

CHARLES COUNTY MARYLAND



ANNUAL COMPREHENSIVE FINANCIAL REPORT

For the Fiscal Year Ended June 30, 2025

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CHARLES COUNTY, MARYLAND

ANNUAL COMPREHENSIVE FINANCIAL REPORT For the Fiscal Year Ended June 30, 2025

Prepared by:
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Charles County, Maryland

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The County Commissioners of Charles County, Maryland
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Introductory Section

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CHARLES COUNTY GOVERNMENT
Office of the County Administrator

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February 28, 2026

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

The Annual Comprehensive Financial Report of Charles County, Maryland for the Fiscal Year ended June 30, 2025, is hereby submitted as mandated by both local ordinances and state statutes. These ordinances and statutes require that Charles County annually issue a report of its financial condition and that this report be audited by an independent firm of licensed Certified Public Accountants. Responsibility for the accuracy of the County's financial records, including all required disclosures, rests with management. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner that presents fairly the financial position and results of operations of the various funds and component units of Charles County Government. All disclosures necessary to enable the reader to gain an understanding of the County's financial activities have been included.

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

The County's financial statements have been audited by CliftonLarsonAllen, Certified Public Accountants. The goal of the independent audit was to provide reasonable assurances that the financial statements of the County for the fiscal year ended June 30, 2025, are free of material misstatement. The independent audit involved examining on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the County's financial statements for the year ended June 30, 2025, are fairly presented in conformity with U.S. generally accepted accounting principles (GAAP). The report of Independent Public Accountants is presented as the first component of the financial section of this report.

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

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

Profile of the Charles County Government

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

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

The County serves an estimated population of 174,478 and provides a full range of municipal services enacted by statute or charter. These include public safety, education, sanitation, transportation, public health, social services, recreation, public improvements, planning and zoning, and administrative services. The three incorporated municipalities within the County are La Plata, Indian Head and Port Tobacco. These entities are independent of the County and, as such, are not included in this report.

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

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

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

Budget. The annual budget serves as the foundation for the County's financial planning and control. Expenditure requests for the ensuing fiscal year from units of government are compiled by the Charles County Department of Fiscal and Administrative Services beginning in January of each year. These budgets are prepared at the fund (e.g. General fund), function (e.g. public safety) and department (e.g. Public Works) level. The Director of Fiscal and Administrative Services simultaneously prepare revenue estimates and, following reviews and recommendations by the County Administrator of both revenue estimates and expenditure requests, the proposed budget is sent to the Board in March. Following public hearing and public work sessions, a revised operating budget is developed by the County Commissioners and staff. The County Commissioners are required to adopt a final budget no later than June 30th of the current fiscal year, and applies to those managed by the County Commissioners, County Administrator, County Attorney, and Department Heads.

During the fiscal year, the Department of Fiscal & Administrative Services monitors the budget to ensure expenditures do not exceed appropriations, based on the level at which they were adopted. Line-item budgets are subject to the Board of County Commissioner approved Budget Policies & Delegated Authorities Standard Operating Policy. This policy dictates approval levels that are needed when adjustments to the budget are needed. Department heads may make inter-category transfers up to \$15,000 within a department, with approval by the Fiscal & Administrative Services Director. Transfers between \$15,001 and \$35,000 require the approval of the County Administrator, between \$35,001 and \$50,000 require the approval of the President of the County Commissioners and transfers over \$50,000 require the majority approval of the full Board of Commissioners. Operating Budget Amendments that exclude grant funds require the special approval of the County Administrator or the Board of Commissioners depending on the dollar amount. Approval authority for an increase or decrease to total budget up to \$25,000 is delegated to the President of the County Commissioners, and more than \$25,000 requires majority approval of the Board of Commissioners. Budget-to-actual comparisons are provided in this report for the General Fund for which an appropriated annual budget is adopted. This comparison is presented on page 122 as part of the required supplementary information.

Tax Abatements. The County has four tax abatement agreements that support two utility companies and two projects to support affordable housing. Those for the two utility companies agreed upon scheduled payments in lieu of the possible cycle of State assessment figures and the appeal process that made it unpredictable for the County to receive annual tax payments. The more recently enacted agreements to support affordable housing saw significant property renovations coupled with making over 269 apartment units available to citizens of the County in a robust real estate market.

Economic Condition and Outlook

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

Local Economy. Charles County, a suburb of Washington, D.C., is part of the Washington, D.C. Metropolitan Statistical Area (MSA). Charles County is also part of a region known as Southern Maryland, a three-county peninsula between the Potomac River and the Chesapeake Bay. The County has the 4th highest median household income in the State of Maryland and the 44th highest median

household income in America. With a 2024 population estimate of 174,478, Charles County has been one of the fastest growing counties in Maryland. The U.S. Census Bureau, 2023 Population Estimates states Charles County has a majority African American population at 51.9% making Charles County the nation’s wealthiest majority African American county.

The County has a civilian labor force (16 years and older) of 90,686 with another 1,842 residents in the Armed Forces. The civilian workforce in Charles County continues to reflect the large number of educated working professionals that are moving into the County. The County median household income is 120,592. The annual average unemployment rate for 2024 was 3.1% according to the Maryland Department of Labor. According to recent Census data, major industries in which the civilian employed population are engaged include:

- Educational services, health care and social assistance (19.1%)
- Public Administration (20.4%)
- Professional scientific, management, waste management services and technical services (14.6%)

The foregoing constitutes 54.1% of the industries with the greatest employment. The top occupation groups for County residents (civilian employed population 16 years and over by number employed) are as follows:

- Management, business, science, and arts occupations (45.3%)
- Sales and office occupations (20.2%)
- Service occupations (16.1%)
- Natural resources, construction, and maintenance occupations (9.6%)
- Production, transportation, and material moving occupations (8.9%)

As indicated in the following table, employment in the County increased from 38,439 in 2020 to 42,790 in 2024, a gain of 4,351 jobs and an 11.3% increase in total employment. Growth in the public sector of employment outpaced the private sector between 2020 and 2024.

	2020	2021	2022	2023	2024	% Change '20 to '24
GOVERNMENT						
Federal	2,690	2,676	2,982	3,711	3,953	47.0%
State	517	521	541	539	552	6.8%
Local	6,728	6,704	7,010	7,285	7,538	12.0%
Subtotal	9,935	9,901	10,533	11,535	12,043	21.2%
INDUSTRY						
Services, Transportation, Communication & Utilities	24,646	25,834	26,314	26,340	27,257	10.6%
Construction	3,259	2,997	2,958	2,911	2,874	-11.8%
Manufacturing	566	567	557	543	593	4.8%
Other	33	28	27	23	23	-30.3%
Subtotal	28,504	29,426	29,856	29,817	30,747	7.9%
Total	38,439	39,327	40,389	41,352	42,790	11.3%

Source: Maryland Department of Labor, Licensing and Regulation.

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

Average Annual Unemployment Rate

	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
Calvert County	5.0%	4.2%	2.7%	1.9%	2.6%
Charles County	6.4	5.2	3.1	2.2	3.1
Frederick County	5.6	4.4	2.7	2.0	2.6
Montgomery County	6.0	5.0	2.7	1.9	2.7
Prince George’s County	7.8	6.7	3.3	2.2	3.3
St. Mary’s County	4.6	4.0	2.8	2.0	2.7
State of Maryland	6.4	5.2	3.0	2.1	3.0
United States ¹	8.1	5.3	3.6	3.6	4.0

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

Source: Maryland Department of Labor, Office of Workforce Information and Performance (OWIP),

Local Area Unemployment Statistics (LAUS) - Workforce Information and Performance - Annual County Data

Charles County has experienced a continued increase in population each year. The Census of 2000 put the County’s population at 121,204. The Census of 2010 puts the County’s population at 146,551. The Census of 2020 puts the County’s population at 166,617. The County experienced a 4.7% increase in population between April 1, 2020, and July 1, 2024. The 2024 estimated County population is approximately 174,478. It is projected that population growth within the County will continue at a steady but moderate rate.

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

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

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

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

- b. Debt Issuance Guidelines – Long-term borrowing will not be used to finance current operations or normal maintenance. All debt issued, including lease purchases, will be repaid within a period not to exceed the useful life of the asset or the improvement financed by the debt. General Fund debt service payment levels will be maintained not to exceed 8% of operating revenues. The County will seek to maintain and, if possible, improve current bond ratings to minimize borrowing costs and preserve access to credit. The General Obligation debt issuance will be managed on an annual basis to match funds to the CIP cashflow requirements.
- c. Debt Capacity – The five-year financial plan will help determine the amount of debt that can be issued while maintaining an 8% debt service ratio to the General Fund operating revenue budget. The annual review of the Capital Improvement Program will identify projects eligible for long term financing, and those adopted will closely match the debt that is affordable as calculated by the annual update of the five-year financial plan.

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

During Fiscal Year 2025, the County held a bond sale in November 2024 with total proceeds of \$73.0 million. The County’s debt service levels have remained well below the legal debt margin for the past several years as a direct result of the extensive financial planning that is conducted from both a capital and operating budget perspective. The Commissioner’s target debt ceiling limit of 8% provides a sturdy framework from which to make long-term financial decisions.

Major Initiatives. The County’s Fiscal Year 2026 budget continues to reflect long-range goals to guide the County’s vision of providing the highest quality of service to citizens. The Commissioners receive regular updates on the five goals. The County’s annual Budget Book provides additional detail at the departmental level on efforts to achieve the following stated goals:

- Economic Development: Accelerating business development, attraction, retention, and expansion in key / targeted industry sectors.
- Quality of Life: Creating space for community, leisure, and wellness activities, along with social supports, to enhance the experiences of residents and visitors.
- Emergency Preparedness, Response & Safety: Answering the call to connect our community to critical life-impacting services alongside our volunteer fire / EMS, law enforcement, and other response partners.
- Resiliency & Sustainability: Protecting and securing our natural resources, environment, infrastructure, and assets for the future
- Institutional Governance: Collaborating with County employees, agencies, and the community to manage operations more effectively, efficiently, and responsibly.

Also, as part of strengthening the County's position, several major economic development projects are recently completed or currently underway. St. John Properties has begun development on the Berry Pointe Business Park in Waldorf. The project is slated to comprise 518,400 square feet of flex/R&D space, 93,000 square feet of office, and 22,500 square feet of supporting retail. The development is projected to support over 2,100 jobs at full build-out and occupancy. In May of 2025, the Chesapeake Potomac Regional Cancer Center become Berry Pointe's inaugural tenant.

Waldorf Station is a proposed 145-acre mixed-use project in Waldorf, Maryland at the intersection of U.S. Route 301 and Maryland Route 5 (the primary gateway into the County). Construction on the mixed-use project is currently underway. The developer, Greenberg Gibbons, is planning residential elements, including townhouses, conventional apartments and assisted living. Non-residential components include retail, hospitality, entertainment and office space. Phase 1 of the project is primarily residential, and it is slated for a ribbon cutting in fall of 2025. This phase of the project is on the east side of U.S. Highway 301 and will also include a mix of townhouses and neighborhood serving retail. Phase 2, which consists of both retail and residential has begun land development. It is located on the west side of US Highway 301. Concurrent with the construction of Waldorf Station will be the completion of the Western Parkway, which will link the St. Charles Towne Center in south Waldorf to U.S. 301 at Waldorf Station. The first two phases of construction are complete, and the final phase of Western Parkway is underway. To further support this development a number of road projects including improvements along Rt. 5 to the intersection at Mattawoman Beantown Road, intersection at Pinefield Road, and the intersection at Substation Road are also planned.

The Economic Development Department continues to work with the Town of Indian Head and community stakeholders to support redevelopment of underutilized and vacant properties along the Maryland Route 210 Corridor. A Technical Advisory Group has been established to create a Town of Indian Head Transportation Corridor Resiliency Study. This study features transportation and pedestrian analysis of the area of concern along the MD Route 210 corridor. The study is actively underway and the final report is expected to be completed in 2026 and is expected to include an implementation and cost analysis strategy including financing opportunities and recommendations, conceptual planning of alternatives, emergency preparedness tabletop scenario, and a communication plan for the initial kickoff and selected alternatives. Over the past several years, redevelopment efforts have included:

- The first dedicated grocery store in the Town of Indian Head in more two decades that opened 2024.
- Development of the 30,000 square foot, Maryland Technology Center. To date, 15 businesses and organizations have co-located at this location.
- Redevelopment of one of Indian Head's oldest buildings was completed to create needed office space for government contractors.
- The College of Southern Maryland's Velocity Center, an innovation center to support US Navy engagement with customers and creates off-base collaboration.

In summary, the Fiscal Year 2026 economic outlook for the County remained stable. Operating revenues should increase approximately 6% due to growth in Property Taxes from raising assessments. adjusting income tax revenues to current trends, and an increase to the recordation tax rate. The Recordation Tax increased from \$5 per \$500 to \$7 per \$500; a \$2 increase. Funding from this increase,

estimated to be \$4,300,000, will be used to support the Board of Education's budget request and to support affordable housing within the County.

Awards and Acknowledgements

The Government Finance Officers Association of the United States and Canada (GFOA) has awarded the Certificate of Achievement for Excellence in Financial Reporting to Charles County, Maryland for its annual comprehensive financial report for the year ended June 30, 2024. This is the twenty-third consecutive year that the County has achieved this prestigious award. To be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized annual comprehensive financial report. This report must satisfy both generally accepted accounting principles in the United States of America and applicable legal requirements.

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

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

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

Respectfully submitted,



Jacob J. Dyer
Director of Fiscal & Administrative Services



William G. DeAtley
Chief of Accounting



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**Charles County Government
Maryland**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2024

Christopher P. Morill

Executive Director/CEO

CHARLES COUNTY, MARYLAND
GOVERNMENTAL ORGANIZATION
CERTAIN ELECTED AND ADMINISTRATIVE OFFICIALS

CERTAIN ELECTED OFFICIALS

President, County Commissioners
County Commissioners

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

County Sheriff

Troy D. Berry

CERTAIN ADMINISTRATIVE OFFICIALS

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

Mark J. Belton
Deborah E. Hall, CPA
Danielle Mitchell
Wes Adams
Jacob J. Dyer
Jason R. Groth
Michelle Lilly
Martin L. Harris
Kelli Beavers
Dina M. Barclay
Alexis B. Blackwell
Jim Chandler

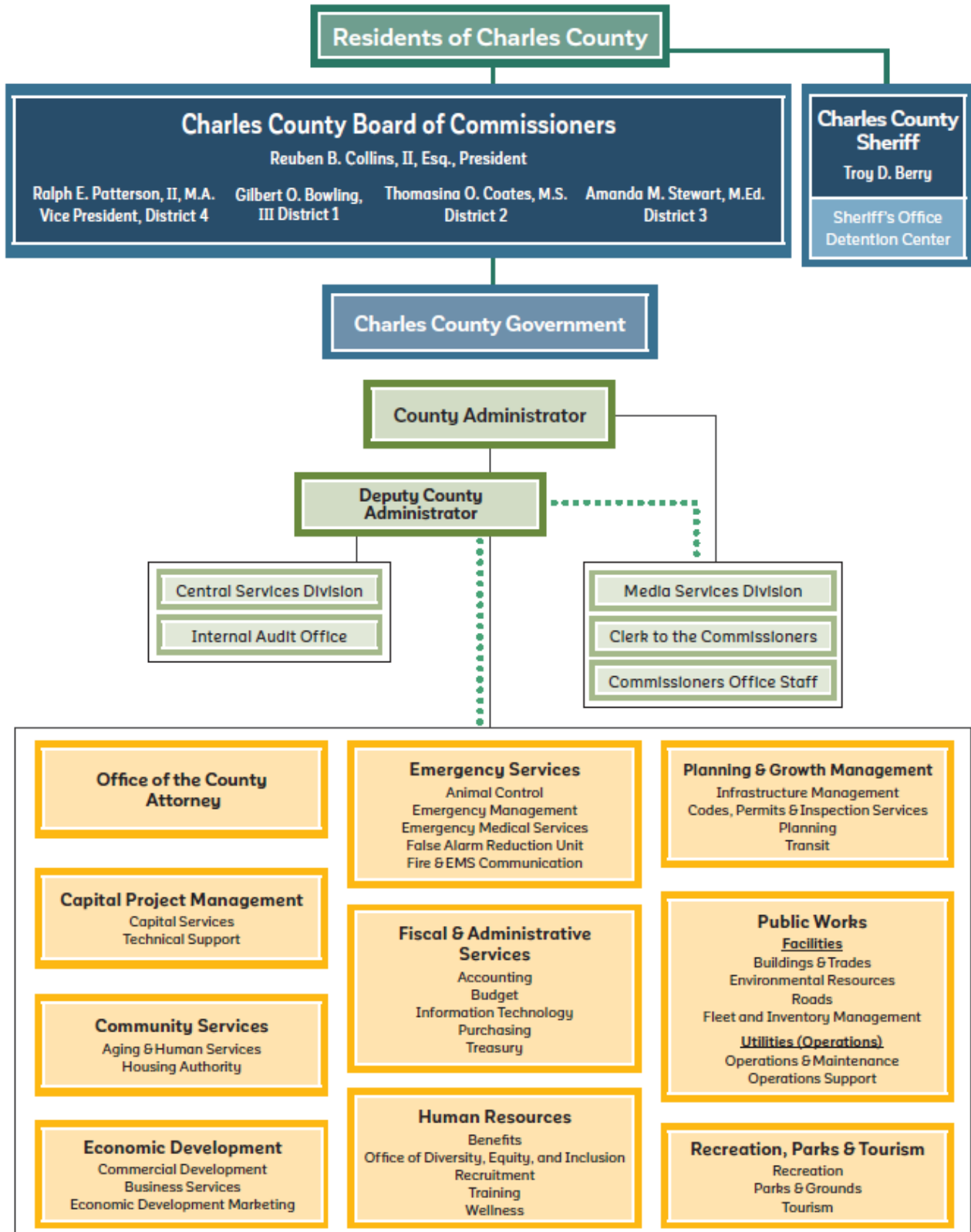
Independent Public

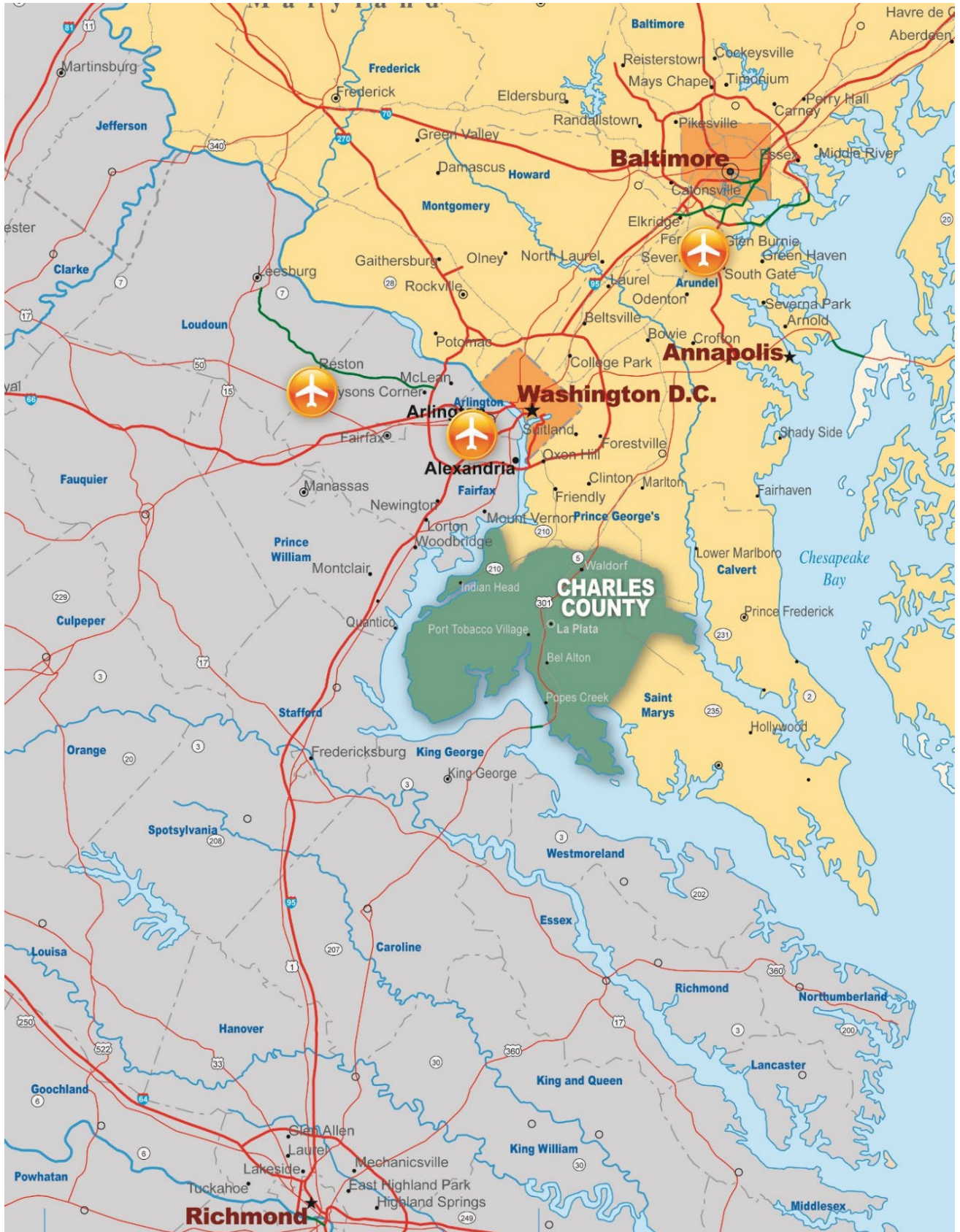
Accountant
CliftonLarsonAllen LLP
1966 Greenspring Drive,
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500 East Pratt Street,
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8600 LaSalle Road,
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As of June 30, 2025





Charles County Government

Our Mission

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

Our Vision

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

Financial Section

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INDEPENDENT AUDITORS' REPORT

Commissioners of Charles County, Maryland
La Plata, Maryland

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County Commissioners of Charles County, Maryland (the County), as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

In our opinion, based on our audit and the report of the other auditors, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County, as of June 30, 2025, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of the Board of Library Trustees for Charles County, which represent 0.4 percent, 5 percent, and 1 percent, respectively, of the assets and deferred outflows, net deficit, and revenues of the aggregate discretely presented component units as June 30, 2025. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Board of Library Trustees for Charles County, is based solely on the report of the other auditors.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

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

Commissioners of Charles County, Maryland
Charles County, Maryland

Supplementary Information

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


Other Information

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 27, 2026, on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the County's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.



CliftonLarsonAllen LLP

Baltimore, Maryland
February 27, 2026

Management's Discussion and Analysis (MD&A)

Our discussion and analysis of the financial performance of Charles County, Maryland (the County) provides an overview of the County's financial activities for the Fiscal Year ended June 30, 2025. We encourage readers to use the information presented here in conjunction with the financial statements (beginning on page 36), and the accompanying notes to those financial statements (beginning on page 57).

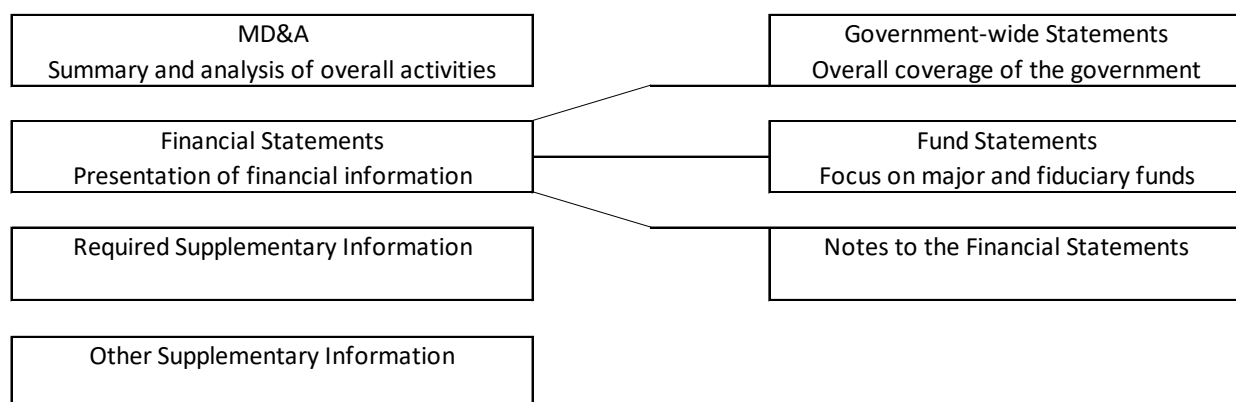
Financial Highlights

- The government-wide assets and deferred outflows of resources of Charles County exceeded its liabilities and deferred inflows of resources at the close of the current fiscal year by \$787.8 million (net position).
- The County's statement of activities change in net position was an increase of \$77.9 million.
- As of the close of the current fiscal year, Charles County's governmental funds reported a combined ending fund balance of \$365.2 million, an increase of \$17.7 million from the prior year as stated on page 40. Approximately 1.9% of this total amount is classified as Non-spendable fund balance, or \$6.9 million. Much of the total is classified as Restricted, Committed or Assigned fund balance, or \$354.7 million.
- For Fiscal Year 2025, the total Fund Balance for the General Fund equaled \$211.8 million, as shown on page 40. Of that total, \$187.4 million is represented as Committed Fund Balance, including the Fund Balance Policy Target of \$86.1 million. The County's Fund Balance Policy sets a goal to maintain a minimum reserve of 8% of operating revenues.
- A General Fund balance appropriation of \$18.2 million was approved during the year to support Commissioner goals and objectives and to support one-time items. However, revenues primarily from Income Taxes, Recordation Taxes, and Interest Income, exceeded the budget estimate by \$39.5 million. In addition, overall year-end expenses were below the amended budget by \$16.5 million. As a result, instead of a budgeted Fund Balance decrease of \$43.2 million, an increase of \$12.9 million was experienced.

Overview of the Financial Statements

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

Financial Statement Presentation



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

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

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

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

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

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

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

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

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

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

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

Charles County Government maintains twenty-nine individual governmental funds. Information is presented separately in the governmental fund Balance Sheet and in the governmental fund Statement of Revenues, Expenditures, and Changes in Fund Balance for the General Fund, the Capital Projects Fund, and the Debt Service Fund, which are major funds. Data from the other twenty-six non-major governmental funds are combined into a single, aggregated presentation in the governmental fund financial statements. The governmental fund financial statements can be found on pages 40-43 of this report.

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

Proprietary fund financial statements provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Water and Sewer Fund, the Solid Waste Fund, and the Stormwater Protection Fund, which are considered major funds of the County. The remaining four enterprise funds are combined into a single, aggregated presentation in the proprietary fund financial statements. The proprietary fund financial statements can be found on pages 44-47.

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

Notes to the financial statements. The notes provide additional information that is essential to developing a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 57-120 of this report.

Required supplementary information. In addition to the financial statements and accompanying notes, this report presents certain required supplementary information that is not considered a part of the financial statements. Included in this section is a budgetary comparison for the General Fund, which demonstrates compliance with the annually adopted budget. This information can be found on pages 121-133 of this report.

Other supplementary information. Other supplementary information includes the Combining Balance Sheet and the Combining Statement of Revenues, Expenditures and Changes in Fund Balance for non-major governmental funds. Also, presented here are the Combining Statement of Net Position, the Combining Statement of Revenues, Expenses, and Changes in Net Position, and the Combining Statement of Cash Flows for the non-major proprietary funds. Lastly, the Combining Statement of Fiduciary Net Position and the Combining Statement of Changes in Fiduciary Net Position are presented. These reports can be found on pages 138-165 of this report.

Government-wide Financial Analysis

As noted earlier, trend analysis of net position may serve as a useful indicator of a government's financial position. In Charles County, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$787.8 million at the close of the most recent fiscal year, as shown in the summary schedule of net position on the table below.

By far the largest portion of Charles County's net position, \$479.7 million, reflects its net investment in capital assets (e.g., land, buildings, infrastructure, machinery, and equipment), less any related outstanding debt used to acquire those assets. The County uses these capital assets to provide services to its citizens; consequently, these assets are not available for future spending. Although the County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since capital assets themselves cannot be used to liquidate these liabilities. An additional portion of the County's net position (3%) represents resources that are subject to external restrictions on how they may be used.

Net Position
As of June 30, 2025 and 2024
(amounts are presented in thousands)

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>
Current and other assets	\$ 588,758	\$ 564,222	\$ 168,585	\$ 171,276	\$ 757,343	\$ 735,497
Capital assets, net of depreciation	509,978	488,830	453,775	398,179	963,753	887,009
Total assets	<u>1,098,736</u>	<u>1,053,052</u>	<u>622,360</u>	<u>569,455</u>	<u>1,721,096</u>	<u>1,622,506</u>
Deferred Outflows of Resources	<u>78,285</u>	<u>43,758</u>	<u>-</u>	<u>-</u>	<u>78,285</u>	<u>43,758</u>
Total Assets and Deferred Outflows of Resources	<u>1,177,021</u>	<u>1,096,810</u>	<u>622,360</u>	<u>569,455</u>	<u>1,799,381</u>	<u>1,666,265</u>
Non-current liabilities	624,114	577,523	233,831	219,253	857,945	796,776
Other liabilities	57,728	67,364	26,595	15,416	84,323	82,780
Total liabilities	<u>681,842</u>	<u>644,887</u>	<u>260,426</u>	<u>234,669</u>	<u>942,268</u>	<u>879,556</u>
Deferred Inflows of Resources	<u>62,548</u>	<u>69,826</u>	<u>6,762</u>	<u>7,155</u>	<u>69,310</u>	<u>76,981</u>
Total Liabilities and Deferred Inflows of Resources	<u>744,390</u>	<u>714,714</u>	<u>267,188</u>	<u>241,823</u>	<u>1,011,578</u>	<u>956,537</u>
Net position:						
Net investment in capital assets	252,266	236,429	227,438	163,531	479,704	399,961
Restricted	26,754	22,188	1,941	4,855	28,696	27,043
Unrestricted	153,611	123,478	125,792	159,421	279,403	282,899
Total net position	<u>\$ 432,632</u>	<u>\$ 382,096</u>	<u>\$ 355,173</u>	<u>\$ 327,808</u>	<u>\$ 787,803</u>	<u>\$ 709,903</u>

Changes in Net Position
Years ended June 30, 2025 and 2024
(amounts are presented in thousands)

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>
Program revenues:						
Charges for services	\$ 24,664	\$ 18,129	\$ 119,392	\$ 113,380	\$ 144,056	\$ 131,509
Operating grants & contributions	41,656	36,769	6,278	4,464	47,934	41,233
Capital grants & contributions	3,777	3,439	43	-	3,820	3,439
General revenues:						
Property taxes	321,662	296,523	-	-	321,662	296,523
Other taxes	258,922	226,677	-	-	258,922	226,677
Other	32,893	36,243	1,789	1,993	34,682	38,236
Total revenues	<u>683,573</u>	<u>617,779</u>	<u>127,502</u>	<u>119,837</u>	<u>811,076</u>	<u>737,617</u>
Program expenses:						
General government	27,880	23,497	-	-	27,880	23,497
Public safety	194,145	181,279	-	-	194,145	181,279
Education	272,511	260,519	-	-	272,511	260,519
Judicial	11,655	10,797	-	-	11,655	10,797
Health	5,292	5,368	-	-	5,292	5,368
Social services	3,797	4,123	-	-	3,797	4,123
Community services	29,506	25,627	-	-	29,506	25,627
Recreation, Parks & Tourism	17,631	12,168	-	-	17,631	12,168
Economic development	2,438	2,374	-	-	2,438	2,374
Public facilities	44,082	34,200	-	-	44,082	34,200
Water and sewer	-	-	62,286	51,621	62,286	51,621
Solid waste	-	-	7,528	7,896	7,528	7,896
Other	23,891	26,438	30,531	27,135	54,422	53,573
Total expenses	<u>632,828</u>	<u>586,391</u>	<u>100,345</u>	<u>86,652</u>	<u>733,174</u>	<u>673,043</u>
Excess(deficit) before transfers	50,744	31,388	27,156	33,184	77,901	64,573
Net transfers	(208)	(120)	208	120	-	-
Change in net position	50,536	31,268	27,364	33,304	77,901	64,573
Net position - beginning of year	382,096	350,828	327,808	294,504	709,903	645,331
Net position - end of year	<u>\$ 432,632</u>	<u>\$ 382,096</u>	<u>\$ 355,172</u>	<u>\$ 327,808</u>	<u>\$ 787,803</u>	<u>\$ 709,903</u>

Overall, the financial position of Charles County increased by 11% compared to Fiscal Year 2024. As shown on the table above, total revenues increased from \$737.6 million in Fiscal Year 2024 to \$811.1 million in Fiscal Year 2025. Property taxes increased by \$25.1 million due to growth in residential property assessments. The County's other taxes increased by \$32.2 million compared to FY2024 mostly due to larger income taxes distributions from the State and recognizing our share of the increase in the State local reserve account for income taxes. Program expenses increased from \$673.0 million in FY2024 to \$733.1 million in Fiscal Year 2024. The County experienced an increase in net position of \$77.9 million when all funds are combined.

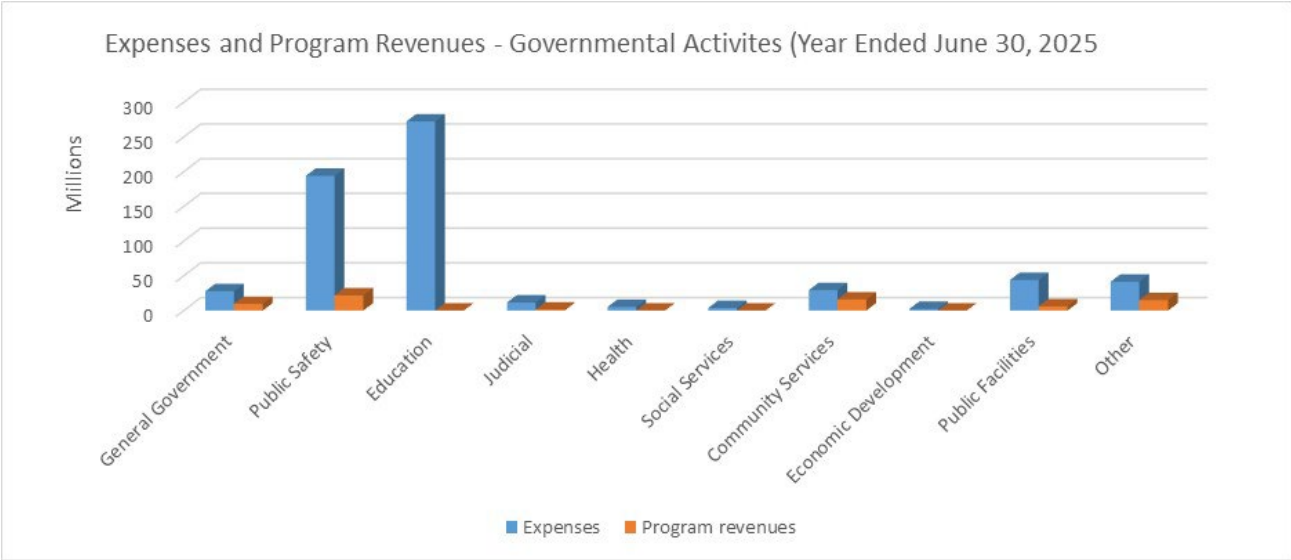
To aid in the understanding of the Statement of Activities (pages 38-39), some additional explanation is given. Of interest is the format of this statement. You will notice that expenses are listed in the first column with revenues from that program reported to the right. The result is a Net (Expenses)/Revenue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

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

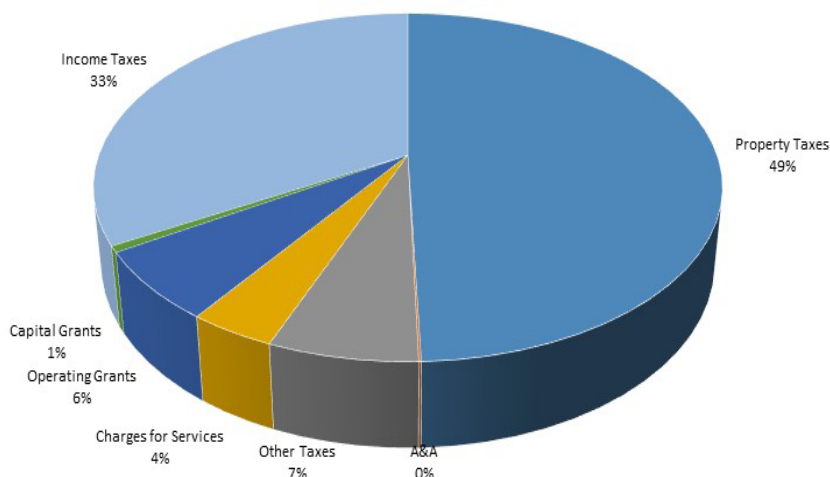
An increase in overall net position of \$77.9 million was experienced, as indicated on page 39. Total expenses of \$733.1 million were partially offset by program related service fees, grants, and other contributions of \$195.8 million. The remaining \$537.3 million in expenditures were primarily funded through non-program revenue sources, primarily property and income taxes.

Governmental activities. Governmental-type activities, as expected, operated at a \$562.7 million loss, primarily due to Education and Public Safety. As depicted in the bar chart below, Education and Public Safety programs typically have little program revenue, and therefore, rely heavily upon tax revenues to fund the operations. Education and Public Safety required approximately \$444.8 million in non-program revenue.

The County operates many programs on a fee for service basis (business-type activities) to help keep the burden on the taxpayer down. Business-type activities account for \$100.3 million of the total \$733.1 million expended, or approximately 14% of the total, and finished the fiscal year with an operating gain of \$27.3 million.



General and Program Governmental Revenues by Source - Governmental Activities
(Year Ended June 30, 2025)



Business-type activities. The Water and Sewer Fund is considered a major fund for reporting purposes. The user fee rate structure is a tiered method. For Fiscal Year 2025, the rates increased for each tier. The residential rate for water is \$5.81 for the first 18,000 gallons, an increase of 22 cents. The second residential rate for water is \$13.11 from 18,001 to 24,000 gallons, an increase of 36 cents. The third residential rate for water is \$18.92 for 24,000 gallons and above, an increase of 58 cents. The residential sewer rate is \$13.11 and is capped at 24,000 gallons. The commercial/multi-family rate for water is \$6.88, up 24 cents, and sewer is \$13.11 per 1,000 gallons.

The Solid Waste Fund is considered a major fund for reporting purposes. The County owns and operates a landfill. The primary source of revenue is derived from tipping fees. The fee of \$101 per ton for commercial and residential refuse was increased by \$10 as compared to Fiscal Year 2024. The County has opened the fourth expansion of the existing landfill site to accommodate local County waste.

