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.

NOTE: As of the date of this filing, the Administration has not received FY-2023 audited financial statements or FY-2023 Uniform Financial Report ("UFR") excerpt information from the City of Westminster. Administration staff will continue to monitor and encourage the City of Westminster to provide information and will file updates in a timely manner once the required materials are published.

COMMUNITY DEVELOPMENT ADMINISTRATION
LOCAL GOVERNMENT INFRASTRUCTURE BONDS

FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2023 AND 2022

CPAs | CONSULTANTS | WEALTH ADVISORS

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COMMUNITY DEVELOPMENT ADMINISTRATION
LOCAL GOVERNMENT INFRASTRUCTURE BONDS
YEARS ENDED JUNE 30, 2023 AND 2022

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CliftonLarsonAllen LLP
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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, 2023 and 2022, 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, 2023 and 2022, 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, 2023 and 2022, 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 28, 2023, 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 28, 2023

COMMUNITY DEVELOPMENT ADMINISTRATION
LOCAL GOVERNMENT INFRASTRUCTURE BONDS
STATEMENTS OF NET POSITION
(in thousands)
JUNE 30, 2023 AND 2022

	2023	2022
RESTRICTED ASSETS		
RESTRICTED CURRENT ASSETS		
Cash and Cash Equivalents on Deposit	$ 59,086	$ 56,932
Community Facilities Loans	11,956	12,805
Accrued Interest Receivables	364	666
Total Restricted Current Assets	71,406	70,403
RESTRICTED LONG-TERM ASSETS		
Community Facilities Loans, Net of Current Portion	171,043	158,956
Total Restricted Long-Term Assets	171,043	158,956
Total Restricted Assets	$ 242,449	$ 229,359
LIABILITIES AND NET POSITION		
CURRENT LIABILITIES		
Accrued Interest Payable	$ 671	$ 480
Accounts Payable	44	31
Bonds Payable	11,055	12,055
Advance Trustee Fees	112	104
Due to Local Governments	48,086	47,818
Total Current Liabilities	59,968	60,488
LONG-TERM LIABILITIES		
Bonds Payable, Net of Current Portion	176,525	163,326
Advance Trustee Fees, Net of Current Portion	225	224
Rebate Liability	93	-
Other Liabilities	199	221
Total Long-Term Liabilities	177,042	163,771
Total Liabilities	237,010	224,259
NET POSITION		
Restricted by Bond Indenture	5,439	5,100
Total Liabilities and Net Position	$ 242,449	$ 229,359

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, 2023 AND 2022

	2023	2022
OPERATING REVENUE		
Interest on Community Facilities Loans, Net of Amortization of Premium on Notes Receivabe	$ 5,591	$ 5,442
Interest on Cash Equivalents, Net of Rebate	444	24
Gain on Early Retirement of Debt	-	213
Fee Income	126	151
Other Operating Revenue	1	509
Total Operating Revenue	6,162	6,339
OPERATING EXPENSES		
Interest Expense on Bonds	5,180	5,035
Bond Issuance Cost	524	581
Professional Fees and Other Operating Expenses	119	49
Total Operating Expenses	5,823	5,665
Operating Income	339	674
Transfer of Funds, as Permitted by the Various Bond Indentures	-	1,526
CHANGE IN NET POSITION	339	2,200
NET POSITION, RESTRICTED - BEGINNING OF YEAR	5,100	2,900
NET POSITION, RESTRICTED - END OF YEAR	$ 5,439	$ 5,100

See accompanying Notes to Financial Statements.

COMMUNITY DEVELOPMENT ADMINISTRATION
LOCAL GOVERNMENT INFRASTRUCTURE BONDS
STATEMENTS OF CASH FLOWS
(in thousands)
YEARS ENDED JUNE 30, 2023 AND 2022

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Principal and Interest Received on Community Facilities Loans	$ 19,485	$ 47,215
Origination of Community Facilities Loans	(24,478)	(16,987)
Advance Trustee Fees Received	113	251
Trustee Fees Paid	(104)	(100)
Loan Fees Received	126	151
Professional Fees and Other Operating Expenses	(119)	(49)
Other Operating Revenue	1	509
Net Cash (Used) Provided by Operating Activities	(4,976)	30,990
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest Received on Cash Equivalents	431	17
Net Cash Provided by Investing Activities	431	17
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Proceeds from Sale of Bonds	25,697	30,296
Payments on Bond Principal	(12,735)	(41,160)
Bond Issuance Costs	(511)	(569)
Interest on Bonds	(5,752)	(5,680)
Transfer Among Funds	-	302
Net Cash Provided (Used) by Noncapital Financing Activities	6,699	(16,811)
NET INCREASE IN CASH AND CASH EQUIVALENTS ON DEPOSIT	2,154	14,196
CASH AND CASH EQUIVALENTS ON DEPOSIT - BEGINNING OF YEAR	56,932	42,736
CASH AND CASH EQUIVALENTS ON DEPOSIT - END OF YEAR	$ 59,086	$ 56,932
RECONCILIATION OF OPERATING INCOME TO NET CASH (USED) PROVIDED BY OPERATING ACTIVITIES		
Operating Income	$ 339	$ 674
Adjustments to Reconcile Operating Income to Net Cash (Used) Provided by Operating Activities:		
Amortization of Bond Original Issue Premiums/Discounts	(763)	(615)
Amortization of Premium on Notes Receivable	473	400
Interest Received on Cash Equivalents	(431)	(17)
Bond Issuance Costs	511	569
Interest on Bonds	5,752	5,680
Gain on Early Retirement of Debt	-	(213)
(Increase) Decrease in Assets:		
Community Facilities Loans	(9,120)	14,267
Premium on Notes Receivable	(2,591)	(2,527)
Accrued Interest and Other Receivables	302	181
Increase (Decrease) in Liabilities:		
Accrued Interest Payable	191	(30)
Accounts Payable	13	12
Due to Local Governments	268	12,565
Rebate Liability	93	-
Advance Trustees Fees and Other Liabilities	(13)	44
Net Cash (Used) Provided by Operating Activities	$ (4,976)	$ 30,990
SUPPLEMENTAL DISCLOSURE OF NONCASH TRANSACTIONS		
Transfer of Community Facility Loans from Local Government Infrastructure Bonds (AMBAC Insured)	$ -	$ (1,224)

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, 2023 and 2022, 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, 2023 and 2022.

Accrued Interest and Other Receivables

Accrued interest includes both interest on cash deposits and interest on loans. As of June 30, 2023 and 2022, 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 11 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, 2023 and 2022, are evaluated in accordance with GASB accounting guidance for interest rate risk, credit risk, concentration of credit risk and custodial credit risk.

Assets	2023	2022
Cash and Cash Equivalents:		
BlackRock Liquidity FedFund		
Administration Shares	$ 59,086	$ 56,932
Total	$ 59,086	$ 56,932

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, 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	$ -

As of June 30, 2022, 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	$ 56,932	$ 56,932	$ 56,932	$ -
Total	$ 56,932	$ 56,932	$ 56,932	$ -

(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, 2023 and 2022, 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, 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

As of June 30, 2022, 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	$ 56,932	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, 2023 and 2022, 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, 2023 and 2022. As of June 30, 2023 and 2022, interest rates on such loans range from 0.96% to 5.09%. Remaining loan terms range from less than 1 year to 28 years and less than 1 year to 29 years, respectively.

The Local Government Infrastructure Bonds 2019 Series B, 2020 Series A, 2021 Series A and 2023 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, 2023 and 2022 were as follows:

	2023	2022
Community Facilities Loans Receivable	$ 173,679	$ 164,559
Premium on Notes Receivable	10,595	8,004
Total Community Facilities Loans Receivable, Net of Premium	184,274	172,563
Less Accumulated Amortization of Premium on Notes Receivable	(1,275)	(802)
Community Facilities Loans Receivable, Net of Unamortized Premium	$ 182,999	$ 171,761

(in thousands)

NOTE 5 ACCRUED INTEREST AND OTHER RECEIVABLES

Accrued interest and other receivables as of June 30, 2023 and 2022 were as follows:

	2023	2022
Accrued Interest on Community Faciliities Loans	$ 251	$ 659
Accrued Interest on Cash Equivalents	44	7
Accrued Local Governments' Share of Rebate Liability	69	-
Total	$ 364	$ 666

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, 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

(in thousands)

NOTE 6 BONDS PAYABLE (CONTINUED)

The following is a summary of the bond activity for the year ended June 30, 2022 and debt outstanding and bonds payable as of June 30, 2022:

	Issue Dated	Range of Interest Rates	Range of Maturities	Debt Outstanding at June 30, 2021	Bond Activity: New Bonds Issued	Bond Activity: Scheduled Maturity Payments	Bond Activity: Bonds Redeemed/ Defeased	Debt Outstanding at June 30, 2022	Bond Premium/ Discount Deferred	Bonds Payable at June 30, 2022
Local Government Infrastructure Bonds										
2010 Series A-1	8/25/10	3.125% - 3.375%	2023 - 2025	$ 1,000	$ -	$ (250)	$ -	$ 750	$ (7)	$ 743
2010 Series A-2	8/25/10	3.25% - 3.50%	2023 - 2025	485	-	(115)	-	370	-	370
2012 Series A-1	5/17/12	3.00% - 3.50%	2023-2032	3,680	-	(545)	-	3,135	(2)	3,133
2012 Series A-2	5/17/12	3.00% - 3.60%	2023-2032	1,785	-	(250)	-	1,535	-	1,535
2012 Series B-1	12/19/12	2.20% - 3.125%	2023-2032	7,620	-	(810)	(3,210)	3,600	43	3,643
2012 Series B-2	12/19/12	2.25% - 3.125%	2023-2032	3,505	-	(370)	(1,655)	1,480	-	1,480
2013 Series A-1	10/3/13	3.40% - 5.00%	2023-2035	8,950	-	(645)	(6,480)	1,825	(1)	1,824
2013 Series A-2	10/3/13	3.45% - 5.05%	2023-2043	4,275	-	(275)	(2,900)	1,100	-	1,100
2014 Series A-1	8/28/14	2.55% - 3.50%	2023-2034	17,580	-	(1,440)	(9,440)	6,700	136	6,836
2014 Series A-2	8/28/14	2.55% - 5.00%	2023-2034	8,255	-	(620)	(4,250)	3,385	-	3,385
2015 Series A-1	8/27/15	3.00% - 4.00%	2023-2045	9,395	-	(725)	-	8,670	79	8,749
2015 Series A-2	8/27/15	3.00% - 4.00%	2023-2045	4,020	-	(310)	-	3,710	-	3,710
2016 Series A-1	8/31/16	1.65% - 2.90%	2023-2036	12,565	-	(1,185)	-	11,380	-	11,380
2016 Series A-2	8/31/16	1.70% - 2.95%	2023-2036	5,385	-	(505)	-	4,880	-	4,880
2017 Series A-1	8/2/17	2.00% - 4.00%	2023-2047	21,435	-	(1,615)	-	19,820	280	20,100
2017 Series A-2	8/2/17	2.00% - 4.00%	2023-2047	9,200	-	(690)	-	8,510	-	8,510
2018 Series A-1	8/30/18	3.00% - 5.00%	2023-2048	4,005	-	(200)	-	3,805	258	4,063
2018 Series A-2	8/30/18	3.00% - 4.00%	2023-2048	1,705	-	(85)	-	1,620	-	1,620
2019 Series A-1	6/27/19	2.28% - 3.90%	2023-2049	10,880	-	(245)	-	10,635	-	10,635
2019 Series A-2	6/27/19	2.38% - 4.00%	2023-2049	4,675	-	(105)	-	4,570	-	4,570
2019 Series B-1	11/21/19	4.00%	2023-2049	11,195	-	(415)	-	10,780	1,199	11,979
2019 Series B-2	11/21/19	4.00%	2023-2049	5,000	-	(180)	-	4,820	499	5,319
2020 Series A-1	8/20/20	4.00%	2023-2049	16,095	-	(870)	-	15,225	3,999	19,224
2020 Series A-2	8/20/20	4.00%	2023-2049	7,195	-	(375)	-	6,820	-	6,820
2021 Series A-1	12/2/21	3.00% - 5.00%	2023-2051	-	18,980	(270)	-	18,710	3,023	21,733
2021 Series A-2	12/2/21	3.00% - 5.00%	2023-2051	-	8,170	(130)	-	8,040	-	8,040
Total				$ 179,885	$ 27,150	$ (13,225)	$ (27,935)	$ 165,875	$ 9,506	$ 175,381

NOTE 7 DEBT SERVICE REQUIREMENTS

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, are 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 7 DEBT SERVICE REQUIREMENTS (CONTINUED)

As of June 30, 2022, 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
2023	$ 5,758	$ 12,055
2024	5,411	10,365
2025	5,106	10,225
2026	4,784	9,810
2027	4,470	9,355
2028-2032	17,634	41,490
2033-2037	11,137	28,065
2038-2042	6,726	19,475
2043-2047	3,297	17,335
2048-2051	534	7,700
Total	$ 64,857	$ 165,875

(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, 2023 and 2022, the estimated CDA's share of rebate liability was $24 and $0, 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, 2023 and 2022 the estimated Local Governments' share of rebate liability was $69 and $0, respectively.

	2023	2022
Beginning Rebate Liability:		
CDA's Share	$ -	$ -
Local Governments' Share	-	-
Total	$ -	$ -
Change in Estimated Liability Due to Excess Earnings (Calculated as of the Interim Computation Period Ending 6/30):		
CDA's Share	$ 24	$ -
Local Governments' Share	69	-
Total	$ 93	$ -
Ending Rebate Liability:		
CDA's Share	$ 24	$ -
Local Governments' Share	69	-
Total	$ 93	$ -

(in thousands)

NOTE 9 LONG-TERM OBLIGATIONS

Changes in long-term obligations for the years ended June 30, 2023 and 2022 were as follows:

	2023	2022
Bonds Payable:		
Beginning Balance at June 30,	$ 175,381	$ 187,073
Additions	25,697	30,296
Reductions	(12,735)	(41,160)
Change in Deferred Amounts for Issuance Premiums/Discounts	(763)	(828)
Ending Balance at June 30,	187,580	175,381
Less Due Within One Year	(11,055)	(12,055)
Total Long-Term Bonds Payable	176,525	163,326
Other Liabilities - Advance Trustee Fees:		
Beginning Balance at June 30,	328	177
Additions	113	251
Reductions	(104)	(100)
Ending Balance at June 30,	337	328
Less Due Within One Year	(112)	(104)
Total Long-Term Other Liabilities - Advance Trustee Fees	225	224
Other Liabilities - Rebate Liability:		
Beginning Balance at June 30,	-	-
Additions	93	-
Reductions	-	-
Ending Balance at June 30,	93	-
Total Long-Term Other Liabilities - Rebate Liability	93	-
Other Liabilities:		
Beginning Balance at June 30,	221	328
Additions	-	-
Reductions	(22)	(107)
Ending Balance at June 30,	199	221
Total Long-Term Other Liabilities	199	221
Total Long-Term Liabilities	$ 177,042	$ 163,771

NOTE 10 INTERFUND ACTIVITY

In accordance with the Resolution, net position in the Fund is restricted and pledged to bondholders. However, restricted assets may be transferred to other Funds, subject to the provisions of the Resolution. During the year ended June 30, 2023, there were no transfers into the Fund. During the year ended June 30, 2022, $302 cash and $1,224 loans receivable were transferred into the Fund from CDA's Local Government Infrastructure Bonds (AMBAC Insured) Fund.

NOTE 11 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, 2023)

Local Government	Location by County	Series of Bonds	Amount of Loan ($)	Remaining Loan Term (in years)	Purpose
Aberdeen	Harford	2020A	$1,949,000.00	7	Refinance existing debt
Bel Air	Harford	2021A	$7,220,000.00	28	Construct police station & renovate town hall
Berlin	Worcester	2012A	$1,242,600.00	6	Refinance existing debt
Berlin	Worcester	2015A	$1,503,500.00	11	Refinance existing debt
Boonsboro	Washington	2017A	$4,788,500.00	24	Refinance USDA[2] Loan
Brentwood	Prince George's	2021A	$1,360,000.00	28	Renovate fire dept building & community center
Cambridge	Dorchester	2018A	$1,548,500.00	25	Refinance bank loan
Cambridge	Dorchester	2023A	$2,242,783.09	20	West End sewer system improvements
Capitol Heights	Prince George's	2019B	$1,197,500.00	16	Safety complex and street improvements
Centreville	Queen Anne's	2012A	$659,640.00	9	Street improvements, water distribution system, refi loan
Centreville	Queen Anne's	2016A	$5,370,000.00	13	Roadway and park improvements, refi bank loan, refi USDA debt
Centreville	Queen Anne's	2017A	$6,029,500.00	24	Refinance LGIF[3] 2007 Series A Loans and roadway improvements
Charlestown	Cecil	2012A	$339,000.00	9	Refi, drainage, wtr basin impts.

Local Government Infrastructure Program Indenture (2010-Present)

Infrastructure Loans Financed with the Proceeds of the Bonds

(Outstanding Loans as of June 30, 2023)

Local Government	Location by County	Series of Bonds	Amount of Loan ($)	Remaining Loan Term (in years)	Purpose
Charlestown	Cecil	2014A	$82,000.00	11	Shoreline Protection
Chestertown	Kent	2012A	$1,073,500.00	9	Purchase marina property
Colmar Manor	Prince George's	2021A	$1,530,000.00	13	Refinance bank loan
Crisfield	Somerset	2017A	$184,000.00	4	Refinance LGIF[3] 2007 Series A Loan
Cumberland	Allegany	2014A	$573,000.00	6	Vehicle, Equipment, Information System Ambulance, ERP System, Vacuum Truck Facility, Street, Water and Sewer Impts
Cumberland	Allegany	2015A	$1,877,000.00	12	Equipment purchases Facility, street, water and sewer improvements
Cumberland	Allegany	2017A	$393,500.00	4	Vehicles, equipment, software acquisition heavy equipment, facility improvements
Cumberland	Allegany	2018A	$170,000.00 $359,500.00 $1,152,000.00	2 5 25	Vehicle purchases Heavy equipment Water system improvements
Cumberland	Allegany	2019B	$124,500.00 $539,500.00 $1,931,000.00	3 6 16	Vehicles, IT equipment, copiers Heavy duty vehicles Fire aerial ladder truck, street improvements
Cumberland	Allegany	2021A	$350,000.00 $765,000.00 $4,725,000.00	5 8 18	Purchase vehicles, IT equip and software Purchase heavy duty vehicles and equipment Street paving,facility improvements

Local Government Infrastructure Program Indenture (2010-Present) Infrastructure Loans Financed with the Proceeds of the Bonds (Outstanding Loans as of June 30, 2023)					
Local Government	**Location by County**	**Series of Bonds**	**Amount of Loan ($)**	**Remaining Loan Term (in years)**	**Purpose**
Cumberland	Allegany	2023A	$539,738.66	7	Equipment, wtr & swr system equipment
			$1,086,667.98	10	Heavy vehicles & equipment
			$2,042,450.59	20	Facility maintenance, wtr & swr system impts.
Denton	Caroline	2021A	$570,000.00	25	Refinance USDA[2] loans
District Heights	Prince George's	2016A	$2,935,000.00	13	Senior Center and Youth Counseling Center construction
District Heights	Prince George's	2020A	$1,698,000.00	17	Senior Center renovation
Edmonston	Prince George's	2019B	$229,500.00	6	Refinance bank loan
Federalsburg	Caroline	2013A	$465,500.00	5	Street improvements
Federalsburg	Caroline	2015A	$1,878,500.00	11	Refinance existing debt
Forest Heights	Prince George's	2015A	$266,500.00	7	Road and sidewalk improvements
Forest Heights	Prince George's	2018A	$838,500.00	15	Street improvements
Frostburg	Allegany	2019B	$2,398,000.00	25	Municipal Center Complex renovations
Havre de Grace	Harford	2016A	$2,585,000.00	8	Opera House improvements and water treatment plant rehabilitation
Havre de Grace	Harford	2020A	$7,300,500.00	17	Water and sewer system improvements

Local Government Infrastructure Program Indenture (2010-Present) Infrastructure Loans Financed with the Proceeds of the Bonds (Outstanding Loans as of June 30, 2023)					
Local Government	**Location by County**	**Series of Bonds**	**Amount of Loan ($)**	**Remaining Loan Term (in years)**	**Purpose**
Havre de Grace	Harford	2023A	$6,183,173.36	20	Water and sewer system improvements
Hyattsville	Prince George's	2010A	$666,000.00	2	Street and sidewalk improvements
Hyattsville	Prince George's	2012B	$742,500.00	4	Parking facility improvements, parking meters field renovations, street improvements
Indian Head	Charles	2018A	$141,500.00 $669,000.00	5 25	Equipment and vehicle purchases Water, wastewater, property acquisition, and boardwalk improvments
Laurel	Prince George's	2016A	$1,665,000.00	3	Facility maintenance, fleet purchases, IT purchases, park improvements, and street improvements
Leonardtown	St. Mary's	2023A	$8,040,910.16	20	Wastewater treatment plant improvements
Manchester	Carroll	2016A	$550,000.00	3	Town hall and police station construction
Middletown	Frederick	2015A	$5,423,500.00	22	Street improvements and reservoir cover Water line replacement
Mount Airy	Carroll & Frederick	2012B	$3,556,300.00	9	Refinance existing debt, water main replacements, water pump station
Myersville	Frederick	2014A	$57,500.00	<1	Street Improvements
New Carrollton	Prince George's	2017A	$970,000.00	9	Renovate municipal building
New Windsor	Carroll	2019B	$357,000.00	16	Refi bank loan, Town hall and public works building renovation

Local Government Infrastructure Program Indenture (2010-Present)

Infrastructure Loans Financed with the Proceeds of the Bonds

(Outstanding Loans as of June 30, 2023)

Local Government	Location by County	Series of Bonds	Amount of Loan ($)	Remaining Loan Term (in years)	Purpose
North East	Cecil	2014A	$1,251,500.00	11	Road Way Improvement
Oakland	Garrett	2020A	$630,000.00	7	Refinance existing debt
Perryville	Cecil	2016A	$1,435,000.00	8	Construct police station
Perryville	Cecil	2023A	2019276.16	20	Roadway improvements
Riverdale Park	Prince George's	2013A	$897,000.00	8	Street improvements and community center improvements
Smithsburg	Washington	2018A	$251,000.00	25	Property acquisition
Somerset County Sanitary Comm.	Somerset	2013A	$171,000.00	12	Refinance USDA[2] loan
Somerset County Sanitary Comm.	Somerset	2015A	$119,000.00	<1	Refinance existing debt
Somerset County Sanitary Comm.	Somerset	2020A	$139,500.00 $542,000.00 $3,144,500.00	12 19 26	Refinance USDA[2] loan Refinance USDA[2] loan Refinance USDA[2] loan
St. Mary's Metropolitan Commission	St. Mary's	2019B	$187,500.00 $6,658,000.00	6 26	Vacuum truck acquisition and water and sewer system improvements
St. Mary's Metropolitan Commission	St. Mary's	2020A	$4,091,000.00	7	Water and sewer system improvements
St. Mary's Metropolitan Commission	St. Mary's	2021A	$9,370,000.00	28	Water and sewer system improvements

Local Government Infrastructure Program Indenture (2010-Present) **Infrastructure Loans Financed with the Proceeds of the Bonds** **(Outstanding Loans as of June 30, 2023)**					
Local Government	**Location by County**	**Series of Bonds**	**Amount of Loan ($)**	**Remaining Loan Term (in years)**	**Purpose**
Takoma Park	Montgomery	2015A	$347,000.00	2	Refinance existing debt
Takoma Park	Montgomery	2017A	$7,349,500.00	24	Roadway improvements and library and community center renovation
Taneytown	Carroll	2014A	$5,133,000.00	11	Redeem 2008 Bank Loan Wastewater Treatment Plant Upgrade
Trappe	Talbot	2017A	$2,350,000.00	20	Refinance USDA[2] Loans Refinance USDA[2] Loan
Union Bridge	Carroll	2017A	$892,500.00	11	Refinance bank loan
University Park	Prince George's	2019B	$1,172,500.00	11	Street improvements
Westminster	Carroll	2017A	$3,777,500.00	14	Roadway improvements
Westminster	Carroll	2019A	$14,845,000.00	26	Refinance bank loans
Westminster	Carroll	2020A	$920,500.00	17	Community pool renovations
		Total:	**$172,830,040**		

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, 2023, 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.

