SECONDARY MARKET DISCLOSURE

Community Development Administration
Maryland Department of Housing and Community Development

Local Government Infrastructure Finance Program

The following financial information is being provided by the Community Development Administration ("the Administration"), a unit in the Division of Development Finance of the Department of Housing and Community Development, a principal department of the government of the State of Maryland ("the Department").

Questions concerning this release should be directed to Investor Relations at (301) 429-7898, or cdabonds_mailbox.dhcd@maryland.gov

The Administration

Annual Information. The Administration has agreed, in accordance with the provisions of Rule 15c2-12 (the "Rule"), adopted by the Securities and Exchange Commission (the "Commission") under the Securities and Exchange Act of 1934, as amended, to provide, or cause to be provided, to the Municipal Securities Rulemaking Board (the "MSRB") (formerly to each nationally recognized municipal securities information repository and to the appropriate state information depository, if any) in an electronic format as prescribed by the MSRB , when and if available, but in any event within nine months after the end of each fiscal year of the Administration, the following annual financial information and operating data (the "Annual Information"):

1. a copy of the annual financial statements of the Administration's Local Government Infrastructure Bonds prepared in accordance with generally accepted accounting principles and audited by a certified public accountant;

2. a copy of the annual financial statement of each Local Government having, as of the end of such fiscal year, an aggregate outstanding unpaid principal balance of Infrastructure Loans under the Program equal to or greater than 10% of the outstanding principal amount of all Infrastructure Loans financed under the Program (and, if such Infrastructure Loans are guaranteed by a Political Subdivision, the annual financial statement of the Guarantor Political Subdivision), prepared and audited in accordance with law (which currently requires that such statements be prepared in accordance with generally accepted accounting principles and audited by a certified public accountant); and

3. an update of the financial information in this Official Statement contained in Appendix B – "LOCAL GOVERNMENTS AND LOCAL OBLIGATIONS" for each Local Government or Guarantor Political Subdivision meeting the criteria described in paragraph 2 immediately above.

COMMUNITY DEVELOPMENT ADMINISTRATION
LOCAL GOVERNMENT INFRASTRUCTURE BONDS

FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2024 AND 2023

CPAs | CONSULTANTS | WEALTH ADVISORS

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COMMUNITY DEVELOPMENT ADMINISTRATION
LOCAL GOVERNMENT INFRASTRUCTURE BONDS
YEARS ENDED JUNE 30, 2024 AND 2023

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INDEPENDENT AUDITORS' REPORT

Office of the Secretary
Department of Housing and Community Development
Lanham, Maryland

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the Community Development Administration Local Government Infrastructure Bonds (the Fund) of the Department of Housing and Community Development of the State of Maryland, as of and for the years ended June 30, 2024 and 2023, and the related notes to the financial statements, which collectively comprise the Fund's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Fund, as of June 30, 2024 and 2023, and the changes in financial position, and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Emphasis of a Matter

Financial Statement Presentation

As discussed in Note 1, the financial statements present only the financial position, the changes in financial position and cash flows of the Fund and do not purport to, and do not, present fairly the financial position of the Department of Housing and Community Development of the State of Maryland as of and for the years ended June 30, 2024 and 2023, and the changes in its net position and its cash flows, in conformity with accounting principles generally accepted in the United States of America. Our opinion on the basic financial statements was not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

Management has elected to omit the management's discussion and analysis that accounting principles generally accepted in the United States of America require to 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. Our opinion on the basic financial statements is not affected by this missing information.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 26, 2024, on our consideration of the Fund's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Fund's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Fund's internal control over financial reporting and compliance.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Baltimore, Maryland
September 26, 2024

COMMUNITY DEVELOPMENT ADMINISTRATION
LOCAL GOVERNMENT INFRASTRUCTURE BONDS
STATEMENTS OF NET POSITION
(in thousands)
JUNE 30, 2024 AND 2023

	2024	2023
RESTRICTED ASSETS		
RESTRICTED CURRENT ASSETS		
Cash and Cash Equivalents on Deposit	$ 68,845	$ 59,086
Community Facilities Loans	12,775	11,956
Accrued Interest and Other Receivables	935	364
Total Restricted Current Assets	82,555	71,406
RESTRICTED LONG-TERM ASSETS		
Community Facilities Loans, Net of Current Portion	194,051	171,043
Total Restricted Long-Term Assets	194,051	171,043
Total Restricted Assets	$ 276,606	$ 242,449
LIABILITIES AND NET POSITION		
CURRENT LIABILITIES		
Accrued Interest Payable	$ 728	$ 671
Accounts Payable	222	44
Bonds Payable	11,925	11,055
Advance Trustee Fees	112	112
Rebate Liability	85	-
Due to Local Governments	55,900	48,086
Total Current Liabilities	68,972	59,968
LONG-TERM LIABILITIES		
Bonds Payable, Net of Current Portion	200,513	176,525
Advance Trustee Fees, Net of Current Portion	235	225
Rebate Liability, Net of Current Portion	652	93
Other Liabilities	183	199
Total Long-Term Liabilities	201,583	177,042
Total Liabilities	270,555	237,010
NET POSITION		
Restricted by Bond Indenture	6,051	5,439
Total Liabilities and Net Position	$ 276,606	$ 242,449

See accompanying Notes to Financial Statements.

COMMUNITY DEVELOPMENT ADMINISTRATION
LOCAL GOVERNMENT INFRASTRUCTURE BONDS
STATEMENTS OF REVENUE, EXPENSES, AND CHANGES IN NET POSITION
(in thousands)
YEARS ENDED JUNE 30, 2024 AND 2023

	2024	2023
OPERATING REVENUE		
Interest on Community Facilities Loans, Net of Amortization of Premium on Notes Receivable	$ 6,197	$ 5,591
Interest on Cash Equivalents, Net of Rebate	666	444
Fee Income	185	126
Other Operating Revenue	1	1
Total Operating Revenue	7,049	6,162
OPERATING EXPENSES		
Interest Expense on Bonds	5,751	5,180
Bond Issuance Cost	638	524
Professional Fees and Other Operating Expenses	48	119
Total Operating Expenses	6,437	5,823
Operating Income	612	339
CHANGE IN NET POSITION	612	339
NET POSITION, RESTRICTED - BEGINNING OF YEAR	5,439	5,100
NET POSITION, RESTRICTED - END OF YEAR	$ 6,051	$ 5,439

See accompanying Notes to Financial Statements.

COMMUNITY DEVELOPMENT ADMINISTRATION
LOCAL GOVERNMENT INFRASTRUCTURE BONDS
STATEMENTS OF CASH FLOWS
(in thousands)
YEARS ENDED JUNE 30, 2024 AND 2023

	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Principal and Interest Received on Community Facilities Loans	$ 18,623	$ 19,485
Origination of Community Facilities Loans	(28,514)	(24,478)
Advance Trustee Fees Received	122	113
Trustee Fees Paid	(112)	(104)
Rebate Liability Funds Received	68	-
Loan Fees Received	185	126
Professional Fees and Other Operating Expenses	(48)	(119)
Other Operating Revenue	1	1
Net Cash Used by Operating Activities	(9,675)	(4,976)
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest Received on Cash Equivalents	730	431
Net Cash Provided by Investing Activities	730	431
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Proceeds from Sale of Bonds	37,380	25,697
Payments on Bond Principal	(11,585)	(12,735)
Bond Issuance Costs	(460)	(511)
Interest on Bonds	(6,631)	(5,752)
Net Cash Provided by Noncapital Financing Activities	18,704	6,699
NET INCREASE IN CASH AND CASH EQUIVALENTS ON DEPOSIT	9,759	2,154
CASH AND CASH EQUIVALENTS ON DEPOSIT - BEGINNING OF YEAR	59,086	56,932
CASH AND CASH EQUIVALENTS ON DEPOSIT - END OF YEAR	$ 68,845	$ 59,086
RECONCILIATION OF OPERATING INCOME TO NET CASH USED BY OPERATING ACTIVITIES		
Operating Income	$ 612	$ 339
Adjustments to Reconcile Operating Income to Net Cash Used by Operating Activities:		
Amortization of Bond Original Issue Premiums/Discounts	(937)	(763)
Amortization of Premium on Notes Receivable	603	473
Interest Received on Cash Equivalents	(730)	(431)
Bond Issuance Costs	460	511
Interest on Bonds	6,631	5,752
(Increase) Decrease in Assets:		
Community Facilities Loans	(22,432)	(9,120)
Premium on Notes Receivable	(1,998)	(2,591)
Accrued Interest and Other Receivables	(571)	302
Increase (Decrease) in Liabilities:		
Accrued Interest Payable	57	191
Accounts Payable	178	13
Due to Local Governments	7,814	268
Rebate Liability	644	93
Advance Trustees Fees and Other Liabilities	(6)	(13)
Net Cash Used by Operating Activities	$ (9,675)	$ (4,976)

See accompanying Notes to Financial Statements.

NOTE 1 AUTHORIZING LEGISLATION AND PROGRAM DESCRIPTION

The Community Development Administration (CDA) is authorized to issue Local Government Infrastructure Bonds pursuant to Sections 4-101 through 4-255 of the Housing and Community Development Article of the Annotated Code of Maryland to provide a mechanism for financing the infrastructure needs of local governments. CDA is in the Division of Development Finance in the Department of Housing and Community Development (DHCD) of the State of Maryland.

The accompanying financial statements only include CDA's Local Government Infrastructure Bonds (the Fund) (resolution adopted August 1, 2010). CDA's other funds are not included.

The Fund was established to issue bonds to provide funds for construction and permanent financing to local governments for public facilities.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The Fund is accounted for as an enterprise fund. Accordingly, the accompanying financial statements have been prepared using the accrual method of accounting and on the basis of accounting principles generally accepted in the United States of America (GAAP).

Basis of Accounting and Measurement Focus

The basis of accounting for the Fund is determined by measurement focus. The flow of economic resources measurement focus and the accrual basis of accounting are used to account for the Fund. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred. All assets and liabilities associated with the operation of the Fund are included on the statements of net position. The Fund is required to follow all statements of the Governmental Accounting Standards Board (GASB).

Generally Accepted Accounting Principles

CDA reports its financial activities by applying Standards of Governmental Accounting and Financial Reporting as promulgated by GASB. Consequently, CDA applies all applicable GASB pronouncements.

In accordance with accounting guidance issued by GASB, net position should be reported as restricted when constraints placed on net position use is either: externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or is imposed by law through constitutional provisions or enabling legislation. Accordingly, the net position of the Fund is restricted as to its use as the net position is pledged to bondholders.

Since CDA is an enterprise fund included in the State of Maryland's Annual Comprehensive Financial Report, a separate Management's Discussion and Analysis is not included in these financial statements.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash and Cash Equivalents on Deposit

Cash equivalents may include money market funds, repurchase agreements, investment agreements, and any other investments, primarily obligations of the U.S. Treasury and U.S. Government Agencies, which have maturities of 90 or less days at the time of purchase. As of June 30, 2024 and 2023, all of the Fund's cash equivalents were invested in a money market mutual fund which is more fully described in Note 3.

Investments

Investments are primarily U.S. Treasuries or investment agreements collateralized by governmental debt securities. Debt securities are stated at fair value, based on quoted market prices. Investments are classified as current or long-term based on the maturity date or call date. Callable investments are classified as current, if exercise of the call within the next fiscal year is probable. Investments are more fully described in Note 3.

Community Facilities Loans

Community facilities loans are carried at their unpaid principal balances, net of unamortized premiums on notes receivable. See Note 4 for additional information on community facilities loans.

Allowance for Loan Losses

Community facilities loans are secured by the full faith and credit of the applicable local government. Therefore, CDA has determined that no allowance for loan losses was necessary as of June 30, 2024 and 2023.

Accrued Interest and Other Receivables

Accrued interest includes both interest on cash deposits and interest on loans. As of June 30, 2024 and 2023, all loans were current. Therefore, all accrued interest on loans was recorded during the year. See Note 5 for additional information.

Bonds Payable

Bonds payable are carried at their unpaid principal balances, net of unamortized bond premiums and discounts. See Notes 6, 7, and 9 for additional information.

Due to Local Governments

CDA records the total loan amount when the loan closes and collects interest from the local government on this full loan amount from the date of closing. Due to local governments represents the undrawn loan amount which is held by CDA as an escrow until the funds are needed by the local government.

Fee Income

CDA receives financing fees at loan origination. These fees are recognized as revenue in the period received as fee income.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Discounts and Premiums

Bond discounts and premiums are amortized using a method which approximates the effective interest method. Premiums on notes receivable are amortized on a straight-line basis over the life of the note receivable.

Rebate Liability on Investments

Regulations governing the issuance of tax-exempt debt place limitations on permitted investment yield on borrowed funds. Based on these regulations, CDA is required to periodically rebate excess earning from investments to the United States Treasury. In addition, the liability may also include an estimate of the rebate obligation related to unrealized gains as a result of recording investments at fair value. Rebate liability is more fully described in Note 8.

Administrative Support

In addition to expenses incurred directly by the Fund, CDA receives certain support services from other divisions of DHCD. Support services and the operating expenses of CDA have been allocated to CDA's General Bond Reserve Fund and are reported in the financial statements of CDA's Revenue Obligation Funds. The General Bond Reserve Fund records these expenses as invoiced by DHCD for the fiscal year.

The employees of CDA are covered by the Maryland State Retirement and Pension System. See Note 10 for additional information.

Revenue and Expenses

CDA distinguishes operating revenue and expenses from nonoperating items in accordance with accounting guidance issued by GASB. Operating revenue and expenses are identified as those activities that are directly related to financing public facilities for local governments. All of the Fund's activities are considered to be operating.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions. These estimates and assumptions affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue, expenses, gains, and losses during the reporting periods. Actual results could differ from these estimates.

(in thousands)

NOTE 3 CASH, CASH EQUIVALENTS, AND INVESTMENTS

Proceeds from bonds and revenues from loans are invested in authorized investments as defined in the Local Government Infrastructure Bonds Resolution (the Resolution) and in CDA's Investment Policy until required for financing projects, redeeming outstanding bonds, and funding program expenses. Authorized investments include obligations of the U.S. Treasury, U.S. Government Agencies, investment agreements, money market funds, and any other investment as defined by the Resolution.

The following assets, reported at fair value and held by the Fund as of June 30, 2024 and 2023, are evaluated in accordance with GASB accounting guidance for interest rate risk, credit risk, concentration of credit risk, and custodial credit risk.

Assets	2024	2023
Cash and Cash Equivalents:		
BlackRock Liquidity FedFund		
Administration Shares	$ 68,845	$ 59,086
Total	$ 68,845	$ 59,086

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. As a means of limiting its exposure to fair value losses from rising interest rates, CDA's Investment Policy requires that the maturities of the investment portfolio are scheduled to meet the cash requirements for bond debt service, projected loan originations, and ongoing operations.

As of June 30, 2024, the amortized cost, fair value, and maturities for these assets were as follows:

			Maturities (in Years)	
Asset	Amortized Cost	Fair Value	Less Than 1	1 - 5
BlackRock Liquidity FedFund				
Administration Shares	$ 68,845	$ 68,845	$ 68,845	$ -
Total	$ 68,845	$ 68,845	$ 68,845	$ -

As of June 30, 2023, the amortized cost, fair value, and maturities for these assets were as follows:

			Maturities (in Years)	
Asset	Amortized Cost	Fair Value	Less Than 1	1 - 5
BlackRock Liquidity FedFund				
Administration Shares	$ 59,086	$ 59,086	$ 59,086	$ -
Total	$ 59,086	$ 59,086	$ 59,086	$ -

(in thousands)

NOTE 3 CASH, CASH EQUIVALENTS, AND INVESTMENTS (CONTINUED)

The BlackRock Liquidity FedFund Administration Shares invests primarily in cash, U.S. Treasury bills, notes, and other obligations issued or guaranteed as to principal and interest by the U.S. Government, its agencies, or instrumentalities, and repurchase agreements secured by such obligations or cash. It operates in accordance with Rule 2a-7 of the Investment Company Act of 1940, as amended, and can reasonably be expected to have a fair value that will be unaffected by interest rate changes because the interest rates are variable, and the principal can be recovered on demand. As of June 30, 2024 and 2023, the cost of the money market mutual fund approximated fair value.

Credit Risk and Concentration of Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Neither CDA's Investment Policy nor the Resolution requires investment agreements or deposits to be collateralized. CDA's Investment Policy places no limit on the amount that CDA may invest in any one issuer or counterparty. According to the Resolution and CDA's Investment policy, securities must be rated at the highest investment grade by any national rating agency. U.S. dollar denominated accounts and bankers' acceptances which have a rating on their short-term certificates of deposit must be in the two highest ratings by any nationally recognized rating agency. The following table provides credit quality rating information for the investment portfolio and individual issuers, if they represent 5% or more of total investments in accordance with accounting guidance issued by GASB. Investments in mutual funds are excluded from this requirement.

As of June 30, 2024, credit ratings and allocation by type of investments for the following assets were:

Asset	Fair Value	Percentage of Total Investments	Money Market Fund Rating	Rating Agency
BlackRock Liquidity FedFund Administration Shares	$ 68,845	100.00%	Aaa-mf	Moody's

As of June 30, 2023, credit ratings and allocation by type of investments for the following assets were:

Asset	Fair Value	Percentage of Total Investments	Money Market Fund Rating	Rating Agency
BlackRock Liquidity FedFund Administration Shares	$ 59,086	100.00%	Aaa-mf	Moody's

(in thousands)

NOTE 3 CASH, CASH EQUIVALENTS, AND INVESTMENTS (CONTINUED)

Custodial Credit Risk

Custodial credit risk is the risk that in the event of a bank or counterparty failure, CDA will not be able to recover its deposits or the value of its collateral securities that are in the possession of an outside party. As of June 30, 2024 and 2023, the Fund's investments were not subject to custodial credit risk under accounting guidance issued by GASB. The money market mutual fund and other investments are held in trust by the trustee, kept separate from the assets of the bank and from other trust accounts, and is held in CDA's name.

Fair Value Measurements

CDA 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 market prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs. Investments in money market funds are not subject to the fair value measurement requirements.

NOTE 4 COMMUNITY FACILITIES LOANS

Community facilities loans are secured by the full faith and credit of the applicable local government. As such, no allowance for loan losses was necessary as of June 30, 2024 and 2023. As of June 30, 2024 and 2023, interest rates on such loans range from 0.96% to 5.09%. Remaining loan terms range from less than 1 year to 30 years and less than 1 year to 28 years, respectively.

The Local Government Infrastructure Bonds 2019 Series B, 2020 Series A, 2021 Series A, 2023 Series A, and 2024 Series A were issued at premium, which resulted in a related premium on the loans receivable issued in connection with the bond proceeds. The premiums will be amortized on a straight-line basis over the life of each underlying loan receivable. Balance of loans receivable and the related premiums as of June 30, 2024 and 2023 were as follows:

	2024	2023
Community Facilities Loans Receivable	$ 196,111	$ 173,679
Premium on Notes Receivable	12,593	10,595
Total Community Facilities Loans Receivable, Net of Premium	208,704	184,274
Less: Accumulated Amortization of Premium on Notes Receivable	(1,878)	(1,275)
Community Facilities Loans Receivable, Net of Unamortized Premium	$ 206,826	$ 182,999

(in thousands)

NOTE 5 ACCRUED INTEREST AND OTHER RECEIVABLES

Accrued interest and other receivables as of June 30, 2024 and 2023 were as follows:

	2024	2023
Accrued Interest on Community Facilities Loans	$ 310	$ 251
Accrued Interest on Cash Equivalents	57	44
Accrued Local Governments' Share of Rebate Liability	568	69
Total	$ 935	$ 364

NOTE 6 BONDS PAYABLE

The bonds issued by CDA are special obligations of CDA and are payable from the revenue and special funds of the Resolution. These bonds do not constitute debt of and are not guaranteed by the state of Maryland or any other program of the state of Maryland or any political subdivision.

The provisions of the Resolution require or allow for the special redemption of bonds at par through the use of unexpended bond proceeds and excess funds accumulated primarily through prepayment of community facilities loans. All outstanding bonds are subject to redemption at the option of CDA, in whole or in part at any time, after certain dates, as specified in the respective series resolutions, at a redemption price equal to the principal amount thereof to be redeemed. All bonds have fixed interest rates and all bonds are tax-exempt.

(in thousands)

NOTE 6 BONDS PAYABLE (CONTINUED)

The following is a summary of the bond activity for the year ended June 30, 2024 and debt outstanding and bonds payable as of June 30, 2024:

					Bond Activity					
	Issue Dated	Range of Interest Rates	Range of Maturities	Debt Outstanding at June 30, 2023	New Bonds Issued	Scheduled Maturity Payments	Bonds Redeemed/ Defeased	Debt Outstanding at June 30, 2024	Bond Premium/ Discount Deferred	Bonds Payable at June 30, 2024
Local Government Infrastructure Bonds										
2010 Series A-1	8/25/10	3.375%	2025	$ 490	$ -	$ (240)	$ -	$ 250	$ (3)	$ 247
2010 Series A-2	8/25/10	3.50%	2025	245	-	(120)	-	125	-	125
2012 Series A-1	5/17/12	3.00% - 3.50%	2025 - 2032	2,340	-	(255)	(460)	1,625	(1)	1,624
2012 Series A-2	5/17/12	3.00% - 3.60%	2025 - 2032	1,160	-	(130)	(200)	830	-	830
2012 Series B-1	12/19/12	2.25% - 3.125%	2025 - 2032	3,220	-	(395)	-	2,825	37	2,862
2012 Series B-2	12/19/12	2.35% - 3.125%	2025 - 2032	1,320	-	(160)	-	1,160	-	1,160
2013 Series A-1	10/3/13	3.80% - 5.00%	2025 - 2035	1,160	-	(160)	-	1,000	(1)	999
2013 Series A-2	10/3/13	3.85% - 5.05%	2025 - 2043	815	-	(60)	-	755	-	755
2014 Series A-1	8/28/14	2.90% - 3.50%	2025 - 2034	5,225	-	(630)	-	4,595	118	4,713
2014 Series A-2	8/28/14	2.90% - 5.00%	2025 - 2034	2,750	-	(245)	-	2,505	-	2,505
2015 Series A-1	8/27/15	3.125% - 4.00%	2025 - 2045	7,995	-	(700)	-	7,295	48	7,343
2015 Series A-2	8/27/15	3.125% - 4.00%	2025 - 2045	3,420	-	(300)	-	3,120	-	3,120
2016 Series A-1	8/31/16	1.95% - 2.90%	2025 - 2036	10,175	-	(1,225)	-	8,950	-	8,950
2016 Series A-2	8/31/16	2.00% - 2.95%	2025 - 2036	4,365	-	(525)	-	3,840	-	3,840
2017 Series A-1	8/2/17	2.20% - 4.00%	2025 - 2047	18,705	-	(1,140)	-	17,565	257	17,822
2017 Series A-2	8/2/17	2.25% - 4.00%	2025 - 2047	8,030	-	(490)	-	7,540	-	7,540
2018 Series A-1	8/30/18	3.00% - 5.00%	2025 - 2048	3,600	-	(215)	-	3,385	228	3,613
2018 Series A-2	8/30/18	3.00% - 4.00%	2025 - 2048	1,530	-	(95)	-	1,435	-	1,435
2019 Series A-1	6/27/19	2.53% - 3.90%	2025 - 2049	10,385	-	(260)	-	10,125	-	10,125
2019 Series A-2	6/27/19	3.10% - 4.00%	2025 - 2049	4,460	-	(110)	-	4,350	-	4,350
2019 Series B-1	11/21/19	4.00%	2025 - 2049	10,355	-	(445)	-	9,910	1,030	10,940
2019 Series B-2	11/21/19	4.00%	2025 - 2049	4,635	-	(190)	-	4,445	439	4,884
2020 Series A-1	8/20/20	4.00%	2025 - 2049	14,315	-	(950)	-	13,365	3,309	16,674
2020 Series A-2	8/20/20	4.00%	2025 - 2049	6,430	-	(405)	-	6,025	-	6,025
2021 Series A-1	12/2/21	3.00% - 5.00%	2025 - 2051	18,180	-	(550)	-	17,630	2,589	20,219
2021 Series A-2	12/2/21	3.00% - 5.00%	2025 - 2051	7,835	-	(240)	-	7,595	-	7,595
2023 Series A-1	4/20/23	5.00%	2025 - 2043	15,475	-	(470)	-	15,005	2,063	17,068
2023 Series A-2	4/20/23	5.00%	2025 - 2043	7,050	-	(220)	-	6,830	884	7,714
2024 Series A-1	5/16/24	4.00% - 5.50%	2025 - 2054	-	24,005	-	-	24,005	1,866	25,871
2024 Series A-2	5/16/24	4.25% - 5.50%	2025 - 2054	-	10,750	-	-	10,750	740	11,490
Total				$ 175,665	$ 34,755	$ (10,925)	$ (660)	$ 198,835	$ 13,603	$ 212,438

(in thousands)

NOTE 6 BONDS PAYABLE (CONTINUED)

The following is a summary of the bond activity for the year ended June 30, 2023 and debt outstanding and bonds payable as of June 30, 2023:

	Issue Dated	Range of Interest Rates	Range of Maturities	Debt Outstanding at June 30, 2022	Bond Activity New Bonds Issued	Bond Activity Scheduled Maturity Payments	Bond Activity Bonds Redeemed/ Defeased	Debt Outstanding at June 30, 2023	Bond Premium/ Discount Deferred	Bonds Payable at June 30, 2023
Local Government Infrastructure Bonds										
2010 Series A-1	8/25/10	3.25% - 3.375%	2024 - 2025	$ 750	$ -	$ (260)	$ -	$ 490	$ (5)	$ 485
2010 Series A-2	8/25/10	3.375% - 3.50%	2024 - 2025	370	-	(125)	-	245	-	245
2012 Series A-1	5/17/12	3.00% - 3.50%	2024 - 2032	3,135	-	(335)	(460)	2,340	(1)	2,339
2012 Series A-2	5/17/12	3.00% - 3.60%	2024 - 2032	1,535	-	(155)	(220)	1,160	-	1,160
2012 Series B-1	12/19/12	2.20% - 3.125%	2024 - 2032	3,600	-	(380)	-	3,220	40	3,260
2012 Series B-2	12/19/12	2.30% - 3.125%	2024 - 2032	1,480	-	(160)	-	1,320	-	1,320
2013 Series A-1	10/3/13	3.60% - 5.00%	2024 - 2035	1,825	-	(665)	-	1,160	(1)	1,159
2013 Series A-2	10/3/13	3.65% - 5.05%	2024 - 2043	1,100	-	(285)	-	815	-	815
2014 Series A-1	8/28/14	2.70% - 3.50%	2024 - 2034	6,700	-	(1,475)	-	5,225	127	5,352
2014 Series A-2	8/28/14	2.70% - 5.00%	2024 - 2034	3,385	-	(635)	-	2,750	-	2,750
2015 Series A-1	8/27/15	3.00% - 4.00%	2024 - 2045	8,670	-	(675)	-	7,995	64	8,059
2015 Series A-2	8/27/15	3.00% - 4.00%	2024 - 2045	3,710	-	(290)	-	3,420	-	3,420
2016 Series A-1	8/31/16	1.80% - 2.90%	2024 - 2036	11,380	-	(1,205)	-	10,175	-	10,175
2016 Series A-2	8/31/16	1.85% - 2.95%	2024 - 2036	4,880	-	(515)	-	4,365	-	4,365
2017 Series A-1	8/2/17	2.00% - 4.00%	2024 - 2047	19,820	-	(1,115)	-	18,705	269	18,974
2017 Series A-2	8/2/17	2.00% - 4.00%	2024 - 2047	8,510	-	(480)	-	8,030	-	8,030
2018 Series A-1	8/30/18	3.00% - 5.00%	2024 - 2048	3,805	-	(205)	-	3,600	243	3,843
2018 Series A-2	8/30/18	3.00% - 4.00%	2024 - 2048	1,620	-	(90)	-	1,530	-	1,530
2019 Series A-1	6/27/19	2.43% - 3.90%	2024 - 2049	10,635	-	(250)	-	10,385	-	10,385
2019 Series A-2	6/27/19	2.53% - 4.00%	2024 - 2049	4,570	-	(110)	-	4,460	-	4,460
2019 Series B-1	11/21/19	4.00%	2024 - 2049	10,780	-	(425)	-	10,355	1,116	11,471
2019 Series B-2	11/21/19	4.00%	2024 - 2049	4,820	-	(185)	-	4,635	470	5,105
2020 Series A-1	8/20/20	4.00%	2024 - 2049	15,225	-	(910)	-	14,315	3,657	17,972
2020 Series A-2	8/20/20	4.00%	2024 - 2049	6,820	-	(390)	-	6,430	-	6,430
2021 Series A-1	12/2/21	3.00% - 5.00%	2024 - 2051	18,710	-	(530)	-	18,180	2,808	20,988
2021 Series A-2	12/2/21	3.00% - 5.00%	2024 - 2051	8,040	-	(205)	-	7,835	-	7,835
2023 Series A-1	4/20/23	5.00%	2024 - 2043	-	15,475	-	-	15,475	2,191	17,666
2023 Series A-2	4/20/23	5.00%	2024 - 2043	-	7,050	-	-	7,050	937	7,987
Total				$ 165,875	$ 22,525	$ (12,055)	$ (680)	$ 175,665	$ 11,915	$ 187,580

NOTE 7 DEBT SERVICE REQUIREMENTS

As of June 30, 2024, the required principal payments for bonds (including mandatory sinking fund payments and excluding the effect of unamortized bond premiums and discounts) and interest payments for each of the next five years and in five-year increments thereafter, are as follows:

Year Ending June 30,	Interest	Principal
2025	$ 7,947	$ 11,925
2026	7,466	11,605
2027	7,060	11,225
2028	6,639	10,910
2029	6,226	10,835
2030-2034	25,082	48,125
2035-2039	16,484	36,645
2040-2044	9,189	31,295
2045-2049	3,595	20,020
2050-2054	663	6,250
Total	$ 90,351	$ 198,835

(in thousands)

NOTE 7 DEBT SERVICE REQUIREMENTS (CONTINUED)

As of June 30, 2023, the required principal payments for bonds (including mandatory sinking fund payments and excluding the effect of unamortized bond premiums and discounts) and interest payments for each of the next five years and in five-year increments thereafter, were as follows:

Year Ending June 30,	Interest	Principal
2024	$ 6,641	$ 11,055
2025	6,173	11,040
2026	5,811	10,685
2027	5,454	10,245
2028	5,084	9,865
2029-2033	20,160	42,930
2034-2038	12,885	32,060
2039-2043	7,194	26,490
2044-2048	2,638	16,260
2049-2052	263	5,035
Total	$ 72,303	$ 175,665

(in thousands)

NOTE 8 REBATE LIABILITY

In accordance with the Internal Revenue Code (IRC), the Fund has recorded a rebate liability for excess earnings in tax-exempt bond and note issues. The excess investment earnings arise due to actual investment yields earned by the Fund being greater than yields permitted to be retained by the Fund under the IRC. The IRC requires 90% of such excess investment earnings to be remitted to the United States Treasury every five years and in full at the final redemption of the bonds. Interest income on the statements of revenue, expenses, and changes in net position is reduced by the CDA's rebate liability share due to excess investment earnings. For the years ended June 30, 2024 and 2023, the estimated CDA's share of rebate liability was $101 and $24, respectively. The Local Governments are responsible for a rebate liability amount computed on their share of undrawn bond proceeds held in the Loan Fund accounts. The rebate liability amounts received from the Local Governments are deposited into a separate account within each bond series pending payment to the United States Treasury. For the years ended June 30, 2024 and 2023, the estimated Local Governments' share of rebate liability was $636 and $69, respectively.

	2024	2023
Beginning Rebate Liability:		
CDA's Share	$ 24	$ -
Local Governments' Share	69	-
Total	$ 93	$ -
Change in Estimated Liability Due to Excess Earnings (Calculated as of the Interim Computation Period Ending 6/30):		
CDA's Share	$ 77	$ 24
Local Governments' Share	567	69
Total	$ 644	$ 93
Ending Rebate Liability:		
CDA's Share	$ 101	$ 24
Local Governments' Share	636	69
Total	$ 737	$ 93

(in thousands)

NOTE 9 LONG-TERM OBLIGATIONS

Changes in long-term obligations for the years ended June 30, 2024 and 2023 were as follows:

	2024	2023
Bonds Payable:		
Beginning Balance at June 30,	$ 187,580	$ 175,381
Additions	37,380	25,697
Reductions	(11,585)	(12,735)
Change in Deferred Amounts for Issuance Premiums/Discounts	(937)	(763)
Ending Balance at June 30,	212,438	187,580
Less: Due Within One Year	(11,925)	(11,055)
Total Long-Term Bonds Payable	200,513	176,525
Other Liabilities - Advance Trustee Fees:		
Beginning Balance at June 30,	337	328
Additions	122	113
Reductions	(112)	(104)
Ending Balance at June 30,	347	337
Less: Due Within One Year	(112)	(112)
Total Long-Term Other Liabilities - Advance Trustee Fees	235	225
Other Liabilities - Rebate Liability:		
Beginning Balance at June 30,	93	-
Additions	644	93
Reductions	-	-
Ending Balance at June 30,	737	93
Less: Due Within One Year	(85)	-
Total Long-Term Other Liabilities - Rebate Liability	652	93
Other Liabilities:		
Beginning Balance at June 30,	199	221
Additions	-	-
Reductions	(16)	(22)
Ending Balance at June 30,	183	199
Total Long-Term Other Liabilities	183	199
Total Long-Term Liabilities	$ 201,583	$ 177,042

NOTE 10 PENSION AND OTHER POST-RETIREMENT BENEFITS

Eligible employees of CDA and employees of the state of Maryland are covered under the retirement plans of the State Retirement and Pension System of Maryland (the System) and are also entitled to certain healthcare benefits upon retirement. CDA's only obligation for retirement and post-employment benefits is its required annual contribution, which was paid in full by CDA to the state of Maryland prior to year-end. The liability for the employees is recorded by the general fund of the state of Maryland and is not allocated to CDA. The System prepares a separate audited Comprehensive Annual Financial Report which can be obtained from the State Retirement and Pension System of Maryland, 120 East Baltimore Street, Baltimore, Maryland 21202, or by visiting the website at www.sra.maryland.gov.

Local Government Infrastructure Program Indenture (2010-Present)

Infrastructure Loans Financed with the Proceeds of the Bonds

(Outstanding Loans as of June 30, 2024)

Local Government	Location by County	Series of Bonds	Amount of Loan ($)	Remaining Loan Term (in years)	Purpose
Aberdeen	Harford	2020A	$1,703,500.00	6	Refinance existing debt
Bel Air	Harford	2021A	$7,075,000.00	27	Construct police station & renovate town hall
Berlin	Worcester	2012A	$1,028,800.00	5	Refinance existing debt
Berlin	Worcester	2015A	$1,389,500.00	10	Refinance existing debt
Berlin	Worcester	2024A	$931,387.99 $2,721,791.55	20 30	Electrical system meter upgrades Public works facility
Boonsboro	Washington	2017A	$4,651,000.00	23	Refinance USDA[2] Loan
Brentwood	Prince George's	2021A	$1,330,000.00	27	Renovate fire dept building & community center
Cambridge	Dorchester	2018A	$1,509,500.00	24	Refinance bank loan
Cambridge	Dorchester	2023A	$2,180,000.00	19	West End sewer system improvements
Capitol Heights	Prince George's	2019B	$1,142,500.00	15	Safety complex and street improvements
Centreville	Queen Anne's	2016A	$5,010,000.00	12	Roadway and park improvements, refi bank loan, refi USDA debt
Centreville	Queen Anne's	2017A	$5,521,000.00	23	Refinance LGIF[3] 2007 Series A Loans and roadway improvements
Charlestown	Cecil	2012A	$290,300.00	8	Refi, drainage, wtr basin impts.
Charlestown	Cecil	2014A	$75,500.00	10	Shoreline Protection
Chestertown	Kent	2012A	$970,000.00	8	Purchase marina property
Colmar Manor	Prince George's	2021A	$1,435,000.00	12	Refinance bank loan
Crisfield	Somerset	2017A	$139,500.00	3	Refinance LGIF[3] 2007 Series A Loan

Local Government Infrastructure Program Indenture (2010-Present)

Infrastructure Loans Financed with the Proceeds of the Bonds

(Outstanding Loans as of June 30, 2024)

Local Government	Location by County	Series of Bonds	Amount of Loan ($)	Remaining Loan Term (in years)	Purpose
Cumberland	Allegany	2014A	$346,500.00	5	Vehicle, Equipment, Information System Ambulance, ERP System, Vacuum Truck Facility, Street, Water and Sewer Impts
Cumberland	Allegany	2015A	$1,690,500.00	11	Equipment purchases Facility, street, water and sewer improvements
Cumberland	Allegany	2017A	$245,500.00	3	Vehicles, equipment, software acquisition heavy equipment, facility improvements
Cumberland	Allegany	2018A	$86,500.00 $293,000.00 $1,122,500.00	<1 4 24	Vehicle purchases Heavy equipment Water system improvements
Cumberland	Allegany	2019B	$84,500.00 $458,000.00 $1,842,500.00	2 5 15	Vehicles, IT equipment, copiers Heavy duty vehicles Fire aerial ladder truck, street improvements
Cumberland	Allegany	2021A	$285,000.00 $685,000.00 $4,555,000.00	4 7 17	Purchase vehicles, IT equip and software Purchase heavy duty vehicles and equipment Street paving,facility improvements
Cumberland	Allegany	2023A	$470,000.00 $1,000,000.00 $1,990,000.00	6 9 19	Equipment, wtr & swr system equipment Heavy vehicles & equipment Facility maintenance, wtr & swr system impts.
Cumberland	Allegany	2024A	$505,484.79 $552,434.22 $1,944,387.64	7 10 20	Vehicles and equipment purchases Heavy duty vehicles and equipment Facility maintenance & building improvements
Denton	Caroline	2021A	$555,000.00	24	Refinance USDA[2] loans
District Heights	Prince George's	2016A	$2,735,000.00	12	Senior Center and Youth Counseling Center construction
District Heights	Prince George's	2020A	$1,627,000.00	16	Senior Center renovation
Edmonston	Prince George's	2019B	$195,000.00	5	Refinance bank loan
Federalsburg	Caroline	2013A	$380,500.00	4	Street improvements
Federalsburg	Caroline	2015A	$1,736,000.00	10	Refinance existing debt

Local Government Infrastructure Program Indenture (2010-Present)

Infrastructure Loans Financed with the Proceeds of the Bonds

(Outstanding Loans as of June 30, 2024)

Local Government	Location by County	Series of Bonds	Amount of Loan ($)	Remaining Loan Term (in years)	Purpose
Forest Heights	Prince George's	2015A	$232,500.00	6	Road and sidewalk improvements
Forest Heights	Prince George's	2018A	$795,500.00	14	Street improvements
Frostburg	Allegany	2019B	$2,344,000.00	24	Municipal Center Complex renovations
Havre de Grace	Harford	2016A	$2,285,000.00	7	Opera House improvements and water treatment plant rehabilitation
Havre de Grace	Harford	2020A	$6,996,000.00	16	Water and sewer system improvements
Havre de Grace	Harford	2023A	$6,025,000.00	19	Water and sewer system improvements
Hyattsville	Prince George's	2010A	$339,000.00	<1	Street and sidewalk improvements
Hyattsville	Prince George's	2012B	$564,000.00	3	Parking facility improvements, parking meters field renovations, street improvements
Indian Head	Charles	2018A	$115,500.00 $652,500.00	4 24	Equipment and vehicle purchases Water, wastewater, property acquisition, and boardwalk improvments
Laurel	Prince George's	2016A	$1,120,000.00	2	Facility maintenance, fleet purchases, IT purchases, park improvements, and street improvements
Laurel	Prince George's	2024A	$1,721,027.92 $3,184,199.30 $2,555,344.85	10 15 20	Vehicles and equipment purchases Street improvements Facility improvements
Leonardtown	St. Mary's	2023A	$7,835,000.00	19	Wastewater treatment plant improvements
Leonardtown	St. Mary's	2024A	$5,578,190.51	20	Water storage tank and well construction
Manchester	Carroll	2016A	$370,000.00	2	Town hall and police station construction
Middletown	Frederick	2015A	$5,190,500.00	21	Street improvements and reservoir cover Water line replacement
Mount Airy	Carroll & Frederick	2012B	$3,205,800.00	8	Refinance existing debt, water main replacements, water pump station

Local Government Infrastructure Program Indenture **(2010-Present)**

Infrastructure Loans Financed with the Proceeds of the Bonds

(Outstanding Loans as of June 30, 2024)

Local Government	Location by County	Series of Bonds	Amount of Loan ($)	Remaining Loan Term (in years)	Purpose
New Carrollton	Prince George's	2017A	$873,000.00	8	Renovate municipal building
New Windsor	Carroll	2019B	$340,500.00	15	Refi bank loan, Town hall and public works building renovation
North East	Cecil	2014A	$1,155,500.00	10	Road Way Improvement
Oakland	Garrett	2020A	$550,500.00	6	Refinance existing debt
Perryville	Cecil	2016A	$1,270,000.00	7	Construct police station
Perryville	Cecil	2023A	$1,965,000.00	19	Roadway improvements
Riverdale Park	Prince George's	2013A	$772,500.00	7	Street improvements and community center improvements
Smithsburg	Washington	2018A	$245,000.00	24	Property acquisition
Somerset County Sanitary Comm.	Somerset	2013A	$160,000.00	11	Refinance USDA[2] loan
Somerset County Sanitary Comm.	Somerset	2020A	$130,500.00 $522,500.00 $3,072,500.00	11 18 25	Refinance USDA[2] loan Refinance USDA[2] loan Refinance USDA[2] loan
St. Mary's Metropolitan Commission	St. Mary's	2019B	$159,500.00 $6,508,000.00	5 25	Vacuum truck acquisition and water and sewer system improvements
St. Mary's Metropolitan Commission	St. Mary's	2020A	$3,575,500.00	6	Water and sewer system improvements
St. Mary's Metropolitan Commission	St. Mary's	2021A	$9,180,000.00	27	Water and sewer system improvements
St. Mary's Metropolitan Commission	St. Mary's	2024A	$10,917,198.25	30	Water and sewer system improvements
Takoma Park	Montgomery	2015A	$176,000.00	<1	Refinance existing debt
Takoma Park	Montgomery	2017A	$7,046,500.00	23	Roadway improvements and library and community center renovation
Taneytown	Carroll	2014A	$4,643,500.00	10	Redeem 2008 Bank Loan Wastewater Treatment Plant Upgrade

Local Government Infrastructure Program Indenture (2010-Present) Infrastructure Loans Financed with the Proceeds of the Bonds (Outstanding Loans as of June 30, 2024)					
Local Government	Location by County	Series of Bonds	Amount of Loan ($)	Remaining Loan Term (in years)	Purpose
Thurmont	Frederick	2024A	$372,682.80 $3,345,870.18	20 25	Bucket truck acquisition Electrical system improvements
Trappe	Talbot	2017A	$2,253,500.00	19	Refinance USDA[2] Loans Refinance USDA[2] Loan
Union Bridge	Carroll	2017A	$821,500.00	10	Refinance bank loan
University Park	Prince George's	2019B	$1,085,500.00	10	Street improvements
Westminster	Carroll	2017A	$3,553,500.00	13	Roadway improvements
Westminster	Carroll	2019A	$14,475,000.00	25	Refinance bank loans
Westminster	Carroll	2020A	$882,000.00	16	Community pool renovations
		Total:	**$195,651,900**		

Note:

[1] Farmer's Home Administration

[2] United States Department of Agriculture

[3] Maryland Local Government Infrastructure Finance Program

Financial Information of Local Governments

Each County, Municipality, and taxing district in the State is required (i) to maintain the uniform system of financial reports ("Uniform Financial Reports") provided by the State's Department of Legislative Services; (ii) pursuant to Article 19, §40 of the Annotated Code of Maryland, to have its books, accounts, records and reports examined at least once each fiscal year by a certified public accountant and to file a copy of the audit report with the Legislative Auditor, and (iii) pursuant to Article 19, §37 of the Annotated Code of Maryland, to file with the State Department of Legislative Services not later than November 1 of each year the Uniform Financial Report (Forms F-65(MD-2) or F-65(MD-2A)) for the fiscal year ending on the immediately preceding June 30. The State Department of Legislative Services extracts information from the Uniform Financial Reports and publishes such information annually in a report to the Governor and General Assembly of Maryland.