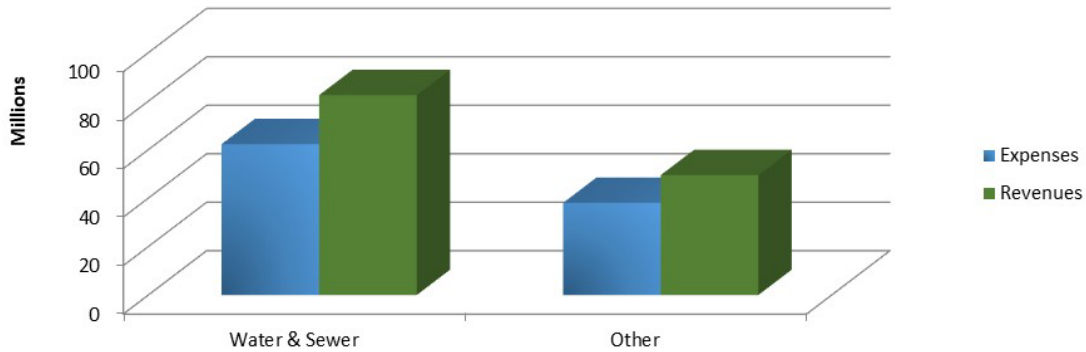
In conjunction with the landfill operation, the County also operates recycling and environmental programs. The recycling operation helps keep reusable items out of the landfill, thus extending the life, which, in turn, defrays the cost of the landfill and defers the need for additional sites. The recycling and environmental programs are funded by an annual user fee of \$166 assessed on each improved property in the County, which was a thirteen dollar increase as compared to Fiscal Year 2024.

On May 2, 2012, the Governor signed into law a requirement that the ten most populated jurisdictions in Maryland establish a watershed protection and restoration program and a stormwater remediation fee by July 1, 2013 (State Law (2012 Session – HB 987)). The main purpose of the program and fee is to provide a funding source to address requirements of the County’s stormwater management permit, issued by the Maryland Department of the Environment. The County was already funding part of these expenses through a stormwater component of the Environmental Service fee, as mentioned above. The fee established for Fiscal Year 2025 was \$156, an increase of ten dollars compared to Fiscal Year 2024. The fee is charged annually to each improved property within the County. The Maryland legislature passed SB 863, the Watershed Protection and Restoration

Program, that placed governance on counties and municipalities to regulate their own stormwater fee starting in Fiscal Year 2016.

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

Business-type Summary - Expenses and Revenues



Financial Analysis of the County’s Funds

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

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

As of the end of the current fiscal year, the County’s governmental funds reported combined ending fund balances of \$365.2 million, an increase of \$17.7 million in comparison with the prior year. The general fund increased by \$12.8 million primarily due to revenues exceeding expenditures. The County appropriated \$43.2 million from fund balance reserves with the majority supporting capital projects. Due to favorable income taxes, interest income, and recordation tax revenues, as well as from expenditures savings the entire appropriated use of fund balance was not needed. The non-major special revenue funds increased by \$2.7 million. The County’s governmental fund balances as of June 30, 2025, includes General Fund reserves of \$2.5 million for inventory and Capital Project reserves of \$1.2 million for capital outlay with the balance of funds as indicated on page 97. The governmental fund balances of the County that are committed or assigned include \$23.0 million for income tax reserve and \$86.1 million as the policy target for bond rating.

The General Fund is the chief operating fund of the Charles County Government. At the end of the current fiscal year, non-spendable and restricted fund balance was \$7.3 million, and the committed fund balance, including the policy target, was \$187.4 million. The assigned fund balance for specific purposes was \$13.2 million, while the unassigned fund balance was \$3.5 million, for a total fund balance of \$211.8 million.

The Capital Project Fund experienced an increase of \$1.2 million during the current fiscal year. The County issues debt annually to fund multi-year capital projects, therefore, a fluctuation in fund balance is to be expected as bond proceeds are used. The Debt Service Fund experienced a minimal increase of twelve thousand due to the reduction in long term notes receivable combined with a slight increase in capital asset financing expenditures.

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

Unrestricted net position of the Water and Sewer Fund at the end of the year amounted to \$139.0 million. The unrestricted net position for the County’s Solid Waste Fund was \$38.0 million. Unrestricted net position of all proprietary funds was \$210.4 million. There was a total increase in net position for all proprietary funds in the amount of \$27.3 million.

General Fund Budgetary Highlights

Fund Budgetary Highlights

The Fiscal Year 2025 General Fund Operating Budget was adopted at \$561.4 million. Budget amendments approved during the year equaled \$19.4 million, increasing the budget to an amended total of \$580.7 million. The Budget provided funds to the local Board of Education exceeding the State mandated “Maintenance-of-Effort” by \$11.9 million to support the State of Maryland Blueprint for Education implementation costs and salary increases.

A General Fund balance appropriation of \$19.4 million was approved during the year to support Commissioner goals and objectives. However, revenues primarily from Income Taxes, Interest Income, and Recordation Taxes exceeded the budget estimate by \$39.5 million. In addition, overall year-end expenses were below the amended budget by \$16.5 million. As a result, instead of a budgeted Fund Balance decrease of \$43.2 million, an increase of \$12.9 million was experienced.

Capital Asset and Debt Administration

Capital assets The County’s investment in capital assets for its governmental and business-type activities as of June 30, 2025, amounts to \$963.7 million (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, machinery and equipment, vehicles, infrastructure, right-to-use leased and SBITA assets. The total increase in the County’s investment in capital assets for the current fiscal year was 8.6% (which is a 4.3% increase for governmental activities and an 13.9% increase for business-type activities).

Capital Assets
(net of depreciation)
June 30, 2025 and 2024
(amounts are presented in thousands)

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	2025	2024	2025	2024	2025	2024
Land (not depreciated)	\$ 113,154	\$ 108,725	\$ 2,396	\$ 2,396	\$ 115,550	\$ 111,121
Construction in progress (not depreciated)	83,705	66,979	185,401	149,747	269,106	216,726
Land improvements	19,384	20,276	20,059	21,346	39,443	41,622
Infrastructure	79,501	192,932	214,946	191,850	294,447	384,783
Buildings and improvements	184,687	72,564	4,708	5,162	189,395	77,726
Machinery and equipment	13,329	12,213	22,316	24,559	35,645	36,772
Vehicles	9,889	7,591	3,828	3,120	13,717	10,711
Right-to-use assets	2,370	2,823	-	-	2,370	2,823
SBITA	3,960	4,726	120	175.0	4,080	4,901
Total	\$ 509,978	\$ 488,830	\$ 453,775	\$ 398,355	\$ 963,753	\$ 887,184

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

Long-term debt At the end of the current fiscal year, the County had notes and bonds outstanding of \$523.6 million, which are backed by the full faith and credit of the County.

Outstanding Debt
General Obligation Bonds and Notes Payable
June 30, 2025 and 2024
(amounts are presented in thousands)

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	2025	2024	2025	2024	2025	2024
General obligation bonds	\$ 313,872	\$ 292,190	\$ 208,926	\$ 194,630	\$ 522,798	\$ 486,820
Notes payable	-	-	825	1,640	825	1,640
Total	\$ 313,872	\$ 292,190	\$ 209,751	\$ 196,270	\$ 523,623	\$ 488,460

The County’s total debt during Fiscal Year 2025 increased by \$35.2 million. The issuance of bonds at favorable interest rates combined with the County’s strategic long-term financial policy of primarily 15-year bond terms results in a rapid pay down of debt and has provided the County with the ability to issue new debt without a large negative fiscal impact. Bonds are also issued with 20-year bond terms for certain Road projects and 30-year bond terms for Stormwater Retrofit projects and certain Sewer projects to match the useful life of the asset with bond repayment.

The County announced that all three major national bond rating agencies: Fitch Ratings, S&P Global Ratings, and Moody’s Investor’s Service, have reaffirmed the County’s AAA bond rating. Bond rating experts met with county leaders to review the health and stability of the county based on budget management, external audits, financial management, and economic development. This allows the county to maintain low interest rates when repaying bonds. S&P Global Ratings report highlighted Charles County’s climate resilience efforts in their rating. “The county builds on its climate resiliency through partnerships with federal, state, local, and academic institutions to ensure a comprehensive approach to address each issue and project. Notably, the county’s resilience authority funds projects dedicated to environmental risk mitigation. We view the county’s planning

and adaptation efforts, which are well embedded in its long term financial and capital plans, as comparable with state peers,” the report stated. Moody’s evaluation stated that “Charles County benefits from its large and stable economy outside of Washington D.C. in Southern Maryland...the county has a diverse economy with some defense related federal government institutional presence.” Fitch ratings added that Charles County’s “growing population, relatively low unemployment, and modest long term liability burden also drive the ‘AAA’ rating.” On December 17, 2024, the county sold \$73 million in consolidated public improvements bonds to fund capital improvements.

The County may issue general obligation and revenue bonds under existing authority conferred by the Maryland General Assembly. As a Code Home Rule County, the County may also authorize the issuance of general obligation and revenue bonds by enacting public local laws. There is no statutory limit on the amount of general obligation or revenue bonds that may be authorized by the County Commissioners. As of the end of Fiscal Year 2025, the County currently has \$344,000,000 of general obligation bond authority.

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

Economic Factors and Next Year’s Budgets and Rates

- The General Fund Adopted Budget, for the fiscal year ending June 30, 2026, was approved on May 20, 2025, in the amount of \$595,081,500, an increase of 6.04% over the General Fund fiscal year 2025 Adopted Budget.
- The adopted budget included an increase of \$17.5 million in real and business personal property tax receipts due to raising assessments.
- The property tax rate (exclusive of the special fire and rescue district tax) remained at \$1.141 for Real Property and \$2.8525 for Business Personal Property per \$100 of assessed value. The local income tax rate for calendar year 2025 remains at 3.03% of an individual’s Maryland taxable income.
- The Recordation Tax increased from \$5 per \$500 to \$7 per \$500; a \$2 increase. Funding from this increase, estimated to be \$4,300,000, will be used to support the Board of Education’s budget request and to support affordable housing within the County
- The use of \$25.0 million in Fund Balance is approved for FY2025. These funds were formally reserved to fund priority one-time items in the FY2025 operating budget including funding to support the capital improvement program, an additional day of Paid Time Off (PTO) for full-time Charles County Government employees, feasibility studies, and other one-time items that supports Commissioner goals and objectives. Fund balance reserves were already established and are utilized in FY2025. Use of these reserves range from utilizing a fund balance reserve to help offset revenue losses from the Morgantown power

plant deactivation, a reserve to smooth the impact of the teacher's incentive grant for Charles County Public Schools, use of the Income Tax Volatility reserve, and the County's reserve to support the Other Post-Employment Benefits contribution per the County's strategic plan.

- The adopted expenditure budget for fiscal year 2026 increased by \$33,742,900. Public Education increased 4.9% and will receive \$11.2 million more than the previous fiscal year. The Board of Education continues to receive the majority of County funding with an appropriation of \$242,644,900 of the total \$595,081,500. Sheriff and Detention Center budgets receive the second largest allocation of County funding at \$138,974,247, which is \$8.4 million more than fiscal year 2025. Other highlights include funding to support the operating cost associated with Thorton Elementary School, a Digital Evidence Custodian position for the Sheriff's Office as well as the conversion of several positions from part-time/full-time reduced hour to full-time, funding for ten new emergency medical technicians to support ambulance services in the Waldorf area, funding to implement a new rental registry program, continued funding to further diversity, equity and inclusion in the community and the workplace, and new positions for County Departments. The budget meets the County's debt obligations for the capital improvement program, and other expenditures to facilitate Commissioners' goals and objectives.
- The Fiscal Year 2026 budget will maintain the county's fund balance reserve within policy limits of 8-15% of total budget operating revenues.

These factors, as well as many others, were considered in preparing the County's budget for Fiscal Year 2026.

Requests for Information

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

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

Please visit our website at www.charlescountymd.gov

Basic Financial Statements

THE COUNTY COMMISSIONERS OF CHARLES COUNTY, MARYLAND
STATEMENT OF NET POSITION
AS OF JUNE 30, 2025

	Governmental Activities	Business-type Activities	Total Primary Government	Component Units
ASSETS:				
Cash and cash equivalents	\$ 25,106,925	\$ 3,039,971	\$ 28,146,896	\$ 109,519,448
Short-term investments	464,347,517	-	464,347,517	-
Accounts & other tax receivables	116,995,049	18,690,473	135,685,522	32,349,255
Grant receivables	13,294,878	-	13,294,878	-
Excise tax receivable	65,661,803	-	65,661,803	-
County property taxes receivable	3,378,722	-	3,378,722	-
Leases receivable	977,884	262,458	1,240,342	5,926,621
Internal balances	(138,090,373)	138,090,373	-	-
Inventory	2,473,872	769,242	3,243,114	466,936
Other current assets	4,428,500	434,506	4,863,006	1,445,795
Leases receivable, non-current	6,602,106	7,205,755	13,807,860	
Restricted assets:				
Cash and cash equivalents	19,596,825	92,067	19,688,891	-
Notes receivable	2,872,595	-	2,872,595	-
Restricted LOSAP pension asset	1,112,053	-	1,112,053	-
Capital assets, not being depreciated/amortized				
Land	113,153,763	2,395,955	115,549,718	20,707,070
Construction in progress	83,704,709	185,401,475	269,106,185	159,621,671
Capital assets, net of accumulated depreciation:				
Land improvements	19,383,910	20,059,492	39,443,402	9,174,411
Infrastructure	79,501,245	214,945,885	294,447,130	-
Buildings and improvements	184,686,825	4,708,027	189,394,851	374,286,871
Machinery and equipment	13,328,599	22,316,236	35,644,835	12,507,731
Vehicles	9,889,322	3,828,027	13,717,349	-
Capital assets, net of accumulated amortization:				
Right-to-use assets	2,369,609	-	2,369,609	2,194,051
SBITA assets	3,959,937	119,962	4,079,899	3,955,128
Total assets	<u>1,098,736,275</u>	<u>622,359,903</u>	<u>1,721,096,178</u>	<u>732,154,988</u>
DEFERRED OUTFLOWS OF RESOURCES:				
Related to OPEB	33,614,102	-	33,614,102	193,343,769
Related to Pension	43,699,331	-	43,699,331	2,144,324
Charges on bond refundings	971,761	-	971,761	-
Total deferred outflows	<u>78,285,194</u>	<u>-</u>	<u>78,285,194</u>	<u>195,488,093</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>1,177,021,469</u>	<u>622,359,903</u>	<u>1,799,381,372</u>	<u>927,643,081</u>

THE COUNTY COMMISSIONERS OF CHARLES COUNTY, MARYLAND
STATEMENT OF NET POSITION-continued
AS OF JUNE 30, 2025

LIABILITIES:				
Accounts payable	21,217,860	22,354,135	43,571,995	28,203,074
Accrued expenses	14,662,196	3,231,890	17,894,086	52,892,983
Unearned revenue	13,288,004	831,825	14,119,829	4,099,226
Other liabilities	8,559,604	177,155	8,736,759	1,065,869
Noncurrent liabilities:				
Due within one year	41,655,983	11,835,758	53,491,741	2,429,332
Due in more than one year	582,458,393	221,995,087	804,453,480	537,357,827
Total liabilities	<u>681,842,040</u>	<u>260,425,850</u>	<u>942,267,890</u>	<u>626,048,311</u>
DEFERRED INFLOWS OF RESOURCES:				
Related to Leases/SBITAS	7,083,730	6,762,458	13,846,188	5,634,747
Related to OPEB	15,287,819	-	15,287,819	305,596,540
Related to Pension	40,176,319	-	40,176,319	2,560,451
Total deferred inflows	<u>62,547,868</u>	<u>6,762,458</u>	<u>69,310,326</u>	<u>313,791,738</u>
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES				
	<u>744,389,908</u>	<u>267,188,308</u>	<u>1,011,578,216</u>	<u>939,840,049</u>
NET POSITION:				
Net Investment in capital assets	252,265,723	227,438,278	479,704,001	567,532,059
Restricted for:				
Debt service	2,508,868	1,941,348	4,450,216	-
Fire and Rescue	165,167	-	165,167	-
Cable franchise	10,062,709	-	10,062,709	-
Restricted for grants	14,017,680	-	14,017,680	3,775,510
Unrestricted	153,611,412	125,791,972	279,403,384	(583,504,537)
Total net position	<u>\$ 432,631,561</u>	<u>\$ 355,171,597</u>	<u>\$ 787,803,158</u>	<u>\$ (12,196,968)</u>

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

THE COUNTY COMMISSIONERS OF CHARLES COUNTY, MARYLAND
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2025

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
PRIMARY GOVERNMENT:				
Governmental activities:				
Legislative	\$ 4,039,023	\$ -	\$ -	\$ -
Judicial	11,655,009	-	1,477,785	-
Law	1,707,897	28,641	4,148,949	-
General government	27,880,462	9,475,467	114,175	-
Elections	2,680,523	-	-	-
Public safety	194,145,179	8,887,371	10,812,619	2,163,987
Planning and growth management	3,397,688	4,298,166	4,285,714	1,419,707
Health	5,291,653	100,377	-	-
Social services	3,797,128	-	-	-
Community services	29,505,747	700,928	15,247,134	-
Recreation, Parks & Tourism	17,631,298	735,515	31,201	63,622
Public facilities	44,082,466	437,900	5,459,210	129,502
Economic development	2,437,569	-	-	-
Education	272,510,777	-	-	-
Conservation of natural resources	779,558	-	79,378	-
Interest expense on long term debt	11,286,470	-	-	-
Total governmental activities	632,828,446	24,664,365	41,656,164	3,776,818
Business-type activities:				
Water and sewer	62,285,999	76,207,288	6,257,159	43,107
Inspection and review	10,921,079	12,948,045	-	-
Recreation	2,433,452	2,187,535	20,949	-
Solid waste	7,527,591	9,896,900	-	-
Environmental services	9,372,874	9,718,593	-	-
SW-Watershed Protection	7,668,311	8,165,190	-	-
Vending machines	136,179	268,478	-	-
Total business-type activities	100,345,485	119,392,030	6,278,108	43,107
Total primary government	\$ 733,173,931	\$ 144,056,394	\$ 47,934,272	\$ 3,819,925
COMPONENT UNITS:				
Board of Education of Charles County, Maryland	\$ 633,535,687	\$ 4,563,736	\$ 184,470,196	\$ 52,668,232
Board of Library Trustees for Charles County	8,299,954	134,580	76,058	-
The Resilience Authority of Charles County	745,476	-	802,519	-
Total component units	\$ 642,581,117	\$ 4,698,316	\$ 185,348,773	\$ 52,668,232

General revenues:

Taxes:

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

County and state appropriations

Other income

Interest and investment earnings

Net transfers

Total general revenues and transfers

Change in net position

Net position - beginning of year

Net position - end of year

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

THE COUNTY COMMISSIONERS OF CHARLES COUNTY, MARYLAND
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2025

Net (Expenses)Revenues and Changes in Net Position				
Primary Government				
Governmental Activities	Business- type Activities	Total	Component Units	
				PRIMARY GOVERNMENT:
				Governmental activities:
\$ (4,039,023)	\$ -	\$ (4,039,023)	\$ -	Legislative
(10,177,224)	-	(10,177,224)	-	Judicial
2,469,693	-	2,469,693	-	Law
(18,290,820)	-	(18,290,820)	-	General government
(2,680,523)	-	(2,680,523)	-	Elections
(172,281,202)	-	(172,281,202)	-	Public safety
6,605,899	-	6,605,899	-	Planning and growth management
(5,191,276)	-	(5,191,276)	-	Health
(3,797,128)	-	(3,797,128)	-	Social services
(13,557,686)	-	(13,557,686)	-	Community services
(16,800,960)	-	(16,800,960)	-	Recreation, Parks & Tourism
(38,055,854)	-	(38,055,854)	-	Public facilities
(2,437,569)	-	(2,437,569)	-	Economic development
(272,510,777)	-	(272,510,777)	-	Education
(700,180)	-	(700,180)	-	Conservation of natural resources
(11,286,470)	-	(11,286,470)	-	Interest expense on long term debt
(562,731,098)	-	(562,731,099)	-	Total governmental activities
				Business-type activities:
-	20,221,556	20,221,556	-	Water and sewer
-	2,026,966	2,026,966	-	Inspection and review
-	(224,968)	(224,968)	-	Recreation
-	2,369,309	2,369,309	-	Solid waste
-	345,719	345,719	-	Environmental services
-	496,879	496,879	-	SW-Watershed Protection
-	132,299	132,299	-	Vending machines
-	25,367,759	25,367,760	-	Total business-type activities
(562,731,098)	25,367,759	(537,363,339)	-	Total primary government
				COMPONENT UNITS:
-	-	-	(391,833,523)	Board of Education of Charles County, Maryland
-	-	-	(8,089,316)	Board of Library Trustees for Charles County
-	-	-	57,043	The Resilience Authority of Charles County
-	-	-	(399,865,796)	Total component units
				General revenues:
				Taxes:
321,661,589	-	321,661,589	-	Local property taxes
12,709,783	-	12,709,783	-	Local taxes - Excise
692,743	-	692,743	-	Local taxes - Admissions & Amusement
19,878,553	-	19,878,553	-	Local taxes - Recordation
8,340,035	-	8,340,035	-	Local taxes - Transfer
1,225,725	-	1,225,725	-	Local taxes - Hotel/Motel
179,335	-	179,335	-	Local taxes - Heavy Equipment
215,894,756	-	215,894,756	-	Income taxes (Own Source)
-	-	-	391,310,544	County and state appropriations
8,756,301	-	8,756,301	7,011,508	Other income
24,136,178	1,788,660	25,924,837	3,460,899	Interest and investment earnings
(207,939)	207,939	-	-	Net transfers
613,267,058	1,996,599	615,263,657	401,782,951	Total general revenues and transfers
50,535,960	27,364,358	77,900,318	1,917,155	Change in net position
382,095,600	327,807,237	709,902,837	(14,114,123)	Net position - beginning of year
\$ 432,631,561	\$ 355,171,595	\$ 787,803,156	\$ (12,196,968)	Net position - end of year

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

THE COUNTY COMMISSIONERS OF CHARLES COUNTY, MARYLAND
BALANCE SHEET
GOVERNMENTAL FUNDS
AS OF JUNE 30, 2025

	General Fund	Capital Projects	Debt Service	Total Non-Major Governmental Funds	Total Governmental Funds
ASSETS:					
Cash and cash equivalents	\$ 24,551,259	\$ -	\$ -	\$ 555,666	\$ 25,106,925
Investments	464,347,517	-	-	-	464,347,517
Accounts & Other tax receivables	115,258,514	690,965	-	1,045,570	116,995,049
Grants receivables	-	-	-	13,294,878	13,294,878
Excise tax receivables	-	-	65,661,803	-	65,661,803
County property taxes receivables	3,378,722	-	-	-	3,378,722
Leases receivable, current	977,884	-	-	-	977,884
Due from other funds	73,050,709	119,553,912	19,026,225	17,513,702	229,144,547
Inventory	2,473,872	-	-	-	2,473,872
Prepay Items	4,323,648	523	-	46,637	4,370,808
Other assets	55,692	-	-	2,000	57,692
Restricted assets					
Restricted cash and cash equivalents	1,066,584	-	-	18,530,241	19,596,825
Leases receivable, non-current	6,602,106	-	-	-	6,602,106
Restricted notes receivable	-	-	2,872,595	-	2,872,595
Total assets	\$ 696,086,507	\$ 120,245,400	\$ 87,560,623	\$ 50,988,694	\$ 954,881,223
LIABILITIES AND FUND BALANCES:					
Accounts payable	\$ 5,826,999	\$ 12,443,187	\$ 139,335	\$ 2,808,338	\$ 21,217,859
Accrued expenditures	5,445,194	48,830	-	247,035	5,741,059
Unearned revenue	663,306	919,256	-	11,705,442	13,288,004
Due to other funds	360,689,582	175,977	-	6,369,361	367,234,920
Other liabilities	6,679,622	108,000	-	12,950	6,800,572
Payable from restricted assets	1,759,035	-	-	-	1,759,035
Total liabilities	381,063,738	13,695,250	139,335	21,143,126	416,041,449
DEFERRED INFLOWS OF RESOURCES:					
Lease related	7,083,730	-	-	-	7,083,730
Unavailable revenue	96,137,006	-	65,647,480	4,770,480	166,554,966
Total deferred inflows	103,220,736	-	65,647,480	4,770,480	173,638,696
Fund balances:					
Nonspendable fund balance	6,832,270	523	-	46,637	6,879,430
Restricted fund balance	470,888	4,314,758	5,381,463	20,930,586	31,097,695
Committed fund balance	187,762,021	55,268,602	-	39,100	243,069,723
Assigned fund balance	13,204,206	46,966,266	16,392,344	4,058,765	80,621,581
Unassigned fund balance	3,532,649	-	-	-	3,532,649
Total fund balances	211,802,033	106,550,149	21,773,807	25,075,088	365,201,078
Total liabilities, deferred inflows & fund balances	\$ 696,086,507	\$ 120,245,400	\$ 87,560,623	\$ 50,988,694	\$ 954,881,223

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

THE COUNTY COMMISSIONERS OF CHARLES COUNTY, MARYLAND
RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCE
TO NET POSITION OF GOVERNMENTAL ACTIVITIES
JUNE 30, 2025

Total Governmental Fund Balance	\$	365,201,078
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Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds	509,977,919
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Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds:

Bonds payable	(313,871,867)
Capital asset financing payable	(10,781,273)
Health insurance claims	(1,885,899)
Worker's Compensation claims	(4,000,195)
Net pension liabilities	(130,093,793)
LOSAP (liabilities) asset	1,112,053
Accrued interest	(3,035,043)
Lease & SBITA liabilities	(5,163,656)
Net OPEB liability	(136,265,688)

Unavailable revenue	166,554,966
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Deferred outflows and inflows of resources, including charges on refunding and associated with pensions which are not financial resources and therefore are not reported in the funds.

Changes with charges on refundings	971,761
Related to Pensions	43,699,331
Related to Pensions	(40,176,319)
Related to OPEB	33,614,102
Related to OPEB	(15,287,819)

Compensated absences which are not due and payable in the current period and therefore are not reported in the funds	(27,938,099)
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Net position of Governmental Activities	\$	<u>432,631,561</u>
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The accompanying notes are an integral part of these financial statements.

THE COUNTY COMMISSIONERS OF CHARLES COUNTY, MARYLAND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2025

	General Fund	Capital Projects	Debt Service	Total Non-Major Governmental Funds	Total Governmental Funds
Revenues:					
Taxes - Local property	\$ 288,640,599	\$ -	\$ -	\$ 16,379,705	\$ 305,020,304
Taxes - Income (Own Source)	201,194,322	-	-	-	201,194,322
Taxes - Excise	-	-	12,709,783	-	12,709,783
Taxes - Admissions and Amusement	692,743	-	-	-	692,743
Taxes - Recordation	19,878,553	-	-	-	19,878,553
Taxes - Transfer	8,340,035	-	-	-	8,340,035
Taxes - Hotel/Motel	1,225,725	-	-	-	1,225,725
Taxes - Heavy Equipment	179,335	-	-	-	179,335
Charges for services	17,319,887	3,419,281	-	3,925,196	24,664,364
Intergovernmental	7,675,281	2,280,802	-	35,476,899	45,432,982
Interest income	22,135,737	-	1,732,159	268,282	24,136,178
Other income	6,999,946	911,197	284	1,035,097	8,946,524
Total revenues	<u>574,282,163</u>	<u>6,611,280</u>	<u>14,442,224</u>	<u>57,085,179</u>	<u>652,420,847</u>
Expenditures:					
Current:					
Education	248,947,258	37,393,153	-	2,646,327	288,986,738
Public safety	159,006,753	15,035,573	-	28,231,333	202,273,659
Other general government	12,793,127	109,602	3,105,616	-	16,008,345
Public facilities	19,301,683	16,311,521	-	-	35,613,204
Financial administration	20,018,233	1,181,469	-	-	21,199,702
Community services	2,842,434	-	-	26,172,607	29,015,040
Recreation, Parks and Tourism	12,427,452	4,916,200	-	-	17,343,652
Judicial	10,246,509	-	-	1,414,349	11,660,858
Planning and growth management	4,779,345	7,696,457	-	331,461	12,807,263
Health	4,287,702	-	-	924,833	5,212,535
Economic development	2,100,695	-	-	176,099	2,276,794
Social services	1,703,932	-	-	2,093,196	3,797,128
Legislative	3,328,410	-	-	244,421	3,572,832
Law	1,579,603	-	-	-	1,579,603
Conservation of natural resources	837,879	-	-	-	837,879
Elections	2,663,309	-	-	-	2,663,309
Debt service:					
Principal	20,853,924	-	11,880,763	-	32,734,686
Interest	8,255,019	-	2,749,238	-	11,004,257
Total expenditures	<u>535,973,266</u>	<u>82,643,975</u>	<u>17,735,616</u>	<u>62,234,626</u>	<u>698,587,484</u>
Excess (deficiency) of revenues over (under) expenditures	<u>38,308,897</u>	<u>(76,032,695)</u>	<u>(3,293,392)</u>	<u>(5,149,447)</u>	<u>(46,166,637)</u>
Other financing sources (uses):					
GASB 87 Leases Issued	230,506	-	-	-	230,506
GASB 96 SBITA Issued	1,811,829	-	-	-	1,811,829
Issuance of debt - capital asset financing	-	-	4,275,200	-	4,275,200
Issuance of debt - bonds	-	50,915,000	-	-	50,915,000
Premium on issuance of debt	-	6,880,417	-	-	6,880,417
Transfers in	700,000	20,055,000	-	7,947,425	28,702,425
Transfers out	(28,192,876)	(600,000)	-	(117,488)	(28,910,364)
Total other financing sources (uses)	<u>(25,450,540)</u>	<u>77,250,417</u>	<u>4,275,200</u>	<u>7,829,937</u>	<u>63,905,013</u>
Net change in fund balance	12,858,356	1,217,721	981,808	2,680,490	17,738,376
Fund balance - beginning of year	<u>198,943,676</u>	<u>105,332,428</u>	<u>20,791,999</u>	<u>22,394,599</u>	<u>347,462,702</u>
Fund balance - end of year	<u>\$ 211,802,032</u>	<u>\$ 106,550,149</u>	<u>\$ 21,773,807</u>	<u>\$ 25,075,089</u>	<u>\$ 365,201,078</u>

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

THE COUNTY COMMISSIONERS OF CHARLES COUNTY, MARYLAND
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCE OF
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2025

Net change in fund balance - Governmental Funds	\$	17,738,376
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures.		56,804,398
However, in the statement of activities, the cost of capital assets is allocated over their estimated useful lives as depreciation and/or amortization expense.		(35,602,622)
The net effect of various miscellaneous transactions involving capital assets (i.e. sales, trade-ins, and donations) decrease net position		(53,413)
Governmental funds report the issuance of debt as income and the repayment of debt as expenditures. However, in the government-wide statements, debt and repayment of debt is reported as a reduction of a long-term liability.		(21,855,282)
Governmental funds report revenues based on the availability of the funds. However, in the government-wide statements revenues are recorded based on collectibility.		16,635,788
Certain expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds:		
Deferred outflows and inflows of resources related to pensions		(6,979,868)
Deferred outflows and inflows of resources related to OPEB		48,589,588
Amortization of deferred charges on bond refundings		(211,603)
Compensated absences		294,045
Health Self-Insurance Claims - IBNR		(494,112)
Worker's Compensation Self-Insurance Claims - IBNR		(114,967)
Net pension expense		6,281,451
Net LOSAP expense		1,739,289
Accrued interest		(296,622)
Leases/SBITA		640,043
Net OPEB current year expense		(32,578,530)
Change in Net Position of Governmental Activities	\$	<u>50,535,960</u>

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

THE COUNTY COMMISSIONERS OF CHARLES COUNTY, MARYLAND
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2025

	Business-type activities				
	Water and Sewer Fund	Solid Waste Fund	SW-Water Protection	Other Non-Major Proprietary Funds	Total
ASSETS:					
Current assets:					
Cash and cash equivalents	\$ 2,354,651	\$ 2,000	\$ -	\$ 683,320	\$ 3,039,971
Account receivables	17,309,598	1,137,780	66,698	176,397	18,690,473
Leases receivable	262,458	-	-	-	262,458
Due from other funds	121,965,903	46,127,912	21,121,085	15,842,703	205,057,603
Inventory	769,242	-	-	-	769,242
Other current assets	200,092	747	100	233,566	434,506
Total current assets	<u>142,861,944</u>	<u>47,268,439</u>	<u>21,187,883</u>	<u>16,935,985</u>	<u>228,254,252</u>
Noncurrent assets:					
Net capital assets	371,373,864	36,595,529	40,297,975	5,507,691	453,775,059
Leases receivable	4,447,213	-	-	2,758,542	7,205,755
Restricted cash and cash equivalents	-	92,067	-	-	92,067
Total noncurrent assets	<u>375,821,077</u>	<u>36,687,596</u>	<u>40,297,975</u>	<u>8,266,233</u>	<u>461,072,881</u>
Total assets	<u>518,683,022</u>	<u>83,956,034</u>	<u>61,485,858</u>	<u>25,202,219</u>	<u>689,327,133</u>
LIABILITIES:					
Current liabilities:					
Accounts payable	18,790,570	1,135,654	1,209,273	1,218,639	22,354,135
Accrued expenses	2,423,950	146,648	375,344	285,948	3,231,890
Due to other funds	59,285,884	2,273,104	4,045,992	1,362,249	66,967,230
Unearned revenue	78,317	-	-	753,508	831,825
Current portion of long-term debt					
Bonds payable	7,387,636	100,690	1,138,504	12,732	8,639,562
Capital asset financing	1,007,592	80,131	130,319	64,510	1,282,552
Compensated absences	660,899	104,885	77,377	191,279	1,034,440
Subscription-based IT arrangements	54,161	-	-	-	54,161
Notes payable	825,043	-	-	-	825,043
Total current liabilities	<u>90,514,051</u>	<u>3,841,113</u>	<u>6,976,809</u>	<u>3,888,865</u>	<u>105,220,838</u>
Noncurrent liabilities:					
Bonds payable	161,775,322	958,397	37,441,125	111,799	200,286,644
Capital asset financing	1,696,089	10,884	183,917	66,671	1,957,561
Compensated absences	2,220,674	310,623	244,687	488,942	3,264,926
Landfill post-closure costs	-	16,429,471	-	-	16,429,471
Subscription-based IT arrangements	56,485	-	-	-	56,485
Other liabilities	85,088	92,067	-	-	177,155
Total noncurrent liabilities	<u>165,833,658</u>	<u>17,801,441</u>	<u>37,869,729</u>	<u>667,413</u>	<u>222,172,242</u>
Total liabilities	<u>256,347,709</u>	<u>21,642,554</u>	<u>44,846,537</u>	<u>4,556,278</u>	<u>327,393,080</u>
DEFERRED INFLOW OF RESOURCES:					
Charges related to Leases	4,292,577	-	-	2,469,881	6,762,458
Total Deferred Inflows	<u>4,292,577</u>	<u>-</u>	<u>-</u>	<u>2,469,881</u>	<u>6,762,458</u>
NET POSITION:					
Net Investment in Capital Assets	186,745,082	34,437,688	1,003,531	5,251,977	227,438,278
Restricted for Capital Projects	1,599,299	-	342,049	-	1,941,348
Unrestricted	69,698,354	27,875,793	15,293,741	12,924,083	125,791,972
Total net position	<u>\$ 258,042,736</u>	<u>\$ 62,313,481</u>	<u>\$ 16,639,321</u>	<u>\$ 18,176,060</u>	<u>\$ 355,171,597</u>

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

THE COUNTY COMMISSIONERS OF CHARLES COUNTY, MARYLAND
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2025

	Business-type activities				Total
	Water and Sewer Fund	Solid Waste Fund	SW-Water Protection	Other Non-Major Proprietary Funds	
Operating revenues:					
Charges for services	\$ 76,181,853	\$ 9,896,900	\$ 8,165,190	\$ 25,100,236	\$ 119,344,179
Total operating revenues	<u>76,181,853</u>	<u>9,896,900</u>	<u>8,165,190</u>	<u>25,100,236</u>	<u>119,344,179</u>
Operating expenses:					
Personnel services	17,470,827	3,174,472	2,181,823	6,659,090	29,486,213
Utilities	4,613,150	32,384	-	15,882	4,661,416
Repairs and maintenance	4,209,376	373,339	2,200	137,235	4,722,150
Insurance costs	610,567	36,516	-	52,240	699,323
Indirect costs	1,993,672	522,350	206,120	412,220	3,134,362
Supplies	3,244,973	357,196	6,416	694,171	4,302,756
Contract services	8,608,029	482,069	1,085,149	12,286,725	22,461,971
Other operating costs	4,774,155	47,906	1,964,289	1,599,363	8,385,713
Depreciation/amortization	11,106,340	2,462,291	994,949	995,543	15,559,124
Total operating expenses	<u>56,631,088</u>	<u>7,488,524</u>	<u>6,440,947</u>	<u>22,852,469</u>	<u>93,413,027</u>
Operating income	<u>19,550,765</u>	<u>2,408,375</u>	<u>1,724,244</u>	<u>2,247,767</u>	<u>25,931,152</u>
Nonoperating revenues (expenses):					
Interest income	174,765	1,572,522	18,074	23,299	1,788,660
Intergovernmental	6,300,266	-	-	20,949	6,321,215
Interest expense	(5,654,910)	(39,067)	(1,227,364)	(11,114)	(6,932,455)
Gain on disposal of capital assets	25,436	-	-	22,415	47,850
Total nonoperating revenues (losses)	<u>845,556</u>	<u>1,533,455</u>	<u>(1,209,291)</u>	<u>55,549</u>	<u>1,225,270</u>
Income before transfers	20,396,320	3,941,831	514,953	2,303,315	27,156,419
Transfers in	-	-	-	207,939	207,939
Change in net position	20,396,320	3,941,831	514,953	2,511,255	27,364,358
Net position - beginning of year	237,646,414	58,371,649	16,124,368	15,664,806	327,807,237
Net position - end of year	<u>\$ 258,042,735</u>	<u>\$ 62,313,480</u>	<u>\$ 16,639,321</u>	<u>\$ 18,176,061</u>	<u>\$ 355,171,595</u>