NOTE: As of the date of this filing, the Administration has not received FY-2023 audited financial statements or FY-2023 Uniform Financial Report ("UFR") excerpt information from the City of Westminster. Administration staff will continue to monitor and encourage the City of Westminster to provide information and will file updates in a timely manner once the required materials are published.

ST. MARY'S COUNTY

POPULATION (June 2020 Census): 113,777

YEAR	**2023**	**2022**	**2021**
PROPERTY:	$13,643,830,856	$13,159,543,171	$12,790,142,604

Summary of General Fund, Year Ended June 30, 2023

	2023	**2022**	**2021**
REVENUES:			
Taxes	261,369,856	254,606,825	232,384,869
Highway user revenues	1,866,156	1,993,427	1,791,108
Licenses & permits	558,661	696,056	585,820
Intergovernmental	14,894,477	18,950,537	8,538,956
Charges for services	3,680,023	3,830,430	3,086,708
Fines and forfeitures	53,153	42,266	24,500
Other revenues	10,219,422	1,040,838	1,838,045
Pass-throughs			
Total Revenues	$ 292,641,748	$ 281,160,379	$ 248,250,006
EXPENDITURES:			
General government	34,294,465	28,527,101	28,381,430
Public safety	74,706,614	67,084,189	55,962,675
Public works	14,358,790	13,996,826	10,906,657
Health	5,598,652	8,167,252	3,199,536
Social services	5,050,606	4,653,853	4,812,772
Primary and secondary education	124,877,736	117,466,739	111,927,374
Post-secondary education	4,817,603	4,656,631	4,583,686
Parks, recreation, and culture	5,445,125	5,142,420	4,383,812
Libraries	3,310,050	3,078,258	2,966,362
Conservation of natural resources	843,494	704,044	683,465
Housing			
Economic development	2,509,072	2,472,727	2,090,700
Debt service (P & I)	13,313,552	14,523,048	12,539,808
Other	4,578,448	4,236,932	5,150,000
Pass-throughs	-	-	43,446
Total Expenditures	$ 293,704,207	$ 274,710,020	$ 247,631,723

	2023	**2022**	**2021**
ASSETS:			
Cash & cash equivalents	126,557,111	149,759,575	131,341,489
Restricted cash and investments	36,212,732	6,504,885	18,492,704
Taxes receivable	1,870,346	1,983,451	1,961,710
Income tax reserve	65,095,534	64,983,327	38,187,692
Accounts receivable	9,096,399	12,301,873	19,718,568
Inventory	1,328,578	1,314,844	1,192,528
Other	206,654	207,138	250,759
Due from fiduciary fund	2,069,788	724,570	658,756
Total Assets	$ 242,437,142	$ 237,779,663	$ 211,804,206
LIABILITIES:			
Accounts payable	13,759,618	15,661,295	5,183,165
Compensated-related liabilities	13,418,700	14,183,438	13,584,297
Deferred income tax distribution			
Unearned revenue	12,232,278	16,485,637	11,230,417
Other liabilities	10,248,953	8,715,267	7,477,039
Due to other funds	58,337,101	36,648,066	48,022,818
Due to other governments			
Unavailable income tax distribution			
Total Liabilities	$ 107,996,650	$ 91,693,703	$ 85,497,736

ST. MARY'S COUNTY Cont.

Year Ended June 30, 2023

	2023	2022	2021
FUND BALANCES:			
Undesignated/Unassigned	$ 29,052,079	$ 36,831,852	$ 51,178,909
LONG-TERM DEBT:			
Governmental activities	165,067,311	140,042,544	141,808,744
Business-type activities	420,228	602,270	718,171
Total L-T Liabilities	$ 165,487,539	$ 140,644,814	$ 142,526,915

Property Taxes and Taxes Receivable: Real Property

	Total assessed Value of Real Property	General tax rate/$100	Actual Tax Levy	Current Year Amount Collected
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
2019	$12,333,009,947	0.8478	$110,983,565	$109,426,015

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
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	*	*
2019	$155,000,000	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
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	*	*
2019	$136,388,000	2.1195	*	*

* Consolidated - as amounts are not tracked separately.

ST. MARY'S COUNTY

State-aid Intercept Pledge : Analysis

Jurisdiction	**Available funds received (Period : CY-2022)**	**Available funds received (Period : CY-2023)**	**Average of funds received (Period : CY-2006 thru CY-2023)**	**Maximum Annual Debt Service (MADS) on pledged indebtedness [1]**
St. Mary's County	$156,706,459	$156,078,635	$113,369,414	$5,443,150

[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, 2023

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COMMISSIONERS OF ST. MARY'S COUNTY

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

June 30, 2023

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SB & COMPANY, LLC
KNOWLEDGE • QUALITY • CLIENT SERVICE

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 Commissioners of St. Mary's County (the County) as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

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, 2023, 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.

SB & COMPANY, LLC
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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 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
November 27, 2023

SB & Company, LLC

Management's Discussion and Analysis
June 30, 2023

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, 2023. 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 $398.3 million (net position). Approximately $16.8 million, or 4.2%, 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 FY2023 is $100.8 million, a change from FY2022 of $82.7 million, an increase of approximately $18.1 million. Net position includes approximately $296.9 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 an increase of $9.3 million compared to the prior year.

- Governmental activities' total indebtedness increased by approximately $24.5 million during the fiscal year ended June 30, 2023. Increase was mainly due to the issuance of bonds during FY2023 of $30 million plus premium. Payments on the debt totaled approximately $9.4 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 $0.7 million.

- As of June 30, 2023, the County's governmental funds reported combined fund balances of $141.3 million, an increase of $18.3 million compared to the prior year. The general fund reflected a decrease of $11.4 million. The capital projects fund reflected an increase of $26.5 million. The fund balance for the non-major funds increased by $3.2 million. The County's governmental fund balances as of June 30, 2023 include $55.6 million for capital projects, $79.5 million in general funds, and $6.2 million for the other non-major funds. The general fund balance of $79.5 million includes $2.2 million that is nonspendable and restricted, as well as $33.9 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 $14 million for use of non-recurring in the FY2024 Budget. In addition, the general fund has an assigned balance of approximately $14.4 million which includes encumbrances.

Financial Highlights (continued)

- With the FY2023 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 $25.0 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 $852,297. Fee-based recreation activities posted a decrease of $375,694. This decrease reflects the phased in minimum wage increase mandated from the State and other cost increases related to full year operation of the aquatics center. 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 $517,946 with environmental service fee set at $98.50. The Wicomico Golf Course reflects an increase of $41,343 in net position 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 FY2024, 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, 2023, the unassigned fund balance for the general fund (primary operating fund) was $29.1 million, or 10.4% of general fund expenditures. Assigned fund balance of the general fund was $14.4 million, or 18.1% 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 107 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 109 to 116 of this report. Combining and Individual Fund Statements on pages 118 and 119. Other supplementary information can be found on pages 122 to 131.

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 $381.5 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. $277.3 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 $103.8 million.

Government-wide Financial Analysis (continued)

BALANCE SHEET
June 30, 2023 and 2022

	Governmental Activities		Business-type Activities		Total	
	2023	2022	2023	2022	2023	2022
ASSETS						
Current Assets	$ 254,222,748	$ 242,620,800	$ (1,815,497)	$ 2,247,096	$ 252,407,251	$ 244,867,896
Other Non-Current Assets	669,061	4,833,030	-	-	669,061	4,833,030
Capital assets	431,797,880	415,970,019	19,860,908	17,669,598	451,658,788	433,639,617
Total Assets	686,689,689	663,423,849	18,045,411	19,916,694	704,735,100	683,340,543
DEFERRED OUTFLOW OF RESOURCES						
Pension	19,628,167	18,925,962	-	-	19,628,167	18,925,962
OPEB	12,998,522	10,197,711	-	-	12,998,522	10,197,711
Total Deferred Outflow of Resources	32,626,689	29,123,673	-	-	32,626,689	29,123,673
Total Assets & Deferred Outflow of Resources	719,316,378	692,547,522	18,045,411	19,916,694	737,361,789	712,464,216
LIABILITIES						
Current Liabilities	58,662,659	66,953,940	873,517	1,710,471	59,536,176	68,664,411
Non-Current Liabilities	263,069,900	221,636,189	420,238	602,270	263,490,138	222,238,459
Total Liabilities	321,732,559	288,590,129	1,293,755	2,312,741	323,026,314	290,902,870
DEFERRED INFLOW OF RESOURCES						
Pension	4,639,907	16,585,183	-	-	4,639,907	16,585,183
OPEB	11,416,021	16,010,223	-	-	11,416,021	16,010,223
Total Deferred Inflow of Resources	16,055,928	32,595,406	-	-	16,055,928	32,595,406
Total Liabilities & Deferred Inflow of Resources	337,788,487	321,185,535	1,293,755	2,312,741	339,082,242	323,498,276
NET POSITION						
Net Investment in Capital Assets	277,276,080	285,986,638	19,660,644	17,472,164	296,936,724	303,458,802
Restricted	501,323	2,771,122	-	-	501,323	2,771,122
Unrestricted	103,750,488	82,604,227	(2,908,988)	131,789	100,841,500	82,736,016
Total Net Position	381,527,891	371,361,987	16,751,656	17,603,953	398,279,547	388,965,940
Total Liabilities, Deferred Inflow of Resources and Net Position	$ 719,316,378	$ 692,547,522	$ 18,045,411	$ 19,916,694	$ 737,361,789	$ 712,464,216

As of June 30, 2023, 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, 2023 and 2022

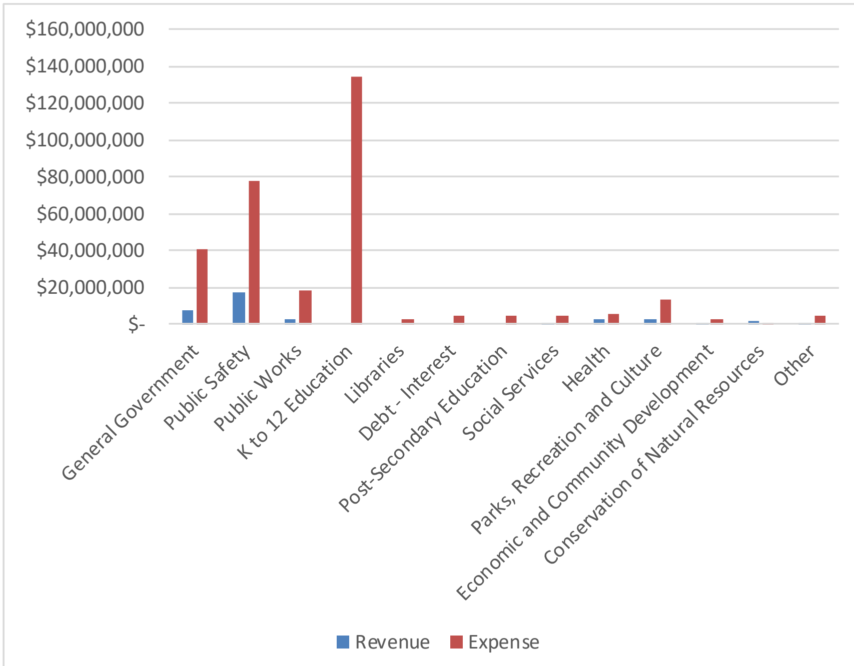
	Governmental Activities		Business-type Activities		Total	
	2023	2022	2023	2022	2023	2022
Program Revenues:						
Charges for Services	$ 10,961,876	$ 8,924,152	$ 5,226,078	$ 4,455,617	$ 16,187,954	$ 13,379,769
Environmental/Solid Waste Fees	-	-	4,537,158	4,336,570	4,537,158	4,336,570
Operating Grants and Contributions	15,988,923	19,843,844	387,151	228,283	16,376,074	20,072,127
Capital Grants and Dedicated Fees or Taxes	10,725,352	26,179,120	-	-	10,725,352	26,179,120
General Revenues:						
Property Taxes	122,946,791	118,449,980	-	-	122,946,791	118,449,980
Income Taxes	126,742,348	139,363,951	-	-	126,742,348	139,363,951
Other Taxes	26,497,565	28,651,768	-	-	26,497,565	28,651,768
Investment Earnings	5,339,773	200,336	-	-	5,339,773	200,336
Roads Constructed by Third Parties	1,575,460	4,732,320	-	-	1,575,460	4,732,320
Miscellaneous, Principally Capital Projects Funding	4,556,233	-	-	1,581,073	4,556,233	1,581,073
Total Revenues	325,334,321	346,345,471	10,150,387	10,601,543	335,484,708	356,947,014
Program Expenses:						
General Government	40,561,851	34,071,852	-	-	40,561,851	34,071,852
Public Safety	77,504,149	78,920,800	-	-	77,504,149	78,920,800
Public Works	18,615,980	25,955,265	6,342,587	6,278,997	24,958,567	32,234,262
Health	5,611,418	8,259,227	-	-	5,611,418	8,259,227
Social Services	4,635,980	5,184,734	-	-	4,635,980	5,184,734
Primary and Secondary Education	134,316,361	122,937,792	-	-	134,316,361	122,937,792
Post-Secondary Education	4,743,373	4,689,241	-	-	4,743,373	4,689,241
Parks, Recreation and Culture	13,520,127	9,878,147	4,930,497	3,972,357	18,450,624	13,850,504
Libraries	3,165,773	3,276,845	-	-	3,165,773	3,276,845
Conservation of Natural Resources	830,994	381,276	-	-	830,994	381,276
Economic Development and Opportunity	2,506,441	2,767,395	-	-	2,506,441	2,767,395
Interest on Debt	4,309,991	2,784,938	-	-	4,309,991	2,784,938
Other, Principally Retiree's Health	4,575,579	24,668	-	-	4,575,579	24,668
Transfers (in)/out	270,400	-	(270,400)	-	-	-
Total Expenses	315,168,417	299,132,180	11,002,684	10,251,354	326,171,101	309,383,534
Change in Net Position	10,165,904	47,213,291	(852,297)	350,189	9,313,607	47,563,480
Net Position – beginning of year	371,361,987	324,148,696	17,603,953	17,253,764	388,965,940	341,402,460
Net Position – End of Year	$ 381,527,891	$ 371,361,987	$ 16,751,656	$ 17,603,953	$ 398,279,547	$ 388,965,940

Governmental activities: Governmental activities reflected an increase in net position of approximately $10.2 million.

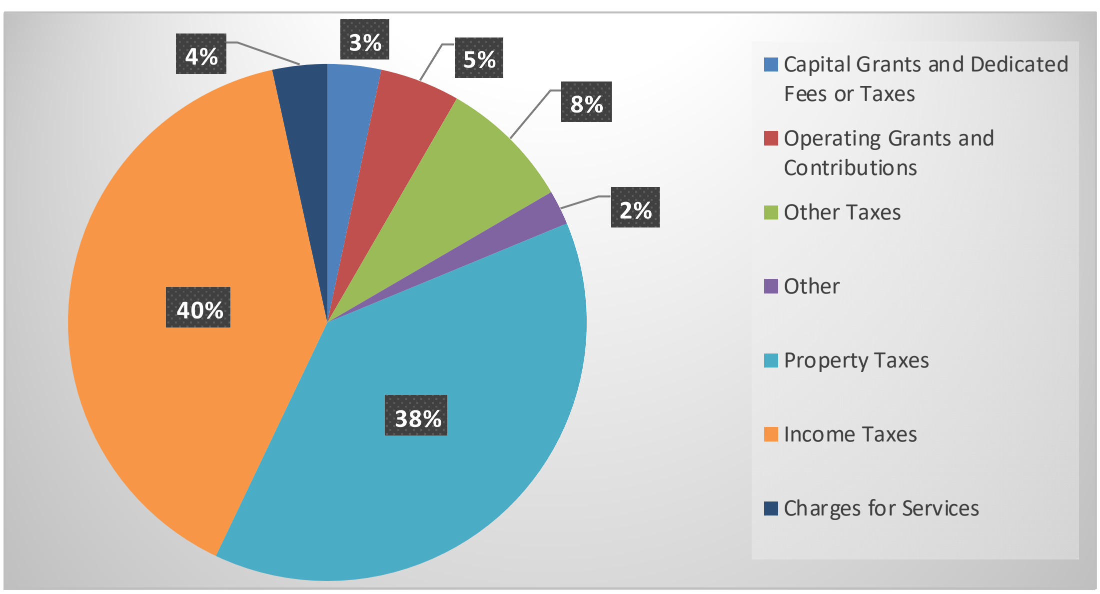
Business-type activities: Business-type activities reflected a decrease in net position of $852,297.

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, 2023, the County governmental funds reported combined ending fund balances of $141.3 million, an increase of $18.3 million compared to the prior year. The Capital Projects fund accounts for $55.6 million. Of the total fund balance, approximately $29.1 million, or 20.6% 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 $50.7 million for capital projects, $18.3 million for the Bond Rating Reserve, $1.625 million for Rainy Day Fund, and $14.0 million for non-recurring operating and pay-go funding in the FY2023 budget. Non-spendable fund balance includes $1.3 million committed to liquidate inventories and $0.4 million in interfund advances. Unassigned fund balance represents approximately 10.4% of general fund expenditures.

The fund balance of the County general fund has decreased $11.4 million in FY2023, compared to the prior year increase of $2.8 million. Unassigned fund balance used in the FY2023 budget was $25.0 million. $14.0 million was used in the FY2024 approved budget. June 30, 2023 total committed is $33.9 million. The County uses unassigned fund balance for non-recurring expenses.

The capital projects fund has a total fund balance of $55.6 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, 2023. These funds have been budgeted, and the capital projects are in progress. A listing of the unexpended balances appears on pages 128 through 131.

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 ($461,460). The Recreation Activities Fund reflected unrestricted deficit net position of ($601,234), and the unrestricted net position of the Solid Waste and Recycling Fund amounted to ($1.8 million). On a combined basis, there was a $3,040,777 decrease 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 127 reflects the original and final budgets as well as the actual results in more detail. Variances continue in inter-governmental revenues from COVID-19 and American Rescue related grants where budget and actual expenditures are in different years – based on extended timing to expend. The biggest variance is seen in Public Safety grants, where the $22 million American Rescue grant was budgeted. FY2023 actual results reflect revenues that are $7.2 million less than the original budget. Property Taxes had a positive variance of $215,634, income tax had a negative variance of $1.9 million and other local taxes also had a negative variance of $938,875. The FY2023 budget for income tax revenue is based upon an annual growth rate of 5% applied to tax year 2020 results based on returns filed. The FY2023 Budget reduced the income tax rate to 3.00%, which was effective on January 1, 2023. As the information on pages 122 and 123 shows, there are a variety of smaller offsetting variances; these were considered when developing the revenue budget for FY2024. 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 3.9% 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. FY2023 added 75.10 positions and includes 19 for the emergency billing fund. The variance in personal services totals $9.5 million, of which over $6 million is in the Sheriff's Office. Variance is also seen in the Other Income and Employer Contribution expenses – as the trust that was set up for retiree health benefits, it is now reimbursing the County for the benefits. Estimates for subsequent budgets will be reviewed considering these recurring positive variances.

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, which includes the 6% Bond Rating Reserve, Rainy Day Fund and Unassigned fund balance, should be at or above 15% of general fund revenue. The FY2023 ratio is approximately 17%.

With the low property tax rate and an income tax rate that is less than the maximum allowed by the State, 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, 2023 amounts to $451.7 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, 2023 was $18,019,171. 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	
	2023	**2022**	**2023**	**2022**	**2023**	**2022**
Land	**$ 47,041,481**	$ 46,185,610	**$ 1,078,666**	$ 1,078,666	**$ 48,120,147**	$ 47,264,276
Buildings and Improvements	**189,638,675**	183,080,552	**4,776,834**	4,776,834	**194,415,509**	187,857,386
Facilities Under Construction	**19,272,225**	26,059,365	**-**	-	**19,272,225**	26,059,365
Solid Waste Facilities	**-**	-	**14,768,502**	13,220,472	**14,768,502**	13,220,472
Infrastructure	**384,186,507**	353,476,209	**-**	-	**384,186,507**	353,476,209
Vehicles	**24,268,399**	22,656,621	**4,329,169**	3,588,186	**28,597,568**	26,244,807
Equipment	**41,851,398**	40,818,019	**1,289,174**	1,289,174	**43,140,572**	42,107,193
Accumulated Depreciation	**(274,460,805)**	(256,306,357)	**(6,381,437)**	(6,283,734)	**(280,842,242)**	(262,590,091)
Total	**$ 431,797,880**	$ 415,970,019	**$ 19,860,908**	$ 17,669,598	**$ 451,658,788**	$ 433,639,617

COMMISSIONERS OF ST. MARY'S COUNTY

Management's Discussion and Analysis
June 30, 2023

Capital Asset and Debt Administration (continued)

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

- Approximately $23.1 million in road costs were capitalized, including $1.6 million in roads developed/constructed by third parties. Capitalized roads include $14.2 million for FDR Boulevard.

- Buildings & Improvements include $4.1 million for the Adult Detention Center Upgrades.