The Uniform Financial Reports and the annual report of the Department of Legislative Services are available for public inspection in the offices of the Department of Legislative Services, 90 State Circle, Annapolis, Maryland. Copies of the Uniform Financial Reports or the annual report of the Department of Legislative Services may be obtained by writing to the State Department of Legislative Services, 90 State Circle, Room 226, Annapolis, Maryland 21401, or by calling (410) 841-3761.

The following information contains an update, as of June 30, 2024, of information concerning the Local Governments that have received Infrastructure Loans from the proceeds of the Bonds. This information was originally set forth in Appendix B to the Official Statement for the 2010 Series A Bonds dated August 25, 2010. This information has been certified by each Local Government as to its accuracy. This information does not represent all of the information contained in the Uniform Financial Reports, which are available as noted in the preceding paragraph. The Administration has not verified the information on the following pages and makes no representation as to the accuracy or completeness thereof or the financial condition of any Local Government, County, or Municipality described in this Appendix.

ST. MARY'S COUNTY

POPULATION (June 2020 Census): 113,777

YEAR	**2024**	**2023**	**2022**
PROPERTY:	$14,102,487,497	$13,643,830,856	$13,159,543,171

Summary of General Fund, Year Ended June 30, 2024

	2024	**2023**	**2022**
REVENUES:			
Taxes	277,072,625	261,369,856	254,606,825
Highway user revenues	2,045,576	1,866,156	1,993,427
Licenses & permits	576,262	558,661	696,056
Intergovernmental	18,794,325	14,894,477	18,950,537
Charges for services	3,614,363	3,680,023	3,830,430
Fines and forfeitures	41,758	53,153	42,266
Other revenues	12,727,334	10,219,422	1,040,838
Pass-throughs			
Total Revenues	$ 314,872,243	$ 292,641,748	$ 281,160,379
EXPENDITURES:			
General government	35,849,108	34,294,465	28,527,101
Public safety	75,432,211	74,706,614	67,084,189
Public works	14,346,278	14,358,790	13,996,826
Health	5,854,004	5,598,652	8,167,252
Social services	4,948,166	5,050,606	4,653,853
Primary and secondary education	131,665,790	124,877,736	117,466,739
Post-secondary education	5,049,058	4,817,603	4,656,631
Parks, recreation, and culture	5,670,270	5,445,125	5,142,420
Libraries	3,828,048	3,310,050	3,078,258
Conservation of natural resources	706,414	843,494	704,044
Housing			
Economic development	2,778,840	2,509,072	2,472,727
Debt service (P & I)	15,628,773	13,313,552	14,523,048
Other	8,931,139	4,578,448	4,236,932
Pass-throughs		-	-
Total Expenditures	$ 310,688,099	$ 293,704,207	$ 274,710,020

	2024	**2023**	**2022**
ASSETS:			
Cash & cash equivalents	96,355,181	126,557,111	149,759,575
Restricted cash and investments	54,901,508	36,212,732	6,504,885
Taxes receivable	2,042,335	1,870,346	1,983,451
Income tax reserve	72,811,258	65,095,534	64,983,327
Accounts receivable	9,096,399	9,096,399	12,301,873
Inventory	1,438,066	1,328,578	1,314,844
Other	205,458	206,654	207,138
Due from fiduciary fund	1,694,391	2,069,788	724,570
Total Assets	$ 238,544,596	$ 242,437,142	$ 237,779,663
LIABILITIES:			
Accounts payable	3,730,011	13,759,618	15,661,295
Compensated-related liabilities	11,742,701	13,418,700	14,183,438
Deferred income tax distribution			
Unearned revenue	3,551,222	12,232,278	16,485,637
Other liabilities	8,674,345	10,248,953	8,715,267
Due to other funds	69,188,988	58,337,101	36,648,066
Due to other governments			
Unavailable income tax distribution			
Total Liabilities	$ 96,887,267	$ 107,996,650	$ 91,693,703

ST. MARY'S COUNTY Cont.

Year Ended June 30, 2024

	2024	2023	2022
FUND BALANCES:			
Nonspendable	$ 1,706,732	$ 1,682,111	$ 1,751,002
Restricted	$ 584,212	$ 501,323	$ 482,106
Committed	$ 26,534,485	$ 33,880,000	$ 44,615,000
Assigned	$ 7,009,602	$ 14,394,143	$ 7,235,572
Undesignated/Unassigned	$ 43,175,738	$ 29,052,079	$ 36,831,852
Total Fund Balances	$ 79,010,769	$ 79,509,656	$ 90,915,532
LONG-TERM DEBT:			
Governmental activities	190,821,251	165,067,311	140,042,544
Business-type activities	1,169,568	420,228	602,270
Total L-T Liabilities	$ 191,990,819	$ 165,487,539	$ 140,644,814

Property Taxes and Taxes Receivable: Real Property

	Total assessed Value of Real Property	General tax rate/$100	Actual Tax Levy	Current Year Amount Collected
2024	$14,102,487,497	0.8478	$119,560,889	$118,078,593
2023	$13,643,830,856	0.8478	$115,672,398	$114,356,463
2022	$13,230,915,665	0.8478	$111,869,155	$111,566,607
2021	$12,790,142,604	0.8478	$108,434,829	$107,141,980
2020	$12,491,372,376	0.8478	$105,901,855	$104,425,513

ST. MARY'S COUNTY

Property Taxes and Taxes Receivable: Personal Property

	Total assessed Value of Personal Property	General tax rate/$100	Actual Tax Levy	Current Year Amount Collected
2024	$172,662,043	2.1195	$3,659,572	$3,659,572
2023	$186,487,379	2.1195	$3,952,600	$3,952,600
2022	$180,412,597	2.1195	$3,823,845	$3,823,845
2021	$194,655,154	2.1195	$4,125,716	$4,125,716
2020	$188,477,377	2.1195	*	*

Property Taxes and Taxes Receivable: Railroads & Public Utilities Property

	Total assessed Value of Railroads & Public Utilities Property	General tax rate/$100	Actual Tax Levy	Current Year Amount Collected
2024	$136,905,213	2.1195	$2,901,706	$2,901,706
2023	$149,487,709	2.1195	$3,168,392	$3,168,392
2022	$139,795,140	2.1195	$2,962,958	$2,962,958
2021	$131,654,730	2.1195	$2,790,422	$2,790,422
2020	$123,555,084	2.1195	*	*

* Consolidated - as amounts are not tracked separately.

ST. MARY'S COUNTY

State-aid Intercept Pledge : Analysis

Jurisdiction	**Available funds received (Period : CY-2023)**	**Available funds received (Period : CY-2024)**	**Average of funds received (Period : CY-2006 thru CY-2024)**	**Maximum Annual Debt Service (MADS) on pledged indebtedness [1]**
St. Mary's County	$156,078,635	$170,429,369	$116,372,570	$6,096,734

[1] Total of all known and proposed debt with a State-aid Intercept Pledge associated with it.

COMMISSIONERS OF ST. MARY'S COUNTY

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

For the Year Ended June 30, 2024

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COMMISSIONERS OF ST. MARY'S COUNTY

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

June 30, 2024

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OTHER SUPPLEMENTAL INFORMATION

Certified Public
Accountants &
SBC Business Advisors

REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS
ON THE AUDIT OF THE FINANCIAL STATEMENTS

Commissioners of St. Mary's County

Opinions

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

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information, of the County, as of June 30, 2024, and the respective changes in financial position, the budgetary comparison for the general fund 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 (GAAS). Our responsibilities under those 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 controls 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 Responsibility 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 controls 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 controls. 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 controls-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 and required supplementary information, as individually listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the management's discussion and analysis, required supplementary information, and budget and actual schedules as listed in the table of contents, in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for

Certified Public Accountants & Business Advisors
SBC

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The combining and individual fund statements, budget and actual schedules, and schedule of unexpended appropriations for capital projects, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

Owings Mills, Maryland
December 10, 2024

SB & Company, LLC

Management's Discussion and Analysis
June 30, 2024

This section of the Annual Financial Report of St. Mary's County, Maryland (the County) presents a narrative overview and analysis of the financial activities of the County for the fiscal year ended June 30, 2024. We encourage readers to use the information presented here in conjunction with the accompanying basic financial statements and the accompanying notes to those financial statements.

Financial Highlights

- The assets and deferred outflows of the County exceeded its liabilities and deferred inflows at the close of the most recent fiscal year by $396.5 million (net position). Approximately $16.3 million, or 4.0%, is attributable to the County's enterprise funds, which include business-type activities for Solid Waste and Recycling, Recreation and Parks Activities, and the Wicomico Golf Course. Unrestricted Net Position for FY2024 is $117.5 million, a change from FY2023 of $100.8 million, an increase of approximately $16.7 million. Net position includes approximately $278.4 million of net investment in capital assets. The net investment in capital assets represents the capitalized assets, net of accumulated depreciation and outstanding debt.

- The County's overall net position reflects a decrease of $1.8 million compared to the prior year.

- Governmental activities' total indebtedness increased by approximately $25.6 million during the fiscal year ended June 30, 2024. Increase was mainly due to the issuance of bonds during FY2024 of $30 million plus the premium amount of $3.0 million for capital improvement projects and approximately $4 million was financed for equipment. Payments on the debt totaled approximately $11.4 million. The estimated post-closure costs of the landfill decreased by approximately $0.2 million and there was an increase in the accrual for compensated absences of approximately $0.3 million.

- As of June 30, 2024, the County's governmental funds reported combined fund balances of $151.0 million, an increase of $9.7 million compared to the prior year. The general fund reflected a decrease of $498,887. The capital projects fund reflected an increase of $10.2 million. The fund balance for the non-major funds decreased by $49,826. The County's governmental fund balances as of June 30, 2024 include $65.8 million for capital projects, $79.0 million in general funds, and $6.1 million for the other non-major funds. The general fund balance of $79.0 million includes $2.2 million that is nonspendable and restricted, as well as $26.5 million which is committed to the following: $18.3 million for the Bond Rating Reserve, $1.625 million for County's Rainy-Day Fund and $6.6 million for use of non-recurring in the FY2025 Budget. In addition, the general fund has an assigned balance of approximately $7.0 million which includes encumbrances.

Financial Highlights (continued)

- With the FY2024 budget, the State of Maryland's (the State) allocations/funding to the County continue to be level funded or close to the same as in past years. Cost shifts continue and this budget continues to focus on funding recurring expenses with recurring revenues. The County deems it prudent to stay the course with respect to basic government services, while maintaining reserves adequate to cushion against changes over which it has little influence. The County approved the budget using $14.0 million of unassigned fund balance. Maintaining a healthy fund balance can help the County to weather negative revenue results and avoid sudden disruption or elimination of services, by allowing time for a plan to be developed to address negative trends.

- The non-major funds are special purpose funds that correspond to special assessments, the emergency services support fund, emergency services billing fund and a revolving loan fund set up to assist volunteer fire and rescue squads in financing their acquisition of capital assets.

- The business-type operating activities reflect a total decrease in net position of $447,093. Fee-based recreation activities posted a decrease of $407,841. This decrease reflects the minimum wage increase mandated from the State and other cost increases related to new parks and activities. This fund is an accumulation of many recreation activities, and fees are adjusted so that the fund, over the long term, breaks even, with no significant net position being accumulated. Fee-based solid waste and recycling activities posted a decrease of $225,553 with environmental service fee set at $100.47. The Wicomico Golf Course reflects an increase of $186,301 in net position. This positive change reflects the continuation of reduced expenses compared to past years. The enterprise funds are reviewed for sustainability as a part of the annual budget process. At the same time, increased costs for personal, utilities and general operating costs have been realized. During FY2025, consideration will continue to be given to the fee schedules as well as cost control, to restore this activity to a balanced budget.

- As of June 30, 2024, the unassigned fund balance for the general fund (primary operating fund) was $43.2 million, or 13.9% of general fund expenditures. Assigned fund balance of the general fund was $7.0 million, or 8.9% of the total fund balance.

Overview of the Financial Statements

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

Overview of the Financial Statements (continued)

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 comparable to a private-sector business.

The *statement of net position* presents information on all of the County's assets and deferred outflows of resources liabilities and deferred inflows of resources, with the difference between the two reported as net position. Over time, increases or 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 the government-wide financial statements distinguish functions of the County that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the County include general government, public safety, public works, health, social services, economic development, and recreation and parks. The business-type activities of the County include Recreation Activity, Wicomico Golf Course and Solid Waste & Recycling.

The government-wide financial statements include not only the County itself (known as the *primary government*), but also legally separate component units. The County has the following component units: St. Mary's County Public Schools, St. Mary's County Library, and the Metropolitan Commission. Financial information for these *component units* is reported separately from the financial information presented for the primary government itself. The government-wide financial statements can be found on pages 19 to 21 of this report.

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 three categories: governmental funds, proprietary funds, and fiduciary funds.

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

Overview of the Financial Statements (continued)

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 balance provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The County maintains five individual governmental funds: general, capital projects, special assessments, fire and rescue revolving funds, and emergency services support. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balance for the general, capital projects and non-major funds (special assessments, fire and rescue revolving, and emergency services support funds). The detail for the non-major funds is presented as part of supplementary information following the notes to the financial statements. The basic governmental fund financial statements can be found on pages 22 and 24 of this report.

The County adopts an annual appropriated budget for its general fund. To demonstrate compliance with this budget, a budgetary comparison statement has been provided for the general fund, the County's primary fund. The budget to actual statement can be found on page 26 of this report.

Proprietary funds: Proprietary funds, also known as *Enterprise funds*, are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The County uses enterprise funds to account for Recreation Activity Fund, Wicomico Golf Course and the Solid Waste & Recycling Fund. The proprietary fund financial statements can be found on pages 27 to 29 of this report.

Fiduciary funds: Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are *not* reflected in the government-wide financial statements because the resources of those funds are not available to support the County's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. Fiduciary Funds are established for retiree benefit trusts, specifically the Sheriff's Office Retirement plan, the Length of Service Awards for Fire & Rescue and the Retiree Benefit Trust of St. Mary's County, Maryland, which addresses the County's retiree health benefits. The basic fiduciary fund financial statements can be found on pages 30 and 31 of this report.

Notes to the financial statements: The notes 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 are part of the basic financial statements and can be found on pages 32 to 106 of this report.

Overview of the Financial Statements (continued)

Other 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 obligations to retiree benefits. Required supplementary information can be found on pages 108 to 115 of this report. Combining and Individual Fund Statements on pages 117 and 118. Other supplementary information can be found on pages 121 to 130.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's overall financial condition and position. In the case of the County, assets exceeded liabilities by $396.5 million at the close of the current fiscal year. The County's net position is divided into three categories: net investment in capital assets, restricted net position and unrestricted net position. $278.4 million of the County's net position reflects its net investment in capital assets (e.g., land and easements, buildings, machinery, equipment, infrastructure and improvements), less any outstanding debt used to acquire those assets. The County uses these capital assets to provide services to citizens. Consequently, these assets are not available for future spending. Restricted net position represents 0.1% of total net position. Restricted net position is resources that are subject to external restrictions on how they may be used. Unrestricted net position of the government has a balance of $117.5 million.

Management's Discussion and Analysis
June 30, 2024

Government-wide Financial Analysis (continued)

BALANCE SHEET
June 30, 2024 and 2023

	Governmental Activities		Business-type Activities		Total	
	2024	2023	2024	2023	2024	2023
ASSETS						
Current Assets	$ 249,274,901	$ 254,222,748	$ (261,087)	$ (1,815,497)	$ 249,013,814	$ 252,407,251
Other Non-Current Assets	976,016	669,061	-	-	976,016	669,061
Capital assets	439,342,293	431,797,880	19,454,692	19,860,908	458,796,985	451,658,788
Total Assets	689,593,210	686,689,689	19,193,605	18,045,411	708,786,815	704,735,100
DEFERRED OUTFLOW OF RESOURCES						
Pension	18,346,455	19,628,167	-	-	18,346,455	19,628,167
OPEB	20,653,680	12,998,522	-	-	20,653,680	12,998,522
Total Deferred Outflow of Resources	39,000,135	32,626,689	-	-	39,000,135	32,626,689
Total Assets & Deferred Outflow of Resources	728,593,345	719,316,378	19,193,605	18,045,411	747,786,950	737,361,789
LIABILITIES						
Current Liabilities	36,646,538	58,662,659	1,716,144	873,517	38,362,682	59,536,176
Non-Current Liabilities	293,873,794	263,069,900	1,172,898	420,238	295,046,692	263,490,138
Total Liabilities	330,520,332	321,732,559	2,889,042	1,293,755	333,409,374	323,026,314
DEFERRED INFLOW OF RESOURCES						
Pension	8,524,777	4,639,907	-	-	8,524,777	4,639,907
OPEB	9,383,828	11,416,021	-	-	9,383,828	11,416,021
Total Deferred Inflow of Resources	17,908,605	16,055,928	-	-	17,908,605	16,055,928
Total Liabilities & Deferred Inflow of Resources	348,428,937	337,788,487	2,889,042	1,293,755	351,317,979	339,082,242
NET POSITION						
Net Investment in Capital Assets	259,222,246	277,276,080	19,162,594	19,660,644	278,384,840	296,936,724
Restricted	584,212	501,323	-	-	584,212	501,323
Unrestricted	120,357,950	103,750,488	(2,858,031)	(2,908,988)	117,499,919	100,841,500
Total Net Position	380,164,408	381,527,891	16,304,563	16,751,656	396,468,971	398,279,547
Total Liabilities, Deferred Inflow of Resources and Net Position	$ 728,593,345	$ 719,316,378	$ 19,193,605	$ 18,045,411	$ 747,786,950	$ 737,361,789

As of June 30, 2024, the County reports positive balances in all three categories of net position.

Government-wide Financial Analysis (continued)

The following table indicates the changes in net position for governmental and business-type activities:

CHANGES IN NET POSITION
Years Ended June 30, 2024 and 2023

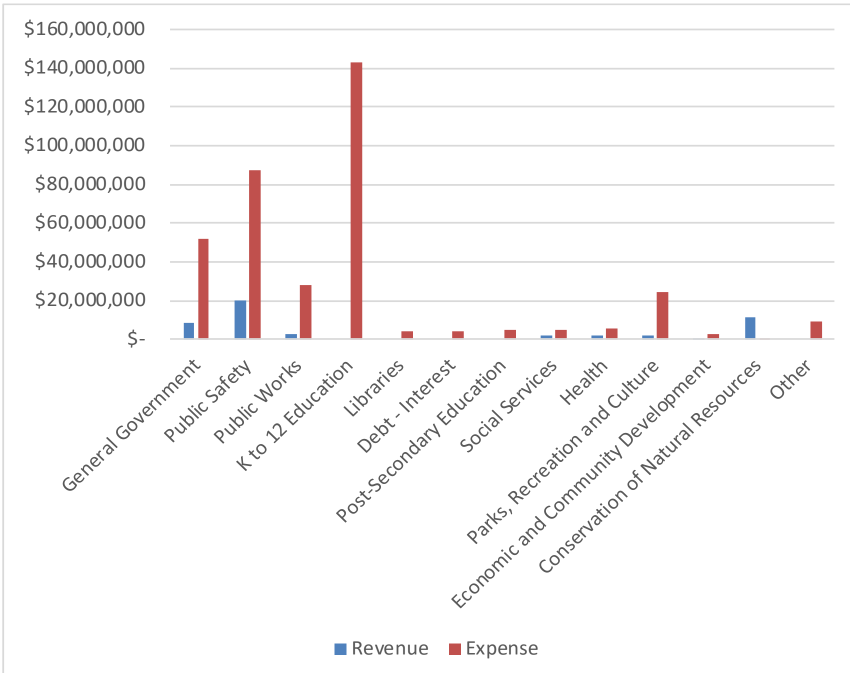
	Governmental Activities		Business-type Activities		Total	
	2024	**2023**	**2024**	**2023**	**2024**	**2023**
Program Revenues:						
Charges for Services	**$ 10,454,738**	$ 10,961,876	**$ 5,404,752**	$ 5,226,078	**$ 15,859,490**	$ 16,187,954
Environmental/Solid Waste Fees	**-**	-	**4,684,852**	4,537,158	**4,684,852**	4,537,158
Operating Grants and Contributions	**20,566,273**	15,988,923	**427,057**	387,151	**20,993,330**	16,376,074
Capital Grants and Dedicated Fees or Taxes	**16,926,439**	10,725,352	**-**	-	**16,926,439**	10,725,352
General Revenues:						
Property Taxes	**126,673,162**	122,946,791	**-**	-	**126,673,162**	122,946,791
Income Taxes	**148,378,008**	126,742,348	**-**	-	**148,378,008**	126,742,348
Other Taxes	**24,722,156**	26,497,565	**-**	-	**24,722,156**	26,497,565
Investment Earnings	**7,814,463**	5,339,773	**-**	-	**7,814,463**	5,339,773
Roads Constructed by Third Parties	**11,226,038**	1,575,460	**-**	-	**11,226,038**	1,575,460
Miscellaneous, Principally Capital Projects Funding	**4,645,902**	4,556,233	**62,368**	-	**4,708,270**	4,556,233
Total Revenues	**371,407,179**	325,334,321	**10,579,029**	10,150,387	**381,986,208**	335,484,708
Program Expenses:						
General Government	**51,986,163**	40,561,851	**-**	-	**51,986,163**	40,561,851
Public Safety	**87,567,882**	77,504,149	**-**	-	**87,567,882**	77,504,149
Public Works	**28,008,656**	18,615,980	**6,322,026**	6,342,587	**34,330,682**	24,958,567
Health	**5,854,004**	5,611,418	**-**	-	**5,854,004**	5,611,418
Social Services	**4,994,539**	4,635,980	**-**	-	**4,994,539**	4,635,980
Primary and Secondary Education	**143,127,307**	134,316,361	**-**	-	**143,127,307**	134,316,361
Post-Secondary Education	**5,052,642**	4,743,373	**-**	-	**5,052,642**	4,743,373
Parks, Recreation and Culture	**24,674,703**	13,520,127	**5,118,096**	4,930,497	**29,792,799**	18,450,624
Libraries	**3,844,915**	3,165,773	**-**	-	**3,844,915**	3,165,773
Conservation of Natural Resources	**706,414**	830,994	**-**	-	**706,414**	830,994
Economic Development and Opportunity	**2,779,281**	2,506,441	**-**	-	**2,779,281**	2,506,441
Interest on Debt	**4,430,434**	4,309,991	**-**	-	**4,430,434**	4,309,991
Other, Principally Retiree's Health	**9,329,722**	4,575,579	**-**	-	**9,329,722**	4,575,579
Transfers (in)/out	**414,000**	270,400	**(414,000)**	(270,400)	**-**	-
Total Expenses	**372,770,662**	315,168,417	**11,026,122**	11,002,684	**383,796,784**	326,171,101
Change in Net Position	**(1,363,483)**	10,165,904	**(447,093)**	(852,297)	**(1,810,576)**	9,313,607
Net Position – beginning of year	**381,527,891**	371,361,987	**16,751,656**	17,603,953	**398,279,547**	388,965,940
Net Position – End of Year	**$ 380,164,408**	$ 381,527,891	**$ 16,304,563**	$ 16,751,656	**$ 396,468,971**	$ 398,279,547

Governmental activities: Governmental activities reflected a decrease in net position of approximately $1.4 million.

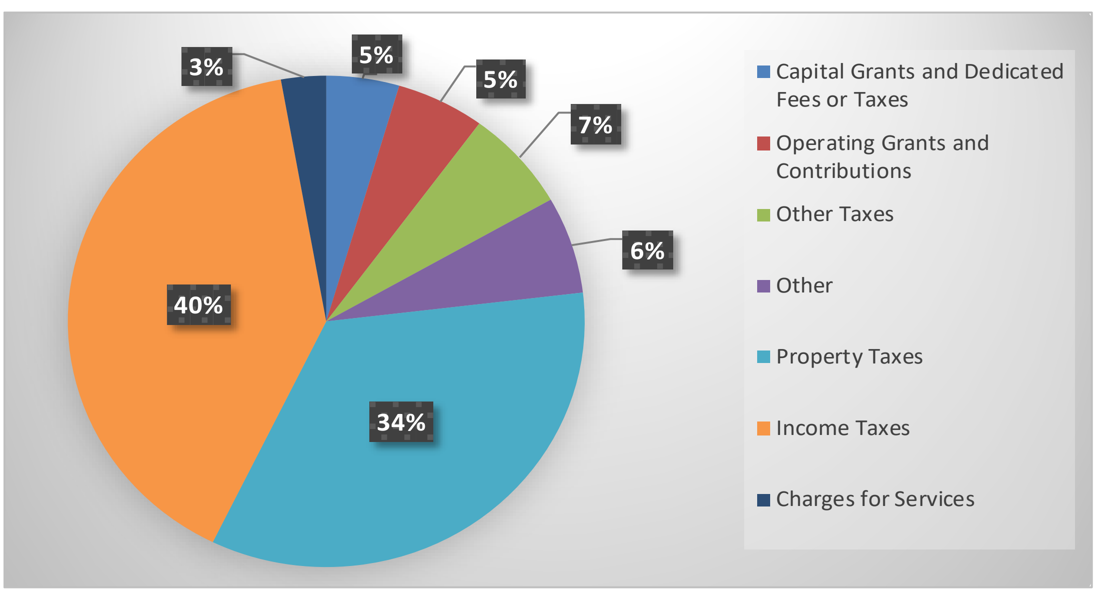
Business-type activities: Business-type activities reflected a decrease in net position of $447,093.

Government-wide Financial Analysis (continued)

Expenses and Program Revenues – Governmental Activities
(in millions)



Revenues By Source – Governmental Activities



Financial Analysis of the Government's Funds

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

Governmental funds: The focus of the County 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, *committed*, *assigned* and *unassigned fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of June 30, 2024, the County governmental funds reported combined ending fund balances of $151.0 million, an increase of $9.7 million compared to the prior year. The Capital Projects fund accounts for $65.8 million. Of the total fund balance, approximately $43.0 million, or 28.5% of this total, constitutes unassigned general fund balance, which is available for spending at the government's discretion in the General Fund. Assigned fund balance includes encumbrances and miscellaneous revolving fund reserved for specific uses. Restricted and committed fund balances include $48.7 million for capital projects, $18.3 million for the Bond Rating Reserve, $1.625 million for Rainy Day Fund, and $6.7 million for non-recurring operating and pay-go funding in the FY2025 budget. Non-spendable fund balance includes $1.4 million committed to liquidate inventories and $0.3 million in interfund advances. Unassigned fund balance represents approximately 13.9% of general fund expenditures.

The fund balance of the County general fund has decreased $.5 million in FY2024, compared to the prior year decrease of $11.4 million. Unassigned fund balance used in the FY2024 budget was $14.0 million. In the FY2025 approved budget, $6.6 million was used. The total committed at June 30, 2024 is $26.5 million. The County uses unassigned fund balance for non-recurring expenses.

The capital projects fund has a total fund balance of $65.8 million. This balance reflects the accumulated unspent balance of impact fees, transfer taxes, and pay-go, which has been appropriated for specific projects, but remains unspent as of June 30, 2024. These funds have been budgeted, and the capital projects are in progress. A listing of the unexpended balances appears on pages 127 through 130.

Proprietary funds: The County's proprietary fund statements provide the same type of information found in the government-wide financial statements, but in more detail. At the end of year, the Wicomico Golf Course Fund reflected unrestricted deficit net position of ($173,231). The Recreation Activities Fund reflected unrestricted deficit net position of ($1,0 million), and the unrestricted deficit net position of the Solid Waste and Recycling Fund amounted to ($1.7 million). On a combined basis, there was a $50,957 increase in unrestricted net position over the prior year.

General Fund Budgetary Highlights

In addressing the budget to actual variances, this section focuses generally on comparisons to the original approved budget. The "other supplementary information" on pages 122 through 128 reflects the original and final budgets as well as the actual results in more detail. Variances continue in inter-governmental revenues. The COVID-19 American Rescue grant was budgeted in fiscal years 2022 and 2023 for $22 million. However, actual expenditures continued in FY2024. Expenditures may continue through FY2027, the deadline for expending the funds. The FY2024 actual results reflect revenues that are $5.0 million more than the adjusted budget. Property Taxes had a positive variance of $259,703, income tax had a positive variance of $2.8 million and other local taxes also had a negative variance of $2.5 million. The FY2024 budget for income tax revenue is based upon an annual growth rate of 5.25% applied to tax year 2021 and based on returns filed. The FY2024 Budget maintained the income tax rate at 3.00%. As the information on pages 121 and 122 shows, there are a variety of smaller offsetting variances; these were considered when developing the revenue budget for FY2025. The County will continue to monitor closely the developments in property and income taxes, as these are such a significant component of funding. Given the economy, it is likely that the rate of growth in property taxes will be steady at approximately 3.0% annually. As for income taxes, the County will continue to budget based on its specific taxable income statistics, as provided by the State, rather than the State's distributions, which are based on State-wide cash flow.

Expense variances fall into several categories. Just like the grant revenue variances, the related expenditures are also occurring in different years compared to budget. As with past years, the biggest variance is in personal services due to the high number of temporary vacancies for departments and elected officials. FY2024 added 44.25 positions and includes 19 for the emergency billing fund.

While the County's financial situation is strong and sustainable, the County continues to take a conservative approach to revenue estimates, given the continued changes in the general economy. Focus on efficiency measures, both as a part of budget adoption, and throughout the operational year. The County continues to monitor expenditures and realigns savings to reserves to use on non-recurring costs – such as severe weather. Savings are not re-aligned to spend on recurring costs that carry future funding commitments. Instead, the savings can accrue to fund balance to fund future non-recurring costs, if needed. This reflects the County's disciplined approach to budgeting, including adherence to budgeted activities, judicious review of supplemental budget requests, use of an encumbrance-based approach, continued focus on efficiency and effectiveness, and prudent fiscal management at all levels. As part of the annual budget process, the County approves a multi-year operating budget and ensures that operating impacts from capital improvement projects are included.

General Fund Budgetary Highlights (continued)

Recurring expenses must be supported by recurring revenues to be sustainable. The County builds a budget based on sustainable levels of revenues, and uses any excess generated in one year to fund non-recurring items in subsequent budget years. As indicated previously, the County has retained a significant fund balance to position it to be able to address the uncertain future caused by the economy. As a part of each annual budget process, the County Commissioners review the prior year's unassigned fund balance and plan its use on non-recurring expenditures. Higher reserves will enable the County to soften the impact of further cuts or cost shifts, allowing some additional time to implement longer-term cost reduction measures, as might be appropriate. With the Commissioners Fund Balance policy, it reinforces using fund balance for non-recurring expenses and it also stipulates that County Reserves should be at or above 15% of general fund revenue. The FY2024 ratio is approximately 20%. The County has maintained ample capacity for revenue enhancement should future needs arise, and the circumstances warrant it.

Capital Asset and Debt Administration

- **Capital assets**: The County investment in capital assets for its governmental and business-type activities as of June 30, 2024 amounts to $458.8 million (net of accumulated depreciation). This investment in capital assets includes land, construction in progress, buildings, improvements, machinery and equipment, and infrastructure and land development rights. The net increase in the County's investment in capital assets for the fiscal year ended June 30, 2024 was $7,138,197. It should be noted that the capital asset balances include the County's infrastructure (i.e., roads), as the County has fully implemented the requirements of the Governmental Accounting Standards Board (GASB) Statement 34.

	Governmental Activities		Business-type Activities		Total	
	2024	**2023**	**2024**	**2023**	**2024**	**2023**
Land	**$ 46,504,826**	$ 47,041,481	**$ 1,078,666**	$ 1,078,666	**$ 47,583,492**	$ 48,120,147
Buildings and Improvements	**193,005,347**	189,638,675	**4,776,834**	4,776,834	**197,782,181**	194,415,509
Facilities Under Construction	**9,750,970**	19,272,225	**-**	-	**9,750,970**	19,272,225
Solid Waste Facilities	**-**	-	**14,768,502**	14,768,502	**14,768,502**	14,768,502
Infrastructure	**413,686,982**	384,186,507	**-**	-	**413,686,982**	384,186,507
Vehicles	**28,730,878**	24,268,399	**4,329,169**	4,329,169	**33,060,047**	28,597,568
Equipment	**41,405,888**	41,851,398	**1,369,275**	1,289,174	**42,775,163**	43,140,572
Accumulated Depreciation	**(293,742,598)**	(274,460,805)	**(6,862,778)**	(6,381,437)	**(300,605,376)**	(280,842,242)
Total	**$ 439,342,293**	$ 431,797,880	**$ 19,459,668**	$ 19,860,908	**$ 458,801,961**	$ 451,658,788

Capital Asset and Debt Administration (continued)

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

- Approximately $15.6 million in road costs were capitalized, including $11.2 million in roads developed/constructed by third parties. Capitalized projects include $5.3 million for Roadway & Safety Improvements.

- Buildings & Improvements include $4.2 million for the Airport Improvements.

- Construction in progress totals $17.9 million – Capital Improvements project capitalized in subsequent years.

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

Long-term debt: As of June 30, 2024, the County had the following debt, and other similar obligations outstanding, as set forth in the table below. The full faith and credit and unlimited taxing power of the County are irrevocably pledged to the levy and collection of taxes in order to provide for the payment of principal and interest due on the General Obligation Bonds.

Primary Government	June 30, 2024	June 30, 2023	Amounts Due Within One Year
General Obligation Bonds (GOB) - County	**$176,079,298**	$ 152,996,539	**$ 9,540,940**
State Loans	**610,257**	733,697	**123,440**
Exempt Financing (Equipment & Vehicles)	**3,430,492**	791,564	**948,882**
	$180,120,047	$ 154,521,800	**$ 10,613,262**
Business-Type Activities			
Exempt Financing (Equipment)	**$ 998,821**	$ 276,440	**$ 292,838**

The County's additions to debt included $30 million of General Obligations Bonds, closed in December 2023.

As of November 12, 2024, the County had an "AAA" rating from Fitch Ratings, an "AA+" from S & P Global Ratings, and an "Aa1" from Moody's Investors Service, Inc.. Rating reviews issued by the agencies have cited the County's low debt burden with rapid amortization, history of strong financial operations and management, health reserves, budget flexibility, a stable economy, conservative budgeting, and prudent fiscal policies. The County's debt policy, adopted by the Board, provides that the ratio of debt to assessed value does not exceed 3.15% on real property to include the debt of St. Mary's Metropolitan Commission, and debt service expense as a percent of current general fund revenue does not exceed 10%.

Capital Asset and Debt Administration (continued)

The County is well within these parameters, and monitors capital budgets and 5-year plans to ensure it remains within the limitations.

Additional information on the County's long-term debt can be found in Note 6 of this report.

Economic Factors and Next Year's Budgets and Rates

- The total general fund FY2025 expenditure budget is $330.1 million; this budget includes the use of unassigned fund balance, $6.6 million for non-recurring expenditures and capital improvement expenditures, committed in fund balance. 4.50 new positions were added.
- The property tax income is based on information provided by the State, estimated taxable assessed value of $15.3 billion, a 2.6% increase over the prior year's estimate of $14.9 billion. The impact of triennial assessments shows an increase in the full value are somewhat mitigated by the County's cap of 3% homestead tax credit. Assessments continue to reflect a moderate growth, but steady; this resulted in revenue estimate at 2.5% over the prior year. Property tax revenue and senior tax credits are reduced from the impact of the Federal PACT Act reducing property assessments for 100% disable veterans. The real property tax rate remains at .8478 per $100 of assessed value, which is higher than constant yield tax rate by .0374. The County's personal property tax rate, which is 2.5 times the real property tax rate, is $2.1195.
- The income taxes were budgeted at $147.5 million, with an increased rate to 3.20% of net taxable income as of January 1, 2025, using 5.5% growth in local tax returns. This represents a revenue increase of 7.1% over the FY2024 budget and reflects both the estimated County specific tax returns as well as $8 million estimated for interest and penalties as well as the share of State-wide unallocated taxes that will be distributed to the County by the State. Based on increased revenues over budget for the last couple of years, an additional $4.5 million was included based on the higher standard deduction on federal taxes.
- Continual monitoring of the property tax and income tax revenue, which represents approximately 85% of the total revenues, will be a major part of the FY2026 budget development, and any indications of reduction will be offset by reduced expenditures.

Economic Factors and Next Year's Budgets and Rates (continued)

- The YMCA broke ground on November 12, 2024. The new cacility will be 65,000 square feet and located in Great Mills. It will offer a diverse range of recreational and community services and its anticipated to open in January 2026.

- Although the general economy of the State and United States effects the County, the activities and operations of the Patuxent Naval Air Base in St. Mary's County has a stabilizing effect on the local economy. Operations at the base, which is the busiest flight center in the world, continue to grow. 21,420 workers support the base.

- The population growth continues and is estimated to be 115,281, a 9.63% growth rate over the 2010 census.

- The County ranks near the top in the State for growth in the labor force, average weekly wages, and median household income. We consistently post unemployment rates that are well below State averages. These factors indicate a stable economy.

- County continues to develop Key Niche growth sectors – Leisure & Tourism, Historic Sites, Recreation, Water Sports, and Agritourism. Leisure includes Aquaculture, Wineries, and Breweries.

- Continued Real Estate Development at Lexington Exchange and St. Mary's Marketplace.

Each budget cycle includes reviews of both the operating and capital spending plans for sustainability and affordability. The County's debt policy is conservative and is a significant consideration in budget deliberations. The Board intends to continue its use of multi-year outlooks and sustainability reviews as a part of the budget process, accompanied by interim reviews of selected revenues and expenditures. It is expected that cost-saving measures will continue, and that savings will be used to reduce future costs. These reviews are not focused simply on the operating budget but include the review of capital projects that can often have significant operational impacts beyond the debt service needed to repay any related borrowings.

Economic Factors and Next Year's Budgets and Rates (continued)

With conservative financial practices, continued focus on cost-saving measures during regular financial reviews, and tight expenditure controls, the County retains the flexibility and capacity to manage through these challenging times. The County's property tax rate continues to be among the lowest in the State, thus retaining tax flexibility and capacity for the future. However, it is the goal to manage our way through these volatile times through a variety of measures, a balanced approach that considers the needs and priorities of our citizens. The continued focus will be to assure that adequate and sustainable resources are identified to address prioritized needs – both capital and operating – now and for the future.

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 Department of Finance, Commissioners of St. Mary's County, 41770 Baldridge Street, P.O. Box 653, Leonardtown, Maryland 20650, or via email at Finance@stmaryscountymd.gov.

