-	23,167	91,039	114,206
Contracted services	420,132	1,868,136	1,170,633	243,458	3,702,359
Rentals and leases	21,216	6,460	7,099	45,952	80,727
Other operating	1,482,168	1,176,202	227,115	555,208	3,440,693
Uncollectible accounts	(569)	15,131	3,958	-	18,520
Controllable assets	341,337	150	5,696	28,812	375,995
Depreciation and amortization	4,020,627	1,539,200	7,236,922	1,015,801	13,812,550
TOTAL OPERATING EXPENSES	<u>16,577,323</u>	<u>7,743,342</u>	<u>10,573,716</u>	<u>5,767,072</u>	<u>40,661,453</u>
OPERATING INCOME (LOSS)	<u>(2,747,431)</u>	<u>1,808,750</u>	<u>(7,432,662)</u>	<u>(4,277,691)</u>	<u>(12,649,034)</u>
OTHER INCOME (EXPENSE)					
Interest expense	(873,825)	(228,862)	(574)	-	(1,103,261)
Interest income	610,309	750	5,766	-	616,825
Gain (loss) on disposal of assets	(337,970)	45,527	(31,487)	2,670	(321,260)
TOTAL OTHER INCOME (EXPENSE)	<u>(601,486)</u>	<u>(182,585)</u>	<u>(26,295)</u>	<u>2,670</u>	<u>(807,696)</u>
INCOME (LOSS) BEFORE OPERATING TRANSFERS AND GRANTS	<u>(3,348,917)</u>	<u>1,626,165</u>	<u>(7,458,957)</u>	<u>(4,275,021)</u>	<u>(13,456,730)</u>
OPERATING TRANSFERS	<u>1,453,540</u>	<u>450,000</u>	<u>50,000</u>	<u>1,464,690</u>	<u>3,418,230</u>
GRANTS FOR OPERATING	<u>441,552</u>	<u>-</u>	<u>9,036</u>	<u>2,179,749</u>	<u>2,630,337</u>
NET INCOME (LOSS) BEFORE CAPITAL TRANSFERS AND GRANTS	<u>(1,453,825)</u>	<u>2,076,165</u>	<u>(7,399,921)</u>	<u>(630,582)</u>	<u>(7,408,163)</u>
CAPITAL TRANSFERS	<u>303,380</u>	<u>-</u>	<u>-</u>	<u>29,500</u>	<u>332,880</u>
CAPITAL GRANTS AND CONTRIBUTIONS	<u>148,224</u>	<u>-</u>	<u>3,037,085</u>	<u>514,518</u>	<u>3,699,827</u>
CHANGES IN NET POSITION	<u>(1,002,221)</u>	<u>2,076,165</u>	<u>(4,362,836)</u>	<u>(86,564)</u>	<u>(3,375,456)</u>
NET POSITION - BEGINNING OF YEAR	<u>154,930,644</u>	<u>9,704,525</u>	<u>45,293,850</u>	<u>11,185,268</u>	<u>221,114,287</u>
NET POSITION - END OF YEAR	<u>\$ 153,928,423</u>	<u>\$ 11,780,690</u>	<u>\$ 40,931,014</u>	<u>\$ 11,098,704</u>	<u>\$ 217,738,831</u>

The accompanying notes are an integral part of this financial statement.

COUNTY COMMISSIONERS OF WASHINGTON COUNTY

Statement of Cash Flows – Proprietary Funds For the Year Ended June 30, 2024

	Enterprise Funds				
	Water Quality Fund	Solid Waste Fund	Airport Fund	Non-Major Funds	Total
Cash Flows from Operating Activities					
Receipts from customers	\$ 14,073,570	\$ 9,684,714	\$ 789,407	\$ 1,477,352	\$ 26,025,043
Payments to suppliers	(4,437,304)	(2,913,479)	(1,411,435)	(1,460,974)	(10,223,192)
Payments to employees	(7,595,815)	(2,823,898)	(273,759)	(3,294,801)	(13,988,273)
Net Cash Provided (Used) by Operating Activities	<u>2,040,451</u>	<u>3,947,337</u>	<u>(895,787)</u>	<u>(3,278,423)</u>	<u>1,813,578</u>
Cash Flows from Noncapital Financing Activities					
Operating contributions	1,895,092	450,000	59,036	3,644,439	6,048,567
Change in due to/from other funds	(13,225,664)	(13,185,056)	-	-	(26,410,720)
Net Cash Provided (Used) by Noncapital Financing Activities	<u>(11,330,572)</u>	<u>(12,735,056)</u>	<u>59,036</u>	<u>3,644,439</u>	<u>(20,362,153)</u>
Cash Flows from Capital and Related Financing Activities					
Interest paid on notes, bonds, leases and subscriptions	(859,369)	(242,862)	(1,689)	-	(1,103,920)
Acquisition and construction of capital assets	(7,128,665)	(1,313,621)	(1,918,981)	(255,683)	(10,616,950)
Grants for capital acquisition	451,604	-	3,037,085	544,018	4,032,707
Proceeds from notes and bonds payable	1,435,000	-	-	-	1,435,000
Principal payments on notes, bonds payable, leases and subscriptions	(2,184,561)	(1,185,344)	(55,821)	-	(3,425,726)
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(8,285,991)</u>	<u>(2,741,827)</u>	<u>1,060,594</u>	<u>288,335</u>	<u>(9,678,889)</u>
Cash Flows from Investing Activities					
Payments on note receivable	-	(331,686)	-	-	(331,686)
Interest on investments	610,309	750	5,766	-	616,825
Net change in cash	(16,965,803)	(11,860,482)	229,609	654,351	(27,942,325)
Cash, Beginning of Year	32,957,847	22,390,491	2,982,455	2,261,547	60,592,340
Cash, End of Year	<u>\$ 15,992,044</u>	<u>\$ 10,530,009</u>	<u>\$ 3,212,064</u>	<u>\$ 2,915,898</u>	<u>\$ 32,650,015</u>
Non-Cash Operating Activities					
Loss on refunding	\$ 137,663	\$ 83,605	\$ -	\$ -	\$ 221,268
Reconciliation of Operating Loss to Net Cash from Operating Activities					
Operating income (loss)	\$ (2,747,431)	\$ 1,808,750	\$ (7,432,662)	\$ (4,277,691)	\$ (12,649,034)
Adjustments to reconcile operating loss to net cash from operating activities:					
Depreciation and amortization	4,020,627	1,539,200	7,236,922	1,015,801	13,812,550
Changes in assets and liabilities:					
Accounts receivable	425,520	170,171	44,819	10,205	650,715
Unbilled receivables	8,416	62,466	(14,873)	36	56,045
Leases	(141,386)	-	(1,703,349)	-	(1,844,735)
Inventories	33,214	7,963	25,632	(36,673)	30,136
Other assets	-	-	-	(686)	(686)
Accounts payable and other liabilities	247,511	35,168	1,761,377	(17,614)	2,026,442
Accrued expenses	211,731	9,928	(125,933)	15,898	111,624
Landfill closure	-	424,029	-	-	424,029
Unearned revenue	(48,872)	(100,015)	(678,244)	(22,270)	(849,401)
Compensated absences	31,121	(10,323)	(9,476)	34,571	45,893
Net Cash Provided (Used) by Operating Activities	<u>\$ 2,040,451</u>	<u>\$ 3,947,337</u>	<u>\$ (895,787)</u>	<u>\$ (3,278,423)</u>	<u>\$ 1,813,578</u>

The accompanying notes are an integral part of this financial statement.

COUNTY COMMISSIONERS OF WASHINGTON COUNTY

Statement of Net Position – Fiduciary Funds As of June 30, 2024

	<u>Pension Trust</u>	<u>LOSAP Trust</u>	<u>OPEB Trust</u>	<u>Total Pension and OPEB Trust Funds</u>
ASSETS				
Cash and short-term investments	\$ 6,089,897	\$ 268,216	\$ 725,187	\$ 7,083,300
Investments, at fair value:				
Fixed income securities	49,158,849	3,880,931	8,643,699	61,683,479
Real Estate investment	27,218,017	-	1,251,474	28,469,491
Equity funds	139,326,906	8,217,923	20,852,804	168,397,633
Accounts receivable	2,359,420	12,850	29,475	2,401,745
TOTAL ASSETS	<u>224,153,089</u>	<u>12,379,920</u>	<u>31,502,639</u>	<u>268,035,648</u>
LIABILITIES				
Accounts payable	-	-	293,320	293,320
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>293,320</u>	<u>293,320</u>
NET POSITION				
Held in trust for pension and OPEB	<u>224,153,089</u>	<u>12,379,920</u>	<u>31,209,319</u>	<u>267,742,328</u>
NET POSITION	<u>\$ 224,153,089</u>	<u>\$ 12,379,920</u>	<u>\$ 31,209,319</u>	<u>\$ 267,742,328</u>

The accompanying notes are an integral part of this financial statement.

COUNTY COMMISSIONERS OF WASHINGTON COUNTY

Statement of Changes in Net Position - Fiduciary Funds For the Year Ended June 30, 2024

	<u>Pension Trust</u>	<u>LOSAP Trust</u>	<u>OPEB Trust</u>	<u>Total Pension and OPEB Trust Funds</u>
ADDITIONS				
Contributions:				
Employer	\$ 20,296,260	\$ 243,408	\$ 659,000	\$ 21,198,668
Plan members	3,222,345	-	-	3,222,345
Total Contributions	<u>23,518,605</u>	<u>243,408</u>	<u>659,000</u>	<u>24,421,013</u>
Investment Income:				
Realized and unrealized gains	26,198,716	1,514,266	3,662,655	31,375,637
Interest and dividends	217,461	10,236	30,984	258,681
Other income	1,385,377	-	55,643	1,441,020
Total Investment Income	<u>27,801,554</u>	<u>1,524,502</u>	<u>3,749,282</u>	<u>33,075,338</u>
TOTAL ADDITIONS	<u>51,320,159</u>	<u>1,767,910</u>	<u>4,408,282</u>	<u>57,496,351</u>
DEDUCTIONS				
Benefits	14,315,967	764,219	1,640,470	16,720,656
Administrative expenses	149,995	20,788	22,077	192,860
TOTAL DEDUCTIONS	<u>14,465,962</u>	<u>785,007</u>	<u>1,662,547</u>	<u>16,913,516</u>
CHANGES IN NET POSITION	36,854,197	982,903	2,745,735	40,582,835
NET POSITION - BEGINNING OF YEAR	<u>187,298,892</u>	<u>11,397,017</u>	<u>28,463,584</u>	<u>227,159,493</u>
NET POSITION - END OF YEAR	<u>\$ 224,153,089</u>	<u>\$ 12,379,920</u>	<u>\$ 31,209,319</u>	<u>\$ 267,742,328</u>

The accompanying notes are an integral part of this financial statement.

COUNTY COMMISSIONERS OF WASHINGTON COUNTY

Notes to the Financial Statements

June 30, 2024

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Financial Reporting Entity

The primary government is the County Commissioners of Washington County, referred to herein as the County or the County Commissioners. The County is governed by an elected five-member board.

The accompanying financial statements are presented as of June 30, 2024 and for the year then ended, and have been prepared in conformity with accounting principles generally accepted in the United States of America applicable to local governments. The Governmental Accounting Standards Board (GASB) is the standard setting body for establishing governmental accounting and financial reporting principles, which are primarily set forth in the *GASB's Codification of Governmental Accounting and Financial Reporting Standards* (GASB Codification).

Reporting Entity

The accompanying financial statements comply with the provisions of the GASB Standards in that the financial statements include all organizations, activities, functions and component units for which the County (the primary government) is financially accountable. Financial accountability is defined as the appointment of a voting majority of a legally separate organization's governing body and either (1) the County's ability to impose its will over the organization, or (2) the potential that the organization will provide a financial benefit to or impose a financial burden on the County.

Based on the foregoing, the County's financial reporting entity includes all funds, agencies, boards and commissions that are part of the primary government, and the component units discussed below.

Blended Component Units - The Washington County Public Golf Corporation (Black Rock Golf Course) is governed by a five-member board appointed by the County Commissioners. Although it is legally separate from the County, the Washington County Public Golf Corporation is reported as if it were part of the primary government because its sole purpose is to operate the golf course which is owned by the County. Black Rock Golf Course is reported as an enterprise fund.

Discretely Presented Component Unit - The component unit column in the government-wide financial statements include the financial data of the County's other component unit, the Board of Education of Washington County (the Board, Board of Education or School System.) The Board of Education is elected by the voters of Washington County. The Board of Education operates the public schools in the County. The Board may not issue debt or levy taxes. The County issues debt and levies taxes to provide capital and operating funds to the Board. The State of Maryland also provides significant capital and operating funds to the Board.

COUNTY COMMISSIONERS OF WASHINGTON COUNTY

Notes to the Financial Statements

June 30, 2024

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Reporting Entity (continued)

Complete financial statements of the discretely presented individual component unit can be obtained from its administrative office:

Washington County Board of Education
10435 Downsville Pike
Hagerstown, Maryland 21740

Related Organizations - The County Commissioners are also responsible for appointing the members of the boards of various other organizations, but the County's accountability for these organizations does not extend beyond making the appointments. Several of these other organizations are funded by Federal or state governments.

Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenue, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenue. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenue includes: 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenue are reported as general revenue.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter is excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

COUNTY COMMISSIONERS OF WASHINGTON COUNTY

Notes to the Financial Statements

June 30, 2024

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as they are both measurable and available. Revenue is considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenue to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, income taxes, other local taxes, licenses, and interest associated with the current fiscal period are all recognized as revenue of the current fiscal period.

The County's pension plan's financial statements are prepared using the accrual basis of accounting. Plan member contributions are recognized in the period in which the contributions are due. Employer contributions to each plan are recognized when due and the employer has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of each plan.

The government reports the following major governmental funds:

The 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 Capital Projects Fund is used to account for financial resources to be used for the acquisition or construction of major capital facilities in the governmental funds. The Capital Projects Fund accounts for all capital improvements, which are financed by bond issues, government grants, and transfers from the General and Special Revenue Funds. Closed projects are capitalized in the appropriate fund.

COUNTY COMMISSIONERS OF WASHINGTON COUNTY

Notes to the Financial Statements

June 30, 2024

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Measurement Focus, Basis of Accounting, and Financial Statement Presentation (continued)

The government reports the following major proprietary funds:

The Water Quality Fund accounts for activities of the County's sewage treatment plants, sewage pumping stations and collection systems, and the water treatment plants and distribution systems.

The Solid Waste Fund is used to account for activities related to the safe disposal of solid waste, to meet all state, Federal, and county regulations and to provide for recycling.

The Airport Fund is used to account for activities at the Hagerstown Regional Airport that serves the air transportation and ancillary needs of the four-state region.

Additionally, the government reports the following fiduciary funds:

The County's Pension Trust Fund is used to account for activities related to the Employees' Retirement Plan of Washington County.

The County's Volunteer Length of Service Award Program Trust Fund (LOSAP) is used to account for activities related to the eligible volunteers' retirement, disability, and death benefits.

The Other Post-employment Benefits Trust Fund (OPEB) is used to account for activities related to the other post-employment benefit plan of Washington County.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes and other charges between the government's water and sewer function and various other functions of the government. Elimination of these charges would distort the direct costs and program revenue reported for the various functions concerned.

Amounts reported as program revenue include: 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as general revenue rather than as program revenue. Likewise, general revenue includes all taxes.

COUNTY COMMISSIONERS OF WASHINGTON COUNTY

Notes to the Financial Statements

June 30, 2024

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Measurement Focus, Basis of Accounting, and Financial Statement Presentation (continued)

Proprietary funds distinguish operating revenue and expenses from non-operating items. Operating revenue and expenses generally result from producing and delivering goods and providing services and use of properties in connection with a proprietary fund's principal ongoing operations. The principal operating revenue of the enterprise funds are charges to customers for sales and services. The Water Quality Fund also recognizes as operating revenue the portion of connection fees intended to recover the cost of connecting new customers to the system. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation of capital assets. All revenue and expenses not meeting this definition are reported as non-operating revenue and expenses.

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, and then unrestricted resources as they are needed.

Use of Estimates in the Preparation of Financial Statements

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

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the County as assets with an initial, individual cost of \$10,000 or greater for all funds except for the Black Rock Golf Course and Public Transit Funds, which are \$5,000. All assets are recorded at historical cost or estimated historical cost, except for donated capital assets which are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or do not materially extend the life of the asset are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed.

COUNTY COMMISSIONERS OF WASHINGTON COUNTY

Notes to the Financial Statements

June 30, 2024

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Capital Assets (continued)

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

Land Improvements	15-50 years
Buildings and Improvements	10-40 years
Facilities	20-100 years
Vehicles	5-10 years
Infrastructure	10-100 years
Machinery and Equipment	5-20 years
Office Furniture and Equipment	5-10 years
Treatment Plants	25-100 years
Computer Equipment	5-10 years

Long-Term Obligations

In the government-wide financial statements and proprietary funds financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, and proprietary fund statements of Net Position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental funds recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums and discounts on debt issuances are reported as other financing sources (uses). Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as capital outlay expenditures in the Capital Projects Fund.

Investments

Investments are stated at fair value based on quoted market values. Under the terms of repurchase agreements, the excess cash from checking accounts is invested in short-term investments. All deposits are insured by FDIC or a surety bond. Short-term investments in U.S. Treasury and agency obligations that have remaining maturities of 90 days or less, provided that the fair value of those investments is not significantly affected by impairment, are reported at amortized cost, which approximates market value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates. Investments that do not have an established market are reported at estimated fair value.

COUNTY COMMISSIONERS OF WASHINGTON COUNTY

Notes to the Financial Statements

June 30, 2024

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Investments (continued)

Retirement plan investments are reported at fair value. Short-term investments are reported at cost, which approximates fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates. Investments that do not have an established market are reported at estimated fair value.

Inventories

Inventories of the General Fund, Special Revenue Funds and Enterprise Funds consist of expendable supplies held for consumption and items held for sale. These items are priced at cost using the first-in, first-out method, or average costing.

Employee Benefit Programs

The County's benefit program provides substantially all employees with group hospitalization, life insurance, disability income protection, and retirement plans. The cost of the retirement plans is accounted for in the General and Special Revenue Funds and in the Enterprise Funds of the County.

There are two employee retirement plans for County employees. The County plans cover all full-time employees other than those employed prior to July 1, 1972, who elected to retain membership in the Maryland State Retirement System. The Board of Education Retirement Plan is the Maryland State Retirement System. The assets of the County plans are held by a trustee.

Retirement plan costs for members of the County Retirement Plan are determined annually on an actuarial basis. Pension costs charged to expense equal the actuarially determined contributions, calculated in accordance with GASB Statement No.68. The County follows the practice of funding pension costs accrued.

Taxes and County Services

The County and its separate funds do not pay Federal, state or local taxes except social security taxes. Except for certain limited reimbursements of administrative expenses and employee benefits, the General Fund is not reimbursed by the other funds for general staff services.

COUNTY COMMISSIONERS OF WASHINGTON COUNTY

Notes to the Financial Statements

June 30, 2024

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Real Estate and Personal Property Taxes

The County's property tax is levied each July 1st, at rates enacted by the Board of County Commissioners based on the total assessed value as determined by the Maryland State Department of Assessments and Taxation. The rates of 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. A reassessment of all property is required to be completed every three years.

Property taxes are levied as of July 1st, and a discount of one-half percent is granted for property taxes paid by July 31st. Taxpayers also have the options of paying in full without interest by September 30th, or paying their tax bills semi-annually. Taxpayers electing the semi-annual method can pay the first installment without interest by September 30th. Beginning October 1st, interest is charged. The second semi-annual payment, including a service charge, is due by December 31st. Interest accrues at one percent monthly for delinquent property taxes.

Maryland law provides that unpaid real estate property taxes shall be a lien on the real property from the date the taxes become payable. If real estate property taxes remain unpaid, the collector shall sell the real properties at tax sale no later than two years from the date taxes are in arrears. The County estate tax sale is held annually on the first Tuesday in the month of June.

Rate of County Taxes:

Income tax	2.95% of Maryland taxable income (calendar year 2024)
Recordation tax	\$3.80 per \$500
Trailer park	As of March 1, 2020, the County Commissioners reduced the tax to 7.5% of gross rentals, with a \$20 per month per mobile home space cap on the tax.
Property taxes	\$0.928 per \$100 of assessable base (for Fiscal Year 2024)

Cash Flows

For the purposes of the Statement of Cash Flows, the proprietary funds have defined cash equivalents as all highly liquid deposits and other investment instruments that have a maturity of three months or less.

COUNTY COMMISSIONERS OF WASHINGTON COUNTY

Notes to the Financial Statements

June 30, 2024

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Concentrations of Credit Risk

The County's receivables consist of amounts due from County residents for property and other taxes, utilities, and miscellaneous services fees and amounts due from the Federal and state governments for grants and shared taxes. The Water Quality department provides sewage and water services for residential, commercial, and other entities in the Washington County, Maryland region. The department extends credit to its customers for sewer and water service charges.

Net Position and Fund Equity

The difference between fund assets and liabilities is "Net Position" on the government-wide, proprietary fund and fiduciary fund statements and "Fund Balance" on governmental fund statements. Net Position is broken into categories and classified as "Net Investment in Capital Assets," legally "Restricted" for a specific purpose or "Unrestricted" and available for appropriation for general purposes.

In the governmental fund financial statements, nonspendable and restricted fund balances represent amounts that are legally restricted by outside parties for use for a specific purpose or are otherwise not available for appropriation. Committed fund balance represents amounts that are reserved for a particular purpose by the County Commissioners of Washington County, and would require action by the Board to release the fund balance from its commitment. Assigned fund balance represents tentative management plans that are subject to change.

Leases

Lessee

The County is a lessee for noncancellable leases of vehicles, machinery and equipment. The County recognizes a lease liability and an intangible right-to-use lease asset in the government-wide financial statements. The County recognizes lease liabilities with an initial, individual value of \$5,000 or more.

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.

COUNTY COMMISSIONERS OF WASHINGTON COUNTY

Notes to the Financial Statements

June 30, 2024

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Leases (continued)

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.

Lessor

The County is a lessor for noncancellable leases of land, cell tower space, pretreatment facility and office space. 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 leases.
- The lease term includes the noncancellable period of 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 lease, 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.

COUNTY COMMISSIONERS OF WASHINGTON COUNTY

Notes to the Financial Statements June 30, 2024

2. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Budgetary Information

The County's budget process is key to its long-range strategic plan. With the adoption phase ending in June, the entire budget process encompasses nine months in preparation time. Financial forecasts, economic trends, policy reviews, and citizen input are all part of this process and result in the development of the operating and capital budgets for the year. The following describes the budget process and procedures established by the County. Budgets are adopted using the same basis of accounting as that used for reporting purposes.

Financial Capacity and Analysis Phase

The County develops statistical analysis of major revenue sources through various resources available. The County prepares and annually updates a long-range financial forecasting system which includes projections of revenue, expenditures, future costs, financing of capital improvements that are included in the Capital Improvement Budgets, Cost of Service Plans and the Operating Budget.

Revenue estimates are monitored to identify any potential trends, which would significantly impact the various revenue sources. The County reviews current construction trends, the number of building permits, mortgages rates, and other economic data that can impact revenue collections.

The County uses other financial modeling techniques that impact the long-term operations and rates for the Water Quality and Solid Waste Funds.

The County annually updates its financial ratio trends. Most of the financial trends include peer group median and historical data. Trend indicators are tracked for specific elements of the County's fiscal policies for evaluation.

Debt capacity is evaluated on an annual basis prior to the adoption of the Capital Improvement Budget. The County examines statistical measures and compares them to other counties, rating agency standards, and Washington County's historical measures to determine debt affordability.

The economic and financial trend analysis is an integral part of the County's decision-making process that includes short and long-term forecasts. The County's current financial condition as well as future financial capacity, long-range plans, and future goals and visions are evaluated. During this phase forecasting assumptions, policy and reserve reviews, compensation adjustments, and inflation assumptions are made.