- Construction in progress totals $19.2 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, 2023, 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, 2023	June 30, 2022	Amounts Due Within One Year
General Obligation Bonds (GOB) - County	**$ 152,996,539**	$ 127,739,249	**$ 9,890,950**
State Loans	**733,697**	857,137	**123,440**
Exempt Financing (Equipment & Vehicles)	**791,564**	1,386,995	**604,261**
	$ 154,521,800	$ 129,983,381	**$ 10,618,651**
Business-Type Activities			
Exempt Financing (Equipment)	**$ 276,440**	$ 473,874	**$ 200,264**

The County's additions to debt included $30 million of General Obligations Bonds, closed in August 2022.

As of November 15, 2023, the County had an "AA+" 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 FY2024 expenditure budget is $318.2 million; this budget includes the use of unassigned fund balance, $14 million for non-recurring expenditures and capital improvement expenditures, committed in fund balance. 44.25 new positions were added.
- The property tax income is based on information provided by the State, estimated taxable assessed value of $14.9 billion, a 5.5% increase over the prior year's estimate of $14.1 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 5% over the prior year. Initial billings for FY2024 are lower than the estimates, primarily from the impact of the 3% homestead tax credit on the triennial increase of 18%, State average was 20%. The real property tax rate remains at .8478 per $100 of assessed value, which is higher than constant yield tax rate by .0275. 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 $137.8 million, with a reduced rate to 3.00% of net taxable income as of January 1, 2023, using 5.25% growth in local tax returns. This represents a revenue increase of 6.9% over the FY2023 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 increase revenues over budget for the last couple of years, an additional $4.7 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 FY2025 budget development, and any indications of reduction will be offset by reduced expenditures.

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

- The County purchased the Willows Recreation Center to house the Gymnastics Center. The new Center had the grand opening on October 24, 2023, serving over 400 participants and 66 members in Teams.

- 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.

- Airport & Aeropark Innovation District continues to expand with runway extension underway. P3 mixed-use innovation builds on existing growth of commercial aviation sector and work/life balance for residents.

- The population growth continues and is estimated to be 114,887, a 9.26% growth 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, 2023

	Primary Government			Component Units			
	Governmental Activities	Business-type Activities	Total	Public Schools	Library	Metropolitan Commission	Total
ASSETS							
Cash and cash equivalents	$ 127,367,440	$ 13,000	$ 127,380,440	$ 50,321,964	$ 989,195	$ 49,918,948	$ 228,610,547
Internal balances	1,930,268	(1,930,268)	-	-	-	-	-
Restricted cash and investments	36,212,732	-	36,212,732	-	80,892	-	36,293,624
Taxes receivable	1,917,839	-	1,917,839	-	-	-	1,917,839
Income tax reserve, funds held by the state	65,095,534	-	65,095,534	-	-	-	65,095,534
Due from other governments	-	-	-	15,778,187	-	-	15,778,187
Special assessments receivable	577,605	-	577,605	-	-	-	577,605
Notes receivable, fire and rescue loans	399,521	-	399,521	-	-	-	399,521
Accounts receivable	18,545,843	58,675	18,604,518	31,424	-	12,782,640	31,418,582
Inventory	1,328,578	43,096	1,371,674	415,197	-	236,437	2,023,308
Other	847,388	-	847,388	3,060	-	237,752	1,088,200
Fire and rescue loans, net of short term portion	669,061	-	669,061	-	-	-	669,061
Capital assets	706,258,685	26,242,345	732,501,030	485,308,385	6,390,316	284,067,643	1,508,267,374
Accumulated depreciation	(274,460,805)	(6,381,437)	(280,842,242)	(208,605,996)	(5,190,556)	(103,087,784)	(597,726,578)
Capital assets, net of accumulated depreciation	431,797,880	19,860,908	451,658,788	276,702,389	1,199,760	180,979,859	910,540,796
TOTAL ASSETS	686,689,689	18,045,411	704,735,100	343,252,221	2,269,847	244,155,636	1,294,412,804
DEFERRED OUTFLOWS OF RESOURCES							
Pension	19,628,167	-	19,628,167	9,100,819	-	1,297,525	30,026,511
OPEB	12,998,522	-	12,998,522	135,880,818	1,224,351	1,014,642	151,118,333
Bond refunding	-	-	-	-	-	326,796	326,796
Total Assets and Deferred Outflows of Resources	719,316,378	18,045,411	737,361,789	488,233,858	3,494,198	246,794,599	1,475,884,444

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, 2023

	Primary Government			Component Units			
	Governmental Activities	Business-type Activities	Total	Public Schools	Library	Metropolitan Commission	Total
LIABILITIES							
Accounts payable	$ 20,475,160	$ 460,321	$ 20,935,481	$ 8,290,186	$ 30,719	$ 417,158	$ 29,673,544
Compensation related liabilities	13,538,114	49,005	13,587,119	22,656,838	111,601	-	36,355,558
Unearned revenue	13,877,452	364,191	14,241,643	9,843,997	-	30,013	24,115,653
Other liabilities	10,771,933	-	10,771,933	216,562	-	5,119,532	16,108,027
Non-current liabilities:							
Due within one year	10,732,865	200,264	10,933,129	724,831	25,425	8,784,411	20,467,796
Due in more that one year	154,334,466	219,974	154,554,440	5,059,864	168,594	82,022,249	241,805,147
Net pension liability	92,054,545	-	92,054,545	15,076,525	-	5,666,604	112,797,674
Net OPEB liability	5,948,024	-	5,948,024	314,859,632	1,777,440	1,583,299	324,168,395
TOTAL LIABILITIES	321,732,559	1,293,755	323,026,314	376,728,435	2,113,779	103,623,266	805,491,794
DEFERRED INFLOWS OF RESOURCES							
Pension	4,639,907	-	4,639,907	5,889,503	-	478,823	11,008,233
OPEB	11,416,021	-	11,416,021	225,818,797	1,548,864	1,728,838	240,512,520
Total Liabilities and Deferred Inflows of Resources	337,788,487	1,293,755	339,082,242	608,436,735	3,662,643	105,830,927	1,057,012,547
NET POSITION							
Net investment in capital assets	277,276,080	19,660,644	296,936,724	276,659,147	1,199,760	101,186,693	675,982,324
Restricted for:							
Capital asset purchases	501,323	-	501,323	-	-	-	501,323
Capital projects	-	-	-	94,922	-	-	94,922
Other purposes	-	-	-	-	80,892	16,657,860	16,738,752
Unrestricted	103,750,488	(2,908,988)	100,841,500	(396,956,946)	(1,449,097)	23,119,119	(274,445,424)
TOTAL NET POSITION	$ 381,527,891	$ 16,751,656	$ 398,279,547	$ (120,202,877)	$ (168,445)	$ 140,963,672	$ 418,871,897

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, 2023

		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	$ 40,561,851	$ 1,883,596	$ 1,384,735	$ 4,886,373	$ (32,407,147)	$ -	$ (32,407,147)	$ -	$ -	$ -	$ (32,407,147)
Public safety	77,504,149	8,370,467	9,273,669	-	(59,860,013)	-	(59,860,013)	-	-	-	(59,860,013)
Public works	18,615,980	358,696	1,477,857	1,207,998	(15,571,429)	-	(15,571,429)	-	-	-	(15,571,429)
Health	5,611,418	-	2,559,799	-	(3,051,619)	-	(3,051,619)	-	-	-	(3,051,619)
Social services	4,635,980	760	1,258,390	-	(3,376,830)	-	(3,376,830)	-	-	-	(3,376,830)
Primary and secondary education	134,316,361	-	-	-	(134,316,361)	-	(134,316,361)	-	-	-	(134,316,361)
Post-secondary education	4,743,373	-	-	-	(4,743,373)	-	(4,743,373)	-	-	-	(4,743,373)
Parks, recreation and culture	13,520,127	244,704	25,000	2,718,388	(10,532,035)	-	(10,532,035)	-	-	-	(10,532,035)
Libraries	3,165,773	-	-	-	(3,165,773)	-	(3,165,773)	-	-	-	(3,165,773)
Conservation of natural resources	830,994	-	-	1,846,992	1,015,998	-	1,015,998	-	-	-	1,015,998
Economic development and opportunity	2,506,441	103,653	9,473	-	(2,393,315)	-	(2,393,315)	-	-	-	(2,393,315)
Interest on long-term debt	4,309,991	-	-	-	(4,309,991)	-	(4,309,991)	-	-	-	(4,309,991)
Other, including OPEB	4,575,579	-	-	65,601	(4,509,978)	-	(4,509,978)	-	-	-	(4,509,978)
Total governmental activities	314,898,017	10,961,876	15,988,923	10,725,352	(277,221,866)	-	(277,221,866)	-	-	-	(277,221,866)
Business-type activities:											
Recreation activity	3,040,153	2,538,908	122,151	-	-	(379,094)	(379,094)	-	-	-	(379,094)
Wicomico	1,890,344	1,929,687	-	-	-	39,343	39,343	-	-	-	39,343
Solid waste/recycling	6,342,587	757,483	265,000	-	-	(5,320,104)	(5,320,104)	-	-	-	(5,320,104)
Total business-type activities	11,273,084	5,226,078	387,151	-	-	(5,659,855)	(5,659,855)	-	-	-	(5,659,855)
TOTAL PRIMARY GOVERNMENT	$ 326,171,101	$ 16,187,954	$ 16,376,074	$ 10,725,352	(277,221,866)	(5,659,855)	(282,881,721)	-	-	-	(282,881,721)
Component unit:											
Public schools	$ 315,723,708	$ 2,511,469	$ 72,924,653	$ 16,319,258	-	-	-	(223,968,328)	-	-	(223,968,328)
Library	6,101,718	45,950	146,265	-	-	-	-	-	(5,909,503)	-	(5,909,503)
MetCom	25,788,757	16,664,004	-	1,590,667	-	-	-	-	-	(7,534,086)	(7,534,086)
Total component units	$ 347,614,183	$ 19,221,423	$ 73,070,918	$ 17,909,925	-	-	-	(223,968,328)	(5,909,503)	(7,534,086)	(237,411,917)
Property taxes					122,946,791	-	122,946,791	-	-	-	122,946,791
Income taxes					126,742,348	-	126,742,348	-	-	-	126,742,348
Other taxes					26,497,565	-	26,497,565	-	-	-	26,497,565
Investment earnings					5,339,773	-	5,339,773	1,754,264	20,480	1,488,434	8,602,951
Grants and contributions not restricted to specific purposes					-	-	-	227,139,108	6,237,645	-	233,376,753
Environmental/solid waste fees					-	4,537,158	4,537,158	-	-	-	4,537,158
Roads constructed by third parties					1,575,460	-	1,575,460	-	-	-	1,575,460
Miscellaneous					4,556,233	-	4,556,233	8,391,706	-	10,670,942	23,618,881
Transfers in/out					(270,400)	270,400	-	-	-	-	-
TOTAL GENERAL REVENUE					287,387,770	4,807,558	292,195,328	237,285,078	6,258,125	12,159,376	547,897,907
CHANGE IN NET POSITION					10,165,904	(852,297)	9,313,607	13,316,750	348,622	4,625,290	27,604,269
NET POSITION - BEGINNING OF YEAR					371,361,987	17,603,953	388,965,940	(133,519,627)	(517,067)	136,338,382	391,267,628
NET POSITION - END OF YEAR					$ 381,527,891	$ 16,751,656	$ 398,279,547	$ (120,202,877)	$ (168,445)	$ 140,963,672	$ 418,871,897

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, 2023

	General Fund	Capital Projects Fund	Non-Major Funds	Total Governmental Funds
ASSETS				
Cash and cash equivalents	$ 126,557,111	$ -	$ 810,329	$ 127,367,440
Due from other funds	2,069,788	53,281,495	5,047,083	60,398,366
Restricted cash and investments	36,212,732	-	-	36,212,732
Taxes receivable	1,870,346	-	47,493	1,917,839
Income tax reserve, funds held by the state	65,095,534	-	-	65,095,534
Special tax assessments receivable	-	-	80	80
Notes receivable, fire and rescue loans	-	-	399,521	399,521
Accounts receivable	9,096,399	9,449,444	-	18,545,843
Inventory	1,328,578	-	-	1,328,578
Other	206,654	-	640,734	847,388
Note receivable, fire and rescue loans, net of current portion	-	-	669,061	669,061
Special tax assessments receivable, net of current portion	-	-	577,525	577,525
TOTAL ASSETS	$ 242,437,142	$ 62,730,939	$ 8,191,826	$ 313,359,907
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
LIABILITIES				
Accounts payable	$ 13,759,618	$ 6,579,074	$ 136,467	$ 20,475,159
Compensation-related liabilities	13,418,700	-	119,414	13,538,114
Unearned revenue	12,232,278	-	1,645,174	13,877,452
Other liabilities	10,248,953	522,980	-	10,771,933
Due to other funds	58,337,101	-	130,997	58,468,098
TOTAL LIABILITIES	107,996,650	7,102,054	2,032,052	117,130,756
DEFERRED INFLOWS OF RESOURCES				
Unavailable income tax distribution	54,930,836	-	-	54,930,836
FUND BALANCES				
Nonspendable	1,682,111	-	-	1,682,111
Restricted	501,323	-	-	501,323
Committed	33,880,000	50,687,977	6,252,290	90,820,267
Assigned	14,394,143	4,940,908	-	19,335,051
Unassigned	29,052,079	-	(92,516)	28,959,563
TOTAL FUND BALANCES	79,509,656	55,628,885	6,159,774	141,298,315
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	$ 242,437,142	$ 62,730,939	$ 8,191,826	$ 313,359,907

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, 2023

Fund balance of governmental funds	$ 141,298,315
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	431,797,880
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	54,930,836
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	16,570,761
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:	
Bonds and notes payable	(154,521,801)
Compensated absences	(7,725,531)
Landfill post-closure costs	(2,820,000)
Net pension liability	(92,054,545)
Net OPEB liability	(5,948,024)
Net position of governmental activities	$ 381,527,891

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, 2023

	General Fund	Capital Projects Fund	Non-Major Funds	Total Governmental Funds
REVENUE				
Property taxes	$ 122,946,791	$ -	$ -	$ 122,946,791
Income taxes	126,981,940	-	-	126,981,940
Energy taxes	1,288,528	-	-	1,288,528
Recordation taxes	7,597,691	-	-	7,597,691
Transfer taxes	-	8,388,728	-	8,388,728
Agricultural/development taxes	-	71,992	-	71,992
Impact fees	-	633,974	-	633,974
Other local taxes	2,554,906	-	3,473,986	6,028,892
Highway user revenues	1,866,156	-	-	1,866,156
Licenses and permits	575,110	-	-	575,110
Intergovernmental	14,894,477	11,414,005	-	26,308,482
Charges for services	4,092,551	-	-	4,092,551
Fines and forfeitures	55,409	-	-	55,409
Special assessments	-	-	65,603	65,603
Other revenues	10,557,144	-	4,745,013	15,302,157
Total Revenue	293,410,703	20,508,699	8,284,602	322,204,004
EXPENDITURES				
General government	31,685,073	11,563,959	-	43,249,032
Public safety	66,965,830	-	13,615,134	80,580,964
Public works	12,005,095	14,159,610	-	26,164,705
Health	5,505,694	-	-	5,505,694
Social services	5,030,156	-	-	5,030,156
Primary and secondary education	124,838,387	9,477,974	-	134,316,361
Post-secondary education	4,774,428	-	-	4,774,428
Parks, recreation and culture	5,178,031	9,586,626	-	14,764,657
Libraries	3,310,050	-	-	3,310,050
Conservation of natural resources	830,994	-	-	830,994
Economic development and opportunity	2,508,212	-	-	2,508,212
Agriculture	105,724	-	-	105,724
Debt service - principal and interest	13,313,552	143,509	89,374	13,546,435
Intergovernmental	70,928	-	-	70,928
Other	4,507,520	68,059	-	4,575,579
Total Expenditures	280,629,674	44,999,737	13,704,508	339,333,919
Excess (Deficiency) Of Revenue Over Expenditures	12,781,029	(24,491,038)	(5,419,906)	(17,129,915)
OTHER FINANCING SOURCES (USES)				
Proceeds from bonds	-	30,000,000	-	30,000,000
Premium from bonds	-	3,774,863	-	3,774,863
Fire & rescue loan repayments	-	-	1,883,321	1,883,321
Transfers in/out	(24,186,905)	17,202,680	6,713,825	(270,400)
TOTAL OTHER FINANCING SOURCES (USES)	(24,186,905)	50,977,543	8,597,146	35,387,784
NET CHANGES IN FUND BALANCE	(11,405,876)	26,486,505	3,177,240	18,257,869
FUND BALANCES - BEGINNING OF YEAR	90,915,532	29,142,380	2,982,534	123,040,446
FUND BALANCES - END OF YEAR	$ 79,509,656	$ 55,628,885	$ 6,159,774	$ 141,298,315

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, 2023

Net changes in fund balances in governmental funds		$ 18,257,869
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	$ 34,683,314	
Depreciation and loss on disposal	(18,855,453)	15,827,861
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	1,344,554	
Compensated absences and pension liability	(701,368)	
Landfill post closure cost	215,000	
Issuance of debt, including premium	(33,774,864)	
Payments of debt principal	9,236,444	(23,680,234)
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.		(239,592)
Change in net position of governmental activities		$ 10,165,904

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

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, 2023

	Budgeted Amounts		Actual - Budgetary Basis	Favorable (Unfavorable) Variance
	Original	Final		
REVENUES				
Property taxes	$ 123,731,167	$ 122,731,167	$ 122,946,791	$ 215,624
Income taxes	128,933,804	128,933,804	126,981,940	(1,951,864)
Other Local taxes	12,380,000	12,380,000	11,441,125	(938,875)
Highway user revenues	1,889,924	1,889,924	1,866,156	(23,768)
Licenses and permits	717,870	717,870	558,661	(159,209)
Charges for services	4,003,027	4,066,027	3,680,023	(386,004)
Fines and forfeitures	24,750	24,750	53,153	28,403
State/Federal Grants	27,596,697	26,570,661	14,894,477	(11,676,184)
Other revenue	552,580	2,515,616	10,219,422	7,703,806
TOTAL GENERAL FUND REVENUES	299,829,819	299,829,819	292,641,748	(7,188,071)
EXPENDITURES				
General government	36,785,208	37,307,678	34,294,465	3,013,213
Public safety	80,368,885	82,370,387	74,706,614	7,663,773
Public works	14,787,196	16,046,865	14,358,790	1,688,075
Health	3,733,841	3,837,307	5,598,652	(1,761,345)
Social services	5,490,045	5,526,023	5,050,606	475,417
Primary and secondary education	124,979,749	124,951,812	124,877,736	74,076
Post-secondary education	4,842,120	4,817,600	4,817,603	(3)
Parks, recreation and culture	5,220,471	5,863,799	5,445,125	418,674
Libraries	3,310,048	3,310,048	3,310,050	(2)
Conservation of natural resources	808,656	852,841	843,494	9,347
Economic development and opportunity	5,106,968	3,845,881	2,509,072	1,336,809
Debt service	13,267,798	13,267,798	13,313,552	(45,754)
Inter-governmental	70,929	70,929	70,928	1
Other	71,000	71,000	4,507,520	(4,436,520)
TOTAL GENERAL FUND EXPENDITURES	298,842,914	302,139,968	293,704,207	8,435,761
OTHER FINANCING SOURCES AND USES				
Fund balance	25,000,000	28,922,130	(657,958)	(29,580,088)
Appropriation reserve	(2,500,000)	(1,471,072)	-	1,471,072
Reserves - emergency appropriations	(500,000)	(554,004)	-	554,004
Reserves - bond rating	(400,000)	(400,000)	(265,000)	135,000
General fund transfers/pay-go	(22,586,905)	(24,186,905)	(24,186,905)	-
TOTAL OTHER FINANCING SOURCES AND USES	(986,905)	2,310,149	(25,109,863)	(27,420,012)
EXCESS OF EXPENDITURES AND OTHER FINANCING USES OVER REVENUES AND OTHER FINANCING SOURCES	$ -	$ -	(26,172,322)	$ (26,172,322)
Reconciliation to GAAP Basis Financial Statements:				
Bond reserve			265,000	
Effect of encumbrances and other transfers			14,501,446	
			$ (11,405,876)	

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, 2023

	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	-	8,523	-	8,523
Accounts receivable	6,856	-	51,819	58,675
Inventory	-	43,096	-	43,096
Total current assets	6,856	64,619	51,819	123,294
Noncurrent Assets				
Capital assets	313,302	6,619,684	19,309,359	26,242,345
Accumulated depreciation	(293,837)	(3,422,858)	(2,664,742)	(6,381,437)
Capital assets, net	19,465	3,196,826	16,644,617	19,860,908
Total Assets	26,321	3,261,445	16,696,436	19,984,202
LIABILITIES AND NET POSITION				
LIABILITIES				
Current Liabilities				
Accounts payable	181,351	55,229	223,741	460,321
Compensation-related liabilities	-	22,887	26,118	49,005
Due to other funds	87,734	-	1,497,524	1,585,258
Unearned revenue	339,005	25,186	-	364,191
Total current liabilities	608,090	103,302	1,747,383	2,458,775
Noncurrent Liabilities				
Due within one year:				
Financing agreements	-	-	200,264	200,264
Advance from general fund	-	22,463	-	22,463
Due in more than one year:				
Financing agreements	-	-	76,176	76,176
Advance from general fund	-	331,070	-	331,070
Compensated absences	-	69,244	74,554	143,798
Total noncurrent liabilities	-	422,777	350,994	773,771
Total Liabilities	608,090	526,079	2,098,377	3,232,546
NET POSITION				
Net investment in capital assets	19,465	3,196,826	16,444,353	19,660,644
Unrestricted	(601,234)	(461,460)	(1,846,294)	(2,908,988)
Total Net Position	$ (581,769)	$ 2,735,366	$ 14,598,059	$ 16,751,656