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

THE COUNTY COMMISSIONERS OF CHARLES COUNTY, MARYLAND
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2025

	Business-type activities				Total
	Water and Sewer Fund	Solid Waste Fund	SW-Water Protection	Other Non-Major Proprietary Funds	
Cash flows from operating activities:					
Cash received from customers	\$ 74,543,425	\$ 16,914,700	\$ 8,165,190	\$ 25,225,090	\$ 124,848,405
Cash paid to suppliers	(17,987,432)	(7,354,714)	(2,911,046)	(15,477,274)	(43,730,466)
Cash paid to employees	(16,059,201)	(3,173,698)	(2,279,332)	(6,692,452)	(28,204,683)
Net cash from operating activities	<u>40,496,792</u>	<u>6,386,287</u>	<u>2,974,812</u>	<u>3,055,364</u>	<u>52,913,255</u>
Cash flows from investing activities:					
Interest received	<u>174,765</u>	<u>1,572,522</u>	<u>18,074</u>	<u>23,299</u>	<u>1,788,660</u>
Net cash from investing activities	<u>174,765</u>	<u>1,572,522</u>	<u>18,074</u>	<u>23,299</u>	<u>1,788,660</u>
Cash flows from noncapital financing activities:					
Transfers in (out)	-	-	-	207,939	207,939
Intergovernmental	6,300,266	-	-	20,949	6,321,215
Receipts from interfund loans	7,715,184	1,451,668	2,759,045	-	11,925,897
Repayments of interfund loans	-	-	-	(2,506,118)	(2,506,118)
Net cash used in noncapital financing activities	<u>14,015,450</u>	<u>1,451,668</u>	<u>2,759,045</u>	<u>(2,277,230)</u>	<u>15,948,933</u>
Cash flows from capital and related financing activities:					
Proceeds from issuance of bonds	21,885,000	-	185,000	15,000.00	22,085,000
Principal payments on bonds payable	(7,464,282)	(95,980)	(1,177,350)	(11,468)	(8,749,080)
Principal payments on capital asset financing	(1,813,302)	(131,040)	(141,583)	(181,116)	(2,267,041)
Principal payments on loans	(815,260)	-	-	-	(815,260)
Interest paid	(5,654,910)	(39,067)	(1,227,364)	(11,114)	(6,932,455)
Proceeds from disposal of assets	25,436	-	-	22,415	47,851
Cash paid for capital expenses	(58,495,237)	(9,145,350)	(3,390,634)	(489,995)	(71,521,216)
Net cash used in capital and related financing activities	<u>(52,332,556)</u>	<u>(9,411,437)</u>	<u>(5,751,931)</u>	<u>(656,278)</u>	<u>(68,152,201)</u>
Net increase (decreases) in cash and cash equivalents	2,354,451	(959)	-	145,157	2,498,649
Cash and cash equivalents - beginning of year	<u>200</u>	<u>95,026</u>	<u>-</u>	<u>538,163</u>	<u>633,389</u>
Cash and cash equivalents - end of year	<u>\$ 2,354,651</u>	<u>\$ 94,067</u>	<u>\$ -</u>	<u>\$ 683,320</u>	<u>\$ 3,132,038</u>

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

THE COUNTY COMMISSIONERS OF CHARLES COUNTY, MARYLAND
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2025

	Business-type activities				Total
	Water and Sewer Fund	Solid Waste Fund	SW-Water Protection	Other Non-Major Proprietary Funds	
Reconciliation of operating income to net cash provided by operating activities:					
Operating income/ (loss)	\$ 19,550,765	\$ 2,408,375	1,724,244	\$ 2,247,767	\$ 25,931,149
Adjustments to reconcile operating income to net cash from operating activities:					
Depreciation/amortization	11,106,340	2,462,291	994,949	995,543	15,559,123
Increase (decrease) in compensation-related liabilities included in long-term debt	206,241	89,596	(104,023)	(43,767)	148,047
Increase in landfill closure liabilities included in long-term debt	-	155,960	-	-	155,960
(Increase) decrease in other receivables	(1,627,255)	525,615	(8,852)	(14,300)	(1,124,792)
(Increase) decrease in notes receivable	(11,173)	-	-	-	(11,173)
(Increase) decrease in leases receivable	227,651	-	-	-	227,651
(Increase) decrease in inventories	(25,845)	-	-	-	(25,845)
(Increase) decrease in other current assets	32,285	(510)	-	(225,625)	(193,850)
(Increase) decrease in restricted assets	-	959	-	-	959
(Increase) decrease in deferred bond issue costs	1,064,524	(12,895)	(92,198)	915	960,346
Increase (decrease) in accounts payable	9,717,924	756,122	454,177	(40,429)	10,887,794
Increase (decrease) in accrued expenses	230,869	774	6,515	10,406	248,564
Increase (decrease) in other liabilities	24,467	-	-	-	24,467
Increase (decrease) in Net Pension Obligation	-	-	-	-	-
Increase (decrease) in unearned revenue	-	-	-	124,854	124,854
Net cash from by operating activities	<u>\$ 40,496,792</u>	<u>\$ 6,386,287</u>	<u>\$ 2,974,812</u>	<u>\$ 3,055,364</u>	<u>\$ 52,913,255</u>

SCHEDULE OF NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES

	Water and Sewer Fund	Solid Waste Fund	SW-Water Protection	Other Non-Major Proprietary Funds	Total
Borrowing under capital asset financing	<u>\$ 1,214,700</u>	<u>\$ -</u>	<u>\$ 234,000</u>	<u>\$ 0</u>	<u>\$ 1,448,700</u>
Capital Assets purchased with Accounts Payable	<u>\$ 13,425,752</u>	<u>\$ 1,007,739</u>	<u>\$ 742,628</u>	<u>\$ 0</u>	<u>\$ 15,176,119</u>

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

THE COUNTY COMMISSIONERS OF CHARLES COUNTY, MARYLAND
STATEMENT OF FIDUCIARY NET POSITION
AS OF JUNE 30, 2025

		Pension & OPEB Trust Funds
ASSETS:		
Current assets:		
Cash and cash equivalents	\$	12,312,694
Interest receivable		186,242
Total current assets		12,498,936
Investments:		
Bond mutual funds		195,906,489
Equity securities		344,183,353
Pooled separate accounts		345,115,347
Total investments		885,205,188
Total assets		897,704,124
LIABILITIES:		
Accrued expenses		33,391
NET POSITION:		
Net position restricted for pensions		841,030,845
Net position restricted for OPEB		56,639,888
TOTAL NET POSITION	\$	897,670,733

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

THE COUNTY COMMISSIONERS OF CHARLES COUNTY, MARYLAND
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
YEAR ENDED JUNE 30, 2025

	Pension & OPEB Trust Funds
ADDITIONS:	
Contributions:	
Employer contributions	\$ 37,284,987
Employee contributions	8,000,487
Total contributions	45,285,474
Investment earnings:	
Interest	27,123,212
Net change in fair value of investments	63,792,746
Total investment earnings	90,915,958
Less investment expenses	(3,649,594)
Net investment earnings	87,266,364
Total additions	132,551,838
DEDUCTIONS:	
Benefits paid to members	33,861,498
Administrative costs	73,577
Total deductions	33,935,074
Changes in net position	98,616,763
Net position - beginning of year	799,053,969
Net position - end of year	\$ 897,670,733

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

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THE COUNTY COMMISSIONERS OF CHARLES COUNTY, MARYLAND
 COMBINING STATEMENT OF NET POSITION
 COMPONENT UNITS
 JUNE 30, 2025

	Board of Education of Charles County, Maryland	Board of Library Trustees for Charles County	The Resilience Authority of Charles County	Total
ASSETS:				
Cash and cash equivalents	\$ 106,151,122	\$ 2,490,872	\$ 877,454	\$ 109,519,448
Accounts receivable	32,327,191	11,288	10,776	32,349,255
Leases receivable	5,926,621	-	-	5,926,621
Inventory	466,936	-	-	466,936
Other assets	1,388,073	57,722	-	1,445,795
Capital assets				
Land	20,707,070	-	-	20,707,070
Construction in progress	159,621,671	-	-	159,621,671
Land improvements	9,174,411	-	-	9,174,411
Buildings	374,286,871	-	-	374,286,871
Machinery, furniture and equipment	11,826,831	680,900	-	12,507,731
Right-to-use assets: Equipment	2,194,051	-	-	2,194,051
Subscription-based IT assets	3,955,128	-	-	3,955,128
Total assets	<u>728,025,976</u>	<u>3,240,782</u>	<u>888,230</u>	<u>732,154,988</u>
DEFERRED OUTFLOWS OF RESOURCES:				
Deferred outflows related to OPEB	192,819,712	524,057	-	193,343,769
Deferred outflows related to Pension	2,144,324	-	-	2,144,324
Total deferred outflows of resources	<u>194,964,036</u>	<u>524,057</u>	<u>-</u>	<u>195,488,093</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>922,990,012</u>	<u>3,764,839</u>	<u>888,230</u>	<u>927,643,081</u>
LIABILITIES:				
Accounts payable	27,832,776	153,008	217,290	28,203,074
Accrued expenses	52,892,983	-	-	52,892,983
Unearned revenue	3,983,220	-	116,006	4,099,226
Other liabilities	1,065,869	-	-	1,065,869
Non-current liabilities:				
Due within one year	2,169,542	259,790	-	2,429,332
Due in more than one year	535,270,029	2,087,798	-	537,357,827
Total liabilities	<u>623,214,419</u>	<u>2,500,596</u>	<u>333,296</u>	<u>626,048,311</u>
DEFERRED INFLOWS OF RESOURCES:				
Deferred inflows related to OPEB	304,992,582	603,958	-	305,596,540
Deferred inflows related to Pension	2,560,451	-	-	2,560,451
Deferred inflows related to Leases	5,634,747	-	-	5,634,747
Total deferred inflows of resources	<u>313,187,780</u>	<u>603,958</u>	<u>-</u>	<u>313,791,738</u>
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	<u>936,402,199</u>	<u>3,104,554</u>	<u>333,296</u>	<u>939,840,049</u>
NET POSITION:				
Net investment in capital assets	566,851,159	680,900	-	567,532,059
Restricted for grants	3,775,510	-	-	3,775,510
Unrestricted (deficit)	(584,038,856)	(20,615)	554,934	(583,504,537)
Total net position	<u>\$ (13,412,187)</u>	<u>\$ 660,285</u>	<u>\$ 554,934</u>	<u>\$ (12,196,968)</u>

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

THE COUNTY COMMISSIONERS OF CHARLES COUNTY, MARYLAND
 COMBINING STATEMENT OF ACTIVITIES
 COMPONENT UNITS
 YEAR ENDED JUNE 30, 2025

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
COMPONENT UNITS:				
Board of Education of Charles County, MD	\$ 633,535,687	\$ 4,563,736	\$ 184,470,196	\$ 52,668,232
Board of Library Trustees for Charles County	8,299,954	134,580	76,058	-
The Resilience Authority of Charles County	745,476	-	802,519	-
Total component units	<u>\$ 642,581,117</u>	<u>\$ 4,698,316</u>	<u>\$ 185,348,773</u>	<u>\$ 52,668,232</u>

General revenues:
 County and state appropriations
 Other income
 Interest and investment earnings
 Miscellaneous
 Total general revenues and transfers

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

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

THE COUNTY COMMISSIONERS OF CHARLES COUNTY, MARYLAND
 COMBINING STATEMENT OF ACTIVITIES
 COMPONENT UNITS
 YEAR ENDED JUNE 30, 2025

Net (Expenses) Revenues and Changes in Net Position				
Primary Government				
Board of Education of Charles County, Maryland	Board of Library Trustees for Charles County	The Resilience Authority of Charles County	Total	
\$ (391,833,523)	\$ -	\$ -	\$ (391,833,523)	Board of Education of Charles County, MD
-	(8,089,316)	-	(8,089,316)	Board of Library Trustees for Charles County
-	-	57,043	57,043	The Resilience Authority of Charles County
(391,833,523)	(8,089,316)	57,043	(399,865,796)	Total component units
382,599,272	8,711,272	-	391,310,544	General revenues:
-	72,211	-	72,211	County and state appropriations
3,340,265	120,634	-	3,460,899	Other income
6,920,271	19,026	-	6,939,297	Interest and investment earnings
392,859,808	8,923,143	-	401,782,951	Miscellaneous
1,026,285	833,827	57,043	1,917,155	Total general revenues and transfers
(14,438,472)	(173,542)	497,891	(14,114,123)	Change in net position
\$ (13,412,187)	\$ 660,285	\$ 554,934	\$ (12,196,968)	Net position - beginning of the year
				Net position - end of year

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

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Notes to the Financial Statements

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

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

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

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

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

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

the entire annual budget process. The Board is unable to issue bonded debt, thus the County can and does finance Board capital projects. Therefore, the County has the ability to impose their will on the organization, as well as the Board having the potential to impose a financial benefit/burden on the County. The County provided \$231,403,500 in operating funds and \$36,736,974 in capital funding to the Board of Education during fiscal year 2025.

The Board of Library Trustees for Charles County, Maryland (the Library) is a legally separate entity under Maryland state law. The Library's Trustees, a seven-member Board, are appointed by the County Commissioners and oversee the day-to-day management of the Library. The Library's budget is subject to the approval of the elected County Commissioners. The County provided \$4,932,100 in operating funds to the Library during fiscal year 2025.

The Resilience Authority of Charles County, Maryland (The Authority) is a quasi-governmental, non-profit financing organization authorized in the State of Maryland that will pool, disseminate, and invest capital; link private, state, federal and philanthropic funding to public infrastructure projects by viewing them as investment opportunities, and advance economic development initiatives and other public benefits by targeting resilience investment projects. The County appropriated \$220,600 in operating funds to the Authority from two of their enterprise funds, the Environmental Services Fund and the Stormwater-Water Protection Fund.

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

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

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

The Resilience Authority of Charles County, Maryland Inc.
200 Baltimore Street
La Plata, MD 20646
www.CharlesCountyMD.gov/Resilience

B. Basic Financial Statements

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

operations, solid waste management operations, environmental services (recycling), watershed protection and restoration, recreation, vending commissions, and inspection and development services are classified as business-type activities.

Government-wide Statements

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

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

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

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

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

A. Fund Financial Statements

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

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

1. Governmental Funds:

The County reports the following governmental fund types:

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

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

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

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

2. Proprietary Funds:

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

Enterprise Funds are required to be used to account for operations for which a fee is charged to external users for goods or services and the activity (a) is financed with debt that is solely secured by a pledge of net revenues, (b) has third party requirements that the cost of providing services, including capital costs, be

recovered with fees and charges, or (c) establishes fees and charges based on a pricing policy designed to cover similar costs. The Water and Sewer Fund, the Solid Waste Fund, and the Stormwater – Watershed Protection Fund qualifies as a major fund and are presented separately. All other enterprise funds are non-major, and their data is combined into a single aggregated presentation.

3. Fiduciary Funds:

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

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

C. Measurement Focus and Basis of Accounting

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

Measurement Focus

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

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

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

Basis of Accounting

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

b. **Modified Accrual Basis** – The governmental fund financial statements are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual, i.e. both measurable and available. “Measurable” means knowing or able to reasonably estimate the amount. “Available” means collectible within the current period or soon thereafter to pay liabilities of the current period. For this purpose, the County considers property taxes, income taxes, highway user taxes, and interest revenues to be available if they are collected within 60 days after year end. Property taxes, income taxes, highway user taxes, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are measurable and available and if they are collected within 90 days after year end. Expenditures (including capital outlay) are recorded when the related liability is incurred. However, debt service expenditures (principal and interest), as well as expenditures related to compensated absences, claims and judgements, are recorded only when due.

D. Financial Statement Amounts

1. Cash and Cash Equivalents:

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

2. Investments:

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

3. Receivables:

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

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

4. Inter-fund Transactions:

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

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

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

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

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

5. Inventories:

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

6. Prepaid Items:

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

7. Restricted Assets:

Cash deposits are held for construction escrow bonds, inmates at the Detention Center, a County Attorney escrow, a State’s Attorney Restitution bank account, two Economic Development loan program bank accounts, the Opioid Restitution funds, unearned grant funds and various lease deposits held are all restricted and being held in Governmental Funds. In addition, certain debt proceeds, and certain resources set aside for their repayment in the Debt Service Fund, are classified as restricted assets on the balance sheet because their

uses are limited, and they are maintained in separate accounts. In the Solid Waste Management Fund, bonds are held for commercial credit customers of the landfill operation in a fully refundable interest-bearing bank account.

8. Capital Assets:

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

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

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

	County	Board of Education	Library
Buildings	30 yrs		
Improvements	10-30 yrs		
Buildings & Improvements		30 yrs	
Land Improvements		10 yrs	
Leasehold Improvements			15-39 yrs
Water & Sewer systems	30-50 yrs		
Infrastructure	10-50 yrs		
Machinery and Equipment	5-10 yrs	5-10 yrs	7 yrs
Vehicles	5 yrs		5 yrs
Computers & Software	3-5 yrs		5 yrs
Other infrastructure	10-50 yrs		
Books and audio visual materials			3 yrs
Right-to-use assets	4-30 yrs	5-10 yrs	
Subscription-based IT assets	2-6 yrs	5-10 yrs	

9. Net Position/Fund Balance:

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

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

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

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

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

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

10. Compensated Absences:

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

The liability for compensated absences reported in the government-wide and proprietary fund statements consists of leave that has not been used that is attributable to services already rendered, accumulates and is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. The liability also includes amounts for leave that has been used for time off but has not yet been paid in cash or settled through noncash means and certain other types of leave. Only the amount of unused annual leave and compensatory pay that is expected to be liquidated with expendable available financial resources (amount estimated to be used within 60 days of year-end) is recorded as an expense and a liability in the governmental fund that will pay it. The non-current portion for governmental funds is maintained separately and represents a reconciling item between the fund and the government-wide presentations.

11. Long-term Obligations:

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

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

12. Revenues, Expenditures, and Expenses:

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

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

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

13. Accounting Estimates:

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

14. Leases and Subscription-based Technology Arrangements

Leases where the County is lessee:

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

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

Key estimates and judgments related to leases include how the County determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments. The County uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the County uses as the incremental borrowing rate which is determined by the rate that the County negotiated on that year's capital asset financing.

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

Leases where the County is Lessor:

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

Key estimates and judgments include how the County determines (1) the discount rate it uses to discount the expected lease receipts to present value, (2) lease term, and (3) lease receipts. The County uses its estimated incremental borrowing rate (defined above) as the discount rate for lease, unless it is explicitly stated in the lease agreement. The lease term includes the non-cancellable period explicitly stated within the lease. Lease receipts included in the measurement of the lease receivable is composed of fixed payments from the lessee. The County monitors changes in circumstances that would require a remeasurement of its leases,

and will remeasure the lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

Subscription-Based Information Technology Arrangements:

The County has entered into various subscription agreements that convey control of the right-to-use another entity's combination of IT software and tangible capital assets, for a variety of governmental purposes. These subscription agreements result in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability. SBITA assets (including implementation and other qualifying costs) are reported with other capital assets and SBITA liabilities are reported with long-term debt on the statement of net position.

At the commencement of a SBITA contract, the County measures the SBITA liability at the present value of payments expected to be made during the SBITA term. The SBITA asset is initially measured as the initial amount of the related SBITA liability, adjusted for SBITA payments made at or before the SBITA commencement date, plus certain initial direct costs. Subsequently, the SBITA asset is amortized on a straight-line basis over its useful life and the SBITA liability is reduced by the principal portion of SBITA payments made. The County uses the interest rate charged in the contract as the discount rate. When the interest rate is not included in the SBITA agreement, the County uses as the incremental borrowing rate which is determined by the rate that the County negotiated on that year's capital asset financing.

E. Significant Applicable New GASB Pronouncements

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

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

GASB Statement No. 102, Certain Risk Disclosures was issued in December 2023. The requirements of this Statement will improve financial reporting by providing users of financial statements with essential information that currently is not often provided. The disclosures will provide users with timely information regarding certain concentrations or constraints and related events that have occurred or have begun to occur that make a government vulnerable to a substantial impact. As a result, users will have better information with which to understand and anticipate certain risks to a government's financial condition. The requirements of this Statement are effective for fiscal years beginning after June 15, 2024. There was no impact to the County with the implementation of this new standard with our Fiscal Year 2025 report.

GASB Statement No. 103, Financial Reporting Model Improvements was issued in April 2024. The objective of this Statement is to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. This Statement also addresses certain application issues. The requirements of this Statement are effective for fiscal years beginning after June 15, 2025, and all reporting periods thereafter. Early application is encouraged. The County plans to implement any impacts of this new standard with our Fiscal Year 2026 report.

NOTE 2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgets and Budgetary Accounting

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

The legal level of budgetary control (that is, the level at which expenditures cannot exceed budgeted appropriations) is at the department, office or agency level. However, with proper approval by the County Commissioners, as stated in the County's Budget Policies and Delegated Authorities, last reviewed on July 1, 2022, budget transfers and amendments can be made. The budgeted financial statements represented in this report reflect both the original and final budget authorization, including all amendments made by the County Commissioners. The support provided to County volunteer Fire & EMS exceeded the budget by \$2,073 because of higher utility bill reimbursements. The Administration division in our Department of Emergency Services exceeded expense budgets by \$9,651. The County's Liquor Board also exceeded their expense budgets by \$8,752. The cause for each of them was the participation in our health and dental program being greater than anticipated. The Information Technology division exceeded its budget by \$363,248 because of the post fiscal year end recording of GASB 87 & 96 transactions.

NOTE 3. DETAILED NOTES ON ALL FUNDS

A. Cash Deposits and Investments

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

Cash Deposits

At year-end, the carrying amount of the County's deposits was \$30,021,797 and the bank balances were \$33,640,848. Of the bank balance, \$2,671,387 was covered by Federal depository insurance and \$30,969,461 was collateralized with securities held by the pledging financial institution's trust department or agent in the County's name. The various amounts of petty cash on hand were \$15,055. The restricted cash equivalent balance of \$1,889,956 and \$17,798,937 consists of funds from grantors and third-party agreements, as seen in the detail below.

At year-end, the carrying amount of the Board of Education's deposits was \$46,752,033 and the bank balances were \$48,175,067. The Board had a cash on hand balance of \$2,435. The bank balance was covered by either Federal depository insurance or by collateral held in either the pledging bank's trust department or by the pledging bank's agent in the Board's name.

At year-end, the Library's amount of cash on hand was \$1,712 and the carrying amount in deposits was \$176,770 and the bank balances were \$341,303. The bank balance was covered by Federal depository insurance, up to statutory limits and collateralized by securities held by the pledging financial institution, for the excess.

At year-end, the carrying amount of the Resilience Authority's deposits and bank balance was \$877,454. The balance was covered by Federal depository insurance and collateralized by securities held by the pledging financial institution, for the excess.

Investments

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

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

	Total Governmental Funds	Total Fiduciary Funds	Total Enterprise Funds	Total
Cash on hand	\$ 10,950	\$ -	\$ 4,105	\$ 15,055
Deposit accounts	25,095,975	-	3,035,866	28,131,841
Repurchase agreements (sweep)	158,350,007	-	-	158,350,007
U.S. government securities				
Treasuries	90,113,414	-	-	90,113,414
Agencies	92,533,609	-	-	92,533,609
Money market	-	12,312,110	-	12,312,110
Maryland local government pool	123,350,488	-	-	123,350,488
Bond mutual funds	-	195,906,489	-	195,906,489
Equity securities	-	344,183,353	-	344,183,353
Pooled separate accounts	-	345,115,347	-	345,115,347
Restricted cash equivalents	1,797,888	-	92,067	1,889,956
Restricted cash held in Maryland				
local government pool	17,798,937	-	-	17,798,937
Total cash and investments	<u>\$ 509,051,267</u>	<u>\$ 897,517,298</u>	<u>\$ 3,132,037</u>	<u>\$ 1,409,700,603</u>

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

Cash on hand	\$ 2,435
Deposits	46,752,033
Money market mutual funds	8,870,603
Maryland local government pool	<u>50,526,051</u>
Total cash and investments	<u>\$ 106,151,122</u>

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

Cash on hand and deposits	\$ 178,482
Maryland local government pool	<u>2,312,390</u>
Total cash and investments	<u>\$ 2,490,872</u>

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

Maryland local government pool	<u>\$ 877,454</u>
Total cash and investments	<u>\$ 877,454</u>

The County categorizes its fair value measurements with the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. In addition to the three levels, if an investment does not have a readily determined fair value, the investment can be measured using

the net asset value (NAV) per share. Investments in pooled separate accounts (PSA's) or collective trusts are valued at the NAV based on information provided by the respective managers.

	Level 1	Level 2	Level 3	Balance June 30, 2025
Investments by fair value level:				
U.S. government securities: Treasuries	\$ -	\$ 90,113,414	\$ -	\$ 90,113,414
U.S. government securities: Agencies	-	92,533,609	-	92,533,609
Bond Mutual funds	195,906,489	-	-	195,906,489
Equity securities	344,183,353	-	-	344,183,353
	<u>540,089,841</u>	<u>182,647,023</u>	<u>-</u>	<u>722,736,864</u>
Investments carried at net asset value:				
Pooled Separate accounts				345,115,347
Cash and Investments carried at amortized cost:				
Cash on hand				15,055
Deposit Accounts				28,131,841
Repurchase agreements (sweep)				158,350,007
Money Market				12,312,110
Maryland local government pool (\$6.2 million partially restricted from debt proceeds)				123,350,488
Restricted assets: cash equivalents				1,889,956
Restricted assets: MD local government pool				17,798,937
Total Cash and Investments at amortized cost:				<u>341,848,392</u>
Total Cash and Investments				<u>\$ 1,409,700,603</u>

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

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

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

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

Interest Rate Risk

As a means of limiting its exposure to fair value losses stemming from rising interest rates, the County’s investment policy prohibits the investment of operating funds in securities maturing more than 24 months from the date of purchase. Information about the sensitivity of the fair values of the County’s investments to market interest rate fluctuations is provided by the following table that shows the distribution of the County’s investments by maturity as of June 30, 2025:

	Investment Maturities (in Years)				Total
	Less than 1	1 to 5	6 to 10	More than 10	
<u>Investments with Maturities:</u>					
U.S. Treasury Obligations	\$ 90,113,414	\$ -	\$ -	\$ -	\$ 90,113,414
U.S. Governmental Agencies	92,533,609	-	-	-	92,533,609
Total	\$ 182,647,023	\$ -	\$ -	\$ -	\$ 182,647,023

Custodial Credit Risk

For an investment, custodial credit risk is the risk that, in the event of failure of the counter party, the County will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Investment securities are exposed to custodial risk if the securities are uninsured, or not registered in the name of the government, and are held by either the counter party or the counter party’s trust department or agent, but not in the government’s name. The County’s policy relating to credit risk of investments require that securities underlying all certificates of deposit, repurchase agreements and reverse repurchase agreements have a market value of at least 102 percent of the cost, plus accrued interest of the investment. County policies also require that a third-party custodian hold investments securities and the collateral underlying all investments, in the government’s name. The County’s Chief of Treasury recognizes investment diversification as an important safeguard of County assets. Investment instruments, investment maturities, and financial institutions doing business with the County shall be diversified in such a way to insure there is no concentration of risk in any of these categories. These diversification standards, as outlined in the County’s Joint Statement of Investment Policies, are applied at the time of each investment. As of June 30, 2024, the County’s investments were not exposed to custodial credit risk as all investment securities are registered in the name of the County.

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of an investment in a single issuer. The County places no limit on the amount invested in any one issuer. The County does not own one

investment of a single source that exceeds 5% of the total value of the investment portfolio that are required to be reported.

Foreign Currency Risk

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

B. Receivables

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

	Governmental Activities			Business-Type Activities			Total Non-Major Funds	Total
	General	Capital Projects	Debt Service	Water and Sewer Fund	Solid Waste Fund	SW-Watershed Protection Fund		
Receivables:								
Interest	\$ 3,617,914	\$ -	\$ -	\$ 9,384	\$ -	\$ -	\$ -	\$ 3,627,298
Taxes	3,292,648	-	68,534,398	-	-	-	-	71,827,046
Accounts	111,726,674	690,965	-	16,954,530	1,137,780	66,698	14,202,254	144,778,901
Leases	7,579,990	-	-	4,709,670	-	-	2,758,542	15,048,203
Special assessments	-	-	-	345,684	-	-	-	345,684
Intergovernmental	-	-	-	-	-	-	314,591	314,591
Total receivables	<u>\$ 126,217,226</u>	<u>\$ 690,965</u>	<u>\$ 68,534,398</u>	<u>\$ 22,019,269</u>	<u>\$ 1,137,780</u>	<u>\$ 66,698</u>	<u>\$ 17,275,388</u>	<u>\$ 235,941,724</u>

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

	<u>Unearned</u>	<u>Unavailable</u>	<u>Total</u>
Delinquent property taxes receivable (General Fund)	\$ -	\$ 6,033,100	\$ 6,033,100
Unavailable property tax receivable (Debt Service)	-	65,647,480	65,647,480
Unavailable income tax receivable	-	90,103,906	90,103,906
Prepayment of PILT	637,500	-	637,500
School construction impact fees	536,000	-	536,000
Grant draw-downs prior to meeting all eligibility requirements	11,396,516	-	11,396,516
Leases receivable	-	7,083,730	7,083,730
Opioid Settlement Fund proceeds	-	4,770,480	4,770,480
Other unearned revenue	717,989	-	717,989
Total unearned revenue for governmental funds	<u>\$ 13,288,003</u>	<u>\$ 173,638,696</u>	<u>\$ 186,926,700</u>

C. Property Taxes Receivable

The County levies a property tax each July 1 on the assessed value of all taxable real property located within the County on that date. Assessed values are established by the Maryland Departments of Assessments and Taxation at assessed market value. A reassessment of all property is required to be completed every three years. The rates of the levy cannot exceed the constant yield tax rate furnished by the Maryland State Department of Assessments and Taxation without public notice and only after public hearings. The real property tax rate for the year ended June 30, 2025, remained constant at \$1.141 per \$100 of assessed value. Property taxes attach as an enforceable lien on the property when levied on July 1 of each year. The taxes are payable without interest by September 30.

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

D. Tax Abatements

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

The first PILOT agreement for the County was executed on December 13, 2011, with CPV Maryland, LLC. This endeavor took many years of the regulatory process, permitting, and ultimately, construction of a natural gas power plant in Charles County. The commercial operation date of the plant was February 14, 2017, and thus began the agreement's payment schedule that has a term of 20 years. The plant utilizes treated reclaimed water to meet facility cooling needs from the Mattawoman sewer treatment plant owned by the County, which resulted in revenue collected in the amount of \$1,405,095 for Fiscal Year 2025. The revenue from treated reclaimed water was a major influence in providing tax relief to CPV, as well as a stimulus for the local economy.

The second PILOT, executed on April 28, 2021, is between Charles County and Lanyard Power Holdings, LLC. The original term of this agreement is for 5 years. On July 8, 2021, PJM Interconnection, LLC (PJM) agreed to the deactivation of Morgantown 1 and 2 generating units effective May 31, 2022. On May 10, 2022, the PJM approved the deactivation of Morgantown CT1 and CT2 generating units at any time. Within the new agreement, and per intentions to close much sooner than anticipated, Section 3.11 became effective and resulted in the County receiving the floor payment for the PILOT in FY23. Consequently, the County has established a Loss Reserve in the general fund balance records of \$11,548,500 and has started to use this source beginning with FY24 to smooth out the impacts. On December 22, 2023, Lanyard Power Holdings, LLC notified the PJM and the County of the intent to deactivate the remaining units at Morgantown CT3 – CT6. On May 31, 2024, a letter was sent to PJM to partially rescind the deactivation of 2 units, CT3 and CT4. These are the only two remaining units and the floor payment will be billed in FY25.

The third PILOT, executed on August 8, 2023, is between Charles County and Magnolia Gardens Limited Partnership for the development of a County property into a multifamily rental housing project comprised of

72 apartment units, of which sixty-five (65) will be income restricted units and seven (7) will be unrestricted market-rate units. Magnolia Gardens satisfied the requirements of the PILOT agreement when construction was completed and a temporary certificate of occupancy was issued for the project mid-year, putting into effect the PILOT’s initial term of 20 years. Magnolia Gardens Limited Partnership agrees to pay a negotiated payment in lieu of the full amount of County real property taxes.

The fourth PILOT, executed on October 27, 2023, is between Charles County and FH Wakefield Terrace LIHTC LP for the renovation of the property known as Wakefield Terrace Apartments and turning all existing 204 units into multifamily affordable rental housing. The owners satisfied the requirements of the PILOT agreement effective April 2, 2025, putting into effect the PILOT’s initial term of 20 years. FH Wakefield Terrace agrees to pay a negotiated payment in lieu of the full amount of County real property taxes. The County refunded FH Wakefield Terrace the pro-rated portion of \$7,825.12 on its already paid tax bill for the current year. Starting with tax year 2025-2026, Wakefield Terrace will see the full year County tax set at \$157,790 and each year thereafter, it will increase by 3% for the length of this agreement.

<u>Tax Abatement Program</u>	<u>Amount of Taxes Abated</u>
PILOT Agreements	
CPV Maryland, LLC	\$ 4,999,386.00
Lanyard Power Holdings, LLC	\$ 862,490.00
Magnolia Gardens Ltd Partnership	\$ 38,752.33
FH Wakefield Terrace LIHTC LP	\$ 7,825.12

E. Notes Receivable

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

<u>Loan & Year</u>	<u>Total Borrowed</u>	<u>Term & Rate</u>	<u>Principal Balance 6/30/2025</u>
U.S. Home Corporation 2011	4,000,000	15 years, 2%-4.5%	690,000
U.S. Home Corporation 2012	4,000,000	15 years, 2%-3.25%	561,251
U.S. Home Corporation 2013	3,700,000	15 years, 3%-4%	874,146
U.S. Home Corporation 2015	1,700,000	15 years, 3%-4%	747,198
Total Notes Receivable	<u>\$ 15,400,000</u>		<u>\$ 2,872,595</u>

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

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

	<u>U.S. Home Corporation</u>
2026	\$ 1,080,495
2027	1,016,087
2028	424,352
2029	142,566
2030	146,681
2031	48,761
Subtotal	<u>2,858,942</u>
Less: Interest	<u>(13,653)</u>
Total future minimum note payments receivable	<u>\$ 2,872,595</u>

F. Capital Assets

Capital asset activity for the year ended June 30, 2025, was as follows:

Primary Government

Governmental Activities	Beginning <u>Balance</u>	<u>Increases</u>	<u>Decreases</u>	Ending <u>Balance</u>
Capital assets, not depreciated/amortized:				
Land	\$ 108,725,112	\$ 4,428,651	\$ -	\$ 113,153,763
Construction in progress	66,979,186	42,211,210	25,485,686	83,704,710
Total capital assets, not depreciated/amortized	<u>175,704,298</u>	<u>46,639,861</u>	<u>25,485,686</u>	<u>196,858,473</u>
Capital assets, depreciated/amortized				
Land Improvements	35,096,639	645,066		35,741,705
Infrastructure	557,969,263	9,323,981		567,293,244
Buildings and Improvements	188,833,284	12,620,548		201,453,832
Machinery and Equipment	78,647,338	5,402,462	83,155	83,966,645
Vehicles	33,763,182	5,615,831	743,922	38,635,091
Right-to-use buildings	3,180,581	230,506	121,974	3,289,113
Right-to-use equipment	1,162,190	-	23,724	1,138,466
Subscription-Based IT Arrangements(SBITA)	8,847,743	1,811,829	550,577	10,108,996
Total capital assets, depreciated/amortized	<u>907,500,219</u>	<u>35,650,223</u>	<u>1,523,352</u>	<u>941,627,091</u>
Less: accumulated depreciation/amortization for:				
Land Improvements	(14,820,197)	(1,537,597)	-	(16,357,794)
Infrastructure	(365,037,598)	(17,568,821)	-	(382,606,419)
Buildings and Improvements	(116,268,860)	(5,683,727)	-	(121,952,587)
Machinery and Equipment	(66,434,716)	(4,286,485)	(83,155)	(70,638,046)
Vehicles	(26,171,916)	(3,291,239)	(717,387)	(28,745,769)
Right-to-use buildings	(1,105,903)	(535,604)	(95,303)	(1,546,204)
Right-to-use equipment	(413,985)	(121,299)	(23,518)	(511,766)
Subscription-Based IT Arrangements(SBITA)	(4,121,788)	(2,577,849)	(550,577)	(6,149,059)
Total accumulated	<u>(594,374,964)</u>	<u>(35,602,621)</u>	<u>(1,469,940)</u>	<u>(628,507,645)</u>
Total capital assets, depreciated/ amortized, net	<u>313,125,256</u>	<u>47,603</u>	<u>53,412</u>	<u>313,119,446</u>
Governmental activities, capital assets, net	<u>\$ 488,829,554</u>	<u>\$ 46,687,464</u>	<u>\$ 25,539,098</u>	<u>\$ 509,977,919</u>

Business Type Activities	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, not depreciated/amortized:				
Land	\$ 2,395,955	\$ -	\$ -	\$ 2,395,955
Construction in progress	149,746,577	65,044,162	29,389,264	185,401,475
Total capital assets, not depreciated/amortized	<u>152,142,532</u>	<u>65,044,162</u>	<u>29,389,264</u>	<u>187,797,430</u>
Capital assets, depreciated/amortized				
Land Improvements	33,663,438	-	-	33,663,438
Infrastructure	397,280,426	32,278,488	-	429,558,914
Buildings and Improvements	15,489,959	-	-	15,489,959
Machinery and Equipment	57,968,286	946,862	125,544	58,789,604
Vehicles	11,106,662	2,120,415	131,828	13,095,249
Subscription-Based IT Arrangements(SBITA)	221,469	-	-	221,469
Total capital assets, depreciated/amortized	<u>515,730,239</u>	<u>35,345,766</u>	<u>257,372</u>	<u>550,818,632</u>
Less: accumulated depreciation/amortization for:				
Land Improvements	(12,317,191)	(1,286,755)	-	(13,603,946)
Infrastructure	(205,430,906)	(9,182,123)	-	(214,613,029)
Buildings and Improvements	(10,327,547)	(454,385)	-	(10,781,932)
Machinery and Equipment	(33,409,208)	(3,189,704)	(125,544)	(36,473,368)
Vehicles	(7,987,085)	(1,390,790)	(110,653)	(9,267,222)
Subscription-Based IT Arrangements (SBITA)	(46,139)	(55,367)	-	(101,506)
Total accumulated	<u>(269,518,077)</u>	<u>(15,559,124)</u>	<u>(236,197)</u>	<u>(284,841,004)</u>
Total capital assets, depreciated/ amortized, net	<u>246,212,162</u>	<u>19,786,642</u>	<u>21,176</u>	<u>265,977,629</u>
ss-type, capital assets, net	<u>\$ 398,354,694</u>	<u>\$ 84,830,804</u>	<u>\$ 29,410,439</u>	<u>\$ 453,775,059</u>
Grand Total, capital assets, net	<u>\$ 887,184,248</u>	<u>131,518,267</u>	<u>54,949,537</u>	<u>963,752,978</u>

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

Governmental Activities, depreciation:

Public Safety/Fire & Rescue	\$ 2,920,257
Legislative	138,682
Judicial	91,668
Election Board	259
Financial Administration/Central Services	72,260
Health	79,118
Community Services	148,206
Public Facilities	24,458,644
Emergency Services	2,635,137
Education	44,807
Inspection & Enforcement	251,512
Economic Development	16,580
Recreation, Parks, & Tourism	1,510,742
Total depreciation expense- Governmental Activities	<u>\$ 32,367,869</u>

Governmental Activities, amortization of leases:

Public Safety/Fire & Rescue	\$	115,969
Election Board		222,560
PGM		15,120
Financial Administration/Central Services		12,919
Emergency Services		192,761
Economic Development		62,259
Recreation, Parks, & Tourism		35,314
Total lease amortization expense- Governmental Activities	\$	<u>656,902</u>