COMMISSIONERS OF ST. MARY'S COUNTY

Statement of Net Position
As of June 30, 2024

	Primary Government			Component Units			
	Governmental Activities	Business-type Activities	Total	Public Schools	Library	Metropolitan Commission	Total
ASSETS							
Cash and cash equivalents	$ 96,355,181	$ 13,000	$ 96,368,181	$ 56,586,288	$ 1,034,864	$ 51,573,695	$ 205,563,028
Internal balances	1,336,239	(1,336,239)	-	-	-	-	-
Restricted cash and investments	54,901,508	924,857	55,826,365	-	79,904	-	55,906,269
Taxes receivable	2,095,276	-	2,095,276	-	-	-	2,095,276
Income tax reserve, funds held by the state	72,811,258	-	72,811,258	-	-	-	72,811,258
Due from other governments	-	-	-	13,879,361	-	-	13,879,361
Special assessments receivable	512,470	-	512,470	-	-	-	512,470
Notes receivable, fire and rescue loans	399,521	-	399,521	-	-	-	399,521
Accounts receivable	18,482,083	86,978	18,569,061	104,660	5,447	15,504,403	34,183,571
Inventory	1,438,066	50,317	1,488,383	208,883	-	489,924	2,187,190
Other	943,299	-	943,299	638	-	15,030	958,967
Fire and rescue loans, net of short term portion	976,016	-	976,016	-	-	-	976,016
Capital assets	733,084,891	26,317,470	759,402,361	512,994,015	6,264,551	300,737,655	1,579,398,582
Accumulated depreciation	(293,742,598)	(6,862,778)	(300,605,376)	(220,318,908)	(4,867,754)	(109,595,459)	(635,387,497)
Capital assets, net of accumulated depreciation	439,342,293	19,454,692	458,796,985	292,675,107	1,396,797	191,142,196	944,011,085
TOTAL ASSETS	689,593,210	19,193,605	708,786,815	363,454,937	2,517,012	258,725,248	1,333,484,012
DEFERRED OUTFLOWS OF RESOURCES							
Pension	18,346,455	-	18,346,455	9,313,341	-	1,993,517	29,653,313
OPEB	20,653,680	-	20,653,680	108,509,059	1,828,162	531,331	131,522,232
Bond refunding	-	-	-	-	-	326,796	326,796
Total Assets and Deferred Outflows of Resources	728,593,345	19,193,605	747,786,950	481,277,337	4,345,174	261,576,892	1,494,986,353

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

COMMISSIONERS OF ST. MARY'S COUNTY

Statement of Net Position (continued)
As of June 30, 2024

	Primary Government			Component Units			
	Governmental Activities	Business-type Activities	Total	Public Schools	Library	Metropolitan Commission	Total
LIABILITIES							
Accounts payable	$ 9,012,537	$ 679,650	$ 9,692,187	$ 8,131,241	$ 42,034	$ 2,058,664	$ 19,924,126
Compensation related liabilities	13,197,744	595,212	13,792,956	24,032,350	140,507	-	37,965,813
Unearned revenue	5,438,725	441,282	5,880,007	11,234,473	-	-	17,114,480
Other liabilities	8,997,532	-	8,997,532	136,592	-	5,048,961	14,183,085
Non-current liabilities:							
Due within one year	10,675,248	292,098	10,967,346	1,373,086	73,695	7,083,497	19,497,624
Due in more that one year	180,146,003	880,800	181,026,803	6,538,212	237,793	87,693,695	275,496,503
Net pension liability	84,670,428	-	84,670,428	17,521,533	-	6,286,519	108,478,480
Net OPEB liability	18,382,115	-	18,382,115	315,725,160	2,724,288	956,302	337,787,865
TOTAL LIABILITIES	330,520,332	2,889,042	333,409,374	384,692,647	3,218,317	109,127,638	830,447,976
DEFERRED INFLOWS OF RESOURCES							
Pension	8,524,777	-	8,524,777	3,965,466	-	290,687	12,780,930
OPEB	9,383,828	-	9,383,828	191,348,842	1,386,573	1,565,274	203,684,517
Total Liabilities and Deferred Inflows of Resources	348,428,937	2,889,042	351,317,979	580,006,955	4,604,890	110,983,599	1,046,913,423
.							
NET POSITION							
Net investment in capital assets	259,222,246	19,162,594	278,384,840	291,574,074	1,396,797	108,531,203	679,886,914
Restricted for:							
Capital asset purchases	584,212	-	584,212	-	-	-	584,212
Capital projects	-	-	-	97,546	-	-	97,546
Other purposes	-	-	-	-	80,084	14,698,044	14,778,128
Unrestricted	120,357,950	(2,858,031)	117,499,919	(390,401,238)	(1,736,597)	27,364,046	(247,273,870)
TOTAL NET POSITION	$ 380,164,408	$ 16,304,563	$ 396,468,971	$ (98,729,618)	$ (259,716)	$ 150,593,293	$ 448,072,930

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

COMMISSIONERS OF ST. MARY'S COUNTY

Statement of Activities
For the Year Ended June 30, 2024

		Program Revenue			Net (Expense) Revenue and Changes in Net Position						
					Primary Government			Component Units			
Functions/programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total	Public Schools	Library	Metropolitan Commission	Total
Primary government:											
Governmental activities:											
General government	$ 51,986,163	$ 1,565,421	$ 3,294,414	$ 3,480,392	$ (43,645,936)	$ -	$ (43,645,936)	$ -	$ -	$ -	$ (43,645,936)
Public safety	87,567,882	8,235,475	12,025,652	-	(67,306,755)	-	(67,306,755)	-	-	-	(67,306,755)
Public works	28,008,656	384,714	1,551,734	737,072	(25,335,136)	-	(25,335,136)	-	-	-	(25,335,136)
Health	5,854,004	697	1,628,679	-	(4,224,628)	-	(4,224,628)	-	-	-	(4,224,628)
Social services	4,994,539	195	1,623,378	-	(3,370,966)	-	(3,370,966)	-	-	-	(3,370,966)
Primary and secondary education	143,127,307	-	-	-	(143,127,307)	-	(143,127,307)	-	-	-	(143,127,307)
Post-secondary education	5,052,642	-	-	-	(5,052,642)	-	(5,052,642)	-	-	-	(5,052,642)
Parks, recreation and culture	24,674,703	159,530	39,470	1,554,733	(22,920,970)	-	(22,920,970)	-	-	-	(22,920,970)
Libraries	3,844,915	-	-	-	(3,844,915)	-	(3,844,915)	-	-	-	(3,844,915)
Conservation of natural resources	706,414	-	-	11,154,242	10,447,828	-	10,447,828	-	-	-	10,447,828
Economic development and opportunity	2,779,281	108,706	402,946	-	(2,267,629)	-	(2,267,629)	-	-	-	(2,267,629)
Interest on long-term debt	4,430,434	-	-	-	(4,430,434)	-	(4,430,434)	-	-	-	(4,430,434)
Other, including OPEB	9,329,722	-	-	-	(9,329,722)	-	(9,329,722)	-	-	-	(9,329,722)
Total governmental activities	372,356,662	10,454,738	20,566,273	16,926,439	(324,409,212)	-	(324,409,212)	-	-	-	(324,409,212)
Business-type activities:											
Recreation activity	3,290,324	2,791,334	28,781	-	-	(470,209)	(470,209)	-	-	-	(470,209)
Wicomico	1,827,772	1,865,073	-	-	-	37,301	37,301	-	-	-	37,301
Solid waste/recycling	6,322,026	748,345	398,276	-	-	(5,175,405)	(5,175,405)	-	-	-	(5,175,405)
Total business-type activities	11,440,122	5,404,752	427,057	-	-	(5,608,313)	(5,608,313)	-	-	-	(5,608,313)
TOTAL PRIMARY GOVERNMENT	$ 383,796,784	$ 15,859,490	$ 20,993,330	$ 16,926,439	(324,409,212)	(5,608,313)	(330,017,525)	-	-	-	(330,017,525)
Component unit:											
Public schools	$ 328,908,581	$ 2,580,888	$ 68,752,473	$ 19,756,454	-	-	-	(237,818,766)	-	-	(237,818,766)
Library	7,012,461	82,440	120,582	-	-	-	-	-	(6,809,439)	-	(6,809,439)
MetCom	27,928,755	17,967,058	-	4,336,705	-	-	-	-	-	(5,624,992)	(5,624,992)
Total component units	$ 363,849,797	$ 20,630,386	$ 68,873,055	$ 24,093,159	-	-	-	(237,818,766)	(6,809,439)	(5,624,992)	(250,253,197)
Property taxes					126,673,162	-	126,673,162	-	-	-	126,673,162
Income taxes					148,378,008	-	148,378,008	-	-	-	148,378,008
Other taxes					24,722,156	-	24,722,156	-	-	-	24,722,156
Investment earnings					7,814,463	-	7,814,463	2,960,483	35,896	2,300,565	13,111,407
Grants and contributions not restricted to specific purposes					-	62,368	62,368	254,670,783	6,682,272	-	261,415,423
Environmental/solid waste fees					-	4,684,852	4,684,852	-	-	-	4,684,852
Roads constructed by third parties					11,226,038	-	11,226,038	-	-	-	11,226,038
Miscellaneous					4,645,902	-	4,645,902	1,660,759	-	12,954,048	19,260,709
Transfers in/out					(414,000)	414,000	-	-	-	-	-
TOTAL GENERAL REVENUE					323,045,729	5,161,220	328,206,949	259,292,025	6,718,168	15,254,613	609,471,755
CHANGE IN NET POSITION					(1,363,483)	(447,093)	(1,810,576)	21,473,259	(91,271)	9,629,621	29,201,033
NET POSITION - BEGINNING OF YEAR					381,527,891	16,751,656	398,279,547	(120,202,877)	(168,445)	140,963,672	418,871,897
NET POSITION - END OF YEAR					$ 380,164,408	$ 16,304,563	$ 396,468,971	$ (98,729,618)	$ (259,716)	$ 150,593,293	$ 448,072,930

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

COMMISSIONERS OF ST. MARY'S COUNTY

Balance Sheet – Governmental Funds
As of June 30, 2024

	General Fund	Capital Projects Fund	Non-Major Funds	Total Governmental Funds
ASSETS				
Cash and cash equivalents	$ 96,355,181	$ -	$ -	$ 96,355,181
Due from other funds	1,694,391	61,986,122	6,844,714	70,525,227
Restricted cash and investments	54,901,508	-	-	54,901,508
Taxes receivable	2,042,335	-	52,941	2,095,276
Income tax reserve, funds held by the state	72,811,258	-	-	72,811,258
Special tax assessments receivable	-	-	60	60
Notes receivable, fire and rescue loans	-	-	399,521	399,521
Accounts receivable	9,096,399	9,385,684	-	18,482,083
Inventory	1,438,066	-	-	1,438,066
Other	205,458	-	737,841	943,299
Note receivable, fire and rescue loans, net of current portion	-	-	976,016	976,016
Special tax assessments receivable, net of current portion	-	-	512,410	512,410
TOTAL ASSETS	$ 238,544,596	$ 71,371,806	$ 9,523,503	$ 319,439,905
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
LIABILITIES				
Accounts payable	$ 3,730,011	$ 5,211,517	$ 71,009	$ 9,012,537
Compensation-related liabilities	11,742,701	-	1,455,043	13,197,744
Unearned revenue	3,551,222	-	1,887,503	5,438,725
Other liabilities	8,674,345	323,187	-	8,997,532
Due to other funds	69,188,988	-	-	69,188,988
TOTAL LIABILITIES	96,887,267	5,534,704	3,413,555	105,835,526
DEFERRED INFLOWS OF RESOURCES				
Unavailable income tax distribution	62,646,560	-	-	62,646,560
FUND BALANCES				
Nonspendable	1,706,732	-	-	1,706,732
Restricted	584,212	-	-	584,212
Committed	26,534,485	48,731,083	6,109,948	81,375,516
Assigned	7,009,602	17,106,019	-	24,115,621
Unassigned	43,175,738	-	-	43,175,738
TOTAL FUND BALANCES	79,010,769	65,837,102	6,109,948	150,957,819
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	$ 238,544,596	$ 71,371,806	$ 9,523,503	$ 319,439,905

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

COMMISSIONERS OF ST. MARY'S COUNTY

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

Fund balance of governmental funds	$ 150,957,819
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds:	
Capital assets, net	439,342,293
Certain income tax collections are not available to pay for current-period expenditures and therefore are reported as deferred inflows of resources in the fund financial statements	62,646,560
Deferred outflow and inflow of resources related net deferred pension and OPEB activity are not financial resources and therefore are not reported in the funds	21,091,530
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:	
Bonds and notes payable	(180,120,047)
Compensated absences	(8,104,204)
Landfill post-closure costs	(2,597,000)
Net pension liability	(84,670,428)
Net OPEB liability	(18,382,115)
Net position of governmental activities	$ 380,164,408

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

COMMISSIONERS OF ST. MARY'S COUNTY

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

	General Fund	Capital Projects Fund	Non-Major Funds	Total Governmental Funds
REVENUE				
Property taxes	$ 126,673,162	$ -	$ -	$ 126,673,162
Income taxes	140,662,284	-	-	140,662,284
Energy taxes	303,328	-	-	303,328
Recordation taxes	6,710,821	-	-	6,710,821
Transfer taxes	-	8,515,527	-	8,515,527
Agricultural/development taxes	-	33,556	-	33,556
Impact fees	-	200,833	-	200,833
Other local taxes	2,723,030	-	3,574,967	6,297,997
Highway user revenues	2,045,756	-	-	2,045,756
Licenses and permits	576,262	-	-	576,262
Intergovernmental	18,794,325	17,161,636	-	35,955,961
Charges for services	3,614,363	-	-	3,614,363
Fines and forfeitures	41,758	-	-	41,758
Special assessments	-	-	65,114	65,114
Other revenues	12,727,334	-	7,883,872	20,611,206
Total Revenue	314,872,423	25,911,552	11,523,953	352,307,928
EXPENDITURES				
General government	35,849,108	13,363,765	-	49,212,873
Public safety	75,432,211	-	11,793,197	87,225,408
Public works	14,346,278	12,734,938	-	27,081,216
Health	5,854,004	-	-	5,854,004
Social services	4,948,166	-	-	4,948,166
Primary and secondary education	131,665,790	11,461,517	-	143,127,307
Post-secondary education	5,049,058	-	-	5,049,058
Parks, recreation and culture	5,670,270	18,816,291	-	24,486,561
Libraries	3,828,048	-	-	3,828,048
Conservation of natural resources	706,414	-	-	706,414
Economic development and opportunity	2,778,840	-	-	2,778,840
Debt service - principal and interest	15,628,773	146,685	78,750	15,854,208
Intergovernmental	72,788	-	-	72,788
Other	8,858,351	471,371	-	9,329,722
Total Expenditures	310,688,099	56,994,567	11,871,947	379,554,613
Excess (Deficiency) Revenue Over Expenditures	4,184,324	(31,083,015)	(347,994)	(27,246,685)
OTHER FINANCING SOURCES (USES)				
Proceeds from bonds	-	30,000,000	-	30,000,000
Premium from bonds	-	2,973,709	-	2,973,709
Exempt financing	4,048,312	-	-	4,048,312
Fire & rescue loan repayments	-	-	298,168	298,168
Loans to fire and rescues	-	-	-	-
Transfers in/out	(8,731,523)	8,317,523	-	(414,000)
TOTAL OTHER FINANCING SOURCES (USES)	(4,683,211)	41,291,232	298,168	36,906,189
NET CHANGES IN FUND BALANCE	(498,887)	10,208,217	(49,826)	9,659,504
FUND BALANCES - BEGINNING OF YEAR	79,509,656	55,628,885	6,159,774	141,298,315
FUND BALANCES - END OF YEAR	$ 79,010,769	$ 65,837,102	$ 6,109,948	$ 150,957,819

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

COMMISSIONERS OF ST. MARY'S COUNTY

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

Net changes in fund balances in governmental funds		$ 9,659,504
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 outlays and donated capital assets exceeded depreciation in the current period.		
Capital outlay and donated assets capitalized	$ 29,615,234	
Depreciation and loss on disposal	(22,070,821)	7,544,413
Bond and capital lease proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of bond, capital lease and installment purchase principal is an expenditure in the governmental funds, but the repayments reduce long-term liabilities in the statement of net position. This is the amount by which proceeds exceeded repayments.		
Net pension liability and net OPEB liability and related deferred outflows and inflows	(529,205)	
Compensated absences and pension liability	(378,673)	
Landfill post closure cost	223,000	
Issuance of debt and exempt financing, including premium	(37,022,020)	
Payments of debt principal	11,423,774	(26,283,124)
Revenue 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.		7,715,724
Change in net position of governmental activities		$ (1,363,483)

COMMISSIONERS OF ST. MARY'S COUNTY

Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual (Budgetary Basis) – General Fund
For the Year Ended June 30, 2024

	Budgeted Amounts		Actual - Budgetary	Favorable (Unfavorable)
	Original	Final	Basis	Variance
REVENUES				
Property taxes	$ 130,413,459	$ 126,413,459	$ 126,673,162	$ 259,703
Income taxes	137,829,481	137,829,481	140,662,284	2,832,803
Other local taxes	12,256,250	12,256,250	9,737,179	(2,519,071)
Highway user revenues	2,280,612	2,280,612	2,045,756	(234,856)
Licenses and permits	723,020	723,020	576,262	(146,758)
Charges for services	4,252,606	4,294,506	3,614,363	(680,143)
Fines and forfeitures	36,250	36,250	41,758	5,508
State/Federal grants	14,375,485	14,299,917	18,794,325	4,494,408
Other revenue	2,029,760	11,726,428	12,727,334	1,000,906
TOTAL GENERAL FUND REVENUES	304,196,923	309,859,923	314,872,423	5,012,500
EXPENDITURES				
General government	38,952,968	39,269,253	36,338,612	2,930,641
Public safety	72,187,471	75,125,168	79,187,680	(4,062,512)
Public works	14,200,614	15,677,894	14,998,945	678,949
Health	5,680,448	5,670,008	5,857,175	(187,167)
Social services	5,887,182	5,924,782	5,823,824	100,958
Primary and secondary education	132,251,362	131,908,027	131,665,790	242,237
Post-secondary education	5,092,233	5,092,233	5,092,233	-
Parks, recreation and culture	5,925,298	5,903,438	5,711,536	191,902
Libraries	3,828,048	3,828,048	3,828,048	-
Conservation of natural resources	806,701	757,352	706,414	50,938
Economic development and opportunity	2,648,040	3,089,756	2,878,356	211,400
Debt service	15,541,412	15,541,412	15,628,773	(87,361)
Inter-governmental	72,786	72,786	72,788	(2)
Other	65,000	5,728,000	4,810,039	917,961
TOTAL GENERAL FUND EXPENDITURES	303,139,563	313,588,157	312,600,213	987,944
OTHER FINANCING SOURCES AND USES				
Fund balance	14,000,000	19,286,925	-	(19,286,925)
Appropriation reserve	(2,500,000)	(3,080,705)	-	3,080,705
Reserves - emergency appropriations	(500,000)	(273,350)	-	273,350
Reserves - bond rating	(400,000)	-	-	-
General fund transfers/pay-go	(11,657,360)	(12,204,636)	(12,204,636)	-
TOTAL OTHER FINANCING SOURCES AND USES	(1,057,360)	3,728,234	(12,204,636)	(15,932,870)
EXCESS OF EXPENDITURES AND OTHER FINANCING USES OVER REVENUES AND OTHER FINANCING SOURCES	$ -	$ -	(9,932,426)	$ (9,932,426)
Reconciliation to GAAP Basis Financial Statements:				
Effect of encumbrances and other transfers			9,433,539	
			$ (498,887)	

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

COMMISSIONERS OF ST. MARY'S COUNTY

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

	Recreation Activity Fund	Wicomico Golf Course Fund	Solid Waste & Recycling Fund	Total Proprietary Funds
ASSETS				
Current Assets				
Cash and cash equivalents	$ -	$ 13,000	$ -	$ 13,000
Due from other funds	-	358,152	-	358,152
Restricted cash from investments	-	95,842	829,015	924,857
Accounts receivable	7,152	900	78,926	86,978
Inventory	-	50,317	-	50,317
Total current assets	7,152	518,211	907,941	1,433,304
Noncurrent Assets				
Capital assets	341,661	6,666,450	19,309,359	26,317,470
Accumulated depreciation	(302,778)	(3,545,264)	(3,014,736)	(6,862,778)
Capital assets, net	38,883	3,121,186	16,294,623	19,454,692
Total Assets	46,035	3,639,397	17,202,564	20,887,996
LIABILITIES AND NET POSITION				
LIABILITIES				
Current Liabilities				
Accounts payable	204,545	70,357	404,748	679,650
Compensation-related liabilities	-	160,487	434,725	595,212
Due to other funds	415,335	-	1,010,390	1,425,725
Unearned revenue	415,765	25,517	-	441,282
Total current liabilities	1,035,645	256,361	1,849,863	3,141,869
Noncurrent Liabilities				
Due within one year:				
Financing agreements	-	26,288	265,810	292,098
Advance from general fund	-	22,463	-	22,463
Due in more than one year:				
Financing agreements	-	85,662	621,793	707,455
Advance from general fund	-	246,203	-	246,203
Compensated absences	-	80,753	92,592	173,345
Total noncurrent liabilities	-	461,369	980,195	1,441,564
Total Liabilities	1,035,645	717,730	2,830,058	4,583,433
NET POSITION				
Net investment in capital assets	38,883	3,094,898	16,028,813	19,162,594
Unrestricted	(1,028,493)	(173,231)	(1,656,307)	(2,858,031)
Total Net Position	$ (989,610)	$ 2,921,667	$ 14,372,506	$ 16,304,563

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

COMMISSIONERS OF ST. MARY'S COUNTY

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

	Recreation Activity Fund	Wicomico Golf Course Fund	Solid Waste & Recycling Fund	Total Proprietary Funds
OPERATING REVENUE				
Charges for services	$ 2,791,334	$ 1,865,073	$ 748,345	$ 5,404,752
Federal	28,781	-	398,276	427,057
Environmental/solid waste fees	-	-	4,684,852	4,684,852
TOTAL OPERATING REVENUE	2,820,115	1,865,073	5,831,473	10,516,661
OPERATING EXPENSES				
Personnel services	2,295,185	735,108	1,336,989	4,367,282
Operating supplies	217,112	340,935	39,184	597,231
Professional services	331,389	114,103	2,023,307	2,468,799
Communications	11,014	3,519	4,196	18,729
Transportation	41,876	33,260	116,751	191,887
Rentals	62,933	82,222	58,027	203,182
Public utilities	255,263	66,818	22,202	344,283
Other operating costs	14,092	330	312,605	327,027
Tipping fees	-	-	1,414,464	1,414,464
Retiree health benefits (OPEB)	-	36,000	23,000	59,000
Equipment	52,520	148,351	606,663	807,534
Depreciation	8,940	127,385	349,995	486,320
TOTAL OPERATING EXPENSES	3,290,324	1,688,031	6,307,383	11,285,738
OPERATING INCOME (LOSS)	(470,209)	177,042	(475,910)	(769,077)
OTHER INCOME (EXPENSE)				
Use of exempt financing	-	(139,741)	(14,643)	(154,384)
Grants revenue	62,368	-	-	62,368
Transfers in	-	149,000	265,000	414,000
TOTAL OTHER INCOME (EXPENSE)	62,368	9,259	250,357	321,984
NET CHANGES IN NET POSITION	(407,841)	186,301	(225,553)	(447,093)
NET POSITION - BEGINNING OF YEAR	(581,769)	2,735,366	14,598,059	16,751,656
NET POSITION - END OF YEAR	$ (989,610)	$ 2,921,667	$ 14,372,506	$ 16,304,563

COMMISSIONERS OF ST. MARY'S COUNTY

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

	Recreation Activity Fund	Wicomico Golf Course Fund	Solid Waste & Recycling Fund	Total Proprietary Funds
Cash Flows from Operating Activities				
Receipts from customers	$ 2,896,579	$ 1,864,504	$ 5,804,366	$ 10,565,449
Payments to suppliers	(963,005)	(781,631)	(4,416,392)	(6,161,028)
Payments to employees	(2,295,185)	(621,999)	(933,344)	(3,850,528)
Net Cash from Operating Activities	(361,611)	460,874	454,630	553,893
Cash Flows from Noncapital Financing Activities				
Grants and other activity	62,368	9,259	(14,643)	56,984
Transfers from other funds	-	-	265,000	265,000
Change in due to/from other funds	327,602	(434,496)	(487,134)	(594,028)
Net Cash from Noncapital Financing Activities	389,970	(425,237)	(236,777)	(272,044)
Cash Flows from Capital and Related Financing Activities				
Principal paid on long term debt	-	(35,637)	(562,852)	(598,489)
Acquisition and construction of capital assets	(28,359)	-	(1)	(28,360)
Net Cash from Capital and Related Financing Activities	(28,359)	(35,637)	(562,853)	(626,849)
Net change in cash	-	-	(345,000)	(345,000)
Cash, beginning of year	-	13,000	345,000	358,000
Cash, End of Year	$ -	$ 13,000	$ -	$ 13,000
Reconciliation of Operating Loss to Net Cash from Operating Activities				
Operating income (loss)	$ (470,209)	$ 177,042	$ (475,910)	$ (769,077)
Adjustments to reconcile operating income to net cash from operating activities:				
Depreciation	8,940	127,385	349,995	486,320
Changes in assets and liabilities:				
Accounts receivable	(296)	(900)	(27,107)	(28,303)
Inventory	-	(7,221)	-	(7,221)
Accounts payable	23,194	15,128	181,007	219,329
Compensation-related liabilities	-	137,600	408,607	546,207
Unearned revenue	76,760	331	-	77,091
Compensated absences	-	11,509	18,038	29,547
Net Cash from Operating Activities	$ (361,611)	$ 460,874	$ 454,630	$ 553,893

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

COMMISSIONERS OF ST. MARY'S COUNTY

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

	Sheriff's Office Retirement Plan	Length of Service Awards Program	Retiree Benefit Trust of St. Mary's County	Total Fiduciary Funds
ASSETS				
Cash	$ -	$ 3,038	$ -	$ 3,038
Investments	151,396,897	17,089,450	120,979,235	289,465,582
Accounts receivable	-	-	219,874	219,874
NET POSITION				
Held in trust for pension and OPEB	$ 151,396,897	$ 17,092,488	$ 121,199,109	$ 289,688,494

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

COMMISSIONERS OF ST. MARY'S COUNTY

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

	Sheriff's Office Retirement Plan	Length of Service Awards Program	Retiree Benefit Trust of St. Mary's County	Total Fiduciary Funds
ADDITIONS				
Contributions - employer	$ 10,360,062	$ 3,333,754	$ 4,645,903	$ 18,339,719
Contributions - employee	-	-	-	-
Interest and dividends	2,778,290	434,835	2,252,843	5,465,968
Net realized and unrealized gains	13,850,947	1,207,965	9,390,515	24,449,427
Total additions	26,989,299	4,976,554	16,289,261	48,255,114
DEDUCTIONS				
Benefits	7,524,129	1,490,020	9,291,806	18,305,955
Administrative expenses	217,368	28,419	208,861	454,648
TOTAL DEDUCTIONS	7,741,497	1,518,439	9,500,667	18,760,603
CHANGES IN NET POSITION	19,247,802	3,458,115	6,788,594	29,494,511
NET POSITION - BEGINNING OF YEAR	132,149,095	13,634,373	114,410,515	260,193,983
NET POSITION - END OF YEAR	$ 151,396,897	$ 17,092,488	$ 121,199,109	$ 289,688,494

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Financial Reporting Entity

St. Mary's County (the County), the first Maryland County, was established in 1637. The Board of County Commissioners is composed of five Commissioners elected for four-year terms. Four Commissioners represent specific election districts while the President of the Commissioners runs at large. All Commissioners are elected by the voters of the entire County. The County operates under a line-organizational method, with a County Administrator being responsible for the general administration of the County government. The Chief Financial Officer is responsible for financial reporting, debt management, investment management, procurement, and budgeting functions. The Treasurer is responsible for the collection of real and personal property taxes. The County provides the following services: public safety, highway and streets, health and social services, recreation, education, public improvements, planning and zoning, sewage and water treatment and general administrative services. Component units are also included as part of the Financial reporting entity.

The financial statements of the reporting entity include those of the Commissioners of St. Mary's County (the primary government) and its component units. As defined by Government Accounting Standards Board (GASB) Statement Numbers 14, 39, and 61, component units are legally separate entities that are included in the County's reporting entity because of the significance of their operating or financial relationships with the County. The criteria for including organizations as component units within the County's reporting entity, as set forth in Section 2100 of GASB's Codification of Governmental Accounting and Financial Reporting Standards, include whether:

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

Based on the application of these criteria, the three organizations identified on the following page are considered component units of the County. Their financial data is discretely presented in separate columns in the government-wide financial statements. All discretely presented component units have a June 30 year-end.

Except for the Board of Education of St. Mary's County, the governing bodies of all these component units are appointed by Commissioners of St. Mary's County.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial Reporting Entity (continued)

St. Mary's County Public Schools (the School System) – In Maryland, public schools are part of a statewide system of county school boards. The school boards' political boundaries conform to the county boundaries. The purpose of the Board of Education of St. Mary's County is to operate the local public-school system in accordance with State and community standards. The school system does not have the authority to levy any taxes or incur debt. Schools are funded with local, State and Federal monies. The County has oversight responsibility for approval and partial funding of the school system's operating budget.

St. Mary's County Metropolitan Commission (MetCom) is responsible for providing water and wastewater facilities and services within the jurisdiction of the County.

St. Mary's County Library (the Library) operates a main library in Leonardtown and branch libraries in Lexington Park and Charlotte Hall.

Financial statements of the individual component units can be obtained from their respective administrative offices.

St. Mary's County Public Schools
23160 Moakley Street
Leonardtown, Maryland 20650

St. Mary's County Metropolitan Commission
23121 Camden Way
California, Maryland 20619

St. Mary's County Library
23630 Hayden Farm Lane
Leonardtown, Maryland 20650

Basis of Presentation

The financial statements of the County have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to government units as prescribed by GASB. The accompanying financial statements include various agencies, department organizations and offices which are legally part of the County (the Primary Government) and the County's Component Units.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of Presentation (continued)

The County's basic financial statements include government-wide financial statements (reporting on the County as a whole), fund financial statements (reporting the County's most significant funds), and fiduciary financial statements (reporting on the County's pension funds). Both the government-wide and fund financial statements categorize primary activities as either governmental or business-type. Governmental activities are normally supported by taxes and intergovernmental revenues. The County's public safety, public transportation, health and social services, some parks and recreation activities, public works and general administrative services are classified as governmental activities. Business-type activities rely significantly on fees and charges for support. The County's Recreation and Park programs, the Wicomico Golf Course and Solid Waste and Recycling are classified as business-type activities.

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

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

The government-wide Statement of Activities reports both the gross and net cost of each of the County's functions and business-type activities. The functions are also supported by general government revenues (property tax, income tax, certain intergovernmental revenues, fines, permits, and charges, etc.). The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operating grants and capital grants.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Government-wide Financial Statements (continued)

Program revenues include (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function, and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Program revenues must be directly associated with the function or a business-type activity. Operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants. The net costs (by function or business-type activity) are normally covered by general revenues (property tax, income tax, intergovernmental revenues, interest income, etc.) which are properly not included among program revenues. The County has an indirect cost allocation plan which it uses (when applicable and allowed) to charge costs to special revenue (grant) programs. Indirect costs are not normally charged to general government activities.

Fund Financial Statements

The County uses funds to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities. A fund is a separate accounting entity with a self-balancing set of accounts. Funds are classified into three categories: governmental, proprietary and fiduciary. Each category, in turn, is divided into separate fund types.

The emphasis in fund financial statements is on the major funds in either the governmental or business-type activities categories. GASB Statement No. 34 sets forth minimum criteria (percentage of the assets, deferred outflow of resources, liabilities, deferred inflows of resources, revenues, or expenditures/expenses of either fund category or the governmental and enterprise funds combined) for the determination of major funds. Major individual governmental funds and major individual proprietary funds are reported as separate columns in the fund financial statements. No major funds by category are summarized into a single column.

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, to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the County at a more detailed level. The focus of governmental and proprietary fund financial statements is on major funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. Non-major funds are aggregated and presented in a single column.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fund Financial Statements (continued)

Governmental Funds

The measurement focus of the governmental fund financial statements is upon determination of financial position and changes in financial position (sources, uses, and balances of financial resources) rather than upon net income. The following is a description of the governmental funds of the County.

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

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

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

4. Debt Service Fund is a non-major fund used to account for servicing of long-term debt.

Proprietary Funds

The focus of proprietary fund measurement is based upon determination of operating income, changes in net position, financial position, and cash flows. Proprietary funds are used to account for activities similar to those found in the private sector, where the determination of net income is necessary or useful to sound financial administration. Goods or services from such activities can be provided either to outside parties (enterprise funds) or to other departments or agencies primarily within the government (internal service funds). Proprietary (Enterprise) Funds are required to be used to account for operations for which a fee is charged to external users for goods or services and the activity (a) is financed with debt that is solely secured by a pledge of net revenues, (b) has third party requirements that the cost of providing services, including capital costs, be recovered with fees and charges, or (c) establishes fees and charges based on a pricing policy designed to cover similar costs.

Fiduciary Funds

Fiduciary Funds are used to report assets held in a trustee or agency capacity for others and therefore are not available to support County programs. When these assets are held under the terms of a formal trust agreement either a pension trust fund, a nonexpendable trust fund or an expendable trust fund is used. The terms "nonexpendable" and "expendable" refer to whether or not the government is under an obligation to maintain the trust principal.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fund Financial Statements (continued)

Fiduciary Funds (continued)

Custodial funds generally are used to account for assets that the government holds on behalf of others as their agent. The reporting focus for fiduciary funds is on net position and changes in net position and accounting principles used are similar to proprietary funds.

The County operates three pension trust funds. The plans account for the retirement benefits for the St. Mary's County Maryland Sheriff's Office Retirement Plan, the Volunteer Fire Department and Rescue Squad, and the Retiree Health Benefit Plan. Since, by definition, these assets are held for the benefit of a third party (pension participants and eligible retirees) and cannot be used to address activities or obligations of the government, these funds are not incorporated into the government-wide statements. All three are presented in the fiduciary fund financial statements.

Basis of Accounting

Basis of accounting refers to the point at which revenues or expenditures/expenses are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurements made regardless of the measurement focus applied. The measurement focus identifies which transactions should be recorded.

a. Accrual Basis – Both governmental and business-type activities are presented using the accrual basis of accounting in the government-wide financial statements and the proprietary and fiduciary fund financial statements. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recognized when incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met.
b. Modified Accrual Basis – The governmental fund financial statements are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e., both measurable and available. "Measurable" means knowing or able to reasonably estimate the amount. "Available" means collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the County considers revenues to be available if they are collected within 60 days after year-end. All other revenue items are considered to be measurable and available only when cash is received by the County. Expenditures (including capital outlay) are recorded when the related liability is incurred. However, debt service expenditures (principal and interest), as well as expenditures related to compensated absences and claims and judgments, are recorded only when due.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of Accounting (continued)

c. Budget Basis of Accounting - Actual results of operations are presented in the Statement of Revenues, Expenditures, Encumbrances, and Other Financing Sources and Uses - Budget (Non-GAAP Basis) and Actual - General Fund, in order to provide a meaningful comparison of actual results with budget estimates. Under the budget basis, encumbrances are recorded as the equivalent of expenditures, as opposed to only a reservation of fund balance as on a general accepted accounting principles (GAAP) basis.

Measurement Focus

In the government-wide financial statements, both governmental and business-type activities are presented using the economic resources measurement focus as defined in item (b) below.

In the fund financial statements, the "current financial resources" measurement focus or the "economic resources" measurement focus is used as appropriate:

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

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

Accounting Policies

The more significant accounting policies established in the GAAP and used by the County are discussed below.

Budget and Budgetary Accounting

Budgets are adopted on a basis consistent with GAAP. All annual operating appropriations lapse at fiscal year-end. Project-length financial plans are adopted for the capital projects fund. The County follows these procedures in establishing the budgetary data reflected in the financial statements.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Budget and Budgetary Accounting (continued)

a. Prior to April 1 of each year, the County shall have prepared a proposed operating budget for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures and the means of financing them.

b. Public hearings are conducted to obtain taxpayer comments.

c. The budget is legally enacted through passage of an ordinance by June 1.

d. All revisions that alter the expenditures of each fund must be approved by the County or the Chief Financial Officer.

e. Formal budgetary integration is employed as a management control device during the year for the general fund, special assessment fund and enterprise funds.

f. The budget for the general fund is adopted on a basis consistent with accounting principles generally accepted in the United States of America, except that appropriations of fund balance are treated as other financing sources. Budget comparisons presented for the general fund in this report are on a non-GAAP basis. The capital projects funds' budgets are prepared on a project-length basis, and accordingly, annual budgetary comparisons are not presented in the financial statements. The enterprise funds' budgets are flexible annual operating budgets. Budgetary comparisons are not presented in the financial statements for the enterprise funds.

g. The budgeted amounts are as adopted, including amendments, by the County.

Encumbrances

Encumbrances represent commitments related to unperformed contracts for goods or services. Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of resources are recorded to reserve that portion of the applicable appropriation, is utilized in the governmental funds.

Cash, Cash Equivalents, and Investments

Cash equivalents include amounts in demand deposits as well as short-term investments with a maturity date within three months of the date acquired. State statutes authorize investments in obligations of the United States government, Federal government agency obligations and repurchase agreements. Investments are stated at cost.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Cash, Cash Equivalents, and Investments (continued)

The operating cash balances for all funds are commingled and shown in the governmental activities on the statement of net position and in the general fund on the governmental fund balance sheet.

Investments in the Pension Trust Fund of the Sheriff's Department Retirement Plan, the Length of Service Award Program and the Retiree Health Benefit Plan are carried at fair value as determined on June 30 of each year, based on appraisals or quotations by an independent investment counselor. These investments are offset by a restriction, which indicates that they do not constitute available spendable resources even though they are a component of net position. The trusts are governed by separate investment policies and allow investments in common stocks, equity funds, fixed income and alternative investments.

Long-Term Receivables

Noncurrent portions of long-term receivables are reported on the balance sheet in spite of their spending measurement focus. The long-term portion of receivables is offset by a non-spendable fund balance in the general fund, which indicates that they do not constitute available spendable resources since they are not a component of net current assets.

Annual, Personal, and Sick and Safe Leave Benefits

Full-time employees earn annual leave on the basis of years of full time service. Employees with 0 to 5 years of service earn eighty hours (80) per year up to a maximum of 200 hours per year on the employee's 20th year anniversary. Regular part-time employees earn annual leave on the basis of years of service and prorated on the number of hours actually worked, as a percentage of the normal work week of 40 hours. A maximum of 360 hours of annual leave may be carried into the new calendar year for full-time employees. Unused leave in excess of 360 hours as of December 31st will be converted to sick and safe leave. A maximum of 180 hours of annual leave may be carried into the new calendar year for regular part-time employees and unused leave in excess of 180 hours will be converted to sick and safe leave. An employee leaving County service shall receive a lump sum payment at their current rate of pay for any unused accumulated annual leave. Former County employees may be credited with prior years of full-time or regular part-time service if they are reinstated with the County within one (1) year. Retirees are not eligible for their previous rate of accrual.

Full-time employees are provided with twelve (12) hours of personal leave on January 1st of each year. Personal leave for regular part-time employee is prorated according to the number of hours scheduled to work on an annual basis.

All employees, including exempt employees, shall be entitled to earn compensatory time off for work performed in excess of the normal work period. The maximum compensatory leave accrual for non-exempt employees is 240 hours.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Annual, Personal, and Sick and Safe Leave Benefits (continued)

If not prohibited by employment contract, the maximum compensatory leave accrual for exempt employees is 80 hours. If not prohibited by employment contract, the maximum compensatory leave accrual for law enforcement employees and correctional officers is 480 hours.

Full-time employees earn sick and safe leave at a rate of 4.62 hours per 2-week pay period to a maximum of 120 hours per year. Sick and safe leave for regular part-time employees is prorated according to the number of hours worked. Employees hired from another agency may transfer up to 400 hours of unused sick and safe leave within 30 days of their hire date and may be utilized by the new employee after the successful completion of probation. The transferred sick and safe leave balance may not be applied toward another agencies' pension and sick and safe leave for which payment was received is not eligible for transfer. An employee is not entitled to receive payment for unused sick and safe leave at separation or retirement. However, an employee may be eligible to receive service credit at retirement for unused sick and safe leave depending on the provisions of the retirement plan to which the employee contributes.

Use of Estimates

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

All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Contributed capital assets are valued at their estimated fair market value on the date contributed.

With the implementation of GASB Statement No. 34, the County has recorded its public domain (infrastructure) capital assets, which include roads, bridges, curbs and gutters, streets and sidewalks, drainage systems and lighting systems, etc.

The purpose of depreciation is to spread the cost of capital assets equitably among all uses over the lives of these assets. The amount charged to depreciation expense each year represents that year's prorata share of capital assets.

The method of depreciation being used for all governmental-type assets placed in service as a result of GASB Statement No. 34 is the straight-line half-year convention. Only assets greater than or equal to $5,000 will be depreciated.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Capital Assets (continued)

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

Primary Government	
Buildings and improvements	50 years
Computer equipment	5 years
Other equipment	5-10 years
Vehicles licensed	5-8 years
Off-road vehicles	5-10 years
Miscellaneous equipment	5-10 years
Infrastructure	10-50 years
Component Units	
St. Mary's County Public Schools	
Buildings and improvements	20-50 years
Furniture and equipment	5-15 years
St. Mary's County Library	
Leasehold improvements	50 years
Furnishings and equipment	5 years
Vehicles	5 years
Books	7 years
St. Mary's County Metropolitan Commission	
Utility plants	18-50 years
Water plant systems	18-50 years
Equipment	3-10 years
Capitalized interest	50 years
Buildings	20-30 years

Inventory and Prepaid Expenditures

Inventory is valued at the lower of cost (first-in, first-out method) or market. Inventory in the general fund, special revenue funds and enterprise funds consists of expendable supplies held for consumption. Reported inventories and prepaid expenditures in the general fund are offset by a nonspendable fund balance, which indicates that they do not constitute available spendable resources even though they are a component of net current assets.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Long-Term Obligations

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

Pension Accounting

Employee contributions are recognized in the Pension Trust Funds in the period the contributions are due. Employer contributions are recognized when due and the County 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. Administrative costs are funded from investment income. Any net pension obligation or asset is calculated on an actuarial basis consistent with the requirements of GASB Statement No. 27 – Accounting for Pensions by State and Local Government Employers. Expenditures are recognized when paid or are expected to be paid with current available resources. The net pension obligation (asset) is reported in the government-wide financial statements.

2. CASH, CASH EQUIVALENTS AND INVESTMENTS

Primary Government

The County has defined cash and cash equivalents to include cash on hand, demand deposits, and short-term securities and certificates of deposit with an original maturity of three months or less.

Investments held by the County, including the pension and retiree health benefit funds, are stated at fair value. Fair value is based on quoted market prices at year end or best available estimate. All investments not required to be reported at fair value are stated at cost or amortized cost.

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

2. CASH AND SHORT-TERM INVESTMENTS (continued)

Primary Government (continued)

Depository institutions must be Maryland banks and must be approved for use by the County Commissioners.

Cash Deposits

As of June 30, 2024, the carrying amount of the County's deposits was $152,194,546 (including petty cash totaling $49,800 at various County departments) and the collected bank balance was $154,303,864. Of the collected bank balance, $2,475,344 was covered by Federal Deposit Insurance Corporation (FDIC) and $151,828,520 was covered by collateral held either in the pledging bank's trust department or by the pledging bank's agent.

Investments

Statutes authorize the County to invest in short-term United States government securities or repurchase agreements fully secured by the United States government if the funds are not needed for immediate disbursement. The stated maturities of the investments may not exceed 270 days. Statutes also authorize the County to invest in the Local Government Investment Pool established by state law. Investments are subject to approval of the County Commissioners as to the amount available for investment and the acceptable securities or financial institutions used. The fiduciary funds have separate formal investment policies which allow alternative investments at the discretion of the Trustees.

Money market account is not evidenced by securities.

Investments in the Maryland Local Government Investment Pool (MLGIP) are not evidenced by securities. The investment pool, not the participating governments, faces the custodial credit risk. The State Treasurer of Maryland exercises oversight responsibility over the MLGIP. A single financial institution is contracted to operate the Pool. In addition, the State Treasurer has established an advisory board composed of Pool participants to review the activities of the contractor quarterly and provide suggestions to enhance the return on investments. As permitted by GASB Statement No. 79, the MLGIP uses the amortized cost method to compute unit value rather than market value to report net assets. Accordingly, the fair value of the position in the MLGIP is the same as the value of the MLGIP shares. The MLGIP is rated "AAAM" by Standards and Poor's. The County is not subject to any limitations or restrictions on withdrawals of its investments in the MLGIP.

None of the County's investments are subject to concentration of credit risk, interest rate risk or foreign currency risk.

2. CASH AND SHORT-TERM INVESTMENTS (continued)

Primary Government (continued)

Investments (continued)

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 and gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described below.

Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the entity has the ability to access.

Level 2 Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability; and
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

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

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The summary below identifies the fair market value levels of the investments of the primary government and fiduciary funds as of June 30, 2024.