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, 2023

	Recreation Activity Fund	Wicomico Golf Course Fund	Solid Waste & Recycling Fund	Total Proprietary Funds
OPERATING REVENUE				
Charges for services	$ 2,538,908	$ 1,929,687	$ 757,483	$ 5,226,078
Federal	122,151	-	265,000	387,151
Environmental/solid waste fees	-	-	4,537,158	4,537,158
TOTAL OPERATING REVENUE	2,661,059	1,929,687	5,559,641	10,150,387
OPERATING EXPENSES				
Personnel services	2,055,833	1,034,829	1,265,702	4,356,364
Operating supplies	191,404	377,917	41,940	611,261
Professional services	305,771	110,116	1,927,465	2,343,352
Communications	11,573	4,085	317,501	333,159
Transportation	34,438	34,517	137,851	206,806
Rentals	147,529	56,607	49,631	253,767
Public utilities	233,788	78,356	27,125	339,269
Other operating costs	18,816	1,794	475,932	496,542
Tipping fees	-	-	1,259,905	1,259,905
Retiree health benefits (OPEB)	-	36,000	23,000	59,000
Equipment	25,878	37,018	514,535	577,431
Depreciation	15,123	119,105	302,000	436,228
TOTAL OPERATING EXPENSES	3,040,153	1,890,344	6,342,587	11,273,084
OPERATING INCOME (LOSS)	(379,094)	39,343	(782,946)	(1,122,697)
OTHER INCOME (EXPENSE)				
Transfers in	3,400	2,000	265,000	270,400
NET CHANGES IN NET POSITION	(375,694)	41,343	(517,946)	(852,297)
NET POSITION - BEGINNING OF YEAR	(206,075)	2,694,023	15,116,005	17,603,953
NET POSITION - END OF YEAR	$ (581,769)	$ 2,735,366	$ 14,598,059	$ 16,751,656

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

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

	Recreation Activity Fund	Wicomico Golf Course Fund	Solid Waste & Recycling Fund	Total Proprietary Funds
Cash Flows from Operating Activities				
Receipts from customers	$ 2,698,124	$ 1,979,430	$ 5,888,425	$ 10,565,979
Payments to suppliers	(1,047,121)	(747,996)	(5,107,410)	(6,902,527)
Payments to employees	(2,055,833)	(1,154,631)	(1,509,499)	(4,719,963)
Net Cash from Operating Activities	(404,830)	76,803	(728,484)	(1,056,511)
Cash Flows from Noncapital Financing Activities				
Grants and other activity	3,400	2,000	-	5,400
Change in due to/from other funds	401,430	(211,687)	2,943,456	3,133,199
Net Cash from Noncapital Financing Activities	404,830	(209,687)	3,208,456	3,403,599
Cash Flows from Capital and Related Financing Activities				
Principal paid on long term debt	-	-	(197,434)	(197,434)
Acquisition and construction of capital assets	-	-	(2,627,538)	(2,627,538)
Net Cash from Capital and Related Financing Activities	-	-	(2,824,972)	(2,824,972)
Net change in cash	-	(132,884)	(345,000)	(477,884)
Cash, beginning of year	-	145,884	345,000	490,884
Cash, End of Year	$ -	$ 13,000	$ -	$ 13,000

	Recreation Activity Fund	Wicomico Golf Course Fund	Solid Waste & Recycling Fund	Total Proprietary Funds
Reconciliation of Operating Loss to Net Cash from Operating Activities				
Operating income (loss)	$ (379,094)	$ 39,343	$ (782,946)	$ (1,122,697)
Adjustments to reconcile operating income to net cash from operating activities:				
Depreciation	15,123	119,105	302,000	436,228
Changes in assets and liabilities:				
Accounts receivable	(3,154)	132,884	328,784	458,514
Inventory	-	(7,004)	-	(7,004)
Accounts payable	(77,924)	(40,582)	(355,525)	(474,031)
Compensation-related liabilities	-	(103,583)	(216,418)	(320,001)
Unearned revenue	40,219	(83,141)	-	(42,922)
Compensated absences	-	19,781	(4,379)	15,402
Net Cash from Operating Activities	$ (404,830)	$ 76,803	$ (728,484)	$ (1,056,511)

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

Statement of Net Position – Fiduciary Funds
As of June 30, 2023

	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	132,149,095	13,631,335	114,190,641	259,971,071
Accounts receivable	-	-	219,874	219,874
NET POSITION				
Held in trust for pension and OPEB	$ 132,149,095	$ 13,634,373	$ 114,410,515	$ 260,193,983

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, 2023

	Sheriff's Office Retirement Plan	Length of Service Awards Program	Retiree Benefit Trust of St. Mary's County	Total Fiduciary Funds
ADDITIONS				
Contributions - employer	$ 7,271,303	$ 5,870,775	$ -	$ 13,142,078
Contributions - employee	1,509,992	-	-	1,509,992
Interest and dividends	2,316,558	931,892	2,450,546	5,698,996
Net realized and unrealized gains	8,965,080	-	3,895,155	12,860,235
Total additions	20,062,933	6,802,667	6,345,701	33,211,301
DEDUCTIONS				
Benefits	6,708,785	1,270,775	4,497,233	12,476,793
Administrative expenses	210,072	45,424	355,436	610,932
TOTAL DEDUCTIONS	6,918,857	1,316,199	4,852,669	13,087,725
CHANGES IN NET POSITION	13,144,076	5,486,468	1,493,032	20,123,576
NET POSITION - BEGINNING OF YEAR	119,005,019	8,147,905	112,917,483	240,070,407
NET POSITION - END OF YEAR	$ 132,149,095	$ 13,634,373	$ 114,410,515	$ 260,193,983

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, and 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, 2023, the carrying amount of the County's deposits was $163,593,172 (including petty cash totaling $25,300 at various County departments) and the collected bank balance was $166,803,511. Of the collected bank balance, $1,947,987 was covered by Federal Deposit Insurance Corporation (FDIC), and $161,102,678 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, 2023.

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	$ 2,255,151	$ -	$ -	$ 2,255,151
Equity funds	-	58,299,621	-	58,299,621
Bond funds	-	22,778,046	-	22,778,046
Venture/ltd. partnership/closely held	-	-	30,857,823	30,857,823
Length of Service Awards Trust (LOSAP):				
Money market funds	61,095	-	-	61,095
Bond funds	-	5,400,372	-	5,400,372
Equity funds	-	8,169,868	-	8,169,868
Pension Fund: Sheriff's Office Retirement Plan:				
Money market funds	3,876,734	-	-	3,876,734
Bond funds	-	27,518,395	-	27,518,395
Venture/ltd. partnership/closely held	-	-	28,665,302	28,665,302
Equity funds	-	72,088,664	-	72,088,664
Total investments at fair value	$ 6,192,980	$ 194,254,966	$ 59,523,125	$ 259,971,071

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, 2023, 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, 2023, the carrying amount of the School System's deposits was $9,700,461 and the bank balance was $12,446,121.

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, 2023, 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 $40,176,468, $446,601, and $103,004, 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, 2023, 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 (OPEB)'s 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, 2023, the pooled net position of the MABE Trust was $616,539,843, in total, of which the School System's allocated investment balance was $68,411,927. 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, 2023, the carrying amount of the Library's cash was $282,733 and the bank balances totaled $288,362. As a government entity, the Library's bank balance is fully insured. As of June 30, 2023, 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	$ 706,462	$ 706,462
Restricted:		
The Vanguard Group	$ 80,892	$ 80,892

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 $49,918,948 as of June 30, 2023 and the bank balance was $49,917,448. Of the bank balances, $500,000 was covered by Federal depository insurance as of June 30, 2022 with the remaining $48,490,643 adequately covered by collateral.

Cash and cash equivalents consisted of the following:

MLGIP	$ 6,263,970
Broker Deposits-CDRS	12,000,000
Insured cash sweep	31,653,478
Cash	1,500
	$ 49,918,948

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, 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, 2023, was $5,335,665.

3. CAPITAL ASSETS

Primary Government

A summary of changes in capital assets is as follows:

	Balance June 30, 2022	Additions	Transfers/ Disposals	Balance June 30, 2023
Governmental Activities:				
Capital Assets not Being Depreciated:				
Land	$ 46,185,610	$ 860,391	$ (4,520)	$ 47,041,481
Construction in progress	26,059,365	28,823,585	(35,610,725)	19,272,225
911 system & equipment	1,423,733	-	-	1,423,733
Total Capital Assets not Being Depreciated	73,668,708	29,683,976	(35,615,245)	67,737,439
Capital Assets Being Depreciated:				
Buildings & improvements	183,080,552	6,558,123	-	189,638,675
Computer equipment	2,733,547	-	-	2,733,547
Other equipment	372,502	84,094	-	456,596
Vehicles - licensed	19,491,498	2,052,413	(467,595)	21,076,316
Off-road vehicles	3,165,123	189,113	(162,153)	3,192,083
Miscellaneous equipment	11,137,848	1,020,542	(71,257)	12,087,133
Roads	286,121,848	23,060,208	-	309,182,056

3. CAPITAL ASSETS (continued)

Primary Government (continued)

	Balance June 30, 2022	Additions	Transfers/ Disposals	Balance June 30, 2023
Curbing	$ 946,791	$ -	$ -	$ 946,791
Sidewalks	1,128,839	-	-	1,128,839
Guardrails	1,906,050	73,988	-	1,980,038
Airport infrastructure	9,841,091	496,316	-	10,337,407
Airport equipment	579,104	-	-	579,104
Baseball fields	802,670	-	-	802,670
Bridges	11,023,082	1,514,240	-	12,537,322
Parks & recreation	31,147,845	5,565,546	-	36,713,391
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	598,607,668	40,614,583	(701,005)	638,521,246
Accumulated Depreciation for:				
Buildings & improvements	(61,980,027)	(4,245,044)	-	(66,225,071)
Computer equipment	(2,705,373)	(19,511)	-	(2,724,884)
Other equipment	(258,566)	(9,237)	-	(267,803)
Vehicles - licensed	(13,110,862)	(1,894,769)	459,470	(14,546,161)
Off-road vehicles	(1,830,522)	(140,577)	162,153	(1,808,946)
Miscellaneous equipment	(6,843,823)	(815,636)	69,716	(7,589,743)
Roads	(126,718,603)	(8,352,628)	-	(135,071,231)
Curbing	(840,671)	(10,692)	-	(851,363)
Sidewalks	(677,002)	(21,640)	-	(698,642)
Guardrails	(803,574)	(41,920)	-	(845,494)
Airport infrastructure	(5,801,655)	(538,306)	-	(6,339,961)
Airport equipment	(579,105)	-	-	(579,105)
Baseball fields	(555,761)	(12,961)	-	(568,722)
Bridges	(4,055,570)	(233,464)	-	(4,289,034)
Parks & recreation	(9,833,149)	(1,142,065)	-	(10,975,214)
Marinas & docks	(6,636,494)	(190,846)	-	(6,827,340)
Irrigation systems	(171,372)	(5,787)	-	(177,159)
Signage	(488,303)	(7,740)	-	(496,043)
Parking lots	(873,740)	(71,692)	-	(945,432)
911 equipment	(11,542,185)	(1,091,272)	-	(12,633,457)
Total Accumulated Depreciation	(256,306,357)	(18,845,787)	691,339	(274,460,805)
Total Capital Assets Being Depreciated, Net	342,301,311	21,768,796	(9,666)	364,060,441
Governmental Activities Capital Assets, Net	$ 415,970,019	$ 51,452,772	$ (35,624,911)	$ 431,797,880

3. CAPITAL ASSETS (continued)

Primary Government (continued)

	Balance June 30, 2022	Additions	Transfers/ Disposals	Balance June 30, 2023
Business-type Activities:				
Capital Assets not Being Depreciated:				
Land	$ 1,078,666	$ -	$ -	1,078,666
Solid waste facilities	13,220,472	1,548,030	-	14,768,502
Total Capital Assets not Being Depreciated	14,299,138	1,548,030	-	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	2,359,215	431,600	(73,845)	2,716,970
Off-road vehicles	1,228,971	647,908	(264,680)	1,612,199
Miscellaneous equipment	619,865	-	-	619,865
Irrigation systems	572,762	-	-	572,762
Total Capital Assets Being Depreciated	9,654,194	1,079,508	(338,525)	10,395,177
Accumulated Depreciation for:				
Buildings & improvements	(2,332,679)	(140,302)	-	(2,472,981)
Computer equipment	(57,188)	-	-	(57,188)
Other equipment	(39,359)	-	-	(39,359)
Vehicles - licensed	(1,683,268)	(178,000)	73,845	(1,787,423)
Off-road vehicles	(1,126,111)	(76,250)	264,680	(937,681)
Miscellaneous equipment	(569,143)	(16,014)	-	(585,157)
Irrigation systems	(475,986)	(25,662)	-	(501,648)
Total Accumulated Depreciation	(6,283,734)	(436,228)	338,525	(6,381,437)
Total Capital Assets Being Depreciated, Net	3,370,460	643,280	-	4,013,740
Business-type Activities Capital Assets, Net	$ 17,669,598	$ 2,191,310	$ -	$ 19,860,908

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

Governmental Activities:	
General government	$ 1,905,405
Public safety	4,189,451
Public works	10,278,489
Social services	536,718
Post-secondary education	42,285
Parks, recreation, and culture	1,694,576
Libraries	196,451
Economic development and opportunity	2,412
Total Depreciation - Governmental Activities	$ 18,845,787

3. CAPITAL ASSETS (continued)

Primary Government (continued)

Business-type Activities:		
Recreation activity fund	$	15,123
Solid waste/recycling		302,000
Wicomico		119,105
Total Depreciation - Business-type Activities	$	436,228

Component Units

St. Mary's County Public Schools

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

	Balance, June 30, 2022	Additions	Deletions/ Transfers	Balance, June 30, 2023
Governmental Activities				
Capital assets, not being depreciated				
Land	$ 3,734,759	$ -	$ -	$ 3,734,759
Construction in progress	22,611,232	12,646,040	(18,100,119)	17,157,153
	26,345,991	12,646,040	(18,100,119)	20,891,912
Capital assets, being depreciated				
Building and improvements	427,345,280	2,741,078	17,363,304	447,449,662
Furniture and equipment	13,110,517	2,036,135	(298,512)	14,848,140
Total capital assets, being depreciated	440,455,797	4,777,213	17,064,792	462,297,802
Less: accumulated depreciation	(197,046,480)	(10,078,590)	262,050	(206,863,020)
Capital Assets Being Depreciated, Net	243,409,317	(5,301,377)	17,326,842	255,434,782
Governmental Activities, Capital Assets, Net	$ 269,755,308	$ 7,344,663	$ (773,277)	$ 276,326,694
Business-Type Activities				
Capital assets, being depreciated				
Furniture and equipment	$ 1,925,075	$ 193,596	$ -	$ 2,118,671
Less: accumulated depreciation	(1,666,118)	(76,858)	-	(1,742,976)
Business-Type Activities, Capital Assets, Net	$ 258,957	$ 116,738	$ -	$ 375,695

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	$ 32,609
Mid-level administration	42,552
Other instructional costs	5,926
Special education	3,450
Student personnel services	682
Student health services	5,272
Student transportation services	162,665
Operation of plant	9,647,320
Maintenance of plant	178,114
Total governmental activities	$ 10,078,590
Business-type Activities:	
Food service	$ 76,858

St. Mary's County Library

	Balance June 30, 2022	Additions	Deletions	Balance June 30, 2023
Capital Assets:				
Furnishings and equipment	$ 1,146,431	$ 10,230	$ -	$ 1,156,661
Leasehold improvements	87,735	-	-	87,735
Books	5,150,356	536,373	540,809	5,145,920
	6,384,522	546,603	540,809	6,390,316
Accumulated Depreciation				
Furnishings and equipment	1,129,282	9,150	-	1,138,432
Leasehold improvements	19,897	1,755	-	21,652
Books	4,410,791	160,490	540,809	4,030,472
	5,559,970	171,395	540,809	5,190,556
Capital Assets, Net	$ 824,552	$ 375,208	$ -	$ 1,199,760

Governmental activities depreciation expense of $171,395 was charged to Library services.

3. CAPITAL ASSETS (continued)

Component Units (continued)

St. Mary's County Metropolitan Commission

	Balance June 30, 2022	Additions	Deletions	Balance June 30, 2023
Capital Assets				
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
	254,047,165	6,213,420	896,145	259,364,440
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
	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
	95,194,798	6,996,841	(896,145)	103,087,784
Capital Assets, Net	$ 172,855,905	$ 14,733,754	$ 6,609,800	$ 180,979,859

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.

4. PROPERTY TAX (continued)

The real property tax rate during the year ended June 30, 2023 was $0.8478 per $100 of assessed value based on the full valuation method. The Constant Yield tax rate for FY2023 was $0.8270. The personal property tax rate during the year ended June 30, 2023 was $2.1195 per $100 of assessed value. The County Treasurer bills and collects all property taxes.

A 100% allowance for uncollectible receivables is established for prior year taxes receivable. County property tax receivable as of June 30, 2023, net of the allowance for uncollectible receivables of $281,351, is $1,451,067 (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, 2023, 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, 2023 of $6,577,195.

5. SPECIAL TAX ASSESSMENT AND UNEARNED REVENUE (continued)

Component Units (continued)

St. Mary's County Public Schools (continued)

Unearned Revenue (continued)

Capital Projects Fund: Unearned revenue consists of prefunding in the amount of $3,004,212 for construction projects at Spring Ridge Middle School and Safety and Security Initiatives.

Enterprise Fund: Unearned revenue of $262,590 represents student lunch ticket sales collected in advance which will be consumed by students in fiscal year 2024.

6. LONG-TERM OBLIGATONS

Primary Government

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities:					
General obligation bonds - County	$ 123,834,000	$ 30,000,000	$ 8,357,000	$ 145,477,000	$ 9,606,000
Premium	3,905,249	3,774,863	160,573	7,519,539	284,950
State loans and special assessment	857,137	-	123,440	733,697	123,440
Exempt financing	1,386,995	-	595,431	791,564	604,261
	129,983,381	33,774,863	9,236,444	154,521,800	10,618,651
Landfill post-closure costs	3,035,000	-	215,000	2,820,000	-
Compensated absences	7,024,163	701,368	-	7,725,531	114,214
Total	$ 140,042,544	$ 34,476,231	$ 9,451,444	$ 165,067,331	$ 10,732,865
Business-type Activities:					
Exempt financing	$ 473,874	$ -	$ 197,434	$ 276,440	$ 200,264
Compensated absences	128,396	15,392	-	143,788	-
Total	$ 602,270	$ 15,392	$ 197,434	$ 420,228	$ 200,264

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.

6. LONG-TERM OBLIGATONS (continued)

Primary Government (continued)

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 November 8, 2011, the 2002 Refunding Bonds and the 2003 Public Facilities and Refunding Bonds were refunded in the 2011 General Obligation Refunding Bonds for $34,357,000. The 2002 Refunding Bonds will mature on October 1 in 8 installments, beginning in 2013 and ending in 2019. The 2003 Refunding Bonds will mature on November 1 in 12 installments, beginning in 2013 and ending in 2023. Both the 2002 and 2003 Refunding Bonds carry interest rates ranging from 2.25-2.41%.

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.

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%.

6. LONG-TERM OBLIGATIONS (continued)

Primary Government (continued)

Governmental Activities (continued)

General Obligation Bonds (continued)

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)

2020 Exempt Financing Equipment Lease

On October 11, 2019, the County entered into an agreement with Banc of America Public Capital Corp. to borrow $2,650,000 for the purchase of vehicles and other replacement equipment. The lease bears interest at a rate of 1.7077% per annum, payable annually through 2024. 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 2020 exempt financing equipment lease as of June 30, 2023 based on the total final lease amount of $2,650,000 are as follows:

Year ending June 30,	Principal	Interest	Total
2024	$ 418,777	$ 7,151	$ 425,928
	$ 418,777	$ 7,151	$ 425,928

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, 2023 based on the total final lease amount of $1,300,000 are as follows:

Years ending June 30,	Principal	Interest	Total
2024	$ 185,484	$ 3,652	$ 189,136
2025	187,303	1,835	189,138
	$ 372,787	$ 5,487	$ 378,274

6. LONG-TERM OBLIGATIONS (continued)

Primary Government (continued)

Governmental Activities (continued)

Long-term obligations as of June 30, 2023 consist of the following:

Description	Due	Rate	Amount
MD Water quality loans and other state loans:			
Holly Point Shores	2008-2032	None	$ 90,256
Murray Road Revetment	2004-2028	None	18,160
Piney Point Lighthouse	2009-2026	None	100,911
Villas on Waters Edge	2009-2032	None	196,164
Kingston Creek II	2010-2037	None	147,607
North Patuxent Beach Road	2009-2025	None	56,606
Thomas Road	2016-2030	None	71,040
Gibson Road	2017-2031	None	52,953
Total state loans and special assessment debt			733,697
General obligation bonds			
2011 Refunding Bonds	2012-2024	2.25-2.41%	1,655,000
2014 Refunding Bonds	2016-2025	2.32%	2,267,000
2016 Consolidated Public Improvement Bonds	2017-2037	2.25%	19,470,000
2017 Refunding	2020-2029	1.89%	11,385,000
2018 Consolidated Public Improvement Bonds	2019-2038	3.17%	25,895,000
2020 Consolidated Public Improvement Bond	2021-2040	2.21%	26,845,000
2021 Consolidated Public Improvement	2022-2041	1.62%	27,960,000
2022 Consolidated Public Improvement	2024-2043	3.20%	30,000,000
Total general obligation bonds			145,477,000
Long term obligations as of June 30, 2023 consist of the following:			
Total state loans and bonds			146,210,697
Premium			7,519,539
Accrued landfill closure and post closure costs			2,820,000
Exempt financing			791,564
Accumulated unpaid annual leave			7,725,531
Total			$ 165,067,331

6. LONG-TERM OBLIGATIONS (continued)

Primary Government (continued)

Governmental Activities (continued)

Special Assessment Debt

Special assessment fund debt payable as of June 30, 2023 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.	$ 90,256
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.	196,164
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.	147,607
	$ 434,027

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, 2023 including interest of $45,404,215 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
2024	$ 9,729,440	$ 5,284,451	$ 15,013,891
2025	8,364,440	4,924,488	13,288,928
2026	7,465,137	4,604,863	12,070,000
2027	7,771,500	4,246,788	12,018,288
2028	8,121,500	3,878,363	11,999,863
2029-2033	40,426,517	14,004,607	54,431,124
2034-2038	42,287,163	6,983,871	49,271,034
2039-2042	22,045,000	1,476,784	23,521,784
Subtotal	146,210,697	$ 45,404,215	$ 191,614,912
Plus: premium	7,519,539		
Total	$ 153,730,236		

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	$ 145,477,000	$ 299,670	$ 434,027	$ 146,210,697
Interest	45,404,215	-	-	45,404,215
	$ 190,881,215	$ 299,670	$ 434,027	$ 191,614,912

Business-Type Activities

2020 Exempt Financing Equipment

The annual requirements to amortize the business-type activities portion of the 2020 exempt financing equipment as of June 30, 2023 based on the total final financing amount of $2,650,000 are as follows:

Year ending June 30,	Principal	Interest	Total
2024	$ 124,825	$ 2,132	$ 126,957
	$ 124,825	$ 2,132	$ 126,957

2021 Exempt Financing Equipment

The annual requirements to amortize the business-type activities portion of the 2021 exempt financing equipment as of June 30, 2023 based on the total final financing amount of $1,300,000 are as follows:

Years ending June 30,	Principal	Interest	Total
2024	$ 75,439	$ 1,485	$ 76,924
2025	76,176	746	76,922
	$ 151,615	$ 2,231	$ 153,846

6. LONG-TERM OBLIGATIONS (continued)

Component Units

St. Mary's County Public Schools

Long-term debt as of June 30, 2023 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, 2023:

	Balance, June 30, 2022	Additions	Reductions	Balance, June 30, 2023	Due Within One Year
Governmental Activities					
Equipment financing agreements	$ 435,959	$ -	$ 392,717	$ 43,242	$ 43,242
Compensated absences	5,329,725	257,505	28,995	5,558,235	668,569
Net OPEB liaiblity	357,028,835	-	42,169,203	314,859,632	-
Net pension liability	11,026,407	4,050,118	-	15,076,525	-
	$ 373,820,926	$ 4,307,623	$ 42,590,915	$ 335,537,634	$ 711,811
Business-Type Activities					
Compensated absences	$ 199,836	$ 7,111	$ 23,729	$ 183,218	$ 13,020

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

The School System entered into various lease-purchase agreements to acquire certain office equipment and various student, teacher and administrative computers. These agreements have varying terms consisting of combined monthly payments of $41,486 at interest rates ranging from 1.99% to 4.00%, with two leases expiring FY 2023 and one lease expiring in early FY2024. All items purchased under the lease-purchase agreements are pledged as collateral under the agreements. Principal and interest payments for lease-purchase agreements are recorded as expenditures of the General Fund when due. Principal payments are reported as reductions of long-term obligations in the government-wide financial statements.