Governmental Activities, amortization of SBITAs:

Public Safety/Fire & Rescue	\$	644,820
Community Services		14,933
Judicial		120,863
Financial Administration/Central Services		1,797,232
Total SBITA amortization expense- Governmental Activities	\$	<u>\$2,577,849</u>

Business-Type Activities:

Water and Sewer	\$	11,050,973
Solid Waste		2,462,291
Environmental Services		615,274
Recreation Programs		322,254
Inspection and Reviews		58,016
SW- Watershed Protection		994,949
Total depreciation expense- Business-type Activities	\$	<u>15,503,756</u>

Business-Type Activities: amortization of SBITAs:

Water and Sewer	\$	<u>55,367</u>
Total SBITA amortization expense- Business-type Activities	\$	<u>55,367</u>

Construction Commitments

The County has active construction projects as of June 30, 2025. The projects include widening and reconstruction of existing streets and bridges, maintenance of existing roads, landfill expansion, modifications of County facilities, and the improvement and expansion of existing water and sewer facilities. At year-end, the County's project commitments are as follows:

<u>Division / Project</u>	<u>Spent-to-date</u>	<u>Remaining Commitment</u>
Transportation		
Road and bridge expansions/improvements	\$ 14,488,269	\$ 40,173,378
Other transportation projects	4,986,646	26,098,784
General government		
Buildings and building improvements	22,793,479	42,723,561
Other general government projects	49,506,676	66,110,329
Water and sewer		
Expansions and improvements	158,897,784	303,335,696
Parks		
Expansions and improvements	10,259,666	22,708,729
Environmental service		
Various environmental service projects	11,875,828	33,738,182
Watershed Restoration		
Various improvement projects	<u>12,310,372</u>	<u>72,193,008</u>
Total	<u>\$ 285,118,720</u>	<u>\$ 607,081,667</u>

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

Discretely Presented Component Units

Capital asset activity for the Board of Education for the year ended June 30, 2025, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, not depreciated:				
Land	\$ 20,707,070	\$ -	\$ -	\$ 20,707,070
Construction in progress	163,481,340	50,669,617	(54,529,286)	159,621,671
Total capital assets, not depreciated	<u>184,188,410</u>	<u>50,669,617</u>	<u>(54,529,286)</u>	<u>180,328,741</u>
Capital assets, depreciated:				
Buildings	730,733,224	54,339,001	(698,372)	784,373,853
Land Improvements	31,858,559	1,192,106	(548,922)	32,501,743
Furniture and Equipment	36,946,842	4,259,777	(941,262)	40,265,357
Total capital assets, depreciated	<u>799,538,625</u>	<u>59,790,884</u>	<u>(2,188,556)</u>	<u>857,140,953</u>
Less: accumulated depreciation for:				
Buildings	(391,146,052)	(19,301,260)	360,330	(410,086,982)
Land Improvements	(21,682,560)	(2,073,108)	428,336	(23,327,332)
Furniture and Equipment	(27,246,223)	(2,132,555)	940,252	(28,438,526)
Total accumulated depreciation	<u>(440,074,835)</u>	<u>(23,506,923)</u>	<u>1,728,918</u>	<u>(461,852,840)</u>
Total capital assets, depreciated net	<u>359,463,790</u>	<u>36,283,961</u>	<u>(459,638)</u>	<u>395,288,113</u>
Right-to-use leased assets				
Equipment	2,717,412	52,432	(8,892)	2,760,952
Total amortized leased right-to-use assets	2,717,412	52,432	(8,892)	2,760,952
Less: Right-to-use leased Assets				
Accumulated amortization				
Equipment	(241,257)	(325,644)	-	(566,901)
Total right-to-use leased asset accumulated amortization	<u>(241,257)</u>	<u>(325,644)</u>	<u>-</u>	<u>(566,901)</u>
Total right-to-use leased assets, being amortized, Net	<u>2,476,155</u>	<u>(273,212)</u>	<u>(8,892)</u>	<u>2,194,051</u>
Subscription-Based IT Assets	9,491,032	3,449,578	(1,041,290)	11,899,320
Less: Accumulated amortization				
Subscription-based IT Assets	(4,652,451)	(4,171,133)	879,392	(7,944,192)
Total Subscription-Based information technology arrangement assets, Net	<u>4,838,581</u>	<u>(721,555)</u>	<u>(161,898)</u>	<u>3,955,128</u>
Board of Ed capital assets, net	<u>\$ 550,966,936</u>	<u>\$ 85,958,811</u>	<u>\$ (55,159,714)</u>	<u>\$ 581,766,033</u>

Capital asset activity for the Library for the year ended June 30, 2025, was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital assets, depreciated:				
Furniture and Equipment	\$ 2,859,914	\$ 497,906	\$ (2,061,998)	\$ 1,295,822
Library books and AV material	2,468,084	116,035	(961,135)	1,622,984
Total capital assets, depreciated	<u>5,327,998</u>	<u>613,941</u>	<u>(3,023,133)</u>	<u>2,918,806</u>
Less: accumulated depreciation	(4,861,686)	(399,353)	3,023,133	(2,237,906)
Library capital assets, net	<u>\$ 466,312</u>	<u>\$ 214,588</u>	<u>\$ -</u>	<u>\$ 680,900</u>

G. Inter-fund Receivables, Payables, and Transfers

The General Fund is the main fund used to collect, invest, and disburse monies for governmental and proprietary funds. This creates temporary inter-fund balances. The composition of inter-fund balances as of June 30, 2025, is as follows:

Net Due (To) From other funds:	<u>Governmental Activities</u>	<u>Business-type Activities</u>
General Fund	\$ (287,638,874)	\$ -
Capital Projects Fund	119,377,935	-
Debt Service Fund	19,026,225	-
Water and Sewer Fund	-	62,680,019
Solid Waste Fund	-	43,854,808
Stormwater Mgmt Fund	-	17,075,092
Other Non-major Funds	<u>11,144,341</u>	<u>14,480,454</u>
Total	<u>\$ (138,090,373)</u>	<u>\$ 138,090,373</u>

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

Transfers Out	Transfers In						Total
	General Fund	Capital Projects Fund	Non-Major Governmental Funds	Solid Waste Fund	SW-Water Protection Fund	Non-Major Enterprise Funds	
General Fund	\$ -	\$ 20,055,000	\$ 7,929,936	\$ -	\$ -	\$ 207,939	\$ 28,192,875
Capital Projects Fund	600,000	-	-	-	-	-	600,000
Non-Major Governmental Funds	100,000	-	17,489	-	-	-	117,489
Total Transfers In	\$ 700,000	\$ 20,055,000	\$ 7,947,425	\$ -	\$ -	\$ 207,939	\$ 28,910,364

Primary activities include

- * Transfers of pay-go funding from the General Fund to the Capital Projects Fund.
- * Transfers of matching County grants funding to the Non-Major Governmental Funds.
- * Transfer of General Fund assistance for the Recreation Fund programs.
- * Transfer of Capital Projects Fund prior year bond premium to the General Fund to support debt costs.

H. Capital Asset Financing

Capital Asset Financing

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

- Fiscal Year 2021 – Various equipment for the General Fund, the Solid Waste Fund, the Water and Sewer fund, and the Environmental Service Fund – semiannual payments of \$583,812 over 5 years ending September 2025, including interest at a rate of 0.94%, equipment to be capitalized at \$5,690,000.
- Energy Upgrade Financing FY 2021 – Various HVAC equipment, lighting retrofits, water conservation equipment and other capital assets installed in county buildings to increase energy efficiency and provide savings to the General Fund with semiannual payments starting at \$194,391 and increasing to \$275,618 over 13 years ending April 2034, including interest at a rate of 1.92%, equipment to be capitalized at \$5,382,795.
- Fiscal Year 2022 – Various equipment for the General Fund, the Solid Waste Fund, the Water and Sewer Fund, and the Stormwater-Water Protection Fund – semiannual payments of \$338,104 over 5 years ending September 2026, including interest at a rate of .7759%, equipment to be capitalized at \$3,310,000.
- Fiscal Year 2023 – Various vehicles and equipment for the General Fund, the Inspection Fund, and the Water and Sewer Fund – semiannual payments of \$398,053 over 5 years ending September 2027, including interest at a rate of 2.78%, equipment to be capitalized at \$3,692,400.
- Fiscal Year 2024 – Various vehicles and equipment for the General Fund, the Inspection Fund, and the Water and Sewer Fund including self-contained breathing apparatus equipment for Emergency Services (General Fund). Semiannual payments are \$480,310 over 5 years ending September 2028, including interest at a rate of 4.2102% with total vehicles and equipment to be capitalized at \$4,290,800.
- Fiscal Year 2025 – Various vehicles and equipment for the General Fund, the Water and Sewer Fund, and the Watershed Protection & Restoration Fund. The vehicles purchased include three ambulances for Emergency Services. Semiannual payments are \$635,140 over 5 years ending September 2029, including interest at a rate of 3.875% with total vehicles and equipment to be capitalized at \$5,723,900.

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

	Governmental Activities	Business-type Activities
Assets:		
Building and Improvements	\$ 90,906	\$ -
Machinery and equipment	27,925,245	8,554,950
Vehicles	17,826,358	9,882,803
Total capital assets	<u>45,842,509</u>	<u>18,437,752</u>
Less accumulated depreciation:		
Building and Improvements	(88,958)	-
Machinery and equipment	(25,077,869)	(7,578,022)
Vehicles	(13,879,335)	(7,246,766)
Total accumulated depreciation	<u>(39,046,162)</u>	<u>(14,824,788)</u>
Total capital assets, net	<u>\$ 6,796,347</u>	<u>\$ 3,612,964</u>

The future minimum obligations and the net present value of the minimum payments for capital asset financing as of June 30, 2025, were as follows:

	Governmental Activities	Business- type Activities	Total
2026	\$ 2,898,587	\$ 1,371,472	\$ 4,270,059
2027	2,316,871	914,304	3,231,175
2028	1,941,238	681,482	2,622,720
2029	1,445,461	321,504	1,766,964
2030	983,208	160,753	1,143,960
2031-2035	2,085,139	-	2,085,139
2036-2040	\$ 11,670,503	\$ 3,449,515	\$ 15,120,018
Subtotal	<u>(889,230)</u>	<u>(209,401)</u>	<u>(1,098,631)</u>
Interest	\$ 10,781,273	\$ 3,240,114	\$ 14,021,387
Present value of minimum			

I. Long-Term Debt

General Obligation Bonds

The County issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds have been issued for both governmental and business-type activities. During the year ended June 30, 2025, general obligation bonds totaling \$73,000,000 were issued for consolidated public improvement. General obligation bonds are direct obligations and pledge the full faith and credit of the County. In the past, these bonds have been a mix of 10-year and 15-year serial bonds with equal amounts of principal maturing each year. In addition, the County bonds in recent past have also had components with 20-year and 30-year serial bonds to fund projects that result in expected longer life spans of the eventual County capital asset.

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

Bond Description and Year	Amount Borrowed	Term and Rate	Governmental Activities Balance 6/30/25	Business-type Activities Balance 6/30/25
Consolidated Public Improvement Bonds of 2014	\$ 17,400,000	15 yrs, 3% - 5%	6,320,462	1,950,258
Consolidated Public Improvement Bonds of 2014	\$ 7,600,000	30 yrs, 3% - 5%	-	2,435,000
Consolidated Public Improvement Refunding Bonds of 2015	\$ 21,830,000	15 yrs, 2% - 4%	8,672,513	1,900,333
Consolidated Public Improvement Bonds of 2015	\$ 21,895,000	15 yrs, 3% - 5%	2,255,004	348,198
Consolidated Public Improvement Bonds of 2015	\$ 5,800,000	10 yrs, 3% - 5%	619,338	95,662
Consolidated Public Improvement Bonds of 2015	\$ 3,800,000	30 yrs, 3% - 5%	-	100,000
Consolidated Public Improvement Bonds (Taxable) of 2015	\$ 3,205,000	10 yrs, 3% - 5%	-	-
Consolidated Public Improvement Bonds of 2016	\$ 5,500,000	10 yrs, 3% - 5%	1,160,400	159,600
Consolidated Public Improvement Bonds of 2016	\$ 18,000,000	15 yrs, 3%-5%	8,870,021	2,475,612
Consolidated Public Improvement Bonds of 2016	\$ 1,000,000	20 yrs, 3% - 5%	700,000	-
Consolidated Public Improvement Bonds of 2016	\$ 7,500,000	30 yrs, 3%-5%	-	6,285,000
Consolidated Public Improvement Bonds of 2017	\$ 20,000,000	10 yrs, 3%-5%	7,085,000	-
Consolidated Public Improvement Bonds of 2017	\$ 24,000,000	15 yrs, 2.25%-5%	19,045,439	7,284,608
Consolidated Public Improvement Bonds of 2017	\$ 2,000,000	20 yrs 2.25%-5%	1,470,000	-
Consolidated Public Improvement Bonds of 2017	\$ 10,000,000	30 yrs, 2.25%-5%	854,000	7,686,000
Consolidated Public Improvement Refunding Bonds of 2017	\$ 46,175,000	26 yrs, 2%-5.3%	9,944,218	7,500,782
Consolidated Public Improvement Bonds of 2018	\$ 15,000,000	10 yrs, 3%-5%	6,870,000	-
Consolidated Public Improvement Bonds of 2018	\$ 29,000,000	15 yrs, 2.25%-5%	17,342,540	5,294,524
Consolidated Public Improvement Bonds of 2018	\$ 1,000,000	20 yrs 2.25%-5%	790,000	-
Consolidated Public Improvement Bonds of 2018	\$ 15,000,000	30 yrs, 2.25%-5%	-	13,325,000
Consolidated Public Improvement Bonds of 2019	\$ 6,000,000	10 yrs, 5%	3,370,000	-
Consolidated Public Improvement Bonds of 2019	\$ 32,000,000	15 yrs, 2.5%-5%	24,509,462	4,780,869
Consolidated Public Improvement Bonds of 2019	\$ 1,000,000	20 yrs 2.5%-5%	825,000	-
Consolidated Public Improvement Bonds of 2019	\$ 19,000,000	30 yrs, 3.375%-5%	-	17,185,000

Consolidated Public Improvement Bonds of 2020	\$ 10,000,000	10 yrs, 4%	6,255,750	329,250
Consolidated Public Improvement Bonds of 2020	\$ 26,800,000	15 yrs, 1.25%-4%	19,568,515	6,159,731
Consolidated Public Improvement Bonds of 2020	\$ 3,000,000	20 yrs, 1.25%-4%	2,590,000	-
Consolidated Public Improvement Bonds of 2020	\$ 12,200,000	30 yrs, 1.25%-4%	-	11,250,000
Consolidated Public Improvement Refunding Bonds of 2020	\$ 7,760,000	7 yrs, 2%-2.45%	1,764,871	65,129
Consolidated Public Improvement Refunding Bonds of 2020	\$ 3,970,000	24 yrs, 2%-2.45%	-	3,870,000
Consolidated Public Improvement Refunding Bonds of 2020	\$ 12,575,000	25 yrs, 2%-2.45%	7,811,891	4,348,109
Consolidated Public Improvement Refunding Bonds (Taxable) of 2020	\$ 6,575,000	6-10 yrs, 2%-2.45%	2,795,000	-
Consolidated Public Improvement Bonds of 2021	\$ 6,000,000	10 yrs, 5%	4,500,000	-
Consolidated Public Improvement Bonds of 2021	\$ 35,000,000	15 yrs, 1.5%-5%	33,056,337	3,308,317
Consolidated Public Improvement Bonds of 2021	\$ 2,000,000	20 yrs 1.5%-5%	1,795,000	-
Consolidated Public Improvement Bonds of 2021	\$ 27,000,000	30 yrs, 1.5%-5%	-	25,410,000
Consolidated Public Improvement Bonds of 2022	\$ 6,000,000	10 yrs, 5%	5,025,000	-
Consolidated Public Improvement Bonds of 2022	\$ 22,000,000	15 yrs, 5%	15,363,448	7,093,226
Consolidated Public Improvement Bonds of 2022	\$ 2,000,000	20 yrs 4%-5%	1,875,000	-
Consolidated Public Improvement Bonds of 2022	\$ 20,000,000	30 yrs, 4%-5%	-	19,365,000
Consolidated Public Improvement Bonds of 2023	\$ 11,000,000	10 yrs, 5%	9,669,545	460,455
Consolidated Public Improvement Bonds of 2023	\$ 29,000,000	15 yrs, 5%	22,136,758	9,624,672
Consolidated Public Improvement Bonds of 2023	\$ 15,000,000	30 yrs, 4.125%-5%	-	14,770,000
Consolidated Public Improvement Bonds of 2024	\$ 20,000,000	10 yrs, 5%	19,600,000	400,000
Consolidated Public Improvement Bonds of 2024	\$ 40,000,000	15 yrs, 5%	37,971,355	10,665,873
Consolidated Public Improvement Bonds of 2024	\$ 13,000,000	30 yrs, 4.000%-4.2904%	-	13,000,000
Total bonds outstanding			312,481,867	208,926,207
Loan Description and Year				
MD Water Quality Revolving Loan				
Mattawoman BNR Upgrade	\$ 14,767,900	20 yrs, 1.200%	-	825,044
Total loans outstanding			-	825,044
Total bonds and loans outstanding			\$ 312,481,867	209,751,251

Changes in Long-Term Liabilities

Long-term liability activity for the year ended June 30, 2025, was as follows:

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

	<u>Beg Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>End Balance</u>	<u>Amounts Due in 1 year</u>
<u>Governmental activities:</u>					
General obligation bonds	\$ 256,510,177	\$ 50,915,000	\$ (31,560,920)	\$ 275,864,256	\$ 31,130,437
Plus deferred amounts for bond premiums	<u>35,680,169</u>	<u>6,880,417</u>	<u>(4,552,975)</u>	<u>38,007,611</u>	<u>-</u>
Total bonds payable	292,190,346	57,795,417	(36,113,896)	313,871,867	31,130,437
Capital asset financing	10,607,512	4,275,200	(4,101,438)	10,781,273	2,620,296
Net Pension liabilities	136,375,244	-	(6,281,451)	130,093,793	-
Net LOSAP liability	627,236	-	484,817	1,112,053	-
Net OPEB liability	103,687,158	-	32,578,530	136,265,688	-
Lease liability	2,886,122	230,506	(674,035)	2,442,594	675,116
Subscription-Based IT Arrangement liability	2,917,577	1,796,505	(1,993,021)	2,721,062	1,574,259
Compensated absences	<u>28,232,144</u>	<u>-</u>	<u>(294,045)</u>	<u>27,938,099</u>	<u>5,655,876</u>
Governmental activities noncurrent liabilities	<u>577,523,339</u>	<u>64,097,628</u>	<u>(16,394,538)</u>	<u>625,226,429</u>	<u>41,655,983</u>
<u>Business-type activities:</u>					
General obligation bonds	182,629,823	22,085,000	(8,749,080)	195,965,744	8,639,563
Plus deferred amounts for bond premiums	<u>12,000,118</u>	<u>2,027,748</u>	<u>(1,067,403)</u>	<u>12,960,464</u>	<u>-</u>
Total bonds payable	194,629,942	24,112,748	(9,816,483)	208,926,207	8,639,563
Notes payable	1,640,304	-	(815,260)	825,044	825,044
Capital asset financing	4,058,455	1,448,700	(2,267,041)	3,240,114	1,282,552
Landfill closure costs	16,273,511	155,960	-	16,429,471	-
Subscription-Based IT Arrangement liability	162,559	-	(51,913)	110,646	54,161
Compensated absences	<u>2,487,925</u>	<u>1,811,441</u>	<u>-</u>	<u>4,299,366</u>	<u>1,034,440</u>
Business-type activities noncurrent liabilities	<u>219,252,695</u>	<u>27,528,849</u>	<u>(12,950,697)</u>	<u>233,830,848</u>	<u>11,835,760</u>
Total primary government noncurrent liabilities	\$ <u>796,776,034</u>	\$ <u>91,626,477</u>	\$ <u>(29,345,236)</u>	\$ <u>859,057,276</u>	\$ <u>53,491,743</u>
<u>Component units:</u>					
Board of Education	\$ 537,276,167	\$ 69,992,072	\$ (127,120,070)	\$ 480,148,169	\$ 2,169,542
Library	1,254,042	1,724,887	(631,340)	2,347,589	259,790

The change in the compensated absence liability is presented as a net change.

The annual requirements to amortize all debt outstanding as of June 30, 2025, including interest of \$146,535,036 and excluding compensated absences, deferred amounts for bond premiums, net pension liabilities, net OPEB liability, lease and SBITA liabilities, and landfill closure costs, are as follows:

Governmental Activities

Business-type Activities

Year ending June 30	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	\$ 33,750,732	\$ 11,352,785	\$ 10,747,159	\$ 7,053,281	\$ 62,903,957
2027	33,983,270	9,883,295	9,894,282	6,609,384	60,370,231
2028	32,513,620	8,327,525	9,477,115	6,194,790	56,513,050
2029	28,973,302	7,084,128	9,455,671	5,807,699	51,320,800
2030	24,325,892	5,889,525	9,001,035	5,479,700	44,696,152
2031-2035	96,980,043	15,907,612	41,969,310	22,383,111	177,240,076
2036-2040	34,866,171	3,254,077	35,858,829	15,409,145	89,388,222
2041-2045	1,103,500	75,713	30,921,500	9,969,932	42,070,645
2046-2050	149,000	7,378	29,496,000	4,900,314	34,552,692
2051-2055					
	<u>\$ 286,645,530</u>	<u>\$ 61,782,039</u>	<u>\$ 200,030,901</u>	<u>\$ 84,752,997</u>	<u>\$ 633,211,467</u>

The schedule above includes principal and interest for general obligation bond debt and capital asset financing payments. Future years lease payments and SBITA payments are detailed separately on page 93 and page 96 of this report, respectively.

Special Assessment Debt

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

J. Restricted Assets

The details of the restricted assets are as follows:

Governmental Activities

Cash and cash equivalents

ARPA funds	\$	16,121,542	
Inmate account		23,393	
County Attorney escrow		10,050	
SAO Restitution account		42,241	
LATCF Funds		66,594	
Business Development Loan Fund		399,406	
Targeted Industry Loan Fund		331,898	
Opioid Restitution Fund		1,610,801	
Construction Escrow		<u>990,900</u>	
Total cash and cash equivalents	\$		19,596,825

Notes Receivable

U.S. Homes Corporation	\$	<u>2,872,595</u>	
Total notes receivable			<u>2,872,595</u>
Total Governmental Activities			22,469,420

Business-type Activities

Cash and cash equivalents

Landfill Bonds			<u>92,067</u>
TOTAL PRIMARY GOVERNMENT	\$		<u>22,561,486</u>

K. Leases and Subscription-Based Information Technology Arrangements

County as Lessee

The County has entered into various non-cancellable lease agreements as lessee for office space and office equipment, and one lease for a public safety antenna on a radio tower. The County’s leases have initial terms from 2 to 14 years, and contain one or more renewals at the County’s option, most commonly for five-year periods. The County has included these renewal periods in the lease term when it is reasonably certain that the County will exercise the renewal option. The County’s leases generally do not include termination options for either party to the lease or restrictive financial or other covenants. Certain real estate leases require additional payments for common area maintenance, real estate taxes, and insurance, which are expensed as incurred as variable lease payments. The County’s lease arrangements do not contain any material residual value guarantees. As the interest rate implicit in the County’s leases is not always readily determinable, or if there is no specific rate listed in the lease, the County uses the negotiated interest rate on that year’s capital asset financing as the incremental borrowing rate. For FY2025 that rate was 3.875%.

The list below details the leased buildings and equipment during FY2025:

Buildings	Sheriff's Office	Sheriff's Office	Sheriff's Office	EMS	Election Board	Economic Development (updated 2024 with additional space)
Term of lease; ending date	10 years; 2/2032	1.2 year; 2/2026	10 years; 12/2028	5 years; 10/2028	7 years; 7/2026	7 years; 4/2031
Initial lease liability	362,595	10,057	328,011	148,010	556,148	1,098,170
Lease liability at 6/30/25	126,645	14,287	166,417	224,016	246,114	915,571
Value of the right-to-use asset at 6/30/25	362,595	61,014	328,011	468,227	999,643	1,070,848
Accumulated amortization at 6/30/25	(120,865)	(46,780)	(176,457)	(254,750)	(768,877)	(178,475)

Equipment	Golf cars (60)	Public Safety tower	Networked Printers & Postage machines	Total Lease Buildings and Equipment
Term of lease; ending date	6 years; 9/2027	14 years; 11/2035	4-5 years; 1/2027	
Initial lease liability	176,572	743,662	240,732	3,663,957
Lease liability at 6/30/25	82,165	613,847	53,532	2,442,593
Value of the right-to-use asset at 6/30/25	176,572	743,662	217,008	4,427,579
Accumulated amortization at 6/30/25	(132,429)	(190,342)	(188,995)	(2,057,970)

The future principal and interest lease payments as of June 30, 2025, were as follows:

Year ending June 30	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	
2026	\$ 675,116	77,178	\$ -	\$ -	\$ 752,294
2027	428,248	57,059	-	-	485,307
2028	333,164	43,279	-	-	376,444
2029	259,788	31,228	-	-	291,016
2030	226,402	22,258	-	-	248,660
2031-2035	487,080	34,923	-	-	522,002
2036-2040	32,795	247	-	-	33,042
Total	\$ 2,442,593	\$ 266,172	\$ -	\$ -	\$ 2,708,765

County as Lessor

The county has existing leases for land, building and tower leases. There were no new land or building leases in FY2025. The majority of these leases have terms from 2 to 25 years with one, two or three more renewals at the county's option for five year periods. The County has included these renewal periods in the lease term when they are both non-cancellable and reasonably certain to be exercised, but in some cases the County is not able to determine the likelihood of renewal so far in the future. The County's lease arrangements do not contain any material residual value guarantees. As the interest rate implicit in the County's leases is not always readily determinable, or if there is no specific rate listed in the lease, the County uses the negotiated interest rate on that year's capital asset financing as the incremental financing rate. For FY2025 that rate was 3.875%.

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

	<u>Governmental Activities</u>		<u>Business Type Activities</u>		<u>Total</u>
Lease revenue	\$	1,002,392	\$	393,206	\$ 1,395,598
Interest revenue		240,623		235,123	475,746
Total revenue	\$	<u>1,243,015</u>	\$	<u>628,330</u>	\$ <u>1,871,344</u>

As of June 30, 2025, the principal and interest requirements to maturity for the leases receivable are as follows:

Year ending June 30	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	
2026	\$ 977,884	214,977	\$ 262,458	221,914	\$ 1,677,233
2027	927,810	186,181	232,174	222,208	1,568,373
2028	937,641	157,523	217,597	215,785	1,528,546
2029	976,993	127,171	234,078	208,630	1,546,872
2030	891,946	98,002	241,584	200,982	1,432,514
2031-2035	1,401,901	292,662	1,283,366	915,486	3,893,415
2036-2040	853,955	150,164	1,397,343	697,090	3,098,552
2041-2045	414,481	49,520	933,486	468,933	1,866,420
thereafter	197,379	19,289	2,666,126	1,272,475	4,155,269
	\$ <u>7,579,990</u>	<u>1,295,488</u>	\$ <u>7,468,213</u>	<u>4,423,503</u>	\$ <u>20,767,194</u>

Subscription-Based Information Technology Arrangements (SBITA)

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

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

Key estimates and judgments related to subscription include how the County determines (1) the discount rate it uses to discount the expected subscription payments to present value, (2) subscription term, and (3) subscription payments. The County uses the interest rate charged by the subscription provider as the discount rate, or if one is not specifically stated in the agreement, the County uses the negotiated interest rate on that year's capital asset financing as the incremental borrowing rate. For FY2025 that rate was 3.875%.

The subscription term includes the non-cancellable period of the subscription. Subscription payments included in the measurement of the subscription liability are composed of fixed payments and purchase option price that the County is reasonably certain to exercise.

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

Description	Length of SBITA	SBITA liability	SBITA asset	Accumulated
		at 6/30/25	value at 6/30/25	amortization at 6/30/25
Governmental Funds				
Tyler MUNIS Enterprise ERP	5 years; 6/2026	\$ 546,039	\$ 3,790,407	\$ (3,252,207)
NICE Body-worn camera software	6 years; 1/2028	986,535	2,274,334	(1,146,317)
HAPPY Housing software	3 years; 7/2025	-	44,799	(43,555)
NeoGov (HR)	4 years; 6/2026	34,389	129,998	(97,499)
Microsoft Enterprise Agreement	2.3 years; 10/2027	547,624	837,742	(186,165)
Microsoft 365	3 years; 1/2026	-	231,211	(186,253)
Granicus gov't meeting software	4 years; 7/2028	118,154	153,445	(35,577)
Cisco Flex Calling	3 years; 7/2025	-	88,905	(87,391)
Meraki Radio Enterprise	3 years; 4/2026	-	57,732	(42,016)
OpenGov Cartegraph	1.5 years; 6/2025	59,810	174,832	(80,893)
Frontline Mobile Tech	5 years; 8/2029	-	1,057,218	(333,081)
Veritas NetBackup	5 years; 12/2028	144,229	183,912	(33,618)
Sun Management	3 years; 7/2027	-	118,800	(37,045)
Omingo Quartermaster Web	5 years; 6/2030	117,292	147,292	(1,064)
Prism	3 years; 2/2028	93,957	159,057	(17,673)
Various cyber security software	varies	18,195	232,097	(193,288)
Various other financial software	varies	<u>54,838</u>	<u>427,215</u>	<u>(375,419)</u>
Total Governmental Funds		\$ 2,721,062	\$ 10,108,996	\$ (6,149,060)
Proprietary Funds				
Dark Trace	4 years; 8/2027	<u>110,646</u>	<u>221,469</u>	<u>(101,507)</u>
Total SBITA		\$ <u>2,831,708</u>	\$ <u>10,330,465</u>	\$ <u>(6,250,567)</u>

The future principal and interest requirements for the County’s SBITA as of June 30, 2025 were as follows:

Year ending June 30	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	
2026	\$ 1,574,259	\$ 92,528	\$ 54,161	\$ 4,749	\$ 1,725,696
2027	958,886	40,427	56,485	2,425	1,058,223
2028	117,260	7,420	-	-	124,680
2028	70,657	2,791	-	-	73,448
Total	<u>\$ 2,721,062</u>	<u>\$ 143,165</u>	<u>\$ 110,646</u>	<u>\$ 7,174</u>	<u>\$ 2,982,047</u>

L. Fund Balance Analysis

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

Fund balances:	General Fund	Capital Projects Fund	Debt Service Fund	Other Governmental Funds	Total Governmental Funds
<u>Nonspendable</u>					
Inventory	\$ 2,473,872	\$ -	\$ -	\$ -	\$ 2,473,872
Prepay Items	4,358,398	523	-	46,637	4,405,558
	<u>6,832,270</u>	<u>523</u>	<u>-</u>	<u>46,637</u>	<u>6,879,430</u>
<u>Restricted</u>					
Capital Outlay	-	4,314,758	-	-	4,314,758
Economic Development	13,291	-	-	733,677	746,969
Debt Service	-	-	5,381,463	-	5,381,463
Housing	-	-	-	614,870	614,870
Drug Enforcement	-	-	-	3,267,306	3,267,306
Fire and Rescue	-	-	-	165,167	165,167
Planning Programs	-	-	-	645,424	645,424
Public Safety	268,922	-	-	189,142	458,064
Cable Franchise	-	-	-	9,979,870	9,979,870
Mental Health	-	-	-	332,745	332,745
Aging Services	-	-	-	61,546	61,546
ARPA funding	-	-	-	1,959,477	1,959,477
Animal Control	188,675	-	-	-	188,675
Community Reinvestment Repair	-	-	-	2,981,361	2,981,361
	<u>470,888</u>	<u>4,314,758</u>	<u>5,381,463</u>	<u>20,930,586</u>	<u>31,097,695</u>
<u>Committed</u>					
Policy Target	86,446,376	-	-	-	86,446,376
Economic Development	-	-	-	-	-
Income Tax Reserve	23,000,000	-	-	-	23,000,000
OPEB Reserve	4,125,000	-	-	-	4,125,000
Rental Licensing	2,000,000	-	-	-	2,000,000
Conviction Reserve	1,000,000	-	-	-	1,000,000
CIP Reserve	34,548,000	-	-	-	34,548,000
Workers Compensation	14,288,978	-	-	-	14,288,978
Unspent Budget	14,571,066	-	-	-	14,571,066
Cable Franchise	-	-	-	39,100	39,100
GenOn Reserve for Loss	7,782,600	-	-	-	7,782,600
CIP/Pay-go	-	55,268,602	-	-	55,268,602
	<u>187,762,021</u>	<u>55,268,602</u>	<u>-</u>	<u>39,100</u>	<u>243,069,723</u>
<u>Assigned</u>					
Aging Grants	-	-	-	12,777	12,777
Judicial Grants	-	-	-	49,624	49,624
Transportation	-	-	-	3,158,374	3,158,374
Public Safety	-	-	-	127,262	127,262
Housing	383,424	-	-	-	383,424
Animal Control	-	-	-	237,838	237,838
Cable Franchise	-	-	-	472,890	472,890
Debt Service	-	-	16,392,344	-	16,392,344
Storm Event Reserve	7,000,000	-	-	-	7,000,000
Health Ins Rate Stabilization	5,820,782	-	-	-	5,820,782
CIP & Operations	-	46,966,266	-	-	46,966,266
	<u>13,204,206</u>	<u>46,966,266</u>	<u>16,392,344</u>	<u>4,058,765</u>	<u>80,621,581</u>
<u>Unassigned</u>					
Other unassigned	3,532,649	-	-	-	3,532,649
Total fund balances	<u>\$ 211,802,033</u>	<u>\$ 106,550,149</u>	<u>\$ 21,773,807</u>	<u>\$ 25,075,088</u>	<u>\$ 365,201,078</u>

NOTE 4. RISK MANAGEMENT

Liability Insurance

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

Self-Insured Health Care

The County is self-insured for employee health insurance through agreements with CareFirst BlueCross BlueShield, CareFirst BlueChoice, and Delta Dental. Employees contribute 30% of the estimated cost of the plan, and the County contributes 70%. Certain outside agencies (Library, Soil Conservation, and Courthouse) and some retirees are also covered under this agreement with varying contribution levels. The health insurance agreements are claims-made policies with administrative fees paid to all carriers. The policies include stop-loss provisions for claims in excess of \$125,000 per person/per year for CareFirst. Claims that are in excess of this limit are covered by the insurance carrier. Delta Dental does not have a stop-loss provision. At June 30, 2025, a liability of \$2,420,000 (\$1,885,899 in governmental funds and \$534,101 in business-type funds) was recorded for estimated claims incurred but not yet reported (IBNR), which represents the estimated run-out claims liability should the self-insurance agreement be terminated. Historical experience and actuarial assumptions were the basis used in estimating the liabilities for unpaid claims.

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

Fiscal Year	Beginning of Year	Claims and Changes in Estimates, Net	End of Year
2023	1,398,000	540,000	1,938,000
2024	1,938,000	(73,000)	1,865,000
2025	1,865,000	555,000	2,420,000

Self-Insured Worker’s Compensation

The County elected to be self-insured for employer worker’s compensation as of the beginning of the fiscal year 2013. Based on employer costs and employee claims for the fiscal year ending June 30, 2025, a budget surplus of \$1,282,184 was recognized and increased assigned fund balance across all funds to offset future plan-related costs. The balance for all funds as of June 30, 2025, is \$16,145,984.

In addition, the County had a Loss Reserve Analysis report prepared as of June 30, 2025. This report was provided to County stakeholders as well as being sent to the Maryland Workers’ Compensation

Commission. The discounted reserve reported was \$4,000,195. This is recorded on the County’s books in similar fashion as the preceding Health IBNR claims liability and future reports will be done periodically as needed.

Fiscal Year	Beginning of Year	Changes in Discounted Reserve, Net	End of Year
2023	4,090,848	(557,508)	3,533,340
2024	3,533,340	351,888	3,885,228
2025	3,885,228	114,967	4,000,195

Other insurance

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

NOTE 5. COMMITMENTS AND CONTINGENCIES

A. Contingencies Under Grant Provisions

The County participates in federal, and state assisted programs and is a recipient of several grants. These programs and grants are subject to financial and compliance audits by the grantors or their representatives. Any liability for reimbursement that may arise because of these audits is not believed to be material. The County has experienced audits of a few programs during the year ended June 30, 2025, which have not resulted in any findings or liabilities. The County does not expect any disallowances of grant expenditures in the future.