COUNTY COMMISSIONERS OF WASHINGTON COUNTY

Notes to the Financial Statements June 30, 2024

2. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (continued)

Budgetary Information (continued)

Budget Development Start

The development of the budget starts with the on-line release of operational budgets and ten year capital improvement budget. The information distributed includes instructions on completing the budgets, due dates, and updated information on budgetary numbers, personnel positions, goals, and other pertinent information.

Budget Development Phase

Capital Improvement budget development begins in the winter after the development of the debt capacity and financial trend and economic trend analysis. The Capital Improvement Program (CIP) provides a comprehensive approach to planning and impacts all facets of County operations. The County Administrator, the Chief Financial Officer, the Director of Planning, the Director of Engineering, and the Director of Public Works comprise the Capital Improvements Program Committee (CIP Committee). From the time the CIP's initial annual review begins in October through its adoption in June of each fiscal year, there is constant interaction between departments, the CIP Committee, and the elected officials. This effort is characterized by cooperation and reflects a common goal of ensuring that the CIP meets the objectives of the County and remains affordable and achievable. The CIP is reviewed in conjunction with the annual debt affordability analysis with revenue projections inclusive of rate analysis, in order to determine funding availability. A financial analysis of funding sources and project costs is conducted for all proposed capital improvement projects.

It is the CIP Committee's responsibility to review all requests that County departments and agencies submit. All projects are ranked based on established criteria for priority ranking.

Considering current and future needs as developed in the ten-year capital plan, and available funding sources and the results of the priority ranking process, the CIP Committee determines which capital projects best meet established criteria for the current fiscal year Capital Improvement budget and the nine-year forecast. Operating impacts of current and proposed capital projects are also taken into consideration by staff when developing their Capital Improvement budget.

Operating budgets represent existing service levels and two years of prior historical information. Departments and agencies request funding for the upcoming fiscal year. Any increases in program and services require justification, as do all capital outlay requests. These requests are summarized with projected funding shortfalls or overruns calculated.

Review and Modification Phase

The Chief Financial Officer presents the Operating and Capital Improvement budgets to the County Commissioners. Preliminary recommendations are reviewed to ensure that

COUNTY COMMISSIONERS OF WASHINGTON COUNTY

Notes to the Financial Statements

June 30, 2024

2. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (continued)

Budgetary Information (continued)

preliminary budgets address the County's goals and fiscal management policies. The County Administrator and the Chief Financial Officer work with the Commissioners on the proposed budget documents for adoption.

Adoption Phase

Proposed budgets are voted on by the County Commissioners to take to a public hearing to communicate to the general public for all operating and capital funds. The public hearing is advertised in the local newspaper and on the County web site. A presentation and handouts are prepared for the public.

Public hearings are held on the proposed budgets and the current tax levy. Local law requires a balanced budget to be adopted by July 1.

Start Up

Department Managers are responsible for their budgets throughout the fiscal year. Expenditure percentages are calculated and compared to the budget. Corrective action, if necessary, is taken if serious negative trends exist. Management and the County Commissioners have real-time budgeting reports available and provide quarterly updates on the County's website as well as updates on major events and/or issues.

Balanced Budget

Under County code, the County Commissioners' annual budget shall have a figure for the total of all appropriations and a figure for the total of all revenue available to pay the appropriations. The figure for total appropriations may not exceed the figure for total estimated revenue.

Costing of Services

In addition to accrual basis budgeting, several enterprise funds utilize a cost of service approach. Cost of service is a method of accounting, which identifies both the cost of the program and the portion of the cost that will be recovered through fees and charges. By using this financial technique, the County is able to assess the true cost of providing a service. Currently, water, sewer, and solid waste services use this approach to determine cost and rates.

COUNTY COMMISSIONERS OF WASHINGTON COUNTY

Notes to the Financial Statements June 30, 2024

2. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (continued)

Budgetary Information (continued)

Amendment to the Budget

The County's operating budgets are adopted at the program and service level and the Capital Improvement budget is adopted at the project level. Transfers between programs or projects in excess of \$25,000 require County Commissioner's approval.

The Chief Financial Officer reviews capital projects before any issuance of debt. Any modifications to a project and/or the total debt to be issued based upon this review is required to be approved by the County Commissioners either for an increase or decrease in total borrowing amount or for a change in the total borrowing source.

The County maintains a cash and investment pool that is available for use by all funds, and is displayed on the Statement of Net Position as "cash and short-term investments."

Statutes authorize the County to invest in United States government bonds, obligations of the Federal government or agencies, savings accounts in Maryland banks, repurchase agreements and the Maryland Local Government Investment Pool.

3. CASH AND SHORT-TERM INVESTMENTS

Primary Government

Deposits

As of June 30, 2024, the carrying amount of the County's deposits was \$50,701,731 and the bank balances were \$52,788,351. All deposits are carried at cost plus accrued interest. There were no significant violations of the collateralization requirements during the year ended June 30, 2024. The County's deposit policy specifies that all deposits must be entirely covered by Federal depository insurance, deposit surety bond, or by collateral in the form of pledged securities, according to state statute. In order to anticipate market changes and provide a level of security for all funds, the collateralization level is required to be at least 102% of market value of principal and accrued interest.

Custodial Credit Risk

Custodial credit risk is the risk that in the event of a bank failure, the County's deposits may not be returned. The County does not have a deposit policy for custodial credit risk. As of June 30, 2024, the County's bank balance of \$52,788,351 was not exposed to custodial credit risk as \$250,000 of interest bearing accounts and \$250,000 of noninterest bearing accounts are insured by FDIC, \$15,000,000 is covered by a short term line of credit, and the remainder is collateralized through the Bank of New York Mellon.

COUNTY COMMISSIONERS OF WASHINGTON COUNTY

Notes to the Financial Statements June 30, 2024

3. CASH AND SHORT-TERM INVESTMENTS (continued)

Primary Government (continued)

Investments

As of June 30, 2024, the County had the following investments and maturities.

Investment Type	Fair Value	Investment Maturities (in Years)			
		Less than 1	1-5	6-10	More than 10
Investments held in County's name:					
U.S. government obligations, municipal and corporate bonds	\$ 267,731,131	\$ 257,729,943	\$ 10,001,188	\$ -	\$ -
Total investments held in County's name	267,731,131	257,729,943	10,001,188	-	-
Investments held by trustee of					
Pension plan:					
Fixed income securities	49,158,849	49,158,849	-	-	-
Real estate investments	27,218,017	27,218,017	-	-	-
Equity funds	139,326,906	139,326,906	-	-	-
Money market funds	6,089,897	6,089,897	-	-	-
Total Investments held by trustee of pension plan	221,793,669	221,793,669	-	-	-
Investments held by trustee of					
LOSAP plan:					
Fixed income funds	3,880,931	3,880,931	-	-	-
Equity funds	8,217,923	8,217,923	-	-	-
Money market funds	268,216	268,216	-	-	-
Total Investments held by trustee of LOSAP plan	12,367,070	12,367,070	-	-	-
Investments held by trustee of					
OPEB plan:					
Real estate investments	1,251,474	1,251,474	-	-	-
Fixed income funds	8,643,699	8,643,699	-	-	-
Equity funds	20,852,804	20,852,804	-	-	-
Money market funds	725,187	725,187	-	-	-
Total Investments held by trustee of OPEB plan	31,473,164	31,473,164	-	-	-
Total investments	\$ 533,365,034	\$ 523,363,846	\$ 10,001,188	\$ -	\$ -

The County categorizes its fair value measurements within 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 prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. All of the County's investments are valued using quoted market prices (level 1 inputs).

COUNTY COMMISSIONERS OF WASHINGTON COUNTY

Notes to the Financial Statements

June 30, 2024

3. CASH AND SHORT-TERM INVESTMENTS (continued)

Primary Government (continued)

Investments (continued)

Interest Rate Risk: As a means of limiting its exposure to fair value losses arising from interest rates, the County's investment policy specifies that funds shall be invested at all times in keeping with the daily and seasonal pattern of the County's cash balances, as well as any other special factors or needs, in order to assure the availability of funds on a timely and liquid basis. Cash flow projections will be monitored and updated on an ongoing basis by the Budget and Finance Department and communicated regularly to the County Administrator. On a periodic basis, the County will determine, based on cash flow projections, what the appropriate average weighted maturity of the portfolio should be.

Unless matched to a specific cash flow, the County will not invest in securities maturing more than three years from the date of purchase. Reserve funds may be invested in securities exceeding three years if the maturities of such instruments precede or coincide with the expected needs for funds and only with the prior approval of the Budget and Finance Department.

The County's Pension Plan Investment Policy states that the assets are to be managed for total return, defined as dividend and interest income plus or minus capital gains and losses. Investments shall be diversified so as to minimize the risk of unacceptable losses. The portfolio is looked at as a whole rather than as individual securities. Investing for long term (preferably longer than 10 years) becomes critical to investment success because it allows the long-term characteristics of the asset classes to surface.

The table below summarizes the target asset class weighting, along with the allowable ranges for each class.

<u>Investment Type</u>	<u>Range</u>	<u>Target</u>
Equities:		
Domestic	25-45%	35%
International	10-30%	20%
Options/ Defensive Equity	0-15%	7%
Real Estate	0-10%	4%
Private Infrastructure	0-10%	4%
Private Credit/ High Yield	0-10%	5%
Fixed Income:		
Investment Grade	13-33%	23%
Cash	0-10%	2%

COUNTY COMMISSIONERS OF WASHINGTON COUNTY

Notes to the Financial Statements

June 30, 2024

3. CASH AND SHORT-TERM INVESTMENTS (continued)

Primary Government (continued)

Investments (continued)

Credit Risk: It is the County's investment policy to only invest in U.S. Government Treasury obligations, agencies, and sponsored instrumentalities. Also the County's investment policy allows for investments in banks located in the State of Maryland (Certificates of Deposit) with the exception of Bankers Acceptances. Commercial banks must have a short-term rating of at least investment grade from the appropriate bank rating agencies. Bankers' Acceptances from domestic banks, which also include United States affiliates of large international banks, must have a rating of A1 from Standards and Poor's Corporation and P1 from Moody's Investor Services. As of June 30, 2024, the County's investments were 100% in U.S. Treasury and Agency obligations and certificates of deposit.

The County's Pension Plan Investment Policy allows for investing in the following investment types. Also, below is the benchmark used for rating each of the assets.

Investment Type	Evaluation Benchmark
Equities:	
Domestic	Russell 3000
International	MSCI ACWI ex U.S. IMI (net)
Options/ Defensive Equity	CBOE Covered Combo
Real Estate	NCREIF ODCE
Private Infrastructure	S&P Global Infrastructure
Private Credit/ High Yield	Bloomberg Barclays High-yield
Fixed Income:	
Investment Grade	Bloomberg Barclays Aggregate
Money Market	BofAML 90- Day T-Bill

Custodial Credit Risk: For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, 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. As of June 30, 2024, none of the County's investments are exposed to custodial credit risk because they are held in the County's name.

COUNTY COMMISSIONERS OF WASHINGTON COUNTY

Notes to the Financial Statements

June 30, 2024

3. CASH AND SHORT-TERM INVESTMENTS (continued)

Board of Education

Cash

Custodial Credit Risk: Maryland State Law prescribes that local government units, such as the School System, must deposit its cash in banks transacting business in the State of Maryland, and that such banks must secure any deposits in excess of Federal Deposit Insurance Corporation (FDIC) insurance levels with collateral whose market value is at least equal to the deposits. Any cash deposit exceeding the FDIC insurance level will require collateralization. The FDIC coverage limits are applied to total noninterest bearing accounts separately from interest-bearing accounts.

Compliance is summarized as follows:

<u>June 30, 2024</u>	<u>Governmental Activities and Business-Type</u>
Carrying amount of cash deposits	\$ 32,293,522
Bank balance of cash deposits	35,266,022
Amount covered by FDIC	2,221,749
Amount collateralized with securities held by an agent of the pledging financial institution in the School system's name	33,044,273

Investments

Credit Risk: Maryland statutes authorize the School System to invest in obligations of the United States government or agency obligations. As of June 30, 2024, the School System's operating investments in U.S Government Agencies were rated AAA and AA by Standard & Poor's. The School System's operating investments in fixed income mutual funds was not rated. The School System's investment in U.S. Treasury Bills were not rated as of June 30, 2024 as their credit worthiness is universally accepted.

Interest Rate and Custodial Risk: Investments are made in Federal government securities without risk of loss due to market conditions. The Board's investments, which include uninsured and unregistered investments, are held by a bank's trust department or agent in the School System's name. The Board's policy is generally to require delivery of the investments to a third-party custodian.

Foreign Currency Risk: Maryland law does not permit the School System to have or hold any type of international investment vehicle.

COUNTY COMMISSIONERS OF WASHINGTON COUNTY

Notes to the Financial Statements

June 30, 2024

3. CASH AND SHORT-TERM INVESTMENTS (continued)

Board of Education (continued)

Investments (continued)

Retiree Health Plan Trust Investments: The investments of the MABE Trust are stated at fair value, are deposited with Fidelity, and are managed by GYL Financial Synergies, LLC. The MABE Trust categorizes its fair value measurements within the fair value hierarchy established by GAAP. The hierarchy is based on the valuation inputs used to measure the fair value asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 are significant unobservable inputs. Although all investments of the MABE Trust are considered Level 1 and Level 2, the School System's membership in the MABE Trust is considered Level 2. As of June 30, 2024, the pooled net position of the MABE Trust was \$694,755,319 in total, of which the School System's allocated investment balance was \$128,029,459. The School System's allocated investments consist of the following:

Cash and Cash Equivalents	\$ 4,480,438
Equity Securities	69,108,241
Fixed Income	49,326,331
Real Estate	5,114,449
	<u>\$ 128,029,459</u>

The School System may terminate its membership in the MABE Trust and withdraw its allocated investment balance by providing written notification six months prior to the intended date of withdrawal.

Concentration of Credit Risk: The School System does not have a formal policy that places a limit on the amount or percent that may be invested in any one issuer. More than 5% of the School System's Governmental Activities investments are investments in the Federal Home Loan Mortgage Corp. Similarly, more than 11% of the School System's General Fund investments are investments in the Federal Home Loan Mortgage Corp.

COUNTY COMMISSIONERS OF WASHINGTON COUNTY

Notes to the Financial Statements June 30, 2024

3. CASH AND SHORT-TERM INVESTMENTS (continued)

Board of Education (continued)

Investments (continued)

Market Risk: The School System's investments are exposed to various risks, such as interest rate, market, currency, and credit risks. Due to the level of risk associated with certain investments and the level of uncertainty related to changes in the value of investments, it is at least reasonably possible that changes in risks in the near term would materially affect investment assets reported in the financial statements. Agency bonds are not backed by the full faith and credit of the United States Government.

As of June 30, 2024, the School System had the following investments and maturities:

	Governmental Activities	Business-Type Activities	Fiduciary Responsibilities	Total
United States Treasury Note - 1.250% matures August 31, 2024	\$ 5,963,381	\$ -	\$ -	\$ 5,963,381
United States Treasury Bill - 4.250% matures September 30, 2024	2,992,482	-	-	2,992,482
United States Treasury Note - .750% matures November 15, 2024	5,905,354	-	-	5,905,354
United States Treasury Note - 1.750% matures March 15, 2025	4,889,810	-	-	4,889,810
United States Treasury Note - 3.875% matures April 30, 2025	2,992,728	-	-	2,992,728
United States Treasury Note - 3.500% Matures September 15, 2025	5,900,428	-	-	5,900,428
Federal Home Loan Mortgage Corp- 5.200% matures May 16, 2025	4,995,795	-	-	4,995,795
United States Treasury Bill - .000% matures July 1, 2024	2,995,404	-	-	2,995,404
United States Treasury Bill - .000% matures August 15, 2024	5,961,396	-	-	5,961,396
United States Treasury Bill - .000% matures October 31, 2024	3,931,674	-	-	3,931,674
Income Fund of America	83,493	-	-	83,493
Retiree Health Plan Trust	-	-	128,029,459	128,029,459
	<u>\$ 46,611,945</u>	<u>\$ -</u>	<u>\$ 128,029,459</u>	<u>\$ 174,641,404</u>

Investment Type	Fair Value June 30, 2024	Investment Maturities (in Years)			
		Less than 1	1-5	6-10	More than 10
U.S. Agencies	\$ 46,528,452	\$ 40,628,024	\$ 5,900,428	\$ -	\$ -
Income Fund of America	83,493	83,493	-	-	-
Securities	49,326,331	-	-	-	49,326,331
	<u>\$ 95,938,276</u>	<u>\$ 40,711,517</u>	<u>\$ 5,900,428</u>	<u>\$ -</u>	<u>\$ 49,326,331</u>

COUNTY COMMISSIONERS OF WASHINGTON COUNTY

Notes to the Financial Statements

June 30, 2024

3. CASH AND SHORT-TERM INVESTMENTS (continued)

Board of Education (continued)

Investments (continued)

Investments and Fair Value – Investments are measured at fair value on a recurring basis in accordance with the framework established by GASB Statement No. 72, “Fair Value Measurement and Application”. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The three levels of the fair value hierarchy are described as below:

Level 1 – inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the School System has the ability to access.

Level 2 – inputs to the valuation methodology include quoted prices for similar assets or liabilities in active markets or inactive markets; inputs other than quoted prices that are observable for the asset or liability; or inputs that are derived principally from or corroborated by observable market data by correlation or other means.

Level 3 – inputs to the valuation methodology are unobservable and significant to the fair value measurement.

Fair value of assets measured on a recurring basis as of June 30, 2024 are as follows:

	Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Government Agency Securities	\$ 46,528,452	\$ -	\$ 46,528,452	\$ -
Mutual Fund - Income Fund	83,493	83,493	-	-
	<u>\$ 46,611,945</u>	<u>\$ 83,493</u>	<u>\$ 46,528,452</u>	<u>\$ -</u>

Mutual funds are valued using prices quoted in active markets for those securities. U.S. government agency securities are valued using quoted market prices for similar securities.

COUNTY COMMISSIONERS OF WASHINGTON COUNTY

Notes to the Financial Statements June 30, 2024

4. RECEIVABLES

Receivables as of year-end for the government's funds, including the applicable allowances for uncollectible accounts are as follows:

	Governmental Activities			
	General	Capital Projects	Non-Major	Total
Receivables:				
Taxes receivable	\$1,994,969	\$ -	\$ -	\$ 1,994,969
Accounts receivable	3,771,609	419,163	411,058	4,601,830
Gross receivables	5,766,578	419,163	411,058	6,596,799
Less: allowance for uncollectibles	(2,201,851)	-	-	(2,201,851)
Net Total Receivables	\$3,564,727	\$ 419,163	\$ 411,058	\$ 4,394,948

	Business-type Activities				
	Water Quality	Solid Waste	Airport	Non-Major	Total
Accounts receivable	\$ 1,369,211	\$ 429,948	\$ 32,356	\$ 37,130	\$ 1,868,645
Less: allowance for uncollectibles	(17,746)	(334,726)	(12,140)	-	(364,612)
Net Total Receivables	\$ 1,351,465	\$ 95,222	\$ 20,216	\$ 37,130	\$ 1,504,033

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 record unearned revenue in connection with resources that have been received, but not yet earned. As of the end of the current fiscal year unavailable revenue for delinquent property taxes receivable reported in the General Fund was \$1,634,713. Receivables do not include various taxes collected by the State of Maryland on behalf of the County, including income taxes. These amounts are included in Due From Other Governmental Agencies.

Lease Receivable

The County leases land; cell tower, building and office space; residential property and a pretreatment facility to multiple third parties. The leases vary in length up to the year 2105 and the County will receive average monthly payments of \$49,660. The County recognized \$388,599 in lease revenue and \$378,257 in interest revenue during the current fiscal year related to these leases. As of June 30, 2024, the County's receivable for lease payments was \$14,715,251. Also, the County has a deferred inflow of resources associated with these leases that will be recognized as revenue over the lease term. As of June 30, 2024, the balance of the deferred inflow of resources was \$14,239,500.

COUNTY COMMISSIONERS OF WASHINGTON COUNTY

Notes to the Financial Statements June 30, 2024

5. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2024, was as follows:

Primary Government

	Balance June 30, 2023	Additions	Retirements	Balance June 30, 2024
Governmental Activities:				
Capital assets, not being depreciated or amortized:				
Land	\$ 105,221,186	\$ 4,038,584	\$ (1,592,738)	\$ 107,667,032
Capital assets, being depreciated:				
Land improvements	22,348,285	244,623	-	22,592,908
Building and improvements	123,374,176	1,611,960	-	124,986,136
Vehicles	21,745,683	3,238,821	(879,936)	24,104,568
Infrastructure	1,227,266,872	2,630,559	(5,012,088)	1,224,885,343
Machinery and equipment	10,931,073	2,471,641	(348,929)	13,053,785
Office furniture and equipment	769,884	28,339	(24,495)	773,728
Computer equipment	32,688,239	108,253	(237,205)	32,559,287
Right to use - land	274,065	-	-	274,065
Right to use - vehicles and equipment	2,121,121	184,352	(105,186)	2,200,287
Right to use - subscriptions	2,854,771	2,014,891	(452,385)	4,417,277
Total capital assets, being depreciated or amortized	1,444,374,169	12,533,439	(7,060,224)	1,449,847,384
Total Capital Assets	1,549,595,355	16,572,023	(8,652,962)	1,557,514,416
Accumulated depreciation and amortization for:				
Land improvements	(9,228,405)	(890,106)	-	(10,118,511)
Building and improvements	(52,161,571)	(3,728,592)	-	(55,890,163)
Vehicles	(15,090,968)	(1,777,432)	812,613	(16,055,787)
Infrastructure	(986,086,676)	(8,329,509)	-	(994,416,185)
Machinery and equipment	(7,428,304)	(830,441)	342,166	(7,916,579)
Office furniture and equipment	(769,884)	(472)	24,495	(745,861)
Computer equipment	(30,536,611)	(645,941)	232,499	(30,950,053)
Right to use - land	(39,776)	(19,888)	-	(59,664)
Right to use - vehicles and equipment	(449,939)	(438,205)	105,186	(782,958)
Right to use - subscriptions	(430,423)	(984,095)	75,442	(1,339,076)
Total Accumulated Depreciation and Amortization	(1,102,222,557)	(17,644,681)	1,592,401	(1,118,274,837)
Governmental Activities Capital Assets, Net	\$ 447,372,798	\$ (1,072,658)	\$ (7,060,561)	\$ 439,239,579
Projects Under Construction	\$ 15,331,635	\$ 30,113,231	\$ (14,149,043)	\$ 31,295,823

COUNTY COMMISSIONERS OF WASHINGTON COUNTY

Notes to the Financial Statements June 30, 2024

5. CAPITAL ASSETS (continued)

Primary Government (continued)