The future minimum lease payments and the net present value of the minimum lease payments as of June 30, 2023 under these equipment financing agreements are as follows:

Year ending June 30,	
2024	$ 45,982
	45,982
Less: amount representing interest	2,740
Present value of minimum lease payments	$ 43,242

6. LONG-TERM OBLIGATIONS (continued)

Component Units (continued)

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, 2023:

Balance June 30, 2022	Increase	Decrease	Balance June 30, 2023	Amount Due Within One Year
$ 162,271	$ 250,043	$ 218,295	$ 194,019	$ 25,425

St. Mary's County Metropolitan Commission

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			3,863,770	1,295,173
			$ 49,529,542	$ 12,910,178

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	$ 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

6. LONG-TERM OBLIGATIONS (continued)

Component Units (continued)

St. Mary's County Metropolitan Commission (continued)

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%

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.

Thirty-sixth Issue

On October 2, 2013, MetCom issued $15,948,168 of Infrastructure Financing Bonds in conjunction with the CDA. As of June 30, 2023, there were no unspent proceeds.

The bonds mature on May 1 in 20 annual installments, beginning in 2014 and ending in 2033. The average interest yield on these bonds is 4.31%. Interest was payable on May 1, 2014 and semiannually thereafter on each May 1 and November 1 to maturity. In July 2021 MetCom advance refunded 2013 Series A to an interest rate of 1.79% reducing its total debt service payments. The refunded debt service was awarded via the RFP process and includes 2012, 2013, and 2014 Bonds under the new 2021 B Series with payments being issued monthly through 2034.

6. LONG-TERM OBLIGATIONS (continued)

Component Units (continued)

St. Mary's County Metropolitan Commission (continued)

Thirty-eighth Issue

On August 28, 2014, MetCom issued $22,075,230 of Infrastructure Financing Bonds in conjunction with the CDA. The bonds mature on May 1, in 20 annual installments, beginning in 2015 and ending in 2034. The average interest yield on these bonds is 3.51%. Interest was payable on May 1, 2015 and semiannually thereafter on each May 1 and November 1 to maturity.

In July 2021, MetCom advance refunded 2014 Series A to an interest rate of 1.79% reducing its total debt service payments. The refunded debt service was awarded via the RFP process and includes 2012, 2013, and 2014 Bonds under the new 2021 B Series with payments being issued monthly through 2034. As of June 30, 2023, there were no unspent proceeds.

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.

MetCom refunded these bonds at a premium to reduce its total debt service payments by $537,674 and to obtain an economic gain (difference between the present values of the debt service payments on the old and new debt) of $431,337.

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, 2023, the unspent proceeds were $6,658,000.

6. LONG-TERM OBLIGATIONS (continued)

Component Units (continued)

<u>St. Mary's County Metropolitan Commission</u> (continued)

Forty-eighth Issue (continued)

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.

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.

6. LONG-TERM OBLIGATIONS (continued)

Component Units (continued)

St. Mary's County Metropolitan Commission (continued)

Notes and 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			2,955,119	843,918
			$ 34,458,229	$ 6,645,304

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	$ 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

6. LONG-TERM OBLIGATIONS (continued)

Component Units (continued)

St. Mary's County Metropolitan Commission (continued)

As of June 30, 2023, 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 nineteen for $976,700 was used to replace the Lexington Park Wastewater Pumping Station.
- 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.

6. LONG-TERM OBLIGATIONS (continued)

Component Units (continued)

St. Mary's County Metropolitan Commission (continued)

- 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, 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

7. FUND BALANCES

A summary of the nonspendable, restricted, committed, assigned and unassigned fund balances as of June 30, 2023 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	$ 1,328,578	$ -	$ -	$ -	$ -	$ -
Interfund advance (Wicomico)	353,533	-	-	-	-	-
Total Nonspendable	1,682,111	-	-	-	-	-
Restricted						
County matching funds for approved grants	501,323	-	-	-	-	-
Committed						
Bond rating reserve	18,255,000	-	-	-	-	-
Rainy day fund	1,625,000	-	-	-	-	-
Operating budget, non-recurring items	14,000,000	-	-	-	-	-
Other, net, including grants	-	3,561,144	-	2,126,289	564,857	-

7. FUND BALANCES (continued)

	General Fund	Special Revenue Funds: Fire and Rescue Revolving Loan Fund	Special Revenue Funds: Emergency Services Support Fund	Special Revenue Funds: Emergency Services Billing Fund	Debt Service Fund: Special Assessments	Capital Projects Fund
Committed (continued)						
Funding sources specified for capital projects:						
Land preservation	$ -	$ -	$ -	$ -	$ -	$ 3,147,300
Various capital projects - transfer tax	-	-	-	-	-	25,411,062
County pay-go	-	-	-	-	-	18,037,140
Roads - impact fees	-	-	-	-	-	852,641
Roads - mitigation	-	-	-	-	-	364,460
Parks - impact fees	-	-	-	-	-	255,006
Parks - mitigation	-	-	-	-	-	753
Schools - impact fees	-	-	-	-	-	2,585,490
Schools - mitigation	-	-	-	-	-	34,125
Total Committed	33,880,000	3,561,144	-	2,126,289	564,857	50,687,977
Assigned	14,394,143	-	-	-	-	4,940,908
Unassigned	29,052,079	-	(92,516)	-	-	-
Total Fund Balances	$ 79,509,656	$ 3,561,144	$ (92,516)	$ 2,126,289	$ 564,857	$ 55,628,885

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 balance 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, 2023 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 FY2023, but for which the period extends beyond June 30, 2023. 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.

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.

7. FUND BALANCES (continued)

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	$ 12,931,843
Miscellaneous revolving fund	1,462,300
	$ 14,394,143

When unassigned fund balance is used, it is used for one-time, non-recurring expenses. In May 2023, as part of the approval of the fiscal year 2024 budget, the Board approved to use Fiscal year 2022 unassigned fund balance for operating non-recurring $2,342,640 and Pay-Go to other funds of $11,657,360. A total amount of $22,831,852 remains unused of the fiscal year 2022 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.

And, given the still uncertain economy and the Federal budget situation and its impact on the County's largest employment sector, it can help the County to weather negative revenue results for a limited period.

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

<u>Summary of Significant Accounting Policies</u>

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.

MSRPS 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, 2023 was approximately $3.6 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 $3.6 million for the year ended June 30, 2023.

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, 2023, the County reported a liability of approximately $28.1 million for its proportionate share of the System's net pension liability. The System's net pension liability was measured as of June 30, 2022, 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 0.14 percent, which was substantially the same as its proportion measured as of June 30, 2022.

For the year ended June 30, 2023, the County recognized pension expense for the System of $4,211,167. As of June 30, 2023, 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	$ 3,585,107	$ -
Changes in assumptions	3,123,106	282,321
Net difference between projected and actual investment earnings	-	84,834
Difference between actual and expected experience	-	1,999,836
Total	$ 6,708,213	$ 2,366,991

$3.6 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, 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
2024	$ (225,338)
2025	(209,364)
2026	(629,588)
2027	1,936,896
2028	(116,491)
Total	$ 756,115

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 $28,140,646. 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 $42,979,237, or 1-percentage-point higher (7.80 percent) is $15,592,562.

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, 2023 were as follows:

Total pension liability	$ 182,285,622
Less: Plan fiduciary net position	132,149,095
County's net pension liability	$ 50,136,527
Plan fiduciary net position as a percentage of the total pension liability	72.50%

Actuarial Assumptions

The total pension liability was determined by an actuarial valuation as of July 1, 2022 rolled forward to June 30, 2023 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	$ 78,022,974	$ 50,136,527	$ 27,748,848

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, 2023, the Sheriff's office retirement plan reported a net pension liability of $50,136,527. 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, 2023.

For the year ended June 30, 2023, the Sheriff's office retirement plan recognized pension expense of $9,363,636 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
Changes in assumptions	$ 758,578	$ -
Net difference between projected and actual earnings on pension plan investments	2,538,122	-
Difference between actual and expected experience	8,446,417	1,350,858
Total	$ 11,743,117	$ 1,350,858

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
2024	$ 1,026,605
2025	1,302,852
2026	5,498,767
2027	1,023,311
2028	1,540,724
Total	$ 10,392,259

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 $18,929,000. The following employer contributions were made during the fiscal year ended June 30, 2023:

	Contributions	% of Covered Payroll
Actuarially determined contribution	$ 7,271,000	38.41%

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, 2023 was approximately $5.9 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, 2023 were as follows:

Total pension liability	$ 27,411,745
Less: Plan fiduciary net position	13,634,373
County's net pension liability	$ 13,777,372
Plan fiduciary net position as a percentage of the total pension liability	49.74%

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, 2021 rolled forward to June 30, 2023 using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50%
Salary increases	Not applicable
Investment rate of return	6.0%,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, 2021 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 5.00%	Current Discount Rate 6.00%	1% Increase 7.00%
LOSAP Plan net pension liability	$ 17,043,616	$ 13,777,372	$ 9,696,938

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, 2023, the LOSAP plan reported a net pension liability of $13,777,372. The net pension liability was measured as of June 30, 2021 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, 2023.

For the year ended June 30, 2023, the LOSAP plan recognized pension expense of $1,676,003 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	$ 440,557	$ 870,582
Changes in assumptions	249,337	51,476
Net difference between projected and actual earnings on pension plan investments	486,943	-
Total	$ 1,176,837	$ 922,058

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
2024	$ 52,401
2025	9,599
2026	196,010
2027	(141,213)
2028	137,982
Total	$ 254,779

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 $8,376,039 or 5.404% of current covered payroll, and the State of Maryland made contributions on behalf of the School System totaling $12,306,152 or 7.94% of current covered payroll for fiscal year 2023. 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, 2023, the School System reported a liability of $15,076,525 of the SRPS total liability of $20,008,532,000. As of June 30, 2023, the School System's proportionate share of the SRPS was 0.075%, an increase of 0.002% 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, 2023, the Library's total payroll and payroll for covered employees was $2,445,539.

For fiscal year 2023, the state contributed $339,148 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 14% of covered payroll.

St. Mary's Metropolitan Commission

Retirement and Pension Plan

MetCom's contribution to the System was $665,745 for the year ended June 30, 2023.

As of June 30, 2023, MetCom reported a liability of $5,666,604 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 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, 2022, MetCom's proportion was 0.028%.

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, 2023:

Primary Government	Due From	Due To
General Fund		
Fire & Rescue Revolving Loan Fund	$ -	$ 3,561,144
Special Assessments	-	572,696
Emergency Services Support Fund	130,997	-
Emergency Services Billing Fund	-	913,243
Capital Projects Fund	-	53,281,495
Enterprise Funds	1,938,791	8,523
Special Revenue Funds		
General Fund	4,474,387	130,997
Special Assessments		
General Fund	572,696	-
Capital Projects Fund		
General Fund	53,281,495	-
Enterprise Funds		
General Fund	8,523	1,938,791
Total due from/due to	$ 60,406,889	$ 60,406,889

Individual fund transfers in and out are composed of the following for the year ended June 30, 2023:

	Transfers in:				
	Emergency Services Support Fund	Emergency Services Billing Fund	Capital Projects Fund	Enterprise Funds	Total
Transfers out:					
General Fund	$ 4,659,000	$ 2,054,825	$ 17,202,680	$ 270,400	$ 24,186,905

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

<u>St. Mary's County Public Schools</u>

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, 2023, 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 $22,882,040.

Grant Programs

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. A deficiency in the billed premium represents the callable margin, which is owed by the School System, up to a maximum of 5%. 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, 2023, 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, 2023, membership consisted of:

Retirees and beneficiaries currently receiving benefits	372
Active plan members	549

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 $6,085,000. The County did not contribute to the OPEB Trust during the year ended June 30, 2023.

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, 2023, the annual money weighted rate of return of the OPEB Trust was 10.21%.

Net OPEB Liability of the County

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

Total OPEB liability	$ 120,358,539
Less: Plan fiduciary net position	114,410,515
County's net OPEB liability (asset)	$ 5,948,024
Plan fiduciary net position as a percentage of the total OPEB liability	95.06%

Actuarial Assumptions

The total OPEB liability as determined by an actuarial valuation as of July 1, 2022 rolled forward to June 30, 2023 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	15 for FYE 2023
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%

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 6.15%	Current Discount Rate 7.15%	1% Increase 8.15%
Net OPEB liability (asset)	$ 24,268,032	$ 5,948,024	$ (8,831,339)

	1% Decrease 2.94%	Medical Trend 3.94%	1% Increase 4.94%
Net OPEB liability (asset)	$ (11,987,858)	$ 5,948,024	$ 28,732,200

For the year ended June 30, 2023, the County recognized OPEB expense of $842,027. As of June 30, 2023, the County reported deferred outflows of resources and deferred inflows of resources as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between actual and expected experience	$ 8,117,630	$ 2,765,065
Changes in assumptions	4,840,732	8,650,956
Net difference between projected and actual earnings on OPEB plan investments	40,160	-
Total	$ 12,998,522	$ 11,416,021

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
2024	$ (2,616,247)
2025	(1,407,973)
2026	3,314,072
2027	1,313,464
2028	471,613
Thereafter	507,572
Total	$ 1,582,501

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, 2023, 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 7.32% of annual covered payroll. The School System contributed $11,346,861, for the year ended June 30, 2023, consisting of contributions towards current healthcare and life insurance premiums accounted for in the general fund with $2,000,000 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, 2023 are as follows:

Total OPEB liability	$ 383,271,559
Less: Plan fiduciary net position	68,411,927
School System's net OPEB liability	$ 314,859,632
Plan fiduciary net position as a percentage of the total OPEB liability	17.85%

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	3.88%
Healthcare cost trend rate	Ultimate trend rate of 4%
Mortality	PR 2014 not generational

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, 2023 was 8.89%.

Discount rate. The discount rate used to measure the total OPEB liability was 5.02 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 (4.02%) or 1-percentage-point higher (6.02%) 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 4.02%	Current Discount Rate 5.02%	1% Increase 6.02%
Net OPEB liability	$ 382,886,189	$ 314,859,632	$ 260,687,832

	1% Decrease 2.94%	Medical Trend 3.94%	1% Increase 4.94%
Net OPEB liability	$ 256,159,973	$ 314,859,632	$ 391,115,353

OPEB expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB. For the year ended June 30, 2023, the School System recognized OPEB expense of $10,248,344. As of June 30, 2023, 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	$ 77,162,995	$ 12,488,494
Changes in assumptions	54,162,474	213,330,303
Projected and actual earnings	4,555,349	-
Total	$ 135,880,818	$ 225,818,797

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
2024	$ (15,933,950)
2025	(16,348,869)
2026	(14,573,733)
2027	(17,180,332)
2028	(17,912,303)
Thereafter	(7,988,792)
	$ (89,937,979)

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, 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 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	33

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, 2023, the annual money weighted rate of return of the OPEB Trust was 8.62%.

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, 2023 was:

Total OPEB liability	$	3,089,980
Less: Plan fiduciary net position		1,312,540
Library's net OPEB liability	$	1,777,440
Plan fiduciary net position as a percentage of the total OPEB liability		42.48%

Actuarial Assumptions

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

Actuarial cost method	Projected unit credit
Inflation	2.20%
Investment rate of return	6.00%
Discount Rate	3.86%
Healthcare cost trend rate	5.10% trending to 4.00%

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 4.01% as of June 30, 2023. 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 3.01%	Discount Rate 4.01%	1% Increase 5.01%
Net OPEB liability	$ 2,408,316	$ 1,777,440	$ 1,282,244

	1% Decrease 3.00%	Medical Trend 4.00%	1% Increase 5.00
Net OPEB liability	$ 1,192,916	$ 1,777,440	$ 2,570,135

For the year ended June 30, 2023, the Library recognized OPEB expense of $172,537. As of June 30, 2023, 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	$ 260,343	$ 405,710
Changes in assumptions	917,416	1,143,154
Difference between projected and actual earnings on pension plan investments	46,592	-
Total	$ 1,224,351	$ 1,548,864

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
2024	$ 12,113
2025	3,736
2026	83,400
2027	22,416
2028	(195,224)
Thereafter	(250,954)
Total	$ (324,513)

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, 2023, membership consisted of:

Retirees and beneficiaries currently receiving benefits	15
Active plan members	73
	88

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, 2023, the annual money weighted rate of return of the OPEB Trust was 15.4%.

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, 2023 were as follows:

Total OPEB liability	$ 10,658,583
Less: Plan fiduciary net position	9,075,284
Net OPEB liability	$ 1,583,299
Plan fiduciary net position as a percentage of the total OPEB liability	85.15%

The total OPEB liability was determined by an actuarial valuation as of June 30, 2022, rolled forward to June 30, 2023 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 2022 is 5.1%. The ultimate trend is 4.0%.
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, 2023. 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	$ 23,379	$ 1,583,299	$ 3,567,922

	1% Decrease 5.68%	Discount Rate 6.68%	1% Increase 7.68%
Net OPEB liability	$ 3,356,786	$ 1,583,299	$ 173,330

For the year ended June 30, 2023, MetCom recognized OPEB expense of $459,942. As of June 30, 2023, 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	$ 568,942	$ 628,660
Changes of assumptions	-	1,100,178
Net difference between projected and actual earnings on OPEB plan Investments	445,700	-
	$ 1,014,642	$ 1,728,838

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
2024	$ (24,809)
2025	(89,515)
2026	141,382
2027	(206,739)
2028	(157,596)
Thereafter	(376,919)
Total	$ (714,196)

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 $2,820,000 reported as landfill closure and post-closure care liability at June 30, 2023 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, 2023. The unpaid claims also include liabilities for incurred but not reported (IBNR) claims as of June 30, 2023.

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, 2023

	2023	2022	2021	2020	2019	2018	2017	2016	2015
County's proportion of the System net pension liability (asset)	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	$ 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	$ 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	$ 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	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%	81.94%	72.34%	72.34%	71.18%	69.38%	65.79%	68.78%	71.87%

Note - This schedule is presented to illustrate the requirement to show information for 10 years. However, information prior to June 30, 2015 is not available.

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, 2023

	2023	2022	2021	2020	2019	2018	2017	2016	2015
Contractually required contribution	$ 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	(3,209,905)	(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	$ 39,282,417	$ 32,849,075	$ 30,017,844	$ 24,077,933	$ 23,960,863	$ 23,960,863	$ 22,117,812	$ 20,945,112	$ 20,945,112
Contributions as a percentage of covered-employee payroll	8.17%	8.94%	9.67%	8.62%	9.10%	8.56%	9.10%	9.42%	10.53%

This schedule is presented to illustrate the requirement to show information for 10 years. However, information prior to June 30, 2015 is not available.

COMMISSIONERS OF ST. MARY'S COUNTY

Schedule of Changes in Net Pension Liability and Related Ratios – Sheriff's Office Retirement Plan
June 30, 2023 (Amounts in 000's)

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Total pension liability:										
Service cost	$ 5,556	$ 4,979	$ 4,834	$ 3,944	$ 3,829	$ 4,129	$ 3,979	$ 3,826	$ 3,687	$ 3,475
Interest	11,929	10,889	10,153	9,532	9,180	8,576	7,867	7,317	6,564	6,286
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	(6,709)	(7,604)	(5,034)	(4,775)	(4,430)	(4,324)	(3,672)	(3,436)	(3,193)	(2,862)
Net change in total pension liability	20,020	8,264	11,439	8,701	5,025	8,381	10,108	7,707	10,503	6,899
Total pension liability – beginning	162,265	154,001	142,562	133,861	128,836	120,455	110,347	102,640	92,137	85,238
Total pension liability – ending (a)	$ 182,285	$ 162,265	$ 154,001	$ 142,562	$ 133,861	$ 128,836	$ 120,455	$ 110,347	$ 102,640	$ 92,137
Plan fiduciary net position:										
Contributions – employer	$ 7,271	$ 7,004	$ 6,926	$ 6,071	$ 5,644	$ 5,147	$ 5,149	$ 4,816	$ 5,197	$ 5,605
Contributions – member	1,510	1,156	1,383	1,181	1,103	1,055	1,085	1,011	945	1,082
Net investment income	11,281	(11,681)	28,260	5,126	3,434	5,661	7,724	(1,803)	(465)	8,480
Benefit payments, including refunds of member contributions	(6,709)	(7,604)	(5,034)	(4,775)	(4,430)	(4,324)	(3,672)	(3,436)	(3,193)	(2,862)
Administrative expense	(210)	(114)	(138)	(40)	(162)	(114)	(93)	(122)	(79)	(78)
Net change in plan fiduciary net position	13,143	(11,238)	31,398	7,564	5,589	7,425	10,193	466	2,405	12,227
Plan fiduciary net position – beginning	119,006	130,244	98,846	91,282	85,693	78,268	68,075	67,609	65,204	52,977
Plan fiduciary net position – ending (b)	$ 132,149	$ 119,006	$ 130,244	$ 98,846	$ 91,282	$ 85,693	$ 78,268	$ 68,075	$ 67,609	$ 65,204
County's net pension liability – ending (a) – (b)	$ 50,136	$ 43,259	$ 23,757	$ 43,716	$ 42,579	$ 43,143	$ 42,187	$ 42,272	$ 35,031	$ 26,933
Plan fiduciary net position as a percentage of the total pension liability	72.50%	73.34%	84.57%	69.34%	68.19%	66.51%	64.98%	61.69%		70.77%
Covered employee payroll	$ 18,929	$ 17,960	$ 17,357	$ 15,216	$ 14,216	$ 12,965	$ 13,981	$ 12,740	$ 12,774	$ 13,537
County's net pension liability as a percentage of covered employee payroll	264.86%	240.86%	136.87%	287.30%	299.51%	332.77%	301.75%	331.81%	274.24%	198.96%

COMMISSIONERS OF ST. MARY'S COUNTY

Schedule of Contributions – Sheriff's Office Retirement Plan
June 30, 2023 (Amounts in 000's)

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Actuarially determined contribution	$ 7,271	$ 7,004	$ 6,926	$ 6,071	$ 5,644	$ 5,147	$ 5,149	$ 4,816	$ 5,197	$ 5,144
Less: contributions related to the actuarially determined contribution	7,271	7,004	6,926	6,071	5,644	5,147	5,149	4,816	5,197	5,605
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ (461)
Covered employee payroll	$ 18,929	$ 17,960	$ 17,357	$ 15,216	$ 14,216	$ 12,965	$ 13,981	$ 12,740	$ 12,774	$ 13,537
Contributions as a percentage of covered employee payroll	38.41%	39.00%	39.90%	39.90%	39.70%	39.70%	36.83%	37.80%	40.68%	41.41%

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, 2023 (Amounts in 000's)

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

Notes to schedule:

Information prior to 2018 is not available.