B. Litigation

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

NOTE 6: PENSION & TRUST PLANS

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

Summary of Significant Accounting Policies

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

Contributions and Reserves

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

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

The County’s net pension liabilities, deferred outflows and deferred inflows of resources related to pensions, and the pension expense for June 30, 2025, consist of the following:

(in thousands of dollars)	County Plan	Sheriff's Plan	LOSAP	Total Pension Plans	OPEB (County Share)
Net Pension/OPEB Liability	\$ 13,503	\$ 116,591	\$ 1,112	\$ 131,206	\$ 136,266
Deferred Outflows of Resources	\$ 14,690	\$ 23,436	\$ 5,574	\$ 43,699	\$ 33,614
Deferred Inflows of Resources	\$ (11,520)	\$ (13,319)	\$ (15,337)	\$ (40,176)	\$ (15,288)
Pension/OPEB Expense	\$ (540)	\$ 1,146	\$ 577	\$ 1,183	\$ (16,011)
Fiduciary Net Position	\$ 352,140	\$ 465,978	\$ 22,913	\$ 841,031	\$ 56,640

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

THE COUNTY COMMISSIONERS OF CHARLES COUNTY, MARYLAND
COMBINING STATEMENT OF FIDUCIARY NET POSITION
JUNE 30, 2025

	<u>County Pension</u>	<u>Sheriff's Pension</u>	<u>LOSAP Trust Fund</u>	<u>Total Pension Funds</u>	<u>OPEB Trust Fund</u>	<u>Total Fiduciary Funds</u>
ASSETS:						
Current assets:						
Cash and cash equivalents	\$ 7,024,991	\$ 4,636,768	\$ 648,117	\$ 12,309,875	\$ 2,819	\$ 12,312,694
Interest receivable	-	186,242	-	186,242	-	186,242
Total current assets	<u>7,024,991</u>	<u>4,823,010</u>	<u>648,117</u>	<u>12,496,117</u>	<u>2,819</u>	<u>12,498,936</u>
Investments:						
Bond mutual funds	-	173,439,183	8,554,083	181,993,266	13,913,223	195,906,489
Equity securities	-	287,745,128	13,710,690	301,455,818	42,727,534	344,183,353
Pooled separate accounts	<u>345,115,347</u>	-	-	<u>345,115,347</u>	-	<u>345,115,347</u>
Total investments	<u>345,115,347</u>	<u>461,184,311</u>	<u>22,264,773</u>	<u>828,564,431</u>	<u>56,640,757</u>	<u>885,205,188</u>
Total assets	352,140,337	466,007,321	22,912,890	841,060,548	56,643,576	897,704,124
LIABILITIES:						
Accrued expenses	-	29,703	-	29,703.33	3,688	33,391
NET POSITION RESTRICTED FOR PENSIONS AND OPEB BENEFITS						
	<u>\$ 352,140,337</u>	<u>\$ 465,977,617</u>	<u>\$ 22,912,890</u>	<u>\$ 841,030,845</u>	<u>\$ 56,639,888</u>	<u>\$ 897,670,733</u>

THE COUNTY COMMISSIONERS OF CHARLES COUNTY, MARYLAND
 COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
 YEAR ENDED JUNE 30, 2025

	<u>County Pension</u>	<u>Sheriff's Pension</u>	<u>LOSAP Trust Fund</u>	<u>Total Pension Funds</u>	<u>OPEB Trust Fund</u>	<u>Total Fiduciary Funds</u>
ADDITIONS:						
Contributions:						
Employer contributions	\$ 7,572,594	\$ 20,499,899	\$ 1,049,894	\$ 29,122,387	\$ 8,162,600	\$ 37,284,987
Employee contributions	3,887,899	4,112,588	-	8,000,487	-	8,000,487
Total contributions	<u>11,460,493</u>	<u>24,612,487</u>	<u>1,049,894</u>	<u>37,122,874</u>	<u>8,162,600</u>	<u>45,285,474</u>
Investment earnings:						
Interest, Dividends, Gains	11,035,337	13,922,145	670,078	25,627,560	1,495,652	27,123,212
Net change in fair value of investments	27,034,923	30,308,642	1,829,302	59,172,867	4,619,880	63,792,746
Total investment earnings	38,070,259	44,230,787	2,499,380	84,800,426	6,115,532	90,915,958
Less investment expenses	(1,785,073)	(1,812,932)	(26,637)	(3,624,642)	(24,952)	(3,649,594)
Net investment earnings	<u>36,285,186</u>	<u>42,417,855</u>	<u>2,472,743</u>	<u>81,175,784</u>	<u>6,090,580</u>	<u>87,266,364</u>
Total additions	<u>47,745,679</u>	<u>67,030,342</u>	<u>3,522,637</u>	<u>118,298,658</u>	<u>14,253,180</u>	<u>132,551,838</u>
DEDUCTIONS:						
Benefits paid to members	12,953,040	19,743,469	1,164,989	33,861,498	-	33,861,498
Administrative costs	11,945	16,068	43,985	71,999	1,578	73,577
Total deductions	<u>12,964,985</u>	<u>19,759,537</u>	<u>1,208,974</u>	<u>33,933,496</u>	<u>1,578</u>	<u>33,935,074</u>
Changes in net position	34,780,693	47,270,805	2,313,663	84,365,162	14,251,602	98,616,763
Net position - beginning of year	<u>317,359,644</u>	<u>418,706,812</u>	<u>20,599,227</u>	<u>756,665,683</u>	<u>42,388,286</u>	<u>799,053,969</u>
Net position - end of year	<u>\$ 352,140,337</u>	<u>\$ 465,977,617</u>	<u>\$ 22,912,890</u>	<u>\$ 841,030,845</u>	<u>\$ 56,639,888</u>	<u>\$ 897,670,733</u>

General Information about the Pension Plans

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

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

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

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

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

A. County Employees Pension Plan:

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

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

Benefit Formula – Employees are entitled to an annual retirement benefit payable monthly for life. For non-public safety participants: 1.5% of Final Average Earnings multiplied by years of Credited Service up to 5 years, plus 1.75% for years from 5 to 10, plus 2.0% for years from 11 to 15, plus 2.25% for years from 16 to 20, plus 2.5% for years in excess of 20. The maximum benefit is 65% of Final Average Earnings. For public safety participants: 2.5% of Final Average Earnings provided by years of Credited Service. The maximum benefit is 75% of Final Average Earnings. This is a modified cash refund annuity.

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

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

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

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

Employees covered by the benefit terms: Membership in the plan consisted of the following as of July 1, 2024, the date of the last actuarial valuation:

Active plan members	1,059
Terminated, entitled to but not yet receiving benefits	441
Retirees and beneficiaries receiving benefits	459
	<u>1,959</u>

Pension Expense and Net Pension Liability

The pension expense was calculated using the July 1, 2024, census data and asset information as of June 30, 2025. The end of year liability value was determined using the July 1, 2024, census data projected forward using standard actuarial techniques.

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long Term Expected Real Rate of Return</u>
Large Cap Equity	29%	5.05%
Small Cap Equity	8%	6.05%
Mid Cap Equity	6%	5.80%
International Equity	12%	5.10%
Fixed Income	25%	3.07%
Real Estate	5%	4.60%
Stable Value	<u>15%</u>	1.85%
Total	100%	

Discount rate: The discount rate used to measure the total pension liability was 7.05%. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that County contributions will be made at rates equal to the difference between actuarially determined contribution rates and the employee rate. Based on those assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate. of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

Funding Policy and Contributions: The annual pension contribution for the year ended June 30, 2025, was \$7,572,594. The contribution for the current year was determined as part of the July 1, 2024, actuarial valuation. The actuarial assumptions and methods included:

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

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

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

Post Retirement COLA Increases – 2.50% per year increase is assumed.

Inflation – 2.65%

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

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

Changes in the Net Pension Liability and related ratios:

(Dollar amounts in thousands)

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability/(Asset)
	(a)	(b)	(a) - (b)
Balances at 6/30/24	333,191	317,360	\$ 15,831
Changes for the year:			
Service cost	10,101	-	10,101
Interest	23,082	-	23,082
Changes in benefit terms	983	-	983
Differences between expected and actual experience	11,240	-	11,240
Changes in assumptions	-	-	-
Contributions - employer	-	7,573	(7,573)
Contributions - employee	-	3,888	(3,888)
Net Investment Income	-	36,624	(36,624)
Benefit payments, including refunds of member contributions	(12,953)	(12,953)	-
Administrative expense	-	(351)	351
Other	-	-	-
Net Changes	<u>32,453</u>	<u>34,781</u>	<u>(2,328)</u>
Balances at 6/30/25	<u>\$ 365,644</u>	<u>\$ 352,141</u>	<u>\$ 13,503</u>

Sensitivity of the net pension liability to changes in the discount rate: The following presents the net pension liability of the County for this plan, calculated using the discount rate of 7.05%, as well as what the County’s net pension liability would be if it were calculated using a discount rate that is 1 percentage-point lower (6.05%) or 1 percentage-point higher (8.05%) than the current rate:

	(Dollar amounts in thousands)		
	1% decrease	Current	1% increase
	<u>6.05%</u>	<u>Discount Rate</u> <u>7.05%</u>	<u>8.05%</u>
County's net pension liability/(asset)	<u>\$ 68,148</u>	<u>\$ 13,503</u>	<u>\$ (31,306)</u>
Plan fiduciary net position as a percentage of the total pension liability			<u>96.31%</u>
Annual money-weighted rate of return			<u>11.60%</u>

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

At June 30, 2025, the County reported net deferred outflows or resources and deferred inflows of resources related to the County Employees Pension Plan from the following sources:

(Dollar amounts in thousands)	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 13,675	\$ 1,823
Changes of assumptions	1,015	647
Net difference between projected and actual earnings on pension plan investments		9,050
Total	\$ 14,690	\$ 11,520

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

Year ended June 30:	
2026	\$ 7,670
2027	(3,548)
2028	(1,957)
2029	(51)
2030	1,056

B. Sheriff’s Office Retirement Plan

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

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

Benefit Formula -- For Sworn Officers, 3% of average compensation for each of first 20 years and 2% thereafter up to 30 years, to a maximum of 80% of average compensation. For Correctional Officers, 2.25% per year to a maximum of 75% of average compensation. For Communications Officers, 2.0% per year to a maximum of 80% of average compensation (75% if termination prior to 7/1/18).

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

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

Deferred Retirement Option Programs (DROP) –

For Sworn Officers: a 5-year DROP is offered. DROP allows a sworn member of the Sheriff’s Office to retire without terminating employment for up to 5 years. DROP credits consist of DROP monthly retirement income deposits and County pick-up contributions. DROP monthly retirement income deposits are subject to the annual COLA. DROP account balances are credited with 7% interest each July 1 for participants who entered DROP prior to 7/1/17. Participants entering DROP after 7/1/17 are credited with 2% less than the Plan’s actuarial assumed investment rate of return per year on July 1st. As of 7/1/24, there were 21 participants in the Sworn Officers DROP.

For Correctional Officers: a 3-year DROP was instituted in 2023. This DROP allows a correctional member of the Sheriff’s Office to retire without terminating employment for up to 3 years. DROP credits consist of DROP monthly retirement income deposits and County pick-up contributions. DROP monthly retirement income deposits are not subject to the annual COLA. Participants entering DROP are credited with 10 year Treasury yield as in effect on the June 30 preceding the effective date of the DROP Participant’s participation in DROP. As of 7/1/24, there were no participants in the Correctional Officers DROP but two enrolled during FY2025.

The DROP fund balance for Sworn Officers held by the SORP as of July 1, 2024 was \$5,742,457 (most recent information available). DROP funds are included in the plan’s fiduciary net position.

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

Employee Contributions– For Sworn Officers, 8% of base earnings; for Correctional Officers and Communications Dispatchers, 7% of base earnings; Interest Credited – 5% per annum

Employees covered by the benefit terms: As of the valuation date of July 1, 2024, the following Sheriff’s employees were covered by the plan:

	Sworn Officers	Correctional Officers	Communications Employees
Active plan members	308	115	42
Retirees and beneficiaries receiving benefits	197	43	13
Disabled, receiving benefits	12	4	-
Vested termination	24	12	7
	<u>541</u>	<u>174</u>	<u>62</u>

Pension Expense and Net Pension Liability

The Pension Expense was calculated using July 1, 2024, census data and asset information as of June 30, 2025. The end of year liability values was determined using the July 1, 2024 census data projected forward using standard actuarial techniques.

The target allocation and best estimates of geometric real rates of return for each major asset class are

summarized in the following table:

<u>Asset Class</u>	<u>Target</u>	<u>Long Term</u>
	<u>Allocation</u>	<u>Expected</u>
		<u>Real Rate of Return</u>
Domestic Large Cap	19%	5.88%
Domestic Mid/Small Cap	5%	6.94%
International Equity	10%	6.55%
Emerging Markets	6%	8.22%
Fixed Income	43%	2.80%
Real Estate	10%	5.18%
Private Equity	5%	9.73%
Cash	3%	1.20%
Total	100%	

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

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

Funding Policy and Contributions – The total pension liability is based on the July 1, 2024 actuarial valuation rolled forward to June 30, 2025. These calculations are based on the Entry Age Normal cost method as required by GASB 67 and are based on an expected long-term rate of return of 7.25%. Normal cost ceases for Sworn members after 25 years of service (when members are assumed to join DROP) since GASB 67 does not allow normal cost while in DROP. All other methods, assumptions, and provisions used are detailed in the July 1, 2024, actuarial valuation report. The calculation of the Actuarially Determined Contribution for fiscal year ended June 30, 2025, is contained in the July 1, 2022, actuarial valuation report. The annual pension contribution for the year ended June 30, 2025, was \$20,499,899. The actuarial assumptions and methods included:

Funding Method – Projected Unit Credit with amortization of the annual change in unfunded accrued liability over a period of 20 years as a level percentage of pay. Actuarial surplus is amortized over 30 years as a level percentage of pay. Total payroll is assumed to increase by 3.0% per year. Amortization bases were restarted on 7/1/2022. The amortization payment and period are determined separately for Sworn Officers, Communications Dispatchers and Correctional Officers.

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

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

Inflation – 2.60% per year increase is assumed

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

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

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

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

Changes in the Net Pension Liability and related ratios:

(Dollar amounts shown in thousands)

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at 6/30/24	\$ 539,251	418,707	\$ 120,544
Changes for the year:			
Service cost	14,987	-	14,987
Interest	39,467	-	39,467
Changes of benefit terms	-	-	-
Differences between expected and actual experience	8,596	-	8,596
Changes of assumptions	-	-	-
Contributions - employer	-	20,500	(20,500)
Contributions - employee	-	4,112	(4,112)
Net Investment Income	-	42,561	(42,561)
Benefit payments, including refunds of member contributions	(19,743)	(19,743)	-
Administrative expense	-	(159)	159
Other	-	-	-
Net Changes	<u>\$ 43,307</u>	<u>\$ 47,271</u>	<u>\$ (3,964)</u>
Balances at 6/30/25	<u>\$ 582,558</u>	<u>\$ 465,978</u>	<u>\$ 116,580</u>

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

	1% decrease 6.25%	Current Discount Rate 7.25%	1% increase 8.25%
	<u>\$ 203,538</u>	<u>\$ 116,580</u>	<u>\$ 45,984</u>
(Dollar amounts in thousands)			
Plan fiduciary net position as a percentage of the total pension liability			<u>79.99%</u>
Annual money-weighted rate of return			<u>10.16%</u>

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

At June 30, 2025, the County reported net deferred outflows or resources and deferred inflows of resources related to the Sheriff's Office Retirement Plan from the following sources:

(Dollar amounts in thousands)	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 23,436	\$ 593
Changes of assumptions	-	1,574
Net difference between projected and actual earnings on pension plan investments	-	11,152
Total	<u>\$ 23,436</u>	<u>\$ 13,319</u>

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

Year ended June 30:	
2026	12,358
2027	(3,409)
2028	(1,169)
2029	904
2030	1,433
Thereafter	-

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

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

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

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

Vesting – not applicable for this plan

Normal Retirement Date –age 60

Cost of Living Adjustment – none

Volunteer Contributions – none

Volunteers covered by benefit terms: On January 1, 2024, the following participants were covered by the benefit terms:

Active participants with a Yr of Service for the Prior Year	692
Actives not Credited with a Yr of Service for the Prior Year	103
Terminated Vested Participants	24
Retirees Accruing Additional Benefits	166
Retirees Not Accruing Additional Benefits	102
Survivors Receiving Benefits	48
	1,135

Pension Expense and Net Pension Liability

The Pension Expense was calculated using the July 1, 2024 census data. The total pension liability is based on the same July 1, 2024 actuarial valuation.

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

Asset Classes	Target Allocation	Long-Term Expected Real Rate of Return
Domestic large cap	27%	5.88%
Domestic mid/small cap	13%	6.94%
International developed equity	13%	6.55%
International emerging equity	7%	8.22%
Fixed Income	39%	2.87%
Cash	1%	1.20%
Total	100%	

Discount Rate – The discount rate used to measure the total pension liability was 6.10%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made at actuarially determined rates. Based on these assumptions, the fiduciary net position was projected to be available to make

all projected future benefit payments of current and inactive plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Funding Policy and Contributions – For this fiscal year and future years, the plan is funded from the revenue derived from one cent of the fire and rescue tax levied by the County in accordance with Section 123 of the Article noted above. Contributions to the program for the year ended June 30, 2025, totaled \$1,049,894 from the 2024/2025 tax levy. The County Commissioners administer the plan but do not fund it beyond the allocation of the fire and rescue tax revenues. After the completion of each fiscal year, a review is done to settle up the prior fiscal year amount (contribution based on budgeted figures) to the ending actual fiscal year amount. This adjustment figure is made as part of the following fiscal year’s budgeted contribution amount.

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

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

Inflation – 2.60% per year increase is assumed

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

Changes in the net LOSAP Pension Liability and related ratios:

(Dollar amounts in thousands)

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability/(Asset) (a) - (b)
Balances at 6/30/24	\$ 21,226	20,599	\$ 627
Changes for the year:			
Service cost	453	-	453
Interest	1,287	-	1,287
Changes of benefit terms	-	-	-
Differences between expected and actual experience	-	-	-
Changes of assumptions	-	-	-
Contributions - employer	-	1,050	(1,050)
Contributions - employee	-	-	-
Net Investment Income	-	2,473	(2,473)
Benefit payments, including refunds of member contributions	(1,165)	(1,165)	-
Administrative expense	-	(44)	44
Other	-	-	-
Net Changes	<u>575</u>	<u>2,314</u>	<u>(1,739)</u>
Balances at 6/30/25	<u>\$ 21,801</u>	<u>\$ 22,913</u>	<u>\$ (1,112)</u>

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

(Dollar amounts in thousands)	1% decrease 5.10%	Current Discount Rate 6.10%	1% increase 7.10%
LOSAP net pension liability	\$ 1,784	\$ (1,112)	\$ (3,484)
Plan fiduciary net position as a percentage of the total pension liability			<u>105.10%</u>
Annual money-weighted rate of return			12.01%

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

As of June 30, 2025, the County reported net deferred outflows or resources and deferred inflows of resources related to LOSAP from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 1,222,204	\$ 998,362
Changes of assumptions	4,351,680	12,893,129
Net difference between projected and actual earnings on LOSAP plan investments	-	1,445,818
	<u>\$ 5,573,884</u>	<u>\$ 15,337,309</u>

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

Year ended June 30:	
2026	(1,128,368)
2027	(1,439,564)
2028	(1,295,348)
2029	(1,131,434)
2030	(887,220)
Thereafter	(3,881,491)

NOTE 7: OTHER EMPLOYMENT BENEFITS

A. Deferred Compensation Plan

The County offers its employees three deferred compensation plans, created in accordance with Internal Revenue Code Section 457. The plans are administered by Nationwide Retirement Solutions, Inc., Empower, and Brighthouse. The plans, available to all employees, permit them to defer a portion of their salary

until future years. The deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency.

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

(all dollar amounts in thousands)	<u>Nationwide</u>	<u>Empower</u>	<u>Brighthouse</u>
Participants	520	265	58
Plan Assets	\$ 51,055	\$ 35,370	\$ 7,274
Annual Employee Contribution	\$ 2,611	\$ 1,883	\$ 282

B. Other Post-Employment Benefits (OPEB) Plan

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

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

Summary of Significant Accounting Policies

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Charles County OPEB Plan and additions to/deductions from the plan’s fiduciary net position have been determined on the same basis as they were reported by the plan as of June 30, 2025, which is the measurement date. The financial statements of the Plan were prepared using the accrual basis of accounting. Expenditures are recognized on the accrual basis as retirees’ insurance costs are incurred. The Plan’s insurance costs are paid by the retirees, the County and the Library. Charles County is self-insured with stop loss reinsurance.

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

Retirees can continue the same medical and dental coverage (including family coverage) they had as active employees. The Government pays a portion of the costs of medical, dental, and vision coverage so long as minimum age and service requirements are met. Employees who retire when they are eligible for reduced

retirement benefits may defer benefit commencement until the pension benefit is unreduced. However, OPEB benefits must be elected at the time of retirement. Also, retirees who opt-out are not allowed to re-enter the plan at any point in the future.

Benefit Formula –

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

Public Safety employees receive 66.7% subsidy regardless of service.

Vesting – 5 years of service

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

Medical Trend Increases – The medical trend includes the long-term medical trend released by the Society of Actuaries. The current valuation uses the latest version of the model available at the time of the May 2025 report from the actuaries.

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

Employees and Retirees covered by the benefit terms – The following table summarizes the membership, average age, and average service for participants enrolled in Medical/Dental/Vision as of 7/1/2024:

	Sheriff's	Non-Sheriff's	Total
Number of Participants			
Active	262	380	642
Retirees in Pay Status (Pre-Medicare)	130	52	182
Retirees in Pay Status (Medicare Age)	124	347	471
Active Statistics			
Average Age	43.10	50.90	47.70
Average Service	18.10	19.50	18.90
Inactive Statistics in Pay Status			
Average Age (Pre-Medicare)	56.70	60.20	57.70
Average Age (Medicare Age)	72.30	74.30	73.80

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

The Plan’s funding policy provides for the County to contribute to the trust as determined by the County budget. The County budget for fiscal year 2025 included funding for pay-as-you-go OPEB costs as well as \$8,162,600 to the trust.

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

Asset Classes	Ranges	Target Allocation	Long-Term Expected Rate of Return
Large Cap Domestic Equities	35%-45%	40%	7.00%
Small/Mid Cap Domestic Equities	10%-20%	15%	7.38%
International Equities	15%-25%	20%	7.35%
Fixed Income	15%-35%	25%	5.10%
Cash Equivalents	0%-10%	0%	3.59%
Inflation			2.40%
Total		100%	

Discount rate and medical care cost increases -- The OPEB plan was closed to new hires on January 1, 2017. Employees hired on or after January 1, 2017, are enrolled in a defined contribution plan. Using the methodology described under GASB 75, assuming 2% annual increases for expected future hires to account for future benefits to be paid under the DC plan, and assuming Charles County Government maintains the current funding levels (adjusted for assumed increases to payroll in future years), it was determined that the fund will remain solvent with no “cross-over” point. Therefore, the discount rate used to determine the liabilities under GASB 75 was set to the long-term rate of return of plan assets of 7.25%. Future medical care cost increase rates are unpredictable and could be volatile. They depend upon the economy, future health care delivery systems and emerging technologies. The trend rate selected is based on an economic model, but future medical trend increases could vary significantly from the model.

Actuarial assumptions and methods included -- The net OPEB liability was measured as of June 30, 2025, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2024. The County’s proportionate share of the net OPEB liability was based on an allocation determined by the County and agreed to by the Library.

Actuarial Cost Method – Entry Age Normal calculated on an individual basis with level percentage of payroll.

Amortization Method – level dollar

Asset Method – fair value of assets

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

Inflation – 2.50% per year increase is assumed

Healthcare cost trend rate –The trend for 2025 is 7.5%. The 3.87% is a blend of the 4.04% ultimate trend for post-Medicare medical benefits and 3.83% ultimate trend for post-Medicare Rx benefits, based on a weighted average of the medical vs Rx portions of the Total OPEB associated with Medicare benefits.

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

Changes in the Total OPEB Plan Liability and related ratios:

(Dollar amounts in thousands)	TOTAL PLAN			COUNTY SHARE		
	Total OPEB Liability	Plan Fiduciary	Net OPEB Liability	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
	(a)	(b)	(a) - (b)	(a)	(b)	(a) - (b)
Balances At 6/30/24						
Changes for the year:	\$ 147,082	\$ 42,376	\$ 104,706	\$ 144,762	\$ 41,075	\$ 103,687
Service cost	2,474	-	2,474	2,396	-	2,396
Interest	10,640	-	10,640	10,302	-	10,302
Changes of benefit terms	-	-	-	-	-	-
Differences between expected and actual experience	27,219	-	27,219	26,354	-	26,354
Changes of assumptions	13,178	-	13,178	12,759	-	12,759
Benefit payments, including refunds of member contributions	(5,595)	-	(5,595)	(5,417)	-	(5,417)
	-	-	-	-	-	-
Contributions - employer	-	13,758	(13,758)	-	13,321	(13,321)
Net Investment Income	-	6,107	(6,107)	-	5,912	(5,912)
Benefit payments, including refunds of member contributions	-	(5,595)	5,595	-	(5,417)	5,417
Administrative expense	-	(2)	2	-	(2)	2
Other	-	-	-	-	-	-
Net Changes	47,915	14,268	33,648	46,393	13,814	32,579
Balances At 6/30/25	\$ 194,997	\$ 56,644	\$ 138,353	\$ 191,155	\$ 54,889	\$ 136,266

Plan fiduciary net position as a percentage of the total OPEB liability

29.05%

Library/County relative share of OPEB Plan

	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
Total Plan	\$ 194,997	\$ 56,644	\$ 138,353
Library's Share	3,843	1,755	2,088
County's Share	<u>\$ 191,155</u>	<u>\$ 54,889</u>	<u>\$ 136,266</u>

(in thousands of dollars)

Sensitivity of the county share of total and net OPEB liability to changes in the discount rate: the chart below presents the total and net OPEB liability of the County for this plan, calculated using the discount rate of 7.25%, as well as what the County's total and net pension liability would be if it were calculated using a discount rate that is 1 percentage-point lower or 1 percentage-point higher than the current rate:

CHANGES IN THE DISCOUNT RATE	Current		
	1% decrease	Discount Rate	1% increase
	6.25%	7.25%	8.25%
(Dollar amounts in thousands)			
Plan Total OPEB liability	\$ 229,194	\$ 194,997	\$ 167,850
Library	4,607	3,843	3,374
County portion	224,587	191,155	164,476
Net OPEB liability	\$ 172,551	\$ 138,353	\$ 111,207
Library	2,644	2,088	1,704
County portion	169,907	136,266	109,503

Sensitivity of the county share of OPEB liability to changes in the health care cost trend rate: the chart below presents the total and net OPEB liability of the County for this plan, calculated using the blended health care cost trend rate of 3.87%, as well as what the County's total and net OPEB liability would be if it were calculated using a health care cost trend rate that is 1 percentage-point lower or 1 percentage-point higher than the current rate:

HEALTH CARE (ULTIMATE) COST TREND	Current		
	1% decrease	Trend Rate	1% increase
	2.87%	3.87%	4.87%
(Dollar amounts in thousands)			
County's TOTAL Net OPEB liability	\$ 165,372	\$ 194,997	\$ 232,860
Library	3,324	3,843	4,681
County portion	162,048	191,155	228,179
Net OPEB liability	\$ 108,729	\$ 138,353	\$ 176,217
Library	1,666	2,088	2,700
County portion	107,063	136,266	173,517

Outflows of Resources and Deferred Inflows of Resources Related to OPEB

As of June 30, 2025, the net deferred outflows of resources and deferred inflows of resources related to the total OPEB plan are from the following sources:

(Dollar amounts in thousands)	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 23,841	\$ 8,826
Changes of assumptions	10,888	4,061
Net difference between projected and actual earnings on OPEB plan investments		2,926
Total	\$ 34,729	\$ 15,813

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

Year ended June 30:	(in thousands)
2026	3,989
2027	3,845
2028	3,387
2029	7,695
2030	-
Thereafter	

As of June 30, 2025, the net deferred outflows of resources and deferred inflows of resources related to the County and Library share of the OPEB plan are from the following sources:

	County		Library	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
(Dollar amounts in thousands)				
Differences between expected and actual experience	\$ 23,073	\$ 8,537	\$ 768	\$ 289
Changes of assumptions	10,541	3,928	347	133
Net difference between projected and actual earnings on OPEB plan investments		2,823		103
Total	\$ 33,614	\$ 15,288	\$ 1,115	\$ 525

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

Year ended June 30: (dollar amounts in thousands)	County	Library
2026	3,865	124
2027	3,727	118
2028	3,286	101
2029	7,449	246
2030	-	-
Thereafter	-	-

C. Post-Employment Health Program (PEHP)

The Post Employment Health Program (PEHP) enrollment was required for all employees hired after January 1, 2017, enrolled in medical insurance through the County. The program is an individual employee fund administered through Nationwide. It assists with health insurance premiums and eligible medical expenses upon retirement or separation from employment. The monies are invested in various fund options at the direction of the employee. Employee and County contributions to the PEHP are subject to change annually based on the Consumer Price Index (CPI). The employee gains access to 100% of the accumulated funds upon leaving county service or retirement. The County has ended this plan effective June 30, 2025.

NOTE 8. CLOSURE AND POST-CLOSURE CARE COSTS

A. Pisgah Landfill

State and Federal laws and regulations required the County to place a final cover on its Pisgah landfill site when it stopped accepting waste, and to perform certain maintenance and monitoring functions at the site for thirty years after the closure. The Pisgah landfill stopped accepting waste in September 1994. The greatest of closure costs related to this landfill were incurred during Fiscal Year 1997. The landfill was closed in Fiscal Year 2000 with a final cost of \$6,841,885. Post-closure costs for the fiscal year ended June 30, 2025, were \$175,288.

B. Charles County Landfill

State and federal laws and regulations require the County to place a final cover on the County landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for thirty years after closure. Although closure and post-closure care costs will be paid only near or after the

date that the landfill stops accepting waste, the County reports a portion of these closure and post-closure care costs as an operating expense in each period based on landfill capacity used as of each balance sheet date. The landfill is located on a 70-acre site, estimated to provide nearly 5.3 million cubic yards of landfill space. As of June 30, 2025, approximately 1.0 year of useful life space remains available for future waste disposal. The County is developing the landfill in sections so that when one section closes another is ready to open. At the close of the fiscal year, the landfill had Phase IIIB filled for accounting purposes of the closure and post-closure liability calculation. Phase 4A was constructed during FY22 and received Maryland Department of the Environment approval on July 17, 2022, to begin accepting waste. The \$16,429,471 reported as landfill closure and post-closure care liability as of June 30, 2025, represents the cumulative amount reported to date of the estimated capacity of the sections that have been opened.

The County will recognize the remaining estimated cost of closure and post-closure care as the remaining phases and capacity is filled. The actual costs may be higher due to inflation, changes in technology, or changes in regulations. The County has established a sinking fund reserve for landfill closure costs through the implementation of the user fee rates at the landfill. The County estimates the capacity of the landfill and the future date to begin closure with the assistance of computer models. Construction costs are estimates and a rate is adopted during the budget process to ensure funds are available when needed. Landfill closure costs recognized during the year amounted to \$155,960.

NOTE 9. SUBSEQUENT EVENTS

On December 3, 2025, the County completed a bond sale transaction for \$75,498,838 in general obligation public improvement bonds. The proceeds are being used, together with funds from other sources, to finance the costs of certain buildings, facilities, equipment, and grounds in Charles County, as well as the costs of issuance of the 2025 bonds. Debt service repayments are scheduled for semi-annually on April 1 and October 1, commencing April 1, 2026.

Required Supplementary Information

THE COUNTY COMMISSIONERS OF CHARLES COUNTY, MARYLAND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGETARY (NON-GAAP) TO ACTUAL
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2025

	Budgeted amounts		Actual amounts budgetary basis	Variance with final budget positive (negative)
	Original	Final		
Revenues:				
Taxes - local property	\$ 287,725,800	\$ 287,725,800	\$ 288,640,599	\$ 914,799
Taxes - income	169,000,000	169,875,000	201,194,322	31,319,322
Taxes - other local	28,430,000	28,430,000	30,316,390	1,886,390
Charges for services	16,174,300	16,441,670	17,319,887	878,217
Intergovernmental	6,253,900	6,253,900	7,675,281	1,421,381
Interest income	20,000,000	20,000,000	22,135,737	2,135,737
Other income	8,048,600	8,095,600	6,999,946	(1,095,654)
Total revenues	535,632,600	536,821,970	574,282,163	37,460,193
Expenditures:				
Education	248,768,700	248,968,700	248,947,258	21,442
Public safety	159,584,500	163,144,570	159,006,753	4,137,817
General government (including contingencies)	14,118,900	16,187,190	12,793,127	3,394,063
Public Works- Facilities	18,811,900	21,385,400	19,301,683	2,083,717
Financial Administration	20,156,100	20,459,590	20,018,233	441,357
Judicial	10,487,700	10,601,460	10,246,509	354,951
Planning and Growth Management	5,167,500	5,663,230	4,779,345	883,885
Community Services	3,336,100	3,369,240	2,842,434	526,806
Recreation, Parks & Tourism	14,046,600	14,162,160	12,427,452	1,734,708
Health Services	4,481,800	4,744,330	4,287,702	456,628
Economic Development	2,323,800	2,333,670	2,100,695	232,975
Social Services	1,704,000	1,704,000	1,703,932	68
Legislative	4,175,400	3,747,880	3,328,410	419,470
Law	1,598,300	2,282,810	1,579,603	703,207
Conservation of Natural Resources	828,600	834,370	837,879	(3,509)
Elections	3,319,200	3,319,200	2,663,309	655,891
Debt service				
Principal	20,853,900	20,853,900	20,853,924	(24)
Interest	8,550,500	8,550,500	8,255,019	295,481
Total expenditures	542,313,500	552,312,200	535,973,266	16,338,934
 Excess (deficiency) of revenues over (under) expenditures	 (6,680,900)	 (15,490,230)	 38,308,897	 53,799,127
Other financing sources (uses):				
GASB87 Leases issued	-	-	230,506	230,506
GASB96 SBITA issued	-	-	1,811,829	1,811,829
Transfers in	700,000	700,000	700,000	-
Transfers out	(19,264,800)	(28,377,470)	(28,192,876)	184,594
Total other financing sources (uses)	(18,564,800)	(27,677,470)	(25,450,540)	2,226,930
 Net change in fund balance	 (25,245,700)	 (43,167,700)	 12,858,356	 56,026,056
Fund balance - beginning of year	198,943,676	198,943,676	198,943,676	-
Fund balance - end of year	\$ 173,697,976	\$ 155,775,976	\$ 211,802,032	\$ 56,026,056

Schedule of the County's Plan Employer Contributions

Last 10 Fiscal Years

(Dollar amounts in thousands)

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Actuarially determined contribution	\$ 7,573	\$ 5,822	\$ 4,823	\$ 5,592	\$ 5,367	\$ 4,715	\$ 4,498	\$ 3,926	\$ 3,673	\$ 5,240
Contributions in relation to the actuarially determined contribution	<u>7,573</u>	<u>5,822</u>	<u>4,823</u>	<u>5,592</u>	<u>5,367</u>	<u>4,715</u>	<u>4,498</u>	<u>3,926</u>	<u>3,673</u>	<u>5,240</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$76,782	\$70,647	\$63,660	\$61,099	\$60,623	\$57,791	\$54,332	\$53,002	\$50,662	\$58,330
Contributions as a percentage of covered employee payroll	9.90%	8.24%	7.58%	9.15%	8.85%	8.16%	8.28%	7.41%	7.25%	8.98%

Notes to Schedule

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

Methods and assumptions used to determine most recent contribution rates:

Actuarial cost method	Entry Age Normal Actuarial Cost Method
Amortization method	Changes in assumptions and differences between assumptions and actual experience are recognized over the average of the expected remaining service lives of all employees (active and inactive employees, including retirees). Differences between expected earnings on plan investments and actual investments earnings are recognized over a 5 year period. Changes in benefit terms are recognized immediately.
Asset valuation method	Assets are valued at contract value with a market value adjustment factor for the Guaranteed Deposit Account assets, and at market value for separate accounts, which is considered the best representation of Fair Value. The fair value of the Guaranteed Deposit Account accounts is an estimate only, and not the result of the precise calculation which would be done if the contract discontinuance or to measure the impact of excess withdrawals in any calendar year.
Inflation	2.65%
Salary increases	4.00% including inflation
Investment rate of return	7.05%, net of plan investment expenses and contract fees.
Retirement age	For non-public safety participants, the first day of the month coinciding with or next following the later of a Participant's 62nd birthday or the completion of 5 years of Service; if Service is 20 or greater, the benefit is unreduced at age 60. For Participants in the Plan prior to July 1, 1977, there is an elective Normal Retirement Date of age 60. For public safety participants, the first day of the month coinciding with or next following the earlier of a Participant's 60th birthday or 25 hypothetical years of Service.
Mortality	RP-2014 Total Dataset (Adjusted to 2006) with Scale MP-2020 for males and females

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

(Dollar amounts in thousands)

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
Total Pension Liability						
Service cost	\$ 10,101	\$ 9,217	\$ 8,784	\$ 8,237	\$ 7,895	\$ 7,555
Interest	23,082	21,370	20,038	18,845	17,841	17,691
Changes of benefit terms	983	-	-	4,926	-	-
Differences between expected and actual experience and changes in assumptions	11,240	6,170	2,771	(5,538)	(2,874)	109
Benefit payments, including refunds of member contributions	(12,953)	(12,219)	(10,146)	(9,223)	(8,226)	(7,398)
Net change in total pension liability	32,453	24,538	21,447	17,247	14,636	17,957
Total Pension Liability - beginning	333,191	308,653	287,206	269,959	255,323	237,366
Total Pension Liability - ending (a)	<u>\$ 365,644</u>	<u>\$ 333,191</u>	<u>\$ 308,653</u>	<u>\$ 287,206</u>	<u>\$ 269,959</u>	<u>\$ 255,323</u>
Plan Fiduciary Net Position						
Contributions - employer	\$ 7,573	\$ 5,822	\$ 4,823	\$ 5,592	\$ 5,367	\$ 4,715
Contributions - employee	3,888	3,726	3,356	2,825	2,785	2,546
Net Investment Income	36,624	33,642	22,768	(36,485)	62,502	9,105
Benefit payments, including refunds of member contributions	(12,953)	(12,219)	(10,146)	(9,223)	(8,226)	(7,398)
Administrative expense	(351)	(217)	(252)	(232)	(151)	(184)
Other	-	-	-	-	-	-
Net change in plan fiduciary net position	34,781	30,754	20,549	(37,523)	62,277	8,784
Plan Fiduciary Net Position - beginning	317,360	286,606	266,057	303,580	241,303	232,519
Plan Fiduciary Net Position - ending (b)	<u>\$ 352,141</u>	<u>\$ 317,360</u>	<u>\$ 286,606</u>	<u>\$ 266,057</u>	<u>\$ 303,580</u>	<u>\$ 241,303</u>
 County's Net Pension Liability/(Asset) - ending (a) - (b)	<u>\$ 13,503</u>	<u>\$ 15,831</u>	<u>\$ 22,047</u>	<u>\$ 21,149</u>	<u>\$ (33,621)</u>	<u>\$ 14,020</u>
 Plan Fiduciary Net Position as a percentage of the total pension liability	96.31%	95.25%	92.86%	92.64%	112.45%	94.51%
 Covered payroll	\$ 76,482	\$ 70,647	\$ 63,660	\$ 61,099	\$ 60,623	\$ 57,791
 County's Net Pension Liability as a percentage of covered employee pensionable payroll	17.66%	22.41%	34.63%	34.61%	-55.46%	24.26%
 Annual money-weighted rate of return	11.6%	11.8%	8.6%	-12.0%	25.9%	3.6%

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

<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	
\$ 7,276	\$ 6,690	\$ 6,320	\$ 5,902	Total Pension Liability
15,177	14,782	13,915	13,944	Service cost
591	-	-	-	Interest
				Changes of benefit terms
				Differences between expected and actual experience
190	2,782	(224)	(12,218)	
(6,648)	(6,251)	(5,291)	(4,871)	Benefit payments, including refunds of member contribution
16,586	18,003	14,720	2,757	Net change in total pension liability
220,780	202,777	188,057	185,300	Total Pension Liability - beginning
<u>\$ 237,366</u>	<u>\$ 220,780</u>	<u>\$ 202,777</u>	<u>\$ 188,057</u>	Total Pension Liability - ending (a)
				Plan Fiduciary Net Position
\$ 4,498	\$ 3,926	\$ 3,673	\$ 5,240	Contributions - employer
2,476	2,348	2,347	2,179	Contributions - employee
13,788	15,852	21,017	1,734	Net Investment Income
(6,647)	(6,251)	(5,291)	(4,870)	Benefit payments, including refunds of member contribution
(117)	(109)	(73)	(81)	Administrative expense
-	-	-	-	Other
13,998	15,766	21,673	4,202	Net change in plan fiduciary net position
218,521	202,755	181,082	176,880	Plan Fiduciary Net Position - beginning
<u>\$ 232,519</u>	<u>\$ 218,521</u>	<u>\$ 202,755</u>	<u>\$ 181,082</u>	Plan Fiduciary Net Position - ending (b)
<u>\$ 4,847</u>	<u>\$ 2,259</u>	<u>\$ 22</u>	<u>\$ 6,975</u>	County's Net Pension Liability/(Asset) - ending (a) - (b)
				Plan Fiduciary Net Position as a percentage of the
97.96%	98.98%	99.99%	96.29%	total pension liability
\$ 54,332	\$ 53,002	\$ 50,663	\$ 58,330	Covered payroll
				County's Net Pension Liability as a percentage of
8.92%	4.26%	0.04%	11.96%	covered employee pensionable payroll
				Annual money-weighted rate of return
7.0%	8.5%	12.3%	1.7%	

Schedule of Sheriff's Office Retirement Plan Employer Contributions

Last 10 Fiscal Years
(Dollar amounts in thousands)

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Actuarially determined contribution	\$ 20,500	\$ 16,580	\$ 15,313	\$ 14,753	\$ 13,494	\$ 12,431	\$ 11,892	\$ 11,795	\$ 10,845	\$ 10,590
Contributions in relation to the actuarially determined contribution	<u>20,500</u>	<u>16,580</u>	<u>15,313</u>	<u>14,753</u>	<u>13,494</u>	<u>12,431</u>	<u>11,892</u>	<u>11,795</u>	<u>10,845</u>	<u>10,590</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 51,821	\$ 46,065	\$ 40,609	\$ 38,762	\$ 39,034	\$ 36,255	\$ 34,470	\$ 33,888	\$ 33,373	\$ 30,706
Contributions as a percentage of covered employee payroll	39.56%	35.99%	37.71%	38.06%	34.57%	34.29%	34.50%	34.81%	32.50%	34.49%

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 calculations are done every year. The assumptions shown below are those used in the July 1, 2023 actuarial valuation to calculate the FY2025 ADC. Assumptions used to determine contributions in the past may not have been the same.