	Balance June 30, 2023	Additions	Retirements	Balance June 30, 2024
Business-type Activities:				
Capital assets, not being depreciated or amortized:				
Land	\$ 12,329,898	\$ -	\$ -	\$ 12,329,898
Capital assets, being depreciated:				
Land improvements	153,126,441	100,795	(93,370)	153,133,866
Building and improvements	72,948,817	97,678	(107,379)	72,939,116
Facilities	130,068,698	436,760	(1,039,543)	129,465,915
Vehicles	11,061,035	628,285	(1,128,983)	10,560,337
Machinery and equipment	13,018,441	323,148	(1,427,418)	11,914,171
Office furniture and equipment	236,188	-	-	236,188
Computer equipment	1,655,733	-	(772,144)	883,589
Treatment plants	100,615,360	21,480	(20,763)	100,616,077
Right to use - vehicles and equipment	2,846,507	735,655	(158,428)	3,423,734
Right to use - subscriptions	49,890	-	(49,890)	-
Total capital assets, being depreciated or amortized	485,627,110	2,343,801	(4,797,918)	483,172,993
Total Capital Assets	497,957,008	2,343,801	(4,797,918)	495,502,891
Accumulated depreciation and amortization for:				
Land improvements	(131,777,545)	(6,235,548)	93,369	(137,919,724)
Building and improvements	(30,137,656)	(1,971,129)	57,442	(32,051,343)
Facilities	(42,797,226)	(1,728,493)	670,817	(43,854,902)
Vehicles	(6,101,800)	(1,004,689)	1,102,699	(6,003,790)
Machinery and equipment	(10,404,343)	(454,381)	1,302,437	(9,556,287)
Office furniture and equipment	(236,188)	-	-	(236,188)
Computer equipment	(1,424,150)	(43,064)	772,144	(695,070)
Treatment plants	(35,609,935)	(1,947,729)	19,333	(37,538,331)
Right to use - vehicles and equipment	(640,823)	(427,517)	157,795	(910,545)
Right to use - subscriptions	(9,978)	-	9,978	-
Total Accumulated Depreciation and Amortization	(259,139,644)	(13,812,550)	4,186,014	(268,766,180)
Business-type Activities Capital Assets, Net	\$ 238,817,364	\$ (11,468,749)	\$ (611,904)	\$ 226,736,711
Projects Under Construction	\$ 6,555,598	\$ 15,793,275	\$ (7,137,667)	\$ 15,211,206

COUNTY COMMISSIONERS OF WASHINGTON COUNTY

Notes to the Financial Statements June 30, 2024

5. CAPITAL ASSETS (continued)

Primary Government (continued)

Depreciation and amortization expense was charged to governmental functions as follows:

Governmental Activities:

General Government	\$ 12,647,459
Public Safety	3,240,059
Park, recreation and culture	400,374
Conservation of Natural Resources	11,995
Highways and streets	1,344,794
Total Depreciation and Amortization Expense - Governmental Activities	\$ 17,644,681

Business-Type Activities:

Public Transit Fund	\$ 831,121
Airport Fund	7,236,922
Golf Course Fund	184,680
Water Quality Fund	4,020,627
Solid Waste Fund	1,539,200
Total Depreciation and Amortization Expense – Business-Type Activities	\$ 13,812,550

Board of Education

	Balance June 30, 2023	Additions	Deletions	Transfers	Balance June 30, 2024
Government Activities					
Capital assets, not being depreciated:					
Land	\$ 9,749,615	\$ -	\$ -	\$ -	\$ 9,749,615
Facilities under construction	14,213,602	3,784,981	(5,361,270)	-	12,637,313
	<u>23,963,217</u>	<u>3,784,981</u>	<u>(5,361,270)</u>	<u>-</u>	<u>22,386,928</u>
Capital assets, being depreciated:					
Building and improvements	391,465,819	4,919,180	-	-	396,384,999
Leased building and improvements	437,113	-	(358,218)	-	78,895
Furniture and equipment	47,814,673	3,793,344	(3,936,665)	4,239	47,675,591
Leased furniture and equipment	4,129,275	182,827	(1,192,616)	-	3,119,486
Financed Equipment	304,282	-	-	-	304,282
Leased subscription based asset	5,252,796	544,787	-	-	5,797,583
	<u>449,403,958</u>	<u>9,440,138</u>	<u>(5,487,499)</u>	<u>4,239</u>	<u>453,360,836</u>
Accumulated depreciation:					
Building and improvements	(188,399,351)	(8,223,531)	-	-	(196,622,882)
Leased building and improvements	(201,712)	(43,711)	169,158	-	(76,265)
Furniture and equipment	(32,278,109)	(2,932,227)	3,839,240	-	(31,371,096)
Leased furniture and equipment	(2,523,582)	(341,736)	1,124,201	-	(1,741,117)
Financed Equipment	(151,336)	(63,214)	-	-	(214,550)
Leased subscription based asset	(3,296,438)	(956,401)	-	-	(4,252,839)
	<u>(226,850,528)</u>	<u>(12,560,820)</u>	<u>5,132,599</u>	<u>-</u>	<u>(234,278,749)</u>
Governmental Activities Capital Assets, Net	\$ 246,516,647	\$ 664,299	\$ (5,716,170)	\$ 4,239	\$ 241,469,015

COUNTY COMMISSIONERS OF WASHINGTON COUNTY

Notes to the Financial Statements June 30, 2024

5. CAPITAL ASSETS (continued)

Board of Education (continued)

	Balance June 30, 2023	Additions	Deletions	Transfers	Balance June 30, 2024
Business-type Activities					
Capital assets, not being depreciated:					
Facilities under construction	\$ -	\$ 135,225	\$ -	\$ -	\$ 135,225
Total capital assets not being depreciated	<u>-</u>	<u>135,225</u>	<u>-</u>	<u>-</u>	<u>135,225</u>
Capital assets, being depreciated:					
Furniture and equipment	6,176,409	722,416	(293,006)	(4,239)	6,601,580
Leased subscription based asset	193,629	-	-	-	193,629
Total capital assets being depreciated	<u>6,370,038</u>	<u>722,416</u>	<u>(293,006)</u>	<u>(4,239)</u>	<u>6,795,209</u>
Accumulated depreciation:					
Furniture and equipment	(4,046,401)	(416,650)	268,851	-	(4,194,200)
Leased subscription based asset	(17,211)	(35,205)	-	-	(52,416)
Total accumulated depreciation	<u>(4,063,612)</u>	<u>(451,855)</u>	<u>268,851</u>	<u>-</u>	<u>(4,246,616)</u>
Business-type Activities Capital Assets, Net	<u>\$ 2,306,426</u>	<u>\$ 405,786</u>	<u>\$ (24,155)</u>	<u>\$ (4,239)</u>	<u>\$ 2,683,818</u>

Depreciation/Amortization expense was charged to the functions/programs of the Board as follows:

Governmental activities:	
Administration	\$ 146,962
Mid-level administration	337,886
Other instructional costs	1,080,231
Special Education	26,378
Student transport services	1,489,712
Operation of plant	8,874,220
Maintenance of plant	605,431
Total Governmental Activities Depreciation Expense	<u>\$ 12,560,820</u>

COUNTY COMMISSIONERS OF WASHINGTON COUNTY

Notes to the Financial Statements

June 30, 2024

6. INTERFUND RECEIVABLES AND PAYABLES

Outstanding balances between funds are reported as “due to/from other funds” and are the result of the County’s central cash management and disbursement system. Other activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are also referred to in the fund statements as “due to/from other funds.”

On November 15, 2022, the Board of County Commissioners approved an interfund loan from the General fund to the Solid Waste fund to purchase a compactor. The loan amount is \$952,230 and is repayable in sixty monthly payments of \$16,690.46 beginning on December 1, 2022.

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Capital Projects	General	\$ 167,348,693
Solid Waste	General	13,000,000
Sewer	General	12,404,439
Sewer	HEPMPO	174,754
Sewer	Pretreatment	333,184
Total		<u>\$ 193,261,070</u>
General Fund	Solid Waste	<u>\$ 660,920</u>

Board of Education

<u>Receivable Entity</u>	<u>Payable Entity</u>	<u>Amount</u>
Component unit - Board of Education	Primary government - capital projects	\$ 335,686

All interfund receivables and payables are without interest.

COUNTY COMMISSIONERS OF WASHINGTON COUNTY

Notes to the Financial Statements

June 30, 2024

7. INTERFUND TRANSACTIONS

During the course of normal operations, the County has numerous transactions between funds. Usually these transfers are undertaken to enable the receiving funds to provide services that the government has determined to be in the best interest of the County. Transfers are reported as “Other Financing Sources (Uses)” in the governmental funds and as “Operating Transfers” or “Capital Transfers” in the enterprise funds. A summary of transfers follows:

<u>Fund</u>	<u>Operating Transfers In</u>	<u>Operating Transfers Out</u>	<u>Capital Transfers In</u>	<u>Capital Transfers Out</u>
General Fund:				
Capital Projects	\$ -	\$ -	\$ -	\$ 28,404,777
Highway Fund	-	-	-	500,000
Solid Waste	-	450,000	-	-
Public Transit	-	1,052,540	-	-
Water Quality	-	1,453,540	-	-
Grant Management	-	387,640	-	-
Agricultural Education Center	-	238,200	-	-
Golf Course	-	433,690	-	-
HEPMPO	-	5,130	-	-
Land Preservation	-	69,399	-	-
Hotel Rental	38,000	-	-	-
Capital Projects Fund:				
General Fund	-	-	28,404,777	-
Highway Fund	-	-	500,000	-
Water Quality	-	-	-	303,380
Public Transit	-	-	-	16,000
Golf Course	-	-	-	13,500
Land Preservation	-	-	-	1,900,000
Solid Waste:				
General Fund	450,000	-	-	-
Public Transit:				
General Fund	1,052,540	-	-	-
HEPMPO	-	21,540	-	-
Capital Projects	-	-	16,000	-

COUNTY COMMISSIONERS OF WASHINGTON COUNTY

Notes to the Financial Statements June 30, 2024

7. INTERFUND TRANSACTIONS (continued)

<u>Fund</u>	<u>Operating Transfers In</u>	<u>Operating Transfers Out</u>	<u>Capital Transfers In</u>	<u>Capital Transfers Out</u>
Water Quality:				
General Fund	\$ 1,453,540	\$ -	\$ -	\$ -
Capital Projects	-	-	303,380	-
Airport:				
Hotel Rental	50,000	-	-	-
Golf Course:				
General Fund	433,690	-	-	-
Capital Projects	-	-	13,500	-
Grant Management:				
General Fund	387,640	-	-	-
Agricultural Education Center:				
General Fund	238,200	-	-	-
HEPMPO:				
General Fund	5,130	-	-	-
Public Transit Fund	21,540	-	-	-
Hotel Rental:				
General Fund	-	38,000	-	-
Airport	-	50,000	-	-
Land Preservation:				
General Fund	69,399	-	-	-
Capital Projects Fund	-	-	1,900,000	-
Total	<u>\$ 4,199,679</u>	<u>\$ 4,199,679</u>	<u>\$ 31,137,657</u>	<u>\$ 31,137,657</u>

COUNTY COMMISSIONERS OF WASHINGTON COUNTY

Notes to the Financial Statements June 30, 2024

8. LONG-TERM DEBT, LEASES, AND SUBSCRIPTIONS

Primary Government

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. General obligation bonds are direct obligations and pledge the full faith and credit of the County. These bonds generally are issued as 20-year serial bonds with different amounts of principal maturing each year. General obligation bonds, leases, and subscriptions currently outstanding are as follows:

	Interest Rate	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities						
Public Sale Bonds payable:						
General obligation bonds	1.4-5%	\$ 142,148,355	\$ 18,850,000	\$ 19,217,614	\$ 141,780,741	\$ 11,186,165
Unamortized bond premium		7,365,773	1,678,499	1,377,906	7,666,366	-
Total bonds payable		149,514,128	20,528,499	20,595,520	149,447,107	11,186,165
Other loans payable						
Direct Borrowing: Maryland Water Quality loans	1.0%	1,132,353	-	278,877	853,476	281,666
Total bonds and loans payable		150,646,481	20,528,499	20,874,397	150,300,583	11,467,831
Direct Borrowing: Agricultural Land Preservation	2.0%	578,436	-	181,779	396,657	181,779
Leases		1,729,998	191,412	509,064	1,412,346	421,413
Subscriptions		1,799,332	1,989,641	1,179,821	2,609,152	1,100,765
Net pension liability		104,409,551	-	13,294,862	91,114,689	-
Governmental Activity Long-term Liabilities		259,163,798	22,709,552	36,039,923	245,833,427	13,171,788
Business-type Activities						
Public Sale Bonds payable:						
General obligation bonds	1.4-5.0%	39,661,645	1,435,000	2,472,387	38,624,258	2,598,835
Unamortized bond premium		2,750,042	122,928	372,763	2,500,208	-
Unamortized bond discount		-	-	-	-	-
Total bonds payable		42,411,687	1,557,928	2,845,150	41,124,466	2,598,835
Other loans payable:						
Direct Borrowing: Maryland Water Quality loans	0.70-1.1%	3,600,662	-	379,214	3,221,447	319,984
Total bonds and loans payable		46,012,349	1,557,928	3,224,364	44,345,913	2,918,819
Leases		1,438,079	756,624	644,497	1,550,206	635,453
Subscriptions		39,440	10,450	49,890	-	-
Business-type Activity Long-term Liabilities		47,489,868	2,325,002	3,918,751	45,896,119	3,554,272
Total Combined Activities Long-term Liabilities		\$ 306,653,666	\$ 25,034,554	\$ 39,958,674	\$ 291,729,546	\$ 16,726,060

COUNTY COMMISSIONERS OF WASHINGTON COUNTY

Notes to the Financial Statements June 30, 2024

8. LONG-TERM DEBT, LEASES, AND SUBSCRIPTIONS (continued)

Primary Government (continued)

Summary of remaining debt service requirements for the years ended June 30, are as follows:

Year ending June 30,	Governmental Activities				Business-type Activities			
	General Obligation Bonds		Direct Borrowings		General Obligation Bonds		Direct Borrowings	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2025	\$ 11,186,165	\$ 4,586,754	\$ 281,666	\$ 8,533	\$ 2,598,835	\$ 1,284,557	\$ 319,984	\$ 21,552
2026	11,064,062	4,561,406	284,483	5,718	2,720,938	1,206,852	225,537	18,711
2027	10,734,651	4,138,654	287,327	2,875	2,835,349	1,108,917	227,335	16,914
2028	11,177,065	3,727,043	-	-	2,937,936	1,011,390	660,528	15,103
2029	9,259,331	3,345,861	-	-	2,745,669	914,785	199,629	13,587
2030-2034	43,099,287	11,079,237	-	-	11,035,710	3,281,129	1,021,295	44,785
2035-2039	30,324,173	5,085,420	-	-	7,870,827	1,594,118	567,139	8,439
2040-2044	14,106,007	1,255,712	-	-	4,393,995	543,876	-	-
2045-2049	830,000	16,600	-	-	1,484,999	108,081	-	-
Total	<u>\$ 141,780,741</u>	<u>\$ 37,796,687</u>	<u>\$ 853,476</u>	<u>\$ 17,126</u>	<u>\$ 38,624,258</u>	<u>\$ 11,053,705</u>	<u>\$ 3,221,447</u>	<u>\$ 139,091</u>
Plus:								
Unamortized premium	7,666,366				2,500,208			
	<u>\$ 149,447,107</u>				<u>\$ 41,124,466</u>			

The County Commissioners have received bonding authority from the State Legislature to issue public facilities bonds for the purpose of financing various capital projects. As of June 30, 2024, the unused authorization was \$67,510,096.

Conduit Debt

From time to time, the County has issued Industrial Revenue Bonds to provide financial assistance to private-sector entities for the acquisition and construction of industrial and commercial facilities deemed to be in the public interest. The bonds are secured by the property financed and are payable solely from payments received in the underlying mortgage loans. Upon repayment of the bonds, ownership of the acquired facilities transfers to the private-sector entity served by the bond issuance. Neither the County, the State, nor any political subdivision thereof is obligated in any manner for repayment of the bonds. In accordance with governmental accounting standards, the bonds are not reported as liabilities in the accompanying financial statements. As of June 30, 2024, there were Industrial Revenue Bonds outstanding with an aggregate principal amount payable of \$89,141,913.

COUNTY COMMISSIONERS OF WASHINGTON COUNTY

Notes to the Financial Statements

June 30, 2024

8. LONG-TERM DEBT, LEASES, AND SUBSCRIPTIONS (continued)

Primary Government (continued)

Agricultural Land Preservation Installments

The County has entered into installment contracts to purchase easements for agricultural land preservation purposes. Under the terms of the installment contracts, the County pays the property owner annual interest and principal payments over the ten-year term of the contract. The primary source of revenue for repayment of the indebtedness is a portion of the transfer tax on all transfers of real property in the County. The annual requirements to amortize agricultural preservation installments outstanding as of June 30, 2024, are as follows:

<u>As of</u> <u>June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u> <u>Requirement</u>
2025	\$ 181,779	\$ 7,933	\$ 189,712
2026	181,779	4,298	186,077
2027	33,099	662	33,761
Total	<u>\$ 396,657</u>	<u>\$ 12,893</u>	<u>\$ 409,550</u>

For the year ended June 30, 2024, total principal and interest incurred related to agricultural land preservation installments was \$181,779 and \$11,569, respectively.

Leases

County as Lessee

The County has entered into various lease agreements as lessee primarily for vehicles and machinery/equipment. Most leases have a maximum term of five years. Leases with variable lease payments include those for exceeding an allotted amount per the terms of the contract. The interest rate assigned is the interest rate on the contract. If one is not noted, the County utilizes its incremental borrowing rate to discount the lease payments.

COUNTY COMMISSIONERS OF WASHINGTON COUNTY

Notes to the Financial Statements June 30, 2024

8. LONG-TERM DEBT, LEASES, AND SUBSCRIPTIONS (continued)

County as Lessee (continued)

At June 30, 2024, the statement of net position includes the following amounts relating to leases:

	Governmental Activities	Business-type Activities	Total
Right of use of leased assets:			
Land	\$ 274,065	\$ -	\$ 274,065
Vehicles	405,409	-	405,409
Machinery and equipment	1,794,878	3,423,734	5,218,612
Total Right of Use Leased Assets	2,474,352	3,423,734	5,898,086
Less Accumulated Amortization for:			
Right of use of leased assets:			
Land	59,664	-	59,664
Vehicles	180,900	-	180,900
Machinery and equipment	602,058	910,545	1,512,603
Total Accumulated Amortization	842,622	910,545	1,753,167
Total Right of use leased assets, net:			
Land	214,401	-	214,401
Vehicles	224,509	-	224,509
Machinery and equipment	1,192,820	2,513,189	3,706,009
Total	<u>\$ 1,631,730</u>	<u>\$ 2,513,189</u>	<u>\$ 4,144,919</u>
Lease Payable:			
Current	421,413	635,453	1,056,866
Non-Current	990,933	914,753	1,905,686
Total	<u>\$ 1,412,346</u>	<u>\$ 1,550,206</u>	<u>\$ 2,962,552</u>

The future principal and interest lease payments as of June 30, 2024, are as follows:

Governmental Activities				Business-Type Activities			
Fiscal Year	Principal Payments	Interest Payments	Total	Fiscal Year	Principal Payments	Interest Payments	Total
2025	\$ 421,413	\$ 35,285	\$ 456,698	2025	\$ 635,453	\$ 78,376	\$ 713,829
2026	388,681	24,358	413,039	2026	277,501	50,730	328,231
2027	360,179	13,149	373,328	2027	268,160	34,674	302,834
2028	70,256	3,905	74,161	2028	227,081	18,643	245,724
2029	31,445	2,487	33,932	2029	85,227	7,934	93,161
2030-2034	118,646	5,537	124,183	2030-2034	56,784	1,139	57,923
2035-2039	21,726	133	21,859	Total	<u>\$ 1,550,206</u>	<u>\$ 191,496</u>	<u>\$ 1,741,702</u>
Total	<u>\$ 1,412,346</u>	<u>\$ 84,854</u>	<u>\$ 1,497,200</u>				

COUNTY COMMISSIONERS OF WASHINGTON COUNTY

Notes to the Financial Statements June 30, 2024

8. LONG-TERM DEBT, LEASES, AND SUBSCRIPTIONS (continued)

County as Lessor

The County leases out some of its land, cellular space and buildings. Most land leases are a five-year term. Cellular space and building leases vary with a maximum term of 99 years. The County has included any renewal options in the lease term when they are both non-cancellable and reasonably certain to be exercised. The interest rate assigned is the interest rate on the contract. If one is not noted, the County utilizes its incremental borrowing rate to discount the lease payments.

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

	Governmental Activities		Business-type Activities		Total
Lease revenue	\$	91,512	\$	297,087	\$ 388,599
Interest revenue		28,187		350,070	378,257

At June 30, 2024, the principal and interest requirements to maturity for the leases receivable are as follows:

Fiscal Year	Governmental Activities			Business-Type Activities		
	Principal Payments	Interest Payments	Total	Principal Payments	Interest Payments	Total
2025	\$ 68,691	\$ 27,008	\$ 95,699	\$ 192,799	\$ 352,450	\$ 545,249
2026	58,074	25,704	83,778	162,489	347,316	509,805
2027	60,638	24,393	85,031	151,105	343,852	494,957
2028	64,685	22,988	87,673	143,315	340,481	483,796
2029	68,912	21,481	90,393	122,414	337,348	459,762
2030 - 2034	398,585	81,087	479,672	246,007	1,654,985	1,900,992
2035 - 2039	220,873	39,479	260,352	538,427	1,594,445	2,132,872
2040 - 2044	139,944	7,385	147,329	693,383	1,516,233	2,209,616
2045 - 2049	-	-	-	760,038	1,417,886	2,177,924
2050 - 2054	-	-	-	512,738	1,340,469	1,853,207
2055 - 2059	-	-	-	596,682	1,269,046	1,865,728
2060 - 2064	-	-	-	693,518	1,185,982	1,879,500
2065 - 2069	-	-	-	659,355	1,096,891	1,756,246
2070 - 2074	-	-	-	718,425	1,009,575	1,728,000
2075 - 2079	-	-	-	817,355	910,645	1,728,000
2080 - 2084	-	-	-	929,907	798,093	1,728,000
2085 - 2089	-	-	-	1,057,958	670,042	1,728,000
2090 - 2094	-	-	-	1,203,641	524,359	1,728,000
2095 - 2099	-	-	-	1,369,386	358,614	1,728,000
2100 - 2104	-	-	-	1,557,955	170,045	1,728,000
2105 - 2106	-	-	-	507,952	10,450	518,402
Total	\$ 1,080,402	\$ 249,525	\$ 1,329,927	\$ 13,634,849	\$ 17,249,207	\$ 30,884,056

COUNTY COMMISSIONERS OF WASHINGTON COUNTY

Notes to the Financial Statements June 30, 2024

8. LONG-TERM DEBT, LEASES, AND SUBSCRIPTIONS (continued)

Subscriptions

GASB Statement No. 96, Subscription-Based Information Technology Arrangements (SBITA), was implemented to enhance the relevance and consistency of information about governments' subscription activities. Under this Statement, an organization is required to recognize a subscription liability and an intangible right-to-use subscription asset. As of June 30, 2024, the County had 19 active subscriptions. The subscriptions have payments that range from \$5,700 to \$327,375 annually and interest rates that range from 1.7100% to 3.6310%.