2. CASH AND SHORT-TERM INVESTMENTS (continued)

Primary Government (continued)

Investments (continued)

	Level 1	Level 2	Level 3	Total
Investments at Fair Value				
Retiree Benefit Trust (OPEB):				
Money market funds	$ 2,929,032	$ -	$ -	$ 2,929,032
Equity funds	-	61,968,142	-	61,968,142
Bond funds	-	23,642,209	-	23,642,209
Venture/ltd. partnership/closely held	-	-	32,439,852	32,439,852
Length of Service Awards Trust (LOSAP):				
Money market funds	112,486	-	-	112,486
Equity funds	-	10,346,252	-	10,346,252
Bond funds	-	6,630,712	-	6,630,712
Pension Fund: Sheriff's Office Retirement Plan:				
Money market funds	6,917,744	-	-	6,917,744
Equity funds	-	83,252,260	-	83,252,260
Bond funds	-	32,580,423	-	32,580,423
Venture/ltd. partnership/closely held	-	-	28,646,470	28,646,470
Total investments at fair value	$ 9,959,262	$ 218,419,998	$ 61,086,322	$ 289,465,582

Transactions are recorded on the trade date. Realized gains and losses are determined using the identified cost method. Any change in net unrealized gain or loss from the preceding period is reported in the statement of revenues, expenses and changes in net position. Dividends are recorded on the ex-dividend date. Interest is recorded on the accrual basis.

Component Units

St. Mary's County Public Schools

Deposits

Custodial credit risk: Custodial credit risk for deposits is the risk that in the event of a bank failure, the School System's deposits may not be returned to it. 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 insurance levels with collateral whose market value is at least equal to the deposits. As of June 30, 2024, all of the School System's deposits, including the certificate of deposit, were either covered by Federal depository insurance or were covered by collateral held by the School System's agent in the School System's name. As of June 30, 2024, the carrying amount of the School System's deposits was $6,710,370 and the bank balance was $9,986,684.

2. CASH AND SHORT-TERM INVESTMENTS (continued)

Component Units (continued)

St. Mary's County Public Schools (continued)

Short-Term Investments

Maryland State Law authorizes the School System to invest in obligations of the United States government, Federal government obligations and repurchase agreements secured by direct government or agency obligations, the State's sponsored investment pool, or interest-bearing accounts in any bank. As of June 30, 2024, short-term investments consist primarily of deposits in the MLGIP. The MLGIP is rated "AAAm" by Standard and Poor's (their highest rating). The School System has no policy on credit risk.

The carrying amount and market value of such investments were $49,404,787, $471,131, and $110,263, for governmental activities, business-type activity, and fiduciary responsibilities, respectively.

The MLGIP was established in 1982 under Article 95 Section 22G of the Annotated Code of Maryland and is under the administration of the State Treasurer. The MLGIP seeks to maintain a constant unit value of $1.00 per unit. Unit value is computed using the amortized cost method. In addition, the net asset value of the pool, marked to market, is calculated and maintained on a weekly basis to ensure a $1.00 per unit constant value. The pool is managed in a "Rule 2(a)-7 like" manner and is reported at amortized cost pursuant to Rule 2(a)-7 under the Investment Company Act of 1940, which is MLGIP's share price.

The School System is not subject to any limitations or restrictions on withdrawals of its investments in MLGIP.

Long-Term Investments

As of June 30, 2024, the Capital Projects Fund's long-term investment consisted of a certificate of deposit which had a maturity of greater than one year but less than five years.

The Retiree Benefit Trust Fund's (OPEB) investments are invested in the Maryland Association of Board of Educations Pooled OPEB Trust (MABE Trust). The MABE Trust is administered by the Maryland Association of Board of Education and is a wholly-owned instrumentality of its members. The nine members who are the sole contributors to the MABE Trust are the boards of education of the following counties in Maryland: Allegany, Caroline, Cecil, Charles, Harford, Kent, Prince George's, St. Mary's, and Washington.

2. CASH AND SHORT-TERM INVESTMENTS (continued)

Component Units (continued)

St. Mary's County Public Schools (continued)

Long-Term Investments (continued)

The investments of the MABE Trust are stated at fair value and are managed by Wells Fargo Advisors and consist of money market funds, U.S. government and agency fixed income and asset backed securities, equity securities, mutual funds and exchange traded funds, and corporate bonds and corporate asset backed securities. The MABE Trust 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; and Level 3 inputs are significant unobservable inputs. Although all of the investments in the MABE Trust are considered Level 1 and Level 2, the School Systems membership investment in the MABE Trust is considered Level 2. As of June 30, 2024, the pooled net position of the MABE Trust was \$694,650,255, in total, of which the School System's allocated investment balance was \$77,751,285. The School System places no limits on the amount they may be invested with any one issuer. The School System may terminate its membership in the MABE Trust and withdrawal its allocated investment balance by providing written notice six months prior to the intended date of withdrawal.

St. Mary's County Library

Cash Deposits and Investments

As of June 30, 2024, the carrying amount of the Library's cash was \$443,870 and the bank balances totaled \$446,715. As a government entity, the Library's bank balance is fully insured. As of June 30, 2024, there was no uninsured or uncollateralized bank balance.

Investments in the Maryland Local Government Investment Pool (MLGIP), an external investment pool, are not evidenced by securities. The investment pool, not the participating governments, faces the custodial credit risk. The separately issued financial statement of the MLGIP may be obtained by contacting the contractor.

2. CASH AND SHORT-TERM INVESTMENTS (continued)

Component Units (continued)

St. Mary's County Library (continued)

Cash Deposits and Investments (continued)

	Carrying Amount	Market Value
Unrestricted:		
Investment in the Maryland Local Government Investment Pool	$ 590,994	$ 590,994
Restricted:		
The Vanguard Group	$ 79,904	$ 79,904

None of the Library's deposits or investments are subject to concentration of credit risk, interest rate risk or foreign currency risk. The investments are not subject to custodial credit risk.

Statutes authorize the Library to invest its operating fund investments in obligations of the United States government, Federal government agency obligations, repurchase agreements secured by direct government or agency obligations, certificates of deposit, banks' acceptances, commercial paper, pooled investments and municipal bonds and municipal mutual funds.

St. Mary's County Metropolitan Commission

Deposits

The carrying amount of MetCom's deposits was $51,573,695 as of June 30, 2024, and the bank balance was $52,920,207. Of the bank balances, $500,000 was covered by Federal depository insurance as of June 30, 2024 with the remaining $46,691,587 adequately covered by collateral.

Cash and cash equivalents consisted of the following:

MLGIP	$ 5,628,725
Broker Deposits-CDRS	12,000,000
Insured cash sweep	29,062,862
Cash	4,882,108
	$ 51,573,695

2. CASH AND SHORT-TERM INVESTMENTS (continued)

Component Units (continued)

St. Mary's County Metropolitan Commission (continued)

Investments

Investments in the MLGIP are not evidenced by securities. The State Treasurer of Maryland exercises oversight responsibility over the MLGIP. A single financial institution is contracted to operate the Pool. Separately issued financial statements may be obtained from the contractor: David Rommel, PNC Bank, One East Pratt Street, 5th Floor West, Baltimore, Maryland 21202. In addition, the State Treasurer has established an advisory board composed of Pool participants to review the activities of the contractor quarterly and provide suggestions to enhance the return on investments.

The MLGIP uses the amortized cost method to compute unit value rather than market value to report net assets. Accordingly, the fair value of the position in the MLGIP is the same as the value of the MLGIP shares. The MLGIP is rated AAA by Standards and Poor's. As of June 30, 2024, MetCom's investments, for both custodial and credit risk purposes, consisted solely of shares in the MLGIP. This investment is not deemed to have either risk. MLGIP is managed as a Rule 2a-7 pool. Therefore, MetCom faces no interest rate risk. The cost and fair value of the MLGIP investments as of June 30, 2024 was $5,628,725.

3. CAPITAL ASSETS

Primary Government

A summary of changes in capital assets is as follows:

	Balance June 30, 2023	Additions	Transfers/ Disposals	Balance June 30, 2024
Governmental Activities:				
Capital Assets not Being Depreciated:				
Land	$ 47,041,481	$ 5,144,979	$ (5,681,634)	$ 46,504,826
Construction in progress	19,272,225	21,961,046	(31,482,301)	9,750,970
911 system & equipment	1,423,733	-	-	1,423,733
Total Capital Assets not Being Depreciated	67,737,439	27,106,025	(37,163,935)	57,679,529
Capital Assets Being Depreciated:				
Buildings & improvements	189,638,675	5,345,180	(1,978,508)	193,005,347
Computer equipment	2,733,547	79,898	(726,336)	2,087,109
Other equipment	456,596	118,456	-	575,052
Vehicles - licensed	21,076,316	4,212,500	-	25,288,816
Off-road vehicles	3,192,083	249,979	-	3,442,062
Miscellaneous equipment	12,087,133	166,656	(84,185)	12,169,605
Roads	309,182,056	15,560,809	-	324,742,865

3. CAPITAL ASSETS (continued)

Primary Government (continued)

	Balance June 30, 2023	Additions	Transfers/ Disposals	Balance June 30, 2024
Curbing	$ 946,791	$ -	$ -	$ 946,791
Sidewalks	1,128,839	-	-	1,128,839
Guardrails	1,980,038	1,512	-	1,981,550
Airport infrastructure	10,337,407	585,428	-	10,922,835
Airport equipment	579,104	-	-	579,104
Baseball fields	802,670	-	-	802,670
Bridges	12,537,322	-	-	12,537,322
Parks & recreation	36,713,391	13,352,726	-	50,066,117
Marinas & docks	8,393,600	-	-	8,393,600
Irrigation systems	241,853	-	-	241,853
Signage	630,233	-	-	630,233
Parking lots	1,292,307	-	-	1,292,307
911 system & equipment	24,571,285	-	-	24,571,285
Total Capital Assets Being Depreciated	638,521,246	39,673,144	(2,789,029)	675,405,362
Accumulated Depreciation for:				
Buildings & improvements	(66,225,071)	(4,379,225)	-	(70,604,296)
Computer equipment	(2,724,884)	(12,301)	726,336	(2,010,849)
Other equipment	(267,803)	(14,005)	-	(281,808)
Vehicles - licensed	(14,546,161)	(2,142,293)	-	(16,688,454)
Off-road vehicles	(1,808,946)	(149,862)	-	(1,958,808)
Miscellaneous equipment	(7,589,743)	(812,851)	84,185	(8,318,410)
Roads	(135,071,231)	(9,078,856)	-	(144,150,087)
Curbing	(851,363)	(10,693)	-	(862,056)
Sidewalks	(698,642)	(21,641)	-	(720,283)
Guardrails	(845,494)	(42,864)	-	(888,358)
Airport infrastructure	(6,339,961)	(563,122)	-	(6,903,083)
Airport equipment	(579,105)	-	-	(579,105)
Baseball fields	(568,722)	(12,948)	-	(581,670)
Bridges	(4,289,034)	(248,918)	-	(4,537,952)
Parks & recreation	(10,975,214)	(1,439,486)	-	(12,414,700)
Marinas & docks	(6,827,340)	(190,846)	-	(7,018,186)
Irrigation systems	(177,159)	(5,787)	-	(182,946)
Signage	(496,043)	(7,740)	-	(503,783)
Parking lots	(945,432)	(69,920)	-	(1,015,352)
911 equipment	(12,633,457)	(888,955)	-	(13,522,412)
Total Accumulated Depreciation	(274,460,805)	(20,092,313)	810,521	(293,742,598)
Total Capital Assets Being Depreciated, Net	364,060,441	19,580,831	(1,978,508)	381,662,764
Governmental Activities Capital Assets, Net	$ 431,797,880	$ 46,686,856	$ (39,142,443)	$ 439,342,293

3. CAPITAL ASSETS (continued)

Primary Government (continued)

	Balance June 30, 2023	Additions	Transfers/ Disposals	Balance June 30, 2024
Business-type Activities:				
Capital Assets not Being Depreciated:				
Land	$ 1,078,666	$ -	$ -	1,078,666
Solid waste facilities	14,768,502	-	-	14,768,502
Total Capital Assets not Being Depreciated	15,847,168	-	-	15,847,168
Capital Assets Being Depreciated:				
Buildings & improvements	4,776,834	-	-	4,776,834
Computer equipment	57,188	-	-	57,188
Other equipment	39,359	-	-	39,359
Vehicles - licensed	2,716,970	-	-	2,716,970
Off-road vehicles	1,612,199	-	-	1,612,199
Miscellaneous equipment	619,865	80,101	-	699,966
Irrigation systems	572,762	-	-	572,762
Total Capital Assets Being Depreciated	10,395,177	80,101	-	10,475,278
Accumulated Depreciation for:				
Buildings & improvements	(2,472,981)	(148,581)	-	(2,621,562)
Computer equipment	(57,188)	-	-	(57,188)
Other equipment	(39,359)	-	-	(39,359)
Vehicles - licensed	(1,787,423)	(186,184)	-	(1,973,607)
Off-road vehicles	(937,681)	(108,787)	-	(1,046,468)
Miscellaneous equipment	(585,157)	(17,106)	-	(602,263)
Irrigation systems	(501,648)	(25,662)	-	(527,310)
Total Accumulated Depreciation	(6,381,437)	(486,320)	-	(6,867,757)
Total Capital Assets Being Depreciated, Net	4,013,740	(406,219)	-	3,607,521
Business-type Activities Capital Assets, Net	$ 19,860,908	$ (406,219)	$ -	$ 19,454,689

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

Governmental Activities:	
General government	$ 2,097,509
Public safety	4,040,301
Public works	10,941,367
Social services	547,079
Post-secondary education	42,285
Parks, recreation, and culture	2,219,579
Libraries	198,989
Economic development and opportunity	5,203
Total Depreciation - Governmental Activities	$ 20,092,312

3. CAPITAL ASSETS (continued)

Primary Government (continued)

Business-type Activities:	
Recreation activity fund	$ 8,940
Solid waste/recycling	349,995
Wicomico	127,385
Total Depreciation - Business-type Activities	$ 486,320

Component Units

St. Mary's County Public Schools

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

	Balance, June 30, 2023	Additions	Deletions/ Transfers	Balance, June 30, 2024
Governmental Activities				
Capital assets not being depreciated				
Land	$ 3,734,759	$ -	$ -	$ 3,734,759
Construction in process	17,157,153	11,162,475	(14,834,624)	13,485,004
	20,891,912	11,162,475	(14,834,624)	17,219,763
Capital assets being depreciated/amortized				
Buildings and improvements	447,449,662	9,444,261	14,766,193	471,660,116
Furniture and equipment	14,848,140	5,621,547	(969,051)	19,500,636
Right-to-use leased assets	-	1,025,884	-	1,025,884
Right-to-use subscription assets	-	1,319,123	-	1,319,123
	462,297,802	17,410,815	13,797,142	493,505,759
Accumulated depreciation/amortization for				
Building and improvements	(198,534,962)	(11,106,287)	397,562	(209,243,687)
Furniture and equipment	(8,328,058)	(1,204,213)	850,443	(8,681,828)
Right-to-use leased assets	-	(205,177)	-	(205,177)
Right-to-use subscription assets	-	(361,585)	-	(361,585)
	(206,863,020)	(12,877,262)	1,248,005	(218,492,277)
Governmental Activities Capital Assets, Net	$ 276,326,694	$ 15,696,028	$ 210,523	$ 292,233,245
Business-Type Activities				
Capital assets being depreciated				
Furniture and equipment	$ 2,118,671	$ 149,822	$ -	$ 2,268,493
	2,118,671	149,822	-	2,268,493
Accumulated depreciated for				
Furniture and equipment	(1,742,976)	(83,655)	-	(1,826,631)
	(1,742,976)	(83,655)	-	(1,826,631)
Business-Type Activities Capital Assets, Net	$ 375,695	$ 66,167	$ -	$ 441,862

3. CAPITAL ASSETS (continued)

Component Units (continued)

St. Mary's County Public Schools (continued)

Depreciation expense was charged in the Statement of Activities as follows:

Governmental Activities	
Administration	$ 40,842
Mid-level administration	32,001
Other instructional costs	262,995
Special education	3,609
Student personnel services	297
Student health services	11,859
Student transportation services	182,812
Operation of plant	12,045,034
Maintenance of plant	297,813
	$ 12,877,262
Business-Type Activities	
Food service	$ 83,655

St. Mary's County Library

	Balance June 30, 2023	Additions	Deletions	Balance June 30, 2024
Capital assets:				
Furnishings and equipment	$ 1,156,661	$ 9,798	$ 3,978	$ 1,162,481
Leasehold improvements	87,735	-	-	87,735
Books	5,145,920	430,930	562,515	5,014,335
	6,390,316	440,728	566,493	6,264,551
Accumulated depreciation:				
Furnishings and equipment	1,138,432	12,364	3,978	1,146,818
Leasehold improvements	21,652	1,755	-	23,407
Books	4,030,472	229,572	562,515	3,697,529
	5,190,556	243,691	566,493	4,867,754
Capital Assets, Net	$ 1,199,760	$ 197,037	$ -	$ 1,396,797

Governmental activities depreciation expense of $243,691 was charged to Library services.

3. CAPITAL ASSETS (continued)

Component Units (continued)

St. Mary's County Metropolitan Commission

	Balance June 30, 2023	Additions	Reductions	Balance June 30, 2024
Capital assets being depreciated:				
Utility plants	$ 168,782,220	$ 10,220,759	$ 1,102,775	$ 177,900,204
Water plant systems	75,736,213	11,818,210	-	87,554,423
Equipment	10,772,263	729,164	70,885	11,430,542
Buildings	4,073,744	15,654	465	4,088,933
Total Capital Assets Being Depreciated	259,364,440	22,783,787	1,174,125	280,974,102
Capital assets not being depreciated:				
Utility plant construction in process	8,829,081	4,389,142	7,731,641	5,486,582
Water plant construction in process	13,933,180	8,314,468	10,821,464	11,426,184
Land/land rights	1,940,942	945,761	35,916	2,850,787
Total Capital Assets	284,067,643	36,433,158	19,763,146	300,737,655
Accumulated depreciation:				
Utility plants	66,090,736	4,317,891	1,102,775	69,305,852
Water plant systems	25,667,257	2,754,520	-	28,421,777
Equipment	8,489,609	405,739	70,885	8,824,463
Buildings	2,840,182	203,650	465	3,043,367
Total Accumulated Depreciation	103,087,784	7,681,800	1,174,125	109,595,459
Net Capital Assets	$ 180,979,859	$ 28,751,358	$ 18,589,021	$ 191,142,196

4. PROPERTY TAX

Property taxes attach as an enforceable lien on property as of July 1. Taxes are levied each July 1, and the taxpayer has the option to pay in full without interest by September 30 or elect a semiannual payment option. If a semiannual payment option is elected, the first payment is payable without interest by September 30 and the second payment, including a service charge, is payable without interest by December 31. Interest is charged for each month or fraction thereof the taxes remain unpaid beginning October 1 on accounts under the annual payment option or January 1 for accounts under the semiannual payment option. Maryland law grants the Treasurer of the County the power to immediately advertise and sell any real property after the taxes are delinquent for a period of one year. Property taxes are levied at rates enacted by the Commissioners in the annual budget applied to the assessed value of the property as determined by the Maryland State Department of Assessments and Taxation, an agency of the government of the State of Maryland. 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 then only after public hearings.

The real property tax rate during the year ended June 30, 2024 was $0.8478 per $100 of assessed value based on the full valuation method. The Constant Yield tax rate for FY2024 was $0.8104. The personal property tax rate during the year ended June 30, 2024 was $2.1195 per $100 of assessed value. The County Treasurer bills and collects all property taxes.

4. PROPERTY TAX (continued)

A 100% allowance for uncollectible receivables is established for prior year taxes receivable. County property tax receivable as of June 30, 2024, net of the allowance for uncollectible receivables of $346,914, is $1,588,702 (this amount does not include state and emergency services taxes receivable). On October 1, a 3% penalty is assessed, and interest begins accruing at a rate of 1% for each month that real and personal property taxes are delinquent (unless taxpayer has elected semiannual payment option as described above).

5. SPECIAL TAX ASSESSMENT AND UNEARNED REVENUE

Primary Government

The special assessment receivable is composed of various special assessments levied by the County for completed projects funded by the County. The cost of the completed projects is billed to taxpayers over periods from 10 to 25 years and reported as a special assessment receivable and unearned revenue. In accordance with the modified accrual method of accounting, in subsequent periods, when revenue recognition criteria are met or when the government has a legal claim to the resources, the liability for the unearned revenue is removed from the balance sheet and revenue is recognized. The non-current portion of the receivable is offset by a fund balance reserve account, which indicates that this does not constitute available resources since this is not a component of fund balance. The current portion of the special assessment receivable is considered available spendable resources.

As of June 30, 2024, there were no delinquent special assessment receivables due from taxpayers.

Component Units

St. Mary's County Public Schools

Unearned Revenue

General Fund: Unearned revenue primarily consists of payments received under restricted programs in excess of the expenses/expenditures incurred to date under those programs as of June 30, 2024 of $7,766,696.

Capital Projects Fund: Unearned revenue consists of prefunding in the amount of $3,201,150 for construction projects at Spring Ridge Middle School and Safety and Security Initiatives.

Enterprise Fund: Unearned revenue of $266,625 represents student lunch ticket sales collected in advance which will be consumed by students in next fiscal year

6. LONG-TERM OBLIGATONS

Primary Government

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities:					
General obligation bonds - County	$ 145,477,000	$ 30,000,000	$ 9,606,000	$ 165,871,000	$ 9,156,000
Premium	7,519,539	2,973,709	284,950	10,208,298	384,940
State loans and special assessment	733,697	-	123,440	610,257	123,440
Exempt financing	791,564	4,048,312	1,409,384	3,430,492	948,882
	154,521,800	37,022,021	11,423,774	180,120,047	10,613,262
Landfill post-closure costs	2,820,000	-	223,000	2,597,000	-
Compensated absences	7,725,531	378,673	-	8,104,204	61,986
Total	$ 165,067,331	$ 37,400,694	$ 11,646,774	$ 190,821,251	$ 10,675,248
Business-type Activities:					
Exempt financing	$ 276,440	$ 1,151,688	$ 429,307	$ 998,821	$ 292,838
Compensated absences	143,788	26,959	-	170,747	-
Total	$ 420,228	$ 1,178,647	$ 429,307	$ 1,169,568	$ 292,838

For governmental activities, compensated absences are generally liquidated by the governmental fund to which the liability relates. For all other governmental activity debt, the general fund typically liquidates the liability.

Governmental Activities

General Obligation Bonds

The County issues General Obligation Bonds to provide funds for the acquisition and construction of major capital facilities. General Obligation Bonds have been issued for both general government and proprietary activities. These bonds, therefore, are reported in the proprietary funds if they are expected to be repaid from proprietary revenue. In addition, General Obligation Bonds have been issued to refund both General Obligation and Revenue Bonds. General Obligation Bonds are direct obligations of the County and pledge the full faith and credit of the government.

On April 10, 2014, the 2005 General Obligation Bonds were refunded with an advance refunding for $9,934,000. The 2014 Direct Bank Loan Refunding will mature on March 1 in 10 installments, beginning in 2016 and ending in 2025. The Refunding Bonds carry an interest rate of 2.32%. The County refunded these bonds to reduce its total debt service payments and to obtain an economic gain of $626,595.

6. LONG-TERM OBLIGATONS (continued)

Primary Government (continued)

Governmental Activities (continued)

General Obligation Bonds (continued)

On July 26, 2016, the County issued General Obligation Bonds of $25,000,000 Consolidated Public Improvement Bonds. The Consolidated Public Improvement Bonds will mature on August 1 in 20 annual serial installments, beginning in the year 2017 and ending with the year 2036. Interest on the Bonds is payable semiannually on each February 1 and August 1 to maturity with an average interest rate of 2.25%.

On October 24, 2017, the 2009 Series B, Build America Bonds were refunded in the 2017 General Obligation Bonds, Series 2017 for $15,475,000. The 2017 General Obligation Bonds will mature on July 15 in 10 installments, beginning in 2020 and ending in 2029. Interest on the Bonds is payable semiannually on each January 15 and July 15 to maturity with an average interest rate of 1.89%.

On September 18, 2018, the County issued General Obligation Bonds of $30,000,000. The Consolidated Public Improvement Bonds will mature on September 15 in 20 installments, beginning in the year 2019 and ending in 2038. Interest on the Bonds is payable semiannually on each March 15 and September 15 to maturity with a true interest rate of 3.17%.

On April 28, 2020, the County issued General Obligation Bonds of $30,000,000. The Consolidated Public Improvement Bonds will mature on May 1 in 20 installments, beginning in the year 2021 and ending in 2040. Interest on the Bonds is payable semiannually on each May 1 and November 1 to maturity with a true interest rate of 2.216%.

On May 11, 2021, the County issued General Obligation Bonds of $30,000,000. The premium received was $4,065,145. The Consolidated Public Improvement Bonds will mature on May 1 in 20 installments, beginning in the year 2022 and ending in 2041. Interest on the Bonds is payable semiannually on each May 1 and November 1 to maturity with a true interest rate of 1.6216%.

On August 8, 2022, the County issued General Obligation Bonds of $30,000,000. The premium received was $3,774,863. The Consolidated Public Improvement Bonds will mature on August 1 in 20 installments, beginning in the year 2023 and ending in 2042. Interest on the Bonds is payable semiannually on each February 1 and August 1 to maturity with a true interest rate of 3.196%.

6. LONG-TERM OBLIGATIONS (continued)

Primary Government (continued)

Governmental Activities (continued)

General Obligation Bonds (continued)

On December 3, 2023 the County issued General Obligation Bonds of $30,000,000. The premium received was $4,048,312. The Consolidated Public Improvement Bonds will mature on December 1 in 20 installments, beginning in the year 2024 and ending in 2043. Interest on the Bonds is payable semiannually on each December 15 and June 15 to maturity with a true interest rate of 3.39%.

2021 Exempt Financing Equipment Lease

On December 1, 2020, the County entered into an agreement with Banc of America Public Capital Corp. to borrow $1,300,000 for the purchase of vehicles and other replacement equipment. The lease bears interest at a rate of 0.9796% per annum, payable annually through 2025. The balance will be used to reimburse eligible purchases upon delivery and approval of the invoice. This lease was prorated between primary government and business-type activities based on the cost of the underlying assets acquired using the financing. The annual requirements to amortize the primary government portion of the 2021 exempt financing equipment lease as of June 30, 2024 based on the total final lease amount of $1,300,000 are as follows:

Years ending June 30,	Principal	Interest	Total
2025	$ 187,301	$ 1,835	$ 189,136

2024 Exempt Financing Equipment Lease

On September 29, 2023, the County entered into an agreement with TD Equipment Finance, Inc. to borrow a total of $5,200,000 for the purchase of vehicles and other replacement equipment. The lease bears interest at a rate of 4.19% per annum, payable annually through 2028. The balance will be used to reimburse eligible purchases upon delivery and approval of the invoice. This lease was prorated between primary government and business-type activities based on the cost of the underlying assets acquired using the financing. The annual requirements to amortize the primary government portion of the 2024 exempt financing equipment lease as of June 30, 2024 based on the total final lease amount of $5,200,000 are as follows:

Years ending June 30,	Principal	Interest	Total
2025	$ 761,581	$ 135,890	$ 897,471
2026	793,492	103,979	897,471
2027	826,739	70,732	897,471
2028	861,379	36,092	897,471
	$ 3,243,191	$ 346,693	$ 3,589,884

6. LONG-TERM OBLIGATIONS (continued)

Primary Government (continued)

Governmental Activities (continued)

Long-term obligations as of June 30, 2024 consist of the following:

Description	Due	Rate	Amount
MD Water quality loans and other state loans:			
Holly Point Shores	2008-2032	None	$ 80,228
Murray Road Revetment	2004-2028	None	14,528
Piney Point Lighthouse	2009-2026	None	67,274
Villas on Waters Edge	2009-2032	None	174,368
Kingston Creek II	2010-2037	None	137,063
North Patuxent Beach Road	2009-2025	None	28,303
Thomas Road	2016-2030	None	62,160
Gibson Road	2017-2031	None	46,333
Total state loans and special assessment debt			610,257
General obligation bonds			
2014 Refunding Bonds	2016-2025	2.32%	1,146,000
2016 Consolidated Public Improvement Bonds	2017-2037	2.25%	18,410,000
2017 Refunding	2020-2029	1.89%	9,925,000
2018 Consolidated Public Improvement Bonds	2019-2038	3.17%	24,730,000
2020 Consolidated Public Improvement Bond	2021-2040	2.21%	25,700,000
2021 Consolidated Public Improvement	2022-2041	1.62%	26,900,000
2022 Consolidated Public Improvement	2024-2043	3.20%	29,060,000
2023 Consolidated Public Improvement	2025-2044	4.70%	30,000,000
Total general obligation bonds			165,871,000
Long term obligations as of June 30, 2024 consist of the following:			
Total state loans and bonds			166,481,257
Premium			10,208,298
Accrued landfill closure and post closure costs			2,597,000
Exempt financing			3,430,493
Accumulated unpaid annual leave			8,104,204
Total			$ 190,821,252

6. LONG-TERM OBLIGATIONS (continued)

Primary Government (continued)

Governmental Activities (continued)

Special Assessment Debt

Special assessment fund debt payable as of June 30, 2024 is composed of the following loans payable to the Maryland Department of Natural Resources:

Holly Point Shore Erosion Control, originally payable in twenty-five annual installments of $10,029 without interest, guaranteed by the full faith and credit of the County.	$ 80,228
Villas on Waters Edge Shore Erosion, payable in twenty annual installments of $21,796, without interest, guaranteed by the full faith and credit of the County.	174,368
Kingston Creek Waterway #2, payable in twenty-five annual installments of $10,544, without interest, guaranteed by the full faith and credit of the County.	137,063
	$ 391,659

St. Mary's County Government has agreed that the above amounts borrowed shall be reimbursed and that these obligations shall be supported by the full faith and credit of the County.

The annual requirements to amortize all debt outstanding as of June 30, 2024 including interest of $55,356,140 except for the accrued landfill closure and post-closure costs, accumulated unpaid leave benefits, and exempt financing, are as follows:

	Governmental Activities		
For the years ending June 30,	Principal	Interest	Total
2025	$ 9,279,440	$ 6,281,213	$ 15,560,653
2026	8,425,137	5,914,713	14,339,850
2027	8,781,500	5,507,388	14,288,888
2028	9,181,500	5,087,213	14,268,713
2029	9,602,868	4,653,613	14,256,481
2030-2034	46,644,193	17,297,378	63,941,571
2035-2039	50,111,619	8,706,823	58,818,442
2040-2044	24,455,000	1,907,800	26,362,800
Subtotal	166,481,257	$ 55,356,141	$ 221,837,398
Plus: premium	10,208,298		
Total	$ 176,689,555		

6. LONG-TERM OBLIGATIONS (continued)

Primary Government (continued)

Governmental Activities (continued)

A summary of the totals above by debt type is as follows:

	General Obligation Bonds	State Loans	Special Assessment Fund	Total
Principal	$ 165,871,000	$ 218,598	$ 391,659	$ 166,481,257
Interest	55,356,141	-	-	55,356,141
	$ 221,227,141	$ 218,598	$ 391,659	$ 221,837,398

Business-Type Activities

2021 Exempt Financing Equipment

The annual requirements to amortize the business-type activities portion of the 2021 exempt financing equipment as of **June 30, 2024** based on the total final financing amount of $1,300,000 are as follows:

Years ending June 30,	Principal	Interest	Total
2025	$ 76,178	$ 746	$ 76,924

2024 Exempt Financing Equipment

The annual requirements to amortize the business-type activities portion of the 2024 exempt financing equipment as of **June 30, 2024** based on the total final financing amount of $5,200,000 are as follows:

Years ending June 30,	Principal	Interest	Total
2025	$ 216,660	$ 38,658	$ 255,318
2026	225,737	29,581	255,318
2027	235,195	20,122	255,317
2028	245,051	10,267	255,318
	$ 922,643	$ 98,628	$ 1,021,271

6. LONG-TERM OBLIGATIONS (continued)

Component Units

St. Mary's County Public Schools

Long-term debt as of June 30, 2024 consists of equipment financing obligations, accumulated compensated absences payable, net OPEB obligation, and net pension liability. The following is a summary of changes in the School System's long-term liabilities for the year ended June 30, 2024:

	Balance, June 30, 2023	Additions	Reductions	Balance, June 30, 2024	Due Within One Year
Governmental Activities					
Equipment financing agreements	$ 43,242	$ -	$ 43,242	$ -	$ -
Lease liability	-	1,105,903	80,019	1,025,884	202,838
SBITA liability	-	1,319,123	218,090	1,101,033	444,802
Compensated absences	5,558,235	53,795	-	5,612,030	706,372
Net OPEB liability	314,859,632	865,528	-	315,725,160	-
Net pension liability	15,076,525	2,445,008	-	17,521,533	-
	$335,537,634	$5,789,357	$ 341,351	$340,985,640	$1,354,012
Business-Type Activities					
Compensated absences	$ 183,218	$ 13,230	$ 24,097	$ 172,351	$ 19,074

The compensated absences liability attributable to the governmental activities will be liquidated solely by the General Fund.

Lease Liability: The School System has entered into various five-year lease agreements as lessee. As of June 30, 2024, the value of the lease liability was $1,025,884. The School System is required to make quarterly or monthly principal and interest payments ranging from $2,7500 to $21,600. The lease agreements have interest rate ranging from 6.5% to 7.5%. The equipment has a five-year estimated useful life. The value of the right-to-use assets as of the end of the current fiscal year was $1,025,884 and had accumulated amortization of $205,177.

The future minimum lease payments and the net present value of the minimum lease payments as of June 30, 2024 under these equipment financing agreements are as follows:

Year Ending June 30,	Principal	Interest	Total
2025	$ 202,838	$ 72,269	$ 275,107
2026	215,536	55,075	270,611
2027	232,486	38,125	270,611
2028	248,025	19,835	267,860
2029	126,999	2,804	129,803
Total	**$ 1,025,884**	**$ 188,108**	**$ 1,213,992**

6. LONG-TERM OBLIGATIONS (continued)

Component Units (continued)

St. Mary's County Public Schools (continued)

SBITA Liability: The School System uses software under a subscription basis. When the term of the subscription exceeds one year, the arrangements are reported as intangible assets known as SBITAs, with corresponding SBITA liabilities that represent the payment obligations under the subscription contract. SBITAs used by the School System have service terms varying from 34 months to 5 years, including anticipated renewals. The School System has one SBITA contract that had not been fully placed into service as of June 30, 2024. It is estimated that the software will be fully operational by December 31, 2024. The tables below show the total value of the School System's SBITA assets, and the principal and interest payments due, over the remaining terms of the subscriptions.

The future principal and interest payments for SBITA as of June 30, 2024, were as follows:

Year Ending June 30,	Principal	Interest	Total
2025	$ 444,802	$ 46,534	$ 491,336
2026	419,377	29,562	448,939
2027	140,071	8,689	148,760
2028	96,783	1,834	98,617
Total	**$ 1,101,033**	**$ 86,619**	**$ 1,187,652**

St. Mary's County Library

Long-term debt consists of accrued compensated absences. The following is a summary of the changes in long-term debt for the year ended June 30, 2024:

Balance June 30, 2023	Increase	Decrease	Balance June 30, 2024	Amount due within one year
$ 194,019	$ 284,981	$ 167,512	$ 311,488	$ 73,695

6. LONG-TERM OBLIGATIONS (continued)

Component Units (continued)

St. Mary's County Metropolitan Commission

Long-term bonds payable as of June 30, 2024 are as follows:

Bond Payable Description	Due	Rate	Principal	Interest
Thirtieth issue	2012-2029	2.96 - 3.4%	$ 484,217	$ 51,369
Fortieth issue	2015-2027	2.08%	2,102,000	88,026
Forty-eighth issue	2019-2049	3.39%	6,508,000	4,150,506
Forty-ninth issue	2019-2029	1.82%	159,500	21,045
Fiftieth issue	2020-2030	0.96%	3,576,000	549,118
Fifty-first issue	2021-2034	1.79%	15,035,197	1,267,808
Fifty-second issue	2023-2036	1.79%	12,582,562	1,831,169
Fifty-forth issue	2021-2051	2.67%	9,180,000	4,837,912
Fifty-fifth issue	2025-2054	4.68%	10,917,198	10,443,186
			60,544,674	23,240,139
Less current portion			4,015,968	1,869,563
			$ 56,528,706	$ 21,370,576

The annual requirements to amortize principal and interest payments of all bonds outstanding as of June 30, 2024 are as follows:

Years Ending June 30,	Principal	Interest	Total
2025	$ 4,015,968	$ 1,869,563	$ 5,885,531
2026	4,133,640	1,742,560	5,876,200
2027	4,258,249	1,634,483	5,892,732
2028	3,643,573	1,522,410	5,165,983
2029	3,747,325	1,422,108	5,169,433
2030-2034	14,859,234	5,734,758	20,593,992
2035-2039	10,015,685	4,111,872	14,127,557
2040-2044	5,324,000	2,977,562	8,301,562
2045-2049	6,497,000	1,744,355	8,241,355
2050-2054	4,050,000	480,468	4,530,468
Total	$ 60,544,674	$ 23,240,139	$ 83,784,813

Thirtieth Issue

On March 15, 2012, MetCom issued refunding bonds in the principal amount of $1,448,492. The bonds mature on May 1 in 18 annual installments, beginning in 2012 and ending in 2029. Interest was payable May 1, 2012 and semiannually thereafter on each May 1 and November 1 until maturity.

6. LONG-TERM OBLIGATIONS (continued)

Component Units (continued)

St. Mary's County Metropolitan Commission (continued)

Thirtieth Issue (continued)

The bonds may be prepaid at the following premiums:

Period	Price
May 1, 2020 through April 30, 2021	102%
May 1, 2021 through April 30, 2022	101%
On or after May 1, 2022	100%

The bonds were issued to refund all the outstanding maturities of Financing Bond Issue number fourteen, issued in conjunction with the Maryland Community Development Administration (CDA). These bonds were issued with an interest rate of 2.96% that may be increased up to 3.4% in the event of a decrease in the marginal maximum corporate income tax rate. The refunded bonds had a true interest cost ranging from 4.5% to 5.0%. These bonds were issued to take advantage of a favorable interest rate environment.

Fortieth Issue

On August 6, 2015, MetCom issued Refinancing Bonds Series 2015B in the principal amount of $5,619,000. These bonds were issued with a true interest cost of 2.08% to refund certain maturities of MetCom's 2007 Series B Bonds, the Twenty-third Issue, issued in conjunction with the CDA, with a coupon rate ranging from 3.5% to 4.25% and for the cost to refinance the loans.

These bonds were issued to take advantage of a favorable interest rate environment. Funds in the amount of $6,310,569 were deposited with an escrow agent to provide for all future debt service payments of the refinanced bonds. The remaining proceeds were used for prepayment fees and bond issuance costs.

Forty-eighth Issue

On November 21, 2019, MetCom issued $7,152,371 of Infrastructure Financing Bonds, 2019, Series BII, in conjunction with the CDA. As of June 30, 2024, the unspent proceeds were $3,651,593.

The bonds mature on April 1, 2049 in 30 annual installments, beginning in 2020 and ending in 2049. The average interest yield on these bonds is 3.39%. Interest was payable on April 1, 2020 and semiannually thereafter on each April 1 and October 1 to maturity. The bonds may be prepaid in whole or in part, at any time after June 1, 2029.

6. LONG-TERM OBLIGATIONS (continued)

Component Units (continued)

St. Mary's County Metropolitan Commission (continued)

Forty-ninth Issue

On November 21, 2019, MetCom issued $279,594 of Infrastructure Financing Bonds, 2019, Series BI, in conjunction with the CDA. There were no unspent proceeds as of June 30, 2022.

The bonds mature on April 1, 2029 in 10 annual installments, beginning in 2020 and ending in 2029. The average interest yield on these bonds is 1.82%. Interest was payable on April 1, 2020 and semiannually thereafter on each April 1 and October 1 to maturity.

Fiftieth Issue

On August 11, 2020, MetCom issued Refinancing Bonds Series 2020-A1 in the principal amount of $5,411,345, after a premium discount of $980,662. These bonds were issued with a true interest cost of .96% to refund certain maturities of MetCom's 2010 Series A Bonds, the Twenty-seventh Issue, issued in conjunction with the CDA, with a coupon rate ranging from .75% to 4.31% on the refunded bonds.

These bonds were issued to take advantage of a favorable interest rate environment, and to reduce its total debt service payments in excess of $1,000,000.

Interest is payable on October 1, 2020 and semiannually thereafter on each October 1 and April 1 to maturity.

Fifty-first Issue

On July 1, 2021, MetCom issued an advanced refunding of Issues 2012B, 2013A, and 2014A in the principal amount of $17,026,696 Series 2021B (Taxable). These bonds were issued with a true interest cost of 1.79% to refund. This advance refunding was issued to take advantage of a favorable interest rate environment, and to reduce its total debt service payments in excess of $2,000,000. Principal and interest payments are payable on the first of every month to maturity in 2034.

6. LONG-TERM OBLIGATIONS (continued)

Component Units (continued)

St. Mary's County Metropolitan Commission (continued)

Fifty-second Issue

On July 1, 2021, MetCom issued General Obligation Bonds Series 2021A in the principal amount of $13,210,248. These bonds were issued with a true interest cost of 1.79%. The proceeds of the Series 2021A Bond will be used to finance all or a portion of the costs of various routine and non-routine capital upgrades, rehabilitation, improvements or renovations to its various water and wastewater facilities. These bonds were issued from undrawn proceeds of prior CDA issuances 2012B, 2013A, and 2014A, and were issued to take advantage of the favorable interest rate environment. Principal and interest payments are payable on the first of every month to maturity in 2036.

Fifty-fourth Issue

On December 2, 2021, MetCom issued $10,590,570 of Infrastructure Financing Bonds, Series 2021A-1 and 2021A-2 in conjunction with CDA. As of June 30, 2022, the unspent proceeds were $9,206,865.

The bonds mature on April 1, 2051 in 30 annual installments, beginning in 2022 and ending in 2051. The average interest yield on these bonds is 2.67%. Interest was payable on April 1, 2022 and semiannually thereafter on each April 1 and October 1 to maturity. The bonds may be prepaid in whole or in part, at any time after June 1, 2031.

Fifty-fifth Issue

On May 16, 2024, MetCom issued $10,917,198 of Infrastructure Financing Bonds, 2024A Series in conjunction with the Community Development Administration. As of June 30, 2024 the unspent proceeds were $8,397,043.

The bonds mature on April 1, 2054 in 30 annual installments, beginning in 2024 and ending is 2054. The average interest yield on these bonds is 4.68%. Interest was payable on October 1, 2024 and semiannually thereafter on each April 1 and October 1 to maturity. The bonds may be prepaid in whole or in part at any time on or after June 1, 2034.

