

COUNTY COMMISSIONERS OF WASHINGTON COUNTY

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

For the Year Ended June 30, 2023

JUNE 30, 2023

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REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

County Commissioners of Washington County
Hagerstown, Maryland

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the County Commissioners of Washington County, Maryland (the County), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

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

In our opinion, based on our audit and the report of the other auditors, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the County, as of June 30, 2023, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under these standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of the County and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedule of changes in net OPEB liability and related ratios, schedule of OPEB trust fund employer contributions, schedules of changes in pension fund net pension liability and related ratios for the General Employees' Pension Fund and Volunteer Length of Service Award Fund, schedules of employer contributions for the General Employees' Pension Fund and the Volunteer Length of Service Award Fund, and the budget and actual schedule be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context.

We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of



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

Supplementary Information

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

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

Owings Mills, Maryland
October 31, 2023

SB & Company, LLC



MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2023

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

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

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

1) Government-wide Financial Statements

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

- ❑ The *statement of net position* presents information on the County's entire assets and liabilities, with the difference between the two reported as net position. Over time, increases and decreases in net position may serve as a useful indicator of whether the financial position of the County is improving or deteriorating.
- ❑ The *statement of activities* presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of these financial statements distinguish functions of the County that are principally supported by taxes and intergovernmental revenues (governmental activities) and activities from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities).

- ❑ The *governmental activities* of the County include education, general government, parks and recreation, public safety, courts, health and social services, and highway maintenance.
- ❑ The *business-type activities* of the County include airport, public golf course, public transit, solid waste, and water quality operations.

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

The government-wide financial statements can be found on pages 21-23 of this report.

2) Fund Financial Statements

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



MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2023

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

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The County maintains 11 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General, Capital Improvement, Grant Management, Cascade Town Centre, Inmate Welfare, Contraband, Agricultural Education, Gaming, Land Preservation, HEPMPO, and Hotel Rental Tax funds.

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

The basic governmental fund financial statements can be found on pages 24-27 of this report.

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

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

The basic proprietary fund financial statements can be found on pages 28-30 of this report.

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

The basic fiduciary fund financial statements can be found on pages 31-32 of this report.

3) **Notes to the Financial Statements**

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 33-108 of this report.



MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2023

4) Supplementary Information

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

In addition to this MD&A, required supplementary information can be found on page 111-116 of this report.

Financial Analysis on Government-Wide Financial Statements

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the County, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$727.0 million as of the close of the most recent fiscal year.

**Washington County, Maryland
Net Position
(Government-Wide)**

	<i>Governmental Activities</i>		<i>Business-type Activities</i>		<i>Total</i>		<i>Total Percent Change</i>
	2023	2022	2023	2022	2023	2022	
<i>Current and other assets</i>	\$338,801,688	\$306,097,423	\$78,789,403	\$69,219,966	\$417,591,091	\$375,317,389	11.26%
<i>Capital assets</i>	462,704,433	454,296,678	245,372,962	246,864,602	708,077,395	701,161,280	0.99%
<i>Total Assets</i>	801,506,121	760,394,101	324,162,365	316,084,568	1,125,688,486	1,076,478,669	4.57%
<i>Deferred Outflow of Resources</i>	9,759,931	18,459,103	302,211	401,190	10,062,142	18,860,293	(46.65%)
<i>Current and other liabilities</i>	46,497,888	62,614,910	28,526,487	29,094,246	75,024,375	91,709,156	(18.19%)
<i>Long-term liabilities</i>	248,009,348	252,062,837	61,369,441	60,951,648	309,378,789	313,014,485	(1.16%)
<i>Total Liabilities</i>	294,507,236	314,677,747	89,895,928	90,045,894	384,403,164	404,723,641	(5.02%)
<i>Deferred Inflow of Resources</i>	10,915,544	10,263,845	13,454,361	13,633,817	24,369,905	23,897,662	1.98%
<i>Net Investment in Capital Assets</i>	373,234,604	363,793,008	212,330,432	210,809,736	585,565,036	574,602,744	1.91%
<i>Restricted Net Assets</i>	60,108,254	39,960,328	17,348,220	13,957,773	77,456,474	53,918,101	43.66%
<i>Unrestricted Net Assets</i>	72,500,414	50,158,276	(8,564,365)	(11,961,462)	63,936,049	38,196,814	67.39%
<i>Total Net Position</i>	\$505,843,272	\$453,911,612	\$221,114,287	\$212,806,047	\$726,957,559	\$666,717,659	9.04%

The largest portion of the County's net position reflects its investments in capital assets (e.g., land, roads, and bridges); less related outstanding debt used to acquire those assets in the amount of \$585.5 million. The County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the County's investment in 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 the capital assets themselves cannot be used to liquidate these liabilities. An additional portion of the County's net position, \$77.5 million, represents resources that are subject to external restrictions on how they may be used. The remaining portion is unrestricted net assets of \$63.9 million.

Unrestricted net assets in governmental activities have been reduced by \$46.8 million in long-term debt, resulting in unrestricted net assets of \$72.5 million. This long-term debt was incurred by the County's general fund for the purpose



MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2023

of capital asset acquisition for the Board of Education of \$38.7 million and Hagerstown Community College of \$8.1 million. The capital assets acquired with these bonds are not reflected in the County's primary government financial statements.

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

	Governmental Activities		Business-type Activities		Total	
	2023	2022	2023	2022	2023	2022
Program Revenues:						
Charges for Services	\$9,418,895	\$9,393,072	\$27,596,609	\$27,229,233	\$37,015,504	\$36,622,305
Operating Grants and Contributions	21,001,095	33,686,424	2,309,855	3,287,909	23,310,950	36,974,333
Capital Grants and Contributions	24,905,987	11,168,422	12,441,689	2,718,109	37,347,676	13,886,531
General Revenues:						
Property Taxes	141,039,560	135,971,972	-	-	141,039,560	135,971,972
Local Taxes	146,073,778	176,446,161	-	-	146,073,778	176,446,161
Other	12,010,282	3,034,031	827,394	322,405	12,837,676	3,356,436
Total Revenues	354,449,597	369,700,082	43,175,547	33,557,656	397,625,144	403,257,738
Program Expenses:						
General Government	40,342,676	22,644,496	-	-	40,342,676	22,644,496
Public Safety	77,372,812	80,736,885	-	-	77,372,812	80,736,885
Health	3,027,814	2,339,270	-	-	3,027,814	2,339,270
Social Services	506,330	446,010	-	-	506,330	446,010
Education	121,790,998	120,236,520	-	-	121,790,998	120,236,520
Parks and Recreation	8,513,824	8,710,969	-	-	8,513,824	8,710,969
Natural Resources	5,039,490	3,909,810	-	-	5,039,490	3,909,810
Community Promotion	18,631,787	28,803,412	-	-	18,631,787	28,803,412
Highways and Streets	19,467,224	30,048,507	-	-	19,467,224	30,048,507
Interest on Long-term Debt	4,609,784	4,604,683	-	-	4,609,784	4,604,683
Business-type Activities:						
Water Quality	-	-	15,926,074	15,035,913	15,926,074	15,035,913
Solid Waste	-	-	7,932,279	7,443,086	7,932,279	7,443,086
Public Transit	-	-	3,651,461	3,173,543	3,651,461	8,854,924
Airport	-	-	9,144,705	8,854,924	9,144,705	3,173,543
Golf Course	-	-	1,427,987	1,284,649	1,427,987	1,284,649
Total Expenses	299,302,739	302,480,562	38,082,506	35,792,115	337,385,245	338,272,677
Change in Net Position before transfers	55,146,859	66,999,360	5,093,041	(2,234,459)	60,239,900	64,764,901
Transfers	(3,215,199)	(3,954,253)	3,215,199	3,954,253	-	-
Contributed Capital	-	-	-	-	-	-
Proceeds of Leases & Subscriptions	-	(220,160)	-	-	-	(220,160)
Change in Net Position	51,931,660	63,045,107	8,308,240	1,719,794	60,239,900	64,764,901
Net Position – Beginning of year	453,911,612	390,866,505	211,086,253	212,806,047	666,717,659	601,952,758
Net Position – End of year	\$505,843,272	\$453,911,612	\$212,806,047	\$221,114,287	\$726,957,559	\$666,717,659

The County's net position increased by \$60.2 million during fiscal year 2023; total net position as of June 30, 2023 was \$727.0 million, representing a 9.04% increase.

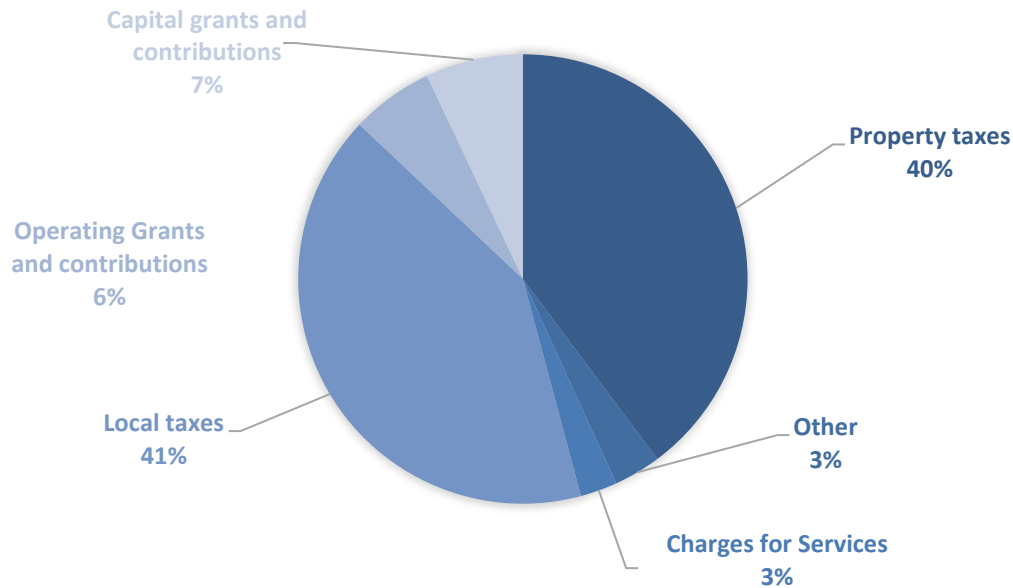


MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2023

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

Revenues for the County's governmental activities were \$354.4 million for FY2023. Sources of revenue are comprised of the following items:

REVENUES BY SOURCE - GOVERNMENTAL ACTIVITIES



Taxes represent the County's largest revenue source at \$287.1 million for FY2023, which represents 82% of all County revenues.

- The property tax rate is \$.928 per \$100 of assessed value and generates 40% of County revenue.
- Local taxes, which include income tax, generate 41% of County revenue. The income tax rate for FY2023 was 3.0% through December 2022, and was reduced to 2.95% beginning January 1, 2023.

Operating grants and contributions represent 6% of total revenue and reflects federal and state funding that the county uses to carry out certain initiatives. FY2023 grants provided funding for public safety programs, land preservation, and rent and utility assistance grants for those in the community who were negatively impacted by COVID-19.

Revenue from governmental activities decreased from FY2022 by \$15.3 million.

- Charges for Services remained relatively flat compared to FY2022.
- Operating grants and contributions decreased by \$12.7 million mainly due to the completion of grants received for COVID-19 relief.
- Capital grants and contributions increased by \$13.7 million due to fluctuations in capital spending. It is common for this line item to change from year to year due to varying projects and associated funding sources.



MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2023

- Property Taxes increased over the prior year by about \$5.1 million due to an increase in assessed values in both real and personal property.
- Local taxes decreased by \$30.3 million in total. Income tax decreased \$1.9 million or 1.52% compared to FY2022, which includes \$4.5 million less in disparity grant. Other local taxes such as recordation tax and transfer tax decreased from FY2022 revenue by \$7.2 million and \$3.3 million respectively, which is an indication that economic activity is returning to a normal level. APFO fees were \$0.1 million less than FY2022 due to timing of development which can fluctuate from year to year.
- Other revenues increased by \$9.0 million. The increase is mainly due to an increase in interest revenue of \$6.0 million because of the changes in interest rates and the recording of \$4.3 million in in-kind revenue. The in-kind revenue has an offsetting expense in the same amount and has a net zero effect on net position. These increases were offset by loss on the sale of assets of about \$1.1 million, due to the trade in of assets leased prior to GASB87 on leased assets reported per GASB87.

A more detailed discussion of the County's revenue results for FY2023 as compared to what was budgeted can be found in the General Fund Budgetary Analysis section of this MD&A.

The following table presents costs and program revenues for major county programs. The total cost of governmental services for FY2023 was \$295.1 million. Revenues of \$55.3 million that offset these costs include \$9.4 million in charges for services and \$45.9 million in operating and capital grants and contributions. The net amount of \$239.8 million was paid for through county taxpayer dollars.

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

Category	Expenses		Revenues		Net Cost of Services	
	2023	2022	2023	2022	2023	2022
Education	\$121,790,998	\$120,236,520	\$ -	\$ -	\$121,790,998	\$120,236,520
Public Safety	77,372,812	80,736,885	10,733,033	8,757,561	66,639,779	71,979,324
General Government	40,342,674	22,644,496	8,422,232	12,411,453	31,920,442	10,233,043
Highways and Streets	19,467,224	30,048,507	17,941,942	10,723,867	1,525,282	19,324,640
Community Promotion	18,631,787	28,803,412	8,420,444	17,258,653	10,211,343	11,544,759
Parks and Recreation	8,513,824	8,710,969	6,516,977	2,573,066	1,996,847	6,137,903
Other	13,183,418	11,299,773	3,291,349	2,523,318	9,892,069	8,776,455
Total	\$299,302,737	\$302,480,562	\$55,325,977	\$54,247,918	\$243,976,760	\$248,232,644

Expenditures from governmental activities total \$295.1 million, which represents a decrease from FY2022 of \$7.4 million.

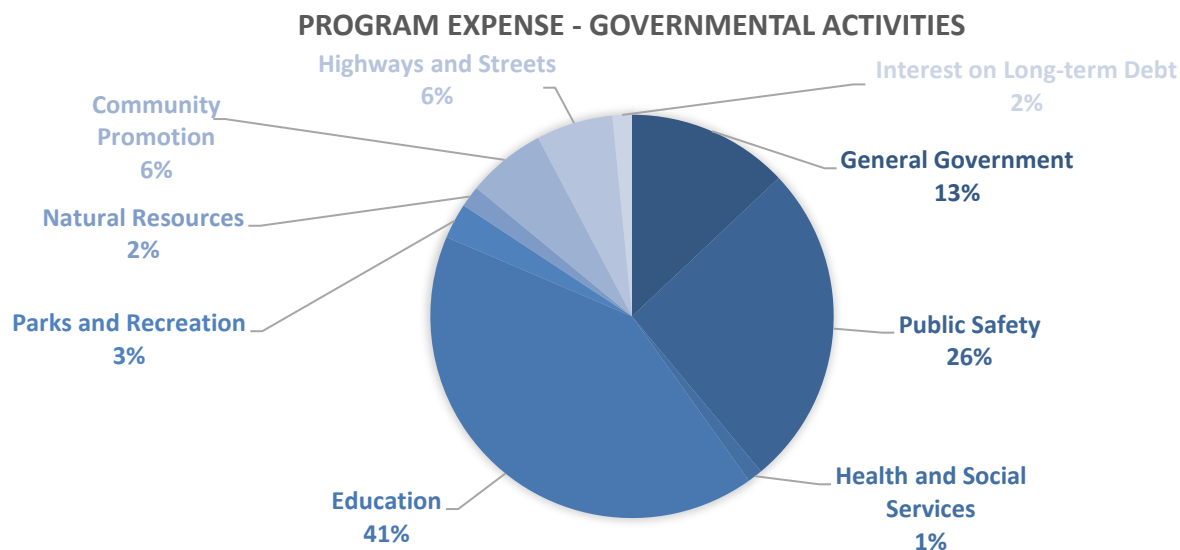
- Education expenditures increased by \$1.5 million as compared to FY2022. The increase is a combination of the increased appropriation to the Board of Education of \$3.2 million, offset by a decrease of \$1.6 million for reclassifying capital expenditures and recording fixed assets in governmental funds.
- Overall, public safety costs decreased by approximately \$3.4 million from FY2022. Operating public safety costs increased approximately \$7.9 million in FY2023 due to a 9.5% mid-year COLA for staff, opening and operation of the Public Safety Training Center, and the rise of inflation. These increases were offset due to a decrease of \$11.3 million in expenses from reclassifying capital expenditures and recording fixed assets in governmental funds.



MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2023

- General Government increased \$17.7 over FY2022. This increase can be attributed to the 9.5% mid-year COLA given to staff, the recording of \$4.3 million in in-kind expense, and rising costs of supplies and services due to high inflation. In addition, adjustments were made for reclassifying capital expenditures and recording fixed assets of approximately \$5.6 million. Capital Improvement transactions are earmarked for specific capital related projects and its cash flow will vary depending on the construction schedule and grant reimbursements.
- Expenditures for Highways and Streets decreased by \$10.6 million from FY2022. Approximately \$0.4 million of the decrease is related to operating expenses for snow removal due to a mild winter, while the rest is related to reclassifying capital expenditures and recording fixed assets in governmental funds.
- Community promotion decreased by \$10.2 million mainly as a result of the completion of COVID-19 relief grants.
- Parks and recreation decreased \$0.2 million from FY2022. An increased contribution to other agencies of \$1.4 million was offset by the recategorizing of Building, Grounds and Facilities related expenditures as General Government activity.
- Natural resources increased by \$1.1 million, mainly due to an increase in land preservation grants.
- Debt service has remained relatively the same as FY2022 and is based on debt service schedules.
- Transfers out decreases by \$0.7 million mainly due to a one-time transfer of \$0.8 million to the sewer fund for system improvements at the former Fort Ritchie site that was made during FY22 that was not repeated in FY23.

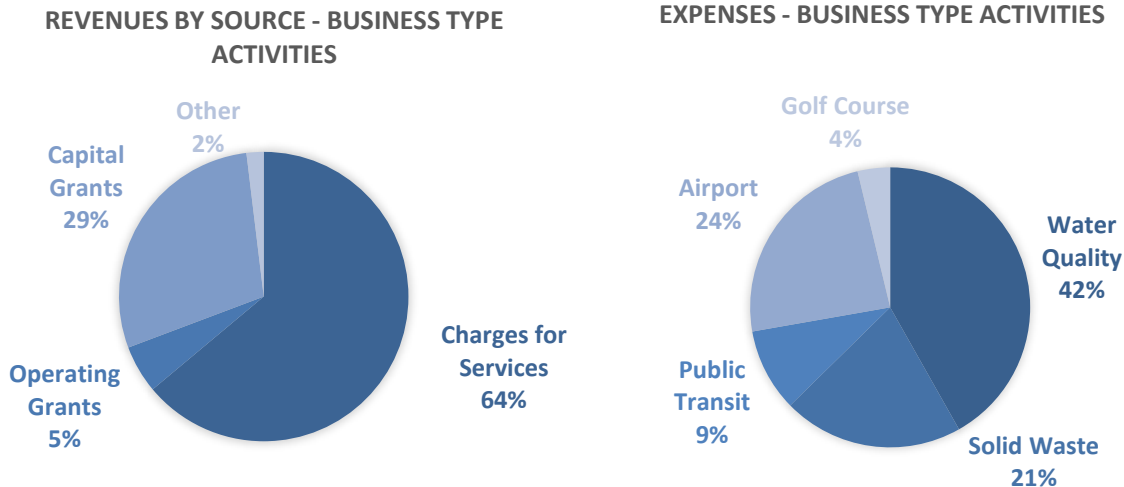
Governmental program expenditures are shown below. The largest expenditure category is education at \$121.8 million, followed by public safety at \$77.4 million.





MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2023

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



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

Business type activities experienced an increase in net position of \$8.3 million.

- \$9.1 million increase in net position for Water Quality
- \$2.2 million increase in net position for Solid Waste
- \$5.8 million decrease in net position for Airport
- \$2.8 million increase in net position for non-major proprietary funds.

Revenues increased over FY2022 by \$9.6 million.

- Charges for services increased by \$0.3 million due to an increase in tipping fees of \$0.2 million and an increase in airport user fees of approximately \$0.1 million.
- Operating grants and contributions decreased by approximately \$1.0 million mainly due to a COVID-19 related grant for the airport being completed.
- Capital grants and contributions increased by \$9.7 million. The majority of this increase is related to \$7.8 million in ARPA grant funds being allocated to water and sewer projects. Capital revenues vary significantly from year to year based on capital project schedules.
- Other revenues increased by \$0.5 million because of various items.

Expenditures increased as compared to FY2022 by \$2.3 million.

- Overall, business type expenditures increased by \$2.3 million. Solid Waste expenditures increased by \$0.5 million or 7%; Water Quality expenditures increased by \$0.9 million or 6%; Transit increased by \$0.5 million or 15%; Golf Course expenditures increased by \$0.1 million or 11%; and Airport increased by \$0.3 million or 3%. All of these operations were impacted by the mid-year 9.5% COLA for staff.

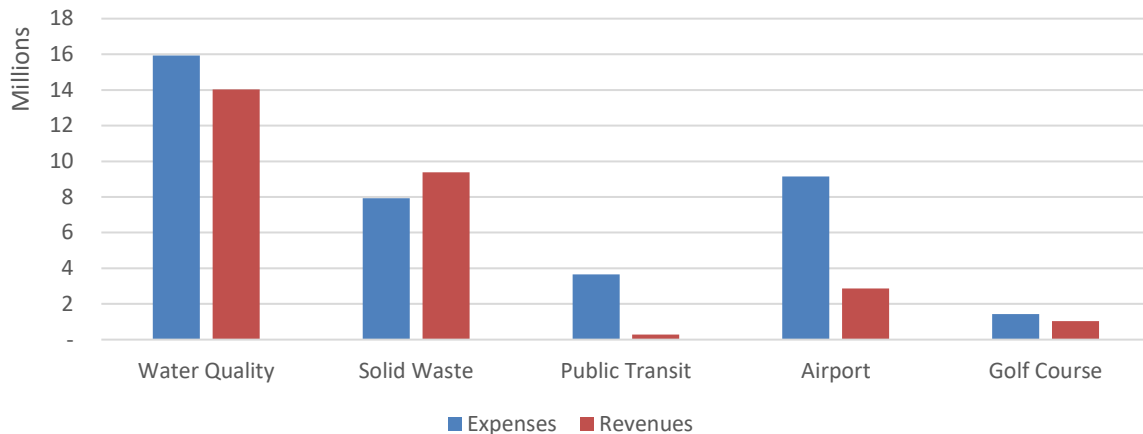
Transfers in decreased by \$0.7 million mainly related to the one-time capital transfer of \$0.8 million to the sewer fund for system improvements at the former Fort Ritchie site that was done in FY2022.



MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2023

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

Expenses and Program Revenues - Business-type Activities



Financial Analysis on the Government's Fund Financial Statements

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

Governmental Funds:

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

As of the end of the current fiscal year, the County's governmental funds reported combined fund balances of \$248.5 million, an increase of \$44.2 million. Approximately \$73.4 million of this amount is committed for the general fund cash reserve and \$175.1 million is restricted or committed for construction projects and designated programs. In the combined governmental activities, the County maintains 11 separate funds. Shown below are fund balances and net changes in fund balance for each.

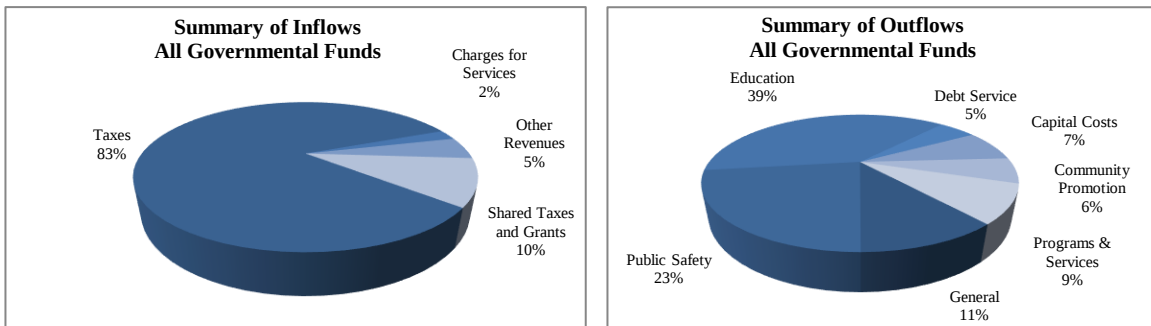


MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2023

Governmental Activities	Fund Balance			Net Change in Fund Balance		
	2023	2022	% Change	2023	2022	% Change
General Fund	\$79,587,771	\$73,367,702	8.48%	\$6,220,069	\$11,368,618	45.29%
Capital Improvement Fund	162,509,152	124,841,031	30.17%	37,668,121	26,089,109	44.38%
Grants Management	9,460	7,850	20.51%	1,610	-	100.00%
Cascade Town Centre Fund	830,864	950,789	(12.61%)	(119,925)	(904,374)	(86.74%)
Inmate Welfare Fund	464,340	403,961	14.95%	60,379	102,571	(41.13%)
Contraband Fund	50,951	50,951	0.00%	-	20,242	(100.00%)
Agricultural Education Fund	23,144	33,002	(29.87%)	(9,858)	26,348	(137.41%)
Hotel Rental Tax Fund	2,419,251	1,925,852	25.62%	493,399	257,910	91.31%
Gaming Fund	146,537	143,643	2.01%	2,894	19,133	(84.87%)
Land Preservation Fund	2,366,782	2,464,932	(3.98%)	(98,150)	1,551,793	(106.32%)
HEPMPO	44,731	35,208	27.05%	9,523	(2,654)	458.82%
Total	\$248,452,983	\$204,224,921		\$44,228,062	\$38,528,696	

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

The following reflects all inflows and outflows of the governmental funds in total for the fiscal year ending June 30, 2023.