At June 30, 2024, the statement of net position includes the following amounts relating to subscriptions:

	Governmental Activities	Business-type Activities	Total
Right-of-use of subscription assets:			
Software	\$ 4,417,277	\$ -	\$ 4,417,277
Total Right-of-use of subscription assets:	4,417,277	-	4,417,277
Less Accumulated Amortization for:			
Right-of-use of subscription assets:			
Software	1,339,076	-	1,339,076
Total Accumulated Amortization:	1,339,076	-	1,339,076
Total Right-of-use of subscription assets, net:			
Software	3,078,201	-	3,078,201
Total:	<u>\$ 3,078,201</u>	<u>\$ -</u>	<u>\$ 3,078,201</u>
Lease payable:			
Current	1,100,765	-	1,100,765
Non-current	1,508,387	-	1,508,387
Total	<u>\$ 2,609,152</u>	<u>\$ -</u>	<u>\$ 2,609,152</u>

The future principal and interest subscription payments as of June 30, 2024, are as follows:

Principal and Interest Requirements to Maturity

Fiscal Year	Governmental Activities		
	Principal Payments	Interest Payments	Total Payments
2025	\$ 1,100,765	\$ 66,843	\$ 1,167,608
2026	1,096,546	41,865	1,138,411
2027	295,272	9,193	304,465
2028	75,124	2,393	77,517
2029	41,445	691	42,136
Total	<u>\$ 2,609,152</u>	<u>\$ 120,985</u>	<u>\$ 2,730,137</u>

Fiscal Year	Business-Type Activities		
	Principal Payments	Interest Payments	Total Payments
2025	\$ -	\$ -	\$ -
2026	-	-	-
2027	-	-	-
2028	-	-	-
2029	-	-	-
Total	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

COUNTY COMMISSIONERS OF WASHINGTON COUNTY

Notes to the Financial Statements June 30, 2024

8. LONG-TERM DEBT, LEASES, AND SUBSCRIPTIONS (continued)

Board of Education

Pertinent information regarding the leases and subscription liabilities is presented below:

Governmental Activities			Outstanding Liability	Asset Value	Accumulated Amortization
Date of Issue	Initial Liability	Purpose	Balance 6/30/2024	6/30/2024	6/30/2024
Various	\$ 4,017,872	The School System entered into 12-year bus contracts with various contractors. Monthly payments range from \$737 to \$1,183. These payments are per allotment (PVA), which is the School System's payment to use the bus. The lease(s) have an interest rate of 5%.	\$ 1,429,024	\$ 2,825,256	\$ 1,535,155
12/31/2020	294,231	The School System entered into a lease agreement for 2 digital presses. There is one yearly payment made of \$64,723. The lease bears an interest rate of 5%.	61,642	294,231	205,961
11/1/2014	78,895	The School System entered into a lease agreement to lease space from N&R Reality. The monthly payment is \$833. The lease bears an interest rate of 5%.	3,299	78,895	76,265
4/1/2022	131,568	The School System entered into a subscription agreement to lease cloud hosting from Tyler Technologies. The yearly payment is \$46,012. The lease bears an interest rate of 5%. (SBITA)	-	131,568	98,676
7/1/2020	2,318,787	The School System entered into a subscription agreement to lease Vnware from Dell Marketing. The yearly payment is \$510,077. The lease bears an interest rate of 5%. (SBITA)	485,788	2,318,787	1,855,030
9/22/2021	857,248	The School System entered into a subscription agreement to lease firewall hardware from Skyline. The monthly payment is \$17,011. The lease bears an interest rate of 2.35%. (SBITA)	316,964	857,248	538,611

COUNTY COMMISSIONERS OF WASHINGTON COUNTY

Notes to the Financial Statements June 30, 2024

8. LONG-TERM DEBT, LEASES, AND SUBSCRIPTIONS (continued)

Board of Education (continued)

Date of Issue	Initial Liability	Purpose	Outstanding Liability Balance 6/30/2024	Asset Value 6/30/2024	Accumulated Amortization 6/30/2024
7/1/2022	12,089	The School System entered into a subscription agreement to lease legal research platform from Thomas Reuters. The monthly payment is \$361. The lease bears an interest rate of 5%. (SBITA)	4,215	12,089	8,059
2/24/2001	1,473,966	The School System entered into a subscription agreement to lease cloud security from Hewlett Packard-Aperture. The yearly payment is \$99,601. The lease bears an interest rate of 5%. (SBITA)	94,859	1,473,966	1,376,848
8/1/2023	544,787	The School System entered into a subscription agreement to lease backup cloud services from CDW Government. The annual payment is \$119,840. The lease bears an interest rate of 5%. (SBITA)	424,947	544,787	99,878
Total Governmental Activities			<u>\$ 2,916,926</u>	<u>\$ 8,995,964</u>	<u>\$ 6,070,220</u>

Business-Type Activities

Date of Issue	Initial Liability	Purpose	Outstanding Liability Balance 6/30/2024	Asset Value 6/30/2024	Accumulated Amortization 6/30/2024
1/5/2023	193,629	The School System entered into a subscription agreement to lease food service software from EMS LINQ. The yearly payment is \$41,170. The lease bears an interest rate of 5%. (SBITA)	\$ 145,987	\$ 193,629	\$ 52,416
Total Business-Type Activities			<u>\$ 145,987</u>	<u>\$ 193,629</u>	<u>\$ 52,416</u>

Governmental Activities

Year	Principal	Interest	Total
2025	\$ 1,294,690	\$ 133,134	\$ 1,427,824
2026	485,323	73,200	558,523
2027	369,909	53,154	423,063
2028	305,941	35,084	341,025
2029	134,230	20,395	154,625
2030-2034	326,833	32,325	359,158
	<u>\$ 2,916,926</u>	<u>\$ 347,292</u>	<u>\$ 3,264,218</u>

Business-Type Activities

Year	Principal	Interest	Total
2025	\$ 33,871	\$ 7,299	\$ 41,170
2026	35,564	5,606	41,170
2027	37,342	3,828	41,170
2028	39,210	1,960	41,170
2029	-	-	-
2030-2034	-	-	-
	<u>\$ 145,987</u>	<u>\$ 18,693</u>	<u>\$ 164,680</u>

COUNTY COMMISSIONERS OF WASHINGTON COUNTY

Notes to the Financial Statements

June 30, 2024

8. LONG-TERM DEBT, LEASES, AND SUBSCRIPTIONS (continued)

Regulated Leases

Primary Government

During fiscal year 2004, the County entered into a lease agreement whereby the lessee constructed a building and improvements on land owned at the Airport. The total cost of the building and improvements was capitalized as an asset in the Airport Fund with an estimated useful life of 40 years. As of June 30, 2004, the building and improvements were estimated at \$2,500,000. During the year ended June 30, 2005, a revised cost was obtained reducing the value to \$2,000,000. The \$500,000 adjustment was recorded as a reduction to fixed assets and deferred inflow of resources in the June 30, 2005, financial statements. The terms of the original agreement which began June 30, 2004, allowed the lessee to use the property for a period of 25 years, with no additional payments due. During fiscal year 2006, this lease was amended with lease terms extended to 31 years and additional building and improvements valued at \$1,800,000 were capitalized as an asset in the Airport Fund with an estimated useful life of 40 years.

During fiscal year 2009, a second amendment to the lease agreement allowed for additional building and improvements valued at \$400,000 and an extension of the lease through December 31, 2042. The addition was capitalized as an asset in the Airport Fund with an estimated useful life of 40 years. Deferred inflow of resources in the amount of \$2,500,000 was recorded in the Airport Fund at the inception of this lease but was adjusted down to \$2,000,000 during year ended 2005, and was to be recognized as rental income over the original 25 year term of the lease. Since the amendments extending the lease term and the additional capitalization of building and improvements, the remaining deferred inflow of resources of \$3,587,724 as of June 30, 2010, will be amortized over 33 years. The terms of the agreement as amended in fiscal year 2009, allow the lessee to use the property for a period of 33 years. The terms of the lease agreement require that the lessee pay the County annual rent of \$5,250 beginning May 1, 2006, with an annual increase of 4% each May 1st thereafter. The lease also requires that the County credit the lessee \$127,500 for the lessee's incurred costs in excavating the site for the addition. The agreement allows an option for the lessee to continue the lease past the 33-year term at a rental payment equal to the fair market rental value of the leased property at that time.

COUNTY COMMISSIONERS OF WASHINGTON COUNTY

Notes to the Financial Statements

June 30, 2024

8. LONG-TERM DEBT, LEASES, AND SUBSCRIPTIONS (continued)

Regulated Leases (continued)

Primary Government (continued)

A third amendment to the lease agreement was signed in fiscal year 2013 to clarify definitions among other things but made no substantial changes to financial components of the lease that impacted reporting or disclosure requirements. During fiscal year 2024, a fourth amendment to the lease agreement was signed that allowed for a third addition of approximately 4,800 square feet valued at \$750,000 and to include an additional renewal term of 5 years pushing the end of the final lease term to December 31, 2047. Upon completion of the addition, which is expected to occur during fiscal year 2025, the building improvements will be capitalized and deferred inflows of resources recorded in the airport fund. The terms of the lease agreement do not change the method of which annual rent is calculated (on a square foot basis), only that the additional square footage will be included in the calculation beginning January 2024.

During fiscal year 2006, the County entered into a lease agreement whereby the lessee constructed a building and improvements on land owned at the Airport. The total cost of the building and improvements was \$3,100,000, which was capitalized as an asset in the Airport Fund with an estimated useful life of 40 years on June 30, 2006. The terms of the agreement which began June 30, 2006, allow the lessee to use the property for a period of 39 years (primary terms). The terms of the lease agreement require that the lessee pay the County annual rent of \$5,200 during the primary terms of the lease with an annual increase of 3% each year. The agreement allows an option for the lessee to continue the lease past the 39-year term at a rental payment equal to the fair market rental value of the leased property at that time. Deferred inflow of resources in the amount of \$3,100,000 was recorded in the Airport Fund at the inception of the lease.

During fiscal year 2007, the County entered into a lease agreement whereby the lessee constructed a building and improvements for \$5,500,000, which was capitalized as an asset in the Airport Fund with an estimated useful life of 40 years on June 30, 2007. The terms of the agreement, which began December 1, 2006, allow the lessee to use the property for a period of 39 years (primary terms). The terms of the lease agreement require that the lessee pay the County annual rent of \$15,750 during the primary terms of the lease with an annual increase of 4% each year. The agreement allows an option for the lessee to continue the lease past the 39-year term at a rental payment equal to the fair market rental value of the leased property at that time. Deferred inflow of resources in the amount of \$5,500,000 was recorded in the Airport Fund on June 30, 2007.

COUNTY COMMISSIONERS OF WASHINGTON COUNTY

Notes to the Financial Statements

June 30, 2024

8. LONG-TERM DEBT, LEASES, AND SUBSCRIPTIONS (continued)

Regulated Leases (continued)

Primary Government (continued)

During fiscal year 2010, the County entered into a lease agreement whereby the lessee constructed a building and improvements for \$3,000,000, which was capitalized as an asset in the Airport Fund with an estimated useful life of 40 years on June 30, 2010. The terms of the agreement, which began June 1, 2009, allow the lessee to use the property for a period of 39 years (primary terms). The terms of the lease agreement require that the lessee pay the County annual rent of \$13,208 during the primary terms of the lease with an annual increase of 4% each year. Deferred inflow of resources in the amount of \$3,000,000 was recorded in the Airport Fund on June 30, 2010.

During fiscal year 2010, the County entered into a lease agreement whereby the lessee constructed a building and improvements for \$3,800,000, which was capitalized as an asset in the Airport Fund with an estimated useful life of 40 years on June 30, 2010. The terms of the agreement, which began November 1, 2009, allow the lessee to use the property for a period of 39 years (primary years). The terms of the lease agreement require that the lessee pay the County annual rent of \$17,000 during the primary terms of the lease with an annual increase of 4% each year. The lease also requires that the County credit the lessee \$250,000 for the lessee's incurred costs in site preparation and excavation costs. The agreement allows for an option for the lessee to continue the lease past the 39 year term at a rental payment equal to the fair market rental value of the leased property at that time. Deferred inflow of resources in the amount of \$3,800,000 was recorded in the Airport Fund as of June 30, 2010.

During fiscal year 2011, the County entered into a lease agreement whereby the lessee constructed a building and improvements for \$4,500,000, which was capitalized as an asset in the Airport Fund with an estimated useful life of 40 years on June 30, 2011. The terms of the agreement, which began July 1, 2010, allow the lessee to use the property for a period of 39 years (primary years). The terms of the lease agreement require that the lessee pay the County annual rent of \$15,985 during the primary terms of the lease with an annual increase of 4% each year. The agreement allows for an option for the lessee to continue the lease past the 39 year term at a rental payment equal to the fair market rental value of the leased property at that time. Deferred inflow of resources in the amount of \$4,500,000 was recorded in the Airport Fund as of June 30, 2011.

COUNTY COMMISSIONERS OF WASHINGTON COUNTY

Notes to the Financial Statements

June 30, 2024

8. LONG-TERM DEBT, LEASES, AND SUBSCRIPTIONS (continued)

Regulated Leases (continued)

Primary Government (continued)

During fiscal year 2013, the County entered into a lease agreement whereby the lessee constructed a building and improvements for \$2,000,000, which was capitalized as an asset in the Airport Fund with an estimated useful life of 40 years on June 30, 2013. The terms of the agreement, which began January 1, 2013, allow the lessee to use the property for a period of 30 years (initial term) with no payments due during the first five years of the initial term of the lease. The terms of the lease agreement require that the lessee pay the County annual rent of \$23,357 during the initial term of the lease with an annual increase of 2% each year. The agreement allows for an option for the lessee to continue the lease past the 30 year term at a rental payment equal to the fair market rental value of the leased property at that time. Deferred inflow of resources in the amount of \$2,000,000 was recorded in the Airport Fund as of June 30, 2013.

During fiscal year 2014, the County entered into a lease agreement whereby the lessee constructed a building and improvements for \$5,500,000, which was capitalized as an asset in the Airport Fund with an estimated useful life of 40 years on June 30, 2014. The terms of the agreement, which began November 1, 2013, allow the lessee to use the property for a period of 39 years (primary term). The terms of the lease agreement require that the lessee pay the County annual rent of \$13,881 during the primary term of the lease with an annual increase of 2% each year. The agreement allows an option for the lessee to continue the lease past the 39 year term at a rental payment equal to the fair market rental value of the leased property at that time. Deferred inflow of resources in the amount of \$5,500,000 was recorded in the Airport Fund on June 30, 2014.

During the year ending June 30, 2024, rental income for the above leases of \$987,254 was recognized in the Airport Fund.

9. UNUSED VACATION AND SICK LEAVE

Primary Government

The County accrues accumulated unpaid vacation and sick leave and associated employee-related costs when earned or estimated to be earned by the employee. The accrual of vacation leave is based upon individual salary rates in effect as of June 30, 2024, and is capped at 250 hours. The accrual of sick leave is based on payment upon termination of up to 40 hours at the individual rates in effect as of June 30, 2024, plus a rate of \$10 per day for each unused sick leave day up to a total of 130 days. Total unpaid vacation and sick leave accrued as of June 30, 2024, was \$4,068,427 and \$1,635,963 respectively. Unused vacation and sick leave will be liquidated by the respective government and enterprise funds where the current employee costs are recorded.

COUNTY COMMISSIONERS OF WASHINGTON COUNTY

Notes to the Financial Statements

June 30, 2024

9. UNUSED VACATION AND SICK LEAVE (continued)

Board of Education

The School System accrues accumulated unpaid vacation and sick leave and associated employee-related costs when earned or estimated to be earned by the employee. The accrual of vacation leave is based upon individual salary rates in effect as of June 30. The accrual of sick leave is based on payment upon retirement at rates set forth in the various negotiated agreements. Sick leave is estimated to be earned once an employee has obtained 15 years of service or 55 years of age. Total unpaid vacation and sick leave accrued at June 30, 2024 amounted to \$7,184,532. This amount is estimated to be used in subsequent fiscal years, are maintained separately and represent a reconciling item between the fund and government-wide financial statement presentations.

10. RETIREMENT PLANS

Primary Government

Plan Description

The County Commissioners of Washington County Employees' Retirement Plan (the Plan) is a single-employer defined benefit pension plan established by the County Commissioners effective July 1, 1972, and adopted by ordinance. The County Commissioners have the power and authority to establish and amend the benefit provisions of the Plan. The Plan provides retirement benefits to Plan members.

Effective January 1, 1986, members are qualified to participate in the Plan if they are compensated on the basis of working at least 40 hours per week and 12 months in a calendar year. Participation is based on the employee's status as either "uniformed" or "non-uniformed". A uniformed employee may retire at the earlier of age 50 or 25 years of service. Effective July 1, 2019, the Employees' Retirement Plan was amended. The amendment affected non-uniformed employees. Non-uniformed employees hired on or after July 1, 2019, may retire at the earlier of age 62 or 30 years of service. Vesting begins after 5 years of service. Retirement benefits for uniformed employees are calculated by a formula and provide approximately 50% of average compensation after 25 years of service. Non-uniformed employees' retirement benefits provide approximately 60% of average compensation after 30 years of service.

COUNTY COMMISSIONERS OF WASHINGTON COUNTY

Notes to the Financial Statements

June 30, 2024

10. RETIREMENT PLANS (continued)

Primary Government (continued)

Plan Description (continued)

Effective July 1, 2013, the Employees' Retirement Plan was amended. The amendment affected only non-uniformed employees. Non-uniformed employees were required to make an election to either remain under the former plan provisions or opt to participate under the new rules. For employees electing to remain under the former plan rules, a non-uniformed employee may retire at the earlier of age 60 or 30 years of service. Under the amended plan, a non-uniformed employee may retire at the earlier of age 60 or 25 years of service. Retirement benefits would provide approximately 50% of average compensation after 25 years of service. For this group eligible at the earlier of age 60 or 25 years of service, there is no longer an early retirement option. Employees hired September 1, 2013 through June 30, 2019 were required to participate in the amended plan.

Under the amended plan a non-uniformed employee may retire at the earlier of age 60 or 25 years of service. Retirement benefits would provide approximately 50% of average pay after 25 years. There is no longer an early retirement option.

Employees hired after September 1, 2013 are required to participate in the amended plan.

The net pension liability by plan is as follows:

Retirement Plan	
Net Pension Liability	\$ 90,498,366
LOSAP Plan	
Net Pension Liability	616,323
Total	<u>\$ 91,114,689</u>

Investments

The County's Pension Plan Investment Policy states that the assets are to be managed for total return, defined as dividend and interest income plus or minus capital gains and losses. Investments shall be diversified so as to minimize the risk of unacceptable losses. The portfolio is looked at as a whole rather than as individual securities. Investing for long term (preferably longer than 10 years) becomes critical to investment success because it allows the long-term characteristics of the asset classes to surface. The table below summarizes the target asset class weighting, along with the allowable ranges for each class.

COUNTY COMMISSIONERS OF WASHINGTON COUNTY

Notes to the Financial Statements

June 30, 2024

10. RETIREMENT PLANS (continued)

Primary Government (continued)

Investments (continued)

<u>Investment Type</u>	<u>Range</u>	<u>Target</u>
Equities:		
Domestic	25-45%	35%
International	10-30%	20%
Options/ Defensive Equity	0-15%	7%
Real Estate	0-10%	4%
Private Infrastructure	0-10%	4%
Private Credit/ High Yield	0-10%	5%
Fixed Income:		
Investment Grade	13-33%	23%
Money Market	0-10%	2%

Funding Policy

The contribution requirements of Plan members and the County are established and may be amended by the County Commissioners. Under the amended plan, all plan members are required to contribute 6%. Non-uniformed employees electing to remain under the old plan are required to contribute 5.5%.

All information that follows for the Plan is measured as of June 30, 2024, which is the latest actuarial report available.

Membership of the Plan

The membership consisted of the following as of June 30, 2024, the date of the latest actuarial valuation:

Retirees and beneficiaries receiving benefits	523
Terminated Plan members entitled to but not yet receiving benefits	60
Active Plan members	870
Total	<u><u>1,453</u></u>

COUNTY COMMISSIONERS OF WASHINGTON COUNTY

Notes to the Financial Statements

June 30, 2024

10. RETIREMENT PLANS (continued)

Primary Government (continued)

Actuarial Assumptions

The long-term expected rate of return on pension plan investments was determined using a standard building block approach. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and adding expected inflation. Best estimates of arithmetic assumed rates of return for each class included in the pension plans' general target asset allocation as of June 30, 2024 is as follows:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Equity	35%	5.2%
International Equity	20%	5.3%
Options / Defensive Equity	7%	4.4%
Private Real Estate	4%	4.1%
Private Infrastructure	4%	4.5%
Private Credit	5%	7.2%
Core Fixed Income	23%	2.7%
Cash	2%	0.7%
Inflation		2.3%
Total	100%	

Annual Pension Cost and Net Pension Obligation

The total pension liability for the current year was determined as part of the June 30, 2024, actuarial valuation using the projected unit credit cost method. The actuarial assumptions included (a) 7.25% investment rate of return (net of administrative expenses) including inflation, and (b) projected salary increases which vary by participant service. The actuary was using the RP-2014 adjusted Total Dataset with Generational projection using scale MP-2015. The assumptions did not include postretirement benefit increases. The actuarial value of assets was determined by the market value of investments.

COUNTY COMMISSIONERS OF WASHINGTON COUNTY

Notes to the Financial Statements June 30, 2024

10. RETIREMENT PLANS (continued)

Primary Government (continued)

Net Pension Liability

The net pension liability is equal to the total pension liability minus the net position of the plan. The result as of June 30, 2024 is as follows:

Total pension liability	\$ 314,651,455
Net position	<u>(224,153,089)</u>
Net pension liability	<u>\$ 90,498,366</u>

Net position as a percentage of total pension liability is 71.24%.

Sensitivity of the net pension liability to changes in the discount rate

The following presents the net pension liability of the Plan, calculated using a discount rate of 7.25% as well as what the Plan's net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (6.25%) or 1-percentage point higher (8.25%) than the current rate:

	1.0% decrease	Current rate	1.0% increase
	6.25%	7.25%	8.25%
Net pension liability	<u>\$ 130,714,621</u>	<u>\$ 90,498,366</u>	<u>\$ 57,025,032</u>

Deferred Outflows of Resources and Deferred Inflows of Resources

For the year ended June 30, 2024, the County recognized pension expense of \$13,678,057 for the Plan. As of June 30, 2024, the County reported deferred outflows of resources and deferred inflows of resources related to the Plan from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 6,717,960	\$ 787,690
Change in assumptions	-	-
Net difference between projected and actual investment earnings	-	6,036,086
Total	<u>\$ 6,717,960</u>	<u>\$ 6,823,776</u>

COUNTY COMMISSIONERS OF WASHINGTON COUNTY

Notes to the Financial Statements

June 30, 2024

10. RETIREMENT PLANS (continued)

Primary Government (continued)

Deferred Outflows of Resources and Deferred Inflows of Resources (continued)

The above amounts reported as deferred outflows of resources and deferred inflows of resources related to the Plan will be recognized in the pension expense as follows:

<u>Years Ended June 30,</u>	<u>Amount</u>
2025	\$ (1,658,128)
2026	4,106,478
2027	(2,248,670)
2028	(1,543,263)
2029	1,237,767
Total	<u><u>\$ (105,816)</u></u>

Board of Education

Plan Description

The employees of the Board are covered by the Maryland State Retirement and Pension System (the System), which is a multiple-employer cost sharing employer defined benefit public employee retirement system. While there are five retirement and pension systems under the System, employees of the Board are a member of either the Teachers' Retirement and Pension Systems or the Employees' Retirement and Pension Systems. The Plans are administered by the State Retirement Agency. The System was established by the State Personnel and Pensions Article of the Annotated Code of Maryland to provide retirement allowances and other benefits to State employees, teachers, police, judges, legislators, and employees of participating governmental units. Responsibility for the System's administration and operation is vested in a 15-member Board of Trustees. The System issues a publicly available financial report that can be obtained at <http://www.sra.state.md.us>. The System provides retirement allowances and other benefits to State teachers and employees of participating governmental units, among others. The School System participates in the Maryland Teachers' Retirement System (TRS), the Maryland Teachers' Pension System (TPS), the Maryland State Employee's Retirement System (ERS), and the Maryland State Employee's Pension System (EPS). Eligible professional and clerical personnel are covered under TRS or TPS. Eligible maintenance, custodial, and food service personnel are covered under ERS or EPS.

COUNTY COMMISSIONERS OF WASHINGTON COUNTY

Notes to the Financial Statements June 30, 2024

10. RETIREMENT PLANS (continued)

Board of Education (continued)

Benefits Provided

Maryland Teacher's Retirement System (TRS): Under TRS, the members are eligible for full service retirement allowances upon attaining age 60 or upon accumulating 30 years of eligible service regardless of age. The retirement allowance is 1/55th of average final compensation for the three highest years as a member for each year of creditable service. Creditable service is based on a full normal working time for teachers – ten months equals one year. TRS members are eligible for early service retirement allowances upon accumulating at least 25 years prior to attaining age 60. The service retirement allowance is reduced by 0.005 for each month that date of retirement proceeds the earlier of age 60 or the date the member would have completed 30 years of eligibility service. The maximum reduction is 30%.