Methods and assumptions used to determine the FY2025 contribution rate:

Actuarial cost method	Projected Unit Credit
Amortization method	Layered, level percent of payroll (closed), increasing 3.0% per year, determined separately for the three employee groups. Surplus bases are amortized over 30 years and loss bases are amortized over 20 years. Bases were restarted 7/1/2022.
Remaining amortization period	Ranges from 10 to 30 years.
Asset valuation method	5-year smoothed market between 50% and 150% of the market value assets
Inflation	2.60%
Salary increases	Separate service-based rates for each group
Investment rate of return	7.25%, net of pension plan investment expense, including inflation
Cost of living adjustment	2.60%
Retirement age	Rates vary by participant age and service
Mortality	Society of Actuaries Pub-2010 Safety Amount-Weighted Mortality Tables and the SOA mortality improvement scale (Scale M available at each actuarial valuation date (currently MP-2021))

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

(Dollar amounts in thousands)

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>
Total Pension Liability					
Service cost	\$ 14,987	\$ 14,242	\$ 12,663	\$ 11,930	\$ 9,245
Interest	39,467	34,826	31,726	30,233	
Changes of benefit terms	8,596	9,750	41		28,879
Differences between expected and actual experience		10,374	17,203	(1,384)	4,528
Changes of assumptions		-	-	(3,671)	-
Benefit payments, including refunds of member contributions	(19,743)	(20,598)	(17,154)	(15,893)	(15,896)
Net change in total pension liability	43,307	48,594	44,479	21,215	26,756
Total Pension Liability - beginning	539,251	490,657	446,178	424,963	398,207
Total Pension Liability - ending (a)	<u>\$ 582,558</u>	<u>\$ 539,251</u>	<u>\$ 490,657</u>	<u>\$ 446,178</u>	<u>\$ 424,963</u>
Plan Fiduciary Net Position					
Contributions - employer	\$ 20,500	\$ 16,580	\$ 15,313	\$ 14,753	\$ 13,494
Contributions - employee	4,112	3,845	3,655	3,169	3,129
Net Investment Income	42,561	48,539	35,947	(47,048)	81,618
Benefit payments, including refunds of member contributions	(19,743)	(20,598)	(17,154)	(15,893)	(15,896)
Administrative expense	(159)	(170)	(144)	(143)	(148)
Other		-	-	-	-
Net change in plan fiduciary net position	47,271	48,196	37,617	(45,162)	82,197
Plan Fiduciary Net Position - beginning	418,707	370,511	332,894	378,056	295,859
Plan Fiduciary Net Position - ending (b)	<u>\$ 465,978</u>	<u>\$ 418,707</u>	<u>\$ 370,511</u>	<u>\$ 332,894</u>	<u>\$ 378,056</u>
Sheriff's Net Pension Liability - ending (a) - (b)	<u>\$ 116,580</u>	<u>\$ 120,544</u>	<u>\$ 120,146</u>	<u>\$ 113,284</u>	<u>\$ 46,907</u>
Plan Fiduciary Net Position as a percentage of the total pension liability	79.99%	77.65%	75.51%	74.61%	88.96%
Covered payroll	\$ 51,821	\$ 40,609	\$ 40,609	\$ 38,762	\$ 39,034
Sheriff's Net Pension Liability as a percentage of covered employee pensionable payroll	224.97%	296.84%	295.86%	292.26%	120.17%
Expected average remaining service years of all participants	6	6	6	7	6
Annual money-weighted rate of return	10.16%	13.10%	10.80%	-12.44%	27.59%

Notes:

Benefit changes-none

Changes of assumptions-none

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

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

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

Schedule of LOSAP Contributions

Last 10 Fiscal Years

(Dollar amounts in thousands)

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
Actuarially determined contribution	\$ 808	\$ 775	\$ 767	N/A	Information for	
Contributions in relation to the actuarially determined contribution	<u>1,050</u>	<u>944</u>	<u>889</u>	<u>19,842</u>	<u>is not available</u>	
Contribution deficiency (excess)	<u>\$ (242)</u>	<u>\$ (169)</u>	<u>\$ (122)</u>	<u>N/A</u>		
Covered payroll	N/A	N/A	N/A	N/A		
Contributions as a percentage of covered employee payroll	N/A	N/A	N/A	N/A		

Notes to Schedule

An actuarially determined contribution amount was not calculated for FY 2022 because the plan did not have a dedicated trust for assets.

A trust was created for this plan effective April 5, 2022. The contribution amount for FY 2022 reflected the value of the trust as of April 5, 2022.

Actuarially determined contribution amounts are calculated as of the middle of the fiscal year (January 1) for the two fiscal years beginning one year and two years following the valuation date. Actuarial valuations are performed every other year. The assumptions shown below are those used in the July 1, 2022 actuarial valuation to calculate the FY 2025 ADC. Assumptions used to determine contributions in the past may not have been the same.

Methods and assumptions used to determine contribution rate:

Actuarial cost method	Projected Unit Credit
Amortization method	Level dollar amount
Remaining amortization period	18 years
Asset valuation method	5-year smoothed market
Inflation	2.60%
Salary increases	none
Investment rate of return	6.10%, net of pension plan investment expense, including inflation
Retirement age	Rates varying based on age and service
Mortality	Society of Actuaries Pub-2010 Safety Amount-Weighted Mortality Tables and the SOA mortality improvement scale (Scale MP) available at each actuarial valuation date (currently MP-2021)

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

Schedule of the OPEB Plan Employer Contributions (includes Library)

Last 10 Fiscal Years

(Dollar amounts in thousands)

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	
Actuarially determined contribution	\$ 18,922	\$ 15,299	\$ 14,145	\$ 15,845	\$ 14,783	\$ 14,668	\$ 13,662	\$ 10,576	\$ 9,771	Information
Contributions in relation to the actuarially determined contribution	<u>13,758</u>	<u>11,927</u>	<u>10,758</u>	<u>9,601</u>	<u>7,115</u>	<u>6,492</u>	<u>5,159</u>	<u>4,440</u>	<u>3,924</u>	for FY2016 is not available
Contribution deficiency (excess)	<u>\$ 5,164</u>	<u>\$ 3,372</u>	<u>\$ 3,387</u>	<u>\$ 6,244</u>	<u>\$ 7,668</u>	<u>\$ 8,176</u>	<u>\$ 8,503</u>	<u>\$ 6,136</u>	<u>\$ 5,847</u>	

Notes to Schedule

Benefit changes	None
Valuation Date:	7/1/2024, actuarial valuations are done every other year.
Changes of assumptions	The trend for 2024 is 7.50% for medical and pre-Medicare Rx benefits and 23.63% for Medicare Rx benefits. The ultimate trend is 4.04% for medical and pre-Medicare Rx benefits and 3.83% for Medicare Rx benefits. The decrement assumptions (retirement rates for Correction Officers in the Sheriff's Plan and disability rates for Sworn Officers in the Sheriff's Plan) were updated based on those used in the most recent pension valuation for the Charles County Sheriff's Office Retirement Plan.

Methods and assumptions used to determine contribution rates:

Valuation Date	7/1/2024
Measurement Date	6/30/2025
Actuarial cost method	Projected Unit Credit with linear pro-ration to assumed benefit commencement
Amortization method	Level dollar
Asset valuation method	Fair value of assets
Remaining amortization period	14 years for FYE 2025
Investment rate of return	7.25%
Payroll growth rate	N/A - The amortization method is level dollar
Inflation	2.60%
Healthcare cost trend rate	The trend for 2024 is 7.5% for Medical and pre-Medicare Rx. The trend was adjusted for post-Medicare Rx to 23.63% to reflect the effects of the Inflation Reduction Act. The ultimate trend is 4.04% for Medical and pre-Medicare Rx and 3.83% for post-Medicare Rx.

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

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

(Dollar amounts in thousands)

	2025	2024	2023	2022	2021	2020	2019	2018	2017
Total OPEB Liability									
Service cost	\$ 2,396	\$ 2,450	\$ 2,957	\$ 2,839	\$ 2,807	\$ 2,925	\$ 7,898	\$ 8,365	\$ 8,040
Interest	10,302	9,509	10,776	10,100	9,247	9,177	9,015	8,560	7,669
Changes of benefit terms	-	-	-	-	-	-	(963)	-	-
Differences between expected and actual experience	26,354	940	(17,073)	513	3,798	411	(9,340)	130	2,364
Changes of assumptions	12,759	-	(5,643)	-	1,168	(7,745)	(89,891)	(11,962)	(36,539)
Benefit payments, including refunds of member contributions	(5,417)	(4,939)	(4,545)	(4,296)	(3,697)	(3,375)	(3,149)	(2,940)	(2,674)
Net change in total OPEB liability	46,393	7,960	(13,529)	9,156	13,324	1,393	(86,430)	2,153	(21,140)
Total OPEB Liability - beginning	144,762	136,802	150,331	141,175	127,851	126,458	212,888	210,735	231,875
Total OPEB Liability - ending (a)	<u>\$ 191,155</u>	<u>\$ 144,762</u>	<u>\$ 136,802</u>	<u>\$ 150,331</u>	<u>\$ 141,175</u>	<u>\$ 127,851</u>	<u>\$ 126,458</u>	<u>\$ 212,888</u>	<u>\$ 210,735</u>
Plan Fiduciary Net Position									
Contributions - employer	\$ 13,321	\$ 11,444	\$ 10,406	\$ 9,272	\$ 6,867	\$ 6,279	\$ 5,095	\$ 4,440	\$ 3,924
Contributions - employee	-	-	-	-	-	-	-	-	-
Net Investment Income	5,912	4,629	3,097	(4,345)	4,409	427	336	239	3
Benefit payments, including refunds of member contributions	(5,417)	(4,939)	(4,545)	(4,296)	(3,697)	(3,375)	(3,149)	(2,940)	(2,674)
Administrative expense	(2)	(1)	(1)	(2)	(2)	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Net change in plan fiduciary net position	13,814	11,133	8,957	629	7,577	3,331	2,282	1,739	1,253
Plan Fiduciary Net Position - beginning	41,075	29,942	20,984	20,355	12,777	9,446	7,164	5,425	4,172
Plan Fiduciary Net Position - ending (b)	<u>\$ 54,889</u>	<u>\$ 41,075</u>	<u>\$ 29,941</u>	<u>\$ 20,984</u>	<u>\$ 20,355</u>	<u>\$ 12,777</u>	<u>\$ 9,446</u>	<u>\$ 7,164</u>	<u>\$ 5,425</u>
County's Net OPEB Liability - ending (a) - (b)	<u>\$ 136,266</u>	<u>\$ 139,163</u>	<u>\$ 106,861</u>	<u>\$ 129,346</u>	<u>\$ 120,820</u>	<u>\$ 115,074</u>	<u>\$ 117,012</u>	<u>\$ 205,724</u>	<u>\$ 205,310</u>
Plan fiduciary net position as a percentage of the total OPEB liability	28.71%	28.37%	21.89%	13.96%	14.42%	10.00%	7.47%	3.37%	2.57%
Estimated average remaining service years of all participants	5	6	6	7	7	7	7	8	8
Annual money-weighted rate of return	14.39%	15.46%	14.76%	-21.34%	34.51%	4.52%	4.69%	4.41%	0.07%

Information for FY2016 is not available.

Notes to Schedule

Benefit changes none

Changes of assumptions

The discount rate changes from year to year (as shown) 7.25% 7.25% 7.25% 7.40% 7.40% 7.50% 7.50% 4.31% 4.04%

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

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

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Schedules and Combining Statements

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General Fund

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

THE COUNTY COMMISSIONERS OF CHARLES COUNTY, MARYLAND
GENERAL FUND
SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES
BUDGETARY (NON-GAAP) BASIS
FOR THE YEAR ENDED JUNE 30, 2025

	Final Amended Budgeted Amounts	Actual Amounts	Variance With Amended Budget
<u>Taxes - Local Property</u>			
Real Property	\$ 272,699,900	\$ 274,621,632	\$ 1,921,732
Business Personal Property	268,000	172,840	(95,160)
Railroad & Public Utilities	11,492,000	10,409,493	(1,082,507)
Ordinary Business Corporation	7,357,000	6,013,568	(1,343,432)
Payment in Lieu of Tax	2,445,900	2,876,753	430,853
Penalties and Interest	620,000	924,641	304,641
Half-year Billing Fee	800,000	1,359,628	559,628
Homestead Tax Credit	(3,930,000)	(3,822,640)	107,360
Low Income Tax Credit	(800,000)	(760,476)	39,524
Volunteer Tax Credit	(350,000)	(57,500)	292,500
Commercial Rehab Tax Credit	-	(12,987)	(12,987)
Senior Tax Credit	(250,000)	(217,636)	32,364
La Plata Tax Differential	(2,320,000)	(2,512,293)	(192,293)
Indian Head Tax Differential	(160,000)	(163,520)	(3,520)
Agriculture Preservation Credit	(140,000)	(183,766)	(43,766)
Other Tax Credits	(7,000)	(7,139)	(139)
Total Taxes - Local Property	287,725,800	288,640,599	914,799
<u>Taxes - Income</u>	169,875,000	201,194,322	31,319,322
<u>Taxes - Other Local</u>			
Admission and Amusement	810,000	692,743	(117,257)
Recordation	18,000,000	19,878,553	1,878,553
Transfer Tax	8,100,000	8,340,035	240,035
Hotel / Motel	1,320,000	1,225,725	(94,275)
Heavy Equipment Tax	200,000	179,335	(20,665)
Total Taxes - Other Local	28,430,000	30,316,390	1,886,390
<u>Charges for Services</u>			
Licenses and Permits			
Alcohol Licenses	203,600	205,664	2,064
Traders Licenses	209,100	188,945	(20,155)
Civil Marriage Licenses	36,100	39,070	2,970
Protective Inspection Licenses	-	25,059	25,059
Building Permits	400,000	457,747	57,747
Park Facilities Permits	98,100	185,392	87,292
Trailer Occupancy Permits	44,700	51,480	6,780
Other Licenses and Permits	103,200	119,038	15,838
subtotal	1,094,800	1,272,395	177,595

THE COUNTY COMMISSIONERS OF CHARLES COUNTY, MARYLAND
GENERAL FUND
SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES
BUDGETARY (NON-GAAP) BASIS (continued)
FOR THE YEAR ENDED JUNE 30, 2025

	Final Amended Budgeted Amounts	Actual Amounts	Variance With Amended Budget
<u>Charges for Services (continued)</u>			
Service Charges			
Soil Conservation Plan Fee	54,900	63,161	8,261
Indirect Cost Revenue	3,391,170	3,274,460	(116,710)
Plat Review & Processing	20,000	-	(20,000)
Special Exception Fees	16,900	20,655	3,755
EMS Billing Fees	3,416,400	4,389,428	973,028
School Allocation Extension Fees	1,400	-	(1,400)
Forest Conservation Fees	20,400	18,662	(1,738)
Site Development Plan Application	41,000	-	(41,000)
Mosquito Control Fees	100,000	100,377	377
Deeds & Tax Verification Fees	150,000	137,415	(12,585)
Advertising Fees	34,300	35,794	1,494
Custodial Fees	437,700	437,900	200
Animal Shelter Boarding Fees	15,500	13,690	(1,810)
False Alarm Registration Fees	280,000	251,053	(28,947)
Sheriff Fees	520,000	362,282	(157,718)
Sheriff Pay Phone Commission	45,000	60	(44,940)
Detention Center Room and Board	-	511	511
Local 911 Fees	3,800,000	3,745,638	(54,362)
Park Entrance Fees	46,300	50,550	4,250
Food and Drink Sales	35,300	37,608	2,308
Outdoor Sports Programs Fees	450,600	461,965	11,365
Other Fees	2,470,000	2,646,282	176,282
subtotal	<u>15,346,870</u>	<u>16,047,492</u>	<u>700,622</u>
Total Charges for Services	16,441,670	17,319,887	878,217
<u>Intergovernmental</u>			
Federal Grants			
Miscellaneous Grants	-	5,871	5,871
subtotal	<u>-</u>	<u>5,871</u>	<u>5,871</u>

THE COUNTY COMMISSIONERS OF CHARLES COUNTY, MARYLAND
GENERAL FUND
SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES
BUDGETARY (NON-GAAP) BASIS (continued)
FOR THE YEAR ENDED JUNE 30, 2025

	Final Amended Budgeted Amounts	Actual Amounts	Variance With Amended Budget
<u>Intergovernmental (continued)</u>			
State Shared			
Highway User	3,410,000	3,371,532	(38,468)
subtotal	3,410,000	3,371,532	(38,468)
State Grants			
Aid for Police Protection	2,345,300	2,214,815	(130,486)
Aid for Inmate Operations	150,000	108,810	(41,190)
Jury Fee Reimbursement	259,200	249,050	(10,150)
Soil Conservation	69,400	79,378	9,978
Other State Grants	20,000	1,645,826	1,625,826
subtotal	2,843,900	4,297,879	1,453,979
Total Intergovernmental	6,253,900	7,675,281	1,421,381
<u>Interest Income</u>			
Treasury Bills	4,700,000	4,899,358	199,358
MLGIP	5,400,000	6,374,815	974,815
US Government Agencies	5,300,000	5,399,076	99,076
CD's & Other Interest	4,600,000	5,221,866	621,866
Leases	-	240,623	240,623
Total Interest Income	20,000,000	22,135,737	2,135,737
<u>Other Income</u>			
Rent			
Courthouse Rent	930,000	908,242	(21,758)
Water Tower Rental	362,000	334,258	(27,742)
Office Space	195,100	195,283	183
Post Office	15,000	14,076	(924)
Other Rent	3,700	3,628	(72)
subtotal	1,505,800	1,455,488	(50,312)
Fines and Forfeitures			
False Alarm Fines	2,145,500	1,326,039	(819,461)
Alcoholic Beverage Fines	10,000	5,450	(4,550)
County Parking Fines	5,000	8,841	3,841
Red Light Camera Fines	2,250,000	2,465,413	215,413
Speed Camera Fines	1,450,000	1,153,600	(296,400)
Building Permit Fines	39,300	108,196	68,896
Other Fines	19,000	47,901	28,901
subtotal	5,918,800	5,115,440	(803,360)

THE COUNTY COMMISSIONERS OF CHARLES COUNTY, MARYLAND
GENERAL FUND
SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES
BUDGETARY (NON-GAAP) BASIS (continued)
FOR THE YEAR ENDED JUNE 30, 2025

<u>Other Income (continued)</u>	Final Amended Budgeted Amounts	Actual Amounts	Variance With Amended Budget
Miscellaneous	421,000	265,673	(155,327)
Gain (Loss) on Fixed Assets	250,000	163,345	(86,655)
Total Other Income	<u>8,095,600</u>	<u>6,999,946</u>	<u>(1,095,654)</u>
Total Revenues	<u>536,821,970</u>	<u>574,282,163</u>	<u>37,460,193</u>
<u>Other Financing Sources:</u>			
GASB87 Lease	-	230,506	230,506
GASB96 SBITA		1,811,829	1,811,829
Transfers In			
Special Revenue Funds	100,000	100,000	-
Capital Projects Funds	600,000	600,000	-
subtotal	<u>700,000</u>	<u>700,000</u>	<u>-</u>
Total other financing sources	700,000	2,742,336	2,042,336
Total Revenues and Other			
Financing Sources	<u>\$ 537,521,970</u>	<u>\$ 577,024,498</u>	<u>\$ 39,502,528</u>

THE COUNTY COMMISSIONERS OF CHARLES COUNTY, MARYLAND
GENERAL FUND
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES
BUDGETARY (NON-GAAP) BASIS
FOR THE YEAR ENDED JUNE 30, 2025

	Final Amended Budgeted Amounts	Actual Amounts	Variance With Amended Budget
<u>Education</u>			
Board of Education	\$ 231,403,500	\$ 231,403,500	\$ -
College of Southern Maryland	11,319,800	11,319,800	-
Library	5,720,200	5,708,358	11,842
Other	525,200	515,600	9,600
Total Education	248,968,700	248,947,258	21,442
<u>Public Safety</u>			
Sheriff's Office			
Sheriff	102,192,750	100,836,828	1,355,922
Detention Center	24,631,590	24,622,943	8,647
Automated Enforcement Unit	4,025,000	2,682,236	1,342,764
Fingerprinting Service	417,080	384,286	32,794
subtotal	131,266,420	128,526,293	2,740,127
Emergency Services			
Administration	1,404,230	1,322,175	82,055
False Alarm Reduction Unit	252,700	243,928	8,772
Communications	5,418,930	5,113,229	305,701
Emergency Management	8,100	17,751	(9,651)
Tactical Response	2,581,100	2,333,625	247,475
Career EMS	19,593,780	19,147,152	446,628
Animal Control	1,217,060	1,026,734	190,326
Animal Shelter	1,371,250	1,242,791	128,459
subtotal	31,847,150	30,447,387	1,399,763
Volunteer Fire & EMS	31,000	33,073	(2,073)
Total Public Safety	163,144,570	159,006,753	4,137,817
<u>General Government</u>			
Debt Service	3,240,000	3,101,230	138,770
Central Services	12,947,190	9,691,897	3,255,293
Contingencies	-	-	-
Total General Government	16,187,190	12,793,127	3,394,063
<u>Public Works- Facilities</u>			
Administration	734,220	645,645	88,575
Buildings & Trades	9,231,500	8,304,035	927,465
Vehicle Maintenance	1,455,000	1,367,337	87,663
Roads	9,964,680	8,984,666	980,014
Total Public Works- Facilities	21,385,400	19,301,683	2,083,717

THE COUNTY COMMISSIONERS OF CHARLES COUNTY, MARYLAND
GENERAL FUND
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES
BUDGETARY (NON-GAAP) BASIS (continued)
FOR THE YEAR ENDED JUNE 30, 2025

	Final Amended Budgeted Amounts	Actual Amounts	Variance With Amended Budget
<u>Financial Administration</u>			
Fiscal & Administrative Services			
Administration	318,500	246,468	72,032
Budget	548,990	533,472	15,518
Accounting	1,632,630	1,613,086	19,544
Purchasing	488,000	458,958	29,042
Information Technology	7,485,570	7,864,142	(378,572)
Treasury	1,694,480	1,568,888	125,593
subtotal	12,168,170	12,285,013	(116,843)
Internal Audit	245,200	234,720	10,480
Liquor Board	360,090	368,842	(8,752)
Human Resources	2,286,130	2,073,919	212,211
Retiree Fringe	5,400,000	5,055,740	344,260
Total Financial Administration	20,459,590	20,018,233	441,357
<u>Judicial</u>			
State's Attorney's Office	7,922,930	7,836,364	86,566
Circuit Court	2,608,030	2,347,151	260,879
Orphan's Court	70,500	62,994	7,506
Total Judicial	10,601,460	10,246,509	354,951
<u>Planning & Growth Management</u>			
Administration	1,564,400	1,045,474	518,926
Planning	2,897,020	2,782,624	114,396
Codes, Permits & Inspection Services	811,410	787,006	24,404
Infrastructure Management	390,400	164,241	226,159
Total Planning & Growth Mgmt	5,663,230	4,779,345	883,885
<u>Community Services</u>			
Administration	641,780	640,247	1,533
Aging Services	2,349,240	1,886,624	462,616
Housing Authority	378,220	315,563	62,657
Total Community Services	3,369,240	2,842,434	526,806
<u>Recreation, Parks & Tourism</u>			
Administration	2,286,200	1,882,262	403,938
Parks and Grounds	6,490,100	5,828,070	662,030
Recreation	4,220,830	3,758,002	462,828
Tourism	1,165,030	959,118	205,912
Total Recreation, Parks, & Tourism	14,162,160	12,427,452	1,734,708
<u>Health Services</u>			
	4,744,330	4,287,702	456,628

THE COUNTY COMMISSIONERS OF CHARLES COUNTY, MARYLAND
GENERAL FUND
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES
BUDGETARY (NON-GAAP) BASIS (continued)
FOR THE YEAR ENDED JUNE 30, 2025

	Final Amended Budgeted Amounts	Actual Amounts	Variance With Amended Budget
<u>Economic Development</u>			
Economic Development Department	2,245,670	2,039,195	206,475
Other	88,000	61,500	26,500
Total Economic Development	<u>2,333,670</u>	<u>2,100,695</u>	<u>232,975</u>
<u>Social Services</u>	<u>1,704,000</u>	<u>1,703,932</u>	<u>68</u>
<u>Legislative</u>			
County Commissioners	907,760	831,423	76,337
County Administrator	2,840,120	2,496,987	343,133
Total Legislative	<u>3,747,880</u>	<u>3,328,410</u>	<u>419,470</u>
<u>Law - County Attorney</u>			
County Attorney	1,808,470	1,490,498	317,972
Criminal Justice Initiatives	474,340	89,105	385,235
Total Law	<u>2,282,810</u>	<u>1,579,603</u>	<u>703,207</u>
<u>Conservation of Natural Resources</u>			
Weed Control	20,100	26,432	(6,332)
Resource Conservation & Development	19,670	18,248	1,422
University of MD Extension	310,300	308,857	1,443
Soil Conservation	484,300	484,342	(42)
Total Conservation	<u>834,370</u>	<u>837,879</u>	<u>(3,509)</u>
<u>Elections</u>	<u>3,319,200</u>	<u>2,663,309</u>	<u>655,891</u>
<u>Debt service</u>			
Bond Principal	20,853,900	20,853,924	(24)
Interest	8,550,500	8,255,019	295,481
subtotal	<u>29,404,400</u>	<u>29,108,943</u>	<u>295,457</u>
Total expenditures	<u>552,312,200</u>	<u>535,973,266</u>	<u>16,338,934</u>
<u>Other financing uses:</u>			
Transfers out			
Capital Projects	20,055,000	20,055,000	-
Special Revenue Funds	8,062,470	7,929,936	132,534
Debt Service Fund	-	-	-
Enterprise Funds	260,000	207,939	52,061
subtotal	<u>28,377,470</u>	<u>28,192,876</u>	<u>184,594</u>
Total other financing uses	<u>28,377,470</u>	<u>28,192,876</u>	<u>184,594</u>
Total Expenditures and Other Financing Uses	<u>\$ 580,689,670</u>	<u>\$ 564,166,142</u>	<u>\$ 16,523,528</u>

Special Revenue Funds

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

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

THE COUNTY COMMISSIONERS OF CHARLES COUNTY, MARYLAND
 COMBINING BALANCE SHEET
 NON-MAJOR GOVERNMENTAL FUNDS
 JUNE 30, 2025

	Nuisance Abatement	Planning Grants	Judicial Grants	Transportation Grants	Economic Development Loan Programs
ASSETS:					
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -
Investments	-	-	-	-	-
Accounts receivables	52,674	-	-	-	303,541
Grants receivables	-	-	534,083	2,507,943	-
Due from other funds	6,418	-	-	1,750,662	2,514
Prepay items	-	-	-	-	-
Other assets	-	-	-	-	-
Restricted cash	-	-	-	-	731,304
Total assets	<u>\$ 59,092</u>	<u>\$ -</u>	<u>\$ 534,083</u>	<u>\$ 4,258,604</u>	<u>\$ 1,037,358</u>
LIABILITIES AND FUND BALANCE:					
Liabilities:					
Accounts payable	\$ 500	\$ -	\$ 105,162	\$ 1,079,837	\$ 140
Accrued expenditures	-	-	28,684	20,393	-
Unearned revenue	-	-	218	-	303,541
Due to other funds	-	-	400,019	-	-
Other liabilities	-	-	-	-	-
Total liabilities	<u>500</u>	<u>-</u>	<u>534,083</u>	<u>1,100,230</u>	<u>303,681</u>
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue	-	-	-	-	-
Total Deferred Inflows	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance:					
Nonspendable fund balance	-	-	-	-	-
Restricted fund balance	58,592	-	-	-	733,677
Committed fund balance	-	-	-	-	-
Assigned fund balance	-	-	-	3,158,374	-
Unassigned fund balance	-	-	-	-	-
Total fund balance	<u>58,592</u>	<u>-</u>	<u>-</u>	<u>3,158,374</u>	<u>733,677</u>
Total liabilities and fund balance	<u>\$ 59,092</u>	<u>\$ -</u>	<u>\$ 534,083</u>	<u>\$ 4,258,604</u>	<u>\$ 1,037,358</u>

THE COUNTY COMMISSIONERS OF CHARLES COUNTY, MARYLAND
 COMBINING BALANCE SHEET (continued)
 NON-MAJOR GOVERNMENTAL FUNDS
 JUNE 30, 2025

	Opioid Restitution Funds	Public Safety Grants	Community Development Grants	Housing Assistance	Housing Special Loans	Sheriff's Special Programs
ASSETS:						
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ 555,566	\$ -	\$ -
Investments	-	-	-	-	-	-
Accounts receivables	-	-	-	-	-	-
Grants receivables	7,197,462	856,850	6,273	38,461	-	-
Due from other funds	-	-	-	102,680	-	127,262
Prepay items	-	-	-	-	-	-
Other assets	-	-	-	-	-	-
Restricted cash	1,610,801	-	-	-	-	-
Total assets	\$ 8,808,263	\$ 856,850	\$ 6,273	\$ 696,707	\$ -	\$ 127,262
LIABILITIES AND FUND BALANCE:						
Liabilities:						
Accounts payable	\$ 91,139	\$ 12,397	\$ -	\$ 47,398	\$ -	\$ -
Accrued expenditures	23,955	61,801	-	34,439	-	-
Unearned revenue	-	115,965	4,744	-	-	-
Due to other funds	1,117,813	666,688	1,530	-	-	-
Other liabilities	-	-	-	-	-	-
Total liabilities	1,232,907	856,850	6,273	81,837	-	-
DEFERRED INFLOWS OF RESOURCES						
Unavailable revenue	4,770,480	-	-	-	-	-
Total Deferred Inflows	4,770,480	-	-	-	-	-
Fund balance:						
Nonspendable fund balance	-	-	-	-	-	-
Restricted fund balance	2,804,877	-	-	614,870	-	-
Committed fund balance	-	-	-	-	-	-
Assigned fund balance	-	-	-	-	-	127,262
Unassigned fund balance	-	-	-	-	-	-
Total fund balance	2,804,877	-	-	614,870	-	127,262
Total liabilities and fund balance	\$ 8,808,263	\$ 856,850	\$ 6,273	\$ 696,707	\$ -	\$ 127,262

THE COUNTY COMMISSIONERS OF CHARLES COUNTY, MARYLAND
 COMBINING BALANCE SHEET (continued)
 NON-MAJOR GOVERNMENTAL FUNDS
 JUNE 30, 2025

	Community Development	Animal Shelter/ Control	Drug Forfeitures	Agricultural Preservation	Fire and Rescue Funds
ASSETS:					
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -
Investments	-	-	-	-	-
Accounts receivables	-	2,121	-	-	-
Grants receivables	105,331	-	-	-	-
Due from other funds	-	268,119	464,669	586,832	165,167
Prepay items	-	-	-	-	-
Other assets	2,000	-	-	-	-
Restricted cash	-	-	-	-	-
Total assets	<u>\$ 107,331</u>	<u>\$ 270,240</u>	<u>\$ 464,669</u>	<u>\$ 586,832</u>	<u>\$ 165,167</u>

LIABILITIES AND FUND BALANCE:

Liabilities:

Accounts payable	\$ -	\$ 26,078	\$ 2,240	\$ -	\$ -
Accrued expenditures	-	939	-	-	-
Unearned revenue	18,066	5,386	-	-	-
Due to other funds	89,264	-	-	-	-
Other liabilities	-	-	-	-	-
Total liabilities	<u>107,331</u>	<u>32,402</u>	<u>2,240</u>	<u>-</u>	<u>-</u>

DEFERRED INFLOWS OF RESOURCES

Unavailable revenue	-	-	-	-	-
Total Deferred Inflows	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

Fund balance:

Nonspendable fund balance	-	-	-	-	-
Restricted fund balance	-	-	462,429	586,832	165,167
Committed fund balance	-	-	-	-	-
Assigned fund balance	-	237,838	-	-	-
Unassigned fund balance	-	-	-	-	-
Total fund balance	<u>-</u>	<u>237,838</u>	<u>462,429</u>	<u>586,832</u>	<u>165,167</u>
Total liabilities and fund balance	<u>\$ 107,331</u>	<u>\$ 270,240</u>	<u>\$ 464,669</u>	<u>\$ 586,832</u>	<u>\$ 165,167</u>

THE COUNTY COMMISSIONERS OF CHARLES COUNTY, MARYLAND
 COMBINING BALANCE SHEET (continued)
 NON-MAJOR GOVERNMENTAL FUNDS
 JUNE 30, 2025

	Law Library	Tourism Grants	Aging 40 fund	Aging 43 fund	So MD Justice Academy	Human Services
ASSETS:						
Cash and cash equivalents	\$ 100	\$ -	\$ -	\$ -	\$ -	\$ -
Investments	-	-	-	-	-	-
Accounts receivables	3,348	-	-	-	5,000	-
Grants receivables	-	220,624	576,198	252,318	-	118,031
Due from other funds	59,127	-	-	-	210,963	543,175
Prepay items	-	-	-	-	2,898	-
Other assets	-	-	-	-	-	-
Restricted cash	-	-	-	-	-	-
Total assets	<u>\$ 62,574</u>	<u>\$ 220,624</u>	<u>\$ 576,198</u>	<u>\$ 252,318</u>	<u>\$ 218,861</u>	<u>\$ 661,207</u>
LIABILITIES AND FUND BALANCE:						
Liabilities:						
Accounts payable	\$ -	\$ 72,113	\$ 44,681	\$ 29,981	\$ 26,821	\$ 237,599
Accrued expenditures	-	-	-	8,969	-	8,185
Unearned revenue	-	112,320	150,257	2,750	-	82,678
Due to other funds	-	36,191	368,483	149,072	-	-
Other liabilities	12,950	-	-	-	-	-
Total liabilities	<u>12,950</u>	<u>220,624</u>	<u>563,421</u>	<u>190,772</u>	<u>26,821</u>	<u>328,461</u>
DEFERRED INFLOWS OF RESOURCES						
Unavailable revenue	-	-	-	-	-	-
Total Deferred Inflows	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance:						
Nonspendable fund balance	-	-	-	-	2,898	-
Restricted fund balance	-	-	-	61,546	189,142	332,745
Committed fund balance	-	-	-	-	-	-
Assigned fund balance	49,624	-	12,777	-	-	-
Unassigned fund balance	-	-	-	-	-	-
Total fund balance	<u>49,624</u>	<u>-</u>	<u>12,777</u>	<u>61,546</u>	<u>192,040</u>	<u>332,745</u>
Total liabilities and fund balance	<u>\$ 62,574</u>	<u>\$ 220,624</u>	<u>\$ 576,198</u>	<u>\$ 252,318</u>	<u>\$ 218,861</u>	<u>\$ 661,207</u>

THE COUNTY COMMISSIONERS OF CHARLES COUNTY, MARYLAND
 COMBINING BALANCE SHEET (continued)
 NON-MAJOR GOVERNMENTAL FUNDS
 JUNE 30, 2025

	Cable Franchise	Emergency Management	ARPA Grants	Cannabis Reform Act	Total
ASSETS:					
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ 555,666
Investments	-	-	-	-	-
Accounts receivables	678,886	-	-	-	1,045,570
Grants receivables	-	627,920	146,986	106,398	13,294,878
Due from other funds	10,351,152	-	-	2,874,963	17,513,702
Prepay items	43,739	-	-	-	46,637
Other assets	-	-	-	-	2,000
Restricted cash	-	-	16,188,136	-	18,530,241
Total assets	<u>\$ 11,073,778</u>	<u>\$ 627,920</u>	<u>\$ 16,335,122</u>	<u>\$ 2,981,361</u>	<u>\$ 50,988,694</u>
LIABILITIES AND FUND BALANCE:					
Liabilities:					
Accounts payable	\$ 486,475	\$ 22,748	\$ 523,032	\$ -	\$ 2,808,338
Accrued expenditures	51,703	320	7,646	-	247,035
Unearned revenue	-	1,974	10,907,544	-	11,705,442
Due to other funds	-	602,878	2,937,423	-	6,369,361
Other liabilities	-	-	-	-	12,950
Total liabilities	<u>538,178</u>	<u>627,920</u>	<u>14,375,645</u>	<u>-</u>	<u>21,143,126</u>
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue	-	-	-	-	4,770,480
Total Deferred Inflows	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,770,480</u>
Fund balance:					
Nonspendable fund balance	43,739	-	-	-	46,637
Restricted fund balance	9,979,870	-	1,959,477	2,981,361	20,930,586
Committed fund balance	39,100	-	-	-	39,100
Assigned fund balance	472,890	-	-	-	4,058,765
Unassigned fund balance	-	-	-	-	-
Total fund balance	<u>10,535,600</u>	<u>-</u>	<u>1,959,477</u>	<u>2,981,361</u>	<u>25,075,088</u>
and fund balance	<u>\$ 11,073,778</u>	<u>\$ 627,920</u>	<u>\$ 16,335,122</u>	<u>\$ 2,981,361</u>	<u>\$ 50,988,694</u>

THE COUNTY COMMISSIONERS OF CHARLES COUNTY, MARYLAND
 COMBINING STATEMENT OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCE
 NON-MAJOR GOVERNMENTAL FUNDS
 YEAR ENDED JUNE 30, 2025