6. LONG-TERM OBLIGATIONS (continued)

Component Units (continued)

St. Mary's County Metropolitan Commission (continued)

Notes and and loans payable as of June 30, 2024 are as follows:

Loans Payable Description	Due	Rate	Principal	Interest
MD Water Quality Loan #18	2025	1.10%	$ 260,895	$ 15,401
MD Water Quality Loan #22	2027	1.10%	107,937	4,670
MD Water Quality Loan #25	2029	1.00%	53,513	4,388
MD Water Quality Loan #26	2030	1.00%	187,090	16,234
MD Water Quality Loan #28	2030	2.20%	160,457	21,645
MD Water Quality Loan #32	2034	1.80%	2,675,737	399,762
MD Water Quality Loan #33	2033	1.70%	201,859	27,825
MD Water Quality Loan #34	2035	2.10%	12,668,409	2,328,486
MD Water Quality Loan #35	2035	2.10%	3,167,102	1,089,891
MD Water Quality Loan #37	2034	2.00%	1,309,768	209,412
Leonardtown #41	2037	1.80%	1,044,479	194,277
MD Water Quality Loan #42	2038	1.50%	2,272,562	376,914
MD Water Quality Loan #43	2038	1.50%	1,603,454	419,137
MD Water Quality Loan #44	2039	1.60%	3,708,421	702,603
MD Water Quality Loan #45	2039	1.70%	1,270,157	287,062
MD Water Quality Loan #46	2039	1.70%	942,921	215,891
MD Water Quality Loan #47	2049	1.70%	769,450	387,305
MD Water Quality Loan #53	2042	0.80%	1,828,307	246,099
			34,232,518	6,947,002
Less current portion			3,067,529	827,249
			$ 31,164,989	$ 6,119,753

The annual requirements to amortize principal and interest payments on all notes and loans outstanding as of June 30, 2024 are as follows:

Years Ending June 30,	Principal	Interest	Total
2025	$ 3,067,529	$ 827,249	$ 3,894,778
2026	2,748,526	945,547	3,694,073
2027	2,799,306	748,358	3,547,664
2028	2,851,054	696,679	3,547,733
2029	10,735,259	1,900,060	12,635,319
2030-2034	7,468,554	1,175,277	8,643,831
2035-2039	3,963,019	502,236	4,465,255
2040-2044	416,952	127,485	544,437
2045-2049	182,319	24,111	206,430
Total	$ 34,232,518	$ 6,947,002	$ 41,179,520

6. LONG-TERM OBLIGATIONS (continued)

Component Units (continued)

St. Mary's County Metropolitan Commission (continued)

As of June 30, 2024, MetCom has nineteen loans from the Maryland Water Quality Financing Administration.

- Loan number eighteen for $4,712,200 was used to upgrade the Marley-Taylor WRF.
- Loan number twenty-two for $1,136,984 was used for the Andover Road/Estates sewer projects and for arsenic remediation wells.
- Loan number twenty-five for $191,593 was used for the Hollywood Water Extension to provide arsenic remediation.
- Loan number twenty-six for $582,547 was used for Patuxent Park Sewer Line Repair and the Marlay-Taylor Methane Powered CoGeneration Project.
- Loan number twenty-eight for $443,927 was used for the St. Clements Shore Well.
- Loan number thirty-two in the amount of $4,874,202 is for the Radio Read Meter Project.
- Loan number thirty-three in the amount of $394,000 is for the Shangri La Drive/South Essex Drive Sewer Rehabilitation.
- Loan number thirty-four in the amount of $21,082,400 is for the Marlay-Taylor Wastewater Reclamation Facility Enhanced Nutrient Removal ENR project.
- Loan number thirty-five in the amount of $5,270,600 is also for Marlay-Taylor Wastewater Reclamation Facility ENR project. This loan will be paid for by Navy charges and is therefore taxable.
  Loan number thirty-seven in the amount of $2,420,291 is for the Route 235 and Route 712 Interceptor Rehabilitation.
- Loan number forty-one in the amount of $1,705,500 is for MetCom's share of Leonardtown's Maryland Department of the Environment (MDE) loan for the ENR project. Loan number forty-one is a shared project with the Town of Leonardtown for the Leonardtown Wastewater Treatment Plan ENR Upgrade. Of the total proceeds in the amount of $7,500,000, MetCom is contributing 22.74% in debt service.
- Loan number forty-two in the amount of $3,368,474 is for the St. Clement's Shores Water Line Extension.
- Loan number forty-three in the amount of $2,491,768 is for the Piney Point Water.
- Loan number forty-four in the amount of $5,292,504 is for the Great Mills Wastewater Pumping Station.
- Loan number forty-five in the amount of $2,052,427 is for Phase I of the Town Creek Water line replacement project.
- Loan number forty-six in the amount of $1,543,828 is for Phase 4 of the Patuxent Park Water Line Replacement Project.

6. LONG-TERM OBLIGATIONS (continued)

Component Units (continued)

St. Mary's County Metropolitan Commission (continued)

- Loan number forty-seven in the amount of $1,550,260 is for Phase 4 of the Patuxent Park Sewer Line Replacement Project. Both projects funded by loan forty-six and forty-seven are joint projects with the County.
- Loan number fifty-three in the amount of $2,389,167 is for Phase 2 of the St. Clements Shores Water System Replacement project.

Changes in Long-Term Debt

The changes in long-term debt payable for the year ended June 30, 2024 were as follows:

	June 30, 2023	Additions	Deductions	June 30, 2024	Amounts due within one year
Bonds payable	$ 53,393,312	$ 10,917,198	$ 3,765,836	$ 60,544,674	$ 4,015,968
Notes and loans payable	37,413,348	278,733	3,459,563	34,232,518	3,067,529
Total long-term debt	$ 90,806,660	$ 11,195,931	$ 7,225,399	$ 94,777,192	$ 7,083,497

7. FUND BALANCES

A summary of the nonspendable, restricted, committed, assigned and unassigned fund balances as of June 30, 2024 are as follows:

		Special Revenue Funds			Debt Service Fund	
	General Fund	Fire and Rescue Revolving Loan Fund	Emergency Services Support Fund	Emergency Services Billing Fund	Special Assessments	Capital Projects Fund
Nonspendable						
Inventory	$ 1,438,066	$ -	$ -	$ -	$ -	$ -
Interfund advance (Wicomico)	268,666	-	-	-	-	-
Total Nonspendable	1,706,732	-	-	-	-	-
Restricted						
Domestic Violence Programs	3,680	-	-	-	-	-
County matching funds for approved grants	580,532	-	-	-	-	-
Total Restricted	584,212	-	-	-	-	-
Committed						
Bond rating reserve	18,255,000	-	-	-	-	-
Rainy day fund	1,625,000	-	-	-	-	-
Operating budget, non-recurring items	6,654,485	-	-	-	-	-
Other, net, including grants	-	3,259,312	341,955	1,921,079	587,602	-

7. FUND BALANCES (continued)

		Special Revenue Funds			Debt Service Fund	
	General Fund	Fire and Rescue Revolving Loan Fund	Emergency Services Support Fund	Emergency Services Billing Fund	Special Assessments	Capital Projects Fund
Committed (continued)						
Funding sources specified for capital projects:						
Land preservation	$ -	$ -	$ -	$ -	$ -	$ 3,143,822
Various capital projects - transfer tax	-	-	-	-	-	25,127,090
County pay-go	-	-	-	-	-	16,337,615
Roads - impact fees and excise taxes	-	-	-	-	-	581,826
Roads - mitigation	-	-	-	-	-	384,460
Parks - impact fees and excise taxes	-	-	-	-	-	564,951
Parks - mitigation	-	-	-	-	-	753
Schools - impact fees and excise taxes	-	-	-	-	-	2,556,441
Schools - mitigation	-	-	-	-	-	34,125
Total Committed	26,534,485	3,259,312	341,955	1,921,079	587,602	48,731,083
Assigned	7,009,602	-	-	-	-	17,106,019
Unassigned	43,175,738	-	-	-	-	-
Total Fund Balances	$ 79,010,769	$ 3,259,312	$ 341,955	$ 1,921,079	$ 587,602	$ 65,837,102

St. Mary's County spends funds in the following order: committed, then assigned, then unassigned.

The Board of County Commissioners (Board) is the highest level of decision-making authority, and committed funds are established by resolution, legislation, ordinance, and/or contractual action through the budget process. Those committed amounts cannot be used for any other purpose without Board action.

The authority for assigning fund balances is delegated to the Finance Department by the Board to carry out their approved plan.

The non-spendable fund balance includes:

- Inventory - The amount of inventory as of June 30, 2024 carried as an asset.

The restricted fund balance includes:

- Domestic violence programs - The amount of marriage license fees committed for domestic violence programs, by resolution.
- County matching funds for approved grants - The amount of county funding that is committed as a match to grants that were budgeted in FY2024, but for which the period extends beyond June 30, 2024. These funds will be needed to meet the obligations of the grant.
- Revenues appropriated for capital projects - The amount of revenue collected to date, which has been obligated through the budget process for specific capital projects and will be used for future capital project expenses.

7. FUND BALANCES (continued)

The committed fund balance includes:

- Bond Rating Reserve - set by ordinance, at a minimum of 6% of the next year's revenues.

Bond Rainy Day Fund - established by the Commissioners for unanticipated events.

The debt service fund assigned fund balance includes:

- Retirement of long-term obligations - The amount of future revenue (collections) of Special Assessments that is legally restricted to expenditures for specified purposes. This future revenue will be used for the retirement of long-term obligations.

The general fund assigned fund balance is composed of:

Encumbrances	$	5,199,540
Miscellaneous revolving fund		1,810,062
	$	7,009,602

When unassigned fund balance is used, it is used for one-time, non-recurring expenses. In May 2024, as part of the approval of the fiscal year 2025 budget, the Board approved to use Fiscal year 2023 unassigned fund balance for operating non-recurring of $6,654,485. Of this total, $2,400,000 was reverted from Pay-Go back to the general fund. A total amount of $22,397,594 remains unused of the fiscal year 2023 unassigned fund balance to help avoid sudden disruption or elimination of services by allowing time for a plan to be developed to address such changes, revenue shortfalls or cost shifts.

Each subsequent budget will include evaluation of the fund balance levels and assumptions upon which the plan was developed to determine whether it needs to be revised.

8. RETIREMENT PLANS

Maryland State Retirement and Pension System

Summary of Significant Accounting Policies

Pensions. Virtually all employees of the County (other than those covered by the Sheriff's Office Retirement Plan) are members of the Maryland State Retirement and Pension System (the System). The System is considered a single multiple employer cost sharing plan.

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the System and additions to/deductions from the System's fiduciary net position have been determined on the same basis as they are reported by the System. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

8. RETIREMENT PLANS (continued)

Maryland State Retirement and Pension System (continued)

General Information about the Pension Plan (continued)

Plan Description. Certain employees of the County are provided with pensions through the System—a cost-sharing multiple-employer defined benefit pension plan administered by the System. The State Personnel and Pensions Article of the Annotated Code of Maryland (the Article) grants the authority to establish and amend the benefit terms of the System to the Board of Trustees.

The System issues a publicly available financial report that can be obtained at www.sra.state.md.us/Agency/Downloads/ACFR/.

Benefits Provided. A member of the System is generally eligible for full retirement benefits upon the earlier of attaining age 60 or accumulating 30 years of creditable service regardless of age.

Early Service Retirement. A member of the System may retire with reduced benefits after completing 25 years of eligibility service. Benefits are reduced by 0.5% per month for each month remaining until the retiree either attains age 60 or would have accumulated 30 years of creditable service, whichever is less. The maximum reduction for the System member is 30%.

Disability and Death Benefits. Generally, a member covered under retirement plan provisions who is permanently disabled after 5 years of service receives a service allowance based on a minimum percentage (usually 25%) of the member's average final compensation (AFC). A member covered under pension plan provisions who is permanently disabled after accumulating 5 years of eligibility service receives a service allowance computed as if service had continued with no change in salary until the retiree attained age 62. Death benefits are equal to a member's annual salary as of the date of death plus all member contributions and interest.

Contributions. (ERS) The Article sets contribution requirements of the active employees and the participating governmental units are established and may be amended by the MSRPS Board. Employees are required to contribute 6% of their annual pay. The County's contractually required contribution rate for the System for the year ended June 30, 2024 was approximately $1.2 million, 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. Contributions to the System from the County were approximately $1.2 million for the year ended June 30, 2024.

8. RETIREMENT PLANS (continued)

Maryland State Retirement and Pension System (continued)

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

As of June 30, 2024, the County reported a liability of approximately $34.2 million for its proportionate share of the System's net pension liability. The System's net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The County's proportion of the System's net pension liability was based on a projection of the County's long-term share of contributions to the pension plan relative to the projected contributions of all participating government units, actuarially determined. As of June 30, 2023, the County's proportion for the System was 0.15 percent, which was substantially the same as its proportion measured as of June 30, 2023.

For the year ended June 30, 2024, the County recognized pension expense for the System of $4,407,183. As of June 30, 2024, the County reported deferred outflows of resources and deferred inflows of resources related to ERS from the following sources:

	Deferred Outflow	Deferred Inflow
Contributions subsequent to year end	$ 4,458,012	$ -
Changes in assumptions	2,374,199	122,649
Net difference between projected and actual investment earnii	3,090,063	-
Difference between actual and expected experience	1,214,171	1,474,725
Total	$ 11,136,445	$ 1,597,374

$4.5 million reported as deferred outflows of resources related to the System resulting from County contributions subsequent to the measurement date will be recognized as a reduction of the System pension liability in the year ended June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the System will be recognized in pension expense as follows:

Years Ending June 30,	Amount
2025	$ 752,865
2026	302,625
2027	3,052,430
2028	852,372
2029	120,767
Total	$ 5,081,059

8. RETIREMENT PLANS (continued)

Maryland State Retirement and Pension System (continued)

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

Sensitivity of the County's proportionate share of the net pension liability to changes in the discount rate. The County's proportionate share of the System net pension liability calculated using the discount rate of 6.80 percent is $34,194,220. Additionally, the County's proportionate share of the System net pension liability if it were calculated using a discount rate that is 1-percentage-point lower (5.80 percent) is $51,223,934, or 1-percentage-point higher (7.80 percent) is $20,705,226.

Sheriff's Office Retirement Plan

The membership data related to the St. Mary's County Sheriff's Office Retirement Plan (SORP or the Plan) at July 1, 2022 was as follows:

Retirees and beneficiaries currently receiving benefits	137
Terminated plan members	72
Active plan members	200

The St. Mary's County Sheriff's Office Retirement Plan is a defined benefit plan which provides a monthly benefit at normal retirement age, early retirement age, or due to a disability. Participants contribute 8% of pay to the Plan. The County contribution varies each year. Participants are vested after five (5) years of eligibility service.

Years of Credited Service may be obtained under the Plan by:

- Employment with the Sheriff's Office
- Transferring credit and contributions from another governmental employer's defined pension plan in the State of Maryland
- Requesting credit for pre-employment military service
- Leaves of absence due to line-of-duty injury or illness

Normal Retirement

Age 62 or after earning 25 years of eligibility service; whichever happens first. The amount of the annual normal retirement benefit is an amount equal to the lesser of (a) 80% of the Participant's average compensation, plus credit for unused sick leave, or (b) 2.5% of the Participant's average compensation multiplied by Years of Credited Service credited or earned on and after July 1, 2008, plus 2.0% of the Participant's average compensation multiplied by Years of Credited Service earned prior to July 1, 2008.

8. RETIREMENT PLANS (continued)

Sheriff's Office Retirement Plan (continued)

Normal Retirement (continued)

For purposes of calculating the amount of the normal retirement benefit, participants will receive credit for one month of Credited Service for each 22 days of unused sick leave.

Early Retirement

After completing 20 years of eligibility service. Benefits are calculated in the same way as the normal retirement benefit. However, benefits are reduced by 0.50% for each month the payment begins prior to the participant reaching his/her normal retirement date.

Late Retirement

A participant who continues to work past his/her normal retirement date is eligible to receive the benefit to which the Participant would have been entitled to receive if he or she had retired at his or her normal retirement date but adjusted by including any additional years of credited service which have accrued since his or her normal retirement date, subject to a maximum benefit of 80% of the participant's average compensation.

Final Average Earnings

"Final Average Earnings" is the average compensation received during three consecutive years of service, out of the ten calendar years prior to termination, which produces the highest average.

Disability Retirement

The Plan provides for Line-of-Duty and Ordinary disability benefits. A Line-of-Duty benefit may be payable if a participant terminates employment due to a job-related injury which is compensable under workers' compensation. For disability applications received on or after October 1, 2000, Line-of-Duty disability benefits are categorized as "catastrophic" and "non-catastrophic." The annual benefit payable for a catastrophic disability is 66 2/3% of a participant's average pay, plus a benefit that is the equivalent of the employee contributions the participant made to the plan. The annual benefit for a non-catastrophic disability is 50% of a participant's average pay, plus a benefit that is the equivalent of the employee contributions the participant made to the plan.

An Ordinary disability benefit may be payable if a participant becomes disabled after completing five (5) years of eligibility service. The benefit is equal to 1.6%, multiplied by the participant's average compensation at the time of disability, then multiplied by years of credited service the participant is projected to have earned up to the date the participant would have reached his/her normal retirement date.

8. RETIREMENT PLANS (continued)

Sheriff's Office Retirement Plan (continued)

Death Benefits

If a participant dies prior to his or her Benefit Commencement Date, the participant's spouse, surviving children, or designated beneficiary may be entitled to receive death benefits as outline in the Plan document.

Deferred Vested Benefit

If a participant who terminates employment and has completed five years of credited service is eligible to receive a deferred vested benefit beginning at age 62.

The amount of the participant's deferred vested pension benefit is determined in the same manner as the normal retirement pension based on final average earnings and credited service at the participant's termination of employment.

Withdrawal of Employee Contributions

A participant who terminates employment is eligible to receive the return of his/her accumulated contribution including interest. A vested participant who withdraws his/her employee contributions shall forfeit any rights to any future benefit payments. Interest on employee contribution for non-vested participants will cease following the 12-month anniversary of a participant's terminate date.

Deferred Retirement Option Program (DROP)

The Deferred Retirement Option Program (DROP) is a program that allows for receipt of normal retirement for members of the Sheriff's Office Retirement Plan while remaining employed for an additional three (3) to five (5) years. Participants who have earned at least 25 years of credited service, but no more than 27 years of credited service, are eligible to enter DROP.

DROP Benefit

During participation in DROP, a participant's account is credited with:

- An amount equal to the participant's monthly retirement benefit under the Plan, calculated as of the date the participant enters DROP;
- Interest monthly at a minimum annual rate of 3.5%;
- The participant's biweekly SORP employee contributions while in DROP calculated at the same percentage of salary as any other SORP participant; and

8. RETIREMENT PLANS (continued)

Sheriff's Office Retirement Plan (continued)

DROP Benefit (continued)

- Any cost-of-living adjustments (COLAs) that would have been payable when eligible if a participant had retired and begun receiving retirement benefits instead of participating in DROP.

Salary Increases During DROP Period

A DROP participant remains an active employee while in DROP and is eligible for promotions and pay increases subject to the personnel manual and budgeted appropriations. DROP participation is not a guarantee of employment.

Termination of Employment at End of DROP

Election to participate in DROP will include a binding letter of resignation of employment with the St. Mary's County Sheriff's Office as of the last day of the elected DROP participation period.

If a participant's employment with the St. Mary's County Sheriff's Office ends before the end of the DROP period elected, whether voluntarily or involuntarily, and the participant has not completed at least three (3) full years of DROP participation, the DROP participant's monthly retirement benefit will be calculated as if he/she had never elected to participate in DROP, but will be paid in the form of payment the participant elected when he/she elected to participate in DROP. The participant's DROP account will be reduced to zero.

Disability During DROP Period

If a participant terminates employment as a result of total and permanent disability (as defined in the SORP), the participant may apply for a disability benefit. If the participant's application for a disability benefit is approved, the participant will be eligible to elect either: 1) a retirement benefit determined as if he/she had never elected to participate in DROP with no payment of a DROP account, or 2) the retirement benefit determined when the participant entered DROP plus the participant's DROP account.

DROP End Date

The DROP is scheduled to end on June 30, 2026. At that time, the SORP Board of Trustees will conduct an actuarial study to assess the effectiveness of the DROP. The Board of County Commissioners may elect to reinstate the DROP after that date.

8. RETIREMENT PLANS (continued)

Sheriff's Office Retirement Plan (continued)

Net Pension Liability of the County

The components of the net pension liability of the Sheriff's plan at June 30, 2024 were as follows:

Total pension liability	$ 193,846,596
Less: Plan fiduciary net position	151,396,897
County's net pension liability	$ 42,449,699
Plan fiduciary net position as a percentage of the total pension liability	78.10%

Actuarial Assumptions

The total pension liability was determined by an actuarial valuation as of July 1, 2022 rolled forward to June 30, 2024 using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50%
Salary increases	Rates vary by participant service
Investment rate of return	7.25%, net of invest expense, including inflation
Mortality	RP-2014 Combined Mortality Tables for Males and Females, with Blue Collar adjustment and generational projection by Scale MP-2016

The above is a summary of key actuarial assumptions. Full descriptions of the actuarial assumptions are available in the July 1, 2022 actuarial valuation report.

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

The following presents the plan's net position liability, calculated using a single discount rate of 7.25%, as well as what the plan's net pension liability would be if it were calculated using a single discount rate that is one (1) percentage point lower or one (1) percentage point higher.

	1% Decrease 6.25%	Current Discount Rate 7.25%	1% Increase 8.25%
Sheriff's Plan net pension liability	$ 72,104,768	$ 42,449,699	$ 18,642,142

8. RETIREMENT PLANS (continued)

Sheriff's Office Retirement Plan (continued)

Asset Allocation

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. 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 by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Allocation
Domestic equity	38.2%
International equity	20.5%
Fixed income	22.4%
Hedge funds	8.7%
Private equity	2.4%
Real assets	2.6%
Cash equivalents	5.2%
Total	100%

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

As of June 30, 2024, the Sheriff's office retirement plan reported a net pension liability of $42,449,699. The net pension liability was measured as of July 1, 2022 and the total pension liability used to calculate the new pension liability was determined by an actuarial valuation as of that date and rolled forward to June 30, 2024.

For the year ended June 30, 2024, the Sheriff's office retirement plan recognized pension expense of $7,510,578 and reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
actual earnings on pension plan investments	$ -	$ 2,856,133
Difference between actual and expected experience	6,658,094	-
Total	$ 6,658,094	$ 2,856,133

8. RETIREMENT PLANS (continued)

Sheriff's Office Retirement Plan (continued)

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

The deferred outflows and deferred inflows will be amortized in the following fiscal years as follows:

Years Ending June 30,	Amount
2025	$ (88,071)
2026	4,107,844
2027	(367,612)
2028	149,800
Total	$ 3,801,961

Discount Rate

The current discount rate on the Sheriff's Office plan is 7.25%.

Recommended Contribution Level

Participants are required to make mandatory contributions to the plan equal to 8% of base earnings. Employee contributions are credited with interest at the rate of 4% per annum. The County pays the entire remaining cost of the plan.

The County is required to contribute at an actuarially determined rate, currently 39.9% of covered payroll. Contribution requirements of plan members and the county are established and may be amended by the Commissioners. The amount of the Sheriff's Department's current year covered payroll is $18,929,040. The following employer contributions were made during the fiscal year ended June 30, 2024:

	Contributions	% of Covered Payroll
Actuarially determined contribution	$ 8,607,000	45.47%

8. RETIREMENT PLANS (continued)

Volunteer Fire Departments, Rescue Squads and Advanced Life Support Unit

Plan Description

A length of service program (LOSAP) for qualified active volunteer members of the St. Mary's County Volunteer Fire Departments, Rescue Squads and Advanced Life Support Unit was established effective July 1, 1980. An "active member" is defined as a person who accumulated a minimum of fifty (50) points per calendar year in accordance with a point system. This program is funded and administered by the County.

Eligibility and Benefits

a. Any person who has served as a member of any St. Mary's County Volunteer Fire Departments, Rescue Squads or Advanced Life Support Unit is eligible to receive benefits provided that:

1) The person is certified in accordance with the point system to have served as an active volunteer subsequent to December 31, 1979.
2) Any person who discontinued active volunteer service prior to July 1, 1980 may receive credit for the service after being certified in accordance with the point system.

b. Beginning July 1, 1994, active volunteer fire and rescue squads and advanced life support unit personnel may select from two Length of Service program benefit options. Selection of a benefit option by the individual is irrevocable. The options, with rates reflected effective July 1, 2006, are:

1) Any person who has reached the age of sixty (60) and who has completed a minimum of twenty (20) years of certified active volunteer service with any St. Mary's County Volunteer Fire Departments, Rescue Squads or Advanced Life Support Unit, or combination thereof, shall receive two hundred dollars ($200) per month for life. Payments will begin in the month following eligibility.
2) Any person who has reached the age of fifty-five (55) and who has completed a minimum of twenty (20) years of certified volunteer service with any St. Mary's County Volunteer Fire Departments, Rescue Squads or Advanced Life Support Unit or combination thereof, shall receive one hundred fifty dollars ($150) per month for life.

An additional payment of eight dollars ($8) per month shall be added to the benefit for each full year of volunteer service in excess of twenty (20) years.

8. RETIREMENT PLANS (continued)

Volunteer Fire Departments, Rescue Squads and Advanced Life Support Unit (continued)

Eligibility and Benefits (continued)

In the event that any active volunteer becomes disabled during the course of his or her service while actively engaged in providing such services and in the event that the disability prevents the volunteer from pursuing his or her normal occupation and in the event that the disability is of a permanent nature as certified by the Maryland Workmen's Compensation Commission or other competent medical authority as designated by the County, then the volunteer is entitled to receive the minimum benefits prescribed above and any such benefits as he or she may be entitled to regardless of his or her age or length of service.

These benefits will begin on the first day of the month following the establishment of the permanency of his or her disability.

a. In the event that any qualified volunteer shall die while receiving benefits, then his or her surviving spouse is entitled to benefits equal to fifty percent (50%) of the volunteer's benefits. These benefits terminate upon death or remarriage of the spouse.
b. In the event that a qualified volunteer dies prior to receiving any benefits under this section, his or her surviving spouse is entitled to benefits equal to fifty percent (50%) of the volunteer's earned benefits. These benefits terminate upon death or remarriage of the spouse.
c. In the event that an active volunteer dies in the line of duty, a burial benefit up to two thousand five hundred dollars ($2,500) is payable.
d. In the event that any active volunteer (herein defined as one who has at least two (2) years of qualifying service in the five (5) preceding years attains the age of seventy (70) years and fails to achieve the required twenty (20) years of service, then the volunteer is entitled to a monthly benefit of the number of years of credited service completed, multiplied by eight dollars ($8).

Point System

In order to qualify for benefits, points are credited to each volunteer as follows:

1) One (1) point is credited for each hour of attendance in a recognized training course, provided that not more than twenty (20) points may be credited for all training courses attended per year.
2) One (1) point is credited for each company or county drill that is a minimum of two (2) hours in duration attended in its entirety, provided that not more than twenty-five (25) points may be credited for all drills attended per year.

8. RETIREMENT PLANS (continued)

Volunteer Fire Departments, Rescue Squads and Advanced Life Support Unit (continued)

Point System (continued)

3) One (1) point is credited for each official company or county meeting pertaining to St. Mary's County fire services or rescue services attended, provided that not more than fifteen (15) points may be credited for all meetings attended per year.
4) One (1) point is credited for each call to which a volunteer responds, provided that not more than forty (40) points may be credited for all calls responded to per year.
5) Twenty-five (25) points are credited for completion of a one-year term as an appointed or elected officer in any of the fire or rescue service organizations of the County, provided that not more than one (1) office shall be counted in any calendar year.
6) One-half (1/2) of a point is credited for each hour of acceptable collateral duties, such as but not limited to apparatus and building maintenance, official standby and fire prevention, provided that not more than twenty-five (25) points may be credited for all collateral duties performed per year.
7) A volunteer member who serves or has served full-time military service in the armed forces of the United States receives credit at the rate of five (5) points for each month served, provided that not more than fifty (50) points can be credited for any calendar year. A maximum of four (4) years of creditable service may be acquired in this manner. The volunteer member must have been an active member for one (1) year prior to enlistment. The volunteer member must be reinstated within six (6) months after discharge.

This length of service program is funded by the County Commissioners by annual appropriations. The total contribution for the fiscal year ended June 30, 2024 was approximately $3.3 million.

The Commissioners assign the authority to establish and amend the benefit provisions of the Plan.

Net Pension Liability of the County

The components of the net pension liability of the LOSAP plan at June 30, 2024 were as follows:

Total pension liability	$ 25,118,997
Less: Plan fiduciary net position	17,092,488
County's net pension liability	$ 8,026,509
Plan fiduciary net position as a percentage of the total pension liability	68.05%

8. RETIREMENT PLANS (continued)

Volunteer Fire Departments, Rescue Squads and Advanced Life Support Unit (continued)

Actuarial Assumptions

The total pension liability was determined by an actuarial valuation as of June 30, 2023 rolled forward to June 30, 2024 using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50%
Salary increases	Not applicable
Investment rate of return	6.50%, net of investment expense and including inflation
Mortality	PUB-2010S Public Safety Mortality table with generational projection scale MP-2021

The above is a summary of key actuarial assumptions. Full descriptions of the actuarial assumptions are available in the June 30, 2023 actuarial valuation report.

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

The following presents the plan's net position liability, calculated using a single discount rate of 6.00% as well as what the plan's net pension liability would be if it were calculated using a single discount rate that is one (1) percentage point lower or one (1) percentage point higher.

	1% Decrease 5.50%	Current Discount Rate 6.50%	1% Increase 7.50%
LOSAP Plan net pension liability	$ 11,154,532	$ 8,026,509	$ 5,244,877

Asset Allocation

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

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 by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

8. RETIREMENT PLANS (continued)

Volunteer Fire Departments, Rescue Squads and Advanced Life Support Unit (continued)

Asset Allocation (continued)

Asset Class	Allocation
Domestic equity	38.2%
International equity	20.5%
Fixed income	22.4%
Hedge funds	8.7%
Private equity	2.4%
Real assets	2.6%
Cash equivalents	5.2%
Total	100%

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

As of June 30, 2024, the LOSAP plan reported a net pension liability of $8,026,509. The net pension liability was measured as of June 30, 2023 and the total pension liability used to calculate the new pension liability was determined by an actuarial valuation as of that date and rolled forward to June 30, 2024.

For the year ended June 30, 2024, the LOSAP plan recognized pension expense of $1,357,024 and reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ 352,446	$ 2,386,355
Changes in assumptions	199,470	1,455,499
Net difference between projected and actual earnings on pension plan investments	-	229,416
Total	$ 551,916	$ 4,071,270

8. RETIREMENT PLANS (continued)

Volunteer Fire Departments, Rescue Squads and Advanced Life Support Unit (continued)

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

The deferred outflows and deferred inflows will be amortized in the following fiscal years as follows:

Years Ending June 30,	Amount
2025	$ (525,436)
2026	(339,025)
2027	(676,248)
2028	(397,053)
2029	(395,397)
Thereafter	(1,186,195)
Total	$ (3,519,354)

Component Units

The component units are covered under the same State retirement plan as the County.

St. Mary's County Public Schools

Contribution rates for employer and other non-employer contributing entities (including the State of Maryland) are established by annual actuarial valuations using the individual entry age normal cost method. The method produces an employer contribution rate consisting of (1) an amount for normal cost (the estimated amount necessary to finance benefits earned by employees during the current service year), and (2) the amount for amortization of the unfunded actuarial accrued liability. The School System made required contributions totaling $8,729,086 or 5.389% of current covered payroll, and the State of Maryland made contributions on behalf of the School System totaling $12,628,230 or 7.80% of current covered payroll for fiscal year 2024. The contributions made by the State of Maryland on behalf of the School System were recognized as both revenue and expenditures in the General Fund as required by the GASB Codification.

8. RETIREMENT PLANS (continued)

Component Units (continued)

St. Mary's County Public Schools (continued)

As of June 30, 2024, the School System reported a liability of $17,521,533 of the SRPS total liability of $23,030,311,000. As of June 30, 2024, the School System's proportionate share of the SRPS was 0.076%, an increase of 0.001% from the prior year.

St. Mary's County Library

The Library provides pension contributions for normal cost and accrued actuarial liability. For the year ended June 30, 2024, the Library's total payroll and payroll for covered employees was $2,987,506.

For fiscal year 2024, the state contributed $348,591 to the State Retirement and Pension System on behalf of the Library. In accordance with GASB Statement No. 24, the state's contribution amount has been shown as state aid revenue and pension expenditure. The state's contribution amounted to approximately 11.91% of covered payroll.

St. Mary's Metropolitan Commission

Retirement and Pension Plan

MetCom's contribution to the System was $778,190 for the year ended June 30, 2024.

As of June 30, 2024, MetCom reported a liability of $6,286,519 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. MetCom's proportion of the net pension liability was based on MetCom's share of contributions to the pension plan relative to the contribution of all participating employers. As of June 30, 2024, MetCom's proportion was 0.027%.

Nationwide Retirement Solutions

On March 18, 2004, MetCom adopted a Section 457 plan. Under the terms of the plan, employees may contribute up to 100% of their salary, up to the contribution limits, to the plan. No employer contributions are made to this plan.

9. INTERFUND BALANCES

Individual fund interfund receivable and payable balances are composed of the following as of June 30, 2024:

Primary Government	Due From	Due To
General Fund		
Fire & Rescue Revolving Loan Fund	$ -	$ 3,259,314
Special Assessments	-	595,948
Emergency Services Support Fund	-	345,899
Emergency Services Billing Fund	-	2,643,553
Capital Projects Fund	-	61,986,122
Enterprise Funds	1,694,391	358,152
Special Revenue Funds		
General Fund	6,248,766	-
Special Assessments		
General Fund	595,948	-
Capital Projects Fund		
General Fund	61,986,122	-
Enterprise Funds		
General Fund	358,152	1,694,391
Total due from/due to	$ 70,883,379	$ 70,883,379

Individual fund transfers in and out are composed of the following for the year ended June 30, 2024:

	Transfers in:				
	Emergency Services Support Fund	Emergency Services Billing Fund	Capital Projects Fund	Enterprise Funds	Total
Transfers out:					
General Fund	$ -	$ -	$ 8,317,523	$ 414,000	$ 8,731,523

10. COMMITMENTS AND CONTINGENCIES

Primary Government

There are several pending lawsuits in which the County is involved. The County attorney estimates that the potential claims against the County not covered by insurance resulting from such litigation would not materially affect the financial statements of the County.

The County participates in a number of Federally assisted grant programs, principal of which are the Departments of Education, Health and Human Services and Health and Mental Hygiene grant programs. These programs are subject to program compliance audits by the grantors or their representatives. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time, although the County expects such amounts, if any, to be immaterial.

Component Units

St. Mary's County Public Schools

Legal Proceedings: 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.

School Construction: As of June 30, 2024, the School System had entered into various school construction commitments which are not reflected in the statement of net position or balance sheet - governmental funds. They will be funded by the State of Maryland or County bond issues, totaling approximately $29,979,838.

Grant Program: The School System participates in a number of state and Federally assisted grant programs which are subject to financial and compliance audits by the grantors or their representatives. Such Federal programs were audited in accordance with Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards for the current year. The amount of expenditures which may be disallowed by the granting agencies cannot be determined at this time, although the School System expects such amounts, if any, to be immaterial.

10. COMMITMENTS AND CONTINGENCIES (continued)

Component Units (continued)

St. Mary's County Public Schools (continued)

Health Insurance: The School System is under a modified retrospective billing arrangement with a commercial insurance carrier to provide group health coverage. Under this arrangement, the insurance carrier assesses an initial charge paid by the School System through monthly premiums. At the end of the coverage period, there is a settlement of the difference between the billed premium and the actual claims and expenses. If there is a deficit, the School System is required to pay the callable margin, which is calculated as 5% of total premiums billed during the current period. Any remaining deficit amount is carried-forward to the next billing period, to be offset by any future surplus. If the actual claims and expenses are less than the billed premium, the School System would be entitled to a refund. For the year ended June 30, 2024, no refund was due.

St. Mary's County Library

Grant Audit

The Library receives Federal funds, which are passed through the State of Maryland to the Library for specific purposes. The grants are subject to review and audit by the Maryland State Department of Education. Such audits could result in a request for reimbursement by the state for expenditures disallowed under the terms and conditions of the granting agency. In the opinion of the Library's management, such disallowances, if any, will not be significant.

Support

The Library receives a substantial amount of its support from intergovernmental sources. A significant reduction in the level of this support, were this to occur, might have an effect on the Library's programs and activities.

11. OTHER POST EMPLOYMENT BENEFITS

Primary Government

Plan Description

The County provides health, prescription and vision care insurance benefits to eligible retirees and their eligible dependents and life insurance for retirees only. Eligible persons include employees, former employees, or beneficiaries who are receiving pensions, and meet the eligibility requirements of the Maryland State Retirement and Pension System and the St. Mary's County Sheriff's Department Retirement Plan. The County pays a percentage of premiums based on years of service.

11. OTHER POST EMPLOYMENT BENEFITS (continued)

Primary Government (continued)

Plan Description (continued)

For employees retiring prior to July 1, 2010, the percentage ranges from 26.6% with five years of service to 85% with 16 or more years of service. The percentages for employees retiring on or after July 1, 2010 range from 21.25% with 10 years of service to 85% with 25 years of service. There is no statutory or contractual requirement to provide these benefits, and they may be changed or modified by the Board of County Commissioners.

The OPEB plan is administered through the single-employer Retiree Benefit Trust of St. Mary's County, Maryland (the Trust) has an irrevocable trust. Assets of the trust are dedicated to providing post-retirement health, prescription, dental and vision coverage to current and eligible future retirees. The Trust's financial statements are prepared using the accrual basis of accounting. Contributions are recognized in the period in which the contributions are due. Benefits are recognized when due and payable. The Trust assets are invested in stocks, real estate, and limited partnership equities included in the investment policy statement.

As of June 30, 2024, membership consisted of:

Retirees and beneficiaries currently receiving benefits	323
Active plan members	543

The Trustees determine how much is contributed to the OPEB Trust as part of the budget process. The County's annual other post-employment benefit (OPEB) cost (expense) is calculated based on the actuarially determined contribution (ADC) of the employer, an amount actuarially determined in accordance with the parameters of the GASB codification. The ADC represents a level of funding that if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded liabilities (or funding excess) over a period of thirty years. The current ADC is $3,473,000. The County did not contribute to the OPEB Trust during the year ended June 30, 2024.

Investments

The County's investment authority is established in the Investment Policy for the Retiree Benefit Trust of St. Mary's County, Maryland. The investment allocation of the Trust, per the policy, is as follows:

11. OTHER POST EMPLOYMENT BENEFITS (continued)

Primary Government (continued)

Investments (continued)

	Lower Limit	Strategic Allocation	Upper Limit
Domestic Large Cap Equities	12%	22%	32%
Domestic Small/Mid Cap Equities	5%	9%	14%
Real Estate Equities	4%	8%	12%
International Equities	7%	10%	13%
Emerging Market Equities	0%	5%	7%
Domestic Fixed Income	16%	22%	36%
TIPS	0%	5%	7%
High Yield Fixed Income	0%	5%	7%
Real Estate Alternatives	0%	6%	6%
Private Equity	0%	12%	12%
Cash Equivalents	0%	0%	10%

For the year ended June 30, 2024, the annual money weighted rate of return of the OPEB Trust was 29.50%.

Net OPEB Liability of the County

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

Total OPEB liability	$ 139,581,224
Less: Plan fiduciary net position	121,199,109
County's net OPEB liability (asset)	$ 18,382,115
Plan fiduciary net position as a percentage of the total OPEB liability	86.83%

Actuarial Assumptions

The total OPEB liability as determined by an actuarial valuation as of July 1, 2022 rolled forward to June 30, 2024 using the following actuarial assumptions, applied to all periods included in the measurement unless otherwise specified:

Actuarial cost method	Projected Unit Credit
Amortization method	Level percent of payroll
Remaining amortization period	14 for FYE 2024
Asset valuation method	Market Value Assets
Investment rate of return	6.50%
Payroll growth rate	3.50%
Inflation	2.50%
Healthcare cost trend rate	5.8% trending to 4.0% (pre-Medicare) and 3.9% (post-Medicare)
Discount Rate	6.50%

11. OTHER POST EMPLOYMENT BENEFITS (continued)

Primary Government (continued)

Actuarial Assumptions (continued)

The sensitivity of the net OPEB liability to a 1% change in the projected healthcare cost trend rate and discount rate is as follows:

	1% Decrease 5.50%	Current Discount Rate 6.50%	1% Increase 7.50%
Net OPEB liability (asset)	$ 39,628,046	$ 18,382,115	$ 1,242,313

	1% Decrease 2.94%	Medical Trend 3.94%	1% Increase 4.94%
Net OPEB liability (asset)	$ (2,418,339)	$ 18,382,115	$ 44,805,194

For the year ended June 30, 2024, the County recognized OPEB expense of $2,746,740. As of June 30, 2024, the County reported deferred outflows of resources and deferred inflows of resources as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between actual and expected experience	$ 6,063,655	$ 1,639,913
Changes in assumptions	14,590,025	5,625,958
Net difference between projected and actual earnings on OPEB plan investments	-	2,117,957
Total	$ 20,653,680	$ 9,383,828

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

Years Ending June 30,	Amount
2025	$ (519,871)
2026	4,202,174
2027	2,201,566
2028	1,359,717
2029	2,266,919
Thereafter	1,759,347
Total	$ 11,269,852

11. OTHER POST EMPLOYMENT BENEFITS (continued)

Component Units

St. Mary's County Public Schools

The School System provides post-employment health care and life insurance benefits (OPEB Plan) to employees, former employees, or beneficiaries who meet retirement eligibility requirements of the pension plans. Effective July 1, 2007, by terms of a negotiated contract with employee associations, the School System partially supports the group insurance plan for retired employees who have been employed by the School System for ten or more years. These negotiated agreements provide that the School System will contribute from 45% to 65% of a retirees' group health insurance premium for years of experience ranging from 10 years to 30 or more years, respectively. In addition, the School System pays 100% of life insurance premiums based upon 50% of final salary coverage.

As of June 1, 2024, the date of the last actuarial valuation, approximately 1,203 retirees were receiving benefits, and 1,638 active employees are potentially eligible to receive future benefits.

The School System contributes the pay as you go portion, along with an annually budgeted prefunding amount of the annual determined contribution (ADC) of the employer, an amount actuarially determined in accordance with the parameters of the GASB Codification. The ADC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed 30 years. The current ADC rate is 8.44% of annual covered payroll. The School System contributed $13,675,369 for the year ended June 30, 2024, consisting of contributions towards current healthcare and life insurance premiums accounted for in the general fund with $4,000,000 in additional contributions during the current year to prefund future benefits to the retirement benefit trust fund.