- ❑ The **General Fund** is the chief operating fund of the County. At the end of the current fiscal year total fund balance reached \$79.6 million. As a measure of the General Fund's liquidity, it may be useful to compare both committed fund balance and total fund balance to total fund expenditures. The total fund balance represents 29.76% of total General Fund expenditures.

The General Fund fund balance increased by approximately \$6.2 million during the current fiscal year. Higher than anticipated revenues from property tax, income tax, and interest led to a significant transfer to the capital fund at the end of the year of \$20.0 million.

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

- ❑ The **Capital Projects Fund** is used to account for major capital acquisition and construction of County operations. At the end of the current fiscal year the Capital Project Fund has a total fund balance of \$162.5 million all of which is restricted or committed for capital related projects. Major funding sources for projects are pay-go-funding, debt proceeds, fees and taxes, and grants. Fund balance increased by \$37.7 million for the current fiscal year. The change in fund balance is the result of timing differences in project funding proceeds and the spending or construction timeline of those projects.



MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2023

- The County's **Grant Management, Cascade Town Centre, Inmate Welfare, Contraband, Agricultural Education, Hotel Rental Tax, Gaming, HEPMPO, and Land Preservation Funds** combined have a fund balance of \$6.4 million. These funds represent monies designated for specific programs and services. The net increase in fund balance during the current year was \$0.4 million and was mainly attributed to the Hotel Rental Tax fund.

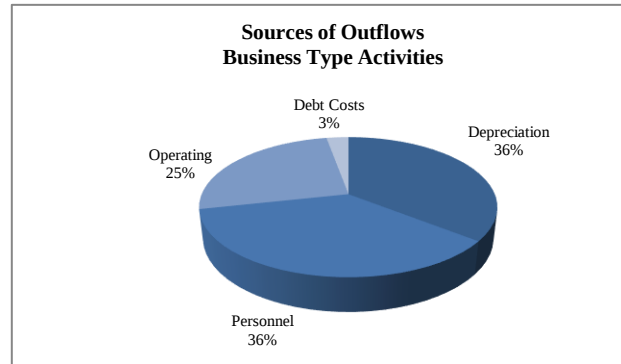
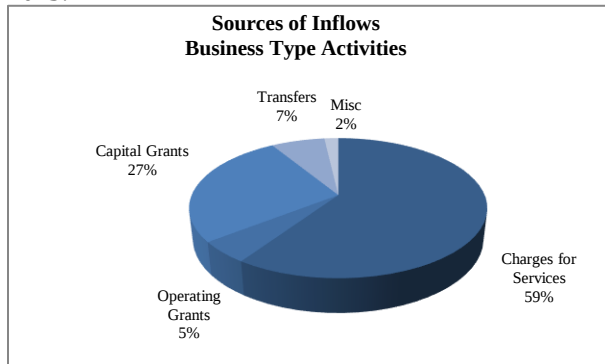
Proprietary funds:

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

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

Business-type Activities	Total Net Position			Change in Net Position		
	2023	2022	% Change	2023	2022	%Change
Water Quality	\$154,930,644	\$145,790,454	6.27%	\$9,140,190	\$1,351,490	576.30%
Solid Waste	9,704,525	7,544,045	28.64%	2,160,480	2,293,952	(5.82%)
Airport	45,293,850	51,102,284	(11.37%)	(5,808,434)	(4,099,170)	(41.70%)
Public Transit	7,774,778	5,538,729	40.37%	2,236,049	1,960,862	14.03%
Black Rock	3,410,490	2,830,535	20.49%	579,955	212,660	172.71%
Total	\$221,114,287	\$212,806,047		\$8,308,240	\$1,719,794	

The following reflects the inflows and outflows of the business-type activity funds for the fiscal year ending June 30, 2023.



Water quality's net position amounted to \$154.9 million in FY2023. Of this amount, \$134.8 million represents the net investment in capital assets, \$14.0 million is restricted for capital projects, and \$6.1 million remains unrestricted. Major changes over FY2022 include additional expenditures of \$0.7 million resulting from increased employee wages and various operational equipment/supplies categories. Revenues remained consistent with the prior year due to no change in FY2023 water and sewer utility rates.

Solid Waste's net position amounted to \$9.7 million for FY2023. Of this amount, \$6.0 million represents the net investment of capital assets; \$3.3 million is restricted for capital projects; and \$0.4 million remains unrestricted. Major changes over FY2022 include higher tipping fee revenue of \$0.2 million which is attributed to economic activity as



MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2023

there were only nominal changes made to fees related to mattresses and compost for FY2023. Expenditures were in line with the prior year.

The Airport Fund's FY2023 net position was \$45.3 million. Of this amount, \$63.3 million represents the net investment of capital assets and (\$18.0) million represents unrestricted fund balance. The unrestricted deficit is the result of capital assets constructed by the lessee's through long-term lease agreements. The long-term lease agreements require the recognition of revenue related to the capital assets constructed by the lessee's over the life of the lease agreements and will eliminate the unrestricted deficit over the term of the lease agreement. Major changes from FY2022 include decreased operating grant revenue of \$1.2 million, representing a reduction in COVID-19 relief funding and additional expenditures of \$0.2 million from increased employee wages and increased costs for maintenance and contracted services.

Transit's ending net position is \$7.8 million for FY2023. Of this amount, \$5.8 million represents the net investment of capital assets and \$2.0 million is classified as unrestricted. Operating revenue increased 6% but continues to fall short of trends seen prior to COVID-19. Meanwhile, grants for capital projects increased by \$0.7 million, mainly due to pandemic relief grants.

The Black Rock Golf Course Fund's FY2023 net position was \$3.4 million. Of this amount, \$2.5 million represents the net investment of capital assets and \$0.9 million is classified as unrestricted. Changes from the prior year include operating expenses increasing by \$0.1 million mainly due to low employee vacancies and inflation related operating expenses.

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

General Fund Budgetary Analysis – Government Fund Financial Statement Basis

Washington County, Maryland
General Fund Budgetary Analysis
As of June 30, 2023
(Government Fund Basis)

Category	Budgetary Amounts		Actual	Difference	
	Original	Final		Org. Budget vs. Final Budget	Final Budget vs. Actual
Revenues:					
Property Tax	\$ 134,863,130	\$ 134,863,130	\$ 141,063,795	\$ -	\$ 6,200,665
Local Tax	116,792,510	116,882,510	131,749,463	90,000	14,866,953
Other Revenue	13,642,610	38,864,604	29,649,772	25,221,994	(9,214,832)
Total Revenues	265,298,250	290,610,244	302,463,030	25,311,994	11,852,786
Expenses:					
General Government	35,495,760	50,051,516	40,815,835	14,555,756	9,235,681
Public Safety	65,194,260	71,454,563	69,090,085	6,260,303	2,364,478
Health and Social Services	2,845,600	3,534,144	3,534,144	688,544	-
Education	119,105,650	119,105,650	119,105,650	-	-
Parks, Recreation, Natural Resources	6,077,240	7,559,398	7,515,541	1,482,158	43,857
Highways and Streets	11,769,470	11,784,860	10,168,723	15,390	1,616,137
General Operations	546,720	1,761,031	2,645,480	1,214,311	(884,449)
Unallocated Costs	870,370	870,370	(1,079,059)	-	1,949,429



MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2023

Intergovernmental	8,113,190	9,208,722	28,890,615	1,095,532	(19,681,893)
Billables	-	-	345,145	-	(345,145)
Debt Service	15,279,990	15,279,990	15,210,802	-	69,188
Total Expenses	265,298,250	290,610,244	296,242,961	25,311,994	(5,632,717)
Other Financing Sources (Uses)	-	-	-	-	-
Net Increase in Assets - 06/30/23	\$ -	\$ -	\$6,220,069	\$ -	\$(6,220,069)

Original Budget vs. Final Budget:

The net budgetary change of \$25.3 million was the result of a few factors. The majority of the change is from grant transactions, representing \$14.5 million. The remaining changes are from the projected use of fund balance for the additional grants to non-profits of \$3.0 million, mid-year 9.5% COLA for employees of \$2.3 million, and interfund loan to Solid Waste for \$1.0 million, and the adjustment made to record in-kind contributions of \$4.3 million.

Final Budget vs. Actual Results:

Final budget to actual results include additional revenues of \$11.8 million or 4.1%.

Revenue Highlights

Property Tax - Property tax revenue exceeded budget by \$6.2 million or 4.6%. The majority of the overage is related to personal property tax which was higher than State estimates due to new businesses and an increase in inventories.

Local tax was over budget by \$14.9 million or 12.7%, primarily due to higher than budgeted income tax of \$11.7 million, or 17.7%, due to steady withholding and estimated payment growth that did not slow down as projected. The County income tax rate decreased from 3.0% to 2.95% effective January 1, 2023. Recordation tax exceeded budget by \$2.9 million. This variance represents an increase in the number and value of real property transfers in the County and several large commercial transactions. Admission and Amusement Tax exceeded budget by \$0.3 million, indicating continuing recovery from the pandemic.

Other Revenue came in under budget by approximately \$9.2 million or 23.7%. This budget to actual variance is related to grants and shared revenues. Grant periods can span County fiscal years leaving budgeted funds unexpended. Interest income exceeded budget by \$5.7 million due to the rise in interest rates throughout the fiscal year. Interest and other minor revenues that were over budget offset the budgeted use of fund balance.

Expenditure Highlights

Final budget to actual results include expenditures in excess of budget by \$5.6 million or 1.9%.

The largest deviation from final budget is the result of an additional transfer from the General fund to the Capital Projects fund in the amount of \$20 million, which is shown within the category of intergovernmental expenses. Use of this funding will be determined at a later date but will most likely be used for capital projects or other one-time costs.

The County is self-insured for both health insurance and workers compensation, therefore, variances exist at the end of the fiscal year based on actual experience. For FY2023, health insurance costs were under budget by approximately \$2.6 million, while workers compensation was over budget approximately \$0.1 million.



MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2023

Grant related expenditures were under budget by approximately \$9.7 million. As is seen in revenue, this is due to grant periods spanning fiscal years, leaving budgeted amounts unspent.

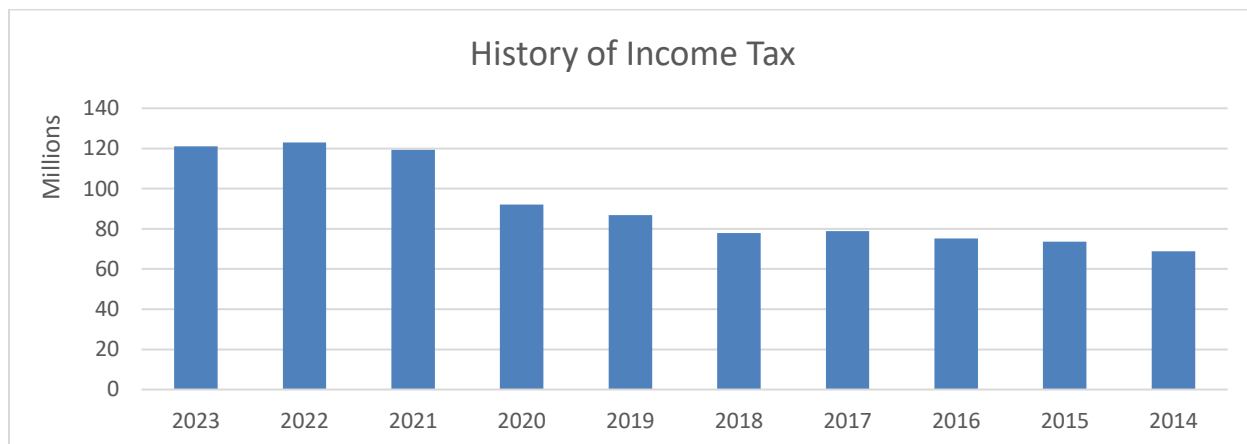
Highway expenditures were \$1.6 million under budget due to less spending on snow removal because of milder conditions and a shift towards more brine pretreatment.

Billable expenditures were over budget by \$0.3 million.

Additional Information:

Income Tax

A comparison of actual income tax to the original budget shows a variance of \$23.6 million. The FY2023 budget was based on early estimates for FY2022 actuals, adjusted for conservative wage growth, and reduced by the estimated impact of the rate reduction from 3.0% to 2.95% effective January 1, 2023. The budget variance is understandable since the FY2022 final revenue exceeded early estimates.

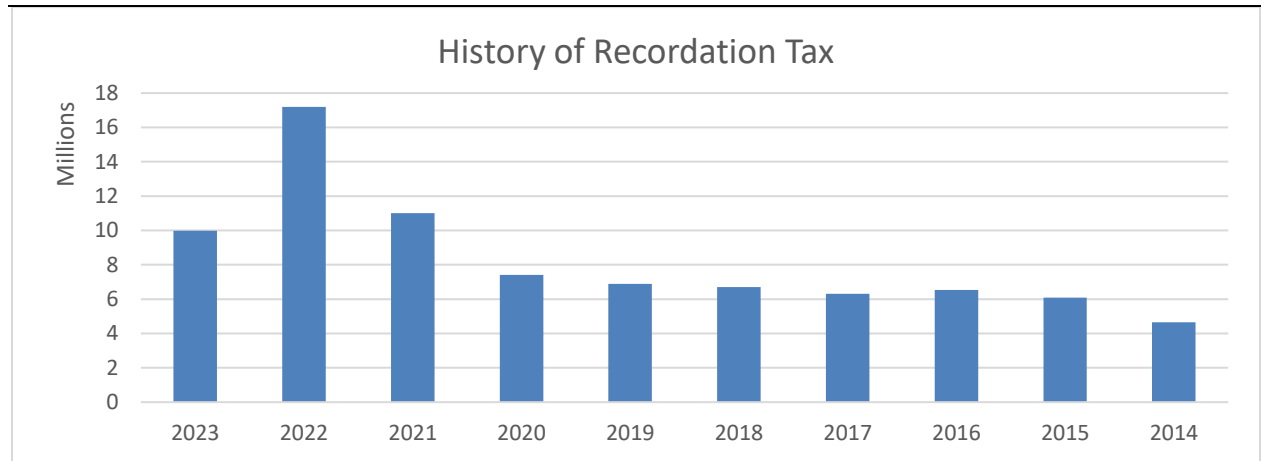


Recordation tax

Recordation Tax is applied to any instrument that transfers an interest in real property or that creates a security interest in real or personal property. The recordation tax rate for Washington County is \$3.80 for every \$500 or fraction of \$500 of consideration. Washington County generally receives between \$6 and \$7 million in recordation tax annually, but it can fluctuate as it is based on economic activity, the number of transfers, and the size of those transfers. The County anticipates future years' recordation revenue to steadily decline back to FY2019 and FY2020 levels.



MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2023



Capital Asset Administration – Government Wide Statements

The County's investment in capital assets for its governmental and business-type activities as of June 30, 2023, amounts to \$686.2 million (net of depreciation and amortization). This investment in capital assets includes land, buildings, bridges, roads, equipment, and operational facilities.

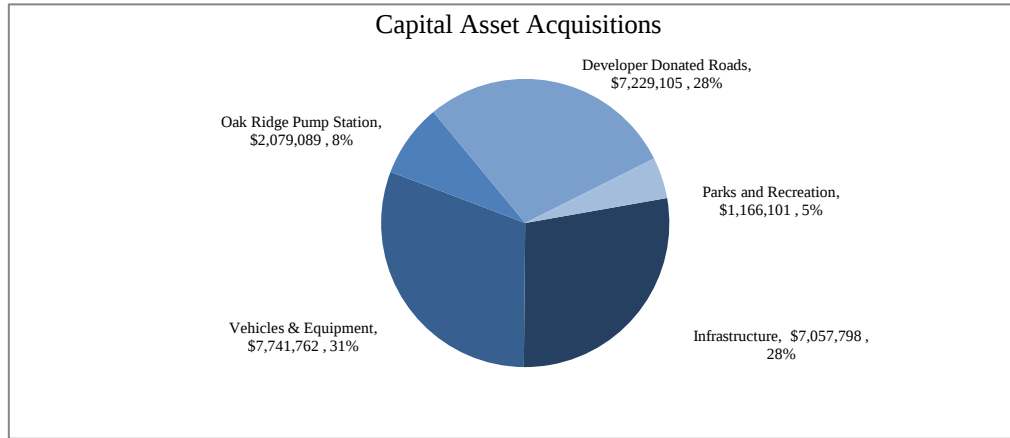
**Washington County, Maryland
Net Capital Assets
(Government Fund Basis)**

Description	Governmental Activities		Business-type Activities		Total		% Change
	2023	2022	2023	2022	2023	2022	
<i>Land and Land Improvements</i>	\$118,341,066	\$116,106,292	\$33,678,794	\$40,085,289	\$152,019,860	\$156,191,581	(2.7%)
<i>Building and Improvements</i>	71,212,605	72,782,467	42,811,161	43,875,003	114,023,766	116,657,470	(2.3%)
<i>Facilities, Lines, and Mains</i>	-	-	87,271,472	85,085,794	87,271,472	85,085,794	2.6%
<i>Vehicles</i>	6,654,715	5,847,648	4,959,235	2,665,448	11,613,950	8,513,096	36.4%
<i>Infrastructure</i>	241,180,196	242,681,218	-	-	241,180,196	242,681,218	(0.6%)
<i>Machinery and Equipment</i>	3,502,769	3,957,500	2,614,098	2,206,511	6,116,867	6,164,011	(0.8%)
<i>Office/Computer Equipment</i>	2,151,628	2,503,809	231,583	291,363	2,383,211	2,795,172	(14.7%)
<i>Treatment Plants</i>	-	-	65,005,425	66,953,191	65,005,425	66,953,191	(2.9%)
<i>Right to Use – Land</i>	234,289	-	-	-	234,289	-	100.0%
<i>Right to Use – Veh. & Eqpt.</i>	1,671,182	458,052	2,205,684	1,951,742	3,876,866	2,409,794	60.9%
<i>Right to Use – Software</i>	2,424,348	-	39,912	-	2,464,260	-	100.0%
Total	\$447,372,798	\$444,336,986	\$238,817,364	\$243,114,341	\$686,190,162	\$687,451,327	(0.2%)



MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2023

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



Additional information on the County's capital assets can be found in note 5 on pages 55-58 of this report.

Debt Administration

At the end of the current fiscal year, the County had total outstanding debt, excluding capital leases, of \$196.7 million. This amount was comprised of debt backed by the full faith and credit of the County and user fees. The debt balance decreased by a net of \$0.6 million, the result of net principal payments of \$14.5 million and new borrowings of \$13.9 million. Funds borrowed were used mainly for infrastructure and education projects.

Washington County, Maryland Outstanding Debt (Government – Wide)

Instrument Type	Governmental Activity		Business-type Activity		Total Outstanding Debt		% Change
	2023	2022	2023	2022	2023	2022	
General Obligation Bonds	\$149,514,128	\$148,755,486	\$42,411,687	\$41,977,645	\$191,925,815	\$190,733,131	0.63%
Maryland Water Quality Bonds	1,132,353	1,685,670	3,600,662	5,177,028	4,733,015	6,862,697	(31.03%)
Total	\$150,646,481	\$150,441,156	\$46,012,349	\$47,154,673	\$196,658,830	\$197,595,828	(0.47%)

The County's credit ratings for fiscal year 2023 are as follows: 1) Standard and Poor's rated AA+, 2) Fitch rated AA+, and 3) Moody's Investors Service rated Aa1.

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

Additional Information on the County's long-term debt can be found in note 8 on pages 61-73 of this report.



MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2023

Economic and Other Factors

- ❑ Washington County's economy continues to show signs of mixed economic performance for FY2023. The average price of a home sold increased by 4.3% in FY2023 to \$307,620. The number of units sold decreased in FY2023 by 27.2% from 2,351 to 1,712. Active inventory on the market remains consistently low since FY2021, bringing a premium to sellers in the market.
- ❑ The commercial property tax base continues to show strong growth as numerous 1-3 million square foot warehouses are in various stages of completion along the Interstate 81 and Interstate 70 corridors. Millions in investment will ultimately increase real estate and income taxes in the County. A portion of this development is offset initially with real estate tax credits.
- ❑ Unemployment trends continue to show improvement. Washington County's unemployment rate for the last three years is as follows:
 - June 2021 6.6%
 - June 2022 4.8%
 - June 2023 1.8%
- ❑ The Board of County Commissioners voted to reduce the income tax rate from 3.0% to 2.95% effective January 1, 2023. The County has experienced the loss of revenue associated from the difference in the tax rate for six months of the year for FY2023. In FY2024, the County will experience the loss of revenue from the difference in the tax rate for the full year as well as a decrease in the disparity grant of about \$6 million. The full year reduction is estimated at \$7.6 million in revenue but could fluctuate based on varying circumstances related to taxpayers.
- ❑ Water and Sewer rates were not increased for FY2023, however an increase of 3.5% was approved for FY2024. Increases are based on financial information formulated annually from the County's cost of service model. The Sewer fund utilizes cash reserves in FY2024 to balance the budget but is expected to reach a self-supported status by FY2025 with projected annual rate increases of 3.5%. The Water Fund will not reach a self-supported status without a significant increase in customer base or reduction in expenditures. The General fund currently subsidizes the Water fund.