	Nuisance Abatement	Planning Grants	Judicial Grants	Transportation Grants	Economic Development Loan Programs
REVENUES:					
Taxes - local property	\$ -	\$ -	\$ -	\$ -	\$ -
Charge for services	79,018	-	-	239,641	-
Intergovernmental	-	-	1,228,735	4,826,129	-
Interest income	-	-	-	-	6,859
Other income	-	-	-	-	39,345
Total revenues	<u>79,018</u>	<u>-</u>	<u>1,228,735</u>	<u>5,065,770</u>	<u>46,203</u>
EXPENDITURES:					
Education	-	-	-	-	-
Public safety	-	-	-	-	-
Community services	-	-	-	12,355,858	-
Judicial	-	-	1,330,022	-	-
Planning & growth mgmt.	64,924	-	-	-	-
Health	-	-	-	-	-
Economic development	-	-	-	-	67,795
Social services	-	-	-	-	-
Legislative	-	-	-	-	-
Total expenditures	<u>64,924</u>	<u>-</u>	<u>1,330,022</u>	<u>12,355,858</u>	<u>67,795</u>
Excess (deficiency) of revenues over (under) expenditures	<u>14,094</u>	<u>-</u>	<u>(101,287)</u>	<u>(7,290,088)</u>	<u>(21,591)</u>
Other financing sources:					
Transfers in	-	-	101,287	6,308,300	-
Transfers out	-	-	-	-	-
	<u>-</u>	<u>-</u>	<u>101,287</u>	<u>6,308,300</u>	<u>-</u>
Net change in fund balance	14,094	-	-	(981,788)	(21,591)
Fund balance - beginning of year	<u>44,498</u>	<u>-</u>	<u>-</u>	<u>4,140,163</u>	<u>755,269</u>
Fund balance - end of year	<u>\$ 58,592</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,158,375</u>	<u>\$ 733,678</u>

THE COUNTY COMMISSIONERS OF CHARLES COUNTY, MARYLAND
 COMBINING STATEMENT OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCE (continued)
 NON-MAJOR GOVERNMENTAL FUNDS
 YEAR ENDED JUNE 30, 2025

	Opioid Restitution Funds	Public Safety Grants	Community Development Grants	Housing Assistance	Housing Special Loans	Sheriff's Special Programs
REVENUES:						
Taxes - local property	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Charge for services	-	-	-	235,591	19,988	8,025
Intergovernmental	2,802,204	1,905,998	879,292	12,557,192	-	-
Interest income	63,561	-	-	500	-	-
Other income	-	6,509	-	39,297	-	-
Total revenues	2,865,765	1,912,507	879,292	12,832,580	19,988	8,025
EXPENDITURES:						
Education	-	-	-	-	-	-
Public safety	943,485	2,941,864	-	-	-	-
Community services	-	-	879,292	12,591,423	305,037	673
Judicial	-	-	-	-	-	-
Planning & growth mgmt.	-	-	-	-	-	-
Health	-	-	-	-	-	-
Economic development	-	-	-	-	-	-
Social services	-	-	-	-	-	-
Legislative	224,421	-	-	-	-	-
Total expenditures	1,167,907	2,941,864	879,292	12,591,423	305,037	673
Excess (deficiency) of revenues over (under) expenditures	1,697,858	(1,029,357)	-	241,157	(285,049)	7,352
Other financing sources:						
Transfers in	-	1,029,357	-	195,423	-	-
Transfers out	-	-	-	-	-	-
	-	1,029,357	-	195,423	-	-
Net change in fund balance	1,697,858	-	-	436,580	(285,049)	7,352
Fund balance - beginning of year	1,107,018	-	-	178,290	285,049	119,910
Fund balance - end of year	\$ 2,804,877	\$ -	\$ -	\$ 614,870	\$ -	\$ 127,262

THE COUNTY COMMISSIONERS OF CHARLES COUNTY, MARYLAND
 COMBINING STATEMENT OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCE (continued)
 NON-MAJOR GOVERNMENTAL FUNDS
 YEAR ENDED JUNE 30, 2025

	Community Development	Animal Shelter/ Control	Drug Forfeitures	Agricultural Preservation	Fire and Rescue Funds
REVENUES:					
Taxes - local property	\$ -	\$ -	\$ -	\$ 48,364	16,331,341
Charge for services	-	116,684	-	-	-
Intergovernmental	40,323	-	26,088	-	399,074
Interest income	-	-	3,640	-	190,370
Other income	-	21,349	84,432	-	-
Total revenues	<u>40,323</u>	<u>138,034</u>	<u>114,160</u>	<u>48,364</u>	<u>16,920,784</u>
EXPENDITURES:					
Education	-	-	-	-	-
Public safety	-	149,393	201,378	-	17,026,656
Community services	40,323	-	-	-	-
Judicial	-	-	-	-	-
Planning & growth mgmt.	-	-	-	266,536	-
Health	-	-	-	-	-
Economic development	-	-	-	-	-
Social services	-	-	-	-	-
Legislative	-	-	20,000	-	-
Total expenditures	<u>40,323</u>	<u>149,393</u>	<u>221,378</u>	<u>266,536</u>	<u>17,026,656</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>(11,359)</u>	<u>(107,219)</u>	<u>(218,172)</u>	<u>(105,871)</u>
Other financing sources:					
Transfers in	-	-	-	-	-
Transfers out	-	-	-	-	-
Net change in fund balance	<u>-</u>	<u>(11,359)</u>	<u>(107,219)</u>	<u>(218,172)</u>	<u>(105,871)</u>
und balance - beginning of year	<u>-</u>	<u>249,197</u>	<u>569,648</u>	<u>805,004</u>	<u>271,039</u>
Fund balance - end of year	<u>\$ -</u>	<u>\$ 237,838</u>	<u>\$ 462,429</u>	<u>\$ 586,832</u>	<u>165,167</u>

THE COUNTY COMMISSIONERS OF CHARLES COUNTY, MARYLAND
 COMBINING STATEMENT OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCE (continued)
 NON-MAJOR GOVERNMENTAL FUNDS
 YEAR ENDED JUNE 30, 2025

	Law Library	Tourism Grants	Aging 40 fund	Aging 43 fund	So MD Justice Academy
REVENUES:					
Taxes - local property	\$ -	\$ -	\$ -	\$ -	\$ -
Charge for services	28,641	-	5,776	314,575	-
Intergovernmental	-	108,304	1,107,097	679,826	100,000
Interest income	-	-	-	-	-
Other income	6,813	-	(38,948)	-	5,000
Total revenues	<u>35,454</u>	<u>108,304</u>	<u>1,073,925</u>	<u>994,401</u>	<u>105,000</u>
EXPENDITURES:					
Education	-	-	-	-	-
Public safety	-	-	-	-	204,122
Community services	-	-	-	-	-
Judicial	84,327	-	-	-	-
Planning & growth mgmt.	-	-	-	-	-
Health	-	-	-	-	-
Economic development	-	108,304	-	-	-
Social services	-	-	1,099,481	993,715	-
Legislative	-	-	-	-	-
Total expenditures	<u>84,327</u>	<u>108,304</u>	<u>1,099,481</u>	<u>993,715</u>	<u>204,122</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(48,873)</u>	<u>-</u>	<u>(25,556)</u>	<u>685</u>	<u>(99,122)</u>
Other financing sources:					
Transfers in	36,200	-	-	-	93,300
Transfers out	-	-	-	-	-
	<u>36,200</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>93,300</u>
Net change in fund balance	(12,673)	-	(25,556)	685	(5,822)
und balance - beginning of year	<u>62,297</u>	<u>-</u>	<u>38,332</u>	<u>60,861</u>	<u>197,862</u>
Fund balance - end of year	<u>\$ 49,624</u>	<u>\$ -</u>	<u>\$ 12,777</u>	<u>\$ 61,547</u>	<u>\$ 192,040</u>

THE COUNTY COMMISSIONERS OF CHARLES COUNTY, MARYLAND
 COMBINING STATEMENT OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCE (continued)
 NON-MAJOR GOVERNMENTAL FUNDS
 YEAR ENDED JUNE 30, 2025

	Human Services	Cable Franchise	Emergency Management	ARPA Grants	Cannabis Reform Act	Total
REVENUES:						
Taxes - local property	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 16,379,705
Charge for services	124,999	2,752,258	-	-	-	3,925,196
Intergovernmental	862,694	-	2,107,448	4,499,750	1,346,744	35,476,899
Interest income	-	-	-	-	3,354	268,282
Other income	-	-	-	871,301	-	1,035,097
Total revenues	987,693	2,752,258	2,107,448	5,371,050	1,350,098	57,085,179
EXPENDITURES:						
Education	-	2,646,327	-	-	-	2,646,327
Public safety	-	-	2,282,449	4,481,987	-	28,231,333
Community services	-	-	-	-	-	26,172,607
Judicial	-	-	-	-	-	1,414,349
Planning & growth mgmt.	-	-	-	-	-	331,461
Health	924,833	-	-	-	-	924,833
Economic development	-	-	-	-	-	176,099
Social services	-	-	-	-	-	2,093,196
Legislative	-	-	-	-	-	244,421
Total expenditures	924,833	2,646,327	2,282,449	4,481,987	-	62,234,626
Excess (deficiency) of revenues over (under) expenditures	62,860	105,930	(175,001)	889,064	1,350,098	(5,149,447)
Other financing sources:						
Transfers in	8,557	-	175,001	-	-	7,947,425
Transfers out	-	(117,488)	-	-	-	(117,488)
	8,557	(117,488)	175,001	-	-	7,829,937
Net change in fund balance	71,417	(11,558)	-	889,064	1,350,098	2,680,490
nce - beginning of year	261,328	10,547,158	-	1,070,413	1,631,263	22,394,599
Fund balance - end of year	\$ 332,745	\$ 10,535,600	\$ -	\$ 1,959,477	\$ 2,981,361	\$ 25,075,089

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Enterprise Funds

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

MAJOR FUNDS

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

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

NON-MAJOR FUNDS

(presented on the following pages)

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

THE COUNTY COMMISSIONERS OF CHARLES COUNTY, MARYLAND
 COMBINING STATEMENT OF NET POSITION
 OTHER PROPRIETARY FUNDS
 JUNE 30, 2025

	Inspections and Review	Recreation Programs	Environmental Services	Vending Machines	Total
ASSETS:					
Current assets:					
Cash and cash equivalents	\$ -	\$ 331,051	\$ -	\$ 352,269	\$ 683,320
Account receivables	-	77,378	98,609	410	176,397
Leases receivable	-	-	-	-	-
Due (to) from other funds	11,034,675	-	4,728,364	79,663	15,842,703
Inventory	-	-	-	-	-
Other current assets	109,367	123,688	510	-	233,566
Total current assets	11,144,042	532,118	4,827,483	432,342	16,935,985
Noncurrent assets:					
Net capital assets	117,695	3,869,876	1,520,120	-	5,507,691
Leases receivable	-	2,758,542	-	-	2,758,542
Total noncurrent assets	117,695	6,628,418	1,520,120	-	8,266,233
Total assets	11,261,738	7,160,536	6,347,603	432,342	25,202,219
LIABILITIES:					
Current liabilities:					
Accounts payable	335,981	117,461	765,032	165	1,218,639
Accrued expenses	99,647	64,023	122,279	-	285,948
Due to other funds	143	1,332,510	29,596	-	1,362,249
Unearned revenue	304	753,203	-	-	753,508
Current portion of long-term debt/liabilities					
Bonds payable	-	-	12,732	-	12,732
Capital asset financing	34,408	-	30,102	-	64,510
Compensated absences	106,363	-	84,916	-	191,279
Notes payable	-	-	-	-	-
Total current liabilities	576,846	2,267,197	1,044,657	165	3,888,865
Noncurrent liabilities:					
Bonds payable	-	-	111,799	-	111,799
Net bond issue premiums	-	-	-	-	-
Capital asset financing	59,449	-	7,222	-	66,671
Compensated absences	219,895	-	269,048	-	488,942
Notes payable	-	-	-	-	-
Other liabilities	-	-	-	-	-
Total noncurrent liabilities	279,344	-	388,069	-	667,413
Total liabilities	856,190	2,267,197	1,432,726	165	4,556,278
Deferred Inflows of resources					
Charges related to leases	-	2,469,881	-	-	2,469,881
Total deferred inflows	-	2,469,881	-	-	2,469,881
NET POSITION:					
Net Investment in capital assets	23,838	3,869,876	1,358,263	-	5,251,977
Unrestricted	10,381,711	(1,446,418)	3,556,613	432,177	12,924,083
Total net position	\$ 10,405,548	\$ 2,423,458	\$ 4,914,877	\$ 432,177	\$ 18,176,060

THE COUNTY COMMISSIONERS OF CHARLES COUNTY, MARYLAND
 COMBINING STATEMENT OF REVENUES, EXPENSES
 AND CHANGES IN NET POSITION
 OTHER PROPRIETARY FUNDS
 YEAR ENDED JUNE 30, 2025

	Inspections and Review	Recreation Programs	Environmental Services	Vending Machines	Total
Operating revenues:					
Charge for services	\$ 12,948,045	\$ 2,187,535	\$ 9,696,178	\$ 268,478	\$ 25,100,236
Other income	-	-	-	-	-
Total operating revenue	<u>12,948,045</u>	<u>2,187,535</u>	<u>9,696,178</u>	<u>268,478</u>	<u>25,100,236</u>
Operating expenses:					
Personnel services	2,683,431	1,147,993	2,827,667	-	6,659,090
Utilities	-	-	15,882	-	15,882
Repairs and maintenance	69.17	813	136,353	-	137,235
Insurance costs	9,083	31,141	12,016	-	52,240
Indirect costs	199,000	-	213,220	-	412,220
Supplies	22,131	459,540	212,500	-	694,171
Contract services	6,942,670	465,501	4,878,554	-	12,286,725
Other operating costs	1,000,589	6,211	456,386	136,179	1,599,363
Depreciation/amortization	58,016	322,254	615,274	-	995,543
Total operating expenses	<u>10,914,988</u>	<u>2,433,452</u>	<u>9,367,851</u>	<u>136,179</u>	<u>22,852,470</u>
Operating income (loss)	<u>2,033,057</u>	<u>(245,917)</u>	<u>328,327</u>	<u>132,299</u>	<u>2,247,767</u>
Nonoperating revenues (expenses)					
Interest income	-	-	23,299	-	23,299
Intergovernmental	-	20,949	-	-	20,949
Interest expense	(6,091)	-	(5,023)	-	(11,114)
Gain (Loss) on disposal of capital assets	-	-	22,415	-	22,415
Total nonoperating revenue (expenses)	<u>(6,091)</u>	<u>20,949</u>	<u>40,691</u>	<u>-</u>	<u>55,549</u>
Income (loss) before transfers	2,026,966	(224,968)	369,017	132,299	2,303,315
Transfers in	-	172,939	-	35,000	207,939
Transfers out	-	-	-	-	-
Capital transfer	-	-	-	-	-
Change in net position	2,026,966	(52,028)	369,017	167,299	2,511,255
Net position - beginning of year	8,378,582	2,475,486	4,545,859	264,878	15,664,805
Net position - end of year	<u>\$ 10,405,548</u>	<u>\$ 2,423,458</u>	<u>\$ 4,914,876</u>	<u>\$ 432,177</u>	<u>\$ 18,176,060</u>

THE COUNTY COMMISSIONERS OF CHARLES COUNTY, MARYLAND
 COMBINING STATEMENT OF CASH FLOWS
 OTHER PROPRIETARY FUNDS
 YEAR ENDED JUNE 30, 2025

	Inspections and Review	Recreation Programs	Environmental Services	Vending Machines	Total
Cash flows from operating activities:					
Cash received from customers	\$ 12,948,045	\$ 2,312,389	\$ 9,696,178	\$ 268,478	\$ 25,225,090
Cash paid to suppliers	(8,622,640)	(1,052,497)	(5,665,958)	(136,179)	(15,477,274)
Cash paid to employees	(2,610,556)	(1,167,307)	(2,914,589)	-	(6,692,452)
Net cash provided by (used in) operating activities	<u>1,714,849</u>	<u>92,585</u>	<u>1,115,632</u>	<u>132,299</u>	<u>3,055,364</u>
Cash flows from investing activities:					
Interest received	-	-	23,299	-	23,299
Net cash provided by investing activities	<u>-</u>	<u>-</u>	<u>23,299</u>	<u>-</u>	<u>23,299</u>
Cash flows from noncapital financing activities:					
Transfers in (out)	-	172,939	-	35,000	207,939
Intergovernmental	-	20,949	-	-	20,949
Receipts from interfund loans	-	-	-	-	-
Repayment of interfund loans	(1,603,934)	(285,472)	(593,569)	(23,143)	(2,506,118)
Net cash provided by (used in) noncapital financing activities	<u>(1,603,934)</u>	<u>(91,584)</u>	<u>(593,569)</u>	<u>11,857</u>	<u>(2,277,230)</u>
Cash flows from capital and related financing activities:					
Intergovernmental	-	-	-	-	-
Proceeds from issuance of bonds	-	-	15,000	-	15,000
Proceeds from new loans	-	-	-	-	-
Principal payments on bonds payable	-	-	(11,468)	-	(11,468)
Principal payments on capital asset financing	(104,825)	-	(76,291)	-	(181,116)
Interest paid	(6,091)	-	(5,023)	-	(11,114)
Proceeds from disposal of assets	-	-	22,415	-	22,415
Cash (paid) received for capital expenses	-	-	(489,995)	-	(489,995)
Net cash used in capital and related financing activities	<u>(110,916)</u>	<u>-</u>	<u>(545,362)</u>	<u>-</u>	<u>(656,278)</u>
Net increase (decrease) in cash and cash equivalents	-	1,001	-	144,156	145,157
Cash and cash equivalents - beginning of year	-	330,050	-	208,113	538,163
Cash and cash equivalents - end of year	<u>\$ -</u>	<u>\$ 331,051</u>	<u>\$ -</u>	<u>\$ 352,269</u>	<u>\$ 683,320</u>

THE COUNTY COMMISSIONERS OF CHARLES COUNTY, MARYLAND
 COMBINING STATEMENT OF CASH FLOWS (continued)
 OTHER PROPRIETARY FUNDS
 YEAR ENDED JUNE 30, 2025

	Inspections and Review	Recreation Programs	Environmental Services	Vending Machines	Total
Reconciliation of operating income (loss) to net cash provided by operating activities:					
Operating income (loss)	\$ 2,033,057	\$ (245,917)	\$ 328,327	\$ 132,299	\$ 2,247,767
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:					
Depreciation/amortization	58,016	322,254	615,274	-	995,543
Increase (decrease) in compensation-related liabilities included in long-term debt	66,853	-	(110,620)	-	(43,767)
(Increase) decrease in other receivables	-	15,471	(29,770)	-	(14,300)
(Increase) decrease in leases receivables	-	-	-	-	-
(Increase) decrease in inventories	-	-	-	-	-
(Increase) decrease in other current assets	(106,380)	(119,245)	-	-	(225,625)
(Increase) decrease in restricted assets	-	-	-	-	-
(Increase) decrease in deferred bond issue costs	-	-	915	-	915
Increase (decrease) in accounts payable	(342,719)	14,482	287,808	-	(40,429)
Increase (decrease) in accrued expenses	6,022	(19,314)	23,698	-	10,406
Increase (decrease) in deferred revenue	-	124,854	-	-	124,854
Net cash provided by operating activities	<u>\$ 1,714,849</u>	<u>\$ 92,585</u>	<u>\$ 1,115,632</u>	<u>\$ 132,299</u>	<u>\$ 3,055,364</u>

SCHEDULE OF NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES

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

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Fiduciary & Trust Funds

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

County Pension Plan Trust Fund

This trust fund holds the assets of the County Pension Plan subject to the provisions of the Trust Agreement. This plan covers Sworn, Corrections, and Communications Officers. The trust fund holds County and participant contributions and their earnings and pays current benefits to eligible retirees.

Sheriff's Office Retirement Plan Trust Fund

This trust fund holds in trust the assets of the Sheriff's Office Retirement Plan subject to the provisions of the Trust Agreement. This plan covers Sworn, Corrections, and Communications Officers. The trust fund holds County and participant contributions and their earnings and pays current benefits to eligible retirees.

Length of Service Award Program Trust Fund (LOSAP)

This trust fund was established in 2022 to hold in trust the assets of the County's LOSAP plan. This plan was established to provide benefits to eligible members of the County's Volunteer Fire Companies, Rescue Squads, Mobile Intensive Care Units, and Dive Rescue Units. The trust is funded by the annual revenue collected from an allocation of one cent of the County's Fire and Rescue tax. There are no employee contributions to the plan. Current benefits are paid from this plan.

Other Post Employment Benefits (OPEB) Plan Trust Fund

This trust fund holds in trust the assets of the County's OPEB plan subject to the provisions of the Trust Agreement. This plan was established to provide for future funding for medical, dental and vision benefits to eligible County and Library retirees. The County provides an annual contribution to this plan, and there are no current benefits paid from the plan.

THE COUNTY COMMISSIONERS OF CHARLES COUNTY, MARYLAND
 COMBINING STATEMENT OF FIDUCIARY NET POSITION
 JUNE 30, 2025

	<u>County</u> <u>Pension</u>	<u>Sheriff's</u> <u>Pension</u>	<u>LOSAP Trust</u> <u>Fund</u>	<u>Total Pension</u> <u>Funds</u>	<u>OPEB Trust</u> <u>Fund</u>	<u>Total Fiduciary</u> <u>Funds</u>
ASSETS:						
Current assets:						
Cash and cash equivalents	\$ 7,024,991	\$ 4,636,768	\$ 648,117	\$ 12,309,875	\$ 2,819	\$ 12,312,694
Interest receivable	<u>-</u>	<u>186,242</u>	<u>-</u>	<u>186,242</u>	<u>-</u>	<u>186,242</u>
Total current assets	<u>7,024,991</u>	<u>4,823,010</u>	<u>648,117</u>	<u>12,496,117</u>	<u>2,819</u>	<u>12,498,936</u>
Investments:						
Bond mutual funds	-	173,439,183	8,554,083	181,993,266	13,913,223	195,906,489
Equity securities	-	287,745,128	13,710,690	301,455,818	42,727,534	344,183,353
Pooled separate accounts	<u>345,115,347</u>	<u>-</u>	<u>-</u>	<u>345,115,347</u>	<u>-</u>	<u>345,115,347</u>
Total investments	<u>345,115,347</u>	<u>461,184,311</u>	<u>22,264,773</u>	<u>828,564,431</u>	<u>56,640,757</u>	<u>885,205,188</u>
Total assets	352,140,337	466,007,321	22,912,890	841,060,548	56,643,576	897,704,124
LIABILITIES:						
Accrued expenses	<u>-</u>	<u>29,703</u>	<u>-</u>	<u>29,703.33</u>	<u>3,688</u>	<u>33,391</u>
NET POSITION RESTRICTED FOR PENSIONS AND OPEB BENEFITS						
	<u>\$ 352,140,337</u>	<u>\$ 465,977,617</u>	<u>\$ 22,912,890</u>	<u>\$ 841,030,845</u>	<u>\$ 56,639,888</u>	<u>\$ 897,670,733</u>

THE COUNTY COMMISSIONERS OF CHARLES COUNTY, MARYLAND
 COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
 YEAR ENDED JUNE 30, 2025

	<u>County Pension</u>	<u>Sheriff's Pension</u>	<u>LOSAP Trust Fund</u>	<u>Total Pension Funds</u>	<u>OPEB Trust Fund</u>	<u>Total Fiduciary Funds</u>
ADDITIONS:						
Contributions:						
Employer contributions	\$ 7,572,594	\$ 20,499,899	\$ 1,049,894	\$ 29,122,387	\$ 8,162,600	\$ 37,284,987
Employee contributions	3,887,899	4,112,588	-	8,000,487	-	8,000,487
Total contributions	<u>11,460,493</u>	<u>24,612,487</u>	<u>1,049,894</u>	<u>37,122,874</u>	<u>8,162,600</u>	<u>45,285,474</u>
Investment earnings:						
Interest, Dividends, Gains	11,035,337	13,922,145	670,078	25,627,560	1,495,652	27,123,212
Net change in fair value of investment:	27,034,923	30,308,642	1,829,302	59,172,867	4,619,880	63,792,746
Total investment earnings	38,070,259	44,230,787	2,499,380	84,800,426	6,115,532	90,915,958
Less investment expenses	(1,785,073)	(1,812,932)	(26,637)	(3,624,642)	(24,952)	(3,649,594)
Net investment earnings	<u>36,285,186</u>	<u>42,417,855</u>	<u>2,472,743</u>	<u>81,175,784</u>	<u>6,090,580</u>	<u>87,266,364</u>
Total additions	<u>47,745,679</u>	<u>67,030,342</u>	<u>3,522,637</u>	<u>118,298,658</u>	<u>14,253,180</u>	<u>132,551,838</u>
DEDUCTIONS:						
Benefits paid to members	12,953,040	19,743,469	1,164,989	33,861,498	-	33,861,498
Administrative costs	11,945	16,068	43,985	71,999	1,578	73,577
Total deductions	<u>12,964,985</u>	<u>19,759,537</u>	<u>1,208,974</u>	<u>33,933,496</u>	<u>1,578</u>	<u>33,935,074</u>
Changes in net position	34,780,693	47,270,805	2,313,663	84,365,162	14,251,602	98,616,763
Net position - beginning of year	<u>317,359,644</u>	<u>418,706,812</u>	<u>20,599,227</u>	<u>756,665,683</u>	<u>42,388,286</u>	<u>799,053,969</u>
Net position - end of year	<u>\$ 352,140,337</u>	<u>\$ 465,977,617</u>	<u>\$ 22,912,890</u>	<u>\$ 841,030,845</u>	<u>\$ 56,639,888</u>	<u>\$ 897,670,733</u>

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Statistical Section

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

Financial Trends

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

Revenue Capacity

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

Debt Capacity

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

Demographic & Economic Indicators

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

Operating information

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

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

Net Position by Component

Charles County, Maryland

Table 1

Last Ten Fiscal Years

(accrual basis of accounting)

	Fiscal Year				
	2016	2017	2018	2019	2020
Governmental activities					
Net Investment in capital assets	\$ 362,533,718	\$ 345,033,818	\$ 318,039,248	\$ 324,753,199	\$ 334,431,291
Restricted	67,034,990	69,514,892	78,631,995	102,747,093	110,655,838
Unrestricted	(167,864,680)	(175,847,690)	(268,729,030)	(283,668,065)	(278,704,704)
Total governmental activities net position	\$ 261,704,028	\$ 238,701,019	\$ 127,942,214	\$ 143,832,227	\$ 166,382,424
Business-type activities					
Net Investment in capital assets	\$ 138,115,848	\$ 143,705,045	137,136,931	158,893,106	164,597,110
Restricted	3,237,653	4,178,772	4,444,560	4,965,771	3,358,142
Unrestricted	30,267,199	42,374,220	72,844,549	59,389,665	63,444,227
Total business-type activities net position	\$ 171,620,700	\$ 190,258,037	\$ 214,426,040	\$ 223,248,543	\$ 231,399,480
Primary government					
Net Investment in capital assets	\$ 500,649,566	\$ 488,738,863	\$ 455,176,179	\$ 483,646,305	\$ 499,028,401
Restricted	70,272,643	73,693,664	83,076,555	107,712,864	114,013,980
Unrestricted	(137,597,481)	(133,473,470)	(195,884,481)	(224,278,400)	(215,260,477)
Total primary government activities net position	\$ 433,324,728	\$ 428,959,057	\$ 342,368,255	\$ 367,080,770	\$ 397,781,904

Net Position by Component

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

		Fiscal Year				
		2021	2022	2023	2024	2025
	Governmental activities					
\$	Net Investment in capital assets	232,812,038	228,057,036	239,633,200	236,429,465	252,265,723
	Restricted	34,988,167	20,118,030	21,126,618	22,187,714	26,754,426
	Unrestricted	(38,298,551)	62,287,214	90,067,926	123,478,421	153,611,412
\$	Total governmental activities net position	229,501,652	310,462,280	350,827,744	382,095,600	432,631,561
	Business-type activities					
	Net Investment in capital assets	175,068,313	174,464,988	178,799,190	163,531,165	227,438,278
	Restricted	5,225,062	7,269,171	8,278,670	4,855,223	1,941,348
	Unrestricted	63,133,351	80,969,544	107,425,143	159,420,848	125,791,972
\$	Total business-type activities net position	243,426,726	262,703,703	294,503,004	327,807,236	355,171,597
	Primary government					
\$	Net Investment in capital assets	407,880,351	402,522,023	418,432,390	399,960,630	479,704,001
	Restricted	40,213,229	27,387,201	29,405,289	27,042,937	28,695,774
	Unrestricted	24,834,800	143,256,759	197,493,069	282,899,269	279,403,384
\$	Total primary government activities net position	472,928,379	573,165,983	645,330,748	709,902,836	787,803,158

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

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

Continued

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

		Fiscal Year								
		2021	2022	2023	2024	2025				
							<u>Expenses</u>			
							Governmental activities:			
\$	2,464,972	\$	2,710,773	\$	2,868,925	\$	3,388,359	\$	4,039,023	Legislative
	7,176,634		7,861,408		9,922,544		10,796,848		11,655,009	Judicial
	1,132,128		1,068,116		2,025,350		2,246,736		1,707,897	Law
	25,801,245		12,315,675		13,591,943		23,497,372		27,880,462	General government
	1,793,404		2,390,444		2,666,440		2,531,775		2,680,523	Elections
	119,896,291		153,067,034		159,853,256		181,279,270		194,145,179	Public safety
	6,815,630		6,986,371		7,882,891		6,812,757		3,397,688	Planning and growth management
	14,029,149		4,594,238		5,745,772		5,368,096		5,291,653	Health
	2,969,712		3,194,220		3,774,689		4,122,783		3,797,128	Social services
	20,187,730		28,713,564		24,652,336		25,627,257		29,505,747	Community services
	8,798,570		13,113,565		14,253,388		12,168,387		17,631,298	Recreation, Parks & Tourism
	31,562,357		59,910,525		33,609,893		34,199,539		44,082,466	Public facilities
	1,765,207		2,284,697		2,617,868		2,373,750		2,437,569	Economic development
	231,260,845		223,371,287		234,782,529		260,519,011		272,510,777	Education
	700,221		687,382		762,851		874,857		779,558	Conservation of natural resources
	11,004,423		10,856,576		10,710,614		10,583,746		11,286,470	Interest expense on long term debt
	<u>487,358,520</u>		<u>533,125,875</u>		<u>529,721,289</u>		<u>586,390,543</u>		<u>632,828,446</u>	Total governmental activities
										Business-type activities:
	41,108,315		47,543,987		51,448,962		51,620,581		62,285,999	Water and sewer
	4,811,668		5,743,463		6,667,335		9,559,399		10,921,079	Inspection and review
	-		-		-		-		-	County parks
	1,576,652		1,889,338		2,058,725		2,244,777		2,433,452	Recreation
	7,509,119		7,641,486		8,401,178		7,896,091		7,527,591	Solid waste
	6,566,597		6,849,953		7,788,693		8,570,302		9,372,874	Environmental services
	5,147,574		5,743,031		6,460,204		6,557,789		7,668,311	SW-Watershed Protection
	67,193		139,306		207,341		203,490		136,179	Vending machines
	<u>66,787,117</u>		<u>75,550,563</u>		<u>83,032,438</u>		<u>86,652,428</u>		<u>100,345,485</u>	Total business-type activities
\$	<u>554,145,638</u>	\$	<u>608,676,438</u>	\$	<u>612,753,727</u>	\$	<u>673,042,970</u>	\$	<u>733,173,931</u>	Total primary government expenses
										Program revenues
										Governmental activities:
										Charges for services
\$	-	\$	-	\$	6,143	\$	-	\$	-	Judicial
	31,015		62,630		17,563		37,774		28,641	Law
	-		-		-		-		-	Legislative
	6,679,364		7,108,189		6,221,118		8,949,718		9,475,467	General government
	-		-		-		-		-	Elections
	4,381,090		4,967,747		5,229,338		6,333,052		8,887,371	Public safety
	6,037,125		6,018,348		3,619,166		1,061,155		4,298,166	Planning and growth management
	56,253		74,046		-		87,813		100,377	Health
	295,625		389,382		891,120		515,356		700,928	Community services
	1,017,442		1,292,376		1,155,064		525,185		735,515	Recreation, Parks & Tourism
	448,151		490,284		1,616,860		618,719		437,900	Public facilities
	-		-		-		-		-	Education
	-		-		70,518		-		-	Conservation of natural resources
	34,546,492		40,334,311		45,051,195		36,769,436		41,656,164	Operating grants and contributions
	5,273,078		4,536,100		6,127,160		3,439,146		3,776,818	Capital grants and contributions
	<u>58,765,635</u>		<u>65,273,413</u>		<u>70,005,245</u>		<u>58,337,354</u>		<u>70,097,347</u>	Total governmental activities program revenues
										Business-type activities:
										Charges for services
	48,916,015		59,856,354		65,395,670		71,080,993		76,207,288	Water and sewer
	9,312,619		10,973,462		11,166,629		11,216,584		9,896,900	Solid waste management
	6,871,901		7,331,001		8,039,902		8,793,133		9,718,593	Environmental services
	11,004,310		14,364,761		17,426,639		22,289,489		23,569,249	Other activities
	1,175,455		1,279,036		1,368,123		4,463,735		6,278,108	Operating grants and contributions
	-		-		-		-		43,107	Capital grants and contributions
	<u>77,280,301</u>		<u>93,804,613</u>		<u>103,396,963</u>		<u>117,843,934</u>		<u>125,713,245</u>	Total Total business-type activities program revenue
\$	<u>136,045,936</u>	\$	<u>159,078,025</u>	\$	<u>173,402,207</u>	\$	<u>176,181,288</u>	\$	<u>195,810,592</u>	Total Total primary government program revenues
										Net (expense)/revenue
\$	(428,592,885)	\$	(467,852,463)	\$	(459,716,044)	\$	(528,053,188)	\$	(562,731,099)	Governmental activities
	10,493,182		18,254,047		20,364,523		31,191,505		25,367,760	Busin Business-type activities
\$	<u>(418,099,701)</u>	\$	<u>(449,598,414)</u>	\$	<u>(439,351,519)</u>	\$	<u>(496,861,683)</u>	\$	<u>(537,363,339)</u>	Total Total primary government net expense

Changes in Net Position

Charles County, Maryland

Table 2

Last Ten Fiscal Years

(accrual basis of accounting)

Continued

	Fiscal Year				
	2016	2017	2018	2019	2020
<u>General revenues and other changes in net position</u>					
Governmental activities:					
Taxes					
Local property taxes	\$ 223,238,990	\$ 234,670,748	\$ 241,773,420	\$ 250,102,797	\$ 255,488,455
Other local	33,987,630	33,346,032	37,032,780	34,847,873	38,485,017
Income taxes	126,886,692	118,080,824	131,633,096	143,716,459	154,403,594
State highway user taxes	-	952,802	973,650	1,017,386	2,066,341
Other income	7,400,378	5,900,261	5,610,431	5,303,292	5,790,819
Interest and investment earnings	2,505,628	3,152,433	4,423,854	8,479,063	6,865,200
Unrestricted grants and contributions	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Transfers	(879,136)	(742,266)	(542,914)	(1,388,437)	(1,497,098)
Extraordinary loss tornado, net of inc rec'd	-	-	-	-	-
Total governmental activities	<u>393,140,182</u>	<u>395,360,832</u>	<u>420,904,317</u>	<u>442,078,433</u>	<u>461,602,327</u>
Business-type activities:					
Other income	501,903	12,571,257	1,234,227	3,742,442	-
Interest and investment earnings	84,574	126,385	262,555	564,440	527,240
Miscellaneous	-	-	-	-	-
Transfers	879,136	742,266	542,914	1,388,437	1,497,098
Total business-type activities	<u>1,465,613</u>	<u>13,439,908</u>	<u>2,039,696</u>	<u>5,695,319</u>	<u>2,024,338</u>
Total primary government	<u>\$ 394,605,795</u>	<u>\$ 408,800,740</u>	<u>\$ 422,944,013</u>	<u>\$ 447,773,752</u>	<u>\$ 463,626,666</u>
<u>Change in net position</u>					
Governmental activities	\$ 38,346,994	\$ (23,003,009)	\$ (7,052,813)	\$ 26,125,584	\$ 22,550,197
Net Restatement	-	-	-	-	-
Business-type activities	10,783,605	18,637,339	8,190,096	8,822,504	8,150,936
Total primary government	<u>\$ 49,130,599</u>	<u>\$ (4,365,670)</u>	<u>\$ 1,137,283</u>	<u>\$ 34,948,088</u>	<u>\$ 30,701,132</u>

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

		Fiscal Year								
		2021	2022	2023	2024	2025				
							<u>General revenues and other changes in net position</u>			
							Governmental activities:			
							Taxes			
\$	268,024,019	\$	283,238,317	\$	278,178,940	\$	296,523,018	\$	321,661,589	Local property taxes
	42,796,699		66,474,525		41,448,321		43,262,029		43,026,173	Other local
	170,011,765		189,376,845		162,384,289		183,413,670		215,894,756	Income taxes
	-		-		-		-		-	State highway user taxes
	9,915,706		8,513,914		13,454,809		11,066,720		8,756,301	Other income
	2,335,788		1,943,179		14,891,943		25,175,677		24,136,178	Interest and investment earnings
	-		-		-		-		-	Unrestricted grants and contributions
	-		-		-		-		-	Miscellaneous
	(1,371,865)		(733,689)		(10,276,794)		(120,075)		(207,939)	Transfers
	-		-		-		-		-	Extraordinary loss tornado, net of income rec
	<u>491,712,113</u>		<u>548,813,090</u>		<u>500,081,508</u>		<u>559,321,040</u>		<u>613,267,058</u>	Total governmental activities
							Business-type activities:			
							Other income			
	162,198		289,239		1,157,980		1,992,652		1,788,660	Interest and investment earnings
	-		-		-		-		-	Miscellaneous
	<u>1,371,865</u>		<u>733,689</u>		<u>10,276,794</u>		<u>120,075</u>		<u>207,939</u>	Transfers
	<u>1,534,063</u>		<u>1,022,928</u>		<u>11,434,774</u>		<u>2,112,727</u>		<u>1,996,599</u>	Total business-type activities
\$	<u>493,246,177</u>	\$	<u>549,836,019</u>	\$	<u>511,516,283</u>	\$	<u>561,433,767</u>	\$	<u>615,263,655</u>	Total primary government
							<u>Change in net position</u>			
							Governmental activities			
\$	63,119,228	\$	80,960,627	\$	40,365,464	\$	31,267,854	\$	50,535,960	Net Restatement
	-		-		-		-		-	Business-type activities
	<u>12,027,245</u>		<u>19,276,973</u>		<u>31,799,300</u>		<u>33,304,232</u>		<u>27,364,358</u>	Total primary government
\$	<u>75,146,473</u>	\$	<u>100,237,601</u>	\$	<u>72,164,764</u>	\$	<u>64,572,086</u>	\$	<u>77,900,318</u>	

Fund Balances of Governmental Funds

Charles County, Maryland

Table 3

Last Ten Fiscal Years

(modified accrual basis of accounting)