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

Total OPEB liability	$ 393,476,445
Less: Plan fiduciary net position	(77,751,285)
School System's net OPEB liability	$ 315,725,160
Plan fiduciary net position as a percentage of the total OPEB liability	19.76%

Actuarial Assumptions

The total OPEB liability was determined by an actuarial valuation as of July 1, 2022, using the following actuarial assumptions below, applied to all periods included in the measurement, unless otherwise specified. Actuarial assumptions used in the latest actuarial valuation were:

11. OTHER POST EMPLOYMENT BENEFITS (continued)

Component Units (continued)

St. Mary's County Public Schools (continued)

Actuarial Assumptions (continued)

Actuarial cost method	Entry age normal
Inflation	2.50%
Salary increase	3.50%
Investment rate of return	7.00%
Discount rate	5.16%
Healthcare cost trend rate	7.50%, ultimate trend rate
Mortality	Pub-2010, MP 2021

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return, expected returns, net of investment expense and inflation are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for the MABE Trust as of June 30, 2024 was 7.80%.

Discount rate. The discount rate used to measure the total OPEB liability was 5.16 percent, based on a 20-year municipal bond rate average of AA/Aa or higher. The projection of cash flow used to determine the discount rate assumed that the School System contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

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

The following presents the net OPEB liability of the School System, as well as what the School System's net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (4.16%) or 1-percentage-point higher (6.16%) than the current discount rate:

11. OTHER POST EMPLOYMENT BENEFITS (continued)

Component Units (continued)

St. Mary's County Public Schools (continued)

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate (continued)

	1% Decrease 4.16%	Discount Rate 5.16%	1% Increase 6.16%
Net OPEB liability	$ 384,027,004	$ 315,725,160	$ 261,139,714

	1% Decrease 2.94%	Healthcare Cost Trend Rates 3.94%	1% Increase 4.94%
Net OPEB liability	$ 253,591,038	$ 315,725,160	$ 396,527,470

OPEB expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB. For the year ended June 30, 2024, the School System recognized OPEB expense of $7,430,551. As of June 30, 2024, the Board reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in experience	$ 63,063,962	$ 10,438,573
Changes in assumptions	42,515,318	180,910,269
Projected and actual earnings	2,929,779	-
Total	$ 108,509,059	$ 191,348,842

Amounts reported as deferred outflows of resources and deferred inflows of resources to OPEB will be recognized in OPEB expense as follows:

Years Ending June 30,	Amount
2025	$ (17,850,578)
2026	(16,075,442)
2027	(18,682,041)
2028	(19,414,011)
2029	(9,403,253)
Thereafter	(1,414,458)
Total	$ (82,839,783)

Detailed OPEB plan information for the School System is available in their current year audited financial statements.

11. OTHER POST EMPLOYMENT BENEFITS (continued)

Component Units (continued)

St. Mary's County Library

Plan Description

The Library provides health, prescription and vision care insurance benefits to eligible retirees, retirees' family members and the family members of deceased employees. Eligible persons include employees with a minimum of five years of eligible Library service entering an immediate retirement, family members of retirees and family members of deceased employees. The Library pays a percentage of premiums based on the date of hire and number of years of service. For employees retiring prior to July 1, 2010, or hired before July 1, 1991, regardless of retirement date, the percentage ranges from 26.6% with five years of service to 85% with 16 or more years of service. The percentages for employees retiring on or after July 1, 2010 range from 21.25% with 10 years of service to 85% with 25 years of service. There is no statutory or contractual requirement to provide these benefits, and they may be changed or modified by The Library Board of Trustees.

The Library's OPEB plan is administered through the single-employer Retiree Benefit Trust of St. Mary's County Library as an irrevocable trust. Assets of the trust are dedicated to providing post-retirement health, prescription, and vision coverage to current and eligible future retirees. The Trust's financial statements are prepared using the accrual basis of accounting. Contributions are recognized in the period in which the contributions are due. Benefits are recognized when due and payable. The Trust assets are invested with the Maryland Association of Counties (MACo) OPEB Trust. The OPEB Trust does not issue a stand-alone financial report. The Library Board of Trustees receive quarterly and annual reports from the firm Asset Strategy to monitor the performance of investments.

Membership of the OPEB Plan enrolled in coverage as of June 30 consisted of:

Retirees and beneficiaries currently receiving benefits	10
Active plan members	44

Investments

The Library's investment authority is established in the Retiree Benefit Trust of St. Mary's County Library. For the year ended June 30, 2024, the annual money weighted rate of return of the OPEB Trust was 10.86%.

11. OTHER POST EMPLOYMENT BENEFITS (continued)

Component Units (continued)

St. Mary's County Library (continued)

Investments (continued)

The components of the net OPEB liability of the Library as of June 30, 2024 was:

Total OPEB liability	$	4,187,523
Less: Plan fiduciary net position		1,463,235
Library's net OPEB liability	$	2,724,288
Plan fiduciary net position as a percentage of the total OPEB liability		34.94%

Actuarial Assumptions

The total OPEB liability as determined by an actuarial valuation as of June 30, 2024 rolled forward to June 30, 2024, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Actuarial cost method	Projected unit credit
Inflation	2.50%
Investment rate of return	6.00%
Discount Rate	5.60% trending to 3.94%
Healthcare cost trend rate	4.51%

The long-term nominal expected rate of return on OPEB plan investments of 6% was determined using a building block method where return expectations are established for each asset class. The building block approach uses the current underlying fundamentals, not historical returns. Spread and the risk-free rate are used for fixed income; and dividends, earnings growth and valuation are used for equity. These return expectations are weighted based on asset/target amounts.

The discount rate used to measure the total OPEB liability was 4.51% as of June 30, 2024. The projection of cash flow used to determine the discount rate assumed that the Library's contributions will be made at rates equal to current contributions levels.

The sensitivity of the net OPEB liability to a 1% change in the projected healthcare cost trend rate and discount rate is as follows:

11. OTHER POST EMPLOYMENT BENEFITS (continued)

Component Units (continued)

St. Mary's County Library (continued)

Actuarial Assumptions (continued)

	1% Decrease 2.92%	Medical Trend 3.92%	1% Increase 4.92%
Net OPEB liability	$ 2,002,605	$ 2,724,288	$ 2,063,529

	1% Decrease 3.51%	Discount Rate 4.51%	1% Increase 5.51%
Net OPEB liability	$ 3,574,745	$ 2,724,288	$ 2,063,529

For the year ended June 30, 2024, the Library recognized OPEB expense of $277,904. As of June 30, 2024, the Library reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between actual and expected experience	$ 1,128,245	$ 323,683
Changes in assumptions	699,917	1,035,917
Net difference between projected and actual earnings on pension plan investments	-	26,973
Total	$ 1,828,162	$ 1,386,573

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

Years Ending June 30,	Amount
2025	$ 107,909
2026	187,573
2027	126,589
2028	(91,052)
2029	(122,424)
Thereafter	232,994
Total	$ 441,589

11. OTHER POST EMPLOYMENT BENEFITS (continued)

Component Units (continued)

St. Mary's Metropolitan Commission

Plan Description

MetCom provides health, prescription, dental and vision care insurance benefits to eligible retirees, eligible retirees' family members and the family members of deceased employees as a single-employer plan. Eligible persons include employees with a minimum of ten years of eligible MetCom service entering an immediate retirement, family members of eligible retirees and family members of deceased employees. MetCom pays a percentage of premiums based on the date of hire and number of years of service. For employees hired prior to May 10, 2007, the percentage ranges from 53.13% with ten years of service to 85% with 16 or more years of service. The percentages for employees hired on or after May 10, 2007 range from 21.25% with 15 years of service to 85% with 30 years of service. There is no statutory or contractual requirement to provide these benefits, and they may be changed or modified by MetCom's Board of Commissioners.

MetCom's OPEB plan is administered through the single-employer Retiree Benefit Trust of St. Mary's County Metropolitan Commission as an irrevocable trust. Assets of the trust are dedicated to providing post-retirement health, prescription, dental and vision coverage to current and eligible future retirees. The Trust's financial statements are prepared using the accrual basis of accounting. Contributions are recognized in the period in which the contributions are due. Benefits are recognized when due and payable. The Trust assets are invested with the MLGIP and the Maryland Association of Counties (MACo) OPEB Trust. The OPEB Trust does not issue a stand-alone financial report.

As of June 30, 2024, membership consisted of:

Retirees and beneficiaries currently receiving benefits	19
Active plan members	80
	99

Investments

MetCom's investment authority is established in the Retiree Benefit Trust of St. Mary's County Metropolitan Commission. For the year ended June 30, 2024, the annual money weighted rate of return of the OPEB Trust was 11.7%.

11. OTHER POST EMPLOYMENT BENEFITS (continued)

Component Units (continued)

St. Mary's Metropolitan Commission (continued)

Actuarial Assumptions

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

Total OPEB liability	$ 11,089,112
Less: Plan fiduciary net position	10,132,810
Net OPEB liability	$ 956,302
Plan fiduciary net position as a percentage of the total OPEB liability	91.38%

The total OPEB liability was determined by an actuarial valuation as of June 30, 2024, rolled forward to June 30, 2024 using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Actuarial cost method	Projected unit credit
Inflation	2.50%
Salary increases	3.00%
Investment rate of return	6.50%
Healthcare cost trend rate	The trend for 2023 is 5.8%. The ultimate trend is 3.94%.
Discount rate	6.68%

The long-term nominal expected rate of return on OPEB plan investments of 6.68% was determined using a building block method where return expectations are established for each asset class. The building block approach uses the current underlying fundamentals, not historical returns. Spread and the risk-free rate are used for fixed income; and dividends, earnings growth and valuation are used for equity. These return expectations are weighted based on asset/target amounts.

The discount rate used to measure the total OPEB liability was 6.68% as of June 30, 2024. The projection of cash flow used to determine the discount rate assumed that the MetCom's contributions will be made at rates equal to current contributions levels.

The sensitivity of the net OPEB liability to a 1% change in the projected healthcare cost trend rate and discount rate is as follows:

11. OTHER POST EMPLOYMENT BENEFITS (continued)

Component Units (continued)

St. Mary's Metropolitan Commission (continued)

Actuarial Assumptions (continued)

	1% Decrease 2.94%	Medical Trend 3.94%	1% Increase 4.94%
Net OPEB liability	$ (746,760)	$ 956,302	$ 3,131,137

	1% Decrease 5.68%	Discount Rate 6.68%	1% Increase 7.68%
Net OPEB liability	$ 2,790,401	$ 956,302	$ (503,034)

For the year ended June 30, 2024, MetCom recognized OPEB expense of $459,942. As of June 30, 2024, MetCom reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 485,520	$ 626,363
Changes of assumptions	-	938,911
Net difference between projected and actual earnings on OPEB plan Investments	45,811	-
	$ 531,331	$ 1,565,274

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

Years Ending June 30,	Amount
2025	$ (166,146)
2026	64,751
2027	(283,370)
2028	(234,225)
2029	(139,403)
Thereafter	(275,550)
Total	$ (1,033,943)

12. LANDFILL CLOSURE AND POSTCLOSURE COSTS

State and Federal laws and regulations require the County to place a final cover on landfill sites when the site stops accepting waste and to perform certain maintenance and monitoring functions at the site for thirty years after closure. Although closure and post-closure care costs will be paid only near or after the date that the landfill stops accepting waste, the County reports a portion of these closure and post-closure care costs as an operating expense in each period based on landfill capacity used as of each balance sheet date. The $2,597,000 reported as landfill closure and post-closure care liability at June 30, 2024 represents the cumulative amount reported to date. Actual costs may be higher due to inflation, changes in technology or changes in regulations.

Estimated closure and post-closure costs were taken from a 1990 Cost Analysis for cell numbers three and five, and from current contract commitments for closure for cell numbers one, two and four. A 3% inflation factor was assumed. Post-closure costs are budgeted and paid annually.

13. RISK MANAGEMENT

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 related disasters. The County is a member of the Local Government Insurance Trust (LGIT) sponsored by the Maryland Municipal League (MML) and the Maryland Association of Counties. The LGIT is a self-insured public entity risk pool offering general liability, excess liability, business auto liability, police legal liability, public official liability and property coverage.

LGIT is capitalized at an actuarially determined level to provide financial stability for its local government members and to reduce the possibility of assessment. The trust is owned by the participating counties and cities and managed by a Board of Trustees elected by the members.

Annual premiums are assessed for the various policy coverages. The agreement for the formation of LGIT provides that the trust will be self-sustaining through member premiums and will reinsure through commercial companies for claims in excess of $1,000,000 for each insured event. Settled claims resulting from these risks have not exceeded commercial insurance coverage in the past fiscal year.

14. SELF-INSURANCE

The County self-insures its worker's compensation costs and liabilities. The County establishes funding of claim liabilities as they occur. This funding level includes provisions for legal, medical and lost wages expenses which are all classified as incremental claim adjustment expenses.

Unpaid claims in the self-insurance funds include liabilities for unpaid claims based upon individual case estimates for claims reported as of June 30, 2024. The unpaid claims also include liabilities for incurred but not reported (IBNR) claims as of June 30, 2024.

REQUIRED SUPPLEMENTARY INFORMATION

COMMISSIONERS OF ST. MARY'S COUNTY

Schedule Schedule of County's Proportionate Share of the Net Pension Liability of the Maryland State Retirement and Pension System
June 30, 2024

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
County's proportion of the System net pension liability (asset)	0.15%	0.14%	0.14%	0.10%	0.10%	0.10%	0.10%	0.10%	0.05%	0.09%
County's proportionate share of the System net pension liability	$ 34,194,220	$ 28,140,646	$ 19,999,186	$ 25,828,781	$ 21,900,552	$ 21,827,060	$ 21,380,865	$ 23,903,575	$ 21,747,150	$ 16,643,117
Total	$ 34,194,220	$ 28,140,646	$ 19,999,186	$ 25,828,781	$ 21,900,552	$ 21,827,060	$ 21,380,865	$ 23,903,575	$ 21,747,150	$ 16,643,117
County's covered-employee payroll	$ 41,917,473	$ 39,282,417	$ 32,849,075	$ 30,017,844	$ 24,077,933	$ 24,077,933	$ 23,960,863	$ 22,117,812	$ 20,945,112	$ 20,945,112
County's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	81.58%	71.64%	60.88%	86.04%	90.96%	90.65%	89.23%	108.07%	103.83%	79.46%
Plan fiduciary net position as a percentage of the total pension liability	76.27%	76.27%	81.94%	72.34%	72.34%	71.18%	69.38%	65.79%	68.78%	71.87%

COMMISSIONERS OF ST. MARY'S COUNTY

Schedule of Contributions and Related Ratios of the Net Pension Liability of the Maryland State Retirement and Pension System
June 30, 2024

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Contractually required contribution	$ 3,621,179	$ 3,209,905	$ 2,937,461	$ 2,903,407	$ 2,074,428	$ 2,180,432	$ 2,050,819	$ 2,012,485	$ 1,973,642	$ 2,205,647
Contributions in relation to the contractually required contribution	(3,621,179)	(3,209,905)	(2,937,461)	(2,903,407)	(2,074,428)	(2,180,432)	(2,050,819)	(2,012,485)	(1,973,642)	(2,205,647)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
County's covered-employee payroll	$ 41,917,473	$ 39,282,417	$ 32,849,075	$ 30,017,844	$ 24,077,933	$ 24,077,933	$ 23,960,863	$ 22,117,812	$ 20,945,112	$ 20,945,112
Contributions as a percentage of covered-employee payroll	8.64%	8.17%	8.94%	9.67%	8.62%	9.06%	8.56%	9.10%	9.42%	10.53%

COMMISSIONERS OF ST. MARY'S COUNTY

Schedule of Changes in Net Pension Liability and Related Ratios – Sheriff's Office Retirement Plan
June 30, 2024 (Amounts in 000's)

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Total pension liability:										
Service cost	$ 5,722	$ 5,556	$ 4,979	$ 4,834	$ 3,944	$ 3,829	$ 4,129	$ 3,979	$ 3,826	$ 3,687
Interest	13,363	11,929	10,889	10,153	9,532	9,180	8,576	7,867	7,317	6,564
Differences between expected and actual experience	-	9,244	-	1,486	-	(8,105)	-	626	-	-
Changes of assumptions	-	-	-	-	-	4,551	-	1,308	-	3,445
Benefit payments, including refunds of member contributions	(7,524)	(6,709)	(7,604)	(5,034)	(4,775)	(4,430)	(4,324)	(3,672)	(3,436)	(3,193)
Net change in total pension liability	11,561	20,020	8,264	11,439	8,701	5,025	8,381	10,108	7,707	10,503
Total pension liability – beginning	182,285	162,265	154,001	142,562	133,861	128,836	120,455	110,347	102,640	92,137
Total pension liability – ending (a)	$ 193,846	$ 182,285	$ 162,265	$ 154,001	$ 142,562	$ 133,861	$ 128,836	$ 120,455	$ 110,347	$ 102,640
Plan fiduciary net position:										
Contributions – employer	$ 8,607	$ 7,271	$ 7,004	$ 6,926	$ 6,071	$ 5,644	$ 5,147	$ 5,149	$ 4,816	$ 5,197
Contributions – member	1,753	1,510	1,156	1,383	1,181	1,103	1,055	1,085	1,011	945
Net investment income	16,629	11,281	(11,681)	28,260	5,126	3,434	5,661	7,724	(1,803)	(465)
Benefit payments, including refunds of member contributions	(7,524)	(6,709)	(7,604)	(5,034)	(4,775)	(4,430)	(4,324)	(3,672)	(3,436)	(3,193)
Administrative expense	(217)	(210)	(114)	(138)	(40)	(162)	(114)	(93)	(122)	(79)
Net change in plan fiduciary net position	19,248	13,143	(11,238)	31,398	7,564	5,589	7,425	10,193	466	2,405
Plan fiduciary net position – beginning	132,149	119,006	130,244	98,846	91,282	85,693	78,268	68,075	67,609	65,204
Plan fiduciary net position – ending (b)	$ 151,397	$ 132,149	$ 119,006	$ 130,244	$ 98,846	$ 91,282	$ 85,693	$ 78,268	$ 68,075	$ 67,609
County's net pension liability – ending (a) – (b)	$ 42,449	$ 50,136	$ 43,259	$ 23,757	$ 43,716	$ 42,579	$ 43,143	$ 42,187	$ 42,272	$ 35,031
Plan fiduciary net position as a percentage of the total pension liability	78.10%	72.50%	73.34%	84.57%	69.34%	68.19%	66.51%	64.98%	61.69%	
Covered employee payroll	$ 20,381	$ 18,929	$ 17,960	$ 17,357	$ 15,216	$ 14,216	$ 12,965	$ 13,981	$ 12,740	$ 12,774
County's net pension liability as a percentage of covered employee payroll	208.28%	264.86%	240.86%	136.87%	287.30%	299.51%	332.77%	301.75%	331.81%	274.24%

COMMISSIONERS OF ST. MARY'S COUNTY

Schedule of Contributions – Sheriff's Office Retirement Plan
June 30, 2024 (Amounts in 000's)

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Actuarially determined contribution	$ 8,607	$ 7,271	$ 7,004	$ 6,926	$ 6,071	$ 5,644	$ 5,147	$ 5,149	$ 4,816	$ 5,197
Less: contributions related to the actuarially determined contribution	8,607	7,271	7,004	6,926	6,071	5,644	5,147	5,149	4,816	5,197
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Covered employee payroll	$ 20,381	$ 18,929	$ 17,960	$ 17,357	$ 15,216	$ 14,216	$ 12,965	$ 13,981	$ 12,740	$ 12,774
Contributions as a percentage of covered employee payroll	42.23%	38.41%	39.00%	39.90%	39.90%	39.70%	39.70%	36.83%	37.80%	40.68%

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

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry Age Normal
Amortization method	Level Percentage of Payroll over (closed)
Remaining amortization period	Varies, 16 - 20 years
Asset valuation method	5-year smoothed market
Inflation	2.5 percent
Salary increases	Rates vary by participant service
Investment rate of return	7.25 percent, net of pension plan investment expense, including inflation
Retirement age	Rates vary by participant age and service
Mortality	RP-2014 Combined Healthy tables with Blue Collar adjustment and generational projection by Scale MP-2016

COMMISSIONERS OF ST. MARY'S COUNTY

Schedule of Changes in Net Pension Liability and Related Ratios – Length of Service Award Program (LOSAP)
June 30, 2024 (Amounts in 000's)

	2024	2023	2022	2021	2020	2019	2018
Total pension liability:							
Service cost	$ 366	$ 613	$ 572	$ 497	$ 482	$ 608	$ 608
Interest	1,623	1,588	1,446	1,402	1,457	1,400	1,355
Changes in benefit terms	767	-	-	-	-	-	-
Differences between expected and actual experience	(1,950)	-	617	-	(1,741)	-	-
Changes of assumptions	(1,608)	-	349	-	-	-	(206)
Benefit payments, including refunds of member contributions	(1,490)	(1,271)	(1,192)	(1,149)	(1,097)	(1,015)	(964)
Net change in total pension liability	(2,292)	930	1,792	750	(899)	993	793
Total pension liability – beginning	27,412	26,482	24,690	23,940	24,839	23,846	23,053
Total pension liability – ending (a)	$ 25,120	$ 27,412	$ 26,482	$ 24,690	$ 23,940	$ 24,839	$ 23,846
Plan fiduciary net position:							
Contributions – employer	$ 3,334	$ 5,871	$ 4,392	$ 2,149	$ 2,097	$ 1,815	$ 1,566
Contributions – member	-	-	-	-	-	-	-
Net investment income	1,643	932	(1,219)	1,081	4	151	19
Benefit payments, including refunds of member contributions	(1,490)	(1,271)	(1,192)	(1,149)	(1,097)	(1,015)	(964)
Administrative expense	(28)	(45)	(27)	(24)	(12)	(22)	(9)
Net change in plan fiduciary net position	3,459	5,487	1,954	2,057	992	929	612
Plan fiduciary net position – beginning	13,635	8,148	6,194	4,137	3,144	2,215	1,603
Plan fiduciary net position – ending (b)	$ 17,094	$ 13,635	$ 8,148	$ 6,194	$ 4,137	$ 3,144	$ 2,215
County's net pension liability – ending (a) – (b)	$ 8,026	$ 13,777	$ 18,334	$ 18,496	$ 19,803	$ 21,695	$ 21,631
Plan fiduciary net position as a percentage of the total pension liability	68.05%	49.74%	30.77%	25.09%	17.28%	12.66%	9.29%
Covered employee payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A
County's net pension liability as a percentage of covered employee payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A

Notes to schedule:

Information prior to 2018 is not available.

COMMISSIONERS OF ST. MARY'S COUNTY

Schedule of Contributions – Length of Service Award Program (LOSAP)
June 30, 2024 (Amounts in 000's)

	2024	2023	2022	2021	2020	2019	2018
Actuarially determined contribution	$ 2,677	$ 2,677	$ 2,482	$ 2,482	$ 2,576	$ 2,576	$ 2,325
Less: contributions related to the actuarially determined contribution	3,334	5,871	4,392	2,149	2,097	1,815	1,566
Contribution deficiency (excess)	$ (657)	$ (3,194)	$ (1,910)	$ 333	$ 479	$ 761	$ 759
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

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

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Traditional Unit Credit
Amortization method	Level payments over closed periods
Remaining amortization period	Remaining periods range from 11 to 20 years
Asset valuation method	Market value
Inflation	2.50 percent
Salary increases	Not applicable
Investment rate of return	6.5 percent, compounded annually, net of expenses
Retirement age	Normal retirement age
Mortality	PUB-2010S Public Safety Mortality table with generational projection scale MP-2021

COMMISSIONERS OF ST. MARY'S COUNTY

Schedule of Changes in Net OPEB Liability and Related Ratios
June 30, 2024 (Amounts in 000's)

	2024	2023	2022	2021	2020	2019	2018	2017
Total OPEB liability:								
Service cost	$ 2,903	$ 2,365	$ 2,285	$ 2,051	$ 2,162	$ 2,083	$ 2,268	$ 2,233
Interest	8,650	8,309	7,711	6,636	6,671	6,311	6,624	6,250
Differences between expected and actual experience	-	(2,094)	(252)	13,902	265	212	(5,530)	183
Changes of assumptions	12,315	5,647	-	(9,191)	(5,904)	-	(6,080)	(1,199)
Benefit payments, including refunds of member contributions	(4,646)	(4,497)	(4,121)	(3,951)	(3,707)	(3,391)	(3,134)	(3,009)
Net change in total OPEB liability	19,222	9,730	5,623	9,447	(513)	5,215	(5,852)	4,458
Total OPEB liability – beginning	120,357	110,627	105,004	95,557	96,070	90,855	96,707	92,249
Total OPEB liability – ending (a)	$ 139,579	$ 120,357	$ 110,627	$ 105,004	$ 95,557	$ 96,070	$ 90,855	$ 96,707
Plan fiduciary net position:								
Contributions – employer	$ -	$ -	$ 4,121	$ 3,951	$ 3,707	$ 3,391	$ 3,134	$ 3,009
Contributions – member	-	-	-	-	-	-	-	-
Net investment income	11,643	6,346	(5,627)	30,069	3,820	6,804	8,360	8,203
Benefit payments, including refunds of member contributions	(4,646)	(4,497)	(4,121)	(3,951)	(3,707)	(3,391)	(3,134)	(3,009)
Administrative expense	(209)	(355)	(327)	(573)	(392)	(575)	(396)	(51)
Net change in plan fiduciary net position	6,788	1,494	(5,954)	29,496	3,428	6,229	7,964	8,152
Plan fiduciary net position – beginning	114,411	112,917	118,871	89,375	85,947	79,718	71,754	63,602
Plan fiduciary net position – ending (b)	$ 121,199	$ 114,411	$ 112,917	$ 118,871	$ 89,375	$ 85,947	$ 79,718	$ 71,754
County's net OPEB liability (asset) – ending (a) – (b)	$ 18,380	$ 5,946	$ (2,290)	$ (13,867)	$ 6,182	$ 10,123	$ 11,137	$ 24,953
Plan fiduciary net position as a percentage of the total OPEB liability	86.83%	95.06%	102.07%	113.21%	93.53%	89.46%	87.74%	74.20%
Covered employee payroll	62,298	58,211	50,809	47,375	43,741	40,075	39,830	39,756
County's net OPEB liability (asset) as a percentage of covered employee payroll	29.50%	10.21%	-4.51%	-29.27%	14.13%	25.26%	27.96%	62.77%

Notes to schedule:

Information prior to 2017 is not available.

COMMISSIONERS OF ST. MARY'S COUNTY

Schedule of Contributions - OPEB
June 30, 2024 (Amounts in 000's)

	2024	2023	2022	2021	2020	2019	2018	2017
Actuarially determined contribution	$ 3,473	$ 6,085	$ 4,062	$ 3,359	$ 3,252	$ 6,097	$ 5,879	$ 5,217
Less: contributions related to the actuarially determined contribution	-	-	4,121	3,951	3,707	3,391	3,134	3,009
Contribution deficiency (excess)	$ 3,473	$ 6,085	$ (59)	$ (592)	$ (455)	$ 2,706	$ 2,745	$ 2,208
Covered employee payroll	$ 58,211	$ 58,211	$ 50,809	$ 47,375	$ 43,741	$ 40,075	$ 39,830	$ 39,756
Contributions as a percentage of covered employee payroll	0.00%	0.00%	8.11%	8.34%	8.47%	8.46%	7.87%	7.57%

Methods and assumptions used to determine contribution rates:

Valuation date	7/1/2022
Actuarial cost method	Projected Unit Credit
Amortization method	Level percent of payroll
Remaining amortization period	14 for FYE 2024
Asset valuation method	Market Value Assets
Investment rate of return	6.00%
Payroll growth rate	3.50%
Inflation	2.30%
Healthcare cost trend rate	5.8% trending to 4.0% (pre-Medicare) and 3.9% (post-Medicare)
Discount rate	7.50%

COMBINING AND INDIVIDUAL FUND STATEMENTS

COMMISSIONERS OF ST. MARY'S COUNTY

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

	Special Assessments	Fire and Rescue Revolving Loan Fund	Emergency Services Support Fund	Emergency Services Billing Fund	Total Non-Major Funds
ASSETS					
Due from other funds	$ 595,948	$ 3,259,314	$ 345,899	$ 2,643,553	$ 6,844,714
Special tax assessments receivable, current portion	60	-	-	-	60
Note receivable, fire and rescue loans, current portion	-	399,521	-	-	399,521
Emergency support services taxes receivable	-	-	52,941	-	52,941
Emergency billing receivable	-	-	-	737,841	737,841
Special tax assessments receivable, net of current portion	512,410	-	-	-	512,410
Note receivable, fire and rescue loans, net of current portion	-	976,016	-	-	976,016
TOTAL ASSETS	$ 1,108,418	$ 4,634,851	$ 398,840	$ 3,381,394	$ 9,523,503
LIABILITIES AND FUND BALANCES					
LIABILITIES					
Accounts payable	$ 8,852	$ -	$ 8,618	$ 53,539	$ 71,009
Unearned revenue	511,964	1,375,539	-	-	1,887,503
Compensation-related liabilities	-	-	48,267	1,406,776	1,455,043
TOTAL LIABILITIES	520,816	1,375,539	56,885	1,460,315	3,413,555
FUND BALANCES					
Committed	587,602	3,259,312	341,955	1,921,079	6,109,948
TOTAL FUND BALANCES	587,602	3,259,312	341,955	1,921,079	6,109,948
TOTAL LIABILITIES AND FUND BALANCES	$ 1,108,418	$ 4,634,851	$ 398,840	$ 3,381,394	$ 9,523,503

COMMISSIONERS OF ST. MARY'S COUNTY

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Non-Major Governmental Funds
For the Year Ended June 30, 204

	Special Assessments	Fire and Rescue Revolving Loan Fund	Emergency Services Support Fund	Emergency Services Billing Fund	Total Non-Major Funds
REVENUE					
Special assessments	$ 65,114	$ -	$ -	$ -	$ 65,114
Emergency services support tax	-	-	3,574,967	-	3,574,967
Other	-	-	1,620,638	6,263,234	7,883,872
TOTAL REVENUE	65,114	-	5,195,605	6,263,234	11,523,953
EXPENDITURES					
Public safety	-	600,000	4,724,753	6,468,444	11,793,197
Debt service	42,369	-	36,381	-	78,750
TOTAL EXPENDITURES	42,369	600,000	4,761,134	6,468,444	11,871,947
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES	22,745	(600,000)	434,471	(205,210)	(347,994)
OTHER FINANCING SOURCES AND USES					
Fire and rescue loan repayments	-	298,168	-	-	298,168
NET CHANGES IN FUND BALANCES	22,745	(301,832)	434,471	(205,210)	(49,826)
FUND BALANCES - BEGINNING OF YEAR	564,857	3,561,144	(92,516)	2,126,289	6,159,774
FUND BALANCES - END OF YEAR	$ 587,602	$ 3,259,312	$ 341,955	$ 1,921,079	$ 6,109,948

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OTHER SUPPLEMENTAL INFORMATION

COMMISSIONERS OF ST. MARY'S COUNTY, MARYLAND

Schedule of Revenues and Other Financings Sources-Budget and Actual
General Fund
For the Year Ended June 30, 2024

	Budgeted Amounts		Actual - Budgetary	Favorable (Unfavorable)
	Original	Final	Basis	Variance
PROPERTY TAXES				
Real property taxes	$ 123,354,012	$ 120,354,012	$ 119,796,212	$ (557,800)
Payments in lieu of taxes	162,808	162,808	270,945	108,137
Personal property	189,695	189,695	119,395	(70,300)
Public utilities	3,915,734	2,915,734	2,901,706	(14,028)
Ordinary business corporations	3,604,210	3,604,210	3,540,177	(64,033)
Additions and abatements	(600,000)	(600,000)	(73,326)	526,674
Penalties and interest	775,000	775,000	917,952	142,952
State homeowners credit (circuit breaker)	900,000	900,000	668,329	(231,671)
Homeowners tax credit (county)	(900,000)	(900,000)	(668,324)	231,676
Other tax credits	(988,000)	(988,000)	(799,904)	188,096
Total property taxes	**130,413,459**	**126,413,459**	**126,673,162**	**259,703**
Income Tax				
Local income tax	**137,829,481**	**137,829,481**	**140,662,284**	**2,832,803**
Other Local Taxes				
Recordation taxes	9,500,000	9,500,000	6,710,821	(2,789,179)
Energy taxes	256,250	256,250	303,328	47,078
Public accommodations tax	1,000,000	1,000,000	1,384,088	384,088
Trailer park tax	350,000	350,000	369,513	19,513
CATV franchise fees	1,050,000	1,050,000	856,667	(193,333)
Admissions and amusement	100,000	100,000	112,762	12,762
Total other local taxes	**12,256,250**	**12,256,250**	**9,737,179**	**(2,519,071)**
State-shared taxes - highway users	2,280,612	2,280,612	2,045,756	(234,856)
TOTAL TAXES	**282,779,802**	**278,779,802**	**279,118,381**	**338,579**
LICENSES AND PERMITS				
Business licenses and permits services	435,000	435,000	314,057	(120,943)
Marriage licenses	8,000	8,000	7,148	(852)
Traders licenses	170,000	170,000	161,457	(8,543)
Other	110,020	110,020	93,600	(16,420)
TOTAL LICENSES AND PERMITS	**723,020**	**723,020**	**576,262**	**(146,758)**
INTER-GOVERNMENTAL				
General government	2,170,108	2,435,052	3,096,085	661,033
Public safety	5,262,322	5,021,552	11,640,715	6,619,163
Public works	2,777,123	1,181,180	1,537,207	356,027
Social services	1,105,444	1,224,259	1,430,674	206,415
Health	530,488	525,225	657,108	131,883
Parks, recreation and culture	30,000	40,000	39,470	(530)
Economic development & opportunity	-	539,353	393,066	(146,287)
Appropriation	2,500,000	3,333,296	-	(3,333,296)
TOTAL INTER-GOVERNMENTAL	**14,375,485**	**14,299,917**	**18,794,325**	**4,494,408**

COMMISSIONERS OF ST. MARY'S COUNTY, MARYLAND

Schedule of Revenues and Other Financings Sources-Budget and Actual
General Fund
For the Year Ended June 30, 2024

	Budgeted Amounts		Actual -	Favorable
	Original	Final	Budgetary Basis	(Unfavorable) Variance
CHARGES FOR SERVICES				
General government	$ 2,265,146	$ 2,265,146	$ 2,131,373	$ (133,773)
Public safety	573,041	573,041	470,597	(102,444)
Public works	854,059	914,059	609,852	(304,207)
Social services	155,701	155,701	143,191	(12,510)
Parks, recreation and culture	404,659	386,559	259,350	(127,209)
TOTAL CHARGES FOR SERVICES	**4,252,606**	**4,294,506**	**3,614,363**	**(680,143)**
FINES AND FORFEITURES				
General government	18,750	18,750	20,153	1,403
Public safety	17,500	17,500	21,605	4,105
TOTAL FINES AND FORFEITURES	**36,250**	**36,250**	**41,758**	**5,508**
OTHER REVENUES				
General Government				
Interest and dividend	1,600,000	5,600,000	7,809,089	2,209,089
Disposal of fixed assets	365,000	365,000	175,856	(189,144)
Other income	-	5,663,000	4,645,903	(1,017,097)
Driveway entrance	-	-	-	-
Contributions and donations	64,760	98,428	96,486	(1,942)
TOTAL OTHER REVENUES	**2,029,760**	**11,726,428**	**12,727,334**	**1,000,906**
TOTAL, BEFORE PASS-THROUGH PROCEEDS	**304,196,923**	**309,859,923**	**314,872,423**	**5,012,500**
Pass-through proceeds	-	-	-	-
OTHER FINANCING SOURCES				
Appropriation of fund balance	**14,000,000**	**19,286,925**	**-**	**(19,286,925)**
TOTAL REVENUES INCLUDING PASS-THROUGHS	**$ 318,196,923**	**$ 329,146,848**	**$ 314,872,423**	**$ (14,274,425)**

COMMISSIONERS OF ST. MARY'S COUNTY, MARYLAND

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

	Budgeted Amounts Original	Budgeted Amounts Final	Actual - Budgetary Basis	Favorable (Unfavorable) Variance
GENERAL GOVERNMENT				
Legislative/county commissioners				
Legislative/county commissioners	$ 579,345	$ 577,053	$ 554,812	$ 22,241
County administrator	777,664	826,290	743,468	82,822
Public information	339,228	339,524	327,621	11,903
County attorney	1,343,623	1,256,180	1,144,911	111,269
Legislative/county commissioners	**3,039,860**	**2,999,047**	**2,770,812**	**228,235**
Department of finance				
Administration/budget	909,157	927,954	934,198	(6,244)
Accounting	980,133	916,007	869,485	46,522
Auditing	50,000	50,000	37,141	12,859
Procurement	454,655	455,607	429,434	26,173
Department of finance	**2,393,945**	**2,349,568**	**2,270,258**	**79,310**
Department of information & technology				
Technology	**7,221,577**	**7,326,438**	**7,685,436**	**(358,998)**
Department of human resources				
Human resources	1,561,449	1,477,799	1,203,340	274,459
Risk management	1,225,996	1,326,797	1,258,689	68,108
Grants	-	55,440	49,460	5,980
Department of human resources	**2,787,445**	**2,860,036**	**2,511,489**	**348,547**
Department of public works & transportation				
Development review	279,094	280,614	265,387	15,227
Mailroom/messenger services	129,696	130,931	114,940	15,991
Vehicle maintenance shop	1,812,900	1,785,041	1,584,941	200,100
Building Services	5,659,724	5,600,025	5,038,273	561,752
Department of public works & transportation	**7,881,414**	**7,796,611**	**7,003,541**	**793,070**
Department of land use & growth management				
Administration	1,056,275	911,237	820,551	90,686
Comprehensive Planning	425,552	600,779	423,116	177,663
Development Services	399,770	409,702	388,845	20,857
Zoning Administration	360,037	392,205	388,366	3,839
Planning Commission	25,372	25,698	23,988	1,710
Boards and Commissions	35,901	41,163	31,974	9,189
Historical Preservation	2,230	2,230	583	1,647
Permit Services	433,938	424,045	425,074	(1,029)
Inspections & Compliance	508,994	562,627	520,179	42,448
Board of Electrical Examiners	5,200	5,200	1,632	3,568
Building Code Appeals Board	-	-	-	-
Commission on the Environment	2,773	2,773	2,404	369
Plumbing & Gas Board	50	50	-	50
Grants	1,500	1,500	-	1,500
Department of land use & growth management	**3,257,592**	**3,379,209**	**3,026,712**	**352,497**
Circuit Court				
Administration	1,440,678	1,500,635	1,382,872	117,763
Law library	42,250	42,250	30,266	11,984
Grants	945,046	920,159	741,905	178,254
Orphan's court	76,293	81,104	71,723	9,381
Circuit court	**2,504,267**	**2,544,148**	**2,226,766**	**317,382**
Office of the state's attorney				
Judicial	5,589,757	5,677,240	5,047,124	630,116
Grants	784,427	848,565	844,449	4,116
Office of the state's attorney	**6,374,184**	**6,525,805**	**5,891,573**	**634,232**
County treasurer	**573,927**	**574,732**	**538,192**	**36,540**
Alcohol beverage board	**438,922**	**438,386**	**316,950**	**121,436**
Board of elections	**2,051,192**	**2,046,017**	**1,652,763**	**393,254**
Ethics commission	**833**	**1,446**	**613**	**833**
SDAT - Leonardtown Office	**427,810**	**427,810**	**443,507**	**(15,697)**
Total general government	**$ 38,952,968**	**$ 39,269,253**	**$ 36,338,612**	**$ 2,930,641**

COMMISSIONERS OF ST. MARY'S COUNTY, MARYLAND

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

	Budgeted Amounts		Actual -	Favorable
	Original	Final	Budgetary Basis	(Unfavorable) Variance
PUBLIC SAFETY				
Department of Emergency Services				
Emergency communications center	$ 4,602,808	$ 4,313,673	$ 4,002,884	$ 310,789
Emergency radio communications	1,429,767	1,491,299	1,405,882	85,417
Emergency management	948,811	843,532	768,711	74,821
Animal control	2,000,424	2,107,258	1,926,608	180,650
Grants	1,265,300	1,259,886	9,869,898	(8,610,012)
Department of Emergency Services	**10,247,110**	**10,015,648**	**17,973,983**	**(7,958,335)**
Office of the sheriff				
Law enforcement	39,385,476	41,654,273	39,673,410	1,980,863
Corrections	18,052,997	18,761,754	17,779,978	981,776
Training	400,177	400,177	379,542	20,635
Canine	35,260	42,060	38,591	3,469
Court security	1,070,076	1,070,076	906,822	163,254
Grants	2,996,375	3,181,180	2,435,354	745,826
Office of the sheriff	**61,940,361**	**65,109,520**	**61,213,697**	**3,895,823**
Total public safety	**$ 72,187,471**	**$ 75,125,168**	**$ 79,187,680**	**$ (4,062,512)**
PUBLIC WORKS				
Department of PW and transportation				
Administration	$ 672,238	$ 675,315	$ 657,710	$ 17,605
Engineering services	1,211,768	1,118,973	969,237	149,736
Construction & inspections	1,021,544	1,082,108	1,049,238	32,870
County highways	5,889,377	8,241,436	7,895,420	346,016
MS4 Program	965,047	1,019,886	935,789	84,097
St Mary's county airport	184,928	188,316	99,864	88,452
Grants - St. Mary's transit system	4,255,712	3,351,860	3,391,687	(39,827)
Department of PW and transportation	**14,200,614**	**15,677,894**	**14,998,945**	**678,949**
Total public works	**$ 14,200,614**	**$ 15,677,894**	**$ 14,998,945**	**$ 678,949**
HEALTH				
Department of Agriculture	**$ 115,000**	**$ 115,000**	**$ 116,419**	**$ (1,419)**
Operating allocation				
Health department	5,029,587	5,033,334	5,033,017	317
Operating allocation	**5,029,587**	**5,033,334**	**5,033,017**	**317**
Human services				
Human Services-Admin Grants	167,131	133,955	156,793	(22,838)
Grants	368,730	387,719	550,946	(163,227)
Human services	**535,861**	**521,674**	**707,739**	**(186,065)**
Total health	**$ 5,680,448**	**$ 5,670,008**	**$ 5,857,175**	**$ (187,167)**
SOCIAL SERVICES				
Department on aging & human services				
Aging Administration	$ 2,934,157	$ 2,903,528	$ 2,803,926	$ 99,602
Grants	1,411,913	1,558,410	1,575,743	(17,333)
Non-profit allocation	795,547	795,547	795,547	-
Department on aging & human services	**5,141,617**	**5,257,485**	**5,175,216**	**82,269**
Department of social services	**566,965**	**488,697**	**470,008**	**18,689**