Requests for Information

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

COUNTY COMMISSIONERS OF WASHINGTON COUNTY

Statement of Net Position As of June 30, 2023

	Primary Government			Component Unit	
	Governmental activities	Business-type activities	Total	Board of Education	Total
ASSETS					
Cash and short-term investments	\$ 45,082,439	\$ 60,592,340	\$ 105,674,779	\$ 20,837,569	\$ 126,512,348
Investments	194,003,216	-	194,003,216	53,623,689	247,626,905
Property taxes receivable, net of allowance	1,632,512	-	1,632,512	-	1,632,512
Accounts receivable, net of allowance	5,605,819	2,154,998	7,760,817	414,964	8,175,781
Lease receivable	1,145,407	13,718,816	14,864,223	-	14,864,223
Interest receivable	669,445	29,218	698,663	-	698,663
Unbilled receivables	546,862	2,527,553	3,074,415	-	3,074,415
Internal balances	1,492,619	(1,492,619)	-	-	-
Due from other governmental agencies	78,231,509	830,367	79,061,876	21,313,362	100,375,238
Inventories	1,177,632	409,036	1,586,668	1,146,934	2,733,602
Prepaid expenses	246,636	19,694	266,330	1,763,045	2,029,375
Net OPEB asset	8,725,184	-	8,725,184	-	8,725,184
Recoverable disbursements	-	-	102,294	-	102,294
Notes receivable	140,114	-	140,114	-	140,114
Projects under construction	15,331,635	6,555,598	21,887,233	14,213,602	36,100,835
Property, plant, and equipment, net	447,372,798	238,817,364	686,190,162	234,609,471	920,799,633
TOTAL ASSETS	801,506,121	324,162,365	1,125,668,486	347,922,636	1,473,591,122
DEFERRED OUTFLOWS OF RESOURCES					
Loss on refunding	938,769	302,211	1,240,980	-	1,240,980
Net pension activity	8,169,505	-	8,169,505	5,927,658	14,097,163
Net OPEB activity	651,657	-	651,657	107,756,485	108,408,142
TOTAL DEFERRED OUTFLOWS OF RESOURCES	9,759,931	302,211	10,062,142	113,684,143	123,746,285
LIABILITIES					
Current Liabilities:					
Current maturities of long-term obligations	11,109,835	2,853,256	13,963,091	-	13,963,091
Current maturities of leases	422,195	537,012	959,207	1,287,903	2,247,110
Current maturities of subscriptions	670,213	9,517	679,730	-	679,730
Current maturities of installment purchase contracts	181,779	-	181,779	-	181,779
Accounts payable	11,787,073	2,034,090	13,821,163	11,802,505	25,623,668
Accrued expenses	1,672,139	280,194	1,952,333	26,150,343	28,102,676
Accrued interest	2,283,055	667,519	2,950,574	-	2,950,574
Reserves	3,316,523	-	3,316,523	-	3,316,523
Unearned revenue	7,563,770	21,141,085	28,704,855	3,993,863	32,698,718
Compensated absences	3,688,719	570,977	4,259,696	444,345	4,704,041
Landfill closure and post-closure costs	-	187,280	187,280	-	187,280
Other liabilities	3,802,587	245,557	4,048,144	60,316	4,108,460
Total current liabilities	46,497,888	28,526,487	75,024,375	43,739,275	118,763,650
Noncurrent Liabilities:					
Compensated absences	1,229,573	259,591	1,489,164	6,585,740	8,074,904
Post retirement benefits	-	-	-	180,246,873	180,246,873
Long-term debt obligations	139,536,645	43,159,091	182,695,736	102,274	182,798,010
Leases	1,307,803	901,067	2,208,870	2,780,917	4,989,787
Subscriptions	1,129,119	29,923	1,159,042	-	1,159,042
Installment purchase contracts	396,657	-	396,657	-	396,657
Landfill closure and post-closure costs	-	17,019,769	17,019,769	-	17,019,769
Net pension liabilities	104,409,551	-	104,409,551	19,773,792	124,183,343
Total noncurrent liabilities	248,009,348	61,369,441	309,378,789	209,489,596	518,868,385
TOTAL LIABILITIES	294,507,236	89,895,928	384,403,164	253,228,871	637,632,035
DEFERRED INFLOWS OF RESOURCES					
Net pension activity	1,794,040	-	1,794,040	1,916,914	3,710,954
Net OPEB activity	8,018,761	-	8,018,761	139,733,023	147,751,784
Leases	1,102,743	13,454,361	14,557,104	-	14,557,104
TOTAL DEFERRED INFLOWS OF RESOURCES	10,915,544	13,454,361	24,369,905	141,649,937	166,019,842
NET POSITION					
Net investment in capital assets	373,234,604	212,330,432	585,565,036	244,591,663	830,156,699
Restricted for:					
John Howard Trust	255,775	-	255,775	-	255,775
Capital projects	59,852,479	17,348,220	77,200,699	-	77,200,699
Scholarships & Student Activities	-	-	-	3,851,989	3,851,989
Unrestricted	72,500,414	(8,564,365)	63,936,049	(181,715,681)	(117,779,632)
TOTAL NET POSITION	\$ 505,843,272	\$ 221,114,287	\$ 726,957,559	\$ 66,727,971	\$ 793,685,530

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

COUNTY COMMISSIONERS OF WASHINGTON COUNTY

Statement of Activities

For the Year Ended June 30, 2023

		Program Revenue		
		Charges for	Operating	Capital Grants
	Expenses	Services	Grants and	and
			Contributions	Contributions
Functions/Programs				
Primary Government:				
Governmental activities:				
General government	\$ 40,342,676	\$ 6,503,696	\$ 698,652	\$ 1,219,884
Public safety	77,372,812	2,591,907	6,439,126	1,702,000
Health	3,027,814	-	-	-
Social services	506,330	-	-	-
Education	121,790,998	-	-	-
Parks, recreation and culture	8,513,824	323,292	-	6,193,685
Natural resources	5,039,490	-	3,291,349	-
Community promotion	18,631,787	-	8,420,444	-
Highways and streets	19,467,224	-	2,151,524	15,790,418
Interest on long-term debt	4,609,784	-	-	-
Total governmental activities	299,302,739	9,418,895	21,001,095	24,905,987
Business-type activities				
Water quality	15,926,074	14,031,571	248,755	9,426,460
Solid waste	7,932,279	9,383,006	-	-
Airport	9,144,705	2,860,872	161,475	278,852
Public transit	3,651,461	280,227	1,899,625	2,578,851
Black Rock golf course	1,427,987	1,040,933	-	157,526
Total business-type activities	38,082,506	27,596,609	2,309,855	12,441,689
TOTAL PRIMARY GOVERNMENT	\$ 337,385,245	\$ 37,015,504	\$ 23,310,950	\$ 37,347,676
Component unit:				
Board of Education	\$ 418,539,657	\$ 15,766,153	\$ 114,392,939	\$ 1,453,285

General revenue:

Taxes

 Property taxes

 Local taxes

Income on investments

Reimbursed expenses

Miscellaneous

Unrestricted grants and contributions

Gain (loss) on disposal of capital assets

Transfers

TOTAL GENERAL REVENUE

CHANGE IN NET POSITION

NET POSITION - BEGINNING OF YEAR

NET POSITION - END OF YEAR

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

COUNTY COMMISSIONERS OF WASHINGTON COUNTY

Statement of Activities

For the Year Ended June 30, 2023

Net (Expense) Revenue and Changes in Net Position				
Primary Government			Component Unit	
Governmental Activities	Business-Type Activities	Total	Board of Education	Total
\$ (31,920,444)	\$ -	\$ (31,920,444)	\$ -	\$ (31,920,444)
(66,639,779)	-	(66,639,779)	-	(66,639,779)
(3,027,814)	-	(3,027,814)	-	(3,027,814)
(506,330)	-	(506,330)	-	(506,330)
(121,790,998)	-	(121,790,998)	-	(121,790,998)
(1,996,847)	-	(1,996,847)	-	(1,996,847)
(1,748,141)	-	(1,748,141)	-	(1,748,141)
(10,211,343)	-	(10,211,343)	-	(10,211,343)
(1,525,282)	-	(1,525,282)	-	(1,525,282)
(4,609,784)	-	(4,609,784)	-	(4,609,784)
(243,976,762)	-	(243,976,762)	-	(243,976,762)
-	7,780,712	7,780,712	-	7,780,712
-	1,450,727	1,450,727	-	1,450,727
-	(5,843,506)	(5,843,506)	-	(5,843,506)
-	1,107,242	1,107,242	-	1,107,242
-	(229,528)	(229,528)	-	(229,528)
-	4,265,647	4,265,647	-	4,265,647
(243,976,762)	4,265,647	(239,711,115)	-	(239,711,115)
-	-	-	(286,927,280)	(286,927,280)
141,039,560	-	141,039,560	-	141,039,560
146,073,778	-	146,073,778	-	146,073,778
6,326,663	557,624	6,884,287	1,124,265	8,008,552
1,590,411	-	1,590,411	-	1,590,411
5,205,060	284,525	5,489,585	1,732,873	7,222,458
-	-	-	294,438,740	294,438,740
(1,111,852)	(14,755)	(1,126,607)	144,930	(981,677)
(3,215,199)	3,215,199	-	-	-
295,908,421	4,042,593	299,951,014	297,440,808	597,391,822
51,931,660	8,308,240	60,239,900	10,513,528	70,753,428
453,911,612	212,806,047	666,717,659	56,214,443	722,932,102
\$ 505,843,272	\$ 221,114,287	\$ 726,957,559	\$ 66,727,971	\$ 793,685,530

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

COUNTY COMMISSIONERS OF WASHINGTON COUNTY

Balance Sheet - Governmental Funds As of June 30, 2023

	General Fund	Capital Projects Fund	Non-Major Funds	Total Governmental Funds
ASSETS				
Cash	\$ 3,920,995	\$ 31,550,281	\$ 9,611,163	\$ 45,082,439
Investments	194,003,216	-	-	194,003,216
Property taxes receivable, net of allowance	1,632,512	-	-	1,632,512
Accounts receivable, net of allowance	1,846,702	3,371,974	387,143	5,605,819
Leases receivable	1,031,094	-	114,313	1,145,407
Interest receivable	669,277	-	168	669,445
Unbilled receivables	546,862	-	-	546,862
Due from other government agencies	67,344,648	10,422,602	464,259	78,231,509
Due from other funds	845,976	119,417,085	-	120,263,061
Recoverable disbursements	102,294	-	-	102,294
Notes receivable	140,114	-	-	140,114
Prepaid expense	246,636	-	-	246,636
Inventories	1,177,632	-	-	1,177,632
TOTAL ASSETS	\$ 273,507,958	\$ 164,761,942	\$ 10,577,046	\$ 448,846,946
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
LIABILITIES				
Accounts payable	\$ 6,733,831	\$ 2,252,696	\$ 2,800,546	\$ 11,787,073
Accrued expenses	1,658,923	94	13,122	1,672,139
Due to other funds	118,598,484	-	171,958	118,770,442
Liabilities for unpaid claims	3,316,523	-	-	3,316,523
Unearned revenue	7,528,274	-	35,496	7,563,770
Other liabilities	2,711,916	-	1,090,671	3,802,587
TOTAL LIABILITIES	140,547,951	2,252,790	4,111,793	146,912,534
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenues	52,378,686	-	-	52,378,686
Leases	993,550	-	109,193	1,102,743
TOTAL DEFERRED INFLOWS OF RESOURCES	53,372,236	-	109,193	53,481,429
FUND BALANCES				
Nonspendable	1,484,383	-	-	1,484,383
Restricted	685,509	59,852,479	1,327,438	61,865,426
Committed	69,520,849	102,656,673	2,334,548	174,512,070
Assigned	61,640	-	2,694,074	2,755,714
Unassigned	7,835,390	-	-	7,835,390
TOTAL FUND BALANCES	79,587,771	162,509,152	6,356,060	248,452,983
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$ 273,507,958	\$ 164,761,942	\$ 10,577,046	\$ 448,846,946

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

COUNTY COMMISSIONERS OF WASHINGTON COUNTY

Reconciliation of Balance Sheet of Governmental Funds to Statement of Net Position As of June 30, 2023

Fund balance governmental funds	\$ 248,452,983
Amounts reported for governmental activities in the statement of net assets are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds:	
Capital assets, net	447,372,798
Projects under construction	15,331,635
Other long-term assets are not available to pay for current-period expenditures and, therefore, are not reported in the funds:	
Net other post-employment benefits asset	8,725,184
Revenues in the statement of activities that do not provide current financial resources are not reported as revenue in the funds:	
Unavailable revenues	52,378,686
Net deferred outflow of resources, including loss on refunding, net deferred pension activity and net deferred OPEB activity are not financial resources and therefore are not reported in the funds:	
	(52,870)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds:	
Long-term obligations	(150,646,480)
Installment purchase obligations	(578,436)
Leases	(1,729,998)
Subscriptions	(1,799,332)
Accrued interest payable - net of IRS subsidy	(2,283,055)
Compensated absences and net pension liabilities	(109,327,843)
Net position of governmental activities	<u>\$ 505,843,272</u>

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

COUNTY COMMISSIONERS OF WASHINGTON COUNTY

Statement of Revenue, Expenditures, and Changes in Fund Balances - Governmental Funds For the Year Ended June 30, 2023

	General Fund	Capital Projects Fund	Non-Major Funds	Total Governmental Funds
REVENUE				
General property tax	\$ 141,063,795	\$ -	\$ -	\$ 141,063,795
Other local tax	131,749,463	8,765,169	3,201,408	143,716,040
Licenses and permits	1,598,851	-	2,740,613	4,339,464
Court costs and fines	1,235,236	-	-	1,235,236
Charges for services	1,566,830	-	579,551	2,146,381
Reimbursed expenses	1,203,458	-	2,338	1,205,796
Interest income	6,324,575	-	-	6,324,575
Miscellaneous revenues	733,272	1,332,606	193,678	2,259,556
Grants and shared revenues	10,119,529	14,003,107	10,410,005	34,532,641
In Kind	4,280,080	-	-	4,280,080
Highway	2,587,941	-	-	2,587,941
Total Revenue	302,463,030	24,100,882	17,127,593	343,691,505
EXPENDITURES				
Current:				
General government	33,206,830	-	875,588	34,082,418
Public safety	69,090,085	-	1,880,769	70,970,854
Health	3,027,814	-	-	3,027,814
Social services	506,330	-	-	506,330
Education	119,105,650	-	-	119,105,650
Parks, recreation and culture	6,502,569	-	280,059	6,782,628
Natural resources	1,012,972	-	4,013,263	5,026,235
Intergovernmental	38,543	-	-	38,543
General operations	1,566,421	-	-	1,566,421
Community promotion	7,954,150	-	10,669,158	18,623,308
Highways and streets	10,168,723	-	-	10,168,723
Debt service	15,210,802	-	-	15,210,802
Capital outlay:				
General government	2,069,131	3,505,140	-	5,574,271
Public safety	666,071	4,463,371	-	5,129,442
Highways and streets	1,330,745	11,218,567	-	12,549,312
Education	-	2,685,348	-	2,685,348
Parks and recreation	120,988	1,266,882	-	1,387,870
Total Expenditures	271,577,824	23,139,308	17,718,837	312,435,969
Excess (Deficiency) of Revenue Over Expenditures	30,885,206	961,574	(591,244)	31,255,536
OTHER FINANCING SOURCES (USES)				
Transfers in	36,076	25,799,656	977,199	26,812,931
Transfers out	(28,888,148)	(1,093,899)	(46,083)	(30,028,130)
Proceeds of Leases	1,737,658	-	-	1,737,658
Proceeds of Subscriptions	2,449,277	-	-	2,449,277
Proceeds of bond sale	-	12,000,790	-	12,000,790
TOTAL OTHER FINANCING SOURCES (USES)	(24,665,137)	36,706,547	931,116	12,972,526
NET CHANGES IN FUND BALANCE	6,220,069	37,668,121	339,872	44,228,062
FUND BALANCES - BEGINNING OF YEAR	73,367,702	124,841,031	6,016,188	204,224,921
FUND BALANCES - END OF YEAR	\$ 79,587,771	\$ 162,509,152	\$ 6,356,060	\$ 248,452,983

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

COUNTY COMMISSIONERS OF WASHINGTON COUNTY

Reconciliation of Statement of Revenue, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities For the Year Ended June 30, 2023

Net changes in fund balances in governmental funds	\$	44,228,062
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Amounts reported for governmental activities in the statement of activities are different because:

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

Capital outlay capitalized	\$	26,602,267	
Depreciation		<u>(17,048,828)</u>	9,553,439

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

	(1,145,683)
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Bond, lease, and subscription proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net assets. Repayment of bond, lease, subscription, and installment purchase principal is an expenditure in the governmental funds, but the repayments reduce long-term liabilities in the statement of net assets. This is the amount by which proceeds exceeded payments.

Debt, lease and subscription proceeds	\$	(16,187,726)	
Payments of installment purchase principal		181,779	
Payments of lease principal		467,363	
Payment of subscription principal		649,945	
Payments of debt principal		<u>11,795,466</u>	(3,093,173)

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

	55,512
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Revenues and expenditures are reported in the statement of activities on the accrual basis and in the governmental funds when they provide or use current financial resources. This is the net difference of revenues and expenditures recognized between the governmental funds and statement of activities.

	<u>2,333,503</u>	
Change in Net Position of Governmental Activities	<u>\$</u>	<u>51,931,660</u>

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

COUNTY COMMISSIONERS OF WASHINGTON COUNTY

Statement of Net Position - Proprietary Funds As of June 30, 2023

	Business Type Activities - Enterprise Funds				
	Water Quality Fund	Solid Waste Fund	Airport Fund	Non-Major Funds	Total
ASSETS					
Current Assets:					
Cash	\$ 32,957,847	\$ 22,390,491	\$ 2,982,455	\$ 2,261,547	\$ 60,592,340
Accounts receivable	1,776,985	265,393	65,113	47,507	2,154,998
Leases receivable	13,637,159	-	81,657	-	13,718,816
Interest receivables	28,903	-	315	-	29,218
Unbilled accounts receivables	1,915,844	600,794	10,915	-	2,527,553
Due from other governmental agencies	-	-	38,093	792,274	830,367
Notes receivable	-	-	-	-	-
Inventories	72,562	15,727	105,930	214,817	409,036
Other Current Assets	-	8,769	-	10,925	19,694
	<u>50,389,300</u>	<u>23,281,174</u>	<u>3,284,478</u>	<u>3,327,070</u>	<u>80,282,022</u>
Noncurrent Assets:					
Projects under construction	3,264,139	285,812	3,005,647	-	6,555,598
Property, plant and equipment	240,450,221	69,172,320	169,306,779	16,131,291	495,060,611
Accumulated depreciation	(85,324,969)	(56,341,572)	(108,935,730)	(7,886,572)	(258,488,843)
Right to use leases	168,894	2,517,746	2,999	156,868	2,846,507
Accumulated amortization - leases	(34,740)	(475,341)	(2,754)	(127,988)	(640,823)
Right to use subscriptions	49,890	-	-	-	49,890
Accumulated amortization - subscriptions	(9,978)	-	-	-	(9,978)
Total noncurrent assets	<u>158,563,457</u>	<u>15,158,965</u>	<u>63,376,941</u>	<u>8,273,599</u>	<u>245,372,962</u>
TOTAL ASSETS	<u>208,952,757</u>	<u>38,440,139</u>	<u>66,661,419</u>	<u>11,600,669</u>	<u>325,654,984</u>
DEFERRED OUTFLOWS OF RESOURCES					
Loss on refundings	<u>188,425</u>	<u>113,336</u>	<u>450</u>	<u>-</u>	<u>302,211</u>
LIABILITIES					
Current Liabilities:					
Current debt	1,904,547	892,709	56,000	-	2,853,256
Current lease obligations	32,891	465,232	232	38,657	537,012
Current subscriptions obligations	9,517	-	-	-	9,517
Accounts payable	1,194,887	433,737	298,353	107,113	2,034,090
Accrued expenses	159,045	37,559	21,913	61,677	280,194
Accrued interest	519,750	146,530	1,120	119	667,519
Due to other funds	646,643	61,274	-	-	707,917
Unearned revenue	71,857	423,067	20,646,161	-	21,141,085
Compensated absences	364,702	90,804	-	115,471	570,977
Landfill closure costs	-	187,280	-	-	187,280
Other liabilities	9,900	-	183,133	52,524	245,557
Total current liabilities	<u>4,913,739</u>	<u>2,738,192</u>	<u>21,206,912</u>	<u>375,561</u>	<u>29,234,404</u>
Noncurrent Liabilities:					
Compensated absences	121,567	30,268	69,265	38,491	259,591
Due to other funds	-	784,702	-	-	784,702
Debt and long term debt	35,697,569	7,460,368	1,154	-	43,159,091
Lease obligations	84,067	815,651	-	1,349	901,067
Subscription obligations	29,923	-	-	-	29,923
Landfill closure costs	-	17,019,769	-	-	17,019,769
Total noncurrent liabilities	<u>35,933,126</u>	<u>26,110,758</u>	<u>70,419</u>	<u>39,840</u>	<u>62,154,143</u>
TOTAL LIABILITIES	<u>40,846,865</u>	<u>28,848,950</u>	<u>21,277,331</u>	<u>415,401</u>	<u>91,388,547</u>
DEFERRED INFLOWS OF RESOURCES					
Leases	<u>13,363,673</u>	<u>-</u>	<u>90,688</u>	<u>-</u>	<u>13,454,361</u>
NET POSITION					
Net investment in capital assets	134,826,067	5,951,217	63,319,555	8,233,593	212,330,432
Restricted - capital projects	14,021,124	3,327,096	-	-	17,348,220
Unrestricted	6,083,453	426,212	(18,025,705)	2,951,675	(8,564,365)
TOTAL NET POSITION	<u>\$ 154,930,644</u>	<u>\$ 9,704,525</u>	<u>\$ 45,293,850</u>	<u>\$ 11,185,268</u>	<u>\$ 221,114,287</u>

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

COUNTY COMMISSIONERS OF WASHINGTON COUNTY

Statement of Revenue, Expenses and Changes in Net Position - Proprietary Funds For the Year Ended June 30, 2023

	Business Type Activities - Enterprise Funds				
	Water Quality Fund	Solid Waste Fund	Airport Fund	Non-Major Funds	Total
OPERATING REVENUE					
Charges for services	\$ 14,031,571	\$ 9,383,006	\$ 2,860,872	\$ 1,321,160	\$ 27,596,609
Miscellaneous	12,606	178,854	59,500	33,565	284,525
TOTAL OPERATING REVENUE	<u>14,044,177</u>	<u>9,561,860</u>	<u>2,920,372</u>	<u>1,354,725</u>	<u>27,881,134</u>
OPERATING EXPENSES					
Salaries and wages	4,303,687	1,615,497	809,581	2,188,513	8,917,278
Fringe benefits	2,622,271	907,751	387,258	888,089	4,805,369
Utilities	1,261,002	44,971	205,440	75,414	1,586,827
Insurance	163,095	35,744	69,192	43,781	311,812
Repairs and maintenance	512,845	-	145,392	303,413	961,650
Supplies	255,878	171,700	15,585	70,540	513,703
Cost of goods sold	-	-	17,220	111,316	128,536
Contracted services	344,632	1,878,090	76,040	152,248	2,451,010
Rentals and leases	17,264	12,658	6,802	41,900	78,624
Other operating	1,304,208	1,206,478	163,989	567,000	3,241,675
Uncollectible accounts	843	13,957	7,681	-	22,481
Controllable assets	371,188	37,727	16,714	1,654	427,283
Depreciation and amortization	3,921,224	1,776,455	7,221,846	633,230	13,552,755
TOTAL OPERATING EXPENSES	<u>15,078,137</u>	<u>7,701,028</u>	<u>9,142,740</u>	<u>5,077,098</u>	<u>36,999,003</u>
OPERATING INCOME (LOSS)	<u>(1,033,960)</u>	<u>1,860,832</u>	<u>(6,222,368)</u>	<u>(3,722,373)</u>	<u>(9,117,869)</u>
OTHER INCOME (EXPENSE)					
Interest expense	(847,937)	(231,251)	(1,965)	(2,350)	(1,083,503)
Interest income	550,716	3,038	3,870	-	557,624
Gain (loss) on disposal of assets	(21,365)	77,861	(74,381)	3,130	(14,755)
TOTAL OTHER INCOME (EXPENSE)	<u>(318,586)</u>	<u>(150,352)</u>	<u>(72,476)</u>	<u>780</u>	<u>(540,634)</u>
INCOME (LOSS) BEFORE OPERATING TRANSFERS AND GRANTS	<u>(1,352,546)</u>	<u>1,710,480</u>	<u>(6,294,844)</u>	<u>(3,721,593)</u>	<u>(9,658,503)</u>
OPERATING TRANSFERS	691,327	450,000	46,083	1,430,090	2,617,500
GRANTS FOR OPERATING	<u>248,755</u>	<u>-</u>	<u>161,475</u>	<u>1,899,625</u>	<u>2,309,855</u>
NET INCOME (LOSS) BEFORE CAPITAL TRANSFERS AND GRANTS	<u>(412,464)</u>	<u>2,160,480</u>	<u>(6,087,286)</u>	<u>(391,878)</u>	<u>(4,731,148)</u>
CAPITAL TRANSFERS	126,194	-	-	471,505	597,699
CAPITAL GRANTS AND CONTRIBUTIONS	<u>9,426,460</u>	<u>-</u>	<u>278,852</u>	<u>2,736,377</u>	<u>12,441,689</u>
CHANGES IN NET POSITION	9,140,190	2,160,480	(5,808,434)	2,816,004	8,308,240
NET POSITION - BEGINNING OF YEAR	<u>145,790,454</u>	<u>7,544,045</u>	<u>51,102,284</u>	<u>8,369,264</u>	<u>212,806,047</u>
NET POSITION - END OF YEAR	<u>\$ 154,930,644</u>	<u>\$ 9,704,525</u>	<u>\$ 45,293,850</u>	<u>\$ 11,185,268</u>	<u>\$ 221,114,287</u>

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

COUNTY COMMISSIONERS OF WASHINGTON COUNTY

Statement of Cash Flows – Proprietary Funds For the Year Ended June 30, 2023

	Enterprise Funds				
	Water Quality Fund	Solid Waste Fund	Airport Fund	Non-Major Funds	Total
Cash Flows from Operating Activities					
Receipts from customers	\$ 13,352,035	\$ 9,421,489	\$ 2,791,414	\$ 1,188,162	\$ 26,753,100
Payments to suppliers	(3,607,825)	(2,864,770)	(1,168,243)	(1,357,492)	(8,998,330)
Payments to employees	(7,029,616)	(2,520,525)	(403,700)	(3,049,322)	(13,003,163)
Net Cash Provided (Used) by Operating Activities	<u>2,714,594</u>	<u>4,036,194</u>	<u>1,219,471</u>	<u>(3,218,652)</u>	<u>4,751,607</u>
Cash Flows from Noncapital Financing Activities					
Operating contributions	940,082	450,000	207,558	3,329,715	4,927,355
Change in due to/from other funds	126,440	847,657	(15,116)	-	958,981
Net Cash Provided (Used) by Noncapital Financing Activities	<u>1,066,522</u>	<u>1,297,657</u>	<u>192,442</u>	<u>3,329,715</u>	<u>5,886,336</u>
Cash Flows from Capital and Related Financing Activities					
Interest paid on notes, bonds, leases and subscriptions	(744,116)	(250,525)	(4,232)	(2,350)	(1,001,223)
Acquisition and construction of capital assets	(4,478,916)	(1,705,945)	(2,036,277)	(2,980,012)	(11,201,150)
Grants for capital acquisition	9,552,654	-	278,852	3,207,882	13,039,388
Gain/(loss) on the sale of assets	(21,365)	77,861	(74,381)	(1,043)	(18,928)
Proceeds from notes and bonds payable	3,100,632	-	-	-	3,100,632
Principal payments on notes, bonds payable, leases and subscriptions	(3,384,536)	(1,181,801)	(118,205)	(58,209)	(4,742,751)
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>4,024,353</u>	<u>(3,060,410)</u>	<u>(1,954,243)</u>	<u>166,268</u>	<u>(824,032)</u>
Cash Flows from Investing Activities					
Proceeds from note receivable	-	301,478	-	-	301,478
Interest on investments	550,716	3,038	3,870	-	557,624
Net change in cash	8,356,185	2,577,957	(538,460)	277,331	10,673,013
Cash, Beginning of Year	24,601,662	19,812,534	3,520,915	1,984,216	49,919,327
Cash, End of Year	<u>\$ 32,957,847</u>	<u>\$ 22,390,491</u>	<u>\$ 2,982,455</u>	<u>\$ 2,261,547</u>	<u>\$ 60,592,340</u>
Non-Cash Operating Activities					
Loss on refunding	\$ 63,531	\$ 113,336	\$ 450	\$ -	\$ 177,317
Reconciliation of Operating Loss to Net Cash from Operating Activities					
Operating income (loss)	\$ (1,033,960)	\$ 1,860,832	\$ (6,222,368)	\$ (3,722,373)	\$ (9,117,869)
Adjustments to reconcile operating loss to net cash from operating activities:					
Depreciation and amortization	3,921,224	1,776,455	7,221,846	633,230	13,552,755
Changes in assets and liabilities:					
Accounts receivable	(527,716)	(156,107)	(15,805)	(36,676)	(736,304)
Unbilled receivables	(29,523)	(8,554)	5,646	(125,101)	(157,532)
Leases	(148,518)	-	681,203	-	532,685
Inventories	(41,284)	(2,142)	(26,724)	411	(69,739)
Other assets	-	-	-	(10,897)	(10,897)
Accounts payable and other liabilities	664,414	101,426	211,471	20,260	997,571
Accrued expenses	(135,219)	9,733	145,764	22,738	43,016
Landfill closure	-	437,271	-	-	437,271
Unearned revenue	13,615	24,290	(800,002)	(4,786)	(766,883)
Compensated absences	31,561	(7,010)	18,440	4,542	47,533
Net Cash Provided (Used) by Operating Activities	<u>\$ 2,714,594</u>	<u>\$ 4,036,194</u>	<u>\$ 1,219,471</u>	<u>\$ (3,218,652)</u>	<u>\$ 4,751,607</u>