	Fiscal Year				
	2016	2017	2018	2019	2020
General fund					
Nonspendable fund balance	\$ 4,365,445	\$ 2,612,616	\$ 2,222,832	\$ 1,835,020	\$ 2,508,902
Restricted fund balance	5,256,573	1,571,097	2,077,132	96,114	110,670
Committed fund balance	55,610,042	63,196,702	75,024,127	92,542,994	107,865,627
Assigned fund balance	4,020,616	5,713,044	6,637,351	6,516,854	8,017,227
Unassigned fund balance	-	4,772,156	6,962,553	7,859,944	1,592,158
Total general fund	\$ 69,252,676	\$ 77,865,614	\$ 92,923,995	\$ 108,850,925	\$ 120,094,585
All other governmental funds					
Capital projects					
Nonspendable fund balance	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted fund balance	6,700,412	6,204,653	2,120,162	10,540,990	13,064,398
Committed fund balance	25,767,947	29,334,330	35,033,087	35,484,683	33,909,616
Assigned fund balance	2,831,713	2,861,521	4,794,059	12,636,228	21,482,371
Unassigned fund balance	-	-	-	-	-
Debt service					
Nonspendable fund balance	28,689,051	24,333,551	-	15,073,885	-
Restricted fund balance	-	-	19,695,091	647,125	12,220,897
Committed fund balance	-	-	-	-	-
Assigned fund balance	597,237	2,513,082	7,390,087	9,742,256	11,977,223
Unassigned fund balance	-	-	-	-	-
Other Governmental					
Nonspendable fund balance	-	-	-	-	-
Restricted fund balance	2,644,330	3,800,507	3,381,544	20,354,498	25,242,457
Committed fund balance	-	-	-	-	-
Assigned fund balance	6,304,712	6,672,514	8,338,128	8,808,418	5,823,273
Unassigned fund balance	-	-	-	-	-
Total all other governmental funds	\$ 73,535,402	\$ 75,720,157	\$ 80,752,158	\$ 113,288,083	\$ 123,720,235

Fund Balances of Governmental Funds

Charles County, Maryland

Table 3

Last Ten Fiscal Years

(modified accrual basis of accounting)

Fiscal Year						
2021	2022	2023	2024	2025		
\$ 2,724,503	\$ 2,485,410	\$ 5,610,370	\$ 5,672,379	\$ 6,832,270		General fund
125,131	139,469	158,841	180,904	470,888		Nonspendable fund balance
138,751,719	185,677,785	175,450,234	178,020,972	187,762,021		Restricted fund balance
8,654,804	9,558,227	10,240,398	10,889,338	13,204,206		Committed fund balance
2,309,099	3,675,406	4,068,193	4,180,036	3,532,649		Assigned fund balance
<u>\$ 152,565,256</u>	<u>\$ 201,536,297</u>	<u>\$ 195,528,036</u>	<u>\$ 198,943,629</u>	<u>\$ 211,802,034</u>		Unassigned fund balance
						Total general fund
						All other governmental funds
						Capital projects
\$ -	\$ -	\$ -	\$ -	\$ 523		Nonspendable fund balance
6,107,831	18,302,845	10,612,825	782,730	4,314,758		Restricted fund balance
31,964,160	43,052,490	49,691,914	51,849,321	55,268,602		Committed fund balance
19,856,593	23,860,786	43,827,725	45,655,577	46,966,266		Assigned fund balance
-	-	-	-	-		Unassigned fund balance
						Debt service
-	-	-	-	-		Nonspendable fund balance
1,883,754	1,692,000	7,263,427	4,902,275	5,381,463		Restricted fund balance
-	-	-	-	-		Committed fund balance
20,847,236	19,346,617	13,515,713	15,889,724	16,392,344		Assigned fund balance
-	-	-	-	-		Unassigned fund balance
						Other Governmental
-	-	-	-	46,637		Nonspendable fund balance
29,687,913	14,013,324	14,316,324	17,230,514	20,930,586		Restricted fund balance
-	-	174,900	107,000	39,100		Committed fund balance
10,194,598	6,036,106	5,720,425	5,057,085	4,058,765		Assigned fund balance
-	-	-	-	-		Unassigned fund balance
<u>\$ 120,542,086</u>	<u>\$ 126,304,168</u>	<u>\$ 145,123,253</u>	<u>\$ 141,474,226</u>	<u>\$ 153,399,044</u>		Total all other governmental funds

Changes in Fund Balances of Governmental Funds

Charles County, Maryland

Table 4

Last Ten Fiscal Years

(modified accrual basis of accounting)

	Fiscal Year				
	2016	2017	2018	2019	2020
Revenues					
Taxes:					
Local property	\$ 219,110,622	\$ 222,772,838	\$ 230,447,289	\$ 239,338,210	\$ 244,075,920
Income	123,429,876	119,349,494	124,654,098	136,665,163	139,535,615
Other local	33,025,233	33,346,032	37,038,419	34,887,063	38,572,833
State shared	962,397	952,802	973,650	1,017,386	2,066,341
Charges for services	20,599,217	17,359,957	19,344,815	15,560,632	14,926,894
Intergovernmental	33,541,513	24,060,252	25,239,941	27,230,800	29,098,481
Interest income	2,505,628	3,152,433	4,423,854	8,479,063	6,865,201
Other income	7,400,377	5,900,260	5,610,431	5,303,292	5,790,819
Total revenues	440,574,863	426,894,066	447,732,497	468,481,609	480,932,104
Expenditures					
Education	196,273,015	196,689,241	222,423,055	216,182,784	229,251,472
Public safety	108,328,753	109,642,022	116,276,377	121,054,866	124,939,143
Other general government	31,082,318	25,153,331	24,653,635	29,292,027	28,976,295
Public facilities	23,877,006	26,698,499	28,326,834	25,681,616	25,381,518
Financial administration	9,235,420	9,616,305	10,344,746	10,580,720	10,986,986
Community services	19,885,283	20,159,645	20,081,078	20,496,493	20,135,918
Recreation, Parks & Tourism		7,822,957	9,419,003	9,145,108	8,700,620
Judicial	6,639,733	7,014,417	6,360,387	6,727,282	7,036,491
Planning and growth management	4,028,641	4,317,582	4,761,182	3,940,891	5,193,180
Health services	4,482,033	5,186,537	5,446,454	5,319,197	9,048,939
Economic development	1,572,945	1,957,525	1,924,597	1,870,182	1,999,155
Social services	1,959,157	2,267,949	2,632,030	2,773,565	2,893,192
Legislative	1,626,209	1,690,457	1,908,831	2,193,784	2,237,486
Law	952,254	894,539	1,119,063	1,235,056	1,346,594
Conservation of natural resources	646,436	650,295	666,831	657,855	703,904
Elections	1,171,314	1,288,076	1,269,380	1,471,085	1,355,802
Debt service:					
Principal	11,527,876	10,026,845	8,906,999	10,602,076	10,257,488
Interest	10,184,584	10,039,960	10,086,578	10,899,707	11,581,681
Total expenditures	433,472,976	441,116,181	476,607,061	480,124,292	502,025,865
Excess (deficiency) of revenues over (under) expenditures	7,101,887	(14,222,116)	(28,874,565)	(11,642,683)	(21,093,761)
Other financing sources (uses):					
GASB 87 Leases issued	-	-	-	-	-
GASB 96 SBITA issued	-	-	-	-	-
Issuance of debt-cap asset financing	-	-	-	-	-
Issuance of debt-bonds	34,079,100	23,287,500	47,033,285	41,418,800	37,582,000
Premium on issuance of debt	2,727,531	2,474,574	8,190,150	4,441,258	6,684,673
Bond Proceeds from debt refunding	-	-	-	-	-
Defeased Bonds	-	-	-	-	-
Transfers in	5,993,407	6,980,910	7,753,622	11,505,042	12,111,702
Transfers out	(6,872,543)	(7,723,177)	(8,296,535)	(12,893,479)	(13,608,800)
Total other financing sources	35,927,496	25,019,809	54,680,522	44,471,622	42,769,576
Extraordinary loss from natural disasters, net of income	-	-	-	-	-
Net change in fund balances	\$ 43,029,383	\$ 10,797,693	\$ 25,805,957	\$ 32,828,937	\$ 21,675,814
Debt service as a percentage of noncapital expenditures	5.006%	4.691%	4.190%	4.566%	4.456%

Changes in Fund Balances of Governmental Funds

Charles County, Maryland

Table 4

Last Ten Fiscal Years

(modified accrual basis of accounting)

		Fiscal Year								
		2021	2022	2023	2024	2025				
							<u>Revenues</u>			
							Taxes:			
\$	257,879,510	\$	262,539,537	\$	269,138,716	\$	283,076,280	\$	305,020,304	Local property
	159,808,519		171,197,766		165,720,600		173,607,605		201,194,322	Income
	42,872,626		66,474,525		41,448,321		43,262,029		43,026,173	Other local
	-		-		-		-		-	State shared
	18,946,065		20,403,001		18,826,889		18,128,773		24,664,364	Charges for services
	39,819,570		44,870,411		51,178,354		40,208,582		45,432,982	Intergovernmental
	2,335,789		1,943,179		14,891,943		25,175,677		24,136,178	Interest income
	9,915,707		11,316,878		16,257,773		11,158,800		8,946,524	Other income
	<u>531,577,787</u>		<u>578,745,297</u>		<u>577,462,597</u>		<u>594,617,746</u>		<u>652,420,847</u>	Total revenues
										<u>Expenditures</u>
	244,696,548		237,800,198		251,318,540		275,680,295		288,986,738	Education
	143,501,533		167,909,505		157,774,465		175,959,378		202,273,659	Public safety
	34,824,985		34,977,962		12,709,368		15,262,360		16,008,345	Other general government
	21,853,847		24,777,760		26,087,290		25,382,612		35,613,204	Public facilities
	12,118,803		14,594,460		18,737,679		16,916,672		21,199,702	Financial administration
	19,527,814		28,824,780		24,637,744		25,577,791		29,015,040	Community services
	8,770,046		13,422,721		14,021,304		12,507,834		17,343,652	Recreation, Parks & Tourism
	7,006,128		7,765,262		10,331,113		10,545,088		11,660,858	Judicial
	6,706,205		6,606,988		7,490,130		6,446,519		12,807,263	Planning and growth management
	14,367,322		4,309,983		5,587,536		5,209,860		5,212,535	Health services
	1,753,428		2,387,082		2,731,112		2,384,120		2,276,794	Economic development
	2,969,712		3,194,220		3,774,689		4,122,783		3,797,128	Social services
	2,353,171		2,611,742		2,682,260		3,137,215		3,572,832	Legislative
	1,100,283		1,058,320		2,002,772		2,229,196		1,579,603	Law
	706,528		680,759		762,694		885,371		837,879	Conservation of natural resources
	1,793,145		2,390,185		2,674,662		2,300,773		2,663,309	Elections
										Debt service:
	10,474,059		10,719,447		33,947,519		31,590,420		32,734,686	Principal
	11,217,828		10,994,752		10,810,846		10,569,336		11,004,257	Interest
	<u>545,741,385</u>		<u>575,026,125</u>		<u>588,081,721</u>		<u>626,707,625</u>		<u>698,587,484</u>	Total expenditures
	(14,163,598)		3,719,172		(10,619,124)		(32,089,879)		(46,166,637)	Excess (deficiency) of revenues over (under) expenditures
										Other financing sources (uses):
	-		1,923,042		426,168		1,429,169		230,506	GASB 87 Leases issued
	-		-		5,557,006		1,316,096		1,811,829	GASB 96 SBITA issued
	-		2,255,888		2,579,200		2,361,800		4,275,200	Issuance of debt-cap asset financing
	40,724,995		41,000,000		23,100,000		30,700,000		50,915,000	Issuance of debt-bonds
	5,299,123		6,568,706		2,044,370		3,214,303		6,880,417	Premium on issuance of debt
	20,438,213		-		-		-		-	Bond Proceeds from debt refunding
	(21,634,343)		-		-		-		-	Defeased Bonds
	11,389,243		13,347,880		27,357,614		26,718,963		28,702,425	Transfers in
	(12,761,109)		(14,081,569)		(37,634,408)		(26,839,038)		(28,910,364)	Transfers out
	<u>43,456,124</u>		<u>51,013,948</u>		<u>23,429,951</u>		<u>38,901,293</u>		<u>63,905,013</u>	Total other financing sources
										Extraordinary loss from natural disasters, net of income
\$	<u>29,292,525</u>	\$	<u>54,733,121</u>	\$	<u>12,810,825</u>	\$	<u>6,811,413</u>	\$	<u>17,738,376</u>	Net change in fund balances
	4.277%		3.992%		8.133%		7.159%		6.815%	Debt service as a percentage of noncapita expenditures

Assessed Value and Estimated Actual Value of Taxable Property

Charles County, Maryland
 Table 5
 Last Ten Fiscal Years

Fiscal Year Ending June 30	Real Property		Business Personal Property	Railroads & Public Utilities	Ordinary Business Corporations
	Full Year	1/4, 1/2, 3/4 Yr.			
2016	15,692,752,105	169,790,559	9,183,690	317,477,720	645,642,220
2017	16,258,683,269	191,816,634	9,541,520	313,993,400	221,587,700 ¹
2018	16,800,788,225	191,280,438	9,750,090	329,489,630	220,855,150 ¹
2019	17,424,002,372	163,026,797	9,664,600	334,601,020	247,061,400 ¹
2020	18,105,807,509	175,819,336	9,091,840	332,771,760	232,315,530 ¹
2021	18,756,740,379	203,135,128	8,330,760	392,121,410	237,161,180 ¹
2022	19,421,428,630	271,832,216	18,758,880	411,354,500	245,947,150 ¹
2023	20,606,739,985	231,204,980	15,774,970	429,537,130	250,401,030 ¹
2024	22,029,815,168	257,097,419	5,373,270	388,985,424	199,999,920 ¹
2025	24,018,858,944	287,918,532	6,203,610	365,283,100	218,795,740 ¹

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

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

Assessed Value and Estimated Actual Value of Taxable Property

Charles County, Maryland
 Table 5
 Last Ten Fiscal Years

Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Taxable Value	Assessed Value as a Percentage of Actual Value	Fiscal Year Ending June 30
16,834,846,294	1.14	16,834,846,294	100.00%	2016
16,995,622,523	1.14	16,995,622,523	100.00%	2017
17,552,163,533	1.14	17,552,163,533	100.00%	2018
18,178,356,189	1.14	18,178,356,189	100.00%	2019
18,855,805,975	1.14	18,855,805,975	100.00%	2020
19,597,488,857	1.14	19,597,488,857	100.00%	2021
20,369,321,376	1.14	20,369,321,376	100.00%	2022
21,533,658,095	1.14	21,533,658,095	100.00%	2023
22,881,271,201	1.14	22,881,271,201	100.00%	2024
24,897,059,926	1.14	24,897,059,926	100.00%	2025

Property Tax Rates for Direct and Overlapping Governments

Charles County, Maryland

Table 6
 Last Ten Fiscal Years
 (Per \$100 of Assessed Value)

Fiscal Year	General County (Including Education)	Fire and Rescue Tax	State	Town of La Plata	Town of Indian Head
2016	1.1410	0.064	0.112	0.185	0.255
2017	1.1410	0.064	0.112	0.190	0.259
2018	1.1410	0.064	0.112	0.181	0.262
2019	1.1410	0.064	0.112	0.185	0.262
2020	1.1410	0.064	0.112	0.185	0.262
2021	1.1410	0.064	0.112	0.181	0.262
2022	1.1410	0.064	0.112	0.178	0.261
2023	1.1410	0.064	0.112	0.178	0.261
2024	1.1410	0.064	0.112	0.178	0.261
2025	1.1410	0.064	0.112	0.208	0.301

Information Source: Charles County Treasurer's Office

Principal Taxpayers

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

Ten Leading Taxpayers
(For period ending June 30, 2025)

<u>Taxpayer</u>	<u>Assessed Valuation</u>	<u>% of Total Assessed</u>	<u>County Taxes ¹</u>
Southern Maryland Electric Cooperative	\$ 175,967,100	0.71%	\$ 5,019,462
CPV Maryland, LLC	248,990,710 ^{2,3}	1.00%	2,288,109
Dominion Cove Point LNG, LP	74,119,050	0.30%	2,114,246
SCG Atlas Westchester, LLC	129,228,600	0.52%	1,474,498
Washington Gas Light Company	43,563,650	0.17%	1,242,653
Verizon Maryland Inc.	30,228,240	0.12%	862,261
Potomac Electric Power Company	27,657,560	0.11%	788,932
NRG Energy, Inc. (formerly GenOn Mid-Atlantic LLC)	22,399,600 ^{2,3}	0.09%	693,750
LH Waldorf LLC	59,260,200	0.24%	676,159
Madison Waldorf LLC	58,880,900	0.24%	671,831
	<u>\$ 694,328,510</u>	<u>2.79%</u>	<u>\$ 10,812,439</u>
Total Taxable Assessed Value		<u>\$ 24,897,059,926 ³</u>	

Ten Leading Taxpayers
(For period ending June 30, 2016)

<u>Taxpayer</u>	<u>Assessed Valuation</u>	<u>% of Total Assessed</u>	<u>County Taxes ¹</u>
NRG Energy, Inc. (formerly GenOn Mid-Atlantic LLC)	\$ 528,235,890 ²	3.14%	\$ 13,376,512
Southern Maryland Electric Cooperative	146,485,430	0.87%	4,178,497
Charles Mall Company LTD Partnership	141,150,000	0.84%	1,610,522
SCG Atlas Westchester, LLC	75,970,600	0.45%	866,825
Dominion Cove Point LNG, LP	61,927,790	0.37%	1,766,490
Madison Waldorf, LLC	55,795,400	0.33%	636,626
SVF Waldorf LLC	47,340,700	0.28%	540,157
Verizon Maryland, Inc	39,697,550	0.24%	1,132,373
Washington Gas Light Company	27,963,360	0.17%	797,655
Potomac Electric Power Company	22,463,450	0.13%	640,770
	<u>\$ 1,147,030,170</u>	<u>6.81%</u>	<u>\$ 25,546,425</u>
Total Taxable Assessed Value		<u>\$ 16,834,846,294 ³</u>	

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

¹ 2025 Based on County Tax of \$2.8525 per \$100 assessed and 2015 based on County Tax of \$2.85 per \$100 assessed value

² FY17 start of PILOT agreements with these two taxpayers

³ Based on Department of Fiscal Services projected assessment values (from table 5)

Property Tax Levies and Collections

Charles County, Maryland
 Table 8
 Last Ten Fiscal Years

Fiscal Year Ending June 30	Total Tax Levy Local Property ¹	Collected within the Fiscal Year of the Levy		Collection In Subsequent Years	Total Collections To Date		Outstanding Delinquent Tax
		Amount	Percent		Amount	Percent	
2016	207,718,986	206,927,720	99.62%	482,053	207,236,933	99.77%	309,213
2017	202,074,697	200,633,185	99.29%	821,206	201,253,491	99.59%	620,306
2018	208,859,514	207,797,166	99.49%	1,062,348	208,419,597	99.79%	622,431
2019	216,532,932	215,322,319	99.44%	1,210,613	216,532,932	100.00%	1,210,613
2020	224,009,919	221,438,033	98.85%	2,571,886	224,009,919	100.00%	2,571,886
2021	233,302,985	232,176,212	99.52%	1,126,773	233,302,985	100.00%	1,126,773
2022	242,337,352	241,015,297	99.45%	1,321,655	242,336,952	100.00%	1,321,655
2023	256,205,207	254,910,419	99.49%	1,294,788	256,205,207	100.00%	1,294,788
2024	269,877,875	268,718,237	99.57%	1,159,638	269,877,875	100.00%	1,159,638
2025	292,588,998	291,543,937	99.64%	1,045,061	292,588,998	100.00%	1,045,061

Information Source: Audited financial statements of the County for the fiscal years 2015-2024

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

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Ratios of Outstanding Debt by Type

Charles County, Maryland

Table 9

Last Ten Fiscal Years

Fiscal Year Ending June 30	Governmental Activities					Business-type Activities
	General Obligation Bonds	Capital Asset Financing	Notes Payable	Lease Liabilities	SBITA Liabilities	General Obligation Bonds
2016	254,571,190	11,986,956	1,367,078	-	-	80,608,468
2017	248,961,935	11,603,309	13,235	-	-	84,333,406
2018	268,977,982	11,349,443	2,769	-	-	94,682,422
2019	280,510,590	9,817,956	-	-	-	108,887,222
2020	289,916,315	8,446,732	-	-	-	125,083,237
2021	294,421,229	12,705,198	-	-	-	137,388,435
2022	307,025,967	11,670,007	-	2,309,143	-	158,838,218
2023	294,050,794	11,079,806	-	2,148,888	4,018,571	177,866,856
2024	292,190,346	10,607,512	-	2,886,122	2,917,577	193,375,802
2025	313,871,867	10,781,273	-	2,442,594	2,721,062	208,926,207

1 See Table 13 for personal income and population data.

These ratios are calculated using personal income and population.

Ratios of Outstanding Debt by Type

Charles County, Maryland

Table 9

Last Ten Fiscal Years

Business-type Activities			Total Primary Government	Percentage of Personal Income ¹	Per Capita ¹	Fiscal Year Ending June 30
Capital Asset Financing	Notes Payable	SBITA Liabilities				
7,331,830	7,823,827	-	363,689,349	4.30%	2,306.14	2016
6,025,256	7,082,769	-	358,019,910	4.06%	2,241.83	2017
4,911,964	6,332,818	-	386,257,398	4.26%	2,392.04	2018
3,624,435	5,573,868	-	408,414,071	4.33%	2,501.66	2019
3,189,119	4,805,813	-	431,441,216	4.28%	2,614.19	2020
4,809,758	4,028,539	-	453,353,159	4.20%	2,687.37	2021
4,036,960	3,241,937	-	487,122,232	4.55%	2,863.71	2022
3,584,293	2,445,897	-	495,195,105	4.32%	2,879.49	2023
4,058,455	1,640,304	162,559	507,838,677	4.15%	2,910.62	2024
3,240,114	825,044	110,646	542,918,807	4.43%	3,111.67	2025

Ratios of General Bonded Debt Outstanding

Charles County, Maryland

Table 10

Last Ten Fiscal Years

Fiscal Year Ending June 30	Governmental Activities		Business Activities		Percentage of Estimated Actual Taxable Value of Property ²	Per Capita ³
	General Obligation Debt	Less: Amounts Available in Debt Service Fund ¹	General Obligation Debt	Total		
2016	254,571,190	1,474,000	80,608,468	333,705,658	1.98%	2,116.01
2017	248,961,935	497,000	84,333,406	332,798,341	1.96%	2,083.90
2018	268,977,982	1,998,407	94,682,422	361,661,997	2.06%	2,239.73
2019	280,510,590	647,125	108,887,222	388,750,687	2.14%	2,381.22
2020	289,916,315	1,238,450	125,083,237	413,761,102	2.19%	2,507.07
2021	294,421,229	1,883,754	137,388,435	429,925,910	2.19%	2,548.49
2022	307,025,967	1,692,000	158,838,218	464,172,185	2.28%	2,751.50
2023	294,050,794	2,252,148	177,866,856	469,665,502	2.18%	2,761.08
2024	292,190,346	1,002,651	194,629,942	485,817,637	2.12%	2,824.96
2025	313,871,867	2,508,868	208,926,207	520,289,206	2.09%	2,981.98

1 Restricted for debt service principal payments. In FY2024, these numbers were restated to reflect the amount of net position reserved for debt service in each fiscal year. In the fiscal years prior to FY2021, this restricted net position amount was not broken out in the net position of the government wide statements. For FY2020 and FY2019, it was part of the debt service fund. For FY2015 to FY2018, this was part of the General Fund.

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

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

Debt Capacity: Computation of Net Direct and Overlapping Debt

Charles County, Maryland

Table 11

Name of Jurisdiction	Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Overlapping Debt
Towns ²			
La Plata	\$ 15,130,000	100%	\$ 15,130,000
Indian Head	627,153	100%	<u>608,138</u>
Subtotal overlapping debt			15,738,138
Charles County Government direct debt ¹			<u>329,816,796</u>
Total direct and overlapping debt			<u><u>\$ 345,554,934</u></u>

1 Net direct debt of the County includes Governmental Activities general obligation bonds, notes payable, subscriptions and capital asset financing. See Table 9

2 All entities are wholly located in Charles County. Debt information reported by municipalities or estimated based on available public information.

Sources: Towns of La Plata and Indian Head, Table 9 data

Legal Debt Margin Information

Charles County, Maryland

Table 12

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

This Table is therefore not applicable.

Demographic and Economic Statistics

Charles County, Maryland

Table 13

Last Ten Fiscal Years

Fiscal Year	Population ¹	Personal Income	Per Capita Personal Income ³	Median Age	School ⁴ Enrollment	Unemployment Rate ²
2016	157,705	8,451,874	53,593	37	25,471	4.60%
2017	159,700	8,820,414	55,231	37	25,521	4.30%
2018	161,476	9,061,892	56,119	38	26,085	4.20%
2019	163,257	9,432,032	57,774	38	26,315	3.90%
2020	165,038	10,083,878	61,324	37	26,508	8.10%
2021	168,698	10,786,420	63,939	37	26,029	5.60%
2022	170,102	10,706,536	62,942	39	25,986	3.40%
2023	171,973	11,460,543	66,642	39	26,635	2.20%
2024	174,478	12,250,294	70,211	39	26,723	3.50%
2025	not available	not available	not available	39	27,005	4.00%

1 U.S. Census Bureau, 2015 - 2024 population figures

2 Bureau of Labor Statistics, Local Area Unemployment Statistics (not seasonally adjusted) updated data as of November 2024

3 Bureau of Economic Analysis, 2023, updated data as of November 2024

4 Charles Co. Board of Education Student Services

Principal Employers

Charles County, Maryland

Table 14

Current Year and Ten Years Ago

Employer	Fiscal Year 2025	
	Number of Employees ¹	Percentage of Total County Employment
Charles County Board of Education	4,263	4.89%
Naval Support Facility at Indian Head	3,544	4.07%
Charles County Government	2,085	2.39%
UM Charles Regional Medical Center	911	1.04%
College of Southern Maryland	691	0.79%
Walmart/Sam's Club	638	0.73%
Waldorf Chevy/Cadillac, Honda, Ford, Toyota/Scion, Dodge	560	0.64%
Southern Maryland Electric Cooperative (SMECO)	534	0.61%
Safeway	425	0.49%
Lowe's	320	0.37%
Chick-fil-A	301	0.35%
Target	300	0.34%
MedStar Shah	238	0.27%
Complete Care at La Plata (formerly Genesis Health Care)	230	0.26%
Darden Restaurants	209	0.24%
Green Acres Nursing and Rehab	203	0.23%
Total	15,452	
Total County Employment ²	87,178	

Employer	Fiscal Year 2016	
	Number of Employees ¹	Percentage of Total County Employment
Charles County Board of Education	3,631	4.65%
Naval Department of Defense at Indian Head	2,945	3.77%
Charles County Government	1,637	2.10%
UM Charles Regional Medical Center	696	0.89%
College of Southern Maryland	550	0.70%
The Facchina Group of Companies	519	0.67%
Naval Support Facility Indian Head Contractors	482	0.62%
Southern Maryland Electric Cooperative (SMECO)	458	0.59%
BJ's Wholesale Club	452	0.58%
Target	400	0.51%
McDonald's	396	0.51%
Safeway	391	0.50%
Wal-Mart/Sam's Club	338	0.43%
Genesis Health Care	278	0.36%
Sage Pont Senior Living Services	275	0.35%
Waldorf Ford	250	0.32%
Total	13,698	
Total County Employment ²	78,022	

¹ Charles County Economic Development Department as of 2024 (top) and 2015 (bottom)

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

Full-time Equivalent County Employees by Function

Charles County, Maryland
Table 15
Last Ten Fiscal Years

Function	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	Budget 2026	Actual Increase over period
<u>County Commissioners</u>	5	5	5	5	5	5	5	5	5	5	5	
<u>Governmental Departments</u>												
Animal Control Services	20	24	24	24	24	24	25	25	25	29	29	45%
Central Services	0	0	1	7	8	8	9	10	11	11	11	Not meaningful
Community Services	55	50	49	55	57	57	57	59	59	62	62	13%
County Commissioners' Office Staff	22	25	25	21	25	24	24	25	26	26	27	21%
County Attorney's Office	10	10	10	10	11	11	11	12	12	12	12	21%
Economic Development	9	9	11	11	11	11	11	12	13	14	14	45%
Emergency Services	122	128	134	134	148	161	162	172	198	214	225	84%
Fiscal and Administrative Services	72	72	72	73	75	77	80	82	87	90	93	29%
Human Resources	8	10	12	13	13	14	14	16	17	19	19	131%
Internal Audit	0	2	2	2	2	2	2	2	2	2	2	Not meaningful
Planning & Growth Mgmt	66	69	70	73	78	79	82	86	95	102	108	63%
Public Works	313	321	332	337	350	363	339	346	354	361	366	17%
Capital Project Management	0	0	0	0	0	0	26	26	26	33	35	Not meaningful
Recreation, Parks, & Tourism	125	132	134	143	143	144	145	149	152	160	161	29%
Subtotal County Departments	821	851	874	902	943	973	986	1020	1075	1135	1161	41%
<u>Other Agencies</u>												
Circuit Court	22	25	25	26	27	27	28	32	32	32	34	53%
Detention Center	156	156	156	160	159	159	159	159	159	159	158	1%
Sheriff's Office	485	493	495	502	510	512	516	530	540	557	560	15%
Soil Conservation	5	5	5	5	5	5	5	6	6	6	6	11%
State's Attorney Office	54	58	48	50	53	52	58	64	64	70	70	30%
TOTAL	1548	1592	1608	1650	1702	1732	1756	1814	1880	1964	1994	29%

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

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

Operating Indicators by Function

Charles County, Maryland

Table 16

Last Ten Fiscal Years

Function	Fiscal Year				
	2016	2017	2018	2019	2020
Public Safety					
1 Sheriff's Calls for Service	253,984	256,984	235,604	249,863	172,115
Emergency Response Team Responses	1,337	638	234	194	209
Bookings	10,194	9,270	8,154	7,485	5,745
Drug Screening	746	702	1,013	809	541
Red Light Camera Citations Issued	29,194	26,343	26,349	26,291	25,505
Animal Control Calls for Service	5,848	6,002	5,759	5,216	5,280
Animal Shelter Population	8,700	8,136	7,171	6,562	5,667
Alarm System Registrations	24,795	26,058	27,592	28,727	29,305
False Alarm Calls	8,283	8,017	8,285	7,946	7,638
EMS Responses	15,375	16,649	18,153	19,628	19,500
911 Calls Received	78,722	81,745	85,000	82,000	73,700
Community Services/Planning & Growth Mgmt					
Public Transit Routes	15	15	16	16	15
Service Miles	1,207,500	1,296,005	1,283,362	1,289,625	1,767,461
Senior Program Participation	4,250	4,286	4,567	4,637	4,726
Public Facilities					
Square Footage Maintained	1,300,000	1,326,000	1,351,382	1,300,037	1,351,382
Preventative Maintenance Performed	950	6,770	3,980	4,454	5,266
Athletic Leagues Maintained	70	68	45	46	27
Scheduled Games	8,200	7,577	6,431	6,342	3,137
Vehicle Maintenance Work Orders	5,560	4,606	4,765	5,734	5,356
Lane Miles Maintained	1,681	1,684	1,700	1,709	1,725
Water and Sewer					
Billing Invoices per year	133,057	134,674	136,906	135,434	139,762
New Accounts Set Up	550	725	529	491	498
Meters Read	130,000	129,404	131,848	130,709	135,250
Holding Tank Program Gallons Pumped	303,650	557,350	588,900	577,850	518,700
County Park Operations					
Rounds of Golf	28,000	24,130	19,712	24,860	17,924
Season Passes	100	90	87	62	76
Solid Waste Management					
1 Recycled Tons	80,192	76,245	69,225	67,368	60,672
1 Recycle Curbside Collection Tons	7,401	7,727	8,200	8,653	8,500
Landfill Tons	94,901	101,149	101,050	114,669	116,854

1 Based on Calendar Year

2 Projected

Source: Budget Division, Charles County Fiscal and Administrative Services Department
 County Departments have also provided information not included in the budget document.

Operating Indicators by Function

Charles County, Maryland

Table 16

Last Ten Fiscal Years

Fiscal Year					Function
2021	2022	2023	2024	2025	
Public Safety					
198,653	253,799	261,003	241,806	261,000 ¹	Sheriff's Calls for Service
179	182	156	230	235	Emergency Response Team Responses
4,293	4,795	5,505	4,926	5,000	Bookings
0	0	0	0	0	Drug Screening
29,868	35,076	37,467	39,691	39,500	Red Light Camera Citations Issued
5,900	6,184	6,547	7,683	7,775	Animal Control Calls for Service
5,208	6,360	4,703	4,838	4,920	Animal Shelter Population
30,331	31,328	31,797	31,797	31,797	Alarm System Registrations
6,715	7,507	6,907	6,667	6,337	False Alarm Calls
20,666	21,996	23,000	23,364	23,703	EMS Responses
73,777	77,291	79,894	80,020	78,000	911 Calls Received
Community Services/Planning & Growth Mgm					
15	15	16	16	17	Public Transit Routes
1,300,738	1,900,000	1,749,203	1,352,592	1,402,369	Service Miles
4,851	4,748	5,030	5,322	5,187	Senior Program Participation
Public Facilities					
1,308,221	1,308,221	1,281,621	1,309,097	1,455,314	Square Footage Maintained
7,164	6,919	6,755	6,706	7,188	Preventative Maintenance Performed
28	30	50	37	57	Athletic Leagues Maintained
3,295	5,300	5,713	2,542	3,976	Scheduled Games
5,271	5,596	5,437	5,669	10,919	Vehicle Maintenance Work Orders
1,735	1,860	2,250	2,260	2,265	Lane Miles Maintained
Water and Sewer					
136,980	135,257	157,095	134,050	146,213	Billing Invoices per year
459	564	620	622	589	New Accounts Set Up
136,980	129,042	136,029	144,769	148,791	Meters Read
623,100	518,950	471,750	467,320	374,900	Holding Tank Program Gallons Pumped
County Park Operations					
22,256	17,815	22,540	25,600	22,500	Rounds of Golf
74	91	89	84	80	Season Passes
Solid Waste Management					
41,091	42,336	64,491	43,621	56,446 ¹	Recycled Tons
9,422	8,935	8,966	8,244	8,700 ¹	Recycle Curbside Collection Tons
112,071	132,316	150,498	126,086	112,323	Landfill Tons

¹ Based on Calendar Year

² Projected

Capital Asset Statistics by Function

Charles County, Maryland
 Table 17
 Last Ten Fiscal Years

Function	Fiscal Year				
	2016	2017	2018	2019	2020
General Government					
Buildings	30	29	29	27	27
Vehicles	256	257	242	263	268
Transportation Service Vehicles	0	36	38	38	42
Public Safety					
Sheriff Stations	7	7	7	7	7
Detention Centers	2	2	2	2	2
Sheriff Patrol Vehicles	469	470	467	453	459
Other Sheriff Vehicles	15	15	17	12	20
K-9 Dogs	12	14	13	12	14
Mobile Communications Center	1	1	1	1	1
Emergency Operations Vehicles	18	18	20	21	24
Hazmat Vehicles	5	5	5	5	6
Animal Control Vehicles	11	13	8	8	8
Community Services					
Transportation Service Vehicles	40	0	0	0	0
Senior / Community Centers	4	4	4	5	4
Community Centers	9	9	9	10	11
Pools	6	6	6	6	6
Public Facilities					
Buildings	8	8	8	8	8
Roadways (miles)	1,681	1,684	1,697	1,709	1,725
Heavy Equipment	37	39	34	36	38
Water and Sewer					
Buildings	17	18	18	18	18
Wastewater Treatment Plants	7	7	7	7	7
Pump Stations	55	57	58	58	59
Wells	66	67	67	67	63
Heavy Equipment	24	25	29	28	30
Vehicles	117	123	126	125	130
Meters	128,000	129,404	131,848	130,709	135,250
County Park Operations					
Parks	33	33	33	33	35
Park Acreage	4,061	4,061	4,195	4,195	4,195
Golf Course	1	1	1	1	1
Skate Park	1	1	1	1	1
Concession Buildings	9	9	9	9	9
Vehicles	2	2	2	2	2
Recreation Programs					
Recreation/ Sports Centers	2	3	3	3	3
Solid Waste Management					
Buildings	6	8	8	8	8
Recycling Stations with Buildings	3	4	4	4	4
Heavy Equipment	28	32	26	24	37
Vehicles	36	40	40	41	50

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

Capital Asset Statistics by Function

Charles County, Maryland

Table 17

Last Ten Fiscal Years

Fiscal Year					Function
2021	2022	2023	2024	2025	
General Government					
26	26	29	29	31	Buildings
285	258	264	285	303	Vehicles
42	46	45	42	51	Transportation Service Vehicles
Public Safety					
7	7	7	7	7	Sheriff Stations
2	2	2	2	2	Detention Centers
452	455	475	484	503	Sheriff Patrol Vehicles
21	20	18	18	18	Other Sheriff Vehicles
13	10	11	11	13	K-9 Dogs
1	1	1	1	1	Mobile Communications Center
20	33	35	37	42	Emergency Operations Vehicles
6	6	7	7	6	Hazmat Vehicles
8	10	11	11	10	Animal Control Vehicles
Community Services					
0	0	0	0	0	Transportation Service Vehicles
4	4	4	4	4	Senior / Community Centers
11	11	11	11	11	Community Centers
6	6	5	5	6	Pools
Public Facilities					
8	8	8	8	8	Buildings
1735	1860	2250	2260	2265	Roadways (miles)
36	38	38	51	54	Heavy Equipment
Water and Sewer					
18	19	19	19	19	Buildings
7	7	7	7	7	Wastewater Treatment Plants
61	60	60	60	62	Pump Stations
64	64	64	64	64	Wells
31	35	36	36	36	Heavy Equipment
142	147	143	143	150	Vehicles
136,980	135,257	138,250	139,979	142,000	Meters
County Park Operations					
35	35	35	35	35	Parks
4,195	4,212	4,212	4,212	4,212	Park Acreage
1	1	1	1	1	Golf Course
1	1	1	1	1	Skate Park
9	9	9	9	9	Concession Buildings
2	1	1	1	1	Vehicles
Recreation Programs					
3	3	3	3	3	Recreation/ Sports Centers
Solid Waste Management					
8	8	8	8	8	Buildings
4	4	4	4	4	Recycling Stations with Buildings
48	49	50	52	55	Heavy Equipment
54	53	53	42	47	Vehicles

Charles County Commissioners



Equal Opportunity County

Fiscal & Administrative Services Accounting Division

Jacob D. Dyer, Acting Director
William G. DeAtley, Chief of Accounting
Joan T. Thorp, CPA, Assistant Chief of Accounting
200 Baltimore Street La Plata, Maryland 20646
MD Relay: 711 Relay TDD: 1-800-735-2258

www.CharlesCountyMD.gov



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

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

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

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