They are also eligible for ordinary disability retirement allowance upon completing five years of eligibility service and receiving certification from the Medical Board that they are permanently incapable of performing their necessary job function. The ordinary disability benefit is 1/55th of average final compensation for the three highest years as a member for each of creditable service. The minimum benefit is 25% of average final compensation; the maximum benefit can be not greater than 1/55th of average final compensation for each year of creditable service the member would have accrued if employment continued to age 60. TRS members are eligible for accidental disability benefits if the Medical Board certifies that, in the course of job performance and as the direct result of an accidental injury, they become totally and permanently disabled. The accidental disability benefit is equal to 66 2/3% of the employee's average final compensation for the three highest consecutive years as a member plus the annuity provided by accumulated member contributions but cannot be greater than the average final compensation.

To be eligible for death benefits under the TRS plan, members must have either accumulated at least one year of eligible service prior to date of death or died in the line of duty. Such benefits consist of a one-time lump sum payment equal to the member's annual earnable compensation at the time of death, plus accumulated member contributions.

COUNTY COMMISSIONERS OF WASHINGTON COUNTY

Notes to the Financial Statements

June 30, 2024

10. RETIREMENT PLANS (continued)

Board of Education (continued)

Benefits Provided (continued)

Maryland Teacher's Pension System (TPS): Under TPS, there are two membership classes. All employees who were members on or before June 30, 2011, participate in the Alternate Contributory Pension Selection (ACPS) and all employees who enroll after July 1, 2011 participate in the Reformed Contributory Pension Benefit (RCPB). ACPS members qualify for normal retirement benefits upon (a) completing 30 years of eligible service, (b) reaching 62 with 5 years of eligible service, (c) reaching age 63 with 4 years of eligible service, (d) reaching age 64 with 3 years of eligible service, or (e) reaching age 65 or older with 2 years of eligible service. ACPS members are eligible for early retirement benefits after attainment of the age 55 with at least 15 years of eligible service. RCPB members qualify for normal retirement benefits when they attain a combined age and eligibility service of 90 years or after reaching age 65 with 10 years of eligible service. RCPB members are eligible for early retirement after attaining the age of 60 with at least 15 years of eligible service. Benefits are generally equal to 0.8%-1.8% of the member's final average salary multiplied by the number of years of credited service, depending upon membership class.

Participants are eligible for ordinary disability retirement benefits after completing five years of service. The benefit allowance is computed on the basis that the service continues until age 62 without any change in rate of earnable compensation. If disability occurs after age 62 (age 65 for RCPB), the benefit is based on creditable service at time of retirement. Participants are eligible for accidental disability retirement benefits if the disability occurred in the actual performance of the employee's duty.

The accidental disability benefits are equal to 66 2/3% of the employee's average final compensation for the three highest consecutive years as a member plus the annuity provided by accumulated member contributions, but cannot be greater than the average final compensation. To be eligible for death benefits under the TPS plan, members must have either accumulated at least one year of eligible service prior to date of death or died in the line of duty. Such benefits consist of a one-time lump sum payment equal to the member's annual earnable compensation at the time of death, plus accumulated member contributions.

COUNTY COMMISSIONERS OF WASHINGTON COUNTY

Notes to the Financial Statements June 30, 2024

10. RETIREMENT PLANS (continued)

Board of Education (continued)

Benefits Provided (continued)

Maryland Employee's Retirement System (ERS): Under ERS, the members are eligible for full service retirement allowances upon attaining age 60 or upon accumulating 30 years of eligible service regardless of age. The retirement allowance is 1/55th of average final compensation for the three highest years as a member for each year of creditable service. ERS members are eligible for early service retirement allowances upon accumulating at least 25 years prior to attaining age 60. The service retirement allowance is reduced by 0.005 for each month that date of retirement proceeds the earlier of age 60 or the date the member would have completed 30 years of eligibility service. The maximum reduction is 30%.

They are also eligible for ordinary disability retirement allowance upon completing five years of eligibility service and receiving certification from the Medical Board that they are permanently incapable of performing their necessary job function. The ordinary disability benefit is 1/55th of average final compensation for the three highest years as a member for each of creditable service. The minimum benefit is 25% of average final compensation; the maximum benefit can be not greater than 1/55th of average final compensation for each year of creditable service the member would have accrued if employment continued to age 60. ERS members are eligible for accidental disability benefits if the Medical Board certifies that, in the course of job performance and as the direct result of an accidental injury, they become totally and permanently disabled. The accidental disability benefit is equal to 66 2/3% of the employee's average final compensation for the three highest consecutive years as a member plus the annuity provided by accumulated member contributions but cannot be greater than the average final compensation.

To be eligible for death benefits under the ERS plan, members must have either accumulated at least one year of eligible service prior to date of death or died in the line of duty. Such benefits consist of a one-time lump sum payment equal to the member's annual earnable compensation at the time of death, plus accumulated member contributions. If the member dies prior to accruing one year of service, payment is only the return of accumulated member contributions.

COUNTY COMMISSIONERS OF WASHINGTON COUNTY

Notes to the Financial Statements June 30, 2024

10. RETIREMENT PLANS (continued)

Board of Education (continued)

Benefits Provided (continued)

Maryland Employee's Pension System (EPS): Under the EPS plan, members are eligible for full service pension allowance upon accumulating 30 years of eligibility regardless of age. Absent 30 years eligible service, members must meet one of the following conditions to be eligible for full service pension allowance: (a) 62 with 5 years of eligible service, (b) age 63 with 4 years of eligible service, (c) age 64 with 3 years of eligible service, or (d) age 65 or older with 2 years of eligible service. Members are eligible for early service pension liability upon attaining age 55 with at least 15 years of service or attaining age 60 with 15 years of service, depending on plan. Allowances for both normal and early retirement are based on membership class.

They are also eligible for ordinary disability retirement allowance upon completing five years of eligibility service and receiving certification from the Medical Board that they are permanently incapable of performing their necessary job function. The benefit is the service retirement allowance computed on the basis that service continues until age 62 (age 65 for RCPB) without any change in the rate of earnable compensation. EPS members are eligible for accidental disability benefits if the Medical Board certifies that, in the course of job performance and as the direct result of an accidental injury, they become totally and permanently disabled. The accidental disability benefit is equal to 66 2/3% of the employee's average final compensation for the three highest consecutive years (five years for RCPB) as a member plus the annuity provided by accumulated member contributions, but cannot be greater than the average final compensation.

To be eligible for death benefits under the EPS plan, members must have either accumulated at least one year of eligible service prior to date of death or died in the line of duty. Such benefits consist of a one-time lump sum payment equal to the member's annual earnable compensation at the time of death, plus accumulated member contributions.

COUNTY COMMISSIONERS OF WASHINGTON COUNTY

Notes to the Financial Statements

June 30, 2024

10. RETIREMENT PLANS (continued)

Board of Education (continued)

Contributions

The Board and covered members are required by State statute to contribute to the System. Members of the Teachers' Pension System and the Teachers' Retirement System are required to contribute between 5-7% annually (depending on the plan). Members of the Employees' Pension System and Employees' Retirement System are required to contribute 2-7% annually, depending on the retirement option selected. The contribution requirements of the System members, as well as the State and participating governmental employers are established and may be amended by the Board of Trustees for the System.

Beginning in FY2017, the Board pays the normal cost for their teachers in the Teachers Retirement and Pension System while the State contributes on behalf of the Board, the unfunded liability portion of the Board's annual required contribution to the Teachers' Retirement and Pension System, which for the year ended June 30, 2024 was \$8,257,941. The State's contributions on behalf of the Board for the year ended June 30, 2024 was \$16,047,203. The fiscal 2024 contributions made by the State on behalf of the Board have been included as both revenues and expenditures in the general fund in the accompanying Statement of Revenues, Expenditures and Changes in Fund Balances and are also included as revenues and expenses in the Statement of Activities.

The Board's contractually required contribution rate for the Employees' Retirement and Pension Systems for the year ended June 30, 2024, was 10.47% of annual payroll, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The Board made its share of the required contributions during the year ended June 30, 2024 of \$2,796,482.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

As of June 30, 2024, the School System reported a liability of \$24,261,124 for its proportionate share of net pension liability that reflected a reduction for State pension support provided to the School System. The amount recognized by the School System as its proportionate share of the net pension liability, the related State support and the total portion of the net pension liability that was associated with the School System were as follows:

COUNTY COMMISSIONERS OF WASHINGTON COUNTY

Notes to the Financial Statements

June 30, 2024

10. RETIREMENT PLANS (continued)

Board of Education (continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued)

	Teachers' Retirement and Pension System	Employees' Retirement and Pension System
School System's proportionate share of net pension liability	\$ -	\$ 24,261,120
State's proportionate share of net position liability associated with the School System	146,915,168	-
Total	\$ 146,915,168	\$ 24,261,120

For the year ended June 30, 2024, the School System recognized pension expense of \$4,545,881. As of June 30, 2024, the School System reported deferred outflows of resources and deferred inflows of resources related to the pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual investment earnings	\$ 1,932,279	\$ -
Difference between actual and expected experience	852,706	1,097,492
Change in proportion	1,961,403	191,272
Change in assumptions	1,713,925	154,936
School System contributions subsequent to the measurement date	2,796,482	-
Total	\$ 9,256,795	\$ 1,443,700

The \$2,796,482 reported as deferred outflows of resources related to pensions resulting from the School System contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2025.

COUNTY COMMISSIONERS OF WASHINGTON COUNTY

Notes to the Financial Statements

June 30, 2024

10. RETIREMENT PLANS (continued)

Board of Education (continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued)

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

<u>Years Ended June 30,</u>	<u>Amount</u>
2025	\$ 1,245,104
2026	1,245,104
2027	1,245,104
2028	1,090,617
2029	190,686
Total	<u><u>\$ 5,016,615</u></u>

Sensitivity of the net pension liability to changes in the discount rate

The following presents the net pension liability of the plan, calculated using a discount rate of 6.80% as well as what the plan's net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (5.80%) or 1-percentage point higher (7.80%) than the current rate:

	1.0% decrease	Current rate	1.0% increase
	5.80%	6.80%	7.80%
Net pension liability	<u><u>\$ 35,974,331</u></u>	<u><u>\$ 24,461,124</u></u>	<u><u>\$ 14,541,185</u></u>

11. RISK MANAGEMENT

Primary Government

The County is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The County purchases commercial insurance for claims in excess of deductible amounts for all risks of loss, except for employee health and workers' compensation. Settlements have not exceeded insurance coverages during the past three fiscal years.

COUNTY COMMISSIONERS OF WASHINGTON COUNTY

Notes to the Financial Statements

June 30, 2024

11. RISK MANAGEMENT (continued)

Primary Government (continued)

The County Commissioners have established a self-insurance plan for health benefits to its employees, retirees and to other governmental and non-profit agencies. Budgeted amounts are charged to each fund, and premiums are charged to retirees and other governmental and non-profit agencies for their share of the costs, which are intended to cover the estimated costs of claims and administrative expenses.

Contributions from employees, retirees and other governmental non-profit agencies are offset against budget amounts charged in the related fund. Under this plan, the County's General Fund bears all risk of loss.

The County has established claims liabilities based on estimates of the ultimate cost of settling the claims (including future claim adjustment expenses) that have been reported but not settled, and of claims that have been incurred but not reported. The length of time for which such costs must be estimated varies depending on the coverage involved. Because actual claims costs depend on such complex factors such as inflation, changes in doctrines of legal liability, and damage awards, the process used in computing claims liabilities does not necessarily result in an exact amount. Claims liabilities are recomputed periodically using a variety of actuarial and statistical techniques to produce current estimates that reflect recent settlements, claim frequency, and other economic and social factors. A provision for inflation in the calculation of estimated future claim costs is implicit in the calculation because reliance is placed both on actual historical data that reflect past inflation and on other factors that are considered to be appropriate modifiers of past experience. Adjustments to claims liabilities are charged or credited to expense in the periods in which they are made.

The liability for estimated claims was determined to be \$1,863,415 which is reflected in the accompanying financial statements as of June 30, 2024. Changes in the claims liability were as follows:

	Years Ended June 30,	
	2024	2023
Liability, beginning of year	\$ 1,515,351	\$ 1,282,116
Premiums collected and changes in estimates during the year	16,440,119	17,167,609
Claims and administrative costs paid	(16,092,055)	(16,934,374)
Liability, end of year	<u>\$ 1,863,415</u>	<u>\$ 1,515,351</u>

COUNTY COMMISSIONERS OF WASHINGTON COUNTY

Notes to the Financial Statements

June 30, 2024

11. RISK MANAGEMENT (continued)

Primary Government (continued)

The County uses a third-party administrator to process and pay claims. The County has purchased a stop-loss insurance policy in which the insurance company covers individual claims once they exceed \$175,000. Under this policy, the County was liable for the first 125% of expected claims paid in the current fiscal year. Any claims in excess of this amount are to be paid by the insurance company under the stop-loss policy.

The County Commissioners have also established a self-insurance plan for Workers' Compensation claims whereby the County is liable for the first \$650,000 per occurrence. As required by the State of Maryland, \$175,000 in U.S. Treasury Notes is held by the State Workers' Compensation Commission and is included in investments on the balance sheet. The County extends coverage under this plan to the employees of other governmental and nonprofit agencies. These agencies are charged a "premium", however the County bears the risk of loss. The liability for estimated claims was determined to be \$2,506,502, which is reflected in the accompanying financial statements as of June 30, 2024. Changes in the claims liability were as follows:

	Years Ended June 30,	
	2024	2023
Liability, beginning of year	\$ 1,801,172	\$ 974,086
Premiums collected and changes in estimates during the year	2,026,939	2,038,956
Claims and administrative costs paid	(1,321,609)	(1,211,870)
Liability, end of year	<u>\$ 2,506,502</u>	<u>\$ 1,801,172</u>

Board of Education

The School System is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; personal injury; and natural disaster. The School System is one of seventeen Boards of Education within the State of Maryland belonging to the Maryland Association of Boards of Education Group Insurance Pool (the Pool), a public entity risk pool organized as a trust. The School System pays an annual premium to the Pool for its property, liability, and automobile coverage. Such premiums are actuarially calculated for the Pool as a whole based on loss data and are allocated to members based on student enrollment and number and type of vehicles as well as experience modification factors. The Pool is reinsured on a claims-made basis for legal liability covering claims aggregating \$3 million per School System per year.

COUNTY COMMISSIONERS OF WASHINGTON COUNTY

Notes to the Financial Statements

June 30, 2024

11. RISK MANAGEMENT (continued)

Board of Education (continued)

Additionally, the School System is one of seventeen Boards of Education within the State of Maryland belonging to the Maryland Association of Boards of Education Workers' Compensation Group Self-Insurance Fund (the Fund). This Fund was established to provide worker's compensation indemnity and medical benefits coverage for participating school boards. The Fund is operated under regulations promulgated by the State's Workers' Compensation Commission (COMAR 14.09.02). Each Fund participant pays an annual premium calculated on its payroll according to the standard classifications, with an experience modification applied. Although premiums billed to the Fund members are determined on an actuarial basis, ultimate liability for claims remains with the respective members and accordingly, the insurance risks are not transferred to the Fund. Six months following the end of the Fund's fiscal year, the Fund's trustees declare unneeded funds as surplus and distribute 50% of the declared surplus as dividends to the Fund members. This dividend distribution is made no sooner than one year after the close of that fiscal year. Members dedicate the remaining 50% of the surplus each year to a surplus fund until it reaches 75% net annual premium. The Fund carries an excess insurance policy providing specific excess and employer liability protection coverage, thus reducing the potential of assessment against Fund members. The Fund provides coverage for up to a maximum of \$500,000 for each worker's compensation claim.

Settled claims from these risks have not exceeded the planned coverage during any of the past three years.

The School System also offers a program of self-insured health, dental, and vision benefits to its employees and retirees. Charges are made to other funds, employees and retirees for their respective share of the costs in amounts planned to match the estimated claims, the cost of insurance premiums for coverage in excess of self-insured amounts and the administrative costs in providing the program. Such costs are also offset by interest income earned from investing receipts until they are paid out in the form of claims or expenses. Administrative costs directly related to the program are borne by the Self-Insurance Fund.

In accordance with the Governmental Accounting Standards Board's Statement No. 10 *"Accounting and Financial Reporting for Risk Financing and Related Insurance Issues,"* charges to other funds must be accounted for as revenue by an internal service fund and expenditures/expenses by the other funds. The amounts of these charges were \$48,229,439 for the year ended June 30, 2024.

COUNTY COMMISSIONERS OF WASHINGTON COUNTY

Notes to the Financial Statements

June 30, 2024

11. RISK MANAGEMENT (continued)

Board of Education (continued)

The Self-Insurance Fund's accrued liabilities include an estimate of the amount to be paid for self-insured claims incurred prior to June 30, 2024 and 2023. This estimate is prepared based upon the School System's experience and other relevant facts. Changes in the Fund's claims liability amount were as follows:

	Years Ended June 30,	
	2024	2023
Liability, beginning of year	\$ 4,202,000	\$ 3,430,059
Claims and changes in estimates during the year	64,625,724	58,225,833
Claims paid and accrued	(64,663,596)	(57,453,892)
Liability, end of year	<u>\$ 4,164,128</u>	<u>\$ 4,202,000</u>

12. DEFERRED COMPENSATION PLAN

The County offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457 and administered by a third party. The plan, available to all County employees, permits 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. The deferred compensation plan assets are held in trust for the exclusive benefit of the plan participants. Therefore, the plan assets are not presented in the financial statements.

13. SEGMENT INFORMATION

The County has entered into loan agreements with the Maryland Water Quality Financing Administration. The loans are backed by the full faith and credit and taxing power of the County; however, the source of payment of the principal and interest of the loans is the sewer user charges and pretreatment facility user charges. The user charges are accounted for in the Water Quality Fund.

Summarized financial information for the Sewer and Pretreatment operations is presented below. The Water Quality Department operates the County's sewage treatment plants, sewage pumping stations, and collection systems and leases the pretreatment facility to a private company.

COUNTY COMMISSIONERS OF WASHINGTON COUNTY

Notes to the Financial Statements June 30, 2024

13. SEGMENT INFORMATION (continued)

	<u>Sewer Department</u>	<u>Pretreatment Department</u>
CONDENSED STATEMENT OF NET POSITION		
ASSETS		
Current assets	\$ 22,369,986	\$ 11,771,348
Noncurrent assets	146,519,711	3,680,079
Total Assets	168,889,697	15,451,427
DEFERRED OUTFLOW OF RESOURCES		
	131,660	-
LIABILITIES		
Other current liabilities	3,989,270	333,184
Noncurrent liabilities	32,372,298	-
Total Liabilities	36,361,568	333,184
Net Position		
Net investment in capital assets	188,286,616	3,680,079
Unrestricted	14,615,161	-
Restricted - capital projects	(70,241,988)	(32,890)
Total Net Position	<u>\$ 132,659,789</u>	<u>\$ 3,647,189</u>
CONDENSED STATEMENT OF REVENUE, EXPENSES AND CHANGES IN NET POSITION		
Operating revenue	\$ 12,140,343	\$ -
Lease income	-	140,749
Operating transfer	-	-
Operating grant	437,178	-
Depreciation expense	(3,361,419)	(183,801)
Other operating expenses	(10,903,020)	(22,449)
Operating income	(1,686,918)	(65,501)
Non-operating revenue (expenses):		
Interest expense	(778,054)	(6,096)
Interest income	221,264	303,896
Capital contributions	148,000	-
Total non-operating revenue (expense)	(408,790)	297,800
Change in Net Position	(2,095,708)	232,299
Net Position, beginning of year	134,755,497	3,414,890
Net Position, End of Year	<u>\$ 132,659,789</u>	<u>\$ 3,647,189</u>
CONDENSED STATEMENT OF CASH FLOWS		
Net cash provided (used) by:		
Operating activities	\$ 1,674,501	\$ 118,300
Capital and related financing activities	(6,760,690)	(118,300)
Net change	(5,086,189)	-
Cash and cash equivalents, beginning of year	24,348,225	-
Cash and Cash Equivalents, End of Year	<u>\$ 19,262,036</u>	<u>\$ -</u>

COUNTY COMMISSIONERS OF WASHINGTON COUNTY

Notes to the Financial Statements

June 30, 2024

14. CLOSURE AND POST-CLOSURE CARE COST

State and Federal laws and regulations require the County to place a final cover on its landfills when they stop accepting waste. The County is also required to perform certain maintenance and monitoring functions at the site for up to thirty years after closure. Although closure and post-closure care costs will be paid only near the date or after the date that the landfill stops accepting waste, the County reports a portion of these closure and post-closure care costs as a liability based on landfill capacity used as of each balance sheet date.

The Hancock Landfill was closed in 1993. The remaining estimated costs associated with the closure and post-closure care costs of \$105,639 are reported as a liability in the Solid Waste Fund. No current expense was recognized in the Solid Waste Fund for the year ended June 30, 2024.

The Resh Landfill has reported a landfill post-closure care liability of \$3,260,688 in the Solid Waste Fund. The total capacity has been used. The Resh Landfill was closed in December 2000. No current expense was recognized in the Solid Waste Fund for the year ended June 30, 2024.

The Rubble Landfill began operating during August 1995. The estimated cost associated with post-closure care of \$2,202,400 is reported as a liability in the Solid Waste Fund as of June 30, 2024. The Rubble Landfill was closed in December 2000. No current expense was recognized in the Solid Waste Fund for the year ended June 30, 2024.

The 40 West Landfill began operation in fiscal year 2001. The estimated life of the Landfill is based on the average cubic yards used. As of June 30, 2024, the approximate life of the Landfill is 94 years. It is estimated that approximately 25.63% of the capacity has been used. The estimated costs associated with closure and post-closure care of \$12,062,351 was reported as a liability in the Solid Waste Fund as of June 30, 2024. The County will recognize \$47,055,727 of estimated cost associated with the closure and post-closure care as capacity is filled. During the fiscal year 2012 engineering re-designed the cells at 40 West Landfill. This change in estimate increased the airspace by 4 million cubic yards. This change in accounting estimate has no effect on the total estimated cost but will extend the landfill life.

The above estimates are based on estimated current costs to perform all closure and post-closure care. Actual costs may be higher due to inflation, deflation, changes in technology, or changes in applicable laws or regulations. The County is required by state and Federal laws and regulations to meet certain closure and post-closure financial assurance requirements. The County has satisfied these requirements by demonstrating in information submitted by the CFO that they meet the Local Government Financial Test as of June 30, 2024, as specified in 40CFR258.

COUNTY COMMISSIONERS OF WASHINGTON COUNTY

Notes to the Financial Statements

June 30, 2024

15. OTHER POST-RETIREMENT EMPLOYEE BENEFITS

Primary Government

Plan Description

The County offers postretirement health care benefits to employees who retire from the County under normal or early retirement provisions of the pension plan. The health care benefits are provided until the retiree is eligible for Medicare. Retirees who exercise the one-time option for the health care benefits contribute based on a sliding scale as follows:

<u>Years of Service</u>	<u>% of Estimated Cost</u>
35+	10%
25 - 34	20%
15 - 24	30%
10 - 14	40%
0 - 9	50%

The County pays the remaining cost as part of its self-insurance program. Currently, 73 retirees are receiving benefits and 170 employees are retirement eligible. Expenditures for postretirement health care benefits are recognized as retirees report claims and include a provision for estimated claims incurred but not yet reported.

Investments

The County's OPEB Plan Investment Policy states that the assets are to be managed for total return, defined as dividend and interest income plus or minus capital gains and losses. Investments shall be diversified so as to minimize the risk of unacceptable losses. The portfolio is looked at as a whole rather than as individual securities. Investing for long term (preferably longer than 10 years) becomes critical to investment success because it allows the long-term characteristics of the asset classes to surface. The table below summarizes the target asset class weighting, along with the allowable ranges for each class.