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

COUNTY COMMISSIONERS OF WASHINGTON COUNTY

Statement of Net Position – Fiduciary Funds

As of June 30, 2023

	<u>Pension Trust</u>	<u>LOSAP Trust</u>	<u>OPEB Trust</u>	<u>Total Pension and OPEB Trust Funds</u>
ASSETS				
Cash and short-term investments	\$ 3,620,535	\$ 143,022	\$ 707,936	\$ 4,471,493
Investments, at fair value:				
Fixed income securities	41,097,088	3,427,565	7,001,955	51,526,608
Real Estate investment	24,748,654	-	1,464,626	26,213,280
Equity funds	115,991,636	7,815,864	19,679,182	143,486,682
Accounts receivable	1,840,979	10,566	18,512	1,870,057
TOTAL ASSETS	<u>187,298,892</u>	<u>11,397,017</u>	<u>28,872,211</u>	<u>227,568,120</u>
LIABILITIES				
Accounts payable	-	-	408,627	408,627
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>408,627</u>	<u>408,627</u>
NET POSITION				
Held in trust for pension and OPEB	187,298,892	11,397,017	28,463,584	227,159,493
NET POSITION	<u>\$ 187,298,892</u>	<u>\$ 11,397,017</u>	<u>\$ 28,463,584</u>	<u>\$ 227,159,493</u>

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

COUNTY COMMISSIONERS OF WASHINGTON COUNTY

Statement of Changes in Net Position - Fiduciary Funds For the Year Ended June 30, 2023

	<u>Pension Trust</u>	<u>LOSAP Trust</u>	<u>OPEB Trust</u>	<u>Total Pension and OPEB Trust Funds</u>
ADDITIONS				
Contributions:				
Employer	\$ 13,381,955	\$ 326,000	\$ -	\$ 13,707,955
Plan members	2,795,070	-	-	2,795,070
Total Contributions	<u>16,177,025</u>	<u>326,000</u>	<u>-</u>	<u>16,503,025</u>
Investment Income:				
Realized and unrealized gains	15,704,268	796,116	2,008,368	18,508,752
Interest and dividends	61,552	4,981	61,552	128,085
Other income	890,441	397,126	890,441	2,178,008
Total Investment Income	<u>16,656,261</u>	<u>1,198,223</u>	<u>2,960,361</u>	<u>20,814,845</u>
TOTAL ADDITIONS	<u>32,833,286</u>	<u>1,524,223</u>	<u>2,960,361</u>	<u>37,317,870</u>
DEDUCTIONS				
Benefits	12,581,179	729,726	1,036,443	14,347,348
Administrative expenses	168,181	12,668	24,879	205,728
TOTAL DEDUCTIONS	<u>12,749,360</u>	<u>742,394</u>	<u>1,061,322</u>	<u>14,553,076</u>
CHANGES IN NET POSITION	20,083,926	781,829	1,899,039	22,764,794
NET POSITION - BEGINNING OF YEAR	<u>167,214,966</u>	<u>10,615,188</u>	<u>26,564,545</u>	<u>204,394,699</u>
NET POSITION - END OF YEAR	<u>\$ 187,298,892</u>	<u>\$ 11,397,017</u>	<u>\$ 28,463,584</u>	<u>\$ 227,159,493</u>

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

COUNTY COMMISSIONERS OF WASHINGTON COUNTY

Notes to the Financial Statements

June 30, 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Financial Reporting Entity

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

The accompanying financial statements are presented as of June 30, 2023 and for the year then ended, and have been prepared in conformity with accounting principles generally accepted in the United States of America applicable to local governments. The Governmental Accounting Standards Board (GASB) is the standard setting body for establishing governmental accounting and financial reporting principles, which are primarily set forth in the *GASB's Codification of Governmental Accounting and Financial Reporting Standards* (GASB Codification).

Reporting Entity

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

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

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

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

COUNTY COMMISSIONERS OF WASHINGTON COUNTY

Notes to the Financial Statements

June 30, 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Reporting Entity (continued)

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

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

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

Government-Wide and Fund Financial Statements

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

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

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

COUNTY COMMISSIONERS OF WASHINGTON COUNTY

Notes to the Financial Statements

June 30, 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

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

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

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

The government reports the following major governmental funds:

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

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

COUNTY COMMISSIONERS OF WASHINGTON COUNTY

Notes to the Financial Statements

June 30, 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

The government reports the following major proprietary funds:

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

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

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

Additionally, the government reports the following fiduciary funds:

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

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

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

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

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

COUNTY COMMISSIONERS OF WASHINGTON COUNTY

Notes to the Financial Statements

June 30, 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

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

Use of Estimates in the Preparation of Financial Statements

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

Capital Assets

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

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

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

COUNTY COMMISSIONERS OF WASHINGTON COUNTY

Notes to the Financial Statements

June 30, 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Capital Assets (continued)

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

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

Long-Term Obligations

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

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

Investments

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

COUNTY COMMISSIONERS OF WASHINGTON COUNTY

Notes to the Financial Statements

June 30, 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Investments (continued)

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

Inventories

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

Employee Benefit Programs

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

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

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

Taxes and County Services

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

COUNTY COMMISSIONERS OF WASHINGTON COUNTY

Notes to the Financial Statements

June 30, 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Real Estate and Personal Property Taxes

The County's property tax is levied each July 1st, at rates enacted by the Board of County Commissioners based on the total assessed value as determined by the Maryland State Department of Assessments and Taxation. The rates of levy cannot exceed the constant yield tax rate furnished by the Maryland State Department of Assessments and Taxation without public notice and only after public hearings. A reassessment of all property is required to be completed every three years.

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

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

Rate of County Taxes:

Income tax	2.95% of Maryland taxable income (calendar year 2023)
Recordation tax	\$3.80 per \$500
Trailer park	As of March 1, 2020, the County Commissioners reduced the tax to 7.5% of gross rentals, with a \$20 per month per mobile home space cap on the tax.
Property taxes	\$0.928 per \$100 of assessable base (for Fiscal Year 2023)

Cash Flows

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

COUNTY COMMISSIONERS OF WASHINGTON COUNTY

Notes to the Financial Statements

June 30, 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Concentrations of Credit Risk

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

Net Position and Fund Equity

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

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

Leases

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

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

COUNTY COMMISSIONERS OF WASHINGTON COUNTY

Notes to the Financial Statements

June 30, 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Leases (continued)

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

- The County uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the County generally uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that the County is reasonably certain to exercise.

The County monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

Lease assets are reported with other capital assets and lease liabilities are reported with long-term debt on the statement of net position.

Lessor: The County is a lessor for noncancellable leases of land, cell tower space, pretreatment facility and office space. The County recognizes a lease receivable and a deferred inflow of resources in the government-wide and governmental fund financial statements. At the commencement of a lease, the County initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

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

- The County uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease. Lease receipts included in the measurement of the lease receivable is composed of fixed payments from the lessee.

The County monitors changes in circumstances that would require a remeasurement of its lease, and will remeasure the lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

COUNTY COMMISSIONERS OF WASHINGTON COUNTY

Notes to the Financial Statements June 30, 2023

2. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Budgetary Information

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

Financial Capacity and Analysis Phase

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

Financial Capacity and Analysis Phase (continued)

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

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

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

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

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

COUNTY COMMISSIONERS OF WASHINGTON COUNTY

Notes to the Financial Statements June 30, 2023

2. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (continued)

Budgetary Information (continued)

Budget Development Start

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

Budget Development Phase

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

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

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

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

Review and Modification Phase

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

COUNTY COMMISSIONERS OF WASHINGTON COUNTY

Notes to the Financial Statements

June 30, 2023

2. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (continued)

Budgetary Information (continued)

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

Adoption Phase

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

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

Start Up

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

Balanced Budget

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

Costing of Services

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

COUNTY COMMISSIONERS OF WASHINGTON COUNTY

Notes to the Financial Statements

June 30, 2023

2. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (continued)

Budgetary Information (continued)

Amendment to the Budget

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

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

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

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

3. CASH AND SHORT-TERM INVESTMENTS

Primary Government

Deposits

As of June 30, 2023, the carrying amount of the County's deposits was \$105,674,779 and the bank balances were \$107,740,806. All deposits are carried at cost plus accrued interest. There were no significant violations of the collateralization requirements during the year ended June 30, 2023. The County's deposit policy specifies that all deposits must be entirely covered by Federal depository insurance, deposit surety bond, or by collateral in the form of pledged securities, according to state statute. In order to anticipate market changes and provide a level of security for all funds, the collateralization level is required to be at least 102% of market value of principal and accrued interest.

Custodial Credit Risk

Custodial credit risk is the risk that in the event of a bank failure, the County's deposits may not be returned. The County does not have a deposit policy for custodial credit risk. As of June 30, 2023, the County's bank balance of \$107,740,806 was not exposed to custodial credit risk as \$250,000 of interest bearing accounts and \$250,000 of noninterest bearing accounts are insured by FDIC, \$15,000,000 is covered by a short term line of credit, and the remainder is collateralized through the Bank of New York Mellon.

COUNTY COMMISSIONERS OF WASHINGTON COUNTY

Notes to the Financial Statements June 30, 2023

3. CASH AND SHORT-TERM INVESTMENTS (continued)

Primary Government (continued)

Investments

As of June 30, 2023, the County had the following investments and maturities.

Investment Type	Fair Value	Investment Maturities (in Years)			
		Less than 1	1-5	6-10	More than 10
Investments held in County's name:					
U.S. government obligations, municipal and corporate bonds	\$ 194,003,216	\$ 194,003,216	\$ -	\$ -	\$ -
Total investments held in County's name	194,003,216	194,003,216	-	-	-
Investments held by trustee of					
Pension plan:					
Fixed income securities	41,097,088	41,097,088	-	-	-
Real estate investments	24,748,654	24,748,654	-	-	-
Equity funds	115,991,636	115,991,636	-	-	-
Money market funds	3,620,535	3,620,535	-	-	-
Total Investments held by trustee of pension plan	185,457,913	185,457,913	-	-	-
Investments held by trustee of					
LOSAP plan:					
Fixed income funds	3,427,565	3,427,565	-	-	-
Equity funds	7,815,864	7,815,864	-	-	-
Money market funds	143,022	143,022	-	-	-
Total Investments held by trustee of LOSAP plan	11,386,451	11,386,451	-	-	-
Investments held by trustee of					
OPEB plan:					
Real estate investments	7,001,955	7,001,955	-	-	-
Fixed income funds	1,464,626	1,464,626	-	-	-
Equity funds	19,679,182	19,679,182	-	-	-
Money market funds	707,936	707,936	-	-	-
Total Investments held by trustee of OPEB plan	28,853,699	28,853,699	-	-	-
Total investments	\$ 419,701,279	\$ 419,701,279	\$ -	\$ -	\$ -

The County categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. All of the County's investments are valued using quoted market prices (level 1 inputs).

COUNTY COMMISSIONERS OF WASHINGTON COUNTY

Notes to the Financial Statements

June 30, 2023

3. CASH AND SHORT-TERM INVESTMENTS (continued)

Primary Government (continued)

Investments (continued)

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

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

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

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

<u>Investment Type</u>	<u>Range</u>	<u>Target</u>
Equities:		
Domestic	25-45%	35%
International	10-30%	20%
Options/ Defensive Equity	0-25%	12%
Real Estate	0-10%	4%
Private Infrastructure	0-10%	4%
Private Credit/ High Yield	0-15%	7%
Fixed Income:		
Investment Grade	6-26%	16%
Money Market	0-10%	2%

COUNTY COMMISSIONERS OF WASHINGTON COUNTY

Notes to the Financial Statements

June 30, 2023

3. CASH AND SHORT-TERM INVESTMENTS (continued)

Primary Government (continued)

Investments (continued)

Credit Risk: It is the County's investment policy to only invest in U.S. Government Treasury obligations, agencies, and sponsored instrumentalities. Also the County's investment policy allows for investments in banks located in the State of Maryland (Certificates of Deposit) with the exception of Bankers Acceptances. Commercial banks must have a short-term rating of at least investment grade from the appropriate bank rating agencies. Bankers' Acceptances from domestic banks, which also include United States affiliates of large international banks, must have a rating of A1 from Standards and Poor's Corporation and P1 from Moody's Investor Services. As of June 30, 2023, the County's investments were 100% in U.S. Treasury and Agency obligations and certificates of deposit.

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

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

Custodial Credit Risk: For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the County will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. As of June 30, 2023, none of the County's investments are exposed to custodial credit risk because they are held in the County's name.

COUNTY COMMISSIONERS OF WASHINGTON COUNTY

Notes to the Financial Statements

June 30, 2023

3. CASH AND SHORT-TERM INVESTMENTS (continued)

Board of Education

Cash

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

Compliance is summarized as follows:

<u>June 30, 2023</u>	<u>Governmental Activities and Business-Type</u>	<u>Fiduciary Responsibilities</u>	<u>Total</u>
Carrying amount of cash deposits	\$ 20,837,569	\$ 75,520	\$ 20,913,089
Bank balance of cash deposits	22,393,930	75,520	22,469,450
Amount covered by FDIC	1,587,741	75,520	1,663,261
Amount collateralized with securities held by an agent of the pledging financial institution in the School system's name	20,806,189	-	20,806,189

Investments

Credit Risk: Maryland statutes authorize the School System to invest in obligations of the United States government or agency obligations. As of June 30, 2023, the School System's operating investments in U.S Government Agencies were rated AAA and AA+ by Standard & Poor's. The School System's fiduciary investments in fixed income mutual funds and corporate bonds were not rated and rated A+, respectively, as of June 30, 2023.

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

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

COUNTY COMMISSIONERS OF WASHINGTON COUNTY

Notes to the Financial Statements

June 30, 2023

3. CASH AND SHORT-TERM INVESTMENTS (continued)

Board of Education (continued)

Investments (continued)

Retiree Health Plan Trust Investments: The investments of the MABE Trust are stated at fair value, are deposited with Fidelity, and are managed by GYL Financial Synergies, LLC. The MABE Trust categorizes its fair value measurements within the fair value hierarchy established by GAAP. The hierarchy is based on the valuation inputs used to measure the fair value asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 are significant unobservable inputs. Although all investments of the MABE Trust are considered Level 1 and Level 2, the School System's membership in the MABE Trust is considered Level 2. As of June 30, 2023, the pooled net position of the MABE Trust was \$616,539,843 in total, of which the School System's allocated investment balance was \$113,390,029. The School System's allocated investments consist of the following:

Cash and Cash Equivalents	\$ 4,914,183
Interest Receivable	278,993
Corporate Bonds	16,255,003
Equity Securities	34,533,454
Mutual Funds	36,285,869
U.S. Government Agency	21,122,527
	<u>\$ 113,390,029</u>

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

Concentration of Credit Risk: The School System does not have a formal policy that places a limit on the amount or percent that may be invested in any one issuer. More than 5% of the School System's Governmental Activities investments are investments in the Federal Home Loan Mortgage Corp. This investment is 9%, respectively, of the Governmental Activities investments. More than 5% of the School System's General Fund investments are investments in the Federal Home Loan Mortgage Corp. This investment is 16% of the General Fund investments.

COUNTY COMMISSIONERS OF WASHINGTON COUNTY

Notes to the Financial Statements June 30, 2023

3. CASH AND SHORT-TERM INVESTMENTS (continued)

Board of Education (continued)

Investments (continued)

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

As of June 30, 2023, the School System had the following investments and maturities:

	Governmental Activities	Business-Type Activities	Fiduciary Responsibilities	Total
United States Treasury Note - 1.25% matures July 31, 2023	\$ 4,947,580	\$ -	\$ -	\$ 4,947,580
United States Treasury Bill - .125% matures August 31, 2023	5,954,297	-	-	5,954,297
United States Treasury Note -1.625% matures October 31, 2023	4,938,593	-	-	4,938,593
United States Treasury Note - .250% matures November 15, 2023	4,985,938	-	-	4,985,938
United States Treasury Note - 2.750% matures February 15, 2024	6,398,145	-	-	6,398,145
United States Treasury Note - 1.250% matures August 31, 2024	5,671,638	-	-	5,671,638
United States Treasury Note - 3.875% matures April 30, 2025	3,405,886	-	-	3,405,886
Federal Home Loan Mortgage Corp- 5.200% matures May 16, 2025	4,990,750	-	-	4,990,750
United States Treasury Bill - .000% matures July 6, 2023	6,350,482	-	-	6,350,482
United States Treasury Bill - .000% matures August 22, 2023	5,901,428	-	-	5,901,428
Income Fund of America	78,952	-	-	78,952
Retiree Health Plan Trust	-	-	113,900,209	113,900,209
	<u>\$ 53,623,689</u>	<u>\$ -</u>	<u>\$ 113,900,209</u>	<u>\$ 167,523,898</u>

Investment Type	Fair Value	Investment Maturities (in Years)			
	June 30, 2023	Less than 1	1-5	6-10	More than 10
U.S. Agencies	\$ 53,544,737	\$ 39,476,463	\$ 14,068,274	\$ -	\$ -
Income Fund of America	78,952	78,952	-	-	-
Securities	37,377,530	-	103,350	-	37,274,180
	<u>\$ 91,001,219</u>	<u>\$ 39,555,415</u>	<u>\$ 14,171,624</u>	<u>\$ -</u>	<u>\$ 37,274,180</u>

COUNTY COMMISSIONERS OF WASHINGTON COUNTY

Notes to the Financial Statements

June 30, 2023

3. CASH AND SHORT-TERM INVESTMENTS (continued)

Board of Education (continued)

Investments (continued)

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

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

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

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

Fair value of assets measured on a recurring basis as of June 30, 2023 are as follows:

	Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Government Agency Securities	\$ 53,544,737	\$ -	\$ 53,544,737	\$ -
Mutual Fund - Income Fund	78,952	78,952	-	-
	<u>\$ 53,623,689</u>	<u>\$ 78,952</u>	<u>\$ 53,544,737</u>	<u>\$ -</u>

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

COUNTY COMMISSIONERS OF WASHINGTON COUNTY

Notes to the Financial Statements June 30, 2023

4. RECEIVABLES

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

	Governmental Activities			
	General	Capital Projects	Non-Major	Total
Receivables:				
Taxes receivable	\$ 2,167,286	\$ -	\$ -	\$ 2,167,286
Accounts receivable	3,287,541	3,371,974	387,143	7,046,658
Gross receivables	5,454,827	3,371,974	387,143	9,213,944
Less: allowance for uncollectibles	(1,975,613)	-	-	(1,975,613)
Net Total Receivables	\$ 3,479,214	\$ 3,371,974	\$ 387,143	\$ 7,238,331

	Business-type Activities				
	Water Quality	Solid Waste	Airport	Non-Major	Total
Accounts receivable	\$ 1,795,301	\$ 584,989	\$ 73,294	\$ 47,507	\$ 2,501,091
Less: allowance for uncollectibles	(18,316)	(319,596)	(8,181)	-	(346,093)
Net Total Receivables	\$ 1,776,985	\$ 265,393	\$ 65,113	\$ 47,507	\$ 2,154,998

Governmental funds report unavailable revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also record unearned revenue in connection with resources that have been received, but not yet earned. As of the end of the current fiscal year unavailable revenue for delinquent property taxes receivable reported in the General Fund was \$480,687. Receivables do not include various taxes collected by the State of Maryland on behalf of the County, including income taxes. These amounts are included in Due From Other Governmental Agencies.

Lease Receivable

The County leases land, cell tower space, a pretreatment facility and office space to multiple third parties. The leases vary in length up to the year 2106 and the County will receive on average monthly payments of \$50,790. The County recognized \$399,718 in lease revenue and \$410,713 in interest revenue during the current fiscal year related to these leases. As of June 30, 2023, the County's receivable for lease payments was \$14,864,223. Also, the County has a deferred inflow of resources associated with these leases that will be recognized as revenue over the lease term. As of June 30, 2023, the balance of the deferred inflow of resources was \$14,557,104.

COUNTY COMMISSIONERS OF WASHINGTON COUNTY

Notes to the Financial Statements June 30, 2023

5. CAPITAL ASSETS

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

Primary Government

	Balance June 30, 2022	Additions	Retirements	Balance June 30, 2023
Governmental Activities:				
Capital assets, not being depreciated or amortized:				
Land	\$ 102,834,117	\$ 2,789,960	\$ (402,891)	\$ 105,221,186
Capital assets, being depreciated:				
Land improvements	21,645,710	702,575	-	22,348,285
Building and improvements	121,415,266	1,983,206	(24,296)	123,374,176
Vehicles	19,711,834	2,346,888	(313,039)	21,745,683
Infrastructure	1,219,988,774	7,278,098	-	1,227,266,872
Machinery and equipment	11,844,180	1,034,529	(1,947,636)	10,931,073
Office furniture and equipment	922,227	-	(152,343)	769,884
Computer equipment	33,308,224	415,361	(1,035,346)	32,688,239
Right to use - land	-	274,065	-	274,065
Right to use - vehicles and equipment	605,739	1,550,870	(35,488)	2,121,121
Right to use - subscriptions	-	2,854,771	-	2,854,771
Total capital assets, being depreciated or amortized	1,429,441,954	18,440,363	(3,508,148)	1,444,374,169
Total Capital Assets	1,532,276,071	21,230,323	(3,911,039)	1,549,595,355
Accumulated depreciation and amortization for:				
Land improvements	(8,373,535)	(854,870)	-	(9,228,405)
Building and improvements	(48,632,799)	(3,553,068)	24,296	(52,161,571)
Vehicles	(13,864,186)	(1,539,821)	313,039	(15,090,968)
Infrastructure	(977,307,556)	(8,779,120)	-	(986,086,676)
Machinery and equipment	(7,886,680)	(811,552)	1,269,928	(7,428,304)
Office furniture and equipment	(904,103)	(18,124)	152,343	(769,884)
Computer equipment	(30,822,539)	(684,334)	970,262	(30,536,611)
Right to use - land	-	(39,776)	-	(39,776)
Right to use - vehicles and equipment	(147,687)	(337,740)	35,488	(449,939)
Right to use - subscriptions	-	(430,423)	-	(430,423)
Total Accumulated Depreciation and Amortization	(1,087,939,085)	(17,048,828)	2,765,356	(1,102,222,557)
Governmental Activities Capital Assets, Net	\$ 444,336,986	\$ 4,181,495	\$ (1,145,683)	\$ 447,372,798
Projects Under Construction	\$ 9,959,692	\$ 20,453,960	\$ (15,082,017)	\$ 15,331,635

COUNTY COMMISSIONERS OF WASHINGTON COUNTY

Notes to the Financial Statements

June 30, 2023

5. CAPITAL ASSETS (continued)

Primary Government (continued)

	Balance June 30, 2022	Additions	Retirements	Balance June 30, 2023
Business-type Activities:				
Capital assets, not being depreciated or amortized:				
Land	\$ 12,329,898	\$ -	\$ -	\$ 12,329,898
Capital assets, being depreciated:				
Land improvements	153,075,161	52,530	(1,250)	153,126,441
Building and improvements	72,100,499	869,177	(20,859)	72,948,817
Facilities	126,212,153	3,856,545	-	130,068,698
Vehicles	9,069,641	2,960,398	(969,004)	11,061,035
Machinery and equipment	12,506,330	1,117,076	(604,965)	13,018,441
Office furniture and equipment	238,793	-	(2,605)	236,188
Computer equipment	1,660,875	-	(5,142)	1,655,733
Treatment plants	100,615,360	-	-	100,615,360
Right to use - vehicles and equipment	2,243,129	604,013	(635)	2,846,507
Right to use - subscriptions	-	49,890	-	49,890
Total capital assets, being depreciated or amortized	477,721,941	9,509,629	(1,604,460)	485,627,110
Total Capital Assets	490,051,839	9,509,629	(1,604,460)	497,957,008
Accumulated depreciation and amortization for:				
Land improvements	(125,319,770)	(6,459,025)	1,250	(131,777,545)
Building and improvements	(28,225,496)	(1,931,976)	19,816	(30,137,656)
Facilities	(41,126,359)	(1,670,867)	-	(42,797,226)
Vehicles	(6,404,193)	(582,105)	884,498	(6,101,800)
Machinery and equipment	(10,299,819)	(673,675)	569,151	(10,404,343)
Office furniture and equipment	(238,793)	-	2,605	(236,188)
Computer equipment	(1,369,512)	(59,780)	5,142	(1,424,150)
Treatment plants	(33,662,169)	(1,947,766)	-	(35,609,935)
Right to use - vehicles and equipment	(291,387)	(350,071)	635	(640,823)
Right to use - subscriptions	-	(9,978)	-	(9,978)
Total Accumulated Depreciation and Amortization	(246,937,498)	(13,685,243)	1,483,097	(259,139,644)
Business-type Activities Capital Assets, Net	\$ 243,114,341	\$ (4,175,614)	\$ (121,363)	\$ 238,817,364
Projects Under Construction	\$ 3,750,261	\$ 9,451,548	\$ (6,646,211)	\$ 6,555,598