COMMISSIONERS OF ST. MARY'S COUNTY, MARYLAND

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

	Budgeted Amounts		Actual - Budgetary Basis	Favorable (Unfavorable) Variance
	Original	Final		
Operating allocation				
Tri-County Community Action (SMTCCAC, Inc.)	$ 35,000	$ 35,000	$ 35,000	$ -
Tri-County Youth Services Bureau	143,600	143,600	143,600	-
Operating allocation	**178,600**	**178,600**	**178,600**	**-**
Total social services	**$ 5,887,182**	**$ 5,924,782**	**$ 5,823,824**	**$ 100,958**
PRIMARY AND SECONDARY EDUCATION				
Board of Education	**$ 128,069,907**	**$ 128,069,907**	**$ 128,069,908**	**$ (1)**
Non-public school bus transportation	**4,181,455**	**3,838,120**	**3,595,882**	**242,238**
Operating allocation				
Non Profit Allocation	-	-	-	-
Total primary and secondary education	**$ 132,251,362**	**$ 131,908,027**	**$ 131,665,790**	**$ 242,237**
POST-SECONDARY EDUCATION				
College of Southern Maryland - general operations	$ 5,009,058	$ 5,009,058	$ 5,009,058	$ -
Operating allocation				
University System of Maryland at Southern Maryland (USMSM)	40,000	40,000	40,000	-
Non Profit Allocation	43,175	43,175	43,175	-
Operating allocation	**83,175**	**83,175**	**83,175**	**-**
Total post-secondary education	**$ 5,092,233**	**$ 5,092,233**	**$ 5,092,233**	**$ -**
PARKS, RECREATION AND CULTURE				
Department of recreation and parks				
Administration	$ 1,522,178	$ 1,468,018	$ 1,424,573	$ 43,445
Parks maintenance	3,304,865	3,312,718	3,096,904	215,814
Grants division	30,181	40,181	39,470	711
Museum division	931,744	946,191	1,014,259	(68,068)
Non Profit Agency - Miscellaneous	136,330	136,330	136,330	-
Department of recreation and parks	**5,925,298**	**5,903,438**	**5,711,536**	**191,902**
Total parks, recreation and culture	**$ 5,925,298**	**$ 5,903,438**	**$ 5,711,536**	**$ 191,902**
LIBRARIES				
County funding - general operations	**$ 3,828,048**	**$ 3,828,048**	**$ 3,828,048**	**$ -**
CONSERVATION OF NATURAL RESOURCES				
University of MD Extension-St. Mary's	$ 295,716	$ 295,716	$ 290,832	$ 4,884
Soil Conservation District	123,373	137,339	119,624	17,715
Agriculture and seafood allocation	357,312	293,997	265,658	28,339
Conservation of natural resources	**776,401**	**727,052**	**676,114**	**50,938**
Operating allocation				
SMC Forest Conservation District Board	2,500	2,500	2,500	-
Southern Md. Resource Conservation/Dev.	15,300	15,300	15,300	-
Waterman's Association allocation	12,500	12,500	12,500	-
Operating allocation	**30,300**	**30,300**	**30,300**	**-**
Total conservation of natural resources	**$ 806,701**	**$ 757,352**	**$ 706,414**	**$ 50,938**

COMMISSIONERS OF ST. MARY'S COUNTY, MARYLAND

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

	Budgeted Amounts		Actual - Budgetary Basis	Favorable (Unfavorable) Variance
	Original	Final		
ECONOMIC DEVELOPMENT AND OPPORTUNITY				
Department of economic development				
Administration/office of the director	$ 545,639	$ 523,311	$ 554,804	$ (31,493)
Tourism development	480,312	480,312	480,312	-
Agriculture & seafood development	476,416	391,996	354,210	37,786
Less Allocation	(357,312)	(293,997)	(265,658)	(28,339)
Business development	674,441	662,177	635,376	26,801
Non-Profit Allocation	38,580	38,580	38,580	-
Grants	-	539,353	393,066	146,287
Department of economic development	**1,858,076**	**2,341,732**	**2,190,690**	**151,042**
Office of Community Services				
Office of community services	653,814	607,494	547,532	59,962
Human relations commission	1,850	1,350	1,150	200
Commission for women	7,000	11,880	11,819	61
	662,664	**620,724**	**560,501**	**60,223**
Human Resources				
Commission for the disabled	2,300	2,300	2,165	135
Tri-County Council	125,000	125,000	125,000	-
Operating allocation	**127,300**	**127,300**	**127,165**	**135**
Total economic development and opportunity	**$ 2,648,040**	**$ 3,089,756**	**$ 2,878,356**	**$ 211,400**
DEBT SERVICE				
Debt service	**$ 15,541,412**	**$ 15,541,412**	**$ 15,628,773**	**$ (87,361)**
INTER-GOVERNMENTAL				
Leonardtown tax rebate	**$ 72,786**	**$ 72,786**	**$ 72,788**	**$ (2)**
OTHER				
Employer contributions-retiree health benefits	$ -	$ 5,663,000	$ 4,645,904	$ 1,017,096
Unemployment compensation	10,000	10,000	13,194	(3,194)
Bank service fees	55,000	55,000	150,941	(95,941)
Total other	**$ 65,000**	**$ 5,728,000**	**$ 4,810,039**	**$ 917,961**
Total expenditures, before pass-throughs	**$ 303,139,563**	**$ 313,588,157**	**$ 312,600,213**	**$ 987,944**
Pass-through expenditures	-	-	-	-
Total expenditures, including pass-throughs	**$ 303,139,563**	**$ 313,588,157**	**$ 312,600,213**	**$ 987,944**
Appropriation reserve	$ 2,500,000	$ 3,080,705	$ -	$ 3,080,705
Reserve - bond rating	400,000	-	-	-
Reserve - emergency appropriations	500,000	273,350	-	273,350
Reserves	**3,400,000**	**3,354,055**	**-**	**3,354,055**
Total reserves	**$ 3,400,000**	**$ 3,354,055**	**$ -**	**$ 3,354,055**
Total expenditures, including pass-throughs and reserves	**$ 306,539,563**	**$ 316,942,212**	**$ 312,600,213**	**$ 4,341,999**
Transfer				
General fund transfers	**11,657,360**	**12,204,636**	**12,204,636**	**-**
Total expenditures and other financing uses	**$ 318,196,923**	**$ 329,146,848**	**$ 324,804,849**	**$ 4,341,999**

COMMISSIONERS OF ST. MARY'S COUNTY, MARYLAND

Schedule of Unexpended Appropriations for Capital Projects
For the Year Ended June 30, 2024

LAND PRESERVATION		
Agriculture Preservation	$ 6,666,666	
Critical Area Planting	88,318	
Rural Legacy Program	9,541,423	$ 16,296,407
HIGHWAYS		
4 Way Inter MD4/Wildewood	22,135	
Bridge/Culvert Replace.	1,008,344	
Buck Hewitt Road	1,439,754	
County Bridge Replace/Repair	1,912,052	
FDR Blvd MD4 to Pegg Rd	16,375,236	
Federal Bridge Replace	32,363	
Johnson Farm Pond	386,281	
Mattapany Road	509,460	
Mt. Wolfe Roundabout	4,464	
Neighborhood Drainage Imp	2,368,859	
Regional Water Quality&Nutrient	143,098	
Retrofit Sidewalk Program	2,546,729	
Roadway & Safety Imrovement	4,082,310	
Roadwork Maintenance	1,231,548	
Side-Path or Bikeways	127,340	
South Shangri-La Drive Side	35,065	
Southhampton Neighborhood	3,512,712	
Streetscape Improvement	260,792	
Transportation Plan Update	4,615	
Water Qlty&Nutr Remov Grant	860,751	36,863,908
MARINE		
Myrtle Point Shoreline	52,500	
Piney Point Lighthouse Museum	2,030,063	
Piney Point Rd Shore Erosion	350,310	
St. George Creek Dredge	515,888	
St. Patrick Creek Maintenance	846,915	3,795,676

COMMISSIONERS OF ST. MARY'S COUNTY, MARYLAND

Schedule of Unexpended Appropriations for Capital Projects (continued)
For the Year Ended June 30, 2024

PUBLIC WORKS		
911 Back Up Center	$ 18,120	
Adult Det Center Upgrades	334,874	
Airport Improvements	11,421,763	
Airport Master Plan	9,787	
Airport Wetlands Mitigation	92,073	
Animal Shelter New Building	29,785	
Bldg Maint & Repair Proj-Critical	410,433	
Bldg Maint & Repair Proj-Program	93,172	
Buses and Bus Facility	230,190	
District 1 Sheriff Office	2	
Emerg Comm Cntr Exp	1,924,934	
Facilities Master Plan Update	99,155	
Fire Dept Water Supply	42,475	
Health Department Renovations	56,069	
Leonartown Lib/Garvey Sr. Center	49,200	
North County Farmers Market	397,155	
Northern Senior Activity Cnt Add	54,656	
Parking and Site Improvements	224,552	
Public Administration Enterprise	1,066,802	
Public Safety Comp. Aided Disp	1,392,467	
Regional Meat Processing	4,795,742	
Salt Storage Facility Replacement	444,000	
Sheriff's District 3 Office	73,737	
Sheriff's Headquarters	11,183,623	$ 34,444,766
PIERS AND BOAT RAMPS		
St. Inigoes Landing Boating Facility	480,325	480,325

COMMISSIONERS OF ST. MARY'S COUNTY, MARYLAND

Schedule of Unexpended Appropriations for Capital Projects (continued)
For the Year Ended June 30, 2024

PUBLIC SCHOOLS		
Aging School Program	$ 12,952	
Athletic Turf Fields	319	
Bldg Infrastructure-Critical	2,213,497	
Bldg Infrastructure-Programmatic	147,347	
Chillers/Controls	703,540	
Chopticon HS Pre-Design	1,466,101	
Chopticon HS Soil Erosion	1,218	
DSS IT & Warehouse Facility	570	
Dynard ES-Roof/HVAC/Emerg Pwr	263,630	
Great Mills HS-Partial Roof Repl	3,639,096	
Green Holly ES Partial/Roof	2,232,471	
Green Holly ES-Switch Gear/HVAC	2,998	
Hollywood ES Roof/HVAC	37,808	
Lettie Dent Modernization	5,029,490	
Mechanicsville ES Modernization	118,378	
Park Hall ES Roof/HVAC	21,263	
Piney Point ES HVAC Sys	2,148,337	
Relocatables for Various Sites	192,707	
Safety&Security Init.	867,486	
School Capacity Study K-12	65,150	
Town Creek ES HVAC	264,834	$ 19,429,192
RECREATION & PARKS		
Central County Park	30,000	
Child Care Facility	1,878,935	
Dog Parks	34,277	
Elms Beach Park Improvement	2,597,033	
Gymnastics Center Project	2,821	
Lexington Manor Passive Park	35,821	
Myrtle Point Park	350,455	
Park Planning Grant	75,560	
Parks Land & Facility Acquisition	1,085,712	
Rec Facility & Park Improvements	1,898,805	
Shannon Farm Property	2,461,224	
Snow Hill Park	5,054,002	
Sports Complex	150,000	
St. Clements Isl Mus Renov	3,600,123	
Three Notch Trail, Phase 7	5,956,569	
Three Notch Trail, Phase 8	338,286	25,549,623

Schedule of Unexpended Appropriations for Capital Projects (continued)
For the Year Ended June 30, 2024

SOLID WASTE		
Clements Convenience Center	$ 3,553	
Convenience Center Repair	173,625	
Landfill Mitigation	18,628	
St. Andrews Landfill	61,247	$ 257,053
Total		$ 137,116,950

ST. MARY'S COUNTY METROPOLITAN COMMISSION

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

For the Years Ended June 30, 2024 and 2023

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ST. MARY'S COUNTY METROPOLITAN COMMISSION

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

JUNE 30, 2024 AND 2023

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Certified Public
Accountants &
SBC Business Advisors

REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

To the Board of Directors of
St. Mary's County Metropolitan Commission

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the business-type activities and the aggregate remaining fund information of the St. Mary's County Metropolitan Commission (MetCom), a component unit of St. Mary's County, Maryland, as of and for the years ended June 30, 2024 and 2023, and the related notes to the financial statements, which collectively comprise MetCom's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the business-type activities and the aggregate remaining fund information of MetCom as of June 30, 2024 and 2023, and the respective changes in financial position and, where applicable, cash flows thereof for the years 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 (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of MetCom 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

MetCom'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 controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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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 MetCom'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 Responsibility 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 and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

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

Certified Public
Accountants &
SBC Business Advisors

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, required supplementary information, as individually listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the management's discussion and analysis, required supplementary information, and budget and actual schedules as listed in the table of contents, in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise MetCom's basic financial statements. The schedules of departmental allocable operating and nonoperating revenues and expenses, schedules of service charges and direct operating expenses, and schedules of administrative expenses are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The schedules of departmental allocable operating and nonoperating revenues and expenses, schedules of service charges and direct operating expenses, and schedules of administrative expenses are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying schedules of departmental allocable operating and nonoperating revenues and expenses, schedules of service charges and direct operating expenses, and schedules of administrative expenses are fairly stated in all material respects in relation to the basic financial statements as a whole.

SBC Certified Public Accountants & Business Advisors

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have issued our report dated December 10, 2024 on our consideration of MetCom's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering MetCom's internal control over financial reporting and compliance.

SB & Company, LLC

Owings Mills, Maryland
December 10, 2024

ST. MARY'S COUNTY METROPOLITAN COMMISSION

Management's Discussion and Analysis
June 30, 2024 and 2023

This section of the St. Mary's County Metropolitan Commission (MetCom) annual financial report presents a narrative overview and analysis of the financial activities of MetCom for the fiscal years ended June 30, 2024 and 2023. We encourage readers to use the information presented here in conjunction with the accompanying financial statements and the accompanying notes to those financial statements.

Financial Highlights

- MetCom's total net position increased by $9.6 and $4.7 million, or 6.8% and 3.4%, as a result of operations in FY2024 and FY2023, respectively.

- During the current year, MetCom's revenue from operations was $18.0 million, representing an increase of 5.3% over the prior year. During FY2023, revenue increased by 4.3% over FY2022. Both years realized an increase in usage and new customers.

- MetCom's operating expenses excluding depreciation were $18.2 and $16.7 million for the years ended June 30, 2024 and 2023, respectively.

- Depreciation expense totaled $7.7 million and $7.0 million for the years ended June 30, 2024 and 2023, respectively.

- MetCom's net nonoperating revenue was $13.2 and $9.7 million for the years ended June 30, 2024 and 2023, respectively. The increase of 36% was a result of an increase in both debt service charges and interest income. FY2023 decrease by 11% was a result of a decrease in debt service charges, and a decrease in interest expenses.

Overview of the Financial Statements

The *statement of net position* presents information on all of MetCom's assets and deferred outflows of resources liabilities and deferred inflows of resources, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of MetCom is improving or deteriorating.

The *statement of revenues, expenses, and changes in net position* presents information showing how MetCom's net position changed during the applicable 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.

The *statement of cash flows* presents the sources and uses of MetCom's cash during the applicable fiscal year.

Overview of the Financial Statements (continued)

The *notes to the financial statements* provide additional information that is essential to a full understanding of the data provided within the basic financial statements.

MetCom as a Whole

Statements of Net Position

MetCom's total net position increased by approximately $9.6 and $4.7 million during the years ended June 30, 2024 and 2023, respectively. The increase for both FY2024 and FY2023 was a result of investments in capital assets. The following condensed statements of net position show the changes in assets, deferred outflows, liabilities, deferred inflows, and net position as of June 30, 2024, 2023, and 2022.

NET POSITION
(in millions)

	As of June 30,		
	2024	**2023**	**2022**
ASSETS AND DEFERRED OUTFLOWS			
Current and other assets	$ 67.6	$ 63.2	$ 73.4
Capital assets	191.1	181.0	172.9
Deferred outflows	2.9	2.6	3.7
Total Assets and Deferred Outflows	261.6	246.8	250.0
LIABILITIES AND DEFERRED INFLOWS			
Long-term debt outstanding	94.7	82.0	88.4
Pension liability	6.3	5.7	4.3
OPEB liability	1.0	1.6	3.6
Other liabilities	7.1	14.5	14.3
Deferred inflows	1.9	2.0	3.1
Total Liabilities and Deferred Inflows	111.0	105.8	113.7
NET POSITION			
Net investment in capital assets	108.5	101.2	93.4
Restricted	14.7	16.7	18.5
Unrestricted	27.4	23.1	24.4
Total Net Position	$ 150.6	$ 141.0	$ 136.3

Overview of the Financial Statements (continued)

Statements of Revenue, Expenses, and Changes in Net Position

Changes in MetCom's net position can be determined by reviewing the following condensed Statements of Revenue, Expenses, and Changes in Net Position:

CHANGES IN NET POSITION
(in millions)

	Years Ended June 30,		
	2024	**2023**	**2022**
Operating revenues	$ 18.0	$ 17.1	$ 16.4
Operating expenses	(18.2)	(16.7)	(15.1)
Depreciation expense	(7.7)	(7.0)	(6.5)
Operating loss	(7.9)	(6.6)	(5.2)
Nonoperating revenues, net	13.2	9.7	8.7
Capital contributions	4.3	1.6	2.5
Change in net position	9.6	4.7	6.0
Net position – beginning of year	141.0	136.3	130.3
Net Position – End of year	$ 150.6	$ 141.0	$ 136.3

MetCom's operating revenues total $18.0 million during the current year. Total operating revenues increased by $0.9 million or 5.3% over the prior year, compared to operating revenue in the prior year of $17.1 million, which was an increase of 4.3% over FY2022. For both FY2024 and FY2023, the increase was largely a result of increased rates. FY2024 also realized a significant increase in interest income.

Expenses from MetCom's operations excluding depreciation were $18.2 and $16.7 million for the years ended June 30, 2024 and 2023, respectively. Depreciation expense total $7.7 million and $7.0 million for the years ended June 30, 2024 and 2023, respectively.

MetCom's net nonoperating revenue was $13.2 and $9.7 million for the years ended June 30, 2024 and 2023, respectively. The increase of 36.1% was a result of an increase in debt service charges and an increase in interest income. FY2023 decrease by 11.5% as a result of a decrease in debt service and in interest expense.

Overview of the Financial Statements (continued)

Capital Asset and Debt Administration

Capital Assets

MetCom's investment in capital assets for its activities as of June 30, 2024 and 2023, amounts to $191.2 and $181.0 million (net of accumulated depreciation), respectively. This investment in capital assets includes land, construction in progress, buildings, plants, systems, and equipment. The net increase in MetCom's investment in capital assets for the fiscal years ended June 30, 2024 and 2023, was $10.2 million and $8.1 million, respectively. The majority of the increase was the capitalization of capital projects for St. Clements Shores Water Main Replacement, Shangri La & South Essex Water Main Replacement, and the Grinder Pump project. Capitalization was also recorded in the developer cost share project for the development at the Woods of Myrtle Point.

CAPITAL ASSETS
(in millions)

	June 30,		
	2024	**2023**	**2022**
Utility plants	$ 177.9	$ 168.8	$ 166.1
Water plants	87.6	75.7	73.5
Equipment	11.4	10.8	10.4
Buildings	4.1	4.1	4.0
Land	2.9	1.9	1.9
Construction in progress	16.9	22.8	12.2
Total before depreciation	300.8	284.1	268.1
Accumulated depreciation	(109.6)	(103.1)	(95.2)
Net Capital Assets	$ 191.2	$ 181.0	$ 172.9

Long-Term Debt

As of June 30, 2024 and 2023, MetCom had a total of $94.7 million and $90.8 million, respectively, in debt outstanding.

DEBT ADMINISTRATION
(in millions)

	June 30,		
	2024	**2023**	**2022**
Bonds payable	$ 60.5	$ 53.4	$ 57.1
Notes and loans payable	34.2	37.4	39.1
	$ 94.7	$ 90.8	$ 96.2

Overview of the Financial Statements (continued)

Economic Factors and Next Year's Budgets and Rates

MetCom anticipates a slight increase in the total operating revenues for next year compared with FY2024 actuals. Water rates are increasing 2.1% and sewer rates are increasing 2.7%.

Requests for Information

This financial report is designed to provide a general overview of MetCom's finances for all those with an interest in MetCom. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the MetCom Administrative office at 23121 Camden Way, California, Maryland 20619.

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ST. MARY'S COUNTY METROPOLITAN COMMISSION

Statements of Net Position
As of June 30, 2024 and 2023

	2024	2023
CURRENT ASSETS		
Cash and cash equivalents	**$ 51,573,695**	$ 49,918,948
Accounts receivable	**3,338,204**	1,769,146
Loans/grants receivable	**12,166,199**	11,013,494
Inventory	**489,924**	236,437
Prepaid expenses	-	221,053
Total current assets	**67,568,022**	63,159,078
NONCURRENT ASSETS		
Net capital assets	**191,142,196**	180,979,859
Unamortized bond discount	**15,030**	16,699
Total noncurrent assets	**191,157,226**	180,996,558
TOTAL ASSETS	**258,725,248**	244,155,636
DEFERRED OUTFLOWS OF RESOURCES		
Pension	**1,993,517**	1,297,525
OPEB	**531,331**	1,014,642
Bond refunding	**326,796**	326,796
Total Assets and Deferred Outflows of Resources	**$ 261,576,892**	$ 246,794,599
CURRENT LIABILITIES		
Accounts payable	**$ 1,243,664**	$ 417,158
Accrued interest payable	**1,012,979**	1,003,146
Accrued expenses	**1,372,308**	1,147,650
Unearned revenue	-	30,013
Bond premiums	**3,478,674**	2,968,736
Bonds payable	**4,015,968**	3,766,336
Notes and loans payable	**3,067,529**	5,018,075
Total current liabilities	**14,191,122**	14,351,114
NONCURRENT LIABILITIES		
Bonds payable	**56,528,706**	49,626,976
Notes and loans payable	**31,164,989**	32,395,273
Net pension liability	**6,286,519**	5,666,604
Net OPEB liability	**956,302**	1,583,299
Total noncurrent liabilities	**94,936,516**	89,272,152
TOTAL LIABILITIES	**109,127,638**	103,623,266
DEFERRED INFLOWS OF RESOURCES		
Pension	**290,687**	478,823
OPEB	**1,565,274**	1,728,838
Total Liabilities and Deferred Inflows of Resources	**110,983,599**	105,830,927
NET POSITION		
Net investment in capital assets	**108,531,203**	101,186,693
Restricted	**14,698,044**	16,657,860
Unrestricted	**27,364,046**	23,119,119
Total Net Position	**$ 150,593,293**	$ 140,963,672

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

ST. MARY’S COUNTY METROPOLITAN COMMISSION

Statements of Revenues, Expenses, and Changes in Net Position
For the Years Ended June 30, 2024 and 2023

	2024	2023
Operating revenue:		
Service charges	**$ 17,509,979**	$ 16,664,004
Miscellaneous	**457,079**	395,010
Total operating revenue	**17,967,058**	17,059,014
Operating expenses:		
Direct operating expenses	**11,704,822**	10,718,344
Administrative expenses	**6,468,698**	5,985,399
Total operating expenses	**18,173,520**	16,703,743
Operating income before depreciation	**(206,462)**	355,271
Depreciation	**(7,681,800)**	(6,996,841)
Operating loss	**(7,888,262)**	(6,641,570)
Nonoperating revenue (expenses):		
Interest income	**2,300,565**	1,488,434
Debt service charges	**12,758,693**	10,137,566
House connection charges, net	**41,390**	(8,234)
Interest expense	**(2,073,435)**	(2,088,173)
Other fees	**153,965**	146,600
Total nonoperating revenue, net	**13,181,178**	9,676,193
Income before contributions	**5,292,916**	3,034,623
Capital contributions	**4,336,705**	1,590,667
Change in net position	**9,629,621**	4,625,290
Net position, beginning of year	**140,963,672**	136,338,382
Net Position, End of Year	**$ 150,593,293**	$ 140,963,672

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

ST. MARY'S COUNTY METROPOLITAN COMMISSION

Statements of Cash Flows
For the Years Ended June 30, 2024 and 2023

	2024	2023
Cash Flows from Operating Activities		
Receipts from customers	**$ 14,788,216**	$ 22,532,675
Other receipts	**457,079**	395,010
Payments to suppliers	**(11,473,406)**	(11,389,694)
Payments to employees	**(6,252,847)**	(6,692,343)
Net Cash from Operating Activities	**(2,480,958)**	4,845,648
Cash Flows from Capital and Related Financing Activities		
Proceeds from capital debt	**11,195,931**	1,244,574
Purchases of capital assets	**(16,670,012)**	(16,016,940)
Principal paid on capital debt	**(7,225,399)**	(6,713,132)
Interest paid on capital debt	**(2,063,602)**	(2,150,653)
Capital contribution	**4,336,705**	1,590,667
Other receipts	**12,261,517**	11,154,821
Net Cash from Capital and Related Financing Activities	**1,835,140**	(10,890,663)
Cash Flows from Investing Activities		
Interest received	**2,300,565**	1,488,434
Net change in cash and cash equivalents	**1,654,747**	(4,556,581)
Cash and cash equivalents, beginning of year	**49,918,948**	54,475,529
Cash and Cash Equivalents, End of Year	**$ 51,573,695**	$ 49,918,948

	2024	2023
Reconciliation of Operating Loss to Net Cash and Cash Equivalents from Operating Activities		
Operating loss	**$ (7,888,262)**	$ (6,641,570)
Adjustments to reconcile operating income to net cash from operating activities:		
Depreciation	**7,681,800**	6,996,841
Changes in assets and liabilities:		
Accounts, loans, grants receivable	**(2,721,763)**	5,868,671
Inventory	**(253,487)**	24,082
Prepaid expense	**221,053**	(221,053)
Deferred outflows	**(212,681)**	1,051,159
Accounts payable	**826,506**	(104,738)
Accrued expenses	**224,658**	(529,402)
Net pension liability	**619,915**	1,466,386
Net OPEB liability	**(626,997)**	(1,946,051)
Deferred inflows	**(351,700)**	(1,118,677)
Net Cash from Operating Activities	**$ (2,480,958)**	$ 4,845,648

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

Statements of Fiduciary Net Position
As of June 30, 2024 and 2023

	Pension and OPEB Trust Funds	
	2024	**2023**
ASSETS		
Restricted investments	**$ 10,132,810**	$ 9,075,284
	10,132,810	9,075,284
LIABILITIES AND NET POSITION		
Held in trust for pension and OPEB	**$ 10,132,810**	$ 9,075,284

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

ST. MARY'S COUNTY METROPOLITAN COMMISSION

Statements of Changes in Fiduciary Net Position
For the Years Ended June 30, 2024 and 2023

	Pension and OPEB Trust Funds	
	2024	**2023**
ADDITIONS		
Contributions	**$ 478,991**	$ 730,162
Unrealized gains	**929,526**	790,610
Total additions	**1,408,517**	1,520,772
DEDUCTIONS		
Benefits	**350,991**	318,844
CHANGES IN NET POSITION	**1,057,526**	1,201,928
NET POSITION - BEGINNING OF YEAR	**9,075,284**	7,873,356
NET POSITION - END OF YEAR	**$ 10,132,810**	$ 9,075,284

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Financial Reporting Entity

The St. Mary's County Metropolitan Commission (MetCom) is responsible for providing water and wastewater facilities and services within the jurisdiction of St. Mary's County, Maryland (the County). MetCom's commissioners are appointed by the County Commissioners of St. Mary's County. MetCom, a body politic and corporate, organized under section 113 of the code of the County, is a component unit of the County Government.

Fund Financial Statements

MetCom maintains its accounting system as an enterprise fund to report its nonfiduciary funds. An enterprise fund is used to account for operations that are primarily financed by user charges. Separate financial statements are provided for its fiduciary fund.

Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities. A fund is a separate accounting entity with a self-balancing set of accounts. An enterprise fund is used to account for activities similar to those found in the private sector, where the determination of net income is necessary or useful to sound financial administration.

The emphasis in fund financial statements is on the major funds in either the governmental or business-type activities categories. Government Accounting Standards Board (GASB) Statement No. 34 sets forth minimum criteria (percentage of the assets, deferred outflow of resources, liabilities, deferred inflows of resources, revenues, or expenditures/expenses of either fund category or the governmental and enterprise funds combined) for the determination of major funds. Major individual governmental funds and major individual proprietary funds are reported as separate columns in the fund financial statements. No major funds by category are summarized into a single column.

Basis of Presentation

The financial statements of MetCom have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to government units as prescribed by GASB.

Basis of accounting refers to the point at which revenues or expenditures/expenses are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurements made regardless of the measurement focus applied. The measurement focus identifies which transactions should be recorded.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of Accounting

Business-type activities are presented using the accrual basis of accounting in the proprietary and fiduciary fund financial statements. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recognized when incurred, regardless of the timing of related cash flows.

Measurement Focus

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

Cash and Cash Equivalents

Cash and cash equivalents consist of demand deposits and any highly liquid investments with an initial maturity date of three months or less.

Accounts Receivable

Receivables consist of all revenues earned at year-end and not yet received. Major receivables include inspection fees and water and sewer billings receivable.

Capital Assets

All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Contributed capital assets are valued at their estimated fair market value on the date contributed. Depreciation expense is calculated on a straight-line basis over the estimated useful lives of the related assets, as follows:

Asset Class	Estimated Life
Utility plants	18-50 years
Water plant systems	18-50 years
Equipment	3-10 years
Capitalized interest	50 years
Buildings	20-30 years

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related capital assets, as applicable.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Compensated Absences

Compensated absences are accrued as incurred and recognized as a current liability in the financial statements. These absences represent vacation leave earned, but not taken, and sick leave earned prior to October 2004 that will be paid out at the rate of 50% upon the employees' retirement. The total leave earned but not taken was approximately $815,753 and $836,060, as of June 30, 2024 and 2023, respectively.

Pension Accounting

Employee contributions are recognized in the Pension Trust Funds in the period the contributions are due. Employer contributions are recognized when due and MetCom 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. Administrative costs are funded from investment income. Any net pension obligation or asset is calculated on an actuarial basis consistent with the requirements of GASB Statement No. 27, *Accounting for Pensions by State and Local Government Employers*. Expenditures are recognized when are paid or are expected to be paid with current available resources.

Capital Contributions

Capital grants and contributions from Federal and state governments are reported as capital contributions in the statements of revenues, expenditures, and changes in net position.

Donated assets consist primarily of capital assets constructed by developers and subsequently donated to MetCom and reported as capital contributions. They are recorded at estimated fair value using developers' estimated cost to construct the assets. The capital assets and related capital contributions are recognized upon completion of construction.

Bond Issue Costs

Bond issue costs include legal fees, advertising, rating fees and other costs incurred when bonds were issued. The costs are expensed in the period that the bonds are issued.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires MetCom 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.

2. DEPOSITS AND INVESTMENTS

Policy

Maryland law prescribes that local government units such as MetCom must deposit their 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.

State statutes authorize MetCom to invest in obligations of the United States government, Federal government agency obligations, and repurchase agreements secured by direct government or agency obligations. All of the funds were invested in the Maryland Local Government Investment Pool (MLGIP), which qualifies under the statutes.

Deposits

MetCom has certificates of deposit that have been issued through the Certificate of Deposit Account Registry Service (CDARS). The CDARS program allows a banking customer to maintain Federal depository insurance on balances in excess of the FDIC limit.

The carrying amount of MetCom's deposits was \$51,573,695 and \$49,918,948, as of June 30, 2024 and 2023, respectively. As of June 30, 2024, the carrying amount of \$51,573,695 is made up of \$12,000,000 of CDARS investments, \$29,062,862 of Insured Cash Sweep (ICS) deposits, \$5,628,725 of investments in MLGIP, and \$4,882,108 in cash. As of June 30, 2023, the carrying amount of \$49,918,948 is made up of \$12,000,000 of CDARS investments, \$31,653,478 of ICS deposits, \$5,335,665 of investments in MLGIP. Of the associated cash bank balances, up to \$500,000 was covered by Federal depository insurance as of June 30, 2024 and 2023. As of June 30, 2024 and 2023, there were no deposits exposed to custodial credit risk, interest rate risk or foreign currency risk.

Regulatory guidelines require that deposits placed through the CDARS program be considered brokered deposits. The cost and fair value of the CDARS broker deposits as of June 30, 2024 and 2023, was \$12,005,186 and \$12,000,000, respectively.

Custodial Credit Risk

Deposits in financial institutions, reported as components of cash and cash equivalents, had a bank balance of \$5,320,178 as of June 30, 2024, of which \$250,000 was covered by Federal depository insurance. The remaining amount of \$5,070,178 was fully collateralized by securities pledged and held by financial institution's trust department or agent, not in MetCom's name.

2. DEPOSITS AND INVESTMENTS (continued)

Deposits (continued)

A summary of the terms for the deposits and the annual yields are as follows as of June 30, 2024:

Description	Effective Date	Maturity Date	Interest Rate	Principal
CDARS	7/7/2022	7/6/2023	0.48%	$ 1,000,000
CDARS	9/8/2022	9/7/2023	0.01%	1,000,000
CDARS	10/13/2022	10/12/2023	0.60%	1,000,000
CDARS	11/10/2022	11/9/2023	0.63%	1,000,000
CDARS	12/1/2022	11/30/2023	0.65%	1,000,000
CDARS	1/5/2023	1/4/2024	0.68%	1,000,000
CDARS	3/9/2023	3/4/2024	1.24%	1,000,000
CDARS	8/4/2022	8/3/2023	0.48%	1,000,000
CDARS	2/2/2023	2/1/2024	1.00%	1,000,000
CDARS	4/6/2023	4/4/2024	1.83%	1,000,000
CDARS	5/4/2023	5/2/2024	1.98%	1,000,000
CDARS	6/1/2023	5/30/2024	2.08%	1,000,000
ICS	1/11/2019	N/A	5.09%	8,751,929
ICS	1/11/2019	N/A	5.09%	20,310,933
Total				$ 41,062,862

A summary of the terms for the deposits and the annual yields are as follows as of June 30, 2023:

Description	Effective Date	Maturity Date	Interest Rate	Principal
CDARS	7/7/2022	7/6/2023	0.48%	$ 1,000,000
CDARS	9/8/2022	9/7/2023	0.01%	1,000,000
CDARS	10/13/2022	10/12/2023	0.60%	1,000,000
CDARS	11/10/2022	11/9/2023	0.63%	1,000,000
CDARS	12/1/2022	11/30/2023	0.65%	1,000,000
CDARS	1/5/2023	1/4/2024	0.68%	1,000,000
CDARS	3/9/2023	3/4/2024	1.24%	1,000,000
CDARS	8/4/2022	8/3/2023	0.48%	1,000,000
CDARS	2/2/2023	2/1/2024	1.00%	1,000,000
CDARS	4/6/2023	4/4/2024	1.83%	1,000,000
CDARS	5/4/2023	5/2/2024	1.98%	1,000,000
CDARS	6/1/2023	5/30/2024	2.08%	1,000,000
ICS	1/11/2019	N/A	5.09%	9,908,033
ICS	1/11/2019	N/A	5.09%	21,745,445
Total				$ 43,653,478

2. DEPOSITS AND INVESTMENTS (continued)

Investments

Investments in the MLGIP are not evidenced by securities. The State Treasurer of Maryland exercises oversight responsibility over the MLGIP. A single financial institution is contracted to operate MLGIP. Separately issued financial statements may be obtained from the contractor: David Rommel, PNC Bank, One East Pratt Street, 5th Floor West, Baltimore, Maryland 21202. In addition, the State Treasurer has established an advisory board composed MLGIP participants to review the activities of the contractor quarterly and provide suggestions to enhance the return on investments.

The MLGIP uses the amortized cost method to compute unit value rather than market value to report net assets. Accordingly, the fair value of the position in the MLGIP is the same as the value of the MLGIP shares. The MLGIP is rated AAA by Standards and Poor's. As of June 30, 2024 and 2023, MetCom's investments, for both custodial and credit risk purposes, consisted solely of shares in the MLGIP. This investment is not deemed to have either risk. MLGIP is managed as a Rule 2a-7 pool. Therefore, MetCom faces no interest rate risk. The cost and fair value of the MLGIP investments as of June 30, 2024 and 2023, was $5,628,725 and $5,335,665, respectively.

In fiscal year 2015, MetCom joined the Maryland Association of Counties (MACo) Pooled OPEB Trust (the Trust). There are 15 members to this wholly-owned instrumentality of its members. The Trust is a common trust fund which is comprised of shares or units in a commingled fund that is not publicly traded. The assets of the Trust are managed by a Board of Trustees and consist of U.S. treasury obligations, U.S. government agencies, corporate and foreign bonds, global funds and international equity securities.

As of June 30, 2024, the net position of the Trust was valued at $90.3 million. MetCom's interest was $10.1 million. Contributions to the Trust Fund qualify as "contributions in relation to the actuarially determined contribution" within the meaning of GASB Statement No. 75 and the Trust Fund qualifies as a "trust or equivalent arrangement" under the meaning of GASB Statement No. 43. The Trust is audited annually by an independent certified public accounting firm. Separately issued financial statements may be obtained by sending a request to the following address: Board of the MACo Pooled OPEB Trust, 169 Conduit Street, Annapolis, MD 21401.

MetCom 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 and gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described on the following page.

2. DEPOSITS AND INVESTMENTS (continued)

Investments (continued)

Level 1 — Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the entity has the ability to access.

Level 2 — Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability; and
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 — Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

All equity and debt securities are classified in Level 1 and are valued using process quoted in active markets for those securities.

Transactions are recorded on the trade date. Realized gains and losses are determined using the identified cost method. Any change in net unrealized gain or loss from the preceding period is reported in the statement of revenues, expenses and changes in net position. Dividends are recorded on the ex-dividend date. Interest is recorded on the accrual basis.

MetCom may terminate its membership in the Trust and withdrawal its allocated investment balance by providing written notification to the Trust six months prior to the intended withdrawal date.

2. DEPOSITS AND INVESTMENTS (continued)

Investments (continued)

MetCom had the following deposits and investments as of June 30, 2024 and 2023, which were not subject to fair value disclosure leveling as they were reported at amortized cost:

	2024	2023
MLGIP	**$ 5,628,725**	$ 6,263,970
Broker deposits - CDARS	**12,000,000**	12,000,000
ICS	**29,062,862**	31,653,478
Cash	**4,880,608**	-
Petty cash	**1,500**	1,500
	$ 51,573,695	$ 49,918,948

3. CAPITAL ASSETS

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

	Balance June 30, 2023	Additions	Reductions	Balance June 30, 2024
Capital assets being depreciated:				
Utility plants	$ 168,782,220	$ 10,220,759	$ 1,102,775	$ 177,900,204
Water plant systems	75,736,213	11,818,210	-	87,554,423
Equipment	10,772,263	729,164	70,885	11,430,542
Buildings	4,073,744	15,654	465	4,088,933
Total Capital Assets Being Depreciated	259,364,440	22,783,787	1,174,125	280,974,102
Capital assets not being depreciated:				
Utility plant construction in process	8,829,081	4,389,142	7,731,641	5,486,582
Water plant construction in process	13,933,180	8,314,468	10,821,464	11,426,184
Land/land rights	1,940,942	945,761	35,916	2,850,787
Total Capital Assets	284,067,643	36,433,158	19,763,146	300,737,655
Accumulated depreciation:				
Utility plants	66,090,736	4,317,891	1,102,775	69,305,852
Water plant systems	25,667,257	2,754,520	-	28,421,777
Equipment	8,489,609	405,739	70,885	8,824,463
Buildings	2,840,182	203,650	465	3,043,367
Total Accumulated Depreciation	103,087,784	7,681,800	1,174,125	109,595,459
Net Capital Assets	$ 180,979,859	$ 28,751,358	$ 18,589,021	$ 191,142,196

3. CAPITAL ASSETS (continued)

Depreciation expense of $7,681,800 was charged to the following departments as follows:

Sewer activities	$ 5,272,565
Water activities	2,289,458
Engineering activities	40,449
Administrative	79,328
	$ 7,681,800

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

	Balance June 30, 2022	Additions	Reductions	Balance June 30, 2023
Capital assets being depreciated:				
Utility plants	$ 166,104,239	$ 3,530,010	$ 852,029	$ 168,782,220
Water plant systems	73,540,232	2,195,981	-	75,736,213
Equipment	10,391,585	383,827	3,149	10,772,263
Buildings	4,011,109	103,602	40,967	4,073,744
Total Capital Assets Being Depreciated	254,047,165	6,213,420	896,145	259,364,440
Capital assets not being depreciated:				
Utility plant construction in process	3,509,606	6,968,496	1,649,021	8,829,081
Water plant construction in process	8,565,229	5,972,465	604,514	13,933,180
Land/land rights	1,928,703	2,576,214	2,563,975	1,940,942
Total Capital Assets	268,050,703	21,730,595	5,713,655	284,067,643
Accumulated depreciation:				
Utility plants	61,302,234	3,936,473	(852,029)	66,090,736
Water plant systems	23,232,408	2,434,849	-	25,667,257
Equipment	8,042,386	444,074	(3,149)	8,489,609
Buildings	2,617,770	181,445	(40,967)	2,840,182
Total Accumulated Depreciation	95,194,798	6,996,841	(896,145)	103,087,784
Net Capital Assets	$ 172,855,905	$ 14,733,754	$ 6,609,800	$ 180,979,859

Depreciation expense of $6,996,841 was charged to the following departments as follows:

Sewer activities	$ 4,802,429
Water activities	2,085,315
Engineering activities	36,842
Administrative	72,255
	$ 6,996,841

4. LONG-TERM DEBT

Long-term bonds payable as of June 30, 2024 are as follows:

Bond Payable Description	Due	Rate	Principal	Interest
Thirtieth issue	2012-2029	2.96 - 3.4%	$ 484,217	$ 51,369
Fortieth issue	2015-2027	2.08%	2,102,000	88,026
Forty-eighth issue	2019-2049	3.39%	6,508,000	4,150,506
Forty-ninth issue	2019-2029	1.82%	159,500	21,045
Fiftieth issue	2020-2030	0.96%	3,576,000	549,118
Fifty-first issue	2021-2034	1.79%	15,035,197	1,267,808
Fifty-second issue	2023-2036	1.79%	12,582,562	1,831,169
Fifty-forth issue	2021-2051	2.67%	9,180,000	4,837,912
Fifty-fifth issue	2025-2054	4.68%	10,917,198	10,443,186
			60,544,674	23,240,139
Less current portion			4,015,968	1,869,563
			$ 56,528,706	$ 21,370,576

The annual requirements to amortize principal and interest payments of all bonds outstanding as of June 30, 2024 are as follows:

Years Ending June 30,	Principal	Interest	Total
2025	$ 4,015,968	$ 1,869,563	$ 5,885,531
2026	4,133,640	1,742,560	5,876,200
2027	4,258,249	1,634,483	5,892,732
2028	3,643,573	1,522,410	5,165,983
2029	3,747,325	1,422,108	5,169,433
2030-2034	14,859,234	5,734,758	20,593,992
2035-2039	10,015,685	4,111,872	14,127,557
2040-2044	5,324,000	2,977,562	8,301,562
2045-2049	6,497,000	1,744,355	8,241,355
2050-2054	4,050,000	480,468	4,530,468
Total	$ 60,544,674	$ 23,240,139	$ 83,784,813

4. LONG-TERM DEBT (continued)

Long-term bonds payable as of June 30, 2023 are as follows:

Bond Payable Description	Due	Rate	Principal	Interest
Thirtieth issue	2012-2029	2.96 - 3.4%	$ 571,341	$ 71,176
Fortieth issue	2015-2027	2.08%	2,772,000	145,683
Forty-eighth issue	2019-2049	3.39%	6,658,000	4,430,204
Forty-ninth issue	2019-2029	1.82%	187,500	28,959
Fiftieth issue	2020-2030	0.96%	4,091,000	721,116
Fifty-first issue	2021-2034	1.79%	16,533,223	1,551,462
Fifty-second issue	2023-2036	1.79%	13,210,248	2,062,499
Fifty-forth issue	2021-2051	2.67%	9,370,000	5,194,252
			53,393,312	14,205,351
Less current portion			3,766,336	1,389,089
			$ 49,626,976	$ 12,816,262

The annual requirements to amortize principal and interest payments of all bonds outstanding as of June 30, 2023 are as follows:

Years Ending June 30,	Principal	Interest	Total
2024 (current)	$ 3,766,336	$ 1,389,089	$ 5,155,425
2025	3,863,770	1,295,173	5,158,943
2026	3,963,640	1,198,818	5,162,458
2027	4,078,249	1,099,471	5,177,720
2028	3,453,572	996,637	4,450,209
2029-2033	15,448,606	3,682,361	19,130,967
2034-2038	9,718,639	2,236,398	11,955,037
2039-2043	3,317,500	1,419,064	4,736,564
2044-2048	3,937,000	763,511	4,700,511
2049-2053	1,846,000	124,829	1,970,829
Total	$ 53,393,312	$ 14,205,351	$ 67,598,663

Thirtieth Issue

On March 15, 2012, MetCom issued refunding bonds in the principal amount of $1,448,492. The bonds mature on May 1 in 18 annual installments, beginning in 2012 and ending in 2029. Interest was payable May 1, 2012 and semiannually thereafter on each May 1 and November 1 until maturity.