<u>Investment Type</u>	<u>Range</u>	<u>Target</u>
Equities:		
Domestic	25-45%	35%
International	10-30%	20%
Options/ Defensive Equity	0-15%	7%
Real Estate	0-10%	4%
Infrastructure	0-10%	4%
Private Credit/ High Yield	0-10%	5%
Fixed Income:		
Investment Grade	13-23%	23%
Money Market	0-10%	2%

COUNTY COMMISSIONERS OF WASHINGTON COUNTY

Notes to the Financial Statements

June 30, 2024

15. OTHER POSTRETIREMENT EMPLOYEE BENEFITS (continued)

Primary Government (continued)

Funding Policy

The County intends to fund any annual short-fall between OPEB and actual pay-go expense into a legally executed trust fund. The trust fund will be invested as a long-term pension trust, using an appropriately balanced portfolio of equities and debt instruments, to prudently maximize long-term investment returns. The County funded \$339,000 which was the actuarially determined contribution.

Actuarial Methods and Assumptions

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Net OPEB Liability (Asset)

The net OPEB liability (asset) is equal to the total OPEB liability minus the net position of the plan. The result as of June 30, 2024 is as follows:

Total OPEB liability	\$ 20,949,613
Net position	<u>(31,209,319)</u>
Net OPEB liability (asset)	<u>\$ (10,259,706)</u>

Net position as a percentage of total OPEB liability is 148.97%.

Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on substantive plan (the plan as understood by the employer and the plan members) and includes the type of benefits provided at the time of each valuation and the historical pattern of sharing the benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations. Best estimates of arithmetic assumed rates of return for each class included in the OPEB plans' general target asset allocation as of June 30, 2024 is as follows:

COUNTY COMMISSIONERS OF WASHINGTON COUNTY

Notes to the Financial Statements

June 30, 2024

15. OTHER POSTRETIREMENT EMPLOYEE BENEFITS (continued)

Primary Government (continued)

Actuarial Methods and Assumptions (continued)

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Equity	35%	5.7%
International Equity	20%	6.2%
Options / Defensive Equity	7%	4.8%
Real Estate	4%	5.4%
Infrastructure	4%	4.5%
Private Credit / High Yield	5%	7.4%
Fixed income	23%	2.1%
Money market	2%	0.3%
Inflation		2.0%
Total	100%	

In the actuarial valuation for the plan year ending June 30, 2024, the projected unit credit actuarial cost method was used. The actuarial assumptions included a 7.25% investment rate of return (net of administrative expenses), which is a blended rate of the expected long-term investment returns on plan assets and on the employer's own investments calculated based on the funded level of the plan assets at the valuation date, and an annual healthcare cost trend rate of 7.5% initially, reduced by decrements to an ultimate rate of 3.94%. The actuarial value of assets was determined using a market value of assets valuation method. The unfunded actuarial accrued liability (UAAL) is being amortized as a level percent of payroll. The remaining amortization period as of June 30, 2024, was 14 years.

Sensitivity of the net OPEB liability to changes in the discount rate

The following presents the net OPEB liability of the Plan, calculated using a discount rate of 7.25% as well as what the Plan's net OPEB 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:

	1.0% decrease 6.25%	Current rate 7.25%	1.0% increase 8.25%
Net OPEB liability (asset)	\$ (8,925,015)	\$ (10,259,706)	\$ (11,529,951)

COUNTY COMMISSIONERS OF WASHINGTON COUNTY

Notes to the Financial Statements

June 30, 2024

15. OTHER POSTRETIREMENT EMPLOYEE BENEFITS (continued)

Primary Government (continued)

Sensitivity of the net OPEB liability to changes in the health care cost trend rate

The following presents the net OPEB liability of the Plan, calculated using trend rate as well as what the Plan's net OPEB liability would be if it were calculated using a trend rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	1.0% decrease 2.94%	Trend rate 3.94%	1.0% increase 4.94%
Net OPEB liability (asset)	<u>\$ (12,418,892)</u>	<u>\$ (10,259,706)</u>	<u>\$ (7,717,337)</u>

For the fiscal year ended June 30, 2024, Washington County Government recognized an OPEB expense of (\$2,375,220). As of June 30, 2024, Washington County Government reported deferred outflows of resources and deferred inflows of resources related to the OPEB plan from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 346,996	\$ 2,863,052
Change in assumptions	-	2,543,199
Net difference between projected and actual investment earnings	-	808,151
Total	<u>\$ 346,996</u>	<u>\$ 6,214,402</u>

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

Years Ended June 30, 2024	Amount
2025	\$ (3,029,285)
2026	(158,551)
2027	(1,108,874)
2028	(894,295)
2029	(356,915)
Thereafter	(319,486)
Total	<u>\$ (5,867,406)</u>

COUNTY COMMISSIONERS OF WASHINGTON COUNTY

Notes to the Financial Statements

June 30, 2024

15. OTHER POSTRETIREMENT EMPLOYEE BENEFITS (continued)

Board of Education

In addition to providing the pension benefits described above, the School System provides postemployment health care and life insurance benefits (OPEB) for retired employees, their spouses and dependents, and surviving spouses and dependents. On April 15, 2008, the Board created the Board of Education of Washington County (the Trust) in order to arrange for the establishment of a reserve to pay health and welfare benefits for future retirees. The Trust is affiliated with the Maryland Association of Boards of Education Pooled OPEB Investment Trust, an agent multiple-employer public employee retirement system established by the Maryland Association of Boards of Education (MABE). The Board reserves the right to establish and amend the provisions of the Trust with respect to participants, any benefit provided thereunder, or its participation therein, in whole or in part at any time, by resolution of its governing body and upon advance written notice to the Trustees. The Maryland Association of Boards of Education Pooled OPEB Investment Trust issues an annual financial report for the Trust. That report may be obtained by writing to Maryland Association of Boards of Education, 621 Ridgely Avenue, Suite 300, Annapolis, Maryland 21401, or by calling 1-800-841-8197.

Eligible participants include employees, former employees, or beneficiaries of Washington County Public Schools who are receiving pensions. Participants must meet the retirement eligibility requirements of the State of Maryland Employees' and Teachers' Pension System (EPS). Under EPS, members hired on or after July 1, 2011 are in the Reformed Contributory Pension System. The earliest retirement eligibility under the Reformed Contributory Pension System is the earlier of:

- Rule of 90 (age plus service is at least 90),
- Age 65 with 10 years of service, or
- Age 60 with 15 years of service.

For other members of EPS, the earliest retirement eligibility is the earlier of:

- Age 55 with 15 years of service,
- Age 62 with 5 years of service,
- Age 63 with 4 years of service,
- Age 64 with 3 years of service,
- Age 65 with 2 years of service, or
- 30 years of service (regardless of age).

Under EPS, there are two types of disability benefits, ordinary and accidental. Ordinary disability under EPS requires five (5) years of eligibility service. There is no service credit requirement for accidental disability.

COUNTY COMMISSIONERS OF WASHINGTON COUNTY

Notes to the Financial Statements

June 30, 2024

15. OTHER POSTRETIREMENT EMPLOYEE BENEFITS (continued)

Board of Education (continued)

Retirees can continue the same medical coverage they had (including family coverage) as active employees. Retirees receive a subsidy for their post-retirement medical insurance based on points (Age + Service). A minimum of 66 points (with 5 years of service) is required to receive a subsidy. The maximum subsidy of 85% is reached at 85 points (note this is a blended subsidy percentage based on the subsidy for each plan and the current enrollment distribution). Retirees with less than 66 points are allowed access, but must pay 100% of the published rates.

Contributions

The School System will contribute the higher of the budgeted pay-go amount or actual pay-go amount to the trust for fiscal year 2024. Because of the sponsor's funding policy, it is anticipated the sponsor's cash requirement will increase as time goes on. For the year ended June 30, 2024 and 2023, the School System's average contribution rate was 9.93% and 12.11%, respectively of covered payroll. Employees are not required to contribute to the plan. Total claims paid on behalf of retirees amounted to \$18,491,507 of which \$4,067,112 was reimbursed through contributions received from retirees for the year ended June 30, 2024. In addition, the School System contributed \$6,000,000 to the MABE Trust for the year ended June 30, 2024.

Plan Membership

The School System partially supports the group insurance plan for the retired employees. Eligibility is determined by a point system based on a retiree's age at the date of retirement and the number of years of service with the School System. The School System pays up to a maximum of 85% of the premium of the standard plan, based on the points earned. There were 3,492 active employees and 1,516 inactive employees or beneficiaries currently receiving benefit payments at the June 30, 2024, measurement date.

Investments

The MABE Trust's policy in regards to the allocation of invested assets is established and may be amended by the Trustees by a majority vote of its members. It is the policy of the Trust to pursue an investment strategy that emphasizes growth of principal while avoiding excess risk. Short-term volatility will be tolerated inasmuch as it is consistent with the volatility of a comparable market index. The MABE Trust's investment policy discourages the use of cash equivalents, except for liquidity purposes and aims to refrain from dramatically shifting asset class allocations over short time span. The following is the MABE Trust's adopted asset allocation policy as of June 30, 2024:

COUNTY COMMISSIONERS OF WASHINGTON COUNTY

Notes to the Financial Statements

June 30, 2024

15. OTHER POSTRETIREMENT EMPLOYEE BENEFITS (continued)

Board of Education (continued)

Investments (continued)

Asset Class	Target Allocation
U.S. Equity	30.0%
Non U.S. Equity	23.0%
Fixed Income	40.0%
Real Estate	4.0%
Cash	3.0%
Total	100.0%

Rate of Return

For the years ended June 30, 2024 and 2023, the annual money-weighted rate of return on investments, net of investment expense, was 7.62% and 8.78%, respectively. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Investment in External Investment Pool

The School System has funds designated for Other Post-employment Benefits (OPEB) that are held by the Maryland Association of Board of Education (MABE) in the MABE OPEB Trust (MABE Trust). The MABE Trust is administered by the MABE and is a wholly-owned instrumentality of its members. The ten members who are sole contributors to the MABE Trust consist of Allegany Fiduciary Fund and the boards of education of the following counties in Maryland: Allegany, Caroline, Cecil, Charles, Harford, Kent, Prince George's, St. Mary's, and Washington.

The MABE Trust is audited annually by an independent CPA firm. The audit report is usually issued by September 1st of each year, a copy of which can be obtained by sending a request to the following address: Administrator of the MABE Pooled Investment Trust, 621 Ridgely Road, Suite 300, Annapolis, MD 21401-1112.

COUNTY COMMISSIONERS OF WASHINGTON COUNTY

Notes to the Financial Statements

June 30, 2024

15. OTHER POSTRETIREMENT EMPLOYEE BENEFITS (continued)

Board of Education (continued)

Net OPEB Liability

The components of the net OPEB liability of the School System as of June 30, 2024, were as follows:

Total OPEB liability	\$ 329,713,501
Net position	<u>(128,029,459)</u>
Net OPEB liability	<u>\$ 201,684,042</u>

Plan fiduciary net position as a percentage of the total OPEB liability was 38.83%.

Actuarial Methods and Assumptions

The actuarial assumption and related discount rate disclosures as required by GASB 74 are included in a separately issued report available from the Board of Education.

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate

The following presents the net OPEB liability of the Plan, calculated using a discount rate of 5.77% as well as what the Plan's net OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower (4.77%) or 1-percentage point higher (6.77%) than the current rate:

	1.0% decrease	Current rate	1.0% increase
	4.48%	5.48%	6.48%
Net OPEB liability (asset)	<u>\$ 152,296,000</u>	<u>\$ 201,684,000</u>	<u>\$ 265,123,000</u>

Sensitivity of the Net OPEB Liability to Changes in the Health Care Cost Trend Rate

The following presents the net OPEB liability of the Plan, calculated using trend rate as well as what the Plan's net OPEB liability would be if it were calculated using a trend rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

		Medical trend	
	1% decrease	rate	1% increase
Net OPEB liability (asset)	<u>\$ 160,192,000</u>	<u>\$ 201,684,000</u>	<u>\$ 252,931,000</u>

COUNTY COMMISSIONERS OF WASHINGTON COUNTY

Notes to the Financial Statements

June 30, 2024

15. OTHER POSTRETIREMENT EMPLOYEE BENEFITS (continued)

Board of Education (continued)

Detailed OPEB plan information for the School System is available in a separately issued audited financial statements available on the School System's website.

16. CONTINGENCIES AND COMMITMENTS

Primary Government

In the normal course of operations, the County receives grant funds from various Federal and state agencies. The grant programs are subject to audit by agents of the granting authority, the purpose of which is to ensure compliance with conditions precedent to the granting of funds. Any liability for reimbursement which may arise as the result of these audits is not believed to be material.

The County Commissioners and the Sheriff of Washington County are defendants in various legal proceedings as of June 30, 2024. There are also certain unasserted claims that could possibly be asserted. The Commissioners intend to defend all litigations against them. In the Commissioners' opinion, the liability, if any, in or arising from these litigations or any other legal proceedings in which the County is involved, will not have a material adverse effect on its financial condition.

The County is committed under various contracts for the construction or acquisition of fixed assets. These projects are generally budgeted in the Capital Projects Fund, and funding has been provided for their completion.

On June 23, 2014, the Board of County Commissioners of Washington County, Maryland entered into a \$4 million loan agreement with the Maryland Department of Commerce and Mack Trucks, Inc. The loan proceeds were made for eligible project costs and does not require repayment unless specific employment levels are not met. If such a condition occurs, repayments are guaranteed to DBED by the County. Mack Trucks, Inc. is contractually obligated to the County to reimburse any payments occurring as a result of the guarantee. As of June 30, 2024, there is no effect on amounts reported on the County's statement of net position or statement of activities as a result of this guarantee.

COUNTY COMMISSIONERS OF WASHINGTON COUNTY

Notes to the Financial Statements

June 30, 2024

16. CONTINGENCIES AND COMMITMENTS (continued)

Board of Education

In the normal course of operations, the School System is subject to lawsuits and claims. In the opinion of management, the disposition of such lawsuits and claims will not have a material effect on the School System's financial position or results of operations.

As of June 30, 2024, the School System had entered into various school construction commitments, that will be funded by the State of Maryland or County sources, totaling approximately \$15,948,518 and are included in encumbrances.

As of June 30, 2024, the School System had outstanding purchase orders and contracts of \$21,005,943. These amounts are partially included in assigned fund balance in the appropriate funds.

Current expense fund - unrestricted	\$ 7,152,709
Current expense fund - restricted	5,849,600
Capital projects fund	8,003,634
Food services fund	-

17. FUND BALANCES

Fund balances reflected in the governmental funds balance sheet as of June 30, 2024 are categorized as follows:

	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>Non-Major Governmental Funds</u>	<u>Total</u>
Non-Spendable				
Inventory	\$ 1,219,384	\$ -	\$ -	\$ 1,219,384
Prepaid expenses	250,191	-	-	250,191
Restricted				
Programs and activities	561,519	-	3,490,290	4,051,809
Workers compensation	180,000	-	-	180,000
Capital projects	-	65,816,351	-	65,816,351
Committed				
Contingencies	73,463,437	-	-	73,463,437
Programs and activities	4,956,337	-	3,118,140	8,074,477
Capital projects	-	110,426,768	-	110,426,768
Assigned				
Programs and activities	61,337	-	3,052,930	3,114,267
Totals	<u>\$ 80,692,205</u>	<u>\$ 176,243,119</u>	<u>\$ 9,661,360</u>	<u>\$ 266,596,684</u>

COUNTY COMMISSIONERS OF WASHINGTON COUNTY

Notes to the Financial Statements

June 30, 2024

18. RETIREMENT PLAN - FIRE AND RESCUE VOLUNTEERS

On September 26, 2000, the Board of County Commissioners approved the Volunteer Length of Service Award Program (LOSAP), a defined benefit plan for eligible volunteers of Washington County fire, rescue, emergency medical services or support organizations. LOSAP, which will be funded entirely by the County General Fund, provides benefit payments to volunteers who have completed certain eligibility and years of service requirements. An active volunteer who has attained age 62 and has been credited with a minimum of 25 years of active LOSAP Service is eligible to receive, until his or her death, a monthly benefit payment of \$200, or may elect an actuarially reduced benefit in the form of a joint survivor annuity.

An active volunteer, who has completed more than 25 years of Active LOSAP Service Credit, is eligible to receive, until his or her date of death, an additional monthly benefit payment of \$15 for each year of active LOSAP service credit in excess of 25 years, not to exceed a total monthly benefit payment of \$350. No LOSAP benefits were paid before January 1, 2007. Generally, a volunteer must be an active volunteer on or after January 1, 2007, to be eligible for any benefit under LOSAP. LOSAP also provides for death and disability benefits.

Investments

The table below summarizes the target asset class weighting, along with the allowable ranges for each class.

<u>Investment Type</u>	<u>Range</u>	<u>Target</u>
Equities:		
Domestic	25-45%	35%
International	10-30%	20%
Options/ Defensive Equity	0-15%	7%
Infrastructure	0-10%	4%
Real Estate	0-10%	4%
Private Credit/ High Yield	0-10%	5%
Fixed Income:		
Investment Grade	13-33%	23%
Cash	0-10%	2%

COUNTY COMMISSIONERS OF WASHINGTON COUNTY

Notes to the Financial Statements

June 30, 2024

18. RETIREMENT PLAN - FIRE AND RESCUE VOLUNTEERS (continued)

Investments (continued)

The long-term expected rate of return on pension plan investments was determined using a standard building block approach. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and adding expected inflation. Best estimates of arithmetic assumed rates of return for each class included in the pension plans' general target asset allocation as of June 30, 2024 is as follows:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
Domestic Equity	35%	5.2%
International Equity	20%	5.3%
Options / Defensive Equity	7%	4.4%
Infrastructure	4%	4.5%
High Yield	5%	4.5%
Core Fixed Income	27%	2.7%
Cash	2%	0.7%
Inflation		2.3%
Total	100%	

Net pension liability

The net pension liability is equal to the total pension liability minus the net position of the plan. The result as of June 30, 2024 is as follows:

Total pension liability	\$ 12,996,243
Net position	(12,379,920)
Net pension liability	<u>\$ 616,323</u>

Net position as a percentage of total pension liability is 95.26%.

Sensitivity of the net pension liability to changes in the discount rate

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

	<u>1.0% decrease 6.25%</u>	<u>Current rate 7.25%</u>	<u>1.0% increase 8.25%</u>
Net pension liability	<u>\$ 2,082,018</u>	<u>\$ 616,323</u>	<u>\$ (611,614)</u>

COUNTY COMMISSIONERS OF WASHINGTON COUNTY

Notes to the Financial Statements

June 30, 2024

18. RETIREMENT PLAN - FIRE AND RESCUE VOLUNTEERS (continued)

Pension expense and deferred outflows of resources and deferred inflows of resources

For the year ended June 30, 2024, the County recognized pension expense of \$470,633. As of June 30, 2024, the County reported deferred outflows of resources and deferred inflows of resources related to the length of service award program from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 306,128	\$ 486,251
Change in assumptions	85,866	42,625
Net difference between projected and actual investment earnings	-	285,721
Total	\$ 391,994	\$ 814,597

The above amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in the pension expense as follows:

Years Ended June 30,	Amount
2025	\$ (126,034)
2026	303,765
2027	(295,633)
2028	(220,145)
2029	(84,556)
Total	\$ (422,603)

COUNTY COMMISSIONERS OF WASHINGTON COUNTY

Notes to the Financial Statements

June 30, 2024

19. TAX ABATEMENTS

Washington County provides tax abatements and credits to encourage economic development: the Job Creation & Capital Investment Real Property Tax Credit, the New Jobs Tax Credit, Pad-Ready Site Commercial Stimulus Credit, and the Enterprise Zone Tax Credit.

Job Creation & Capital Investment Real Property Tax Credit Program

This tax credit program ranges from six (6) years to fifteen (15) years in tax credits on the County portion of real estate taxes for qualified businesses that either expand or locate and increase employment in Washington County. There are three opportunities:

A. An existing business entity (1) must obtain at least an additional 1,500 square feet of new or expanded premises; (2) must employ at least one (1) individual in a new, permanent full-time position during a 12-month period during which the business entity must obtain and occupy the new or expanded premises. The tax credit is 52% during years one and two; 39% during years three and four; and 26% during years five and six.

B. (1) Must obtain at least 2,500 square feet; (2) employ at least five additional new, permanent full-time employees during a 24-month period. The tax credit is 30% during years one and two; 20% during years three and four; and 10% during years five and six.

C. (1) Must invest \$10,000,000 in capital improvements; (2) create 100 new, permanent full-time employees. Tax credit is 100% for each of the first five taxable years; 75% for year six through ten; 50% for years 11 through 15.

In FY2024, utilization of this program issued tax credits in the amount of \$1,309,783.

New Jobs Tax Credit Program

This program provides a six-year tax credit for qualified businesses that either expand or relocate in Washington County. The credit applies to Washington County's real property tax on real property owned or leased by the business and on personal property owned by that business. The amount of the New Jobs Tax Credit a business may claim against County taxes imposed on the assessed value of the new or expanded premises in which the credit is allowed is:

- 52% during the first (1st) and second (2nd) taxable years
- 39% during the third (3rd) and fourth (4th) taxable years
- 26% during the fifth (5th) and sixth (6th) taxable years

To qualify for the program, a business must:

- Either construct or expand its operations in Washington County by a minimum of 10,000 square feet;
- Employ at least 25 persons in new, permanent full-time positions located at the new or expanded premises in Washington County;

COUNTY COMMISSIONERS OF WASHINGTON COUNTY

Notes to the Financial Statements

June 30, 2024

19. TAX ABATEMENTS (continued)

- Pay 50% of those new jobs at least 135% of the average weekly wage per Washington County worker as reported by the Maryland Department of Labor at the end of the previous calendar years, and,
- Be in a Priority Funding Area as designated in Title 5, Subtitle 7B of the State Finance and Procurement Article.

In FY2024, utilization of this program issued a tax credit in the amount of \$1,414.

Pad-Ready Site Commercial Stimulus Program

A commercial property stimulus program that offers a qualified project a three-year tax credit against the County real property tax on four-tenths of one percent (0.004) of construction costs of the new improvement on the approved parcel.

This program is a valued part of our local business incentive package and considered integral in spurring economic growth in Washington County. Qualifying projects are entitled to priority plan review by the Washington County Development Advisory Committee, deferral of County Site Plan application and review fees and a real-estate tax credit issuance once buildings are constructed and occupied. The tax credit is to be 0.4 of a percent (.004%) of the construction cost of the new improvement as determined by this office and will apply for three consecutive years. The credit is limited to the lesser of three years or until the parcel is further developed.

In FY2024, there was no utilization of this program.

20. NEW ACCOUNTING PRONOUNCEMENTS

The GASB has issued Statement No. 100, *Accounting Changes and Error Corrections— an amendment of GASB Statement No. 62*; which took effect during FY 2024. The County implemented this Statement that was applicable and had no material impact to the financial statements.

The GASB has issued Statement No. 101, *Compensated Absences*, Statement No. 102, *Certain Risk Disclosures*, and Statement No. 103, *Financial Reporting Model Improvements*, which will require adoption in future years. The County will be analyzing the effect of these pronouncements and plans to adopt them, as applicable, by their effective date(s).