Schedule of Contributions – Length of Service Award Program (LOSAP)
June 30, 2023 (Amounts in 000's)

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

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 12 to 20 years
Asset valuation method	Market value
Inflation	2.50 percent
Salary increases	Not applicable
Investment rate of return	6.0 percent, compounded annually, net of expenses
Retirement age	Normal retirement age
Mortality	PUB-2010 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, 2023 (Amounts in 000's)

	2023	2022	2021	2020	2019	2018	2017
Total OPEB liability:							
Service cost	$ 2,365	$ 2,285	$ 2,051	$ 2,162	$ 2,083	$ 2,268	$ 2,233
Interest	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	5,647	-	(9,191)	(5,904)	-	(6,080)	(1,199)
Benefit payments, including refunds of member contributions	(4,497)	(4,121)	(3,951)	(3,707)	(3,391)	(3,134)	(3,009)
Net change in total OPEB liability	9,730	5,623	9,447	(513)	5,215	(5,852)	4,458
Total OPEB liability – beginning	110,627	105,004	95,557	96,070	90,855	96,707	92,249
Total OPEB liability – ending (a)	$ 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	6,346	(5,627)	30,069	3,820	6,804	8,360	8,203
Benefit payments, including refunds of member contributions	(4,497)	(4,121)	(3,951)	(3,707)	(3,391)	(3,134)	(3,009)
Administrative expense	(355)	(327)	(573)	(392)	(575)	(396)	(51)
Net change in plan fiduciary net position	1,494	(5,954)	29,496	3,428	6,229	7,964	8,152
Plan fiduciary net position – beginning	112,917	118,871	89,375	85,947	79,718	71,754	63,602
Plan fiduciary net position – ending (b)	$ 114,411	$ 112,917	$ 118,871	$ 89,375	$ 85,947	$ 79,718	$ 71,754
County's net OPEB liability (asset) – ending (a) – (b)	$ 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	95.06%	102.07%	113.21%	93.53%	89.46%	87.74%	74.20%
Covered employee payroll	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	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, 2023 (Amounts in 000's)

	2023	2022	2021	2020	2019	2018	2017
Actuarially determined contribution	$ 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)	$ 6,085	$ (59)	$ (592)	$ (455)	$ 2,706	$ 2,745	$ 2,208
Covered employee payroll	$ 58,211	$ 50,809	$ 47,375	$ 43,741	$ 40,075	$ 39,830	$ 39,756
Contributions as a percentage of covered employee payroll	0.00%	8.11%	8.34%	8.47%	8.46%	7.87%	7.57%

Methods and assumptions used to determine contribution rates:

Valuation date	6/1/2020
Actuarial cost method	Projected Unit Credit
Amortization method	Level percent of payroll
Remaining amortization period	15 for FYE 2023
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, 2023

	Special Assessments	Fire and Rescue Revolving Loan Fund	Emergency Services Support Fund	Emergency Services Billing Fund	Total Non-Major Funds
ASSETS					
Cash	$ -	$ -	$ -	$ 810,329	$ 810,329
Due from other funds	572,696	3,561,144	-	913,243	5,047,083
Special tax assessments receivable, current portion	80	-	-	-	80
Note receivable, fire and rescue loans, current portion	-	399,521	-	-	399,521
Emergency support services taxes receivable	-	-	47,493	-	47,493
Emergency billing receivable	-	-	-	640,734	640,734
Special tax assessments receivable, net of current portion	577,525	-	-	-	577,525
Note receivable, fire and rescue loans, net of current portion	-	669,061	-	-	669,061
TOTAL ASSETS	$ 1,150,301	$ 4,629,726	$ 47,493	$ 2,364,306	$ 8,191,826
LIABILITIES AND FUND BALANCES					
LIABILITIES					
Accounts payable	$ 8,852	$ -	$ 6,628	$ 120,987	$ 136,467
Unearned revenue	576,592	1,068,582	-	-	1,645,174
Compensation-related liabilities	-	-	2,384	117,030	119,414
Due to other funds	-	-	130,997	-	130,997
TOTAL LIABILITIES	585,444	1,068,582	140,009	238,017	2,032,052
FUND BALANCES					
Committed	564,857	3,561,144	-	2,126,289	6,252,290
Unassigned	-	-	(92,516)	-	(92,516)
TOTAL FUND BALANCES	564,857	3,561,144	(92,516)	2,126,289	6,159,774
TOTAL LIABILITIES AND FUND BALANCES	$ 1,150,301	$ 4,629,726	$ 47,493	$ 2,364,306	$ 8,191,826

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, 2023

	Special Assessments	Fire and Rescue Revolving Loan Fund	Emergency Services Support Fund	Emergency Services Billing Fund	Total Non-Major Funds
REVENUE					
Special assessments	$ 65,603	$ -	$ -	$ -	$ 65,603
Emergency services support tax	-	-	3,473,986	-	3,473,986
Transfer tax	-	-	-	-	-
Other	-	-	301,374	4,443,639	4,745,013
TOTAL REVENUE	65,603	-	3,775,360	4,443,639	8,284,602
EXPENDITURES					
Public safety	-	-	8,336,449	5,278,685	13,615,134
Debt service	52,913	-	36,461	-	89,374
TOTAL EXPENDITURES	52,913	-	8,372,910	5,278,685	13,704,508
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES	12,690	-	(4,597,550)	(835,046)	(5,419,906)
OTHER FINANCING SOURCES AND USES					
Fire and rescue loan repayments	-	1,883,321	-	-	1,883,321
Loans to fire and rescue	-	-	-	-	-
Tranfers in	-	-	4,659,000	2,054,825	6,713,825
TOTAL OTHER FINANCING SOURCES (USES)	-	1,883,321	4,659,000	2,054,825	8,597,146
NET CHANGES IN FUND BALANCES	12,690	1,883,321	61,450	1,219,779	3,177,240
FUND BALANCES - BEGINNING OF YEAR	552,167	1,677,823	(153,966)	906,510	2,982,534
FUND BALANCES - END OF YEAR	$ 564,857	$ 3,561,144	$ (92,516)	$ 2,126,289	$ 6,159,774

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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, 2023

	Budgeted Amounts		Actual -	Favorable
			Budgetary	(Unfavorable)
	Original	Final	Basis	Variance
PROPERTY TAXES				
Real property taxes	$ 117,199,553	$ 116,199,553	$ 115,941,464	$ (258,089)
Payments in lieu of taxes	325,000	325,000	244,681	(80,319)
Personal property	174,859	174,859	179,062	4,203
Public utilities	3,417,439	3,417,439	3,168,392	(249,047)
Ordinary business corporations	3,322,316	3,322,316	3,773,538	451,222
Additions and abatements	(600,000)	(600,000)	(168,967)	431,033
Penalties and interest	920,000	920,000	693,369	(226,631)
State homeowners credit (circuit breaker)	900,000	900,000	613,408	(286,592)
Homeowners tax credit (county)	(900,000)	(900,000)	(613,408)	286,592
Other tax credits	(1,028,000)	(1,028,000)	(884,748)	143,252
Total property taxes	**123,731,167**	**122,731,167**	**122,946,791**	**215,624**
Income Tax				
Local income tax	**128,933,804**	**128,933,804**	**126,981,940**	**(1,951,864)**
Other Local Taxes				
Recordation taxes	9,000,000	9,000,000	7,597,691	(1,402,309)
Energy taxes	1,040,000	1,040,000	1,288,528	248,528
Public accommodations tax	900,000	900,000	1,175,385	275,385
Trailer park tax	350,000	350,000	352,454	2,454
CATV franchise fees	1,000,000	1,000,000	894,184	(105,816)
Admissions and amusement	90,000	90,000	132,883	42,883
Total other local taxes	**12,380,000**	**12,380,000**	**11,441,125**	**(938,875)**
State-shared taxes - highway users	1,889,924	1,889,924	1,866,156	(23,768)
TOTAL TAXES	**266,934,895**	**265,934,895**	**263,236,012**	**(2,698,883)**
LICENSES AND PERMITS				
Business licenses and permits services	457,200	457,200	291,700	(165,500)
Marriage licenses	6,050	6,050	7,913	1,863
Traders licenses	160,000	160,000	167,685	7,685
Other	94,620	94,620	91,363	(3,257)
TOTAL LICENSES AND PERMITS	**717,870**	**717,870**	**558,661**	**(159,209)**
INTER-GOVERNMENTAL				
General government	3,205,549	3,414,122	1,203,429	(2,210,693)
Public safety	15,989,651	16,937,771	8,853,198	(8,084,573)
Public works	1,889,091	1,963,949	1,452,149	(511,800)
Social services	1,053,719	1,264,851	1,080,223	(184,628)
Health	428,687	530,488	2,280,035	1,749,547
Parks, recreation and culture	30,000	249,000	25,000	(224,000)
Economic development & opportunity	2,500,000	1,265,000	443	(1,264,557)
Appropriation	2,500,000	945,480	-	(945,480)
TOTAL INTER-GOVERNMENTAL	**27,596,697**	**26,570,661**	**14,894,477**	**(11,676,184)**

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, 2023

	Budgeted Amounts		Actual - Budgetary	Favorable (Unfavorable)
	Original	Final	Basis	Variance
CHARGES FOR SERVICES				
General government	$ 2,061,393	$ 2,064,493	$ 2,049,401	$ (15,092)
Public safety	563,041	563,041	492,506	(70,535)
Public works	800,159	860,159	552,174	(307,985)
Social services	139,725	139,725	130,635	(9,090)
Parks, recreation and culture	438,709	438,609	455,307	16,698
TOTAL CHARGES FOR SERVICES	**4,003,027**	**4,066,027**	**3,680,023**	**(386,004)**
FINES AND FORFEITURES				
General government	18,750	18,750	22,690	3,940
Public safety	6,000	6,000	30,463	24,463
TOTAL FINES AND FORFEITURES	**24,750**	**24,750**	**53,153**	**28,403**
OTHER REVENUES				
General Government				
Interest and dividend	275,000	2,275,000	5,331,405	3,056,405
Disposal of fixed assets	215,000	215,000	107,172	(107,828)
Other income	-	-	4,556,233	4,556,233
Driveway entrance	-	-	138,300	138,300
Contributions and donations	62,580	25,616	86,312	60,696
TOTAL OTHER REVENUES	**552,580**	**2,515,616**	**10,219,422**	**7,703,806**
TOTAL, BEFORE PASS-THROUGH PROCEEDS	**299,829,819**	**299,829,819**	**292,641,748**	**(7,188,071)**
Pass-through proceeds	-	-	-	-
OTHER FINANCING SOURCES				
Appropriation of fund balance	**25,000,000**	**28,922,130**	**(657,958)**	**(29,580,088)**
TOTAL REVENUES INCLUDING PASS-THROUGHS	**$ 324,829,819**	**$ 328,751,949**	**$ 291,983,790**	**$ (36,768,159)**

COMMISSIONERS OF ST. MARY'S COUNTY, MARYLAND

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

	Budgeted Amounts		Actual - Budgetary	Favorable (Unfavorable)
	Original	Final	Basis	Variance
GENERAL GOVERNMENT				
Legislative/county commissioners				
Legislative/county commissioners	$ 514,587	$ 535,506	$ 515,504	$ 20,002
County administrator	603,297	477,069	427,310	49,759
Public information	332,958	328,560	327,125	1,435
County attorney	1,269,389	1,138,560	1,044,688	93,872
Legislative/county commissioners	**2,720,231**	**2,479,695**	**2,314,627**	**165,068**
Department of finance				
Administration/budget	974,768	989,912	976,777	13,135
Accounting	959,203	916,071	847,147	68,924
Auditing	50,000	50,000	36,060	13,940
Procurement	421,706	427,750	426,342	1,408
Department of finance	**2,405,677**	**2,383,733**	**2,286,326**	**97,407**
Department of information & technology				
Technology	**7,437,025**	**7,958,672**	**7,707,697**	**250,975**
Department of human resources				
Human resources	1,349,717	1,304,619	1,176,569	128,050
Risk management	1,161,351	1,165,487	991,424	174,063
Grants	-	20,576	8,130	12,446
Department of human resources	**2,511,068**	**2,490,682**	**2,176,123**	**314,559**
Department of public works & transportation				
Development review	270,379	205,236	162,815	42,421
Mailroom/messenger services	148,593	131,748	117,783	13,965
Vehicle maintenance shop	1,727,799	1,757,694	1,636,305	121,389
Building Services	5,374,312	5,378,529	4,967,225	411,304
Department of public works & transportation	**7,521,083**	**7,473,207**	**6,884,128**	**589,079**
Department of land use & growth management				
Administration	909,941	900,976	845,768	55,208
Comprehensive Planning	402,160	286,547	143,451	143,096
Development Services	353,913	326,868	338,117	(11,249)
Zoning Administration	385,595	415,598	341,146	74,452
Planning Commission	25,586	25,706	24,447	1,259
Boards and Commissions	41,480	38,439	33,194	5,245
Historical Preservation	2,230	2,230	473	1,757
Permit Services	377,731	382,688	377,955	4,733
Inspections & Compliance	488,921	458,216	437,892	20,324
Board of Electrical Examiners	13,500	13,500	2,658	10,842
Building Code Appeals Board	100	100	-	100
Commission on the Environment	1,575	1,575	772	803
Plumbing & Gas Board	50	50	-	50
Grants	2,000	2,000	-	2,000
Department of land use & growth management	**3,004,782**	**2,854,493**	**2,545,873**	**308,620**
Circuit Court				
Administration	1,242,438	1,309,728	1,173,372	136,356
Law library	41,250	41,250	31,707	9,543
Grants	873,806	909,552	682,290	227,262
Orphan's court	64,754	69,319	68,347	972
Circuit court	**2,222,248**	**2,329,849**	**1,955,716**	**374,133**
Office of the state's attorney				
Judicial	4,428,524	4,829,871	4,660,214	169,657
Grants	885,017	834,667	655,670	178,997
Office of the state's attorney	**5,313,541**	**5,664,538**	**5,315,884**	**348,654**
County treasurer	**512,190**	**512,190**	**489,391**	**22,799**
Alcohol beverage board	**459,984**	**470,780**	**332,246**	**138,534**
Board of elections	**2,223,966**	**2,236,426**	**1,857,906**	**378,520**
Ethics commission	**833**	**833**	**738**	**95**
SDAT - Leonardtown Office	**452,580**	**452,580**	**427,810**	**24,770**
Total general government	**$ 36,785,208**	**$ 37,307,678**	**$ 34,294,465**	**$ 3,013,213**

COMMISSIONERS OF ST. MARY'S COUNTY, MARYLAND

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

	Budgeted Amounts Original	Budgeted Amounts Final	Actual - Budgetary Basis	Favorable (Unfavorable) Variance
PUBLIC SAFETY				
Department of Emergency Services				
Emergency management	$ 4,064,221	$ 4,132,126	$ 3,732,844	$ 399,282
Animal control	1,409,125	1,386,834	1,312,965	73,869
Emergency communications center	906,726	904,445	803,928	100,517
Emergency radio communications	1,983,706	1,747,476	1,620,673	126,803
Grants	13,048,943	12,957,900	10,848,083	2,109,817
Department of Emergency Services	**21,412,721**	**21,128,781**	**18,318,493**	**2,810,288**
Office of the sheriff				
Law enforcement	37,782,549	39,100,558	36,713,585	2,386,973
Corrections	17,492,262	17,685,417	16,106,288	1,579,129
Training	360,177	453,574	436,759	16,815
Canine	34,760	35,310	34,621	689
Court security	951,318	951,318	871,212	80,106
Grants	2,335,098	3,015,429	2,225,656	789,773
Office of the sheriff	**58,956,164**	**61,241,606**	**56,388,121**	**4,853,485**
Total public safety	**$ 80,368,885**	**$ 82,370,387**	**$ 74,706,614**	**$ 7,663,773**
PUBLIC WORKS				
Department of PW and transportation				
Administration	$ 624,562	$ 618,666	$ 608,120	$ 10,546
Engineering services	1,182,328	1,064,642	1,002,450	62,192
Construction & inspections	994,155	995,053	966,371	28,682
County highways	6,879,088	8,150,441	7,865,537	284,904
MS4 Program	898,806	1,020,485	815,031	205,454
St Mary's county airport	223,285	210,851	182,130	28,721
Grants - St. Mary's transit system	3,984,972	3,986,727	2,919,151	1,067,576
Department of PW and transportation	**14,787,196**	**16,046,865**	**14,358,790**	**1,688,075**
Total public works	**$ 14,787,196**	**$ 16,046,865**	**$ 14,358,790**	**$ 1,688,075**
HEALTH				
Department of Agriculture	**$ 102,000**	**$ 102,000**	**$ 105,724**	**$ (3,724)**
Operating allocation				
Health department	3,198,052	3,198,565	3,197,809	756
Operating allocation	**3,198,052**	**3,198,565**	**3,197,809**	**756**
Human services				
Human Services-Admin Grants	119,942	168,011	146,509	21,502
Grants	313,847	368,731	2,148,610	(1,779,879)
Human services	**433,789**	**536,742**	**2,295,119**	**(1,758,377)**
Total health	**$ 3,733,841**	**$ 3,837,307**	**$ 5,598,652**	**$ (1,761,345)**
SOCIAL SERVICES				
Department on aging & human services				
Aging Administration	$ 2,753,070	$ 2,650,963	$ 2,403,622	$ 247,341
Non-profit allocation	793,727	793,727	793,727	-
Grants	1,266,829	1,404,394	1,175,231	229,163
Department on aging & human services	**4,813,626**	**4,849,084**	**4,372,580**	**476,504**
Department of social services	**497,819**	**498,339**	**499,426**	**(1,087)**

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

	Budgeted Amounts Original	Budgeted Amounts Final	Actual - Budgetary Basis	Favorable (Unfavorable) Variance
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	**$ 5,490,045**	**$ 5,526,023**	**$ 5,050,606**	**$ 475,417**
PRIMARY AND SECONDARY EDUCATION				
Board of Education	**$ 121,524,907**	**$ 121,524,907**	**$ 121,524,908**	**$ (1)**
Non-public school bus transportation	**3,454,842**	**3,426,905**	**3,352,828**	**74,077**
Operating allocation				
Non Profit Allocation	-	-	-	-
Total primary and secondary education	**$ 124,979,749**	**$ 124,951,812**	**$ 124,877,736**	**$ 74,076**
POST-SECONDARY EDUCATION				
College of Southern Maryland - general operations	$ 4,758,945	$ 4,734,425	$ 4,734,428	$ (3)
Operating allocation				
Non Profit Allocation	43,175	43,175	43,175	-
University System of Maryland at Southern Maryland (USMSM)	40,000	40,000	40,000	-
Operating allocation	**83,175**	**83,175**	**83,175**	**-**
Total post-secondary education	**$ 4,842,120**	**$ 4,817,600**	**$ 4,817,603**	**$ (3)**
PARKS, RECREATION AND CULTURE				
Department of recreation and parks				
Administration	$ 1,401,293	$ 1,387,988	$ 1,354,150	$ 33,838
Parks maintenance	2,794,393	3,173,413	3,005,247	168,166
Museum division	827,985	886,598	893,849	(7,251)
Chancellor's Run Reg. Park	-	-	-	-
Non Profit Agency - Miscellaneous	166,700	166,700	166,700	-
Grants	30,100	249,100	25,179	223,921
Department of recreation and parks	**5,220,471**	**5,863,799**	**5,445,125**	**418,674**
Total parks, recreation and culture	**$ 5,220,471**	**$ 5,863,799**	**$ 5,445,125**	**$ 418,674**
LIBRARIES				
County funding - general operations	**$ 3,310,048**	**$ 3,310,048**	**$ 3,310,050**	**$ (2)**
CONSERVATION OF NATURAL RESOURCES				
University of MD Extension-St. Mary's	$ 280,786	$ 280,786	$ 270,262	$ 10,524
Agriculture and seafood allocation	389,492	348,677	354,220	(5,543)
Soil Conservation District	108,078	193,078	188,712	4,366
Conservation of natural resources	**778,356**	**822,541**	**813,194**	**9,347**
Operating allocation				
Waterman's Association allocation	12,500	12,500	12,500	-
SMC Forest Conservation District Board	2,500	2,500	2,500	-
Southern Md. Resource Conservation/Dev.	15,300	15,300	15,300	-
Operating allocation	**30,300**	**30,300**	**30,300**	**-**
Total conservation of natural resources	**$ 808,656**	**$ 852,841**	**$ 843,494**	**$ 9,347**