COUNTY COMMISSIONERS OF WASHINGTON COUNTY

Notes to the Financial Statements June 30, 2023

5. CAPITAL ASSETS (continued)

Primary Government (continued)

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

Governmental Activities:

General Government	\$ 12,597,876
Public Safety	2,868,797
Park, recreation and culture	412,903
Conservation of Natural Resources	12,747
Highways and streets	1,156,505
Total Depreciation and Amortization Expense - Governmental Activities	\$ 17,048,828

Business-Type Activities:

Public Transit Fund	\$ 467,384
Airport Fund	7,221,846
Golf Course Fund	165,846
Water Quality Fund	3,921,224
Solid Waste Fund	1,776,455
Total Depreciation and Amortization Expense – Business-Type Activities	\$ 13,552,755

Board of Education

	Balance June 30, 2022	Additions	Deletions	Transfers	Balance June 30, 2023
Government Activities					
Capital assets, not being depreciated:					
Land	\$ 9,749,615	\$ -	\$ -	\$ -	\$ 9,749,615
Facilities under construction	6,450,073	12,547,132	(4,783,603)	-	14,213,602
	<u>16,199,688</u>	<u>12,547,132</u>	<u>(4,783,603)</u>	<u>-</u>	<u>23,963,217</u>
Capital assets, being depreciated:					
Building and improvements	386,647,154	4,818,665	-	-	391,465,819
Leased building and improvements	437,113	-	-	-	437,113
Furniture and equipment	49,125,096	4,472,122	(5,778,306)	(4,239)	47,814,673
Leased furniture and equipment	4,282,872	86,834	(240,431)	-	4,129,275
Financed Equipment	304,282	-	-	-	304,282
Leased subscription based asset	5,240,707	12,089	-	-	5,252,796
	<u>446,037,224</u>	<u>9,389,710</u>	<u>(6,018,737)</u>	<u>(4,239)</u>	<u>449,403,958</u>
Accumulated depreciation:					
Building and improvements	(180,193,876)	(8,205,475)	-	-	(188,399,351)
Leased building and improvements	(158,001)	(43,711)	-	-	(201,712)
Furniture and equipment	(34,843,935)	(3,152,265)	5,718,091	-	(32,278,109)
Leased furniture and equipment	(2,275,059)	(380,423)	131,900	-	(2,523,582)
Financed Equipment	(75,311)	(76,025)	-	-	(151,336)
Leased subscription based asset	(2,439,915)	(856,523)	-	-	(3,296,438)
	<u>(219,986,097)</u>	<u>(12,714,422)</u>	<u>5,849,991</u>	<u>-</u>	<u>(226,850,528)</u>
Governmental Activities Capital Assets, Net	\$242,250,815	\$ 9,222,420	\$ (4,952,349)	\$ (4,239)	\$ 246,516,647

COUNTY COMMISSIONERS OF WASHINGTON COUNTY

Notes to the Financial Statements June 30, 2023

5. CAPITAL ASSETS (continued)

Board of Education (continued)

	Balance June 30, 2022	Additions	Deletions	Transfers	Balance June 30, 2023
Business-type Activities					
Capital assets, being depreciated:					
Furniture and equipment	\$ 5,455,957	\$ 1,027,775	\$ (311,562)	\$ 4,239	\$ 6,176,409
Leased subscription based asset	-	193,629	-	-	193,629
Total capital assets being depreciated	<u>5,455,957</u>	<u>1,221,404</u>	<u>(311,562)</u>	<u>4,239</u>	<u>6,370,038</u>
Accumulated depreciation:					
Furniture and equipment	(4,046,296)	(302,991)	302,886	-	(4,046,401)
Leased subscription based asset	-	(17,211)	-	-	(17,211)
Total accumulated depreciation	<u>(4,046,296)</u>	<u>(320,202)</u>	<u>302,886</u>	<u>-</u>	<u>(4,063,612)</u>
Business-type Activities Capital Assets, Net	<u>\$ 1,409,661</u>	<u>\$ 901,202</u>	<u>\$ (8,676)</u>	<u>\$ 4,239</u>	<u>\$ 2,306,426</u>

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

Governmental activities:	
Other instructional costs	\$ 1,631,709
Student transportation services	1,658,890
Operation of plant	944,605
Depreciation - unallocated	<u>8,479,218</u>
Total Governmental Activities Depreciation Expense	<u>\$ 12,714,422</u>
Business-type activities:	
Food services	<u>\$ 320,202</u>

6. INTERFUND RECEIVABLES AND PAYABLES

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

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

Receivable Fund	Payable Fund	Amount
Capital Projects	General	\$ 118,598,484
	Water Quality	646,643
	HEPMPO	171,958
Total		<u>\$ 119,417,085</u>
General Fund	Solid Waste	<u>845,976</u>

6. INTERFUND RECEIVABLES AND PAYABLES (continued)

COUNTY COMMISSIONERS OF WASHINGTON COUNTY

Notes to the Financial Statements

June 30, 2023

Board of Education

<u>Receivable Entity</u>	<u>Payable Entity</u>	<u>Amount</u>
Component unit - Board of Education	Primary government - capital projects	\$ 528,115

All interfund receivables and payables are without interest.

7. INTERFUND TRANSACTIONS

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

<u>Fund</u>	<u>Operating Transfers In</u>	<u>Operating Transfers Out</u>	<u>Capital Transfers In</u>	<u>Capital Transfers Out</u>
General Fund:				
Capital Projects	\$ -	\$ -	\$ 36,076	25,199,656
Highway Fund	-	500,000	-	-
Solid Waste	-	450,000	-	-
Public Transit	-	1,131,910	-	-
Water Quality	-	706,203	-	-
Grant Management	-	327,280	-	-
Agricultural Education Center	-	216,770	-	-
Golf Course	-	319,710	-	25,000
HEPMPO	-	5,700	-	-
Land Preservation	-	5,919	-	-
Airport	-	-	-	-
Cascade Town Centre	-	-	-	-
Capital Projects Fund:				
General Fund	-	-	25,199,656	36,076
Highway Fund	-	-	-	-
Airport Fund	-	-	-	-
Water Quality	-	-	100,000	211,319
Hotel Rental Fund	-	-	-	-
Golf Course	-	-	-	446,505
Transit	-	-	-	-
Land Preservation	-	400,000	-	-

COUNTY COMMISSIONERS OF WASHINGTON COUNTY

Notes to the Financial Statements

June 30, 2023

7. INTERFUND TRANSACTIONS (continued)

<u>Fund</u>	<u>Operating Transfers In</u>	<u>Operating Transfers Out</u>	<u>Capital Transfers In</u>	<u>Capital Transfers Out</u>
Highway:				
General Fund	500,000	-	-	-
Solid Waste:				
General Fund	450,000	-	-	-
Public Transit:				
General Fund	1,131,910	-	-	-
HEPMPO	-	21,530	-	-
Capital Projects	-	-	-	-
Water Quality:				
General Fund	706,203	-	-	-
Capital Projects	-	-	211,319	100,000
Cascade Town Centre	-	-	-	-
Airport:				
General Fund	-	-	-	-
Hotel Rental	46,083	-	-	-
Capital Projects	-	-	-	-
Golf Course:				
General Fund	319,710	-	25,000	-
Capital Projects	-	-	446,505	-
Grant Management:				
General Fund	327,280	-	-	-
Agricultural Education Center:				
General Fund	216,770	-	-	-
HEPMPO:				
General Fund	5,700	-	-	-
Public Transit Fund	21,530	-	-	-
Hotel Rental:				
Airport	-	46,083	-	-
Cascade Town Centre	-	-	-	-
Land Preservation:				
General Fund	5,919	-	-	-
Capital Projects Fund	400,000	-	-	-
Cascade Town Centre:				
Water Quality	-	-	-	-
Total	<u>\$4,131,105</u>	<u>\$4,131,105</u>	<u>\$26,018,556</u>	<u>\$26,018,556</u>

COUNTY COMMISSIONERS OF WASHINGTON COUNTY

Notes to the Financial Statements June 30, 2023

8. LONG-TERM DEBT, LEASES, AND SUBSCRIPTIONS

Primary Government

The County issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds have been issued for both governmental and business-type activities. General obligation bonds are direct obligations and pledge the full faith and credit of the County. These bonds generally are issued as 20-year serial bonds with different amounts of principal maturing each year. General obligation bonds, leases, and subscriptions currently outstanding are as follows:

	Interest Rate	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities						
Public Sale Bonds payable:						
General obligation bonds	1.4-5.5%	\$ 141,189,950	\$ 11,040,000	\$ 10,081,595	\$ 142,148,355	\$ 10,830,958
Unamortized bond premium		7,565,536	960,790	1,160,553	7,365,773	-
Total bonds payable		148,755,486	12,000,790	11,242,148	149,514,128	10,830,958
Other loans payable						
Direct Borrowing: Maryland Water Quality loans	1.0%	1,685,670	-	553,318	1,132,353	278,877
Total bonds and loans payable		150,441,156	12,000,790	11,795,466	150,646,480	11,109,835
Direct Borrowing: Agricultural Land Preservation	2.0%	760,215	-	181,779	578,436	181,779
Leases	.32-4.78%	459,703	1,737,658	467,363	1,729,998	422,195
Subscriptions	1.71-2.66%	-	2,449,277	649,945	1,799,332	670,213
Net pension liability		110,231,895	-	5,822,344	104,409,551	-
Governmental Activity Long-term Liabilities		261,892,969	16,187,725	18,916,897	259,163,797	12,384,022
Business-type Activities						
Public Sale Bonds payable:						
General obligation bonds	1.4-5.9%	39,090,050	2,850,000	2,278,405	39,661,645	2,474,042
Unamortized bond premium		2,887,595	250,632	388,186	2,750,042	-
Unamortized bond discount		-	-	-	-	-
Total bonds payable		41,977,645	3,100,632	2,666,591	42,411,687	2,474,042
Other loans payable:						
Direct Borrowing: Maryland Water Quality loans	.40-1.1%	5,177,028	-	1,576,365	3,600,662	379,214
Total bonds and loans payable		47,154,673	3,100,632	4,242,956	46,012,349	2,853,256
Lease:	.32-2.58%	1,322,687	604,013	489,345	1,438,079	537,012
Subscriptions	2.4%	-	49,890	10,450	39,440	9,517
Business-type Activity Long-term Liabilities		48,477,360	3,754,535	4,742,751	47,489,868	3,399,785
Total Combined Activities Long-term Liabilities		\$ 310,370,329	\$ 19,942,260	\$ 23,659,648	\$ 306,653,665	\$ 15,783,807

COUNTY COMMISSIONERS OF WASHINGTON COUNTY

Notes to the Financial Statements June 30, 2023

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

Primary Government (continued)

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

Year ending June 30,	Governmental Activities				Business-type Activities			
	General		Direct		General		Direct	
	Obligation Bonds		Borrowings		Obligation Bonds		Borrowings	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2024	\$ 10,830,958	\$ 4,577,155	\$ 278,877	\$ 11,324	\$ 2,474,042	\$ 1,217,245	\$ 379,214	\$ 24,973
2025	11,184,839	4,388,254	281,666	8,534	2,600,162	1,114,705	319,986	21,552
2026	10,828,066	3,968,280	284,483	5,718	2,681,934	1,012,041	225,537	18,711
2027	10,473,985	3,572,145	287,327	2,875	2,786,015	920,939	227,335	16,914
2028	10,888,795	3,187,170	-	-	2,886,205	830,814	660,528	15,103
2029-2033	42,593,234	11,061,015	-	-	11,721,765	2,904,742	1,013,539	52,541
2034-2038	30,778,049	4,699,798	-	-	8,166,951	1,353,245	774,523	14,270
2039-2043	13,745,429	1,091,351	-	-	4,539,571	473,646	-	-
2044-2053	825,000	16,500	-	-	1,805,000	142,306	-	-
Total	<u>\$ 142,148,355</u>	<u>\$ 36,561,668</u>	<u>\$ 1,132,353</u>	<u>\$ 28,451</u>	<u>\$ 39,661,645</u>	<u>\$ 9,969,683</u>	<u>\$ 3,600,662</u>	<u>\$ 164,064</u>
Plus:								
Unamortized premium	<u>7,365,773</u>				<u>2,750,042</u>			
	<u>\$ 149,514,128</u>				<u>\$ 42,411,687</u>			

The County Commissioners have received bonding authority from the State Legislature to issue public facilities bonds for the purpose of financing various capital projects. As of June 30, 2023, the unused authorization was \$29,320,096.

Conduit Debt

From time to time, the County has issued Industrial Revenue Bonds to provide financial assistance to private-sector entities for the acquisition and construction of industrial and commercial facilities deemed to be in the public interest. The bonds are secured by the property financed and are payable solely from payments received in the underlying mortgage loans. Upon repayment of the bonds, ownership of the acquired facilities transfers to the private-sector entity served by the bond issuance. Neither the County, the State, nor any political subdivision thereof is obligated in any manner for repayment of the bonds. In accordance with governmental accounting standards, the bonds are not reported as liabilities in the accompanying financial statements. As of June 30, 2023, there were Industrial Revenue Bonds outstanding with an aggregate principal amount payable of \$81,319,172.

COUNTY COMMISSIONERS OF WASHINGTON COUNTY

Notes to the Financial Statements

June 30, 2023

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

Primary Government (continued)

Agricultural Land Preservation Installments

The County has entered into installment contracts to purchase easements for agricultural land preservation purposes. Under the terms of the installment contracts, the County pays the property owner annual interest and principal payments over the ten-year term of the contract. The primary source of revenue for repayment of the indebtedness is a portion of the transfer tax on all transfers of real property in the County. The annual requirements to amortize agricultural preservation installments outstanding as of June 30, 2023, are as follows:

As of June 30,	Principal	Interest	Total Requirement
2024	\$ 181,779	\$ 11,569	\$ 193,348
2025	181,779	7,933	189,712
2026	181,779	4,298	186,077
2027	33,099	662	33,761
2028	-	-	-
Total	\$ 578,436	\$ 24,462	\$ 602,898

For the year ended June 30, 2023, total principal and interest incurred related to agricultural land preservation installments was \$181,779 and \$15,204, respectively.

Leases

County as Lessee

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

COUNTY COMMISSIONERS OF WASHINGTON COUNTY

Notes to the Financial Statements June 30, 2023

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

County as Lessee (continued)

At June 30, 2023, the statement of net position includes the following amounts relating to leases:

	Governmental Activities	Business-type Activities	Total
Right of use of leased assets:			
Land	\$ 274,065	\$ -	\$ 274,065
Vehicles	405,409	-	405,409
Machinery and equipment	1,715,713	2,846,507	4,562,220
Total Right of Use Leased Assets	2,395,187	2,846,507	5,241,694
Less Accumulated Amortization for:			
Right of use of leased assets:			
Land	39,776	-	39,776
Vehicles	109,979	-	109,979
Machinery and equipment	339,960	640,823	980,783
Total Accumulated Amortization	489,715	640,823	1,130,538
Total Right of use leased assets, net:			
Land	234,289	-	234,289
Vehicles	295,430	-	295,430
Machinery and equipment	1,375,753	2,205,684	3,581,437
Total	\$ 1,905,472	\$ 2,205,684	\$ 4,111,156
Lease Payable:			
Current	422,534	537,012	959,546
Non-Current	\$ 1,307,465	\$ 901,067	\$ 2,208,531
Total	\$ 1,729,999	\$ 1,438,079	\$ 3,168,077

The future principal and interest lease payments as of June 30, 2023 were as follows:

Fiscal Year	Governmental Activities			Fiscal Year	Business-Type Activities		
	Principal Payments	Interest Payments	Total		Principal Payments	Interest Payments	Total
2024	\$ 422,534	\$ 28,522	\$ 451,056	2024	\$ 537,012	\$ 61,814	\$ 598,826
2025	396,121	27,841	423,962	2025	518,979	41,319	560,298
2026	396,695	17,864	414,559	2026	154,468	20,231	174,699
2027	325,803	7,701	333,504	2027	138,108	11,194	149,302
2028	32,003	2,333	34,336	2028	89,512	2,680	92,192
2029-2033	110,037	6,955	116,992	Total	\$ 1,438,079	\$ 137,238	\$ 1,575,317
2034-2035	46,804	603	47,407				
Total	\$ 1,729,997	\$ 91,819	\$ 1,821,816				

COUNTY COMMISSIONERS OF WASHINGTON COUNTY

Notes to the Financial Statements

June 30, 2023

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

County as Lessor

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

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

	Governmental Activities	Business-type Activities	Total
Lease revenue	\$ 91,512	\$ 308,206	\$ 399,718
Interest revenue	\$ 31,387	\$ 379,326	\$ 410,713

COUNTY COMMISSIONERS OF WASHINGTON COUNTY

Notes to the Financial Statements

June 30, 2023

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

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

Fiscal Year	Governmental Activities			Business-Type Activities		
	Principal Payments	Interest Payments	Total	Principal Payments	Interest Payments	Total
2024	\$ 65,005	\$ 28,276	\$ 93,281	\$ 151,021	\$ 348,998	\$ 500,019
2025	68,691	27,008	95,699	110,707	346,630	457,337
2026	58,074	25,704	83,778	109,766	344,327	454,093
2027	60,638	24,393	85,031	115,531	341,915	457,446
2028	64,685	22,988	87,673	106,909	339,375	446,284
2029 - 2033	389,456	90,160	479,616	416,646	1,665,411	2,082,057
2034 - 2038	258,195	46,502	304,697	511,334	1,607,845	2,119,179
2039 - 2043	180,663	12,770	193,433	659,676	1,533,482	2,193,158
2044 - 2048	-	-	-	819,353	1,438,140	2,257,493
2049 - 2053	-	-	-	497,395	1,353,497	1,850,892
2054 - 2058	-	-	-	578,972	1,284,209	1,863,181
2059 - 2063	-	-	-	673,091	1,203,609	1,876,700
2064 - 2068	-	-	-	672,946	1,114,113	1,787,059
2069 - 2073	-	-	-	700,126	1,027,874	1,728,000
2074 - 2078	-	-	-	796,535	931,465	1,728,000
2079 - 2083	-	-	-	906,220	821,780	1,728,000
2084 - 2088	-	-	-	1,031,009	696,991	1,728,000
2089 - 2093	-	-	-	1,172,982	555,018	1,728,000
2094 - 2098	-	-	-	1,334,505	393,495	1,728,000
2099 - 2103	-	-	-	1,518,270	209,730	1,728,000
2104 - 2108	-	-	-	835,822	28,176	863,998
Total	\$ 1,145,407	\$ 277,801	\$ 1,423,208	\$ 13,718,816	\$ 17,586,080	\$ 31,304,896

COUNTY COMMISSIONERS OF WASHINGTON COUNTY

Notes to the Financial Statements June 30, 2023

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

Subscriptions

For the year ended June 30, 2023, the financial statements include the adoption of GASB Statement No. 96, Subscription-Based Information Technology Arrangements. The primary objective of this statement is to enhance the relevance and consistency of information about governments' subscription activities. This statement establishes a single model for subscription accounting based on the principle that subscriptions are financings of the right to use an underlying asset. Under this Statement, an organization is required to recognize a subscription liability and an intangible right-to-use subscription asset.

At June 30, 2023, the statement of net position includes the following amounts relating to subscriptions:

	Governmental Activities	Business-type Activities	Total
Right-of-use of subscription assets:			
Software	\$ 2,854,771	\$ 49,890	\$ 2,904,661
Total Right-of-use of subscription assets:	2,854,771	49,890	2,904,661
Less Accumulated Amortization for:			
Right-of-use of subscription assets:			
Software	430,423	9,978	440,401
Total Accumulated Amortization:	430,423	9,978	440,401
Total Right-of-use of subscription assets, net:			
Software	2,424,348	39,912	2,464,260
Total:	<u>\$ 2,424,348</u>	<u>\$ 39,912</u>	<u>\$ 2,464,260</u>
Lease payable:			
Current	670,213	9,517	679,730
Non-current	1,129,119	29,923	1,159,042
Total	<u>\$ 1,799,332</u>	<u>\$ 39,440</u>	<u>\$ 1,838,772</u>

Fiscal Year	Governmental Activities			Fiscal Year	Business-Type Activities		
	Principal Payments	Interest Payments	Total Payments		Principal Payments	Interest Payments	Total Payments
2024	\$ 670,213	\$ 48,793	\$ 719,006	2024	\$ 9,517	\$ 933	\$ 10,450
2025	547,404	31,650	579,054	2025	9,742	708	10,450
2026	362,965	14,961	377,926	2026	9,973	477	10,450
2027	145,143	5,936	151,079	2027	10,208	242	10,450
2028	36,320	1,960	38,280	Total	\$ 39,440	\$ 2,360	\$ 41,800
2029-2030	37,287	993	38,280				
Total	<u>\$ 1,799,332</u>	<u>\$ 104,293</u>	<u>\$ 1,903,625</u>				

COUNTY COMMISSIONERS OF WASHINGTON COUNTY

Notes to the Financial Statements June 30, 2023

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

Board of Education

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

<u>Date of Issue</u>	<u>Initial Liability</u>	<u>Purpose</u>	<u>Outstanding Liability Balance 6/30/2023</u>	<u>Asset Value 6/30/2023</u>	<u>Accumulated Amortization 6/30/2023</u>
Various	\$ 1,712,452	The School System entered into 12-year bus contracts with various contractors. Monthly payments range from \$737 to \$1,182. These payments are per allotment (PVA), which is the School System's payment to use the bus. The lease(s) have an interest rate of 5%.	\$ 1,598,200	\$ 3,835,045	\$ 2,376,466
12/31/2020	229,507	The School System entered into a lease agreement for 2 digital presses. There is one yearly payment made of \$64,723. The lease bears an interest rate of 5%.	120,348	294,230	147,115
10/11/2019	324,351	The School System entered into a lease agreement to lease space from the Maryland Theatre. For 2022, the semi-annual payment was \$20,049. This payment increases from year to year. The leases bears an interest rate of 5%.	270,118	358,219	133,337
11/1/2014	30,645	The School System entered into a lease agreement to lease space from N&R Reality. The monthly payment is \$833. The lease bears an interest rate of 5%.	12,873	78,894	68,376
4/1/2022	85,556	The School System entered into a subscription agreement to lease cloud hosting from Tyler Technologies. The yearly payment is \$46,012. The lease bears an interest rate of 5%. (SBITA)	43,821	131,568	54,820
7/1/2020	1,389,068	The School System entered into a subscription agreement to lease Vmware from Dell Marketing. The yearly payment is \$510,077. The lease bears an interest rate of 5%. (SBITA)	948,443	2,318,787	1,391,272
9/22/2021	700,860	The School System entered into a subscription agreement to lease firewall hardware from Skyline. The monthly payment is \$17,011. The lease bears an interest rate of 2.35%. (SBITA)	511,165	857,248	344,517

COUNTY COMMISSIONERS OF WASHINGTON COUNTY

Notes to the Financial Statements June 30, 2023

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

Board of Education (continued)

Date of Issue	Initial Liability	Purpose	Outstanding Liability Balance 6/30/2023	Asset Value 6/30/2023	Accumulated Amortization 6/30/2023
6/30/2021	275,046	The School System entered into a subscription agreement to lease instructional software from Power School Holdings. The yearly payment is \$100,999. The lease bears an interest rate of 5%. (SBITA)	187,799	459,138	183,910
7/1/2022	12,089	The School System entered into a subscription agreement to lease legal research platform from Thomas Reuters. The monthly payment is \$361. The lease bears an interest rate of 5%. (SBITA)	8,224	12,089	4,030
2/24/2001	271,239	The School System entered into a subscription agreement to lease cloud security from Hewlett Packard-Aperture. The yearly payment is \$99,601. The lease bears an interest rate of 5%. (SBITA)	185,200	1,473,966	1,317,889
Total Governmental Activities			<u>3,886,191</u>	<u>9,819,184</u>	<u>6,021,732</u>

Business-Type Activities

Date of Issue	Initial Liability	Purpose	Outstanding Liability Balance 6/30/2023	Asset Value 6/30/2023	Accumulated Amortization 6/30/2023
1/5/2023	193,629	The School System entered into a subscription agreement to lease food service software from EMS LINQ. The yearly payment is \$41,170. The lease bears an interest rate of 5%. (SBITA)	182,629	193,629	17,211
Total Business-Type Activities			<u>\$ 182,629</u>	<u>\$ 193,629</u>	<u>\$ 17,211</u>

Governmental Activities

Year	Principal	Interest	Total
2024	\$ 1,251,261	\$ 171,591	\$ 1,422,852
2025	1,216,870	115,214	1,332,084
2026	402,873	59,910	462,783
2027	282,539	44,785	327,324
2028	213,339	31,945	245,284
2029-2033	519,309	59,406	578,715
	<u>\$ 3,886,191</u>	<u>\$ 482,851</u>	<u>\$ 4,369,042</u>

Business-Type Activities

Year	Principal	Interest	Total
2024	\$ 36,642	\$ 4,528	\$ 41,170
2025	33,871	7,299	41,170
2026	35,564	5,606	41,170
2027	37,342	3,828	41,170
2028	39,210	1,960	41,170
	<u>\$ 182,629</u>	<u>\$ 23,221</u>	<u>\$ 205,850</u>

COUNTY COMMISSIONERS OF WASHINGTON COUNTY

Notes to the Financial Statements

June 30, 2023

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

Regulated Leases

Primary Government

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

COUNTY COMMISSIONERS OF WASHINGTON COUNTY

Notes to the Financial Statements

June 30, 2023

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

Regulated Leases (continued)

Primary Government (continued)

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

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

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

COUNTY COMMISSIONERS OF WASHINGTON COUNTY

Notes to the Financial Statements June 30, 2023

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

Regulated Leases (continued)

Primary Government (continued)

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

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

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

COUNTY COMMISSIONERS OF WASHINGTON COUNTY

Notes to the Financial Statements June 30, 2023

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

Regulated Leases (continued)

Primary Government (continued)

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

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

During the year ending June 30, 2023, rental income for the above leases of \$965,047 was recognized in the Airport Fund.