REQUIRED SUPPLEMENTARY INFORMATION

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COUNTY COMMISSIONERS OF WASHINGTON COUNTY

Schedule of Changes in Net OPEB Liability and Related Ratios June 30, 2024

	2024	2023	2022	2021	2020	2019	2018	2017
Total pension liability								
Service Cost: Retirement benefits Administration	\$ 1,111,116	\$ 1,098,881	\$ 713,184	\$ 756,448	\$ 782,686	\$ 983,258	\$ 1,025,563	\$ 954,012
Interest	1,384,475	1,507,241	930,069	961,217	961,904	1,577,724	1,680,908	1,546,680
Changes in benefit terms	-	-	7,402,719	-	-	-	-	-
Differences between expected and actual experiences	356,092	(2,102,227)	56,668	(1,490,139)	(367,885)	(239,377)	(3,216,054)	-
Changes of assumptions	-	(1,165,828)	-	(53,646)	(838,141)	(9,622,292)	(223,390)	-
Benefit payments	(1,640,470)	(1,036,443)	(932,146)	(631,096)	(533,287)	(641,700)	(655,923)	(147,184)
Net changes in total OPEB liability	1,211,213	(1,698,376)	8,170,494	(457,216)	5,277	(7,942,387)	(1,388,896)	2,353,508
Total OPEB liability - beginning	19,738,400	21,436,776	13,266,282	13,723,498	13,718,221	21,660,608	23,049,504	20,695,996
Total OPEB liability - ending (a)	<u>\$ 20,949,613</u>	<u>\$ 19,738,400</u>	<u>\$ 21,436,776</u>	<u>\$ 13,266,282</u>	<u>\$ 13,723,498</u>	<u>\$ 13,718,221</u>	<u>\$ 21,660,608</u>	<u>\$ 23,049,504</u>
Plan fiduciary net position								
Contributions - employer	\$ 659,000	\$ -	\$ -	\$ 12,832	\$ 14,879	\$ 641,700	\$ 1,877,923	\$ 1,347,184
Net investment income	3,749,282	2,960,361	(3,405,156)	6,924,233	922,876	1,324,499	1,702,823	1,919,215
Benefit payments	(1,640,470)	(1,036,443)	(932,146)	(631,096)	(533,287)	(641,700)	(655,923)	(147,184)
Administrative expense	(22,077)	(24,879)	(36,595)	(22,037)	(46,687)	(108,008)	(21,763)	-
Net changes in plan fiduciary net position	2,745,735	1,899,039	(4,373,897)	6,283,932	357,781	1,216,491	2,903,060	3,119,215
Plan fiduciary net positions - beginning	28,463,584	26,564,545	30,938,442	24,654,510	24,296,729	23,080,238	20,177,178	17,057,963
Plan fiduciary net positions - ending (b)	<u>\$ 31,209,319</u>	<u>\$ 28,463,584</u>	<u>\$ 26,564,545</u>	<u>\$ 30,938,442</u>	<u>\$ 24,654,510</u>	<u>\$ 24,296,729</u>	<u>\$ 23,080,238</u>	<u>\$ 20,177,178</u>
County's net OPEB - liability - ending (a) - (b)	\$ (10,259,706)	\$ (8,725,184)	\$ (5,127,769)	\$ (17,672,160)	\$ (10,931,012)	\$ (10,578,508)	\$ (1,419,630)	\$ 2,872,326
Plan fiduciary net position as a percentage of total pension liability	148.97%	144.20%	123.92%	233.21%	179.65%	177.11%	106.55%	87.54%
Covered employee payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Net liability as a percentage of covered payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Annual money-weighted rate of return, net of investment expense	13.17%	11.14%	(11.01)%	28.09%	3.80%	5.74%	8.44%	11.25%
Notes to schedule:								
This information is not available for FY16 and prior.								
Benefit changes								
None.								
Change of assumptions								
The discount rate was changed as follows:								
The discount rate changes year-to-year:	7.25%	7.25%	7.25%	7.25%	7.25%	7.25%	7.50%	7.50%
The medical trend was updated to the latest model released by the SOA.								

COUNTY COMMISSIONERS OF WASHINGTON COUNTY

Schedule of OPEB Trust Fund Employer Contributions June 30, 2024

	2024	2023	2022	2021	2020	2019	2018	2017
Actuarially determined contribution	\$ 339,000	\$ 320,000	\$ -	\$ -	\$ -	\$ -	\$ 950,000	\$ 1,261,000
Contributions in relation to the actuarially determined contributions	659,000	-	-	12,832	14,879	641,700	1,877,923	1,347,184
Contributions deficiency (excess)	<u>\$ (320,000)</u>	<u>\$ 320,000</u>	<u>\$ -</u>	<u>\$ (12,832)</u>	<u>\$ (14,879)</u>	<u>\$ (641,700)</u>	<u>\$ (927,923)</u>	<u>\$ (86,184)</u>
Covered employee payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Contributions as a percentage of covered employee payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

Notes to schedule:

Benefit changes None.

Changes of assumptions None.

Methods and assumptions used to determine contribution rates:

Measurement Date	7/1/2023
Valuation Date	2/1/2023
Actuarial cost method	Entry Age Normal
Amortization method	Level Percentage of Payroll, closed
Remaining amortization period	14 years for FYE 2024
Asset valuation method	Market Value of Assets
Investment rate of return	7.25% for FYE 2019 and after, 7.50% for FYE 2017 and 2018
Payroll growth rate	3.00%
Inflation	2.50%
Healthcare cost trend rate	The trend for 2024 is 7.50%. The ultimate trend is 3.94%.

COUNTY COMMISSIONERS OF WASHINGTON COUNTY

Schedule of Changes in Pension Fund Net Pension Liability and Related Ratios – General Employees’ Pension Fund June 30, 2024

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Total pension liability										
Service Cost: Retirement benefits Administration	\$ 9,428,928	\$ 8,015,065	\$ 7,446,422	\$ 6,949,190	\$ 7,011,877	\$ 6,564,304	\$ 5,050,740	\$ 4,903,615	\$ 3,124,202	\$ 3,508,850
Interest	20,522,593	19,503,470	18,464,711	17,648,545	17,001,079	16,190,295	15,612,649	11,595,913	10,745,024	10,252,003
Benefit payments, including refunds of member contributions	(14,315,967)	(12,581,179)	(12,702,206)	(11,241,936)	(15,048,127)	(9,973,991)	(8,172,571)	(8,860,156)	(7,789,289)	(6,880,888)
Changes of benefit terms	1,361,075	-	-	(1,368,197)	(1,937,366)	(299,442)	-	22,002,473	1,358,032	-
Differences between expected and actual experiences	7,426,597	(13,093)	1,058,260	-	-	1,239,143	3,555,655	3,657,687	6,532,000	-
Changes of assumptions	-	-	-	-	-	-	-	19,913,151	2,532,160	-
Net changes in total pension liability	24,423,226	14,924,263	14,267,187	11,987,602	7,027,463	13,720,309	16,046,473	53,212,683	16,502,129	6,879,965
Total pension liability - beginning	290,228,229	275,303,966	261,036,779	249,049,177	242,021,714	228,301,405	212,254,932	159,042,249	142,540,120	135,660,155
Total pension liability - ending (a)	\$ 314,651,455	\$ 290,228,229	\$ 275,303,966	\$ 261,036,779	\$ 249,049,177	\$ 242,021,714	\$ 228,301,405	\$ 212,254,932	\$ 159,042,249	\$ 142,540,120
Plan fiduciary net position										
Contributions - employer	\$ 20,296,260	\$ 13,381,955	\$ 17,370,433	\$ 19,210,540	\$ 12,137,468	\$ 11,825,000	\$ 10,510,000	\$ 7,010,000	\$ 6,621,156	\$ 6,786,549
Contributions - member	3,222,345	2,795,070	2,667,465	2,527,417	2,183,984	2,119,985	2,094,346	1,955,511	1,873,710	1,871,200
Net investment income	27,801,554	16,656,261	(19,799,377)	37,174,903	5,025,847	6,676,652	9,409,621	10,676,800	628,709	4,747,193
Receipts of In-kind	-	-	-	-	-	-	-	-	-	220,613
Benefit payments, including refunds of member contributions	(14,315,967)	(12,581,179)	(12,702,206)	(11,241,936)	(15,048,127)	(9,973,991)	(8,172,571)	(8,860,156)	(7,789,289)	(6,880,887)
Administrative expense	(149,995)	(168,181)	(142,111)	(138,164)	(172,390)	(175,860)	(150,795)	(130,631)	(98,464)	(604,197)
Net changes in plan fiduciary net position	36,854,197	20,083,926	(12,605,796)	47,532,760	4,126,782	10,471,786	13,690,601	10,651,524	1,235,822	6,140,471
Plan fiduciary net positions - beginning	187,298,892	167,214,966	179,820,762	132,288,002	128,161,220	117,689,434	103,998,833	93,347,309	92,111,487	85,971,016
Plan fiduciary net positions - ending (b)	\$ 224,153,089	\$ 187,298,892	\$ 167,214,966	\$ 179,820,762	\$ 132,288,002	\$ 128,161,220	\$ 117,689,434	\$ 103,998,833	\$ 93,347,309	\$ 92,111,487
County's net pension - liability - ending (a) - (b)	\$ 90,498,366	\$ 102,929,337	\$ 108,089,000	\$ 81,216,017	\$ 116,761,175	\$ 113,860,494	\$ 110,611,971	\$ 108,256,099	\$ 65,694,940	\$ 50,428,633
Plan fiduciary net position as a percentage of total pension liability	71.24%	64.54%	60.74%	68.89%	53.12%	52.95%	51.55%	49.00%	58.69%	64.62%
Covered employee payroll	\$ 53,171,000	\$ 45,202,000	\$ 42,021,000	\$ 38,896,000	\$ 39,131,000	\$ 36,785,000	\$ 34,848,986	\$ 33,462,000	\$ 31,662,000	\$ 33,098,009
Net liability as a percentage of covered payroll	170.20%	227.71%	257.23%	208.80%	298.39%	309.53%	317.40%	323.52%	207.49%	152.36%
Annual money-weighted rate of return, net of investment expense	14.84%	9.96%	(11.01)%	28.10%	3.92%	5.67%	9.05%	11.44%	0.68%	5.52%

Notes to schedule:

This information is not available for FY13 and prior.

Benefit changes: A 1% ad-hoc COLA was granted to all in-pay and DROP participants on July 1, 2023.

Change of assumptions: None.

COUNTY COMMISSIONERS OF WASHINGTON COUNTY

Schedule of General Employees' Pension Fund Employer Contributions June 30, 2024

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Actuarially determined contribution	\$ 11,736,000	\$ 11,147,000	\$ 11,148,000	\$ 11,183,000	\$ 10,916,000	\$ 11,819,000	\$ 10,510,000	\$ 7,009,000	\$ 6,621,000	\$ 6,786,549
Contributions in relation to the actuarially determined contributions	20,296,000	13,382,000	17,370,000	19,210,540	12,137,000	11,825,000	10,510,000	7,010,000	6,621,000	6,786,549
Contributions deficiency (excess)	<u>\$ (8,560,000)</u>	<u>\$ (2,235,000)</u>	<u>\$ (6,222,000)</u>	<u>\$ (8,027,540)</u>	<u>\$ (1,221,000)</u>	<u>\$ (6,000)</u>	<u>\$ -</u>	<u>\$ (1,000)</u>	<u>\$ -</u>	<u>\$ -</u>
Covered employee payroll	\$ 53,171,000	\$ 45,202,000	\$ 42,021,000	\$ 38,896,000	\$ 39,131,000	\$ 36,785,000	\$ 34,848,986	\$ 33,462,000	\$ 31,662,000	\$ 33,098,009
Contributions as a percentage of covered employee payroll	38.17%	29.60%	41.34%	49.39%	31.02%	32.15%	30.16%	20.95%	20.91%	20.50%

Notes to schedule:

Valuation date Actuarially determined contribution amounts are calculated as of the beginning of the fiscal year (July 1) for the year immediately following the fiscal year.
Actuarial valuations are performed every year.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Projected Unit Credit
Amortization method	Level Dollar Amount
Remaining amortization period	From 3 - 15 years
Asset valuation method	5-year smoothed market
Inflation	3.00%
Salary increases	Rates vary by participant service
Investment rate of return	7.25%, net of pension plan investment expense, including inflation
Retirement age	Rates vary by participant age and service
Mortality	RP-2014 Total Dataset with fully generational projection using scale MP-2015

COUNTY COMMISSIONERS OF WASHINGTON COUNTY

Schedule of Changes in Pension Fund Net Pension Liability and Related Ratios – Length of Service Award Fund June 30, 2024

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Total pension liability										
Service Cost: Retirement benefits Administration	\$ 240,484	\$ 235,239	\$ 266,527	\$ 246,501	\$ 237,335	\$ 226,280	\$ 244,565	\$ 234,716	\$ 157,984	\$ 143,037
Interest	905,896	898,508	863,381	826,896	823,402	707,838	702,309	580,130	968,187	922,814
Differences between expected and actual experiences	(263,149)	(284,873)	55,878	92,770	(222,174)	925,489	24,530	995,034	(6,285,232)	-
Changes of assumptions	-	-	-	-	(149,195)	343,476	-	356,243	906,099	-
Benefit payments, including refunds of member contributions	(764,219)	(729,726)	(672,827)	(653,016)	(629,306)	(588,909)	(555,590)	(518,538)	(490,872)	(461,316)
Net changes in total pension liability	119,012	119,148	512,959	513,151	60,062	1,614,174	415,814	1,647,585	(4,743,834)	604,535
Total pension liability - beginning	12,877,231	12,758,083	12,245,124	11,731,973	11,671,911	10,057,737	9,641,923	7,994,338	12,738,172	12,133,637
Total pension liability - ending (a)	<u>\$ 12,996,243</u>	<u>\$ 12,877,231</u>	<u>\$ 12,758,083</u>	<u>\$ 12,245,124</u>	<u>\$ 11,731,973</u>	<u>\$ 11,671,911</u>	<u>\$ 10,057,737</u>	<u>\$ 9,641,923</u>	<u>\$ 7,994,338</u>	<u>\$ 12,738,172</u>
Plan fiduciary net position										
Contributions - employer	\$ 243,408	\$ 326,000	\$ 386,634	\$ 564,557	\$ 564,557	\$ 460,000	\$ 600,000	\$ 600,000	\$ -	\$ 600,000
Net investment income	1,524,502	1,198,223	(1,574,222)	2,866,396	347,769	503,259	721,822	852,460	55,233	381,511
Receipts of In-kind	-	-	-	-	-	-	-	-	-	-
Benefit payments, including refunds of member contributions	(764,219)	(729,726)	(672,827)	(653,016)	(629,306)	(588,909)	(555,590)	(518,538)	(490,872)	(461,316)
Administrative expense	(20,788)	(12,668)	(22,754)	(14,195)	(29,543)	(34,803)	(35,075)	(30,524)	(20,610)	(23,215)
Net changes in plan fiduciary net position	982,903	781,829	(1,883,169)	2,763,742	253,477	339,547	731,157	903,398	(456,249)	496,980
Plan fiduciary net positions - beginning	11,397,017	10,615,188	12,498,357	9,734,615	9,481,138	9,141,591	8,410,434	7,507,036	7,963,285	7,466,305
Plan fiduciary net positions - ending (b)	<u>\$ 12,379,920</u>	<u>\$ 11,397,017</u>	<u>\$ 10,615,188</u>	<u>\$ 12,498,357</u>	<u>\$ 9,734,615</u>	<u>\$ 9,481,138</u>	<u>\$ 9,141,591</u>	<u>\$ 8,410,434</u>	<u>\$ 7,507,036</u>	<u>\$ 7,963,285</u>
County's net pension - liability - ending (a) - (b)	\$ 616,323	\$ 1,480,214	\$ 2,142,895	\$ (253,233)	\$ 1,997,358	\$ 2,190,773	\$ 916,146	\$ 1,231,489	\$ 487,302	\$ 4,774,887
Plan fiduciary net position as a percentage of total pension liability	95.26%	88.51%	83.20%	102.07%	82.98%	81.23%	90.89%	87.23%	93.90%	62.52%
Covered employee payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Net liability as a percentage of covered payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Annual money-weighted rate of return, net of investment expense	13.38%	11.29%	(12.60)%	29.45%	3.67%	5.51%	8.58%	11.36%	0.69%	5.11%

Notes to schedule:

Benefit changes None.
Change of assumptions None.

COUNTY COMMISSIONERS OF WASHINGTON COUNTY

Schedule of Volunteer Length of Service Award Fund Employer Contributions June 30, 2024

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Actuarially determined contribution	\$ 243,000	\$ 326,000	\$ 387,000	\$ 565,000	\$ 565,000	\$ 455,000	\$ 467,000	\$ 467,000	\$ -	\$ 600,000
Contributions in relation to the actuarially determined contributions	243,000	326,000	387,000	565,000	565,000	460,000	600,000	600,000	-	600,000
Contributions deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (5,000)</u>	<u>\$ (133,000)</u>	<u>\$ (133,000)</u>	<u>\$ -</u>	<u>\$ -</u>
Covered employee payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Contributions as a percentage of covered employee payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

Notes to schedule:

Valuation date

Actuarially determined contribution amounts are calculated as of the beginning of the calendar year (January 1) for the year immediately following the fiscal year. Actuarial valuations are performed every year.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Projected Unit Credit
Amortization method	Level Percentage of Payroll
Remaining amortization period	7 to 15 years (closed)
Asset valuation method	Market Value
Inflation	3.00%
Salary increases	None
Investment rate of return	7.25%, net of pension plan investment expense, including inflation
Retirement age	Normal retirement age
Mortality	Pub-2010 Safety Retirees Headcount-Weighted Mortality with fully generational projection using scale MP2019

COUNTY COMMISSIONERS OF WASHINGTON COUNTY

Combining Statements of Financial Schedules June 30, 2024

Non-Major Governmental Funds

The Grant Management Fund is a special revenue fund used to account for all activities conducted by this department of the County. The Grant Management core function is to coordinate services and identify needs of the children, youth and families of Washington County.

Cascade Town Centre is a special revenue fund used to account for certain maintenance related expenditures at the former Fort Ritchie Army site.

The Inmate Welfare Fund is a special revenue fund used to account for commissary activities at the Washington County Detention Center and other inmate related revenue and expenses.

The Contraband Fund is a special revenue fund used for the deposit and temporary holding of seized U.S. Currency related to Narcotics Investigations. These monies are held in escrow pending civil or criminal court proceedings or abandonment. Released funds are used for law enforcement related expenses within Washington County at the discretion of the Board of Directors for the Washington County Narcotics Task Force.

The Agricultural Education Center Fund is a special revenue fund used to account for all transactions of the Agricultural Education Center (Center). The purpose of this Center is to promote agricultural pursuits in Washington County and to educate the general public and members of the agricultural community in all areas regarding agriculture in the County.

The Hotel Rental Tax Fund is a special revenue fund for accounting of taxes collected on transient charges paid to a hotel or motel located in the County, and for the distribution of the tax revenue to the Hagerstown/Washington County Convention and Visitors Bureau, municipalities and for special projects for the County.

The Gaming Fund is a special revenue fund for accounting of permits and licensing fees, for tip jar and bingo gaming activity. The Gaming Fund distributes funds to the various fire and rescue companies and charitable organizations in the County.

The Land Preservation Fund is a special revenue fund established to account for State and County programs related to preserving agriculture land in the County. A portion of the County's transfer tax is used to purchase permanent easements through an installment purchase program and a portion of the transfer tax is remitted to the State for the purchase of easements and transferable development rights.

The Hagerstown/Eastern Panhandle Metropolitan Planning Organization (HEPMPO) Fund is a special revenue fund used to account for transportation planning activities. The objective of the organization is to ensure that a continuing, cooperative, and comprehensive approach for short- and long-range transportation planning is established and maintained for the metropolitan area.

The Foreign Trade Zone Fund is a special revenue fund used to account for all transactions of the Foreign Trade Zone Commission. The Foreign Trade Zone Commission was established to allow a reduction or elimination of import taxes for County businesses within the 1,786 acres of the zone.

COUNTY COMMISSIONERS OF WASHINGTON COUNTY

Combining Statements of Financial Schedules (continued) June 30, 2024

Non-Major Proprietary Funds

The Public Transit Fund accounts for the activities of the public bus transportation system.

The Golf Course Fund accounts for activities at the Black Rock Golf Course including a public restaurant, currently being leased to a third party, an 18-hole golf course, and a full-service pro shop.

COUNTY COMMISSIONERS OF WASHINGTON COUNTY

Combining Balance Sheet – Non-Major Governmental Funds As of June 30, 2024

	Grant Management	Cascade Town Centre	Inmate Welfare	Contraband	Agricultural Education Center	Hotel Rental Tax	Gaming	Land Preservation	HEPMPO	Foreign Trade Zone	Total Non-major Funds
ASSETS											
Cash	\$ 2,342,048	\$ 693,255	\$ 810,206	\$ 734,668	\$ 93,660	\$ 2,928,789	\$ 1,905,352	\$ 4,537,469	\$ -	\$ 7,091	\$ 14,052,538
Accounts receivable	-	12,500	-	-	-	282,340	97,432	3,908	-	14,878	411,058
Interest receivables	-	154	-	-	-	-	-	-	-	-	154
Leases receivable	-	105,225	-	-	-	-	-	-	-	-	105,225
Due from other government agencies	310,628	-	-	-	-	-	-	-	276,028	-	586,656
TOTAL ASSETS	\$ 2,652,676	\$ 811,134	\$ 810,206	\$ 734,668	\$ 93,660	\$ 3,211,129	\$ 2,002,784	\$ 4,541,377	\$ 276,028	\$ 21,969	\$ 15,155,631
LIABILITIES AND FUND BALANCES											
LIABILITIES											
Accounts payable	\$ 202,907	\$ 1,097	\$ 22,203	\$ -	\$ 27,702	\$ 486,077	\$ 1,890,875	\$ 19,809	\$ 58,364	\$ 850	\$ 2,709,884
Accrued expenses	6,344	-	828	-	1,039	-	3,699	1,762	30	-	13,702
Due to other funds	-	-	-	-	-	-	-	-	174,754	-	174,754
Unearned revenue	-	-	-	-	-	-	-	1,299,220	-	-	1,299,220
Other liabilities	-	-	-	669,540	-	-	-	529,017	-	-	1,198,557
TOTAL LIABILITIES	209,251	1,097	23,031	669,540	28,741	486,077	1,894,574	1,849,808	233,148	850	5,396,117
Deferred Inflow of Resources											
Leases	-	98,154	-	-	-	-	-	-	-	-	98,154
Total Deferred Inflow of Resources	-	98,154	-	-	-	-	-	-	-	-	98,154
FUND BALANCES											
Restricted	2,417,803	-	787,175	-	-	-	-	285,312	-	-	3,490,290
Committed	-	711,883	-	-	-	-	-	2,406,257	-	-	3,118,140
Assigned	25,622	-	-	65,128	64,919	2,725,052	108,210	-	42,880	21,119	3,052,930
TOTAL FUND BALANCES	2,443,425	711,883	787,175	65,128	64,919	2,725,052	108,210	2,691,569	42,880	21,119	9,661,360
TOTAL LIABILITIES AND FUND BALANCES	\$ 2,652,676	\$ 811,134	\$ 810,206	\$ 734,668	\$ 93,660	\$ 3,211,129	\$ 2,002,784	\$ 4,541,377	\$ 276,028	\$ 21,969	\$ 15,155,631

COUNTY COMMISSIONERS OF WASHINGTON COUNTY

Combining Statement of Revenue, Expenditures, and Changes in Fund Balances – Non-Major Governmental Funds For the Year Ended June 30, 2024