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

	Budgeted Amounts		Actual - Budgetary Basis	Favorable (Unfavorable) Variance
	Original	Final		
ECONOMIC DEVELOPMENT AND OPPORTUNITY				
Department of economic development				
Administration/office of the director	$ 638,098	$ 603,248	$ 589,023	$ 14,225
Tourism development	400,194	400,194	400,194	-
Agriculture & seafood development	519,323	464,902	472,293	(7,391)
Less Allocation	(389,492)	(348,677)	(354,220)	5,543
Business development	664,107	729,305	710,646	18,659
Non-Profit Allocation	33,580	33,580	33,580	-
Grants	2,500,000	1,265,000	(1,675)	1,266,675
Department of economic development	**4,365,810**	**3,147,552**	**1,849,841**	**1,297,711**
Office of Community Services				
Office of community services	605,008	558,179	522,361	35,818
Human relations commission	1,850	1,850	212	1,638
Commission for women	7,000	11,000	10,798	202
	613,858	**571,029**	**533,371**	**37,658**
Human Resources				
Commission for the disabled	2,300	2,300	860	1,440
Tri-County Council	125,000	125,000	125,000	-
Operating allocation	**127,300**	**127,300**	**125,860**	**1,440**
Total economic development and opportunity	**$ 5,106,968**	**$ 3,845,881**	**$ 2,509,072**	**$ 1,336,809**
DEBT SERVICE				
Debt service	**$ 13,267,798**	**$ 13,267,798**	**$ 13,313,552**	**$ (45,754)**
INTER-GOVERNMENTAL				
Leonardtown tax rebate	**$ 70,929**	**$ 70,929**	**$ 70,928**	**$ 1**
OTHER				
Employer contributions-retiree health benefits	$ -	$ -	$ 4,497,233	$ (4,497,233)
Unemployment compensation	25,000	25,000	(17,736)	42,736
Bank service fees	46,000	46,000	28,023	17,977
Total other	**$ 71,000**	**$ 71,000**	**$ 4,507,520**	**$ (4,436,520)**
Total expenditures, before pass-throughs	**$ 298,842,914**	**$ 302,139,968**	**$ 293,704,207**	**$ 8,435,761**
Pass-through expenditures	**-**	**-**	**-**	**-**
Total expenditures, including pass-throughs	**$ 298,842,914**	**$ 302,139,968**	**$ 293,704,207**	**$ 8,435,761**
Appropriation reserve	$ 2,500,000	$ 1,471,072	$ -	$ 1,471,072
Reserve - bond rating	400,000	400,000	265,000	135,000
Reserve - emergency appropriations	500,000	554,004	-	554,004
Reserves	**3,400,000**	**2,425,076**	**265,000**	**2,160,076**
Total reserves	**$ 3,400,000**	**$ 2,425,076**	**$ 265,000**	**$ 2,160,076**
Total expenditures, including pass-throughs and reserves	**$ 302,242,914**	**$ 304,565,044**	**$ 293,969,207**	**$ 10,595,837**
Transfer				
General fund transfers	**22,586,905**	**24,186,905**	**24,186,905**	**-**
Total expenditures and other financing uses	**$ 324,829,819**	**$ 328,751,949**	**$ 318,156,112**	**$ 10,595,837**

COMMISSIONERS OF ST. MARY'S COUNTY, MARYLAND

Schedule of Unexpended Appropriations for Capital Projects
For the Year Ended June 30, 2023

LAND PRESERVATION		
Agriculture Preservation	$ 7,618,030	
Critical Area Planting	88,318	
Rural Legacy Program	14,312,698	$ 22,019,046
HIGHWAYS		
4 Way Inter MD4/Wildewood	30,040	
Asphalt Overlay	16,069	
Bridge/Culvert Replace.	796,374	
Buck Hewitt Road	1,446,258	
County Bridge Replace/Repair	1,347,740	
FDR Blvd MD4 to Pegg Rd	19,825,261	
Federal Bridge Replace	50,000	
Johnson Farm Pond	386,281	
Mattapany Road	467,060	
Mt. Wolfe Roundabout	767,653	
Neighborhood Drainage Imp	1,684,000	
Pax Pk Neighborhood Preservation	151,057	
Regional Water Quality&Nutrient	1,346,286	
Retrofit Sidewalk Program	1,868,287	
Roadway & Safety Imrovement	1,540,955	
Roadwork Maintenance	1,509,071	
Side-Path or Bikeways	127,340	
South Shangri-La Drive Side	35,065	
Southhampton Neighborhood	3,270,082	
Streetscape Improvement	208,657	
Transportation Plan Update	19,193	36,892,729
MARINE		
Myrtle Point Shoreline	52,500	
Piney Point Lighthouse Museum	34,035	
Piney Point Rd Shore Erosion	350,730	
St. George Creek Dredge	536,160	
St. Patrick Creek Maintenance	870,395	1,843,820

COMMISSIONERS OF ST. MARY'S COUNTY, MARYLAND

Schedule of Unexpended Appropriations for Capital Projects (continued)
For the Year Ended June 30, 2023

PUBLIC WORKS		
911 Back Up Center	$ 32,835	
Adult Det Center Upgrades	2,639,215	
Airport Improvements	14,487,692	
Airport Master Plan	108,748	
Airport Wetlands Mitigation	98,073	
Animal Shelter New Building	189,541	
Bldg Maint & Repair Proj-Critical	273,003	
Bldg Maint & Repair Proj-Program	222,657	
Buses and Bus Facility	234,480	
District 1 Sheriff Office	24,067	
Emerg Comm Cntr Exp	1,924,950	
Energy Efficiency & Conservation	8,339	
Facilities Master Plan Update	103,155	
Health Department Renovations	56,069	
Leonartown Lib/Garvey Sr. Center	224,272	
North County Farmers Market	131,289	
Northern Senior Activity Cnt Add	54,656	
Parking and Site Improvements	370,194	
Public Administration Enterprise	1,120,181	
Public Safety Comp. Aided Disp	1,966,164	
Regional Meat Processing	4,891,895	
Salt Storage Facility Replacement	444,000	
Sheriff's District 3 Office	76,977	
Sheriff's Headquarters	1,981,766	$ 31,664,218
PIERS AND BOAT RAMPS		
St. Inigoes Landing Boating Facility	241,108	241,108

COMMISSIONERS OF ST. MARY'S COUNTY, MARYLAND

Schedule of Unexpended Appropriations for Capital Projects (continued)
For the Year Ended June 30, 2023

PUBLIC SCHOOLS		
Aging School Program	$ 27,689	
Athletic Turf Fields	319	
Bldg Infrastructure-Critical	2,188,819	
Bldg Infrastructure-Programmatic	396,376	
Chopticon HS Pre-Design	30,460	
Chopticon HS Soil Erosion	6,112	
DSS IT & Warehouse Facility	570	
Dynard ES-Roof/HVAC/Emerg Pwr	281,432	
Great Mills HS-Partial Roof Repl	1,473,846	
Green Holly ES Partial/Roof	32,130	
Green Holly ES-Switch Gear/HVAC	19,978	
Hollywood ES Roof/HVAC	37,808	
Lettie Dent Modernization	2,257,069	
Mechanicsville ES Modernization	2,643,297	
Park Hall ES Roof/HVAC	162,779	
Piney Point ES HVAC Sys	421,683	
Relocatables for Various Sites	644,934	
Safety&Security Init.	2,470,716	
School Capacity Study K-12	65,150	
Town Creek ES HVAC	1,728,568	$ 14,889,735
RECREATION & PARKS		
Central County Park	30,000	
Elms Beach Park Improvement	2,252,161	
Gymnastics Center Project	4,602,000	
Lexington Manor Passive Park	36,131	
Multi-Purpose Turf Fields	3,579	
Myrtle Point Park	275,000	
Park Land & Facility Acquisition	1,111,624	
Park Planning Grant	50,560	
Parks Land Acquisition	400,476	
Rec Facility & Park Improvements	1,726,778	
Shannon Farm Property	199,048	
Snow Hill Park	4,830,823	
Sports Complex	150,000	
St. Clements Isl Mus Renov	3,627,992	
Three Notch Trail, Phase 7	5,704,141	
Three Notch Trail, Phase 8	350,000	25,350,313

Schedule of Unexpended Appropriations for Capital Projects (continued)
For the Year Ended June 30, 2023

SOLID WASTE		
Clements Convenience Center	$ 67,915	
Convenience Center Repair	166,712	
Landfill Mitigation	18,628	
St. Andrews Landfill	77,918	$ 331,173
Total		$ 133,232,142

ST. MARY'S COUNTY METROPOLITAN COMMISSION

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

For the Years Ended June 30, 2023 and 2022

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ST. MARY'S COUNTY METROPOLITAN COMMISSION

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

JUNE 30, 2023 AND 2022

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SB & COMPANY, LLC
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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, 2023 and 2022, 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 basic financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the aggregate remaining fund information of MetCom as of June 30, 2023 and 2022, 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.

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.

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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, 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 the 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.

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Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have issued our report dated November 27, 2023 on our consideration of the 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 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 the MetCom's internal control over financial reporting and compliance.

Owings Mills, Maryland
November 27, 2023

SB & Company, LLC

Management's Discussion and Analysis
June 30, 2023 and 2022

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, 2023 and 2022. 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 $4.7 and $6.0 million or 3.4% and 4.6% as a result of operations in FY2023 and FY2022, respectively.

- During the current year, MetCom's revenue from operations was $17.1 million, representing an increase of 4.3% over the prior year. During FY2022, revenue increased by 2.0% over FY2021. The percent change in rates increased from FY2022 to FY2023. Both years realized an increase in usage and new customers.

- MetCom's operating expenses excluding depreciation were $16.7 and $15.1 million for the years ended June 30, 2023 and 2022, respectively.

- Depreciation expense totaled $7.0 million and $6.5 million for the years ended June 30, 2023 and 2022, respectively.

- MetCom's net nonoperating revenue was $9.7 and $8.7 million for the years ended June 30, 2023 and 2022, respectively. The increase of 11% was a result of a decrease in debt service charges, and a decrease in interest expenses. FY2022 decrease by 1% as a result of a decrease in debt service charges and in interest expense.

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 $4.7 and $6.0 million during the years ended June 30, 2023 and 2022, respectively. The increase for both FY2023 and FY2022 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, 2023, 2022, and 2021.

NET POSITION
(in millions)

	As of June 30,		
	2023	**2022**	**2021**
ASSETS AND DEFERRED OUTFLOWS			
Current and other assets	$ 63.2	$ 73.4	$ 60.9
Capital assets	181.0	172.9	171.6
Deferred outflows	2.6	3.7	2.3
Total Assets and Deferred Outflows	246.8	250.0	234.8
LIABILITIES AND DEFERRED INFLOWS			
Long-term debt outstanding	82.0	88.4	83.3
Pension liability	5.7	4.3	5.6
OPEB liability	1.6	3.6	1.9
Other liabilities	14.5	14.3	11.7
Deferred inflows	2.0	3.1	2.0
Total Liabilities and Deferred Inflows	105.8	113.7	104.5
NET POSITION			
Net investment in capital assets	101.2	93.4	101.6
Restricted	16.7	18.5	16.8
Unrestricted	23.1	24.4	11.9
Total Net Position	141.0	136.3	130.3
Total Liabilities, Deferred Inflow of Resources and Net Position	$ 246.8	$ 250.0	$ 236.4

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,		
	2023	2022	2021
Operating revenues	$ 17.1	$ 16.4	$ 16.1
Operating expenses	(16.7)	(15.1)	(15.4)
Depreciation expense	(7.0)	(6.5)	(6.6)
Operating loss	(6.6)	(5.2)	(5.9)
Nonoperating revenues, net	9.7	8.7	8.8
Capital contributions	1.6	2.5	0.2
Change in net position	4.7	6.0	3.1
Net position – beginning of year	136.3	130.3	127.2
Net Position – End of year	$ 141.0	$ 136.3	$ 130.3

MetCom's operating revenues total $17.1 million during the current year. Total operating revenues increased by $0.7 million or 4.3% over the prior year, compared to operating revenue in the prior year of $16.4 million which was an increase of 1.9% over FY2021. For both FY2023 and FY2022, the increase was largely a result of increased rates. FY2023 also realized a significant increase in interest income.

Expenses from MetCom's operations excluding depreciation were $16.7 and $15.1 million for the years ended June 30, 2023 and 2022, respectively. Depreciation expense total $7.0 million and $6.5 million for the years ended June 30, 2023 and 2022, respectively.

MetCom's net nonoperating revenue was $9.7 and $8.7 million for the years ended June 30, 2023 and 2022, respectively. The increase of 11% was a result of a decrease in debt service charges, and a decrease in interest expense. FY2022 decrease by 1% was 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, 2023 and 2022, amounts to $181.0 and $172.9 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, 2023 and 2022, was $8.1 million and $1.3 million, respectively. The majority of the increase was for the purchase and build-outs of the 23123 Camden Way Engineering Offices, and Developer water and sewer infrastructure projects Dollar General in Lexington Park and Oak Crest Center in California, Maryland.

CAPITAL ASSETS
(in millions)

	June 30,		
	2023	2022	2021
Utility plants	$ 168.8	$ 166.1	$ 155.7
Water plants	75.7	73.5	71.9
Equipment	10.8	10.4	10.2
Buildings	4.1	4.0	3.9
Land	1.9	1.9	1.9
Construction in progress	22.8	12.2	16.9
Total before depreciation	284.1	268.1	260.5
Accumulated depreciation	(103.1)	(95.2)	(88.9)
Net Capital Assets	$ 181.0	$ 172.9	$ 171.6

Long-Term Debt

As of June 30, 2023 and 2022, MetCom had a total of $90.8 million and $96.2 million, respectively, in debt outstanding.

DEBT ADMINISTRATION
(in millions)

	June 30,		
	2023	2022	2021
Bonds payable	$ 53.4	$ 57.1	$ 48.9
Notes and loans payable	37.4	39.1	40.9
	$ 90.8	$ 96.2	$ 89.8

Overview of the Financial Statements (continued)

Economic Factors and Next Year's Budgets and Rates

MetCom anticipates a negligible decrease in the total operating revenues for next year compared with FY2023 actuals. Water rates are increasing 2.4% and sewer rates are increasing 3.05%.

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, 2023 and 2022

	2023	2022
CURRENT ASSETS		
Cash and cash equivalents	**$ 49,918,948**	$ 54,475,529
Accounts receivable	**1,769,146**	1,724,265
Loans/grants receivable	**11,013,494**	16,927,046
Inventory	**236,437**	260,519
Prepaid expenses	**221,053**	-
Total current assets	**63,159,078**	73,387,359
NONCURRENT ASSETS		
Net capital assets	**180,979,859**	172,855,905
Unamortized bond discount	**16,699**	18,369
Total noncurrent assets	**180,996,558**	172,874,274
TOTAL ASSETS	**244,155,636**	246,261,633
DEFERRED OUTFLOWS OF RESOURCES		
Pension	**1,297,525**	1,868,238
OPEB	**1,014,642**	1,495,088
Bond refunding	**326,796**	326,796
Total Assets and Deferred Outflows of Resources	**$ 246,794,599**	$ 249,951,755
CURRENT LIABILITIES		
Accounts payable	**$ 417,158**	$ 521,896
Accrued interest payable	**1,003,146**	1,065,626
Accrued expenses	**1,147,650**	1,677,052
Unearned revenue	**30,013**	30,013
Bond premiums	**2,968,736**	2,987,662
Bonds payable	**3,766,336**	4,130,381
Notes and loans payable	**5,018,075**	3,832,874
Total current liabilities	**14,351,114**	14,245,504
NONCURRENT LIABILITIES		
Bonds payable	**49,626,976**	53,004,829
Notes and loans payable	**32,395,273**	35,307,134
Net pension liability	**5,666,604**	4,200,218
Net OPEB liability	**1,583,299**	3,529,350
Total noncurrent liabilities	**89,272,152**	96,041,531
TOTAL LIABILITIES	**103,623,266**	110,287,035
DEFERRED INFLOWS OF RESOURCES		
Pension	**478,823**	2,738,993
OPEB	**1,728,838**	587,345
Total Liabilities and Deferred Inflows of Resources	**105,830,927**	113,613,373
NET POSITION		
Net investment in capital assets	**101,186,693**	93,507,733
Restricted	**16,657,860**	18,475,121
Unrestricted	**23,119,119**	24,355,528
Total Net Position	**$ 140,963,672**	$ 136,338,382

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, 2023 and 2022

	2023	2022
Operating revenue:		
Service charges	**$ 16,664,004**	$ 16,151,482
Miscellaneous	**395,010**	353,252
Total operating revenue	**17,059,014**	16,504,734
Operating expenses:		
Direct operating expenses	**10,718,344**	9,501,454
Administrative expenses	**5,985,399**	5,630,262
Total operating expenses	**16,703,743**	15,131,716
Operating income before depreciation	**355,271**	1,373,018
Depreciation	**(6,996,841)**	(6,534,174)
Operating loss	**(6,641,570)**	(5,161,156)
Nonoperating revenue (expenses):		
Interest income	**1,488,434**	103,826
Debt service charges	**10,137,566**	11,151,076
House connection charges, net	**(8,234)**	10,001
Interest expense	**(2,088,173)**	(2,714,000)
Other fees	**146,600**	129,376
Total nonoperating revenue, net	**9,676,193**	8,680,279
Income before contributions	**3,034,623**	3,519,123
Capital contributions	**1,590,667**	2,530,034
Change in net position	**4,625,290**	6,049,157
Net position, beginning of year	**136,338,382**	130,289,225
Net Position, End of Year	**$ 140,963,672**	$ 136,338,382

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, 2023 and 2022

	2023	2022
Cash Flows from Operating Activities		
Receipts from customers	$ 22,532,675	$ 18,412,732
Other receipts	395,010	353,252
Payments to suppliers	(11,389,694)	(10,773,156)
Payments to employees	(6,692,343)	(4,263,545)
Net Cash from Operating Activities	4,845,648	3,729,283
Cash Flows from Capital and Related Financing Activities		
Proceeds from capital debt	1,244,574	42,454,250
Purchases of capital assets	(16,016,940)	(7,502,246)
Principal paid on capital debt	(6,713,132)	(35,949,681)
Interest paid on capital debt	(2,150,653)	(2,344,726)
Capital contribution	1,590,667	2,530,034
Other receipts	11,154,821	11,962,221
Net Cash from Capital and Related Financing Activities	(10,890,663)	11,149,852
Cash Flows from Investing Activities		
Interest received	1,488,434	103,826
Net change in cash and cash equivalents	(4,556,581)	14,982,961
Cash and cash equivalents, beginning of year	54,475,529	39,492,568
Cash and Cash Equivalents, End of Year	$ 49,918,948	$ 54,475,529

	2023	2022
Reconciliation of Operating Loss to Net Cash and Cash Equivalents from Operating Activities		
Operating loss	$ (6,641,570)	$ (5,161,156)
Adjustments to reconcile operating income to net cash from operating activities:		
Depreciation	6,996,841	6,534,174
Changes in assets and liabilities:		
Accounts, loans, grants receivable	5,868,671	2,198,555
Inventory	24,082	157,311
Prepaid expense	(221,053)	76,758
Deferred outflows	1,051,159	(1,376,992)
Accounts payable	(104,738)	(1,108,160)
Accrued expenses	(529,402)	707,964
Net pension liability	1,466,386	(1,378,789)
Net OPEB liability	(1,946,051)	1,554,920
Deferred inflows	(1,118,677)	1,524,698
Net Cash from Operating Activities	$ 4,845,648	$ 3,729,283

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

ST. MARY'S COUNTY METROPOLITAN COMMISSION

Statements of Fiduciary Net Position
As of June 30, 2023 and 2022

	Pension and OPEB Trust Funds	
	2023	**2022**
ASSETS		
Restricted investments	**$ 9,075,284**	$ 7,867,243
Receivables	**-**	6,113
	9,075,284	7,873,356
LIABILITIES AND NET POSITION		
Held in trust for pension and OPEB	**$ 9,075,284**	$ 7,873,356

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, 2023 and 2022

	Pension and OPEB Trust Funds	
	2023	**2022**
ADDITIONS		
Contributions	**$ 730,162**	$ 559,159
Unrealized gains/(losses)	**790,610**	(1,129,437)
Total additions	**1,520,772**	(570,278)
DEDUCTIONS		
Benefits	**318,844**	313,159
Administrative expenses	**-**	25,696
TOTAL DEDUCTIONS	**318,844**	338,855
CHANGES IN NET POSITION	**1,201,928**	(909,133)
NET POSITION - BEGINNING OF YEAR	**7,873,356**	8,782,489
NET POSITION - END OF YEAR	**$ 9,075,284**	$ 7,873,356

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. 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 St. Mary's County (the County), is a component unit of the St. Mary's 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 $836,060 and $720,633, as of June 30, 2023 and 2022, 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 $49,918,948 and $54,475,529, as of June 30, 2023 and 2022, respectively. 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 Insured Cash Sweep (ICS) deposits, and $5,335,665 of investments in MLGIP. As of June 30, 2022, the carrying amount of $37,333,885 is made up of $12,000,000 of CDARS investments, $37,333,885 of ICS deposits, $5,030,163 of investments in MLGIP, and a book value of cash of $28,370 with an associated bank balance of $26,870. Of the associated cash bank balances, up to $500,000 was covered by Federal depository insurance as of June 30, 2023 and 2022. As of June 30, 2023 and 2022, 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, 2023 and 2022, was $12,000,000 and $12,000,000, respectively.

ST. MARY'S COUNTY METROPOLITAN COMMISSION

Notes to the Financial Statements
June 30, 2023 and 2022

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, 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

A summary of the terms for the deposits and the annual yields are as follows as of June 30, 2022:

Description	Effective Date	Maturity Date	Interest Rate	Principal
CDARS	9/9/2021	9/8/2022	0.38%	$ 1,000,000
CDARS	10/14/2021	10/13/2022	0.38%	1,000,000
CDARS	12/2/2021	12/1/2022	0.38%	1,000,000
CDARS	1/6/2022	1/5/2023	0.36%	1,000,000
CDARS	3/10/2022	3/9/2023	0.35%	1,000,000
CDARS	4/7/2022	4/6/2023	0.36%	1,000,000
CDARS	5/5/2022	5/4/2023	0.38%	1,000,000
CDARS	7/8/2021	7/7/2022	0.40%	1,000,000
CDARS	9/16/2021	9/15/2022	0.38%	1,000,000
CDARS	11/12/2021	11/10/2022	0.36%	1,000,000
CDARS	2/3/2022	2/2/2023	0.35%	1,000,000
CDARS	6/2/2022	6/1/2023	0.45%	1,000,000
ICS	1/11/2019	N/A	0.85%	10,572,084
ICS	1/11/2019	N/A	0.85%	26,761,801
Total				$ 49,333,885

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 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, 2023 and 2022, 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, 2023 and 2022, was $5,335,665 and $5,030,163, 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, 2023, the net position of the Trust was valued at $74.6 million. MetCom's interest was $8.0 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.