9. UNUSED VACATION AND SICK LEAVE

Primary Government

The County accrues accumulated unpaid vacation and sick leave and associated employee-related costs when earned or estimated to be earned by the employee. The accrual of vacation leave is based upon individual salary rates in effect as of June 30, 2023, and is capped at 250 hours. The accrual of sick leave is based on payment upon termination of up to 40 hours at the individual rates in effect as of June 30, 2023, plus a rate of \$10 per day for each unused sick leave day up to a total of 130 days. Total unpaid vacation and sick leave accrued as of June 30, 2023, was \$4,170,102 and \$1,578,758 respectively. Unused vacation and sick leave will be liquidated by the respective government and enterprise funds where the current employee costs are recorded.

COUNTY COMMISSIONERS OF WASHINGTON COUNTY

Notes to the Financial Statements

June 30, 2023

9. UNUSED VACATION AND SICK LEAVE (continued)

Board of Education

The School System accrues accumulated unpaid vacation and sick leave and associated employee-related costs when earned or estimated to be earned by the employee. The accrual of vacation leave is based upon individual salary rates in effect as of June 30. The accrual of sick leave is based on payment upon retirement at rates set forth in the various negotiated agreements. Sick leave is estimated to be earned once an employee has obtained 15 years of service or 55 years of age. Total unpaid vacation and sick leave accrued at June 30, 2023 amounted to \$7,030,085. At June 30, 2023, \$444,345 is considered payable with current resources and is included in accrued liabilities in the governmental fund level financial statements. This amount represents the pending payouts of unused leave owed to employees separated from active service as of the year ended June 30, 2023. The remaining amounts are estimated to be used in subsequent fiscal years, are maintained separately and represent a reconciling item between the fund and government-wide financial statement presentations.

10. RETIREMENT PLANS

Primary Government

Plan Description

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

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

COUNTY COMMISSIONERS OF WASHINGTON COUNTY

Notes to the Financial Statements

June 30, 2023

10. RETIREMENT PLANS (continued)

Primary Government (continued)

Plan Description (continued)

Effective July 1, 2013 the Employees' Retirement Plan was amended. The amendment affected only non-uniformed employees. Non-uniformed employees were required to make an election to either remain under the former plan provisions or opt to participate under the new rules. For employees electing to remain under the former plan rules, a non-uniformed employee may retire at the earlier of age 60 or 30 years of eligibility service. Non-uniformed employees retirement benefits provide approximately 60% of average pay after 30 years of service. Non-uniformed employees may take early retirement with reduced benefits at 25 years of service.

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

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

The net pension liability by plan is as follows:

Retirement Plan	
Net Pension Liability	\$ 102,929,337
LOSAP Plan	
Net Pension Liability	1,480,214
Total	<u>\$ 104,409,551</u>

Investments

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

COUNTY COMMISSIONERS OF WASHINGTON COUNTY

Notes to the Financial Statements

June 30, 2023

10. RETIREMENT PLANS (continued)

Primary Government (continued)

Investments (continued)

<u>Investment Type</u>	<u>Range</u>	<u>Target</u>
Equities:		
Domestic	25-45%	35%
International	10-30%	20%
Options/ Defensive Equity	0-25%	12%
Real Estate	0-10%	4%
Private Infrastructure	0-10%	4%
Private Credit/ High Yield	0-15%	7%
Fixed Income:		
Investment Grade	6-26%	16%
Money Market	0-10%	2%

Funding Policy

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

All information that follows for the Plan is measured as of June 30, 2023, which is the latest actuarial report available.

Membership of the Plan

The membership consisted of the following as of June 30, 2023, the date of the latest actuarial valuation:

Retirees and beneficiaries receiving benefits	498
Terminated Plan members entitled to but not yet receiving benefits	63
Active Plan members	<u>806</u>
Total	<u><u>1,367</u></u>

COUNTY COMMISSIONERS OF WASHINGTON COUNTY

Notes to the Financial Statements

June 30, 2023

10. RETIREMENT PLANS (continued)

Primary Government (continued)

Actuarial Assumptions

The long-term expected rate of return on pension plan investments was determined using a standard building block approach. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and adding expected inflation. Best estimates of arithmetic assumed rates of return for each class included in the pension plans' general target asset allocation as of June 30, 2023 is as follows:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Equity	38%	5.3%
International Equity	22%	5.7%
Options / Defensive Equity	15%	4.5%
High Yield	10%	5.0%
Core Fixed Income	13%	1.8%
Cash	2%	0.0%
Inflation		2.3%
Total	100%	

Annual Pension Cost and Net Pension Obligation

The total pension liability for the current year was determined as part of the June 30, 2023, actuarial valuation using the projected unit credit cost method. The actuarial assumptions included (a) 7.25% investment rate of return (net of administrative expenses) including inflation, and (b) projected salary increases which vary by participant service. The actuary was using the RP-2014 adjusted Total Dataset with Generational projection using scale MP-2015. The assumptions did not include postretirement benefit increases. The actuarial value of assets was determined by the market value of investments.

COUNTY COMMISSIONERS OF WASHINGTON COUNTY

Notes to the Financial Statements

June 30, 2023

10. RETIREMENT PLANS (continued)

Primary Government (continued)

Net Pension Liability

The net pension liability is equal to the total pension liability minus the net position of the plan. The result as of June 30, 2023 is as follows:

Total pension liability	\$ 290,228,229
Net position	<u>(187,298,892)</u>
Net pension liability	<u>\$ 102,929,337</u>

Net position as a percentage of total pension liability is 64.54%.

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

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

	1.0% decrease	Current rate	1.0% increase
	6.25%	7.25%	8.25%
Net pension liability	<u>\$ 139,544,328</u>	<u>\$ 102,929,337</u>	<u>\$ 72,433,851</u>

Deferred Outflows of Resources and Deferred Inflows of Resources

For the year ended June 30, 2023, the County recognized pension expense of \$13,929,210 for the Plan. As of June 30, 2023, the County reported deferred outflows of resources and deferred inflows of resources related to the Plan from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 705,506	\$ 1,390,706
Change in assumptions	206,523	-
Net difference between projected and actual investment earnings	6,185,629	-
Total	<u>\$ 7,097,658</u>	<u>\$ 1,390,706</u>

COUNTY COMMISSIONERS OF WASHINGTON COUNTY

Notes to the Financial Statements

June 30, 2023

10. RETIREMENT PLANS (continued)

Primary Government (continued)

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

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

Years Ended June 30,	Amount
2024	\$ 886,218
2025	(117,049)
2026	5,647,557
2027	(707,591)
2028	(2,183)
Total	\$ 5,706,952

Board of Education

Plan Description

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

COUNTY COMMISSIONERS OF WASHINGTON COUNTY

Notes to the Financial Statements

June 30, 2023

10. RETIREMENT PLANS (continued)

Board of Education (continued)

Benefits Provided

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

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

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

COUNTY COMMISSIONERS OF WASHINGTON COUNTY

Notes to the Financial Statements

June 30, 2023

10. RETIREMENT PLANS (continued)

Board of Education (continued)

Benefits Provided (continued)

Maryland Teacher's Pension System (TPS): Under TPS, there are two membership classes. All employees who were members on or before June 30, 2011, participate in the Alternate Contributory Pension Selection (ACPS) and all employees who enroll after July 1, 2011 participate in the Reformed Contributory Pension Benefit (RCPB). ACPS members qualify for normal retirement benefits upon (a) completing 30 years of eligible service, (b) reaching 62 with 5 years of eligible service, (c) reaching age 63 with 4 years of eligible service, (d) reaching age 64 with 3 years of eligible service, or (e) reaching age 65 or older with 2 years of eligible service. ACPS members are eligible for early retirement benefits after attainment of the age 55 with at least 15 years of eligible service. RCPB members qualify for normal retirement benefits when they attain a combined age and eligibility service of 90 years or after reaching age 65 with 10 years of eligible service. RCPB members are eligible for early retirement after attaining the age of 60 with at least 15 years of eligible service. Benefits are generally equal to 0.8%-1.5% of the member's final average salary multiplied by the number of years of credited service, depending upon membership class.

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

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

COUNTY COMMISSIONERS OF WASHINGTON COUNTY

Notes to the Financial Statements

June 30, 2023

10. RETIREMENT PLANS (continued)

Board of Education (continued)

Benefits Provided (continued)

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

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

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

COUNTY COMMISSIONERS OF WASHINGTON COUNTY

Notes to the Financial Statements

June 30, 2023

10. RETIREMENT PLANS (continued)

Board of Education (continued)

Benefits Provided (continued)

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

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

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

COUNTY COMMISSIONERS OF WASHINGTON COUNTY

Notes to the Financial Statements

June 30, 2023

10. RETIREMENT PLANS (continued)

Board of Education (continued)

Contributions

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

Beginning in FY2017, the Board pays the normal cost for their teachers in the Teachers Retirement and Pension System while the State contributes on behalf of the Board, the unfunded liability portion of the Board's annual required contribution to the Teachers' Retirement and Pension System, which for the year ended June 30, 2023 was \$10,632,865. The State's contributions on behalf of the Board for the year ended June 30, 2023 was \$15,558,363. The fiscal 2023 contributions made by the State on behalf of the Board have been included as both revenues and expenditures in the general fund in the accompanying Statement of Revenues, Expenditures and Changes in Fund Balances and are also included as revenues and expenses in the Statement of Activities.

The Board's contractually required contribution rate for the Employees' Retirement and Pension Systems for the year ended June 30, 2023, was 10.48% of annual payroll, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The Board made its share of the required contributions during the year ended June 30, 2023 of \$2,569,260.

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

As of June 30, 2023, the School System reported a liability for its proportionate share of net pension liability that reflected a reduction for State pension support provided to the School System. The amount recognized by the School System as its proportionate share of the net pension liability, the related State support and the total portion of the net pension liability that was associated with the School System were as follows:

COUNTY COMMISSIONERS OF WASHINGTON COUNTY

Notes to the Financial Statements

June 30, 2023

10. RETIREMENT PLANS (continued)

Board of Education (continued)

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

	Teachers' Retirement and Pension System	Employees' Retirement and Pension System
School System's proportionate share of net pension liability	\$ -	\$ 19,773,792
State's proportionate share of net position liability associated with the School System	149,545,420	-
Total	\$ 149,545,420	\$ 19,773,792

For the year ended June 30, 2023, the School System recognized pension expense of \$2,778,076. As of June 30, 2023, the School System reported deferred outflows of resources and deferred inflows of resources related to the pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Change in assumptions	\$ 2,204,615	\$ 199,294
Change in proportion	1,153,783	246,033
Net difference between projected and actual investment earnings	-	59,888
Difference between actual and expected experience	-	1,411,699
School System contributions subsequent to the measurement date	2,569,260	-
Total	\$ 5,927,658	\$ 1,916,914

The \$2,569,260 reported as deferred outflows of resources related to pensions resulting from the School System contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2024.

COUNTY COMMISSIONERS OF WASHINGTON COUNTY

Notes to the Financial Statements

June 30, 2023

10. RETIREMENT PLANS (continued)

Board of Education (continued)

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

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

<u>Years Ended June 30,</u>	<u>Amount</u>
2024	\$ 114,108
2025	125,381
2026	(171,254)
2027	1,482,474
2028	(109,225)
Total	<u><u>\$ 1,441,484</u></u>

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

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

	1.0% decrease	Current rate	1.0% increase
	5.80%	6.80%	7.80%
Net pension liability	<u><u>\$ 30,339,289</u></u>	<u><u>\$ 19,773,792</u></u>	<u><u>\$ 11,006,878</u></u>

11. RISK MANAGEMENT

Primary Government

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

COUNTY COMMISSIONERS OF WASHINGTON COUNTY

Notes to the Financial Statements

June 30, 2023

11. RISK MANAGEMENT (continued)

Primary Government (continued)

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

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

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

The liability for estimated claims was determined to be \$1,515,351 which is reflected in the accompanying financial statements as of June 30, 2023. Changes in the claims liability were as follows:

	Years Ended June 30,	
	2023	2022
Liability, beginning of year	\$ 1,282,116	\$ 967,496
Premiums collected and changes in estimates during the year	17,167,609	17,403,876
Claims and administrative costs paid	(16,934,374)	(17,089,256)
Liability, end of year	<u>\$ 1,515,351</u>	<u>\$ 1,282,116</u>

COUNTY COMMISSIONERS OF WASHINGTON COUNTY

Notes to the Financial Statements

June 30, 2023

11. RISK MANAGEMENT (continued)

Primary Government (continued)

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

The County Commissioners have also established a self-insurance plan for Workers' Compensation claims whereby the County is liable for the first \$650,000 per occurrence. As required by the State of Maryland, \$175,000 in U.S. Treasury Notes is held by the State Workers' Compensation Commission and is included in investments on the balance sheet. The County extends coverage under this plan to the employees of other governmental and nonprofit agencies. These agencies are charged a "premium", however the County bears the risk of loss. The liability for estimated claims was determined to be \$1,801,172, which is reflected in the accompanying financial statements as of June 30, 2023. Changes in the claims liability were as follows:

	Years Ended June 30,	
	2023	2022
Liability, beginning of year	\$ 974,086	\$ 726,071
Premiums collected and changes in estimates during the year	2,038,956	1,802,653
Claims and administrative costs paid	(1,211,870)	(1,554,638)
Liability, end of year	<u>\$ 1,801,172</u>	<u>\$ 974,086</u>

Board of Education

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

COUNTY COMMISSIONERS OF WASHINGTON COUNTY

Notes to the Financial Statements

June 30, 2023

11. RISK MANAGEMENT (continued)

Board of Education (continued)

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

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

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

In accordance with the Governmental Accounting Standards Board's Statement No. 10 "*Accounting and Financial Reporting for Risk Financing and Related Insurance Issues*," charges to other funds must be accounted for as revenue by an internal service fund and expenditures/expenses by the other funds. The amounts of these charges were \$45,141,125 for the year ended June 30, 2023.

COUNTY COMMISSIONERS OF WASHINGTON COUNTY

Notes to the Financial Statements

June 30, 2023

11. RISK MANAGEMENT (continued)

Board of Education (continued)

The Self-Insurance Fund's accrued liabilities include an estimate of the amount to be paid for self-insured claims incurred prior to June 30, 2023 and 2022. This estimate is prepared based upon the School System's experience and other relevant facts. Changes in the Fund's claims liability amount were as follows:

	Years Ended June 30,	
	2023	2022
Liability, beginning of year	\$ 3,430,059	\$ 3,449,841
Claims and changes in estimates during the year	58,225,833	50,418,684
Claims paid and accrued	(57,453,892)	(50,438,466)
Liability, end of year	<u>\$ 4,202,000</u>	<u>\$ 3,430,059</u>

12. DEFERRED COMPENSATION PLAN

The County offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457 and administered by a third party. The plan, available to all County employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency. The deferred compensation plan assets are held in trust for the exclusive benefit of the plan participants. Therefore, the plan assets are not presented in the financial statements.

13. SEGMENT INFORMATION

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

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

COUNTY COMMISSIONERS OF WASHINGTON COUNTY

Notes to the Financial Statements

June 30, 2023

13. SEGMENT INFORMATION (continued)

	Sewer Department	Pretreatment Department
CONDENSED STATEMENT OF NET POSITION		
ASSETS		
Current assets	\$ 27,712,249	\$ 11,813,053
Noncurrent assets	143,882,195	3,865,310
Total Assets	171,594,444	15,678,363
DEFERRED OUTFLOW OF RESOURCES		
	173,131	6,070
LIABILITIES		
Other current liabilities	3,616,598	657,740
Noncurrent liabilities	33,395,480	-
Total Liabilities	37,012,078	657,740
Net Position		
Net investment in capital assets	121,149,230	3,854,247
Unrestricted	1,174,864	(439,357)
Restricted - capital projects	12,431,403	-
Total Net Position	\$ 134,755,497	\$ 3,414,890
CONDENSED STATEMENT OF REVENUE, EXPENSES AND CHANGES IN NET POSITION		
Operating revenue	\$ 12,213,992	\$ -
Lease income	-	140,749
Operating transfer	-	-
Operating grant	248,755	-
Depreciation expense	(3,276,607)	(183,838)
Other operating expenses	(9,203,181)	(21,019)
Operating income	(17,041)	(64,108)
Non-operating revenue (expenses):		
Interest expense	(794,146)	(13,483)
Interest income	170,695	305,807
Capital contributions	8,641,460	-
Total non-operating revenue (expense)	8,018,009	292,324
Change in Net Position	8,000,968	228,216
Net Position, beginning of year	126,754,529	3,186,674
Net Position, End of Year	\$ 134,755,497	\$ 3,414,890
CONDENSED STATEMENT OF CASH FLOWS		
Net cash provided (used) by:		
Operating activities	\$ 3,259,566	\$ 119,730
Capital and related financing activities	2,603,600	(119,730)
Net change	5,863,166	-
Cash and cash equivalents, beginning of year	18,485,059	-
Cash and Cash Equivalents, End of Year	\$ 24,348,225	\$ -

COUNTY COMMISSIONERS OF WASHINGTON COUNTY

Notes to the Financial Statements

June 30, 2023

14. CLOSURE AND POST-CLOSURE CARE COST

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

The Hancock Landfill was closed in 1993. The remaining estimated costs associated with the closure and post-closure care costs of \$114,951 are reported as a liability in the Solid Waste Fund. No current expense was recognized in the Solid Waste Fund for the year ended June 30, 2023.

The Resh Landfill has reported a landfill post-closure care liability of \$3,359,612 in the Solid Waste Fund. The total capacity has been used. The Resh Landfill was closed in December 2000. No current expense was recognized in the Solid Waste Fund for the year ended June 30, 2023.

The Rubble Landfill began operating during August 1995. The estimated cost associated with post-closure care of \$2,202,400 is reported as a liability in the Solid Waste Fund as of June 30, 2023. The Rubble Landfill was closed in December 2000. No current expense was recognized in the Solid Waste Fund for the year ended June 30, 2023.

The 40 West Landfill began operation in fiscal year 2001. The estimated life of the Landfill is based on the average cubic yards used. As of June 30, 2023, the approximate life of the Landfill is 94 years. It is estimated that approximately 24.50% of the capacity has been used. The estimated costs associated with closure and post-closure care of \$11,530,087 was reported as a liability in the Solid Waste Fund as of June 30, 2023. The County will recognize \$47,055,727 of estimated cost associated with the closure and post-closure care as capacity is filled. During the fiscal year 2012 engineering re-designed the cells at 40 West Landfill. This change in estimate increased the airspace by 4 million cubic yards. This change in accounting estimate has no effect on the total estimated cost but will extend the landfill life.

The above estimates are based on estimated current costs to perform all closure and post-closure care. Actual costs may be higher due to inflation, deflation, changes in technology, or changes in applicable laws or regulations. The County is required by state and Federal laws and regulations to meet certain closure and post-closure financial assurance requirements. The County has satisfied these requirements by demonstrating in information submitted by the CFO that they meet the Local Government Financial Test as of June 30, 2023, as specified in 40CFR258.

COUNTY COMMISSIONERS OF WASHINGTON COUNTY

Notes to the Financial Statements

June 30, 2023

15. OTHER POST-RETIREMENT EMPLOYEE BENEFITS

Primary Government

Plan Description

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

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

The County pays the remaining cost as part of its self-insurance program. Currently, 53 retirees are receiving benefits and 162 employees are retirement eligible. Expenditures for postretirement health care benefits are recognized as retirees report claims and include a provision for estimated claims incurred but not yet reported.

Investments

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

<u>Investment Type</u>	<u>Range</u>	<u>Target</u>
Equities:		
Domestic	28-48%	38%
International	12-32%	22%
Options/ Defensive Equity	5-25%	15%
Real Estate	0-10%	5%
Private Credit/ High Yield	0-15%	5%
Fixed Income:		
Investment Grade	3-23%	13%
Money Market	0-10%	2%

COUNTY COMMISSIONERS OF WASHINGTON COUNTY

Notes to the Financial Statements

June 30, 2023

15. OTHER POSTRETIREMENT EMPLOYEE BENEFITS (continued)

Primary Government (continued)

Funding Policy

The County intends to fund any annual short-fall between OPEB and actual pay-go expense into a legally executed trust fund. The trust fund will be invested as a long-term pension trust, using an appropriately balanced portfolio of equities and debt instruments, to prudently maximize long-term investment returns. The County funded \$320,000 which was the actuarially determined contribution.

Actuarial Methods and Assumptions

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

Net OPEB Liability (Asset)

The net OPEB liability (asset) is equal to the total OPEB liability minus the net position of the plan. The result as of June 30, 2023 is as follows:

Total OPEB liability	\$ 19,738,400
Net position	<u>(28,463,584)</u>
Net OPEB liability (asset)	<u>\$ (8,725,184)</u>

Net position as a percentage of total OPEB liability is 144.20%.

Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on substantive plan (the plan as understood by the employer and the plan members) and includes the type of benefits provided at the time of each valuation and the historical pattern of sharing the benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations. Best estimates of arithmetic assumed rates of return for each class included in the OPEB plans' general target asset allocation as of June 30, 2023 is as follows:

COUNTY COMMISSIONERS OF WASHINGTON COUNTY

Notes to the Financial Statements

June 30, 2023

15. OTHER POSTRETIREMENT EMPLOYEE BENEFITS (continued)

Primary Government (continued)

Actuarial Methods and Assumptions (continued)

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Equity	38%	5.7%
International Equity	22%	6.2%
Options / Defensive Equity	15%	4.8%
Private Real Estate	5%	5.4%
Private Credit	5%	7.4%
Core Fixed income	13%	2.1%
Cash	2%	0.3%
Inflation		2.0%
Total	100%	

In the actuarial valuation for the plan year ending June 30, 2023, the projected unit credit actuarial cost method was used. The actuarial assumptions included a 7.25% investment rate of return (net of administrative expenses), which is a blended rate of the expected long-term investment returns on plan assets and on the employer's own investments calculated based on the funded level of the plan assets at the valuation date, and an annual healthcare cost trend rate of 4.9% initially, reduced by decrements to an ultimate rate of 4%. The actuarial value of assets was determined using a market value of assets valuation method. The unfunded actuarial accrued liability (UAAL) is being amortized as a level percent of payroll. The remaining amortization period as of June 30, 2023, was 15 years.

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

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

	1.0% decrease 6.25%	Current rate 7.25%	1.0% increase 8.25%
Net OPEB liability (asset)	\$ (7,467,864)	\$ (8,725,184)	\$ (9,924,074)

COUNTY COMMISSIONERS OF WASHINGTON COUNTY

Notes to the Financial Statements

June 30, 2023

15. OTHER POSTRETIREMENT EMPLOYEE BENEFITS (continued)

Primary Government (continued)

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

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

	1.0% decrease 3.0%	Trend rate 4.0%	1.0% increase 5.0%
Net OPEB liability (asset)	\$ (10,611,846)	\$ (8,725,184)	\$ (6,513,833)

For the fiscal year ended June 30, 2023, Washington County Government recognized an OPEB expense of (\$1,753,237). As of June 30, 2023, Washington County Government reported deferred outflows of resources and deferred inflows of resources related to the OPEB plan from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 42,500	\$ 3,800,856
Change in assumptions	-	4,217,905
Net difference between projected and actual investment earnings	609,157	-
Total	\$ 651,657	\$ 8,018,761

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

Years Ended June 30,	Amount
2024	\$ (2,565,758)
2025	(2,729,387)
2026	141,347
2027	(808,976)
2028	(594,397)
Thereafter	(809,933)
Total	\$ (7,367,104)

COUNTY COMMISSIONERS OF WASHINGTON COUNTY

Notes to the Financial Statements

June 30, 2023

15. OTHER POSTRETIREMENT EMPLOYEE BENEFITS (continued)

Board of Education

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

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

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

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

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

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

COUNTY COMMISSIONERS OF WASHINGTON COUNTY

Notes to the Financial Statements

June 30, 2023

15. OTHER POSTRETIREMENT EMPLOYEE BENEFITS (continued)

Board of Education (continued)

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

Contributions

The School System will contribute the higher of the budgeted pay-go amount or actual pay-go amount to the trust for fiscal year 2023. Because of the sponsor's funding policy, it is anticipated the sponsor's cash requirement will increase as time goes on. For the year ended June 30, 2023 and 2022, the School System's average contribution rate was 10.75% and 10.35%, respectively of covered payroll. Employees are not required to contribute to the plan. Total claims paid on behalf of retirees amounted to \$18,677,202 of which \$3,986,166 was reimbursed through contributions received from retirees for the year ended June 30, 2023. In addition, the School System contributed \$6,000,000 to the MABE Trust for the year ended June 30, 2023. Total claims paid on behalf of retirees amounted to \$16,672,754 of which \$3,869,882 was reimbursed through contributions received from retirees for the year ended June 30, 2022.