The bonds may be prepaid at the following premiums:

Period	Price
May 1, 2020 through April 30, 2021	102%
May 1, 2021 through April 30, 2022	101%
On or after May 1, 2022	100%

4. LONG-TERM DEBT (continued)

Thirtieth Issue (continued)

The bonds were issued to refund all the outstanding maturities of Financing Bond Issue number fourteen, issued in conjunction with the Maryland Community Development Administration (CDA). These bonds were issued with an interest rate of 2.96% that may be increased up to 3.4% in the event of a decrease in the marginal maximum corporate income tax rate. The refunded bonds had a true interest cost ranging from 4.5% to 5.0%. These bonds were issued to take advantage of a favorable interest rate environment.

Fortieth Issue

On August 6, 2015, MetCom issued Refinancing Bonds Series 2015B in the principal amount of $5,619,000. These bonds were issued with a true interest cost of 2.08% to refund certain maturities of MetCom's 2007 Series B Bonds, the Twenty-third Issue, issued in conjunction with the CDA, with a coupon rate ranging from 3.5% to 4.25% and for the cost to refinance the loans.

These bonds were issued to take advantage of a favorable interest rate environment. Funds in the amount of $6,310,569 were deposited with an escrow agent to provide for all future debt service payments of the refinanced bonds. The remaining proceeds were used for prepayment fees and bond issuance costs.

Forty-Eighth Issue

On November 21, 2019, MetCom issued $7,152,371 of Infrastructure Financing Bonds, 2019, Series BII, in conjunction with the CDA. As of June 30, 2024 and 2023, the unspent proceeds were $3,651,593 and $6,658,000, respectively.

The bonds mature on April 1, 2049 in 30 annual installments, beginning in 2020 and ending in 2049. The average interest yield on these bonds is 3.39%. Interest was payable on April 1, 2020 and semiannually thereafter on each April 1 and October 1 to maturity. The bonds may be prepaid in whole or in part, at any time after June 1, 2029.

Forty-Ninth Issue

On November 21, 2019, MetCom issued $279,594 of Infrastructure Financing Bonds, 2019, Series BI, in conjunction with the CDA. There were no unspent proceeds as of June 30, 2022.

The bonds mature on April 1, 2029 in 10 annual installments, beginning in 2020 and ending in 2029. The average interest yield on these bonds is 1.82%. Interest was payable on April 1, 2020 and semiannually thereafter on each April 1 and October 1 to maturity.

4. LONG-TERM DEBT (continued)

Fiftieth Issue

On August 11, 2020, MetCom issued Refinancing Bonds Series 2020-A1 in the principal amount of $5,411,345, after a premium discount of $980,662. These bonds were issued with a true interest cost of .96% to refund certain maturities of MetCom's 2010 Series A Bonds, the Twenty-seventh Issue, issued in conjunction with the CDA, with a coupon rate ranging from .75% to 4.31% on the refunded bonds.

These bonds were issued to take advantage of a favorable interest rate environment, and to reduce its total debt service payments in excess of $1,000,000.

Interest is payable on October 1, 2020 and semiannually thereafter on each October 1 and April 1 to maturity.

Fifty-First Issue

On July 1, 2021, MetCom issued an advanced refunding of Issues 2012B, 2013A, and 2014A in the principal amount of $17,026,696 Series 2021B (Taxable). These bonds were issued with a true interest cost of 1.79% to refund. This advance refunding was issued to take advantage of a favorable interest rate environment, and to reduce its total debt service payments in excess of $2,000,000. Principal and interest payments are payable on the first of every month to maturity in 2034.

Fifty-Second Issue

On July 1, 2021, MetCom issued General Obligation Bonds Series 2021A in the principal amount of $13,210,248. These bonds were issued with a true interest cost of 1.79%. The proceeds of the Series 2021A Bond will be used to finance all or a portion of the costs of various routine and non-routine capital upgrades, rehabilitation, improvements or renovations to its various water and wastewater facilities. These bonds were issued from undrawn proceeds of prior CDA issuances 2012B, 2013A, and 2014A, and were issued to take advantage of the favorable interest rate environment. Principal and interest payments are payable on the first of every month to maturity in 2036.

Fifty-Fourth Issue

On December 2, 2021, MetCom issued $10,590,570 of Infrastructure Financing Bonds, Series 2021A-1 and 2021A-2 in conjunction with CDA. As of June 30, 2022, the unspent proceeds were $9,206,865.

The bonds mature on April 1, 2051 in 30 annual installments, beginning in 2022 and ending in 2051. The average interest yield on these bonds is 2.67%. Interest was payable on April 1, 2022 and semiannually thereafter on each April 1 and October 1 to maturity. The bonds may be prepaid in whole or in part, at any time after June 1, 2031.

4. LONG-TERM DEBT (continued)

Fifty-Fifth Issue

On May 16, 2024, MetCom issued $10,917,198 of Infrastructure Financing Bonds, 2024A Series in conjunction with the Community Development Administration. As of June 30, 2024 the unspent proceeds were $8,397,043.

The bonds mature on April 1, 2054 in 30 annual installments, beginning in 2024 and ending is 2054. The average interest yield on these bonds is 4.68%. Interest was payable on October 1, 2024 and semiannually thereafter on each April 1 and October 1 to maturity. The bonds may be prepaid in whole or in part at any time on or after June 1, 2034.

Notes and loans payable as of June 30, 2024 are as follows:

Loans Payable Description	Due	Rate	Principal	Interest
MD Water Quality Loan #18	2025	1.10%	$ 260,895	$ 15,401
MD Water Quality Loan #22	2027	1.10%	107,937	4,670
MD Water Quality Loan #25	2029	1.00%	53,513	4,388
MD Water Quality Loan #26	2030	1.00%	187,090	16,234
MD Water Quality Loan #28	2030	2.20%	160,457	21,645
MD Water Quality Loan #32	2034	1.80%	2,675,737	399,762
MD Water Quality Loan #33	2033	1.70%	201,859	27,825
MD Water Quality Loan #34	2035	2.10%	12,668,409	2,328,486
MD Water Quality Loan #35	2035	2.10%	3,167,102	1,089,891
MD Water Quality Loan #37	2034	2.00%	1,309,768	209,412
Leonardtown #41	2037	1.80%	1,044,479	194,277
MD Water Quality Loan #42	2038	1.50%	2,272,562	376,914
MD Water Quality Loan #43	2038	1.50%	1,603,454	419,137
MD Water Quality Loan #44	2039	1.60%	3,708,421	702,603
MD Water Quality Loan #45	2039	1.70%	1,270,157	287,062
MD Water Quality Loan #46	2039	1.70%	942,921	215,891
MD Water Quality Loan #47	2049	1.70%	769,450	387,305
MD Water Quality Loan #53	2042	0.80%	1,828,307	246,099
			34,232,518	6,947,002
Less current portion			3,067,529	827,249
			$ 31,164,989	$ 6,119,753

4. LONG-TERM DEBT (continued)

Fifty-Fifth Issue (continued)

The annual requirements to amortize principal and interest payments on all notes and loans outstanding as of June 30, 2024 are as follows:

Years Ending June 30,	Principal	Interest	Total
2025	$ 3,067,529	$ 827,249	$ 3,894,778
2026	2,748,526	945,547	3,694,073
2027	2,799,306	748,358	3,547,664
2028	2,851,054	696,679	3,547,733
2029	10,735,259	1,900,060	12,635,319
2030-2034	7,468,554	1,175,277	8,643,831
2035-2039	3,963,019	502,236	4,465,255
2040-2044	416,952	127,485	544,437
2045-2049	182,319	24,111	206,430
Total	$ 34,232,518	$ 6,947,002	$ 41,179,520

Notes and loans payable as of June 30, 2023 are as follows:

Loans Payable Description	Due	Rate	Principal	Interest
MD Water Quality Loan #18	2025	1.10%	$ 518,952	$ 33,640
MD Water Quality Loan #19	2024	1.10%	56,564	3,405
MD Water Quality Loan #22	2027	1.10%	175,674	10,086
MD Water Quality Loan #25	2029	1.00%	63,949	5,582
MD Water Quality Loan #26	2030	1.00%	217,200	20,011
MD Water Quality Loan #28	2030	2.20%	185,222	27,231
MD Water Quality Loan #32	2034	1.80%	2,926,487	465,953
MD Water Quality Loan #33	2033	1.70%	222,455	32,750
MD Water Quality Loan #34	2035	2.10%	13,682,875	2,677,374
MD Water Quality Loan #35	2035	2.10%	3,420,719	1,223,274
MD Water Quality Loan #37	2034	2.00%	1,443,157	234,538
Leonardtown #41	2037	1.80%	1,115,234	244,947
MD Water Quality Loan #42	2038	1.50%	2,429,491	422,692
MD Water Quality Loan #43	2038	1.50%	1,719,541	312,681
MD Water Quality Loan #44	2039	1.60%	3,949,911	782,787
MD Water Quality Loan #45	2039	1.70%	1,363,252	319,923
MD Water Quality Loan #46	2039	1.70%	1,012,944	240,606
MD Water Quality Loan #47	2049	1.70%	812,285	422,832
MD Water Quality Loan #53	2042	0.80%	2,097,436	8,910
			37,413,348	7,489,222
Less current portion			5,018,075	898,913
			$ 32,395,273	$ 6,590,309

4. LONG-TERM DEBT (continued)

Fifty-Fifth Issue (continued)

The annual requirements to amortize principal and interest payments on all notes and loans outstanding as of June 30, 2023 are as follows:

Years Ending June 30,	Principal	Interest	Total
2024 (current)	$ 5,018,075	$ 898,913	$ 5,916,988
2025	2,955,119	843,918	3,799,037
2026	2,635,217	774,916	3,410,133
2027	2,685,091	725,043	3,410,134
2028	2,735,925	670,876	3,406,801
2029-2033	13,842,924	2,565,604	16,408,528
2034-2038	6,765,859	869,520	7,635,379
2039-2043	542,845	78,367	621,212
2044-2048	167,005	43,245	210,250
2049	65,288	9,910	75,198
Total	$ 37,413,348	$ 7,480,312	$ 44,893,660

As of June 30, 2024, MetCom has eighteen loans from the Maryland Water Quality Financing Administration.

- Loan number eighteen for $4,712,200 was used to upgrade the Marley-Taylor WRF.
- Loan number twenty-two for $1,136,984 was used for the Andover Road/Estates sewer projects and for arsenic remediation wells.
- Loan number twenty-five for $191,593 was used for the Hollywood Water Extension to provide arsenic remediation.
- Loan number twenty-six for $582,547 was used for Patuxent Park Sewer Line Repair and the Marlay-Taylor Methane Powered CoGeneration Project.
- Loan number twenty-eight for $443,927 was used for the St. Clements Shore Well.
- Loan number thirty-two in the amount of $4,874,202 is for the Radio Read Meter Project.
- Loan number thirty-three in the amount of $394,000 is for the Shangri La Drive/South Essex Drive Sewer Rehabilitation.
- Loan number thirty-four in the amount of $21,082,400 is for the Marlay-Taylor Wastewater Reclamation Facility Enhanced Nutrient Removal ENR project.
- Loan number thirty-five in the amount of $5,270,600 is also for Marlay-Taylor Wastewater Reclamation Facility ENR project. This loan will be paid for by Navy charges and is therefore taxable.
- Loan number thirty-seven in the amount of $2,420,291 is for the Route 235 and Route 712 Interceptor Rehabilitation.

4. LONG-TERM DEBT (continued)

Fifty-Fifth Issue (continued)

- Loan number forty-one in the amount of $1,705,500 is for MetCom's share of Leonardtown's Maryland Department of the Environment (MDE) loan for the ENR project. Loan number forty-one is a shared project with the Town of Leonardtown for the Leonardtown Wastewater Treatment Plan ENR Upgrade. Of the total proceeds in the amount of $7,500,000, MetCom is contributing 22.74% in debt service.
- Loan number forty-two in the amount of $3,368,474 is for the St. Clement's Shores Water Line Extension.
- Loan number forty-three in the amount of $2,491,768 is for the Piney Point Water.
- Loan number forty-four in the amount of $5,292,504 is for the Great Mills Wastewater Pumping Station.
- Loan number forty-five in the amount of $2,052,427 is for Phase I of the Town Creek Water line replacement project.
- Loan number forty-six in the amount of $1,543,828 is for Phase 4 of the Patuxent Park Water Line Replacement Project.
- Loan number forty-seven in the amount of $1,550,260 is for Phase 4 of the Patuxent Park Sewer Line Replacement Project. Both projects funded by loan forty-six and forty-seven are joint projects with the County.
- Loan number fifty-three in the amount of $2,389,167 is for Phase 2 of the St. Clements Shores Water System Replacement project.

Changes in Long-Term Debt

The changes in long-term debt payable for the year ended June 30, 2024 were as follows:

	June 30, 2023	Additions	Deductions	June 30, 2024	Amounts Due Within One Year
Bonds payable	$ 53,393,312	$ 10,917,198	$ 3,765,836	$ 60,544,674	$ 4,015,968
Notes and loans payable	37,413,348	278,733	3,459,563	34,232,518	3,067,529
Total long-term debt	$ 90,806,660	$ 11,195,931	$ 7,225,399	$ 94,777,192	$ 7,083,497

The changes in long-term debt payable for the year ended June 30, 2023 were as follows:

	June 30, 2022	Additions	Deductions	June 30, 2023	Amounts Due Within One Year
Bonds payable	$ 57,135,210	$ -	$ 3,741,898	$ 53,393,312	$ 3,766,336
Notes and loans payable	39,140,008	1,244,574	2,971,234	37,413,348	5,018,075
Total long-term debt	$ 96,275,218	$ 1,244,574	$ 6,713,132	$ 90,806,660	$ 8,784,411

5. RESTRICTED NET ASSETS

Net assets are restricted for the repayment of the following:

a. Collection of fees for a sinking fund to upgrade the capacity of the main sewage treatment plant at Marley-Taylor WRF are restricted for that purpose. The amount restricted as of June 30, 2024 and 2023, was $689,849 and $689,849, respectively.

b. The Board has restricted net assets per agreement with customers for upgrades and replacements to their water and sewer systems. The amount restricted as of June 30, 2024 and 2023, was $130,204 and $130,204, respectively.

c. The Capital Project Upgrade funds are reserved for the replacement and upgrade of water and sewer facilities. These funds are restricted by law for that purpose. The balance as of June 30, 2024 and 2023, was $5,090,778 and $8,053,696, respectively.

d. The Capital Project New Services funds are reserved for the construction of facilities to serve new customers. These funds are restricted by law for that purpose. The balance as of June 30, 2024 and 2023, was $9,607,266 and $7,784,111, respectively.

6. RETIREMENT AND PENSION PLANS

Nationwide Retirement Solutions

On March 18, 2004, MetCom adopted a Section 457 plan. Under the terms of the plan, employees may contribute up to 100% of their salary, up to the contribution limits, to the plan. No employer contributions are made to this plan.

Maryland State Retirement and Pension System

Summary of Significant Accounting Policies

Pensions. Virtually all employees of the County (other than those covered by the Sheriff's Office Retirement Plan) are members of the Maryland State Retirement and Pension System (the System). The System is considered a single multiple employer cost sharing plan.

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the System and additions to/deductions from the System's fiduciary net position have been determined on the same basis as they are reported by the System. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

6. RETIREMENT AND PENSION PLANS (continued)

Maryland State Retirement and Pension System (continued)

General Information About the Pension Plan

Plan Description. Certain employees of the MetCom are provided with pensions through the System—a cost-sharing multiple-employer defined benefit pension plan administered by the Maryland State Retirement and Pension System (MSRPS). The State Personnel and Pensions Article of the Annotated Code of Maryland (the Article) grants the authority to establish and amend the benefit terms of the System to the MSRPS Board of Trustees.

Benefits Provided. A member of the System is generally eligible for full retirement benefits upon the earlier of attaining age 60 or accumulating 30 years of creditable service regardless of age.

Early Service Retirement. A member of the System may retire with reduced benefits after completing 25 years of eligibility service. Benefits are reduced by 0.5% per month for each month remaining until the retiree either attains age 60 or would have accumulated 30 years of creditable service, whichever is less. The maximum reduction for the System member is 30%.

Disability and Death Benefits. Generally, a member covered under retirement plan provisions who is permanently disabled after 5 years of service receives a service allowance based on a minimum percentage (usually 25%) of the member's average final compensation (AFC). A member covered under pension plan provisions who is permanently disabled after accumulating 5 years of eligibility service receives a service allowance computed as if service had continued with no change in salary until the retiree attained age 62. Death benefits are equal to a member's annual salary as of the date of death plus all member contributions and interest.

Contributions. The Article sets contribution requirements of the active employees and the participating governmental units are established and may be amended by the MSRPS Board. Employees are required to contribute 7% of their annual pay. MetCom's contractually required contribution rate for the System for the years ended June 30, 2024 and 2023, was \$778,190 and \$665,745, respectively, 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.

6. RETIREMENT AND PENSION PLANS (continued)

Maryland State Retirement and Pension System (continued)

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

As of June 30, 2024 and 2023, MetCom reported a liability of $6,286,519 and $5,666,604, respectively, for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2023 and 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. MetCom's proportion of the net pension liability was based on MetCom's share of contributions to the pension plan relative to the contribution of all participating employers. As of June 30, 2024 and 2023, MetCom's proportion was 0.027% and 0.028%, respectively.

For the year ended June 30, 2024, MetCom recognized pension expense for the System of $719,651. As of June 30, 2024, MetCom reported deferred outflows of resources and deferred inflows of resources related to ERS from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 220,952	$ 268,368
Changes of assumptions	432,052	22,319
Net difference between projected and actual earnings on pension plan investments	562,323	-
Employer contribution subsequent to measurement date	778,190	-
	$ 1,993,517	$ 290,687

There was $778,190 reported as deferred outflows of resources related to the System resulting from MetCom's contributions subsequent to the measurement date will be recognized as a reduction of the System pension liability in the year ended June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the System will be recognized in pension expense as follows:

Years Ending June 30,	Amount
2025	$ 137,005
2026	55,071
2027	555,475
2028	149,516
2029	27,573
Total	$ 924,640

Information included in the MSRPS financial statements. Actuarial assumptions, long-term expected rate of return on pension plan investments, discount rate, and pension plan fiduciary net position are available at www.sra.state.md.us/Agency/Downloads/ACFR/.

6. RETIREMENT AND PENSION PLANS (continued)

Maryland State Retirement and Pension System (continued)

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

Sensitivity of MetCom's proportionate share of the net pension liability to changes in the discount rate. MetCom's proportionate share of the System net pension liability calculated using the discount rate of 6.8 percent is $6,286,519. Additionally, MetCom's proportionate share of the System net pension liability if it were calculated using a discount rate that is 1-percentage-point lower (5.8 percent) is $9,321,635, or 1-percentage-point higher (7.8 percent) is $3,767,898.

7. OTHER POST-RETIREMENT BENEFITS (OPEB)

Plan Description

MetCom provides health, prescription, dental and vision care insurance benefits to eligible retirees, eligible retirees' family members and the family members of deceased employees as a single-employer plan. Eligible persons include employees with a minimum of ten years of eligible MetCom service entering an immediate retirement, family members of eligible retirees and family members of deceased employees. MetCom pays a percentage of premiums based on the date of hire and number of years of service. For employees hired prior to May 10, 2007 the percentage ranges from 53.13% with ten years of service to 85% with 16 or more years of service. The percentages for employees hired on or after May 10, 2007, range from 21.25% with 15 years of service to 85% with 30 years of service. There is no statutory or contractual requirement to provide these benefits, and they may be changed or modified by MetCom's Board of Commissioners.

MetCom's OPEB plan is administered through the single-employer Retiree Benefit Trust of St. Mary's County Metropolitan Commission as an irrevocable trust. Assets of the Trust are dedicated to providing post-retirement health, prescription, dental and vision coverage to current and eligible future retirees. The Trust's financial statements are prepared using the accrual basis of accounting. Contributions are recognized in the period in which the contributions are due. Benefits are recognized when due and payable. The Trust assets are invested with MLGIP and the Maryland Association of Counties (MACo) OPEB Trust. The OPEB Trust does not issue a stand-alone financial report.

As of June 30, 2024 and 2023, membership consisted of:

	2024	2023
Retirees and beneficiaries currently receiving benefits	19	15
Active plan members	80	73
Total	99	88

7. OTHER POST-RETIREMENT BENEFITS (OPEB) (continued)

Investments

MetCom's investment authority is established in the Retiree Benefit Trust of St. Mary's County Metropolitan Commission. For the years ended June 30, 2024 and 2023, the annual money weighted rate of return of the OPEB Trust was 11.7% and 15.4%, respectively.

Net OPEB Liability

The components of the net OPEB liability of MetCom as of June 30, were as follows:

	2024	2023
Total OPEB liability	$11,089,112	$10,658,583
Plan fiduciary net position	(10,132,810)	(9,075,284)
Net OPEB liability	$ 956,302	$ 1,583,299
Plan fiduciary net position as a percentage of the total OPEB liability	91.38%	85.15%

Actuarial Assumptions

The total OPEB liability was determined by an actuarial valuation as of June 30, 2023 rolled forward to June 30, 2024 using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Actuarial cost method	Projected unit credit
Inflation	2.50%
Salary increases	3.00%
Investment rate of return	6.50%
Healthcare cost trend rate	The trend for 2023 is 5.8%. The ultimate trend is 3.94%.
Discount rate	6.68%

The long-term nominal expected rate of return on OPEB plan investments of 6.68% was determined using a building block method where return expectations are established for each asset class. The building block approach uses the current underlying fundamentals, not historical returns. Spread and the risk-free rate are used for fixed income; and dividends, earnings growth and valuation are used for equity. These return expectations are weighted based on asset/target amounts.

The discount rate used to measure the total OPEB liability was 6.68% as of June 30, 2024. The projection of cash flow used to determine the discount rate assumed that the MetCom's contributions will be made at rates equal to current contributions levels.

7. OTHER POST-RETIREMENT BENEFITS (OPEB) (continued)

Actuarial Assumptions (continued)

The sensitivity of the net OPEB liability to a 1% change in the projected healthcare cost trend rate and discount rate is as follows:

	1% Decrease 2.94%	Medical Trend 3.94%	1% Increase 4.94%
Net OPEB liability	$ (746,760)	$ 956,302	$ 3,131,137

	1% Decrease 5.68%	Discount Rate 6.68%	1% Increase 7.68%
Net OPEB liability	$ 2,790,401	$ 956,302	$ (503,034)

For the year ended June 30, 2024, MetCom recognized OPEB expense of $459,942. As of June 30, 2024, MetCom reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 485,520	$ 626,363
Changes of assumptions	-	938,911
Net difference between projected and actual earnings on OPEB plan investments	45,811	-
	$ 531,331	$ 1,565,274

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

Years Ending June 30,	**Amount**
2025	$ (166,146)
2026	64,751
2027	(283,370)
2028	(234,225)
2029	(139,403)
Thereafter	(275,550)
Total	$ (1,033,943)

7. OTHER POST-RETIREMENT BENEFITS (OPEB) (continued)

Changes in the net OPEB liability:

Total OPEB liability:		
Service cost	$	169,938
Interest		697,404
Differences between expected and actual experience		(85,822)
Benefit payments, including refunds of member contributions		(350,991)
Net change in total OPEB liability		430,529
Total OPEB liability – beginning		10,658,583
Total OPEB liability – ending (a)	$	11,089,112
Plan fiduciary net position:		
Contributions – employer	$	478,991
Net investment (loss)		929,526
Benefit payments		(350,991)
Net change in plan fiduciary net position		1,057,526
Plan fiduciary net position – beginning		9,075,284
Plan fiduciary net position – ending (b)	$	10,132,810
MetCom's Net OPEB Liability – Ending (a) – (b)	$	956,302
Plan fiduciary net position as a percentage of the total OPEB liability		91.38%

8. RATE SETTING

MetCom is required by law to set rates which are sufficient to cover both operating expenses and debt service. Depreciation of the plant and collection systems is not an allowable cost for purposes of setting rates. A reconciliation of the results of operations for financial reporting and rate-setting purposes is as follows:

		2024		**2023**
Change in net position - per financial statements	**$**	**9,629,621**	$	4,625,290
Add:				
Depreciation - facilities		**7,681,800**		6,996,841
Less:				
Principal payment on capital debt		**7,225,399**		6,713,132
OPEB		**(307,250)**		(324,112)
Pension accrual		**(264,213)**		(223,071)
Capital contributions		**4,336,705**		1,590,667
Excess (deficiency) of revenue over expenses - rate-setting method	**$**	**6,320,780**	$	3,865,515

9. RISK MANAGEMENT

MetCom 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 related disasters. MetCom is a member of the Local Government Insurance Trust (LGIT) sponsored by the Maryland Municipal League (MML) and the Maryland Association of Counties. The LGIT is a self-insured public entity risk pool offering general liability, excess liability, business auto liability, police legal liability, public official liability, and property coverage.

LGIT is capitalized at an actuarially determined level to provide financial stability for its local government members and to reduce the possibility of assessment. The trust is owned by the participating counties and cities and managed by a Board of Trustees elected by the members.

10. NEW ACCOUNTING PRONOUNCEMENTS

As of June 30, 2024, the Governmental Accounting Standards Board (GASB) has issued Statement No. 100, *Accounting Changes and Error Corrections.* This statement has been implemented and did not have a material effect on MetCom's financial statements.

The GASB has also issued Statement No. 101, *Compensated Absences*, Statement No. 102, *Certain Risk Disclosures*, Statement No. 103, *Financial Reporting Model Improvement,* and Statement No. 104, *Disclosure of Certain Capital Assets,* which will require adoption in the future, if applicable. MetCom will be analyzing the effects of these pronouncements and plans to adopt them, as applicable, by their effective dates.

REQUIRED SUPPLEMENTARY INFORMATION

ST. MARY'S COUNTY METROPOLITAN COMMISSION

Schedule of Proportionate Share of the Net Pension Liability of the Maryland State Retirement and Pension System and Related Ratios
June 30, 2024 and 2023

	2024	2023	2022	2021	2020	2019	2018	2017	2016
Proportion of the System net pension liability (asset)	0.031%	0.028%	0.028%	0.027%	0.023%	0.022%	0.021%	0.022%	0.021%
Proportionate share of the System net pension liability (asset)	$ 6,286,519	$ 5,666,604	$ 4,200,218	$ 5,579,007	$ 4,896,302	$ 4,533,596	$ 4,558,356	$ 5,077,598	$ 4,394,022
Total	$ 6,286,519	$ 5,666,604	$ 4,200,218	$ 5,579,007	$ 4,896,302	$ 4,533,596	$ 4,558,356	$ 5,077,598	$ 4,394,022
Covered-employee payroll	$ 7,003,581	$ 6,613,710	$ 6,193,130	$ 6,283,002	$ 6,167,063	$ 5,578,800	$ 5,033,524	$ 5,251,620	$ 4,914,900
Proportionate share of the net pension liability (asset) as a percentage of its covered-	89.76%	85.68%	67.82%	88.80%	79.39%	81.26%	90.56%	96.69%	89.40%
Plan fiduciary net position as a percentage of the total pension liability	73.81%	76.27%	81.84%	72.34%	72.34%	71.18%	69.38%	65.79%	68.78%

Note: This schedule is presented to illustrate the requirement to show information for 10 years. However, information prior to June 30, 2016 is not available.

ST. MARY'S COUNTY METROPOLITAN COMMISSION

Schedule of Contributions and Related Ratios of the Net Pension Liability of the Maryland State Retirement and Pension System
June 30, 2024 and 2023

	2024	2023	2022	2021	2020	2019	2018	2017	2016
Contractually required contribution	$ 778,190	$ 665,745	$ 646,369	$ 616,923	$ 529,249	$ 487,479	$ 430,869	$ 429,057	$ 419,241
Contributions in relation to the contractually required contribution	(778,190)	(665,745)	(646,369)	(616,923)	(529,249)	(487,479)	(430,869)	(429,057)	(419,241)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Covered-employee payroll	$ 7,003,581	$ 6,613,710	$ 6,193,130	$ 6,283,002	$ 6,167,063	$ 5,578,800	$ 5,033,524	$ 5,251,620	$ 4,914,900
Contributions as a percentage of covered-employee payroll	11.11%	10.07%	10.44%	9.82%	8.58%	8.74%	8.56%	8.17%	8.53%

This schedule is presented to illustrate the requirement to show information for 10 years. However, information prior to June 30, 2016 is not available.

ST. MARY'S COUNTY METROPOLITAN COMMISSION

Schedule of Changes in Net OPEB Liability and Related Ratios
June 30, 2024 and 2023

	2024	2023	2022	2021	2020	2019	2018	2017
Total OPEB liability:								
Service cost	$ 169,938	$ 249,973	$ 240,359	$ 197,331	$ 198,581	$ 247,056	$ 237,782	$ 229,362
Interest	697,404	747,284	711,384	683,707	616,914	594,852	553,870	514,257
Differences between expected and actual experience	(85,822)	(707,243)	7,203	731,319	25,515	49,391	12,289	472
Changes of assumptions	-	(715,293)	-	(154,607)	(391,452)	(326,786)	-	-
Benefit payments, including refunds of member contributions	(350,991)	(318,844)	(313,159)	(245,506)	(254,716)	(222,652)	(162,593)	(151,091)
Net change in total OPEB liability	430,529	(744,123)	645,787	1,212,244	194,842	341,861	641,348	593,000
Total OPEB liability – beginning	10,658,583	11,402,706	10,756,919	9,544,675	9,349,833	9,007,972	8,366,624	7,773,624
Total OPEB liability – ending (a)	$ 11,089,112	$ 10,658,583	$ 11,402,706	$ 10,756,919	$ 9,544,675	$ 9,349,833	$ 9,007,972	$ 8,366,624
Plan fiduciary net position:								
Contributions – employer	$ 478,991	$ 730,162	$ 559,159	$ 666,371	$ 635,992	$ 728,453	$ 527,000	$ 526,000
Net investment income	929,526	790,610	(1,129,437)	1,638,626	88,640	305,417	268,969	329,007
Benefit payments	(350,991)	(318,844)	(313,159)	(245,506)	(254,716)	(222,652)	(162,593)	(151,091)
Administrative expense	-	-	(25,696)	(39,102)	-	-	-	-
Net change in plan fiduciary net position	1,057,526	1,201,928	(909,133)	2,020,389	469,916	811,218	633,376	703,916
Plan fiduciary net position – beginning	9,075,284	7,873,356	8,782,489	6,762,100	6,292,184	5,480,966	4,847,590	4,143,674
Plan fiduciary net position – ending (b)	$ 10,132,810	$ 9,075,284	$ 7,873,356	$ 8,782,489	$ 6,762,100	$ 6,292,184	$ 5,480,966	$ 4,847,590
County's Net OPEB Liability – Ending (a) – (b)	$ 956,302	$ 1,583,299	$ 3,529,350	$ 1,974,430	$ 2,782,575	$ 3,057,649	$ 3,526,638	$ 3,519,034
Plan fiduciary net position as a percentage of the total OPEB liability	91.38%	85.15%	69.05%	81.65%	70.85%	67.30%	60.85%	57.94%
Covered employee payroll	$ 7,003,581	$ 6,613,710	$ 6,193,130	$ 6,283,002	$ 5,389,669	$ 5,246,320	$ 5,381,613	$ 5,194,244
County's net OPEB liability as a percentage of covered employee payroll	13.65%	23.94%	56.99%	31.42%	51.63%	58.28%	65.53%	67.75%
Annual money-weighted-rate of return, net of investment expenses	11.70%	15.40%	-10.40%	24.23%	1.55%	4.85%	5.55%	7.94%

Notes to schedule:
Information prior to 2017 is not available.

ST. MARY'S COUNTY METROPOLITAN COMMISSION

Schedule of Contributions - OPEB
June 30, 2024 and 2023

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Actuarially determined contribution	$ 439,000	$ 439,000	$ 456,000	$ 459,000	$ 443,000	$ 545,000	$ 527,000	$ 526,000	$ 507,000	$ 573,000	$ 550,000
Contributions related to the actuarially determined contribution	(478,991)	(730,162)	(559,159)	(666,371)	(635,992)	(728,085)	(527,000)	(526,000)	(507,000)	(573,000)	(550,000)
Contribution deficiency (excess)	$ (39,991)	$ (291,162)	$ (103,159)	$ (207,371)	$ (192,992)	$ (183,085)	$ -	$ -	$ -	$ -	$ -
Covered employee payroll	$ 7,003,581	$ 6,613,710	$ 6,193,130	$ 6,283,002	$ 5,389,669	$ 5,246,320	$ 5,381,613	$ 5,194,244	$ 5,195,578	$ 4,911,310	$ 4,320,628
Contributions as a percentage of covered employee payroll	-6.84%	-11.04%	9.03%	10.61%	11.80%	13.88%	9.79%	10.13%	9.76%	11.67%	12.73%

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Projected Unit Credit
Amortization method	Level percentage of payroll
Remaining amortization period	16 years for FYE 2022
Asset valuation method	Market value of assets
Inflation	2.5%
Payroll growth rate	3%
Investment rate of return	6.50%
Healthcare cost trend rate	The trend for 2021 is 4.9%. The ultimate trend is 4.0%.

OTHER SUPPLEMENTARY INFORMATION

ST. MARY'S COUNTY METROPOLITAN COMMISSION

Schedule of Departmental Allocable Operating and Nonoperating Revenues and Expenses
Year Ended June 30, 2024

	Sewer	Water	Engineering	Total
Operating revenue:				
Service charges	$ 11,442,688	$ 5,875,441	$ 191,850	$ 17,509,979
Miscellaneous	228,662	208,604	19,813	457,079
Total operating revenue	11,671,350	6,084,045	211,663	17,967,058
Operating expenses:				
Direct operating expenses	7,857,862	2,910,421	936,539	11,704,822
Administrative expenses	4,271,929	1,685,095	511,674	6,468,698
Total operating expenses	12,129,791	4,595,516	1,448,213	18,173,520
Operating income before depreciation	(458,441)	1,488,529	(1,236,550)	(206,462)
Depreciation	(5,272,565)	(2,289,458)	(119,777)	(7,681,800)
Operating loss	(5,731,006)	(800,929)	(1,356,327)	(7,888,262)
Allocable nonoperating revenue (expenses):				
Interest income	479,147	461,051	-	940,198
Debt service charges	6,525,416	6,233,277	-	12,758,693
House connection charges, net	-	41,390	-	41,390
Debt service charges - interest and finance charges	(1,170,216)	(903,219)	-	(2,073,435)
Total allocable nonoperating revenue, net	5,834,347	5,832,499	-	11,666,846
Total allocable net income (loss)	$ 103,341	$ 5,031,570	$ (1,356,327)	3,778,584
Nonallocable revenue:				
Interest income				1,360,367
Other fees				153,965
Total nonallocable revenue				1,514,332
Capital contribution				4,336,705
Change in fund net position				$ 9,629,621

ST. MARY'S COUNTY METROPOLITAN COMMISSION

Schedule of Departmental Allocable Operating and Nonoperating Revenues and Expenses Year Ended June 30, 2023

	Sewer	Water	Engineering	Total
Operating revenue:				
Service charges	$ 10,844,377	$ 5,627,352	$ 192,275	$ 16,664,004
Miscellaneous	195,494	175,277	24,239	395,010
Total operating revenue	11,039,871	5,802,629	216,514	17,059,014
Operating expenses:				
Direct operating expenses	6,912,961	2,852,364	953,019	10,718,344
Administrative expenses	3,836,642	1,634,013	514,744	5,985,399
Total operating expenses	10,749,603	4,486,377	1,467,763	16,703,743
Operating income before depreciation	290,268	1,316,252	(1,251,249)	355,271
Depreciation	(4,802,429)	(2,085,315)	(109,097)	(6,996,841)
Operating loss	(4,512,161)	(769,063)	(1,360,346)	(6,641,570)
Allocable nonoperating revenue (expenses):				
Interest income	208,381	178,612	-	386,993
Debt service charges	5,537,027	4,600,539	-	10,137,566
House connection charges, net	-	(8,234)	-	(8,234)
Debt service charges - interest and finance charges	(1,331,286)	(756,887)	-	(2,088,173)
Total allocable nonoperating revenue, net	4,414,122	4,014,030	-	8,428,152
Total allocable net income (loss)	$ (98,039)	$ 3,244,967	$ (1,360,346)	1,786,582
Nonallocable revenue:				
Interest income				1,101,441
Other fees				146,600
Total nonallocable revenue				1,248,041
Capital contribution				1,590,667
Change in fund net position				$ 4,625,290

ST. MARY'S COUNTY METROPOLITAN COMMISSION

Schedule of Service Charges and Direct Operating Expenses
Year Ended June 30, 2024

	Sewer	Water	Engineering	Total
Service charges:				
Service charge - metered	$ 5,509,347	$ 2,743,405	$ -	$ 8,252,752
Service charge - nonmetered	5,592,421	3,132,036	-	8,724,457
Septage haul revenue	340,920	-	-	340,920
Review fees	-	-	49,035	49,035
Inspection fees	-	-	140,565	140,565
Residential tap fee sewer	-	-	2,250	2,250
Total service charges	$ 11,442,688	$ 5,875,441	$ 191,850	$ 17,509,979
Direct operating expenses:				
Salaries	$ 3,466,054	$ 1,377,732	$ 1,062,256	$ 5,906,042
Chemicals	1,198,521	183,371	-	1,381,892
Employee physicals/uniforms	39,213	17,761	5,949	62,923
Employee training	14,998	3,568	2,608	21,174
Lab/soil testing	15,734	-	-	15,734
Leonardtown - treatment plant	178,276	-	-	178,276
Maintenance	1,011,067	391,408	-	1,402,475
Materials and supplies	161,685	218,966	19,404	400,055
Miscellaneous	15,714	76,516	186,732	278,962
Oil and gas	130,455	4,160	-	134,615
Power	786,307	505,876	7,576	1,299,759
Safety supplies	15,067	6,182	-	21,249
Sludge removal	241,416	-	-	241,416
SSO fines and penalties	250,500	-	-	250,500
Telephone	9,039	7,567	6,047	22,653
Tools purchased	89,581	10,110	-	99,691
Vehicle operating and mileage	234,235	92,578	20,130	346,943
Water testing	-	31,873	-	31,873
Recovery of costs	-	(17,247)	(374,163)	(391,410)
Total direct operating expenses	$ 7,857,862	$ 2,910,421	$ 936,539	$ 11,704,822

ST. MARY'S COUNTY METROPOLITAN COMMISSION

Schedules of Administrative Expenses
Years Ended June 30, 2024 and 2023

	2024	2023
Administrative expenses:		
Accounting	$ 15,758	$ 15,300
Advertising	2,529	7,787
Bond fees	-	1,500
Commissioners' salaries	14,500	14,500
Computer services	226,168	150,892
Consulting	1,680	5,602
Contractual employees	4,752	11,557
Depreciation	67,384	52,171
Dues and subscriptions	9,807	10,396
Electric	13,736	26,068
Employee training	22,133	19,814
Hospitalization and disability	1,342,525	1,177,935
Insurance	316,294	320,850
Legal	210,465	88,576
Mileage and travel	1,349	1,786
Miscellaneous	101,542	111,138
Office and administrative salaries	1,912,385	1,776,696
Office supplies and expenses	116,904	81,034
On-line fees	297,717	208,183
Payroll taxes	590,777	556,855
Postage expense	107,678	103,385
Retirement	1,035,172	1,184,291
Telephone and fax	57,443	55,955
Tuition reimbursement	-	3,128
Total administrative expenses	$ 6,468,698	$ 5,985,399
Allocated to services as follows:		
Sewer 66.04% and 64.1%	$ 4,271,929	$ 3,836,642
Water 26.05% and 27.3%	1,685,095	1,634,013
Engineering 7.91% and 8.6%	511,674	514,744
	$ 6,468,698	$ 5,985,399

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REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Board of Directors of
St. Mary's County Metropolitan Commission

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the St. Mary's County Metropolitan Commission (MetCom), a component unit of St. Mary's County, Maryland, as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise MetCom's basic financial statements, and have issued our report thereon dated December 10, 2024.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered MetCom's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of MetCom's internal control. Accordingly, we do not express an opinion on the effectiveness of MetCom's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

SBC Certified Public Accountants & Business Advisors

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether MetCom's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Owings Mills, Maryland
December 10, 2024

SB + Company, LLC