ST. MARY'S COUNTY METROPOLITAN COMMISSION

Notes to the Financial Statements
June 30, 2023 and 2022

2. DEPOSITS AND INVESTMENTS (continued)

Investments (continued)

MetCom had the following deposits and investments as of June 30, 2023 and 2022, which were not subject to fair value disclosure leveling as they were reported at amortized cost:

	2023	2022
MLGIP	**$ 6,263,970**	$ 5,030,163
Broker deposits - CDARS	**12,000,000**	12,000,000
ICS	**31,653,478**	37,333,885
Cash	**-**	109,981
Petty cash	**1,500**	1,500
	$ 49,918,948	$ 54,475,529

3. CAPITAL ASSETS

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 activities as follows:

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

ST. MARY'S COUNTY METROPOLITAN COMMISSION

Notes to the Financial Statements
June 30, 2023 and 2022

3. CAPITAL ASSETS (continued)

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

	Balance June 30, 2021	Additions	Reductions	Balance June 30, 2022
Capital assets being depreciated:				
Utility plants	$ 155,644,283	$ 10,792,603	$ 332,647	$ 166,104,239
Water plant systems	71,912,850	1,627,382	-	73,540,232
Equipment	10,208,468	337,546	154,429	10,391,585
Buildings	3,946,003	65,106	-	4,011,109
Total Capital Assets Being Depreciated	241,711,604	12,822,637	487,076	254,047,165
Capital assets not being depreciated:				
Utility plant construction in process	10,392,376	3,054,905	9,937,675	3,509,606
Water plant construction in process	6,507,374	3,025,091	967,236	8,565,229
Land/land rights	1,937,103	55,294	63,694	1,928,703
Total Capital Assets	260,548,457	18,957,927	11,455,681	268,050,703
Accumulated depreciation:				
Utility plants	57,880,511	3,646,964	225,241	61,302,234
Water plant systems	20,881,200	2,377,826	26,618	23,232,408
Equipment	7,713,001	342,642	13,257	8,042,386
Buildings	2,451,028	166,742	-	2,617,770
Total Accumulated Depreciation	88,925,740	6,534,174	265,116	95,194,798
Net Capital Assets	$ 171,622,717	$ 12,423,753	$ 11,190,565	$ 172,855,905

Depreciation expense of $6,534,174 was charged to activities as follows:

Sewer activities	$ 4,484,868
Water activities	1,947,423
Engineering activities	34,406
Administrative	67,477
	$ 6,534,174

4. LONG-TERM DEBT

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	$ 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

4. LONG-TERM DEBT (continued)

Long-term bonds payable as of June 30, 2022 are as follows:

Bond Payable Description	Due	Rate	Principal	Interest
Thirtieth issue	2012-2029	2.96%	$ 655,813	$ 6,875
Thirty-sixth issue	2013-2033	4.31%	738,000	33,356
Thirty-eighth issue	2015-2034	3.51%	1,021,000	32,657
Fortieth issue	2015-2027	2.08%	3,429,000	217,006
Forty-eighth issue	2019-2049	3.39%	6,803,500	4,715,940
Forty-ninth issue	2019-2029	1.82%	214,500	37,993
Fiftieth issue	2020-2030	0.96%	4,586,500	913,727
Fifty-first issue	2021-2034	1.79%	16,952,581	1,851,843
Fifty-second issue	2023-2036	1.79%	13,210,248	2,298,962
Fifty-fourth issue	2021-2051	2.67%	9,524,068	5,436,332
			57,135,210	15,544,691
Less current portion			4,130,381	1,511,477
			$ 53,004,829	$ 14,033,214

The annual requirements to amortize principal and interest payments of all bonds outstanding as of June 30, 2022 are as follows:

Years Ending June 30,	Principal	Interest	Total
2023 (current)	$ 4,130,381	$ 1,511,477	$ 5,641,858
2024	3,679,211	1,366,386	5,045,597
2025	3,772,923	1,275,506	5,048,429
2026	3,870,743	1,182,256	5,052,999
2027	3,981,432	1,086,082	5,067,514
2028-2032	16,386,322	4,061,947	20,448,269
2033-2037	11,618,698	2,461,055	14,079,753
2038-2042	3,206,500	1,511,781	4,718,281
2043-2047	3,802,000	878,663	4,680,663
2048-2052	2,687,000	209,538	2,896,538
Total	$ 57,135,210	$ 15,544,691	$ 72,679,901

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.

Thirty-sixth Issue

On October 2, 2013, MetCom issued $15,948,168 of Infrastructure Financing Bonds in conjunction with the CDA. As of June 30, 2023 and 2022, the unspent proceeds were $0 and $738,000, respectively.

The bonds mature on May 1 in 20 annual installments, beginning in 2014 and ending in 2033. The average interest yield on these bonds is 4.31%. Interest was payable on May 1, 2014 and semiannually thereafter on each May 1 and November 1 to maturity. In July 2021 MetCom advance refunded 2013 Series A to an interest rate of 1.79% reducing its total debt service payments. The refunded debt service was awarded via the RFP process and includes 2012, 2013, and 2014 Bonds under the new 2021 B Series with payments being issued monthly through 2034.

Thirty-eighth Issue

On August 28, 2014, MetCom issued $22,075,230 of Infrastructure Financing Bonds in conjunction with the CDA. The bonds mature on May 1, in 20 annual installments, beginning in 2015 and ending in 2034. The average interest yield on these bonds is 3.51%. Interest was payable on May 1, 2015 and semiannually thereafter on each May 1 and November 1 to maturity.

In July 2021, MetCom advance refunded 2014 Series A to an interest rate of 1.79% reducing its total debt service payments. The refunded debt service was awarded via the RFP process and includes 2012, 2013, and 2014 Bonds under the new 2021 B Series with payments being issued monthly through 2034. As of June 30, 2023 and 2022, the unspent proceeds were $0 and $1,021,000, respectively.

4. LONG-TERM DEBT (continued)

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.

MetCom refunded these bonds at a premium to reduce its total debt service payments by $537,674 and to obtain an economic gain (difference between the present values of the debt service payments on the old and new debt) of $431,337.

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, 2023 and 2022, the unspent proceeds were $6,658,000 and $5,242,259, 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.

4. LONG-TERM DEBT (continued)

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.

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)

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	$ 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

Notes and loans payable as of June 30, 2022 are as follows:

Loans Payable Description	Due	Rate	Principal	Interest
MD Water Quality Loan #18	2025	1.10%	$ 774,200	$ 54,686
MD Water Quality Loan #19	2024	1.10%	112,514	7,426
MD Water Quality Loan #22	2027	1.10%	242,674	16,238
MD Water Quality Loan #25	2029	1.00%	74,283	6,881
MD Water Quality Loan #26	2030	1.00%	247,012	24,087
MD Water Quality Loan #28	2030	2.20%	209,453	33,350
MD Water Quality Loan #32	2034	1.80%	3,172,804	536,577
MD Water Quality Loan #33	2033	1.70%	242,707	38,018
MD Water Quality Loan #34	2035	2.10%	14,676,475	3,043,128
MD Water Quality Loan #35	2035	2.10%	3,669,119	1,361,873
MD Water Quality Loan #37	2034	2.00%	1,573,930	273,276
Leonardtown #41	2037	1.80%	1,184,737	274,599
MD Water Quality Loan #42	2038	1.50%	2,584,102	470,789
MD Water Quality Loan #43	2038	1.50%	1,833,911	348,260
MD Water Quality Loan #44	2039	1.60%	4,187,598	866,773
MD Water Quality Loan #45	2039	1.70%	1,454,790	354,339
MD Water Quality Loan #46	2039	1.70%	1,081,798	266,492
MD Water Quality Loan #47	2049	1.70%	854,405	450,409
MD Water Quality Loan #53	2042	0.80%	963,496	39,140
			39,140,008	8,466,341
Less current portion			3,832,874	985,313
			$ 35,307,134	$ 7,481,028

4. LONG-TERM DEBT (continued)

The annual requirements to amortize principal and interest payments on all notes and loans outstanding as of June 30, 2022 are as follows:

Years Ending June 30,	Principal	Interest	Total
2023 (current)	$ 3,832,874	$ 985,313	$ 4,818,187
2024	2,920,639	898,913	3,819,552
2025	2,955,119	844,635	3,799,754
2026	2,635,217	774,916	3,410,133
2027	2,685,091	725,043	3,410,134
2028-2032	13,936,079	2,836,225	16,772,304
2033-2037	9,240,887	1,203,702	10,444,589
2038-2042	626,989	132,764	759,753
2043-2047	241,433	48,347	289,780
2048-2049	65,680	16,483	82,163
Total	$ 39,140,008	$ 8,466,341	$ 47,606,349

As of June 30, 2023, 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 nineteen for $976,700 was used to replace the Lexington Park Wastewater Pumping Station.
- 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)

- 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, 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

The changes in long-term debt payable for the year ended June 30, 2022 were as follows:

	June 30, 2021	Additions	Deductions	June 30, 2022	Amounts due within one year
Bonds payable	$ 48,866,805	$ 40,605,135	$ 32,336,730	$ 57,135,210	$ 4,130,381
Notes and loans payable	40,903,844	1,849,115	3,612,951	39,140,008	3,832,874
Total long-term debt	$ 89,770,649	$ 42,454,250	$ 35,949,681	$ 96,275,218	$ 7,963,255

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, 2023 and 2022 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, 2023 and 2022 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, 2023 and 2022, was $6,610,568 and $9,138,913, 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, 2023 and 2022, was $9,227,239 and $8,516,155, 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, 2023 and 2022, was $665,745 and $646,369, 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, 2023 and 2022, MetCom reported a liability of $5,666,604 and $4,200,218, respectively, for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2022 and 2021, 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, 2023 and 2022, MetCom's proportion was 0.028% and 0.028%, respectively.

For the year ended June 30, 2023, MetCom recognized pension expense for the System of $816,489. As of June 30, 2023, 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	$ -	$ 404,551
Changes of assumptions	631,780	57,111
Net difference between projected and actual earnings on pension plan Investments	-	17,161
Employer contribution subsequent to measurement date	665,745	-
	$ 1,297,525	$ 478,823

There was $665,745 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, 2022. 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
2024	$ (45,584)
2025	(42,353)
2026	(127,361)
2027	386,222
2028	(17,967)
Total	$ 152,957

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 $5,666,604. 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 $8,694,362, or 1-percentage-point higher (7.8 percent) is $3,154,253.

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, 2023 and 2022, membership consisted of:

	2023	2022
Retirees and beneficiaries currently receiving benefits	15	26
Active plan members	73	73
Total	88	99

7. OTHER POST-RETIREMENT BENEFITS (OPEB) (continued)

Plan Description (continued)

<u>Investments</u>

MetCom's investment authority is established in the Retiree Benefit Trust of St. Mary's County Metropolitan Commission. For the years ended June 30, 2023 and 2022, the annual money weighted rate of return of the OPEB Trust was 15.4% and -10.4%, respectively.

Net OPEB Liability

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

	2023	2022
Total OPEB liability	$ 10,658,583	$ 11,402,706
Plan fiduciary net position	(9,075,284)	(7,873,356)
Net OPEB liability	$ 1,583,299	$ 3,529,350
Plan fiduciary net position as a percentage of the total OPEB liability	85.15%	69.05%

Actuarial Assumptions

The total OPEB liability was determined by an actuarial valuation as of June 30, 2022 rolled forward to June 30, 2023 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 2022 is 5.1%. The ultimate trend is 4.0%.
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, 2023. 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)

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	$ 23,379	$ 1,583,299	$ 3,567,922

	1% Decrease 5.68%	Discount Rate 6.68%	1% Increase 7.68%
Net OPEB liability	$ 3,356,786	$ 1,583,299	$ 173,330

For the year ended June 30, 2023, MetCom recognized OPEB expense of $459,942. As of June 30, 2023, 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	$ 568,942	$ 628,660
Changes of assumptions	-	1,100,178
Net difference between projected and actual earnings on OPEB plan investments	445,700	-
	$ 1,014,642	$ 1,728,838

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
2024	$ (24,809)
2025	(89,515)
2026	141,382
2027	(206,739)
2028	(157,596)
Thereafter	(376,919)
Total	$ (714,196)

7. OTHER POST-RETIREMENT BENEFITS (OPEB) (continued)

Changes in the net OPEB liability:

Total OPEB liability:	
Service cost	$ 249,973
Interest	747,284
Differences between expected and actual experience	(707,243)
Changes of assumptions	(715,293)
Benefit payments, including refunds of member contributions	(318,844)
Net change in total OPEB liability	(744,123)
Total OPEB liability – beginning	11,402,706
Total OPEB liability – ending (a)	$ 10,658,583
Plan fiduciary net position:	
Contributions – employer	$ 730,162
Net investment (loss)	790,610
Benefit payments	(318,844)
Administrative expense	-
Net change in plan fiduciary net position	1,201,928
Plan fiduciary net position – beginning	7,873,356
Plan fiduciary net position – ending (b)	$ 9,075,284
County's Net OPEB Liability – Ending (a) – (b)	$ 1,583,299
Plan fiduciary net position as a percentage of the total OPEB liability	85.15%

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:

	2023	2022
Change in net position - per financial statements	**$ 4,625,290**	$ 6,049,157
Add:		
Depreciation - facilities	**6,996,841**	6,534,174
Less:		
Principal payment on capital debt	**6,713,132**	6,504,569
OPEB	**(324,112)**	16,244
Pension accrual	**(223,071)**	307,593
Capital contributions	**1,590,667**	2,530,034
Excess (deficiency) of revenue over expenses - rate-setting method	**$ 3,865,515**	$ 3,224,891

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, 2023, the Governmental Accounting Standards Board (GASB) has issued the following pronouncements: Statement No. 91, *Conduit Debt Obligations*; Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*; Statement No. 96, *Subscription-Based Information Technology Arrangements*; and Statement No. 99, *Omnibus 2022*. These statements have been implemented and did not have a material effect on MetCom's financial statements.

The GASB has also issued Statement No. 100, *Accounting Changes and Error Corrections*; and Statement No. 101, *Compensated Absences*, 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, 2023 and 2022

	2023	2022	2021	2020	2019	2018	2017	2016
Proportion of the System net pension liability (asset)	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)	$ 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	$ 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	$ 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-employee	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	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, 2023 and 2022

	2023	2022	2021	2020	2019	2018	2017	2016
Contractually required contribution	$ 665,745	$ 646,369	$ 616,923	$ 529,249	$ 487,479	$ 430,869	$ 429,057	$ 419,241
Contributions in relation to the contractually required contribution	(665,745)	(646,369)	(616,923)	(529,249)	(487,479)	(430,869)	(429,057)	(419,241)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Covered-employee payroll	$ 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	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, 2023 and 2022

	2023	2022	2021	2020	2019	2018	2017
Total OPEB liability:							
Service cost	$ 249,973	$ 240,359	$ 197,331	$ 198,581	$ 247,056	$ 237,782	$ 229,362
Interest	747,284	711,384	683,707	616,914	594,852	553,870	514,257
Differences between expected and actual experience	(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	(318,844)	(313,159)	(245,506)	(254,716)	(222,652)	(162,593)	(151,091)
Net change in total OPEB liability	(744,123)	645,787	1,212,244	194,842	341,861	641,348	593,000
Total OPEB liability – beginning	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)	$ 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	$ 730,162	$ 559,159	$ 666,371	$ 635,992	$ 728,453	$ 527,000	$ 526,000
Net investment income	790,610	(1,129,437)	1,638,626	88,640	305,417	268,969	329,007
Benefit payments	(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	1,201,928	(909,133)	2,020,389	469,916	811,218	633,376	703,916
Plan fiduciary net position – beginning	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)	$ 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)	$ 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	85.15%	69.05%	81.65%	70.85%	67.30%	60.85%	57.94%
Covered employee payroll	$ 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	23.94%	56.99%	31.42%	51.63%	58.28%	65.53%	67.75%
Annual money-weighted-rate of return, net of investment expenses	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, 2023 and 2022

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Actuarially determined contribution	$ 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	730,162	559,159	666,371	635,992	728,085	527,000	526,000	507,000	573,000	550,000
Contribution deficiency (excess)	$ (291,162)	$ (103,159)	$ (207,371)	$ (192,992)	$ (183,085)	$ -	$ -	$ -	$ -	$ -
Covered employee payroll	$ 6,193,130	$ 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	11 79%	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, 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 Departmental Allocable Operating and Nonoperating Revenues and Expenses
Year Ended June 30, 2022

	Sewer	Water	Engineering	Total
Operating revenue:				
Service charges	$ 10,554,969	$ 5,474,888	$ 121,625	$ 16,151,482
Miscellaneous	154,227	178,835	20,190	353,252
Total operating revenue	10,709,196	5,653,723	141,815	16,504,734
Operating expenses:				
Direct operating expenses	6,110,412	2,419,610	971,432	9,501,454
Administrative expenses	3,429,392	1,542,692	658,178	5,630,262
Total operating expenses	9,539,804	3,962,302	1,629,610	15,131,716
Operating income before depreciation	1,169,392	1,691,421	(1,487,795)	1,373,018
Depreciation	(4,484,868)	(1,947,423)	(101,883)	(6,534,174)
Operating loss	(3,315,476)	(256,002)	(1,589,678)	(5,161,156)
Allocable nonoperating revenue (expenses):				
Interest income	16,622	12,442	-	29,064
Debt service charges	6,324,825	4,826,251	-	11,151,076
House connection charges, net	-	10,001	-	10,001
Debt service charges - interest and finance charges	(1,413,041)	(1,300,959)	-	(2,714,000)
Total allocable nonoperating revenue, net	4,928,406	3,547,735	-	8,476,141
Total allocable net income (loss)	$ 1,612,930	$ 3,291,733	$ (1,589,678)	3,314,985
Nonallocable revenue:				
Interest income				74,762
Other fees				129,376
Total nonallocable revenue				204,138
Capital contribution				2,530,034
Change in fund net position				$ 6,049,157

ST. MARY'S COUNTY METROPOLITAN COMMISSION

Schedule of Service Charges and Direct Operating Expenses
Year Ended June 30, 2023

	Sewer	Water	Engineering	Total
Service charges:				
Service charge - metered	$ 5,312,627	$ 2,660,906	$ -	$ 7,973,533
Service charge - nonmetered	5,248,732	2,966,446	-	8,215,178
Septage haul revenue	283,018	-	-	283,018
Review fees	-	-	63,660	63,660
Inspection fees	-	-	125,365	125,365
Residential tap fee sewer	-	-	3,250	3,250
Total service charges	$ 10,844,377	$ 5,627,352	$ 192,275	$ 16,664,004
Direct operating expenses:				
Salaries	$ 3,255,359	$ 1,293,730	$ 1,066,669	$ 5,615,758
Chemicals	787,950	159,854	-	947,804
Employee physicals/uniforms	32,047	19,352	8,324	59,723
Employee training	25,716	4,354	646	30,716
Lab/soil testing	20,078	-	-	20,078
Leonardtown - treatment plant	161,722	-	-	161,722
Maintenance	854,542	439,541	-	1,294,083
Materials and supplies	145,466	139,525	2,662	287,653
Miscellaneous	18,936	76,009	122,159	217,104
Oil and gas	126,997	1,961	-	128,958
Power	845,023	584,271	9,971	1,439,265
Professional fees	-	-	32,743	32,743
Safety supplies	16,726	8,465	-	25,191
Sludge removal	254,183	-	-	254,183
SSO fines and penalties	86,568	-	-	86,568
Telephone	10,730	4,829	3,465	19,024
Tools purchased	12,571	15,067	-	27,638
Vehicle operating and mileage	258,347	89,957	20,092	368,396
Water testing	-	15,449	-	15,449
Recovery of costs	-	-	(313,712)	(313,712)
Total direct operating expenses	$ 6,912,961	$ 2,852,364	$ 953,019	$ 10,718,344

ST. MARY'S COUNTY METROPOLITAN COMMISSION

Schedule of Service Charges and Direct Operating Expenses
Year Ended June 30, 2022

	Sewer	Water	Engineering	Total
Service charges:				
Service charge - metered	$ 5,127,460	$ 2,578,159	$ -	$ 7,705,619
Service charge - nonmetered	5,189,961	2,896,729	-	8,086,690
Septage haul revenue	237,548	-	-	237,548
Review fees	-	-	32,440	32,440
Inspection fees	-	-	85,685	85,685
Residential tap fee sewer	-	-	3,500	3,500
Total service charges	$ 10,554,969	$ 5,474,888	$ 121,625	$ 16,151,482
Direct operating expenses:				
Salaries	$ 2,989,576	$ 1,203,150	$ 1,080,976	$ 5,273,702
Chemicals	690,650	123,252	-	813,902
Employee physicals/uniforms	29,165	15,224	7,224	51,613
Employee training	16,564	4,710	407	21,681
Lab/soil testing	19,402	-	-	19,402
Leonardtown - treatment plant	146,582	-	-	146,582
Maintenance	696,323	288,018	-	984,341
Materials and supplies	116,964	76,905	485	194,354
Miscellaneous	18,248	71,693	115,954	205,895
Oil and gas	118,083	2,721	-	120,804
Power	736,075	511,423	4,326	1,251,824
Safety supplies	13,046	7,406	-	20,452
Sludge removal	257,185	-	-	257,185
SSO fines and penalties	31,000	-	-	31,000
Telephone	13,918	5,577	3,860	23,355
Tools purchased	13,352	7,151	-	20,503
Vehicle operating and mileage	204,279	79,266	20,029	303,574
Water testing	-	23,716	-	23,716
Recovery of costs	-	(602)	(261,829)	(262,431)
Total direct operating expenses	$ 6,110,412	$ 2,419,610	$ 971,432	$ 9,501,454

ST. MARY'S COUNTY METROPOLITAN COMMISSION

Schedules of Administrative Expenses
Years Ended June 30, 2023 and 2022

	2023	2022
Administrative expenses:		
Accounting	$ 15,300	$ 14,853
Advertising	7,787	8,935
Bond fees	1,500	6,000
Commissioners' salaries	14,500	14,500
Computer services	150,892	168,721
Consulting	5,602	78,700
Contractual employees	11,557	3,407
Depreciation	52,171	27,191
Dues and subscriptions	10,396	9,922
Electric	26,068	6,595
Employee training	19,814	10,253
Hospitalization and disability	1,177,935	1,275,597
Insurance	320,850	407,152
Legal	88,576	96,994
Mileage and travel	1,786	1,865
Miscellaneous	111,138	41,426
Office and administrative salaries	1,776,696	1,544,771
Office supplies and expenses	81,034	80,665
On-line fees	208,183	180,335
Payroll taxes	556,855	501,625
Postage expense	103,385	75,202
Retirement	1,184,291	1,017,954
Telephone and fax	55,955	54,485
Tuition reimbursement	3,128	3,114
Total administrative expenses	$ 5,985,399	$ 5,630,262
Allocated to services as follows:		
Sewer 64.1% and 60.91%	$ 3,836,642	$ 3,429,392
Water 27.3% and 27.4%	1,634,013	1,542,692
Engineering 8.6% and 11.69%	514,744	658,178
	$ 5,985,399	$ 5,630,262

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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, 2023, and the related notes to the financial statements, which collectively comprise MetCom's basic financial statements, and have issued our report thereon dated November 27, 2023.

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.

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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
November 27, 2023

SB & Company, LLC