Plan Membership

The School System partially supports the group insurance plan for the retired employees. Eligibility is determined by a point system based on a retiree's age at the date of retirement and the number of years of service with the School System. The School System pays up to a maximum of 85% of the premium of the standard plan, based on the points earned. There were 3,285 active employees and 1,495 inactive employees or beneficiaries currently receiving benefit payments at the June 30, 2022, measurement date.

Investments

The MABE Trust's policy in regards to the allocation of invested assets is established and may be amended by the Trustees by a majority vote of its members. It is the policy of the Trust to pursue an investment strategy that emphasizes growth of principal while avoiding excess risk. Short-term volatility will be tolerated inasmuch as it is consistent with the volatility of a comparable market index. The MABE Trust's investment policy discourages the use of cash equivalents, except for liquidity purposes and aims to refrain from dramatically shifting asset class allocations over short time span. The following is the MABE Trust's adopted asset allocation policy as of June 30, 2023:

COUNTY COMMISSIONERS OF WASHINGTON COUNTY

Notes to the Financial Statements

June 30, 2023

15. OTHER POSTRETIREMENT EMPLOYEE BENEFITS (continued)

Board of Education (continued)

Investments (continued)

<u>Asset Class</u>	<u>Target Allocation</u>
U.S. Equity	33.0%
Non U.S. Equity	22.0%
Fixed Income	33.5%
Non U.S. Fixed Income	3.5%
Real Estate	5.0%
Cash	3.0%
Total	100.0%

Rate of Return

For the year ended June 30, 2023 and 2022, the annual money-weighted rate of return on investments, net of investment expense, was 8.78% and -13.35%, respectively. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Investment in External Investment Pool

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

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

COUNTY COMMISSIONERS OF WASHINGTON COUNTY

Notes to the Financial Statements

June 30, 2023

15. OTHER POSTRETIREMENT EMPLOYEE BENEFITS (continued)

Board of Education (continued)

Net OPEB Liability

The components of the net OPEB liability of the School System as of June 30, 2023, were as follows:

Total OPEB liability	\$ 290,076,427
Net position	<u>(113,390,029)</u>
Net OPEB liability	<u>\$ 176,686,398</u>

Plan fiduciary net position as a percentage of the total OPEB liability was 39.09%.

Actuarial Methods and Assumptions

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

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

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

	1.0% decrease	Current rate	1.0% increase
	4.77%	5.77%	6.77%
Net OPEB liability (asset)	<u>\$ 225,188,000</u>	<u>\$ 176,686,398</u>	<u>\$ 137,753,000</u>

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

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

	1% decrease	Medical trend	1% increase
	rate	rate	rate
Net OPEB liability (asset)	<u>\$ 130,946,000</u>	<u>\$ 176,686,398</u>	<u>\$ 236,060,000</u>

COUNTY COMMISSIONERS OF WASHINGTON COUNTY

Notes to the Financial Statements

June 30, 2023

15. OTHER POSTRETIREMENT EMPLOYEE BENEFITS (continued)

Board of Education (continued)

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

16. CONTINGENCIES AND COMMITMENTS

Primary Government

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

The County Commissioners and the Sheriff of Washington County are defendants in various legal proceedings as of June 30, 2023. There are also certain unasserted claims that could possibly be asserted. The Commissioners intend to defend all litigations against them. In the Commissioners' opinion, the liability, if any, in or arising from these litigations or any other legal proceedings in which the County is involved, will not have a material adverse effect on its financial condition.

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

On June 23, 2014, the Board of County Commissioners of Washington County, Maryland entered into a \$4 million loan agreement with the Maryland Department of Commerce and Mack Trucks, Inc. The loan proceeds were made for eligible project costs and does not require repayment unless specific employment levels are not met. If such a condition occurs, repayments are guaranteed to DBED by the County. Mack Trucks, Inc. is contractually obligated to the County to reimburse any payments occurring as a result of the guarantee. As of June 30, 2023, there is no effect on amounts reported on the County's statement of net position or statement of activities as a result of this guarantee.

The Board of County Commissioners voted to designate \$5 million of the surplus to be used for additional funding for the County's pension plan. However, there is to be further discussion before the contribution will be made.

COUNTY COMMISSIONERS OF WASHINGTON COUNTY

Notes to the Financial Statements

June 30, 2023

16. CONTINGENCIES AND COMMITMENTS (continued)

Board of Education

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

As of June 30, 2023, the School System had entered into various school construction commitments, that will be funded by the State of Maryland or County sources, totaling approximately \$20,843,438 and are included in encumbrances.

As of June 30, 2023, the School System had outstanding purchase orders and contracts of \$31,030,568. These amounts are partially included in assigned fund balance in the appropriate funds.

Current expense fund - unrestricted	\$ 8,452,252
Current expense fund - restricted	17,081,790
Capital projects fund	5,182,307
Food services fund	314,219

COUNTY COMMISSIONERS OF WASHINGTON COUNTY

Notes to the Financial Statements June 30, 2023

17. FUND BALANCES

Fund balances reflected in the governmental funds balance sheet as of June 30, 2023 are categorized as follows:

	General Fund	Capital Projects Fund	Non-Major Governmental Funds	Total
Non-Spendable				
Inventory	\$ 1,177,633	\$ -	\$ -	\$ 1,177,633
Long-term receivable	60,114	-	-	60,114
Prepaid expenses	246,636	-	-	246,636
Restricted				
Programs and activities	505,509	-	1,327,438	1,832,947
Workers compensation	180,000	-	-	180,000
Capital projects	-	59,852,479	-	59,852,479
Committed				
Contingencies	65,385,003	-	-	65,385,003
Programs and activities	4,135,846	-	2,334,548	6,470,394
Capital projects	-	102,656,673	-	102,656,673
Assigned				
Programs and activities	61,640	-	2,694,074	2,755,714
Unassigned	7,835,390	-	-	7,835,390
Totals	\$ 79,587,771	\$ 162,509,152	\$ 6,356,060	\$ 248,452,983

COUNTY COMMISSIONERS OF WASHINGTON COUNTY

Notes to the Financial Statements

June 30, 2023

18. RETIREMENT PLAN - FIRE AND RESCUE VOLUNTEERS

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

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

Investments

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

<u>Investment Type</u>	<u>Range</u>	<u>Target</u>
Equities:		
Domestic	28-48%	38%
International	12-32%	22%
Options/ Defensive Equity	5-25%	15%
Private Credit/ High Yield	0-15%	10%
Fixed Income:		
Investment Grade	3-23%	13%
Money Market	0-10%	2%

COUNTY COMMISSIONERS OF WASHINGTON COUNTY

Notes to the Financial Statements

June 30, 2023

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

Investments (continued)

The long-term expected rate of return on pension plan investments was determined using a standard building block approach. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and adding expected inflation. Best estimates of arithmetic assumed rates of return for each class included in the pension plans' general target asset allocation as of June 30, 2023 is as follows:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Domestic Equity	38%	5.3%
International Equity	22%	5.7%
Options / Defensive Equity	15%	4.5%
High Yield	10%	4.4%
Core Fixed Income	13%	1.8%
Cash	2%	0.0%
Inflation		2.3%
Total	100%	

Net pension liability

The net pension liability is equal to the total pension liability minus the net position of the plan. The result as of June 30, 2023 is as follows:

Total pension liability	\$ 12,877,231
Net position	(11,397,017)
Net pension liability	<u>\$ 1,480,214</u>

Net position as a percentage of total pension liability is 88.51%.

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

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

	1.0% decrease 6.25%	Current rate 7.25%	1.0% increase 8.25%
Net pension liability	<u>\$ 2,985,808</u>	<u>\$ 1,480,214</u>	<u>\$ 224,104</u>

COUNTY COMMISSIONERS OF WASHINGTON COUNTY

Notes to the Financial Statements

June 30, 2023

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

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

For the year ended June 30, 2023, the County recognized pension expense of \$720,161. As of June 30, 2023, the County reported deferred outflows of resources and deferred inflows of resources related to the length of service award program from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 570,497	\$ 339,395
Change in assumptions	173,334	63,939
Net difference between projected and actual investment earnings	328,016	-
Total	\$ 1,071,847	\$ 403,334

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

Years Ended June 30,	Amount
2024	\$ 297,544
2025	61,394
2026	491,193
2027	(108,205)
2028	(32,716)
Thereafter	(40,697)
Total	\$ 668,513

COUNTY COMMISSIONERS OF WASHINGTON COUNTY

Notes to the Financial Statements

June 30, 2023

19. TAX ABATEMENTS

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

Job Creation & Capital Investment Real Property Tax Credit Program

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

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

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

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

In FY2023, utilization of this program issued a tax credit in the amount of \$2,357.

New Jobs Tax Credit Program

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

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

To qualify for the program, a business must:

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

COUNTY COMMISSIONERS OF WASHINGTON COUNTY

Notes to the Financial Statements

June 30, 2023

19. TAX ABATEMENTS (continued)

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

In FY2023, there was no utilization of this program.

Pad-Ready Site Commercial Stimulus Program

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

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

In FY2023, there was immaterial utilization of this program.

20. NEW ACCOUNTING PRONOUNCEMENTS

The GASB issued Statement No. 91, Conduit Debt Obligations; Statement No. 94, Public-Private and Public Public Partnerships and Availability Payment Arrangements; Statement No. 96, Subscription-Based Information Technology Arrangements; Statement No. 99, Omnibus 2022; which all took effect during FY 2023. The County implemented all Statements that were applicable and material to the County's financial statements during the fiscal year.

The GASB has issued Statement No. 100, Accounting Changes and Error Corrections—an amendment of GASB Statement No. 62; and Statement No. 101; Compensated Absences; which will require adoption in the future, if applicable. The County will be analyzing the effects of these pronouncements and plans to adopt them, as applicable, by their effective dates.

REQUIRED SUPPLEMENTARY INFORMATION

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COUNTY COMMISSIONERS OF WASHINGTON COUNTY

Schedule of Changes in Net OPEB Liability and Related Ratios June 30, 2023

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

COUNTY COMMISSIONERS OF WASHINGTON COUNTY

Schedule of OPEB Trust Fund Employer Contributions June 30, 2023

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

Notes to schedule:

Benefit changes None.

Valuation date 2/1/2023

Changes of assumptions The healthcare cost trend was updated to the 2022 model released by the SOA.

The decrement assumptions have been updated to occur in the middle of a valuation year rather than in the beginning of a valuation year.

Methods and assumptions used to determine contribution rates:

Valuation Date	2/1/2023
Actuarial cost method	Entry Age Normal
Amortization method	Level Percentage of Payroll
Remaining amortization period	15 years for FYE 2023
Asset valuation method	Market Value of Assets
Investment rate of return	7.25% for FYE 2019 and after, 7.50% for FYE 2017 and 2018
Payroll growth rate	3.00%
Inflation	2.50%
Healthcare cost trend rate	The trend for 2023 is 7.50%. The ultimate trend is 3.94%.

COUNTY COMMISSIONERS OF WASHINGTON COUNTY

Schedule of Changes in Pension Fund Net Pension Liability and Related Ratios – General Employees’ Pension Fund June 30, 2023

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Total pension liability										
Service Cost: Retirement benefits Administration	\$ 8,015,065	\$ 7,446,422	\$ 6,949,190	\$ 7,011,877	\$ 6,564,304	\$ 5,050,740	\$ 4,903,615	\$ 3,124,202	\$ 3,508,850	\$ 6,922,217
Interest	19,503,470	18,464,711	17,648,545	17,001,079	16,190,295	15,612,649	11,595,913	10,745,024	10,252,003	7,708,164
Benefit payments, including refunds of member contributions	(12,581,179)	(12,702,206)	(11,241,936)	(15,048,127)	(9,973,991)	(8,172,571)	(8,860,156)	(7,789,289)	(6,880,888)	(6,004,033)
Changes of benefit terms	-	-	(1,368,197)	(1,937,366)	(299,442)	-	22,002,473	1,358,032	-	-
Differences between expected and actual experiences	(13,093)	1,058,260	-	-	1,239,143	3,555,655	3,657,687	6,532,000	-	-
Changes of assumptions	-	-	-	-	-	-	19,913,151	2,532,160	-	-
Net changes in total pension liability	14,924,263	14,267,187	11,987,602	7,027,463	13,720,309	16,046,473	53,212,683	16,502,129	6,879,965	8,626,348
Total pension liability - beginning	275,303,966	261,036,779	249,049,177	242,021,714	228,301,405	212,254,932	159,042,249	142,540,120	135,660,155	127,033,807
Total pension liability - ending (a)	<u>\$ 290,228,229</u>	<u>\$ 275,303,966</u>	<u>\$ 261,036,779</u>	<u>\$ 249,049,177</u>	<u>\$ 242,021,714</u>	<u>\$ 228,301,405</u>	<u>\$ 212,254,932</u>	<u>\$ 159,042,249</u>	<u>\$ 142,540,120</u>	<u>\$ 135,660,155</u>
Plan fiduciary net position										
Contributions - employer	\$ 13,381,955	\$ 17,370,433	\$ 19,210,540	\$ 12,137,468	\$ 11,825,000	\$ 10,510,000	\$ 7,010,000	\$ 6,621,156	\$ 6,786,549	\$ 6,017,521
Contributions - member	2,795,070	2,667,465	2,527,417	2,183,984	2,119,985	2,094,346	1,955,511	1,873,710	1,871,200	1,876,133
Net investment income	16,656,261	(19,799,377)	37,174,903	5,025,847	6,676,652	9,409,621	10,676,800	628,709	4,747,193	12,817,264
Receipts of In-kind	-	-	-	-	-	-	-	-	220,613	-
Benefit payments, including refunds of member contributions	(12,581,179)	(12,702,206)	(11,241,936)	(15,048,127)	(9,973,991)	(8,172,571)	(8,860,156)	(7,789,289)	(6,880,887)	(6,004,103)
Administrative expense	(168,181)	(142,111)	(138,164)	(172,390)	(175,860)	(150,795)	(130,631)	(98,464)	(604,197)	(238,016)
Net changes in plan fiduciary net position	20,083,926	(12,605,796)	47,532,760	4,126,782	10,471,786	13,690,601	10,651,524	1,235,822	6,140,471	14,468,799
Plan fiduciary net positions - beginning	167,214,966	179,820,762	132,288,002	128,161,220	117,689,434	103,998,833	93,347,309	92,111,487	85,971,016	71,502,217
Plan fiduciary net positions - ending (b)	<u>\$ 187,298,892</u>	<u>\$ 167,214,966</u>	<u>\$ 179,820,762</u>	<u>\$ 132,288,002</u>	<u>\$ 128,161,220</u>	<u>\$ 117,689,434</u>	<u>\$ 103,998,833</u>	<u>\$ 93,347,309</u>	<u>\$ 92,111,487</u>	<u>\$ 85,971,016</u>
County's net pension - liability - ending (a) - (b)	\$ 102,929,337	\$ 108,089,000	\$ 81,216,017	\$ 116,761,175	\$ 113,860,494	\$ 110,611,971	\$ 108,256,099	\$ 65,694,940	\$ 50,428,633	\$ 49,689,139
Plan fiduciary net position as a percentage of total pension liability	64.54%	60.74%	68.89%	53.12%	52.95%	51.55%	49.00%	58.69%	64.62%	63.37%
Covered employee payroll	\$ 45,202,000	\$ 42,021,000	\$ 38,896,000	\$ 39,131,000	\$ 36,785,000	\$ 34,848,986	\$ 33,462,000	\$ 31,662,000	\$ 33,098,009	\$ 35,288,757
Net liability as a percentage of covered payroll	227.71%	257.23%	208.80%	298.39%	309.53%	317.40%	323.52%	207.49%	152.36%	140.81%
Annual money-weighted rate of return, net of investment expense	9.96%	(11.01)%	28.10%	3.92%	5.67%	9.05%	11.44%	0.68%	5.52%	17.93%
Notes to schedule:										
This information is not available for FY13 and prior.										
Benefit changes: None.										
Change of assumptions: None.										

COUNTY COMMISSIONERS OF WASHINGTON COUNTY

Schedule of General Employees' Pension Fund Employer Contributions June 30, 2023

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Actuarially determined contribution	\$ 11,147,000	\$ 11,148,000	\$ 11,183,000	\$ 10,916,000	\$ 11,819,000	\$ 10,510,000	\$ 7,009,000	\$ 6,621,000	\$ 6,786,549	\$ 6,442,087
Contributions in relation to the actuarially determined contributions	13,382,000	17,370,000	19,210,540	12,137,000	11,825,000	10,510,000	7,010,000	6,621,000	6,786,549	6,017,521
Contributions deficiency (excess)	<u>\$ (2,235,000)</u>	<u>\$ (6,222,000)</u>	<u>\$ (8,027,540)</u>	<u>\$ (1,221,000)</u>	<u>\$ (6,000)</u>	<u>\$ -</u>	<u>\$ (1,000)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 424,566</u>
Covered employee payroll	\$ 45,202,000	\$ 42,021,000	\$ 38,896,000	\$ 39,131,000	\$ 36,785,000	\$ 34,848,986	\$ 33,462,000	\$ 31,662,000	\$ 33,098,009	\$ 35,288,757
Contributions as a percentage of covered employee payroll	29.60%	41.34%	49.39%	31.02%	32.15%	30.16%	20.95%	20.91%	20.50%	17.05%

Notes to schedule:

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

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Projected Unit Credit
Amortization method	Level Dollar Amount
Remaining amortization period	18 years (closed)
Asset valuation method	5-year smoothed market
Inflation	3.00%
Salary increases	Rates vary by participant service
Investment rate of return	7.25%, net of pension plan investment expense, including inflation
Retirement age	Rates vary by participant age and service
Mortality	RP-2014 Total Dataset with fully generational projection using scale MP-2015

COUNTY COMMISSIONERS OF WASHINGTON COUNTY

Schedule of Changes in Pension Fund Net Pension Liability and Related Ratios – Length of Service Award Fund June 30, 2023

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Total pension liability										
Service Cost: Retirement benefits Administration	\$ 235,239	\$ 266,527	\$ 246,501	\$ 237,335	\$ 226,280	\$ 244,565	\$ 234,716	\$ 157,984	\$ 143,037	\$ 147,049
Interest	898,508	863,381	826,896	823,402	707,838	702,309	580,130	968,187	922,814	872,518
Differences between expected and actual experiences	(284,873)	55,878	92,770	(222,174)	925,489	24,530	995,034	(6,285,232)	-	-
Changes of assumptions	-	-	-	(149,195)	343,476	-	356,243	906,099	-	-
Benefit payments, including refunds of member contributions	(729,726)	(672,827)	(653,016)	(629,306)	(588,909)	(555,590)	(518,538)	(490,872)	(461,316)	(431,634)
Net changes in total pension liability	119,148	512,959	513,151	60,062	1,614,174	415,814	1,647,585	(4,743,834)	604,535	587,933
Total pension liability - beginning	12,758,083	12,245,124	11,731,973	11,671,911	10,057,737	9,641,923	7,994,338	12,738,172	12,133,637	11,545,704
Total pension liability - ending (a)	<u>\$ 12,877,231</u>	<u>\$ 12,758,083</u>	<u>\$ 12,245,124</u>	<u>\$ 11,731,973</u>	<u>\$ 11,671,911</u>	<u>\$ 10,057,737</u>	<u>\$ 9,641,923</u>	<u>\$ 7,994,338</u>	<u>\$ 12,738,172</u>	<u>\$ 12,133,637</u>
Plan fiduciary net position										
Contributions - employer	\$ 326,000	\$ 386,634	\$ 564,557	\$ 564,557	\$ 460,000	\$ 600,000	\$ 600,000	\$ -	\$ 600,000	\$ 600,000
Net investment income	1,198,223	(1,574,222)	2,866,396	347,769	503,259	721,822	852,460	55,233	381,511	1,074,025
Receipts of In-kind	-	-	-	-	-	-	-	-	-	15,232
Benefit payments, including refunds of member contributions	(729,726)	(672,827)	(653,016)	(629,306)	(588,909)	(555,590)	(518,538)	(490,872)	(461,316)	(431,634)
Administrative expense	(12,668)	(22,754)	(14,195)	(29,543)	(34,803)	(35,075)	(30,524)	(20,610)	(23,215)	(27,429)
Net changes in plan fiduciary net position	781,829	(1,883,169)	2,763,742	253,477	339,547	731,157	903,398	(456,249)	496,980	1,230,194
Plan fiduciary net positions - beginning	10,615,188	12,498,357	9,734,615	9,481,138	9,141,591	8,410,434	7,507,036	7,963,285	7,466,305	6,236,111
Plan fiduciary net positions - ending (b)	<u>\$ 11,397,017</u>	<u>\$ 10,615,188</u>	<u>\$ 12,498,357</u>	<u>\$ 9,734,615</u>	<u>\$ 9,481,138</u>	<u>\$ 9,141,591</u>	<u>\$ 8,410,434</u>	<u>\$ 7,507,036</u>	<u>\$ 7,963,285</u>	<u>\$ 7,466,305</u>
County's net pension - liability - ending (a) - (b)	\$ 1,480,214	\$ 2,142,895	\$ (253,233)	\$ 1,997,358	\$ 2,190,773	\$ 916,146	\$ 1,231,489	\$ 487,302	\$ 4,774,887	\$ 4,667,332
Plan fiduciary net position as a percentage of total pension liability	88.51%	83.20%	102.07%	82.98%	81.23%	90.89%	87.23%	93.90%	62.52%	61.53%
Covered employee payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Net liability as a percentage of covered payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Annual money-weighted rate of return, net of investment expense	11.29%	(12.60)%	29.45%	3.67%	5.51%	8.58%	11.36%	0.69%	5.11%	17.22%
Notes to schedule:										
Benefit changes	None.	None.								
Change of assumptions	None.	None.								

COUNTY COMMISSIONERS OF WASHINGTON COUNTY

Schedule of Volunteer Length of Service Award Fund Employer Contributions June 30, 2023

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Actuarially determined contribution	\$ 326,000	\$ 387,000	\$ 565,000	\$ 565,000	\$ 455,000	\$ 467,000	\$ 467,000	\$ -	\$ 600,000	\$ 585,843
Contributions in relation to the actuarially determined contributions	326,000	387,000	565,000	565,000	460,000	600,000	600,000	-	600,000	600,000
Contributions deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (5,000)</u>	<u>\$ (133,000)</u>	<u>\$ (133,000)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (14,157)</u>
Covered employee payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Contributions as a percentage of covered employee payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

Notes to schedule:

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

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Projected Unit Credit
Amortization method	Level Percentage of Payroll
Remaining amortization period	10 to 15 years (closed)
Asset valuation method	Market Value
Inflation	3.00%
Salary increases	None
Investment rate of return	7.25%, net of pension plan investment expense, including inflation
Retirement age	Normal retirement age
Mortality	Pub-2010 Safety Retirees Headcount-Weighted Mortality with fully generational projection using scale MP2019

COUNTY COMMISSIONERS OF WASHINGTON COUNTY

Combining Statements of Financial Schedules June 30, 2023

Non-Major Governmental Funds

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

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

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

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

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

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

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

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

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

COUNTY COMMISSIONERS OF WASHINGTON COUNTY

Combining Statements of Financial Schedules (continued) **June 30, 2023**

Non-Major Proprietary Funds

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

The Golf Course Fund accounts for activities at the Black Rock Golf Course including an 18-hole golf course, a full-service pro shop, and a snack bar.