	Grant Management	Cascade Town Centre	Inmate Welfare	Contraband	Agricultural Education Center	Hotel Rental Tax	Gaming	Land Preservation	HEPMPO	Foreign Trade Zone	Total Non-major Funds
REVENUE											
Other local taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,847,625	\$ -	\$ 261,350	\$ -	\$ -	\$ 3,108,975
Licenses and permits	-	-	-	-	-	-	2,560,591	-	-	-	2,560,591
Charges for services	-	-	577,038	-	-	-	-	-	-	-	577,038
Revenues from uses of property	-	25,464	-	-	64,530	-	-	-	-	-	89,994
Reimbursed expenses	-	-	-	-	7,039	-	-	-	-	-	7,039
Miscellaneous revenues	-	-	310,360	23,804	2,873	-	-	-	46,199	30,097	413,333
Shared taxes and grants	3,780,468	-	-	-	-	-	-	195,222	557,379	-	4,533,069
TOTAL REVENUE	<u>3,780,468</u>	<u>25,464</u>	<u>887,398</u>	<u>23,804</u>	<u>74,442</u>	<u>2,847,625</u>	<u>2,560,591</u>	<u>456,572</u>	<u>603,578</u>	<u>30,097</u>	<u>11,290,039</u>
EXPENDITURES											
Public safety	-	-	564,563	9,627	-	-	1,207,143	-	-	-	1,781,333
Parks, recreation and culture	-	-	-	-	273,740	-	-	-	-	-	273,740
Land preservation	-	-	-	-	-	-	-	1,918,308	-	-	1,918,308
General operations	251,478	44,445	-	-	-	593,764	184,632	182,876	-	8,978	1,266,173
Community promotion	1,482,665	100,000	-	-	-	1,860,060	1,207,143	-	636,011	-	5,285,879
TOTAL EXPENDITURES	<u>1,734,143</u>	<u>144,445</u>	<u>564,563</u>	<u>9,627</u>	<u>273,740</u>	<u>2,453,824</u>	<u>2,598,918</u>	<u>2,101,184</u>	<u>636,011</u>	<u>8,978</u>	<u>10,525,433</u>
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES	<u>2,046,325</u>	<u>(118,981)</u>	<u>322,835</u>	<u>14,177</u>	<u>(199,298)</u>	<u>393,801</u>	<u>(38,327)</u>	<u>(1,644,612)</u>	<u>(32,433)</u>	<u>21,119</u>	<u>764,606</u>
OTHER FINANCING SOURCES											
Transfers in	387,640	-	-	-	238,200	-	-	1,969,399	26,670	-	2,621,909
Transfers out	-	-	-	-	-	(88,000)	-	-	-	-	(88,000)
Proceeds of leases	-	-	-	-	2,873	-	-	-	3,912	-	6,785
TOTAL OTHER FINANCING SOURCES (USES)	<u>387,640</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>241,073</u>	<u>(88,000)</u>	<u>-</u>	<u>1,969,399</u>	<u>30,582</u>	<u>-</u>	<u>2,540,694</u>
NET CHANGES IN FUND BALANCES	<u>2,433,965</u>	<u>(118,981)</u>	<u>322,835</u>	<u>14,177</u>	<u>41,775</u>	<u>305,801</u>	<u>(38,327)</u>	<u>324,787</u>	<u>(1,851)</u>	<u>21,119</u>	<u>3,305,300</u>
FUND BALANCES - BEGINNING OF YEAR	<u>9,460</u>	<u>830,864</u>	<u>464,340</u>	<u>50,951</u>	<u>23,144</u>	<u>2,419,251</u>	<u>146,537</u>	<u>2,366,782</u>	<u>44,731</u>	<u>-</u>	<u>6,356,060</u>
FUND BALANCES - END OF YEAR	<u>\$ 2,443,425</u>	<u>\$ 711,883</u>	<u>\$ 787,175</u>	<u>\$ 65,128</u>	<u>\$ 64,919</u>	<u>\$ 2,725,052</u>	<u>\$ 108,210</u>	<u>\$ 2,691,569</u>	<u>\$ 42,880</u>	<u>\$ 21,119</u>	<u>\$ 9,661,360</u>

COUNTY COMMISSIONERS OF WASHINGTON COUNTY

Combining Statement of Net Position – Non-Major Proprietary Funds As of June 30, 2024

	Public Transit Fund	Golf Course Fund	Total Non-Major Funds
ASSETS			
Current Assets:			
Cash	\$ 1,881,441	\$ 1,034,457	\$ 2,915,898
Accounts receivable	10,058	27,072	37,130
Due from other governmental agencies	634,811	157,427	792,238
Inventories	211,927	39,563	251,490
Other assets	-	11,583	11,583
Total current assets	<u>2,738,237</u>	<u>1,270,102</u>	<u>4,008,339</u>
Noncurrent Assets:			
Property plant and equipment	9,609,786	5,826,031	15,435,817
Accumulated depreciation	(4,548,940)	(3,409,047)	(7,957,987)
Right-to-use leased equipment	-	450,567	450,567
Accumulated amortization	-	(27,616)	(27,616)
Total noncurrent assets	<u>5,060,846</u>	<u>2,839,935</u>	<u>7,900,781</u>
TOTAL ASSETS	<u>7,799,083</u>	<u>4,110,037</u>	<u>11,909,120</u>
LIABILITIES			
Current Liabilities:			
Lease obligations	-	62,576	62,576
Accounts payable	49,883	39,616	89,499
Accrued expenses	51,564	26,011	77,575
Accrued interest	-	2,800	2,800
Compensated absences	108,283	33,116	141,399
Unearned revenue	-	30,254	30,254
Total current liabilities	<u>209,730</u>	<u>194,373</u>	<u>404,103</u>
Noncurrent Liabilities:			
Compensated absences	36,095	11,039	47,134
Lease obligations	-	359,179	359,179
Total noncurrent liabilities	<u>36,095</u>	<u>370,218</u>	<u>406,313</u>
TOTAL LIABILITIES	<u>245,825</u>	<u>564,591</u>	<u>810,416</u>
NET POSITION			
Net investment in capital assets	5,060,846	2,418,180	7,479,026
Unrestricted	2,492,412	1,127,266	3,619,678
TOTAL NET POSITION	<u>\$ 7,553,258</u>	<u>\$ 3,545,446</u>	<u>\$ 11,098,704</u>

COUNTY COMMISSIONERS OF WASHINGTON COUNTY

Combining Statement of Revenue, Expenses and Changes in Fund Net Position – Non-Major Proprietary Funds For the Year Ended June 30, 2024

	Public Transit Fund	Golf Course Fund	Total Non-Major Funds
OPERATING REVENUE			
Charges for services	\$ 357,137	\$ 1,106,271	\$ 1,463,408
Miscellaneous	8,321	17,652	25,973
TOTAL OPERATING REVENUE	<u>365,458</u>	<u>1,123,923</u>	<u>1,489,381</u>
OPERATING EXPENSES			
Salaries and wages	1,874,119	563,314	2,437,433
Fringe benefits	688,091	219,746	907,837
Utilities	22,249	50,067	72,316
Insurance	36,305	12,188	48,493
Repairs and maintenance	174,482	105,486	279,968
Supplies	37,153	3,602	40,755
Cost of goods sold	-	91,039	91,039
Contracted services	239,518	3,940	243,458
Rentals and leases	41,431	4,521	45,952
Other operating	377,860	177,348	555,208
Controllable assets	8,586	20,226	28,812
Depreciation and amortization	831,121	184,680	1,015,801
TOTAL OPERATING EXPENSES	<u>4,330,915</u>	<u>1,436,157</u>	<u>5,767,072</u>
OPERATING LOSS	<u>(3,965,457)</u>	<u>(312,234)</u>	<u>(4,277,691)</u>
OTHER INCOME			
Gain (loss) on disposal of assets	2,670	-	2,670
TOTAL OTHER INCOME	<u>2,670</u>	<u>-</u>	<u>2,670</u>
LOSS BEFORE OPERATING TRANSFERS AND GRANTS	<u>(3,962,787)</u>	<u>(312,234)</u>	<u>(4,275,021)</u>
OPERATING TRANSFERS IN	1,031,000	433,690	1,464,690
GRANTS FOR OPERATIONS	<u>2,179,749</u>	<u>-</u>	<u>2,179,749</u>
LOSS BEFORE CAPITAL TRANSFERS AND GRANTS	<u>(752,038)</u>	<u>121,456</u>	<u>(630,582)</u>
CAPITAL TRANSFERS	16,000	13,500	29,500
GRANTS FOR CAPITAL PROJECTS	<u>514,518</u>	<u>-</u>	<u>514,518</u>
CHANGES IN NET POSITION	<u>(221,520)</u>	<u>134,956</u>	<u>(86,564)</u>
NET POSITION - BEGINNING OF YEAR	<u>7,774,778</u>	<u>3,410,490</u>	<u>11,185,268</u>
NET POSITION - END OF YEAR	<u>\$ 7,553,258</u>	<u>\$ 3,545,446</u>	<u>\$ 11,098,704</u>

COUNTY COMMISSIONERS OF WASHINGTON COUNTY

Combining Statement of Cash Flows – Non-Major Proprietary Funds For the Year Ended June 30, 2024

	Public Transit Fund	Golf Course Fund	Total Non-Major Funds
Cash Flows from Operating Activities			
Receipts from customers	\$ 357,497	\$ 1,119,855	\$ 1,477,352
Payments to suppliers	(963,813)	(497,161)	(1,460,974)
Payments to employees	(2,521,401)	(773,400)	(3,294,801)
Net Cash Used by Operating Activities	<u>(3,127,717)</u>	<u>(150,706)</u>	<u>(3,278,423)</u>
Cash Flows from Noncapital Financing Activities			
Operating contributions	3,210,749	433,690	3,644,439
Net Cash Provided by Noncapital Financing Activities	<u>3,210,749</u>	<u>433,690</u>	<u>3,644,439</u>
Cash Flows from Capital and Related Financing Activities			
Acquisition and construction of capital assets	(130,687)	(123,953)	(254,640)
Gain/(loss) on the sale of assets	-	(1,043)	(1,043)
Contribution for capital acquisitions	530,518	13,500	544,018
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>399,831</u>	<u>(111,496)</u>	<u>288,335</u>
Net change in cash	482,863	171,488	654,351
Cash, beginning of year	1,398,578	862,969	2,261,547
Cash, End of Year	<u>\$ 1,881,441</u>	<u>\$ 1,034,457</u>	<u>\$ 2,915,898</u>
Reconciliation of Operating Loss to Net Cash from Operating Activities			
Operating loss	\$ (3,965,457)	\$ (312,234)	\$ (4,277,691)
Adjustments to reconcile operating loss to net cash from operating activities:			
Depreciation	831,121	184,680	1,015,801
Changes in assets and liabilities:			
Accounts receivable	(7,997)	18,202	10,205
Due to/from other government entities	36	-	36
Inventories	(42,275)	5,602	(36,673)
Other assets	-	(686)	(686)
Accounts payable and other liabilities	16,046	(33,660)	(17,614)
Accrued expenses	14,512	1,386	15,898
Unearned revenue	-	(22,270)	(22,270)
Compensated absences	26,297	8,274	34,571
Net Cash Used by Operating Activities	<u>\$ (3,127,717)</u>	<u>\$ (150,706)</u>	<u>\$ (3,278,423)</u>

BUDGET AND ACTUAL SCHEDULE

COUNTY COMMISSIONERS OF WASHINGTON COUNTY

Schedule of Revenue, Expenditures, and Changes in Fund Balance-Budget and Actual General Fund For the Year Ended June 30, 2024

	Budgeted Amounts			Variance with Final Budget -
	Original	Final	Actual Amounts	Positive (Negative)
REVENUE				
Property Taxes				
Real property tax	\$ 129,946,870	\$ 129,946,870	\$ 135,737,855	\$ 5,790,985
Personal property tax	15,477,230	15,477,230	17,682,239	2,205,009
Property tax interest income	395,000	395,000	482,976	87,976
Other property tax	1,273,350	1,273,350	1,328,948	55,598
State administrative fees	(550,000)	(550,000)	(566,045)	(16,045)
Property tax discounts and credits	(3,165,300)	(3,165,300)	(3,557,223)	(391,923)
Total Property Taxes	143,377,150	143,377,150	151,108,750	7,731,600
Other Local Taxes				
Income tax	116,692,810	116,692,810	125,336,978	8,644,168
Admissions and amusement tax	-	400,000	477,760	77,760
Recordation tax	8,452,000	8,452,000	7,660,380	(791,620)
Trailer tax	200,000	200,000	222,880	22,880
Total Other Local Taxes	125,344,810	125,744,810	133,697,998	7,953,188
Other Revenues				
Licenses and permits	1,244,050	1,244,050	1,402,365	158,315
Court costs and fines	1,252,280	1,252,280	1,198,851	(53,429)
Charges for services	1,367,840	1,640,200	2,227,349	587,149
Reimbursed expenses	1,092,160	1,049,290	969,396	(79,894)
In kind	-	4,280,080	4,280,080	-
Miscellaneous revenues	471,870	8,590,844	3,315,163	(5,275,681)
Grant and shared revenues	5,010,190	14,341,377	14,816,145	474,768
Interest income	1,900,000	2,345,229	15,843,306	13,498,077
Highway revenues	2,945,810	2,964,430	3,100,060	135,630
Total Other Revenues	15,284,200	37,707,780	47,152,715	9,444,935
TOTAL REVENUE	284,006,160	306,829,740	331,959,463	25,129,723
EXPENDITURES				
General Government				
Legislative				
County Commissioners	356,140	356,140	344,702	11,438
County Clerk	166,260	187,525	171,458	16,067
County Administrator	426,970	602,372	545,566	56,806
Public Relations & Marketing	550,070	538,579	512,346	26,233
Purchasing	648,330	648,330	643,621	4,709
Total Legislative	2,147,770	2,332,946	2,217,693	115,253
Judicial				
Circuit Court	2,386,840	2,361,315	2,330,724	30,591
Orphan's Court	36,150	36,150	30,321	5,829
State's Attorney	4,949,700	4,686,265	4,553,084	133,181
Sheriff - Judicial	4,012,560	3,989,530	3,949,849	39,681
Sheriff - Process Servers	158,360	163,121	157,168	5,953
Grants	-	1,166,946	1,115,089	51,857
Total Judicial	11,543,610	12,403,327	12,136,235	267,092

COUNTY COMMISSIONERS OF WASHINGTON COUNTY

Schedule of Revenue, Expenditures, and Changes in Fund Balance-Budget and Actual General Fund (continued) For the Year Ended June 30, 2024

	Budgeted Amounts		Actual Amounts	Variance with Final Budget -
	Original	Final		Positive (Negative)
Election Board	\$ 2,266,090	\$ 2,266,090	\$ 1,951,140	\$ 314,950
Financial Administration				
Budget and Finance	1,974,160	2,283,824	2,148,509	135,315
Independent Auditing	80,000	80,000	60,850	19,150
Treasurer	526,120	526,120	496,189	29,931
Information Technologies	4,094,630	4,016,341	3,650,450	365,891
Total Financial Administration	6,674,910	6,906,285	6,355,998	550,287
County Attorney	916,570	1,223,670	1,065,669	158,001
Human Resources	1,377,590	1,391,051	1,215,207	175,844
Planning and Zoning				
Planning and Zoning	1,466,580	1,439,923	1,299,073	140,850
Board of Zoning Appeals	59,290	59,290	50,773	8,517
Grants	-	418,583	418,583	-
Total Planning and Zoning	1,525,870	1,917,796	1,768,429	149,367
Public Works				
Department of Public Works	339,360	339,360	334,808	4,552
Engineering	2,972,620	2,941,502	2,838,973	102,529
Construction	3,083,670	3,058,918	2,912,500	146,418
Buildings, Grounds & Facilities	2,391,950	2,376,465	2,351,180	25,285
Total Public Works	8,787,600	8,716,245	8,437,461	278,784
County Owned Buildings				
Martin Luther King Center	124,880	124,880	97,388	27,492
Administrative Building	330,410	330,410	341,928	(11,518)
Court House	302,240	302,240	357,302	(55,062)
County Office Building	236,330	236,330	226,945	9,385
Administration Annex	124,630	124,630	141,278	(16,648)
Central Services	131,230	131,230	126,367	4,863
Rental Properties	6,020	6,020	939	5,081
Library Maintenance	45,770	614,954	617,894	(2,940)
Dwyer Center	32,310	32,310	33,911	(1,601)
Election Board Facility	106,350	106,350	77,409	28,941
Senior Center	12,050	12,050	7,801	4,249
Public Facilities Annex	89,810	89,810	64,615	25,195
Total County Owned Buildings	1,542,030	2,111,214	2,093,777	17,437
Community Promotion				
Contributions to Non-profits	2,205,150	2,638,750	2,632,029	6,721
Business Development	837,560	861,290	812,879	48,411
Grants	-	5,875,284	5,875,284	-
Total Community Promotion	3,042,710	9,375,324	9,320,192	55,132
Total General Government	39,824,750	48,643,948	46,561,801	2,082,147

COUNTY COMMISSIONERS OF WASHINGTON COUNTY

Schedule of Revenue, Expenditures, and Changes in Fund Balance-Budget and Actual General Fund (continued) For the Year Ended June 30, 2024

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Public Safety				
Sheriff Departments				
Patrol	\$ 16,069,440	\$ 15,915,677	\$ 15,506,257	\$ 409,420
Sheriff Auxiliary	50,000	50,000	70,961	(20,961)
Narcotics Task Force	1,040,280	949,676	878,476	71,200
Wash. County Police Academy	59,840	59,840	47,493	12,347
Grants	-	644,055	597,012	47,043
Total Sheriff Departments	17,219,560	17,619,248	17,100,199	519,049
Fire and Rescue Services				
Volunteer Fire and Rescue - County Grants	10,637,470	10,627,470	11,924,205	(1,296,735)
EMS Operations	3,768,970	4,298,765	4,143,745	155,020
Fire Operations	6,570,290	6,505,860	6,580,763	(74,903)
Air Unit	73,970	73,970	70,013	3,957
Special Operations	214,110	214,770	231,239	(16,469)
Grants	-	521,586	516,527	5,059
Total Fire and Rescue Services	21,264,810	22,242,421	23,466,492	(1,224,071)
Corrections				
Detention Center	21,252,090	21,174,052	20,795,313	378,739
Central Booking	1,494,720	1,494,720	1,451,453	43,267
Day Reporting Center	506,400	508,301	479,179	29,122
Grants	-	443,501	440,460	3,041
Total Corrections	23,253,210	23,620,574	23,166,405	454,169
Other Public Safety				
911 - Communications	6,685,950	6,210,825	5,638,306	572,519
Wireless Communications	1,619,950	1,606,773	1,513,359	93,414
Emergency Management	276,540	265,030	248,090	16,940
Public Safety Training Center	960,350	962,903	954,043	8,860
Forensic Investigator	30,000	30,000	22,520	7,480
Civil Air Patrol	4,000	4,000	4,000	-
Animal Control	1,531,530	1,900,000	1,900,000	-
Animal Control Board	-	4,200	3,600	600
Grants	-	299,232	294,973	4,259
Total Other Public Safety	11,108,320	11,282,963	10,578,891	704,072
Total Public Safety	72,845,900	74,765,206	74,311,987	453,219
Health	2,339,270	3,183,616	3,183,616	-
Social Services	506,330	506,330	506,330	-
Education	119,306,650	119,306,650	119,306,650	-
Parks, Recreation, and Culture				
Total Contributions to Other Agencies	3,470,710	4,855,158	4,855,158	-
Martin L. Snook Park Pool	168,600	168,600	206,561	(37,961)
Parks and Recreation	1,712,070	1,705,991	1,690,629	15,362
Total Parks, Recreation, and Culture	5,351,380	6,729,749	6,752,348	(22,599)

COUNTY COMMISSIONERS OF WASHINGTON COUNTY

Schedule of Revenue, Expenditures, and Changes in Fund Balance-Budget and Actual General Fund (continued) For the Year Ended June 30, 2024

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Conservation of Natural Resources				
Weed Control	\$ 317,550	\$ 317,550	\$ 362,290	\$ (44,740)
Agricultural Extension Service	279,040	279,040	279,042	(2)
Cooperative Extension	38,730	38,730	38,730	-
Soil Conservation Service	364,010	364,010	364,010	-
Environmental Pest Management	45,500	45,500	55,281	(9,781)
Total Conservation of Natural Resources	<u>1,044,830</u>	<u>1,044,830</u>	<u>1,099,353</u>	<u>(54,523)</u>
Highway	<u>13,042,150</u>	<u>13,060,770</u>	<u>12,636,950</u>	<u>423,820</u>
General Operations	<u>591,770</u>	<u>1,806,074</u>	<u>1,764,845</u>	<u>41,229</u>
Unallocated Employee Insurance and Benefits	<u>3,011,070</u>	<u>8,485,730</u>	<u>16,011,183</u>	<u>(7,525,453)</u>
Intergovernmental				
Golf Course operating transfer	433,690	433,690	433,690	-
HEPMPO operating transfer	5,130	5,130	5,130	-
Land Preservation operating transfer	53,530	53,530	69,399	(15,869)
Utility Administration operating transfer	702,970	702,970	702,970	-
Water operating transfer	750,570	750,570	750,570	-
Public Transit operating transfer	1,052,540	1,052,540	1,052,540	-
Capital Projects operating transfer	6,250,000	9,404,777	28,404,777	(19,000,000)
Solid Waste operating transfer	450,000	450,000	450,000	-
Grants Management operating transfer	387,640	387,640	387,640	-
Agricultural Education Center operating transfer	238,200	238,200	238,200	-
Municipality in lieu of bank shares	38,550	38,550	38,543	7
Total Intergovernmental	<u>10,362,820</u>	<u>13,517,597</u>	<u>32,533,459</u>	<u>(19,015,862)</u>
Billables	<u>-</u>	<u>-</u>	<u>466,962</u>	<u>(466,962)</u>
Debt Service	<u>15,779,240</u>	<u>15,779,240</u>	<u>15,737,785</u>	<u>41,455</u>
TOTAL EXPENDITURES	<u>284,006,160</u>	<u>306,829,740</u>	<u>330,873,269</u>	<u>(24,043,529)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,086,194</u>	<u>\$ 1,086,194</u>
OTHER FINANCING SOURCES (USES)				
Principal amount of new debt for refunding			8,527,398	
Deposit to escrow fund for refunding and repayment of loans			<u>(8,509,158)</u>	
TOTAL OTHER FINANCING SOURCES (USES)			18,240	
NET CHANGE IN FUND BALANCE			1,104,434	
FUND BALANCE - BEGINNING			<u>79,587,771</u>	
FUND BALANCE - ENDING			<u>\$ 80,692,205</u>	

OTHER SCHEDULE

COUNTY COMMISSIONERS OF WASHINGTON COUNTY

Local Management Board – Schedule of Revenue and Expenditures – Regulatory Basis For the Year Ended June 30, 2024

REVENUE

Community Partnership Agreement (CPA)	
Governor's Office for Children	\$ 797,443
Non- Community Partnership Agreement (Non-CPA)	
General Fund	387,640
Md State Department of Aging	36,550
Md State Department of Education	528,672
Cannabis State Sales Tax	1,055,506
Opioid Settlement Revenue	1,362,297
Total Non-Community Partnership Agreement Revenue	<u>3,370,665</u>
TOTAL REVENUE	<u>4,168,108</u>

EXPENDITURES

Community Partnership Agreement (CPA)	
Administrative :	
Salaries	78,172
Benefit Costs	42,865
Office supplies	363
Total CPA Administrative Expenditures	<u>121,400</u>
Programs:	
Western MC Disconnected Youth	52,635
GOC-School Based Mental Health	285,060
Family Centered Support Services	88,800
IACM for Children of Incarcerated Parents	89,345
GOC - Local Care Team Coordinator	54,000
GOC - WC Reengagement Center for Disconnected Youth	106,203
Total CPA Program Expenditures	<u>676,043</u>
Non-Community Partnership Agreement (CPA)	
Administrative:	
Salaries	153,898
Benefit Costs	87,345
Advertising	457
Community Service Awards	1,500
Dues & Subscriptions	100
Office Supplies	1,160
Personal Mileage	116
Postage	33
Entertainment/business expense	232
Training	5,300
Seminars/Conventions	20
Copy Machine Rental	867
Controllable Assets	450
Total Non-CPA Administrative Expenditures	<u>251,478</u>
Programs:	
School Based Mental Health	120,000
Commission on Aging	36,550
MSDE - Healthy Families	528,672
Total Non-CPA Program Expenditures	<u>685,222</u>
TOTAL EXPENDITURES	<u>1,734,143</u>
EXCESS OF REVENUE OVER EXPENDITURES	<u><u>\$ 2,433,965</u></u>