COUNTY COMMISSIONERS OF WASHINGTON COUNTY

Combining Balance Sheet – Non-Major Governmental Funds As of June 30, 2023

	Grant Management	Cascade Town Centre	Inmate Welfare	Contraband	Agricultural Education Center	Hotel Rental Tax	Gaming	Land Preservation	HEPMPO	Total Non-major Funds
ASSETS										
Cash	\$ 101,773	\$ 825,576	\$ 499,211	\$ 647,095	\$ 44,582	\$ 2,553,145	\$ 2,008,226	\$ 2,931,555	\$ -	\$ 9,611,163
Accounts receivable	-	-	-	-	-	281,125	106,018	-	-	387,143
Interest receivables	-	168	-	-	-	-	-	-	-	168
Leases receivable	-	114,313	-	-	-	-	-	-	-	114,313
Due from other government agencies	191,564	-	-	-	-	-	-	-	272,695	464,259
TOTAL ASSETS	\$ 293,337	\$ 940,057	\$ 499,211	\$ 647,095	\$ 44,582	\$ 2,834,270	\$ 2,114,244	\$ 2,931,555	\$ 272,695	\$ 10,577,046
LIABILITIES AND FUND BALANCES										
LIABILITIES										
Accounts payable	\$ 277,959	\$ -	\$ 33,914	\$ -	\$ 20,303	\$ 415,019	\$ 1,964,306	\$ 33,080	\$ 55,965	\$ 2,800,546
Accrued expenses	5,918	-	957	-	1,135	-	3,401	1,670	41	13,122
Due to other funds	-	-	-	-	-	-	-	-	171,958	171,958
Unearned revenue	-	-	-	-	-	-	-	35,496	-	35,496
Other liabilities	-	-	-	596,144	-	-	-	494,527	-	1,090,671
TOTAL LIABILITIES	283,877	-	34,871	596,144	21,438	415,019	1,967,707	564,773	227,964	4,111,793
Deferred Inflow of Resources										
Leases	-	109,193	-	-	-	-	-	-	-	109,193
Total Deferred Inflow of Resources	-	109,193	-	-	-	-	-	-	-	109,193
FUND BALANCES										
Restricted	-	-	464,340	-	-	-	-	863,098	-	1,327,438
Committed	-	830,864	-	-	-	-	-	1,503,684	-	2,334,548
Assigned	9,460	-	-	50,951	23,144	2,419,251	146,537	-	44,731	2,694,074
TOTAL FUND BALANCES	9,460	830,864	464,340	50,951	23,144	2,419,251	146,537	2,366,782	44,731	6,356,060
TOTAL LIABILITIES AND FUND BALANCES	\$ 293,337	\$ 940,057	\$ 499,211	\$ 647,095	\$ 44,582	\$ 2,834,270	\$ 2,114,244	\$ 2,931,555	\$ 272,695	\$ 10,577,046

COUNTY COMMISSIONERS OF WASHINGTON COUNTY

Combining Statement of Revenue, Expenditures, and Changes in Fund Balances – Non-Major Governmental Funds For the Year Ended June 30, 2023

	Grant Management	Cascade Town Centre	Inmate Welfare	Contraband	Agricultural Education Center	Hotel Rental Tax	Gaming	Land Preservation	HEPMPO	Total Non-major Funds
REVENUE										
Other local taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,977,644	\$ -	\$ 223,764	\$ -	\$ 3,201,408
Licenses and permits	-	-	-	-	-	-	2,740,613	-	-	2,740,613
Charges for services	-	-	528,458	-	51,093	-	-	-	-	579,551
Reimbursed expenses	-	-	-	-	2,338	-	-	-	-	2,338
Miscellaneous revenues	-	24,745	141,175	-	-	-	25	-	27,733	193,678
Shared taxes and grants	6,637,451	-	-	-	-	-	-	3,291,349	481,205	10,410,005
TOTAL REVENUE	<u>6,637,451</u>	<u>24,745</u>	<u>669,633</u>	<u>-</u>	<u>53,431</u>	<u>2,977,644</u>	<u>2,740,638</u>	<u>3,515,113</u>	<u>508,938</u>	<u>17,127,593</u>
EXPENDITURES										
Public safety	-	-	609,254	-	-	-	1,271,515	-	-	1,880,769
Parks, recreation and culture	-	-	-	-	280,059	-	-	-	-	280,059
Land preservation	-	-	-	-	-	-	-	4,013,263	-	4,013,263
General operations	207,004	19,670	-	-	-	448,281	194,714	5,919	-	875,588
Community promotion	6,756,117	125,000	-	-	-	1,989,881	1,271,515	-	526,645	10,669,158
TOTAL EXPENDITURES	<u>6,963,121</u>	<u>144,670</u>	<u>609,254</u>	<u>-</u>	<u>280,059</u>	<u>2,438,162</u>	<u>2,737,744</u>	<u>4,019,182</u>	<u>526,645</u>	<u>17,718,837</u>
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES	<u>(325,670)</u>	<u>(119,925)</u>	<u>60,379</u>	<u>-</u>	<u>(226,628)</u>	<u>539,482</u>	<u>2,894</u>	<u>(504,069)</u>	<u>(17,707)</u>	<u>(591,244)</u>
OTHER FINANCING SOURCES										
Transfers in	327,280	-	-	-	216,770	-	-	405,919	27,230	977,199
Transfers out	-	-	-	-	-	(46,083)	-	-	-	(46,083)
TOTAL OTHER FINANCING SOURCES (USES)	<u>327,280</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>216,770</u>	<u>(46,083)</u>	<u>-</u>	<u>405,919</u>	<u>27,230</u>	<u>931,116</u>
NET CHANGES IN FUND BALANCES	<u>1,610</u>	<u>(119,925)</u>	<u>60,379</u>	<u>-</u>	<u>(9,858)</u>	<u>493,399</u>	<u>2,894</u>	<u>(98,150)</u>	<u>9,523</u>	<u>339,872</u>
FUND BALANCES - BEGINNING OF YEAR	<u>7,850</u>	<u>950,789</u>	<u>403,961</u>	<u>50,951</u>	<u>33,002</u>	<u>1,925,852</u>	<u>143,643</u>	<u>2,464,932</u>	<u>35,208</u>	<u>6,016,188</u>
FUND BALANCES - END OF YEAR	<u>\$ 9,460</u>	<u>\$ 830,864</u>	<u>\$464,340</u>	<u>\$ 50,951</u>	<u>\$ 23,144</u>	<u>\$ 2,419,251</u>	<u>\$ 146,537</u>	<u>\$ 2,366,782</u>	<u>\$ 44,731</u>	<u>\$ 6,356,060</u>

COUNTY COMMISSIONERS OF WASHINGTON COUNTY

Combining Statement of Net Position – Non-Major Proprietary Funds As of June 30, 2023

	Public Transit Fund	Golf Course Fund	Total Non-Major Funds
ASSETS			
Current Assets:			
Cash	\$ 1,398,578	\$ 862,969	\$ 2,261,547
Accounts receivable	2,061	45,446	47,507
Due from other governmental agencies	634,847	157,427	792,274
Inventories	169,652	45,165	214,817
Other assets	28	10,897	10,925
Total current assets	2,205,166	1,121,904	3,327,070
Noncurrent Assets:			
Projects under construction	-	-	-
Property plant and equipment	10,295,007	5,836,284	16,131,291
Accumulated depreciation	(4,536,476)	(3,350,096)	(7,886,572)
Right-to-use leased equipment	2,820	154,048	156,868
Accumulated amortization	(2,059)	(125,929)	(127,988)
Total noncurrent assets	5,759,292	2,514,307	8,273,599
TOTAL ASSETS	7,964,458	3,636,211	11,600,669
LIABILITIES			
Current Liabilities:			
Leases obligations	710	37,947	38,657
Accounts payable	33,837	73,276	107,113
Accrued expenses	37,052	24,625	61,677
Accrued interest	-	119	119
Compensated absences	88,561	26,910	115,471
Unearned revenue	-	52,524	52,524
Total current liabilities	160,160	215,401	375,561
Noncurrent Liabilities:			
Compensated absences	29,520	8,971	38,491
Lease obligations	-	1,349	1,349
Total noncurrent liabilities	29,520	10,320	39,840
TOTAL LIABILITIES	189,680	225,721	415,401
NET POSITION			
Net investment in capital assets	5,758,582	2,475,011	8,233,593
Unrestricted	2,016,196	935,479	2,951,675
TOTAL NET POSITION	\$ 7,774,778	\$ 3,410,490	\$ 11,185,268

COUNTY COMMISSIONERS OF WASHINGTON COUNTY

Combining Statement of Revenue, Expenses and Changes in Fund Net Position – Non-Major Proprietary Funds For the Year Ended June 30, 2023

	Public Transit Fund	Golf Course Fund	Total Non-Major Funds
OPERATING REVENUE			
Charges for services	\$ 280,227	\$ 1,040,933	\$ 1,321,160
Miscellaneous	14,254	19,311	33,565
TOTAL OPERATING REVENUE	<u>294,481</u>	<u>1,060,244</u>	<u>1,354,725</u>
OPERATING EXPENSES			
Salaries and wages	1,657,314	531,199	2,188,513
Fringe benefits	650,510	237,579	888,089
Utilities	23,529	51,885	75,414
Insurance	33,231	10,550	43,781
Repairs and maintenance	182,353	121,060	303,413
Supplies	67,567	2,973	70,540
Cost of goods sold	-	111,316	111,316
Contracted services	145,861	6,387	152,248
Rentals and leases	41,197	703	41,900
Other operating	382,124	184,876	567,000
Controllable assets	391	1,263	1,654
Depreciation and amortization	467,384	165,846	633,230
TOTAL OPERATING EXPENSES	<u>3,651,461</u>	<u>1,425,637</u>	<u>5,077,098</u>
OPERATING LOSS	<u>(3,356,980)</u>	<u>(365,393)</u>	<u>(3,722,373)</u>
OTHER INCOME			
Interest, penalties & fees	-	(2,350)	(2,350)
Gain (loss) on disposal of assets	4,173	(1,043)	3,130
TOTAL OTHER INCOME	<u>4,173</u>	<u>(3,393)</u>	<u>780</u>
LOSS BEFORE OPERATING TRANSFERS AND GRANTS	<u>(3,352,807)</u>	<u>(368,786)</u>	<u>(3,721,593)</u>
OPERATING TRANSFERS IN	1,110,380	319,710	1,430,090
GRANTS FOR OPERATIONS	<u>1,899,625</u>	<u>-</u>	<u>1,899,625</u>
LOSS BEFORE CAPITAL TRANSFERS AND GRANTS	<u>(342,802)</u>	<u>(49,076)</u>	<u>(391,878)</u>
CAPITAL TRANSFERS	-	471,505	471,505
GRANTS FOR CAPITAL PROJECTS	<u>2,578,851</u>	<u>157,526</u>	<u>2,736,377</u>
CHANGES IN NET POSITION	2,236,049	579,955	2,816,004
NET POSITION - BEGINNING OF YEAR	<u>5,538,729</u>	<u>2,830,535</u>	<u>8,369,264</u>
NET POSITION - END OF YEAR	<u>\$ 7,774,778</u>	<u>\$ 3,410,490</u>	<u>\$ 11,185,268</u>

COUNTY COMMISSIONERS OF WASHINGTON COUNTY

Combining Statement of Cash Flows – Non-Major Proprietary Funds For the Year Ended June 30, 2023

	Public Transit Fund	Golf Course Fund	Total Non-Major Funds
Cash Flows from Operating Activities			
Receipts from customers	\$ 259,884	\$ 928,278	\$ 1,188,162
Payments to suppliers	(879,314)	(478,178)	(1,357,492)
Payments to employees	(2,281,590)	(767,732)	(3,049,322)
Net Cash Used by Operating Activities	<u>(2,901,020)</u>	<u>(317,632)</u>	<u>(3,218,652)</u>
Cash Flows from Noncapital Financing Activities			
Operating contributions	3,010,005	319,710	3,329,715
Net Cash Provided by Noncapital Financing Activities	<u>3,010,005</u>	<u>319,710</u>	<u>3,329,715</u>
Cash Flows from Capital and Related Financing Activities			
Acquisition and construction of capital assets	(2,317,949)	(662,063)	(2,980,012)
Gain/(loss) on the sale of assets	-	(1,043)	(1,043)
Principal paid on leases		(58,209)	(58,209)
Interest paid on leases	-	(2,350)	(2,350)
Contribution for capital acquisitions	2,578,851	629,031	3,207,882
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>260,902</u>	<u>(94,634)</u>	<u>166,268</u>
Cash Flows from Investing Activities			
Interest on investments	-	-	-
Net change in cash	369,887	(92,556)	277,331
Cash, beginning of year	1,028,691	955,525	1,984,216
Cash, End of Year	<u>\$ 1,398,578</u>	<u>\$ 862,969</u>	<u>\$ 2,261,547</u>
Reconciliation of Operating Loss to Net Cash from Operating Activities			
Operating loss	\$ (3,356,980)	\$ (365,393)	\$ (3,722,373)
Adjustments to reconcile operating loss to net cash			
from operating activities:			
Depreciation	467,384	165,846	633,230
Changes in assets and liabilities:			
Accounts receivable	(2,061)	(34,615)	(36,676)
Due to/from other government entities	(32,536)	(92,565)	(125,101)
Inventories	22,477	(22,066)	411
Other assets	-	(10,897)	(10,897)
Accounts payable and other liabilities	(25,538)	45,798	20,260
Accrued expenses	15,048	7,690	22,738
Unearned revenue	-	(4,786)	(4,786)
Compensated absences	11,186	(6,644)	4,542
Net Cash Used by Operating Activities	<u>\$ (2,901,020)</u>	<u>\$ (317,632)</u>	<u>\$ (3,218,652)</u>

BUDGET AND ACTUAL SCHEDULE

COUNTY COMMISSIONERS OF WASHINGTON COUNTY

Schedule of Revenue, Expenditures, and Changes in Fund Balance-Budget and Actual General Fund For the Year Ended June 30, 2023

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual Amounts	
REVENUE				
Property Taxes				
Real property tax	\$ 122,128,770	\$ 122,128,770	\$ 123,922,504	\$ 1,793,734
Personal property tax	14,603,570	14,603,570	18,848,775	4,245,205
Property tax interest income	395,000	395,000	384,421	(10,579)
Other property tax	1,065,670	1,065,670	1,036,945	(28,725)
State administrative fees	(550,000)	(550,000)	(562,636)	(12,636)
Property tax discounts and credits	(2,779,880)	(2,779,880)	(2,566,214)	213,666
Total Property Taxes	134,863,130	134,863,130	141,063,795	6,200,665
Other Local Taxes				
Income tax	109,367,510	109,367,510	121,057,937	11,690,427
Admissions and amusement tax	175,000	175,000	498,807	323,807
Recordation tax	7,000,000	7,090,000	9,974,278	2,884,278
Trailer tax	250,000	250,000	218,441	(31,559)
Total Other Local Taxes	116,792,510	116,882,510	131,749,463	14,866,953
Other Revenues				
Licenses and permits	1,267,700	1,267,700	1,598,851	331,151
Court costs and fines	1,439,300	1,439,300	1,235,236	(204,064)
Charges for services	1,311,800	1,311,800	1,566,830	255,030
Reimbursed expenses	1,051,030	1,051,030	1,203,458	152,428
Miscellaneous revenues	427,070	6,929,218	733,272	(6,195,946)
In Kind	-	4,280,080	4,280,080	-
Grant and shared revenues	5,061,590	19,485,966	10,119,529	(9,366,437)
Interest income	600,000	600,000	6,324,575	5,724,575
Highway revenues	2,484,120	2,499,510	2,587,941	88,431
Total Other Revenues	13,642,610	38,864,604	29,649,772	(9,214,832)
TOTAL REVENUE	265,298,250	290,610,244	302,463,030	11,852,786
EXPENDITURES				
General Government				
Legislative				
County Commissioners	376,920	376,920	367,005	9,915
County Clerk	147,960	152,080	157,730	(5,650)
County Administrator	388,020	407,690	397,468	10,222
Public Relations & Marketing	504,590	518,230	523,531	(5,301)
Purchasing	561,520	578,000	578,207	(207)
Total Legislative	1,979,010	2,032,920	2,023,941	8,979
Judicial				
Circuit Court	2,140,650	2,107,946	2,012,230	95,716
Orphan's Court	36,530	36,530	33,556	2,974
State's Attorney	4,224,530	4,204,500	4,136,694	67,806
Sheriff - Judicial	3,496,820	3,686,600	3,596,972	89,628
Sheriff - Process Servers	137,880	140,410	135,229	5,181
Grants	-	1,086,642	628,137	458,505
Total Judicial	10,036,410	11,262,628	10,542,818	719,810

COUNTY COMMISSIONERS OF WASHINGTON COUNTY

Schedule of Revenue, Expenditures, and Changes in Fund Balance-Budget and Actual General Fund (continued) For the Year Ended June 30, 2023

	Budgeted Amounts		Actual Amounts	Variance with Final Budget -
	Original	Final		Positive (Negative)
Election Board	\$ 2,384,260	\$ 2,384,260	\$ 1,846,645	\$ 537,615
Financial Administration				
Budget and Finance	1,755,880	1,802,950	1,737,262	65,688
Independent Auditing	70,000	70,000	65,619	4,381
Treasurer	560,900	589,140	575,393	13,747
Information Technologies	3,410,170	3,335,170	3,142,905	192,265
Total Financial Administration	5,796,950	5,797,260	5,521,179	276,081
County Attorney	804,210	764,210	781,780	(17,570)
Human Resources	1,170,100	1,095,100	963,592	131,508
Planning and Zoning				
Planning and Zoning	1,300,920	1,368,110	1,324,840	43,270
Board of Zoning Appeals	55,740	55,740	57,627	(1,887)
Total Planning and Zoning	1,356,660	1,423,850	1,382,467	41,383
Public Works				
Department of Public Works	263,990	300,030	300,938	(908)
Engineering	2,656,260	2,731,480	2,657,036	74,444
Permits & Inspections	2,712,040	2,796,020	2,695,736	100,284
Buildings, Grounds & Facilities	2,287,850	2,336,440	2,236,466	99,974
Total Public Works	7,920,140	8,163,970	7,890,176	273,794
County Owned Buildings				
Martin Luther King Center	103,280	143,280	108,234	35,046
Administrative Building	319,080	319,080	256,665	62,415
Court House	291,450	291,450	319,010	(27,560)
County Office Building	230,510	230,510	176,820	53,690
Administration Annex	75,500	125,500	133,269	(7,769)
Central Services	131,220	131,220	139,102	(7,882)
Rental Properties	6,020	6,020	999	5,021
Library Maintenance	44,000	603,184	591,586	11,598
Dwyer Center	32,280	32,280	17,369	14,911
Election Board Facility	98,580	98,580	96,661	1,919
Senior Center	11,000	11,000	4,109	6,891
Public Facilities Annex	85,380	85,380	65,263	20,117
Total County Owned Buildings	1,428,300	2,077,484	1,909,087	168,397
Community Promotion				
Contributions to Non-profits	1,869,960	5,084,692	5,082,672	2,020
Business Development	749,760	767,300	707,951	59,349
Grants	-	9,197,842	2,163,527	7,034,315
Total Community Promotion	2,619,720	15,049,834	7,954,150	7,095,684
Total General Government	35,495,760	50,051,516	40,815,835	9,235,681

COUNTY COMMISSIONERS OF WASHINGTON COUNTY

Schedule of Revenue, Expenditures, and Changes in Fund Balance-Budget and Actual General Fund (continued) For the Year Ended June 30, 2023

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Public Safety				
Sheriff Departments				
Patrol	\$ 14,577,540	\$ 15,070,330	\$ 14,745,580	\$ 324,750
Sheriff Auxiliary	50,000	50,000	96,150	(46,150)
Narcotics Task Force	1,051,310	1,062,540	928,494	134,046
Wash. County Police Academy	59,840	59,840	33,374	26,466
Grants	-	861,894	607,363	254,531
Total Sheriff Departments	15,738,690	17,104,604	16,410,961	693,643
Fire Operations				
Volunteer Fire and Rescue - County Grants	10,389,690	10,393,080	11,396,979	(1,003,899)
EMS Operations	2,723,800	2,633,800	2,683,404	(49,604)
Fire Operations	5,292,030	5,661,470	5,881,968	(220,498)
Air Unit	32,350	32,350	36,065	(3,715)
Special Operations	233,870	234,600	212,619	21,981
Total Fire and Rescue Services	18,671,740	18,955,300	20,211,035	(1,255,735)
Corrections				
Detention Center	18,706,300	19,634,540	19,493,760	140,780
Central Booking	1,342,890	1,409,000	1,418,551	(9,551)
Day Reporting Center	492,280	500,170	476,794	23,376
Total Corrections	20,541,470	21,543,710	21,389,105	154,605
Other Public Safety				
911 - Communications	6,275,630	6,291,142	5,731,784	559,358
Wireless Communications	1,466,020	1,466,020	1,455,578	10,442
Emergency Management	229,650	276,676	232,206	44,470
Public Safety Training Center	750,140	768,200	752,162	16,038
Forensic Investigator	30,000	30,000	23,420	6,580
Civil Air Patrol	4,000	4,000	4,000	-
Animal Control	1,486,920	1,736,920	1,736,920	-
Grants	-	3,277,991	1,142,914	2,135,077
Other Public Safety	10,242,360	13,850,949	11,078,984	2,771,965
Total Public Safety	65,194,260	71,454,563	69,090,085	2,364,478
Health	2,339,270	3,027,814	3,027,814	-
Social Services	506,330	506,330	506,330	-
Education	119,105,650	119,105,650	119,105,650	-
Parks, Recreation, and Culture				
Free Library	3,375,710	4,760,158	4,760,158	-
Martin L. Snook Park Pool	159,310	159,310	147,835	11,475
Parks and Recreation	1,521,210	1,560,640	1,594,576	(33,936)
Total Parks, Recreation, and Culture	5,056,230	6,480,108	6,502,569	(22,461)

COUNTY COMMISSIONERS OF WASHINGTON COUNTY

Schedule of Revenue, Expenditures, and Changes in Fund Balance-Budget and Actual General Fund (continued) For the Year Ended June 30, 2023

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Conservation of Natural Resources				
Weed Control	\$ 317,510	\$ 323,290	\$ 266,786	\$ 56,504
Agricultural Extension Service	264,180	264,180	264,180	-
Cooperative Extension	38,730	38,730	38,730	-
Soil Conservation Service	355,090	355,090	355,090	-
Environmental Pest Management	45,500	98,000	88,186	9,814
Total Conservation of Natural Resources	<u>1,021,010</u>	<u>1,079,290</u>	<u>1,012,972</u>	<u>66,318</u>
Highway	<u>11,769,470</u>	<u>11,784,860</u>	<u>10,168,723</u>	<u>1,616,137</u>
General Operations	<u>546,720</u>	<u>1,761,031</u>	<u>2,645,480</u>	<u>(884,449)</u>
Unallocated Employee Insurance and Benefits	<u>870,370</u>	<u>870,370</u>	<u>(1,079,059)</u>	<u>1,949,429</u>
Intergovernmental				
Golf Course operating transfer	319,710	319,710	319,710	-
HEPMPO operating transfer	5,700	5,700	5,700	-
Land Preservation operating transfer	41,380	41,380	5,919	35,461
Utility Administration operating transfer	517,110	530,450	476,163	54,287
Water operating transfer	230,040	230,040	230,040	-
Public Transit operating transfer	1,052,540	1,131,910	1,131,910	-
Capital Projects operating transfer	4,928,000	4,964,702	25,688,580	(20,723,878)
Solid Waste operating transfer	450,000	1,402,230	450,000	952,230
Grants Management operating transfer	313,390	327,280	327,280	-
Agricultural Education Center operating transfer	216,770	216,770	216,770	-
Municipality in lieu of bank shares	38,550	38,550	38,543	7
Total Intergovernmental	<u>8,113,190</u>	<u>9,208,722</u>	<u>28,890,615</u>	<u>(19,681,893)</u>
Billables	<u>-</u>	<u>-</u>	<u>345,145</u>	<u>(345,145)</u>
Debt Service	<u>15,279,990</u>	<u>15,279,990</u>	<u>15,210,802</u>	<u>69,188</u>
TOTAL EXPENDITURES	<u>265,298,250</u>	<u>290,610,244</u>	<u>296,242,961</u>	<u>(5,632,717)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,220,069</u>	<u>\$ 6,220,069</u>
FUND BALANCE - BEGINNING			<u>73,367,702</u>	
FUND BALANCE - ENDING			<u>\$ 79,587,771</u>	

OTHER SCHEDULE

COUNTY COMMISSIONERS OF WASHINGTON COUNTY

Local Management Board – Schedule of Revenue and Expenditures – Regulatory Basis For the Year Ended June 30, 2023

REVENUE

Community Partnership Agreement (CPA)	
Governor's Office for Children	\$829,673
Non- Community Partnership Agreement (Non-CPA)	
General Fund	327,280
Md State Department of Aging	17,947
Md State Department of Education	484,406
Dept. of Housing and Community Development	5,305,425
Total Non-Community Partnership Agreement Revenue	<u>6,135,058</u>
TOTAL REVENUE	<u>6,964,731</u>

EXPENDITURES

Community Partnership Agreement (CPA)	
Administrative :	
Salaries	76,567
Benefit Costs	40,965
Small office equipment	-
Office supplies	535
Printing expenses	-
Travel Expenses	-
Software	1,999
Controllable Assets	-
Total CPA Administrative Expenditures	<u>120,066</u>
Programs:	
GOCCP Planning Grant	-
Western MC Disconnected Youth	50,687
GOC-School Based Mental Health	332,409
Family Centered Support Services	105,800
IACM for Children of Incarcerated Parents	81,471
GOC - Local Care Team Coordinator	26,987
GOC - WC Reengagement Center for Disconnected Youth	110,918
Total CPA Program Expenditures	<u>708,272</u>
Non-Community Partnership Agreement (CPA)	
Administrative:	
Salaries	126,129
Benefit Costs	75,079
Advertising	321
Community Service Awards	300
Dues & Subscriptions	274
Small office equipment	-
Office Supplies	1,065
Other Miscellaneous	-
Personal Mileage	-
Postage	-
Printing Expenses	-
Travel Expenses	-
Entertainment/business expense	270
Contracted/Purchased services	-
Software	-
Training	2,633
Seminars/Conventions	20
Copy Machine Rental	914
Telephone Expenses	-
Water	-
Controllable Assets	-
Total Non-CPA Administrative Expenditures	<u>207,005</u>
Programs:	
School Based Mental Health	120,000
Commission on Aging	17,947
MSDE - Healthy Families	484,406
Dept. of Housing and Community Development	5,305,425
Total Non-CPA Program Expenditures	<u>5,927,778</u>
TOTAL EXPENDITURES	<u>6,963,121</u>
EXCESS OF REVENUE OVER EXPENDITURES	<u>\$ 1,610</u>